

# ELECTRICITY GENERATING

THAILAND / UTILITIES - CONVENTIONAL

# EGCO TB

# BUY

UNCHANGED

## FX loss hurt 3Q22 net profit

- EGCO posted a 3Q22 net loss of THB392m, an improvement from the net loss of THB777m in 2Q22.
- Excluding an FX loss of THB4b and other non-operating items, 3Q22 core net profit was THB2.8b, up 52% q-q but down 1% y-y.
- Maintain BUY but cut our SoTP-based TP to THB200.

TARGET PRICE	THB200.00
CLOSE	THB174.50
UP/DOWNSIDE	+14.6%
PRIOR TP	THB245.00
CHANGE IN TP	-18.4%
TP vs CONSENSUS	-12.6%

### 3Q22 net profit hurt by a large FX loss

EGCO posted a lower 3Q22 net loss (NL) of THB392m, an improvement from the NL of THB777m in 2Q22. Excluding an FX loss of THB4b and other non-operating items, 3Q22 core net profit (NP) was THB2.8b (+52% q-q, -1% y-y), beating the BBG consensus by 2%. Key drags were weaker operating profits from Paju (-6% q-q), BLCP (-45% q-q), KEGCO (-14% q-q), GPG (-5% q-q), NTPC (-2% q-q), SPPs (-31% q-q), VSPPs (-32% q-q) and other businesses (-55% q-q), which were offset by stronger operating profits from Quezon (+1% q-q), SBPL (+2% q-q), XPCL (+67% q-q) and overseas power producers (PP) (+36%). Revenue hit THB16.8b (+92% y-y, +21% q-q) on the y-y higher average selling price.

### Solid core NP on earnings from hydro and overseas PP

EGCO's 3Q22 core NP of THB2.8b was supported by the stronger operating profit from Quezon (THB1b), SBPL (THB354m), XPCL (THB353m) and overseas PP (THB519m). Linden Topco (acquired in Jun-22) and NT1PC (COD Aug-22), were the key drivers for overseas earnings. XPCL's operating profit rose in 3Q22 due to the seasonally higher water levels. Meanwhile, Paju (THB236m), BLCP (THB110m), KEGCO (THB406m), GPG (THB311m), NTPC (THB405m), SPPs (THB119m), VSPPs (THB157m) and other businesses (THB202m) had weaker operating profits.

### Expect a softer 4Q22 followed by improvement in 1Q23

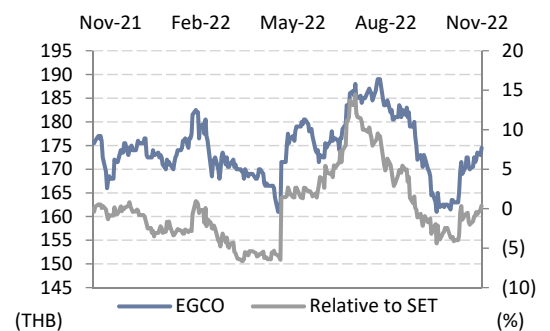
We project EGCO's core NP to soften in 4Q22 then improve in 1Q23 onwards, driven by 1) Paju's 1.8GW gas-fired power plant in South Korea, which should see rising earnings in 2023; 2) Yunlin's 640MW offshore wind farm in Taiwan (25% stake, COD 3Q21); and 3) NT1PC's 644MW hydropower plant (25% stake, COD 2Q22) in Laos.

### Maintain BUY at a lower TP of THB200

We maintain BUY but cut our SoTP-based TP to THB200 to reflect 1) our EPS forecast cuts by 29-46% for 2022-23; 2) the THB1.4/shr value we assign for the acquired Apex Clean Energy; 3) the THB13.4/shr value we assign for the acquired Linden; 4) the THB1.9/shr value we assign for Yunlin; 5) the THB1.1/shr value we assign for Gangdong; and 6) our valuation rollover to 2023. With this report, we transfer coverage of EGCO to Siriluck Pinthusoonthorn.

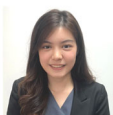
### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	35,903	46,888	39,747	26,807
Net profit	4,104	9,289	12,235	11,992
EPS (THB)	7.80	17.64	23.24	22.78
vs Consensus (%)	-	(22.2)	0.6	0.4
EBITDA	8,821	7,624	8,016	7,698
Core net profit	6,935	9,289	12,235	11,992
Core EPS (THB)	13.17	17.64	23.24	22.78
Chg. In EPS est. (%)	-	(45.6)	(29.0)	17.3
EPS growth (%)	(11.8)	33.9	31.7	(2.0)
Core P/E (x)	13.2	9.9	7.5	7.7
Dividend yield (%)	3.7	3.7	3.7	3.7
EV/EBITDA (x)	20.3	23.0	21.0	20.8
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	75.7	67.8	56.8	47.6
ROE (%)	6.4	8.0	9.9	9.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.4	(5.4)	(1.4)
Relative to country (%)	2.9	(5.7)	(0.8)
Mkt cap (USD m)	2,588		
3m avg. daily turnover (USD m)	6.6		
Free float (%)	50		
Major shareholder	EGAT (25%)		
12m high/low (THB)	190.00/159.50		
Issued shares (m)	526.47		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

EGCO is Thailand’s second-largest independent power producer (IPP) with a total contracted capacity of 5.5GW in 2019. EGCO sells most of its electricity to the Electricity Generating Authority of Thailand (EGAT) under long-term power purchase agreements (PPA) that allow it to pass most of the demand and cost risks through to the buyer. While EGCO’s power asset portfolio is diversified geographically, we think the company faces limited growth opportunities, as its key strength, the IPP business, is facing an oversupply in Thailand, and the trend in the power industry is changing in favour of smaller power plants and renewable energy.

We believe EGCO’s ROE and profitability will remain strong due to its continued acquisitions and its large IPP portfolio, which accounted for 43% of its total attributable capacity at end-2019. Thus, we expect EGCO to experience earnings growth over 2021-22.

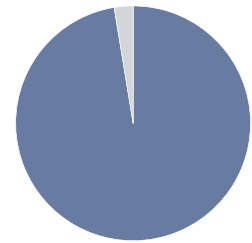
### Company profile

EGCO is one of leading power producers in Thailand with a large portfolio of power assets of IPPs, small power producers (SPPs) and renewable energy power plants located in Thailand, Indonesia, the Philippines, Laos and Australia.

[www.egco.com](http://www.egco.com)

### Principal activities (revenue, 2021)

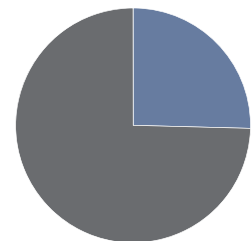
- Electricity generation - 97.4 %
- Other business - 2.6 %



Source: Electricity Generating

### Major shareholders

- EGAT - 25.4 %
- Others - 74.6 %



Source: Electricity Generating

### Catalysts

Key growth drivers include 1) higher utilisation rates of power plants; and 2) rising demand for electricity in Thailand, the Philippines and Indonesia.

### Risks to our call

Downside risks to our SoTP-based TP include 1) lower-than expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (CODs); and 3) government intervention in electricity tariff subsidies.

### Event calendar

Date	Event
Feb 2023	4Q22/2022 results announcement

### Key assumptions

	2022E	2023E	2024E
Utilisation rate (%)	75.0	78.0	80.0
Gas cost (THB/mmbtu)	327	340	354
Coal cost (USD/tonne)	100.0	100.0	90.0

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in the coal price, we estimate 2023 earnings would decline 1.2%, and vice versa, all else being equal.
- For every 1% increase in the gas price, we estimate 2023 earnings would decline 1.1%, and vice versa, all else being equal.
- For every 1% increase in the interest rate, we estimate 2023 earnings would decline 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: Summary of 3Q22/9M22 operations

	3Q21	2Q22	3Q22		9M21	9M22	Change	2022E	
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
<b>Revenue</b>	<b>8,743</b>	<b>13,891</b>	<b>16,810</b>	<b>21.0</b>	<b>92.3</b>	<b>24,558</b>	<b>42,685</b>	<b>73.8</b>	<b>46,888</b>
Operating costs	(6,488)	(10,984)	(14,051)	27.9	116.6	(18,185)	(35,299)	94.1	(35,514)
<b>EBITDA</b>	<b>2,255</b>	<b>2,907</b>	<b>2,759</b>	<b>(5.1)</b>	<b>22.3</b>	<b>6,373</b>	<b>7,386</b>	<b>15.9</b>	<b>7,624</b>
<i>EBITDA margin (%)</i>	25.8	20.9	16.4	<i>nm</i>	<i>nm</i>	25.9	17.3	<i>nm</i>	16.3
Deprn & amort.	(798)	(803)	(834)	3.9	4.6	(2,323)	(2,420)	4.2	(3,346)
EBIT	1,458	2,104	1,925	(8.5)	32.0	4,049	4,966	22.6	4,278
Interest expense	(3,735)	(4,312)	(6,421)	48.9	71.9	(7,884)	(11,594)	47.1	(7,445)
Interest & invt inc	-	-	-	<i>nm</i>	<i>nm</i>	-	-	<i>nm</i>	1
Other income	515	532	469	(11.9)	(8.9)	1,541	1,515	(1.7)	2,800
Associates' contrib	2,387	2,182	2,449	12.3	2.6	5,857	8,445	44.2	10,555
Exceptional	931	(1,285)	1,605	<i>nm</i>	72.3	133	(71)	<i>nm</i>	-
<b>Pretax profit</b>	<b>1,556</b>	<b>(779)</b>	<b>27</b>	<b><i>nm</i></b>	<b>(98.3)</b>	<b>3,695</b>	<b>3,262</b>	<b>(11.7)</b>	<b>10,188</b>
Tax	(470)	0	(431)	<i>nm</i>	(8.3)	(515)	(343)	(33.5)	(62)
<i>Tax rate (%)</i>	30.2	0.1	1,587.4	<i>nm</i>	<i>nm</i>	13.9	10.5	<i>nm</i>	0.6
Minority interests	-	2	11	628.8	<i>nm</i>	1	27	1,854.5	(837)
<b>Net profit</b>	<b>1,085</b>	<b>(777)</b>	<b>(392)</b>	<b>(49.5)</b>	<b><i>nm</i></b>	<b>3,181</b>	<b>2,946</b>	<b>(7.4)</b>	<b>9,289</b>
Non-recurring	(1,704)	(2,605)	(3,166)	21.6	85.9	(3,428)	(5,589)	63.0	-
<b>Core net profit</b>	<b>2,789</b>	<b>1,828</b>	<b>2,774</b>	<b>51.8</b>	<b>(0.5)</b>	<b>6,609</b>	<b>8,535</b>	<b>29.1</b>	<b>9,289</b>
EPS (THB)	2.06	(1.48)	(0.75)	(49.5)	<i>nm</i>	6.04	5.60	(7.4)	17.64
Core EPS (THB)	5.30	3.47	5.27	51.8	(0.5)	12.56	16.21	29.1	17.64

Sources: EGCO; FSSIA estimates

## Exhibit 2: 3Q22/9M22 key performance

	3Q21	2Q22	3Q22	(q-q%)	(y-y%)	9M21	9M22	(y-y%)
<b>Operating profit</b>								
<b>IPP (Domestic)</b>								
KEGCO	103	472	406	(14.0)	294.2	613	1,354	120.9
BLCP	102	201	110	(45.3)	7.8	341	106	(68.9)
GPG	272	328	311	(5.2)	14.3	824	938	13.8
<b>IPP (Overseas)</b>								
Paju ES	107	252	236	(6.3)	120.6	817	3,303	304.3
XPCL	277	212	353	66.5	27.4	413	570	38.0
Quezon	865	1,026	1,038	1.2	20.0	2,710	2,630	(3.0)
NTPC	641	412	405	(1.7)	(36.8)	1,252	1,338	6.9
SBPL	353	347	354	2.0	0.3	780	817	4.7
<b>PP (Other Overseas)</b>								
NT1PC, BRWF, SEG, SEGSD, GDFC Yunlin, APEX and Linden	588	381	519	36.2	(11.7)	1,084	1,214	12.0
<b>SPP</b>								
EGCO Cogen, RG, BPU, KLU, CWF, GYG, NKCC and NED	382	173	119	(31.2)	(68.8)	993	360	(63.7)
<b>VSP</b>								
SPP2, SPP3, SPP4, SPP5, TWF, Solarco and GPS	266	230	157	(31.7)	(41.0)	939	687	(26.8)
<b>Other Businesses</b>								
ESCO, PEPOI, QMS, MME, EE and TPN	262	451	202	(55.2)	(22.9)	540	1,029	90.6

Source: EGCO

## Exhibit 3: Key changes in assumptions and EPS

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	46,888	39,747	26,807	36,906	37,949	24,206	27.0	4.7	10.7
Gross profit	11,375	10,401	9,575	17,062	17,430	9,697	(33.3)	(40.3)	(1.3)
Operating profit	4,278	4,298	3,664	12,186	12,429	5,457	(64.9)	(65.4)	(32.9)
Net profit	9,289	12,235	11,992	17,081	17,249	10,255	(45.62)	(29.07)	16.95
EPS (THB)	17.64	23.24	22.78	32.44	32.76	19.48	(45.62)	(29.07)	16.95
<b>Key assumptions</b>									
Utilisation rate (%)*	75.0	78.0	80.0	75.0	78.0	80.0	0.0	0.0	0.0
Gas cost (THB/mmbtu)	327	340	354	220.0	250.0	250.0	48.7	36.1	41.5
Coal cost (USD/tonne)	100.0	100.0	90.0	90.0	90.0	90.0	11.1	11.1	0.0

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

Source: FSSIA estimates

## Exhibit 4: SoTP valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate (Rf)		2.3	Pretax cost of debt		4.7
Market risk premium (Rp)		8.5	Marginal tax rate		20.0
Stock beta		0.90			
Cost of equity, Ke		10.0	Net cost of debt, Kd		3.8
Weight applied		25.0	Weight applied		75.0
<b>WACC</b>		<b>5.3</b>			

DCF valuation estimate	Capacity (MW)	Holding (%)	Equity capacity (MW)	-----Equity value-----		Assumptions
				(THB m)	(THB/shr)	
<b>IPP</b>						
KEGCO (2013) - Cogen1	930	100	930	32,413	61.6	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
BLCP (1998) - Coal	1,468	50	734	3,880	7.4	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
GPG (2005) - Cogen1	1,346	50	673	6,551	12.4	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
<b>SPP</b>						
EGCO Cogen (2003) - Cogen1	117	80	94	1,770	3.4	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
KLU (2015) - Cogen1	102	100	102	2,922	5.6	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
BPU (2015) - Cogen1	215	100	215	5,501	10.4	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
<b>Renewable</b>						
GYG (2007) - Biomass	20	50	10	1,161	2.2	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
NED-wsp (2011) - Solar	8	63	5	278	0.5	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
NED (2010) - Solar	55	63	35	1,366	2.6	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
SPP 2 (2010) - Solar	8	100	8	593	1.1	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
SPP 3 (2010) - Solar	8	100	8	593	1.1	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
SPP 4 (2010) - Solar	6	100	6	309	0.6	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
SPP 5 (2011) - Solar	8	100	8	382	0.7	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
GPS (2011) - Solar	26	60	16	1,442	2.7	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
Solar co (2013) - Solar	57	49	28	2,503	4.8	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
CWF (2014) - Wind	80	90	72	4,076	7.7	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
TWF (2012) - Wind	7	90	6	417	0.8	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
<b>Overseas</b>						
QPL (Philippines, 2000) - Coal	460	100	460	27,195	51.7	WACC 8%, Rf 4.1%, Rp 7.8%, zero terminal growth
NTPC (Laos, 2010) - Hydro	1,070	35	375	10,342	19.6	WACC 8%, Rf 4.1%, Rp 7.8%, zero terminal growth
SEG (Indonesia, 2000&2009) - Geothermal	227	20	45	3,500	6.6	WACC 6.5%, Rf 7.1%, Rp 6.9%, zero terminal growth
Salak (Unit 1-3) (Indonesia, 1994) - Geothermal	180	20	36	1,629	3.1	WACC 6.5%, Rf 7.1%, Rp 6.9%, zero terminal growth
Salak (Unit 4-6)(Indonesia, 1997) - Geothermal	197	20	40	2,721	5.2	WACC 6.5%, Rf 7.1%, Rp 6.9%, zero terminal growth
Darajat (Unit 1) (Indonesia, 1994) - Geothermal	55	20	11	461	0.9	WACC 6.5%, Rf 7.1%, Rp 6.9%, zero terminal growth
Darajat (Unit 2) (Indonesia, 1997) - Geothermal	95	20	19	1,860	3.5	WACC 6.5%, Rf 7.1%, Rp 6.9%, zero terminal growth
Darajat (Unit 3) (Indonesia, 2007) - Geothermal	121	20	24	2,732	5.2	WACC 6.5%, Rf 7.1%, Rp 6.9%, zero terminal growth
BRWF (Australia, 2014 ) - Wind	113	100	113	4,535	8.6	WACC 6%, Rf 6%, Rp 5%, zero terminal growth
XPCL (Laos, 2019) - Hydro	1,280	13	160	5,989	11.4	WACC 6%, Rf 6%, Rp 5%, zero terminal growth
NT1PC (Laos, 2022) - Hydro	514	25	129	10,976	20.8	WACC 6%, Rf 6%, Rp 5%, zero terminal growth
SBPL (Philippines, 2019) - Coal	455	49	223	7,002	13.3	WACC 8%, Rf 4.1%, Rp 7.8%, zero terminal growth
Paju Es (South Korea, 2017) - Cogen	1,823	49	893	22,221	42.2	WACC 5.4%, Rf 2.1%, Rp 5.6%, zero terminal growth
Yunlin (Taiwan, 2021-22) - Wind	72	25	18	1,004	1.9	WACC 5.4%, Rf 2.1%, Rp 5.6%, zero terminal growth
Apex Clean Energy (US, 2022) - Solar	70	17	12	756	1.4	WACC 5.4%, Rf 2.1%, Rp 5.6%, zero terminal growth
Linden (US, 1992&2022) - Cogen	972	28	272	7,034	13.4	WACC 5.4%, Rf 2.1%, Rp 5.6%, zero terminal growth
Gangdong (South Korea, 2020) – Fuel cell	20	49	10	567	1.1	WACC 5.4%, Rf 2.1%, Rp 5.6%, zero terminal growth
<b>Infrastructure</b>						
TPN oil pipeline (m litres per year)	5,443	43	2,340	4,964	9.4	WACC 5.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
Cash			5,477	10,218	19.4	At end-2023E
Debt				(84,261)	(160.1)	At end-2023E
Minorities				(2,297)	(4.4)	At end-2023E
<b>Residual ordinary equity</b>				<b>105,305</b>	<b>200</b>	

Sources: EGCO; FSSIA estimates

## Financial Statements

### Electricity Generating

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	33,578	35,903	46,888	39,747	26,807
Cost of goods sold	(22,126)	(24,436)	(35,514)	(29,346)	(17,233)
<b>Gross profit</b>	<b>11,451</b>	<b>11,467</b>	<b>11,375</b>	<b>10,401</b>	<b>9,575</b>
Other operating income	-	-	-	-	-
Operating costs	(2,613)	(2,646)	(3,751)	(2,385)	(1,877)
<b>Operating EBITDA</b>	<b>8,838</b>	<b>8,821</b>	<b>7,624</b>	<b>8,016</b>	<b>7,698</b>
Depreciation	(3,131)	(3,124)	(3,346)	(3,718)	(4,034)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>5,707</b>	<b>5,697</b>	<b>4,278</b>	<b>4,298</b>	<b>3,664</b>
Net financing costs	(3,360)	(7,178)	(7,445)	(4,017)	(3,963)
Associates	4,838	6,428	10,555	10,083	9,797
Recurring non-operating income	6,567	9,088	13,355	12,583	12,297
Non-recurring items	868	(2,831)	0	0	0
<b>Profit before tax</b>	<b>9,782</b>	<b>4,776</b>	<b>10,188</b>	<b>12,865</b>	<b>11,997</b>
Tax	(1,022)	(659)	(62)	235	163
<b>Profit after tax</b>	<b>8,760</b>	<b>4,117</b>	<b>10,126</b>	<b>13,099</b>	<b>12,160</b>
Minority interests	(27)	(13)	(837)	(864)	(168)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>8,733</b>	<b>4,104</b>	<b>9,289</b>	<b>12,235</b>	<b>11,992</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(868)</b>	<b>2,831</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,865</b>	<b>6,935</b>	<b>9,289</b>	<b>12,235</b>	<b>11,992</b>
<b>Per share (THB)</b>					
Recurring EPS *	14.94	13.17	17.64	23.24	22.78
Reported EPS	16.59	7.80	17.64	23.24	22.78
DPS	6.50	6.50	6.50	6.50	6.50
Diluted shares (used to calculate per share data)	526	526	526	526	526
<b>Growth</b>					
Revenue (%)	(10.5)	6.9	30.6	(15.2)	(32.6)
Operating EBITDA (%)	(4.6)	(0.2)	(13.6)	5.2	(4.0)
Operating EBIT (%)	(8.0)	(0.2)	(24.9)	0.5	(14.8)
Recurring EPS (%)	(20.9)	(11.8)	33.9	31.7	(2.0)
Reported EPS (%)	(33.1)	(53.0)	126.3	31.7	(2.0)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	24.8	23.2	17.1	16.8	20.7
Gross margin of key business (%)	24.8	23.2	17.1	16.8	20.7
Operating EBITDA margin (%)	26.3	24.6	16.3	20.2	28.7
Operating EBIT margin (%)	17.0	15.9	9.1	10.8	13.7
Net margin (%)	23.4	19.3	19.8	30.8	44.7
Effective tax rate (%)	20.7	-39.9	-16.9	-8.4	-7.4
Dividend payout on recurring profit (%)	43.5	49.3	36.8	28.0	28.5
Interest cover (X)	3.7	2.1	2.4	4.2	4.0
Inventory days	-	-	-	-	-
Debtor days	45.8	60.3	66.4	103.2	181.4
Creditor days	43.5	51.5	55.2	72.3	88.4
Operating ROIC (%)	7.3	13.3	8.5	7.7	6.3
ROIC (%)	5.2	10.3	9.7	8.5	7.9
ROE (%)	7.6	6.4	8.0	9.9	9.1
ROA (%)	5.0	7.4	7.8	7.2	6.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Electricity generation	32,654	34,975	45,971	38,830	25,890
Other business	924	928	917	917	917

Sources: Electricity Generating; FSSIA estimates

## Financial Statements

### Electricity Generating

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	7,865	6,935	9,289	12,235	11,992
Depreciation	3,131	3,124	3,346	3,718	4,034
Associates & minorities	4,838	6,428	10,555	10,083	9,797
Other non-cash items	-	-	-	-	-
Change in working capital	(3,935)	(5,219)	(2,607)	(2,518)	(1,899)
<b>Cash flow from operations</b>	<b>11,900</b>	<b>11,267</b>	<b>20,582</b>	<b>23,518</b>	<b>23,924</b>
Capex - maintenance	(3,131)	(2,602)	(3,346)	(3,718)	(4,034)
Capex - new investment	(3,032)	(369)	(4,654)	(1,282)	(1,966)
Net acquisitions & disposals	(9,331)	(23,140)	5,000	2,000	3,000
Other investments (net)	10,714	(4,670)	10,555	10,083	9,797
<b>Cash flow from investing</b>	<b>(4,780)</b>	<b>(30,781)</b>	<b>7,555</b>	<b>7,083</b>	<b>6,797</b>
Dividends paid	(3,253)	(3,252)	(3,422)	(3,422)	(3,422)
Equity finance	0	0	0	0	0
Debt finance	3,108	16,375	(10,000)	(10,000)	(10,000)
Other financing cash flows	(10,226)	7,051	(20,272)	(19,302)	(19,425)
<b>Cash flow from financing</b>	<b>(10,370)</b>	<b>20,175</b>	<b>(33,694)</b>	<b>(32,724)</b>	<b>(32,847)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(3,251)</b>	<b>661</b>	<b>(5,557)</b>	<b>(2,122)</b>	<b>(2,126)</b>
Free cash flow to firm (FCFF)	11,340.31	(11,265.35)	35,581.40	34,617.99	34,684.08
Free cash flow to equity (FCFE)	1.90	3,912.76	(2,135.28)	1,299.58	1,295.63

#### Per share (THB)

FCFF per share	21.54	(21.40)	67.59	65.76	65.88
FCFE per share	0.00	7.43	(4.06)	2.47	2.46
Recurring cash flow per share	30.08	31.32	44.05	49.46	49.05

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	76,050	80,369	83,369	86,369	89,369
Less: Accumulated depreciation	(26,300)	(30,772)	(34,118)	(37,836)	(41,870)
<b>Tangible fixed assets (net)</b>	<b>49,750</b>	<b>49,597</b>	<b>49,251</b>	<b>48,533</b>	<b>47,499</b>
<b>Intangible fixed assets (net)</b>	<b>10,907</b>	<b>9,699</b>	<b>9,699</b>	<b>9,699</b>	<b>9,699</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	96,612	119,752	119,752	119,752	119,752
Cash & equivalents	17,237	17,898	12,341	10,218	8,091
A/C receivable	4,811	7,060	9,996	12,486	14,165
Inventories	0	0	0	0	0
Other current assets	12,864	13,538	17,680	14,987	10,108
<b>Current assets</b>	<b>34,911</b>	<b>38,495</b>	<b>40,017</b>	<b>37,691</b>	<b>32,364</b>
Other assets	22,257	24,388	24,388	24,388	24,388
<b>Total assets</b>	<b>214,438</b>	<b>241,932</b>	<b>243,107</b>	<b>240,063</b>	<b>233,702</b>
Common equity	102,243	113,441	119,308	128,121	136,691
Minorities etc.	591	596	1,433	2,297	2,465
<b>Total shareholders' equity</b>	<b>102,834</b>	<b>114,037</b>	<b>120,741</b>	<b>130,418</b>	<b>139,156</b>
Long term debt	76,716	89,747	79,747	69,747	59,747
Other long-term liabilities	18,597	11,129	11,129	11,129	11,129
<b>Long-term liabilities</b>	<b>95,313</b>	<b>100,876</b>	<b>90,876</b>	<b>80,876</b>	<b>70,876</b>
A/C payable	2,510	4,380	6,366	5,260	3,089
Short term debt	11,170	14,514	14,514	14,514	14,514
Other current liabilities	2,610	8,125	10,611	8,995	6,067
<b>Current liabilities</b>	<b>16,290</b>	<b>27,019</b>	<b>31,491</b>	<b>28,769</b>	<b>23,669</b>
<b>Total liabilities and shareholders' equity</b>	<b>214,438</b>	<b>241,932</b>	<b>243,107</b>	<b>240,063</b>	<b>233,702</b>
Net working capital	12,555	8,093	10,700	13,218	15,118
Invested capital	192,081	211,529	213,790	215,590	216,455

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

#### Per share (THB)

Book value per share	194.21	215.48	226.62	243.36	259.64
Tangible book value per share	173.49	197.05	208.20	224.94	241.22

#### Financial strength

Net debt/equity (%)	68.7	75.7	67.8	56.8	47.6
Net debt/total assets (%)	32.9	35.7	33.7	30.8	28.3
Current ratio (x)	2.1	1.4	1.3	1.3	1.4
CF interest cover (x)	1.9	1.6	1.3	1.6	1.8

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>11.7</b>	<b>13.2</b>	<b>9.9</b>	<b>7.5</b>	<b>7.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>13.4</b>	<b>15.2</b>	<b>11.3</b>	<b>8.6</b>	<b>8.8</b>
Reported P/E (x)	10.5	22.4	9.9	7.5	7.7
Dividend yield (%)	3.7	3.7	3.7	3.7	3.7
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	1.0	0.9	0.8	0.8	0.7
EV/EBITDA (x) **	18.5	20.3	23.0	21.0	20.8
EV/EBITDA @ target price (x) **	20.0	21.8	24.7	22.7	22.6
EV/invested capital (x)	0.8	0.8	0.8	0.8	0.7

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

Sources: Electricity Generating; 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	SEAOIL	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	PPP	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	WIK
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)

**Disclaimer:**

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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

Siriluck Pinthusoonthorn FSS International Investment Advisory Securities Co., Ltd

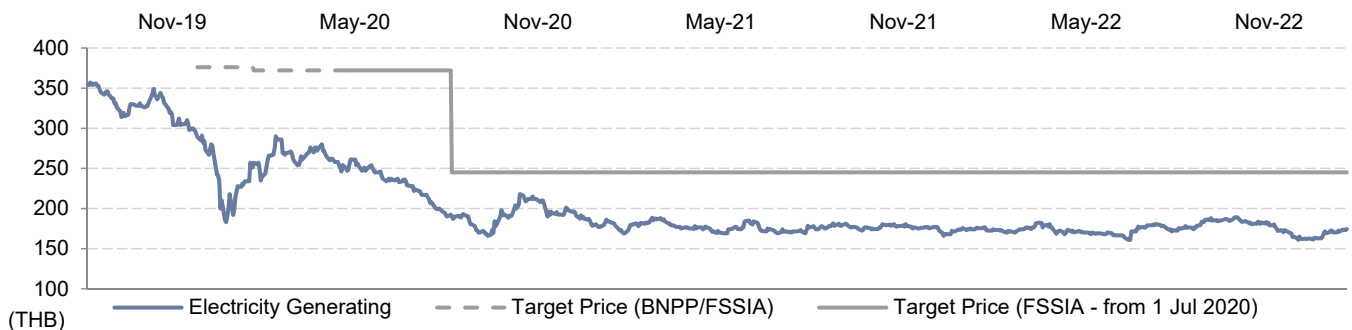
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### History of change in investment rating and/or target price

#### Electricity Generating (EGCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Feb-2020	BUY	376.00	10-Apr-2020	BUY	372.00	28-Sep-2020	BUY	245.00

Siriluck Pinthusoonthorn started covering this stock from 16-Nov-2022

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Electricity Generating	EGCO TB	THB 174.50	BUY	Downside risks to our SoTP-based TP include 1) lower-than expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies.

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 15-Nov-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.