

# CH.KARNCHANG CK TB

## THAILAND / CONSTRUCTION SERVICES

**BUY**  
 UNCHANGED

## 4Q23 results at first glance

กำไร 4Q23 ตามคาด เติบโต y-y แต่ลดลง q-q

### Highlights

- รายงานกำไรสุทธิ 4Q23 เท่ากับ 156 ล้านบาท (-76% q-q, +39% y-y) เป็นไปตามที่เราคาด โดยการเติบโต y-y หนุนจากการฟื้นตัวของรายได้ก่อสร้าง บวกกับการเติบโตของบริษัทรวม อย่างไรก็ตาม การลดลง q-q มีสาเหตุจากไม่มีเงินปันผลรับจาก TTW ซึ่งปกติบันทึกใน 2Q และ 3Q รวมถึงผลประกอบการ BEM, CKP ชะลอลง q-q ตามปัจจัยฤดูกาล
- รายได้ก่อสร้างทรงตัว q-q แต่ก้าวกระโดด +127% y-y ที่ 8.9 พันล้านบาท แรงหนุนหลักจากความคืบหน้าของโครงการใหญ่อย่างโรงไฟฟ้าหลวงพระบาง, รถไฟทางคู่เด่นชัย และรถไฟฟ้าม่วงใต้
- อัตรากำไรขั้นต้นปรับลงเป็น 6.3% จาก 7.4% ใน 3Q23 และ 7.7% ใน 4Q22 เนื่องจากสัดส่วนรายได้หลักมาจากโรงไฟฟ้าหลวงพระบางซึ่งมีมาร์จิ้นต่ำกว่าโครงการอื่น รวมถึงค่าใช้จ่ายบริหารสูงขึ้นจากค่าโบนัสพนักงาน
- ส่วนแบ่งกำไรบริษัทรวมอยู่ที่ 469 ล้านบาท +94% y-y แต่ -21% q-q จาก BEM ที่วันหยุดยาวจำนวนมาก และ CKP ตามปริมาณน้ำลดลงเทียบกับ High Season ใน 3Q23
- จบปี 2023 กำไรสุทธิทำได้ 1.5 พันล้านบาท (+36% y-y) หากหักกำไรพิเศษจากการขายเงินลงทุนใน BEM กำไรปกติอยู่ที่ 1.45 พันล้านบาท (+65% y-y) โดยประกาศจ่ายเงินปันผล 2H23 ที่ 0.15 บาท/หุ้น Yield 1% ขึ้น XD 13 มี.ค. และจ่าย 2 พ.ค. 2024

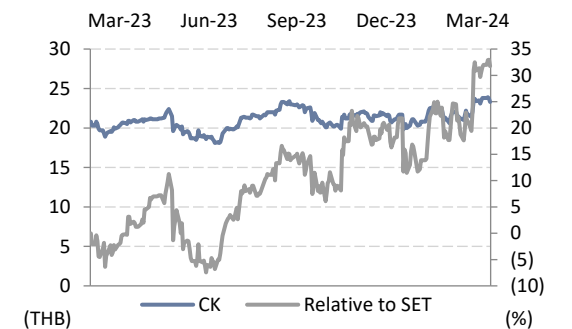
### Outlook

- ส่วนปี 2024 เรายังคงประมาณการกำไรที่ 1.8 พันล้านบาท (+21% y-y) หนุนจากทั้งรายได้ก่อสร้างคาดเร่งขึ้น 9% y-y ที่ 4 หมื่นล้านบาท ตามการทยอยรับรู้ Backlog ระดับสูง 1.3 แสนล้านบาท บวกกับการเติบโตของเงินลงทุนบริษัทลูก (BEM, CKP)
- คงราคาเหมาะสม 26 บาท ยังแนะนำซื้อ โดยระยะสั้นมีปัจจัยบวกรออยู่จากการเปิดประมูลโครงการทางด่วนจุดไฮติ-ลำลูกกา มูลค่า 1.9 หมื่นล้านบาท คาดขายของ TOR ในเดือนเม.ย.นี้ ซึ่งเรามองว่า CK จะเป็นหนึ่งในตัวเต็งที่เข้าประมูล

TARGET PRICE	THB26.00
CLOSE	THB23.30
UP/DOWNSIDE	+11.6%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.3%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	36,485	39,941	41,306	43,251
Net profit	1,501	1,812	2,022	2,395
EPS (THB)	0.89	1.07	1.19	1.41
vs Consensus (%)	-	16.8	1.8	1.9
EBITDA	3,057	3,192	3,268	3,419
Recurring net profit	1,452	1,812	2,022	2,395
Core EPS (THB)	0.86	1.07	1.19	1.41
Chg. In EPS est. (%)	nm	(2.7)	0.2	nm
EPS growth (%)	64.6	24.8	11.5	18.5
Core P/E (x)	27.2	21.8	19.5	16.5
Dividend yield (%)	1.3	1.8	2.0	2.4
EV/EBITDA (x)	28.7	26.3	25.2	23.5
Price/book (x)	1.5	1.5	1.4	1.4
Net debt/Equity (%)	183.9	161.3	149.8	136.4
ROE (%)	5.9	7.0	7.4	8.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.4	11.5	9.4
Relative to country (%)	7.9	12.3	29.5
Mkt cap (USD m)	1,100		
3m avg. daily turnover (USD m)	2.3		
Free float (%)	65		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	24.00/17.80		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates



**Thanyatorn Songwutti**

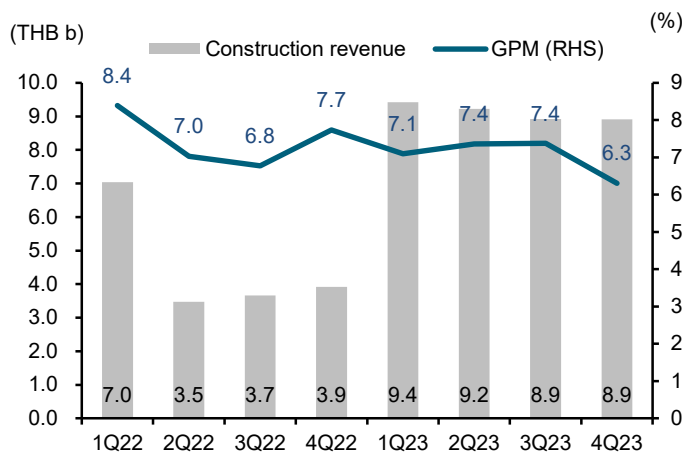
Fundamental Investment Analyst on Securities; License no. 101203  
 thanyatorn.s@fssia.com, +66 2646 9963

## Exhibit 1: CK - 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	3,920	9,425	9,220	8,925	8,915	(0.1)	127.4
Cost of sales	3,617	8,756	8,541	8,267	8,353	1.0	130.9
Gross profit	303	669	679	658	562	(14.6)	85.5
SG&A	481	495	470	533	554	4.0	15.1
Operating profit	(178)	174	209	125	8	(93.3)	na
Other income	224	217	545	440	220	(49.9)	(1.5)
Interest expense	362	396	474	480	481	0.2	32.7
Tax expense	8	(10)	(23)	(19)	(32)	na	na
Associates	241	200	255	595	469	(21.2)	94.3
Reported net profit	112	217	486	641	156	(75.6)	39.2
Core profit	(75)	169	486	641	156	(75.6)	na
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	7.7	7.1	7.4	7.4	6.3	(1.1)	(1.4)
SG&A / Sales	12.3	5.2	5.1	6.0	6.2	0.2	(6.1)
Operating margin	(4.5)	1.9	2.3	1.4	0.1	(1.3)	4.6
Net margin	2.9	2.3	5.3	7.2	1.8	(5.4)	(1.1)
Norm margin	(1.9)	1.8	5.3	7.2	1.8	(5.4)	3.7

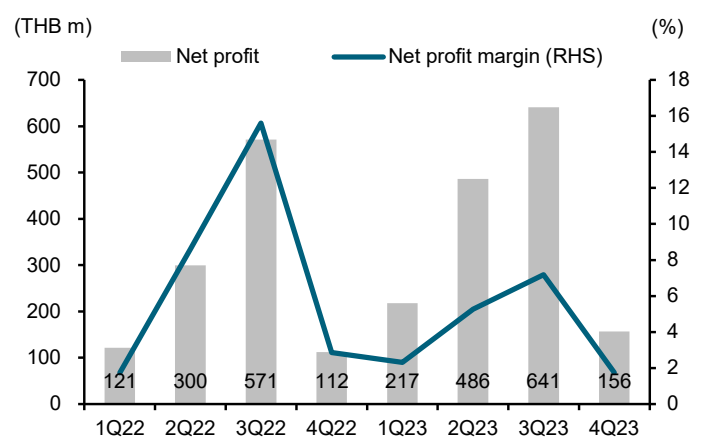
Sources: CK; FSSIA's compilation

## Exhibit 2: Quarterly revenue and GPM



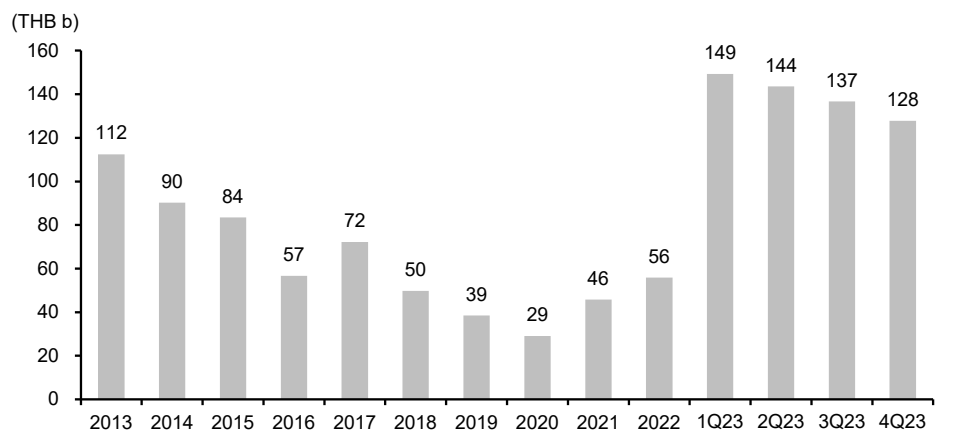
Sources: CK; FSSIA's compilation

## Exhibit 3: Quarterly net profit and NPM



Sources: CK; FSSIA's compilation

## Exhibit 4: Backlog



Sources: CK; FSSIA's compilation

## Financial Statements

CH.Karnchang

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,097	36,485	39,941	41,306	43,251
Cost of goods sold	(16,711)	(33,917)	(37,145)	(38,374)	(40,094)
<b>Gross profit</b>	<b>1,386</b>	<b>2,568</b>	<b>2,796</b>	<b>2,933</b>	<b>3,157</b>
Other operating income	1,341	1,422	1,415	1,385	1,365
Operating costs	(1,927)	(2,051)	(2,092)	(2,155)	(2,219)
<b>Operating EBITDA</b>	<b>1,438</b>	<b>3,057</b>	<b>3,192</b>	<b>3,268</b>	<b>3,419</b>
Depreciation	(638)	(1,117)	(1,074)	(1,105)	(1,117)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>800</b>	<b>1,939</b>	<b>2,119</b>	<b>2,163</b>	<b>2,303</b>
Net financing costs	(1,411)	(1,830)	(1,897)	(1,789)	(1,711)
Associates	1,530	1,520	1,748	1,831	2,042
Recurring non-operating income	1,530	1,520	1,748	1,831	2,042
Non-recurring items	222	49	0	0	0
<b>Profit before tax</b>	<b>1,142</b>	<b>1,678</b>	<b>1,969</b>	<b>2,205</b>	<b>2,633</b>
Tax	(21)	(83)	(66)	(93)	(148)
<b>Profit after tax</b>	<b>1,121</b>	<b>1,594</b>	<b>1,902</b>	<b>2,112</b>	<b>2,485</b>
Minority interests	(16)	(93)	(90)	(90)	(90)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,105</b>	<b>1,501</b>	<b>1,812</b>	<b>2,022</b>	<b>2,395</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(222)</b>	<b>(49)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>882</b>	<b>1,452</b>	<b>1,812</b>	<b>2,022</b>	<b>2,395</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.52	0.86	1.07	1.19	1.41
Reported EPS	0.65	0.89	1.07	1.19	1.41
DPS	0.25	0.30	0.43	0.48	0.57
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
<b>Growth</b>					
Revenue (%)	48.3	101.6	9.5	3.4	4.7
Operating EBITDA (%)	24.2	112.5	4.4	2.4	4.6
Operating EBIT (%)	72.8	142.3	9.2	2.1	6.5
Recurring EPS (%)	783.4	64.6	24.8	11.5	18.5
Reported EPS (%)	22.0	35.9	20.8	11.5	18.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.7	7.0	7.0	7.1	7.3
Gross margin exc. depreciation (%)	11.2	10.1	9.7	9.8	9.9
Operating EBITDA margin (%)	7.9	8.4	8.0	7.9	7.9
Operating EBIT margin (%)	4.4	5.3	5.3	5.2	5.3
Net margin (%)	4.9	4.0	4.5	4.9	5.5
Effective tax rate (%)	1.8	5.0	3.4	4.2	5.6
Dividend payout on recurring profit (%)	48.0	35.0	40.0	40.0	40.0
Interest cover (X)	1.7	1.9	2.0	2.2	2.5
Inventory days	161.3	100.6	105.0	107.2	106.5
Debtor days	48.6	33.8	44.8	50.3	50.0
Creditor days	57.0	38.4	48.7	55.5	55.1
Operating ROIC (%)	4.2	7.7	7.4	8.1	(2.2)
ROIC (%)	2.8	3.9	4.1	4.3	(1.2)
ROE (%)	3.6	5.9	7.0	7.4	8.4
ROA (%)	2.4	3.3	3.6	3.7	2.2

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Construction services	18,097	36,485	39,941	41,306	43,251
Others					

Sources: CH.Karnchang; FSSIA estimates

## Financial Statements

CH.Karnchang

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	882	1,452	1,812	2,022	2,395
Depreciation	638	1,117	1,074	1,105	1,117
Associates & minorities	377	(24)	17	(14)	(24)
Other non-cash items	-	-	-	-	-
Change in working capital	(2,237)	(8,391)	2,302	(281)	(387)
<b>Cash flow from operations</b>	<b>(340)</b>	<b>(5,846)</b>	<b>5,205</b>	<b>2,832</b>	<b>3,101</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	-	(2,742)	(452)	(322)	(294)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	233	-	-	-	-
<b>Cash flow from investing</b>	<b>233</b>	<b>(2,742)</b>	<b>(452)</b>	<b>(322)</b>	<b>(294)</b>
Dividends paid	(509)	(508)	(815)	(899)	(1,048)
Equity finance	(2,031)	(270)	73	(124)	22
Debt finance	2,835	9,416	(4,316)	(1,790)	(2,590)
Other financing cash flows	-	774	-	-	-
<b>Cash flow from financing</b>	<b>295</b>	<b>9,413</b>	<b>(5,058)</b>	<b>(2,813)</b>	<b>(3,616)</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>187</b>	<b>824</b>	<b>(305)</b>	<b>(303)</b>	<b>(809)</b>
Free cash flow to firm (FCFF)	1,303.02	(6,758.11)	6,650.61	4,299.11	4,517.96
Free cash flow to equity (FCFE)	2,727.35	1,602.17	437.11	720.09	216.69

### Per share (THB)

FCFF per share	0.77	(3.99)	3.93	2.54	2.67
FCFE per share	1.61	0.95	0.26	0.43	0.13
Recurring cash flow per share	1.12	1.50	1.71	1.84	2.06

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	18,625	18,722	19,020	19,220	19,422
Less: Accumulated depreciation	(6,798)	(6,788)	(7,838)	(8,820)	(9,834)
<b>Tangible fixed assets (net)</b>	<b>11,827</b>	<b>11,934</b>	<b>11,183</b>	<b>10,400</b>	<b>9,588</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	49,847	51,584	51,687	51,791	51,894
Cash & equivalents	6,960	7,784	7,479	7,177	6,368
A/C receivable	2,549	4,215	5,592	5,783	6,055
Inventories	8,112	9,975	10,772	11,128	11,627
Other current assets	5,436	10,692	8,488	8,774	9,183
<b>Current assets</b>	<b>23,057</b>	<b>32,666</b>	<b>32,331</b>	<b>32,862</b>	<b>33,233</b>
Other assets	420	561	589	618	649
<b>Total assets</b>	<b>85,151</b>	<b>96,745</b>	<b>95,789</b>	<b>95,671</b>	<b>95,364</b>
Common equity	24,026	25,482	26,570	27,783	29,220
Minorities etc.	440	526	599	475	497
<b>Total shareholders' equity</b>	<b>24,466</b>	<b>26,008</b>	<b>27,169</b>	<b>28,258</b>	<b>29,717</b>
Long term debt	37,991	40,771	40,710	39,175	37,001
Other long-term liabilities	2,651	2,708	2,972	3,070	3,208
<b>Long-term liabilities</b>	<b>40,642</b>	<b>43,479</b>	<b>43,681</b>	<b>42,245</b>	<b>40,208</b>
A/C payable	2,850	4,058	5,572	5,756	6,014
Short term debt	8,199	14,835	10,581	10,325	9,910
Other current liabilities	8,994	8,365	8,787	9,087	9,515
<b>Current liabilities</b>	<b>20,043</b>	<b>27,258</b>	<b>24,939</b>	<b>25,168</b>	<b>25,439</b>
<b>Total liabilities and shareholders' equity</b>	<b>85,151</b>	<b>96,745</b>	<b>95,789</b>	<b>95,671</b>	<b>95,364</b>
Net working capital	4,253	12,460	10,493	10,842	11,336
Invested capital	66,347	76,539	73,951	73,651	73,467

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

### Per share (THB)

Book value per share	14.18	15.04	15.69	16.40	17.25
Tangible book value per share	14.18	15.04	15.69	16.40	17.25

### Financial strength

Net debt/equity (%)	160.3	183.9	161.3	149.8	136.4
Net debt/total assets (%)	46.1	49.4	45.7	44.2	42.5
Current ratio (x)	1.2	1.2	1.3	1.3	1.3
CF interest cover (x)	2.9	3.4	1.5	1.6	1.3

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>44.7</b>	<b>27.2</b>	<b>21.8</b>	<b>19.5</b>	<b>16.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>49.9</b>	<b>30.3</b>	<b>24.3</b>	<b>21.8</b>	<b>18.4</b>
Reported P/E (x)	35.7	26.3	21.8	19.5	16.5
Dividend yield (%)	1.1	1.3	1.8	2.0	2.4
Price/book (x)	1.6	1.5	1.5	1.4	1.4
Price/tangible book (x)	1.6	1.5	1.5	1.4	1.4
EV/EBITDA (x) **	55.0	28.7	26.3	25.2	23.5
EV/EBITDA @ target price (x) **	58.2	30.2	27.7	26.6	24.9
EV/invested capital (x)	1.2	1.1	1.1	1.1	1.1

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

Sources: CH.Karnchang; FSSIA estimates

# CH Karnchang PCL (CK TB)

FSSIA ESG rating

★ ★

Exhibit 5: FSSIA ESG score implication

38.06 /100

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 6: 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
CK	38.06	--	--	--	5.00	4.00	--	High	50.15	BB	--	43.93	22.00	2.13	43.16
ITD	14.63	--	--	--	4.00	4.00	--	Severe	--	--	--	--	13.00	--	--
STEC	39.73	--	--	--	5.00	5.00	--	Severe	62.52	BBB	--	36.51	22.00	1.64	37.87
SYNTEC	36.38	--	--	Y	5.00	5.00	Certified	--	53.14	--	--	37.86	--	--	--
NWR	24.97	--	--	--	4.00	5.00	Certified	--	47.79	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 7: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	1.93	2.13
BESG environmental pillar score	—	—	0.00	0.10
BESG social pillar score	—	—	4.64	5.11
BESG governance pillar score	—	—	3.08	3.14
ESG disclosure score	32.81	33.67	38.17	43.16
Environmental disclosure score	0.91	0.91	6.10	20.48
Social disclosure score	16.26	18.83	27.15	27.78
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	No	No	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	2	2
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	643	3
Renewable energy use	—	—	—	—
Electricity used	—	—	643	3
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 8: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	No	No
Water consumption	—	—	—	—
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	18	26
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0
Total recordable incident rate - employees	0	0	0	—
Training policy	No	No	No	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	—	2,380	2,124	2,304
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	—	—	13,785	17,303
Social supply chain management	No	No	No	Yes
<b>Governance</b>				
<b>Board size</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>
No. of women on board	1	1	1	1
No. of non-executive directors on board	4	3	4	4
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	7	7	8
Board meeting attendance pct	100	100	100	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	45	46	47	43
Age of the oldest director	82	80	81	82
<b>No. of executives / company managers</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>14</b>
No. of female executives	2	2	2	1
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	3	1	1	1
No. of compensation committee meetings	2	2	3	4
Compensation meeting attendance %	100	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	3	4
Nomination meeting attendance %	100	100	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainability</a>	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td><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></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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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	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

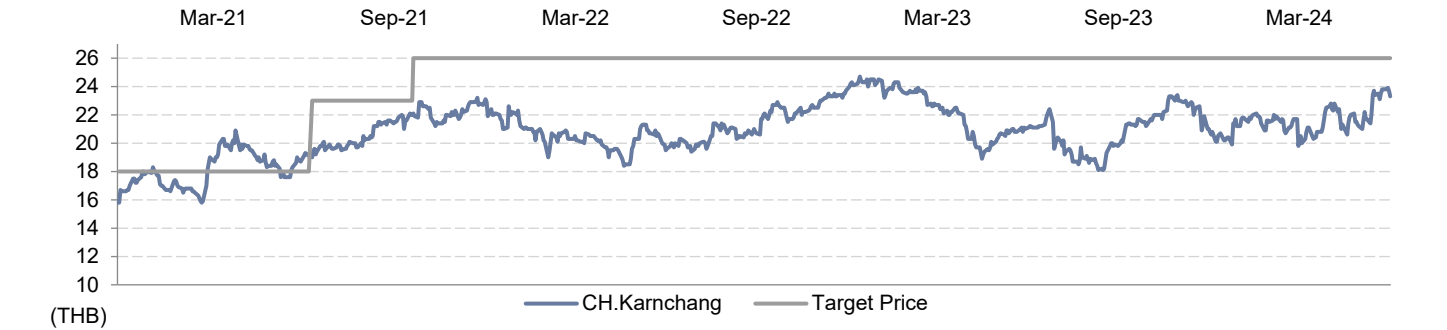
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History of change in investment rating and/or target price

CH.Karnchang (CK TB)



Thanyatorn Songwutti started covering this stock from 11-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH.Karnchang	CK TB	THB 23.30	BUY	Key downside risks to our SoTP-based TP include 1) delays in the signing of the Luang Prabang hydropower plant and Orange Line projects; 2) fewer new projects 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 29-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.