

Electricity Generating (EGCO TB) - BUY, Price Bt179.5, TP Bt275**Results Comment**

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4Q21 slightly beat expectation

- EGCO reported normalized profit (excluding impacts from FX, hedging, and deferred tax items) at Bt1.99bn in 4Q21, up 67% y-y but down 37% q-q in a like-for-like basis. The earnings beat slightly our forecast on higher-than-expected share profit from subsidiaries, mainly geothermal projects in Indonesia and coal-fired IPP plant in Thailand.
- EBITDA rose 31% y-y and 9% q-q to Bt2.45bn in 4Q21, driven by better performance from IPP plants due to lower downtime, higher profit from coal mine business, and profit contribution from Apex (US-based solar company) acquired in Oct-2021. These more than offset seasonally weaker hydro output and weak SPP's margin.
- Equity income (stripping off FX impact) increased 46% y-y to Bt860m in 4Q21, mainly due to stronger profit from geothermal projects in Indonesia. It dropped 63% q-q on seasonal impact of weaker output from its two large-sized hydropower plants.
- EGCO's full-year profit at Bt10.3bn in 2021 grew 8% y-y and made up 102% of our forecast.
- We still like EGCO on its attractive valuations, decent dividend yield, strong balance sheet, and most importantly its resiliency against currently high global fuel prices. We maintain BUY.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	7,435	7,109	8,706	8,743	11,345	Revenue	30	53	105	35,903	34,044
Gross profit	1,856	1,624	2,413	1,995	2,311	Gross profit	16	25	94	8,343	8,404
SG&A	772	716	729	538	663	SG&A	23	(14)	109	2,646	2,411
Operating profit	1,084	908	1,684	1,458	1,648	Operating profit	13	52	89	5,697	5,993
EBITDA	1,868	1,667	2,450	2,255	2,448	EBITDA	9	31	92	8,821	9,190
Other income	710	521	505	515	692	Other income	35	(2)	96	2,234	2,035
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	937	891	918	948	957	Interest expense	1	2	99	3,714	3,474
Profit before tax	857	538	1,271	1,024	1,383	Profit before tax	35	61	84	4,216	4,554
Income tax	246	126	219	222	251	Income tax	13	2	65	818	1,139
Equity & invest. income	590	1,773	1,890	2,351	860	Equity & invest. income	(63)	46	108	6,873	7,502
Minority interests	(13)	(8)	9	(12)	(3)	Minority interests	na	na	26	(13)	(50)
Extraordinary items	615	(1,591)	(1,441)	(2,067)	(1,055)	Extraordinary items	na	na	na	(6,154)	0
Net profit	1,804	585	1,510	1,074	934	Net profit	(13)	(48)	41	4,104	10,867
Normalized profit	1,188	2,176	2,952	3,141	1,989	Normalized profit	(37)	67	102	10,258	10,867
EPS (Bt)	3.43	1.11	2.87	2.04	1.77	EPS (Bt)	(13)	(48)	41	7.80	20.64
Normalized EPS (Bt)	2.26	4.13	5.61	5.97	3.78	Normalized EPS (Bt)	(37)	67	102	19.48	20.64

Balance Sheet						Financial Ratios					
(consolidated) nsolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & equivalent	17,237	15,638	16,483	16,988	17,898	Sales grow th	(16.8)	(18.6)	(4.2)	5.0	52.6
A/C receivable	4,811	3,730	5,573	5,811	7,060	Operating profit grow th	(16.7)	(19.8)	(6.0)	(14.3)	52.0
Inventory	2,760	2,531	2,499	3,103	2,947	EBITDA grow th	(9.4)	(12.6)	(4.8)	(9.4)	31.0
Other current assets	10,104	11,067	11,076	9,738	10,591	Norm profit grow th	(30.1)	(9.5)	10.2	10.8	67.4
Investment	98,421	102,011	111,122	117,727	124,979	Norm EPS grow th	(30.1)	(9.5)	10.2	10.8	67.4
Fixed assets	49,750	50,119	50,018	50,921	49,597	Gross margin	25.0	22.8	27.7	22.8	20.4
Other assets	31,355	30,382	29,812	30,313	28,860	Operating margin	14.6	12.8	19.3	16.7	14.5
Total assets	214,438	215,479	226,583	234,600	241,932	EBITDA margin	25.1	23.4	28.1	25.8	21.6
S-T debt	11,170	15,545	15,847	15,417	19,670	Norm net margin	16.0	30.6	33.9	35.9	17.5
A/C payable	2,510	1,974	3,301	3,643	4,380	D/E (x)	0.9	0.8	0.9	0.9	1.0
Other current liabilities	2,610	7,355	7,447	7,787	2,970	Net D/E (x)	0.7	0.7	0.7	0.7	0.8
L-T debt	81,758	71,116	78,558	82,198	90,074	Interest coverage (x)	2.0	1.9	2.7	2.4	2.6
Other liabilities	13,556	12,083	12,305	12,118	10,802	Interest rate	4.0	4.0	4.1	4.0	3.7
Minority interest	591	602	584	596	596	Effective tax rate	28.7	23.5	17.2	21.7	18.1
Shareholders' equity	81,758	71,116	78,558	82,198	90,074	ROA	2.2	4.0	5.3	5.4	3.3
Working capital	5,061	4,288	4,771	5,271	5,626	ROE	4.7	8.3	11.0	11.3	7.0
Total debt	75,691	71,023	77,922	80,628	91,846						
Net debt	102,243	106,805	108,541	112,841	113,441						

Sources: Company data, Thanachart estimates

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