

SINO-THAI E&C STEC TB

THAILAND / CONSTRUCTION SERVICES

HOLD

FROM BUY

TARGET PRICE	THB13.00
CLOSE	THB12.00
UP/DOWNSIDE	+8.3%
PRIOR TP	THB15.40
CHANGE IN TP	-15.6%
TP vs CONSENSUS	-20.7%

Loss of earnings momentum

- We cut our core net profit forecast by 46% to THB730m in 2022 due to the weaker-than-expected net profit in 1H22.
- Our key concern over STEC's 2H22 outlook is a narrowing margin from rising construction material costs and the labor shortage.
- Downgrade to HOLD with a new TP of THB13.

Squeezed margin is a key concern in 2H22

The weaker-than-expected net profit in 1H22 prompts us to cut our core earnings forecasts for 2022/23/24 by 46%/41%/50%. We lower our 2022E construction revenue by 25% to THB28.7b to reflect the expectation of construction delays because of the labor shortage and a squeezed construction margin from rising construction material costs and higher wages. Consequently, the projected gross margins in 2022 and 2023 narrow to 4.6%/4.8%, from 5.9%/6.4% previously.

Disappointing 2Q22 results on lower revenues and poor margin

STEC reported a 2Q22 net profit of THB173m, up from THB1m in 2Q21 but down 25% q-q. Core net profit was also THB173m, up 38% y-y but down 25% q-q. The key culprits were the weaker-than-expected revenues from new construction projects and the weak gross margin of 4.1% in 2Q22 vs 5.7% in 1Q22 due to the cost hike for both materials and energy as well as the labor shortage.

Marginal upside to 2H22 order backlog

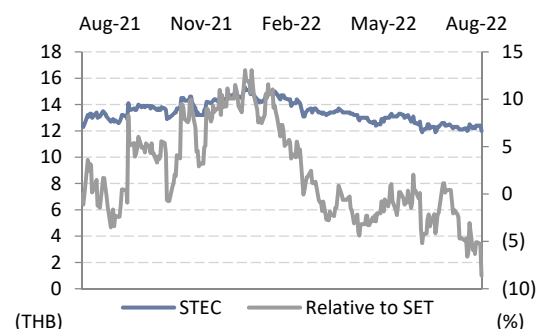
STEC, under BSR Joint Venture, was not in the recent round of new bidding for the MRT Orange Line as previously planned. Other potential bidding remains an upside for STEC's order backlog, including the THB56b Bang Khun Thian-Bang Bua Thong motorway project, the TH15b Chiang Mai Airport Phase 1 project, and the THB40b Don Muang Airport Phase 3 project. Nevertheless, STEC's current order backlog of cTHB110b at end-2Q22 should be sufficient to secure construction revenues over the next three years, in our view.

Downgrade to HOLD with a new TP of THB13

We cut our estimates as we think that the weak margin will continue in 2H22. Considering the current economic and politic uncertainty, we lower our target P/BV from 1.3x to 1.2x 2022E P/BV, resulting in a TP of THB13. Recommendation downgraded to HOLD due to STEC's dim growth visibility.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	27,675	28,708	28,271	28,414
Net profit	711	835	923	960
EPS (THB)	0.47	0.55	0.61	0.63
vs Consensus (%)	-	(17.3)	(25.5)	(35.1)
EBITDA	1,729	1,925	2,338	2,544
Core net profit	722	730	813	824
Core EPS (THB)	0.47	0.48	0.53	0.54
Chg. In EPS est. (%)	-	(46.2)	(40.9)	(49.9)
EPS growth (%)	(19.8)	1.1	11.4	1.3
Core P/E (x)	25.3	25.1	22.5	22.2
Dividend yield (%)	2.1	2.1	2.4	2.7
EV/EBITDA (x)	9.1	8.7	7.3	6.7
Price/book (x)	1.1	1.0	1.0	1.0
Net debt/Equity (%)	(16.9)	(10.0)	(8.9)	(8.0)
ROE (%)	4.6	4.2	4.6	4.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.2)	(4.0)	(2.4)
Relative to country (%)	(9.0)	(4.9)	(7.6)
Mkt cap (USD m)	517		
3m avg. daily turnover (USD m)	2.0		
Free float (%)	52		
Major shareholder	Charnvirakul family (24%)		
12m high/low (THB)	15.60/11.80		
Issued shares (m)	1,525.11		

Sources: Bloomberg consensus; FSSIA estimates



Songklod Wongchai

songklod.won@fssia.com
+66 2611 3553

Investment thesis

STEC is the one of the top three largest civil contractors in Thailand and has a good relationship with the current government. STEC's expertise is in infrastructure projects, e.g. mass transit projects. Its project proportion was 39% large-scale public projects and 61% private projects as of 2021. STEC's solid balance sheet enables it to be well positioned to bid for new mega projects, in our view. STEC's revenue is secured by its THB116b backlog at end-2021.

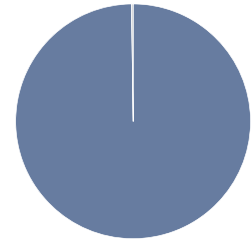
Company profile

Sino-Thai Engineering & Construction Public Company Limited (STEC), a leading engineering and construction company, was originally established in 1962 and listed on the SET in 1992. STEC has worked on large-scale public and private projects.

www.stecon.co.th

Principal activities (revenue, 2021)

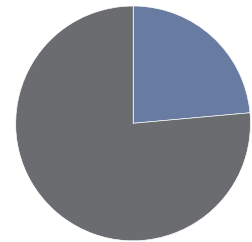
- Construction and services - 99.8 %
- Sales and services - 0.2 %



Source: Sino-Thai E&C

Major shareholders

- Charnvirakul family - 23.6 %
- Others - 76.4 %



Source: Sino-Thai E&C

Catalysts

We think the biggest potential catalyst for the sector is the ongoing bids for government projects. For STEC in particular, major catalysts would be the bids for more double-track railways and mass rapid railway extensions.

Risks to our call

Upside risks to our P/BV multiple valuation-based TP are 1) the construction margin could increase more than expected; and 2) construction revenue could grow more than expected. Downside risks to our TP are 1) a weaker than expected construction margin; and 2) more project construction delays than our expectation.

Event calendar

Date	Event
Nov 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Construction revenue (THB m)	28,653	28,223	28,372
Net profit (THB m)	835	923	960
Core profit (THB m)	730	813	824
New signed projects (THB m)	17,236	18,097	19,002
Gross profit margin (%)	4.6	4.8	4.8
SG&A to sales (%)	2.6	2.6	2.6

Source: FSSIA estimates

Earnings sensitivity

- GPM has a bigger impact on earnings than new projects, though both are important.
- A 1ppt change in GPM would impact our net profit estimate for 2022 by 17%, all else being equal.
- A 10% change in new projects would impact our net profit estimate for 2022 by 3%, all else being equal.

Source: FSSIA estimates

Exhibit 1: Change of key assumptions

Key assumptions	Current			Previous			% change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Construction revenue (THB m)	28,653	28,223	28,372	38,452	33,352	36,423	(25)	(15)	(22)
Net profit (THB m)	835	923	960	1,461	1,487	1,782	(43)	(38)	(46)
Core profit (THB m)	730	813	824	1,356	1,377	1,646	(46)	(41)	(50)
New signed projects (THB m)	17,236	18,097	19,002	27,236	28,597	30,027	(37)	(37)	(37)
Gross profit margin (%)	4.6	4.8	4.8	5.9	6.4	6.9	(23)	(25)	(31)
SG&A to sales (%)	2.6	2.6	2.6	2.6	2.6	2.6	0	0	0

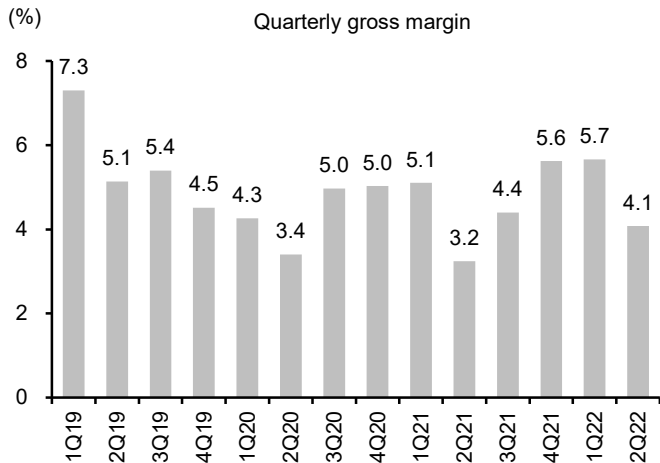
Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

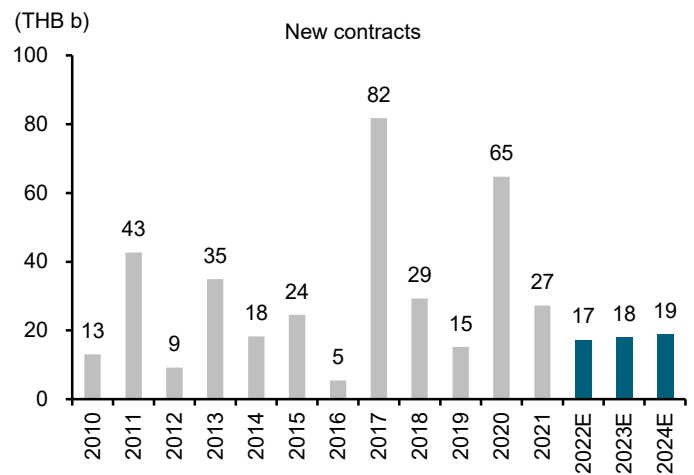
Exhibit 2: STEC – summary of 2Q22/1H22 operations

Year to Dec 31	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	Change		1H22			2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	(%22E)	(THB m)	(THB m)	(y-y %)
Revenue	7,549	7,072	6,072	6,982	7,620	6,759	(11)	(4)	14,380	(2)	50	27,675	28,708	4
Gross profit	385	230	267	393	431	276	(36)	20	707	15	54	1,275	1,306	2
Operating costs	182	203	169	120	182	217	19	7	399	4	53	675	746	11
Operating profit	568	433	436	513	614	492	(20)	14	1,106	11	198	600	560	(7)
Operating EBITDA	479	306	382	562	526	330	(37)	8	856	9	44	1,729	1,925	11
Other income	36	111	57	51	34	132	287	19	166	13	63	255	263	3
Interest expense	(11)	(8)	(7)	(7)	(7)	(5)	(16)	(33)	(12)	(38)	31	(33)	(38)	15
Profit before tax	228	129	148	316	277	186	(33)	44	462	29	59	822	784	(5)
Tax	46	21	12	50	55	23	(58)	9	78	16	63	130	124	(5)
Associates	18	20	2	(1)	12	13	2	(37)	25	(35)	32	40	79	100
Minority interests	(3)	(3)	(2)	(2)	(2)	(2)	(1)	(24)	(4)	(23)	42	(10)	(10)	4
Non-recurring items	0	(124)	0	113	0	0	n/a	n/a	0	nm	nm	(11)	105	n/a
Reported net profit	197	1	136	376	232	173	(25)	12,127	405	104	48	711	835	17
Recurring net profit	197	125	136	263	232	173	(25)	38	405	25	55	722	730	1
EPS (THB)	0.13	0.00	0.09	0.25	0.15	0.11	(25)	12,127	0	104	48	0.47	0.55	17
Recurring EPS (THB)	0.13	0.08	0.09	0.17	0.15	0.11	(25)	38	0	25		0.47	0.48	1
BV/share (THB)	9.72	9.48	10.41	11.20	12.10	11.61	(4)	22				11.20	11.45	2
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	(%)	(ppt)
Gross margin	5.1	3.2	4.4	5.6	5.7	4.1	(1.6)	0.8	4.9	0.3		4.6	4.6	(0.1)
Operating margin	7.5	6.1	7.2	7.3	8.1	7.3	(0.8)	1.2	7.7	5.5		2.2	2.0	(0.2)
EBITDA margin	6.3	4.3	6.3	8.0	6.9	4.9	(2.0)	0.6	6.0	(0.3)		6.2	6.7	0.5
Recurring net margin	3.6	2.1	2.6	5.2	4.4	3.1	(1.3)	1.0	3.8	0.3		3.4	3.2	(0.3)
SG&A / Sales	2.4	2.9	2.8	1.7	2.4	3.2	0.8	0.3	2.8	0.3		2.4	2.6	0.2
Effective tax rate	20.3	16.4	8.0	15.8	20.0	12.4			16.9	1.2		15.8	15.8	0.0
Interest coverage (EBITDA)	42.8	37.6	52.3	82.5	80.8	60.1			71.4	19.7		51.7	50.1	
Net debt (cash) / equity (x)	(0.3)	(0.2)	(0.2)	(0.2)	(0.4)	(0.4)						(0.2)	(0.1)	

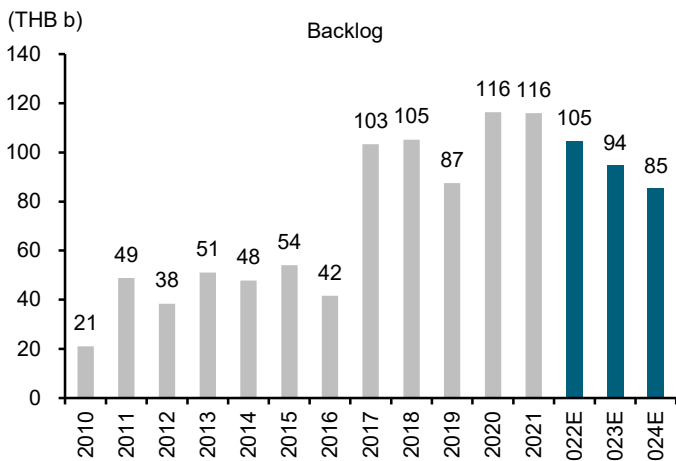
Sources: STEC; FSSIA estimates

Exhibit 3: Quarterly gross margin

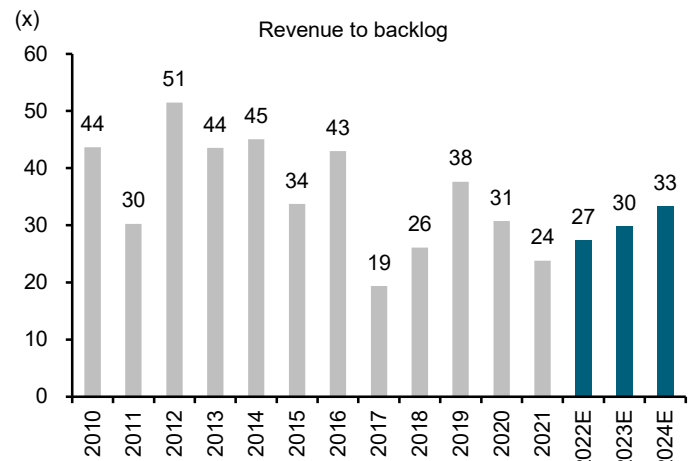
Source: STEC

Exhibit 4: New contracts

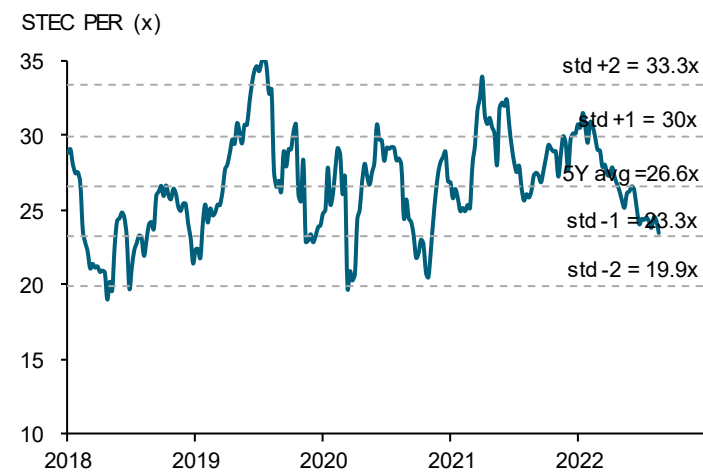
Sources: STEC; FSSIA estimates

Exhibit 5: Backlog at end of the year

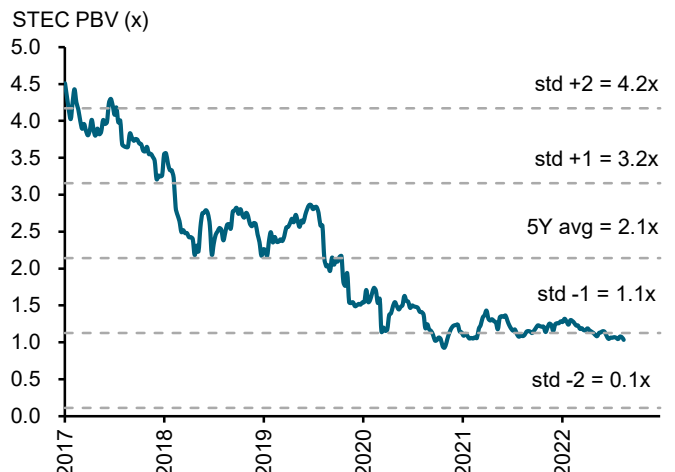
Sources: STEC; FSSIA estimates

Exhibit 6: Revenue to backlog

Sources: STEC; FSSIA estimates

Exhibit 7: Rolling NTM forward P/E band

Source: STEC

Exhibit 8: Rolling NTM forward P/BV band

Sources: STEC; FSSIA estimates

Financial Statements

Sino-Thai E&C

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	35,841	27,675	28,708	28,271	28,414
Cost of goods sold	(33,211)	(25,271)	(26,036)	(25,198)	(25,131)
Gross profit	2,629	2,404	2,672	3,073	3,283
Other operating income	0	0	0	0	0
Operating costs	(674)	(675)	(746)	(735)	(739)
Operating EBITDA	1,956	1,729	1,925	2,338	2,544
Depreciation	(1,050)	(1,129)	(1,366)	(1,723)	(1,926)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	906	600	560	615	618
Net financing costs	(3)	10	8	3	(2)
Associates	95	40	79	122	134
Recurring non-operating income	211	252	296	336	349
Non-recurring items	193	(11)	105	110	136
Profit before tax	1,306	850	969	1,064	1,101
Tax	(203)	(130)	(124)	(131)	(131)
Profit after tax	1,103	721	845	933	970
Minority interests	(10)	(10)	(10)	(10)	(10)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	1,093	711	835	923	960
Non-recurring items & goodwill (net)	(193)	11	(105)	(110)	(136)
Recurring net profit	900	722	730	813	824
Per share (THB)					
Recurring EPS *	0.59	0.47	0.48	0.53	0.54
Reported EPS	0.72	0.47	0.55	0.61	0.63
DPS	0.30	0.25	0.25	0.29	0.32
Diluted shares (used to calculate per share data)	1,525	1,525	1,525	1,525	1,525
Growth					
Revenue (%)	8.6	(22.8)	3.7	(1.5)	0.5
Operating EBITDA (%)	(6.2)	(11.6)	11.3	21.4	8.8
Operating EBIT (%)	(31.0)	(33.7)	(6.7)	9.8	0.5
Recurring EPS (%)	(38.2)	(19.8)	1.1	11.4	1.3
Reported EPS (%)	(26.3)	(35.0)	17.4	10.6	4.0
Operating performance					
Gross margin inc. depreciation (%)	4.4	4.6	4.6	4.8	4.8
Gross margin of key business (%)	4.4	4.6	4.6	4.8	4.8
Operating EBITDA margin (%)	5.5	6.2	6.7	8.3	9.0
Operating EBIT margin (%)	2.5	2.2	2.0	2.2	2.2
Net margin (%)	2.5	2.6	2.5	2.9	2.9
Effective tax rate (%)	19.9	15.8	15.8	15.8	15.8
Dividend payout on recurring profit (%)	50.8	52.8	52.2	55.1	60.1
Interest cover (X)	395.3	(86.3)	(105.2)	(272.9)	477.4
Inventory days	39.9	43.1	58.7	80.8	80.5
Debtor days	103.1	119.3	127.0	151.2	149.6
Creditor days	271.9	320.0	369.0	431.6	419.7
Operating ROIC (%)	(12.9)	(17.3)	(14.0)	(22.2)	(29.4)
ROIC (%)	6.7	4.4	4.0	4.2	4.2
ROE (%)	6.2	4.6	4.2	4.6	4.6
ROA (%)	2.0	1.6	1.4	1.5	1.5

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Construction and services	35,769	27,613	28,653	28,223	28,372
Sales and services	71	62	55	48	42

Sources: Sino-Thai E&C; FSSIA estimates

Financial Statements

Sino-Thai E&C

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	900	722	730	813	824
Depreciation	1,050	1,129	1,366	1,723	1,926
Associates & minorities	(2)	(1)	0	0	0
Other non-cash items	10	10	10	10	10
Change in working capital	(7,652)	2,161	554	13	(1,537)
Cash flow from operations	(5,693)	4,021	2,659	2,559	1,223
Capex - maintenance	(1,031)	(1,023)	(3,368)	(2,348)	(900)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	3,194	(3,054)	10	150	123
Other investments (net)	0	0	0	0	0
Cash flow from investing	2,163	(4,077)	(3,358)	(2,197)	(777)
Dividends paid	(458)	(381)	(381)	(448)	(495)
Equity finance	(580)	2,316	(76)	(76)	(76)
Debt finance	823	(1,338)	1,256	262	225
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(215)	597	799	(262)	(346)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3,745)	541	100	100	100
Free cash flow to firm (FCFF)	(3,477.32)	(22.37)	(660.14)	406.10	497.08
Free cash flow to equity (FCFE)	(2,707.38)	(1,393.96)	557.48	624.01	671.30

Per share (THB)

FCFF per share	(2.28)	(0.01)	(0.43)	0.27	0.33
FCFE per share	(1.78)	(0.91)	0.37	0.41	0.44
Recurring cash flow per share	1.28	1.22	1.38	1.67	1.81

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	8,511	9,228	12,595	14,943	15,843
Less: Accumulated depreciation	(2,974)	(3,797)	(5,162)	(6,886)	(8,812)
Tangible fixed assets (net)	5,537	5,431	7,433	8,057	7,031
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	12,316	15,967	15,967	15,967	15,967
Cash & equivalents	3,516	4,057	4,157	4,257	4,357
A/C receivable	9,905	8,180	11,798	11,618	11,677
Inventories	3,227	2,745	5,630	5,532	5,560
Other current assets	4,447	5,101	5,290	5,210	5,236
Current assets	21,095	20,084	26,875	26,617	26,830
Other assets	5,085	5,140	5,332	5,251	5,277
Total assets	44,033	46,622	55,607	55,892	55,106
Common equity	14,433	17,079	17,456	17,855	18,244
Minorities etc.	279	288	298	308	318
Total shareholders' equity	14,712	17,367	17,754	18,163	18,562
Long term debt	748	480	1,909	2,119	2,299
Other long-term liabilities	1,978	2,584	2,680	2,639	2,653
Long-term liabilities	2,727	3,064	4,589	4,758	4,952
A/C payable	21,673	22,642	30,001	29,589	28,205
Short term debt	1,720	650	477	530	575
Other current liabilities	3,201	2,899	2,786	2,853	2,812
Current liabilities	26,595	26,191	33,264	32,971	31,592
Total liabilities and shareholders' equity	44,033	46,622	55,607	55,892	55,106
Net working capital	(7,296)	(9,515)	(10,069)	(10,081)	(8,545)
Invested capital	15,642	17,023	18,663	19,194	19,731

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

Per share (THB)

Book value per share	9.46	11.20	11.45	11.71	11.96
Tangible book value per share	9.46	11.20	11.45	11.71	11.96

Financial strength

Net debt/equity (%)	(7.1)	(16.9)	(10.0)	(8.9)	(8.0)
Net debt/total assets (%)	(2.4)	(6.3)	(3.2)	(2.9)	(2.7)
Current ratio (x)	0.8	0.8	0.8	0.8	0.8
CF interest cover (x)	(958.0)	142.3	(67.6)	(178.1)	332.5

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	20.3	25.3	25.1	22.5	22.2
Recurring P/E @ target price (x) *	22.0	27.5	27.2	24.4	24.1
Reported P/E (x)	16.7	25.7	21.9	19.8	19.1
Dividend yield (%)	2.5	2.1	2.1	2.4	2.7
Price/book (x)	1.3	1.1	1.0	1.0	1.0
Price/tangible book (x)	1.3	1.1	1.0	1.0	1.0
EV/EBITDA (x) **	9.0	9.1	8.7	7.3	6.7
EV/EBITDA @ target price (x) **	9.7	9.9	9.5	7.9	7.3
EV/invested capital (x)	1.1	0.9	0.9	0.9	0.9

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

Sources: Sino-Thai E&C; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQU	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

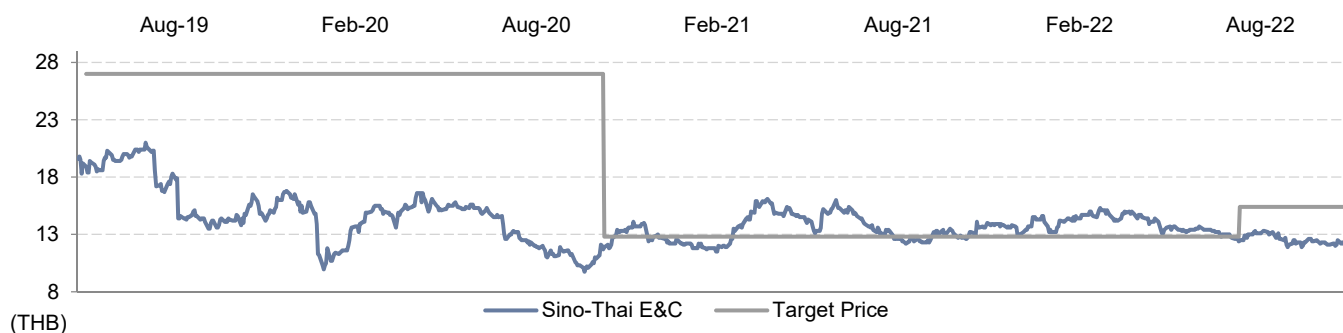
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Sino-Thai E&C (STEC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Aug-2019	BUY	27.00	12-Nov-2020	HOLD	12.80	12-May-2022	BUY	15.40

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sino-Thai E&C	STEC TB	THB 12.00	HOLD	Upside risks to our P/BV multiple valuation-based TP are 1) the construction margin could increase more than expected; and 2) construction revenue could grow more than expected. Downside risks to our TP are 1) a weaker than expected construction margin; and 2) more project construction delays than our expectation.

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 16-Aug-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.