

10 NOVEMBER 2021

THAILAND / CONSTRUCTION SERVICES

# CH. KARNCHANG CK TB

## BUY

UNCHANGED

TARGET PRICE	THB26.00
CLOSE	THB22.00
UP/DOWNSIDE	+18.2%
PRIOR TP	THB23.00
CHANGE IN TP	+13.0%
TP vs CONSENSUS	+6.5%

## Promising signs of a recovery

### Weak 3Q21E net profit of THB179m, hurt by the lockdown

We expect CK to post a net profit of THB179m in 3Q21, down 44% q-q and 77% y-y, based on 1) its revenue dropping by 21% q-q due to the temporary shutdown of construction sites during the lockdown; 2) no extra gains; 3) a stable gross margin at c9.7%. However, its weak core operations should be cushioned by an increasing share of profits from CK Power (CKP TB, BUY, TP THB6.6) and Bangkok Expressway and Metro (BEM TB, BUY, TP THB9.9) at approximately THB379m, up 24% q-q, and dividend income from Thai Tap Water (TTW TB, NR) of THB232m.

### BEM and construction business are key for 4Q21 earnings

We believe there are signs of a construction recovery in 4Q21 on the lockdown easing and the country's gradual reopening. CK's construction activities should return to normal in the absence of labour shortages, thus, it should recognise construction revenue which was delayed from 3Q21 at around cTHB4b. Our transportation analyst believes BEM's outlook is improving, as the daily traffic and ridership in Sep-21 were at 0.78m (+32% m-m) and 0.1m (+60% m-m), respectively, and expects the recovery momentum to continue in the last two months of 2021.

### Upside from potentially winning Orange and Purple Line bidding

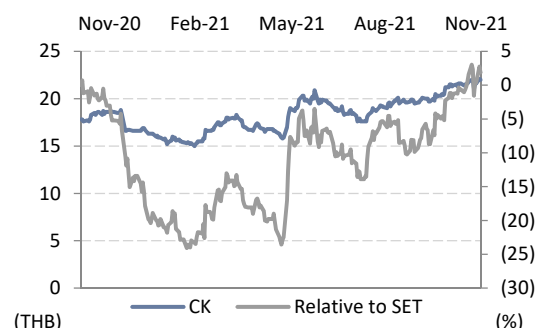
We see three catalysts to drive CK's share price in the medium term: 1) its high potential to win the bidding for the MRT Purple Line (underground contract worth THB50b) due to its expertise in underground work – the winner will be announced early next year; 2) we think BEM has a greater chance to win the bidding (THB120b) to operate the Orange Line, as it has expertise as an MRT operator; and 3) Laung Prabang Hydropower Plant (THB140b) is expected to sign a power purchase agreement next year – CKP is the project owner and CK will be the constructor.

### Maintain BUY with a new SoTP-based TP of THB26

We maintain BUY and upgrade our SoTP TP to THB26 from THB23 as our transport analyst has increased BEM's target price from THB8.6 to THB9.9. We maintain CK's construction business value at 15x 2021E P/E. The value of BEM and CKP are based on the NAV of FSSIA's TPs, while TTW is valued using the NAV of its current market price. We think CK is attractive as it is trading at an NAV discount and it has highly visible earnings from its affiliates, which are infrastructure companies. CK has the potential to win new infrastructure project bids that the government will likely release via new stimulus measures to drive economic growth.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	16,746	15,472	25,063	34,330
Net profit	612	1,109	1,377	1,502
EPS (THB)	0.36	0.65	0.81	0.89
vs Consensus (%)	-	108.3	7.3	(26.4)
EBITDA	104	739	529	488
Core net profit	337	583	1,377	1,502
Core EPS (THB)	0.20	0.34	0.81	0.89
Chg. In EPS est. (%)	-	0.0	0.0	0.0
EPS growth (%)	(80.5)	73.1	136.1	9.1
Core P/E (x)	110.6	63.9	27.1	24.8
Dividend yield (%)	0.9	0.9	1.6	2.0
EV/EBITDA (x)	698.0	95.3	131.6	140.7
Price/book (x)	1.4	1.3	1.3	1.3
Net debt/Equity (%)	132.3	116.1	110.4	104.1
ROE (%)	1.3	2.2	4.9	5.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.8	15.2	35.8
Relative to country (%)	4.3	8.7	7.0
Mkt cap (USD m)			1,113
3m avg. daily turnover (USD m)			4.2
Free float (%)			68
Major shareholder		Trivisvavet Family (32%)	
12m high/low (THB)			22.30/14.90
Issued shares (m)			1,693.90

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

CK is a value stock with solid fundamentals and a strong investment portfolio, including concessions, which gives CK a chance to secure contracts from its subsidiaries. CK's net profit is 100%-derived from its affiliates – Bangkok Expressway and Metro (BEM TB, BUY, TP THB9.9), CK Power (CKP TB, BUY, TP THB6.6) and TTW (TTW TB, NR) – while it makes no profit from its construction business, which has become volatile because the construction margin has thinned. However, its share price has corrected since the third wave of Covid-19 infections started in April 2021, and it is currently trading below its 2021E BV, which limits its fundamental and share price downside risk, in our view. In particular, winning new mega-project bids would be a key driver for CK's share price during the rest of this year.

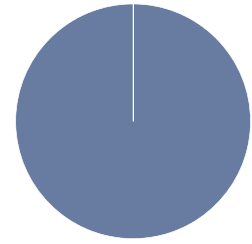
## Company profile

CH. Karnchang (CK) was incorporated in 1972 to engage in the construction business, focusing on infrastructure and government projects. Over the years, CK has expanded and invested in concessions, which helped to secure construction contracts and yield stable dividend returns.

[www.ch-karnchang.co.th](http://www.ch-karnchang.co.th)

## Principal activities (revenue, 2020)

■ Construction services - 100.0 %

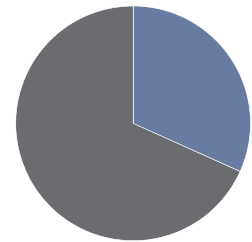


Source: CH. Karnchang

## Major shareholders

■ Trivisvavet Family - 31.7 %

■ Others - 68.3 %



Source: CH. Karnchang

## Catalysts

We think the biggest potential catalyst for CK is the ongoing bidding for government mega-infrastructure projects. Importantly, BEM should benefit from the opening of the Blue Line extension and a possible concession extension. In addition, we think that CK has the potential to win the renewed MRT Orange Line (western section) bidding in 1Q21.

## Risks to our call

Key downside risks to our SoTP-based TP are delays in new bids, political instability, fluctuations in construction material prices, cost overruns, and the prolonged Covid-19 pandemic.

## Event calendar

Date	Event
Nov 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
Core net profit (THB m)	583	1,377	1,502
New signed projects (THB m)	60,000	30,000	30,000
Gross profit margin (%)	9.1	9.1	9.1
SG&A to sales (%)	9.0	10.0	10.0

Source: FSSIA estimates

## Earnings sensitivity

- GPM has a bigger impact on earnings than new orders booked, though both are important.
- A one ppt change in GPM could affect 2021 net profit by 14.2%, all else being equal.
- A 10% change in new orders booked could affect 2021 net profit by 0.9%, all else being equal.

Source: FSSIA estimates

## Exhibit 1: CK – 3Q21E/9M21E results preview

Year to Dec 31	3Q20	2Q21	3Q21E	Change			9M21E			2021E	
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(%21E)	(THB m)	(y-y%)	(%21E)	(THB m)	(y-y %)
<b>Revenue</b>	<b>3,847</b>	<b>3,238</b>	<b>2,546</b>	<b>(21)</b>	<b>(34)</b>	<b>16</b>	<b>8,770</b>	<b>(34)</b>	<b>35</b>	<b>15,472</b>	<b>(8)</b>
Gross profit	342	307	248	(19)	(28)	18	847	(34)	60	1,408	0
Operating costs	454	497	512	3	13	37	1,481	(1)	106	1,392	(31)
<b>Operating profit</b>	<b>(112)</b>	<b>(190)</b>	<b>(264)</b>	<b>39</b>	<b>136</b>	<b>(1,707)</b>	<b>(634)</b>	<b>192</b>	<b>(4,101)</b>	<b>15</b>	<b>nm</b>
Operating EBITDA	70	(16)	(86)	nm	nm	(12)	(114)	(136)	(15)	739	612
Other income	407	429	436	2	7	50	1,039	1	120	867	(39)
Other expense	0	0	0	nm	nm	nm	0	nm	nm	0	nm
Interest expense	(328)	(357)	(359)	1	9	23	(1,048)	12	68	(1,537)	20
<b>Profit before tax*</b>	<b>(34)</b>	<b>(119)</b>	<b>(187)</b>	<b>nm</b>	<b>nm</b>	<b>29</b>	<b>(643)</b>	<b>422</b>	<b>98</b>	<b>(654)</b>	<b>nm</b>
Tax	12	9	9	0	(25)	10	26	63	29	89	214
Associates	546	306	379	24	(31)	28	845	39	63	1,340	56
Minority interests	(2)	(4)	(4)	nm	nm	29	3	nm	nm	(14)	(8)
Non-recurring items	275	143	0	nm		0	526		100	526	91
<b>Reported net profit</b>	<b>774</b>	<b>318</b>	<b>179</b>	<b>(44)</b>	<b>(77)</b>	<b>16</b>	<b>705</b>	<b>(3)</b>	<b>64</b>	<b>1,109</b>	<b>81</b>
<b>Recurring net profit</b>	<b>499</b>	<b>175</b>	<b>179</b>	<b>2</b>	<b>(64)</b>	<b>31</b>	<b>179</b>	<b>nm</b>	<b>31</b>	<b>583</b>	<b>73</b>
EPS (THB)	0.46	0.19	0.11	(44)	(77)	16	0.42	nm	64	0.65	81
Recurring EPS (THB)	0.29	0.10	0.11	2	(64)	31	0.11	nm	31	0.34	73
BV/share (THB)	15.68	15.23	0.00	nm	nm					16.34	7
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>		<b>(%)</b>	<b>(ppt)</b>		<b>(%)</b>	<b>(ppt)</b>
<b>Gross margin</b>	<b>8.9</b>	<b>9.5</b>	<b>9.7</b>	<b>0.3</b>	<b>0.8</b>		<b>9.7</b>	<b>0.0</b>		<b>5.6</b>	<b>(3.5)</b>
Operating margin	(2.9)	(5.9)	(10.4)	(4.5)	(7.5)		(7.2)	(5.6)		0.1	4.1
EBITDA margin	1.8	(0.5)	(3.4)	(2.9)	(5.2)		(1.3)	(3.7)		2.9	2.3
<b>Recurring net margin</b>	<b>(0.6)</b>	<b>(3.4)</b>	<b>(7.0)</b>	<b>(3.6)</b>	<b>(6.4)</b>		<b>(7.0)</b>	<b>(6.2)</b>		<b>(2.3)</b>	<b>0.6</b>
SG&A / Sales	11.8	15.3	20.1	4.8	8.3		16.9	5.6		5.6	(7.5)
Effective tax rate	(35.6)	(7.6)	(4.8)				(4.1)	8.9		(13.6)	(7.7)
Interest coverage (EBITDA)	0.2	(0.0)	(0.2)				(0.1)	(0.4)		0.5	
Net debt/equity (x)	1.2	1.4	n/a								

\*include depreciation

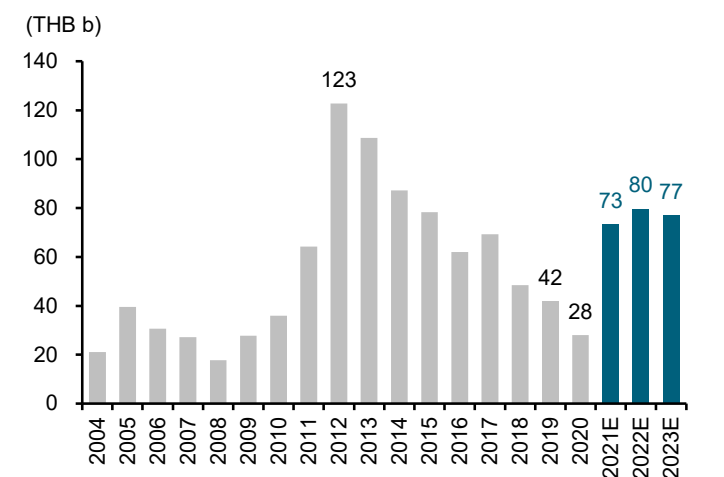
Sources: CK; FSSIA estimates

## Exhibit 2: CK's NAV

Company	CK's stake (%)	SoTP value (THB m)
Bangkok Expressway & Metro (BEM TB, BUY, TP THB9.9)	31	47,364
CK Power (CKP TB, BUY, THB6.6)	32	17,115
TTW Plc (TTW TB, not rated)	19	9,211
<b>Total</b>		<b>73,690</b>
<b>CK's core business - based on 15x 2021E P/E</b>		<b>1,545</b>
+ Other assets		1,275
- Net debt		(32,654)
<b>NAV</b>		<b>43,856</b>
<b>NAV/share (THB)</b>		<b>26</b>

Source: FSSIA estimates

## Exhibit 3: CK's backlog



Sources: CK; FSSIA estimates

## Financial Statements

CH. Karnchang

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	23,003	16,746	15,472	25,063	34,330
Cost of goods sold	(20,502)	(14,615)	(13,341)	(22,028)	(30,409)
<b>Gross profit</b>	<b>2,501</b>	<b>2,131</b>	<b>2,131</b>	<b>3,035</b>	<b>3,921</b>
Other operating income	0	0	0	0	0
Operating costs	(2,430)	(2,027)	(1,392)	(2,506)	(3,433)
<b>Operating EBITDA</b>	<b>72</b>	<b>104</b>	<b>739</b>	<b>529</b>	<b>488</b>
Depreciation	(526)	(726)	(723)	(755)	(797)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(455)</b>	<b>(622)</b>	<b>15</b>	<b>(226)</b>	<b>(309)</b>
Net financing costs	(350)	(634)	(1,197)	(817)	(783)
Associates	1,806	857	1,340	1,541	1,618
Recurring non-operating income	2,676	1,636	1,867	2,442	2,624
Non-recurring items	48	275	526	0	0
<b>Profit before tax</b>	<b>1,919</b>	<b>655</b>	<b>1,212</b>	<b>1,399</b>	<b>1,533</b>
Tax	(126)	(28)	(89)	0	0
<b>Profit after tax</b>	<b>1,793</b>	<b>627</b>	<b>1,123</b>	<b>1,399</b>	<b>1,533</b>
Minority interests	(15)	(15)	(14)	(22)	(30)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>1,778</b>	<b>612</b>	<b>1,109</b>	<b>1,377</b>	<b>1,502</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(48)</b>	<b>(275)</b>	<b>(526)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,730</b>	<b>337</b>	<b>583</b>	<b>1,377</b>	<b>1,502</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.02	0.20	0.34	0.81	0.89
Reported EPS	1.05	0.36	0.65	0.81	0.89
DPS	0.40	0.20	0.20	0.36	0.45
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
<b>Growth</b>					
Revenue (%)	(21.5)	(27.2)	(7.6)	62.0	37.0
Operating EBITDA (%)	(93.1)	44.9	611.6	(28.4)	(7.8)
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	(22.6)	(80.5)	73.1	136.1	9.1
Reported EPS (%)	(28.7)	(65.6)	81.2	24.1	9.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	8.6	8.4	9.1	9.1	9.1
Gross margin of key business (%)	8.6	8.4	9.1	9.1	9.1
Operating EBITDA margin (%)	0.3	0.6	4.8	2.1	1.4
Operating EBIT margin (%)	(2.0)	(3.7)	0.1	(0.9)	(0.9)
Net margin (%)	7.5	2.0	3.8	5.5	4.4
Effective tax rate (%)	193.0	0.0	0.0	0.0	0.0
Dividend payout on recurring profit (%)	39.2	100.5	58.1	44.6	50.7
Interest cover (X)	6.4	1.6	1.6	2.7	3.0
Inventory days	60.8	57.6	63.9	48.5	51.4
Debtor days	87.7	79.6	83.0	64.5	69.0
Creditor days	70.9	65.1	69.1	52.5	55.7
Operating ROIC (%)	5.2	(6.6)	0.1	(1.8)	(2.4)
ROIC (%)	(3.6)	1.6	2.9	3.4	3.5
ROE (%)	6.6	1.3	2.2	4.9	5.2
ROA (%)	1.7	1.2	2.2	2.5	2.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Construction services	23,003	16,746	15,472	25,063	34,330
Others	0	0	0	0	0

Sources: CH. Karnchang; FSSIA estimates

## Financial Statements

CH. Kamchang

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,730	337	583	1,377	1,502
Depreciation	526	726	723	755	797
Associates & minorities	(3)	(11)	0	0	0
Other non-cash items	(426)	(544)	(364)	(353)	(326)
Change in working capital	4,536	(5,884)	290	(694)	(459)
<b>Cash flow from operations</b>	<b>6,363</b>	<b>(5,376)</b>	<b>1,232</b>	<b>1,084</b>	<b>1,515</b>
Capex - maintenance	(1,902)	(756)	(500)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(5,048)	1,202	270	912	881
Other investments (net)	447	537	384	378	365
<b>Cash flow from investing</b>	<b>(6,504)</b>	<b>983</b>	<b>154</b>	<b>290</b>	<b>247</b>
Dividends paid	(678)	(339)	(339)	(614)	(762)
Equity finance	871	(1,819)	1,059	0	0
Debt finance	(8)	5,523	328	(1,760)	(999)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>186</b>	<b>3,365</b>	<b>1,048</b>	<b>(2,374)</b>	<b>(1,761)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>181</b>	<b>(364)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>226</b>	<b>(1,393)</b>	<b>2,434</b>	<b>(1,000)</b>	<b>0</b>
Free cash flow to firm (FCFF)	1,084.60	(3,118.36)	2,922.92	2,885.43	3,222.65
Free cash flow to equity (FCFE)	31.80	765.01	1,713.94	(386.01)	762.21

### Per share (THB)

FCFF per share	0.64	(1.84)	1.73	1.70	1.90
FCFE per share	0.02	0.45	1.01	(0.23)	0.45
Recurring cash flow per share	1.08	0.30	0.56	1.05	1.16

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	16,878	16,939	17,439	18,439	19,439
Less: Accumulated depreciation	(5,714)	(5,745)	(6,468)	(7,223)	(8,019)
<b>Tangible fixed assets (net)</b>	<b>11,164</b>	<b>11,194</b>	<b>10,971</b>	<b>11,216</b>	<b>11,419</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	51,255	50,366	50,366	50,366	50,366
Cash & equivalents	9,160	7,767	10,201	9,201	9,201
A/C receivable	3,643	3,659	3,381	5,477	7,502
Inventories	2,177	2,436	2,233	3,617	4,955
Other current assets	3,973	5,972	5,522	8,907	12,177
<b>Current assets</b>	<b>18,953</b>	<b>19,834</b>	<b>21,337</b>	<b>27,202</b>	<b>33,835</b>
Other assets	1,214	1,381	1,275	2,066	2,830
<b>Total assets</b>	<b>82,586</b>	<b>82,774</b>	<b>83,949</b>	<b>90,850</b>	<b>98,450</b>
Common equity	27,393	25,847	27,676	28,440	29,180
Minorities etc.	420	424	438	460	490
<b>Total shareholders' equity</b>	<b>27,813</b>	<b>26,271</b>	<b>28,114</b>	<b>28,899</b>	<b>29,670</b>
Long term debt	33,605	38,638	37,117	35,592	34,727
Other long-term liabilities	3,259	3,108	2,747	4,450	6,095
<b>Long-term liabilities</b>	<b>36,864</b>	<b>41,746</b>	<b>39,864</b>	<b>40,042</b>	<b>40,822</b>
A/C payable	2,574	2,636	2,416	3,914	5,362
Short term debt	3,399	3,889	5,738	5,502	5,368
Other current liabilities	11,936	8,232	7,817	12,492	17,228
<b>Current liabilities</b>	<b>17,909</b>	<b>14,758</b>	<b>15,971</b>	<b>21,909</b>	<b>27,958</b>
<b>Total liabilities and shareholders' equity</b>	<b>82,586</b>	<b>82,774</b>	<b>83,949</b>	<b>90,850</b>	<b>98,450</b>
Net working capital	(4,717)	1,199	903	1,594	2,044
Invested capital	58,916	64,139	63,515	65,243	66,659

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

### Per share (THB)

Book value per share	16.17	15.26	16.34	16.79	17.23
Tangible book value per share	16.17	15.26	16.34	16.79	17.23

### Financial strength

Net debt/equity (%)	100.1	132.3	116.1	110.4	104.1
Net debt/total assets (%)	33.7	42.0	38.9	35.1	31.4
Current ratio (x)	1.1	1.3	1.3	1.2	1.2
CF interest cover (x)	1.1	2.2	2.4	0.5	2.0

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>21.5</b>	<b>110.6</b>	<b>63.9</b>	<b>27.1</b>	<b>24.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>25.5</b>	<b>130.7</b>	<b>75.5</b>	<b>32.0</b>	<b>29.3</b>
Reported P/E (x)	21.0	60.9	33.6	27.1	24.8
Dividend yield (%)	1.8	0.9	0.9	1.6	2.0
Price/book (x)	1.4	1.4	1.3	1.3	1.3
Price/tangible book (x)	1.4	1.4	1.3	1.3	1.3
EV/EBITDA (x) **	914.6	698.0	95.3	131.6	140.7
EV/EBITDA @ target price (x) **	1,009.1	763.2	104.4	144.4	154.6
EV/invested capital (x)	1.1	1.1	1.1	1.1	1.0

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

Sources: CH. Kamchang; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Songklod Wongchai 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

#### CH. Karnchang (CK TB)



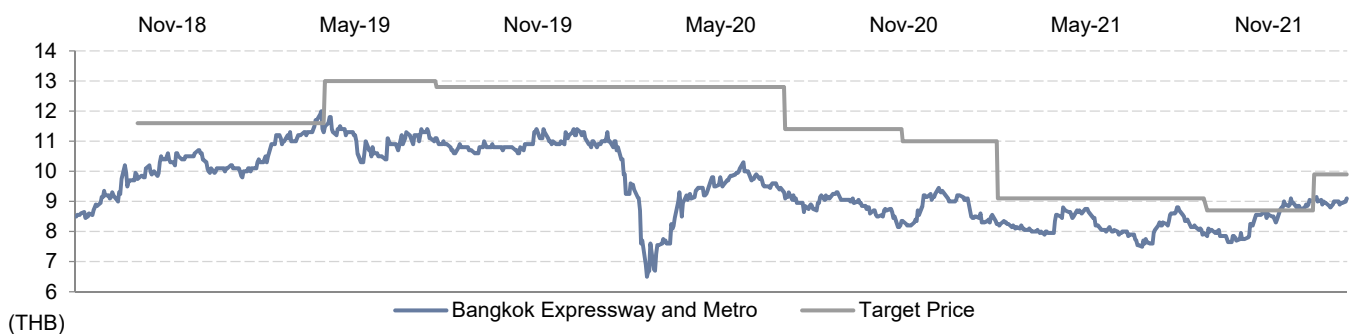
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jun-2019	BUY	34.00	12-Nov-2020	BUY	22.00	11-May-2021	BUY	18.00
25-Nov-2019	BUY	30.00	18-Feb-2021	BUY	18.00	13-Aug-2021	BUY	23.00
02-Apr-2020	BUY	30.00	02-Mar-2021	BUY	18.00			

Songklod Wongchai started covering this stock from 12-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

#### Bangkok Expressway and Metro (BEM TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jan-2019	BUY	11.60	13-Jul-2020	BUY	11.40	25-Feb-2021	BUY	9.10
14-Jun-2019	BUY	13.00	29-Jul-2020	BUY	11.40	11-May-2021	BUY	9.10
18-Sep-2019	BUY	12.80	22-Oct-2020	BUY	11.00	09-Jul-2021	BUY	8.70
02-Apr-2020	BUY	12.80	12-Jan-2021	HOLD	9.10	11-Oct-2021	BUY	9.90

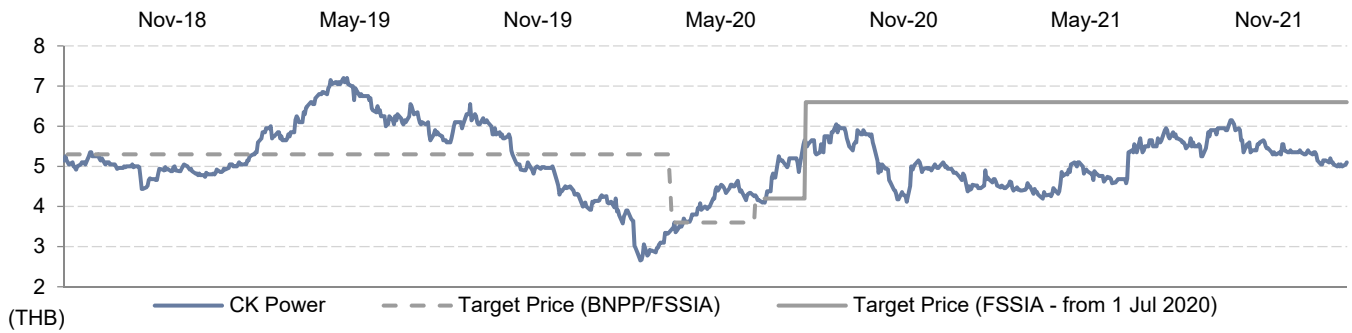
Naruedom Mujjalinkool started covering this stock from 13-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates



## CK Power (CKP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018	HOLD	5.30	23-Jun-2020	HOLD	4.20	04-Aug-2020	BUY	6.60
13-Apr-2020	HOLD	3.60	23-Jun-2020	HOLD	4.20			

Suwat Sinsadok started covering this stock from 15-Nov-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH. Karnchang	CK TB	THB 22.00	BUY	Key downside risks to our SoTP-based TP are delays in new bids, political instability, fluctuations in construction material prices, cost overruns, and the prolonged Covid-19 pandemic.
Bangkok Expressway and Metro	BEM TB	THB 9.10	BUY	The key downside risks to our SoTP-based TP are 1) traffic and ridership recovering more slowly than our expectation; and 2) the company being unable to win the new mass transit project bids.
CK Power	CKP TB	THB 5.10	BUY	The downside risks to our SoTP-based TP include lower-than-expected demand for electricity in Thailand and lower-than-expected water supply for hydro projects.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-Nov-2021 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.