

BCPG Public Co Ltd (BCPG TB) - BUY, Price Bt9.40, TP Bt17.00**Results Comment**

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

Weaker-than-expected 2Q23 profit

- BCPG reported Bt183m normalized profit (excluding gain from FX and one-off tax items) in 2Q23, down 66% y-y but grew 7% q-q in a like-for-like basis. This came in weaker than we'd expected despite we had already foreseen it to be soft. Later-than-expected resumption of hydropower plants' operation and larger-than-expected impacts from planned maintenance at its US gas power plants were the two negative surprises to us.
- Total revenue came in at Bt1.09bn in 2Q23, down 24% y-y due to expiration in subsidies at some of its solar farms in Thailand and 2.5-months shutdown for its hydropower project. It grew 3% q-q as the hydropower plants have resumed operation since mid-June, while BCPG started to recognize revenue from recently acquired oil terminal facilities, also in June.
- SG&A expenses declined 11% y-y and 6% q-q to Bt143m in 2Q23. However, due to sharp revenue fall, SG&A-to-sale ratio spiked to 14.4% this quarter, from 11.2% in 2Q22.
- EBITDA also fell 31% y-y (but up 5% q-q) given lower revenue. EBITDA margin contracted to 74% in 2Q23 (vs. 81% in 2Q22).
- Equity income turned to Bt31m loss due to a loss contribution from other businesses, and weaker performance from US gas power plants, having planned maintenance during the quarter.
- Despite a weaker-than-expected performance in 1H23 and an expected downside to our full-year numbers, we maintain BUY on BCPG as we expect strong earnings turnaround in 2H23F driven by 1) a full resumption of hydropower operations into its high season, and 2) profit contribution from other two newly acquired US gas power plants.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Revenue	1,436	1,544	1,267	1,057	1,093
Gross profit	933	1,022	734	538	525
SG&A	161	148	181	152	143
Operating profit	772	874	553	386	383
EBITDA	1,162	1,272	945	769	804
Other income	31	35	70	43	103
Other expense	0	0	0	0	0
Interest expense	231	251	193	229	248
Profit before tax	572	658	429	200	237
Income tax	32	41	45	67	23
Equity & invest. income	(9)	(17)	14	40	(31)
Minority interests	(1)	(0)	(0)	(1)	(1)
Extraordinary items	(200)	15	(75)	341	18
Net profit	330	614	323	512	201
Normalized profit	530	599	398	171	183
EPS (Bt)	0.12	0.23	0.12	0.19	0.08
Normalized EPS (Bt)	0.20	0.23	0.15	0.06	0.07

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	22,115	19,936	20,333	17,024	17,616
A/C receivable	2,433	1,596	1,762	1,751	1,754
Inventory	0	0	0	0	0
Other current assets	732	1,146	783	446	651
Investment	1,246	1,388	1,342	5,577	6,708
Fixed assets	17,089	17,056	17,014	16,836	22,881
Other assets	14,007	15,928	14,926	15,898	17,699
Total assets	57,622	57,050	56,160	57,532	67,309
S-T debt	3,049	2,397	2,538	2,383	2,503
A/C payable	1,060	878	701	535	758
Other current liabilities	594	426	222	228	343
L-T debt	22,650	22,161	21,880	22,994	31,979
Other liabilities	1,246	1,674	1,542	1,617	1,718
Minority interest	70	70	51	52	53
Shareholders' equity	28,954	29,444	29,225	29,721	29,955
Working capital	1,373	719	1,061	1,215	996
Total debt	25,699	24,558	24,419	25,377	34,482
Net debt	3,584	4,622	4,086	8,354	16,865

Sources: Company data, Thanachart estimates

Income Statement 6M as					
(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	3	(24)	37	5,765	6,428
Gross profit	(2)	(44)	34	3,146	3,178
SG&A	(6)	(11)	44	673	704
Operating profit	(1)	(50)	31	2,473	2,473
EBITDA	5	(31)	37	4,306	4,718
Other income	137	231	130	112	75
Other expense			na	0	0
Interest expense	8	7	46	1,031	1,183
Profit before tax	19	(59)	28	1,554	1,365
Income tax	(66)	(30)	99	91	75
Equity & invest. income	na	na	2	441	734
Minority interests	na	na	na	0	0
Extraordinary items	(95)	na	na	0	0
Net profit	(61)	(39)	37	1,904	2,024
Normalized profit	7	(66)	19	1,904	2,024
EPS (Bt)	(61)	(39)	41	0.66	0.70
Normalized EPS (Bt)	7	(66)	20	0.66	0.70

Financial Ratios (%)					
	2Q22	3Q22	4Q22	1Q23	2Q23
Sales grow th	32.0	18.5	2.8	(8.7)	(23.9)
Operating profit grow th	42.1	12.5	(13.2)	(34.7)	(50.4)
EBITDA grow th	39.2	19.6	(0.3)	(16.0)	(30.8)
Norm profit grow th	6.2	(6.8)	(36.6)	(66.9)	(65.6)
Norm EPS grow th	6.2	(6.8)	(36.6)	(66.9)	(65.6)
Gross margin	65.0	66.2	57.9	50.9	48.1
Operating margin	53.8	56.6	43.6	36.5	35.0
EBITDA margin	80.9	82.4	74.6	72.7	73.6
Norm net margin	36.9	38.8	31.4	16.2	16.7
D/E (x)	0.9	0.8	0.8	0.9	1.1
Net D/E (x)	0.1	0.2	0.1	0.3	0.6
Interest coverage (x)	5.0	5.1	4.9	3.4	3.2
Interest rate	3.4	4.0	3.2	3.7	3.3
Effective tax rate	5.7	6.3	10.4	33.8	9.6
ROA	3.6	4.2	2.8	1.2	1.2
ROE	7.4	8.2	5.4	2.3	2.4

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