

CH. KARNCHANG CK TB

THAILAND / CONSTRUCTION SERVICES

BUY

UNCHANGED

Rich backlog good for long term

- CK's share price has not yet factored in the potential Luangprabang backlog worth THB80b, which would be its biggest backlog.
- Expect a loss in 1Q22 but a recovery in 2Q22, driven by CKP.
- Maintain BUY with SoTP-based TP at THB26.

TARGET PRICE	THB26.00
CLOSE	THB19.00
UP/DOWNSIDE	+36.8%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+3.6%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	12,199	14,954	18,977	22,700
Net profit	906	1,199	1,212	1,493
EPS (THB)	0.53	0.71	0.72	0.88
vs Consensus (%)	-	4.0	(34.8)	(44.9)
EBITDA	(257)	555	555	445
Core net profit	100	1,014	992	1,193
Core EPS (THB)	0.06	0.60	0.59	0.70
Chg. In EPS est. (%)	nm	(15.0)	(22.6)	nm
EPS growth (%)	(70.4)	915.2	(2.1)	20.2
Core P/E (x)	322.3	31.7	32.4	27.0
Dividend yield (%)	1.3	1.3	1.7	1.8
EV/EBITDA (x)	(268.6)	126.9	125.3	157.2
Price/book (x)	1.3	1.2	1.2	1.1
Net debt/Equity (%)	139.3	140.3	133.6	130.2
ROE (%)	0.4	3.9	3.7	4.3

Construction margin squeezed but huge backlog secured

We think that CK's share price has not yet reflected the potential backlog worth THB80b from the Luangprabang hydropower plant construction project after CKP signed an MOU with the Electricity Generating Authority of Thailand last month, plus an additional backlog from BEM potentially winning the MRT Orange Line bid worth THB120b, scheduled in 3Q22, for which CK would be the contractor. Operating costs should still be high due to the raw material price hike, resulting in a narrow gross margin for the construction business in 2Q-3Q22.

Expect red 1Q22 results, but a recovery in 2Q22 from its affiliates

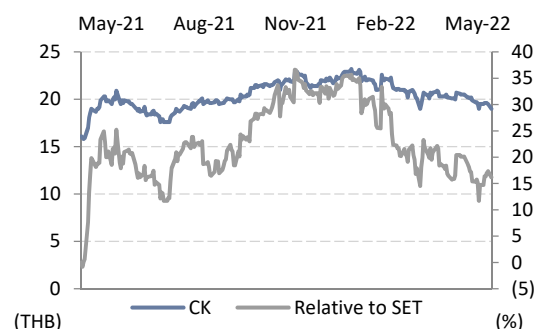
We expect 1Q22 revenue to rise by 2% q-q and 21% y-y, led by better construction operations after the lockdown cessation in 1Q22, resulting in a slight increase in its construction gross margin to 8.1% from 6.1% in 4Q21, but lower than 8.3% in 1Q21. Operating costs should still be high due to the raw material price hike, leading to a loss for the construction business. Combined with potentially higher associate contributions in 1Q22 – FSSIA projects CKP to post a strong net profit (NP) of THB429m (250% q-q, 274% y-y) and expects BEM's NP to dip q-q to THB394m (+29% y-y, -3.6% q-q) – CK should post a 1Q22 loss of THB52m, down from a profit of THB58m in 4Q21 and THB208m in 1Q21.

Construction material downside, associate contribution upside

In our view, contractors will be affected by the rising oil prices and higher construction material costs, leading to a lower construction margin and weaker construction profits throughout the rest of 2022. Unlike its peers, CK's earnings are cushioned by associate income, i.e. BEM and CKP. Both should support CK's profit to expand. CKP, especially, could see peak earnings in 2Q22, driven by rising production levels at its two key hydropower plants, Xayaburi and NN2, thanks to higher water levels.

Time to load up on the huge backlog and rising 2Q22E profit

We believe CK's performance is poised to rise ahead of its backlog booster and strong 2Q22E NP. However, we cut our 2022-23E NP by 13-19% to reflect the rising construction material and energy costs, which should squeeze CK's construction gross margin. Meanwhile, its current share price is at an NAV discount, while potentially winning bids for new infrastructure projects and a y-y higher 2022 NP would be key supports for our BUY call and unchanged SoTP-based TP of THB26.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.2)	(14.8)	15.2
Relative to country (%)	(3.5)	(9.6)	13.8
Mkt cap (USD m)	910		
3m avg. daily turnover (USD m)	3.2		
Free float (%)	68		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	23.70/15.20		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

CK is a value stock with strong fundamentals and a solid 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. CK is currently trading 23.1% below our SoTP-based TP of THB26, which opens up its share price upside 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.

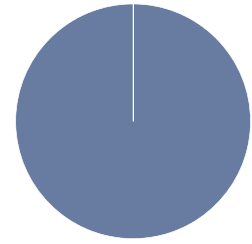
Company profile

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

Principal activities (revenue, 2021)

■ Construction services - 100.0 %

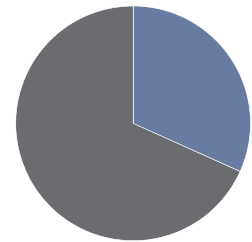


Source: CH. Karnchang

Major shareholders

■ Trivisvavet Family - 31.7 %

■ Others - 68.3 %



Source: CH. Karnchang

Catalysts

We think the biggest potential catalysts for CK would be the booking of the Luangprabang hydropower plant project to its backlog in 2Q22 and 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 this year.

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
13 May 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Net profit (THB m)	1,199	1,212	1,493
Core net profit (THB m)	1,014	992	1,193
New signed projects (THB m)	110,000	30,000	30,000
Gross profit margin (%)	9.0	9.0	8.5
SG&A to sales (%)	10.0	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 2022 net profit by 11%, all else being equal.
- A 10% change in new orders booked could affect 2022 net profit by 11%, all else being equal.

Source: FSSIA estimates

Exhibit 1: CK – 1Q22E results preview

Year to Dec 31	1Q21	2Q21	3Q21	4Q21	1Q22E	Change		1Q22E	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(%22E)	(THB m)	(y-y %)
Revenue	2,937	3,190	2,561	3,511	3,566	2	21	24	14,954	23
Gross profit	243	259	252	210	232	10	(4)	17	1,346	40
Operating costs	472	497	445	501	493	(2)	4	33	1,495	(22)
Operating profit	(229)	(238)	(193)	(291)	(261)	(10)	14	175	(150)	nm
Operating EBITDA	(63)	(63)	(22)	(109)	(81)	nm	nm	(15)	555	nm
Other income	224	477	452	261	233	(11)	4	15	1,569	11
Interest expense	(332)	(357)	(357)	(339)	(339)	(0)	2	21	(1,623)	17
Profit before tax*	(337)	(119)	(98)	(368)	(367)	(0)	9	181	(203)	nm
Tax	8	9	8	13	(10)	nm	nm	nm	0	nm
Associates	160	306	432	190	328	72	105	26	1,251	15
Minority interests	10	(4)	(4)	(30)	(23)	(23)	nm	68	(34)	23
Non-recurring items	383	143	0	280	0	nm	nm	0	185	(77)
Reported net profit	208	318	321	58	(52)	nm	nm	(4)	1,199	32
Recurring net profit	(175)	175	321	(221)	(52)	nm	(70)	(5)	1,014	915
EPS (THB)	0.12	0.19	0.19	0.03	(0.03)	nm	nm	(4)	0.71	32
Recurring EPS (THB)	(0.10)	0.10	0.19	(0.13)	(0.03)	nm	(70)	(5)	0.60	915
BV/share (THB)	15.14	15.23	15.27	15.15	0.00	nm	nm		15.61	3
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)		(%)	(ppt)
Gross margin	8.3	8.1	9.8	6.0	6.5	0.5	(1.8)		9.0	1.1
Operating margin	(7.8)	(7.5)	(7.5)	(8.3)	(7.3)	1.0	0.5		(1.0)	6.8
EBITDA margin	(2.1)	(2.0)	(0.9)	(3.1)	(2.3)	0.8	(0.1)		3.7	5.8
Recurring net margin	(11.2)	(3.4)	(3.5)	(10.1)	(10.6)	(0.5)	0.6		(1.4)	5.9
SG&A / Sales	16.1	15.6	17.4	14.3	13.8	(0.4)	(2.3)		10.0	(5.7)
Effective tax rate	(2.4)	(7.6)	(7.8)	(3.6)	2.7				0.0	4.1
Interest coverage (EBITDA)	(0.2)	(0.2)	(0.1)	(0.3)	(0.2)				0.3	
Net debt/equity (x)	1.3	1.4	1.4	1.4	n/a					

*Includes depreciation and amortisation

Note: Change of items in percentage terms are represented in ppt change

Sources: CK; FSSIA estimates

Exhibit 2: Changes to key assumptions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E*	2022E	2023E	2024E*
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Net profit	1,199	1,212	1,493	1,377	1,502	n/a	(13.0)	(19.3)	n/a
Core profit	1,014	992	1,193	1,192	1,282	n/a	(15.0)	(22.6)	n/a
New order book signed	110,000	30,000	30,000	30,000	30,000	n/a	266.7	0.0	n/a
Gross profit margin (%)	9.0	9.0	8.5	9.1	9.1	n/a	(0.1)	(0.1)	n/a
SG&A to sales (%)	10.0	10.0	10.0	10.0	10.0	n/a	0.0	0.0	n/a

*First time published

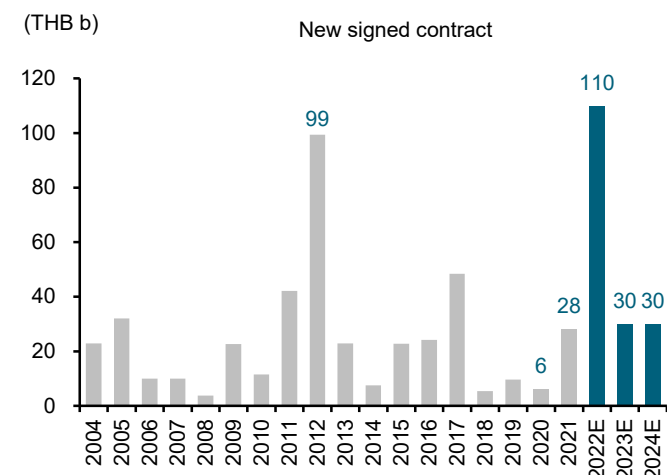
Source: FSSIA estimates

Exhibit 3: 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, at THB11.9, not rated)	19	9,211
Total		73,690
CK's core business - based on 15x 2022E P/E		4,860
+ Other assets		1,529
- Net debt		(36,381)
NAV		43,698
NAV/share (THB)		26

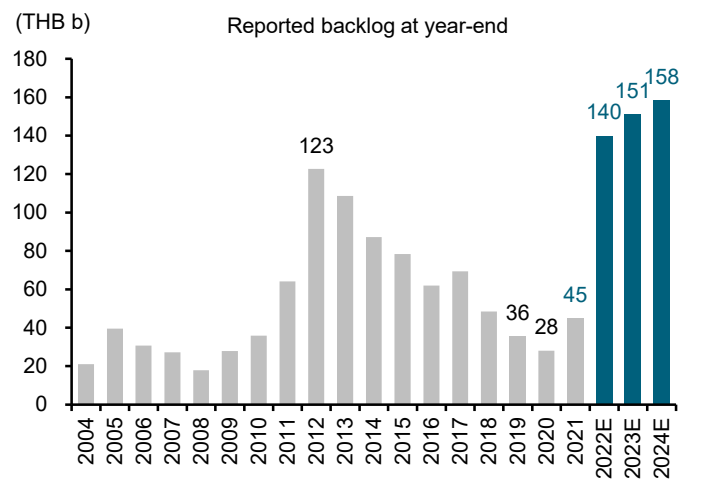
Source: FSSIA estimates

Exhibit 5: New signed contracts



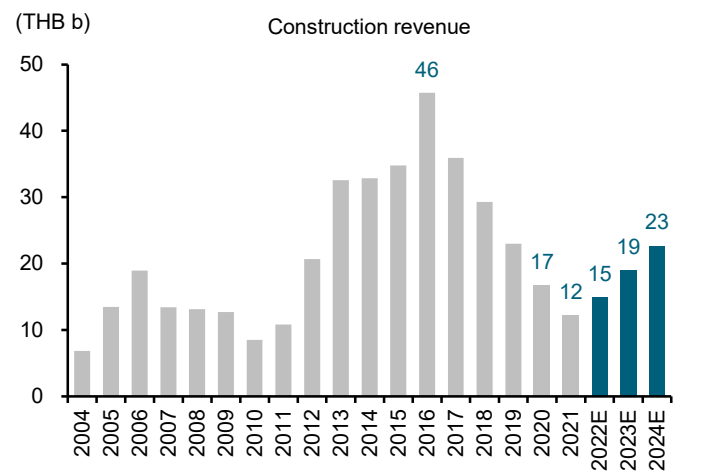
Sources: CK; FSSIA estimates

Exhibit 4: CK's backlog



Sources: CK; FSSIA estimates

Exhibit 6: Recognition of construction revenue



Sources: CK; FSSIA estimates

Exhibit 7: Signed projects in 2021 and upcoming projects

Signed projects in 2021	Signed	Project value (THB m)
1. Water Transmission Tunnel: Bangmod-Samrong Pumping Station	May	4,626
2. Daowadung 65 Building at the Vidyasirimedhi Institute of Science and Technology	June	72
3. Underground Manholes and Ductbanks in Conjunction with the Rama III - Dao Khanong Expressway	June	84
4. Improvement of Machinery & Equipment of the Banglen Water Treatment Plant	July	331
5. Double Track: Denchai - Chiang Rai - Chiang Khong, Contract 2	December	13,571
6. Double Track: Denchai - Chiang Rai - Chiang Khong, Contract 3	December	9,240
Total		27,924
Upcoming projects		
MRT Purple Line: Tao Poon - Rat Burana (Southern Extension)		
Contract 1: Tao Poon - National Library		18,159
Contract 2: National Library - Phan Fa		14,839
Total		32,998

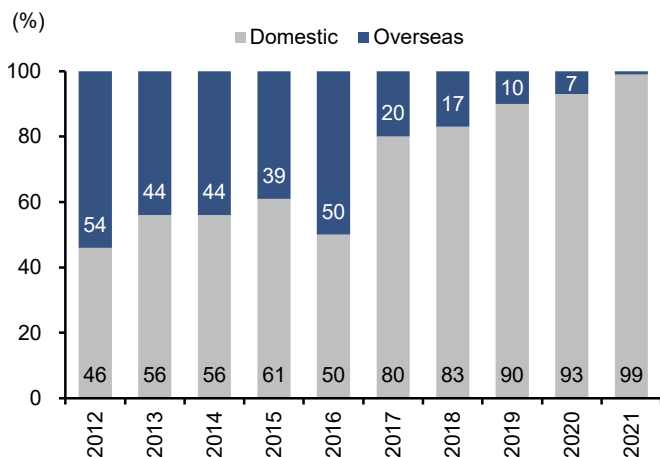
Sources: [CK's investor presentation FY2021](#); FSSIA's compilation

Exhibit 8: CK's targets in 2021-2022

Projects	Project owner	Construction value (THB m)	Project progress	1Q22	2Q22	3Q22	4Q22
Floodway: Bangban - Bangsai	RID	3,381	Pending tender announcement	TOR & bidding	----- Signing & construction -----		
MRT Orange Line: Taling Chan - Thailand Cultural Centre (Western Extension)	MRTA	127,012	Pending IO assignment	----- RFP & bidding -----			
Expressway: Kathu - Patong	EXAT	14,000	To submit to cabinet	----- RFP & bidding -----			
Red Line: Taling Chan - Salaya	SRT	65,000	PPP report done / to submit to MOT	Pending for approval from PPP committee			
Red Line: Taling Chan - Siriraj Hospital	SRT						
Red Line: Taling Chan - Rangsit - Thammasat University	SRT						
Red Line: Bang Sue Hua Mark & Bang Sue - Hua Lamphong (Missing Link)	SRT						
Double Track: Khonkaen - Nong Khai	SRT	25,000	To submit to MOT	----- TOR and bidding -----			
Double Track: Chira Junction - Ubonratchathani	SRT	36,000	To submit to MOT	----- TOR and bidding -----			
Motorway: Western Outer Ring Road - Bang Khun Thian - Bang Bua Thong (M9)	DOH	46,000	PPP report done / to submit to MOT	----- TOR and bidding -----			
Motorway: Rangsit - Bang Pa-In (M5)	DOH	25,000	Preparing PPP report	----- TOR and bidding -----			
Motorway: Bang Khun Thien - Ban Paew (M&E) (M82)	DOH	800	Preparing PPP report	----- TOR and bidding -----			
Total		342,193					

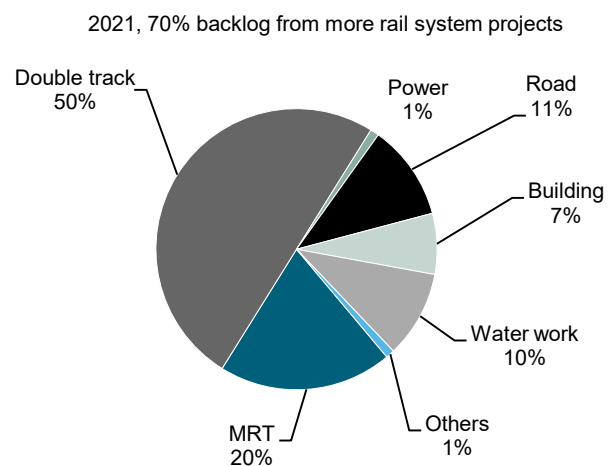
Sources: CK's investor presentation FY2021; FSSIA's compilation

Exhibit 9: Backlog by region



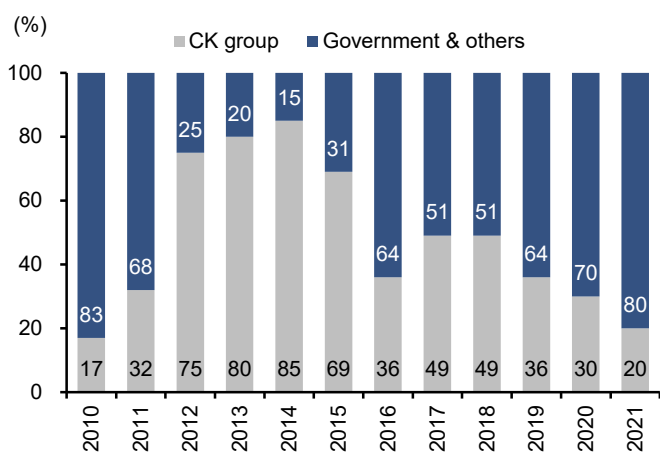
Sources: CK; FSSIA's compilation

Exhibit 10: Backlog by construction project, 2021



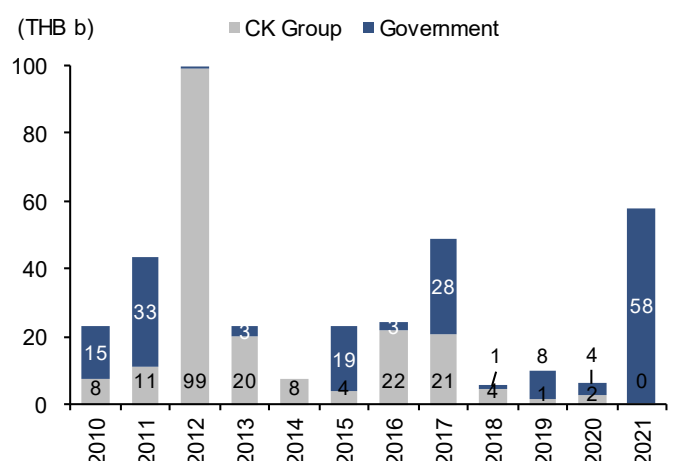
Sources: CK; FSSIA's compilation

Exhibit 11: Construction projects by project owner



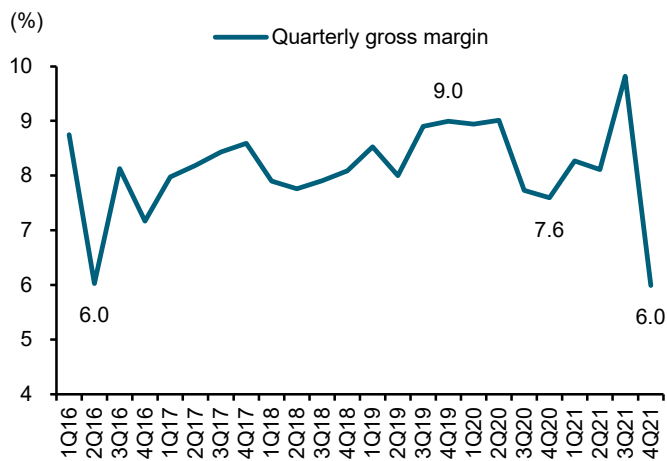
Sources: CK; FSSIA's compilation

Exhibit 12: Value of signed contracts by project owner



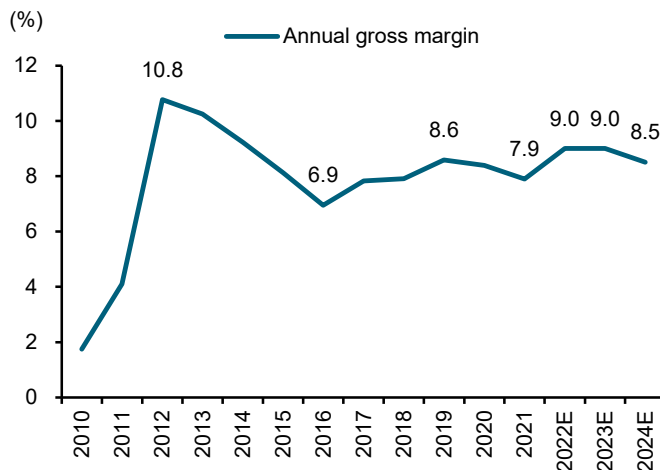
Sources: CK; FSSIA's compilation

Exhibit 13: Quarterly gross margin



Sources: CK; FSSIA's compilation

Exhibit 14: Annual gross margin and estimates



Sources: CK; FSSIA's estimates

Exhibit 15: CK's investments as of 31 Dec 2021

Shareholding Structure

Concession Duration

- Expressway Concessions with EGAT
- MRT concessions with MRTA
- TTW concessions with PWA
- TTW concession with MNRE
- TTW concession with MOI
- Hydro concessions with EGAT
- Cogeneration Concessions with EGAT
- Solar concessions with PEA

Market Cap.
As of 31/12/21

Company Highlights

Opportunities

Financial Highlights

Dividend Policy

Bangkok Expressway and Metro PLC.

Shareholder	Percentage
CK	31.79%
MRTA	8.22%
KTG	3.31%
Others	53.14%

2020-2035 SES

1997-2035 Sector D

1996-2035 Sector C+

2012-2042 SOE

2004-2050 MRT Blue Line

2013-2043 MRT Purple Line

129,158 MB

- Operate 87.56 km of Expressway in Bangkok
- Operate the longest MRT Line in Thailand; 71 km, 54 stations of MRT
- Commercial development company has future potential to spinoff.
- Fully commercial operated MRT Blue Line on March 30, 2020 for the total distance of 48 km and 38 stations.
- MRT Blue Line Ridership (Trips/day) : 198,720
- Expressway Traffic Volume (Trips/day) : 937,179
- MRT Purple(Extension)/Orange Line Concessions

	2020	2021
Revenue	14,323	11,481
Net Profit Margin	14.32%	8.80%
Net D/E Ratio	1.50	1.63

40% of Net Profit

TTW PLC.

Shareholder	Percentage
CK	19.40%
Mitsui	25.98%
BEM	18.47%
Others	36.15%

2004-2054

1998-2023

2006-2023

2005-2030

2000-2025

45,486 MB

- The Leading position of water business in Thailand
- TTW 2nd Plant can be expanded with the design capacity up to 400,000 m³/day
- Current Capacity = 1,076,000 m³/day
- Looking for foreign investment

	2020	2021
Revenue	6,203	5,822
Net Profit Margin	47.57%	53.32%
Net D/E Ratio	0.36	0.27

50% of Net Profit

CK Power PLC.

Shareholder	Percentage
CK	30.00%
TTW	24.98%
BEM	17.59%
Others	27.43%

2013-2038 NN2

2013-2038 BIC1

2017-2042 BIC2

2019-2048 XPCL

2012 BIC auto renewal every 5 yrs

2012 NRS auto renewal every 5 yrs

2013 CRS auto renewal every 5 yrs

40,647 MB

- Mix of power portfolio includes : Hydro 1,900 MW, Cogeneration 238 MW, Solar 29 MW (included solar rooftop & solar farm power plants under BKC)
- Current Installed Capacity : 2,167 MW
- Under negotiation with Laos PDR for new project

	2020	2021
Revenue	7,188	9,369
Net Profit Margin	5.63%	23.26%
Net D/E Ratio	0.61	0.65

40% of Net Profit

Sources: CK's investor presentation FY2021; FSSIA's compilation

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10 MAY 2022

Exhibit 16: CK backlog as of 31 Dec 2021

	Project name	Project period	Value (THB m)	Completion (%)	Remaining (THB)
1	MRT PL M&E Systems, Contract 4	2013-2016	15,689	99.6	63
2	MRT PL Maintenance and E&M Systems	2015-2023	1,590	44.7	879
3	MRT BL M&E, Contract 6	2017-2020	21,392	99.5	107
4	MRT BL Hua Lamphong - Bang Sue MS/E&M	2015-2027	4,048	43.5	2,287
5	MRT OL Underground Civil Work, Contract 1 (JV 60:40)	2017-2022	11,570	81.5	2,140
6	MRT OL Underground Civil Work, Contract 2 (JV 60:40)	2017-2022	12,060	73.7	3,172
7	MRT OL Depot and Park & Ride, Contract 5 (JV 60:40)	2017-2022	2,709	77.6	607
8	MRT OL Underground Manholes & Ductbanks, Contract 1 (JV 60:40)	2018-2022	39	90.6	4
9	MRT OL Underground Manholes & Ductbanks, Contract 2 (JV 60:40)	2018-2022	239	82.6	42
10	MRT OL Water Supply Pipeline, Contract 2 (JV 60:40)	2019-2023	106	64.2	38
11	Double Track Chira - Khon Kaen (JV 70:30)	2015-2019	16,123	99.9	16
12	Double Track Denchai - Chiang Rai - Chiang Khong Contract 2 (JV 54:41:5)	2021-2027	13,571	0.0	13,571
13	Double Track Denchai - Chiang Rai - Chiang Khong Contract 3 (JV 51:39:10)	2021-2027	9,240	0.0	9,240
14	Xayaburi Hydroelectric Power Project	2012-2020	94,622	99.3	662
15	Rama III - Dao Kanong Expressway Cable-stayed Bridge - Contract 4	2019-2023	6,202	64.2	2,220
16	Rama III - Dao Kanong Expressway Cable-stayed Bridge - Underground Manholes & Ductbanks	2021-2023	84	10.5	75
17	Motorway Bang pa-in - Nakhon Ratchasima, Contract 3	2017-2020	1,860	94.2	108
18	Motorway Bang pa-in - Nakhon Ratchasima, Contract 6	2016-2019	1,818	93.8	113
19	Repair Si Rat Expressway Period 4 Phase 3 Sector B	2019-2020	237	99.7	1
20	Construction & Improvement Si Rat (B+) & Repair Si Rat Expressway	2019-2020	780	98.5	12
21	Construction & Improvement of the Structure & System Work of Si Rat	2020-2021	831	96.5	29
22	Maintenance and Improvement of the Si Rat and the Si Rat (B+) Expressway	2020-2021	920	40.6	546
23	Maintenance and Improvement of the Udon Rattaya Expressway	2020-2021	86	57.1	37
24	King Chulalongkorn Hospital Integrated Medical Center Building	2019-2023	2,019	25.8	1,498
25	H.R.H. Princess Chulabhorn's Comemorating: Learning & Research Centre	2020-2024	3,777	11.1	3,358
26	Daowadung 65 Building at the Vidyasirimedhi Institute	2021-2022	72	98.9	1
27	Banglen Water Treatment - Tap Water Production and Transmission Systems	2019-2020	350	97.3	9
28	Banglen Water Treatment - Transmission and Distribution Systems	2021-2022	331	10.5	296
29	Improvement of Waterway along Vibhavadi Rangsit Road (1st Phase)	2018-2019	271	99.3	2
30	Improvement of Tap Water Production of PTW Treatment Plant	2020-2021	340	89.5	36
31	Water Transmission Tunnel - Bangmod-Samrong Pumping Station	2021-2024	4,626	6.8	4,311
32	Other Projects	2019-2021	4,988	93.2	339
Current backlog at end-2021			232,590	19.7	45,819

Sources: [CK's investor presentation FY2021](#); FSSIA's compilation

Financial Statements

CH. Karnchang

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	16,746	12,199	14,954	18,977	22,700
Cost of goods sold	(14,615)	(10,541)	(12,903)	(16,524)	(19,985)
Gross profit	2,131	1,658	2,050	2,453	2,715
Other operating income	0	0	0	0	0
Operating costs	(2,027)	(1,915)	(1,495)	(1,898)	(2,270)
Operating EBITDA	104	(257)	555	555	445
Depreciation	(726)	(695)	(705)	(745)	(785)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(622)	(951)	(150)	(190)	(340)
Net financing costs	(634)	(792)	(929)	(1,023)	(1,014)
Associates	857	1,088	1,251	1,314	1,576
Recurring non-operating income	1,636	1,909	2,126	2,249	2,599
Non-recurring items	275	806	185	220	300
Profit before tax	655	971	1,233	1,256	1,544
Tax	(28)	(38)	0	0	0
Profit after tax	627	933	1,233	1,256	1,544
Minority interests	(15)	(28)	(34)	(43)	(52)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	612	906	1,199	1,212	1,493
Non-recurring items & goodwill (net)	(275)	(806)	(185)	(220)	(300)
Recurring net profit	337	100	1,014	992	1,193
Per share (THB)					
Recurring EPS *	0.20	0.06	0.60	0.59	0.70
Reported EPS	0.36	0.53	0.71	0.72	0.88
DPS	0.20	0.25	0.25	0.33	0.33
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
Growth					
Revenue (%)	(27.2)	(27.2)	22.6	26.9	19.6
Operating EBITDA (%)	44.9	nm	nm	0.0	(19.9)
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	(80.5)	(70.4)	915.2	(2.1)	20.2
Reported EPS (%)	(65.6)	48.0	32.4	1.1	23.1
Operating performance					
Gross margin inc. depreciation (%)	8.4	7.9	9.0	9.0	8.5
Gross margin of key business (%)	8.4	7.9	9.0	9.0	8.5
Operating EBITDA margin (%)	0.6	(2.1)	3.7	2.9	2.0
Operating EBIT margin (%)	(3.7)	(7.8)	(1.0)	(1.0)	(1.5)
Net margin (%)	2.0	0.8	6.8	5.2	5.3
Effective tax rate (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout on recurring profit (%)	100.5	424.0	41.8	56.5	47.5
Interest cover (X)	1.6	1.2	2.1	2.0	2.2
Inventory days	57.6	93.9	93.5	90.7	92.4
Debtor days	79.6	88.7	61.7	60.8	62.4
Creditor days	65.1	83.3	68.0	66.0	67.2
Operating ROIC (%)	(6.6)	(7.5)	(1.0)	(1.2)	(2.0)
ROIC (%)	1.6	1.5	3.0	3.0	3.2
ROE (%)	1.3	0.4	3.9	3.7	4.3
ROA (%)	1.2	1.1	2.3	2.2	2.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Construction services	16,746	12,199	14,954	18,977	22,700
Others	0	0	0	0	0

Sources: CH. Karnchang; FSSIA estimates

Financial Statements

CH. Kamchang

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	337	100	1,014	992	1,193
Depreciation	726	695	705	745	785
Associates & minorities	(11)	(13)	0	0	0
Other non-cash items	(544)	(522)	(369)	(376)	(362)
Change in working capital	(5,884)	(926)	(2,209)	(38)	(1,520)
Cash flow from operations	(5,376)	(666)	(859)	1,323	95
Capex - maintenance	(756)	(428)	(1,000)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	1,202	(370)	502	682	728
Other investments (net)	537	543	406	418	416
Cash flow from investing	983	(254)	(93)	100	143
Dividends paid	(339)	(423)	(423)	(561)	(567)
Equity finance	(1,819)	(660)	0	0	0
Debt finance	5,523	827	3,603	(863)	328
Other financing cash flows	0	0	0	0	0
Cash flow from financing	3,365	(256)	3,180	(1,424)	(239)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(364)	383	0	0	0
Movement in cash	(1,393)	(793)	2,228	0	0
Free cash flow to firm (FCFF)	(3,118.36)	465.24	670.74	3,095.81	1,901.20
Free cash flow to equity (FCFE)	765.01	289.95	2,651.09	560.53	566.92

Per share (THB)

FCFF per share	(1.84)	0.27	0.40	1.83	1.12
FCFE per share	0.45	0.17	1.57	0.33	0.33
Recurring cash flow per share	0.30	0.15	0.80	0.80	0.95

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	16,939	16,899	17,899	18,899	19,899
Less: Accumulated depreciation	(5,745)	(5,972)	(6,676)	(7,421)	(8,207)
Tangible fixed assets (net)	11,194	10,927	11,223	11,478	11,692
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	50,366	50,895	50,895	50,895	50,895
Cash & equivalents	7,767	6,973	9,201	9,201	9,201
A/C receivable	3,659	2,273	2,786	3,535	4,229
Inventories	2,436	2,988	3,619	4,593	5,525
Other current assets	5,972	7,835	9,604	12,188	14,580
Current assets	19,834	20,069	25,210	29,518	33,534
Other assets	1,381	1,529	1,874	2,379	2,845
Total assets	82,774	83,421	89,203	94,270	98,967
Common equity	25,847	25,669	26,444	27,096	28,022
Minorities etc.	424	439	473	516	568
Total shareholders' equity	26,271	26,108	26,917	27,613	28,590
Long term debt	38,638	36,634	39,678	38,948	39,226
Other long-term liabilities	3,108	2,931	3,593	4,560	5,454
Long-term liabilities	41,746	39,565	43,271	43,508	44,680
A/C payable	2,636	2,174	2,633	3,341	4,019
Short term debt	3,889	6,721	7,280	7,146	7,197
Other current liabilities	8,232	8,853	9,102	12,662	14,482
Current liabilities	14,758	17,748	19,014	23,149	25,697
Total liabilities and shareholders' equity	82,774	83,421	89,203	94,270	98,967
Net working capital	1,199	2,069	4,275	4,314	5,833
Invested capital	64,139	65,420	68,267	69,066	71,266

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

Per share (THB)

Book value per share	15.26	15.15	15.61	16.00	16.54
Tangible book value per share	15.26	15.15	15.61	16.00	16.54

Financial strength

Net debt/equity (%)	132.3	139.3	140.3	133.6	130.2
Net debt/total assets (%)	42.0	43.6	42.3	39.1	37.6
Current ratio (x)	1.3	1.1	1.3	1.3	1.3
CF interest cover (x)	2.2	1.4	3.9	1.5	1.6

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	95.5	322.3	31.7	32.4	27.0
Recurring P/E @ target price (x) *	130.7	441.0	43.4	44.4	36.9
Reported P/E (x)	52.6	35.5	26.8	26.5	21.6
Dividend yield (%)	1.1	1.3	1.3	1.7	1.8
Price/book (x)	1.2	1.3	1.2	1.2	1.1
Price/tangible book (x)	1.2	1.3	1.2	1.2	1.1
EV/EBITDA (x) **	649.0	(268.6)	126.9	125.3	157.2
EV/EBITDA @ target price (x) **	763.2	(314.8)	148.2	146.7	183.9
EV/invested capital (x)	1.1	1.1	1.0	1.0	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	ICHI	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	TSC	TSR	TSTE	TSTH	TTA
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	MITISB	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	TPIPP	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	WIIC	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

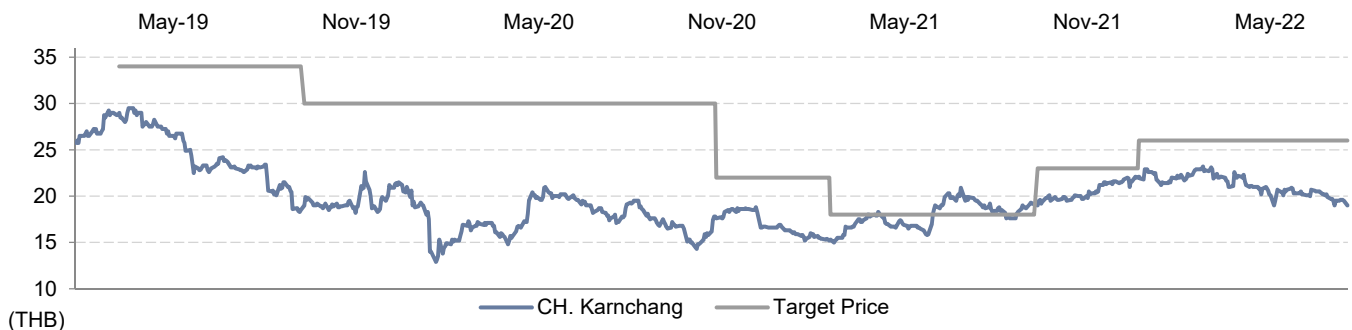
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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)



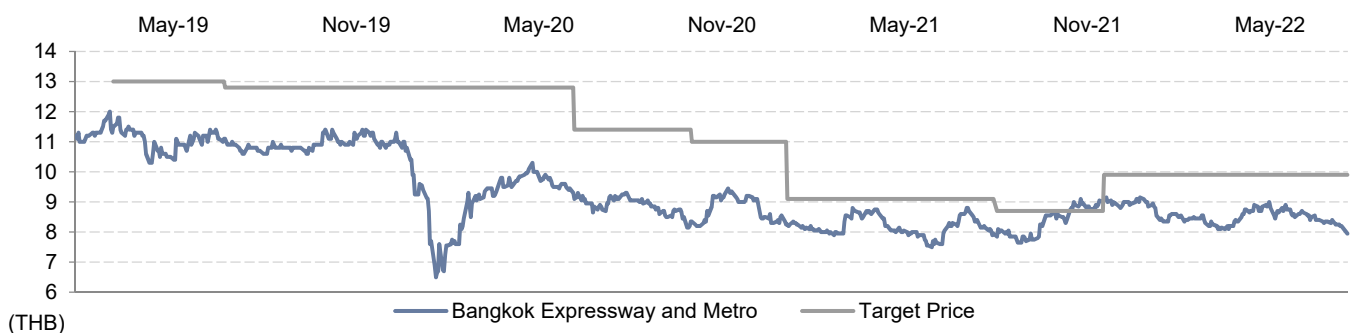
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jun-2019	BUY	34.00	12-Nov-2020	BUY	22.00	13-Aug-2021	BUY	23.00
25-Nov-2019	BUY	30.00	18-Feb-2021	BUY	18.00	10-Nov-2021	BUY	26.00

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
14-Jun-2019	BUY	13.00	22-Oct-2020	BUY	11.00	09-Jul-2021	BUY	8.70
18-Sep-2019	BUY	12.80	12-Jan-2021	HOLD	9.10	11-Oct-2021	BUY	9.90
13-Jul-2020	BUY	11.40	25-Feb-2021	BUY	9.10			

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
13-Apr-2020	HOLD	3.60	23-Jun-2020	HOLD	4.20	04-Aug-2020	BUY	6.60

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 23-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH. Karnchang	CK TB	THB 19.00	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 7.95	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 5.20	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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-May-2022 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.