

TIME TO REFLECTGunkul Engineering says it's not feeling the pinch as power plant development slows. **B5****CORPORATE PROFILE**

Gunkul bids its time in renewable power

The engineering firm has other segments to lean on until the market develops, writes Yuthana Praiwan



A worker installs solar panels in Samut Prakan. Gunkul has a partnership with WHA Corporation Plc on the project. PORNPROM SATRABHAYA

SET-listed Gunkul Engineering Plc says it's not feeling the pinch as it bids to become Asia's leading renewable energy firm amid limited expansion of new power plants in Thailand.

The power and utility company aims to double its power capacity to 1 gigawatt by 2020 from 543 megawatts in 2018.

Banking on strong growth in 2020, Gunkul targets 9.25 billion baht in revenue and 3.85 billion baht in ebitda (earnings before interest, tax, depreciation and amortisation).

Somboon Aueatchasai, the managing director, said one of the key drivers for Gunkul was last July's takeover of Future Electrical Control Co (FEC), a construction firm, for 650 million baht.

As a result, Gunkul can secure many business units of FEC, such as providing electrical construction services for power plants; overhead and underground electricity transmission; and distribution lines.

FEC also has the innovation of smart piling, which can trim piling development cost by 30%.

Mr Somboon said Gunkul hopes to offset the slowdown in power plants by searching for new projects in both domestic and overseas markets, while drawing on revenue from turnkey construction service and electrical equipment manufacturing and trading.

"Annual revenue from power plant operations will be long-term, while others are set to generate short-term revenue," he said.

For 2019-23, Gunkul expects the government

to spend 592.18 billion baht on state utilities such as power plants and transmission lines, with 169.31 billion baht going to expansion of transmission lines and substations. FEC will take responsibility for this type of work.

Gunkul will pitch construction jobs in 2019 such as undersea power distribution lines from the mainland to prominent tourism islands Koh Phra Thong, Koh Samui and Koh Tao, all included in a bid of 5 billion baht.

"We were awarded as the winning bidder for a high-voltage power transmission line of 155 kilovolts from the state-run Provincial Electricity Authority in Chiang Rai's kV loop line project, worth 113.85 million baht, thanks to the reputation and reliability of FEC," Mr Somboon said. "FEC will also join the auctions for underground electricity lines in Bangkok, Chiang Mai and Nakhon Ratchasima."

He said Gunkul's renewable energy will play a significant role in the country's power market in the next five years after the energy storage system begins to compete with fossil-based power sources such as coal and gas.

"Before renewable power becomes stronger, we plan to approach many companies and households who need installation of solar panels on their roofs," Mr Somboon said.

Gunkul itself owns the GRoof brand, positioned as a retail product for solar rooftops.

"We aim to install the GRoof brand on the level of 70MW per year during 2019-21," Mr Somboon said. "Gunkul has been awarded a contract from a livestock company to install solar panels at manufacturing plants in Southeast Asia."

Gunkul intends to expand its business as a developer and operator of solar power in Malaysia (21MW) and Japan (207MW). There is also a 12MW gas-fired power plant in Myanmar.

"We are ready in our financial capability, human resources and power experience for these expansion plans," Mr Somboon said. "We are very keen on the expansion of renewable

power, both in existing and new countries, including a wind turbine farm in Vietnam."

With 1GW in power generation by 2020, Gunkul envisions being Asia's leading renewable energy firm in terms of the company's full integration and power generation capacity.

Gunkul was founded in 1982 by the Dhumrongpiyawut family and began life as a supplier and trader of electrical equipment. In the years that followed, the firm expanded into manufacturing, engineering, procurement and construction.

Gunkul listed on the Stock Exchange of Thailand in 2010 to raise capital for renewable power generation. It began making solar panels in 2014.

Gunkul chief executive Sopacha Dhumrongpiyawut said the efficiency of human resources is a key factor in business achievement.

"Potential manpower with experienced skills can mobilise the business," she said.

Ms Sopacha said Gunkul plans to highlight the GRoof brand of solar rooftops as the main engine to drive business and the local power market, as solar panels will become cheaper in terms of investment and installation and can be developed as the next step for energy storage in the future.

"Currently, households and property owners are very interested in solar panel installation in order to generate and consume electricity by themselves and cut their power bills," she said. "Gunkul has to be well prepared for this trend with our lessons learned from the rise and fall of the company over the past 36 years."