

INTERLINK COMMUNICATION

THAILAND / INFORMATION&COMM TECH

ILINK TB

BUY
 UNCHANGED

2Q23 results at first glance

Profit beat our estimate by 7% on highest-ever gross margin

Highlights

- ILINK's 2Q23 revenue decreased by 18% q-q and 17% y-y, while its gross margin, which came in at 27.7%, surpassed our estimate by 365bps. Its 2Q23 net profit of THB119m declined 7% q-q but jumped 30% y-y, beating our expectation by 7%.
- The 2Q23 revenue of THB1.3b comprised its own cable distribution business (42%), its construction engineering business (11%), and the telecom unit (47%), which is operated under its subsidiary Interlink Telecom (ITEL TB, BUY).
- The low season for the engineering and distribution businesses explained the 18% q-q reduction in revenue. The 17% y-y lower revenue was a result of temporarily lower revenue recognition from the submarine cable project at Koh Tao.
- ILINK's gross margin was significantly elevated by 301bps q-q and 810bps y-y in 2Q23 to its highest ever at 27.7% thanks to the decline in copper prices, driving the distribution unit's gross margin to the highest level at 31.2%. The EBITDA and net profit margins also reached their highest levels at 25.4% and 8.9%, respectively.

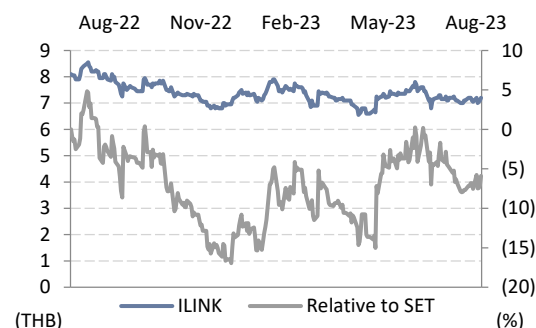
Outlook

- ILINK has a backlog worth almost THB2b and a lineup of projects awaiting contract signings amounting to THB2b, while 2H is typically ITEL's high season. We believe the outlook is promising for the group.
- Our 2023 net profit forecast sees a 22.7% rise, while ILINK's share price is currently trading at 8.3x 2023E P/E and 1.0x 2023E P/PBV. We reiterate our BUY call for ILINK with our SoTP-based TP of THB10.

TARGET PRICE	THB10.00
CLOSE	THB7.20
UP/DOWNSIDE	+38.9%
TP vs CONSENSUS	+0.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	7,038	7,805	8,106	8,284
Net profit	383	471	506	530
EPS (THB)	0.71	0.87	0.93	0.98
vs Consensus (%)	-	-	-	-
EBITDA	1,211	1,328	1,381	1,431
Recurring net profit	383	471	506	530
Core EPS (THB)	0.71	0.87	0.93	0.98
EPS growth (%)	6.7	22.7	7.5	4.8
Core P/E (x)	10.2	8.3	7.7	7.4
Dividend yield (%)	2.8	4.2	4.5	4.7
EV/EBITDA (x)	6.8	6.4	6.1	5.8
Price/book (x)	1.1	1.0	1.0	0.9
Net debt/Equity (%)	42.8	46.0	43.4	40.1
ROE (%)	10.9	12.5	12.7	12.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.7)	(0.7)	(9.4)
Relative to country (%)	(3.2)	1.4	(4.3)
Mkt cap (USD m)	112		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	50		
Major shareholder	Interlink Holding Co Ltd (50%)		
12m high/low (THB)	8.65/6.40		
Issued shares (m)	543.63		

Sources: Bloomberg consensus; FSSIA estimates


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Analyst register no. 014530

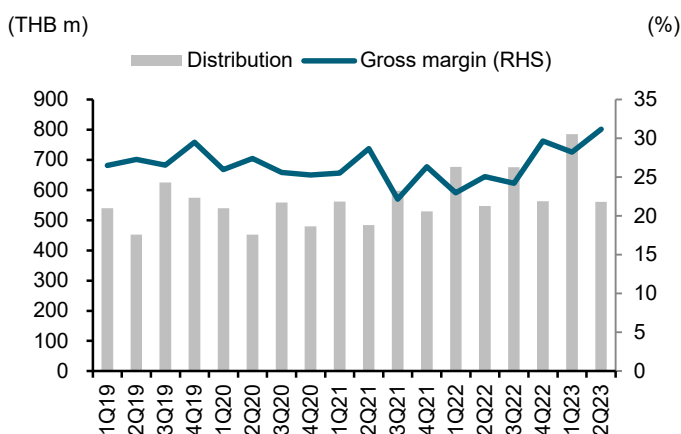
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Exhibit 1: ILINK – 2Q23 operations summary

Year to Dec 31	2Q22	3Q22	4Q22	1Q23	2Q23	-----Change-----		1H22	1H23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	1,615	1,788	2,220	1,620	1,335	(17.6)	(17.3)	3,030	2,955	(2.5)
Cost of sales	(1,298)	(1,471)	(1,788)	(1,220)	(965)	(20.9)	(25.6)	(2,425)	(2,185)	(9.9)
Gross profit	317	318	433	400	370	(7.6)	16.8	605	770	27.4
Operating costs	(120)	(147)	(161)	(168)	(135)	(19.2)	13.2	(249)	(303)	21.7
Operating profit	197	(147)	272	233	235	0.8	19.0	356	468	31.5
Operating EBITDA	298	278	366	337	339	0.5	13.8	567	676	19.3
Other income	14	16	1	12	9	(20.1)	(31.6)	41	21	(48.3)
Interest expense	(43)	(46)	(46)	(41)	(45)	11.1	5.4	(76)	(86)	13.4
Profit before tax	168	140	227	204	199	(2.4)	18.3	321	403	25.6
Tax	34	28	45	44	40	(8.7)	18.0	68	84	23.2
Associates	(2)	2	(2)	(2)	(0)	(93.8)	(94.5)	(4)	(2)	(51.6)
Minority interests	(41)	(29)	(58)	(31)	(40)	30.5	(1.3)	(72)	(71)	(2.0)
Reported net profit	92	85	122	127	119	(6.7)	29.9	176	246	39.8
Core profit	92	85	122	127	119	(6.7)	29.9	176	246	39.8
Reported EPS (THB)	0.17	0.16	0.22	0.23	0.22	(4.8)	30.4	0.33	0.45	36.9
Core EPS (THB)	0.17	0.16	0.22	0.23	0.22	(6.7)	29.9	0.33	0.45	36.9
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	19.6	17.8	19.5	24.7	27.7	3.0	8.1	19.2	19.4	0.2
Operating margin	13.1	10.4	12.3	15.1	18.3	3.2	5.2	12.1	12.4	0.2
EBITDA margin	18.4	15.5	16.5	20.8	25.4	4.6	6.9	17.2	17.0	(0.2)
Recurring net margin	5.7	4.8	5.5	7.9	8.9	1.0	3.2	5.4	6.0	0.6
SG&A / Sales	7.4	8.2	7.2	10.3	10.1	(0.2)	2.7	7.9	7.8	(0.1)
Revenue structure	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Distribution	548	675	563	785	561	(28.5)	2.5	2,462	2,733	11.0
Telecom	842	756	1,209	543	621	14.6	(26.2)	3,390	3,554	4.8
Engineering	225	357	448	293	153	(47.9)	(32.2)	1,186	1,518	28.0
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Distribution	25.1	24.2	29.7	28.2	31.2	2.9	6.1	25.3	25.0	(0.3)
Telecom	19.1	17.9	17.4	27.3	28.2	0.9	9.1	18.8	19.2	0.5
Engineering	8.4	5.1	12.3	10.5	13.2	2.7	4.8	8.1	10.0	1.9

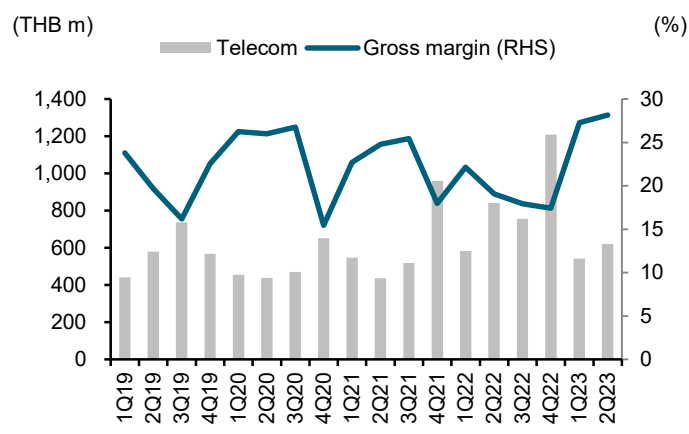
Source: ILINK

Exhibit 2: Distribution revenue and gross margin



Source: ILINK

Exhibit 3: Telecom business and gross margin



Source: ILINK

Financial Statements

Interlink Communication

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	6,058	7,038	7,805	8,106	8,284
Cost of goods sold	(4,875)	(5,684)	(6,287)	(6,521)	(6,644)
Gross profit	1,182	1,355	1,518	1,585	1,640
Other operating income	52	57	55	57	58
Operating costs	(464)	(557)	(609)	(632)	(646)
Operating EBITDA	1,110	1,211	1,328	1,381	1,431
Depreciation	(339)	(356)	(364)	(371)	(379)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	771	855	964	1,010	1,052
Net financing costs	(149)	(167)	(166)	(164)	(169)
Associates	(6)	(5)	(4)	(4)	(4)
Recurring non-operating income	(6)	(5)	(4)	(4)	(4)
Non-recurring items	(6)	0	0	0	0
Profit before tax	609	683	794	842	880
Tax	(142)	(141)	(160)	(169)	(177)
Profit after tax	467	542	634	673	703
Minority interests	(114)	(158)	(164)	(167)	(173)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	353	383	471	506	530
Non-recurring items & goodwill (net)	6	0	0	0	0
Recurring net profit	359	383	471	506	530
Per share (THB)					
Recurring EPS *	0.66	0.71	0.87	0.93	0.98
Reported EPS	0.65	0.71	0.87	0.93	0.98
DPS	0.38	0.20	0.30	0.33	0.34
Diluted shares (used to calculate per share data)	544	544	544	544	544
Growth					
Revenue (%)	17.5	16.2	10.9	3.9	2.2
Operating EBITDA (%)	70.9	9.1	9.7	4.0	3.6
Operating EBIT (%)	131.4	10.9	12.8	4.7	4.2
Recurring EPS (%)	9,049.9	6.7	22.7	7.5	4.8
Reported EPS (%)	80.3	8.6	22.7	7.5	4.8
Operating performance					
Gross margin inc. depreciation (%)	19.5	19.2	19.4	19.6	19.8
Gross margin exc. depreciation (%)	25.1	24.3	24.1	24.1	24.4
Operating EBITDA margin (%)	18.3	17.2	17.0	17.0	17.3
Operating EBIT margin (%)	12.7	12.1	12.4	12.5	12.7
Net margin (%)	5.9	5.4	6.0	6.2	6.4
Effective tax rate (%)	23.3	20.6	20.1	20.1	20.1
Dividend payout on recurring profit (%)	57.5	28.4	35.0	35.0	35.0
Interest cover (X)	5.1	5.1	5.8	6.1	6.2
Inventory days	24.8	26.7	26.6	26.0	26.3
Debtor days	65.7	77.7	87.5	79.5	77.7
Creditor days	121.4	127.7	124.8	117.1	116.1
Operating ROIC (%)	8.2	9.2	10.6	10.9	11.0
ROIC (%)	7.1	7.7	8.9	9.3	9.5
ROE (%)	11.5	10.9	12.5	12.7	12.6
ROA (%)	5.5	5.9	6.7	7.0	7.1
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Distribution	2,173	2,462	2,733	3,033	3,306
Telecom	2,462	3,390	3,554	3,660	3,861
Engineering service (EPC)	1,422	1,186	1,518	1,413	1,117

Sources: Interlink Communication; FSSIA estimates

Financial Statements

Interlink Communication

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	359	383	471	506	530
Depreciation	339	356	364	371	379
Associates & minorities	6	5	4	4	4
Other non-cash items	287	382	(257)	(165)	(175)
Change in working capital	(669)	521	(453)	(123)	(55)
Cash flow from operations	323	1,647	128	594	683
Capex - maintenance	(323)	(318)	(403)	(410)	(450)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1	1	5	(1)	(2)
Other investments (net)	(177)	(104)	173	48	60
Cash flow from investing	(500)	(421)	(225)	(363)	(392)
Dividends paid	(74)	(207)	(165)	(177)	(186)
Equity finance	556	175	0	0	0
Debt finance	(385)	(1,728)	336	14	(149)
Other financing cash flows	170	530	0	0	0
Cash flow from financing	267	(1,230)	172	(163)	(335)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	130	136	0	0	0
Net other adjustments	130	136	(12)	(4)	(4)
Movement in cash	221	131	64	64	(47)
Free cash flow to firm (FCFF)	(27.51)	1,392.82	69.83	395.00	459.53
Free cash flow to equity (FCFE)	(261.95)	163.23	228.51	241.61	138.11

Per share (THB)

FCFF per share	(0.05)	2.56	0.13	0.73	0.85
FCFE per share	(0.48)	0.30	0.42	0.44	0.25
Recurring cash flow per share	1.82	2.07	1.07	1.32	1.36

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	5,852	6,197	6,507	6,832	7,174
Less: Accumulated depreciation	(1,552)	(1,825)	(2,092)	(2,379)	(2,650)
Tangible fixed assets (net)	4,300	4,372	4,414	4,453	4,524
Intangible fixed assets (net)	279	358	340	346	353
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	76	93	93	93	93
Cash & equivalents	490	621	685	749	702
A/C receivable	1,031	1,966	1,775	1,755	1,770
Inventories	348	432	431	447	455
Other current assets	3,796	2,766	2,845	3,009	3,176
Current assets	5,664	5,785	5,735	5,959	6,104
Other assets	1,026	991	841	791	726
Total assets	11,344	11,599	11,425	11,643	11,799
Common equity	3,402	3,665	3,871	4,100	4,345
Minorities etc.	1,463	1,925	1,925	1,925	1,925
Total shareholders' equity	4,865	5,591	5,797	6,026	6,270
Long term debt	1,358	1,114	1,295	1,333	1,352
Other long-term liabilities	84	737	117	122	124
Long-term liabilities	1,442	1,851	1,412	1,454	1,477
A/C payable	1,657	2,069	1,981	1,965	2,021
Short term debt	3,194	1,898	2,056	2,031	1,862
Other current liabilities	186	186	179	167	170
Current liabilities	5,037	4,153	4,216	4,163	4,052
Total liabilities and shareholders' equity	11,344	11,595	11,425	11,643	11,799
Net working capital	3,331	2,909	2,890	3,078	3,212
Invested capital	9,011	8,723	8,580	8,761	8,907

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

Per share (THB)

Book value per share	6.26	6.74	7.12	7.54	7.99
Tangible book value per share	5.74	6.08	6.50	6.91	7.34

Financial strength

Net debt/equity (%)	83.5	42.8	46.0	43.4	40.1
Net debt/total assets (%)	35.8	20.6	23.3	22.5	21.3
Current ratio (x)	1.1	1.4	1.4	1.4	1.5
CF interest cover (x)	(0.8)	2.0	2.4	2.5	1.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	10.9	10.2	8.3	7.7	7.4
Recurring P/E @ target price (x) *	15.1	14.2	11.6	10.7	10.3
Reported P/E (x)	11.1	10.2	8.3	7.7	7.4
Dividend yield (%)	5.3	2.8	4.2	4.5	4.7
Price/book (x)	1.2	1.1	1.0	1.0	0.9
Price/tangible book (x)	1.3	1.2	1.1	1.0	1.0
EV/EBITDA (x) **	8.5	6.8	6.4	6.1	5.8
EV/EBITDA @ target price (x) **	9.9	8.1	7.6	7.2	6.9
EV/invested capital (x)	1.0	0.9	1.0	1.0	0.9

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

Sources: Interlink Communication; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. FSSIA does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

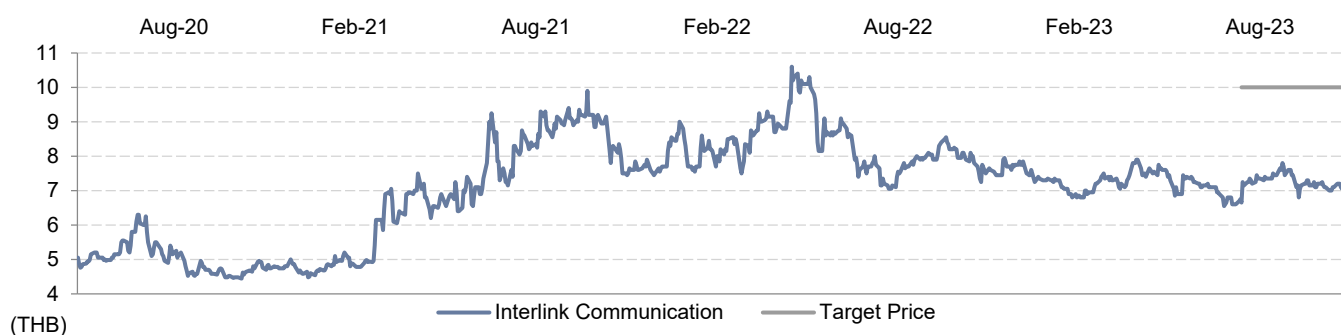
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History of change in investment rating and/or target price

Interlink Communication (ILINK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-May-2023	BUY	10.00	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 09-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Interlink Telecom (ITEL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-May-2023	BUY	4.50	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 03-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Interlink Communication	ILINK TB	THB 7.20	BUY	Downside risks to our SoTP-based TP include 1) intense competition and price cuts; 2) the termination of distributorship contracts or the appointment of additional distributors in Thailand; 3) uncertainty in project bidding; 4) project delays; and 5) risk from technological changes.
Interlink Telecom	ITEL TB	THB 2.38	BUY	Downside risks to our P/E-based TP include 1) uncertainty regarding bidding outcomes; 2) delays in projects; 3) cost overruns; and 4) risks from technological disruptions.

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 11-Aug-2023 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.