

**CH.KARNCHANG CK TB**  
THAILAND / CONSTRUCTION SERVICES**BUY**

UNCHANGED

**คาดงบ 1Q24 ขาดทุนจากบริษัทลูก**

- คาดงบ 1Q24 ขาดทุนจากบริษัทร่วมที่มี FX Loss แต่ Core operation ทรงตัวดี โดยรายได้หลักดันจากงานในมือระดับสูง ส่วน GPM พื้น และ SG&A ลดลง
- คาด 2Q24 พื้นจากปันผลรับ TTW, ส่วนแบ่งกำไรบริษัทร่วมพื้น และรับเหมาดีต่อ
- คงราคาเหมาะสม 26 บาท อย่างไรก็ดี งบ 1Q24 เป็นประเด็นกดดันหุ้นระยะสั้น

TARGET PRICE	THB26.00
CLOSE	THB22.10
UP/DOWNSIDE	+17.6%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.8%

**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 (%)	-	(2.0)	(7.0)	1.4
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. (%)	-	-	-	-
EPS growth (%)	64.6	24.8	11.5	18.5
Core P/E (x)	25.8	20.7	18.5	15.6
Dividend yield (%)	1.4	1.9	2.2	2.6
EV/EBITDA (x)	28.1	25.6	24.6	23.0
Price/book (x)	1.5	1.4	1.3	1.3
Net debt/Equity (%)	183.9	161.3	149.8	136.4
ROE (%)	5.9	7.0	7.4	8.4

**คาดผลประกอบการ 1Q24 ขาดทุนจาก FX Loss ของบริษัทลูก**

เราประเมินผลประกอบการ CK พลิกเป็นขาดทุนสุทธิ 77 ล้านบาท (เทียบกับกำไร 156 ล้านบาทใน 4Q23 และ 217 ล้านบาทใน 1Q23) มีสาเหตุจากส่วนแบ่งกำไรบริษัทร่วม คาดลดลงอย่างมีนัยเหลือ 47 ล้านบาท (-90% q-q, -77% y-y) กัดดันจาก LPCL, CKP ที่คาดมีผลขาดทุน โดย 1) LPCL (CK ถือ 20%) หรือโรงไฟฟ้าหลวงพระบาง ซึ่งมีเงินกู้เป็นสกุลเงินดอลลาร์ คาดบันทึกขาดทุนจากอัตราแลกเปลี่ยน(รายการทางบัญชี) หลังเงินบาทอ่อนค่า 2) CKP (CK ถือ 30%) คาดขาดทุนจาก CKP ถือหุ้น LPCL 50% และผลกระทบจากปัจจัยฤดูกาลที่ปริมาณน้ำน้อย อย่างไรก็ตาม คาดกำไร BEM ทรงตัว q-q แต่เติบโต y-y หนุนจากปริมาณผู้โดยสารรถไฟที่ขยายตัว

**ทิศทางธุรกิจก่อสร้าง 1Q24 ทรงตัวดี y-y และฟื้นตัว q-q**

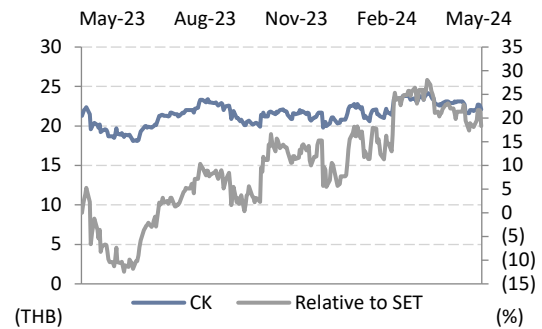
พิจารณา Core operation หลักในธุรกิจก่อสร้างถือว่าอยู่ในเกณฑ์ดี คาด EBITDA ทรงตัว y-y และ +69% q-q ที่ 388 ล้านบาท โดยคาดรายได้ก่อสร้างที่ 9.3 พันล้านบาท (+4% q-q, -1% y-y) หลักๆ จากความคืบหน้างานโรงไฟฟ้าหลวงพระบาง, รถไฟฟ้าสายสีม่วงใต้ และทางคู่เด่นชัย ส่วนอัตรากำไรขั้นต้นคาด 7.2% ฟื้นกลับเป็นระดับปกติ เทียบกับ 4Q23 ที่ 6.3% ซึ่งมีการปรับปรุงต้นทุนโครงการโรงไฟฟ้าหลวงพระบาง ขณะที่ค่าใช้จ่ายบริหารคาดลดลงจาก 4Q23 ที่มี one-time จากโบนัสพนักงาน, ค่าที่ปรึกษา และ CSR

**แนวโน้ม 2Q24 คาดพลิกกลับมาเป็นกำไร จากธุรกิจก่อสร้างและบริษัทลูก**

ผลประกอบการ 2Q24 คาดดีขึ้นและพลิกกลับเป็นกำไร ผลักดันจากการรับรู้เงินปันผลรับจาก TTW ที่ 232 ล้านบาท รวมถึงการฟื้นตัวส่วนแบ่งกำไรบริษัทร่วมจาก CKP หลัง El Nino ผ่อนคลายลง และ BEM ที่มีผู้ใช้ทางด่วนและรถไฟฟาระดับสูง ขณะที่ธุรกิจก่อสร้างอยู่ในเกณฑ์ดีต่อ หนุนจากการรับรู้รายได้ต่อเนื่องของโรงไฟฟ้าหลวงพระบางราว 4-4.5 พันล้านบาทต่อไตรมาส บวกกับความคืบหน้าที่เร่งขึ้นของงานหลักจากการเริ่มขุดเจาะอุโมงค์ของรถไฟฟ้าม่วงใต้และรถไฟทางคู่เด่นชัย

**คงราคาเหมาะสม 26 บาท แต่ระยะสั้นอาจกดดันจากงบ 1Q24 อ่อนแอ**

จุดแข็งคืองานในมืออยู่ระดับสูง 1.2 แสนล้านบาท (เทียบเท่ารายได้ 3 ปี) ขณะที่มีความศักยภาพเข้าร่วมประมูลงานเพิ่ม อาทิ รถไฟทางคู่ ขอนแก่น-หนองคาย มูลค่า 2.9 หมื่นล้านบาท ซึ่งกรม.เห็นชอบแล้ว และอยู่ระหว่างจัดทำ TOR คาดเปิดประมูลเดือนพ.ค.-มิ.ย.นี้ นอกจากนี้ ต้องติดตามความคืบหน้ารถไฟฟ้าม่วงใต้และ Double Deck ทางพื้นฐานคงราคาเหมาะสม 26 บาท (SOTP) อย่างไรก็ตาม งบ 1Q24 ที่ทรุดลงชั่วคราว คาดเป็นประเด็นกดดันหุ้นระยะสั้น เชิงกลยุทธ์แนะนำรอเข้าลงทุนหลังประกาศงบ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.3)	4.2	4.2
Relative to country (%)	(3.9)	5.3	16.7
Mkt cap (USD m)	1,017		
3m avg. daily turnover (USD m)	3.7		
Free float (%)	65		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	24.60/17.80		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates

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## Investment thesis

ช่วงปี 2019-2022 ผลประกอบการของ CK อ่อนแอ โดยกำไรปกติอยู่ระดับต่ำกว่า 1 พันล้านบาท สาเหตุจากผลขาดทุนของธุรกิจรับเหมาก่อสร้างจากงานในมืออยู่ระดับต่ำ นอกจากนี้ ส่วนแบ่งกำไรจากบริษัทร่วมลดลงจาก BEM เหนือสถานการณ์ Covid

อย่างไรก็ตาม เรามีมุมมองบวกต่อผลประกอบการที่เป็นขาขึ้นตั้งแต่ปี 2023 ขับเคลื่อนจากการฟื้นตัวของธุรกิจรับเหมาก่อสร้างงานใหญ่เข้ามาเติม อาทิ รถไฟฟ้าสายสีม่วงใต้ รถไฟทางคู่ และโรงไฟฟ้าหลวงพระบาง อีกทั้ง ยังหนุนด้วยการเติบโตของการลงทุนในบริษัทร่วม โดยเฉพาะ BEM ที่มีแนวโน้มการฟื้นตัวทั้งปริมาณรถบนทางด่วนและผู้โดยสารในรถไฟฟ้า

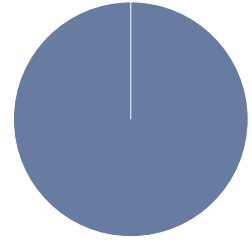
## Company profile

CK ก่อตั้งในปี 1972 ประกอบธุรกิจรับเหมาก่อสร้างทั่วไป โดยรับงานจากหน่วยงานราชการรัฐวิสาหกิจและภาคเอกชน มีลักษณะกิจการเป็นผู้รับเหมาโดยตรง (Main Contractor) ผู้รับเหมาช่วง (Sub Contractor) หรือ Joint Venture หรือ Consortium นอกจากนี้ เป็นผู้ลงทุนเพื่อดำเนินธุรกิจพัฒนาการลงทุนโครงสร้างสาธารณูปโภคขั้นพื้นฐานในประเทศไทยอย่างครบวงจร ปัจจุบัน CK ลงทุนในโครงสร้างพื้นฐานของประเทศ ประกอบด้วย ระบบขนส่งมวลชน ผ่านบมจ.ทางด่วนและรถไฟฟ้ากรุงเทพ (BEM), ระบบน้ำ ผ่านบมจ.ที่ติดตั้งปลิว (TTW) และพลังงาน ผ่านบมจ.ซีเค พาวเวอร์ (CKP)

[www.ch-karnchang.co.th](http://www.ch-karnchang.co.th)

## Principal activities (revenue, 2023)

■ Construction services - 100.0 %

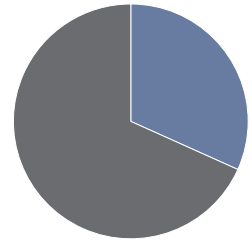


Source: CH.Karnchang

## Major shareholders

■ Trivisvavet Family - 31.7 %

■ Others - 68.3 %



Source: CH.Karnchang

## Catalysts

ปัจจัยหนุนการเติบโตคือ การรับงานใหม่เข้ามาเติม โดยความคืบหน้าของการผลักดันการลงทุนโครงสร้างพื้นฐานของภาครัฐจะเป็นประเด็นบวกสำคัญ โดยเฉพาะรถไฟฟ้าสายสีส้ม ซึ่ง BEM อยู่ระหว่างรอเซ็นสัญญา รวมถึงการเติบโตของเงินลงทุนในบริษัทร่วม

## Risks to our call

ความเสี่ยงต่อประมาณการ 1) ความล่าช้าของการเซ็นสัญญาโครงการรถไฟฟ้าสายสีส้ม 2) ความล่าช้าของการเปิดประมูลงานใหม่ และงานใหม่น้อยกว่าคาด 3) ความไม่แน่นอนทางการเมือง 4) ความคืบหน้าการก่อสร้างน้อยกว่าคาด และปัญหา Cost overrun 5) ต้นทุนวัสดุก่อสร้างสูงขึ้น, การขาดแคลนแรงงาน และการปรับขึ้นค่าแรง 6) ผลประกอบการบริษัทร่วม (BEM, CKP, LPCL) ต่ำกว่าคาด

## Event calendar

Date	Event
15 May 2024	1Q24 results announcement

## Key assumptions

	2024E	2025E	2026E
Construction revenue (THB m)	39,941	41,306	43,251
GPM (%)	7.0	7.1	7.3
SG&A to sales (%)	5.2	5.2	5.1
Associates (THB m)	1,748	1,831	2,042
Dividend income (THB m)	465	465	465

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in revenue, we estimate 2024 net profit to rise by 6.4%, and vice versa, all else being equal.
- For every 0.25% increase in GPM, we estimate 2024 net profit to rise by 4.3%, and vice versa, all else being equal.
- For every 5% increase in SG&A, we estimate 2024 net profit to fall by 4.2%, and vice versa, all else being equal.
- For every 5% increase in share profit from associates, we estimate 2024 net profit to rise by 4.3 %, and vice versa, all else being equal.

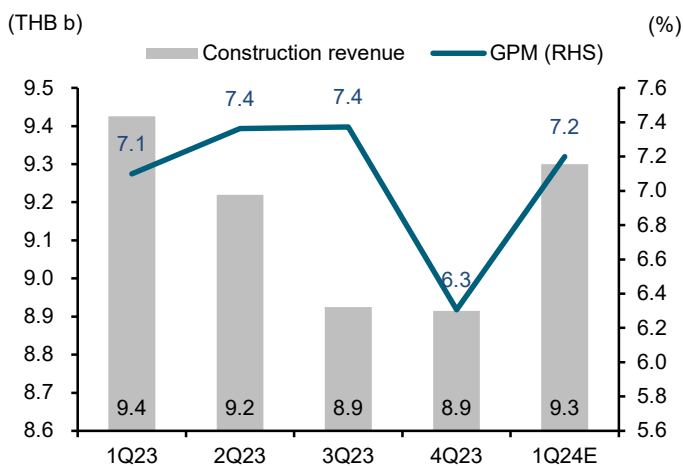
Source: FSSIA estimates

**Exhibit 1: CK – 1Q24 results preview**

	1Q23	2Q23	3Q23	4Q23	1Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	9,425	9,220	8,925	8,915	9,300	4.3	(1.3)
Cost of sales	8,756	8,541	8,267	8,353	8,630	3.3	(1.4)
Gross profit	669	679	658	562	670	19.1	0.1
SG&A	495	470	533	554	500	(9.7)	1.1
Operating profit	174	209	125	8	170	1,912.2	(2.8)
Other income	217	545	440	220	218	(1.1)	0.5
Interest expense	396	474	480	481	480	(0.1)	21.2
Tax expense	(10)	(23)	(19)	(32)	(12)	n/a	n/a
Associates	200	255	595	469	47	(90.0)	(76.5)
Reported net profit	217	486	641	156	(77)	n/a	n/a
Core profit	169	486	641	156	(77)	n/a	n/a
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	7.1	7.4	7.4	6.3	7.2	0.9	0.1
SG&A / Sales	5.2	5.1	6.0	6.2	5.4	(0.8)	0.1
Operating margin	1.9	2.3	1.4	0.1	1.8	1.7	(0.0)
Net margin	2.3	5.3	7.2	1.8	(0.8)	(2.6)	(3.1)
Norm margin	1.8	5.3	7.2	1.8	(0.8)	(2.6)	(2.6)

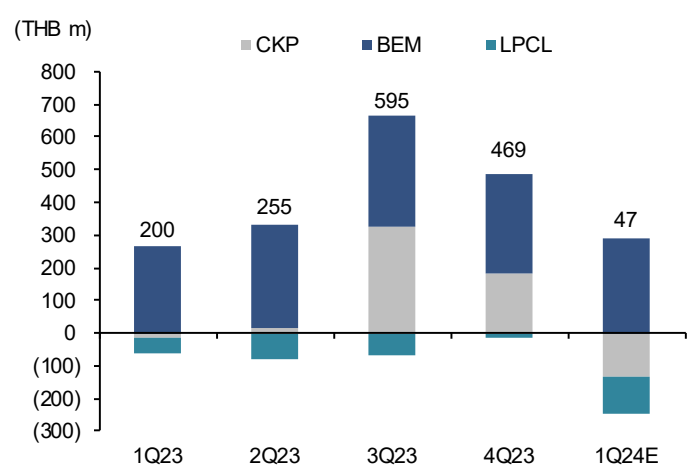
Sources: CK; FSSIA estimates

**Exhibit 2: Quarterly revenue and GPM**



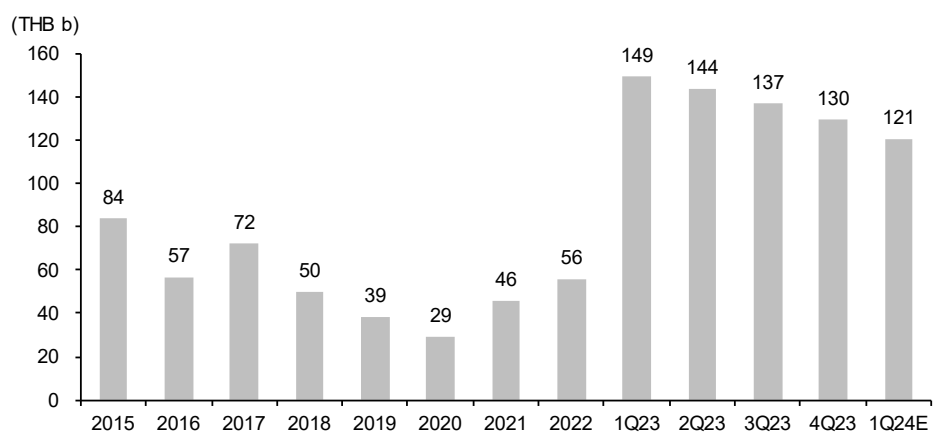
Sources: CK; FSSIA estimates

**Exhibit 3: Quarterly associates**



Sources: CK; FSSIA estimates

**Exhibit 4: Backlog**



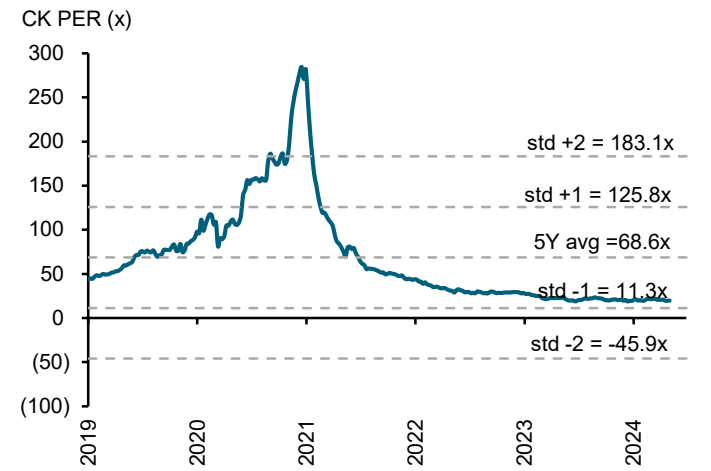
Sources: CK; FSSIA's compilations

Exhibit 5: Key projects targeted in 2024

Projects	Construction Value (MB)	Project Owner	Project Progress	Activities			
				Q1/24	Q2/24	Q3/24	Q4/24
MRT Orange Line : Taling Chan -Thailand Cultural Centre (Western Extension)	109,216	MRTA	Considerations for Proposals	Waiting for Signing Contract			
Red Line : Taling chan - Salaya	10,670	SRT	Cabinet Approved	Waiting for a Cabinet approval			
Red Line : Taling chan - Siriraj Hospital	4,694						
Red Line : Rangsit - Thammasat University	6,474						
Red Line : Bang Sue Hua Mark & Bang Sue - HuaLamphong (Missing Link)	44,158						
Double Track : Khonkaen – Nong Khai	28,759	SRT	To Submit to MOT	TOR & Bidding Process		Signing Contract	
Double Track : Chira Junction - Ubonratchathani	36,000	SRT	To Submit to MOT	Waiting for a Cabinet approval		TOR & Bidding Process	
Double Track : Pak nam Pho – Den Chai	62,800	SRT	To Submit to MOT	Waiting for a Cabinet approval		TOR & Bidding Process	
Double Track : Hat Yai – Padang Besar	6,661	SRT	To Submit to MOT	Waiting for a Cabinet approval		TOR & Bidding Process	
Motorway : Western Outer Ring Road - Bang Khun Thian - Bang Bua Thong (M9)	46,000	DOH	Submit to PPP Board	Under MOT propose to cabinet for approval		TOR & Bidding Process	
Mortorway : Nakhon Pathom - Cha-am (M8)	61,000	DOH	Preparing PPP Report	Under propose to MOT		Under propose to Cabinet	
Motorway : Rangsit- Bang pa - in (M5)	25,000	DOH	Preparing PPP Report	Under MOT propose to cabinet for approval		TOR & Bidding Process	
Bangkok International Airport Phase 3	36,829	AOT	Cabinet Approved	Design Process		TOR & Bidding Process	
Suvarnabhumi expansion (East)	10,000	AOT	Cabinet Approved	Design Process	Bidding Process		Signing & Construction
Bridge over Songkhla Lake	4,829	DOR	EIA Approved	Waiting for Cabinet Approval			
Koh Lanta Bridge 2 (Lanta Island – Krabi Mainland)	1,800	DOR	EIA Approved	Waiting for a Cabinet Approval			
Chalong Rat Expressway (Chatuchot – 3rd Outer Ring Road)	20,333	EXAT	Cabinet Approved	Under TOR process by EXAT		Signing & Construction	
<b>Total</b>	<b>515,223</b>						

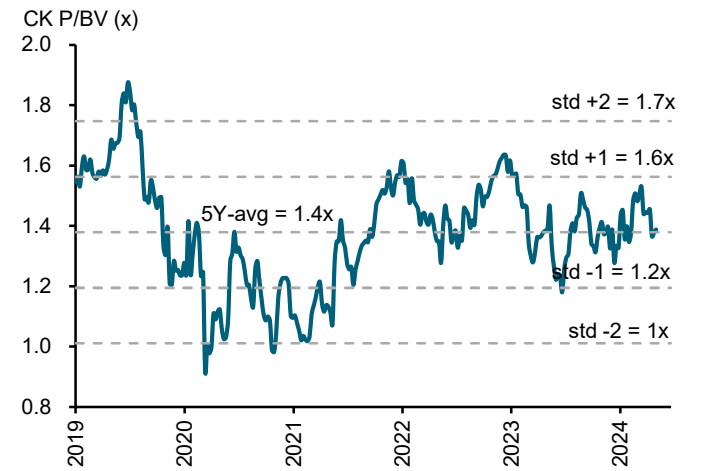
Source: CK

Exhibit 6: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## 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					
<b>Revenue by Division (THB m)</b>					
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)	2022	2023	2024E	2025E	2026E
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)	2022	2023	2024E	2025E	2026E
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	2022	2023	2024E	2025E	2026E
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>42.4</b>	<b>25.8</b>	<b>20.7</b>	<b>18.5</b>	<b>15.6</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)	33.9	24.9	20.7	18.5	15.6
Dividend yield (%)	1.1	1.4	1.9	2.2	2.6
Price/book (x)	1.6	1.5	1.4	1.3	1.3
Price/tangible book (x)	1.6	1.5	1.4	1.3	1.3
EV/EBITDA (x) **	53.6	28.1	25.6	24.6	23.0
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**

**38.06 /100**
**Exhibit 8: 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 9: 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
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](http://SETTRADE.com); FSSIA's compilation
**Exhibit 10: ESG score by Bloomberg**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	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
<b>ESG disclosure score</b>	<b>32.81</b>	<b>33.67</b>	<b>38.17</b>	<b>43.16</b>
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
<b>Environmental</b>				
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 11: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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 (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
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: 20px;"> <tr> <td style="padding-right: 10px;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="padding-right: 10px;"><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><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><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></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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<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																										
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

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

#### CH.Karnchang (CK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-May-2021	BUY	18.00	13-Aug-2021	BUY	23.00	10-Nov-2021	BUY	26.00

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 22.10	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 03-May-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.