

B.Grimm Power Pcl (BGRIM TB) - HOLD, Price Bt37.25, TP Bt34.00 | Results Comment

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Lower-than-expected 3Q22 profit

- BGRIM reported Bt530m net loss in 3Q22. However, excluding FX gain, impairment loss, expense reversal, and some other extra items, we estimate BGRIM generated a slight positive norm profit at Bt25m. This was below our expectation due to sharper-than-expected rise in fuel cost and interest expense.
- Consolidated gross profit fell 22% y-y to Bt1.66bn in 3Q22, due to a lower profitability from its SPP plants given surging gas price but the national electricity price adjustment was heavily delayed by the government. It dropped only 2% q-q as the tariff has been lifted twice, in May and in September.
- Consolidated EBITDA therefore declined 18% y-y (but flat q-q) to Bt2.55bn in 3Q22, in-line with the gross profit trend.
- BGRIM recorded higher shared loss from affiliates to Bt110m in 3Q22, weakened y-y and q-q. The key dragger was a larger loss contribution from UVBGP gas-fired SPP projects, suffering with a margin squeeze issue.
- We believe BGRIM's earnings has reached its bottom in 3Q22 as the gas cost starts to come down in 4Q22F while the tariff hike in Thailand looks to continue into early next year, those likely result as higher profitability at its SPP plants.
- However, given BGRIM's share price looks to have rebounded on this positive sentiment, we maintain HOLD.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	11,714	12,986	14,758	14,676	18,383	Revenue	25	57	74	64,512	65,985
Gross profit	2,130	1,648	1,300	1,693	1,660	Gross profit	(2)	(22)	98	4,738	7,415
SG&A	413	439	383	453	461	SG&A	2	12	73	1,776	2,065
Operating profit	1,717	1,208	917	1,240	1,199	Operating profit	(3)	(30)	113	2,962	5,350
EBITDA	3,112	2,491	2,179	2,526	2,549	EBITDA	1	(18)	86	8,404	10,872
Other income	57	58	51	66	63	Other income	(4)	10	69	260	266
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	922	858	865	960	1,105	Interest expense	15	20	85	3,436	3,526
Profit before tax	852	408	104	345	157	Profit before tax	(55)	(82)	(283)	(214)	2,090
Income tax	55	6	29	2	3	Income tax	76	(94)	na	0	178
Equity & invest. income	14	(11)	(3)	(20)	(110)	Equity & invest. income	na	na	211	(63)	66
Minority interests	(240)	(190)	(37)	(176)	(19)	Minority interests	na	na	(32)	720	(29)
Extraordinary items	(122)	(7)	(11)	(340)	(555)	Extraordinary items	na	na	na	0	0
Net profit	449	194	23	(193)	(530)	Net profit	na	na	(158)	443	1,949
Normalized profit	571	201	34	147	25	Normalized profit	(83)	(96)	47	443	1,949
EPS (Bt)	0.17	0.07	0.01	(0.07)	(0.20)	EPS (Bt)	na	na	(158)	0.17	0.75
Normalized EPS (Bt)	0.22	0.08	0.01	0.06	0.01	Normalized EPS (Bt)	(83)	(96)	47	0.17	0.75

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	26,830	26,435	26,047	35,648	34,154	Sales grow th	4.7	24.4	41.2	27.9	56.9
A/C receivable	8,395	8,983	8,841	10,369	13,932	Operating profit grow th	(12.9)	(27.5)	(52.1)	(43.1)	(30.2)
Inventory	1,069	971	956	964	857	EBITDA grow th	(7.8)	(18.6)	(32.5)	(27.8)	(18.1)
Other current assets	2,559	4,669	3,424	3,678	4,503	Norm profit grow th	(23.4)	(61.0)	(94.7)	(85.5)	(95.5)
Investment	1,016	2,909	2,861	4,228	4,074	Norm EPS grow th	(23.4)	(61.0)	(94.7)	(85.5)	(95.5)
Fixed assets	81,496	84,804	88,121	90,185	92,811	Gross margin	18.2	12.7	8.8	11.5	9.0
Other assets	21,146	20,426	22,147	23,418	24,430	Operating margin	14.7	9.3	6.2	8.4	6.5
Total assets	142,512	149,198	152,398	168,489	174,761	EBITDA margin	26.6	19.2	14.8	17.2	13.9
S-T debt	7,855	6,495	4,594	7,133	7,420	Norm net margin	4.9	1.5	0.2	1.0	0.1
A/C payable	6,709	5,691	7,286	3,725	9,383	D/E (x)	2.2	2.3	1.4	2.6	2.6
Other current liabilities	688	538	1,300	4,269	934	Net D/E (x)	1.5	1.7	0.7	1.8	1.9
L-T debt	80,662	89,241	53,137	104,829	107,882	Interest coverage (x)	3.4	2.9	2.5	2.6	2.3
Other liabilities	6,381	6,418	43,616	5,212	5,319	Interest rate	4.2	3.7	4.5	4.5	3.9
Minority interest	10,803	11,344	11,837	12,309	12,314	Effective tax rate	6.5	1.4	27.7	0.6	2.1
Shareholders' equity	29,414	29,471	30,628	31,011	31,510	ROA	1.6	0.6	0.1	0.4	0.1
Working capital	2,755	4,264	2,511	7,607	5,407	ROE	7.8	2.7	0.5	1.9	0.3
Total debt	88,517	95,736	57,731	111,963	115,302						
Net debt	61,687	69,300	31,684	76,315	81,148						

Sources: Company data, Thanachart estimates

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