

BUY (Unchanged)
Change in Numbers

TP: Bt 16.00 (From: Bt 18.00)
Upside : 21.2%

23 SEPTEMBER 2024

Banpu Power Pcl (BPP TB)

Undervalued

Despite its 11% YTD share price fall, BPP's businesses of coal power plants in China and gas power projects in the US are turning around. BPP thus now looks undervalued to us, trading at 9x PE with a 5% dividend yield in 2025F. We reaffirm our BUY on BPP.



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Improving outlook

BPP's businesses are turning around after weak power demand during COVID and the 2021-22 energy price spike. BPP has four major businesses. *First*, its legacy but resilient cash cow business of 1.5GW of coal IPP plants in Thailand, contributing 80% of its profit. *Second*, 548MW of coal-fired combined heat and power plants and 396MW of equity capacity in the Shanxi Luguang coal power plant in China. The utilizations of these coal power projects are rising while falling coal costs are lifting their margins. They comprise 15% of BPP's earnings. *Third*, the "Temple" gas power projects in the US, with a total of 762MW in equity capacity. We expect their utilization to recover to 55% this year from the 38% low in the peak COVID year (2021). The projects make up 10% of BPP's profit. *Fourth*, its 50% stake in Banpu Next, an investment arm of Banpu Group for renewable power and energy technology businesses. We expect its loss contribution to BPP to gradually fall from Bt1.0bn in 2024F as its businesses gain scale.

US becoming a cash cow; China turning around

BPP acquired 50% stake in two neighboring gas power plants in Texas, i.e., Temple-I in 2021 and Temple-II in 2023, likely creating cost synergies between them. We see rising electricity sales volume for the projects on higher demand in Texas but limited new supply and expect them to contribute US\$70m-80m in EBITDA to BPP in 2024-26F. In China, after heavy losses due to the coal price spike in 2021-22, BPP's coal power plants there reached breakeven after coal prices started correcting last year. We expect participation in the local merchant market from 2022, expanding their electricity sales to nearby cities, and a demand recovery to lift their utilization to 45% in 2026F vs. 42% in 2023.

Diversification from coal

As of 2Q24, coal power comprised 70% of BPP's capacity mix. BPP plans to dilute this exposure by investing in renewables and gas power projects. Based on its medium-term capacity target of 5.3GW (from 3.6GW in 2024F) with no more coal investments, the coal power mix should fall to 47% in 2028F. BPP aims to use ammonia co-firing technology to cut emissions from its legacy coal power plants and develop its US carbon capture business.

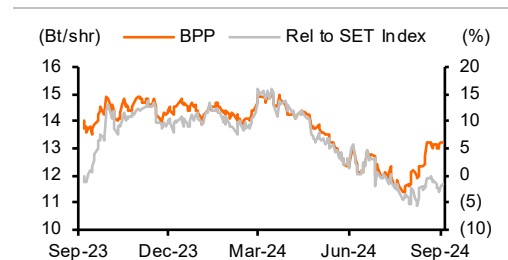
Inexpensive, in our view

We reaffirm BUY on BPP, seeing its 11% YTD share price drop as unjustified, so its 9x PE and 5% yield in 2025F look attractive. Its 24% earnings fall in 2024F due to a high base of US gas power margins from the unexpected 3Q23 heat wave is old news to us, while we expect its US and China business turnaround to drive 13/11% earnings growth in 2025-26F. Given the uncertainty in timing, we lower our SOTP-based TP (rolled-over to 2025F) to Bt16 (from Bt18) as we strip out value from its future M&A plans.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	30,443	39,385	38,531	38,835
Net profit	5,319	3,788	4,264	4,743
Consensus NP	—	3,790	3,914	4,142
Diff frm cons (%)	—	(0.1)	8.9	14.5
Norm profit	4,968	3,788	4,264	4,743
Prev. Norm profit	—	3,796	4,475	4,965
Chg frm prev (%)	—	(0.2)	(4.7)	(4.5)
Norm EPS (Bt)	1.6	1.2	1.4	1.6
Norm EPS grw (%)	86.9	(23.7)	12.6	11.2
Norm PE (x)	8.1	10.6	9.4	8.5
EV/EBITDA (x)	9.9	15.9	14.8	13.8
P/BV (x)	0.8	0.8	0.7	0.7
Div yield (%)	6.1	4.5	4.5	4.5
ROE (%)	10.1	7.4	8.0	8.5
Net D/E (%)	42.8	46.8	43.0	37.3

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 23-Sep-24 (Bt)	13.20
Market Cap (US\$ m)	1,218.7
Listed Shares (m shares)	3,047.7
Free Float (%)	21.2
Avg Daily Turnover (US\$ m)	0.2
12M Price H/L (Bt)	15.00/11.40
Sector	Utilities
Major Shareholder	Banpu Pcl. 78.66%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P7

Improving outlook

We reaffirm our BUY rating on BPP due to its earnings turnaround story

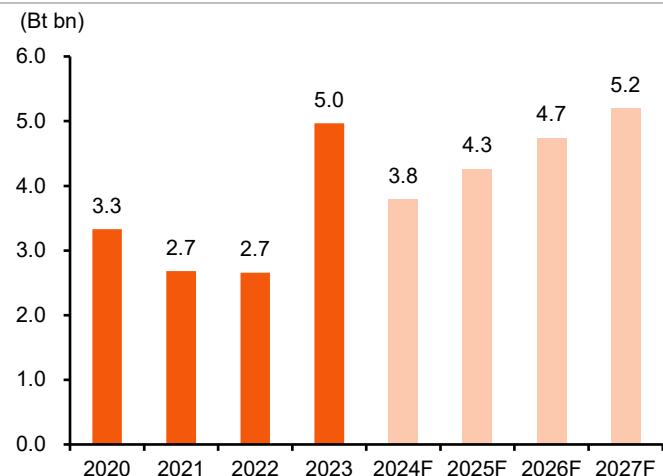
We reaffirm our BUY rating on shares of Banpu Power Pcl (BPP) due to its earnings turnaround story starting next year, supported by three factors:

- **First**, we expect stronger performances from its gas-fired power plants in the US, Temple-I and Temple-II, driven by both external factor of increasing power demand in Texas and internal cost synergy benefits between the two projects. We also expect interest cost savings for the projects following the recent start of Fed fund rate cuts.
- **Second**, we project the profitability of its coal-fired power plants in China to recover after coal prices in the Chinese market began correcting in 2023. Its penetration of the local electricity merchant markets since 2022 is enhancing average selling prices and sales volumes for the projects there.
- **Third**, we expect the loss contribution from its 50%-owned Banpu NEXT, an investment arm of the Banpu Group in renewable power and energy technology businesses, to be lower going forward, backed by its continuous investments in growing total renewable capacity in its portfolio while its energy technology businesses are gaining scale.

De-rated PE of 9x in 2025F looks attractive against 13/11% earnings growth

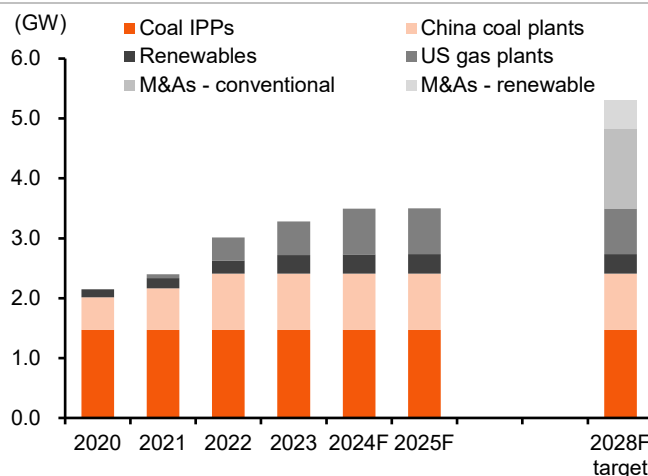
BPP's de-rated PE of 9x with a 5% dividend yield in 2025F, looks attractive to us against its earnings turnaround story of 13/11% EPS growth in 2025-26F. We believe its 24% earnings fall this year because of a high base, given exceptionally strong margins from the US gas power plants in 2023, is already old news and has been reflected in its 11% share price drop YTD. We lower our 12-month DCF-derived SOTP-based TP to Bt16/share (from Bt18) after rolling over our valuation to a 2025F base year, as we have decided to remove the potential value from its future M&A plans from our numbers given that the timing now looks uncertain.

Ex 1: Earnings Turnaround From Next Year



Sources: Company data, Thanachart estimates

Ex 2: Inorganic Growth Strategy Through M&As



Sources: Company data, Thanachart estimates

Note: Calculated on a pro-rata basis

US becoming new cash cow

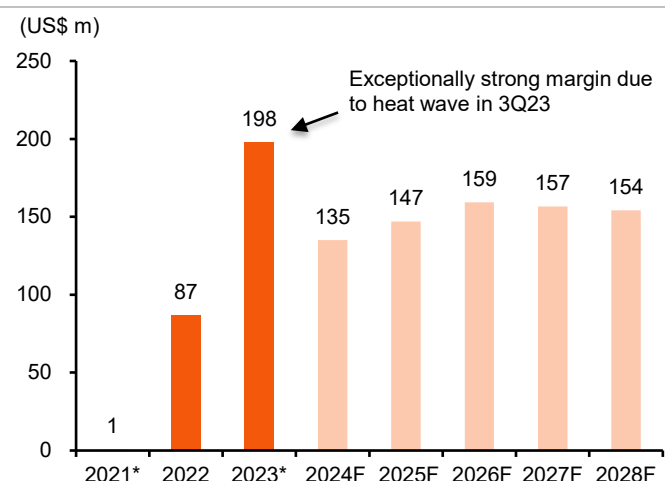
Growth potential for Temple projects from both volume and margin aspects

BPP has co-invested in two gas-fired power plants in the US with its parent company, Banpu Pcl (BANPU TB, BUY, Bt7.30). Each party now holds a 50% stake in the 768MW installed capacity of the Temple-I project (acquired in November 2021) and the 755MW Temple-II project (acquired in July 2023). Given that both projects are located close to each other and are nearly identical, although they were previously owned by different entities, BPP anticipates cost synergies between these two neighboring plants to enhance the profitability of the projects. We believe the increasing power and electricity demand in Texas, where the plants are located, will be driven mainly by the growing data center

capacity there, while the potential development of new power plants in Texas looks limited for both conventional and renewable plants. Therefore, we expect the capacity factor of the plants to rise to 60% in 2027F, implying 3% p.a. electricity sales volume growth from a 55% capacity factor in 2024F. On the margin side, BPP hedges 50% of the Temple projects' capacity using the heat rate call option (HRCO) to ensure the fixed costs can be covered. Another half of the capacity is floating with demand and supply in the market, where seasonality is strong during the summer (third quarter) and winter (first quarter) periods. We estimate the Temple projects to contribute US\$70m-80m p.a. of EBITDA to BPP in 2024-26F.

Thanks to the pro-conventional power stance in Texas, policies for promoting renewable power there are still limited. Moreover, developing new conventional plants is also not easy, given intermittent protests from environmental groups and limited land plots around existing gas pipelines. We thus expect the Temple projects to remain the key power sources for the state going forward. Temple-I is now 10 years old, and Temple-II is nine years old compared to the average life of gas-fired power plants in the US, which is around 30 years, with some lasting over 40 years. We thus see strong potential for the Temple projects to be another cash cow business for BPP over the next few decades.

Ex 3: Our EBITDA Projection From The Temple Projects



Sources: Company data, Thanachart estimates

Note: Based on project's level in which BPP holds 50% stake in the projects

* Temple-I acquired in Nov-2021 and Temple-II acquired in July-2022

Ex 4: Details Of Temple-I And Temple-II Projects

Project	Temple-I	Temple-II
Location	Texas, USA	Texas, USA
Installed capacity	768 MW	755 MW
Ownership stake	50%	50%
COD	July 2014	August 2015
Current project life	10 years	9 years
Acquisition date	November 2021	July 2023
Acquisition price	US\$ 215m	US\$ 230m
<i>(based on BPP's 50% stake)</i>		
Main electricity market	ERCOT	ERCOT

Source: Company data

China turnaround

Profits turning around from coal power plants in China after a few years of losses

We expect BPP's coal-fired power plants in China to turn around to profits this year after they suffered huge losses in 2021-23 due to 1) a spike in coal prices in China to a peak of CNY1,580/tonne in 4Q22, from CNY880 in 2021 and CNY610 over 2017-20, and 2) weak power demand during the COVID lockdown in 2020-22, which pushed down the average capacity factor of BPP's three combined heat and power plants (CHP), with a total of 548MW in equity capacity, to 39/36/32% during 2021-23, from 53% in 2017-20.

Coal price in China has come down to profitable level for the plants

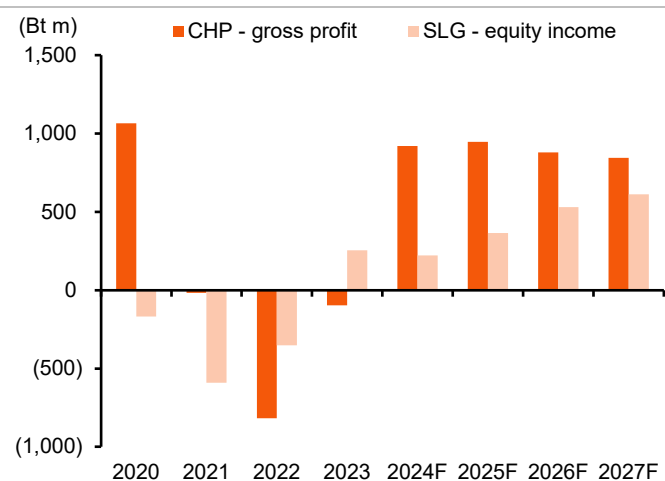
First, the coal price in China has corrected to CNY876/tonne in 1H24 from CNY965 in 2023, which has reached a profitable level for its three CHP plants. Moreover, BPP's 1.3GW Shanxi Luguang coal power plant (30% owned, SLG) continues to receive support from the local government in securing coal purchase contracts at CNY700-750/tonne since 2022. This is because the government agencies there see the plant as one of the major base-load power plants in the region, thus helping reduce its generation costs to keep electricity prices low for the region. We assume coal prices in China to fall further to CNY850/780/750/tonne

in 2024-26F, supported by growing domestic coal production, which looks as if it will be able to compensate for the increasing coal demand in China amid limited additional supply of imports.

Penetration of merchant market boosts volume and margins

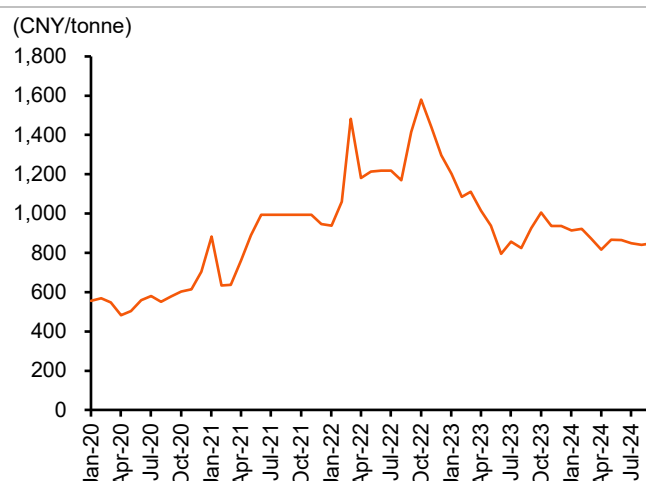
Second, BPP started penetrating the local merchant power market in 2022. Despite demand being more volatile there, the market offers higher selling prices than wholesale electricity sales to the grid, which are tightly regulated by the local government. Average electricity selling prices of its CHP plants increased to CNY4.2/4.1/kWh in 2022-23, from CNY3.5-3.6 in 2019-21. Penetration of the merchant market also expands electricity sales from those CHP plants to nearby cities, thus allowing an opportunity for higher sales volume. Together with improving power demand from the gradual recovery in the economy, we project the capacity factor of the three CHP plants to rise to 34/35/36% in 2024-26F.

Ex 5: BPP's Coal Power Plants In China Turning A Profit



Sources: Company data, Thanachart estimates

Ex 6: Correcting Coal Price The Key Driver



Sources: Bloomberg

Diversification from coal

Targeting 5.3GW capacity with no more coal but more renewable investments

BPP targets to grow its total operating capacity to 5.3GW in 2028F, from 3.5GW as of 2024F, with 4.5GW of conventional power plants (from 3.3GW in 2024F) and the other 800MW from renewable projects (from 270MW). This implies that the renewable mix in its total portfolio will rise to 15% in 2028F (from 9%). BPP has also committed not to invest more in coal power plants, so the mix of coal power would decline to 47% of total capacity (from 70% currently). We believe BPP's key growth strategy is acquiring more gas power plants in the US, leveraging BANPU's existing business footprint in the states. For renewable capacity, we expect the investments to be in Asian countries, especially those countries where BPP already has a business footprint, i.e., China, Japan, and Australia.

Studying new technology to reduce emissions from its legacy coal plants

To offset heavy carbon emissions from its legacy coal power plants, i.e., the 717MW equity capacity of the BLCP coal IPP plant, the 751MW Hongsa Power coal IPP plant, and CHP plants and its SLG project in China, BPP is studying on potential to implement an emerging technology of ammonia co-firing. The technology is expected to help reduce the amount of coal consumption per unit of electricity generation by replacing it partially with ammonia or other sources of hydrogen, thus lowering carbon emission intensity for the projects. BPP also plans to invest in the carbon capture utilization and storage business (CCUS) in the US, where government subsidies make the projects financially feasible, together with its parent, as another green investment opportunity.

Ex 7: 12-month DCF-derived SOTP-based TP Calculation

	Valuation method	WACC (%)	Value per BPP's share (Bt)
China CHP	DCF	11.9%	1.7
BLCP	DCF	11.5%	2.1
HPC	DCF	11.9%	8.0
SLG	DCF	11.0%	0.9
Nakoso	DCF	5.8%	0.0
Temple I & II	DCF	10.5%	3.7
Banpu NEXT	DCF	6-10%	2.1
Net debt			(2.5)
Total			16.0

Source: Thanachart estimates

Valuation Comparison

Ex 8: Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		—EV/EBITDA—		— Div yield —	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
Cheung Kong Infrastructure	1038 HK	Hong Kong	6.0	6.2	17.0	16.0	1.1	1.1	60.3	57.8	4.7	4.7
China Power Int'l	2380 HK	Hong Kong	34.6	19.6	8.7	7.3	0.9	0.8	10.3	9.1	6.4	6.9
China Resources Power	836 HK	Hong Kong	21.3	12.1	6.4	5.7	1.0	0.9	7.2	6.2	6.0	7.0
CLP Holdings	2 HK	Hong Kong	28.9	6.1	14.9	14.0	1.7	1.6	10.0	9.8	4.4	4.5
Hongkong Electric Holdings	6 HK	Hong Kong	2.8	3.8	18.9	18.2	1.3	1.3	na	na	5.3	5.3
Huaneng Power	902 HK	Hong Kong	(14.1)	12.7	6.9	6.1	0.8	0.7	7.7	7.1	6.5	7.2
Tata Power	TPWR IN	India	4.1	14.8	39.1	34.0	4.5	4.1	17.6	15.5	0.4	0.5
Tenaga Nasional	TNB MK	Malaysia	8.1	16.4	20.8	17.9	1.4	1.4	8.3	7.8	3.1	3.5
YTL Corp	YTL MK	Malaysia	160.3	(2.6)	14.3	14.7	1.9	1.7	7.9	7.8	2.9	1.8
YTL Power	YTLP MK	Malaysia	129.0	(0.5)	10.0	10.0	1.6	1.4	8.5	7.9	2.0	2.0
Manila Electric	MER PM	Philippines	13.5	3.4	12.0	11.6	3.3	3.0	8.6	8.2	5.1	5.4
BCPG Pcl *	BCPG TB	Thailand	5.3	21.2	24.5	20.2	0.6	0.6	15.8	19.4	3.4	3.4
B.Grimm Power Pcl *	BGRIM TB	Thailand	(7.1)	18.6	49.5	41.7	1.6	1.6	9.6	9.3	0.8	1.0
Banpu Power Pcl *	BPP TB	Thailand	(23.7)	12.6	10.6	9.4	0.8	0.7	15.9	14.8	4.5	4.5
CK Power Pcl *	CKP TB	Thailand	13.3	12.1	17.9	16.0	1.1	1.0	12.2	12.0	2.4	2.4
EA Pcl*	EA TB	Thailand	(40.2)	(15.2)	8.0	9.4	0.8	0.7	8.5	8.9	2.5	2.1
Electricity Generating *	EGCO TB	Thailand	(1.4)	(2.9)	6.4	6.6	0.6	0.5	19.3	22.2	5.3	5.3
Global Power Synergy *	GPSC TB	Thailand	44.7	21.2	25.3	20.9	1.2	1.2	12.8	13.1	2.2	2.6
Gulf Energy Dev. Pcl *	GULF TB	Thailand	15.1	17.5	39.2	33.4	5.5	5.2	35.6	31.6	1.8	2.1
Gunkul Engineering *	GUNKUL TB	Thailand	(6.3)	3.6	17.2	16.6	1.7	1.6	16.2	16.6	2.3	2.4
RATCH Group *	RATCH TB	Thailand	56.7	27.8	10.2	8.0	0.7	0.7	21.4	18.3	5.0	5.0
Average			20.3	9.4	17.6	15.8	1.6	1.5	15.8	15.3	3.7	3.8

Sources: Bloomberg, * Thanachart estimates

Based on 23 September 2024 closing prices

COMPANY DESCRIPTION

Banpu Power Pcl (BPP), the power arm of Banpu Pcl (BANPU), has a well-diversified power portfolio in growing markets in the Asia-Pacific region, including China, Thailand, Laos, and, lately, in the US market. BPP has started to invest in renewable power projects to grow in line with the global trend, starting with diversification into solar power projects in China and Japan. US gas power plants have become its latest focus, following the stronger footprint from BANPU in the US gas industry. BPP aims to grow its capacity to 5.3GW by 2025, from 3.2GW currently, with 800MW of that being renewable projects.

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

- Experienced management and a good track record with power investments.
- Advantages from BANPU's relationships in penetrating new power markets.

O — Opportunity

- High demand for power in the Asia-Pacific region.
- Growing trend of renewable power capacity creating new areas for expansion.
- Following Banpu Group into the US gas market.

W — Weakness

- A bit late in tendering for Thailand's early renewable power contracts, which obtained high returns.
- More risk of forex translation losses given its diversified portfolio.

T — Threat

- Regulatory risks regarding power tariffs as many countries are looking to lower investors' returns.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	13.55	16.00	18%
Net profit 24F (Bt m)	3,790	3,788	0%
Net profit 25F (Bt m)	3,914	4,264	9%
Consensus REC	BUY: 3	HOLD: 2	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F earnings are 9% above the Bloomberg consensus number, which we attribute to our more bullish view on the profitability of BPP's US gas power plants next year.
- Our higher long-term profitability assumption for its gas power plants in the US is likely also the reason our TP is 18% higher than the Street's.

RISKS TO OUR INVESTMENT CASE

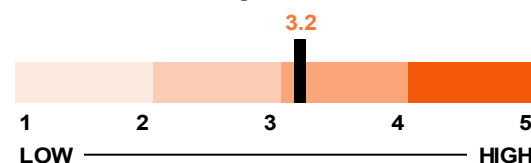
- A slower-than-expected decline in coal prices, especially in the Chinese market, is the key downside risk to our numbers.
- Weaker-than-expected electricity demand and a stronger-than-expected spike in natural gas prices in the US market are other downside risks to our numbers.
- We see little possibility of the Chinese government forcing the shutdown of coal power plants in the country despite the intensifying global trend of phasing out coal power. However, if it happens, it would represent a sizable downside risk to our earnings forecasts and valuation for BPP.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

BPP is one of Thailand's major power plant operators, with coal-fired exposure at 80% of its current operating capacity of 3.1GW. Despite its heavy exposure to coal, our ESG score for BPP of 3.2 is in line with the sector average since we see BPP, along with its parent company Banpu Pcl (BANPU), as having one of the best sets of ESG policies with the most detailed ESG performance reports in Thailand.

Thanachart ESG Rating



	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)
BPP	-	YES	-	BBB	59.71	69.56	70.00	-	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)

Note: Please see third party on "term of use" in the following back page.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- Our key concern regarding BPP's environmental issues is its high exposure to coal. Coal-fired power plants make up 80% of its total operating capacity. However, we see BPP bringing down its coal portion at a decent pace to below 50% of its capacity, likely within 2027F.
- BPP targets to raise the portion of renewable projects to 15% (800MW) of its power generation portfolio by 2028 from 9% (254MW) in 2024.
- BPP remains strongly committed to a "Greener and Smarter" policy to grow capacity with its "High Efficiency, Low Emission" (HELE) concept, i.e., Integrated Gasification Combined Cycle (IGCC) coal plants, efficiency improvements, and emission capture systems.
- We also like its attempt to implement new technology of ammonia co-firing to reduce carbon emissions from its coal power plants.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- BPP ensures rights protection and prevents discrimination and harassment of its staff through communication channels that allow them to voice workplace issues. Its 2021 employee engagement survey participation stood at 69% in Thailand and 93% in China.
- BPP shares the "Banpu Heart" corporate culture with its group, mainly a smarter and faster work environment to achieve business success for the Banpu Group. The group provides equal training for all staff to enhance their skills and opportunities.
- Health and safety protocols are the core standard at all BPP's power plants.
- BPP serves local communities by improving their quality of life, i.e., job opportunities, compensation, and support for potential harm from power plants (including emissions), and educational and training group workshops for local residents.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- BPP has 10 members on its board of directors (BOD), five of whom are independent directors and two females.
- BPP has an internal control system to monitor and evaluate its own (and stakeholders in its supply and value chains) transparency and corporate governance, including channels for staff to report suspicious issues.
- For business sustainability, BPP has made strong attempts to lower the proportion of coal in its portfolio and increase the proportion of gas-based and renewable power projects.
- BPP also invests, through its 50%-owned subsidiary Banpu NEXT, in smart energy solutions, energy storage platforms, and smart electricity trading platforms to capture potential growth from these innovative business opportunities.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	24,501	30,443	39,385	38,531	38,835
Cost of sales	22,933	23,364	35,136	33,945	34,020
Gross profit	1,568	7,079	4,250	4,586	4,815
% gross margin	6.4%	23.3%	10.8%	11.9%	12.4%
Selling & administration expenses	1,887	2,254	2,029	2,070	2,111
Operating profit	(318)	4,825	2,221	2,517	2,704
% operating margin	-1.3%	15.8%	5.6%	6.5%	7.0%
Depreciation & amortization	1,246	1,582	1,970	1,937	1,942
EBITDA	928	6,407	4,190	4,454	4,646
% EBITDA margin	3.8%	21.0%	10.6%	11.6%	12.0%
Non-operating income	905	709	728	671	787
Non-operating expenses	0	0	0	0	0
Interest expense	(897)	(2,054)	(2,763)	(2,483)	(2,229)
Pre-tax profit	(310)	3,480	185	705	1,262
Income tax	108	204	46	176	316
After-tax profit	(418)	3,277	139	529	947
% net margin	-1.7%	10.8%	0.4%	1.4%	2.4%
Shares in affiliates' Earnings	3,341	3,715	3,904	4,393	4,758
Minority interests	(265)	(2,024)	(255)	(658)	(962)
Extraordinary items	3,081	352	0	0	0
NET PROFIT	5,739	5,319	3,788	4,264	4,743
Normalized profit	2,658	4,968	3,788	4,264	4,743
EPS (Bt)	1.9	1.7	1.2	1.4	1.6
Normalized EPS (Bt)	0.9	1.6	1.2	1.4	1.6

We estimate BPP's earnings to turn around in 2025F

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	11,670	13,843	9,691	12,073	14,601
Cash & cash equivalent	4,105	9,352	5,050	7,550	10,050
Account receivables	1,754	2,086	2,158	2,111	2,128
Inventories	1,101	1,274	1,444	1,395	1,398
Others	4,710	1,131	1,039	1,017	1,025
Investments & loans	41,157	45,866	46,757	49,449	52,140
Net fixed assets	22,876	37,450	42,007	41,970	41,352
Other assets	1,962	1,744	1,936	2,021	2,101
Total assets	77,665	98,903	100,392	105,512	110,194
LIABILITIES:					
Current liabilities:	9,385	9,888	13,710	14,273	14,522
Account payables	220	212	193	186	186
Bank overdraft & ST loans	242	2,394	1,575	1,661	1,688
Current LT debt	5,617	1,659	5,985	6,313	6,413
Others current liabilities	3,307	5,623	5,957	6,113	6,235
Total LT debt	9,860	28,719	23,942	25,251	25,654
Others LT liabilities	5,628	5,619	6,173	6,327	6,479
Total liabilities	24,873	44,226	43,824	45,851	46,655
Minority interest	4,310	4,492	4,747	5,405	6,366
Preferreds shares	0	0	0	0	0
Paid-up capital	30,477	30,477	30,457	30,457	30,457
Share premium	7,231	7,231	7,231	7,231	7,231
Warrants	0	0	0	0	0
Surplus	(4,955)	(6,689)	(6,689)	(6,689)	(6,689)
Retained earnings	15,727	19,165	20,821	23,258	26,174
Shareholders' equity	48,481	50,185	51,820	54,257	57,172
Liabilities & equity	77,665	98,903	100,392	105,512	110,194

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	(310)	3,480	185	705	1,262
Tax paid	(80)	(117)	(64)	(153)	(327)
Depreciation & amortization	1,246	1,582	1,970	1,937	1,942
Chg In working capital	(469)	(512)	(262)	89	(19)
Chg In other CA & CL / minorities	3,448	5,321	4,018	4,549	4,884
Cash flow from operations	3,835	9,754	5,848	7,127	7,742
Capex	(310)	(16,156)	(6,495)	(1,860)	(1,280)
Right of use	64	22	(200)	(100)	(100)
ST loans & investments	542	2,363	328	0	0
LT loans & investments	(1,912)	(4,709)	(891)	(2,691)	(2,691)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	8,100	2,186	530	129	127
Cash flow from investments	6,485	(16,294)	(6,728)	(4,522)	(3,944)
Debt financing	(6,082)	15,403	(1,269)	1,723	530
Capital increase	0	0	(20)	0	0
Dividends paid	(2,286)	(2,133)	(2,132)	(1,827)	(1,827)
Warrants & other surplus	(607)	(1,482)	0	0	0
Cash flow from financing	(8,975)	11,787	(3,421)	(104)	(1,298)
Free cash flow	3,525	(6,402)	(647)	5,267	6,462

Resilient cash flows from
IPP plants are its key
funding source

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	15.1	8.1	10.6	9.4	8.5
Normalized PE - at target price (x)	18.3	9.8	12.9	11.4	10.3
PE (x)	7.0	7.6	10.6	9.4	8.5
PE - at target price (x)	8.5	9.2	12.9	11.4	10.3
EV/EBITDA (x)	55.9	9.9	15.9	14.8	13.8
EV/EBITDA - at target price (x)	65.1	11.3	17.9	16.7	15.6
P/BV (x)	0.8	0.8	0.8	0.7	0.7
P/BV - at target price (x)	1.0	1.0	0.9	0.9	0.9
P/CFO (x)	10.5	4.1	6.9	5.6	5.2
Price/sales (x)	1.6	1.3	1.0	1.0	1.0
Dividend yield (%)	5.3	6.1	4.5	4.5	4.5
FCF Yield (%)	8.8	(15.9)	(1.6)	13.1	16.1
(Bt)					
Normalized EPS	0.9	1.6	1.2	1.4	1.6
EPS	1.9	1.7	1.2	1.4	1.6
DPS	0.7	0.8	0.6	0.6	0.6
BV/share	15.9	16.5	17.0	17.8	18.8
CFO/share	1.3	3.2	1.9	2.3	2.5
FCF/share	1.2	(2.1)	(0.2)	1.7	2.1

Sources: Company data, Thanachart estimates

Valuation looks attractive to
us given its earnings
turnaround story

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	261.1	24.3	29.4	(2.2)	0.8
Net profit (%)	83.5	(7.3)	(28.8)	12.6	11.2
EPS (%)	83.5	(7.3)	(28.8)	12.6	11.2
Normalized profit (%)	(0.8)	86.9	(23.7)	12.6	11.2
Normalized EPS (%)	(0.8)	86.9	(23.7)	12.6	11.2
Dividend payout ratio (%)	37.2	45.8	48.2	42.9	38.5
Operating performance					
Gross margin (%)	6.4	23.3	10.8	11.9	12.4
Operating margin (%)	(1.3)	15.8	5.6	6.5	7.0
EBITDA margin (%)	3.8	21.0	10.6	11.6	12.0
Net margin (%)	(1.7)	10.8	0.4	1.4	2.4
D/E (incl. minor) (x)	0.3	0.6	0.6	0.6	0.5
Net D/E (incl. minor) (x)	0.2	0.4	0.5	0.4	0.4
Interest coverage - EBIT (x)	na	2.3	0.8	1.0	1.2
Interest coverage - EBITDA (x)	1.0	3.1	1.5	1.8	2.1
ROA - using norm profit (%)	3.5	5.6	3.8	4.1	4.4
ROE - using norm profit (%)	5.6	10.1	7.4	8.0	8.5
DuPont					
ROE - using after tax profit (%)	na	6.6	0.3	1.0	1.7
- asset turnover (x)	0.3	0.3	0.4	0.4	0.4
- operating margin (%)	na	18.2	7.5	8.3	9.0
- leverage (x)	1.6	1.8	2.0	1.9	1.9
- interest burden (%)	(52.7)	62.9	6.3	22.1	36.2
- tax burden (%)	na	94.2	75.0	75.0	75.0
WACC (%)	5.2	5.2	5.2	5.6	5.6
ROIC (%)	(0.5)	7.6	2.3	2.4	2.5
NOPAT (Bt m)	(318)	4,543	1,666	1,888	2,028
invested capital (Bt m)	60,095	73,604	78,273	79,932	80,877

Sources: Company data, Thanachart estimates

*Gearing room ready for
acquisition plans*

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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

Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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