

Energy Absolute Public Co Ltd (EA TB) - SELL

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News Update

Raising Bt7.46bn capital through rights offering

- EA announces 1:1 rights offering (RO) at Bt2.0/share
- Participants will get 1 free warrant per 3 subscribed shares
- The record date is set for 16 December 2024
- The proceeds will be mainly used for debt repayments

EA announced to SET yesterday its plan to raise Bt7.46bn via a rights offering, primarily to repay its debts, including bank loans and debentures. We believe this is now the most viable funding source for EA as it continues to face challenges in securing supports from banks and fixed income investors following the court case involving its former key executives in July 2024. We see the commitment of EA's major shareholders, who are also its founders, to fully participate in the plan likely to improve investor's confidence on the company.

- EA plans issue 4,973.3m new ordinary shares to be allocated as follows: 1) 3,730.0m shares for a rights offering to existing shareholders at 1:1 subscription ratio, priced at Bt2.0/share, and 2) 1,243.3m shares to accommodate the exercise of EA-W1 warrants, which we be granted to right offerings subscribers.
- EA's shareholders, as of the record date of 16 December 2024, will be granted the right to subscribe to one newly issued EA ordinary share per one existing share at a price of Bt2.0/share. The subscription period is scheduled for five business days from 17 to 23 January 2025.
- The participants in the rights offering will also receive one free EA-W1 warrant for every three subscribed shares. The warrants have a three-year term and can be exercised at a price of Bt4.0/share on a 1:1 ratio.
- EA anticipates raising Bt7.46bn from the rights offering, with a potential upside of Bt4.96bn if all EA-W1 warrants are exercised within the next three years. The company plans to allocate Bt6.66bn of the proceeds to repay outstanding bank loans and debentures maturing in 2025-27, vs. Bt59bn total debt as of 3Q24. The remaining Bt800m will serve as working capital and fund its development of a 9.9MW waste-to-energy power plant in Phuket, scheduled for 2026.
- EA believes its strengthened balance sheet and improved liquidity, following the capital raising plan, will enhance its position in negotiating with potential partners to resume its emerging businesses of Li-ion battery and commercial EV production. Additionally, the company also hopes that the financial position may prompt its lenders to reconsider providing debt facilities to EA which would significantly alleviate its near-term liquidity challenges.
- The plan is still subject to an approval from its shareholders from the extraordinary general meeting to be held on 7 January 2025.

Key Valuations

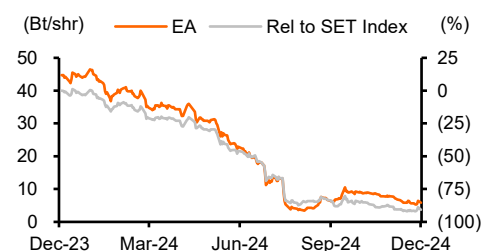
Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	30,074	17,005	16,726	16,017
Net profit	7,606	4,287	3,634	2,329
Norm net profit	7,169	4,287	3,634	2,329
Norm EPS (Bt)	1.9	1.1	1.0	0.6
Norm EPS gr (%)	24.5	(40.2)	(15.2)	(35.9)
Norm PE (x)	3.0	5.1	6.0	9.4
EV/EBITDA (x)	6.4	7.3	7.5	8.2
P/BV (x)	0.5	0.5	0.5	0.4
Div. yield (%)	5.1	3.9	3.3	2.1
ROE (%)	17.8	9.9	7.8	4.8
Net D/E (%)	136.9	108.9	91.9	84.9

Source: Thanachart estimates

Stock Data

Closing price (Bt)	5.85
Target price (Bt)	5.00
Market cap (US\$ m)	633
Avg daily turnover (US\$ m)	41.1
12M H/L price (Bt)	46.50/3.32

Price Performance



Source: Bloomberg

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