BUY	(Unchanged)	TP: Bt 120.00	(From: Bt 95.00)	21 JANUARY 2022
Change in Numbers		Upside : 26.3%		

Energy Absolute Pcl (EA TB)

A stronger start

NUTTAPOP PRASITSUKSANT
662 – 483 8296
nuttapop.pra@thanachartsec.co.th

We lift our earnings for EA by 29% in 2022F and our TP to Bt120. While E-bus demand is stronger than we'd expected, we begin to factor the launch of E-trucks into our numbers. We now expect EA to have a strong start on the first commercialized year of its EV-related businesses. We reaffirm BUY on EA as our top sector pick.

Lifting our earnings

We raise our earnings for EA by 29% in 2022F as we expect stronger demand for commercial EVs and thus Li-ion batteries. We lift our SOTP-based TP (2022F) to Bt120 (from Bt95), and reaffirm BUY with catalysts as follows. ***First***, we expect EA to see a strong start in the first operating year of its battery and EV-related businesses with 72/17/13% EPS growth in 2022-24F. ***Second***, we see EA as the strongest, most direct play in the Thai market on the battery and EV megatrends, with encouraging news flow on regulatory support. ***Third***, we expect the start of its E-truck production to excite the market in 2H22F. ***Lastly***, we still see three other potential growth stories as upside. We lift our 2023-24F earnings by just 3-4% since the strong EV businesses are offset by our lower assumptions for EA's renewable output.

More bullish view on EV demand

EA earns returns from its EV business via 1) its 75% stake in a Li-ion battery factory (Amita Thailand), 2) a 55% stake in a commercial EV manufacturing plant – Absolute Assembly (AAB), and 3) equity income from 40%-owned E-bus distributor and after-sale service provider Nex Point Pcl (NEX TB, BUY, Bt19.9). In *NEX - Stronger demand outlook,* dated 20 December 2021, we lifted AAB's E-bus sales to 2.5/3.0/3.0k units (from 1.5/2.5/2.5k) on the stronger demand outlook, and also assumed 2.0/3.0/3.0k units of E-truck sales in 2022-24F. We forecast EV business profit to account for 35/36/53% of EA's earnings in those years.

Battery plant expansion

We maintain our projection that EA's battery plant will expand from 1GWh now to 2/4/6GWh in 2022-24F, then gradually rise to 30GWh in 2030F. If the government achieves its 50% EV penetration target in 2030, around 60GWh of batteries would be needed p.a. for the Thai EV industry. We estimate higher battery sales from Amita at 1.2/1.6/3.9GWh (from 0.6/1.4/2.7GWh) on stronger demand from its group companies. Long term, we project 24GWh of battery sales from Amita in 2030F – 2GWh for its captive EV business, 10GWh to external EV makers, and 12GWh of demand from energy storage system (ESS) applications.

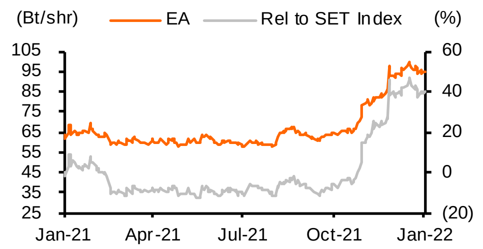
Future growth opportunities

We see three future growth opportunities for EA which we leave as potential upsides. *First,* we see a high potential for AAB to increase its capacity from 6,000k units of E-buses and E-trucks now to serve their 10k and 60k units of annual local demand, respectively. *Second,* AAB is studying adding E-pickups and E-locomotives as new commercial EV products. *Third,* we have yet to factor in the potential value of EA becoming an ESS solutions provider to enhance the profitability of its batteries.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	17,080	19,397	45,729	53,303
Net profit	5,205	5,509	9,483	11,060
Consensus NP	—	6,352	7,510	8,579
Diff frm cons (%)	—	*(13.3)*	*26.3*	*28.9*
Norm profit	5,127	5,509	9,483	11,060
Prev. Norm profit	—	5,813	7,375	10,672
Chg frm prev (%)	—	*(5.2)*	*28.6*	*3.6*
Norm EPS (Bt)	1.4	1.5	2.5	3.0
Norm EPS grw (%)	(13.4)	7.4	72.1	16.6
Norm PE (x)	69.1	64.3	37.4	32.0
EV/EBITDA (x)	42.1	38.0	23.9	20.9
P/BV (x)	12.7	11.1	9.0	7.6
Div yield (%)	0.3	0.5	0.8	1.2
ROE (%)	20.0	18.4	26.7	25.8
Net D/E (%)	135.5	119.3	79.4	55.3

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 21-Jan-22 (Bt)	95.00
Market Cap (US$ m)	10,748.3
Listed Shares (m shares)	3,730.0
Free Float (%)	40.4
Avg Daily Turnover (US$ m)	41.5
12M Price H/L (Bt)	99.25/57.50
Sector	Utilities
Major Shareholder	Ahunai family 23.21%

Sources: Bloomberg, Company data, Thanachart estimates

A stronger start

TP and earnings hikes on faster growth of battery and commercial EV sales

We lift our DCF-derived SOTP-based 12-month TP (2022F base year) for Energy Absolute Pcl (EA) to Bt120 (from Bt95), supported by 1) our 29% earnings upgrade in 2022F to reflect our more bullish assumptions on near-term demand for its commercial electric vehicle (EV) products (E-buses and E-trucks), and 2) our assumption for faster demand growth for its Li-ion batteries from both the EV industry and energy storage system (ESS) applications.

Reaffirm BUY as our top pick in the sector

We reaffirm our BUY rating on shares of EA, which remains our top pick in the Thai utility sector based on the following reasons:

- *First,* we are more confident on profit contributions from the first operating year of EA's EV-related businesses, namely, a 1GWh Li-ion battery factory (75%-owned Amita Technology Thailand, Amita) and a commercial-EV production plant (55%-owned Absolute Assembly, AAB). These are the key drivers for our projections of 72/17/13% EPS growth for EA over 2022-24F.
- *Second,* we see EA as the most direct and strongest play in the Thai market on booming global Li-ion battery and EV megatrends, with robust local regulatory support.
- *Third,* we more than double our estimate for EA's commercial-EV sales in 2022-24F after factoring in E-trucks as its new product, while we still expect the announcement of more supportive policies from the government to accelerate EV adoption in Thailand. As the commercial EV plant (AAB) will consume Li-ion batteries captively produced by Amita, we raise EA's Li-ion battery sales by 43% over the same period.
- *Lastly,* we foresee three other potential growth factors for EA which we have yet to include in our numbers: 1) the expansion of its commercial-EV plant, 2) the addition of E-pickups and E-locomotives as new EV products, and 3) opportunities to enhance the profitability of its Li-ion battery plant by offering an ESS solutions service.

Stronger new businesses offset weaker-than-expected renewables

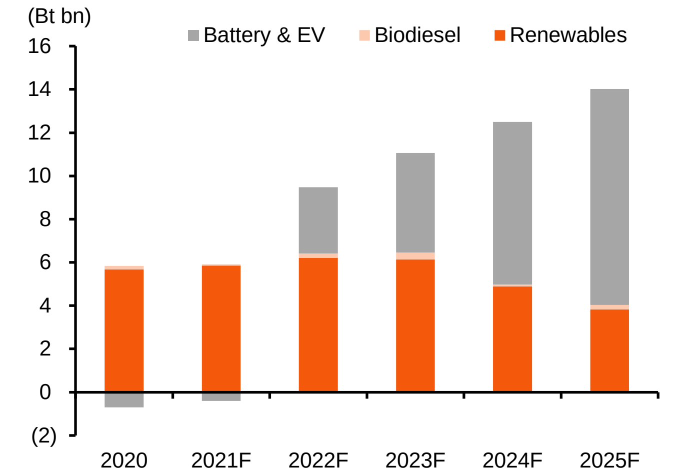
Note that we revise our earnings estimates up by only 3-4% for 2023-24F, since our increased sale assumptions for its battery and EV business in those years are offset by our lower assumptions for electricity output from EA's renewable projects (278MW of solar farms and 386MW of wind farms in Thailand).

Ex 1: Key Assumption Changes

	2022F	2023F	2024F	2025F
Commercial EV sales from AAB (units)				
New	4,500	6,000	6,000	6,000
Old	1,500	2,500	2,500	2,500
Change (%)	*200.0*	*140.0*	*140.0*	*140.0*
Li-ion battery sales from Amita (GWh)				
New	1.2	1.6	3.9	5.6
Old	0.6	1.4	2.7	4.0
Change (%)	*100.0*	*14.3*	*44.4*	*40.0*
Total renewable output (GWh)				
New	1,485	1,547	1,547	1,547
Old	1,555	1,575	1,575	1,575
Change (%)	*(4.5)*	*(1.8)*	*(1.8)*	*(1.8)*

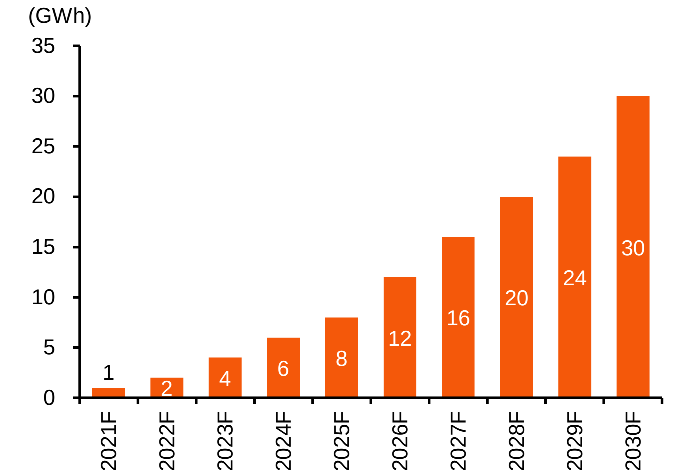
Source: Thanachart estimates

Ex 2: New Businesses Drive Earnings Growth



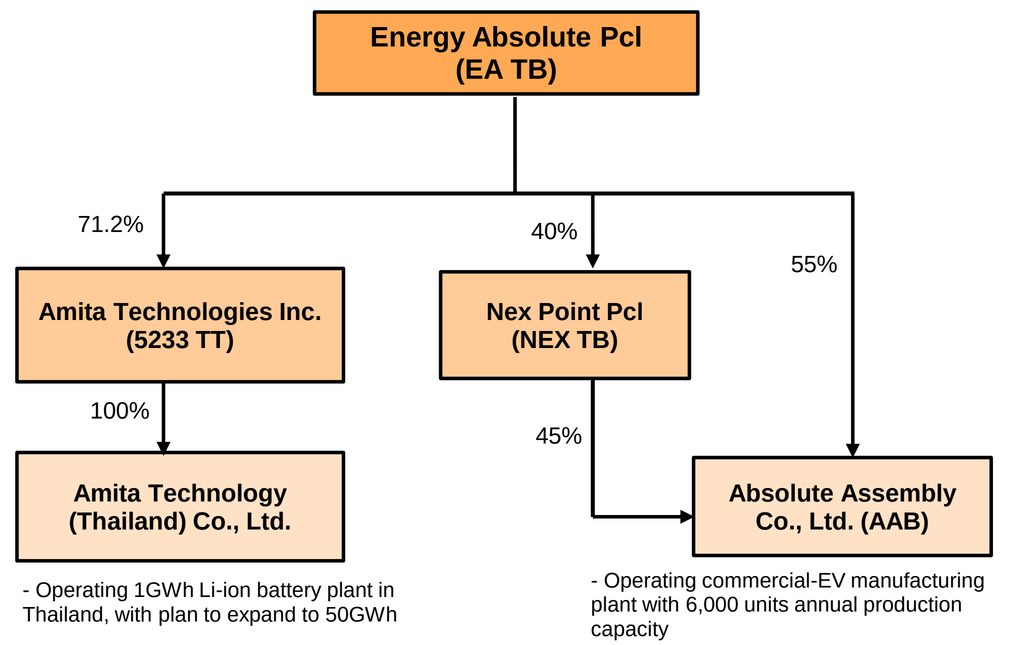
Source: Thanachart estimates

Ex 3: Our Projections For EA's Battery Plant Capacity



Source: Thanachart estimates

Ex 4: EA's Battery And EV Business Structure



Source: Company data

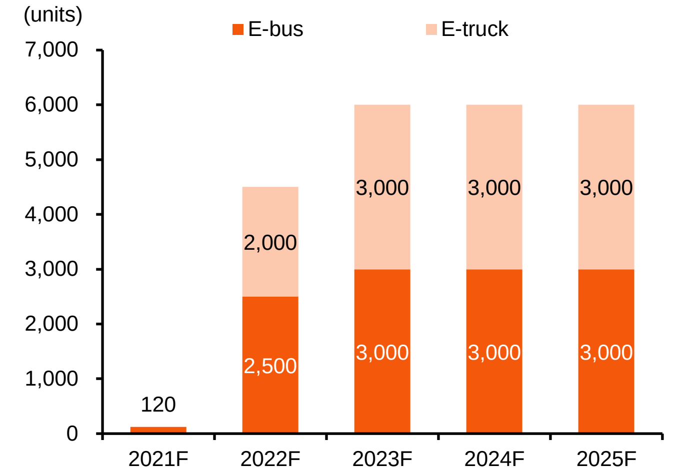
More bullish view on EV demand

We raise our assumptions for E-bus and E-truck sales from AAB

We adopt more a bullish view on demand for commercial-EV vehicles in Thailand during the early years in the market. We recap here that EA is starting its EV business through two entities: 1) 55%-owned Absolute Assembly (AAB, non-listed), which operates a commercial-EV (now E-buses and E-trucks) manufacturing plant with annual capacity of 6,000 units, and 2) 40%-owned Nex Point Pcl (NEX TB, BUY, Bt19.90), a distribution channel that also provides after-sales services for the group. As we lift our assumptions for E-bus sales from AAB to 2.5/3.0/3.0k units in 2022-24F (from 1.5/2.5/2.5k) and start to factor in its E-truck sales (2.0/3.0/3.0k) on a stronger-than-expected demand outlook and likely more supportive EV policies to be announced (see our report on NEX, *Stronger demand outlook,* dated 20 December 2021, for more details), we raise our earnings estimate for EA by 29% in 2022F.

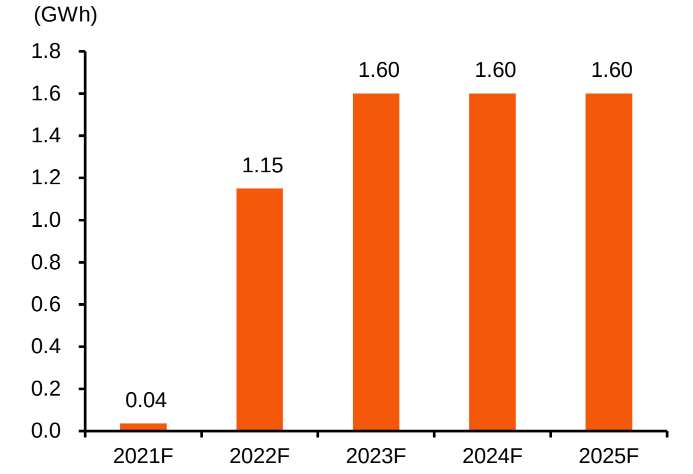
This includes the contribution from Li-ion battery sales from Amita Technology Thailand (75%-owned) to AAB, based on the use of a 250kWh battery by each E-bus, and a 150kWh one for each E-truck.

Ex 5: E-Buses, E-Trucks Are AAB's First Two Products



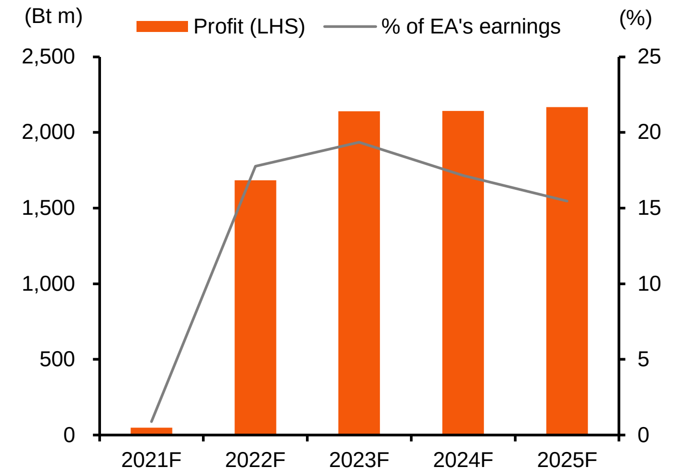
Source: Thanachart estimates

Ex 6: Estimated Li-ion Battery Demand From AAB Plant



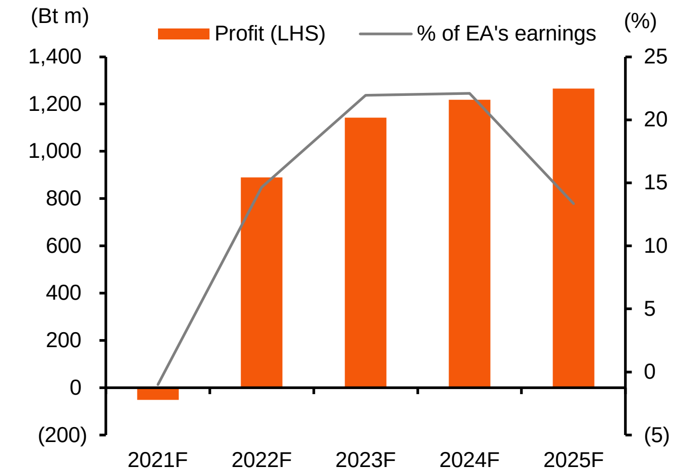
Source: Thanachart estimates

Ex 7: Earnings Contribution From AAB



Sources: Thanachart estimates

Ex 8: Earnings Contribution From NEX



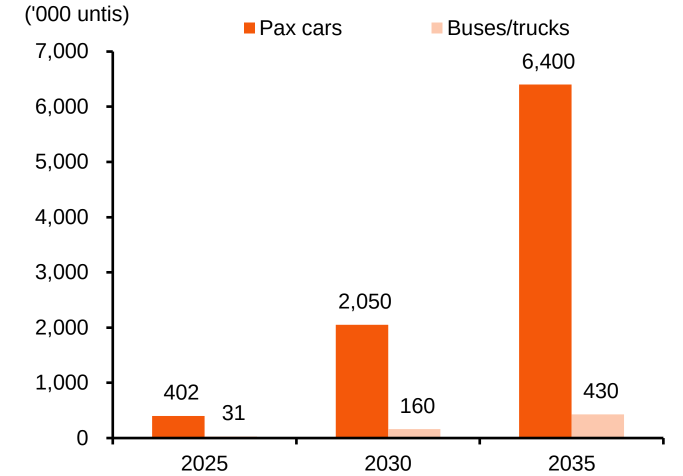
Sources: Thanachart estimates

Battery plant expansions

Our valuation assumes EA expands to 30GWh of battery plant capacity in 2030F

We maintain our projection that EA's battery plant capacity will reach 30GWh in 2030F, vs. the company's long-term target to expand the plant to 50GWh of capacity. We don't think our numbers are aggressive as we estimate Li-ion battery demand just from the EV industry in Thailand to surge to 60GWh annually if the government can achieve its target of having 50% of vehicles produced in Thailand being EVs in 2030, while there should also be demand for Li-ion batteries to support rising electricity generation from renewables and energy storage system (ESS) applications for the national electricity grid.

Ex 9: Thai Government's EV Targets (Accumulated)



Source: National EV Policy Committee

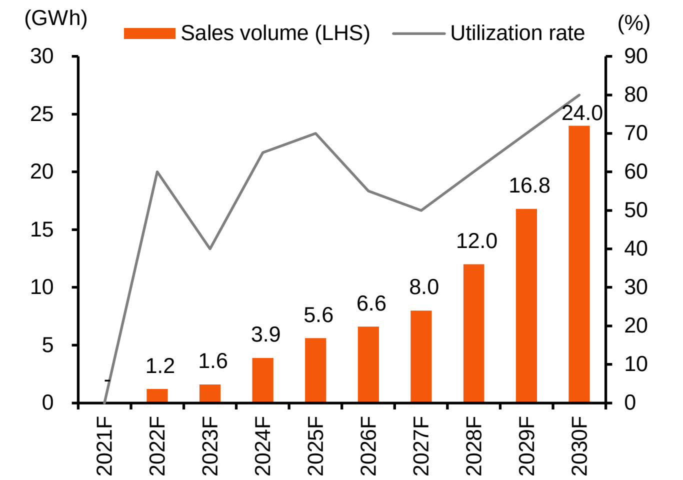
Ex 10: Battery Energy Storage (B-ESS) Applications

Source: Tesla

Serving captive demand in early years, then external sales to come from 2024F

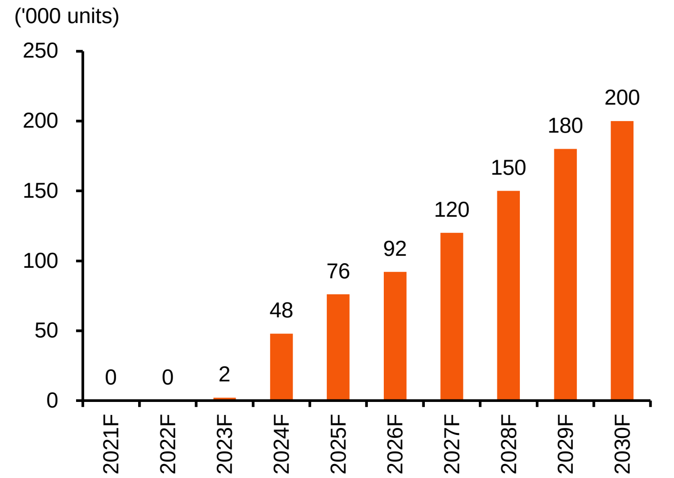
For near-term progress, we assume EA expands its Li-ion battery factory from the current operating capacity of 1GWh to 2/4/6GWh in 2022-24F (see Exhibit 3). This is based on our estimate of captive demand to serve commercial-EV production for AAB of 1.2GWh and 1.6GWh in 2022-23F, equivalent to 60% and 40% effective utilization rates (see Exhibit 11). We project EA's battery sales to rise significantly to 3.9GWh in 2024F, when we expect external demand from foreign EV makers placing their production bases in Thailand to sizably kick in. This implies 50k units of passenger-EVs to be produced by its customers in that year. Our long-term assumption of 24GWh in annual battery sales for EA from 2030F onward can be broken down into: 1) 2GWh from its captive business of commercial EV production (E-buses, E-trucks and E-pickups), 2) 10GWh of demand from third-party carmakers manufacturing passenger-EVs in Thailand or nearby countries (implying 200k units of annual passenger EV production), and 3) 12GWh of demand from energy storage system (B-ESS) applications, e.g., hybrid-renewable power plants, household and industrial solar rooftops, and electricity grid efficiency improvement and load-management systems.

Ex 11: Our Forecasts For EA's Battery Sales Volume



Source: Thanachart estimates

Ex 12: Implied External Demand To Produce Pax-EV Cars



Source: Thanachart estimates

Future growth opportunities

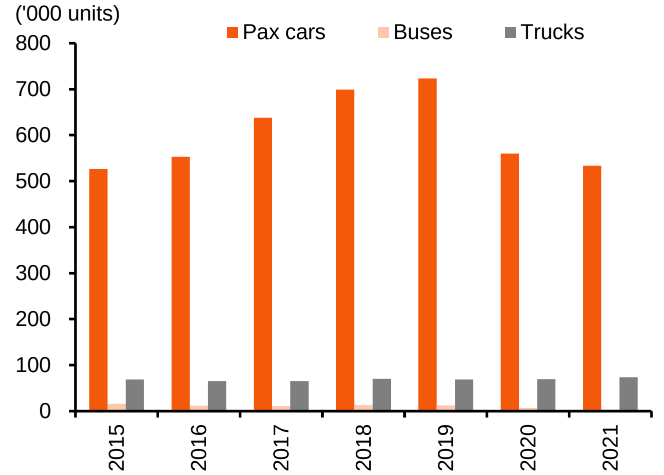
We see upsides from 1) plant expansion,

2) more EV products,

3) ESS solutions offerings to enhance profitability

We foresee three significant growth opportunities for EA which we have yet to factor into our numbers. *First,* we believe there is a strong chance of EA increasing the production capacity of AAB further when commercial EVs become more commonly used. This is since its current capacity of up to 6,000 units per year is still below 10% of annual demand for buses (10,000 units) and trucks (60,000 units) in Thailand, while EA also targets to export both products to the ASEAN region. *Secondly,* EA is developing more commercial EV products, i.e., E-pickups and E-locomotives (hybrid-battery trains for domestic train lines). This should further boost the growth potential of its EV factory, and its battery demand growth. *Thirdly,* the Bt18/share value from energy storage system (ESS) solutions in our TP is based on our assumption that EA will sell batteries in the form of ESS boxes (a cargo-container sized for renewable power plants, or a small-fridge size for household and industrial applications). We therefore see more potential upside if EA upgrades itself to an ESS solutions provider which would likely improve its profitability in the ESS business significantly through various forms of service fees.

Ex 13: Historical Auto Registrations In Thailand



Source: Department of Land Transport

Ex 14: Developing E-Pickups And E-Locomotives

Source: Alstom, Company data

Ex 15: Sum-Of-The-Parts Valuation

	Value (Bt/Share)
Renewables & Green energy	
Biodiesel	5.9
Solar farms	6.0
Wind farms	6.7
Subtotal	**18.6**
E-Vehicle solutions	
AAB	7.1
NEX	4.6
EA Anywhere	3.6
Subtotal	**15.3**
Battery and Energy Storage	
Battery plant	65.6
Energy storage system (ESS)	18.0
Subtotal	**83.5**
Potential projects	
3,000MW Hydropower	1.5
Subtotal	**1.5**
+ Cash and parent company	**1.1**
Grand total	**120.0**

Source: Thanachart estimates

Valuation Comparison

Ex 16: Comparison With Regional Peers

Name	BBG code	Country	EPS growth 21F (%)	EPS growth 22F (%)	PE 21F (x)	PE 22F (x)	P/BV 21F (x)	P/BV 22F (x)	EV/EBITDA 21F (x)	EV/EBITDA 22F (x)	Div yield 21F (%)	Div yield 22F (%)
Sungrow	300274 CH	China	40.0	48.0	67.4	45.5	13.8	10.6	56.0	37.4	0.2	0.2
China Longyuan	916 HK	Hong Kong	29.0	16.0	21.8	18.8	2.2	2.0	10.0	8.9	0.9	1.1
China Suntien Green energy	956 HK	Hong Kong	57.8	7.9	9.2	8.6	1.2	1.0	13.9	11.6	3.8	4.2
China Resources Power	836 HK	Hong Kong	(7.7)	45.6	13.5	9.3	1.1	1.1	8.6	6.7	2.9	4.3
CATL	300750 CH	China	117.3	75.2	116.9	66.7	17.7	13.5	66.4	37.0	0.1	0.2
GEM - A	002340 CH	China	111.9	73.6	39.8	22.9	3.1	2.8	20.3	13.8	0.4	0.7
Gotion High-Tech - A	002074 CH	China	25.1	118.5	167.6	76.7	3.9	3.9	67.4	41.8	0.0	0.1
BYD	1211 HK	Hong Kong	(2.2)	66.0	161.6	97.3	9.1	8.3	35.2	26.5	0.1	0.1
LG Chem	051910 KS	S. Korea	175.0	(20.5)	13.4	16.9	2.4	2.1	7.4	7.6	1.6	1.5
SK Innovation	096770 KS	S. Korea	na	101.8	32.7	16.2	1.4	1.3	9.3	8.4	0.7	1.3
Panasonic	6752 JP	Japan	(18.6)	55.9	19.2	12.3	1.4	1.1	7.8	6.0	1.8	2.3
Tesla	TSLA US	USA	180.8	46.0	153.5	105.1	34.7	26.0	86.2	59.1	0.0	0.0
BCPG Pcl *	BCPG TB	Thailand	(8.6)	20.6	16.4	13.6	1.4	1.3	13.7	10.8	2.7	2.7
CK Power Pcl *	CKP TB	Thailand	418.6	8.2	19.9	18.4	1.6	1.5	18.2	17.6	2.0	2.7
Energy Absolute Pcl *	EA TB	Thailand	7.4	72.1	64.3	37.4	11.1	9.0	38.0	23.9	0.5	0.8
Electricity Generating *	EGCO TB	Thailand	7.2	4.7	8.9	8.5	0.8	0.8	17.3	15.7	4.1	4.4
Global Power Synergy *	GPSC TB	Thailand	23.5	15.1	24.8	21.5	2.1	2.1	15.9	14.7	2.4	2.8
Gulf Energy Dev. Pcl *	GULF TB	Thailand	88.0	37.4	66.8	48.6	8.7	8.1	46.7	36.6	0.9	1.2
Gunkul Engineering *	GUNKUL TB	Thailand	66.7	26.8	26.3	20.7	4.6	4.2	24.6	20.6	2.1	2.9
RATCH Group Pcl *	RATCH TB	Thailand	25.2	2.8	9.3	9.1	1.0	1.0	17.1	15.8	5.9	6.6
Average			**70.3**	**41.1**	**52.7**	**33.7**	**6.2**	**5.1**	**29.0**	**21.0**	**1.7**	**2.0**

Sources: Bloomberg, * Thanachart estimates

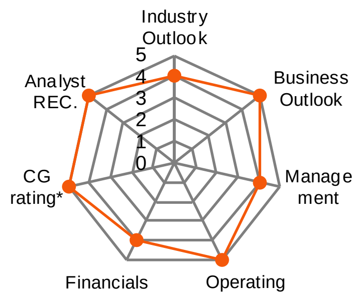
Based on 21 January 2022 closing prices

COMPANY DESCRIPTION

Established in 2006 as a biodiesel business operator, Energy Absolute Pcl (EA) has become one among Thailand's major renewable plant operators with 784MW installed capacity of solar and wind farms fully operated since 2019. EA started investing in li-ion battery production business by acquiring stakes in Taiwan-based Amita Technologies during 2016-18 with plans to build a 50GWh li-ion battery factory in Thailand to serve the electric vehicle (EV) and energy storage system (ESS) markets.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Management has a strong financial background with what we regard as well-thought-out plans for expansion.

W — Weakness

- In a heavy capex cycle due to scheduled new capacity expansion but gearing is still below its threshold.

O — Opportunity

- Electricity industry gearing towards renewable energy.
- Huge potential capacity expansion planned.
- Energy storage (ES) could be part of the requirements for the government grid and private off-grid systems.

T — Threat

- New capacity tendered by the government will likely see lower returns.
- Regulations from both domestic and overseas power markets.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	81.43	120.00	47%
Net profit 21F (Bt m)	6,352	5,509	-13%
Net profit 22F (Bt m)	7,510	9,483	26%
Consensus REC	**BUY: 5**	**HOLD: 3**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings for 2022F are 26% above the Bloomberg consensus figure, which we believe is due to our higher assumptions for commercial EV and Li-ion battery sales.
- Our SOTP-based TP is 47% higher than the Street's, likely because we foresee higher growth potential for its battery plant and related business.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- If investment costs required for its new S-curve businesses are higher than we presently anticipate, this would represent the key downside risk to our valuation.
- If EA cannot secure enough orders, for either battery or e-vehicle sales, to match our expectations, that would present another major downside risk to our numbers.
- Unfavourable weather conditions for its wind and solar power plants would represent a secondary downside risk to our earnings projections.
- Swift changes in Li-ion battery or e-vehicle technologies are also a risk to our earnings growth projections for EA.

Source: Thanachart

New S-curve growth is backed by battery and related business

Healthy balance sheet despite a swift business expansion plan

INCOME STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	14,887	17,080	19,397	45,729	53,303
Cost of sales	6,752	9,271	11,135	31,254	36,895
Gross profit	**8,134**	**7,808**	**8,261**	**14,476**	**16,408**
% gross margin	54.6%	45.7%	42.6%	31.7%	30.8%
Selling & administration expenses	946	1,278	1,485	2,844	3,265
Operating profit	**7,189**	**6,530**	**6,777**	**11,631**	**13,143**
% operating margin	48.3%	38.2%	34.9%	25.4%	24.7%
Depreciation & amortization	2,517	2,844	3,592	4,633	5,151
EBITDA	**9,706**	**9,373**	**10,368**	**16,265**	**18,294**
% EBITDA margin	65.2%	54.9%	53.5%	35.6%	34.3%
Non-operating income	68	120	194	91	107
Non-operating expenses	0	0	0	0	0
Interest expense	(1,386)	(1,637)	(1,431)	(1,367)	(1,168)
Pre-tax profit	**5,870**	**5,013**	**5,539**	**10,356**	**12,082**
Income tax	(11)	(18)	55	104	121
After-tax profit	**5,881**	**5,031**	**5,484**	**10,252**	**11,961**
% net margin	39.5%	29.5%	28.3%	22.4%	22.4%
Shares in affiliates' Earnings	(14)	(61)	(51)	890	1,142
Minority interests	55	157	76	(1,660)	(2,043)
Extraordinary items	160	78	0	0	0
NET PROFIT	**6,082**	**5,205**	**5,509**	**9,483**	**11,060**
Normalized profit	**5,922**	**5,127**	**5,509**	**9,483**	**11,060**
EPS (Bt)	1.6	1.4	1.5	2.5	3.0
Normalized EPS (Bt)	1.6	1.4	1.5	2.5	3.0

BALANCE SHEET

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	14,033	7,389	8,377	16,200	18,434
Cash & cash equivalent	10,040	2,962	3,012	3,012	3,012
Account receivables	2,666	2,750	3,188	7,517	8,762
Inventories	758	833	1,220	3,425	4,043
Others	569	843	957	2,246	2,617
Investments & loans	0	0	0	0	0
Net fixed assets	51,371	55,857	60,152	59,655	62,228
Other assets	4,816	15,238	15,640	16,911	18,127
Total assets	**70,220**	**78,484**	**84,169**	**92,766**	**98,789**
LIABILITIES:					
Current liabilities:	6,070	13,564	12,190	13,217	12,728
Account payables	285	373	458	1,284	1,516
Bank overdraft & ST loans	660	2,674	2,159	1,840	1,589
Current LT debt	4,307	9,342	8,202	6,993	6,039
Others current liabilities	818	1,176	1,372	3,100	3,584
Total LT debt	**36,977**	**31,090**	**32,809**	**27,972**	**24,155**
Others LT liabilities	2,306	4,203	5,496	9,010	9,870
Total liabilities	**45,353**	**48,857**	**50,496**	**50,199**	**46,753**
Minority interest	1,502	1,815	1,739	3,399	5,442
Preferreds shares	0	0	0	0	0
Paid-up capital	373	373	373	373	373
Share premium	3,681	3,681	3,681	3,681	3,681
Warrants	0	0	0	0	0
Surplus	(874)	(428)	(428)	(428)	(428)
Retained earnings	**20,185**	**24,186**	**28,309**	**35,543**	**42,969**
Shareholders' equity	23,365	27,812	31,934	39,168	46,594
Liabilities & equity	**70,220**	**78,484**	**84,169**	**92,766**	**98,789**

Sources: Company data, Thanachart estimates

Huge cash flow streams from subsidized power plant comfortably support its capex plan

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	5,870	5,013	5,539	10,356	12,082
Tax paid	11	18	(55)	(104)	(121)
Depreciation & amortization	2,517	2,844	3,592	4,633	5,151
Chg In w orking capital	(1,308)	(73)	(740)	(5,707)	(1,631)
Chg In other CA & CL / minorities	(8,236)	501	31	1,328	1,256
Cash flow from operations	**(1,145)**	**8,302**	**8,367**	**10,507**	**16,736**
Capex	(6,301)	(7,216)	(7,762)	(3,952)	(7,479)
Right of use	0	(1,892)	(1,200)	(1,200)	(1,200)
ST loans & investments	(1)	(4)	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(64)	(6,683)	1,966	3,258	600
Cash flow from investments	**(6,366)**	**(15,794)**	**(6,996)**	**(1,894)**	**(8,080)**
Debt financing	12,884	1,171	64	(6,365)	(5,022)
Capital increase	0	0	0	0	0
Dividends paid	(932)	(1,119)	(1,386)	(2,249)	(3,634)
Warrants & other surplus	77	361	0	0	0
Cash flow from financing	**12,029**	**414**	**(1,322)**	**(8,614)**	**(8,656)**
Free cash flow	**(7,446)**	**1,086**	**605**	**6,556**	**9,257**

High valuation is justified by its strong growth potential in our view

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	59.8	69.1	64.3	37.4	32.0
Normalized PE - at target price (x)	75.6	87.3	81.3	47.2	40.5
PE (x)	58.3	68.1	64.3	37.4	32.0
PE - at target price (x)	73.6	86.0	81.3	47.2	40.5
EV/EBITDA (x)	39.8	42.1	38.0	23.9	20.9
EV/EBITDA - at target price (x)	49.4	52.0	47.0	29.6	26.0
P/BV (x)	15.2	12.7	11.1	9.0	7.6
P/BV - at target price (x)	19.2	16.1	14.0	11.4	9.6
P/CFO (x)	(309.5)	42.7	42.4	33.7	21.2
Price/sales (x)	23.8	20.7	18.3	7.7	6.6
Dividend yield (%)	0.3	0.3	0.5	0.8	1.2
FCF Yield (%)	(2.1)	0.3	0.2	1.9	2.6
(Bt)					
Normalized EPS	1.6	1.4	1.5	2.5	3.0
EPS	1.6	1.4	1.5	2.5	3.0
DPS	0.3	0.3	0.4	0.8	1.2
BV/share	6.3	7.5	8.6	10.5	12.5
CFO/share	(0.3)	2.2	2.2	2.8	4.5
FCF/share	(2.0)	0.3	0.2	1.8	2.5

Sources: Company data, Thanachart estimates

Profitability trending up as new businesses achieve scale

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	28.9	14.7	13.6	135.8	16.6
Net profit (%)	18.1	(14.4)	5.8	72.1	16.6
EPS (%)	18.1	(14.4)	5.8	72.1	16.6
Normalized profit (%)	45.0	(13.4)	7.4	72.1	16.6
Normalized EPS (%)	45.0	(13.4)	7.4	72.1	16.6
Dividend payout ratio (%)	18.4	21.5	30.0	30.0	40.0
Operating performance					
Gross margin (%)	54.6	45.7	42.6	31.7	30.8
Operating margin (%)	48.3	38.2	34.9	25.4	24.7
EBITDA margin (%)	65.2	54.9	53.5	35.6	34.3
Net margin (%)	39.5	29.5	28.3	22.4	22.4
D/E (incl. minor) (x)	1.7	1.5	1.3	0.9	0.6
Net D/E (incl. minor) (x)	1.3	1.4	1.2	0.8	0.6
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	na	na	na	na	na
ROA - using norm profit (%)	9.2	6.9	6.8	10.7	11.5
ROE - using norm profit (%)	28.5	20.0	18.4	26.7	25.8
DuPont					
ROE - using after tax profit (%)	28.3	19.7	18.4	28.8	27.9
- asset turnover (x)	0.2	0.2	0.2	0.5	0.6
- operating margin (%)	48.7	38.9	35.9	25.6	24.9
- leverage (x)	3.1	2.9	2.7	2.5	2.2
- interest burden (%)	80.9	75.4	79.5	88.3	91.2
- tax burden (%)	100.2	100.4	99.0	99.0	99.0
WACC (%)	5.0	5.0	5.0	5.0	5.0
ROIC (%)	17.2	11.9	9.9	16.0	17.8
NOPAT (Bt m)	7,202	6,553	6,709	11,515	13,012
invested capital (Bt m)	55,268	67,955	72,093	72,962	75,366

Sources: Company data, Thanachart estimates

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