B.Grimm Power Pcl (BGRIM TB) - BUY

Earnings Preview

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

Stable 2Q26F profit despite rising fuel costs

- **SPP spark margin compressed both y-y and q-q**
- **But it was offset by stronger sales volumes …**
- **… and growing contribution from the Nakwol-1 project**
- **We expect a similar outlook into 3Q26F**

We expect BGRIM to report Bt480m normalized profit in 2Q26F, up 1% y-y but down 5% q-q. The relatively stable earnings are supported by the initial profit contribution from the Nakwol-1 offshore wind project in South Korea, offsetting spark margin compression at its core SPP business amid rising fuel costs during the Middle East conflict.

- **Core SPP business:** We expect the profit contribution from BGRIM's core SPP business to improve slightly y-y, driven by stronger sales volumes for both electricity and steam, while the spark margin weakened slightly from last year as a lower gas cost is offset by electricity tariff cuts during the year. However, SPP's profit should soften q-q due to spark margin compression, pressured by a 27% q-q surge in the gas pool price to Bt345/mmbtu, against only a 1% q-q increase in the average tariff.
- **Other overseas renewable projects:** Contributions from overseas renewable projects are mixed bag this quarter. Performance of the solar farms in Vietnam is largely flat as stronger generation is offset by weaker Vietnamese Dong against Thai baht. Meanwhile, the initial profit contribution from the Areco solar project in the Philippines (COD in 4Q25) should be offset by weaker generation at the Malacha hydropower projects in the US from a high base last year.
- Non-core revenues are weaker both y-y and q-q, i.e. development service income that BGRIM provides to projects under its affiliates, and interest income from those projects as they gradually commence operations.
- **Equity income:** We expect equity income to be the key offsetting factor to the weaker SPP performance, up 2% y-y and 94% q-q to Bt280m. This is mainly driven by rising profit contribution from the Nakwol-1 offshore wind project in South Korea as the project progressively commences operations into the stronger wind season of the year.
- **SG&A expense:** BGRIM guides for lower SG&A expenses, and we forecast a 2% y-y decline, backed by the company's aggressive cost saving plans. It rises 3% q-q following the capacity expansion.
- **Interest costs:** We forecast interest expense to rise 6% y-y to Bt1.25bn as BGRIM continues to raise debt to fund its new projects, more than offsetting the benefit of a slightly lower average cost of funds.
- **3Q26F Outlook:** We expect a similar earnings pattern of y-y improvement but q-q contraction in 3Q26F. The SPP spark margin should weaken further the full impact of elevated energy costs hits, while the national tariff has been announced to be flat into year-end. The rising contribution from Nakwol-1 remains the key offsetting factor as it enters the high wind season, alongside a continued uptrend in SPP sales volumes.

Key Valuations

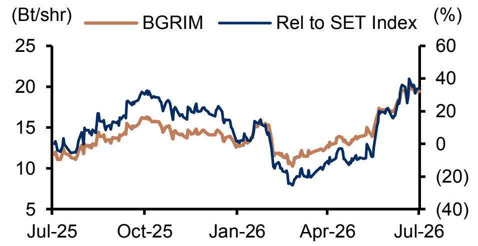
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	55,388	58,062	55,502	57,095
Net profit	1,675	1,939	3,164	3,352
Norm net profit	2,141	1,939	3,164	3,352
Norm EPS (Bt)	0.5	0.4	0.9	0.9
Norm EPS gr (%)	0.0	(16.6)	120.3	8.4
Norm PE (x)	41.4	49.7	22.5	20.8
EV/EBITDA (x)	11.0	12.3	11.1	10.8
P/BV (x)	1.5	1.6	1.6	1.6
Div. yield (%)	2.1	2.2	3.1	3.4
ROE (%)	6.2	5.9	9.8	10.4
Net D/E (%)	193.1	213.6	212.5	208.4

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	19.40
Target price (Bt)	25.00
Market cap (US$ m)	1,506
Avg daily turnover (US$ m)	11.3
12M H/L price (Bt)	20.20/10.30

Price Performance



Source: Bloomberg

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of ttb wealth. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which ttb wealth or TTB or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither ttb wealth, TTB nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, ttb wealth, TTB and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

ttbwealth, TTB and its group companies perform and seek to perform business with companies covered in this report. ttb wealth, TTB, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. ttb wealth, TTB or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: ttb wealth securities public company limited (ttb wealth) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 3/2026 (B.E. 2569), therefore investors need to be aware that there could be conflicts of interest in this research.

Note: ttb wealth securities public company limited (ttb wealth) acts as an underwriter of “Debentures of IRPC PUBLIC COMPANY LIMITED No. 1/2026 (B.E. 2569), therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of ttb wealth securities public company limited

Investment Banking Relationship

Within the preceding 12 months, ttbwealth has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: -