

# BANPU BANPU TB

THAILAND / MATERIALS

## BUY

UNCHANGED

## No more hedging pains

- We believe Banpu is now poised to post a strong net profit of THB8.6b in 1Q22, with a core net profit of THB12.7b.
- Banpu plans to significantly reduce its hedging volumes via price swaps: coal to 0.75mt in 2022, and gas to 166bcf in 2022.
- Maintain BUY and our SoTP target price of THB18.8.

TARGET PRICE	THB18.80
CLOSE	THB11.60
UP/DOWNSIDE	+62.1%
PRIOR TP	THB18.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+32.4%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	133,190	176,495	159,632	154,929
Net profit	9,852	28,728	29,682	30,388
EPS (THB)	1.46	4.00	3.34	2.57
vs Consensus (%)	-	48.3	66.8	24.3
EBITDA	61,472	78,054	78,249	79,292
Core net profit	23,793	28,728	29,682	30,388
Core EPS (THB)	3.52	4.00	3.34	2.57
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	nm	13.6	(16.4)	(23.2)
Core P/E (x)	3.3	2.9	3.5	4.5
Dividend yield (%)	3.9	19.2	15.3	11.7
EV/EBITDA (x)	4.3	3.5	3.7	4.1
Price/book (x)	1.0	0.8	0.7	0.8
Net debt/Equity (%)	154.9	95.2	64.7	43.7
ROE (%)	33.6	30.4	24.0	19.6

### Operational strength from coal and gas should manifest in 1Q22

We believe Banpu is now poised to post a strong net profit of THB8.6b in 1Q22, with a core net profit of THB12.7b, up from THB10.5b in 4Q21, and a hedging loss of THB4b, down from a THB7b loss in 4Q21. We are confident that Banpu will post very strong quarterly net profits from 1Q22 onward, backed by a sharp decline in its hedging losses for both coal and shale gas swaps and much wider gross margins for coal and shale gas.

### Hedging loss to plunge markedly in 1Q22 onward

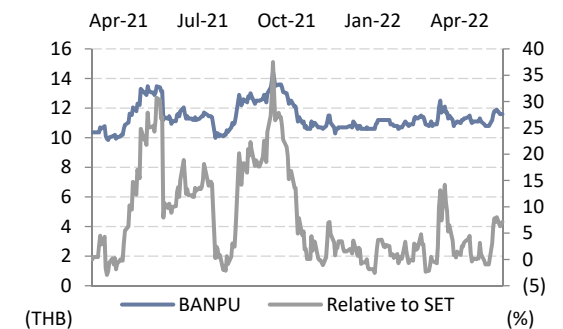
The most critical factor for Banpu's net profit growth is its hedging loss outlook, given that Banpu suffered from large hedging losses of over USD444.6m in 2021, and USD214.7m in 4Q21 alone. In 2022, according to management, Banpu plans to significantly reduce its hedging volumes for both coal and gas via price swaps, cutting the coal hedging volume down from 3mt in 2021 to 0.75mt in 2022, and the gas hedging volume down from 235bcf in 2021 to 166bcf in 2022 as Banpu changes its hedging policy target from 92% to 65% of shale gas produced. In 1Q22, management guided that its coal hedging volume would be 155kt, with a potential hedging loss margin of USD100-150/t, potentially leading to significantly narrower hedging losses for shale gas in 1Q22 onward.

### ASP upside remains wide open

In tandem with the spike in the NCT price to over USD300/t in 1Q22, we project Banpu's coal ASP to rise to USD169/t in 1Q22 and USD185/t in 2Q22 for ITMG, and to USD154/t in 1Q22 and USD170/t in 2Q22 for Centennial (CEY). Our estimated 2022 ASPs of USD154-185/t for ITMG and CEY are significantly higher than the USD106/t average in 2021.

### Time to accumulate ahead of strong 1Q22E net profit

We maintain BUY and our SoTP-based target price of THB18.8. We think Banpu's share price remains highly attractive, trading at a mere 3-4x 2022-23E P/E, which we think is highly unjustified given the high visibility of its strong net profit growth outlook in 2022-23 on the back of the high global prices for coal and gas. We believe the strong 1Q22E net profit of THB8.6b should exceed investors' expectations as a higher ASP and lower hedging loss would likely drive its net profit significantly q-q and y-y in 1Q22 onward.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.7	8.4	14.7
Relative to country (%)	4.0	7.0	8.9
Mkt cap (USD m)	2,287		
3m avg. daily turnover (USD m)	46.2		
Free float (%)	88		
Major shareholder	Vongkusolkit Family (13%)		
12m high/low (THB)	14.90/9.44		
Issued shares (m)	6,766.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

We believe Banpu's earnings growth outlook will improve in 2022, 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 index coal prices in the range of USD68-70/tonne should lead to higher coal earnings in 2022. Power earnings should gradually improve with the resumption of full operations at the Hongsa power plant, as well as from its 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 2022. First, its gas earnings are in an upcycle due to the tighter supply in the US. Second, we expect higher coal earnings on the back of USD100-130/tonne index coal prices. Finally, we see more upsides for its power earnings due to higher projected net profit contributions from Hongsa.

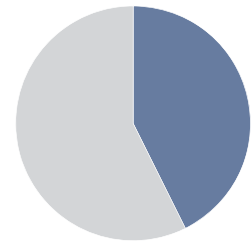
## Company profile

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](http://www.banpu.com)

## Principal activities (revenue, 2021)

■ Coal - 42.6 % ■ Others - 57.4 %

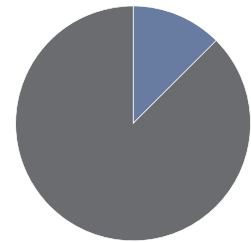


Source: Banpu

## Major shareholders

■ Vongkusolkit 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
May 2022	1Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
Coal sales volume (mtpa)	33.5	34.0	34.0
Newcastle coal price (USD/t)	130.0	100.0	70.0
ASP for coal (USD/t)	105.8	81.3	65.0
Total cost - Indonesia (USD/t)	58.7	54.6	51.5
Total cost - Australia (USD/t)	72.0	72.0	72.0

Source: FSSIA estimates

## Earnings sensitivity

- Ceteris paribus, for every 1% rise in average coal price, we project 2022 EPS to rise by 2.6%, and vice versa.
- Ceteris paribus, for every 1% rise in coal sales volume, we estimate 2022 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.

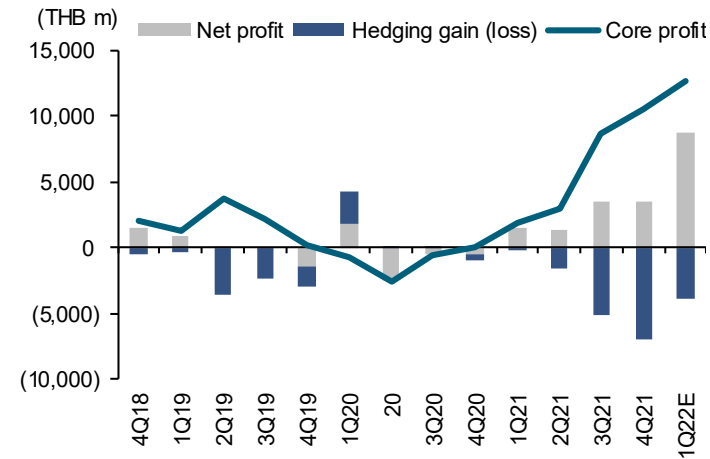
Source: FSSIA estimates

## No more hedging pains; time for operational gains

We believe Banpu is now poised to post a strong net profit of THB8.6b in 1Q22, with a core net profit of THB12.7b, up from THB10.5b in 4Q21, and a hedging loss of THB4b, down from a THB7b loss in 4Q21.

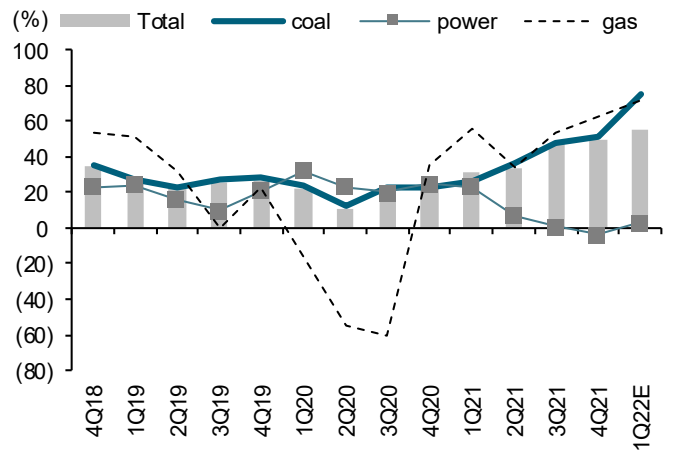
We are confident that Banpu will post very strong quarterly net profits in 1Q22 onward, backed by a sharp decline in its hedging losses for both coal and shale gas swaps and much wider gross margins for coal and shale gas.

**Exhibit 1: Net profit and core net profit vs hedging gains (losses)**



Sources: Banpu; FSSIA estimates

**Exhibit 2: Gross margin by segment**

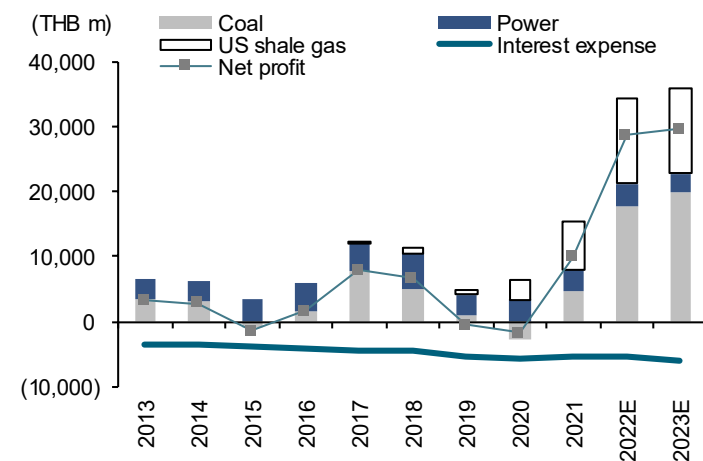


Sources: Banpu; FSSIA estimates

The most critical factor for Banpu's net profit growth is its hedging loss outlook, given that Banpu suffered from large hedging losses of over USD444.6m in 2021, and USD214.7m in 4Q21 alone. It lost USD204.5m on its coal swap and USD239.2m from gas hedging in 2021, and USD77.9m on its coal swap and USD147.1m from gas hedging in 4Q21.

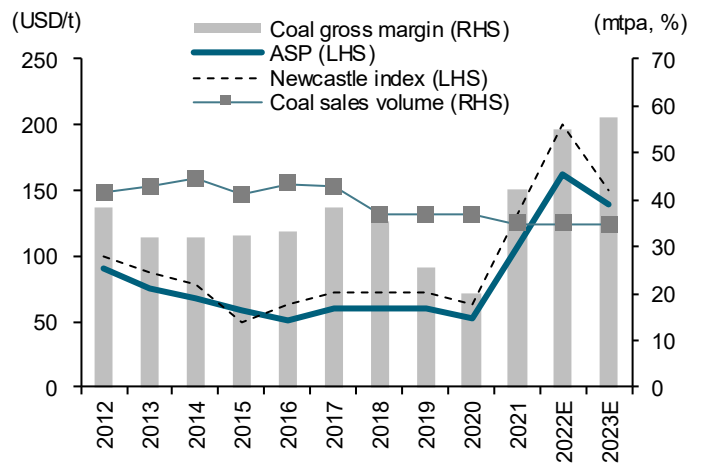
In 2022, according to management, Banpu plans to significantly reduce its hedging volumes for both coal and gas via price swaps, cutting the coal hedging volume down from 3mt in 2021 to 0.75mt in 2022, and the gas hedging volume down from 235bcf in 2021 to 166bcf in 2022 as Banpu changes its hedging policy target from 92% to 65% of shale gas produced. In 1Q22, management guided that its coal hedging volume would be 155kt, with a potential hedging loss margin of USD100-150/t.

**Exhibit 3: Core net profit breakdown**



Sources: Banpu; FSSIA estimates

**Exhibit 4: Coal gross margin, ASP, coal sales volume, Newcastle index**

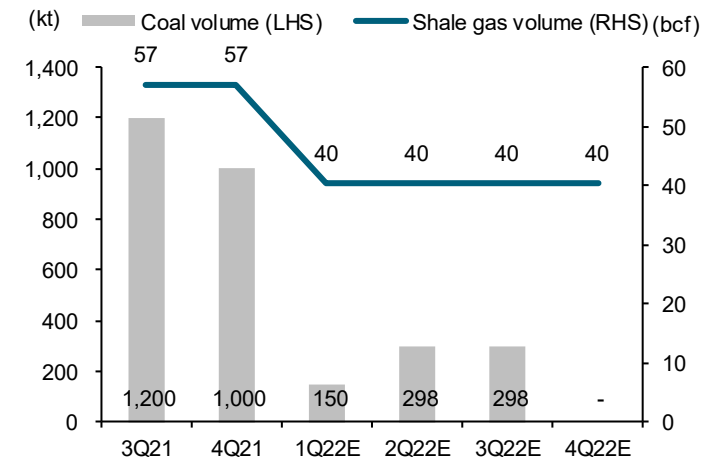
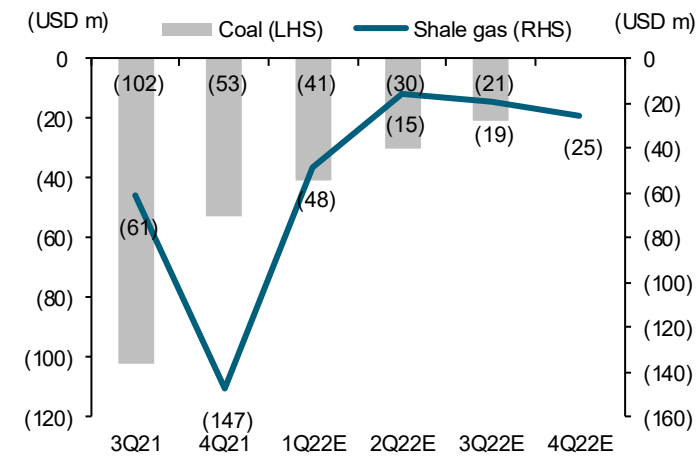


Sources: Banpu; FSSIA estimates

Similarly, the hedging loss from shale gas should also fall precipitously from USD147.1m in 4Q21 to USD48m in 1Q22, based on a lower hedging volume of 40bcf and a hedging price of USD3.5-3.8/mmbtu. In 4Q21, 57bcf was hedged at a price of USD3/mmbtu

**Exhibit 5: Estimated hedging losses for coal and shale gas**

**Exhibit 6: Banpu's hedging volumes for coal and shale gas in 2022E**



Sources: Banpu; FSSIA estimates

Sources: Banpu; FSSIA estimates

**China's shutdown: a boon or bane for Banpu?**

Thanks to the continued tight supply-demand situation, the ongoing Russia-Ukraine conflict, and related sanctions imposed by the US and its allies, the prices of commodities, including oil, gas, and coal, have all spiked as a result of the higher supply risks. For coal, the Newcastle index (NCT) spiked to over USD400/t last week but has since stayed above USD300/t as of 26 Apr-22.

We believe the main reasons for the sustained higher coal price are 1) the strong demand for coal used for power generation in China; and 2) the rising supply risk from Russia.

**Exhibit 7: Newcastle coal price remains high above USD300/t in Apr-22**

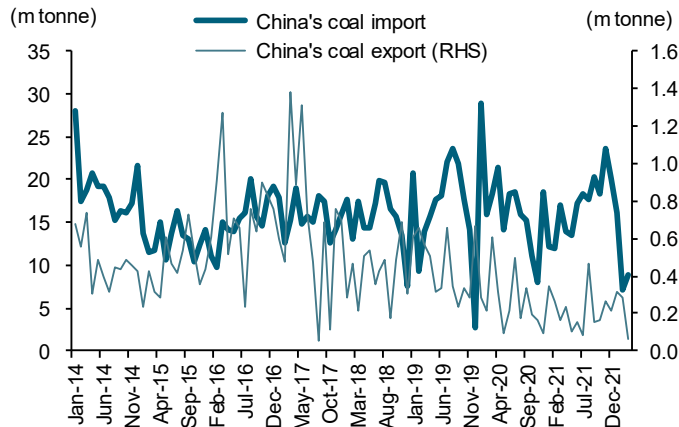


Source: [Barchart.com](http://Barchart.com)

**China's coal market remains key.** YTD, China has imported lower coal volumes due to its higher coal production mandated by the Chinese government since 4Q21 when China faced a power crunch as a result of the coal supply shortage and the high demand for electricity.

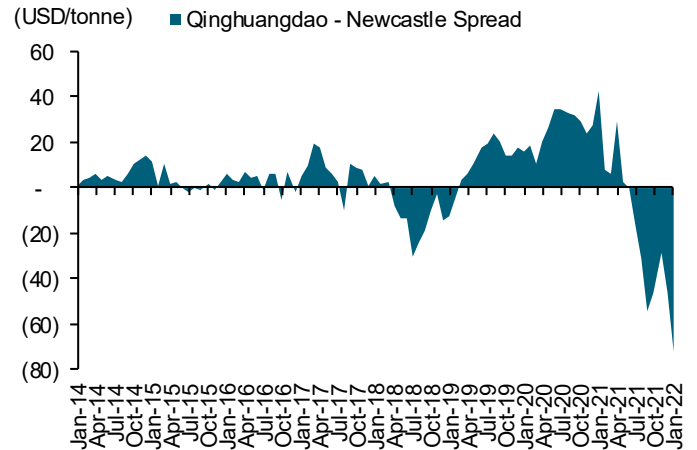
However, China has also maintained its domestic coal prices at high levels of over USD200/t, even at a deep discount to the NCT price, to ensure supply sufficiency for power generation throughout 2022-23 when China intends to continue increasing its new coal-fired power capacity to improve its near-term power security.

**Exhibit 8: China's coal imports and exports**



Source: Bloomberg

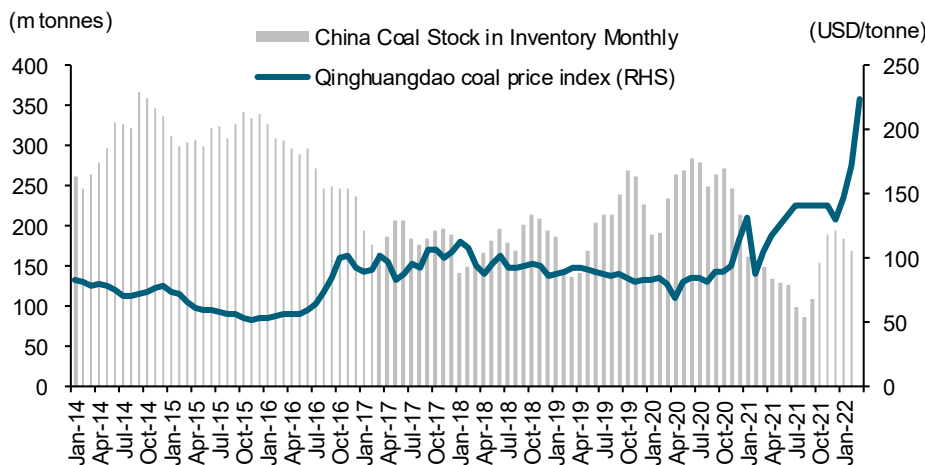
**Exhibit 9: Coal price gap between QHD and NCT**



Source: Bloomberg

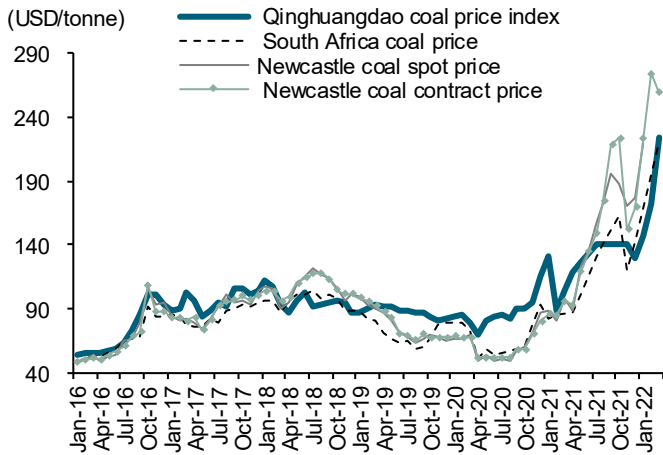
The coal stock in China is still standing at a historically low level despite the government's effort to boost coal production domestically. Coupled with the tight supply for coal from Russia due to the sanctions implemented by the US and its allies, we think China's low coal inventory and higher demand for power in the coming summer should ensure that the NCT price stays above USD250/t throughout 2022, based on our estimate.

**Exhibit 10: China's coal inventory vs QHD coal price index**



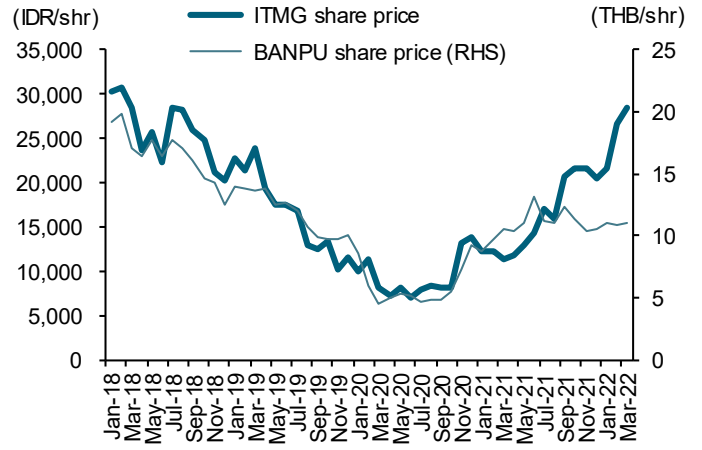
Source: Bloomberg

**Exhibit 11: Benchmark coal prices (QHD vs NCT)**



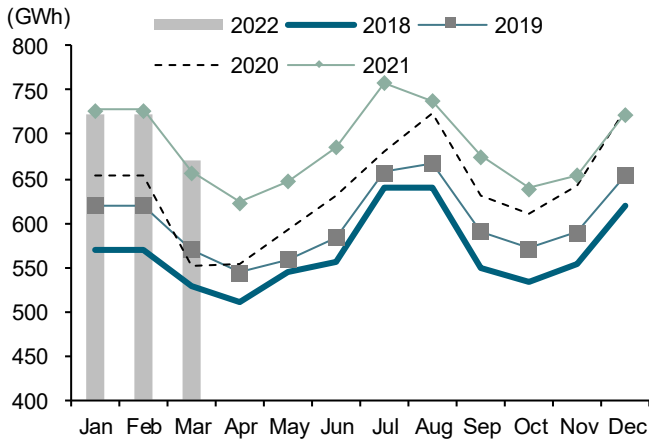
Source: Bloomberg

**Exhibit 12: Newcastle coal spot and contract price**



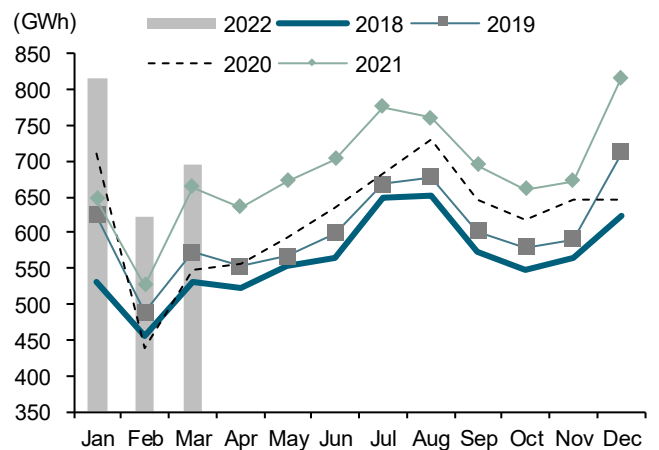
Source: Bloomberg

**Exhibit 13: China's electricity supply**



Source: Bloomberg

**Exhibit 14: China's electricity consumption**

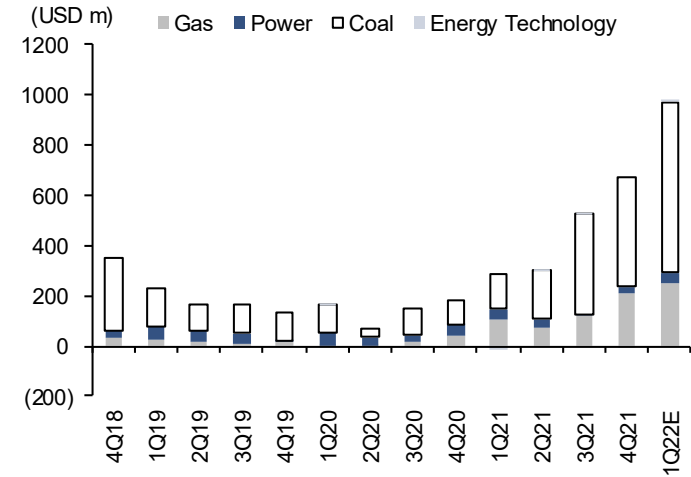


Source: Bloomberg

### ASP to jump to over USD150-250/t in 2022

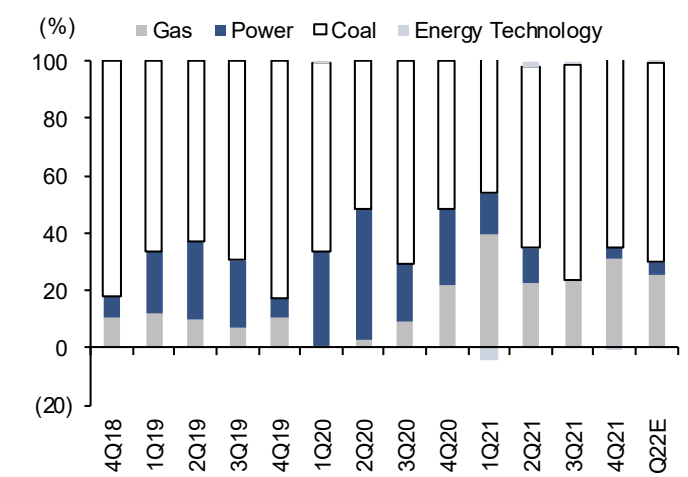
In tandem with the spike in the NCT price to over USD300/t in 1Q22, we project Banpu's coal average selling price (ASP) to rise to USD169/t in 1Q22 and USD185/t in 2Q22 for ITMG, and to USD154/t in 1Q22 and USD170/t in 2Q22 for CEY. Our estimated 2022 ASPs of USD154-185/t for ITMG and CEY are significantly higher than the USD106/t average in 2021.

**Exhibit 15: EBITDA breakdown**



Sources: Banpu; FSSIA estimates

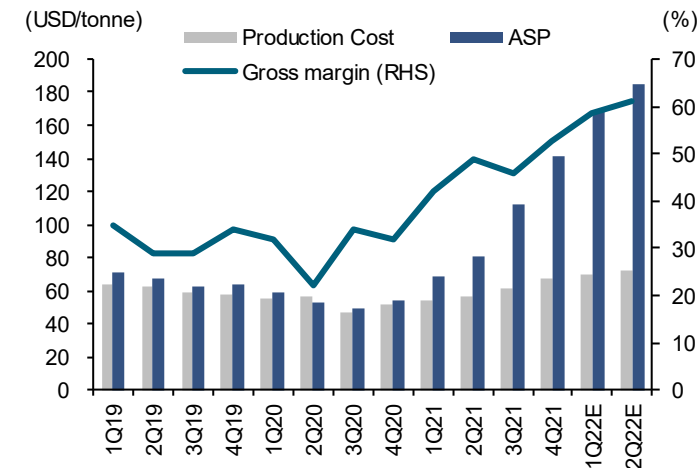
**Exhibit 16: EBITDA breakdown (%)**



Sources: Banpu; FSSIA estimates

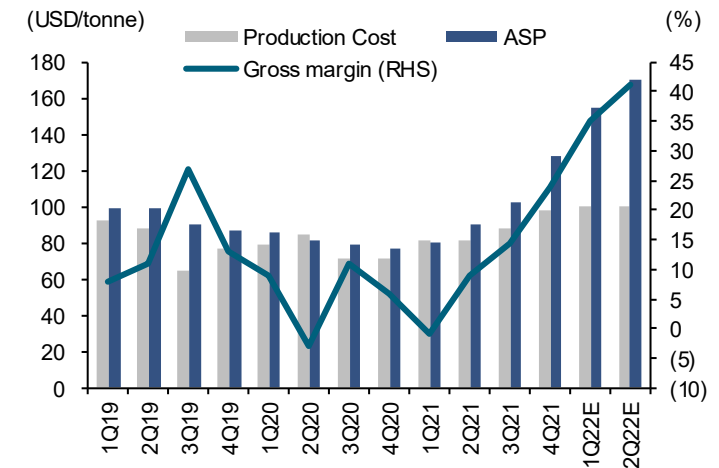
In terms of cost, we expect the production costs for both ITMG and CEY to rise only marginally in 1Q22, with ITMG's production cost increasing to USD70/t, up from USD70/t in 2021, due mainly to the higher cost of diesel, which accounts for one-third of ITMG's total production cost, based on our estimate.

**Exhibit 17: ITMG's coal ASP, cost, and gross margin**



Sources: Banpu; FSSIA estimates

**Exhibit 18: CEY's coal ASP, cost, and gross margin**



Sources: Banpu; FSSIA estimates

According to management, CEY's coal production is projected to rise to over 3mt in 1Q22, up from 2.2mt in 4Q21 and 2.5mt in 3Q21 when the large-scale mines Mandalong and Springvale witnessed geological difficulties that resulted in lower-than-expected coal production levels. Given its high fixed cost structure, CEY's net profit should improve markedly when its coal production rises in 1Q22.

### Strong BUY ahead of a strong 1Q22E net profit

We maintain BUY and our SoTP-based target price of THB18.8. We think Banpu's share price remains highly attractive, trading at a mere 3-4x 2022-23E P/E, which we think is highly unjustified given the high visibility of its strong net profit growth outlook in 2022-23 on the back of high global prices for coal and gas. We believe the strong 1Q22E net profit of THB8.6b should exceed investors' expectations as a higher ASP and lower hedging loss would drive its net profit significantly q-q and y-y in 1Q22 onward.

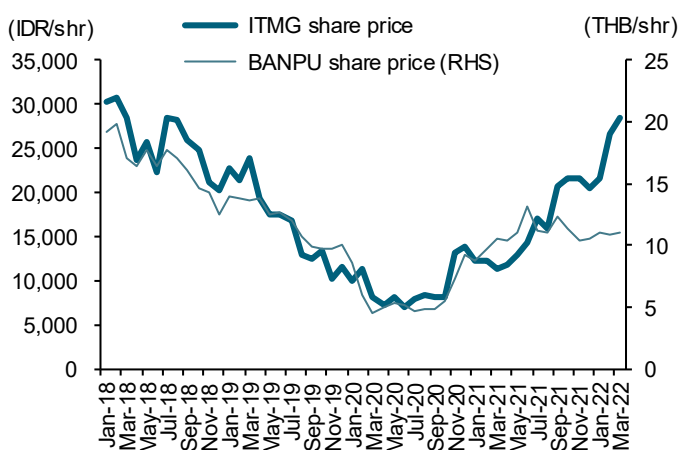
#### Exhibit 19: SoTP-based target price

Banpu's valuation breakdown	THB/share	
ITMG (65%) (A)	12.5	DCF 13% WACC, terminal growth is zero for mines
China coal	2.4	DCF 15% WACC, terminal growth is zero for mines
Australian coal (Centennial)	10.1	DCF 15% WACC, terminal growth is zero for mines
<b>Net value of coal (B)</b>	<b>25.1</b>	
<b>Value of power business</b>		
BLCP	0.2	DCF 7.1% WACC, terminal growth is zero at the end of PPA
China power	2.5	DCF 7.1% WACC, terminal growth is zero at the end of PPA
Hongsa	4.3	DCF 7.1% WACC, terminal growth is zero at the end of PPA
SLG	1.2	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)	1.0	DCF 7.1% WACC, terminal growth is zero at the end of PPA
<b>Net value of power (C)</b>	<b>10.5</b>	
<b>Net value of shale gas (D)</b>	<b>3.5</b>	<b>DCF 7.1% WACC, terminal growth is zero at the end of PPA</b>
Banpu's net debt	(20.3)	at end FY22E
<b>Net value of Banpu (B+C+D)</b>	<b>18.8</b>	<b>Target price</b>

Sources: Banpu; FSSIA estimates

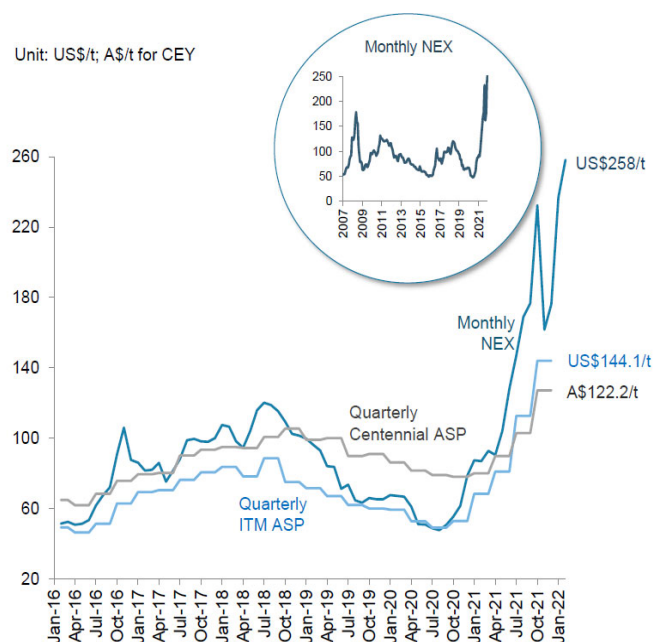
We believe that once the market and investors see Banpu's true operational strength in coal and gas in the form of strong net profits in 1Q22 onward, it will likely to lead to Banpu's share price catching up with and outperforming its subsidiary's, ITMG. ITMG's share price has outperformed Banpu's significantly since 3Q21 due to Banpu's poor reported net profits in 3Q21 and 4Q21 as a result of its large hedging losses for shale gas and coal vs only coal for ITMG.

#### Exhibit 20: ITMG's share price vs Banpu's share price



Source: Bloomberg

#### Exhibit 21: Banpu's coal ASP vs Newcastle coal price index



Source: BANPU



## Financial Statements

### Banpu

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	71,332	133,190	176,495	159,632	154,929
Cost of goods sold	(51,406)	(56,425)	(77,190)	(64,162)	(58,934)
<b>Gross profit</b>	<b>19,926</b>	<b>76,765</b>	<b>99,305</b>	<b>95,470</b>	<b>95,996</b>
Other operating income	-	-	-	-	-
Operating costs	(11,419)	(15,293)	(21,251)	(17,221)	(16,704)
<b>Operating EBITDA</b>	<b>8,506</b>	<b>61,472</b>	<b>78,054</b>	<b>78,249</b>	<b>79,292</b>
Depreciation	(13,543)	(15,895)	(19,106)	(19,106)	(19,106)
Goodwill amortisation	(31)	(186)	(376)	(376)	(376)
<b>Operating EBIT</b>	<b>(5,068)</b>	<b>45,391</b>	<b>58,571</b>	<b>58,766</b>	<b>59,809</b>
Net financing costs	(2,778)	(3,273)	(6,177)	(6,195)	(6,272)
Associates	4,239	7,290	8,705	7,622	7,565
Recurring non-operating income	5,264	(5,833)	4,923	3,840	3,783
Non-recurring items	2,282	(13,941)	0	0	0
<b>Profit before tax</b>	<b>(300)</b>	<b>22,344</b>	<b>57,318</b>	<b>56,411</b>	<b>57,320</b>
Tax	(269)	(6,372)	(9,723)	(9,758)	(9,951)
<b>Profit after tax</b>	<b>(569)</b>	<b>15,973</b>	<b>47,595</b>	<b>46,653</b>	<b>47,369</b>
Minority interests	(1,217)	(6,121)	(18,867)	(16,971)	(16,981)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(1,786)</b>	<b>9,852</b>	<b>28,728</b>	<b>29,682</b>	<b>30,388</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(2,282)</b>	<b>13,941</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(4,068)</b>	<b>23,793</b>	<b>28,728</b>	<b>29,682</b>	<b>30,388</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.80)	3.52	4.00	3.34	2.57
Reported EPS	(0.35)	1.46	4.00	3.34	2.57
DPS	0.50	0.45	2.23	1.78	1.36
Diluted shares (used to calculate per share data)	5,075	6,766	7,189	8,881	11,841
<b>Growth</b>					
Revenue (%)	(16.8)	86.7	32.5	(9.6)	(2.9)
Operating EBITDA (%)	(56.3)	622.7	27.0	0.2	1.3
Operating EBIT (%)	nm	nm	29.0	0.3	1.8
Recurring EPS (%)	nm	nm	13.6	(16.4)	(23.2)
Reported EPS (%)	nm	nm	174.5	(16.4)	(23.2)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	8.9	45.7	45.4	47.8	49.6
Gross margin of key business (%)	20.1	42.3	55.2	57.5	59.3
Operating EBITDA margin (%)	11.9	46.2	44.2	49.0	51.2
Operating EBIT margin (%)	(7.1)	34.1	33.2	36.8	38.6
Net margin (%)	(5.7)	17.9	16.3	18.6	19.6
Effective tax rate (%)	20.0	20.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	(62.4)	12.8	55.9	53.2	52.8
Interest cover (X)	0.1	12.1	10.3	10.2	10.2
Inventory days	24.2	22.5	22.2	29.6	30.2
Debtor days	38.1	31.9	37.7	45.0	43.4
Creditor days	13.6	17.2	20.3	28.7	29.3
Operating ROIC (%)	(12.6)	31.2	39.5	40.6	44.6
ROIC (%)	0.2	10.7	17.3	15.4	14.4
ROE (%)	(6.0)	33.6	30.4	24.0	19.6
ROA (%)	0.9	10.0	13.5	11.8	10.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Coal	55,080	56,801	78,540	78,540	78,540
Others	16,252	76,389	97,955	81,092	76,389

Sources: Banpu; FSSIA estimates

## Financial Statements

### Banpu

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(4,068)	23,793	28,728	29,682	30,388
Depreciation	13,543	15,895	19,106	19,106	19,106
Associates & minorities	(4,239)	(7,290)	(8,705)	(7,622)	(7,565)
Other non-cash items	1,302	10,734	13,641	13,660	13,737
Change in working capital	1,403	(4,978)	(4,400)	1,989	555
<b>Cash flow from operations</b>	<b>7,941</b>	<b>38,154</b>	<b>48,370</b>	<b>56,815</b>	<b>56,221</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(22,372)	(12,104)	(16,040)	(14,507)	(14,080)
Net acquisitions & disposals	2,828	(15,822)	(15,822)	(15,822)	(15,822)
Other investments (net)	(2,160)	(5,898)	(5,698)	(5,698)	(5,698)
<b>Cash flow from investing</b>	<b>(21,704)</b>	<b>(33,824)</b>	<b>(37,559)</b>	<b>(36,027)</b>	<b>(35,600)</b>
Dividends paid	(2,864)	(2,749)	(8,463)	(15,943)	(15,901)
Equity finance	0	0	0	0	0
Debt finance	28,455	23,861	(1,300)	2,500	2,500
Other financing cash flows	(6,277)	(7,802)	12,690	12,638	14,313
<b>Cash flow from financing</b>	<b>19,315</b>	<b>13,310</b>	<b>2,927</b>	<b>(805)</b>	<b>912</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>5,552</b>	<b>17,640</b>	<b>13,738</b>	<b>19,983</b>	<b>21,533</b>
Free cash flow to firm (FCFF)	(8,143.91)	10,212.57	17,267.54	27,263.32	27,173.38
Free cash flow to equity (FCFE)	8,415.54	20,388.72	22,201.03	35,926.32	37,434.37

#### Per share (THB)

FCFF per share	(1.20)	1.51	2.55	4.03	4.02
FCFE per share	1.24	3.01	3.28	5.31	5.53
Recurring cash flow per share	1.29	6.37	7.34	6.17	4.70

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	112,066	148,710	164,749	179,256	193,336
Less: Accumulated depreciation	(34,543)	(34,543)	(53,649)	(74,618)	(97,329)
<b>Tangible fixed assets (net)</b>	<b>77,523</b>	<b>114,167</b>	<b>111,100</b>	<b>104,639</b>	<b>96,008</b>
<b>Intangible fixed assets (net)</b>	<b>192</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	50,761	54,991	61,874	67,674	73,417
Cash & equivalents	21,941	39,581	53,320	73,303	94,836
A/C receivable	7,482	15,806	20,650	18,677	18,127
Inventories	3,045	3,905	5,471	4,949	4,803
Other current assets	14,833	26,145	26,145	26,145	26,145
<b>Current assets</b>	<b>47,301</b>	<b>85,437</b>	<b>105,586</b>	<b>123,073</b>	<b>143,911</b>
Other assets	105,870	111,186	137,001	167,046	203,011
<b>Total assets</b>	<b>281,648</b>	<b>365,799</b>	<b>415,581</b>	<b>462,452</b>	<b>516,366</b>
Common equity	62,344	79,277	109,691	137,809	172,594
Minorities etc.	22,211	24,420	43,287	60,258	77,239
<b>Total shareholders' equity</b>	<b>84,555</b>	<b>103,697</b>	<b>152,978</b>	<b>198,066</b>	<b>249,833</b>
Long term debt	112,559	139,747	178,957	181,457	183,957
Other long-term liabilities	18,129	25,164	24,954	24,743	24,533
<b>Long-term liabilities</b>	<b>130,687</b>	<b>164,911</b>	<b>203,910</b>	<b>206,200</b>	<b>208,489</b>
A/C payable	2,025	3,293	5,304	4,797	4,656
Short term debt	49,140	60,510	20,000	20,000	20,000
Other current liabilities	15,240	33,388	33,388	33,388	33,388
<b>Current liabilities</b>	<b>66,405</b>	<b>97,191</b>	<b>58,692</b>	<b>58,186</b>	<b>58,044</b>
<b>Total liabilities and shareholders' equity</b>	<b>281,648</b>	<b>365,799</b>	<b>415,581</b>	<b>462,452</b>	<b>516,366</b>
Net working capital	8,096	9,174	13,574	11,585	11,031
Invested capital	242,442	289,537	323,569	350,963	383,486

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

#### Per share (THB)

Book value per share	12.29	11.72	15.26	15.52	14.58
Tangible book value per share	12.25	11.71	15.26	15.52	14.57

#### Financial strength

Net debt/equity (%)	165.3	154.9	95.2	64.7	43.7
Net debt/total assets (%)	49.6	43.9	35.0	27.7	21.1
Current ratio (x)	0.7	0.9	1.8	2.1	2.5
CF interest cover (x)	12.1	10.9	7.2	9.1	9.2

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(14.5)</b>	<b>3.3</b>	<b>2.9</b>	<b>3.5</b>	<b>4.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(23.5)</b>	<b>5.3</b>	<b>4.7</b>	<b>5.6</b>	<b>7.3</b>
Reported P/E (x)	(33.0)	8.0	2.9	3.5	4.5
Dividend yield (%)	4.3	3.9	19.2	15.3	11.7
Price/book (x)	0.9	1.0	0.8	0.7	0.8
Price/tangible book (x)	0.9	1.0	0.8	0.7	0.8
EV/EBITDA (x) **	26.0	4.3	3.5	3.7	4.1
EV/EBITDA @ target price (x) **	30.3	5.1	4.2	4.5	5.2
EV/invested capital (x)	0.9	0.9	0.8	0.8	0.8

\* 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	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	TTB	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, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

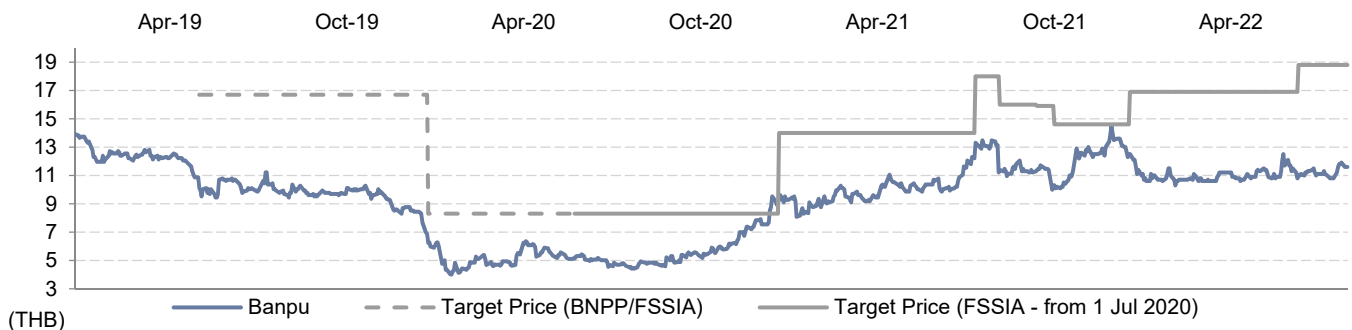
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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
13-Aug-2019	BUY	16.70	10-Jun-2021	BUY	18.00	21-Oct-2021	BUY	16.90
26-Feb-2020	HOLD	8.30	01-Jul-2021	HOLD	16.00	15-Mar-2022	BUY	18.80
09-Oct-2020	BUY	8.30	02-Aug-2021	BUY	15.90			
23-Dec-2020	BUY	14.00	17-Aug-2021	BUY	14.60			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 26-Feb-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Banpu	BANPU TB	THB 11.60	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.

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 27-Apr-2022 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.