

## Gulf Energy Dev. Pcl (GULF TB) - HOLD

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## News Update

## Results of tender offer for INTUCH's shares

- **GULF holds 42.3% in INTUCH after the tender offer**
- **GULF is likely to recognize INTUCH's profit as an equity income**
- **It plans to announce the strategy post this deal on 10 August**
- **We would have to review our recommendation and projections**

After its tender offer for 81.8% of total shares of Intouch Holding Pcl (INTUCH, BUY, Bt63.0), excluding 18.2% of total shares it held earlier the offer, ended on 4 August 2021, GULF announced to SET yesterday the results of the tender offer.

- GULF acquired 747.9m of INTUCH's shares (23.32% of total INTUCH's shares) from the tender offer, which makes its holding in INTUCH becomes 1,354.8m shares or 42.25% of total voting rights.
- We sum up GULF's total investment cost for INTUCH's shares over the past year at Bt82.6bn, or a Bt61.0 per INTUCH's share.
- GULF now expects to recognize INTUCH's profit in form of an equity income, starting in 3Q21F. After deducting interest expense from the loans used to fund the deal, this implies additional profits of Bt1.3bn and Bt3.8bn to GULF in 2021-22F, based on our current earnings forecasts on INTUCH.
- Note that there is a chance for GULF to consolidate INTUCH to its balance sheet if it gets a significant number of seats in INTUCH's board of directors, since that would imply a significant controlling power by GULF in INTUCH.
- In term of cash flow, GULF will get annual dividends of Bt3.5-4.5bn from INTUCH over 2021-23F.
- Due to the significant changes in GULF's company structure and balance sheet post the tender offer, we would have to revise our recommendation and valuations on GULF.

## Key Valuations

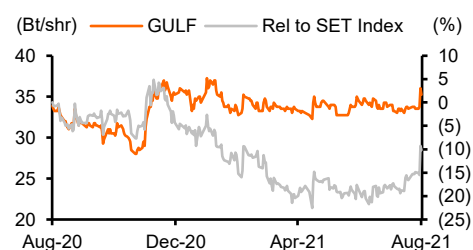
Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	32,827	36,795	44,245	64,622
Net profit	4,282	6,669	8,078	13,253
Norm net profit	4,416	6,669	8,078	13,253
Norm EPS (Bt)	0.4	0.6	0.7	1.1
Norm EPS gr (%)	23.4	42.7	21.1	64.1
Norm PE (x)	88.5	62.0	51.2	31.2
EV/EBITDA (x)	50.0	50.3	42.5	26.7
P/BV (x)	6.5	5.5	5.3	5.0
Div. yield (%)	1.1	1.0	1.2	1.9
ROE (%)	8.6	9.6	10.6	16.4
Net D/E (%)	184.5	140.8	197.8	197.1

Source: Thanachart estimates

## Stock Data

Closing price (Bt)	35.25
Target price (Bt)	34.00
Market cap (US\$ m)	12,438.9
Avg daily turnover (US\$ m)	11.8
12M H/L price (Bt)	37.25/28.00

## Price Performance



Source: Bloomberg

## Ex 1: Summary Of GULF's Investment In INTUCH

	No. of shares (m)	% of total INTUCH's shares	Average cost (Bt/share)
GULF's holding in INTUCH before the tender offer	606.9	18.93	56.0
Number of shares tendered	747.9	23.32	65.0
<b>GULF's holding in INTUCH after the tender offer</b>	<b>1,354.8</b>	<b>42.25</b>	<b>61.0</b>

Sources: Company data, SET

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