BANPU (Pre-Amalgamation) (BANPU TB)

Rising US Energy Demand Powers Strong Gas Upswing

Highlights

- The gas business will be BANPU's primary growth driver, supported by rising domestic demand.
- The establishment of NewCo remains on track, with completion expected by 3Q26.
- Maintain HOLD. Target price: Bt5.50.

Analysis

- **The tone during BANPU's analyst meeting was neutral.**
- **BANPU & BPP amalgamation update:** a) The corporate restructuring through the amalgamation into a new company (NewCo) is progressing as planned. Trading is expected to commence within 3Q26 under the ticker "BANPU", with a par value of Bt10.00/share and around 4,050m shares outstanding. Currently, BANPU holds 91.07% in BANPU Power (BPP); b) the sale of a 25% stake in the US gas-fired power plant (BKV-BPP Power) to BKV Corporation (BKV) was successfully completed on 30 Jan 26. As a result, BPP will receive around US$115.5m in cash and newly-issued BKV shares equivalent to a 5.2% stake. Following the transaction, BPP's total direct and indirect ownership in BKV-BPP Power would increase to 28.9%.
- **2026 thermal coal outlook stable yoy.** The overall thermal coal market in 2026 is expected to remain stable yoy. According to the US Energy Information Administration (EIA), global coal demand in 2026 is projected at 8.5b-8.7b tonnes, flat yoy. This reflects a slower-than-expected recovery in China, a rising share of renewable energy and stable-to-declining demand in Japan, Korea, and Taiwan due to decarbonisation policies. India remains the primary structural growth driver, supported by strong electricity demand. On the supply front, production is expected to increase slightly in 2026, but uncertainties remain regarding delays in Indonesia's Rencana Kerja Dan Anggaran Biaya licensing process (production/export quotas), logistics constraints in Russia and South Africa, and Australia's status as the most stable export source. We expect coal prices in 2026 to range at US$100-110/tonne, stable yoy.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	181,549	173,423	163,165	167,585	180,747
EBITDA	39,663	34,923	34,910	33,866	33,636
Operating profit	18,320	14,475	13,122	13,658	14,797
Net profit (rep./act.)	-682	-2,025	3,008	3,205	3,808
Net profit (adj.)	2,120	553	3,008	3,205	3,808
EPS	0.2	0.1	0.3	0.3	0.4
PE	27.6	106.0	19.5	18.3	15.4
P/B	0.3	0.4	0.4	0.3	0.3
EV/EBITDA	4.4	5.5	4.4	4.2	4.0
Dividend yield	7.7	5.1	5.1	5.1	5.1
Net margin	(0.4)	(1.2)	1.8	1.9	2.1
Net debt/(cash) to equity	90.0	102.5	77.8	70.6	64.9
Interest cover	2.8	2.9	3.3	3.2	3.2
Consensus net profit	-	-	3,515	4,155	5,150
UOBKH/Consensus (x)	-	-	0.86	0.77	0.74

Source: Bloomberg, BANPU, UOB Kay Hian

HOLD (Maintained)	
Share Price	Bt5.75
Target Price	Bt5.50
Upside	-4.35%

Analyst(s)
Tanaporn Visaruthaphong
tanaporn@uobkayhian.co.th
662 0903350
Benjaphol Suthwanish
Benjaphol@uobkayhian.co.th
662 0903361

Stock Data

GICS Sector	**Energy**
Bloomberg ticker	BANPU TB
Shares issued (m)	10,018.90
Market cap (Btm)	43,081.28
Market cap (US$m)	1,479.71
3-mth avg daily t'over (US$m)	5.9

Price Performance (%)

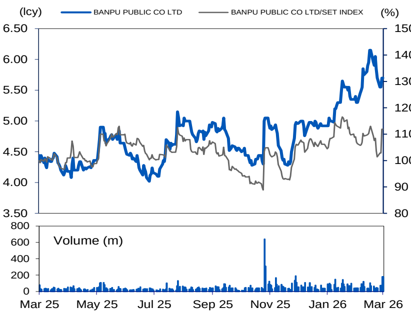
52-week high/low CurrBt17.00/Bt10.10

1mth	3mth	6mth	1yr	YTD
(6.1)	+1.42	(12.2)	(16.1)	(28.33)

Major Shareholders (%)

Mitr phol sugar	8.26%
Thai NVDR	7.46%
SOUTH EAST ASIA UK (TYPE C)	2.82%

Price Chart



Source: Bloomberg

Company Description

A regional coal producer with mines in four countries, namely Indonesia (ITMG), Australia (Centennial), Mongolia (Hunnu), and China, commanding total equity reserves of 713mt. BANPU Power (78.7% owned by BANPU) also has power generation capacity (equity basis).

- **Coal business strategy.** BANPU continues to enhance operational efficiency by reducing production costs, lowering carbon emissions, and expanding into strategic minerals under its "Next-Gen Mining" strategy. In 2025, Indonesia operations improved gross profit margin by US$3.00/tonne, Australia reduced capex by A$75.00m, and Mongolia production exceeded 2.00m tonnes. BANPU has also initiated nickel investments in Indonesia as part of its long-term strategic mineral's diversification. In 2026-30, BANPU will focus on: a) expanding logistics infrastructure, b) developing higher-value blended coal products, c) diversifying into high-value minerals, and d) transitioning from low-cost cyclical mining toward value-enhanced resource integration. Coal accounted for 50% of total EBITDA in 2025.
- **US gas business structural upcycle.** The US gas market is entering a structural recovery phase. In 2026-27: a) demand will be supported by power generation and record-high liquefied natural gas (LNG) exports; b) the EIA projects that production will rise to 110 billion cubic feet per day (Bcf/d); and c) Henry Hub prices are forecasted at US$4.20-4.50/million British thermal units (MMBtu) in 2026-27 (vs US$3.51/MMBtu in 2025), driven by demand growth outpacing supply and new LNG capacity expansion.
- **US gas strategy.** BANPU is building a fully integrated gas value chain spanning upstream production, power plants, and carbon capture, utilisation, and storage (CCUS) to optimise cost control and value creation. Key highlights are: a) production from the Barnett project in Texas reached 836 million standard cubic feet per day (MMSCFD) in 2025, with an additional 1.0 trillion cubic feet equivalent (Tcfe) reserves potential, and b) CCUS capacity target: 1.50m tonnes/year (TPA) by 2028 and 16.00 mTPA by 2030 (current capacity: 183,000 TPA). For 2026-30, BANPU will secure long-term PPAs with hyperscalers and data centres, expand CCUS deployment, develop an integrated low-carbon gas power model, and capture electricity demand growth driven by AI and decarbonisation trends. Gas contributed 24% of total EBITDA in 2025.
- **Dividend announcement.** BANPU declared a 2H25 dividend of Bt0.18/share, implying a 3.1% simple yield. Key dates: XD date on 16 Apr 26, with payment scheduled for 29 Apr 26.

Valuation/Recommendation

- **Maintain HOLD with a 2026 target price of Bt5.50,** based on forward P/B of 0.5x.

Environment, Social, Governance (ESG) Updates

Environmental

- Greener and smarter strategies to respond to climate change, including reducing greenhouse gas emissions. Investing in renewable energy and cleaner fuels by increasing renewable energy capacity to more than 1.1 gigawatts by 2025 and reducing greenhouse gas emissions by 7% compared with business as usual for the mining business and 20% for the electricity business.

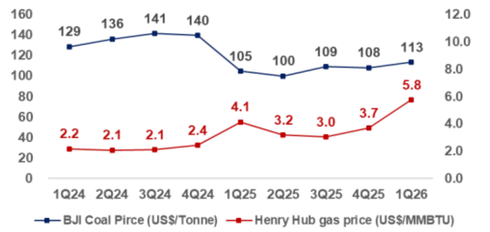
Social

- Initiatives focusing on community relations and development include: a) promoting and enhancing communities neighbouring mines in Indonesia, b) developing communities surrounding solar power plants in China, c) managing community relations for its subsidiary in Australia, and d) formulating community relation plans for business operations in Vietnam and the US.

Governance

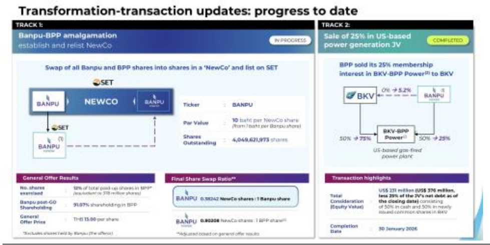
- Addressing sustainable corporate governance encompasses business ethics, partner and contractor management, business continuity management, and the oversight of data privacy and cybersecurity concerns.

Coal And Gas Prices



Source: BANPU, UOB Kay Hian

Group Post-Restructuring



Source: BANPU

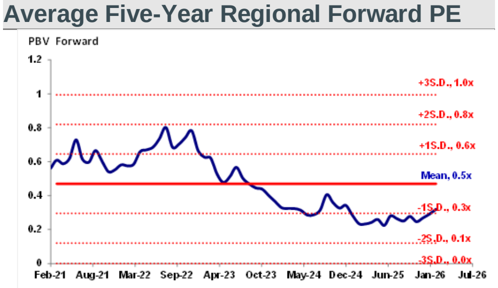
Gas Business

Source: BANPU

Coal Business

Source: BANPU

Average Five-Year Regional Forward PE



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**173,423**	**163,165**	**167,585**	**180,747**
EBITDA	34,923	34,910	33,866	33,636
Deprec. & amort.	20,448	21,788	20,208	18,840
EBIT	14,475	13,122	13,658	14,797
Associate contributions	4,166	7,684	7,242	7,310
Net interest income/(expense)	-11,862	-10,490	-10,490	-10,490
Pre-tax profit	**6,779**	**10,316**	**10,410**	**11,617**
Tax	-3,194	-5,158	-5,205	-5,808
Minorities	-3,033	-2,150	-2,000	-2,000
Net profit	**-2,025**	**3,008**	**3,205**	**3,808**
Net profit (adj.)	553	3,008	3,205	3,808

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	152,556	140,767	130,559	121,719
Other LT assets	185,158	157,151	159,360	165,941
Cash/ST investment	51,957	48,629	46,216	41,037
Other current assets	50,635	33,402	34,293	35,141
Total assets	**440,306**	**379,949**	**370,428**	**363,838**
ST debt	42,368	12,929	12,929	12,931
Other current liabilities	43,829	42,175	43,313	46,636
LT debt	178,467	165,539	152,610	139,682
Other LT liabilities	21,098	2,611	2,681	2,892
Shareholders' equity	164,692	166,844	169,044	171,847
Total liabilities & equity	**440,307**	**379,951**	**370,431**	**363,842**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**14,073**	**42,525**	**25,660**	**27,123**
Pre-tax profit	6,779	10,316	10,410	11,617
Tax	-3,194	-5,158	-5,205	-5,808
Deprec. & amort.	20,448	21,788	20,208	18,840
Working capital changes	-1,719	15,579	247	2,475
Other operating cashflows	-8,242	0	0	0
Investing	**-31,679**	**-480**	**-12,139**	**-16,370**
Investments	-39,442	-10,000	-10,000	-9,999
Others	7,763	9,520	-2,139	-6,371
Financing	**23,495**	**-45,374**	**-15,934**	**-15,932**
Dividend payments	-2,404	-3,006	-3,006	-3,006
Proceeds from borrowings	25,899	-42,368	-12,929	-12,927
Net cash inflow (outflow)	**5,889**	**-3,329**	**-2,413**	**-5,179**
Beginning cash & cash equivalent	**51,003**	**51,957**	**48,629**	**46,216**
Changes due to forex impact	-4,934	0	0	0
Ending cash & cash equivalent Operating	**51,957**	**48,629**	**46,216**	**41,037**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	20.1	21.4	20.2	18.6
Pre-tax margin	3.9	6.3	6.2	6.4
Net margin	-1.2	1.8	1.9	2.1
ROA	-0.6	1.0	1.0	1.2
ROE	-1.5	2.2	2.4	2.8
Growth				
Turnover	-4.5	-5.9	2.7	7.9
EBITDA	-11.7	-6.9	-3.0	-0.7
Pre-tax profit	-38.8	52.2	0.9	11.6
Net profit	196.7	-248.6	6.6	18.8
Net profit (adj.)	-73.9	444.2	6.6	18.8
EPS	-73.9	444.2	6.6	18.8
Leverage				
Debt to total capital	71.4	56.9	52.1	47.2
Debt to equity	134.1	107.0	97.9	88.8
Net debt/(cash) to equity	102.5	77.8	70.6	64.9
Interest cover (x)	2.9	3.3	3.2	3.2

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