

20 OCTOBER 2020

THAILAND / UTILITIES - CONVENTIONAL

# GULF ENERGY DEVELOPMENT

## BUY

UNCHANGED

# GULF TB

TARGET PRICE	THB48.00
CLOSE	THB30.00
UP/DOWNSIDE	+60.0%
PRIOR TP	THB48.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+30.1%

## โตจาก INTUCH และโรงไฟฟ้าพลังงานลม

### แรงขับเคลื่อนจาก INTUCH และ โรงไฟฟ้าพลังงานลม BKR2 ในเยอรมนี

เราเชื่อว่าราคาหุ้นที่ถูกกดทับจากการเพิ่มทุนของบริษัทฯ ควรสิ้นสุดใน 4Q20 และคาดว่าราคาหุ้นจะปรับขึ้นได้จากกำไรสุทธิที่คาดว่าจะเพิ่มขึ้นตั้งแต่ไตรมาส 3Q20 เป็นต้นไป โดยได้ปัจจัยหนุนจาก 1) ส่วนแบ่งกำไรสุทธิจำนวน 1.2 พัน ลบ. ต่อปีจากโรงไฟฟ้าพลังงานลม BKR2 ในเยอรมนี; 2) EBITDA margin ของโรงไฟฟ้าขนาดเล็ก (SPPs) ที่เพิ่มขึ้นจากต้นทุนก๊าซที่คาดว่าจะลดลง; และ 3) เงินปันผลระหว่างกาลจาก INTUCH

### เงินปันผลจาก INTUCH อาจช่วยเพิ่มกำไรสุทธิในไตรมาส 3Q20 ได้ 0.3 พัน ลบ.

ปัจจุบัน GULF ถือหุ้น 10% ใน INTUCH หลังการซื้อเสร็จสิ้นไปเมื่อวันที่ 6 ต.ค. 2020 ตามคาดการณ์ของบริษัทฯ การซื้อดังกล่าวเพิ่มหุ้นของบริษัทฯ ใน INTUCH จาก 8% ในเดือน ส.ค. 2020 เป็น 10% ณ วันที่ 6 ต.ค. 2020 เราคาดว่าต้นทุนซื้อสำหรับหุ้น 10% ของ GULF อยู่ที่ 17 พัน ลบ. ซึ่งต่ำกว่า 19 พัน ลบ. ที่คาดไว้ เราคาดว่า GULF จะได้รับเงินปันผลระหว่างกาลจำนวน 295 ลบ. จากผลการดำเนินงานของ INTUCH ในช่วง 1H20 โดยคิดจากเงินปันผลระหว่างกาลที่ INTUCH ประกาศที่ 1.15 บาทต่อหุ้นและจำนวนหุ้น 257 ล้านหุ้นที่ GULF ถือ ณ ไตรมาส 3Q20 ซึ่งเท่ากับ 8% ของหุ้นชำระแล้วของ INTUCH ที่สาธารณะชนถืออยู่

### โรงไฟฟ้าพลังงานลม BKR2 อาจเพิ่มกำไรสุทธิได้ 0.4 พัน ลบ. ในไตรมาส 4Q20

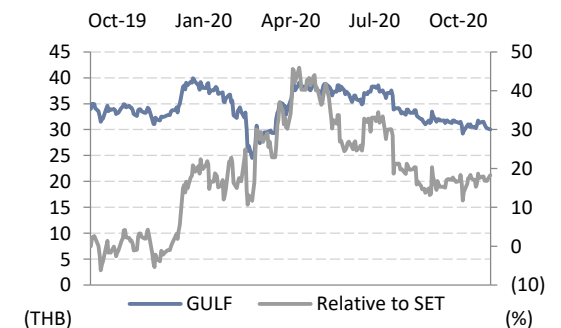
จากข้อมูลของบริษัทฯ BKR2 จะสร้างส่วนแบ่งกำไรสุทธิ 1.2-1.4 พัน ลบ. ต่อปีให้แก่ GULF เราคาดว่า BKR2 จะเริ่มให้ส่วนแบ่งกำไรสุทธิจากการดำเนินงานในจำนวน 0.7 พัน ลบ. ในไตรมาส 4Q20 ซึ่งเป็นไตรมาสที่ดีตามฤดูกาล อย่างไรก็ตาม ส่วนแบ่งกำไรสุทธิของ GULF จะอยู่ที่ 0.4 พัน ลบ. หลังหักค่าธรรมเนียมที่ปรึกษา ซึ่งจะเกิดขึ้นเพียงครั้งเดียว นับตั้งแต่วันที่ 28 ก.ย. 2020 ตลาคช ได้เริ่มซื้อขายหุ้นที่ GULF ออกใหม่จำนวน 1,066.65 ล้านหุ้นที่ราคา 30 บาทต่อหุ้นผ่านการเสนอขายให้กับนักลงทุนรายเดิมที่อัตราส่วน 10 หุ้นเก่าต่อ 1 หุ้นใหม่ เพื่อเพิ่มทุนจำนวน 32 พัน ลบ. มาใช้ซื้อในการซื้อ BKR2 ซึ่งมีมูลค่า 20 พัน ลบ. เราเชื่อว่าราคาหุ้นของ GULF ที่ถูกกดทับอยู่ควรสิ้นสุดลงในวันเร็ววันนี้ เนื่องจากส่วนแบ่งกำไรสุทธิที่เพิ่มขึ้นจาก BKR2 จะชดเชยทุนที่เพิ่มขึ้น 10% นับตั้งแต่ 4Q20E

### การกดทับจากการเพิ่มทุนควรสิ้นสุดในเร็ววันนี้

เราคงคำแนะนำซื้อ GULF ที่ราคาเป้าหมาย 48 บาท (SoTP) เราเห็นว่าการกดทับจากการที่ GULF เพิ่มทุน 10% ผ่านการเสนอขายหุ้นใหม่ให้กับนักลงทุนรายเดิมซึ่งเสร็จสิ้นไปในเดือน ก.ย. 2020 ควรเป็นโอกาสให้ราคาหุ้นได้สะท้อนแนวโน้มการเติบโตของ Core Net Profit ที่ดีขึ้นนับตั้งแต่ไตรมาส 3Q20E ในอนาคตปัจจัยบวกสำคัญสำหรับ GULF ในลำดับถัดไปคือการมาจากการนำเข้า LNG ซึ่งเราคาดว่าจะเริ่มภายในช่วง 1H21

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	30,040	28,887	33,800	82,305
Net profit	4,887	4,973	8,999	19,927
EPS (THB)	0.46	0.42	0.77	1.70
vs Consensus (%)	-	9.1	23.2	93.2
EBITDA	7,969	9,656	13,512	28,917
Core net profit	4,887	4,973	8,999	19,927
Core EPS (THB)	0.46	0.42	0.77	1.70
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	61.4	(7.5)	81.0	121.4
Core P/E (x)	65.5	70.8	39.1	17.7
Dividend yield (%)	0.9	0.8	1.3	2.3
EV/EBITDA (x)	48.4	45.5	33.6	15.4
Price/book (x)	8.3	4.8	4.5	3.7
Net debt/Equity (%)	112.9	88.6	93.1	62.5
ROE (%)	13.0	9.0	11.9	23.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.8)	(19.1)	(12.8)
Relative to country (%)	1.5	(9.0)	17.7
Mkt cap (USD m)			11,286
3m avg. daily turnover (USD m)			32.2
Free float (%)			27
Major shareholder		Mr. Sarath Ratanavadi (35%)	
12m high/low (THB)			41.03/22.35
Issued shares (m)			2,133.30

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 ตุลาคม 2020

## Investment thesis

Founded in 2010, GULF is one of Thailand's pioneer power companies with operations in both small power producers (SPP) and large independent power producers (IPP). A big power company with strong and sustainable earnings growth, GULF is Thailand's largest power producer with the highest visible earnings growth outlook among the Thai power companies we cover. The key growth drivers include growth in equity capacity at 18% CAGR to reach 6.3GW by 2024E, driven by two growth phases from SPP and IPP projects.

We project that net profits from its 19 SPPs will make up the bulk of GULF's core net profit in 2020-22 before its new large-scale IPPs come on stream in 2022-25E. We believe that GULF will ride Thailand's SPP growth, based on 1) higher electricity tariffs on Thailand's structurally higher tariff rates, driven by the higher commodity prices of coal, gas and oil; and 2) the solid demand for power and steam from industrial users (IU).

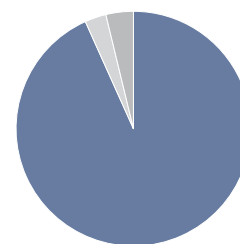
## Company profile

GULF is Thailand's largest power producer with expected capacity of over 7.6GW by 2027. It has the largest SPP and IPP portfolio and possesses the strongest earnings growth outlook among the Thai power companies we cover.

[www.gulf.co.th](http://www.gulf.co.th)

## Principal activities (revenue, 2019)

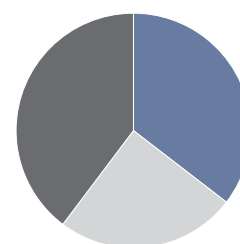
- Power business - 100.9 %
- Consulting business - 3.2 %
- Others - (4.1) %



Source: Gulf Energy Development

## Major shareholders

- Mr. Sarath Ratanavadi - 35.4 %
- GULF Capital Holdings Limited - 24.8 %
- Others - 39.7 %



Source: Gulf Energy Development

## Catalyst

Higher utilisation rates of power plants and rising demand for electricity in Thailand and Vietnam are key potential growth drivers.

## Risk to our call

The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project commercial operation dates.

## Event calendar

Date	Event
Nov 2020	3Q20 results announcement

## Key assumptions

	2020E	2021E	2022E
Dispatched power (GWh)	16,179	17,549	33,479
Average utilisation rate (%)	83	84	85
Gas cost (THB/mmbtu)	247	235	223
No of shares at year end (m shares)	11,733	11,733	11,733
No of shares - weighted avg. (m shares)	10,933	11,733	11,733

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in gas price, we estimate that 2020 earnings will decline 1.1%, and vice versa, all else being equal.
- For every 1% increase in interest rate, we estimate that 2020 earnings will decline 2.1%, and vice versa, all else being equal.

Source: FSSIA estimates



## New growth from INTUCH

GULF now owns a 10% stake in INTUCH (INTUCH TB, BUY, FSS TP THB66.50), after completing its acquisition on 6 Oct-20, in line with the company's guidance. It increased its stake in INTUCH from 8% in Aug-20 to 10% as of 6 Oct-20.

### Exhibit 1: INTUCH's major shareholders

INTUCH	As of 21-Aug-20		As of 06-Oct-20	
	Number of shares (m)	% of total shares (%)	Number of shares (m)	% of total shares (%)
Singtel Global	673.3	21.0	673.3	21.0
GULF	256.3	8.0	320.7	10.0
Others	2,276.9	71.0	2,212.5	69.0
<b>Total</b>	<b>3,206.5</b>	<b>100.0</b>	<b>3,206.5</b>	<b>100.0</b>

Source: SET

We estimate the average acquisition cost for GULF's 10% stake at THB17b; lower than its THB19b budget. We forecast GULF to receive a THB295m interim dividend for INTUCH's 1H20 operations, based on INTUCH's announced interim dividend of THB1.15/share for the 257m shares (8% of INTUCH's total shares outstanding) owned by GULF as of 3Q20.

### Exhibit 2: GULF's estimated interim dividend in 3Q20 from INTUCH

GULF's dividend from INTUCH in 3Q20E	Amount	Unit
Dividend paid	1.15	THB/share
Estimated number of shares owned in 3Q20	8.00	%
Estimated number of shares owned in 3Q20	257	m shares
Estimated dividend received (A)	295	THB m
Estimated acquisition cost of 10% stakes (B)	16,994	THB m
Interim dividend as % of acquisition cost (A/B)	1.74	%

Sources: SET; FSSIA estimates

## New growth from wind farm

On 24 Sep-20, GULF announced that it completed a 50% stake acquisition in the operating Borkum Riffgrund 2 (BKR2) offshore wind farm with an installed capacity of 464.8MW, located in the German North Sea. BKR2 commenced its commercial operation date since April 2019, and has a 20-year power purchase agreement with Orsted, another major shareholder and an operator of BKR2.

According to management, BKR2 is projected to generate an annual THB1.2b-1.4b net profit contribution to GULF. We project BKR2 to start contributing an operating net profit of THB0.7b in 4Q20 – its seasonally high quarter – but the net profit contribution to GULF would be THB0.4b after deducting the one-time consulting fee.

## Overhang from capital increase should end in 4Q20

Since 28 Sep-20, GULF's newly issued 1,066.65m shares at THB30/share from its rights offering at a 10-to-1 ratio of existing shares to new shares, have already been traded on the stock market, raising THB32b to fund its THB20b acquisition of BKR2. We believe GULF's share price overhang should end soon, since the additional net profit contribution from BKR2 would mostly offset the 10% capital increase starting in 4Q20E.

### 3Q20E earnings preview

We project GULF to report a 3Q20 net profit of THB879m, down 53% q-q and 17.5% y-y, due mainly to FX losses. Core net profit is projected to rise to THB1.2b, up 24.5% q-q and 23.5% y-y. Key drivers are as follows:

- Higher electricity sales volumes sold to the Electricity Generating Authority of Thailand and IUs due to the improving demand from IUs for its seven SPPs after the reopening of the nationwide lockdown in 2Q20;
- Higher EBITDA margin to 28.8%, up from 27.7% in 2Q20, due to the projected lower gas cost in 3Q20 by 11% q-q to THB238/mmbtu, down from THB261.4/mmbtu in 2Q20, for its 19 operating SPPs;
- THB295m dividend received from GULF's 8% stake in INTUCH as of 3Q20, based on our estimate;
- FX loss of THB0.35b due to the stronger THB/USD currency exchange rate;
- A lower share of profits from Gulf JP (GJP, not listed) of THB0.6b, down from THB1.26b in 2Q20 (including a THB604m FX gain) due to an FX loss of THB0.2b

### Exhibit 3: 3Q20E earnings preview

	3Q19	2Q20	3Q20E		9M19	9M20E	Chg.	2020E	Comments	
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)		(THB m)
<b>Revenue</b>	<b>8,338</b>	<b>7,773</b>	<b>8,125</b>	<b>4.5</b>	<b>(2.6)</b>	<b>22,036</b>	<b>23,766</b>	<b>7.9</b>	<b>28,887</b>	<b>Higher q-q due to higher IU demand</b>
Operating costs	(6,048)	(5,620)	(5,784)	2.9	(4.4)	(16,122)	(17,038)	5.7	(17,583)	Higher q-q due to higher production
<b>EBITDA</b>	<b>2,290</b>	<b>2,153</b>	<b>2,341</b>	<b>8.7</b>	<b>2.2</b>	<b>5,914</b>	<b>6,728</b>	<b>13.8</b>	<b>9,656</b>	<b>Higher due to the start-up of power plants</b>
<i>EBITDA margin (%)</i>	27.5	27.7	28.8	<i>nm</i>	<i>nm</i>	26.8	28.3	<i>nm</i>	33.4	
Depn & amort.	(668)	(718)	(721)	0.4	8.0	(1,748)	(2,161)	23.6	(2,011)	
<b>EBIT</b>	<b>1,622</b>	<b>1,435</b>	<b>1,620</b>	<b>12.9</b>	<b>(0.1)</b>	4,166	4,567	9.6	7,645	
Interest expense	(778)	(836)	(845)	1.0	8.5	(2,110)	(2,504)	18.7	(2,893)	Higher due to higher debt for new projects
Interest & invt inc	39	23	45	99.9	14.5	146	98	(32.9)	288	
Other income	0	8	7	(15.2)	<i>nm</i>	8	22	172.3	148	
Associates' contrib	631	1,254	852	(32.1)	35.0	2,588	1,840	(28.9)	1,460	Lower q-q due to an FX loss
Exceptionals	109	746	(352)	<i>nm</i>	<i>nm</i>	903	(582)	<i>nm</i>	-	
<b>Pretax profit</b>	<b>1,623</b>	<b>2,629</b>	<b>1,327</b>	<b>(49.5)</b>	<b>(18.2)</b>	<b>5,702</b>	<b>3,441</b>	<b>(39.7)</b>	<b>6,648</b>	<b>Lower due to an FX loss</b>
Tax	(8)	27	25	(6.0)	<i>nm</i>	(10)	64	<i>nm</i>	-	
<i>Tax rate (%)</i>	0.5	(1.0)	(1.9)	<i>nm</i>	<i>nm</i>	0.2	(1.9)	<i>nm</i>	-	
Minority interests	(549)	(775)	(423)	(45.4)	(23.0)	(1,730)	(1,109)	(35.9)	(1,674)	
<b>Net profit</b>	<b>1,065</b>	<b>1,881</b>	<b>879</b>	<b>(53.3)</b>	<b>(17.5)</b>	<b>3,961</b>	<b>2,347</b>	<b>(40.8)</b>	<b>4,973</b>	
<b>Core net profit</b>	<b>997</b>	<b>989</b>	<b>1,231</b>	<b>24.5</b>	<b>23.5</b>	<b>2,839</b>	<b>3,145</b>	<b>10.8</b>	<b>4,973</b>	
EPS (THB)	0.09	0.16	0.07	(53.3)	(17.5)	0.36	0.20	(45.8)	0.42	
Core EPS (THB)	0.08	0.08	0.10	24.5	23.5	0.26	0.28	7.1	0.42	

Sources: GULF; FSSIA estimates

**Exhibit 4: GULF's SoTP, DCF-based valuation**

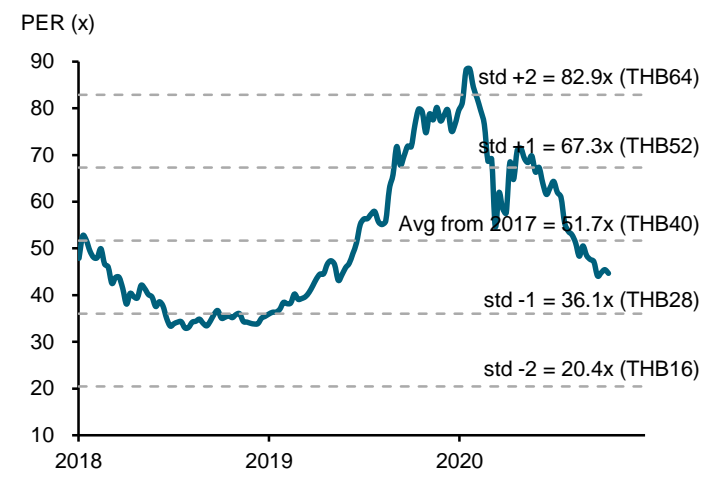
Cost of equity assumptions		(%)		Cost of debt assumptions		(%)	
Risk-free rate (Rf)		2.3		Pretax cost of debt		5.0	
Market risk premium (Rp)		8.5		Marginal tax rate		20.0	
Stock beta		0.50					
Cost of equity, Ke		6.6		Net cost of debt, Kd		3.6	
Weight applied		25.0		Weight applied		75.0	
WACC (%)		4.3					

DCF valuation estimate		Equity capacity	--- Holding ---		Equity capacity	Per share	Key assumptions
		(MW)	(%)	(THB m)	(MW)	(THB)	
<b>IPP</b>	GNS	1,653	40	26,083	661	2.2	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	GUT	1,752	40	35,867	701	3.1	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	GSRC	2,650	70	70,244	1,855	6.0	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	GPD	2,920	70	84,882	2,044	7.2	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	Duqm (Oman)	236	45	4,082	106	0.3	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	Hin Kong (2024E-2025E)	1,400	49	34,910	686	3.0	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	Burapa Power (2027E)	540	35	10,724	189	0.9	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
<b>SPP</b>	GJP's 7 SPPs	831	40	49,026	332	4.2	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	GMP's 9 SPPs	1,179	53	93,597	619	8.0	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	GMP's 3 SPPs (GNC, GNRV1&2)	383	70	32,127	268	2.7	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
	CGC (biomass)	25	100	1,024	25	0.1	WACC 4.3%, Rf 2.3%, Rp 8.5%, zero terminal growth
<b>VSP</b>	Solar - Thailand	598	75	17,063	449	1.5	WACC 3.8%, Rf 2.3%, Rp 8.5%, zero terminal growth
	Solar - Vietnam	149	95	1,491	141	0.1	WACC 5%, Rf 6%, Rp 6.5%, zero terminal growth
	Wind - Vietnam	410	95	13,262	390	1.1	WACC 5%, Rf 6%, Rp 6.5%, zero terminal growth
	Wind - Germany	450	50	14,938	225	1.3	WACC 4%, Rf 2%, Rp 8.5%, zero terminal growth
<b>Infrastructure</b>	Laemchabang phase 3 (2023E)		40	8,827		0.8	EIRR 10.5%
	Maptaphut phase 3 (2023E)		70	128,621		11.0	EIRR 13.6%
	Motorway O&M projects (2023E)		40	5,763		0.5	EIRR 10%
	One Bangkok (2024E)	240	16	1,173		0.1	EIRR 12%
<b>Investment</b>	SPCG Plc (SPCG TB)+		10	2,117	29	0.2	At 1.5x FY20E P/BV
	INTUCH Holding (INTUCH TB)+		8	17,940		1.5	Consensus fair value of THB70*
Net debt				(90,425)	(7.7)		At end-2021E
<b>Residual ordinary equity</b>				<b>563,320</b>	<b>8,720</b>	<b>48.0</b>	

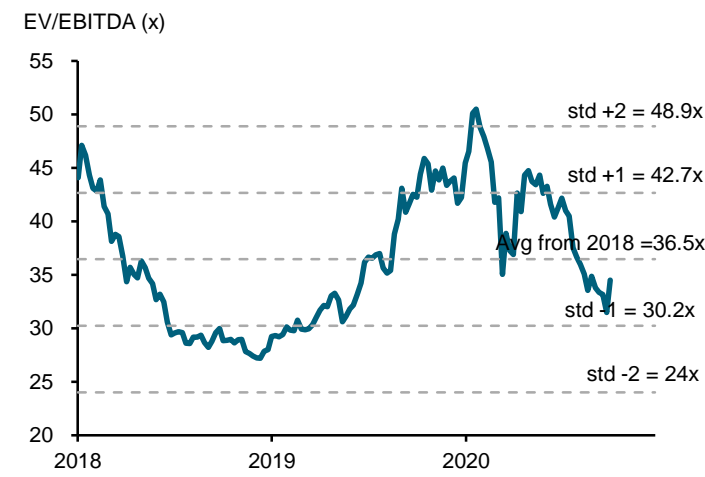
+ not rated  
Sources: \*Bloomberg consensus as of 15 Oct 2020; FSSIA estimates

**Exhibit 5: One-year prospective P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 6: One-year prospective EV/EBITDA band**



Sources: Bloomberg; FSSIA estimates

## Exhibit 7: Valuation comparison of utilities under coverage

	Rec	---Share price---		Up (down) side (%)	--EPS growth--		----- PE -----		---DivYld---		----- ROE -----		--- PBV ---		EV/EBITDA		
		Current (THB)	Target (THB)		20E (%)	21E (%)	20E (x)	21E (x)	20E (%)	21E (%)	20E (%)	21E (%)	20E (x)	21E (x)	20E (x)	21E (x)	
<b>Utilities*</b>					<b>4.8</b>	<b>26.7</b>	<b>19.3</b>	<b>15.2</b>	<b>2.9</b>	<b>3.5</b>	<b>11.1</b>	<b>12.7</b>	<b>2.0</b>	<b>1.9</b>	<b>16</b>	<b>14</b>	
<b>Conventional*</b>					<b>4.3</b>	<b>32.9</b>	<b>21.0</b>	<b>15.8</b>	<b>2.6</b>	<b>3.2</b>	<b>9.6</b>	<b>11.6</b>	<b>1.9</b>	<b>1.8</b>	<b>18</b>	<b>15</b>	
B.Grimm Power	BGRIM TB	BUY	42.25	63.00	49	35.1	80.7	37.1	20.6	1.9	2.4	10.3	17.1	3.7	3.4	13	11
Gulf Energy	GULF TB	BUY	30.00	48.00	60	(7.5)	81.0	70.8	39.1	0.8	1.3	9.0	11.9	4.8	4.5	46	34
Global Power Syn	GPSC TB	BUY	56.50	112.00	98	85.0	25.8	21.2	16.9	3.0	3.4	7.3	8.8	1.5	1.5	12	11
Banpu Power	BPP TB	HOLD	13.30	15.20	14	13.8	28.0	12.0	9.4	5.7	6.0	8.5	10.5	1.0	1.0	22	37
CK Power	CKP TB	BUY	4.42	6.60	49	38.2	113.2	34.0	15.8	1.8	4.5	4.4	9.0	1.5	1.4	13	9
Electricity Gen	EGCO TB	BUY	178.00	245.00	38	(25.3)	12.6	8.0	7.1	3.4	3.4	10.8	11.2	0.8	0.8	15	13
Ratch Group	RATCH TB	BUY	50.25	82.00	63	35.2	19.0	9.0	7.6	7.3	9.3	13.1	14.5	1.1	1.1	10	9
WHA Utilities	WHAUP TB	BUY	3.92	5.20	33	7.4	0.5	6.5	6.5	8.9	10.1	16.1	15.0	1.0	1.0	40	38
<b>Renewable*</b>					<b>6.1</b>	<b>11.6</b>	<b>15.2</b>	<b>13.6</b>	<b>3.9</b>	<b>4.4</b>	<b>17.8</b>	<b>17.6</b>	<b>2.5</b>	<b>2.3</b>	<b>13</b>	<b>12</b>	
BCPG	BCPG TB	BUY	11.60	17.40	50	(17.9)	13.9	15.7	13.8	5.6	6.0	10.1	9.9	1.3	1.3	22	20
Energy Absolute	EA TB	BUY	41.75	55.00	32	12.6	19.0	22.7	19.1	1.9	2.4	26.7	26.7	5.6	4.7	17	13
Gunkul Eng'g	GUNKUL TB	BUY	2.20	3.20	45	(17.1)	7.4	9.2	8.5	6.8	8.2	18.9	18.6	1.7	1.5	10	9
Demco	DEMCO TB	HOLD	2.64	2.70	2	284.9	19.8	14.7	12.0	6.3	7.5	4.2	4.9	0.6	0.6	(58)	(61)
Power Solution	PSTC TB	BUY	1.65	1.09	(34)	68.4	52.6	33.0	20.6	1.7	3.0	10.0	14.1	3.2	2.8	23	15
Sermasang Power	SSP TB	BUY	6.85	9.20	34	27.7	9.6	9.0	8.3	7.3	8.8	17.1	16.9	1.4	1.3	9	8
TPC Power Holding	TPCH TB	BUY	10.60	15.00	42	55.1	8.0	7.6	7.1	2.4	2.8	18.6	17.5	1.3	1.2	6	5
TPI Polene Power	TPIPP TB	BUY	4.20	5.70	36	3.5	(0.7)	7.4	7.5	9.6	9.5	17.2	16.2	1.2	1.2	6	6

\* Weighted average of companies under coverage; Share prices as of 19 October 2020

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Gulf Energy Development

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	17,181	30,040	28,887	33,800	82,305
Cost of goods sold	(11,289)	(20,357)	(17,583)	(18,361)	(48,694)
<b>Gross profit</b>	<b>5,892</b>	<b>9,683</b>	<b>11,304</b>	<b>15,439</b>	<b>33,611</b>
Other operating income	-	-	-	-	-
Operating costs	(1,490)	(1,713)	(1,647)	(1,928)	(4,694)
<b>Operating EBITDA</b>	<b>4,402</b>	<b>7,969</b>	<b>9,656</b>	<b>13,512</b>	<b>28,917</b>
Depreciation	(1,392)	(2,434)	(2,011)	(3,049)	(5,180)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,011</b>	<b>5,536</b>	<b>7,645</b>	<b>10,463</b>	<b>23,737</b>
Net financing costs	(1,622)	(1,703)	(2,605)	(2,100)	(1,058)
Associates	2,615	3,205	1,460	3,441	4,803
Recurring non operating income	2,732	3,320	1,607	3,588	4,951
Non recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>4,121</b>	<b>7,152</b>	<b>6,648</b>	<b>11,950</b>	<b>27,630</b>
Tax	21	14	0	(22)	(1,001)
<b>Profit after tax</b>	<b>4,141</b>	<b>7,166</b>	<b>6,648</b>	<b>11,928</b>	<b>26,629</b>
Minority interests	(1,113)	(2,280)	(1,674)	(2,929)	(6,702)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>3,028</b>	<b>4,887</b>	<b>4,973</b>	<b>8,999</b>	<b>19,927</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>3,028</b>	<b>4,887</b>	<b>4,973</b>	<b>8,999</b>	<b>19,927</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.28	0.46	0.42	0.77	1.70
Reported EPS	0.28	0.46	0.42	0.77	1.70
DPS	0.20	0.26	0.25	0.40	0.70
Diluted shares (used to calculate per share data)	10,667	10,667	11,733	11,733	11,733
<b>Growth</b>					
Revenue (%)	294.9	74.8	(3.8)	17.0	143.5
Operating EBITDA (%)	822.4	81.0	21.2	39.9	114.0
Operating EBIT (%)	2,718.8	83.9	38.1	36.8	126.9
Recurring EPS (%)	(12.3)	61.4	(7.5)	81.0	121.4
Reported EPS (%)	(12.3)	61.4	(7.5)	81.0	121.4
<b>Operating performance</b>					
Gross margin inc depreciation (%)	26.2	24.1	32.2	36.7	34.5
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	25.6	26.5	33.4	40.0	35.1
Operating EBIT margin (%)	17.5	18.4	26.5	31.0	28.8
Net margin (%)	17.6	16.3	17.2	26.6	24.2
Effective tax rate (%)	(1.4)	(0.3)	0.0	0.3	4.4
Dividend payout on recurring profit (%)	70.4	56.8	59.0	52.2	41.2
Interest cover (X)	3.5	5.2	3.6	6.7	27.1
Inventory days	-	-	-	-	-
Debtor days	55.0	52.9	75.9	83.8	42.3
Creditor days	67.6	25.7	32.7	29.6	20.9
Operating ROIC (%)	4.2	6.1	5.5	(1.4)	(2.9)
ROIC (%)	5.4	6.9	5.2	(1.6)	(3.0)
ROE (%)	8.5	13.0	9.0	11.9	23.1
ROA (%)	4.8	6.6	5.2	5.3	11.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Power business	17,361	30,313	27,832	28,657	77,054
Consulting business	786	955	1,154	5,772	5,772
Others	(966)	(1,228)	(99)	(629)	(521)

Sources: Gulf Energy Development; FSSIA estimates



## Financial Statements

### Gulf Energy Development

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	3,028	4,887	4,973	8,999	19,927
Depreciation	1,392	2,434	2,011	3,049	5,180
Associates & minorities	2,615	3,205	1,460	3,441	4,803
Other non-cash items	-	-	-	-	-
Change in working capital	6,427	(6,473)	(1,926)	(1,500)	4,117
<b>Cash flow from operations</b>	<b>13,463</b>	<b>4,053</b>	<b>6,518</b>	<b>13,988</b>	<b>34,027</b>
Capex - maintenance	(1,387)	(2,410)	(2,011)	(2,011)	(3,580)
Capex - new investment	(17,122)	(13,320)	(53,820)	(20,742)	(12,674)
Net acquisitions & disposals	495	(1,209)	0	0	0
Other investments (net)	(2,545)	11,701	1,460	3,440	4,801
<b>Cash flow from investing</b>	<b>(20,558)</b>	<b>(5,239)</b>	<b>(54,371)</b>	<b>(19,314)</b>	<b>(11,453)</b>
Dividends paid	(853)	(2,133)	(2,773)	(2,933)	(4,693)
Equity finance	0	0	0	0	0
Debt finance	6,474	5,584	34,719	16,000	(30,000)
Other financing cash flows	(2,048)	(4,573)	30,755	(3,951)	(2,902)
<b>Cash flow from Financing</b>	<b>3,572</b>	<b>(1,123)</b>	<b>62,701</b>	<b>9,116</b>	<b>(37,595)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(3,523)</b>	<b>(2,309)</b>	<b>14,848</b>	<b>3,790</b>	<b>(15,020)</b>
Free cash flow to firm (FCFF)	(5,157.30)	1,709.69	(44,960.30)	(2,347.85)	24,953.51
Free cash flow to equity (FCFE)	(2,670.04)	(175.41)	17,620.89	6,723.51	(10,327.20)
<b>Per share (THB)</b>					
FCFF per share	(2.42)	0.80	(21.08)	(1.10)	11.70
FCFE per share	(1.25)	(0.08)	8.26	3.15	(4.84)
Recurring cash flow per share	0.66	0.99	0.72	1.32	2.55
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed asset (gross)	69,424	85,190	141,020	162,736	177,389
Less: Accumulated depreciation	(1,760)	(4,229)	(6,240)	(8,251)	(11,831)
<b>Tangible fixed assets (Net)</b>	<b>67,664</b>	<b>80,961</b>	<b>134,780</b>	<b>154,485</b>	<b>165,558</b>
<b>Intangible fixed assets (Net)</b>	<b>27</b>	<b>1,113</b>	<b>1,113</b>	<b>1,113</b>	<b>1,113</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	20,038	21,247	21,247	21,247	21,247
Cash & equivalents	16,698	14,390	29,237	33,028	18,006
A/C receivable	3,516	5,199	6,817	8,711	10,357
Inventories	0	0	0	0	0
Other current assets	5,651	2,828	2,720	3,182	7,749
<b>Current assets</b>	<b>25,866</b>	<b>22,417</b>	<b>38,774</b>	<b>44,921</b>	<b>36,112</b>
Other assets	10,073	8,540	8,540	8,540	8,540
<b>Total assets</b>	<b>123,669</b>	<b>134,278</b>	<b>204,454</b>	<b>230,305</b>	<b>232,570</b>
Common equity	36,537	38,427	72,626	78,692	93,926
Minorities etc.	8,251	10,613	12,287	15,217	21,918
<b>Total Shareholders' equity</b>	<b>44,788</b>	<b>49,040</b>	<b>84,914</b>	<b>93,909</b>	<b>115,844</b>
Long term debt	59,883	66,453	101,453	116,453	88,453
Other long-term liabilities	590	8,976	8,976	8,976	8,976
<b>Long-term liabilities</b>	<b>60,472</b>	<b>75,429</b>	<b>110,429</b>	<b>125,429</b>	<b>97,429</b>
A/C payable	1,178	1,689	1,459	1,523	4,040
Short term debt	4,268	3,281	3,000	4,000	2,000
Other current liabilities	12,963	4,838	4,653	5,444	13,257
<b>Current liabilities</b>	<b>18,408</b>	<b>9,809</b>	<b>9,112</b>	<b>10,968</b>	<b>19,297</b>
<b>Total liabilities and shareholders' equity</b>	<b>123,669</b>	<b>134,278</b>	<b>204,454</b>	<b>230,305</b>	<b>232,570</b>
Net working capital	(4,973)	1,500	3,425	4,925	809
Invested capital	92,830	113,360	169,105	190,310	197,267
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	3.43	3.60	6.19	6.71	8.01
Tangible book value per share	3.42	3.50	6.10	6.61	7.91
<b>Financial strength</b>					
Net debt/Equity (%)	105.9	112.9	88.6	93.1	62.5
Net debt/total assets (%)	38.4	41.2	36.8	38.0	31.2
Current ratio (x)	1.4	2.3	4.3	4.1	1.9
CF interest cover (x)	9.9	8.7	28.4	14.1	3.2
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>105.7</b>	<b>65.5</b>	<b>70.8</b>	<b>39.1</b>	<b>17.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>169.1</b>	<b>104.8</b>	<b>113.2</b>	<b>62.6</b>	<b>28.3</b>
Reported P/E (x)	105.7	65.5	70.8	39.1	17.7
Dividend yield (%)	0.7	0.9	0.8	1.3	2.3
Price/book (x)	8.8	8.3	4.8	4.5	3.7
Price/tangible book (x)	8.8	8.6	4.9	4.5	3.8
EV/EBITDA (x) **	85.3	48.4	45.5	33.6	15.4
EV/EBITDA @ target price (x) **	129.0	72.5	67.4	49.3	22.7
EV/invested capital (x)	4.0	3.4	2.6	2.4	2.3
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: Gulf Energy Development; FSSIA estimates

## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PNR	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Gulf Energy Development	GULF TB	THB 30.00	BUY	The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project CODs.
B.Grimm Power	BGRIM TB	THB 42.25	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) unplanned shutdowns of its SPPs.
Global Power Synergy	GPSC TB	THB 56.50	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) lower-than-expected demand from industrial users.
Banpu Power	BPP TB	THB 13.30	HOLD	Downside risks to our SoTP valuation are the start-up delays of its new project and government intervention in the electricity tariff. Upside risk includes the lower coal price.
CK Power	CKP TB	THB 4.42	BUY	The downside risks to our SoTP-based TP include lower-than-expected demand for electricity in Thailand and lower-than-expected water supply for hydro projects.
Electricity Generating	EGCO TB	THB 178.00	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies.
Ratch Group	RATCH TB	THB 50.25	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) delays in starting new projects.
WHA Utilities & Power	WHAUP TB	THB 3.92	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; and 2) lower crude price.
BCPG	BCPG TB	THB 11.60	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand, the Philippines and Indonesia; and 2) government intervention by way of electricity tariff subsidies.
Energy Absolute	EA TB	THB 41.75	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) lower-than-expected demand for batteries.
Gunkul Engineering	GUNKUL TB	THB 2.20	BUY	The downside risks to our SoTP-based TP on GUNKUL include 1) lower-than-expected demand for electricity in Thailand; 2) declining EPC backlogs; and 3) lower-than-expected utilisation rates for solar and wind farms.
Demco	DEMCO TB	THB 2.64	HOLD	The upside risks to our SoTP-based TP on DEMCO include 1) higher-than-expected demand for electricity in Thailand, and 2) higher EPC demand. Downside risk includes delays in bidding for power transmission projects.
Power Solution Technologies	PSTC TB	THB 1.65	BUY	The downside risks to our SoTP-based TP on PSTC include lower-than-expected demand for electricity in Thailand and delays of power plant project start-ups.
Sermasang Power Corp	SSP TB	THB 6.85	BUY	The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) project start-up delays.
TPC Power Holding	TPCH TB	THB 10.60	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) higher costs of biomass feedstock.
TPI Polene Power	TPIPP TB	THB 4.20	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) unplanned shutdown of the company's power plants.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 19-Oct-2020 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.