

RATCH GROUP RATCH TB

THAILAND / UTILITIES - CONVENTIONAL

BUY

UNCHANGED

RATCH จะเป็นดาวรุ่งในด้านกรเติบโตตัวใหม่ได้หรือไม่?

- เราคาดว่ากำไรสุทธิของ RATCH จะโตจาก 7.8 พัน ลบ. ในปี 2021 เป็น 8.4 พัน ลบ. ในปี 2022 ในขณะที่กำลังการผลิตตามส่วนการลงทุนจะเพิ่มจาก 8.1GW เป็น 9.9GW
- RATCH ตั้งเป้าหมายกำลังการผลิตจากพลังงานหมุนเวียนในออสเตรเลีย
- เราปรับลดราคาเป้าหมายจาก 60 เป็น 55 บาท (SoTP) เพื่อสะท้อนการปรับลดประมาณการกำไรต่อหุ้นและการปรับปีการประเมินมูลค่า

TARGET PRICE	THB55.00
CLOSE	THB43.75
UP/DOWNSIDE	+25.7%
PRIOR TP	THB60.00
CHANGE IN TP	-8.3%
TP vs CONSENSUS	+12.0%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	37,551	41,932	41,142	40,325
Net profit	7,772	8,408	10,524	11,520
EPS (THB)	5.36	3.87	4.84	5.30
vs Consensus (%)	-	(12.0)	5.7	9.1
EBITDA	4,920	10,144	10,778	11,230
Core net profit	7,815	8,408	10,524	11,520
Core EPS (THB)	5.39	3.87	4.84	5.30
Chg. In EPS est. (%)	-	(34.6)	(17.2)	(10.1)
EPS growth (%)	30.6	(28.3)	25.2	9.5
Core P/E (x)	8.1	11.3	9.0	8.3
Dividend yield (%)	6.1	7.8	8.3	8.3
EV/EBITDA (x)	20.1	13.4	12.8	12.5
Price/book (x)	0.9	1.0	0.9	0.9
Net debt/Equity (%)	35.8	31.0	32.3	33.0
ROE (%)	11.9	9.9	10.5	11.1

จุดเริ่มต้นของแนวโน้มการเติบโตระดับสูง

ในขณะที่เราคาดว่ากำไรสุทธิของ RATCH จะโตจาก 7.8 พัน ลบ. ในปี 2021 เป็น 8.4 พัน ลบ. ในปี 2022, 10.5 พัน ลบ. ในปี 2023, และ 11.5 พัน ลบ. ในปี 2024 เราคาดว่ากำไรต่อหุ้นของบริษัทจะลดลง 28% y-y ในปี 2022 จากผลกระทบของการเพิ่มทุน 725 ล้านหุ้นใหม่ในเดือน มิ.ย. 22 กำไรต่อหุ้นน่าจะกลับมาโต 25% y-y ในปี 2023 และ 10% y-y ในปี 2024 หลัง RATCH รวมกำไรจากสินทรัพย์ที่ซื้อเข้ามาจำนวนหนึ่งได้สำเร็จ

กำลังการผลิตจะโตในอัตราเร่งหลังการซื้อ Nexif

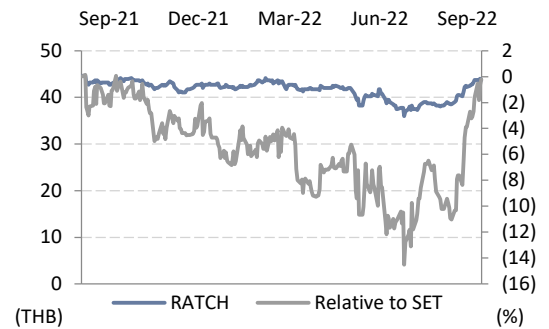
ในปี 2022-24 เราคาดว่ากำลังการผลิตตามส่วนการลงทุนของ RATCH จะโตจาก 8.1GW ในปี 2021 เป็น 9.9GW ในปี 2022, 10GW ในปี 2023, และ 10.7GW ในปี 2024 ส่วนมากจากการซื้อหุ้น 100% ใน Nexif Energy Holding (Nexif) ซึ่งเป็นบริษัทแม่ที่มาพร้อมพอร์ตสินทรัพย์โรงไฟฟ้าในออสเตรเลีย ประเทศไทย เวียดนาม และฟิลิปปินส์ไปเมื่อเร็ว ๆ นี้ นับจากปี 2019-3Q22 RATCH ได้กำลังการผลิตตามส่วนการลงทุนเพิ่ม 3.7GW และส่วนมากน่าจะได้อัตราเติบโตปี 2023 เป็นต้นไปโดยจะมาจาก Nexif (+15GW), Hing Kong (+0.7GW), และ Paiton (+0.9GW) เราเห็นว่ากำลังการผลิตตามส่วนการลงทุนที่เพิ่มในอัตราสูงจะเกิดขึ้นจากการที่บริษัทเพิ่มทุน 25 พัน ลบ. หรือ 50% ไปเมื่อเร็ว ๆ นี้

ปัจจัยข้อเสยในออสเตรเลียเป็นตลาดที่มีการเติบโตสำคัญของ RATCH

จากกำลังการผลิตตามส่วนการลงทุนเพิ่มเติมประเภทดำเนินงานอยู่ในปัจจุบัน 366MW, กำลังก่อสร้าง 10MW, และกำลังพัฒนาอีก 442MW RATCH ตั้งเป้าหมายกำลังการผลิตจากพลังงานหมุนเวียนในออสเตรเลียซึ่งบริษัทเป็นเจ้าของและดำเนินงาน RATCH Australia (RAC) ซึ่งเป็นบริษัทที่ดำเนินงานโครงการโรงไฟฟ้าพลังงานหมุนเวียนและโรงไฟฟ้าแบบดั้งเดิมจำนวนหนึ่ง ปัจจุบัน RAC มีกำลังการผลิตรวม 1.6GW พร้อม 3 โครงการใหม่ประกอบด้วย – โรงไฟฟ้าพลังแสงอาทิตย์ Collinsville (+43MW, COD ใน 1Q19), โรงไฟฟ้าพลังลม Collector (+227MW, 1Q21), และโรงไฟฟ้าพลังลม Yandin (+150MW, Nov-20) – ซึ่งเป็นปัจจัยหนุนการเติบโตที่สำคัญมาตั้งแต่ปี 2019.

คำแนะนำซื้อหลังปรับลดราคาเป้าหมายเป็น 55 บาท

เราปรับลดราคาเป้าหมายจาก 60 เหลือ 55 บาท (SoTP) เพื่อสะท้อนการปรับลดประมาณการกำไรต่อหุ้นและการปรับปีการประเมินมูลค่าไปเป็นปี 2023 เราปรับลดประมาณการกำไรสุทธิปี 2022-24 ลง 12-36% เพื่อสะท้อน 1) กำไรสุทธิที่คาดว่าจะลดลงจากโรงไฟฟ้าขนาดเล็ก (SPP) ของ RATCH หลังต้นทุนก๊าซปรับขึ้น; 2) การปรับลดประมาณการกำไรต่อหุ้นปี 2022-24 ลง 10-35% เพื่อรวมผลกระทบของการเพิ่มทุน 50%; และ 3) การปรับประมาณการส่วนแบ่งกำไรในปี 2022-24 ลง 14-58% เพื่อสะท้อนรายได้ตามส่วนการลงทุนจาก HPC ที่ต่ำกว่าคาด



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.2	4.8	(1.9)
Relative to country (%)	10.2	7.2	(1.2)
Mkt cap (USD m)	2,593		
3m avg. daily turnover (USD m)	8.4		
Free float (%)	43		
Major shareholder	EGAT (45%)		
12m high/low (THB)	45.08/35.75		
Issued shares (m)	2,175.00		

Sources: Bloomberg consensus; FSSIA estimates



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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 2 กันยายน 2022

Investment thesis

While RATCH's 2019-20 earnings growth was not substantial, we like the sustainability of its earnings from its large power asset portfolio. Its 40%-owned 1.8GW Hongsa coal-fired power plant (HPC) has continued to run efficiently, and we project a high utilisation rate of over 80% in 2022 with a 2022E annual net profit contribution of THB2.2b-2.7b, due to better efficiency. We believe RATCH's earnings momentum will improve in 2022, driven by: 1) stronger earnings contributions from HPC; 2) 2022E increased equity capacity; and 3) higher profitability and ROE driven by high-margin new capacity. RATCH aims to grow its renewable capacity in the Australian market, where it has long owned and operated RATCH Australia (RAC) to operate a number of conventional and renewable power projects. RAC currently has a total capacity of 1.6GW with three new projects as future growth engines for RATCH as a passive investor.

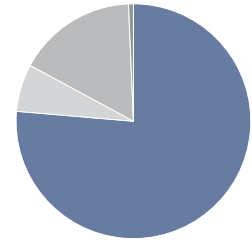
Company profile

RATCH is a holding company investing in electricity generating businesses. RATCH is Thailand's largest power producer by equity capacity and most of its generating power capacity is via Independent Power Producers (IPP).

www.ratch.co.th

Principal activities (revenue, 2021)

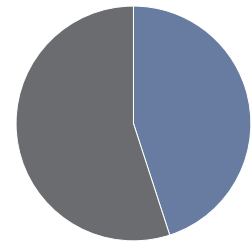
- Domestic electricity generating - 76.4 %
- International power projects - 6.5 %
- Revenue from finance lease contracts - 16.4 %
- Others - 0.7 %



Source: Ratch Group

Major shareholders

- EGAT - 45.0 %
- Others - 55.0 %



Source: Ratch Group

Catalysts

Higher power plant utilisation rates and rising demand for electricity in Thailand and Australia are key potential upside catalysts.

Risks to our call

The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) delays in starting new projects.

Event calendar

Date	Event
Oct 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Dispatched power (GWh)	20,202	24,202	24,202
Share of profits (THB m)	3,078	5,121	5,493

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 interest rate, we estimate 2022 earnings would decline 1.1%, and vice versa, all else being equal.

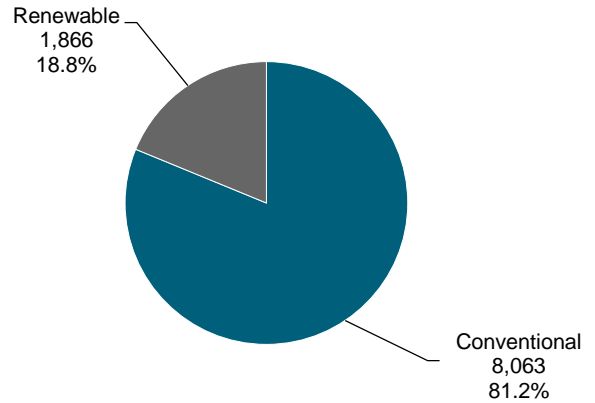
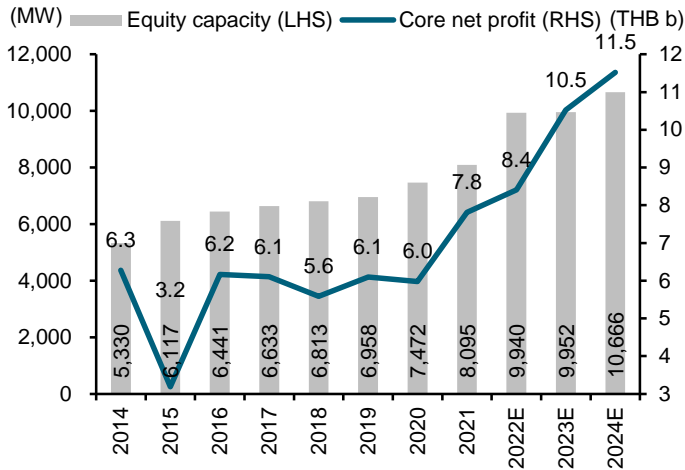
Source: FSSIA estimates

Could RATCH be the next growth star?

After a period of earnings growth doldrums in 2014-20 due to the financially weak earnings from existing power plants, mainly Ratch Generation (RG) due to low power dispatches and Hongsa power plant (HPC) due to a number of unplanned shutdowns and a lack of meaningful capacity growth, we think RATCH is now poised to see stronger earnings growth momentum in 2022-24, driven mostly by M&As that RATCH has completed to grow its equity capacity substantially to 9.9GW in 2022.

Exhibit 1: Equity capacity vs core net profit

Exhibit 2: Total equity capacity of 9,940MW as of 2Q22



Sources: RATCH; FSSIA estimates

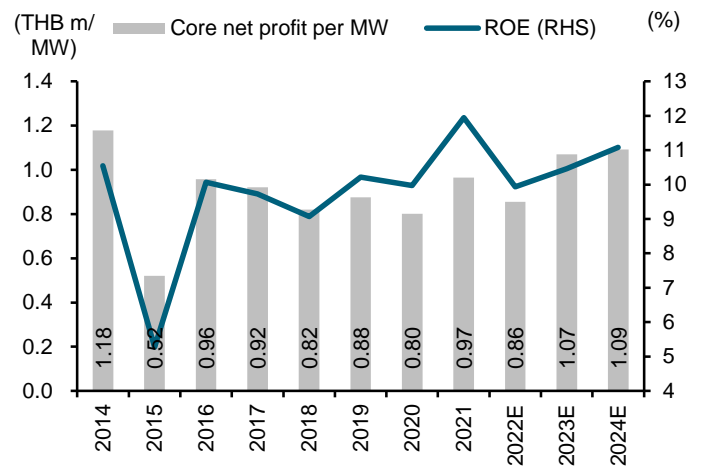
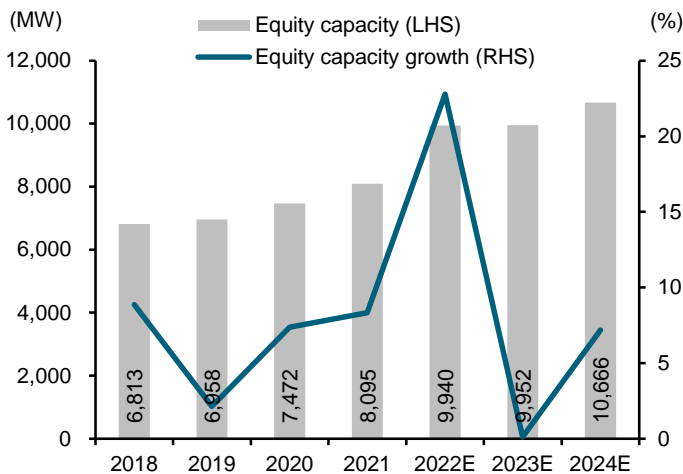
Source: RATCH

While we project RATCH's net profit to grow from THB7.8b in 2021 to THB8.4b in 2022, THB10.5b in 2023, and THB11.5b in 2024, we expect RATCH's EPS growth to decline by 28% y-y in 2022 due to the impact of the capital increase via 725m new shares in Jun-22.

EPS growth should resume to 25% y-y in 2023 and 10% y-y in 2024 after RATCH completes and consolidates the earnings from a number of acquired assets. We also project its ROE to improve from 9.9% in 2022 to 10.5% in 2023 and 11.1% in 2024, as RATCH plans to deploy its THB25b in capital raised from the capital increase to effectively fund acquisitions and drive its earnings growth.

Exhibit 3: Equity capacity vs equity capacity growth

Exhibit 4: Core net profit per MW vs ROE

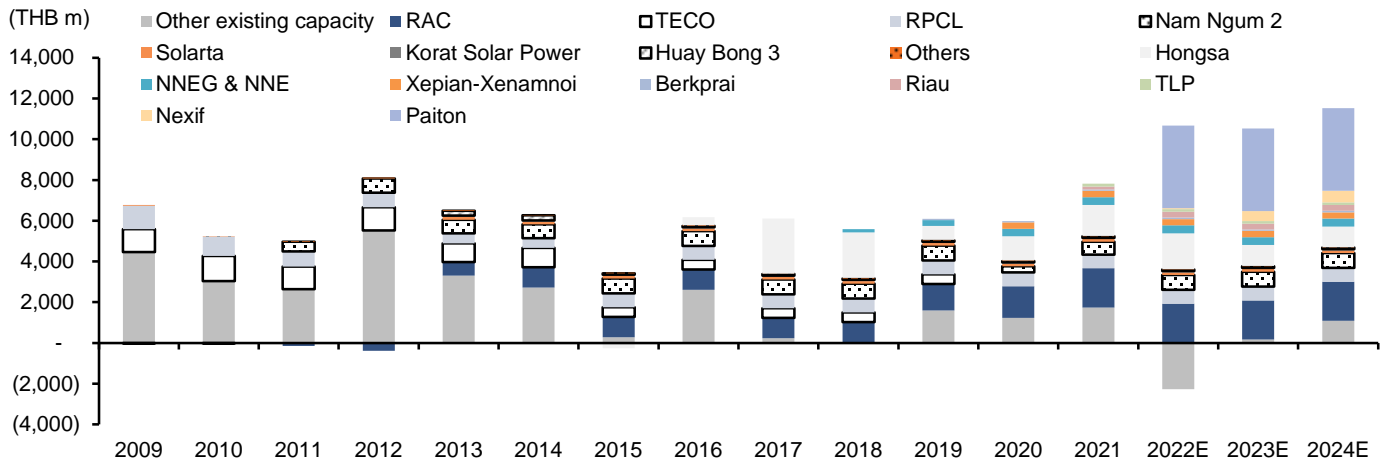


Sources: RATCH; FSSIA estimates

Sources: RATCH; FSSIA estimates

In 2022-24, we project RATCH's equity capacity to grow from 8.1GW in 2021 to 9.9GW in 2022, 10GW in 2023, and 10.7GW in 2024, mainly driven by the recent acquisition of a 100% stake in Nexif Energy Holding (Nexif), a holding company with a power asset portfolio in Australia, Thailand, Vietnam, and Philippines.

Exhibit 5: Capacity breakdown by projects



Sources: RATCH; FSSIA estimates

On 17 Aug-22, RATCH announced the acquisition of a 100% stake in Nexif for USD605m (THB21.47b), scheduled to be completed in 4Q22. Nexif is a holding company owning a total of 1,515.8MW of capacity, comprising 450.5MW of operating capacity, 56.9MW under construction, and 1,008.4MW of capacity under development.

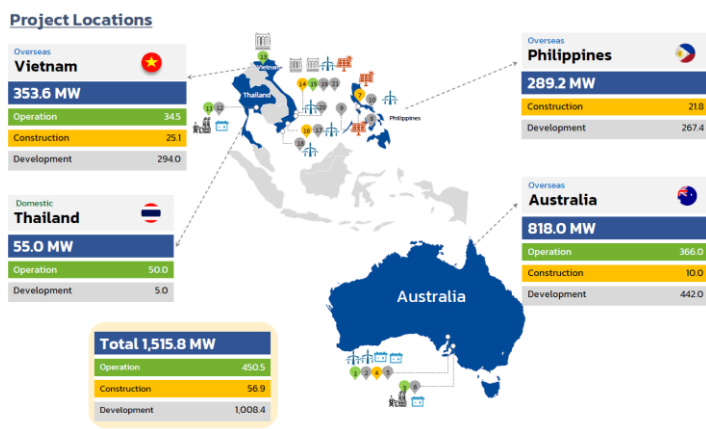
Nexif has a presence in four countries, with most operating and growth capacities as renewable. Australia is Nexif's largest market with a total of 818MW of capacity (366MW in operation, 10MW under construction, and 442MW under development).

Vietnam is Nexif's second most important market with a total capacity of 353.6MW (34.5MW in operation, 25.1MW in construction, and 294MW under development).

The Philippines is Nexif's third largest market with a total capacity of 289.2MW (no MW in operation, 21.8MW in construction, and 267.4MW under development).

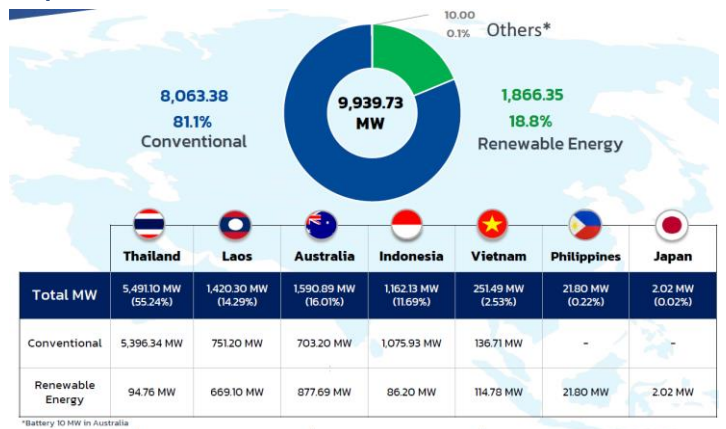
Thailand is the least important market for Nexif given the lower growth opportunities due to the delays in bidding for new capacity for both renewable and conventional power plants, as the country's power generation capacity reserve stands high at over 25% as of 2Q22, according to the Energy Policy Planning Office.

Exhibit 6: Nexif's market presence



Source: RATCH

Exhibit 7: RATCH's power asset portfolio after the acquisition of Nexif



Source: RATCH

We think RATCH's track record of capacity growth since 2019 has markedly improved, with a number of acquisitions of power plant assets for both conventional and renewable energy in the domestic market and overseas. From 2019-3Q22, RATCH has already secured 3.7GW of equity capacity growth, and most of the growth should come in 2023 onward, particularly from Nexif (+15GW), Hing Kong (+0.7GW), and Paiton (+0.9GW).

The impressive equity capacity growth, which requires a large investment, is highly justified by RATCH's recent THB25b capital increase, or a 50% capital increase, to bring its total number of shares outstanding to 2,175m shares as of 2Q22, up by 725m shares.

Exhibit 8: RATCH's growth projects

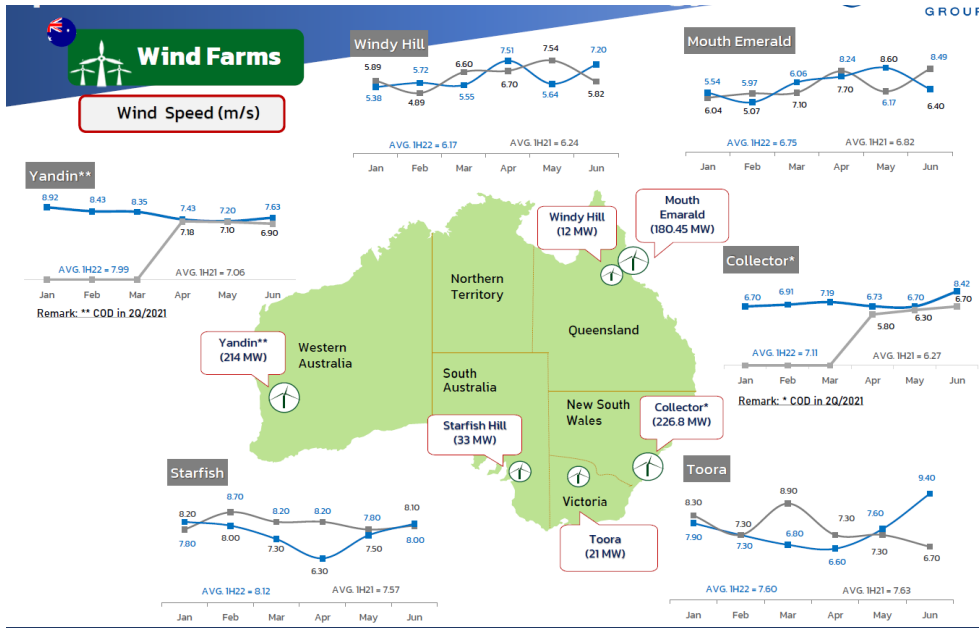
Projects	Energy type	Power plant type	Equity capacity (MW)	COD	Locations
Collinsville solar	Renewable	Solar	43	1Q19	Australia
Xepian Xenamnoy	Renewable	Hydro	103	2019	Laos
Berkprai	SPP	Gas Cogen	35	1H20	Thailand
NNE	SPP	Gas Cogen	110	1H20	Thailand
NNEG Expansion	SPP	Gas Cogen	24	Sep-20	Thailand
Yandin	Renewable	Wind	150	Nov-20	Australia
Collector wind	Renewable	Wind	227	1Q21	Australia
BAFS	Fuel refueling	na	na	1Q21	Thailand
TLP	IPP	Coal	137	1Q21	Vietnam
PRINC	Healthcare	na	na	2021E	Thailand
Riau Combined-cycle	SPP	Gas	145	May-21	Indonesia
Ecowind	Renewable	Wind	15	2021	Thailand
RATCH Cogen expansion	Gas	SPP	30	2022E	Thailand
Nexif	Gas	SPP	236	2022E	Vietnam
Nexif Energy Ben Tre	Renewable	Wind	40	2022E	Vietnam
Nexif	Renewable/Gas	Mixed	507	2022E	Vietnam
Paiton	IPP	Coal	916	2022E	Indonesia
REN Korat (IPS)	Renewable	Solar	12	2023E	Thailand
Hin Kong	IPPs	Gas	714	2024-45E	Thailand
Nexif	Renewable/Gas	Mixed	1,008	2025-28E	AUS/PH/VN/TH
Xekong 4A & 4B	Renewable	Hydro	213	2033E	Laos
Capacity growth 2022-33E			3,677		

Sources: RATCH; FSSIA estimates

Australia is now RATCH's focus growth market. With additional operating equity capacity of 366MW, 10MW under construction, and 442MW under development, RATCH aims to grow its renewable capacity in the Australian market, where it has long owned and operated RAC to operate a number of conventional and renewable power projects.

RAC currently has a total capacity of 1.6GW with three new projects – the Collinsville solar farm (+43MW, COD in 1Q19), Collector wind farm (+227MW, 1Q21), and Yandin wind farm (+150MW, Nov-20) – as key growth drivers since 2019. The capacity growth from Nexif should further strengthen RATCH's position in the Australian power market and is likely to generate around 20-40% of RATCH's total EBITDA by 2033, based on our estimate.

Exhibit 9: RAC's projects in Australia



Source: RATCH

TP lowered to THB55 on lower EPS forecasts

We lower our net profit forecasts in 2022-24 by 12-36% to reflect 1) the lower expected net profits from RATCH's SPPs due to the higher gas cost; 2) our EPS forecast cuts in 2022-24 by 10-35% to incorporate the impact of the EPS dilution from the 50% capital increase via the issue of 725m new shares at THB34.48/share in June 2022; and 3) the cuts to our share of profit estimates in 2022-24 by 14-58% to reflect the poorer expected equity incomes from the HPC coal-fired power plant and other SPPs.

We revise down our SoTP-based TP from THB60 to THB55 to reflect our EPS forecast cuts and our valuation rollover to 2023. We think RATCH' share price is likely to start outperforming the sector in the next six months after a long period of share price underperformance, driven by a stronger and more visible earnings growth outlook in 2022-24 and its more effective inorganic growth strategy to acquire a number of value-added projects.

Exhibit 10: Changes in key assumptions and EPS forecasts

	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	41,932	41,142	40,325	40,966	41,014	40,645	2.4	0.3	(0.8)
Gross profit	12,031	12,013	12,440	12,315	12,327	12,838	(2.3)	(2.6)	(3.1)
Operating profit	8,281	8,915	9,367	8,609	9,234	9,755	(3.8)	(3.4)	(4.0)
Net profit	8,408	10,524	11,520	13,116	12,966	13,070	(35.9)	(18.8)	(11.9)
EPS (THB/shr)	3.87	4.84	5.30	5.91	5.84	5.89	(34.6)	(17.2)	(10.1)
Key assumptions									
Dispatched power (GWh)	20,202	24,202	24,202	20,603	20,603	20,603	(1.9)	17.5	17.5
Share of profits (THB m)	3,078	5,121	5,493	7,382	6,997	6,355	(58.3)	(26.8)	(13.6)

Sources: RATCH; FSSIA estimates

Exhibit 11: RATCH's DCF valuation

Cost of equity assumptions	WACC (%)		Cost of debt assumptions	WACC (%)
Risk-free rate	2.3		Pretax cost of debt	4.0
Market risk premium	8.5		Marginal tax rate	20.0
Stock beta	1.0			
Cost of equity, Ke	10.8		Net cost of debt, Kd	3.2
Weight applied	25.0		Weight applied	75.0
WACC (%)	5.1			
DCF valuation estimate	(THB m)	(THB/share)	Comments	
Core operating assets	64,831	29.8	Include RG, RAC, KKW, WACC 5.1%, Risk-free rate 2.3%	
Investments	28,681	13.2	Estimated value for affiliates post 2018 at 1.1x P/BV	
Hongsa	12,354	5.7	WACC 5.1%, Risk-free rate 2.3%, Risk premium 8.5%	
Cash	29,327	13.5	At end-2023E	
Debt	(64,781)	(29.8)	At end-2023E	
Minorities	(119)	(0.1)	At end-2023E	
Residual ordinary equity	70,293	32.3		
Hin Kong (1.4GW)	7,466	3.4	Assume EIRR at 11%, COD 2024-25E	
New 214 wind farms in Australia (214MW)	8,387	3.9		
NNEG& NNE	1,442	0.7		
BAFS (15.5%)	2,969	1.4	Assume fair price at THB30 for 98.98m shares	
Paiton (45%)	18,865	8.7		
Nexif	10,255	4.7	Assume EIRR at 12.9%, COD 2022-28E	
Target price	119,678	55.0		

Sources: RATCH; FSSIA estimates

Financial Statements

Ratch Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	34,482	37,551	41,932	41,142	40,325
Cost of goods sold	(28,396)	(30,972)	(29,901)	(29,129)	(27,886)
Gross profit	6,086	6,579	12,031	12,013	12,440
Other operating income	-	-	-	-	-
Operating costs	(1,906)	(1,659)	(1,887)	(1,234)	(1,210)
Operating EBITDA	4,180	4,920	10,144	10,778	11,230
Depreciation	(1,833)	(2,144)	(1,863)	(1,863)	(1,863)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,348	2,776	8,281	8,915	9,367
Net financing costs	(1,087)	(1,456)	(2,329)	(2,958)	(3,088)
Associates	4,600	5,902	3,078	5,121	5,493
Recurring non-operating income	4,750	6,680	3,934	6,062	6,528
Non-recurring items	304	(43)	0	0	0
Profit before tax	6,315	7,957	9,886	12,020	12,806
Tax	(28)	(178)	(1,359)	(1,377)	(1,168)
Profit after tax	6,287	7,779	8,527	10,643	11,639
Minority interests	0	(7)	(119)	(119)	(119)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	6,287	7,772	8,408	10,524	11,520
Non-recurring items & goodwill (net)	(304)	43	0	0	0
Recurring net profit	5,982	7,815	8,408	10,524	11,520
Per share (THB)					
Recurring EPS *	4.13	5.39	3.87	4.84	5.30
Reported EPS	4.34	5.36	3.87	4.84	5.30
DPS	2.45	2.65	3.40	3.65	3.65
Diluted shares (used to calculate per share data)	1,450	1,450	2,175	2,175	2,175
Growth					
Revenue (%)	(10.7)	8.9	11.7	(1.9)	(2.0)
Operating EBITDA (%)	(23.2)	17.7	106.2	6.3	4.2
Operating EBIT (%)	(40.1)	18.2	198.3	7.7	5.1
Recurring EPS (%)	(1.9)	30.6	(28.3)	25.2	9.5
Reported EPS (%)	5.4	23.6	(27.9)	25.2	9.5
Operating performance					
Gross margin inc. depreciation (%)	12.3	11.8	24.2	24.7	26.2
Gross margin of key business (%)	12.3	11.8	24.2	24.7	26.2
Operating EBITDA margin (%)	12.1	13.1	24.2	26.2	27.8
Operating EBIT margin (%)	6.8	7.4	19.7	21.7	23.2
Net margin (%)	17.3	20.8	20.1	25.6	28.6
Effective tax rate (%)	1.7	8.7	20.0	20.0	16.0
Dividend payout on recurring profit (%)	59.4	49.2	87.9	75.4	68.9
Interest cover (X)	6.5	6.5	5.2	5.1	5.1
Inventory days	23.5	21.7	22.8	22.7	22.9
Debtor days	55.6	67.6	79.6	84.8	90.2
Creditor days	48.5	66.7	92.1	91.7	92.5
Operating ROIC (%)	5.6	5.5	11.2	9.0	8.8
ROIC (%)	6.1	6.4	6.4	6.9	7.1
ROE (%)	10.0	11.9	9.9	10.5	11.1
ROA (%)	6.5	6.7	6.1	6.5	6.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Domestic electricity generating	27,093	28,670	33,052	32,261	31,445
International power projects	2,456	2,456	2,456	2,456	2,456
Revenue from finance lease contracts	4,682	6,174	6,174	6,174	6,174
Others	251	251	251	251	251

Sources: Ratch Group; FSSIA estimates

Financial Statements

Ratch Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	5,982	7,815	8,408	10,524	11,520
Depreciation	1,833	2,144	1,863	1,863	1,863
Associates & minorities	4,600	5,902	3,078	5,121	5,493
Other non-cash items	-	-	-	-	-
Change in working capital	(3,066)	2,177	(964)	(493)	(571)
Cash flow from operations	9,349	18,039	12,385	17,015	18,305
Capex - maintenance	(1,833)	(2,144)	(1,863)	(1,863)	(1,863)
Capex - new investment	(5,371)	(6,748)	(33,137)	(5,137)	(5,137)
Net acquisitions & disposals	(7,490)	(10,032)	0	0	0
Other investments (net)	28,479	(11,372)	3,078	5,121	5,493
Cash flow from investing	13,785	(30,296)	(31,922)	(1,879)	(1,507)
Dividends paid	(3,254)	(3,253)	(4,676)	(7,395)	(7,939)
Equity finance	0	0	0	0	0
Debt finance	(13,821)	16,466	0	30,000	(10,000)
Other financing cash flows	(10,572)	1,148	18,961	(10,123)	(10,866)
Cash flow from financing	(27,646)	14,362	14,284	12,482	(28,805)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(4,512)	2,105	(5,252)	27,618	(12,007)
Free cash flow to firm (FCFF)	24,685.15	(10,388.92)	(17,088.92)	18,122.34	20,384.52
Free cash flow to equity (FCFE)	(1,258.91)	5,357.71	(575.60)	35,012.51	(4,068.74)

Per share (THB)

FCFF per share	11.35	(4.78)	(7.86)	8.33	9.37
FCFE per share	(0.58)	2.46	(0.26)	16.10	(1.87)
Recurring cash flow per share	8.56	10.94	6.14	8.05	8.68

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	46,564	60,890	95,890	102,890	109,890
Less: Accumulated depreciation	(17,085)	(24,663)	(26,526)	(28,389)	(30,252)
Tangible fixed assets (net)	29,479	36,228	69,364	74,501	79,638
Intangible fixed assets (net)	3,454	4,708	4,708	4,708	4,708
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	41,035	51,067	51,067	51,067	51,067
Cash & equivalents	4,857	6,961	1,709	29,327	17,320
A/C receivable	4,982	8,934	9,353	9,765	10,168
Inventories	1,783	1,902	1,836	1,789	1,712
Other current assets	6,863	7,518	8,396	8,237	8,074
Current assets	18,485	25,316	21,294	49,118	37,274
Other assets	19,680	37,537	37,537	37,537	37,537
Total assets	112,132	154,855	183,971	216,931	210,224
Common equity	60,521	70,290	99,020	102,149	105,730
Minorities etc.	1	7,520	7,639	7,758	7,876
Total shareholders' equity	60,522	77,810	106,659	109,906	113,606
Long term debt	16,768	26,745	26,745	56,745	46,745
Other long-term liabilities	27,965	30,031	30,031	30,031	30,031
Long-term liabilities	44,733	56,776	56,776	86,776	76,776
A/C payable	3,643	7,677	7,411	7,220	6,912
Short term debt	1,546	8,035	8,035	8,035	8,035
Other current liabilities	1,688	4,558	5,089	4,993	4,894
Current liabilities	6,877	20,270	20,536	20,249	19,842
Total liabilities and shareholders' equity	112,132	154,855	183,971	216,931	210,224
Net working capital	8,297	6,120	7,084	7,577	8,148
Invested capital	101,945	135,659	169,761	175,390	181,098

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

Per share (THB)

Book value per share	41.74	48.48	45.53	46.96	48.61
Tangible book value per share	39.36	45.23	43.36	44.80	46.45

Financial strength

Net debt/equity (%)	22.2	35.8	31.0	32.3	33.0
Net debt/total assets (%)	12.0	18.0	18.0	16.3	17.8
Current ratio (x)	2.7	1.2	1.0	2.4	1.9
CF interest cover (x)	4.8	9.3	15.0	14.6	1.3

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	10.6	8.1	11.3	9.0	8.3
Recurring P/E @ target price (x) *	13.3	10.2	14.2	11.4	10.4
Reported P/E (x)	10.1	8.2	11.3	9.0	8.3
Dividend yield (%)	5.6	6.1	7.8	8.3	8.3
Price/book (x)	1.0	0.9	1.0	0.9	0.9
Price/tangible book (x)	1.1	1.0	1.0	1.0	0.9
EV/EBITDA (x) **	18.4	20.1	13.4	12.8	12.5
EV/EBITDA @ target price (x) **	22.3	23.4	15.8	15.1	14.7
EV/invested capital (x)	0.8	0.7	0.8	0.8	0.8

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

Sources: Ratch Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: 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

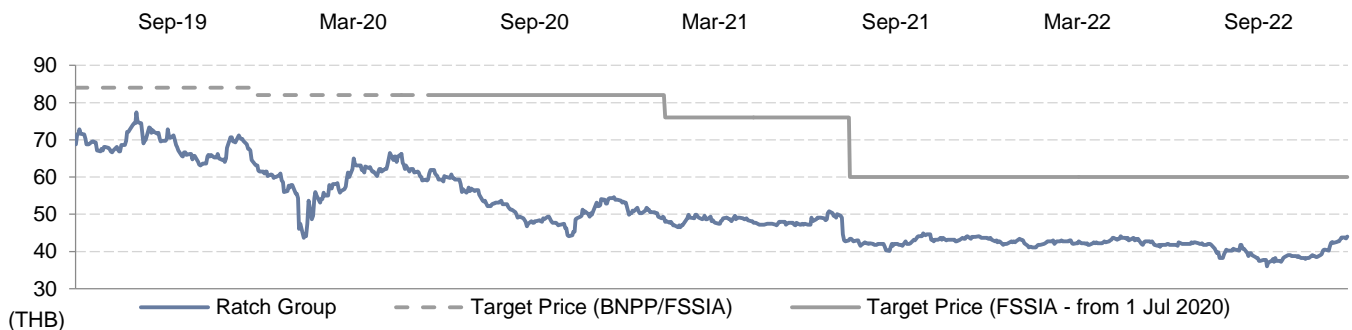
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Ratch Group (RATCH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Sep-2019	BUY	84.00	20-Jan-2021	BUY	76.00	-	-	-
04-Feb-2020	BUY	82.00	28-Jun-2021	BUY	60.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 26-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Ratch Group	RATCH TB	THB 43.75	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) delays in starting new projects.

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 Finasia Syrus Securities Public Company Limited

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All share prices are as at market close on 01-Sep-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.