

# PYLON PYLON TB

## THAILAND / CONSTRUCTION SERVICES

**HOLD**  
 UNCHANGED

### คาดการณ์ 2H24 ทயอยฟื้น แต่ยังไม่สดใส

- Backlog ทรงตัวไม่สูง 745 ล้านบาท ท่ามกลางงานในตลาดซบเซาและแข่งขันรุนแรง
- คาดการณ์ปี 2024 -79% y-y เหลือ 22 ล้านบาท แนวโน้ม 2H24 ฟื้น h-h จากเริ่มงาน 2 โครงการ ส่วนปี 2025 คาด +125% y-y จากฐานต่ำและหวังรับงานภาครัฐมากขึ้น
- ประเมินราคาเหมาะสมปี 2025 ที่ 2.40 บาท แนะนำถือ รอความชัดเจนรับงานใหม่

#### ผลประกอบการ 2Q24 พลิกขาดทุน จากโครงการใหม่เลื่อนการเริ่มงาน

PYLON รายงานผลประกอบการ 2Q24 พลิกเป็นขาดทุนสุทธิ 6.7 ล้านบาท (เทียบกับกำไรสุทธิ 1.2 ล้านบาทใน 1Q24 และ 11.4 ล้านบาทใน 2Q23) สาเหตุจากรายได้หดตัวเหลือ 160 ล้านบาท (-22% q-q, -48% y-y) เนื่องจากงานใหม่อย่างโรงแรม Hatai (มูลค่า 200 ล้านบาท) เลื่อนเริ่มงานเป็นเดือนมิ.ย. ทำให้อัตราการใช้เครื่องจักรลดลงเป็น 6-8 ชุด จาก 10 ชุดใน 1Q24 และ 2Q23 บวกกับการแข่งขันรุนแรงในตลาด กดดันให้อัตรากำไรขั้นต้นปรับลดเป็น 6.8% จาก 7.4% ใน 1Q24 และ 12.1% ใน 2Q23

#### งานใหม่ยังท้าทายและแข่งขันสูง คาดหวังงานภาครัฐหนุนปีหน้า

Backlog สิ้นเดือนส.ค.อยู่ที่ 745 ล้านบาท ส่วนใหญ่รับรู้ 2H24 เป็นงานขนาดเล็กและแข่งขันสูง โดยสัดส่วน 92% เป็นงานค่าแรงรวมวัสดุซึ่งมาร์จินต่ำกว่ารับเฉพาะค่าแรง (เทียบกับ 2Q23 ที่ 74%) ขณะที่ผู้บริหารเผยว่าตลาดฐานรากยังซบเซาและเผชิญการแข่งขันราคาที่รุนแรง ฟังพาลักจากงานเอกชนและอสังหาฯในช่วงที่เหลือของปี อย่างไรก็ตาม เริ่มมีสัญญาณรัฐบาลเตรียมผลักดันงานประมูล แต่ยังต้องรอความชัดเจนของนโยบาย ขณะที่โครงการที่มีโอกาสเริ่มก่อสร้างปีหน้าและ PYLON มีศักยภาพร่วมรับงาน อาทิ รถไฟฟ้าสีส้ม, ทางด่วน Double Deck, รถไฟฟ้าความเร็วสูงเชื่อม 3 สนามบิน, Makasan Complex, มอเตอร์เวย์ M9, ทางด่วนจตุโชติ และสนามบินอู่ตะเภา

#### ประเมินกำไรปี 2024 -79% y-y แต่ทิศทาง 2H24 และปี 2025 คาดทยอยฟื้น

เราประเมินกำไรสุทธิปี 2024 ที่ 22 ล้านบาท (-79% y-y) โดยแนวโน้ม 2H24 คาดฟื้นตัว h-h จากเริ่มงานโรงแรม Hatai (มูลค่า 200 ล้านบาท) และโครงการ Embassy Wireless (มูลค่า 100 ล้านบาท) ในเดือนมิ.ย.-พ.ย. 2024 ผลักดันให้อัตราการใช้เครื่องจักร 3Q-4Q24 คาดเร่งขึ้นเป็น 12-14 ชุด เบื้องต้นประเมินกำไร 3Q24 ที่ 10-15 ล้านบาท (จากขาดทุน 8 ล้านบาทใน 2Q24 และกำไร 3 ล้านบาทใน 3Q23) ขณะที่ปี 2025 คาดกำไร 49 ล้านบาท (+125% y-y) ฟื้นจากฐานต่ำบนความคาดหวังรับงานภาครัฐมากขึ้น ประเด็นหากปรับเพิ่มค่าแรงขั้นต่ำเป็น 400 บาท/วัน (จาก 345 บาท) มองกระทบไม่มาก เนื่องจากเป็นงานระยะสั้น โดยประเมินกระทบต้นทุนเพิ่ม 0.6% อิงค่าแรงคิดเป็น 16% ของต้นทุนรวม และมีส่วนจางรายวัน 36% ของแรงงานทั้งหมด

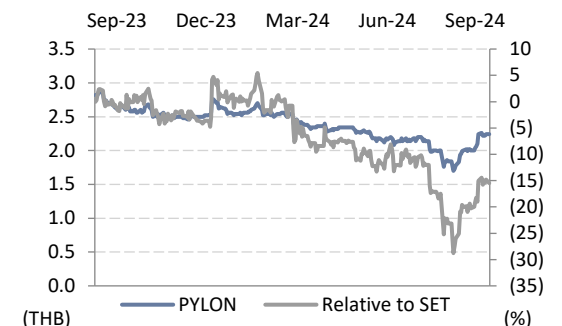
#### ประเมินราคาเหมาะสมปี 2025 ที่ 2.40 บาท รอ Catalyst จากการรับงานใหม่

เราประเมินราคาเหมาะสมปี 2025 ที่ 2.40 บาท อิง PBV 1.7x (ค่าเฉลี่ยอดีต-1.75SD) แม้คาดการณ์ฟื้นใน 2H24 และปี 2025 แต่ยังต่ำกว่าปี 2022-2023 อยู่มาก ประกอบกับหุ้นมี Upside จำกัด จึงแนะนำถือ เชิงกลยุทธ์และรอความชัดเจนรับงานใหม่ โดยเฉพาะรถไฟฟ้าความเร็วสูงเชื่อม 3 สนามบินซึ่งอยู่ระหว่างแก้ไขสัญญาและคาดว่าจะได้ข้อสรุปสิ้นปีนี้

TARGET PRICE	THB2.40
CLOSE	THB2.24
UP/DOWNSIDE	+7.1%
PRIOR TP	THB2.70
CHANGE IN TP	-11.1%
TP vs CONSENSUS	-3.8%

#### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,483	1,005	1,115	1,200
Net profit	106	22	49	57
EPS (THB)	0.14	0.03	0.07	0.08
vs Consensus (%)	-	(65.5)	(47.4)	(40.7)
EBITDA	215	113	152	162
Recurring net profit	102	19	49	57
Core EPS (THB)	0.14	0.02	0.07	0.08
Chg. In EPS est. (%)	nm	(80.8)	(52.2)	nm
EPS growth (%)	(7.9)	(81.8)	164.2	15.9
Core P/E (x)	16.4	89.9	34.0	29.4
Dividend yield (%)	6.3	1.3	2.9	3.4
EV/EBITDA (x)	7.4	13.3	10.1	9.6
Price/book (x)	1.6	1.6	1.6	1.6
Net debt/Equity (%)	(7.8)	(17.6)	(14.6)	(12.3)
ROE (%)	9.8	1.8	4.7	5.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	25.8	3.7	(22.2)
Relative to country (%)	14.2	(5.6)	(16.5)
Mkt cap (USD m)	51		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	41		
Major shareholder	Sangarayakul Family (55%)		
12m high/low (THB)	2.92/1.66		
Issued shares (m)	749.87		

Sources: Bloomberg consensus; FSSIA estimates


**Thanyatorn Songwutti**

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

### Investment thesis

ผลประกอบการ PYLON พลิกเป็นขาดทุนใน 2Q24 แต่คาดเป็นจุดต่ำสุดแล้ว แนวโน้ม 2H24 คาดพลิกกลับมาเป็นกำไรแต่ยังเป็นระดับอ่อนแอ เนื่องจากงานในมือเป็นเอกชนขนาดเล็กซึ่งมีค่าแรงรวมวัสดุและการแข่งขันรุนแรง ทำให้ค่ากำไรปี 2024 หดตัวแรง ก่อนทยอยฟื้นในปี 2025 แต่ยังระดับต่ำกว่าปี 2022-2023 ท่ามกลางความหวังมีส่วนร่วมในโครงการที่เปิดประมูลไปแล้ว โดยให้น้ำหนักรถไฟความเร็วสูงเชื่อม 3 สนามบิน ขณะที่โครงการประมูลใหม่ยังต้องรอความชัดเจนของนโยบายและการใช้งบประมาณของรัฐบาลใหม่ซึ่งอาจคืบหน้าปี 2025 และเริ่มก่อสร้างปี 2026

### Company profile

PYLON ก่อตั้งในปี 2002 ประกอบธุรกิจรับเหมาก่อสร้างงานฐานรากให้กับภาครัฐและภาคเอกชน ซึ่งงานภาครัฐส่วนใหญ่เกี่ยวข้องกับงานโครงสร้างและสาธารณูปโภคพื้นฐาน อาทิ งานทางรถไฟยกระดับ, ทางด่วน เป็นต้น ส่วนงานเอกชนจะเกี่ยวข้องกับที่อยู่อาศัย โรงพยาบาล และอาคารสำนักงาน โดยบริษัทรับงานจากทั้งเจ้าของโครงการโดยตรงและผู้รับเหมาหลัก (Main Contractor) แบ่งประเภทออกเป็น 3 งานหลักคือ งานเสาเข็มเจาะแบบกลม (Bored Pile), งานกำแพงกันดินชนิด Diaphragm หรือเสาเข็มเจาะแบบเหลี่ยม (Barrette Pile) และงานปรับปรุงคุณภาพดินโดยวิธีอัดฉีดซีเมนต์ด้วยแรงดันสูง (Jet Grouting).

[www.pylon.co.th](http://www.pylon.co.th)

### Principal activities (revenue, 2023)

Bored Piles - 80.0 %

Diaphragm Wall/ Barrette Pile - 19.8 %

Ground Improvement - 0.2 %

Source: Pylon

### Major shareholders

Sangarayakul Family - 54.5 %

Others - 45.5 %

Source: Pylon

### Catalysts

ปัจจัยหนุนการเติบโตคือ การรับงานใหม่เข้ามาเต็ม โดยเฉพาะงานเอกชนขนาดใหญ่ และงานโครงสร้างพื้นฐานของภาครัฐ อาทิ รถไฟฟ้าสายสีส้ม และทางด่วน โดยให้น้ำหนักกับโครงการรถไฟความเร็วสูงเชื่อม 3 สนามบิน (มูลค่างานฐานราก 400 ล้านบาท) ซึ่ง ITD เป็นผู้รับเหมาหลัก และ PYLON เคยได้รับคัดเลือกเป็นผู้รับงานฐานรากในช่วงก่อนการแก้สัญญาใน 3Q21

### Risks to our call

ความเสี่ยงต่อประมาณการ 1) การเซ็นสัญญางานใหม่น้อยกว่าคาด 2) ความล่าช้าของการเปิดประมูลงานใหม่ 3) ความไม่แน่นอนทางการเมือง 4) ความล่าช้าของการก่อสร้าง และปัญหา Cost overrun 5) ต้นทุนวัสดุก่อสร้างสูงขึ้น, การขาดแคลนแรงงาน และการปรับขึ้นค่าแรง 6) การแข่งขันรุนแรง

Date	Event
November 2024	3Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
Revenue (THB m)	1,005	1,115	1,200
GPM (%)	10.5	13.0	13.0
SG&A to revenue (%)	8.6	7.9	7.5
New projects signed (THB m)	750	1,200	1,200

Source: FSSIA estimates

- ### Earnings sensitivity
- For every 2% increase in revenue, we estimate 2024 net profit to rise by 8%, and vice versa, all else being equal.
  - For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 19%, and vice versa, all else being equal.
  - For every 5% increase in SG&A, we estimate 2024 net profit to fall by 16%, and vice versa, all else being equal

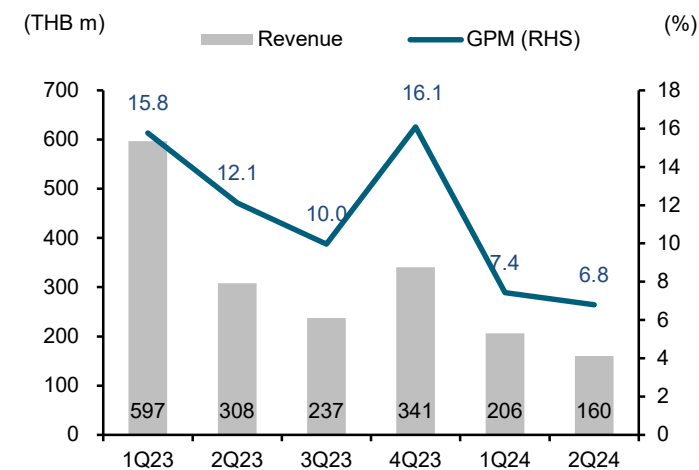
Source: FSSIA estimates

### Exhibit 1: PYLON - 2Q24 results summary

	2Q23	3Q23	4Q23	1Q24	2Q24	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	308	237	341	206	160	(22.3)	(48.1)
Cost of sales	271	214	286	191	149	(21.8)	(44.9)
Gross profit	37	24	55	15	11	(29.0)	(70.9)
SG&A	24	20	22	18	22	26.0	(9.0)
Operating profit	13	4	33	(2)	(11)	na	na
Interest expense	0.4	0.3	0.3	0.3	0.3	7.8	(3.4)
Tax expense	2	1	6	(0)	(2)	na	na
Reported net profit	11	4	30	1	(7)	na	na
Core profit	11	3	27	(0)	(8)	na	na
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	12.1	10.0	16.1	7.4	6.8	(0.6)	(5.3)
SG&A / Sales	7.9	8.4	6.3	8.5	13.9	5.3	5.9
Operating margin	4.2	1.5	9.8	(1.1)	(7.1)	(6.0)	(11.3)
Net margin	3.7	1.8	8.7	0.6	(4.2)	(4.8)	(7.9)
Norm margin	3.6	1.4	8.1	(0.2)	(5.2)	(4.9)	(8.7)

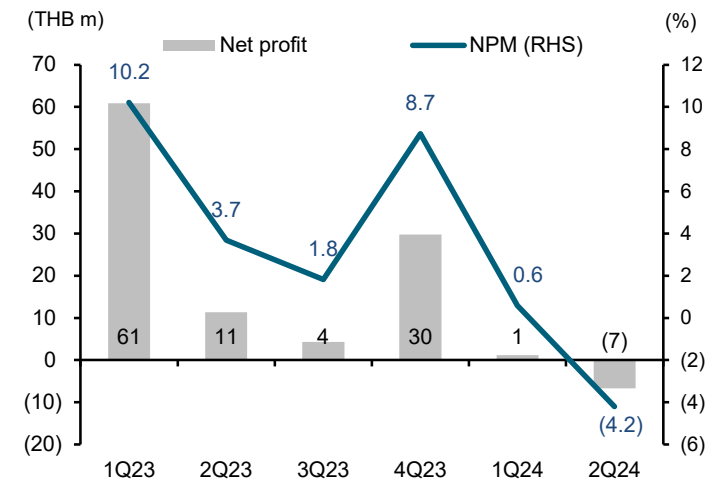
Sources: PYLON; FSSIA's compilation

### Exhibit 2: Quarterly revenue and GPM



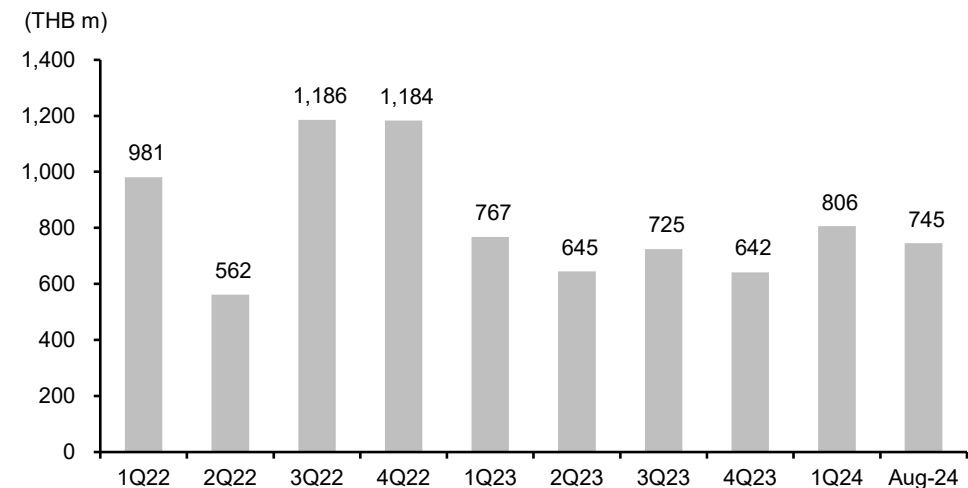
Sources: PYLON; FSSIA's compilation

### Exhibit 3: Quarterly net profit and NPM

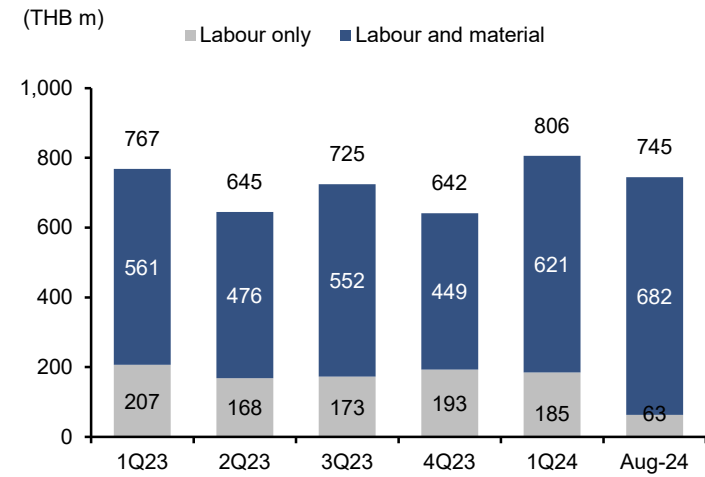


Sources: PYLON; FSSIA's compilation

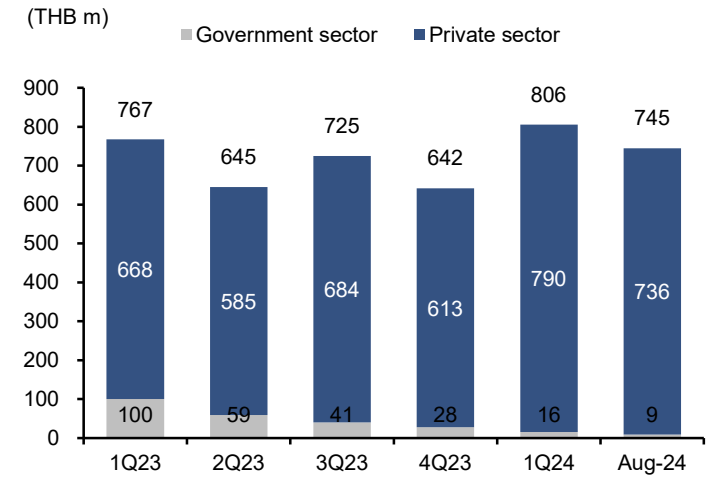
### Exhibit 4: Backlog



Sources: PYLON; FSSIA's compilation

**Exhibit 5: Backlog breakdown by type of work**


Sources: PYLON; FSSIA's compilation

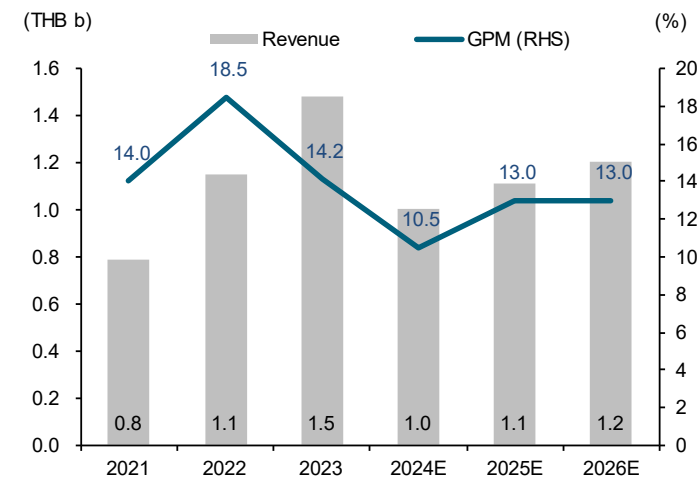
**Exhibit 6: Backlog breakdown by project owner**


Sources: PYLON; FSSIA's compilation

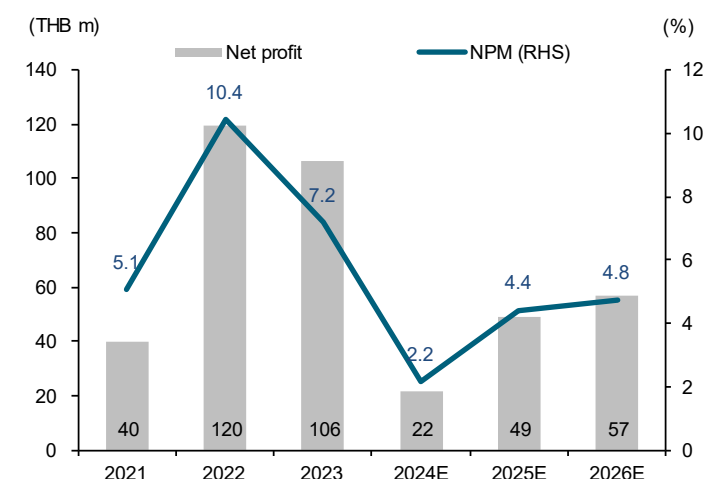
**Exhibit 7: Major projects in current backlog**

Project	Type of work	Project period
Hatai-Narai Hotel	Labour and material	Jun 24 – Nov 24
Embassy Wireless	Labour and material	Jun 24 – Nov 24
Project O	Labour and material	Oct 24 – Mar 25
Noww Mega Bangna	Labour and material	Nov 24 – Jan 25
Data Evolution Center	Labour and material	Jul 24 – Sep 24
Project 20-861	Labour and material	2022-2025
AP Condominium	Labour only	Sep 24 – Nov 24
Bang Ban Project	Labour only	2023-2024

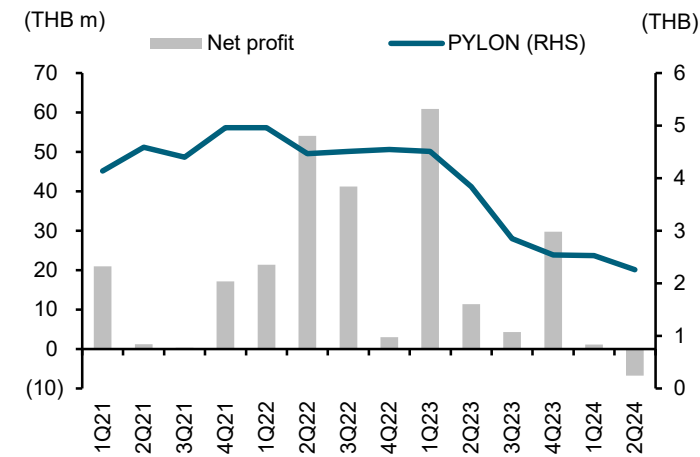
Sources: PYLON; FSSIA's compilation

**Exhibit 8: Yearly revenue and GPM**


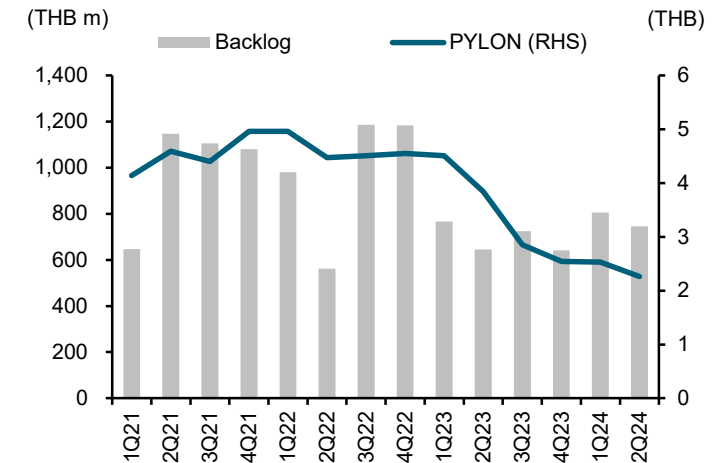
Sources: PYLON; FSSIA estimates

**Exhibit 9: Yearly net profit and NPM**


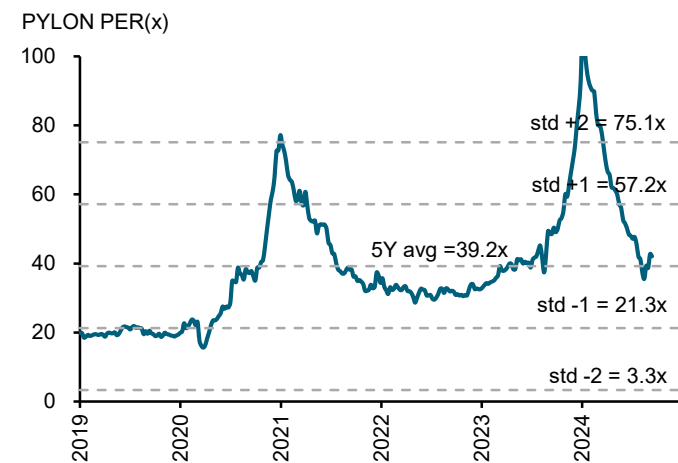
Sources: PYLON; FSSIA estimates

**Exhibit 10: Quarterly net profit and share price**


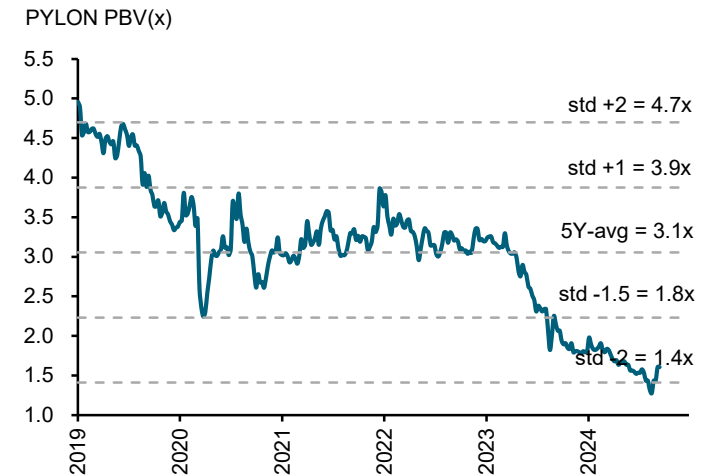
Sources: Bloomberg; FSSIA's compilation

**Exhibit 11: Quarterly backlog and share price**


Sources: Bloomberg; FSSIA's compilation

**Exhibit 12: Historical P/E band**


Sources: Bloomberg; FSSIA estimates

**Exhibit 13: Historical P/BV band**


Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Pylon

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,147	1,483	1,005	1,115	1,200
Cost of goods sold	(935)	(1,273)	(899)	(970)	(1,044)
<b>Gross profit</b>	<b>212</b>	<b>210</b>	<b>105</b>	<b>145</b>	<b>156</b>
Other operating income	11	4	6	6	7
Operating costs	(84)	(86)	(86)	(88)	(90)
<b>Operating EBITDA</b>	<b>234</b>	<b>215</b>	<b>113</b>	<b>152</b>	<b>162</b>
Depreciation	(94)	(87)	(88)	(89)	(90)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>139</b>	<b>128</b>	<b>25</b>	<b>63</b>	<b>72</b>
Net financing costs	(1)	(1)	(1)	(2)	(2)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	9	4	3	0	0
<b>Profit before tax</b>	<b>147</b>	<b>131</b>	<b>26</b>	<b>61</b>	<b>71</b>
Tax	(27)	(24)	(4)	(12)	(13)
<b>Profit after tax</b>	<b>120</b>	<b>106</b>	<b>22</b>	<b>49</b>	<b>57</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>120</b>	<b>106</b>	<b>22</b>	<b>49</b>	<b>57</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(9)</b>	<b>(4)</b>	<b>(3)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>111</b>	<b>102</b>	<b>19</b>	<b>49</b>	<b>57</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.15	0.14	0.02	0.07	0.08
Reported EPS	0.16	0.14	0.03	0.07	0.08
DPS	0.15	0.14	0.03	0.07	0.08
Diluted shares (used to calculate per share data)	750	750	750	750	750
<b>Growth</b>					
Revenue (%)	45.9	29.3	(32.2)	10.9	7.7
Operating EBITDA (%)	64.8	(7.9)	(47.6)	34.5	7.0
Operating EBIT (%)	208.8	(8.3)	(80.8)	154.6	15.5
Recurring EPS (%)	190.6	(7.9)	(81.8)	164.2	15.9
Reported EPS (%)	201.3	(11.2)	(79.4)	125.5	15.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	18.5	14.2	10.5	13.0	13.0
Gross margin exc. depreciation (%)	26.7	20.0	19.3	21.0	20.5
Operating EBITDA margin (%)	20.4	14.5	11.2	13.6	13.5
Operating EBIT margin (%)	12.2	8.6	2.4	5.6	6.0
Net margin (%)	9.7	6.9	1.9	4.4	4.8
Effective tax rate (%)	18.4	18.5	16.7	19.0	19.0
Dividend payout on recurring profit (%)	101.1	102.4	116.0	99.0	99.0
Interest cover (X)	105.7	99.7	16.4	39.2	43.9
Inventory days	23.0	16.8	21.3	20.8	19.9
Debtor days	90.3	89.3	103.0	79.8	81.0
Creditor days	68.5	48.5	69.0	65.8	65.5
Operating ROIC (%)	15.4	11.3	2.2	5.8	6.5
ROIC (%)	14.2	11.0	2.1	5.7	6.4
ROE (%)	11.0	9.8	1.8	4.7	5.5
ROA (%)	9.0	8.1	1.6	4.0	4.5

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Bored Piles	814	1,186	804	892	960
Diaphragm Wall/ Barrette Pile	0	294	198	220	236
Ground Improvement	333	3	3	3	4

Sources: Pylon; FSSIA estimates

## Financial Statements

### Pylon

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	111	102	19	49	57
Depreciation	94	87	88	89	90
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(270)	(98)	91	(23)	(14)
<b>Cash flow from operations</b>	<b>(65)</b>	<b>92</b>	<b>198</b>	<b>116</b>	<b>133</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(44)	(64)	(76)	(99)	(100)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(44)</b>	<b>(64)</b>	<b>(76)</b>	<b>(99)</b>	<b>(100)</b>
Dividends paid	(36)	(109)	(18)	(49)	(57)
Equity finance	0	0	0	0	0
Debt finance	(27)	7	0	4	2
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(64)</b>	<b>(102)</b>	<b>(18)</b>	<b>(45)</b>	<b>(55)</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>(172)</b>	<b>(74)</b>	<b>104</b>	<b>(28)</b>	<b>(22)</b>
Free cash flow to firm (FCFF)	(107.51)	29.17	123.77	18.36	34.68
Free cash flow to equity (FCFE)	(136.07)	34.89	122.39	20.76	35.03

#### Per share (THB)

FCFF per share	(0.14)	0.04	0.17	0.02	0.05
FCFE per share	(0.18)	0.05	0.16	0.03	0.05
Recurring cash flow per share	0.27	0.25	0.14	0.18	0.20

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,089	1,044	1,054	1,064	1,074
Less: Accumulated depreciation	(651)	(651)	(651)	(651)	(651)
<b>Tangible fixed assets (net)</b>	<b>438</b>	<b>392</b>	<b>402</b>	<b>412</b>	<b>422</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	0	0	0	0	0
Cash & equivalents	206	132	236	208	186
A/C receivable	390	336	231	256	276
Inventories	65	44	50	50	54
Other current assets	144	345	330	340	345
<b>Current assets</b>	<b>804</b>	<b>858</b>	<b>847</b>	<b>854</b>	<b>861</b>
Other assets	37	19	20	21	22
<b>Total assets</b>	<b>1,279</b>	<b>1,269</b>	<b>1,269</b>	<b>1,287</b>	<b>1,305</b>
Common equity	1,052	1,046	1,046	1,047	1,047
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>1,052</b>	<b>1,046</b>	<b>1,046</b>	<b>1,047</b>	<b>1,047</b>
Long term debt	36	42	40	43	45
Other long-term liabilities	3	3	3	3	4
<b>Long-term liabilities</b>	<b>39</b>	<b>45</b>	<b>43</b>	<b>46</b>	<b>49</b>
A/C payable	161	154	153	165	177
Short term debt	8	8	11	12	12
Other current liabilities	18	14	16	17	19
<b>Current liabilities</b>	<b>187</b>	<b>176</b>	<b>180</b>	<b>194</b>	<b>209</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,279</b>	<b>1,268</b>	<b>1,269</b>	<b>1,287</b>	<b>1,305</b>
Net working capital	419	558	443	464	478
Invested capital	894	969	865	897	923

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

#### Per share (THB)

Book value per share	1.40	1.40	1.40	1.40	1.40
Tangible book value per share	1.40	1.40	1.40	1.40	1.40

#### Financial strength

Net debt/equity (%)	(15.3)	(7.8)	(17.6)	(14.6)	(12.3)
Net debt/total assets (%)	(12.6)	(6.4)	(14.5)	(11.8)	(9.9)
Current ratio (x)	4.3	4.9	4.7	4.4	4.1
CF interest cover (x)	(68.7)	77.9	133.6	76.1	83.0

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>15.1</b>	<b>16.4</b>	<b>89.9</b>	<b>34.0</b>	<b>29.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>16.2</b>	<b>17.6</b>	<b>96.3</b>	<b>36.5</b>	<b>31.5</b>
Reported P/E (x)	14.0	15.8	76.7	34.0	29.4
Dividend yield (%)	6.7	6.3	1.3	2.9	3.4
Price/book (x)	1.6	1.6	1.6	1.6	1.6
Price/tangible book (x)	1.6	1.6	1.6	1.6	1.6
EV/EBITDA (x) **	6.5	7.4	13.3	10.1	9.6
EV/EBITDA @ target price (x) **	7.0	8.0	14.3	10.9	10.3
EV/invested capital (x)	1.7	1.6	1.7	1.7	1.7

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

Sources: Pylon; FSSIA estimates

# PYLON PCL (PYLON TB)

## FSSIA ESG rating


**20 /100**

### Exhibit 14: 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	<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.

Source: FSSIA estimates

### Exhibit 15: 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
PYLON	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
SEAFCO	n/a	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--
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	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 16: ESG disclosure from the company's one report

FY ending Dec 31		FY 2022	FY ending Dec 31		FY 2022
<b>Environmental</b>			<b>Governance</b>		
Climate change policy		Yes	<b>Board size / Independent directors (ID) / Female</b>		<b>9 / 4 / 0</b>
Climate change opportunities discussed		--	No. of board meetings for the year / % attendance		6 / 96.3%
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		--	Board age limit		No
Fuel used - crude oil/diesel		--	Age of the youngest / oldest director		48 / 81
Waste reduction policy		--	Number of executives / female		11 / 1
Water policy		Yes	Executive share ownership guidelines		No
Water consumption		--	<b>Size of audit committee / ID</b>		<b>3 / 3</b>
<b>Social</b>			Audit committee meetings		5
Human rights policy		Yes	Audit committee meeting attendance (%)		93.33
Policy against child labor		Yes	<b>Size of compensation committee</b>		<b>3 / 2</b>
Quality assurance and recall policy		Yes	Number of compensation committee meetings		2
Consumer data protection policy		--	Compensation committee meeting attendance (%)		100
Equal opportunity policy		Yes	<b>Size of nomination committee / ID</b>		<b>3 / 2</b>
Gender pay gap breakout		--	Number of nomination committee meetings		2
Pct women in workforce		Yes	Nomination committee meeting attendance (%)		100
Business ethics policy		Yes	Board compensation (THB m)		2,376
Anti-bribery ethics policy		Yes	Auditor fee (THB m)		0.88
Health and safety policy		Yes	<i>(Proud in Pro Company Limited.)</i>		
Lost time incident rate - employees		--			
Training policy		Yes			
Fair remuneration policy		Yes			
Number of employees - CSR		--			
Total hours spent by firm - employee training		--			
Social supply chain management		--			

Source: 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+										
NEGL	Low	Medium	High	Severe																		
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
<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																			
<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.																					
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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Pylon (PYLON TB)



Thanyatorn Songwutti started covering this stock from 14-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Pylon	PYLON TB	THB 2.24	HOLD	Downside risks to our P/E-based TP include 1) fewer new projects than expected; 2) bidding delays for new projects; 3) political uncertainty; 4) delays in construction; 5) labour shortages; 6) higher raw material and labour costs; and 7) intense competition. Upside risks would be 1) a higher-than-expected additional backlog and new auctions; and 2) the sooner-than-expected commencement of the high-speed train project linking three airports.

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 16-Sep-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.