

# BANPU POWER BPP TB

THAILAND / UTILITIES - CONVENTIONAL

# BUY

## Solid HPC offsets hedging loss

- BPP's 2Q22 core NP was THB1.25b, down 65% q-q, while 2Q22 NP came in at THB685m (-77% q-q).
- We expect strong core earnings in 2022 from HPC and newly acquired Nakoso, along with the wind farm projects in Vietnam.
- Maintain BUY and our SoTP-based TP of THB20.

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB20.00 |
| CLOSE           | THB15.30 |
| UP/DOWNSIDE     | +30.7%   |
| TP vs CONSENSUS | +9.9%    |

### KEY STOCK DATA

| YE Dec (THB m)      | 2021    | 2022E | 2023E | 2024E |
|---------------------|---------|-------|-------|-------|
| Revenue             | 7,437   | 7,603 | 8,348 | 8,496 |
| Net profit          | 3,127   | 5,438 | 5,623 | 5,617 |
| EPS (THB)           | 1.03    | 1.78  | 1.84  | 1.84  |
| vs Consensus (%)    | -       | (4.8) | 4.1   | 3.1   |
| EBITDA              | (428)   | 1,966 | 2,484 | 3,384 |
| Core net profit     | 2,609   | 5,438 | 5,623 | 5,617 |
| Core EPS (THB)      | 0.86    | 1.78  | 1.84  | 1.84  |
| EPS growth (%)      | (38.4)  | 108.4 | 3.4   | (0.1) |
| Core P/E (x)        | 17.9    | 8.6   | 8.3   | 8.3   |
| Dividend yield (%)  | 4.2     | 5.2   | 5.2   | 5.2   |
| EV/EBITDA (x)       | (163.3) | 33.4  | 24.9  | 17.1  |
| Price/book (x)      | 1.0     | 1.0   | 0.9   | 0.8   |
| Net debt/Equity (%) | 39.0    | 28.1  | 19.4  | 11.0  |
| ROE (%)             | 6.0     | 11.5  | 11.2  | 10.5  |

### Hongsa power plant rescues 2Q22 results

BPP's 2Q22 core net profit (NP) was THB1.25b, down 65% q-q, while 2Q22 NP came in at THB685m (-77% q-q), missing our estimate by 25% and the Bloomberg consensus estimate by 28%. The key factors were 1) an NP of THB32m from BLCP due to an FX loss of THB250m despite running at a high utilisation rate; 2) a THB50m net loss (NL) from the CHP plants in China due to the higher coal price; 3) THB1.3b in equity income from the Hongsa power plant (HPC), up 101% q-q due to a high running rate at 91%; 4) an NL of THB213m from Shan Xi Lu Guang due to the higher coal cost; 5) an NP of THB76m from the Nakoso power plant; 6) an NL of USD20.7m from Temple I gas-fired power plant in the US due to a hedging loss of USD31.9m; and 7) a THB396m share of loss from Banpu Next (not listed), driven mainly by the USD1.4m NL from the EI Wind Mui Dinh wind farm in Vietnam.

### Hedging losses spill over to Temple I

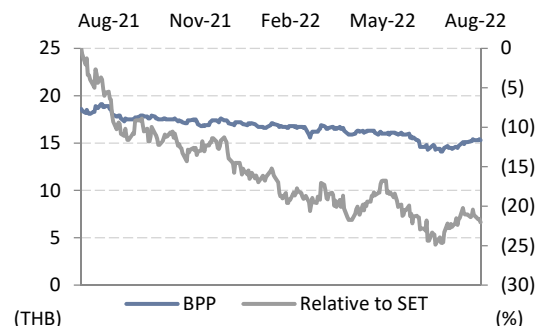
Under BPP's current portfolio of power plant assets, the once-lucrative power plant BLCP saw a weaker NP due to the structural decline in its availability payments. Meanwhile, the performances of its power plants in China were mixed, with CHP and SLG turning NLs caused by the higher coal cost. The new Nakoso power plant was profitable, but the Temple I plant incurred an NL in 2Q22 due to hedging losses despite an estimated quarterly NP contribution of THB0.3b to BPP, based on our estimates.

### Temple I could see hedging losses continue in 2H22

We expect strong core earnings in 2022 from HPC and the newly acquired Nakoso, along with the new wind farm projects in Vietnam (30MW), which should offset the weaker earnings from BLCP, CHP, and SLG, which we expect to continue to contribute net losses in 2H22 due to the high coal cost. The hedging losses for the Temple I plant led to an NL contribution to BPP, which we think could continue in 2H22.

### Maintain BUY

We maintain BUY and our SoTP-based TP of THB20 and expect BPP's ongoing business transformation to sustain its earnings while allowing it to raise its "green" NP proportion toward 20% in 2022 vs 13% in 2020.



| Share price performance        | 1 Month | 3 Month | 12 Month        |
|--------------------------------|---------|---------|-----------------|
| Absolute (%)                   | 5.5     | (5.0)   | (17.3)          |
| Relative to country (%)        | 1.6     | (4.6)   | (21.1)          |
| Mkt cap (USD m)                |         |         | 1,311           |
| 3m avg. daily turnover (USD m) |         |         | 0.8             |
| Free float (%)                 |         |         | 21              |
| Major shareholder              |         |         | BANPU Plc (79%) |
| 12m high/low (THB)             |         |         | 19.50/14.00     |
| Issued shares (m)              |         |         | 3,051.02        |

Sources: Bloomberg consensus; FSSIA estimates



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## Exhibit 1: Summary of 2Q22 operations

|                          | 2Q21          | 1Q22         | 2Q22          |               |               | 6M21         | 6M22         | Change       | 2022E        |
|--------------------------|---------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
|                          | (THB m)       | (THB m)      | (THB m)       | (q-q %)       | (y-y %)       | (THB m)      | (THB m)      | (y-y %)      | (THB m)      |
| <b>Revenue</b>           | <b>861</b>    | <b>3,936</b> | <b>4,488</b>  | <b>14.0</b>   | <b>421.3</b>  | <b>2,803</b> | <b>8,424</b> | <b>200.5</b> | <b>7,603</b> |
| Operating costs          | (972)         | (3,618)      | (3,926)       | 8.5           | 303.8         | (2,530)      | (7,544)      | 198.2        | (4,496)      |
| <b>EBITDA</b>            | <b>(111)</b>  | <b>318</b>   | <b>562</b>    | <b>76.5</b>   | <b>nm</b>     | <b>273</b>   | <b>880</b>   | <b>222.1</b> | <b>1,966</b> |
| <i>EBITDA margin (%)</i> | <i>(12.9)</i> | <i>8.1</i>   | <i>12.5</i>   | <i>nm</i>     | <i>nm</i>     | <i>9.7</i>   | <i>10.4</i>  | <i>nm</i>    | <i>36.3</i>  |
| Depn & amort.            | (119)         | (299)        | (309)         | 3.0           | 158.8         | (229)        | (608)        | 165.4        | (1,392)      |
| EBIT                     | (231)         | 19           | 253           | 1,250.3       | nm            | 44           | 272          | 516.3        | 574          |
| Interest expense         | (41)          | (166)        | (195)         | 17.1          | 380.3         | (73)         | (361)        | 395.7        | (393)        |
| Interest & invt inc      | 97            | 84           | 82            | (1.9)         | nm            | 189          | 167          | (12.0)       | 53           |
| Other income             | (1)           | (772)        | (944)         | 22.3          | nm            | (2)          | (1,716)      | nm           | 250          |
| Associates' contrib      | 1,175         | 3,232        | 791           | (75.5)        | (32.7)        | 1,914        | 4,023        | 110.2        | 5,273        |
| Exceptional              | 93            | (22)         | 340           | nm            | 265.5         | 153          | 318          | 107.7        | -            |
| <b>Pretax profit</b>     | <b>1,093</b>  | <b>2,375</b> | <b>328</b>    | <b>(86.2)</b> | <b>(70.0)</b> | <b>2,226</b> | <b>2,702</b> | <b>21.4</b>  | <b>5,757</b> |
| Tax                      | 19            | 99           | 34            | (66.1)        | 77.5          | (75)         | 133          | nm           | (130)        |
| <i>Tax rate (%)</i>      | <i>(1.7)</i>  | <i>(4.2)</i> | <i>(10.3)</i> | <i>nm</i>     | <i>nm</i>     | <i>3.3</i>   | <i>(4.9)</i> | <i>nm</i>    | <i>2.3</i>   |
| Minority interests       | 14            | 445          | 324           | (27.1)        | 2,230.6       | 8            | 769          | nm           | (189)        |
| <b>Net profit</b>        | <b>1,126</b>  | <b>2,918</b> | <b>685</b>    | <b>(76.5)</b> | <b>(39.1)</b> | <b>2,160</b> | <b>3,604</b> | <b>66.8</b>  | <b>5,438</b> |
| Non-recurring            | 76            | (669)        | (567)         | (15.2)        | (848.7)       | 118          | (1,236)      | nm           | -            |
| <b>Core net profit</b>   | <b>1,050</b>  | <b>3,587</b> | <b>1,252</b>  | <b>(65.1)</b> | <b>19.3</b>   | <b>2,042</b> | <b>4,839</b> | <b>137.0</b> | <b>5,438</b> |
| EPS (THB)                | 0.37          | 0.96         | 0.22          | (76.5)        | (39.1)        | 0.71         | 1.18         | 66.8         | 1.78         |
| Core EPS (THB)           | 0.34          | 1.18         | 0.41          | (65.1)        | 19.3          | 0.67         | 1.59         | 137.0        | 1.78         |

Sources: BPP; FSSIA estimates

## Exhibit 2: 2Q22/6M22 key performance results

|  | 2Q21         | 1Q22         | 2Q22       | Change      |             | 6M21         | 6M22         | Change       |
|--|--------------|--------------|------------|-------------|-------------|--------------|--------------|--------------|
|  | (THB m)      | (THB m)      | (THB m)    | (q-q %)     | (y-y %)     | (THB m)      | (THB m)      | (y-y %)      |
| <b>Gross profit</b>                                    |              |              |            |             |             |              |              |              |
| Zhengding CHP  | (87)         | 80           | (63)       | nm          | (28)        | 112          | 17           | (84.7)       |
| Luannan CHP  | 40           | 49           | (46)       | nm          | nm          | 167          | 4            | (97.8)       |
| Zouping CHP  | (56)         | 54           | 60         | 12          | nm          | (32)         | 113          | nm           |
| Temple I   | 0            | 69           | 527        | 658         | nm          | 0            | 596          | nm           |
| <b>Total gross profit</b>                              | <b>(103)</b> | <b>252</b>   | <b>478</b> | <b>90</b>   | <b>nm</b>   | <b>247</b>   | <b>730</b>   | <b>196.2</b> |
| <b>Gross profit margin (%)*</b>                        |              |              |            |             |             |              |              |              |
| Zhengding CHP  | (62)         | 11           | (27)       | (38)        | 35          | (15)         | (8)          | 7.0          |
| Luannan CHP  | 9            | 4            | (10)       | (14)        | (19)        | 13           | (3)          | (16.0)       |
| Zouping CHP  | (20)         | 7            | 8          | 1           | 28          | (8)          | 8            | 15.0         |
| Temple I   | 0            | 0            | 18         | 18          | 18          | na           | 9            | nm           |
| <b>GPM for Banpu Power Group</b>                       | <b>(12)</b>  | <b>7</b>     | <b>11</b>  | <b>4</b>    | <b>23</b>   | <b>4</b>     | <b>9</b>     | <b>5.5</b>   |
| <b>Share of profits (including FX gain/loss)</b>       |              |              |            |             |             |              |              |              |
| BLCP   | 78           | (83)         | 32         | nm          | (60)        | 125          | (52)         | nm           |
| Hongsa   | 1,112        | 642          | 1,293      | 101         | 16          | 1,931        | 1,935        | 0.2          |
| Nakoso IGCC  | 47           | 238          | 76         | (68)        | 61          | 47           | 314          | 570.2        |
| SLG  | (42)         | (254)        | (213)      | (16)        | 411         | (41)         | (466)        | 1,024.1      |
| Banpu Next   | (20)         | 2,688        | (396)      | nm          | 1,889       | (148)        | 2,292        | nm           |
| <b>Total share of profits (including FX gain/loss)</b> | <b>1,175</b> | <b>3,232</b> | <b>791</b> | <b>(76)</b> | <b>(33)</b> | <b>1,914</b> | <b>4,023</b> | <b>110.2</b> |
| <b>Total non-recurring items</b>                       |              |              |            |             |             |              |              |              |
| Non-recurring items                                    | (11)         | (6)          | (7)        | 17          | (30)        | (22)         | (14)         | (36.7)       |
| Income tax – non-core business                         | (3)          | (3)          | (3)        | 20          | (8)         | (5)          | (6)          | 10.7         |
| Deferred tax income/expenses                           | (3)          | 134          | 47         | (65)        | nm          | (8)          | 181          | nm           |
| Gains (losses) on derivatives                          | 0            | (772)        | (943)      | 22          | nm          | (1)          | (1,715)      | nm           |

\*Note: Change in margin % is represented in ppt change

Sources: BPP; FSSIA estimates

## Financial Statements

### Banpu Power

| Profit and Loss (THB m) Year Ending Dec           | 2020         | 2021           | 2022E        | 2023E        | 2024E        |
|---|--------------|----------------|--------------|--------------|--------------|
| Revenue   | 6,152        | 7,437          | 7,603        | 8,348        | 8,496        |
| Cost of goods sold                                | (3,453)      | (6,762)        | (4,496)      | (4,945)      | (4,178)      |
| <b>Gross profit</b>                               | <b>2,699</b> | <b>675</b>     | <b>3,107</b> | <b>3,403</b> | <b>4,318</b> |
| Other operating income                            | -            | -              | -            | -            | -            |
| Operating costs                                   | (946)        | (1,103)        | (1,140)      | (918)        | (935)        |
| <b>Operating EBITDA</b>                           | <b>1,753</b> | <b>(428)</b>   | <b>1,966</b> | <b>2,484</b> | <b>3,384</b> |
| Depreciation                                      | (402)        | (581)          | (1,392)      | (1,392)      | (1,392)      |
| Goodwill amortisation                             | 0            | 0              | 0            | 0            | 0            |
| <b>Operating EBIT</b>                             | <b>1,351</b> | <b>(1,008)</b> | <b>574</b>   | <b>1,092</b> | <b>1,991</b> |
| Net financing costs                               | 279          | 507            | (341)        | (252)        | (172)        |
| Associates  | 3,565        | 2,974          | 5,273        | 5,018        | 4,308        |
| Recurring non-operating income                    | 2,988        | 3,215          | 5,523        | 5,268        | 4,558        |
| Non-recurring items                               | (535)        | 518            | 0            | 0            | 0            |
| <b>Profit before tax</b>                          | <b>4,084</b> | <b>3,232</b>   | <b>5,757</b> | <b>6,108</b> | <b>6,377</b> |
| Tax   | (300)        | (57)           | (130)        | (294)        | (569)        |
| <b>Profit after tax</b>                           | <b>3,783</b> | <b>3,174</b>   | <b>5,626</b> | <b>5,814</b> | <b>5,808</b> |
| Minority interests                                | (81)         | (47)           | (189)        | (191)        | (190)        |
| Preferred dividends                               | 0            | 0              | 0            | 0            | 0            |
| Other items                                       | -            | -              | -            | -            | -            |
| <b>Reported net profit</b>                        | <b>3,702</b> | <b>3,127</b>   | <b>5,438</b> | <b>5,623</b> | <b>5,617</b> |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>535</b>   | <b>(518)</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Recurring net profit</b>                       | <b>4,237</b> | <b>2,609</b>   | <b>5,438</b> | <b>5,623</b> | <b>5,617</b> |
| <b>Per share (THB)</b>                            |              |                |              |              |              |
| Recurring EPS *                                   | 1.39         | 0.86           | 1.78         | 1.84         | 1.84         |
| Reported EPS                                      | 1.21         | 1.03           | 1.78         | 1.84         | 1.84         |
| DPS   | 0.65         | 0.65           | 0.80         | 0.80         | 0.80         |
| Diluted shares (used to calculate per share data) | 3,051        | 3,048          | 3,048        | 3,048        | 3,048        |
| <b>Growth</b>                                     |              |                |              |              |              |
| Revenue (%)                                       | 8.2          | 20.9           | 2.2          | 9.8          | 1.8          |
| Operating EBITDA (%)                              | nm           | nm             | nm           | 26.4         | 36.2         |
| Operating EBIT (%)                                | nm           | nm             | nm           | 90.3         | 82.3         |
| Recurring EPS (%)                                 | 41.1         | (38.4)         | 108.4        | 3.4          | (0.1)        |
| Reported EPS (%)                                  | 24.7         | (15.5)         | 73.9         | 3.4          | (0.1)        |
| <b>Operating performance</b>                      |              |                |              |              |              |
| Gross margin inc. depreciation (%)                | 37.3         | 1.3            | 22.6         | 24.1         | 34.4         |
| Gross margin of key business (%)                  | 28.6         | 8.2            | 22.6         | 24.1         | 34.4         |
| Operating EBITDA margin (%)                       | 28.5         | (5.8)          | 25.9         | 29.8         | 39.8         |
| Operating EBIT margin (%)                         | 22.0         | (13.6)         | 7.6          | 13.1         | 23.4         |
| Net margin (%)                                    | 68.9         | 35.1           | 71.5         | 67.4         | 66.1         |
| Effective tax rate (%)                            | 58.0         | 22.3           | 27.0         | 27.0         | 27.5         |
| Dividend payout on recurring profit (%)           | 46.8         | 75.9           | 44.8         | 43.4         | 43.4         |
| Interest cover (X)                                | (15.5)       | (4.4)          | 17.9         | 25.2         | 38.0         |
| Inventory days                                    | 49.3         | 45.6           | 82.8         | 66.2         | 75.7         |
| Debtor days                                       | 62.1         | 55.2           | 63.0         | 57.3         | 56.3         |
| Creditor days                                     | 29.9         | 13.5           | 23.1         | 18.5         | 21.1         |
| Operating ROIC (%)                                | 9.0          | 1.0            | (0.4)        | (0.8)        | (1.5)        |
| ROIC (%)  | 8.1          | (0.8)          | (1.8)        | (1.9)        | (2.0)        |
| ROE (%)   | 10.6         | 6.0            | 11.5         | 11.2         | 10.5         |
| ROA (%)   | 8.3          | 4.4            | 7.3          | 7.2          | 6.9          |
| * Pre exceptional, pre-goodwill and fully diluted |              |                |              |              |              |
| <b>Revenue by Division (THB m)</b>                |              |                |              |              |              |
| Power   | 6,152        | 7,437          | 7,603        | 8,348        | 8,496        |

Sources: Banpu Power; FSSIA estimates

## Financial Statements

### Banpu Power

| Cash Flow (THB m) Year Ending Dec | 2020           | 2021            | 2022E           | 2023E           | 2024E           |
|-----------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit              | 4,237          | 2,609           | 5,438           | 5,623           | 5,617           |
| Depreciation                      | 402            | 581             | 1,392           | 1,392           | 1,392           |
| Associates & minorities           | 3,565          | 2,974           | 5,273           | 5,018           | 4,308           |
| Other non-cash items              | -              | -               | -               | -               | -               |
| Change in working capital         | (3,353)        | (583)           | 192             | (272)           | 63              |
| <b>Cash flow from operations</b>  | <b>4,852</b>   | <b>5,581</b>    | <b>12,295</b>   | <b>11,761</b>   | <b>11,381</b>   |
| Capex - maintenance               | (101)          | (102)           | (1,000)         | (1,000)         | (1,000)         |
| Capex - new investment            | (3,593)        | (16,288)        | (500)           | (500)           | (500)           |
| Net acquisitions & disposals      | (6,094)        | (7,128)         | 1,000           | 1,000           | 1,000           |
| Other investments (net)           | 4,178          | 3,487           | 5,523           | 5,268           | 4,558           |
| <b>Cash flow from investing</b>   | <b>(5,610)</b> | <b>(20,031)</b> | <b>5,023</b>    | <b>4,768</b>    | <b>4,058</b>    |
| Dividends paid                    | (1,983)        | (1,981)         | (2,286)         | (2,438)         | (2,438)         |
| Equity finance                    | 0              | (33)            | 0               | 0               | 0               |
| Debt finance                      | (1,091)        | 16,070          | 0               | 0               | 0               |
| Other financing cash flows        | (668)          | 860             | (10,608)        | (10,095)        | (8,676)         |
| <b>Cash flow from financing</b>   | <b>(3,742)</b> | <b>14,916</b>   | <b>(12,894)</b> | <b>(12,533)</b> | <b>(11,114)</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>(4,500)</b> | <b>466</b>      | <b>4,425</b>    | <b>3,996</b>    | <b>4,325</b>    |
| Free cash flow to firm (FCFF)     | (514.47)       | (14,200.63)     | 17,712.28       | 16,922.06       | 15,832.07       |
| Free cash flow to equity (FCFE)   | (2,516.46)     | 2,479.63        | 6,711.00        | 6,434.08        | 6,763.10        |

| Per share (THB)               | 2020   | 2021   | 2022E | 2023E | 2024E |
|-------------------------------|--------|--------|-------|-------|-------|
| FCFF per share                | (0.17) | (4.65) | 5.81  | 5.55  | 5.19  |
| FCFE per share                | (0.82) | 0.81   | 2.20  | 2.11  | 2.22  |
| Recurring cash flow per share | 2.69   | 2.02   | 3.97  | 3.95  | 3.71  |

| Balance Sheet (THB m) Year Ending Dec             | 2020          | 2021          | 2022E         | 2023E         | 2024E         |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross)                     | 13,876        | 31,070        | 31,570        | 32,070        | 32,570        |
| Less: Accumulated depreciation                    | (5,875)       | (7,259)       | (8,651)       | (10,043)      | (11,435)      |
| <b>Tangible fixed assets (net)</b>                | <b>8,001</b>  | <b>23,811</b> | <b>22,919</b> | <b>22,027</b> | <b>21,135</b> |
| <b>Intangible fixed assets (net)</b>              | <b>38</b>     | <b>42</b>     | <b>42</b>     | <b>42</b>     | <b>42</b>     |
| Long-term financial assets                        | -             | -             | -             | -             | -             |
| Invest. in associates & subsidiaries              | 26,639        | 33,766        | 33,766        | 33,766        | 33,766        |
| Cash & equivalents                                | 2,169         | 2,635         | 7,060         | 11,056        | 15,381        |
| A/C receivable                                    | 938           | 1,311         | 1,311         | 1,311         | 1,311         |
| Inventories                                       | 505           | 1,186         | 854           | 939           | 794           |
| Other current assets                              | 3,907         | 4,750         | 4,856         | 5,332         | 5,426         |
| <b>Current assets</b>                             | <b>7,519</b>  | <b>9,883</b>  | <b>14,082</b> | <b>18,638</b> | <b>22,912</b> |
| Other assets                                      | 7,366         | 7,364         | 7,364         | 7,364         | 7,364         |
| <b>Total assets</b>                               | <b>49,563</b> | <b>74,867</b> | <b>78,174</b> | <b>81,838</b> | <b>85,220</b> |
| Common equity                                     | 41,109        | 45,635        | 48,787        | 51,972        | 55,151        |
| Minorities etc.                                   | 869           | 3,944         | 4,133         | 4,324         | 4,514         |
| <b>Total shareholders' equity</b>                 | <b>41,978</b> | <b>49,579</b> | <b>52,920</b> | <b>56,296</b> | <b>59,665</b> |
| Long term debt                                    | 3,481         | 13,965        | 13,965        | 13,965        | 13,965        |
| Other long-term liabilities                       | 37            | 354           | 354           | 354           | 354           |
| <b>Long-term liabilities</b>                      | <b>3,518</b>  | <b>14,319</b> | <b>14,319</b> | <b>14,319</b> | <b>14,319</b> |
| A/C payable                                       | 170           | 331           | 238           | 262           | 222           |
| Short term debt                                   | 2,405         | 7,991         | 7,991         | 7,991         | 7,991         |
| Other current liabilities                         | 1,492         | 2,647         | 2,706         | 2,971         | 3,023         |
| <b>Current liabilities</b>                        | <b>4,067</b>  | <b>10,968</b> | <b>10,935</b> | <b>11,223</b> | <b>11,235</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>49,563</b> | <b>74,867</b> | <b>78,174</b> | <b>81,838</b> | <b>85,220</b> |
| Net working capital                               | 3,687         | 4,270         | 4,078         | 4,350         | 4,287         |
| Invested capital                                  | 45,731        | 69,254        | 68,170        | 67,550        | 66,594        |

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

| Per share (THB)               | 2020  | 2021  | 2022E | 2023E | 2024E |
|-------------------------------|-------|-------|-------|-------|-------|
| Book value per share          | 13.47 | 14.97 | 16.01 | 17.05 | 18.10 |
| Tangible book value per share | 13.46 | 14.96 | 15.99 | 17.04 | 18.08 |

| Financial strength        | 2020  | 2021   | 2022E | 2023E | 2024E |
|---------------------------|-------|--------|-------|-------|-------|
| Net debt/equity (%)       | 8.9   | 39.0   | 28.1  | 19.4  | 11.0  |
| Net debt/total assets (%) | 7.5   | 25.8   | 19.1  | 13.3  | 7.7   |
| Current ratio (x)         | 1.8   | 0.9    | 1.3   | 1.7   | 2.0   |
| CF interest cover (x)     | (2.9) | (36.1) | 22.2  | 28.5  | 43.2  |

| Valuation                                 | 2020        | 2021        | 2022E       | 2023E       | 2024E       |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Recurring P/E (x) *</b>                | <b>11.0</b> | <b>17.9</b> | <b>8.6</b>  | <b>8.3</b>  | <b>8.3</b>  |
| <b>Recurring P/E @ target price (x) *</b> | <b>14.4</b> | <b>23.4</b> | <b>11.2</b> | <b>10.8</b> | <b>10.9</b> |
| Reported P/E (x)                          | 12.6        | 14.9        | 8.6         | 8.3         | 8.3         |
| Dividend yield (%)                        | 4.2         | 4.2         | 5.2         | 5.2         | 5.2         |
| Price/book (x)                            | 1.1         | 1.0         | 1.0         | 0.9         | 0.8         |
| Price/tangible book (x)                   | 1.1         | 1.0         | 1.0         | 0.9         | 0.8         |
| EV/EBITDA (x) **                          | 29.2        | (163.3)     | 33.4        | 24.9        | 17.1        |
| EV/EBITDA @ target price (x) **           | 37.4        | (196.8)     | 40.7        | 30.7        | 21.3        |
| EV/invested capital (x)                   | 1.1         | 1.0         | 1.0         | 0.9         | 0.9         |

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Banpu Power; 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    | DRSH   | SCM     | SUSCO  | TOA   | VIH    |
| AMATAV                               | BTS    | DTAC   | HANA   | LHFG   | NVD    | PSL    | SDC     | SUTHA  | TOP   | WACOAL |
| ANAN                                 | BTW    | DUSIT  | HARN   | LIT    | NWR    | PTG    | SEAFECO | 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   | MTSIB  | 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   | WIK    |
| 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)  |

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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

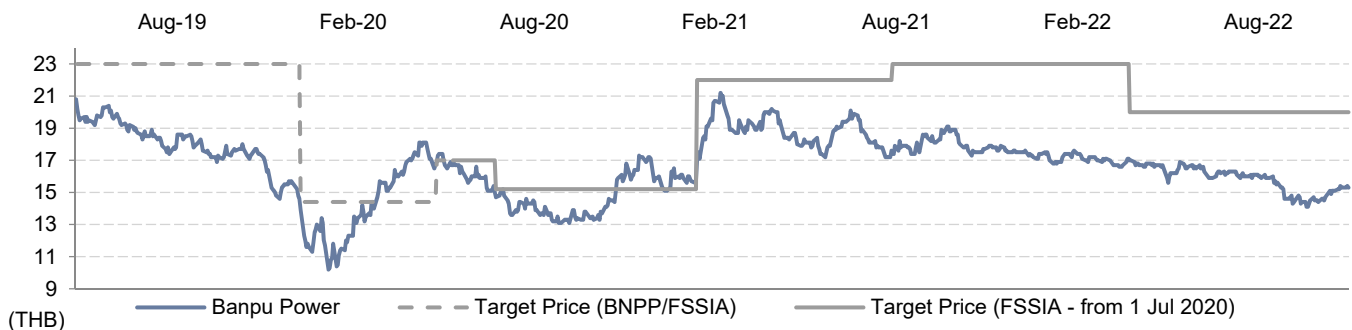
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 13-Aug-2019 | HOLD   | 23.00        | 06-Aug-2020 | HOLD   | 15.20        | 02-Feb-2022 | BUY    | 20.00        |
| 21-Feb-2020 | HOLD   | 14.40        | 26-Jan-2021 | BUY    | 22.00        |             |        |              |
| 17-Jun-2020 | HOLD   | 17.00        | 13-Jul-2021 | BUY    | 23.00        |             |        |              |

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 17-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company     | Ticker | Price     | Rating | Valuation & Risks   |
|-------------|--------|-----------|--------|---|
| Banpu Power | BPP TB | THB 15.30 | BUY    | Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff. |

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 10-Aug-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.