

BCPG BCPG TB
THAILAND / UTILITIES

BUY

มุมมองปี 2023 เป็นบวกจากการเติบโตใหม่

- เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 15.10 บาท
- กรณีนี้ adder จะสิ้นสุดในช่วงปี 2023-24 เราเชื่อว่าส่วนแบ่งกำไรของโครงการที่กำลังดำเนินการอยู่ในปัจจุบันจะช่วยชดเชยผลกระทบดังกล่าวได้
- ปัจจัยสำคัญที่จะช่วยหนุนกำไรในช่วงที่เหลือของปี 2023 อยู่ที่การกลับมาเปิดโครงการโรงไฟฟ้าพลังน้ำในลาวและความสำเร็จของดีลความร่วมมือและซื้อกิจการ

TARGET PRICE	THB15.10
CLOSE	THB9.15
UP/DOWNSIDE	+65.0%
TP vs CONSENSUS	+2.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	5,406	5,567	6,866	8,197
Net profit	2,631	1,731	1,986	2,172
EPS (THB)	0.90	0.60	0.68	0.75
vs Consensus (%)	-	(1.6)	17.2	3.7
EBITDA	4,764	4,084	5,101	6,004
Core net profit	2,066	1,731	1,986	2,172
Core EPS (THB)	0.71	0.60	0.68	0.75
EPS growth (%)	(10.0)	(16.2)	14.7	9.4

สรุปผลประกอบการ 1Q23: อ่อนแอตามคาด

BCPG รายงานกำไรปกติ 160 ลบ. (-57% q-q, -69% y-y) โดดเด่นกว่าที่ตลาดคาด กำไรลดลง q-q ส่วนมากจากส่วนแบ่งรายได้ที่ลดลงของโครงการโรงไฟฟ้าพลังน้ำในลาวอันเนื่องมาจากการปิดซ่อมโรงไฟฟ้าในระหว่างไตรมาส อย่างไรก็ตามกำไรที่เพิ่มขึ้นจากโรงไฟฟ้าพลังแสงอาทิตย์และลมในประเทศไทย โรงไฟฟ้าพลังแสงอาทิตย์ในญี่ปุ่นและส่วนแบ่งกำไรที่สูงขึ้นจากโรงไฟฟ้าพลังลมในฟิลิปปินส์และโรงผลิตไฟฟ้าจากก๊าซในสหรัฐฯ ยังช่วยชดเชยส่วนแบ่งกำไรที่ลดลงดังกล่าวได้บางส่วน

แนวโน้มปี 2023 ดีขึ้นจากส่วนแบ่งจากโครงการใหม่

เราเชื่อว่าผลการดำเนินงานปกติในไตรมาส 1Q23 จะเป็นจุดต่ำสุดของปีและกำไรน่าจะปรับตัวดีขึ้นในปีนี้โดยมีปัจจัยหนุนสำคัญใน 2Q23 อยู่ที่ 1) การกลับมาเปิดโรงไฟฟ้าพลังน้ำในลาว (มิ.ย. 23); 2) การรับรู้กำไรเต็มไตรมาสจาก 2 โรงผลิตไฟฟ้าจากก๊าซในสหรัฐฯ; และ 3) ฤดูกาลที่ดีต่อเนื่องของโรงไฟฟ้าพลังแสงอาทิตย์ นอกจากนี้เรายังคาดว่าผลประกอบการในช่วง 2H23 จะได้รับแรงหนุนจากฤดูกาลที่ดีของโรงไฟฟ้าพลังน้ำใน 3Q23 และความสำเร็จของดีลซื้อกิจการอันประกอบด้วย 1) 2 โรงผลิตไฟฟ้าจากก๊าซในสหรัฐฯ (หุ้น 25% ใน Liberty (212 MWe) และ Patriot (214MWe)); และ 2) การลงทุนใน Tank terminal (หุ้น 100% ใน Asia Link Terminal Company Limited) ในภาพรวมเราคาดว่าโครงการใหม่ในปีนี้ (4 โรงผลิตไฟฟ้าจากก๊าซในสหรัฐฯ และ Tank terminal) จะให้กำไรสุทธิอยู่ที่ประมาณ 0.69 พัน ลบ. ซึ่งจะสามารถชดเชยผลกระทบของ adder ที่จะสิ้นสุดในปีนี้ซึ่งน่าจะอยู่ที่ประมาณ 0.35 พัน ลบ. และแนวโน้มค่า Ft ขาลงได้ทั้งหมด เราคาดว่ากำไรสุทธิที่ 1.7 พัน ลบ. ในปี 2023 และ 2 พัน ลบ. ในปี 2024

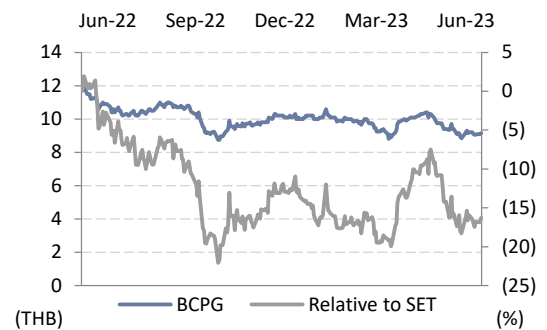
ผลกระทบจำกัดจากนโยบายของรัฐบาลใหม่

BCPG เป็นบริษัทโรงไฟฟ้าหมุนเวียนซึ่งจะมีการลงทุนในโรงผลิตไฟฟ้าจากก๊าซในต่างประเทศไปเมื่อไม่นานมานี้ เราเห็นว่าบริษัท จะได้รับผลกระทบจำกัดจากนโยบายของรัฐบาลใหม่ (ที่น่าจะมีพรรคก้าวไกลเป็นผู้นำ) เกี่ยวกับการลดค่า Ft และนโยบายปฏิรูปกิจการที่เกี่ยวข้องกับธุรกิจพลังงาน

เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 15.10 บาท

เราเริ่ม BCPG ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 15.10 บาท (SoTP) ในด้านความกังวลของตลาดเกี่ยวกับค่า adder ที่จะสิ้นสุดในปี 2023-24 และค่า Ft ที่ลดลง เราคิดว่าโครงการใหม่ของ BCPG น่าจะสามารถช่วยชดเชยผลกระทบดังกล่าวได้ในปีนี้และบรรเทาผลกระทบจากค่า adder ได้ในปีหน้า เพราะฉะนั้นเราจึงเห็นว่าเป็นโอกาสที่ดีในการสะสมหุ้น

Core P/E (x)	12.9	15.4	13.4	12.2
Dividend yield (%)	3.9	2.6	3.0	3.3
EV/EBITDA (x)	6.5	12.0	11.0	10.4
Price/book (x)	0.9	0.9	0.8	0.8
Net debt/Equity (%)	14.0	73.4	93.1	109.4
ROE (%)	7.3	5.8	6.5	6.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.7)	(1.1)	(21.1)
Relative to country (%)	(2.4)	4.0	(15.0)
Mkt cap (USD m)	765		
3m avg. daily turnover (USD m)	1.5		
Free float (%)	30		
Major shareholder	Bangchak Corporation Plc (57%)		
12m high/low (THB)	11.90/8.70		
Issued shares (m)	2,907.69		

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also BCPG's Independent Director.

Investment thesis

BCPG, a subsidiary of Bangchak Corporation (BCP TB, BUY), is a low-risk renewable power operator with a proven track record in solar farm development and operations in high-growth renewable power markets, including Thailand, Japan, Laos, The Philippines, and Taiwan. BCPG currently operates solar, wind and hydro in the region, and its subsidiaries are exploring opportunities in biomass and other new businesses.

As the benefit from adders in Thailand fades away in the coming years, BCPG is now looking to invest in new green field projects where it can generate revenue once the transaction is completed. This includes the recent acquisition of combined cycle gas turbines in the US and a tank terminal in Thailand. We believe the contribution from its pipeline projects and potential new investments should help offset the market concerns over the adder expirations and Ft downtrend.

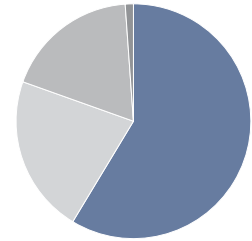
Company profile

BCPG is the flagship of the Bangchak Group, operating renewable power plants including solar, wind, and hydro, and investing in gas-fired power plants in the US. Currently, it has business footprints in seven countries, with more than half of the contributions from Thailand.

www.bcpgroup.com

Principal activities (revenue, 2022)

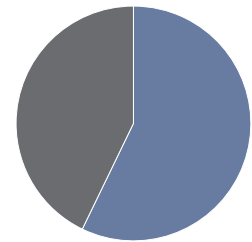
- Revenue from sale of electricity - Thailand - 58.6 %
- Revenue from sale of electricity - Thailand - 21.8 %
- Revenue from sale of electricity - Thailand - 18.4 %
- Other income - 1.1 %



Source: BCPG

Major shareholders

- Bangchak Corporation Plc - 57.2 %
- Others - 42.8 %



Source: BCPG

Catalysts

Key potential catalysts are 1) the re-opening of the hydropower plant in Laos to sell to Vietnam Electricity; 2) contributions from M&A deals; and 3) new M&A.

Risks to our call

The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand and the Philippines; and 2) government intervention by way of electricity tariff subsidies; 3) lower-than-expected gas prices for gas-fired plants in the US and; 4) abnormal solar and wind factors.

Event calendar

Date	Event
End of July 2023	Sep-Dec 2023 Ft announcement
Early Aug 2023	2Q23 results announcement
Mid-Aug 2023	2Q23 analyst meeting
Early Nov 2023	3Q23 results announcement
Mid-Aug 2023	3Q23 analyst meeting

Key assumptions

	2023E	2024E	2025E
	(THB/kWh)	(THB/kWh)	(THB/kWh)
Ft	0.89	0.50	0.20
Capacity factor	(%)	(%)	(%)
Solar - TH	18	18	18
Solar - Japan	18	18	18
Wind - PH	40	40	40

Source: FSSIA estimates

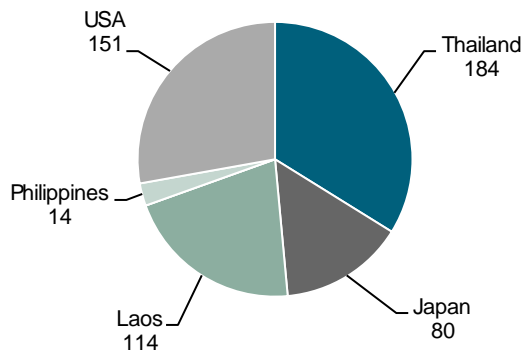
Earnings sensitivity

- For every 1% increase in gas price, we estimate 2023 earnings would decline 1.1%, and vice versa, all else being equal.
- For every 1% increase in interest expense, we estimate 2023 earnings would decline 1.5%, and vice versa, all else being equal.

Source: FSSIA estimates

Focus charts

Exhibit 1: Equity MW by country as of 1Q23



Source: BCPG

Exhibit 2: Business footprints in seven countries



Source: BCPG

Exhibit 3: 1Q23 results summary

	1Q22	4Q23	1Q23		
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Revenue	1,158	1,267	1,057	(16.5)	(8.7)
Operating costs	(272)	(346)	(290)	(16.1)	6.6
EBITDA	886	921	767	(16.7)	(13.4)
<i>EBITDA margin (%)</i>	76.5	72.7	72.5	nm	nm
Depn & amort.	(325)	(392)	(383)	(2.2)	18.0
EBIT	561	529	384	(27.4)	(31.6)
Interest expense	(206)	(193)	(229)	18.7	11.4
Interest & invt inc	13	65	42	(36.4)	208.9
Other income	4	5	2	(62.9)	(52.5)
Associates' contrib	142	14	40	189.5	(71.8)
Exceptionals	1,249	(71)	371	(621.9)	(70.3)
Pretax profit	1,763	348	608	74.8	(65.5)
Tax	(399)	(52)	(96)	85.3	(76.0)
<i>Tax rate (%)</i>	23	15	16	nm	nm
Minority interests	(0)	(0)	(1)	nm	nm
Net profit	1,363	296	512	73.0	(62.4)
non-recurring	(846)	79	(352)	(548.1)	(58.4)
Core net profit	517	375	160	(57.3)	(69.1)
EPS (THB)	0.47	0.10	0.18	73.0	(62.4)
Core EPS (THB)	0.18	0.13	0.05	(57.3)	(69.1)
Quarterly revenue from sales of electricity – breakdown by country and other income					
Thailand	847	754	807	7.0	(4.7)
Laos	168	282	0	(100.0)	(100.0)
Japan	134	202	236	16.5	75.4
Other income	9	28	15	(48.4)	62.2
Total	1,158	1,267	1,057	(16.5)	(8.7)

Source: BCPG

Exhibit 4: Summary of electricity generation and capacity factors

	1Q22	4Q22	1Q23	(q-q%)	(y-y%)
Electricity generation (GWh)					
- Thailand	87.4	83.8	87.6	4.5	0.2
- Japan	14.9	21.5	25.2	17.2	69.1
- Laos	76.9	118.4	0.0	n.m.	n.m.
- Philippines	12.4	9.4	13.5	43.6	8.9
- Indonesia	200.3	0.0	0.0	n.m.	n.m.
Capacity factor (%)					
- Thailand (Solar)	17.3	16.2	17.2	1.0	(0.1)
- Thailand (Wind)	14.9	10.1	14.4	4.3	(0.5)
- Japan	13.3	9.4	11.3	1.9	(2.0)
- Laos	31.2	47.1	0.0	(47.1)	(31.2)
- Philippines	39.8	29.6	43.5	13.9	3.7
- Indonesia	93.1	0.0	0.0	n.m.	n.m.

Source: BCPG

Exhibit 5: Potential growth projects

Potential growth projects	Est. completion date	Est. investment	Holding	Country	Business	Equity capacity
		(THB b)	(%)			(MW)
Tank Terminal	June 2023	9.0	100	Thailand	Tank terminal	n/a
Hamilton Liberty	3Q23	4.4	25	USA	Gas-fired power plant	212
Hamilton Patriot	3Q23	4.5	25	USA	Gas-fired power plant	214
Chiba 2	April 2024	0.9	100	Japan	Solar farm	10
Nabas 2	1Q25	0.8	40	Philippines	Wind farm	300
Monsoon	2H25	28.1	48	Laos	Hydro	300
Taiwan Solar	2023	34.5	100	Taiwan	Solar farm	13
	2024					175
	2025					469
Total		82.1				1,505

Sources: BCPG, FSSIA estimates

Valuation

Exhibit 6: SoTP valuation

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk-free rate	2.7		Pretax cost of debt	3.3
Market risk premium	8.0		Marginal tax rate	20.0
Stock beta	1.20			
Cost of equity, Ke	12.3		Net cost of debt, Kd	2.6
Weight applied	20.0		Weight applied	80.0
WACC (%)	4.6			
SOP valuation estimate	(THB m)	(THB/share)	Comments	
Solar - Thailand	13,678	4.7	WACC 4.6%, risk-free rate 2.7%, risk premium 8%, zero terminal growth	
Solar - Japan (excludes 4 pj)	8,529	2.9	WACC 4.0%, risk-free rate 0.9%, risk premium 7%, zero terminal growth	
Solar - Taiwan (2023-24E)	15,840	5.4	WACC 3.9%, risk-free rate 2.7%, risk premium 7%, zero terminal growth	
Total solar	38,048	13.1		
Wind - Thailand (Lomligor)	2,276	0.8	WACC 4.6%, risk-free rate 2.7%, risk premium 8%, zero terminal growth	
Total wind	2,276	0.8		
Hydro - Laos (Nam San 3A & B)	6,850	2.4	WACC 4.6%, risk-free rate 2.7%, risk premium 8%, zero terminal growth	
Tank terminal	648	0.2	WACC 4.6%, risk-free rate 2.7%, risk premium 8%, zero terminal growth	
Associates	18,336	6.3	WACC 4.6%, risk-free rate 2.7%, risk premium 8%, zero terminal growth	
Net debt	(22,181)	(7.6)	At end-2023E	
Minorities	(70)	(0.0)	At end-2023E	
Residual ordinary equity	43,908	15.1		

Source: FSSIA estimates

Financial Statements

BCPG

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	4,669	5,406	5,567	6,866	8,197
Cost of goods sold	(428)	(474)	(557)	(687)	(820)
Gross profit	4,241	4,932	5,010	6,179	7,378
Other operating income	23	1,236	20	20	20
Operating costs	(524)	(1,405)	(946)	(1,099)	(1,394)
Operating EBITDA	3,740	4,764	4,084	5,101	6,004
Depreciation	(1,180)	(1,504)	(1,975)	(2,950)	(3,600)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,560	3,259	2,109	2,151	2,404
Net financing costs	(812)	(744)	(913)	(1,271)	(1,485)
Associates	600	130	672	1,248	1,424
Recurring non-operating income	600	130	672	1,248	1,424
Non-recurring items	(273)	565	0	0	0
Profit before tax	2,075	3,209	1,869	2,128	2,344
Tax	(64)	(577)	(120)	(132)	(162)
Profit after tax	2,011	2,633	1,750	1,996	2,182
Minority interests	0	(2)	(18)	(10)	(10)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,011	2,631	1,731	1,986	2,172
Non-recurring items & goodwill (net)	273	(565)	0	0	0
Recurring net profit	2,284	2,066	1,731	1,986	2,172
Per share (THB)					
Recurring EPS *	0.79	0.71	0.60	0.68	0.75
Reported EPS	0.70	0.90	0.60	0.68	0.75
DPS	0.33	0.36	0.24	0.27	0.30
Diluted shares (used to calculate per share data)	2,894	2,908	2,908	2,908	2,908
Growth					
Revenue (%)	10.4	15.8	3.0	23.3	19.4
Operating EBITDA (%)	10.5	27.4	(14.3)	24.9	17.7
Operating EBIT (%)	11.0	27.3	(35.3)	2.0	11.8
Recurring EPS (%)	6.4	(10.0)	(16.2)	14.7	9.4
Reported EPS (%)	(4.0)	30.2	(34.2)	14.7	9.4
Operating performance					
Gross margin inc. depreciation (%)	65.6	63.4	54.5	47.0	46.1
Gross margin of key business (%)	65.6	63.4	54.5	47.0	46.1
Operating EBITDA margin (%)	80.1	88.1	73.4	74.3	73.2
Operating EBIT margin (%)	54.8	60.3	37.9	31.3	29.3
Net margin (%)	48.9	38.2	31.1	28.9	26.5
Effective tax rate (%)	4.3	18.7	10.0	15.0	17.6
Dividend payout on recurring profit (%)	41.8	50.7	40.0	39.6	40.0
Interest cover (X)	3.9	4.6	3.0	2.7	2.6
Inventory days	-	-	-	-	-
Debtor days	138.2	137.7	152.1	189.4	225.7
Creditor days	378.9	611.9	500.0	489.1	496.3
Operating ROIC (%)	11.9	13.9	6.0	4.1	(1.0)
ROIC (%)	5.9	6.7	5.0	4.7	(1.2)
ROE (%)	9.2	7.3	5.8	6.5	6.8
ROA (%)	5.3	4.6	3.9	4.1	2.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Revenue from sale of electricity - Thailand	3,252	3,170			
Revenue from sale of electricity - Thailand	1,125	1,178			
Revenue from sale of electricity - Thailand	246	996			
Other income	46	61			

Sources: BCPG; FSSIA estimates

Financial Statements

BCPG

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,284	2,066	1,731	1,986	2,172
Depreciation	1,180	1,504	1,975	2,950	3,600
Associates & minorities	600	130	672	1,248	1,424
Other non-cash items	-	-	-	-	-
Change in working capital	(797)	(67)	(1,008)	(1,316)	(1,580)
Cash flow from operations	3,267	3,633	3,370	4,868	5,615
Capex - maintenance	(1,180)	(1,504)	(1,299)	(1,923)	(3,686)
Capex - new investment	(2,704)	(358)	(18,701)	(8,077)	(6,314)
Net acquisitions & disposals	(1,763)	12,144	0	0	0
Other investments (net)	(1,227)	630	672	1,248	1,424
Cash flow from investing	(6,874)	10,911	(19,328)	(8,752)	(8,576)
Dividends paid	(955)	(1,047)	(811)	(740)	(828)
Equity finance	0	0	0	0	0
Debt finance	2,433	(4,682)	12,606	5,364	(1,118)
Other financing cash flows	2,219	290	(1,326)	(2,486)	(2,839)
Cash flow from financing	3,697	(5,438)	10,468	2,138	(4,784)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	90	9,106	(5,489)	(1,745)	(7,745)
Free cash flow to firm (FCFF)	(2,711.90)	15,425.84	(14,881.93)	(2,494.04)	(1,371.11)
Free cash flow to equity (FCFE)	1,044.89	10,152.35	(4,677.54)	(1,005.87)	(6,917.18)

Per share (THB)

FCFF per share	(0.93)	5.31	(5.12)	(0.86)	(0.47)
FCFE per share	0.36	3.49	(1.61)	(0.35)	(2.38)
Recurring cash flow per share	1.40	1.27	1.51	2.13	2.47

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	21,017	21,389	41,389	51,389	61,389
Less: Accumulated depreciation	(3,645)	(4,375)	(6,350)	(9,299)	(12,899)
Tangible fixed assets (net)	17,372	17,014	35,039	42,090	48,490
Intangible fixed assets (net)	11,810	11,412	11,412	11,412	11,412
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	13,486	1,342	1,342	1,342	1,342
Cash & equivalents	11,228	20,333	14,844	13,098	5,354
A/C receivable	2,317	1,762	2,876	4,249	5,889
Inventories	0	0	0	0	0
Other current assets	389	783	806	994	1,187
Current assets	13,933	22,878	18,526	18,342	12,430
Other assets	2,121	3,514	3,514	3,514	3,514
Total assets	58,721	56,160	69,834	76,700	77,188
Common equity	27,160	29,225	30,145	31,391	32,736
Minorities etc.	69	51	70	80	89
Total shareholders' equity	27,228	29,276	30,214	31,471	32,825
Long term debt	25,574	21,880	34,233	39,317	37,892
Other long-term liabilities	1,241	1,542	1,542	1,542	1,542
Long-term liabilities	26,815	23,422	35,774	40,859	39,434
A/C payable	888	701	824	1,016	1,213
Short term debt	3,527	2,538	2,792	3,072	3,379
Other current liabilities	263	222	229	283	337
Current liabilities	4,678	3,462	3,845	4,370	4,929
Total liabilities and shareholders' equity	58,721	56,160	69,834	76,700	77,188
Net working capital	1,554	1,622	2,629	3,945	5,525
Invested capital	46,343	34,904	53,937	62,303	70,284

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

Per share (THB)

Book value per share	9.38	10.05	10.37	10.80	11.26
Tangible book value per share	5.30	6.13	6.44	6.87	7.33

Financial strength

Net debt/equity (%)	65.6	14.0	73.4	93.1	109.4
Net debt/total assets (%)	30.4	7.3	31.8	38.2	46.5
Current ratio (x)	3.0	6.6	4.8	4.2	2.5
CF interest cover (x)	5.6	15.1	16.4	6.6	0.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	11.6	12.9	15.4	13.4	12.2
Recurring P/E @ target price (x) *	19.1	21.3	25.4	22.1	20.2
Reported P/E (x)	13.2	10.1	15.4	13.4	12.2
Dividend yield (%)	3.6	3.9	2.6	3.0	3.3
Price/book (x)	1.0	0.9	0.9	0.8	0.8
Price/tangible book (x)	1.7	1.5	1.4	1.3	1.2
EV/EBITDA (x) **	11.9	6.5	12.0	11.0	10.4
EV/EBITDA @ target price (x) **	16.5	10.1	16.2	14.4	13.3
EV/invested capital (x)	1.0	0.9	0.9	0.9	0.9

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

Sources: BCPG; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Kwanwaree Apichartsatoporn FSS International Investment Advisory Securities Co., Ltd

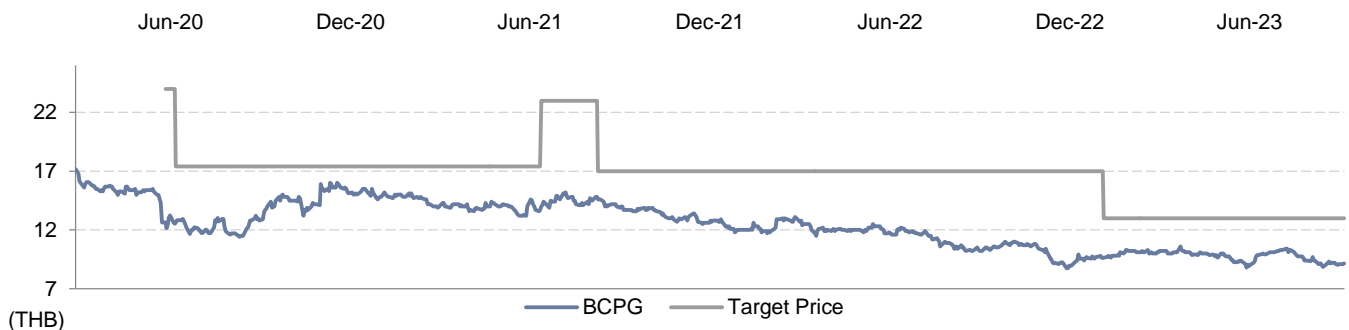
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

BCPG (BCPG TB)



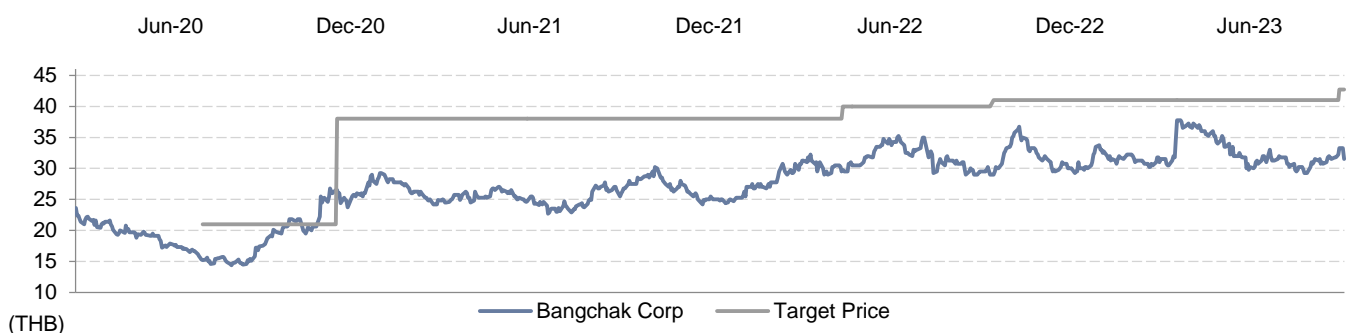
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Aug-2020	BUY	24.00	13-Jul-2021	BUY	23.00	10-Nov-2022	BUY	13.00
01-Sep-2020	BUY	17.40	31-Aug-2021	BUY	17.00			

Kwanwaree Apichartsatoporn started covering this stock from 7-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Bangchak Corp (BCP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Sep-2020	BUY	21.00	30-Mar-2022	BUY	40.00	01-Jun-2023	BUY	42.70
18-Jan-2021	BUY	38.00	05-Aug-2022	BUY	41.00			

Kwanwaree Apichartsatoporn started covering this stock from 01-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
BCPG	BCPG TB	THB 9.15	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand and the Philippines; and 2) government intervention by way of electricity tariff subsidies; 3) lower-than-expected gas prices for gas-fired plants in the US and; 4) abnormal solar and wind factors.
Bangchak Corp	BCP TB	THB 31.50	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of refinery plants.

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 06-Jun-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.