31 JANUARY 2024

EQUITY RESEARCH - COMPANY REPORT

INTERLINK COMMUNICATION ILINK TB

THAILAND / INFORMATION&COMM TECH

BUY

UNCHANGED

TARGET PRICE	THB9.50
CLOSE	THB7.55
UP/DOWNSIDE	+25.8%
PRIOR TP	THB10.00
CHANGE IN TP	-5.0%
TP vs CONSENSUS	-5.0%

จาก growth สู่ Value stock

- คาดกำไร 4Q23 -20% q-q, +3% y-y จากรายได้ที่ลดลงตามฤดูกาล
- ปี 2023 เป็นที่ดีมากของ ILINK ขับเคลื่อนโดยธุรกิจ Distribution และ Engineer ขณะที่ปี 2024 กลับสู่ระดับปกติ ขับเคลื่อนด้วย ITEL แทน
- ปรับราคาเป้าหมายลงเล็กน้อยเป็น 9.50 บาท ยังคงแนะนำซื้อ

คาดกำไร 4Q23 ชะลอตามรายได้ที่ลดลงเพราะฤดูกาล

เราคาดกำไรสุทธิใน 4Q23 ที่ 125 ล้านบาท -20.3% q-q, +2.5% y-y กำไรที่คาดลดลง q-q มาจากรายได้รวมที่คาดลดลงเป็น 1,608 ล้านบาท (-24.7% q-q, -27.6% y-y) จากงานเกาะเต่าที่ส่งมอบน้อยลงเพราะเป็นช่วงปลายงาน รายได้จากการธุรกิจขายผลิตภัณฑ์ (Distribution) ลดลงเพราะไม่มีการจัดงาน Expo (ปกติงาน Interlink Expo จะจัดในเดือน ม.ค. และ ก.ค. ของทุกปี ซึ่งทำให้รายได้ใน 1Q และ 3Q สูงกว่าไตรมาสอื่น) นอกจากนี้ รายได้จากงานติดตั้งระบบโทรคมนาคม (Installation) ของ ITEL ก็ลดลงเช่นกัน แม้ว่าอัตรากำไรขั้นต้นน่าจะขยับเพิ่มได้เล็กน้อยเป็น 23.8% จาก 23.4% ใน 3Q23 แต่หักล้างรายได้ที่ลดลงไม่ได้ จึงทำให้กำไรใน 4Q23 ลดลงดังกล่าว

ปี 2023 เป็นปีที่ดีมากของ ILINK ทั้งรายได้และกำไรทำ new high

แม้กำไรสุทธิ 4Q23 จะชะลอแต่กำไรทั้งปีดีกว่าที่เคยคาด โดยน่าจะทำ new high ที่ 528 ล้านบาท +37.7% y-y จากอัตรากำไรขั้นต้นของธุรกิจ Distribution และ Engineering ของ ILINK ที่สูงกว่าที่เคยคาด เราปรับประมาณการกำไรปี 2023 ขึ้น 4.3% โดยปรับเพิ่มอัตรากำไรขั้นต้นของทั้งสองธุรกิจดังกล่าว ปี 2023 เป็นปีที่ดีมากของ ILINK รายได้และกำไรทำจุดสูงสุดใหม่ ธุรกิจที่ขับเคลื่อนการเติบโตคือธุรกิจ Distribution (42% ของรายได้รวม) และ Engineering (19% ของรายได้รวม) ชดเชยผลประกอบการของ ITEL ที่โตต่ำกว่าเป้าได้

จาก Growth สู่ value stock

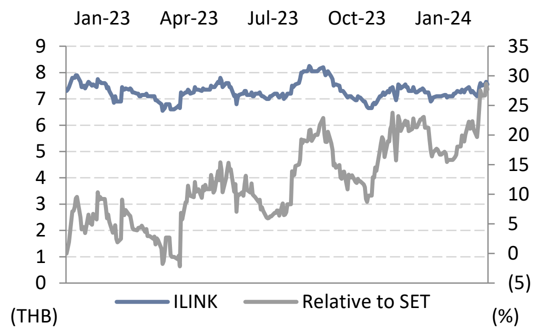
เราเชื่อว่าปี 2024 จะกลับสู่ระดับปกติ เราปรับประมาณการกำไรปี 2024 ลง 6.4% และปี 2025 ลง 2.8% แรงขับเคลื่อนในปี 2024 จะเป็น ITEL แทน เราเชื่อว่ารายได้จากธุรกิจ Distribution จะยังโตต่อเนื่องแต่อัตรากำไรขั้นต้นจะลดลงสู่ปกติที่ 26.2% จากที่สูงเป็นพิเศษ 28.5% ในปี 2023 รายได้จาก Engineering คาดว่าจะลดลงเล็กน้อยหลังจากจบงานเกาะเต่าแต่อัตรากำไรเชื่อว่าจะยังรักษาได้ใกล้เคียงปีก่อน จึงคาดกำไรปี 2024 ชะลอ -3.7% y-y เป็น 508.7 ล้านบาท ซึ่งยังเป็นระดับที่ดีมากของบริษัท

ปรับราคาเป้าหมายลงเป็น 9.50 บาท ยังคงแนะนำซื้อ

เราปรับราคาเป้าหมายลงเป็น 9.50 บาทจากเดิม 10.00 บาทโดยยังคงใช้วิธี SoTP อิงราคาเป้าหมายของ ITEL แต่ปรับ Target P/E ของ ILINK ลงจาก 8.5 เท่าเป็น 7.5 เท่าตามอัตราการเติบโตที่ลดลง ILINK มีฐานะทางการเงินแข็งแกร่ง สภาพคล่องสูง จ่ายปันผลสม่ำเสมอ ผลตอบแทนเฉลี่ยปีละ 5% เรายังคงแนะนำซื้อ

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	7,038	6,699	7,594	7,982
Net profit	383	528	509	551
EPS (THB)	0.71	0.97	0.94	1.01
vs Consensus (%)	-	4.3	(6.0)	(2.9)
EBITDA	1,211	1,402	1,394	1,486
Recurring net profit	383	528	509	551
Core EPS (THB)	0.71	0.97	0.94	1.01
Chg. In EPS est. (%)	-	4.3	(6.4)	(2.8)
EPS growth (%)	6.7	37.7	(3.7)	8.4
Core P/E (x)	10.7	7.8	8.1	7.4
Dividend yield (%)	2.6	5.4	5.1	5.3
EV/EBITDA (x)	7.0	6.8	6.6	6.2
Price/book (x)	1.1	1.1	1.0	1.0
Net debt/Equity (%)	42.8	54.3	46.8	45.1
ROE (%)	10.9	14.0	12.8	13.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.3	6.3	5.6
Relative to country (%)	10.3	7.7	29.3

Mkt cap (USD m)	116
3m avg. daily turnover (USD m)	0.2
Free float (%)	48
Major shareholder	Interlink Holding Co Ltd (25%)
12m high/low (THB)	8.30/6.40
Issued shares (m)	543.63

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

ปี 2023 เป็นปีที่ดีมากของ ILINK จากการเปลี่ยนแปลงของเทคโนโลยีทำให้ธุรกิจ Distribution เติบโตสูง ขณะเดียวกันบริษัทได้งานประมูลขนาดใหญ่คือเกาะเต่า และยังมีงานเกาะสมุยที่รอเซ็นสัญญา

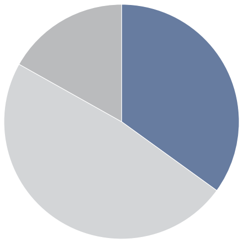
เราเชื่อว่าปี 2024 จะกลับสู่ระดับปกติ เราปรับกำไรปี 2024 ลง 6.4% และปี 2025 ลง 2.8% แรงขับเคลื่อนในปี 2024 จะเป็น ITEL เราเชื่อว่ารายได้จากธุรกิจ Distribution จะโตต่อเนื่องแต่อัตรากำไรขั้นต้นจะลดลงสู่ปกติจากที่สูงเป็นพิเศษในปี 2023 รายได้จาก Engineering คาดลดลงเล็กน้อยหลังจากจบงานเกาะเต่าแต่อัตรากำไรเชื่อว่าจะยังรักษาได้ใกล้เคียงปีก่อน จึงคาดกำไรปี 2024 ชะลอ 3.7% y-y เป็น 508.7 ล้านบาท ซึ่งยังเป็นระดับที่ดีมากของบริษัท

Company profile

ILINK มีธุรกิจหลัก 3 ธุรกิจได้แก่ 1. ธุรกิจจัดจำหน่ายสายสัญญาณและสายสื่อสาร (Distribution) โดยเน้นขายส่งให้แก่ดีลเลอร์ ผู้รับเหมาวางระบบคอมพิวเตอร์ (SI) ผู้รับเหมาระบบไฟฟ้าและสื่อสาร 2. ธุรกิจโทรคมนาคมซึ่งดำเนินงานภายใต้บริษัทย่อยคือ ITEL และ 3. ธุรกิจวิศวกรรม (Engineering) มุ่งเน้นรับงานก่อสร้างโครงการที่อยู่ในความเชี่ยวชาญของบริษัท เช่น โครงการติดตั้งสาย Fiber optic ทั่วกรุงเทพและจังหวัดอื่น โครงการสนามบินสุวรรณภูมิ เป็นต้น

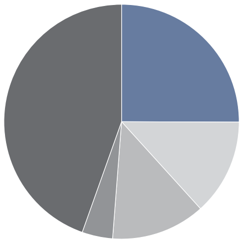
www.interlink.co.th

Principal activities (revenue, 2022)



Source: Interlink Communication

Major shareholders



Source: Interlink Communication

Catalysts

ปัจจัยหนุนการเติบโต 1) ภาวะเศรษฐกิจและกำลังซื้อโดยรวมที่ดีขึ้น 2) การเปลี่ยนแปลงของเทคโนโลยีในแต่ละ Generation จะทำให้ลูกค้าต้องเปลี่ยนอุปกรณ์โครงสร้างพื้นฐานใหม่ 3) งานประมูลโครงสร้างพื้นฐานของภาครัฐและเอกชนที่มีต่อเนื่อง

Risks to our call

Downside risks ต่อราคาเป้าหมายของเรา 1) งานประมูลภาครัฐล่าช้า 2) ความไม่สงบทางการเมือง 3) อัตราดอกเบี้ยปรับขึ้นต่อเนื่องและยาวนาน

Event calendar

Date	Event
February 2024	4Q23/2023 earnings announcment

Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Distribution	2,807	3,087	3,273
Gross margin	28.5	26.2	26.2
Telecom	2,588	3,293	3,632
Gross margin	27.4	23.1	23.3
Engineering	1,304	1,213	1,077
Gross margin	11.0	8.9	8.0
SG&A to sales (%)	9.7	9.18	9.1

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in the gross margin of the distribution business, we project ILINK's 2024 core profit to change by 4.6%, all else being equal.
- For every 1% change in the gross margin of the telecom business, we project ILINK's 2024 core profit to change by 6.0%, all else being equal.
- For every 1% change in the gross margin of the engineering business, we project ILINK's 2024 core profit to change by 2.6%, all else being equal.

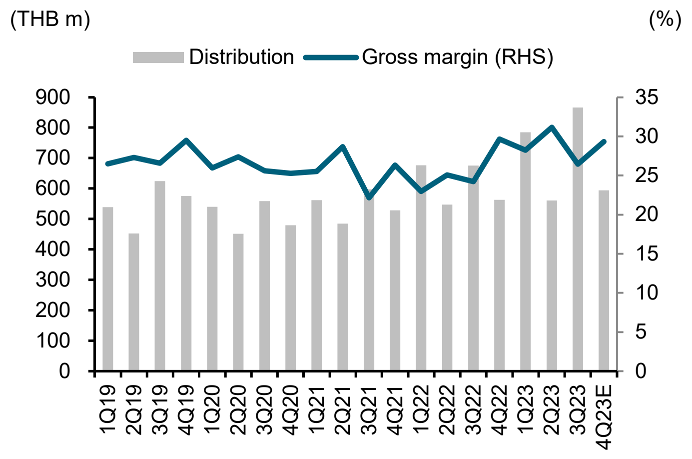
Source: FSSIA estimates

Exhibit 1: 4Q23/2023 earnings preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	--------Change--------		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	2,220	1,620	1,335	2,136	1,608	(24.7)	(27.6)	7,038	6,699	(4.8)
Cost of sales	(1,788)	(1,220)	(965)	(1,637)	(1,238)	(24.3)	(30.7)	(5,684)	(5,060)	(11.0)
Gross profit	433	400	370	499	369	(26.0)	(14.6)	1,355	1,639	21.0
Operating costs	(161)	(168)	(135)	(207)	(126)	(39.2)	(21.7)	(557.3)	(636.4)	14.2
Operating profit	272	233	235	291	243	(16.5)	(10.5)	854.7	1,039.2	21.6
Operating EBITDA	366	337	339	402	346	(13.8)	(5.4)	1,210.9	1,402.8	15.8
Other income	1	12	9	12	4	(63.3)	313.2	57.2	36.8	(35.6)
Interest expense	(46)	(41)	(45)	(47)	(44)	(4.8)	(3.4)	(167.2)	(176.5)	5.6
Profit before tax	227	204	199	257	203	(20.8)	(10.4)	687.5	862.7	25.5
Tax	45	44	40	51	38	(24.0)	(15.0)	(140.7)	(172.5)	22.6
Minority interests	(58)	(31)	(40)	(48)	(39)	(20.1)	(33.3)	(158.5)	(157.4)	(0.7)
Reported net profit	**122**	**127**	**119**	**157**	**125**	**(20.3)**	**2.5**	**383.5**	**528.4**	**37.8**
Core profit	**122**	**127**	**119**	**157**	**125**	**(20.3)**	**2.5**	**383.5**	**528.4**	**37.8**
Reported EPS (THB)	0.22	0.23	0.22	0.29	0.23	(20.3)	4.4	0.71	0.97	37.8
Core EPS (THB)	0.22	0.23	0.22	0.29	0.23	(20.3)	2.5	0.71	0.97	37.8
Key Ratios (%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**
Gross margin	19.5	24.7	27.7	23.4	23.0	(0.4)	3.5	19.2	24.5	5.2
Operating margin	12.3	15.1	18.3	14.2	15.4	1.2	3.1	12.1	15.5	3.4
EBITDA margin	16.5	20.8	25.4	18.8	21.5	2.7	5.1	17.2	20.9	3.7
Recurring net margin	5.5	7.9	8.9	7.3	7.8	0.4	2.3	5.4	7.9	2.4
SG&A / Sales	7.2	10.3	10.1	9.7	7.8	(1.9)	0.6	7.9	9.5	1.6
Revenue structure	**(THB m)**	**(THB m)**	**(THB m)**	**(THB m)**	**(THB m)**	**(q-q %)**	**(y-y %)**	**(THB m)**	**(THB m)**	**(y-y %)**
Distribution	563	785	561	867	594	(31.5)	5.5	2,462	2,807	14.0
Telecom	1,209	543	621	746	678	(9.0)	(43.9)	3,390	2,588	(23.7)
Engineering	448	293	153	523	336	(35.9)	(25.1)	1,186	1,304	9.9
Gross margin by business	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**
Distribution	29.7	28.2	31.2	26.4	29.3	2.9	(0.3)	25.3	28.5	3.2
Telecom	17.4	27.3	28.2	25.4	28.9	3.4	11.5	18.8	27.4	8.6
Engineering	12.3	10.5	13.2	15.3	-0.2	(15.5)	(12.5)	8.1	10.0	1.9

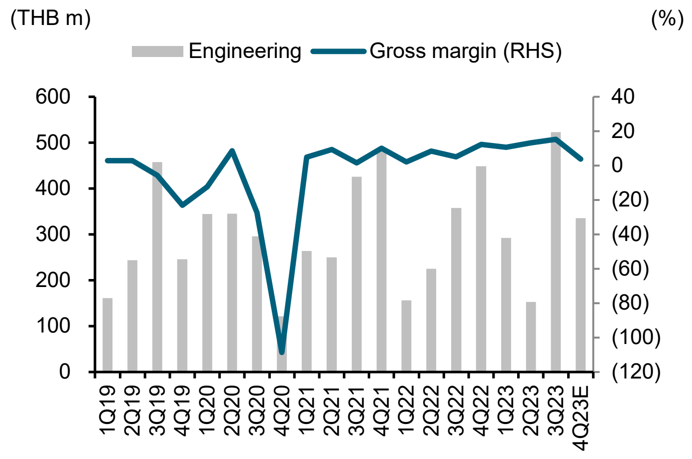
Sources: ILINK, FSSIA estimates

Exhibit 2: Revenue from distribution unit and gross margin



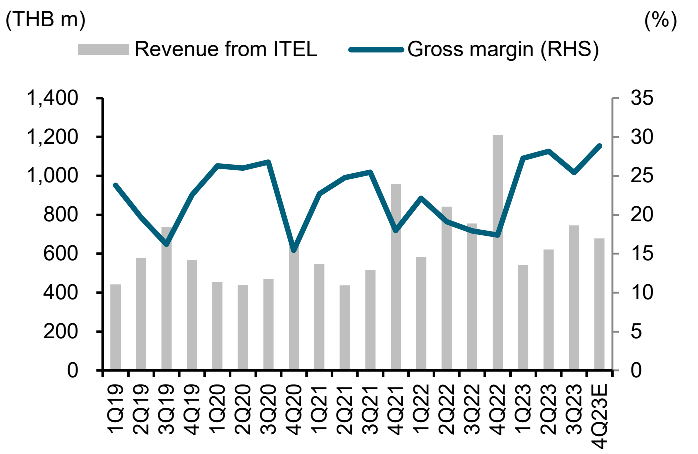
Sources: ILINK, FSSIA estimates

Exhibit 3: Revenue from engineering unit and gross margin



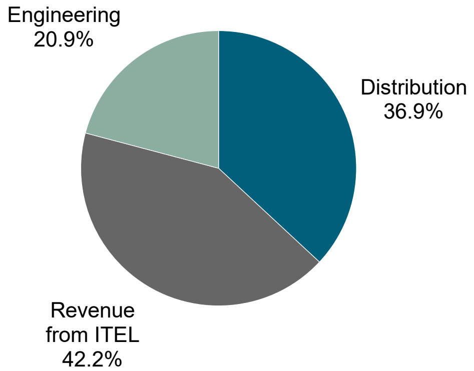
Sources: ILINK, FSSIA estimates

Exhibit 4: Revenue from ITEL and gross margin



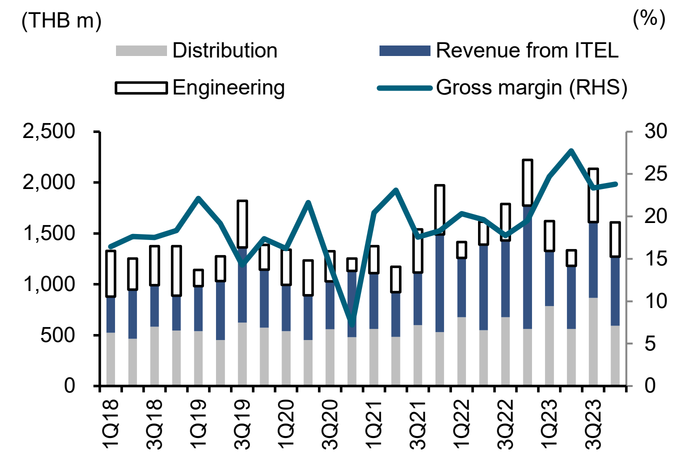
Sources: ILINK, FSSIA estimates

Exhibit 5: Revenue structure in 4Q23E



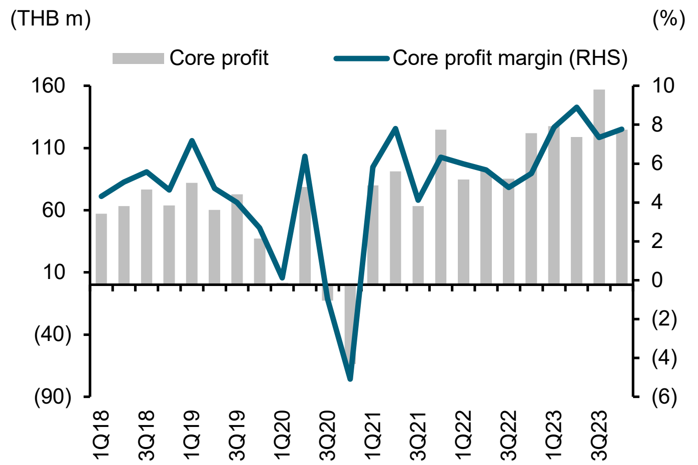
Sources: ILINK, FSSIA estimates

Exhibit 6: Revenue structure and gross margin



Sources: ILINK, FSSIA estimates

Exhibit 7: Core profit and core profit margin



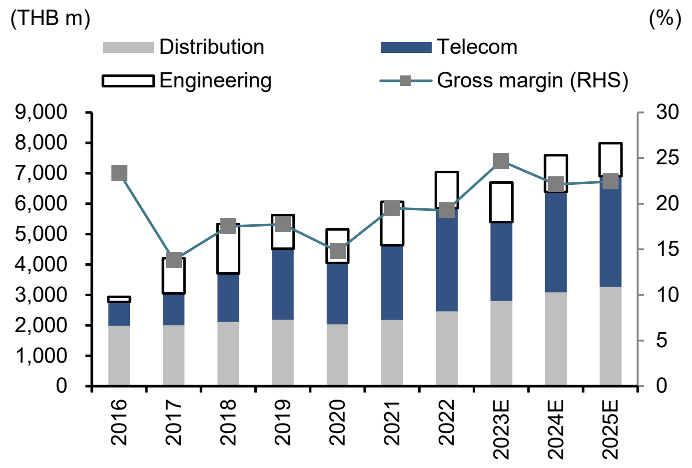
Sources: ILINK, FSSIA estimates

Exhibit 8: Changes in key assumptions

	----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	**6,699**	**7,594**	**7,982**	**6,714**	**7,720**	**8,001**	***(0.2)***	***(1.6)***	***(0.2)***
Distribution	2,807	3,087	3,273	2,733	3,033	3,306	*2.7*	*1.8*	*(1.0)*
Telecom	2,588	3,293	3,632	2,588	3,273	3,678	*0.0*	*0.6*	*(1.2)*
EPC	1,304	1,213	1,077	1,393	1,413	1,017	*(6.4)*	*(14.2)*	*5.9*
SG&A	(650)	(697)	(726)	(634)	(678)	(728)	*2.4*	*2.8*	*(0.2)*
EBITDA	1,402	1,394	1,486	1,379	1,433	1,511	*1.7*	*(2.7)*	*(1.7)*
Core profit	528	509	551	506	543	567	*4.3*	*(6.4)*	*(2.8)*
Margins	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	***(ppt)***	***(ppt)***	***(ppt)***
Blended gross margin	24.7	22.1	22.4	24.0	22.0	22.7	*0.6*	*0.1*	*(0.3)*
Distribution	28.5	26.2	26.2	28.0	26.0	26.0	*0.5*	*0.2*	*0.2*
Telecom	27.4	23.1	23.3	27.4	23.9	23.8	*0.0*	*(0.8)*	*(0.5)*
EPC	11.0	8.9	8.0	10.0	9.0	8.0	*1.0*	*(0.1)*	*0.0*
EBITDA margin	20.9	18.4	18.6	20.5	18.6	18.9	*0.4*	*(0.2)*	*(0.3)*
Core profit margin	7.9	6.7	6.9	7.5	7.0	7.1	*0.3*	*(0.3)*	*(0.2)*

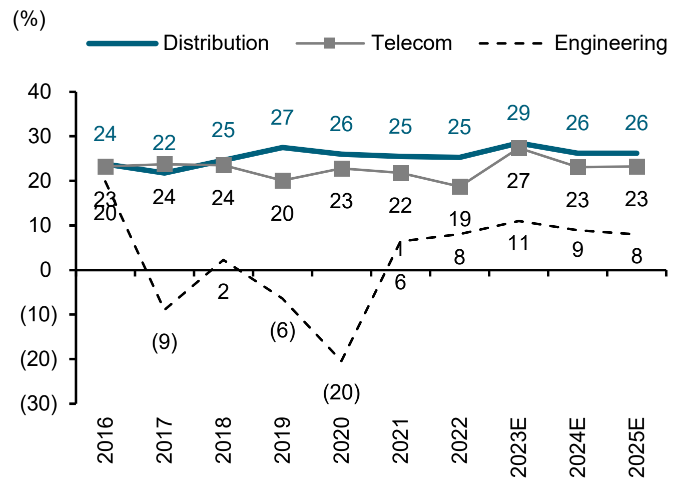
Sources: ILINK, FSSIA estimates

Exhibit 9: Revenue structure and gross margin, yearly



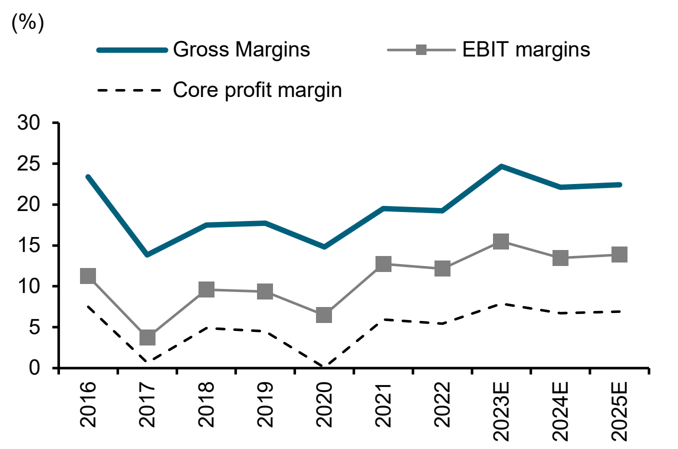
Sources: ILINK, FSSIA estimates

Exhibit 10: Gross margins by business units



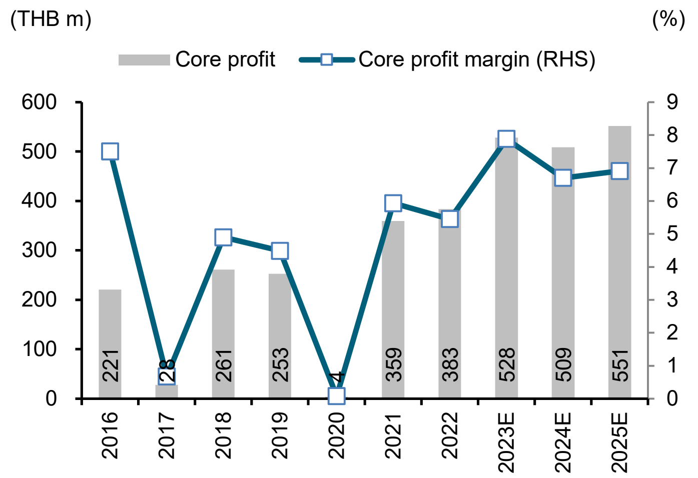
Sources: ILINK, FSSIA estimates

Exhibit 11: Margins, yearly



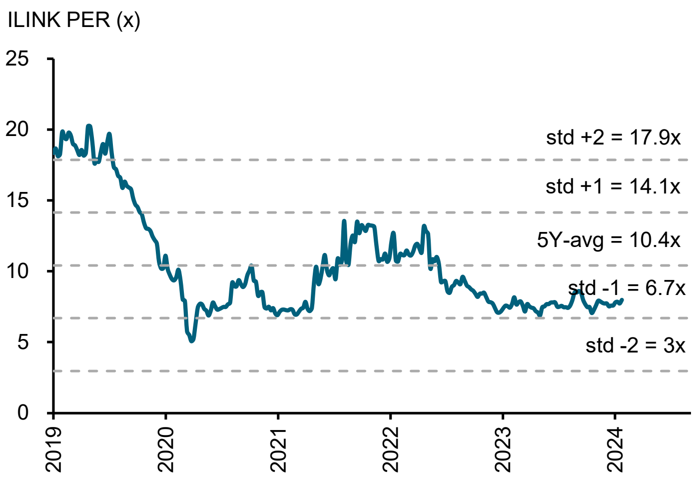
Sources: ILINK, FSSIA estimates

Exhibit 12: Core profit and core profit margin



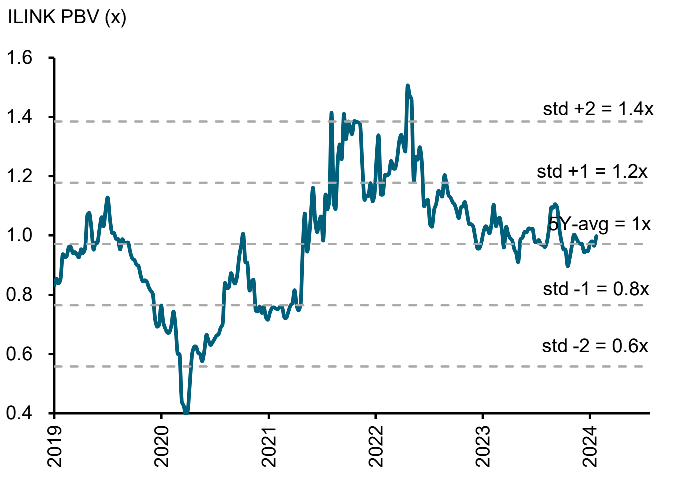
Sources: ILINK, FSSIA estimates

Exhibit 13: Rolling one-year forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 14: Rolling one-year forward P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Interlink Communication

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	6,058	7,038	6,699	7,594	7,982
Cost of goods sold	(4,875)	(5,684)	(5,047)	(5,916)	(6,193)
Gross profit	**1,182**	**1,355**	**1,652**	**1,678**	**1,789**
Other operating income	52	57	37	42	44
Operating costs	(464)	(557)	(650)	(697)	(726)
Operating EBITDA	**1,110**	**1,211**	**1,402**	**1,394**	**1,486**
Depreciation	(339)	(356)	(364)	(371)	(379)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**771**	**855**	**1,039**	**1,022**	**1,106**
Net financing costs	(149)	(167)	(177)	(169)	(170)
Associates	(6)	(5)	(4)	(4)	(4)
Recurring non-operating income	(6)	(5)	(4)	(4)	(4)
Non-recurring items	(6)	0	0	0	0
Profit before tax	**609**	**683**	**858**	**849**	**932**
Tax	(142)	(141)	(172)	(171)	(187)
Profit after tax	**467**	**542**	**686**	**679**	**745**
Minority interests	(114)	(158)	(157)	(170)	(194)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**353**	**383**	**528**	**509**	**551**
Non-recurring items & goodwill (net)	**6**	**0**	**0**	**0**	**0**
Recurring net profit	**359**	**383**	**528**	**509**	**551**
Per share (THB)					
Recurring EPS *	0.66	0.71	0.97	0.94	1.01
Reported EPS	0.65	0.71	0.97	0.94	1.01
DPS	0.38	0.20	0.41	0.38	0.40
Diluted shares (used to calculate per share data)	544	544	544	544	544
Growth					
Revenue (%)	17.5	16.2	(4.8)	13.4	5.1
Operating EBITDA (%)	70.9	9.1	15.8	(0.6)	6.6
Operating EBIT (%)	131.4	10.9	21.5	(1.6)	8.2
Recurring EPS (%)	9,049.9	6.7	37.7	(3.7)	8.4
Reported EPS (%)	80.3	8.6	37.7	(3.7)	8.4
Operating performance					
Gross margin inc. depreciation (%)	19.5	19.2	24.7	22.1	22.4
Gross margin exc. depreciation (%)	25.1	24.3	30.1	27.0	27.2
Operating EBITDA margin (%)	18.3	17.2	20.9	18.4	18.6
Operating EBIT margin (%)	12.7	12.1	15.5	13.5	13.9
Net margin (%)	5.9	5.4	7.9	6.7	6.9
Effective tax rate (%)	23.3	20.6	20.1	20.1	20.1
Dividend payout on recurring profit (%)	57.5	28.4	41.8	40.9	39.4
Interest cover (X)	5.1	5.1	5.9	6.0	6.5
Inventory days	24.8	26.7	35.1	30.4	29.2
Debtor days	65.7	77.7	113.6	97.4	83.3
Creditor days	121.4	127.7	150.7	116.8	108.2
Operating ROIC (%)	8.2	9.2	11.1	10.7	11.4
ROIC (%)	7.1	7.7	9.2	8.8	9.4
ROE (%)	11.5	10.9	14.0	12.8	13.2
ROA (%)	5.5	5.9	6.9	6.6	7.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Distribution	2,173	2,462	2,807	3,087	3,273
Telecom	2,462	3,390	2,588	3,293	3,632
Engineering service (EPC)	1,422	1,186	1,304	1,213	1,077

Sources: Interlink Communication; FSSIA estimates

Financial Statements

Interlink Communication

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	359	383	528	509	551
Depreciation	339	356	364	371	379
Associates & minorities	6	5	4	4	4
Other non-cash items	287	382	223	(156)	(30)
Change in working capital	(669)	521	(1,050)	214	(229)
Cash flow from operations	**323**	**1,647**	**69**	**942**	**676**
Capex - maintenance	(323)	(318)	(550)	(425)	(390)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1	1	49	(25)	(11)
Other investments (net)	(177)	(104)	(245)	64	(62)
Cash flow from investing	**(500)**	**(421)**	**(746)**	**(386)**	**(462)**
Dividends paid	(74)	(207)	(221)	(208)	(217)
Equity finance	556	175	38	0	0
Debt finance	(385)	(1,728)	1,175	(313)	(107)
Other financing cash flows	170	530	0	0	0
Cash flow from financing	**267**	**(1,230)**	**992**	**(521)**	**(325)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	130	136	0	0	0
Net other adjustments	**130**	**136**	**(4)**	**(4)**	**(4)**
Movement in cash	**221**	**131**	**311**	**31**	**(115)**
Free cash flow to firm (FCFF)	(27.51)	1,392.82	(500.30)	724.92	383.99
Free cash flow to equity (FCFE)	(261.95)	163.23	493.73	239.23	102.61
Per share (THB)					
FCFF per share	(0.05)	2.56	(0.92)	1.33	0.71
FCFE per share	(0.48)	0.30	0.91	0.44	0.19
Recurring cash flow per share	1.82	2.07	2.06	1.34	1.66

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	5,852	6,197	6,507	6,832	7,174
Less: Accumulated depreciation	(1,552)	(1,825)	(1,952)	(2,224)	(2,555)
Tangible fixed assets (net)	**4,300**	**4,372**	**4,554**	**4,608**	**4,619**
Intangible fixed assets (net)	**279**	**358**	**469**	**473**	**477**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	76	93	93	93	93
Cash & equivalents	490	621	932	963	848
A/C receivable	1,031	1,966	2,202	1,852	1,793
Inventories	348	432	470	454	475
Other current assets	3,796	2,766	2,533	2,743	2,916
Current assets	**5,664**	**5,785**	**6,138**	**6,011**	**6,033**
Other assets	1,026	991	1,144	1,054	1,104
Total assets	**11,344**	**11,599**	**12,398**	**12,239**	**12,326**
Common equity	3,402	3,665	3,872	4,073	4,307
Minorities etc.	1,463	1,925	2,126	2,147	2,169
Total shareholders' equity	**4,865**	**5,591**	**5,998**	**6,220**	**6,475**
Long term debt	1,358	1,114	1,495	1,434	1,385
Other long-term liabilities	84	737	100	114	120
Long-term liabilities	**1,442**	**1,851**	**1,596**	**1,548**	**1,505**
A/C payable	1,657	2,069	1,798	1,750	1,697
Short term debt	3,194	1,898	2,694	2,441	2,382
Other current liabilities	186	189	314	280	267
Current liabilities	**5,037**	**4,157**	**4,805**	**4,472**	**4,346**
Total liabilities and shareholders' equity	**11,344**	**11,599**	**12,398**	**12,239**	**12,326**
Net working capital	3,331	2,905	3,094	3,017	3,221
Invested capital	9,011	8,719	9,355	9,245	9,514

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

Per share (THB)					
Book value per share	6.26	6.74	7.12	7.49	7.92
Tangible book value per share	5.74	6.08	6.26	6.62	7.04
Financial strength					
Net debt/equity (%)	83.5	42.8	54.3	46.8	45.1
Net debt/total assets (%)	35.8	20.6	26.3	23.8	23.7
Current ratio (x)	1.1	1.4	1.3	1.3	1.4
CF interest cover (x)	(0.8)	2.0	3.8	2.4	1.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**11.4**	**10.7**	**7.8**	**8.1**	**7.4**
Recurring P/E @ target price (x) *	**14.4**	**13.5**	**9.8**	**10.2**	**9.4**
Reported P/E (x)	11.6	10.7	7.8	8.1	7.4
Dividend yield (%)	5.0	2.6	5.4	5.1	5.3
Price/book (x)	1.2	1.1	1.1	1.0	1.0
Price/tangible book (x)	1.3	1.2	1.2	1.1	1.1
EV/EBITDA (x) **	8.7	7.0	6.8	6.6	6.2
EV/EBITDA @ target price (x) **	9.6	7.8	7.5	7.3	6.9
EV/invested capital (x)	1.1	1.0	1.0	1.0	1.0

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

Sources: Interlink Communication; FSSIA estimates

INTERLINK COMMUNICATION (ILINK TB)

FSSIA ESG rating

★★

37.92 /100

Exhibit 15: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	**>19-39**	**Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.**
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 16: ESG – peer comparison

	FSSIA	------------------ Domestic ratings	------------------------					------------------------------------ Global ratings	---------------------------					--- Bloomberg ---	
	ESG score	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
ITEL	38.30	--	--	Y	5.00	5.00	Certified	--	40.60	--	--	41.18	--	2.05	39.11
ILINK	37.92	--	--	Y	5.00	5.00	Certified	--	57.40	--	--	45.96	--	--	--
SYNEX	35.18	--	Y	Y	4.00	4.00	--	--	53.33	--	--	27.64	--	--	41.24
FORTH	23.00	--	--	--	4.00	4.00	--	Low	--	--	--	--	--	--	--
JMART	34.72	--	--	--	3.00	5.00	Declared	Low	--	--	--	35.50	10.00	2.02	14.09

Sources: SETTRADE.com; * FSSIA estimate; FSSIA's compilation

Exhibit 17: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	Yes
Waste reduction policy	Yes
Water policy	Yes
Water consumption	Yes
Social	
Human rights policy	Yes
Policy against child labor	Yes
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	44.43
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	Yes
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	Yes
Total hours spent by firm - employee training	Yes
Social supply chain management	Yes

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	**9 / 3 / 1**
No. of board meetings for the year / % attendance	8 / 100%
Company conducts board evaluations	Yes
Number of non-executive directors on board	5
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	53 / 83
Number of executives / female	8 / 4
Executive share ownership guidelines	No
Size of audit committee / ID	**4 / 4**
Audit committee meetings	4
Audit committee meeting attendance (%)	100
Size of compensation committee / ID	**3 / 2**
Number of compensation committee meetings	1
Compensation committee meeting attendance (%)	100
Size of nomination committee / ID	**3 / 2**
Number of nomination committee meetings	1
Nomination committee meeting attendance (%)	100
Board compensation (THB m)	3.18
Executive compensation (THB m)	65.59
Auditor fee (THB m)	2.38
(Dharmniti Auditing Co., Ltd.)	
Total employee (no.)	**1,645**
Employee compensation (THB m)	531

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*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.*)	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. *(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.)*	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.
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.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

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.

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	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BBB	4.286-5.713		
BB	2.857-4.285		
B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

ESG score	Methodology
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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*
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

Jitra Amornthum 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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 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

Interlink Communication (ILINK TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-May-2023	BUY	10.00	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 09-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Interlink Communication	ILINK TB	THB 7.55	BUY	Downside risks ต่อราคาเป้าหมายของเรา 1) งานประมูลภาครัฐล่าช้า 2) ความไม่สงบทางการเมือง 3) อัตราดอกเบี้ยปรับขึ้นต่อเนื่องและยาวนาน

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 31-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.