

SERMSANG POWER CORP

THAILAND / UTILITIES - RENEWABLES

SSP TB

BUY

UNCHANGED

TARGET PRICE	THB15.00
CLOSE	THB9.80
UP/DOWNSIDE	+53.1%
PRIOR TP	THB20.00
CHANGE IN TP	-25.0%
TP vs CONSENSUS	+3.4%

A dark horse with a rich upside

- We project SSP to post a strong core NP of THB262m in 3Q22, down 11% q-q but up 3% y-y.
- We think SSP has a strong chance of securing 0.2-0.3GW of new capacity from upcoming tenders in Thailand and Vietnam.
- We maintain BUY but lower our SoTP-based TP to THB15.

An underdog power play that could deliver surprising growth

We believe SSP remains one of Thailand's most attractive investments, not just as a utilities sector play but also on the entire SET, based on its highly visible, strong net profit growth outlook from secured renewable energy projects in Thailand and overseas. In addition, SSP is now poised to secure additional capacity growth for wind and solar farms from the upcoming tender for 5.2GW in renewable energy projects in Thailand by end-2022, along with wind farms and LNG-to-power projects under Vietnam's new Power Development Plan 8 (PDP8) by 1H23.

Expect a continued strong 3Q22 core net profit of THB262m

We project SSP to post a strong core net profit of THB262m, down 11% q-q but up 3% y-y. The q-q lower expected earnings are due to seasonally lower earnings from both solar and wind farms that should be partly offset by the higher electricity tariff for solar farms in Thailand. However, we expect SSP's reported net profit to decline 55% q-q to THB289m due mainly to the absence of the THB351m divestment gain booked in 2Q22 from the sale of its 86.9% stake in the 14.8MW Hidaka solar farm in Jun-22 at the selling price of THB716m.

Looming upsides from Thailand and Vietnam

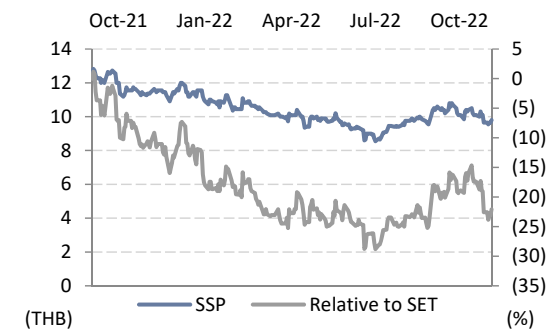
We think SSP is well positioned to secure 0.2-0.3GW of new capacity from the two upcoming renewable energy tenders in Thailand this year and the announcement of the Vietnamese government's PDP8 by 1H23. Management is sanguine about the potential for up to 200MW in solar and wind farm capacity growth in Thailand and up to 0.2-0.3GW in Vietnam given the company's wind farm acumen and ample available capital for investment in an LNG-to-power plant JV.

Maintain BUY but lower our TP to THB15

We maintain BUY but lower our SoTP-based TP from THB20 to THB15 to reflect 1) the THB1.9b value elimination from the sale of its 86.9% stake in the Hidaka solar farm project in Japan; 2) the valuation rollover to 2023; and 3) EPS revisions. We revise up our EPS forecasts in 2022-24 by 1.0-33% to reflect 1) the THB351m divestment gain in 2022; and 2) higher electricity tariffs by 9.3-21.9% in 2022-24 due to the rising global price of oil and LNG.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	2,603	3,259	3,529	4,546
Net profit	859	1,543	1,358	2,123
EPS (THB)	0.80	1.36	1.19	1.87
vs Consensus (%)	-	25.2	0.2	6.1
EBITDA	2,018	2,833	2,717	3,552
Core net profit	871	1,883	1,358	2,123
Core EPS (THB)	0.81	1.66	1.19	1.87
Chg. In EPS est. (%)	-	53.5	(3.0)	(4.4)
EPS growth (%)	7.6	103.8	(27.9)	56.3
Core P/E (x)	12.1	5.9	8.2	5.2
Dividend yield (%)	1.0	7.1	5.1	5.1
EV/EBITDA (x)	10.5	7.8	8.1	6.0
Price/book (x)	1.8	1.6	1.4	1.2
Net debt/Equity (%)	158.5	134.9	119.0	91.1
ROE (%)	17.3	29.0	18.1	24.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.0)	3.7	(21.3)
Relative to country (%)	(3.4)	1.8	(20.4)
Mkt cap (USD m)	323		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	30		
Major shareholder	Kraipisitkul Family (19%)		
12m high/low (THB)	13.27/8.45		
Issued shares (m)	922.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

Founded in 2010, Sermsang Power (SSP) is a producer and distributor of solar power to the Electricity Generating Authority of Thailand (EGAT). In June 2013, the company entered into a 40MW power purchase agreement with EGAT as a small power producer. SSP began operations at its first solar plant in 2015 with an adder rate of THB6.5/kWh for 10 years.

We project an earnings CAGR of 25.5% over 2020-23, driven by the commencement of several new overseas growth projects. We expect SSP's earnings growth to accelerate in the medium to long term, post start-up of its solar farms in Japan and wind farms in Vietnam in 2021-24. SSP has set up subsidiaries to explore solar rooftop opportunities and other business opportunities in Thailand, Japan, and Mongolia.

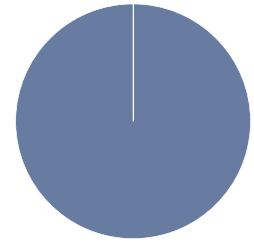
Company profile

Sermsang power is a holding company investing in electricity generating businesses with major solar farm power assets in Thailand and Japan.

www.sermsang.com

Principal activities (revenue, 2021)

■ Electricity sales - 100.0 %

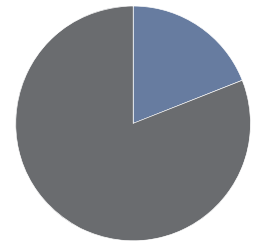


Source: Sermsang Power Corp

Major shareholders

■ Kraipisitkul Family - 19.0 %

■ Others - 81.0 %



Source: Sermsang Power Corp

Catalysts

Higher utilisation rates of power plants and rising demand for electricity in Thailand, Japan, and Mongolia are key potential growth drivers.

Risks to our call

The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) project start-up delays.

Event calendar

Date	Event
Nov 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Average utilisation rate (%)	20	20	20
Electricity tariff (THB/kWh)	3.96	4.00	4.04
Installed capacity (MW)	267	267	267

Source: FSSIA estimates

Earnings sensitivity

- Ceteris Paribus, for every 1% increase in the gas price, we estimate 2022 earnings would increase 1.1%, and vice versa.
- Ceteris Paribus, for every 1% increase in interest rates, we estimate 2022 earnings would decline 1.2%, and vice versa.

Source: FSSIA estimates

A dark horse with a rich upside

As one of Thailand's leading renewable plays, we think SSP stands a good chance of securing 0.2-0.3GW of new capacity from the two upcoming renewable energy tenders in Thailand and the announcement of PDP8 by the Vietnamese government.

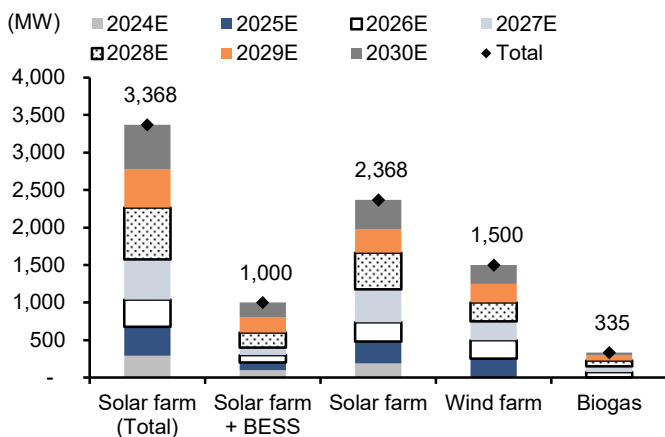
5.2GW of renewable energy open for bidding by the end of 2022

Based on details provided by Thailand's Energy Regulatory Commission (ERC), the winners will be picked based on 1) competitive price; 2) entity qualifications (only private companies, not state-owned or government agencies); 3) technical and financial qualifications; and 4) transmission constraints, in order of priority from highest to lowest: biogas (wastewater); wind farms; solar+BESS; and solar farms.

On 6 May-22, the Energy Policy and Planning Office, under PDP2018Rev1, approved the plan to open a new round of bidding for additional renewable power capacity scheduled to COD in 2022-30. In the latest step forward, the ERC has announced a new FiT tariff structure for 2022-30, with details as follows:

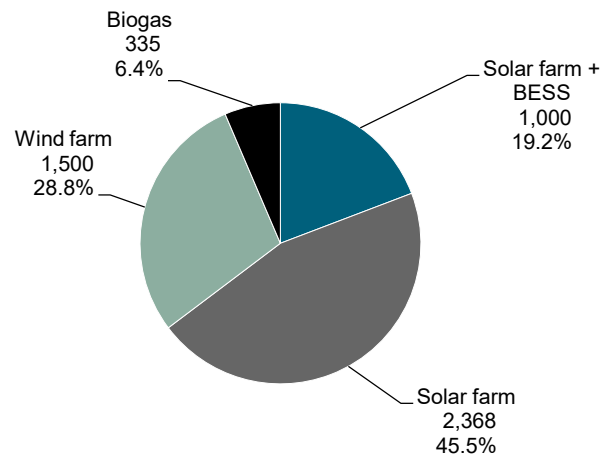
- Open bidding for new non-firm renewable power projects with a capacity of 90MW or less, including solar farms, wind farms, and biogas (wastewater);
- Open bidding for partial-firm renewable power projects, including hybrid solar farms and solar+BESS with power purchase agreements covering 20-25 years;
- New power purchase agreements (PPAs) with a total capacity of 5.2GW to COD during 2024-30.

Exhibit 1: Bidding for new renewable capacity by type



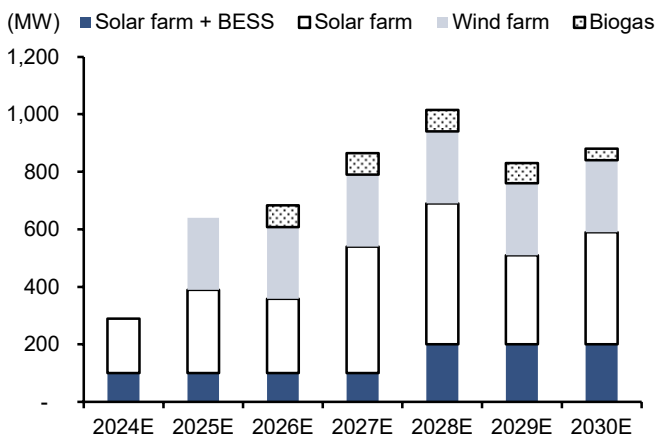
Source: ERC

Exhibit 2: Breakdown of 5,203MW to COD in 2024-30



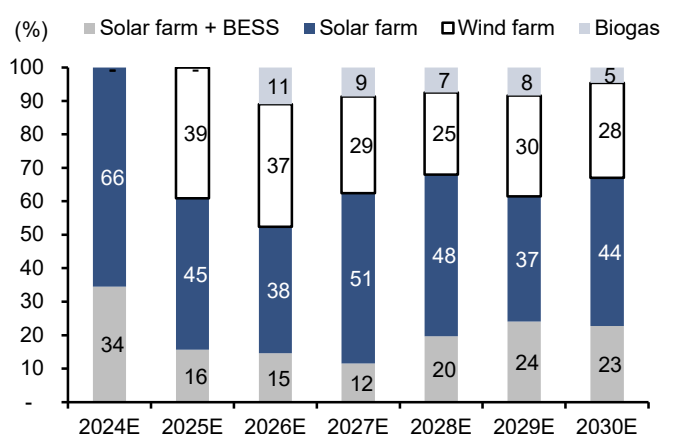
Source: ERC

Exhibit 3: Renewable capacity by COD year



Source: ERC

Exhibit 4: Renewable capacity by COD year (%)



Source: ERC

FIT structure: In this round of bidding, the FiT structure will be the lowest ever for renewable energy projects in Thailand, at THB2.07/kWh for biogas, THB3.1/kWh for wind farms, THB2.17/kWh for solar farms, and THB2.83/kWh for solar farms+BESS.

Exhibit 5: Renewable capacity breakdown by type and COD year

Project type	PPA type	FiT (THB/kWh)	PPA period (years)	FiT for four southernmost provinces* (THB/kWh)
Biogas (wastewater)	Non-firm	2.0724	20	2.4724
Wind	Non-firm	3.1014	25	3.5014
Solar farm	Non-firm	2.1679	25	2.5679
Solar farm+BESS (10-90MW)**	Partial-firm	2.8331	25	3.2331

*For projects in the four southernmost provinces of Yala, Narathivas, Pattani, and four districts in Songkla (Chana, Thepa, Sabayoi, and Nathawee)

**Partial-firm PPAs for solar farm+BESS projects are:

- 1) 09.00-16.00: purchase 100% of PPA electricity production;
- 2) 18.01-06.00: purchase based on availability at 60% of PPA contract for two hours
- 3) 06.01-09.00 and 16.01-18.00: purchase 100% of PPA electricity production

Source: ERC

Upside from Vietnam’s PDP8

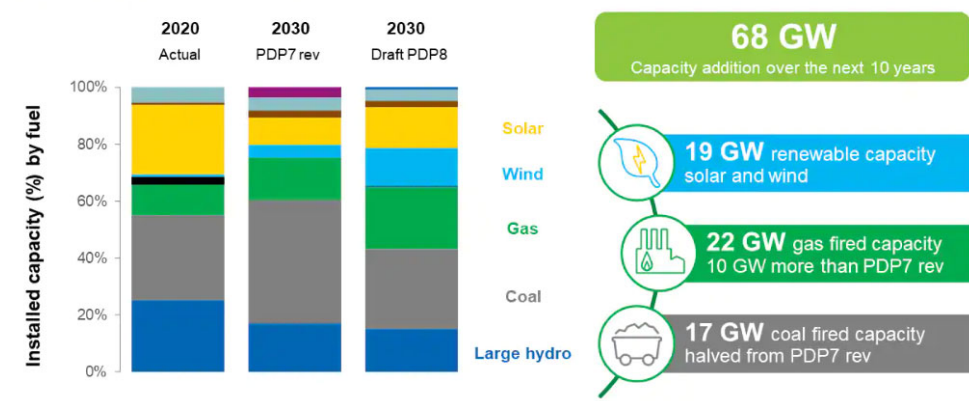
SSP’s management is highly sanguine about the potential for capacity growth in Vietnam, given SSP’s experience and the current operations of its 48MW wind farm in that country. We believe SSP is likely to secure new capacity growth of up to 0.2-0.3GW in Vietnam given its high state of preparedness for new wind farm developments and capital availability for its proposed LNG-to-power JV power plant.

Background. Vietnam’s government Standing Committee on Electricity Development Planning, chaired by Prime Minister Pham Minh Chinh, recently issued Notice 277/TB-VPCP (Notice 277) providing an update on the issues impacting the drafting and finalisation of PDP8.

The announcement of Vietnam’s PDP8 has already been delayed by over a year after a new prime minister was appointed and amid the highly volatile energy prices that followed Russia’s invasion of Ukraine.

According to Vietnam’s Institute for Energy Economics and Financial Analysis (IEEFA), the current draft of PDP8, approved on 22 Feb-21, is the third version of the draft. It incorporates the impact of Covid-19 driving down power demand in 2020 and slower economic growth through 2030, with up to 68GW capacity to be added in the next 10 years (2020-30). Of the total 68GW in planned new capacity, 19GW will be renewable, 22GW gas-fired – a cut by 10GW from PDP7, and 17GW of coal-fired capacity, which will be 50% lower than in PDP7.

Exhibit 6: Vietnam’s draft PDP8



Source: IEEFA

3Q22 results preview

We project SSP to post a strong core net profit of THB262m, down 11% q-q but up 3% y-y. The q-q lower earnings would be due to the seasonally lower earnings from both solar and wind farms that should be partly offset by the new higher electricity tariff for solar farms in Thailand.

However, we expect SSP's reported net profit to decline 55% q-q to THB289m due mainly to the absence of the THB351m divestment gain booked in 2Q22 from the sale of its 86.9% stake in the 14.8MW Hidaka solar farm on Jun-22 at the selling price of THB716m.

Exhibit 7: 3Q22 results preview

	3Q21	2Q22	----- 3Q22E -----		9M21	9M22E	Change	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)		(THB m)
Revenue	683	1,173	895	(23.7)	31.1	1,043	2,030	94.6
Operating costs	(130)	(205)	(232)	13.0	79.1	(153)	(379)	146.8
EBITDA	553	968	663	(31.5)	19.9	890	1,651	85.6
<i>EBITDA margin (%)</i>	<i>81.0</i>	<i>82.5</i>	<i>74.1</i>	<i>nm</i>	<i>nm</i>	<i>85.3</i>	<i>81.3</i>	<i>nm</i>
Deprn & amort.	(223)	(242)	(245)	1.4	10.1	(299)	(481)	60.9
EBIT	331	726	418	(42.4)	26.5	591	1,170	98.1
Interest expense	(92)	(125)	(126)	0.8	36.5	(148)	(249)	68.5
Interest & invt inc	2	4	1	(76.6)	(59.4)	1	6	857.5
Other income	2	32	1	(96.9)	(54.2)	15	35	126.4
Associates' contrib	-	20	13	(33.6)	-	-	23	-
Exceptionals	77	-	-	nm	(100.0)	10	-	(100.0)
Pretax profit	320	657	307	(53.3)	(4.0)	470	986	109.9
Tax	(20)	3	2	(30.4)	(109.8)	(28)	(2)	(92.3)
<i>Tax rate (%)</i>	<i>6.4</i>	<i>(0.4)</i>	<i>(0.7)</i>	<i>nm</i>	<i>nm</i>	<i>6.0</i>	<i>0.2</i>	<i>nm</i>
Minority interests	(13)	(15)	(20)	33.9	52.6	(18)	(44)	144.7
Net profit	287	645	289	(55.2)	0.9	423	940	121.9
Non-recurring	32	351	27	(92.3)	(15.1)	10	350	3,346.6
Core net profit	255	294	262	(10.9)	2.9	413	590	42.7
EPS (THB)	0.31	0.70	0.31	(55.2)	0.9	0.46	1.02	121.9
Core EPS (THB)	0.28	0.32	0.28	(10.9)	2.9	0.45	0.64	42.7

Sources: SSP; FSSIA estimates

EPS and TP revisions

We revise up our EPS forecasts in 2022-24 by 1.0-33% to reflect 1) the THB351m divestment gain in 2022; and 2) higher electricity tariffs by 9.3-21.9% in 2022-24 due to the rising global price of oil and LNG caused by the US and EU's sanctions against Russia over its invasion of Ukraine.

We lower our SoTP-based TP from THB20 to THB15 to reflect 1) the THB1.9b value elimination from the sale of the 86.9% stake in the Hidaka solar farm project in Japan; 2) the valuation rollover to 2023; and 3) EPS revisions.

Exhibit 8: Key assumptions and EPS revisions

	Current			Previous			Change		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (%)	2023E (%)	2024E (%)
Revenue	3,259	3,529	4,546	3,198	3,479	4,507	1.9	1.4	0.6
Gross profit	3,322	3,246	4,234	2,926	3,200	4,198	13.5	1.5	0.6
Operating profit	2,385	2,249	3,064	1,998	2,209	3,034	19.4	1.8	0.7
Net profit	1,543	1,358	2,123	1,156	1,320	2,093	33.4	2.8	1.0
EPS (THB/shr)	1.36	1.19	1.87	1.02	1.16	1.84	33.4	2.8	1.0
Key assumptions									
Average utilisation rate (%)	20	20	20	20	20	20	0.0	0.0	0.0
Electricity tariff (THB/kWh)	3.96	4.00	4.04	3.2	3.4	3.58	21.9	17.3	9.3
Installed capacity	267	267	267	267	267	267	0.0	0.0	0.0

Note: Change of items in percentage terms are represented in ppt change

Sources: SSP; FSSIA estimates

Exhibit 9: SoTP-based valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)	
Risk-free rate		2.0	Pretax cost of debt		3.0	
Market risk premium		4.0	Marginal tax rate		20.0	
Stock beta		0.7				
Cost of equity, Ke		4.8	Net cost of debt, Kd		2.0	
Weight applied		20.0	Weight applied		80.0	
WACC (%)		2.6				
DCF valuation estimate		Contracted capacity (MW)	% holding	Equity Capacity (MW)	THB m	THB/share
Thailand	Sermsang solar	40.0	100	40.0	7,369	6.5
	Solar rooftop	6.9	100	6.9	810	0.7
	WVO	5.0	100	5.0	529	0.5
Japan	Leo 1	20.0	100	20.0	2,281	2.0
	Leo 2	17.0	100	17.0	1,786	1.6
	Yamaga1	30.0	90	27.0	4,182	3.7
	Zouen	6.0	100	6.0	1,026	0.9
Mongolia	Khoshight Kundi	16.4	75	12.3	560	0.5
Vietnam	Binh Nguyen solar farm	49.6	80	39.7	1,707	1.5
	Tra Vinh wind farm phase 1	48.0	80	38.4	3,803	3.3
	Tra Vinh wind farm phase 2	48.0	80	38.4	3,003	2.6
Indonesia	Indonesia (2021-22)-solar rooftop	18.9	100	18.9	170	0.2
	Net debt 2023E				(10,167)	(8.9)
Residual ordinary equity					17,060	15.0

Sources: SSP; FSSIA estimates

Financial Statements

Sernsang Power Corp

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	2,177	2,603	3,259	3,529	4,546
Cost of goods sold	(392)	(341)	63	(283)	(312)
Gross profit	1,785	2,262	3,322	3,246	4,234
Other operating income	-	-	-	-	-
Operating costs	(196)	(243)	(489)	(529)	(682)
Operating EBITDA	1,588	2,018	2,833	2,717	3,552
Depreciation	(533)	(751)	(448)	(468)	(488)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,055	1,267	2,385	2,249	3,064
Net financing costs	(264)	(275)	(697)	(722)	(747)
Associates	0	0	0	0	0
Recurring non-operating income	(43)	(16)	333	(20)	(22)
Non-recurring items	40	(12)	(340)	0	0
Profit before tax	788	965	1,682	1,508	2,296
Tax	(23)	(65)	(54)	(62)	(83)
Profit after tax	765	899	1,629	1,445	2,213
Minority interests	(29)	(40)	(86)	(88)	(90)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	736	859	1,543	1,358	2,123
Non-recurring items & goodwill (net)	(40)	12	340	0	0
Recurring net profit	696	871	1,883	1,358	2,123
Per share (THB)					
Recurring EPS *	0.76	0.81	1.66	1.19	1.87
Reported EPS	0.80	0.80	1.36	1.19	1.87
DPS	0.01	0.10	0.70	0.50	0.50
Diluted shares (used to calculate per share data)	922	1,072	1,136	1,136	1,136
Growth					
Revenue (%)	47.7	19.6	25.2	8.3	28.8
Operating EBITDA (%)	39.0	27.1	40.4	(4.1)	30.8
Operating EBIT (%)	27.8	20.1	88.2	(5.7)	36.3
Recurring EPS (%)	13.6	7.6	103.8	(27.9)	56.3
Reported EPS (%)	34.9	0.4	69.4	(12.0)	56.3
Operating performance					
Gross margin inc. depreciation (%)	57.5	58.0	88.2	78.7	82.4
Gross margin of key business (%)	59.3	57.6	77.8	78.7	82.4
Operating EBITDA margin (%)	73.0	77.5	86.9	77.0	78.1
Operating EBIT margin (%)	48.5	48.7	73.2	63.7	67.4
Net margin (%)	32.0	33.5	57.8	38.5	46.7
Effective tax rate (%)	2.9	6.8	3.2	4.1	3.6
Dividend payout on recurring profit (%)	1.5	12.3	42.3	41.8	26.8
Interest cover (X)	3.8	4.6	3.9	3.1	4.1
Inventory days	-	-	-	-	-
Debtor days	66.3	79.5	98.0	127.5	133.1
Creditor days	151.8	1,775.3	(16,484.1)	3,270.0	3,156.3
Operating ROIC (%)	7.9	(2.0)	(3.3)	(2.9)	(3.8)
ROIC (%)	6.1	(1.6)	(3.0)	(2.3)	(3.1)
ROE (%)	17.4	17.3	29.0	18.1	24.5
ROA (%)	6.4	4.3	7.4	5.0	7.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Electricity sales	2,177	2,603	3,259	3,529	4,546
Subsidy for adder	0	0	0	0	0
Construction service	0	0	0	0	0

Sources: Sernsang Power Corp; FSSIA estimates

Financial Statements

Sernsang Power Corp

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	696	871	1,883	1,358	2,123
Depreciation	533	751	448	468	488
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(288)	2,559	(1,182)	(372)	(445)
Cash flow from operations	941	4,181	1,148	1,454	2,166
Capex - maintenance	(835)	(836)	(800)	(800)	(800)
Capex - new investment	(570)	(4,843)	0	0	0
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(90)	(1,147)	351	0	0
Cash flow from investing	(1,495)	(6,826)	(449)	(800)	(800)
Dividends paid	(10)	(107)	(334)	(568)	(568)
Equity finance	0	0	0	0	0
Debt finance	1,062	3,904	500	500	500
Other financing cash flows	(49)	1,064	(605)	87	90
Cash flow from financing	1,004	4,861	(439)	19	22
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	449	2,216	260	673	1,388
Free cash flow to firm (FCFF)	(240.52)	(2,288.84)	1,395.72	1,375.80	2,112.74
Free cash flow to equity (FCFE)	459.58	2,322.82	594.50	1,241.58	1,956.52

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	(0.26)	(2.48)	1.51	1.49	2.29
FCFE per share	0.50	2.52	0.64	1.35	2.12
Recurring cash flow per share	1.33	1.51	2.05	1.61	2.30

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	11,865	17,525	18,325	19,125	19,925
Less: Accumulated depreciation	(1,271)	(2,003)	(2,451)	(2,919)	(3,407)
Tangible fixed assets (net)	10,594	15,522	15,874	16,206	16,518
Intangible fixed assets (net)	1,048	1,232	1,232	1,232	1,232
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	1,364	3,580	3,840	4,513	5,902
A/C receivable	430	704	1,047	1,419	1,898
Inventories	0	0	0	0	0
Other current assets	386	643	805	872	1,123
Current assets	2,180	4,927	5,692	6,804	8,922
Other assets	2,281	2,382	2,382	2,382	2,382
Total assets	16,104	24,063	25,180	26,625	29,055
Common equity	4,205	5,884	7,092	7,882	9,436
Minorities etc.	337	490	576	664	754
Total shareholders' equity	4,542	6,374	7,668	8,546	10,190
Long term debt	8,387	10,862	11,362	11,862	12,362
Other long-term liabilities	1,612	745	745	745	745
Long-term liabilities	9,999	11,608	12,108	12,608	13,108
A/C payable	117	3,201	2,508	2,568	2,829
Short term debt	1,390	2,818	2,818	2,818	2,818
Other current liabilities	56	63	78	85	109
Current liabilities	1,563	6,082	5,404	5,471	5,757
Total liabilities and shareholders' equity	16,104	24,063	25,180	26,625	29,055
Net working capital	643	(1,916)	(734)	(362)	82
Invested capital	14,566	17,220	18,755	19,458	20,215

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	4.56	5.49	6.24	6.94	8.30
Tangible book value per share	3.42	4.34	5.16	5.85	7.22

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	185.2	158.5	134.9	119.0	91.1
Net debt/total assets (%)	52.2	42.0	41.1	38.2	31.9
Current ratio (x)	1.4	0.8	1.1	1.2	1.5
CF interest cover (x)	4.9	27.1	1.9	2.7	3.6

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	13.0	12.1	5.9	8.2	5.2
Recurring P/E @ target price (x) *	19.9	18.5	9.1	12.6	8.0
Reported P/E (x)	12.3	12.2	7.2	8.2	5.2
Dividend yield (%)	0.1	1.0	7.1	5.1	5.1
Price/book (x)	2.1	1.8	1.6	1.4	1.2
Price/tangible book (x)	2.9	2.3	1.9	1.7	1.4
EV/EBITDA (x) **	11.2	10.5	7.8	8.1	6.0
EV/EBITDA @ target price (x) **	14.2	13.2	9.9	10.3	7.6
EV/invested capital (x)	1.2	1.2	1.2	1.1	1.0

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

Sources: Sernsang Power Corp; 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	PPP	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	WIIK
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:

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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

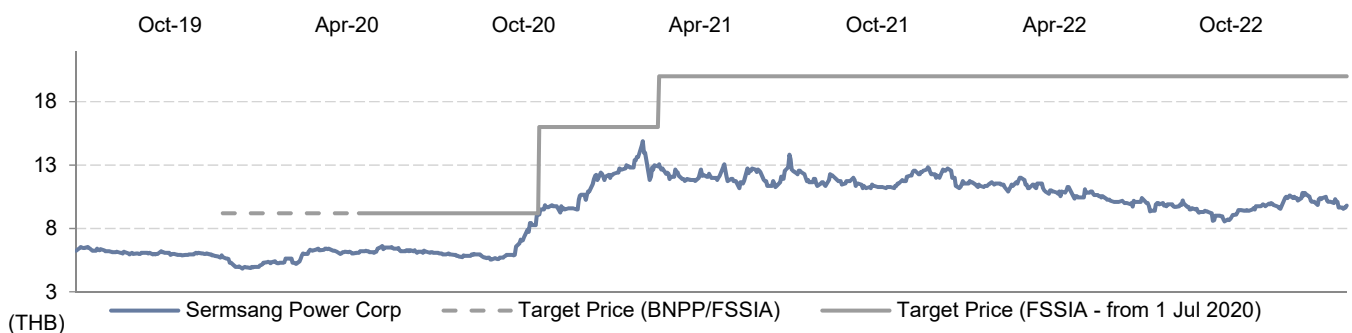
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History of change in investment rating and/or target price

Sermsang Power Corp (SSP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Mar-2020	BUY	9.20	02-Dec-2020	BUY	16.00	15-Mar-2021	BUY	20.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 27-May-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sermsang Power Corp	SSP TB	THB 9.80	BUY	The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) project start-up delays.

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 28-Oct-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.