BUY (From: SELL)

Change in Recommendation

TP: Bt 8.00 (From: Bt 4.80)

Upside : 22.1%

19 SEPTEMBER 2024

Banpu Public Co Ltd (BANPU TB)

Improving outlook

We upgrade BANPU to BUY with a higher TP of Bt8.0. We now see an improving outlook with a higher normalized coal price base, gas prices bottoming, and more carbon capture business contribution. The icing on the cake would be BKV listing at a decent valuation.

YUPAPAN POLPORNPRASERT

662-779-9110

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Upgrading to BUY

We upgrade BANPU to BUY (from Sell) with a higher DCF-based 12-month TP (rolled over to a 2025F base year) of Bt8.0 (from Bt4.8). This follows our earnings hikes of 21/62/127% in 2024-26F, which are based on an improved outlook for three factors. ***First,*** the benchmark NEX coal price has normalized at US$130-140/tonne vs. our previous forecast of US$120-125. BANPU's production volume is also improving. ***Second***, we expect US gas prices to rise from 4Q24F onward because of the increasing capacity of LNG export terminals in the US. This means the US can export more LNG, driving gas demand. ***Third***, BANPU plans to expand its profitable carbon capture, utilization & sequestration (CCUS) capacity. ***Finally***, with its stronger earnings outlook, we now see BANPU as inexpensive, trading on 11.7/10.7x PE multiples in 2024-25F.

CCUS project is highly profitable

BANPU is the first-mover in developing a CCUS project in Texas's Barnett area, with its first commercial production of 210,000 tonnes of CO2e in 4Q23. This project contributed c.Bt96m of profit to BANPU in 1H24. BANPU is becoming more aggressive and plans to target 17m tonnes of CO2e capacity by 2029. The US enacted the Inflation Reduction Act in 2022, giving a 12-year subsidy of US$85/tonne of CO2e. This implies a high net margin of 45% for the CCUS project. We didn't factor in CCUS in our model previously, but with a clearer and more aggressive plan, we assume CCUS capacity is 1.7m tonnes of CO2e, which is about its current gas production capacity. We leave BANPU's target of 17m tonnes as an upside.

High normalized coal price

The NEX coal price has been hovering at US$130-140/tonne due to continued high import demand from China. We anticipate the global seaborne thermal market will continue to remain stable through 2024-26F, with overall supply and demand dynamics likely to be well balanced. We raise our NEX coal price assumptions by US$10/tonne over 2025-26F to US$135/130 vs. US$135 in 2024F and the spot level of US$138/tonne. We also lift BANPU's sales volume by 3-5% over 2024-26F given decent productivity improvements at both of its coal mines in 2Q24.

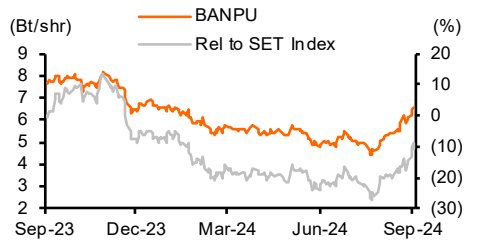
Improved gas price outlook

We expect the US Henry Hub gas price to recover from 4Q24F onward. Prices in 4Q24F will be affected by weather conditions while improving supply/demand dynamics and a rise in export demand from new LNG projects should drive a price recovery in 2025F. We keep our US Henry Hub price assumptions unchanged at US$2.5/2.8/3.0/mmbtu over 2024-26F.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	179,619	204,049	202,133	202,269
Net profit	5,434	5,607	6,140	6,960
Consensus NP	—	5,434	6,778	6,354
Diff frm cons (%)	—	*3.2*	*(9.4)*	*9.5*
Norm profit	7,633	5,607	6,140	6,960
Prev. Norm profit	—	4,650	3,800	3,062
Chg frm prev (%)	—	*20.6*	*61.6*	*127.3*
Norm EPS (Bt)	0.8	0.6	0.6	0.7
Norm EPS grw (%)	(88.7)	(32.2)	9.5	13.4
Norm PE (x)	7.9	11.7	10.7	9.4
EV/EBITDA (x)	5.8	6.2	5.8	5.1
P/BV (x)	0.5	0.5	0.5	0.5
Div yield (%)	6.9	5.1	4.7	5.3
ROE (%)	6.1	4.3	4.6	5.1
Net D/E (%)	101.9	114.0	115.3	105.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 19-Sep-24 (Bt)	6.55
Market Cap (US$ m)	1,983.1
Listed Shares (m shares)	10,018.9
Free Float (%)	87.6
Avg Daily Turnover (US$ m)	13.1
12M Price H/L (Bt)	8.15/4.44
Sector	Energy
Major Shareholder	Vongkusolkit family 11.2%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P11

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Upgrading to BUY; three improved business factors

Several tailwinds to support price re-rating

We upgrade Banpu Pcl (BANPU) to BUY (from Sell) with a higher DCF-based TP (rolled over to a 2025F base year) of Bt8.0 (from Bt4.8). This follows our earnings hikes of 21/62/127% in 2024-26F, which are based on an improved outlook for three factors. ***First,*** the benchmark NEX coal price has normalized at US$130-140/tonne vs. our previous forecast of US$120-125. BANPU's production volume is also on the rise. ***Second,*** we expect US gas prices to improve from 4Q24F onward due to the increasing capacity of LNG export terminals in the US. This means the US can export more LNG, which should drive gas demand. ***Third,*** BANPU plans to expand its profitable carbon capture, utilization & sequestration (CCUS) capacity. ***Finally,*** with a stronger earnings outlook, we now see BANPU's valuation as inexpensive, trading on 11.7/10.7x 2024-25F PE multiples.

Ex 1: Key Earning Revisions

	2021	2022	2023	2024F	2025F	2026F
Normalized profit (Bt m)						
- New	7,520	55,712	7,633	5,607	6,140	6,960
- Old				4,650	3,800	3,062
- Change (%)				*20.6*	*61.6*	*127.3*
Net profit (Bt m)						
- New	9,852	40,519	5,434	5,607	6,140	6,960
- Old				4,650	3,800	3,062
- Change (%)				*20.6*	*61.6*	*127.3*
NEX coal price (US$/tonne)						
- New	136	357	175	135	135	130
- Old				135	125	120
- Change (%)				*0.0*	*10.0*	*10.0*
Henry Hub price (US$/mmbtu)						
- New	2.7	4.5	2.7	2.5	2.8	3.0
- Old				2.5	2.8	3.0
- Change (%)				*0.0*	*0.0*	*0.0*
Sale volume (m tonnes)						
- New	29.9	27.6	27.9	34.8	35.0	35.0
- Old				33.0	34.0	34.0
- Change (%)				*5.5*	*2.9*	*2.9*
CCUS profit (Bt m)						
- New				214	237	848
- Old				na	na	na
- Change (%)				na	na	na

Sources: Company data, Thanachart estimates

CCUS project is highly profitable

BANPU has 16.4m tonnes of CCUS capacity identified as pre-FID by 2029F

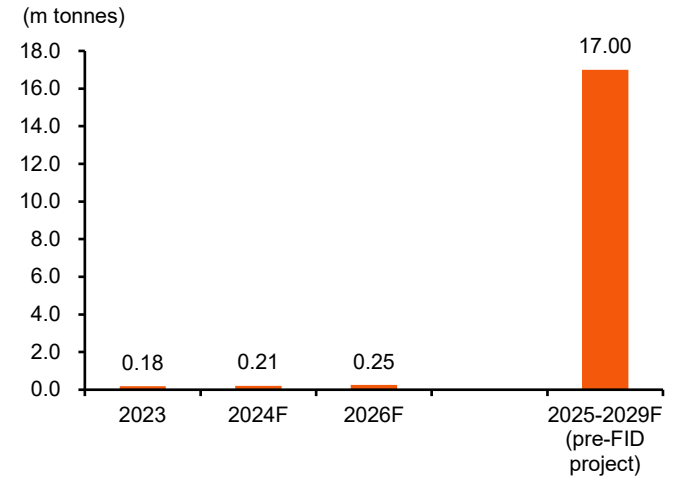
BANPU is the first-mover in developing the CCUS project in the Barnett area in the state of Texas, US, with its first commercial production of 210,000 tonnes of CO2e in 4Q23. This project contributed c.Bt96m of profit to BANPU in 1H24. According to the latest analyst meeting in 2Q24, BANPU is being more aggressive and targeting 17m tonnes of CO2e capacity by 2029. We didn't factor in the CCUS project in our model previously. Still, with a clearer and more aggressive plan, we assume that the CCUS project's capacity is 1.7m tonnes of CO2e, which is about its current gas production capacity. We leave BANPU's ambition of 17m tonnes as a potential upside. Note that the 17m tonnes of capacity is based on pre-FID projects, but the company aims to reach 30m tonnes by 2030F.

Ex 2: CCUS Projects

Project	Status	Actual or forecasted initiation of sequestration operation	Forecasted annual sequestration volume (m tonnes CO2e)
Barnett Zero	Operating	Nov-23	0.2
Cotton Cove	FID	1H 2026	0.0
8 natural gas processing (NGP) projects	Pre-FID	2025 – 2029	2.7
3 industrial projects	Pre-FID	2026 – 2027	11.2
4 ethanol projects	Pre-FID	2027 – 2029	2.6
Total			**16.6**

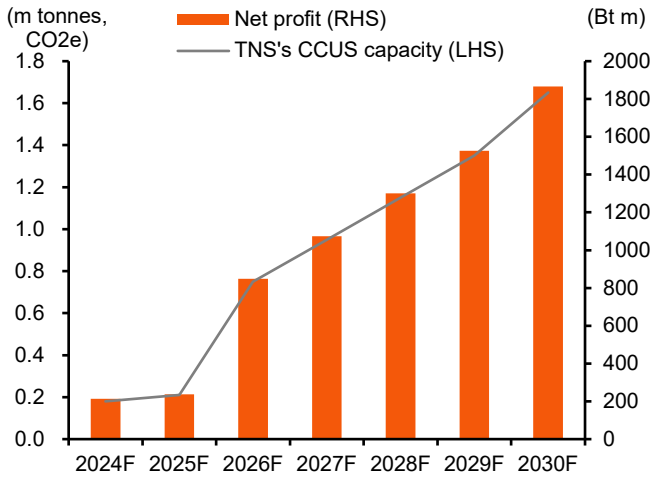
Source: Company data

Ex 3: BANPU's Planned CCUS Expansion



Sources: Company data, Thanachart estimates

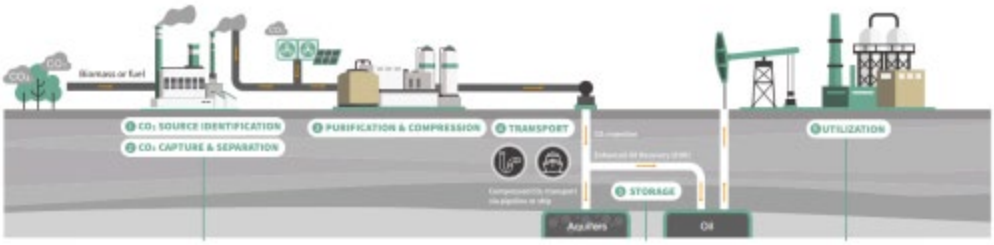
Ex 4: TNS's CCUS Profit Forecasts



Source: Thanachart estimates

Carbon capture, utilization & storage (CCUS) is the process of capturing carbon dioxide (CO2) emissions from fossil power generation and industrial processes for storage deep underground or reuse.

Ex 5: CCUS Process



Source: The United Nations Economic Commission for Europe (UNECE)

IRA acts as a big boost to CCUS opportunities in the US

CCUS projects in US benefit from a subsidy

The Inflation Reduction Act (IRA) was passed in August 2022 and is the most significant climate legislation in US history. It clears the path for many large-scale CCUS projects. The act increases the government subsidy for capturing CO2 from polluting sources from US$50 to US$85 per metric tonne. With this incentive, projects that once weren't worth the investment can now be implemented.

Ex 6: Inflation Reduction Act Passed In 2022

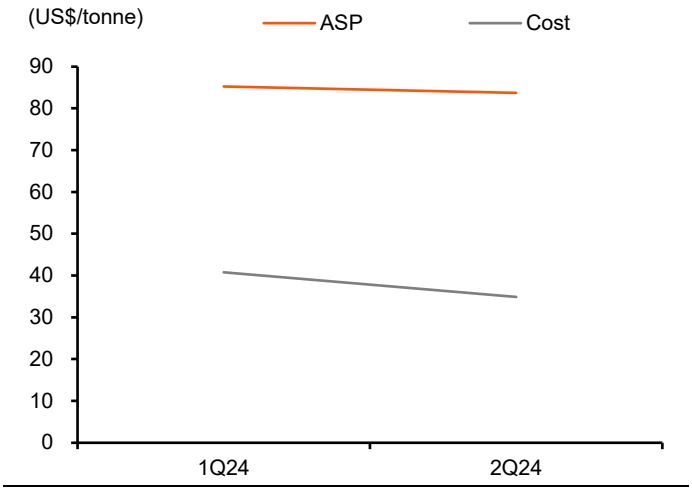
	Previous law	Inflation Reduction Act
Carbon utilized, including EOR (US$/tonne)	Up to US$35	US$60
Carbon permanently stored (US$/tonne)	Up to US$50	US$85
Direct air capture (carbon utilized)	Up to US$30	US$130
Direct air capture (carbon permanently stored)	Up to US$50	US$180
Minimum CO2 volume captured	Power plant: 500 ktpa Other industrial: 100 ktpa DAC: 100 ktpa	Power plant: 18.8 ktpa Other industrial: 12.5 ktpa DAC: 1 ktpa
Payment type (for the 12 years of the incentive)	Tax credit (for all 12 years of incentive)	Two options: - Direct payment (for first 5 years), then tax credit (for remaining 7 years) - Tax credit (for all 12 years of incentive)
Must start construction by:	January 1st 2026	January 1st 2033

Source: Courtesy of the Department of Energy
Note: Pathways to Commercial Liftoff: Carbon Management 2023

BANPU's CCUS project has a 45% net profit margin

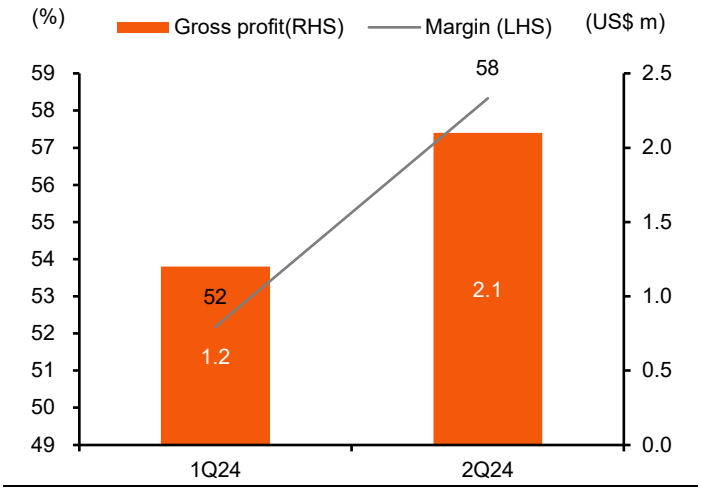
For BANPU, the carbon price of U$85/tonne implies a high net profit margin of 45% for CCUS projects. Based on the current operating project, i.e., Barnett Zero, we estimate an average selling price of US$84-84/tonne and a gross profit margin of 52-58%.

Ex 7: ASP And Cost



Sources: Company data, Thanachart estimates

Ex 8: Gross Profit Vs. Margin



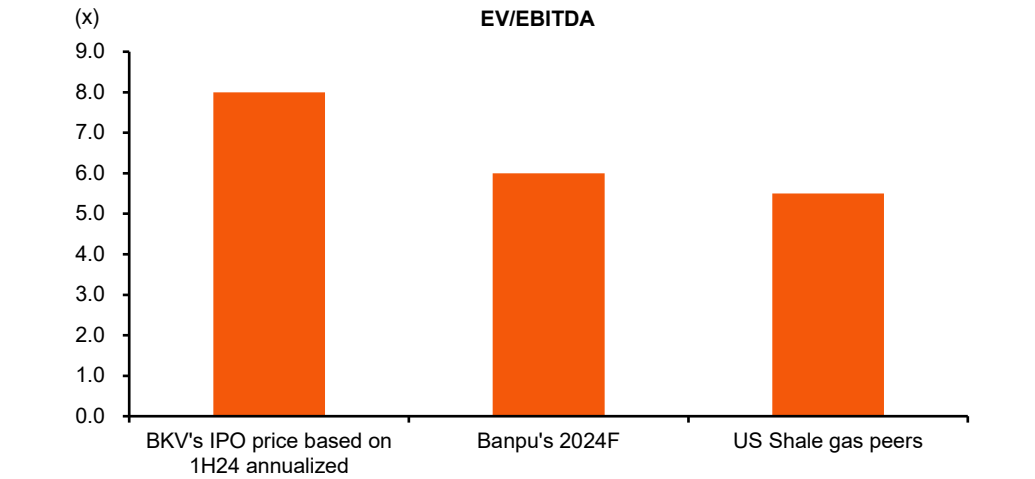
Sources: Company data, Thanachart estimates

BKV listing paving the way for CCUS expansion

Successful listing of BKV would lead to more funding for CCUS expansion

BANPU has finally announced a plan to launch the listing of BKV on the NYSE, offering 15,000,000 shares, with a potential increase to 17,250,000 if the underwriters fully exercise their option. The IPO price is projected at between US$19 and US$21 per share, valuing the company at up to US$1.77bn. This translates to an implied EV/EBITDA of 8x, based on annualized 1H24 EBITDA, compared to BANPU's 2024F EBITDA of 6x and US shale gas producers' average of 5.5x. We think the high multiple implies that investors are confident in the company's growth outlook. Currently, BANPU owns about 93% of BKV's common stock. Post-IPO, BANPU's stake would decrease to around 76%, or 74%, if the underwriters were to exercise their full option. Of the US$315m raised, 73% would go towards debt repayment, with the remainder allocated for growth capital and corporate purposes, possibly including CCUS expansion.

Ex 9: EV/EBITDA Multiple Comparison



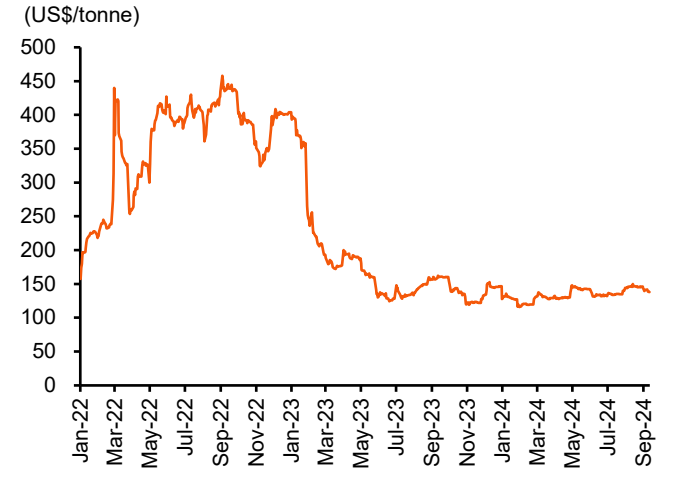
Source: Thanachart estimates

High normalized coal price

Rising China import demand supports high coal prices

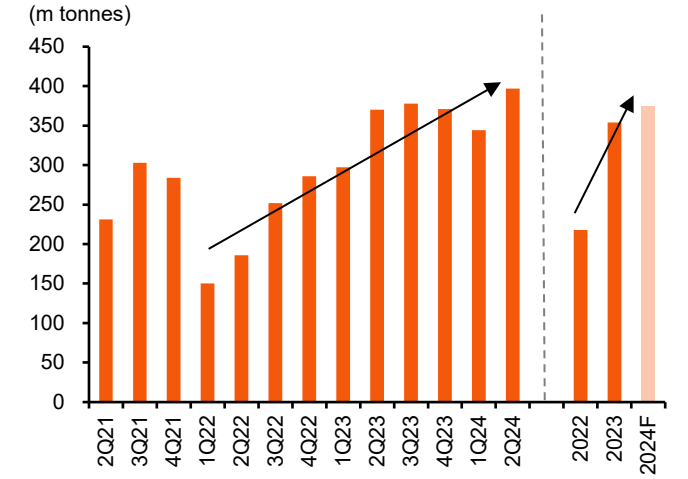
The NEX coal price has been hovering at US$130-140/tonne due to continued high import demand from China, which has been growing since 2022. Meanwhile, coal investment is limited due to environmental trends. Looking forward, we anticipate that the global seaborne thermal market will continue to remain stable through 2024-26F, with overall supply and demand dynamics likely to be well balanced. Consequently, we raise our NEX coal price assumptions by US$10 per tonne over 2025-26F to US$135/130 vs. US$135 in 2024F and the spot level of US$138/tonne.

Ex 10: NEX Coal Price



Source: Bloomberg

Ex 11: China Coal Imports



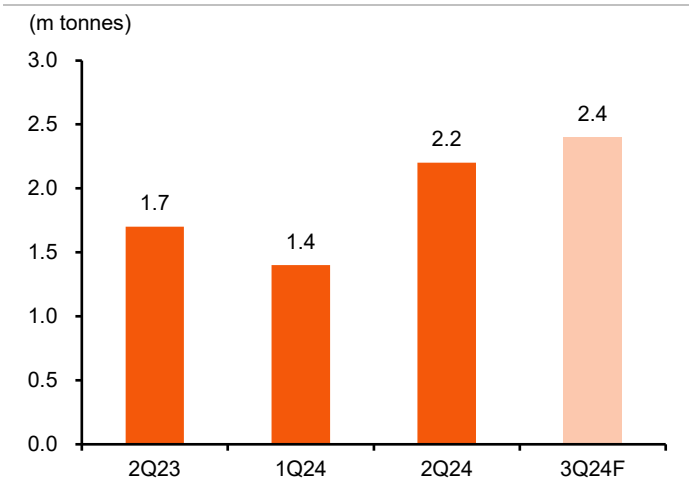
Source: Company data

Improving coal productivity

Australian coal mines show substantial productivity improvements

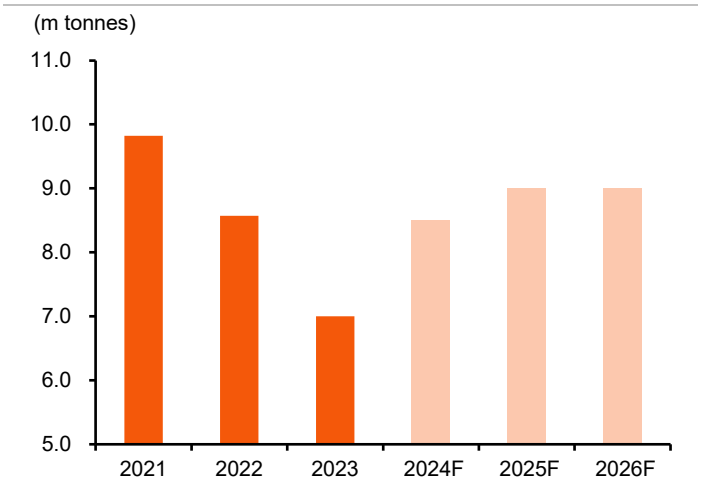
While we expect coal prices to stabilize at a higher level, BANPU plans to continue focusing on improving its operation, which showed good progress in 2Q24. Coal sales volume from Australian coal mines rose substantially by 50% y-y and 46% q-q to 2.4m tonnes in 2Q24. This also led to lower unit costs, given that most of the costs at Australian mines are fixed. Meanwhile, Indonesian coal mines also posted higher coal sales volume, rising by 35% y-y and 16% q-q to 5.8m tonnes. The company expects continued higher coal sales volume in 3Q23. Therefore, we raise our 2024-26F sales volume assumptions for BANPU by 3-5%.

Ex 12: Australia's Coal Sales Volume – Quarterly



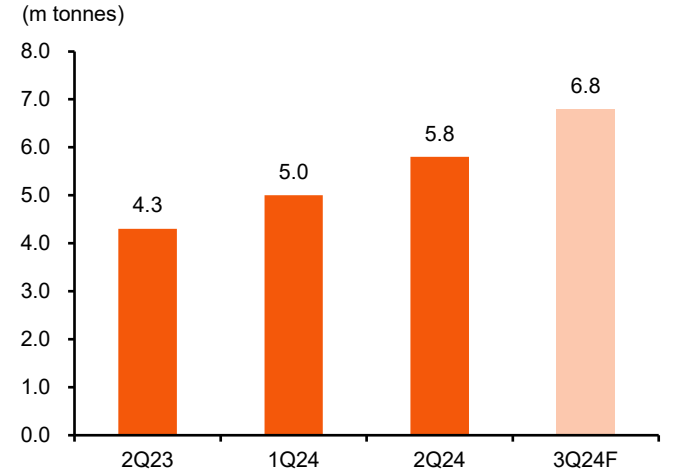
Source: Company data

Ex 13: Australia's Coal Sales Volume – Yearly



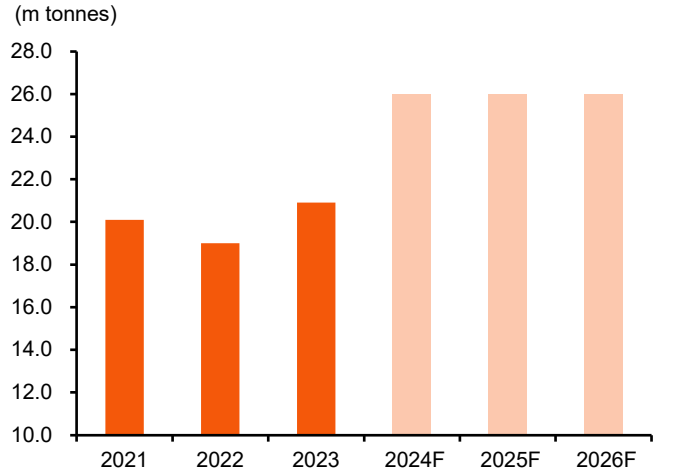
Sources: Company data, Thanachart estimates

Ex 14: Indonesia's Coal Sales Volume – Quarterly



Source: Company data

Ex 15: Indonesia's Coal Sales Volume – Yearly



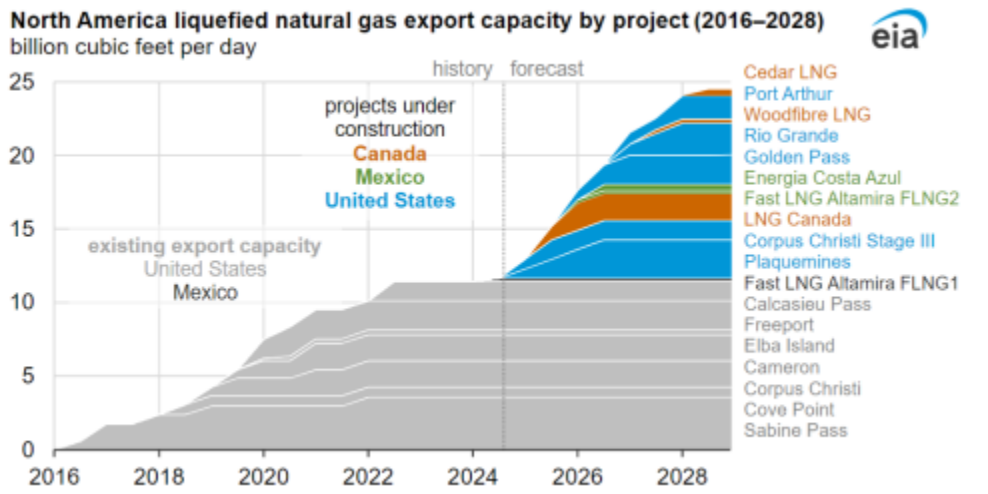
Sources: Company data, Thanachart estimates

Improved gas price outlook

US LNG export capacity to drive higher US Henry Hub price

We expect the US Henry Hub gas price to recover from 4Q24F onward. Prices in 4Q24F will be affected by weather conditions while improving supply/demand dynamics and a rise in export demand from new LNG projects are likely to drive a price recovery in 2025F. Our US Henry Hub price assumptions are unchanged at US$2.5/2.8/3.0/mmbtu over 2024-26F.

Ex 16: US LNG Export Capacity Expansion

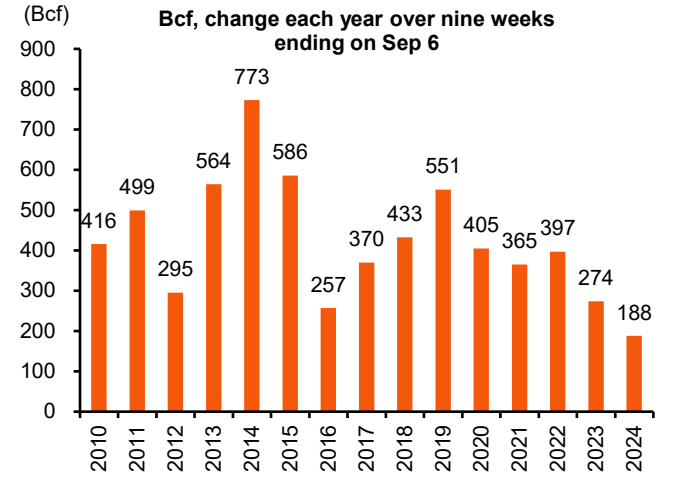


Source: EIA

US gas burning on the rise

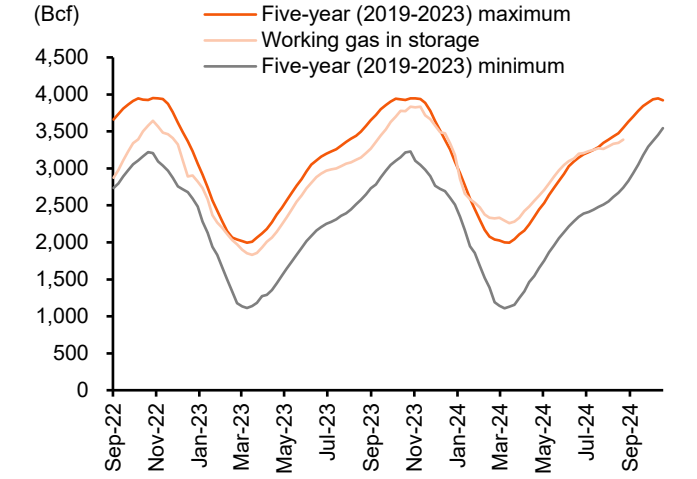
In the near term, we are seeing US gas inventories normalizing rapidly as ultra-low prices encourage maximum consumption by power generators in the last stages of the summer air conditioning season. Inventories increased by a total of just +188 billion cubic feet (bcf) over the nine weeks ending on 6 September, the smallest seasonal accumulation for more than a decade and less than half the average of +441 bcf in the past 10 years. Stocks were still high but were back within the "normal" range of ± 1 standard deviation away from the average for the first time since early February.

Ex 17: US Natural Gas Stocks From 2010-24



Sources: EIA, JKempEnergy

Ex 18: US Gas Inventories



Source: EIA

Ex 19: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA	46,231	51,211	53,364	54,593	57,830	60,575	63,617	66,659	66,598	66,198	67,732	
Free cash flow	5,179	20,460	23,964	25,212	28,221	31,410	34,296	37,443	37,425	37,066	38,642	421,473
PV of free cash flow	4,718	16,975	18,108	17,346	17,683	17,925	17,311	17,136	15,534	13,953	13,193	143,898

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.3
WACC (%)	9.8
Terminal growth (%)	1.0
Enterprise value - add investments	313,780
Net debt (2024F)	194,337
Minority interest	38,044
Equity value	81,400
# of shares (m)	10,019
Target price/share (Bt)	**8.0**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 20: Valuation Comparison With Regional Peers

Company	Code	Country	EPS Growth 24F (%)	EPS Growth 25F (%)	PE 24F (x)	PE 25F (x)	P/BV 24F (x)	P/BV 25F (x)	EV/EBITDA 24F (x)	EV/EBITDA 25F (x)	Div. yield 24F (%)	Div. yield 25F (%)
New Hope Corp	NHC AU	Australia	(55.8)	(0.5)	8.0	8.0	1.5	1.5	4.2	3.9	8.2	7.8
Whitehaven Coal Ltd	WHC AU	Australia	(71.1)	(25.7)	7.0	9.4	1.0	0.8	4.8	3.6	2.6	2.9
China Shenhua Energy	601088 CH	China	(2.9)	1.9	12.5	12.3	1.8	1.7	6.0	6.0	5.6	5.4
Datong Coal Industry	601001 CH	China	7.2	5.6	7.5	7.1	1.3	1.1	3.2	3.1	na	na
Guizhou Panjiang Ref. Coal	600395 CH	China	(40.2)	37.0	14.7	10.8	0.9	0.9	14.0	10.7	5.4	6.1
Kailuan Energy	600997 CH	China	na	14.6	12.8	11.2	0.7	0.7	5.6	5.2	na	na
Pingdingshan Tianan Coal	601666 CH	China	(15.1)	8.7	5.7	5.3	0.7	0.7	5.0	4.7	9.3	10.5
Yang Quan Coal Industry	600348 CH	China	(42.3)	15.6	7.5	6.5	0.8	0.8	5.2	4.7	6.6	6.1
Yanzhou Coal Mining	600188 CH	China	(18.4)	5.4	7.1	6.7	1.6	1.3	5.9	5.7	7.5	7.7
China Coal Energy	1898 HK	Hong Kong	(5.9)	0.9	6.0	5.9	0.7	0.7	4.2	4.2	5.2	5.1
Indo Tambangraya Megah	ITMG IJ	Indonesia	(34.9)	(15.7)	5.1	6.1	1.0	0.9	1.9	2.3	11.7	11.7
Bukit Asam Tbk PT	PTBA IJ	Indonesia	(15.0)	2.5	7.1	7.0	1.4	1.3	4.0	4.2	7.2	9.2
Semirara Mining Corp.	SCC PM	Philippines	(31.8)	(9.7)	6.7	7.4	2.3	2.2	4.3	4.8	14.4	10.5
Banpu Pcl *	BANPU TB	Thailand	(32.2)	9.5	11.7	10.7	0.5	0.5	6.2	5.8	5.1	4.7
Average			**(27.6)**	**3.6**	**8.5**	**8.2**	**1.2**	**1.1**	**5.3**	**4.9**	**7.4**	**7.3**

Sources: Bloomberg, * Thanachart estimates

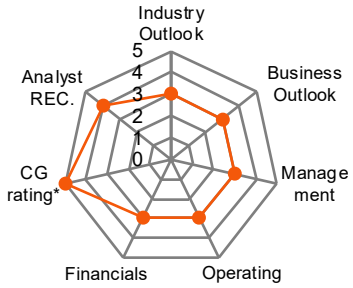
Based on 19 September 2024 closing prices

COMPANY DESCRIPTION

Banpu Pcl (BANPU) is a leading regional energy company. It operates coal mines in Indonesia, Australia and China. It also has investments in the power businesses in Thailand, Laos, China, and Japan. In recent years, BANPU has significantly expanded its footprint in US shale gas as well as invested in new energy businesses, including battery (Durapower) and EV (Fomm).

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong footprint in key coal-exporting countries (Australia, Indonesia).
- Large and growing gas operations in the US.

W — Weakness

- BANPU still relies heavily on coal despite efforts to diversify into cleaner energy.
- Relatively high financial leverage.

O — Opportunity

- BANPU could look to grow its US shale gas business after having established a firm footing.
- New energy businesses such as lithium-ion battery and nickel mining offer strong growth potential.

T — Threat

- Regulatory risk and environmental concerns.
- High coal and gas prices could accelerate the global transition away from these fuels.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	5.99	8.00	34%
Net profit 24F (Bt m)	5,434	5,607	3%
Net profit 25F (Bt m)	6,778	6,140	-9%
Consensus REC	**BUY: 2**	**HOLD: 6**	**SELL: 2**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2024F profit is broadly in line with the Bloomberg consensus estimate, but we are lower in 2025F, likely due to our lower gas price assumptions.
- Our TP is higher than the consensus number, likely as we factor in the CCUS project expansion.

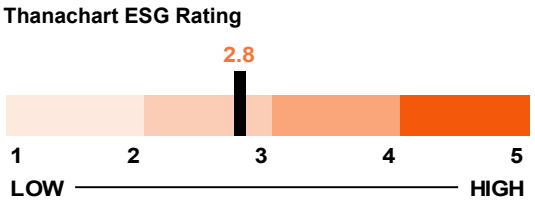
Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A lower-than-expected coal or gas price environment would present the key downside risk to our earnings and TP.
- Lower-than-expected growth in the power business would present a secondary downside risk to our TP.
- Slower-than-expected ramp-up of CCUS project expansion.

Source: Thanachart

BANPU produces coal in Indonesia, Australia, and China. It also produces natural gas in the US and has power plants across Asia and the US. The company is strongly committed to improving its ESG metrics. Our ESG score for BANPU is 2.84, which is slightly below the average for our energy coverage due to the nature of its business.



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BANPU	YES	YES	YES	AA	63.50	83.59	72.00	52.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
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Factors	Our Comments
ENVIRONMENT – Environmental Policies & Guidelines – Energy Management – Carbon Management – Water Management – Waste Management	▪ In terms of investment, BANPU targets to generate over 50% of its EBITDA from non-coal businesses by 2025 vs. about 41% in 2023. To achieve this goal, over 90% of its investments are made in green energy (including natural gas), renewable energy (wind, solar), and energy technologies (batteries, carbon capture). ▪ For its mining business, BANPU aims to cut energy intensity by 5% and reduce its greenhouse gas (GHG) emissions intensity by 7% from the 2021 baseline of 0.129 tonne CO2e per tonne of finished coal. For the power business, the company wants to reduce GHG emission intensity by 20% from the 2021 baseline of 0.555 CO2e/MWh by 2025. The company also aims to send zero hazardous waste to landfills by 2025. ▪ BANPU started its first carbon capture, utilization & sequestration (CCUS) project with a capacity of 210,000 tonnes by the end of 2023 and it plans another one with a capacity of 80,000 tonnes by 2026F. We see BANPU being in a good position to scale up its CCUS project as a leading shale gas producer in the US.
SOCIAL – Human Rights – Staff Management – Health & Safety – Product Safety & Quality – Social Responsibility	▪ As of 2023, BANPU had already assessed 100% of its business and its supply chain for any potential human rights risks, including occupational health and safety, labor rights, and personal data protection, among others. ▪ BANPU is active in its CSR program, which includes community development, a university scholarship program, a local economic development program, and skills training for local youth. ▪ BANPU elevated its ESG rating in "Labor Practices" and "Human Rights" to top-tier levels through the establishment of its "Non-discrimination & Anti-harassment Policy" and conducted human rights due diligence in its power businesses in Vietnam and Thailand.
GOVERNANCE & SUSTAINABILITY – Board – Ethics & Transparency – Business Sustainability – Risk Management – Innovation	▪ BANPU's board of directors comprises 12 members, five of whom are independent. However, there are two females on the board. ▪ The company established an ESG Committee, comprising four independent directors, to support the BOD's ongoing commitment to ESG. ▪ 100% of material ESG aspects form part of the KPIs for the CEO and senior management across all business units.

Sources: Company data, Thanachart

We see 2024F profit as the bottom

We expect leverage to decline given its high profit and FCF

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	272,270	179,619	204,049	202,133	202,269
Cost of sales	142,611	127,689	156,809	154,194	152,820
Gross profit	**129,659**	**51,930**	**47,240**	**47,939**	**49,449**
% gross margin	47.6%	28.9%	23.2%	23.7%	24.4%
Selling & administration expenses	44,882	32,513	32,648	32,869	32,891
Operating profit	**84,777**	**19,417**	**14,592**	**15,070**	**16,558**
% operating margin	31.1%	10.8%	7.2%	7.5%	8.2%
Depreciation & amortization	22,207	19,891	27,478	31,161	34,653
EBITDA	**106,984**	**39,309**	**42,070**	**46,231**	**51,211**
% EBITDA margin	39.3%	21.9%	20.6%	22.9%	25.3%
Non-operating income	2,993	4,469	1,800	2,100	2,100
Non-operating expenses	(288)	0	0	0	0
Interest expense	(9,079)	(13,387)	(13,390)	(13,298)	(13,309)
Pre-tax profit	**78,403**	**10,499**	**3,002**	**3,872**	**5,349**
Income tax	18,379	4,834	1,632	1,743	1,919
After-tax profit	**60,025**	**5,665**	**1,370**	**2,128**	**3,429**
% net margin	22.0%	3.2%	0.7%	1.1%	1.7%
Shares in affiliates' Earnings	11,980	9,297	7,877	7,749	7,446
Minority interests	(16,293)	(7,328)	(3,640)	(3,738)	(3,916)
Extraordinary items	(15,193)	(2,199)	0	0	0
NET PROFIT	**40,519**	**5,434**	**5,607**	**6,140**	**6,960**
Normalized profit	**55,712**	**7,633**	**5,607**	**6,140**	**6,960**
EPS (Bt)	5.3	0.6	0.6	0.6	0.7
Normalized EPS (Bt)	7.3	0.8	0.6	0.6	0.7

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	127,405	105,252	120,946	125,909	131,429
Cash & cash equivalent	77,258	54,088	64,088	69,088	74,088
Account receivables	23,102	18,096	22,362	22,705	23,275
Inventories	5,059	6,265	7,694	7,566	7,498
Others	21,987	26,802	26,802	26,550	26,568
Investments & loans	68,619	77,652	77,652	77,652	77,652
Net fixed assets	144,829	157,487	200,210	212,848	211,995
Other assets	95,941	104,521	104,521	104,521	104,521
Total assets	**436,794**	**444,913**	**503,329**	**520,931**	**525,598**
LIABILITIES:					
Current liabilities:	96,185	94,433	118,022	118,375	118,439
Account payables	4,246	4,781	5,872	5,774	5,722
Bank overdraft & ST loans	15,582	24,868	28,896	30,579	30,111
Current LT debt	31,746	37,296	43,336	45,860	45,159
Others current liabilities	44,611	27,487	39,918	36,162	37,447
Total LT debt	**160,178**	**160,240**	**186,192**	**197,036**	**194,021**
Others LT liabilities	28,057	25,016	28,581	28,325	28,344
Total liabilities	**284,420**	**279,689**	**332,795**	**343,737**	**340,803**
Minority interest	34,548	34,403	38,044	41,782	45,697
Preferreds shares	0	0	0	0	0
Paid-up capital	8,454	10,019	10,019	10,019	10,019
Share premium	28,891	39,062	39,062	39,062	39,062
Warrants	0	0	0	0	0
Surplus	(23,698)	(19,823)	(19,823)	(19,823)	(19,823)
Retained earnings	**104,179**	**101,562**	**103,232**	**106,155**	**109,840**
Shareholders' equity	117,826	130,820	132,490	135,413	139,098
Liabilities & equity	**436,794**	**444,913**	**503,329**	**520,931**	**525,598**

Sources: Company data, Thanachart estimates

BANPU plans for capex to target its expanding gas business

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	78,403	10,499	3,002	3,872	5,349
Tax paid	(13,875)	(12,088)	1,053	(3,064)	(1,272)
Depreciation & amortization	22,207	19,891	27,478	31,161	34,653
Chg In w orking capital	(7,497)	4,334	(4,604)	(313)	(554)
Chg In other CA & CL / minorities	18,859	(3,445)	17,623	5,567	8,066
Cash flow from operations	**98,096**	**19,191**	**44,551**	**37,222**	**46,242**
Capex	(52,870)	(32,549)	(70,200)	(43,800)	(33,800)
Right of use	(462)	731	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(12,813)	(9,033)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(2,578)	(23,963)	3,565	(256)	18
Cash flow from investments	**(68,723)**	**(64,814)**	**(66,635)**	**(44,056)**	**(33,782)**
Debt financing	7,150	14,894	36,020	15,051	(4,186)
Capital increase	8,440	11,736	(0)	0	0
Dividends paid	(4,736)	(8,449)	(3,936)	(3,217)	(3,275)
Warrants & other surplus	(5,674)	4,274	0	0	0
Cash flow from financing	**5,179**	**22,454**	**32,084**	**11,834**	**(7,461)**
Free cash flow	**45,227**	**(13,358)**	**(25,649)**	**(6,578)**	**12,442**

BANPU is trading at decent valuations against its earnings growth

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	0.9	7.9	11.7	10.7	9.4
Normalized PE - at target price (x)	1.1	9.7	14.3	13.1	11.5
PE (x)	1.2	11.1	11.7	10.7	9.4
PE - at target price (x)	1.5	13.6	14.3	13.1	11.5
EV/EBITDA (x)	1.7	5.8	6.2	5.8	5.1
EV/EBITDA - at target price (x)	1.8	6.2	6.5	6.2	5.4
P/BV (x)	0.5	0.5	0.5	0.5	0.5
P/BV - at target price (x)	0.6	0.6	0.6	0.6	0.6
P/CFO (x)	0.5	3.2	1.5	1.8	1.4
Price/sales (x)	0.2	0.4	0.3	0.3	0.3
Dividend yield (%)	18.3	6.9	5.1	4.7	5.3
FCF Yield (%)	90.6	(22.1)	(39.1)	(10.0)	19.0
(Bt)					
Normalized EPS	7.3	0.8	0.6	0.6	0.7
EPS	5.3	0.6	0.6	0.6	0.7
DPS	1.2	0.5	0.3	0.3	0.3
BV/share	13.9	13.1	13.2	13.5	13.9
CFO/share	12.9	2.1	4.4	3.7	4.6
FCF/share	5.9	(1.4)	(2.6)	(0.7)	1.2

Sources: Company data, Thanachart estimates

With higher profit forecasts, we expect ROE to trend higher as well

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	104.4	(34.0)	13.6	(0.9)	0.1
Net profit (%)	311.3	(86.6)	3.2	9.5	13.4
EPS (%)	220.1	(88.9)	(4.8)	9.5	13.4
Normalized profit (%)	640.9	(86.3)	(26.6)	9.5	13.4
Normalized EPS (%)	476.5	(88.7)	(32.2)	9.5	13.4
Dividend payout ratio (%)	25.0	83.0	60.0	50.0	50.0
Operating performance					
Gross margin (%)	47.6	28.9	23.2	23.7	24.4
Operating margin (%)	31.1	10.8	7.2	7.5	8.2
EBITDA margin (%)	39.3	21.9	20.6	22.9	25.3
Net margin (%)	22.0	3.2	0.7	1.1	1.7
D/E (incl. minor) (x)	1.4	1.3	1.5	1.5	1.5
Net D/E (incl. minor) (x)	0.9	1.0	1.1	1.2	1.1
Interest coverage - EBIT (x)	9.3	1.5	1.1	1.1	1.2
Interest coverage - EBITDA (x)	11.8	2.9	3.1	3.5	3.8
ROA - using norm profit (%)	13.9	1.7	1.2	1.2	1.3
ROE - using norm profit (%)	56.5	6.1	4.3	4.6	5.1
DuPont					
ROE - using after tax profit (%)	60.9	4.6	1.0	1.6	2.5
- asset turnover (x)	0.7	0.4	0.4	0.4	0.4
- operating margin (%)	32.1	13.3	8.0	8.5	9.2
- leverage (x)	4.1	3.5	3.6	3.8	3.8
- interest burden (%)	89.6	44.0	18.3	22.5	28.7
- tax burden (%)	76.6	54.0	45.6	55.0	64.1
WACC (%)	9.3	9.3	9.3	9.8	9.8
ROIC (%)	27.4	4.2	2.2	2.5	3.1
NOPAT (Bt m)	64,904	10,477	6,660	8,285	10,617
invested capital (Bt m)	248,074	299,137	326,827	339,800	334,300

Sources: Company data, Thanachart estimates

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Score range	Description
CCC - B	**LAGGARD:** A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	**AVERAGE :** A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	**LEADER:** A company leading its industry in managing the most significant ESG risks and opportunities

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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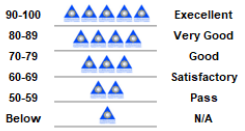

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