

**Banpu Power Pcl (BPP TB) - BUY, Price Bt11.70, TP Bt16.00****Results Comment**

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**Weaker-than-expected 3Q24 profit**

- BPP reported Bt802m normalized profit (excluding gain/loss from FX and hedging and other related accounting items) in 3Q24, down 65% y-y and 35% q-q in a like-for-like basis. The drop y-y was due to lower spark spread from its US gas-fired power plants, while q-q weakness was from lower contribution from IPP projects in Thailand and SG&A cost spike.
- Gross profit declined 92% y-y, from a very high base last year when its US gas-fired power projects gained extraordinarily high spark spread due to a hit of strong heatwave in 3Q23, to Bt619m in 3Q24. It fell 23% q-q, also due to weaker margin from US gas plants despite the quarter was its high season. Contribution from coal-fired power plants in China was stable in both y-y and q-q basis.
- SG&A expense decreased 12% y-y to Bt524m in 3Q24, due to lower consultant fees related to US acquisition this year. It increased 20% in a quarterly basis.
- EBITDA fell 93% y-y and 36% q-q to Bt538m, following a drop in gross profit this quarter. EBITDA margin was weak at 7.8% in 3Q24, from 11.9% in 2Q24 and 45.9% in 3Q23, in-line with lower spark spread of the US gas power projects.
- Equity income surged 76% y-y to Bt1.1bn in 3Q24, supported mainly by stronger performance from Hongsa IPP plant which was down for maintenance last year. It dropped 27% q-q due to higher operating expenses from its two IPP plants and larger loss contribution from Banpu Next's businesses this quarter.
- We see a downside to our 2024F earnings forecast for BPP as its 9M24 profit made up only 68% of our full-year number.
- However, we maintain BUY, seeing BPP's valuation is still attractive while its recent share price weakness looks to have reflected the earnings miss this quarter.

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	17,290	4,611	6,746	7,021	6,882	Revenue	(2)	(60)	52	39,385	38,531
<b>Gross profit</b>	<b>8,049</b>	<b>(235)</b>	<b>836</b>	<b>807</b>	<b>619</b>	<b>Gross profit</b>	<b>(23)</b>	<b>(92)</b>	<b>53</b>	<b>4,250</b>	<b>4,586</b>
SG&A	592	699	509	437	524	SG&A	20	(12)	72	2,029	2,070
Operating profit	7,456	(934)	327	370	95	Operating profit	(74)	(99)	36	2,221	2,517
<b>EBITDA</b>	<b>7,929</b>	<b>(429)</b>	<b>780</b>	<b>838</b>	<b>538</b>	<b>EBITDA</b>	<b>(36)</b>	<b>(93)</b>	<b>51</b>	<b>4,190</b>	<b>4,454</b>
Other income	(1,791)	758	419	206	289	Other income	40	na	126	728	671
Other expense	0	0	0	0	0	Other expense					
Interest expense	731	748	765	784	754	Interest expense	(4)	3	83	2,763	2,483
<b>Profit before tax</b>	<b>4,934</b>	<b>(923)</b>	<b>(19)</b>	<b>(207)</b>	<b>(370)</b>	<b>Profit before tax</b>	<b>na</b>	<b>na</b>	<b>(322)</b>	<b>185</b>	<b>705</b>
Income tax	720	136	28	68	6	Income tax	(91)	(99)	219	46	176
Equity & invest. income	623	640	466	1,493	1,096	Equity & invest. income	(27)	76	78	3,904	4,393
Minority interests	(2,552)	504	123	22	81	Minority interests	274	na	(89)	(255)	(658)
Extraordinary items	(186)	(316)	136	(258)	332	Extraordinary items	na	na	na	0	0
<b>Net profit</b>	<b>2,099</b>	<b>(231)</b>	<b>677</b>	<b>982</b>	<b>1,134</b>	<b>Net profit</b>	<b>16</b>	<b>(46)</b>	<b>74</b>	<b>3,788</b>	<b>4,264</b>
<b>Normalized profit</b>	<b>2,285</b>	<b>84</b>	<b>542</b>	<b>1,240</b>	<b>802</b>	<b>Normalized profit</b>	<b>(35)</b>	<b>(65)</b>	<b>68</b>	<b>3,788</b>	<b>4,264</b>
EPS (Bt)	0.69	(0.08)	0.22	0.32	0.37	EPS (Bt)	16	(46)	74	1.24	1.40
Normalized EPS (Bt)	0.75	0.03	0.18	0.41	0.26	Normalized EPS (Bt)	(35)	(65)	68	1.24	1.40
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	3Q23	4Q23	1Q24	2Q24	3Q24	
Cash & ST investment	9,208	9,352	8,258	7,151	6,848	Sales grow th	248.9	(59.2)	89.4	140.6	(60.2)
A/C receivable	3,152	2,086	2,426	2,456	2,201	Operating profit grow th	944.3	na	na	5,160.3	(98.7)
Inventory	1,318	1,274	1,018	1,405	1,600	EBITDA grow th	665.8	na	na	169.2	(93.2)
Other current assets	3,479	1,131	1,156	1,613	1,470	Norm profit grow th	84.6	(62.2)	(30.3)	1.4	(64.9)
Investment	44,214	45,809	49,379	50,969	48,408	Norm EPS grow th	84.6	(62.2)	(30.3)	1.4	(64.9)
Fixed assets	40,298	37,450	39,322	39,352	34,479	Gross margin	46.6	(5.1)	12.4	11.5	9.0
Other assets	2,005	1,801	1,801	1,820	2,338	Operating margin	43.1	(20.3)	4.8	5.3	1.4
<b>Total assets</b>	<b>103,673</b>	<b>98,903</b>	<b>103,359</b>	<b>104,766</b>	<b>97,345</b>	EBITDA margin	45.9	(9.3)	11.6	11.9	7.8
S-T debt	7,006	4,052	5,139	5,916	6,601	Norm net margin	13.2	1.8	8.0	17.7	11.6
A/C payable	232	212	144	134	102	D/E (x)	0.7	0.7	0.7	0.7	0.7
Other current liabilities	5,482	5,623	5,318	5,939	3,664	Net D/E (x)	0.5	0.5	0.6	0.6	0.6
L-T debt	32,874	34,212	35,247	35,163	31,884	Interest coverage (x)	10.8	(0.6)	1.0	1.1	0.7
Other liabilities	437	126	76	1,149	443	Interest rate	9.5	7.7	7.8	7.7	7.6
Minority interest	5,802	4,492	4,501	3,993	5,219	Effective tax rate	14.6	(14.7)	(145.7)	(32.6)	(1.6)
<b>Shareholders' equity</b>	<b>51,841</b>	<b>50,185</b>	<b>52,935</b>	<b>52,471</b>	<b>49,433</b>	ROA	10.0	0.3	2.1	4.8	3.2
Working capital	4,238	3,148	3,299	3,727	3,700	ROE	17.9	0.7	4.2	9.4	6.3
Total debt	39,880	38,264	40,386	41,079	38,485						
<b>Net debt</b>	<b>30,672</b>	<b>28,912</b>	<b>32,128</b>	<b>33,927</b>	<b>31,636</b>						

Sources: Company data, Thanachart estimates

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