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## ILINK TB

BUY

UNCHANGED

## คาดการณ์ 3Q23 สูงเป็นประวัติการณ์

- คาด 3Q23 ทำกำไรได้สูงเป็นประวัติการณ์จากธุรกิจจัดจำหน่ายสายสัญญาณและการเร่งส่งมอบงานเกาะเต่า
- เราปรับเพิ่มกำไรปี 2023-25 สะท้อนอัตรากำไรขั้นต้นที่มีแนวโน้มดีกว่าค่าของ ITEL ในปี 2024-25
- ปรับไปใช้ราคาเป้าหมายปี 2024 ที่ 10 บาท (SoTP) ยังคงแนะนำซื้อ

TARGET PRICE	THB10.00
CLOSE	THB6.70
UP/DOWNSIDE	+49.3%
PRIOR TP	THB10.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	7,038	6,714	7,720	8,001
Net profit	383	506	543	567
EPS (THB)	0.71	0.93	1.00	1.04
vs Consensus (%)	-	6.9	7.5	6.1
EBITDA	1,211	1,379	1,433	1,511
Recurring net profit	383	506	543	567
Core EPS (THB)	0.71	0.93	1.00	1.04
Chg. In EPS est. (%)	-	7.5	7.4	7.0
EPS growth (%)	6.7	32.0	7.4	4.4
Core P/E (x)	9.5	7.2	6.7	6.4
Dividend yield (%)	3.0	4.9	5.2	5.5
EV/EBITDA (x)	6.6	6.2	5.9	5.5
Price/book (x)	1.0	0.9	0.9	0.8
Net debt/Equity (%)	42.8	45.7	44.3	38.8
ROE (%)	10.9	13.4	13.5	13.2

## 3Q23 เป็นอีกหนึ่งไตรมาสที่ดีมาก เราคาดการณ์สูงเป็นประวัติการณ์

เราคาดการณ์กำไรสุทธิ 3Q23 ที่ 127.6 ล้านบาท เพิ่มขึ้น 7.3% q-q และ 49.6% y-y เป็นกำไรไตรมาสที่สูงสุดเป็นประวัติการณ์ แม้ว่ากำไรของ ITEL จะยังไม่ฟื้นตัวมากนัก กำไรที่คาดว่าจะทำได้ดีมาจากธุรกิจจัดจำหน่ายสายสัญญาณและสายสื่อสาร (Cabling distribution) ซึ่งมีการจัดงาน Expo ในเดือน ม.ค. และ ก.ค. ของทุกปี แม้ว่าอัตรากำไรขั้นต้นในช่วงดังกล่าวจะต่ำกว่าช่วงปกติ แต่ชดเชยได้จากรายได้ที่สูงขึ้นมาก เราคาดการณ์ได้จากธุรกิจ Distribution ในไตรมาสนี้ +39.1% q-q และ +15.6% y-y มีสัดส่วน 43% ของรายได้รวม ธุรกิจนี้มีมาร์จิ้นสูงกว่าธุรกิจอื่น จึงช่วยมาร์จิ้นโดยรวมได้

## คาดการณ์เร่งส่งมอบงานเกาะเต่าเกือบทั้งหมดหนุ่ยรายได้ปีนี้

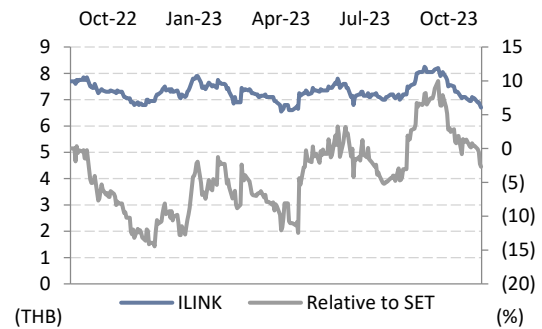
รายได้จากธุรกิจ EPC ใน 3Q23 คาดว่าจะก้าวกระโดด +162.2% q-q และ +12.0% y-y เป็น 400 ล้านบาทจากการเร่งส่งมอบงานเกาะเต่า และคาดว่าภายในสิ้นปี 2023 บริษัทจะสามารถส่งมอบงานก่อสร้างสาย Submarine cable ไปเกาะเต่าได้ราว 85-90% ของมูลค่างานทั้งหมด 1.78 พันล้านบาทได้ การรับรู้ส่วนใหญ่อคาดว่าจะอยู่ใน 3Q23 งานดังกล่าวมีมาร์จิ้นค่อนข้างดี จึงช่วยผลักดันอัตรากำไรขั้นต้นโดยรวม อย่างไรก็ตาม ภายใต้งาน Telecom ของ ITEL ใน 3Q23 ยังไม่น่าจะเร่งตัวได้เหมือนช่วงเวลาก่อน

## ปรับประมาณการกำไรปี 2023-25 ขึ้นเป็นเติบโต 32%/7%/4%

หากเป็นไปตามคาด กำไรสุทธิงวด 9M23 จะขยายตัวถึง 43.0% y-y ซึ่งสูงกว่าที่เราเคยประเมินในช่วงก่อนหน้า เราจึงปรับเพิ่มประมาณการกำไร 8%/7%/7% ในปี 2023-25 ตามลำดับ โดยหลักมาจากการปรับเพิ่มอัตรากำไรขั้นต้นของธุรกิจ Distribution ของ ILINK ชดเชยประมาณการของ ITEL ที่ปรับลงได้ ส่งผลให้กำไรปี 2023 เติบโตสูง 32.0% และโตต่อเนื่อง 7.4% y-y และ 4.4% y-y ในปี 2024-25 ตามลำดับ กำไรที่เติบโตในปี 2024-25 มาจากธุรกิจ Distribution และการฟื้นตัวของ ITEL เป็นหลัก ทั้งนี้ เรายังไม่รวมงานก่อสร้างสายเคเบิลใต้น้ำไปเกาะสมุยมูลค่างานประมาณ 1.7-1.8 พันล้านบาทซึ่งบริษัทเสนอราคาต่ำสุดแต่ยังไม่มีการเซ็นสัญญา

## ปรับไปใช้ราคาเป้าหมายปีหน้า 10 บาท ยังคงแนะนำซื้อ

เราปรับไปใช้ราคาเป้าหมายปี 2024 ที่ 10 บาท (SoTP) อิงราคาเป้าหมายของ ITEL และใช้ PE 8.5 เท่าสำหรับ ILINK ราคาเป้าหมายดังกล่าวคิดเป็น 2024E PE 10 เท่า PBV เพียง 1.3 เท่า ราคาหุ้นปัจจุบันเทรดที่ 2024 PE ต่ำเพียง 6.7 เท่า บริษัทมีฐานะทางการเงินแข็งแกร่ง สภาพคล่องสูง จ่ายปันผลสม่ำเสมอ เรายังคงแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.5)	(6.3)	(15.7)
Relative to country (%)	(7.5)	1.2	(5.9)
Mkt cap (USD m)			100
3m avg. daily turnover (USD m)			0.2
Free float (%)			48
Major shareholder	Interlink Holding Co Ltd (25%)		
12m high/low (THB)	8.30/6.40		
Issued shares (m)	543.63		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

ILINK เป็นผู้จัดจำหน่ายสายสัญญาณรายใหญ่ที่สุดในอาเซียน บริษัทจำหน่ายอุปกรณ์ส่งสัญญาณแบรนด์ชั้นนำของโลก ได้แก่ LINK และ COMMSCOPE ธุรกิจของกลุ่มบริษัทเติบโตตามเทคโนโลยี โดยเฉพาะการเปลี่ยน Generation ของการสื่อสารในแต่ละรุ่น จะทำให้เกิดการซื้ออุปกรณ์โครงสร้างพื้นฐานใหม่เป็นวัฏจักร

ปี 2023 เป็นปีที่ดีมากที่สุดของ ILINK จากการเปลี่ยนแปลงของเทคโนโลยีทำให้ธุรกิจ Distribution เติบโตสูง ขณะเดียวกันบริษัทได้งานประมูลขนาดใหญ่คือเกาะเต่า และยังมีส่วนเกาะสมุยที่รอเซ็นสัญญา การเติบโตในปี 2024-25 จะมาจากธุรกิจ Distribution ที่โตต่อเนื่องและการฟื้นตัวของ ITEL ในขณะที่ราคาหุ้นปรับลดลง Valuation ถูกมากและให้ผลตอบแทนจากเงินปันผลที่ดี

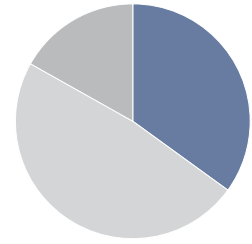
## Company profile

ILINK มีธุรกิจหลัก 3 ธุรกิจได้แก่ 1. ธุรกิจจัดจำหน่ายสายสัญญาณและสายสื่อสาร (Distribution) โดยเน้นขายส่งให้แก่ดีลเลอร์ ผู้รับเหมาวางระบบคอมพิวเตอร์ (SI) ผู้รับเหมาระบบไฟฟ้าและสื่อสาร 2. ธุรกิจโทรคมนาคมซึ่งดำเนินงานภายใต้บริษัทย่อยคือ ITEL และ 3. ธุรกิจวิศวกรรม (Engineering) มุ่งเน้นรับงานก่อสร้างโครงการที่อยู่ในความเชี่ยวชาญของบริษัท เช่น โครงการติดตั้งสาย Fiber optic ทั่วกรุงเทพและจังหวัดอื่น โครงการสนามบินสุวรรณภูมิ เป็นต้น

[www.interlink.co.th](http://www.interlink.co.th)

## Principal activities (revenue, 2022)

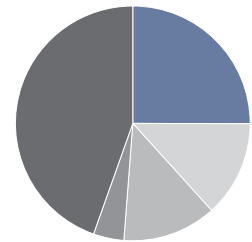
- Distribution - 35.0 %
- Telecom - 48.2 %
- Engineering service (EPC) - 16.9 %



Source: Interlink Communication

## Major shareholders

- Interlink Holding Co Ltd - 25.1 %
- Mr. Sombat Anuntarumporn - 13.2 %
- Ms. Chalida Anuntarumporn - 12.9 %
- Thai NVDR Co., Ltd. - 4.2 %
- Others - 44.6 %



Source: Interlink Communication

## Catalysts

ปัจจัยหนุนการเติบโต 1) ภาวะเศรษฐกิจและกำลังซื้อโดยรวมที่ดีขึ้น 2) การเปลี่ยนแปลงของเทคโนโลยีในแต่ละ Generation จะทำให้ลูกค้าต้องเปลี่ยนอุปกรณ์โครงสร้างพื้นฐานใหม่ 3) งานประมูลโครงสร้างพื้นฐานของภาครัฐและเอกชนที่มีต่อเนื่อง

## Risks to our call

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.

## Event calendar

Date	Event
14 November 2023	3Q23 earnings announcement

## Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Distribution	2,733	3,033	3,306
<i>Gross margin</i>	28.0	26.0	26.0
Telecom	2,588	3,273	3,678
<i>Gross margin</i>	27.4	23.9	23.8
Engineering	1,393	1,413	1,017
<i>Gross margin</i>	10.0	9.0	8.0
SG&A to sales (%)	9.45	8.78	9.1

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% change in the gross margin of the distribution business, we project ILINK's 2024 core profit to change by 4.6%, all else being equal.
- For every 1% change in the gross margin of the telecom business, we project ILINK's 2024 core profit to change by 6.0%, all else being equal.
- For every 1% change in the gross margin of the engineering business, we project ILINK's 2024 core profit to change by 2.6%, all else being equal.

Source: FSSIA estimates

## Exhibit 1: 3Q23 earnings preview

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23E	-----Change-----		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	1,788	2,220	1,620	1,335	1,811	35.6	1.3	4,818	4,766	(1.1)
Cost of sales	(1,471)	(1,788)	(1,220)	(965)	(1,396)	44.6	(5.1)	(3,896)	(3,581)	(8.1)
Gross profit	318	433	400	370	415	12.1	30.6	922	1,185	28.5
Operating costs	(147)	(161)	(168)	(135)	(168)	24.4	14.2	(396)	(468)	18.0
Operating profit	170	272	233	235	246	5.0	44.9	526	718	36.5
Operating EBITDA	278	366	337	339	351	3.5	26.3	845	1,027	21.6
Other income	16	1	12	9	10	2.1	(39.2)	56	30	(45.8)
Interest expense	(46)	(46)	(41)	(45)	(46)	1.5	(0.0)	(121)	(132)	8.4
Tax	28	45	44	40	42	5.3	51.8	96	126	31.5
Reported net profit	85	122	127	119	128	7.3	49.6	261	374	43.0
Core profit	85	122	127	119	128	7.3	49.6	261	374	43.0
Reported EPS (THB)	0.16	0.22	0.23	0.22	0.23	7.2	49.5	0.49	0.68	41.0
Core EPS (THB)	0.16	0.22	0.23	0.22	0.23	7.3	49.6	0.49	0.68	41.0
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	17.8	19.5	24.7	27.7	22.9	(4.8)	5.2	19.1	24.9	5.7
Operating margin	10.4	12.3	15.1	18.3	14.1	(4.1)	3.7	12.1	15.6	3.5
EBITDA margin	15.5	16.5	20.8	25.4	19.4	(6.0)	3.8	17.5	21.6	4.0
Recurring net margin	4.8	5.5	7.9	8.9	7.0	(1.9)	2.3	5.4	7.8	2.4
SG&A / Sales	8.2	7.2	10.3	10.1	9.3	(0.8)	1.1	8.2	9.8	1.6
<b>Revenue structure</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Distribution	675	563	785	561	781	39.1	15.6	1,899	2,127	12.0
Telecom	756	1,209	543	621	630	1.4	(16.6)	2,181	1,794	(17.7)
Engineering	357	448	293	153	400	162.2	12.0	738	845	14.5
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Distribution	24.2	29.7	28.2	31.2	25.8	(5.4)	1.6	24.0	28.1	4.1
Telecom	17.9	17.4	27.3	28.2	27.1	(1.0)	9.2	19.5	27.5	8.0
Engineering	5.1	12.3	10.5	13.2	10.6	(2.6)	5.5	5.5	11.1	5.6

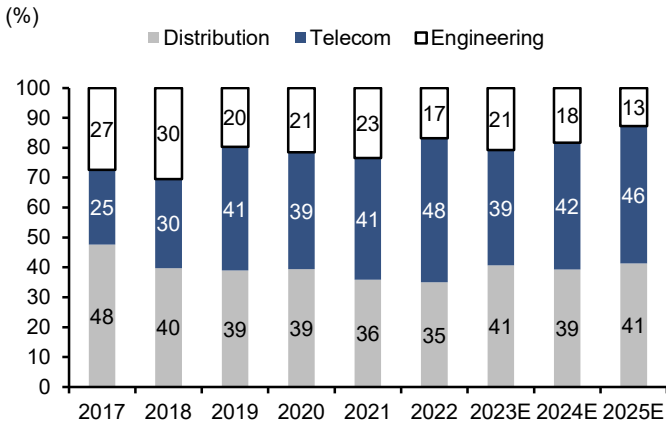
Sources: ILINK, FSSIA estimates

## Exhibit 2: Key changes of assumptions

	----- Current -----			----- Previous -----			----- Change -----		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	6,714	7,720	8,001	7,805	8,106	8,284	(14.0)	(4.8)	(3.4)
Distribution	2,733	3,033	3,306	2,733	3,033	3,306	0.0	0.0	0.0
Telecom	2,588	3,273	3,678	3,554	3,660	3,861	(27.2)	(10.6)	(4.7)
EPC	1,393	1,413	1,017	1,518	1,413	1,117	(8.2)	0.0	(9.0)
Total cost of service	(5,101)	(6,023)	(6,186)	(6,287)	(6,521)	(6,644)	(18.9)	(7.6)	(6.9)
SG&A	(634)	(678)	(728)	(609)	(632)	(646)	4.2	7.2	12.7
EBITDA	1,379	1,433	1,511	1,328	1,381	1,431	3.8	3.8	5.6
Net profit	506	543	567	471	506	530	7.5	7.4	7.0
<b>Margins</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Blended gross margin	24.0	22.0	22.7	19.4	19.6	19.8	4.6	2.4	2.9
Distribution	28.0	26.0	26.0	25.0	25.1	25.1	3.0	1.0	1.0
Telecom	27.4	23.9	23.8	19.2	18.7	18.7	8.2	5.2	5.1
EPC	10.0	9.0	8.0	10.0	10.0	8.2	0.0	(1.0)	(0.2)
EBITDA margin	20.5	18.6	18.9	17.0	17.0	17.3	3.5	1.5	1.6
Net profit margin	7.5	7.0	7.1	6.0	6.2	6.4	1.5	0.8	0.7
<b>Growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Revenue	-4.6	15.0	3.6	10.9	3.9	2.2	(15.5)	11.1	1.5
Core profit	32.0	7.4	4.4	22.7	7.5	4.8	9.3	(0.2)	(0.4)

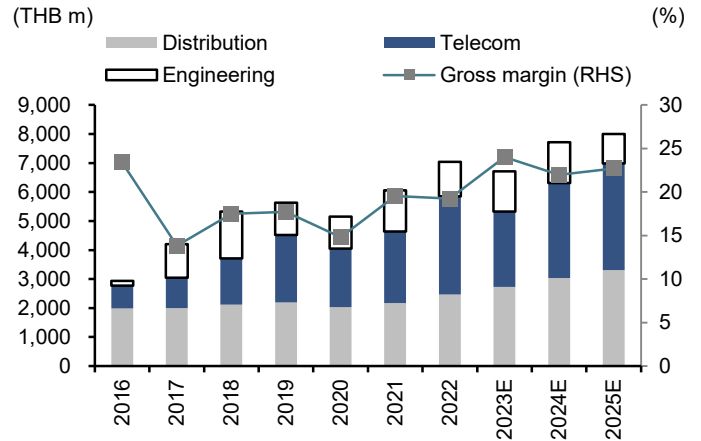
Sources: ILINK, FSSIA estimates

**Exhibit 3: Revenue structure**



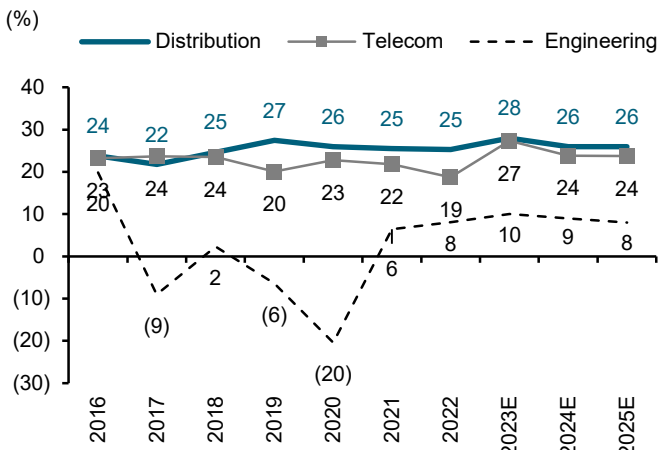
Sources: ILINK, FSSIA estimates

**Exhibit 4: Revenue growth**



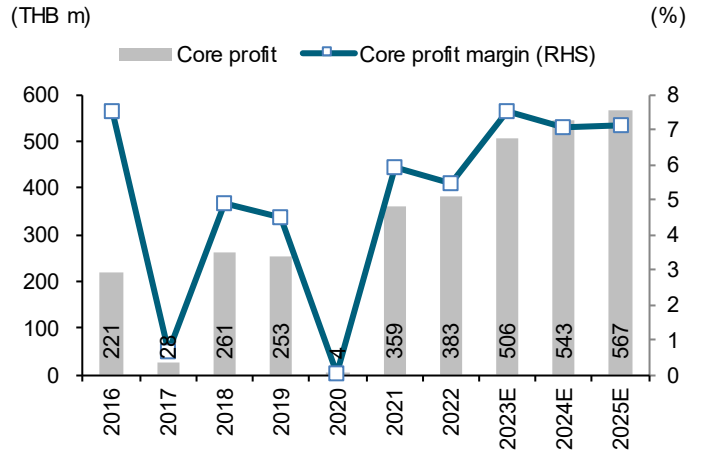
Sources: ILINK, FSSIA estimates

**Exhibit 5: Margins**



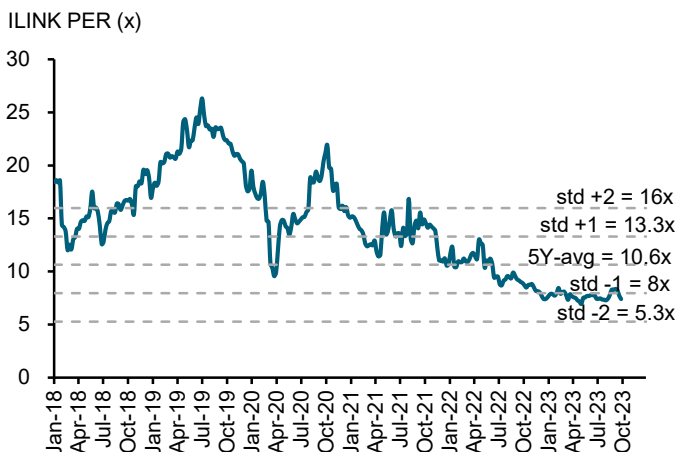
Sources: ILINK, FSSIA estimates

**Exhibit 6: Core profit and core profit margin**



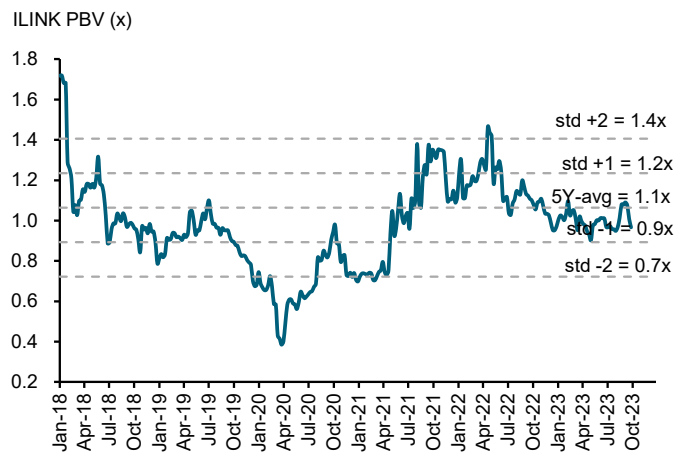
Sources: ILINK, FSSIA estimates

**Exhibit 7: Rolling one-year forward P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 8: Rolling one-year forward P/BV band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Interlink Communication

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	6,058	7,038	6,714	7,720	8,001
Cost of goods sold	(4,875)	(5,684)	(5,101)	(6,023)	(6,186)
<b>Gross profit</b>	<b>1,182</b>	<b>1,355</b>	<b>1,613</b>	<b>1,697</b>	<b>1,816</b>
Other operating income	52	57	37	42	44
Operating costs	(464)	(557)	(634)	(678)	(728)
<b>Operating EBITDA</b>	<b>1,110</b>	<b>1,211</b>	<b>1,379</b>	<b>1,433</b>	<b>1,511</b>
Depreciation	(339)	(356)	(364)	(371)	(379)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>771</b>	<b>855</b>	<b>1,015</b>	<b>1,062</b>	<b>1,132</b>
Net financing costs	(149)	(167)	(181)	(175)	(192)
Associates	(6)	(5)	(4)	(4)	(4)
Recurring non-operating income	(6)	(5)	(4)	(4)	(4)
Non-recurring items	(6)	0	0	0	0
<b>Profit before tax</b>	<b>609</b>	<b>683</b>	<b>831</b>	<b>883</b>	<b>936</b>
Tax	(142)	(141)	(167)	(177)	(188)
<b>Profit after tax</b>	<b>467</b>	<b>542</b>	<b>664</b>	<b>705</b>	<b>748</b>
Minority interests	(114)	(158)	(157)	(162)	(181)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>353</b>	<b>383</b>	<b>506</b>	<b>543</b>	<b>567</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>359</b>	<b>383</b>	<b>506</b>	<b>543</b>	<b>567</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.66	0.71	0.93	1.00	1.04
Reported EPS	0.65	0.71	0.93	1.00	1.04
DPS	0.38	0.20	0.33	0.35	0.37
Diluted shares (used to calculate per share data)	544	544	544	544	544
<b>Growth</b>					
Revenue (%)	17.5	16.2	(4.6)	15.0	3.6
Operating EBITDA (%)	70.9	9.1	13.9	3.9	5.4
Operating EBIT (%)	131.4	10.9	18.8	4.6	6.6
Recurring EPS (%)	9,049.9	6.7	32.0	7.4	4.4
Reported EPS (%)	80.3	8.6	32.0	7.4	4.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.5	19.2	24.0	22.0	22.7
Gross margin exc. depreciation (%)	25.1	24.3	29.4	26.8	27.4
Operating EBITDA margin (%)	18.3	17.2	20.5	18.6	18.9
Operating EBIT margin (%)	12.7	12.1	15.1	13.8	14.1
Net margin (%)	5.9	5.4	7.5	7.0	7.1
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	5.6	6.0	5.9
Inventory days	24.8	26.7	34.9	30.3	29.4
Debtor days	65.7	77.7	98.4	81.6	81.0
Creditor days	121.4	127.7	141.6	107.9	113.0
Operating ROIC (%)	8.2	9.2	10.9	10.9	11.3
ROIC (%)	7.1	7.7	9.2	9.4	9.9
ROE (%)	11.5	10.9	13.4	13.5	13.2
ROA (%)	5.5	5.9	7.1	7.4	7.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Distribution	2,173	2,462	2,733	3,033	3,306
Telecom	2,462	3,390	2,588	3,273	3,678
Engineering service (EPC)	1,422	1,186	1,393	1,413	1,017

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	506	543	567
Depreciation	339	356	364	371	379
Associates & minorities	6	5	4	4	4
Other non-cash items	287	382	(257)	(69)	(160)
Change in working capital	(669)	521	(637)	(194)	63
<b>Cash flow from operations</b>	<b>323</b>	<b>1,647</b>	<b>(20)</b>	<b>656</b>	<b>853</b>
Capex - maintenance	(323)	(318)	(550)	(410)	(450)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1	1	49	(29)	(6)
Other investments (net)	(177)	(104)	314	(48)	45
<b>Cash flow from investing</b>	<b>(500)</b>	<b>(421)</b>	<b>(187)</b>	<b>(487)</b>	<b>(412)</b>
Dividends paid	(74)	(207)	(177)	(190)	(199)
Equity finance	556	175	38	0	0
Debt finance	(385)	(1,728)	342	20	(208)
Other financing cash flows	170	530	0	0	0
<b>Cash flow from financing</b>	<b>267</b>	<b>(1,230)</b>	<b>202</b>	<b>(170)</b>	<b>(407)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	130	136	0	0	0
<b>Net other adjustments</b>	<b>130</b>	<b>136</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>
<b>Movement in cash</b>	<b>221</b>	<b>131</b>	<b>(9)</b>	<b>(5)</b>	<b>31</b>
Free cash flow to firm (FCFF)	(27.51)	1,392.82	(26.81)	343.96	633.06
Free cash flow to equity (FCFE)	(261.95)	163.23	130.04	185.47	229.24
<b>Per share (THB)</b>					
FCFF per share	(0.05)	2.56	(0.05)	0.63	1.16
FCFE per share	(0.48)	0.30	0.24	0.34	0.42
Recurring cash flow per share	1.82	2.07	1.14	1.56	1.45
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	5,852	6,197	6,507	6,832	7,174
Less: Accumulated depreciation	(1,552)	(1,825)	(1,952)	(2,239)	(2,510)
<b>Tangible fixed assets (net)</b>	<b>4,300</b>	<b>4,372</b>	<b>4,554</b>	<b>4,593</b>	<b>4,664</b>
<b>Intangible fixed assets (net)</b>	<b>279</b>	<b>358</b>	<b>340</b>	<b>346</b>	<b>353</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	76	93	93	93	93
Cash & equivalents	490	621	612	607	638
A/C receivable	1,031	1,966	1,656	1,798	1,754
Inventories	348	432	475	462	475
Other current assets	3,796	2,766	2,736	2,971	3,149
<b>Current assets</b>	<b>5,664</b>	<b>5,785</b>	<b>5,479</b>	<b>5,838</b>	<b>6,015</b>
Other assets	1,026	991	743	760	706
<b>Total assets</b>	<b>11,344</b>	<b>11,599</b>	<b>11,210</b>	<b>11,630</b>	<b>11,831</b>
Common equity	3,402	3,665	3,893	4,147	4,415
Minorities etc.	1,463	1,925	2,106	2,106	2,106
<b>Total shareholders' equity</b>	<b>4,865</b>	<b>5,591</b>	<b>5,999</b>	<b>6,252</b>	<b>6,521</b>
Long term debt	1,358	1,114	903	951	950
Other long-term liabilities	84	737	101	116	120
<b>Long-term liabilities</b>	<b>1,442</b>	<b>1,851</b>	<b>1,003</b>	<b>1,066</b>	<b>1,070</b>
A/C payable	1,657	2,069	1,607	1,733	1,864
Short term debt	3,194	1,898	2,453	2,424	2,217
Other current liabilities	186	186	147	155	159
<b>Current liabilities</b>	<b>5,037</b>	<b>4,153</b>	<b>4,207</b>	<b>4,311</b>	<b>4,240</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,344</b>	<b>11,595</b>	<b>11,210</b>	<b>11,630</b>	<b>11,831</b>
Net working capital	3,331	2,909	3,113	3,343	3,354
Invested capital	9,011	8,723	8,844	9,136	9,170
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	6.26	6.74	7.16	7.63	8.12
Tangible book value per share	5.74	6.08	6.54	6.99	7.47
<b>Financial strength</b>					
Net debt/equity (%)	83.5	42.8	45.7	44.3	38.8
Net debt/total assets (%)	35.8	20.6	24.5	23.8	21.4
Current ratio (x)	1.1	1.4	1.3	1.4	1.4
CF interest cover (x)	(0.8)	2.0	1.7	2.1	2.2
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>10.1</b>	<b>9.5</b>	<b>7.2</b>	<b>6.7</b>	<b>6.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>15.1</b>	<b>14.2</b>	<b>10.7</b>	<b>10.0</b>	<b>9.6</b>
Reported P/E (x)	10.3	9.5	7.2	6.7	6.4
Dividend yield (%)	5.7	3.0	4.9	5.2	5.5
Price/book (x)	1.1	1.0	0.9	0.9	0.8
Price/tangible book (x)	1.2	1.1	1.0	1.0	0.9
EV/EBITDA (x) **	8.3	6.6	6.2	5.9	5.5
EV/EBITDA @ target price (x) **	9.9	8.1	7.5	7.2	6.7
EV/invested capital (x)	1.0	0.9	1.0	0.9	0.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Interlink Communication; FSSIA estimates

# INTERLINK COMMUNICATION (ILINK TB)

**FSSIA ESG rating**

★★

**38.3 /100**

## Exhibit 9: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★☆	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★☆☆☆	<b>&gt;19-39</b>	<b>Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.</b>
★☆☆☆☆	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.2	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.1	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
ITEL	38.30	--	--	Y	5.00	5.00	Certified	--	40.60	--	--	41.18	--	2.05	39.11
ILINK	37.92	--	--	Y	5.00	5.00	Certified	--	57.40	--	--	45.96	--	--	--
SYNEX	35.18	--	Y	Y	4.00	4.00	--	--	53.33	--	--	27.64	--	--	41.24
FORTH	23.00	--	--	--	4.00	4.00	--	Low	--	--	--	--	--	--	--
JMART	34.72	--	--	--	3.00	5.00	Declared	Low	--	--	--	35.50	10.00	2.02	14.09

Sources: [SETTRADE.com](http://SETTRADE.com); \* FSSIA estimate; FSSIA's compilation

## Exhibit 11: ESG disclosure from prospectus as of 28 Mar 2023

FY ending Dec 31		FY 2022	FY ending Dec 31		FY 2022
<b>Environmental</b>			<b>Governance</b>		
Climate change policy	Yes		<b>Board size / Independent directors (ID) / Female</b>		<b>12 / 4 / 8</b>
Climate change opportunities discussed	--		No. of board meetings for the year / % attendance		7 / 98
GHG scope 2 location-based policy	Yes		Company conducts board evaluations		Yes
Biodiversity policy	--		Number of non-executive directors on board		4
Energy efficiency policy	Yes		Director share ownership guidelines		No
Electricity used	Yes		Board age limit		No
Fuel used - crude oil/diesel	Yes		Age of the youngest / oldest director		31 / 77
Waste reduction policy	Yes		Number of executives / female		8 / 6
Water policy	Yes		Executive share ownership guidelines		No
Water consumption	Yes		<b>Size of audit committee / ID</b>		<b>4 / 4</b>
<b>Social</b>			Audit committee meetings		4
Human rights policy	Yes		Audit committee meeting attendance (%)		100
Policy against child labor	Yes		<b>Size of compensation committee / ID</b>		<b>3 / 3</b>
Quality assurance and recall policy	Yes		Number of compensation committee meetings		3
Consumer data protection policy	--		Compensation committee meeting attendance (%)		100
Equal opportunity policy	Yes		<b>Size of nomination committee / ID</b>		<b>3 / 3</b>
Gender pay gap breakout	--		Number of nomination committee meetings		3
Pct women in workforce	68.8		Nomination committee meeting attendance (%)		100
Business ethics policy	Yes		Board compensation (THB m)		1.82
Anti-bribery ethics policy	Yes		Executive compensation (THB m)		24,958
Health and safety policy	Yes		Auditor fee (THB m)		4.3
Lost time incident rate - employees	--		(PRICEWATERHOUSECOOPERS ABAS LTD)		
Training policy	Yes		Total employee (no.)		1202
Fair remuneration policy	Yes		Employee compensation (THB m)		583.36
Number of employees - CSR	Yes		<b>Sustainability governance</b>		
Total hours spent by firm - employee training	261		Verification type		--
Social supply chain management	Yes		Board duration (years)		3

Sources: ILINK; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																											
<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																													
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Source: FSSIA's compilation



## GENERAL DISCLAIMER

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#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

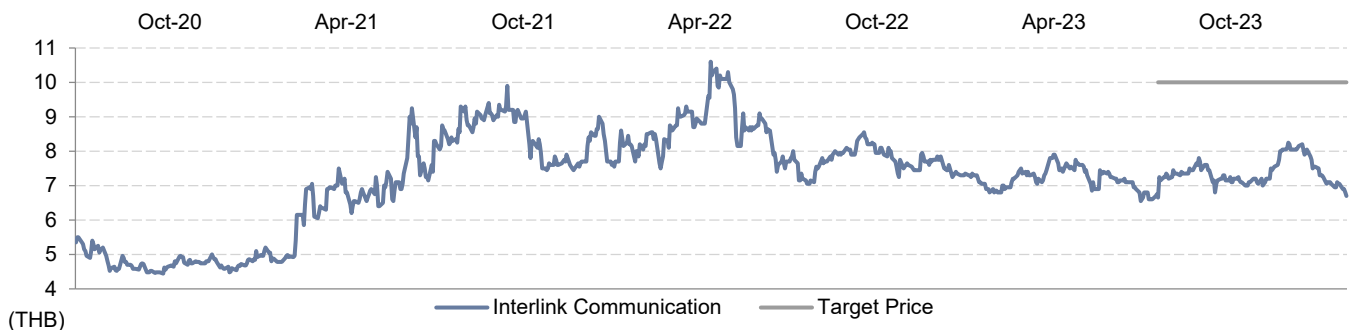
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#### History of change in investment rating and/or target price

##### 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 6.70	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 2.26	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.

All share prices are as at market close on 19-Oct-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.