

## COMPANY UPDATE

### Electricity Generating (EGCO TB)

Earnings Recovery, Overseas Upside And Attractive Yield

We expect core earnings to recover in 2H25-2026, supported by overseas assets. Lower interest rates provide additional tailwinds, while the company's asset recycling strategy and potential stake sale in CDIA offer material upside. EGCO's 30% CDIA stake is valued at about Bt100b, well above its current Bt61b market cap, underscoring hidden value. With committed dividend at Bt6.50/share (5.7% yield), we see strong valuation support. Maintain BUY. Target price: Bt125.00.

#### WHAT'S NEW

- Positive takeaways from analyst meeting.** After attending its analyst meeting on 27 August, we maintain a positive view on Electricity Generating (EGCO). Similar to RATCH (see note on 25 August), we expect a core earnings recovery in 2H25–2026, with 3Q25 core profit expected to rise qoq to Bt2.2b-3.5b (vs Bt1.9b in 2Q25). Key drivers include stronger overseas contributions, easing interest rate trend and potential upside from asset recycling with a possible 1-5% stake sale in PT Chandra Daya Investasi Tbk (CDIA) on the Indonesia Stock Exchange (IDX).
- Beneficiary of overseas portfolio.** Despite a scheduled maintenance at Quezon Power (QPL) (Jun–Sep 25), the 456MWe of the Marcus Hook gas-fired plant in the Pennsylvania-New Jersey-Maryland Interconnection (PJM) market will deliver significant earnings uplift as capacity payments have surged from US\$29/MW-day to US\$270/MW-day. In addition, management guided higher margin from EGCO's other US power plants. Its hydropower assets in Laos (Nam Theun 2, Xayaburi, Nam Theun 1) are expected to contribute more than Bt800m in 3Q25 on favourable water flow (stronger qoq and yoy). Seasonal upside should also come from San Buenaventura (the Philippines) and Paju (Korea).
- Attractive dividend yield.** EGCO has declared a Bt3.25/share interim dividend (2.8% yield on 1H25 earnings) and reaffirmed its commitment to Bt6.50/share for 2025, implying an attractive 5.7% yield. This steady payout provides strong valuation support.
- Upside from asset recycling, APEX and CDIA share divestment.** EGCO's ongoing asset recycling strategy could generate one-off gains from the divestment of 1–2 low-ROE assets. In addition, management plan to divest more projects under Apex Clean Energy (APEX) in 2H25. We see material upside from its 30% stake in CDIA, which was listed on the IDX last month with a market cap of ~Bt300b. This implies EGCO's shareholding is worth ~Bt100b, above its current market capitalisation of Bt61b in the SET. There is significant hidden value and potential upside should EGCO choose to monetise part of this stake.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	49,627	40,317	42,049	41,702	32,970
EBITDA	10,621	11,042	10,311	8,785	8,874
Operating profit	7,636	7,887	7,456	6,230	6,029
Net profit (rep./act.)	(8,384)	5,411	8,493	8,296	7,929
Net profit (adj.)	8,736	9,283	7,493	8,296	7,929
EPS (Bt)	16.6	17.6	14.2	15.8	15.1
PE (x)	6.8	6.4	7.9	7.2	7.5
P/B (x)	0.6	0.6	0.5	0.5	0.5
EV/EBITDA (x)	14.6	14.1	15.1	17.7	17.5
Dividend yield (%)	5.8	5.8	5.7	5.7	5.7
Net margin (%)	(16.9)	13.4	20.2	19.9	24.1
Net debt/(cash) to equity (%)	87.2	81.6	87.3	79.6	73.4
Interest cover (x)	2.3	1.6	1.4	1.2	1.2
ROE (%)	(7.4)	5.2	7.9	7.4	6.8
Consensus net profit (Btm)	-	-	8,093	8,361	8,808
UOBKH/Consensus (x)	-	-	0.93	0.99	0.90

Source: Electricity Generating, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt115.00
Target Price	Bt125.00
Upside	+8.7%

#### COMPANY DESCRIPTION

EGCO is the first independent power producer in Thailand to be established in May 1992, through the partial privatisation of the state enterprise, the Electricity Generating Authority of Thailand (EGAT). EGCO now operates a total of 4,260 MW of power generation capacity in Thailand and has expanded its portfolio through investments in various energy projects both domestically and internationally.

#### STOCK DATA

GICS sector	Utilities
Bloomberg ticker:	EGCO TB
Shares issued (m):	526.5
Market cap (Btm):	60,543.5
Market cap (US\$m):	1,866.0
3-mth avg daily t'over (US\$m):	2.3

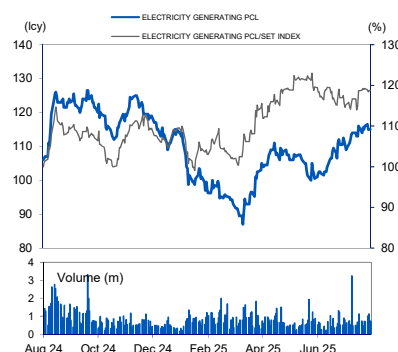
#### Price Performance (%)

52-week high/low			Bt128.50/Bt85.00	
1mth	3mth	6mth	1yr	YTD
4.1	7.0	15.6	8.0	(1.7)

#### Major Shareholders

	%
EGAT	31.6
TEPDIA Generating B.V.	22.4
NVDR	4.5
FY25 NAV/Share (Bt)	207.89
FY25 Net Debt/Share (Bt)	181.39

#### PRICE CHART



Source: Bloomberg

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### STOCK IMPACT

- **Share price should outperform SET.** Monetary easing provides both earnings uplift and valuation tailwinds for the Thai power sector. Following the BOT's 25bp cut in August and an expected Fed cut next month, EGCO stands to gain from its Bt114.0b interest-bearing debt (net D/E 1.24x). Every 25bp cut should lower finance costs by around Bt70m (~1% of 2025 earnings). Moreover, its 5.6% dividend yield looks increasingly attractive vs the sub-2.5% government bond yields, enhancing its defensive appeal and potential for re-rating. We also see key share price supported by: a) the earnings recovery trajectory in 3Q25; b) potential upside from asset recycling, and c) the hidden value in its CDIA stake as mentioned above.

### EARNINGS REVISION/RISK

- **Earnings revision:** None.

### VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt125.00**, derived from our dividend discount model (Bt6.50 DPS, 5.5% cost of equity reflecting lower Thai policy rates). While the implied upside is 9%, we expect EGCO to outperform the SET, supported by: a) an attractive 5.8% dividend yield, b) potential one-off gains from asset divestments, and c) significant hidden value from its CDIA stake, with further upside from a possible partial divestment.

### SHARE PRICE CATALYST

- 3Q25: High water flow benefitting hydro power plants.
- Sep 25: Dividend payout, with an impressive yield for 1H25.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

#### CG Report: 5

#### SET ESG Rating: AA

#### • Environmental

- EGCO has goals to become carbon neutral by 2040 and to curb carbon emission intensity by 10% by 2030. The company plans to increase electricity generated from renewable energy to 30% by 2030.

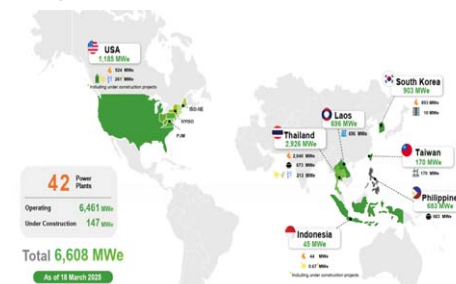
#### • Social

- EGCO is a prominent Thai company committed to sustainability, with a strong focus on communities and the environment. The company aims to create a positive impact and foster mutual growth between its power plants, the environment and local communities. EGCO undertakes various initiatives to enhance the quality of life in surrounding communities, including special projects, educational materials on energy and environmental conservation, and open house events at its power plants.

#### • Governance

- EGCO received an "Excellent - 5 Star" CG score by the Thai Institute of Directors.

### INVESTMENT MAP



Source: EGCO

### QPL TIMELINE



Source: EGCO

### PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	40,317	42,049	41,702	32,970
EBITDA	11,042	10,311	8,785	8,874
Deprec. & amort.	3,155	2,855	2,555	2,845
EBIT	7,887	7,456	6,230	6,029
Total other non-operating income	(2,700)	0	0	0
Associate contributions	8,473	9,593	10,640	10,414
Net interest income/(expense)	(7,056)	(7,150)	(7,200)	(7,200)
<b>Pre-tax profit</b>	<b>6,605</b>	<b>9,899</b>	<b>9,670</b>	<b>9,243</b>
Tax	(1,183)	(1,386)	(1,354)	(1,294)
Minorities	(10)	(20)	(20)	(20)
Net profit	5,411	8,493	8,296	7,929

### BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	44,635	41,780	39,225	36,380
Other LT assets	136,123	147,602	150,509	153,084
Cash/ST investment	35,438	22,863	27,688	34,032
Other current assets	24,867	25,429	25,788	26,889
<b>Total assets</b>	<b>241,063</b>	<b>237,673</b>	<b>243,210</b>	<b>250,386</b>
ST debt	17,535	17,684	18,000	18,547
Other current liabilities	7,571	5,080	5,258	5,358
LT debt	103,077	100,677	100,677	102,677
Other LT liabilities	8,240	4,501	4,650	4,651
Shareholders' equity	104,373	109,445	114,319	118,826
Minority interest	267	287	307	327
<b>Total liabilities &amp; equity</b>	<b>241,063</b>	<b>237,673</b>	<b>243,210</b>	<b>250,386</b>

### CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
<b>Year to 31 Dec (Btm)</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
<b>Operating</b>	<b>17,318</b>	<b>(4,694)</b>	<b>9,817</b>	<b>8,322</b>
Pre-tax profit	6,605	9,899	9,670	9,243
Tax	(1,183)	(1,386)	(1,354)	(1,294)
Deprec. & amort.	3,155	2,855	2,555	2,845
Associates	(8,473)	(9,593)	(10,640)	(10,414)
Other operating cashflows	18,107	323	9,618	8,942
<b>Investing</b>	<b>(2,333)</b>	<b>(2,229)</b>	<b>(1,905)</b>	<b>(1,123)</b>
Capex (growth)	(853)	0	0	0
Investment	103,296	112,546	113,548	115,000
Others	(104,776)	(114,775)	(115,453)	(116,123)
<b>Financing</b>	<b>(5,709)</b>	<b>(5,653)</b>	<b>(3,086)</b>	<b>(855)</b>
Dividend payments	(3,422)	(3,422)	(3,422)	(3,422)
Loan repayment	(2,255)	(2,251)	316	2,547
Others/interest paid	(32)	20	20	20
Net cash inflow (outflow)	9,276	(12,575)	4,825	6,344
Beginning cash & cash equivalent	28,862	35,438	22,863	27,688
<b>Ending cash &amp; cash equivalent</b>	<b>38,138</b>	<b>22,863</b>	<b>27,688</b>	<b>34,032</b>

### KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Profitability</b>				
EBITDA margin	27.4	24.5	21.1	26.9
Pre-tax margin	16.4	23.5	23.2	28.0
Net margin	13.4	20.2	19.9	24.1
ROA	2.2	3.5	3.5	3.2
ROE	5.2	7.9	7.4	6.8
<b>Growth</b>				
Turnover	(18.8)	4.3	(0.8)	(20.9)
EBITDA	4.0	(6.6)	(14.8)	1.0
Pre-tax profit	n.a.	49.9	(2.3)	(4.4)
Net profit	n.a.	57.0	(2.3)	(4.4)
Net profit (adj.)	6.3	(8.5)	(2.3)	(4.4)
EPS	6.3	(8.5)	(2.3)	(4.4)
<b>Leverage</b>				
Debt to total capital	53.5	51.9	50.9	50.4
Debt to equity	115.6	108.1	103.8	102.0
Net debt/(cash) to equity	81.6	87.3	79.6	73.4
Interest cover (x)	1.6	1.4	1.2	1.2

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