

GULF ENERGY DEVELOPMENT

THAILAND / UTILITIES

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รายงานผลประกอบการ 2Q23

ผลประกอบการ 2Q23 ต่ำกว่าที่เราคาด

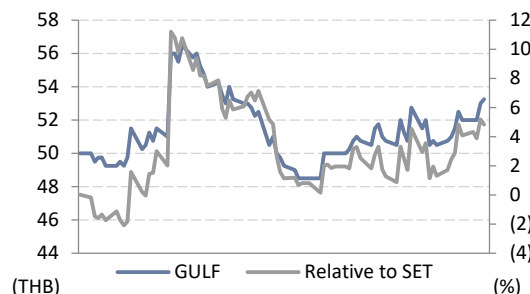
Highlights

- กำไรสุทธิ 2Q23 ที่ 2.9 พัน ลบ. (-25.1% q-q, +88.5% y-y) ต่ำกว่าที่เราคาดเล็กน้อยจากรายได้จากการลงทุนที่น้อยกว่าคาด ส่วนแบ่งกำไรที่ต่ำกว่าคาดอันเกิดจากผลขาดทุนจากอัตราแลกเปลี่ยนในบริษัทร่วม GJP (โรงไฟฟ้าขนาดใหญ่, GULF ถือหุ้น 40%) ที่ 441 ลบ. ซึ่งสูงกว่าที่เราคิดไว้ ทำให้ส่วนแบ่งกำไรลดลง 16% q-q มาอยู่ที่ 1.8 พัน ลบ. ใน 2Q23 นอกจากนั้นแล้วผลประกอบการของธุรกิจอื่นใกล้เคียงกับที่เราคาด ในไตรมาสนี้ บริษัทฯบันทึกผลขาดทุนสุทธิ จากผลขาดทุนอัตราแลกเปลี่ยนและกำไรจากตราสารอนุพันธ์ที่ยังไม่ได้รับรู้ที่ 671 ลบ. ซึ่งถ้าไม่รวมรายการนี้ทำให้กำไรปกติ 2Q23 อยู่ที่ 3.6 พัน ลบ. (-3% q-q, +15.4% y-y) กำไรสุทธิ 1H23 คิดเป็น 42% ของประมาณการกำไรปี 2023 ของเรา
- รายการสำคัญ – อัตรากำไรจากโรงไฟฟ้าขนาดใหญ่ (IPP) ลดลงแม้ว่าปริมาณขายจะสูงขึ้นอย่างมีนัยสำคัญ q-q ปริมาณขายของ IPP และรายได้กระโดดเพิ่มอย่างมีนัยสำคัญ q-q จาก Dispatch rate ที่สูงขึ้นและการดำเนินงานเต็มไตรมาสของโรงไฟฟ้าใหม่ (GPD ระยะที่ 1, IPP, 662.5MW) อย่างไรก็ตามกำไรจากโรงไฟฟ้า IPP ลดลงอย่างมีนัยสำคัญจากการที่กลับมาเดินเครื่องด้วยก๊าซเต็มไตรมาส เมื่อเทียบกับกำไรที่ได้สูงกว่าปกติจากการเดินเครื่องด้วยดีเซลในช่วง 1Q23 ที่ผ่านมา ตัวเลขที่ลดลงชดเชยกับประโยชน์จากอัตรากำไรขั้นต้นของ IU ที่สูงขึ้นและรายการอื่นที่ปรับตัวดีขึ้น (อาทิเช่น รายได้จากธุรกิจโครงสร้างพื้นฐานและสาธารณูปโภค และรายได้เงินปันผลที่สูงขึ้น) ได้เพิ่มจำนวน ด้วยเหตุดังกล่าวกำไรปกติ 2Q23 จึงไม่ดีขึ้น q-q
- ส่วนแบ่งกำไรปกติดีขึ้นเล็กน้อย (+5.6% q-q) ในขณะที่ส่วนแบ่งกำไรสุทธิลดลง (-16% q-q) จากผลขาดทุนจากอัตราแลกเปลี่ยน ใน 2Q23 กำไรปกติจากบริษัทร่วมและกิจการร่วมค้าอยู่ที่ 2.2 พัน ลบ. (+5.6% q-q, +5.8% y-y) จากส่วนแบ่งผลประกอบการที่สูงขึ้นของ INTUCH, GJP, และ PTT NGD ในขณะที่ส่วนแบ่งผลประกอบการของ GGC (โรงไฟฟ้าพลังลม) และ BKR2 (โรงไฟฟ้าพลังลม) ลดลงจากปัจจัยด้านฤดูกาลซึ่งชดเชยกับส่วนแบ่งผลประกอบการที่ดีขึ้นไปบางส่วน อย่างไรก็ตามกำไรสุทธิลดลง 16% q-q เป็น 1.8 พัน ลบ. ส่วนมากจากผลขาดทุนจากอัตราแลกเปลี่ยนของ GJP ที่ 411 ลบ. ในขณะที่มีส่วนแบ่งกำไรจากธุรกิจอื่น ๆ ปรับเปลี่ยนเล็กน้อย
- แนวโน้ม 2H23 – คาดว่าจะปรับตัวดีขึ้น h-h เราคิดว่ากำไรของ GULF ในช่วง 2H23 จะสูงขึ้นจาก 1) การดำเนินงานเชิงพาณิชย์ของ GPD ระยะที่ 2 (IPP, 662MW) ในเดือน ต.ค. 23; 2) ส่วนแบ่งกำไรที่สูงขึ้นจากปัจจัยด้านฤดูกาลของโรงไฟฟ้าพลังลมพร้อมกำไรที่เพิ่มขึ้นจาก PTT NGD จากต้นทุนก๊าซที่ลดลง; และ 3) อัตรากำไรของ IU ที่ทรงตัวในระดับสูงในช่วง 2H23 จากราคาก๊าซที่ลดลง
- คำแนะนำซื้อที่ราคาเป้าหมาย 52.3 บาท เราคงประมาณการที่คาดว่ากำไรต่อหุ้นปี 2023-25 จะโต 29.9%/21.1%/25.2% เราเชื่อว่า GULF มีแผนการขยายกำลังการผลิตที่ดีและจะได้ประโยชน์จากการเมืองไทยที่ปรับตัวดีขึ้น

TARGET PRICE	THB52.30
CLOSE	THB49.00
UP/DOWNSIDE	+6.7%
TP vs CONSENSUS	-12.4%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	94,151	116,330	133,272	143,316
Net profit	11,418	16,409	19,874	24,883
EPS (THB)	0.97	1.40	1.69	2.12
vs Consensus (%)	-	7.5	0.1	5.1
EBITDA	22,767	24,792	27,912	34,130
Recurring net profit	12,637	16,409	19,874	24,883
Core EPS (THB)	1.08	1.40	1.69	2.12
EPS growth (%)	43.4	29.9	21.1	25.2
Core P/E (x)	45.5	35.0	28.9	23.1
Dividend yield (%)	1.2	1.4	1.7	2.2
EV/EBITDA (x)	31.0	28.4	25.4	20.9
Price/book (x)	5.2	4.8	4.4	3.9
Net debt/Equity (%)	77.2	67.8	60.5	54.0
ROE (%)	12.2	14.2	15.8	17.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.7	(6.7)	(2.0)
Relative to country (%)	5.1	(4.5)	3.4
Mkt cap (USD m)			16,380
3m avg. daily turnover (USD m)			31.9
Free float (%)			27
Major shareholder		Mr. Sarath Ratanavadi (36%)	
12m high/low (THB)			57.25/43.00
Issued shares (m)			11,733.15

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 11 สิงหาคม 2023

Key charts

Exhibit 1: GULF – 2Q23 operations summary

	2Q22	1Q23	2Q23		
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Revenue	23,004	26,413	32,557	23.3	41.5
Operating costs	(17,964)	(20,889)	(27,040)	29.4	50.5
EBITDA	5,040	5,523	5,517	(0.1)	9.5
<i>EBITDA margin (%)</i>	21.9	20.9	16.9	(19.0)	(22.7)
Deprn & amort.	(1,242)	(954)	(1,001)	4.9	(19.4)
EBIT	3,798	4,570	4,516	(1.2)	18.9
Interest expense	(1,864)	(2,124)	(2,416)	13.8	29.6
Interest & invt inc	38	424	444	4.8	1,062.3
Other income	8	143	366	156.5	4,578.1
Associates' contrib	1,451	2,089	1,754	(16.0)	20.9
Exceptionals	(1,575)	276	(570)	(306.9)	(63.8)
Pretax profit	1,856	5,378	4,095	(23.9)	120.6
Tax	(146)	(186)	(203)	8.9	38.9
<i>Tax rate (%)</i>	7.9	3.5	5.0	43.0	(37.0)
Minority interests	(179)	(1,342)	(1,007)	(24.9)	461.7
Net profit	1,531	3,850	2,885	(25.1)	88.5
Non-recurring	(1,550)	182	(671)	(468.8)	(56.7)
Core net profit	3,081	3,668	3,556	(3.1)	15.4
EPS (THB)	0.13	0.33	0.25	(25.1)	88.5
Core EPS (THB)	0.26	0.31	0.30	(3.1)	15.4

Sources: GULF; FSSIA estimates

Exhibit 2: Quarterly key earnings drivers

Quarterly key earnings drivers		1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	q-q	y-y
GMP 's ASP sold to EGAT	(THB/kWh)	3.47	3.67	3.93	4.45	5.12	4.66	-9%	27%
GMP 's ASP sold to IU	(THB/kWh)	4.61	4.41	5.81	5.28	4.93	4.26	-14%	-3%
IPD's ASP (IPP)	(THB/kWh)	4.19	3.79	7.13	5.38	4.68	2.99	-36%	-21%
Ft	(THB/kWh)	0.01	0.17	0.48	0.93	1.55	1.12	-27%	562%
Gas cost	(THB/mmbtu)	442	423	579	509	496	406	-18%	-4%
Sales volume									
GMP (12 SPPs - 1.6 GW)	(GWh)	2,419	2,442	2,455	2,328	2,387	2,471	4%	1%
IPD (2 IPPs - 5.3 GW)	(GWh)	1,747	2,788	887	1,905	2,576	5,048	96%	81%
Stream (GMP)	(kt)	195	183	160	144	170	171	0%	-7%

Sources: GULF, FSSIA estimates

Financial Statements

Gulf Energy Development

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	47,467	94,151	116,330	133,272	143,316
Cost of goods sold	(34,388)	(74,711)	(93,076)	(107,448)	(111,934)
Gross profit	13,079	19,440	23,254	25,824	31,382
Other operating income	-	-	-	-	-
Operating costs	(1,155)	(1,736)	(3,044)	(3,135)	(3,292)
Operating EBITDA	16,913	22,767	24,792	27,912	34,130
Depreciation	(4,989)	(5,063)	(4,582)	(5,222)	(6,039)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	11,924	17,704	20,210	22,689	28,090
Net financing costs	(6,587)	(8,036)	(8,225)	(8,218)	(8,535)
Associates	2,886	6,321	9,160	11,152	12,663
Recurring non-operating income	5,319	7,004	9,259	11,253	12,766
Non-recurring items	(1,142)	(1,219)	0	0	0
Profit before tax	9,514	15,453	21,244	25,725	32,321
Tax	(347)	(1,344)	(967)	(1,166)	(1,573)
Profit after tax	9,167	14,109	20,277	24,559	30,748
Minority interests	(1,497)	(2,691)	(3,868)	(4,685)	(5,865)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	7,670	11,418	16,409	19,874	24,883
Non-recurring items & goodwill (net)	1,142	1,219	0	0	0
Recurring net profit	8,812	12,637	16,409	19,874	24,883
Per share (THB)					
Recurring EPS *	0.75	1.08	1.40	1.69	2.12
Reported EPS	0.65	0.97	1.40	1.69	2.12
DPS	0.44	0.60	0.70	0.85	1.06
Diluted shares (used to calculate per share data)	11,733	11,733	11,733	11,733	11,733
Growth					
Revenue (%)	44.6	98.3	23.6	14.6	7.5
Operating EBITDA (%)	58.5	34.6	8.9	12.6	22.3
Operating EBIT (%)	64.7	48.5	14.2	12.3	23.8
Recurring EPS (%)	96.8	43.4	29.9	21.1	25.2
Reported EPS (%)	79.1	48.9	43.7	21.1	25.2
Operating performance					
Gross margin inc. depreciation (%)	27.6	20.6	20.0	19.4	21.9
Gross margin exc. depreciation (%)	38.1	26.0	23.9	23.3	26.1
Operating EBITDA margin (%)	35.6	24.2	21.3	20.9	23.8
Operating EBIT margin (%)	25.1	18.8	17.4	17.0	19.6
Net margin (%)	18.6	13.4	14.1	14.9	17.4
Effective tax rate (%)	5.2	14.7	8.0	8.0	8.0
Dividend payout on recurring profit (%)	58.6	55.7	50.0	50.0	50.0
Interest cover (X)	2.6	3.1	3.6	4.1	4.8
Inventory days	-	-	-	-	-
Debtor days	58.6	55.4	63.3	62.1	64.8
Creditor days	27.5	27.7	35.0	36.6	38.5
Operating ROIC (%)	(1.9)	(3.1)	(3.7)	(3.8)	(24.3)
ROIC (%)	(1.3)	(1.5)	(1.7)	(1.8)	(12.7)
ROE (%)	11.0	12.2	14.2	15.8	17.9
ROA (%)	3.0	3.5	4.5	5.4	4.6
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Power business	45,373	84,424	111,069	128,719	141,896
Consulting business	2,094	9,727	5,261	4,553	1,420
Others	-	-	-	-	-

Sources: Gulf Energy Development; FSSIA estimates

Financial Statements

Gulf Energy Development

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	8,812	12,637	16,409	19,874	24,883
Depreciation	4,989	5,063	4,582	5,222	6,039
Associates & minorities	2,886	6,321	9,160	11,152	12,663
Other non-cash items	-	-	-	-	-
Change in working capital	1,823	(7,112)	1,471	164	(1,669)
Cash flow from operations	18,510	16,909	31,622	36,413	41,916
Capex - maintenance	(4,285)	(4,320)	(3,997)	(4,580)	(5,330)
Capex - new investment	(1,114)	(169)	(11,589)	(16,062)	(20,379)
Net acquisitions & disposals	(113,494)	(55,360)	0	0	0
Other investments (net)	55,878	6,937	9,239	11,233	12,746
Cash flow from investing	(63,015)	(52,913)	(6,346)	(9,409)	(12,963)
Dividends paid	(2,933)	(5,163)	(7,040)	(8,205)	(9,937)
Equity finance	0	0	0	0	0
Debt finance	54,256	(7,713)	(22,803)	0	0
Other financing cash flows	(2,874)	68,226	(14,531)	(17,701)	(19,544)
Cash flow from financing	48,449	55,351	(44,374)	(25,906)	(29,481)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	3,944	19,347	(19,099)	1,098	(528)
Free cash flow to firm (FCFF)	(38,909.14)	(28,352.65)	33,735.91	35,342.68	37,615.51
Free cash flow to equity (FCFE)	6,877.73	24,509.10	(12,058.86)	9,302.86	9,409.45

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(3.32)	(2.42)	2.88	3.01	3.21
FCFE per share	0.59	2.09	(1.03)	0.79	0.80
Recurring cash flow per share	1.42	2.05	2.57	3.09	3.71

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	144,790	121,811	136,811	156,811	181,811
Less: Accumulated depreciation	(14,662)	(22,256)	(26,253)	(30,833)	(36,164)
Tangible fixed assets (net)	130,128	99,555	110,558	125,978	145,647
Intangible fixed assets (net)	18,964	3,873	3,873	3,873	3,873
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	135,573	160,934	160,934	160,934	160,934
Cash & equivalents	19,847	39,194	20,095	21,194	20,666
A/C receivable	9,569	18,999	21,325	23,991	26,857
Inventories	0	0	0	0	0
Other current assets	9,395	12,057	14,897	17,067	18,353
Current assets	38,811	70,249	56,318	62,251	65,876
Other assets	39,197	83,561	83,561	83,561	83,561
Total assets	362,674	418,172	415,244	436,597	459,891
Common equity	96,596	110,787	120,156	131,826	146,772
Minorities etc.	10,913	25,015	28,882	33,567	39,432
Total shareholders' equity	107,509	135,802	149,039	165,393	186,204
Long term debt	138,761	119,176	119,176	119,176	119,176
Other long-term liabilities	81,387	111,326	111,326	111,326	111,326
Long-term liabilities	220,148	230,502	230,502	230,502	230,502
A/C payable	3,080	7,484	9,509	10,985	11,379
Short term debt	12,931	24,803	2,000	2,000	2,000
Other current liabilities	19,005	19,581	24,193	27,717	29,806
Current liabilities	35,016	51,868	35,703	40,702	43,185
Total liabilities and shareholders' equity	362,674	418,172	415,244	436,597	459,891
Net working capital	(3,121)	3,991	2,520	2,356	4,025
Invested capital	320,742	351,914	361,446	376,701	398,041

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	8.23	9.44	10.24	11.24	12.51
Tangible book value per share	6.62	9.11	9.91	10.91	12.18

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	122.6	77.2	67.8	60.5	54.0
Net debt/total assets (%)	36.4	25.1	24.3	22.9	21.9
Current ratio (x)	1.1	1.4	1.6	1.5	1.5
CF interest cover (x)	2.2	4.1	0.9	4.1	4.5

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	65.2	45.5	35.0	28.9	23.1
Recurring P/E @ target price (x) *	69.6	48.6	37.4	30.9	24.7
Reported P/E (x)	75.0	50.4	35.0	28.9	23.1
Dividend yield (%)	0.9	1.2	1.4	1.7	2.2
Price/book (x)	6.0	5.2	4.8	4.4	3.9
Price/tangible book (x)	7.4	5.4	4.9	4.5	4.0
EV/EBITDA (x) **	42.4	31.0	28.4	25.4	20.9
EV/EBITDA @ target price (x) **	44.7	32.7	30.0	26.8	22.1
EV/invested capital (x)	2.2	2.0	2.0	1.9	1.8

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Gulf Energy Development; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Kwanwaree Apichartsatoporn FSS International Investment Advisory Securities Co., Ltd

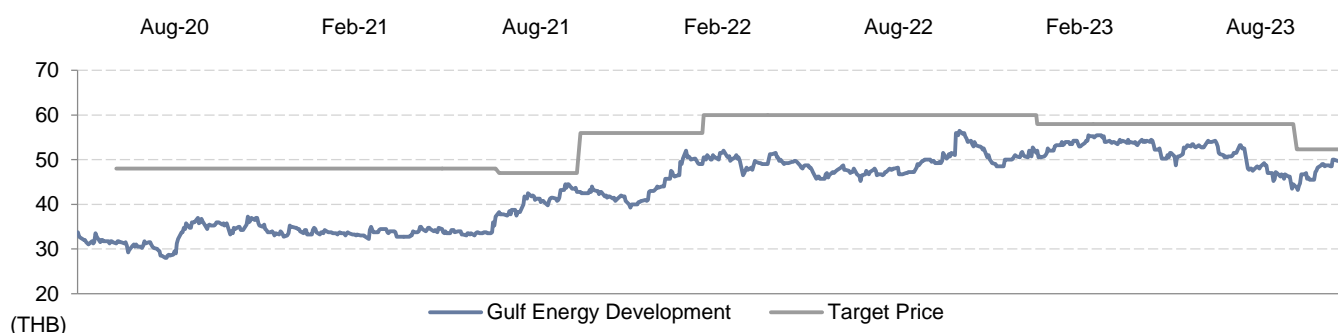
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History of change in investment rating and/or target price

Gulf Energy Development (GULF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Sep-2020	BUY	48.00	15-Oct-2021	BUY	56.00	14-Nov-2022	BUY	58.00
06-Aug-2021	BUY	47.00	31-Jan-2022	BUY	60.00	23-Jun-2023	BUY	52.30

Kwanwaree Apichartsatoporn started covering this stock from 23-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Gulf Energy Development	GULF TB	THB 49.00	BUY	The downside risks to our SoTP-based TP for GULF include 1) a lower-than-expected Ft; 2) a higher-than-expected gas cost; and 3) delays in project commercial operation dates.

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 10-Aug-2023 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.