20 MAY 2022

EQUITY RESEARCH - COMPANY REPORT

BANPU BANPU TB

THAILAND / MATERIALS

BUY

UNCHANGED

TARGET PRICE	THB18.80
CLOSE	THB11.70
UP/DOWNSIDE	+60.7%
PRIOR TP	THB18.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+23.1%

การเติบโตที่สดใสในธุรกิจก๊าซ

- เมื่อวันที่ 20 พ.ค. 2022 Banpu ผ่านบริษัทย่อย BKV ที่บริษัทฯ ถือหุ้น 96% ประกาศซื้อหุ้น 93% ในสินทรัพย์ที่เป็นก๊าซจากชั้นหินดินดานจาก XTO Energy
- ในด้านดี: ต้นทุนการซื้ออยู่ที่ USD0.5/mcf, คาด EBITDA ต่อปีที่ USD100-150ล้าน, และกำลังการผลิตก๊าซฯ ตามส่วนการลงทุนที่ 900mmscfd
- คงแนะนำซื้อที่ราคาเป้าหมาย 18.8 บาท

การตัดสินใจที่ถูกต้องสำหรับสินทรัพย์ที่เหมาะสม

เมื่อวันที่ 20 พ.ค. 2022 Banpu ผ่านบริษัทย่อย BKV ที่บริษัทฯ ถือหุ้น 96% ประกาศซื้อหุ้น 93% ในสินทรัพย์ที่เป็นก๊าซฯ จาก XTO Energy (บริษัทย่อยของ Exxon Mobil) รายละเอียดของการซื้อดังกล่าวประกอบด้วย 1) ต้นทุนการซื้อที่ USD750ล้านหรือ 25.1พัน ลบ.; 2) การผลิตก๊าซ 225mmscfd; 3) สำรอง 1P ที่ได้รับการพิสูจน์แล้วจำนวน 1.4ล้านล้าน ตรฟ.; และ 4) สินทรัพย์ก๊าซครบวงจรประกอบด้วยสินทรัพย์ต้นน้ำอันประกอบด้วยก๊าซ 2,100 หลุมในพื้นที่ 160,000 เอเคอร์ รวมถึงสินทรัพย์กลางน้ำอันประกอบด้วยสถานีอัดก๊าซ 20 แห่งและท่อส่งก๊าซยาว 750 ไมล์

Emerging shale gas crown jewel

เรามองการซื้อสินทรัพย์ก๊าซฯ ของ XTO เป็นบวกเมื่อพิจารณาจากต้นทุนการซื้อที่น่าสนใจที่ USD0.5/mcf, EBITDA รายปีที่คาดว่าจะเพิ่ม USD100-150ล้าน, กำลังการผลิตก๊าซฯ ตามส่วนการลงทุนที่เพิ่ม 29% เป็น 900mmscfd (กำลังการผลิตรวม 1,023mmscfd), และธุรกิจก๊าซฯ ที่พรั่งพร้อมมากขึ้นด้วยสถานีอัดก๊าซกลางน้ำและท่อก๊าซปลายน้ำที่เพิ่มขึ้น ซึ่งทั้งหมดจะได้ประโยชน์จากการดำเนินงานร่วมกันภายใต้ Banpu เนื่องจากสินทรัพย์ที่ซื้อมาใหม่ตั้งอยู่ใกล้กับสินทรัพย์ที่มีอยู่ในปัจจุบันของ Barnett

สัดส่วนผลขาดทุนสัญญาป้องกันความเสี่ยงที่ลดลงหลังการซื้อสินทรัพย์ก๊าซฯ ของ XTO

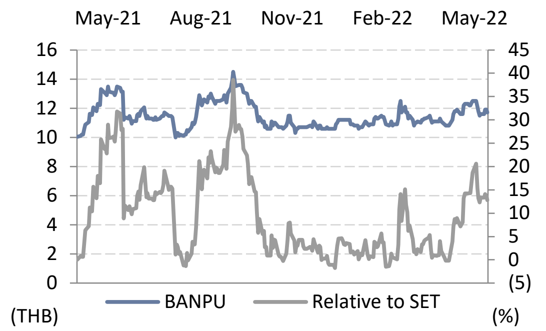
ผู้บริหารระบุว่าหลังรวมสินทรัพย์ก๊าซฯ ของ XTO ซึ่งจะทำให้การผลิตรวมเพิ่มเป็น 80bcf ต่อไตรมาสจาก 60bcf ใน 1Q22 Banpu น่าจะไม่เพิ่มสัญญาป้องกันความเสี่ยงให้กับนโยบายปริมาณป้องกันความเสี่ยงที่ 70% ของปริมาณ (42bcf ต่อไตรมาส) ในปัจจุบัน ซึ่งเราคาดว่าจะมีผลให้สัดส่วนปริมาณป้องกันความเสี่ยงลดลงจาก 70% เหลือ 60%

แนะนำซื้อที่ค่า 2022E P/E ที่เพียง 2.9x

เราคงแนะนำซื้อที่ราคาเป้าหมายที่ 18.8 บาท (SoTP) เราคิดว่าราคาหุ้นของ Banpu ยังมีความน่าสนใจในระดับสูง โดยหุ้นมีการซื้อขายที่เพียง 3-4x ของค่า 2022-23E P/E ซึ่งเราคิดว่าไม่สมเหตุสมผลเป็นอย่างยิ่งเมื่อพิจารณาจากความชัดเจนของกำไรสุทธิที่มีแนวโน้มโตดีในปี 2022-23 จากราคาถ่านหินและก๊าซในตลาดโลกที่อยู่ในระดับสูง ด้วยกำลังการผลิตก๊าซที่กำลังโตในราคาที่คาดว่าจะปรับตัวขึ้นเหนือ USD5/mmbtu เป็นระยะเวลานานขึ้น พร้อมผลขาดทุนสัญญาป้องกันความเสี่ยงที่จะลดลง y-y จากปริมาณป้องกันความเสี่ยงที่ลดลงและราคาป้องกันความเสี่ยงที่สูงขึ้น เราเชื่อว่ากำไรสุทธิที่อยู่ในระดับสูงของ Banpu ซึ่งเราคาดว่าอยู่ที่ 10พัน ลบ. ใน 2Q22 และ 28.7พัน ลบ. ในปี 2022 น่าจะสูงกว่าที่นักลงทุนคาด ราคาขายเฉลี่ยที่สูงขึ้นและผลขาดทุนสัญญาป้องกันความเสี่ยงที่ลดลงน่าจะช่วยผลักดันให้กำไรสุทธิปรับขึ้นอย่างมีนัยสำคัญ q-q และ y-y ตั้งแต่ 2Q22 เป็นต้นไป

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 (%)	-	13.9	46.9	27.2
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	4.6
Dividend yield (%)	3.8	19.1	15.2	11.6
EV/EBITDA (x)	4.3	3.5	3.7	4.1
Price/book (x)	1.0	0.8	0.8	0.8
Net debt/Equity (%)	154.9	95.2	64.7	43.7
ROE (%)	33.6	30.4	24.0	19.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.9	7.3	14.8
Relative to country (%)	5.5	14.5	11.1

Mkt cap (USD m)	2,298
3m avg. daily turnover (USD m)	54.3
Free float (%)	88
Major shareholder	Vongkusolkit Family (13%)
12m high/low (THB)	14.90/9.65
Issued shares (m)	6,766.00

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 พฤษภาคม 2022

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.

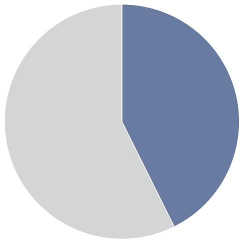
We see three factors that we think will drive up Banpu's earnings in 2022. First, its gas earnings are in an upcycle due to the tighter supply in the US. Second, we expect higher coal earnings on the back of USD100-130/tonne index coal prices. Finally, we see more upsides for its power earnings due to 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.

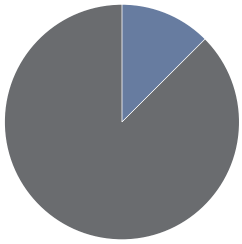
www.banpu.com

Principal activities (revenue, 2021)



Source: Banpu

Major shareholders



Source: Banpu

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
Aug 2022	2Q22 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

A surprising shale gas acquisition in the US

On 20 May 2022, Banpu, via its 96%-owned subsidiary BKV, announced to acquire a 93% stake in the shale gas asset from XTO Energy, a subsidiary of Exxon Mobil. Details of the acquisition include:

- An acquisition cost of USD750m or THB25.1b;
- Production is 225 mmscfd, bringing Banpu's shale gas total capacity up to1,023mmscfd;
- The 1P proved reserve is 1.4trn cf, adding 32% for a total of 5.8trn cf;
- Assets include upstream assets of 2,100 gas production wells and 160,000 acres plus midstream assets of 20 gas compression stations and 750miles of pipeline;
- In 1Q22 shale gas generated USD165m EBITDA but incurred a hedging loss of USD100m, based on production of 60bcfe and an average selling price (ASP) of USD3.8/mmscf.

Exhibit 1: Shale gas acquisition history

Company	Investment	Investment date	Shale gas area	Production capacity	Accumulated sales volume	1P Reserve
	(USD m)			(mmscfd)	(bcf)	(tcf)
Chaffee Corners	112	2016	Marcellus	21	6	0.3
NEPA corners I-III	95	1H17	Marcellus	28	8	0.2
NEPA corners IV-V	315	2H17	Marcellus	152	13	0.6
Barnett	570	Oct-20	Barnett	597	50	3.3
XTO Energy	750	Jun-22E	Barnett	225	30	1.4
Total	**1,842**			**1,023**	**107**	**5.8**

Sources: Banpu; FSSIA estimates

Strengthening shale gas assets ahead of upcoming IPO

We are positive on the acquisition of XTO's shale gas asset given the attractive acquisition cost at USD0.5/mcf, estimated additional annual EBITDA of USD100-150m, shale gas equity capacity growth by 29% to 900mmscfd (1,023mmscfd total capacity), and the enhanced value chain of shale gas with additional midstream gas compression stations and downstream pipeline gas assets to benefit from synergy as the new acquisition is located adjacent to existing assets in Barnett.

Benefit #1: Attractive acquisition cost at USD0.5 per 1P proved reserve, lower than the average USD0.8/mcf reserve but slightly higher than Banpu's previous four shale gas asset acquisitions, including three assets in Marcellus and one large asset in Barnett.

During the conference related to the acquisition of XTO's asset, management indicated that the acquisition price reflects the USD3-4/mmbtu shale gas price, not the current USD7-8/mmbtu Henry Hub gas price.

Exhibit 2: Banpu's historical acquisitions of shale gas assets

Company	Investment	Production capacity	Production capacity	1P reserve	EV/production capacity	EV/1P reserve
	(USD m)	(mmscfd)	(% of total capacity)	(tcf)	(USD/bcfd)	(USD/mcf)
Chaffee Corners	112	21	2.1	0.3	5.3	0.4
NEPA Corners I-III	95	28	2.8	0.2	3.4	0.4
NEPA Corners IV-V	315	152	15.2	0.6	2.1	0.5
Barnett	570	597	59.8	3.3	1.0	0.2
XTO Energy	750	225	20.0	1.4	3.8	0.5
Total Banpu	**1,842**	**1,023**	**100.0**	**5.8**	**1.8**	**0.3**
US average					4.5	0.8

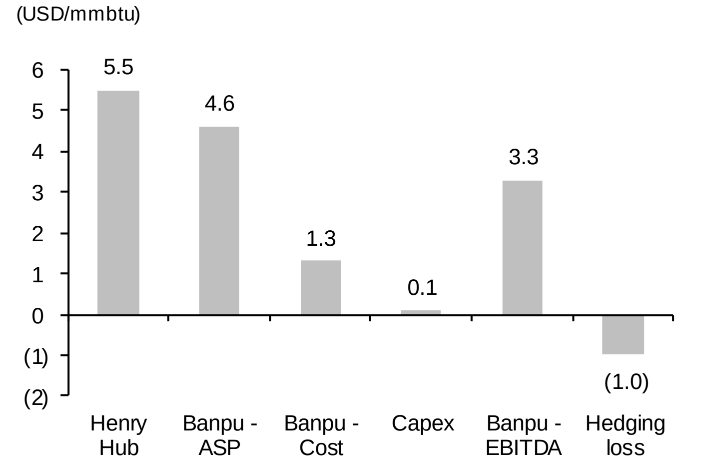
Sources: Banpu; FSSIA estimates

In addition, the acquisition of USD750m includes 20 midstream gas compression stations and downstream pipeline assets, which we estimate together to be worth USD200m, leaving the acquisition cost at USD500m and implying USD0.35/mcf vs the USD0.2/mcf acquisition cost that Banpu paid for its shale gas asset in 2020.

Benefit #2: Estimated additional annual EBITDA of cUSD100-150m. Even before the acquiusition of XTO's shale gas asset, Banpu had already been ranked as one of the top ten shale gas producers in the US, with a large shale gas equity capacity of 700mmscfd.

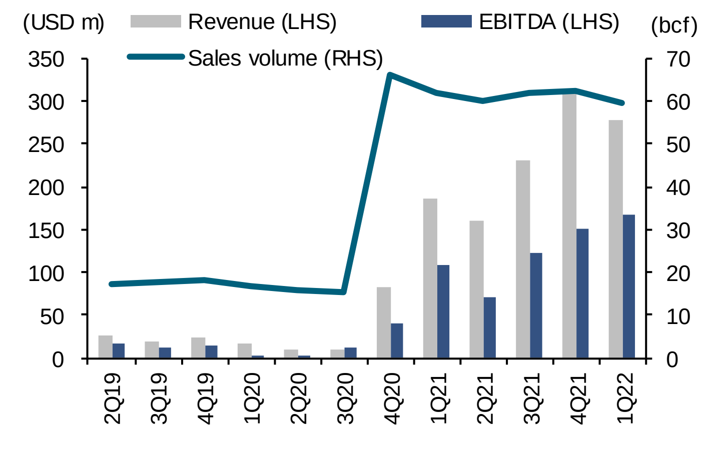
Shale gas assets contributed USD450m EBITDA in 2021 and USD167m EBITDA in 1Q22. Post the acquisition of XTO's asset in Jun-22, we estimate that the newly acquired shale gas asset would add USD100-150m in annual EBITDA to Banpu.

Exhibit 3: Financial analysis of Banpu's shale gas



Sources: Banpu; FSSIA estimates

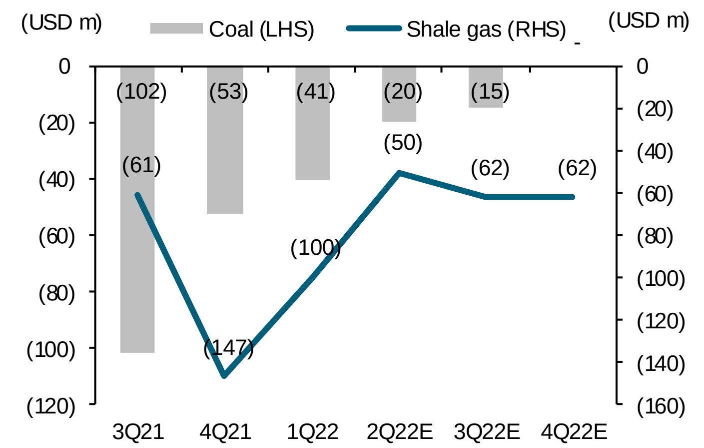
Exhibit 4: Shale gas quarterly revenue, EBITDA, and sales volume



Sources: Banpu

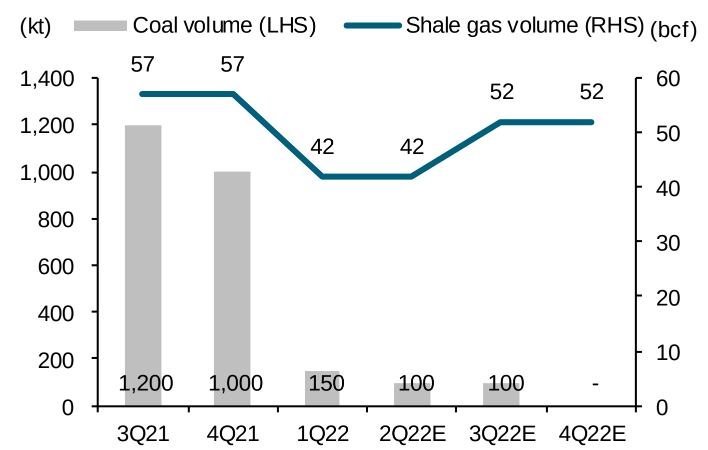
Hedging loss to be diluted post the acquisition of XTO's shale gas asset starting in 3Q22. Management clearly indicated that after the incorporation of XTO's shale gas asset to bring the total production to 80bcf per quarter, up from 60bcf in 1Q22, Banpu is unlikely to add any hedging position to its existing policy of 70% hedging volume (42bcf a quarter). This would effectively reduce the hedging volume proportion from 70% to 60%, based on our estimate.

Exhibit 5: Quarterly hedging loss projections for coal and shale gas



Sources: Banpu; FSSIA estimates

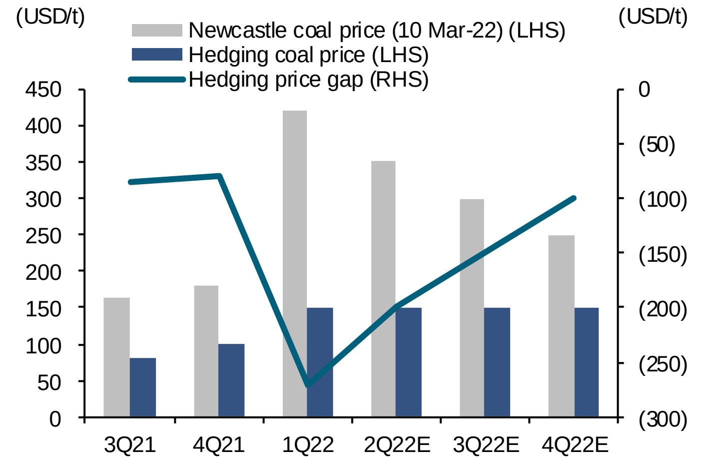
Exhibit 6: Banpu's coal sales volume and shale gas sales volume



Sources: Banpu; FSSIA estimates

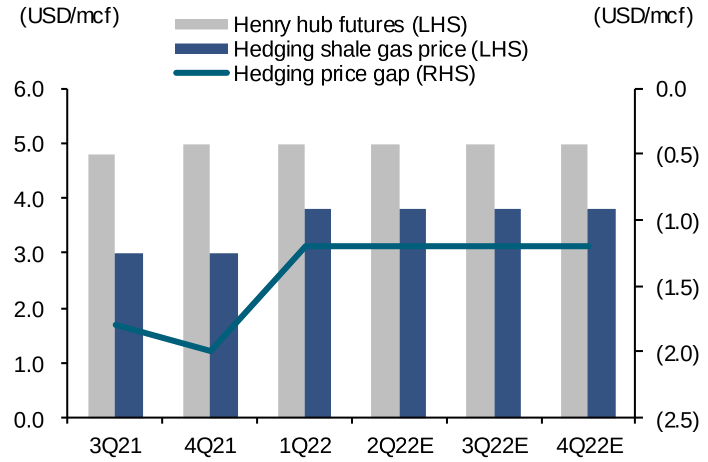
Coupled with the higher hedging gas price in the range of USD2.5-5.0/mmbtu, with an average hedging price of USD4.0-4.5/mmbtu, we believe Banpu's hedging loss as a percentage of total EBITDA generated would decline, potentially leading to a higher EBITDA contribution net of hedging loss to Banpu in the range of USD130-180m a quarter, up from USD100m in 1Q22.

Exhibit 7: Banpu's hedging coal price vs Newcastle coal price index



Sources: Banpu; Bloomberg, FSSIA estimates

Exhibit 8: Banpu's shale gas selling price vs Henry Hub gas price index futures

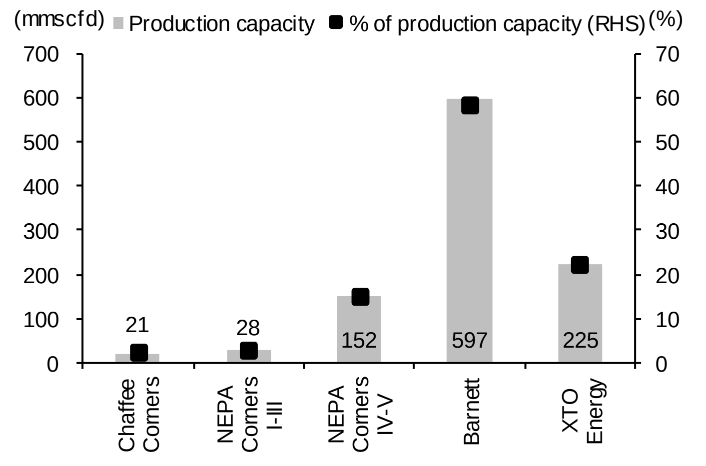


Sources: Banpu; Bloomberg, FSSIA estimates

Benefit #3: Shale gas equity capacity growth by 29% to 900mmscfd (1,023mmscfd total capacity), effectively positioning BKV well for the upcoming listing in the next 12 months, according to The Economic Times. BKV, owned 96.3% by Banpu, reportedly plans to pursue an initial public offering (IPO) within the next 12 months.

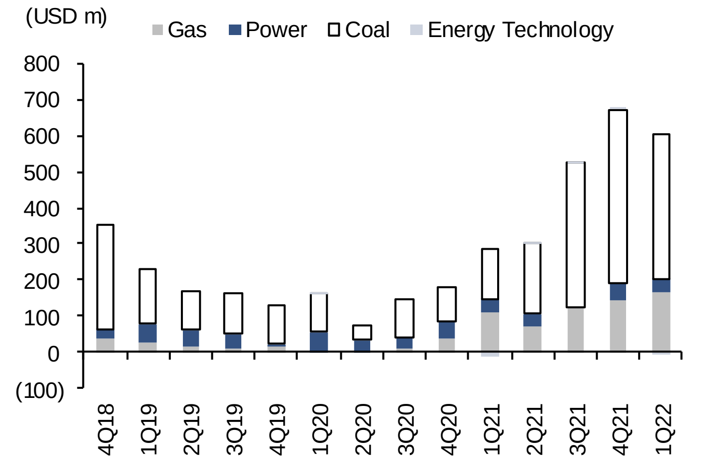
With more profitability in the range of annual EBITDA of USD0.8-1.2b, we think Banpu would greatly benefit from the acquisition of XTO's shale gas asset for the value unlocking via IPO of BKV and stronger earnings generated from US shale gas.

Exhibit 9: Shale gas production capacity by asset



Sources: Banpu; FSSIA estimates

Exhibit 10: EBITDA breakdown by business



Sources: Banpu; FSSIA estimates

Benefit #4: Enhanced value chain of shale gas with additional midstream gas compression stations and downstream pipeline gas assets to benefit from synergy as the new asset is located adjacent to existing assets in Barnett.

According to management, the synergy from two large-scale shale gas assets in the Barnett area includes:

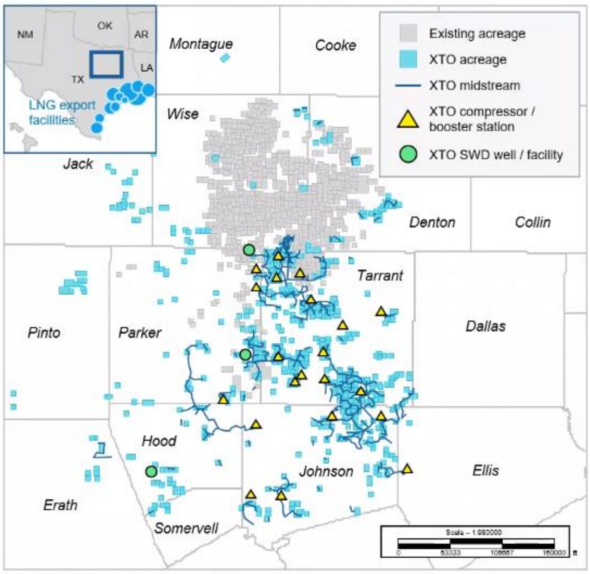
1) Lower transportation, pipeline, and logistics costs with access to the US Gulf Coast markets and LNG export facilities;

2) Low-risk, more sustainable earnings and cash flow generation from stable production with low capex and low operating expenses;

3) Additional earnings growth from the asset monetisation of the 100%-owned integrated midstream gas system (pipeline and compressors) with excess capacity for outside customers to access and use with rental fees;

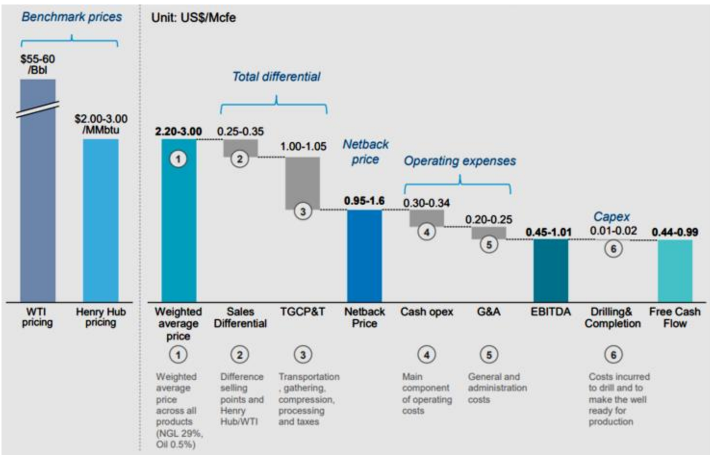
4) Higher bargaining power and a lower cost per unit due to the economies of scale.

Exhibit 11: XTO's Barnett asset – proximity to existing Barnett assets and LNG export facilities



Source: Banpu

Exhibit 12: Banpu's Barnett shale gas cost structure



Source: Banpu

High EBITDA upside from shale gas. If we base our EBITDA estimate on the current gas price of USD7.7/mmbtu vs our projected gas price of USD3.5/mmbtu in 2022, we estimate that Banpu could generate USD1.9-2.2b in annual EBITDA in 2023 onward, thanks to the company's low-cost shale gas structure.

Exhibit 13: Henry Hub gas swap price May-22

Source: Barchart.com

Exhibit 14: ICE Newcastle coal May-22

Source: Barchart.com

We expect Banpu to generate significant EBITDA of USD1.9-2.2b under the current shale gas price of USD7.7/mmbtu. However, under a more sustainable gas price of USD3.5/mmbtu, we project Banpu to generate USD0.5b-0.8b in annual EBITDA from its gas unit, up from USD450m in 2021, pre-XTO shale gas acquisition.

Exhibit 15: Profitability analysis of Banpu's shale gas unit

		Unit	
Total production volume	**1,023**	**mmscfd**	
Equity production volume	**900**	**mmscfd**	
Equity production volume	328,500	mmscf	
Change in gas price	0.1	USD/mmbtu	
Current gas price	7.7	USD/mmbtu	
Change in revenue	32.85	USD m	
Pricing and cost structure per unit	**Average**	**Min**	**Max**
	(USD/mmbtu)	**(USD/mmbtu)**	**(USD/mmbtu)**
Price per unit			
Price discount to Henry Hub	0.75	0.50	1.00
Net price after discount	**6.95**	**7.20**	**6.70**
Gathering & compression costs (G&C)	0.55	0.45	0.65
Transportation	0.20	0.20	0.20
Netback price	**7.70**	**7.85**	**7.55**
Cost per unit			
Lease operating cost	0.23	0.20	0.25
G&A	0.30	0.25	0.35
DD&A	0.90	0.80	1.00
Drilling & completion	1.00	0.80	1.20
Net cash cost	1.53	1.25	1.80
Total cost	2.43	2.05	2.80
Margin per unit			
EBITDA	6.18	6.60	5.75
EBT	5.28	5.80	4.75
Tax 21%	(1.11)	(1.22)	(1.00)
Net margin	4.17	4.58	3.75
EBITDA (USD b)	**2.0**	**2.2**	**1.9**
Net profit (USD b)	**1.4**	**1.5**	**1.2**

Source: BANPU, FSSIA estimates

Strong BUY ahead of solid 2022E 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.

With the upcoming capacity growth from shale gas on the projected higher-for-longer gas price at above USD5/mmbtu, plus a y-y lower hedging loss due to the lower hedging volume and higher hedging price, we believe Banpu's strong net profits that we estimate at THB10b in 2Q22 and THB28.7b in 2022 should exceed investors' expectations. A higher ASP and lower hedging loss would drive its net profit significantly q-q and y-y in 2Q22 onward.

Exhibit 16: 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
Net value of coal (B)	**25.1**	
Value of power business		
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
Net value of power (C)	**10.5**	
Net value of shale gas (D)	**3.5**	**DCF 7.1% WACC, terminal growth is zero at the end of PPA**
Banpu's net debt	(20.3)	at end FY22E
Net value of Banpu (B+C+D)	**18.8**	**Target price**

Sources: Banpu; FSSIA estimates

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)
Gross profit	**19,926**	**76,765**	**99,305**	**95,470**	**95,996**
Other operating income	-	-	-	-	-
Operating costs	(11,419)	(15,293)	(21,251)	(17,221)	(16,704)
Operating EBITDA	**8,506**	**61,472**	**78,054**	**78,249**	**79,292**
Depreciation	(13,543)	(15,895)	(19,106)	(19,106)	(19,106)
Goodwill amortisation	(31)	(186)	(376)	(376)	(376)
Operating EBIT	**(5,068)**	**45,391**	**58,571**	**58,766**	**59,809**
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
Profit before tax	**(300)**	**22,344**	**57,318**	**56,411**	**57,320**
Tax	(269)	(6,372)	(9,723)	(9,758)	(9,951)
Profit after tax	**(569)**	**15,973**	**47,595**	**46,653**	**47,369**
Minority interests	(1,217)	(6,121)	(18,867)	(16,971)	(16,981)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	**(1,786)**	**9,852**	**28,728**	**29,682**	**30,388**
Non-recurring items & goodwill (net)	**(2,282)**	**13,941**	**0**	**0**	**0**
Recurring net profit	**(4,068)**	**23,793**	**28,728**	**29,682**	**30,388**
Per share (THB)					
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
Growth					
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)
Operating performance					
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

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
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
Cash flow from operations	**7,941**	**38,154**	**48,370**	**56,815**	**56,221**
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)
Cash flow from investing	**(21,704)**	**(33,824)**	**(37,559)**	**(36,027)**	**(35,600)**
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
Cash flow from financing	**19,315**	**13,310**	**2,927**	**(805)**	**912**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**5,552**	**17,640**	**13,738**	**19,983**	**21,533**
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)
Tangible fixed assets (net)	**77,523**	**114,167**	**111,100**	**104,639**	**96,008**
Intangible fixed assets (net)	**192**	**20**	**20**	**20**	**20**
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
Current assets	**47,301**	**85,437**	**105,586**	**123,073**	**143,911**
Other assets	105,870	111,186	137,001	167,046	203,011
Total assets	**281,648**	**365,799**	**415,581**	**462,452**	**516,366**
Common equity	62,344	79,277	109,691	137,809	172,594
Minorities etc.	22,211	24,420	43,287	60,258	77,239
Total shareholders' equity	**84,555**	**103,697**	**152,978**	**198,066**	**249,833**
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
Long-term liabilities	**130,687**	**164,911**	**203,910**	**206,200**	**208,489**
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
Current liabilities	**66,405**	**97,191**	**58,692**	**58,186**	**58,044**
Total liabilities and shareholders' equity	**281,648**	**365,799**	**415,581**	**462,452**	**516,366**
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
Recurring P/E (x) *	**(14.6)**	**3.3**	**2.9**	**3.5**	**4.6**
Recurring P/E @ target price (x) *	**(23.5)**	**5.3**	**4.7**	**5.6**	**7.3**
Reported P/E (x)	(33.2)	8.0	2.9	3.5	4.6
Dividend yield (%)	4.3	3.8	19.1	15.2	11.6
Price/book (x)	1.0	1.0	0.8	0.8	0.8
Price/tangible book (x)	1.0	1.0	0.8	0.8	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	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	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	TTB	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	AMANAH	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	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	TPIPP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description	Score Range
Excellent	90-100
Very Good	80-89
Good	70-79

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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	AMANAH	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	WIIK	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 th e 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

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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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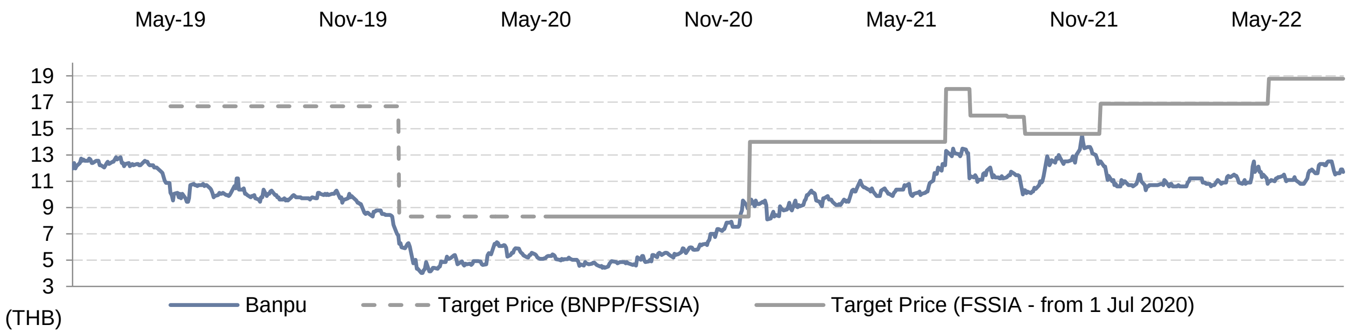
 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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 11.70	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 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 19-May-2022 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.