

**Gunkul Engineering (GUNKUL TB) - BUY, Price Bt2.22, TP Bt2.50****Results Comment**

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

**Stronger-than-expected 4Q25 profit**

- GUNKUL reported Bt432m normalized profit in 4Q25, up 25% y-y but down 6% q-q in a like-for-like basis. The y-y growth was driven by strong construction service revenue which more than offset weaker renewable power output, while the drop q-q was from seasonally high SG&A expenses.
- GUNKUL's full-year norm profit was Bt1.76bn in 2025, up 10% y-y. This beat our expectations at 110% of our projections due to a stronger-than-expected construction business.
- Gross profit grew 17% y-y and 10% q-q to Bt768m in 4Q25, driven by a huge construction service revenue recognized this quarter, which more than offsets a seasonally weakened solar power output.
- EBITDA thus grew strongly by 30% y-y to Bt667m in 4Q25, backed by the strong construction revenue. It fell slightly by 2% q-q on a seasonally high SG&A expense this quarter.
- Equity income, mainly from three domestic wind projects, fell 13% y-y and 1% q-q to Bt255m from lower wind power output.
- GUNKUL omits to pay a final dividend for 2025 fiscal year. That said, it already paid Bt0.12/share interim dividends during the year, which implies 60% payout from its net profit in 2025.
- We see upside to our 2026F earnings forecasts as GUNKUL's updated construction revenue backlog for this year looks higher than our current assumptions. We maintain BUY on GUNKUL as a major beneficiary from accelerating renewable capacity and transmission line expansion in Thailand.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Revenue	2,047	2,070	1,802	1,811	2,519	Revenue	39	23	95	8,203	12,321
<b>Gross profit</b>	<b>659</b>	<b>631</b>	<b>748</b>	<b>695</b>	<b>768</b>	<b>Gross profit</b>	<b>10</b>	<b>17</b>	<b>105</b>	<b>2,841</b>	<b>3,223</b>
SG&A	402	277	290	290	363	SG&A	25	(10)	99	1,220	1,263
Operating profit	257	354	458	404	405	Operating profit	0	58	109	1,621	1,960
<b>EBITDA</b>	<b>512</b>	<b>625</b>	<b>736</b>	<b>679</b>	<b>667</b>	<b>EBITDA</b>	<b>(2)</b>	<b>30</b>	<b>104</b>	<b>2,707</b>	<b>3,081</b>
Other income	65	25	142	23	25	Other income	12	(61)	108	215	173
Other expense	0	0	0	0	0	Other expense			na	0	
Interest expense	170	172	162	156	143	Interest expense	(8)	(16)	97	632	602
<b>Profit before tax</b>	<b>153</b>	<b>207</b>	<b>439</b>	<b>271</b>	<b>287</b>	<b>Profit before tax</b>	<b>6</b>	<b>88</b>	<b>117</b>	<b>1,203</b>	<b>1,531</b>
Income tax	99	59	85	72	111	Income tax	53	11	127	327	337
Equity & invest. income	293	247	126	257	255	Equity & invest. income	(1)	(13)	106	885	719
Minority interests	(0)	(1)	(1)	1	1	Minority interests	(9)	na	1	(0)	(8)
Extraordinary items	174	(27)	6	0	28	Extraordinary items	11,615	(84)	na	8	0
<b>Net profit</b>	<b>520</b>	<b>367</b>	<b>485</b>	<b>457</b>	<b>460</b>	<b>Net profit</b>	<b>1</b>	<b>(12)</b>	<b>111</b>	<b>1,769</b>	<b>1,906</b>
<b>Normalized profit</b>	<b>346</b>	<b>394</b>	<b>478</b>	<b>457</b>	<b>432</b>	<b>Normalized profit</b>	<b>(6)</b>	<b>25</b>	<b>110</b>	<b>1,761</b>	<b>1,906</b>
EPS (Bt)	0.06	0.04	0.05	0.05	0.05	EPS (Bt)	1	(12)	111	0.20	0.21
Normalized EPS (Bt)	0.04	0.04	0.05	0.05	0.05	Normalized EPS (Bt)	(6)	25	110	0.20	0.21
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(%)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash & ST investment	1,205	1,198	855	1,815	894	Sales grow th	12.8	(20.1)	(20.2)	(29.1)	23.1
A/C receivable	2,034	1,903	1,678	1,438	1,774	Operating profit grow th	10.0	(23.3)	(3.3)	(20.8)	57.6
Inventory	988	937	841	790	835	EBITDA grow th	2.9	(12.0)	1.9	(10.1)	30.4
Other current assets	2,574	2,939	3,386	2,289	3,934	Norm profit grow th	35.9	24.2	3.6	(3.7)	24.6
Investment	5,004	4,845	5,622	5,821	5,913	Norm EPS grow th	35.9	24.2	3.6	(3.7)	24.6
Fixed assets	14,564	14,374	12,543	12,293	11,841	Gross margin	32.2	30.5	41.5	38.4	30.5
Other assets	6,335	6,596	6,497	6,450	6,352	Operating margin	12.5	17.1	25.4	22.3	16.1
<b>Total assets</b>	<b>32,704</b>	<b>32,792</b>	<b>31,422</b>	<b>30,896</b>	<b>31,544</b>	EBITDA margin	25.0	30.2	40.8	37.5	26.5
S-T debt	4,546	3,937	2,768	4,000	3,320	Norm net margin	16.9	19.0	26.5	25.2	17.1
A/C payable	1,387	1,677	1,327	1,636	2,416	D/E (x)	1.1	1.1	1.0	0.9	0.9
Other current liabilities	629	666	639	590	931	Net D/E (x)	1.1	1.0	1.0	0.8	0.9
L-T debt	11,249	11,151	11,639	9,308	9,647	Interest coverage (x)	3.0	3.6	4.6	4.4	4.7
Other liabilities	1,013	1,020	1,063	1,150	1,111	Interest rate	4.3	4.5	4.4	4.5	4.4
Minority interest	50	51	48	2	1	Effective tax rate	65.2	28.4	19.5	26.7	38.6
<b>Shareholders' equity</b>	<b>13,830</b>	<b>14,292</b>	<b>13,938</b>	<b>14,209</b>	<b>14,118</b>	ROA	4.2	4.8	6.0	5.9	5.5
Working capital	1,635	1,163	1,192	593	193	ROE	10.2	11.2	13.6	13.0	12.2
Total debt	15,796	15,087	14,407	13,308	12,967						
<b>Net debt</b>	<b>14,591</b>	<b>13,889</b>	<b>13,552</b>	<b>11,493</b>	<b>12,073</b>						

Sources: Company data, Thanachart estimates

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