

# GULF ENERGY DEVELOPMENT

## THAILAND / UTILITIES

# GULF TB

# BUY

UNCHANGED

## 3Q23 results at first glance

ผลประกอบการ 3Q23 ออกมาตามคาดโดยดีขึ้น q-q จากรายได้จากการ

ลงทุน

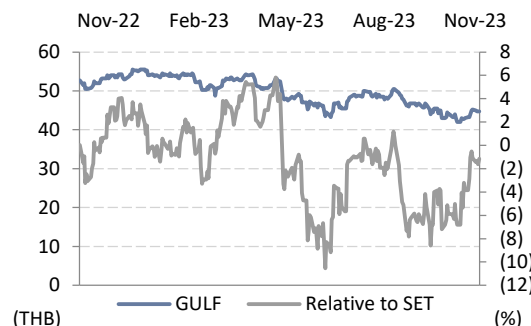
### Highlights

- **GULF** รายงานกำไรสุทธิ 3Q23 อยู่ที่ 3.4 พัน ลบ. (+16.5% q-q, +209.2% y-y) ใกล้เคียงกับประมาณการ ตัวเลขดีขึ้น Q-Q ส่วนมากจากส่วนแบ่งกำไรที่ดีขึ้นของบริษัทย่อยจาก Jackson INTUCH PTTNGD และ GGC (+42.9% q-q) เมื่อหักผลขาดทุนจากอัตราแลกเปลี่ยน (0.8 พัน ลบ.) และผลขาดทุนที่ยังไม่รับรู้จากตราสารอนุพันธ์ของบริษัทร่วมและกิจการร่วมค้า (0.05 พัน ลบ.) กำไรปกติอยู่ที่ 4.2 พัน ลบ. (+18.2% q-q, +94% y-y) กำไรสุทธิ 9M23 คิดเป็น 62% ของประมาณการปี 2023 ของเรา
- ธุรกิจโรงไฟฟ้าก๊าซอ่อนตัวลงจากปริมาณขายของโรงไฟฟ้าขนาดใหญ่ (IPP) ที่ลดลง ใน 3Q23 รายได้อยู่ที่ 24.8 พัน ลบ. ลดลง 16.6% q-q จากราคาค่าไฟฟ้าที่ลดลงตามต้นทุนก๊าซ นอกจากนี้ปริมาณขายรวมในธุรกิจโรงไฟฟ้าก๊าซยังลดลง 7% q-q จากปริมาณขายของ IPP ที่ลดลง (-10% q-q) ในขณะที่ปริมาณขายของโรงไฟฟ้าขนาดเล็ก (SPP) เพิ่ม 2% q-q
- ธุรกิจพลังงานหมุนเวียนปรับตัวดีขึ้น q-q จากกำลังการผลิตใหม่ ใน 3Q23 รายได้ อยู่ที่ 0.6 พัน ลบ. (+29.6% q-q) ส่วนมากจากกำลังการผลิตที่เพิ่มขึ้นของโครงการลม Mekong ในเวียดนาม (+124MW q-q) และปริมาณขายที่เพิ่มขึ้น q-q ของ GCG biomass หลังบริษัทฯ กลับมาเปิดหลังการซ่อมบำรุงใน 2Q23
- ส่วนแบ่งกำไร – ปัจจัยสำคัญที่หนุนกำไรใน 3Q23. ใน 3Q23 บริษัทฯ มีส่วนแบ่งกำไรอยู่ที่ 2.5 พัน ลบ. (+42.9% q-q, 340.5% y-y) ส่วนมากจากผลประกอบการที่ดีขึ้นของบริษัทย่อยและกิจการร่วมค้าที่กลับมาข้างต้น
- เพิ่ม IPP ใหม่ (662.5 MW) ใน 4Q23 เราคาดว่ากำไรจะปรับตัวดีขึ้น q-q โดยได้ปัจจัยหนุนจาก 1) IPP ใหม่ 1 แห่ง (GPD unit2, กำลังการผลิตติดตั้ง 662.5MW) ซึ่งเริ่ม COD ไปในวันที่ 1 ต.ค. 2023, และ 2) ส่วนแบ่งผลประกอบการที่สูงขึ้นเป็นส่วนแบ่งกำไรจาก Jackson และ Borkum จากปัจจัยด้านฤดูกาล
- คงคำแนะนำซื้อที่ราคาเป้าหมาย 54 บาท เราชอบ GULF มากกว่าเพื่อนในกลุ่มที่เราศึกษาจากความแข็งแกร่งของกำไร

TARGET PRICE	THB54.00
CLOSE	THB44.75
UP/DOWNSIDE	+20.7%
TP vs CONSENSUS	-3.6%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	94,151	110,420	127,285	131,630
Net profit	11,418	16,381	18,824	23,694
EPS (THB)	0.97	1.40	1.60	2.02
vs Consensus (%)	-	9.6	1.0	10.7
EBITDA	22,767	24,754	26,537	32,703
Recurring net profit	12,637	16,381	18,824	23,694
Core EPS (THB)	1.08	1.40	1.60	2.02
EPS growth (%)	43.4	29.6	14.9	25.9
Core P/E (x)	41.6	32.1	27.9	22.2
Dividend yield (%)	1.3	1.6	1.8	2.3
EV/EBITDA (x)	28.8	26.5	24.9	20.4
Price/book (x)	4.7	4.4	4.0	3.6
Net debt/Equity (%)	77.2	68.5	62.2	56.7
ROE (%)	12.2	14.2	15.0	17.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.1	(8.7)	(12.7)
Relative to country (%)	6.1	(0.7)	0.8
Mkt cap (USD m)	14,752		
3m avg. daily turnover (USD m)	20.6		
Free float (%)	27		
Major shareholder	Mr. Sarath Ratanavadi (36%)		
12m high/low (THB)	56.25/41.50		
Issued shares (m)	11,733.15		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 พฤศจิกายน 2023

## Key financial highlights

### Exhibit 1: 3Q23 results summary

	3Q22	2Q23	3Q23		
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Revenue	23,631	32,557	27,419	(15.8)	16.0
Operating costs	(18,297)	(27,040)	(21,595)	(20.1)	18.0
EBITDA	5,334	5,517	5,825	5.6	9.2
EBITDA margin (%)	22.6	16.9	21.2	25.4	(5.9)
Depn & amort.	(1,277)	(1,001)	(1,103)	10.3	(13.6)
EBIT	4,057	4,516	4,721	4.5	16.4
Interest expense	(2,036)	(2,416)	(2,582)	6.9	26.8
Interest & invt inc	44	444	478	7.6	982.7
Other income	7	366	150	(59.1)	2,092.6
Associates' contrib	569	1,754	2,507	42.9	340.5
Exceptionals	(1,248)	(570)	(771)	35.3	(38.2)
Pretax profit	1,393	4,095	4,503	10.0	223.2
Tax	(572)	(203)	(229)	13.1	(59.9)
Tax rate (%)	41.1	5.0	5.1	2.8	(87.6)
Minority interests	266	(1,007)	(913)	(9.3)	(443.6)
Net profit	1,087	2,885	3,360	16.5	209.2
Non-recurring	(1,080)	(671)	(843)	25.6	(22.0)
Core net profit	2,167	3,556	4,203	18.2	94.0
EPS (THB)	0.09	0.25	0.29	16.5	209.2
Core EPS (THB)	0.18	0.30	0.36	18.2	94.0

Sources: GULF; FSSIA estimates

### Exhibit 2: Quarterly key earnings drivers

		3Q22	2Q23	3Q23	q-q	y-y
GMP 's ASP sold to EGAT	(THB/kWh)	3.93	4.66	4.20	-10%	7%
GMP 's ASP sold to IU	(THB/kWh)	5.81	4.26	3.61	-15%	-38%
IPD's ASP (IPP)	(THB/kWh)	7.13	2.99	2.70	-10%	-62%
Ft	(THB/kWh)	0.48	1.12	0.68	-40%	42%
Gas cost	(THB/mmbtu)	579	406	363	-11%	-37%
Sales volume						
GMP (12 SPPs - 1.6 GW)	(GWh)	2,455	2,471	2,519	2%	3%
IPD (2 IPPs - 5.3 GW)	(GWh)	887	5,048	4,372	-13%	393%
Stream (GMP)	(kt)	160	171	164	-4%	2%

Source: GULF

### Exhibit 3: Share of profit breakdown by associates and JVs

Share of profit	% holdings	3Q22 (THB m)	2Q23 (THB m)	3Q23 (THB m)	q-q	y-y
Intuch	42%	1,136	1,356	1,546	14%	36%
GJP	40%	(468)	168	357	113%	-176%
PTT NGD	42%	(217)	102	252	147%	-216%
GULF GUNKUL (GKC)	50%	126	167	247	48%	96%
Project in Oman (DIPWP)	49%	43	139	174	25%	305%
Borkum	25%	-	27	(93)	-444%	n/a
Jackson Generation	49%	-	(178)	93	-152%	n/a
Thai Tank Terminal (TTT)	29%	-	59	65	10%	n/a
Other assos and JVs	-	(50)	(87)	(134)	54%	166%
<b>Total</b>	-	<b>570</b>	<b>1,753</b>	<b>2,507</b>	<b>43%</b>	<b>340%</b>

Source: GULF

## Financial Statements

### Gulf Energy Development

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	47,467	94,151	110,420	127,285	131,630
Cost of goods sold	(34,388)	(74,711)	(87,204)	(102,836)	(101,675)
<b>Gross profit</b>	<b>13,079</b>	<b>19,440</b>	<b>23,216</b>	<b>24,449</b>	<b>29,955</b>
Other operating income	-	-	-	-	-
Operating costs	(1,155)	(1,736)	(3,044)	(3,135)	(3,292)
<b>Operating EBITDA</b>	<b>16,913</b>	<b>22,767</b>	<b>24,754</b>	<b>26,537</b>	<b>32,703</b>
Depreciation	(4,989)	(5,063)	(4,582)	(5,222)	(6,039)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>11,924</b>	<b>17,704</b>	<b>20,172</b>	<b>21,314</b>	<b>26,664</b>
Net financing costs	(6,587)	(8,036)	(8,225)	(8,224)	(8,548)
Associates	2,886	6,321	9,160	11,126	12,518
Recurring non-operating income	5,319	7,004	9,259	11,226	12,620
Non-recurring items	(1,142)	(1,219)	0	0	0
<b>Profit before tax</b>	<b>9,514</b>	<b>15,453</b>	<b>21,206</b>	<b>24,317</b>	<b>30,736</b>
Tax	(347)	(1,344)	(964)	(1,055)	(1,457)
<b>Profit after tax</b>	<b>9,167</b>	<b>14,109</b>	<b>20,242</b>	<b>23,261</b>	<b>29,278</b>
Minority interests	(1,497)	(2,691)	(3,861)	(4,437)	(5,585)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,670</b>	<b>11,418</b>	<b>16,381</b>	<b>18,824</b>	<b>23,694</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>1,142</b>	<b>1,219</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>8,812</b>	<b>12,637</b>	<b>16,381</b>	<b>18,824</b>	<b>23,694</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.75	1.08	1.40	1.60	2.02
Reported EPS	0.65	0.97	1.40	1.60	2.02
DPS	0.44	0.60	0.70	0.80	1.01
Diluted shares (used to calculate per share data)	11,733	11,733	11,733	11,733	11,733
<b>Growth</b>					
Revenue (%)	44.6	98.3	17.3	15.3	3.4
Operating EBITDA (%)	58.5	34.6	8.7	7.2	23.2
Operating EBIT (%)	64.7	48.5	13.9	5.7	25.1
Recurring EPS (%)	96.8	43.4	29.6	14.9	25.9
Reported EPS (%)	79.1	48.9	43.5	14.9	25.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	27.6	20.6	21.0	19.2	22.8
Gross margin exc. depreciation (%)	38.1	26.0	25.2	23.3	27.3
Operating EBITDA margin (%)	35.6	24.2	22.4	20.8	24.8
Operating EBIT margin (%)	25.1	18.8	18.3	16.7	20.3
Net margin (%)	18.6	13.4	14.8	14.8	18.0
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	4.0	4.6
Inventory days	-	-	-	-	-
Debtor days	58.6	55.4	66.5	64.5	69.5
Creditor days	27.5	27.7	36.1	36.2	39.6
Operating ROIC (%)	(1.9)	(3.1)	(3.7)	(3.5)	(22.8)
ROIC (%)	(1.3)	(1.5)	(1.6)	(1.8)	(12.1)
ROE (%)	11.0	12.2	14.2	15.0	17.2
ROA (%)	3.0	3.5	4.5	5.1	4.3
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Power business	45,373	84,424	105,159	122,732	130,210
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	16,381	18,824	23,694
Depreciation	4,989	5,063	4,582	5,222	6,039
Associates & minorities	2,886	6,321	9,160	11,126	12,518
Other non-cash items	-	-	-	-	-
Change in working capital	1,823	(7,112)	486	413	(2,498)
<b>Cash flow from operations</b>	<b>18,510</b>	<b>16,909</b>	<b>30,609</b>	<b>35,585</b>	<b>39,752</b>
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	11,207	12,600
<b>Cash flow from investing</b>	<b>(63,015)</b>	<b>(52,913)</b>	<b>(6,346)</b>	<b>(9,435)</b>	<b>(13,109)</b>
Dividends paid	(2,933)	(5,163)	(7,040)	(8,191)	(9,412)
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	(14,537)	(17,895)	(19,533)
<b>Cash flow from financing</b>	<b>48,449</b>	<b>55,351</b>	<b>(44,380)</b>	<b>(26,086)</b>	<b>(28,945)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>3,944</b>	<b>19,347</b>	<b>(20,118)</b>	<b>64</b>	<b>(2,301)</b>
Free cash flow to firm (FCFF)	(38,909.14)	(28,352.65)	32,722.78	34,488.28	35,306.09
Free cash flow to equity (FCFE)	6,877.73	24,509.10	(13,077.99)	8,254.38	7,110.87

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(3.32)	(2.42)	2.79	2.94	3.01
FCFE per share	0.59	2.09	(1.11)	0.70	0.61
Recurring cash flow per share	1.42	2.05	2.57	3.00	3.60

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)
<b>Tangible fixed assets (net)</b>	<b>130,128</b>	<b>99,555</b>	<b>110,558</b>	<b>125,978</b>	<b>145,647</b>
<b>Intangible fixed assets (net)</b>	<b>18,964</b>	<b>3,873</b>	<b>3,873</b>	<b>3,873</b>	<b>3,873</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	135,573	160,934	160,934	160,934	160,934
Cash & equivalents	19,847	39,194	19,075	19,139	16,838
A/C receivable	9,569	18,999	21,207	23,753	26,386
Inventories	0	0	0	0	0
Other current assets	9,395	12,057	14,140	16,300	16,856
<b>Current assets</b>	<b>38,811</b>	<b>70,249</b>	<b>54,423</b>	<b>59,192</b>	<b>60,080</b>
Other assets	39,197	83,561	83,561	83,561	83,561
<b>Total assets</b>	<b>362,674</b>	<b>418,172</b>	<b>413,349</b>	<b>433,538</b>	<b>454,095</b>
Common equity	96,596	110,787	120,128	130,762	145,043
Minorities etc.	10,913	25,015	28,876	33,313	38,898
<b>Total shareholders' equity</b>	<b>107,509</b>	<b>135,802</b>	<b>149,004</b>	<b>164,075</b>	<b>183,941</b>
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
<b>Long-term liabilities</b>	<b>220,148</b>	<b>230,502</b>	<b>230,502</b>	<b>230,502</b>	<b>230,502</b>
A/C payable	3,080	7,484	8,878	10,489	10,277
Short term debt	12,931	24,803	2,000	2,000	2,000
Other current liabilities	19,005	19,581	22,964	26,472	27,375
<b>Current liabilities</b>	<b>35,016</b>	<b>51,868</b>	<b>33,843</b>	<b>38,961</b>	<b>39,652</b>
<b>Total liabilities and shareholders' equity</b>	<b>362,674</b>	<b>418,172</b>	<b>413,349</b>	<b>433,538</b>	<b>454,095</b>
Net working capital	(3,121)	3,991	3,505	3,092	5,590
Invested capital	320,742	351,914	362,431	377,438	399,605

\* 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	11.14	12.36
Tangible book value per share	6.62	9.11	9.91	10.81	12.03

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	122.6	77.2	68.5	62.2	56.7
Net debt/total assets (%)	36.4	25.1	24.7	23.5	23.0
Current ratio (x)	1.1	1.4	1.6	1.5	1.5
CF interest cover (x)	2.2	4.1	0.8	4.0	4.2

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>59.6</b>	<b>41.6</b>	<b>32.1</b>	<b>27.9</b>	<b>22.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>71.9</b>	<b>50.1</b>	<b>38.7</b>	<b>33.7</b>	<b>26.7</b>
Reported P/E (x)	68.5	46.0	32.1	27.9	22.2
Dividend yield (%)	1.0	1.3	1.6	1.8	2.3
Price/book (x)	5.4	4.7	4.4	4.0	3.6
Price/tangible book (x)	6.8	4.9	4.5	4.1	3.7
EV/EBITDA (x) **	39.5	28.8	26.5	24.9	20.4
EV/EBITDA @ target price (x) **	45.9	33.5	30.9	29.0	23.8
EV/invested capital (x)	2.1	1.9	1.8	1.7	1.7

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

Sources: Gulf Energy Development; FSSIA estimates

# Gulf Energy Development (GULF TB)

**FSSIA ESG rating**

★★★★

**61.25 / 100**

## Exhibit 4: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 5: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BCPG	60.77	--	Y	Y	5.00	4.00	Certified	Medium	53.04	A	--	57.81	38.00	--	54.74
BGRIM	66.87	--	Y	Y	5.00	5.00	Certified	High	47.55	BBB	--	63.32	84.00	3.58	68.21
GULF	61.25	--	Y	Y	5.00	5.00	Certified	High	57.10	B	--	53.85	74.00	2.92	53.27
GPSC	69.86	--	Y	Y	5.00	5.00	Certified	Medium	63.22	B	--	60.43	88.00	4.77	--
GUNKUL	61.52	--	Y	Y	5.00	5.00	Certified	Medium	68.79	--	--	73.33	27.00	2.75	58.25

Sources: SETTRADE.com; FSSIA's compilation

## Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.15</b>	<b>1.37</b>	<b>1.97</b>	<b>2.22</b>	<b>2.89</b>	<b>2.92</b>
BESG environmental pillar score	0.00	0.24	0.80	0.97	2.26	2.26
BESG social pillar score	1.04	1.33	2.11	2.48	2.90	2.90
BESG governance pillar score	4.18	4.10	4.38	4.64	4.04	4.18
<b>ESG disclosure score</b>	<b>23.21</b>	<b>27.43</b>	<b>41.61</b>	<b>47.20</b>	<b>47.91</b>	<b>53.27</b>
Environmental disclosure score	0.00	7.10	31.50	45.79	46.12	60.80
Social disclosure score	9.22	14.81	29.84	29.84	31.65	33.07
Governance disclosure score	60.26	60.26	63.40	65.89	65.89	65.89
<b>Environmental</b>						
Emissions reduction initiatives	No	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	Yes	Yes
Risks of climate change discussed	No	No	Yes	Yes	Yes	Yes
GHG scope 1	—	6	—	8,035	9,627	10,491
GHG scope 2 location-based	—	0	—	36	36	110
GHG Scope 3	—	0	—	8	2,676	3,075
Carbon per unit of production	—	—	—	0.41	0.48	—
Biodiversity policy	No	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	30,097
Renewable energy use	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	0
Total waste	—	—	—	—	—	10
Waste recycled	—	—	—	—	—	6
Waste sent to landfills	—	—	—	—	—	—
Environmental supply chain management	No	No	Yes	Yes	Yes	Yes
Water policy	No	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	15,427.30
<b>Social</b>						
Human rights policy	No	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	Yes
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	Yes
Pct women in workforce	—	27.00	26.00	25.00	31.00	31.00
Pct disabled in workforce	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0.00	0.00	0.00	0.00
Total recordable incident rate - employees	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No
Number of employees – CSR	570.00	737.00	832.00	886.00	919.00	1,074.00
Employee turnover pct	—	—	—	—	—	—
Total hours spent by firm - employee training	—	—	47,424.00	34,554.00	27,570.00	60,358.80
Social supply chain management	No	No	Yes	Yes	Yes	Yes
<b>Governance</b>						
<b>Board size</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>7</b>
No. of women on board	3	3	4	4	4	4
No. of non-executive directors on board	7	6	9	8	6	8
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	10	14	14	18	16	14
Board meeting attendance pct	95	94	91	91	98	99
Board duration (years)	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No
Age of the youngest director	42	49	50	51	46	47
Age of the oldest director	79	80	81	82	83	84
<b>No. of executives / company managers</b>	<b>7</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>13</b>	<b>13</b>
No. of female executives	4	3	3	2	3	3
Executive share ownership guidelines	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	4	4	4	4	3	3
Audit committee meetings	7	7	6	6	6	6
Audit meeting attendance %	96	89	96	96	100	100
<b>Size of compensation committee</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
No. of ID on compensation committee	—	—	—	—	—	—
No. of compensation committee meetings	—	—	—	—	—	—
Compensation meeting attendance %	—	—	—	—	—	—
<b>Size of nomination committee</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
No. of nomination committee meetings	—	—	—	—	—	—
Nomination meeting attendance %	—	—	—	—	—	—
<b>Sustainability governance</b>						
Verification type	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > 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.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Kwanwaree Apichartsataporn FSS International Investment Advisory Securities Co., Ltd

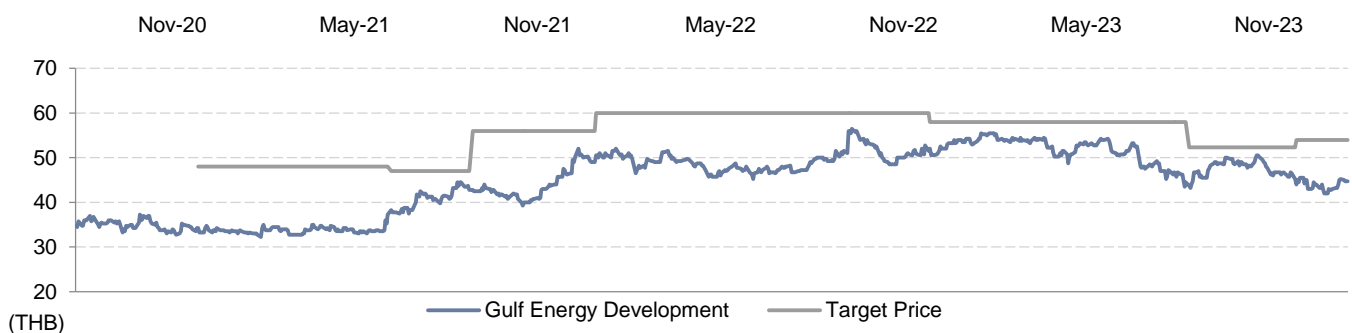
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### Gulf Energy Development (GULF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Feb-2021	BUY	48.00	31-Jan-2022	BUY	60.00	25-Sep-2023	BUY	54.00
06-Aug-2021	BUY	47.00	14-Nov-2022	BUY	58.00			
15-Oct-2021	BUY	56.00	23-Jun-2023	BUY	52.30			

Kwanwaree Apichartsataporn 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 44.75	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.

All share prices are as at market close on 09-Nov-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.