

SERMSANG POWER CORP
THAILAND / UTILITIES

SSP TB

BUY

UNCHANGED

คาดการณ์กำไรสุทธิ 4Q22 จะอ่อนตัวลดลง

- เราคาดว่า SSP จะรายงานกำไรปกติ 238 ลบ. (-8% q-q, +33% y-y) หลังหักกำไรอัตราแลกเปลี่ยนจำนวน 15 ลบ.
- SSP มีแนวโน้มที่จะได้กำลังการผลิตเพิ่มจากโครงการโรงไฟฟ้าหมุนเวียนขนาด 5.2GW ในประเทศไทยและจากแผน PDP8 ฉบับใหม่ของเวียดนาม
- คงแนะนำซื้อแต่ปรับลดราคาเป้าหมายเป็น 10.8 บาท

TARGET PRICE	THB10.80
CLOSE	THB9.70
UP/DOWNSIDE	+11.3%
PRIOR TP	THB15.00
CHANGE IN TP	-28.0%
TP vs CONSENSUS	-25.4%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	2,603	3,671	3,847	4,340
Net profit	859	1,437	1,176	1,441
EPS (THB)	0.80	1.26	1.03	1.27
vs Consensus (%)	-	1.2	(5.5)	(14.0)
EBITDA	2,006	2,697	2,915	3,227
Core net profit	859	1,086	1,176	1,441
Core EPS (THB)	0.80	0.96	1.03	1.27
Chg. In EPS est. (%)	(1.4)	(42.3)	(13.4)	(32.1)
EPS growth (%)	0.4	19.2	8.3	22.6
Core P/E (x)	12.1	10.2	9.4	7.6
Dividend yield (%)	0.1	3.1	1.0	1.0
EV/EBITDA (x)	10.5	6.9	6.3	5.0
Price/book (x)	1.8	1.6	1.4	1.2
Net debt/Equity (%)	158.5	91.6	75.7	43.0
ROE (%)	17.0	16.7	15.4	16.4

กำไรหน้าจะโตได้ในปี 2023-24

เราคาดว่ากำไรสุทธิรายปีของ SSP จะโตต่อเนื่องในปี 2023-24 จากโครงการเพื่อการเติบโตที่แน่นอนแล้วประกอบด้วย 1) การเริ่มดำเนินงานเชิงพาณิชย์ของ Leo 2 ซึ่งเป็นโครงการโรงไฟฟ้าแสงอาทิตย์ใหม่ในญี่ปุ่น (17MW, ถือหุ้น 100%) ในปี 2024; 2) การเริ่มดำเนินงานเชิงพาณิชย์ของโรงไฟฟ้าพลังลมในเวียดนาม (48MW, ถือหุ้น 80%) ในปี 2024; และ 3) กำไรสุทธิจากโรงไฟฟ้าพลังลมที่ซื้อเข้ามาในเดือน มี.ค. 22 (45MW, ถือหุ้น 25%) ซึ่งเราคาดว่าจะแบ่งกำไรให้ 30-40 ลบ. ต่อไตรมาส นอกจากนี้เรายังคาดว่าจะด้วยว่าบริษัท จะมีกำไรสุทธิเพิ่มจากโครงการที่ดำเนินงานอยู่ในประเทศไทยจากค่า Ft ที่ปรับขึ้น

คาดการณ์กำไรสุทธิ 4Q22 จะถูกจุดจากค่าใช้จ่ายดอกเบี้ยที่สูงขึ้นจากโครงการโรงไฟฟ้าพลังลมในเวียดนาม

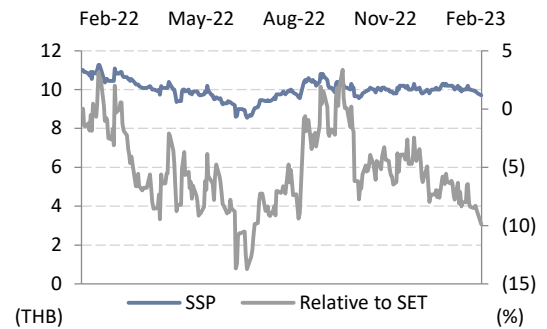
เราคาดว่า SSP จะรายงานกำไรปกติลดลง q-q มาอยู่ที่ 238 ลบ. ใน 4Q22 (-8% q-q, +33% y-y) หลังหักกำไรอัตราแลกเปลี่ยนจำนวน 15 ลบ. เราคาดว่ากำไรจะลดลง q-q จากกำไรจากโรงไฟฟ้าพลังแสงอาทิตย์ที่ลดลงตามฤดูกาล การขาย Hidaka ใน 2Q22 และการปิดซ่อมบำรุงเป็นเวลา 7 วันของโครงการ UTP biomass ในประเทศไทย บัจจุบันดังกล่าวน่าจะชดเชยได้บางส่วนจากค่าไฟฟ้าที่สูงขึ้นในประเทศไทยและกำไรจากโรงไฟฟ้าพลังลมที่ดีขึ้นตามฤดูกาล ในขณะที่บัจจุบันดังกล่าวจะประกอบด้วยค่าใช้จ่ายดอกเบี้ยที่สูงขึ้นใน 4Q22 จากค่าใช้จ่ายดอกเบี้ยจำนวน 60 ลบ. ของโครงการโรงไฟฟ้าพลังลมในเวียดนามและค่าใช้จ่ายพิเศษจำนวน 20 ลบ. จากการปรับโครงสร้างสินเชื่อโครงการโรงไฟฟ้าแสงอาทิตย์ SPN

รายการเติบโต

เราเชื่อว่า SSP ยังเป็นหนึ่งในหุ้นพลังงานหมุนเวียนที่น่าสนใจที่สุดในประเทศไทยจากแนวโน้มการเติบโตของกำไรสุทธิที่ดีและมีความชัดเจนสูงจากโครงการพลังงานหมุนเวียนที่แน่นอนแล้วในประเทศไทยและต่างประเทศ นอกจากนี้กำลังการผลิตของโรงไฟฟ้าพลังลมและแสงอาทิตย์ของ SSP ยังมีแนวโน้มดีได้อีกจากการประมูลโครงการพลังงานหมุนเวียนขนาด 5.2GW ที่กำลังเกิดขึ้นในประเทศไทยพร้อมโรงไฟฟ้าพลังลมและโครงการผลิตไฟฟ้าจาก LNG ที่จะเกิดขึ้นภายใต้แผนพัฒนากำลังผลิตไฟฟ้าฉบับที่ 8 ใหม่ของเวียดนาม

คงแนะนำซื้อหลังปรับลดราคาเป้าหมายเป็น 10.8 บาท

เราปรับลดประมาณการกำไรต่อหุ้นปี 2022-24 ลง 13%-42% เพื่อสะท้อน 1) อัตราการใช้กำลังการผลิตเฉลี่ยของโรงไฟฟ้าพลังแสงอาทิตย์ที่ลดลง; 2) อัตราการใช้กำลังการผลิตเฉลี่ยของโรงไฟฟ้าพลังลมที่ลดลง; 3) อัตราดอกเบี้ยที่สูงเกินคาด; และ 4) ค่าไฟฟ้าที่สูงขึ้น เราปรับลดราคาเป้าหมายจาก 15 เป็น 10.8 บาท (SoTP) เพื่อสะท้อน 1) มูลค่า 1.3 บาท/หุ้นที่เราให้สำหรับโครงการโรงไฟฟ้าพลังลมในประเทศไทย; 2) มูลค่า 0.1 บาท/หุ้นที่เราให้สำหรับโครงการ UPT biomass ในประเทศไทย; และ 3) การปรับประมาณการกำไรต่อหุ้น



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.9)	(2.5)	(9.6)
Relative to country (%)	(3.4)	(4.4)	(8.0)
Mkt cap (USD m)			358
3m avg. daily turnover (USD m)			0.8
Free float (%)			30
Major shareholder		Kraipisitkul Family (19%)	
12m high/low (THB)			11.36/8.45
Issued shares (m)			1,136.32

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 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.

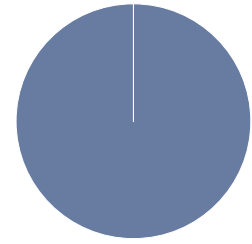
Company profile

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 %

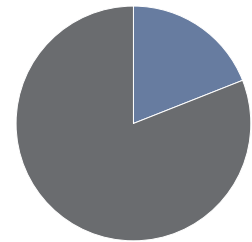


Source: Sermsang Power Corp

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
Feb 2023	4Q22/2022 results announcement

Key assumptions

	2022E	2023E	2024E
Average utilisation rate - solar TH (%)	28	28	28
Average utilisation rate - solar JP (%)	20	20	20
Average utilisation rate - solar MO (%)	22	22	22
Average utilisation rate -solar VN (%)	20	20	20
Average utilisation rate - wind TH (%)	22	22	22
Average utilisation rate - wind VN (%)	30	30	30
Average utilisation rate - biomass TH (%)	72	72	72
Electricity tariff (THB/kWh)	4.13	4.63	4.40

Source: FSSIA estimates

Earnings sensitivity

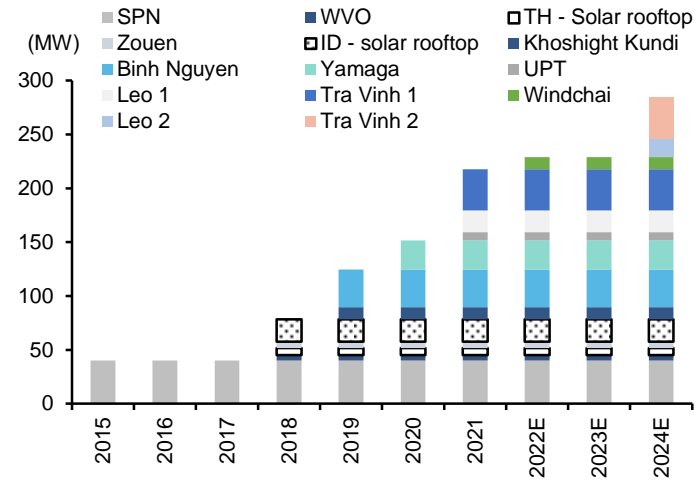
- Ceteris Paribus, for every 1% increase in utilisation rate, we estimate 2023 earnings would rise 7%, and vice versa.

Source: FSSIA estimates

A sleeping tiger

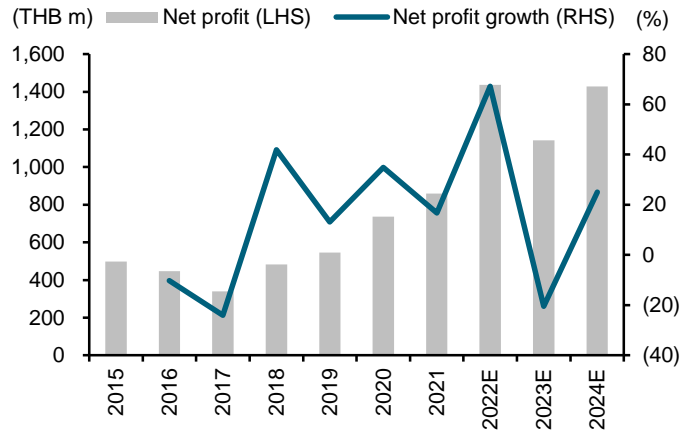
We believe SSP remains one of Thailand’s most attractive renewable plays, based on its highly visible, strong earnings growth outlook from already secured renewable energy projects in Thailand and overseas. In addition, SSP is now poised to secure additional capacity growth for wind and solar farms from the upcoming tender for 5.2GW in renewable energy projects in Thailand, along with wind farms and LNG-to-power projects under Vietnam’s new Power Development Plan 8 (PDP8).

Exhibit 1: Total equity capacity breakdown



Sources: SSP, FSSIA estimates

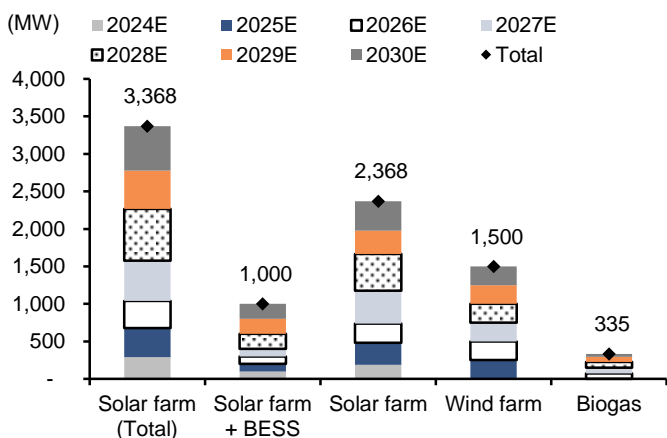
Exhibit 2: Net profit vs net profit growth



Sources: SSP, FSSIA estimates

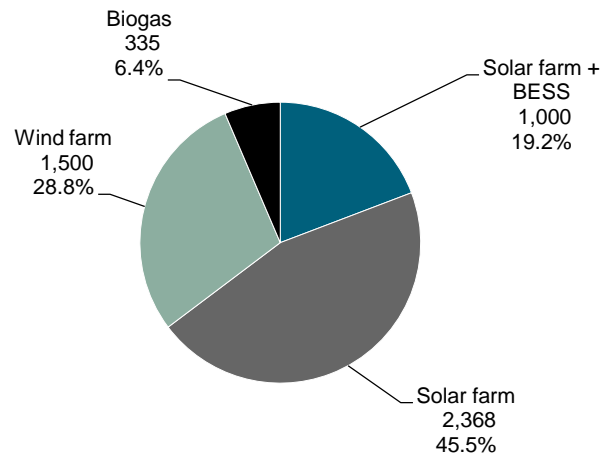
After the announcement of the name list that passed the technical round in Jan-23, the Energy Regulatory Commission (ERC) will announce the name list of the final winners of the new power purchase agreements with a total capacity of 5.2GW in renewable energy projects on 22 Mar-23. We think SSP is well positioned to secure 0.1-0.2GW in solar and wind farm capacity growth in Thailand, which expect to COD during 2024-30.

Exhibit 3: Bidding for new renewable capacity by type



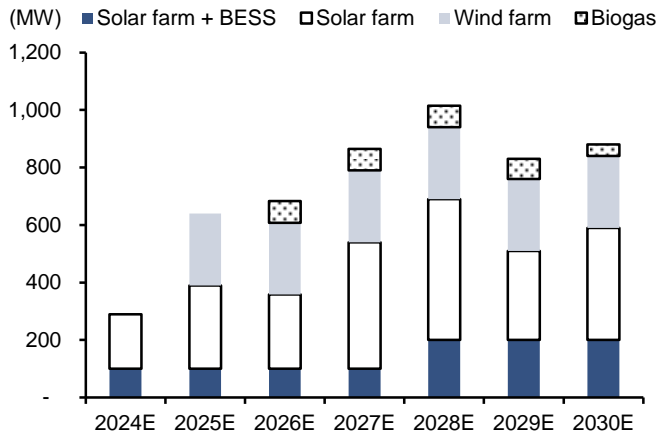
Source: ERC

Exhibit 4: Breakdown of 5,203MW to COD in 2024-30



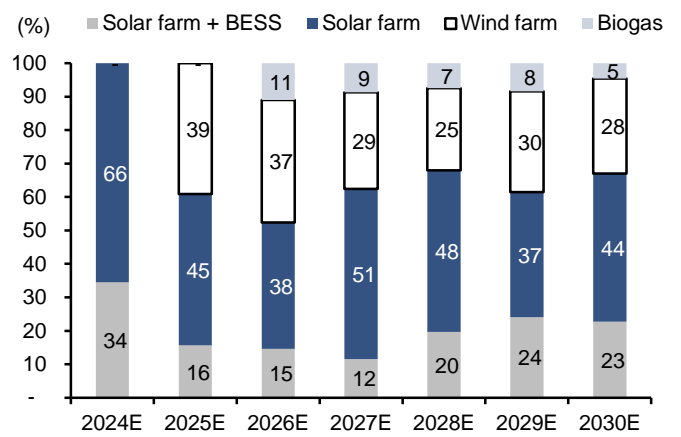
Source: ERC

Exhibit 5: Renewable capacity by COD year



Source: ERC

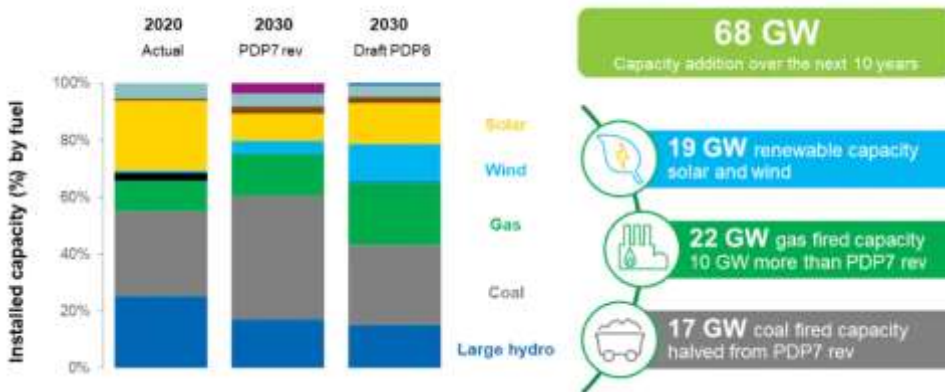
Exhibit 6: Renewable capacity by COD year (%)



Source: ERC

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. 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. Based on management’s guidance, 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.

Exhibit 7: Vietnam’s draft PDP8



Source: Institute for Energy Economics and Financial Analysis

4Q22 results preview

We expect SSP to post a softer q-q core NP of THB238m in 4Q22, down 8% q-q but up 33% y-y, excluding a THB15m FX gain. We expect weaker q-q earnings from seasonally lower earnings from solar farms, the divestment of Hidaka in 2Q22, and the 7-day maintenance shutdown of the UTP biomass project in Thailand. This should be partly offset by the higher electricity tariff in Thailand and seasonally stronger earnings from wind farms.

Key drags would be the higher interest expense in 4Q22 due to the THB60m interest expense from the wind farm project in Vietnam and a THB20m one-time unwinding expense from the restructuring of the Solar SPN loan.

Exhibit 8: 4Q22 results preview

	4Q21	3Q22	4Q22E		2021	2022E	Change	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	877	740	901	21.8	2.8	2,603	3,671	41.0
Operating costs	(314)	(164)	(431)	162.7	37.4	(597)	(973)	63.2
EBITDA	564	576	471	(18.3)	(16.5)	2,006	2,697	34.4
<i>EBITDA margin (%)</i>	64.3	77.8	52.2	<i>nm</i>	<i>nm</i>	77.1	73.5	<i>nm</i>
Depn & amort.	(230)	(226)	(237)	4.9	3.2	(751)	(943)	25.6
EBIT	334	350	234	(33.3)	(30.1)	1,255	1,754	39.7
Interest expense	(116)	(118)	(143)	21.3	23.3	(356)	(510)	43.2
Interest & invt inc	(0)	3	(9)	(431.8)	2,061.3	3	-	<i>nm</i>
Other income	(4)	64	(99)	(254.0)	2,605.6	(16)	-	<i>nm</i>
Associates' contrib	-	(2)	(21)	852.2	<i>n/a</i>	-	-	-
Exceptionals	(39)	-	351	<i>nm</i>	(1,009.9)	79	351	346.1
Pretax profit	175	297	312	5.1	78.2	965	1,595	65.3
Tax	(17)	(18)	(56)	204.1	232.5	(65)	(77)	17.4
<i>Tax rate (%)</i>	9.6	6.2	17.9	<i>nm</i>	<i>nm</i>	6.8	4.8	<i>nm</i>
Minority interests	(9)	(11)	(27)	140.7	185.9	(40)	(82)	102.1
Net profit	149	268	230	(14.2)	54.0	859	1,437	67.3
Non-recurring	(30)	9	(8)	(190.4)	(72.2)	-	351	<i>nm</i>
Core net profit	179	259	238	(8.0)	33.1	859	1,086	26.4
EPS (THB)	0.16	0.29	(0.04)	(115.5)	(127.8)	0.80	1.26	57.7
Core EPS (THB)	0.19	0.28	0.04	(87.2)	(81.5)	0.80	0.96	19.2

Sources: SSP; FSSIA estimates

EPS and TP revisions

We revise down our EPS forecasts for 2022-24 by 13%-42% to reflect 1) a lower average utilisation rate for solar farms in Thailand, Japan, Mongolia and Vietnam; 2) a lower average utilisation rate for wind farms in Vietnam; 3) the higher-than-expected interest rate; and 4) higher electricity tariffs by 3.2%-15.8% 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 THB15.0 to THB10.8 to reflect 1) the THB1.3/shr value we assign for the wind farm project in Thailand; 2) the THB0.1/shr value we assign for the UPT biomass project in Thailand; and 3) EPS revisions.

Exhibit 9: Key assumptions and EPS revisions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	3,671	3,847	4,340	3,259	3,529	4,546	12.6	9.0	(4.5)
Gross profit	3,064	3,300	3,661	3,322	3,246	4,234	(7.8)	1.7	(13.5)
Operating profit	1,754	1,930	2,199	2,385	2,249	3,064	(26.5)	(14.2)	(28.2)
Core net profit	1,086	1,176	1,441	1,883	1,358	2,123	(42.3)	(13.4)	(32.1)
Core EPS (THB/shr)	0.96	1.03	1.27	1.66	1.19	1.87	(42.3)	(13.4)	(32.1)
Key assumptions									
Average utilisation rate - solar TH (%)*	28	28	28	26	26	26	1.5	1.5	1.5
Average utilisation rate - solar JP (%)*	20	20	20	22	22	22	(2.5)	(2.0)	(2.0)
Average utilisation rate - solar MO (%)*	22	22	22	24	24	24	(2.0)	(2.0)	(2.0)
Average utilisation rate -solar VN (%)*	20	20	20	22	22	22	(2.0)	(2.0)	(2.0)
Average utilisation rate - wind TH (%)*	22	22	22	0	0	0	22.0	22.0	22.0
Average utilisation rate - wind VN (%)*	30	30	30	60	50	50	(30.0)	(20.0)	(20.0)
Average utilisation rate - biomass TH (%)*	72	72	72	0	0	0	72.0	72.0	72.0
Electricity tariff (THB/kWh)	4.13	4.63	4.40	4.0	4.0	4.0	3.2	15.8	10.0

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

Sources: SSP; FSSIA estimates

Exhibit 10: 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	% holding	Equity Capacity		
		(MW)	(%)	(MW)	(THB m)	(THB/share)
Thailand	Sermang solar (SPN)	40.0	100	40.0	7,029	6.2
	WVO	5.0	100	5.0	348	0.3
	TH - Solar rooftop (2018-22)	6.9	95	6.6	287	0.3
	Windchai	45.0	25	11.3	1,520	1.3
	UPT	8.0	99	7.9	135	0.1
Japan	Leo 1	20.0	100	20.0	1,534	1.3
	Leo 2 (COD 2024)	17.0	100	17.0	2,445	2.2
	Yamaga1	30.0	90	27.0	1,423	1.3
	Zouen	6.0	100	6.0	469	0.4
Mongolia	Khoshight Kundi	15.0	75	11.3	280	0.2
Vietnam	Binh Nguyen (TTQN)	40.0	87	34.8	1,395	1.2
	Tra Vinh phase 1	48.0	80	38.4	1,248	1.1
	Tra Vinh phase 2 (COD 2024)	48.0	80	38.4	502	0.4
Indonesia	ID - solar rooftop (2018-22)	20.9	100	20.9	263	0.2
	Net debt				(6,660)	(5.9)
	Residual ordinary equity				12,219	10.8

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	3,671	3,847	4,340
Cost of goods sold	(352)	(353)	(606)	(547)	(679)
Gross profit	1,825	2,250	3,064	3,300	3,661
Other operating income	-	-	-	-	-
Operating costs	(196)	(243)	(367)	(385)	(434)
Operating EBITDA	1,628	2,006	2,697	2,915	3,227
Depreciation	(533)	(751)	(943)	(986)	(1,028)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,095	1,255	1,754	1,930	2,199
Net financing costs	(264)	(275)	(510)	(587)	(581)
Associates	0	0	0	0	0
Recurring non-operating income	(43)	(16)	0	0	0
Non-recurring items	0	0	351	0	0
Profit before tax	788	965	1,595	1,343	1,617
Tax	(23)	(65)	(77)	(85)	(95)
Profit after tax	765	899	1,518	1,258	1,522
Minority interests	(29)	(40)	(82)	(82)	(81)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	736	859	1,437	1,176	1,441
Non-recurring items & goodwill (net)	0	0	(351)	0	0
Recurring net profit	736	859	1,086	1,176	1,441
Per share (THB)					
Recurring EPS *	0.80	0.80	0.96	1.03	1.27
Reported EPS	0.80	0.80	1.26	1.03	1.27
DPS	0.01	0.01	0.30	0.10	0.10
Diluted shares (used to calculate per share data)	922	1,072	1,136	1,136	1,136
Growth					
Revenue (%)	47.7	19.6	41.0	4.8	12.8
Operating EBITDA (%)	51.3	23.2	34.4	8.1	10.7
Operating EBIT (%)	44.4	14.6	39.7	10.0	13.9
Recurring EPS (%)	34.9	0.4	19.2	8.3	22.6
Reported EPS (%)	34.9	0.4	57.7	(18.2)	22.6
Operating performance					
Gross margin inc. depreciation (%)	59.3	57.6	57.8	60.2	60.7
Gross margin of key business (%)	59.3	57.6	57.8	60.2	60.7
Operating EBITDA margin (%)	74.8	77.1	73.5	75.8	74.3
Operating EBIT margin (%)	50.3	48.2	47.8	50.2	50.7
Net margin (%)	33.8	33.0	29.6	30.6	33.2
Effective tax rate (%)	2.9	6.8	4.8	6.3	5.9
Dividend payout on recurring profit (%)	1.4	1.4	31.4	9.7	7.9
Interest cover (X)	4.0	4.5	3.4	3.3	3.8
Inventory days	-	-	-	-	-
Debtor days	66.3	79.5	89.2	122.7	145.0
Creditor days	169.0	1,715.0	2,617.9	3,488.4	2,986.3
Operating ROIC (%)	8.2	(2.0)	(2.8)	(3.2)	(3.6)
ROIC (%)	6.4	(1.6)	(2.2)	(2.4)	(2.8)
ROE (%)	18.4	17.0	16.7	15.4	16.4
ROA (%)	6.7	4.2	4.1	4.0	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Electricity sales	2,177	2,603	3,671	3,847	4,340
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	736	859	1,086	1,176	1,441
Depreciation	533	751	943	986	1,028
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(288)	2,559	1,671	(983)	634
Cash flow from operations	981	4,169	3,700	1,179	3,103
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)	(1,242)	351	0	0
Cash flow from investing	(1,495)	(6,921)	(449)	(800)	(800)
Dividends paid	(10)	(12)	(239)	(114)	(114)
Equity finance	0	0	0	0	0
Debt finance	1,062	3,904	200	200	200
Other financing cash flows	(89)	1,076	82	82	81
Cash flow from financing	964	4,968	43	169	168
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	3,294	547	2,470
Free cash flow to firm (FCFF)	(200.53)	(2,396.10)	3,761.04	965.88	2,883.95
Free cash flow to equity (FCFE)	459.57	2,227.56	3,533.14	661.13	2,583.83

Per share (THB)

FCFF per share	(0.18)	(2.11)	3.31	0.85	2.54
FCFE per share	0.40	1.96	3.11	0.58	2.27
Recurring cash flow per share	1.38	1.50	1.79	1.90	2.17

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)	(2,946)	(3,932)	(4,959)
Tangible fixed assets (net)	10,594	15,522	15,379	15,193	14,966
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	6,873	7,421	9,891
A/C receivable	430	704	1,090	1,496	1,953
Inventories	0	0	0	0	0
Other current assets	386	643	907	950	1,072
Current assets	2,180	4,927	8,871	9,867	12,916
Other assets	2,281	2,382	2,382	2,382	2,382
Total assets	16,104	24,063	27,864	28,674	31,496
Common equity	4,205	5,884	7,082	8,144	9,471
Minorities etc.	337	490	572	654	735
Total shareholders' equity	4,542	6,374	7,654	8,798	10,207
Long term debt	8,387	10,862	11,062	11,262	11,462
Other long-term liabilities	1,612	745	745	745	745
Long-term liabilities	9,999	11,608	11,808	12,008	12,208
A/C payable	117	3,201	5,496	4,958	6,159
Short term debt	1,390	2,818	2,818	2,818	2,818
Other current liabilities	56	63	88	92	104
Current liabilities	1,563	6,082	8,403	7,869	9,082
Total liabilities and shareholders' equity	16,104	24,063	27,864	28,675	31,496
Net working capital	643	(1,916)	(3,587)	(2,605)	(3,238)
Invested capital	14,566	17,220	15,406	16,203	15,342

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

Per share (THB)

Book value per share	4.56	5.49	6.23	7.17	8.34
Tangible book value per share	3.42	4.34	5.15	6.08	7.25

Financial strength

Net debt/equity (%)	185.2	158.5	91.6	75.7	43.0
Net debt/total assets (%)	52.2	42.0	25.1	23.2	13.9
Current ratio (x)	1.4	0.8	1.1	1.3	1.4
CF interest cover (x)	4.9	26.7	7.9	2.1	5.4

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	12.1	12.1	10.2	9.4	7.6
Recurring P/E @ target price (x) *	13.5	13.5	11.3	10.4	8.5
Reported P/E (x)	12.1	12.1	7.7	9.4	7.6
Dividend yield (%)	0.1	0.1	3.1	1.0	1.0
Price/book (x)	2.1	1.8	1.6	1.4	1.2
Price/tangible book (x)	2.8	2.2	1.9	1.6	1.3
EV/EBITDA (x) **	10.9	10.5	6.9	6.3	5.0
EV/EBITDA @ target price (x) **	11.5	11.0	7.4	6.7	5.4
EV/invested capital (x)	1.2	1.2	1.2	1.1	1.1

* 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 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTT	SCN	STA	TKN	TWPC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SUTHA	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	TTB	THG	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TPIPL	WIK
AIT	BIG	CSC	GTB	KCAR	MITSIB	PIMO	ROJNA	SKN	SYNEX	TPIPP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCMC	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

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

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

Siriluck Pinthusoonthorn FSS International Investment Advisory Securities Co., Ltd

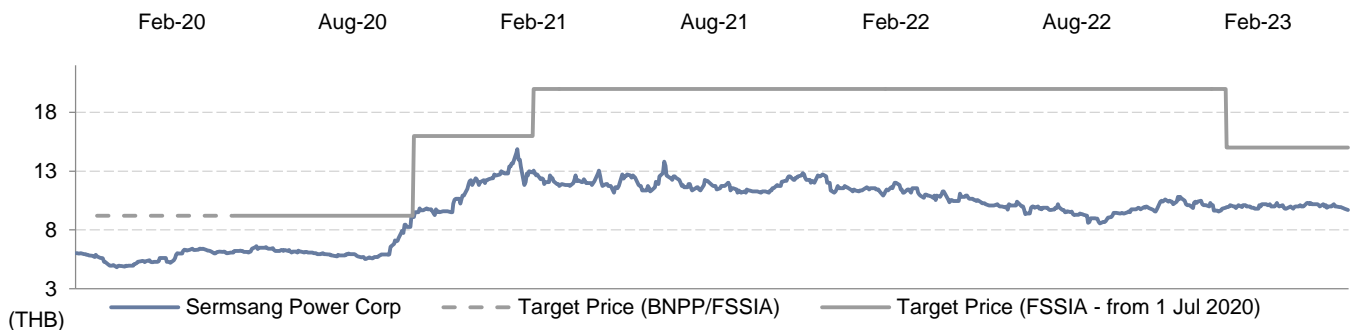
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History of change in investment rating and/or target price

Sernsang Power Corp (SSP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Mar-2020	BUY	9.20	15-Mar-2021	BUY	20.00	-	-	-
02-Dec-2020	BUY	16.00	31-Oct-2022	BUY	15.00			

Siriluck Pinthusoonthorn started covering this stock from 15-Nov-2022

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sernsang Power Corp	SSP TB	THB 9.70	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 Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 13-Feb-2023 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.