BANPU (BANPU TB)

Diversifying Into Gas To Reduce Coal Price Exposure

Highlights

- Coal prices are expected to face increasing supply pressure in 2027. However, Henry Hub prices should remain supported by seasonal demand and rising demand from Asia.
- We remain positive on BANPU's acquisition of additional US gas assets, which should generate greater synergies and support long-term growth.
- Maintain HOLD; target price Bt15.00.

Analysis

- **The tone during BANPU's analyst meeting was neutral.**
- **Supply growth expected to pressure prices in 2027.** Thermal coal prices are expected to remain elevated in 4Q26, supported by low regional coal inventories, which should drive restocking demand, particularly from China and South Korea. In addition, volatility in crude oil and natural gas prices should support coal demand through gas-to-coal switching.
  the supply side, production has been constrained in key producing countries, particularly China and Indonesia. In China, production has been affected by drought conditions and stricter safety regulations, while Indonesia's RKAB (Rencana Kerja dan Anggaran Biaya) regulations have restricted production quotas, with some miners receiving lower-than-requested approvals. However, we expect coal supply to gradually recover in 2027 as lower diesel prices ease mining costs, particularly fuel expenses, potentially increasing production from key suppliers. This should create greater supply-side pressure on coal prices in 2027.
- **Strong demand to support gas prices at elevated levels.** Henry Hub prices are expected to increase qoq in 4Q26, supported by the start of the winter season in late-November, which should boost natural gas demand for heating and power generation. Meanwhile, continued growth in LNG exports should provide additional support, despite high US natural gas production. The EIA forecasts Henry Hub prices to average US$3.30/MMBtu in 4Q26, up from US$2.87/MMBtu in 3Q26.
  2027, the EIA expects Henry Hub prices to range between US$3.00–3.70/MMBtu, compared with an average of US$3.40/MMBtu in 2026. Prices should remain supported by rising natural gas demand from US power generation and growing LNG exports. As the US exports more LNG, its domestic gas market is becoming increasingly connected to global markets. We believe stronger gas demand in Europe and Asia will encourage higher LNG exports from the US, potentially tightening domestic gas supply and supporting Henry Hub prices.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	181,549	173,423	227,837	229,910	226,964
EBITDA	36,620	30,798	43,620	39,767	39,562
Operating profit	15,277	10,350	21,922	19,532	20,606
Net profit (rep./act.)	-459	-1,596	4,771	3,205	3,808
Net profit (adj.)	-1,389	728	-96	3,205	3,808
EPS (x)	(0.3)	0.2	(0.0)	0.8	0.9
PE (x)	(39.8)	76.0	(574.5)	17.2	14.5
P/B (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	6.3	7.7	5.0	5.2	4.8
Dividend yield (%)	3.3	2.2	4.4	3.5	4.1
Net margin (%)	(0.3)	(0.9)	2.1	1.4	1.7
Net debt/(cash) to equity (%)	90.7	87.1	78.5	71.8	63.0
Consensus net profit	-	-	5,548	6,158	6,330
UOBKH/Consensus (x)	-	-	0.86	0.52	0.60

Source: BANPU, Bloomberg, UOB Kay Hian

Analyst(s)

Tanaporn Visaruthaphong
tanaporn@uobkh.co.th
662 0903350

Benjaphol Suthwanish
benjaphol@uobkh.co.th
662 0903361

HOLD (Maintained)

Share Price	Bt13.65
Target Price	Bt15.00
Upside	+9.89%

Stock Data

Sector	Energy
Bloomberg ticker	BANPU TB
Shares issued (m)	4,050
Market cap (Btm)	61,554.25
Market cap (US$m)	1,837.44
3-mth avg daily t'over (US$m)	5.6

Price Performance (%)

52-week high/low				Bt15.6 / Bt10.40
1mth	3mth	6mth	1yr	YTD
2.76	-5.84	-9.71	+16.65	+11.36

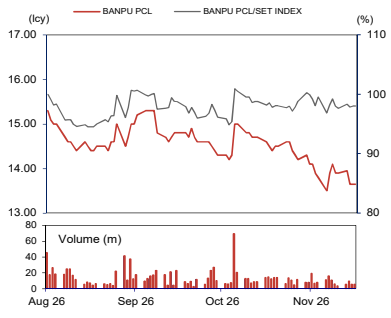
Major Shareholders (%)

Mitr phol sugar	8.67%
Thai NVDR	7.08%
SOUTH EAST ASIA UK (TYPE C)	2.75%

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt29.78
FY26 Net Debt/Share (Bt)	Bt46.11

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).

- **Positive outlook on BANPU's US gas expansion through BKV.** We maintain a positive view on BANPU's expansion in the US natural gas business through BKV, particularly its Barnett acquisition in Sep 26. BKV can leverage its existing infrastructure and operational expertise in the Barnett Shale to improve the efficiency of newly acquired assets and capture synergies and economies of scale. This was reflected in 3Q26, with gas sales volume increasing 7% yoy, while gathering, processing & transportation costs declined 4% yoy to US$0.88/ thousand cubic feet (Mcf).

  The Barnett acquisition added more than 65 million cubic feet equivalent per day (MMcfed) of production capacity and approximately 0.35 trillion cubic feet equivalent (Tcfe) of proved developed producing (PDP) reserves, together with Midstream and CCS assets that should further enhance synergies with BKV's existing operations. The acquisition cost was approximately US$2,415/ million cubic feet per day (Mcfd), around 17% lower than the US$2,910/Mcfd paid for the Bedrock acquisition in 3Q25. It was also below the US$4,545/Mcfd implied by POSCO International's acquisition of Marcellus assets from Chord Energy in Sep-26, indicating an attractive acquisition cost relative to selected market transactions.

3Q26 Results

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26	%qoq	%yoy	9M25	9M26	%yoy
Revenue	**43,878**	**46,871**	**59,836**	**28%**	**36%**	**128,421**	**149,058**	**16%**
Gross profit	9,042	10,373	14,220	37%	57%	27,060	34,395	27%
EBITDA	5,204	7,234	10,755	49%	107%	19,667	25,176	28%
Interest expenses	2,904	3,182	3,274	3%	13%	8,801	9,445	7%
EBT	1,853	2,575	2,918	13%	57%	2,291	9,276	305%
Core Profit	**808**	**351**	**662**	**89%**	**-18%**	**319**	**-1,001**	**n.a.**
Net Profit	**1,055**	**1,603**	**1,709**	**7%**	**62%**	**-260**	**4,403**	**n.a.**
EPS	0.11	0.16	0.17			-0.03	0.44	
Financial ratio (%)								
Gross Profit Margin	20.6%	22.1%	23.8%			21.1%	23.1%	
EBITDA Margin	11.9%	15.4%	18.0%			15.3%	16.9%	
Net profit margin	2.4%	3.4%	2.9%			-0.2%	3.0%	

Source: BANPU, UOB Kay Hian

- **Strong core profit driven by both coal and gas businesses.** BANPU reported 3Q26 net profit of Bt1.71b, up 7% qoq and 62% yoy. Excluding extraordinary gains from foreign exchange, hedging and non-recurring items, core profit stood at Bt662m, up 89% qoq. The improvement was driven by higher average selling prices and sales volumes in both the coal and US gas businesses.

Valuation/Recommendation

- **Maintain HOLD with a 2027 target price of Bt15.00,** based on the average five-year regional forward P/B of 0.5x.

Earnings Revision/Risk

- **Earnings forecast revision.** We raise our 2026 net profit forecast by 59% to Bt4.77b, mainly to reflect the substantial extraordinary gains recognised in 3Q26, particularly the forex gains of Bt1.3b. We expect the company to turn profitable in 2026, reversing a net loss of Bt1.6b in 2025

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.

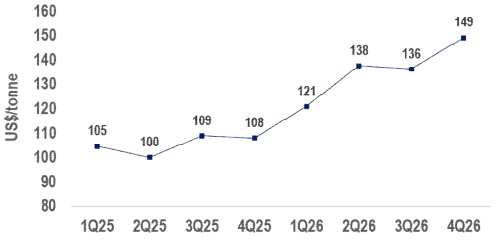
Social

- 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

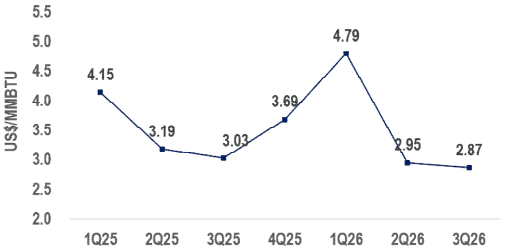
- Addressing sustainable corporate governance encompasses business ethics, partner and contractor management, business continuity management, and the oversight of data privacy and cybersecurity concerns.

The Newcastle Export Index (Coal Prices)



Source: BANPU

Henry Hub Gas Prices



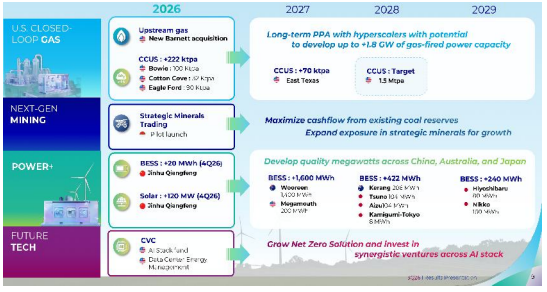
Source: BANPU

New Barnett Acquisition



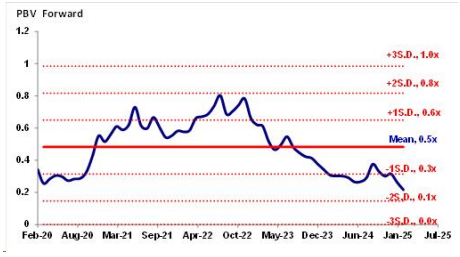
Source: BANPU

BANPU: Committed To Our 2030 Target



Source: BANPU

Average Five-Year Regional Forward P/B



Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	173,423	227,837	229,910	226,964
EBITDA	30,798	43,620	39,767	39,562
Deprec. & amort.	20,448	21,698	20,235	18,956
EBIT	10,350	21,922	19,532	20,606
Associate contributions	4,086	2,515	2,641	2,773
Net interest income/(expense)	-11,862	-11,762	-11,762	-11,762
Pre-tax profit	2,574	12,674	10,410	11,617
Tax	549	-8,771	-5,205	-5,808
Minorities	-2,395	-4,000	-2,000	-2,000
Net profit	-1,596	4,771	3,205	3,808
Net profit (adj.)	728	-96	3,205	3,808

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	163,547	151,849	141,614	132,658
Other LT assets	195,712	191,955	192,992	191,518
Cash/ST investment	67,324	31,855	33,912	40,234
Other current assets	49,707	53,039	53,553	50,631
Total assets	476,291	428,698	422,070	415,043
ST debt	53,539	10,000	10,000	10,001
Other current liabilities	34,405	58,754	59,317	58,451
LT debt	196,719	186,719	176,719	166,719
Other LT liabilities	22,170	3,645	3,679	3,631
Shareholders' equity	209,954	210,076	212,851	216,737
Total liabilities & equity	476,292	428,700	422,073	415,047

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	14,073	44,052	25,490	26,819
Pre-tax profit	2,574	12,674	10,410	11,617
Tax	549	-8,771	-5,205	-5,808
Deprec. & amort.	20,448	21,698	20,235	18,956
Working capital changes	-1,719	21,017	49	2,055
Other operating cashflows	-7,779	-2,567	0	0
Investing	-31,679	-24,767	-11,003	-8,574
Investments	-39,442	-10,000	-10,000	-10,000
Others	7,763	-14,767	-1,003	1,426
Financing	23,495	-54,754	-12,430	-11,922
Dividend payments	-2,404	-1,215	-2,430	-1,923
Proceeds from borrowings	25,899	-53,539	-10,000	-9,999
Net cash inflow (outflow)	5,889	-35,470	2,057	6,323
Beginning cash & cash equiv.	56,414	67,324	31,855	33,912
Changes due to forex impact	5,022	0	0	0
Ending cash & cash equiv.	67,324	31,855	33,912	40,234

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.8	19.1	17.3	17.4
Pre-tax margin	1.5	5.6	4.5	5.1
Net margin	-0.9	2.1	1.4	1.7
ROA	-0.4	1.4	1.0	1.1
ROE	-1.0	3.0	2.0	2.4
Growth (% yoy)				
Turnover	-4.5	31.4	0.9	-1.3
EBITDA	-7.2	17.0	2.6	-0.5
Pre-tax profit	-59.8	392.4	-17.9	11.6
Net profit	247.9	-398.9	-32.8	18.8
Net profit (adj.)	-152.4	-113.2	-3,431.0	18.8
EPS	-152.4	-113.2	-3,431.0	18.8
Leverage				
Debt to total capital	73.8	58.0	54.2	50.1
Debt to equity	119.2	93.6	87.7	81.5
Net debt/(cash) to equity	87.1	78.5	71.8	63.0
Interest cover (x)	2.6	3.7	3.4	3.4

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."