

19 APRIL 2021

THAILAND / UTILITIES - CONVENTIONAL

GULF ENERGY DEVELOPMENT

BUY

UNCHANGED

GULF TB

TARGET PRICE	THB48.00
CLOSE	THB32.25
UP/DOWNSIDE	+48.8%
PRIOR TP	THB48.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+22.8%

คำแนะนำซื้อหลักทรัพย์ INTUCH

ซื้อ INTUCH เพื่อการเติบโต

เมื่อวันที่ 19 เม.ย. 21 GULF ประกาศทำคำแนะนำซื้อหลักทรัพย์ Intouch Holdings (INTUCH TB, BUY, TP THB65) และ Advanced Info Service (ADVANC TB, BUY, TP THB200) ปัจจุบัน GULF ถือหุ้น 18.93% ใน INTUCH หรือ 606.9 ล้านหุ้น ณ วันที่ 16 เม.ย. 21 เพิ่มขึ้น 15% ในเดือน มี.ค. 21 ในขณะที่ INTUCH ถือหุ้น 40% ใน ADVANC และ 41% ใน Thacom (THCOM TB, REDUCE, TP THB7.1) บริษัทฯ คาดว่าคำแนะนำซื้อดังกล่าวจะสำเร็จเสร็จสิ้นช่วงสิ้นเดือน ก.ค. หรือต้นเดือน ส.ค. 21

เป็นการตัดสินใจที่ถูกต้องที่ราคาและในเวลาที่เหมาะสม

เรามองการซื้อ INTUCH เป็นบวกจาก 1) ราคาซื้อที่ 65 บาท (สูงกว่าราคาเปิดเมื่อวันศุกร์ 11%) ซึ่งสอดคล้องกับราคาเป้าหมาย FSSIA ที่ 65 บาท; และ 2) คำเสนอซื้อที่อาจไม่เกิดขึ้นสำหรับ ADVANC และ THCOM โดย GULF กำลังขอยกเว้นการทำเสนอซื้อ THCOM ตามกฎการครอบงำกิจการผ่านนิติบุคคลอื่นจากคณะกรรมการวินิจฉัยการเข้าถือหลักทรัพย์เพื่อครอบงำกิจการและ ก.ล.ต. GULF จะทำคำแนะนำซื้อ ADVANC ที่ราคาเพียง 122.86 บาทต่อหุ้น ซึ่งคิดจากต้นทุนการซื้อกิจการของผู้ถือหุ้นที่มีอำนาจควบคุมเหนือธุรกิจผ่านบุคคลอื่น ทำให้มีแนวโน้มว่าผู้ถือหุ้นของ ADVANC จะไม่ขายหุ้นของตนที่ราคาดังกล่าว ซึ่งต่ำกว่าราคาเปิดที่ 168 บาท ณ วันที่ 16 เม.ย. 21 อยู่ที่ 27%

ไม่ต้องเพิ่มทุนพร้อมฐานะทางการเงินที่ดีขึ้นไม่แย่ง

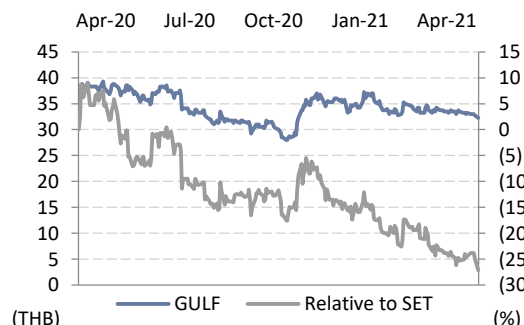
เราเห็นปัจจัยบวกบางประการจากการซื้อ INTUCH ประการแรก GULF ควรได้ประโยชน์อย่างสูงจากฐานะทางการเงินที่ดีของ INTUCH และสามารถแปลงประโยชน์ดังกล่าวเป็นรูปตัวเงินได้ในเวลาอันควร เนื่องจาก INTUCH มีสัดส่วนหนี้ต่อส่วนผู้ถือหุ้นที่เพียง 0.04x ณ สิ้นปี 2020 เทียบกับ 1.8x ของ GULF ดังนั้นไม่เพียงแต่ GULF จะไม่จำเป็นต้องเสี่ยงเพิ่มทุน แต่บริษัทฯ ยังสามารถเสริมสร้างฐานะทางการเงินของตนเองให้ดียิ่งขึ้นได้ด้วยเมื่อรวมงบดุลของ INTUCH บนสมมติฐานที่ว่าบริษัทฯ สามารถซื้อหุ้นเพิ่มอีก 31% ที่ราคา 65 บาทต่อหุ้น นอกจากนี้ GULF น่าจะมีเงินมากพอที่จะซื้อ INTUCH ซึ่งคาดว่าจะอยู่ที่ 125.2 พัน ลบ. สำหรับหุ้น 60.07% และใช้จ่ายสำหรับโครงการเพื่อการเติบโตอื่น ๆ ที่นอกเหนือจากการซื้อดังกล่าว

คำแนะนำซื้อ

เราคงมุมมองที่เป็นบวกต่อ GULF และเชื่อว่าการซื้อ INTUCH มีความสมเหตุสมผลในแง่ของการเสริมสร้างแนวโน้มการเติบโตของกำไรในระยะสั้นและสมรรถนะของงบดุลให้ดียิ่งขึ้น รวมถึงการยกระดับการเติบโตระยะยาว โดยใช้ประโยชน์จากการบรรจบของเทคโนโลยี 5G และ Big Data รวมถึงรูปแบบสารสนเทศอื่น ๆ ที่จะช่วยให้บริษัทฯ ก้าวล้ำนำหน้าอุตสาหกรรมโดยรวม

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	32,827	34,010	82,516	86,552
Net profit	4,282	9,036	19,755	22,780
EPS (THB)	0.36	0.77	1.68	1.94
vs Consensus (%)	-	11.4	75.7	37.2
EBITDA	10,672	13,949	29,696	34,116
Core net profit	4,478	9,036	19,755	22,780
Core EPS (THB)	0.38	0.77	1.68	1.94
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	16.0	101.8	118.6	15.3
Core P/E (x)	84.5	41.9	19.2	16.6
Dividend yield (%)	0.8	1.2	2.2	2.2
EV/EBITDA (x)	43.9	35.9	16.4	13.9
Price/book (x)	5.9	5.4	4.4	3.8
Net debt/Equity (%)	113.1	137.3	88.7	54.4
ROE (%)	8.7	13.5	25.4	24.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.7)	(9.2)	(4.8)
Relative to country (%)	(4.4)	(12.2)	(25.1)
Mkt cap (USD m)	12,128		
3m avg. daily turnover (USD m)	25.0		
Free float (%)	27		
Major shareholder	Mr. Sarath Ratanavadi (35%)		
12m high/low (THB)	41.03/27.50		
Issued shares (m)	11,733.15		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 19 เมษายน 2021

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 2022-25. 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).

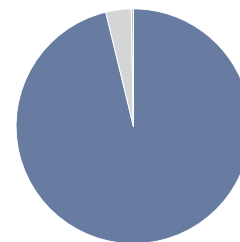
Company profile

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 the strongest earnings growth outlook among the Thai power companies we cover.

www.gulf.co.th

Principal activities (revenue, 2020)

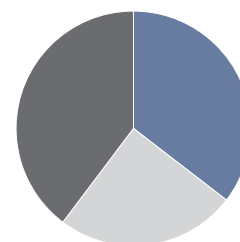
- Power business - 96.8 %
- Consulting business - 3.5 %
- Others - (0.3) %



Source: Gulf Energy Development

Major shareholders

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



Source: Gulf Energy Development

Catalysts

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

Risks 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
May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Dispatched power (GWh)	17,549	33,479	35,276
Average utilisation rate (%)	84	85	85
Gas cost (THB/mmbtu)	235	223	212
No of shares at year end (m shares)	11,733	11,733	11,733
No of shares - weighted avg. (m shares)	11,733	11,733	11,733

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in gas price, we estimate that 2021 earnings will decline 1.1%, and vice versa, all else being equal.
- For every 1% increase in interest rate, we estimate that 2021 earnings will decline 2.1%, and vice versa, all else being equal.

Source: FSSIA estimates

Tender offer for INTUCH has finally arrived

Today (19 April 2021), GULF announced a tender offer for INTUCH and a mandatory tender offer for ADVANC. GULF already owns an 18.93% stake in INTUCH, or 606.9m shares, as of 16 Apr-21, up from 15% in Mar-21. Currently, INTUCH owns a 40% stake in ADVANC and a 41% stake in THCOM. The tender offer is expected to be completed by end-Jul or the first week of Aug-21, according to GULF.

Exhibit 1: INTUCH's shareholder structure

INTUCH's shareholder structure as of end-2020		
Shareholder	# of shares (m shares)	% stake (%)
GULF	606.9	18.9
Singtel	673.4	21.0
Others	1,926.3	60.1
Total	3,206.5	100.0
INTUCH's stakes		
	(m shares)	(%)
ADVANC	1,202.7	40.5
THCOM	450.8	41.1

Source: SETSMART

According to GULF's management, GULF has the intention to acquire additional stakes only in INTUCH, not in ADVANC or THCOM, and hence GULF will focus on leveraging and monetizing INTUCH as a key platform to grow its utilities and infrastructure using INTUCH's 5G technology, big data, and investment platform.

Management also indicated that GULF has no intention to become involved in ADVANC's operations and management even after it could become a major shareholder of ADVANC via INTUCH. With its current 18.93% stake in INTUCH, GULF still has no board seat at INTUCH but it could propose board seats after becoming a major shareholder.

Exhibit 2: ADVANC's major shareholders

Shareholder	Nationality	# of shares (m shares)	% share (%)
Intouch Holdings Company	Thai	1,202.7	40.5
Singtel Strategic Investments Pte Ltd.	Singaporean	693.4	23.3
Thai NDVR	Thai	178.2	6.0
Social Security Office	Thai	92.5	3.1
South East Asia Uk (Type C) Nominees Limited	British	49.2	1.7
Gic Private Limited	Singaporean	40.4	1.4
State Street Europe Limited	Thai	39.2	1.3
The Bank Of New York Mellon	American	21.7	0.7
State Street Bank And Trust Company	American	17.5	0.6
SE Asia (Type B) Nominees LLC	American	13.7	0.5

Source: SETSMART

Exhibit 3: THCOM's major shareholders

Shareholder	Nationality	# of shares (m shares)	% share (%)
Intouch Holdings Company	Thai	450.9	41.1
Thai NDVR	Thai	30.4	2.8
Mr. Wachira Thayanaraporn	Thai	28.0	2.6
Mr. Chavalit Wisarankul	Thai	24.0	2.2
South East Asia Uk (Type C) Nominees Limited	British	18.4	1.7
Mr. Narit Jia-Arpa	Thai	18.2	1.7
Mr. Songkran Rukkarat	Thai	13.7	1.3
N.C.B.Trust Limited-Norges Bank 1	British	7.1	0.7
Mr. Kitti Ngammaharat	Thai	6.8	0.6
Mr. Somkiat Tangpitakul	Thai	5.9	0.5

Source: SETSMART

Positive view on INTUCH acquisition

We are positive on GULF's move to tender INTUCH, based on:

- **Fair acquisition cost.** GULF's acquisition cost of THB65 (11% above last Friday's close) for INTUCH is fair, in line with FSSIA's TP of THB65.
- **Only INTUCH's tender offer is likely, not for ADVANC and THCOM.** According to GULF's filing, the company intends to make a tender offer for only ADVANC but not THCOM, and GULF will seek to receive a grant for the waiver of the obligation to make a tender offer for THCOM as a precedent condition for INTUCH's tender offer under the mandatory 'chain principle' that requires GULF to make mandatory tender offers for both ADVANC and THCOM as required by the Takeover Panel and the Securities Exchange Commission (SEC).
- **Unlikely tender offer for ADVANC at the low price of THB122.86.** For ADVANC, GULF will make a tender offer of only THB122.86/shr, based on "the acquisition cost of controlling interest over such business through other entities" based on INTUCH's consolidated financial statement as of 31 Dec-20. The tender offers for ADVANC and THCOM will be automatically triggered once GULF acquires more than a 50% stake in INTUCH to become a major shareholder.
- **Singtel will retain its stakes in INTUCH and ADVANC.** We think it is unlikely that shareholders of ADVANC will sell their shares at THB122.86 (27% discount to the closing share price of THB168 on 16 Apr-21). However, while Singtel, which owns a 21% stake in INTUCH and 23% in ADVANC, may divest stakes for both companies to GULF, given that SINGTEL's original acquisition cost of THB33 in 1999 could be at a 3.7x times higher share price and generate over THB40b cash to Singtel, Singtel already announced that it will retain its stakes in both INTUCH and ADVANC. This could imply that Singtel will still be a key operator of ADVANC even after becoming the second largest shareholder after GULF.

Exhibit 4: Analysis of 'tender offer price' for ADVANC under the 'chain principle' rule

Tender offer price of ADVANC under 'chain principle'			Unit
Value of investment in ADVANC under equity method	31,294.3	(a)	THB m
Total shareholder equity of INTUCH	44,140.8	(b)	THB m
Value of investment in ADVANC compared to INTUCH's total equity (a/b)	70.9	(c)	THB m
Value of INTUCH (3.206b shares at tender offer price of THB65)	208,423.1	(d)	THB m
Value of investment in ADVANC based on INTUCH's total equity (c*d)	147,764.8	(e)	THB m
Total shares in ADVANC owned by INTUCH	1,202.7	(f)	m shares
Tender offer price based on 'chain principle' (e/f)	122.9	(g)	THB/share

Sources: INTUCH; FSSIA estimates

Implications for GULF

We believe GULF's acquisition of INTUCH could rise from its current 18.9% stake to a maximum of 60.07% (excluding the 18.9% stake currently owned by GULF and the 21% owned by SINGTEL). We see five potential positive impacts to GULF.

First, GULF should greatly benefit from and be able to timely monetize INTUCH's strong balance sheet, which had only 0.04x D/E at end-2020 vs 1.8x for GULF in the same period. Hence, not only does GULF have no need to risk a capital increase, it also could strengthen its consolidated balance sheet with INTUCH if it consolidates INTUCH into its financial statement, assuming that GULF could tender an additional 31% stake at THB65/share.

Exhibit 5: GULF's debt capacity would improve post consolidation of INTUCH

	ADVANC	INTUCH	GULF	INTUCH + GULF
	(THB m)	(THB m)	(THB m)	(THB m)
Cash and cash equivalents	18,421	2,843	15,902	18,745
Current investments				
Specifically-designated bank deposits	1,910			
Short-term deposits at fin inst. used as collateral			5,870	
Short-term borrowings from financial institutions	4,900		11,500	11,500
Current portion of long-term liabilities	13,848	2,581	2,392	4,974
Current portion of spectrum licenses payable	10,538			
Current portion of lease liabilities	10,213	93	73	166
Short-term borrowings from related parties	0			
Long-term liabilities	79,301	1,136	83,544	84,679
Lease liabilities	48,150	96	781	877
Debentures			39,034	39,034
Provisions for employee benefits	3,180	374	231	
Spectrum licenses payable	42,911			
Unrealised adjustment value of spectrum license	3,284			
Total shareholders' equity attributable to owners of the Company	75,564	38,064	64,027	102,091
Total assets	350,171	52,637	245,581	298,217
Total liabilities	274,481	8,496	173,501	181,997
Total shareholders' equity x minority interests	75,564	38,064	64,027	102,091
Non-controlling interests	125	6,077	8,053	14,130
Total equity	75,689	44,141	72,080	116,221
Total debt	216,325	4,279	137,555	141,229
Cash and cash equivalents	20,330	2,843	21,772	18,745
Net debt	195,995	1,437	115,783	122,485
Net debt-to-equity (x)	2.6	0.0	1.8	1.2
Debt-to-equity (x)	2.9	0.1	2.1	1.4
GULF's debt covenant (x)	na	na	3.5	3.5
Debt raised capacity			86,540	216,088
Debt required to fund INTUCH's 60% tender offer				125,207

Sources: Bloomberg; FSSIA estimates

Second, GULF should be able to fund the acquisition cost of INTUCH, estimated to be THB125.2b for a 60.07% stake. This should allow GULF to fund its other growth projects beyond the acquisition of INTUCH, thanks to INTUCH's strong balance sheet that would enhance, not burden, GULF's balance sheet as previously expected by us and the market.

For ADVANC, we believe it is unlikely that GULF will be able to secure additional shares of ADVANC at the low price of THB122.86, which should be in line with GULF's intention.

Exhibit 6: Tender offers for INTUCH and ADVANC

Shareholder – INTUCH	# of shares (m shares)	% stake (%)	Comment
No. of shares to be tendered excluding Singtel's holding	1,926.3	60.07	
Tender offer price (THB/share)	65.0		
Total capital required (THB m)	125,207		
INTUCH-Warrant outstanding at 1:1	1.3	m warrants	Conversion ratio at 1:1 in May-Jun 2021
Estimated tender offer for INTUCH			
Shareholder – ADVANC	# of shares (m shares)	% stake (%)	Comment
No of shares to be tendered	2,973.6	100.00	
Tender offer price (THB/share)	122.9		
Total capital required (THB m)	365,330		
ADVANC's outstanding warrants (convert at 1:1 in May-Jun 2021)	1.3	m warrants	Conversion ratio at 1:1 in May-Jun 2021

Sources: INTUCH; ADVANC; FSSIA estimates

Third, we estimate that the stake in INTUCH could timely and immediately enhance GULF's cash flow and net profit. We expect INTUCH to add THB2b-4b net profit annually to GULF based on a 30-50% stake-holding in INTUCH.

Fourth, we believe GULF's share price overhang is likely to be removed, as investors' concerns over the potential capital increase and the unclear strategic move for INTUCH's acquisition is now over, potentially leading to GULF's share price rerating to reflect its stronger net profit growth outlook in 2021-23.

Finally, we think GULF's acquisition of INTUCH will strengthen its long-term net profit growth and position it ahead of its competitors for the upcoming digitalization of the industrial market landscape. We believe GULF could employ ADVANC's 'big data' and the 5G platform from ADVANC's 41m mobile subscribers (45% market share in Thailand) and 1.2m (10% market share) broadband subscribers as a key potential customer base for a smart grid and smart utilities network, capitalizing on GULF's future integrated power and infrastructure asset portfolio. Please see more details on the potential long-term synergies of GULF and INTUCH/ADVANC in our report "[In growth we trust, Part II](#)", dated 11 Sept-20.

Implications for ADVANC and THCOM

According to the FSSIA report "[From partner to major shareholder](#)", dated 19 April 2021, if GULF's tender offer goes through, ADVANC (40.45% held by INTUCH) will be the first mobile operator in Thailand that has a Thai major shareholder. For THCOM (41.13% held by INTUCH), this could help the company to alleviate the Ministry of Digital Economy and Society (DES)'s concern over THCOM's less than 51% ownership by a Thai major shareholder, according to satellite regulations, while INTUCH is also mainly owned by a non-Thai shareholder (Singtel). This could help to clear out the concern from the upcoming satellite bidding at the end of this year

INTUCH is now trading at a 9% discount to its NAV, the lowest NAV discount in the past five years, and this tender offer may be why. We see this tender offer as a positive catalyst for INTUCH in the short term. The tender offer price is at FSSIA's TP, representing an 11% upside. INTUCH would gain a key major shareholder and GULF's acquisition should strengthen the company's outlook and boost investors' confidence in INTUCH as a strong company that provides a reasonable return. We believe these two companies could cooperate in order to strengthen their core businesses in the long term.

Key takeaway from GULF's conference call

Management clearly indicated three key positive points during its conference call to explain GULF's rationale on the acquisition of INTUCH.

No capital increase. GULF will not exercise a capital increase and the company expects its balance sheet to be stronger with a lower D/E post the consolidation of INTUCH. GULF plans to issue additional debt at a 2-3% interest rate cost, which is highly competitive compared to other Thai power companies thanks to GULF's projected stronger net profit and cash flow generation in 2021-25 based on the commencement of GULF's multiple new growth projects, including the four phases of its 1.2GW independent power producers (IPPs) in 2021-24 in Thailand.

No intention to enter telecom venture via ADVANC. Management indicated that GULF will employ ADVANC's technology and 'big data' platform as a springboard for its future growth via the holdings in INTUCH but has no intention to be a key operator of ADVANC, as GULF has no expertise in the telecommunications industry.

Valuation

We maintain our positive view on GULF and believe its acquisition of INTUCH is rational to strengthen its short-term earnings growth outlook and balance sheet capability, as well as enhance its long-term growth platform, leveraging the confluence of 5G technology, big data, and information platforms that should allow it to stay ahead of the industry for future growth opportunities.

Exhibit 7: 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		0.50					
Cost of equity, Ke		6.6		Net cost of debt, Kd		2.9	
Weight applied		25.0		Weight applied		75.0	
WACC (%)		3.8					

DCF valuation estimate		(MW)	(%)	(THB m)	Equity Capacity (MW)	(THB/share)	Comments
IPP	GNS	1,653	40	26,083	661	2.2	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GUT	1,752	40	35,867	701	3.1	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GSRC	2,650	70	70,244	1,855	6.0	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GPD	2,920	70	84,882	2,044	7.2	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Duqm (Oman)	236	45	4,082	106	0.3	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Hin Kong (2024E-2025E)	1,400	49	34,910	686	3.0	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Burapa power (2027E)	540	35	10,724	189	0.9	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
SPP	GJP's 7 SPPs	831	40	49,026	332	4.2	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GMP's 9 SPPs	1,179	53	93,597	619	8.0	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GMP's 3 SPPs (GNC, GNRV1&2)	383	70	32,127	268	2.7	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	CGC (biomass)	25	100	1,024	25	0.1	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
Renewable	Solar - Thailand	598	75	17,063	449	1.5	WACC 3.8%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Solar - Vietnam	149	95	1,491	141	0.1	WACC 5%, Risk free rate 6%, Risk premium 6.5%, zero terminal growth
	Wind - Vietnam	410	95	13,262	390	1.1	WACC 5%, Risk free rate 6%, Risk premium 6.5%, zero terminal growth
	Wind - Germany	450	50	14,938	225	1.3	WACC 4%, Risk free rate 2%, Risk premium 8.5%, zero terminal growth
Infrastructure	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%
Investment	SPPG		10	2,300	29	0.2	At 1.5x FY21E P/BV
	INTUCH		19	39,449		3.4	At THB65 SoTP TP
	Net debt			(111,394)		(9.5)	At end-2021E
Residual ordinary equity				563,095	8,720	48.0	

Sources: GULF; FSSIA estimates

Financial Statements

Gulf Energy Development

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	30,040	32,827	34,010	82,516	86,552
Cost of goods sold	(21,734)	(20,075)	(18,361)	(48,694)	(48,108)
Gross profit	8,306	12,752	15,650	33,822	38,444
Other operating income	-	-	-	-	-
Operating costs	(1,713)	(2,080)	(1,701)	(4,126)	(4,328)
Operating EBITDA	6,593	10,672	13,949	29,696	34,116
Depreciation	(2,434)	(3,431)	(3,049)	(5,180)	(5,503)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	4,159	7,241	10,900	24,516	28,613
Net financing costs	(1,703)	(3,715)	(2,501)	(2,017)	(1,456)
Associates	3,205	2,462	3,441	4,803	5,492
Recurring non-operating income	3,320	2,922	3,588	4,951	5,639
Non-recurring items	1,377	(196)	0	0	0
Profit before tax	7,152	6,252	11,988	27,449	32,797
Tax	14	(107)	(22)	(993)	(1,858)
Profit after tax	7,166	6,144	11,966	26,456	30,939
Minority interests	(2,280)	(1,862)	(2,929)	(6,702)	(8,159)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	4,887	4,282	9,036	19,755	22,780
Non-recurring items & goodwill (net)	(1,377)	196	0	0	0
Recurring net profit	3,510	4,478	9,036	19,755	22,780
Per share (THB)					
Recurring EPS *	0.33	0.38	0.77	1.68	1.94
Reported EPS	0.46	0.36	0.77	1.68	1.94
DPS	0.26	0.25	0.40	0.70	0.70
Diluted shares (used to calculate per share data)	10,667	11,733	11,733	11,733	11,733
Growth					
Revenue (%)	74.8	9.3	3.6	142.6	4.9
Operating EBITDA (%)	49.7	61.9	30.7	112.9	14.9
Operating EBIT (%)	38.1	74.1	50.5	124.9	16.7
Recurring EPS (%)	15.9	16.0	101.8	118.6	15.3
Reported EPS (%)	61.4	(20.3)	111.0	118.6	15.3
Operating performance					
Gross margin inc. depreciation (%)	19.5	28.4	37.0	34.7	38.1
Gross margin of key business (%)	24.1	27.8	37.0	34.7	38.1
Operating EBITDA margin (%)	21.9	32.5	41.0	36.0	39.4
Operating EBIT margin (%)	13.8	22.1	32.0	29.7	33.1
Net margin (%)	11.7	13.6	26.6	23.9	26.3
Effective tax rate (%)	(0.3)	2.8	0.3	4.4	6.8
Dividend payout on recurring profit (%)	79.0	65.5	51.9	41.6	36.1
Interest cover (X)	4.4	2.7	5.8	14.6	23.5
Inventory days	-	-	-	-	-
Debtor days	52.9	60.4	63.3	30.8	36.5
Creditor days	24.1	27.7	25.6	16.8	24.5
Operating ROIC (%)	4.6	5.5	(1.5)	(2.9)	(3.4)
ROIC (%)	5.8	5.0	(1.2)	(2.3)	(2.7)
ROE (%)	9.4	8.7	13.5	25.4	24.6
ROA (%)	5.5	4.9	4.4	8.7	9.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Power business	30,313	31,772	28,867	77,264	81,301
Consulting business	955	1,154	5,772	5,772	5,772
Others	(1,228)	(99)	(629)	(521)	(521)

Sources: Gulf Energy Development; FSSIA estimates

Financial Statements

Gulf Energy Development

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	3,510	4,478	9,036	19,755	22,780
Depreciation	2,434	3,431	3,049	5,180	5,503
Associates & minorities	3,205	2,462	3,441	4,803	5,492
Other non-cash items	-	-	-	-	-
Change in working capital	(6,473)	2,798	(404)	8,657	(1,081)
Cash flow from operations	2,676	13,169	15,122	38,395	32,693
Capex - maintenance	(2,410)	(3,152)	(3,226)	(4,357)	(3,805)
Capex - new investment	(13,320)	(49,037)	(38,313)	(11,118)	(462)
Net acquisitions & disposals	(1,209)	(832)	0	0	0
Other investments (net)	11,701	433	3,440	4,801	5,490
Cash flow from investing	(5,239)	(52,588)	(38,099)	(10,675)	1,223
Dividends paid	(2,133)	(2,773)	(2,933)	(4,693)	(8,213)
Equity finance	0	0	0	0	0
Debt finance	5,584	27,702	23,017	(2,000)	(28,000)
Other financing cash flows	(3,196)	16,003	(3,951)	(2,903)	(2,823)
Cash flow from financing	254	40,932	16,133	(9,596)	(39,036)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(2,309)	1,513	(6,844)	18,124	(5,119)
Free cash flow to firm (FCFF)	332.82	(35,753.90)	(19,998.95)	30,099.33	36,459.21
Free cash flow to equity (FCFE)	(175.27)	4,285.96	(3,910.71)	22,817.65	3,093.74
Per share (THB)					
FCFF per share	0.03	(3.05)	(1.70)	2.57	3.11
FCFE per share	(0.01)	0.37	(0.33)	1.94	0.26
Recurring cash flow per share	0.86	0.88	1.32	2.53	2.88
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	85,190	139,958	181,673	196,326	198,896
Less: Accumulated depreciation	(4,229)	(10,240)	(13,466)	(17,823)	(21,628)
Tangible fixed assets (net)	80,961	129,718	168,208	178,503	177,267
Intangible fixed assets (net)	1,113	17,354	17,354	17,354	17,354
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	21,247	22,079	22,079	22,079	22,079
Cash & equivalents	14,390	15,902	9,059	27,183	22,064
A/C receivable	5,199	5,660	6,139	7,789	9,520
Inventories	0	0	0	0	0
Other current assets	2,828	8,792	9,109	22,099	23,180
Current assets	22,417	30,354	24,306	57,071	54,764
Other assets	8,540	46,075	46,075	46,075	46,075
Total assets	134,278	245,580	278,021	321,082	317,539
Common equity	38,427	64,027	70,130	85,192	99,758
Minorities etc.	10,613	8,053	10,982	17,684	25,843
Total shareholders' equity	49,040	72,080	81,112	102,875	125,601
Long term debt	66,453	83,544	116,453	116,453	88,453
Other long-term liabilities	8,976	60,314	60,314	60,314	60,314
Long-term liabilities	75,429	143,858	176,767	176,767	148,767
A/C payable	1,689	1,353	1,226	3,251	3,212
Short term debt	3,281	13,892	4,000	2,000	2,000
Other current liabilities	4,838	14,397	14,916	36,189	37,959
Current liabilities	9,809	29,643	20,142	41,440	43,171
Total liabilities and shareholders' equity	134,278	245,581	278,021	321,082	317,539
Net working capital	1,500	(1,298)	(895)	(9,552)	(8,471)
Invested capital	113,360	213,928	252,821	254,459	254,304
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	3.60	5.46	5.98	7.26	8.50
Tangible book value per share	3.50	3.98	4.50	5.78	7.02
Financial strength					
Net debt/equity (%)	112.9	113.1	137.3	88.7	54.4
Net debt/total assets (%)	41.2	33.2	40.1	28.4	21.5
Current ratio (x)	2.3	1.0	1.2	1.4	1.3
CF interest cover (x)	8.7	15.4	14.8	17.8	3.4
Valuation					
Recurring P/E (x) *	98.0	84.5	41.9	19.2	16.6
Recurring P/E @ target price (x) *	145.9	125.8	62.3	28.5	24.7
Reported P/E (x)	70.4	88.4	41.9	19.2	16.6
Dividend yield (%)	0.8	0.8	1.2	2.2	2.2
Price/book (x)	9.0	5.9	5.4	4.4	3.8
Price/tangible book (x)	9.2	8.1	7.2	5.6	4.6
EV/EBITDA (x) **	62.2	43.9	35.9	16.4	13.9
EV/EBITDA @ target price (x) **	87.7	61.2	49.1	22.6	19.3
EV/invested capital (x)	3.6	2.2	2.0	1.9	1.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Gulf Energy Development; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

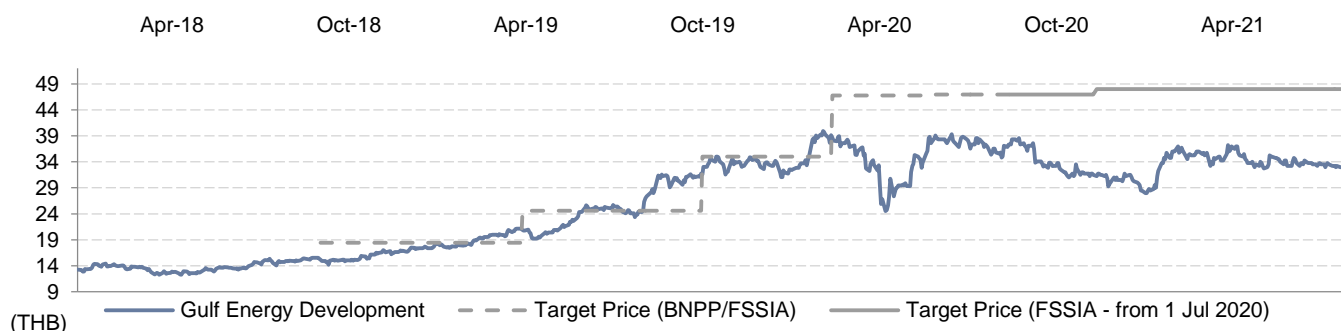
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History of change in investment rating and/or target price

Gulf Energy Development (GULF TB)



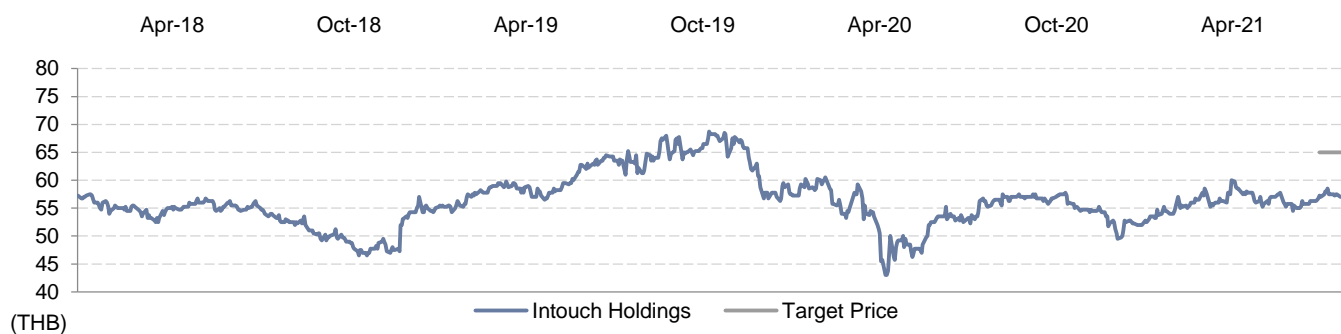
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	BUY	18.40	30-Jan-2020	BUY	46.80	11-Sep-2020	BUY	48.00
08-May-2019	BUY	24.60	22-Apr-2020	BUY	47.00			
10-Oct-2019	BUY	35.00	30-Jun-2020	BUY	47.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Intouch Holdings (INTUCH TB)



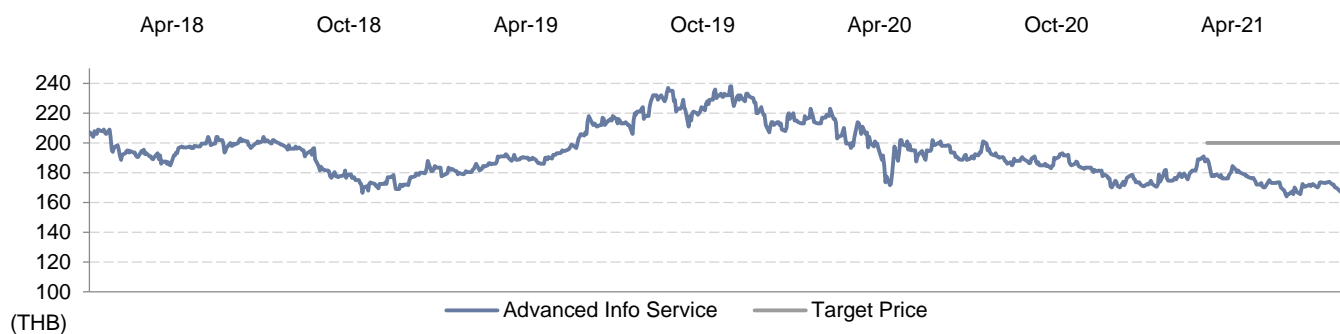
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Mar-2021	BUY	65.00	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 24-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Advanced Info Service (ADVANC TB)



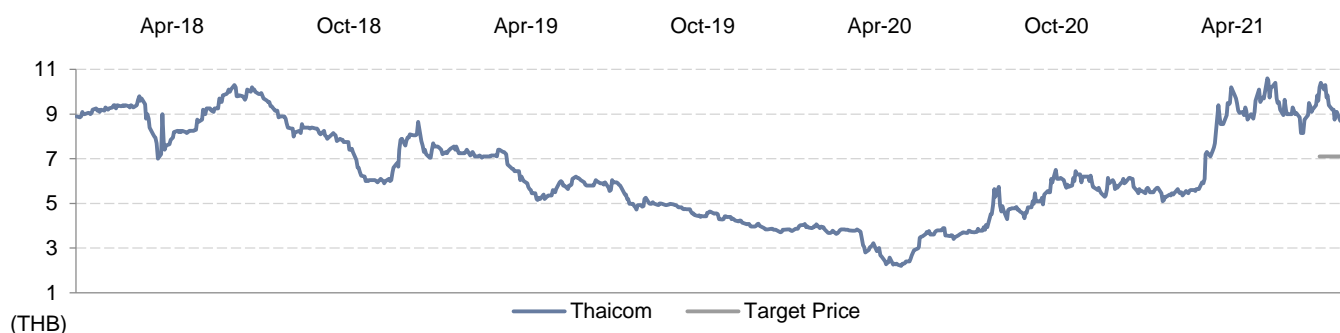
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Dec-2020	HOLD	200.00	05-Jan-2021	HOLD	200.00	09-Feb-2021	BUY	200.00

Naruedom Mujjalinkool started covering this stock from 16-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Thaicom (THCOM TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Mar-2021	REDUCE	7.10	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 24-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Gulf Energy Development	GULF TB	THB 32.25	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 commercial operation dates.
Intouch Holdings	INTUCH TB	THB 63.00	BUY	The key downside risks to our NAV-discounted TP are if the sluggish performance from the satellite business continues and if there is a slower-than-expected 5G adoption rate.
Advanced Info Service	ADVANC TB	THB 169.50	BUY	The key downside risks to our DCF-based TP are stronger-than-expected competition in the mobile market and the slower-than-expected adoption of 5G use cases.
Thaicom	THCOM TB	THB 10.10	REDUCE	The key upside risks to our P/BV-based TP are 1) if the company is able to secure a new right of use concession for the satellite orbital slots and can generate significant revenue from it; 2) if it can form a partnership with NT or LEO satellite operators; and 3) if its operating costs after the expiration of Thaicom 4 and 6 are lower than expected.

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 Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 19-Apr-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.