

10 JUNE 2021

THAILAND / MATERIALS

BANPU BANPU TB

BUY
UNCHANGED

TARGET PRICE	THB18.00
CLOSE	THB14.60
UP/DOWNSIDE	+23.3%
PRIOR TP	THB14.00
CHANGE IN TP	+28.6%
TP vs CONSENSUS	+25.2%

มีปัจจัยผลักดัน 3 ประการรออยู่เบื้องหน้า

3 ปัจจัยผลักดันการเติบโตเดิมนำหน้าเต็มกำลัง

แม้ว่าราคาหุ้นจะปรับตัวขึ้นไปเมื่อไม่นานมานี้ เราคิดว่า BANPU ยังมีความน่าสนใจและคาดว่าจะทำกำไรสุทธิของบริษัทฯ จะโตในปี 2021-22 โดยมีปัจจัยผลักดันจาก 1) ราคาขายเฉลี่ย (ASP) ถ่านหินที่สูงเกินคาดจากปัญหาอุปทานตึงตัวและความต้องการที่กำลังเพิ่มขึ้นในประเทศจีน; 2) EBITDA ที่กำลังปรับตัวขึ้นจากก๊าซในชั้นหินดินดาน (ก๊าซฯ) หลังราคาก๊าซดังกล่าวในสหรัฐฯ ปรับตัวขึ้นเหนือ USD3/mmbtu ในปี 2021-22; และ 3) กำไรสุทธิจากธุรกิจไฟฟ้าที่คาดว่าจะเติบโตขึ้นโดยมีปัจจัยหนุนจากกำลังการผลิตที่เพิ่มขึ้นจากโรงไฟฟ้าพลังถ่านหิน Shanxi Lu Guang (SLG) ใน 2Q21 โรงไฟฟ้าพลังแสงอาทิตย์ขนาด 167MW ในออสเตรเลียที่บริษัทฯ เพิ่งซื้อเข้ามาในเดือน มิ.ย. 21 และโรงไฟฟ้าพลังถ่านหินสะอาด Nakoso ซึ่งเป็นโรงไฟฟ้าขนาด 543MW ที่ใช้เทคโนโลยี IGCC ในจังหวัดฟูกูชิมะ ประเทศญี่ปุ่นในเดือน เม.ย. 21

การกลับมาของแนวโน้มราคาก๊าซถ่านหินขาขึ้น

เราคาดว่ากำไรสุทธิจากธุรกิจถ่านหินของ BANPU จะเพิ่มเป็นจำนวนมากโดยมีปัจจัยหนุนจาก ASP สำหรับถ่านหินที่คาดว่าจะอยู่ในระดับสูงเหนือ USD65/t ในปี 2021-22 นับตั้งแต่เดือน ต.ค. 20 ดัชนีราคาก๊าซถ่านหิน Newcastle (NCT) และ Qinghuangdao (QHD) ได้ปรับตัวขึ้นอย่างต่อเนื่อง และเราเห็นว่าดัชนีดังกล่าวมีแนวโน้มทรงตัวเหนือ USD90/t ตลอดปี 2021 จากความต้องการที่กำลังปรับตัวขึ้นในจีนและปัญหาอุปทานขาดแคลนทั่วโลก การขาดแคลนอุปทานเชิงโครงสร้างในออสเตรเลียและจีน รวมถึงความต้องการถ่านหินที่โตในระดับสูงซึ่งผลักดันให้ NCT และ QHD ปรับตัวขึ้นเลยราคามาตรฐานที่ USD85-100/t (RMB530/t ถึง RMB580/t) ที่รัฐบาลจีนกำหนด

ความเสี่ยงขาขึ้นจากราคาก๊าซ

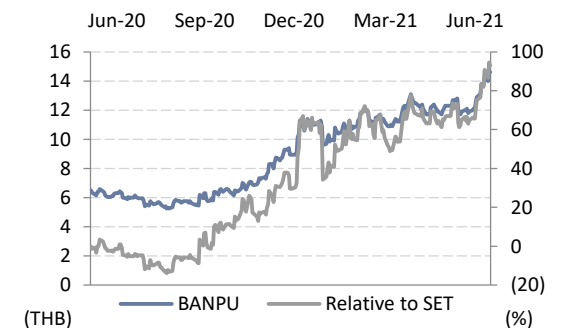
หลังรวมสินทรัพย์ที่เป็นก๊าซฯ จากแหล่งบาร์เน็ตที่ซื้อมาตั้งแต่ 4Q20 EBITDA ของ BANPU จากธุรกิจก๊าซฯ ก้าวกระโดดจาก USD13 ล้านใน 3Q20 เป็น USD108 ล้านใน 1Q21 โดยมีปัจจัยผลักดันจากทั้งปริมาณขายของแหล่งบาร์เน็ตที่ 597mmscf (75% ของกำลังการผลิตรวม) และ ASP ที่สูงขึ้น เนื่องจากต้นทุนก๊าซฯ ของ BANPU ส่วนมากเป็นต้นทุนคงที่ เราคาดว่าดัชนีราคาก๊าซฯ Henry Hub (HH) ของสหรัฐฯ ที่ระดับต่ำกว่า USD3/mmbtu EBITDA ของธุรกิจก๊าซฯ ของ BANPU จะอยู่ที่ USD0.7/mmbtu อย่างไรก็ตามเราคาดว่า BANPU จะได้ EBITDA จากธุรกิจก๊าซฯ กว่า USD100 ล้านต่อไตรมาสใน 2Q21-2022 โดยมีปัจจัยหนุนจาก HH ที่สูงกว่า USD3/mmbtu

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 18 บาท

เราคงคำแนะนำซื้อหลังปรับราคาเป้าหมายของเราจาก 14 เป็น 18 บาท (SOTP) เพื่อสะท้อนการปรับประมาณการกำไรต่อหุ้นในปี 2021-23 ขึ้น 14-19.5% ตามลำดับตามสมมติฐาน ASP เฉลี่ยของถ่านหินที่สูงขึ้น 2.9-28.6% และการรวมมูลค่าอีก 6.8 บาทสำหรับธุรกิจก๊าซฯ ของบริษัทฯ

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	71,332	86,862	79,150	80,277
Net profit	(1,786)	8,905	8,002	8,565
EPS (THB)	(0.35)	1.73	1.55	1.66
vs Consensus (%)	-	49.8	35.0	39.3
EBITDA	9,287	31,959	30,652	33,436
Core net profit	(3,257)	9,271	8,368	8,931
Core EPS (THB)	(0.63)	1.80	1.62	1.73
Chg. In EPS est. (%)	nm	19.5	14.2	14.0
EPS growth (%)	nm	nm	(9.7)	6.7
Core P/E (x)	(23.1)	8.1	9.0	8.4
Dividend yield (%)	3.4	5.7	4.1	4.9
EV/EBITDA (x)	25.6	7.1	7.6	7.0
Price/book (x)	1.2	1.1	1.0	1.0
Net debt/Equity (%)	165.3	132.6	129.4	120.8
ROE (%)	(4.8)	14.2	11.9	11.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	15.9	33.9	117.9
Relative to country (%)	12.9	27.7	88.7
Mkt cap (USD m)	2,377		
3m avg. daily turnover (USD m)	34.2		
Free float (%)	88		
Major shareholder	Vongkusolkit Family (13%)		
12m high/low (THB)	14.90/5.15		
Issued shares (m)	5,161.93		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 10 มิถุนายน 2021

Investment thesis

We believe BANPU's earnings growth outlook will improve in 2021-22, driven by its coal, gas, and power businesses due to the improving margin outlooks on the stronger demand and tighter supply.

We think that rising NCT index coal prices in the range of USD68-70/tonne should lead to higher coal earnings in 2021-22. Power earnings should gradually improve with the resumption of full operations at Hongsa power plant, as well as from new solar farms in Japan and China and wind farms in Vietnam.

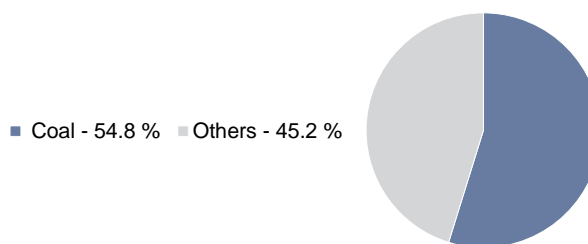
We see three factors that we think will drive up BANPU's earnings in 2021-22. First, BANPU's gas earnings are in an upcycle due to the tighter supply in the US. Second, we expect coal earnings of upward of THB1-2b, including interest expenses, for 2021-22 on the back of USD75-90/tonne index coal prices. Finally, we see more upsides for its power earnings due to higher projected net profit contributions from Hongsa.

Company profile

BANPU is a leading coal-based energy company in Asia-Pacific with operations in Indonesia and China. It also operates power plants in Thailand and China.

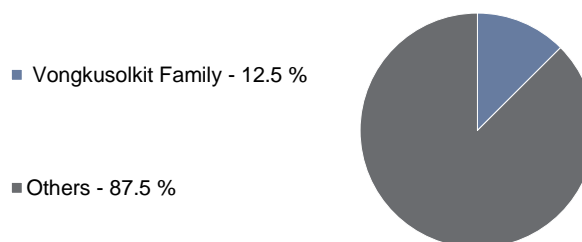
www.banpu.com

Principal activities (revenue, 2020)



Source: Banpu

Major shareholders



Source: Banpu

Catalysts

A higher coal price, rising coal production volumes and reserves, and improving net profit growth from its power business would all be key positive catalysts.

Risks to our call

We see downside risks to our SOTP-based TP from lower coal prices, higher diesel costs and any unplanned shutdowns of its power plants.

Event calendar

Date	Event
Aug 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Coal sales volume (mtpa)	33.5	34.0	34.0
Newcastle coal price (USD/t)	90.0	75.0	70.0
ASP for coal (USD/t)	73.2	61.0	65.0
Total cost - Indonesia (USD/t)	60.5	57.9	57.5
Total cost - Australia (USD/t)	55.0	55.0	55.0

Source: FSSIA estimates

Earnings sensitivity

- Ceteris paribus, for every 1% rise in average coal price, we project 2021 EPS to rise by 2.6%, and vice versa.
- Ceteris paribus, for every 1% rise in coal sales volume, we estimate 2021 EPS to rise by 1.2%, and vice versa.
- Stability in crude oil price, rising coal prices and high utilisation rates of power plants are key to earnings growth.

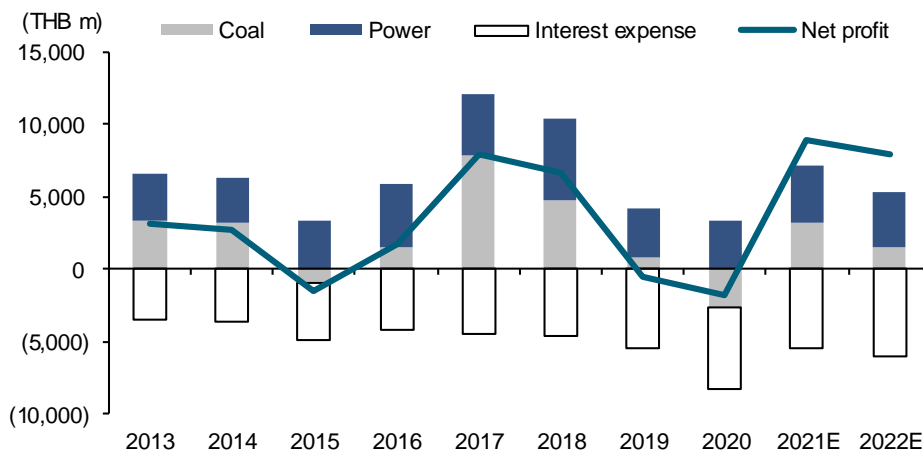
Source: FSSIA estimates

Net profit: cash-cow power further strengthened by coal and gas

Despite its recent share price rally, we think BANPU remains attractive given its higher-than-expected earnings upside from the stronger-than-expected coal price uptrend that has already surpassed USD120/t in June-21 and is likely to stay above USD100/t in the next two quarters, supported by the global structural supply disruptions amid the continued strong demand outlook.

In addition, we believe that investors' concerns over the potential negative impact of greener investment policies by large institutional funds, thus shifting away from coal-related companies, are not entirely justified. We think greener policies could have a lower impact on BANPU thanks to its faster and clearer strategy to raise its earnings contributions from green energy, including the recent acquisition of solar farms with a 167MW capacity in Australia.

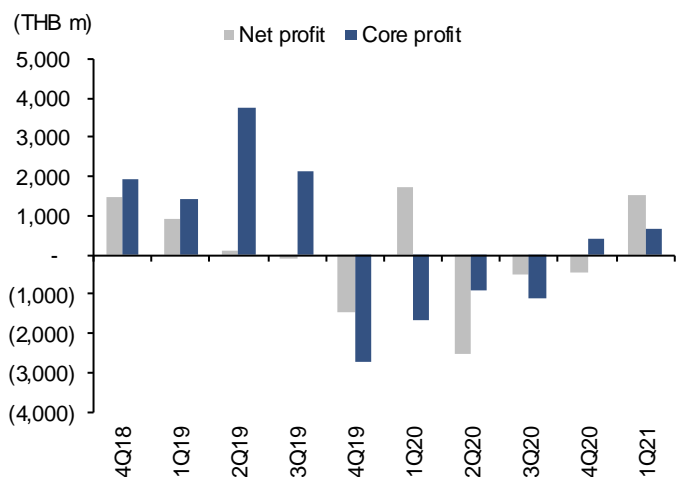
Exhibit 1: Net profit forecast breakdown



Sources: BANPU; FSSIA estimates

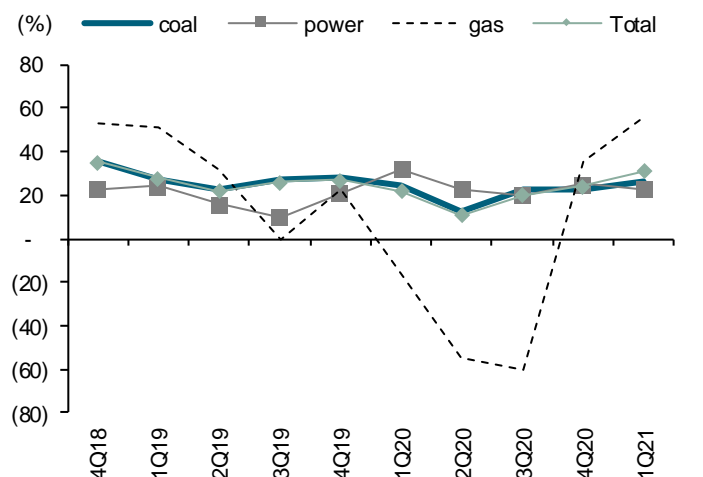
We now turn more positive on BANPU's net profit growth outlook and project that its net profit will grow from strength to strength in 2Q21-2022, driven by 1) a stronger-than-expected ASP for coal due to the tight supply and China's rising demand; 2) rising EBITDA from shale gas due to a rise in the shale gas price in the US above USD3/mmbtu in 2021-22; and 3) net profit growth from its power business, backed by capacity growth from the coal-fired power plant, SLG, in 2Q21, the recently acquired 167MW solar farms in Australia in Jun-21 and the Nakoso IGCC power plant – a 543MW IGCC-based plant located in Fukushima Prefecture in Japan in Apr-21.

Exhibit 2: Quarterly net profit and core net profit (loss)



Sources: BANPU; FSSIA estimates

Exhibit 3: Gross margins by segment

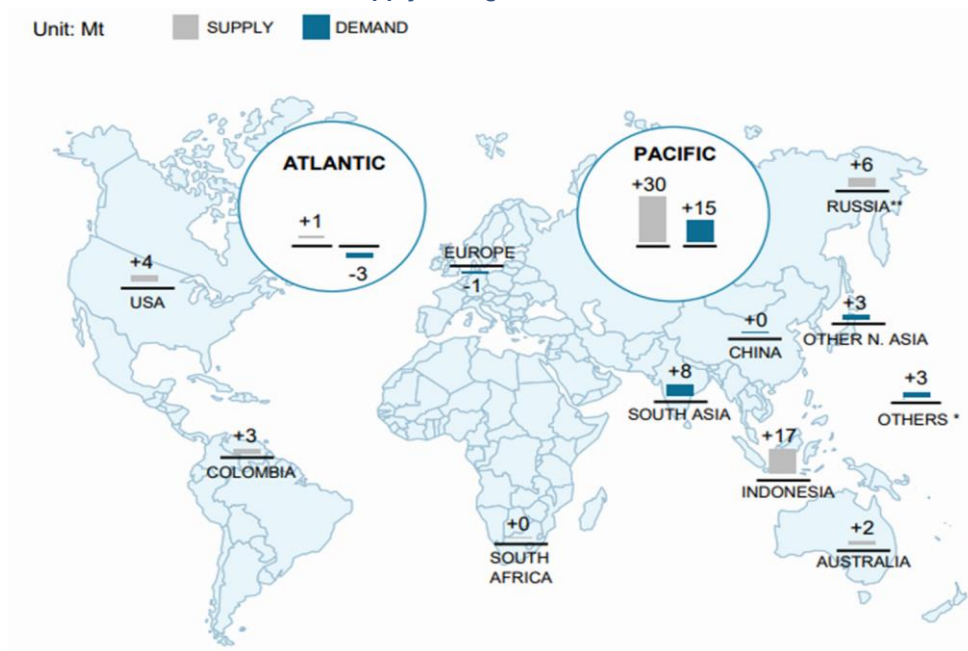


Sources: BANPU; FSSIA estimates

The cold winter has led to rising coal prices

While we expect the coal supply to grow by 30mt in Asia Pacific and 1mt in the Americas and Europe, higher than the demand growth of 15mt in Asia Pacific and -3mt in the Americas and Europe, we still believe the coal price is likely to remain high above USD90/t in 2H21 into 2022, driven by China’s relentless demand for coal and the political conflict between China and Australia, which should continue to support a sustained, high global coal price.

Exhibit 4: Coal demand and supply changes – 2020 vs 2021E

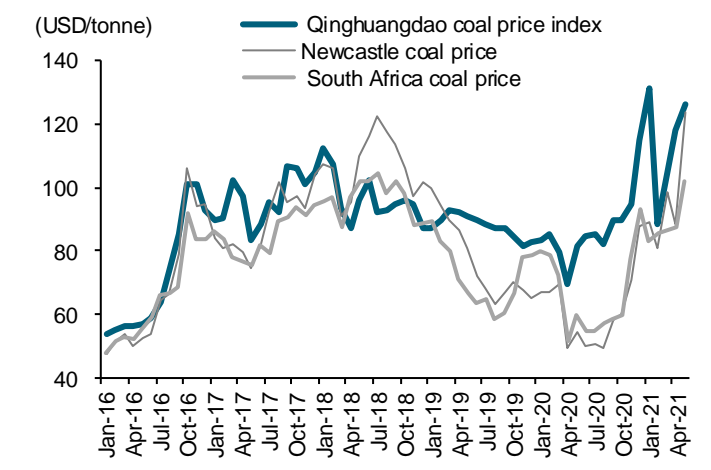


Source: BANPU

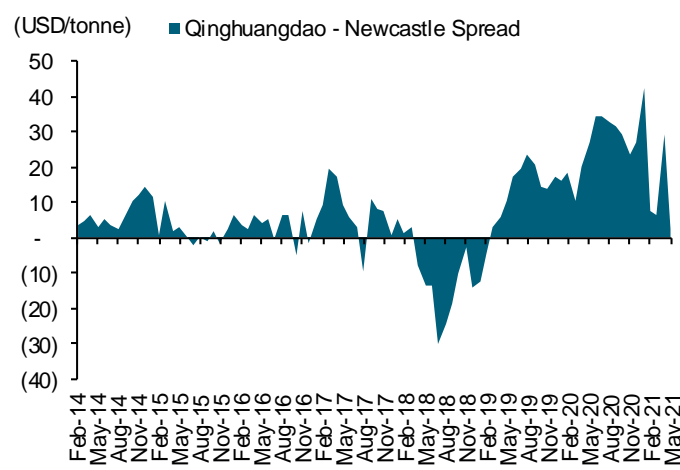
Coal price uptrend should continue in 2021. The structural supply shortage in Australia and China and the strong coal demand growth have pushed the NCT coal price index and China’s QHD coal price index higher, surpassing the USD85-100/t benchmark price (RMB530/t to RMB580/t) preferred by the Chinese government.

Exhibit 5: Benchmark coal prices (QHD vs NCT)

Exhibit 6: Coal price gap between QHD and NCT



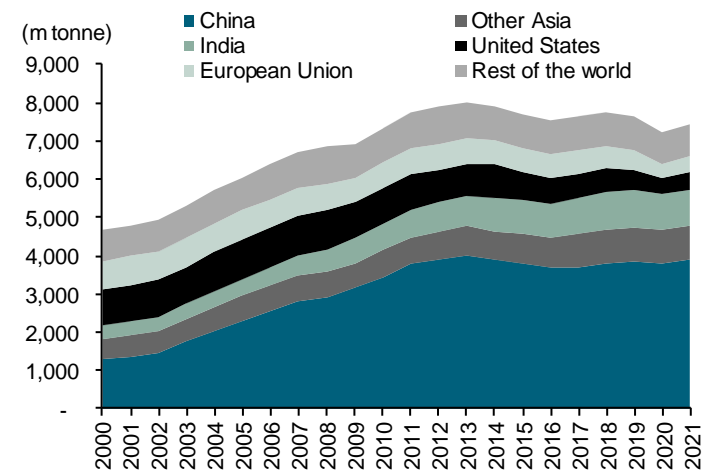
Source: Bloomberg



Source: Bloomberg

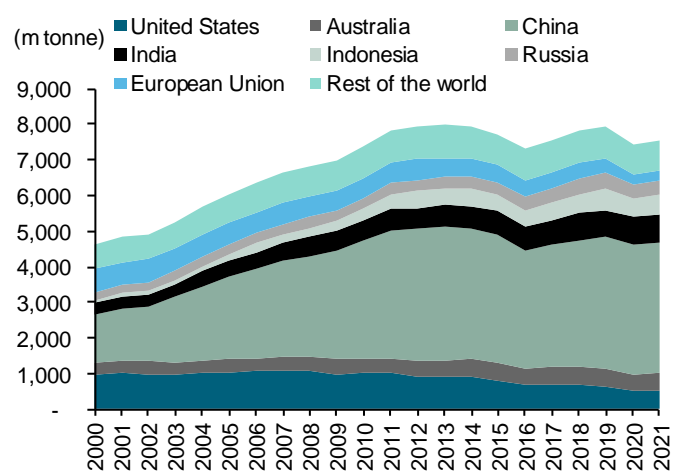
China paying a high price for the coal ban from Australia. China, the world's biggest importer, producer and consumer of coal, has effectively ended imports from Australia, the biggest shipper of coking coal used to make steel and number two for thermal coal used to produce electricity, as part of an ongoing political dispute between the two nations. According to the US Energy Information Administration (EIA), China is the world's largest producer and consumer of coal, producing 3.7b tonnes p.a. and consuming 3.9b tonnes of coal p.a., forcing it to import 100m-200m tonnes of coal annually to supply its coal-fired power plants.

Exhibit 7: Global coal consumption by region



Source: International Energy Agency (IEA)

Exhibit 8: Global coal production



Source: IEA

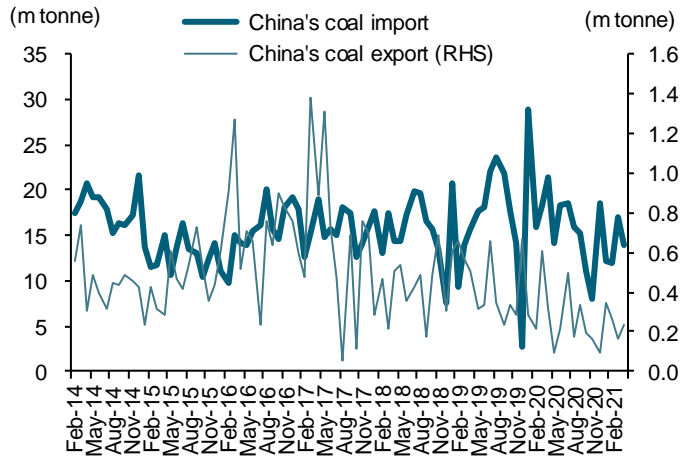
The restrictions on imports from Australia came into effect in 2H20, resulting in China's imports dropping to virtually zero from Australia in 2M21, down from a 2020 high of 9.46mt in Jun-20, according to the EIA. China's consumers of imported coal have been facing higher costs, with prices for alternatives to supplies from Australia, both local and foreign, rising as the market adjusts to the unofficial ban.

Thanks to China's trade conflict with Australia, China is paying a high price for its unofficial ban on coal imports from Australia, with the cost of domestic and alternative foreign supplies rising for both thermal and coking coal grades. China has turned to Indonesia, the world's top exporter of thermal coal, to plug some of the gaps caused by the absence of Australian cargoes, as well as buying more from Russia and South Africa; two countries that can offer a similar quality of coal to Australia. But boosting supplies from these countries appears to have done little to lower domestic prices, meaning Chinese users are still paying substantially more for coal than what they were prior to the ban on Australian coal.

China's plan to cut coal consumption continues. China will curb coal consumption in its economic plans spanning the next 10 years, President Xi Jinping said on 22 Apr-21 at US President Joe Biden's global climate summit, confirming China's existing target on peak carbon dioxide emissions before 2030 and carbon neutrality before 2060.

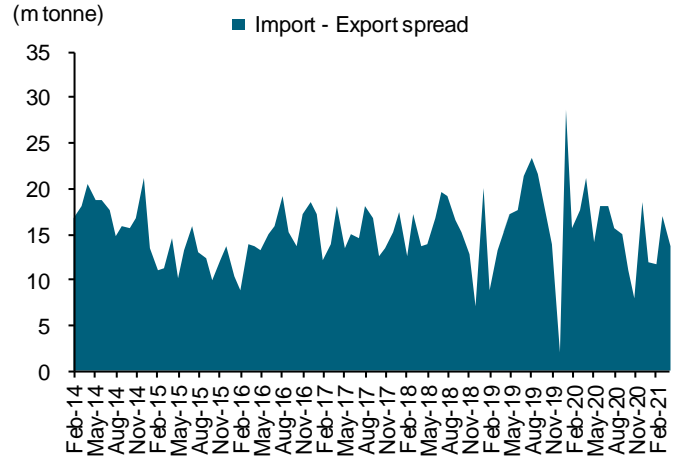
China's National Energy Administration (NEA) indicated on 22 Apr-21 that it was aiming to cut the share of coal in the country's energy consumption mix to less than 56% in 2021, indicating that marginal restrictions have already begun to fall in place. This would be lower than the 56.8% share that coal accounted for in China's total energy consumption of 4.98bt in 2020, according to China's 2020 Statistical Communique on National Economic and Social Development, released by the National Bureau of Statistics in Feb-21.

Exhibit 9: China's coal imports and exports



Source: Bloomberg

Exhibit 10: China's net coal imports

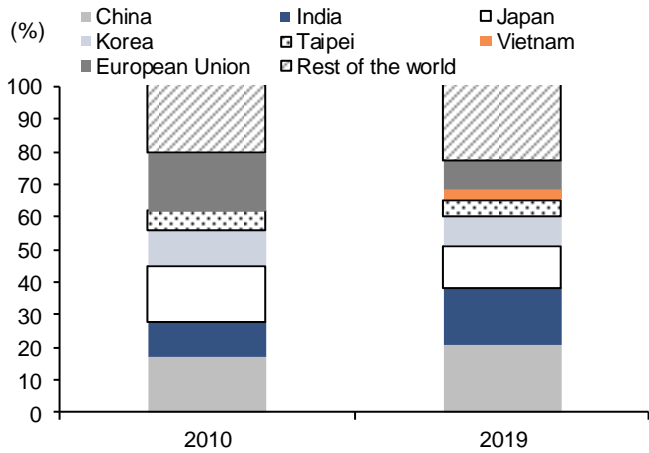


Source: Bloomberg

The NEA set an installed capacity target for non-fossil fuel power generation, including hydro, wind, solar, biomass and nuclear, to reach 1,100GW in 2021. This would be higher than the 980GW installed capacity of non-fossil fuel power generated as of end-2020 that accounted for 44.8% of the country's total installed capacity, according to the China Electricity Council. The state body has projected this installed capacity to reach 1,120GW to account for a 47.3% generator share in 2021.

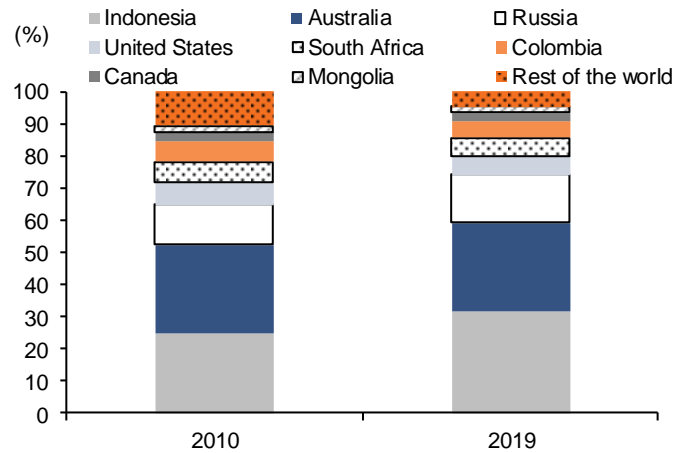
This suggests that the share of coal power generators will further shrink in 2021, given that the installed capacity of coal power generators was at 1,080GW in 2020, accounting for a 49.1% share of the generation capacity, the council's data showed. The NEA has continued to emphasise the efforts to limit coal consumption by controlling the number of scattered small-sized coal plants in 2021, including shutting and integrating outdated plants of certain specifications.

Exhibit 11: % share of coal imports



Source: IEA

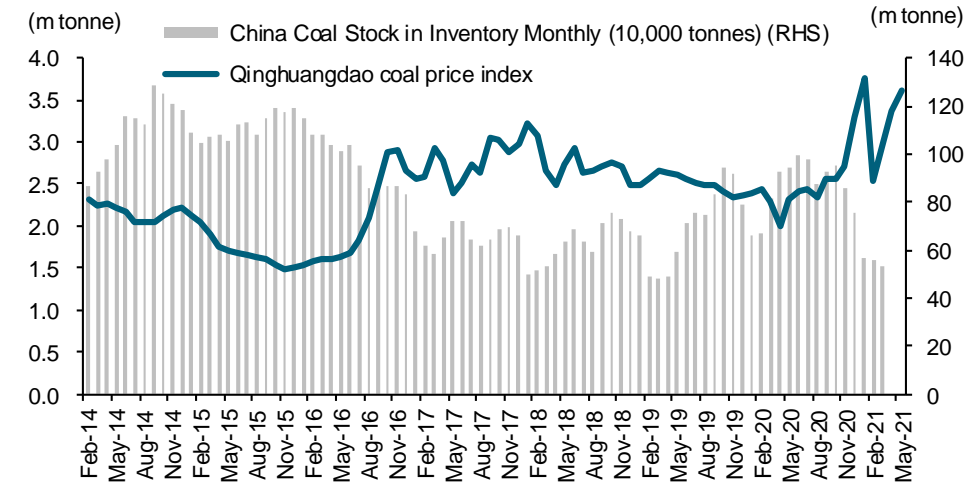
Exhibit 12: % share of coal exports



Source: IEA

Coal-fired power plants remain essential to China in 2021-25. Meanwhile, we think China’s regulator, the National Development and Reform Commission (NDRC)’s goal to rely more on coal suppliers in order to stabilise the QHD coal price at or below RMB600/t (USD85/t) has been overachieved, given the current QHD price spike to USD120/t – the price has stayed above RMB600/t since late Sep-20. The NDRC has asked Chinese coal producers to increase their production levels since Sep-20, but coal production in China had risen to only 349mt in Apr-21, up from 323mt in Sep-20 and 325mt in Oct-19.

Exhibit 13: China’s coal inventory vs Qinghuangdao coal price index

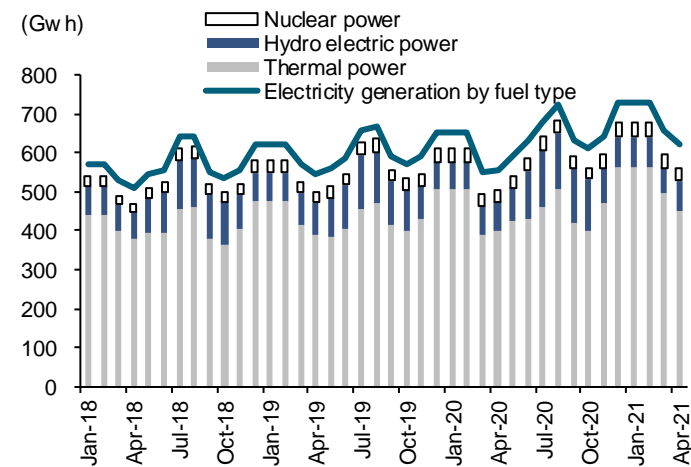


Source: Bloomberg

The mine accidents in Shanxi, Shaanxi, and Inner Mongolia have stalled the Chinese government’s target to increase the domestic coal production level to 350-400mt per month, resulting in the persistently high QHD coal price. With this winter (Jan to Apr-21) turning out to be colder than usual, we think China will be forced to import more coal in 2021 to secure enough coal inventory for its heating power capacity.

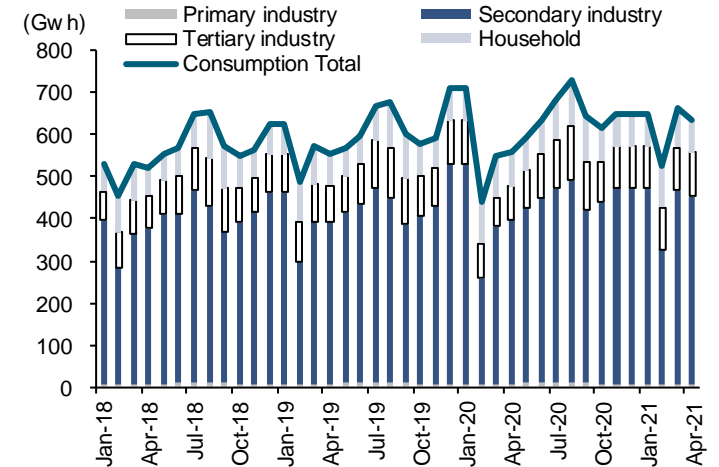
Most of China’s power consumption is for the secondary industry, which includes many light industries that still rely on coal-fired power plants. For instance, Banpu Power (BPP TB, BUY, TP THB22)’s new 1.2GW coal-fired SLG power plant that is projected to commence its commercial operation date (COD) in 2Q21 reflects the Chinese government’s willingness to allow the continued use of coal-fired power plants as a key power generation source.

Exhibit 14: Thermal power (mostly coal-fired) remains China’s main power generation capacity



Source: Bloomberg

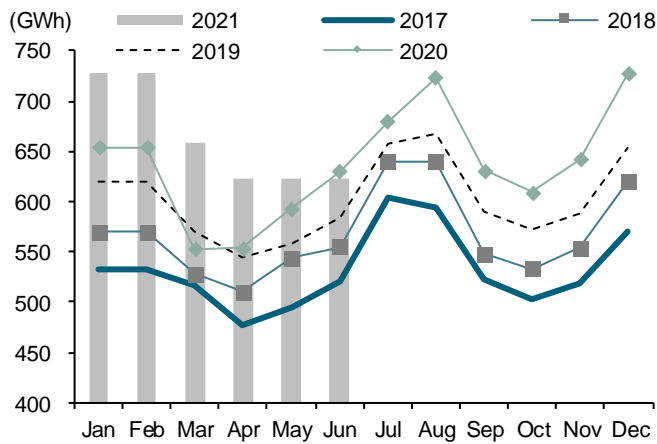
Exhibit 15: China’s electricity demand has sharply rebounded above pre-Covid-19 levels



Source: Bloomberg

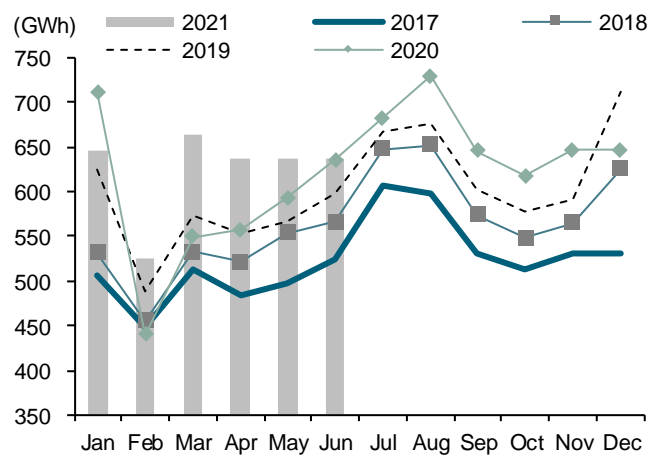
If we base China's electricity consumption on the Dec-20 level at 720GWh, we project that its electricity consumption in 2021 will spike to the range of 600-730GWh. This would require significant coal consumption for its coal-fired power plants that we think China would not be able to sufficiently supply on its own during this upcoming winter season. In the next three months (Jul-Sep), China should see a seasonally higher demand for coal amid the low coal inventory level, potentially leading to higher coal imports and a higher coal price.

Exhibit 16: China's electricity generation



Source: Bloomberg

Exhibit 17: China's electricity consumption



Source: Bloomberg

In the past month, at least five Chinese provinces warned of power shortages this summer due to a combination of factors, including recovery-driven demand and lower hydropower production this year. The provinces of Shandong, Guangdong, Jiangsu, Zhejiang and Yunnan accounted for over a third of China's power consumption last year, according to the NDRC.

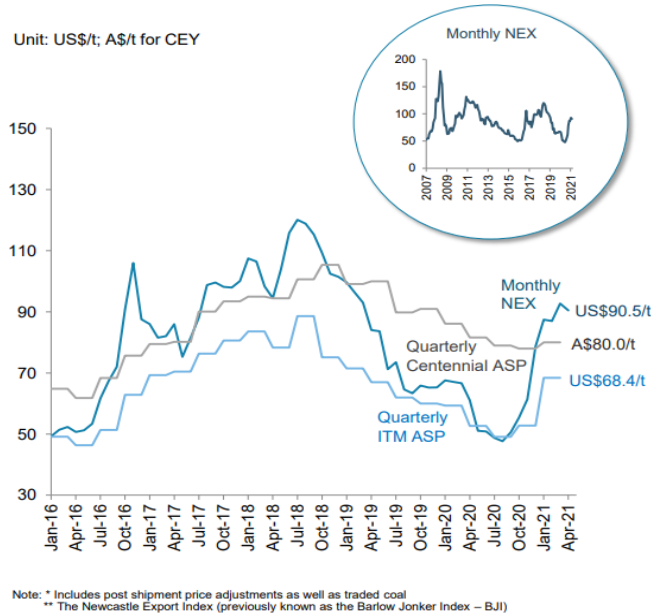
The early onset of hot weather and recovery-driven demand have already led to electricity rationing for commercial and industrial users in Guangdong and Yunnan provinces, according to the NDRC. High-tech factories in several manufacturing hubs have been ordered to cut back or shut down for between one to three days a week.

The electricity shortages may have put a temporary stop to the controversies over new coal-fired power plants and the arguments that they are no longer needed, although an NDRC report in May also cited the deficiencies of China's power grid. Coal-fired power plants remain critical for ensuring a stable supply of electricity and providing a necessary supplement to renewable energy power generation, the NDRC has indicated. The escalating costs to China's economy will supposedly be weighed against those of the global climate, but it appears that the Chinese government has already decided to serve short-term interests in calling for more coal.

Upside from coal price hike

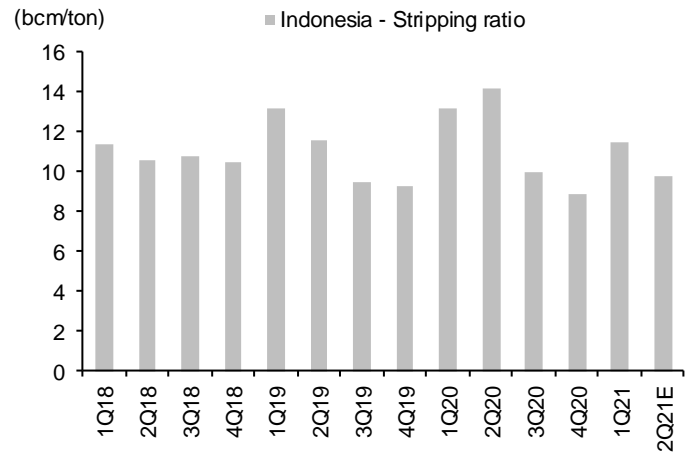
We turn more bullish on BANPU's net profit growth outlook in 2021-22 and project its coal net profits to rise substantially higher than our previous forecast, supported by a high ASP for coal at above a USD65/t average in 2021-22. Since Oct-20, the NCT and QHD indices have continued to rise, and we think they are likely to stay above USD90/t throughout 2021 thanks to China's rising demand and global supply shortage.

Exhibit 18: Coal ASP vs thermal coal benchmark prices



Source: BANPU

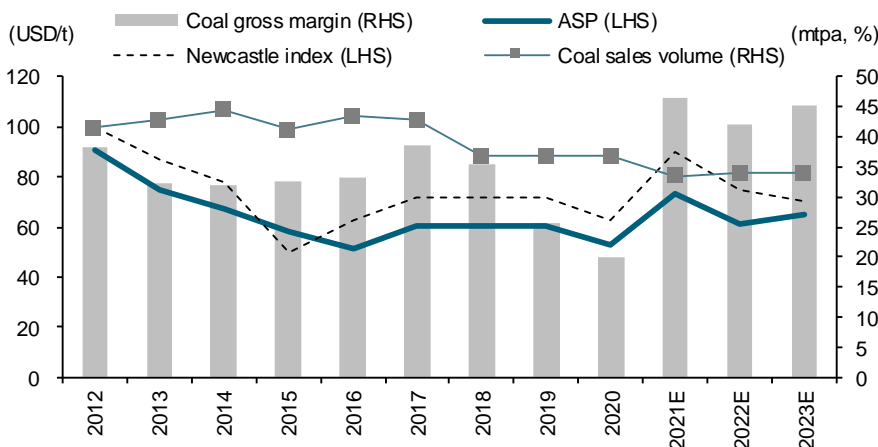
Exhibit 19: Strip ratio - Indonesia



Source: BANPU

ASP for coal to rise in 2Q21-2022. According to management, when coal prices rose in the past, BANPU normally captured only part of the coal price upside due to the high pre-fixed ASP portion for coal sales in advance (normally at 60-70% of the total sales volume) and the high coal mining stripping ratios (up to 2-5x stripping ratio) to capitalise on the less economical coal reserves. These two strategies prohibited BANPU from maximising its net profit from the higher coal prices due to the lower ASPs and higher mining costs.

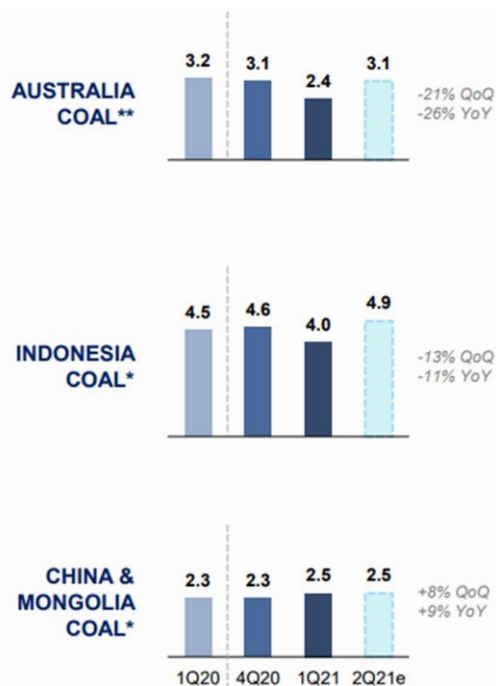
Exhibit 20: Coal gross margin, ASP, and sales volume vs NCT coal price index



Sources: BANPU; FSSIA estimates

However, BANPU has changed its coal sales strategy for 2021 onward by locking in the coal price at a much smaller proportion. Management indicated that it has now locked in its coal sales volume in 2021 at only 26% of its 2021 coal sales volume target of 23mt for its 65%-owned PT Indo Tambangraya Megah Tbk (ITMG ID), 5% y-y, and around 65% for its 13mt at Centennial (CEY) in Australia, down from 71% in 2020.

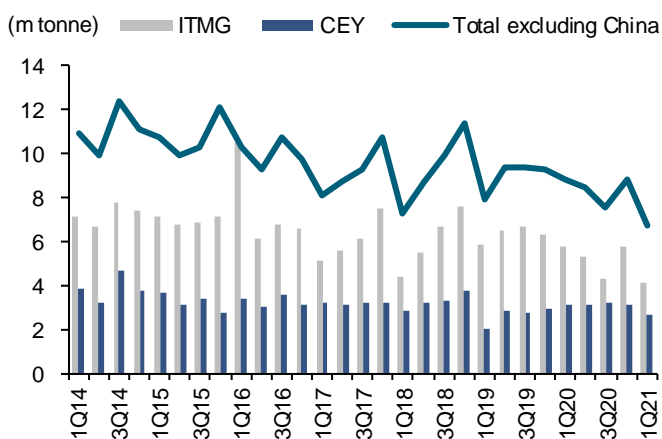
Exhibit 21: BANPU's coal production targets – breakdown by country



Note: *100% basis; **Equity basis
Source: BANPU

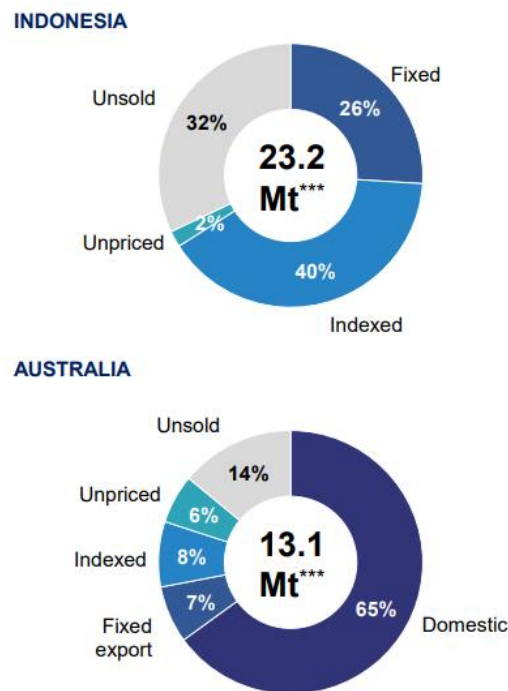
We think the EBITDA generated from BANPU's core coal unit will be in the range of USD120m-350m per quarter in 2021, up from USD103m in 3Q20 and only USD37m in 2Q20 when the NCT coal price was below USD60/t. The rising ASPs for coal and higher coal sales volumes should be the key drivers for the higher EBITDA from its coal unit, in our view. We project BANPU's coal producers, ITMG and CEY, to see much higher y-y impacts to their net profits from both rising coal sales volumes and ASPs, as we think the coal industry is unlikely to return to oversupply soon – we expect the NCT coal price to average USD75-90/tonne in 2021-22, up from our previous forecast of USD68-70/t.

Exhibit 23: BANPU's quarterly coal production volume



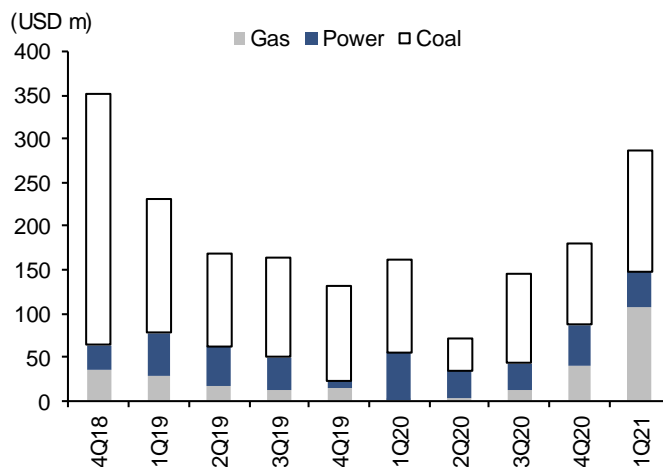
Source: BANPU

Exhibit 22: BANPU's coal pricing status for 2021



Note: ***Target sales; Coal sales includes third-party-sourced coal
Source: BANPU

Exhibit 24: Quarterly EBITDA breakdown by segment



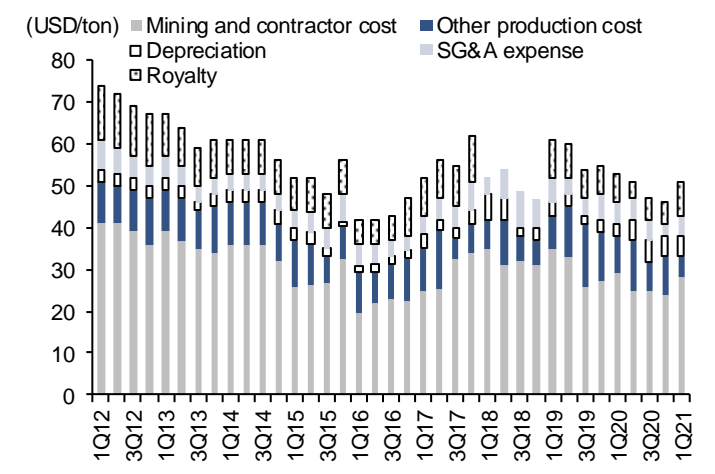
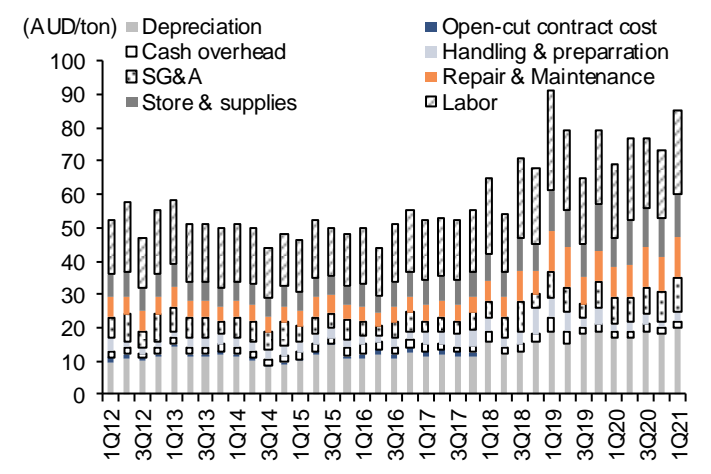
Source: BANPU

Coal cost to rise marginally in 2021-22. Despite the higher diesel price, which accounts for 25% of BANPU's ITMG open-pit mining cost, we think the total cost for ITMG will rise only marginally from USD50/t to US\$52/t, as BANPU has continued to strive for cost reduction for transportation and washing, and plans to maintain its stripping ratio in the range of 8-11x, even as the ASP for coal continues to rise. This should allow BANPU to capture the benefit of the coal price uptrend in 2021-22, in our view.

In contrast, the production cost for CEY has continued to increase from an AUD52/t average in 2012-18 to AUD73/t in 2020 and spiked to AUD85/t in 1Q21, due mainly to the higher expenses related to the long-haul removal activities at its largest mine, Mandalong, and the export-related expenses mainly from port disruptions. However, given the similar coal quality of a 6,700kcal/kg heat rate and low sulphur content, CEY should be able to sell its export coal at a higher price in tandem with the rise of the NCT index, more than offsetting the rising costs and still boosting the gross margin for CEY, based on our estimate.

Exhibit 25: Coal cost - Australia

Exhibit 26: Coal cost - Indonesia



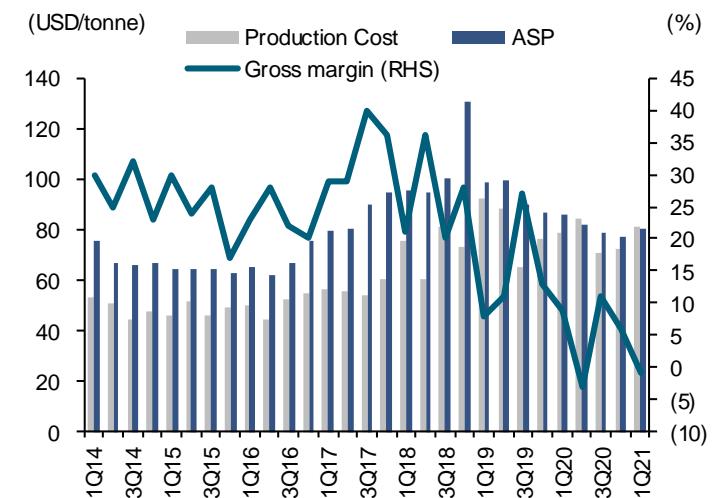
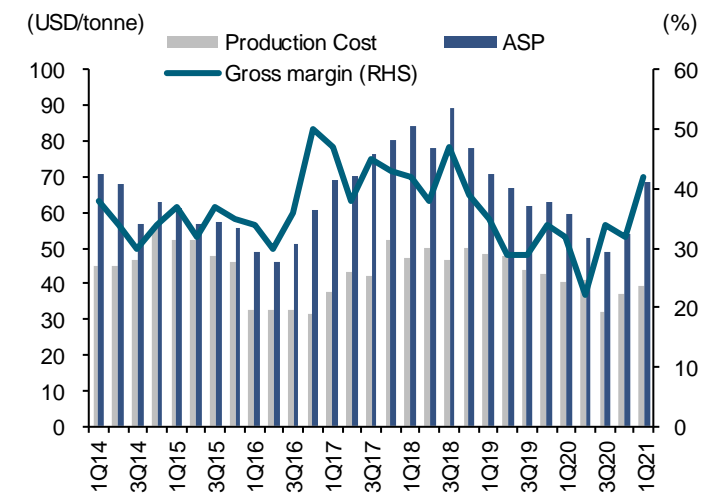
Source: BANPU

Source: BANPU

As a result of the effective cost controls and the change in coal price strategy, we believe BANPU should see a much higher gross margin (GM) for its coal units, particularly for ITMG, which has seen its GM rise from below 23% in 2Q20 to 43% in 1Q21. However, due to the rising cost, the GM for CEY has dropped from a 25% average in 2019 down to -1% in 1Q21, despite the higher ASP.

Exhibit 27: ITMG's coal cost, ASP, and gross margin

Exhibit 28: CEY's coal cost, ASP, and gross margin



Source: BANPU

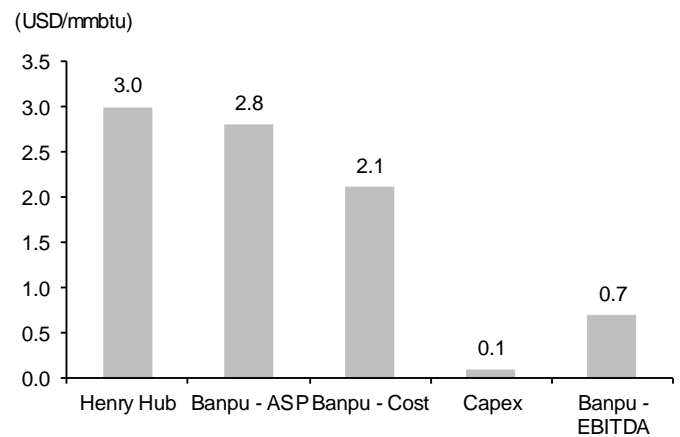
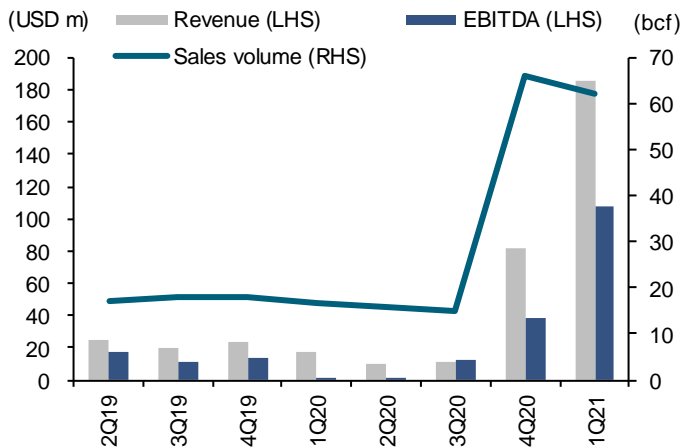
Source: BANPU

Gas price should stay above USD3/mmbtu in 2021-22

After fully consolidating the 597mmscfd acquired shale gas asset in Barnett since 4Q20, BANPU has seen its EBITDA from shale gas jump from USD13m in 3Q20 to USD39m in 4Q20 and USD108m in 1Q21, driven by both the sales volume from Barnett of 597mmscfd (75% of total capacity) and the higher ASP, as most of BANPU's shale gas costs are fixed. We estimate that under the USD3/mmbtu US HH shale gas price index, BANPU's shale gas EBITDA would be USD0.7/mmbtu. We expect BANPU to generate EBITDA from shale gas of over USD100m per quarter in 2Q21-2022, supported by an HH price above USD3/mmbtu.

Exhibit 29: Shale gas revenue, EBITDA, and sales volume

Exhibit 30: BANPU's shale gas EBITDA

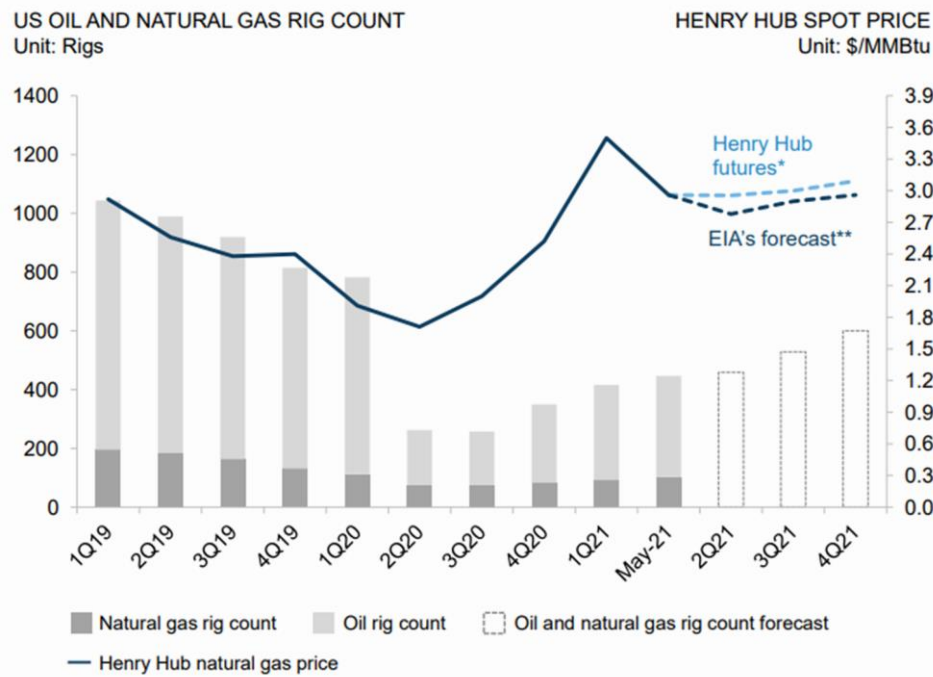


Source: BANPU

Sources: BANPU; FSSIA estimates

According to the EIA, while the US gas market balance is projected to remain in oversupply in 2021, the average HH gas price is forecast to rise from USD2.25/mmbtu in 2020 to USD3.31/mmbtu in 2021.

Exhibit 31: US rig count vs Henry Hub price

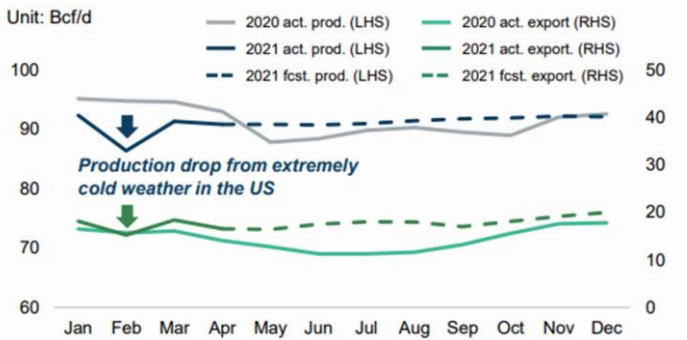


Note: *as of May 11th, 2021, **Short-Term Energy Outlook (May 2021)
Source: IHS Markit report and Baker Hughes US natural gas rotary rig count (May 2021)

Source: BANPU

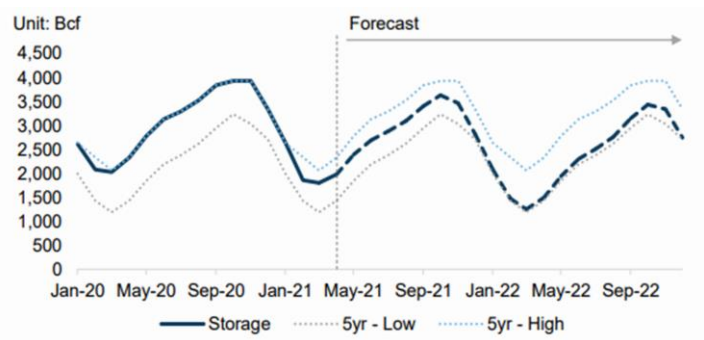
According to the EIA’s projections, the US gas inventory could rise in May to Sept-21 but should remain within its 5-year historical average range. Normally, the US gas inventory would start rising in May for restocking ahead of the seasonally high demand for both domestic consumption, heating in the winter, and LPG/LNG exports. However, starting in 2Q21, the EIA projects that, while the US gas inventory could increase ahead of the seasonally high winter demand, it is unlikely to drop to its normal average in 4Q21-1Q22 due to the continued high gas production level, mainly for shale gas.

Exhibit 32: US natural gas production



Source: BANPU

Exhibit 33: US storage level

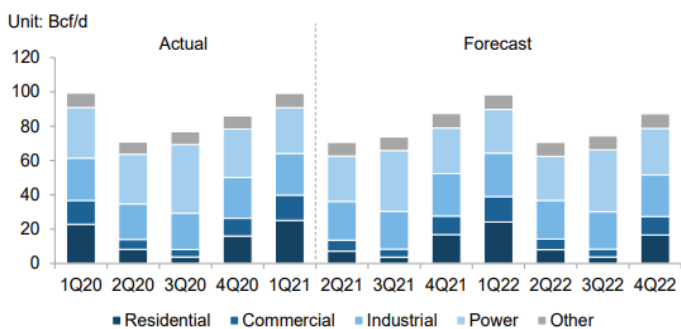


Source: BANPU

We expect the HH price to stay above USD3/mmbtu in 2021-22. The EIA estimates that, in response to the prolonged distressed HH price at lower than USD2/mmbtu (equivalent to USD2/kcf) in 2018-19, US shale gas producers started cutting their gas production levels in 2Q20, as most of those producers have a cash cost above USD2/mmbtu. In addition, the EIA expects US LNG exports to rise starting from 4Q20 into 2021-22, further driving up the US HH price.

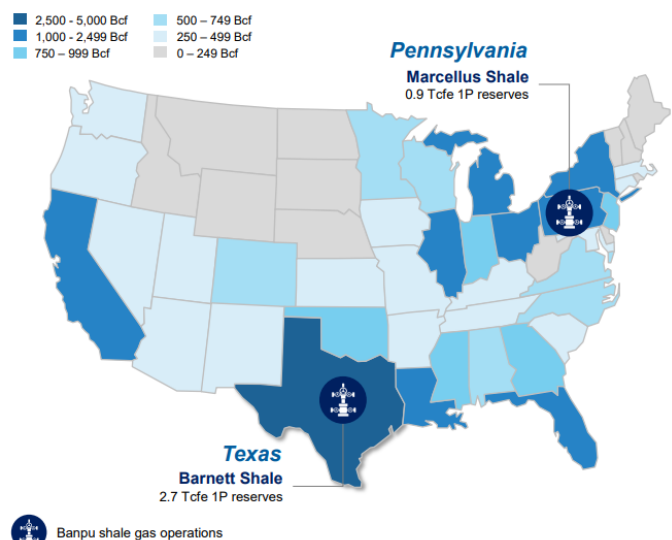
As a result, the EIA expects the HH price to rise from its bottom of USD1.7/mmbtu in Apr-20 to USD3.31/mmbtu by end-2021, driven by 1) lower gas production; and 2) higher gas exports for both LNG and pipeline gas after demand recovers post Covid-19. This should bode well for BANPU’s EBITDA from its shale gas business, in our view.

Exhibit 34: Resilient demand projection



Source: BANPU

Exhibit 35: US dry gas consumption as of 2019 by state



Source: BANPU

More upsidess from higher prices of coal, gas, and new power capacity

We have revised our EPS forecasts for 2021-23 by +19.5%/+14.2%/+14% to reflect 1) our 2.9-28.6% higher ASP for coal assumptions in 2021-22 to reflect our higher NCT coal price assumptions; 2) our higher coal cost estimates by 14.6% for CEY and 14.4%-20.1% for ITMG in 2021-23 to reflect our higher oil price assumptions from USD55/50/50 per bbl to USD65/60/60 per bbl.

Exhibit 36: Key changes in assumptions

	Current			Previous			Change		
	2021E (THB b)	2022E (THB b)	2023E (THB b)	2021E (THB b)	2022E (THB b)	2023E (THB b)	2021E (%)	2022E (%)	2023E (%)
Revenue	86,862	79,150	80,277	66,639	66,549	71,186	30.3	18.9	12.8
Gross profit	48,716	45,885	48,913	37,517	39,601	43,769	29.9	15.9	11.8
Operating profit	15,019	10,279	13,063	8,246	7,594	10,834	82.1	35.4	20.6
Core net profit	9,271	8,368	8,931	7,758	7,328	7,834	19.5	14.2	14.0
EPS (THB/shr)	1.73	1.55	1.66	1.44	1.36	1.46	19.5	14.2	14.0
Key assumptions									
Coal sales volume (mtpa)	33.5	34.0	34.0	33.5	34.0	34.0	-	-	-
Newcastle coal price (USD/t)	90.0	75.0	70.0	70.0	68.0	68.0	28.6	10.3	2.9
ASP for coal (USD/t)	73.2	61.0	65.0	56.9	55.3	63.2	28.6	10.3	2.9
Total cost - Indonesia (USD/t)	60.5	57.9	57.5	50.4	49.2	50.2	20.1	17.8	14.4
Total cost - Australia (USD/t)	55.0	55.0	55.0	48.0	48.0	48.0	14.6	14.6	14.6

Sources: BANPU; FSSIA estimate

We maintain BUY and raise our SOTP-based TP from THB14 to THB18 to reflect our EPS forecast revisions and the incorporation of a THB6.8 value for shale gas. We think BANPU's share price has still not priced in its strong 2021-22E performance due to the rising coal and gas prices, driven by rising net profits across its three divisions: coal (improving coal price and sales volumes), gas (rising gas price and sales volumes from the Barnett acquisition), and power (from the Hongsa power plant's higher utilisation rates).

Exhibit 37: SOTP valuation

BANPU's valuation breakdown	(THB/share)	Consolidated	
ITMG (65%) (A)	7.1	Yes	DCF 9% WACC, terminal growth is zero for mines
Value of non-ITMG coal business (B)	3.4		
China coal	8.2	No	DCF 9% WACC, terminal growth is zero for mines
Australia coal (Centennial)	18.7	Yes	DCF 9% WACC, terminal growth is zero for mines
Net value of ITMG and non-ITMG coal (A+B)	18.7		
Value of power business			
BLCP	3.0	No	DCF 7.1% WACC, terminal growth is zero at the end of PPA
China power	2.9	Yes	DCF 7.1% WACC, terminal growth is zero at the end of PPA
Hongsa	5.0	No	DCF 7.1% WACC, terminal growth is zero at the end of PPA
SLG	1.6	No	DCF 7.1% WACC, terminal growth is zero at the end of PPA
NIGCC	1.0	No	DCF 4% WACC, terminal growth is zero at the end of PPA
Solar farms (Japan, Thailand, China)	2.9	Yes	DCF 7.1% WACC, terminal growth is zero at the end of PPA
Net value of power (C)	16.4		
Net value of shale gas (D)	6.8	Yes	DCF 7.1% WACC, terminal growth is zero at the end of PPA
BANPU's net debt	(24)		At end-2021E
Net value of BANPU (A+B+C+D)	18.0		Target price

Sources: BANPU; FSSIA estimates

Financial Statements

Banpu

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	85,718	71,332	86,862	79,150	80,277
Cost of goods sold	(63,952)	(50,626)	(38,146)	(33,265)	(31,364)
Gross profit	21,766	20,706	48,716	45,885	48,913
Other operating income	-	-	-	-	-
Operating costs	(13,810)	(11,419)	(16,757)	(15,233)	(15,477)
Operating EBITDA	7,955	9,287	31,959	30,652	33,436
Depreciation	(10,761)	(13,543)	(16,574)	(20,007)	(20,007)
Goodwill amortisation	(195)	(31)	(366)	(366)	(366)
Operating EBIT	(3,000)	(4,287)	15,019	10,279	13,063
Net financing costs	(8,393)	(2,778)	(5,992)	(5,984)	(6,006)
Associates	6,444	4,239	5,781	6,068	5,427
Recurring non-operating income	11,416	5,264	6,296	6,854	6,111
Non-recurring items	3,697	1,502	0	0	0
Profit before tax	3,720	(300)	15,323	11,149	13,168
Tax	(2,368)	(269)	(2,672)	(1,423)	(2,167)
Profit after tax	1,352	(569)	12,651	9,727	11,000
Minority interests	(1,905)	(1,217)	(3,746)	(1,724)	(2,435)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(553)	(1,786)	8,905	8,002	8,565
Non-recurring items & goodwill (net)	(3,697)	(1,502)	0	0	0
Recurring net profit	(4,054)	(3,257)	9,271	8,368	8,931
Per share (THB)					
Recurring EPS *	(0.79)	(0.63)	1.80	1.62	1.73
Reported EPS	(0.11)	(0.35)	1.73	1.55	1.66
DPS	0.60	0.50	0.83	0.60	0.71
Diluted shares (used to calculate per share data)	5,162	5,162	5,162	5,162	5,162
Growth					
Revenue (%)	(24.0)	(16.8)	21.8	(8.9)	1.4
Operating EBITDA (%)	(71.0)	16.7	244.1	(4.1)	9.1
Operating EBIT (%)	nm	nm	nm	(31.6)	27.1
Recurring EPS (%)	nm	nm	nm	(9.7)	6.7
Reported EPS (%)	nm	nm	nm	(10.1)	7.0
Operating performance					
Gross margin inc. depreciation (%)	12.8	10.0	37.0	32.7	36.0
Gross margin of key business (%)	25.6	20.1	46.4	42.0	45.3
Operating EBITDA margin (%)	9.3	13.0	36.8	38.7	41.6
Operating EBIT margin (%)	(3.5)	(6.0)	17.3	13.0	16.3
Net margin (%)	(4.7)	(4.6)	10.7	10.6	11.1
Effective tax rate (%)	20.0	20.0	28.0	28.0	28.0
Dividend payout on recurring profit (%)	(76.4)	(79.2)	46.3	37.3	41.3
Interest cover (X)	1.0	0.4	3.6	2.9	3.3
Inventory days	24.6	24.5	27.9	28.7	28.8
Debtor days	43.1	38.1	37.3	45.0	42.4
Creditor days	15.9	13.8	22.2	27.4	27.9
Operating ROIC (%)	(1.6)	(10.6)	13.8	9.3	10.9
ROIC (%)	1.4	0.8	7.5	6.3	6.5
ROE (%)	(5.2)	(4.8)	14.2	11.9	11.9
ROA (%)	0.3	1.2	6.5	5.6	5.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Coal	30,346	39,086	40,308	39,086	37,865
Others	55,372	32,245	46,554	40,064	42,412

Sources: Banpu; FSSIA estimates

Financial Statements

Banpu

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(4,054)	(3,257)	9,271	8,368	8,931
Depreciation	10,761	13,543	16,574	20,007	20,007
Associates & minorities	(6,444)	(4,239)	(5,781)	(6,068)	(5,427)
Other non-cash items	(544)	1,302	4,517	4,508	4,530
Change in working capital	5,207	1,403	(1,916)	1,083	(133)
Cash flow from operations	4,925	8,753	22,664	27,899	27,908
Capex - maintenance	-	-	-	-	-
Capex - new investment	(11,578)	(22,372)	(27,243)	(24,824)	(25,178)
Net acquisitions & disposals	(3,133)	2,828	2,828	2,828	2,828
Other investments (net)	3,894	(2,160)	(2,160)	(2,160)	(2,160)
Cash flow from investing	(10,817)	(21,704)	(26,575)	(24,157)	(24,510)
Dividends paid	(3,097)	(2,882)	(3,293)	(3,804)	(3,357)
Equity finance	0	0	0	0	0
Debt finance	8,531	28,455	6,700	(1,200)	2,500
Other financing cash flows	(3,117)	(7,069)	(2,535)	(4,701)	(718)
Cash flow from financing	2,317	18,505	872	(9,705)	(1,575)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3,576)	5,553	(3,039)	(5,962)	1,823
Free cash flow to firm (FCFF)	(66.87)	(7,332.57)	2,283.90	10,081.00	9,761.79
Free cash flow to equity (FCFE)	(478.41)	8,434.89	253.84	(2,158.90)	5,180.22
Per share (THB)					
FCFF per share	(0.01)	(1.42)	0.44	1.95	1.89
FCFE per share	(0.09)	1.63	0.05	(0.42)	1.00
Recurring cash flow per share	(0.05)	1.42	4.76	5.19	5.43
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	93,339	112,066	139,309	164,133	189,311
Less: Accumulated depreciation	(34,543)	(34,543)	(51,117)	(71,124)	(94,427)
Tangible fixed assets (net)	58,796	77,523	88,192	93,010	94,884
Intangible fixed assets (net)	460	94	94	94	94
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	49,104	50,761	51,872	53,270	54,027
Cash & equivalents	16,388	21,941	18,902	12,940	14,763
A/C receivable	7,415	7,482	10,250	9,261	9,392
Inventories	3,759	3,045	2,780	2,454	2,489
Other current assets	13,533	14,833	14,833	14,833	14,833
Current assets	41,095	47,301	46,764	39,487	41,477
Other assets	108,134	105,969	86,171	91,439	96,706
Total assets	257,589	281,648	273,093	277,299	287,188
Common equity	72,195	62,344	67,956	72,154	77,362
Minorities etc.	18,286	22,211	25,958	27,682	30,117
Total shareholders' equity	90,481	84,555	93,913	99,836	107,479
Long term debt	103,749	112,559	123,415	122,140	124,563
Other long-term liabilities	16,285	18,129	17,915	17,704	17,494
Long-term liabilities	120,034	130,687	141,330	139,844	142,057
A/C payable	1,798	2,025	2,610	2,379	2,413
Short term debt	29,964	49,140	20,000	20,000	20,000
Other current liabilities	15,312	15,240	15,240	15,240	15,240
Current liabilities	47,074	66,405	37,850	37,618	37,652
Total liabilities and shareholders' equity	257,589	281,648	273,093	277,299	287,188
Net working capital	7,597	8,096	10,012	8,929	9,062
Invested capital	224,090	242,442	236,341	246,741	254,773
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	13.99	12.08	13.16	13.98	14.99
Tangible book value per share	13.90	12.06	13.15	13.96	14.97
Financial strength					
Net debt/equity (%)	129.7	165.3	132.6	129.4	120.8
Net debt/total assets (%)	45.5	49.6	45.6	46.6	45.2
Current ratio (x)	0.9	0.7	1.2	1.0	1.1
CF interest cover (x)	2.3	12.1	5.6	4.8	6.1
Valuation					
Recurring P/E (x) *	(18.6)	(23.1)	8.1	9.0	8.4
Recurring P/E @ target price (x) *	(22.9)	(28.5)	10.0	11.1	10.4
Reported P/E (x)	(136.3)	(42.2)	8.5	9.4	8.8
Dividend yield (%)	4.1	3.4	5.7	4.1	4.9
Price/book (x)	1.0	1.2	1.1	1.0	1.0
Price/tangible book (x)	1.1	1.2	1.1	1.0	1.0
EV/EBITDA (x) **	26.5	25.6	7.1	7.6	7.0
EV/EBITDA @ target price (x) **	28.7	27.4	7.6	8.1	7.6
EV/invested capital (x)	0.9	1.0	1.0	0.9	0.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Banpu; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SE-ED	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

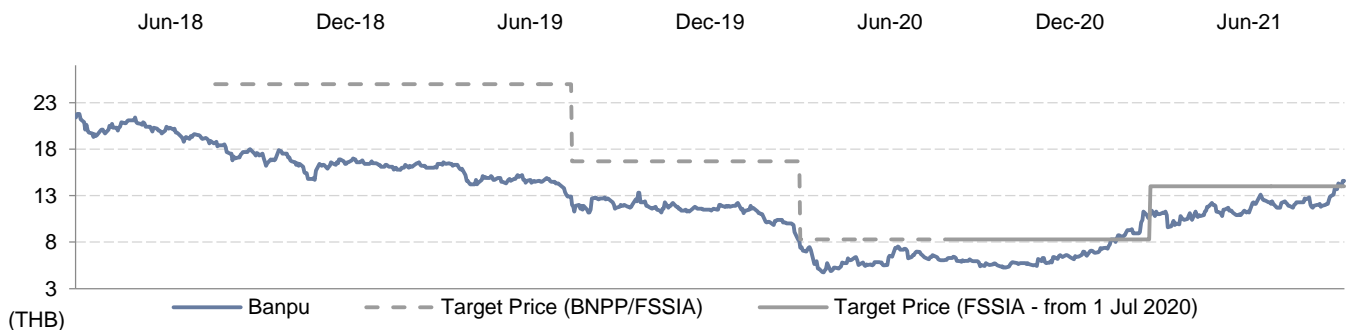
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Banpu (BANPU TB)



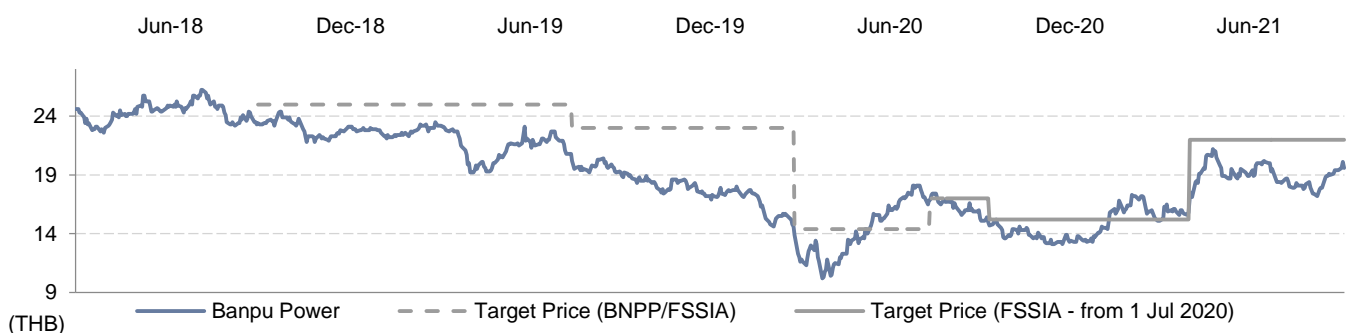
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	25.00	26-Feb-2020	HOLD	8.30	09-Oct-2020	BUY	8.30
13-Aug-2019	BUY	16.70	26-Feb-2020	HOLD	8.30	23-Dec-2020	BUY	14.00

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

Banpu Power (BPP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	HOLD	25.00	17-Jun-2020	HOLD	17.00	16-Oct-2020	HOLD	15.20
13-Aug-2019	HOLD	23.00	17-Jun-2020	HOLD	17.00	26-Jan-2021	BUY	22.00
21-Feb-2020	HOLD	14.40	06-Aug-2020	HOLD	15.20			

Suwat Sinsadok started covering this stock from 15-Nov-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Banpu	BANPU TB	THB 14.60	BUY	We see downside risks to our SoTP-based TP from lower coal prices, higher diesel costs and any unplanned shutdowns of its power plants
Banpu Power	BPP TB	THB 19.60	BUY	Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-Jun-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.