

Gulf Energy Dev. Pcl (GULF TB) - HOLD

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News Update**Signed MOU with Binance to develop exchange in Thailand**

- **GULF and 'Binance' to jointly study digital assets business**
- **In-line with GULF's strategy into digital infrastructure**
- **Bring in global name to booming crypto trading in Thailand**
- **'Bitkub' was valued at Bt35bn last year**

GULF announced to SET yesterday a signed Memorandum of Understanding (MoU) between its wholly owned subsidiary, Gulf Innova Co., Ltd., and Binance Group ('Binance') to jointly study in developing digital asset exchange and other potential related businesses in Thailand.

- This formed up partnership is in-line with GULF's strategy to expand into digital infrastructure business, foreseeing digitalization as the key growth driver for global economy going forward.
- GULF expects to leverage on technical expertise from Binance in operating global exchange for cryptocurrencies and various digital assets to develop a new platform in Thailand, in which GULF could offer its connections with local regulators and big corporates to drive success for this new exchange.
- Given rising popularity of cryptocurrency trading in Thailand with around two million outstanding trading accounts, we believe an introduction of globally credible and reputable 'Binance' brand would be able to draw in Thai cryptocurrency traders into the new platform.
- We recap that the latest deal on digital assets exchange and trading platform in Thailand was an acquisition for 51% of Bitkub Online (Bitkub) by Siam Commercial Bank Pcl (SCB TB, BUY, Bt127) at the price of Bt17.85bn. This implies Bt35bn value for Bitkub, the largest cryptocurrency trading platform in Thailand now having two-millions trading accounts (over 90% market share) with total trading volume of Bt1.4tn in 2021F.
- We see this partnership as positive, and it posts an upside to our numbers.

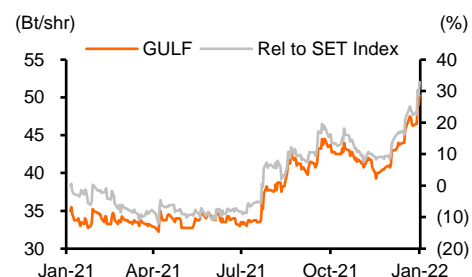
Key Valuations

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	32,827	52,892	81,004	110,009
Net profit	4,282	8,788	12,078	16,123
Norm net profit	4,416	8,788	12,078	16,123
Norm EPS (Bt)	0.4	0.7	1.0	1.4
Norm EPS gr (%)	23.4	88.0	37.4	33.5
Norm PE (x)	130.6	69.4	50.5	37.8
EV/EBITDA (x)	67.7	48.1	37.7	29.3
P/BV (x)	9.5	9.0	8.4	7.7
Div. yield (%)	0.7	0.9	1.2	1.6
ROE (%)	8.6	13.4	17.3	21.3
Net D/E (%)	184.5	256.2	274.9	267.6

Source: Thanachart estimates

Stock Data

Closing price (Bt)	52.00
Target price (Bt)	40.00
Market cap (US\$ m)	18,437
Avg daily turnover (US\$ m)	41.6
12M H/L price (Bt)	49.50/32.25

Price Performance

Source: Bloom

Ex 1: Binance Is The Largest Crypto-Exchange Globally

Sources: Company data, Bloomberg, Coindesk,

Ex 2: Bitkub Is The Biggest Platform In Thailand

Revenue (Bt m)	3,279
Profit (Bt m)	1,533
Total trading volume (Bt m)	1,030,000
Trading accounts (m)	2.0

Source: Company data as of 9M21

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