RATCH Group Pcl (RATCH TB) – BUY

Analyst Meeting

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

Unlocking asset value

- **Converting expiring IPP capacity to serve datacenter**
- **Infrastructure-ready land bank to bid for new IPP contracts**
- **Pursuing the RE target via overseas greenfield projects …**
- **… with near-term M&A in a gas project in Indonesia**

We summarize key messages from RATCH's 2Q26 analyst meeting last Friday (28 Aug), at which the overall tone was positive. RATCH sees strong power demand from data centers as the route to repurpose the IPP capacity whose PPA is set to expire in April 2027. Management is also confident that its infrastructure-ready land bank, with substation, gas pipeline, and water treatment in place, is well positioned to compete for new IPP contracts under the new Power Development Plan (PDP-2026). RATCH targets a renewable capacity mix of over 80% by 2050, to be pursued mainly through greenfield projects overseas.

- The main discussion during the meeting centered on the potential of RATCH's 2.1GW gas-fired power plant (3 x 700MW turbines) and the wholly owned land surrounding it in Ratchaburi province (around 120km from the Suvarnabhumi airport), after the current IPP contract expires in April 2027.
  - RATCH's key target now is to attract a large-scale global data center operator to lease, or alternatively purchase, the 550 rai (880,000 sqm) it has set aside to host 0.3–1.4GW of data center capacity. RATCH would supply both electricity from the expiring IPP capacity and water utilities to those data center projects.
  - Management cited 5–7 potential customers under negotiation, though business model and sizing remain open. We believe that a clearer Thai regulation on data center development is needed before contracts can be finalized, despite the strong demand.
  - Beyond firm supply from the gas power plant, the surrounding land available is large enough for RATCH to also add green electricity, i.e. solar farms, for those data centers.
  - This full land plot of over 2,000 rais (3.2m+ square meter) was originally prepared for up to 5.0GW of gas capacity. Management is therefore confident that in addition to data center-related opportunities, this infrastructure-ready site is a strong candidate for the new IPP bids to be unlocked by the PDP-2026.
- Our DCF-derived SOTP-based TP of Bt43.5/share only assumes a 10-year contract extension for half of its expiring RatchGen IPP contract (1.0GW). As returns from private contracts with data center clients should exceed those on lower-risk IPP contracts, securing either a data center contract or additional IPP capacity on this land bank would be upside to our numbers.
- RATCH also sets a target of >35% renewable capacity mix by 2030, >50% by 2040, and >80% by 2050 to reach Net Zero that year. Most new renewable capacity is likely to come from overseas investment, with Australia, Laos and the Philippines as the key markets, alongside domestic opportunities unlocked by PDP-2026.

Key Valuations

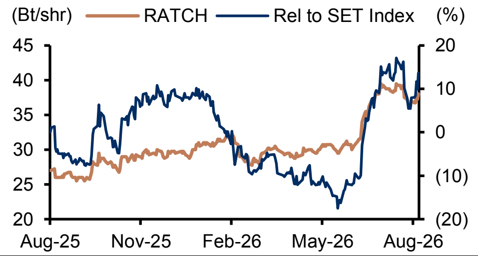
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	27,082	44,474	44,243	43,499
Net profit	6,220	6,733	7,688	8,672
Norm net profit	6,187	6,733	7,688	8,672
Norm EPS (Bt)	2.8	3.1	3.5	4.0
Norm EPS gr (%)	4.3	8.8	14.2	12.8
Norm PE (x)	13.4	12.3	10.8	9.5
EV/EBITDA (x)	27.1	16.2	14.8	12.9
P/BV (x)	0.9	0.9	0.8	0.8
Div. yield (%)	4.2	4.2	4.2	4.2
ROE (%)	6.5	7.1	7.8	8.4
Net D/E (%)	83.3	89.3	89.2	81.8

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	38.00
Target price (Bt)	43.50
Market cap (US$ m)	2,509
Avg daily turnover (US$ m)	5.3
12M H/L price (Bt)	39.50/25.50

Price Performance



Source: Bloomberg

- Management hinted at a potential acquisition of an Indonesian gas power project as its near-term inorganic growth driver, though no details on size or timing were given. RATCH will also compete in upcoming gas bids there with its existing local partner.
- Financially, RATCH's 0.6x net D/E with Bt101bn equity base as of 2Q26 implies around Bt70bn debt headroom for RATCH to fund its new investments, against the 1.3x covenant level. That said, RATCH slightly reduces its 1H26 interim dividend to Bt0.7/share (from Bt0.8 last year) to prepare for this upcoming investment cycle. We see this as acceptable as the lower yield is likely become higher capital gain through growth.

General Disclaimers And Disclosures:

This report is prepared and issued by ttb wealth securities public company limited (ttb wealth) which is owned 99.97% by TMBThanachart Bank Public Company Limited (TTB) as a resource only for clients of ttb wealth, TMBThanachart Bank Public Company Limited (TTB) and its group companies.

This report is prepared by analysts who are employed by the research department of ttb wealth. 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 ttb wealth or TTB 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 ttb wealth, TTB 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, ttb wealth, TTB 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.

ttbwealth, TTB and its group companies perform and seek to perform business with companies covered in this report. ttb wealth, TTB, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. ttb wealth, TTB 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: ttb wealth securities public company limited (ttb wealth) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 3/2026 (B.E. 2569), therefore investors need to be aware that there could be conflicts of interest in this research.

Note: ttb wealth securities public company limited (ttb wealth) acts as an underwriter of “Debentures of IRPC PUBLIC COMPANY LIMITED No. 1/2026 (B.E. 2569), therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of ttb wealth securities public company limited

Investment Banking Relationship

Within the preceding 12 months, ttbwealth has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: -