

July 22, 2022

### TO REBOUND IN 2Q22-3Q22

2Q22 net profit is estimated to jump 89.6%qoq to B593.9m. 2Q22 normalized profit is projected to increase 239.9%qoq to B839.9m. Gross margin is expected to rise as GLOW Energy phase 5 resumes 100% utilization for a full quarter, Ft rate is raised, and shared profit from XPCL grows in a high season. 3Q22 normalized profit is projected to grow qoq further as XPCL enters a high season and Fx is gradually hiked.

We maintain forecast. 2022 fair value is B82.5. 2H22 profit is expected to grow stronger than 1H22 thanks to Ft hike. Yet, energy cost may rise further amid the Russia-Ukraine war. Having over 25% upside now, gradually accumulate for long-term investment.

#### 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)	22.7	23.3	36.3	28.5	22.4
DPS (B)	1.50	1.50	1.17	1.48	1.49
Dividend Yield (%)	2.3%	2.3%	1.8%	2.3%	2.3%
EV/EBITDA	11.0	11.6	14.8	12.9	11.1
No. of Shares (million units)	2,819.7	2,819.7	2,819.7	2,819.7	2,819.7

Source: ASPS Research

#### TECHNICAL CHART



Source: ASPS Research

#### TECHNICAL COMMENT

GPSC Price Trend: Sideways

Supportive: 63.75

Resistance: 68.50

## GPSC

**REC.**

**BUY**

Current Price (B)	65.75
Target Price (B)	82.50
Upside (%)	25.5
Dividend yield (%)	1.8

#### ESG RATING

Arabesque S-Ray	64.65
Moody's	-
MSCI	B
Refinitiv	62.37
S&P	83.69
Source: Settrade	

CG Score	Excellent
Anti-corruption	Certified

#### CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2022F	1.67	1.64	2%
2023F	2.12	3.07	-31%

Source: ASPS Research / IAA consensus

#### RESEARCH DIVISION

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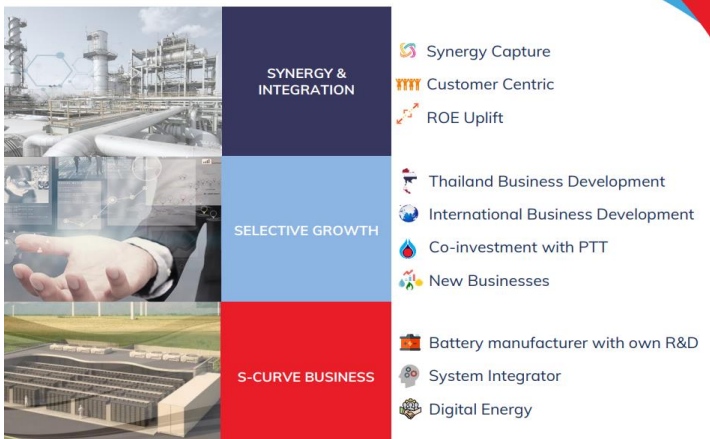
### Earnings Results by Quarter

Key Data (Million B)	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22F	%QoQ	%YoY	1H22	1H21	%YoY
Sales	18,138	16,601	16,531	16,624	18,234	17,996	22,019	27,261	29,001	6.4%	59.0%	56,261	34,858	61.4%
Cost of Sales	(14,566)	(13,263)	(13,625)	(13,314)	(14,895)	(15,254)	(20,272)	(26,559)	(27,752)	4.5%	86.3%	(54,311)	(28,210)	92.5%
Gross Profit	3,572	3,338	2,906	3,310	3,339	2,742	1,746	702	1,249	78.0%	-62.6%	1,950	6,649	-70.7%
Shared Profit from Associates	110	638	244	207	519	690	120	143	477	234.4%	-8.1%	620	726	-14.7%
Operating Profit	3,563	4,115	2,875	3,419	3,768	3,230	2,475	1,318	1,779	35.0%	-52.8%	3,097	7,187	-56.9%
Interest Expense	(991)	(1,026)	(965)	(974)	(987)	(998)	(901)	(974)	(992)	1.8%	0.5%	(1,966)	(1,961)	0.2%
Extraordinary Items	(373)	(342)	(342)	(269)	(176)	(390)	417	66	(246)	-474.7%	39.8%	(180)	(445)	-59.5%
Normalized Profit	2,269	2,916	1,800	2,243	2,478	2,265	751	248	840	239.3%	-66.1%	1,087	4,721	-76.96%
Net Profit	1,896	2,574	1,458	1,973	2,302	1,875	1,168	313	594	89.6%	-74.2%	907	4,276	-78.8%
EPS (B)	0.67	0.91	0.52	0.70	0.82	0.66	0.41	0.11	0.21	89.6%	-74.2%	0.32	1.52	-78.8%
Gross Margin	19.7%	20.1%	17.6%	19.9%	18.3%	15.2%	7.9%	2.6%	4.3%			3.5%	42.9%	
Net Profit Margin	10.5%	15.5%	8.8%	11.9%	12.6%	10.4%	5.3%	1.1%	2.0%			1.6%	32.2%	

Source : ASPS Research

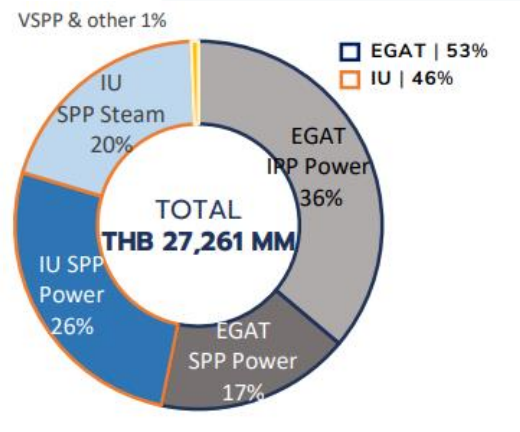
### GPSC'S GROWTH STRATEGIES

#### Strategic Directions and Growth Strategy | 3S Strategy



Source : GPSC

### GPSC'S CAPACITY



Source : GPSC

### KEY RECOMMENDATION

Company	REC/BB Rating	Current Price	Target Profit	Upside (%)	PBV			PER
					2022F	2023F	2022F	2023F
<b>CHINA</b>								
CHINA YANGTZE-A	4.90	24.3	27.7	13.9%	2.9	2.7	19.1	18.0
HUANENG POWER-H	3.93	3.9	4.6	16.5%	0.6	0.6	10.9	6.3
DATANG NTL PO-H	-	1.4	-	#VALUE!	-	-	1.3	1.1
<b>HONGKONG</b>								
CHINA POWER INTE	4.82	4.8	5.5	13.7%	1.2	1.1	16.5	11.8
CHINA RES POWER	4.74	15.6	20.2	29.1%	0.8	0.7	8.2	6.3
CLP HOLDINGS	3.38	66.0	70.8	7.3%	1.4	1.4	17.9	14.7
<b>KOREA</b>								
KOREA ELEC POWER	3.60	21500.0	25375.0	18.0%	0.3	0.4	-	-
<b>JAPAN</b>								
ELECTRIC POWER D	3.40	2295.0	2247.5	-2.1%	0.5	0.4	6.6	7.2
CHUBU ELEC POWER	3.00	1410.0	1338.0	-5.1%	0.5	0.5	-	8.0
CHUGOKU ELEC PWR	3.00	916.0	903.3	-1.4%	0.6	0.6	-	12.6
<b>MALAYSIA</b>								
TENAGA NASIONAL	3.30	8.0	9.8	22.9%	0.8	0.7	10.2	9.5
PETRONAS GAS BHD	3.85	16.4	17.9	9.1%	2.4	2.4	17.0	16.5
<b>INDIA</b>								
POWER GRID CORP	4.41	209.3	238.6	14.0%	1.8	1.6	10.0	9.5
NTPC LTD	4.82	149.8	186.1	24.3%	1.0	0.9	8.1	6.9
NHPC LTD	4.56	34.6	40.0	15.6%	0.9	0.9	9.2	7.4
<b>PHILIPPINES</b>								
FIRST GEN CORPOR	4.45	15.7	31.9	103.1%	0.3	0.3	3.7	2.9
ABOITIZ POWER	4.50	31.0	37.0	19.3%	1.5	1.4	11.6	9.5
<b>THAILAND</b>								
RATCHABURI ELEC	BUY	38.75	50.00	29.0%	0.7	0.7	11.0	10.1
ELEC GENERATING	BUY	186.00	214.00	15.1%	0.8	0.8	10.7	10.6
GLOBAL POWER SYNERGY	BUY	66.75	82.50	23.6%	1.6	1.5	40.0	31.5
GULF ENERGY	BUY	48.00	62.00	8.3%	4.7	4.3	40.4	36.5
CK POWER	BUY	5.45	6.40	17.5%	2.0	1.9	23.6	24.2
BANPU POWER	Switch	14.40	18.00	25.0%	0.9	0.9	11.9	10.7
B.GRIMMPower	BUY	37.25	35.00	-6.0%	2.3	2.2	131.1	37.5
					1.3	1.2	11.5	10.2

Source : ASPS Research / Bloomberg

### ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

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

**Social** – GPSC established Sam 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)

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

	2Q21	3Q21	4Q21	1Q22
Revenue	18,234	17,996	22,019	27,261
Cost of sales	(14,895)	(15,254)	(20,272)	(26,559)
<b>Gross profit</b>	<b>3,339</b>	<b>2,742</b>	<b>1,746</b>	<b>702</b>
SG&A	(545)	(474)	(1,484)	(421)
Shared profit from associates	519	690	120	143
<b>EBIT</b>	<b>3,768</b>	<b>3,230</b>	<b>2,475</b>	<b>1,318</b>
Interest expenses	(987)	(998)	(901)	(974)
Other income	523	367	2,024	962
<b>Earning before taxes</b>	<b>2,781</b>	<b>2,232</b>	<b>1,574</b>	<b>344</b>
Income taxes	(348)	(295)	(97)	34
<b>Normalized profit</b>	<b>2,478</b>	<b>2,265</b>	<b>751</b>	<b>248</b>
Fx gain / loss	2	(68)	(95)	68
Minority interest	132	63	309	64
<b>Net profit</b>	<b>2,302</b>	<b>1,875</b>	<b>1,168</b>	<b>313</b>
Revenue growth	9.7%	-1.3%	22.3%	23.8%
Net profit growth	16.7%	-18.6%	-37.7%	-73.2%
Gross profit margin	18.3%	15.2%	7.9%	2.6%
Net profit margin	12.6%	10.4%	5.3%	1.1%

#### Financial Ratio

<i>At 31 December</i>	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
<b>Cash flows from operating activities</b>				
Net profit	9,032	6,492	7,884	9,823
<b>Adjustment:</b>				
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)
<b>Net cash flows from operating activities</b>	<b>16,109</b>	<b>6,651</b>	<b>15,173</b>	<b>18,283</b>
<b>Cash flows from investing activities</b>				
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)
<b>Net cash flows from investing activities</b>	<b>(19,610)</b>	<b>(19,142)</b>	<b>(7,121)</b>	<b>(2,228)</b>
<b>Cash flows from financing activities</b>				
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)
<b>Net cash flows from financing activities</b>	<b>(2,724)</b>	<b>2,612</b>	<b>(8,844)</b>	<b>(7,767)</b>
<b>Increase/decrease in net cash</b>	<b>(6,225)</b>	<b>(9,878)</b>	<b>(793)</b>	<b>8,288</b>

#### Statement of Financial Position (Million B)

At 31 December	2021	2022F	2023F	2024F
<b>Cash and cash equivalents</b>	<b>13,793</b>	<b>3,914</b>	<b>3,122</b>	<b>11,410</b>
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
<b>Total assets</b>	<b>270,379</b>	<b>267,801</b>	<b>266,074</b>	<b>265,952</b>
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
<b>Total liabilities</b>	<b>152,632</b>	<b>148,817</b>	<b>143,660</b>	<b>139,178</b>
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
<b>Shareholders' equity</b>	<b>117,748</b>	<b>118,984</b>	<b>122,414</b>	<b>126,774</b>
<b>Total liabilities and shareholders' equity</b>	<b>270,379</b>	<b>267,801</b>	<b>266,074</b>	<b>265,952</b>

#### 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)	<b>265</b>	<b>390</b>	<b>350</b>	<b>275</b>

Source : ASPS Research