

**Banpu Power Pcl (BPP TB) - BUY, Price Bt15.00, TP Bt18.00****Results Comment**

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**A strong beat in 3Q22**

- BPP reported normalized profit, excluding unrealized FX and hedging gains, at Bt1.66bn in 3Q22, grew strongly 315% y-y and 98% q-q in a like-for-like basis. It significantly beat our expectation on stronger-than-expected margin at its gas-fired power plant in the US and benefits from lower-priced long-term coal purchase contract in its SLG coal power plant in China.
- Consolidated EBITDA improved to Bt1.04bn in 3Q22 (from Bt249m loss in 3Q21) driven mainly by profit contribution from Temple-1 gas-fired power plant (acquired in 4Q21) and slightly lower loss from its coal power plants in China on stronger steam demand for heating. It grew 81% in a q-q basis due to a higher profit from Temple-1 due to a strong power demand in the US during its high season.
- Total equity income, after stripping off unrealized FX gains and losses, increased 138% y-y and 49% q-q to Bt1.22bn in 3Q22. Hongsa power IPP plant coming back to full operations (after it went down for maintenances in both 3Q21 and 2Q22) and lower coal cost at Shanxi Luguang (SLG) (power plant (after it could secure long-term coal purchase contract at much lower price) were two major catalysts.
- Given BPP's 9M22 profit already made up 92% of our full-year forecast while we expect strong margin at Temple-1 to continue and profitability of its coal plants in China to gradually improve, we see upsides to our numbers and maintain BUY on BPP.

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	1,048	3,064	3,861	4,377	4,956	Revenue	13	373	69	19,042	19,881
<b>Gross profit</b>	<b>(141)</b>	<b>(145)</b>	<b>252</b>	<b>599</b>	<b>1,125</b>	<b>Gross profit</b>	<b>88</b>	<b>na</b>	<b>88</b>	<b>2,234</b>	<b>2,727</b>
SG&A	232	439	308	336	412	SG&A	22	78	73	1,445	1,509
Operating profit	(373)	(583)	(56)	263	713	Operating profit	171	na	116	789	1,218
<b>EBITDA</b>	<b>(249)</b>	<b>(356)</b>	<b>243</b>	<b>572</b>	<b>1,035</b>	<b>EBITDA</b>	<b>81</b>	<b>na</b>	<b>115</b>	<b>1,612</b>	<b>2,075</b>
Other income	316	298	159	194	189	Other income	(2)	(40)	72	754	791
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	44	130	166	196	255	Interest expense	30	474	80	775	911
<b>Profit before tax</b>	<b>(102)</b>	<b>(415)</b>	<b>(64)</b>	<b>261</b>	<b>648</b>	<b>Profit before tax</b>	<b>149</b>	<b>na</b>	<b>110</b>	<b>769</b>	<b>1,097</b>
Income tax	8	(25)	63	97	8	Income tax	(92)	(3)	62	269	329
Equity & invest. income	513	612	322	821	1,220	Equity & invest. income	49	138	86	2,736	3,196
Minority interests	(4)	(52)	59	(147)	(202)	Minority interests	na	na	125	(233)	(520)
Extraordinary items	197	200	2,665	(152)	656	Extraordinary items	na	233	na	0	0
<b>Net profit</b>	<b>596</b>	<b>371</b>	<b>2,918</b>	<b>685</b>	<b>2,315</b>	<b>Net profit</b>	<b>238</b>	<b>288</b>	<b>197</b>	<b>3,003</b>	<b>3,445</b>
<b>Normalized profit</b>	<b>399</b>	<b>171</b>	<b>254</b>	<b>837</b>	<b>1,659</b>	<b>Normalized profit</b>	<b>98</b>	<b>315</b>	<b>92</b>	<b>3,003</b>	<b>3,445</b>
EPS (Bt)	0.20	0.12	0.96	0.22	0.76	EPS (Bt)	238	288	197	0.99	1.13
Normalized EPS (Bt)	0.13	0.06	0.08	0.27	0.54	Normalized EPS (Bt)	98	315	92	0.99	1.13

  

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	1,196	2,635	4,275	7,367	6,243	Sales grow th	7.8	88.1	113.1	408.4	373.0
A/C receivable	1,065	1,311	1,566	1,551	1,595	Operating profit grow th	na	na	na	na	na
Inventory	460	1,186	435	998	1,259	EBITDA grow th	na	na	(4.4)	na	na
Other current assets	4,635	4,750	4,418	4,086	3,966	Norm profit grow th	(52.5)	(87.3)	(75.8)	(21.2)	315.3
Investment	33,734	33,766	36,178	37,599	39,959	Norm EPS grow th	(52.5)	(87.3)	(75.7)	(21.2)	315.3
Fixed assets	8,841	23,811	23,431	24,076	25,148	Gross margin	(13.5)	(4.7)	6.5	13.7	22.7
Other assets	8,016	7,407	5,901	5,992	5,930	Operating margin	(35.6)	(19.0)	(1.5)	6.0	14.4
<b>Total assets</b>	<b>57,947</b>	<b>74,867</b>	<b>76,205</b>	<b>81,671</b>	<b>84,101</b>	EBITDA margin	(23.8)	(11.6)	6.3	13.1	20.9
S-T debt	6,302	7,991	6,111	4,002	3,059	Norm net margin	38.1	5.6	6.6	19.1	33.5
A/C payable	187	331	188	467	212	D/E (x)	0.2	0.4	0.4	0.5	0.4
Other current liabilities	2,055	2,647	2,428	3,653	2,719	Net D/E (x)	0.2	0.4	0.3	0.3	0.3
L-T debt	2,508	13,965	15,241	21,114	21,374	Interest coverage (x)	(5.6)	(2.7)	1.5	2.9	4.1
Other liabilities	43	354	367	389	206	Interest rate	2.1	3.4	3.1	3.4	4.1
Minority interest	983	3,944	3,491	3,303	4,945	Effective tax rate	(7.7)	6.1	(99.1)	37.1	1.2
<b>Shareholders' equity</b>	<b>45,870</b>	<b>45,635</b>	<b>48,377</b>	<b>48,743</b>	<b>51,587</b>	ROA	2.8	1.0	1.3	4.2	8.0
Working capital	1,338	2,166	1,813	2,083	2,643	ROE	3.5	1.5	2.2	6.9	13.2
Total debt	8,810	21,956	21,352	25,116	24,433						
<b>Net debt</b>	<b>7,614</b>	<b>19,321</b>	<b>17,077</b>	<b>17,749</b>	<b>18,190</b>						

Sources: Company data, Thanachart estimates

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