CK Power Pcl (CKP TB) - SELL

News Update

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Water situation softened in July

- **Total hydropower output declined 4% y-y in July**
- **New water significantly weakened from last year**
- **Higher output from BIC, but margins are under pressure**
- **We still expect weak 3Q26F for CKP**

Total electricity output from CKP's two hydropower projects declined 4% y-y to 1,080GWh in July, as the Indochina region entered the rainy season. Power generation from XPCL remained solid, backed by strong water flow in the Mekong River, which was likely due to ongoing releases from upstream dams in China. However, NN2's output dropped significantly as new water inflows continued their weakness over the past three months, reflecting emerging El Niño-driven drought concerns. BIC's sales volume improved this month, but margin compression remained a key headwind. We expect CKP's earnings to decline y-y in 3Q26F from both lower hydropower generation and softer SPP margins.

- **Xayaburi (XPCL, hydro, 546MW):** XPCL's electricity generation rose 6% y-y to 914GWh in July, despite water flow declining 46% y-y to 5,244 cm/s. The reduced flow was sufficient for the full operation of all the project's seven generating turbine, producing a 99% capacity factor this month. We expect XPCL's performance to remain resilient amid the emerging El Niño backdrop, as water releases from upstream Chinese dams appear to be holding, likely reflecting China's continued prioritization of hydropower generation to offset elevated fuel costs in its electricity market.

- **Nam Ngum 2 (NN2, hydro, 283MW):** NN2's electricity generation fell 38% y-y to 165GWh in July, marking the third consecutive month of significant contraction since May. The output represented a 37% capacity factor, despite the Indochina region having entered the rainy season. Water inflow to the project's reservoir fell 79% y-y to 577m cubic meters, with the reservoir level at 356m above sea level versus 373m a year prior. The persistent y-y inflow weakness reflects both the delayed onset of seasonal rainfall and the emerging El Niño impact, expected to persist through 2H26F.

- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Electricity sales volume from the BIC gas-fired SPP project rose 33% y-y to 133GWh in July, recovering from a low base last year when the project was partially down for a planned maintenance. Steam sales were relatively flat, declining only 1% y-y to 4,622 tonnes. Despite higher sales volume this year, we expect BIC's margins to be pressured by elevated gas pool prices amid minimal tariff adjustments.

- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms and solar rooftop projects rose 5% y-y to 1.71GWh in July. That said, the business unit remains immaterial to CKP's portfolio.

Key Valuations

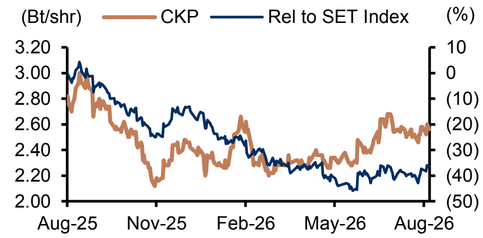
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	10,107	10,710	9,598	9,276
Net profit	2,782	2,326	2,361	2,395
Norm net profit	2,311	2,326	2,361	2,395
Norm EPS (Bt)	0.3	0.3	0.3	0.3
Norm EPS gr (%)	82.3	0.7	1.5	1.4
Norm PE (x)	9.0	8.9	8.8	8.7
EV/EBITDA (x)	10.9	9.2	9.8	10.4
P/BV (x)	0.7	0.6	0.6	0.6
Div. yield (%)	3.4	3.5	3.5	3.5
ROE (%)	7.9	7.4	7.1	6.9
Net D/E (%)	51.0	44.3	38.6	33.9

Source: ttb wealth estimates

Stock Data

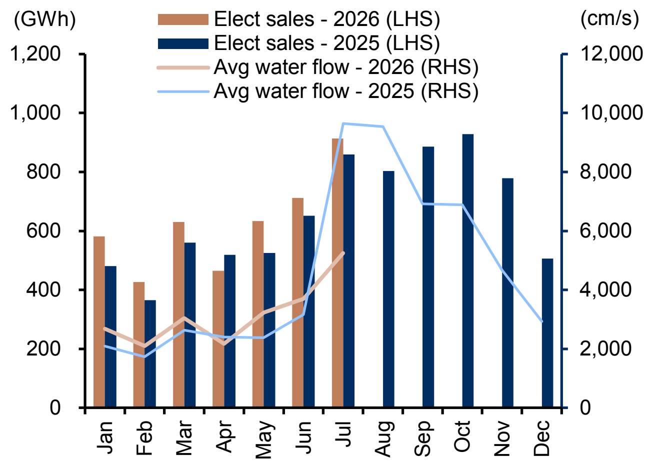
Closing price (Bt)	2.56
Target price (Bt)	2.30
Market cap (US$ m)	632
Avg daily turnover (US$ m)	0.6
12M H/L price (Bt)	3.00/2.12

Price Performance



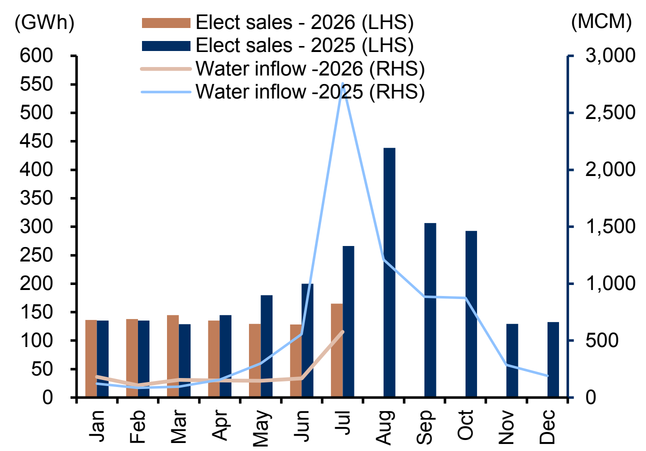
Source: Bloomberg

Ex 1: XPCL Reached Full Production In July



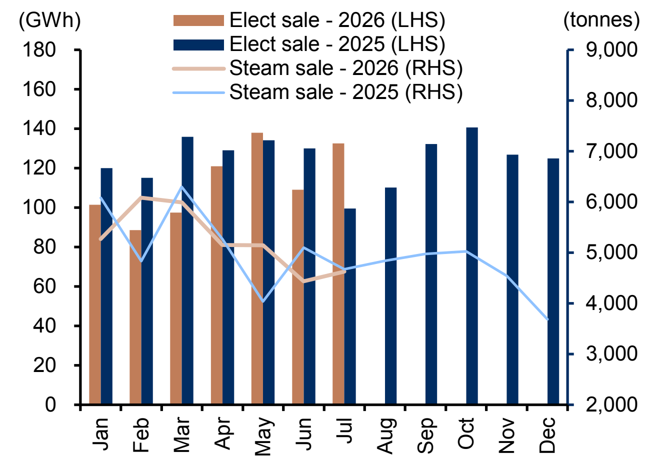
Source: Company data

Ex 2: But Weak Water Inflows To NN2's Reservoir



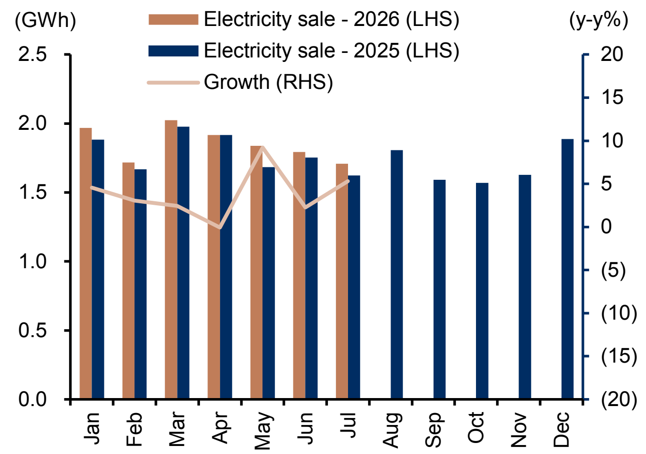
Source: Company data

Ex 3: Higher Sales Volume, But Weak Margins For BIC



Source: Company data

Ex 4: Higher Solar Power Generation This Year



Source: Company data

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