

## Divest to Invest

- Divestment boosts its balance sheet and unlocks growth runway.
- Stronger outlook from lower debt, fading cannabis risk.
- Maintain BUY and a SoTP TP of THB2.5

### 50% divestment in 461MW solar farm projects

On 26 Jun-25, GUNKUL announced the divestment of a 50% stake in 9 solar farm projects (totaling 460.8MW) under Gunkul One Energy 2 (GOE2) and Gunkul Solar Powergen (GSPG) to Gulf Renewable Energy (GULF RE), a subsidiary of Gulf Energy Development (GULF), for THB704m, implying a valuation of THB3m per MW, which we view as reasonable. We expect GUNKUL to book only a modest gain in 2Q25 from this transaction.

### Strategically and timely right divestment for value added

GUNKUL's 834MW of solar projects, COD in 2026E (177MW), 2028E (49MW), 2029E (372MW), and 2030E (237MW), are expected to lift IBD/E from 1.1x in 2024 to 1.6x-2.8x in 2026-29, but more critical ratio will be GUNKUL's jumping IBD/EBITDA from sub-5.0x currently to 6x-8x in 2026-29, potentially breaching its debt covenant of 2.5x IBD/E and 6x IBD/EBITDA. Hence, we think GUNKUL's move to divest solar farm stakes is 1) a strategic right to reduce debt and ease balance sheet for funding headroom ahead of the upcoming investment cycle; 2) value accretion on additions of revenues from EPC and management fee for the sold projects to GULF, which we estimate to be THB0.2b-THB0.3b annually to GUNKUL.

### More growth potentials in the Philippines and data center

While post divestment annually net profit of THB0.3b will be sacrificed in exchange for the easing balance sheet and THB0.3b net profit addition from EPC and project management fee, we think GUNKUL is now much stronger financially with THB9b funding capacity to accommodate potential more growth in data center and renewable projects in the Philippines.

### Cannabis concern no more

We think the aftermath of Thai government's reversal in cannabis to be legally used for only health and medical purposes but not for leisure (previously legal), will be limited, if not negligible, given 1) the THB0.1b extraction facility (THB40m already impaired in 2024) now secures clients for rent to generate sufficient income for breakeven; and 2) the THB400m cultivation site are partly produced cannabis for medical use and for outside customers' rent, generating sufficient cashflows to cover fixed and investment costs.

### Maintain BUY and a SoTP TP of THB2.5

Maintain BUY and a SoTP TP of THB2.5, based on 12x P/E for EPC, 10x P/E for trading, DCF for power, and zero value for cannabis. We believe market overlooked upsides on GUNKUL's secured new capacity of renewable projects, which we value at THB1.5 out of our TP of THB2.5, indicating that upsides from GUNKUL's current share price of THB1.65 to our TP will be for the 834MW renewable projects.

ESG Rating : AA

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>2.50</b>
VS. BB Consensus TP (%)	-19.9%
Share Price (THB)	1.45
Upside/Downside	+72.4%

### Share Data

Market Cap (THB m)	12,879.67
Par (THB)	0.25
Free Float (%)	42.80
Issued shares (m shares)	8,883

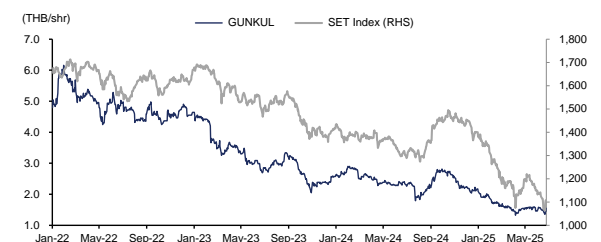
### Financial forecast

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 (%)		12.8	25.7	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	6.78	5.32	5.09
P/BV (x)	1.46	0.86	0.78	0.72
ROE (%)	6.14	7.38	9.39	9.82
Dividend yield (%)	11.96	13.18	15.36	14.75

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(12.12)	(11.04)	(38.03)	(36.40)
Market	(6.67)	(4.84)	(21.63)	(19.61)
12M High/Low (THB)				2.96 / 1.31



### 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

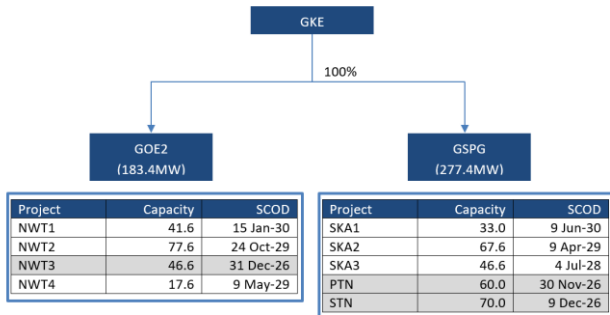
Source: SETSMART, SET

### Analyst

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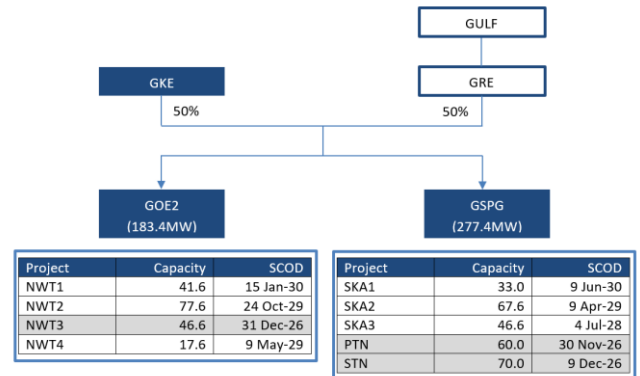
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Exhibit 1: Before restructuring



Sources: GUNKUL, Globlex Research

Exhibit 2: After restructuring



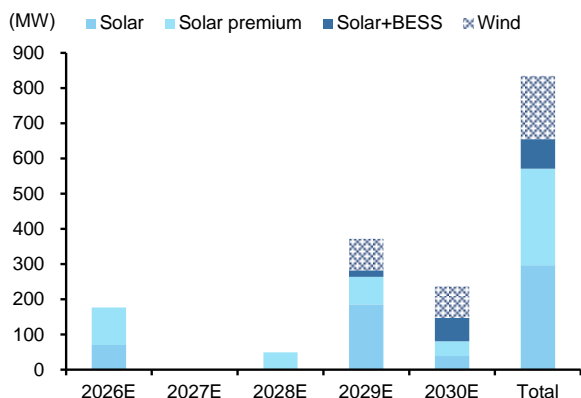
Sources: GUNKUL, Globlex Research

Exhibit 3: 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
<b>Total</b>				<b>834</b>	<b>834</b>	

Sources: GUNKUL, Globlex Research

Exhibit 4: Capacity growth by plant type



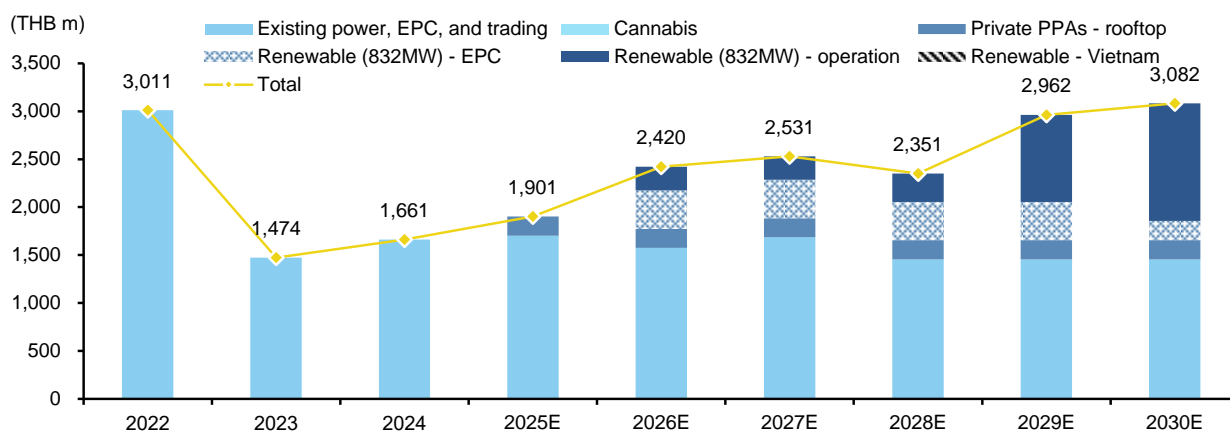
Sources: GUNKUL, Globlex Research

Exhibit 5: 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
<b>Total</b>	<b>177</b>	<b>0</b>	<b>49</b>	<b>372</b>	<b>237</b>	<b>834</b>

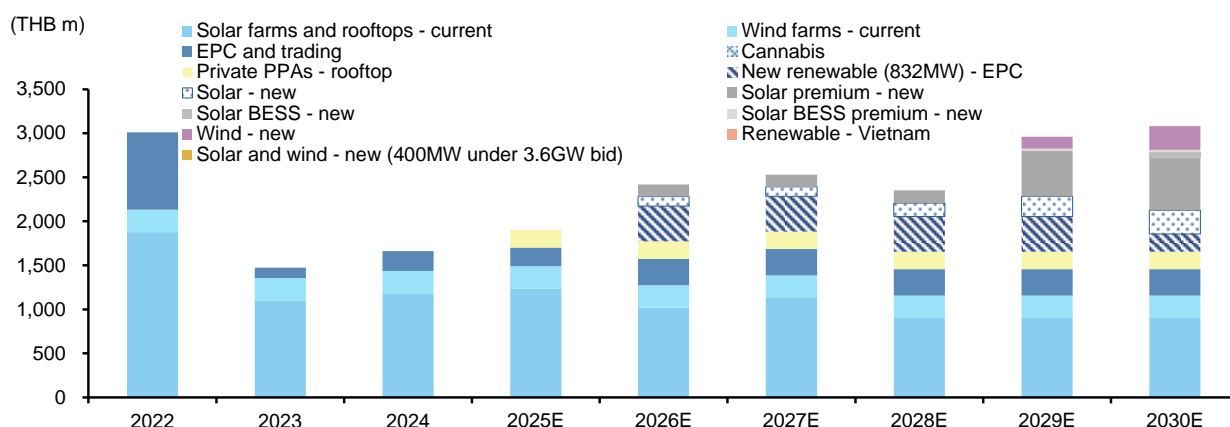
Sources: GUNKUL, Globlex Research

### Exhibit 6: Net profit breakdown by existing and new projects



Sources: GUNKUL; Globlex Research

### Exhibit 7: Net profit breakdown by projects



Sources: GUNKUL; Globlex Research

### Exhibit 8: 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)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	1,384	1,205	424	693	649
Account receivable	1,125	2,034	2,535	2,999	3,465
Inventories	1,176	988	842	663	663
Others	3,110	2,574	2,729	2,531	2,540
<b>Non-current assets</b>					
Net fixed assets	14,967	14,564	14,163	13,962	13,839
Others	11,088	11,340	11,340	11,340	11,340
<b>Total Assets</b>	<b>32,850</b>	<b>32,704</b>	<b>32,032</b>	<b>32,188</b>	<b>32,495</b>
<b>Current liabilities</b>					
Account payable	1,814	1,387	1,182	931	931
ST borrowing	3,727	4,576	4,576	4,576	4,576
Others	807	599	635	589	591
<b>Long-term liabilities</b>					
Long-term debts	9,580	8,954	7,196	6,115	5,033
Others	2,931	3,308	3,308	3,308	3,308
<b>Total liabilities</b>	<b>18,860</b>	<b>18,824</b>	<b>16,898</b>	<b>15,519</b>	<b>14,439</b>
Paid-up capital	2,221	2,221	2,221	2,221	2,221
Retained earnings	8,221	9,194	10,384	11,853	13,174
Others	3,491	2,415	2,415	2,415	2,415
Minority interest	58	50	114	180	246
<b>Shareholders' equity</b>	<b>13,990</b>	<b>13,880</b>	<b>15,134</b>	<b>16,669</b>	<b>18,056</b>

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	1.3	24.3	6.0	(7.2)	0.3
Operating profit	(24.9)	17.2	53.8	9.2	0.6
EBITDA	73.7	12.8	53.8	9.2	0.6
Net profit	(51.0)	12.6	14.4	27.3	4.6
Core net profit	18.3	6.2	14.4	27.3	4.6
EPS	(51.0)	12.6	14.4	27.3	4.6
Core EPS	18.3	6.2	14.4	27.3	4.6
<b>Profitability (%)</b>					
Gross margin	45.5	41.7	53.1	60.2	60.4
Operation margin	30.3	28.6	41.4	48.8	48.9
EBITDA margin	31.5	28.6	41.4	48.8	48.9
Net margin	19.4	17.6	19.0	26.0	27.1
ROE	11.2	12.0	13.2	15.4	14.8
ROA	4.4	4.6	3.6	3.7	4.4
<b>Stability</b>					
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
Interest coverage (x)	2.0	2.4	4.1	5.6	6.4
Interest & ST debt coverage (x)	0.3	0.3	0.5	0.6	0.7
Cash flow interest coverage (x)	0.2	0.1	0.2	0.2	0.2
Current ratio (x)	1.1	1.0	1.0	1.1	1.2
Quick ratio (x)	0.4	0.5	0.5	0.6	0.7
Net debt (THB m)	11,923	12,325	11,348	9,998	8,961
<b>Activity</b>					
Asset turnover (X)	0.2	0.3	0.3	0.3	0.3
Days receivables	49.6	61.0	83.2	108.7	126.5
Days inventory	95.0	71.7	71.1	74.3	65.5
Days payable	154.3	106.1	99.9	104.3	91.9
Cash cycle days	(9.6)	26.6	54.5	78.7	100.1

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Revenue</b>	<b>7,605</b>	<b>9,451</b>	<b>10,018</b>	<b>9,292</b>	<b>9,324</b>
Cost of goods sold	(4,149)	(5,508)	(4,695)	(3,697)	(3,697)
<b>Gross profit</b>	<b>3,457</b>	<b>3,943</b>	<b>5,322</b>	<b>5,595</b>	<b>5,627</b>
Operating expenses	(1,155)	(1,244)	(1,172)	(1,064)	(1,067)
<b>Operating profit</b>	<b>2,302</b>	<b>2,699</b>	<b>4,151</b>	<b>4,531</b>	<b>4,560</b>
<b>EBIT</b>	<b>1,381</b>	<b>1,703</b>	<b>2,750</b>	<b>3,330</b>	<b>3,437</b>
Depreciation	(1,011)	(996)	(1,401)	(1,201)	(1,123)
<b>EBITDA</b>	<b>2,392</b>	<b>2,699</b>	<b>4,151</b>	<b>4,531</b>	<b>4,560</b>
<b>Non-operating income</b>					
Other incomes	112	118	30	30	30
Other non-op income	(20)	163	8	3	5
<b>Non-operating expense</b>	<b>(749)</b>	<b>(799)</b>	<b>(671)</b>	<b>(595)</b>	<b>(538)</b>
Interest expense	(687)	(717)	(671)	(595)	(538)
Other non-op expense	(62)	(82)	0	0	0
<b>Equity income/(loss)</b>	<b>1,019</b>	<b>807</b>	<b>89</b>	<b>26</b>	<b>27</b>
<b>Pre-tax Profit</b>	<b>1,744</b>	<b>1,991</b>	<b>2,206</b>	<b>2,794</b>	<b>2,960</b>
Extraordinary items	(90)	0	0	0	0
Current taxation	(179)	(330)	(242)	(308)	(363)
Minorities	(0)	(0)	(64)	(66)	(66)
<b>Net Profit</b>	<b>1,474</b>	<b>1,661</b>	<b>1,901</b>	<b>2,420</b>	<b>2,530</b>
<b>Core net profit</b>	<b>1,564</b>	<b>1,661</b>	<b>1,901</b>	<b>2,420</b>	<b>2,530</b>
<b>EPS (THB)</b>	<b>0.17</b>	<b>0.19</b>	<b>0.21</b>	<b>0.27</b>	<b>0.28</b>
<b>Core EPS (THB)</b>	<b>0.18</b>	<b>0.19</b>	<b>0.21</b>	<b>0.27</b>	<b>0.28</b>

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>					
Net profit	1,474	1,661	1,901	2,420	2,530
Depre. & amortization	1,011	996	1,401	1,201	1,123
Change in working capital	(326)	(819)	(678)	(385)	(473)
Others	1,019	807	89	26	27
<b>Investment cash flow</b>	<b>(2,258)</b>	<b>(1,155)</b>	<b>1,268</b>	<b>1,104</b>	<b>1,005</b>
Net CAPEX	(1,246)	(1,399)	1,179	1,079	979
Change in LT investment	(1,031)	(274)	89	26	27
Change in other assets	19	518	0	0	0
<b>Free cash flow</b>	<b>922</b>	<b>1,491</b>	<b>3,980</b>	<b>4,365</b>	<b>4,212</b>
<b>Financing cash flow</b>					
Change in share capital	0	0	0	0	0
Net change in debt	866	223	(1,758)	(1,082)	(1,082)
Dividend paid	0	0	(711)	(950)	(1,210)
Others	(2,602)	(1,893)	(2,293)	(2,064)	(1,965)
<b>Net cash flow</b>	<b>(815)</b>	<b>(179)</b>	<b>(781)</b>	<b>269</b>	<b>(45)</b>

Per share (THB)					
EPS	0.17	0.19	0.21	0.27	0.28
Core EPS	0.18	0.19	0.21	0.27	0.28
CFPS	0.29	0.30	0.38	0.42	0.42
BVPS	1.57	1.56	1.69	1.86	2.01
Sales/share	0.86	1.06	1.13	1.05	1.05
EBITDA/share	0.27	0.30	0.47	0.51	0.51
DPS	0.12	0.14	0.11	0.14	0.14
<b>Valuation</b>					
P/E (x)	16.87	12.19	6.78	5.32	5.09
P/BV (x)	1.79	1.46	0.86	0.78	0.72
Dividend yield (%)	4.29	6.14	7.38	9.39	9.82
Dividend payout ratio (%)	72.29	74.88	50.00	50.00	50.00



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### Analyst Certification

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## 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.