Gulf Development Pcl (GULF TB) - BUY, Price Bt67.50, TP Bt75.00

Results Comment

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Exceptionally strong 2Q26, in-line

- GULF reported Bt10.4bn normalized profit in 2Q26 (excluding Bt1.9bn gain from a partial divestment in Pak Lay hydropower project), surged up 47% y-y and 20% q-q, mainly driven by capacity expansion over the past year and a chunky dividend income from KBANK recognized this quarter.
- Gross profit grew 13% y-y to Bt7.35bn in 2Q26, supported by renewable capacity expansion over the past year. It fell slightly by 1% q-q, pressured by an SPP margin squeeze which more than offset higher IPP sales volume this quarter.
- SG&A expense spiked up 47% y-y and 81% q-q to Bt1.7bn in 2Q26 in which the company cites that it was mainly due to a one-off internal business restructuring, alongside higher costs to support continuous business expansion.
- EBITDA grew 6% y-y but declined by 10% q-q as the gross profit growth was weighed down by higher SG&A expenses.
- Equity income grew 30% y-y to Bt6.1bn in 2Q26, driven mainly by stronger profit contribution from ADVANC. It fell 2% q-q, due to a seasonally weak output from Borkum offshore wind project.
- GULF recorded an extraordinarily high dividend income from KBANK at Bt2.8bn this quarter as the bank paid an additional Bt2.0/share special dividend on top of its Bt10.0 final dividend this year.
- Despite expecting a softening earnings next quarter, given this high base of dividend income, we maintain BUY on GULF on its resilient y-y earnings growth outlook with the strongest potential to win more government contracts from the new PDP.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	38,518	29,037	31,331	37,002	44,478
Gross profit	**6,529**	**6,496**	**6,527**	**7,403**	**7,354**
SG&A	1,168	926	1,490	945	1,713
Operating profit	5,362	5,570	5,037	6,458	5,642
EBITDA	**6,651**	**6,879**	**6,378**	**7,887**	**7,081**
Other income	2,100	1,140	1,126	1,402	3,888
Other expense					
Interest expense	3,333	3,323	3,284	3,290	3,429
Profit before tax	**4,128**	**3,387**	**2,879**	**4,570**	**6,101**
Income tax	460	441	393	518	516
Equity & invest. income	4,679	5,623	6,590	6,208	6,097
Minority interests	(1,248)	(1,288)	(1,187)	(1,568)	(1,279)
Extraordinary items	56,772	(7)	962	426	2,043
Net profit	**63,871**	**7,274**	**8,852**	**9,117**	**12,446**
Normalized profit	**7,099**	**7,281**	**7,890**	**8,691**	**10,403**
EPS (Bt)	4.28	0.49	0.59	0.61	0.83
Normalized EPS (Bt)	0.48	0.49	0.53	0.58	0.70

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	20	15	59	138,516	141,873
Gross profit	**(1)**	**13**	**55**	**26,615**	**30,054**
SG&A	81	47	62	4,254	4,339
Operating profit	(13)	5	54	22,361	25,715
EBITDA	**(10)**	**6**	**53**	**28,485**	**32,223**
Other income	177	85	69	7,674	7,956
Other expense					
Interest expense	4	3	50	13,532	13,668
Profit before tax	**34**	**48**	**65**	**16,503**	**20,003**
Income tax	(0)	12	52	1,980	2,400
Equity & invest. income	(2)	30	48	25,732	27,923
Minority interests	na	na	55	(5,219)	(5,793)
Extraordinary items	380	(96)	na		
Net profit	**37**	**(81)**	**62**	**35,035**	**39,732**
Normalized profit	**20**	**47**	**55**	**35,035**	**39,732**
EPS (Bt)	37	(81)	62	2.35	2.66
Normalized EPS (Bt)	20	47	55	2.35	2.66

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	49,461	60,962	48,335	60,003	62,918
A/C receivable	31,160	2,500	29,376	30,937	42,914
Inventory	3,594	4,272	3,768	4,936	3,695
Other current assets	15,902	35,358	17,285	14,222	11,271
Investment	389,286	386,332	392,596	400,765	371,889
Fixed assets	97,420	101,651	104,245	111,464	114,046
Other assets	155,383	161,724	178,205	198,325	209,235
Total assets	**742,205**	**752,800**	**773,810**	**820,652**	**815,968**
S-T debt	65,152	93,877	65,421	69,329	85,559
A/C payable	14,386	12,237	14,644	16,018	18,777
Other current liabilities	12,830	9,379	15,809	12,877	12,536
L-T debt	289,964	268,677	296,739	332,020	337,942
Other liabilities	13,773	14,419	15,298	12,287	13,550
Minority interest	30,284	30,451	30,226	31,719	32,006
Shareholders' equity	**315,816**	**323,760**	**335,673**	**346,401**	**315,598**
Working capital	20,367	(5,465)	18,500	19,855	27,832
Total debt	355,116	362,554	362,160	401,349	423,500
Net debt	**305,655**	**301,592**	**313,825**	**341,347**	**360,582**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	18.3	5.9	13.2	17.1	na
Operating profit growth	18.7	18.0	16.8	34.4	na
EBITDA growth	20.6	18.1	17.4	na	na
Norm profit growth	114.2	73.2	120.7	76.2	na
Norm EPS growth	68.2	36.0	73.3	76.2	na
Gross margin	17.0	22.4	20.8	20.0	16.5
Operating margin	13.9	19.2	16.1	17.5	12.7
EBITDA margin	17.3	23.7	20.4	21.3	15.9
Norm net margin	18.4	25.1	25.2	23.5	23.4
D/E (x)	1.0	1.0	1.0	1.1	1.2
Net D/E (x)	0.9	0.9	0.9	0.9	1.0
Interest coverage (x)	2.0	2.1	1.9	2.4	2.1
Interest rate	3.7	3.7	3.6	3.4	3.3
Effective tax rate	11.1	13.0	13.7	11.3	8.5
ROA	3.9	3.9	4.1	4.4	5.1
ROE	9.2	9.1	9.6	10.2	12.6

Sources: Company data, ttb wealth estimates

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

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