

EQUITY TALK

Company Update

BY RESEARCH DIVISION

January 31, 2022



4Q21 profit to make year's low

4Q21 net profit is estimated to fall 25.1%qoq. 4Q21 normalized profit is expected to plunge 39.5%qoq due to lower power sales in low season, higher cost (from rising gas and coal prices), and emergency shutdown of GLOW Energy phase 5 (full quarter). 1Q22 normalized profit is expected to rebound qoq as demand rebounds in high season and Ft rate rises.

2022 fair value is B90. Accumulate for long-term investment. Normalized profit will start to rebound in 1Q22. 2022 profit is expected to grow more than 10.7%yoy. GPSC already underwent correction and has over 15% upside now.

GPSC

Rec. : **BUY**

Current Price (B) 78.25

Target Price (B) 90.00

Upside (%) 15.02

Dividend Yield (%) 1.84

Key Financial Forecast

Ending Dec 31	2019	2020	2021F	2022F	2023F
Net Profit	4,061	7,508	7,554	7,453	8,020
Normalized Profit	4,859	8,962	8,359	9,253	9,820
Normalized EPS (B)	2.7	3.2	3.0	3.3	3.5
EPS (B)	2.3	2.7	2.7	2.6	2.8
PER (x)	34.7	29.4	29.2	29.6	27.5
DPS (B)	1.30	1.50	1.33	1.44	1.46
Dividend Yield (%)	1.7%	1.9%	1.71%	1.84%	1.9%
EV/EBITDA	12.3	13.3	15.1	14.8	14.0
No. of Shares	1,802.4	2,819.7	2,819.7	2,819.7	2,819.7

Source: ASPS Research

RESEARCH DIVISION
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Technical Chart



Source: ASPS Research

Technical Comment

GPSC Price Trend: Sideway

Supportive: 74.25

Resistance : 79.25 / 84.25

Consensus Analysis

ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2022F	2.60	3.43	-24%
2023F	2.80	3.70	-24%

Source: ASPS and IAA consensus

CG Score : 5 = Excellent
Anti-corruption Progress Indic. = Certified

Source: SETSMART / ASPS Research



Earnings Results by Quarter

Key Data (Million B)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21F	%QoQ	%YoY	2021F	2020	%YoY
Sales	18,308	18,138	16,601	16,531	16,624	18,234	17,996	17,138	-4.8%	3.7%	69,993	69,578	0.6%
Cost of Sales	(14,995)	(14,566)	(13,263)	(13,625)	(13,314)	(14,895)	(15,254)	(14,898)	-2.3%	9.3%	(58,362)	(56,448)	3.4%
Gross Profit	3,313	3,572	3,338	2,906	3,310	3,339	2,742	2,240	-18.3%	-22.9%	11,631	13,129	-11.4%
Shared Profit from Associates	(68)	110	638	244	207	519	740	537	-27.4%	119.9%	2,003	924	116.7%
Operating Profit	2,953	3,563	4,115	2,875	3,419	3,768	3,230	2,729	-15.5%	-5.1%	13,147	13,506	-2.7%
Interest Expense	(1,041)	(991)	(1,026)	(965)	(974)	(987)	(998)	(1,004)	0.6%	4.0%	(3,963)	(4,024)	-1.5%
Extraordinary Items	(398)	(373)	(342)	(342)	(269)	(176)	(390)	35	-109.0%	-110.2%	(800)	(1,454)	-45.0%
Normalized Profit (incl. reversal of GLOW amortization)	1,977	2,269	2,916	1,800	2,243	2,478	2,265	1,369	-39.5%	-23.9%	8,355	8,962	-6.8%
Net Profit	1,580	1,896	2,574	1,458	1,973	2,302	1,875	1,404	-25.1%	-3.7%	7,554	7,508	0.6%
EPS (B)	0.56	0.67	0.91	0.52	0.70	0.82	0.66	0.50	-25.1%	-3.7%	2.68	2.66	0.6%
Gross Margin	18.1%	19.7%	20.1%	17.6%	19.9%	18.3%	15.2%	13.1%			16.6%	18.9%	
Net Profit Margin	8.6%	10.5%	15.5%	8.8%	11.9%	12.6%	10.4%	8.2%			10.8%	10.8%	

Source : ASPS Research

GPSC's Growth Strategies



Source : GPSC

Forecast Revision



Source : GPSC

Key Recommendation

Company	REC/BB Rating	Current Price	Target Price	Upside (%)	P/BV		P/E	
					2021F	2022F	2021F	2022F
CHINA								
CHINA YONGTZE-A	4.96	21.9	26.2	19.5%	2.8	2.6	19.5	18.6
HUANENG POWER-H	3.47	3.9	4.1	4.0%	0.4	0.4	45.5	7.7
DATANG NTL POH	4.33	1.4	-	#VALUE!	0.5	0.5	15.3	6.8
HONGKONG								
CHINA POWER INTE	5.00	3.9	5.0	27.6%	1.0	0.9	24.6	14.0
CHINA RES POWER	4.82	18.8	25.8	37.3%	1.0	0.9	12.1	8.2
CLP HOLDINGS	4.40	79.0	77.4	-2.0%	1.7	1.6	17.9	16.6
KOREA								
KOREA ELEC POWER	3.76	20600.0	26023.1	26.3%	0.2	0.2	-	-
JAPAN								
ELECTRIC POWER D	3.00	1524.0	1707.5	12.0%	0.3	0.3	11.0	6.2
CHUBU ELEC POWER	3.40	1256.0	1340.0	6.7%	0.5	0.4	36.5	7.5
CHUGOKU ELEC PWR	3.00	944.0	1180.0	25.0%	0.5	0.5	-	12.6
MALAYSIA								
TENAGA NASIONAL	4.05	9.1	11.4	25.2%	0.9	0.9	10.7	10.8
PETRONAS GAS BHD	4.15	17.0	18.0	5.7%	2.6	2.6	16.4	17.1
INDIA								
POWER GRID CORP	4.29	210.2	220.7	5.0%	1.9	1.7	10.2	9.7
NTPC LTD	4.76	140.2	169.6	21.0%	1.0	0.9	8.5	7.5
NHPC LTD	4.22	29.8	37.2	24.9%	0.9	0.8	8.2	7.8
PHILIPPINES								
FIRST GEN CORPOR	4.67	27.7	37.1	34.0%	0.7	0.6	6.9	6.5
ABOITIZ POWER	4.37	33.8	37.9	12.0%	1.8	1.6	13.5	12.1
THAILAND								
RATCHABURI ELEC	BUY	44.50	76.00	70.8%	0.9	0.9	8.4	8.1
ELEC GENERATING	BUY	170.00	234.00	37.6%	0.8	0.8	9.8	9.6
GLOBAL POWER SYNERGY	BUY	78.25	90.00	15.0%	1.8	1.7	29.6	27.5
GULF ENERGY	BUY	49.00	52.00	6.1%	5.2	4.7	41.2	36.7
CK POWER	BUY	4.96	6.40	29.1%	1.8	1.7	21.5	22.0
BANPU POWER	Switch	16.60	20.00	20.5%	1.1	1.0	11.1	11.6
B.GRIMM POWER	BUY	35.25	56.75	61.0%	1.9	1.7	24.3	20.3
					1.3	1.2	13.3	11.1

Source : ASPS Research

Environmental, Social & Governance

Environment – GPSC strictly complies with laws and regulations and international standards in regard to quality, stability, safety, occupational health, and environment.

Social – GPSC established Sarn Palung Social Enterprise Co., Ltd. (SPSE) to support execution of social enterprise, conducting business to resolve social and environment issues and efficiently promote employment of local communities.

Governance – GPSC complies with principles of good corporate governance for all stakeholders and achieves "Excellent" CG report rating.

Source : ASPS Research



2021-2023F Earnings Forecast

Statement of Income (Million B)				
At 31 December	2020	2021F	2022F	2023F
Revenue	69,578	69,993	69,810	72,179
Cost of sales	(56,448)	(58,362)	(56,763)	(58,477)
Gross profit	13,129	11,631	13,047	13,702
SG&A	(1,951)	(2,099)	(1,977)	(2,263)
Shared profit from associates	924	2,003	1,935	2,316
EBIT	13,506	13,147	13,935	14,735
Interest expenses	(4,024)	(3,963)	(4,190)	(4,360)
Other income	1,405	844	930	980
Earning before taxes	9,483	9,184	9,744	10,376
Income taxes	(993)	(1,336)	(1,371)	(1,366)
Normalized profit	8,962	8,359	9,253	9,820
(incl. reversal of GLOW amortization)				
Fx gain / loss	1	(107)	-	-
Minority interest	982	293	920	990
Net profit	7,508	7,554	7,453	8,020
Revenue growth	4.5%	0.6%	-0.3%	3.4%
Net profit growth	84.9%	0.6%	-1.3%	7.6%
Gross profit margin	18.9%	16.6%	18.7%	19.0%
Net profit margin	10.8%	10.8%	10.7%	11.1%

Quarterly Statement of Income (Million B)				
	4Q20	1Q21	2Q21	3Q21
Revenue	16,531	16,624	18,234	17,996
Cost of sales	(13,625)	(13,314)	(14,895)	(15,254)
Gross profit	2,906	3,310	3,339	2,742
SG&A	(601)	(460)	(545)	(474)
Shared profit from associates	244	207	519	740
EBIT	2,875	3,419	3,768	3,230
Interest expenses	(965)	(974)	(987)	(998)
Other income	314	245	213	230
Earning before taxes	1,910	2,445	2,781	2,232
Income taxes	(141)	(453)	(348)	(295)
Normalized profit	1,800	2,243	2,478	2,265
Fx gain / loss	21	12	2	(68)
Minority interest	311	19	132	63
Net profit	1,458	1,973	2,302	1,875
Revenue growth	-0.4%	0.6%	9.7%	-1.3%
Net profit growth	-43.4%	35.4%	16.7%	-18.6%
Gross profit margin	17.6%	19.9%	18.3%	15.2%
Net profit margin	8.8%	11.9%	12.6%	10.4%

Financial Ratio				
At 31 December	2020	2021F	2022F	2023F
Current ratio (x)	2.0	2.0	1.5	1.7
Receivable Turnover (x)	7.3	7.4	7.1	7.3
Inventory Turnover (x)	8.7	7.8	6.6	6.8
Inventory Turnover (x)	13.2	8.8	6.2	6.3
Debt to Equity	1.3	1.3	1.3	1.2
Net gearing	66.8%	84.4%	93.2%	85.3%
Return on Asset	3.0%	2.9%	2.8%	2.9%
Return on Equity	6.8%	6.6%	6.3%	6.5%

Source : ASPS Research



2021-2023F Earnings Forecast (Cont.)

Statement of Cash Flows (Million B)				
At 31 December	2020	2021F	2022F	2023F
Cash flows from operating activities				
Net profit	9,483	9,184	9,744	10,376
Adjustment:				
Depreciation and amortisation	8,706	7,900	8,582	8,602
Unrealized Fx gain/loss	20	-	-	-
Others	11,916	9,158	9,721	10,355
Increase/decrease from operation	215	(5,741)	(1,666)	(2,016)
Net cash flows from operating activities	20,857	11,317	16,638	16,941
Cash flows from investing activities				
Increase/decrease from short-term investment	(25)	2,278	5	5
Increase/decrease from related investment	(2,202)	(14,971)	(153)	(161)
Increase/decrease from fixed assets	(5,144)	(8,847)	(27,130)	(7,425)
Net cash flows from investing activities	(7,370)	(21,539)	(27,278)	(7,581)
Cash flows from financing activities				
Increase/decrease from loans	(3,072)	6,501	5,881	(2,133)
Increase/decrease from capital & share premium	-	-	-	-
Others	(5,071)	-	-	-
Dividend paid	(3,666)	(3,853)	(3,764)	(4,050)
Net cash flows from financing activities	(11,809)	2,648	2,117	(6,183)
Increase/decrease in net cash	1,678	(7,575)	(8,524)	3,177

Statement of Financial Position (Million B)				
At 31 December	2020	2021F	2022F	2023F
Assets				
Cash and cash equivalents	20,289	12,714	4,190	7,368
Accounts receivable	9,084	9,799	9,773	10,105
Inventory	6,253	8,754	8,514	8,772
Other current assets	3,290	3,290	3,619	3,981
Net PP&E	99,978	98,725	114,964	111,362
Goodwill	36,105	36,105	36,105	36,105
Total assets	256,656	265,580	275,724	278,743
Liabilities and Shareholders' Equity				
Account payables	3,952	9,338	9,082	9,356
Other current liabilities	1,724	1,724	1,724	1,724
Short-term bank payables	11,993	2,940	2,940	2,940
Long-term bank payables	92,321	107,875	113,756	111,623
Total liabilities	144,789	149,718	155,252	153,311
Paid-up share capital	28,197	28,197	28,197	28,197
Premium on share capital	70,176	70,176	70,176	70,176
Retained earning	22,091	25,792	29,482	33,452
Shareholders' equity	111,867	115,862	120,472	125,431
Total liabilities and shareholders' equity	256,656	265,580	275,724	278,743

Assumption

At 31 December	2020	2021F	2022F	2023F
Power capacity (equity MW)	4,766	5,844	6,358	6,482
Average exchange rate THB/USD	30	30	30	30
Power selling price to EGAT (B/unit)	3.00	2.97	3.00	3.00
Power selling price to industrial customers (B/unit)	3.10	3.07	3.10	3.10
Avg. steam selling price (B/ton)	1,030	1,030	1,030	1,030
Avg. gas selling price (B/MMBTU)	260	240	250	250

Source : ASPS Research