

15 JULY 2021

THAILAND / UTILITIES - CONVENTIONAL

GLOBAL POWER SYNERGY GPSC TB

BUY
 UNCHANGED

TARGET PRICE	THB112.00
CLOSE	THB78.75
UP/DOWNSIDE	+42.2%
PRIOR TP	THB110.00
CHANGE IN TP	+1.8%
TP vs CONSENSUS	+29.1%

แสงใต้กับลมเหนือ

จากโรงไฟฟ้าพลังแสงอาทิตย์ทางใต้ถึงโรงไฟฟ้าพลังลมนอกชายฝั่งทางเหนือ หลังประกาศเมื่อวันที่ 13 ก.ค. 2021 เกี่ยวกับการซื้อหุ้น 41.6% ในโรงไฟฟ้าพลังแสงอาทิตย์ในอินเดีย GPSC ประกาศว่าบริษัท ได้ซื้อหุ้น 25% ใน CI Changfang Limited และ CI Xidao Limited (CI) บริษัททั้งสองเป็นผู้พัฒนาและดำเนินการโรงไฟฟ้าพลังลมนอกชายฝั่งขนาด 595MW ในไต้หวันประกอบด้วย โครงการ Changfang ขนาด 547MW และโครงการ Xidao ขนาด 48MW ซึ่งมีกำหนดดำเนินงานเชิงพาณิชย์ในปี 2022-23 ต้นทุนการซื้ออยู่ที่ 15 พัน ลบ. (USD0.5 พันล้าน)

การซื้อโรงไฟฟ้าพลังงานหมุนเวียนทั้งสองแห่งเน้นยุทธศาสตร์การเติบโตที่เป็นมิตรต่อสิ่งแวดล้อมมากยิ่งขึ้น

เรามองการซื้อดังกล่าวเป็นบวกเนื่องจาก 1) รายการดังกล่าวเป็นการซื้อโรงไฟฟ้าพลังงานหมุนเวียนแห่งที่ 2 ติดต่อกันของ GPSC ซึ่งแสดงให้เห็นว่าบริษัท มีความมุ่งมั่นสูงในการขยายกำลังการผลิตที่เป็นมิตรต่อสิ่งแวดล้อมมากยิ่งขึ้นในต่างประเทศเพื่อเพิ่มกำลังการผลิตจากพลังงานหมุนเวียนเป็นเกือบ 40% ซึ่งทำให้ GPSC เป็นบริษัทพลังงานที่เป็นมิตรต่อสิ่งแวดล้อม รับผิดชอบต่อสังคม และมีธรรมาภิบาลที่ดี (ESG) มากยิ่งขึ้น; 2) การซื้อโรงไฟฟ้าพลังลมนอกชายฝั่งจะกระจายความเสี่ยงของพอร์ตสินทรัพย์ของ GPSC ให้มีสมดุลมากยิ่งขึ้นจากในปัจจุบันที่พึ่งพาโรงไฟฟ้าที่ใช้ก๊าซฯ ในประเทศไทยเป็นหลัก; 3) การซื้อดังกล่าวจะทำให้กำลังการผลิตเพิ่ม 3% (กำลังการผลิตตามสัดส่วนการถือหุ้น 149MW) เมื่อเทียบกับกำลังการผลิต 5GW ของ GPSC ในปัจจุบัน (6.5GW ถ้าวรวมกำลังการผลิตตามส่วนจากโรงไฟฟ้าพลังแสงอาทิตย์จาก Avaada ในอินเดีย; และ 4) ประเมินการกำไรต่อหุ้นปี 2021 จะเพิ่มอีก 3.7% จาก Avaada และปี 2023 อีก 17% หลังการซื้อ Avaada และ CI

ไม่ต้องเพิ่มทุนมาซื้อ Avaada และ CI

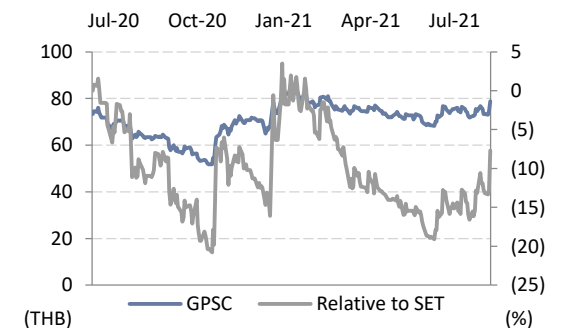
จากการเพิ่มทุนในปี 2020 เราคาดว่าบริษัท จะมีสัดส่วนหนี้สินต่อทุน (DE) เพิ่มขึ้นจาก 0.7x ใน 1Q21 เป็น 0.8x หลังการซื้อ Avaada พร้อมสัดส่วน Debt-to-EBITDA สุทธิที่เพิ่มขึ้นจาก 3.7x ใน 1Q21 เป็น 3.9x หลังการซื้อดังกล่าว ดังนั้นเราจึงคิดว่า GPSC ยังมีความสามารถในการก่อหนี้เพื่อเป็นทุนสนับสนุนการซื้อ CI ผู้บริหารระบุว่าเงินลงทุน USD0.5 พันล้านสำหรับ CI ส่วนมากจะต้องใช้ในปี 2022-23 ไม่ใช่ในปี 2021 ดังนั้นผู้บริหารจึงยืนยันว่า GPSC จะไม่ประสบปัญหาในการหาเงินทุนสนับสนุนการซื้อ Avaada และ CI และไม่มีแผนที่จะเพิ่มทุนอีกด้วย

น่าสนใจมากยิ่งขึ้นในฐานะที่เป็นหุ้นพลังงาน ESG ที่น่าสนใจ

เราลงคำแนะนำซื้อหลังปรับเพิ่มราคาเป้าหมายจาก 110 เป็น 112 บาท (SoTP) เนื่องจากรวมการปรับประมาณการกำไรต่อหุ้นสำหรับ CI เราคาดว่า Avaada และ CI น่าจะเพิ่มมูลค่ารวม 4.1 บาท/หุ้นให้แก่ GPSC (3.1 บาทจาก Avaada และ 1.0 บาทจาก CI) เราปรับเพิ่มประมาณการกำไรต่อหุ้นปี 2022-23 อีก 0.7-9.9% เพื่อสะท้อนรายได้จากการลงทุนใน CI

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	69,578	84,043	84,286	94,336
Net profit	7,508	9,381	10,213	11,469
EPS (THB)	2.66	3.33	3.62	4.07
vs Consensus (%)	-	7.4	10.5	14.2
EBITDA	20,892	21,180	21,208	22,329
Core net profit	7,113	9,381	10,213	11,469
Core EPS (THB)	2.52	3.33	3.62	4.07
Chg. In EPS est. (%)	-	-	0.7	9.9
EPS growth (%)	27.6	31.9	8.9	12.3
Core P/E (x)	31.2	23.7	21.7	19.4
Dividend yield (%)	4.2	2.4	2.5	2.6
EV/EBITDA (x)	15.1	15.7	15.9	15.1
Price/book (x)	2.2	2.1	2.0	1.9
Net debt/Equity (%)	75.1	86.8	85.5	79.8
ROE (%)	7.0	9.0	9.4	10.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.6	9.4	7.1
Relative to country (%)	7.8	7.4	(8.5)
Mkt cap (USD m)	6,797		
3m avg. daily turnover (USD m)	25.7		
Free float (%)	25		
Major shareholder	PTTGC Plc (23%)		
12m high/low (THB)	88.00/50.50		
Issued shares (m)	2,819.73		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok

suwat.sin@fssia.com
+66 2611 3558

Siriluck Pinthusoonthorn

siriluck.pin@fssia.com
+66 2611 3562

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 15 กรกฎาคม 2021

Investment thesis

Backed by the PTT Group as a major shareholder, GPSC is the fourth largest utilities company in Thailand by market capitalisation, with its operations comprising the generation of electricity, steam and other utilities. Currently, the company has an electricity generating capacity of 5,055MW as of 2020 and solid expansion plans to increase its capacity to 6,761MW from 2021 onward.

Established as a power investment arm of the PTT Group – Thailand's leading energy company – GPSC has long leveraged its solid ties with the group to expand its electricity generation capacity growth and capture domestic and international opportunities. Currently, GPSC generates electricity mainly from natural gas (80%), and most of its capacity is aimed at supporting PTT Group companies, including PTT (PTT TB, BUY), PTT Global Chemical (PTTGC TB, BUY), Thai Oil (TOP TB, BUY) and IRPC (IRPC TB, BUY).

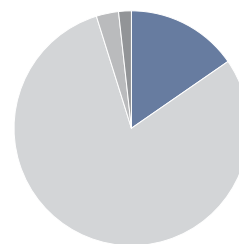
Company profile

GPSC is PTT Group's power flagship company. It operates small power producers, is an independent power producer and has a presence in renewable energy.

www.gpscgroup.com

Principal activities (revenue, 2020)

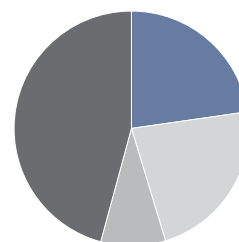
- Independent power producer - 15.4 %
- Small power producer - 79.8 %
- Very small power producer - 3.1 %
- Others - 1.8 %



Source: Global Power Synergy

Major shareholders

- PTTGC Plc - 22.7 %
- PTT Plc - 22.6 %
- TOP Plc - 8.9 %
- Others - 45.8 %



Source: Global Power Synergy

Catalysts

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

Risks to our call

The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users.

Event calendar

Date	Event
Aug 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Gas cost (THB/mmbtu)	272	275	278
Tariff (THB/kWh)	3.23	3.26	3.29
Capacity (MW)	7,492	7,516	7,641
CAPEX (THB m)	(21,325)	(15,300)	(12,200)

Source: FSSIA estimates

Earnings sensitivity

- Ceteris Paribus, for every 1% increase in gas price, we estimate 2021 earnings will decline 1.1%, and vice versa.
- Ceteris Paribus, for every 1% increase in interest rate, we estimate 2021 earnings will decline 1.1%, and vice versa.

Source: FSSIA estimates

From southern light to northern wind renewables

Following GPSC's announcement on 13 July 2021 of its 41.6% stake acquisition of solar farms in India, GPSC announced that it acquired a 25% stake in CI Changfang Limited and CI Xidao Limited (CI). The companies are developers and operators of offshore wind farms with a 595MW capacity in Taiwan, comprising the 547MW Changfang project and the 48MW Xidao project, with CODs in 2022-23. The acquisition cost is THB15b (USD0.5b).

Exhibit 1: Acquisition of Avaada's solar farms in India

Avaada Energy	Unit	
Stake acquired	41.6	%
Acquisition cost	14,825	THB m
Implied acquisition cost per MW	9.5	THB m/MW
Avaada Energy's capacity		
Operating capacity	1,392	MW
Under-construction capacity	2,352	MW
Total capacity	3,744	MW
GPSC's capacity	1Q21	
Equity capacity (41.6%)	1,558	MW
Current operating equity capacity	4,752	MW
% increase	32.8	%

Sources: GPSC; FSSIA estimates

Exhibit 2: Acquisition of CI's offshore wind farms in Taiwan

CI offshore wind farm	Unit	
Stake acquired	25.0	%
Acquisition cost	15,500	THB m
Implied acquisition cost per MW	104.2	THB m/MW
CI's capacity		
Operating capacity	-	MW
Under-construction capacity	595	MW
Total capacity	595	MW
GPSC's capacity	1Q21	
Equity capacity (25%)	149	MW
Current operating equity capacity	4,752	MW
% increase	3.1	%

Sources: GPSC; FSSIA estimates

This is another positive surprise to us, considering that:

1) We think the acquisition cost is reasonable at THB104m/MW (USD3.2m/MW) and the projects will staggeringly commence their CODs in 2022 (Changfang phase 1 96MW) and 2023 (Changfang phase 2 451MW and Xidao 48MW), allowing GPSC to fund the CI projects via its internal cash flow and debt;

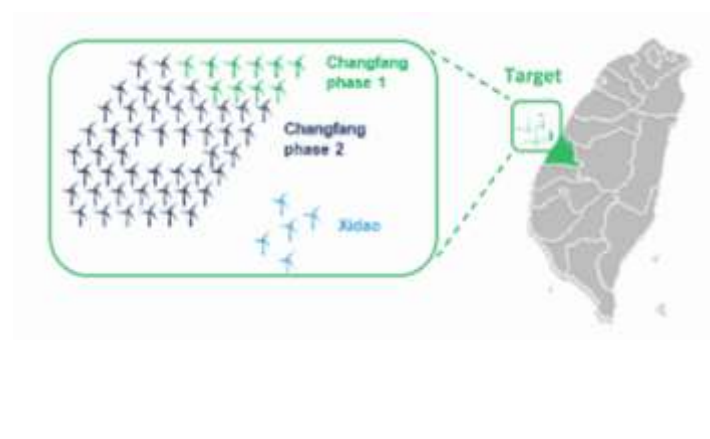
2) The M&A will be EPS accretive, with 2023E EPS increasing by 17% when the full-year operations of all of CI's wind farms and Avaada's solar farms are added.

Exhibit 3: Shareholding structure post transaction



Source: GPSC

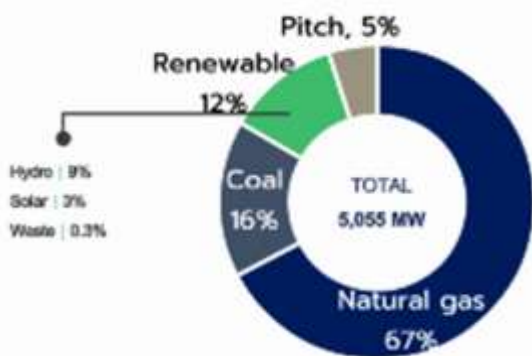
Exhibit 4: Changfang & Xidao project locations



Source: GPSC

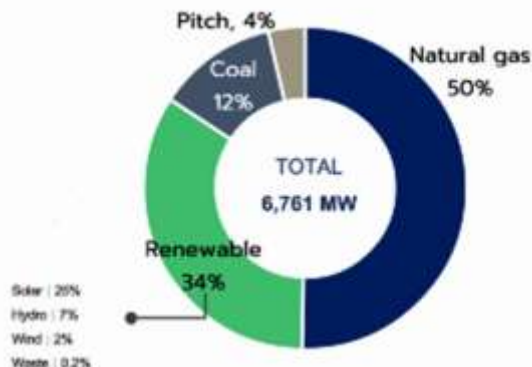
ESG enhancement with Avaada and CI. With Avaada and CI, we estimate that GPSC's equity capacity will rise to 6.76GW, up by 33.7% from 5.1GW as of 2020. The addition of Avaada and CI should also drive GPSC's equity capacity from renewables up to 34%, exceeding its 30% target and making GPSC a much greener company and more attractive for investors as one of the Thai power companies with a solid ESG outlook.

Exhibit 5: GPSC's capacity portfolio breakdown by fuel type as of 2020 (total capacity of 5,055MW)



Source: GPSC

Exhibit 6: GPSC's capacity portfolio breakdown by fuel type as of 2021 onward (total capacity of 6,761MW)



Source: GPSC

Similar to the acquisition of Avaada, management indicated several reasons for GPSC to enter into renewables in Taiwan, and sees Taiwan as one of four key countries to grow its capacity.

- Taiwan is a fast-growing power market with a clear focus on renewable capacity growth, focusing on solar and wind power, according to GPSC.
- Taiwan has favourable regulations for renewables with 20-year power purchase agreements (PPAs) and NTD4.14-6.28/kWh tariffs (THB3.7-5.61/kWh).
- The PPAs for renewables are highly secured with state-owned enterprise and private companies as buyers.
- Taiwan has strong wind speed, particularly for offshore wind farms, with an expected average 44% capacity factor, based on management's guidance.
- The investment cost is low for wind farms at USD3m-4m/MW, on par with the average investment cost in Asia but with a much higher capacity factor.

EPS accretive by 3.7% with the acquisition of Avaada and 17% with the acquisition of Avaada and CI. Our analysis indicates that GPSC's EPS would rise by 3.7% post-acquisition of the 41.6% stake in Avaada in 2021 and rise by 17% in 2023 post-acquisition of Avaada and CI.

We estimate that GPSC would realise an additional THB0.9b-1.0b annual net profit contribution from Avaada and THB0.7b from CI in 2023 onward in the form of equity income, based on our following assumptions:

Exhibit 7: GPSC's 2023E EPS changes pre- and post-acquisition of the 41.6% stake in Avaada and 25% stake in CI

2023 financial forecasts	Pre-Avaada+CI	Post-Avaada	Post-Avaada+CI (as shown in financial statements)	% increase (Avaada)	% increase (Avaada+CI)	Unit
Net profit	10,213	11,159	11,469	9.3	17.0	THB m
EBITDA	21,208	24,208	22,329	14.1	27.5	THB m
Interest expense	4,258	4,851	4,265	13.9	28.5	THB m
# shares outstanding	2,820	2,820	2,820	0.0	0.0	m shares
EPS	3.62	3.4	4.07	(4.8)	17.0	THB/share
Share price	79.00	79.00	79.00	0.0	0.0	THB/share
Implied P/E	21.8	21.2	18.6	(2.6)	(14.5)	x

Sources: GPSC; FSSIA estimates

Exhibit 8: GPSC's 2021E EPS changes pre- and post-acquisition of the 41.6% stake in Avaada

2021 financial forecasts	Pre-Avaada	Post-Avaada	% increase	Unit
Net profit	9,381	9,724	3.7	THB m
EBITDA	21,180	24,180	14.2	THB m
Interest expense	3,106	3,699	19.1	THB m
# shares outstanding	2,820	2,820	0.0	m shares
EPS	3.33	3.45	3.7	THB/share
Share price	79.00	79.00	0.0	THB/share
Implied P/E	23.7	22.9	(3.5)	x

Sources: GPSC; FSSIA estimates

Tariff structure comparison (Avaada's solar farms vs CI's offshore wind farms)

Avaada's solar farms. Avaada's feed-in-tariff (FiT) structure is INR2.62-4.5/kWh (THB1.15-1.98/kWh) for the operating solar farms (1.39GW) and INR2.56-3.6/kWh (THB1.13-1.58/kWh) for the projects under construction (2.35GW).

Exhibit 9: Avaada's feed-in-tariff structure and estimated profitability

Exchange rate (THB/INR)	0.44	THB/INR		
Avaada's electricity tariff	Feed-in-tariff	Feed-in-tariff	Net margin at 30%	Net profit per MW
	(INR/kWh)	(THB/kWh)	(THB/kWh)	(THB m/MW)
Operating solar farms - min	2.62	1.15	0.35	0.5
Operating solar farms - max	4.50	1.98	0.59	0.6
Under-construction solar farms - min	2.56	1.13	0.34	0.5
Under-construction solar farms - max	3.60	1.58	0.48	0.6
Estimated average net profit per unit	3.32	1.46	0.44	0.6
EIRR	10-15			

Sources: GPSC; FSSIA estimates

CI's offshore wind farms. Similar to Avaada's solar farms in India, the electricity tariff for CI's offshore wind farms will be at a higher FiT of NTD6.28/kWh (THB5.61/kWh) in the first 10 years of operations and then drop to NTD4.14/kWh (THB3.7/kWh) for years 11-20. However, we estimate that CI's EIRR will be lower than Avaada's (CI's 8-10% vs Avaada's 10-15%), thanks to the higher investment costs for the offshore wind farms despite CI's higher FiT for offshore wind farms than Avaada's solar farms.

Exhibit 10: CI's feed-in-tariff structure and estimated profitability

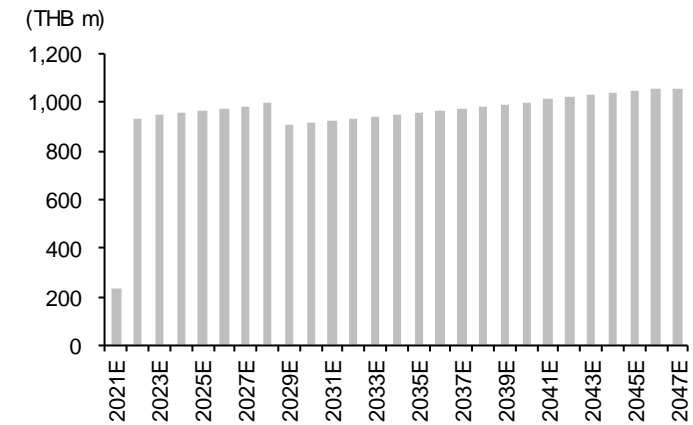
Exchange rate (THB/NTD)	1.12	THB/NTD		
CI tariff	Feed-in-tariff	Feed-in-tariff	Net margin at 40%	Net profit per MW
	(NTD/kWh)	(THB/kWh)	(THB/kWh)	(THB m/MW)
Year 1-10	6.28	5.61	2.45	9.5
Year 11-20	4.14	3.70	1.62	5.3
Estimated net profit per MW	5.21	4.65	2.03	0.6
EIRR	8-10			

Sources: GPSC; FSSIA estimates

Other assumptions for CI's offshore wind farms include: 1) a net margin at 20-30% in the first 10 years, based on management's guidance; 2) a PPA lifetime of 20 years; 3) an EIRR in the 8-10% range; 4) an investment cost per MW of USD3m/MW; and 5) an interest rate at 3%.

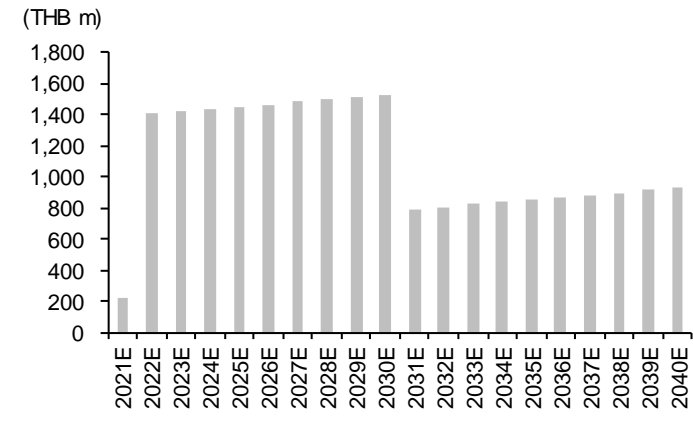
We estimate that GPSC's 41.6% acquisition of Avaada's 3.7GW solar farms at the THB14.8b acquisition cost will add a THB3.1/share value, while CI, at its THB15b acquisition cost, will add THB1.0/share to GPSC.

Exhibit 11: Net profit projections for Avaada based on GPSC's 41.6% stake



Sources: GPSC; FSSIA estimates

Exhibit 12: Net profit projections for CI based on GPSC's 25% stake

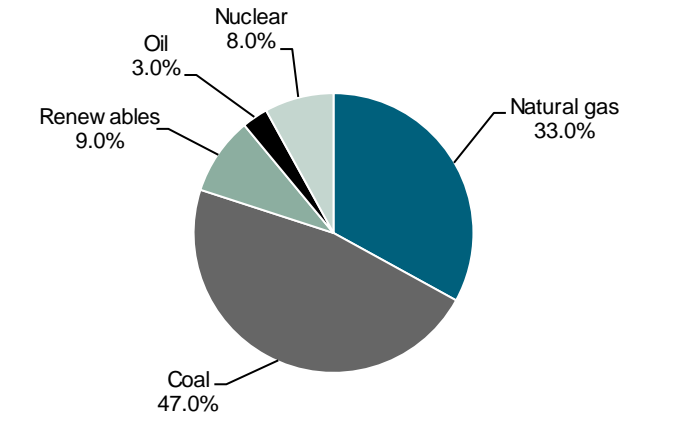


Sources: GPSC; FSSIA estimates

Strategic fit for GPSC's growth target. We believe the acquisition of Avaada's large-scale solar farms in India and CI's offshore wind farms in Taiwan are a strategic fit for GPSC's "3S" growth strategy.

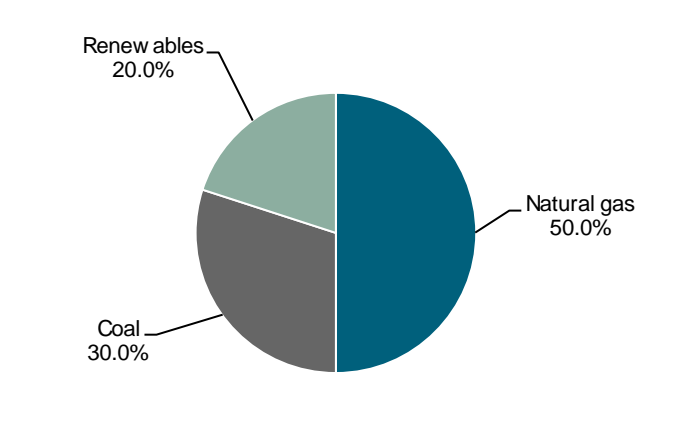
Strategy #1: Synergy & integration to focus on existing assets to enhance operational efficiency. At end-2020, GPSC had a total of 5GW of equity capacity, with renewable energy accounting for 12.3% of its total equity capacity. With Avaada and CI, we project GPSC's renewable capacity to account for 34% in 2023, surpassing the 30% strategic target that GPSC has set to achieve by 2025.

Exhibit 13: Taiwan's capacity breakdown by fuel type as of 2017



Source: GPSC

Exhibit 14: Taiwan's capacity breakdown by fuel type as of 2025E



Source: GPSC

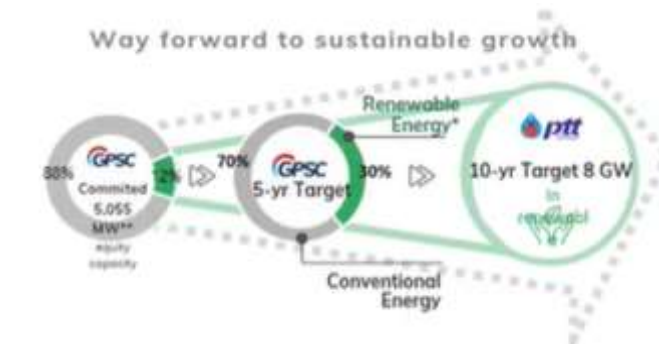
Strategy #2: Selective growth opportunities, both domestic and overseas, and renewable energy via co-investment with its parent (PTT)'s strength, focusing on Thailand, India, Taiwan, and Vietnam as four key markets. Avaada and CI will be two big steps for GPSC to achieve its growth strategy overseas, and management indicated that after the two large-scale acquisitions of Avaada and CI, GPSC is unlikely to have a large acquisition in 2021-22.

Exhibit 15: Potential growth



Source: GPSC

Exhibit 16: GPSC's growth target



Source: GPSC

Strategy #3: S-curve business of EVs and batteries. GPSC is now ramping up its first phase 30MWh battery plant for 3Q21, and plans to expand to 100MWh in 2023-24. With the large-scale solar farms from Avaada, we think GPSC could increase the potential demand for its batteries to be used with solar farms in India and Taiwan, potentially allowing the company to scale up its battery plant to over 3-5GWh to achieve economies of scale and reduce its battery cost, based on our estimate.

No capital increase risk post-acquisition of Avaada and CI. Thanks to GPSC's capital increase in 2020, we estimate that the company will see its net DE rise from 0.7x in 1Q21 to 0.8x post-acquisition of Avaada, with its net debt-to-EBITDA rising from 3.7x in 1Q21 to 3.9x post-acquisition. Hence, GPSC still has the debt capacity to fund its acquisition of CI, in our view.

Management indicated that the USD0.5b investment for CI will be staggered in 2022-23, not in 2021. Hence, management confirmed that GPSC will have no difficulty in funding both the acquisition of Avaada and CI, and has no plan for a capital increase.

Exhibit 17: GPSC's financial position pre- and post-acquisition of Avaada

1Q21 financial position			Unit
Cash	25,163		THB m
Debt	104,464		THB m
Debt with Avaada's funding	119,289		THB m
Equity	114,096		THB m
Net debt	79,301		THB m
Net debt with Avaada's funding	94,126		THB m
	Pre-Avaada	Post-Avaada	Unit
DE	0.9	1.0	x
Net DE	0.7	0.8	x
Net debt-to-EBITDA	3.7	3.9	x

Sources: GPSC; FSSIA estimates

Maintain BUY; TP revised to THB112

We raise our EPS forecasts for 2022-23 by 0.7-9.9% to reflect 1) the incorporation of equity income from the 25% stake in CI starting in 1Q22 onward; 2) the higher capacity from the additional capacity from CI; and 3) the higher capex in 2022-23 to include the THB15b acquisition cost of CI.

Exhibit 18: Key changes in assumptions

	Current				Previous				Change (%)		
	2021E	2022E	2023E		2021E	2022E	2023E		2021E	2022E	2023E
Revenue	84,043	84,286	94,336		84,043	84,286	94,336		0.0	0.0	0.0
Gross profit	13,301	13,674	14,895		13,301	13,674	14,895		0.0	0.0	0.0
Operating profit	11,639	12,089	13,119		11,639	12,006	13,025		0.0	0.7	0.7
Core net profit	9,381	10,213	11,469		9,381	10,142	10,433		0.0	0.7	9.9
EPS (THB/shr)	3.33	3.62	4.07		3.33	3.60	3.70		0.0	0.7	9.9
Key assumptions											
Gas cost (THB/mmbtu)	272	275	278		272	275	278		0.0	0.0	0.0
Tariff (THB/kWh)	3.23	3.26	3.29		3.23	3.26	3		0.0	0.0	0.0
Capacity (MW)	7,492	7,516	7,641		7,492	7,492	7,492		0.0	0.3	2.0
CAPEX (THB m)	(21,325)	(15,300)	(12,200)		(21,325)	(6,000)	(6,000)		0.0	155.0	103.3

Sources: GPSC; FSSIA estimates

We revise our SoTP-based target price to THB110 to THB112 as we include our EPS forecast revisions from CI. We believe the recent move to acquire Avaada and CI should add a combined value of THB4.1/share to GPSC (THB3.1/share from Avaada and THB1.0/share from CI) and further strengthen its long-term growth strategy to focus on four key countries – Thailand, India, Taiwan, and Vietnam – which are all low-risk, high-growth markets for a utilities company, in our view.

Exhibit 19: SoTP valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		2.3	Pretax cost of debt		3.0
Market risk premium		8.5	Marginal tax rate		20.0
Stock beta		0.90			
Cost of equity, Ke		10.0	Net cost of debt, Kd		2.4
Weight applied		30.0	Weight applied		70.0
WACC (%)		4.6			
DCF valuation estimate	THB m	THB/share	Comments		
Core operating assets	147,171	52	Include all SPPs and two hydropower plants, WACC 4.6%		
Investments	26,891	10	Estimated value for affiliates post 2015, assume EIRR of 12%		
Cash	2,136	1	At end-2021E		
Debt	(102,825)	(36)	At end-2021E		
Minorities	(10,184)	(4)	At end-2021E		
Residual ordinary equity - Exc. ERU	63,189	21			
GLOW	117,037	42	Excluding SPP replacement projects		
XPCL	9,992	4	Assume EIRR 12%, COD Oct 2019		
ERU - TOP	4,461	2	Assume EIRR 9.4%, COD 2023E		
GLOW SPP replacement	115,071	41	Including GEN phase 2, GSPP2&3, and GSPP11#1		
Avaada	8,705	3	Assume EIRR 14%		
CI - offshore wind farms (Taiwan)	2,835	1	Assume EIRR 8%		
Target price	309,750	112			

Sources: GPSC; FSSIA estimates

Financial Statements

Global Power Synergy

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	66,562	69,578	84,043	84,286	94,336
Cost of goods sold	(47,985)	(47,742)	(62,748)	(62,945)	(70,879)
Gross profit	18,578	21,836	21,296	21,342	23,457
Other operating income	918	1,402	1,546	1,451	648
Operating costs	(670)	(2,346)	(1,662)	(1,585)	(1,777)
Operating EBITDA	18,826	20,892	21,180	21,208	22,329
Depreciation	(7,079)	(8,706)	(7,995)	(7,668)	(8,561)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	11,748	12,186	13,185	13,540	13,767
Net financing costs	(4,822)	(4,022)	(3,106)	(4,236)	(4,265)
Associates	837	924	1,577	3,057	4,368
Recurring non-operating income	837	924	1,577	3,057	4,368
Non-recurring items	(1,514)	395	0	0	0
Profit before tax	6,248	9,483	11,656	12,361	13,871
Tax	(247)	(993)	(1,058)	(959)	(1,155)
Profit after tax	6,001	8,490	10,599	11,402	12,716
Minority interests	(1,940)	(982)	(1,218)	(1,189)	(1,247)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	4,061	7,508	9,381	10,213	11,469
Non-recurring items & goodwill (net)	1,514	(395)	0	0	0
Recurring net profit	5,575	7,113	9,381	10,213	11,469
Per share (THB)					
Recurring EPS *	1.98	2.52	3.33	3.62	4.07
Reported EPS	1.44	2.66	3.33	3.62	4.07
DPS	1.30	3.30	1.90	1.95	2.05
Diluted shares (used to calculate per share data)	2,820	2,820	2,820	2,820	2,820
Growth					
Revenue (%)	167.5	4.5	20.8	0.3	11.9
Operating EBITDA (%)	220.8	11.0	1.4	0.1	5.3
Operating EBIT (%)	188.9	3.7	8.2	2.7	1.7
Recurring EPS (%)	(11.8)	27.6	31.9	8.9	12.3
Reported EPS (%)	(35.8)	84.9	24.9	8.9	12.3
Operating performance					
Gross margin inc. depreciation (%)	17.3	18.9	15.8	16.2	15.8
Gross margin of key business (%)	17.3	18.9	15.8	16.2	15.8
Operating EBITDA margin (%)	28.3	30.0	25.2	25.2	23.7
Operating EBIT margin (%)	17.6	17.5	15.7	16.1	14.6
Net margin (%)	8.4	10.2	11.2	12.1	12.2
Effective tax rate (%)	4.6	11.6	10.5	10.3	12.2
Dividend payout on recurring profit (%)	65.8	130.8	57.1	53.8	50.4
Interest cover (X)	2.6	3.3	4.8	3.9	4.3
Inventory days	28.0	49.6	42.1	47.7	45.1
Debtor days	48.7	56.4	39.5	39.3	35.1
Creditor days	28.4	32.6	26.6	30.2	28.5
Operating ROIC (%)	13.8	9.0	(2.2)	(2.0)	(11.7)
ROIC (%)	7.4	4.7	(1.3)	(1.3)	(8.5)
ROE (%)	7.9	7.0	9.0	9.4	10.1
ROA (%)	7.2	4.4	3.9	4.0	2.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Independent power producer	14,993	10,695	14,901	5,140	14,820
Small power producer	50,215	55,525	65,068	74,713	75,081
Very small power producer	581	2,136	2,851	3,208	3,208
Others	773	1,222	1,224	1,225	1,227

Sources: Global Power Synergy; FSSIA estimates

Financial Statements

Global Power Synergy

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	5,575	7,113	9,381	10,213	11,469
Depreciation	7,079	8,706	7,995	7,668	8,561
Associates & minorities	837	924	1,577	3,057	4,368
Other non-cash items	1,957	1,317	1,318	1,318	1,319
Change in working capital	992	(10,510)	(1,079)	(15)	(629)
Cash flow from operations	16,439	7,551	19,193	22,241	25,088
Capex - maintenance	(7,079)	(8,706)	(6,295)	(5,868)	(6,761)
Capex - new investment	(72,735)	(1,296)	(16,728)	(11,231)	(7,237)
Net acquisitions & disposals	2,354	(540)	0	0	0
Other investments (net)	0	0	0	0	0
Cash flow from investing	(77,460)	(10,543)	(23,024)	(17,099)	(13,999)
Dividends paid	0	0	(6,485)	(5,498)	(5,498)
Equity finance	0	0	0	0	0
Debt finance	81,105	5,705	(1,490)	7,300	(4,000)
Other financing cash flows	(6,157)	(1,264)	(6,348)	(3,188)	(4,442)
Cash flow from financing	74,948	4,441	(14,323)	(1,386)	(13,941)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	13,927	1,450	(18,153)	3,756	(2,851)
Free cash flow to firm (FCFF)	(55,880.92)	1,032.24	(724.98)	9,399.96	15,413.38
Free cash flow to equity (FCFE)	13,927.18	1,450.02	(11,668.07)	9,254.75	2,647.73
Per share (THB)					
FCFF per share	(19.82)	0.37	(0.26)	3.33	5.47
FCFE per share	4.94	0.51	(4.14)	3.28	0.94
Recurring cash flow per share	5.48	6.41	7.19	7.89	9.12
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	120,025	127,437	148,762	164,062	176,262
Less: Accumulated depreciation	(18,753)	(27,460)	(33,755)	(39,623)	(46,384)
Tangible fixed assets (net)	101,272	99,978	115,007	124,440	129,878
Intangible fixed assets (net)	7,578	6,072	6,072	6,072	6,072
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	10,625	11,165	11,165	11,165	11,165
Cash & equivalents	18,839	20,289	2,136	5,892	3,041
A/C receivable	12,405	9,084	9,084	9,084	9,084
Inventories	6,724	6,253	8,219	8,245	9,284
Other current assets	952	7,828	9,455	9,482	10,613
Current assets	38,919	43,454	28,894	32,703	32,022
Other assets	93,622	95,987	95,987	95,987	95,987
Total assets	252,017	256,656	257,126	270,367	275,125
Common equity	100,893	102,901	105,797	110,511	116,482
Minorities etc.	9,283	8,966	10,184	11,373	12,620
Total shareholders' equity	110,176	111,867	115,981	121,885	129,102
Long term debt	79,356	92,321	99,825	109,125	105,125
Other long-term liabilities	25,736	30,405	25,736	25,736	25,736
Long-term liabilities	105,093	122,726	125,561	134,861	130,861
A/C payable	4,581	3,952	5,194	5,210	5,867
Short term debt	19,253	11,993	3,000	1,000	1,000
Other current liabilities	12,914	6,118	7,390	7,412	8,295
Current liabilities	36,748	22,063	15,584	13,621	15,162
Total liabilities and shareholders' equity	252,017	256,656	257,126	270,367	275,125
Net working capital	2,585	13,096	14,174	14,190	14,819
Invested capital	215,683	226,298	242,406	251,854	257,922
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	35.78	36.49	37.52	39.19	41.31
Tangible book value per share	33.09	34.34	35.37	37.04	39.16
Financial strength					
Net debt/equity (%)	72.4	75.1	86.8	85.5	79.8
Net debt/total assets (%)	31.7	32.7	39.2	38.6	37.5
Current ratio (x)	1.1	2.0	1.9	2.4	2.1
CF interest cover (x)	19.0	1.7	2.6	5.8	3.3
Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	39.8	31.2	23.7	21.7	19.4
Recurring P/E @ target price (x) *	56.7	44.4	33.7	30.9	27.5
Reported P/E (x)	54.7	29.6	23.7	21.7	19.4
Dividend yield (%)	1.7	4.2	2.4	2.5	2.6
Price/book (x)	2.2	2.2	2.1	2.0	1.9
Price/tangible book (x)	2.4	2.3	2.2	2.1	2.0
EV/EBITDA (x) **	16.5	15.1	15.7	15.9	15.1
EV/EBITDA @ target price (x) **	21.5	19.6	20.1	20.3	19.3
EV/invested capital (x)	1.4	1.4	1.4	1.3	1.3
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Global Power Synergy; 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	ICHI	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	PCSGH	PDJ	PG	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	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	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	MITSI	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	WIIK	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.

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* 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	SEAOL	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

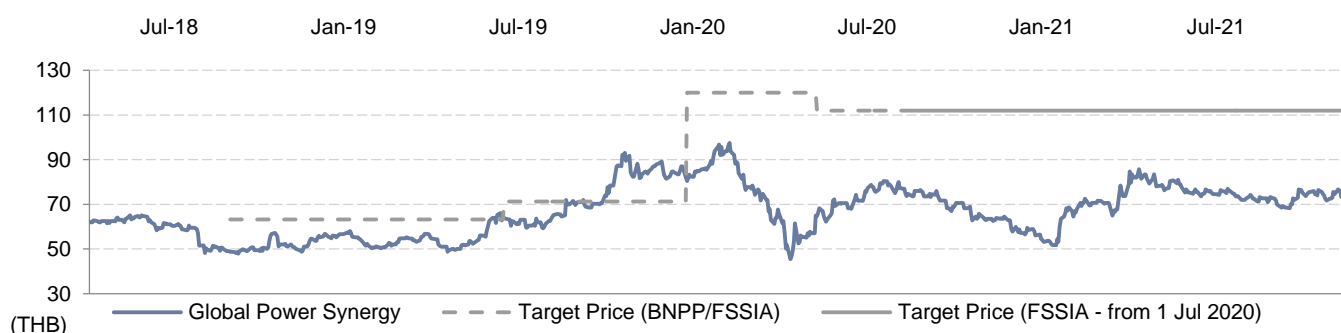
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Global Power Synergy (GPSC TB)



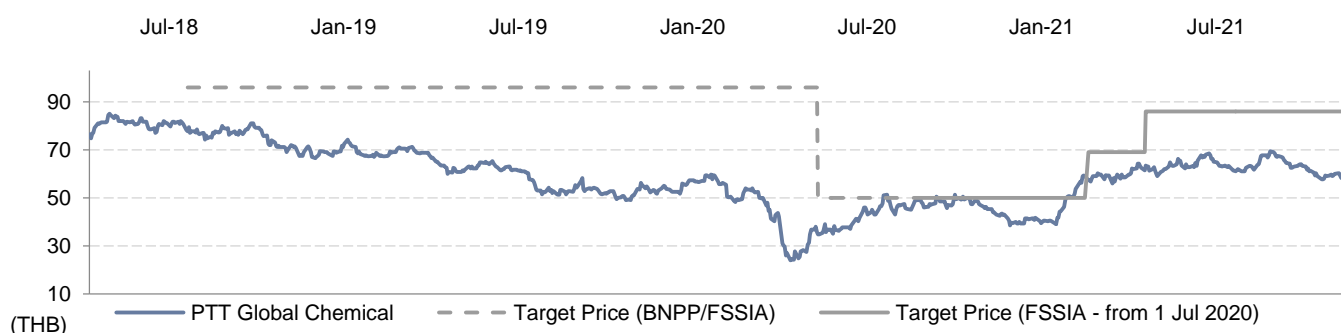
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	BUY	63.25	08-Apr-2020	BUY	112.00	21-Aug-2020	BUY	112.00
11-Jul-2019	BUY	71.27	08-May-2020	BUY	112.00	15-Feb-2021	BUY	112.00
17-Dec-2019	BUY	120.00	03-Aug-2020	BUY	112.00	14-Jul-2021	BUY	110.00

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

Price and TP are in local currency

Source: FSSIA estimates

PTT Global Chemical (PTTGC TB)



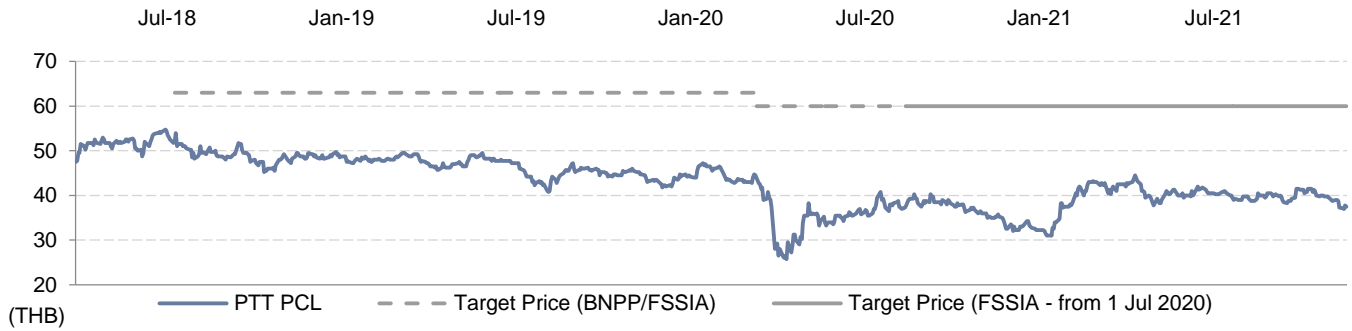
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	96.00	08-May-2020	BUY	50.00	18-Jan-2021	BUY	86.00
09-Apr-2020	BUY	50.00	27-Nov-2020	BUY	69.00			

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

Price and TP are in local currency

Source: FSSIA estimates

PTT PCL (PTT TB)



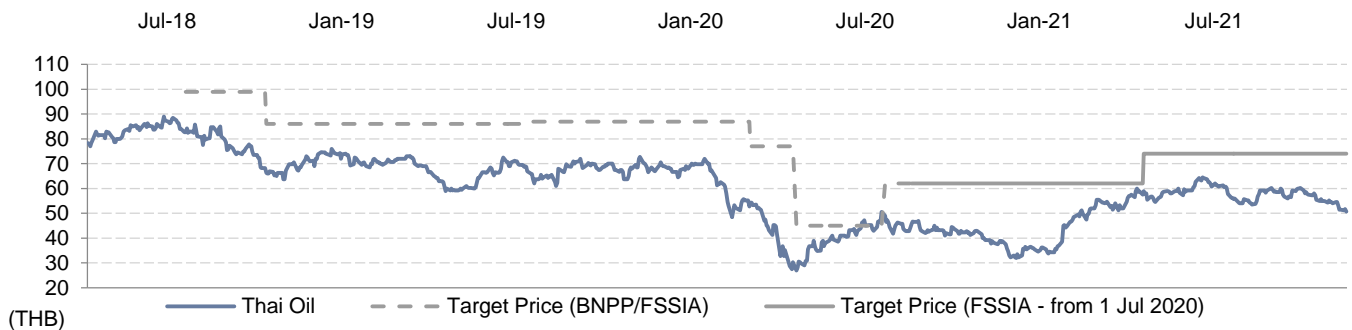
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	63.00	21-Feb-2020	BUY	60.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

Thai Oil (TOP TB)



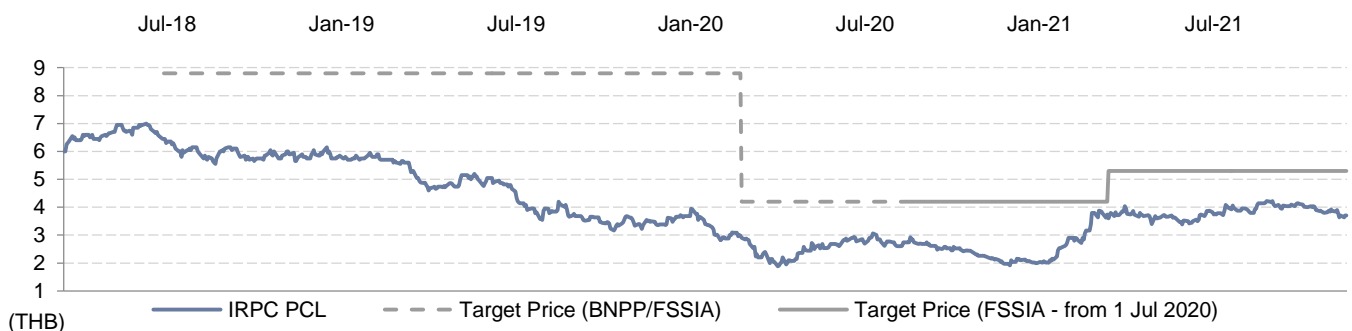
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	99.00	12-Feb-2020	BUY	77.00	08-Jun-2020	BUY	62.00
18-Dec-2018	BUY	86.00	23-Mar-2020	BUY	45.00	21-Aug-2020	BUY	62.00
06-Aug-2019	BUY	87.00	08-Jun-2020	BUY	62.00	18-Jan-2021	BUY	74.00

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

Price and TP are in local currency

Source: FSSIA estimates

IRPC PCL (IRPC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	8.80	14-Feb-2020	BUY	4.20	22-Dec-2020	BUY	5.30
13-Feb-2019	BUY	8.80	08-May-2020	BUY	4.20			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Global Power Synergy	GPSC TB	THB 78.75	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users.
PTT Global Chemical	PTTGC TB	THB 56.75	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
PTT PCL	PTT TB	THB 37.50	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.
Thai Oil	TOP TB	THB 50.75	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
IRPC PCL	IRPC TB	THB 3.70	BUY	Key risks to our positive view and EV/EBITDA-based target price are weaker-than-expected oil product demand growth and lower-than-expected PP-naphtha and SM-benzene margins.

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 14-Jul-2021 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.