

ABSOLUTE CLEAN ENERGY

THAILAND / UTILITIES - RENEWABLES

ACE TB

BUY

UNCHANGED

TARGET PRICE	THB4.10
CLOSE	THB3.10
UP/DOWNSIDE	+32.3%
PRIOR TP	THB4.60
CHANGE IN TP	-10.9%
TP vs CONSENSUS	-1.0%

Waiting for the winds of change

- ACE is now less likely to see any new power plants COD due to continued delays – even after it won its arbitration cases.
- We now see downsides to our projections for capacity growth and a likelihood that ACE will delay its capacity growth plans by one year.
- Maintain BUY but lower our SoTP-based TP to THB4.1.

31% y-y organic net profit growth still bodes well for 2022

We remain positive on ACE's net profit growth outlook in 2022 despite uncertainty regarding the commercial operation dates (COD)s of its 10 remaining biomass power plants and two out of its three hybrid solar-biomass power plants in Nabon, Nakornsrihammarat. We believe a 31% y-y rise in core net profit in 2022 should be driven by three factors. First, a rise in electricity production from the additional 11 months of operation at its Nabon biomass 8MW power plant. Second, wider gross margins from its biomass power plants thanks to lower feedstock costs and higher utilisation rates. Third, gradually improving operating rates of its three biomass power plants in 2022.

New capacity growth is now less likely in 2022

We think that in 2022, ACE is now less likely to see any new power plants COD due to delays and complacency by the Thai regulator which appear to be continuing even after the arbitration committee ruled in ACE's favor. We see a downside to our previously projected capacity growth of 450MW and now estimate 357MW of installed capacity in 2022, with an increasing likelihood that ACE will delay its capacity growth plans by one year to 2023. The main reason is the ERC's delays in granting power purchase agreement approvals for ACE's 10 remaining biomass power plants with a total contract capacity of 80MW.

A healthy 1Q22 net profit is expected

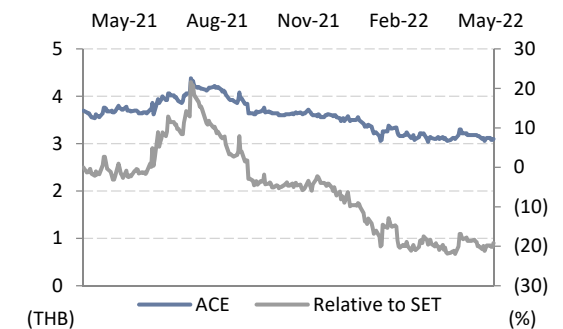
In 1Q22, we project ACE to post a net profit of THB397m, up from THB368m, driven by 1) higher utilisation rates at all its biomass power plants due to higher demand and power dispatches; 2) slightly lower feedstock costs q-q due to a better feedstock mix; and 3) better earnings from its waste-to-energy power plant which should offset the weaker net profit from its gas-fired small power plants.

Accumulate ahead of projected future growth

We maintain BUY and lower our SoTP-based target price from THB4.6 to THB4.1 to reflect our EPS estimate cuts in 2022-23 as a result of the delayed new projects. We believe that in 2022 onward, ACE is likely to achieve stronger capacity growth following the 2020-21 capacity expansion freeze due to the Covid-19 pandemic.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	5,727	11,262	11,400	11,405
Net profit	1,506	1,804	2,199	2,290
EPS (THB)	0.15	0.18	0.22	0.23
vs Consensus (%)	-	(11.3)	(24.9)	(20.7)
EBITDA	2,020	3,390	4,068	4,225
Core net profit	1,379	1,804	2,199	2,290
Core EPS (THB)	0.14	0.18	0.22	0.23
Chg. In EPS est. (%)	nm	(0.8)	(15.8)	nm
EPS growth (%)	1.6	30.8	21.9	4.1
Core P/E (x)	22.9	17.5	14.3	13.8
Dividend yield (%)	2.3	3.2	4.2	4.8
EV/EBITDA (x)	17.6	11.6	10.4	10.8
Price/book (x)	2.4	2.2	2.1	2.0
Net debt/Equity (%)	28.9	54.4	72.1	87.1
ROE (%)	10.9	13.2	15.1	14.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.1)	(6.6)	(15.3)
Relative to country (%)	(2.7)	(4.9)	(18.4)
Mkt cap (USD m)	926		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	57		
Major shareholder	Mr. Wirachai Songmetta (22%)		
12m high/low (THB)	4.60/2.98		
Issued shares (m)	10,176.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We believe ACE's +31% y-y core net profit that we estimate in 2022 will be driven by three factors. First, the additional electricity production from an additional 11 months of operation at its 8MW Nabon biomass power plant. Second, wider gross margins from its biomass power plants thanks to lower feedstock costs and higher utilisation rates. Third, gradually improving operating rates of its three biomass power plants in 2022.

We think that in 2022, ACE is less likely to see any of its new power plants start up due to continued delays and complacency on the part of the Thai regulator – despite ACE's favourable rulings from the arbitration committee. We see a downside to our previously projected capacity growth of 450MW and now estimate 357MW of installed capacity in 2022, with an increasing likelihood that ACE will delay its capacity growth plans by one year to 2023.

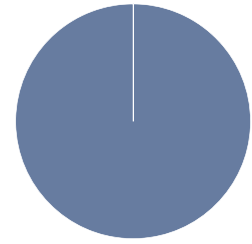
Company profile

ACE is a leading biomass power plant producer and is expanding into waste-to-energy power plant.

www.ace-energy.co.th

Principal activities (revenue, 2021)

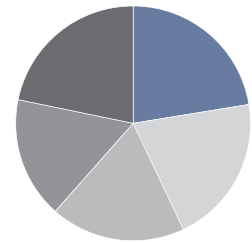
■ Power - 100.0 %



Source: Absolute Clean Energy

Major shareholders

- Mr. Wirachai Songmetta - 22.4 %
- Mr. Pornmett Songmetta - 20.5 %
- Mr. Teerawut Songmetta - 18.6 %
- Mr. Natt Songmetta - 16.7 %
- Others - 21.8 %



Source: Absolute Clean Energy

Catalysts

We see two key catalysts for ACE's net profit in 2022-23: 1) capacity growth; 2) higher utilisation rates; and 3) a margin expansion on lower feedstock costs.

Risks to our call

The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.

Event calendar

Date	Event
May 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Utilisation rate (%)	95	90	90
Gas price (THB/mmbtu)	260	195	182

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in gas price, we estimate 2022 earnings would decline 1.2%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2022 earnings would increase 1.7%, and vice versa, all else being equal.

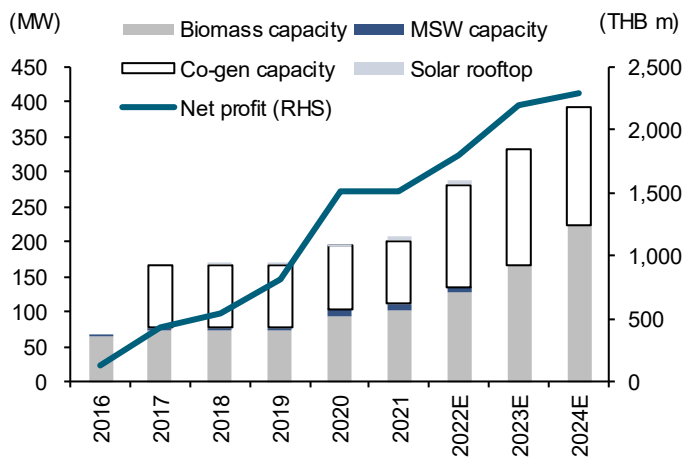
Source: FSSIA estimates

Waiting for the winds of change

We remain positive on ACE's net profit growth outlook in 2022 despite the uncertainty surrounding the CODs of its 10 remaining biomass power plants and two out of its three hybrid solar-biomass power plants in Nabon, Nakornsrihammarat.

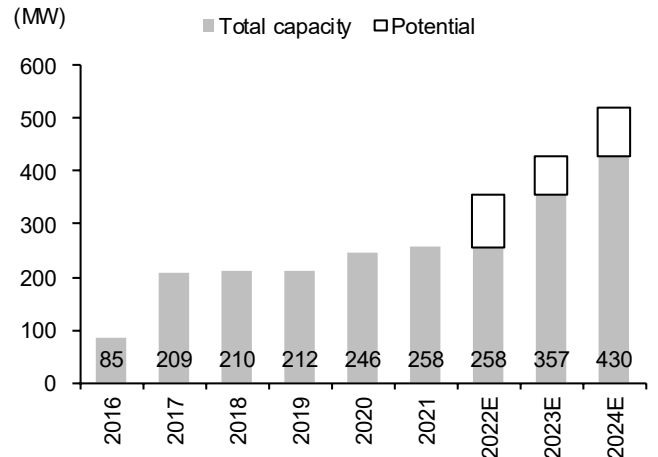
We think that for the rest of 2022, ACE is now less likely to see any of its new power plants COD due to continued delays and complacency by the Energy Regulatory Commission (ERC) and the Provincial Electricity Authority of Thailand (PEA), despite ACE's arbitration case victories.

Exhibit 1: Equity capacity projections vs net profit



Sources: ACE; FSSIA estimates

Exhibit 2: Installed capacity growth projection breakdown

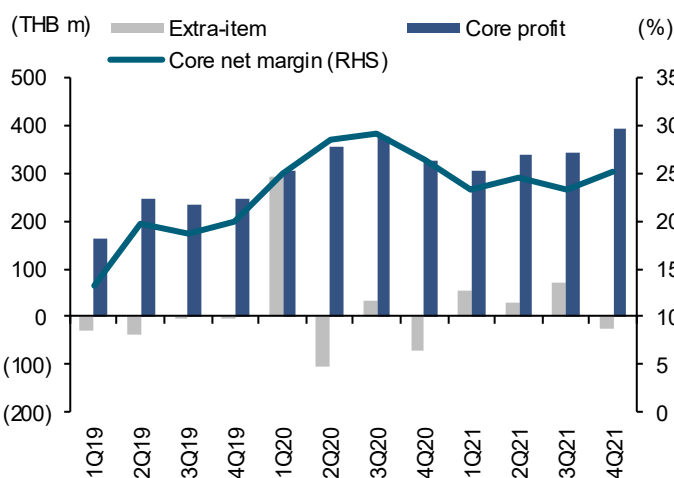


Sources: ACE; FSSIA estimates

We see a downside to our previously projected capacity growth of 450MW and now estimate 357MW of installed capacity in 2022, with an increasing likelihood that ACE will delay its capacity growth plans by one year to 2023. The main reason is the ERC's delays in granting approval of the power purchase agreements with ACE for its 10 remaining biomass power plants with a total contract capacity of 80MW.

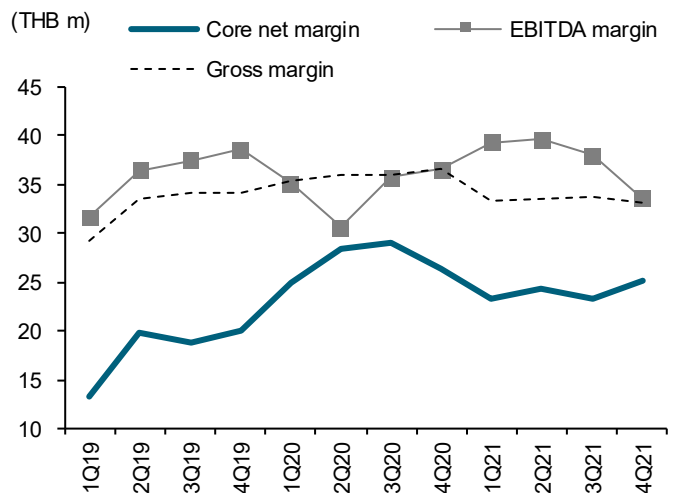
However, on a quarterly and 2022 near-term basis, we remain positive on ACE's net profit growth outlook and project its net profit to grow by 31% y-y, driven by the full-year impact of the new 8MW-capacity biomass power plant in Klong Klung, Kamphangphet, which began operating in Nov-21.

Exhibit 3: Quarterly core net profit and core net margin



Source: ACE

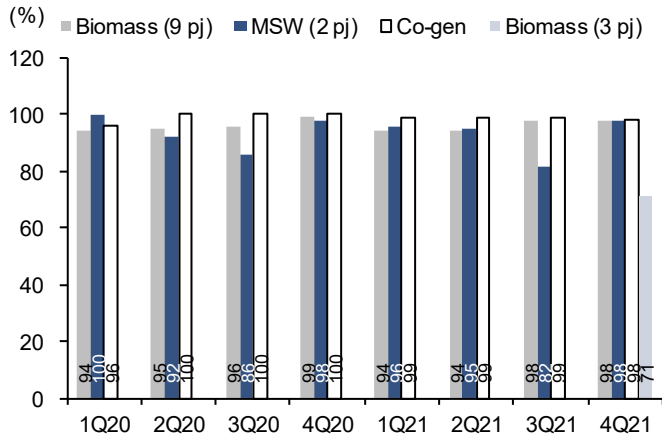
Exhibit 4: Core net margin, EBITDA margin, gross margin



Source: ACE

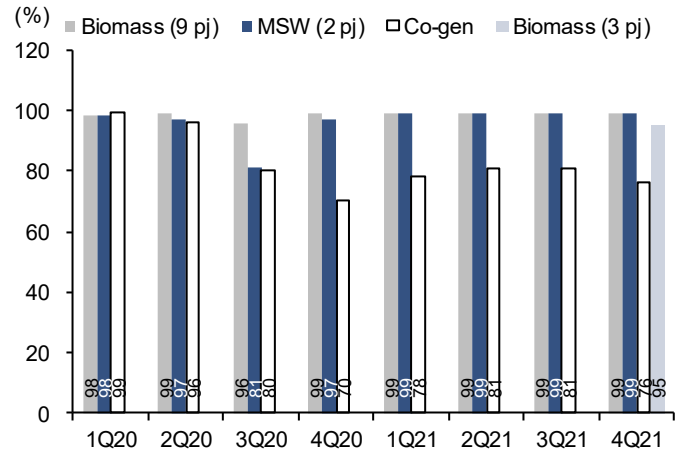
We believe ACE's potential 31% higher y-y core net profit in 2022 will be driven by three factors. First, the additional electricity production from the additional 11 months of operation at its Nabon 8MW biomass power plant. Second, wider gross margins from its biomass power plants thanks to lower feedstock costs and higher utilisation rates. Third, the gradually improving operating rates at three biomass power plants – designated as “Biomass 3 pj” in Exhibits 5-6 – that were acquired from UA Withya (UWC TB, NR) in 2021 should continue to deliver better profitability as management projects the utilisation rates to rise y-y in 2022.

Exhibit 5: Availability factor breakdown by plant type



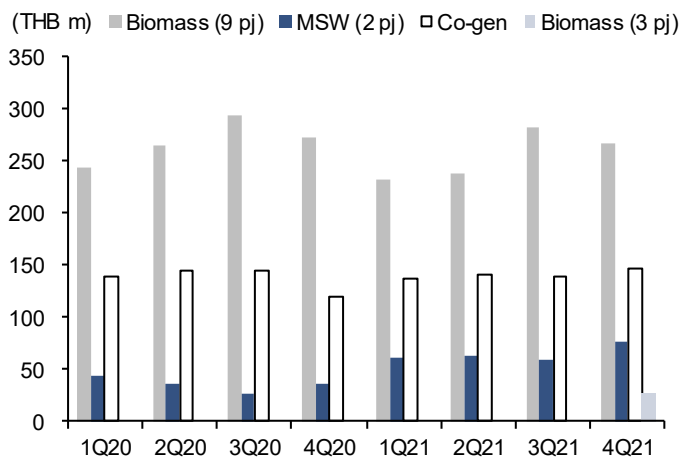
Source: ACE

Exhibit 6: Capacity factor by plant type



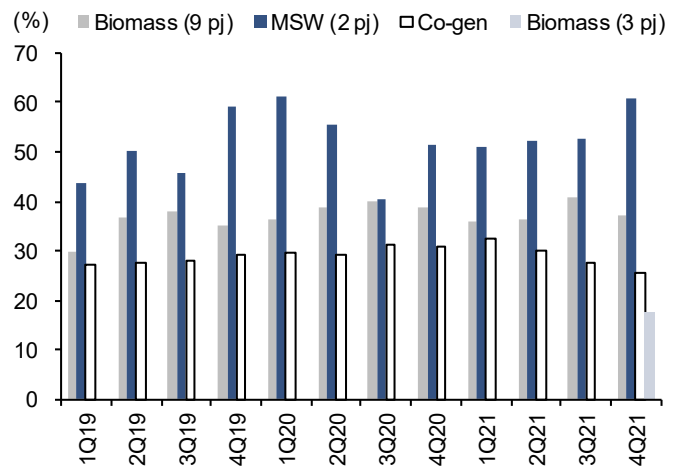
Source: ACE

Exhibit 7: Gross profit by plant type



Source: ACE

Exhibit 8: Gross profit margin by plant type



Source: FSSIA estimates

4Q21 review and 1Q22 preview

In 4Q21, ACE saw a lower net profit of THB368m, down 11% q-q but up 45% y-y. The key point was the lower-than-expected net profits of the three acquired biomass power plants which saw their gross profits plunge due to the higher-than-expected feedstock costs despite improved utilisation rates. The EBITDA margin was hence weaker at 34% in 4Q21, down from 38% in 3Q21.

In 1Q22, we project ACE to post a net profit of THB397m, up from THB368m, driven by 1) higher utilisation rates at all its biomass power plants due to higher demand and power dispatches; 2) slightly lower feedstock costs q-q due to a better feedstock mix; and 3) better earnings from its waste-to-energy power plant which should offset the weaker net profit from its gas-fired small power plants as a result of the higher gas cost.

Exhibit 9: Summary of 4Q21/2021 operations

	4Q20	3Q21	----- 4Q21 -----			2020	2021	Chg.
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Revenue	1,369	1,468	1,559	6.2	13.9	5,858	5,727	(2.2)
Operating costs	(869)	(911)	(1,035)	13.7	19.2	(3,997)	(3,707)	(7.2)
EBITDA	500	557	524	(6.0)	4.7	1,861	2,020	8.5
<i>EBITDA margin (%)</i>	37	38	34	<i>nm</i>	<i>nm</i>	32	35	<i>nm</i>
Depn & amort.	(136)	(167)	(84)	(49.8)	(38.4)	(541)	(578)	6.8
EBIT	364	390	440	12.7	20.7	1,320	1,442	9.2
Interest expense	(27)	(36)	(35)	(1.9)	30.4	(106)	(141)	33.0
Interest & invt inc	-	-	-	<i>nm</i>	<i>nm</i>	-	-	<i>nm</i>
Other income	(17)	8	(6)	<i>nm</i>	(66.0)	168	25	(85.1)
Associates' contrib	-	-	-	<i>nm</i>	<i>nm</i>	-	-	<i>nm</i>
Exceptionals	(72)	84	(14)	<i>nm</i>	<i>nm</i>	(48)	305	<i>nm</i>
Pretax profit	247	446	385	(13.8)	55.5	1,549	1,608	3.8
Tax	7	(35)	(17)	(50.4)	(361.1)	(43)	(103)	<i>nm</i>
<i>Tax rate (%)</i>	(3)	8	4	<i>nm</i>	<i>nm</i>	3	6	<i>nm</i>
Minority interests	-	0	0	584.9	<i>nm</i>	-	0	<i>nm</i>
Net profit	254	411	368	(10.6)	44.7	1,507	1,506	(0.1)
Non-recurring	(73)	70	(26)	<i>nm</i>	(64.7)	(149)	(127)	(14.9)
Core net profit	327	341	393	15.2	20.4	1,357	1,379	1.6
EPS (THB)	0.02	0.04	0.04	(10.6)	44.7	0.15	0.15	(0.1)
Core EPS (THB)	0.03	0.03	0.04	15.2	20.4	0.13	0.14	1.6

Sources: ACE; FSSIA estimates

Exhibit 10: 4Q21/2021 key performance

(THB m)	4Q20	3Q21	4Q21	(q-q%)	(y-y%)	2020	2021	(y-y%)
Cost of sales and service								
Fuel materials cost	440	643	723	12.3	64.2	2,058	2,486	20.8
Depreciation and amortisation cost	126	154	162	5.3	29.2	504	624	23.9
Staff cost and other benefits	135	136	121	(10.8)	(10.7)	471	541	14.9
Cost of maintenance services to outside	0	0	0	<i>nm</i>	<i>nm</i>	30	0	<i>nm</i>
Processing fee - PEA	14	16	17	2.5	14.6	56	64	13.9
Other cost	19	22	20	(11.7)	2.1	78	93	19.1
Total cost of sales and service	870	1,107	1,042	(5.9)	19.8	3,667	3,808	3.8
Net gain on exchange rate	(72)	84	(14)	<i>nm</i>	(80.8)	19	156	728.2
Gain on forward contracts	(19)	6	(10)	<i>nm</i>	(50.5)	(12)	12	<i>nm</i>
Gross profit and gross profit margin								
Biomass power plants	296	296	292	(1.2)	(1.3)	1,095	1,087	(0.8)
Natural gas power plant	119	139	146	4.5	22.0	547	561	2.6
Municipal solid waste power plants	37	59	77	30.8	107.0	144	262	82.2
Solar energy power plants	2	2	2	4.3	60.0	6	10	66.7
Gross profit by segment	454	497	517	4.2	13.9	1,791	1,919	7.1
Gross profit (%)*								
Biomass power plants	37.9	35.1	34.0	(3.1)	(10.3)	37.9	33.3	(12.1)
Natural gas power plant	31.0	27.4	25.6	(6.6)	(17.4)	30.2	28.6	(5.3)
Municipal solid waste power plants	51.5	52.7	60.9	15.6	18.3	52.4	54.3	3.6
Solar energy power plants	48.4	48.9	51.0	4.3	5.4	50.0	53.4	6.8
% Gross profit margin by segment	36.6	33.8	33.2	(1.8)	(9.3)	35.9	33.5	(6.7)

*Note: Change in margin % is represented in ppt change

Source: ACE

EPS and target price revisions

We maintain BUY and lower our SoTP-based target price from THB4.6 to THB4.1 to reflect our EPS estimate cuts in 2022-23 as a result of the delayed timeline for the new projects from 2022 to 2023. We believe that in 2022 onward, ACE is likely to achieve stronger capacity growth with the end of the capacity expansion freeze in 2020-21 due to the Covid-19 pandemic.

Exhibit 11: Key changes in assumptions

	----- Current -----			----- Previous -----			----- Change -----		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (%)	2023E (%)	2024E (%)
Revenue	11,262	11,400	11,405	11,294	11,453	11,405	(0.3)	(0.5)	0.0
Gross profit	4,629	4,638	4,795	4,984	5,494	4,795	(7.1)	(15.6)	0.0
Operating profit	2,095	2,653	2,810	2,447	3,506	2,810	(14.4)	(24.3)	0.0
Net profit	1,804	2,199	2,290	2,161	3,051	2,290	(16.5)	(27.9)	0.0
EPS (THB/share)	0.18	0.22	0.23	0.21	0.30	0.23	(16.5)	(27.9)	0.0
Key assumptions									
Utilisation rate (%)	95	90	90	95	90	90	0.0	0.0	0.0
Gas price (THB/mmbtu)	260	195	182	210	195	182	23.8	0.0	0.0

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

Exhibit 12: SOTP valuation

Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk-free rate	2.3	Pretax cost of debt	3.1
Market risk premium	8.5	Marginal tax rate	20.0
Stock beta	0.8		
Cost of equity, Ke	8.7	Net cost of debt, Kd	2.4
Weight applied	25.0	Weight applied	75.0
WACC (%)	4.0		

Sum-of-part valuation estimate	(THB m)	(THB/share)	Comments
Operating power plants (A)		2.43	
ACP1 (Biomass, 24 Apr 2012)	1,547	0.15	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ACP2 (Biomass, 4 Jun 2013)	1,518	0.15	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ACP3 (Biomass, 16 Aug 2017)	1,441	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ALCP1 (Biomass, 26 Dec 2013)	1,472	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ALCP2 (Biomass, 14 Aug 2015)	1,303	0.13	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
AAPP1 (Biomass, 30 Oct 2012)	1,734	0.17	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
AAPP2 (Biomass, 16 Jan 2013)	1,269	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
AAP1 (Biomass, 2 May 2012)	826	0.08	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ABA1 (Biomass, 9 Jul 2014)	1,423	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
MSW Khonkaen (WTE, 29 Nov 2016)	830	0.08	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
AAA1 (10 Feb 2017) - SPP	9,543	0.94	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ACE SOLAR3 (20 Sep 2018) -Solar rooftop	50	0.00	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ACE SOLAR3 (28 Nov 2019) -Solar rooftop	50	0.00	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Solar (22 Feb 2019) -Solar rooftop	29	0.00	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Solar (May 2020) -Solar rooftop	33	0.00	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
SBM (Biomass, 24 Jan 2006)	248	0.02	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
UAB (Biomass, 6 Feb 2008)	296	0.03	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
UKB (Biomass, 11 Oct 2011)	312	0.03	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
MSW Krabi (4Q20)	787	0.08	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Under construction (B)		0.30	
Kampangphet (Biomass, 2021)	1,419	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
BPP3 (SPP Hybrid, 2022)	1,586	0.16	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Under EIA approval process (C)		0.52	
BPP2 (SPP Hybrid, 2022)	1,982	0.19	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ACE solar 1 (SPP Hybrid, 2022)	1,435	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
ACE solar 2 (SPP Hybrid, 2022)	1,823	0.18	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Under negotiation with PEA (D)		1.24	
Kampangphet (Biomass, 2022)	1,413	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Supanburi (Biomass, 2022)	1,413	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Nakompathom (Biomass, 2022)	1,413	0.14	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Nakhorn Ratchaima (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Chonburi (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Amnatcharoen (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Lopburi (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Pracheenburi (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Srisaket (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Chonburi (Biomass, 2022)	1,181	0.12	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Solar (1Q21) - Floating solar	74	0.01	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Solar (4Q20) - Solar rooftop	12	0.00	DCF WACC 4.0%, Risk free rate 2.3%, Risk premium 8.5%
Under Power Plant for Community (E)		0.33	
VSPB biogas (COD 2023-24)	3,398	0.33	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Value of secured projects		2.7	Including operating & committed projects (A+B)
Value of secured and EIA-approved waiting projects		3.2	Including operating, committed, and EIA-waiting projects (A+B+C)
Value of PPC projects		0.3	50MW for 18 projects
Value of all projects		4.8	Including the projects under negotiation with PEA (A+B+C+D)
Net debt	(7,700)	(0.8)	At end-2022E
Residual ordinary equity	41,247	4.1	

Source: FSSIA estimates

Financial Statements

Absolute Clean Energy

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	5,858	5,727	11,262	11,400	11,405
Cost of goods sold	(3,675)	(3,357)	(6,633)	(6,762)	(6,610)
Gross profit	2,183	2,370	4,629	4,638	4,795
Other operating income	-	-	-	-	-
Operating costs	(322)	(350)	(1,239)	(570)	(570)
Operating EBITDA	1,861	2,020	3,390	4,068	4,225
Depreciation	(541)	(578)	(1,295)	(1,415)	(1,415)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,320	1,442	2,095	2,653	2,810
Net financing costs	(88)	14	(256)	(370)	(427)
Associates	0	0	0	0	0
Recurring non-operating income	168	25	13	13	13
Non-recurring items	149	127	0	0	0
Profit before tax	1,549	1,608	1,852	2,296	2,396
Tax	(43)	(103)	(48)	(64)	(71)
Profit after tax	1,507	1,505	1,804	2,232	2,326
Minority interests	0	0	0	(33)	(35)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,507	1,506	1,804	2,199	2,290
Non-recurring items & goodwill (net)	(149)	(127)	0	0	0
Recurring net profit	1,357	1,379	1,804	2,199	2,290
Per share (THB)					
Recurring EPS *	0.13	0.14	0.18	0.22	0.23
Reported EPS	0.15	0.15	0.18	0.22	0.23
DPS	0.01	0.07	0.10	0.13	0.15
Diluted shares (used to calculate per share data)	10,176	10,176	10,176	10,176	10,176
Growth					
Revenue (%)	15.9	(2.2)	96.6	1.2	0.0
Operating EBITDA (%)	(1.5)	8.5	67.8	20.0	3.9
Operating EBIT (%)	(3.1)	9.2	45.3	26.6	5.9
Recurring EPS (%)	53.9	1.6	30.8	21.9	4.1
Reported EPS (%)	84.8	(0.1)	19.8	21.9	4.1
Operating performance					
Gross margin inc. depreciation (%)	28.0	31.3	29.6	28.3	29.6
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	31.8	35.3	30.1	35.7	37.0
Operating EBIT margin (%)	22.5	25.2	18.6	23.3	24.6
Net margin (%)	23.2	24.1	16.0	19.3	20.1
Effective tax rate (%)	2.7	6.4	2.6	2.8	2.9
Dividend payout on recurring profit (%)	9.7	51.7	56.4	60.2	66.6
Interest cover (X)	17.0	(102.0)	8.2	7.2	6.6
Inventory days	29.2	50.8	44.7	59.5	60.8
Debtor days	51.4	60.5	36.5	39.7	41.5
Creditor days	25.7	32.4	27.5	36.7	37.5
Operating ROIC (%)	11.0	10.6	12.0	11.6	10.1
ROIC (%)	8.1	7.1	8.5	8.8	8.1
ROE (%)	11.9	10.9	13.2	15.1	14.9
ROA (%)	9.3	7.8	8.9	9.4	9.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Power	5,858	5,727	11,262	11,400	11,405

Sources: Absolute Clean Energy; FSSIA estimates

Financial Statements

Absolute Clean Energy

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	1,357	1,379	1,804	2,199	2,290
Depreciation	541	578	1,295	1,415	1,415
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	87	(384)	(422)	(124)	9
Cash flow from operations	1,986	1,572	2,677	3,490	3,715
Capex - maintenance	(541)	(578)	(798)	(1,048)	(1,180)
Capex - new investment	(1,036)	(1,166)	(4,698)	(4,318)	(3,998)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	8,348	13,592	0	0	0
Cash flow from investing	6,770	11,848	(5,497)	(5,367)	(5,178)
Dividends paid	(9,433)	(14,012)	(1,018)	(1,323)	(1,526)
Equity finance	0	0	0	0	0
Debt finance	928	831	6,224	732	2,763
Other financing cash flows	160	169	0	33	35
Cash flow from financing	(8,345)	(13,012)	5,206	(557)	1,272
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	411	408	2,387	(2,434)	(192)
Free cash flow to firm (FCFF)	8,862.22	13,561.82	(2,563.39)	(1,507.30)	(1,037.04)
Free cash flow to equity (FCFE)	9,843.49	14,420.09	3,404.27	(1,111.60)	1,334.49

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	0.87	1.33	(0.25)	(0.15)	(0.10)
FCFE per share	0.97	1.42	0.33	(0.11)	0.13
Recurring cash flow per share	0.19	0.19	0.30	0.36	0.36

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	11,904	13,542	18,542	23,542	28,542
Less: Accumulated depreciation	(2,809)	(3,281)	(4,079)	(5,127)	(6,364)
Tangible fixed assets (net)	9,095	10,261	14,463	18,415	22,178
Intangible fixed assets (net)	50	74	74	74	74
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	483	891	3,277	843	651
A/C receivable	829	1,069	1,182	1,296	1,296
Inventories	402	532	1,092	1,113	1,088
Other current assets	127	180	355	359	359
Current assets	1,841	2,672	5,906	3,611	3,394
Other assets	5,444	5,733	5,733	5,733	5,733
Total assets	16,430	18,740	26,176	27,832	31,379
Common equity	11,993	13,315	14,102	14,978	15,742
Minorities etc.	0	53	53	86	122
Total shareholders' equity	11,993	13,369	14,155	15,064	15,863
Long term debt	3,082	3,837	8,977	9,210	9,473
Other long-term liabilities	142	207	207	207	207
Long-term liabilities	3,224	4,044	9,185	9,417	9,680
A/C payable	269	328	673	686	671
Short term debt	841	917	2,000	2,500	5,000
Other current liabilities	103	83	163	165	165
Current liabilities	1,213	1,327	2,836	3,351	5,836
Total liabilities and shareholders' equity	16,430	18,740	26,176	27,832	31,379
Net working capital	986	1,371	1,792	1,917	1,907
Invested capital	15,575	17,439	22,062	26,139	29,893

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	1.18	1.31	1.39	1.47	1.55
Tangible book value per share	1.17	1.30	1.38	1.46	1.54

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	28.7	28.9	54.4	72.1	87.1
Net debt/total assets (%)	20.9	20.6	29.4	39.0	44.0
Current ratio (x)	1.5	2.0	2.1	1.1	0.6
CF interest cover (x)	125.3	(1,082.6)	32.6	9.7	13.5

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	23.2	22.9	17.5	14.3	13.8
Recurring P/E @ target price (x) *	30.7	30.3	23.1	19.0	18.2
Reported P/E (x)	20.9	21.0	17.5	14.3	13.8
Dividend yield (%)	0.4	2.3	3.2	4.2	4.8
Price/book (x)	2.6	2.4	2.2	2.1	2.0
Price/tangible book (x)	2.6	2.4	2.2	2.1	2.0
EV/EBITDA (x) **	18.8	17.6	11.6	10.4	10.8
EV/EBITDA @ target price (x) **	24.3	22.6	14.6	12.9	13.2
EV/invested capital (x)	2.2	2.0	1.8	1.6	1.5

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Absolute Clean Energy; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

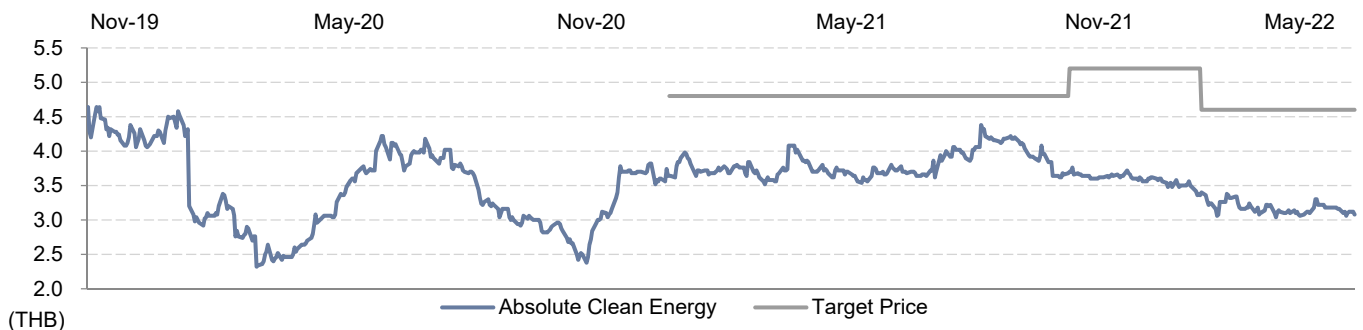
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Absolute Clean Energy (ACE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Dec-2020	BUY	4.80	11-Oct-2021	BUY	5.20	13-Jan-2022	BUY	4.60

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Absolute Clean Energy	ACE TB	THB 3.10	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.

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 05-May-2022 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.