CK Power Pcl (CKP TB) - BUY

News Update

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Very strong hydropower output in July

- **24% y-y higher output from two hydropower plants in July**
- **XPCL reached 97% capacity factor**
- **No more high-base effect on NN2**
- **3Q22F is likely a peak earnings quarter as expected**

Total electricity output from CKP's two hydropower projects jumped 24% y-y to 1.14TWh in July. It also increased 12% m-m as Indochina region fully enters its rainy season. Water availability remains strong during the first few weeks of August, especially in the Mekong River where XPCL project is in.

- **Xayaburi (XPCL, hydro, 546MW):** XPCL generated 899GWh of electricity in July, up 18% y-y and 6% m-m, supported by 15% y-y higher average water flow into the project. The output implies 97.2% capacity factor for the project. We flag there is an incident of water overflow in the project during the first week of August, but CKP expects only minimal impact to overall generation capability from the project.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Electricity volume sale from NN2 was 235GWh in July, surged up 57% y-y and 42% m-m as CKP took opportunity of early rainfall this year to accelerate its production. However, total water inflow to NN2's reservoir dropped 18% y-y to 692mcm, so we do not expect too much growth from NN2 in 3Q22F. NN2's capacity factor was 53% in July.
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Electricity volume sale from BIC was stable (+1% y-y) at 134GWh in July. Steam volume sale recorded a significant growth of 44% y-y, but its contribution to overall performance of the plant is minimal. We still expect BIC's margin to remain weak, as we project domestic gas price to rise in 2H22F.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms grew 3% y-y to 1.90GWh this July.

Key Valuations

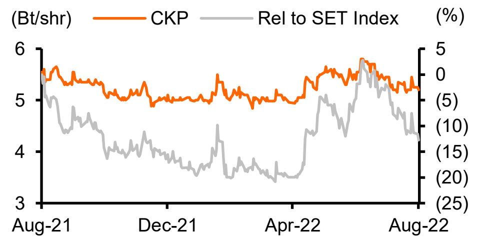
Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Revenue	8,798	10,608	10,212	9,758
Net profit	2,179	2,270	2,168	2,009
Norm net profit	1,996	2,270	2,168	2,009
Norm EPS (Bt)	0.2	0.3	0.3	0.2
Norm EPS gr (%)	313.4	13.7	(4.5)	(7.3)
Norm PE (x)	21.2	18.6	19.5	21.0
EV/EBITDA (x)	19.6	20.2	15.0	15.6
P/BV (x)	1.7	1.6	1.5	1.5
Div. yield (%)	1.5	2.1	2.6	2.9
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

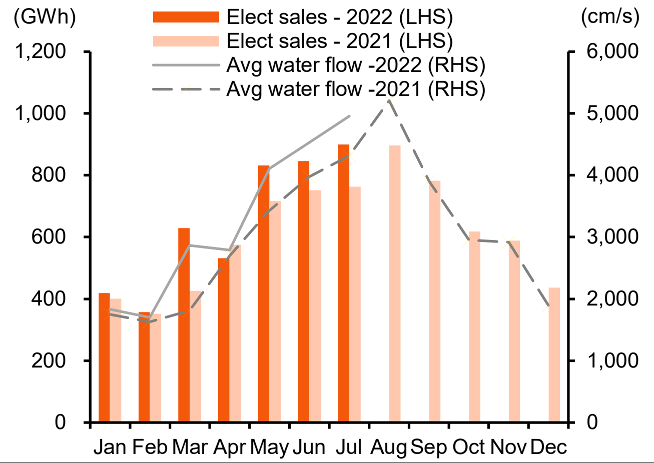
Closing price (Bt)	5.20
Target price (Bt)	6.50
Market cap (US$ m)	1,193
Avg daily turnover (US$ m)	2.5
12M H/L price (Bt)	5.80/4.84

Price Performance



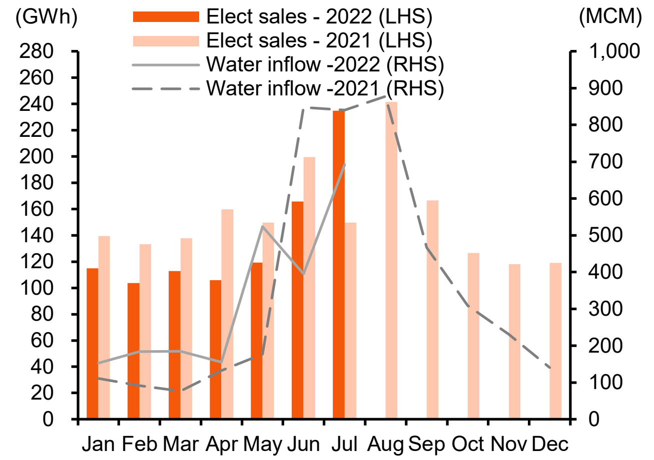
Source: Bloomberg

Ex 1: Very Strong Output From XPCL



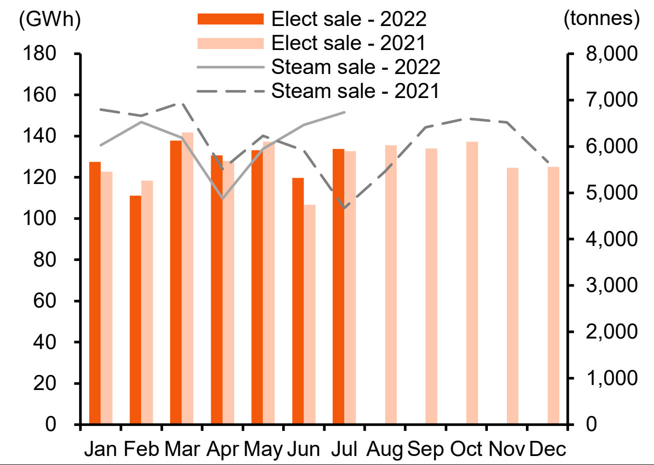
Source: Company data

Ex 2: Generation From NN2 Surged In July



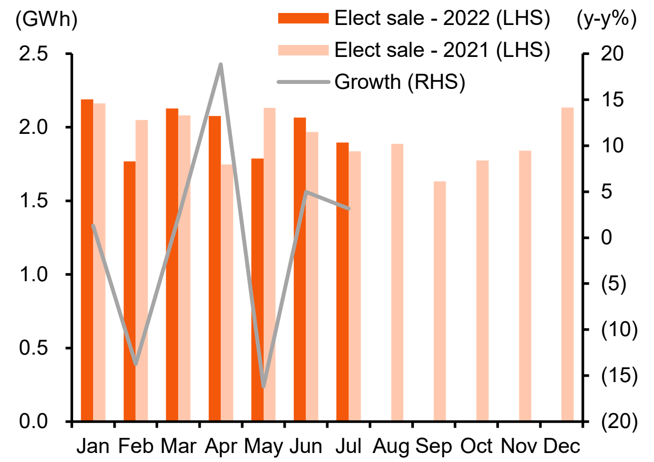
Source: Company data

Ex 3: Decent BIC's Volume Sales, But Margin May Soft



Source: Company data

Ex 4: Electricity Output From Its Solar Farms



Source: Company data

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