

INTERLINK TELECOM ITEL TB

THAILAND / INFORMATION&COMM TECH

BUY

UNCHANGED

TARGET PRICE	THB4.00
CLOSE	THB2.26
UP/DOWNSIDE	+77.0%
PRIOR TP	THB4.50
CHANGE IN TP	-11.1%
TP vs CONSENSUS	+6.7%

เผชิญความท้าทายหลายด้านในปีนี้

- คาดกำไรสุทธิ 3Q23 เพิ่มขึ้น 6.1% q-q และ 26.8% y-y ต่ำกว่าที่เคยประเมินไว้ก่อนหน้าเพราะภาวะเศรษฐกิจโดยรวมไม่เอื้อ
- ปรับประมาณการปี 2023 ลง 15% เชื่อว่างานประมูลเลื่อนไปปีหน้า
- ปรับไปใช้ราคาเป้าหมายปี 2024 ที่ 4.00 บาท แนะนำซื้อเพราะ Valuation ถูก

คาดกำไรสุทธิ 3Q23 โต 6.1% q-q และ 26.8% y-y จากมาร์จิ้นที่อยู่ในระดับสูง

เราคาดกำไรสุทธิ 3Q23 ที่ระดับ 68.3 ล้านบาท เพิ่มขึ้น 6.1% q-q และ 26.8% y-y แม้จะเป็นกำไรที่น้อยกว่าที่เราเคยคาดก่อนหน้านี้เนื่องจากการประมูลงานต่างๆ มีไม่มากนักในช่วงที่ผ่านมาส่งผลให้คาดว่ารายได้จากงานประเภท Installation (สัดส่วน 40% ของรายได้รวม) จะลดลง 1% q-q และ 35% y-y และทำให้รายได้รวมเพิ่มเพียง 5% q-q แต่ลดลง 14% y-y แต่เชื่อว่าจะเห็นอัตรากำไรขั้นต้นโดยรวมยังอยู่ในระดับสูง 27.4% สูงขึ้นจาก 3Q22 ถึง 9.5% (ต่ำกว่า 2Q23 เพียงเล็กน้อย) ตามนโยบายของผู้บริหารที่เน้นรับงานที่มีมาร์จิ้นดี อัตรากำไรขั้นต้นที่สูงช่วยชดเชยค่าใช้จ่ายในการขายและบริหาร รวมถึงดอกเบี้ยจ่ายที่อยู่ในระดับสูงได้ และทำให้กำไร 3Q23 มีการเติบโต

มีโอกาสที่งานประมูลต่างๆ เลื่อนไปปีหน้า

หากเป็นไปตามคาด กำไรสุทธิงวด 9M23 จะอยู่ที่ 190.5 ล้านบาท เพิ่มขึ้น 9.0% y-y และคิดเป็นเพียง 60% ของคาดการณ์เดิม เราจึงต้องปรับประมาณการใหม่ ทั้งนี้เศรษฐกิจในประเทศโดยรวมในช่วง 9M23 ไม่ได้ฟื้นตัวอย่างทั่วถึง การเพิ่มขึ้นของอัตรดอกเบี้ย และความล่าช้าในการจัดตั้งรัฐบาล ส่งผลกระทบต่อความเชื่อมั่นในการลงทุนเราคาดว่างานประมูลบางส่วนรวมถึงการเบิกจ่ายงบประมาณอาจขยับไปเป็นปีหน้า ประกอบกับอัตรดอกเบี้ยในปีที่ปรับสูงขึ้นอย่างรวดเร็ว ส่งผลให้ดอกเบี้ยจ่ายสูงขึ้น

ปรับประมาณการกำไรลงเป็นเติบโต 15.9% CAGR (2023-25)

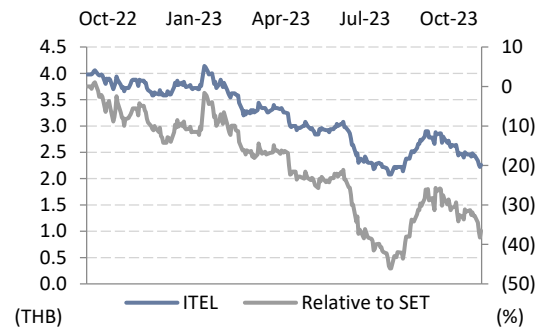
เราจึงปรับประมาณการกำไรปี 2023-25 ลง 15%/9%/4% เป็น 269 ล้านบาท (+2.5% y-y) 324 ล้านบาท (+20.4% y-y) และ 358 ล้านบาท (+11.5% y-y) ตามลำดับ โดยหลักมาจากการปรับรายได้จากงาน Installation ในปี 2023 ลง สำหรับปี 2024-25 เราปรับอัตรากำไรขั้นต้นให้ใกล้เคียงกับเป้าของบริษัทโดยตั้งสมมติฐานกำไรขั้นต้น 25% สำหรับ Data service (เป้าบริษัท 20-25%) และ 22% สำหรับ Installation (เป้าบริษัท 17-22%) และ 30% สำหรับ Data center (เป้าบริษัท 30%) คิดเป็นกำไรโตเฉลี่ย 15.9% CAGR (2023-25)

ปรับไปใช้ราคาเป้าหมายปี 2024 ที่ 4.00 บาท แนะนำซื้อ

เราปรับไปใช้ราคาเป้าหมายปี 2024 ที่ 4.00 บาท อิง PE 17.0 เท่า ใกล้เคียงค่าเฉลี่ยย้อนหลัง 5 ปี ราคาหุ้นปัจจุบันเทรดที่ PE 9.7 เท่า คิดเป็น PEG เพียง 0.6 และ PBV เพียง 0.8 เท่า แม้ว่ากำไรจะโตช้าลงกว่าที่เราเคยประเมิน แต่อัตรากำไรของบริษัททำได้ดีขึ้น เราจึงยังแนะนำซื้อ

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	3,393	2,588	3,273	3,678
Net profit	254	269	324	361
EPS (THB)	0.19	0.19	0.23	0.26
vs Consensus (%)	-	-	7.0	(3.7)
EBITDA	869	583	1,025	795
Recurring net profit	263	269	324	361
Core EPS (THB)	0.20	0.19	0.23	0.26
Chg. In EPS est. (%)	3.5	(14.5)	(8.6)	(3.7)
EPS growth (%)	(0.7)	(3.0)	20.4	11.5
Core P/E (x)	11.3	11.7	9.7	8.7
Dividend yield (%)	2.8	2.6	3.1	3.5
EV/EBITDA (x)	7.2	10.3	5.8	7.6
Price/book (x)	0.8	0.8	0.8	0.7
Net debt/Equity (%)	85.8	70.0	63.6	62.9
ROE (%)	8.1	7.2	8.1	8.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(16.9)	(0.9)	(42.3)
Relative to country (%)	(11.1)	7.0	(35.6)
Mkt cap (USD m)			86
3m avg. daily turnover (USD m)			0.3
Free float (%)			47
Major shareholder	Interlink Communication PLC.. (49%)		
12m high/low (THB)	4.22/2.04		
Issued shares (m)	1,388.93		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amorntum

Fundamental Investment Analyst on Securities; License no. 014530
jitra.a@fssia.com, +66 2646 9966

Investment thesis

ปี 2023 เป็นปีที่บริษัทเผชิญความท้าทายหลายด้านทั้งอัตราดอกเบี้ยในตลาดที่ปรับสูงขึ้น ความล่าช้าในการจัดตั้งรัฐบาลซึ่งส่งผลกระทบต่องานประมูลใหม่ๆ และความมั่นใจในการลงทุนของภาคเอกชน อย่างไรก็ตาม พัฒนาการที่ดีขึ้นอย่างเห็นได้ชัดคืออัตรากำไรขั้นต้นที่สูงขึ้นจากการเน้นรับงานที่มีมาร์จิ้นค่อนข้างดี

แม้ว่าเราจะปรับประมาณการกำไรลง แต่เชื่อว่าผลประกอบการปี 2024 จะฟื้นกลับมาดีเพราะ Backlog ที่มีจำนวนมาก ประกอบกับราคาหุ้นที่มี Valuation มาก จึงยังคงแนะนำซื้อ

Company profile

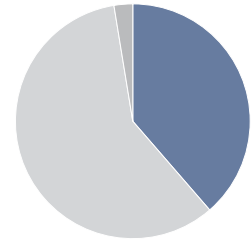
ITEL เป็นบริษัทในกลุ่ม ILINK ที่ต่อยอดมาจากธุรกิจจัดจำหน่ายอุปกรณ์และสายสัญญาณ โดย ITEL ได้รับใบอนุญาตประกอบกิจการโทรคมนาคมแบบที่ 3 ประเภทมีโครงข่ายเป็นของตนเองจาก กสทช. เพื่อให้บริการวางจรรยาบรรณความเร็วสูงเป็นเวลา 15 ปี โครงสร้างรายได้ของ ITEL แบ่งเป็น 3 ส่วน

1. Data service ให้บริการโครงข่ายเช่าอุปกรณ์เพื่อเชื่อมต่อโครงข่าย
2. Installation ให้บริการติดตั้งโครงข่าย
3. Data center ให้บริการพื้นที่ดาต้าเซ็นเตอร์ รายได้มาจากค่าไฟฟ้า และค่าบริการจัดการดาต้าเซ็นเตอร์

www.interlinktelecom.co.th

Principal activities (revenue, 2022)

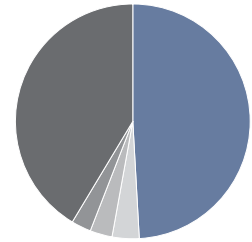
- Data service - 38.6 %
- Installation - 58.8 %
- Data center - 2.6 %



Source: Interlink Telecom

Major shareholders

- Interlink Communication PLC... - 49.1 %
- Thai NVDR Co., Ltd. - 3.7 %
- HSBC Bank PLC - Eam Long-Only Emerging Markets Master Fund Limited - 3.1 %



Source: Interlink Telecom

Catalysts

ปัจจัยหนุนการเติบโตได้แก่ 1) ความเชื่อมั่นของภาคเอกชนในการลงทุน 2) การเปลี่ยนแปลงของเทคโนโลยีทำให้เกิดการลงทุนทางด้านเทคโนโลยีใหม่ 3) บริษัทประสบความสำเร็จในการประมูลงานที่มีมาร์จิ้นดี

Risks to our call

Downside risks ต่อราคาเป้าหมายของเรา 1) งานประมูลภาครัฐล่าช้า 2) ความไม่สงบทางการเมือง 3) อัตราดอกเบี้ยปรับขึ้นต่อเนื่องและยาวนาน

Event calendar

Date	Event
7 November 2023	3Q23 earnings announcement

Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Data service revenue	1,481	1,674	1,875
Gross margin (%)	24.5	25.0	25.0
Installation revenue	1,013	1,500	1,701
Gross margin (%)	31.3	22.2	22.0
Data center revenue	94.5	99.2	102.7
Gross margin (%)	30.3	30.0	31.0

Source: FSSIA estimates

Earnings sensitivity

- For every 10% change in THB to USD, we project ITEL's 2024 core profit to change by 1%, all else being equal.
- For every 1% change in blended gross margin, we project ITEL's 2024 core profit to change by 8%, all else being equal.
- For every 10% change in SG&A expense, we project ITEL's 2024 core profit to change by 4%, 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	756	1,210	543	622	652	4.8	(13.8)	2,183	1,817.3	(16.7)
Cost of sales	(621)	(1,000)	(396)	(447)	(473)	5.8	(23.7)	(1,757)	(1,316)	(25.1)
Gross profit	136	210	147	175	179	2.3	31.8	426	501	17.6
Operating costs	(39)	(50)	(47)	(51)	(53)	3.8	33.8	(105)	(151)	44.3
Operating profit	96	160	100	124	126	1.7	31.0	321	350	9.0
Operating EBITDA	184	249	190	215	215	0.1	16.9	574	620	8.1
Other income	16	8	14	6	6	3.3	(61.3)	37	25	(31.2)
Interest expense	(46)	(46)	(41)	(45)	(46)	0.8	(0.7)	(123)	(132)	7.8
Associates	2	(2)	(2)	(0)	(0)	42.6	(110.2)	(3)	(2)	(13.5)
Reported net profit	54	86	58	64	68	6.1	26.8	175	190	9.0
Core profit	54	86	58	64	68	6.1	26.8	175	190	9.0
Reported EPS (THB)	0.04	0.04	0.04	0.05	0.05	0.0	18.5	0.13	0.14	3.1
Core EPS (THB)	0.04	0.07	0.04	0.05	0.05	6.1	19.9	0.13	0.14	2.8
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	17.9	17.3	27.1	28.1	27.4	(0.7)	9.5	19.5	27.6	8.1
Operating margin	12.7	13.2	18.5	19.9	19.3	(0.6)	6.6	14.7	19.3	4.5
EBITDA margin	24.4	20.5	34.9	34.6	33.0	(1.5)	8.7	26.3	34.1	7.8
Core profit margin	7.1	7.1	10.6	10.3	10.5	0.1	3.3	8.0	10.5	2.5
SG&A / Sales	5.2	4.1	8.7	8.2	8.1	(0.1)	2.9	4.8	8.3	3.5
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Data service	333	302	312	335	369	10.0	10.8	1,008	1,016	0.8
Installation	401	884	207	263	260	(1.3)	(35.2)	1,111	730	(34.3)
Data centre	22	24	24	24	23	(1.0)	5.9	64	71	11.7
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Data service	22.7	13.1	21.7	25.6	25.0	(0.6)	2.3	24.4	24.2	(0.2)
Installation	13.4	18.4	35.0	31.0	30.6	(0.4)	17.2	14.5	32.0	17.5
Data centre	29.4	31.1	30.5	30.0	30.1	0.0	0.7	29.4	30.2	0.8

Sources: ITEL, FSSIA estimates

ปรับประมาณการกำไรปี 2023-25 ลงแต่ยังคงคาดโตเฉลี่ย 15.9% CAGR

เราปรับประมาณการกำไรปี 2023-25 ลง 15%/9%/4% เป็น 269 ล้านบาท (+2.5% y-y) 324 ล้านบาท (+20.4% y-y) และ 358 ล้านบาท (+11.5% y-y) ตามลำดับ โดยหลักมาจาก

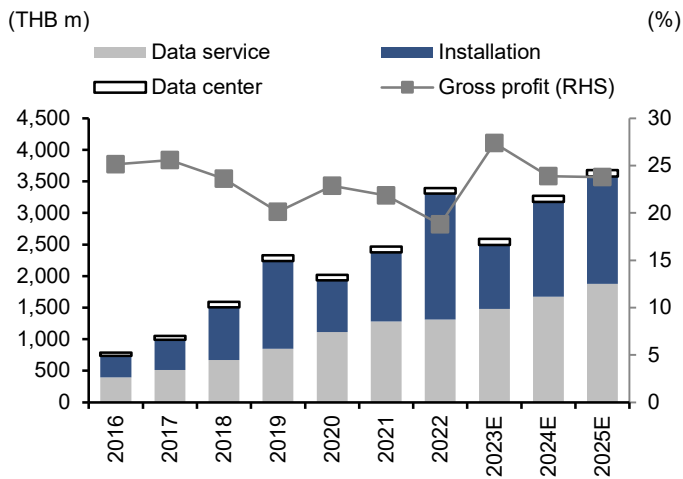
1. เราปรับลดรายได้จาก Installation ในปี 2023 ลง 47% เป็น 1.0 ล้านบาท ซึ่งลดลงจากปีก่อน 49.2% y-y ทั้งนี้ ในงวด 1H23 บริษัทมีรายได้ 470 ล้านบาทและมีงานรอส่งมอบใน 2H23 อีก 586 ล้านบาท เราคาดว่ามีโอกาสที่งานประมูลใหม่ๆ อาจเลื่อนไปเป็นปี 2024 จึงปรับลดรายได้ดังกล่าว อย่างไรก็ตาม เราปรับเพิ่มอัตรากำไรขั้นต้นปี 2023 ขึ้นเป็น 31.3% สอดคล้องกับ 1H23 และให้เป็น 22.0% ในปี 2024-25 เทียบกับเป้าหมายบริษัทที่ 17-22%
2. ปรับอัตรากำไรขั้นต้นของ Data service เป็น 24.5-25.0% ในปี 2023-25 อยู่ในกรอบของเป้าหมายของบริษัทที่ 20-25%
3. ปรับอัตรากำไรขั้นต้นของ Data center เป็น 30-31% ในปี 2023-25 ใกล้เคียงเป้าหมายบริษัทที่ 30%

Exhibit 2: Key changes of assumptions

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	2,588	3,273	3,678	3,593	3,740	3,791	(28.0)	(12.5)	(3.0)
Data service	1,481	1,674	1,875	1,599	1,791	1,916	(7.4)	(6.6)	(2.2)
Installation	1,013	1,500	1,701	1,904	1,856	1,782	(46.8)	(19.2)	(4.5)
Data center	95	99	103	90	93	93	5.0	7.1	10.8
Total cost of service	(1,880)	(2,492)	(2,804)	(2,871)	(2,976)	(3,001)	(34.5)	(16.3)	(6.6)
SG&A	(207)	(223)	(243)	(178)	(185)	(193)	16.2	20.0	25.6
EBITDA	554	993	766	903	949	973	(38.6)	4.5	(21.3)
Core profit	269	324	361	315	354	375	(14.5)	(8.6)	(3.7)
Net profit	269	324	361	315	354	375	(14.5)	(8.6)	(3.7)
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Blended gross margin	27.4	23.9	23.8	20.1	20.4	20.8	7.3	3.4	2.9
Data service	24.5	25.0	25.0	22.2	22.5	23.0	2.3	2.5	2.0
Installation	31.3	22.2	22.0	17.8	17.9	18.0	13.5	4.4	4.1
Data center	30.3	30.0	31.0	31.1	32.0	32.0	(0.8)	(2.0)	(1.0)
EBITDA margin	21.4	30.3	20.8	25.1	25.4	25.7	(3.7)	4.9	(4.8)
Core profit margin	10.4	9.9	9.8	8.8	9.5	9.9	1.6	0.4	(0.1)
Growth	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Revenue	-23.7	26.5	12.4	5.9	4.1	1.4	(29.6)	22.4	11.0
Core profit	2.5	20.4	11.5	19.9	12.6	5.9	(17.4)	7.9	5.6

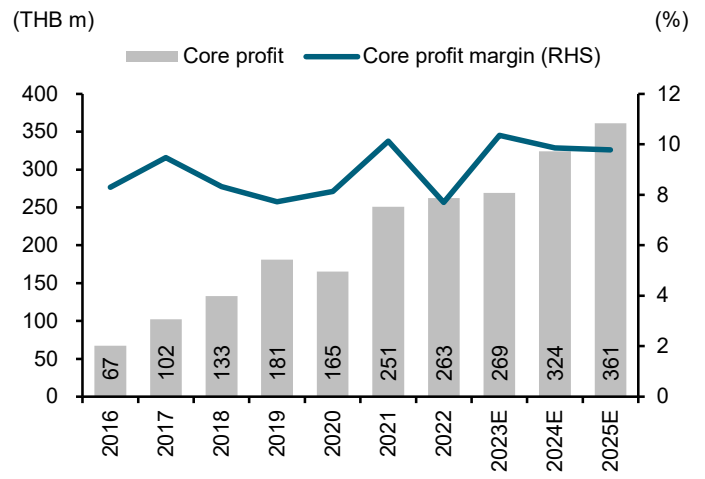
Sources: ITEL, FSSIA estimates

Exhibit 3: Service revenue and gross margin



Sources: ITEL, FSSIA estimates

Exhibit 4: Core profit and core profit margin



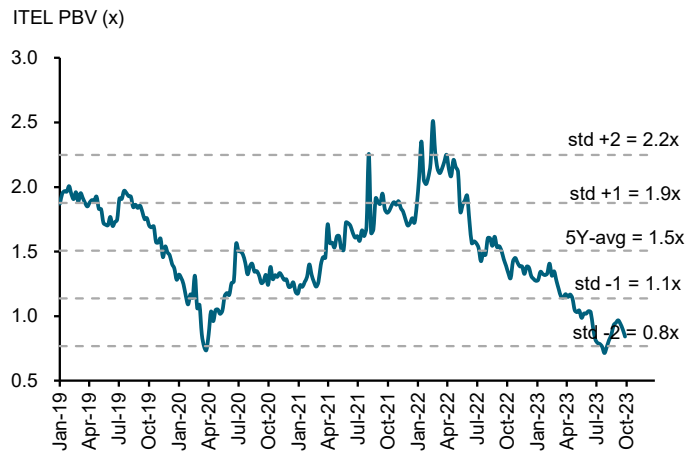
Sources: ITEL, FSSIA estimates

Exhibit 5: Rolling one-year forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 6: Rolling one-year forward P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Interlink Telecom

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,466	3,393	2,588	3,273	3,678
Cost of goods sold	(1,927)	(2,755)	(1,880)	(2,492)	(2,804)
Gross profit	539	637	708	781	875
Other operating income	43	45	29	33	29
Operating costs	(112)	(155)	(207)	(223)	(243)
Operating EBITDA	790	869	583	1,025	795
Depreciation	(321)	(341)	(53)	(434)	(134)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	469	528	530	591	661
Net financing costs	(146)	(169)	(180)	(174)	(192)
Associates	(6)	(5)	(4)	(5)	(5)
Recurring non-operating income	(6)	(5)	(4)	(5)	(5)
Non-recurring items	0	(9)	0	0	0
Profit before tax	317	346	346	412	463
Tax	(66)	(65)	(71)	(81)	(92)
Profit after tax	251	280	276	332	371
Minority interests	0	(27)	(7)	(8)	(10)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	251	254	269	324	361
Non-recurring items & goodwill (net)	0	9	0	0	0
Recurring net profit	251	263	269	324	361
Per share (THB)					
Recurring EPS *	0.20	0.20	0.19	0.23	0.26
Reported EPS	0.20	0.19	0.19	0.23	0.26
DPS	0.00	0.06	0.06	0.07	0.08
Diluted shares (used to calculate per share data)	1,247	1,315	1,389	1,389	1,389
Growth					
Revenue (%)	22.0	37.6	(23.7)	26.5	12.4
Operating EBITDA (%)	17.2	10.0	(32.9)	75.7	(22.5)
Operating EBIT (%)	25.3	12.5	0.5	11.5	11.7
Recurring EPS (%)	21.8	(0.7)	(3.0)	20.4	11.5
Reported EPS (%)	9.4	(4.1)	0.4	20.4	11.5
Operating performance					
Gross margin inc. depreciation (%)	21.8	18.8	27.4	23.9	23.8
Gross margin exc. depreciation (%)	34.9	28.9	29.4	37.1	27.4
Operating EBITDA margin (%)	32.0	25.6	22.5	31.3	21.6
Operating EBIT margin (%)	19.0	15.6	20.5	18.1	18.0
Net margin (%)	10.2	7.7	10.4	9.9	9.8
Effective tax rate (%)	20.9	18.9	20.4	19.6	19.9
Dividend payout on recurring profit (%)	-	31.8	30.0	30.0	30.0
Interest cover (X)	3.2	3.1	2.9	3.4	3.4
Inventory days	-	-	-	-	-
Debtor days	82.6	69.8	123.2	98.3	89.7
Creditor days	183.6	155.0	217.2	162.3	126.9
Operating ROIC (%)	6.9	7.5	7.6	8.2	8.8
ROIC (%)	5.6	5.9	6.0	6.7	7.2
ROE (%)	10.4	8.1	7.2	8.1	8.5
ROA (%)	4.8	5.1	5.1	5.9	6.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
	2021	2022	2023E	2024E	2025E
Data service	1,281	1,311	1,481	1,674	1,875
Installation	1,093	1,995	1,013	1,500	1,701
Data center	92	87	95	99	103

Sources: Interlink Telecom; FSSIA estimates

Financial Statements

Interlink Telecom

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	251	263	269	324	361
Depreciation	321	341	53	434	134
Associates & minorities	6	5	4	5	5
Other non-cash items	249	278	71	81	92
Change in working capital	(857)	491	(54)	(100)	(182)
Cash flow from operations	(31)	1,377	343	743	410
Capex - maintenance	-	-	-	-	-
Capex - new investment	(332)	(346)	(165)	(481)	(316)
Net acquisitions & disposals	0	(69)	0	0	0
Other investments (net)	(10)	(49)	244	27	(21)
Cash flow from investing	(342)	(464)	79	(455)	(337)
Dividends paid	(136)	(160)	(151)	(178)	(201)
Equity finance	765	282	283	2	2
Debt finance	(96)	(1,042)	(549)	6	90
Other financing cash flows	0	0	(170)	0	0
Cash flow from financing	533	(920)	(588)	(170)	(108)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	11	0	0	0
Net other adjustments	(6)	11	(4)	(4)	(5)
Movement in cash	154	4	(170)	115	(40)
Free cash flow to firm (FCFF)	(226.34)	1,081.56	601.72	462.92	265.32
Free cash flow to equity (FCFE)	(474.72)	(118.13)	(301.33)	290.92	158.41
Per share (THB)					
FCFF per share	(0.16)	0.78	0.43	0.33	0.19
FCFE per share	(0.34)	(0.09)	(0.22)	0.21	0.11
Recurring cash flow per share	0.66	0.67	0.29	0.61	0.43
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	5,182	5,467	5,899	6,381	6,697
Less: Accumulated depreciation	(1,305)	(1,516)	(1,836)	(2,270)	(2,404)
Tangible fixed assets (net)	3,877	3,951	4,063	4,111	4,293
Intangible fixed assets (net)	23	112	113	114	115
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	25	20	20	20	20
Cash & equivalents	225	229	59	173	133
A/C receivable	2,192	2,466	2,322	2,345	2,623
Inventories	0	0	0	0	0
Other current assets	407	283	171	212	199
Current assets	2,824	2,978	2,552	2,730	2,955
Other assets	1,336	1,335	1,090	1,062	1,082
Total assets	8,084	8,396	7,838	8,037	8,466
Common equity	2,909	3,603	3,903	4,129	4,382
Minorities etc.	0	88	90	92	94
Total shareholders' equity	2,909	3,691	3,993	4,222	4,476
Long term debt	1,405	1,842	1,095	1,260	1,320
Other long-term liabilities	45	21	14	14	14
Long-term liabilities	1,450	1,863	1,109	1,275	1,334
A/C payable	816	1,234	940	890	967
Short term debt	2,845	1,553	1,757	1,598	1,629
Other current liabilities	65	55	39	53	60
Current liabilities	3,725	2,842	2,736	2,541	2,655
Total liabilities and shareholders' equity	8,084	8,396	7,838	8,037	8,466
Net working capital	1,719	1,460	1,514	1,614	1,796
Invested capital	6,979	6,878	6,800	6,921	7,307
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.33	2.74	2.81	2.97	3.16
Tangible book value per share	2.31	2.65	2.73	2.89	3.07
Financial strength					
Net debt/equity (%)	138.4	85.8	70.0	63.6	62.9
Net debt/total assets (%)	49.8	37.7	35.6	33.4	33.3
Current ratio (x)	0.8	1.0	0.9	1.1	1.1
CF interest cover (x)	0.0	2.4	0.2	5.4	3.5
Valuation					
Recurring P/E (x) *	11.2	11.3	11.7	9.7	8.7
Recurring P/E @ target price (x) *	19.9	20.0	20.6	17.1	15.4
Reported P/E (x)	11.2	11.7	11.7	9.7	8.7
Dividend yield (%)	-	2.8	2.6	3.1	3.5
Price/book (x)	1.0	0.8	0.8	0.8	0.7
Price/tangible book (x)	1.0	0.9	0.8	0.8	0.7
EV/EBITDA (x) **	8.7	7.2	10.3	5.8	7.6
EV/EBITDA @ target price (x) **	11.4	9.8	14.5	8.1	10.7
EV/invested capital (x)	1.0	0.9	0.9	0.9	0.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Interlink Telecom; FSSIA estimate

INTERLINK TELECOM PCL (ITEL TB)

FSSIA ESG rating

★ ★ ★

38.3/100

Exhibit 7: 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.
★★	>19-39	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.
★	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 8: 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
JMART	34.72	--	--	--	3.00	5.00	Declared	Low	--	--	--	35.50	10.00	2.02	14.09
TRUE	33.02	--	--	--	--	--	Declared	Medium	--	BBB	--	--	93.00	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 9: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	2.06	2.05
BESG environmental pillar score	—	—	1.32	1.32
BESG social pillar score	—	—	1.16	1.16
BESG governance pillar score	—	—	4.98	4.90
ESG disclosure score	39.11	39.11	39.11	39.11
Environmental disclosure score	16.79	16.79	16.79	16.79
Social disclosure score	19.29	19.29	19.29	19.29
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	No	No	No	No
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	—	—
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	No	No	No	No
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	—	—	—	—
Fuel used - natural gas	—	—	—	—
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	No	No	No
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	No
Water policy	No	No	No	No
Water consumption	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	2.06	2.05
ESG disclosure score	39.11	39.11	39.11	39.11
Social				
Human rights policy	No	No	No	No
Policy against child labor	No	No	No	No
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	No	No
Equal opportunity policy	No	No	No	No
Gender pay gap breakout	No	No	No	No
Pct women in workforce	25	23	22	22
Pct disabled in workforce	—	—	—	—
Business ethics policy	No	No	No	No
Anti-bribery ethics policy	No	No	No	No
Health and safety policy	No	No	No	No
Lost time incident rate - employees	—	—	—	—
Total recordable incident rate - employees	—	—	—	—
Training policy	No	No	No	No
Fair remuneration policy	No	No	No	No
Number of employees – CSR	798	749	729	728
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	559	265	90	530
Social supply chain management	No	No	No	No
Governance				
Board size	11	11	11	11
No. of independent directors (ID)	4	4	4	4
No. of women on board	4	4	4	4
No. of non-executive directors on board	10	10	11	11
Company conducts board evaluations	No	No	No	No
No. of board meetings for the year	6	8	7	8
Board meeting attendance pct	82	98	96	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	28	29	34	35
Age of the oldest director	77	78	79	80
No. of executives / company managers	9	10	10	10
No. of female executives	2	3	3	4
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	5	4
Audit meeting attendance %	83	100	100	100
Size of compensation committee	5	5	4	4
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	1	2	2	2
Compensation meeting attendance %	67	100	100	100
Size of nomination committee	5	5	4	4
No. of nomination committee meetings	1	2	2	2
Nomination meeting attendance %	67	100	100	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; 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 THSI inclusion , 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. SETTHSI Index 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.																												
CG Score 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%).																												
AGM level 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&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.																												
Thai CAC 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.																												
Morningstar Sustainalytics	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 & 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+																		
NEGL	Low	Medium	High	Severe																										
0-10	10-20	20-30	30-40	40+																										
ESG Book	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.																												
MSCI	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>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</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>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																											
AA	7.143-8.570																													
A	5.714-7.142																													
BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																											
BB	2.857-4.285																													
B	1.429-2.856																													
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																											
Moody's ESG solutions	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.																													
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	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.																													
Bloomberg	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

ANALYST(S) CERTIFICATION

Jitra Amornthum 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 Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA 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

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

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

Company	Ticker	Price	Rating	Valuation & Risks
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.
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.

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.