

Gulf Energy Dev. Pcl (GULF TB) - HOLD, Price Bt41.75, TP Bt40.00 | Results Comment

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Strong 3Q21, but a slight miss

- We estimate normalize profit for GULF at Bt2.3bn in 3Q21, up strongly 73% y-y and 64% q-q in a like-for-like basis, backed by a recognition of dividend income from its investment in Intouch this August and a continuing capacity growth.
- Gross profit increased 45% y-y to Bt2.96bn in 3Q21 from capacity expansion throughout the year, and 9% q-q from a higher electricity output from its wind power plant in Germany.
- SG&A expense rose 38% y-y and 11% q-q to Bt589m in 3Q21, following its capacity growth. SG&A-to-sales ratio improved to 5.0% in 3Q21 from 5.4% in 3Q20 from scale benefit, but it was higher than 4.7% in 2Q21 likely from higher staff-related costs.
- Key earnings growth driver for this quarter was from a dividend income received from Intouch Group at Bt1.68bn in 3Q21.
- Shared profit from affiliates, mainly from GJP, lowered 8% y-y and 6% q-q to Bt690m in 3Q21 due to a pressured from higher domestic gas price on its 7 SPP plants and lower availability payment (AP) revenue from its 2 IPP plants this quarter.
- We see some downside to our 2021F's forecast since a rise of its interest expense, likely from debts used in funding its investment in Intouch, was higher than we had expected. We maintain HOLD.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	7,876	9,309	9,035	11,242	11,903	Revenue	6	51	61	52,892	81,004
Gross profit	2,037	3,367	3,006	2,716	2,959	Gross profit	9	45	65	13,414	17,753
SG&A	428	878	484	532	589	SG&A	11	38	66	2,419	2,863
Operating profit	1,609	2,488	2,523	2,184	2,370	Operating profit	9	47	64	10,995	14,890
EBITDA	2,380	3,709	3,724	3,429	3,642	EBITDA	6	53	64	16,899	22,606
Other income	374	21	696	88	1,702	Other income	1,829	355	95	2,607	237
Other expense						Other expense			na		
Interest expense	966	1,040	932	1,174	1,753	Interest expense	49	81	71	5,421	7,114
Profit before tax	1,017	1,469	2,287	1,098	2,319	Profit before tax	111	128	70	8,181	8,014
Income tax	(21)	167	141	(193)	91	Income tax	na	na	13	295	360
Equity & invest. income	753	433	742	733	690	Equity & invest. income	(6)	(8)	52	4,155	8,492
Minority interests	(467)	(558)	(498)	(624)	(626)	Minority interests	na	na	54	(3,253)	(4,068)
Extraordinary items	(355)	668	(757)	5	(705)	Extraordinary items	na	na	na		
Net profit	970	1,844	1,632	1,407	1,588	Net profit	13	64	53	8,788	12,078
Normalized profit	1,325	1,176	2,389	1,401	2,293	Normalized profit	64	73	69	8,788	12,078
EPS (Bt)	0.08	0.16	0.14	0.12	0.14	EPS (Bt)	13	64	53	0.75	1.03
Normalized EPS (Bt)	0.11	0.10	0.20	0.12	0.20	Normalized EPS (Bt)	64	73	69	0.75	1.03

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	19,345	21,772	18,136	18,931	24,623	Sales grow th	(5.5)	16.3	14.8	44.6	51.1
A/C receivable	6,046	5,660	5,838	7,778	7,966	Operating profit grow th	(0.8)	81.7	66.8	52.2	47.3
Inventory	247	331	116	1,002	1,058	EBITDA grow th	3.9	80.5	66.6	59.3	53.0
Other current assets	4,964	2,591	3,835	2,272	3,109	Norm profit grow th	32.7	76.2	158.3	41.6	73.1
Investment	19,081	22,079	24,268	24,169	24,468	Norm EPS grow th	32.7	76.2	158.3	41.6	73.1
Fixed assets	123,731	129,718	120,088	124,961	133,307	Gross margin	25.9	36.2	33.3	24.2	24.9
Other assets	48,568	63,429	84,165	89,815	160,657	Operating margin	20.4	26.7	27.9	19.4	19.9
Total assets	221,982	245,581	256,446	268,929	355,188	EBITDA margin	30.2	39.8	41.2	30.5	30.6
S-T debt	10,763	18,287	24,728	32,975	16,600	Norm net margin	16.8	12.6	26.4	12.5	19.3
A/C payable	1,508	1,353	1,540	2,341	2,271	D/E (x)	2.0	2.0	1.9	2.0	2.2
Other current liabilities	4,297	10,002	5,389	6,779	10,732	Net D/E (x)	1.7	1.7	1.7	1.8	2.0
L-T debt	118,395	122,577	128,107	128,341	202,751	Interest coverage (x)	2.5	3.6	4.0	2.9	2.1
Other liabilities	21,314	21,281	16,730	19,722	23,451	Interest rate	3.5	3.1	2.5	3.0	3.7
Minority interest	7,261	8,053	9,646	9,618	10,230	Effective tax rate	(2.0)	11.4	6.2	(17.6)	3.9
Shareholders' equity	58,444	64,027	70,306	69,153	89,153	ROA	2.8	2.0	3.8	2.1	2.9
Working capital	4,785	4,638	4,414	6,440	6,753	ROE	12.7	7.7	14.2	8.0	11.6
Total debt	129,158	140,864	152,835	161,316	219,351						
Net debt	109,813	119,092	134,699	142,386	194,728						

Sources: Company data, Thanachart estimates

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