

BANPU BANPU TB

THAILAND / MATERIALS

BUY

UNCHANGED

ถ่านหินเปล่งประกายในฐานะพลังงานทดแทน

- เราคาดว่า Banpu จะรายงานกำไรสุทธิ 2Q22 ในระดับสูงที่ 11.4 พัน ลบ. (+11% q-q, +7.6x y-y) พร้อมคาดการณ์กำไรสุทธิจะกระโดดเพิ่มเป็น 15.9 พัน ลบ.
- เราคาดว่าตั้งแต่ 3Q22 เป็นต้นไป Banpu จะรายงาน EBITDA เพิ่มประมาณ USD0.1 พันล้านจากสินทรัพย์จากชั้นหินดินดานของ XTO
- แนะนำซื้อที่ราคาเป้าหมายที่ 18.80 บาท

TARGET PRICE	THB18.80
CLOSE	THB13.00
UP/DOWNSIDE	+44.6%
PRIOR TP	THB18.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+20.6%

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 (%)	-	(0.9)	25.5	24.6
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)	3.7	3.3	3.9	5.1
Dividend yield (%)	3.5	17.2	13.7	10.4
EV/EBITDA (x)	4.4	3.6	3.9	4.3
Price/book (x)	1.1	0.9	0.8	0.9
Net debt/Equity (%)	154.9	95.2	64.7	43.7
ROE (%)	33.6	30.4	24.0	19.6

กำไรสุทธิที่คาดว่าจะดีใน 2Q22 เป็นแค่จุดเริ่มต้น

เราคาดว่า Banpu จะรายงานกำไรสุทธิ 2Q22 ในระดับสูงที่ 11.4 พัน ลบ. (+11% q-q, +7.6x y-y) เมื่อหักผลขาดทุนจากสัญญาป้องกันความเสี่ยงและอัตราแลกเปลี่ยน เราคาดว่ากำไรสุทธิจะกระโดดเพิ่มเป็น 15.9 พัน ลบ. (+69% q-q, +447% y-y) โดยมีปัจจัยหนุนสำคัญอยู่ที่ราคาขายเฉลี่ย (ASP) ที่สูงขึ้น, ผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่ลดลง, และปริมาณขายที่เพิ่มขึ้น พร้อมกำไรสุทธิที่เพิ่มขึ้นจากธุรกิจไฟฟ้าโดยส่วนมากจะมาจากโรงไฟฟ้าหังสา (HPC) ด้วยราคาซื้อขายที่ปรับขึ้น y-y และปริมาณขายก๊าซและถ่านหินที่สูงขึ้น เราคิดว่ากำไรสุทธิรายไตรมาสของ Banpu จะโตอย่างเห็นได้ชัดใน 2Q22-4Q22

ราคาถ่านหินและก๊าซจะปรับขึ้นเป็นระยะเวลานานขึ้น

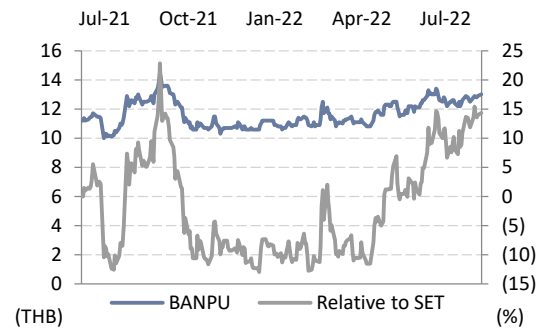
จากอุปทานก๊าซและน้ำมันที่ตึงตัวจากสงครามรัสเซีย-ยูเครนที่เกิดขึ้นอย่างต่อเนื่อง เราคาดว่าราคาถ่านหินจะยังอยู่ในระดับสูงเป็นระยะเวลานานขึ้นในช่วง 2H22 และถึงปี 2023 เนื่องจากเราเห็นว่าความต้องการถ่านหินเพื่อทดแทนก๊าซและน้ำมันในฤดูหนาวที่กำลังจะมาถึงในซีกโลกเหนือน่าจะหนุนราคาถ่านหิน Newcastle ให้อยู่เหนือ USD300/t ในขณะที่ผลขาดทุนจากสัญญาป้องกันความเสี่ยงโดยเฉพาะอย่างยิ่งก๊าซจะกดดันกำไรจากการดำเนินงานอย่างต่อเนื่อง กำไรสุทธิรายไตรมาสของ Banpu น่าจะเพิ่มทั้ง q-q และ y-y เนื่องจากเราคาดว่าผลขาดทุนจากสัญญาป้องกันความเสี่ยงจะลดลงจากนโยบายป้องกันความเสี่ยงที่สามารถปรับเข้าให้เข้ากับสถานการณ์ของบริษัทฯ เพื่อลดสถานะในการป้องกันความเสี่ยง

การควบรวมและซื้อกิจการ (M&A) จะช่วยเสริมกำไรจากธุรกิจก๊าซในชั้นหินดินดานให้สูงขึ้นตั้งแต่ 2H22 เป็นต้นไป

เมื่อวันที่ 30 มิ.ย. 22 Banpu ได้ซื้อสินทรัพย์ก๊าซธรรมชาติและสินทรัพย์กลางน้ำของ XTO ในแหล่งชั้นหินดินดาน Barnett ได้สำเร็จ รายการดังกล่าวมีมูลค่า USD750 ล้าน (26.5 พัน ลบ.) โดย Banpu จะเริ่มรวมสินทรัพย์จากชั้นหินดินดานของ XTO ตั้งแต่วันที่ 1 ก.ค. 22 เป็นต้นไป หลังการซื้อ XTO สำเร็จ Banpu จะมีกำลังการผลิตก๊าซในชั้นหินดินดานตามส่วนการลงทุนเพิ่มจากที่ประมาณ 700mmscfd เป็น 900mmscfd และสำรอง 1P จาก 4.4tcf เป็นกว่า 5.8tcf เราคาดว่าตั้งแต่ 3Q22 เป็นต้นไป Banpu จะรายงาน EBITDA เพิ่มประมาณ USD0.1 พันล้านจากสินทรัพย์จากชั้นหินดินดานของ XTO ซึ่งทำให้เราคาดว่า EBITDA รายไตรมาสจากธุรกิจก๊าซในชั้นหินดินดานจะเพิ่มเป็น USD0.4 พันล้านในช่วง 2H22-2023

กำไรที่อยู่ในระดับสูงจะสยบความกังวลเกี่ยวกับผลขาดทุนจากสัญญาป้องกันความเสี่ยง

นับตั้งแต่ต้นปีจนถึงปัจจุบันราคาหุ้นของ Banpu ล้าหลังกว่า ITMG เป็นอย่างมากจากความกังวลของนักลงทุนเกี่ยวกับผลขาดทุนจำนวนมากจากสัญญาป้องกันความเสี่ยง อย่างไรก็ตาม เราเห็นว่ากำไรสุทธิรายไตรมาสที่อยู่ในระดับสูงในช่วง 2Q22-2023 ซึ่งมีปัจจัยหนุนจาก ASP และปริมาณขายถ่านหินและก๊าซที่สูงขึ้น, M&A สินทรัพย์จากชั้นหินดินดาน, และผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่ลดลงน่าจะสยบความกังวลของนักลงทุนดังกล่าวได้



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.6	12.1	15.1
Relative to country (%)	7.1	20.3	14.0
Mkt cap (USD m)	2,403		
3m avg. daily turnover (USD m)	49.1		
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



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com
+66 2611 3558

Siriluck Pinthusoonthorn

siriluck.pin@fssia.com
+66 2611 3562

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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 กรกฎาคม 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 outlook based on stronger demand and tighter supply.

We think that rising Newcastle index coal prices 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 projected USD100-130/tonne index coal prices. Finally, we see more upsides for its power earnings due to higher projected net profit contributions from Hongsa.

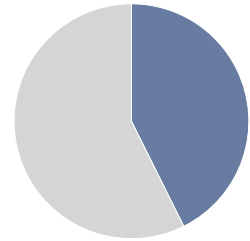
Company profile

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)

■ Coal - 42.6 % ■ Others - 57.4 %

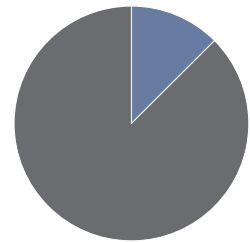


Source: Banpu

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
Aug 2022	2Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Coal sales volume (mtpa)	34.8	34.7	33.7
Newcastle coal price (USD/t)	200.0	150.0	150.0
ASP for coal (USD/t)	162.3	139.8	139.6
Total cost - Indonesia (USD/t)	85.1	69.2	66.2
Total cost - Australia (USD/t)	88.0	87.0	87.0

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.

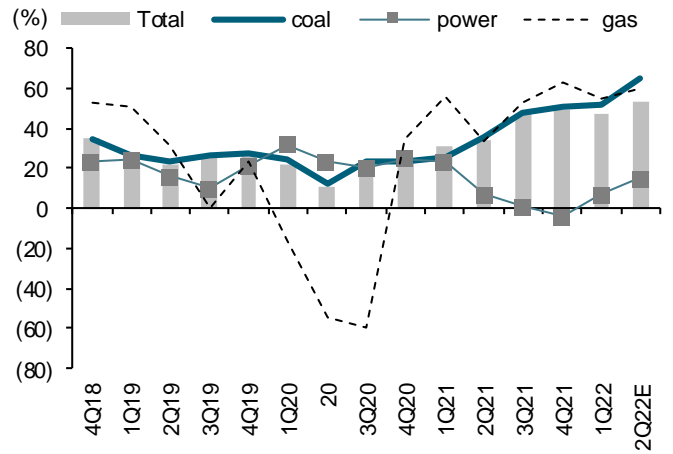
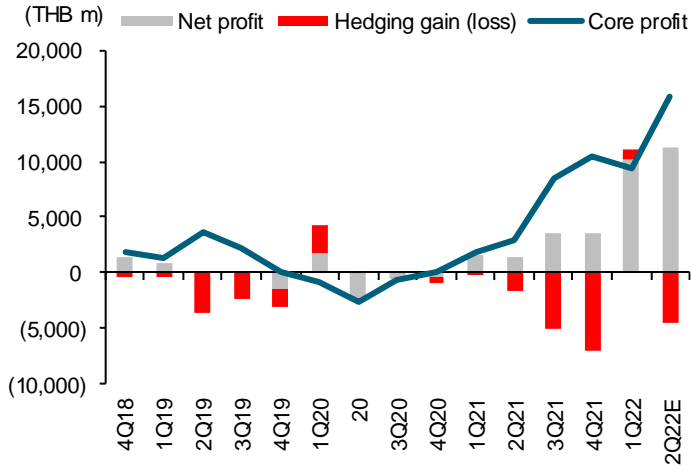
Source: FSSIA estimates

Higher-for-longer coal prices

With the y-y higher prices of coal and gas and improving sales volumes of coal, we think Banpu's quarterly core net profits will continue to grow markedly q-q, rising to over THB10b a quarter. While hedging losses, particularly for gas, will continue to erode its operating net profits, Banpu's reported quarterly net profit should surge both q-q and y-y as we project its hedging losses to shrink as a result of its adaptive hedging policy aimed at better capturing the global coal and gas price uptrends.

Exhibit 1: Strong net profits to continue in 2Q22 onward

Exhibit 2: Gross margins to improve markedly



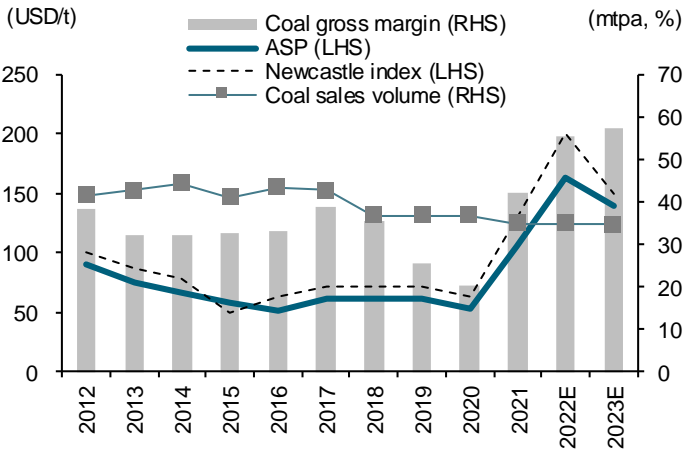
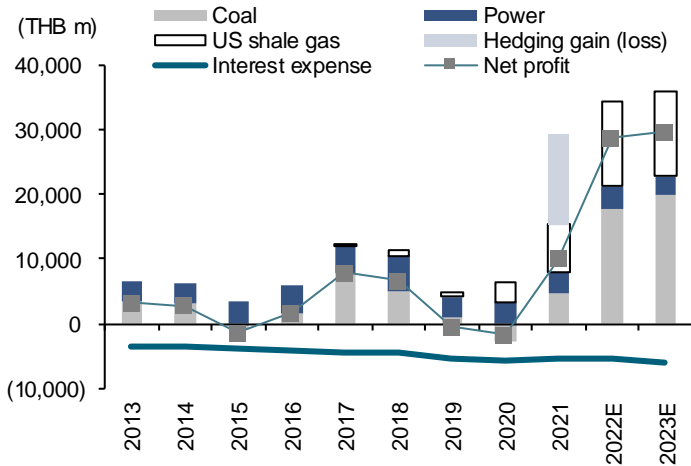
Sources: Banpu; FSSIA estimates

Sources: Banpu; FSSIA estimates

On an annual basis, we project Banpu's net profits in 2022-23 to jump to THB29b in 2022 and THB30b in 2023, driven mainly by higher coal prices, while we expect the gross margin for coal to hit 55% in 2022 and 58% in 2023.

Exhibit 3: Net profit growth from coal and shale gas

Exhibit 4: Coal gross margin to surge on higher ASP



Sources: Banpu; FSSIA estimates

Sources: Banpu; FSSIA estimates

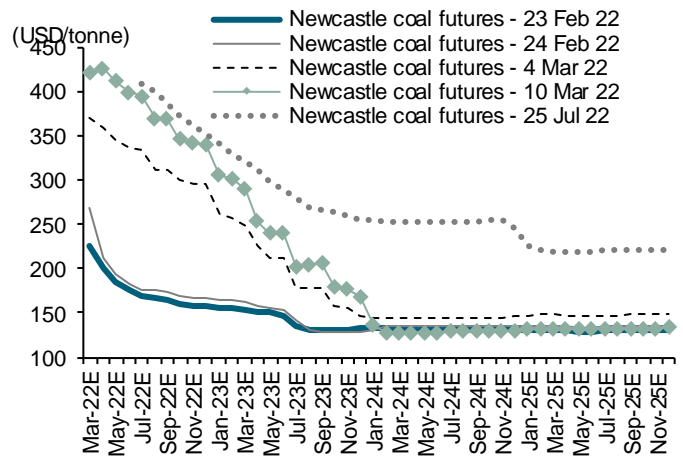
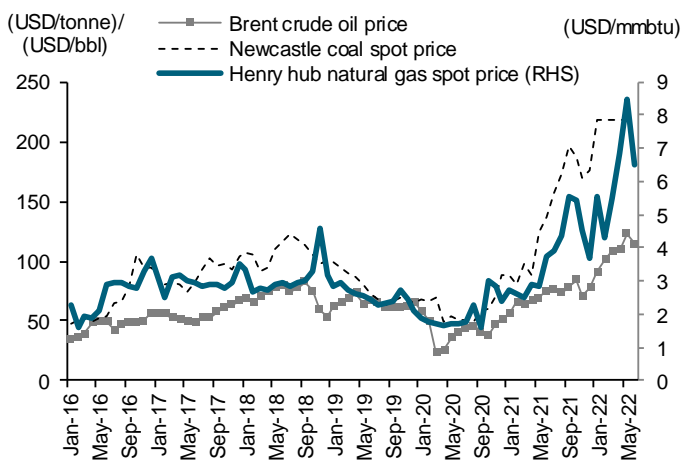
Higher-for-longer prices for coal and gas in 2022-25

Since 1Q21, the prices of energy, including oil, gas, and coal, have surged due to rising demand post the reopening of the global economy and tighter supplies as a result of the Russia-Ukraine war that broke out on 24 Feb-22. Of the three major energy commodities, the coal price has jumped the most due to its use as a substitute for gas and oil.

A USD250/t floor price for Newcastle index is now expected in 2024-25. The impact of the Russia-Ukraine war on the global coal price has been manifest in the much higher Newcastle coal price (NCT) futures, which have jumped by over USD70-100/t for both near-term and long-term futures. Currently, the market expects NCT futures to stay above USD200/t at least until 2025 – far higher than the previous expectation of USD150/t reflected in the NCT futures for 2024-25 seen on 23 Feb-22 (before the Russia-Ukraine war began on 24 Feb-22), and on 4 and 10 Mar-22 as the war dragged on.

Exhibit 5: Brent crude, Newcastle coal, Henry Hub gas price

Exhibit 6: Newcastle coal futures



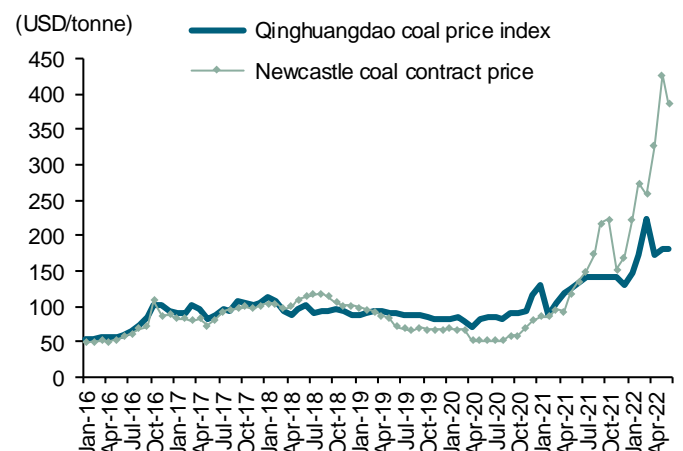
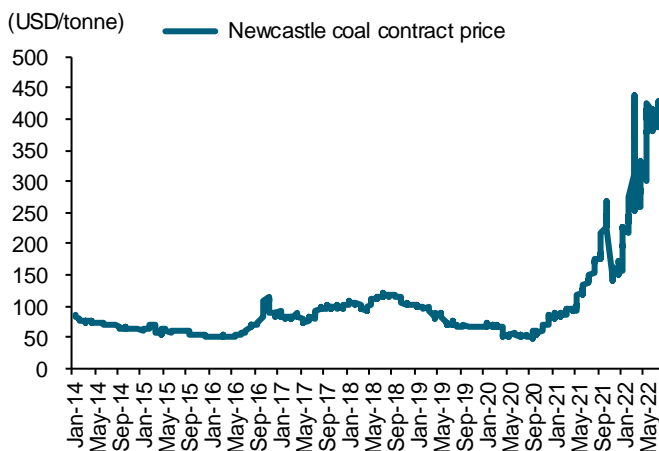
Source: Bloomberg

Source: Bloomberg

Meanwhile, NCT has now strayed far higher than China's Qinghuangdao (QHD) coal price index, widening from a small discount in 1Q21 to the current USD220/t in Jun-22 as a result of China's price curb policy for the domestic market aimed at controlling the cost of power generation.

Exhibit 7: Newcastle coal contract price spike

Exhibit 8: Benchmark coal prices (QHD vs NCT)

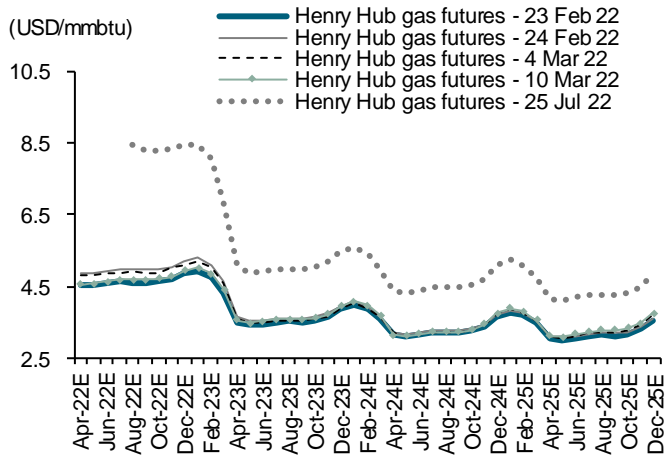


Source: Bloomberg

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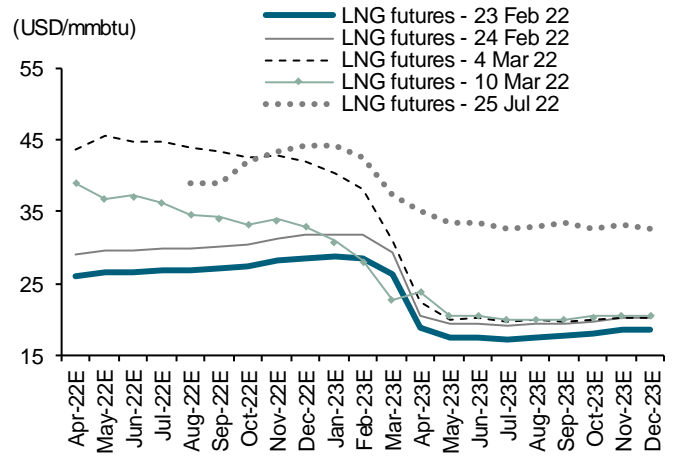
The Henry Hub gas price has similarly risen recently, jumping out of the USD4.5-4.7/mmbtu band during Feb-Jun 2022 to USD8.5/mmbtu for the near-term futures in 2022-1Q23 before declining to USD4.5/mmbtu post 2023. The rise in LNG futures to USD36-45/mmbtu based on the LNG futures on 25 Jul-22 clearly indicates that the global LNG market is expected to remain tight at least until 2Q23 when new LNG supply should meaningfully come on stream.

Exhibit 9: Henry Hub gas futures



Source: Bloomberg

Exhibit 10: LNG futures



Source: Bloomberg

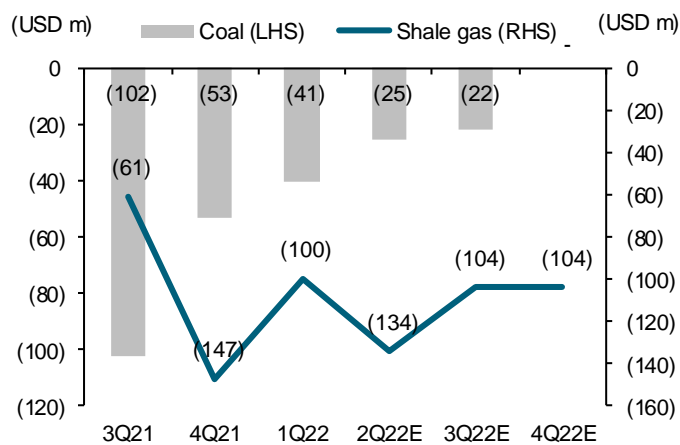
Higher-for-longer quarterly net profits for coal and gas in 2022-23

We expect Banpu to enjoy strong earnings growth momentum in 2Q22-2023, thanks to its higher ASP for coal and gas, rising sales volumes, and a meaningful decline in its hedging losses.

In the past four quarters since 3Q21, Banpu has continued to improve its hedging policy, effectively reducing the hedging volumes and prices for both its coal and gas businesses.

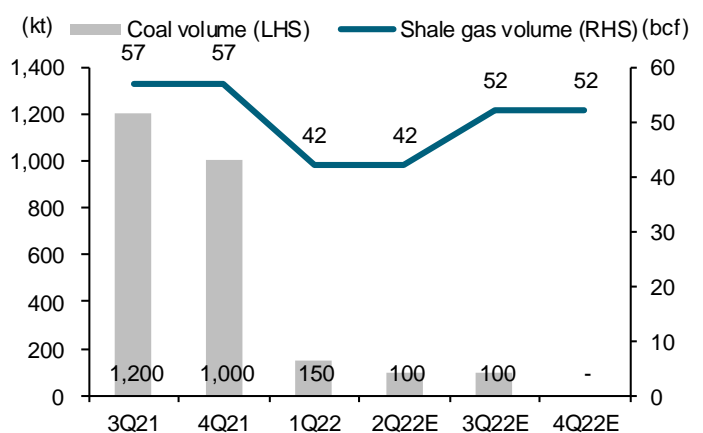
As a result, despite the higher global coal and gas prices, Banpu has seen smaller combined hedging losses since 3Q21, particularly for its coal business, as Banpu cut its coal hedging volumes by 4-5x from 0.5mt a quarter in 2H22 to 0.1mt a quarter in 2022, based on management’s guidance.

Exhibit 11: Quarterly hedging loss projections for coal and shale gas



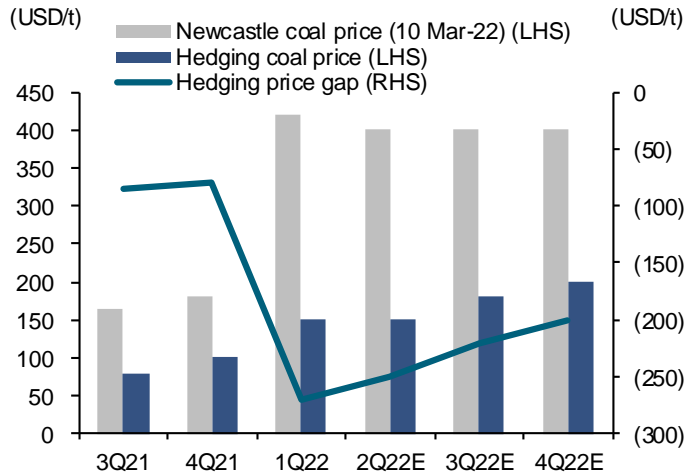
Sources: Banpu; FSSIA estimates

Exhibit 12: Banpu’s coal sales volume and shale gas sales volume



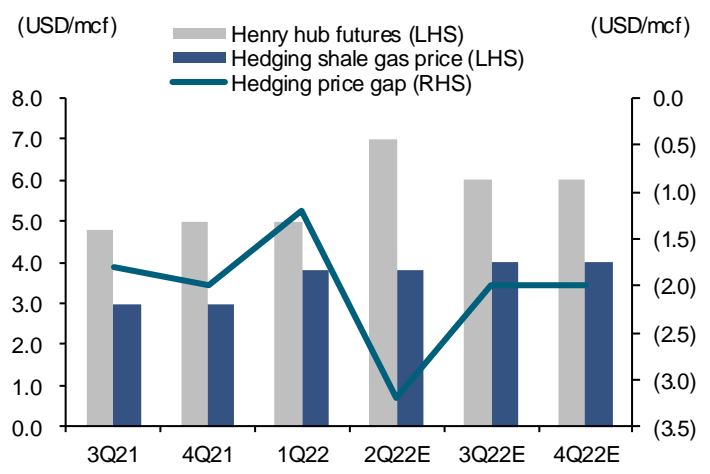
Sources: Banpu; FSSIA estimates

Exhibit 13: Banpu's hedging coal price vs Newcastle coal price index



Sources: Banpu; Bloomberg, FSSIA estimates

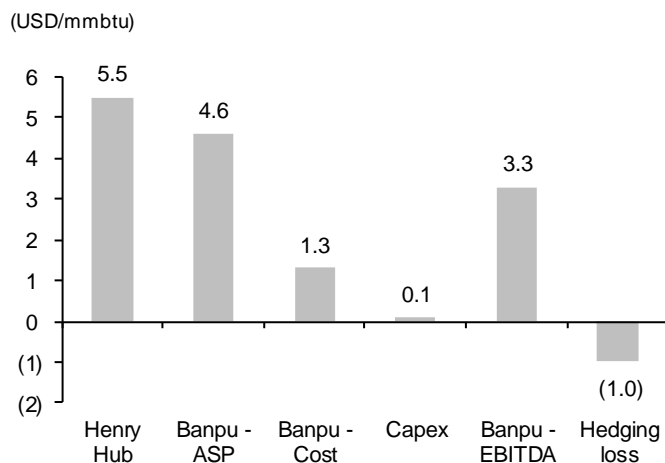
Exhibit 14: Banpu's shale gas selling price vs Henry Hub gas price index futures



Sources: Banpu; Bloomberg, FSSIA estimates

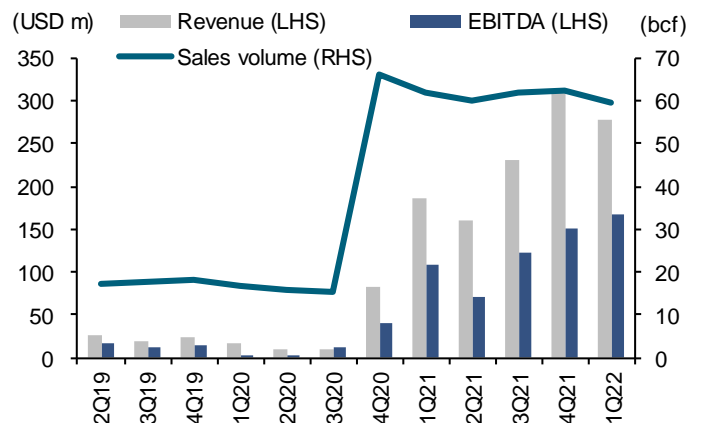
Expect EBITDA growth for both coal and gas in 2022. Thanks to Banpu's low production costs for coal and gas, the higher ASPs for coal and gas have resulted in stronger EBITDA growth from quarter to quarter. We project EBITDA from coal to jump from USD0.4b in 1Q22 to USD0.6b in 2Q22 and EBITDA for gas to rise from USD0.2b in 1Q22 to USD0.3b in 2Q22.

Exhibit 15: Financial analysis of Banpu's shale gas



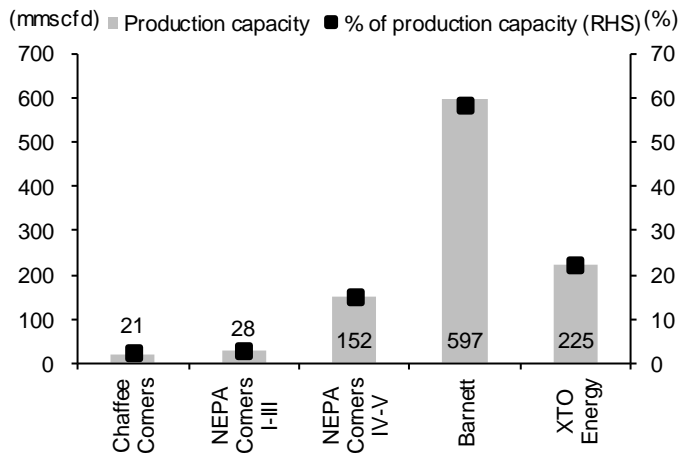
Sources: Banpu; FSSIA estimates

Exhibit 16: Shale gas quarterly revenue, EBITDA, and sales volume



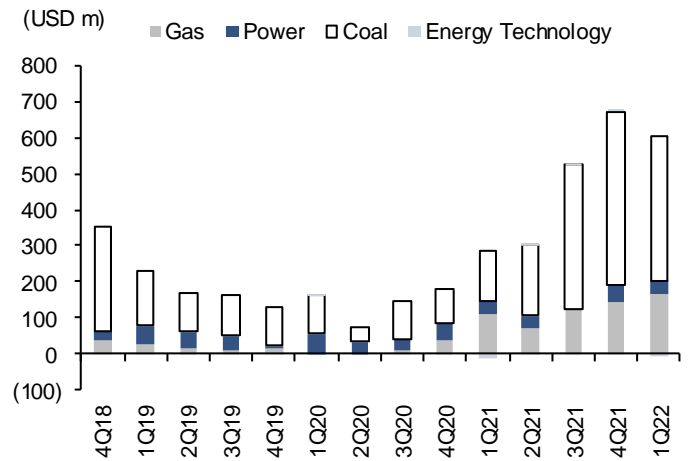
Source: Banpu

Exhibit 17: Shale gas production capacity by asset



Sources: Banpu; FSSIA estimates

Exhibit 18: EBITDA breakdown by business



Sources: Banpu; FSSIA estimates

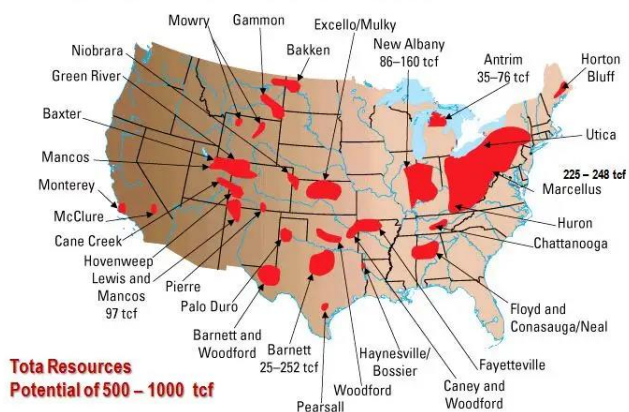
Core gas business strengthened by a recent acquisition. On 30 Jun-22, Banpu, via its 96.12%-owned subsidiary BKV Corporation (BKV), completed its acquisition of the natural gas and mid-stream assets in the Barnett Shale area of XTO Energy and Barnett Gathering LLC (XTO), subsidiaries of Exxon Mobil Corporation. The transaction is valued at USD750m (THB26.5b) with contingent payments up to USD50m. Banpu will start to consolidate XTO’s shale assets on 1 Jul-22 onward.

After the XTO acquisition, Banpu will have increased its shale gas equity capacity from around 700mmscfd to 900mmscfd and its 1P reserve from 4.4tcf to over 5.8tcf, becoming the largest gas producer in the Barnett area.

We estimate that in 3Q22 onward, Banpu will add around USD0.1b in EBITDA from XTO’s shale assets, bringing its quarterly EBITDA from shale gas to as high as USD0.4b in 2H22-2023, based on our estimates.

Exhibit 19: Shale gas basins in the US

Shale Gas Basins In The United States



Source: Business Insider

Exhibit 20: XTO’s shale formations

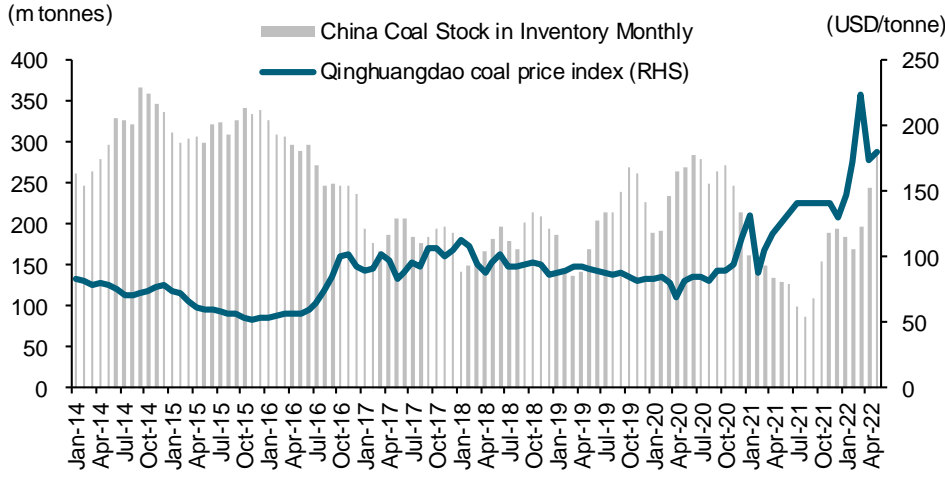


Source: XTO Energy

Coal price uptrend to continue in 2022-24

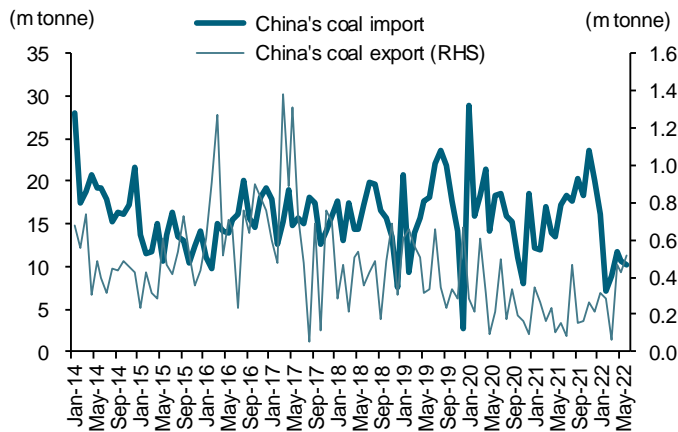
After the power blackouts in 4Q21, China has continued to raise its coal inventory, curb its coal price in the domestic market, and reduce its coal imports. However, the global coal price as represented by NCT has continued to rise to over USD400/t currently, widening the coal price gap between QHD and NCT to over USD250/t in Jul-22.

Exhibit 21: China's coal inventory vs QHD coal price index



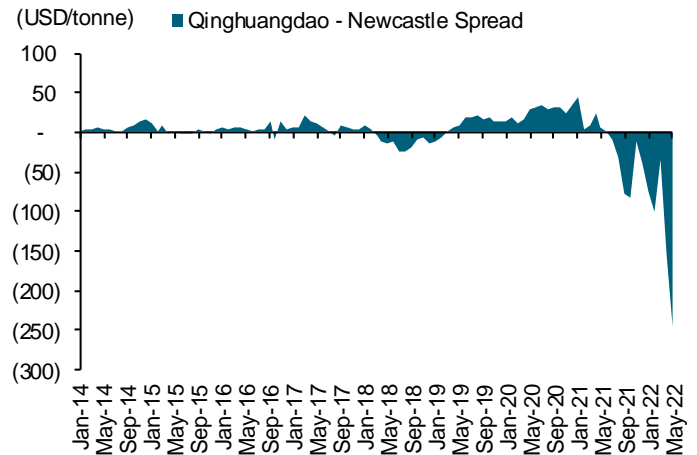
Source: Bloomberg

Exhibit 22: China's coal imports and exports



Source: Bloomberg

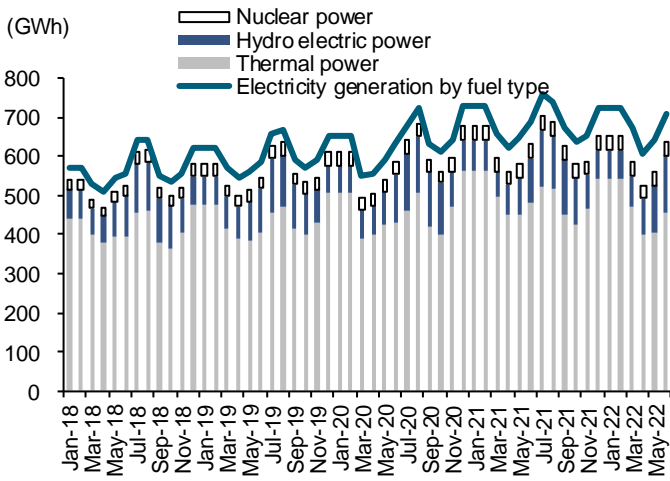
Exhibit 23: Coal price gap between QHD and NCT



Source: Bloomberg

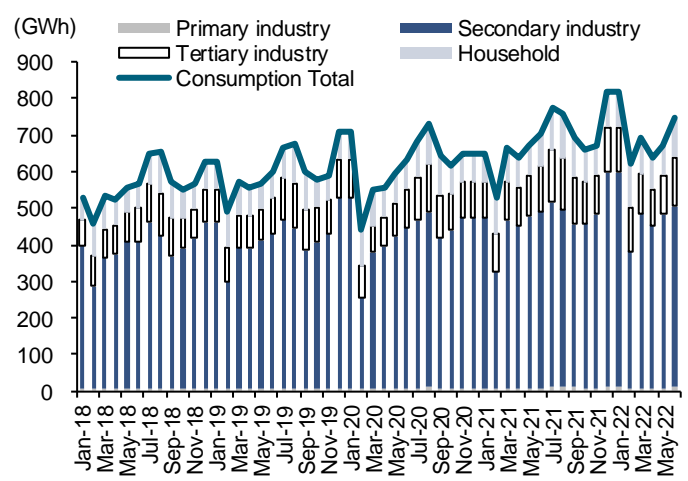
Demand for power in China has grown in 2022. Even with multiple lockdowns, China's power consumption remained strong in 1H22, particularly for the industrial segment. This has led to higher demand for power from coal, which currently accounts for over 50% of China's total power generation capacity.

Exhibit 24: Thermal power (mostly coal-fired) remains China's main power generation capacity



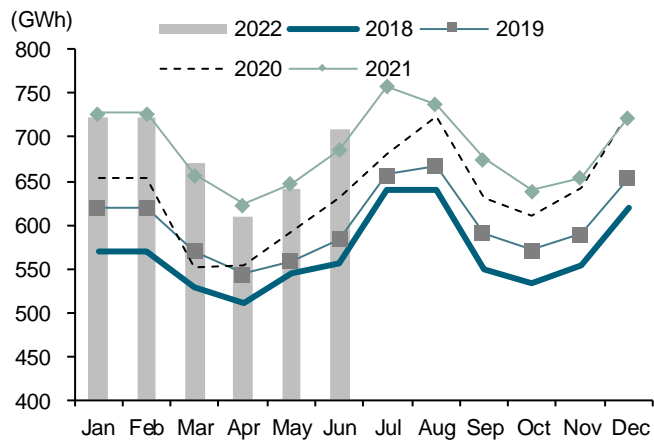
Source: Bloomberg

Exhibit 25: China's electricity demand has sharply rebounded above pre-Covid-19 levels



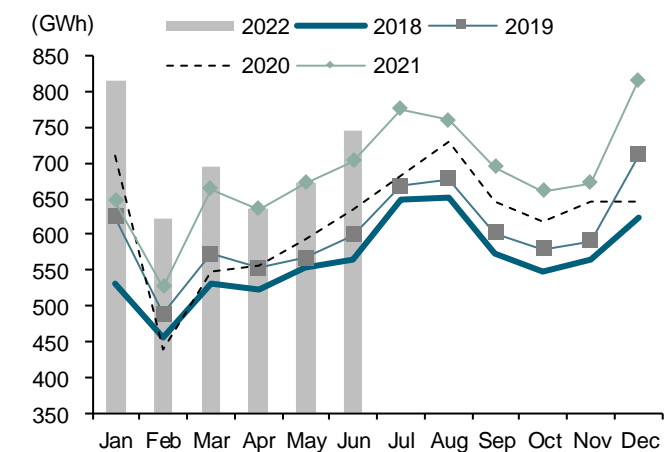
Source: Bloomberg

Exhibit 26: China's electricity supply



Source: Bloomberg

Exhibit 27: China's electricity consumption



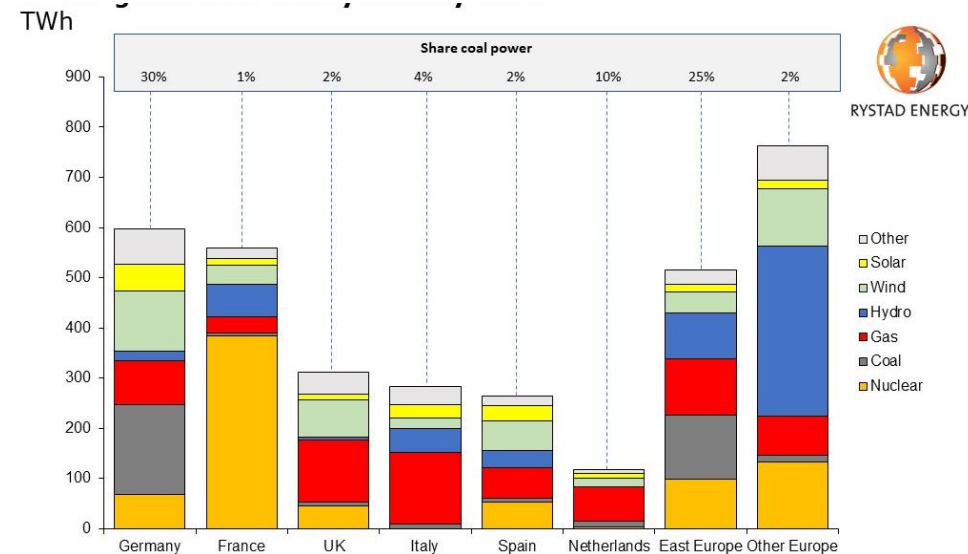
Source: Bloomberg

Is the EU abandoning Russian coal? On top of China's continued strong demand for coal, we think it is less likely now that the EU will completely abandon its reliance on Russian coal to replace the already severe reduction in oil and gas purchases amid the intensifying sanctions.

What price will the EU have to pay for a Russian coal ban? Similar to oil and gas, the EU's ban on Russian coal means European consumers will have to brace for higher power prices in 2022 as supply shortages in countries that rely on coal-fired electricity generation will spread across the continent via its well-connected power grids.

Eastern Europe and Germany will be particularly hard hit as they generated a significant share of their electricity with Russian thermal coal. The latest sanctions will send countries scrambling for alternative sources of supply in a market where prices have already quadrupled in the past 12 months.

Exhibit 28: EU power generation mix by country (2021)



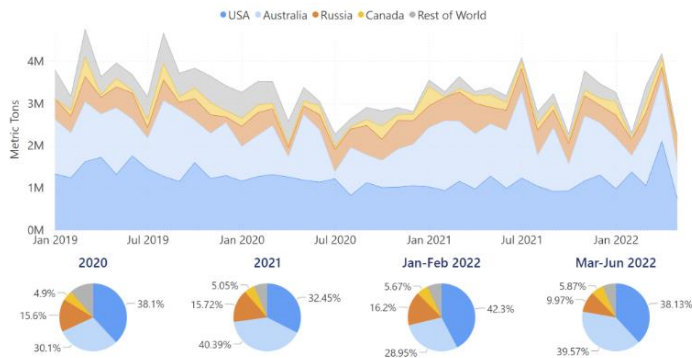
Source: [Rystad Energy](#)

No light at the end of the Russian coal ban tunnel for the EU. Based on [AXSData](#), in 1H22, coal purchases by EU member countries still accounted for 37.5% of Russia's total coal sales in 1Q22, down from 55.1% in 2021 and 61.6% in 2020. While the proportion of the EU's coal purchases from Russia has continued to decline, we think it is a grave dilemma for the EU whether to shun Russian gas or coal amid globally tight supplies for coal and gas.

The EU-27 and the UK combined have imported 3mt of steam coal per month from Russia since Oct-21. On the surface, while this seems to indicate a 30% y-y increase in the EU's monthly coal imports from Russia, our analysis shows a different picture – even as the EU's demand for coal has grown markedly since Mar-22, the EU has increasingly sourced their steam coal imports from other countries.

During Mar-May 2022, the EU and the UK imported more coal from Colombia (+114% y-y), the US (+164% y-y), and South Africa (+20x y-y). Increased coal imports from non-Russian sources have reduced Russia's share of the EU market from over 50% in the pre-sanction period from Jan-Feb 2022 down to 37.5% in Mar-May 2022.

Exhibit 29: Europe seaborne coking coal flows by origin



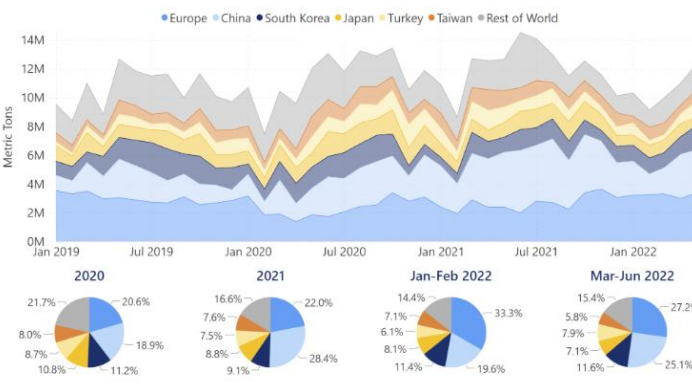
Source: [AXSData](#)

Russian coking coal trade with the EU could be severed in 2022. As for coking coal, Russia is not the largest supplier to the EU. Since early March, nearly 5mt of coking coal has been imported from the US (+14.6% y-y), along with 5mt from Australia in the same period, leaving coking coal imports from Russia to the EU at only 1.3mt, down 33.6% y-y.

Russia remained unscathed by the EU's coal ban in 1H22. While Russian coal exports to the EU have declined, Russia has ramped up its steam coal exports elsewhere, mainly to China at over 10mt in Mar-Jun 2022, up by 31% y-y compared to Jan-Feb 2022 levels, but this still represented a 25% y-y decline as China has reduced its coal imports due to its self-sufficiency policy. Turkey also boosted its coal imports from Russia by 54% y-y since Mar-22.

The EU and its allies remained dependent on Russian steam coal post sanctions. South Korea, who along with Japan has allied with the US and the EU bloc against the Russia and China bloc, has surprisingly increased its steam coal imports from Russia since Mar-22, importing over 5mt (+5% y-y). While Japan has curbed its imports of Russian steam coal by 14% y-y since March, the EU's imports of steam coal from Russia still accounted for 1/3 of Russia's steam coal shipments in Jan-Feb which declined only marginally to 27% in Mar-Jun 2022.

Exhibit 31: Russia's seaborne steam coal by destination

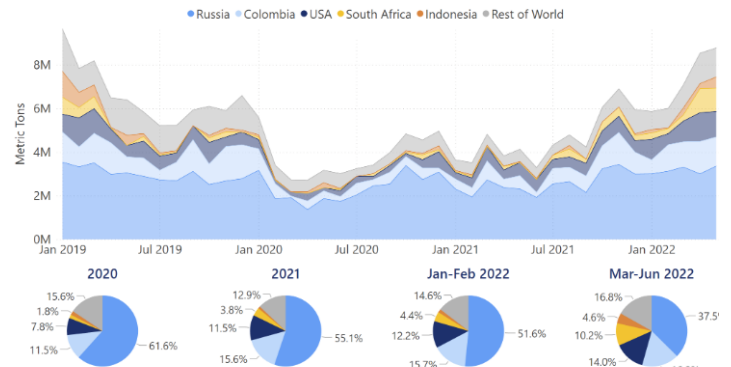


Source: [AXSData](#)

For coking coal, Russia's rising exports to China and India have compensated for the drop in exports to the EU, Japan, and South Korea, with China's imports of coking coal from Russia surging by 77% y-y post Mar-22, leaving Russian coking coal exports down by 7.7% y-y since Mar-Jun 2022 vs a 15.9% rise in Jan-Feb 2022 before Russia invaded Ukraine.

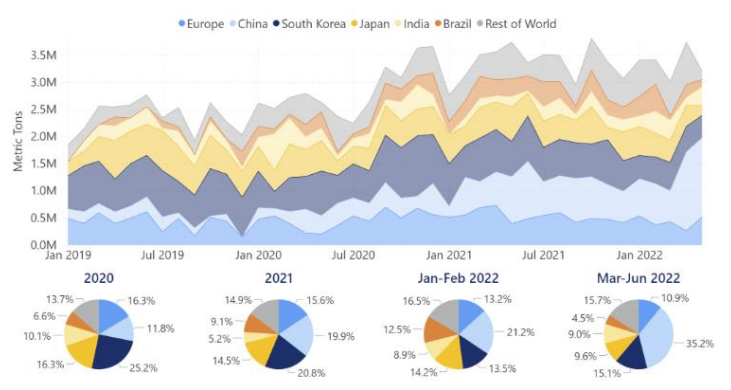
With ongoing sanctions and a potential halt in the EU's imports of Russian coal altogether by August, we think Russian coal exports could decline further and that could further tighten the global coal market, particularly for the steam (thermal) coal market in which Banpu is a major trader in the Asia-Pacific market.

Exhibit 30: Europe steam coal flows



Source: [AXSData](#)

Exhibit 32: Russia's seaborne coking coal by destination



Source: [AXSData](#)

Solid 2Q22 core earnings of THB15.9b expected

We project Banpu to post a strong net profit of THB11.4b in 2Q22, up 11% q-q and 7.6x y-y. Excluding hedging and FX losses, we project core net profit to jump to THB15.9b, up 69% q-q and 447% y-y. Key drivers and expectations are:

- A higher ASP for coal to USD280/t for ITMG in Indonesia, up 85% q-q on the back of the higher NCT price for Banpu's larger coal sales volumes with floating ASPs to over two-thirds of its total sales volume. ITMG sold coal for domestic market obligation at USD75/t (25% of total sales volume in 2Q22), 30% as low-calorific value coal at the Indonesian ICI index-linked price of around USD140-150/t, and the remaining 45% at a 25% discount to NCT.
- A higher ASP for coal to AUD185/t for Centennial (CEY), up 36% q-q, due to the higher proportion of market price-linked export coal sales volumes at 45% vs only 40% on average for CEY. In addition, CEY is scheduled to reprice 3mt of its coal sales volume in 2H22 (50% of total domestic coal sales volume), which we think could provide a hefty ASP upside in 2H22.
- Rising coal sales volumes for ITMG to 5mt, up 17% q-q, and CEY's to 2.8mt, up 88% q-q, thanks to CEY's no longwall movement policy which allowed CEY to maximise its coal production in 2Q22.
- Higher gross margins for ITMG and CEY on higher ASPs and declining production costs, particularly for CEY as its high fixed cost will be lower per unit on higher sales volume.
- Equity income of USD50m, up from USD48m in 1Q22, from China coal as China's government has capped the coal selling price.
- Solid net profit estimated at THB1.8b from its power business, mainly from the high running rate of HPC.

Exhibit 33: 2Q22E operations preview

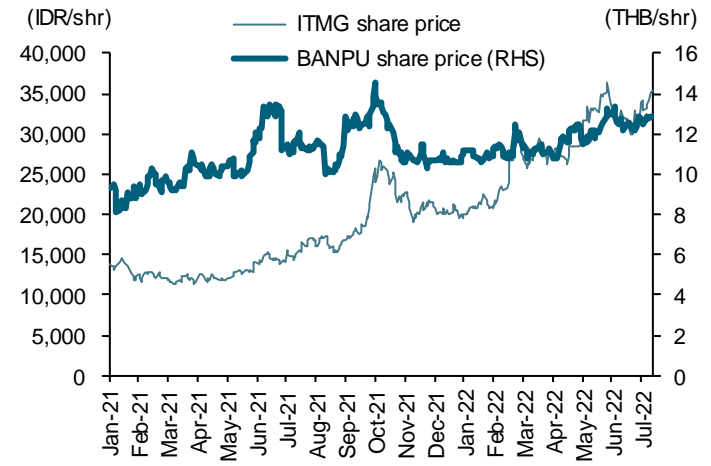
	2Q21	1Q22	2Q22E		2022E	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)
Revenue	25,063	41,509	49,635	19.6	98.0	176,495
Operating costs	(15,393)	(21,816)	(16,381)	(24.9)	6.4	(98,441)
EBITDA	9,670	19,693	33,254	68.9	243.9	78,054
<i>EBITDA margin (%)</i>	39	47	67	<i>nm</i>	<i>nm</i>	44
Depn & amort.	(3,589)	(4,393)	(4,425)	0.7	23.3	(19,482)
EBIT	6,081	15,300	28,829	88.4	374.1	58,571
Interest expense	(1,349)	(1,701)	(1,832)	7.7	35.8	(6,457)
Interest & invt inc	365	951	963	1.3	164.0	280
Associates' contrib	2,002	2,093	2,186	4.4	9.2	8,705
Exceptionals	(3,643)	(1,257)	(12,583)	<i>nm</i>	<i>nm</i>	(3,782)
Pretax profit	3,456	15,386	17,563	14.1	408.2	57,318
Tax	(1,018)	(2,483)	(2,963)	19.4	191.0	(9,723)
<i>Tax rate (%)</i>	29	16	17	<i>nm</i>	<i>nm</i>	17
Minority interests	(1,112)	(2,639)	(3,247)	23.0	191.9	(18,867)
Net profit	1,325	10,264	11,353	10.6	756.5	28,728
Non-recurring	(1,575)	859	(4,510)	<i>nm</i>	186.4	-
Core net profit	2,900	9,405	15,863	68.7	446.9	28,728
EPS (THB)	0.26	1.99	2.20	10.6	756.5	4.00
Core EPS (THB)	0.56	1.82	3.07	68.7	446.9	4.00

Sources: BANPU; FSSIA estimates

The laggard era is soon to end

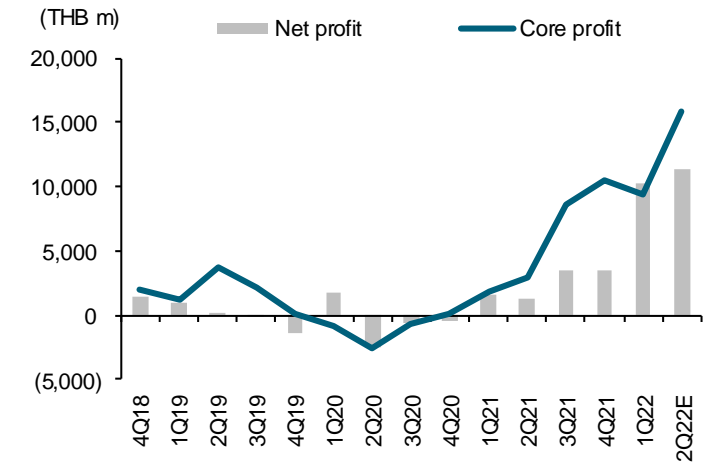
YTD, Banpu's share price has significantly lagged behind the share price performance of ITMG due to investors' concerns over its large hedging losses and high free float, in our view. However, we think a series of strong quarterly net profits in 2Q22-4Q22, which will likely continue into 2023, backed by higher coal and gas ASPs, rising sales volumes of shale gas from acquisitions, and lower hedging losses, should overcome investors' concerns and eventually drive up Banpu's share price toward our SoTP-based target price of THB18.8.

Exhibit 34: Share price of ITMG vs Banpu



Source: Bloomberg

Exhibit 35: Net profit and core net profit



Sources: Banpu; FSSIA estimates

Exhibit 36: 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 non-ITMG 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 (A+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)					
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) *	(16.2)	3.7	3.3	3.9	5.1
Recurring P/E @ target price (x) *	(23.5)	5.3	4.7	5.6	7.3
Reported P/E (x)	(36.9)	8.9	3.3	3.9	5.1
Dividend yield (%)	3.8	3.5	17.2	13.7	10.4
Price/book (x)	1.1	1.1	0.9	0.8	0.9
Price/tangible book (x)	1.1	1.1	0.9	0.8	0.9
EV/EBITDA (x) **	26.8	4.4	3.6	3.9	4.3
EV/EBITDA @ target price (x) **	30.3	5.1	4.2	4.5	5.2
EV/invested capital (x)	0.9	0.9	0.9	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 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: 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

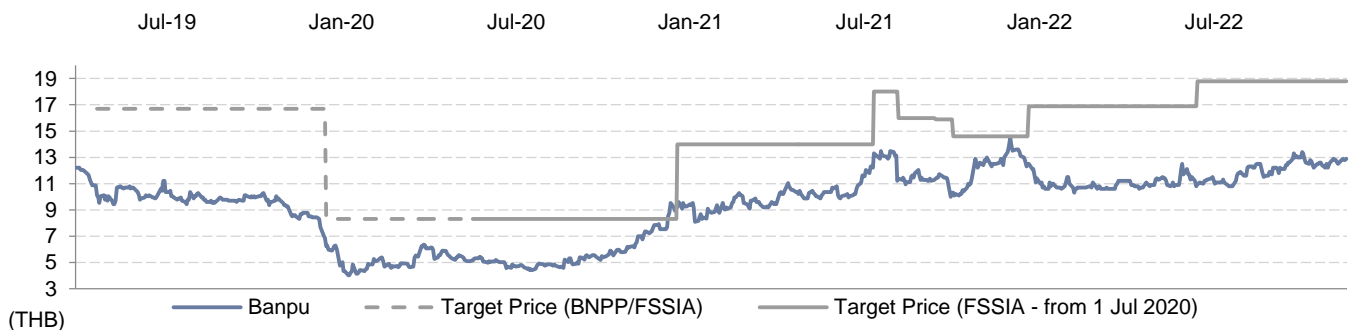
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History of change in investment rating and/or target price

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 13.00	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

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All share prices are as at market close on 25-Jul-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.