

# SEAFCO SEAFCO TB

## THAILAND / CONSTRUCTION SERVICES

# BUY

UNCHANGED

## Public sector should support 2024 backlog

- The meeting ended on a neutral note. The current bidding situation remains challenging due to the imbalance between supply and demand. However, the government's mega projects should drive a recovery in 2024.
- The 4Q23 profit should recover sharply y-y, in line with its backlog, but decrease q-q since several projects are in their final stage.
- We have rolled over to our 2024 TP of THB3.80. Progress on the Orange Line would provide a catalyst.

TARGET PRICE	THB3.80
CLOSE	THB2.70
UP/DOWNSIDE	+40.7%
PRIOR TP	THB4.70
CHANGE IN TP	-19.1%
TP vs CONSENSUS	-7.4%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	781	1,802	1,862	1,962
Net profit	(129)	169	157	164
EPS (THB)	(0.18)	0.23	0.21	0.22
vs Consensus (%)	-	32.9	5.0	(3.5)
EBITDA	19	382	402	435
Recurring net profit	(133)	150	157	164
Core EPS (THB)	(0.18)	0.20	0.21	0.22
Chg. In EPS est. (%)	nm	31.2	0.2	0.1
EPS growth (%)	nm	nm	4.5	4.4
Core P/E (x)	(15.0)	13.3	12.7	12.2
Dividend yield (%)	-	4.2	3.9	4.1
EV/EBITDA (x)	116.4	5.9	5.5	5.0
Price/book (x)	1.4	1.3	1.3	1.2
Net debt/Equity (%)	16.4	16.0	12.7	10.8
ROE (%)	(8.9)	10.2	10.1	10.0

## The state should push for more bidding next year

We have a neutral view of the Opportunity Day meeting today. Management unveiled the foundation market outlook that demand had not returned to its pre-covid level and is less than supply. As a result, competition remains fierce. However, the volume of tenders in the market should increase in the next 1-2 years. In 2024, crucial drivers would come from the government's investment in infrastructure projects from the middle of next year. Besides, SEAFCO is interested in underground train projects in Bangladesh, in which it has the potential to win foundation contracts. They have issued a tender for the main contractors. Should SEAFCO win, construction should begin in late 2024 or early 2025.

## A higher backlog should help 2023 revenue hit its target

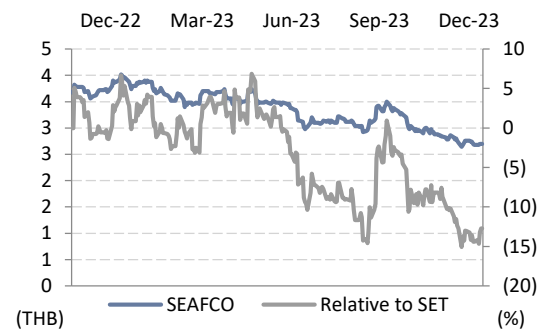
Currently, SEAFCO has a backlog of THB1b. Also, it is waiting to sign more contracts worth THB200m. It can gradually realize them as revenue until 1H24. Revenue-wise, management believes it will hit the upper end of its 2023 target of THB1.5-1.8b (vs THB1.4b in 9M23), sharply up from THB781m in 2022. In 2024, it expects revenue of THB1.8-2b from pending auctions worth THB6.1b. Besides, the new government should support a recovery in tender volume.

## Expect 4Q23 profit to jump y-y but decrease q-q

In 4Q23, SEAFCO would recognize the progress of ongoing projects from 3Q23, mainly the three contracts of the South Purple Line. However, they are in their final stage before delivering at the end of the quarter. Also, there are several public holidays. Hence, we expect revenue to remain above THB400m but decrease q-q due to a 70-80% utilization rate. The gross margin should steady at 20-22% since revenue would continue to come mainly from the South Purple Line, which SEAFCO charges only labor. Therefore, we anticipate an initial 4Q23 profit of THB40m (+/-). It is sharply higher than THB10m in 4Q22 due to the higher backlog but down from THB63m in 3Q23.

## Roll over to our 2024 TP of THB3.80; Maintain BUY rating

We have raised our 2023E core profit by 31% to THB150m (vs a loss of THB133m in 2022) to reflect a higher gross margin estimate of 17.8% (from 13%). For 2024, we maintain a profit forecast of THB157m (+5% y-y). In 1H24, the profit would hinge on high-competition private auctions. Also, the contract signing for the Orange Line should begin in 1H24 and construction in 2H24, in which we expect SEAFCO to share some of it. We have rolled over to our 2024 TP of THB3.80, assuming a PBV of 1.8x (its historical average -1SD). At the current share price, SEAFCO has a high upside. Hence, we retain our BUY call. Also, clarity on state auctions and progress on the Orange Line would provide catalysts.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.9)	(21.1)	(25.8)
Relative to country (%)	(2.9)	(10.7)	(11.4)
Mkt cap (USD m)			57
3m avg. daily turnover (USD m)			0.0
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


**Thanayatorn Songwutti**

 Fundamental Investment Analyst on Securities; License no. 101203  
 thanayatorn.s@fssia.com, +66 2646 9963

### Investment thesis

In 2021-22, SEAFCO’s performance turned loss-making, as it was impacted by the Covid-19 situation. This included the lockdown of construction sites, intense competition, and a labour shortage. Thus, the delivery of works was not punctual as planned.

However, we think that SEAFCO is on the road to recovery. In 2023, the impact from the worker shortage has eased, and it had a higher backlog of THB1.5b at end-2022, increasing from THB1.1b in 2021. This is mainly from large projects, including the MRT Purple Line project, North Pole project, and Highway Route No.82. We anticipate that 2023 earnings will turn profitable for the first time in two years, with revenue and margin improvements.

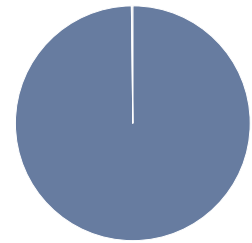
### Company profile

SEAFCO was established in 1974 as a contractor to undertake foundation and general civil works tendered from both the government and private sectors. Its core works are divided into three products, namely bored piling, barrette construction, and diaphragm walls. SEAFCO engages in two types of contracts: 1) contracts that include both the costs of labour and construction materials; and 2) contracts that include the labour cost only, which are mainly from the government sector.

[www.seafco.co.th](http://www.seafco.co.th)

### Principal activities (revenue, 2022)

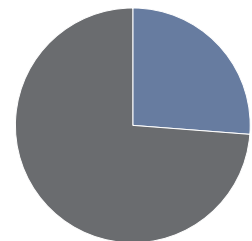
- Hire of work - 99.8 %
- Sales of materials and services - 0.2 %



Source: Seafo

### Major shareholders

- Thasnanipan Family - 26.2 %
- Others - 73.8 %



Source: Seafo

### Catalysts

Key potential growth drivers include 1) the signing of new contracts, particularly from sizable private projects, and 2) the government’s infrastructure projects, such as the Orange Line and expressways.

### Risks to our call

Downside risks to our P/BV-based TP include 1) fewer-than-expected new contract signing; 2) auction delays; 3) a failure to win contracts from the Orange Line project; 4) political uncertainties; 5) construction delays and cost overrun; 6) higher building material costs, labor shortages, and a minimum wage hike; and 7) fierce competition.

### Event calendar

Date	Event
February 2024	4Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
Construction revenue (THB m)	1,800	1,860	1,960
GPM (%)	17.8	17.0	17.0
SG&A to sales (%)	7.2	7.1	6.9
New projects sign (THB m)	800	2,000	1,800

Source: FSSIA estimates

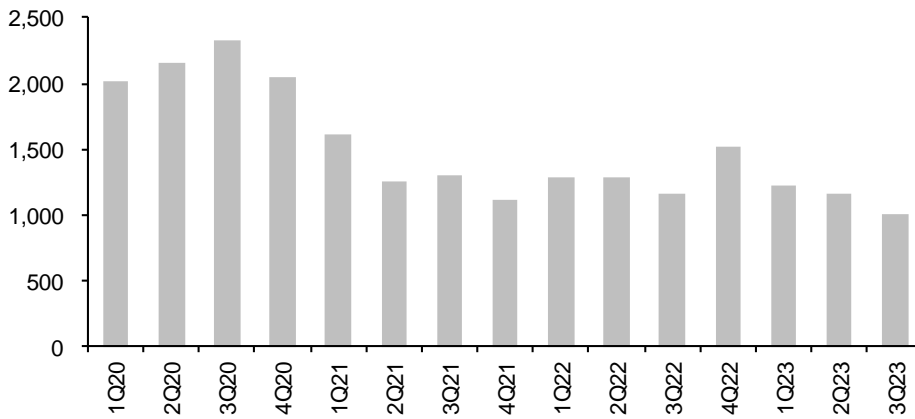
### Earnings sensitivity

- For every 2% increase in revenue, we estimate 2024 net profit to rise by 3.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 4.7%, and vice versa, all else being equal.
- For every 5% increase in SG&A, we estimate 2024 net profit to fall by 3.4%, and vice versa, all else being equal.

Source: FSSIA estimates

**Exhibit 1: Backlog**

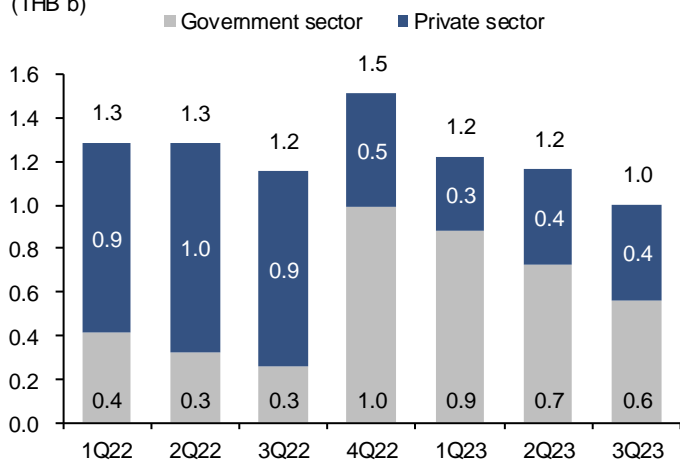
(THB m)



Sources: SEAFCO; FSSIA's compilations

**Exhibit 2: Quarterly backlog breakdown by project owner**

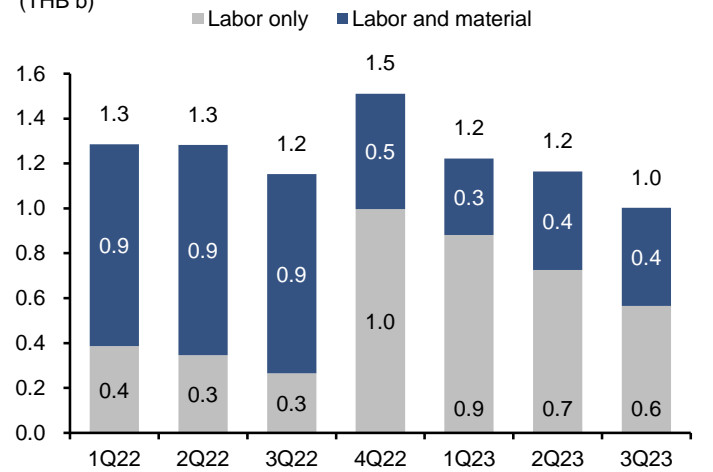
(THB b)



Sources: SEAFCO; FSSIA's compilations

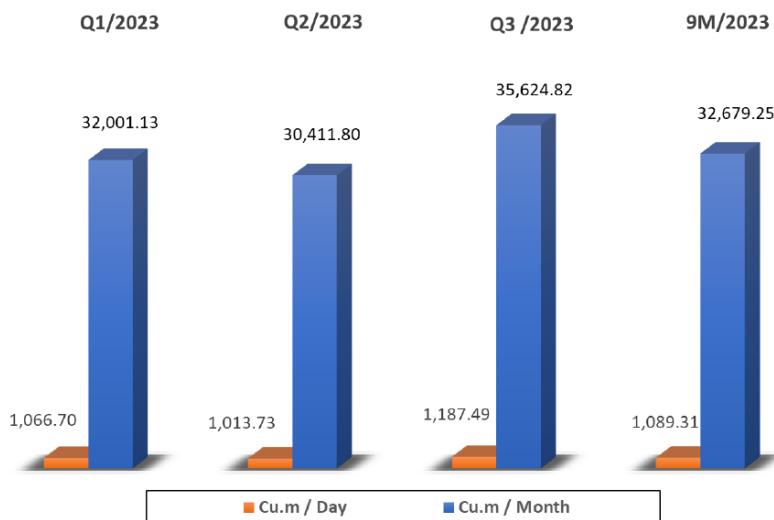
**Exhibit 3: Quarterly backlog breakdown by type of work**

(THB b)



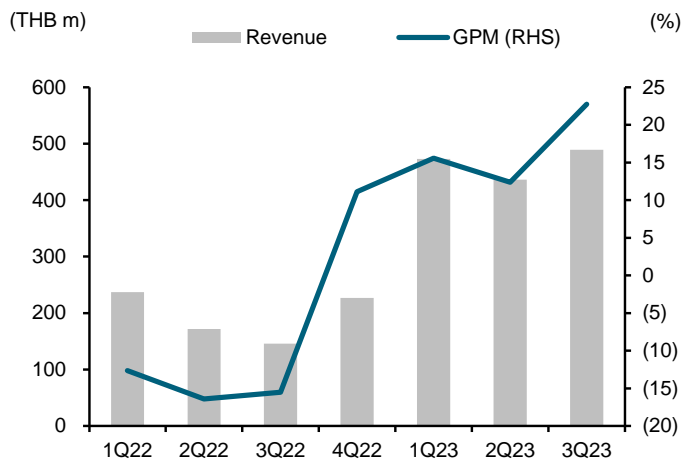
Sources: SEAFCO; FSSIA's compilations

**Exhibit 4: Concrete poured average per month**



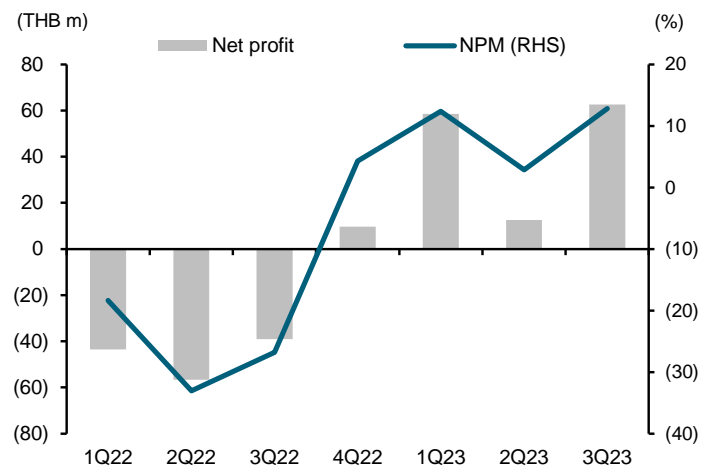
Source: SEAFCO

**Exhibit 5: Quarterly revenue and GPM**



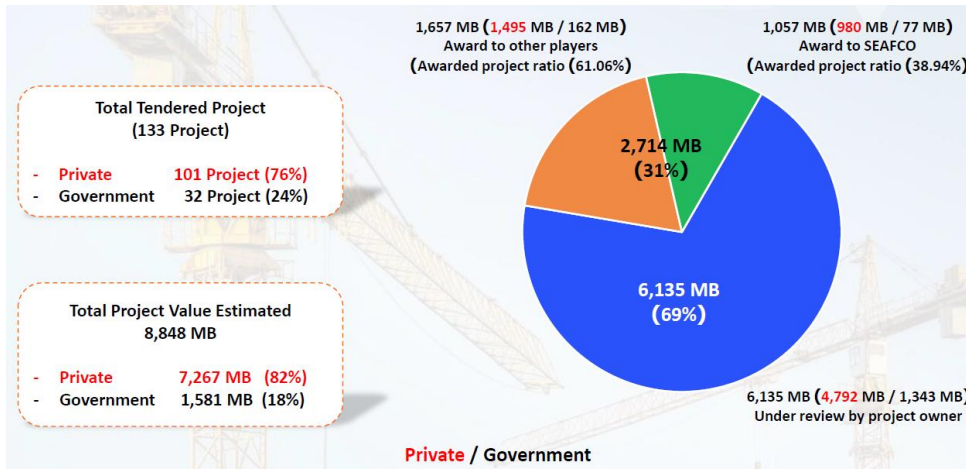
Sources: SEAFCO; FSSIA's compilations

**Exhibit 6: Quarterly net profit and NPM**



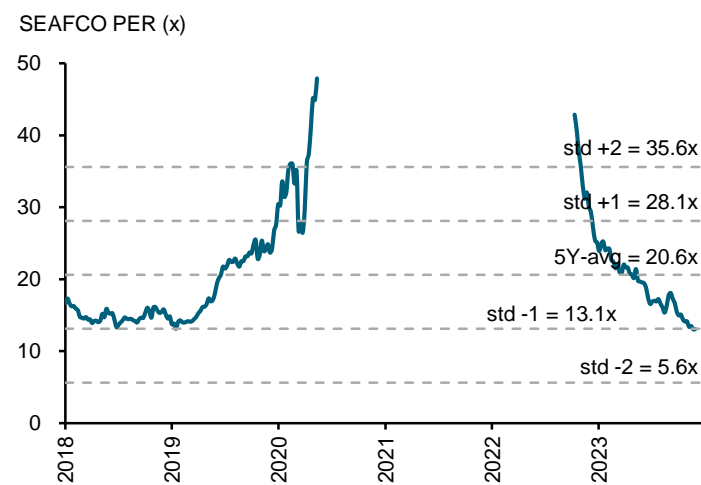
Sources: SEAFCO; FSSIA's compilations

**Exhibit 7: Total tendered projects**



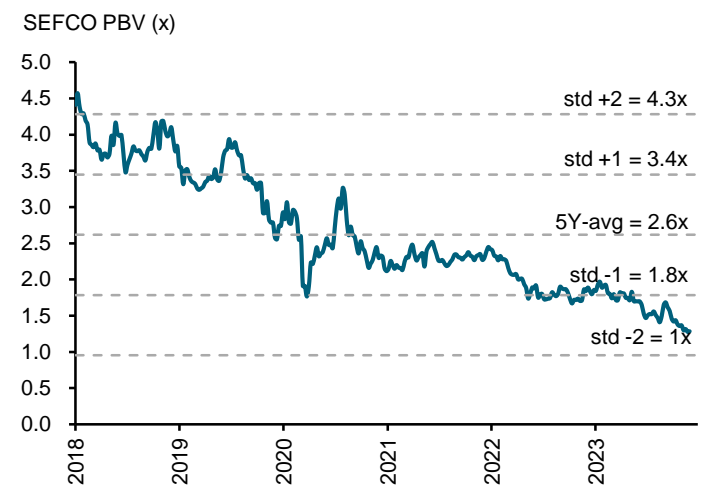
Source: SEAFCO

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



Sources: Bloomberg; FSSIA estimates

**Exhibit 9: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Seafo

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,435	781	1,802	1,862	1,962
Cost of goods sold	(1,404)	(837)	(1,480)	(1,544)	(1,627)
<b>Gross profit</b>	<b>31</b>	<b>(56)</b>	<b>322</b>	<b>318</b>	<b>335</b>
Other operating income	41	25	16	25	25
Operating costs	(120)	(109)	(130)	(133)	(136)
<b>Operating EBITDA</b>	<b>161</b>	<b>19</b>	<b>382</b>	<b>402</b>	<b>435</b>
Depreciation	(209)	(158)	(174)	(192)	(211)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(48)</b>	<b>(139)</b>	<b>208</b>	<b>210</b>	<b>224</b>
Net financing costs	(21)	(15)	(15)	(15)	(15)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(2)	4	18	0	0
<b>Profit before tax</b>	<b>(70)</b>	<b>(150)</b>	<b>211</b>	<b>195</b>	<b>209</b>
Tax	11	25	(39)	(39)	(43)
<b>Profit after tax</b>	<b>(60)</b>	<b>(125)</b>	<b>173</b>	<b>156</b>	<b>166</b>
Minority interests	3	(5)	(4)	1	(2)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(57)</b>	<b>(129)</b>	<b>169</b>	<b>157</b>	<b>164</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>2</b>	<b>(4)</b>	<b>(18)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(55)</b>	<b>(133)</b>	<b>150</b>	<b>157</b>	<b>164</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.07)	(0.18)	0.20	0.21	0.22
Reported EPS	(0.08)	(0.18)	0.23	0.21	0.22
DPS	0.00	0.00	0.11	0.11	0.11
Diluted shares (used to calculate per share data)	740	740	740	740	740
<b>Growth</b>					
Revenue (%)	(43.9)	(45.6)	130.7	3.3	5.4
Operating EBITDA (%)	(62.8)	(88.1)	1,891.5	5.2	8.2
Operating EBIT (%)	nm	nm	nm	1.2	6.5
Recurring EPS (%)	nm	nm	nm	4.5	4.4
Reported EPS (%)	nm	nm	nm	(6.9)	4.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	2.2	(7.1)	17.9	17.1	17.1
Gross margin exc. depreciation (%)	16.7	13.2	27.6	27.4	27.8
Operating EBITDA margin (%)	11.2	2.5	21.2	21.6	22.2
Operating EBIT margin (%)	(3.3)	(17.8)	11.5	11.3	11.4
Net margin (%)	(3.8)	(17.1)	8.3	8.4	8.4
Effective tax rate (%)	15.2	17.0	18.3	20.0	20.5
Dividend payout on recurring profit (%)	-	-	56.1	50.0	50.0
Interest cover (X)	(2.3)	(9.5)	13.7	13.7	14.6
Inventory days	22.4	31.4	18.4	21.6	20.6
Debtor days	170.4	214.9	99.3	128.1	126.9
Creditor days	161.5	188.1	117.1	148.2	147.7
Operating ROIC (%)	(2.7)	(8.4)	13.1	12.5	12.8
ROIC (%)	(1.8)	(6.0)	9.4	9.1	9.4
ROE (%)	(3.5)	(8.9)	10.2	10.1	10.0
ROA (%)	(1.4)	(4.8)	7.1	6.5	6.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hire of work	1,434	780	1,800	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)	150	157	164
Depreciation	209	158	174	192	211
Associates & minorities	(3)	5	4	(1)	2
Other non-cash items	-	-	-	-	-
Change in working capital	45	194	(87)	12	(10)
<b>Cash flow from operations</b>	<b>196</b>	<b>224</b>	<b>241</b>	<b>359</b>	<b>367</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(44)	(93)	(179)	(242)	(261)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(44)</b>	<b>(93)</b>	<b>(179)</b>	<b>(242)</b>	<b>(261)</b>
Dividends paid	0	0	(70)	(78)	(84)
Equity finance	(9)	1	0	0	0
Debt finance	(31)	(254)	32	(29)	0
Other financing cash flows	8	4	0	0	0
<b>Cash flow from financing</b>	<b>(32)</b>	<b>(249)</b>	<b>(38)</b>	<b>(107)</b>	<b>(84)</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>121</b>	<b>(118)</b>	<b>23</b>	<b>11</b>	<b>22</b>
Free cash flow to firm (FCFF)	173.16	145.01	76.91	133.25	121.39
Free cash flow to equity (FCFE)	130.13	(119.44)	93.36	88.55	105.99
<b>Per share (THB)</b>					
FCFF per share	0.23	0.20	0.10	0.18	0.16
FCFE per share	0.18	(0.16)	0.13	0.12	0.14
Recurring cash flow per share	0.20	0.04	0.44	0.47	0.51
<b>Balance Sheet (THB m) Year Ending Dec</b>					
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)
<b>Tangible fixed assets (net)</b>	<b>1,177</b>	<b>1,104</b>	<b>1,114</b>	<b>1,164</b>	<b>1,214</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	76	85	80	80	80
Cash & equivalents	231	113	137	148	170
A/C receivable	582	338	643	664	700
Inventories	65	52	80	80	80
Other current assets	73	78	78	78	78
<b>Current assets</b>	<b>952</b>	<b>581</b>	<b>938</b>	<b>970</b>	<b>1,028</b>
Other assets	508	395	415	425	435
<b>Total assets</b>	<b>2,713</b>	<b>2,164</b>	<b>2,546</b>	<b>2,639</b>	<b>2,756</b>
Common equity	1,553	1,428	1,512	1,591	1,673
Minorities etc.	1	2	2	2	2
<b>Total shareholders' equity</b>	<b>1,553</b>	<b>1,430</b>	<b>1,515</b>	<b>1,593</b>	<b>1,675</b>
Long term debt	235	210	125	156	156
Other long-term liabilities	82	41	60	80	80
<b>Long-term liabilities</b>	<b>317</b>	<b>251</b>	<b>185</b>	<b>236</b>	<b>236</b>
A/C payable	402	298	540	558	588
Short term debt	366	138	254	194	194
Other current liabilities	75	47	52	57	63
<b>Current liabilities</b>	<b>842</b>	<b>483</b>	<b>846</b>	<b>809</b>	<b>845</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,713</b>	<b>2,164</b>	<b>2,546</b>	<b>2,639</b>	<b>2,756</b>
Net working capital	244	123	209	207	207
Invested capital	2,005	1,706	1,817	1,876	1,936
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	2.10	1.93	2.04	2.15	2.26
Tangible book value per share	2.10	1.93	2.04	2.15	2.26
<b>Financial strength</b>					
Net debt/equity (%)	23.8	16.4	16.0	12.7	10.8
Net debt/total assets (%)	13.6	10.8	9.5	7.7	6.5
Current ratio (x)	1.1	1.2	1.1	1.2	1.2
CF interest cover (x)	9.4	(0.8)	19.0	22.4	24.8
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>(36.5)</b>	<b>(15.0)</b>	<b>13.3</b>	<b>12.7</b>	<b>12.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(51.3)</b>	<b>(21.1)</b>	<b>18.7</b>	<b>17.9</b>	<b>17.1</b>
Reported P/E (x)	(35.3)	(15.4)	11.8	12.7	12.2
Dividend yield (%)	-	-	4.2	3.9	4.1
Price/book (x)	1.3	1.4	1.3	1.3	1.2
Price/tangible book (x)	1.3	1.4	1.3	1.3	1.2
EV/EBITDA (x) **	14.7	116.4	5.9	5.5	5.0
EV/EBITDA @ target price (x) **	19.7	158.9	8.0	7.5	6.9
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 <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 rowspan="3"><b>Leader:</b></td> <td rowspan="3">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> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</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
<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																		
<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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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

#### 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 2.70	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 04-Dec-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.