

Electricity Generating (EGCO TB) - BUY, Price Bt113, TP Bt150**Results Comment**

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

Strong beat in 3Q24

- EGCO reported Bt3.8bn normalized profit (ex. gain/loss from FX and hedging items) in 3Q24, down slightly by 2% y-y but strongly improved 56% compared to the previous quarter. The profit came in much better than our expectation given stronger-than-expected performance from US gas power plants and hydropower projects this quarter.
- Consolidated gross profit increased 17% y-y and 14% q-q to Bt2.5bn in 3Q24. The y-y growth was driven by stronger SPP margins and higher electricity volume in Quezon coal power plant. The q-q improvement was also from higher contribution from SPP power plants in Thailand.
- EBITDA grew 20% y-y and 10% q-q to Bt2.4bn in 3Q24, in-line with the gross profit trend.
- Equity income fell slightly by 4% y-y to Bt3.2bn in 3Q24 as a much better performance from gas-fired power plants in the US was offset down by weaker profits from Paju gas power plant in South Korea and Xayaburi hydropower project. It surged 52% q-q driven by strong profitability from US gas power plants and a high season of hydropower output.
- We see a sizable upside to our 2024F forecast since EGCO's 9M24 profit already made up 84% of our full-year numbers.
- Despite expecting EGCO's earnings to soften in 4Q24F due to seasonality, we maintain BUY on EGCO on attractive valuation and dividend yield, with likely an earnings upgrade momentum from the consensus.

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	12,048	10,680	9,852	9,943	10,928	Revenue	10	(9)	67	46,173	37,313
Gross profit	2,180	2,276	1,408	2,231	2,544	Gross profit	14	17	78	7,883	5,973
SG&A	987	1,026	748	841	930	SG&A	11	(6)	85	2,978	2,561
Operating profit	1,194	1,251	660	1,391	1,613	Operating profit	16	35	75	4,905	3,412
EBITDA	2,004	1,904	1,443	2,189	2,411	EBITDA	10	20	75	8,019	6,526
Other income	885	964	789	869	771	Other income	(11)	(13)	180	1,351	1,408
Other expense	0	0	0	0	0	Other expense					
Interest expense	1,251	1,304	1,518	1,600	1,520	Interest expense	(5)	22	75	6,169	5,828
Profit before tax	828	911	(68)	659	864	Profit before tax	31	4	1,674	87	(1,008)
Income tax	273	260	187	323	273	Income tax	(16)	(0)	3,599	22	0
Equity & invest. income	3,351	482	2,346	2,122	3,227	Equity & invest. income	52	(4)	78	9,900	10,686
Minority interests	(12)	1	(4)	(4)	1	Minority interests	na	na	na	(10)	(8)
Extraordinary items	(1,522)	(15,373)	(425)	(1,061)	(1,358)	Extraordinary items	na	na	na	0	0
Net profit	2,373	(14,239)	1,662	1,393	2,462	Net profit	77	4	55	9,955	9,670
Normalized profit	3,894	1,134	2,087	2,454	3,820	Normalized profit	56	(2)	84	9,955	9,670
EPS (Bt)	4.5	(27.0)	3.2	2.6	4.7	EPS (Bt)	77	4	55	18.9	18.4
Normalized EPS (Bt)	7.4	2.2	4.0	4.7	7.3	Normalized EPS (Bt)	56	(2)	84	18.9	18.4
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & equivalent	35,176	28,862	33,743	34,175	37,004	Sales grow th	(28.3)	(37.0)	(25.6)	(27.2)	(9.3)
A/C receivable	6,866	6,523	6,056	5,966	6,048	Operating profit grow th	(38.0)	(10.7)	(51.7)	2.0	35.1
Inventory	4,673	4,150	4,171	3,262	3,024	EBITDA grow th	(27.4)	(16.0)	(31.4)	(0.6)	20.3
Other current assets	15,264	15,175	21,833	20,995	18,769	Norm profit grow th	15.9	(34.5)	7.7	(21.6)	(1.9)
Investment	129,553	116,351	125,033	126,068	113,344	Norm EPS grow th	15.9	(34.5)	7.7	(21.6)	(1.9)
Fixed assets	48,240	46,936	47,929	47,663	44,254	Gross margin	18.1	21.3	14.3	22.4	23.3
Other assets	30,644	25,236	25,910	26,194	22,799	Operating margin	9.9	11.7	6.7	14.0	14.8
Total assets	270,417	243,233	264,677	264,323	245,242	EBITDA margin	16.6	17.8	14.7	22.0	22.1
S-T debt	12,029	13,975	26,729	28,930	25,767	Norm net margin	32.3	10.6	21.2	24.7	35.0
A/C payable	4,515	4,115	4,203	3,388	3,960	D/E (x)	1.0	1.1	1.2	1.3	1.2
Other current liabilities	4,594	4,782	5,200	4,504	4,077	Net D/E (x)	0.7	0.8	0.9	0.9	0.9
L-T debt	113,072	99,472	109,931	109,479	100,718	Interest coverage (x)	1.6	1.5	1.0	1.4	1.6
Other liabilities	8,008	15,662	8,497	8,269	7,662	Interest rate	4.1	4.4	4.9	4.7	4.6
Minority interest	313	299	296	275	265	Effective tax rate	32.9	28.5	(272.7)	49.0	31.5
Shareholders' equity	113,072	99,472	109,931	109,479	100,718	ROA	5.8	1.8	3.3	3.7	6.0
Working capital	7,025	6,558	6,024	5,840	5,111	ROE	12.3	3.9	7.8	9.0	14.4
Total debt	125,100	113,447	136,660	138,410	126,485						
Net debt	89,924	84,585	102,917	104,235	89,480						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued Derivative Warrants underlying securities before making investment decisions.

Note: Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.35% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Srisawad Corporation Public Company Limited (SAWAD) No. 4/2024 (B.E. 2567) tranche 1-3 which its maturity at 2027-29 (B.E. 2570-72), therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 7/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Euroasia Total Logistics Pcl (ETL TB).