BUY (Unchanged)

Change in Numbers

TP: Bt 2.70 (From: Bt 2.50)

Upside : 17.4%

24 MARCH 2026

Small Cap Research

Gunkul Engineering Pcl (GUNKUL TB)

Another direct policy play

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We reiterate BUY on GUNKUL as a direct play on the government's renewable and power-sector investment policy. Besides a secured 2.5x capacity jump by 2030F and a construction business upcycle, we see further upside from the new PDP and overseas expansion.

Thanachart Securities

Riding on the green policy; BUY

We reiterate our BUY on GUNKUL with a higher DCF-derived (2026F base) SOTP-based 12-month TP of Bt2.70 (from Bt2.50), due to a resolved 2023 renewable bidding legal dispute (RE Big-lot phase 2.1). *First*, GUNKUL has secured contracts to expand operating power capacity by 2.5x from 0.6GW in 2025 to 1.5GW in 2030F. *Second*, its EPC construction business is entering an upcycle, driven by accelerating public investment in power infrastructure and renewable projects to meet data center green-electricity demand. *Third*, GUNKUL is a direct play on the green economy policy with substantial potential upside from upcoming release of the new Power Development Plan (PDP), which should unlock more renewable contracts. *Lastly*, GUNKUL looks inexpensive to us at 11x 2026F PE, vs. 8% EPS growth in 2026-27F. Despite projecting a 7% EPS fall in 2028F on expiring wind adders, we see its dividend yield remaining sustainable at 5.2%.

A construction boom

We expect GUNKUL to enjoy a higher construction revenue base of Bt5.5bn p.a. during 2026-28F, from Bt3.3bn in 2025. The key driver is the government's investment in power infrastructure to resolve transmission bottlenecks in the EEC area and to support rising electricity demand from data centers and FDI-driven load growth. A secondary driver is construction work on the 7.1GW of renewable projects awarded to various power producers in 2023, with CODs scheduled for 2026-30F. We expect the new PDP to further extend this construction cycle, given electricity demand growth and the need to prepare the national grid for a higher renewable mix and future third-party access (TPA).

2.5x secure capacity growth into 2030F

GUNKUL has secured PPAs to grow its operating renewable capacity to 1.5GW in 2030F, from 0.6GW in 2025. The majority are fixed feed-in-tariff PPAs with EGAT, comprising 364MW of solar farms, 58MW of solar plus battery energy storage (B-ESS), and 464MW of wind farms. We project this capacity growth to drive a rebound of GUNKUL's earnings to Bt2.2bn in 2030F, after a 7% y-y drop to Bt1.9bn in 2028F due to the expiry of the last lot of the adder subsidies on its 55MW wind projects in Thailand.

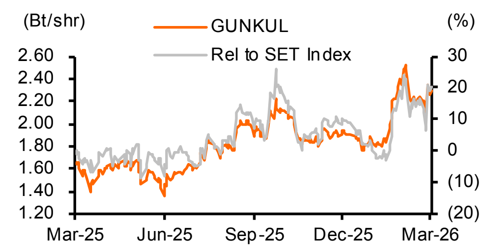
Potential upside

We leave GUNKUL's potential acquisition of up to 200MW of greenfield solar projects in the Philippines as an upside to our numbers. The company is also pursuing M&A opportunities in Malaysia and Taiwan, aiming to expand its secured capacity to 2.0GW by 2027F. Further upside stems from higher renewable quotas from the new PDP, although bidding criteria and COD schedules remain uncertain. Successful execution of any of those opportunities could mitigate its earnings dip in 2028F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	8,203	10,556	10,657	10,923
Net profit	1,769	1,903	2,059	1,913
Consensus NP	—	1,840	1,939	1,904
Diff frm cons (%)	—	*3.4*	*6.2*	*0.5*
Norm profit	1,761	1,903	2,059	1,913
Prev. Norm profit	—	1,906	2,171	2,063
Chg frm prev (%)	—	*(0.2)*	*(5.1)*	*(7.3)*
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS grw (%)	10.1	8.0	8.2	(7.1)
Norm PE (x)	11.6	10.7	9.9	10.7
EV/EBITDA (x)	11.6	11.2	10.9	11.8
P/BV (x)	1.4	1.4	1.3	1.2
Div yield (%)	5.2	5.2	5.2	5.2
ROE (%)	12.6	13.1	13.3	11.7
Net D/E (%)	77.7	92.9	78.4	91.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 24-Mar-26 (Bt)	2.30
Market Cap (US$ m)	628.0
Listed Shares (m shares)	8,882.5
Free Float (%)	40.3
Avg Daily Turnover (US$ m)	1.6
12M Price H/L (Bt)	2.52/1.35
Sector	Utilities
Major Shareholder	Gunkul Group Co.,Ltd. 50.68%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ………….….………….….. P8

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Riding on the green policy

GUNKUL is a BUY

We reiterate our BUY rating on Gunkul Engineering Pcl (GUNKUL TB), supported by four key reasons:

1) Secured 2.5x renewable capacity growth into 2030F

- First, GUNKUL has secured power purchase agreements (PPAs), the majority of which have the Electricity Generating Authority of Thailand (EGAT) as the off-taker, to expand its operating renewable capacity by 2.5x from 0.6GW in 2025 to 1.5GW in 2030F.

2) Construction demand in the power sector is in an upcycle

- Second, we believe that GUNKUL's engineering and construction services business is entering an upcycle, with revenue from this business segment rising to Bt5.5bn p.a. over 2026-28F, from Bt3.3bn in 2025, driven primarily by increasing public investment in power infrastructure and accelerating demand for renewable project development.

3) A direct play on green energy and investments in public transmission system

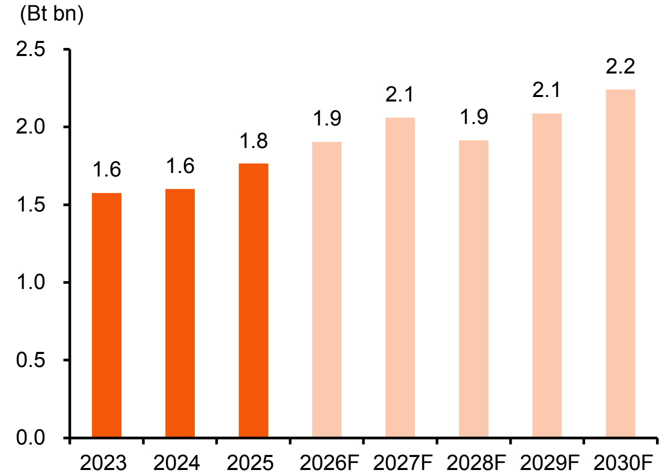
- Third, we view GUNKUL as the most direct play on the government's green economy policy. This creates potential opportunities across both core businesses; 1) the new Power Development Plan (PDP) is likely to unlock a sizable additional renewable quota to support Thailand's Net Zero emissions target by 2050, and 2) higher load forecasts, driven by emerging datacenter investments and strong FDI inflows, should extend the construction cycle for transmission expansion and grid upgrades to accommodate a higher and less predictable renewable mix in the national electricity generation system.

4) Attractive 11x 2026F PE in our view, with a sustainable 5.2% yield

- Lastly, even though we have yet to factor in those potential upsides, we see GUNKUL's 11x 2026F PE as attractive against 8% p.a. EPS growth in 2026-27F. We also expect its 5.2% dividend yield to remain sustainable, despite projecting a 7% earnings dip in 2028F from the expiry of its last lot of adder subsidies for its wind projects in Thailand.

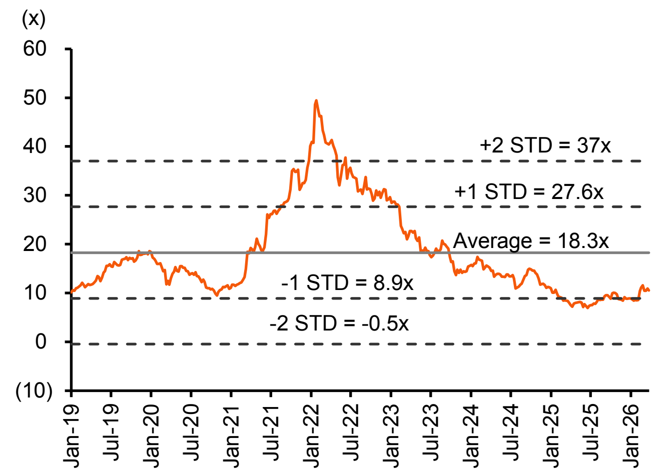
We raise our 12-month DCF-derived SOTP-based TP (2026F base year) to Bt2.70/share (from Bt2.50) after factoring an additional 284MW of wind power contracts into our numbers, following the resolution of a legal dispute concerning the RE Big-lot Phase 2.1 bidding round.

Ex 1: Steady Long-Term Earnings Growth Outlook



Sources: Company data, Thanachart estimates

Ex 2: PE Multiple Looks Attractive In Our View



Sources: Bloomberg, Thanachart estimates

A construction boom

Major beneficiary of an upcycle for construction demand in power industry

We estimate GUNKUL's engineering and construction business revenue to remain elevated at Bt5.5bn p.a. in 2026-28F, from Bt3.3bn in 2025. We expect this to be supported by GUNKUL's secured Bt6.0bn backlog, comprising mainly construction work for renewable projects awarded in the 2023 bid, as well as recurring maintenance contracts for EGAT's transmission system and substations. A key near-term demand driver is EGAT's approved

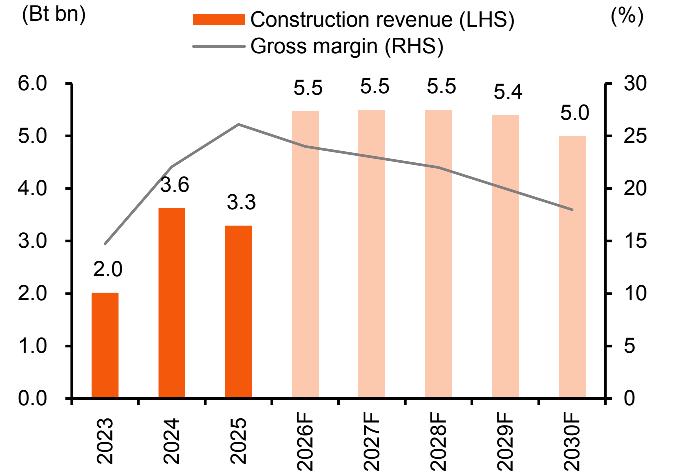
Bt33.5bn investment budget to resolve electricity transmission bottlenecks in the Eastern Economic Corridor (EEC), which have been constraining fast-growing data center and advanced manufacturing investments in this core economic zone. As one of the major bidders for EGAT's projects, we see this investment scheme providing a significant uplift for GUNKUL's construction revenue.

Further major government-related construction demand stems from the so-called Quick Big Win policy, originally proposed under the previous administration and likely to be carried on by the current government. The combined Bt96bn investment budget across these schemes includes Bt30bn for up to 1,500MW of community solar projects, Bt53bn for up to 1,638MW of floating solar installations across EGAT's major reservoirs, and Bt12.5bn for solar water pump systems for agricultural land, with further incremental construction demand for household solar rooftops supported by already approved personal income tax reduction incentives. See our previous report on GUNKUL – *Favorable policies*, dated 15 October 2025, for more details about Quick Big Win projects. With cabinet formation nearing completion, we expect official investment approval for both EGAT's grid expansion and the Quick Big Win schemes, further extending the construction upcycle for GUNKUL.

… alongside renewable project construction work for private developers

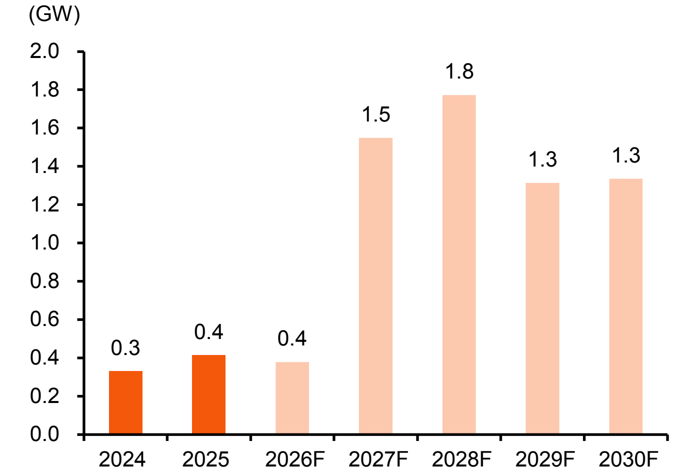
Beyond direct government projects, GUNKUL also captures EPC demand from private power developers awarded the 7.1GW of renewable contracts in the RE Big-lot bidding round in 2023. We believe GUNKUL holds a structural cost advantage in winning a meaningful share of this renewable development work, supported by procurement-scale benefits from its already-secured 656MW of self-developed projects and 461MW of projects under a 50:50 joint venture with Gulf Development Pcl (GULF TB, Bt55.25, BUY), as well as a large subcontractor network. We note our assumptions of construction revenue gradually tapering to Bt5.0bn in 2030F, reflecting the winding down of the current four-year government mandate, and gross margins of 22-24% over the next three years, vs. 22% and 26% in 2024-25, accounting for potentially thinner margins on large-scale projects.

Ex 3: Construction Upcycle With Decent Margins



Sources: Company data, Thanachart estimates

Ex 4: Scheduled CODs Of RE Big-Lot Projects



Sources: Energy Regulatory Commission (ERC), Thanachart estimates

Note: The government bids out a total of 7.1GW of renewable projects under the RE Big-lot scheme in 2023; Phase 1 = 5.0GW and Phase 2.1 = 2.1GW.

The new PDP release should extend this public investment cycle further

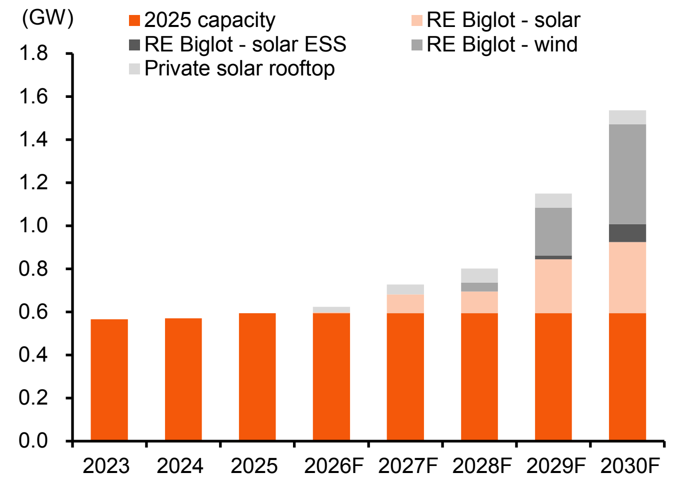
We also expect the forthcoming release of the new PDP to further extend this construction upcycle. First, higher renewable capacity targets in Thailand should generate incremental project development demand. Second, we believe the upward revisions to long-term electricity demand forecasts in the new PDP, driven by emerging data center investments and persistently strong FDI inflows, will translate into greater transmission expansion and grid upgrades to accommodate higher power demand and a more variable renewable generation mix. Longer term, we believe a full transition of the national grid to a third-party access (TPA) framework would require materially more grid investment, i.e., redundant infrastructure, automation systems, and battery energy storage for backup and load balancing, which would directly benefit GUNKUL's construction business.

2.5x secured renewable capacity growth

Growing pure-renewable power generation portfolio to 1.5GW in 2030F

We project GUNKUL's secured renewable capacity growth to sustain its earnings growth momentum beyond 2028F, serving as a structural replacement driver when the construction upcycle fades. GUNKUL has secured contracts to expand its operating renewable capacity to 1.5GW in 2030F from 0.6GW in 2025. The majority of those are under fixed feed-in-tariff (FiT) PPAs with EGAT as the off-taker, granted from the 2023 RE Big-lot bidding round. The earlier-COD projects are 410MW of solar farms and 51MW of solar-plus-battery energy storage system (B-ESS) under its 50%-owned joint venture with GULF, translating to 205MW and 25MW in equity capacity, with COD schedules front-loaded over 2026-30. GUNKUL holds 100% stakes in the remaining contracts, comprising 159MW of solar farms, 33MW of solar-plus-BESS, and 464MW of wind farms, with CODs scheduled for 2028-30. We therefore view these wholly-owned projects as well-timed as a replacement earnings driver when EPC revenue begins to moderate, with the sizable wind capacity, which is the highest margin among the three contract types, due to come online in 2029-30. See Exhibit 5 for the full COD schedule across all secured contracts.

Ex 5: Expanding Renewable Capacity



Sources: Company data, Thanachart estimates

Ex 6: Projects Granted From RE Big-Lot Scheme In 2023

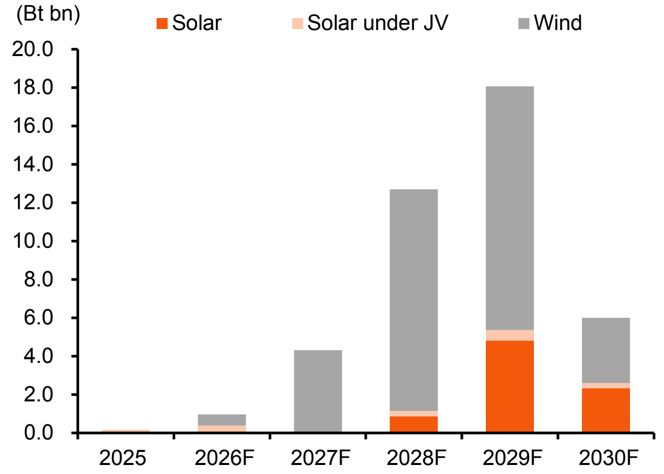
Project type	Equity capacity (MW)	Expected investment cost (Bt m/MW)	Electricity tariff (Bt/kWh)
Solar	363.7	25.0 - 30.0	2.17 - 2.67
Solar w/ BESS	58.3	65.0 - 70.0	2.83 - 3.33
Wind	464.0	70.0 - 80.0	3.10

Sources: Company data, Thanachart estimates

Manageable gearing room despite huge capex ahead

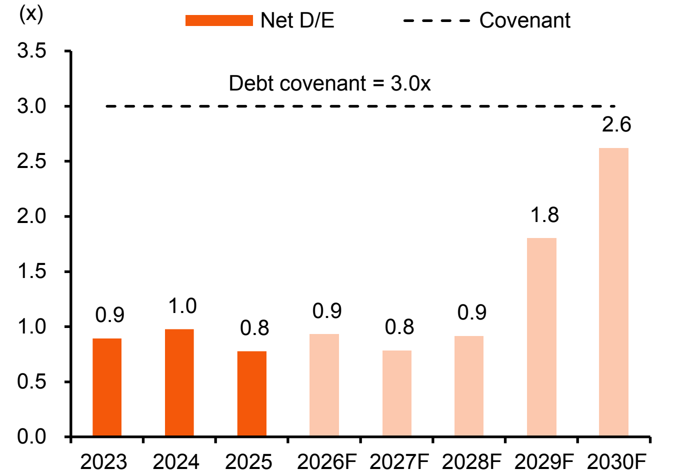
The growing base of recurring cash flows from renewable projects is the key supporting factor for our expectation that GUNKUL's 5.2% dividend yield is sustainable, despite a medium-term winding down of the construction business and our estimate of a 7% earnings dip in 2028F when the adder subsidies on its 55MW of equity-owned wind projects, the last remaining lot, are set to expire. On the balance sheet, despite an estimated Bt54bn in capex required to develop the 1.1GW of awarded contracts, we project GUNKUL’s net D/E to peak at 2.6x in 2030F, comfortably within its 3.0x debt covenant (see Exhibit 8). This is supported by GUNKUL's strategy of channeling a portion of project investments through joint-venture structures, effectively shifting part of the financing off-balance sheet. We believe this approach gives GUNKUL additional headroom to pursue additional renewable contracts in new PDP bidding rounds without straining its balance sheet, extending its capacity growth trajectory beyond 2030F.

Ex 7: Projected Capex For Renewable Expansion



Sources: Company data, Thanachart estimates

Ex 8: Gearing Remains Under Control



Sources: Company data, Thanachart estimates

Ex 9: 12-month DCF-derived SOTP-based TP Calculation

	Valuation method	WACC (%)	Value per GUNKUL share (Bt/shr)
Existing projects			
Solar farms TH	DCF	5.8%	0.74
Wind farms - TH	DCF	6.3%	0.56
Solar rooftop - TH	DCF	7.3%	0.59
RE Biglot PPAs	DCF	6.0-9.6%	1.05
Subtotal - Domestic			**2.93**
Solar farms - JP	DCF	5.8%	0.31
Solar farms - VN	DCF	7.4%	0.24
Solar farms - MY	DCF	5.8%	0.05
Subtotal - Overseas			**0.60**
Construction and equipment trading	DCF	6.7%	**0.71**
Headquarter expenses	DCF	10.0%	**(0.80)**
Net debt			**(0.74)**
Grand total			**2.70**

Source: Thanachart estimates

Valuation Comparison

Ex 10: Comparison With Regional Peers

Name	BBG code	Market	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	Div yield 26F (%)	Div yield 27F (%)
Cheung Kong Infrastructure	1038 HK	Hong Kong	10.1	0.9	16.5	16.4	1.2	1.2	na	47.9	4.2	4.2
China Power Int'l	2380 HK	Hong Kong	(4.7)	7.7	11.3	10.5	0.8	0.8	11.1	10.3	5.2	6.1
China Resources Power	836 HK	Hong Kong	(1.2)	2.6	7.1	6.9	0.8	0.7	7.5	7.2	5.5	5.7
CLP Holdings	2 HK	Hong Kong	2.4	3.1	15.8	15.3	1.6	1.6	10.0	9.7	4.4	4.4
Hongkong Electric Holdings	6 HK	Hong Kong	4.9	2.8	19.6	19.1	1.4	1.4	na	na	4.6	4.6
Huaneng Power	902 HK	Hong Kong	(6.6)	6.0	7.6	7.2	0.9	0.7	9.0	8.6	6.1	5.9
Tata Power	TPWR IN	India	4.6	22.4	28.4	23.2	3.1	2.8	13.1	11.1	0.6	0.7
Tenaga Nasional	TNB MK	Malaysia	13.8	4.6	17.0	16.2	1.4	1.4	7.4	7.0	3.8	3.9
YTL Corp	YTL MK	Malaysia	(21.2)	na	12.8	na	na	na	na	na	3.0	na
YTL Power	YTLP MK	Malaysia	(14.1)	2.7	11.2	10.9	1.0	1.0	8.1	7.7	2.8	3.0
Manila Electric	MER PM	Philippines	7.6	9.2	12.7	11.7	3.5	3.1	10.9	9.5	4.6	4.9
BCPG Pcl *	BCPG TB	Thailand	17.6	21.3	8.7	7.2	0.6	0.5	18.8	15.2	4.8	4.8
B.Grimm Power Pcl *	BGRIM TB	Thailand	13.6	26.7	19.9	15.7	0.8	0.8	9.8	10.2	3.5	4.4
Banpu Power Pcl *	BPP TB	Thailand	34.3	4.0	8.6	8.3	0.7	0.7	12.6	10.3	4.8	4.8
CK Power Pcl *	CKP TB	Thailand	(0.5)	2.2	7.9	7.7	0.6	0.6	8.7	8.6	4.1	4.1
Energy Absolute Pcl*	EA TB	Thailand	41.3	(52.2)	4.8	10.0	0.3	0.3	6.1	6.4	0.0	0.0
Electricity Generating *	EGCO TB	Thailand	46.5	(1.5)	6.2	6.3	0.5	0.5	25.1	25.1	6.0	6.0
Global Power Synergy *	GPSC TB	Thailand	27.0	19.3	14.1	11.8	0.8	0.8	9.3	8.5	3.9	5.1
Gulf Energy Dev. Pcl *	GULF TB	Thailand	16.4	12.7	24.6	21.9	2.0	1.9	35.3	31.8	2.4	2.7
Gunkul Engineering *	GUNKUL TB	Thailand	8.0	8.2	10.7	9.9	1.4	1.3	11.2	10.9	5.2	5.2
RATCH Group *	RATCH TB	Thailand	37.8	(12.5)	7.3	8.3	0.6	0.6	23.0	25.0	5.6	5.6
WHA Utilities & Power *	WHAUP TB	Thailand	28.9	10.2	10.2	9.3	1.1	1.1	19.5	17.3	6.0	6.0
Average			**12.1**	**4.8**	**12.9**	**12.1**	**1.2**	**1.1**	**13.5**	**14.4**	**4.1**	**4.4**

Sources: Bloomberg, * Thanachart estimates

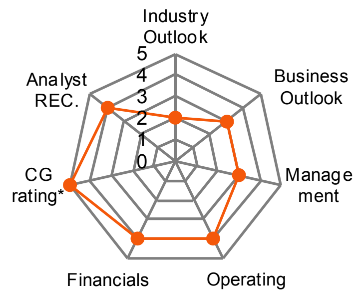
Based on 24 March 2026 closing prices

COMPANY DESCRIPTION

Gunkul Engineering Pcl (GUNKUL) operates three major business units: 1) electrical equipment trading and manufacturing, 2) electricity infrastructure construction service, and 3) renewable power plants. Power generation from renewable sources is now its core business, with 596MW (equity-owned) of operating capacity as of 2025, comprising solar and wind farms in Thailand, solar projects abroad, and private solar rooftop projects in Thailand.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Established reputation and track record in the market, especially for public infrastructure construction projects.
- Strong relationships with local state power agencies.
- Strong cash flow streams from subsidized renewable power plants in Thailand.

W — Weakness

- Limited capacity growth potential in Thailand given the country's oversupply situation.
- Power generation performance is heavily reliant on natural conditions, which is a normal characteristic for renewable plants.

O — Opportunity

- Bigger slice of the pie in state-enterprise budgets, rising in tandem with a pick-up in the country's GDP.
- Growing development of renewable capacity in Thailand, both from government bids and private demand.

T — Threat

- Lack of expertise in new energy technology, i.e., peer-to-peer trading system, and battery and energy storage.
- Rising number of corporates, both within and outside the utilities sector, investing in renewables to gain benefits from carbon emission neutrality.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	3.09	2.70	-13%
Net profit 26F (Bt m)	1,840	1,903	3%
Net profit 27F (Bt m)	1,939	2,059	6%
Consensus REC	**BUY: 9**	**HOLD: 0**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2026-27F earnings are 3-6% higher than the Bloomberg consensus numbers, likely since we are more bullish on near-term benefits from booming power EPC work.
- However, our DCF-derived SOTP-based TP is 13% lower than the Street's, likely since we assume lower profitability of its new renewable contracts.

Sources: Bloomberg consensus, Thanachart estimates

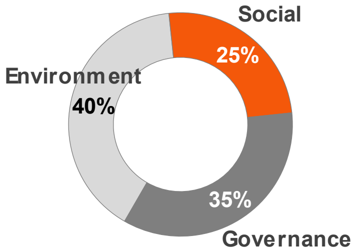
RISKS TO OUR INVESTMENT CASE

- Less favorable natural conditions, i.e., weaker wind speeds or lower solar radiation, than our assumptions would represent the key downside risk to our earnings forecasts.
- Lower-than-expected or slower-than-expected development of new capacity would be another downside risk to our valuation.
- A delay or cancellation of bidding for renewable plants and related infrastructure projects by the government would represent downside risk to GUNKUL's business growth.

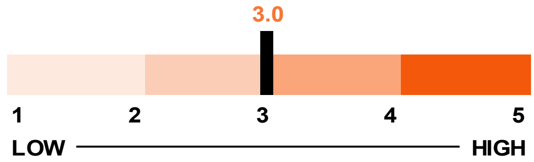
Source: Thanachart

ESG & Sustainability Report

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
GUNKUL	YES	AAA	-	2.99	0	64.32	5.0

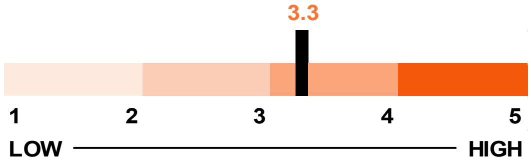
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- Gunkul Engineering Pcl (GUNKUL) is one of Thailand's leading renewable power developers and operators, with a differentiated positioning through integrated upstream capabilities in power equipment manufacturing and engineering, procurement, and construction (EPC) services, providing cost competitiveness in securing both public and private renewable projects.
- We assign GUNKUL an ESG score of 3.0, in line with the industry average, reflecting a strong environmental (E) profile via its core renewable power business that helps reduce its own emissions and supports national decarbonization targets. This is partially offset by a relatively weaker governance (G) aspect, primarily a not-yet-ideal board structure.
- We assign GUNKUL a decent E score of 3.3 as its core business is aligned with global decarbonization trends. Its renewable portfolio, mainly solar and wind power projects, has scaled meaningfully across both domestic and overseas markets and continues to expand.
- We assign a decent social (S) score of 3.1, underpinned by its solid track record in delivering renewable electricity and EPC services, both of which are critical to its clients. This is complemented by acceptable standards in workforce safety and stakeholder engagement.
- We assign a moderate G score of 2.6. While we view its compliance and risk management frameworks as adequate, its board structure does not yet meet global standards, reflecting a typical pattern seen in founder-led Thai corporates. Its board chair is a non-independent director, and the mix of independent members is below the 2/3 ideal ratio.

GUNKUL's Environmental profile, with a decent 3.3 score, is its key ESG strength. Its power business is purely exposed to renewables. However, the company also has an EPC construction business that still needs to make further progress in reducing its operational emissions.

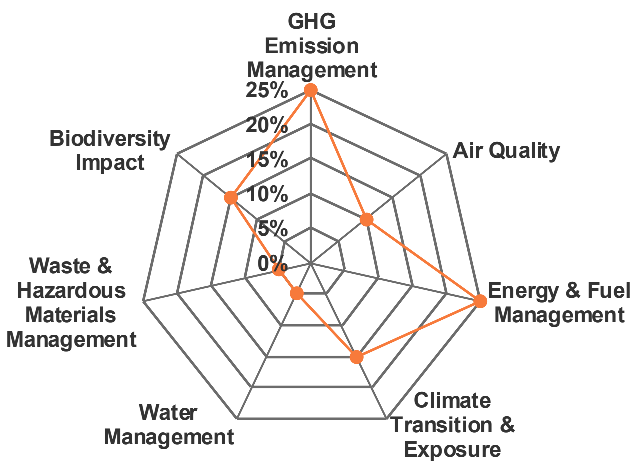
Thanachart Environment (E) Rating



ENVIRONMENT

- GHG Emission Management
- Air Quality
- Energy & Fuel Management
- Climate Transition & Exposure
- Water Management
- Waste & Hazardous Materials Management
- Biodiversity Impact

SCALE WEIGHTING



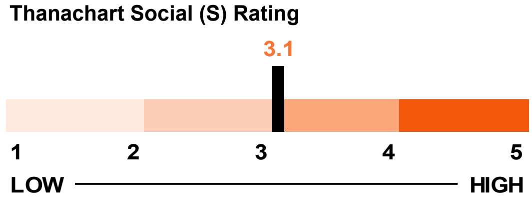
Our Comments

- We assign GUNKUL a decent E score of 3.3, primarily supported by its pure exposure to renewable electricity generation, comprising solar and wind assets with no fossil fuel-based operations. As of 2025, its operational power capacity includes 350MW from domestic solar farms, rooftop solar, and wind projects, and 246MW from overseas solar projects.
- The absence of fossil fuel generation significantly limits both carbon emissions and air pollutants.
- However, its manufacturing and construction service segments still carry operational emission footprints. We have yet to see strong initiatives or policies aimed at reducing these emissions, aside from the company's ongoing shift toward renewable electricity consumption, leveraging its own solar rooftop development capabilities.
- While solar operations require regular panel cleaning and manufacturing processes involve water usage, we view its current water management practices as largely basic.
- We also see potential biodiversity risks from renewable project development, particularly land use for solar and wind farms. Nonetheless, GUNKUL's track record remains acceptable, despite a minor legal case related to land use in one of its wind power assets.

Sources: Thanachart, Company data

Sector: Resources | Energy & Utilities

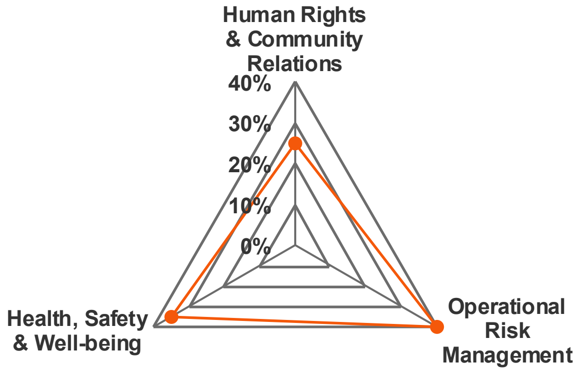
GUNKUL's decent S score of 3.1 is supported by its role in delivering critical electricity and construction services, as well as acceptable community engagement and workforce safety standards. Its power engineering activities carry a higher operational risk than typical construction services.



SOCIAL

- **Human Rights & Community Relations**
- **Operational Risk Management**
- **Health, Safety & Well-being**

SCALE WEIGHTING



Our Comments

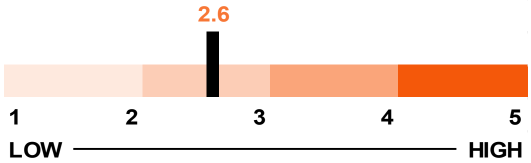
- We assign a decent S score of 3.1 to GUNKUL, backed by its solid operational track record in delivering renewable electricity and standard construction services, which are critical in maintaining grid stability and ensuring sufficient electricity supply for the country.
- We believe GUNKUL's integrated business model, spanning from upstream equipment manufacturing and procurement, development and construction, and renewable power operations, plays an important role in maintaining quality and execution standards across its engineering and construction services for customers in both public and private sectors.
- Despite GUNKUL's high exposure to construction-intensive and engineering environments, where safety is highly critical, we see its structured safety systems and workforce training as adequate in managing these operational risks.
- GUNKUL has established employee development programs to support technical and operational capabilities of its staff, which we see as important in enabling the company's continuous expansion into new projects (i.e. renewable plants with battery energy storage) and new geographies (i.e. more countries in Asia).
- GUNKUL also performs good engagement activities with local communities around its project sites, particularly for renewable developments that involve land use and may affect local livelihoods. While no major disputes or protests have been observed, we note that disclosure on community impacts remains relatively limited.

Sources: Thanachart, Company data

Sector: Resources | Energy & Utilities

We assign a moderate 2.6 G score to GUNKUL. We see its compliance and risk management frameworks as adequate, but its board structure remains relatively weak, which is typical of founder-led Thai-listed companies.

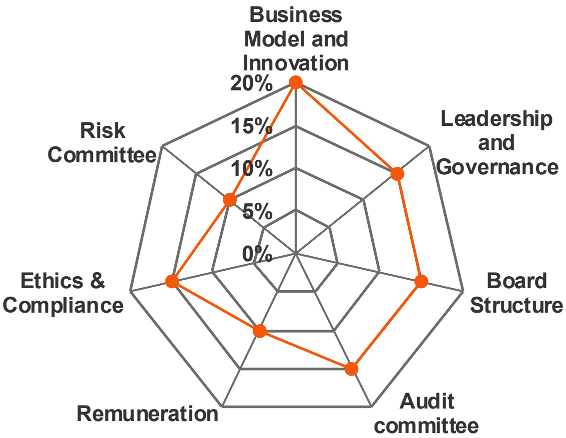
Thanachart Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Remuneration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign a moderate G score of 2.6 to GUNKUL, slightly below the industry average, mainly reflecting its weaker board independence relative to the global best practices. In addition, we view its earlier expansion into cannabis-related businesses during the regulatory liberalization period, which was later reversed, as a factor that slightly weakens its business model and innovation angle, as well as risk management.
- GUNKUL has established a clear strategic positioning as a renewable-focused power company, with ambitions to expand its presence across ASEAN. However, we see limited emphasis on business innovation and technology-driven initiatives, which may constrain its ability to sustain strong profitability amid intensifying competition in renewable power development.
- Board composition is the weakest aspect of GUNKUL's governance profile in our view. The presence of a non-independent director, who is also the company's ultimate founder, serving as board chairman is not aligned with global best practices. Overall board independence, with six independent directors out of a total of 11 members, also falls short of the ideal 2/3 ratio. That said, we view the relatively high representation of four female directors as a positive for board diversity.
- That said, the company maintains established governance structures and internal control mechanisms in line with regulatory requirements, which we consider sufficient for its current scale of operations.
- We believe GUNKUL's risk management framework adequately covers key areas such as project execution, regulatory exposure, and expansion risks, as reflected in its cautious approach to entering new markets and preference for government-backed contracts in new geographies.
- Disclosure on remuneration and incentive alignment is clearly presented in its annual report, although we believe further enhancement is warranted, particularly in linking management incentives with long-term ESG outcomes.

Sources: Thanachart, Company data

Booming EPC work drives near-term earnings growth

Leaning toward an asset-light investment model going forward

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	9,451	8,203	10,556	10,657	10,923
Cost of sales	6,504	5,362	7,353	7,516	7,735
Gross profit	**2,946**	**2,841**	**3,202**	**3,142**	**3,189**
% gross margin	31.2%	34.6%	30.3%	29.5%	29.2%
Selling & administration expenses	1,244	1,220	1,216	1,238	1,268
Operating profit	**1,703**	**1,621**	**1,986**	**1,904**	**1,921**
% operating margin	18.0%	19.8%	18.8%	17.9%	17.6%
Depreciation & amortization	996	1,085	1,085	1,106	1,122
EBITDA	**2,699**	**2,707**	**3,072**	**3,010**	**3,043**
% EBITDA margin	28.6%	33.0%	29.1%	28.2%	27.9%
Non-operating income	137	215	236	185	190
Non-operating expenses	0	0	0	0	0
Interest expense	(717)	(632)	(644)	(676)	(708)
Pre-tax profit	**1,123**	**1,203**	**1,579**	**1,413**	**1,402**
Income tax	330	327	395	311	280
After-tax profit	**793**	**876**	**1,184**	**1,102**	**1,122**
% net margin	8.4%	10.7%	11.2%	10.3%	10.3%
Shares in affiliates' Earnings	807	885	728	965	800
Minority interests	(0)	(0)	(9)	(8)	(9)
Extraordinary items	61	8	0	0	0
NET PROFIT	**1,661**	**1,769**	**1,903**	**2,059**	**1,913**
Normalized profit	**1,600**	**1,761**	**1,903**	**2,059**	**1,913**
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
Normalized EPS (Bt)	0.2	0.2	0.2	0.2	0.2

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	6,800	7,437	9,013	9,096	9,278
Cash & cash equivalent	2,235	2,003	2,000	2,000	2,000
Account receivables	2,034	1,774	2,169	2,190	2,244
Inventories	988	835	1,209	1,235	1,271
Others	1,543	2,825	3,635	3,670	3,762
Investments & loans	5,004	5,913	6,300	6,343	6,625
Net fixed assets	14,564	11,841	11,556	11,061	14,223
Other assets	6,335	6,352	8,026	8,176	8,329
Total assets	**32,704**	**31,544**	**34,895**	**34,676**	**38,455**
LIABILITIES:					
Current liabilities:	6,562	6,666	6,859	6,671	7,433
Account payables	1,387	2,416	1,813	1,853	1,907
Bank overdraft & ST loans	1,898	271	159	145	174
Current LT debt	2,648	3,048	3,937	3,592	4,306
Others current liabilities	629	932	949	1,081	1,046
Total LT debt	**11,249**	**9,647**	**11,812**	**10,777**	**12,918**
Others LT liabilities	1,013	1,111	1,259	1,262	1,282
Total liabilities	**18,824**	**17,425**	**19,930**	**18,710**	**21,633**
Minority interest	50	1	10	18	27
Preferreds shares	0	0	0	0	0
Paid-up capital	2,221	2,221	2,221	2,221	2,221
Share premium	5,179	5,179	5,179	5,179	5,179
Warrants	0	0	0	0	0
Surplus	(2,764)	(3,222)	(3,222)	(3,222)	(3,222)
Retained earnings	**9,194**	**9,940**	**10,776**	**11,769**	**12,617**
Shareholders' equity	13,830	14,118	14,955	15,948	16,795
Liabilities & equity	**32,704**	**31,544**	**34,895**	**34,676**	**38,455**

Sources: Company data, Thanachart estimates

No sizable near-term capex, leaving room for M&A opportunities

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	1,123	1,203	1,579	1,413	1,402
Tax paid	(271)	(281)	(389)	(290)	(286)
Depreciation & amortization	996	1,085	1,085	1,106	1,122
Chg In w orking capital	(1,148)	1,441	(1,371)	(8)	(37)
Chg In other CA & CL / minorities	799	(222)	(71)	1,040	680
Cash flow from operations	**1,501**	**3,227**	**834**	**3,262**	**2,881**
Capex	(594)	1,637	(800)	(611)	(4,284)
Right of use	33	(177)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	518	(909)	(386)	(44)	(281)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(677)	334	(1,526)	(148)	(133)
Cash flow from investments	**(720)**	**885**	**(2,712)**	**(803)**	**(4,699)**
Debt financing	468	(2,863)	2,942	(1,393)	2,883
Capital increase	0	0	0	0	0
Dividends paid	(688)	(1,032)	(1,066)	(1,066)	(1,066)
Warrants & other surplus	(1,076)	(449)	0	0	0
Cash flow from financing	**(1,296)**	**(4,344)**	**1,876**	**(2,459)**	**1,817**
Free cash flow	**781**	**4,112**	**(1,879)**	**2,459**	**(1,817)**

Attractive valuation in our view, at 11x 2026F PE with over a 5% yield

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	12.8	11.6	10.7	9.9	10.7
Normalized PE - at target price (x)	15.0	13.6	12.6	11.6	12.5
PE (x)	12.3	11.6	10.7	9.9	10.7
PE - at target price (x)	14.4	13.6	12.6	11.6	12.5
EV/EBITDA (x)	12.6	11.6	11.2	10.9	11.8
EV/EBITDA - at target price (x)	13.9	12.9	12.3	12.1	12.9
P/BV (x)	1.5	1.4	1.4	1.3	1.2
P/BV - at target price (x)	1.7	1.7	1.6	1.5	1.4
P/CFO (x)	13.6	6.3	24.5	6.3	7.1
Price/sales (x)	2.2	2.5	1.9	1.9	1.9
Dividend yield (%)	7.0	5.2	5.2	5.2	5.2
FCF Yield (%)	3.8	20.1	(9.2)	12.0	(8.9)
(Bt)					
Normalized EPS	0.2	0.2	0.2	0.2	0.2
EPS	0.2	0.2	0.2	0.2	0.2
DPS	0.2	0.1	0.1	0.1	0.1
BV/share	1.6	1.6	1.7	1.8	1.9
CFO/share	0.2	0.4	0.1	0.4	0.3
FCF/share	0.1	0.5	(0.2)	0.3	(0.2)

Sources: Company data, Thanachart estimates

ROE remains above the industry average

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	24.4	(13.2)	28.7	1.0	2.5
Net profit (%)	12.6	6.5	7.6	8.2	(7.1)
EPS (%)	12.6	6.5	7.6	8.2	(7.1)
Normalized profit (%)	1.5	10.1	8.0	8.2	(7.1)
Normalized EPS (%)	1.5	10.1	8.0	8.2	(7.1)
Dividend payout ratio (%)	85.6	60.3	56.0	51.8	55.7
Operating performance					
Gross margin (%)	31.2	34.6	30.3	29.5	29.2
Operating margin (%)	18.0	19.8	18.8	17.9	17.6
EBITDA margin (%)	28.6	33.0	29.1	28.2	27.9
Net margin (%)	8.4	10.7	11.2	10.3	10.3
D/E (incl. minor) (x)	1.1	0.9	1.1	0.9	1.0
Net D/E (incl. minor) (x)	1.0	0.8	0.9	0.8	0.9
Interest coverage - EBIT (x)	2.4	2.6	3.1	2.8	2.7
Interest coverage - EBITDA (x)	3.8	4.3	4.8	4.5	4.3
ROA - using norm profit (%)	4.9	5.5	5.7	5.9	5.2
ROE - using norm profit (%)	11.5	12.6	13.1	13.3	11.7
DuPont					
ROE - using after tax profit (%)	5.7	6.3	8.1	7.1	6.9
- asset turnover (x)	0.3	0.3	0.3	0.3	0.3
- operating margin (%)	19.5	22.4	21.1	19.6	19.3
- leverage (x)	2.4	2.3	2.3	2.3	2.2
- interest burden (%)	61.0	65.5	71.0	67.6	66.4
- tax burden (%)	70.6	72.8	75.0	78.0	80.0
WACC (%)	5.7	5.7	5.7	5.7	5.7
ROIC (%)	4.6	4.3	5.9	5.1	5.4
NOPAT (Bt m)	1,203	1,180	1,490	1,485	1,537
invested capital (Bt m)	27,390	25,081	28,863	28,463	32,193

Sources: Company data, Thanachart estimates

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For sectors, an “Overweight” sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLs on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYs and SELLs.

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