

17 AUGUST 2021

THAILAND / MATERIALS

BANPU BANPU TB

BUY

UNCHANGED

TARGET PRICE	THB14.60
CLOSE	THB10.00
UP/DOWNSIDE	+46.0%
PRIOR TP	THB15.90
CHANGE IN TP	-8.2%
TP vs CONSENSUS	+11.8%

หุ้นสินค้าโภคภัณฑ์ที่น่าสนใจ

ผลกระทบจากการเพิ่มทุนและการขึ้นเครื่องหมาย XR

เมื่อวันที่ 16 ส.ค. 21 ราคาหุ้นของ Banpu ปรับตัวลดลงจาก 13.5 บาท/หุ้นก่อนขึ้นเครื่องหมาย XR ในวันที่ 13 ส.ค. 21 มาปิดที่ 10 บาท/หุ้นในวันหลังขึ้นเครื่องหมาย XR จาก 2 ใบสำคัญแสดงสิทธิที่บริษัทฯ จะให้ฟรี กล่าวคือ BANPU-W4 และ BANPU-W5 ที่อัตราส่วน 3 หุ้นเก่าต่อ 1 ใบสำคัญแสดงสิทธิพร้อมการเสนอขายหุ้นใหม่ให้แก่ผู้ถือหุ้นเดิม (RO) จำนวน 1.692 พันล้านหุ้นที่อัตราส่วน 3 หุ้นเก่าต่อ 1 หุ้นใหม่

ราคาหุ้น Banpu หลังขึ้นเครื่องหมาย XR

จากแบบจำลองการประเมินมูลค่าด้วยวิธี Black-Scholes เราคาดว่ามูลค่าของ BANPU-W4 จะอยู่ที่ 6.08 บาท/ใบสำคัญแสดงสิทธิและ BANPU-W5 ที่ 4.68 บาท/ใบสำคัญแสดงสิทธิ อย่างไรก็ตาม กิจการอัตราส่วน 3 หุ้นเก่าต่อ 1 ใบสำคัญแสดงสิทธิ มูลค่าของ BANPU-W4 และ BANPU-W5 สำหรับแต่ละหุ้นของ BANPU จะอยู่ที่ 2.03 บาท (6.08 บาท/3) และ 1.56 บาท (4.68 บาท/3) ตามลำดับ เราประเมินว่าราคาปิดของ Banpu ที่ 10 บาท/หุ้นหลังขึ้นเครื่องหมาย XR มีความน่าสนใจในแง่ของ 2 ใบสำคัญแสดงสิทธิที่จะได้ฟรี เนื่องจากราคาหุ้นในปัจจุบันที่ 10 บาทได้รวมผลเพิ่มจำนวนจากมูลค่าของ 2 ใบสำคัญแสดงสิทธิและกำไรต่อหุ้นที่จะลดลงจาก RO แล้ว แต่ไม่ได้รวมโอกาสที่กำไรต่อหุ้นจะเพิ่มขึ้นจากการควบรวมและซื้อกิจการโดยใช้เงินที่ได้จากการใช้สิทธิแปลงสภาพของ 2 ใบสำคัญแสดงสิทธิในปี 2022-23

กำไรสุทธิ 3Q21 อาจสูงกว่า 3-4 พัน ลบ.

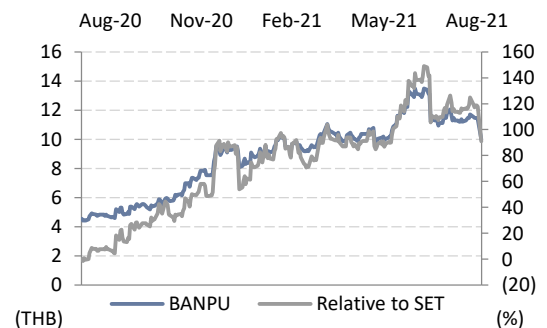
ใน 3Q-4Q21 เราคิดว่าราคาขายเฉลี่ย (ASP) สำหรับถ่านหินอาจพุ่งเป็นกว่า USD100/ตัน สำหรับเหมืองของ Banpu ซึ่งหมายความว่าอัตรากำไรสุทธิของปริมาณขายถ่านหินที่ 6-7 ล้านตันในอินโดนีเซียและ 0.5 ล้านตันในออสเตรเลียใน 3Q21 จะเพิ่มจาก USD15/ตันใน 2Q21 เป็น USD30-40/ตัน ทำให้ได้กำไรสุทธิ USD240-280 ล้านสำหรับธุรกิจถ่านหิน สำหรับก๊าซธรรมชาติจากชั้นหินดินดาน ถ้าสมมติให้ต้นทุนคงที่เท่ากับ USD2.3/mmbtu เราคาดว่าอัตรากำไรสุทธิของก๊าซฯ จะอยู่ที่ USD2.7-2.8/mmbtu หลังหักส่วนลดราคาขาย ทำให้ได้ EBITDA ที่ USD102 ล้าน (USD1.7/mmbtu กับ 60m mmbtu) และกำไรสุทธิต่อไตรมาสที่ USD40 ล้าน

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 14.6 บาท

ในขณะที่เราคงประมาณการกำไรต่อหุ้นในปี 2021-23 ไว้ เราปรับราคาเป้าหมายลงจาก 15.9 เป็น 14.6 บาท (SoTP) เพื่อสะท้อนจำนวนหุ้นคงค้างเฉลี่ยที่สูงขึ้นในปี 2023 ซึ่งเราคาดว่าจะอยู่ที่ 8.9 พันล้านหุ้น เพิ่มขึ้นจาก 5.5 พันล้านหุ้นในปี 2021 เราคิดว่าราคาหุ้นได้รวมผลกระทบเพิ่มจำนวนจาก RO, BANPU-W4, และ BANPU-W5 ไว้แล้ว

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)	1.62	1.11	0.96
vs Consensus (%)	-	14.7	1.1	10.9
EBITDA	9,287	31,959	30,652	33,436
Core net profit	(3,257)	9,271	8,368	8,931
Core EPS (THB)	(0.64)	1.69	1.16	1.01
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	(31.0)	(13.6)
Core P/E (x)	(15.6)	5.9	8.6	9.9
Dividend yield (%)	5.0	7.8	4.3	4.2
EV/EBITDA (x)	22.9	6.4	7.5	7.4
Price/book (x)	0.8	0.7	0.8	0.8
Net debt/Equity (%)	165.3	119.6	107.5	91.3
ROE (%)	(4.8)	13.2	9.8	8.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(28.6)	(16.0)	81.8
Relative to country (%)	(26.6)	(15.0)	56.8
Mkt cap (USD m)	1,772		
3m avg. daily turnover (USD m)	48.5		
Free float (%)	88		
Major shareholder	Vongkusolkrit Family (13%)		
12m high/low (THB)	16.50/5.15		
Issued shares (m)	5,074.58		

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 17 สิงหาคม 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 Newcastle (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 THB1b-2b, including interest expenses, for 2021-22 on the back of USD75-90/tonne index coal prices. Finally, we see more upside for its power earnings due to higher projected net profit contributions from Hongsa.

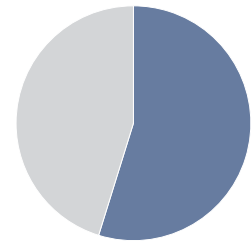
Company profile

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)

■ Coal - 54.8 % ■ Others - 45.2 %

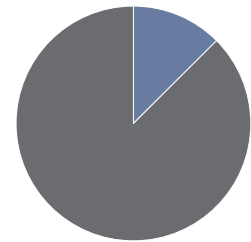


Source: Banpu

Major shareholders

■ Vongkusolkrit Family - 12.5 %

■ Others - 87.5 %



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
Nov 2021	3Q21 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

Capital increase dilution vs coal and gas price upside

On 16 Aug-21, Banpu's share price declined from the pre-XR date on 13 Aug-21 at THB13.5/share down to a closing market price of THB10/share, post-XR date, from the two free warrants, BANPU-W4 and BANPU-W5, at a conversion ratio of three existing shares to one new warrant, along with the RO of 1.692b shares at a ratio of three existing shares to one RO.

The three instruments issued (XR date on 16 Aug-21) for the 100% capital increase are:

- 1) 1.692b RO shares, up from 1.269b, at three existing shares to one RO (3:1) with an exercise price of THB5/share;
- 2) 1.692b BANPU-W4 shares, up from 1.269b, attached to the RO with an exercise price of THB5/share for a 1-year warrant life, exercisable only in September 2022, as it is a European warrant;
- 3) 1.692b BANPU-W5 shares, up from 1.269b, attached to the RO with an exercise price of THB7.5/share for a 2-year warrant life, exercisable in September 2023, as it is a European warrant.

Exhibit 1: Capital increase plan

Instrument	Number of shares	% increase in shares	Exercise price	Amount	Transaction	XR date	Warrant life	Expiration date	Payment date
	(m shares)	(%)	(THB/share)	(THB m)					
Number of existing shares outstanding	5,074.6		15.6	79,163.5					
RO	1,691.5	33.3	5.0	8,457.6	XR	16-Aug-21		Sep-21	6-17 Sep 2021
BANPU-W4	1,691.5	33.3	5.0	8,457.6	XR	16-Aug-21	1	Oct-22	na
BANPU-W5	1,691.5	33.3	7.5	12,686.5	XR	16-Aug-21	2	Oct-23	na
Total	10,149.2	100.0		29,601.7					

Sources: BANPU; FSSIA estimates

We estimate that the total capital to be raised from these three instruments will be THB29.6b (USD958m), with the exercise price of the RO (THB5) and BANPU-W4 (THB5) – the two financial instruments that will mostly replace BANPU-W6.

What is Banpu's share price post XR? We estimate that Banpu's closing share price of THB10/share is attractive post XR for the two free warrants, as the current share price of THB10 has already priced in the full dilution from the values of the two warrants and the EPS dilution from the RO, but not for the potential EPS upside from M&A using the capital raised from the exercises of the two warrants in 2022-23.

Exhibit 2: Banpu's estimated market share price after the XR for the two free warrants

	Value per unit	Value per one share of BANPU	Unit
Market closing share price on 13 August 2021	13.50	13.50	THB/share
BANPU-W4	(6.08)	(2.03)	THB/share
BANPU-W5	(4.68)	(1.56)	THB/share
Net value		9.91	THB/share
Market closing share price on 16 August 2021		10.00	THB/share
Discount (premium) to fair value		0.89	%

Sources: BANPU; FSSIA estimates

While the EPS dilution impact from the RO (1.69b shares or a 33.33% share increase) will be immediate in 2021, the EPS dilution impacts of the ensuing exercises of the two warrants (BANPU-W4 and W5) in 2022 and 2023 are expected to generate additional net profit growth to fund any new growth projects for Banpu via M&A, based on management's guidance.

Based on the Black-Scholes options valuation model, we estimate that the value for BANPU-W4 would be THB6.08/warrant and BANPU-W5 THB4.68/warrant. However, at the conversation ratio of three existing shares to one warrant, the value of BANPU-W4 and BANPU-W5 for each share of BANPU would be THB2.03 (THB6.08/3) and THB1.56 (THB4.68/3), respectively.

Exhibit 3: Value of BANPU-W4 based on Black-Scholes model

Value of BANPU – warrant 4			
Stock price (THB/share) as of 13 Aug 2021	13.50	T.Bond rate (%)	1.53
Adjusted stock price (THB/share) as of 13 Aug 2021	11.40	Variance (%)	40.41
Strike price (THB/share)	5.00	Annualized dividend yield (%)	5.51
Warrant life (years)	1.00		
Value of warrant as a call (THB/warrant)	6.08		
Value of warrant as a call (THB/shares)	2.03	Conversion ratio 3:1	
Value of outstanding debt (THB/share)	5.00		

Sources: BANPU; FSSIA estimates

Exhibit 4: Value of BANPU-W5 based on Black-Scholes model

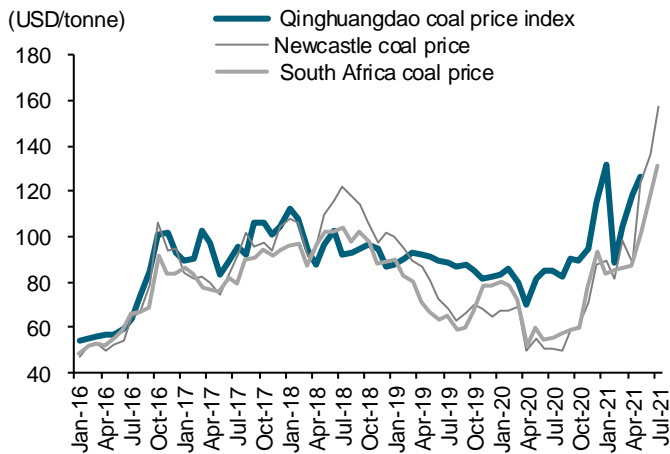
Value of BANPU – warrant 5			
Stock Price (THB/share) as of 13 Aug 2021	13.50	T.Bond rate (%)	1.53
Adjusted stock Price (THB/share) as of 13 Aug 2021	11.40	Variance (%)	40.41
Strike Price (THB/share)	8.00	Annualized dividend yield (%)	5.51
Warrant life (years)	2.00		
Value of warrant as a call (THB/warrant)	4.68		
Value of warrant as a call (THB/shares)	1.56	Conversion ratio 3:1	
Value of outstanding debt (THB/share)	8.00		

Sources: BANPU; FSSIA estimates

Watch for a record high 3Q21 net profit

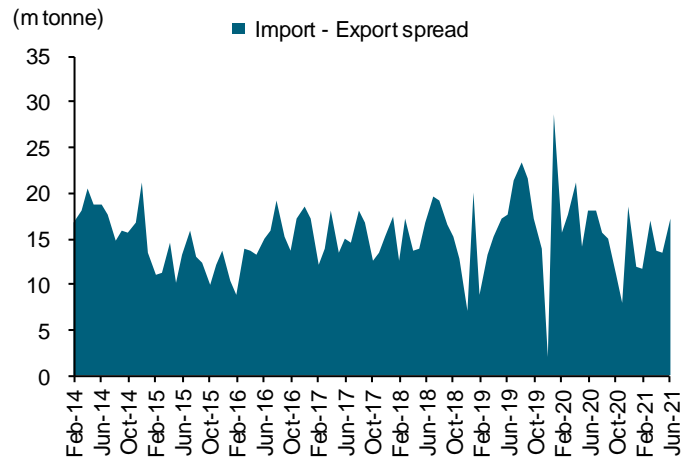
Gross margin to triple q-q in 3Q21 for coal. Given the continued spikes in the Newcastle coal price index (NCT) to over USD170/tonne as of 13 Aug-21, we believe Banpu will see its coal earnings jump significantly in 3Q21 onward, as the ASP for coal, particularly for its coal mines in Indonesia, could jump markedly to over USD100/t, up from USD81/t in 2Q21, vs its all-inclusive coal cost of USD65-70/t.

Exhibit 5: Benchmark coal prices (QHD vs NCT)



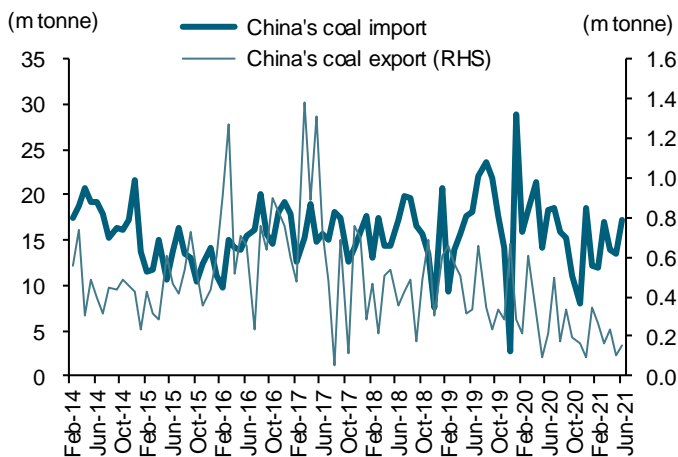
Source: Bloomberg

Exhibit 6: Coal price gap between QHD and NCT



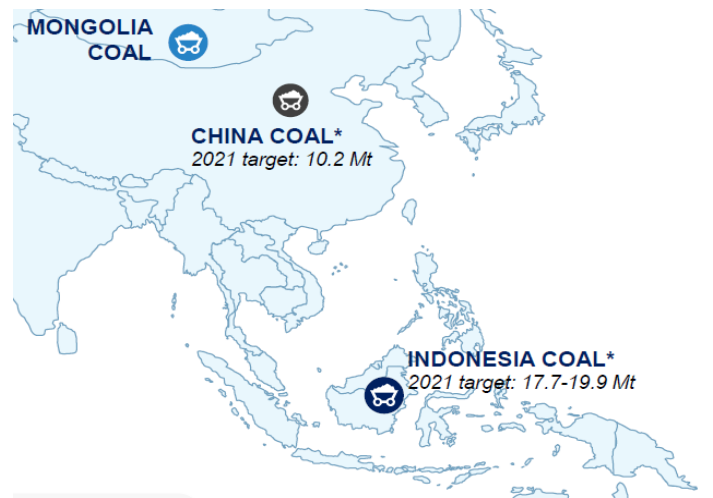
Source: Bloomberg

Exhibit 7: China's coal imports and exports



Source: Bloomberg

Exhibit 8: Banpu's coal mining operations in China and Indonesia

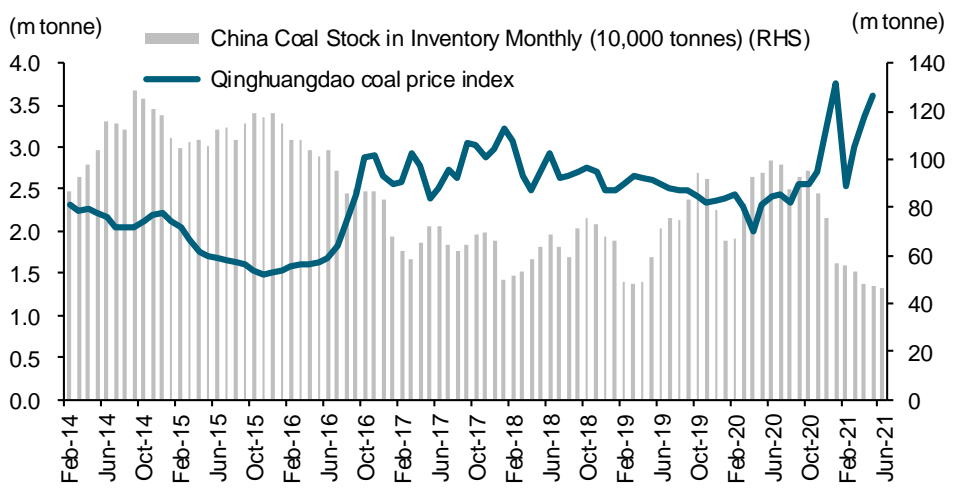


Source: BANPU

An ASP spike of over USD100/t for coal from Banpu's mines implies that the net margin of its coal sales volume of 6-7mt in Indonesia and 0.5mt in Australia in 3Q21 would rise from USD15/t in 2Q21 to USD30-40/t, resulting in a USD240m-280m net profit for its coal business, based on our estimate.

While China has promoted its domestic coal production and reduced its coal imports, the Qinghuangdao (QHD) benchmark coal price has remained high at over USD130/t as of Aug-21, driven by the strong demand for coal used for electricity generation for the demand spike during the current summertime heat.

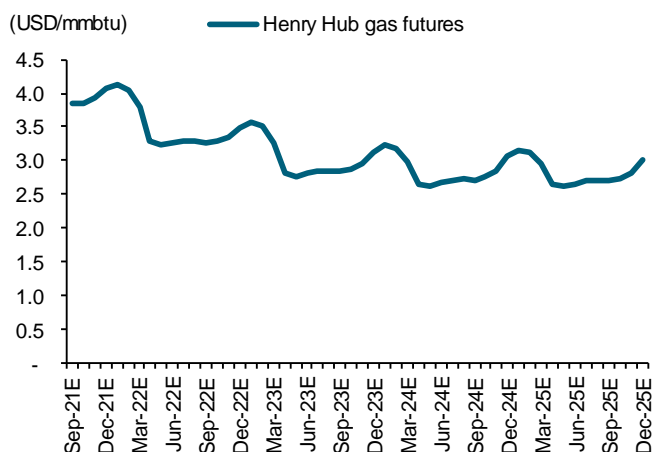
Exhibit 9: China’s coal inventory vs QHD coal price index



Source: Bloomberg

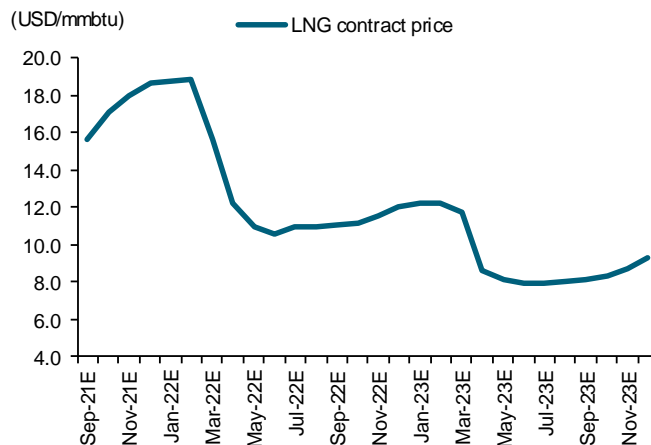
Shale gas could generate over USD100m EBITDA in 3Q21-2022. Similarly, Banpu should see a jump in its EBITDA from shale gas to over USD100m per quarter, given the current spike in the Henry Hub gas price index in the US to over USD3/mmbtu.

Exhibit 10: Henry Hub gas futures



Source: Bloomberg

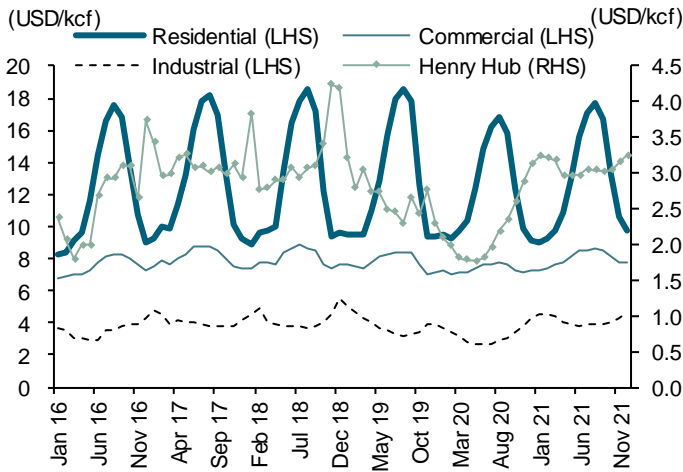
Exhibit 11: LNG contract price



Source: Bloomberg

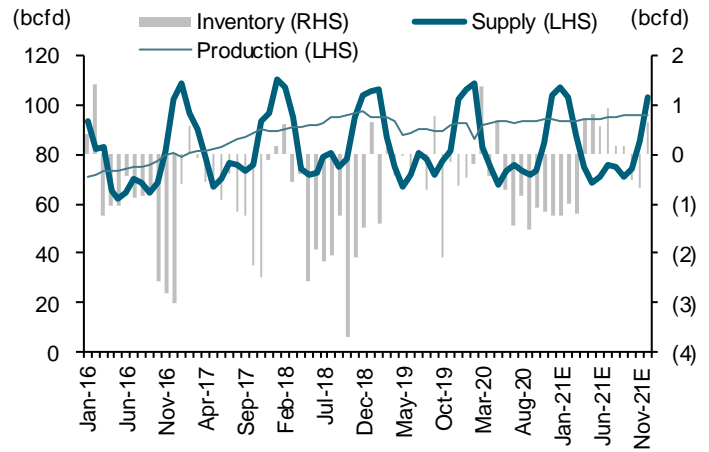
At a fixed cost of USD2.3/mmbtu, we estimate that the net margin for Banpu’s shale gas would be USD2.7-2.8/mmbtu, after deducting the price discount, resulting in USD102m EBITDA (USD1.7/mmbtu on 60m mmbtu) and a USD40m quarterly net profit.

Exhibit 12: US gas prices by segment



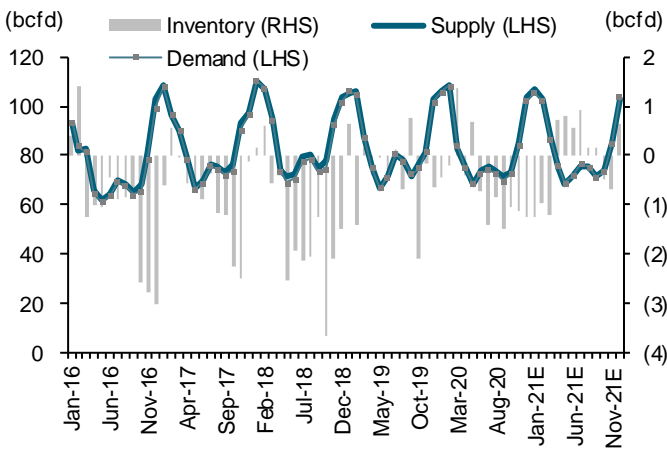
Source: Energy Information Administration (EIA)

Exhibit 13: US gas production, supply, and balance



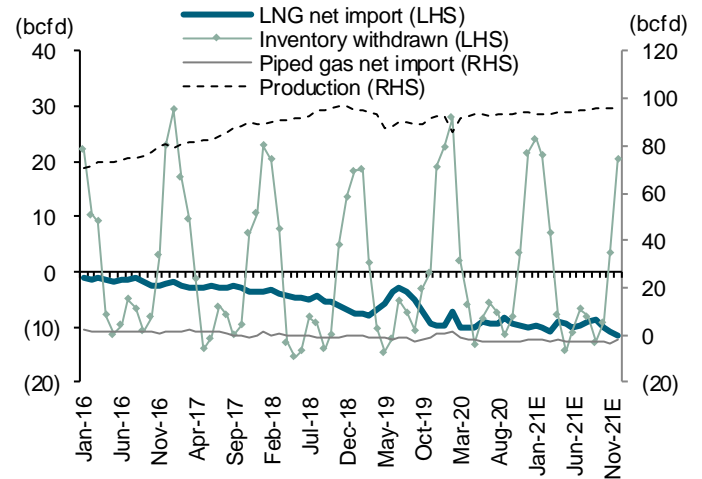
Source: EIA

Exhibit 14: US gas demand, supply, and inventory



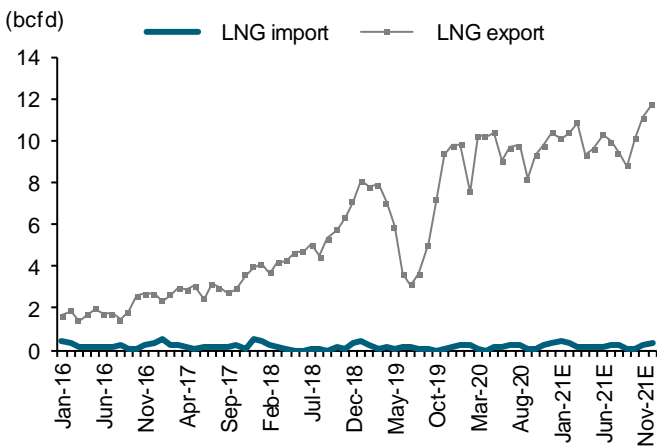
Source: EIA

Exhibit 15: US gas supply, including net LNG imports, net imports of piped gas, production, and inventory withdrawn



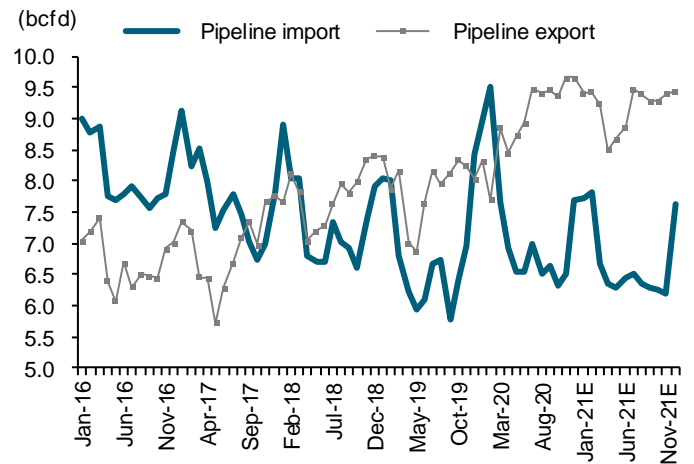
Source: EIA

Exhibit 16: US LNG exports and imports



Source: EIA

Exhibit 17: US LNG pipeline exports and imports



Source: EIA

Target price revisions

While we maintain our EPS forecasts for 2021-23, we revise our SoTP-based target price down from THB15.9 to THB14.6 to reflect the higher average shares outstanding in 2023, which we estimate at 8.9b shares, up from 5.5b shares in 2021. We think the share price has already incorporated the full dilution impact from the RO, BANPU-W4, and BANPU-W5. We note that our average shares outstanding is lower than 10b shares – the full number from the capital increase via the RO, BANPU-W4, and BANPU-W5 – due to our assumption that the time for the 1.69b shares to be exercised from BANPU-W5 would take only 3 months, not the full 12 months outstanding.

Exhibit 18: SOTP's valuation

Banpu's valuation breakdown	THB/share	
ITMG (65%) (A)	8.2	DCF 9% WACC, terminal growth is zero for mines
China coal	2.0	DCF 9% WACC, terminal growth is zero for mines
Australian coal (Centennial)	7.4	DCF 9% WACC, terminal growth is zero for mines
Net value of non-ITMG coal (B)	17.6	
Value of power business		
BLCP	2.8	DCF 7.1% WACC, terminal growth is zero at the end of PPA
China power	2.9	DCF 7.1% WACC, terminal growth is zero at the end of PPA
Hongsa	5.2	DCF 7.1% WACC, terminal growth is zero at the end of PPA
SLG	1.6	DCF 7.1% WACC, terminal growth is zero at the end of PPA
NIGGC	1.2	DCF 4% WACC, terminal growth is zero at the end of PPA
Solar farms (Japan, Thailand, China)	2.9	DCF 7.1% WACC, terminal growth is zero at the end of PPA
Net value of power (C)	16.6	
Net value of shale gas (D)	3.0	DCF 7.1% WACC, terminal growth is zero at the end of PPA
Banpu's net debt	(22.6)	at end FY21E
Net value of Banpu (A+B+C+D)	14.6	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)	(0.64)	1.69	1.16	1.01
Reported EPS	(0.11)	(0.35)	1.62	1.11	0.96
DPS	0.60	0.50	0.78	0.43	0.42
Diluted shares (used to calculate per share data)	5,162	5,075	5,497	7,189	8,881
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	(31.0)	(13.6)
Reported EPS (%)	nm	nm	nm	(31.3)	(13.4)
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)	(77.9)	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	7.3	5.9	5.9
ROE (%)	(5.2)	(4.8)	13.2	9.8	8.7
ROA (%)	0.3	1.2	6.4	5.3	5.3
* 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)	(2,864)	(3,268)	(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)	(7,087)	(2,535)	(4,701)	(718)
Cash flow from financing	2,317	18,505	897	(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	(3,014)	(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)	8,416.89	253.84	(2,158.90)	5,180.22

Per share (THB)

FCFF per share	(0.01)	(1.44)	0.45	1.99	1.92
FCFE per share	(0.09)	1.66	0.05	(0.43)	1.02
Recurring cash flow per share	(0.05)	1.45	4.47	3.73	3.16

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
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	18,927	12,965	14,788
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	46,789	39,512	41,502
Other assets	108,134	105,969	96,321	111,737	131,382
Total assets	257,589	281,648	283,268	297,623	321,890
Common equity	72,195	62,344	78,130	92,478	112,064
Minorities etc.	18,286	22,211	25,958	27,682	30,117
Total shareholders' equity	90,481	84,555	104,088	120,160	142,181
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	283,268	297,623	321,890
Net working capital	7,597	8,096	10,012	8,929	9,062
Invested capital	224,090	242,442	246,491	267,039	289,449

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

Per share (THB)

Book value per share	13.99	12.29	14.21	12.86	12.62
Tangible book value per share	13.90	12.27	14.19	12.85	12.61

Financial strength

Net debt/equity (%)	129.7	165.3	119.6	107.5	91.3
Net debt/total assets (%)	45.5	49.6	43.9	43.4	40.3
Current ratio (x)	0.9	0.7	1.2	1.1	1.1
CF interest cover (x)	2.3	12.1	5.6	4.8	6.1

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	(12.7)	(15.6)	5.9	8.6	9.9
Recurring P/E @ target price (x) *	(18.6)	(22.7)	8.7	12.5	14.5
Reported P/E (x)	(93.4)	(28.4)	6.2	9.0	10.4
Dividend yield (%)	6.0	5.0	7.8	4.3	4.2
Price/book (x)	0.7	0.8	0.7	0.8	0.8
Price/tangible book (x)	0.7	0.8	0.7	0.8	0.8
EV/EBITDA (x) **	23.5	22.9	6.4	7.5	7.4
EV/EBITDA @ target price (x) **	26.5	25.4	7.2	8.5	8.7
EV/invested capital (x)	0.8	0.9	0.8	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	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	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

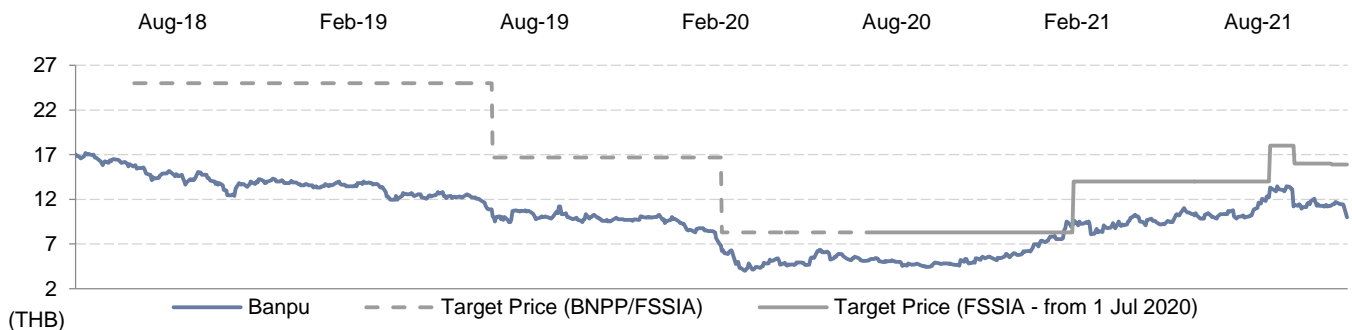
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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	09-Oct-2020	BUY	8.30	10-Jun-2021	BUY	18.00
13-Aug-2019	BUY	16.70	23-Dec-2020	BUY	14.00	01-Jul-2021	HOLD	16.00
26-Feb-2020	HOLD	8.30	14-Jan-2021	BUY	14.00	02-Aug-2021	BUY	15.90
26-Feb-2020	HOLD	8.30	24-Feb-2021	BUY	14.00			

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
Banpu	BANPU TB	THB 10.00	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.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 16-Aug-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.