

**Recent ratings changes**

Date	Company
30/05	CK Power (CKP.BK/CKP TB)*: Neither turning back nor moving on
25/05	Betagro (BTG.BK/BTG TB): Cloudy outlook
25/05	Thaifoods Group (TFG.BK/TFG TB): Significant impact from lower swine price
22/05	Royal Plus (PLUS.BK/PLUS TB)*: Looking to cost savings to boost growth
15/05	COM 7 (COM7.BK/COM7 TB)*: 1Q23 earnings review: Above forecast
10/05	Ngern Tid Lor (TIDLOR.BK/TIDLOR TB)*: 1Q23 earnings review: Asset quality stabilized
09/05	Dohome PCL (DOHOME.BK/DOHOME TB)*: 1Q23 earnings review: In-line
09/05	R&B Food Supply (RBF.BK/RBF TB)*: 1Q23F earnings preview: GPM to improve QoQ
08/05	Pilatus Marine (PLT.BK/PLT TB): Expanding LPG fleet overseas
02/05	BBGI Pcl. (BBGI.BK/BBGI TB): 1Q23F earnings preview: Softer ethanol contribution
02/05	Singer Thailand (SINGER.BK/SINGER TB)*: Reshuffling management at critical time
27/04	WHA Corporation PCL (WHA.BK/WHA TB)*: 1Q23F earnings preview: Positive outlook mostly priced-in
24/04	GFPT (GFPT.BK/GFPT TB): 1Q23F earnings preview: Expect drop YoY and QoQ
19/04	Betagro (BTG.BK/BTG TB): 1Q23F earnings preview: Pressured by squeezed margin
10/04	i-Tail Corporation (ITC.BK/ITC TB): Long-term growth remains intact
10/04	Panjawattana Plastic (PJW.BK/PJW TB): U-rate recovery, margin improving
30/03	KCE Electronics (KCE.BK/KCE TB)*: Auto industry to improve
30/03	Krungthai Card (KTC.BK/KTC TB)*: Enjoying higher credit card spending toward mid-year
29/03	Srinanaporn Marketing PCL (SNNP.BK/SNNP TB)*: Savory snack
28/03	AEON Thana Sinsap (AEONTS.BK/AEONTS TB)*: 4Q22/23F earnings preview: Bottom quarter
28/03	Muangthai Capital (MTC.BK/MTC TB)*: NPL rising at slower pace
27/03	Electronics Sector: Put your hand in the chest
24/03	Bank Sector: Banks grow more loans in Feb-23
16/03	Mena Transport (MENA.BK/MENA TB): The sunshine road
16/03	MK Restaurant Group (M.BK/M TB)*: Pressure on GPM
15/03	Siam Wellness Group (SPA.BK/SPA TB): Riding the theme of Chinese tourist recovery

**Company Update 03**

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**TH** Siam Wellness Group (SPA.BK/SPA TB)

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**Highlight**
**TH Charoen Pokphand Foods (CPF.BK/CPF TB)\*: CTI's loss is a major headwind**

CPF's performance will be heavily impacted by the operation of its associate in China, CTI, which is expected to generate loss this year due to the slump in the swine price. Meanwhile, operations in other countries are also facing headwinds in both livestock and aquaculture businesses. We expect CPF to report a smaller net loss in 2Q23F than the loss of Bt2.73bn in 1Q23, before recovering strongly in 2H23F backed by a recovery in meat prices and lower feed cost. We revise down our net profit forecasts for CPF by 45% to Bt7.71bn (-45% YoY) in 2023F and 14% to Bt13.4bn (+74% YoY) in 2024F. We maintain a rating of Outperform, but cut our SoTP 2023 target price to Bt24.50, from Bt27.50.

**TH CK Power (CKP.BK/CKP TB)\*: Neither turning back nor moving on**

It seems like a seasonal rise in CKP's share price, which we expected to happen like in the past with our tactical call earlier, would not happen in 2023 given the higher-than-expected probability of El Niño and interest rate upcycle. The share price has fallen 25% YTD (near -2SD from its 1-year forward PE) and the Street has downgraded the company's 2023F earnings by 10%, but negatives remain from potential downgrade flows and a lackluster outlook over the next 3-5 years. Hence, we downgrade CKP to Neutral, from Outperform, with a lower target price of Bt4.00, from Bt5.60.

**TH Industrial Estate Sector: Share prices may reflect a good trend**

A pickup in demand for investment is expected to boost demand for IE land sales and benefit Amata Corporation (AMATA.BK/AMATA TB)\* and WHA Corporation (WHA.BK/WHA TB)\* this year. However, reaching a high level of land sales next year would be a challenge and possibly cap the upside of the share prices, after a rise of 30% since 2021. We rate the sector Neutral and rate Neutral on both AMATA (TP Bt22.00) and WHA (TP Bt4.50).

**TH Commodities Update: Looking ahead to the upcoming OPEC+ meeting**

Dubai crude price inched up 1% WoW to US\$75.3/bbl last Friday as the market is closely monitoring the OPEC+ meeting on June 4. Meanwhile, Russian Deputy Prime Minister Alexander Novak said he did not expect further OPEC+ crude output reductions from the upcoming meeting. For the refinery market, jet oil and diesel spreads declined 13% WoW to US\$12.9/bbl and 8% WoW to US\$13.9/bbl, respectively; however, gasoline spread soared 12% WoW to US\$17.4/bbl. With a higher gasoline spread, we expect Star Petroleum Refining (SPRC.BK/SPRC TB)\* and Thai Oil (TOP.BK/TOP TB)\* to benefit as they had high gasoline yields of 25% and 17% in 1Q23, respectively. Meanwhile, PTG Energy (PTG.BK/PTG TB)\* and PTT Oil and Retail Business (OR.BK/OR TB)\* remain our Energy top picks.

# Charoen Pokphand Foods

(CPF.BK/CPF TB)\*

**Outperform · Maintained**

Price as of 29 May 2023	20.20
12M target price (Bt/shr)	24.50
Unchanged/Revised up(down)(%)	(10.9)
Upside/downside (%)	21.3

**Key messages**

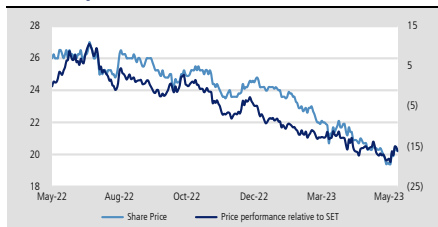
CPF's performance will be heavily impacted by the operation of its associate in China, CTI, which is expected to generate loss this year due to the slump in the swine price. Meanwhile, operations in other countries are also facing headwinds in both livestock and aquaculture businesses. We expect CPF to report a smaller net loss in 2Q23F than the loss of Bt2.73bn in 1Q23, before recovering strongly in 2H23F backed by a recovery in meat prices and lower feed cost. We revise down our net profit forecasts for CPF by 45% to Bt7.71bn (-45% YoY) in 2023F and 14% to Bt13.4bn (+74% YoY) in 2024F. We maintain a rating of Outperform, but cut our SoTP 2023 target price to Bt24.50, from Bt27.50.

**Trading data**

Mkt cap (Btmn/US\$m)	173,947/4,349		
Outstanding shares (mn)	8,611		
Foreign ownership (mn)	2,185		
3M avg. daily trading (mn)	17		
52-week trading range (Bt)	19.4-27.0		
Performance (%)	3M	6M	12M
Absolute	-9.0	-11.5	-22.3
Relative	-4.1	-10.3	-16.6

**Quarterly EPS**

EPS	Q1	Q2	Q3	Q4
2021	0.85	0.57	(0.69)	0.82
2022	0.34	0.51	0.63	0.21
2023	(0.36)	NA	NA	NA

**Share price chart**


Source: SET

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**CTI's loss is a major headwind**
**Event**

Earnings revisions.

**Impact**
**Mixed impact from divergence in meat prices**

We slightly revise down our 2023F-2024F sales revenue assumptions by 3-4% due to mixed impacts from countries where CPF operates. Thailand's revenue this year is revised down 1% as lower swine and aquaculture businesses should be offset by stronger broiler business. Vietnam's economic slowdown and shrimp disease will impact sales volume there and we believe that will outweigh the positive impact from higher swine price, so we cut sales 8%-9%. Meanwhile, revenues from other countries are revised down 4% due to weak meat and shrimp prices in some countries such as India, Russia and Cambodia.

**China's swine price is a major headwind to earnings this year**

China's swine price has been dropping since the end of last year to CNY14.4/kg (-19% YTD), resulting in a large loss for CTI (feed and swine business) in 1Q23. We expect the situation to be worse in the second quarter as China is facing a reemergence of COVID-19. Moreover, capacity expansions by large producers is still playing an important role in price weakness. In our view, a recovery in swine price will take some time as we don't expect China's government to rush to intervene this year amid high food inflation. Therefore, we cut our assumption on China's swine price by 13% to CNY15.2/kg in 2023F and 11% to CNY17.0/kg in 2024F.

**Revise down net profit forecasts 45% in 2023F and 14% in 2024F**

We revise down our net profit forecasts for CPF by 45% to Bt7.71bn (-45% YoY) in 2023F and 14% to Bt13.4bn (+74% YoY) in 2024F, as we i) cut share of profit from JVs and associations 78% to Bt1.96bn in 2023F (mainly from CTI and Hylife) and 17% to Bt9.61bn in 2024F (from CTI and retail business) and ii) revised sales revenue down 4% in 2023F and 3% in 2024F. We expect CPF to report a smaller net loss in 2Q23F than the loss of Bt2.73bn in 1Q23, before recovering strongly in 2H23F backed by a recovery in meat prices and lower feed cost.

**Valuation & action**

We maintain a rating of Outperform on CPF but cut our SoTP 2023 target price to Bt24.50 from Bt27.50 (Bt18.50 from retail business and Bt6.00 from agriculture business).

**Risks**

High feed cost, global economic recession, meat price fluctuation.

**Key financials and valuations**

	Dec - 20A	Dec - 21A	Dec - 22A	Dec - 23F	Dec - 24F
Revenue (Btmn)	589,713	512,704	614,197	621,372	650,333
Gross Profit (Btmn)	107,243	65,890	81,873	79,357	81,369
SG&A (Btmn)	57,665	50,880	55,001	55,302	57,880
Net Profit (Btmn)	26,022	13,028	13,970	7,711	13,392
Normalized Profit (Btmn)	25,444	2,691	11,426	7,029	13,392
EPS (Bt)	3.14	1.56	1.69	0.9	1.6
DPS (Bt)	1.00	0.65	0.75	0.3	0.5
EPS Growth (%)	43.8	(50.3)	24.3	(46.3)	79.2
P/E (X)	8.5	16.4	14.7	22.2	12.4
P/B (X)	1.2	1.0	0.8	0.7	0.6
EV/EBITDA (X)	7.1	13.2	12.3	13.2	12.3
Net Debt to Equity (%)	124.4	136.0	149.7	146.7	143.4
Dividend Yield (%)	5.0	2.5	3.0	1.5	2.7
Return on Average Equity (%)	14.4	6.4	5.9	3.0	5.0

Source: Company data, KGI Securities Research

**Figure 1: CPF's earnings revisions**

Financials (Btmn)	2023F			2024F		
	Revised	Previous	Change Percent	Revised	Previous	Change Percent
Sales	621,372	645,850	(3.8)	650,333	668,600	(2.7)
COGS	542,015	564,062	(3.9)	568,965	585,305	(2.8)
SG&A	55,302	57,481	(3.8)	57,880	59,505	(2.7)
Bio asset gain (loss)	1,500	1,500	0.0	350	350	0.0
Share of profit	1,955	8,829	(77.9)	9,609	11,622	(17.3)
Interest expense	23,558	23,558	0.0	23,614	23,614	0.0
Income tax	1,547	1,422	8.8	1,017	1,077	(5.6)
<b>Net profit</b>	<b>7,711</b>	<b>14,119</b>	<b>(45.4)</b>	<b>13,392</b>	<b>15,629</b>	<b>(14.3)</b>
<b>Normalized profit</b>	<b>7,029</b>	<b>14,119</b>	<b>(50.2)</b>	<b>13,392</b>	<b>15,629</b>	<b>(14.3)</b>
EPS (Bt/shr)	0.91	1.68	(46.0)	1.63	1.86	(12.7)
<b>Key financial ratio (%)</b>	<b>ppts</b>			<b>ppts</b>		
GPM	12.8	12.7	0.1	12.5	12.5	0.0
SG&A/Sale	8.9	8.9	0.0	8.9	8.9	0.0
Net profit margin	1.2	2.2	(0.9)	2.1	2.3	(0.3)

Source: Company data, KGI Research estimates

**Figure 2: Key assumptions**

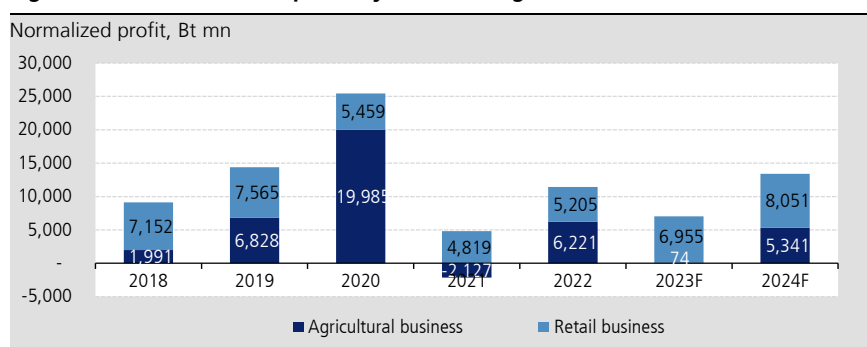
Our assumptions	2019	2020	2021	2022	Revised		Previous		Change (percent)		1Q22	2Q22	3Q22	4Q22	1Q23
					2023F	2024F	2023F	2024F	2023F	2024F					
<b>Meat price</b>															
Thai swine price (Bt/kg)	68.4	74.6	75.5	99.1	82.0	82.0	90.0	82.0	-8.9	0.0	94.3	97.5	103.0	101.7	88.0
Thai broiler price (Bt/kg)	35.3	33.0	32.1	42.8	43.0	43.0	40.0	37.0	7.5	16.2	39.3	40.8	46.3	44.7	40.4
Vietnam swine price (VND/kg)	46,511	74,654	59,791	55,944	53,000	52,000	52,000	52,000	1.9	0.0	52,809	55,387	62,760	52,819	50,045
China swine price (CNY/kg)*			21.0	18.7	15.2	17.0	17.5	19.0	-13.1	-10.5	13.3	15.1	22.6	23.9	15.2
<b>Revenue breakdown by country</b>															
Thailand	175,966	180,570	189,191	224,356	224,628	235,723	227,149	229,561	-1.1	2.7	51,620	55,316	57,827	59,593	56,109
Vietnam	85,390	107,793	111,111	124,634	120,610	123,037	130,333	134,586	-7.5	-8.6	28,954	33,280	32,497	29,903	27,398
China (Exc. CTI since 1Q21)	129,457	157,688	30,456	36,794	38,634	40,565	40,448	42,471	-4.5	-4.5	7,517	8,846	10,194	10,237	9,530
Others	141,760	143,662	181,946	228,413	237,500	251,008	247,920	261,983	-4.2	-4.2	50,796	58,554	59,748	59,315	50,744
<b>Feed price</b>															
Imported soybean meal price (Bt/kg)	13.7	14.0	18.4	21.7	21.8	20.0	21.8	20.0	0.0	0.0	20.4	21.9	22.1	22.3	22.9
Corn price (Bt/kg)	9.1	9.0	10.1	12.3	12.8	12.5	12.8	11.5	0.0	8.7	11.6	13.1	12.1	12.6	13.3
<b>Share of profit</b>															
Retailed business (Bt mn)	8,893	9,254	4,167	3,745	1,955	9,609	8,829	11,622	-77.9	-17.3	-336	-793	2,294	2,580	-1,088
Others	1,328	3,794	-652	-1,460	-5,000	1,558	1,870	3,005	-367.4	-48.2	-1,686	-1,954	896	1,284	-2,684

Source: Company data, KGI Research estimates

**Figure 3: CPF's SoTP valuation**

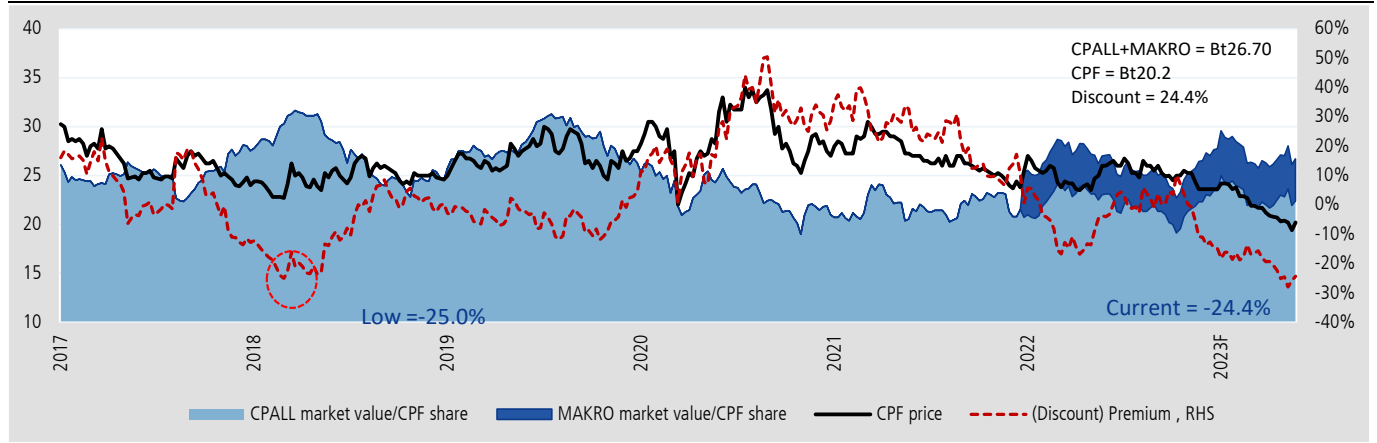
	EPS	PER	Target price
Agricultural Business (2024F)	0.61	10	6.1
<b>Agricultural Business (2023F, WACC 5.9%)</b>			<b>6.0</b>
Retails Business (2023F)	0.88	35	30.8
<b>Retails Business Discount (40%)</b>			<b>18.5</b>
<b>SoTP Valuation 2023F</b>			<b>24.5</b>

Source: Company data, KGI Securities Research

**Figure 4: CPF's normalized profit by business segment**


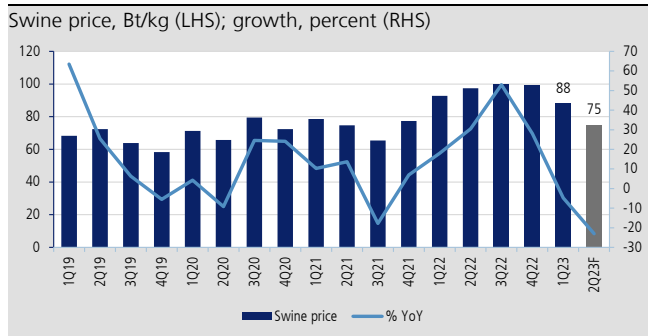
Source: Company data, KGI Securities Research

Figure 5: CPF's share price vs market value of investment in retail business



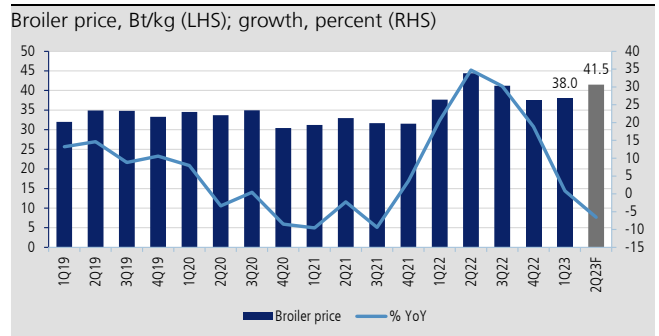
Source: Company data, KGI Research estimates

Figure 6: Domestic swine price



Source: Thaifeedmill, KGI Securities Research

Figure 7: Domestic broiler price



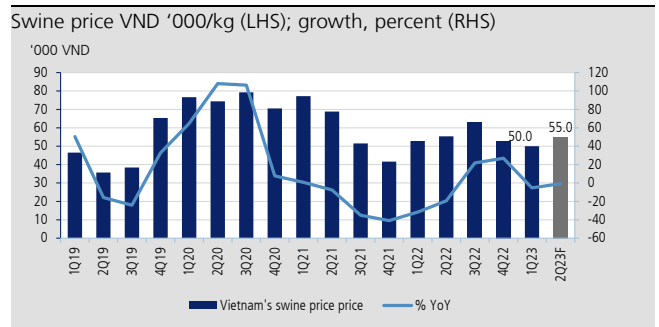
Source: Thaifeedmill, KGI Securities Research

Figure 8: China's swine price



Source: <http://zhujiia.zhuwang.cc>, KGI Securities Research

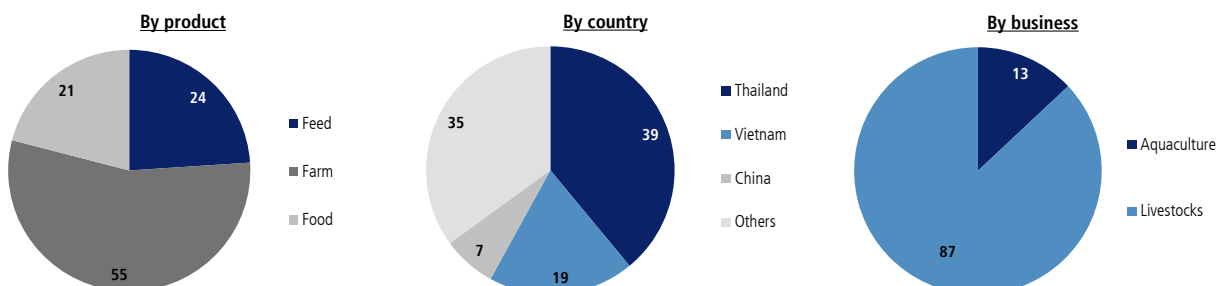
Figure 9: Vietnam's swine price



Source: Charoen Pokphand Foods, KGI Securities Research

Figure 10: CPF's sales revenue breakdown in 1Q23

Percent



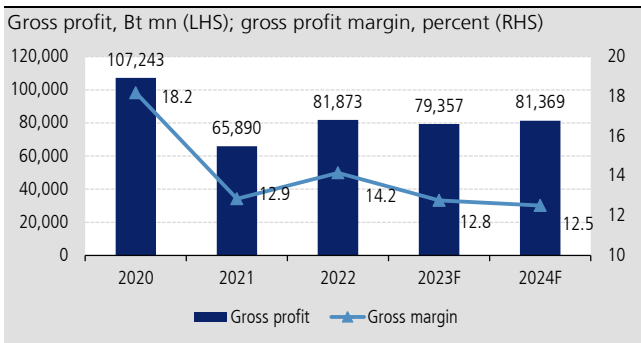
Source: Company data, KGI Securities Research

**Figure 11: Company profile**

Charoen Pokphand Foods (CPF) engages in agro-industrial and food conglomerate with three product categories : i) feed business involving production and sale of animal feed, ii) farm-processing business involving breeding, farming and basic meat processing, iii) food business involving production of semi-cooked and cooked meet as well as ready-meal products including food retail and food outlets.

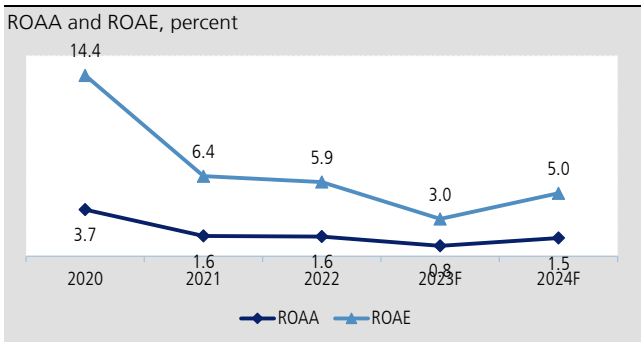
Source: Company data

**Figure 13: Gross profit**



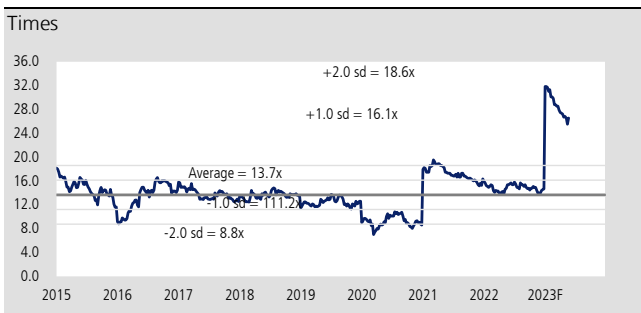
Source: Company data, KGI Securities Research

**Figure 15: Company ROAA and ROAE**



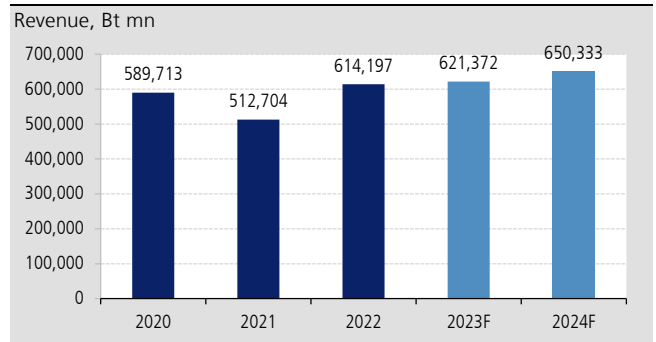
Source: Company data, KGI Securities Research

**Figure 17: PER**



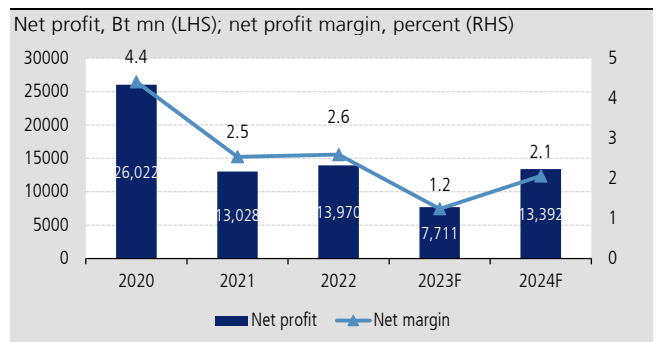
Source: Company data, KGI Securities Research

**Figure 12: Revenue**



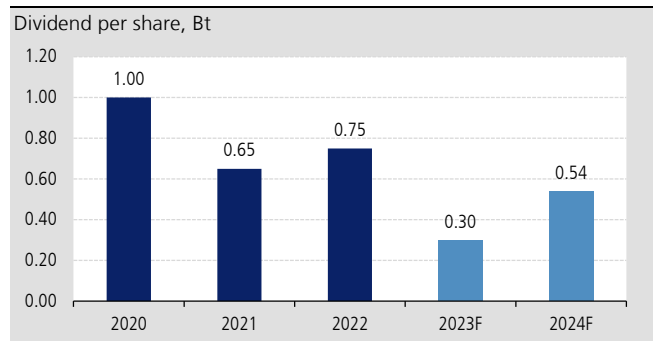
Source: Company data, KGI Securities Research

**Figure 14: Net profit**



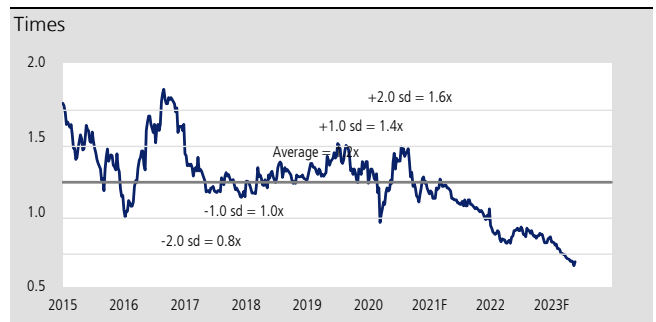
Source: Company data, KGI Securities Research

**Figure 16: Dividend**



Source: Company data, KGI Securities Research

**Figure 18: PBV**



Source: Company data, KGI Securities Research

**Quarterly Income Statement**

Bt mn	MAR-21A	JUN-21A	SEP-21A	DEC-21A	MAR-22A	JUN-22A	SEP-22A	DEC-22A	MAR-23A
Income Statement (Bt mn)									
<b>Revenue</b>	<b>119,345.9</b>	<b>129,637.6</b>	<b>125,939.7</b>	<b>137,781.2</b>	<b>138,887.0</b>	<b>155,995.8</b>	<b>160,266.0</b>	<b>159,048.2</b>	<b>143,781.0</b>
Cost of Good Sold	(95,554.6)	(108,401.3)	(114,839.0)	(128,019.9)	(121,096.4)	(133,371.7)	(136,286.8)	(141,569.1)	(128,202.4)
<b>Gross Profit</b>	<b>23,791.3</b>	<b>21,236.3</b>	<b>11,100.7</b>	<b>9,761.3</b>	<b>17,790.6</b>	<b>22,624.1</b>	<b>23,979.2</b>	<b>17,479.0</b>	<b>15,578.7</b>
Operating Expenses	(11,683.9)	(12,297.5)	(13,127.4)	(13,771.7)	(12,124.0)	(13,563.7)	(14,385.2)	(14,927.9)	(12,786.9)
Other incomes	595.5	541.6	1,749.1	1,186.7	512.5	1,136.9	970.3	1,297.9	871.2
<b>Operating Profit</b>	<b>12,702.9</b>	<b>9,480.4</b>	<b>(277.7)</b>	<b>(2,823.7)</b>	<b>6,179.2</b>	<b>10,197.3</b>	<b>10,564.4</b>	<b>3,849.0</b>	<b>3,662.9</b>
Depretiation of Fixed assets	6,767.6	7,232.7	8,086.7	6,843.8	7,472.9	7,792.1	8,357.2	8,584.9	-
<b>Operating EBITDA</b>	<b>19,470.5</b>	<b>16,713.2</b>	<b>7,809.1</b>	<b>4,020.2</b>	<b>13,652.1</b>	<b>17,989.4</b>	<b>18,921.6</b>	<b>12,433.9</b>	<b>3,662.9</b>
<b>Non-Operating Income</b>	<b>151.5</b>	<b>468.0</b>	<b>377.3</b>	<b>461.3</b>	<b>132.0</b>	<b>59.4</b>	<b>611.5</b>	<b>192.7</b>	<b>307.9</b>
Interest Income	145.9	221.1	214.7	161.4	173.2	207.6	217.8	244.2	280.2
Other Non-op Income	5.7	247.0	162.6	299.9	(41.2)	(148.2)	393.7	(51.5)	27.7
<b>Non-Operating Expenses</b>	<b>(4,172.1)</b>	<b>(4,496.4)</b>	<b>(7,416.9)</b>	<b>(2,892.1)</b>	<b>(3,371.1)</b>	<b>(3,630.9)</b>	<b>(6,379.8)</b>	<b>(5,565.4)</b>	<b>(6,109.7)</b>
Interest Expenses	(4,098.4)	(3,970.9)	(4,154.8)	(4,372.0)	(4,469.2)	(4,360.1)	(5,494.2)	(6,034.5)	(6,068.4)
Other Non-Op Expenses	(73.7)	(525.5)	(3,262.1)	1,479.9	1,098.1	729.1	(885.6)	469.1	(41.3)
Net investment income/(loss)	2,043.1	753.2	(1,266.0)	2,636.5	(336.4)	(792.8)	2,294.4	2,580.1	(1,087.5)
<b>Pre-tax Profit</b>	<b>10,725.4</b>	<b>6,205.3</b>	<b>(8,583.2)</b>	<b>(2,617.9)</b>	<b>2,603.6</b>	<b>5,832.9</b>	<b>7,090.4</b>	<b>1,056.4</b>	<b>(3,226.4)</b>
Current Taxation	(2,117.3)	(1,752.2)	1,266.3	(50.4)	(1,158.2)	(3,522.4)	(2,020.4)	698.0	(429.2)
Minorities	(1,672.9)	(747.9)	467.8	902.6	(154.1)	(263.7)	10.0	(46.3)	79.0
Extraordinary items	10.3	1,032.1	1,474.9	8,485.6	1,550.7	2,161.2	27.8	103.6	851.3
<b>Net Profit</b>	<b>6,945.5</b>	<b>4,737.3</b>	<b>(5,374.3)</b>	<b>6,719.8</b>	<b>2,842.0</b>	<b>4,208.1</b>	<b>5,107.7</b>	<b>1,811.6</b>	<b>(2,725.3)</b>
EPS (Bt)	0.85	0.57	(0.69)	0.82	0.34	0.51	0.63	0.21	(0.36)
<b>Margins (%)</b>									
Gross Profit Margin	19.9	16.4	8.8	7.1	12.8	14.5	15.0	11.0	10.8
Operating EBIT Margin	10.6	7.3	(0.2)	(2.0)	4.4	6.5	6.6	2.4	2.5
Operating EBITDA Margin	16.3	12.9	6.2	2.9	9.8	11.5	11.8	7.8	2.5
Net Profit Margin	5.8	3.7	(4.3)	4.9	2.0	2.7	3.2	1.1	(1.9)
<b>Growth (% YoY)</b>									
Revenue Growth	(13.6)	(9.9)	(20.2)	(8.1)	16.4	20.3	27.3	15.4	3.5
Operating EBIT Growth	5.8	(27.6)	(101.8)	(122.0)	(51.4)	7.6	NM	NM	(40.7)
Operating EBITDA Growth	3.2	(16.4)	(64.7)	(80.3)	(29.9)	7.6	142.3	209.3	(73.2)
Net Profit Growth	13.7	(21.4)	(171.9)	4.9	(59.1)	(11.2)	NM	(73.0)	(195.9)

Source: Company data, KGI Securities Research

**Balance Sheet**

As of 31 Dec (Bt mn)	2020	2021	2022	2023F	2024F
<b>Total Asset</b>	<b>761,719</b>	<b>842,681</b>	<b>926,987</b>	<b>905,831</b>	<b>922,944</b>
<b>Current Asset</b>	<b>194,670</b>	<b>216,550</b>	<b>233,219</b>	<b>205,999</b>	<b>209,729</b>
Cash and ST Investment	57,997	40,296	36,215	20,583	22,215
Inventories	52,136	73,431	83,080	74,565	78,040
Account Receivable	29,952	38,471	43,221	38,974	40,790
Others	54,585	64,352	70,703	71,877	68,684
<b>Non-Current Assets</b>	<b>567,049</b>	<b>626,130</b>	<b>693,768</b>	<b>699,832</b>	<b>713,215</b>
LT investment	251,757	267,867	279,989	286,784	296,393
Net Fixed Assets	300,220	339,637	388,770	391,826	394,998
Others	15,072	18,626	25,009	21,221	21,823
<b>Total Liabilities</b>	<b>499,541</b>	<b>555,544</b>	<b>627,144</b>	<b>600,317</b>	<b>608,246</b>
<b>Current Liabilities</b>	<b>204,147</b>	<b>203,928</b>	<b>266,978</b>	<b>247,590</b>	<b>251,901</b>
Account Payable	32,312	44,372	50,964	49,710	52,027
ST Borrowings	144,223	133,916	188,473	168,491	168,659
Others	27,612	25,640	27,541	29,389	31,216
<b>LT Liabilities</b>	<b>295,394</b>	<b>351,616</b>	<b>360,166</b>	<b>352,727</b>	<b>356,345</b>
Long-term Debts	271,889	330,701	332,081	336,882	338,304
Others	23,505	20,915	28,085	15,844	18,041
<b>Shareholder's Equity</b>	<b>262,179</b>	<b>287,137</b>	<b>299,844</b>	<b>305,515</b>	<b>314,698</b>
Common Stock	8,611	8,611	8,611	8,611	8,611
Capital Surplus	132,745	152,348	153,378	153,846	154,131
Retained Earnings	120,822	126,178	137,854	143,057	151,956
Preferred Stock	-	-	-	-	-

Source: KGI Securities Research

**Key Ratios**

Year to 31 Dec (Bt mn)	2020	2021	2022	2023F	2024F
<b>Forecast Drivers</b>					
<b>Growth (% YoY)</b>					
Sales	10.7	(13.1)	19.8	1.2	4.7
OP	116.0	(64.0)	61.4	(8.9)	(2.0)
EBITDA	71.0	(41.0)	31.2	(6.1)	(1.8)
NP	41.0	(49.9)	7.2	(44.8)	73.7
EPS	43.8	(50.3)	8.4	(46.3)	79.2
<b>Profitability (%)</b>					
Gross Profit Margin	18.2	12.9	13.3	12.8	12.5
Operating Margin	9.0	3.7	5.0	4.5	4.2
Operating EBITDA Margin	13.8	9.4	10.3	9.5	8.9
Net Profit Margin	4.4	2.5	2.3	1.2	2.1
ROAA	3.7	1.6	1.6	0.8	1.5
ROAE	14.4	6.4	5.9	3.0	5.0
<b>Stability</b>					
Gross Debt/Equity (%)	260.3	258.3	244.9	229.8	225.1
Net Debt/Equity (%)	230.0	239.6	230.8	221.9	216.9
Interest coverage (x)	4.3	2.0	2.0	1.4	1.6
Interest & ST Debt Coverage (x)	1.2	0.6	0.4	0.4	0.5
Cash Flow Interest Coverage (x)	4.2	(0.1)	0.8	1.5	1.7
Cash Flow/Interest & ST Debt (x)	1.2	(0.0)	0.2	0.5	0.5
Current Ratio (x)	1.0	1.1	0.9	0.8	0.8
Quick Ratio (x)	0.4	0.4	0.3	0.2	0.3
Net Debt (Bt mn)	441,544	515,248	590,929	579,734	586,031
<b>Per Share Data (bt)</b>					
EPS	3.14	1.56	1.69	0.91	1.63
CFPS	8.76	-0.13	2.04	4.59	5.21
BVPS	23.68	26.98	32.26	33.09	34.22
SPS	72.76	64.33	77.39	78.69	82.36
EBITDA/Share	11.63	7.00	8.27	7.24	7.87
DPS	1.00	0.65	0.75	0.30	0.54
<b>Activity</b>					
Asset Turnover (x)	0.8	0.6	0.7	0.7	0.7
Day Receivables	19.5	24.4	24.3	24.1	22.4
Day Inventories	42.8	51.3	53.7	53.1	48.9
Day Payable	24.9	29.9	32.1	34.4	32.4
Cash Cycle	37.5	45.7	45.8	42.8	38.9

Source: KGI Securities Research

**Profit & Loss**

Year to 31 Dec (Bt mn)	2020	2021	2022	2023F	2024F
<b>Revenue</b>	<b>589,713</b>	<b>512,704</b>	<b>614,197</b>	<b>621,372</b>	<b>650,333</b>
Cost of Goods Sold	(482,470)	(446,815)	(532,324)	(542,015)	(568,965)
<b>Gross Profit</b>	<b>107,243</b>	<b>65,890</b>	<b>81,873</b>	<b>79,357</b>	<b>81,369</b>
Operating Expenses	(57,665)	(50,880)	(55,001)	(55,302)	(57,880)
Other Income	3,416	4,073	3,918	4,000	4,000
<b>Operating Profit</b>	<b>52,994</b>	<b>19,082</b>	<b>30,790</b>	<b>28,055</b>	<b>27,489</b>
Depreciation of Fixed Asset	28,328	28,931	32,207	31,114	30,618
<b>Operating EBITDA</b>	<b>81,323</b>	<b>48,013</b>	<b>62,997</b>	<b>59,169</b>	<b>58,108</b>
<b>Non-Operating Income</b>	<b>1,882</b>	<b>1,458</b>	<b>996</b>	<b>888</b>	<b>860</b>
Interest Income	770	743	843	800	800
Other Non-op Income	1,112	715	153	88	60
<b>Non-Operating Expenses</b>	<b>(17,088)</b>	<b>(18,977)</b>	<b>(18,947)</b>	<b>(22,058)</b>	<b>(23,264)</b>
Interest Expenses	(16,818)	(16,596)	(20,358)	(23,558)	(23,614)
Other Non-Op Expenses	(270)	(2,381)	1,411	1,500	350
Net investment income/(loss)	9,254	4,167	3,745	1,955	9,609
<b>Pre-tax Profit</b>	<b>47,042</b>	<b>5,730</b>	<b>16,583</b>	<b>8,840</b>	<b>14,694</b>
Current Taxation	(11,001)	(2,654)	(6,003)	(1,547)	(1,017)
Minorities	(18,070)	(1,050)	(454)	(433)	(285)
Extraordinary items	8,051	11,003	3,843	851	0
<b>Net Profit</b>	<b>26,022</b>	<b>13,028</b>	<b>13,970</b>	<b>7,711</b>	<b>13,392</b>
EPS (Bt)	3.14	1.56	1.69	0.91	1.63

Source: KGI Securities Research

**Cash Flow**

Year to 31 Dec (Bt mn)	2020	2021	2022	2023F	2024F
<b>Operating Cash Flow</b>	<b>71,038</b>	<b>(1,008)</b>	<b>16,210</b>	<b>36,259</b>	<b>41,145</b>
Net Profit	44,092	14,079	14,424	8,144	13,677
Depreciation and Amortization	28,328	28,931	32,207	31,114	30,618
Change in Working Capital	(12,962)	(44,018)	(30,420)	(2,999)	(3,150)
Others	11,579	0	0	0	0
<b>Investment Cash Flow</b>	<b>(75,919)</b>	<b>(22,705)</b>	<b>(25,723)</b>	<b>(34,239)</b>	<b>(36,609)</b>
Net CAPEX	(25,832)	(23,304)	(27,362)	(27,000)	(27,000)
Change in LT Investment	(57,737)	(9,753)	(2,800)	(6,795)	(9,609)
Change in Other Assets	7,650	10,352	4,438	(443)	0
<b>Free Cash Flow</b>	<b>45,206</b>	<b>(24,312)</b>	<b>(11,151)</b>	<b>9,259</b>	<b>14,145</b>
<b>Financial Cash Flow</b>	<b>28,841</b>	<b>(5,744)</b>	<b>(12,858)</b>	<b>(17,686)</b>	<b>(2,905)</b>
Change in Share Capital	(17,273)	(15,298)	(36,509)	(2,507)	(4,494)
Net Change in Debt	50,990	14,600	29,213	(16,427)	4,822
Change in other LT Liab.	(4,875)	(5,046)	(5,563)	1,248	(3,233)
<b>Net Cash Flow</b>	<b>23,960</b>	<b>(29,457)</b>	<b>(22,371)</b>	<b>(15,666)</b>	<b>1,632</b>

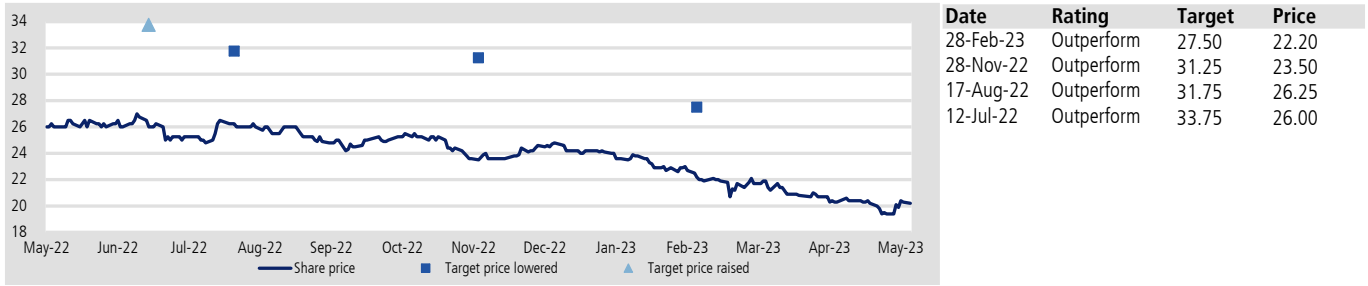
Source: KGI Securities Research

**Rates of Return on Invested Capital**

Year	1- $\frac{\text{Cost of Goods Sold}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Op. Expenses}}{\text{Revenue}}$	= <b>Operating Margin</b>
2020	81.3%	0.0%	9.7%	8.9%
2021	86.5%	0.0%	9.8%	3.7%
2022	86.1%	0.0%	8.9%	5.0%
2023F	86.7%	0.0%	8.8%	4.5%
2024F	87.0%	0.0%	8.8%	4.2%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= <b>Capital Turnover</b>
2020	-0.02	0.51	0.45	1.06
2021	0.02	0.66	0.55	0.81
2022	-0.05	0.63	0.49	0.94
2023F	-0.07	0.63	0.49	0.95
2024F	-0.06	0.60	0.49	0.98
Year	<b>Operating Margin</b>	x <b>Capital Turnover</b>	x <b>Cash Tax Rate</b>	= <b>AKer-tax Return on Inv. Capital</b>
2020	8.9%	1.1	24.00	2.3
2021	3.7%	0.8	21.12	0.6
2022	5.0%	0.9	25.00	1.2
2023F	4.5%	1.0	20.00	0.9
2024F	4.2%	1.0	20.00	0.8

Source: KGI Securities Research



**Charoen Pokphand Foods - Recommendation & target price history**


Source: KGI Securities Research

# CK Power

(CKP.BK/CKP TB)\*

## Neutral · Downgraded

Price as of 29 May 2023	3.44
12M target price (Bt/shr)	4.00
Unchanged/Revised up(down)(%)	(29.0)
Upside/downside (%)	16.3

### Key messages

It seems like a seasonal rise in CKP's share price, which we expected to happen like in the past with our tactical call earlier, would not happen in 2023 given the higher-than-expected probability of El Niño and interest rate upcycle. The share price has fallen 25% YTD (near -2SD from its 1-year forward PE) and the Street has downgraded the company's 2023F earnings by 10%, but negatives remain from potential downgrade flows and a lackluster outlook over the next 3-5 years. Hence, we downgrade CKP to Neutral, from Outperform, with a lower target price of Bt4.00, from Bt5.60.

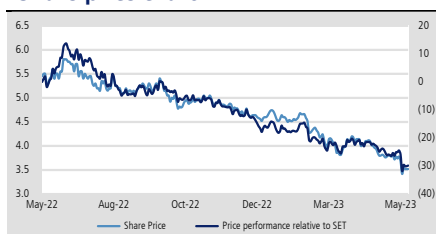
### Trading data

Mkt cap (Btbn/US\$mn)	27.9/902		
Outstanding shares (mn)	8,129		
Foreign ownership (mn)	379		
3M avg. daily trading (mn)	8		
52-week trading range (Bt)	3.4-5.8		
Performance (%)	3M	6M	12M
Absolute	-18.9	-29.5	-37.5
Relative	-14.6	-25.2	-32.9

### Quarterly EPS

Bt	Q1	Q2	Q3	Q4
2021	0.014	0.087	0.063	0.015
2022	0.005	0.106	0.180	0.009
2023	(0.013)			

### Share price chart



Source: SET

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## Neither turning back nor moving on

### Event

Downgrade earnings and target price, and key snaps from 1Q23 analyst meeting.

### Impact

#### Strategy remains, but inevitable negatives hit hard, especially in 2023

CKP's long-term capacity target of >6,000MW in 2027F (from 3,627MW in 2023F) remains unchanged, implying new ~600MW per year. Focused capacity could be both greenfield and brownfield projects, especially hydropower projects. The coming of Gulf Energy Development (GULF.BK/GULF TB)\* in Luang Prabang project (GULF holds 20% stakes) may lead to potential growth together in the future. On the flip side, YTD, CKP has been more negatively impacted by the higher probability of El Niño and a prolonged interest rate upcycle. Xayaburi's cost of debt, which averaged 5.2% in 2022, rose to 6.3% in 1Q23 and is expected to range between 6.4%-6.5% in the remaining quarters. Besides, Nam Ngum2 (NN2) will be undergoing 3-year major overhaul (starting in 4Q23, 1Q24, and 1Q25) with capex earmarked at ~Bt300mn p.a.

#### Deep earnings cut to reflect lower water level and interest rate upcycle

We cut our 2023F-2025F earnings forecast by 32%-47% to reflect lower capacity factor at Xayaburi and NN2, coupled with higher SG&A and interest costs (Figure 2). After the changes, we forecast 2023F net profit to fall 50% YoY, before rebounding 13% / 20% in 2024-25F driven by higher water levels and lower SPP gas prices. CKP only has the Luang Prabang project (SCOD: 2030, 1,460MW) in the pipeline.

#### Quick preview of 2Q23F – Rebound QoQ, but fall YoY

CKP's 2Q23F earnings should rebound moderately QoQ, backed by higher water inflow, and downward SPP gas prices. Xayaburi would have a tick-up rise in production, although NN2 declared electricity volume of 295GWh (-8% QoQ, -25% YoY) as it still took a conservative approach. Currently, China's Xiaowan and Nuozhadu reservoirs have manageable water levels, but NN2's reservoir level is lower than the past. We see a stronger likelihood of El Niño conditions of 70-90%, versus 2022's data (Figure 3).

### Valuation & Action

It seems like a seasonal rise in CKP's share price, which we expected to happen like in the past with our tactical call earlier, would not happen in 2023 given the higher-than-expected probability of El Niño and the interest rate upcycle. The share price has fallen 25% YTD (near -2SD from its 1-year forward PE) and the Street has downgraded its 2023F earnings by 10%, but negatives remain from potential downgrade flows with a lackluster outlook over the next 3-5 years. Hence, we downgrade CKP to Neutral from Outperform with a lower target price of Bt4.00, from Bt5.60. Upside risks include newly sizeable projects and higher water inflows.

### Risks

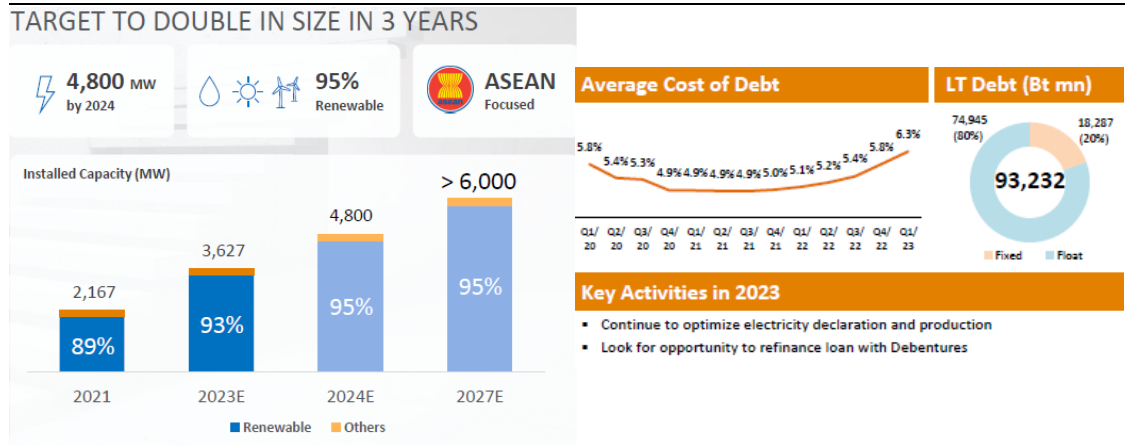
Unplanned maintenance, cost overruns, and fluctuations in FX and interest rates.

### Key financials and valuations

	Dec - 21A	Dec - 22A	Dec - 23F	Dec - 24F	Dec - 25F
Revenue (Btmn)	8,505	10,595	9,650	7,813	8,017
Net Profit (Btmn)	2,179	2,436	1,224	1,367	1,643
Normalized Profit (Btmn)	2,144	2,413	1,224	1,367	1,643
Net Profit Growth (%)	438.4	11.8	(49.8)	11.7	20.2
Normalized Profit Growth (%)	444.4	12.5	(49.3)	11.7	20.2
EPS (Bt)	0.27	0.30	0.15	0.17	0.20
DPS (Bt)	0.08	0.09	0.10	0.11	0.12
EPS Growth (%)	438.4	11.8	(49.8)	11.7	20.2
P/E (X)	12.8	11.5	22.9	20.5	17.0
P/B (X)	0.8	0.7	0.7	0.7	0.7
EV/EBITDA (X)	11.6	11.2	14.6	13.9	12.9
Net Debt to Equity (X)	0.62	0.56	0.54	0.54	0.53
Dividend Yield (%)	2.3	2.6	2.9	3.2	3.5
Return on Average Equity (%)	6.0	6.4	3.2	3.5	4.1

Source: Company data, KGI Securities Research

Figure 1: CKP's long-term growth and Xayaburi's debts



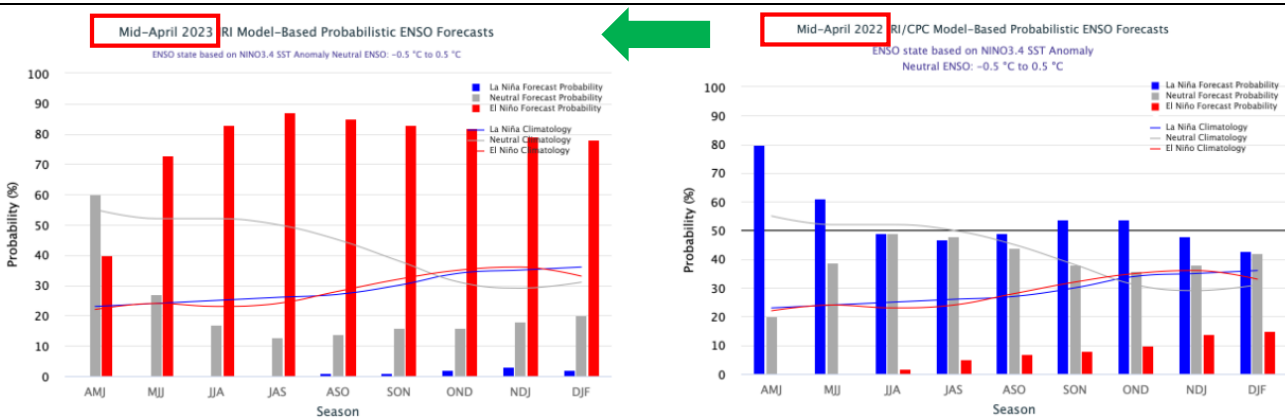
Source: Company data, KGI Securities Research

Figure 2: CKP – Earnings revision

Financials (Btmm)	2023F			2024F			2025F		
	Previous	Revised	Change	Previous	Revised	Change	Previous	Revised	Change
Revenue	10,317	9,650	(6.5)	8,833	7,813	(11.5)	8,833	8,017	(9.2)
Gross profit	1,873	1,364	(27.2)	1,882	1,571	(16.5)	1,757	1,646	(6.3)
SG&A	510	590	15.7	517	597	15.5	525	605	15.2
Interest income	450	450	0.0	450	450	0.0	450	450	0.0
Interest expense	1,128	1,146	1.5	1,085	1,116	2.8	1,045	1,073	2.7
Equity income	1,891	1,109	(41.4)	1,870	1,153	(38.3)	2,022	1,416	(30.0)
<b>Net profit</b>	<b>2,316</b>	<b>1,224</b>	<b>(47.2)</b>	<b>2,330</b>	<b>1,367</b>	<b>(41.3)</b>	<b>2,411</b>	<b>1,643</b>	<b>(31.8)</b>
<b>Normalized profit</b>	<b>2,316</b>	<b>1,224</b>	<b>(47.2)</b>	<b>2,330</b>	<b>1,367</b>	<b>(41.3)</b>	<b>2,411</b>	<b>1,643</b>	<b>(31.8)</b>
<b>Key financial ratio (%)</b>			<b>ppts</b>			<b>ppts</b>			<b>ppts</b>
GPM	18.2	14.1	(4.0)	21.3	20.1	(1.2)	19.9	20.5	0.6
SG&A/Sale	4.9	6.1	1.2	5.9	7.6	1.8	5.9	7.5	1.6
ROE	5.8	3.2	(2.6)	5.6	3.5	(2.1)	5.6	4.1	(1.5)
<b>Key performance driver</b>									
XPCL's interest rate	5.50	6.50	1.0	5.50	6.60	1.1	5.50	6.30	0.8
SPP Gas price (Bt/mmBTU)	400	390	(10.0)	300	250	(50.0)	300	250	(50.0)
Higher SG&A									

Source: Bloomberg, KGI Securities Research

Figure 3: Unfavorable weather in 2023 – El Niño (warming) (YoY higher red columns) after the severe La Niña in 2022



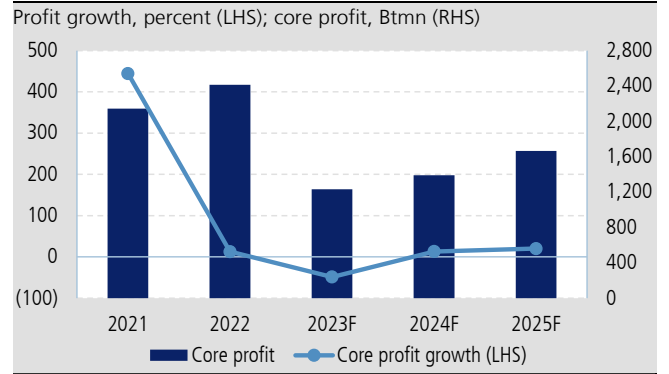
Source: Columbia Climate School, KGI Securities Research

**Figure 4: Company profile**

CK Power (CKP) was founded by CH. Karnchang (CK), with the objective of CKP being the center of those companies focusing on investment in the business of production and distribution of electricity. The company operates its core business as a holding company by holding shares in other companies engaged in production and distribution of electricity generated by various methods. The company's core revenue is derived from dividends from investment by holding shares in its subsidiaries and associated companies.

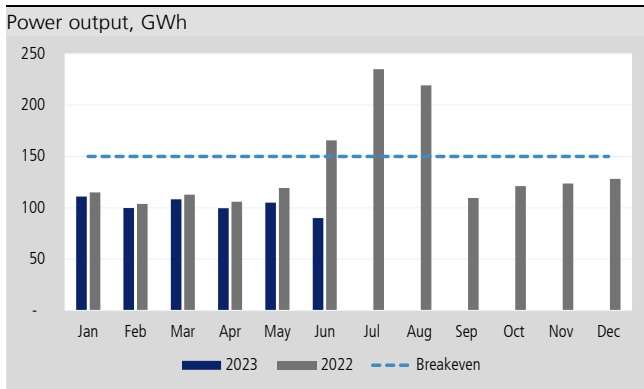
Source: Company data

**Figure 5: Earnings outlook for 2023-25F**



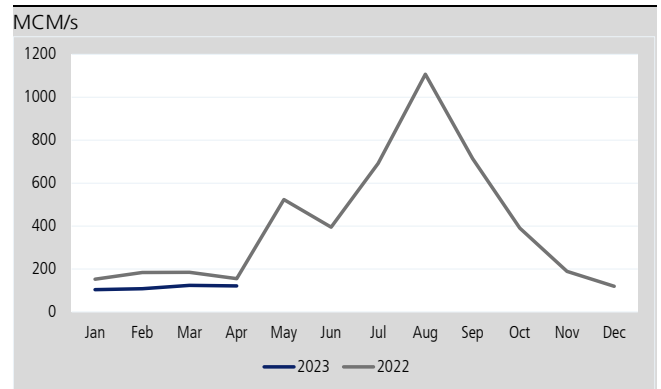
Source: Company data, KGI Securities Research

**Figure 6: Electricity output at Nam Ngum 2**



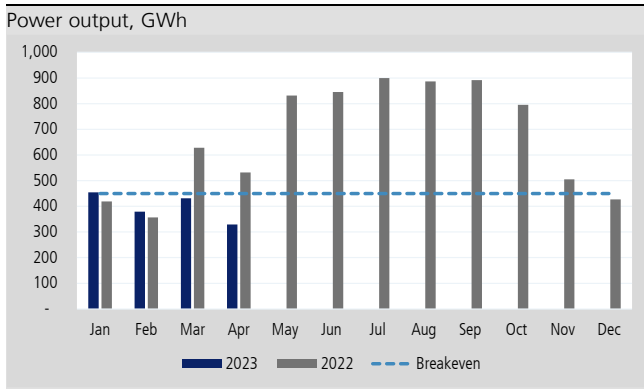
Source: Company data, KGI Securities Research

**Figure 7: Water flow at Nam Ngum 2**



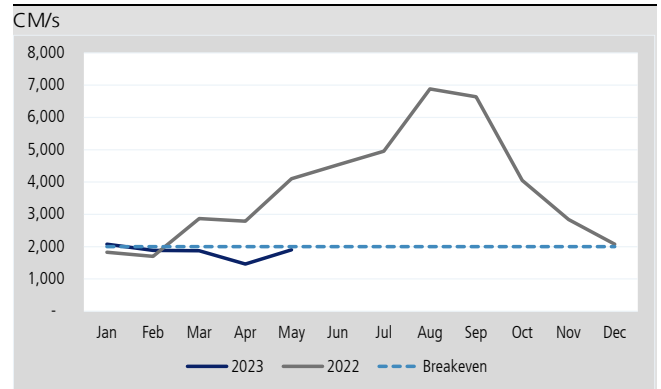
Source: Company data, KGI Securities Research

**Figure 8: Electricity output at XPCL**



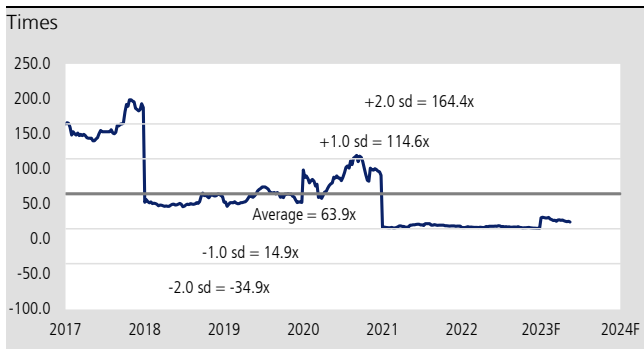
Source: Company data, KGI Securities Research

**Figure 9: Water flow at XPCL**



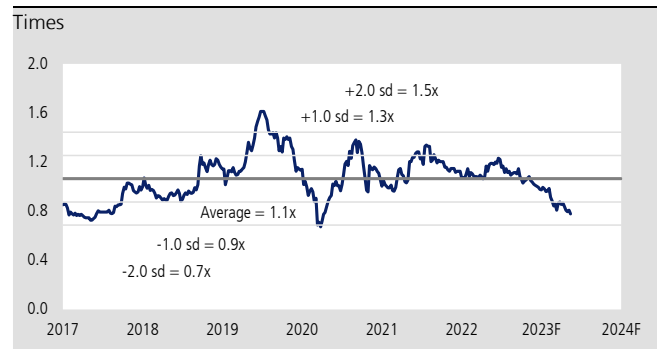
Source: Company data, KGI Securities Research

**Figure 10: CKP's forward PER**



Source: KGI Securities Research

**Figure 11: CKP's forward PBV**



Source: KGI Securities Research

**Quarterly Income Statement**

	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	Mar-23A
Income Statement (Bt mn)													
<b>Revenue</b>	<b>1,595</b>	<b>1,670</b>	<b>1,973</b>	<b>1,289</b>	<b>1,914</b>	<b>2,105</b>	<b>2,322</b>	<b>2,164</b>	<b>2,339</b>	<b>2,453</b>	<b>3,286</b>	<b>2,516</b>	<b>2,460</b>
Cost of Goods Sold	(1,477)	(1,536)	(1,495)	(1,393)	(1,439)	(1,521)	(1,665)	(1,811)	(2,063)	(2,051)	(2,615)	(2,252)	(2,171)
<b>Gross Profit</b>	<b>118</b>	<b>135</b>	<b>477</b>	<b>(105)</b>	<b>476</b>	<b>584</b>	<b>657</b>	<b>353</b>	<b>277</b>	<b>403</b>	<b>671</b>	<b>263</b>	<b>289</b>
Operating Expenses	(106)	(101)	(100)	(121)	(115)	(127)	(110)	(144)	(115)	(129)	(122)	(160)	(126)
Other incomes	46	42	42	46	73	75	74	75	78	80	89	87	100
<b>Operating Profit</b>	<b>59</b>	<b>75</b>	<b>419</b>	<b>(179)</b>	<b>434</b>	<b>532</b>	<b>622</b>	<b>284</b>	<b>240</b>	<b>353</b>	<b>638</b>	<b>190</b>	<b>262</b>
Depreciation of fixed assets	(387)	(388)	(392)	(394)	(386)	(443)	(345)	(397)	(388)	(392)	(396)	(396)	(387)
<b>Operating EBITDA</b>	<b>543</b>	<b>558</b>	<b>903</b>	<b>316</b>	<b>913</b>	<b>1,067</b>	<b>1,056</b>	<b>855</b>	<b>729</b>	<b>849</b>	<b>1,129</b>	<b>681</b>	<b>748</b>
<b>Non-Operating Income</b>	<b>133</b>	<b>111</b>	<b>127</b>	<b>114</b>	<b>125</b>	<b>122</b>	<b>131</b>	<b>190</b>	<b>126</b>	<b>141</b>	<b>144</b>	<b>103</b>	<b>126</b>
Interest Income	120	119	117	118	114	115	112	191	126	126	120	119	126
Other Non-op Income	13	(9)	11	(4)	11	7	18	(1)	1	15	24	(16)	0
<b>Non-Operating Expenses</b>	<b>(254)</b>	<b>(243)</b>	<b>(244)</b>	<b>(255)</b>	<b>(262)</b>	<b>(267)</b>	<b>(266)</b>	<b>(275)</b>	<b>(267)</b>	<b>(265)</b>	<b>(265)</b>	<b>(277)</b>	<b>(263)</b>
Interest Expenses	(254)	(243)	(244)	(255)	(262)	(267)	(266)	(275)	(267)	(265)	(265)	(277)	(263)
Other Non-op Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Equity Income/(Loss)</b>	<b>(329)</b>	<b>(88)</b>	<b>679</b>	<b>145</b>	<b>(32)</b>	<b>532</b>	<b>1,017</b>	<b>11</b>	<b>(3)</b>	<b>772</b>	<b>1,252</b>	<b>107</b>	<b>(162)</b>
<b>Pre-tax Profit</b>	<b>(391)</b>	<b>(145)</b>	<b>981</b>	<b>(175)</b>	<b>264</b>	<b>919</b>	<b>1,503</b>	<b>210</b>	<b>96</b>	<b>1,001</b>	<b>1,768</b>	<b>123</b>	<b>(37)</b>
Current Taxation	0	0	0	0	0	0	0	0	0	0	0	0	0
Minorities	(69)	(68)	120	(190)	120	173	219	59	24	97	259	31	25
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Profit</b>	<b>(340)</b>	<b>(95)</b>	<b>831</b>	<b>8</b>	<b>115</b>	<b>707</b>	<b>511</b>	<b>123</b>	<b>39</b>	<b>864</b>	<b>1,462</b>	<b>72</b>	<b>(104)</b>
<b>Normalized Profit</b>	<b>(353)</b>	<b>(86)</b>	<b>821</b>	<b>12</b>	<b>104</b>	<b>700</b>	<b>492</b>	<b>124</b>	<b>38</b>	<b>849</b>	<b>1,438</b>	<b>88</b>	<b>(104)</b>
EPS (Bt)	(0.04)	(0.01)	0.10	0.00	0.01	0.09	0.06	0.02	0.00	0.11	0.18	0.01	(0.01)
Normalized EPS (Bt)	(0.04)	(0.01)	0.10	0.00	0.01	0.09	0.06	0.02	0.00	0.10	0.18	0.01	(0.01)
<b>Margins</b>													
Gross profit margin	7.4	8.1	24.2	(8.1)	24.9	27.7	28.3	16.3	11.8	16.4	20.4	10.5	11.7
Operating EBIT margin	3.7	4.5	21.2	(13.9)	22.7	25.3	26.8	13.1	10.3	14.4	19.4	7.5	10.6
Operating EBITDA margin	34.1	33.4	45.8	24.5	47.7	50.7	45.5	39.5	31.2	34.6	34.4	27.1	30.4
Net profit margin	(21.3)	(5.7)	42.1	0.6	6.0	33.6	22.0	5.7	1.7	35.2	44.5	2.9	(4.2)
<b>Growth (QoQ)</b>													
Revenue growth	(16.8)	4.7	18.1	(34.7)	48.5	10.0	10.3	(6.8)	8.1	4.9	34.0	(23.5)	(2.2)
Operating EBIT growth	(66.8)	27.7	456.8	(142.7)	342.8	22.6	16.9	(54.4)	(15.4)	47.3	80.4	(70.3)	38.1
Operating EBITDA growth	(27.3)	2.7	61.8	(65.0)	188.5	16.9	(1.0)	(19.0)	(14.7)	16.5	33.0	(39.7)	9.8
Net profit growth	(166.3)	72.1	976.4	(99.1)	1,370.7	516.8	(27.8)	(76.0)	(68.4)	2,131.1	69.2	(95.1)	(245.3)
Normalized profit growth	(937.2)	75.5	1,051.3	(98.5)	768.3	574.2	(29.7)	(74.8)	(69.4)	2,136.5	69.4	(93.9)	(218.7)

Source: KGI Securities Research

**Balance Sheet**

As of 31 Dec (Bt mn)	2021	2022	2023F	2024F	2025F
<b>Total Assets</b>	<b>69,010</b>	<b>69,846</b>	<b>71,321</b>	<b>70,823</b>	<b>70,586</b>
<b>Current Assets</b>	<b>9,712</b>	<b>10,423</b>	<b>11,800</b>	<b>10,387</b>	<b>9,145</b>
Cash & ST Investments	7,082	5,931	7,512	5,939	4,511
Inventories	0	0	0	0	0
Accounts Receivable	2,105	2,567	2,081	2,132	2,204
Others	525	1,926	2,207	2,316	2,430
<b>Non-current Assets</b>	<b>59,298</b>	<b>59,423</b>	<b>59,520</b>	<b>60,436</b>	<b>61,441</b>
LT Investments	460	400	752	657	587
Net fixed Assets	8,491	8,050	9,383	10,712	12,038
Others	50,347	50,973	49,385	49,067	48,816
<b>Total Liabilities</b>	<b>32,880</b>	<b>31,907</b>	<b>32,867</b>	<b>31,651</b>	<b>30,504</b>
<b>Current Liabilities</b>	<b>3,427</b>	<b>4,632</b>	<b>4,656</b>	<b>4,680</b>	<b>4,705</b>
Accounts Payable	927	741	764	789	814
ST Borrowings	0	0	0	0	0
Others	2,500	3,891	3,891	3,891	3,891
<b>Long-term Liabilities</b>	<b>29,453</b>	<b>27,275</b>	<b>28,211</b>	<b>26,971</b>	<b>25,799</b>
Long-term Debts	28,979	26,799	27,729	26,483	25,303
Others	474	476	482	489	495
<b>Shareholders' Equity</b>	<b>36,130</b>	<b>37,939</b>	<b>38,453</b>	<b>39,171</b>	<b>40,082</b>
Common Stock	8,129	8,129	8,129	8,129	8,129
Capital Surplus	9,522	9,522	9,522	9,522	9,522
Retained Earnings	3,637	5,401	5,818	6,313	7,002
Preferred Stock	0	0	0	0	0

Source: KGI Securities Research

**Key Ratios**

Year to 31 Dec	2021	2022	2023F	2024F	2025F
<b>Growth (% YoY)</b>					
Sales	30.3	24.6	(8.9)	(18.9)	2.6
OP	205.2	(21.7)	(21.1)	14.9	4.3
EBITDA	99.1	1.6	(24.0)	6.3	7.5
NP	438.4	11.8	(49.5)	12.8	19.9
Normalized Profit	444.4	12.5	(49.0)	12.8	19.9
EPS	438.4	11.8	(49.5)	12.8	19.9
Normalized EPS	444.4	12.5	(49.0)	12.8	19.9
<b>Profitability (%)</b>					
Gross Margin	24.3	15.2	14.2	20.3	20.7
Operating Margin	27.3	17.1	14.8	21.0	21.4
EBITDA Margin	64.1	52.3	43.6	57.2	59.9
Net Profit Margin	25.6	23.0	12.7	17.7	20.7
ROAA	3.2	3.5	1.7	2.0	2.4
ROAE	6.0	6.4	3.2	3.5	4.2
<b>Stability</b>					
Gross Debt/Equity (%)	0.9	0.8	0.9	0.8	0.8
Net Debt/Equity (%)	0.6	0.6	0.5	0.5	0.5
Interest Coverage (x)	3.6	3.7	2.2	2.5	2.9
Interest & ST Debt Coverage (x)	3.6	3.7	2.2	2.5	2.9
Cash Flow Interest Coverage (x)	3.4	3.1	3.0	2.9	3.0
Cash Flow/Interest & ST Debt (x)	3.4	3.1	3.0	2.9	3.0
Current Ratio (x)	2.8	2.3	2.5	2.2	1.9
Quick Ratio (x)	2.8	2.3	2.5	2.2	1.9
Net Debt (Bt mn)	22,428	21,394	20,743	21,070	21,319
<b>Per Share Data (Bt)</b>					
EPS	0.3	0.3	0.2	0.2	0.2
Normalized EPS	0.3	0.3	0.2	0.2	0.2
CFPS	0.5	0.4	0.4	0.4	0.4
BVPS	4.4	4.7	4.7	4.8	4.9
SPS	1.0	1.3	1.2	1.0	1.0
EBITDA/Share	0.7	0.7	0.5	0.6	0.6
DPS	0.1	0.1	0.1	0.1	0.1
<b>Activity</b>					
Asset Turnover (x)	0.1	0.2	0.1	0.1	0.1
Days Receivables	90.3	88.4	78.7	99.4	100.2
Days Inventory	0.0	0.0	0.0	0.0	0.0
Days Payable	52.6	30.1	33.7	46.1	46.6
Cash Cycle	37.8	58.3	45.0	53.3	53.5

Source: KGI Securities Research

**Profit & Loss**

Year to 31 Dec (Bt mn)	2021	2022	2023F	2024F	2025F
<b>Revenue</b>	<b>8,505</b>	<b>10,595</b>	<b>9,650</b>	<b>7,813</b>	<b>8,017</b>
Cost of Goods Sold	(6,435)	(8,981)	(8,286)	(6,242)	(6,371)
<b>Gross Profit</b>	<b>2,070</b>	<b>1,614</b>	<b>1,364</b>	<b>1,571</b>	<b>1,646</b>
Operating Expenses	(495)	(526)	(590)	(597)	(605)
Other Incomes	297	333	303	305	308
<b>Operating Profit</b>	<b>1,872</b>	<b>1,421</b>	<b>1,076</b>	<b>1,279</b>	<b>1,349</b>
Depreciation of fixed assets	(1,571)	(1,572)	(1,667)	(1,671)	(1,675)
<b>Operating EBITDA</b>	<b>5,453</b>	<b>5,540</b>	<b>4,202</b>	<b>4,453</b>	<b>4,790</b>
<b>Non-Operating Income</b>	<b>567</b>	<b>514</b>	<b>450</b>	<b>450</b>	<b>450</b>
Interest Income	532	490	450	450	450
Other Non-op Income	35	24	0	0	0
<b>Non-Operating Expenses</b>	<b>(1,070)</b>	<b>(1,075)</b>	<b>(1,146)</b>	<b>(1,116)</b>	<b>(1,073)</b>
Interest Expenses	(1,070)	(1,075)	(1,146)	(1,116)	(1,073)
Other Non-op Expenses	0	0	0	0	0
<b>Equity Income/(Loss)</b>	<b>1,528</b>	<b>2,129</b>	<b>1,109</b>	<b>1,153</b>	<b>1,416</b>
<b>Pre-tax Profit</b>	<b>2,896</b>	<b>2,989</b>	<b>1,490</b>	<b>1,766</b>	<b>2,142</b>
Current Taxation	(61)	(47)	(70)	(75)	(178)
Minorities	(571)	(410)	(97)	(224)	(221)
Extraordinary items	0	0	0	0	0
<b>Net Profit</b>	<b>2,179</b>	<b>2,436</b>	<b>1,224</b>	<b>1,367</b>	<b>1,643</b>
<b>Normalized Profit</b>	<b>2,144</b>	<b>2,413</b>	<b>1,224</b>	<b>1,367</b>	<b>1,643</b>
EPS (Bt)	0.27	0.30	0.15	0.17	0.20
Normalized EPS (Bt)	0.26	0.30	0.15	0.17	0.20

Source: KGI Securities Research

**Cash Flow**

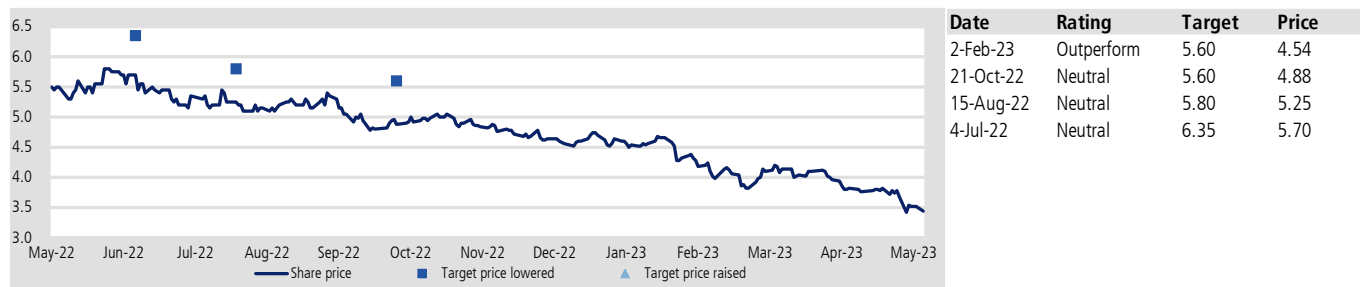
Year to 31 Dec (Bt mn)	2021	2022	2023F	2024F	2025F
<b>Operating Cash Flow</b>	<b>3,667</b>	<b>3,320</b>	<b>3,439</b>	<b>3,181</b>	<b>3,170</b>
Net Profit	2,179	2,436	1,231	1,388	1,665
Depreciation & Amortization	1,571	1,572	1,667	1,671	1,675
Change in Working Capital	168	(917)	1,557	1,058	1,033
Others	(250)	229	(1,015)	(937)	(1,202)
<b>Investment Cash Flow</b>	<b>(4,081)</b>	<b>(1,454)</b>	<b>(2,071)</b>	<b>(2,837)</b>	<b>(2,665)</b>
Net CAPEX	(621)	(622)	(2,008)	(2,498)	(2,498)
Change in LT Investment	(4,864)	(3,030)	(1,030)	(1,082)	(1,136)
Change in Other Assets	1,405	2,198	967	743	969
<b>Free Cash Flow</b>	<b>(413)</b>	<b>1,866</b>	<b>1,368</b>	<b>343</b>	<b>505</b>
<b>Financing Cash Flow</b>	<b>(1,404)</b>	<b>(3,016)</b>	<b>214</b>	<b>(1,917)</b>	<b>(1,933)</b>
Change in Share Capital	(0)	0	0	0	0
Net Change in Debt	(3,708)	871	0	0	0
Change in Other LT Liab.	2,304	(3,888)	214	(1,917)	(1,933)
<b>Net Cash Flow</b>	<b>(1,817)</b>	<b>(1,152)</b>	<b>1,582</b>	<b>(1,573)</b>	<b>(1,428)</b>

Source: KGI Securities Research

**Rates of Return on Invested Capital**

Year	1- COGS Revenue	+ Depreciation Revenue	+ Operating Exp. Revenue	=	Operating Margin
2021	57.2%	18.5%	14.6%		9.8%
2022	87.1%	14.8%	11.8%		-13.8%
2023F	77.8%	17.3%	12.9%		-8.0%
2024F	43.1%	21.3%	16.0%		19.5%
2025F	58.5%	20.8%	15.7%		5.0%
Year	1/ Working Capital Revenue	+ Net PPE Revenue	+ Other Assets Revenue	=	Capital Turnover
2021	0.0	1.0	7.1		0.1
2022	-0.1	0.8	5.8		0.2
2023F	0.2	1.0	6.4		0.1
2024F	0.1	1.4	7.7		0.1
2025F	0.1	1.5	7.3		0.1
Year	Operating Margin	x Capital Turnover	x Cash Tax Rate	=	After-tax Return on Inv. Capital
2021	9.8%	0.1	2.2%		0.0%
2022	-13.8%	0.2	1.6%		0.0%
2023F	-8.0%	0.1	5.0%		-0.1%
2024F	19.5%	0.1	4.6%		0.1%
2025F	5.0%	0.1	8.7%		0.0%

Source: KGI Securities Research

**CK Power Pl. – Recommendation & target price history**


Source: KGI Securities Research

# Industrial Estate Sector

## Neutral Maintained

A pickup in demand for investment is expected to boost demand for IE land sales and benefit Amata Corporation (AMATA.BK/AMATA TB)\* and WHA Corporation (WHA.BK/WHA TB)\* this year. However, reaching a high level of land sales next year would be a challenge and possibly cap the upside of the share prices, after a rise of 30% since 2021. We rate the sector Neutral and rate Neutral on both AMATA (TP Bt22.00) and WHA (TP Bt4.50).

## Share prices may reflect a good trend

### Event

Industry outlook.

### Impact

#### Pickup in Thailand's BOI applications and approvals

According to data from Board of Investment of Thailand (BOI), BOI applications reached Bt185bn during the first three months of this year (Figure 1), equivalent to growth of 77% YoY. The significant growth would be a result of improving COVID-19 situation, re-opening of the country, and relocation due to geopolitical tension. Meanwhile, BOI approvals surged to Bt240bn during the same period, implying growth of 171% YoY (Figure2). Broken down by location, demand for investment in the Eastern Economic Corridor (EEC) remains solid and accounted for 54% of total BOI applications and 62% of BOI approvals. The electronics sector was the main focus and accounted for around 50% of total applications and 30% of approvals.

#### Investment demand from foreign direct investment also heading upward

Investment demand from foreign direct investment (FDI) also picked up. For the first three months of this year, BOI applications for FDI came to Bt155bn, up 115% YoY. BOI approvals for FDI came to Bt175bn (+151% YoY). Investment demand from China and Japan remained good as they are still in the top five for both applications and approvals. Broken down by industry, the electronics sector continued to take the largest share at 60% of BOI applications for FDI and 43% of BOI approvals for FDI.

#### Demand for IE land sales expected to pick up

Land sales for Amata Corporation (AMATA.BK/AMATA TB)\* and WHA Corporation (WHA.BK/WHA TB)\* have been picking up gradually since 2H22. AMATA achieved land sales of 520 rai in 2H22 (vs. 170 rai in 1H22) while WHA reached land sales of 1,400 rai in 2H22 (vs. 500 rai in 1H22). Demand for IE land sales is expected to be okay this year on the back of a pickup in demand for investment. AMATA and WHA are expected to capture that investment demand given their favorable portfolios. Chinese clients accounted for around 30% for WHA and 35% for AMATA, and the electronics sector averaged around 10% for both. We have taken that demand into account in our current assumptions, as we assume 2023F land sales of 1,000 rai for AMATA (vs. the company's target at 2,250 rai) and 2,050 rai for WHA (vs. the company's guidance at 1,750 rai).

#### Share prices seem to reflect the positive outlook ahead

The share prices of AMATA and WHA have risen 30% and 35%, respectively, since the beginning of 2021 (after their land sales bottomed out in 2020 at 212 rai for AMATA and 510 rai for WHA). Land sales plummeted in 2020 due to lockdown measures during the COVID-19 pandemic. It will be challenging to make record high land sales again from 2024F as clients would take into account their business expansion (at least 3-5 years) for their first time buying of land, which implies the flow of sizeable demand for IE land could soften. As such, positive sentiment to drive share prices may be capped by challenging land sales performances.

#### Valuation & Action

We maintain a Neutral rating on the industrial estate sector with unchanged ratings for AMATA (N, TP Bt22.00) and WHA (N, TP Bt4.50).

#### Risks

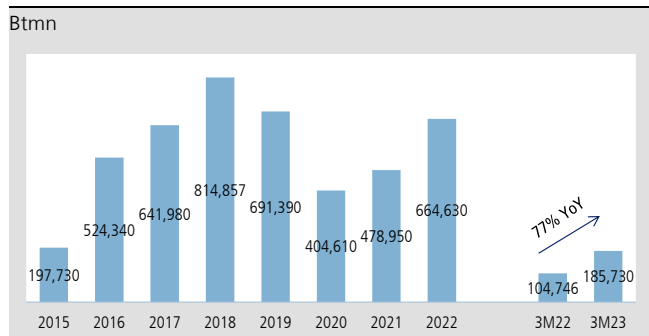
Geopolitical risks, economic slowdown, natural disasters, land acquisition, sector concentration, insufficient capital.



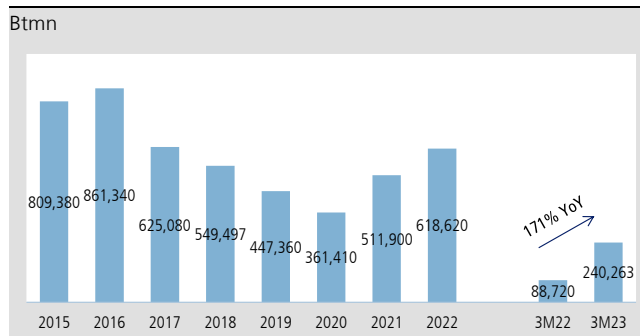
**Figure 1: Peer comparison – Key valuation stats**

	Rating	Target Price (Bt)	Current price (Bt)	Upside (%)	23F core EPS (Bt)	24 core EPS (Bt)	23F PER (X)	24F PER (X)	22 PBV (X)	23F PBV (X)	24F PBV (X)	22 Div yield (%)	23F Div yield (%)	24F Div yield (%)	22 ROAE (%)	23F ROAE (%)	24F ROAE (%)
AMATA*	Neutral	22.0	22.2	(0.9)	1.47	1.60	15.0	13.8	1.0	1.0	1.0	3.2	2.7	2.9	10.1	6.8	7.1
WHA*	Neutral	4.5	4.48	0.4	0.27	0.27	16.0	16.2	1.8	1.7	1.6	2.5	2.5	2.5	11.6	11.1	10.3
<b>Sector</b>	<b>Neutral</b>						<b>15.5</b>	<b>15.0</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>2.8</b>	<b>2.6</b>	<b>2.7</b>	<b>10.9</b>	<b>8.9</b>	<b>8.7</b>

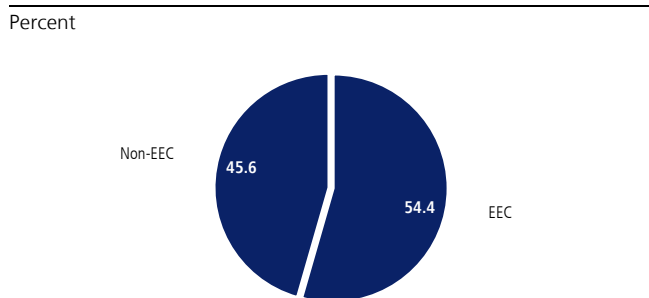
Source: KGI Securities Research

**Figure 2: Thailand's BOI applications**


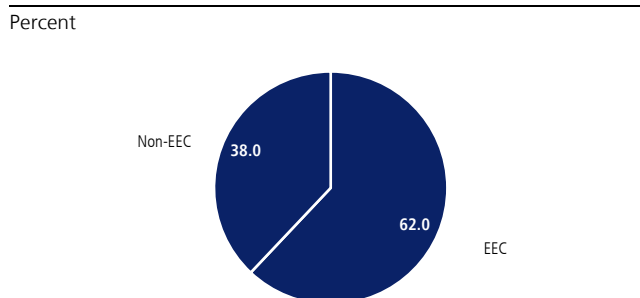
Source: BOI, KGI Securities Research

**Figure 3: Thailand's BOI approvals**


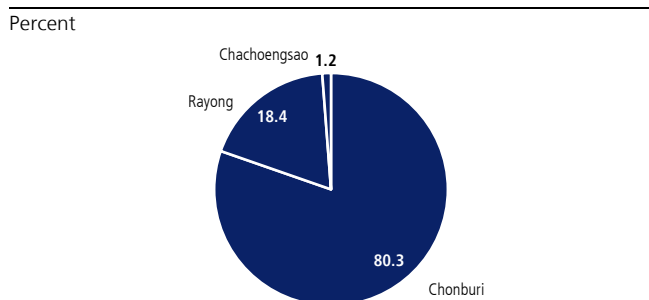
Source: BOI, KGI Securities Research

**Figure 4: Thailand's BOI application location breakdown**


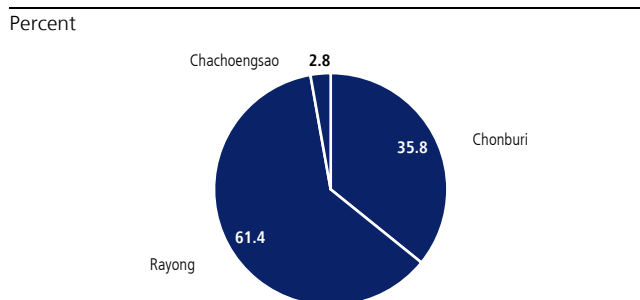
Source: BOI, KGI Securities Research

**Figure 5: Thailand's BOI approval location breakdown**


Source: BOI, KGI Securities Research

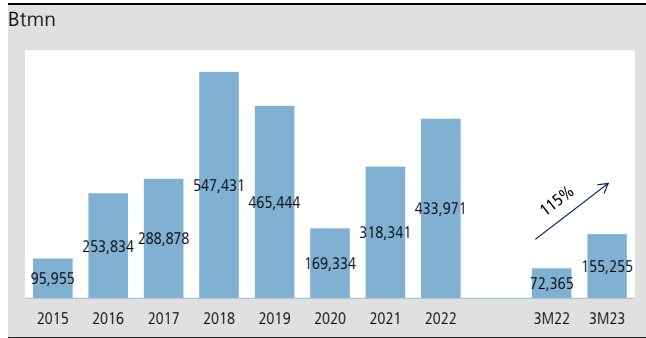
**Figure 6: Thailand's BOI applications EEC breakdown**


Source: BOI, KGI Securities Research

**Figure 7: Thailand's BOI approvals EEC location breakdown**


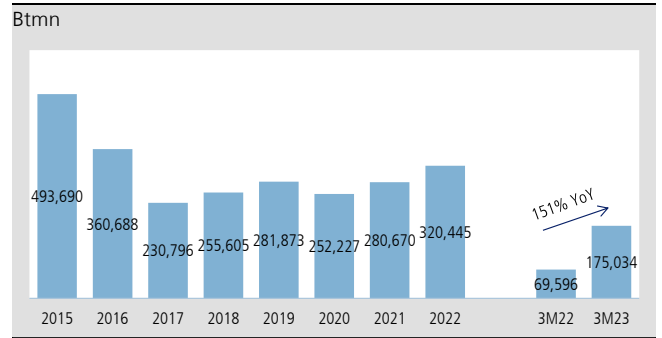
Source: BOI, KGI Securities Research

**Figure 8: FDI BOI applications**



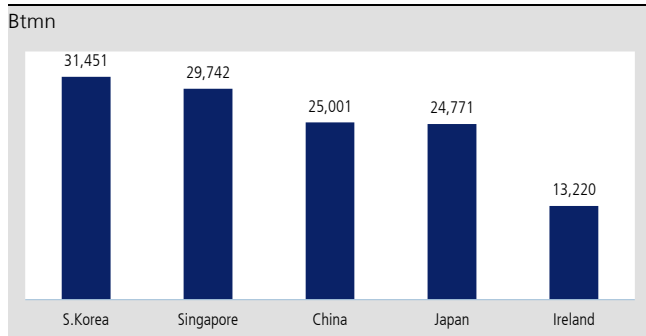
Source: BOI, KGI Securities Research

**Figure 9: FDI BOI approvals**



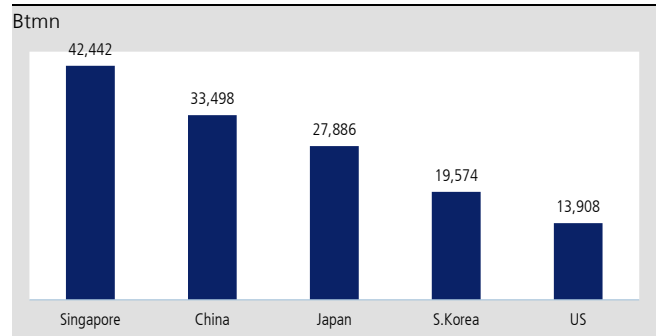
Source: BOI, KGI Securities Research

**Figure 10: Top 5 countries for FDI applications**



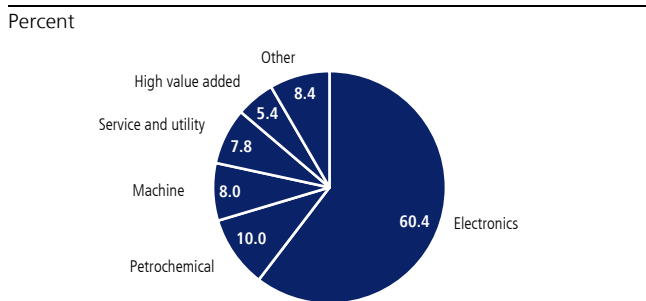
Source: BOI, KGI Securities Research

**Figure 11: Top 5 countries for FDI approvals**



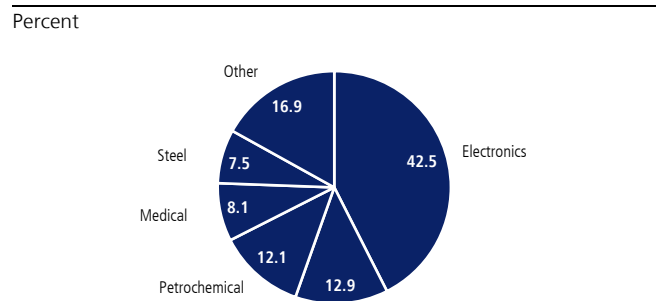
Source: BOI, KGI Securities Research

**Figure 12: FDI application industry breakdown**



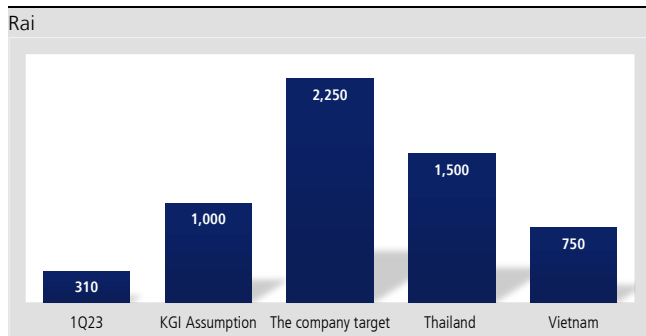
Source: BOI, KGI Securities Research

**Figure 13: FDI approval industry breakdown**



Source: BOI, KGI Securities Research

**Figure 14: AMATA Land sales**



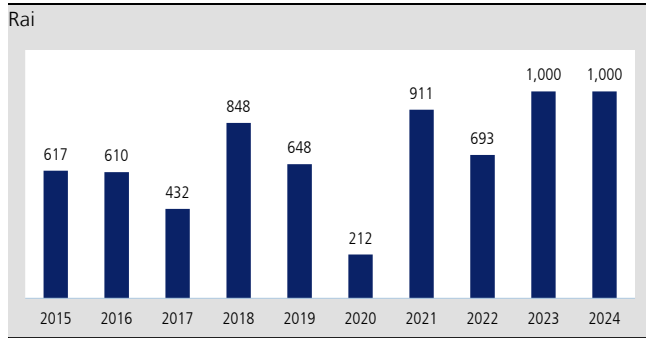
Source: Company data, KGI Securities Research

**Figure 15: WHA Land sales**



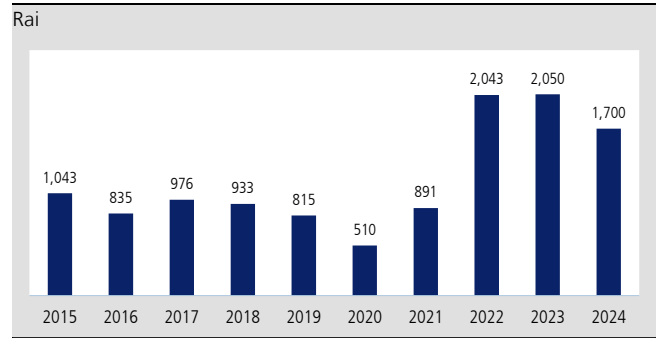
Source: Company data, KGI Securities Research

**Figure 16: AMATA Land sales**



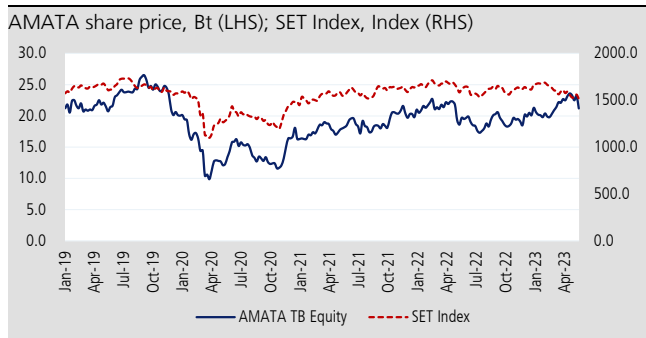
Source: Company data, KGI Securities Research

**Figure 17: WHA Land sales**



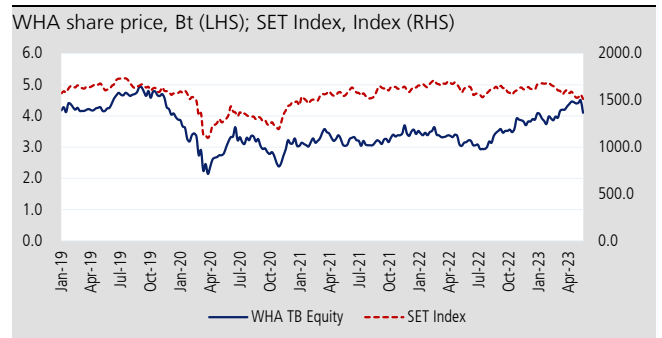
Source: Company data, KGI Securities Research

**Figure 18: AMATA share price vs SET Index**



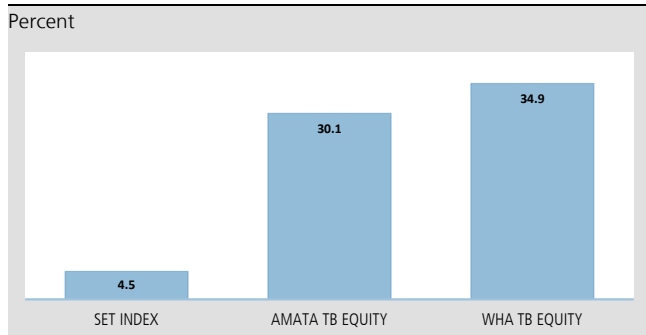
Source: Biznews, KGI Securities Research

**Figure 19: WHA share price vs SET Index**



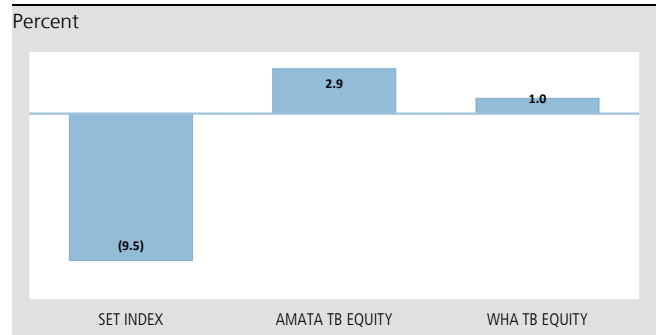
Source: Biznews, KGI Securities Research

**Figure 20: Return since 2021**



Source: Biznews, KGI Securities Research

**Figure 21: Return since YTD**



Source: Biznews, KGI Securities Research

# Commodities Update

## Key message

Dubai crude price inched up 1% WoW to US\$75.3/bbl last Friday as the market is closely monitoring the OPEC+ meeting on June 4. Meanwhile, Russian Deputy Prime Minister Alexander Novak said he did not expect further OPEC+ crude output reductions from the upcoming meeting. For the refinery market, jet oil and diesel spreads declined 13% WoW to US\$12.9/bbl and 8% WoW to US\$13.9/bbl, respectively; however, gasoline spread soared 12% WoW to US\$17.4/bbl. With a higher gasoline spread, we expect Star Petroleum Refining (SPRC.BK/SPRC TB)\* and Thai Oil (TOP.BK/TOP TB)\* to benefit as they had high gasoline yields of 25% and 17% in 1Q23, respectively. Meanwhile, PTG Energy (PTG.BK/PTG TB)\* and PTT Oil and Retail Business (OR.BK/OR TB)\* remain our Energy top picks.

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## Looking ahead to the upcoming OPEC+ meeting

### Event

Weekly commodities update.

### Impact

#### Crude market: OPEC+ meeting on June 4

Dubai crude price inched up 1% WoW to US\$75.3/bbl last Friday as the market is closely monitoring the OPEC+ meeting on June 4. Meanwhile, Russian Deputy Prime Minister Alexander Novak said he did not expect further OPEC+ crude output reductions from the upcoming meeting as the cartel just made voluntary crude supply cuts of 1.15MBD (excluding Russia's cut) in May. In addition, US President Joe Biden and House Speaker Kevin McCarthy reached an agreement in principle on raising the US debt ceiling over the weekend. US commercial crude inventories also flipped and declined by 12.5mn bbls WoW to 455mn bbls; however, US crude output ramped up by 100KBD WoW to 12.3MBD.

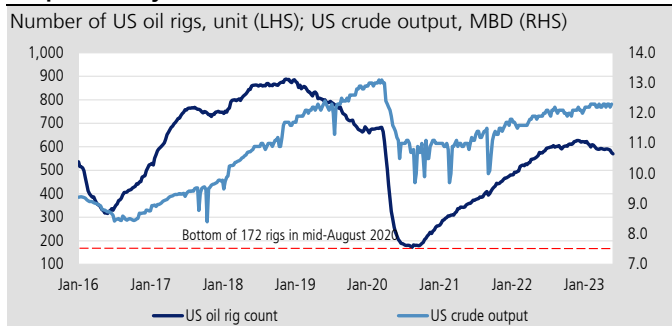
#### Refinery market: Softer jet oil and diesel spreads WoW

Singapore GRM dropped 8% WoW to US\$4.5/bbl due to lower jet oil and diesel spreads. Jet oil and diesel spreads declined 13% WoW to US\$12.9/bbl and 8% WoW to US\$13.9/bbl, respectively; however, both spreads still stood at normal levels (US\$12-14/bbl), supported by very low global middle-distillates inventories. Meanwhile, gasoline spread soared 12% WoW to US\$17.4/bbl thanks to stronger US gasoline demand and the upcoming US driving season in July. With higher gasoline spread, we expect Star Petroleum Refining (SPRC.BK/SPRC TB)\* and Thai Oil (TOP.BK/TOP TB)\* to benefit as they had high gasoline yields of 25% and 17% in 1Q23, respectively.

#### Petrochemical market: Lower olefins and aromatics spreads WoW

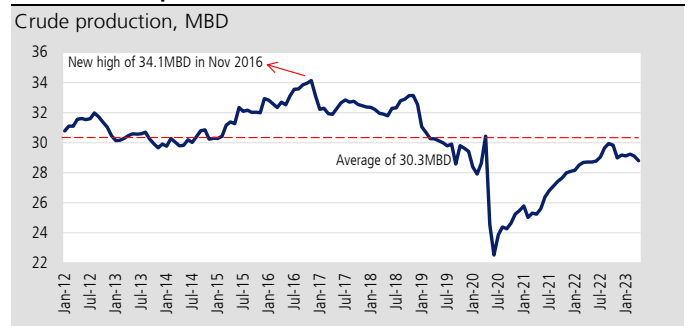
HDPE and PP spreads fell 6% WoW to US\$441/ton and 11% WoW to US\$379/ton, which are poor levels (below US\$500/ton and US\$550/ton, respectively) owing to huge new supply with PE capacity of 6.7MTA and PP capacity of 7.3MTA this year. In Asia Pacific and the Middle East, PP supply addition in 2H23F is expected at 4.5MTA, much higher than 1.9MTA in 1H23F. For the aromatics market, PX spread softened 1% WoW to US\$386/ton and BZ spread plunged 18% WoW to US\$255/ton as a result of a resumption of China's Shenghong plant with PX capacity of 2.8MTA after unplanned shutdown in late March.

**Figure 1: US oil rig softened by 5 WoW to 570 but US crude output rose by 100KBD WoW to 12.3MBD**



Source: Baker Hughes, Bloomberg, KGI Securities Research

**Figure 2: OPEC crude production declined by 310KBD MoM to 28.8MBD in April**



Source: Bloomberg, KGI Securities Research

Figure 3: Commodities Table

Commodity-prices	Last	1 Week	2022	%Chg		Average					Related Stock
	26-May-23	19-May-23	30-Dec-22	WoW	YTD	2QTD23	1Q23	4Q22	3Q22	2Q22	
<b>Crude</b>											
Brent (US\$/bbl)	76.9	75.8	85.0	1.5	(9.5)	79.9	81.3	88.5	99.6	113.2	+ PTTEP
Dubai (US\$/bbl)	75.3	75.0	78.7	0.5	(4.3)	78.7	79.6	84.5	98.1	109.2	+ PTTEP
WTI (US\$/bbl)	72.7	71.6	80.3	1.6	(9.5)	75.4	76.0	82.9	92.1	109.2	+ PTTEP
Tapis (US\$/bbl)	80.1	80.2	89.4	(0.1)	(10.4)	82.1	85.8	97.3	109.8	118.9	- PTTEP
<b>Refinery</b>											
Singapore GRM (US\$/bbl)	4.5	4.9	10.2	(7.8)	(56.0)	3.7	8.2	6.4	8.0	20.9	- TOP, PTTGC, BCP, IRPC, SPRC, ESSO
Implied Thailand GRM (US\$/bbl)*	3.4	4.2	13.2	(19.6)	(74.3)	2.9	9.0	12.7	9.1	19.7	
Gasoline spread (US\$/bbl)	17.4	15.6	14.9	12.1	16.7	15.9	18.7	9.4	13.2	35.0	
Jet oil spread (US\$/bbl)	12.9	14.7	37.6	(12.6)	(65.7)	13.5	26.5	33.5	32.4	39.2	
Diesel spread (US\$/bbl)	13.9	15.0	35.8	(7.6)	(61.2)	13.6	25.2	39.3	35.2	43.1	
HSFO spread (US\$/bbl)	(8.1)	(5.8)	(16.8)	(39.7)	51.9	(8.8)	(16.3)	(22.5)	(22.3)	(3.2)	
<b>Petrochemical</b>											
<b>Olefins</b>											
HDPE (US\$/ton)	1,035	1,050	1,015	(1.4)	2.0	1,057	1,085	1,032	1,107	1,350	- PTTGC
PP (US\$/ton)	973	1,008	990	(3.5)	(1.7)	1,039	1,094	995	1,091	1,362	- PTTGC
Naphtha (US\$/ton)	594	582	647	2.1	(8.2)	634	688	673	719	883	
<b>Spread</b>											
HDPE spread (US\$/ton)	441	468	368	(5.8)	19.9	424	397	359	388	467	- SCC, IRPC
PP spread (US\$/ton)	379	426	343	(11.0)	10.6	405	406	322	372	479	- SCC, IRPC
<b>Aromatics</b>											
PX (US\$/ton)	980	970	950	1.0	3.2	1,058	1,035	977	1,097	1,254	
BZ (US\$/ton)	849	892	863	(4.8)	(1.6)	927	934	824	992	1,231	
<b>Spread</b>											
PX spread (US\$/ton)	386	388	302	(0.5)	27.7	424	347	304	378	371	- PTTGC, TOP
BZ spread (US\$/ton)	255	310	216	(17.7)	18.3	293	246	152	272	348	- PTTGC, TOP
<b>Polyesters</b>											
PTA (US\$/ton)	764	766	752	(0.3)	1.6	817	775	758	845	951	
PET (US\$/ton)	925	938	915	(1.4)	1.1	987	971	913	1,095	1,227	
<b>Spread</b>											
PTA spread (US\$/ton)	107	116	116	(7.5)	(7.0)	109	82	102	116	107	- IML
PET spread (US\$/ton)	90	93	92	(2.7)	(1.6)	99	117	90	179	179	- IML
Integrated PET spread (US\$/ton)	183	193	191	(5.2)	(4.4)	193	187	178	279	272	- IML
<b>Coal</b>											
Newcastle Coal (US\$/ton)	149	162	404	(8.1)	(63.2)	179	252	388	426	371	- BANPU
<b>Gas</b>											
Henry Hub (US\$/mmbtu)	1.9	2.4	3.5	(20.7)	(46.6)	2.1	2.6	5.4	7.8	7.3	
Dutch TTF (EUR/MWh)	24.5	30.2	76.3	(18.7)	(67.9)	35.9	53.7	117.4	200.2	99.3	
JKM Japan/Korea (US\$/mmbtu)	9.4	9.7	33.0	(3.3)	(71.5)	11.3	18.1	31.9	46.2	26.9	

\*We calculate implied Thailand GRM, based on yield of LPG (5%), ULG95 (15%), JO (15%), GO (45%), and HSFO (10%) plus Murban premium/discount (45%)

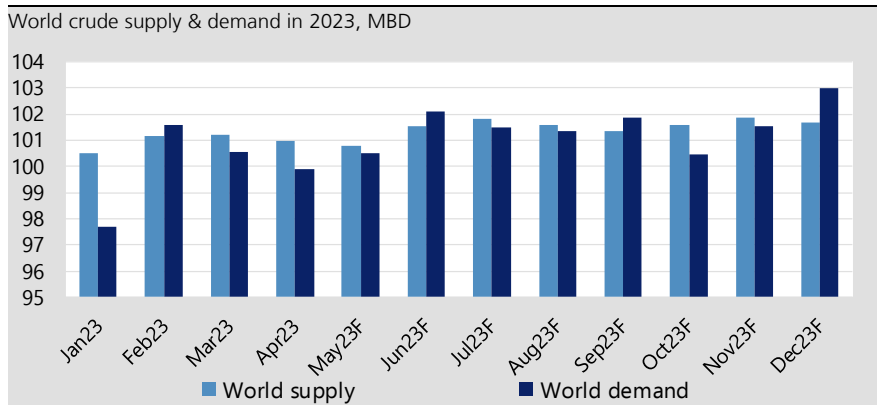
Source: Bloomberg, BANPU Plc, PTTGC Plc, KGI Securities Research, www.dit.go.th

**Figure 4: World crude supply & demand in 2023 (based on EIA's May report)**

	Jan23	Feb23	Mar23	Apr23	May23F	Jun23F	Jul23F	Aug23F	Sep23F	Oct23F	Nov23F	Dec23F
World supply	100.5	101.2	101.2	101.0	100.8	101.5	101.8	101.6	101.3	101.6	101.9	101.7
World demand	97.7	101.6	100.6	99.9	100.5	102.1	101.5	101.4	101.9	100.5	101.6	103.0

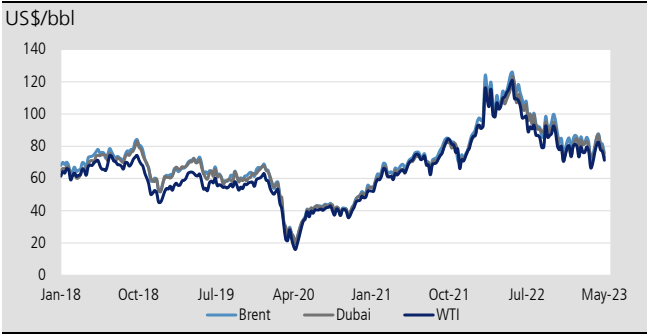
Source: EIA's STEO on May 2023, KGI Securities Research

**Figure 5: Crude supply hovered around 101-102MBD from June onwards**



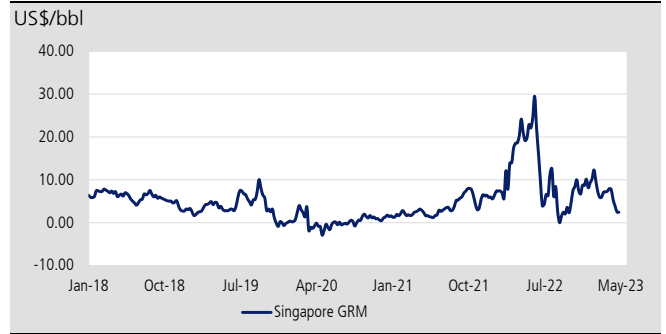
Source: EIA's STEO on May 2023, KGI Securities Research

**Figure 6: Crude Price**



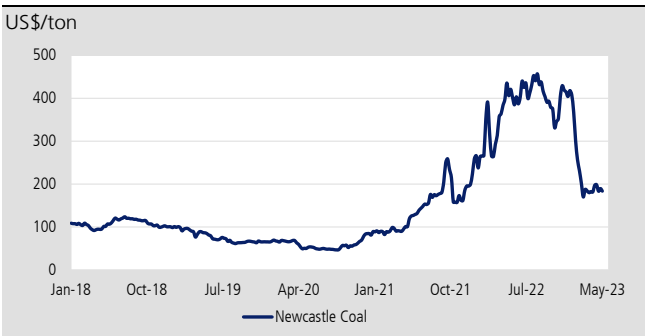
Source: Bloomberg

**Figure 7: Singapore GRM**



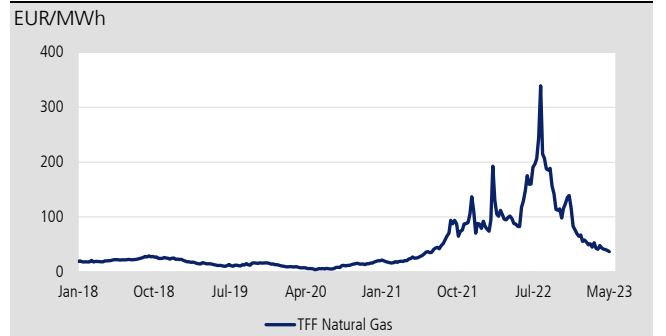
Source: Reuters

**Figure 8: NEX Coal Price**



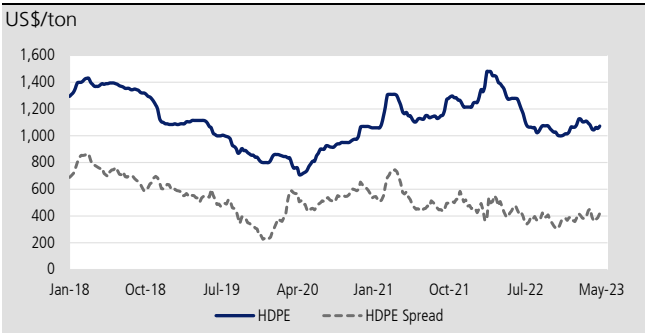
Source: BANPU

**Figure 11: Dutch TFF Gas Price**



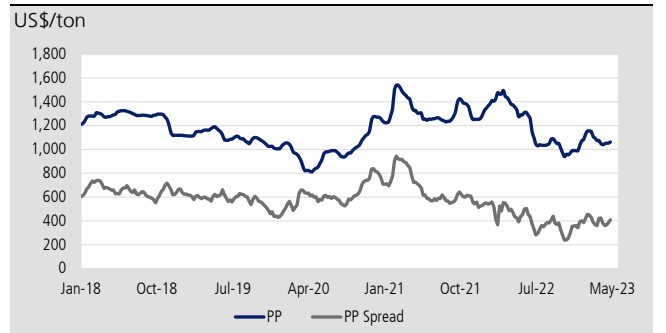
Source: Bloomberg

**Figure 10: HDPE Price, HDPE Spread**



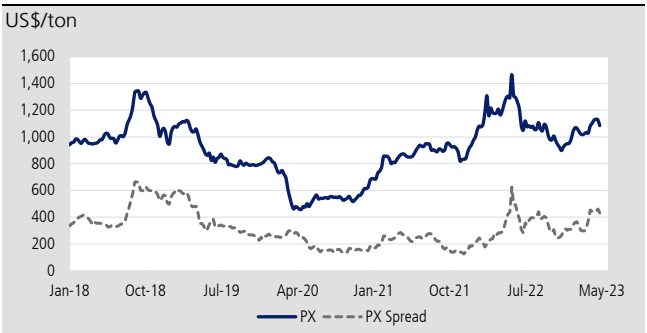
Source: Bloomberg

**Figure 11: PP Price, PP Spread**



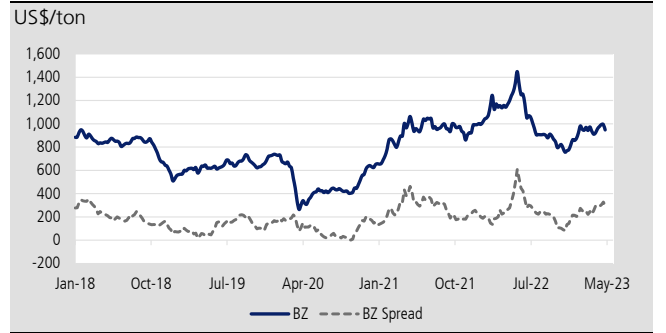
Source: Bloomberg

**Figure 12: PX Price, PX Spread**




Source: Bloomberg

**Figure 13: BZ Price, BZ Spread**



Source: Bloomberg

# Tidbits

	<b>B. Grimm Power (OP, TP 43.00)</b>
<b>News:</b>	BGRIM acquired a 21.27% stake in a 98.99MW solar project in South Korea (COD: March 2022, 20-year PPA, and Bt3.8/kWh tariff), with capex earmarked at Bt401.5mn. Based on dividend entitlement, BGRIM will recognize the operation via share of profit with 33.9%, not 21.27% stake. (SET)
<b>Comment:</b>	We are neutral to this move. The projects would contribute only Bt43-47mn p.a. or equivalent to 1.5%-2.0% of our 2024-25F core profits, based on 80% EBITDA margin, 17% capacity factor, 70:30 project D/E, 11-12% EIRR. Upside accretion to our target price would be <Bt0.5/share.
Wetid Tangjindakun, Tel. 66-2658-8855, Email: wetidt@kgi.co.th	

Strongly positive  
Positive  
Slightly positive



Strongly negative  
Negative  
Slightly negative



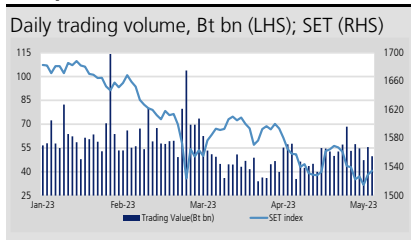
Neutral





# SET could extend some gains on Tuesday

## SET performance



Source: SET

## Market turnover Bt38bn

Bt bn	Buy	%	Sell	%
Retail	11.5	32.7	12.5	35.9
Foreign	18.8	53.6	19.1	54.6
Institutional	4.8	13.6	3.3	9.5

## Most active sectors

	Bt bn	Chng (%)	% of total
Energy	5.8	0.3	15.4
Bank	4.4	1.0	11.7
Comm	3.6	0.3	9.6
Food	3.0	-0.4	8.1
Helth	2.7	1.2	7.2

## Most active stocks

	Close (Bt)	Chng (%)	Bt bn
DELTA	96.25	3.2	1.5
PTT	31	-	1.5
CPALL	63.25	-	1.3
BDMS	28.25	1.8	1.3
KBANK	132.50	-	1.2

## Daily NVDR report

### Increase

Stock	26-May-23 mn shares	29-May-23 mn shares	Value Bt mn
DELTA	353.3	355.3	196.6
MAKRO	325.3	327.8	100.9
CBG	42.3	43.1	54.1
JMT	78.0	79.0	41.3
ICHI	113.7	115.9	31.8
BDMS	2,204.9	2,205.7	25.4
BTG	22.2	22.9	17.3
KCE	50.7	51.1	15.7
ILM	11.5	12.1	14.4
GLOBAL	189.0	189.7	14.2

### Decrease

Stock	26-May-23 mn shares	29-May-23 mn shares	Value Bt mn
CPALL	970.7	964.4	-397.6
AOT	780.3	775.7	-321.3
BBL	442.3	440.8	-236.2
BANPU	974.8	961.2	-111.9
GULF	459.3	457.1	-108.4
HANA	71.4	69.0	-100.7
CPN	318.2	316.9	-93.6
INTUCH	204.4	203.1	-89.6
BH	130.6	130.2	-89.2
ADVANC	221.3	220.9	-88.5

## Trader Comments

Rakpong Chaisuparakul (66.2658.8888 Ext. 8845)

After a moderate market rebound yesterday, led by electronics and healthcare sectors, the SET Index could extend some gains on Tuesday. Overnight, US financial markets were closed for Memorial Day, but we positive sentiment from a bipartisan agreement on the US debt ceiling could continue to support Asian equities to some extent. On balance, similar to the previous session, foreign equity flows may remain mute, limiting the near-term upside. The outlook for the US interest rate is uncertain again, after higher-than-expected core PCE inflation in April while the labor market still looks resilient. Hence, market players would continue to monitor US economic data this week like house prices (today), job openings (Wednesday), ISM manufacturing report (Thursday) and last but not least monthly employment report (Friday). On the domestic side, investors should monitor the closed-door meeting between Move Forward and Puea Thai today, regarding the Thai House Speaker post. Further conflict on this issue could lead to uncertainty on the forming of a new coalition government.

## Quick Bullets

Thai Research Team (66.2658.8888 Ext. 8859)

**Finance Minister Arkhom Termpittayapaisith has refused to take a stance on whether the diesel excise tax cut needs to be extended, saying it depends on global oil prices.** The cabinet of outgoing Prime Minister Prayut Chan-o-cha extended the excise tax cut on diesel of Bt5 per litre until July 20 to help ease the cost of living. "When that day arrives, let's discuss issue again as the global oil price is now falling," said Mr Arkhom. (Bangkok Post)

**The food and beverage trade event Thaifex-Anuga Asia 2023 ended on Saturday and generated up to Bt120bn in transactions, outstripping the original target of Bt70bn.** Commerce Minister Jurin Laksanawisit said the event was tremendously successful based on strong collaboration among three parties: the Commerce Ministry's International Trade Promotion Department, the Thai Chamber of Commerce, and Koelnmesse, one of the world's largest trade fair companies. (Bangkok Post)

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**Namwiwat Medical Corporation (Nam), a Thai sterilised medical equipment maker and seller, aims to become a key manufacturer on the global stage by partnering with national oil and gas conglomerate PTT Plc (PTT.BK/PTT TB)\* following a successful expansion in Southeast Asia.** The company recently sold a 17.6% stake worth Bt800mn to PTT and is preparing to raise more funds through an initial public offering (IPO), said Viroj Chaiturdkiat, chief executive of Nam. (Bangkok Post)

**Major Cineplex Group Plc (MAJOR.BK/MAJOR TB) and SF Corporation Plc have vowed to resume their active business plans to capitalise on a resurgence in the film market this year.** Narute Jiensnong, chief marketing officer at Major Cineplex, said the company planned to open 10 new branches with 40-50 screens in Bangkok and other locations across the country. The company currently operates 181 movie theatres with 846 screens. Of the total, 172 branches are in Thailand and nine are overseas. (Bangkok Post)

**Asian Sea Corporation, a Thai frozen food producer, and its subsidiary Asian Alliance International (AAI.BK/AAI TB) are ready to move their production base to Vietnam or the Philippines if the new coalition government raises the daily minimum wage to Bt450.** President and chief executive Somsak Amornrattanachaiakul said the group is preparing to relocate its production and investment bases to Vietnam or the Philippines to expand production capacity if the daily minimum wage is increased to Bt450. (Bangkok Post)

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# Price Analysis

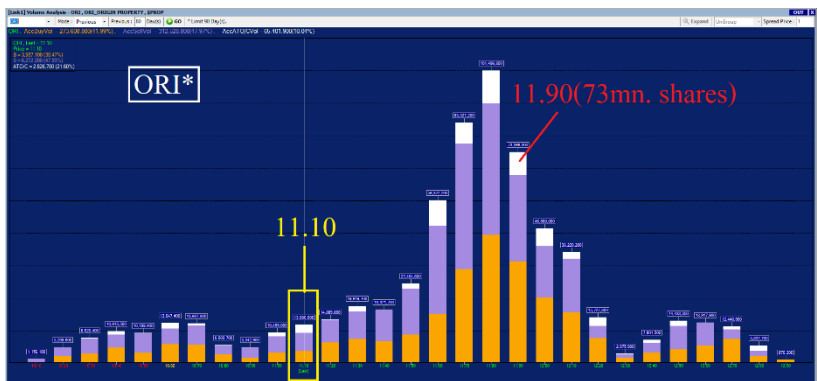


<h2 style="margin: 0;">ORI*</h2>	
<b>Support</b>	10.60-10.90
<b>Resistance</b>	11.30 / 11.70
<b>Stop Loss</b>	10.50

### ORI (Daily)

Rebounded from uptrend support. In addition, there is a positive signal from RSI as it crossed over from oversold territory. Recommend short-term speculation for an expected swing up.

# Volume Analysis



At the closing price of 11.10, it is recommended to speculative buy as the price is nearly passing the resistance at 11.90 with trading volume of about 73mn shares, after which the volume resistance is reduced to about 16mn shares per bar. Considering that the volume resistance has decreased by more than 82%, it is expected that the price will continue to rise easily.

# Investment Strategy

### Recommendation

Buy when price weakens to support at Bt10.60-Bt10.90. Expected to swing up with short-term resistance at Bt11.30 or Bt11.70, respectively. Stop loss when the price is lower than Bt10.50.

## Price Analysis



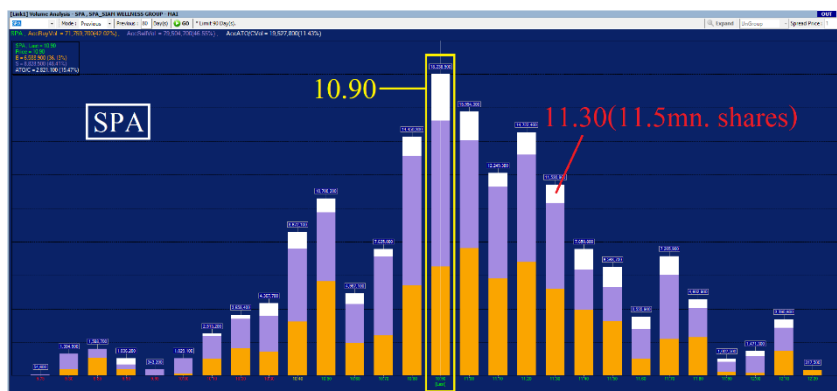
### SPA

<b>Support</b>	10.50-10.80
<b>Resistance</b>	11.30 / 11.70
<b>Stop Loss</b>	10.40

### SPA (Daily)

Rebounded from uptrend channel support. In addition, there is a positive signal from Modified Stochastic as %K line cross over from oversold territory. Recommend short-term speculation for an expected swing up.

## Volume Analysis



At the closing price of 10.90, it is recommended to speculative buy as the price is nearly passing the resistance at 11.30 with trading volume of about 11.5mn shares, after which the volume resistance is reduced to about 4mn shares per bar. Considering that the volume resistance has decreased by more than 66%, it is expected that the price will continue to rise easily.

## Investment Strategy

### Recommendation

Buy when price weakens to support at Bt10.50-Bt10.80. Expected to swing up with short-term resistance at Bt11.30 or Bt11.70, respectively. Stop loss when price is lower than Bt10.40.

# Corporate Governance Report of Thai Listed Companies



## Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BPCG	BPCG	KBANK	KASIKORN BANK	SEAFCO	SEAFCO
BMMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENDEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAICOM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	



## Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SRI SAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERAWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		



## Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

## Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: www.thai-iod.com

**Disclaimer:** The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

## Anti-corruption Progress Indicator

### Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORN BANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFCO	SEAFCO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BPCG	BPCG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: www.cgthailand.org

**Disclaimer:** The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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**KGI's Ratings**

<b>Rating</b>	<b>Definition</b>
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  Excess return = 12M target price/current price-
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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