

**CK Power Pcl (CKP TB) - BUY**

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**News Update****Turnaround outlook intact**

- **Hydropower output rose 18% y-y in November**
- **Water situation sets for a nice turnaround in 1H24F**
- **Margin hiccup in SPP posts a slight earnings drag**
- **We maintain BUY**

CKP sold 740GWh of electricity from its two hydropower plants in November, increased by 18% y-y, supported by stronger water availability in Indochina region this year. We see high water level at NN2's reservoir as a positive indicator for a strong electricity output from the project into 1H24F. Despite a slight drag from margin hiccup at BIC gas-fired SPP plant, due to government's intervention on electricity prices, we maintain our view that 4Q23F would mark the first quarter of an earnings turnaround for CKP after a tough year of El Nino impacts.

- **Xayaburi (XPCL, hydro, 546MW):** Electricity output from XPCL project was 588GWh, up 17% y-y supported by stronger water flow rate at 2,918 cm/s this year (3% better than the same period last year). The output dropped 32% m-m on seasonal impact that rainy season in Indochina region had already passed, therefore lower rainfalls. The output implies 64% capacity factor for XPCL this month.
- **Nam Ngum 2 (NN2, hydro, 283MW):** NN2 generated 152GWh electricity output in November, equivalent to 34% capacity factor. It increased 23% y-y, thanks to higher water inflow to the project's reservoir in the rainy season this year. The output dropped 52% m-m mainly due to the seasonal impact and partially by design that CKP reserves water for a stronger generation next year. Water level at its reservoir was 370m above-sea-level this month (vs. 361m in the same period last year). This indicates a higher power generation from NN2 in 1H24F (compared to 1H23).
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** BIC sold 122GWh of electricity in November, dropped slightly by 1% y-y. Steam volume sale also declined 3% y-y to 6,810 tons. We expect BIC's margin to be contracted again in 4Q23F after an electricity price cut by the new government despite fuel prices remain elevated this quarter. However, we see this as only a slight earnings drag for CKP as it should be more than offset by strong electricity output from its hydropower projects.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms and solar rooftop projects was 1.89GWh in November, 6% higher than the same period last year. The business unit remains small in CKP's portfolio.

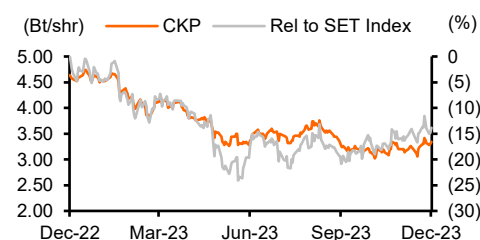
**Key Valuations**

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Revenue	10,904	10,481	10,082	10,109
Net profit	2,436	1,311	1,724	2,127
Norm net profit	2,499	1,311	1,724	2,127
Norm EPS (Bt)	0.3	0.2	0.2	0.3
Norm EPS gr (%)	22.6	(47.5)	31.5	23.4
Norm PE (x)	10.9	20.7	15.8	12.8
EV/EBITDA (x)	17.2	10.9	10.6	10.0
P/BV (x)	1.0	1.0	1.0	0.9
Div. yield (%)	2.5	2.7	2.7	2.7
ROE (%)	9.7	4.9	6.2	7.4
Net D/E (%)	60.3	55.7	51.0	45.5

Source: Thanachart estimates

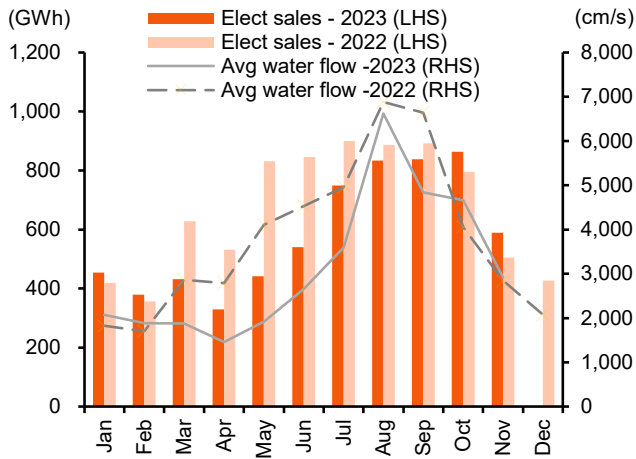
**Stock Data**

Closing price (Bt)	3.34
Target price (Bt)	4.80
Market cap (US\$ m)	790
Avg daily turnover (US\$ m)	0.5
12M H/L price (Bt)	4.74/3.02

**Price Performance**

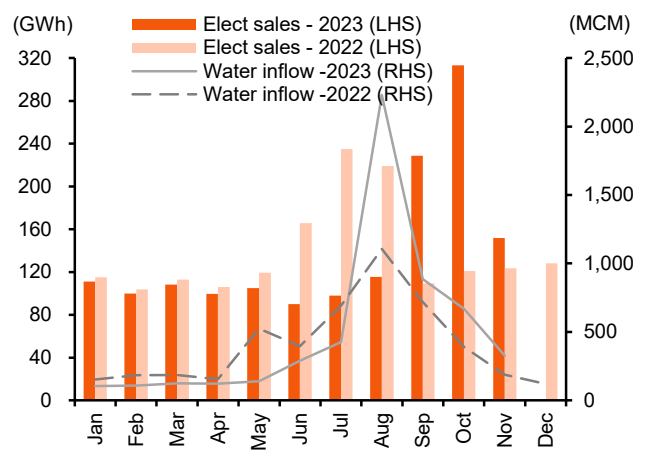
Source: Bloomberg

**Ex 1: Higher XPCL's Output Y-Y**



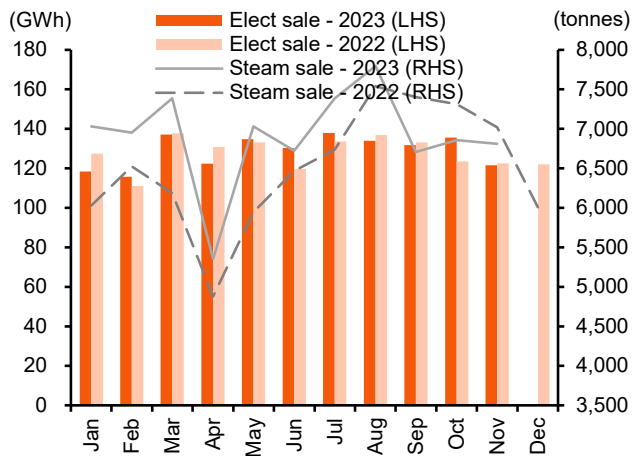
Sources: Company data

**Ex 2: Strong Water Level In NN2's Reservoir**



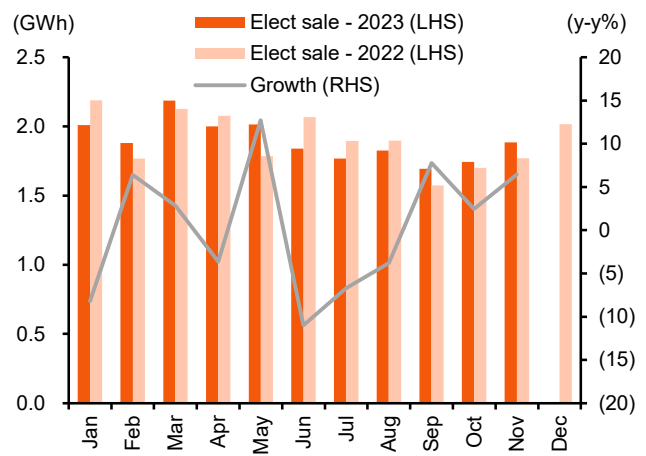
Sources: Company data

**Ex 3: Margin Hiccup, But Stable Volume From BIC**



Sources: Company data

**Ex 4: No Significant Impact From Solar Farms**



Sources: Company data

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