

INTERLINK COMMUNICATION

THAILAND / INFORMATION&COMM TECH

ILINK TB

BUY

UNCHANGED

คาด 2Q24 ชะลอตามฤดูกาล

- คาดกำไรปกติ 2Q24 -25% q-q, -6% y-y เป็น 112 ล้านบาท เป็นไปตาม ITEL ขณะที่ธุรกิจ Distribution ยังโตได้ดี y-y แต่ลด q-q เพราะฤดูกาล
- ทำให้กำไร 1H24 คิดเป็น 52% ของประมาณการทั้งปี
- คงราคาเป้าหมาย 9.50 บาท แนะนำซื้อรับปันผล

TARGET PRICE	THB9.50
CLOSE	THB6.20
UP/DOWNSIDE	+53.2%
PRIOR TP	THB9.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.5%

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 (%)	-	1.1	7.9	13.7
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. (%)	-	-	-	-
EPS growth (%)	38.6	(5.6)	10.0	2.1
Core P/E (x)	6.3	6.7	6.1	6.0
Dividend yield (%)	6.3	6.2	6.5	6.5
EV/EBITDA (x)	6.5	6.0	5.6	5.4
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	63.5	44.6	42.2	38.9
ROE (%)	13.7	12.0	12.6	12.2

คาดกำไรปกติ 2Q24 -25% q-q, -6% y-y

เรคาด ILINK มีกำไรปกติ 112 ล้านบาทใน 2Q24 (-24.9% q-q, -6.2% y-y) สอดคล้องกับทิศทางของ ITEL ที่กำไรลดลง q-q เพราะฤดูกาลและลดลง y-y เพราะมาร์จินที่ลดลงจากปีก่อน สำหรับภาพรวมของผลประกอบการในไตรมาสนี้ เราคาดว่ารายได้ 1,627 ล้านบาท (-7.9% q-q, +21.8% y-y) รายได้ดังกล่าวมาจาก ILINK เอง 55% และ ITEL 45% นอกจากจะมาจาก ITEL ที่ลดลงแล้ว รายได้ของ ILINK ลดลง q-q ตามฤดูกาลเช่นกันเนื่องจากใน 2Q และ 4Q ของทุกปีไม่มีการจัดโปรโมชั่น ทำให้ยอดขายลดลงแต่มาร์จินจะดีขึ้น ส่วนรายได้ที่คาดเพิ่มขึ้น y-y มาจากทุกธุรกิจโดยเฉพาะธุรกิจวิศวกรรม (Engineering) ของ ILINK ที่ยังมีรายได้จากการส่งมอบงานเกาะเต่าและงานอื่นที่ส่งมอบตาม Backlog ขณะที่ธุรกิจ Distribution คาดว่ายังเห็นการเติบโตราว 10%

คาดว่ากำไรขั้นต้นชะลอเล็กน้อยแต่ยังอยู่ในเกณฑ์ดี

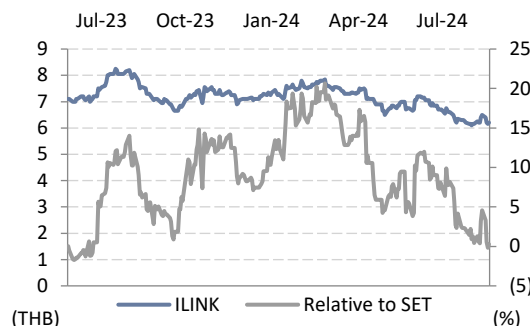
อัตรากำไรขั้นต้นโดยรวมคาดว่าจะชะลอเล็กน้อยทั้ง q-q และ y-y จากธุรกิจของ ITEL ขณะที่ธุรกิจ Distribution ของ ILINK เราคาดว่าอัตรากำไรขั้นต้นจะยังอยู่ในเกณฑ์สูงใกล้ 30% จาก product mix เพียงแต่ 2Q23 ทำอัตรากำไรขั้นต้นสูงมากจึงน่าจะเปรียบเทียบได้ยาก ส่วนธุรกิจ Engineering คาดว่าจะรักษาให้อยู่ในระดับ 14-15% ได้ตามเป้า แต่เทียบกับอัตรากำไรที่สูงเป็นพิเศษใน 1Q24 จึงลดลง ภาพรวมของอัตรากำไรขั้นต้นใน 2Q24 ที่เรคาด 25.0% ถือว่ายังอยู่ในเกณฑ์ดี การควบคุมค่าใช้จ่ายขายและบริหารยังเป็นไปอย่างมีประสิทธิภาพ

คงประมาณการ

หากเป็นไปตามคาด กำไร 1H24 จะอยู่ที่ 260 ล้านบาท +5.6% y-y และคิดเป็น 52% ของประมาณการทั้งปี เรายังคงประมาณการไว้ก่อนและอาจทบทวนอีกครั้งหลังประกาศผลประกอบการ 2Q24 โดยปกติผลประกอบการในช่วงครึ่งปีหลังมักสูงกว่าครึ่งปีแรก ทั้งนี้ เรายังรองานประมูลใหม่ในธุรกิจ Engineering ที่จะเข้ามาช่วยชดเชยงานเกาะเต่าที่มีกำหนดส่งมอบงานทั้งหมดในเดือน ก.ค. นี้

คงราคาเป้าหมาย 9.50 บาท คงคำแนะนำซื้อเพราะ Valuations ถูกและปันผลดี

เราคงราคาเป้าหมาย 9.50 บาท (SoTP อิงราคาเป้าหมายของ ITEL และใช้ Target P/E ของ ILINK 7.5 เท่า) ILINK มีฐานะทางการเงินแข็งแกร่ง สภาพคล่องสูง จ่ายปันผลสม่ำเสมอ ผลตอบแทนเฉลี่ยปีละ 5% คงคำแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.6)	(5.4)	(14.0)
Relative to country (%)	(2.6)	(4.3)	0.3
Mkt cap (USD m)	92		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	48		
Major shareholder	Interlink Holding Co Ltd (25%)		
12m high/low (THB)	8.30/6.00		
Issued shares (m)	543.63		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

เราคาด ILINK มีกำไรปกติ 112 ล้านบาทใน 2Q24 (-24.9% q-q, -6.2% y-y) สอดคล้องกับทิศทางของ ITEL ที่กำไรลดลง q-q เพราะฤดูกาลและลดลง y-y เพราะมาร์จิ้นที่ลดลงจากปีก่อน ส่วนรายได้ของ ILINK ลดลง q-q ตามฤดูกาลเช่นกันเนื่องจากใน 2Q และ 4Q ของทุกปีไม่มีการจัดโปรโมชั่น ทำให้ยอดขายลดลงแต่มาร์จิ้นจะดีขึ้น หากเป็นไปตามคาด กำไร 1H24 จะอยู่ที่ 260 ล้านบาท +5.6% y-y และคิดเป็น 52% ของประมาณการทั้งปี เรายังคงประมาณการไว้ก่อนและอาจทบทวนอีกครั้งหลังประกาศผลประกอบการ 2Q24 โดยปกติผลประกอบการในช่วงครึ่งปีหลังมักสูงกว่าครึ่งปีแรก

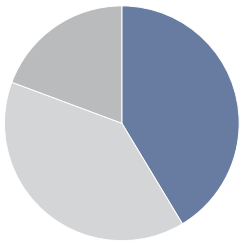
Company profile

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

www.interlink.co.th

Principal activities (revenue, 2023)

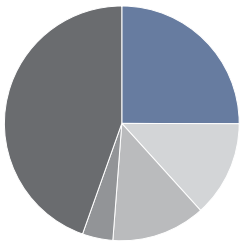
- Distribution - 41.4 %
- Telecom - 39.3 %
- Engineering service (EPC) - 19.3 %



Source: Interlink Communication

Major shareholders

- Interlink Holding Co Ltd - 25.1 %
- Mr. Sombat Anuntarumporn - 13.2 %
- Ms. Chalida Anuntarumporn - 12.9 %
- Thai NVDR Co., Ltd. - 4.2 %
- Others - 44.6 %



Source: Interlink Communication

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
14 August 2024	2Q24 earnings announcement

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Distribution	3,087	3,273	3,469
Gross margin	26.2	26.2	26.0
Telecom	3,293	3,632	3,741
Gross margin	23.1	23.3	22.9
Engineering	1,213	1,077	1,017
Gross margin	8.9	8.0	7.8
SG&A to sales (%)	9.3	9.1	9.3

Source: FSSIA estimates

Earnings sensitivity

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

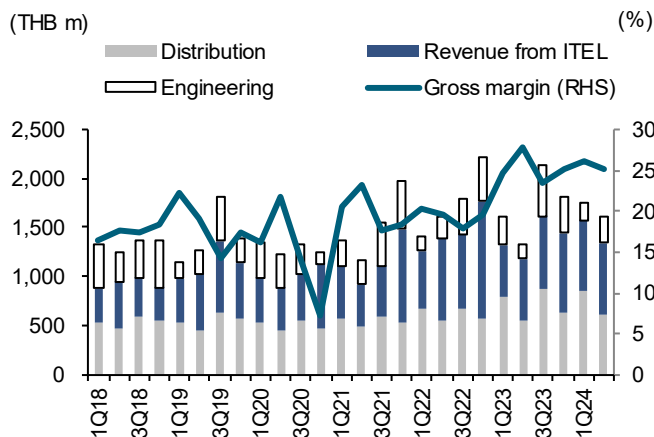
Source: FSSIA estimates

Exhibit 1: ILINK - 2Q24 earnings preview

Year to Dec 31	2Q23	3Q23	4Q23	1Q24	2Q24E	----- Change -----		1H23	1H24E	Change	2024E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)	(y-y %)	2024E
Sales	1,335	2,136	1,808	1,766	1,627	(7.9)	21.8	2,955	3,393	14.8	7,594	10.1	44.7
Cost of sales	(965)	(1,637)	(1,353)	(1,303)	(1,220)	(6.4)	26.4	(2,185)	(2,523)	15.5	(5,916)	14.3	42.6
Gross profit	370	499	455	463	407	(12.1)	10.0	770	870	12.9	1,678	(2.7)	51.9
Operating costs	(135)	(207)	(214)	(181)	(187)	3.1	38.2	(303)	(368)	21.6	(706.2)	(2.5)	52.2
Operating profit	235	291	241	282	220	(21.9)	(6.3)	468	502	7.3	1,013.3	(6.1)	49.5
Operating EBITDA	339	402	386	400	337	(15.9)	(0.6)	676	737	9.0	1,412.6	(3.9)	52.2
Other income	9	12	46	13	11	(12.4)	22.3	21	24	16.4	41.8	(46.7)	58.4
Interest expense	(45)	(47)	(48)	(44)	(44)	(0.3)	(2.5)	(86)	(88)	2.8	(169.0)	(6.3)	52.2
Profit before tax	199	257	239	250	187	(25.2)	(5.8)	403	438	8.7	844.3	(6.0)	51.9
Tax	40	51	48	51	37	(25.8)	(6.1)	84	88	5.3	(168.9)	(7.4)	(52.1)
Minority interests	(40)	(48)	(62)	(50)	(37)	(26.0)	(7.5)	(71)	(87)	23.2	(170.1)	(5.9)	51.2
Reported net profit	119	157	128	203	112	(44.9)	(6.2)	246	314	27.5	502.0	(5.6)	62.6
Core profit	119	157	128	149	112	(24.9)	(6.2)	246	260	5.6	502.0	(5.6)	51.8
Reported EPS (THB)	0.22	0.29	0.24	0.37	0.21	(44.5)	(6.3)	0	1	28.1	0.92	(5.8)	62.3
Core EPS (THB)	0.22	0.29	0.24	0.27	0.21	(24.9)	(6.2)	0	0	5.6	0.92	(5.6)	51.8
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)	(ppt)	
Gross margin	27.7	23.4	25.2	26.2	25.0	(1.2)	(2.7)	26.1	25.6	(0.4)	22.1	(2.9)	
Operating margin	18.3	14.2	15.9	16.7	14.2	(2.5)	(4.1)	15.8	14.8	(1.0)	13.3	(2.3)	
EBITDA margin	25.4	18.8	21.3	22.7	20.7	(2.0)	(4.7)	22.9	21.7	(1.2)	18.6	(2.7)	
Recurring net margin	8.9	7.3	7.1	8.4	6.9	(1.6)	(2.0)	8.3	7.7	(0.7)	6.6	(1.1)	
SG&A / Sales	10.1	9.7	11.8	10.3	11.5	1.2	1.4	10.3	10.9	0.6	9.3	(1.2)	
Revenue structure	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)	(y-y %)	
Distribution	561	867	641	861	617	(28.3)	10.0	1,346	1,479	9.8	3,087	8.2	
Telecom	621	746	802	709	723	2.0	16.4	1,164	1,433	23.1	3,293	21.4	
Engineering	153	523	364	179	270	50.7	77.0	445	449	0.9	1,213	(9.0)	
Medical supplies	0	0	0	16	16	(0.0)	nm	0	32	nm	100	nm	
Gross margin by BU	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)				(%)	(ppt)	
Distribution	31.2	26.4	29.3	26.7	29.0	2.3	(2.2)	29.5	27.7	(1.8)	26.2	(2.3)	
Telecom	28.2	25.4	26.5	26.0	25.3	(0.8)	(2.9)	14.5	9.8	(4.7)	23.1	(3.6)	
Engineering	13.2	15.3	15.0	22.8	14.0	(8.8)	0.8	34.7	50.7	16.0	8.9	(5.0)	
Medical supplies	0	0	0	46.5	46.0	(0.5)	nm	0.0	245.8	nm	16.7	nm	

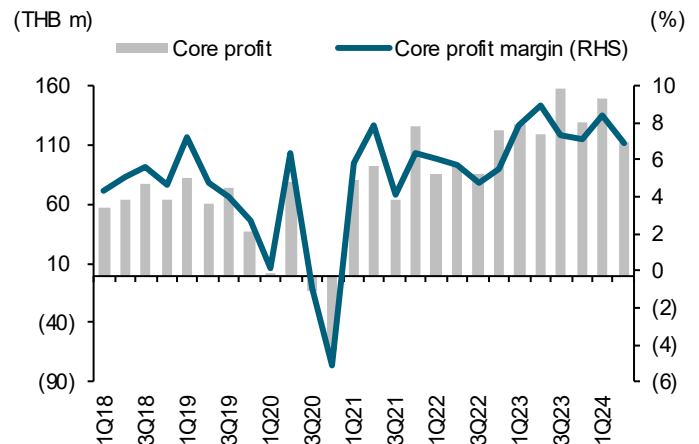
Sources: ILINK, FSSIA estimates

Exhibit 2: Revenue structure and gross margin



Sources: ILINK, FSSIA estimates

Exhibit 3: Core profit and core profit margin



Sources: ILINK, FSSIA estimates

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)
Gross profit	1,355	1,724	1,678	1,789	1,837
Other operating income	57	78	42	44	46
Operating costs	(557)	(724)	(706)	(726)	(765)
Operating EBITDA	1,211	1,470	1,413	1,513	1,533
Depreciation	(356)	(392)	(399)	(407)	(415)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	855	1,079	1,013	1,106	1,118
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
Profit before tax	683	894	841	933	950
Tax	(141)	(182)	(169)	(187)	(190)
Profit after tax	542	712	672	746	759
Minority interests	(158)	(181)	(170)	(194)	(196)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	383	532	502	552	564
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	383	532	502	552	564
Per share (THB)					
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
Growth					
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
Operating performance					
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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
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)
Cash flow from operations	1,647	50	1,554	691	1,315
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)
Cash flow from investing	(421)	(864)	(257)	(418)	(436)
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
Cash flow from financing	(1,230)	736	(1,050)	(324)	(22)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	136	179	0	0	0
Net other adjustments	136	179	(4)	(4)	(762)
Movement in cash	131	100	243	(55)	95
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

Per share (THB)

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

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
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)
Tangible fixed assets (net)	4,372	4,636	4,662	4,645	4,620
Intangible fixed assets (net)	358	436	441	447	452
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
Current assets	5,785	6,641	6,241	6,291	6,484
Other assets	991	1,230	1,052	1,102	1,135
Total assets	11,599	13,033	12,486	12,574	12,781
Common equity	3,665	4,083	4,277	4,512	4,759
Minorities etc.	1,925	2,187	2,209	2,231	2,253
Total shareholders' equity	5,591	6,270	6,486	6,743	7,012
Long term debt	1,114	1,400	1,420	1,372	1,297
Other long-term liabilities	737	83	91	96	99
Long-term liabilities	1,851	1,483	1,511	1,468	1,395
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
Current liabilities	4,157	5,280	4,489	4,363	4,374
Total liabilities and shareholders' equity	11,599	13,033	12,486	12,574	12,781
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

Per share (THB)

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

Financial strength

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

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	8.8	6.3	6.7	6.1	6.0
Recurring P/E @ target price (x) *	13.5	9.7	10.3	9.4	9.2
Reported P/E (x)	8.8	6.3	6.7	6.1	6.0
Dividend yield (%)	3.2	6.3	6.2	6.5	6.5
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	1.0	0.9	0.9	0.8	0.8
EV/EBITDA (x) **	6.3	6.5	6.0	5.6	5.4
EV/EBITDA @ target price (x) **	7.8	7.7	7.3	6.8	6.6
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.8

* 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.
★★☆☆☆	>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 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](https://www.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
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	9 / 3 / 1
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	Size of audit committee / ID	4 / 4
Social		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee / ID	3 / 2
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	Size of nomination committee / ID	3 / 2
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.)	1,645
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 THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level by Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <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&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 & 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+										
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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	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; >25 to 50 = satisfactory; >50 to 75 = good; and >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

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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 6.20	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 18-Jul-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.