

**BUY** (Unchanged)  
Change in Numbers

**TP: Bt 150.00** (From: Bt 130.00)  
**Upside : 19.5%**

**10 SEPTEMBER 2024**

# Electricity Generating (EGCO TB)

## Unlocking concerns

We retain our BUY on EGCO, seeing it as an attractive value stock at 7x PE with a 5% dividend yield in 2025F. The Yunlin project COD and the signing of a new Quezon project contract later this year should relieve market concerns over its ability to maintain its earnings base.



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### Near-term catalysts

We retain our BUY on EGCO. *First*, we see EGCO as a value stock at 7x PE with a 5% dividend yield in 2025F, which looks inexpensive to us despite its muted earnings growth outlook. *Second*, we expect the market concern over its ability to maintain its earnings base to be removed with the upcoming COD of the delayed Yulin project and the signing of a new Quezon project contract in 4Q24. *Third*, as a yield play, we expect EGCO to become more attractive when global interest rates reverse to a falling trend. Despite cutting our earnings by 7/21/8% in 2024-26F to reflect our more conservative assumptions for Quezon's new contract, we lift our DCF-derived SOTP-based 12-month TP to Bt150/share (from Bt130) after rolling over to a 2025F base year.

### Yunlin to COD in 4Q24F

We believe one of the reasons for EGCO's share price collapse over the past few years was disappointment over the offshore wind farm Yunlin project in Taiwan being delayed from its initial COD target of 4Q21. EGCO's total investment was Bt28bn over 2020-23 for a 26.6% stake in this 640MW project, implying 170MW of equity capacity for EGCO. The delay in commencing the project's operation resulted in a large cost overrun that cost EGCO a combined Bt25bn impairment over 2022-23. However, since 69 units (from 80 in total) of its wind turbines were already installed as of August 2024, we expect Yunlin project to fully commercialize by 4Q24F and forecast Bt700m of annual equity income to EGCO over the next 20 years of its contract life.

### A new contract for Quezon

Another earnings concern for EGCO is the expiry in June 2025 of the power purchase contract for its 460MW wholly owned Quezon coal-fired power plant in the Philippines, which contributes sizable earnings of around Bt3.0bn-3.5bn p.a. to EGCO. We expect this concern to also be relieved as EGCO aims to finalize a new 10-year contract with a local electricity distributor within this year. Having said that, due to the lower electricity selling prices in the new contract, we conservatively forecast profit contribution from Quezon falling to Bt1.0bn-1.5bn p.a. under the new contract.

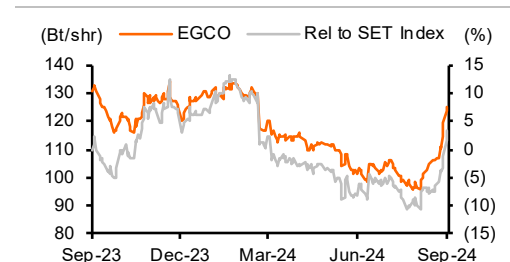
### Yields look sustainable

We believe EGCO's 67% share price collapse from its peak in 2019 has de-rated it enough to trade at 7x PE and 0.6x P/BV, with a 5% dividend yield in 2025F. This likely already reflects its muted earnings growth outlook and the above-mentioned concerns among investors. We project its dividends to be sustainable during 2024-26F as we estimate its free cash flow to remain resilient at Bt20-25/share over the next five years. We leave EGCO's target to grow capacity by 1.0GW p.a. (from 7.0GW as of 2Q24) through M&As as an upside to our numbers.

### COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	49,627	46,173	37,313	36,379
Net profit	(8,384)	9,955	9,670	9,762
Consensus NP	—	7,896	8,717	8,425
Diff frm cons (%)	—	26.1	10.9	15.9
Norm profit	10,098	9,955	9,670	9,762
Prev. Norm profit	—	10,664	12,169	10,662
Chg frm prev (%)	—	(6.6)	(20.5)	(8.4)
Norm EPS (Bt)	19.2	18.9	18.4	18.5
Norm EPS grw (%)	(20.3)	(1.4)	(2.9)	0.9
Norm PE (x)	6.5	6.6	6.8	6.8
EV/EBITDA (x)	17.8	19.5	22.5	21.7
P/BV (x)	0.6	0.6	0.6	0.5
Div yield (%)	5.2	5.2	5.2	5.2
ROE (%)	9.0	9.2	8.4	8.1
Net D/E (%)	76.0	81.1	68.5	57.8

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 10-Sep-24 (Bt)	125.50
Market Cap (US\$ m)	1,958.0
Listed Shares (m shares)	526.5
Free Float (%)	50.0
Avg Daily Turnover (US\$ m)	3.2
12M Price H/L (Bt)	134.00/96.00
Sector	Utilities
Major Shareholder	EGAT 25.41%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ..... P7

## Unlocking concerns

*We maintain our BUY on EGCO*

*EGCO is a resilient value stock, in our view*

*Outstanding concerns look set to be relieved soon*

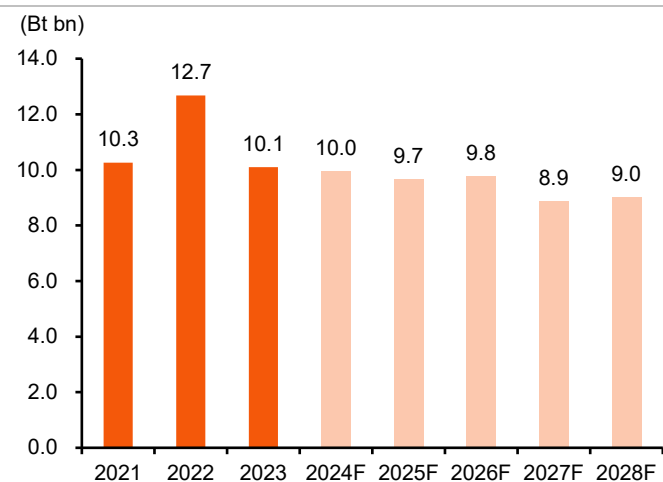
*Market's search for a yield play could be a catalyst*

We maintain our BUY rating on the shares of Electricity Generating Pcl (EGCO) based on three reasons:

- **First**, we regard EGCO as an attractive value stock, trading at 7x PE with a 5% dividend yield in 2025F. We project its cashflow generation to remain resilient, backed by its diversified portfolio of power plants across the globe, despite a muted earnings outlook with a 1% p.a. contraction over 2024-26F.
- **Second**, we foresee the market's concern over EGCO's ability to maintain its earnings base and cash generation to be relieved in 4Q24F when EGCO's 27%-owned 640MW installed capacity Yunlin offshore wind power project in Taiwan fully commences operation, after nearly three years of delays. EGCO also expects to sign a new power purchase contract for its 460MW Quezon coal-fired power plant (100% owned) in the Philippines later this year, as the project's current contract is set to expire in June 2025.
- **Third**, as one of the major yield plays in the sector, we expect investors to be more attracted to EGCO when global interest rates reverse to a falling trend, likely later this year.

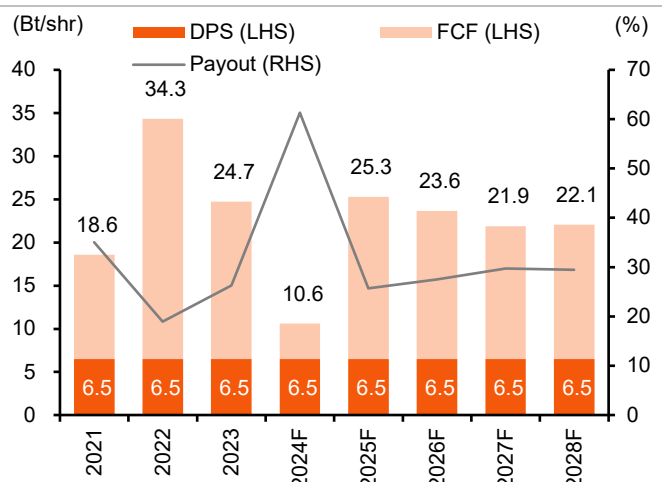
We lower our earnings estimates for EGCO by 7/21/8% in 2024-26F, mainly to reflect our more conservative assumptions for the new Quezon project contract and later-than-expected global interest rate cuts. However, we lift our DCF-derived SOTP-based 12-month TP to Bt150/share (from Bt130) because of the positive impact of rolling over our valuation to a 2025F base year.

**Ex 1: We Forecast A Muted Earnings Outlook ...**



Sources: Company data, Thanachart estimates

**Ex 2: ... But Sustainable Dividends On Resilient Cashflow**



Sources: Company data, Thanachart estimates

## Yunlin to COD in 4Q24F

*Delays and cost overrun for Yunlin project severely hit EGCO over past two years*

EGCO started its investment in the development of the 640MW installed capacity of the Yunlin offshore wind power project in Taiwan by acquiring a 25% stake back in April 2021. The initial target for the project was to commercialize 352MW of its generating capacity in 2021 and another 288MW capacity in 2022. However, the project's construction was severely delayed by the COVID-19 pandemic in 2021 and then various typhoons hitting the Taiwan Strait in 2022. The delay cost EGCO a total of a Bt25bn impairment over 2022-23 from its total investment in the project of Bt28bn over the past three years. After a major financial restructuring to compensate for the project's cost overrun in 2023, EGCO now holds a 26.6% stake in Yunlin, implying 170MW of equity capacity. We believe the delay,

which looks to have already turned the whole investment scheme to a loss, has been the major reason for EGCO's share price weakness over the past two years.

*The project commencing operation in 4Q24F comes as a major relief*

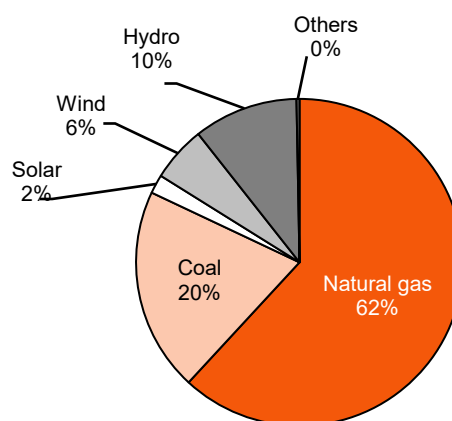
We believe the Yunlin project could meet its latest target of fully commercializing by 4Q24F, given that 69 units (from a total of 80) of its wind turbines were fully installed in August. This should put an end to one of the major pressures on EGCO's share price, as the impairment would become a thing of the past, and the project could begin generating cash flow for EGCO. We estimate Yunlin will contribute Bt700m p.a. of equity income to EGCO over its 20-year contract life over 2025-44.

#### Ex 3: Yunlin Project's Details

<b>Project</b>	Yunlin offshore wind farm
<b>Location</b>	Yunlin county, Taiwan
<b>Installed capacity</b>	640MW (80 units of 8MW wind turbine generators)
<b>PPA terms</b>	20-year power purchase contract with Taiwan Power Company
<b>Contracted tariff</b>	TWD7.12/kWh - Year 1 - 10 TWD3.57/kWh - Year 11 - 20
<b>Expected capacity factor</b>	40 - 45%

Source: Company data

#### Ex 4: Projected EGCO's Capacity Mix At End-2024F



Sources: Company data, Thanachart estimates

### New contract for Quezon

*Quezon's current contract due to expire in June 2025*

EGCO gradually acquired shares in the 460MW installed capacity of the Quezon coal-fired power plant in the Philippines (QPL) over 2008-15. It now wholly owns the project with a US\$730m total acquisition cost during those years. The purchase price assumed that QPL could renew its power purchase contract with the Manila Electric Company (Meralco), after the current contract expires in June 2025. However, there has been no progress on contract renewal, despite the contract expiration date is just around the corner. Concern thus has been emerging among investors over the uncertain future of QPL, which contributed sizable profits at Bt3.0bn-3.5bn p.a. to EGCO during 2020-23.

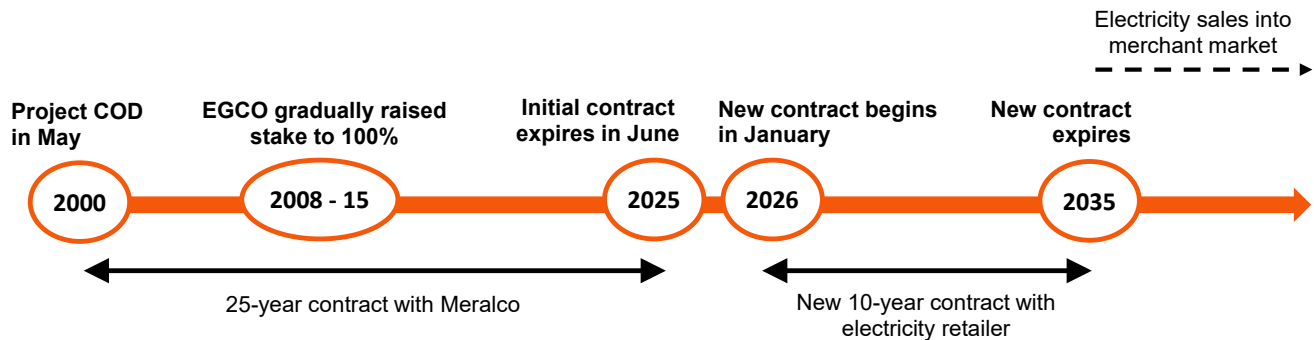
*This concern should soon be eased with the signing of a new contract this year*

We expect this concern also to be lifted later this year as EGCO is confident that the new contract for QPL can be finalized within 4Q24. The company has guided that it would be a 10-year power purchase contract (over 2026-35) with a local electricity distributor. Having said that, since current electricity prices in the market are much lower than the electricity selling prices in QPL's legacy contract, we assume the profit contribution from QPL drops to Bt1.0bn-1.5bn p.a. over 2026-35F. Having said that, our earnings cuts in this round are mainly since we did not expect a six-month gap between the two contracts, i.e., the current contract is set to expire in June 2025, but the new contract will likely start in January 2026.

According to EGCO, the next step for QPL after the new contract expires in 2035, is to sell electricity to the country's merchant electricity market. Since this implies no secured sales volume for the project with likely more volatile selling margins, we leave cashflow generation from QPL beyond 2035F as an upside to our earnings forecasts and valuation. Note that despite intensifying global restrictions in shutting down coal power plants, the Philippines seems to be slow in achieving these environmental targets. It is

now the only country in ASEAN that has not announced a net-zero target. The net-zero target for the overall ASEAN community is set for 2060. The target is 2065 for Thailand.

#### Ex 5: Quezon Project's Timeline



Sources: Company data, Thanachart estimates

#### Ex 6: 12-month SOTP-derived DCF-based TP Calculation Using A Base Year Of 2025F

Projects	Valuation method	WACC	Value (Bt/share)
<b>TH Conventional - IPP</b>			<b>54.9</b>
- BLCP	DCF	0.0%	13.3
- GPG	DCF	8.1%	16.9
- KEGCO	DCF	5.0%	24.7
<b>TH Conventional - SPP</b>			<b>9.3</b>
- EGCO Cogen	DCF	7.1%	0.4
- BPU	DCF	7.1%	6.7
- KLU	DCF	7.1%	2.3
<b>TH Renewables</b>			<b>21.5</b>
- Roi-et Green	DCF	4.6%	0.1
- GYG	DCF	4.6%	1.2
- NED	DCF	4.9%	3.0
- SPP 2-5	DCF	4.6%	1.8
- GPS	DCF	7.2%	2.2
- Solarco	DCF	4.3%	5.5
- CWF	DCF	4.8%	6.5
- TWF	DCF	5.1%	1.1
<b>Overseas power plants</b>			<b>202.8</b>
- Laos Hydro	DCF	5.6%	46.7
- Australia Wind	DCF	6.3%	8.7
- Philippines Coal	DCF	9.4%	16.0
- Korea Gas	DCF	5.4%	58.4
- Taiwan Wind	DCF	6.8%	11.6
- US Gas	DCF	5.9%	61.5
<b>Subtotal - existing projects</b>			<b>288.5</b>
<b>Other businesses &amp; net debts</b>			<b>(137.6)</b>
<b>Grand total</b>			<b>150.9</b>

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 7: Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		—EV/EBITDA—		— Div yield —	
			24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Cheung Kong Infrastructure	1038 HK	Hong Kong	6.6	6.5	17.5	16.4	1.1	1.1	63.1	60.4	4.5	4.6
China Power Int'l	2380 HK	Hong Kong	33.9	24.6	8.5	6.8	0.8	0.8	10.5	9.2	6.2	6.9
China Resources Power	836 HK	Hong Kong	21.0	13.9	6.3	5.5	1.0	0.9	7.1	6.2	6.2	7.2
CLP Holdings	2 HK	Hong Kong	29.1	4.5	14.6	14.0	1.7	1.6	9.8	9.6	4.5	4.6
Hongkong Electric Holdings	6 HK	Hong Kong	4.0	4.4	19.0	18.2	1.3	1.3	na	na	5.2	5.2
Huaneng Power	902 HK	Hong Kong	(14.1)	12.7	6.5	5.8	0.7	0.7	9.2	8.5	6.9	7.7
Tata Power	TPWR IN	India	4.1	13.8	38.3	33.6	4.5	4.0	17.4	15.4	0.4	0.5
Tenaga Nasional	TNB MK	Malaysia	7.6	16.9	20.8	17.8	1.4	1.4	8.3	7.8	3.1	3.5
YTL Corp	YTL MK	Malaysia	160.3	5.3	12.7	12.1	1.7	1.5	7.5	6.7	3.3	2.5
YTL Power	YTLP MK	Malaysia	129.0	(0.5)	8.7	8.8	1.4	1.2	7.9	7.4	2.3	2.2
Manila Electric	MER PM	Philippines	10.6	3.9	11.5	11.1	3.1	2.8	8.3	7.9	5.4	5.7
BCPG Pcl *	BCPG TB	Thailand	11.2	16.2	21.9	18.9	0.7	0.7	16.8	17.9	3.6	3.6
B.Grimm Power Pcl *	BGRIM TB	Thailand	(7.1)	18.6	49.5	41.7	1.6	1.6	9.6	9.3	0.8	1.0
Banpu Power Pcl *	BPP TB	Thailand	(23.6)	17.9	10.6	9.0	0.8	0.8	10.5	9.6	6.1	6.1
CK Power Pcl *	CKP TB	Thailand	13.3	12.1	18.5	16.5	1.1	1.1	12.5	12.3	2.3	2.3
EA Pcl*	EA TB	Thailand	(40.2)	(15.2)	6.3	7.4	0.6	0.6	7.8	8.1	3.2	2.7
Electricity Generating *	EGCO TB	Thailand	(1.4)	(2.9)	6.6	6.8	0.6	0.6	19.5	22.5	5.2	5.2
Global Power Synergy *	GPSC TB	Thailand	44.7	21.2	24.5	20.2	1.2	1.1	12.6	12.9	2.2	2.7
Gulf Energy Dev. Pcl *	GULF TB	Thailand	15.1	17.5	38.2	32.5	5.3	5.1	34.9	31.0	1.8	2.2
Gunkul Engineering *	GUNKUL TB	Thailand	(6.3)	3.6	15.6	15.1	1.6	1.5	15.2	15.6	2.6	2.7
RATCH Group *	RATCH TB	Thailand	56.7	27.8	9.9	7.8	0.7	0.6	21.2	18.1	5.1	5.1
<b>Average</b>			<b>20.5</b>	<b>10.1</b>	<b>17.1</b>	<b>15.3</b>	<b>1.6</b>	<b>1.5</b>	<b>15.6</b>	<b>14.9</b>	<b>3.9</b>	<b>4.1</b>

Sources: Bloomberg, \* Thanachart estimates

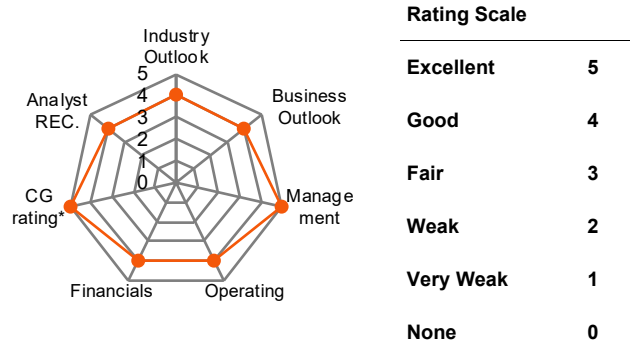
Based on 10 September 2024 closing prices

## COMPANY DESCRIPTION

Electricity Generating Pcl (EGCO) operates and invests in power plants globally with diversified fuel types, i.e., natural gas, coal, solar, wind, and hydropower. Its total equity-owned power capacity stands at 7.0GW as of 2Q24, with targeted capacity growth of 1.0GW per year. EGCO is also providing operation and maintenance (O&M) and engineering construction services to power and oil & gas industries. The company is also setting up energy technology businesses with one of its major shareholders, the Electricity Generating Authority of Thailand (EGAT), to enhance the country's electricity grid efficiency.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Operationally defensive. Predetermined tariffs over power plants' lives in PPAs generate fixed revenues and returns.
- Access to cheap financing sources due to low business risk and trustworthy and well-known shareholders.

### O — Opportunity

- Large power-expansion projects in Asian countries, both conventional and renewable power capacities.
- Diversification opportunities for LNG imports in ASEAN.

### W — Weakness

- Increased competition from new power plants may affect dispatched capacities and increase O&M costs.
- Lower tariffs from new projects given the global trend.
- Slow decision making process with a state-owned enterprise being one of its major shareholders.

### T — Threat

- Regulatory risks and stricter environmental requirements, especially increased expansion overseas.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	132.63	150.00	13%
Net profit 24F (Bt m)	7,896	9,955	26%
Net profit 25F (Bt m)	8,717	9,670	11%
Consensus REC	BUY: 8	HOLD: 2	SELL: 1

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2024-25F earnings estimates are 26/11% higher than the Bloomberg consensus numbers, which we believe is due to our more bullish view on profit contributions from its gas-fired power projects overseas.
- Our TP is, therefore, 13% higher than the Street's.

Sources: Bloomberg consensus, Thanachart estimates

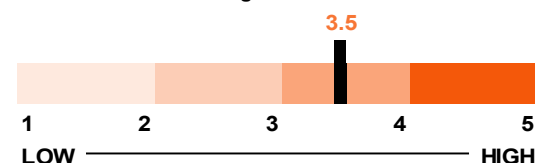
## RISKS TO OUR INVESTMENT CASE

- Weaker-than-expected electricity demand in the countries where EGCO's major power plants are located, i.e., the US, the Philippines, and South Korea, and thus lower profitability from the plants, is a downside risk to our earnings forecasts.
- Fuel price spikes may lead to a margin contraction at some of its projects, which is another downside risk to our numbers.
- A faster- or larger-than-expected rise in global interest rates would likely pressure returns from EGCO's future investments and therefore pose another downside risk to our valuations.

Source: Thanachart

EGCO is a power plant operator with a total of 7.0GW of committed capacity as of 2Q24, of which 62% is gas-based, 20% coal, and 18% renewables. Only 46% of the capacity is domestic projects, while another 54% is abroad (Laos, Philippines, Korea, US, etc.). We assign an ESG score of 3.5 to reflect its clear environmental and social targets with a strong commitment to adopt more innovative energy technologies to reduce emissions from its legacy coal-fired power plants.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
EGCO	YES	AA	YES	BB	61.85	67.11	85.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)  
Note: Please see third party on "terms of use" toward the back of this report.

**Factors**
**Our Comments**
**ENVIRONMENT**

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- EGCO has set clear targets for environmental aspects. It aims to have 30% of its power generated from renewable energy (18% as of 2022) by 2030, which should reduce its carbon emission intensity by 10% from the 2022 baseline. Long term, it aims to achieve carbon neutrality by 2050 and net-zero carbon emissions by 2065.
- EGCO implements the "3Rs" principle (reduce, reuse, and recycle) to preserve water supplies for its own operations and prevent unfavorable impacts on the surrounding environment. These same procedures extend to its fuel-management approach to ensure sufficient fuel supplies for its electricity generation.

**SOCIAL**

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- EGCO is committed to the UN Guiding Principles (UNGP) on human rights to protect its employees from discrimination and harassment, especially child labor and human trafficking. The policies extend to its suppliers and all stakeholders.
- EGCO has formed a solid long-term target for its employee management scheme. To ensure operational sustainability, it plans a 100% employee succession program. It also aims to add more female employees to make up 30% of its total staff by 2025.
- EGCO is 25% owned by the state-owned enterprise Electricity Generating Authority of Thailand (EGAT). Thus, EGCO works closely with its parent to minimize the effects of its operations on the community. It has set up initiatives to support local employment, develop skills, educate children in the community, and improve the quality of life of local residents.

**GOVERNANCE &  
SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- EGCO's board of directors comprises 15 members, which looks too large in our view. Moreover, most of them are representatives from its major shareholders, leaving room for only six independent directors.
- EGCO communicates its investment plans clearly to the public. However, it is difficult to track each project's performance closely from its financial report as most of them use off-balance sheet accounting.
- We like EGCO's well-diversified power generation portfolio in terms of fuel type and generating technology and its geographical diversification across developed and developing countries.
- We also like its initiative to leverage its healthy balance sheet and resilient cash flow from operating power plants to invest in innovative energy solutions technology for its long-term business sustainability. It is now strongly committed to introducing hydrogen fuel into the power generation industry to help cut Thailand's carbon emissions.

Sources: Company data, Thanachart

## INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	59,632	49,627	46,173	37,313	36,379
Cost of sales	50,512	40,916	38,290	31,340	30,639
<b>Gross profit</b>	<b>9,120</b>	<b>8,711</b>	<b>7,883</b>	<b>5,973</b>	<b>5,740</b>
% gross margin	15.3%	17.6%	17.1%	16.0%	15.8%
Selling & administration expenses	2,754	3,537	2,978	2,561	2,493
<b>Operating profit</b>	<b>6,366</b>	<b>5,174</b>	<b>4,905</b>	<b>3,412</b>	<b>3,247</b>
% operating margin	10.7%	10.4%	10.6%	9.1%	8.9%
Depreciation & amortization	3,285	3,040	3,114	3,114	3,115
<b>EBITDA</b>	<b>9,651</b>	<b>8,213</b>	<b>8,019</b>	<b>6,526</b>	<b>6,362</b>
% EBITDA margin	16.2%	16.5%	17.4%	17.5%	17.5%
Non-operating income	2,093	3,657	1,351	1,408	1,467
Non-operating expenses	0	0	0	0	0
Interest expense	(4,019)	(4,829)	(6,169)	(5,828)	(5,526)
<b>Pre-tax profit</b>	<b>4,440</b>	<b>4,001</b>	<b>87</b>	<b>(1,008)</b>	<b>(813)</b>
Income tax	1,120	1,029	22	0	0
<b>After-tax profit</b>	<b>3,320</b>	<b>2,972</b>	<b>65</b>	<b>(1,008)</b>	<b>(813)</b>
% net margin	5.6%	6.0%	0.1%	-2.7%	-2.2%
Shares in affiliates' Earnings	9,300	7,123	9,900	10,686	10,582
Minority interests	57	2	(10)	(8)	(8)
Extraordinary items	(9,994)	(18,482)	0	0	0
<b>NET PROFIT</b>	<b>2,683</b>	<b>(8,384)</b>	<b>9,955</b>	<b>9,670</b>	<b>9,762</b>
<b>Normalized profit</b>	<b>12,677</b>	<b>10,098</b>	<b>9,955</b>	<b>9,670</b>	<b>9,762</b>
EPS (Bt)	5.1	(15.9)	18.9	18.4	18.5
Normalized EPS (Bt)	24.1	19.2	18.9	18.4	18.5

*We project its earnings  
base to remain stable*

## BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
<b>ASSETS:</b>					
Current assets:	61,649	54,710	65,047	68,728	73,972
Cash & cash equivalent	43,645	40,608	46,981	52,220	57,465
Account receivables	10,123	6,523	6,069	4,904	4,782
Inventories	4,180	4,150	3,147	2,576	2,518
Others	3,701	3,429	8,850	9,027	9,208
Investments & loans	113,899	115,835	127,835	127,835	127,835
Net fixed assets	48,160	46,936	47,325	44,713	42,102
Other assets	30,335	25,751	26,471	26,693	26,919
<b>Total assets</b>	<b>254,043</b>	<b>243,233</b>	<b>266,678</b>	<b>267,970</b>	<b>270,829</b>
<b>LIABILITIES:</b>					
Current liabilities:	31,373	22,873	35,957	34,470	33,759
Account payables	6,322	4,115	3,672	3,005	2,938
Bank overdraft & ST loans	56	0	0	0	0
Current LT debt	20,528	14,096	27,532	26,611	25,865
Others current liabilities	4,467	4,662	4,753	4,854	4,956
<b>Total LT debt</b>	<b>94,026</b>	<b>106,465</b>	<b>110,129</b>	<b>106,445</b>	<b>103,458</b>
Others LT liabilities	7,847	8,669	8,823	9,029	9,239
<b>Total liabilities</b>	<b>133,246</b>	<b>138,007</b>	<b>154,909</b>	<b>149,944</b>	<b>146,456</b>
Minority interest	303	299	309	317	325
Preferreds shares	0	0	0	0	0
Paid-up capital	5,265	5,265	5,265	5,265	5,265
Share premium	8,601	8,601	8,601	8,601	8,601
Warrants	0	0	0	0	0
Surplus	4,038	277	277	277	277
<b>Retained earnings</b>	<b>102,590</b>	<b>90,784</b>	<b>97,318</b>	<b>103,566</b>	<b>109,906</b>
Shareholders' equity	120,494	104,927	111,460	117,709	124,048
<b>Liabilities &amp; equity</b>	<b>254,043</b>	<b>243,233</b>	<b>266,678</b>	<b>267,970</b>	<b>270,829</b>

*Strong balance sheet  
with a hefty amount of  
cash on hand*

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
Earnings before tax	4,440	4,001	87	(1,008)	(813)
Tax paid	(1,120)	(1,029)	(22)	0	0
Depreciation & amortization	3,285	3,040	3,114	3,114	3,115
Chg In working capital	(2,355)	1,423	1,013	1,069	113
Chg In other CA & CL / minorities	15,660	7,388	4,894	10,637	10,532
<b>Cash flow from operations</b>	<b>19,910</b>	<b>14,823</b>	<b>9,087</b>	<b>13,813</b>	<b>12,947</b>
Capex	(1,847)	(1,816)	(3,500)	(500)	(500)
Right of use	40	29	(50)	(50)	(50)
ST loans & investments	1,779	154	(325)	(27)	(28)
LT loans & investments	10,563	(1,937)	(12,000)	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(12,457)	(11,866)	(519)	31	30
<b>Cash flow from investments</b>	<b>(1,922)</b>	<b>(15,435)</b>	<b>(16,393)</b>	<b>(546)</b>	<b>(547)</b>
Debt financing	3,390	4,757	17,101	(4,605)	(3,734)
Capital increase	0	0	0	0	0
Dividends paid	(3,422)	(3,424)	(3,422)	(3,422)	(3,422)
Warrants & other surplus	7,793	(3,760)	0	0	0
<b>Cash flow from financing</b>	<b>7,760</b>	<b>(2,426)</b>	<b>13,679</b>	<b>(8,027)</b>	<b>(7,156)</b>
<b>Free cash flow</b>	<b>18,062</b>	<b>13,008</b>	<b>5,587</b>	<b>13,313</b>	<b>12,447</b>

*Cash generation from existing power plants remains resilient*

**VALUATION**

<b>FY ending Dec</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
Normalized PE (x)	5.2	6.5	6.6	6.8	6.8
Normalized PE - at target price (x)	6.2	7.8	7.9	8.2	8.1
PE (x)	24.6	na	6.6	6.8	6.8
PE - at target price (x)	29.4	na	7.9	8.2	8.1
EV/EBITDA (x)	14.2	17.8	19.5	22.5	21.7
EV/EBITDA - at target price (x)	15.5	19.3	21.2	24.5	23.7
P/BV (x)	0.5	0.6	0.6	0.6	0.5
P/BV - at target price (x)	0.7	0.8	0.7	0.7	0.6
P/CFO (x)	3.3	4.5	7.3	4.8	5.1
Price/sales (x)	1.1	1.3	1.4	1.8	1.8
Dividend yield (%)	5.2	5.2	5.2	5.2	5.2
FCF Yield (%)	27.3	19.7	8.5	20.1	18.8
<b>(Bt)</b>					
Normalized EPS	24.1	19.2	18.9	18.4	18.5
EPS	5.1	(15.9)	18.9	18.4	18.5
DPS	6.5	6.5	6.5	6.5	6.5
BV/share	228.9	199.3	211.7	223.6	235.6
CFO/share	37.8	28.2	17.3	26.2	24.6
FCF/share	34.3	24.7	10.6	25.3	23.6

Sources: Company data, Thanachart estimates

*Falling interest rate trend likely to make its generous dividend yield more attractive*

## FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth Rate</b>					
Sales (%)	66.1	(16.8)	(7.0)	(19.2)	(2.5)
Net profit (%)	(34.6)	na	na	(2.9)	0.9
EPS (%)	(34.6)	na	na	(2.9)	0.9
Normalized profit (%)	23.6	(20.3)	(1.4)	(2.9)	0.9
Normalized EPS (%)	23.6	(20.3)	(1.4)	(2.9)	0.9
Dividend payout ratio (%)	127.5	(40.8)	34.4	35.4	35.1
<b>Operating performance</b>					
Gross margin (%)	15.3	17.6	17.1	16.0	15.8
Operating margin (%)	10.7	10.4	10.6	9.1	8.9
EBITDA margin (%)	16.2	16.5	17.4	17.5	17.5
Net margin (%)	5.6	6.0	0.1	(2.7)	(2.2)
D/E (incl. minor) (x)	0.9	1.1	1.2	1.1	1.0
Net D/E (incl. minor) (x)	0.6	0.8	0.8	0.7	0.6
Interest coverage - EBIT (x)	1.6	1.1	0.8	0.6	0.6
Interest coverage - EBITDA (x)	2.4	1.7	1.3	1.1	1.2
ROA - using norm profit (%)	5.1	4.1	3.9	3.6	3.6
ROE - using norm profit (%)	10.8	9.0	9.2	8.4	8.1
<b>DuPont</b>					
ROE - using after tax profit (%)	2.8	2.6	0.1	na	na
- asset turnover (x)	0.2	0.2	0.2	0.1	0.1
- operating margin (%)	14.2	17.8	13.5	na	na
- leverage (x)	2.1	2.2	2.4	2.3	2.2
- interest burden (%)	52.5	45.3	1.4	(20.9)	(17.2)
- tax burden (%)	74.8	74.3	75.0	na	na
WACC (%)	7.8	7.8	7.8	8.2	8.2
ROIC (%)	2.3	2.0	2.0	1.3	1.2
NOPAT (Bt m)	4,760	3,843	3,679	2,559	2,435
invested capital (Bt m)	191,458	184,879	202,141	198,544	195,906

Sources: Company data, Thanachart estimates

*A slight drop in ROE, but  
still at an acceptable level,  
in our view*

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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