

# PYLON Pylon TB

## THAILAND / CONSTRUCTION SERVICES

# HOLD

UNCHANGED

## ยังเผชิญความยากลำบาก เห็นประคองตัว

- รายงานกำไร 3Q23 อ่อนแอ -62% q-q, -90% y-y สาเหตุจากช่วงรอยต่อของงาน
- การประชุม Opp. Day โทณเป็นลบ มีความท้าทายจากทั้งการหางานและการแข่งขัน ขณะที่เราปรับลดประมาณการปี 2023-2025 ทิศทางยังทรงตัวต่ำ
- ปรับไปใช้ราคาเหมาะสมปี 2024 ที่ 2.70 บาท ยังแนะนำเพียงถือ

TARGET PRICE	THB2.70
CLOSE	THB2.48
UP/DOWNSIDE	+8.9%
PRIOR TP	THB3.80
CHANGE IN TP	-28.9%
TP vs CONSENSUS	-9.0%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,147	1,516	1,518	1,530
Net profit	120	96	97	103
EPS (THB)	0.16	0.13	0.13	0.14
vs Consensus (%)	-	(12.2)	(36.0)	(48.1)
EBITDA	234	214	218	226
Recurring net profit	111	94	97	103
Core EPS (THB)	0.15	0.13	0.13	0.14
Chg. In EPS est. (%)	-	(31.3)	(39.5)	(39.9)
EPS growth (%)	190.6	(15.2)	3.1	6.1
Core P/E (x)	16.7	19.7	19.1	18.0
Dividend yield (%)	6.0	4.6	4.2	4.4
EV/EBITDA (x)	7.3	8.2	8.1	7.8
Price/book (x)	1.8	1.8	1.7	1.7
Net debt/Equity (%)	(15.3)	(10.0)	(9.1)	(8.1)
ROE (%)	11.0	8.9	9.1	9.5

## กำไร 3Q23 หดตัวแรง q-q, y-y จากรายได้และอัตรากำไรขั้นต้นลดลง

PYLON รายงานกำไรสุทธิ 3Q23 เท่ากับ 4 ล้านบาท (-62% q-q, -90% y-y) อ่อนแอกว่าที่เราและตลาดคาดว่าจะฟื้นตัว q-q สาเหตุจากรายได้หดตัว -23% q-q, -9% y-y อยู่ที่ 237 ล้านบาท หลังส่งมอบงานใหญ่ อาทิ โครงการ Northpole ในช่วง 1H23 และงานใหม่ยังไม่สามารถเข้ามาเติมได้ทัน ขณะที่อัตรากำไรขั้นต้นปรับลดเป็น 10% จาก 12.1% ใน 2Q23 และ 24.5% ใน 3Q22 จากอัตราการใช้เครื่องจักรที่ลดลงเป็น 8-9 ชุด (เทียบกับ 2Q23 จำนวน 10 ชุด และ 3Q22 จำนวน 13-15 ชุด) รวมถึงถูกกดดันจากการแข่งขันที่รุนแรงท่ามกลางปริมาณงานในตลาดซบเซา

## การประชุมโทณลบ เผชิญความยากลำบากจากการหางานและแข่งขันสูง

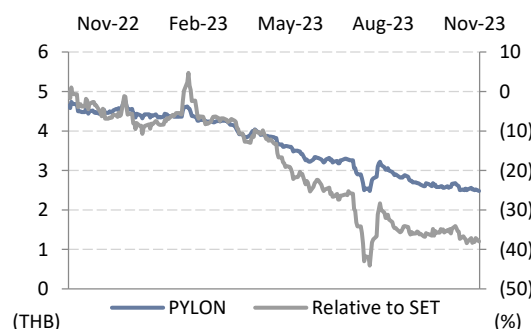
การประชุม Opportunity day วันที่ 24 พ.ย. ก่อนไปโทณลบ ผู้บริหารมองว่าในช่วง 1-2 ปีนี้ ยังเผชิญความยากลำบากต่อการหางานและการแข่งขันสูง แม้ปี 2024 ภาพเป็นบวกมากขึ้นจากปี 2023 แต่ยังไม่กลับไปเท่าภาวะปกติ โดยการลงทุนภาครัฐยังไม่มีความชัดเจน ส่วนภาคเอกชนทยอยดีขึ้นแต่ยังรอความเชื่อมั่นจากภาครัฐ ขณะที่งานในมือปัจจุบันที่ 725 ล้านบาท (ไม่รวมรถไฟความเร็วสูงเชื่อม 3 สนามบิน 400 ล้านบาท ซึ่งกรอบเวลายังไม่ชัดเจน) หลักๆเป็นภาคเอกชน 94% ส่วนใหญ่เป็นงานคอนกรีต อาทิ โครงการ Wan Vayla Na Chao Phraya (มูลค่า 200 ล้านบาท) โดยจะทยอยรับรู้ถึงกลาง 1Q24 ส่วนงานขนาดใหญ่ที่คาดว่าจะประมูลในอนาคต อาทิ รถไฟฟ้าสีส้มตะวันตก, Makkason Complex, ทางด่วน M9 (บางบัวทอง-บางปะอิน), สนามบินอู่ตะเภา

## ปรับลดประมาณการปี 2023-25 งานในตลาดยังไม่ฟื้นชัดและการแข่งขันสูง

เราปรับประมาณการกำไรปี 2023-2025 ลง 30-40% เป็น 96 ล้านบาท (-20% y-y), 97 ล้านบาท (+1% y-y) และ 103 ล้านบาท (+6% y-y) ตามลำดับ สาเหตุหลักจากปรับลดอัตรากำไรขั้นต้นอย่างระมัดระวัง ขณะที่กำไร 4Q23 เบื้องต้นคาด 15-20 ล้านบาท ฟื้นจากฐานต่ำที่ 3-4 ล้านบาทใน 2Q23 และ 4Q22 หลังเริ่มงานใหม่และอัตราการใช้เครื่องจักรสูงขึ้นเป็น 13-14 ชุด โดยส่วนใหญ่เป็นงานเอกชนขนาดเล็กซึ่งมาร์จิ้นไม่สูง

## ปรับไปใช้ราคาเป้าหมาย 2.70 บาท หุ่นขาดความน่าสนใจ แนะนำเพียงถือ

เราปรับไปใช้ราคาเหมาะสมปี 2024 ที่ 2.70 บาท ถึง PER 21x (เทียบเท่าค่าเฉลี่ยในอดีต -0.75SD) คงคำแนะนำถือ ราคาหุ้นปัจจุบัน Upside จำกัด ประกอบกับหุ่นขาดความน่าสนใจจากผลประกอบการทรงตัวต่ำ และการผลักดันโครงการประมูลของภาครัฐยังไม่มีกรอบเวลาที่ชัดเจน อย่างไรก็ตาม Catalyst ต่อราคาหุ้นคือความคืบหน้าของการประมูลใหม่และความชัดเจนของการเริ่มงานรถไฟความเร็วสูงเชื่อม 3 สนามบิน



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.1)	(11.4)	(47.0)
Relative to country (%)	(3.5)	(0.8)	(38.4)
Mkt cap (USD m)	53		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	41		
Major shareholder	Sangarayakul Family (55%)		
12m high/low (THB)	4.92/2.42		
Issued shares (m)	749.87		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

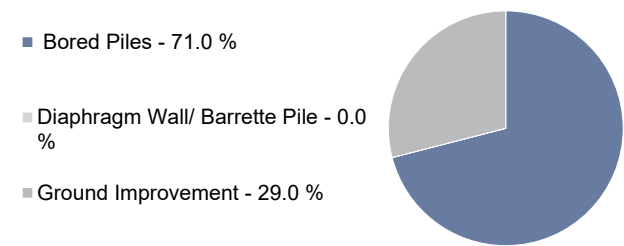
ผลประกอบการของ PYLON ในช่วงปี 2021 หดตัวแรงจากผลกระทบการแพร่ระบาด Covid-19 จากปริมาณงานตลาดชลประทาน, มาตรการล็อกดาวน์ และการแข่งขันรุนแรง ขณะที่ภาพรวมดีขึ้นอย่างค่อยเป็นค่อยไปตามการฟื้นตัวของการลงทุน โดยในปี 2022-2023 เป็นการฟื้นฟูกิจการภาคเอกชนเป็นหลัก อย่างไรก็ตาม ภายหลังจากจัดตั้งรัฐบาลใหม่คาดว่าจะช่วยกระตุ้นการลงทุนภาครัฐบาลให้โอกาสเห็นความคืบหน้าที่ดีขึ้นในช่วงปี 2024 โดยเฉพาะงานโครงสร้างพื้นฐาน ซึ่ง PYLON มีโอกาสเข้าไปมีส่วนร่วมรับงาน

Company profile

PYLON ก่อตั้งในปี 2002 ประกอบธุรกิจรับเหมาก่อสร้างงานฐานรากให้กับภาครัฐและภาคเอกชน ซึ่งงานภาครัฐส่วนใหญ่เกี่ยวข้องกับงานโครงสร้างและสาธารณูปโภคพื้นฐาน อาทิ งานทางรถไฟยกระดับ, ทางด่วน เป็นต้น ส่วนงานเอกชนจะเกี่ยวข้องกับที่อยู่อาศัย โรงพยาบาล และอาคารสำนักงาน โดยบริษัทรับงานจากทั้งเจ้าของโครงการโดยตรงและผู้รับเหมาหลัก (Main Contractor) แบ่งประเภทออกเป็น 3 งานหลักคือ งานเสาเข็มเจาะแบบกลม (Bored Pile), งานกำแพงกันดินชนิด Diaphragm หรือเสาเข็มเจาะแบบเหลี่ยม (Barrette Pile) และงานปรับปรุงคุณภาพดินโดยวิธีอัดฉีดซีเมนต์ด้วยแรงดันสูง (Jet Grouting).

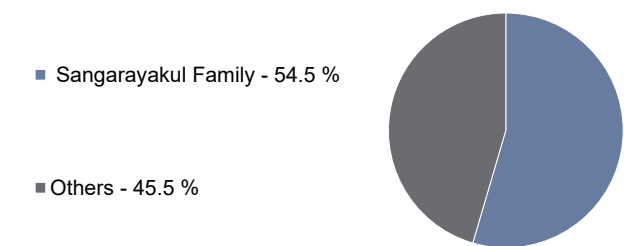
www.pylon.co.th

Principal activities (revenue, 2022)



Source: Pylon

Major shareholders



Source: Pylon

Catalysts

ปัจจัยหนุนการเติบโตคือ การรับงานใหม่เข้ามาเพิ่ม โดยเฉพาะงานเอกชนขนาดใหญ่ และงานโครงสร้างพื้นฐานของภาครัฐ อาทิ รถไฟฟ้าสายสีส้ม และทางด่วน อีกทั้ง ติดตามความชัดเจนของกรอบเวลาการเริ่มงานโครงการรถไฟฟ้าความเร็วสูงเชื่อม 3 สนามบิน (มูลค่างานฐานราก 400 ล้านบาท) ซึ่ง PYLON ได้รับคัดเลือกเป็นผู้รับงาน

Risks to our call

ความเสี่ยงต่อประมาณการ 1) การเซ็นสัญญางานใหม่น้อยกว่าคาด 2) ความล่าช้าของการเปิดประมูลงานใหม่ 3) งานรถไฟฟ้าความเร็วสูงเชื่อม 3 สนามบินถูกยกเลิก 4) ความไม่แน่นอนทางการเมือง 5) ความล่าช้าของการก่อสร้าง และปัญหา Cost overrun 6) ต้นทุนวัสดุก่อสร้างสูงขึ้น, การขาดแคลนแรงงาน และการปรับขึ้นค่าแรง 7) การแข่งขันรุนแรง

Event calendar

Date	Event
February 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Revenue (THB m)	1,516	1,518	1,530
GPM (%)	13.3	13.5	14.0
SG&A to revenue (%)	5.8	5.8	5.8
New projects signed (THB m)	830	1,200	1,500

Source: FSSIA estimates

Earnings sensitivity

- For every 2% increase in revenue, we estimate 2024 net profit to rise by 3.3%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 6.3%, and vice versa, all else being equal.
- For every 5% increase in SG&A, we estimate 2024 net profit to fall by 3.6%, and vice versa, all else being equal

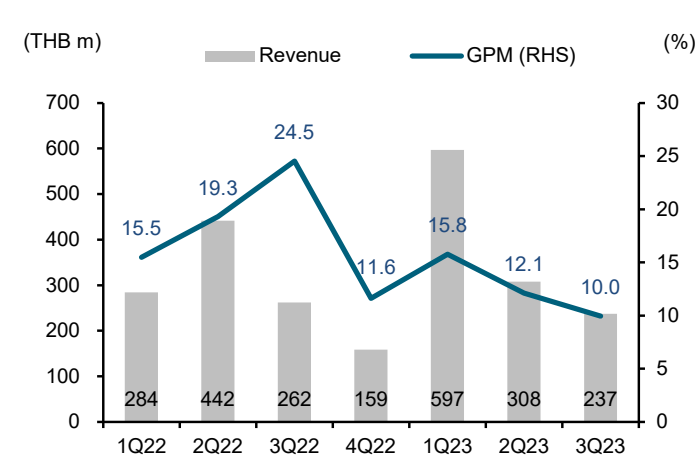
Source: FSSIA estimates

### 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	262	159	597	308	237	(22.9)	(9.4)
Cost of sales	198	140	502	271	214	(21.1)	8.1
Gross profit	64	18	94	37	24	(36.7)	(63.2)
SG&A	17	26	20	24	20	(17.9)	18.0
Operating profit	47	(8)	74	13	4	(72.1)	(92.3)
Interest expense	0.3	0.2	0.3	0.4	0.3	(6.8)	24.2
Tax expense	10	(0)	15	2	1	(77.4)	(94.8)
Reported net profit	41	3	61	11	4	(62.0)	(89.5)
Core profit	41	(5)	61	11	3	(69.7)	(91.9)
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	24.5	11.6	15.8	12.1	10.0	(2.2)	(14.6)
SG&A / Sales	6.5	16.5	3.4	7.9	8.4	0.5	2.0
Operating margin	18.0	(4.9)	12.4	4.2	1.5	(2.7)	(16.5)
Net margin	15.7	1.9	10.2	3.7	1.8	(1.9)	(13.9)
Norm margin	15.7	(3.4)	10.2	3.6	1.4	(2.2)	(14.3)

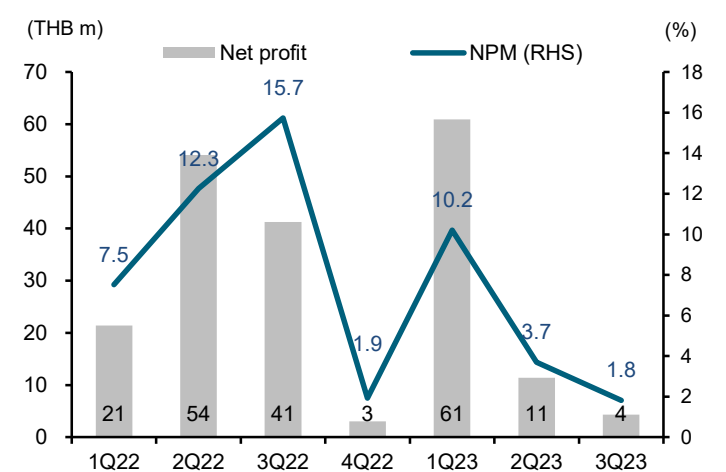
Sources: PYLON; FSSIA's compilation

### Exhibit 2: Quarterly revenue and GPM



Sources: PYLON; FSSIA's compilation

### Exhibit 3: Quarterly net profit and NPM



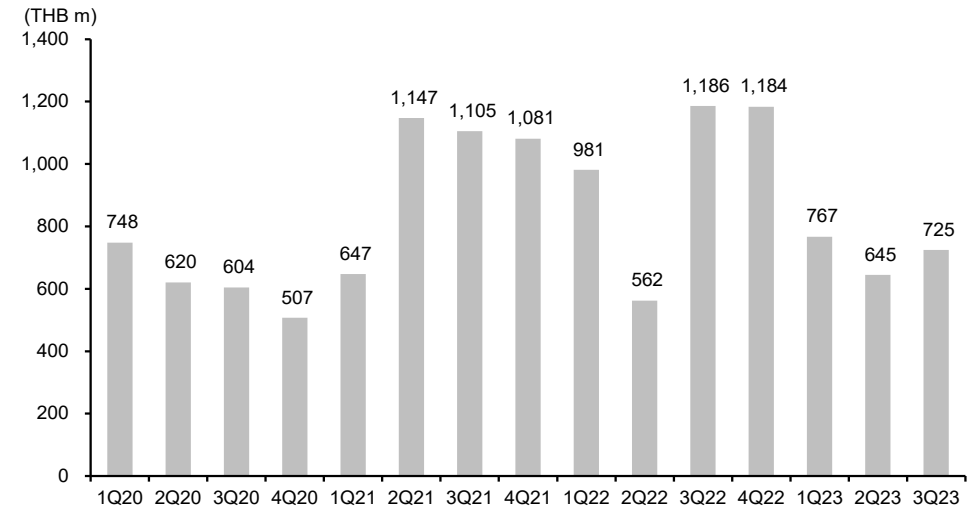
Sources: PYLON; FSSIA's compilation

### Exhibit 4: Key assumptions for PYLON

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue (THB m)	1,516	1,518	1,530	1,504	1,605	1,655	1	(5)	(8)
Cost of construction (THB m)	1,314	1,313	1,316	1,256	1,324	1,357	5	(1)	(3)
Gross margin (%)	13.3	13.5	14.0	16.5	17.5	18.0	(3.2)	(4.0)	(4.0)
SG&A (THB m)	88	88	89	86	89	91	2	(2)	(2)
SG&A to revenue (%)	5.8	5.8	5.8	5.7	5.6	5.5	0.1	0.2	0.3
Interest expense (THB m)	1	1	2	1	2	2	(10)	(17)	(17)
Core profit (THB m)	94	97	103	137	161	172	(31)	(39)	(40)
Net profit (THB m)	96	97	103	137	161	172	(30)	(39)	(40)

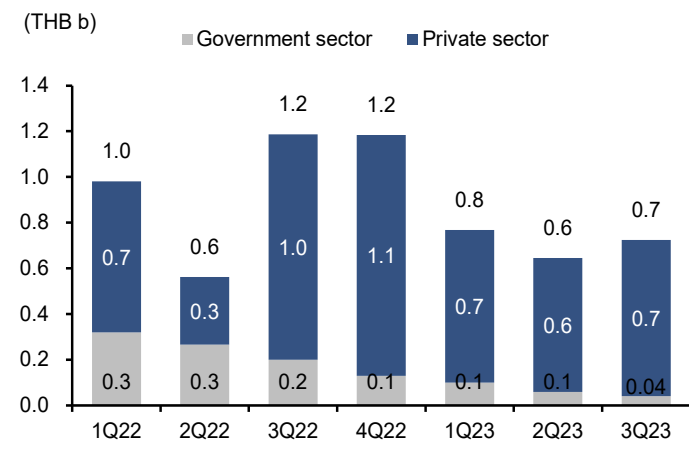
Source: FSSIA estimates

### Exhibit 5: Backlog (excluding the high-speed train linking three airports)



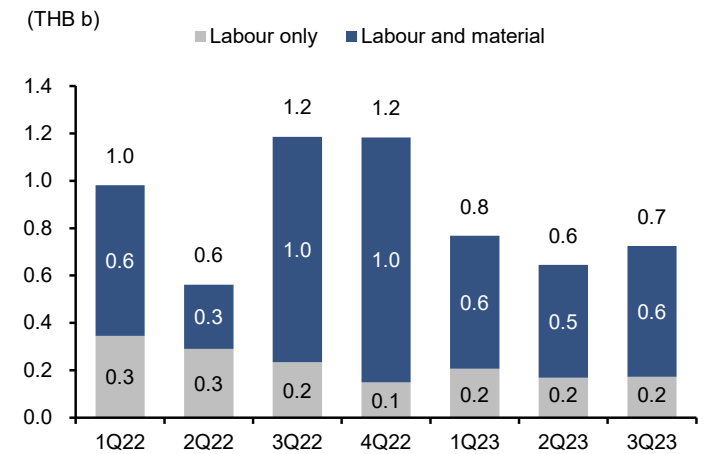
Sources: PYLON; FSSIA's compilation

### Exhibit 6: Backlog breakdown by type of work



Sources: PYLON; FSSIA's compilation

### Exhibit 7: Backlog breakdown by project owner

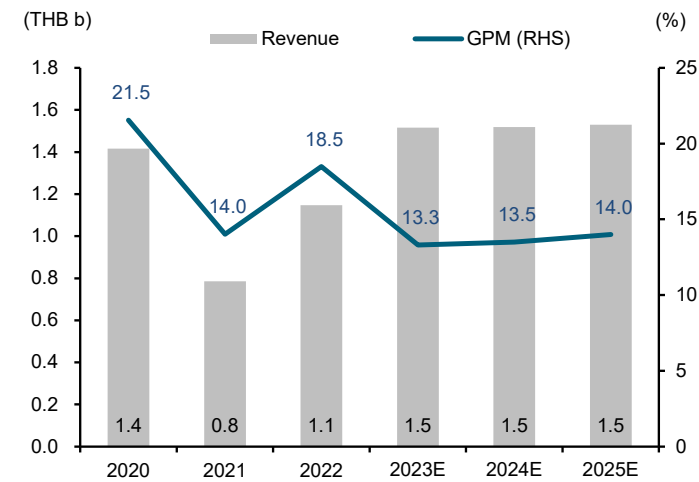


Sources: PYLON; FSSIA's compilation

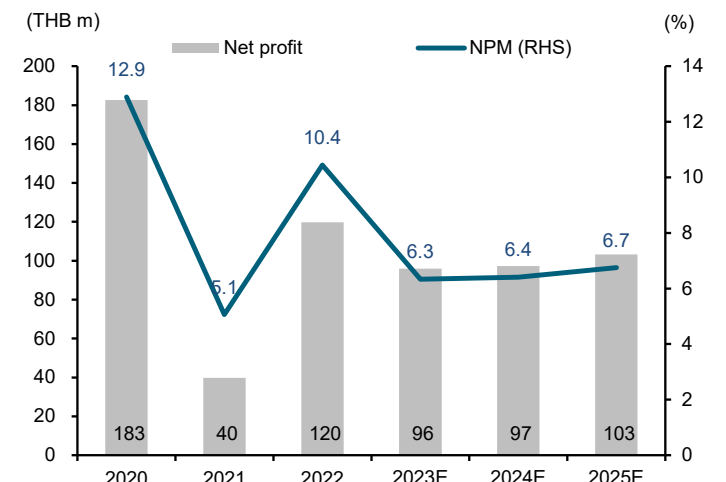
### Exhibit 8: Major projects in current backlog

Project	Type of work	Project period
Northpole project (VO)	Labour and material	Sep 23 – Dec 23
Wan Vayla Na Chao Phraya	Labour and material	Nov 23 – Mar 24
Pan Pacific Thonglor	Labour and material	Nov 23 – Jan 24
Noww Mega Bangna	Labour and material	Nov 23 – Feb 24
Niche Pride Somdet Chaophraya	Labour only	Aug 23 – Nov 23
NIST International School	Labour and material	Oct 23 – Dec 23
Ratchathewi Project	Labour and material	Aug 23 - Jan 24
AP Condominium	Labour only	Dec 23 – Feb 24
Atmind Sukhumvit 19	Labour and material	Jul 23 – Nov 23
The Bangkok Christian Hospital	Labour only	2024
Modiz Voyage Srinakarin	Labour only	Dec 23 – Feb 24
Project 20-861	Labour and material	2022-2025
Bang Ban Project	Labour only	2023-2024

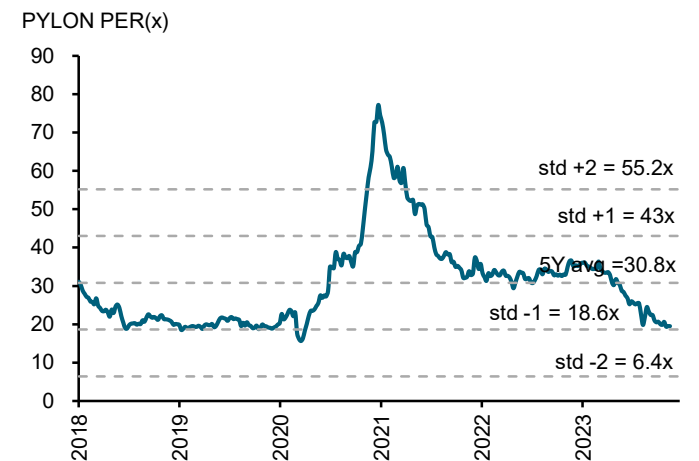
Sources: PYLON; FSSIA's compilation

**Exhibit 9: Yearly revenue and GPM**


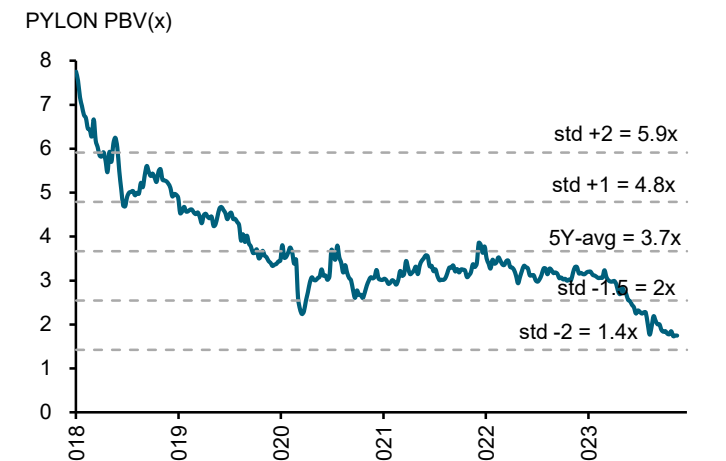
Sources: PYLON; FSSIA estimates

**Exhibit 10: Yearly net profit and NPM**


Sources: PYLON; FSSIA estimates

**Exhibit 11: Historical P/E band**


Sources: Bloomberg; FSSIA estimates

**Exhibit 12: Historical P/BV band**


Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Pylon

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	786	1,147	1,516	1,518	1,530
Cost of goods sold	(676)	(935)	(1,314)	(1,313)	(1,316)
<b>Gross profit</b>	<b>110</b>	<b>212</b>	<b>202</b>	<b>205</b>	<b>214</b>
Other operating income	8	11	5	5	5
Operating costs	(73)	(84)	(88)	(88)	(89)
<b>Operating EBITDA</b>	<b>142</b>	<b>234</b>	<b>214</b>	<b>218</b>	<b>226</b>
Depreciation	(97)	(94)	(95)	(95)	(96)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>45</b>	<b>139</b>	<b>119</b>	<b>122</b>	<b>130</b>
Net financing costs	(3)	(1)	(1)	(1)	(2)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	1	9	2	0	0
<b>Profit before tax</b>	<b>44</b>	<b>147</b>	<b>119</b>	<b>121</b>	<b>128</b>
Tax	(4)	(27)	(23)	(24)	(25)
<b>Profit after tax</b>	<b>40</b>	<b>120</b>	<b>96</b>	<b>97</b>	<b>103</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>40</b>	<b>120</b>	<b>96</b>	<b>97</b>	<b>103</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(1)</b>	<b>(9)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>38</b>	<b>111</b>	<b>94</b>	<b>97</b>	<b>103</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.05	0.15	0.13	0.13	0.14
Reported EPS	0.05	0.16	0.13	0.13	0.14
DPS	0.06	0.15	0.12	0.10	0.11
Diluted shares (used to calculate per share data)	750	750	750	750	750
<b>Growth</b>					
Revenue (%)	(44.5)	45.9	32.2	0.2	0.8
Operating EBITDA (%)	(55.1)	64.8	(8.7)	1.9	3.7
Operating EBIT (%)	(79.3)	208.8	(14.9)	3.0	6.2
Recurring EPS (%)	(78.8)	190.6	(15.2)	3.1	6.1
Reported EPS (%)	(78.2)	201.3	(19.9)	1.4	6.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	14.0	18.5	13.3	13.5	14.0
Gross margin exc. depreciation (%)	26.3	26.7	19.6	19.8	20.3
Operating EBITDA margin (%)	18.0	20.4	14.1	14.3	14.7
Operating EBIT margin (%)	5.7	12.2	7.8	8.1	8.5
Net margin (%)	4.9	9.7	6.2	6.4	6.7
Effective tax rate (%)	9.3	18.4	19.3	19.5	19.5
Dividend payout on recurring profit (%)	117.5	101.1	91.5	80.0	80.0
Interest cover (X)	16.0	105.7	88.6	84.9	79.2
Inventory days	26.9	23.0	21.0	22.7	22.8
Debtor days	117.6	90.3	92.6	91.2	90.9
Creditor days	91.2	68.5	57.6	66.9	66.9
Operating ROIC (%)	4.9	15.4	10.7	10.5	10.8
ROIC (%)	4.4	14.2	10.3	10.1	10.4
ROE (%)	3.8	11.0	8.9	9.1	9.5
ROA (%)	3.2	9.0	7.3	7.2	7.5

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Bored Piles	645	814	1,212	1,214	1,224
Diaphragm Wall/ Barrette Pile	139	0	300	301	303
Ground Improvement	1	333	3	3	3

Sources: Pylon; FSSIA estimates

## Financial Statements

### Pylon

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	38	111	94	97	103
Depreciation	97	94	95	95	96
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	120	(270)	(44)	(8)	(10)
<b>Cash flow from operations</b>	<b>255</b>	<b>(65)</b>	<b>145</b>	<b>185</b>	<b>189</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	-	(44)	(115)	(115)	(116)
Net acquisitions & disposals	74	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>74</b>	<b>(44)</b>	<b>(115)</b>	<b>(115)</b>	<b>(116)</b>
Dividends paid	(107)	(36)	(85)	(78)	(83)
Equity finance	0	0	0	0	0
Debt finance	(37)	(27)	3	8	8
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(144)</b>	<b>(64)</b>	<b>(82)</b>	<b>(70)</b>	<b>(75)</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>185</b>	<b>(172)</b>	<b>(52)</b>	<b>0</b>	<b>(2)</b>
Free cash flow to firm (FCFF)	332.00	(107.51)	31.36	70.93	74.70
Free cash flow to equity (FCFE)	292.42	(136.07)	33.04	77.49	81.06

Per share (THB)					
FCFF per share	0.44	(0.14)	0.04	0.09	0.10
FCFE per share	0.39	(0.18)	0.04	0.10	0.11
Recurring cash flow per share	0.18	0.27	0.25	0.26	0.27

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	1,123	1,089	1,109	1,129	1,149
Less: Accumulated depreciation	(655)	(651)	(651)	(651)	(651)
<b>Tangible fixed assets (net)</b>	<b>468</b>	<b>438</b>	<b>458</b>	<b>478</b>	<b>498</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	0	0	0	0	0
Cash & equivalents	378	206	154	154	152
A/C receivable	177	390	379	380	383
Inventories	41	65	76	76	77
Other current assets	68	144	240	245	250
<b>Current assets</b>	<b>665</b>	<b>804</b>	<b>849</b>	<b>854</b>	<b>861</b>
Other assets	79	37	39	41	43
<b>Total assets</b>	<b>1,212</b>	<b>1,279</b>	<b>1,345</b>	<b>1,373</b>	<b>1,402</b>
Common equity	978	1,052	1,062	1,081	1,102
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>978</b>	<b>1,052</b>	<b>1,062</b>	<b>1,081</b>	<b>1,102</b>
Long term debt	33	36	38	44	50
Other long-term liabilities	3	3	3	3	3
<b>Long-term liabilities</b>	<b>36</b>	<b>39</b>	<b>41</b>	<b>47</b>	<b>53</b>
A/C payable	154	161	223	223	224
Short term debt	38	8	10	11	13
Other current liabilities	7	18	10	10	10
<b>Current liabilities</b>	<b>199</b>	<b>187</b>	<b>243</b>	<b>245</b>	<b>247</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,212</b>	<b>1,279</b>	<b>1,345</b>	<b>1,373</b>	<b>1,402</b>
Net working capital	126	419	461	467	475
Invested capital	673	894	958	986	1,016

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

Per share (THB)					
Book value per share	1.30	1.40	1.42	1.44	1.47
Tangible book value per share	1.30	1.40	1.42	1.44	1.47
Financial strength					
Net debt/equity (%)	(31.4)	(15.3)	(10.0)	(9.1)	(8.1)
Net debt/total assets (%)	(25.3)	(12.6)	(7.9)	(7.2)	(6.3)
Current ratio (x)	3.3	4.3	3.5	3.5	3.5
CF interest cover (x)	104.4	(68.7)	111.3	134.8	120.9

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>48.6</b>	<b>16.7</b>	<b>19.7</b>	<b>19.1</b>	<b>18.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>52.9</b>	<b>18.2</b>	<b>21.5</b>	<b>20.8</b>	<b>19.6</b>
Reported P/E (x)	46.8	15.5	19.4	19.1	18.0
Dividend yield (%)	2.4	6.0	4.6	4.2	4.4
Price/book (x)	1.9	1.8	1.8	1.7	1.7
Price/tangible book (x)	1.9	1.8	1.8	1.7	1.7
EV/EBITDA (x) **	10.9	7.3	8.2	8.1	7.8
EV/EBITDA @ target price (x) **	12.1	8.0	9.0	8.9	8.6
EV/invested capital (x)	2.3	1.9	1.8	1.8	1.7

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

Sources: Pylon; 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 <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.																				
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&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.																				
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 &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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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></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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

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

#### Pylon (PYLON TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
14-Jun-2023	HOLD	3.80	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 14-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Pylon	PYLON TB	THB 2.48	HOLD	Downside risks to our P/E-based TP include 1) fewer new projects than expected; 2) bidding delays for new projects; 3) political uncertainty; 4) delays in construction; 5) labour shortages; 6) higher raw material and labour costs; and 7) intense competition. Upside risks would be 1) a higher-than-expected additional backlog and new auctions; and 2) the sooner-than-expected commencement of the high-speed train project linking three airports.

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 27-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.