

Energy Absolute Public Co Ltd (EA TB) - BUY

Analyst meeting

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Commercializing Li-ion battery and E-bus plants

- **Confident to fully operate battery and E-bus plants in Dec**
- **But delivery of 300-400 E-buses is shifted to 1Q22F**
- **Strong government policies support EV growth next year**
- **No changes in long-term outlook, maintain BUY**

Messages from EA's quarterly analyst meeting yesterday are mainly updates on its developing 1GWh Li-ion battery and 3,000 units E-bus factories.

- EA is confident that its battery production plant and E-bus manufacturing plant will both commence commercial operations in December. The battery plant has completed a full-system test run, thus is now ready to produce battery for a captive use in its 55%-owned E-bus manufacturing plant, which is now in a final stage of machinery installation.
- EA explains that slower-than-expected commercialization of those plants was partially due to Covid-19 impact such that technical experts from suppliers in China could not fly in to support installations and was also due to a request to delay bus delivery from their clients so no need to rush to open the plants.
- However, EA updates that delivery of its expected 300-400 units of E-bus orders are shifted into 1Q22F. EA cites a stricter regulation to be granted zero-tax incentive as a key negative factor such that it has to wait for fully operations of both plants to produce E-buses those qualified with new conditions. We believe also due to its clients would like to wait for tax incentives for E-bus buyers, likely to be effective next year.
- We thus see downside to our numbers as EA would delivery only 40-ish units of E-buses in 4Q21F.
- EA believes stronger policies to accelerate electric vehicle (EV) adoption in Thailand, after it has signed its pledge in COP-26 meeting recently, especially on commercial vehicles in public transport and logistics services would be key catalyst for its stronger E-bus sale next year.
- Despite a small hiccup in 4Q21F from delayed delivery, we foresee no changes to EA's long-term growth outlook from surging global battery and EV demand. We maintain BUY as our sector's top pick.

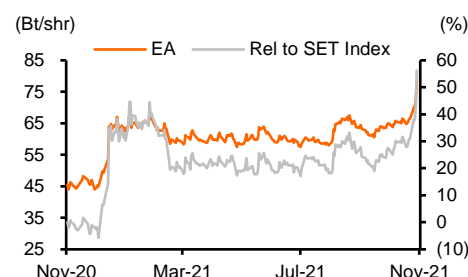
Key Valuations

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	17,080	22,878	32,080	41,044
Net profit	5,205	5,813	7,375	10,672
Norm net profit	5,127	5,813	7,375	10,672
Norm EPS (Bt)	1.4	1.6	2.0	2.9
Norm EPS gr (%)	(13.4)	13.4	26.9	44.7
Norm PE (x)	57.3	50.5	39.8	27.5
EV/EBITDA (x)	35.6	30.8	25.4	19.3
P/BV (x)	10.6	9.1	7.8	6.5
Div. yield (%)	0.4	0.6	0.8	1.5
ROE (%)	20.0	19.4	21.1	25.8
Net D/E (%)	135.5	116.1	87.0	55.0

Source: Thanachart estimates

Stock Data

Closing price (Bt)	78.75
Target price (Bt)	95.00
Market cap (US\$ m)	8,937
Avg daily turnover (US\$ m)	24.7
12M H/L price (Bt)	78.25/44.00

Price Performance

Source: Bloomberg

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