

**Energy Absolute Pci (EA TB) - SELL, Price Bt5.85, TP Bt5.00****Results Comment**

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**Weaker-than-expected 3Q24 profit**

- EA reported Bt582m normalized profit (ex. impacts from FX and hedging gain/loss) in 3Q24, down 59% y-y but improved 6% in a q-q basis. This came in much weaker than we'd expected due to lower-than-expected electricity output from its wind power plants and larger-than-expected loss from battery and commercial EV factories.
- Biodiesel:** The business unit made Bt25m loss at EBIT level in 3Q24, slightly improved in both y-y and q-q basis, thanks to higher sale volume and lower cost of crude palm oil.
- Renewables:** EBIT dropped 24% y-y and 10% q-q to Bt1.6bn in 3Q24 due to lower electricity output from both its solar and wind power projects this quarter, and expiration of solar adders over the past year.
- Battery and CEV:** Loss from these new business units was Bt870m at EBIT level in 3Q24, weakened from the same period last year (but flat q-q) given lower CEV sales to only 19 units (from 634 units in 3Q23 and 32 units in 2Q24).
- EBITDA remained positive, thanks to resilient cash generations from its core renewable business, at Bt2.1bn in 3Q24 (down 30% y-y but up 5% q-q).
- Net debt-to-equity fell slightly to 1.46x in 3Q24, from 1.55x in 2Q24. Having said that, we see EA is still in difficult situation in restructuring its Bt59bn outstanding debt.
- EA still looks struggling in building up its new businesses of Li-ion battery production and manufacturing of commercial electric vehicles given its limited access to funding sources. We thus maintain SELL.

| Income Statement            |                |                |                |                |                | Income Statement         |             |             |           |               |              |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|-------------|-------------|-----------|---------------|--------------|
| (consolidated)              |                |                |                |                |                | 9M as                    |             |             |           |               |              |
| Yr-end Dec (Bt m)           | 3Q23           | 4Q23           | 1Q24           | 2Q24           | 3Q24           | (Bt m)                   | q-q%        | y-y%        | % 2024F   | 2024F         | 2025F        |
| Revenue                     | 7,304          | 5,995          | 5,787          | 4,419          | 3,940          | Revenue                  | (11)        | (46)        | 83        | 17,005        | 16,726       |
| <b>Gross profit</b>         | <b>2,268</b>   | <b>1,718</b>   | <b>1,515</b>   | <b>1,549</b>   | <b>1,474</b>   | <b>Gross profit</b>      | <b>(5)</b>  | <b>(35)</b> | <b>52</b> | <b>8,654</b>  | <b>7,662</b> |
| SG&A                        | 260            | 329            | 325            | 536            | 358            | SG&A                     | (33)        | 38          | 88        | 1,388         | 1,455        |
| Operating profit            | 2,008          | 1,389          | 1,190          | 1,013          | 1,115          | Operating profit         | 10          | (44)        | 46        | 7,266         | 6,207        |
| <b>EBITDA</b>               | <b>2,969</b>   | <b>2,368</b>   | <b>2,178</b>   | <b>1,977</b>   | <b>2,082</b>   | <b>EBITDA</b>            | <b>5</b>    | <b>(30)</b> | <b>62</b> | <b>10,118</b> | <b>9,142</b> |
| Other income                | 72             | 176            | 94             | 69             | 89             | Other income             | 28          | 23          | 148       | 170           | 167          |
| Other expense               |                |                |                |                |                | Other expense            |             |             |           |               |              |
| Interest expense            | 595            | 652            | 645            | 666            | 715            | Interest expense         | 7           | 20          | 86        | 2,368         | 2,045        |
| <b>Profit before tax</b>    | <b>1,485</b>   | <b>914</b>     | <b>639</b>     | <b>416</b>     | <b>489</b>     | <b>Profit before tax</b> | <b>18</b>   | <b>(67)</b> | <b>30</b> | <b>5,067</b>  | <b>4,329</b> |
| Income tax                  | 150            | (124)          | 44             | 118            | 100            | Income tax               | (15)        | (33)        | 103       | 253           | 216          |
| Equity & invest. income     | (14)           | 118            | 63             | (73)           | (80)           | Equity & invest. income  | na          | na          | 92        | (98)          | 36           |
| Minority interests          | 90             | 179            | 200            | 323            | 273            | Minority interests       | (15)        | 205         | (186)     | (429)         | (515)        |
| Extraordinary items         | 553            | (172)          | 31             | (6)            | (160)          | Extraordinary items      | na          | na          | na        |               |              |
| <b>Net profit</b>           | <b>1,963</b>   | <b>1,163</b>   | <b>889</b>     | <b>542</b>     | <b>422</b>     | <b>Net profit</b>        | <b>(22)</b> | <b>(79)</b> | <b>43</b> | <b>4,287</b>  | <b>3,634</b> |
| <b>Normalized profit</b>    | <b>1,410</b>   | <b>1,335</b>   | <b>858</b>     | <b>548</b>     | <b>582</b>     | <b>Normalized profit</b> | <b>6</b>    | <b>(59)</b> | <b>46</b> | <b>4,287</b>  | <b>3,634</b> |
| EPS (Bt)                    | 0.53           | 0.31           | 0.24           | 0.15           | 0.11           | EPS (Bt)                 | (22)        | (79)        | 43        | 1.15          | 0.97         |
| Normalized EPS (Bt)         | 0.38           | 0.36           | 0.23           | 0.15           | 0.16           | Normalized EPS (Bt)      | 6           | (59)        | 46        | 1.15          | 0.97         |
| Balance Sheet               |                |                |                |                |                | Financial Ratios         |             |             |           |               |              |
| (consolidated)              |                |                |                |                |                | 9M as                    |             |             |           |               |              |
| Yr-end Dec (Bt m)           | 3Q23           | 4Q23           | 1Q24           | 2Q24           | 3Q24           | (%)                      | 3Q23        | 4Q23        | 1Q24      | 2Q24          | 3Q24         |
| Cash & ST investment        | 11,417         | 2,464          | 2,245          | 1,283          | 377            | Sales grow th            | 28.3        | (37.1)      | (34.9)    | (43.9)        | (46.1)       |
| A/C receivable              | 8,151          | 8,800          | 9,471          | 9,190          | 9,050          | Operating profit grow th | 55.9        | (44.3)      | (59.4)    | (62.0)        | (44.5)       |
| Inventory                   | 7,275          | 7,412          | 6,809          | 7,899          | 7,840          | EBITDA grow th           | 20.8        | (27.9)      | (42.8)    | (45.4)        | (29.9)       |
| Other current assets        | 5,165          | 5,765          | 6,046          | 5,431          | 6,535          | Norm profit grow th      | 25.2        | (39.6)      | (63.0)    | (74.0)        | (58.7)       |
| Investment                  |                |                |                |                |                | Norm EPS grow th         | 25.2        | (39.6)      | (63.0)    | (74.0)        | (58.7)       |
| Fixed assets                | 58,842         | 58,675         | 58,460         | 57,998         | 56,988         | Gross margin             | 31.1        | 28.7        | 26.2      | 35.0          | 37.4         |
| Other assets                | 33,802         | 31,113         | 30,433         | 28,205         | 27,990         | Operating margin         | 27.5        | 23.2        | 20.6      | 22.9          | 28.3         |
| <b>Total assets</b>         | <b>124,651</b> | <b>114,229</b> | <b>113,464</b> | <b>110,006</b> | <b>108,780</b> | EBITDA margin            | 40.6        | 39.5        | 37.6      | 44.7          | 52.8         |
| S-T debt                    | 23,236         | 21,154         | 19,504         | 20,985         | 15,492         | Norm net margin          | 19.3        | 22.3        | 14.8      | 12.4          | 14.8         |
| A/C payable                 | 1,131          | 708            | 350            | 1,289          | 1,025          | D/E (x)                  | 1.43        | 1.43        | 1.43      | 1.55          | 1.46         |
| Other current liabilities   | 7,116          | 2,524          | 3,034          | 1,713          | 4,146          | Net D/E (x)              | 1.19        | 1.37        | 1.38      | 1.52          | 1.45         |
| L-T debt                    | 42,932         | 41,592         | 42,707         | 41,431         | 43,460         | Interest coverage (x)    | 5.0         | 3.6         | 3.4       | 3.0           | 2.9          |
| Other liabilities           | 4,067          | 4,241          | 4,258          | 4,291          | 4,376          | Interest rate            | 3.7         | 4.0         | 4.1       | 4.3           | 4.7          |
| Minority interest           | 2,451          | 2,310          | 2,116          | 1,786          | 1,507          | Effective tax rate       | 10.1        | (13.6)      | 6.9       | 28.4          | 20.5         |
| <b>Shareholders' equity</b> | <b>43,717</b>  | <b>41,699</b>  | <b>41,494</b>  | <b>38,511</b>  | <b>38,773</b>  | ROA                      | 4.7         | 4.5         | 3.0       | 2.0           | 2.1          |
| Working capital             | 14,295         | 15,504         | 15,930         | 15,800         | 15,865         | ROE                      | 13.1        | 12.5        | 8.3       | 5.5           | 6.0          |
| Total debt                  | 66,168         | 62,746         | 62,212         | 62,416         | 58,952         |                          |             |             |           |               |              |
| <b>Net debt</b>             | <b>54,751</b>  | <b>60,282</b>  | <b>59,967</b>  | <b>61,133</b>  | <b>58,575</b>  |                          |             |             |           |               |              |

Sources: Company data, Thanachart estimates

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