

B.GRIMM POWER BGRIM TB

THAILAND / UTILITIES - CONVENTIONAL

BUY

UNCHANGED

| | |
|-----------------|----------|
| TARGET PRICE | THB41.00 |
| CLOSE | THB33.75 |
| UP/DOWNSIDE | +21.5% |
| PRIOR TP | THB42.00 |
| CHANGE IN TP | -2.4% |
| TP vs CONSENSUS | -6.9% |

Tumbling before recovering

- We turn bearish on BGRIM's NP in 2H22. Expect NP to rebound in 2023 due to lower gas costs and a higher electricity tariff.
- We project BGRIM to post a weak 3Q22 core NP of THB12m, down 92% q-q and 98% y-y.
- Maintain BUY but lower TP to THB41.

A sign of relief if not a shout for joy for the gas cost trend

While we turn more bearish on BGRIM's net profit (NP) in 2H22, we expect its earnings to rebound gradually in 2023, mainly due to lower gas costs and a higher electricity tariff. Despite the rise in the contract Japan Crude Cocktail (JCC) LNG price to USD21/mmbtu as of Oct-22, we expect the gas cost for BGRIM to decline substantially from THB560/mmbtu in 3Q22 to THB510/mmbtu in 4Q22, driving up BGRIM's gross margin and core NP to THB0.2b-0.4b in 4Q22.

Global gas price decline to widen gross margins

In Sep-Oct 2022, the global spot LNG price sharply dropped from its peak in Aug-22 by over 3x within only two months. The benchmark Title Transfer Facility (TTF) gas price plunged from €352/MWh in Aug-22 to €111/MWh on 28 Oct-22. Meanwhile, the Japan-Korea Market (JKM) spot LNG futures for Southeast Asia for Dec-22 plunged from USD80/mmbtu in Aug-22 to USD30/mmbtu on 28 Oct-22.

A weak core net profit and a net loss expected in 3Q22

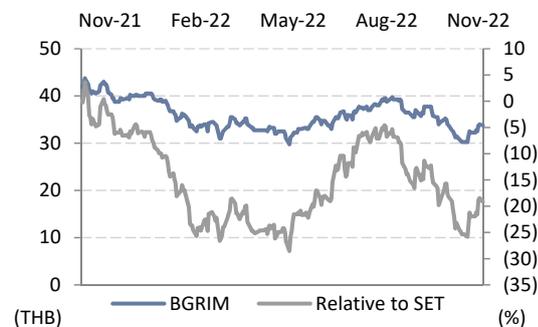
We project BGRIM to post a weak 3Q22 core NP of THB12m, down 92% q-q and 98% y-y. Including the FX loss of THB0.8b, BGRIM should see a net loss of THB859m in 3Q22, down from a net loss of THB193m in 2Q22 and an NP of THB447m in 3Q21. The key drag for the poor core NP is the sharp spike in the gas cost to THB560/mmbtu, up from THB422/mmbtu in 2Q22 and THB268/mmbtu in 3Q21 due to the higher import volume of spot LNG at an estimated average price of USD46/mmbtu, up from USD28/mmbtu in 2Q22.

Buy ahead of visible rebound in 4Q22

We lower our EPS forecast by 26.4% for 2023 and 17.9% for 2024. For 2022, we cut our EPS to a negative THB0.34 due to the large FX loss and higher gas cost, as we lift our gas price assumptions by 10% for 2022-24 despite our 8.3-9.1% lower oil price assumptions. We trim our SoTP-based TP from THB42 to THB41 to reflect our EPS forecast cuts and valuation rollover to 2023. We think the downside for BGRIM's share price is now limited. We expect 3Q22 to be the bottom quarter before rebounding to a normalised quarterly NP of over THB0.5b by 1Q23 or 2Q23 when we project the gas cost to greatly subside as a result of a higher domestic gas production level.

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|----------------------|--------|---------|--------|--------|
| Revenue | 46,628 | 79,099 | 93,457 | 95,814 |
| Net profit | 2,276 | (881) | 2,209 | 2,981 |
| EPS (THB) | 0.87 | (0.34) | 0.85 | 1.14 |
| vs Consensus (%) | - | nm | (22.4) | (18.7) |
| EBITDA | 12,160 | 9,814 | 14,599 | 17,073 |
| Core net profit | 2,440 | (2,028) | 2,209 | 2,981 |
| Core EPS (THB) | 0.94 | (0.78) | 0.85 | 1.14 |
| Chg. In EPS est. (%) | - | nm | (26.4) | (17.9) |
| EPS growth (%) | (6.8) | nm | nm | 35.0 |
| Core P/E (x) | 36.1 | (43.4) | 39.8 | 29.5 |
| Dividend yield (%) | 1.2 | 0.2 | 1.5 | 1.8 |
| EV/EBITDA (x) | 13.8 | 18.5 | 13.4 | 12.3 |
| Price/book (x) | 3.0 | 3.2 | 2.9 | 2.8 |
| Net debt/Equity (%) | 166.4 | 210.6 | 218.6 | 220.8 |
| ROE (%) | 8.6 | (7.1) | 7.6 | 9.7 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--|---------|----------|
| Absolute (%) | 0.0 | (11.2) | (20.6) |
| Relative to country (%) | (1.2) | (13.0) | (19.9) |
| Mkt cap (USD m) | 2,310 | | |
| 3m avg. daily turnover (USD m) | 12.1 | | |
| Free float (%) | 31 | | |
| Major shareholder | B. Grimm Power (Singapore) Pte Ltd (34%) | | |
| 12m high/low (THB) | 44.00/29.75 | | |
| Issued shares (m) | 2,606.90 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

B.Grimm Power (BGRIM) is one of Thailand’s small power producer (SPP) pioneers, providing a reliable source of electricity to industrial users (IUs). It has continued to expand its portfolio, with the number of its SPPs increasing from one in 1998 to 13 at end-2016 and 17 as of 1Q20, while equity capacity has risen from 85MW in 1998 to 974MW in 2016 and 1,996MW in 2019. Its solid operational efficiency and optimisation, as well as in-house development and maintenance services, have made BGRIM a reliable power supplier and generated solid returns for its shareholders.

With a superior SPP portfolio and solid capabilities in SPP development and operations, BGRIM plans to expand its capacity substantially. The company aims to increase its capacity to 7.2GW by 2025, up from 3.25GW as of 2021, and aims to increase its renewable energy and conventional power capacities via SPPs in domestic and overseas markets.

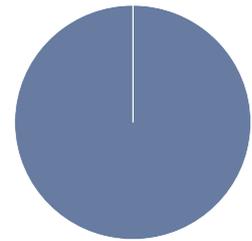
Company profile

BGRIM is a holding company investing in electricity generating businesses of Small Power plants (SPP) with major gas-fired and solar farm power assets in Thailand, Laos, and Vietnam.

www.bgrimmpower.com

Principal activities (revenue, 2021)

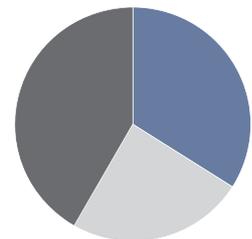
■ Electricity generation - 100.0 %



Source: B.Grimm Power

Major shareholders

■ B. Grimm Power (Singapore) Pte Ltd - 34.0 %
 ■ Mr. Harald Link - 24.3 %
 ■ Others - 41.7 %



Source: B.Grimm Power

Catalysts

Higher utilisation rates at its power plants, rising demand for electricity in Thailand and Vietnam, and higher crude oil prices are all key potential earnings growth drivers.

Risks to our call

The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.

Event calendar

| Date | Event |
|----------|---------------------------|
| Nov 2022 | 3Q22 results announcement |

Key assumptions

| | 2022E | 2023E | 2024E |
|--------------------------|--------|--------|--------|
| Utilisation rate (%) | 92 | 93 | 94 |
| Dispatched power (GWh) | 12,778 | 11,504 | 11,510 |
| Oil price (USD/bbl) | 110 | 100 | 100 |
| Average tariff (THB/kWh) | 4.09 | 3.84 | 4.16 |
| Gas price (THB/mmbtu) | 501 | 451 | 427 |

Source: FSSIA estimates

Earnings sensitivity

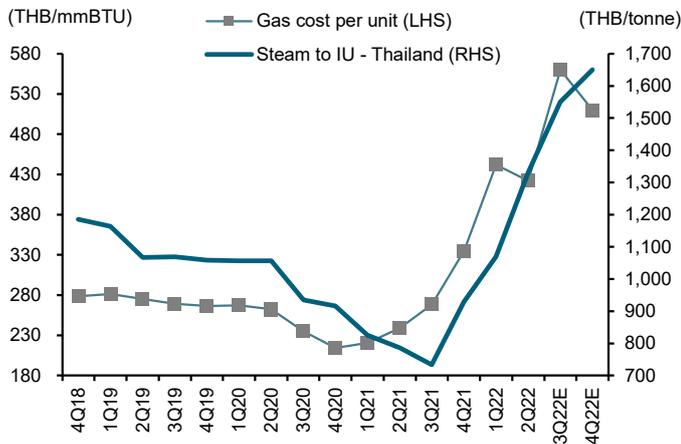
- Ceteris paribus, for every 1% increase in gas price, we estimate 2023 earnings would decline 6.8%, and vice versa.
- Ceteris paribus, for every 1% increase in interest rate, we estimate 2023 earnings would decline 18%, and vice versa.

Source: FSSIA estimates

Tumbling before recovering

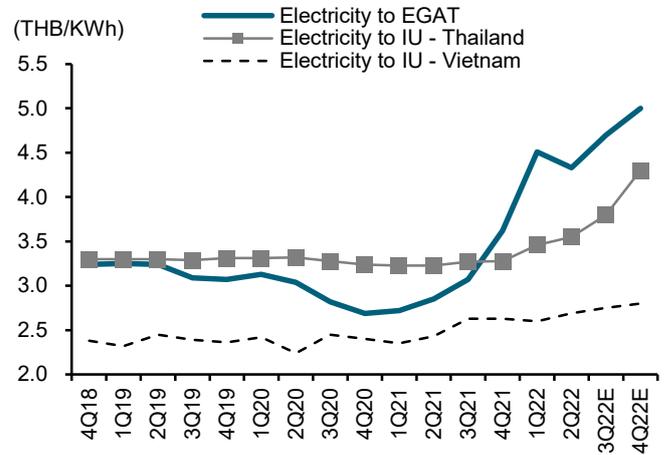
We project BGRIM to post a weak 3Q22 core NP of THB12m, down 92% q-q and 98% y-y. Including the FX loss of THB0.8b, BGRIM should see a net loss of THB859m in 3Q22, down from a net loss of THB193m in 2Q22 and an NP of THB447m in 3Q21.

Exhibit 1: Quarterly gas cost vs selling price of steam sold to IUs



Sources: BGRIM; FSSIA estimates

Exhibit 2: Quarterly sales volumes of electricity to Electricity Generating Authority of Thailand and IUs in Thailand and Vietnam



Sources: BGRIM; FSSIA estimates

The key drag for the poor core NP is the sharp spike in the gas cost to THB560/mmbtu, up from THB422/mmbtu in 2Q22 and THB268/mmbtu in 3Q21 due to the higher import volume of spot LNG at an estimated average price of USD46/mmbtu, up from USD28/mmbtu in 2Q22. According to PTT (PTT TB, BUY, TP THB50), Thailand imported 1.3mt of spot LNG in 3Q22, up from 0.9mt in 2Q22 and 1.1mt in 1Q22, mainly to replace the gas supply drop from the G1 (Erawan) gas field that saw its gas production decline from 500mmscfd in 1H22 to 210mmscfd in Sep-22.

Exhibit 3: 3Q22 results preview

| | 3Q21 | 2Q22 | 3Q22E | | 9M21 | 9M22E | Change | 2022E | |
|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) | (THB m) |
| Revenue | 11,714 | 14,676 | 14,969 | 2.0 | 27.8 | 33,642 | 44,403 | 32.0 | 79,099 |
| Operating costs | (8,635) | (12,160) | (12,843) | 5.6 | 48.7 | (23,745) | (37,589) | 58.3 | (69,285) |
| EBITDA | 3,079 | 2,516 | 2,126 | (15.5) | (31.0) | 9,897 | 6,814 | (31.2) | 9,814 |
| <i>EBITDA margin (%)</i> | 26.3 | 17.1 | 14.2 | <i>nm</i> | <i>nm</i> | 29.4 | 15.3 | <i>nm</i> | 12.4 |
| Depn & amort. | (1,305) | (1,231) | (1,224) | (0.5) | (6.2) | (3,935) | (3,662) | (6.9) | (5,623) |
| EBIT | 1,774 | 1,285 | 902 | (29.8) | (49.1) | 5,962 | 3,152 | (47.1) | 4,191 |
| Interest expense | (1,227) | (1,670) | (1,586) | (5.0) | 29.3 | (3,509) | (4,116) | 17.3 | (4,262) |
| Interest & invt inc | - | - | - | <i>nm</i> | <i>nm</i> | - | - | <i>nm</i> | - |
| Other income | 57 | 66 | 12 | (81.7) | (79.1) | 130 | 129 | (0.8) | (947) |
| Associates' contrib | 14 | (20) | (4) | (80.1) | (129.1) | 55 | (27) | (149.6) | 224 |
| Exceptionals | 43 | 192 | (145) | (175.6) | (440.1) | 579 | 13 | (97.8) | (67) |
| Pretax profit | 661 | (148) | (821) | 456.4 | (224.2) | 3,217 | (849) | (126.4) | (861) |
| Tax | (55) | (2) | (3) | 57.5 | (94.6) | (292) | (34) | (88.5) | 60 |
| <i>Tax rate (%)</i> | 8.3 | (1.3) | (0.4) | <i>nm</i> | <i>nm</i> | 9.1 | (4.0) | <i>nm</i> | 7.0 |
| Minority interests | (158) | (44) | (35) | (19.9) | (77.9) | (844) | (146) | (82.7) | (80) |
| Net profit | 447 | (193) | (859) | 344.7 | (292.0) | 2,080 | (1,029) | (149.5) | (861) |
| Non-recurring | (124) | (340) | (871) | 156.0 | 605.1 | (148) | (1,222) | 728.1 | 1,147 |
| Core net profit | 571 | 147 | 12 | (91.8) | (97.9) | 2,228 | 193 | (91.3) | (2,028) |
| EPS (THB) | 0.17 | (0.07) | (0.33) | 344.7 | (292.0) | 0.80 | (0.39) | (149.5) | (0.34) |
| Core EPS (THB) | 0.22 | 0.06 | 0.00 | (91.8) | (97.9) | 0.85 | 0.07 | (91.3) | (0.78) |

Sources: BGRIM; FSSIA estimates

Gas cost to substantially subside in 4Q22 onward

In Sep-Oct 2022, the global spot LNG price sharply dropped from its peak in Aug-22 by over 3x within only two months. The benchmark TTF gas price plunged from €352/MWh in Aug-22 to €111/MWh on 28 Oct-22. Meanwhile, the JKM spot LNG futures for Southeast Asia for Dec-22 plunged from USD80/mmbtu in Aug-22 to USD30/mmbtu on 28 Oct-22.

Exhibit 4: Dutch TTF gas futures Nov-22 (TGX22)



Source: [Barchart.com](https://www.barchart.com)

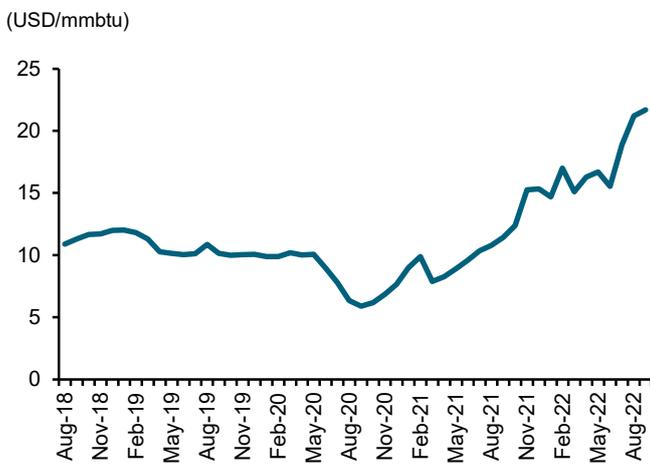
Exhibit 5: Spot LNG swap futures for Southeast Asia Dec-22 (JKM22)



Source: [Barchart.com](https://www.barchart.com)

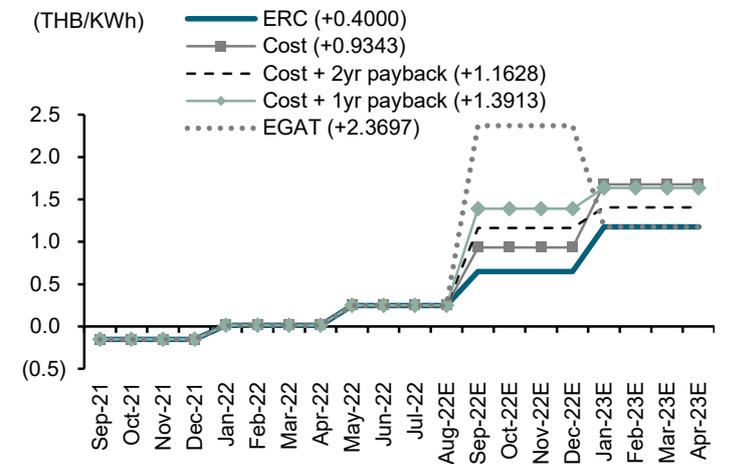
Despite the rise in the JCC contract LNG price to USD21/mmbtu as of Oct-22, we expect the gas cost for BGRIM to decline substantially from THB560/mmbtu in 3Q22 to THB510/mmbtu in 4Q22. This should drive up BGRIM's gross margin and boost its core NP back to THB0.2b-0.4b in 4Q22, in our view.

Exhibit 6: JCC contract LNG price



Source: Bloomberg

Exhibit 7: Thailand's fuel tariff scenario under Energy Regulatory Commission's proposal



Source: ERC

EPS and TP revisions

We lower our EPS forecast by 26.4% for 2023 and 17.9% for 2024. For 2022, we cut our EPS to a negative THB0.34 due to the large FX loss and higher gas cost, as we lift our gas price assumptions by 10% for 2022-24 despite our 8.3-9.1% lower oil price assumptions.

We trim our SoTP-based TP from THB42 to THB41 to reflect our EPS forecast cuts and valuation rollover to 2023. We think the downside for BGRIM's share price is now limited. We expect 3Q22 to be the bottom quarter before rebounding to a normalised quarterly NP of over THB0.5b by 1Q23 or 2Q23 when we project the gas cost to greatly subside as a result of a higher gas production level from the low-priced G1, fewer imports, and a lower price for spot LNG.

Exhibit 8: Key changes in assumptions

| | 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 | 79,099 | 93,457 | 95,814 | 75,712 | 89,878 | 92,242 | 4.5 | 4.0 | 3.9 |
| Gross profit | 12,652 | 17,952 | 20,510 | 13,879 | 19,361 | 21,675 | (8.8) | (7.3) | (5.4) |
| Operating profit | 4,191 | 8,387 | 10,749 | 5,539 | 9,925 | 12,042 | (24.3) | (15.5) | (10.7) |
| Net profit | (881) | 2,209 | 2,981 | 913 | 3,000 | 3,632 | (196.5) | (26.4) | (17.9) |
| EPS (THB/shr) | (0.34) | 0.8 | 1.1 | 0.4 | 1.2 | 1 | nm | (26.4) | (17.9) |
| Key assumptions | | | | | | | | | |
| Utilisation rate (%) | 92 | 93 | 94 | 92 | 93 | 94 | 0.0 | 0.0 | 0.0 |
| Dispatched power (GWh) | 12,778 | 11,504 | 11,510 | 12,778 | 11,504 | 11,510 | 0.0 | 0.0 | 0.0 |
| Oil price (USD/bbl) | 110 | 100 | 100 | 120 | 110 | 110 | (8.3) | (9.1) | (9.1) |
| Average tariff (THB/kWh) | 4.09 | 3.84 | 4.16 | 3.99 | 3.74 | 4.05 | 2.3 | 2.6 | 2.5 |
| Gas price (THB/mmbtu) | 501 | 451 | 427 | 456 | 410 | 389 | 10.0 | 10.0 | 10.0 |

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

Sources: BGRIM; FSSIA estimates

Exhibit 9: SoTP-based TP

| Cost of equity assumptions | | (%) | Cost of debt assumptions | | (%) |
|----------------------------|--|------|--------------------------|--|------|
| Risk-free rate | | 2.3 | Pretax cost of debt | | 4.2 |
| Market risk premium | | 8.0 | Marginal tax rate | | 20.0 |
| Stock beta | | 0.60 | | | |
| Cost of equity, Ke | | 7.1 | Net cost of debt, Kd | | 3.4 |
| Weight applied | | 26.2 | Weight applied | | 73.8 |
| WACC (%) | | 4.3 | | | |

| DCF valuation estimate | MW | % | Equity Capacity | THB/share | Comments |
|---------------------------------|-----|-----|-----------------|-------------|---|
| SPP | | | | | |
| Amata Nakorn (ABP1-5) | 732 | 38 | 277 | 6.9 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| ABP1&2 and BPLC1 | 420 | 51 | 214 | 5.9 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| Amata City (ABPR1-5) | 646 | 58 | 375 | 27.9 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| Leam Chabang (BPLC1-2) | 159 | 100 | 159 | 2.8 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| Bangkadi (BIP1-2) | 230 | 74 | 170 | 2.5 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| SPP1 | 124 | 100 | 124 | 6.4 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| Amata City Bien Hoa | 13 | 31 | 4 | 0.2 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| Hemraj | 130 | 75 | 98 | 4.6 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| BGPR1&2 | 240 | 60 | 144 | 8.3 | WACC 4.3%, Risk-free rate 2.3%, Risk premium 8% |
| Solar Vietnam (Dau Tieng) | 420 | 51 | 214 | 3.3 | WACC 6%, Risk-free rate 5%, Risk premium 7.5% |
| Solar Vietnam (Hoa Hoi) | 257 | 80 | 206 | 3.2 | WACC 6%, Risk-free rate 5%, Risk premium 7.5% |
| VSP | | | | | |
| Solar Thailand | 115 | 52 | 60 | 1.3 | WACC 4.6%, Risk-free rate 5%, Risk premium 8% |
| Hydropower | 133 | 71 | 95 | 2.4 | WACC 4.6%, Risk-free rate 5%, Risk premium 8% |
| Wind | 16 | 94 | 15 | 0.5 | WACC 4.6%, Risk-free rate 5%, Risk premium 8% |
| Solar Cambodia | 39 | 100 | 15 | 1.4 | WACC 4.6%, Risk-free rate 5%, Risk premium 8% |
| Net debt | | | | (36.5) | |
| Residual ordinary equity | | | | 41.0 | |

Sources: BGRIM; FSSIA estimates

Financial Statements

B.Grimm Power

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------------|---------------|----------------|---------------|---------------|
| Revenue | 44,087 | 46,628 | 79,099 | 93,457 | 95,814 |
| Cost of goods sold | (29,354) | (32,796) | (66,447) | (75,505) | (75,304) |
| Gross profit | 14,733 | 13,833 | 12,652 | 17,952 | 20,510 |
| Other operating income | - | - | - | - | - |
| Operating costs | (2,039) | (1,673) | (2,838) | (3,353) | (3,438) |
| Operating EBITDA | 12,694 | 12,160 | 9,814 | 14,599 | 17,073 |
| Depreciation | (5,494) | (5,139) | (5,623) | (6,211) | (6,323) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 7,200 | 7,021 | 4,191 | 8,387 | 10,749 |
| Net financing costs | (3,520) | (3,537) | (5,476) | (4,546) | (4,609) |
| Associates | 58 | 44 | 224 | 228 | 211 |
| Recurring non-operating income | 751 | 396 | (723) | 428 | 411 |
| Non-recurring items | (442) | (164) | 1,147 | 0 | 0 |
| Profit before tax | 3,989 | 3,715 | (861) | 4,269 | 6,551 |
| Tax | (233) | (298) | 60 | (256) | (468) |
| Profit after tax | 3,755 | 3,417 | (801) | 4,012 | 6,082 |
| Minority interests | (1,581) | (1,141) | (80) | (1,804) | (3,102) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 2,175 | 2,276 | (881) | 2,209 | 2,981 |
| Non-recurring items & goodwill (net) | 442 | 164 | (1,147) | 0 | 0 |
| Recurring net profit | 2,617 | 2,440 | (2,028) | 2,209 | 2,981 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.00 | 0.94 | (0.78) | 0.85 | 1.14 |
| Reported EPS | 0.83 | 0.87 | (0.34) | 0.85 | 1.14 |
| DPS | 0.45 | 0.42 | 0.06 | 0.50 | 0.60 |
| Diluted shares (used to calculate per share data) | 2,607 | 2,607 | 2,607 | 2,607 | 2,607 |
| Growth | | | | | |
| Revenue (%) | (0.1) | 5.8 | 69.6 | 18.2 | 2.5 |
| Operating EBITDA (%) | 15.7 | (4.2) | (19.3) | 48.7 | 16.9 |
| Operating EBIT (%) | 14.0 | (2.5) | (40.3) | 100.1 | 28.2 |
| Recurring EPS (%) | 7.5 | (6.8) | nm | nm | 35.0 |
| Reported EPS (%) | (6.7) | 4.6 | nm | nm | 35.0 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 21.0 | 18.6 | 8.9 | 12.6 | 14.8 |
| Gross margin of key business (%) | 21.0 | 18.6 | 8.9 | 12.6 | 14.8 |
| Operating EBITDA margin (%) | 28.8 | 26.1 | 12.4 | 15.6 | 17.8 |
| Operating EBIT margin (%) | 16.3 | 15.1 | 5.3 | 9.0 | 11.2 |
| Net margin (%) | 5.9 | 5.2 | (2.6) | 2.4 | 3.1 |
| Effective tax rate (%) | 5.9 | 8.1 | 5.5 | 6.3 | 7.4 |
| Dividend payout on recurring profit (%) | 44.8 | 44.9 | (7.7) | 59.0 | 52.5 |
| Interest cover (X) | 2.3 | 2.1 | 0.6 | 1.9 | 2.4 |
| Inventory days | 12.4 | 11.2 | 8.1 | 10.2 | 10.8 |
| Debtor days | 57.8 | 61.8 | 49.9 | 57.9 | 73.2 |
| Creditor days | 148.6 | 63.1 | 47.3 | 59.5 | 63.4 |
| Operating ROIC (%) | 7.8 | 6.4 | 3.4 | 5.9 | 6.7 |
| ROIC (%) | 6.9 | 5.4 | 2.3 | 5.2 | 5.9 |
| ROE (%) | 9.4 | 8.6 | (7.1) | 7.6 | 9.7 |
| ROA (%) | 5.6 | 4.6 | 1.5 | 4.5 | 5.6 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Electricity generation | 44,087 | 46,628 | 79,099 | 93,457 | 95,814 |
| Others business | 0 | 0 | 0 | 0 | 0 |

Sources: B.Grimm Power; FSSIA estimates

Financial Statements

B.Grimm Power

| Cash Flow (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|-----------------|----------------|-----------------|-----------------|-----------------|
| Recurring net profit | 2,617 | 2,440 | (2,028) | 2,209 | 2,981 |
| Depreciation | 5,494 | 5,139 | 5,623 | 6,211 | 6,323 |
| Associates & minorities | 58 | 44 | 224 | 228 | 211 |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | (12,068) | (3,772) | (745) | (3,882) | (4,617) |
| Cash flow from operations | (3,898) | 3,851 | 3,074 | 4,765 | 4,898 |
| Capex - maintenance | (101) | (102) | (100) | (100) | (100) |
| Capex - new investment | (13,562) | (9,541) | (17,900) | (17,900) | (17,900) |
| Net acquisitions & disposals | (465) | 1,839 | 0 | 0 | 0 |
| Other investments (net) | 1,024 | (1,553) | 224 | 228 | 211 |
| Cash flow from investing | (13,104) | (9,357) | (17,776) | (17,772) | (17,789) |
| Dividends paid | (1,173) | (1,095) | (782) | (78) | (1,303) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 15,230 | 17,692 | 11,548 | 2,000 | 1,000 |
| Other financing cash flows | (328) | (3,707) | 779 | 1,348 | 2,681 |
| Cash flow from financing | 13,729 | 12,890 | 11,544 | 3,270 | 2,377 |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (3,274) | 7,385 | (3,158) | (9,737) | (10,514) |
| Free cash flow to firm (FCFF) | (13,816.44) | (1,211.98) | (10,440.38) | (8,460.96) | (8,282.05) |
| Free cash flow to equity (FCFE) | (2,100.53) | 8,479.65 | (2,375.15) | (9,658.86) | (9,210.34) |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|
| FCFF per share | (5.30) | (0.46) | (4.00) | (3.25) | (3.18) |
| FCFE per share | (0.81) | 3.25 | (0.91) | (3.71) | (3.53) |
| Recurring cash flow per share | 3.13 | 2.92 | 1.46 | 3.32 | 3.65 |

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|----------------|----------------|----------------|----------------|----------------|
| Tangible fixed assets (gross) | 114,469 | 123,187 | 141,187 | 159,187 | 177,187 |
| Less: Accumulated depreciation | (34,169) | (38,383) | (44,006) | (50,218) | (56,541) |
| Tangible fixed assets (net) | 80,300 | 84,804 | 97,180 | 108,969 | 120,645 |
| Intangible fixed assets (net) | 12,949 | 13,587 | 13,587 | 13,587 | 13,587 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 1,070 | 2,909 | 2,909 | 2,909 | 2,909 |
| Cash & equivalents | 20,389 | 27,774 | 24,617 | 14,880 | 4,366 |
| A/C receivable | 6,818 | 8,983 | 12,656 | 16,995 | 21,444 |
| Inventories | 1,033 | 971 | 1,968 | 2,236 | 2,230 |
| Other current assets | 1,638 | 3,330 | 5,649 | 6,674 | 6,843 |
| Current assets | 29,879 | 41,058 | 44,889 | 40,785 | 34,882 |
| Other assets | 6,498 | 6,839 | 6,839 | 6,839 | 6,839 |
| Total assets | 130,696 | 149,198 | 165,405 | 173,090 | 178,863 |
| Common equity | 27,470 | 29,471 | 27,808 | 29,938 | 31,616 |
| Minorities etc. | 11,834 | 11,344 | 11,425 | 13,228 | 16,330 |
| Total shareholders' equity | 39,304 | 40,816 | 39,232 | 43,167 | 47,946 |
| Long term debt | 57,256 | 89,241 | 99,241 | 99,241 | 99,241 |
| Other long-term liabilities | 7,143 | 6,418 | 6,417 | 6,417 | 6,417 |
| Long-term liabilities | 64,399 | 95,658 | 105,658 | 105,658 | 105,658 |
| A/C payable | 5,641 | 5,691 | 11,530 | 13,101 | 13,066 |
| Short term debt | 20,745 | 6,452 | 8,000 | 10,000 | 11,000 |
| Other current liabilities | 607 | 581 | 985 | 1,164 | 1,193 |
| Current liabilities | 26,993 | 12,724 | 20,514 | 24,265 | 25,259 |
| Total liabilities and shareholders' equity | 130,696 | 149,198 | 165,405 | 173,090 | 178,863 |
| Net working capital | 3,242 | 7,013 | 7,758 | 11,640 | 16,257 |
| Invested capital | 104,059 | 115,152 | 128,274 | 143,945 | 160,238 |

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

Per share (THB)

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| Book value per share | 10.54 | 11.31 | 10.67 | 11.48 | 12.13 |
| Tangible book value per share | 5.57 | 6.09 | 5.46 | 6.27 | 6.92 |

Financial strength

| | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| Net debt/equity (%) | 146.6 | 166.4 | 210.6 | 218.6 | 220.8 |
| Net debt/total assets (%) | 44.1 | 45.5 | 50.0 | 54.5 | 59.2 |
| Current ratio (x) | 1.1 | 3.2 | 2.2 | 1.7 | 1.4 |
| CF interest cover (x) | 4.3 | 6.1 | 3.8 | 2.8 | 2.9 |

| Valuation | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|---------------|-------------|-------------|
| Recurring P/E (x) * | 33.6 | 36.1 | (43.4) | 39.8 | 29.5 |
| Recurring P/E @ target price (x) * | 40.8 | 43.8 | (52.7) | 48.4 | 35.9 |
| Reported P/E (x) | 40.5 | 38.7 | (99.8) | 39.8 | 29.5 |
| Dividend yield (%) | 1.3 | 1.2 | 0.2 | 1.5 | 1.8 |
| Price/book (x) | 3.2 | 3.0 | 3.2 | 2.9 | 2.8 |
| Price/tangible book (x) | 6.1 | 5.5 | 6.2 | 5.4 | 4.9 |
| EV/EBITDA (x) ** | 12.4 | 13.8 | 18.5 | 13.4 | 12.3 |
| EV/EBITDA @ target price (x) ** | 13.9 | 15.3 | 20.5 | 14.7 | 13.4 |
| EV/invested capital (x) | 1.5 | 1.5 | 1.4 | 1.4 | 1.3 |

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

Sources: B.Grimm 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 | 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 | 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 | 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:

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

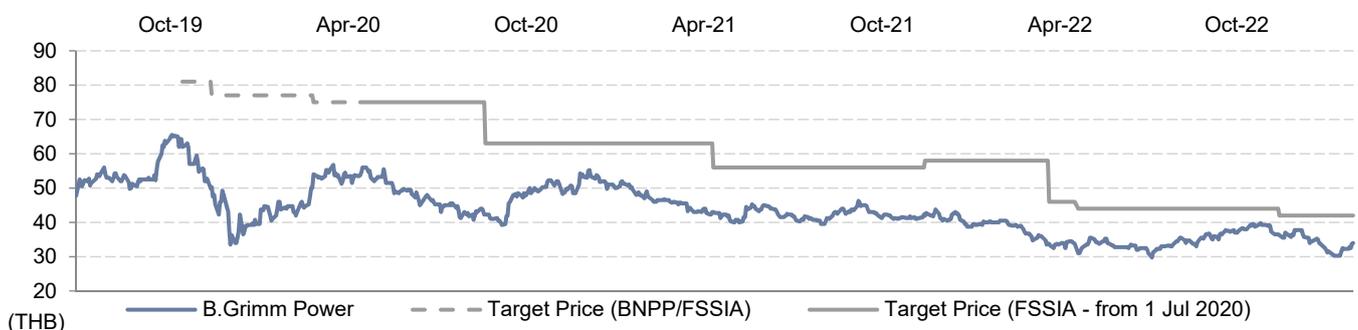
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

B.Grimm Power (BGRIM TB)



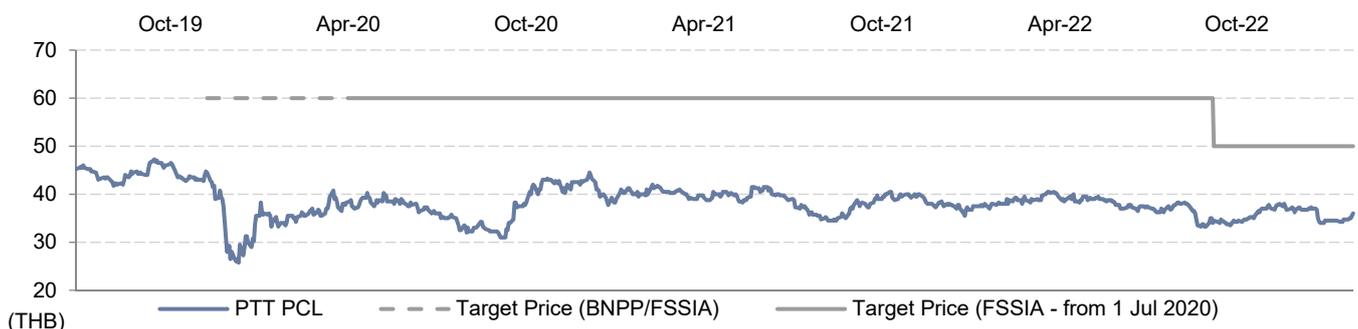
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 31-Jan-2020 | BUY | 81.00 | 15-Oct-2020 | BUY | 63.00 | 09-Feb-2022 | BUY | 46.00 |
| 25-Feb-2020 | BUY | 77.00 | 28-Apr-2021 | BUY | 56.00 | 04-Mar-2022 | BUY | 44.00 |
| 22-May-2020 | BUY | 75.00 | 26-Oct-2021 | BUY | 58.00 | 25-Aug-2022 | BUY | 42.00 |

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

Price and TP are in local currency

Source: FSSIA estimates

PTT PCL (PTT TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 21-Feb-2020 | BUY | 60.00 | 30-Jun-2022 | BUY | 50.00 | - | - | - |

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 12-May-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|---------------|----------|-----------|--------|--|
| B.Grimm Power | BGRIM TB | THB 33.75 | BUY | The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs. |
| PTT PCL | PTT TB | THB 36.00 | BUY | Risks to our SoTP-based valuation are the oil price and potential earnings downsides from government intervention. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 31-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.