

Renewed growth on renewable

- Net profit growth of +14.4%/ +27.3%/ +4.6% y-y in 2025E-27E
- Upsides on 834MW capacity on earnings and margin fronts
- Initiated with BUY and a SoTP TP of THB2.5; upside on THB1.5 value of 834MW projects

Time to relook this Thai renewable play

GUNKUL's share price has been declining markedly since peaking at THB6.9 in January 2022 due to the impact of Thai government's intervention to cap the electricity tariffs and delayed the winning renewable projects under the 5.2GW bidding. Besides the external uncertainties, GUNKUL's net profit growth has risen briskly since bottoming in 2022 as its revenue growths from EPC and trading did superbly, growing 80% y-y for EPC in 2024 and 28% y-y for trading. Power segment has continued to deliver consistently strong revenue streams since 2019 thanks to the solid operational performance of wind farms, more than offsetting the operating losses from its cannabis.

Steadily rise on net profit

We project net profit growth of 14.4% y-y to THB1.9b in 2025E, +27.3% y-y to THB2.4b in 2026E, and +4.6% y-y to THB2.5b in 2027E, driven by 1) capacity growth of 834MW in 2026E-30E from the winning renewable projects; 2) higher profitability from the high-margin revenues from the solar (premium) and wind projects; and 3) revenue growths from EPC and trading.

834MW capacity growth on hand, not on hold

GUNKUL's secured capacity growth of 834MW from the 5.2GW bidding round is now under development and construction, scheduled to COD in 2026E (177MW), 2028E (49MW), 2029E (372MW), and 2030E (237MW). We project net profit generated from the 834MW new capacity to rise from THB250m in 2026E-27E to THB300m in 2028E, THB0.9b in 2029E, and THB1.2b in 2030E (all in operations).

Margin enhancement on the cards

The improvements for GUNKUL's financial performance will be manifest not only on growth trajectory but also on margin and profitability given the new renewable capacity are mostly high-margin, high-return projects. Hence, we project gross profit margins to surpass 40% in 2025E-27E and net profit margins to exceed 20%.

Initiated with BUY and a TP of THB2.5

We initiated coverage on GUNKUL with BUY and a SoTP TP of THB2.5, applying 12x P/E for EPC, 10x P/E for trading, and DCF for power business. We assign almost zero value for cannabis business given it remains in red due to weak demand. We believe market largely overlooked the upsides on GUNKUL's secured new capacity of renewable projects, which we value at THB1.5 out of our TP of THB2.5, implying that most upsides from GUNKUL's current share price of THB1.65 to our TP will be for the 834MW renewable projects.

Analyst

Siriluck Pinthusoonthorn
Siriluck@globlex.co.th,
+662 672 5806

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

ESG Rating : AA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	2.50
VS. BB Consensus TP (%)	-26.0%
Share Price (THB)	1.65
Upside/Downside	+51.5%

Share Data

Market Cap (THB m)	14,656.18
Par (THB)	0.25
Free Float (%)	42.80
Issued shares (m shares)	8,883

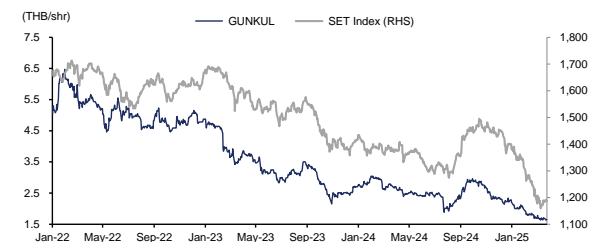
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	9,451	10,018	9,292	9,324
Net profit	1,661	1,901	2,420	2,530
Core net profit	1,661	1,901	2,420	2,530
vs Consensus (%)		17.8	37.5	na
Net profit growth (%)	12.6	14.4	27.3	4.6
Core net profit growth (%)	6.2	14.4	27.3	4.6
EPS (THB)	0.19	0.21	0.27	0.28
Core EPS (THB)	0.19	0.21	0.27	0.28
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.14	0.11	0.14	0.14
P/E (x)	12.19	7.71	6.06	5.79
P/BV (x)	1.46	0.98	0.89	0.82
ROE (%)	6.14	6.48	8.26	8.63
Dividend yield (%)	11.96	13.18	15.36	14.75

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(5.71)	(25.68)	(41.90)	(27.63)
Market	(2.48)	(12.72)	(28.98)	(14.87)
12M High/Low (THB)				2.96 / 1.59



Major Shareholders (%) as of 14 Mar 2025

Gunkul Groof company Limited	50.68
Mr. Gunkul Dhumrongpiyawut	4.94
Gunkul Engineering Public Company Limited	3.16

Company Profile

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

Source: SETSMART, SET

Renewed growth on renewable

Time to relook this Thai renewable play

GUNKUL’s share price has been declining markedly since peaking at THB6.9 in January 2022 due to the impact of Thai government’s intervention to cap the electricity tariffs and delayed the winning renewable projects under the 5.2GW bidding, citing the transparency issue.

Exhibit 1: GUNKUL’s share price

1.65 THB

+1.24 (302.44%) ↑ ตลอดกาล

27 มี.ค. 14:43 GMT+7 • ข้อยกเว้นความรับผิดชอบ

1 วัน | 5 วัน | 1 เดือน | 6 เดือน | YTD | 1 ปี | 5 ปี | สูงสุด

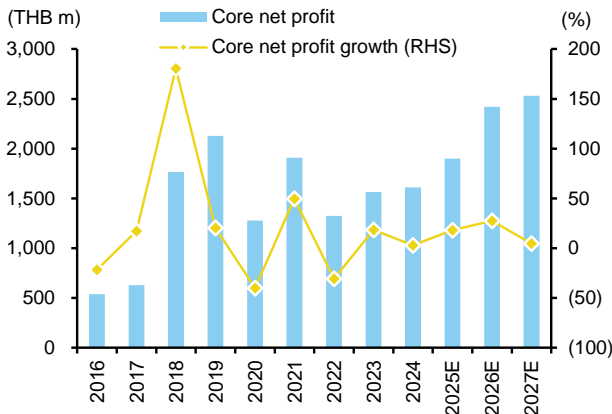


ราคาเปิด	1.66	มูลค่าตลาด	14.48B	สูงสุดใน 52 สัปดาห์	2.96
ราคาสูงสุด	1.66	อัตรา P/E	-	ต่ำสุดใน 52 สัปดาห์	1.59
ราคาต่ำสุด	1.64	เงินปันผล	-		

Sources: Google finance

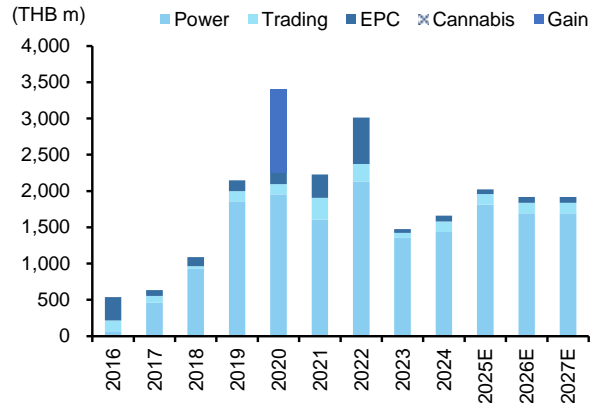
Besides the external uncertainties, GUNKUL’s net profit growth has risen briskly since bottoming in 2022 as its revenue grows from EPC and trading did superbly, growing 80% y-y for EPC in 2024 and 28% y-y for trading. Power segment has continued to deliver consistently strong revenue streams since 2019 thanks to the solid operational performance of wind farms. All three major segments have timely offset the operating losses from its cannabis as a result of the government’s flip-flop policy to promote/disapprove the legality of cannabis for food and beverage.

Exhibit 2: Core net profit, core net profit growth



Sources: GUNKUL; Globlex Research

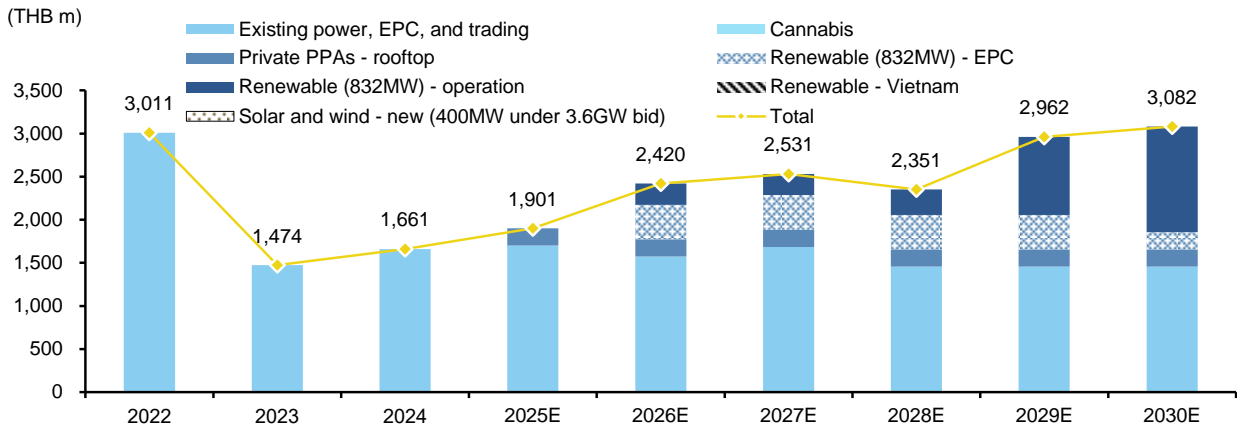
Exhibit 3: Net profit breakdown by segment



Sources: GUNKUL; Globlex Research

We project net profit growth of 14.4% y-y to THB1.9b in 2025E, +27.3% y-y to THB2.4b in 2026E, and +4.6% y-y to THB2.5b in 2027E, driven by 1) capacity growth of 834MW in 2026E-30E from the winning renewable projects; 2) higher profitability from the high-margin revenues from the solar (premium) and wind projects.

Exhibit 4: Net profit breakdown by existing and new projects

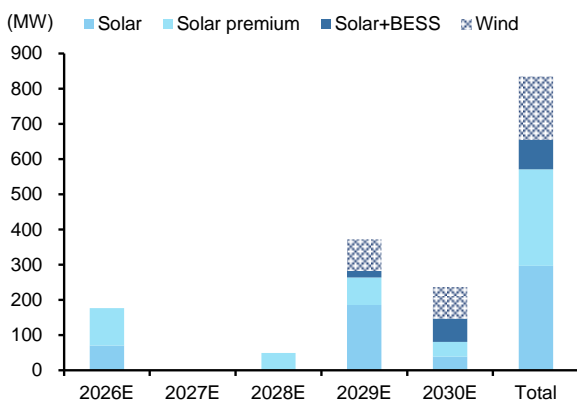


Sources: GUNKUL; Globlex Research

834MW capacity growth on hand, not on hold

GUNKUL's secured capacity growth of 834MW from the 5.2GW bidding round is now under development and construction to be scheduled to start up operations in 2026E (177MW), 2028E (49MW), 2029E (372MW), and 2030E (237MW), with 2026E and 2029E being two years of strong capacity growths.

Exhibit 5: Capacity growth by plant type



Sources: GUNKUL

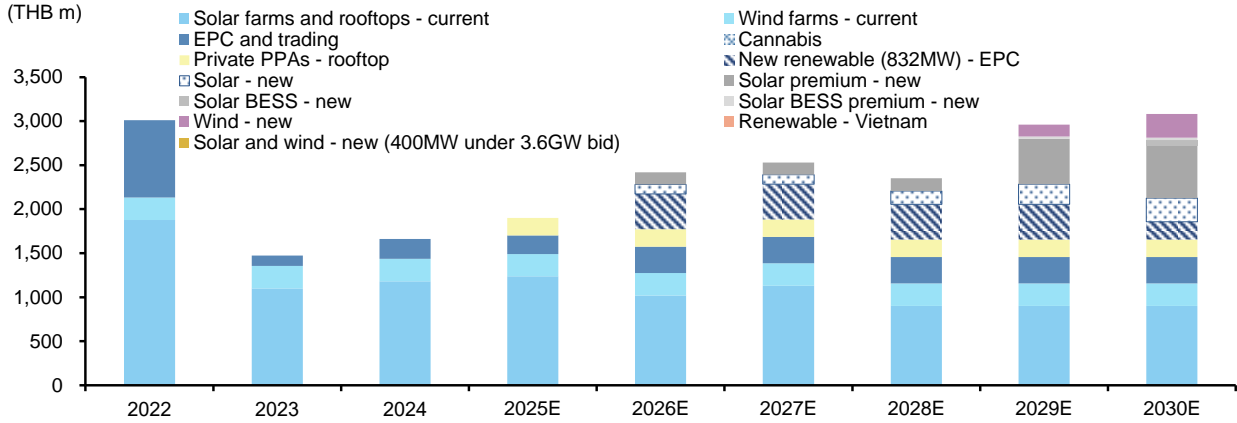
Exhibit 6: Capacity growth by COD year and renewable type

Capacity growth	2026E	2027E	2028E	2029E	2030E	Total
Solar	70	0	2	186	39	297
Solar premium	107	0	47	78	42	274
Solar+BESS				18	66	84
Wind				90	90	180
Total	177	0	49	372	237	834

Sources: GUNKUL

We project net profit generated from the 834MW new capacity to rise from THB250m in 2026E-27E to THB300m in 2028E, THB0.9b in 2029E, and THB1.2b in 2030E when all 834MW capacity will be in operations.

Exhibit 7: Net profit breakdown by projects



Sources: GUNKUL; Globlex Research

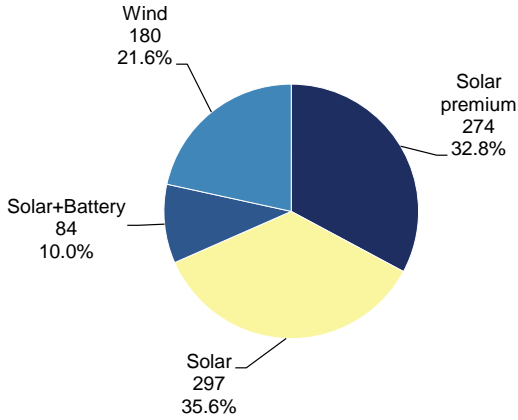
There are four types of renewable projects totaling 834MW capacity, comprising 1) solar premium: 274MW to operate in 2026E-2030E; 2) solar: 297MW will be in operations in 2026E-2030E; 3) solar + battery: 84MW in operation in 2029E-2030E; and 4) wind: 180MW to COD in 2029E-2030E.

Exhibit 8: Capacity growth under 5.2GW bid

Project	Type	Location	% stake	Capacity (MW)	Equity capacity (MW)	COD
Solar premium - narathiwat	Solar premium	Thailand	100	47	47	2026E
Solar premium - pattani	Solar premium	Thailand	100	60	60	2026E
Solar premium - songkhla	Solar premium	Thailand	100	47	47	2028E
Solar premium - narathiwat	Solar premium	Thailand	100	78	78	2029E
Solar premium - narathiwat	Solar premium	Thailand	100	42	42	2030E
Solar - satun	Solar	Thailand	100	70	70	2026E
Solar - petchabun	Solar	Thailand	100	2	2	2028E
Solar - supanburi	Solar	Thailand	100	24	24	2029E
Solar - ubonratchthaini	Solar	Thailand	100	31	31	2029E
Solar - surin	Solar	Thailand	100	63	63	2029E
Solar - songkhla	Solar	Thailand	100	68	68	2029E
Solar - sakonnakhon	Solar	Thailand	100	39	39	2030E
Solar + Batt premium - narathiwat	Solar+Battery	Thailand	100	18	18	2029E
Solar + Batt - udonthani	Solar+Battery	Thailand	100	33	33	2030E
Solar + Batt - songkhla	Solar+Battery	Thailand	100	33	33	2030E
wind - nakhonratchasima	Wind	Thailand	100	90	90	2030E
wind - nakhonratchasima	Wind	Thailand	100	90	90	2030E
Total				834	834	

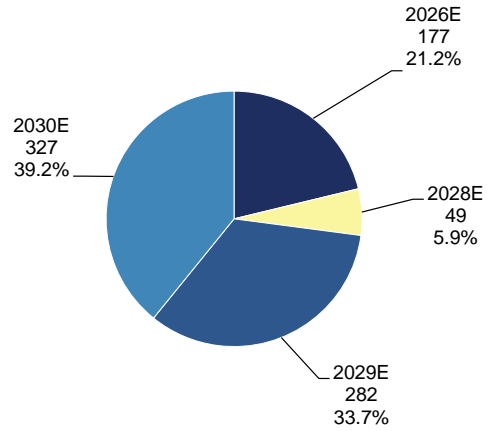
Sources: GUNKUL

Exhibit 9: Capacity growth breakdown by type



Sources: GUNKUL

Exhibit 10: Capacity growth breakdown by COD year

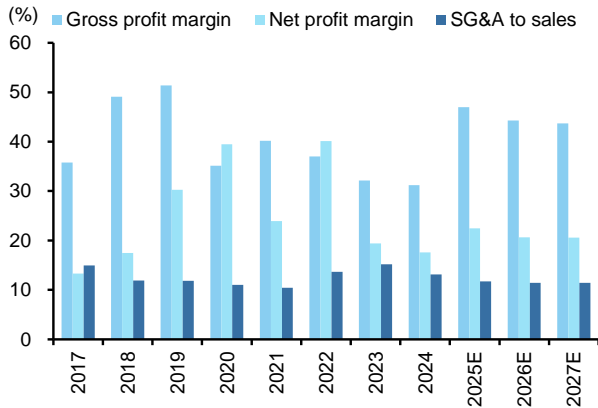


Sources: GUNKUL

Margin enhancement on the cards

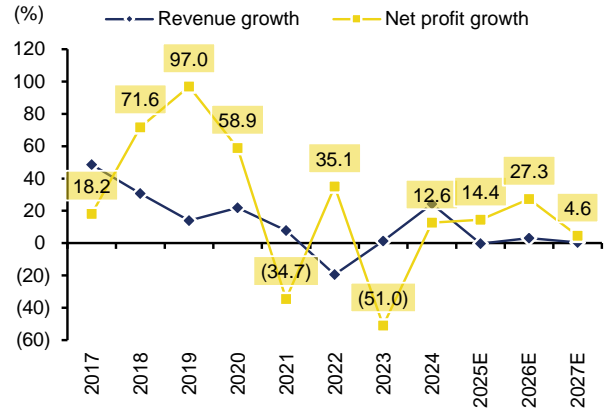
The improvements for GUNKUL’s financial performance will be manifest not only on growth trajectory but also on margin and profitability given the new renewable capacity are mostly high-margin, high-return projects. Hence, we project gross profit margins to surpass 40% in 2025E-27E and net profit margins to exceed 20%.

Exhibit 11: Gross profit margin, net profit margin, SG&A to sales



Sources: GUNKUL; Globlex Research

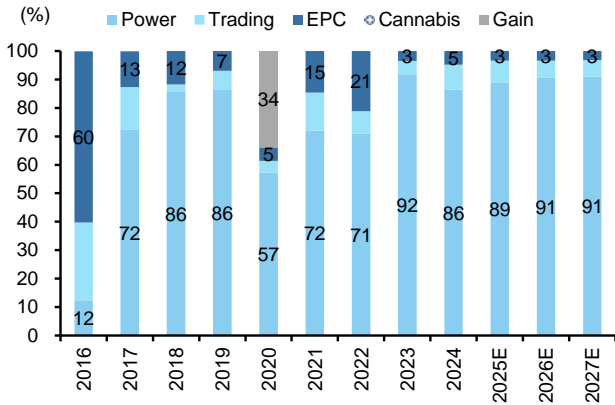
Exhibit 12: Revenue growth vs net profit growth



Sources: GUNKUL; Globlex Research

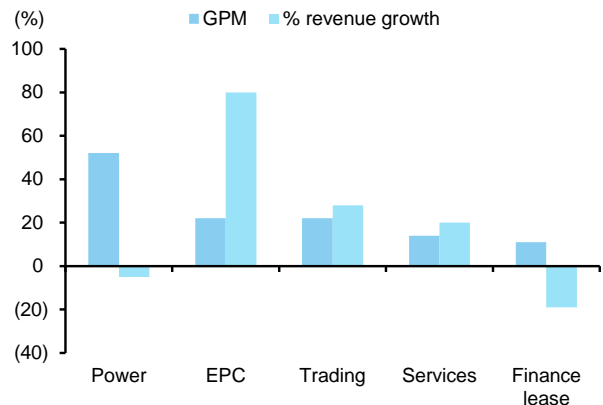
As a result, net profit from power segment will rise from 86% of total net profit in 2024 to 89% in 2025E and 91% in 2026E-27E, overshadowing net profits generated from GUNKUL's traditional businesses of EPC and trading despite their strong growth momentums.

Exhibit 13: Net profit by segment



Sources: GUNKUL; Globlex Research

Exhibit 14: Gross profit margin, % revenue growth (2024)

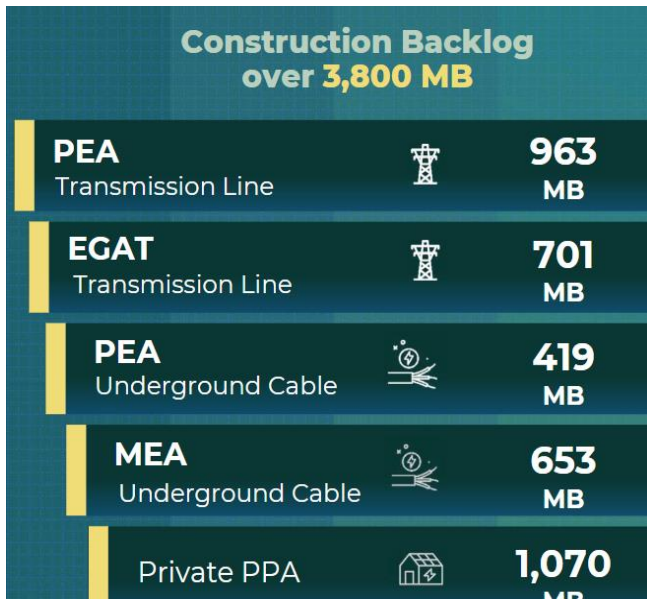


Sources: GUNKUL; Globlex Research

More growths in EPC and trading

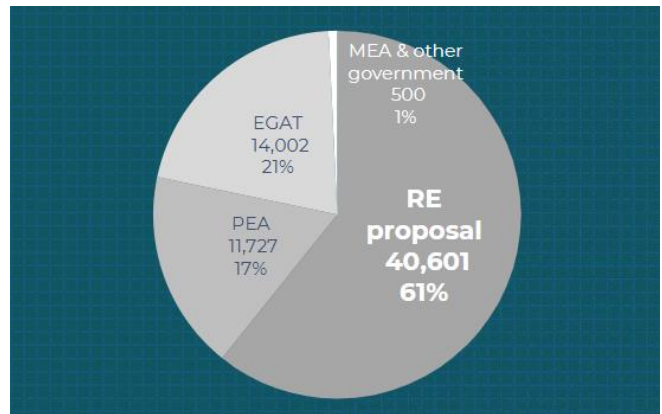
On top of GUNKUL's high growth in power business, GUNKUL has high growth potential from its EPC and trading businesses, backed by THB3.8b EPC backlog and more growth from three state-owned power enterprises with total project value of THB66b.

Exhibit 15: EPC THB3.8b backlog as of 2024



Sources: GUNKUL

Exhibit 16: EPC market potential (THB66b)



Sources: GUNKUL

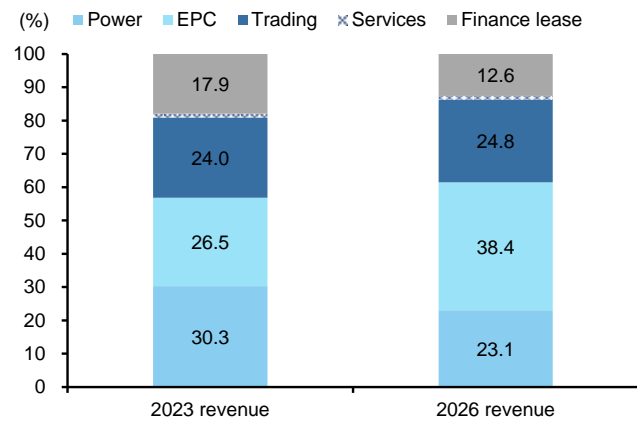
Exhibit 17: 2025 EPC growth driver (turnkey projects)



Sources: GUNKUL

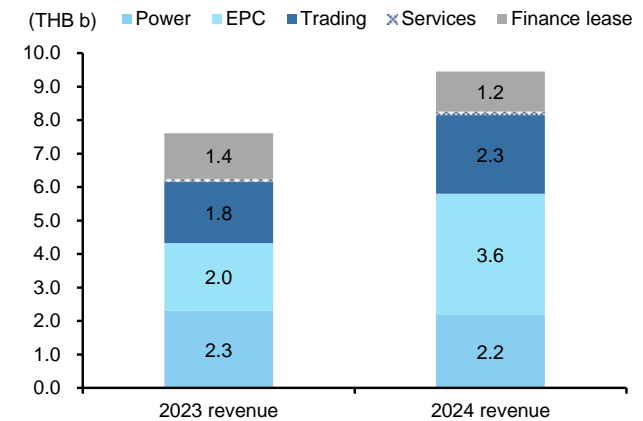
Trading and manufacturing business is projected to grow to THB2.6b in 2025E, up from THB2.3b in 2024, driven by THB2.0b existing product and THB0.6b from new products.

Exhibit 18: Revenue breakdown by segment (%)



Sources: GUNKUL

Exhibit 19: Revenue breakdown by segment (THB b)



Sources: GUNKUL

Initiated with BUY and a TP of THB2.5

We initiated coverage on GUNKUL with BUY and a SoTP TP of THB2.5, applying 12x P/E for EPC, 10x P/E for trading, and DCF for power business. We assign almost zero value for cannabis business given it remains in red due to weak demand. We believe market largely overlooked the upsides on GUNKUL's secured new capacity of renewable projects, which we value at THB1.5 out of our TP of THB2.5, implying that most upsides from GUNKUL's current share price of THB1.65 to our TP will be for the 834MW renewable projects.

Exhibit 20: Valuation and TP

Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk free rate	2.3	Pretax cost of debt	5.6
Market risk premium	8.5	Marginal tax rate	20.0
Stock beta	1.3		
Cost of equity, Ke	13.4	Net cost of debt, Kd	4.3
Weight applied	30.0	Weight applied	70.0
WACC (%)	7.0		

Sum-of-part valuation estimate	THB m	THB/share	Comments
EPC	960	0.1	12x 2025 P/E, discount to industry average of 20x
Trading	949	0.1	10x 2025E P/E, discount to industry average of 22x
Solar power	11,162	1.3	DCF WACC 7.0%
Wind power	7,283	0.8	DCF WACC 7.0%
832.4MW renewable bidding (COD 2026E-20030E)	13,224	1.5	DCF WACC 7.0%
Cannabis	17	0.0	5x 2025E P/E
Net cash	(11,260)	(1.3)	Net cash on hand at end 2025E
Residual ordinary equity	22,336	2.5	

Sources: GUNKUL; Globlex Research

Balance sheet (THB m)						Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets						Revenue	7,605	9,451	10,018	9,292	9,324
Cash & ST investment	1,384	1,205	424	693	649	Cost of goods sold	(4,149)	(5,508)	(4,695)	(3,697)	(3,697)
Account receivable	1,125	2,034	2,535	2,999	3,465	Gross profit	3,457	3,943	5,322	5,595	5,627
Inventories	1,176	988	842	663	663	Operating expenses	(1,155)	(1,244)	(1,172)	(1,064)	(1,067)
Others	3,110	2,574	2,729	2,531	2,540	Operating profit	2,302	2,699	4,151	4,531	4,560
Non-current assets						EBIT	1,381	1,703	2,750	3,330	3,437
Net fixed assets	14,967	14,564	14,163	13,962	13,839	Depreciation	(1,011)	(996)	(1,401)	(1,201)	(1,123)
Others	11,088	11,340	11,340	11,340	11,340	EBITDA	2,392	2,699	4,151	4,531	4,560
Total Assets	32,850	32,704	32,032	32,188	32,495	Non-operating income	92	280	38	33	35
Current liabilities						Other incomes	112	118	30	30	30
Account payable	1,814	1,387	1,182	931	931	Other non-op income	(20)	163	8	3	5
ST borrowing	3,727	4,576	4,576	4,576	4,576	Non-operating expense	(749)	(799)	(671)	(595)	(538)
Others	807	599	635	589	591	Interest expense	(687)	(717)	(671)	(595)	(538)
Long-term liabilities						Other non-op expense	(62)	(82)	0	0	0
Long-term debts	9,580	8,954	7,196	6,115	5,033	Equity income/(loss)	1,019	807	89	26	27
Others	2,931	3,308	3,308	3,308	3,308	Pre-tax Profit	1,744	1,991	2,206	2,794	2,960
Total liabilities	18,860	18,824	16,898	15,519	14,439	Extraordinary items	(90)	0	0	0	0
Paid-up capital	2,221	2,221	2,221	2,221	2,221	Current taxation	(179)	(330)	(242)	(308)	(363)
Retained earnings	8,221	9,194	10,384	11,853	13,174	Minorities	(0)	(0)	(64)	(66)	(66)
Others	3,491	2,415	2,415	2,415	2,415	Net Profit	1,474	1,661	1,901	2,420	2,530
Minority interest	58	50	114	180	246	Core net profit	1,564	1,661	1,901	2,420	2,530
Shareholders' equity	13,990	13,880	15,134	16,669	18,056	EPS (THB)	0.17	0.19	0.21	0.27	0.28
						Core EPS (THB)	0.18	0.19	0.21	0.27	0.28
Key ratios						Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)						Operating cash flow	3,180	2,645	2,713	3,261	3,207
Sales	1.3	24.3	6.0	(7.2)	0.3	Net profit	1,474	1,661	1,901	2,420	2,530
Operating profit	(24.9)	17.2	53.8	9.2	0.6	Depre. & amortization	1,011	996	1,401	1,201	1,123
EBITDA	73.7	12.8	53.8	9.2	0.6	Change in working capital	(326)	(819)	(678)	(385)	(473)
Net profit	(51.0)	12.6	14.4	27.3	4.6	Others	1,019	807	89	26	27
Core net profit	18.3	6.2	14.4	27.3	4.6	Investment cash flow	(2,258)	(1,155)	1,268	1,104	1,005
EPS	(51.0)	12.6	14.4	27.3	4.6	Net CAPEX	(1,246)	(1,399)	1,179	1,079	979
Core EPS	18.3	6.2	14.4	27.3	4.6	Change in LT investment	(1,031)	(274)	89	26	27
Profitability (%)						Change in other assets	19	518	0	0	0
Gross margin	45.5	41.7	53.1	60.2	60.4	Free cash flow	922	1,491	3,980	4,365	4,212
Operation margin	30.3	28.6	41.4	48.8	48.9	Financing cash flow	(1,737)	(1,670)	(4,761)	(4,096)	(4,257)
EBITDA margin	31.5	28.6	41.4	48.8	48.9	Change in share capital	0	0	0	0	0
Net margin	19.4	17.6	19.0	26.0	27.1	Net change in debt	866	223	(1,758)	(1,082)	(1,082)
ROE	11.2	12.0	13.2	15.4	14.8	Dividend paid	0	0	(711)	(950)	(1,210)
ROA	4.4	4.6	3.6	3.7	4.4	Others	(2,602)	(1,893)	(2,293)	(2,064)	(1,965)
Stability						Net cash flow	(815)	(179)	(781)	269	(45)
Interest bearing debt/equity (x)	1.0	1.0	0.8	0.6	0.5						
Net debt/equity (x)	0.9	0.9	0.7	0.6	0.5	Per share (THB)					
Interest coverage (x)	2.0	2.4	4.1	5.6	6.4	EPS	0.17	0.19	0.21	0.27	0.28
Interest & ST debt coverage (x)	0.3	0.3	0.5	0.6	0.7	Core EPS	0.18	0.19	0.21	0.27	0.28
Cash flow interest coverage (x)	0.2	0.1	0.2	0.2	0.2	CFPS	0.29	0.30	0.38	0.42	0.42
Current ratio (x)	1.1	1.0	1.0	1.1	1.2	BVPS	1.57	1.56	1.69	1.86	2.01
Quick ratio (x)	0.4	0.5	0.5	0.6	0.7	Sales/share	0.86	1.06	1.13	1.05	1.05
Net debt (THB m)	11,923	12,325	11,348	9,998	8,961	EBITDA/share	0.27	0.30	0.47	0.51	0.51
Activity						DPS	0.12	0.14	0.11	0.14	0.14
Asset turnover (X)	0.2	0.3	0.3	0.3	0.3	Valuation					
Days receivables	49.6	61.0	83.2	108.7	126.5	P/E (x)	16.87	12.19	7.71	6.06	5.79
Days inventory	95.0	71.7	71.1	74.3	65.5	P/BV (x)	1.79	1.46	0.98	0.89	0.82
Days payable	154.3	106.1	99.9	104.3	91.9	Dividend yield (%)	4.29	6.14	6.48	8.26	8.63
Cash cycle days	(9.6)	26.6	54.5	78.7	100.1	Dividend payout ratio (%)	72.29	74.88	50.00	50.00	50.00

GENERAL DISCLAIMER

Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.