

SEAFCO SEAFCO TB

THAILAND / CONSTRUCTION SERVICES

BUY

UNCHANGED

3Q23 results at first glance

TARGET PRICE	THB4.70
CLOSE	THB2.64
UP/DOWNSIDE	+78.0%
TP vs CONSENSUS	+14.6%

กำไร 3Q23 ดีกว่าคาด จาก GPM พ้นมากกว่าคาด

Highlights

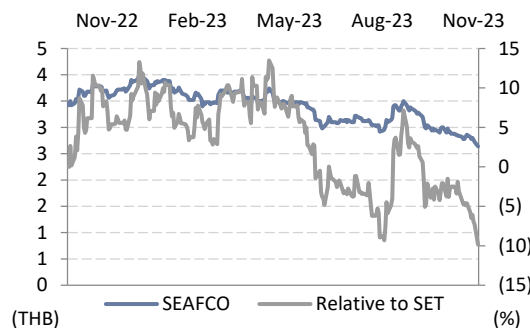
- SEAFCO รายงานกำไรสุทธิ 3Q23 เท่ากับ 63 ล้านบาท โตสูงจากกำไร 13 ล้านบาทใน 2Q23 และขาดทุน -39 ล้านบาทใน 3Q22 ดีกว่าที่เราเคยมองไว้ 30-40 ล้านบาทจากอัตรากำไรขั้นต้นที่ฟื้นมากกว่าคาด
- รายได้ก่อสร้างเร่งตัวขึ้นดี +12% q-q, +236% y-y ที่ 489 ล้านบาท แรงขับเคลื่อนหลักมาจากการเร่งงานโครงการรถไฟฟ้าสายสีม่วงใต้ทั้ง 3 สัญญาได้เต็มที่
- อัตรากำไรขั้นต้นปรับขึ้นเป็น 22.7% สูงสุดในรอบ 18 ไตรมาส เทียบกับ 12.4% ใน 2Q23 และ -15.5% ใน 3Q22 เนื่องจากรายได้หลักมาจากรถไฟฟ้าสายสีม่วงใต้ซึ่งเป็นงานรับเฉพาะค่าแรงและมาร์จิ้นดี
- ควบคุมค่าใช้จ่ายได้ดี โดย SG&A ต่อรายได้ลดลงเป็น 6.6% จาก 8.1% ใน 2Q23 และ 20.4% ใน 3Q22 จากฐานรายได้ที่สูงขึ้น
- D/E ณ สิ้น 3Q23 อยู่ที่ 0.7x ขยับขึ้นจาก 0.5x แต่ยังคงต่ำกว่า 0.9x ในช่วง Covid

Outlook

- Backlog ณ สิ้น 3Q23 อยู่ระดับ 1 พันล้านบาท คาดทยอยรับรู้ถึง 1Q24 โดยสัดส่วนหลักราว 30% หรือ 300 ล้านบาทเป็นรถไฟฟ้าสายสีม่วงใต้ ซึ่งงานจะทยอยส่งมอบในช่วงสิ้นปีนี้
- ทิศทางกำไร 4Q23 เบื้องต้นคาด 40-50 ล้านบาท ขยายตัวเด่นจาก 10 ล้านบาทใน 4Q22 แต่ชะลอลง q-q เนื่องจากรถไฟฟ้าสายสีม่วงใต้อยู่ในช่วงปลายโครงการ รวมถึงมีวันหยุดยาวจำนวนมาก โดยคาดรายได้จะยืนเหนือระดับ 400 ล้านบาท และอัตรากำไรขั้นต้นที่ 20-22%
- อัตรากำไรขั้นต้นที่ฟื้นตัวมากกว่าคาดใน 3Q23 ส่งผลให้ประมาณการกำไรปกติปี 2023 ของเราที่ 114 ล้านบาทมี Upside เบื้องต้นคาดจบปีนี้ที่ 150-160 ล้านบาท พลิกจากขาดทุน -133 ล้านบาทในปี 2022
- เราคงประมาณการกำไรปกติปี 2024 ที่ 157 ล้านบาท บนสมมติฐานรถไฟฟ้าสายสีม่วงเซ็นสัญญาช่วงต้นปีหน้าและเริ่มงานก่อสร้างใน 2H24 โดยคาดหวัง SEAFCO ได้รับงานฐานรากราว 1 พันล้านบาท ซึ่งจะทำให้โมเมนตัมกำไรใน 2H24 เติบโตกว่า 1H24 ที่ต้องพึ่งพางานเอกชนขนาดเล็ก อาทิ คอนโด ตึกสูง ซึ่งมาร์จิ้นไม่สูง
- ราคาหุ้นปรับลง 20% ภายใน 2 เดือน ทำให้ Upside เป้ากว้าง จึงยังแนะนำซื้อ

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	781	1,742	1,862	1,962
Net profit	(129)	114	157	164
EPS (THB)	(0.18)	0.15	0.21	0.22
vs Consensus (%)	-	(6.3)	9.4	(3.5)
EBITDA	19	308	367	399
Recurring net profit	(133)	114	157	164
Core EPS (THB)	(0.18)	0.15	0.21	0.22
EPS growth (%)	nm	nm	36.9	4.5
Core P/E (x)	(14.6)	17.1	12.5	11.9
Dividend yield (%)	-	2.9	4.0	4.2
EV/EBITDA (x)	114.1	7.1	5.8	5.3
Price/book (x)	1.4	1.3	1.2	1.2
Net debt/Equity (%)	16.4	15.1	11.8	9.8
ROE (%)	(8.9)	7.9	10.3	10.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(12.0)	(13.2)	(22.4)
Relative to country (%)	(8.0)	(3.9)	(8.3)
Mkt cap (USD m)	54		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	74		
Major shareholder	Thasnanipan Family (26%)		
12m high/low (THB)	4.10/2.64		
Issued shares (m)	739.71		

Sources: Bloomberg consensus; FSSIA estimates



Thanyatorn Songwutti

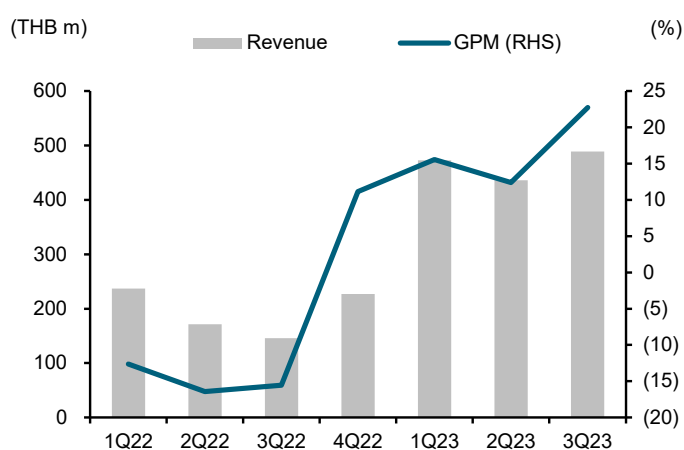
Fundamental Investment Analyst on Securities; License no. 101203
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Exhibit 1: 3Q23 results summary

	3Q22	4Q22	1Q23	2Q23	3Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	146	227	473	436	489	12.1	235.7
Cost of sales	168	202	399	382	378	(1.1)	124.5
Gross profit	(23)	25	74	54	111	105.9	na
SG&A	30	24	27	35	33	(8.4)	9.6
Operating profit	(52)	1	46	18	79	325.1	na
Interest expense	3	5	4	4	4	(6.6)	34.7
Tax expense	(3)	(15)	10	4	14	271.4	na
Reported net profit	(39)	10	59	13	63	398.8	na
Core profit	(47)	7	39	14	62	338.2	na
Key ratios (%)						(ppt)	(ppt)
Gross margin	(15.5)	11.1	15.6	12.4	22.7	10.3	38.3
SG&A / Sales	20.4	10.8	5.8	8.1	6.6	(1.5)	(13.7)
Operating margin	(35.9)	0.4	9.8	4.2	16.1	11.8	52.0
Net margin	(26.8)	4.3	12.4	2.9	12.8	9.9	39.6
Norm margin	(32.3)	3.2	8.2	3.3	12.7	9.5	45.0

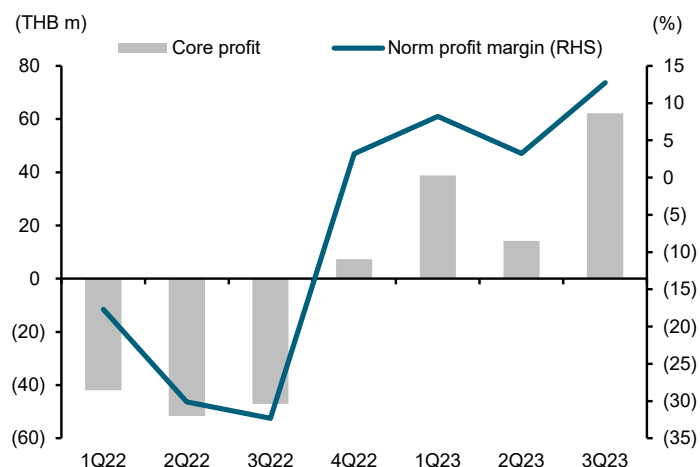
Sources: SEAFCO; FSSIA's compilation

Exhibit 2: Quarterly revenue and GPM



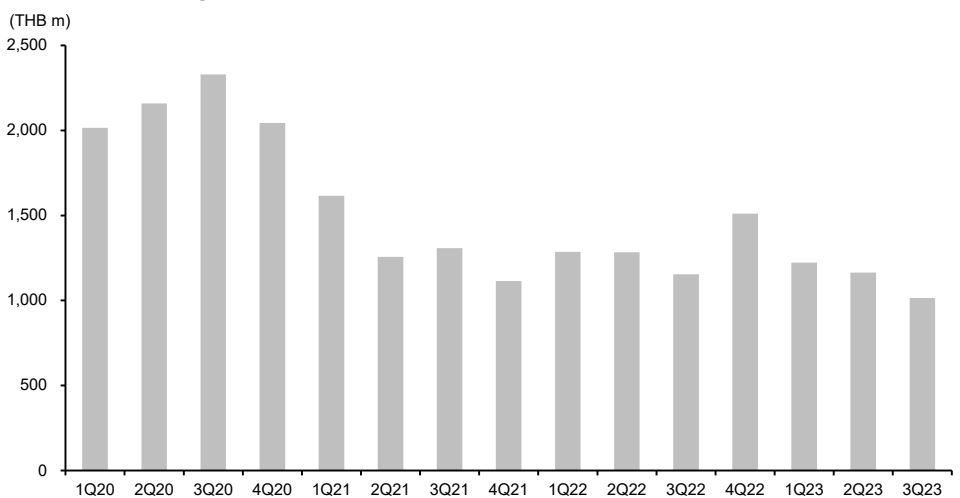
Sources: SEAFCO; FSSIA's compilation

Exhibit 3: Quarterly core profit and norm profit margin



Sources: SEAFCO; FSSIA's compilation

Exhibit 4: Backlog



Sources: SEAFCO; FSSIA's compilation

Financial Statements

Seafo

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,435	781	1,742	1,862	1,962
Cost of goods sold	(1,404)	(837)	(1,514)	(1,590)	(1,676)
Gross profit	31	(56)	228	272	286
Other operating income	41	25	25	25	25
Operating costs	(120)	(109)	(120)	(121)	(123)
Operating EBITDA	161	19	308	367	399
Depreciation	(209)	(158)	(174)	(192)	(211)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(48)	(139)	134	175	188
Net financing costs	(21)	(15)	(15)	(15)	(15)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(2)	4	0	0	0
Profit before tax	(70)	(150)	118	161	174
Tax	11	25	0	0	(6)
Profit after tax	(60)	(125)	118	161	168
Minority interests	3	(5)	(4)	(4)	(4)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(57)	(129)	114	157	164
Non-recurring items & goodwill (net)	2	(4)	0	0	0
Recurring net profit	(55)	(133)	114	157	164
Per share (THB)					
Recurring EPS *	(0.07)	(0.18)	0.15	0.21	0.22
Reported EPS	(0.08)	(0.18)	0.15	0.21	0.22
DPS	0.00	0.00	0.08	0.11	0.11
Diluted shares (used to calculate per share data)	740	740	740	740	740
Growth					
Revenue (%)	(43.9)	(45.6)	123.0	6.9	5.4
Operating EBITDA (%)	(62.8)	(88.1)	1,504.0	19.2	8.7
Operating EBIT (%)	nm	nm	nm	31.3	7.3
Recurring EPS (%)	nm	nm	nm	36.9	4.5
Reported EPS (%)	nm	nm	nm	36.9	4.5
Operating performance					
Gross margin inc. depreciation (%)	2.2	(7.1)	13.1	14.6	14.6
Gross margin exc. depreciation (%)	16.7	13.2	23.1	24.9	25.3
Operating EBITDA margin (%)	11.2	2.5	17.7	19.7	20.3
Operating EBIT margin (%)	(3.3)	(17.8)	7.7	9.4	9.6
Net margin (%)	(3.8)	(17.1)	6.6	8.4	8.3
Effective tax rate (%)	15.2	17.0	0.0	0.0	3.3
Dividend payout on recurring profit (%)	-	-	50.0	50.0	50.0
Interest cover (X)	(2.3)	(9.5)	8.8	11.9	12.8
Inventory days	22.4	31.4	17.9	20.9	19.9
Debtor days	170.4	214.9	96.2	117.6	118.4
Creditor days	161.5	188.1	111.7	140.9	142.7
Operating ROIC (%)	(2.7)	(8.4)	8.5	10.8	11.1
ROIC (%)	(1.8)	(6.0)	6.1	7.8	8.1
ROE (%)	(3.5)	(8.9)	7.9	10.3	10.2
ROA (%)	(1.4)	(4.8)	5.6	6.7	6.7
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hire of work	1,434	780	1,740	1,860	1,960
Sales of materials and services	1	2	2	2	2

Sources: Seafo; FSSIA estimates

Financial Statements

Seafo

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(55)	(133)	114	157	164
Depreciation	209	158	174	192	211
Associates & minorities	(3)	5	4	4	4
Other non-cash items	-	-	-	-	-
Change in working capital	45	194	(42)	11	(8)
Cash flow from operations	196	224	250	363	371
Capex - maintenance	-	-	-	-	-
Capex - new investment	(44)	(93)	(179)	(242)	(261)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(44)	(93)	(179)	(242)	(261)
Dividends paid	0	0	(61)	(82)	(86)
Equity finance	(9)	1	0	0	0
Debt finance	(31)	(254)	32	(29)	0
Other financing cash flows	8	4	0	0	0
Cash flow from financing	(32)	(249)	(30)	(112)	(86)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	121	(118)	41	10	24
Free cash flow to firm (FCFF)	173.16	145.01	86.00	136.66	124.90
Free cash flow to equity (FCFE)	130.13	(119.44)	102.44	92.66	110.20

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	0.23	0.20	0.12	0.18	0.17
FCFE per share	0.18	(0.16)	0.14	0.13	0.15
Recurring cash flow per share	0.20	0.04	0.40	0.48	0.51

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,567	2,494	2,504	2,554	2,604
Less: Accumulated depreciation	(1,390)	(1,390)	(1,390)	(1,390)	(1,390)
Tangible fixed assets (net)	1,177	1,104	1,114	1,164	1,214
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	76	85	80	80	80
Cash & equivalents	231	113	154	165	189
A/C receivable	582	338	580	620	653
Inventories	65	52	80	80	80
Other current assets	73	78	78	78	78
Current assets	952	581	893	943	1,001
Other assets	508	395	415	425	435
Total assets	2,713	2,164	2,501	2,611	2,729
Common equity	1,553	1,428	1,485	1,564	1,646
Minorities etc.	1	2	2	2	2
Total shareholders' equity	1,553	1,430	1,488	1,566	1,648
Long term debt	235	210	125	156	156
Other long-term liabilities	82	41	60	80	80
Long-term liabilities	317	251	185	236	236
A/C payable	402	298	522	558	588
Short term debt	366	138	254	194	194
Other current liabilities	75	47	52	57	63
Current liabilities	842	483	828	809	845
Total liabilities and shareholders' equity	2,713	2,164	2,501	2,611	2,729
Net working capital	244	123	164	163	161
Invested capital	2,005	1,706	1,773	1,831	1,889

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	2.10	1.93	2.01	2.11	2.22
Tangible book value per share	2.10	1.93	2.01	2.11	2.22
Financial strength					
Net debt/equity (%)	23.8	16.4	15.1	11.8	9.8
Net debt/total assets (%)	13.6	10.8	9.0	7.1	5.9
Current ratio (x)	1.1	1.2	1.1	1.2	1.2
CF interest cover (x)	9.4	(0.8)	19.6	23.7	26.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(35.7)	(14.6)	17.1	12.5	11.9
Recurring P/E @ target price (x) *	(63.5)	(26.1)	30.4	22.2	21.2
Reported P/E (x)	(34.5)	(15.1)	17.1	12.5	11.9
Dividend yield (%)	-	-	2.9	4.0	4.2
Price/book (x)	1.3	1.4	1.3	1.2	1.2
Price/tangible book (x)	1.3	1.4	1.3	1.2	1.2
EV/EBITDA (x) **	14.4	114.1	7.1	5.8	5.3
EV/EBITDA @ target price (x) **	23.9	193.6	12.0	10.0	9.1
EV/invested capital (x)	1.2	1.3	1.2	1.2	1.1

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

Sources: Seafo; FSSIA estimates

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 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.																			

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

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History of change in investment rating and/or target price

Seafo (SEAFCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Apr-2023	BUY	4.70	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 04-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Seafo	SEAFCO TB	THB 2.64	BUY	Downside risks to our P/BV-based TP include 1) fewer new projects than expected; 2) fewer projects up for bidding 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.