

CK Power Pcl (CKP TB) - BUY, Price Bt2.64, TP Bt5.00**Results Comment**

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4Q24 missed on non-core items

- CKP reported Bt541m net profit in 4Q24, but after stripping off accounting FX loss, we estimate its core profit was Bt777m this quarter, up 33% y-y and 27% q-q in a like-for-like basis, driven by strong output from Xayaburi hydropower project (XPCL). Having said that, the profit was below our expectation, mainly due to higher-than-expected loss during a development phase of Luang Prabang hydropower project (LPCL).
- Gross profit was flat y-y at Bt829m in 4Q24 as softened output from Nam Ngum 2 hydropower plant (NN2) could be offset by higher margin from BIC gas-fired power plant. The profit grew slightly by 2% q-q, driven by higher electricity sales from NN2 and lower maintenance cost.
- SG&A was well maintained at Bt132m in 4Q24, down 11% y-y but increased 26% q-q.
- Core EBITDA of Bt1.1bn in 4Q24, up 2% y-y but down 1% q-q, was above our expectation, backed by stronger-than-expected margins from BIC plant, and lower-than-expected maintenance costs and SG&A expense.
- Having said that, share of profit from affiliates came in below our estimates at Bt572m in 4Q24, grew 75% y-y and 60% q-q. Profit contribution from XPCL was in-line backed by its strong electricity output despite already passed its peak season, while higher-than-expected loss from development of LPCL project pushed down the profit below our expectation.
- Despite CKP's normalized profit of Bt1.3bn in 2024 made up only 94% of our numbers, we maintain our earnings forecasts and our BUY rating since we expect its earnings turnaround this year from falling interest cost and resumption of operations in the XPCL project which is major profit contributor.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	
Revenue	2,889	2,348	2,472	2,758	2,634	
Gross profit	826	417	708	814	829	
SG&A	148	104	124	105	132	
Operating profit	678	313	585	708	696	
EBITDA	1,073	703	975	1,102	1,090	
Other income	152	143	148	143	142	
Other expense						
Interest expense	269	263	298	308	300	
Profit before tax	560	193	435	543	538	
Income tax	31	15	28	36	28	
Equity & invest. income	327	(344)	(33)	358	572	
Minority interests	(271)	(85)	(228)	(256)	(305)	
Extraordinary items	(43)	(211)	(73)	581	(236)	
Net profit	543	(461)	74	1,191	541	
Normalized profit	585	(250)	147	610	777	
EPS (Bt)	0.07	(0.06)	0.01	0.15	0.07	
Normalized EPS (Bt)	0.07	(0.03)	0.02	0.08	0.10	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	
Cash & ST investment	6,501	5,535	9,423	10,620	9,466	
A/C receivable	2,026	2,042	2,092	2,675	2,217	
Inventory						
Other current assets	1,575	2,544	593	652	576	
Investment	21,220	20,802	21,221	23,634	24,344	
Fixed assets	7,670	7,587	7,544	7,437	7,409	
Other assets	29,774	29,431	29,054	28,635	28,253	
Total assets	68,765	67,940	69,927	73,653	72,265	
S-T debt	4,603	5,883	4,809	5,512	5,192	
A/C payable	1,233	1,315	1,257	1,403	1,222	
Other current liabilities	179	143	134	141	181	
L-T debt	23,362	22,166	25,825	26,446	25,004	
Other liabilities	470	493	496	530	533	
Minority interest	11,653	11,636	11,801	11,899	12,077	
Shareholders' equity	27,264	26,304	25,606	27,722	28,057	
Working capital	794	727	835	1,272	995	
Total debt	27,965	28,048	30,634	31,958	30,196	
Net debt	21,464	22,514	21,211	21,338	20,730	

Sources: Company data, Thanachart estimates

Income Statement		12M as				
(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F	
Revenue	(5)	(9)	102	10,212	9,872	
Gross profit	2	0	107	2,768	2,711	
SG&A	26	(11)	83	465	567	
Operating profit	(2)	3	114	2,302	2,144	
EBITDA	(1)	2	106	3,871	3,767	
Other income	(1)	(6)	97	577	626	
Other expense						
Interest expense	(3)	12	96	1,169	1,240	
Profit before tax	(1)	(4)	123	1,710	1,530	
Income tax	(22)	(11)	87	106	263	
Equity & invest. income	60	75	82	553	1,083	
Minority interests	na	na	151	(875)	(622)	
Extraordinary items	na	na	na	62		
Net profit	(55)	(0)	98	1,345	1,728	
Normalized profit	27	33	94	1,283	1,728	
EPS (Bt)	(55)	(0)	98	0.17	0.21	
Normalized EPS (Bt)	27	33	94	0.16	0.21	

Financial Ratios		12M as				
(%)	4Q23	1Q24	2Q24	3Q24	4Q24	
Sales growth	11.4	(8.1)	4.6	11.3	(8.8)	
Operating profit growth	329.8	36.0	245.1	45.9	2.8	
EBITDA growth	93.9	14.1	74.1	25.2	1.6	
Norm profit growth	110.3	na	na	(37.6)	32.7	
Norm EPS growth	110.3	na	na	(37.6)	32.7	
Gross margin	28.6	17.8	28.7	29.5	31.5	
Operating margin	23.5	13.3	23.7	25.7	26.4	
EBITDA margin	37.1	30.0	39.4	40.0	41.4	
Norm net margin	20.3	(10.7)	5.9	22.1	29.5	
D/E (x)	0.7	0.7	0.8	0.8	0.8	
Net D/E (x)	0.6	0.6	0.6	0.5	0.5	
Interest coverage (x)	4.0	2.7	3.3	3.6	3.6	
Interest rate	3.8	3.8	4.1	3.9	3.9	
Effective tax rate	5.6	7.6	6.3	6.6	5.2	
ROA	3.4	(1.5)	0.9	3.4	4.3	
ROE	8.8	(3.7)	2.3	9.1	11.1	

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