

CK Power Pcl (CKP TB) - BUY, Price Bt5.05, TP Bt6.50**Results Comment**

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Strong 3Q22, better-than-expected

- CKP reported Bt1.44bn normalized profit in 3Q22, up 25% y-y and 80% q-q in a like-for-like basis. Much stronger electricity generation together with CKP's higher stake in Xayaburi plants were the key earnings drivers y-y, while q-q growth was driven by seasonality of strong hydropower output. The result beat out numbers on higher-than-expected benefit from a weakened baht against US dollar during the quarter.
- Consolidated EBITDA dropped 3% y-y to Bt998m in 3Q22 due to a weakened profitability from BIC gas-fired SPP project pressured by strong gas price rise, while contribution from NN2 hydropower plant was stable from last year. It grew 39% q-q on higher power generation from NN2 in its peak quarter.
- Shared profit from affiliates increased strongly 31% y-y and 73% q-q to Bt1.25bn in 3Q22, backed by stronger contribution from Xayaburi project during its high season with an extra high electricity tariff (denominated in US dollar) due to a weak baht.
- Despite expecting its earnings to soften in 4Q22F given power output from its hydropower plants is moving out from its peak season, we see a significant upside to our earnings projections and maintain our BUY rating on CKP.

Income Statement (consolidated)						Income Statement					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	2,395	2,237	2,416	2,531	3,364	Revenue	33	40	78	10,608	10,212
Gross profit	707	409	329	457	724	Gross profit	58	2	66	2,279	2,375
SG&A	110	143	115	129	122	SG&A	(5)	11	58	629	612
Operating profit	597	267	214	328	602	Operating profit	83	1	69	1,650	1,764
EBITDA	1,024	674	602	720	998	EBITDA	39	(3)	73	3,191	4,289
Other income	113	192	127	128	131	Other income	2	15	78	493	456
Other expense						Other expense			na		
Interest expense	266	275	267	265	265	Interest expense	(0)	(0)	70	1,144	1,166
Profit before tax	444	184	74	191	467	Profit before tax	144	5	73	998	1,053
Income tax	26	11	9	18	23	Income tax	33	(10)	77	65	100
Equity & invest. income	953	38	11	723	1,252	Equity & invest. income	73	31	109	1,818	1,820
Minority interests	(219)	(60)	(24)	(97)	(259)	Minority interests	na	na	79	(481)	(605)
Extraordinary items	82	(28)	(14)	74	24	Extraordinary items	(68)	(71)	na		
Net profit	1,235	123	39	874	1,462	Net profit	67	18	105	2,270	2,168
Normalized profit	1,152	151	52	800	1,438	Normalized profit	80	25	101	2,270	2,168
EPS (Bt)	0.15	0.02	0.00	0.11	0.18	EPS (Bt)	67	18	105	0.28	0.27
Normalized EPS (Bt)	0.14	0.02	0.01	0.10	0.18	Normalized EPS (Bt)	80	25	101	0.28	0.27

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	7,021	7,630	7,632	5,037	6,605	Sales grow th	19.0	67.7	21.7	16.1	40.4
A/C receivable	1,912	1,557	1,763	1,828	2,690	Operating profit grow th	52.0	na	(48.0)	(35.5)	0.8
Inventory						EBITDA grow th	30.4	241.5	(24.5)	(19.9)	(2.5)
Other current assets	566	525	516	1,924	2,033	Norm profit grow th	43.4	146.5	(8.3)	17.9	24.8
Investment	17,127	17,210	17,357	18,314	18,926	Norm EPS grow th	43.4	146.5	(8.3)	17.9	24.8
Fixed assets	8,599	8,491	8,373	8,268	8,159	Gross margin	29.5	18.3	13.6	18.1	21.5
Other assets	33,678	33,564	33,190	32,611	31,214	Operating margin	24.9	11.9	8.8	13.0	17.9
Total assets	68,903	68,977	68,832	67,982	69,627	EBITDA margin	42.8	30.1	24.9	28.5	29.7
S-T debt	2,818	1,999	2,278	2,277	2,677	Norm net margin	48.1	6.7	2.2	31.6	42.7
A/C payable	1,109	927	1,230	853	1,407	D/E (x)	0.9	0.9	0.8	0.8	0.8
Other current liabilities	106	468	474	480	512	Net D/E (x)	0.7	0.6	0.6	0.7	0.6
L-T debt	28,204	28,979	28,184	27,940	27,544	Interest coverage (x)	3.8	2.5	2.3	2.7	3.8
Other liabilities	801	474	473	475	478	Interest rate	3.5	3.5	3.5	3.5	3.5
Minority interest	11,351	11,296	11,161	11,207	11,410	Effective tax rate	5.9	6.1	12.3	9.2	5.0
Shareholders' equity	24,515	24,834	25,032	24,750	25,599	ROA	6.7	0.9	0.3	4.7	8.4
Working capital	803	631	533	975	1,283	ROE	19.1	2.4	0.8	12.9	22.8
Total debt	31,021	30,978	30,462	30,217	30,222						
Net debt	24,001	23,348	22,830	25,180	23,617						

Sources: Company data, Thanachart estimates

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