

August 9, 2022

2Q22 PROFIT ABOVE FORECAST. FURTHER GROW IN 3Q22

2Q22 net profit rebounded 118.3%qoq to B683.8m. Notably, 2Q22 normalized profit increased 415.8%qoq to B1.3bn. Gross margin improved because GLOW Energy phase 5 resumed working for a full quarter, GHECO-One had a fewer days of unplanned shutdown, and shared profit from XPCL grew in high season. 3Q22 normal profit is expected to grow qoq as XPCL enters a peak season, dividend from RPCL is booked, and Ft rate is raised.

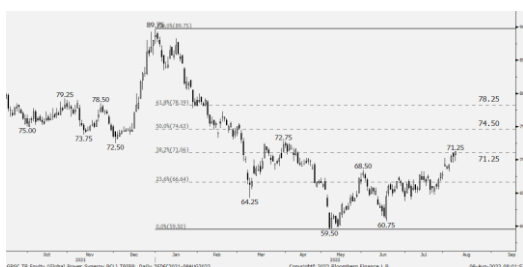
We revise down 2022-2023, so 2022 fair value (DCF) drops from B82.5 to B80. Profit is expected to grow further in the long term, after passing the year's low in 1Q22. GPSC already rose more than 15% in two months to reflect the Ft rate hike, but it still has 12% upside. We recommend gradually buying for long-term investment.

KEY FINANCIAL FORECAST

Ending Dec 31	2020	2021	2022F	2023F	2024F
Net Profit	7,508	7,319	3,699	5,697	7,474
Normalized Profit	8,962	7,737	4,807	7,397	9,174
Normalized EPS* (B)	3.2	2.7	1.7	2.6	3.3
EPS (B)	2.7	2.6	1.3	2.0	2.7
PER (x)	29.5	30.2	59.8	38.9	29.6
DPS (B)	1.50	1.50	1.11	1.46	1.54
Dividend Yield (%)	2.1%	2.1%	1.6%	2.0%	2.2%
EV/EBITDA	13.3	13.9	18.6	15.7	13.5
No. of Shares	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: 71.25

Resistance: 74.50 / 78.25

GPSC

REC.

BUY

Current Price (B)	71.25
Target Price (B)	80.0
Upside (%)	12.3
Dividend yield (%)	1.6

ESG RATING

Arabesque S-Ray	64.65
Moody's	-
MSCI	B
Refinitiv	62.75
S&P	83.69
Source: Settrade	
CG Score	Excellent
Anti-corruption	Certified

CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2022F	1.30	1.62	-20%
2023F	2.00	2.92	-32%

Source: ASPS Research / IAA consensus

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Earnings Results by Quarter

Key Data (Million B)	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY	1H22	1H21	%YoY
Sales	18,138	16,601	16,531	16,624	18,234	17,996	22,019	27,261	27,719	1.7%	52.0%	54,980	34,858	57.7%
Cost of Sales	(14,566)	(13,263)	(13,625)	(13,314)	(14,895)	(15,254)	(20,272)	(26,559)	(26,231)	-1.2%	76.1%	(52,790)	(28,210)	87.1%
Gross Profit	3,572	3,338	2,906	3,310	3,339	2,742	1,746	702	1,489	112.2%	-55.4%	2,190	6,649	-67.1%
Shared Profit from Associates	110	638	244	207	519	690	120	143	432	203.0%	-16.8%	575	726	-20.9%
Operating Profit	3,563	4,115	2,875	3,419	3,768	3,230	2,475	1,318	1,907	44.8%	-49.4%	3,225	7,187	-55.1%
Interest Expense	(991)	(1,026)	(965)	(974)	(987)	(998)	(901)	(974)	(1,046)	7.4%	6.0%	(2,020)	(1,961)	3.0%
Extraordinary Items	(373)	(342)	(342)	(269)	(176)	(390)	417	66	(593)	-1003.2%	236.9%	(527)	(445)	18.5%
Normalized Profit														
(incl. reversal of GLOW amortization)	2,269	2,916	1,800	2,243	2,478	2,265	751	248	1,277	415.8%	-48.5%	1,524	4,721	-67.71%
Net Profit	1,896	2,574	1,458	1,973	2,302	1,875	1,168	313	684	118.3%	-70.3%	997	4,276	-76.7%
EPS (B)	0.67	0.91	0.52	0.70	0.82	0.66	0.41	0.11	0.24	118.3%	-70.3%	0.35	1.52	-76.7%
Gross Margin	19.7%	20.1%	17.6%	19.9%	18.3%	15.2%	7.9%	2.6%	5.4%			4.0%	42.9%	
Net Profit Margin	10.5%	15.5%	8.8%	11.9%	12.6%	10.4%	5.3%	1.1%	2.5%			1.8%	32.2%	

Source : ASPS Research

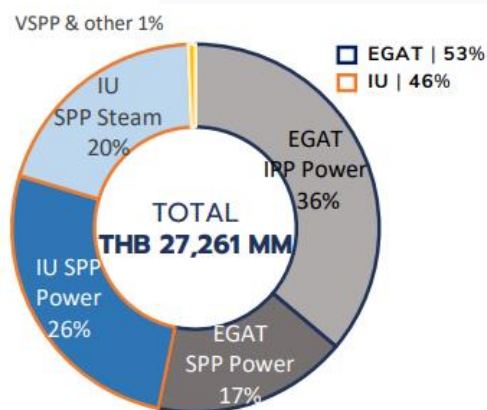
GPSC'S GROWTH STRATEGIES

Strategic Directions and Growth Strategy | 3S Strategy



Source : GPSC

GPSC'S CAPACITY



Source : GPSC

KEY RECOMMENDATION

Company	REC./BB Rating	Current Price	Target Price	Upside (%)	PBV 2022F	PER 2022F	PER 2023F
CHINA							
CHINA YANGTZE-A	4.90	24.1	27.7	14.9%	2.9	2.7	19.0
HUANENG POWER-H	4.19	3.5	4.1	18.1%	0.5	0.5	25.0
DATANG INTL PO-H	-	1.4	-	#VALUE!	-	-	1.2
HONGKONG							
CHINA POWER INTE	4.82	3.9	5.3	34.7%	1.0	0.9	13.6
CHINA RES POWER	4.74	13.7	20.1	46.7%	0.7	0.6	7.6
CLP HOLDINGS	3.38	65.6	72.4	10.4%	1.4	1.4	15.6
KOREA							
KOREA ELEC POWER	3.67	21800.0	25529.4	17.1%	0.3	0.4	-
JAPAN							
ELECTRIC POWER D	3.40	1952.0	2222.5	13.9%	0.4	0.4	5.6
CHUBU ELEC POWER	3.00	1360.0	1338.0	-1.6%	0.5	0.5	186.9
CHUGOKU ELEC PWR	3.00	826.0	903.3	9.4%	0.5	0.5	-
MALAYSIA							
TENAGA NASIONAL	3.30	8.5	9.9	17.1%	0.8	0.8	10.8
PETRONAS GAS BHD	3.85	17.1	18.1	5.8%	2.5	2.5	17.7
INDIA							
POWER GRID CORP	4.41	223.7	237.2	6.1%	1.9	1.8	10.5
NTPC LTD	4.81	155.6	185.2	19.0%	1.0	0.9	8.4
NHPC LTD	4.56	35.9	40.0	11.4%	1.0	0.9	9.5
PHILIPPINES							
FIRST GEN CORP	4.50	17.0	30.7	80.1%	0.3	0.3	4.0
ABOITE POWER	4.50	31.0	36.0	16.2%	1.5	1.4	12.0
THAILAND							
RATCHABURI ELEC	BUY	38.75	50.00	29.0%	0.7	0.7	11.0
ELEC GENERATING	BUY	187.00	214.00	14.4%	0.8	0.8	10.7
GLOBAL POWER SYNERGY	BUY	69.00	82.50	19.6%	1.6	1.6	41.3
GULF ENERGY	BUY	47.75	53.00	11.0%	4.6	4.2	39.2
CK POWER	BUY	5.35	6.40	19.7%	2.0	1.9	23.2
BANPU POWER	Switch	15.20	18.00	18.4%	0.9	0.9	12.5
BGRIMM POWER	BUY	39.00	44.00	12.8%	2.5	2.3	137.3
					1.3	1.2	12.1

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 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	70,457	75,846	71,660
Cost of sales	(63,736)	(62,157)	(64,617)	(58,031)
Gross profit	11,138	8,300	11,229	13,629
SG&A	(2,963)	(1,984)	(2,284)	(2,886)
Shared profit from associates	1,536	1,921	2,302	2,548
EBIT	12,892	9,679	12,197	14,241
Interest expenses	(3,860)	(4,238)	(4,655)	(4,591)
Other income	3,275	1,442	950	950
Earning before taxes	9,032	5,442	7,543	9,651
Income taxes	(1,192)	(982)	(1,142)	(1,254)
Normalized profit	7,737	4,807	7,397	9,174
(incl. reversal of GLOW amortization)				
Fx gain / loss	(55)	-	-	-
Minority interest	522	761	703	922
Net profit	7,319	3,699	5,697	7,474
Revenue growth	7.6%	-5.9%	7.6%	-5.5%
Net profit growth	-2.5%	-49.5%	54.0%	31.2%
Gross profit margin	14.9%	11.8%	14.8%	19.0%
Net profit margin	9.8%	5.2%	7.5%	10.4%

Quarterly Statement of Income (Million B)

	3Q21	4Q21	1Q22	2Q22
Revenue	17,996	22,019	27,261	27,719
Cost of sales	(15,254)	(20,272)	(26,559)	(26,231)
Gross profit	2,742	1,746	702	1,489
SG&A	(474)	(1,484)	(421)	(457)
Shared profit from associates	690	120	143	432
EBIT	3,230	2,475	1,318	1,907
Interest expenses	(998)	(901)	(974)	(1,046)
Other income	367	2,024	962	628
Earning before taxes	2,232	1,574	344	861
Income taxes	(295)	(97)	34	(53)
Normalized profit	2,265	751	248	1,277
Fx gain / loss	(68)	(95)	68	(68)
Minority interest	63	309	64	124
Net profit	1,875	1,168	313	684
Revenue growth	-1.3%	22.3%	23.8%	1.7%
Net profit growth	-18.6%	-37.7%	-73.2%	118.3%
Gross profit margin	15.2%	7.9%	2.6%	5.4%
Net profit margin	10.4%	5.3%	1.1%	2.5%

Financial Ratio

At 31 December	2021	2022F	2023F	2024F
Current ratio (x)	2.0	1.0	1.2	1.5
Receivable Turnover (x)	6.6	6.0	7.4	6.9
Inventory Turnover (x)	9.7	7.6	6.8	6.3
Inventory Turnover (x)	12.3	7.6	6.4	5.9
Debt to Equity	1.3	1.3	1.2	1.1
Net gearing	72.7%	89.5%	83.3%	70.9%
Return on Asset	2.8%	1.4%	2.1%	2.8%
Return on Equity	6.4%	3.1%	4.8%	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	5,442	7,543	9,651
Adjustment:				
Depreciation and amortisation	9,232	7,884	8,398	8,772
Unrealized Fx gain/loss	38	-	-	-
Others	11,657	5,441	7,543	9,650
Increase/decrease from operation	(4,818)	(7,888)	(1,124)	(124)
Net cash flows from operating activities	16,109	5,437	14,817	18,299
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)	(3,134)	(4,111)
Net cash flows from financing activities	(2,724)	2,612	(8,688)	(7,696)
Increase/decrease in net cash	(6,225)	(11,092)	(993)	8,375

Statement of Financial Position (Million B)

At 31 December	2021	2022F	2023F	2024F
Cash and cash equivalents	13,793	2,700	1,707	10,082
Accounts receivable	13,441	9,864	10,618	10,032
Inventory	6,938	9,324	9,693	8,705
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	267,225	265,258	264,838
Account payables	6,407	9,945	10,339	9,285
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	149,248	144,013	139,308
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	24,649	27,213	30,576
Shareholders' equity	117,748	117,977	121,244	125,530
Total liabilities and shareholders' equity	270,379	267,225	265,258	264,838

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)	3.0	3.4	3.4	3.2
Power selling price to industrial customers (B/unit)	3.1	3.5	3.5	3.3
Avg. steam selling price (B/ton)	1,030	1,030	1,030	1,030
Avg. gas selling price (B/MMBTU)	265	460	400	300

Source : ASPS Research