

**CH.KARNCHANG CK TB**  
THAILAND / CONSTRUCTION SERVICES**BUY**

UNCHANGED

## กำไรปกติ 3Q23 แตะระดับสูงสุดในรอบ 6 ปี

TARGET PRICE	THB26.00
CLOSE	THB20.90
UP/DOWNSIDE	+24.4%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.1%

- กำไรปกติ 3Q23 อยู่ที่ 641 ล้านบาท (+32% q-q, +19% y-y) จากรายได้ก่อสร้างทรงตัวสูง หนุนด้วยการฟื้นตัวของกำไรบริษัทลูกตามปัจจัยฤดูกาล
- คงค่างกำไรปกติปี 2023 +63% y-y แต่ปรับลดปี 2024-25 เป็น +30% y-y, +8% y-y
- คงแนะนำซื้อ ราคาเหมาะสมปี 2024 ที่ 26 บาท (อิง SOTP)

## กำไรปกติ 3Q23 เติบโตเด่น +32% q-q, +19% y-y

CK รายงานกำไรสุทธิ 3Q23 เท่ากับ 641 ล้านบาท (+32% q-q, +12% y-y) ส่วนกำไรปกติ +32% q-q, +19% y-y โดยกำไรที่เติบโต q-q จากการเร่งขึ้นของส่วนแบ่งกำไรบริษัทรวมทั้ง CKP เข้าสู่ช่วงฤดูน้ำ และ BEM ตามผู้ใช้บริการเพิ่มขึ้น ส่วนการขยายตัว y-y หลักๆมาจากธุรกิจก่อสร้างที่รายได้โตก้าวกระโดด สรุปสาระสำคัญดังนี้ 1) ธุรกิจก่อสร้าง รายได้ทรงตัวสูงที่ 8.9 พันล้านบาท -3% q-q แต่ +144% y-y จากการรับรู้โรงไฟฟ้าหลวงพระบางตั้งแต่ 1Q23 ประกอบกับความคืบหน้าของรถไฟฟ้าม่วงใต้และรถไฟฟ้าทางคู่เด่นชัย ส่วนอัตรากำไรขั้นต้นอยู่ที่ 7.4% ใกล้เคียงกับ 2Q23 2) การเติบโตของเงินลงทุนบริษัทลูก โดยรับรู้เงินปันผลรับจาก TTW 232 ล้านบาท รวมถึงส่วนแบ่งกำไรบริษัทร่วม 595 ล้านบาท +133% q-q ตามปัจจัยฤดูกาล แต่ -19% y-y เนื่องจาก CKP ถูกกระทบจาก El Niño 3) ดอกเบี้ยจ่าย +35% y-y อยู่ที่ 480 ล้านบาท จากการสำรองจ่ายล่วงหน้าในโรงไฟฟ้าหลวงพระบางซึ่งเจ้าของโครงการจะทยอยชำระภายหลัง

## คงประมาณการปี 2023 แต่ปรับลดปี 2024-25 จากกำไรบริษัทลูกน้อยกว่าคาด

เราปรับสมมติฐานหลักปี 2023-2025 โดยปรับเพิ่มรายได้ก่อสร้างสะท้อนความคืบหน้าโรงไฟฟ้าหลวงพระบางเร็วกว่าคาด แต่ปรับลดส่วนแบ่งกำไรบริษัทรวมทั้ง BEM และ CKP ส่งผลให้กำไรปกติปี 2023 คงค่างที่ 1.4 พันล้านบาท (+63% y-y) แต่ปรับประมาณการปี 2024-2025 ลง 22-27% เป็น 1.9 พันล้านบาท (+30% y-y) และ 2 พันล้านบาท (+8% y-y) โดยกำไรปกติ 4Q23 คาดโตเด่น y-y จาก 4Q22 ที่ขาดทุน -75 ล้านบาท แต่ลดลง q-q เนื่องจากไม่มีเงินปันผลรับจาก TTW รวมถึง BEM ที่ชะลอลงจากวันหยุดจำนวนมาก และ CKP ตามปริมาณนำลดลง ส่วนธุรกิจก่อสร้างยังทรงตัวสูง

## Backlog อยู่ระดับสูง พร้อมมีศักยภาพรับงานใหม่เข้ามาเต็ม

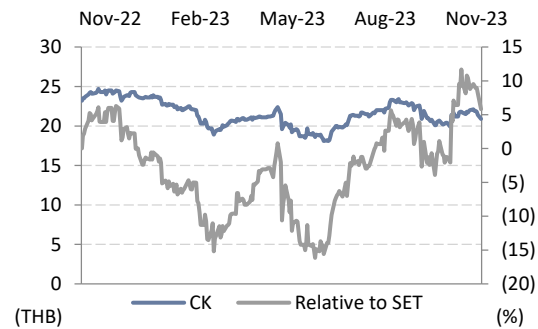
งานในมือ ณ สิ้น 3Q23 อยู่ระดับสูง 1.4 แสนล้านบาท เทียบเท่ารายได้ 3-4 ปี ขณะที่ CK มีศักยภาพรับงานใหญ่อีกมาก โดยเฉพาะรถไฟฟ้าสายสีส้ม มูลค่า 1.1 แสนล้านบาท ซึ่งอยู่ระหว่างรอคำตัดสินของศาลปกครองสูงสุด 1 คดี นอกจากนี้ มีงานประมูลใหม่ที่มีโอกาสเห็นความคืบหน้าเป็นรูปธรรมในปี 2024 อาทิ รถไฟฟ้าทางคู่เฟส 2 ช่วงขอนแก่น-หนองคาย มูลค่า 3 หมื่นล้านบาท ซึ่งผ่านความเห็นชอบจากครม.แล้ว

## พื้นฐานแข็งแกร่งทั้งธุรกิจหลักและการลงทุนบริษัทร่วม ยังแนะนำซื้อ

เราคงคำแนะนำซื้อ ราคาเหมาะสมปี 2024 ที่ 26 บาท (อิง SOTP) ด้วยมุมมองบวกจากธุรกิจหลักอย่างรับเหมาก่อสร้างที่ปี 2023 เห็น Core operation ที่ Turnaround อีกครั้งในรอบ 4 ปี และรายได้จะเร่งขึ้นเป็น S-Curve หนุนด้วยการเติบโตของบริษัทร่วม ขณะที่ความคืบหน้าของงานใหม่ โดยเฉพาะรถไฟฟ้าสายสีส้มจะเป็น Catalyst ต่อหุ้น

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,097	35,736	40,460	41,825
Net profit	1,105	1,485	1,862	2,019
EPS (THB)	0.65	0.88	1.10	1.19
vs Consensus (%)	-	(7.7)	(10.1)	(29.3)
EBITDA	1,438	2,697	2,983	3,077
Recurring net profit	882	1,436	1,862	2,019
Core EPS (THB)	0.52	0.85	1.10	1.19
Chg. In EPS est. (%)	-	0.6	(22.2)	(27.1)
EPS growth (%)	783.4	62.7	29.7	8.4
Core P/E (x)	40.1	24.7	19.0	17.5
Dividend yield (%)	1.2	1.7	2.1	2.3
EV/EBITDA (x)	52.2	27.3	25.0	24.2
Price/book (x)	1.5	1.4	1.4	1.3
Net debt/Equity (%)	160.3	146.2	144.5	139.2
ROE (%)	3.6	5.9	7.3	7.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.5	(5.0)	(10.7)
Relative to country (%)	7.1	5.1	5.4
Mkt cap (USD m)	983		
3m avg. daily turnover (USD m)	1.8		
Free float (%)	65		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	24.80/17.80		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

ช่วงปี 2019-2022 ผลประกอบการของ CK อ่อนแอ โดยกำไรปกติอยู่ระดับต่ำกว่า 1 พันล้านบาท สาเหตุจากผลขาดทุนของธุรกิจรับเหมาก่อสร้างจากงานในมืออยู่ระดับต่ำ นอกจากนี้ ส่วนแบ่งกำไรจากบริษัทร่วมลดลงจาก BEM เผชิญสถานการณ์ Covid

อย่างไรก็ตาม เรามีมุมมองบวกต่อผลประกอบการที่เป็นขาขึ้นตั้งแต่ปี 2023 ขับเคลื่อนจากการฟื้นตัวของธุรกิจรับเหมาก่อสร้างรับงานใหญ่เข้ามาเต็ม อาทิ รถไฟฟ้าสายสีม่วงใต้ รถไฟฟ้าทางคู่ และโรงไฟฟ้าหลวงพระบาง อีกทั้ง ยังหนุนด้วยการเติบโตของการลงทุนในบริษัทร่วม โดยเฉพาะ BEM ที่มีแนวโน้มการฟื้นตัวทั้งปริมาณรถบนทางด่วนและผู้โดยสารในรถไฟฟ้า

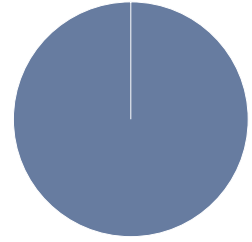
## Company profile

CK ก่อตั้งในปี 1972 ประกอบธุรกิจรับเหมาก่อสร้างทั่วไป โดยรับงานจากหน่วยงานราชการรัฐวิสาหกิจและภาคเอกชน มีลักษณะกิจการเป็นผู้รับเหมาโดยตรง (Main Contractor) ผู้รับเหมาช่วง (Sub Contractor) หรือ Joint Venture หรือ Consortium นอกจากนี้ เป็นผู้ลงทุนเพื่อดำเนินธุรกิจพัฒนาการลงทุนโครงสร้างสาธารณูปโภคขั้นพื้นฐานในประเทศอย่างครบวงจร ปัจจุบัน CK ลงทุนในโครงสร้างพื้นฐานของประเทศ ประกอบด้วย ระบบขนส่งมวลชน ผ่านบมจ.ทางด่วนและรถไฟฟ้ากรุงเทพ (BEM), ระบบน้ำ ผ่านบมจ.ที่ตีบบลิว (TTW) และพลังงาน ผ่านบมจ.ซีเค พาวเวอร์ (CKP)

[www.ch-karnchang.co.th](http://www.ch-karnchang.co.th)

## Principal activities (revenue, 2022)

■ Construction services - 100.0 %

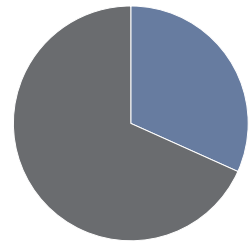


Source: CH.Karnchang

## Major shareholders

■ Trivisvavet Family - 31.7 %

■ Others - 68.3 %



Source: CH.Karnchang

## Catalysts

ปัจจัยหนุนการเติบโตคือ การรับงานใหม่เข้ามาเต็ม โดยความคืบหน้าของการผลักดันการลงทุนโครงสร้างพื้นฐานของภาครัฐจะเป็นประเด็นบวกสำคัญ โดยเฉพาะรถไฟฟ้าสายสีส้ม ซึ่ง BEM อยู่ระหว่างรอเซ็นสัญญา รวมถึงการเติบโตของเงินลงทุนในบริษัทร่วม

## Risks to our call

ความเสี่ยงต่อประมาณการ 1) ความล่าช้าของการเซ็นสัญญาโครงการรถไฟฟ้าสายสีส้ม 2) ความล่าช้าของการเปิดประมูลงานใหม่ และงานใหม่น้อยกว่าคาด 3) ความไม่แน่นอนทางการเมือง 4) ความคืบหน้าการก่อสร้างน้อยกว่าคาด และปัญหา Cost overrun 5) ต้นทุนวัสดุก่อสร้างสูงขึ้น, การขาดแคลนแรงงาน และการปรับขึ้นค่าแรง 6) ผลประกอบการบริษัทร่วม (BEM, CKP) ต่ำกว่าคาด

## Event calendar

Date	Event
February 2024	4Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Construction revenue (THB m)	35,736	40,460	41,825
GPM (%)	7.2	7.4	7.4
SG&A to sales (%)	5.4	8.0	4.7
Associates (THB m)	1,371	1,595	1,681
Dividend income (THB m)	465	465	465

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in revenue, we estimate 2024 net profit to rise by 6.4%, and vice versa, all else being equal.
- For every 0.25% increase in GPM, we estimate 2024 net profit to rise by 4.3%, and vice versa, all else being equal.
- For every 5% increase in SG&A, we estimate 2024 net profit to fall by 4.2%, and vice versa, all else being equal.
- For every 5% increase in share profit from associates, we estimate 2024 net profit to rise by 4.3 %, and vice versa, all else being equal.

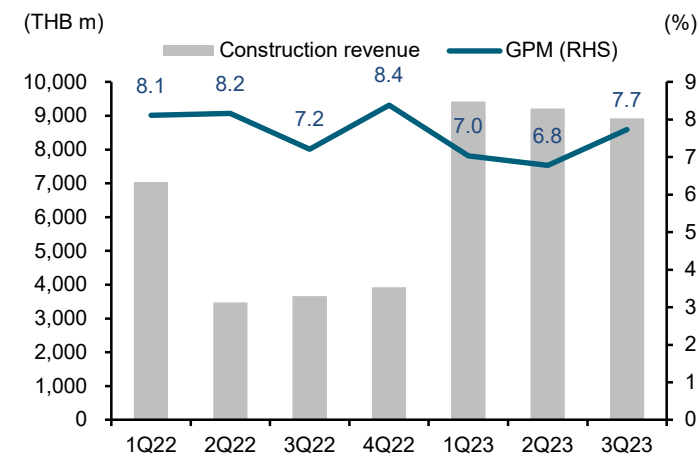
Source: FSSIA estimates

## Exhibit 1: 3Q23 results summary

	3Q22	4Q22	1Q23	2Q23	3Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	3,663	3,920	9,425	9,220	8,925	(3.2)	143.7
Cost of sales	3,414	3,617	8,756	8,541	8,267	(3.2)	142.1
Gross profit	248	303	669	679	658	(3.1)	165.1
SG&A	480	481	495	470	533	13.4	10.9
Operating profit	(232)	(178)	174	209	125	(40.0)	na
Other income	422	224	217	545	440	(19.2)	4.4
Interest expense	355	362	396	474	480	1.2	35.2
Tax expense	(19)	8	(10)	(23)	(19)	na	na
Associates	736	241	200	255	595	133.1	(19.1)
Reported net profit	571	112	217	486	641	31.9	12.2
Core profit	536	(75)	169	486	641	31.9	19.5
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	6.8	7.7	7.1	7.4	7.4	0.3	0.3
SG&A / Sales	13.1	12.3	5.2	5.1	6.0	(0.2)	(9.2)
Operating margin	(6.3)	(4.5)	1.9	2.3	1.4	0.4	9.5
Net margin	15.6	2.9	2.3	5.3	7.2	3.0	(3.3)
Norm margin	14.6	(1.9)	1.8	5.3	7.2	3.5	(3.3)

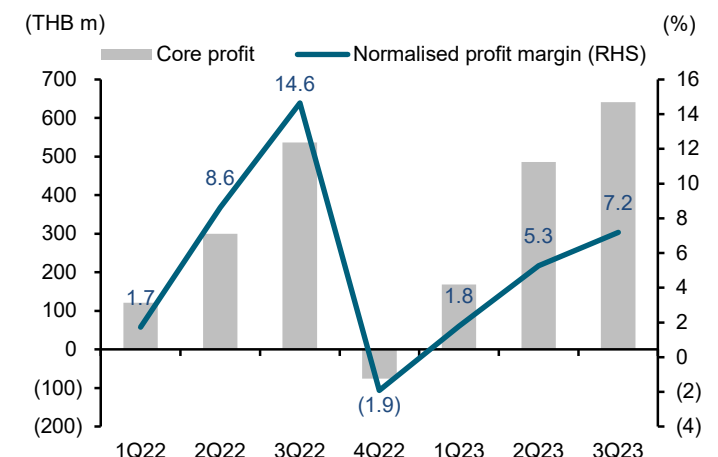
Sources: CK; FSSIA's compilation

## Exhibit 2: Quarterly revenue and GPM



Sources: CK; FSSIA's compilation

## Exhibit 3: Quarterly core profit and normalised profit margin



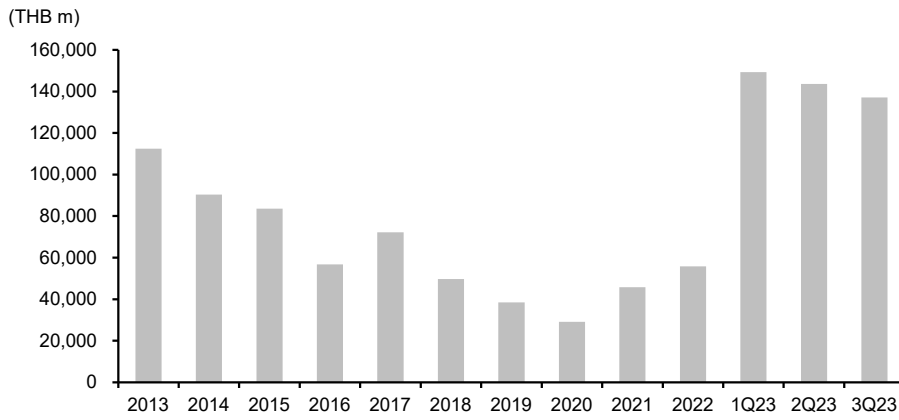
Sources: CK; FSSIA's compilation

## Exhibit 4: Key assumptions for CK

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue from construction services (THB m)	35,736	40,460	41,825	20,696	31,720	37,517	73	28	11
Cost of construction services (THB m)	33,163	37,466	38,730	19,112	29,277	34,628	74	28	12
Gross margin (%)	7.2	7.4	7.4	7.7	7.7	7.7	(0.5)	(0.3)	(0.3)
SG&A (THB m)	1,946	1,966	1,975	1,908	1,917	1,955	2	3	1
SG&A to revenue (%)	5.4	8.0	4.7	9.2	8.0	5.2	(3.8)	0.0	(0.5)
Other income (THB m)	1,420	1,300	1,300	1,315	1,265	1,265	8	3	3
Interest expense (THB m)	1,812	1,869	1,873	1,472	1,469	1,494	23	27	25
Share of profit/loss from associates (THB m)	1,371	1,595	1,681	1,955	2,155	2,225	(30)	(26)	(24)
Core profit (THB m)	1,436	1,862	2,019	1,427	2,394	2,769	1	(22)	(27)
Net profit (THB m)	1,485	1,862	2,019	1,427	2,394	2,769	4	(22)	(27)

Source: FSSIA estimates

**Exhibit 5: Backlog**



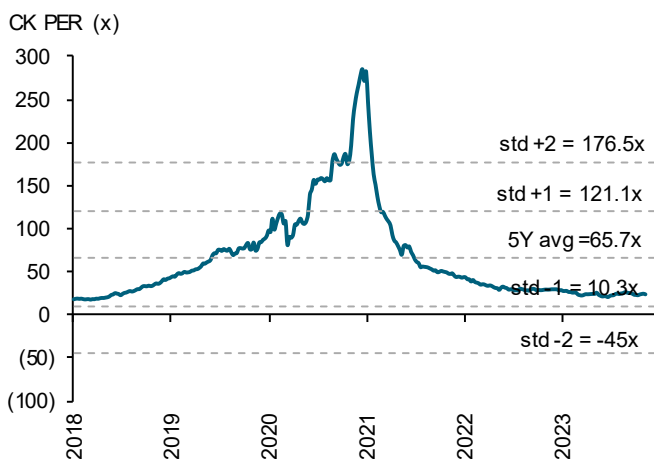
Sources: CK; FSSIA's compilation

**Exhibit 6: Key projects targeted in 2023-2024**

Projects	Construction Value (MB)	Project Owner	Project Progress	Activities			
				Q3/23	Q4/23	Q1/24	Q2/24
MRT Orange Line : Taling Chan - Thailand Cultural Centre (Western Extension)	109,216	MRTA	Considerations for Proposals	Signing & Construction			
Red Line : Taling chan - Salaya	10,670	SRT	Cabinet Approved	Waiting for a New Cabinet Continues the Project			
Red Line : Taling chan - Siriraj Hospital	4,694						
Red Line : Rangsit - Thammasat University	6,469						
Red Line : Bang Sue Hua Mark & Bang Sue - HuaLamphong (Missing Link)	44,158						
Double Track : Khonkaen – Nong Khai	28,759	SRT	To Submit to MOT	Waiting for a New Cabinet Approval			
Double Track : Chira Junction – Ubonratchathani	36,000	SRT	To Submit to MOT	Under MOT Process			
Double Track : Pak nam Pho – Den Chai	62,800	SRT	To Submit to MOT	Under MOT Process			
Motorway : Western Outer Ring Road - Bang Khun Thian - Bang Bua Thong (M9)	46,000	DOH	Submit to PPP Board	Waiting for a New Cabinet Approval			
Motorway : Nakhon Pathom - Cha-am (M8)	61,000	DOH	Preparing PPP Report	Revised EIA Process			
Motorway : Rangsit- Bang pa - in (M5)	25,000	DOH	Preparing PPP Report	Waiting for a New Cabinet Approval			
Bangkok International Airport Phase 3	36,829	AOT	Cabinet Approved	Survey & Design Process			
Bridge over Songkhla Lake	4,829	DOR	EIA Approved	Waiting for a New Cabinet Approval			
<b>Total</b>	<b>490,424</b>						

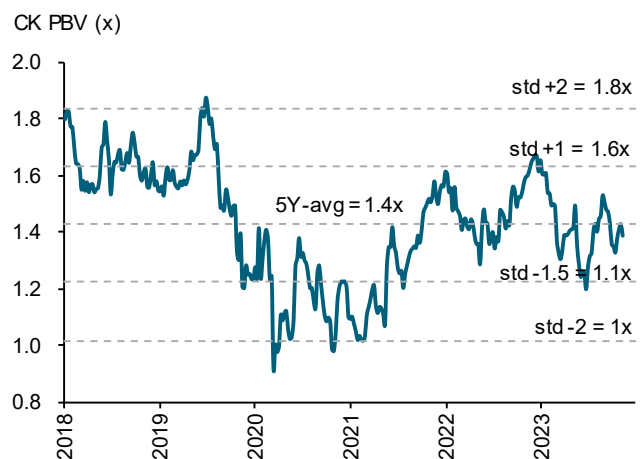
Source: CK

**Exhibit 7: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 8: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

CH.Karnchang

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	12,199	18,097	35,736	40,460	41,825
Cost of goods sold	(11,235)	(16,711)	(33,163)	(37,466)	(38,730)
<b>Gross profit</b>	<b>963</b>	<b>1,386</b>	<b>2,573</b>	<b>2,994</b>	<b>3,095</b>
Other operating income	1,415	1,341	1,420	1,300	1,300
Operating costs	(1,915)	(1,927)	(1,946)	(1,966)	(1,975)
<b>Operating EBITDA</b>	<b>1,158</b>	<b>1,438</b>	<b>2,697</b>	<b>2,983</b>	<b>3,077</b>
Depreciation	(695)	(638)	(651)	(654)	(658)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>463</b>	<b>800</b>	<b>2,047</b>	<b>2,328</b>	<b>2,420</b>
Net financing costs	(1,386)	(1,411)	(1,812)	(1,869)	(1,873)
Associates	1,088	1,530	1,371	1,595	1,681
Recurring non-operating income	1,088	1,530	1,371	1,595	1,681
Non-recurring items	806	222	49	0	0
<b>Profit before tax</b>	<b>971</b>	<b>1,142</b>	<b>1,655</b>	<b>2,054</b>	<b>2,228</b>
Tax	(38)	(21)	(71)	(92)	(109)
<b>Profit after tax</b>	<b>933</b>	<b>1,121</b>	<b>1,585</b>	<b>1,962</b>	<b>2,119</b>
Minority interests	(28)	(16)	(100)	(100)	(100)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>906</b>	<b>1,105</b>	<b>1,485</b>	<b>1,862</b>	<b>2,019</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(806)</b>	<b>(222)</b>	<b>(49)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>100</b>	<b>882</b>	<b>1,436</b>	<b>1,862</b>	<b>2,019</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.06	0.52	0.85	1.10	1.19
Reported EPS	0.53	0.65	0.88	1.10	1.19
DPS	0.25	0.25	0.35	0.44	0.48
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
<b>Growth</b>					
Revenue (%)	(27.2)	48.3	97.5	13.2	3.4
Operating EBITDA (%)	(24.1)	24.2	87.5	10.6	3.2
Operating EBIT (%)	(42.0)	72.8	155.8	13.8	3.9
Recurring EPS (%)	(70.4)	783.4	62.7	29.7	8.4
Reported EPS (%)	48.0	22.0	34.4	25.4	8.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.9	7.7	7.2	7.4	7.4
Gross margin exc. depreciation (%)	13.6	11.2	9.0	9.0	9.0
Operating EBITDA margin (%)	9.5	7.9	7.5	7.4	7.4
Operating EBIT margin (%)	3.8	4.4	5.7	5.8	5.8
Net margin (%)	0.8	4.9	4.0	4.6	4.8
Effective tax rate (%)	3.9	1.8	4.3	4.5	4.9
Dividend payout on recurring profit (%)	424.0	48.0	41.4	40.0	40.0
Interest cover (X)	1.1	1.7	1.9	2.1	2.2
Inventory days	167.4	161.3	129.3	129.7	98.4
Debtor days	88.7	48.6	38.6	48.1	50.3
Creditor days	83.3	57.0	49.5	63.0	65.7
Operating ROIC (%)	2.7	4.2	9.6	10.0	10.0
ROIC (%)	1.9	2.8	4.1	4.5	4.7
ROE (%)	0.4	3.6	5.9	7.3	7.6
ROA (%)	1.5	2.4	3.2	3.5	3.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Construction services	12,199	18,097	35,736	40,460	41,825
Others					

Sources: CH.Karnchang; FSSIA estimates

## Financial Statements

CH.Karnchang

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	100	882	1,436	1,862	2,019
Depreciation	695	638	651	654	658
Associates & minorities	331	377	449	446	444
Other non-cash items	-	-	-	-	-
Change in working capital	(1,109)	(2,237)	(381)	(2,207)	(1,538)
<b>Cash flow from operations</b>	<b>16</b>	<b>(340)</b>	<b>2,154</b>	<b>756</b>	<b>1,582</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,346)	-	(207)	(646)	(644)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	233	-	-	-
<b>Cash flow from investing</b>	<b>(1,346)</b>	<b>233</b>	<b>(207)</b>	<b>(646)</b>	<b>(644)</b>
Dividends paid	-	(509)	(645)	(845)	(907)
Equity finance	(821)	(2,031)	346	(179)	(126)
Debt finance	827	2,835	(1,790)	200	0
Other financing cash flows	531	-	-	-	-
<b>Cash flow from financing</b>	<b>537</b>	<b>295</b>	<b>(2,089)</b>	<b>(824)</b>	<b>(1,033)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(793)</b>	<b>187</b>	<b>(142)</b>	<b>(715)</b>	<b>(96)</b>
Free cash flow to firm (FCFF)	55.04	1,303.02	3,758.35	1,978.47	2,810.41
Free cash flow to equity (FCFE)	27.94	2,727.35	156.88	309.47	<b>937.21</b>

### Per share (THB)

FCFF per share	0.03	0.77	2.22	1.17	1.66
FCFE per share	0.02	1.61	0.09	0.18	0.55
Recurring cash flow per share	0.66	1.12	1.50	1.75	1.84

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	17,891	18,625	18,141	18,247	18,352
Less: Accumulated depreciation	(5,996)	(6,798)	(7,204)	(7,764)	(8,327)
<b>Tangible fixed assets (net)</b>	<b>11,895</b>	<b>11,827</b>	<b>10,936</b>	<b>10,482</b>	<b>10,025</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	50,910	49,847	49,947	50,047	50,147
Cash & equivalents	6,772	6,960	6,818	6,103	6,007
A/C receivable	2,273	2,549	5,003	5,664	5,856
Inventories	6,094	8,112	14,923	11,240	9,295
Other current assets	4,930	5,436	10,821	12,238	12,648
<b>Current assets</b>	<b>20,069</b>	<b>23,057</b>	<b>37,565</b>	<b>35,245</b>	<b>33,805</b>
Other assets	546	420	441	463	486
<b>Total assets</b>	<b>83,421</b>	<b>85,151</b>	<b>98,889</b>	<b>96,237</b>	<b>94,464</b>
Common equity	25,669	24,026	24,917	26,034	27,246
Minorities etc.	439	440	786	607	481
<b>Total shareholders' equity</b>	<b>26,108</b>	<b>24,466</b>	<b>25,703</b>	<b>26,641</b>	<b>27,727</b>
Long term debt	36,634	37,991	37,662	37,842	37,842
Other long-term liabilities	2,931	2,651	5,306	4,496	3,873
<b>Long-term liabilities</b>	<b>39,565</b>	<b>40,642</b>	<b>42,968</b>	<b>42,338</b>	<b>41,715</b>
A/C payable	2,174	2,850	5,969	6,744	6,971
Short term debt	6,721	8,199	6,738	6,758	6,758
Other current liabilities	8,853	8,994	17,511	13,756	11,293
<b>Current liabilities</b>	<b>17,748</b>	<b>20,043</b>	<b>30,218</b>	<b>27,258</b>	<b>25,022</b>
<b>Total liabilities and shareholders' equity</b>	<b>83,421</b>	<b>85,151</b>	<b>98,889</b>	<b>96,237</b>	<b>94,464</b>
Net working capital	2,270	4,253	7,267	8,642	9,534
Invested capital	65,621	66,347	68,592	69,634	70,193

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

### Per share (THB)

Book value per share	15.15	14.18	14.71	15.37	16.08
Tangible book value per share	15.15	14.18	14.71	15.37	16.08

### Financial strength

Net debt/equity (%)	140.1	160.3	146.2	144.5	139.2
Net debt/total assets (%)	43.9	46.1	38.0	40.0	40.9
Current ratio (x)	1.1	1.2	1.2	1.3	1.4
CF interest cover (x)	2.0	2.9	1.2	1.5	1.8

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>354.5</b>	<b>40.1</b>	<b>24.7</b>	<b>19.0</b>	<b>17.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>441.0</b>	<b>49.9</b>	<b>30.7</b>	<b>23.6</b>	<b>21.8</b>
Reported P/E (x)	39.1	32.0	23.8	19.0	17.5
Dividend yield (%)	1.2	1.2	1.7	2.1	2.3
Price/book (x)	1.4	1.5	1.4	1.4	1.3
Price/tangible book (x)	1.4	1.5	1.4	1.4	1.3
EV/EBITDA (x) **	62.6	52.2	27.3	25.0	24.2
EV/EBITDA @ target price (x) **	70.0	58.2	30.6	27.9	27.0
EV/invested capital (x)	1.1	1.1	1.1	1.1	1.1

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

Sources: CH.Karnchang; FSSIA estimates

# CH Karnchang PCL (CK TB)

**FSSIA ESG rating**

**38.06 /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 risk	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
CK	38.06	--	--	--	5.00	4.00	--	High	50.15	BB	--	43.93	22.00	2.13	43.16
ITD	14.63	--	--	--	4.00	4.00	--	Severe	--	--	--	--	13.00	--	--
STEC	39.73	--	--	--	5.00	5.00	--	Severe	62.52	BBB	--	36.51	22.00	1.64	37.87
SYNTEC	36.38	--	--	Y	5.00	5.00	Certified	--	53.14	--	--	37.86	--	--	--
NWR	24.97	--	--	--	4.00	5.00	Certified	--	47.79	--	--	--	--	--	--

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation
**Exhibit 11: ESG score by Bloomberg**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	1.93	2.13
BESG environmental pillar score	—	—	0.00	0.10
BESG social pillar score	—	—	4.64	5.11
BESG governance pillar score	—	—	3.08	3.14
<b>ESG disclosure score</b>	<b>32.81</b>	<b>33.67</b>	<b>38.17</b>	<b>43.16</b>
Environmental disclosure score	0.91	0.91	6.10	20.48
Social disclosure score	16.26	18.83	27.15	27.78
Governance disclosure score	81.10	81.10	81.10	81.10
<b>Environmental</b>				
Emissions reduction initiatives	No	No	Yes	Yes
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	—	—	2	2
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	643	3
Renewable energy use	—	—	—	—
Electricity used	—	—	643	3
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



**Exhibit 12: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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	No	No	No	Yes
Water policy	No	No	No	No
Water consumption	—	—	—	—
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	18	26
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	0	0	0	0
Total recordable incident rate - employees	0	0	0	—
Training policy	No	No	No	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	—	2,380	2,124	2,304
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	—	—	13,785	17,303
Social supply chain management	No	No	No	Yes
<b>Governance</b>				
<b>Board size</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>
No. of women on board	1	1	1	1
No. of non-executive directors on board	4	3	4	4
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	7	7	8
Board meeting attendance pct	100	100	100	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	45	46	47	43
Age of the oldest director	82	80	81	82
<b>No. of executives / company managers</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>14</b>
No. of female executives	2	2	2	1
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	3	1	1	1
No. of compensation committee meetings	2	2	3	4
Compensation meeting attendance %	100	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	3	4
Nomination meeting attendance %	100	100	100	100
<b>Sustainability governance</b>				
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 <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+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
<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>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.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Thanyatorn Songwutti 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.

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

#### CH.Karnchang (CK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Feb-2021	BUY	18.00	13-Aug-2021	BUY	23.00	10-Nov-2021	BUY	26.00

Thanyatorn Songwutti started covering this stock from 11-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH.Karnchang	CK TB	THB 20.90	BUY	Key downside risks to our SoTP-based TP include 1) delays in the signing of the Luang Prabang hydropower plant and Orange Line projects; 2) fewer new projects than expected; 3) political uncertainty; 4) delays in construction; 5) labour shortages; 6) higher raw material and labour costs; and 7) intense competition.

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 13-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.