

## Gulf Energy Dev. Pcl (GULF TB) - HOLD, Price Bt52.00, TP Bt40.00 | Results Comment

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

### Strong profit in 4Q21, in-line

- GULF reported Bt2.77bn norm profit in 4Q21, up strongly by 135% y-y backed by higher profit contribution from the Intouch Group and up 21% q-q from capacity expansion and much higher electricity generation from wind farm in Germany. Full-year norm profit of Bt8.85bn made up 101% of our forecast.
- Gross profit grew 31% y-y and 49% q-q to Bt4.4bn in 4Q21. The growth is from starting operations of its 928MW IPP plants in March and October which more than offset impact from a surge of natural gas prices on its SPP plants. Stronger growth q-q was due to a high season of wind power in Germany.
- EBITDA slightly fell short of our expectation at Bt5.0bn in 4Q21 (also up strongly 34% y-y and 37% q-q) due to higher-than-expected SG&A expense in its peak season. Thanks to scale benefits from growing capacity, SG&A-to-sales went down nicely to 4.5% in 4Q21, from 5.0% in 3Q21 and 9.4% in 4Q20.
- GULF started recognizing Bt1.1bn equity income from Intouch Group in 4Q21 (booked as Bt1.7bn dividend income in 3Q21). This made its total equity income jumped to Bt1.74bn this quarter, up 302% y-y and 152% q-q.
- GULF announces Bt0.44/share dividend for 2021 with an XD date on 4 March and a payment date on 28 April 2022. This implies 68% payout from its net profit this year.
- Despite its strong earnings growth reported while we see an upside to our valuation from some new investments we yet factor in to our numbers, we believe GULF's share price run on strong confidence from the investors in its growth outlook has been much ahead of its fundamental value.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	9,309	9,035	11,242	11,903	15,287	Revenue	28	64	90	47,467	81,004
<b>Gross profit</b>	<b>3,367</b>	<b>3,006</b>	<b>2,716</b>	<b>2,959</b>	<b>4,397</b>	<b>Gross profit</b>	<b>49</b>	<b>31</b>	<b>98</b>	<b>13,079</b>	<b>17,753</b>
SG&A	878	484	532	589	692	SG&A	18	(21)	95	2,297	2,863
Operating profit	2,488	2,523	2,184	2,370	3,705	Operating profit	56	49	98	10,782	14,890
<b>EBITDA</b>	<b>3,709</b>	<b>3,724</b>	<b>3,429</b>	<b>3,642</b>	<b>4,977</b>	<b>EBITDA</b>	<b>37</b>	<b>34</b>	<b>93</b>	<b>15,771</b>	<b>22,606</b>
Other income	21	696	88	1,702	31	Other income	(98)	47	97	2,516	237
Other expense						Other expense			na		
Interest expense	1,040	932	1,174	1,753	1,737	Interest expense	(1)	67	103	5,596	7,114
<b>Profit before tax</b>	<b>1,469</b>	<b>2,287</b>	<b>1,098</b>	<b>2,319</b>	<b>1,998</b>	<b>Profit before tax</b>	<b>(14)</b>	<b>36</b>	<b>94</b>	<b>7,703</b>	<b>8,014</b>
Income tax	167	141	(193)	91	308	Income tax	240	84	117	347	360
Equity & invest. income	433	689	733	690	1,740	Equity & invest. income	152	302	93	3,853	8,492
Minority interests	(558)	(445)	(624)	(626)	(662)	Minority interests	na	na	72	(2,356)	(4,068)
Extraordinary items	668	(757)	5	(705)	274	Extraordinary items	na	(59)	na	(1,182)	
<b>Net profit</b>	<b>1,844</b>	<b>1,632</b>	<b>1,407</b>	<b>1,588</b>	<b>3,043</b>	<b>Net profit</b>	<b>92</b>	<b>65</b>	<b>87</b>	<b>7,670</b>	<b>12,078</b>
<b>Normalized profit</b>	<b>1,176</b>	<b>2,389</b>	<b>1,401</b>	<b>2,293</b>	<b>2,769</b>	<b>Normalized profit</b>	<b>21</b>	<b>135</b>	<b>101</b>	<b>8,852</b>	<b>12,078</b>
EPS (Bt)	0.16	0.14	0.12	0.14	0.26	EPS (Bt)	92	65	87	0.65	1.03
Normalized EPS (Bt)	0.10	0.20	0.12	0.20	0.24	Normalized EPS (Bt)	21	135	101	0.75	1.03

  

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	21,772	18,136	18,931	24,623	19,847	Sales grow th	16.3	14.8	44.6	51.1	64.2
A/C receivable	5,660	5,838	7,778	7,966	9,569	Operating profit grow th	81.7	66.8	52.2	47.3	48.9
Inventory	331	116	1,002	1,058	1,303	EBITDA grow th	80.5	66.6	59.3	53.0	34.2
Other current assets	2,591	3,835	2,272	3,109	8,093	Norm profit grow th	76.2	158.3	41.6	73.1	135.4
Investment	22,079	24,268	24,169	24,468	135,573	Norm EPS grow th	76.2	158.3	41.6	73.1	135.4
Fixed assets	129,718	120,088	124,961	133,307	130,128	Gross margin	36.2	33.3	24.2	24.9	28.8
Other assets	63,429	84,165	89,815	160,657	58,161	Operating margin	26.7	27.9	19.4	19.9	24.2
<b>Total assets</b>	<b>245,581</b>	<b>256,446</b>	<b>268,929</b>	<b>355,188</b>	<b>362,674</b>	EBITDA margin	39.8	41.2	30.5	30.6	32.6
S-T debt	18,287	24,728	32,975	16,600	19,526	Norm net margin	12.6	26.4	12.5	19.3	18.1
A/C payable	1,353	1,540	2,341	2,271	3,080	D/E (x)	2.0	1.9	2.0	2.2	2.1
Other current liabilities	10,002	5,389	6,779	10,732	12,410	Net D/E (x)	1.7	1.7	1.8	2.0	1.9
L-T debt	122,577	128,107	128,341	202,751	203,296	Interest coverage (x)	3.6	4.0	2.9	2.1	2.9
Other liabilities	21,281	16,730	19,722	23,451	16,853	Interest rate	3.1	2.5	3.0	3.7	3.1
Minority interest	8,053	9,646	9,618	10,230	10,913	Effective tax rate	11.4	6.2	(17.6)	3.9	15.4
<b>Shareholders' equity</b>	<b>64,027</b>	<b>70,306</b>	<b>69,153</b>	<b>89,153</b>	<b>96,596</b>	ROA	2.0	3.8	2.1	2.9	3.1
Working capital	4,638	4,414	6,440	6,753	7,791	ROE	7.7	14.2	8.0	11.6	11.9
Total debt	140,864	152,835	161,316	219,351	222,821						
<b>Net debt</b>	<b>119,092</b>	<b>134,699</b>	<b>142,386</b>	<b>194,728</b>	<b>202,974</b>						

Sources: Company data, Thanachart estimates

---

## General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 115 Derivative Warrants which are ACE16C2202A, ADVA16C2202A, ADVA16C2203A, AMAT16C2206A, AOT16C2202A, BAM16C2204A, BANP16C2205A, BANP16C2202A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2202A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2202A, CBG16C2204A, CBG16C2205A, CHG16C2202A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CPN16C2202A, CRC16C2204A, DELT16C2202A, DELT16C2203A, DOHO16C2202A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, ESSO16C2202A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2202A, GULF16C2203A, GULF16C2205A, GUNK16C2206A, GUNK16C2203A, GUNK16C2205A, HANA16C2202A, HANA16C2204A, HANA16C2205A, HMPR16C2202A, INTU16C2202A, INTU16C2205A, IRPC16C2205A, IVL16C2202A, IVL16C2203A, JAS16C2202A, JMAR16C2206A, JMAR16C2202A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2206A, KBAN16C2202A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, KTC16C2202A, LH16C2202A, MINT16C2203A, MINT16C2204A, MTC16C2202A, MTC16C2204A, OR16C2202A, OR16C2203A, OR16C2205A, PTG16C2202A, PTG16C2203A, PTL16C2202A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RBF16C2202A, RCL16C2205A, RS16C2205A, S5016P2206B, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2202A, SAWA16C2204A, SAWA16C2205A, SCB16C2202A, SCC16C2204A, SCGP16C2202A, SPAL16C2202A, STA16C2203A, STEC16C2204A, STGT16C2202A, SYNE16C2202A, TOP16C2206A, TOP16C2202A, TRUE16C2205A, TRUE16C2202A, TRUE16C2203A, TRUE16C2203B, TU16C2202A, TU16C2204A, WHA16C2202A, WHA16C2204A (underlying securities are ACE, ADVANC, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RBF, RCL, RS, SAWAD, SCB, SCC, SCGP, SET50, SPALI, STA, STEC, STGT, SYNEX, TOP, TU, WHA, TRUE).. Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 21.2% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)