

Energy Absolute Pcl (EA TB) - BUY, Price Bt58.75, TP Bt100.00**Results Comment**

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

Strong 2Q23 profit, in-line

- EA reported a strong normalized profit at Bt2.1bn in 2Q23, nearly doubled y-y but dropped 9% q-q. The y-y growth was driven by profit contribution from CEV production and battery plant those commenced commercial operation in 3Q22. The weakness q-q was from lower electricity output from wind power projects despite higher output from the solar farms.
- Biodiesel business unit made Bt66m loss in 2Q23, relatively stable both y-y and q-q, as demand for palm oil products remained weak and the government sticks with B7 standard diesel mix while CPO prices surged on limited supply.
- Profit from renewable projects was Bt2.1bn in 2Q23, grew 3% y-y on stronger output from solar projects and higher selling prices. It dropped 16% q-q given lower output from wind power projects from a high base in the previous quarter.
- Commercial electric vehicle (CEV) production business made Bt558m profit in 2Q23, up 17% q-q despite lower CEV volume sale to 655 units (from 790 units in 1Q23) because of higher sale margin this quarter.
- Battery plant (Amita Thailand) finally turned to profit at Bt38m in 2Q23 as the plant has achieved nearly full utilization rate to serve captive demand from its CEV manufacturing plant.
- Total operating cost declined 57% y-y to Bt458m on lower preparation cost for new businesses, but increased 30% q-q, in-line with growing business scale.
- We maintain BUY on EA, expecting stronger earnings h-h in 2H23F driven the high season for its wind power projects and our expectation of higher CEV sales.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	5,396	5,692	9,526	8,895	7,881	Revenue	(11)	46	45	37,097	48,187
Gross profit	1,687	1,569	2,870	3,298	3,095	Gross profit	(6)	83	51	12,468	13,153
SG&A	451	281	374	368	430	SG&A	17	(5)	53	1,507	1,595
Operating profit	1,236	1,288	2,496	2,930	2,665	Operating profit	(9)	116	51	10,960	11,558
EBITDA	2,249	2,458	3,284	3,810	3,624	EBITDA	(5)	61	49	15,018	16,449
Other income	58	88	143	9	76	Other income	698	30	19	445	289
Other expense						Other expense			na		
Interest expense	345	359	399	485	556	Interest expense	15	61	67	1,542	1,639
Profit before tax	949	1,017	2,240	2,455	2,185	Profit before tax	(11)	130	47	9,864	10,209
Income tax	42	68	40	98	111	Income tax	14	166	425	49	51
Equity & invest. income	7	69	139	37	120	Equity & invest. income	229	1,528	27	589	887
Minority interests	147	108	(129)	(72)	(91)	Minority interests	na	na	14	(1,191)	(1,534)
Extraordinary items	33	1,844	(37)	(1)	57	Extraordinary items	na	70	na		
Net profit	1,095	2,970	2,172	2,320	2,160	Net profit	(7)	97	49	9,213	9,511
Normalized profit	1,062	1,126	2,210	2,321	2,103	Normalized profit	(9)	98	48	9,213	9,511
EPS (Bt)	0.29	0.80	0.58	0.62	0.58	EPS (Bt)	(7)	97	49	2.47	2.55
Normalized EPS (Bt)	0.28	0.30	0.59	0.62	0.56	Normalized EPS (Bt)	(9)	98	48	2.47	2.55

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	2,665	3,808	3,211	4,135	2,599	Sales grow th	9.6	12.9	73.0	87.6	46.0
A/C receivable	2,651	3,218	6,330	7,396	7,025	Operating profit grow th	(18.2)	(27.3)	40.1	93.5	115.6
Inventory	3,136	5,106	5,516	6,296	7,847	EBITDA grow th	0.7	(3.5)	32.0	64.9	61.1
Other current assets	6,741	2,912	7,481	6,632	4,686	Norm profit grow th	(9.5)	(28.7)	17.1	70.9	98.0
Investment						Norm EPS grow th	(9.5)	(28.7)	17.1	70.9	98.0
Fixed assets	59,082	57,828	54,221	55,579	58,452	Gross margin	31.3	27.6	30.1	37.1	39.3
Other assets	17,786	22,791	26,606	32,263	34,503	Operating margin	22.9	22.6	26.2	32.9	33.8
Total assets	92,062	95,663	103,364	112,300	115,112	EBITDA margin	41.7	43.2	34.5	42.8	46.0
S-T debt	18,432	14,357	19,545	21,763	23,958	Norm net margin	19.7	19.8	23.2	26.1	26.7
A/C payable	449	1,007	4,801	3,759	2,629	D/E (x)	1.4	0.9	1.2	1.3	1.4
Other current liabilities	1,075	2,799	2,129	2,448	2,194	Net D/E (x)	1.3	0.8	1.2	1.2	1.3
L-T debt	31,674	20,435	31,417	36,573	37,398	Interest coverage (x)	6.5	6.8	8.2	7.9	6.5
Other liabilities	4,272	18,221	4,168	4,112	4,130	Interest rate	2.9	3.4	3.7	3.5	3.7
Minority interest	2,361	2,270	2,375	2,445	2,543	Effective tax rate	4.4	6.7	1.8	4.0	5.1
Shareholders' equity	33,798	36,575	38,929	41,200	42,260	ROA	4.7	4.8	8.9	8.6	7.4
Working capital	5,338	7,318	7,045	9,933	12,243	ROE	12.6	12.8	23.4	23.2	20.2
Total debt	50,106	34,792	50,963	58,336	61,356						
Net debt	47,441	30,984	47,752	54,201	58,756						

Sources: Company data, Thanachart estimates

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