



## GUNKUL Jumps 5%, Analyst Recomm. "BUY" with TP of ฿4.50 as Business Remains on Track

วันที่ 07/06/2021

GUNKUL rose ฿0.18/share or 4.89% to ฿3.86/share in the morning session on June 7, 2021, with a trading value of 702 million baht.

The share price of Gunkul Engineering Public Company Limited (**GUNKUL**) rose **฿0.18/share** or **4.89%** to **฿3.86/share** in the morning session on June 7, 2021, with a trading value of 702 million baht.

KTBST Securities (**KTBST**) reiterated a **BUY** rating on **GUNKUL** with a target price of **4.50 baht per share based on SOTP**. GUNKUL held an Opportunity Day on June 4. First, the company recently received approval to grow hemp and thus expects to get a CBD contracting license and to market CBD in 1Q22E.

Second, the company has maintained its capacity target of 1,000 MW by YE2023E from 630 MW, currently, while the company expects to win the 100-150 MW projects, which are expected to see concrete development this year.

Last, the EPC business has a strong revenue visibility with an ample backlog of 9.6 billion baht and the company expects to win 15% of the bidding projects worth a combined 20.00 billion baht.

KTBST had a neutral view of the guidance as the power and EPC businesses have been on track, although the CBD contracting operation appears to delay from late 2021E the company expected. KTBST thus maintained the 2021E core profit at 2.3 billion baht, which indicates a strong growth of +60% YoY.

GUNKUL declined -12% over the past month, thereby underperforming the SET Index by 14%. KTBTS saw GUNKUL outperforming the benchmark index in the near-to-medium term as 1) the company is expected to see a concrete development on the potential projects with a combined capacity of 100-150 MW later in the year, and 2) its valuation looks attractive, trading at 14x 2021E PER, which is well below the sector's average level of 25x, and PEG of 0.4x amid a strong profit growth of 32% CAGR in 2020-22E.