

CK Power Pcl (CKP TB) - BUY

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News Update**Water availability became weak in December**

- **Soft hydropower output in December**
- **Water availability was lower than previous year**
- **We expect only Bt220m profit in 4Q22F**
- **The weak profit likely continues into 2023F**

CKP reported monthly electricity generation from its two hydropower projects at 555GWh in December 2022, flat y-y but down 12% m-m. The output looks soft to us since we see 2021 as a low-base year for hydropower generation. Weaker water availability compared to the same period in 2021 is therefore a concern to us for CKP's earnings outlook in 2023F.

We now forecast CKP to report Bt220m profit in 4Q22F, up 45% y-y but down 84% q-q, much lower than our expectation due to a weaker-than-expected electricity output from hydropower projects.

- **Xayaburi (XPCL, hydro, 546MW):** Electricity output from XPCL project was 427GWh in December, equivalent to 46% project's capacity factor (vs. 43% breakeven level). The output weakened 2% y-y despite a slightly higher amount of water flow through the project by 10% compared to the same month last year. It dropped 16% m-m on declining amount water flow in the Mekong River after an end of rainy season in Indochina region.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Electricity volume sale from NN2 was 128GWh electricity in December, improved slightly 4% y-y and 8% q-q. However, there was a negative sign from a 15% lower water inflow to its reservoir compared to the same period last year. Based on this weak amount of reserved water into the dry season, we expect NN2's performance to drop in a y-y basis during 1H23F.
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Electricity volume sale from BIC was 122GWh in December, down slightly 2% y-y, likely due to a lower electricity demand as its customers may tighten their electricity consumption to counter the impact of rising electricity prices on their business.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms (and solar rooftop projects) under BKC was 2.02GWh in December, down 6% y-y but improved 14% m-m after the end of rainy season.

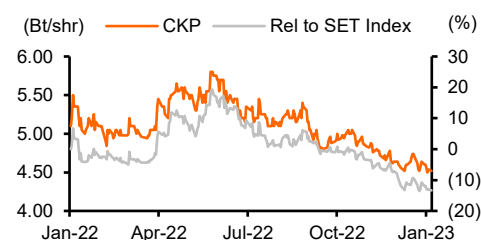
Key Valuations

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)	18.4	16.2	16.9	18.3
EV/EBITDA (x)	18.0	18.5	13.7	14.3
P/BV (x)	1.5	1.4	1.3	1.3
Div. yield (%)	1.8	2.5	3.0	3.3
ROE (%)	8.2	8.9	8.1	7.2
Net D/E (%)	67.1	58.3	55.1	56.4

Source: Thanachart estimates

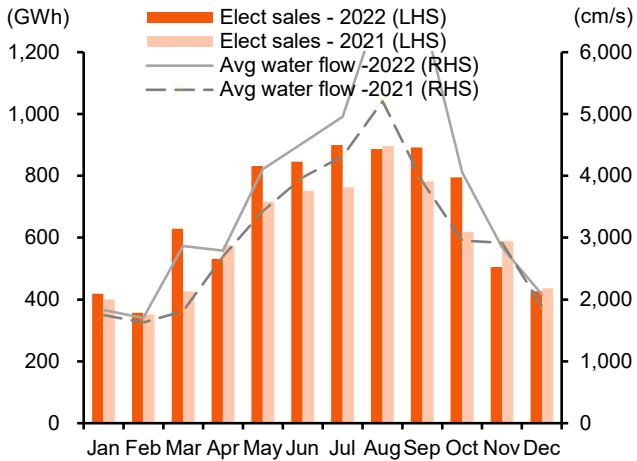
Stock Data

Closing price (Bt)	4.52
Target price (Bt)	6.50
Market cap (US\$ m)	1,123
Avg daily turnover (US\$ m)	1.9
12M H/L price (Bt)	5.80/4.50

Price Performance

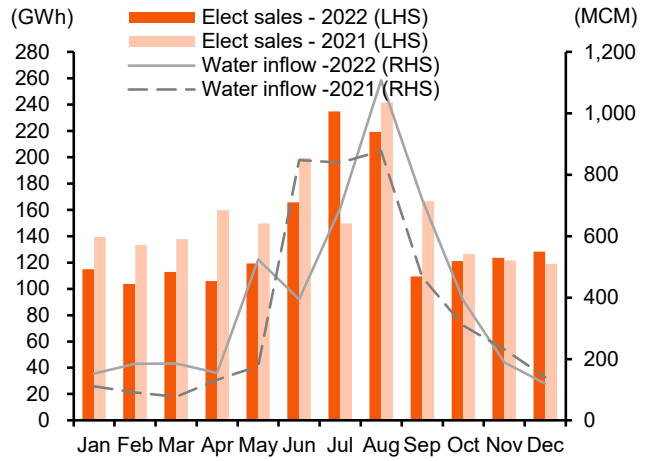
Source: Bloomberg

Ex 1: Weak XPCL Output Ahead Of Dry Season



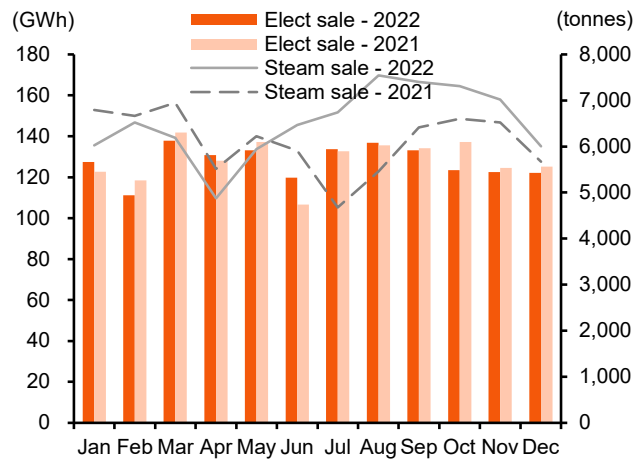
Source: Company data

Ex 2: Lower Reserved Water For NN2 Than Last Year



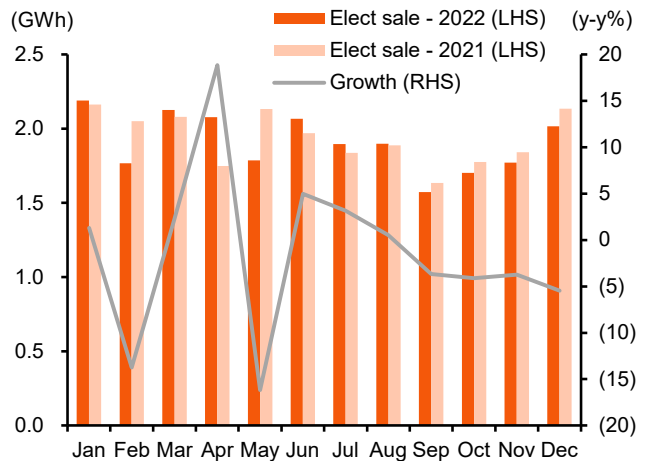
Source: Company data

Ex 3: Stable Sales From BIC



Source: Company data

Ex 4: Seasonally Stronger Solar Output



Source: Company data

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