Gulf Energy Dev. Pcl (GULF TB) - HOLD, Price Bt45.75, TP Bt45.00

Results Comment

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

Strong 1Q22, better-than-expected

- GULF reported Bt3.26bn norm profit in 1Q22, grew nicely 36% y-y and 19% q-q in a like-for-like basis. The growth is backed by capacity expansion and stronger output from wind project in Germany for both y-y and q-q aspects. The result beat our forecast due to higher-than-expected margin from its IPP plant and an unexpected decrease in interest expense.
- Total revenue surged 128% y-y and 35% q-q to Bt20.6bn in 1Q22. Higher electricity dispatch from IPP plants, strong output from Borkum wind power project, and continuous capacity growth were the three major growth drivers.
- EBITDA thus grew 41% y-y and 6% q-q to Bt5.26bn in 1Q22, as those positive factors more than offset impact from a slightly weakened profitability in SPP units due to the rise in gas cost.
- Shared profit from affiliates increased 141% y-y to Bt1.78bn in 1Q22, driven mainly by profit recognition from Intouch group acquired in 3Q21. It improved 5% q-q from a higher profit from IPP project in GJP and a better result from Duqm gas-fired power plant in Oman.
- We see upsides to our earnings forecasts and TP for GULF after the earnings beat this quarter.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	9,035	11,242	11,903	15,287	20,628
Gross profit	**3,006**	**2,716**	**2,959**	**4,397**	**4,562**
SG&A	484	532	589	692	551
Operating profit	2,523	2,184	2,370	3,705	4,011
EBITDA	**3,724**	**3,429**	**3,642**	**4,977**	**5,257**
Other income	696	88	1,702	31	35
Other expense					
Interest expense	932	1,174	1,753	1,737	1,473
Profit before tax	**2,287**	**1,098**	**2,319**	**1,998**	**2,573**
Income tax	141	(193)	91	308	448
Equity & invest. income	742	733	690	1,699	1,784
Minority interests	(498)	(624)	(626)	(662)	(653)
Extraordinary items	(757)	5	(705)	315	138
Net profit	**1,632**	**1,407**	**1,588**	**3,043**	**3,395**
Normalized profit	**2,389**	**1,401**	**2,293**	**2,728**	**3,257**
EPS (Bt)	0.14	0.12	0.14	0.26	0.29
Normalized EPS (Bt)	0.20	0.12	0.20	0.23	0.28

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	35	128	26	80,636	104,923
Gross profit	**4**	**52**	**29**	**15,759**	**19,710**
SG&A	(20)	14	22	2,493	2,891
Operating profit	8	59	30	13,266	16,819
EBITDA	**6**	**41**	**26**	**19,958**	**25,393**
Other income	13	(95)	16	217	186
Other expense			na		
Interest expense	(15)	58	20	7,424	7,335
Profit before tax	**29**	**13**	**42**	**6,060**	**9,670**
Income tax	45	217	142	315	362
Equity & invest. income	5	141	22	7,947	9,073
Minority interests	na	na	23	(2,872)	(3,518)
Extraordinary items	(56)	na	na		
Net profit	**12**	**108**	**31**	**10,820**	**14,862**
Normalized profit	**19**	**36**	**30**	**10,820**	**14,862**
EPS (Bt)	12	108	31	0.92	1.27
Normalized EPS (Bt)	19	36	30	0.92	1.27

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	18,136	18,931	24,623	19,847	22,621
A/C receivable	5,838	7,778	7,966	9,569	14,561
Inventory	116	1,002	1,058	1,303	1,732
Other current assets	3,835	2,272	3,109	8,093	6,356
Investment	24,268	24,169	24,468	135,573	139,760
Fixed assets	120,088	124,961	133,307	130,128	124,610
Other assets	84,165	89,815	160,657	58,161	72,552
Total assets	**256,446**	**268,929**	**355,188**	**362,674**	**382,193**
S-T debt	24,728	32,975	16,600	19,526	22,940
A/C payable	1,540	2,341	2,271	3,080	6,338
Other current liabilities	5,389	6,779	10,732	12,410	12,637
L-T debt	128,107	128,341	202,751	203,296	122,487
Other liabilities	16,730	19,722	23,451	16,853	101,242
Minority interest	9,646	9,618	10,230	10,913	12,950
Shareholders' equity	**70,306**	**69,153**	**89,153**	**96,596**	**103,598**
Working capital	4,414	6,440	6,753	7,791	9,954
Total debt	152,835	161,316	219,351	222,821	145,427
Net debt	**134,699**	**142,386**	**194,728**	**202,974**	**122,806**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	14.8	44.6	51.1	64.2	128.3
Operating profit growth	66.8	52.2	47.3	48.9	59.0
EBITDA growth	66.6	59.3	53.0	34.2	41.2
Norm profit growth	158.3	41.6	73.1	131.9	36.3
Norm EPS growth	158.3	41.6	73.1	131.9	36.3
Gross margin	33.3	24.2	24.9	28.8	22.1
Operating margin	27.9	19.4	19.9	24.2	19.4
EBITDA margin	41.2	30.5	30.6	32.6	25.5
Norm net margin	26.4	12.5	19.3	17.8	15.8
D/E (x)	1.9	2.0	2.2	2.1	1.2
Net D/E (x)	1.7	1.8	2.0	1.9	1.1
Interest coverage (x)	4.0	2.9	2.1	2.9	3.6
Interest rate	2.5	3.0	3.7	3.1	3.2
Effective tax rate	6.2	(17.6)	3.9	15.4	17.4
ROA	3.8	2.1	2.9	3.0	3.5
ROE	14.2	8.0	11.6	11.7	13.0

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.

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 76 Derivative Warrants which are AMAT16C2206A, AOT16C2206A, AWC16C2207A, BAM16C2206A, BAM16C2207A, BANP16C2205A, BANP16C2207A, BCH16C2207A, BEC16C2207A, BGRI16C2205A, BLA16C2205A, BLA16C2208A, CBG16C2205A, CBG16C2207A, CHG16C2207A, COM716C2205A, COM716C2208A, COM716C2209A, CPF16C2205A, DOHO16C2207A, EA16C2205A, EA16C2206A, EA16C2207A, EA16C2209A, GPSC16C2205A, GPSC16C2206A, GPSC16C2207A, GPSC16C2209A, GULF16C2205A, GULF16C2207A, GUNK16C2205A, GUNK16C2206A, GUNK16C2207A, GUNK16C2209A, HANA16C2205A, HANA16C2207A, HANA16C2209A, INTU16C2205A, IRPC16C2205A, IVL16C2206A, JMAR16C2205A, JMAR16C2206A, JMT16C2205A, JMT16C2207A, KBAN16C2206A, KBAN16C2208A, KBAN16C2209A, KCE16C2205A, KCE16C2205B, KCE16C2208A, KCE16C2209A, MEGA16C2207A, MINT16C2207A, OR16C2205A, PTG16C2209A, PTT16C2205A, PTTE16C2209A, PTTG16C2207A, RBF16C2209A, RCL16C2205A, RCL16C2208A, RS16C2205A, S5016C2206A, S5016C2209A, S5016P2206A, S5016P2206B, S5016P2209A, SAWA16C2205A, SCB16C2208A, SPRC16C2209A, SYNE16C2206A, TOP16C2206A, TRUE16C2205A, TRUE16C2205B, TTA16C2207A, TTA16C2208A (underlying securities are AMATA, AOT, AWC, BAM, BANPU, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPF, DOHOME, EA, GPSC, GULF, GUNKUL, HANA, INTUCH, IRPC, IVL, JMART, JMT, KBANK, KCE, MEGA, MINT, OR, PTG, PTT, PTTEP, PTTGC, RBF, RCL, RS, SET50, SAWAD, SCB, SPRC, SYNEX, TOP, TRUE, TTA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of 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 23% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (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: SCG Packaging Pcl (SCGP TB)