

15 MARCH 2021

THAILAND / UTILITIES - RENEWABLES

# SERMSANG POWER CORP SSP TB

**BUY**  
 UNCHANGED

TARGET PRICE	THB20.00
CLOSE	THB15.70
UP/DOWNSIDE	+27.4%
PRIOR TP	THB16.00
CHANGE IN TP	+25.0%
TP vs CONSENSUS	+55.6%

## Ready for a new growth roadmap

### Capital increase dilution offset by new growth projects

We now turn more positive on SSP's net profit growth outlook. We project its net profit to grow at a 25.5% 3-year CAGR in 2020-23, rising from THB729m in 2020 to THB1,441m in 2023. Based on our estimates, SSP could see EPS growth of 18.4%/25.6%/14.8% in 2021-23 vs net profit growth of 37.1%/25.6%/14.8% in 2021-23 with the share dilution from its stock dividend and the exercise of SSP-W1. Hence, we think only EPS in 2021 will be diluted but post-2021 EPS growth should continue to be strong, driven by SSP's new growth projects using the THB1.2b cash raised from the 101.42m SSP-W1 warrants exercised at THB12/share.

### The more the merrier for growth

We believe SSP's net profit growth outlook is now stronger in 2021-23, backed by its new projects with a potential growth capacity of 140%, or 162MW, from 2019-24, up from 118MW in 2019. Key growth projects include 1) the rooftop solar farm in Indonesia with 21.1 equity capacity (EC), COD in 2020-22; 2) the 27MW EC Yamaga solar farm in Japan - (90% holding, COD in 2020); 3) 20MW EC from the Leo 1 solar farm in Japan (100%, COD 3Q21); 4) the 38.4MW EC wind farm phase 1 in Vietnam (80%, COD 4Q21); 5) the 17MW EC Leo 2 solar farm in Japan (100%, COD 3Q22); and 6) the 38.4MW EC wind farm phase 2 in Vietnam (80%, COD 2024).

### SSP-W2 dilution underscores future growth opportunity

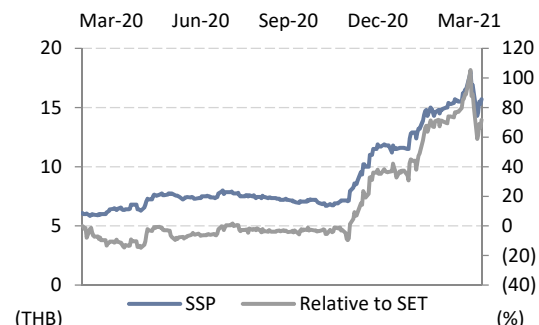
While SSP's shares will increase by a total of 447.17m, we think that only the EPS dilution from the increase in the number of shares outstanding from the 10% stock dividend (92.2m shares) and SSP-W1 (101.42m) are relevant for the EPS calculation, given that SSP-W2 (253.55m) remains out of money, and hence is unlikely to be exercised anytime soon until SSP's share price exceeds THB18-24/share. The exercise price range of SSP-W2 is scheduled to be finalised in Apr-21.

### Maintain BUY; TP raised to THB20

We maintain BUY and raise our SoTP-based TP from THB16 to THB20 to reflect our EPS forecast cuts in 2021-23 by 6.5-19.8%, incorporating the diluted earnings from the stock dividend and SSP-W1 exercise that should be partly offset by the net profits from SSP's new projects: the 38.4MW EC wind farm phase 2 in Vietnam and the 21.1MW EC solar rooftop in Indonesia.

### KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	1,871	2,960	3,198	3,479
Net profit	729	999	1,255	1,441
EPS (THB)	0.79	0.90	1.13	1.29
vs Consensus (%)	-	(8.0)	2.0	(9.2)
EBITDA	1,476	2,107	2,446	2,678
Core net profit	697	999	1,255	1,441
Core EPS (THB)	0.76	0.90	1.13	1.29
Chg. In EPS est. (%)	-	(19.8)	(6.5)	(9.3)
EPS growth (%)	13.8	18.4	25.6	14.8
Core P/E (x)	20.8	17.5	14.0	12.2
Dividend yield (%)	0.1	2.5	3.2	3.2
EV/EBITDA (x)	15.7	11.6	9.8	8.8
Price/book (x)	3.4	2.7	2.4	2.1
Net debt/Equity (%)	185.2	94.1	77.0	62.2
ROE (%)	17.5	18.7	18.2	18.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.6	34.2	145.3
Relative to country (%)	(1.3)	26.9	74.4
Mkt cap (USD m)	471		
3m avg. daily turnover (USD m)	4.6		
Free float (%)	30		
Major shareholder	Kraipisitkul Family (19%)		
12m high/low (THB)	18.40/5.70		
Issued shares (m)	922.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

Founded in 2010, Sernsang Power (SSP) is a producer and distributor of solar power to the Electricity Generating Authority of Thailand (EGAT). In June 2013, the company entered into a 40MW power purchase agreement with EGAT as a small power producer. SSP began operations at its first solar plant in 2015 with an adder rate of THB6.5/kWh for 10 years.

We project an earnings CAGR of 25.5% over 2020-23, driven by the commencement of several new overseas growth projects. We expect SSP's earnings growth to accelerate in the medium to long term, post start-up of solar farms in Japan and wind farms in Vietnam in 2021-24. SSP has set up subsidiaries to explore solar rooftop opportunities and other business opportunities in Thailand, Japan and Mongolia.

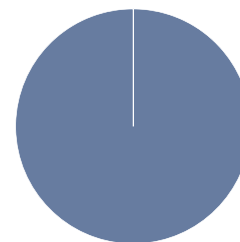
## Company profile

Sernsang power is a holding company investing in electricity generating businesses with major solar farm power assets in Thailand and Japan.

[www.sernsang.com](http://www.sernsang.com)

## Principal activities (revenue, 2020)

■ Electricity sales - 100.0 %

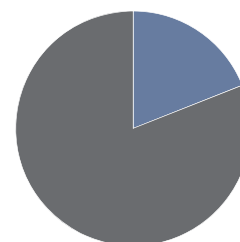


Source: Sernsang Power Corp

## Major shareholders

■ Kraipisitkul Family - 19.0 %

■ Others - 81.0 %



Source: Sernsang Power Corp

## Catalyst

Higher utilisation rates of power plants and rising demand for electricity in Thailand, Japan and Mongolia are key potential growth drivers.

## Risk to our call

The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) project start-up delays.

## Event calendar

Date	Event
May 2021	1Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
Average utilisation rate (%)	19	20	21
Electricity tariff (THB/kWh)	3.09	3.05	3.20
Installed capacity (MW)	267	267	267

Source: FSSIA estimates

## Earnings sensitivity

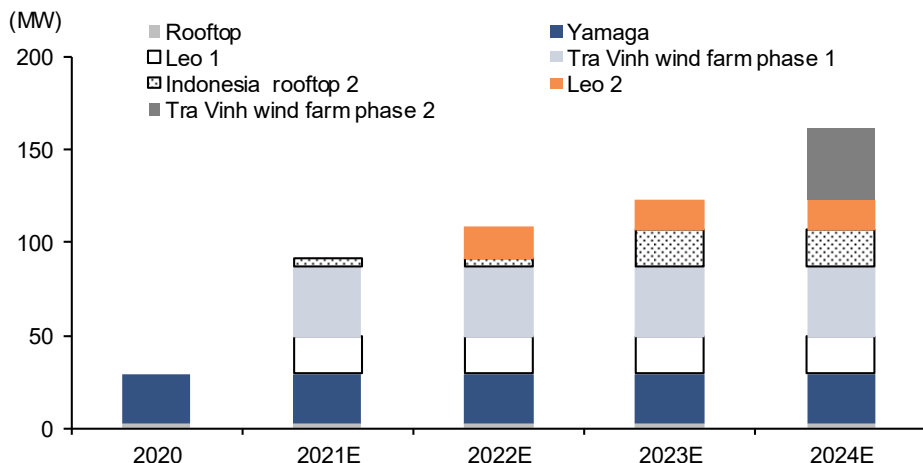
- Ceteris Paribus, for every 1% increase in gas price, we estimate 2021 earnings would increase 1.1%, and vice versa.
- Ceteris Paribus, for every 1% increase in interest rate, we estimate 2021 earnings would decline 1.2%, and vice versa.

Source: FSSIA estimates

## Capital increase for a new growth roadmap

We believe SSP's net profit growth outlook is now strengthened further in 2021-23, backed by its new projects with a potential growth capacity of 140%, or 162MW, from 2019-24, up from 116MW in 2019. Key growth projects include 1) a rooftop solar farm with 21.1MW EC, commercial operation date (COD) in 2020-22; 2) the 27MW EC Yamaga solar farm in Japan (90% holding, COD in 2020); 3) 20MW EC from the Leo 1 solar farm in Japan (100%, COD 3Q21); 4) the 38.4MW EC wind farm phase 1 in Vietnam (80%, COD 4Q21); 5) the 17MW EC Leo 2 solar farm in Japan (80%, COD 3Q22); and 6) the 38.4MW EC wind farm phase 2 in Vietnam (80%, COD 2024).

**Exhibit 1: SSP's new growth projects in 2020-24**

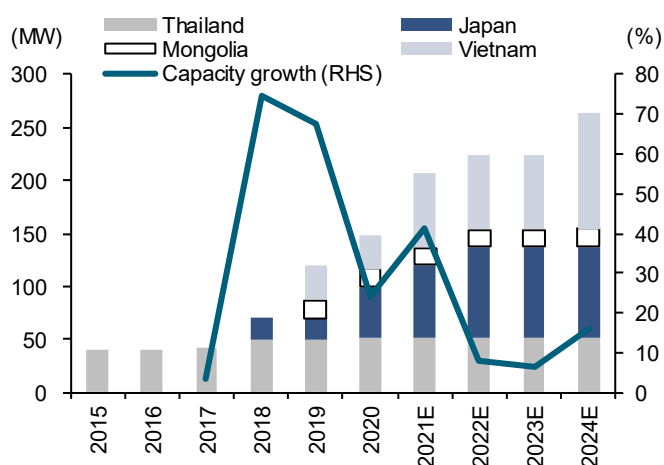


Source: SSP

In 2021-24, we project that SSP will see the most capacity growth from the phase 1 and 2 wind farms in Vietnam, with a potential phase 3 with 48MW EC to be finalised within 2021 once the Master Plan of Vietnam's Power Development Plan (PDP 8) is announced – management expects the announcement to occur within the next three months.

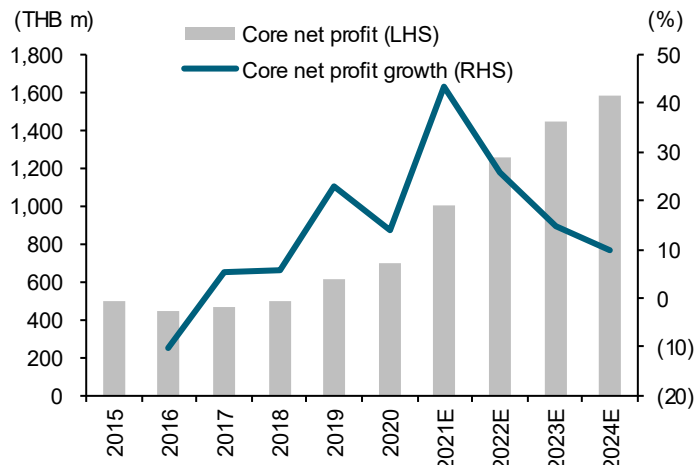
We now turn more positive on SSP's net profit growth outlook. We project its net profit to grow at a 25.5% 3-year CAGR in 2020-23, rising from THB729m in 2020 to THB1,441m in 2023.

**Exhibit 2: Capacity breakdown by country**



Sources: SSP; FSSIA estimates

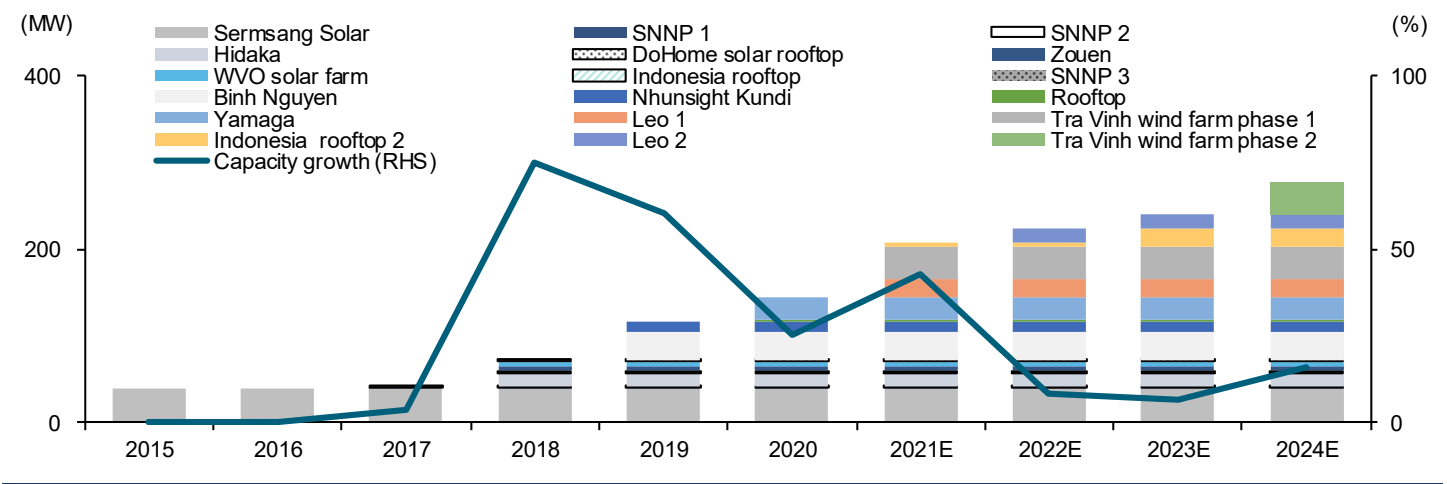
**Exhibit 3: Core net profit and core net profit growth projections**



Sources: SSP; FSSIA estimates

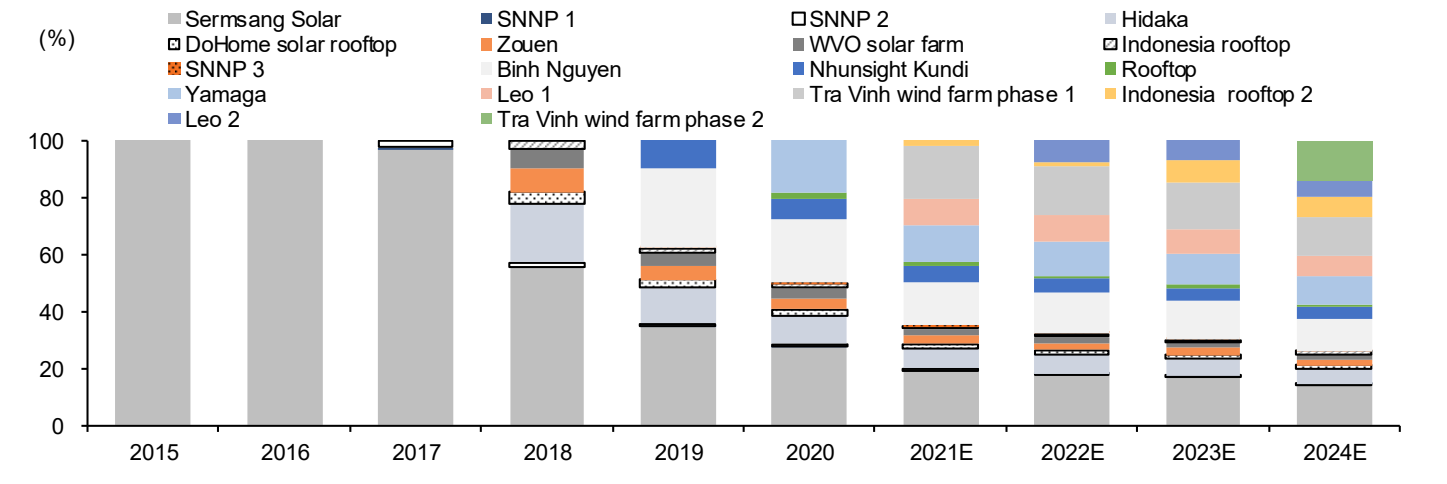
Of the potential 162MW EC growth in 2021-24, we think that only the 38.4MW EC wind farm phase 2 remains uncertain, but it is highly likely that it will be included in Vietnam’s upcoming new Master Power Plan given that 1) SSP has already secured the phase 1 wind farm with 38.4MW EC (48MW total capacity) and the phase 2 wind farm is located in the same area as phase 1; and 2) Vietnam now has a shortfall of power plant capacity and, hence, requires power sources that can quickly be developed and started up by 2024 to prevent power shortages.

Exhibit 4: Capacity breakdown by project



Sources: SSP; FSSIA estimates

Exhibit 5: Capacity breakdown by project (%)



Sources: SSP; FSSIA estimates

## Net profit growth from new projects to offset dilution from capital increase

On 1 March 2021, SSP announced a 48.5% capital increase from 922m shares (THB1 par value) to 1,369.17m shares, adding 447.17m shares via 1) +10% from a stock dividend of 92.2m shares at a THB1 par value on 10 existing shares to one new dividend share (10:1), implying a THB0.1/share dividend value; 2) +11% from the 8-month SSP warrant 1 (SSP-W1) – 101.42m warrants at a 10:1 ratio with an issuance date on 22 Jun-21 and an exercise price of THB12; and 3) +27.5% from the 47-month SSP warrant 2 (SSP-W2) – 253.55m warrants at a 4:1 ratio with an issuance date on 22 Jun-21 and an exercise price of THB18-24.

### Exhibit 6: Capital increase and dividend stock impact

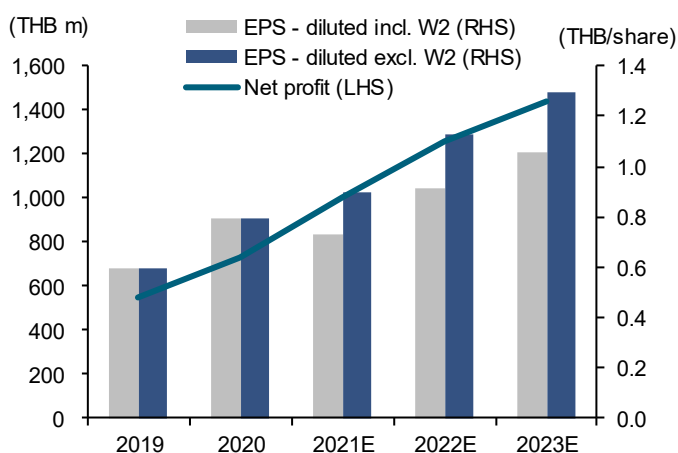
Capital increase	No of shares (m shares)	% of existing shares (%)	Existing:new share ratio (x)	XR date	Exercise price (THB/share)
Current shares outstanding	922.0				
Stock dividend at 10%	92.2	10	10:1	22-Jun-21	NA
SSP-W1 (10:1) @ THB12	101.42	11	10:1	22-Jun-21	12
SSP-W2 (4:1)	253.55	27.5	4:1	22-Jun-21	18-24
<b>Total shares with stock dividend and W1</b>	<b>1,115.6</b>	<b>21.0</b>			
<b>Total shares with stock dividend, W1 and W2</b>	<b>1,369.17</b>	<b>48.5</b>			
(THB/share)	2019	2020	2021E	2022E	2023E
Net profit (THB m)	546	729	999	1,255	1,441
EPS - with stock dividend and W1 (base case)	0.59	0.79	0.90	1.13	1.29
EPS - with stock dividend, W1 and W2	0.59	0.79	0.73	0.92	1.05
Net profit growth (%)	13.2	33.6	37.1	25.6	14.8
EPS growth (with dividend stock and W1) (%)	13.2	33.6	18.4	25.6	14.8

Sources: SSP; FSSIA estimates

While SSP's shares will increase by a total of 447.17m shares, we think that only the EPS dilution from the increase in the number of shares outstanding from the 10% stock dividend (92.2m shares) and SSP-W1 (101.42m) are relevant for the EPS calculation, given that SSP-W2 (253.55m) remains out of money, and hence is unlikely to be exercised anytime soon until SSP's share price exceeds THB18-24/share. The exercise price range of SSP-W2 is scheduled to be finalised in Apr-21.

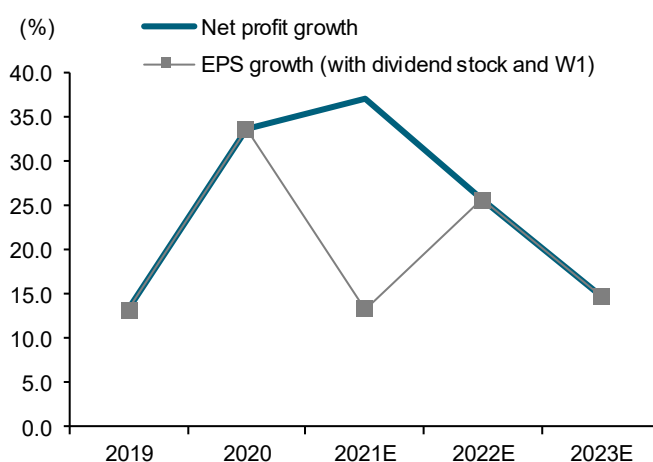
As a result, we include the shares outstanding of 1,115.6m shares, comprising 1) 922m existing shares; 2) 92.2m shares from the 10% stock dividend; and 3) 101.42m shares from SSP-W1 at the exercise price of THB12/share. Based on our estimates, SSP could see EPS growth of 18.4%/25.6%/14.8% in 2021-23 vs net profit growth of 37.1%/25.6%/14.8% in 2021-23. Hence, we think only EPS in 2021 will be diluted but post-2021 EPS growth should continue to be strong, driven by SSP's new growth projects using the THB1.2b cash raised from the 101.42m SSP-W1 warrants exercised at THB12/share.

### Exhibit 7: Diluted EPS vs net profit



Sources: SSP; FSSIA estimates

### Exhibit 8: Net profit growth vs EPS growth



Sources: SSP; FSSIA estimates

## Maintain BUY; TP raised to THB20

We maintain BUY and raise our SoTP-based TP from THB16 to THB20, incorporating the 193.6m additional shares (92.2m shares from the stock dividend and 101.42m shares from SSP-W1) and the projected net profits from SSP's new projects, including the 38.4MW EC wind farm phase 2 in Vietnam and the 21.1MW EC solar rooftop in Indonesia. We are positive on SSP's capital increase and believe its net profit growth will continue in 2021-22, driven by new growth projects which should be the key earnings drivers for the company in the same period, supported by its capital increase.

### Exhibit 9: SoTP-based valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		2.3	Pretax cost of debt		2.0
Market risk premium		8.5	Marginal tax rate		20.0
Stock beta		0.4			
Cost of equity, Ke		5.7	Net cost of debt, Kd		1.5
Weight applied		20.0	Weight applied		80.0
WACC (%)		2.3			

DCF valuation estimate		Contracted capacity (MW)	% holding	Equity Capacity (MW)	THB m	THB/share
Thailand	Sernsang solar	40.0	100	40.0	7,404	6.6
	Solar rooftop	6.9	100	6.9	790	0.7
	WVO	5.0	100	5.0	515	0.5
Japan	Hidaka	17.0	87	14.8	2,280	2.0
	Leo 1	20.0	100	20.0	2,151	1.9
	Leo 2	17.0	100	17.0	1,678	1.5
	Yamaga1	30.0	90	27.0	4,065	3.6
	Zouen	6.0	100	6.0	996	0.9
Mongolia	Khoshight Kundi	16.4	75	12.3	549	0.5
Vietnam	Binh Nguyen solar farm	49.6	80	39.7	1,661	1.5
	Tra Vinh wind farm phase 1	48.0	80	38.4	3,670	3.3
	Tra Vinh wind farm phase 2	48.0	80	38.4	2,887	2.6
Indonesia	Indonesia (2020-22) solar rooftop	21.1	100	21.1	152	0.1
	Net debt				(6,515)	(5.8)
Residual ordinary equity					22,284	20.0

Sources: SSP; FSSIA estimates

We lower our EPS forecasts in 2021-23 by 8.5-22.1% to reflect 1) the incorporation of earnings from the 21.1MW solar rooftop in Indonesia (COD in 2020-22) and the 48MW wind farm phase 2 in Vietnam (COD in 2024); and 2) the EPS dilution impact from the 193.6m additional shares from SSP-W1 and the 10% stock dividend.

### Exhibit 10: Key changes in assumptions

THB m	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	2,960	3,198	3,479	2,804	2,815	3,370	5.6	13.6	3.3
Gross profit	2,699	2,926	3,200	2,103	2,196	3,134	28.4	33.3	2.1
Operating profit	1,555	1,894	2,125	1,115	1,206	2,076	39.4	57.0	2.4
Net profit	999	1,255	1,441	1,056	1,138	1,313	(5.3)	10.3	9.8
EPS	0.90	1.13	1.29	1.15	1.23	1.42	(19.8)	(6.5)	(9.3)
Key assumptions									
Average utilisation rate (%)	19	20	21	19	20	21	0.0	0.0	0.0
Electricity tariff (THB/kWh)	3.09	3.05	3.20	3.10	3.00	3.20	0.0	0.0	0.0
Installed capacity (MW)	267	267	267	219	219	267	21.9	21.9	0.0

Sources: SSP; FSSIA estimates

## Financial Statements

### Sernsang Power Corp

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	1,474	1,871	2,960	3,198	3,479
Cost of goods sold	(91)	(201)	(261)	(272)	(280)
<b>Gross profit</b>	<b>1,382</b>	<b>1,669</b>	<b>2,699</b>	<b>2,926</b>	<b>3,200</b>
Other operating income	-	-	-	-	-
Operating costs	(239)	(193)	(592)	(480)	(522)
<b>Operating EBITDA</b>	<b>1,143</b>	<b>1,476</b>	<b>2,107</b>	<b>2,446</b>	<b>2,678</b>
Depreciation	(317)	(497)	(552)	(552)	(552)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>826</b>	<b>979</b>	<b>1,555</b>	<b>1,894</b>	<b>2,125</b>
Net financing costs	(202)	(238)	(451)	(526)	(551)
Associates	0	0	0	0	0
Recurring non operating income	12	15	17	19	20
Non recurring items	(67)	32	0	0	0
<b>Profit before tax</b>	<b>569</b>	<b>788</b>	<b>1,120</b>	<b>1,386</b>	<b>1,594</b>
Tax	(12)	(23)	(37)	(45)	(65)
<b>Profit after tax</b>	<b>557</b>	<b>765</b>	<b>1,083</b>	<b>1,341</b>	<b>1,529</b>
Minority interests	(11)	(37)	(84)	(86)	(88)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>546</b>	<b>729</b>	<b>999</b>	<b>1,255</b>	<b>1,441</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>67</b>	<b>(32)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>613</b>	<b>697</b>	<b>999</b>	<b>1,255</b>	<b>1,441</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.66	0.76	0.90	1.13	1.29
Reported EPS	0.59	0.79	0.90	1.13	1.29
DPS	0.11	0.01	0.40	0.50	0.50
Diluted shares (used to calculate per share data)	922	922	1,116	1,116	1,116
<b>Growth</b>					
Revenue (%)	30.5	26.9	58.2	8.1	8.8
Operating EBITDA (%)	37.1	29.1	42.8	16.1	9.5
Operating EBIT (%)	33.1	18.5	58.8	21.8	12.2
Recurring EPS (%)	22.7	13.8	18.4	25.6	14.8
Reported EPS (%)	13.2	33.6	13.3	25.6	14.8
<b>Operating performance</b>					
Gross margin inc depreciation (%)	72.3	62.7	72.5	74.2	76.1
Gross margin of key business (%)	67.7	64.4	72.5	74.2	76.1
Operating EBITDA margin (%)	77.6	78.9	71.2	76.5	77.0
Operating EBIT margin (%)	56.0	52.3	52.5	59.2	61.1
Net margin (%)	41.6	37.3	33.8	39.3	41.4
Effective tax rate (%)	2.2	2.9	3.3	3.2	4.1
Dividend payout on recurring profit (%)	16.6	1.5	44.7	44.4	38.7
Interest cover (X)	4.2	4.2	3.5	3.6	3.9
Inventory days	-	-	-	-	-
Debtor days	95.4	77.2	59.6	68.0	75.3
Creditor days	1,425.6	295.6	207.9	246.8	248.8
Operating ROIC (%)	7.1	7.3	(2.7)	(3.2)	(3.4)
ROIC (%)	6.1	6.0	(2.1)	(2.5)	(2.7)
ROE (%)	16.8	17.5	18.7	18.2	18.6
ROA (%)	6.3	6.3	5.6	6.2	6.7

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue By Division (THB m)	2019	2020	2021E	2022E	2023E
Electricity sales	1,474	1,871	2,960	3,198	3,479
Subsidy for adder	0	0	0	0	0
Construction service	0				

Sources: Sernsang Power Corp; FSSIA estimates



## Financial Statements

### Semsang Power Corp

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	613	697	999	1,255	1,441
Depreciation	317	497	552	552	552
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(98)	(288)	(237)	(151)	(171)
<b>Cash flow from operations</b>	<b>833</b>	<b>906</b>	<b>1,314</b>	<b>1,657</b>	<b>1,822</b>
Capex - maintenance	(834)	(835)	(800)	(800)	(800)
Capex - new investment	(853)	(534)	0	0	0
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(312)	(83)	0	0	0
<b>Cash flow from investing</b>	<b>(1,999)</b>	<b>(1,452)</b>	<b>(800)</b>	<b>(800)</b>	<b>(800)</b>
Dividends paid	(101)	(10)	(10)	(446)	(558)
Equity finance	0	0	0	0	0
Debt finance	1,332	1,062	500	500	500
Other financing cash flows	(274)	(58)	1,393	86	87
<b>Cash flow from Financing</b>	<b>957</b>	<b>994</b>	<b>1,883</b>	<b>140</b>	<b>29</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(210)</b>	<b>448</b>	<b>2,397</b>	<b>997</b>	<b>1,051</b>
Free cash flow to firm (FCFF)	(965.07)	(258.47)	965.70	1,383.12	1,573.36
Free cash flow to equity (FCFE)	(108.74)	458.34	2,407.73	1,443.05	1,609.29

#### Per share (THB)

FCFF per share	(1.05)	(0.28)	1.05	1.50	1.71
FCFE per share	(0.12)	0.50	2.61	1.57	1.75
Recurring cash flow per share	1.01	1.30	1.39	1.62	1.79

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed asset (gross)	10,561	11,865	12,665	13,465	14,265
Less: Accumulated depreciation	(839)	(1,271)	(1,824)	(2,376)	(2,929)
<b>Tangible fixed assets (Net)</b>	<b>9,722</b>	<b>10,594</b>	<b>10,842</b>	<b>11,089</b>	<b>11,337</b>
<b>Intangible fixed assets (Net)</b>	<b>1,046</b>	<b>1,048</b>	<b>1,048</b>	<b>1,048</b>	<b>1,048</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	-	-	-	-	-
Cash & equivalents	915	1,364	3,762	4,758	5,810
A/C receivable	361	430	538	654	781
Inventories	0	0	0	0	0
Other current assets	313	386	612	661	719
<b>Current assets</b>	<b>1,590</b>	<b>2,180</b>	<b>4,911</b>	<b>6,074</b>	<b>7,311</b>
Other assets	687	2,281	2,281	2,281	2,281
<b>Total assets</b>	<b>13,045</b>	<b>16,104</b>	<b>19,082</b>	<b>20,492</b>	<b>21,977</b>
Common equity	3,777	4,205	6,503	7,313	8,196
Minorities etc.	220	337	421	507	595
<b>Total Shareholders' equity</b>	<b>3,997</b>	<b>4,542</b>	<b>6,924</b>	<b>7,820</b>	<b>8,791</b>
Long term debt	7,666	8,387	8,887	9,387	9,887
Other long-term liabilities	14	1,612	1,612	1,612	1,612
<b>Long-term liabilities</b>	<b>7,680</b>	<b>9,999</b>	<b>10,499</b>	<b>10,999</b>	<b>11,499</b>
A/C payable	209	117	180	188	193
Short term debt	1,048	1,390	1,390	1,390	1,390
Other current liabilities	111	56	89	96	104
<b>Current liabilities</b>	<b>1,368</b>	<b>1,563</b>	<b>1,659</b>	<b>1,674</b>	<b>1,688</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,045</b>	<b>16,104</b>	<b>19,082</b>	<b>20,492</b>	<b>21,977</b>
Net working capital	355	643	880	1,031	1,203
Invested capital	11,810	14,566	15,051	15,450	15,869

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	4.10	4.56	5.83	6.55	7.35
Tangible book value per share	2.96	3.42	4.89	5.62	6.41

#### Financial strength

Net debt/Equity (%)	195.1	185.2	94.1	77.0	62.2
Net debt/total assets (%)	59.8	52.2	34.1	29.4	24.9
Current ratio (x)	1.2	1.4	3.0	3.6	4.3
CF interest cover (x)	4.7	5.2	6.3	3.7	3.9

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>23.6</b>	<b>20.8</b>	<b>17.5</b>	<b>14.0</b>	<b>12.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>30.1</b>	<b>26.4</b>	<b>22.3</b>	<b>17.8</b>	<b>15.5</b>
Reported P/E (x)	26.5	19.9	17.5	14.0	12.2
Dividend yield (%)	0.7	0.1	2.5	3.2	3.2
Price/book (x)	3.8	3.4	2.7	2.4	2.1
Price/tangible book (x)	5.3	4.6	3.2	2.8	2.5
EV/EBITDA (x) **	19.7	15.7	11.6	9.8	8.8
EV/EBITDA @ target price (x) **	23.1	18.4	13.9	11.8	10.6
EV/invested capital (x)	1.9	1.6	1.6	1.6	1.5

\* Pre-exceptional & pre-goodwill are fully diluted \*\* EBITDA includes associate income and recurring non operating income

Sources: Semsang Power Corp; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		
VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSI	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							
GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TPIPP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		
Description								Score Range		
Excellent								90-100		
Very Good								80-89		
Good								70-79		

### Disclaimer:

The disclosure of the survey results 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 evaluation 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 results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIIK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute 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 Thaipat Institute that is 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, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

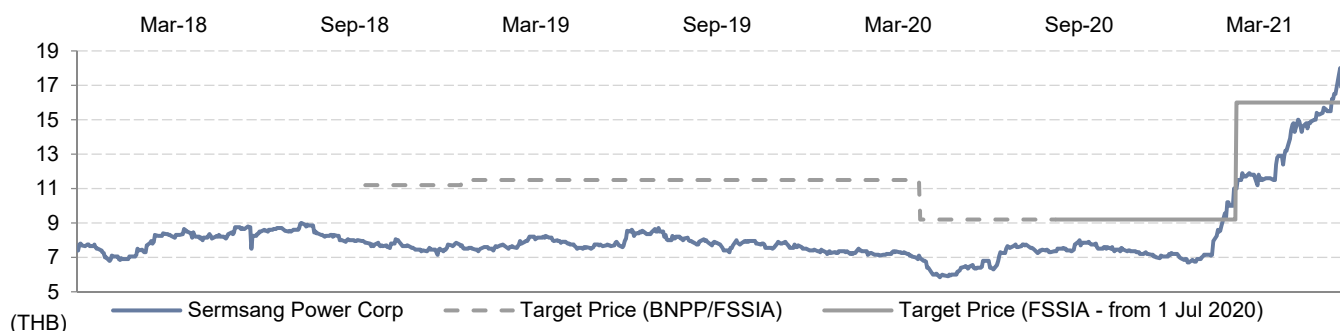
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#### History of change in investment rating and/or target price

##### Sernsang Power Corp (SSP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	BUY	11.20	06-Mar-2020	BUY	9.20	26-Oct-2020	BUY	9.20
06-Feb-2019	BUY	11.50	27-May-2020	BUY	9.20	02-Dec-2020	BUY	16.00

Suwat Sinsadok started covering this stock from 15-Nov-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sernsang Power Corp	SSP TB	THB 15.70	BUY	The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) project start-up delays.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 12-Mar-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.