

Banpu Pcl (BANPU TB) - SELL, Price Bt9.60, TP Bt6.50**Results Comment**

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Miss on high coal cost

- Banpu report 2Q23 loss of Bt445m vs profit of Bt5bn in 1Q23. The result misses our and market expectation of Bt2.5bn and Bt590m. 1H23 profit accounts 33% of our FY23F and only 27% of consensus. Maintain SELL.
- Core loss despite a very high coal price.** We estimate core loss Bt1.4bn in 2Q23 vs a profit of Bt2.9bn in 1Q23. Q-Q profit decline is from lower gas and coal price as well as higher Australia coal cost. Although NEX coal price dropped 36% to US\$163/t, it's still considered very high level relative to history.
- Australia coal gross margin reported a net loss** of 14%, dropped from 5% in 1Q23 and from 36% in 2Q22. Amid continue mining difficulty, unit cost rose to A\$184.5/t, up 7% q-q. Sale volume dropped 9% q-q and 42% y-y to 1.6mt. ASP also dropped 12% q-q to A\$162.4/t as lower benchmarked coal price outweigh higher domestic selling price.
- Indonesia coal gross profit contracted 28% q-q** and 47% y-y to US\$275m. Although unit cost lower by 6% q-q to US\$63/t, this is outweighed by lower selling price which dropped by 25% q-q to US\$114/t. Sale volume improved substantially by 19% q-q to 5.4mt due to dry weather.
- Gas gross profit turn into a loss** of US\$33m vs a profit of US\$33m in 1Q23. This is given a lower selling price which came in at US\$1.9/mmbtu (-33% q-q), in-line with benchmark Henry hub gas price.
- Non-recurring items.** Note that key non-recurring items in this quarter included Bt2.4bn Fx gain and Bt0.3bn derivative gain.
- Outlook.** We expect 3Q23 profit to trend steady to softer as lower coal profit offset by consolidation of US gas power plant acquisition.

Income Statement (consolidated)						Income Statement 6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	60,986	87,274	82,500	44,498	38,330	Revenue	(14)	(37)	46	180,204	161,030
Gross profit	27,352	50,018	36,626	14,908	8,590	Gross profit	(42)	(69)	46	50,586	45,222
SG&A	9,033	13,879	15,135	8,686	7,752	SG&A	(11)	(14)	49	33,703	31,728
Operating profit	18,319	36,139	21,491	6,222	838	Operating profit	(87)	(95)	42	16,883	13,494
EBITDA	24,137	42,810	26,815	11,800	5,873	EBITDA	(50)	(76)	44	40,526	39,853
Other income	732	587	689	1,316	1,007	Other income	(23)	37	332	700	660
Other expense	63	78	87	0	0	Other expense			na	0	0
Interest expense	1,862	2,660	2,915	2,997	3,052	Interest expense	2	64	61	9,875	7,744
Profit before tax	17,126	33,987	19,177	4,541	(1,207)	Profit before tax	na	na	43	7,708	6,410
Income tax	5,691	9,408	798	1,723	1,296	Income tax	(25)	(77)	136	2,224	1,849
Equity & invest. income	2,800	3,346	3,776	2,840	2,844	Equity & invest. income	0	2	80	7,122	5,915
Minority interests	(3,490)	(6,096)	(4,067)	(2,722)	(1,717)	Minority interests	na	na	128	(3,467)	(2,816)
Extraordinary items	2,043	(4,086)	(18,365)	2,052	931	Extraordinary items	(55)	(54)	66	4,500	0
Net profit	12,789	17,744	(278)	4,988	(445)	Net profit	na	na	33	13,639	7,660
Normalized profit	10,746	21,830	18,087	2,936	(1,376)	Normalized profit	na	na	17	9,138	7,660
EPS (Bt)	2.48	3.44	(0.05)	0.97	(0.09)	EPS (Bt)	na	na	60	1.46	0.75
Normalized EPS (Bt)	2.08	4.23	3.50	0.57	(0.27)	Normalized EPS (Bt)	na	na	31	0.98	0.75

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	60,512	73,532	74,448	86,185	51,453	Sales growth	143.3	128.3	73.2	7.2	(37.1)
A/C receivable	22,466	29,993	23,102	15,209	15,959	Operating profit growth	554.0	462.9	141.7	(29.5)	(95.4)
Inventory	5,725	5,694	5,059	6,240	6,101	EBITDA growth	277.7	304.1	101.9	(10.8)	(75.7)
Other current assets	16,093	25,692	24,797	21,952	18,230	Norm profit growth	536.5	455.0	254.5	(41.9)	na
Investment	57,111	60,731	73,518	78,357	80,208	Norm EPS growth	536.5	455.0	254.5	(41.9)	na
Fixed assets	150,653	159,405	144,829	143,823	148,481	Gross margin	44.8	57.3	44.4	33.5	22.4
Other assets	119,505	123,227	91,042	93,756	98,165	Operating margin	30.0	41.4	26.0	14.0	2.2
Total assets	432,066	478,274	436,794	445,521	418,596	EBITDA margin	39.6	49.1	32.5	26.5	15.3
S-T debt	63,069	69,915	47,328	52,118	44,554	Norm net margin	17.6	25.0	21.9	6.6	(3.6)
A/C payable	4,043	3,089	4,246	4,784	5,894	D/E (x)	1.8	1.6	1.4	1.4	1.3
Other current liabilities	45,200	51,437	44,611	38,946	26,982	Net D/E (x)	1.4	1.1	0.9	0.8	1.0
L-T debt	164,602	168,270	160,178	167,212	160,630	Interest coverage (x)	13.0	16.1	9.2	3.9	1.9
Other liabilities	31,578	37,632	28,057	25,335	26,647	Interest rate	3.5	4.6	5.2	5.6	5.8
Minority interest	28,957	36,559	34,548	32,124	34,322	Effective tax rate	33.2	27.7	4.2	37.9	(107.4)
Shareholders' equity	94,616	111,372	117,826	125,004	119,567	ROA	10.6	19.2	15.8	2.7	(1.3)
Working capital	24,148	32,598	23,914	16,665	16,166	ROE	47.7	84.8	63.1	9.7	(4.5)
Total debt	227,672	238,185	207,506	219,330	205,185						
Net debt	167,160	164,653	133,058	133,146	153,732						

Sources: Company data, Thanachart estimates

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