13 FEBRUARY 2024

EQUITY RESEARCH - COMPANY REPORT

CH.KARNCHANG CK TB

THAILAND / CONSTRUCTION SERVICES

BUY

UNCHANGED

TARGET PRICE	THB26.00
CLOSE	THB21.40
UP/DOWNSIDE	+21.5%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.7%

คาดกำไร 4Q23 โต y-y ภาพปี 2024 ดูดีขึ้น

- ประเมินกำไร 4Q23 ที่ 150 ล้านบาท +33% y-y หลักๆจากความคืบหน้าโรงไฟฟ้าหลวงพระบาง รวมถึงส่วนแบ่งกำไร BEM, CKP เพิ่ม แต่ -77% q-q จากบริษัทลูก
- ภาครัฐผลักดันงานประมูลมากขึ้นในปีนี้ อาทิ ทางด่วน, รถไฟฟ้าสีแดง, รถไฟทางคู่
- คงประมาณการกำไรปี 2024 +25% y-y คงราคาเหมาะสม 26 บาท ยังแนะนำซื้อ

คาดกำไร 4Q23 เร่งขึ้น y-y แต่ลดลง q-q จากบริษัทลูก

เราประเมินกำไรสุทธิ 4Q23 ที่ 150 ล้านบาท (-77% q-q, +33% y-y) โดยการลดลง q-q มีสาเหตุจากไม่มีเงินปันผลรับจาก TTW รวมถึงการปรับลงของกำไร BEM และ CKP อย่างไรก็ดี ผลประกอบการที่เติบโต y-y หนุนจากรายได้ก่อสร้างคาด +3% q-q, +135% y-y ที่ 9.2 พันล้านบาท หลักๆจากความคืบหน้าของโรงไฟฟ้าหลวงพระบาง, รถไฟทางคู่เด่นชัยและรถไฟฟ้าม่วงใต้ รวมถึงส่วนแบ่งกำไรบริษัทร่วมคาดที่ 407 ล้านบาท +69% y-y แต่ -32% q-q ตามปัจจัยฤดูกาลของ BEM และ CKP อย่างไรก็ตาม อัตรากำไรขั้นต้นคาดปรับลงเป็น 6.5% เทียบกับ 7.4%-7.7% ใน 3Q23-4Q22 ตามการรับรู้งานโรงไฟฟ้าหลวงพระบางมากขึ้น และ SG&A สูงขึ้นจากโบนัสพนักงาน ทำให้คาดกำไรสุทธิปี 2023 จบที่ 1.5 พันล้านบาท (+35% y-y) ตามประมาณการของเรา

รับปัจจัยหนุนจากงานในมือระดับสูงและการเติบโตบริษัทลูก

Backlog ณ สิ้นปี 2023 คาดที่ 1.3 แสนล้านบาท เทียบเท่ารายได้ 3 ปี โดยสัดส่วนหลักมาจากโรงไฟฟ้าหลวงพระบาง, รถไฟฟ้าม่วงใต้ และรถไฟทางคู่เด่นชัย เราคงประมาณการกำไรสุทธิปี 2024 ที่ 1.86 พันล้านบาท (+25% y-y) ตามรายได้คาดเร่งขึ้นเป็น 4 หมื่นล้านบาท (+13% y-y) บวกกับส่วนแบ่งกำไรบริษัทร่วม +16% y-y จาก BEM ที่ผู้ใช้บริการเพิ่มขึ้นจากกิจกรรมเศรษฐกิจและการพัฒนาโครงการแนวรถไฟฟ้า และ CKP หลัง El Nino ผ่อนคลายลง ส่วนประเด็นการขึ้นค่าแรงขั้นต่ำคาดกระทบจำกัดเนื่องจาก CK มีสัดส่วน Sub-contract 60-70% ของต้นทุน และจ่ายค่าแรงสูงกว่าขั้นต่ำ

ภาครัฐเดินหน้าผลักดันการลงทุนใหม่ เปิดโอกาสรับงานเพิ่ม

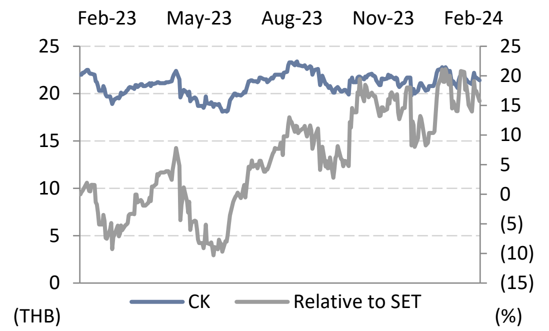
แนวโน้มภาครัฐจะผลักดันลงทุนโครงสร้างพื้นฐานมากขึ้นในปี 2024 โดยโครงการที่มีโอกาสเปิดประมูลคือ 1) ทางด่วนจตุโชติ-ลำลูกกา งานโยธา 1.9 หมื่นล้านบาท คาดขายซอง TOR เดือนเม.ย. 2) รถไฟฟ้าสายสีแดงต่อขยาย 3 เส้นทาง วงเงินรวม 2.2 หมื่นล้านบาท ซึ่งรอเสนอเข้าครม.พิจารณา 3) รถไฟทางคู่ขอนแก่น-หนองคาย มูลค่า 3 หมื่นล้านบาท คาดเปิดประมูลใน 2Q24 นอกจากนี้ ยังมีโครงการที่ CK มีศักยภาพรับงานอย่างโครงการ Double Deck ซึ่ง BEM มีโอกาสรับสัมปทาน คาดชัดเจนปลายปีนี้ รวมถึงรถไฟฟ้าสายสีส้ม อยู่ระหว่างรอคำตัดสินศาลปกครองสูงสุดใน 2Q24

คงราคาเหมาะสม 26 บาท ยังแนะนำซื้อ ชอบสุดในกลุ่มรับเหมาฯ

เราคงราคาเหมาะสม 26 บาท (อิง SOTP) คงคำแนะนำซื้อ จากภาพรวมดูดีขึ้นทั้งธุรกิจรับเหมาฯ หนุนด้วยการเติบโตเงินลงทุนบริษัทลูก โดยความคืบหน้าของงานประมูลใหม่จะเป็น Catalyst ต่อราคาหุ้น โดยระยะสั้นติดตามทางด่วนจตุโชติ-ลำลูกกาในเดือนเม.ย.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,097	35,736	40,460	41,825
Net profit	1,105	1,485	1,862	2,019
EPS (THB)	0.65	0.88	1.10	1.19
vs Consensus (%)	-	(3.1)	(6.1)	(14.6)
EBITDA	1,438	2,697	2,983	3,077
Recurring net profit	882	1,436	1,862	2,019
Core EPS (THB)	0.52	0.85	1.10	1.19
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	783.4	62.7	29.7	8.4
Core P/E (x)	41.1	25.2	19.5	18.0
Dividend yield (%)	1.2	1.6	2.1	2.2
EV/EBITDA (x)	52.8	27.7	25.3	24.5
Price/book (x)	1.5	1.5	1.4	1.3
Net debt/Equity (%)	160.3	146.2	144.5	139.2
ROE (%)	3.6	5.9	7.3	7.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.1)	0.0	(3.2)
Relative to country (%)	(4.5)	0.0	16.0

Mkt cap (USD m)	1,010
3m avg. daily turnover (USD m)	1.5
Free float (%)	65
Major shareholder	Trivisvavet Family (32%)
12m high/low (THB)	23.50/17.80
Issued shares (m)	1,693.90

Sources: Bloomberg consensus; FSSIA estimates

Thanyatorn Songwutti

Fundamental Investment Analyst on Securities; License no. 101203

thanyatorn.s@fssia.com, +66 2646 9963

Investment thesis

ช่วงปี 2019-2022 ผลประกอบการของ CK อ่อนแอ โดยกำไรปกติอยู่ระดับต่ำกว่า 1 พันล้านบาท สาเหตุจากผลขาดทุนของธุรกิจรับเหมาก่อสร้างจากงานในมืออยู่ระดับต่ำ นอกจากนี้ ส่วนแบ่งกำไรจากบริษัทร่วมลดลงจาก BEM เผชิญสถานการณ์ Covid

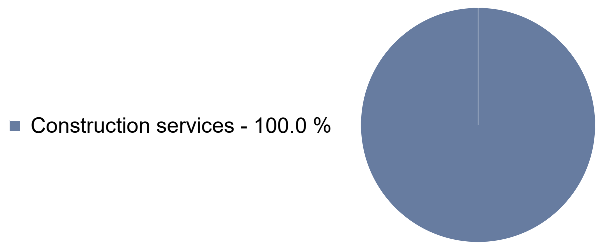
อย่างไรก็ตาม เรามีมุมมองบวกต่อผลประกอบการที่เป็นขาขึ้นตั้งแต่ปี 2023 ขับเคลื่อนจากการฟื้นตัวของธุรกิจรับเหมาเนื่องจากรับงานใหญ่เข้ามาเติม อาทิ รถไฟฟ้าสายสีม่วงใต้ รถไฟทางคู่ และโรงไฟฟ้าหลวงพระบาง อีกทั้ง ยังหนุนด้วยการเติบโตของการลงทุนในบริษัทร่วม โดยเฉพาะ BEM ที่มีแนวโน้มการฟื้นตัวทั้งปริมาณรถบนทางด่วนและผู้โดยสารในรถไฟฟ้า

Company profile

CK ก่อตั้งในปี 1972 ประกอบธุรกิจรับเหมาก่อสร้างทั่วไป โดยรับงานจากหน่วยงานราชการรัฐวิสาหกิจและภาคเอกชน มีลักษณะกิจการเป็นผู้รับเหมาโดยตรง Main Contractor) ผู้รับเหมาช่วง (Sub Contractor) หรือ Joint Venture หรือ Consortium นอกจากนี้ เป็นผู้ลงทุนเพื่อดำเนินธุรกิจพัฒนาการลงทุนโครงสร้างสาธารณูปโภคขั้นพื้นฐานในประเทศอย่างครบวงจร ปัจจุบัน CK ลงทุนในโครงสร้างพื้นฐานของประเทศ ประกอบด้วย ระบบขนส่งมวลชน ผ่านบมจ.ทางด่วนและรถไฟฟ้ากรุงเทพ (BEM), ระบบน้ำ ผ่านบมจ.ทีทีดับบลิว (TTW) และพลังงาน ผ่านบมจ.ซีเค พาวเวอร์ (CKP)

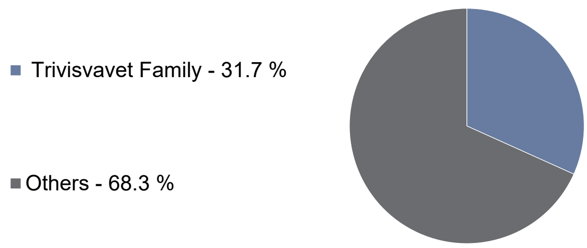
www.ch-karnchang.co.th

Principal activities (revenue, 2022)



Source: CH.Karnchang

Major shareholders



Source: CH.Karnchang

Catalysts

ปัจจัยหนุนการเติบโตคือ การรับงานใหม่เข้ามาเติม โดยความคืบหน้าของการผลักดันการลงทุนโครงสร้างพื้นฐานของภาครัฐจะเป็นประเด็นบวกสำคัญ โดยเฉพาะรถไฟฟ้าสายสีส้ม ซึ่ง BEM อยู่ระหว่างรอเซ็นสัญญา รวมถึงการเติบโตของเงินลงทุนในบริษัทร่วม

Risks to our call

ความเสี่ยงต่อประมาณการ 1) ความล่าช้าของการเซ็นสัญญาโครงการรถไฟฟ้าสายสีส้ม 2) ความล่าช้าของการเปิดประมูลงานใหม่ และงานใหม่น้อยกว่าคาด 3) ความไม่แน่นอนทางการเมือง 4) ความคืบหน้าการก่อสร้างน้อยกว่าคาด และปัญหา Cost overrun 5) ต้นทุนวัสดุก่อสร้างสูงขึ้น, การขาดแคลนแรงงาน และการปรับขึ้นค่าแรง 6) ผลประกอบการบริษัทร่วม (BEM, CKP) ต่ำกว่าคาด

Event calendar

Date	Event
29 February 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Construction revenue (THB m)	35,736	40,460	41,825
GPM (%)	7.2	7.4	7.4
SG&A to sales (%)	5.4	8.0	4.7
Associates (THB m)	1,371	1,595	1,681
Dividend income (THB m)	465	465	465

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in revenue, we estimate 2024 net profit to rise by 6.4%, and vice versa, all else being equal.
- For every 0.25% increase in GPM, we estimate 2024 net profit to rise by 4.3%, and vice versa, all else being equal.
- For every 5% increase in SG&A, we estimate 2024 net profit to fall by 4.2%, and vice versa, all else being equal.
- For every 5% increase in share profit from associates, we estimate 2024 net profit to rise by 4.3 %, and vice versa, all else being equal.

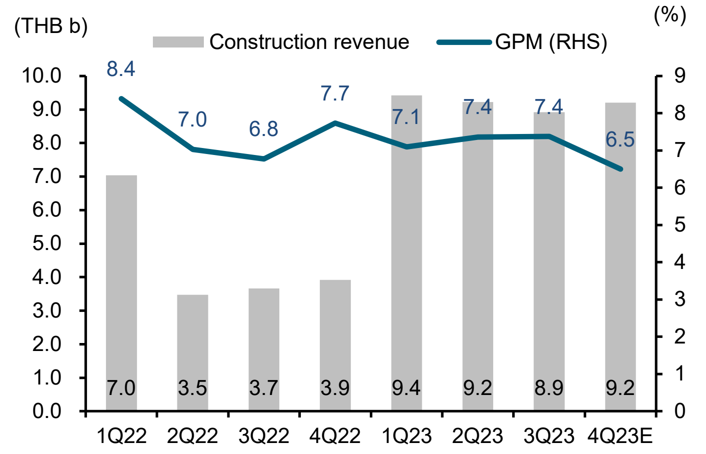
Source: FSSIA estimates

Exhibit 1: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	------------ Change -------------	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(q-q%)*	*(y-y%)*
Total revenue	3,920	9,425	9,220	8,925	9,200	*3.1*	*134.7*
Cost of sales	3,617	8,756	8,541	8,267	8,602	*4.1*	*137.8*
Gross profit	303	669	679	658	598	*(9.1)*	*97.3*
SG&A	481	495	470	533	540	*1.4*	*12.2*
Operating profit	(178)	174	209	125	58	*(53.7)*	*na*
Other income	224	217	545	440	208	*(52.7)*	*(7.0)*
Interest expense	362	396	474	480	480	*0.0*	*32.6*
Tax expense	8	(10)	(23)	(19)	(24)	*na*	*na*
Associates	241	200	255	595	407	*(31.6)*	*68.7*
Reported net profit	112	217	486	641	150	*(76.6)*	*33.3*
Core profit	(75)	169	486	641	150	*(76.6)*	*na*
Key ratios (%)						*(ppt)*	*(ppt)*
Gross margin	7.7	7.1	7.4	7.4	6.5	*(0.9)*	*(1.2)*
SG&A / Sales	12.3	5.2	5.1	6.0	5.9	*(0.1)*	*(6.4)*
Operating margin	(4.5)	1.9	2.3	1.4	0.6	*(0.8)*	*5.2*
Net margin	2.9	2.3	5.3	7.2	1.6	*(5.6)*	*(1.2)*
Norm margin	(1.9)	1.8	5.3	7.2	1.6	*(5.6)*	*3.5*

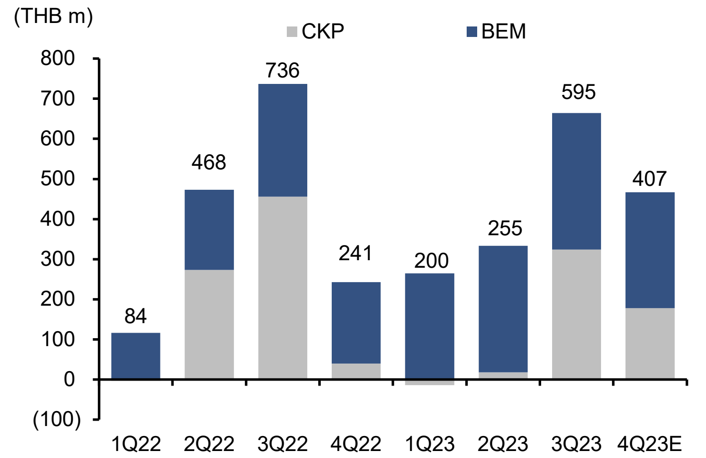
Sources: CK; FSSIA estimates

Exhibit 2: Quarterly revenue and GPM



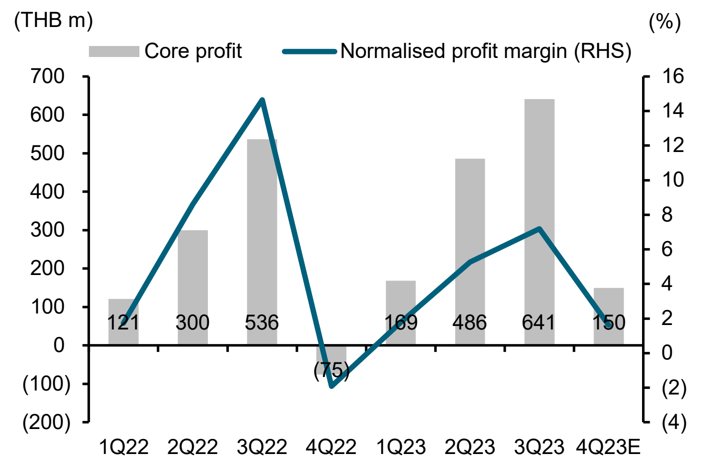
Sources: CK; FSSIA estimates

Exhibit 3: Quarterly associates



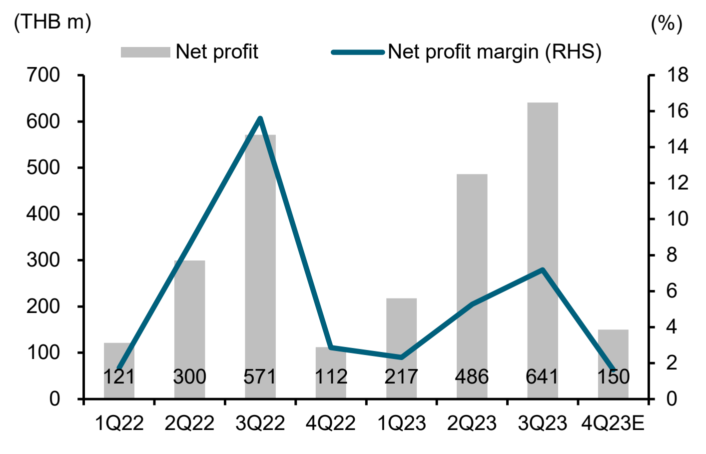
Sources: CK; FSSIA estimates

Exhibit 4: Quarterly core profit and normalised profit margin



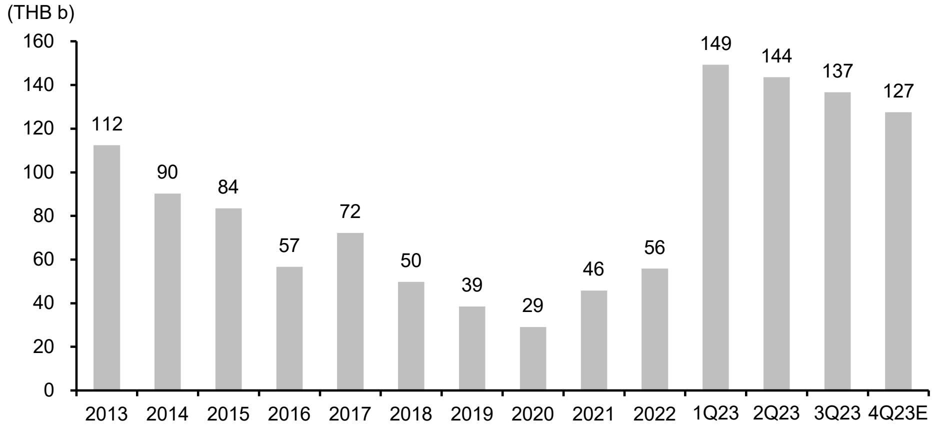
Sources: CK; FSSIA estimates

Exhibit 5: Quarterly net profit and NPM



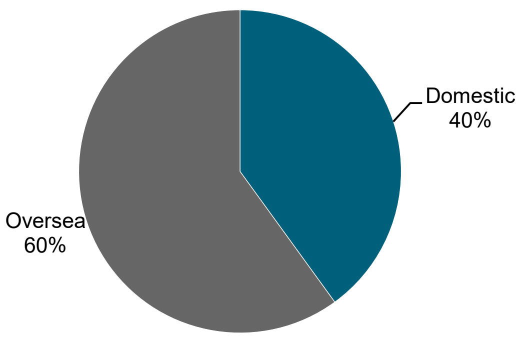
Sources: CK; FSSIA estimates

Exhibit 6: Backlog



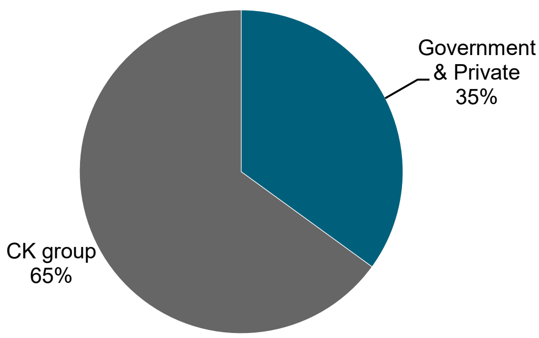
Sources: CK; FSSIA estimates

Exhibit 7: Backlog breakdown by region



Sources: CK; FSSIA's compilations

Exhibit 8: Backlog breakdown by type of project



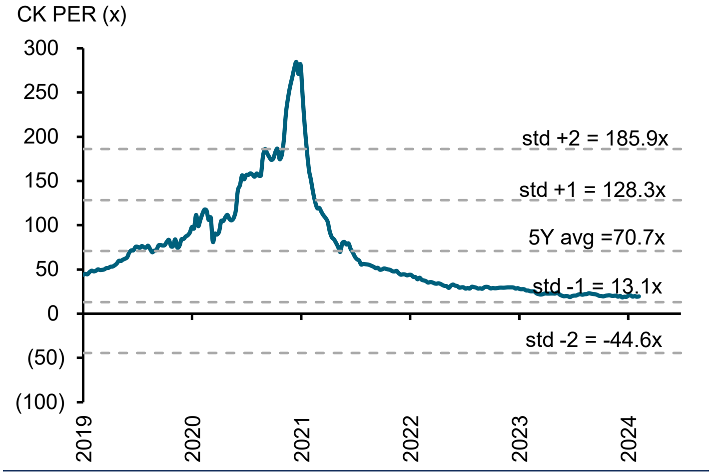
Sources: CK; FSSIA's compilations

Exhibit 9: Key projects targeted in 2024

Projects	Construction Value (MB)	Project Owner	Project Progress	Activities Q4/23	Q1/24	Q2/24	Q3/24
MRT Orange Line : Taling Chan - Thailand Cultural Centre (Western Extension)	109,216	MRTA	Considerations for Proposals	Signing & Construction			
Red Line : Taling chan - Salaya	10,670	SRT	Cabinet Approved	Waiting for a New Cabinet Continues the Project			
Red Line : Taling chan - Siriraj Hospital	4,694						
Red Line : Rangsit - Thammasat University	6,469						
Red Line : Bang Sue Hua Mark & Bang Sue - HuaLamphong (Missing Link)	44,158			Modifying the Construction Drawing & Revised EIA Process			
Double Track : Khonkaen – Nong Khai	28,759	SRT	To Submit to MOT	Waiting for a New Cabinet Approval			
Double Track : Chira Junction – Ubonratchathani	36,000	SRT	To Submit to MOT	Under MOT Process			
Double Track : Pak nam Pho – Den Chai	62,800	SRT	To Submit to MOT	Under MOT Process			
Chalongrat Expressway Extension (Chatuchote – Lam Luk Ka Section)	20,333	EXAT	Cabinet Approved	TOR & EIA Process			
Double Deck Expressway (Rama 9 – Ngam Wong Wan)	35,000	EXAT	Waiting for cabinet approval	Preparing EIA Report			
Motorway : Western Outer Ring Road - Bang Khun Thian - Bang Bua Thong (M9)	46,000	DOH	Submit to PPP Board	Waiting for a New Cabinet Approval			
Mortorway : Nakhon Pathom - Cha-am (M8)	61,000	DOH	Preparing PPP Report	Revised EIA Process			
Motorway : Rangsit- Bang pa - in (M5)	25,000	DOH	Preparing PPP Report	Waiting for a New Cabinet Approval			
Suvarnabhumi International Airport (East Expansion)	7,830	AOT	Cabinet Approved	Design Process			
Bangkok International Airport Phase 3	36,829	AOT	Cabinet Approved	Survey & Design Process			
Bridge over Songkhla Lake	4,829	DOR	EIA Approved	Waiting for a New Cabinet Approval			
Koh Lanta Bridge 2 (Lanta Island - Krabi Mainland)	1,800	DOR	EIA Approved	Waiting for a New Cabinet Approval			
Ramathibodi Hospital, Yothi Medical Innovation District	10,020	MU	Cabinet Approved	Under TOR Process			
Total	551,407						

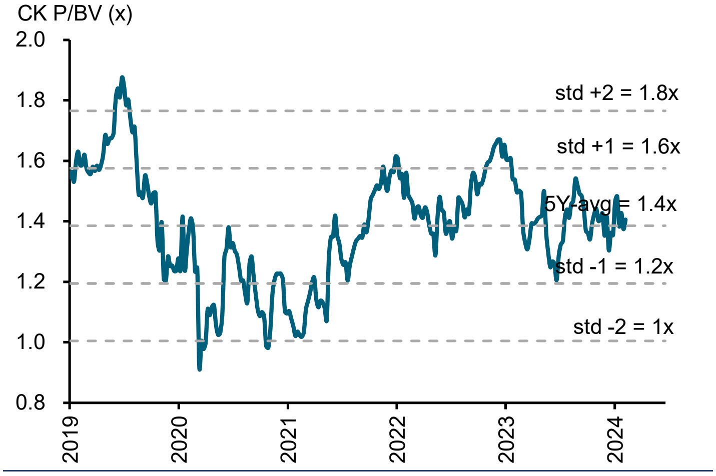
Source: CK

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

CH.Karnchang

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	12,199	18,097	35,736	40,460	41,825
Cost of goods sold	(11,235)	(16,711)	(33,163)	(37,466)	(38,730)
Gross profit	**963**	**1,386**	**2,573**	**2,994**	**3,095**
Other operating income	1,415	1,341	1,420	1,300	1,300
Operating costs	(1,915)	(1,927)	(1,946)	(1,966)	(1,975)
Operating EBITDA	**1,158**	**1,438**	**2,697**	**2,983**	**3,077**
Depreciation	(695)	(638)	(651)	(654)	(658)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**463**	**800**	**2,047**	**2,328**	**2,420**
Net financing costs	(1,386)	(1,411)	(1,812)	(1,869)	(1,873)
Associates	1,088	1,530	1,371	1,595	1,681
Recurring non-operating income	1,088	1,530	1,371	1,595	1,681
Non-recurring items	806	222	49	0	0
Profit before tax	**971**	**1,142**	**1,655**	**2,054**	**2,228**
Tax	(38)	(21)	(71)	(92)	(109)
Profit after tax	**933**	**1,121**	**1,585**	**1,962**	**2,119**
Minority interests	(28)	(16)	(100)	(100)	(100)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	**906**	**1,105**	**1,485**	**1,862**	**2,019**
Non-recurring items & goodwill (net)	**(806)**	**(222)**	**(49)**	**0**	**0**
Recurring net profit	**100**	**882**	**1,436**	**1,862**	**2,019**
Per share (THB)					
Recurring EPS *	0.06	0.52	0.85	1.10	1.19
Reported EPS	0.53	0.65	0.88	1.10	1.19
DPS	0.25	0.25	0.35	0.44	0.48
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
Growth					
Revenue (%)	(27.2)	48.3	97.5	13.2	3.4
Operating EBITDA (%)	(24.1)	24.2	87.5	10.6	3.2
Operating EBIT (%)	(42.0)	72.8	155.8	13.8	3.9
Recurring EPS (%)	(70.4)	783.4	62.7	29.7	8.4
Reported EPS (%)	48.0	22.0	34.4	25.4	8.4
Operating performance					
Gross margin inc. depreciation (%)	7.9	7.7	7.2	7.4	7.4
Gross margin exc. depreciation (%)	13.6	11.2	9.0	9.0	9.0
Operating EBITDA margin (%)	9.5	7.9	7.5	7.4	7.4
Operating EBIT margin (%)	3.8	4.4	5.7	5.8	5.8
Net margin (%)	0.8	4.9	4.0	4.6	4.8
Effective tax rate (%)	3.9	1.8	4.3	4.5	4.9
Dividend payout on recurring profit (%)	424.0	48.0	41.4	40.0	40.0
Interest cover (X)	1.1	1.7	1.9	2.1	2.2
Inventory days	167.4	161.3	129.3	129.7	98.4
Debtor days	88.7	48.6	38.6	48.1	50.3
Creditor days	83.3	57.0	49.5	63.0	65.7
Operating ROIC (%)	2.7	4.2	9.6	10.0	10.0
ROIC (%)	1.9	2.8	4.1	4.5	4.7
ROE (%)	0.4	3.6	5.9	7.3	7.6
ROA (%)	1.5	2.4	3.2	3.5	3.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Construction services	12,199	18,097	35,736	40,460	41,825
Others					

Sources: CH.Karnchang; FSSIA estimates

Financial Statements

CH.Karnchang

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	100	882	1,436	1,862	2,019
Depreciation	695	638	651	654	658
Associates & minorities	331	377	449	446	444
Other non-cash items	-	-	-	-	-
Change in working capital	(1,109)	(2,237)	(381)	(2,207)	(1,538)
Cash flow from operations	**16**	**(340)**	**2,154**	**756**	**1,582**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,346)	-	(207)	(646)	(644)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	233	-	-	-
Cash flow from investing	**(1,346)**	**233**	**(207)**	**(646)**	**(644)**
Dividends paid	-	(509)	(645)	(845)	(907)
Equity finance	(821)	(2,031)	346	(179)	(126)
Debt finance	827	2,835	(1,790)	200	0
Other financing cash flows	531	-	-	-	-
Cash flow from financing	**537**	**295**	**(2,089)**	**(824)**	**(1,033)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(793)**	**187**	**(142)**	**(715)**	**(96)**
Free cash flow to firm (FCFF)	55.04	1,303.02	3,758.35	1,978.47	2,810.41
Free cash flow to equity (FCFE)	27.94	2,727.35	156.88	309.47	**937.21**

Per share (THB)					
FCFF per share	0.03	0.77	2.22	1.17	1.66
FCFE per share	0.02	1.61	0.09	0.18	0.55
Recurring cash flow per share	0.66	1.12	1.50	1.75	1.84

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	17,891	18,625	18,141	18,247	18,352
Less: Accumulated depreciation	(5,996)	(6,798)	(7,204)	(7,764)	(8,327)
Tangible fixed assets (net)	**11,895**	**11,827**	**10,936**	**10,482**	**10,025**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	50,910	49,847	49,947	50,047	50,147
Cash & equivalents	6,772	6,960	6,818	6,103	6,007
A/C receivable	2,273	2,549	5,003	5,664	5,856
Inventories	6,094	8,112	14,923	11,240	9,295
Other current assets	4,930	5,436	10,821	12,238	12,648
Current assets	**20,069**	**23,057**	**37,565**	**35,245**	**33,805**
Other assets	546	420	441	463	486
Total assets	**83,421**	**85,151**	**98,889**	**96,237**	**94,464**
Common equity	25,669	24,026	24,917	26,034	27,246
Minorities etc.	439	440	786	607	481
Total shareholders' equity	**26,108**	**24,466**	**25,703**	**26,641**	**27,727**
Long term debt	36,634	37,991	37,662	37,842	37,842
Other long-term liabilities	2,931	2,651	5,306	4,496	3,873
Long-term liabilities	**39,565**	**40,642**	**42,968**	**42,338**	**41,715**
A/C payable	2,174	2,850	5,969	6,744	6,971
Short term debt	6,721	8,199	6,738	6,758	6,758
Other current liabilities	8,853	8,994	17,511	13,756	11,293
Current liabilities	**17,748**	**20,043**	**30,218**	**27,258**	**25,022**
Total liabilities and shareholders' equity	**83,421**	**85,151**	**98,889**	**96,237**	**94,464**
Net working capital	2,270	4,253	7,267	8,642	9,534
Invested capital	65,621	66,347	68,592	69,634	70,193

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)					
Book value per share	15.15	14.18	14.71	15.37	16.08
Tangible book value per share	15.15	14.18	14.71	15.37	16.08
Financial strength					
Net debt/equity (%)	140.1	160.3	146.2	144.5	139.2
Net debt/total assets (%)	43.9	46.1	38.0	40.0	40.9
Current ratio (x)	1.1	1.2	1.2	1.3	1.4
CF interest cover (x)	2.0	2.9	1.2	1.5	1.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**363.0**	**41.1**	**25.2**	**19.5**	**18.0**
Recurring P/E @ target price (x) *	**441.0**	**49.9**	**30.7**	**23.6**	**21.8**
Reported P/E (x)	40.0	32.8	24.4	19.5	18.0
Dividend yield (%)	1.2	1.2	1.6	2.1	2.2
Price/book (x)	1.4	1.5	1.5	1.4	1.3
Price/tangible book (x)	1.4	1.5	1.5	1.4	1.3
EV/EBITDA (x) **	63.3	52.8	27.7	25.3	24.5
EV/EBITDA @ target price (x) **	70.0	58.2	30.6	27.9	27.0
EV/invested capital (x)	1.1	1.1	1.1	1.1	1.1

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: CH.Karnchang; FSSIA estimates

CH Karnchang PCL (CK TB)

FSSIA ESG rating

★★

38.06 /100

Exhibit 12: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	**>19-39**	**Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.**
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 13: ESG – peer comparison

	FSSIA	------------------ Domestic ratings					-----------------------	-------------------------------- Global ratings					------------------------	--- Bloomberg	---
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
CK	38.06	--	--	--	5.00	4.00	--	High	50.15	BB	--	43.93	22.00	2.13	43.16
ITD	14.63	--	--	--	4.00	4.00	--	Severe	--	--	--	--	13.00	--	--
STEC	39.73	--	--	--	5.00	5.00	--	Severe	62.52	BBB	--	36.51	22.00	1.64	37.87
SYNTEC	36.38	--	--	Y	5.00	5.00	Certified	--	53.14	--	--	37.86	--	--	--
NWR	24.97	--	--	--	4.00	5.00	Certified	--	47.79	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 14: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**—**	**—**	**1.93**	**2.13**
BESG environmental pillar score	—	—	0.00	0.10
BESG social pillar score	—	—	4.64	5.11
BESG governance pillar score	—	—	3.08	3.14
ESG disclosure score	**32.81**	**33.67**	**38.17**	**43.16**
Environmental disclosure score	0.91	0.91	6.10	20.48
Social disclosure score	16.26	18.83	27.15	27.78
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	No	No	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	2	2
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	643	3
Renewable energy use	—	—	—	—
Electricity used	—	—	643	3
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	No	No
Water consumption	—	—	—	—
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	18	26
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0
Total recordable incident rate - employees	0	0	0	—
Training policy	No	No	No	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	—	2,380	2,124	2,304
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	—	—	13,785	17,303
Social supply chain management	No	No	No	Yes
Governance				
Board size	**10**	**9**	**10**	**10**
No. of independent directors (ID)	**4**	**3**	**4**	**4**
No. of women on board	1	1	1	1
No. of non-executive directors on board	4	3	4	4
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	7	7	8
Board meeting attendance pct	100	100	100	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	45	46	47	43
Age of the oldest director	82	80	81	82
No. of executives / company managers	**17**	**16**	**14**	**14**
No. of female executives	2	2	2	1
Executive share ownership guidelines	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	100	100	100
Size of compensation committee	**4**	**3**	**3**	**3**
No. of ID on compensation committee	3	1	1	1
No. of compensation committee meetings	2	2	3	4
Compensation meeting attendance %	100	100	100	100
Size of nomination committee	**4**	**3**	**3**	**3**
No. of nomination committee meetings	2	2	3	4
Nomination meeting attendance %	100	100	100	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). *(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL: 0-10; Low: 10-20; Medium: 20-30; High: 30-40; Severe: 40+
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.	

AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities
AA	7.143-8.570		
A	5.714-7.142	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BBB	4.286-5.713		
BB	2.857-4.285		
B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

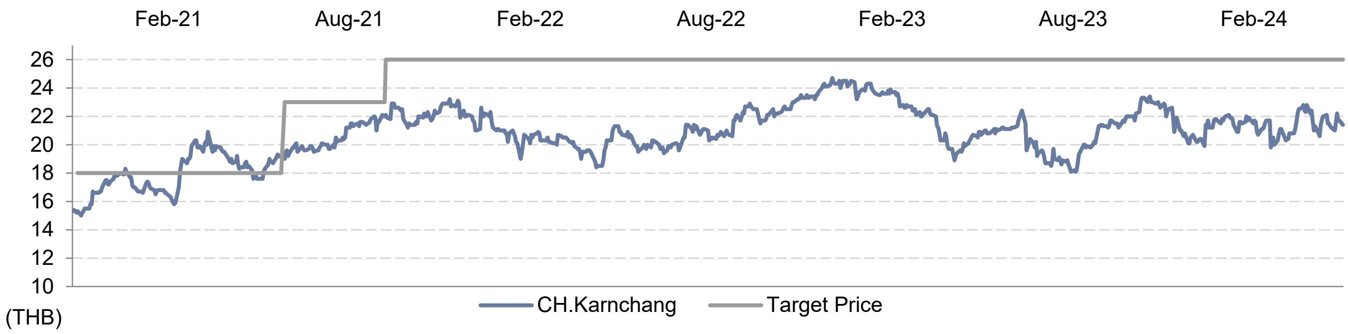
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions.

 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

CH.Karnchang (CK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Feb-2021	BUY	18.00	13-Aug-2021	BUY	23.00	10-Nov-2021	BUY	26.00

Thanyatorn Songwutti started covering this stock from 11-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH.Karnchang	CK TB	THB 21.40	BUY	Key downside risks to our SoTP-based TP include 1) delays in the signing of the Luang Prabang hydropower plant and Orange Line projects; 2) fewer new projects than expected; 3) political uncertainty; 4) delays in construction; 5) labour shortages; 6) higher raw material and labour costs; and 7) intense competition.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 12-Feb-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.