

B.Grimm Power Pcl (BGRIM TB) - SELL, Price Bt20.50, TP Bt23.00**Results Comment**

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

3Q24 profit beat from one-time items

- BGRIM reported Bt778m normalized profit (excluding impacts from FX and hedging items) in 3Q24, up 28% y-y and 28% q-q. However, the strong result mainly stemmed from non-recurring items (i.e. insurance claim and project development fee) and an unrealized FX gain through equity income, while its core operations weakened on lower SPP margins and a spike in SG&A cost, so we expect for a softer result in the next quarter.
- Gross profit increased 4% y-y and 3% q-q to Bt2.8bn in 3Q24, driven mainly by a recognition of around Bt200m project development fee this quarter, despite softer performance from SPP power plants as softer electricity sale margin outweighed benefit from higher electricity and steam sale volume sales.
- SG&A surged 14% y-y and 16% q-q to Bt650m in 3Q24 due to higher costs in development of new projects.
- EBITDA grew 6% y-y and 1% q-q to Bt3.7bn this quarter, in-line with the gross profit trend.
- Equity income jumped to Bt236m in 3Q24, mainly from an unrealized FX gain reflecting adjustment of debt value at its solar power projects under development in Japan after a strong fluctuation of US dollar and Japanese Yen.
- Given this strong set of results is mostly from the non-recurring items while we expect performance of its core SPP business to remain stable over the next few quarters, we expect BGRIM's 4Q24F to softer in both y-y and q-q basis. We thus yet see BGRIM as attractive despite its already fallen share price.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	13,219	13,254	14,165	13,651	14,679	Revenue	8	11	75	56,418	55,876
Gross profit	2,696	2,481	2,552	2,731	2,810	Gross profit	3	4	77	10,565	10,750
SG&A	571	707	519	559	650	SG&A	16	14	79	2,180	2,164
Operating profit	2,125	1,774	2,033	2,173	2,160	Operating profit	(1)	2	76	8,384	8,587
EBITDA	3,462	3,426	3,497	3,654	3,682	EBITDA	1	6	76	14,207	14,219
Other income	138	195	231	298	342	Other income	15	148	140	621	559
Other expense	0	0	0	0	0	Other expense					
Interest expense	1,198	1,353	1,280	1,366	1,297	Interest expense	(5)	8	74	5,353	5,221
Profit before tax	1,065	616	984	1,104	1,205	Profit before tax	9	13	90	3,652	3,925
Income tax	131	54	45	98	276	Income tax	180	111	121	346	393
Equity & invest. income	(36)	71	(21)	30	236	Equity & invest. income	674	na	78	315	450
Minority interests	(288)	(252)	(428)	(427)	(388)	Minority interests	na	na	81	(1,544)	(1,678)
Extraordinary items	(265)	80	(112)	(381)	(615)	Extraordinary items	na	na	na	0	0
Net profit	345	460	379	229	163	Net profit	(29)	(53)	37	2,077	2,303
Normalized profit	610	380	490	610	778	Normalized profit	28	28	90	2,077	2,303
EPS (Bt)	0.05	0.09	0.15	0.09	0.06	EPS (Bt)	(29)	25	63	0.47	0.55
Normalized EPS (Bt)	0.15	0.06	0.19	0.23	0.30	Normalized EPS (Bt)	28	97	154	0.47	0.55
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	39,253	40,037	40,814	37,493	29,733	Sales grow th	(28.1)	(9.1)	(10.1)	(8.3)	11.0
A/C receivable	9,597	10,009	11,020	10,558	13,630	Operating profit grow th	77.2	59.0	12.2	(0.9)	1.7
Inventory	872	929	944	1,001	399	EBITDA grow th	38.8	44.6	13.2	4.0	6.4
Other current assets	2,971	2,753	1,904	1,575	2,710	Norm profit grow th	2,331.5	125.1	29.0	(11.3)	27.5
Investment	2,838	4,901	7,094	7,274	7,236	Norm EPS grow th	na	139.9	75.1	29.1	97.0
Fixed assets	93,898	93,909	94,139	94,136	91,290	Gross margin	20.4	18.7	18.0	20.0	19.1
Other assets	32,726	24,508	25,052	26,979	30,422	Operating margin	16.1	13.4	14.4	15.9	14.7
Total assets	182,156	177,046	180,966	179,016	175,420	EBITDA margin	26.2	25.8	24.7	26.8	25.1
S-T debt	10,920	8,845	9,667	12,701	12,047	Norm net margin	4.6	2.9	3.5	4.5	5.3
A/C payable	7,799	8,048	8,808	9,175	7,397	D/E (x)	2.2	2.1	2.1	2.1	2.2
Other current liabilities	656	590	703	660	729	Net D/E (x)	1.4	1.3	1.3	1.4	1.6
L-T debt	104,246	101,313	102,047	98,081	99,013	Interest coverage (x)	2.9	2.5	2.7	2.7	2.8
Other liabilities	5,411	5,534	6,034	5,266	5,035	Interest rate	4.2	4.8	4.6	4.9	4.7
Minority interest	13,892	14,576	14,812	14,637	15,350	Effective tax rate	12.3	8.8	4.6	8.9	22.9
Shareholders' equity	39,233	38,138	38,894	38,498	35,850	ROA	1.4	0.8	1.1	1.4	1.8
Working capital	2,671	2,890	3,156	2,384	6,632	ROE	6.3	3.9	5.1	6.3	8.4
Total debt	115,165	110,159	111,714	110,782	111,060						
Net debt	75,912	70,122	70,900	73,288	81,326						

Sources: Company data, Thanachart estimates

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