BANPU (BANPU TB)

Limited Upside For Coal; Gas Outlook Supported By Strong Demand

Highlights

- Gas prices remain supported by strong demand, while coal prices face limited upside.
- The new PDP provides potential upside for BANPU's power+ business.
- BANPU announced an interim dividend of Bt0.40/share. Maintain HOLD, target price: Bt15.00.

Analysis

- **The tone during BANPU's analyst meeting was neutral.**
- **Interim dividend.** BANPU completed the amalgamation with BANPU Power (BPP), forming BANPU NewCo (BANPU), which began trading on the SET on 4 Aug 26. The restructuring is expected to enhance operational flexibility, unlock synergies, and improve financial flexibility. BANPU has also received an "A+" credit rating with a "Stable" outlook from TRIS Rating, reflecting the group's stronger financial profile following the restructuring. BANPU announced an interim dividend of Bt0.40/share, implying a 2.6% simple yield, with the XD date set for 11 Sep 26 and payment on 25 Sep 26.
- **BLCP upside from new PDP.** The new power development plan (PDP) could provide potential upside for BLCP power plant (BLCP), although details on the bidding process and potential power purchase agreement (PPA) extension remain unclear, creating some uncertainty. Nevertheless, BLCP has continued to deliver strong operating performance, supported by high utilisation/availability, effective coal-cost control, and solid operating efficiency. BANPU's management is also in discussions with its partners regarding participation in the bidding process. We therefore view potential bidding opportunities or a PPA extension beyond 2032 as an upside catalyst for BLCP.
- **Limited upside for coal prices.** BANPU expects coal prices to remain elevated, supported by stronger demand from gas-to-coal switching and tight LNG supply amid the ongoing Middle East conflict. However, higher freight rates and diesel prices are likely to constrain further upside in coal prices. For 2026, BANPU maintains its total sales volume target at 43 m tonne, up 8.3% yoy. The company will focus on deploying AI and digital technologies to develop smart mining operations, improving efficiency and lowering costs, while expanding into strategic minerals such as nickel and bauxite to capture opportunities from the energy transition and growing AI infrastructure.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	181,549	173,423	206,218	220,949	222,550
EBITDA	36,620	30,798	36,174	38,767	38,562
Operating profit	15,277	10,350	14,476	18,532	19,606
Net profit (rep./act.)	-459	-1,596	3,008	3,205	3,808
Net profit (adj.)	-1,389	728	-779	3,205	3,808
EPS (x)	(0.3)	0.2	(0.2)	0.8	0.9
PE (x)	(44.3)	84.6	(79.0)	19.2	16.2
P/B (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	6.5	7.9	6.1	5.5	5.2
Dividend yield (%)	3.0	2.0	3.9	3.1	3.7
Net margin (%)	(0.3)	(0.9)	1.5	1.5	1.7
Net debt/(cash) to equity (%)	90.7	87.1	76.7	72.8	65.1
Consensus net profit	-	-	5,128	4,138	5,330
UOBKH/Consensus (x)	-	-	0.68	0.78	0.65

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	Bt14.60
Target Price	Bt15.00
Upside	+2.76%

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

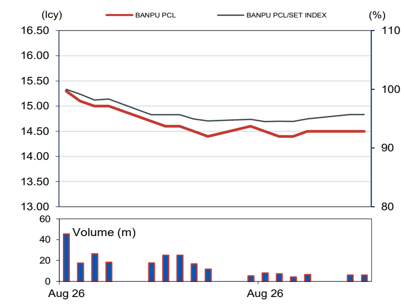
Major Shareholders (%)

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).

- **Gas prices are supported by strong demand.** BANPU expects Henry Hub gas prices to recover, broadly in line with the EIA's forecast of US$3.5–3.8/million British thermal units (MMBTU) in 2026–27, driven partly by tighter US gas supply as LNG exports accelerate. Demand is also expected to remain strong, particularly from data centre and AI-related businesses in Texas, reinforcing natural gas as an important baseload energy source. BANPU targets net gas production of 940–960 m cubic feet equivalent per day in 2026 under its closed-loop gas strategy, leveraging its position as the largest gas producer in the Barnett region. Meanwhile, its 1,500-megawatt Temple I & II gas-fired power plants are in discussions for long-term PPAs with hyperscalers and data centre operators, offering additional growth potential.

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	%qoq	%yoy	6M24	6M25	%yoy
Revenue	40,959	42,350	46,871	11%	14%	84,543	89,222	6%
Gross profit	8,377	9,802	10,373	6%	24%	18,017	20,175	12%
EBITDA	7,696	7,187	7,234	1%	-6%	14,464	14,421	0%
Interest expenses	3,046	2,988	3,182	6%	4%	5,896	6,171	5%
EBT	-851	3,783	2,575	-32%	n.a.	438	6,358	1351%
Core Profit	-595	-2,014	351	n.a.	n.a.	-489	-1,664	n.a.
Net Profit	-945	1,091	1,603	47%	n.a.	-1,314	2,693	n.a.
EPS	-0.09	0.11	0.16			-0.13	0.27	
Financial ratio (%)								
Gross Profit Margin	20.5%	23.1%	22.1%			21.3%	22.6%	
EBITDA Margin	18.8%	17.0%	15.4%			17.1%	16.2%	
Net profit margin	-2.3%	2.6%	3.4%			-1.6%	3.0%	

Source: BANPU, UOB Kay Hian

- **2Q26 earnings recovery**. BANPU reported 2Q26 net profit of Bt1.60b, up from Bt1.09b in 1Q26 and reversing a net loss of Bt945m in 2Q25. The result was partly boosted by Bt1.29b in extra gains, mainly from forex and coal hedging. Excluding these items, core profit stood at Bt351m, improving from a core loss of Bt2.01b in 1Q26 and Bt595m in 2Q25. The improvement was driven by: a) the coal business, with selling prices and sales volumes increasing 4% qoq and 9% qoq, respectively; b) the gas business, where stronger sales volumes more than offset lower selling prices, resulting in EBITDA growth both qoq and yoy; and c) a 12% qoq increase in equity income to Bt1.22b, mainly from higher contributions from BLCP and Hong Sa Power. Meanwhile, power+ EBITDA declined both qoq and yoy due to seasonality. BANPU reported a 1H26 net profit of Bt2.69b, reversing a net loss of Bt1.31b in 1H25. However, 1H26 core earnings remained at a loss of Bt1.66b (vs Bt489m core loss recorded in 1H25).

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 revision:** None.

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.

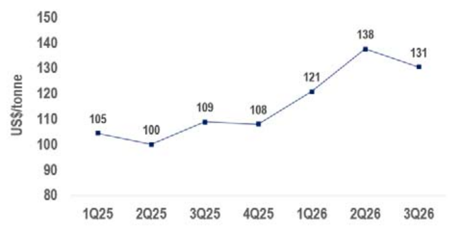
Social

- 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

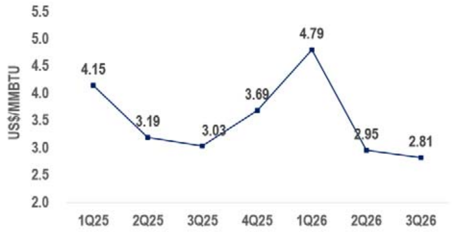
- Addressing sustainable corporate governance encompasses business ethics, partner and contractor management, business continuity management, and the oversight of data privacy and cybersecurity concerns.

The Newcastle Export Index (Coal Prices)



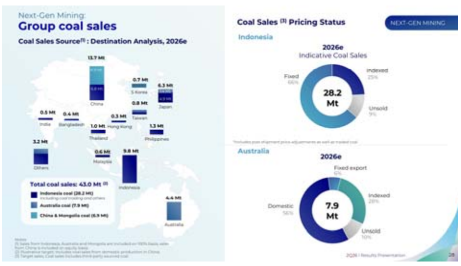
Source: BANPU

Henry Hub Gas Prices



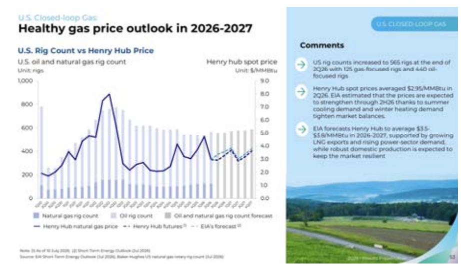
Source: BANPU

Target Coal Sales Volume



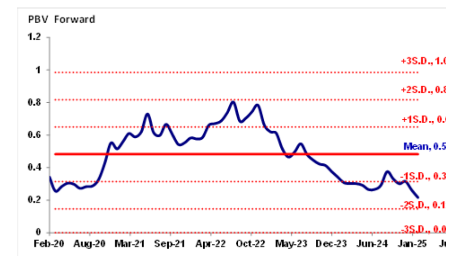
Source: BANPU

Gas Price Outlook



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	206,218	220,949	222,550
EBITDA	30,798	36,174	38,767	38,562
Deprec. & amort.	20,448	21,698	20,235	18,956
EBIT	10,350	14,476	18,532	19,606
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	5,229	9,410	10,617
Tax	549	-4,508	-4,705	-5,308
Minorities	-2,395	-1,500	-1,500	-1,500
Net profit	-1,596	3,008	3,205	3,808
Net profit (adj.)	728	-779	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	181,145	188,511	189,312
Cash/ST investment	67,324	37,932	34,268	38,122
Other current assets	49,707	49,005	51,784	49,795
Total assets	476,291	419,931	416,177	409,887
ST debt	53,539	10,000	10,000	10,001
Other current liabilities	34,405	53,287	57,021	57,319
LT debt	196,719	186,719	176,719	166,719
Other LT liabilities	22,170	3,299	3,535	3,561
Shareholders' equity	209,954	207,123	209,398	212,783
Total liabilities & equity	476,292	419,933	416,180	409,891

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	14,073	39,666	25,896	26,551
Pre-tax profit	2,574	5,229	9,410	10,617
Tax	549	-4,508	-4,705	-5,308
Deprec. & amort.	20,448	21,698	20,235	18,956
Working capital changes	-1,719	19,585	955	2,286
Other operating cashflows	-7,779	-2,338	0	0
Investing	-31,679	-14,304	-17,130	-10,775
Investments	-39,442	-10,000	-10,000	-10,000
Others	7,763	-4,304	-7,130	-775
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	-29,392	-3,664	3,854
Beginning cash & cash equiv.	56,414	67,324	37,932	34,268
Changes due to forex impact	5,022	0	0	0
Ending cash & cash equiv.	67,324	37,932	34,268	38,122

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.8	17.5	17.5	17.3
Pre-tax margin	1.5	2.5	4.3	4.8
Net margin	-0.9	1.5	1.5	1.7
ROA	-0.4	0.9	1.0	1.2
ROE	-1.0	1.9	2.1	2.4
Growth (% yoy)				
Turnover	-4.5	18.9	7.1	0.7
EBITDA	-7.2	-2.2	19.7	-0.5
Pre-tax profit	-59.8	103.1	80.0	12.8
Net profit	247.9	-288.4	6.6	18.8
Net profit (adj.)	-152.4	-207.1	-511.4	18.8
EPS	-152.4	-207.1	-511.4	18.8
Leverage				
Debt to total capital	73.8	59.0	55.3	51.3
Debt to equity	119.2	95.0	89.2	83.1
Net debt/(cash) to equity	87.1	76.7	72.8	65.1
Interest cover (x)	2.6	3.1	3.3	3.3