

5 JANUARY 2021

THAILAND / UTILITIES - RENEWABLES

## GUNKUL ENGINEERING

## GUNKUL TB

BUY

UNCHANGED

TARGET PRICE	THB2.90
CLOSE	THB2.52
UP/DOWNSIDE	+15.1%
PRIOR TP	THB3.20
CHANGE IN TP	-9.4%
TP vs CONSENSUS	-4.6%

## ขายโรงไฟฟ้าพลังแสงอาทิตย์เป็นครั้งที่สอง

## ขายโรงไฟฟ้าพลังแสงอาทิตย์ในญี่ปุ่นเป็นครั้งที่ 2

หลัง GUNKUL ขายหุ้น 100% ในโรงไฟฟ้าพลังแสงอาทิตย์ Utsunomiya ในญี่ปุ่น ซึ่งมีกำลังการผลิต 66.8MW ไปเมื่อวันที่ 21 ก.ย. 2020 ในราคา 1.7 พัน ลบ. บริษัทฯ ได้ประกาศการขายโรงไฟฟ้าในญี่ปุ่นเป็นครั้งที่สอง ครั้งนี้เป็นการขายหุ้น 100% ในโรงไฟฟ้าพลังแสงอาทิตย์ Iwakuni ซึ่งมีกำลังการผลิต 75MW ที่ราคา ¥9,942.6 ล้าน หรือ 2.9 พัน ลบ. การขายดังกล่าวสำเร็จเสร็จสิ้นไปในวันที่ 28 ธ.ค. 2020 Iwakuni เป็นหนึ่งในโรงไฟฟ้าพลังแสงอาทิตย์ของ GUNKUL ที่กำลังพัฒนาในประเทศไทย และมีกำหนดเริ่มดำเนินงานเชิงพาณิชย์ในปี 2023 โครงการดังกล่าวมีสัญญาซื้อขายไฟฟ้าเป็นระยะเวลา 20 ปีกับผู้ซื้อ (Chogoku Electric Power หรือ CEPPO) โดยมีอัตราซื้อไฟฟ้าคงที่เท่ากับ ¥32/kWh

## กำไรจากการขายสินทรัพย์จำนวน 1.09 พัน ลบ. ใน 4Q20

จากข้อมูลของผู้บริหาร GUNKUL ได้รับชำระเงิน 2.9 พัน ลบ. จากการขายโรงไฟฟ้า Iwakuni เพิ่มจำนวนในวันที่ 28 ธ.ค. 2020 และจะบันทึกกำไรจากการขายสินทรัพย์จำนวน 1.09 พัน ลบ. ใน 4Q20 GUNKUL วางแผนใช้เงินที่ได้รับไปกับโครงการเพื่อการเติบโต โดยจะซื้อโรงไฟฟ้าพลังงานหมุนเวียนแห่งใหม่ในประเทศเวียดนาม ซึ่งปัจจุบันอยู่ระหว่างการเจรจาต่อรองและคาดว่าจะได้ข้อสรุปภายใน 1Q21 ความเคลื่อนไหวดังกล่าวเป็นไปตามแผนการเติบโตของ GUNKUL ที่ตั้งเป้าให้ได้กำลังการผลิต 1,000MW ภายในปี 2024 (เพิ่มจาก 0.4GW ในปี 2019)

## ปรับประมาณการกำไรต่อหุ้น

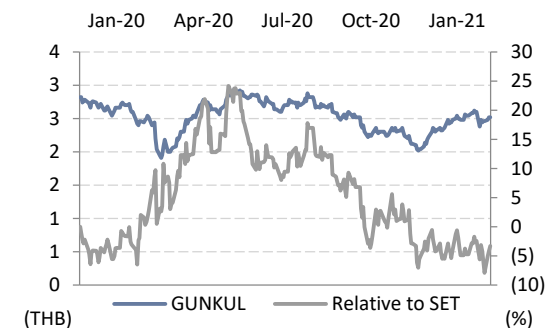
เราปรับลดประมาณการกำไรต่อหุ้นของเราในปี 2022 ลง 24.6% เพื่อสะท้อนส่วนแบ่งกำไรที่หายไปจากโรงไฟฟ้าพลังแสงอาทิตย์ที่บริษัทฯ ขายไปสองแห่ง อย่างไรก็ตาม เราปรับเพิ่มประมาณการกำไรต่อหุ้นของเราในปี 2020-21 ขึ้น 198% และ 3.4% ตามลำดับเพื่อสะท้อนเงินสดที่ได้จากการขายโรงไฟฟ้าและรายได้ดอกเบี้ยในปี 2021 ในขณะที่เราคาดว่ากำไรสุทธิของ GUNKUL จะโตในอัตราที่ลดลงในปี 2022 จากกำไรสุทธิที่หายไปของโรงไฟฟ้าพลังงานแสงอาทิตย์ทั้งสองแห่ง เราเห็นว่ากำไรของ GUNKUL มีแนวโน้มโตได้อีกครั้งจากการกำไรสุทธิที่อาจเพิ่มจากโครงการโรงไฟฟ้าพลังงานหมุนเวียนในเวียดนามและกำไรสุทธิของธุรกิจวิศวกรรมจัดซื้อจัดจ้าง และก่อสร้างที่สูงขึ้นจากโครงการในมือจำนวน 1.1 หมื่น ลบ. ที่ได้จากการประมูลโครงการโรงไฟฟ้าย่อยและสายส่ง

## ปรับราคาเป้าหมายหลังการขายสินทรัพย์

เราคงคำแนะนำซื้อ แต่ปรับลดราคาเป้าหมายลงจาก 3.2 เหลือ 2.9 บาท (SOTP) เพื่อสะท้อน 1) มูลค่าที่ลดลง 0.3 บาทจากการขายโรงไฟฟ้าพลังแสงอาทิตย์ Iwakuni; และ 2) มูลค่า 0.19 บาทของเงิน 2.9 พัน ลบ. ที่ได้จากการขายสินทรัพย์ เราเห็นว่า GUNKUL เป็นหนึ่งในหุ้นขนาดเล็กที่น่าสนใจของไทย บริษัทฯ มีความเป็นไปได้ในการเติบโตใหม่จากโครงการในเวียดนาม ซึ่งจะช่วยเหลือเสริมสร้างความแข็งแกร่งให้แก่ตราสารหนี้ที่ขับเคลื่อนโดยธุรกิจโรงไฟฟ้าของบริษัทฯ

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	7,099	7,508	7,959	6,908
Net profit	2,147	6,354	2,369	1,893
EPS (THB)	0.29	0.72	0.27	0.21
vs Consensus (%)	-	246.2	5.9	(20.8)
EBITDA	3,945	3,844	4,024	3,359
Core net profit	2,147	6,354	2,369	1,893
Core EPS (THB)	0.29	0.72	0.27	0.21
Chg. In EPS est. (%)	-	198.0	3.4	(24.6)
EPS growth (%)	21.6	147.2	(62.7)	(20.1)
Core P/E (x)	8.7	3.5	9.5	11.8
Dividend yield (%)	5.4	6.0	7.1	7.1
EV/EBITDA (x)	9.5	9.4	8.5	10.1
Price/book (x)	1.7	1.4	1.3	1.3
Net debt/Equity (%)	159.7	77.2	61.6	57.2
ROE (%)	21.9	47.5	14.3	11.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.8	12.5	(15.4)
Relative to country (%)	(2.1)	(4.0)	(7.8)
Mkt cap (USD m)	739		
3m avg. daily turnover (USD m)	2.6		
Free float (%)	44		
Major shareholder	GUNKUL Group Plc (50%)		
12m high/low (THB)	3.00/1.84		
Issued shares (m)	7,418.62		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 มกราคม 2021

## Investment thesis

Gunkul is well-positioned to capture Thailand's renewable energy (solar and wind power) growth, both as an operator and through EPC, in our view. Its core power equipment trading business could further benefit from the LED boom, while its strong ties with the Myanmar government (20-year relationship) could enhance its earnings growth from power plants.

We expect contributions from the low-risk, high margin power business (including solar and wind power projects) to rise from 60% of its total net profit in 2017 to 92% in 2022. Gunkul is poised to register strong earnings growth, in our view, driven by potential net profit growth from its renewable power projects in Vietnam and higher net profits from its engineering, procurement, and construction backlog of THB11b from large-scale bidding for power substations and transmission lines.

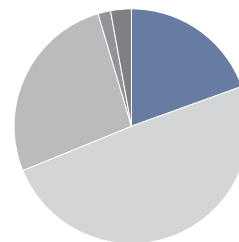
## Company profile

GUNKUL is one of the largest renewable plays in Thailand with capacities for solar, wind, and gas engine power plants in Thailand and Myanmar.

[www.gunkul.com](http://www.gunkul.com)

## Principal activities (revenue, 2019)

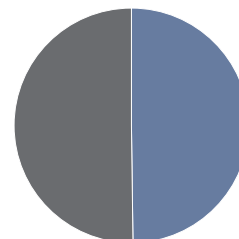
- Manufacturing and selling of equipment for electrical systems - 20.7 %
- Generating and selling electricity - 52.3 %
- Construction service - 28.2 %



Source: Gunkul Engineering

## Major shareholders

- GUNKUL Group Plc - 49.8 %
- Others - 50.2 %



Source: Gunkul Engineering

## Catalyst

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

## Risk to our call

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.

## Event calendar

Date	Event
February 2021	4Q20/2020 results announcement

## Key assumptions

	2020E (THB m)	2021E (THB m)	2022E (THB m)
EPC revenue	1,000	1,000	1,000
Trading revenue	1,483	1,483	1,483

Source: FSSIA estimates

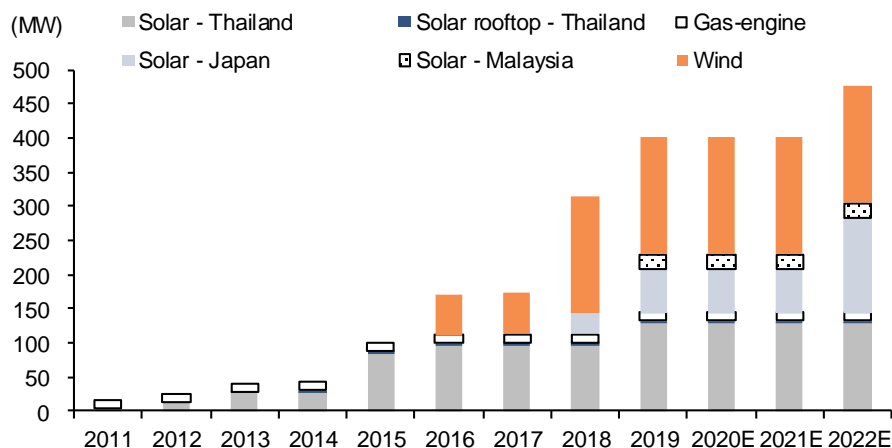
## Earnings sensitivity

- For every 1% increase in gas price, we estimate 2021 earnings would rise by 1.1%, and vice versa, all else being equal.
- For every 1% increase in interest rate, we estimate 2021 earnings would fall by 1.3%, and vice versa, all else being equal.
- For every 1% increase in power utilisation rate, we estimate 2021 earnings would rise by 1.3%, and vice versa, all else being equal.

Source: FSSIA estimates



### Exhibit 1: Capacity breakdown after the divestment of the 66.8MW Utsunomiya and the 75MW Iwakuni solar farms



Sources: GUNKUL; FSSIA estimates

### Exhibit 2: Changes in EPS forecasts and key assumptions

	Current			Previous			Change		
	2020E (THB m)	2021E (THB m)	2022E (THB m)	2020E (THB m)	2021E (THB m)	2022E (THB m)	2020E (%)	2021E (%)	2022E (%)
Revenue	7,508	7,959	6,908	7,508	7,959	8,734	0.0	0.0	(20.9)
Gross profit	3,716	3,914	3,070	3,716	3,914	3,963	0.0	0.0	(22.5)
Operating profit	2,816	2,956	2,272	2,816	2,956	2,982	0.0	0.0	(23.8)
Net profit	6,354	2,369	1,893	2,133	2,291	2,511	198.0	3.4	(24.6)
EPS	0.72	0.27	0.21	0.24	0.26	0.28	198.0	3.4	(24.6)
<b>Key assumptions</b>									
EPC revenue	1,000	1,000	1,000	1,000	1,000	1,000	0.0	0.0	0.0
Trading revenue	1,483	1,483	1,483	1,483	1,483	1,483	0.0	0.0	0.0

Sources: GUNKUL; FSSIA estimates

### Exhibit 3: SOTP valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		2.3	Pretax cost of debt		4.0
Market risk premium		8.5	Marginal tax rate		20.0
Stock beta		1.00			
Cost of equity, Ke		10.8	Net cost of debt, Kd		3.1
Weight applied		20.0	Weight applied		80.0
WACC		4.7			

Sum-of-the-parts valuation estimate	(THB m)	(THB/share)	Comments
EPC	2,400	0.3	15x FY21E P/E, discount to industry average of 22x
Trading	2,135	0.2	15x FY21E P/E, discount to industry average of 22x
Solar power	14,374	1.6	DCF WACC 4.7%, Risk-free rate 2.3%, risk premium 8.5%
Wind power	18,796	2.1	DCF WACC 4.7%, Risk-free rate 2.3%, risk premium 8.5%
Gas engine power	484	0.1	DCF WACC 4.7%, Risk-free rate 2.3%, risk premium 8.5%
Net cash	(12,946)	(1.5)	Net cash on hand at end 2021E
<b>Residual ordinary equity</b>	<b>25,243</b>	<b>2.9</b>	

Sources: GUNKUL; FSSIA estimates

## Financial Statements

### Gunkul Engineering

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	6,230	7,099	7,508	7,959	6,908
Cost of goods sold	(2,407)	(2,313)	(2,764)	(2,977)	(2,750)
<b>Gross profit</b>	<b>3,823</b>	<b>4,786</b>	<b>4,744</b>	<b>4,982</b>	<b>4,158</b>
Other operating income	-	-	-	-	-
Operating costs	(743)	(840)	(900)	(958)	(799)
<b>Operating EBITDA</b>	<b>3,080</b>	<b>3,945</b>	<b>3,844</b>	<b>4,024</b>	<b>3,359</b>
Depreciation	(763)	(1,137)	(1,028)	(1,068)	(1,088)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,317</b>	<b>2,808</b>	<b>2,816</b>	<b>2,956</b>	<b>2,272</b>
Net financing costs	(933)	(872)	(741)	(615)	(551)
Associates	269	269	249	210	208
Recurring non operating income	574	327	4,936	341	405
Non recurring items	(676)	0	0	0	0
<b>Profit before tax</b>	<b>1,282</b>	<b>2,263</b>	<b>7,011</b>	<b>2,682</b>	<b>2,126</b>
Tax	(103)	(41)	(557)	(208)	(126)
<b>Profit after tax</b>	<b>1,178</b>	<b>2,222</b>	<b>6,454</b>	<b>2,474</b>	<b>2,000</b>
Minority interests	(88)	(75)	(101)	(105)	(107)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,090</b>	<b>2,147</b>	<b>6,354</b>	<b>2,369</b>	<b>1,893</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>676</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,766</b>	<b>2,147</b>	<b>6,354</b>	<b>2,369</b>	<b>1,893</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.24	0.29	0.72	0.27	0.21
Reported EPS	0.15	0.29	0.72	0.27	0.21
DPS	0.01	0.14	0.15	0.18	0.18
Diluted shares (used to calculate per share data)	7,419	7,420	8,883	8,883	8,883
<b>Growth</b>					
Revenue (%)	30.7	13.9	5.8	6.0	(13.2)
Operating EBITDA (%)	110.5	28.1	(2.6)	4.7	(16.5)
Operating EBIT (%)	133.4	21.2	0.3	5.0	(23.1)
Recurring EPS (%)	178.0	21.6	147.2	(62.7)	(20.1)
Reported EPS (%)	71.6	96.9	147.2	(62.7)	(20.1)
<b>Operating performance</b>					
Gross margin inc depreciation (%)	49.1	51.4	49.5	49.2	44.4
Gross margin of key business (%)	49.1	51.4	49.5	49.2	44.4
Operating EBITDA margin (%)	49.4	55.6	51.2	50.6	48.6
Operating EBIT margin (%)	37.2	39.6	37.5	37.1	32.9
Net margin (%)	28.4	30.3	84.6	29.8	27.4
Effective tax rate (%)	10.2	2.1	8.2	8.4	6.6
Dividend payout on recurring profit (%)	4.2	47.0	21.0	67.5	84.5
Interest cover (X)	3.1	3.6	10.5	5.4	4.9
Inventory days	71.6	94.1	94.6	99.3	107.3
Debtor days	65.9	54.8	51.6	48.4	55.4
Creditor days	148.6	155.7	105.2	110.5	119.3
Operating ROIC (%)	9.1	9.7	9.8	(2.6)	(2.0)
ROIC (%)	8.4	8.3	20.6	(2.2)	(1.8)
ROE (%)	19.5	21.9	47.5	14.3	11.0
ROA (%)	7.9	7.8	17.4	5.6	4.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Manufacturing and selling of equipment for electrical systems	2,082	1,468	1,188	1,639	2,414
Generating and selling electricity	2,930	3,715	3,890	3,890	2,065
Construction service	1,954	2,000	2,500	2,500	2,500
Maintenance service	141	131	145	145	145

Sources: Gunkul Engineering; FSSIA estimates


## Financial Statements

### Gunkul Engineering

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	1,766	2,147	6,354	2,369	1,893
Depreciation	763	1,137	1,028	1,068	1,088
Associates & minorities	269	269	249	210	208
Other non-cash items	-	-	-	-	-
Change in working capital	(1,487)	2,463	182	191	(416)
<b>Cash flow from operations</b>	<b>1,312</b>	<b>6,017</b>	<b>7,812</b>	<b>3,837</b>	<b>2,772</b>
Capex - maintenance	(763)	(1,137)	(285)	(335)	(360)
Capex - new investment	(4,893)	(1,549)	(1,215)	(165)	(140)
Net acquisitions & disposals	(422)	78	0	0	0
Other investments (net)	(6)	(530)	249	210	208
<b>Cash flow from investing</b>	<b>(6,083)</b>	<b>(3,139)</b>	<b>(1,251)</b>	<b>(290)</b>	<b>(292)</b>
Dividends paid	0	0	(1,009)	(1,332)	(1,599)
Equity finance	(305)	366	0	0	0
Debt finance	7,188	(1,249)	(3,012)	(1,177)	(1,353)
Other financing cash flows	(1,729)	(776)	(398)	(315)	(309)
<b>Cash flow from Financing</b>	<b>5,154</b>	<b>(1,660)</b>	<b>(4,418)</b>	<b>(2,824)</b>	<b>(3,261)</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>383</b>	<b>1,218</b>	<b>2,143</b>	<b>722</b>	<b>(781)</b>
Free cash flow to firm (FCFF)	(3,971.27)	3,787.98	7,386.66	4,289.17	3,172.07
Free cash flow to equity (FCFE)	687.40	852.40	3,151.75	2,054.73	817.55
<b>Per share (THB)</b>					
FCFF per share	(0.54)	0.51	1.00	0.58	0.43
FCFE per share	0.09	0.11	0.42	0.28	0.11
Recurring cash flow per share	0.38	0.48	0.86	0.41	0.36
Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	24,592	27,103	28,603	29,103	29,603
Less: Accumulated depreciation	(1,574)	(2,536)	(3,564)	(4,632)	(5,719)
<b>Tangible fixed assets (Net)</b>	<b>23,018</b>	<b>24,567</b>	<b>25,039</b>	<b>24,471</b>	<b>23,883</b>
<b>Intangible fixed assets (Net)</b>	<b>4,377</b>	<b>4,117</b>	<b>4,117</b>	<b>4,117</b>	<b>4,117</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	1,809	1,731	1,731	1,731	1,731
Cash & equivalents	3,000	4,218	6,361	7,083	6,302
A/C receivable	1,069	1,063	1,058	1,052	1,046
Inventories	540	653	780	840	776
Other current assets	930	1,351	1,429	1,515	1,315
<b>Current assets</b>	<b>5,539</b>	<b>7,285</b>	<b>9,628</b>	<b>10,490</b>	<b>9,439</b>
Other assets	883	1,342	1,342	1,342	1,342
<b>Total assets</b>	<b>35,625</b>	<b>39,042</b>	<b>41,856</b>	<b>42,151</b>	<b>40,512</b>
Common equity	8,911	10,712	16,057	17,093	17,387
Minorities etc.	590	621	721	826	933
<b>Total Shareholders' equity</b>	<b>9,500</b>	<b>11,333</b>	<b>16,778</b>	<b>17,919</b>	<b>18,320</b>
Long term debt	16,949	18,991	15,979	14,802	13,448
Other long-term liabilities	671	513	513	513	513
<b>Long-term liabilities</b>	<b>17,620</b>	<b>19,504</b>	<b>16,492</b>	<b>15,314</b>	<b>13,961</b>
A/C payable	1,248	726	868	935	863
Short term debt	6,619	3,328	3,328	3,328	3,328
Other current liabilities	638	4,151	4,391	4,654	4,040
<b>Current liabilities</b>	<b>8,505</b>	<b>8,205</b>	<b>8,586</b>	<b>8,917</b>	<b>8,231</b>
<b>Total liabilities and shareholders' equity</b>	<b>35,625</b>	<b>39,042</b>	<b>41,856</b>	<b>42,151</b>	<b>40,512</b>
Net working capital	653	(1,810)	(1,991)	(2,182)	(1,766)
Invested capital	30,740	29,947	30,237	29,479	29,307
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	1.20	1.44	1.81	1.92	1.96
Tangible book value per share	0.61	0.89	1.34	1.46	1.49
<b>Financial strength</b>					
Net debt/Equity (%)	216.5	159.7	77.2	61.6	57.2
Net debt/total assets (%)	57.7	46.4	30.9	26.2	25.9
Current ratio (x)	0.7	0.9	1.1	1.2	1.1
CF interest cover (x)	7.0	3.8	6.9	4.6	2.7
Valuation	2018	2019	2020E	2021E	2022E
<b>Recurring P/E (x) *</b>	<b>10.6</b>	<b>8.7</b>	<b>3.5</b>	<b>9.5</b>	<b>11.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>12.2</b>	<b>10.0</b>	<b>4.1</b>	<b>10.9</b>	<b>13.6</b>
Reported P/E (x)	17.1	8.7	3.5	9.5	11.8
Dividend yield (%)	0.4	5.4	6.0	7.1	7.1
Price/book (x)	2.1	1.7	1.4	1.3	1.3
Price/tangible book (x)	4.1	2.8	1.9	1.7	1.7
EV/EBITDA (x) **	12.9	9.5	9.4	8.5	10.1
EV/EBITDA @ target price (x) **	13.9	10.2	10.3	9.4	11.1
EV/invested capital (x)	1.3	1.2	1.2	1.2	1.2
* Pre-exceptional & pre-goodwill are fully diluted      ** EBITDA includes associate income and recurring non operating income					

Sources: Gunkul Engineering; 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	GGC	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	SEAOL	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	AMANAH
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	CENTEL
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	PM	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	SMPG	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
WIUK	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	AMANAH	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 Thaiapat 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. Thaiapat 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 Thaiapat 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

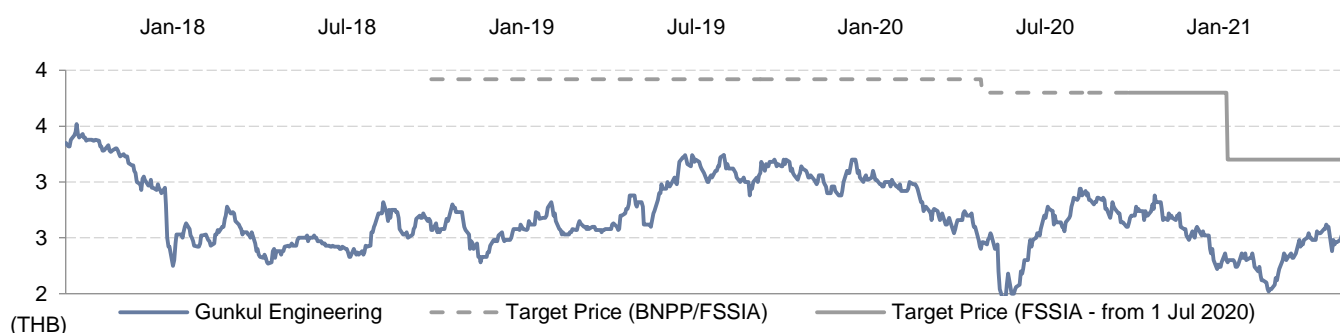
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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#### History of change in investment rating and/or target price

#### Gunkul Engineering (GUNKUL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	BUY	3.92	14-May-2020	BUY	3.80	-	-	-
27-Feb-2020	BUY	3.80	22-Sep-2020	BUY	3.20			

Suwat Sinsadok started covering this stock from 15-Nov-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Gunkul Engineering	GUNKUL TB	THB 2.56	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.

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 04-Jan-2021 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.