

16 OCTOBER 2020

THAILAND / UTILITIES - CONVENTIONAL

BANPU POWER BPP TB

HOLD

UNCHANGED

TARGET PRICE	THB15.20
CLOSE	THB13.30
UP/DOWNSIDE	+14.3%
PRIOR TP	THB15.20
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-15.2%

ธุรกิจโรงไฟฟ้าถ่านหินมีขึ้นมีลง

แนวโน้ม 2H20 ถูกขับเคลื่อนด้วยโรงไฟฟ้าหงสา

เราเชื่อว่าราคาหุ้นของ BPP ที่ปรับตัวลดลงไป 24% ภายในระยะเวลา 4 เดือนตั้งแต่เดือน มิ.ย. 2020 ได้สะท้อนแนวโน้มการเติบโตของกำไรสุทธิที่ต่ำกว่าบริษัทอื่นในปี 2020-2022E ไปเรียบร้อยแล้ว ปัจจุบันเราคาดว่ากำไรสุทธิของ BPP จะฟื้นตัวใน 2H20-2022 โดยได้แรงผลักดันจาก 1) ดัชนีค่าความพร้อมจ่าย (Equivalent Availability Factor หรือ EAF) ของโรงไฟฟ้าหงสา (HPC) ที่กลับสู่ระดับปกติหลังการปิดโรงไฟฟ้าถ่านหินอย่างยาวนานใน 1H20; 2) การเริ่มดำเนินงานของ Shanxi Lu Guang (SLG) ซึ่งเป็นโรงไฟฟ้าถ่านหินขนาดกำลังการผลิต 1.3 GW ที่บริษัทฯ ถือหุ้นอยู่ 30% ในเดือน ธ.ค. 2020; และ 3) โรงไฟฟ้าพลังงานลมแห่งใหม่ขนาดกำลังการผลิต 30 MW ในเวียดนามในไตรมาส 1Q21

แนวโน้มกำไรสุทธิ 3Q20 ดีขึ้น

เราคาดว่า BPP จะรายงานกำไรสุทธิ 3Q20 ที่ 963 ลบ. เพิ่มขึ้น 42% q-q และ 2% y-y และคาด Core Net Profit ที่ 863 ลบ. เพิ่มขึ้น 21% q-q แต่ลดลง 10% y-y โดยมีปัจจัยหนุนหลักดังต่อไปนี้ 1) ส่วนแบ่งรายได้จาก HPC ที่เพิ่มขึ้นเป็น 0.9 พัน ลบ. ตาม EAF ที่สูงขึ้น โดยเราคาดว่าจะเพิ่มจาก 65% ในไตรมาส 2Q20 เป็น 83% ในไตรมาส 3Q20 เนื่องจาก Unit 3 ปิดตามแผนเพียง 15 วันในไตรมาส 3Q20 เทียบกับ 2 เดือนในไตรมาส 2Q20; 2) ส่วนแบ่งรายได้จาก BCP จำนวน 0.4 พัน ลบ. ในไตรมาส 3Q20E จากอัตราค่าไฟฟ้าที่คาดว่าจะลดลง q-q แม้ว่าค่า EAF จะอยู่ในระดับสูงที่ 100% (flat q-q) เนื่องจากค่าความพร้อมจ่าย (Availability payments หรือ AP) อ่อนแอต่อเนื่องจากโครงสร้างอัตราค่าไฟฟ้าในสัญญาซื้อขายไฟฟ้า (PPA) ปัจจุบัน; 3) กำไรสุทธิ 25 ลบ. จากโรงไฟฟ้า CHP ในจีน จากอัตราค่าไถ่คืนที่ต่ำต่อเนื่องที่ 13% อันเป็นผลจากความต้องการที่ตกต่ำตามฤดูกาล; และ 4) กำไรจากค่าเงินจำนวน 50 ลบ. จากอัตราแลกเปลี่ยนเงินบาทต่อเงินเหรียญสหรัฐ ที่สูงขึ้น

ROE กำลังดีขึ้น

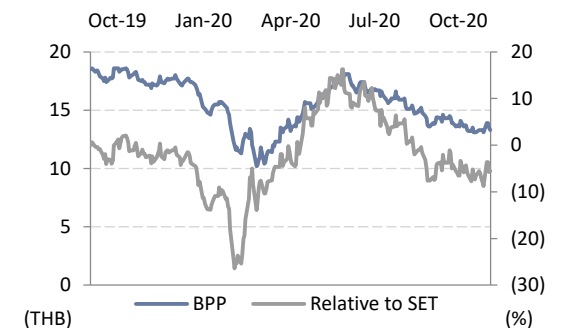
เราคาดว่าอัตราผลตอบแทนต่อส่วนของผู้ถือหุ้น (ROE) ของ BPP จะเพิ่มขึ้นจาก 7.5% ในปี 2019 เป็น 8.5% ในปี 2020 และ 10.1-10.5% ในปี 2021-2022 โดยได้แรงผลักดันจากความสามารถในการทำกำไรที่สูงขึ้นของธุรกิจที่ให้การเติบโตใหม่ กล่าวคือ SLG และโรงไฟฟ้าพลังงานลมของ BPP รวมถึงความสามารถในการทำกำไรที่เพิ่มขึ้นของ HPC เราเห็นว่าปัจจัยดังกล่าวควรมีส่วนช่วยลดความเสี่ยงด้านลบต่อ Valuation ของ BPP

คำแนะนำถือ

เราแนะนำถือ BPP หลังจากราคาเป้าหมายที่ 15.2 บาท (SoTP) เราเห็นว่า Upsides ของกำไรสุทธิของ BPP อันประกอบด้วย ส่วนแบ่งกำไรของ HPC ที่เพิ่มขึ้นและการเริ่มดำเนินงานของโรงไฟฟ้าของ SLG และโรงไฟฟ้าพลังงานลมในเวียดนามในไตรมาส 1Q21 จะชดเชยกับส่วนลด Valuation ของ BPP เมื่อเทียบกับบริษัทอื่นในกลุ่ม เนื่องจากบริษัทฯ มีสัดส่วนธุรกิจโรงไฟฟ้าถ่านหินในจีน (CHP และ SLG) และ ไทย (HPC) ในระดับสูง รวมถึงกำไรสุทธิของ BCP ที่ลดลงอย่างต่อเนื่อง เนื่องจากสัญญาซื้อขายไฟฟ้ากำลังใกล้จะครบกำหนด

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	5,687	6,671	10,739	10,711
Net profit	2,969	3,378	4,324	4,379
EPS (THB)	0.97	1.11	1.42	1.44
vs Consensus (%)	-	(10.0)	(0.5)	(10.9)
EBITDA	(59)	1,826	1,030	1,016
Core net profit	2,969	3,378	4,324	4,379
Core EPS (THB)	0.97	1.11	1.42	1.44
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(22.1)	13.8	28.0	1.3
Core P/E (x)	13.7	12.0	9.4	9.3
Dividend yield (%)	4.9	5.6	6.0	6.0
EV/EBITDA (x)	(711.4)	22.3	37.4	36.4
Price/book (x)	1.0	1.0	1.0	0.9
Net debt/Equity (%)	0.8	(1.7)	(7.3)	(10.8)
ROE (%)	7.5	8.5	10.5	10.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.9)	(15.3)	(28.5)
Relative to country (%)	0.5	(7.7)	(6.4)
Mkt cap (USD m)	1,298		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	21		
Major shareholder	BANPU Plc (79%)		
12m high/low (THB)	19.00/10.00		
Issued shares (m)	3,051.02		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 16 ตุลาคม 2020

Investment thesis

BPP has secured an effective capacity of 2.4GW, of which 1.9GW is in operation and the remaining 0.5GW is under development. Most of the operating and under development capacity is in the form of coal-fired power plants. BPP also has some renewable capacity from solar power plants in China and Japan, with a total capacity of almost 200MW. BPP plans to increase its renewable capacity from 0.2GW currently to 0.7GW by 2025, representing 20% of its total target capacity of 2.4GW in 2025.

Given BPP's limited core earnings growth potential from its two power assets – HPC and BLCP, which are already running at high utilisation rates, according to management – and the high risk to its earnings potential from the SLG power plant in China, we think BPP's valuation has limited upsides. Our thesis is premised on the potential earnings downside from its exposure to coal, IPPs, and China's power plants.

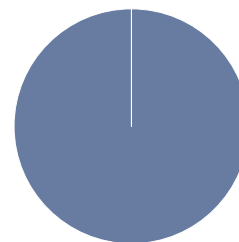
Company profile

Banpu Power is a holding company investing in electricity generating businesses. It has major coal-fired and solar farm power assets in Thailand, Laos, China and Japan.

www.banpupower.com

Principal activities (revenue, 2019)

■ Power - 100.0 %

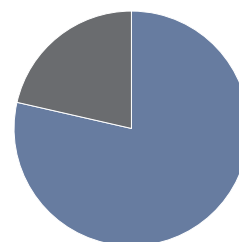


Source: Banpu Power

Major shareholders

■ BANPU Plc - 78.6 %

■ Others - 21.4 %



Source: Banpu Power

Catalyst

Higher utilisation rates of power plants and rising demand for electricity in Thailand and China are key potential growth drivers.

Risk to our call

Downside risks to our SoTP valuation are the start-up delays of its new project and government intervention in the electricity tariff. Upside risk includes the lower coal price.

Event calendar

Date	Event
Nov 2020	3Q20 results announcement

Key assumptions

	2020E	2021E	2022E
Utilisation rate (%)	90	93	96
Dispatched power (GWh)	24,736	25,334	32,311
Oil price (USD/bbl)	59	60	60
Average tariff (THB/kWh)	3.00	3.10	3.15

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in coal price, we estimate 2020 earnings would decline 2.5%, and vice versa, all else being equal.
- For every 1% increase in interest rate, we estimate 2020 earnings would decline 1.3%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q20E earnings preview

We project BPP to post a 3Q20 NP of THB963m, up 42% q-q and 2% y-y. Core net profit is projected at THB863m, up 21% q-q but down 10% y-y. Key drivers are:

- Higher equity income of THB0.9b from HPC, up from THB0.4b in 2Q20, due to the higher EAF, which we project to rise from 65% in 2Q20 to 83% in 3Q20, as there was only a 15-day planned shutdown for unit 3 in 3Q20 vs two months in 2Q20;
- Equity income of THB0.4b from BLCP in 3Q20E, down slightly from THB0.5b in 2Q20, due to the projected q-q lower electricity tariff despite the high EAF at 100% (flat q-q), caused by the continued weak APs based on its tariff structure in the current PPA;
- THB25m NP from China's CHP plants due to the continued low gross margin at 13%, as a result of the seasonally low demand;
- An FX gain of THB50m due to the stronger THB/USD exchange rate.

Exhibit 1: 3Q20E earnings preview

	3Q19	2Q20	----- 3Q20E-----			9M19	9M20E	Chg.	2020E	Comments
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)	
Revenue	967	1,061	1,795	69.1	85.6	4,014	4,700	17.1	6,671	Higher due to higher production
Operating costs	(997)	(939)	(1,652)	75.9	65.6	(3,787)	(4,567)	20.6	(2,793)	Higher due to higher production
EBITDA	(30)	122	143	16.9	nm	227	132	(41.8)	1,826	Higher due to higher SPP margins in China
<i>EBITDA margin (%)</i>	<i>(3.1)</i>	<i>11.5</i>	<i>8.0</i>	<i>nm</i>	<i>nm</i>	<i>5.7</i>	<i>2.8</i>	<i>nm</i>	<i>34.3</i>	
Depn & amort.	(150)	(93)	(160)	72.0	6.4	(451)	(418)	(7.4)	(934)	
EBIT	(181)	29	(17)	nm	(90.6)	(224)	(286)	27.6	892	
Interest expense	(63)	(68)	(65)	(3.7)	3.1	(205)	(194)	(5.2)	(274)	Lower q-q due to lower debt
Interest & invt inc	35	117	102	(12.8)	nm	51	278	nm	133	
Other income	65	(2)	52	nm	(20.2)	398	214	(46.3)	612	
Associates' contrib	1,129	806	956	18.6	(15.3)	3,614	2,866	(20.7)	2,591	Higher q-q due to higher NP from HPC
Exceptionals	(57)	(142)	50	nm	nm	(169)	77	nm	-	
Pretax profit	928	741	1,078	45.5	16.1	3,465	2,954	(14.7)	3,955	Higher due to a shorter shutdown period for HPC
Tax	13	(27)	(95)	258.1	nm	(113)	(257)	126.5	(391)	
<i>Tax rate (%)</i>	<i>(1.4)</i>	<i>3.6</i>	<i>8.8</i>	<i>nm</i>	<i>nm</i>	<i>3.3</i>	<i>8.7</i>	<i>nm</i>	<i>9.9</i>	
Minority interests	2	(34)	(20)	(40.9)	nm	(14)	(79)	nm	(185)	
Net profit	943	680	963	41.5	2.1	3,338	2,619	(21.5)	3,378	
Core net profit	961	714	863	20.9	(10.2)	3,571	2,965	(17.0)	3,378	
EPS (THB)	0.31	0.22	0.32	41.5	2.1	1.10	0.86	(21.5)	1.11	
Core EPS (THB)	0.32	0.23	0.28	20.9	(10.2)	1.17	0.97	(17.0)	1.11	

Sources: BPP; FSSIA estimates

Valuation

We assign a high WACC of 9.7% for BPP's power plant projects in China vs 8.3% for the power plants in Thailand to assess our DCF-based valuation. We think BPP's NPs from its power plants in China have much higher margins and demand risks than Thailand's, given the country's highly regulated electricity tariffs and coal prices.

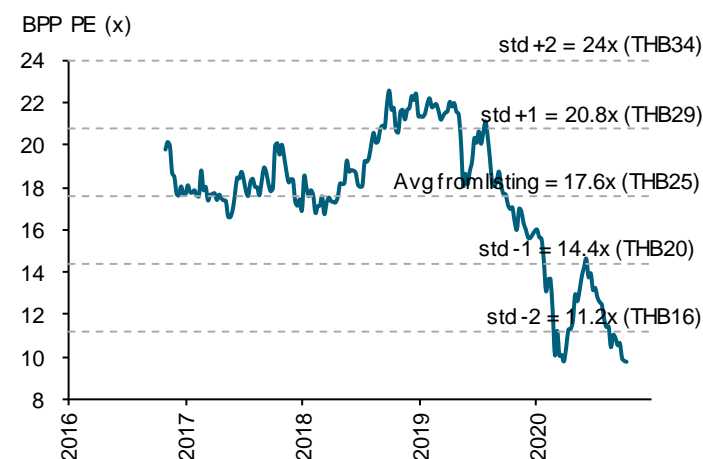
Exhibit 2: SoTP valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		2.3	Pretax cost of debt		5.0
Market risk premium		8.5	Marginal tax rate		20.0
Stock beta		1.2			
Cost of equity, Ke		12.6	Net cost of debt, Kd		4.0
Weight applied		50.0	Weight applied		50.0
WACC		8.3			

DCF valuation estimate	(THB m)	(THB/share)	Comments
BLCP	2,793	0.9	WACC 8.3%, no terminal growth value
Hongsa	12,642	4.1	WACC 8.3%, no terminal growth value
Zhengding	3,771	1.2	WACC 9.7%, no terminal growth value
Luannan	6,793	2.2	WACC 9.7%, no terminal growth value
Zouping	3,457	1.1	WACC 9.7%, no terminal growth value
SLG	4,427	1.5	WACC 9.7%, no terminal growth value
Solar - Japan	6,384	2.1	WACC 5.6%, no terminal growth value
Solar - China	2,941	1.0	WACC 9.7%, no terminal growth value
Solar - Thailand	262	0.1	WACC 8.7%, no terminal growth value
Net cash (debt)	3,158	1.0	At end-2021E
Minorities	(186)	(0.1)	
Residual ordinary equity	46,443	15.2	

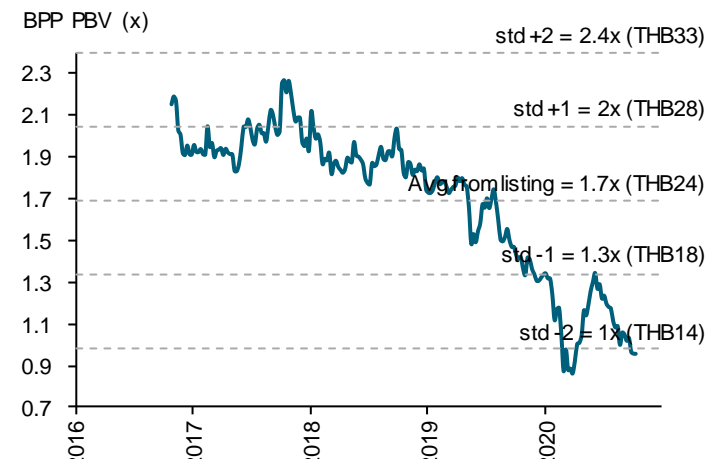
Sources: BPP; FSSIA estimates

Exhibit 3: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 4: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: Peer comparisons

Company	BBG code	Rec	Share Price	Target price	Upside	Market Cap	3Y EPS CAGR	-----PE-----		-----ROE----		-----PBV-----		EV/ EBITDA	
			(LCY)	(LCY)	(%)	(USD m)	(%)	20E	21E	20E	21E	20E	21E	20E	21E
THAILAND															
B Grimm Power	BGRIM TB	BUY	42.25	63.00	49	3,527	34.6	37.1	20.6	10.3	17.1	3.7	3.7	12.6	11.0
Gulf Energy Deve	GULF TB	BUY	30.5	48.00	57	11,460	18.7	72.6	39.6	9.0	11.9	5.0	5.0	46.1	34.1
Global Power Syn	GPSC TB	BUY	56	112.00	100	5,057	32.5	21.1	16.7	7.3	8.8	1.5	1.5	12.1	11.2
Banpu Power	BPP TB	HOLD	13.3	15.20	14	1,298	13.5	12.0	9.4	8.5	10.5	1.0	1.0	22.3	37.4
Electricity Gen	EGCO TB	BUY	180.5	245.00	36	3,043	(5.6)	8.1	7.2	10.8	11.2	0.8	0.8	14.7	13.0
Ratch Group	RATCH TB	BUY	50.75	82.00	62	2,357	17.2	9.1	7.7	13.1	14.5	1.1	1.1	10.3	8.7
Wha Utilities&Pow	WHAUP TB	BUY	3.9	5.20	33	478	2.3	6.5	6.5	16.1	15.0	1.0	1.0	39.8	38.2
Thailand avg						27,219	20.0	41.7	24.5	9.5	12.1	3.1	3.1	27.6	22.5
HONGKONG															
Datang Intl Power	991 HK	NA	1	NA	NA	5,105	0.5	7.3	6.1	3.0	4.0	0.3	0.3	8.7	8.4
Huadian Power	1071 HK	NA	2.07	NA	NA	4,875	8.8	4.6	4.1	6.3	7.1	0.3	0.3	8.1	7.9
Huaneng Power	902 HK	NA	3.06	NA	NA	10,503	19.7	5.8	5.3	6.8	7.3	0.4	0.4	8.3	7.7
China Power Inter	2380 HK	NA	1.47	NA	NA	1,885	26.7	6.9	5.1	5.7	7.4	0.4	0.4	9.2	7.9
China Resources	836 HK	NA	8.57	NA	NA	5,319	4.3	4.8	4.2	11.2	12.2	0.5	0.5	5.7	5.1
Clp Holdings Ltd	2 HK	NA	73.25	NA	NA	23,912	1.5	16.2	15.6	10.6	10.7	1.7	1.6	10.5	10.0
Power Assets	6 HK	NA	41.05	NA	NA	11,346	(2.8)	14.2	13.5	7.1	7.7	1.0	1.0	60.5	68.5
Hongkong avg						62,945	5.2	11.2	10.6	8.3	8.8	1.0	1.0	18.4	19.4
MALAYSIA															
Petronas Gas	PTG MK	NA	16	NA	NA	7,637	(0.8)	16.7	16.7	14.3	14.3	2.5	2.3	8.8	8.7
Tenaga Nasional	TNB MK	NA	10.02	NA	NA	13,781	2.2	12.7	11.3	7.8	8.5	1.0	0.9	7.2	6.9
Ytl Power Inte	YTLP MK	NA	0.715	NA	NA	1,320	(8.1)	17.4	17.0	2.7	2.7	0.5	0.5	10.7	10.7
Malaysia avg						22,739	0.6	14.3	13.4	9.7	10.1	1.5	1.4	7.9	7.7
CHINA															
China Datang	1798 HK	NA	1.21	NA	NA	1,173	6.6	7.6	6.7	7.7	6.7	0.5	0.5	8.8	7.9
China Gas	384 HK	NA	22.85	NA	NA	15,353	10.8	12.7	10.9	23.2	23.8	2.8	2.5	11.3	9.5
China Longyuan	916 HK	NA	5.55	NA	NA	5,610	7.6	8.0	7.2	8.9	9.2	0.7	0.6	7.0	6.4
Beijing Enterprises	392 HK	NA	23.4	NA	NA	3,811	1.7	3.9	3.6	9.7	9.8	0.4	0.3	8.7	8.5
Kunlun Energy	135 HK	NA	4.99	NA	NA	5,553	5.8	6.4	5.5	11.2	12.2	0.7	0.7	4.0	3.7
China avg						31,499	8.1	9.5	8.2	16.3	16.9	1.7	1.5	8.8	7.7
INDONESIA															
Perusahaan Gas	PGAS IJ	NA	1035	NA	NA	1,683	8.6	17.4	13.9	2.6	4.2	0.7	0.7	6.0	5.6
Indonesia avg						1,683	8.6	17.4	13.9	2.6	4.2	0.7	0.7	6.0	5.6
SINGAPORE															
Sembcorp Indus	SCI SP	NA	1.42	NA	NA	1,864	(2.5)	22.5	7.4	1.3	8.9	0.6	0.6	16.1	11.4
Singapore avg						1,864	(2.5)	22.5	7.4	1.3	8.9	0.6	0.6	16.1	11.4
Utilities under coverage						27,219	20.0	41.7	24.5	9.5	12.1	3.1	3.1	27.6	22.5
Average (all)						147,949	7.8	17.2	13.1	10.3	11.3	1.6	1.5	16.3	15.4

Share price as of 15 Oct 2020

Sources: Bloomberg; FSSIA estimates

Financial Statements

Banpu Power

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	6,322	5,687	6,671	10,739	10,711
Cost of goods sold	(4,426)	(3,996)	(2,793)	(6,406)	(6,401)
Gross profit	1,896	1,691	3,878	4,333	4,310
Other operating income	-	-	-	-	-
Operating costs	(1,229)	(1,749)	(2,052)	(3,303)	(3,295)
Operating EBITDA	667	(59)	1,826	1,030	1,016
Depreciation	(625)	(613)	(934)	(1,143)	(1,143)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	42	(671)	892	(114)	(128)
Net financing costs	(154)	(370)	(140)	(120)	(71)
Associates	4,767	3,673	2,591	4,197	4,182
Recurring non operating income	4,257	4,249	3,203	4,870	4,921
Non recurring items	0	0	0	0	0
Profit before tax	4,145	3,207	3,955	4,636	4,723
Tax	(293)	(204)	(391)	(126)	(155)
Profit after tax	3,852	3,003	3,563	4,511	4,568
Minority interests	(39)	(34)	(185)	(186)	(189)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	3,813	2,969	3,378	4,324	4,379
Non recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	3,813	2,969	3,378	4,324	4,379
Per share (THB)					
Recurring EPS *	1.25	0.97	1.11	1.42	1.44
Reported EPS	1.25	0.97	1.11	1.42	1.44
DPS	0.60	0.65	0.75	0.80	0.80
Diluted shares (used to calculate per share data)	3,051	3,051	3,051	3,051	3,051
Growth					
Revenue (%)	(1.5)	(10.0)	17.3	61.0	(0.3)
Operating EBITDA (%)	(24.3)	(108.8)	(3,221.2)	(43.6)	(1.4)
Operating EBIT (%)	(88.8)	(1,709.8)	(232.9)	(112.7)	12.4
Recurring EPS (%)	(8.3)	(22.1)	13.8	28.0	1.3
Reported EPS (%)	(8.3)	(22.1)	13.8	28.0	1.3
Operating performance					
Gross margin inc depreciation (%)	20.1	19.0	44.1	29.7	29.6
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	10.5	(1.0)	27.4	9.6	9.5
Operating EBIT margin (%)	0.7	(11.8)	13.4	(1.1)	(1.2)
Net margin (%)	60.3	52.2	50.6	40.3	40.9
Effective tax rate (%)	-47.0	-43.8	28.7	28.6	28.6
Dividend payout on recurring profit (%)	48.0	66.8	67.7	56.4	55.7
Interest cover (X)	27.9	9.7	29.2	39.7	67.7
Inventory days	39.8	41.3	47.4	28.0	39.0
Debtor days	104.5	91.5	63.3	39.3	39.4
Creditor days	57.3	51.3	44.0	26.0	36.2
Operating ROIC (%)	0.3	(4.4)	5.7	0.2	0.2
ROIC (%)	7.5	6.5	8.1	(2.3)	(2.4)
ROE (%)	9.6	7.5	8.5	10.5	10.1
ROA (%)	8.0	6.6	7.4	8.6	8.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue By Division (THB m)	2018	2019	2020E	2021E	2022E
Power	6,322	5,687	6,671	10,739	10,711

Sources: Banpu Power; FSSIA estimates

Financial Statements

Banpu Power

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	3,813	2,969	3,378	4,324	4,379
Depreciation	625	613	934	1,143	1,143
Associates & minorities	4,767	3,673	2,591	4,197	4,182
Other non-cash items	-	-	-	-	-
Change in working capital	396	(238)	157	583	(4)
Cash flow from operations	9,601	7,017	7,060	10,247	9,700
Capex - maintenance	(500)	(100)	(1,000)	(1,000)	(1,000)
Capex - new investment	(363)	(177)	(500)	(500)	(500)
Net acquisitions & disposals	(4,235)	4,856	0	0	0
Other investments (net)	4,315	5,693	2,591	4,197	4,182
Cash flow from investing	(784)	10,272	1,091	2,697	2,682
Dividends paid	(1,831)	(1,983)	(2,136)	(2,288)	(2,441)
Equity finance	66	0	0	0	0
Debt finance	2,502	(746)	0	0	0
Other financing cash flows	(9,287)	(9,490)	(4,998)	(8,208)	(8,175)
Cash flow from Financing	(8,550)	(12,220)	(7,134)	(10,496)	(10,616)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	267	5,069	1,018	2,448	1,766
Free cash flow to firm (FCFF)	9,045.83	17,577.02	8,425.19	13,217.31	12,655.17
Free cash flow to equity (FCFE)	2,031.85	7,052.53	3,153.70	4,736.22	4,206.79

Per share (THB)

FCFF per share	2.96	5.76	2.76	4.33	4.15
FCFE per share	0.67	2.31	1.03	1.55	1.38
Recurring cash flow per share	3.02	2.38	2.26	3.17	3.18

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	18,142	17,931	19,431	20,931	22,431
Less: Accumulated depreciation	(5,910)	(6,035)	(6,969)	(8,112)	(9,256)
Tangible fixed assets (Net)	12,232	11,896	12,461	12,818	13,175
Intangible fixed assets (Net)	41	38	38	38	38
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	25,400	20,545	20,545	20,545	20,545
Cash & equivalents	1,599	6,669	7,687	10,135	11,902
A/C receivable	1,695	1,156	1,156	1,156	1,156
Inventories	477	427	298	684	684
Other current assets	458	646	758	1,221	1,217
Current assets	4,229	8,899	9,900	13,197	14,959
Other assets	9,664	7,431	7,431	7,431	7,431
Total assets	51,566	48,808	50,375	54,029	56,148
Common equity	40,410	39,079	40,321	42,357	44,296
Minorities etc.	771	737	922	1,109	1,297
Total Shareholders' equity	41,181	39,816	41,244	43,466	45,593
Long term debt	5,465	5,029	5,029	5,029	5,029
Other long-term liabilities	129	119	119	119	119
Long-term liabilities	5,594	5,148	5,148	5,148	5,148
A/C payable	727	397	277	636	635
Short term debt	2,258	1,948	1,948	1,948	1,948
Other current liabilities	1,806	1,499	1,758	2,831	2,823
Current liabilities	4,791	3,843	3,983	5,414	5,406
Total liabilities and shareholders' equity	51,566	48,808	50,375	54,029	56,148
Net working capital	96	334	177	(405)	(401)
Invested capital	47,434	40,243	40,653	40,427	40,788

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	13.24	12.81	13.22	13.88	14.52
Tangible book value per share	13.23	12.80	13.20	13.87	14.51

Financial strength

Net debt/Equity (%)	14.9	0.8	(1.7)	(7.3)	(10.8)
Net debt/total assets (%)	11.9	0.6	(1.4)	(5.8)	(8.8)
Current ratio (x)	0.9	2.3	2.5	2.4	2.8
CF interest cover (x)	16.5	20.5	27.1	44.7	67.5

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	10.6	13.7	12.0	9.4	9.3
Recurring P/E @ target price (x) *	12.2	15.6	13.7	10.7	10.6
Reported P/E (x)	10.6	13.7	12.0	9.4	9.3
Dividend yield (%)	4.5	4.9	5.6	6.0	6.0
Price/book (x)	1.0	1.0	1.0	1.0	0.9
Price/tangible book (x)	1.0	1.0	1.0	1.0	0.9
EV/EBITDA (x) **	71.2	(711.4)	22.3	37.4	36.4
EV/EBITDA @ target price (x) **	79.9	(810.5)	25.5	43.0	42.1
EV/invested capital (x)	1.0	1.0	1.0	1.0	0.9

* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: Banpu Power; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMC	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGC	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAF	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMPC	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIUK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range		Number of Logo					Description			
90-100							Excellent			
80-89							Very Good			
70-79							Good			
60-69							Satisfactory			
50-59							Pass			
Less than 50		No logo given					-			

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEAOL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Banpu Power	BPP TB	THB 13.30	HOLD	Downside risks to our SoTP valuation are the start-up delays of its new project and government intervention in the electricity tariff. Upside risk includes the lower coal price.
B.Grimm Power	BGRIM TB	THB 42.25	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.
Gulf Energy Development	GULF TB	THB 30.50	BUY	The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) delays in project CODs.
Global Power Synergy	GPSC TB	THB 56.00	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand, 2) lower crude price, and 3) lower-than-expected demand from industrial users.
Electricity Generating	EGCO TB	THB 180.50	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies.
Ratch Group	RATCH TB	THB 50.75	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) delays in starting new projects.
WHA Utilities & Power	WHAUP TB	THB 3.90	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; and 2) lower crude price.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 15-Oct-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.