

B.Grimm Power Pcl (BGRIM TB) - BUY, Price Bt36.75, TP Bt40.00**Results Comment**

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Higher-than-expected 2Q23 profit

- BGRIM reported Bt686m normalized profit (excluding impacts from FX) in 2Q23, up 776% y-y and 81% q-q, beat our and the market's expectations. Note that norm EPS grew slower at 69% q-q to at Bt0.18/share (improved from a loss in the same period last year) due to dilution impact from its perpetual bond.
- Gross profit grew 57% y-y and 13% q-q to Bt2.66bn in 2Q23 driven by higher electricity volume sale after its SPP units under 'SPP replacement' scheme have commenced their operations, and stronger electricity sale margin on better plant efficiency and better tariff price adjustment against fuel costs.
- SG&A increased 4% y-y to Bt471m in 2Q23 as BGRIM fully resumes its business activities post Covid.
- EBITDA rose 41% y-y and 13% q-q to Bt3.57bn in 2Q23, in-line with improving profit from the SPP plants. EBITDA margin expanded to 24%, from 20% in 1Q23 and 17% in 2Q22.
- BGRIM announces Bt0.18/share interim from its 1H23 result, implying 62% payout from net profit. An indicated XD date is on 28 August with a dividend payment date on 8 September 2023.
- We maintain our 2023F earnings forecast for BGRIM despite its 1H23 profit made up only 41% of our full-year numbers. This is since we expect stronger profitability from its SPP plants in 3Q23F and profit contribution from a COD of its developing SPP plants in 4Q23F.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	14,676	18,383	14,579	15,750	14,891	Revenue	(5)	1	52	59,451	58,028
Gross profit	1,693	1,660	1,676	2,349	2,664	Gross profit	13	57	49	10,160	10,598
SG&A	453	461	560	537	471	SG&A	(12)	4	56	1,813	1,813
Operating profit	1,240	1,199	1,116	1,812	2,193	Operating profit	21	77	48	8,347	8,785
EBITDA	2,526	2,549	2,440	3,155	3,570	EBITDA	13	41	48	13,925	14,607
Other income	66	63	111	119	208	Other income	75	217	118	277	271
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	960	1,105	1,126	1,132	1,175	Interest expense	4	22	52	4,414	4,247
Profit before tax	345	157	101	799	1,226	Profit before tax	53	255	48	4,210	4,809
Income tax	2	3	(190)	62	43	Income tax	(30)	2,168	50	211	385
Equity & invest. income	(20)	(110)	101	64	(6)	Equity & invest. income	na	na	110	53	529
Minority interests	(245)	(137)	(242)	(422)	(490)	Minority interests	na	na	63	(1,458)	(1,640)
Extraordinary items	(272)	(656)	(476)	20	(8)	Extraordinary items	na	na	na	0	0
Net profit	(193)	(749)	(326)	399	678	Net profit	70	na	42	2,594	3,313
Normalized profit	78	(93)	150	379	686	Normalized profit	81	776	41	2,594	3,313
EPS (Bt)	(0.11)	(0.33)	(0.16)	0.11	0.18	EPS (Bt)	55	na	39	0.75	0.94
Normalized EPS (Bt)	(0.01)	(0.07)	0.02	0.11	0.18	Normalized EPS (Bt)	69	na	38	0.75	0.94

Balance Sheet						Financial Ratios					
(consolidated)						2022					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	35,648	34,154	35,015	38,801	33,165	Sales grow th	27.9	56.9	12.3	6.7	1.5
A/C receivable	10,369	13,932	9,254	8,892	9,942	Operating profit grow th	(43.1)	(30.2)	(7.7)	97.5	76.9
Inventory	964	857	833	843	587	EBITDA grow th	(27.8)	(18.1)	(2.1)	44.8	41.4
Other current assets	3,678	4,503	3,702	9,963	4,747	Norm profit grow th	(90.7)	na	1.5	1,559.2	775.7
Investment	4,228	4,074	4,132	4,163	2,864	Norm EPS grow th	na	na	(66.3)	na	na
Fixed assets	90,185	92,811	94,071	94,343	94,342	Gross margin	11.5	9.0	11.5	14.9	17.9
Other assets	23,418	24,430	23,644	23,237	31,699	Operating margin	8.4	6.5	7.7	11.5	14.7
Total assets	168,489	174,761	170,651	180,243	177,345	EBITDA margin	17.2	13.9	16.7	20.0	24.0
S-T debt	7,133	7,420	10,986	11,009	10,875	Norm net margin	0.5	(0.5)	1.0	2.4	4.6
A/C payable	3,725	9,383	8,005	8,880	6,980	D/E (x)	2.6	2.6	2.7	2.3	2.2
Other current liabilities	4,269	934	633	496	522	Net D/E (x)	1.8	1.9	1.9	1.5	1.5
L-T debt	104,829	107,882	103,424	103,979	101,674	Interest coverage (x)	2.6	2.3	2.2	2.8	3.0
Other liabilities	5,212	5,319	5,436	5,510	5,491	Interest rate	4.5	3.9	3.9	3.9	4.1
Minority interest	12,309	12,314	12,440	12,732	13,202	Effective tax rate	0.6	2.1	(188.7)	7.8	3.5
Shareholders' equity	31,011	31,510	29,728	37,635	38,600	ROA	0.2	(0.2)	0.3	0.9	1.5
Working capital	7,607	5,407	2,082	856	3,549	ROE	1.0	(1.2)	2.0	4.5	7.2
Total debt	111,963	115,302	114,410	114,988	112,549						
Net debt	76,315	81,148	79,395	76,188	79,385						

Sources: Company data, Thanachart estimates

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