

INTERLINK TELECOM ITELTB

THAILAND / INFORMATION&COMM TECH

BUY
UNCHANGED

3Q23 results at first glance

กำไรเติบโต 6% q-q และ 27% y-y ตามคาด

TARGET PRICE	THB4.00
CLOSE	THB2.22
UP/DOWNSIDE	+80.2%
TP vs CONSENSUS	+14.3%

Highlights

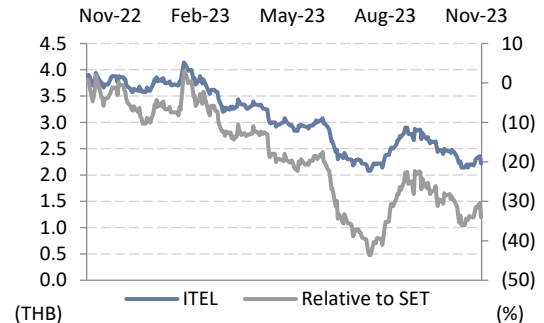
- ITEL รายงานกำไรสุทธิ 68.4 ล้านบาทใน 3Q23 ตรงตามคาด เพิ่มขึ้น 6% q-q และ 27% y-y ยังเป็นไปตามธรรมชาติของธุรกิจที่ครึ่งปีหลังดีกว่าครึ่งปีแรก
- รายได้รวมในไตรมาสนี้เติบโต +20% q-q จากการเริ่มรับรู้รายได้โครงการ Course online รวบรวม 80 ล้านบาทหนุนให้ธุรกิจ Data services (55% ของรายได้รวม) +23% q-q, +24% y-y ส่วนธุรกิจติดตั้งโครงข่าย (42% ของรายได้รวม) +18% q-q แต่ -23% y-y มีการรับรู้รายได้ติดตั้ง Solar cell 96 ล้านบาท งานรับจ้างจากหน่วยงานรัฐและงานซ่อมบำรุงโครงข่ายกับหน่วยงานภาครัฐรวมกว่า 90 ล้านบาท แต่ปริมาณงานโดยรวมน้อยกว่าปีก่อนตามภาวะการลงทุนในปีที่ชะลอจากปีก่อนที่เร่งตัวเพราะอันมาจากช่วงโควิด
- รายได้จากธุรกิจบริการ Data center (3% ของรายได้) ซึ่งเป็น Recurring income ค่อนข้างทรงตัวใกล้เคียงไตรมาสก่อนๆ ทั้งรายได้และอัตราค่าเช่าขึ้นต้นเพราะ Occupancy rate สูง 98% แล้ว
- อัตรากำไรขั้นต้นรวมทุกธุรกิจอยู่ที่ 25.4% ต่ำกว่า 1H23 ที่ทำได้ 27.7% เนื่องจากงานที่ส่งมอบในไตรมาสนี้มีมาร์จิ้นต่ำกว่าครึ่งปีแรกเล็กน้อย ส่วนค่าใช้จ่ายในการขายและบริหารควบคุมได้ดี ใกล้เคียง 1H23
- ดอกเบี้ยจ่ายเพิ่มขึ้นเล็กน้อยตามอัตราดอกเบี้ยที่สูงขึ้น แต่ IBD/E และ DSCR (Debt Service Coverage Ratio ความสามารถในการชำระหนี้) ยังอยู่ที่ 0.7 เท่า และ 1.4 เท่า ต่ำกว่าเงื่อนไขของธนาคารที่ IBD/E ไม่เกิน 2.5 เท่าและ DSCR ไม่ต่ำกว่า 1.2 เท่า ตามลำดับ

Outlook

- กำไรสุทธิ 9M23 อยู่ที่ 191 ล้านบาท +9% y-y คิดเป็น 71% ของคาดการณ์ทั้งปี Backlog สิ้น 3Q23 อยู่ที่ 2.85 พันล้านบาท แนวโน้มกำไร 4Q23 น่าจะดีขึ้นต่อเนื่อง เราคาดเบื้องต้นที่ 78 ล้านบาท (+15% q-q, -8% y-y)
- เรายังคงประมาณการปกติปี 2023-25 โต 3%/20%/12% ตามลำดับ คงราคาเป้าหมายปี 2024 ที่ 4.00 บาท (PE 17.0 เท่า) ราคาหุ้นปัจจุบันเทรดที่ 2024PE ต่ำเพียง 9.5 เท่า คิดเป็น PEG 0.6 และต่ำกว่า Book value สิ้น 3Q23 ที่ 2.82 บาทต่อหุ้น ยังคงแนะนำซื้อ

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 (%)	-	11.8	15.0	-
EBITDA	869	583	1,025	795
Recurring net profit	263	269	324	361
Core EPS (THB)	0.20	0.19	0.23	0.26
EPS growth (%)	(0.7)	(3.0)	20.4	11.5
Core P/E (x)	11.1	11.5	9.5	8.5
Dividend yield (%)	2.9	2.6	3.2	3.5
EV/EBITDA (x)	7.1	10.2	5.7	7.5
Price/book (x)	0.8	0.8	0.7	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 (%)	(9.8)	0.0	(41.6)
Relative to country (%)	(7.8)	8.8	(32.6)
Mkt cap (USD m)			87
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

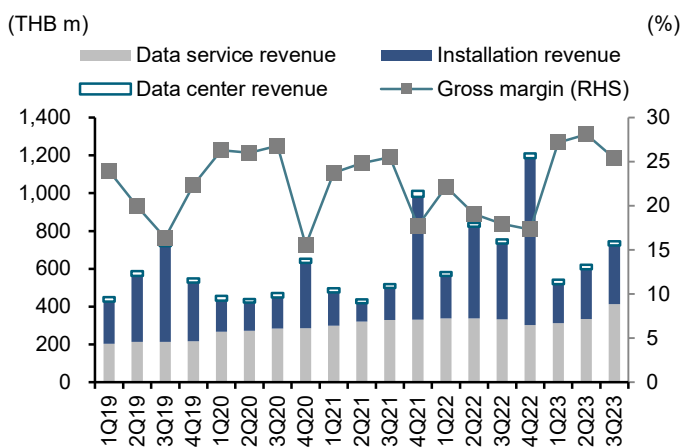
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Exhibit 1: 3Q23 results summary

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	-----Change-----		9M22	9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	2023E	(THB m)	(y-y %)
Sales	756	1,210	543	622	746	19.8	(1.4)	2,183	1,910.8	(12.5)	73.8	2,588	(23.7)
Cost of sales	(621)	(1,000)	(396)	(447)	(557)	24.4	(10.3)	(1,757)	(1,399)	(20.3)	74.5	(1,880)	(31.8)
Gross profit	136	210	147	175	189	8.2	39.4	426	511	20.1	72.2	708	11.1
Operating costs	(39)	(50)	(47)	(51)	(53)	3.9	34.0	(105)	(151)	44.4	72.9	(207)	33.9
Operating profit	96	160	100	124	136	10.0	41.6	321	360	12.2	71.9	501	3.9
Operating EBITDA	184	249	190	215	232	7.7	25.8	574	636	11.0	114.8	554	(32.7)
Other income	16	8	14	6	8	37.5	(48.5)	37	27	(25.8)	94.2	29	(35.8)
Interest expense	(46)	(46)	(41)	(45)	(47)	3.7	2.1	(123)	(133)	8.8	74.2	(180)	6.5
Reported net profit	54	86	58	64	68	6.3	27.0	175	191	9.1	70.8	269	6.1
Core profit	54	86	58	64	68	6.3	27.0	175	191	9.1	70.8	269	2.5
Reported EPS (THB)	0.04	0.04	0.04	0.05	0.05	3.9	23.2	0.13	0.14	4.4	72.3	0.19	(0.0)
Core EPS (THB)	0.04	0.07	0.04	0.05	0.05	6.3	20.2	0.13	0.14	2.9	71.2	0.19	(3.0)
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)		(%)	(ppt)
Gross margin	17.9	17.3	27.1	28.1	25.4	(2.7)	7.4	19.5	26.8	7.3		27.4	8.6
Operating margin	12.7	13.2	18.5	19.9	18.3	(1.6)	5.6	14.7	18.9	4.1		19.4	5.1
EBITDA margin	24.4	20.5	34.9	34.6	31.1	(3.5)	6.7	26.3	33.3	7.0		21.4	(2.9)
Core profit margin	7.1	7.1	10.6	10.3	9.2	(1.2)	2.1	8.0	10.0	2.0		10.4	2.7
SG&A / Sales	5.2	4.1	8.7	8.2	7.1	(1.1)	1.9	4.8	7.9	3.1		8.0	3.4
Sa breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)		(THB m)	(y-y %)
Data service	333	302	312	335	413	23.2	24.1	1,008	1,061	5.2	71.6	1,481	13.0
Installation	401	884	207	263	310	17.8	(22.7)	1,111	780	(29.8)	77.1	1,013	(49.2)
Data centre	22	24	24	24	22	(5.4)	1.2	64	70	10.0	74.0	95	8.2
Gross margin by BU	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)		(%)	(ppt)
Data service	22.7	13.1	21.7	25.6	22.0	(3.7)	(0.7)	24.4	23.0	(1.4)		24.5	2.7
Installation	13.4	18.4	35.0	31.0	29.5	(1.5)	16.1	14.5	31.5	17.0		31.3	15.1
Data centre	29.4	31.1	30.5	30.0	30.7	0.7	1.3	29.4	30.4	1.0		30.3	0.4

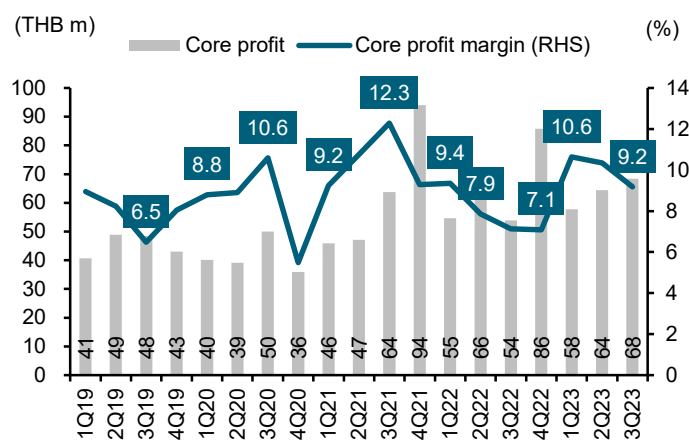
Sources: ITEL, FSSIA's compilation

Exhibit 2: Revenue structure and gross margin



Sources: ITEL, FSSIA's compilation

Exhibit 3: Core profit and core profit margin



Sources: ITEL, FSSIA's compilation

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) *	11.0	11.1	11.5	9.5	8.5
Recurring P/E @ target price (x) *	19.9	20.0	20.6	17.1	15.4
Reported P/E (x)	11.0	11.5	11.5	9.5	8.5
Dividend yield (%)	-	2.9	2.6	3.2	3.5
Price/book (x)	1.0	0.8	0.8	0.7	0.7
Price/tangible book (x)	1.0	0.8	0.8	0.8	0.7
EV/EBITDA (x) **	8.6	7.1	10.2	5.7	7.5
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	0.8	0.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Interlink Telecom; FSSIA estimates

INTERLINK TELECOM PCL (ITEL TB)

FSSIA ESG rating

38.30 /100
Exhibit 4: 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 5: 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	69.20	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	67.12	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](https://www.settrade.com); FSSIA's compilation
Exhibit 6: 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	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	Yes	Yes	Yes	Yes
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	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	—	—	—	—
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	25	23	22	22
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes
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	Yes	Yes	Yes	Yes
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	Yes	Yes	Yes	Yes
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+									
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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 rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">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> </tr> <tr> <td>B</td> <td>1.429-2.856</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
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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

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ANALYST(S) CERTIFICATION

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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	20-Oct-2023	BUY	4.00	-	-	-

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 Telecom	ITEL TB	THB 2.22	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 07-Nov-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.