

SEAFCO SEAFCO TB

THAILAND / CONSTRUCTION SERVICES

BUY

UNCHANGED

TARGET PRICE	THB3.80
CLOSE	THB2.58
UP/DOWNSIDE	+47.3%
PRIOR TP	THB3.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+15.2%

4Q23 results at first glance

กำไร 4Q23 โต y-y แต่ลดลง q-q / จ่ายปันผลเป็นเงินและหุ้น

Highlights

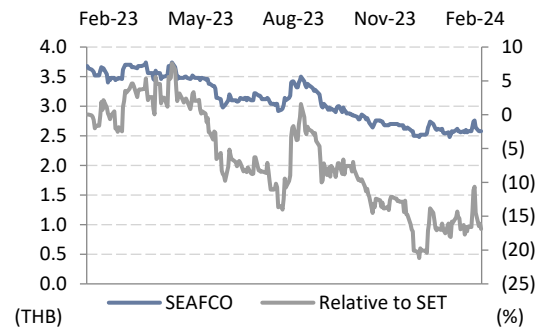
- รายงานกำไรสุทธิ 4Q23 เท่ากับ 36 ล้านบาท (-43% q-q, +269% y-y) ใกล้เคียง คาด โดยการเติบโต y-y ตามงานในมือที่เพิ่มขึ้น หลักรถไฟฟ้าม่วงใต้ ซึ่งรับรู้ต่อเนื่องตั้งแต่ 1Q23 อย่างไรก็ตาม ความคืบหน้าก่อสร้างของงานดังกล่าวลดลงเนื่องจากอยู่ในช่วงปลายโครงการ ส่งผลให้ผลประกอบการหดตัว q-q
- รายได้ก่อสร้างทำได้ 388 ล้านบาท (-21% q-q, +71% y-y) และอัตรากำไรขั้นต้นปรับลงเป็น 21.8% จาก 22.7% ใน 3Q23 สะท้อนสัดส่วนรายได้ที่ลดลงของรถไฟฟ้าม่วงใต้ซึ่งมารีจิ้นดี แต่ปรับขึ้นจาก 11% ใน 4Q22 ตามอัตราการใช้เครื่องจักรสูงขึ้น
- กำไรสุทธิปี 2023 ที่ 169 ล้านบาท พลิกจากขาดทุน 129 ล้านบาทในปี 2022 หากหักรายการพิเศษ กำไรปกติ 151 ล้านบาท จากปี 2022 ขาดทุน 133 ล้านบาท
- บริษัทประกาศจ่ายปันผลงวดปี 2023 เป็นหุ้นในอัตรา 10 หุ้นเดิม : 1 หุ้นปันผล (EPS dilution 9%) และเงินสด 0.09 บาท/หุ้น คิดเป็น Yield 3.5% ขึ้น XD วันที่ 3 พ.ค. และจ่าย 27 พ.ค. 2024

Outlook

- เราคงประมาณการกำไรปกติปี 2024 ที่ 157 ล้านบาท (+4% y-y) ระยะสั้นแนวโน้มกำไร 1Q24 คาดทรงตัว q-q จากการรับรู้งานรถไฟฟ้าม่วงใต้ส่วนที่เหลือก่อนส่งมอบในช่วงปลายไตรมาส แต่เทียบ 1Q23 จะลดลง y-y ตามงานในมือลดลง
- Backlog ปัจจุบันอยู่ที่ 800-900 ล้านบาท ทอยอร์รับรู้รายได้ถึง 2Q24 ขณะที่บริษัทอยู่ระหว่างประมูลงานเอกชน 2 โครงการใหญ่ มูลค่าฐานรวม 600 ล้านบาท ประกาศผลเดือนมี.ค. ซึ่งหากได้รับงานจะเริ่มก่อสร้างช่วงกลาง 2Q24 นอกจากนี้ยังมีโครงการภาครัฐขนาดใหญ่อย่างทางด่วนจุดไฮติ-ลำลูกกา ซึ่งมีแผนเปิดประมูลผู้รับเหมาหลักในเดือนเม.ย. โดยบริษัทเชื่อมั่นมีส่วนร่วมรับ sub-contract ในงานฐานราก คาดเริ่มงานใน 4Q24 รวมถึงรถไฟฟ้าม่วงใต้สายสีส้ม ซึ่งอยู่ระหว่างรอคำตัดสินของศาลปกครองสูงสุด คาดเป็นส่วนเติมงานในปีหน้า
- คงราคาเหมาะสม 3.80 บาท (อิง PBV 1.7x) และหลัง XD 3.50 บาท ราคาหุ้นมี Upside เปิดกว้าง จึงคงคำแนะนำซื้อ

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,786	1,862	1,962	2,002
Net profit	169	157	164	166
EPS (THB)	0.23	0.21	0.22	0.23
vs Consensus (%)	-	(1.4)	35.0	7.0
EBITDA	345	360	388	409
Recurring net profit	151	157	164	166
Core EPS (THB)	0.20	0.21	0.22	0.23
Chg. In EPS est. (%)	nm	0.0	-	nm
EPS growth (%)	nm	4.1	4.4	1.5
Core P/E (x)	12.6	12.2	11.6	11.5
Dividend yield (%)	3.5	4.1	4.3	4.4
EV/EBITDA (x)	5.8	5.7	5.2	4.9
Price/book (x)	1.2	1.1	1.1	1.0
Net debt/Equity (%)	5.1	9.0	7.3	5.6
ROE (%)	10.0	9.6	9.6	9.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.6	(5.8)	(31.4)
Relative to country (%)	0.8	(3.8)	(17.8)
Mkt cap (USD m)	53		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	74		
Major shareholder	Thasnanipan Family (26%)		
12m high/low (THB)	3.78/2.46		
Issued shares (m)	739.71		

Sources: Bloomberg consensus; FSSIA estimates



Thanayatorn Songwutti

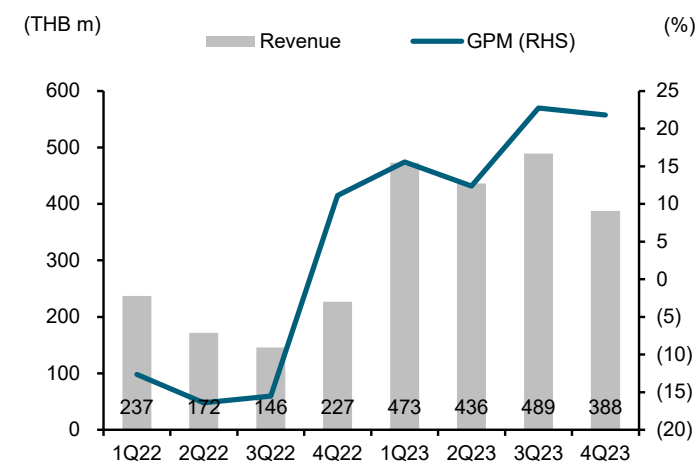
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Exhibit 1: SEAFCO - 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	227	473	436	489	388	(20.8)	70.8
Cost of sales	202	399	382	378	303	(19.8)	50.3
Gross profit	25	74	54	111	85	(23.9)	234.7
SG&A	24	27	35	33	26	(20.1)	6.3
Operating profit	1	46	18	79	59	(25.5)	7,021.3
Interest expense	5	4	4	4	4	(2.0)	(18.8)
Tax expense	(15)	10	4	14	17	16.3	na
Reported net profit	10	59	13	63	36	(42.9)	269.1
Core profit	7	39	14	62	36	(42.7)	387.5
Key ratios (%)						(ppt)	(ppt)
Gross margin	11.1	15.6	12.4	22.7	21.8	(0.9)	10.7
SG&A / Sales	10.8	5.8	8.1	6.6	6.7	0.1	(4.1)
Operating margin	0.4	9.8	4.2	16.1	15.1	(1.0)	14.7
Net margin	4.3	12.4	2.9	12.8	9.2	(3.6)	5.0
Norm margin	3.2	8.2	3.3	12.7	9.2	(3.5)	6.0

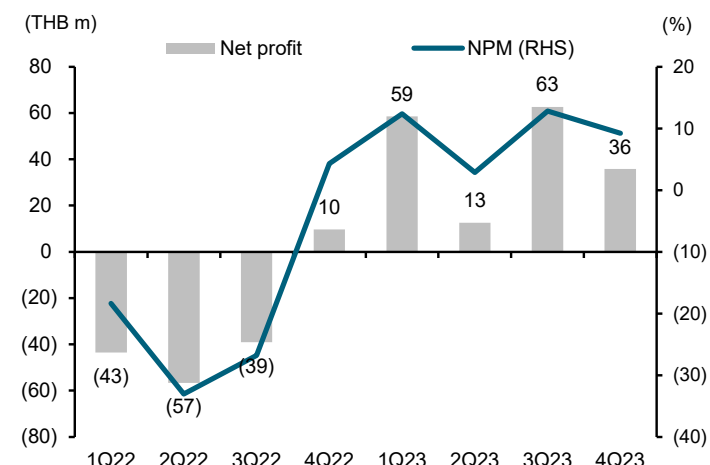
Sources: SEAFCO; FSSIA's compilation

Exhibit 2: Quarterly revenue and GPM



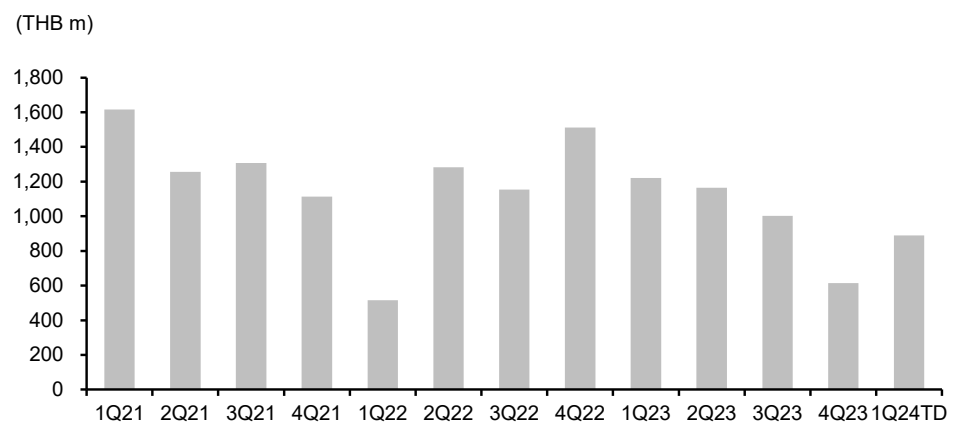
Sources: SEAFCO; FSSIA's compilation

Exhibit 3: Quarterly net profit and NPM



Sources: SEAFCO; FSSIA's compilation

Exhibit 4: Backlog



Sources: SEAFCO; FSSIA's compilation

Financial Statements

Seafo

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	781	1,786	1,862	1,962	2,002
Cost of goods sold	(837)	(1,463)	(1,544)	(1,627)	(1,660)
Gross profit	(56)	323	318	335	342
Other operating income	25	7	25	25	25
Operating costs	(109)	(121)	(133)	(136)	(139)
Operating EBITDA	19	345	360	388	409
Depreciation	(158)	(136)	(149)	(164)	(180)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(139)	210	210	224	228
Net financing costs	(15)	(16)	(15)	(15)	(15)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	4	19	0	0	0
Profit before tax	(150)	212	195	209	213
Tax	25	(45)	(39)	(43)	(44)
Profit after tax	(125)	167	156	166	169
Minority interests	(5)	2	1	(2)	(3)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(129)	169	157	164	166
Non-recurring items & goodwill (net)	(4)	(19)	0	0	0
Recurring net profit	(133)	151	157	164	166
Per share (THB)					
Recurring EPS *	(0.18)	0.20	0.21	0.22	0.23
Reported EPS	(0.18)	0.23	0.21	0.22	0.23
DPS	0.00	0.09	0.11	0.11	0.11
Diluted shares (used to calculate per share data)	740	740	740	740	740
Growth					
Revenue (%)	(45.6)	128.6	4.3	5.4	2.0
Operating EBITDA (%)	(88.1)	1,698.3	4.2	8.0	5.3
Operating EBIT (%)	nm	nm	0.5	6.5	1.8
Recurring EPS (%)	nm	nm	4.1	4.4	1.5
Reported EPS (%)	nm	nm	(7.3)	4.4	1.5
Operating performance					
Gross margin inc. depreciation (%)	(7.1)	18.1	17.1	17.1	17.1
Gross margin exc. depreciation (%)	13.2	25.7	25.1	25.4	26.1
Operating EBITDA margin (%)	2.5	19.3	19.3	19.8	20.4
Operating EBIT margin (%)	(17.8)	11.7	11.3	11.4	11.4
Net margin (%)	(17.1)	8.4	8.4	8.4	8.3
Effective tax rate (%)	17.0	21.3	20.0	20.5	20.5
Dividend payout on recurring profit (%)	-	44.1	50.0	50.0	50.0
Interest cover (X)	(9.5)	13.3	13.7	14.6	15.2
Inventory days	31.4	12.5	15.6	20.0	19.7
Debtor days	214.9	91.9	115.8	118.4	120.3
Creditor days	188.1	122.9	151.0	143.0	146.5
Operating ROIC (%)	(8.4)	13.4	12.3	12.1	(3.0)
ROIC (%)	(6.0)	9.8	9.3	9.3	(2.3)
ROE (%)	(8.9)	10.0	9.6	9.6	9.3
ROA (%)	(4.8)	6.8	6.4	6.5	5.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hire of work	780	1,784	1,860	1,960	2,000
Sales of materials and services	2	2	2	2	2

Sources: Seafo; FSSIA estimates

Financial Statements

Seafo

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(133)	151	157	164	166
Depreciation	158	136	149	164	180
Associates & minorities	5	(2)	(1)	2	3
Other non-cash items	-	-	-	-	-
Change in working capital	194	(36)	(108)	(10)	(8)
Cash flow from operations	224	248	197	320	342
Capex - maintenance	-	-	-	-	-
Capex - new investment	(93)	(109)	(190)	(214)	(230)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(93)	(109)	(190)	(214)	(230)
Dividends paid	0	(67)	(78)	(84)	(86)
Equity finance	1	(6)	0	0	0
Debt finance	(254)	(45)	48	0	0
Other financing cash flows	4	87	0	0	0
Cash flow from financing	(249)	(31)	(30)	(84)	(86)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(118)	108	(22)	22	26
Free cash flow to firm (FCFF)	145.01	155.04	22.97	121.44	126.95
Free cash flow to equity (FCFE)	(119.44)	181.26	55.37	106.04	111.90
Per share (THB)					
FCFF per share	0.20	0.21	0.03	0.16	0.17
FCFE per share	(0.16)	0.25	0.07	0.14	0.15
Recurring cash flow per share	0.04	0.38	0.41	0.45	0.47
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	2,494	2,462	2,512	2,562	2,612
Less: Accumulated depreciation	(1,390)	(1,390)	(1,390)	(1,390)	(1,390)
Tangible fixed assets (net)	1,104	1,073	1,123	1,173	1,223
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	85	89	80	80	80
Cash & equivalents	113	222	199	221	247
A/C receivable	338	561	620	653	667
Inventories	52	39	80	80	80
Other current assets	78	226	226	226	226
Current assets	581	1,048	1,125	1,181	1,220
Other assets	395	356	366	376	386
Total assets	2,164	2,566	2,694	2,810	2,908
Common equity	1,428	1,597	1,675	1,757	1,841
Minorities etc.	2	(3)	(3)	(3)	(3)
Total shareholders' equity	1,430	1,594	1,672	1,754	1,837
Long term debt	210	148	156	156	156
Other long-term liabilities	41	43	80	80	80
Long-term liabilities	251	192	236	236	236
A/C payable	298	596	558	588	600
Short term debt	138	154	194	194	194
Other current liabilities	47	31	34	37	41
Current liabilities	483	780	786	819	835
Total liabilities and shareholders' equity	2,164	2,566	2,694	2,810	2,908
Net working capital	123	200	334	334	332
Invested capital	1,706	1,718	1,903	1,963	2,020
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.93	2.16	2.27	2.38	2.49
Tangible book value per share	1.93	2.16	2.27	2.38	2.49
Financial strength					
Net debt/equity (%)	16.4	5.1	9.0	7.3	5.6
Net debt/total assets (%)	10.8	3.1	5.6	4.6	3.5
Current ratio (x)	1.2	1.3	1.4	1.4	1.5
CF interest cover (x)	(0.8)	19.5	16.9	21.8	23.7
Valuation					
Recurring P/E (x) *	(14.3)	12.6	12.2	11.6	11.5
Recurring P/E @ target price (x) *	(21.1)	18.6	17.9	17.1	16.9
Reported P/E (x)	(14.7)	11.3	12.2	11.6	11.5
Dividend yield (%)	-	3.5	4.1	4.3	4.4
Price/book (x)	1.3	1.2	1.1	1.1	1.0
Price/tangible book (x)	1.3	1.2	1.1	1.1	1.0
EV/EBITDA (x) **	111.8	5.8	5.7	5.2	4.9
EV/EBITDA @ target price (x) **	158.9	8.4	8.2	7.6	7.1
EV/invested capital (x)	1.3	1.2	1.1	1.0	1.0
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Seafo; FSSIA estimates

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%). <i>(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.)</i>	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. <i>(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.)</i>	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. <i>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.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	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. <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">AAA</td> <td>8.571-10.000</td> <td style="padding-right: 10px;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	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			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
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.

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History of change in investment rating and/or target price

Seafo (SEAFCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Apr-2023	BUY	4.70	04-Dec-2023	BUY	3.80	-	-	-

Thanyatorn Songwutti started covering this stock from 04-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Seafo	SEAFCO TB	THB 2.58	BUY	Downside risks to our P/BV-based TP include 1) fewer-than-expected new contract signing; 2) auction delays; 3) a failure to win contracts from the Orange Line project; 4) political uncertainties; 5) construction delays and cost overrun; 6) higher building material costs, labor shortages, and a minimum wage hike; and 7) fierce 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 21-Feb-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.