

9 NOVEMBER 2020

THAILAND / UTILITIES - RENEWABLES

ENERGY ABSOLUTE EA TB

BUY

UNCHANGED

TARGET PRICE	THB51.00
CLOSE	THB43.25
UP/DOWNSIDE	+17.9%
PRIOR TP	THB55.00
CHANGE IN TP	-7.3%
TP vs CONSENSUS	+11.3%

ปรับเป้าหมายการเติบโตในปี 2021

ปรับประมาณการกำไรสุทธิปี 2020 เพื่อสะท้อนผลกระทบจาก COVID-19

ในปัจจุบันเราคาดว่ากำไรสุทธิของ EA จะเริ่มโตได้ตั้งแต่ปี 2021 เป็นต้นไป เทียบกับสิ้นปี 2020 ที่เคยคาดไว้ก่อนหน้านี้ เนื่องจากการแพร่ระบาดของ COVID-19 ได้ส่งผลกระทบต่อและทำให้โครงการใหม่ ๆ ส่วนมากของบริษัทฯ ล่าช้าออกไป 6-12 เดือน โดยมีรายละเอียดดังต่อไปนี้

- 1) การส่งมอบรถโดยสารไฟฟ้าให้สหกรณ์แท็กซี่ถูกเลื่อนจาก 4Q20 เป็น 1Q21;
- 2) การเริ่มดำเนินงานของโรงงานผลิตแบตเตอรี่ระยะที่ 1 ถูกเลื่อนจาก 4Q20 ไปอยู่ในช่วง 1H21; และ
- 3) การส่งมอบเรือไฟฟ้าถูกเลื่อนจาก 3Q20 เป็น 4Q20-2Q21 ในปี 2020 เราคาดว่าผลขาดทุนสุทธิจากธุรกิจสถานีชาร์จของบริษัทฯ จะถูกหักล้างด้วยกำไรสุทธิจากธุรกิจ PCM (Phase Change Material) ในขณะที่ในปี 2021 เรามองว่าการเติบโตของกำไรสุทธิของ EA จะเร่งตัวขึ้นจากโครงการเพื่อการเติบโตของบริษัทฯ ประกอบด้วย 1) การส่งมอบรถยนต์ไฟฟ้ารวม 5,000 คันภายในปี 2021; 2) การดำเนินงานของโรงงานผลิตแบตเตอรี่ระยะที่ 1; 3) การส่งมอบเรือไฟฟ้า; 4) ธุรกิจสถานีชาร์จ; และ 5) โรงงานผลิต PCM และน้ำมันดีเซลหมุนเวียน

กำไรสุทธิของโรงไฟฟ้าพลังงานลมน่าจะลดลง y-y ใน 3Q20

เราคาดว่ากำไรสุทธิของ EA ใน 3Q20 จะอยู่ที่ 1.3 พัน ลบ. เพิ่มขึ้น 13% q-q แต่ลดลง 23% y-y โดยมีสมมติฐานดังต่อไปนี้: 1) เราคาดว่าส่วนแบ่งกำไรสุทธิจากโรงไฟฟ้าพลังงานแสงอาทิตย์จะลดลง q-q เนื่องจากเป็นช่วงฤดูฝน โดยเราคาดว่าอัตราความสามารถในการผลิตไฟฟ้า (Capacity Factor หรือ CF) เฉลี่ยจะอยู่ที่ 27% ใน 3Q20 จาก 29% ใน 2Q20; 2) โรงไฟฟ้าพลังงานลม 2 แห่งจะมีค่า CF ลดลงเหลือ 17% จาก 32% ใน 3Q19 จากความเร็วลมที่ลดลงตามฤดูกาล อย่างไรก็ตาม อย่างไรก็ดี เราคาดว่าค่า CF ของโรงไฟฟ้าทั้งสองจะเพิ่มอย่างมีนัยสำคัญ q-q ใน 4Q20 จากกระแสลมมรสุมที่พัดผ่านเข้ามาในประเทศไทยตั้งแต่เดือน ก.ย. 2020; 3) ปริมาณขาย Methyl Ester ที่สูงขึ้นเป็น 50 ล้านลิตรใน 3Q20 จากความต้องการดีเซลในประเทศที่ปรับตัวเพิ่มสูงขึ้นหลังการกลับมาเปิดกิจกรรมทางเศรษฐกิจ; และ 4) โรงงาน PCM มีผลประกอบการเกินจุดคุ้มทุนจากกำลังการผลิต 65kt ต่อวันหลังเริ่มดำเนินงานเชิงพาณิชย์

ลดกำไรต่อหุ้นเพื่อสะท้อนความล่าช้าของโครงการต่าง ๆ

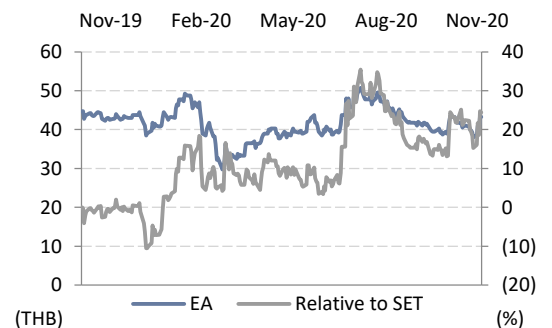
เราได้ปรับลดประมาณการกำไรสุทธิและกำไรต่อหุ้นของเราในปี 2020-2022 ลง 10-30% เพื่อสะท้อน 1) ความล่าช้าในการส่งมอบรถยนต์ไฟฟ้า; 2) ความล่าช้าในการเริ่มดำเนินงานโรงผลิตแบตเตอรี่ระยะที่ 1 และสถานีชาร์จไปในปี 2021 รวมถึงระยะที่ 2 ไปในปี 2022; และ 3) อัตราการใช้กำลังการผลิตของโรงงาน PCM ที่ลดลงจาก 75% เป็น 55% ในปี 2020 และจาก 90% เป็น 75% ในปี 2021 เพื่อสะท้อนระยะเวลาในการเริ่มดำเนินงานที่ยาวกว่าคาด

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายลงเหลือ 51 บาท

เราปรับราคาเป้าหมายของเราลงจาก 55 เหลือ 51 บาท (SoTP) เพื่อสะท้อนการปรับลดประมาณการกำไรต่อหุ้น รวมถึงการปรับเป้าหมายการเติบโตในปี 2021 เราเชื่อว่ากำไรสุทธิของ EA จะยังคงดีในปีหน้า ในขณะที่ราคาหุ้นอาจสะท้อนการเติบโตของกำไรสุทธิจากธุรกิจใหม่ ๆ ซึ่งเราคาดว่าจะยังเป็นไปตามแผนหลังการส่งมอบและการดำเนินงานที่ล่าช้าในปี 2020

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	14,887	14,527	24,179	33,496
Net profit	6,082	4,795	7,342	8,819
EPS (THB)	1.63	1.29	1.97	2.36
vs Consensus (%)	-	(19.4)	12.4	9.9
EBITDA	9,706	9,058	11,854	14,432
Core net profit	6,082	4,795	7,342	8,819
Core EPS (THB)	1.63	1.29	1.97	2.36
Chg. In EPS est. (%)	-	(30.0)	(9.9)	(19.7)
EPS growth (%)	55.8	(21.2)	53.1	20.1
Core P/E (x)	26.5	33.6	22.0	18.3
Dividend yield (%)	1.4	1.8	2.3	3.5
EV/EBITDA (x)	20.1	21.9	16.5	13.3
Price/book (x)	6.9	6.2	5.3	4.6
Net debt/Equity (%)	128.4	125.8	99.5	74.6
ROE (%)	29.3	19.5	26.1	26.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.9	(11.3)	(2.3)
Relative to country (%)	10.0	(6.1)	26.0
Mkt cap (USD m)	5,277		
3m avg. daily turnover (USD m)	12.7		
Free float (%)	40		
Major shareholder	Mr. Somphote Ahunai (23%)		
12m high/low (THB)	51.50/27.50		
Issued shares (m)	3,730.00		

Sources: Bloomberg consensus; FSSIA estimates



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The President of Finasia Syrus Securities PCL is also EA's Independent Director and on EA's Audit Committee.

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 9 พฤศจิกายน 2020

Investment thesis

EA is Thailand's largest green energy player, operating through its three business segments of solar, wind and biodiesel; all touted to be the key pillars of Thailand's energy growth over the next 10 years. A biodiesel producer since 2012 with an 800k litre-per-day (lpd) capacity, EA later ventured into the solar and wind businesses. We believe EA's solar farms will be key earnings growth drivers, as they stand to gain from: 1) a high-margin THB6.5/kWh adder; and 2) a 40% decline in the cost of solar panels since 2010.

EA has evolved from being a pure biodiesel player to emerge as one of Thailand's key players in renewable energy. While its biodiesel segment has been struggling at a mere 50% utilisation rate due to the country's oversupply, EA's solar and wind farm businesses have benefited from high-margin electricity tariffs and the declining cost of solar panels.

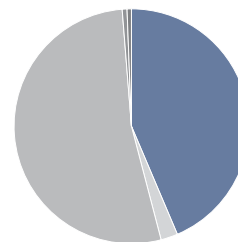
Company profile

Energy Absolute (EA) is a leading green energy company in Thailand with business interests in biodiesel, solar and wind energy. EA has expanded into the battery storage and electricity vehicle (EV) businesses, which we expect to be key earnings growth drivers post 2019.

www.energyabsolute.co.th

Principal activities (revenue, 2019)

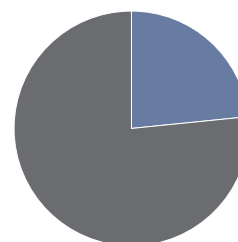
- Methyl ester Biodiesel products - 44.1 %
- Pure glycerine products - 2.4 %
- Electricity from solar and wind power - 53.4 %
- Head office and others - 0.7 %
- Project consultation regarding alternative electric energy - (0.6) %



Source: Energy Absolute

Major shareholders

- Mr. Somphote Ahunai - 23.4 %
- Others - 76.6 %



Source: Energy Absolute

Catalyst

Higher utilisation rates of power plants and rising demand for electricity in Thailand are key potential growth drivers.

Risk to our call

Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) lower-than-expected demand for batteries.

Event calendar

Date	Event
Nov 2020	3Q20 results announcement

Key assumptions

	2020E	2021E	2022E
Dispatched power (GWh)	9,229	9,715	9,715
Capacity factor - wind farms (%)	25	26	26
Battery sales volume (GWh)	0.0	0.7	3.1
EV car sales (cars)	0	5,000	5,500
EV boat sales (boats)	0	50	50
EV charging stations (stations)	0	1,000	1,000
Green diesel & PCM (tpd)	10	61	124

Source: FSSIA estimates

Earnings sensitivity

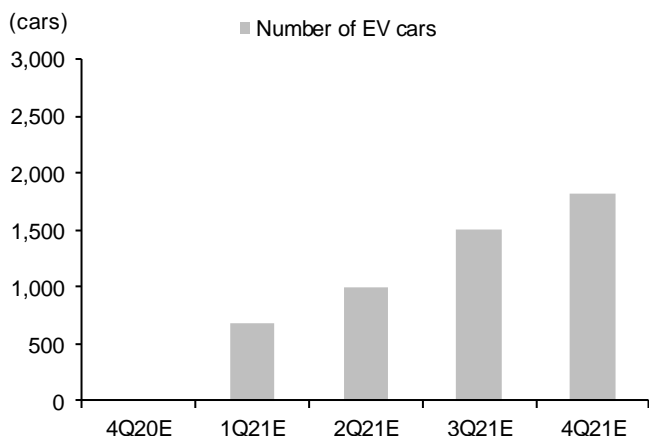
- For every 1% increase in utilisation rate, we estimate 2021 earnings would rise by 1.3%, and vice versa, all else being equal.
- For every 1% increase in interest rate, we estimate 2021 earnings would decline by 1.3%, and vice versa, all else being equal.

Source: FSSIA estimates

Resetting growth for 2021

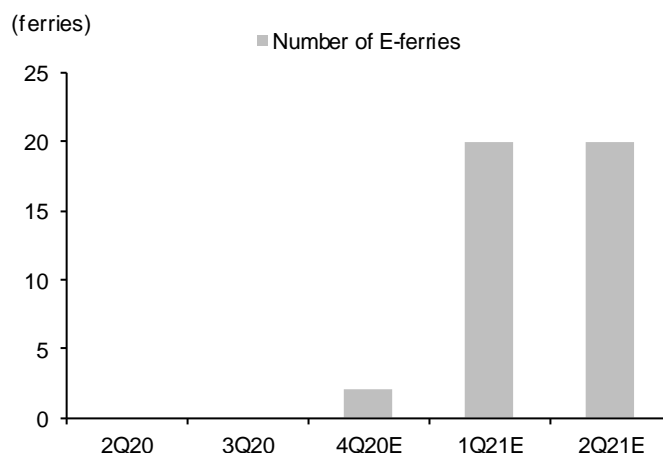
We now project EA's net profit (NP) growth to start from 2021 onward, vs end-2020 previously, as the impact of the COVID-19 outbreak has delayed most of EA's new ventures by 6-12 months. These include: 1) a delay in the EV passenger car delivery to its taxi cooperative client from 4Q20 to 1Q21; 2) a delay in its battery phase 1 plant's commencement from 4Q20 to 1H21; and 3) a delay in its EV boat deliveries from 3Q20 to 4Q20-2Q21.

Exhibit 1: Estimated number of EV cars to be delivered



Sources: EA; FSSIA estimates

Exhibit 2: Estimated number of E-ferries to be delivered and in operation



Sources: EA; FSSIA estimates

We now expect EA's net profit growth momentum to accelerate in 2021, a six-month shift from 2H20, driven by:

2020: A projected net loss of THB58m from EA's charging station unit to be offset by a projected NP of THB118m from its PCM plant with a capacity of 65kt per day, but is expected to run at only a 55% utilisation rate for six months due to the ramp-up process.

2021: NP growth from a projected 1) THB927m NP from EV cars delivered gradually throughout the year for a total of 5,000 EV cars delivered within 2021; 2) its battery phase 1 plant that we expect to generate a NP of THB764m in 2021; 3) THB78m NP from E-ferries; 4) THB112m NP from charging stations; and 5) THB374m NP from the PCM and green diesel plant. This estimated NP growth of THB2.25b should timely offset the projected weaker NPs from its power business, for both solar and wind farms, due to the lower electricity tariffs as a result of the lower projected gas prices.

Exhibit 3: Estimated net profits from EA's new ventures

Net profit	Stake	EIRR	2019	2020E	2021E	2022E	2023E	2024E	Investment
	(%)	(%)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB b)
Committed growth									
Battery phase 1	100	25	0	0	764	956	953	950	5.0
Battery phase 2 (15GW)	50	29	0	0	0	704	4,930	14,193	15.0
EV car (MPA SPA1, 2020E)	100	4	0	0	927	1,030	1,646	1,651	1.2
EV boat (2020E)	100	15	0	0	78	78	81	84	1.4
EV charging station (2020E)	100	18	0	(58)	112	112	115	118	1.0
Green diesel & PCM (Oct 2019E)	100	27	0	118	374	844	844	844	0.9
Total			0	60	2,255	3,724	8,569	17,840	24.5

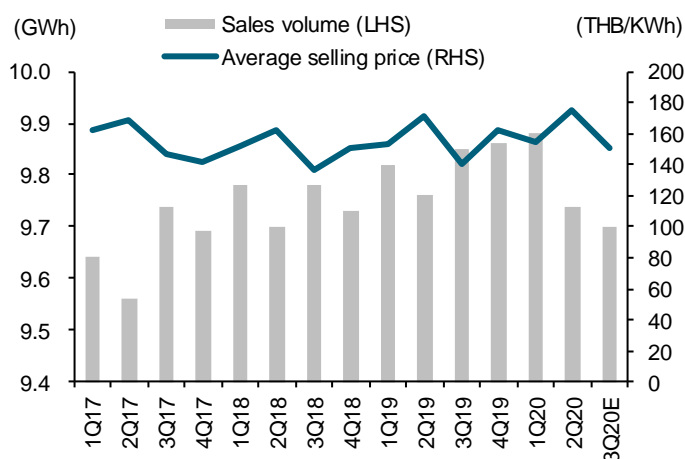
Sources: EA; FSSIA estimates

3Q20E results preview

We project EA's 3Q20 NP at THB1.3b, up 13% q-q but down 23% y-y, based on the following:

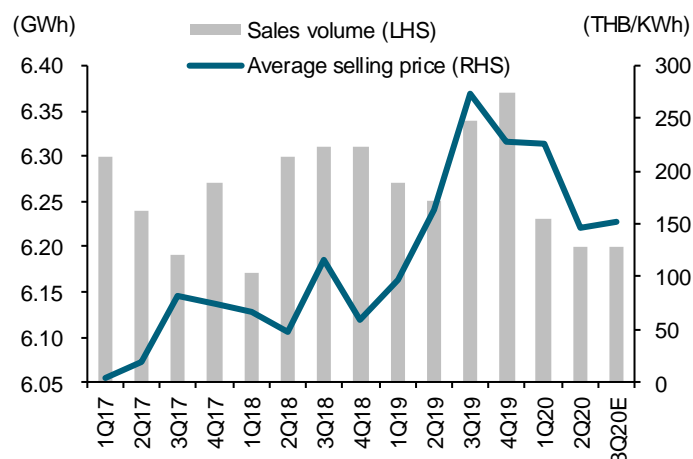
- A q-q lower NP contribution from solar farms due to the rainy season, for which we project an average CF of 27% in 3Q20 from 29% in 2Q20;
- Weaker CFs for two wind farms, Hanuman and Haadgunghan, due to seasonally lower wind speeds. We project CFs to stay flat q-q at 17% but drop from 32% in 3Q19. However, we project CFs for wind farms to significantly rise q-q in 4Q20, given the series of large monsoons since Sep-20 that have entered Thailand;
- A higher methyl ester, or B100, sales volume to 50m litres in 3Q20, up from 48m litres in 2Q20, due to the improving demand for diesel in Thailand after the reopening of economic activities;
- 3Q20 is the first quarter that we expect EA to report revenue and net profit for its 65kt per day capacity PCM plant, for which we expect the NP to be at a breakeven level due to 3Q20 being the plant's start-up period and having an estimated utilisation rate of only 40-50%.

Exhibit 4: Electricity sales volume and ASP of solar farms



Sources: EA; FSSIA estimates

Exhibit 5: Electricity sales volume and ASP of wind farms



Sources: EA; FSSIA estimates

Exhibit 6: 3Q20/9M20 results preview

	3Q19	2Q20	3Q20E		9M19	9M20E	chg.	2020E	Comments	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	
Revenue	4,103	4,128	4,285	3.8	4.4	10,804	13,145	21.7	14,527	Higher due to higher revenue from PCM
Operating costs	(1,321)	(1,883)	(1,903)	1.1	44.1	(3,858)	(6,163)	59.7	(4,452)	Higher due to higher cost from PCM
EBITDA	2,783	2,245	2,382	6.1	(14.4)	6,945	6,982	0.5	9,058	Lower y-y due to lower wind farm income
EBITDA margin (%)	67.8	54.4	55.6	nm	nm	64.3	53.1	(17.4)	62.4	
Depn & amort.	(683)	(753)	(756)	0.3	10.7	(1,816)	(2,090)	15.1	(2,416)	
EBIT	2,100	1,492	1,626	9.0	(22.6)	5,129	4,893	(4.6)	6,642	
Interest expense	(383)	(408)	(400)	(1.9)	4.6	(986)	(1,240)	25.8	(1,631)	Lower q-q due to lower interest rate
Interest & invt inc	-	-	-	nm	nm	-	-	nm	-	
Other income	15	47	49	3.6	237.4	43	126	nm	100	
Associates' contrib	(6)	(2)	(2)	15.0	(67.6)	(13)	(18)	39.7	(5)	
Exceptionals	(84)	(3)	(3)	(3.4)	(96.4)	92	54	nm	-	
Pretax profit	1,642	1,127	1,270	12.7	(22.6)	4,265	3,814	(10.6)	5,111	Lower y-y due to lower wind farm profit
Tax	6	(7)	(5)	(28.6)	(185.2)	11	(13)	nm	(18)	
Tax rate (%)	(0.4)	0.6	0.4	nm	nm	(0.5)	(0.1)	(73.1)	0.4	
Minority interests	31	30	32	8.0	2.4	56	97	73.6	(311)	
Net profit	1,679	1,149	1,297	12.8	(22.7)	4,332	3,898	(10.0)	4,795	
Core net profit	1,753	1,142	1,300	13.8	(25.8)	4,230	3,825	(9.6)	4,795	
EPS (THB)	0.45	0.31	0.35	12.8	(22.7)	1.16	1.05	(10.0)	1.29	
Core EPS (THB)	0.47	0.31	0.35	13.8	(25.8)	1.13	1.03	(9.6)	1.29	

Sources: EA; FSSIA estimates

EPS and TP revisions

We cut our 2020-22 NP and EPS forecasts by 10-30% to reflect 1) the EV car delivery delays; 2) the start-up delays for its battery phase 1 plant and EV charging stations to 2021, and its phase 2 plant to 2022; and 3) a lower PCM utilisation rate from 75% to 55% in 2020 and from 90% to 75% in 2021 to reflect the longer-than-expected start-up period.

Exhibit 7: Key changes in assumptions

	Current			Previous			Change		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	14,527	24,179	33,496	17,652	32,253	38,844	(18)	(25)	(14)
Gross profit	10,075	13,546	16,777	12,426	16,112	19,315	(19)	(16)	(13)
Operating profit	6,642	9,360	10,738	8,696	10,160	12,902	(24)	(8)	(17)
Net profit	4,795	7,342	8,819	6,848	8,152	10,981	(30)	(10)	(20)
EPS (THB/shr)	1.3	2.0	2.4	1.8	2.2	2.9	(30)	(10)	(20)
Key assumptions									
Dispatched power (GWh)	9,229	9,715	9,715	9,715	9,715	9,715	(5)	0	0
Capacity factor - wind farms (%)	25	26	26	26	26	26	(4)	0	0
Battery sales volume (GWh)	0.0	0.7	3.1	0.2	2.7	4.6	(100)	(74)	(33)
EV car sales (cars)	0	5,000	5,500	1,000	5,000	5,500	(100)	0	0
EV boat sale (boats)	0	50	50	25	50	50	(100)	0	0
EV charging station (stations)	0	1,000	1,000	320	1,000	1,000	(100)	0	0
Green diesel & PCM (tpd)	10	61	124	26.0	124	124	(63)	(51)	0

Sources: EA; FSSIA estimates

We cut our SoTP-based TP from THB55 down to THB51 to reflect our EPS forecast cuts and valuation rollover to 2021. We believe EA's NP, despite the delays caused by the COVID-19 outbreak, should remain solid in 2021, with its share price potentially incorporating the NP growth from its new ventures that we expect to remain on track after the delivery and operational start-up delays in 2020.

Exhibit 8: SoTP valuation

EA's DCF valuation					
Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk free rate		2.3	Pretax cost of debt		4.6
Market risk premium		8.5	Marginal tax rate		20.0
Stock beta		0.40			
DCF assumptions					
Cost of equity, Ke		5.7	Net cost of debt, Kd		3.4
Weight applied		25.0	Weight applied		75.0
WACC (%)		4.0			
SoTP valuation estimate	(THB m)	(THB/share)	Valuation methodology		
Biodiesel	3,891	1.0	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Solar					
Lop buri	1,331	0.4	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Nakornsawun	12,119	3.2	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Lumpang	18,979	5.8	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Pisanuloak	19,270	5.2	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
<i>Total solar</i>	<i>51,699</i>	<i>14.6</i>			
Wind					
- Southern (COD 2017)					
Had Gunghun 1	4,175	1.1	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Had Gunghun 2	5,087	1.4	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Had Gunghun 3	5,103	1.4	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Had Gunghun 4	6,301	1.7	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
<i>Total wind farms Southern</i>	<i>14,365</i>	<i>5.5</i>			
- Northeastern (COD 2018)					
Hanuman 1	8,160	2.2	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Hanuman 5	8,682	2.3	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Hanuman 8	8,139	2.2	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Hanuman 9	7,596	2.0	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
Hanuman 10	14,507	3.9	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
<i>Total wind farms Northeastern</i>	<i>47,084</i>	<i>12.6</i>			
EV and battery					
Battery phase 1 (1GWh)	8,285	2.2	DCF with WACC 7%, Risk free rate 5.3%, Risk premium 8.5%		
Battery phase 2 (15GWh)	71,174	19.1	DCF with WACC 7%, Risk free rate 5.3%, Risk premium 8.5%		
EV cars (MPA SPA1, 1Q21E)	11,124	0.0	FY21E P/E at 12x		
EV boats (1Q21E)	779	(0.2)	FY21E P/E at 12x		
EV charging stations (2020)	1,085	0.3	DCF with WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%		
<i>Total EV and battery</i>	<i>92,447</i>	<i>21.4</i>			
Green diesel & PCM (3Q20)	6,127	1.6	FY20E P/E at 15x		
Net debt	(34,715)	(10.9)			
Minorities	15,498	5.1			
Residual ordinary equity	196,397	51.0			

Sources: EA; FSSIA estimates

Financial Statements

Energy Absolute

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	11,552	14,887	14,527	24,179	33,496
Cost of goods sold	(3,835)	(4,235)	(4,452)	(10,633)	(16,719)
Gross profit	7,717	10,652	10,075	13,546	16,777
Other operating income	-	-	-	-	-
Operating costs	(805)	(946)	(1,017)	(1,693)	(2,345)
Operating EBITDA	6,912	9,706	9,058	11,854	14,432
Depreciation	(1,833)	(2,517)	(2,416)	(2,494)	(3,694)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,079	7,189	6,642	9,360	10,738
Net financing costs	(920)	(1,226)	(1,631)	(1,743)	(1,645)
Associates	(6)	(14)	0	0	0
Recurring non operating income	(140)	53	100	101	101
Non recurring items	1,072	0	0	0	0
Profit before tax	5,091	6,016	5,111	7,718	9,194
Tax	(29)	11	(5)	(55)	(45)
Profit after tax	5,061	6,027	5,106	7,662	9,149
Minority interests	(86)	55	(311)	(320)	(330)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	4,975	6,082	4,795	7,342	8,819
Non recurring items & goodwill (net)	(1,072)	0	0	0	0
Recurring net profit	3,904	6,082	4,795	7,342	8,819
Per share (THB)					
Recurring EPS *	1.05	1.63	1.29	1.97	2.36
Reported EPS	1.33	1.63	1.29	1.97	2.36
DPS	0.40	0.60	0.80	1.00	1.50
Diluted shares (used to calculate per share data)	3,730	3,730	3,730	3,730	3,730
Growth					
Revenue (%)	(0.2)	28.9	(2.4)	66.4	38.5
Operating EBITDA (%)	8.1	40.4	(6.7)	30.9	21.8
Operating EBIT (%)	4.4	41.5	(7.6)	40.9	14.7
Recurring EPS (%)	2.3	55.8	(21.2)	53.1	20.1
Reported EPS (%)	30.3	22.2	(21.2)	53.1	20.1
Operating performance					
Gross margin inc depreciation (%)	50.9	54.6	52.7	45.7	39.1
Gross margin of key business (%)	50.9	54.6	52.7	45.7	39.1
Operating EBITDA margin (%)	59.8	65.2	62.4	49.0	43.1
Operating EBIT margin (%)	44.0	48.3	45.7	38.7	32.1
Net margin (%)	33.8	40.9	33.0	30.4	26.3
Effective tax rate (%)	0.6	(0.2)	0.1	0.7	0.5
Dividend payout on recurring profit (%)	38.2	36.8	62.2	50.8	63.4
Interest cover (X)	5.4	5.9	4.1	5.4	6.6
Inventory days	21.8	46.9	63.7	46.3	53.4
Debtor days	74.0	67.1	90.6	71.7	70.3
Creditor days	56.8	70.3	85.9	62.4	72.0
Operating ROIC (%)	10.5	12.1	9.3	(3.1)	(3.4)
ROIC (%)	9.5	11.2	8.7	(2.9)	(3.2)
ROE (%)	23.8	29.3	19.5	26.1	26.9
ROA (%)	9.1	10.8	9.0	9.3	10.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Methyl ester Biodiesel products	3,213	6,570	6,570	6,570	6,570
Pure glycerine products	298	350	360	361	361
Electricity from solar and wind power	7,692	7,957	7,231	8,252	15,759
Head office and others	341	100	100	101	101

Sources: Energy Absolute; FSSIA estimates

Financial Statements

Energy Absolute

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	3,904	6,082	4,795	7,342	8,819
Depreciation	1,833	2,517	2,416	2,494	3,694
Associates & minorities	(6)	(14)	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	7,992	(9,651)	(846)	(1,039)	(1,596)
Cash flow from operations	13,722	(1,067)	6,366	8,797	10,918
Capex - maintenance	(1,833)	(2,517)	(2,416)	(2,494)	(3,694)
Capex - new investment	(12,368)	(3,784)	(4,984)	(1,006)	(194)
Net acquisitions & disposals	922	(68)	0	0	0
Other investments (net)	(984)	(49)	0	0	0
Cash flow from investing	(14,263)	(6,418)	(7,400)	(3,500)	(3,888)
Dividends paid	(746)	(746)	(2,238)	(2,984)	(3,730)
Equity finance	0	0	0	0	0
Debt finance	1,525	12,725	(180)	5,946	(10,990)
Other financing cash flows	734	56	311	321	718
Cash flow from Financing	1,513	12,035	(2,107)	3,283	(14,002)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	972	4,550	(3,141)	8,580	(6,973)
Free cash flow to firm (FCFF)	545.96	(6,098.64)	596.16	7,040.44	8,673.98
Free cash flow to equity (FCFE)	1,718.50	5,296.19	(903.17)	11,564.31	(3,243.20)
Per share (THB)					
FCFF per share	0.15	(1.64)	0.16	1.89	2.33
FCFE per share	0.46	1.42	(0.24)	3.10	(0.87)
Recurring cash flow per share	1.54	2.30	1.93	2.64	3.35
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed asset (gross)	53,646	59,819	67,219	70,719	74,219
Less: Accumulated depreciation	(6,059)	(8,448)	(10,864)	(13,359)	(17,053)
Tangible fixed assets (Net)	47,587	51,371	56,355	57,361	57,166
Intangible fixed assets (Net)	937	3,683	3,683	3,683	3,683
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	33	100	100	100	100
Cash & equivalents	5,479	10,029	6,888	15,468	8,495
A/C receivable	2,295	3,175	4,034	5,464	7,445
Inventories	330	758	796	1,902	2,991
Other current assets	47	71	69	115	160
Current assets	8,150	14,033	11,788	22,949	19,091
Other assets	2,501	1,033	1,033	1,033	1,033
Total assets	59,208	70,220	72,958	85,126	81,073
Common equity	18,139	23,365	25,922	30,280	35,369
Minorities etc.	1,379	1,502	1,813	2,133	2,463
Total Shareholders' equity	19,518	24,866	27,735	32,413	37,832
Long term debt	26,139	36,977	36,798	42,744	31,753
Other long-term liabilities	1,049	2,306	2,306	2,306	2,306
Long-term liabilities	27,187	39,283	39,103	45,049	34,059
A/C payable	611	1,021	1,073	2,563	4,031
Short term debt	3,081	4,968	4,968	4,968	4,968
Other current liabilities	8,810	81	79	132	182
Current liabilities	12,503	6,070	6,120	7,663	9,181
Total liabilities and shareholders' equity	59,208	70,220	72,958	85,126	81,073
Net working capital	(6,750)	2,902	3,748	4,787	6,383
Invested capital	44,308	59,089	64,918	66,963	68,365
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.86	6.26	6.95	8.12	9.48
Tangible book value per share	4.61	5.28	5.96	7.13	8.50
Financial strength					
Net debt/Equity (%)	121.6	128.4	125.8	99.5	74.6
Net debt/total assets (%)	40.1	45.5	47.8	37.9	34.8
Current ratio (x)	0.7	2.3	1.9	3.0	2.1
CF interest cover (x)	16.3	8.4	3.5	8.2	(0.9)
Valuation					
Recurring P/E (x) *	41.3	26.5	33.6	22.0	18.3
Recurring P/E @ target price (x) *	48.7	31.3	39.7	25.9	21.6
Reported P/E (x)	32.4	26.5	33.6	22.0	18.3
Dividend yield (%)	0.9	1.4	1.8	2.3	3.5
Price/book (x)	8.9	6.9	6.2	5.3	4.6
Price/tangible book (x)	9.4	8.2	7.3	6.1	5.1
EV/EBITDA (x) **	27.0	20.1	21.9	16.5	13.3
EV/EBITDA @ target price (x) **	31.2	23.0	25.1	18.9	15.3
EV/invested capital (x)	4.2	3.3	3.1	2.9	2.8
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: Energy Absolute; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by ThaiPat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. ThaiPat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of ThaiPat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

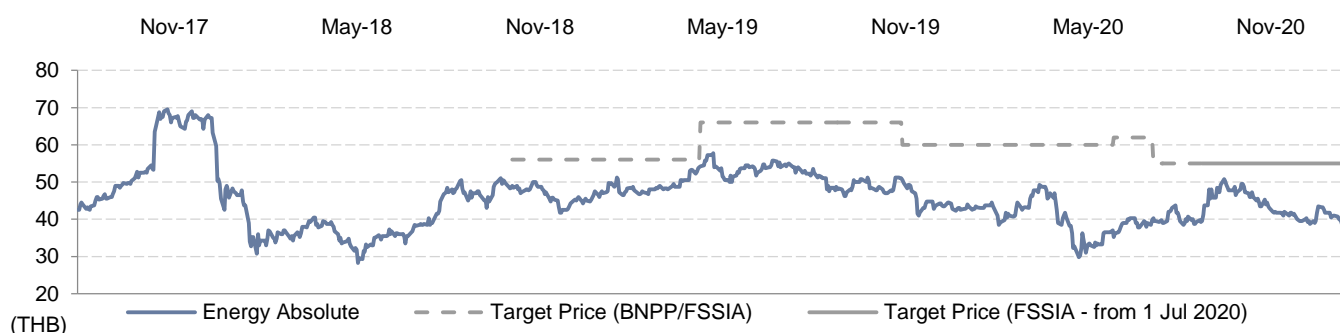
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History of change in investment rating and/or target price

Energy Absolute (EA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	BUY	56.00	17-Oct-2019	BUY	60.00	20-May-2020	BUY	55.00
26-Apr-2019	BUY	66.00	16-Apr-2020	BUY	62.00			

Suwat Sinsadok started covering this stock from 15-Nov-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Energy Absolute	EA TB	THB 43.25	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude prices; and 3) lower-than-expected demand for batteries.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 06-Nov-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.