

ELECTRICITY GENERATING
THAILAND / UTILITIES - CONVENTIONAL

EGCO TB

BUY

UNCHANGED

ผลขาดทุนอัตราแลกเปลี่ยนกระทบผลประกอบการสุทธิ

3Q22

- EGCO ขาดทุนสุทธิ 392 ลบ. ใน 3Q22 ดีขึ้นจากที่เคยขาดทุนสุทธิ 777 ลบ. ใน 2Q22
- เมื่อหักผลขาดทุนอัตราแลกเปลี่ยนจำนวน 4 พัน ลบ. และรายการพิเศษอื่น ๆ บริษัทฯ มีกำไรปกติ 2.8 พัน ลบ. (+52% q-q, -1% y-y)
- คงแนะนำซื้อแต่ปรับลดราคาเป้าหมายเหลือ 200 บาท (SoTP)

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%

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

ผลขาดทุนอัตราแลกเปลี่ยนจำนวนมากกระทบผลประกอบการสุทธิใน 3Q22

EGCO ขาดทุนสุทธิลดลงใน 3Q22 มาอยู่ที่ 392 ลบ. ดีขึ้นจากที่เคยขาดทุนสุทธิ 777 ลบ. ใน 2Q22 เมื่อหักผลขาดทุนอัตราแลกเปลี่ยนจำนวน 4 พัน ลบ. และรายการพิเศษอื่น ๆ บริษัทฯ มีกำไรปกติ 2.8 พัน ลบ. (+52% q-q, -1% y-y) สูงกว่าที่ตลาดคาด 2% โดยมีปัจจัยถ่วงสำคัญอยู่ที่กำไรจากการดำเนินงานที่ลดลงของ Paju (-6% q-q), BLCP (-45% q-q), KEGCO (-14% q-q), GPG (-5% q-q), NTPC (-2% q-q), SPP (-31% q-q), VSPP (-32% q-q) และธุรกิจอื่น ๆ (-55% q-q) อย่างไรก็ตามปัจจัยดังกล่าวชดเชยได้จากกำไรจากการดำเนินงานที่ดีขึ้นของ Quezon (+1% q-q), SBPL (+2% q-q), XPCL (+67% q-q) และโรงผลิตไฟฟ้า (PP) ในต่างประเทศ (+36%) รายได้แตะ 16.8 พัน ลบ. (+92% y-y, +21% q-q) จากราคาขายเฉลี่ยที่สูงขึ้น y-y

กำไรปกติอยู่ในเกณฑ์ดีจากกำไรของโรงไฟฟ้าพลังน้ำและ PP ในต่างประเทศ

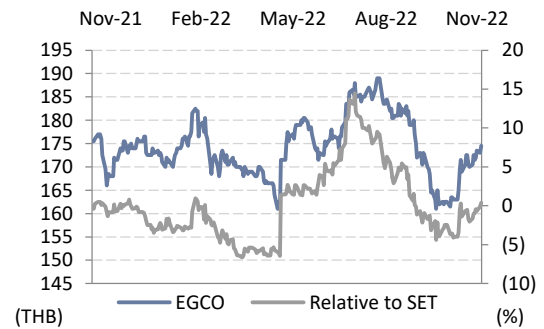
กำไรปกติของ EGCO ใน 3Q22 ที่ 2.8 พัน ลบ. ได้แรงหนุนจากกำไรจากการดำเนินงานที่ดีขึ้นของ Quezon (1 พัน ลบ.), SBPL (354 ลบ.), XPCL (353 ลบ.) และ PP ในต่างประเทศ (519 ลบ.) โดยมี Linden Topco (ที่ซื้อมาในเดือน มิ.ย. 22) และ NT1PC (เริ่มดำเนินงานเชิงพาณิชย์ (COD) ในเดือน ส.ค. 22) เป็นปัจจัยหนุนสำคัญสำหรับกำไรในต่างประเทศ กำไรจากการดำเนินงานของ XPCL เพิ่มขึ้นตามฤดูกาล ในขณะที่ Paju (236 ลบ.), BLCP (110 ลบ.), KEGCO (406 ลบ.), GPG (311 ลบ.), NTPC (405 ลบ.), SPP (119 ลบ.), VSPP (157 ลบ.) และธุรกิจอื่น ๆ (202 ลบ.) มีกำไรจากการดำเนินงานลดลง

คาดผลประกอบการ 4Q22 ลดลงก่อนปรับตัวดีขึ้นใน 1Q23

เรคาดว่ากำไรปกติจะลดลงใน 4Q22 ก่อนปรับตัวดีขึ้นตั้งแต่ 1Q23 เป็นต้นไปจาก 1) โรงผลิตไฟฟ้าจากก๊าซ Paju ขนาด 1.8GW ในเกาหลีใต้ ซึ่งน่าจะรายงานกำไรเพิ่มขึ้นในปี 2023; 2) โรงไฟฟ้าพลังน้ำนอกชายฝั่ง Yunlin ขนาด 640MW ในไต้หวัน (หุ้น 25%, COD 3Q21); และ 3) โรงไฟฟ้าพลังน้ำ NT1PC ขนาด 644MW (หุ้น 25%, COD 2Q22) ในลาว

คงแนะนำซื้อแต่ปรับลดราคาเป้าหมายลงเหลือ 200 บาท

เราคงแนะนำซื้อแต่ปรับลดราคาเป้าหมายลงเหลือ 200 บาท (SoTP) เพื่อสะท้อน 1) การปรับลดประมาณการกำไรต่อหุ้นลง 29-46% ในปี 2022-23; 2) มูลค่า 1.4 บาท/หุ้นที่เราได้จาก Apex Clean Energy ที่บริษัทฯ ซื้อมา; 3) มูลค่า 13.4 บาท/หุ้นที่เราได้จาก Linden ที่บริษัทฯ ซื้อมา; 4) มูลค่า 1.9 บาท/หุ้นสำหรับ Yunlin; 5) มูลค่า 1.1 บาท/หุ้นสำหรับ Gangdong; และ 6) การปรับการประเมินมูลค่าไปในปี 2023. With this report, we transfer coverage of EGCO to Siriluck Pinthusoonthorn.



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

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.

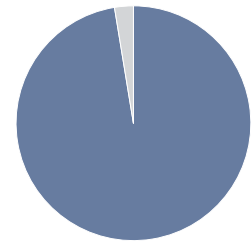
Company profile

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

Principal activities (revenue, 2021)

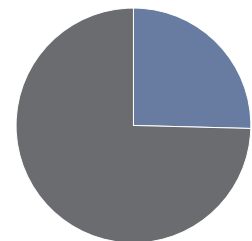
- Electricity generation - 97.4 %
- Other business - 2.6 %



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		(y-y %)	9M21	9M22	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q %)		(THB m)	(THB m)	(y-y %)	
Revenue	8,743	13,891	16,810	21.0	92.3	24,558	42,685	73.8	46,888
Operating costs	(6,488)	(10,984)	(14,051)	27.9	116.6	(18,185)	(35,299)	94.1	(35,514)
EBITDA	2,255	2,907	2,759	(5.1)	22.3	6,373	7,386	15.9	7,624
<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
Depn & 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>	-
Pretax profit	1,556	(779)	27	<i>nm</i>	(98.3)	3,695	3,262	(11.7)	10,188
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)
Net profit	1,085	(777)	(392)	(49.5)	<i>nm</i>	3,181	2,946	(7.4)	9,289
Non-recurring	(1,704)	(2,605)	(3,166)	21.6	85.9	(3,428)	(5,589)	63.0	-
Core net profit	2,789	1,828	2,774	51.8	(0.5)	6,609	8,535	29.1	9,289
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

Operating profit	3Q21	2Q22	3Q22	(q-q%)	(y-y%)	9M21	9M22	(y-y%)
IPP (Domestic)								
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
IPP (Overseas)								
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
PP (Other Overseas)								
NT1PC, BRWF, SEG, SEGSD, GDFC Yunlin, APEX and Linden	588	381	519	36.2	(11.7)	1,084	1,214	12.0
SPP								
EGCO Cogen, RG, BPU, KLU, CWF, GYG, NKCC and NED	382	173	119	(31.2)	(68.8)	993	360	(63.7)
VSP								
SPP2, SPP3, SPP4, SPP5, TWF, Solarco and GPS	266	230	157	(31.7)	(41.0)	939	687	(26.8)
Other Businesses								
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
Key assumptions									
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	
WACC				5.3					
DCF valuation estimate	Capacity	Holding	Equity capacity	-----Equity value-----		Assumptions			
	(MW)	(%)	(MW)	(THB m)	(THB/shr)				
IPP									
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			
SPP									
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			
Renewable									
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			
Overseas									
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			
Infrastructure									
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			
Residual ordinary equity				105,305	200				

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)
Gross profit	11,451	11,467	11,375	10,401	9,575
Other operating income	-	-	-	-	-
Operating costs	(2,613)	(2,646)	(3,751)	(2,385)	(1,877)
Operating EBITDA	8,838	8,821	7,624	8,016	7,698
Depreciation	(3,131)	(3,124)	(3,346)	(3,718)	(4,034)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,707	5,697	4,278	4,298	3,664
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
Profit before tax	9,782	4,776	10,188	12,865	11,997
Tax	(1,022)	(659)	(62)	235	163
Profit after tax	8,760	4,117	10,126	13,099	12,160
Minority interests	(27)	(13)	(837)	(864)	(168)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	8,733	4,104	9,289	12,235	11,992
Non-recurring items & goodwill (net)	(868)	2,831	0	0	0
Recurring net profit	7,865	6,935	9,289	12,235	11,992
Per share (THB)					
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
Growth					
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)
Operating performance					
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					
Revenue by Division (THB m)					
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)
Cash flow from operations	11,900	11,267	20,582	23,518	23,924
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
Cash flow from investing	(4,780)	(30,781)	7,555	7,083	6,797
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)
Cash flow from financing	(10,370)	20,175	(33,694)	(32,724)	(32,847)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3,251)	661	(5,557)	(2,122)	(2,126)
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)
Tangible fixed assets (net)	49,750	49,597	49,251	48,533	47,499
Intangible fixed assets (net)	10,907	9,699	9,699	9,699	9,699
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
Current assets	34,911	38,495	40,017	37,691	32,364
Other assets	22,257	24,388	24,388	24,388	24,388
Total assets	214,438	241,932	243,107	240,063	233,702
Common equity	102,243	113,441	119,308	128,121	136,691
Minorities etc.	591	596	1,433	2,297	2,465
Total shareholders' equity	102,834	114,037	120,741	130,418	139,156
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
Long-term liabilities	95,313	100,876	90,876	80,876	70,876
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
Current liabilities	16,290	27,019	31,491	28,769	23,669
Total liabilities and shareholders' equity	214,438	241,932	243,107	240,063	233,702
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
Recurring P/E (x) *	11.7	13.2	9.9	7.5	7.7
Recurring P/E @ target price (x) *	13.4	15.2	11.3	8.6	8.8
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	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.

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* 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

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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 (target price* - current price) / 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.