Ratch Group (RATCH TB)

3Q26: Earnings Rebound; Growth Story Intact

Highlights

- RATCH reported 3Q26 net profit of Bt2.22b (+2% yoy, +58% qoq) and normalised profit of Bt2.30b (+13% yoy, +74% qoq), driven by stronger power plant operations.
- We expect earnings to remain resilient in 4Q26-2027.
- Maintain BUY with a 2027F target price of Bt44.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q26	3Q25	2Q26	yoy %	qoq %	9M26	9M25	yoy
Revenue	14,137	5,674	12,168	149	16	37,343	18,043	107
Equity Income	1,869	2,302	1,600	(19)	17	4,678	5,882	(20)
EBITDA (ex. Fx)	5,003	4,230	3,868	18	29	12,623	11,766	7
Net income	**2,218**	**2,168**	**1,400**	**2**	**58**	**4,846**	**5,445**	**(11)**
NNP	**2,299**	**2,028**	**1,322**	**13**	**74**	**5,042**	**5,350**	**(6)**
EPS	**1.02**	**1.00**	**0.64**	**2**	**58**	**2.23**	**2.50**	**(11)**

Source: Ratch Group, UOB Kay Hian

Analysis

- **Strong earnings recovery as expected.** RATCH Group (RATCH) reported 3Q26 net profit of Bt2.22b (+2% yoy, +58% qoq) and normalised profit of Bt2.30b (+13% yoy, +74% qoq), driven by stronger power plant operations. Both core and net profit were in line with our estimate. This brought 9M26 core profit to Bt5.04b, accounting for 71% of our full-year forecast.
- **HKP led the earnings recovery.** Availability of Hin Kong Power Plant (HKP) improved significantly to 99.1% from 88.1% in 2Q26 following the completion of scheduled maintenance, while dispatch reached 98.2%, driving a 12.5% qoq increase in electricity sales volume. Hongsa Power Plant (HPC) also maintained strong operations above Bt700m, despite weak seasonal factors, with availability of 91.5% and EGAT dispatch of 106.8%. Meanwhile, Paiton benefitted from improved plant availability and higher earnings, up 7% yoy and 6% qoq to Bt673m despite RATCH's reduced ownership stake.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	42,226.9	36,803.5	53,981.3	55,020.2	55,239.7
EBITDA	15,703.4	15,482.4	17,515.4	18,326.6	18,623.6
Operating profit	11,675.4	11,774.9	13,445.1	14,256.4	14,553.3
Net profit (rep./act.)	6,126.8	6,220.4	7,059.3	7,879.0	8,228.1
Net profit (adj.)	6,126.8	6,220.4	7,059.3	7,879.0	8,228.1
EPS	2.8	2.9	3.2	3.6	3.8
PE (x)	13.8	13.6	12.0	10.8	10.3
P/B (x)	0.9	0.9	0.9	0.9	1.0
EV/EBITDA (x)	9.3	10.8	7.7	7.6	7.9
Dividend yield (%)	4.1	4.1	4.2	4.4	4.5
Net margin (%)	14.5	16.9	13.1	14.3	14.9
Net debt/(cash) to equity(%)	83.3	103.5	75.6	81.9	93.4
Interest cover (x)	3.5	3.6	3.8	4.0	4.2
ROE (%)	7.8	8.1	9.3	10.4	11.1
Consensus net profit	n.a	n.a	6,106.1	6,813.0	7,100.9
UOBKH/Consensus (x)	n.a	n.a	1.2	1.2	1.2

Source: Ratchaburi Electricity Generating, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt36.50
Target Price	Bt44.00
Upside	20.55%

Stock Data

Sector	Utilities
Bloomberg ticker	RATCH TB
Shares issued (m)	2,175.0
Market cap (Btm)	79,387.5
Market cap (US$m)	2,342.0
3-mth avg daily t'over (US$m)	6.2

Price Performance (%)

52-week high/low				Bt39.5/Bt27.8
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(4.0)	(7.0)	21.7	29.2	23.7

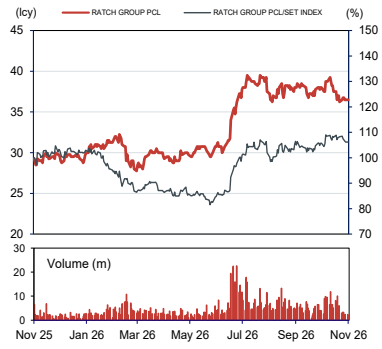
Major Shareholders (%)

EGAT	45.0
EGAT Saving and Credit Cooperative Limited	6.2

Balance Sheet Metrics

FY26 NAV/Share (Bt)	42.7
FY26 Net Debt/Share (Bt)	32.3

Price Chart



Source: Bloomberg

Company Description

RATCH is a leading IPP in Thailand. RATCH has a total equity installed capacity of 7,379MW. Capacity can be broken down into 6,495MW under commercial operations and 884MW under development and construction.

- **Outlook remains positive.** 9M26 core profit reached Bt5.04b, accounting for 71% of our 2026F forecast. We expect earnings to remain resilient in 4Q26, supported by HKP's improved availability and stable contributions from HPC and Paiton. New renewable projects scheduled for COD in late 2026-27 should provide additional earnings support. However, higher gas costs and weaker SPP margins remain key downside risks.
- **PDP 2026 and RG asset monetisation.** We foresee the upcoming power development plan (PDP) 2026 could unlock new IPP opportunities and potential PPA extensions for existing power plants. RATCH's RG site offers significant strategic value, supported by existing gas, transmission and water infrastructure. These opportunities could provide medium-term earnings upside beyond our current forecasts.

Earnings Revision/Risk

- None.

Valuation/Recommendation

- **Maintain BUY with 2027F price target of Bt44.00**. We believe the market should increasingly price in potential value creation from the RG site, supported by potential PPA extension and potential from DC power demand. Despite the recent share price rally, we see further upside from improving earnings visibility and RATCH's transition from a defensive dividend play toward a growth-oriented company.

Share Price Catalyst

- 4Q26: New PDP announcement.
- 4Q26-2027 Potential RG PPA extension and data center development progress.

Environment, Social, Governance (ESG) Updates

Environmental

- RATCH is committed to reducing GHG emissions by 20% in 2030 from the base year 2020 (0.8% per annum) and is targeting net zero emissions in 2050. The company is also focused on clean energy development, with a plan to increase the proportion of renewable energy from 15% to 25% by 2025, and to 40% by 2035

Social

- RATCH is committed to promoting health and safety in a good working environment, while also encouraging all stakeholder groups to work together to develop communities and society, as well as respecting human rights and treating workers fairly.

Governance

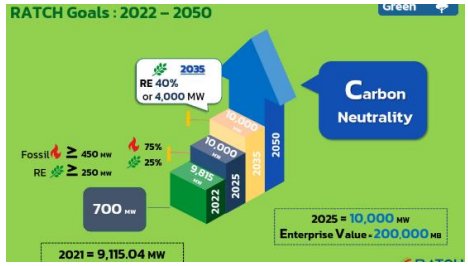
- RATCH received an "Excellent - 5 Star" CG score by the Thai Institute of Directors

Major Contributions - 3Q26

	3Q26	3Q25	2Q26	yoy	qoq
RPCL	110	55	118	99	(7)
SEAN	102	258	60	(60)	72
HPC	718	766	774	(6)	(7)
RW COGEN	44	48	13	(8)	255
Berk prai	32	5	25	493	27
Paiton	673	628	637.69	7	6

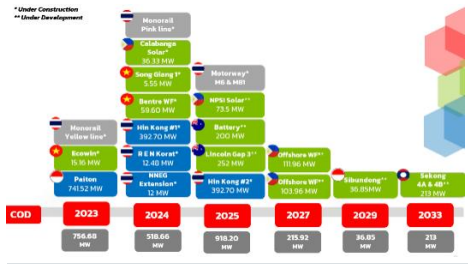
Source: UOB Kay Hian

2026 Target



Source: UOB Kay Hian

Projects In Pipeline



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**36,803**	**53,981**	**55,020**	**55,240**
EBITDA	15,482	17,515	18,327	18,624
Deprec. & amort.	3,708	4,070	4,070	4,070
EBIT	11,775	13,445	14,256	14,553
Net interest income/(expense)	(4,332)	(4,646)	(4,550)	(4,425)
Pre-tax profit	**7,443**	**8,799**	**9,706**	**10,128**
Tax	(575)	(704)	(747)	(810)
Minorities	(647)	(1,036)	(1,080)	(1,090)
Net profit	**6,220**	**7,059**	**7,879**	**8,228**
Net profit (adj.)	6,220	7,059	7,879	8,228

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	46,472	47,402	48,332	49,262
Other LT assets	155,194	127,955	130,296	133,945
Cash/ST investment	14,253	29,496	19,714	8,343
Other current assets	22,084	20,299	22,054	24,755
Total assets	**238,004**	**225,152**	**220,396**	**216,305**
ST debt	23,321	19,028	19,028	19,028
Other current liabilities	6,408	9,901	10,400	10,500
LT debt	87,650	80,650	75,650	72,650
Other LT liabilities	12,978	15,245	16,245	17,410
Shareholders' equity	93,451	92,825	91,569	89,212
Minority interest	14,195	7,502	7,503	7,504
Total liabilities & equity	**238,004**	**225,152**	**220,396**	**216,305**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**15,066**	**28,135**	**11,693**	**9,569**
Pre-tax profit	7,443	8,799	9,706	10,128
Tax	(575)	(704)	(747)	(810)
Deprec. & amort.	3,708	4,070	4,070	4,070
Associates	(647)	(1,036)	(1,080)	(1,090)
Working capital changes	(3,273)	7,728	(256)	44
Other operating cashflows	8,411	9,277	0	(2,773)
Investing	**(25,681)**	**12,779**	**(7,341)**	**(7,356)**
Capex (growth)	(3,595)	(5,000)	(5,000)	(5,000)
Investments	(22,998)	21,102	(1,313)	(1,612)
Others	911	(3,324)	(1,028)	(744)
Financing	**15,939**	**(25,671)**	**(14,134)**	**(13,584)**
Dividend payments	(3,480)	(7,685)	(9,135)	(10,585)
Issue of shares	0	0	0	0
Loan repayment	19,419	(17,986)	(4,999)	(2,999)
Net cash inflow (outflow)	**5,324**	**15,242**	**(9,782)**	**(11,371)**
Beginning cash & cash equivalent	**8,930**	**14,253**	**29,496**	**19,714**
Ending cash & cash equivalent	**14,253**	**29,496**	**19,714**	**8,343**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	42.1	32.4	33.3	33.7
Pre-tax margin	20.2	16.3	17.6	18.3
Net margin	16.9	13.1	14.3	14.9
ROA	3.7	4.3	4.9	5.2
ROE	8.1	9.3	10.4	11.1
Growth				
Turnover	(14.6)	25.3	27.7	28.2
EBITDA	66.8	88.7	97.4	100.6
Pre-tax profit	8.9	28.8	42.0	48.2
Net profit	4.3	18.4	32.1	38.0
Net profit (adj.)	1.5	13.5	11.6	4.4
EPS	(34.4)	(25.5)	(16.9)	(13.2)
Leverage				
Debt to total capital	103.1	99.4	95.6	94.8
Debt to equity	118.8	107.4	103.4	102.8
Net debt/(cash) to equity	103.5	75.6	81.9	93.4
Interest cover	3.6	3.8	4.0	4.2

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