

B.GRIMM POWER

BGRIM TB

THAILAND / UTILITIES

BUY
UNCHANGED

A better year for BGRIM ahead

- We project BGRIM to see a meaningful improvement in earnings growth momentum in 2023.
- We believe BGRIM's core net profit should rebound markedly in 1Q23, driven by the Ft hike and lower gas costs.
- Maintain BUY and lift our SoTP-based TP to THB47/shr.

TARGET PRICE	THB47.00
CLOSE	THB39.25
UP/DOWNSIDE	+19.7%
PRIOR TP	THB46.00
CHANGE IN TP	+2.2%
TP vs CONSENSUS	-1.7%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	62,395	106,289	101,086	98,781
Net profit	(1,244)	2,719	3,286	3,196
EPS (THB)	(0.48)	1.04	1.26	1.23
vs Consensus (%)	-	13.7	7.4	(17.4)
EBITDA	9,542	18,729	20,423	20,419
Core net profit	375	2,719	3,286	3,196
Core EPS (THB)	0.14	1.04	1.26	1.23
Chg. In EPS est. (%)	nm	8.6	(0.2)	nm
EPS growth (%)	(84.6)	624.5	20.8	(2.7)
Core P/E (x)	272.6	37.6	31.1	32.0
Dividend yield (%)	0.2	0.9	0.9	0.9
EV/EBITDA (x)	20.8	11.1	10.7	11.2
Price/book (x)	3.4	3.2	3.0	2.8
Net debt/Equity (%)	197.8	183.8	168.6	157.1
ROE (%)	1.3	8.8	9.9	9.0

Higher margins driven by Ft hike and lower gas cost

We project BGRIM to see a meaningful improvement in earnings growth momentum in 2023, driven by 1) wider gross margins at its small power producers (SPPs) due to the fuel tariff (Ft) hike that should outpace the gas cost rise; 2) gas cost savings by 6-10% from the seven new SPPs that are scheduled to sequentially come on stream in 2H22-2023; 3) higher volumes of electricity and steam sold to industrial users (IUs), mainly from higher demand and seven new SPPs; and 4) a y-y lower gas cost in 2023 as more gas from Erawan replaces US LNG.

Lower gas cost expected as Erawan's production rebounds

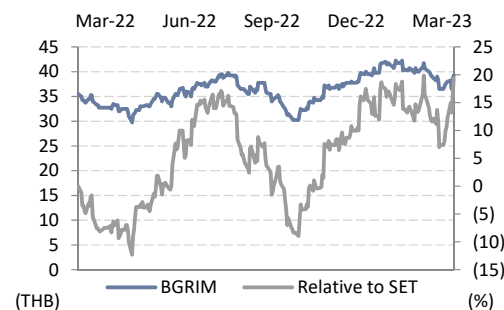
We believe BGRIM's core net profit should rebound markedly in 1Q23, as the Ft hike in that quarter should offset the rise in the gas price to THB520/mmbtu for its SPPs. However, we expect the gas price for its SPPs to decline substantially to THB380/mmbtu in 4Q23 due to projected production increases from Erawan. According to PTT Exploration and Production (PTTEP TB, NR), Erawan's gas production is expected to gradually increase from the current 220mmscfd to 400mmscfd by mid-2023 and to 600mmscfd by end-2023, before reaching the contracted volume of 800mmscfd by mid-2024.

Growth momentum to continue

On 11 Nov-22, BGRIM acquired a 49% stake in a 20MW solar farm in Japan at a total investment cost of THB358.2m. According to management, BGRIM expects to secure up to 1,000MW of wind power capacity in South Korea in 2023-25. In addition, BGRIM is poised to secure additional capacity growth for its 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. These will align with its long-term total capacity target of 10GW in 2030 with more than 50% from renewables.

Maintain BUY and lift our TP to THB47/shr

We raise our EPS forecast by 8.6% for 2023 in line with our assumptions for a 0.8-2.3% higher average tariff for 2023-24 and a concurrent 6.8-11% lower gas price, but lower our average utilisation projection due to expected lower demand. Our new SoTP-based TP at THB47 reflects our higher 2023 EPS forecast.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.7)	(1.3)	14.6
Relative to country (%)	2.7	2.8	22.9
Mkt cap (USD m)	2,974		
3m avg. daily turnover (USD m)	11.2		
Free float (%)	31		
Major shareholder	B. Grimm Power (Singapore) Pte Ltd (34%)		
12m high/low (THB)	42.75/29.75		
Issued shares (m)	2,606.90		

Sources: Bloomberg consensus; FSSIA estimates



Siriluck Pinthusoonthorn

siriluck.pin@fssia.com
+66 2611 3562

Investment thesis

B.Grimm Power (BGRIM), one of Thailand's SPP pioneers, provides electricity to industrial users. 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, has 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 10GW by 2030 with more than 50% from renewable energy sources.

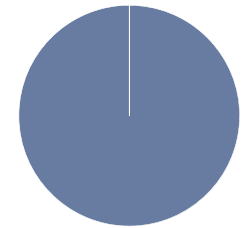
Company profile

BGRIM is a holding company investing in SPP businesses with major gas-fired and solar farm assets in Thailand, Laos, and Vietnam.

www.bgrimmpower.com

Principal activities (revenue, 2022)

■ Electricity generation - 100.0 %



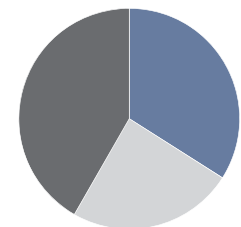
Source: B.Grimm Power

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
May 2023	1Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Average utilisation for Amata Nakorn (%)	78	78	78
Average utilisation for Amata City (%)	74	74	74
Average utilisation for SPP1 (%)	95	95	95
Average utilisation for BGPR1&2 (%)	83	83	85
Average tariff (THB/kWh)	4.74	4.50	4.41
Gas price (THB/mmbtu)	447	380	365

Source: FSSIA estimates

Earnings sensitivity

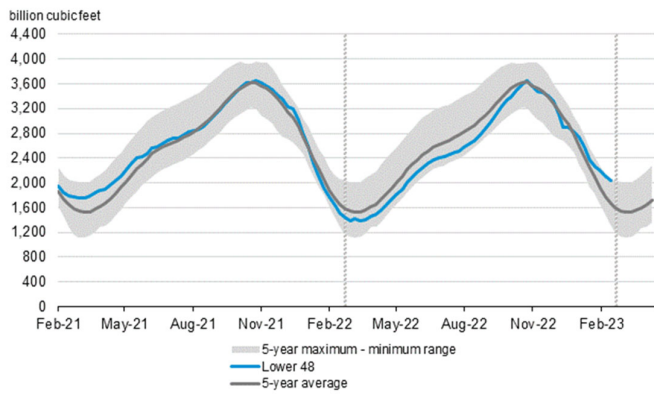
- Ceteris paribus, for every THB1/mmbtu increase in the gas price, we estimate 2023 earnings would decline THB18m, and vice versa.
- Ceteris paribus, for every THB0.01/kWh increase in the Ft, we estimate 2023 earnings would increase by THB23m, and vice versa.

Source: FSSIA estimates

A better year for BGRIM ahead

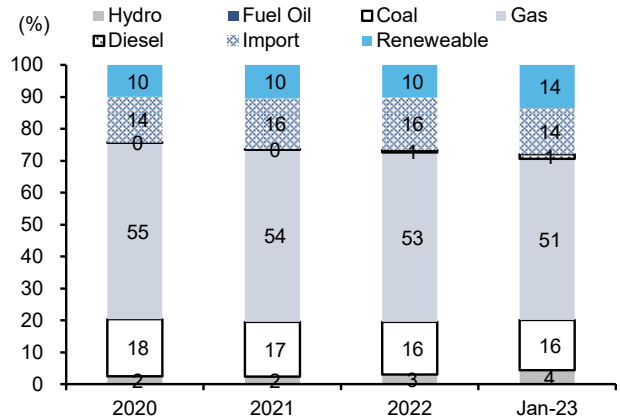
BGRIM, as the largest SPP operator in Thailand, has suffered significantly from the sharp rise in the gas cost, with its gross margins plunging markedly from positive to deeply negative territory since Oct-21. We expect BGRIM's margins to rebound gradually, driven by the THB0.6101/kWh Ft hike in Jan-Apr 2023.

Exhibit 1: Working gas storage



Source: Energy Information Administration

Exhibit 2: Thailand's electricity production



Source: Energy Policy and Planning Office (EPPO)

With gas-fired capacity accounting for 53% of Thailand's total capacity in 2022, and spot and contract LNG powering 5% of that, we estimate that the impact of the expected drop in crude oil and Henry Hub-linked spot LNG and contract LNG prices will be significant for the overall pool gas price and Thailand's electricity tariffs in 2023.

Working gas storage has stayed at the high end of its five-year average. We believe this is the reason for the sharp and prolonged drop in the global spot LNG price following the peak in Aug-22. Prices have moved in lockstep since then. The benchmark TTF gas price for the Apr-23 delivery was €44.1/MWh on 15 Mar-23, while the JKM spot LNG futures price for Southeast Asia for the same period was USD14.2/mmbtu.

Exhibit 3: Dutch TTF gas futures (TGX22)



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

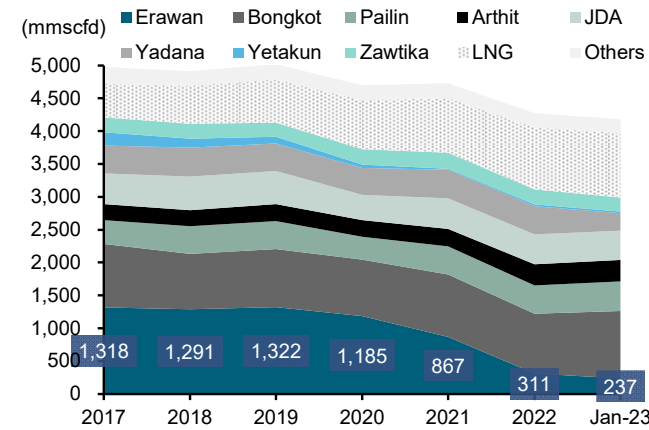
Exhibit 4: Spot LNG swap futures for Southeast Asia (JKMJ23)



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

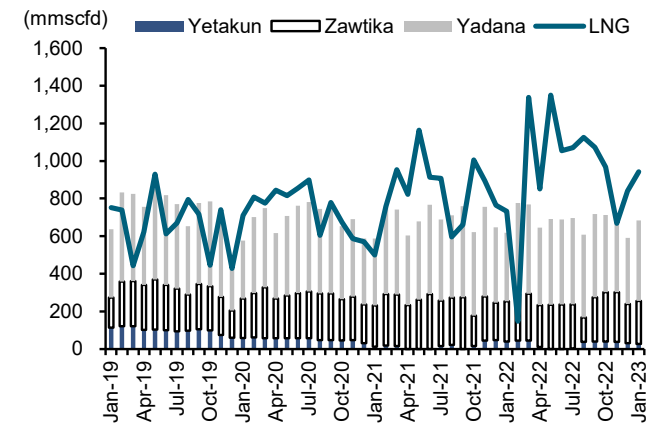
On top of that, we believe the key factor that will lower the gas cost in Thailand is the increasing production from Erawan. According to PTTEP, Erawan’s gas production is expected to gradually increase from the current 220mmscfd to 400mmscfd by mid-2023 and 600mmscfd by end-2023, before reaching its contracted volume of 800mmscfd by mid-2024.

Exhibit 5: Thailand’s gas production breakdown



Source: EPPO

Exhibit 6: Imported natural gas breakdown



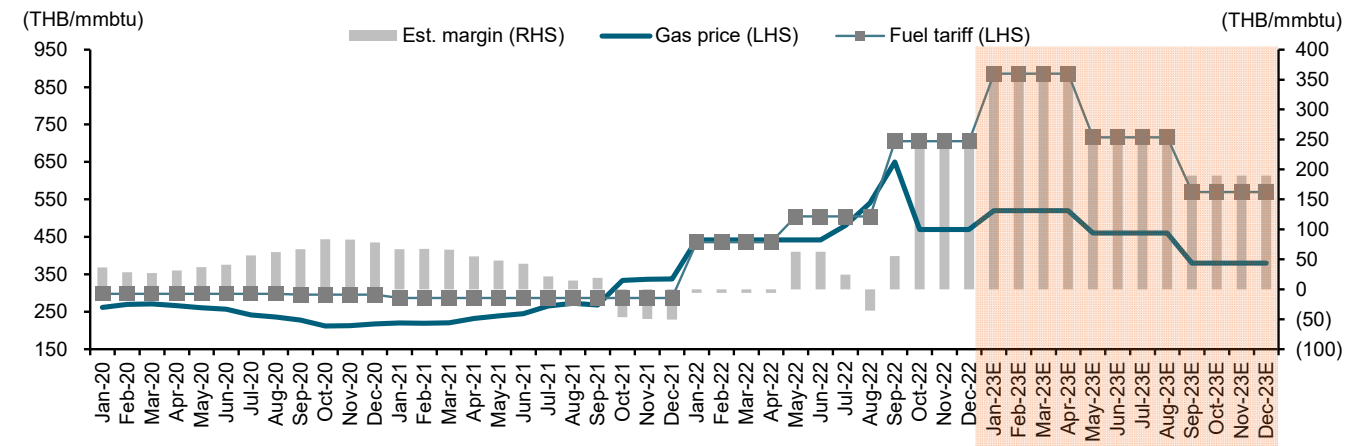
Source: EPPO

We project the gas cost for BGRIM’s SPPs to rise further to THB520/mmbtu in 1Q23, then gradually decrease to THB470/mmbtu in 2Q23 before plunging to THB380/mmbtu in 4Q23, based on our assumptions for the timeline of production increases. We expect the Ft to stay at a high level, averaging THB4.7/kWh in 2023.

As a result, we project BGRIM to see a meaningful improvement in earnings growth momentum in 2023, driven by:

- 1) wider gross margins at its SPPs due to the Ft hike that should outpace the gas cost rise;
- 2) a y-y lower gas cost in 2023 due to the reduced reliance on LNG shipments from the US and higher supplies from Erawan;
- 3) gas cost savings of 6-10% from the seven new SPPs that are scheduled to sequentially come on stream in 2H22-2023; and
- 4) higher volumes of electricity and steam sold to IUs, mainly from higher demand and the seven new SPPs.

Exhibit 7: SPPs’ estimated margins vs the gas price and their tariff rates



Sources: BGRIM; Energy Regulatory Commission; FSSIA estimates

Recap: 4Q22 results review

BGRIM's 4Q22 net loss was THB545m, deepening from -THB529m in 3Q22. Excluding a net impairment loss of THB1.2b on retired SPP assets and an unrealised FX gain of THB523m, 4Q22 core net profit was THB169m (+576% q-q, -20% y-y), mainly due to 1) a 14% q-q lower gas price; and 2) a 14% q-q higher electricity tariff and a 30.9% q-q higher steam tariff to IUs. BGRIM's revenue dropped q-q to THB14.6b (-21% q-q, +12% y-y). The y-y increase was supported by higher tariffs from the Electricity Generating Authority of Thailand (EGAT) (+33% y-y), IUs in Thailand (+35% y-y), IUs in Vietnam (+3% y-y), and a higher selling price for steam to IUs (+98% y-y) which offset lower electricity and steam sales volumes.

Exhibit 8: Summary of 4Q22/2022 operations

	4Q21	3Q22	----- 4Q22 -----			2021	2022	Change (y-y%)
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	
Revenue	12,986	18,383	14,579	(20.7)	12.3	46,628	62,395	33.8
Operating costs	(10,491)	(15,858)	(11,997)	(24.3)	14.4	(34,469)	(52,853)	53.3
EBITDA	2,495	2,525	2,582	2.3	3.5	12,160	9,542	(21.5)
<i>EBITDA margin (%)</i>	19.2	13.7	17.7	<i>nm</i>	<i>nm</i>	26.1	15.3	<i>nm</i>
Depn & amort.	(1,204)	(1,296)	(1,337)	3.1	11.0	(5,139)	(5,070)	(1.3)
EBIT	1,291	1,229	1,245	1.3	(3.5)	7,021	4,472	(36.3)
Interest expense	(784)	(2,178)	(70)	(96.8)	(91.1)	(4,293)	(4,778)	11.3
Interest & invt inc	-	-	-	<i>nm</i>	<i>nm</i>	-	-	<i>nm</i>
Other income	58	624	111	(82.2)	90.9	352	1,075	205.4
Associates' contrib	(11)	(250)	101	<i>nm</i>	<i>nm</i>	44	(172)	<i>nm</i>
Exceptionals	(55)	40	(1,766)	<i>nm</i>	3,083.0	592	(1,539)	<i>nm</i>
Pretax profit	498	(535)	(379)	(29.2)	(176.0)	3,715	(942)	<i>nm</i>
Tax	(6)	(116)	190	<i>nm</i>	<i>nm</i>	(298)	44	<i>nm</i>
<i>Tax rate (%)</i>	1.2	(21.6)	50.2	<i>nm</i>	<i>nm</i>	8.0	4.7	<i>nm</i>
Minority interests	(297)	121	(356)	<i>nm</i>	19.8	(1,141)	(346)	(69.7)
Net profit	195	(529)	(545)	2.9	<i>nm</i>	2,276	(1,244)	(154.7)
Non-recurring	(17)	(554)	(714)	28.7	4,170.4	(164)	(1,619)	887.4
Core net profit	212	25	169	576.0	(20.3)	2,440	375	(84.6)
EPS (THB)	0.07	(0.20)	(0.21)	2.9	<i>nm</i>	0.87	(0.48)	<i>nm</i>
Core EPS (THB)	0.08	0.01	0.06	576.0	(20.3)	0.94	0.14	(84.6)

Sources: BGRIM; FSSIA estimates

The EBITDA margin rose to 17.7% in 4Q22, up from 13.7% in 3Q22 but down from 19% in 4Q21. This was due to the sharp rise in the gas price to THB481/mmbtu (-14% q-q, +44% y-y) from the impact of the higher prices for LNG imports via PTT (PTT TB, NR) to compensate for the gas supply shortfall from the Erawan gas field, which we believe was offset by the increase in the Ft rate.

The price of electricity sold to IUs in Thailand rose to THB4.44/kWh (+14% q-q, +35% y-y), and the steam price rose to THB1,836/t (+31% q-q, +98% y-y), resulting in higher prices for the electricity and steam sold to IUs from BGRIM's SPPs.

Exhibit 9: 4Q22/2022 key performance

	4Q21	3Q22	4Q22	----- Change -----		2021	2022	Change
				(q-q %)	(y-y %)			
Electricity sales volume to EGAT (GWh)	2,439	2,396	1,985	(17.2)	(18.6)	9,701	8,888	(8.4)
Electricity sales volume to IUs – Thailand (GWh)	825	853	803	(5.9)	(2.7)	3,314	3,384	2.1
Amata City Chonburi Industrial Estate (GWh)	380	398	383	(3.8)	0.8	1,535	1,555	1.3
Amata City Rayong Industrial Estate (GWh)	176	184	181	(1.6)	2.8	675	752	11.4
Laemchabang Industrial Estate (GWh)	179	175	157	(10.3)	(12.3)	678	690	1.8
WHA Chonburi 1 Industrial Estate (GWh)	38	45	42	(6.7)	10.5	221	188	(14.9)
Bangkadi Industrial Park (GWh)	48	46	37	(19.6)	(22.9)	190	183	(3.7)
WHA Eastern Industrial Estate (Map Ta Phut) (GWh)	4	4	4	-	-	15	16	6.7
Electricity sales volume to IUs – Vietnam (GWh)	142	145	144	(0.7)	1.4	538	571	6.1
Steam sales volume to IUs – Thailand (tonnes)	217,277	183,133	140,655	(23.2)	(35.3)	989,201	754,215	(23.8)
Amata City Chonburi Industrial Estate (tonnes)	39,978	39,116	37,373	(4.5)	(6.5)	155,804	153,453	(1.5)
Amata City Rayong Industrial Estate (tonnes)	30,034	23,317	24,510	5.1	(18.4)	122,989	103,184	(16.1)
Laemchabang Industrial Estate (tonnes)	58,361	59,518	49,790	(16.3)	(14.7)	241,051	236,781	(1.8)
WHA Chonburi 1 Industrial Estate (tonnes)	88,904	61,181	28,982	(52.6)	(67.4)	469,358	260,797	(44.4)

Sources: BGRIM; FSSIA estimates

Exhibit 10: 4Q22/2022 price per unit

	4Q21	3Q22	4Q22	----- Change -----		2021	2022	Change
				(q-q %)	(y-y %)			
Electricity to EGAT (THB/kWh)	3.62	5.46	4.80	(12.1)	32.6	3.07	4.78	55.7
Electricity to IUs – Thailand (THB/kWh)	3.28	3.89	4.44	14.1	35.4	3.25	3.82	17.5
Electricity to IUs – Vietnam (THB/kWh)	2.63	2.80	2.71	(3.2)	3.0	2.51	2.70	7.6
Steam to IUs – Thailand (THB/tonne)	929	1,403	1,836	30.9	97.6	808	1,360	68.4
Gas cost per unit (THB/mmbtu)	335.1	557.7	481.0	(13.8)	43.6	266	476	79.0

Sources: BGRIM; FSSIA estimates

Maintain BUY and lift our TP to THB47

We raise our EPS forecast by 8.6% for 2023, but lower it by 0.2% for 2024, based on our higher average tariff assumption of 0.8-2.3% for 2023-24, and our 6.8-11% lower gas price assumption in 2023-24. We also lower our average utilisation rate assumption for Amata Nakorn, Amata City, SPP1 and BGPR1&2 due to expected lower demand.

We lift our SoTP-based TP from THB46 to THB47 to reflect our higher EPS forecast. We think the downside for BGRIM's share price is now limited. We believe BGRIM is a strong contender for growth based on the mixed bag of global commodity prices, Thailand's electricity tariff hikes, and its strategy of growing its capacity both organically (seven new SPPs) and inorganically (M&A).

Exhibit 11: Changes in key assumptions and EPS forecasts

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Revenue	106,289	101,086	98,781	104,958	100,610	98,781	1.3	0.5	0.0
Gross profit	21,918	23,456	23,382	21,256	22,826	23,382	3.1	2.8	0.0
Operating profit	12,800	14,361	14,241	11,279	12,780	14,241	13.5	12.4	0.0
Net profit	2,719	3,286	3,196	2,504	3,292	3,196	8.6	(0.2)	0.0
EPS (THB/share)	1.04	1.26	1.23	0.96	1.26	1.23	8.6	(0.2)	0.0
Key assumptions									
Average utilisation for Amata Nakorn (%)	78	78	78	80	80	78	(1.8)	(1.8)	0.0
Average utilisation for Amata City (%)	74	74	74	80	80	74	(6.3)	(6.3)	0.0
Average utilisation for SPP1 (%)	95	95	95	99	99	95	(4.0)	(4.0)	0.0
Average utilisation for BGPR1&2 (%)	83	83	85	85	85	85	(2.5)	(2.5)	0.0
Average tariff (THB/KWh)	4.74	4.50	4.41	4.70	4.40	4.41	0.8	2.3	0.0
Gas price (THB/mmbtu)	447	380	365	480	427	365	(6.8)	(11.0)	0.0

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

Sources: BGRIM; FSSIA estimates

Exhibit 12: SoTP target price

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)	
Risk-free rate		3.0	Pretax cost of debt		4.2	
Market risk premium		8.0	Marginal tax rate		20.0	
Stock beta		0.9				
Cost of equity, Ke		10.2	Net cost of debt, Kd		3.4	
Weight applied		26.2	Weight applied		73.8	
WACC (%)		5.2				
DCF valuation estimate		(MW)	(%)	Equity Capacity (MW)		(THB/share)
SPP	Amata Nakorn (ABP1-5)	395	57	226	4.5	
	ABP1&2 and BPLC1	420	51	214	8.9	
	Amata City (ABPR1-5)	646	58	375	28.7	
	Leam Chabang (BPLC1-2)	159	100	159	2.9	
	Bangkadi (BIP1-2)	230	74	170	3.6	
	SPP1	124	100	124	8.0	
	Amata City Bien Hoa	13	31	4	0.2	
	Hemraj	130	75	98	7.5	
	BGPR1&2	240	60	144	9.3	
	Solar Vietnam (Dau Tieng)	420	51	214	2.6	
Solar Vietnam (Hoa Hoi)	257	80	206	2.5		
VSPP	Solar Thailand	115	52	60	1.2	
	Hydropower	133	71	95	0.5	
	Wind	16	94	15	0.5	
	Solar Cambodia	39	100	15	1.4	
	Net debt				(35.5)	
Residual ordinary equity					47.0	

Sources: BGRIM; FSSIA estimates

Financial Statements

B.Grimm Power

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	46,628	62,395	106,289	101,086	98,781
Cost of goods sold	(32,796)	(50,996)	(84,371)	(77,630)	(75,399)
Gross profit	13,833	11,399	21,918	23,456	23,382
Other operating income	-	-	-	-	-
Operating costs	(1,673)	(1,857)	(3,189)	(3,033)	(2,963)
Operating EBITDA	12,160	9,542	18,729	20,423	20,419
Depreciation	(5,139)	(5,070)	(5,929)	(6,062)	(6,178)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	7,021	4,472	12,800	14,361	14,241
Net financing costs	(3,537)	(4,697)	(5,696)	(5,696)	(5,721)
Associates	44	(172)	228	211	214
Recurring non-operating income	396	903	428	411	414
Non-recurring items	(164)	(1,619)	0	0	0
Profit before tax	3,715	(942)	7,532	9,076	8,934
Tax	(298)	44	(455)	(654)	(718)
Profit after tax	3,417	(898)	7,077	8,422	8,216
Minority interests	(1,141)	(346)	(4,358)	(5,136)	(5,020)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,276	(1,244)	2,719	3,286	3,196
Non-recurring items & goodwill (net)	164	1,619	0	0	0
Recurring net profit	2,440	375	2,719	3,286	3,196
Per share (THB)					
Recurring EPS *	0.94	0.14	1.04	1.26	1.23
Reported EPS	0.87	(0.48)	1.04	1.26	1.23
DPS	0.42	0.07	0.35	0.35	0.35
Diluted shares (used to calculate per share data)	2,607	2,607	2,607	2,607	2,607
Growth					
Revenue (%)	5.8	33.8	70.3	(4.9)	(2.3)
Operating EBITDA (%)	(4.2)	(21.5)	96.3	9.0	0.0
Operating EBIT (%)	(2.5)	(36.3)	186.2	12.2	(0.8)
Recurring EPS (%)	(6.8)	(84.6)	624.5	20.8	(2.7)
Reported EPS (%)	4.6	nm	nm	20.8	(2.7)
Operating performance					
Gross margin inc. depreciation (%)	18.6	10.1	15.0	17.2	17.4
Gross margin of key business (%)	18.6	10.1	15.0	17.2	17.4
Operating EBITDA margin (%)	26.1	15.3	17.6	20.2	20.7
Operating EBIT margin (%)	15.1	7.2	12.0	14.2	14.4
Net margin (%)	5.2	0.6	2.6	3.3	3.2
Effective tax rate (%)	8.1	5.7	6.2	7.4	8.2
Dividend payout on recurring profit (%)	44.9	45.2	33.6	27.8	28.6
Interest cover (X)	2.1	1.1	2.3	2.6	2.6
Inventory days	11.2	6.5	4.8	6.2	6.0
Debtor days	61.8	53.3	32.6	35.9	38.3
Creditor days	63.1	49.0	46.0	59.8	58.1
Operating ROIC (%)	6.4	3.7	9.3	9.4	(2.1)
ROIC (%)	5.4	3.5	7.7	7.9	(1.8)
ROE (%)	8.6	1.3	8.8	9.9	9.0
ROA (%)	4.6	2.8	6.6	7.0	3.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Electricity generation	46,628	62,395	106,289	101,086	98,781
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	2021	2022	2023E	2024E	2025E
Recurring net profit	2,440	375	2,719	3,286	3,196
Depreciation	5,139	5,070	5,929	6,062	6,178
Associates & minorities	44	(172)	228	211	214
Other non-cash items	-	-	-	-	-
Change in working capital	(3,772)	(2,153)	(751)	(796)	(481)
Cash flow from operations	3,851	3,121	8,124	8,762	9,107
Capex - maintenance	(100)	(100)	(100)	(100)	(100)
Capex - new investment	(9,543)	(14,238)	(17,900)	(17,900)	(17,900)
Net acquisitions & disposals	1,839	1,223	0	0	0
Other investments (net)	(1,553)	(4,771)	228	211	214
Cash flow from investing	(9,357)	(17,886)	(17,772)	(17,789)	(17,786)
Dividends paid	(1,095)	(169)	(482)	(912)	(912)
Equity finance	0	0	0	0	0
Debt finance	17,692	18,716	(986)	1,000	0
Other financing cash flows	(3,707)	(556)	3,902	4,715	4,592
Cash flow from financing	12,890	17,991	2,434	4,803	3,680
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	7,385	3,226	(7,215)	(4,224)	(4,999)
Free cash flow to firm (FCFF)	(1,211.98)	(9,986.43)	(3,952.24)	(3,331.02)	(2,958.13)
Free cash flow to equity (FCFE)	8,479.65	3,395.67	(6,731.90)	(3,311.97)	(4,087.08)

Per share (THB)

FCFF per share	(0.46)	(3.83)	(1.52)	(1.28)	(1.13)
FCFE per share	3.25	1.30	(2.58)	(1.27)	(1.57)
Recurring cash flow per share	2.92	2.02	3.40	3.67	3.68

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	123,187	137,916	155,916	173,916	191,916
Less: Accumulated depreciation	(38,383)	(43,846)	(49,774)	(55,836)	(62,014)
Tangible fixed assets (net)	84,804	94,071	106,142	118,081	129,903
Intangible fixed assets (net)	13,587	13,351	13,351	13,351	13,351
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,909	4,132	4,132	4,132	4,132
Cash & equivalents	27,774	31,000	23,786	19,561	14,562
A/C receivable	8,983	9,254	9,715	10,154	10,582
Inventories	971	833	1,378	1,268	1,231
Other current assets	3,330	7,717	13,146	12,502	12,217
Current assets	41,058	48,803	48,024	43,485	38,593
Other assets	6,839	10,293	10,293	10,293	10,293
Total assets	149,198	170,651	181,943	189,342	196,272
Common equity	29,471	29,728	31,964	34,338	36,621
Minorities etc.	11,344	12,440	16,798	21,934	26,954
Total shareholders' equity	40,816	42,168	48,762	56,272	63,575
Long term debt	89,241	103,424	103,424	103,424	103,424
Other long-term liabilities	6,418	5,436	5,435	5,435	5,436
Long-term liabilities	95,658	108,859	108,859	108,859	108,859
A/C payable	5,691	8,005	13,244	12,186	11,835
Short term debt	6,452	10,986	10,000	11,000	11,000
Other current liabilities	581	633	1,078	1,026	1,002
Current liabilities	12,724	19,624	24,322	24,211	23,837
Total liabilities and shareholders' equity	149,198	170,651	181,943	189,342	196,272
Net working capital	7,013	9,166	9,917	10,712	11,193
Invested capital	115,152	131,013	143,835	156,569	168,872

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

Per share (THB)

Book value per share	11.31	11.40	12.26	13.17	14.05
Tangible book value per share	6.09	6.28	7.14	8.05	8.93

Financial strength

Net debt/equity (%)	166.4	197.8	183.8	168.6	157.1
Net debt/total assets (%)	45.5	48.9	49.3	50.1	50.9
Current ratio (x)	3.2	2.5	2.0	1.8	1.6
CF interest cover (x)	6.1	4.8	3.0	3.6	3.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	41.9	272.6	37.6	31.1	32.0
Recurring P/E @ target price (x) *	50.2	326.5	45.1	37.3	38.3
Reported P/E (x)	45.0	(82.2)	37.6	31.1	32.0
Dividend yield (%)	1.1	0.2	0.9	0.9	0.9
Price/book (x)	3.5	3.4	3.2	3.0	2.8
Price/tangible book (x)	6.4	6.2	5.5	4.9	4.4
EV/EBITDA (x) **	14.9	20.8	11.1	10.7	11.2
EV/EBITDA @ target price (x) **	16.6	22.9	12.2	11.7	12.2
EV/invested capital (x)	1.6	1.5	1.5	1.4	1.4

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

Sources: B.Grimm Power; FSSIA estimates

Disclaimer - Corporate Governance Report of Thai listed companies (CGR)

The Thai Institute of Directors Association (Thai IOD), with support from the Stock Exchange of Thailand (SET), assesses the corporate governance practices of Thai listed businesses. The report will be reviewed and updated on an annual. It is publicly disclosed and can be accessed by a general public investor at <https://www.thai-iod.com/en/publications-detail.asp?id=846>. The result is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The CGR results recognise corporate governance in four levels: Excellent (score range 90-100), Very Good (score range 80-89), Good (Score range 70-79), and Lower Levels.

The five underlying categories used for corporate governance scoring are the rights of shareholders, equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and board responsibilities.

The survey results are as of the date appearing in the Corporate Governance Report of Thai Listed Companies. Accordingly, 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.

Other useful information regarding corporate governance and sustainable development evaluation

Apart from the CG Score report by the Thai Institute of Directors Association (Thai IOD), mentioned above, investors may find other useful information from the website <https://market.sec.or.th/public/ldisc/en/Ranking/Listed/Sector/> of The Securities and Exchange Commission of Thailand, including 1) AGM quality assessments by the Thai Investors Association; 2) companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under the Thai IOD that are categorised into companies that have declared their intention to join the CAC and companies certified by the CAC; and 3) the record of listed companies with corporate sustainable development, "Thai Sustainability Investment", by the Stock Exchange of Thailand for SET and MAI-listed companies which have passed the assessment conducted by the Stock Exchange of Thailand and THSI (SET), THSI (MAI), and SET-listed companies which have passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI).

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Siriluck Pinthusoonthorn FSS International Investment Advisory Securities Co., Ltd

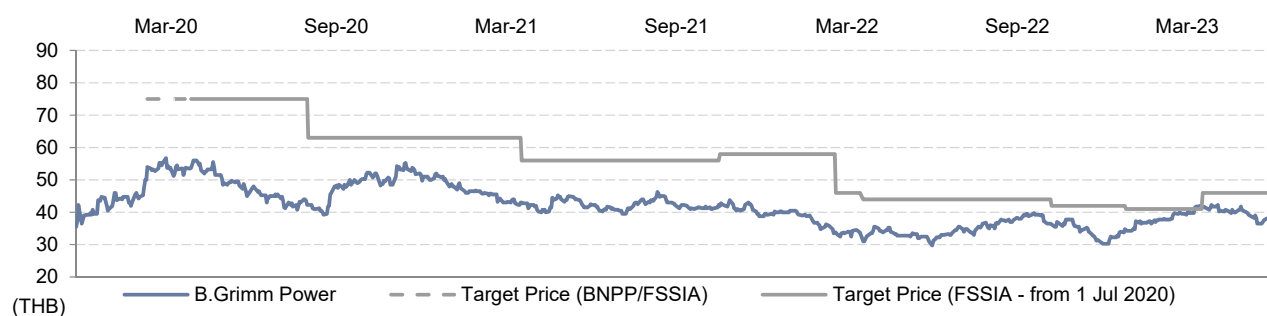
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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
22-May-2020	BUY	75.00	26-Oct-2021	BUY	58.00	25-Aug-2022	BUY	42.00
15-Oct-2020	BUY	63.00	09-Feb-2022	BUY	46.00	01-Nov-2022	BUY	41.00
28-Apr-2021	BUY	56.00	04-Mar-2022	BUY	44.00	10-Jan-2023	BUY	46.00

Siriluck Pinthusoonthorn started covering this stock from 11-Nov-2022

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
B.Grimm Power	BGRIM TB	THB 39.25	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.

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 16-Mar-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.