

CK Power Pcl (CKP TB) - BUY

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News Update**Strong rainfalls in August**

- **Hydropower output still dropped 14% y-y in August**
- **However, heavy rainstorms surged up water availability**
- **Likely peak margin for SPPs in 3Q23F**
- **We still expect a y-y earnings turnaround next quarter**

CKP reported 949GWh of electricity generation from its two hydropower projects in August, down 14% y-y but increased 12% m-m. A higher output from previous month was due to higher amount of rainfalls in this peak month of rainy season in Indochina region. A drop from last year was from the El-Nino impacts. Having said that, water availability was very strong, thanks to heavy rainstorms in early August, therefore XPCL operated at nearly full capacity while NN2's reservoir was nicely filled. Despite stable volume sales of both electricity and steam from its SPP plant, we still expect it generates higher profit q-q (in 3Q23F) on higher selling margin, given a sharp fall in domestic gas price.

- **Xayaburi (XPCL, hydro, 546MW):** Electricity output from XPCL project was 833GWh in August, down 6% y-y but up 11% m-m. This implies 90% capacity factor for the project as it was temporarily shut down for a few days given the water flow was too heavy when a strong depression hit in Laos early the month. Average water flow rate was 6,617 cm/s, down 4% y-y as the rainfall softened later the month.
- **Nam Ngum 2 (NN2, hydro, 283MW):** NN2 delivered 115GWh of electricity in August, down 47% y-y but increased 18% m-m. This was equivalent to 26% capacity factor for the project (vs. 50% last year). However, amount of water inflow to NN2's reservoir was exceptionally strong at 2,232m cubic meter (102% higher y-y). We therefore project NN2 to generate a much stronger electricity output in 4Q23F based on this secured water in its reservoir.
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** BIC plant sold 134GWh of electricity in August, down slightly 2% y-y. Steam volume sale, however, grew slightly 3% y-y to 7,796 tonnes. Amid these flattish volume sales, we expect stronger profit contribution from BIC project in 3Q23F on its better margins, supported by faster gas cost decline despite a sharp cut in national electricity price in September.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms and solar rooftop projects was 1.83GWh in August, down slightly 4% y-y. This business segment remains a small portion of CKP's portfolio.

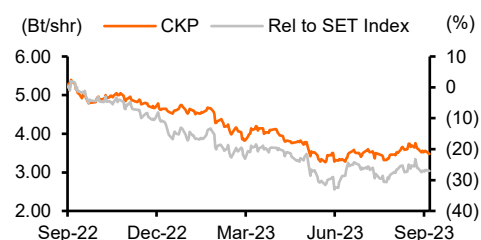
Key Valuations

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Revenue	10,904	9,987	9,374	10,090
Net profit	2,436	1,739	1,943	2,152
Norm net profit	2,499	1,739	1,943	2,152
Norm EPS (Bt)	0.3	0.2	0.2	0.3
Norm EPS gr (%)	22.6	(30.4)	11.7	10.8
Norm PE (x)	11.3	16.3	14.6	13.1
EV/EBITDA (x)	17.6	11.4	10.9	10.3
P/BV (x)	1.1	1.0	1.0	0.9
Div. yield (%)	2.4	2.6	2.6	2.6
ROE (%)	9.7	6.4	6.9	7.3
Net D/E (%)	60.3	51.7	51.6	50.6

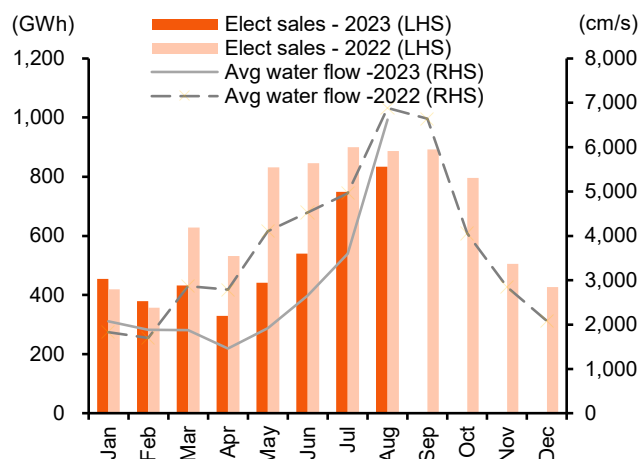
Source: Thanachart estimates

Stock Data

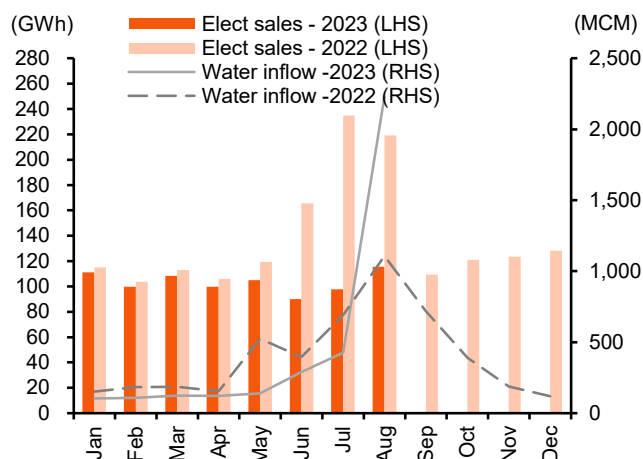
Closing price (Bt)	3.48
Target price (Bt)	4.50
Market cap (US\$ m)	787
Avg daily turnover (US\$ m)	0.7
12M H/L price (Bt)	5.40/3.26

Price Performance

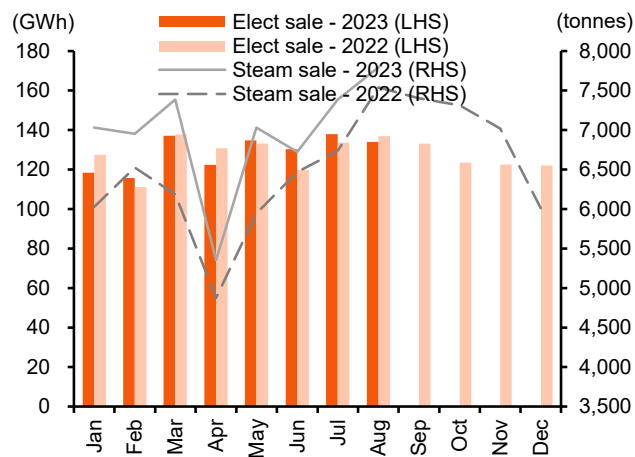
Source: Bloomberg

Ex 1: XPCL Operated At Nearly Full Capacity

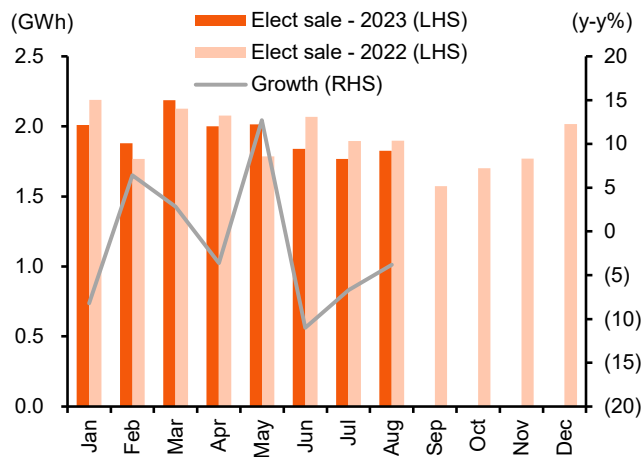
Source: Company data

Ex 2: Strong Water Inflow To NN2's Reservoir

Source: Company data

Ex 3: Stable Output, But Stronger Margins Expected

Source: Company data

Ex 4: Resilient Output From Solar Projects

Source: Company data

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