

15 OCTOBER 2021

THAILAND / UTILITIES - CONVENTIONAL

# GULF ENERGY DEVELOPMENT

## BUY

UNCHANGED

# GULF TB

TARGET PRICE	THB56.00
CLOSE	THB43.75
UP/DOWNSIDE	+28.0%
PRIOR TP	THB47.00
CHANGE IN TP	+19.1%
TP vs CONSENSUS	+32.6%

## Valuation upgrade on INTUCH

### Equity income for INTUCH

During its conference call on 12 Oct-21, GULF's management explained that the company, with a 42.25% stake in Intouch Holdings (INTUCH TB, HOLD, TP THB65), which owns 40.45% of Advanced Info Service (ADVANC TB, BUY, TP THB220) and 41.13% of Thaicom (THCOM TB, REDUCE, TP THB7.1), will implement an equity method for INTUCH vs a consolidation method. GULF has no absolute control over INTUCH and ADVANC but has a majority stake in THCOM, and hence will consolidate THCOM's financial statement into GULF's starting in 3Q21.

### Expect 3Q21 net profit to hit a record high of over THB3b

Using the equity method for INTUCH, we estimate that GULF will add THB4.2b in equity income into its financial statement starting in 3Q21 without booking an additional annual amortisation expense of THB2b under the consolidation method, based on GULF's guidance. We estimate that this could propel its net profit in 3Q21 to hit a record high of over THB3b. The key driver would be the staggered commercial operation start dates for its 1.28GW IPPs every six months from 1H21 until 2H24, adding 5.3GW of installed capacity to GULF's power portfolio.

### Asset monetisation is likely for ADVANC

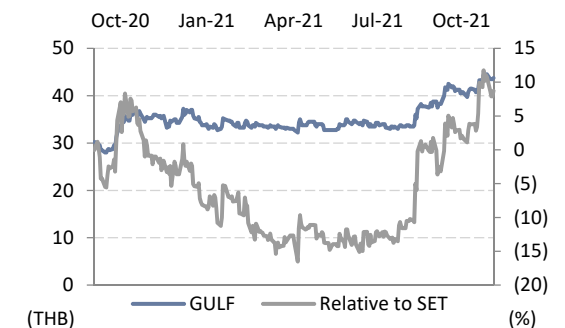
Management also indicated that it is likely that ADVANC will pursue an asset monetisation strategy via a sale and leaseback to an infrastructure fund. However, GULF is still pondering the best approach to take in order to optimise the financial strengths of ADVANC and INTUCH to benefit the shareholders in the GULF and INTUCH group.

### Maintain BUY; target price raised to THB56

We maintain BUY and raise our SOTP TP from THB47 to THB56, incorporating a THB9.2 value for INTUCH based on its market price of THB79.5 on 1 Oct-21 – a change from our SOTP TP of THB65 on INTUCH, as GULF will book an additional gain from its acquisition into its retained earnings based on the THB79.5 market price. We also roll over our valuation to 2022. Note, we have already incorporated the equity income from INTUCH based on the equity method, and hence maintain our 2021-23E EPS. GULF is our top pick in the Thai utilities sector for its strong net profit growth outlook in 2021-23 from new projects, the potential upsides from the new Power Development Plan in Thailand and Vietnam, and the potential synergy from INTUCH and ADVANC.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	32,827	31,847	74,626	74,808
Net profit	4,282	6,590	12,632	13,407
EPS (THB)	0.36	0.56	1.08	1.14
vs Consensus (%)	-	(18.2)	12.4	(10.2)
EBITDA	10,672	12,178	22,932	24,118
Core net profit	4,478	6,590	12,632	13,407
Core EPS (THB)	0.38	0.56	1.08	1.14
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	16.0	47.2	91.7	6.1
Core P/E (x)	114.6	77.9	40.6	38.3
Dividend yield (%)	0.6	0.9	1.6	1.6
EV/EBITDA (x)	56.5	52.4	27.6	26.0
Price/book (x)	8.0	7.6	6.8	6.4
Net debt/Equity (%)	113.1	147.3	116.9	96.4
ROE (%)	8.7	10.0	17.6	17.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.0	30.6	41.1
Relative to country (%)	7.6	25.0	9.5
Mkt cap (USD m)	15,455		
3m avg. daily turnover (USD m)	49.8		
Free float (%)	27		
Major shareholder	Mr. Sarath Ratanavadi (35%)		
12m high/low (THB)	45.25/27.50		
Issued shares (m)	11,733.15		

Sources: Bloomberg consensus; FSSIA estimates



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## 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 equity capacity growth that we estimate at 18% CAGR to reach 6.3GW by 2024, 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 2021-22 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.

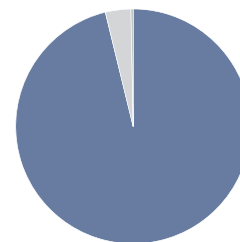
## Company profile

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

## Principal activities (revenue, 2020)

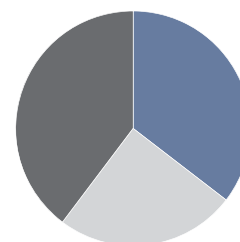
- Power business - 96.8 %
- Consulting business - 3.5 %
- Others - (0.3) %



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
Nov 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
Dispatched power (GWh)	17,537	32,848	34,646
Average utilisation rate (%)	81	82	83
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

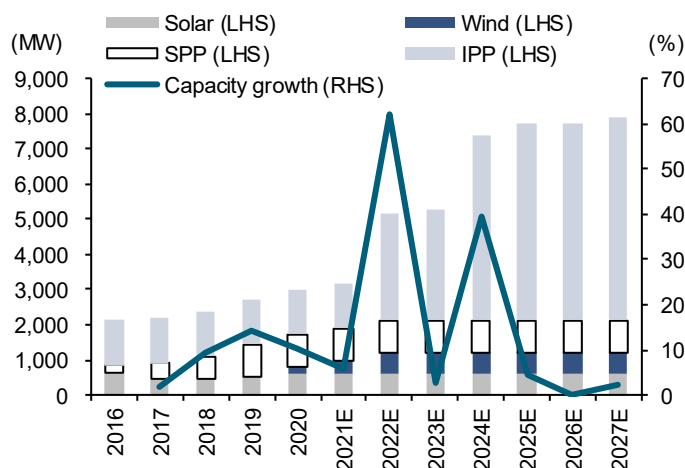
Source: FSSIA estimates

## Earnings sensitivity

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

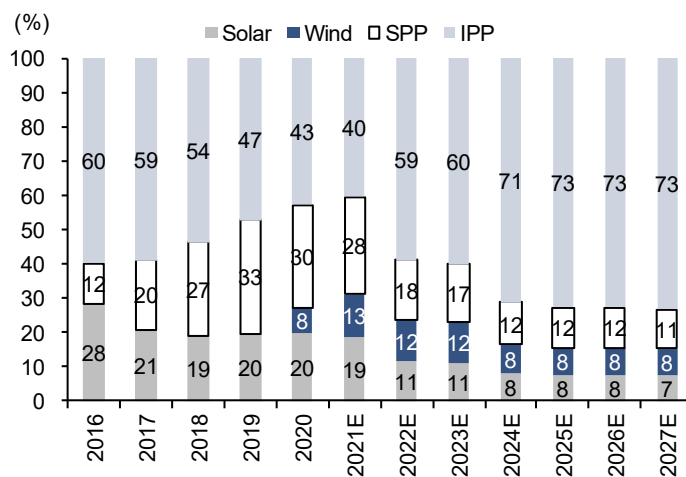
Source: FSSIA estimates

Exhibit 1: Capacity breakdown by power plant type



Sources: GULF; FSSIA estimates

Exhibit 2: Capacity breakdown by power plant type (%)



Sources: GULF; FSSIA estimates

Exhibit 3: SoTP valuation

Cost of equity assumptions		(%)		Cost of debt assumptions		(%)	
Risk-free rate		2.3		Pretax cost of debt		3.0	
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		2.1	
Weight applied		20.0		Weight applied		80.0	
<b>WACC (%)</b>		<b>3.0</b>					

DCF valuation estimate		(MW)	(%)	(THB m)	Equity Capacity (MW)	(THB/share)	Comments
<b>IPP</b>	GNS	1,653	40	29,435	661	2.5	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GUT	1,752	40	40,819	701	3.5	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GSRC	2,650	70	63,770	1,855	5.4	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GPD	2,920	70	94,957	2,044	8.1	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Duqm (Oman)	236	45	5,057	106	0.4	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Hin Kong (2024E-2025E)	1,400	49	39,595	686	3.4	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Burapa Power (2027E)	540	35	12,039	189	1.0	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
<b>SPP</b>	GJP's 7 SPPs	831	40	32,515	332	2.8	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GMP's 9 SPPs	1,179	53	62,893	619	5.4	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	GMP's 3 SPPs (GNC, GNRV1&2)	383	70	19,688	268	1.7	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	CGC (biomass)	25	100	229	25	0.0	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
<b>Renewable</b>	Solar - Thailand	598	75	19,004	449	1.6	WACC 3.3%, Risk free rate 2.3%, Risk premium 8.5%, zero terminal growth
	Solar - Vietnam	149	95	1,856	141	0.2	WACC 5%, Risk free rate 6%, Risk premium 6.5%, zero terminal growth
	Wind - Vietnam	410	95	17,967	390	1.5	WACC 5%, Risk free rate 6%, Risk premium 6.5%, zero terminal growth
	Wind - Germany	450	50	21,739	225	1.9	WACC 4%, Risk free rate 2%, Risk premium 8.5%, zero terminal growth
<b>Infrastructure</b>	Laemchabang phase 3 (2023E)		40	12,530		1.1	EIRR 10.5%
	Maptaphut phase 3 (2023E)		70	165,749		14.1	EIRR 13.6%
	Motorway O&M projects (2023E)		40	10,853		0.9	EIRR 10%
	One Bangkok (2024E)	240	16	1,362		0.1	EIRR 12%
<b>Investment</b>	SPCG		10	2,500	29	0.2	At 1.5x FY22E P/BV
	INTUCH		42	107,707		9.2	At THB79.5 market price
	Net debt			(105,340)		(9.0)	At end-2022E
	<b>Residual ordinary equity</b>			<b>656,924</b>	<b>8,720</b>	<b>56.0</b>	

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	31,847	74,626	74,808
Cost of goods sold	(21,734)	(20,075)	(18,076)	(47,962)	(46,949)
<b>Gross profit</b>	<b>8,306</b>	<b>12,752</b>	<b>13,771</b>	<b>26,664</b>	<b>27,859</b>
Other operating income	-	-	-	-	-
Operating costs	(1,713)	(2,080)	(1,592)	(3,731)	(3,740)
<b>Operating EBITDA</b>	<b>6,593</b>	<b>10,672</b>	<b>12,178</b>	<b>22,932</b>	<b>24,118</b>
Depreciation	(2,434)	(3,431)	(3,049)	(5,180)	(5,503)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,159</b>	<b>7,241</b>	<b>9,129</b>	<b>17,752</b>	<b>18,616</b>
Net financing costs	(1,703)	(3,715)	(3,501)	(4,656)	(4,518)
Associates	3,205	2,462	3,210	4,189	4,631
Recurring non-operating income	3,320	2,922	3,230	4,209	4,651
Non-recurring items	1,377	(196)	0	0	0
<b>Profit before tax</b>	<b>7,152</b>	<b>6,252</b>	<b>8,859</b>	<b>17,306</b>	<b>18,748</b>
Tax	14	(107)	(13)	(492)	(963)
<b>Profit after tax</b>	<b>7,166</b>	<b>6,144</b>	<b>8,846</b>	<b>16,814</b>	<b>17,785</b>
Minority interests	(2,280)	(1,862)	(2,256)	(4,182)	(4,378)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,887</b>	<b>4,282</b>	<b>6,590</b>	<b>12,632</b>	<b>13,407</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(1,377)</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>3,510</b>	<b>4,478</b>	<b>6,590</b>	<b>12,632</b>	<b>13,407</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.33	0.38	0.56	1.08	1.14
Reported EPS	0.46	0.36	0.56	1.08	1.14
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
<b>Growth</b>					
Revenue (%)	74.8	9.3	(3.0)	134.3	0.2
Operating EBITDA (%)	49.7	61.9	14.1	88.3	5.2
Operating EBIT (%)	38.1	74.1	26.1	94.5	4.9
Recurring EPS (%)	15.9	16.0	47.2	91.7	6.1
Reported EPS (%)	61.4	(20.3)	53.9	91.7	6.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.5	28.4	33.7	28.8	29.9
Gross margin of key business (%)	24.1	27.8	33.7	28.8	29.9
Operating EBITDA margin (%)	21.9	32.5	38.2	30.7	32.2
Operating EBIT margin (%)	13.8	22.1	28.7	23.8	24.9
Net margin (%)	11.7	13.6	20.7	16.9	17.9
Effective tax rate (%)	(0.3)	2.8	0.2	3.7	6.8
Dividend payout on recurring profit (%)	79.0	65.5	71.2	65.0	61.3
Interest cover (X)	4.4	2.7	3.5	4.7	5.1
Inventory days	-	-	-	-	-
Debtor days	52.9	60.4	67.4	33.5	40.7
Creditor days	24.1	27.7	25.8	16.8	24.6
Operating ROIC (%)	4.6	5.5	(1.2)	(2.1)	(2.2)
ROIC (%)	5.8	5.0	(1.1)	(1.7)	(1.8)
ROE (%)	9.4	8.7	10.0	17.6	17.1
ROA (%)	5.5	4.9	3.1	5.5	5.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Power business	30,313	31,772	26,704	69,375	69,557
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	6,590	12,632	13,407
Depreciation	2,434	3,431	3,049	5,180	5,503
Associates & minorities	3,205	2,462	3,210	4,189	4,631
Other non-cash items	-	-	-	-	-
Change in working capital	(6,473)	2,798	(762)	7,807	(1,533)
<b>Cash flow from operations</b>	<b>2,676</b>	<b>13,169</b>	<b>12,088</b>	<b>29,809</b>	<b>22,008</b>
Capex - maintenance	(2,410)	(3,152)	(3,226)	(4,256)	(3,805)
Capex - new investment	(13,320)	(49,037)	(38,313)	(11,321)	(462)
Net acquisitions & disposals	(1,209)	(832)	0	0	0
Other investments (net)	11,701	433	3,209	4,187	4,629
<b>Cash flow from investing</b>	<b>(5,239)</b>	<b>(52,588)</b>	<b>(38,329)</b>	<b>(11,390)</b>	<b>362</b>
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)	0
Other financing cash flows	(3,196)	16,003	(4,164)	(4,194)	(4,882)
<b>Cash flow from financing</b>	<b>254</b>	<b>40,932</b>	<b>15,920</b>	<b>(10,887)</b>	<b>(13,095)</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>(2,309)</b>	<b>1,513</b>	<b>(10,321)</b>	<b>7,532</b>	<b>9,275</b>
Free cash flow to firm (FCFF)	332.82	(35,753.90)	(22,263.26)	23,297.88	27,412.85
Free cash flow to equity (FCFE)	(175.27)	4,285.96	(7,388.02)	12,225.06	17,487.81
<b>Per share (THB)</b>					
FCFF per share	0.03	(3.05)	(1.90)	1.99	2.34
FCFE per share	(0.01)	0.37	(0.63)	1.04	1.49
Recurring cash flow per share	0.86	0.88	1.10	1.88	2.01
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	85,190	139,958	181,673	196,326	198,896
Less: Accumulated depreciation	(4,229)	(10,240)	(13,466)	(17,722)	(21,527)
<b>Tangible fixed assets (net)</b>	<b>80,961</b>	<b>129,718</b>	<b>168,208</b>	<b>178,605</b>	<b>177,369</b>
<b>Intangible fixed assets (net)</b>	<b>1,113</b>	<b>17,354</b>	<b>17,354</b>	<b>17,354</b>	<b>17,354</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	21,247	22,079	22,079	22,079	22,079
Cash & equivalents	14,390	15,902	5,581	13,112	22,387
A/C receivable	5,199	5,660	6,108	7,601	9,097
Inventories	0	0	0	0	0
Other current assets	2,828	8,792	8,529	19,986	20,035
<b>Current assets</b>	<b>22,417</b>	<b>30,354</b>	<b>20,219</b>	<b>40,699</b>	<b>51,519</b>
Other assets	8,540	46,075	46,075	46,075	46,075
<b>Total assets</b>	<b>134,278</b>	<b>245,580</b>	<b>273,934</b>	<b>304,812</b>	<b>314,396</b>
Common equity	38,427	64,027	67,684	75,623	80,816
Minorities etc.	10,613	8,053	10,309	14,491	18,869
<b>Total shareholders' equity</b>	<b>49,040</b>	<b>72,080</b>	<b>77,993</b>	<b>90,114</b>	<b>99,685</b>
Long term debt	66,453	83,544	116,453	116,453	116,453
Other long-term liabilities	8,976	60,314	60,314	60,314	60,314
<b>Long-term liabilities</b>	<b>75,429</b>	<b>143,858</b>	<b>176,767</b>	<b>176,767</b>	<b>176,767</b>
A/C payable	1,689	1,353	1,207	3,202	3,135
Short term debt	3,281	13,892	4,000	2,000	2,000
Other current liabilities	4,838	14,397	13,967	32,729	32,808
<b>Current liabilities</b>	<b>9,809</b>	<b>29,643</b>	<b>19,174</b>	<b>37,931</b>	<b>37,943</b>
<b>Total liabilities and shareholders' equity</b>	<b>134,278</b>	<b>245,581</b>	<b>273,934</b>	<b>304,812</b>	<b>314,396</b>
Net working capital	1,500	(1,298)	(537)	(8,344)	(6,811)
Invested capital	113,360	213,928	253,179	255,768	256,065
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	3.60	5.46	5.77	6.45	6.89
Tangible book value per share	3.50	3.98	4.29	4.97	5.41
<b>Financial strength</b>					
Net debt/equity (%)	112.9	113.1	147.3	116.9	96.4
Net debt/total assets (%)	41.2	33.2	41.9	34.6	30.6
Current ratio (x)	2.3	1.0	1.1	1.1	1.4
CF interest cover (x)	8.7	15.4	9.8	6.1	5.0
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>133.0</b>	<b>114.6</b>	<b>77.9</b>	<b>40.6</b>	<b>38.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>170.2</b>	<b>146.7</b>	<b>99.7</b>	<b>52.0</b>	<b>49.0</b>
Reported P/E (x)	95.5	119.9	77.9	40.6	38.3
Dividend yield (%)	0.6	0.6	0.9	1.6	1.6
Price/book (x)	12.1	8.0	7.6	6.8	6.4
Price/tangible book (x)	12.5	11.0	10.2	8.8	8.1
EV/EBITDA (x) **	80.8	56.5	52.4	27.6	26.0
EV/EBITDA @ target price (x) **	100.6	70.0	64.2	33.9	32.0
EV/invested capital (x)	4.7	2.8	2.5	2.5	2.5
* 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	PG	PHOL	PLANB
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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	TTB	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

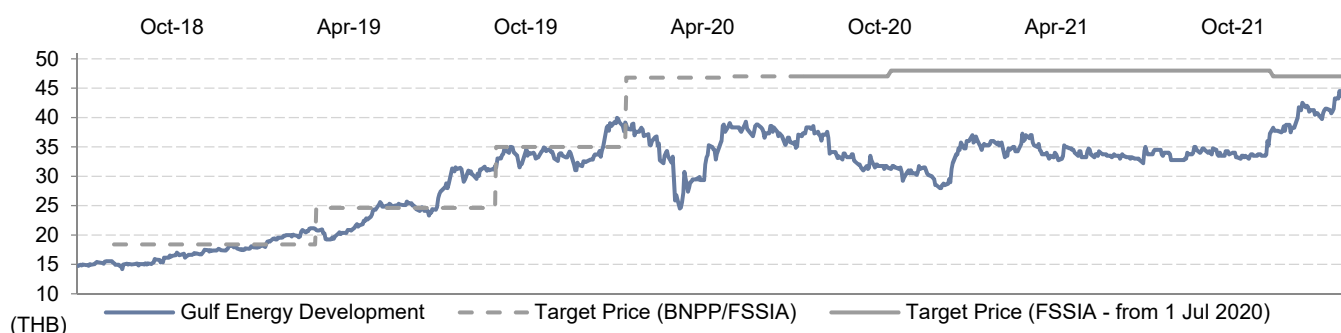
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

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

#### Gulf Energy Development (GULF TB)



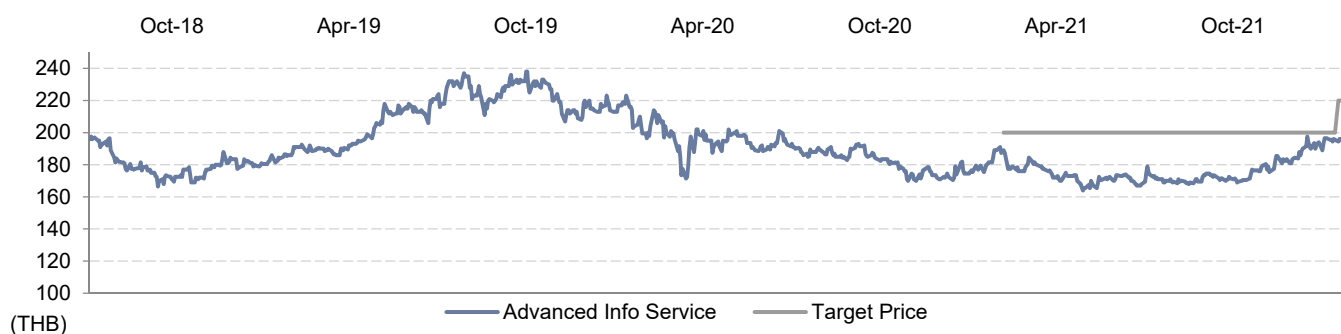
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	BUY	18.40	22-Apr-2020	BUY	47.00	23-Feb-2021	BUY	48.00
08-May-2019	BUY	24.60	30-Jun-2020	BUY	47.00	19-Apr-2021	BUY	48.00
10-Oct-2019	BUY	35.00	11-Sep-2020	BUY	48.00	06-Aug-2021	BUY	47.00
30-Jan-2020	BUY	46.80	20-Oct-2020	BUY	48.00			

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

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	09-Feb-2021	BUY	200.00	30-Jun-2021	BUY	200.00
05-Jan-2021	HOLD	200.00	06-May-2021	BUY	200.00	01-Oct-2021	BUY	220.00

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

Price and TP are in local currency

Source: FSSIA estimates



## Intouch Holdings (INTUCH TB)



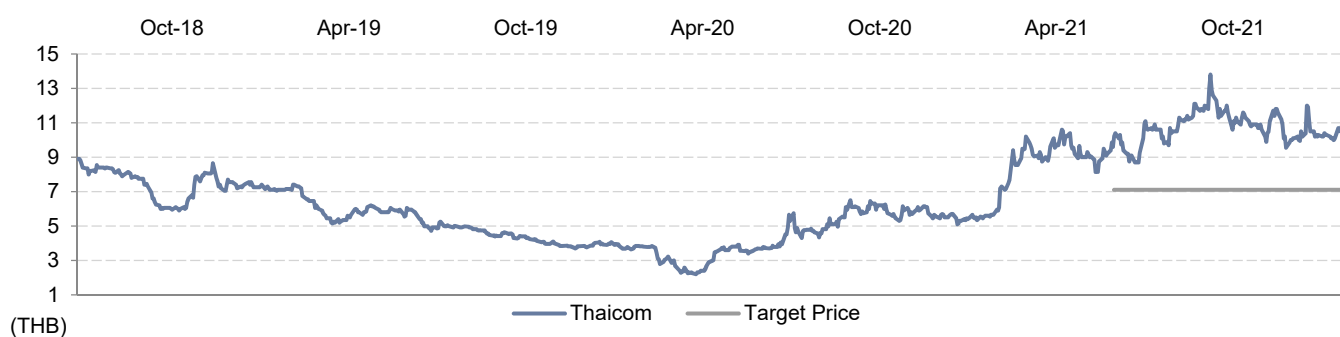
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Mar-2021	BUY	65.00	05-May-2021	HOLD	65.00	-	-	-

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

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 43.75	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.
Advanced Info Service	ADVANC TB	THB 191.50	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.
Intouch Holdings	INTUCH TB	THB 73.00	HOLD	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. The key upside risk is if INTUCH synergizes with GULF faster than expected.
Thaicom	THCOM TB	THB 10.80	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 National Telecom 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 14-Oct-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.