# GULF DEVELOPMENT PLC

No. 40/2025
1 April 2025

## CORPORATES

| | |
|---|---|
| **Company Rating:** | AA- |
| **Issue Ratings:** | |
| Senior unsecured | AA- |
| **Outlook:** | Stable |

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## RATIONALE

TRIS Rating assigns a company rating of "AA-" to Gulf Development PLC (GULF) and assigns a rating of "AA-" to its senior unsecured debentures, with a "stable" outlook. GULF is newly formed from a merger between Gulf Energy Development PLC (GULFI) and Intouch Holdings PLC (INTUCH).

The ratings reflect GULF's prominent position in the domestic power industry, its large and well-diversified power portfolio, and its stable cash flows derived from long-term power purchase agreements (PPAs). Also, the ratings factor in the significant cash dividends derived from the company's investments in various companies, particularly Advanced Info Service PLC (ADVANC). Additionally, the ratings consider the risks related to its overseas investments and substantial investment outlays for its committed projects.

## KEY RATING CONSIDERATIONS

### Stronger financial profile of new company

The merger between GULFI and INTUCH not only expands the asset base, equity base, and EBITDA but also enhances the credit metrics and increases the investment capacity of the newly formed entity. GULF, under the new corporate structure, aims to streamline its operations and materialize the synergy between the power and telecommunication businesses. We anticipate GULF will continue to enlarge the power portfolio while investing more in digital infrastructure.

### Leading power producer

We expect GULF to stay competitive and maintain a leading position in Thailand's power industry, backed by its large power portfolio and strong investment capabilities. The company's power portfolio is substantial, with an aggregate equity capacity (installed capacity in proportion to its ownership stake in the power plants) of 13.2 gigawatts (GW), with about 9 GW in operation.

GULF is developing about 3 GW of renewable power projects awarded through the state bids, with 532 megawatts (MW) already commercial and the rest scheduled by 2025-2030. The company also co-invests with other power producers for various renewable power projects, including waste-to-energy (WTE) plants.

Looking forward, we expect the power business to remain the centerpiece and GULF to maintain its competitive strengths in securing new projects. We anticipate the investments in digital infrastructure to be primarily conducted through its associates and partners, including ADVANC.

### Well-diversified power portfolio

GULF's power assets are diversified across different energy sources and locations. Gas-fired plants dominate, making up about 90% (7.8 GW) of the total equity capacity in operation. Most are domestic under the Independent Power Producer (IPP) and Small Power Producer (SPP) schemes (7.1 GW), with additional investments in a merchant plant in the US (588 MW) and a captive plant in Oman (160 MW).

We project renewable energy will account for 39% of the total equity capacity in operation by 2033, based on committed projects. This should primarily be derived from domestic solar power initiatives, which generally produce highly predictable power and entail lower operational risks. The company's investment portfolio for renewable power projects encompasses Thailand, Vietnam, Germany, UK, and the Lao PDR.

### Stable cash flows from long-term power sales agreements

We predict GULF's power assets will continue to generate stable cash flows. Multi-year contracts with reliable state-owned electricity producers like Electricity Generating Authority of Thailand (EGAT, rated "AAA/Stable") mitigate counterparty risk. Additionally, electricity sales to EGAT, which include fuel price pass-through mechanisms, accounted for the majority (84% of revenue in 2024). Thus, gas price fluctuations should not significantly affect its overall performance. Electricity sales to industrial users may face a mismatch between the fuel adjustment charge (Ft) and gas prices, but this accounts for only 8% of total revenue.

The stable cash flows are also attributed to GULF's proven track record in power asset management. The company utilizes advanced technology from reputable suppliers and maintains long-term service agreements (LTSA) as well as long-term parts agreements (LTPA) with the original equipment manufacturers to ensure optimal operational efficiency. GULF's IPP and SPP power plants have consistently achieved plant availability targets. Its large-scale power projects leverage economies of scale, resulting in enhanced cost efficiency.

### Substantial dividend income

The ratings consider the significant cash dividends GULF receives from its ownership interests in various companies, particularly the 40.4% stake in ADVANC. We believe ADVANC will render steady and sizable dividends, given its strong profitability. The domestic mobile services market is largely dominated by only two key players. Apart from potential business synergies with ADVANC, we expect the investment to yield THB12-THB13 billion in annual cash dividends during 2025-2027, representing one-fourth of GULF's EBITDA. Including other investment assets, we project annual cash dividends will likely be THB16-THB18 billion per year.

### Risks associated with overseas investments

We assess some of GULF's overseas projects as subject to higher risks related to country, counterparty, insufficient infrastructure, and intense competition. For instance, its offshore wind power project in Vietnam is facing prolonged final tariff resolution issues. The project is currently receiving a temporary tariff amounting to 50% of the ceiling price.

Also, the company's investment in the US-based Jackson power plant entails demand and fuel risks. As the project sells electricity to the PJM merchant market, its performance may vary based on demand and prices. Its revenue and earnings are more volatile compared to power plants with EGAT PPAs.

However, we believe the overseas investment risks remain manageable, with limited impacts on GULF. The investments in Vietnam are small, while those in the merchant market are undertaken through joint ventures.

### Operating performance to continue growth trajectory

We expect GULF's existing operating projects to keep performing satisfactorily, while the company proceeds with the development and commissioning of new projects as scheduled. Our base-case projection predicts its operational equity capacity will total 10.6 GW by 2027, primarily bolstered by gas-fired power plants under the IPP scheme and renewable power plants under the state bids. As such, total operating revenue should reach THB154-THB157 billion annually from 2025-2027. EBITDA should stay around THB50-THB54 billion per year, with an EBITDA margin of 33%-34%.

### Financial leverage to rise, but remain manageable

GULF has several committed capital expenditures and investments in the years ahead. We anticipate the company to spend about THB130 billion in aggregate over the next three years, primarily on the 3-GW renewable power projects in Thailand, hydropower projects in the Lao PDR, and the Map Ta Phut Industrial Port Development Phase 3 (MTP3) project. With that, we foresee GULF to carry a heavier debt load.

However, we expect GULF to prudently manage its financial leverage. Additional earnings from completed project developments should keep its debt to EBITDA ratio within the 6-7 times range over the next three years. The debt to capitalization ratio should remain below 50%. We also view that the wealth of investment assets should facilitate asset recycling, giving GULF an option to deleverage.

### Sufficient liquidity

We anticipate GULF to maintain a strong liquidity position. Based on the pro forma financial statements as of 2024, GULF had THB56.2 billion in debt maturing within the next 12 months. Liquidity sources, including cash and undrawn credit facilities, totaled THB64.5 billion, sufficiently covering the maturing debt. We consider the company's established presence in the domestic capital markets as a factor ensuring adequate liquidity. Also, we expect GULF to remain comfortably compliant with the financial covenants related to its debt obligations.

### Debt structure

We equalize the ratings on GULF's senior unsecured debentures with the company rating, given the priority debt to total debt ratio of below 50% based on proforma financial statements as of 2024. Despite a tendency to utilize project finance for upcoming renewable power projects, we expect the company will maintain the ratio below 50%.

## BASE-CASE ASSUMPTIONS

Key assumptions in TRIS Rating's base-case forecast during 2025-2027 are as follows:
- Total equity power capacity in the operational phase to reach 10.6 GW by 2027.
- Total operating revenue to rise to THB154-THB157 billion annually.
- EBITDA to stay around THB50-THB54 million per annum, with an EBITDA margin of 33%-34%.
- Capital expenditures and investments to total about THB130 billion.

## RATING OUTLOOK

The "stable" outlook reflects our expectation that GULF's operational power plants will continue to perform well and generate stable cash flows. Also, GULF will develop and commission the new projects in the pipeline as planned. The company's credit metrics will align with our base line forecast.

## RATING SENSITIVITIES

We could raise the ratings if GULF attains a sustained debt to EBITDA ratio of well below 5 times. Conversely, we could revise the ratings downward if the company adopts a more aggressive investment strategy or investment assets perform materially below expectations or projects in the pipeline face major cost overruns. The downgrade scenario could occur if we see a debt to EBITDA ratio of above 7 times without signs of reduction.

## COMPANY OVERVIEW

GULF was established in April 2025 through the merger between GULFI and INTUCH. The company remains listed on the Stock Exchange of Thailand (SET), with Mr. Sarath and related parties currently holding about 60% of its shares.

GULF engages in three main businesses including power, infrastructure, and digital. The power business is the cornerstone of its investment, with a total equity installed capacity across all power projects of 13.2 GW. In infrastructure, GULF and partners are developing the Map Ta Phut Industrial Port Phase 3 (MTP3) and the Laem Chabang Port Phase 3 (LCP3) in the Eastern Economic Corridor. In the digital sector, GULF owns 41.2% of Thaicom PLC (THCOM) and 40.4% of ADVANC, collaborating with partners like Singapore Telecommunications Ltd. (SINGTEL) and Binance Group (BINANCE) to develop data centers and digital asset exchange in Thailand.

## KEY OPERATING STATISTICS

**Table 1: Revenue Breakdown**

*Unit: %*

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| Power | 95 | 93 | 94 |
| Consulting | 1 | 1 | 1 |
| Infrastructure | 4 | 4 | 3 |
| Satellite | - | 2 | 2 |
| **Total** | **100** | **100** | **100** |
| **Total revenue (mil. THB)** | **94,163** | **114,054** | **120,888** |

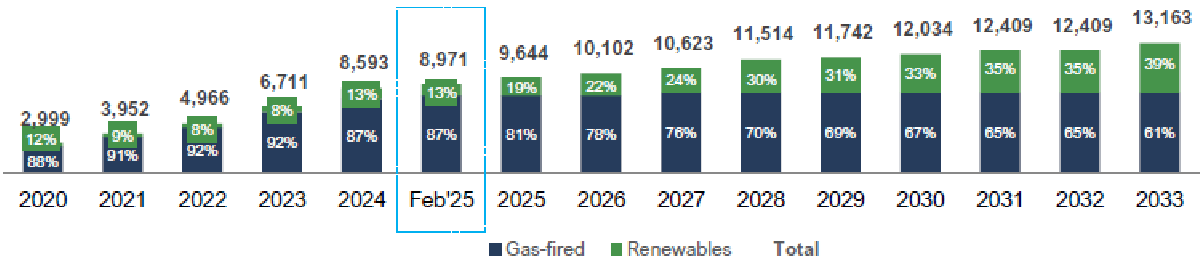
*Source: GULF*

**Table 2: Power Portfolio (as of February 2025)**

| Project | Location | Held by GULF (%) | Equity Installed Capacity (MW) |
|---|---|---|---|
| **Projects in operation** | | | |
| **Conventional energy (gas-fired)** | | | |
| IPP | Thailand | 40-70 | 5,833 |
| SPP | Thailand | 40-70 | 1,266 |
| DIPWP | Oman | 49 | 160 |
| Jackson | US | 49 | 588 |
| **Renewable energy** | | | |
| Solar private PPA | Thailand | 80-100 | 134 |
| Solar and solar plus BESS | Thailand | 100 | 532 |
| Wind | Thailand | 50 | 89 |
| Biomass | Thailand | 100 | 25 |
| Solar and wind | Vietnam | 90-95 | 229 |
| Wind | Germany | 25 | 116 |
| **Sub total – projects in operation** | | | **8,971** |
| **Projects under construction and development** | | | |
| **Conventional energy (gas-fired)** | | | |
| IPP | Thailand | 35 | 210 |
| **Renewable energy** | | | |
| Solar private PPA | Thailand | 80-100 | 76 |
| Solar and solar plus BESS | Thailand | 100 | 2,006 |
| Wind | Thailand | 60-100 | 413 |
| Waste | Thailand | 51-100 | 66 |
| Hydro | Laos | 20-49 | 1,047 |
| Wind | UK | 25 | 375 |
| **Sub total – projects under construction and development** | | | **4,192** |
| **Grand total** | | | **13,163** |

*Source: GULF*

**Chart 1: Equity Installed Capacity in Operational Phase (Based on Projects in Pipeline)**




*Sources: GULF*

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

*Unit: Mil. THB*

| | -------Year Ended 31 December---- | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Total operating revenues | 121,476 | 114,774 | 94,986 |
| Earnings before interest and taxes (EBIT) | 39,163 | 32,837 | 25,935 |
| Earnings before interest, taxes, depreciation, and amortization (EBITDA) | 45,731 | 39,045 | 34,401 |
| Funds from operations (FFO) | 33,836 | 28,567 | 25,401 |
| Adjusted interest expense | 11,213 | 9,819 | 7,654 |
| Capital expenditures | 28,330 | 20,216 | 20,609 |
| Total assets | 704,271 | 671,127 | 635,796 |
| Adjusted debt | 284,143 | 248,571 | 212,686 |
| Adjusted equity | 361,683 | 355,621 | 345,937 |
| **Adjusted Ratios** | | | |
| EBITDA margin (%) | 37.1 | 33.7 | 36.0 |
| Pretax return on permanent capital (%) | 5.9 | 5.3 | 4.3 |
| EBITDA interest coverage (times) | 4.1 | 4.0 | 4.5 |
| Debt to EBITDA (times) | 6.2 | 6.4 | 6.2 |
| FFO to debt (%) | 11.9 | 11.5 | 11.9 |
| Debt to capitalization (%) | 44.0 | 41.1 | 38.1 |

* *Pro forma consolidated financial statements, with TRIS Rating's estimates*

## RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

## Gulf Development PLC (GULF)

| | |
|---|---|
| **Company Rating:** | AA- |
| **Issue Ratings:** | |
| GULF258A: THB2,500 million senior unsecured debentures due 2025 | AA- |
| GULF258B: THB7,000 million senior unsecured debentures due 2025 | AA- |
| GULF261A: THB2,000 million senior unsecured debentures due 2026 | AA- |
| GULF263A: THB4,100 million senior unsecured debentures due 2026 | AA- |
| GULF263B: THB5,805 million senior unsecured debentures due 2026 | AA- |
| GULF268A: THB2,200 million senior unsecured debentures due 2026 | AA- |
| GULF268B: THB15,927.4 million senior unsecured debentures due 2026 | AA- |
| GULF269A: THB6,000 million senior unsecured debentures due 2026 | AA- |
| GULF272A: THB8,000 million senior unsecured debentures due 2027 | AA- |
| GULF273A: THB4,400 million senior unsecured debentures due 2027 | AA- |
| GULF274A: THB2,000 million senior unsecured debentures due 2027 | AA- |
| GULF278A: THB2,000 million senior unsecured debentures due 2027 | AA- |
| GULF278B: THB1,000 million senior unsecured debentures due 2027 | AA- |
| GULF279A: THB3,664 million senior unsecured debentures due 2027 | AA- |
| GULF279B: THB2,500 million senior unsecured debentures due 2027 | AA- |
| GULF283A: THB4,500 million senior unsecured debentures due 2028 | AA- |
| GULF283B: THB3,500 million senior unsecured debentures due 2028 | AA- |
| GULF284A: THB4,528 million senior unsecured debentures due 2028 | AA- |
| GULF289A: THB3,000 million senior unsecured debentures due 2028 | AA- |
| GULF289B: THB1,500 million senior unsecured debentures due 2028 | AA- |
| GULF289C: THB2,687 million senior unsecured debentures due 2028 | AA- |
| GULF291A: THB1,000 million senior unsecured debentures due 2029 | AA- |
| GULF292A: THB1,000 million senior unsecured debentures due 2029 | AA- |
| GULF293A: THB6,500 million senior unsecured debentures due 2029 | AA- |
| GULF294A: THB6,472 million senior unsecured debentures due 2029 | AA- |
| GULF298A: THB800 million senior unsecured debentures due 2029 | AA- |
| GULF298B: THB5,071.8 million senior unsecured debentures due 2029 | AA- |
| GULF299A: THB10,013 million senior unsecured debentures due 2029 | AA- |
| GULF303A: THB3,500 million senior unsecured debentures due 2030 | AA- |
| GULF303B: THB12,000 million senior unsecured debentures due 2030 | AA- |
| GULF308A: THB1,000 million senior unsecured debentures due 2030 | AA- |
| GULF309A: THB3,031 million senior unsecured debentures due 2030 | AA- |
| GULF314A: THB3,000 million senior unsecured debentures due 2031 | AA- |
| GULF319A: THB9,000 million senior unsecured debentures due 2031 | AA- |
| GULF319B: THB4,800 million senior unsecured debentures due 2031 | AA- |
| GULF322A: THB5,000 million senior unsecured debentures due 2032 | AA- |
| GULF323A: THB4,000 million senior unsecured debentures due 2032 | AA- |
| GULF328A: THB3,000 million senior unsecured debentures due 2032 | AA- |
| GULF333A: THB3,500 million senior unsecured debentures due 2033 | AA- |
| GULF339A: THB1,000 million senior unsecured debentures due 2033 | AA- |
| GULF344A: THB4,000 million senior unsecured debentures due 2034 | AA- |
| GULF349A: THB5,000 million senior unsecured debentures due 2034 | AA- |
| GULF353A: THB4,000 million senior unsecured debentures due 2035 | AA- |
| **Rating Outlook:** | Stable |

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