

EQUITY TALK

Company Update

BY RESEARCH DIVISION

May 3, 2022



Profit to fall in 1Q22 but grow in 2Q22

1Q22 net profit is estimated to plunge 70.9%qoq. Extraordinary profit is expected to fall. 1Q22 normalized profit is projected to drop despite higher power sales income due to higher cost of gas and coal. 2Q22 normalized profit is expected to grow qoq as power demand enters peak season, Ft rate is hiked, and GLOW Energy phase 5 operates for a full quarter, while energy cost is projected to stay high.

We revise down 2022-2023 normalized profit forecast, so fair value drops from B86.5 to B82.5. Although GPSC already fell and has 24% upside now, it may drop due to weak profit in 1Q22. We recommend gradually accumulating on weakness.

GPSC

Rec. : **BUY**

Current Price (B) 66.50

Target Price (B) 82.50

Upside (%) 24.06

Dividend Yield (%) 1.75

Key Financial Forecast

Ending Dec 31	2020	2021	2022F	2023F	2024F
Net Profit	7,508	7,319	4,706	5,982	7,603
Normalized Profit	8,962	7,737	5,814	7,682	9,303
Normalized EPS (B)	3.2	2.7	2.1	2.7	3.3
EPS (B)	2.7	2.6	1.7	2.1	2.7
PER (x)	30.2	31.0	48.2	37.9	29.9
DPS (B)	1.50	1.50	1.17	1.48	1.49
Dividend Yield (%)	2.3%	2.3%	1.8%	2.2%	2.2%
EV/EBITDA	13.6	14.1	17.8	15.6	13.6
No. of Shares (million units)	2,819.7	2,819.7	2,819.7	2,819.7	2,819.7

Source: ASPS Research

RESEARCH DIVISION
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Technical Chart

Technical Comment



GPSC Price Trend: Sideway

Supportive: 64.25

Resistance : 72.50

Source: ASPS Research

Consensus Analysis

ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2022F	2.10	2.31	-9%
2023F	2.72	2.83	-4%

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	4Q21	1Q22F	%QoQ	%YoY	2021	2020	%YoY
Revenue	18,308	18,138	16,601	16,531	16,624	18,234	17,996	22,019	25,586	16.2%	53.9%	74,874	69,578	7.6%
Cost of Sales	(14,995)	(14,566)	(13,263)	(13,625)	(13,314)	(14,895)	(15,254)	(20,272)	(24,511)	20.9%	84.1%	(63,736)	(56,448)	12.9%
Gross Profit	3,313	3,572	3,338	2,906	3,310	3,339	2,742	1,746	1,074	-38.5%	-67.5%	11,138	13,129	-15.2%
Shared Profit from Associates	(68)	110	638	244	207	519	690	120	106	-11.9%	-48.9%	1,536	924	66.2%
Operating Profit	2,953	3,563	4,115	2,875	3,419	3,768	3,230	2,475	1,402	-43.3%	-59.0%	12,892	13,506	-4.5%
Interest Expense	(1,041)	(991)	(1,026)	(965)	(974)	(987)	(998)	(901)	(900)	-0.1%	-7.6%	(3,860)	(4,024)	-4.1%
Extraordinary Items	(398)	(373)	(342)	(342)	(269)	(176)	(390)	417	27	-93.5%	-110.0%	(418)	(1,454)	-71.2%
Normalized Profit (incl. reversal of GLOW amortization)	1,977	2,269	2,916	1,800	2,243	2,478	2,265	751	314	-58.2%	-86.0%	7,737	8,962	-13.7%
Net Profit	1,580	1,896	2,574	1,458	1,973	2,302	1,875	1,168	340	-70.9%	-82.8%	7,319	7,508	-2.5%
EPS (B)	0.56	0.67	0.91	0.52	0.70	0.82	0.66	0.41	0.12	-70.8%	-82.7%	2.60	2.66	-2.5%
Gross Margin	18.1%	19.7%	20.1%	17.6%	19.9%	18.3%	15.2%	7.9%	4.2%			14.9%	18.9%	
Net Profit Margin	8.6%	10.5%	15.5%	8.8%	11.9%	12.6%	10.4%	5.3%	1.3%			9.8%	10.8%	

Source : ASPS Research

GPSC's Growth Strategies



Source : GPSC

GPSC's Capacity



Source : GPSC

Key Recommendation

Company	REC/RB Rating	Current Price	Target Price	Upside (%)	PBV	PER
					2022F	2023F
CHINA						
CHINA YANGTZE-A	4.95	22.7	27.5	21.2%	2.7	2.5
HUANENG POWER-H	3.69	4.0	4.2	5.3%	0.5	0.5
DATANG INTL PO-H	5.00	1.3	1.8	41.7%	-	-
HONGKONG						
CHINA POWER INTE	4.82	3.9	5.1	32.7%	0.9	0.9
CHINA RES POWER	4.74	15.0	21.2	41.6%	0.7	0.7
CLP HOLDINGS	3.86	76.5	83.3	8.8%	1.6	1.6
KOREA						
KOREA ELEC POWER	3.64	23100.0	25000.0	8.2%	0.3	0.3
JAPAN						
ELECTRIC POWER D	3.00	1787.0	1887.5	5.6%	0.4	0.4
CHUBU ELEC POWER	3.00	1312.0	1176.0	-10.4%	0.5	0.5
CHUGOKU ELEC PWR	3.00	854.0	1020.0	19.4%	0.5	0.5
MALAYSIA						
TENAGA NASIONAL	4.00	9.0	10.9	21.1%	0.9	0.8
PETRONAS GAS BHD	4.15	17.0	18.6	9.4%	2.5	2.5
INDIA						
POWER GRID CORP	4.52	227.8	231.3	1.6%	2.0	1.9
NTPC LTD	4.82	156.2	176.9	13.3%	1.0	1.0
NHPC LTD	4.44	33.2	37.3	12.3%	1.0	0.9
PHILIPPINES						
FIRST GEN CORP	4.45	23.3	33.5	43.7%	0.5	0.4
ABOTIF POWER	4.22	32.2	37.5	16.8%	1.5	1.4
THAILAND						
RATCHABURI ELEC	BUY	44.50	76.00	70.8%	1.1	1.0
ELEC GENERATING	BUY	170.00	234.00	37.6%	8.2	7.3
GLOBAL POWER SYNERGY	BUY	78.25	90.00	15.0%	0.7	0.7
GULF ENERGY	BUY	49.00	52.00	6.1%	1.3	1.3
CK POWER	BUY	4.96	6.40	29.1%	2.0	1.9
BANPU POWER	Switch	16.60	20.00	20.5%	1.2	1.2
BGRIMM POWER	BUY	35.25	56.75	61.0%	0.9	0.8
					1.5	1.4
					11.9	10.5

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



2022-2024F Earnings Forecast

Statement of Income (Million B)				
At 31 December	2021	2022F	2023F	2024F
Revenue	74,874	68,783	73,945	71,006
Cost of sales	(63,736)	(59,463)	(62,408)	(57,216)
Gross profit	11,138	9,320	11,537	13,790
SG&A	(2,963)	(1,954)	(2,250)	(2,875)
Shared profit from associates	1,536	1,921	2,302	2,548
EBIT	12,892	10,729	12,538	14,413
Interest expenses	(3,860)	(4,238)	(4,655)	(4,591)
Other income	3,275	1,442	950	950
Earning before taxes	9,032	6,492	7,884	9,823
Income taxes	(1,192)	(1,025)	(1,163)	(1,281)
Normalized profit	7,737	5,814	7,682	9,303
(incl. reversal of GLOW amortization)				
Fx gain / loss	(55)	-	-	-
Minority interest	522	761	738	938
Net profit	7,319	4,706	5,982	7,603
Revenue growth	7.6%	-8.1%	7.5%	-4.0%
Net profit growth	-2.5%	-35.7%	27.1%	27.1%
Gross profit margin	14.9%	13.6%	15.6%	19.4%
Net profit margin	9.8%	6.8%	8.1%	10.7%

Quarterly Statement of Income (Million B)				
	1Q21	2Q21	3Q21	4Q21
Revenue	16,624	18,234	17,996	22,019
Cost of sales	(13,314)	(14,895)	(15,254)	(20,272)
Gross profit	3,310	3,339	2,742	1,746
SG&A	(460)	(545)	(474)	(1,484)
Shared profit from associates	207	519	690	120
EBIT	3,419	3,768	3,230	2,475
Interest expenses	(974)	(987)	(998)	(901)
Other income	360	523	367	2,024
Earning before taxes	2,445	2,781	2,232	1,574
Income taxes	(453)	(348)	(295)	(97)
Normalized profit	2,243	2,478	2,265	751
Fx gain / loss	12	2	(68)	(95)
Minority interest	19	132	63	309
Net profit	1,973	2,302	1,875	1,168
Revenue growth	0.6%	9.7%	-1.3%	22.3%
Net profit growth	35.4%	16.7%	-18.6%	-37.7%
Gross profit margin	19.9%	18.3%	15.2%	7.9%
Net profit margin	11.9%	12.6%	10.4%	5.3%

Financial Ratio				
At 31 December	2021	2022F	2023F	2024F
Current ratio (x)	2.0	1.1	1.2	1.6
Receivable Turnover (x)	6.6	6.0	7.4	7.0
Inventory Turnover (x)	9.7	7.5	6.8	6.4
Inventory Turnover (x)	12.3	7.5	6.4	6.0
Debt to Equity	1.3	1.3	1.2	1.1
Net gearing	72.7%	87.7%	81.4%	69.2%
Return on Asset	2.8%	1.7%	2.2%	2.9%
Return on Equity	6.4%	4.0%	5.0%	6.1%

Source : ASPS Research



2022-2024F Earnings Forecast (Cont.)

Statement of Cash Flows (Million B)				
At 31 December	2021	2022F	2023F	2024F
Cash flows from operating activities				
Net profit	9,032	6,492	7,884	9,823
<u>Adjustment:</u>				
Depreciation and amortisation	9,232	7,884	8,398	8,772
Unrealized Fx gain/loss	38	-	-	-
Others	11,657	6,491	7,884	9,823
Increase/decrease from operation	(4,818)	(7,724)	(1,108)	(311)
Net cash flows from operating activities	16,109	6,651	15,173	18,283
Cash flows from investing activities				
Increase/decrease from short-term investment	(67)	3,603	5	5
Increase/decrease from related investment	(15,170)	-	(154)	(162)
Increase/decrease from fixed assets	(4,373)	(22,745)	(6,973)	(2,071)
Net cash flows from investing activities	(19,610)	(19,142)	(7,121)	(2,228)
Cash flows from financing activities				
Increase/decrease from loans	19,148	6,842	(5,554)	(3,585)
Increase/decrease from capital & share premium	-	-	-	-
Others	(17,642)	-	-	-
Dividend paid	(4,230)	(4,230)	(3,290)	(4,182)
Net cash flows from financing activities	(2,724)	2,612	(8,844)	(7,767)
Increase/decrease in net cash	(6,225)	(9,878)	(793)	8,288

Statement of Financial Position (Million B)				
At 31 December	2021	2022F	2023F	2024F
Cash and cash equivalents	13,793	3,914	3,122	11,410
Accounts receivable	13,441	9,630	10,352	9,941
Inventory	6,938	8,919	9,361	8,582
Other current assets	3,231	3,554	3,910	4,301
Net PP&E	95,581	112,518	109,120	100,348
Goodwill	36,090	36,090	36,090	36,090
Total assets	270,379	267,801	266,074	265,952
Account payables	6,407	9,514	9,985	9,155
Other current liabilities	3,936	3,936	3,936	3,936
Short-term bank payables	9,121	10,121	7,121	7,121
Long-term bank payables	92,511	98,352	95,798	92,213
Total liabilities	152,632	148,817	143,660	139,178
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	25,180	25,656	28,348	31,769
Shareholders' equity	117,748	118,984	122,414	126,774
Total liabilities and shareholders' equity	270,379	267,801	266,074	265,952

Assumption

At 31 December	2021	2022F	2023F	2024F
Power capacity (equity MW)	5,844	6,358	6,482	6,607
Average exchange rate THB/USD	30	30	30	30
Power selling price to EGAT (B/unit)	2.97	3.10	3.10	3.10
Power selling price to industrial customers (B/unit)	3.07	3.20	3.20	3.20
Avg. steam selling price (B/ton)	1,030	1,030	1,030	1,030
Avg. gas selling price (B/MMBTU)	240	270	260	260

Source : ASPS Research