

# INTERLINK COMMUNICATION

## THAILAND / INFORMATION&COMM TECH

# ILINK TB

# BUY

UNCHANGED

TARGET PRICE	THB9.50
CLOSE	THB7.85
UP/DOWNSIDE	+21.0%
PRIOR TP	THB9.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

## 4Q23 results at first glance

กำไร 4Q23 ใกล้เคียงขาด และกำไรทั้งปี 2023 new high

### Highlights

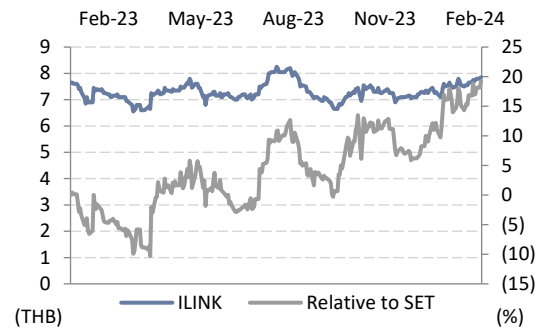
- ILINK มีกำไรสุทธิ 128 ล้านบาทใน 4Q23 (-18% q-q, +5% y-y) ใกล้เคียงขาด แม้ว่ากำไรจะชะลอ q-q แต่ยังเป็นกำไรต่อไตรมาสที่สูงไตรมาสหนึ่ง
- กำไรที่ลดลง q-q เพราะรายได้จากรธุรกิจ Engineering -30% q-q เนื่องจากการส่งมอบงานเกาะเต่าน้อยลงเพราะเป็นช่วงปลายงาน รวมถึงธุรกิจจัดจำหน่ายผลิตภัณฑ์ (Distribution) ที่ลดลง 26% q-q เพราะไม่มีการจัดงาน Expo ในไตรมาสนี้ แม้ว่ารายได้จาก ITEL จะเพิ่มขึ้นแต่ขาดเซย์ไม่ได้หมด จึงส่งผลให้รายได้ลดลง 15% q-q
- กำไรที่เพิ่มขึ้น y-y ทั้งที่รายได้รวมลดลง 19% y-y (ซึ่งมาจากการลดลงของรายได้จาก Installation) มาจากอัตรากำไรขั้นต้นที่สูงขึ้นมากเป็น 25.2% จาก 19.5% ใน 4Q22
- จบปี 2023 ILINK มีกำไรสุทธิถึง 532 ล้านบาท +38.6% y-y เป็นกำไร new high ของบริษัท แม้ว่ารายได้จะชะลอเล็กน้อย -2% y-y แต่อัตรากำไรขั้นต้นที่สูงขึ้นของธุรกิจ Distribution และ Engineering (ส่วนใหญ่มาจากงานเกาะเต่า) ผลักดันให้อัตรากำไรขั้นต้นโดยรวมพุ่งขึ้นเป็น 25.0% จากในช่วง 2 ปีที่ผ่านมาที่อยู่ที่ 19% ส่งผลให้ปี 2023 เป็นปีที่ดีของ ILINK
- ILINK ประกาศจ่ายเงินปันผล 0.39 บาทต่อหุ้น คิดเป็น payout ratio 40% ของกำไร และคิดเป็น Dividend yield 5% XD 7 พ.ค. จ่ายเงินวันที่ 23 พ.ค. 2024

### Outlook

- ปี 2023 เป็นปีที่ดีที่สุดโดยเฉพาะด้านอัตรากำไรขั้นต้นของธุรกิจ Distribution เราคงประมาณการกำไรปี 2024 ชะลอ -6% y-y เป็น 502 ล้านบาท โดยธุรกิจ Distribution จะยังโตต่อแต่อัตรากำไรขั้นต้นจะลดลงสู่ปกติที่ 26.2% จากที่สูงเป็นพิเศษในปีก่อน รายได้จาก Engineering คาดลดลงเล็กน้อยหลังจากจบงานเกาะเต่าแต่อัตรากำไรเชื่อว่ายังรักษาได้ใกล้เคียงปีก่อน
- เราคงราคาเป้าหมาย 9.50 บาท (SoTP อิงราคาเป้าหมายของ ITEL ที่ 4 บาทและใช้ P/E 7.5 เท่าสำหรับ ILINK) แม้จะคาดกำไรจะชะลอแต่ยังแนะนำซื้อ จุดเด่นของ ILINK อยู่ที่ฐานะการเงินที่แข็งแกร่ง สภาพคล่องสูง P/E ต่ำและปันผลสูงสม่ำเสมอ

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	6,899	7,594	7,982	8,227
Net profit	532	502	552	564
EPS (THB)	0.98	0.92	1.02	1.04
vs Consensus (%)	-	(5.2)	8.5	3.0
EBITDA	1,470	1,413	1,513	1,533
Recurring net profit	532	502	552	564
Core EPS (THB)	0.98	0.92	1.02	1.04
Chg. In EPS est. (%)	nm	(1.3)	0.1	nm
EPS growth (%)	38.6	(5.6)	10.0	2.1
Core P/E (x)	8.0	8.5	7.7	7.6
Dividend yield (%)	5.0	4.9	5.1	5.1
EV/EBITDA (x)	7.1	6.6	6.2	6.0
Price/book (x)	1.0	1.0	0.9	0.9
Net debt/Equity (%)	63.5	44.6	42.2	38.9
ROE (%)	13.7	12.0	12.6	12.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.7	7.5	5.4
Relative to country (%)	2.7	7.8	23.5
Mkt cap (USD m)	119		
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



**Jitra Amorntum**

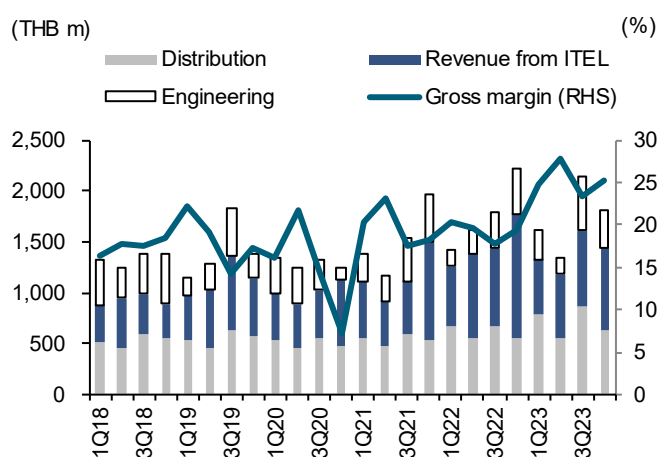
Fundamental Investment Analyst on Securities; License no. 014530  
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## Exhibit 1: ILINK - 4Q23 results summary

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2022	2023	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	1,808	(15.3)	(18.6)	7,038	6,899	(2.0)
Cost of sales	(1,788)	(1,220)	(965)	(1,637)	(1,353)	(17.3)	(24.3)	(5,684)	(5,175)	(9.0)
Gross profit	433	400	370	499	455	(8.8)	5.1	1,355	1,724	27.3
Operating costs	(161)	(168)	(135)	(207)	(214)	3.0	32.8	(557.3)	(724.0)	29.9
Operating profit	272	233	235	291	241	(17.3)	(11.3)	854.7	1,078.5	26.2
Operating EBITDA	366	337	339	402	386	(4.0)	5.4	1,210.9	1,470.1	21.4
Other income	1	12	9	12	46	294.4	4,339.6	57.2	78.4	37.1
Interest expense	(46)	(41)	(45)	(47)	(48)	3.4	4.9	(167.2)	(180.3)	7.8
Profit before tax	227	204	199	257	239	(6.9)	5.2	687.5	898.2	30.7
Tax	45	44	40	51	48	(4.7)	6.6	(140.7)	(182.3)	29.5
Minority interests	(58)	(31)	(40)	(48)	(62)	28.0	6.9	(158.5)	(180.6)	14.0
<b>Reported net profit</b>	<b>122</b>	<b>127</b>	<b>119</b>	<b>157</b>	<b>128</b>	<b>(18.3)</b>	<b>5.1</b>	<b>383.5</b>	<b>531.6</b>	<b>38.6</b>
<b>Core profit</b>	<b>122</b>	<b>127</b>	<b>119</b>	<b>157</b>	<b>128</b>	<b>(18.3)</b>	<b>5.1</b>	<b>383.5</b>	<b>531.6</b>	<b>38.6</b>
Reported EPS (THB)	0.22	0.23	0.22	0.29	0.24	(18.3)	7.1	0.71	0.98	38.9
Core EPS (THB)	0.22	0.23	0.22	0.29	0.24	(18.3)	5.1	0.71	0.98	38.6
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	19.5	24.7	27.7	23.4	25.2	1.8	5.7	19.2	25.0	5.7
Operating margin	12.3	15.1	18.3	14.2	15.9	1.7	3.6	12.1	15.6	3.5
EBITDA margin	16.5	20.8	25.4	18.8	21.3	2.5	4.9	17.2	21.3	4.1
Recurring net margin	5.5	7.9	8.9	7.3	7.1	(0.3)	1.6	5.4	7.7	2.3
SG&A / Sales	7.2	10.3	10.1	9.7	11.8	2.1	4.6	7.9	10.5	2.6
<b>Revenue structure</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Distribution	563	785	561	867	641	(26.0)	13.9	2,462	2,854	15.9
Telecom	1,209	543	621	746	802	7.6	(33.7)	3,390	2,712	(20.0)
Engineering	448	293	153	523	364	(30.3)	(18.7)	1,186	1,333	12.3
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Distribution	29.7	28.2	31.2	26.4	29.3	2.8	(0.4)	25.3	28.5	3.2
Telecom	17.4	27.3	28.2	25.4	26.5	1.0	9.1	18.8	26.7	8.0
Engineering	12.3	10.5	13.2	15.3	15.0	(0.2)	2.7	8.1	13.9	5.9

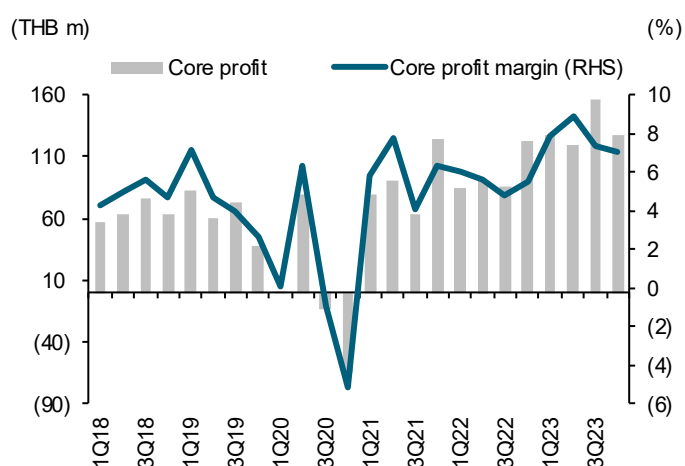
Sources: ILINK, FSSIA's compilation

## Exhibit 2: Revenue structure and gross margin



Sources: ILINK, FSSIA's compilation

## Exhibit 3: Core profit and core profit margin



Sources: ILINK, FSSIA's compilation

## Financial Statements

Interlink Communication

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	7,038	6,899	7,594	7,982	8,227
Cost of goods sold	(5,684)	(5,175)	(5,916)	(6,193)	(6,390)
<b>Gross profit</b>	<b>1,355</b>	<b>1,724</b>	<b>1,678</b>	<b>1,789</b>	<b>1,837</b>
Other operating income	57	78	42	44	46
Operating costs	(557)	(724)	(706)	(726)	(765)
<b>Operating EBITDA</b>	<b>1,211</b>	<b>1,470</b>	<b>1,413</b>	<b>1,513</b>	<b>1,533</b>
Depreciation	(356)	(392)	(399)	(407)	(415)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>855</b>	<b>1,079</b>	<b>1,013</b>	<b>1,106</b>	<b>1,118</b>
Net financing costs	(167)	(180)	(169)	(170)	(166)
Associates	(5)	(4)	(3)	(3)	(3)
Recurring non-operating income	(5)	(4)	(3)	(3)	(3)
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>683</b>	<b>894</b>	<b>841</b>	<b>933</b>	<b>950</b>
Tax	(141)	(182)	(169)	(187)	(190)
<b>Profit after tax</b>	<b>542</b>	<b>712</b>	<b>672</b>	<b>746</b>	<b>759</b>
Minority interests	(158)	(181)	(170)	(194)	(196)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>383</b>	<b>532</b>	<b>502</b>	<b>552</b>	<b>564</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>383</b>	<b>532</b>	<b>502</b>	<b>552</b>	<b>564</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.71	0.98	0.92	1.02	1.04
Reported EPS	0.71	0.98	0.92	1.02	1.04
DPS	0.20	0.39	0.38	0.40	0.40
Diluted shares (used to calculate per share data)	544	544	544	544	544
<b>Growth</b>					
Revenue (%)	16.2	(2.0)	10.1	5.1	3.1
Operating EBITDA (%)	9.1	21.4	(3.9)	7.1	1.3
Operating EBIT (%)	10.9	26.2	(6.1)	9.2	1.1
Recurring EPS (%)	6.7	38.6	(5.6)	10.0	2.1
Reported EPS (%)	8.6	38.6	(5.6)	10.0	2.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.2	25.0	22.1	22.4	22.3
Gross margin exc. depreciation (%)	24.3	30.7	27.4	27.5	27.4
Operating EBITDA margin (%)	17.2	21.3	18.6	19.0	18.6
Operating EBIT margin (%)	12.1	15.6	13.3	13.9	13.6
Net margin (%)	5.4	7.7	6.6	6.9	6.9
Effective tax rate (%)	20.6	20.4	20.1	20.1	20.1
Dividend payout on recurring profit (%)	28.4	39.9	41.4	39.4	38.6
Interest cover (X)	5.1	6.0	6.0	6.5	6.7
Inventory days	26.7	36.3	34.3	32.4	31.6
Debtor days	77.7	121.5	111.1	92.2	90.1
Creditor days	127.7	141.6	112.2	108.7	102.6
Operating ROIC (%)	9.2	10.9	9.8	11.1	(2.8)
ROIC (%)	7.7	9.0	8.2	9.2	(2.3)
ROE (%)	10.9	13.7	12.0	12.6	12.2
ROA (%)	5.9	7.0	6.3	7.0	5.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Distribution	2,462	2,854	3,087	3,273	3,469
Telecom	3,390	2,712	3,293	3,632	3,741
Engineering service (EPC)	1,186	1,333	1,213	1,077	1,017

Sources: Interlink Communication; FSSIA estimates

## Financial Statements

Interlink Communication

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	383	532	502	552	564
Depreciation	356	392	399	407	415
Associates & minorities	5	4	3	3	3
Other non-cash items	382	492	(265)	(52)	491
Change in working capital	521	(1,369)	914	(220)	(157)
<b>Cash flow from operations</b>	<b>1,647</b>	<b>50</b>	<b>1,554</b>	<b>691</b>	<b>1,315</b>
Capex - maintenance	(318)	(558)	(425)	(390)	(390)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1	1	(4)	12	(5)
Other investments (net)	(104)	(307)	172	(40)	(41)
<b>Cash flow from investing</b>	<b>(421)</b>	<b>(864)</b>	<b>(257)</b>	<b>(418)</b>	<b>(436)</b>
Dividends paid	(207)	(159)	(208)	(217)	0
Equity finance	175	81	0	0	0
Debt finance	(1,728)	971	(842)	(106)	(22)
Other financing cash flows	530	(157)	0	0	0
<b>Cash flow from financing</b>	<b>(1,230)</b>	<b>736</b>	<b>(1,050)</b>	<b>(324)</b>	<b>(22)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	136	179	0	0	0
<b>Net other adjustments</b>	<b>136</b>	<b>179</b>	<b>(4)</b>	<b>(4)</b>	<b>(762)</b>
<b>Movement in cash</b>	<b>131</b>	<b>100</b>	<b>243</b>	<b>(55)</b>	<b>95</b>
Free cash flow to firm (FCFF)	1,392.82	(633.86)	1,466.13	443.30	1,044.71
Free cash flow to equity (FCFE)	163.23	178.82	450.96	162.91	95.39
<b>Per share (THB)</b>					
FCFF per share	2.56	(1.17)	2.70	0.82	1.92
FCFE per share	0.30	0.33	0.83	0.30	0.18
Recurring cash flow per share	2.07	2.61	1.18	1.67	2.71
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	6,197	6,761	7,099	7,454	7,827
Less: Accumulated depreciation	(1,825)	(2,125)	(2,437)	(2,809)	(3,207)
<b>Tangible fixed assets (net)</b>	<b>4,372</b>	<b>4,636</b>	<b>4,662</b>	<b>4,645</b>	<b>4,620</b>
<b>Intangible fixed assets (net)</b>	<b>358</b>	<b>436</b>	<b>441</b>	<b>447</b>	<b>452</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	93	90	90	90	90
Cash & equivalents	621	721	965	911	1,007
A/C receivable	1,966	2,628	1,997	2,034	2,029
Inventories	432	519	519	509	525
Other current assets	2,766	2,772	2,760	2,837	2,924
<b>Current assets</b>	<b>5,785</b>	<b>6,641</b>	<b>6,241</b>	<b>6,291</b>	<b>6,484</b>
Other assets	991	1,230	1,052	1,102	1,135
<b>Total assets</b>	<b>11,599</b>	<b>13,033</b>	<b>12,486</b>	<b>12,574</b>	<b>12,781</b>
Common equity	3,665	4,083	4,277	4,512	4,759
Minorities etc.	1,925	2,187	2,209	2,231	2,253
<b>Total shareholders' equity</b>	<b>5,591</b>	<b>6,270</b>	<b>6,486</b>	<b>6,743</b>	<b>7,012</b>
Long term debt	1,114	1,400	1,420	1,372	1,297
Other long-term liabilities	737	83	91	96	99
<b>Long-term liabilities</b>	<b>1,851</b>	<b>1,483</b>	<b>1,511</b>	<b>1,468</b>	<b>1,395</b>
A/C payable	2,069	1,642	1,750	1,697	1,663
Short term debt	1,898	3,306	2,441	2,382	2,436
Other current liabilities	189	332	298	284	275
<b>Current liabilities</b>	<b>4,157</b>	<b>5,280</b>	<b>4,489</b>	<b>4,363</b>	<b>4,374</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,599</b>	<b>13,033</b>	<b>12,486</b>	<b>12,574</b>	<b>12,781</b>
Net working capital	2,905	3,945	3,228	3,398	3,540
Invested capital	8,719	10,337	9,473	9,681	9,837
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	6.74	7.51	7.87	8.30	8.75
Tangible book value per share	6.08	6.71	7.06	7.48	7.92
<b>Financial strength</b>					
Net debt/equity (%)	42.8	63.5	44.6	42.2	38.9
Net debt/total assets (%)	20.6	30.6	23.2	22.6	21.3
Current ratio (x)	1.4	1.3	1.4	1.4	1.5
CF interest cover (x)	2.0	2.0	3.7	2.0	1.6
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>11.1</b>	<b>8.0</b>	<b>8.5</b>	<b>7.7</b>	<b>7.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>13.5</b>	<b>9.7</b>	<b>10.3</b>	<b>9.4</b>	<b>9.2</b>
Reported P/E (x)	11.1	8.0	8.5	7.7	7.6
Dividend yield (%)	2.5	5.0	4.9	5.1	5.1
Price/book (x)	1.2	1.0	1.0	0.9	0.9
Price/tangible book (x)	1.3	1.2	1.1	1.0	1.0
EV/EBITDA (x) **	7.1	7.1	6.6	6.2	6.0
EV/EBITDA @ target price (x) **	7.8	7.7	7.3	6.8	6.6
EV/invested capital (x)	1.0	1.0	1.0	1.0	0.9
* 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 4: FSSIA ESG score implication**

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

Sources: FSSIA estimates

**Exhibit 5: ESG – peer comparison**

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
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](http://SETTRADE.com); \* FSSIA estimate; FSSIA's compilation
**Exhibit 6: ESG disclosure from the company's one report**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 3 / 1</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	5
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	Yes	Age of the youngest / oldest director	53 / 83
Waste reduction policy	Yes	Number of executives / female	8 / 4
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>4 / 4</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee / ID</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	1
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	1
Pct women in workforce	44.43	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	3.18
Anti-bribery ethics policy	Yes	Executive compensation (THB m)	65.59
Health and safety policy	Yes	Auditor fee (THB m)	2.38
Lost time incident rate - employees	Yes	(Dharmniti Auditing Co., Ltd.)	
Training policy	Yes	Total employee (no.)	<b>1,645</b>
Fair remuneration policy	Yes	Employee compensation (THB m)	531
Number of employees - CSR	Yes		
Total hours spent by firm - employee training	Yes		
Social supply chain management	Yes		

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 <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. 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. <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+																	
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0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="text-align: right;"><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;"><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>BBB</b></td> <td>4.286-5.713</td> <td style="text-align: right;"><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;"><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>CCC</b></td> <td>0.000-1.428</td> <td style="text-align: right;"><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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

#### 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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#### 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	31-Jan-2024	BUY	9.50	-	-	-

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 7.85	BUY	Downside risks to our SoTP-based TP include 1) intense competition and price cuts; 2) the termination of distributorship contracts or the appointment of additional distributors in Thailand; 3) uncertainty in project bidding; 4) project delays; and 5) risk from technological changes.

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-Feb-2024 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.