Gulf Energy Dev. Pcl (GULF TB) - BUY, Price Bt44.25, TP Bt56.00

Results Comment

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Better-than-expected 3Q25 profit

- GULF reported a normalized profit of Bt7.19bn in 3Q25. It grew 1% q-q, driven by stronger profits from ADVANC and Jackson gas-fired power plant in the US those more than offset lower dividend income from KBANK and planned turnaround in some of its IPP projects this quarter.
- The earnings beat our expectations, mainly due to stronger-than-expected profit contribution from ADVANC.
- Gross profit declined slightly by 1% q-q to Bt6.50bn in 3Q25, given a planned maintenance at its GSRC-2 and GPD-2 IPP projects and negative impacts from strong baht. This is despite stronger SPP margins this quarter.
- Total SG&A expenses dropped 21% q-q Bt926m, due to a high base in the previous quarter when there was a sizable amount of business amalgamation-related expenses.
- EBITDA increased 3% q-q to Bt6.88bn in 3Q25, thanks to lower SG&A costs which more than offset a slight fall in gross profit.
- Equity income surged 20% q-q to Bt5.62bn, backed by higher contributions from Jackson project (higher CP rates and high season of power demand in PJM market), ADVANC (stronger telecom services revenue), and wind farms in Thailand (higher electricity generation).
- The balance sheet remains healthy at 0.9x net D/E as of 3Q25, a slight rise from 0.8x in 2024 reflecting additional borrowings to fund its ongoing investments in domestic renewable projects.
- With GULF's 9M25 normalized profit already accounting for 79% of our full-year projection, while we expect its earnings to rise further in 4Q25F from capacity expansion, we see upside to our earnings forecasts and maintain BUY on GULF.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Revenue			30,782	38,518	29,037
Gross profit			**6,407**	**6,529**	**6,496**
SG&A			1,143	1,168	926
Operating profit			5,264	5,362	5,570
EBITDA			**6,555**	**6,651**	**6,879**
Other income			1,562	2,100	1,140
Other expense					
Interest expense			3,273	3,333	3,323
Profit before tax			**3,553**	**4,128**	**3,387**
Income tax			340	460	441
Equity & invest. income			4,582	4,679	5,623
Minority interests			(1,288)	(1,248)	(1,288)
Extraordinary items			58	56,772	(7)
Net profit			**6,564**	**63,871**	**7,274**
Normalized profit			**6,507**	**7,099**	**7,281**
EPS (Bt)			0.44	4.28	0.49
Normalized EPS (Bt)			0.44	0.48	0.49

Income Statement			**9M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2025F**	**2025F**	**2026F**
Revenue	(25)		63	155,500	158,135
Gross profit	**(1)**		**81**	**23,923**	**27,553**
SG&A	(21)		69	4,712	4,806
Operating profit	4		84	19,211	22,747
EBITDA	**3**		**81**	**24,676**	**28,872**
Other income	(46)		74	6,473	6,251
Other expense			na		
Interest expense	(0)		76	13,049	13,102
Profit before tax	**(18)**		**88**	**12,635**	**15,896**
Income tax	(4)		82	1,516	1,908
Equity & invest. income	20		72	20,530	23,666
Minority interests	na		76	(5,054)	(5,424)
Extraordinary items	na		na		
Net profit	**(89)**		**292**	**26,594**	**32,231**
Normalized profit	**3**		**79**	**26,594**	**32,231**
EPS (Bt)	(89)		292	1.78	2.16
Normalized EPS (Bt)	3		79	1.78	2.16

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Cash & ST investment		35,422	46,524	49,461	60,962
A/C receivable		18,778	29,901	31,160	2,500
Inventory		3,180	4,046	3,594	4,272
Other current assets		15,393	24,802	15,902	35,358
Investment		377,922	375,888	389,286	386,332
Fixed assets		90,658	95,601	97,420	101,651
Other assets		150,066	151,813	155,383	161,724
Total assets		**691,419**	**728,575**	**742,205**	**752,800**
S-T debt		55,873	72,985	65,152	93,877
A/C payable		6,072	14,555	14,386	12,237
Other current liabilities		9,836	11,494	12,830	9,379
L-T debt		259,230	286,623	289,964	268,677
Other liabilities		11,577	12,122	13,773	14,419
Minority interest		29,689	29,891	30,284	30,451
Shareholders' equity		**319,143**	**300,906**	**315,816**	**323,760**
Working capital		15,886	19,392	20,367	(5,465)
Total debt		315,104	359,608	355,116	362,554
Net debt		**279,681**	**313,084**	**305,655**	**301,592**

Financial Ratios					
(%)	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Sales growth	na	na	16.5	18.3	5.9
Operating profit growth	na	na	15.2	18.7	18.0
EBITDA growth	na	na	18.7	20.6	18.1
Norm profit growth	na	na	77.0	114.2	73.2
Norm EPS growth	na	na	39.0	68.2	36.0
Gross margin	na	na	20.8	17.0	22.4
Operating margin	na	na	17.1	13.9	19.2
EBITDA margin	na	na	21.3	17.3	23.7
Norm net margin	na	na	21.1	18.4	25.1
D/E (x)	na	0.9	1.1	1.0	1.0
Net D/E (x)	na	0.8	0.9	0.9	0.9
Interest coverage (x)	na	na	2.0	2.0	2.1
Interest rate	na	-	8.2	3.7	3.7
Effective tax rate	na	na	9.6	11.1	13.0
ROA	na	-	4.2	3.9	3.9
ROE	na	-	10.6	9.2	9.1

Sources: Company data, Thanachart estimates

*Note: GULF was founded in April 2025. 1Q25 numbers shown are pro-forma information provided by the company

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