

CK Power Pcl (CKP TB) - BUY

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News Update**Strong momentum continues**

- **6% y-y higher output from two hydropower plants in June**
- **Very strong generation from XPCL**
- **Water situation looks decent into a peak quarter**
- **We project Bt680m profit in 2Q22F, up 6% y-y**

Total electricity output from CKP's two hydropower projects was at 1.01TWh in June, up 6% y-y and 6% m-m. This strong generation was driven mainly by XPCL, while electricity generation from NN2 improved slightly m-m but still weaker than the same period last year. Water availability remains strong in XPCL project but soften slightly in NN2.

Based on monthly operating statistics reported for the last three months, we now expect CKP to report Bt680m profit in 2Q22F, up 6% y-y as higher output from XPCL more than offset a drop in NN2 and up strongly 845% q-q on seasonality.

- **Xayaburi (XPCL, hydro, 546MW):** XPCL delivered 845GWh electricity in June, increased by 13% y-y and 2% m-m, thanks to average water flow into the project which was 14% higher than the same period last year. The output implies very strong capacity factor at 91.4%.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Electricity volume sale from NN2 was relatively weak at 166GWh in June, down 17% y-y given water inflow to its reservoir dropped 53% compared to the same period last year to 395mcm (also down 25% m-m despite the high-water season is approaching) We suspect that this might be due to heavy rainstorms in the previous month. Having said that, we still expect some improvement next quarter, as Q3 is the usual peak rainy season for Indochina region. NN2's capacity factor was at 37% this June.
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Electricity volume sale from BIC increased 12% y-y to 120GWh in June, but it dropped 10% m-m, likely since there was an annual maintenance in one of its two generating units. Steam volume sale also grew 9% y-y, signaling a recovery of manufacturing activities at its clients' factories. Having said that, we still expect profit contribution from BIC to be weak, due to a pressure from rising gas cost.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms grew 5% y-y to 2.07GWh this June. Having said that, this does not make significant contribution to CKP's earnings base.

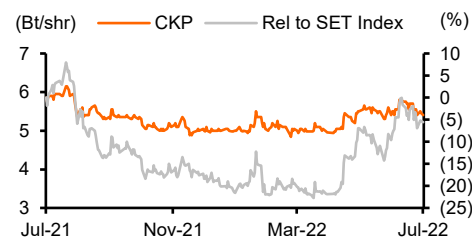
Key Valuations

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Revenue	8,798	10,608	10,212	9,758
Net profit	2,179	2,270	2,168	2,009
Norm net profit	1,996	2,270	2,168	2,009
Norm EPS (Bt)	0.2	0.3	0.3	0.2
Norm EPS gr (%)	313.4	13.7	(4.5)	(7.3)
Norm PE (x)	22.0	19.3	20.2	21.8
EV/EBITDA (x)	20.1	20.7	15.4	16.0
P/BV (x)	1.8	1.7	1.6	1.5
Div. yield (%)	1.5	2.1	2.5	2.7
ROE (%)	8.2	8.9	8.1	7.2
Net D/E (%)	67.1	58.3	55.1	56.4

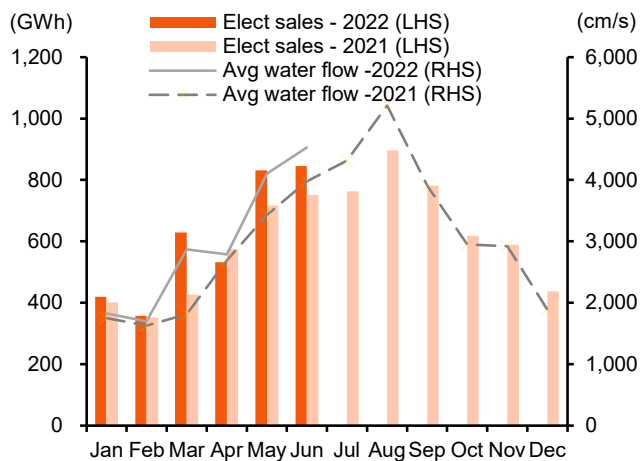
Source: Thanachart estimates

Stock Data

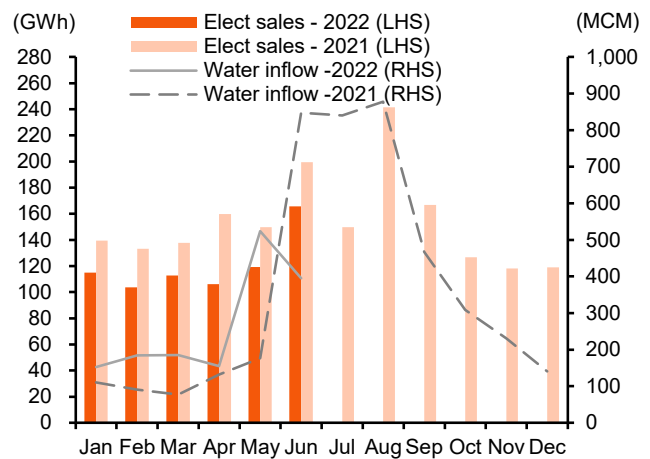
Closing price (Bt)	5.40
Target price (Bt)	6.50
Market cap (US\$ m)	1,202
Avg daily turnover (US\$ m)	2.8
12M H/L price (Bt)	6.15/4.84

Price Performance

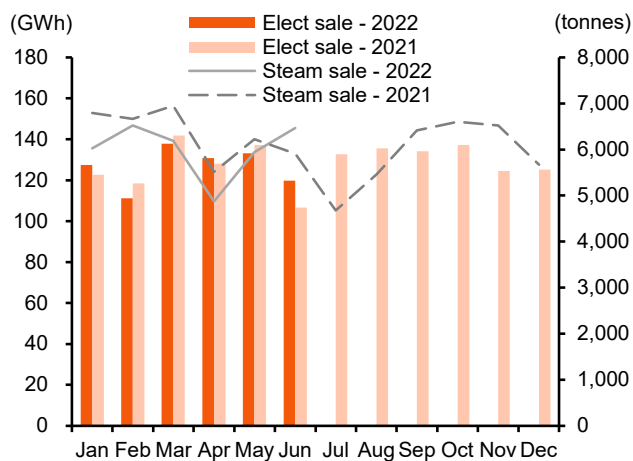
Source: Bloomberg

Ex 1: Continuously Strong Output From XPCL

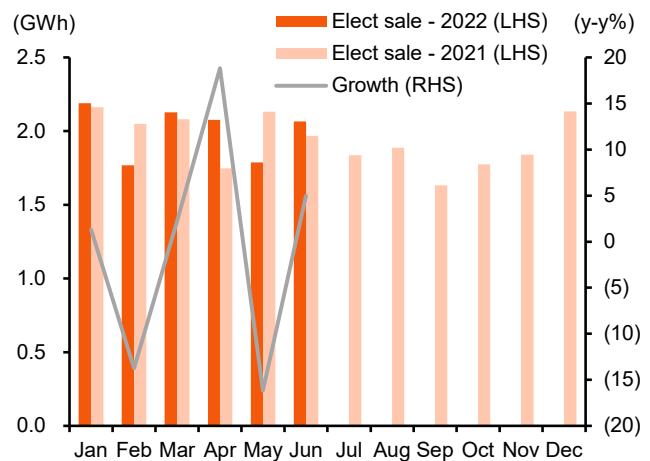
Source: Company data

Ex 2: Slightly Weakened Performance From NN2

Source: Company data

Ex 3: BIC's Profit Is Pressured By Rising Gas Cost

Source: Company data

Ex 4: Higher Solar Output This Month

Source: Company data

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