

Utilities Sector – Underweight

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

News Update

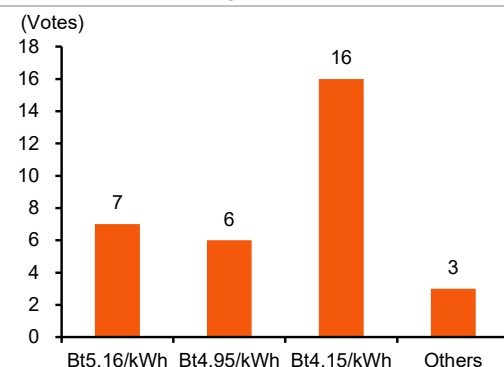
Electricity tariff held steady for May-Aug

- ERC announces to maintain electricity tariff at Bt4.15/kWh
- A near-term positive sentiment to BGRIM and GPSC
- Still expecting SPP's margin drops in 2Q25F
- The risk is potential invention by the cabinet

After a two-week public hearing process, the Energy Regulatory Commission (ERC) announced yesterday (26 March) that the electricity tariff for May to August 2025 round will be maintained at Bt4.15/kWh, unchanged from current rate for January to April.

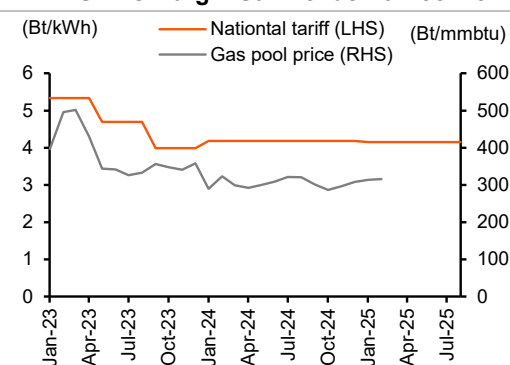
- This decision by ERC, which goes against the strong push by the government to reduce the national tariff to Bt3.7/kWh, is a positive surprise to us since we assume in our numbers a tariff cut to Bt4.0/kWh this round.
- The tariff rate includes Bt0.20/kWh charge, above the standard Ft (fuel adjustment), to help repay financial burden on the Electricity Generating Authority of Thailand, arisen from the electricity price subsidy program during 2021-23. ERC expects to reduce Bt14.6bn debt for EGAT over this period, from an outstanding amount of Bt86.8bn.
- Having said that, we maintain our cautious stance on the two major SPP operators, B.Grimm Power Pcl (BGRIM, SELL, Bt11.1) and Global Power Synergy Pcl (GPSC, SELL, Bt28.75) due to three reasons.
 - 1) We expect spark spread (electricity selling price – fuel cost per unit) for SPPs to sequentially decline through 4Q24-2Q25F, pressured by rising domestic gas pool prices despite the tariff rates are relatively stable during these three quarters (See Exhibit 2).
 - 2) SPP's sales volumes of both electricity and steam are likely to remain weak, amid a fragile global economy and Thailand losing competitiveness in some key industries.
 - 3) There is still a risk of intervention by the government on this announced tariff rate. This is since we see an intention by the government in reducing national tariff price is very strong, both to maintain its popularity among Thai people and to attract foreign investments, particularly the key targets of datacenter and other tech-related industries.
- For investors willing to play on this short-term positive sentiment, we prefer GPSC over BGRIM supported by its more attractive valuation with some near-term earnings growth drivers to support the price momentum.

Ex 1: Public Hearing Result On Tariff Rates



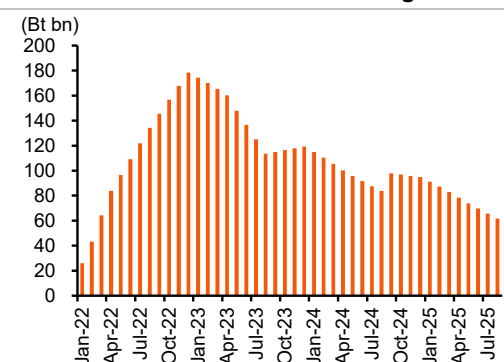
Source: Energy Regulatory Commission (ERC)

Ex 2: SPP's Margin Still Tends To Decline



Source: Energy Policy and Planning Office (EPPO), Thanachart estimates

Ex 3: EGAT's Burden Remains Huge



Source: ERC, 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 MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1-3 which its maturity at 2028, 2030, 2032 (B.E. 2571, 2573, 2575)”, 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 SRISAWAD CAPITAL 1969 PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1-3 which its maturity at 2027-2029 (B.E. 2570-2572)”, 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 GULF ENERGY DEVELOPMENT PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1 which its maturity at 2028 (B.E. 2571)”, 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: