7 OCTOBER 2024

EQUITY RESEARCH - COMPANY REPORT

INTERLINK TELECOM ITEL TB

THAILAND / INFORMATION&COMM TECH

ผลประกอบการส่งสัญญาณฟื้นใน 3Q24

- คาดกำไร 3Q24 ฟื้นตัวแม้จะต่ำกว่าศักยภาพเนื่องจากงานใหม่เข้ามาน้อย
- ได้ประโยชน์จากดอกเบี้ยขาลง ทุกการเปลี่ยนแปลงของอัตราดอกเบี้ย 0.5% มีผลต่อกำไรราว 4%
- คงคำแนะนำซื้อ จาก Valuation ที่ถูกด้วย 2024E-25E P/BV เพียง 0.7 เท่า

คาดผลประกอบการ 3Q24 ส่งสัญญาณทยอยฟื้นตัว

เราคาดรายได้รวมใน 3Q24 ฟื้นตัว +3.2% q-q แต่ยังค่อนข้างต่ำกว่าศักยภาพของบริษัท โดยคาด -22.2% y-y เป็น 580 ล้านบาท หลักๆ มาจากงานรับเหมาติดตั้ง (Installation) (ราว 35% ของรายได้รวม) ที่ยังมีเข้ามาค่อนข้างน้อย รายได้ที่เกิดขึ้นส่วนใหญ่มาจากการส่งมอบงานที่อยู่ใน Backlog นอกจากนี้ รายได้จากธุรกิจน้องใหม่ GLS (ราว 3% ของรายได้รวม) คาดว่าจะลดลงสู่ระดับปกติจากไตรมาสก่อนที่มีรายได้จากการขายอุปกรณ์ขนาดใหญ่ ขณะที่รายได้จากธุรกิจ Data service และ Data center ซึ่งมีลักษณะเป็น Recurring income คาดว่าจะทรงตัวใกล้เคียงไตรมาสก่อน

แต่ยังต่ำกว่าศักยภาพเนื่องจากงานประมูลใหม่เข้ามาน้อย

แนวโน้มต้นทุนและค่าใช้จ่ายขายและบริหาร รวมถึงดอกเบี้ยจ่าย คาดว่าค่อนข้างใกล้เคียงไตรมาสก่อน เราจึงคาดอัตรากำไรขั้นต้นที่ 25.3% ใกล้เคียง 3Q23 แต่สูงกว่า 2Q24 เพราะใน 2Q24 มีรายได้จากการขายอุปกรณ์ทางการแพทย์ซึ่งมีอัตรากำไรที่ต่ำกว่ารายได้บริการ เราคาด ITEL จะสร้างกำไรปกติได้ 37 ล้านบาทใน 3Q24 (+71.9% q-q, -46.4% y-y) คิดเป็นอัตรากำไรสุทธิต่อรายได้ 6.3% แม้ฟื้นจากฐานต่ำใน 2Q24 ที่ 3.8% แต่ต่ำกว่าเป้าของบริษัทที่ 10% ค่อนข้างมาก เราคาดว่ายังมีโอกาสเร่งตัวขึ้นใน 4Q24

ได้ประโยชน์จากดอกเบี้ยขาลง

จากประมาณการดังกล่าว แม้จะทำให้รายได้ 9M24 คิดเป็นเพียง 58% ของประมาณการรายได้ทั้งปี เรายังคงประมาณการไว้ก่อน เนื่องจาก Backlog ที่รอส่งมอบใน 2H24 มีสูงถึง 1.3 พันล้านบาท เชื่อว่าส่วนใหญ่จะส่งมอบในไตรมาสสุดท้าย และล่าสุดบริษัทชนะงานประมูลของ กฟภ. 59 ล้านบาท กำหนดแล้วเสร็จใน 330 วัน เข้ามาเติมใน Backlog สำหรับประเด็นเงินกู้และดอกเบี้ยจ่ายที่มีจำนวนค่อนข้างสูง ยังอยู่ในข้อกำหนดของธนาคารผู้ให้กู้ เราเชื่อว่าอยู่ในการบริหารจัดการของบริษัทได้ ทั้งนี้ ITEL จะได้ประโยชน์หากอัตราดอกเบี้ยเป็นขาลง เราประเมินทุกๆการเปลี่ยนแปลงของอัตราดอกเบี้ย 0.5% มีผลต่อกำไรราว 4%

คงคำแนะนำซื้อ จาก Valuation ที่ถูกด้วย 2024E-25E P/BV เพียง 0.7 เท่า

ปี 2024 กลายเป็นปีที่ท้าทายไม่แพ้ปี 2023 จากงานประมูลที่มีน้อยกว่าคาด ขณะเดียวกันอัตราดอกเบี้ยในตลาดอยู่ในระดับสูงต่อเนื่องจากปีก่อน กดดันทั้งรายได้และกำไรของ ITEL ที่พึ่งพาเงินกู้อัตราดอกเบี้ยลอยตัวค่อนข้างสูง เราอาจต้องทบทวนประมาณการกำไรปีนี้อีกครั้ง แต่ด้วย Valuations ถูกที่ P/E 9-10 เท่า PBV 0.7 เท่า จึงยังคงคำแนะนำซื้อ

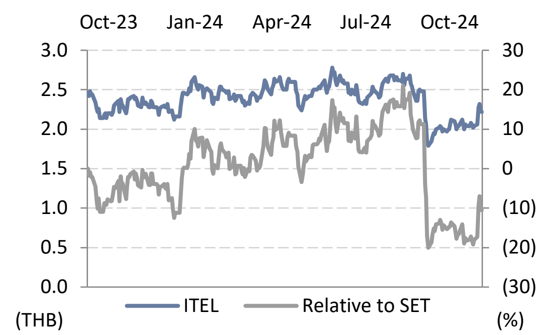
BUY

UNCHANGED

TARGET PRICE	THB3.40
CLOSE	THB2.22
UP/DOWNSIDE	+53.2%
PRIOR TP	THB3.40
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+17.5%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,714	3,238	3,569	3,826
Net profit	275	351	347	387
EPS (THB)	0.20	0.25	0.25	0.28
vs Consensus (%)	-	70.1	17.4	9.8
EBITDA	939	891	962	1,022
Recurring net profit	275	297	347	387
Core EPS (THB)	0.20	0.21	0.25	0.28
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(0.8)	7.9	17.1	11.3
Core P/E (x)	11.2	10.4	8.9	8.0
Dividend yield (%)	3.1	2.9	3.4	3.8
EV/EBITDA (x)	7.5	7.8	7.0	6.5
Price/book (x)	0.8	0.7	0.7	0.7
Net debt/Equity (%)	94.6	87.2	76.9	70.7
ROE (%)	7.4	7.4	8.2	8.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.0	(11.2)	(11.2)
Relative to country (%)	4.9	(20.0)	(10.8)

Mkt cap (USD m)	94
3m avg. daily turnover (USD m)	0.7
Free float (%)	47
Major shareholder	Interlink Communication PLC.. (49%)
12m high/low (THB)	2.92/1.79
Issued shares (m)	1,388.93

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

ปี 2023 เป็นปีที่บริษัทเผชิญความท้าทายหลายด้านทั้งอัตราดอกเบี้ยในตลาดที่ปรับสูงขึ้น ความล่าช้าในการจัดตั้งรัฐบาลซึ่งส่งผลกระทบต่องานประมูลใหม่ๆ และความมั่นใจในการลงทุนของภาคเอกชน

ปี 2024 กลายเป็นปีที่ท้าทายไม่แพ้ปี 2023 จากงานประมูลที่มีน้อยกว่าคาด ขณะเดียวกันอัตราดอกเบี้ยในตลาดอยู่ในระดับสูงต่อเนื่องจากปีก่อน กดดันทั้งรายได้และกำไรของ ITEL ที่พึ่งพาเงินกู้อัตราดอกเบี้ยลอยตัวค่อนข้างสูง เราอาจต้องทบทวนประมาณการกำไรปีนี้อีกครั้ง แต่ด้วย Valuations ถูกที่ P/E 9-10 เท่า PBV 0.7 เท่า จึงยังคงคำแนะนำซื้อ

Company profile

ITEL เป็นบริษัทในกลุ่ม ILINK ที่ต่อยอดมาจากธุรกิจจัดจำหน่ายอุปกรณ์และสายสัญญาณ ITEL ได้รับใบอนุญาตประกอบกิจการโทรคมนาคมแบบที่ 3 ประเภทมีโครงข่ายเป็นของตนเองจาก กสทช. เพื่อให้บริการวงจรสื่อสารความเร็วสูงเป็นเวลา 15 ปี

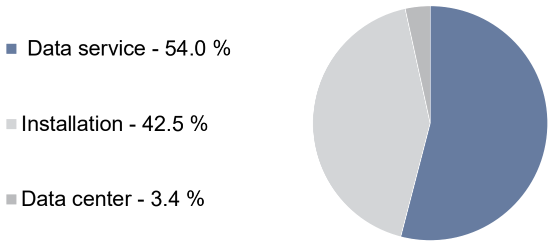
โครงสร้างรายได้ของ ITEL แบ่งเป็น 4 ส่วน

1. Data service ให้บริการเช่าโครงข่ายใยแก้วนำแสง
2. Installation ให้บริการติดตั้งโครงข่าย
3. Data center ให้บริการเช่าพื้นที่ดาต้าเซ็นเตอร์

Health service จัดจำหน่ายและให้บริการอุปกรณ์ทางการแพทย์

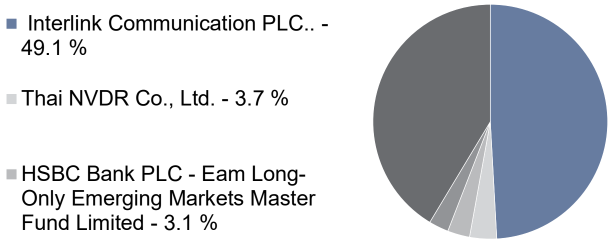
www.interlinktelecom.co.th

Principal activities (revenue, 2023)



Source: Interlink Telecom

Major shareholders



Source: Interlink Telecom

Catalysts

ปัจจัยหนุนการเติบโตได้แก่ 1) ความเชื่อมั่นของภาคเอกชนในการลงทุน 2) การเปลี่ยนแปลงของเทคโนโลยีทำให้เกิดการลงทุนทางด้านเทคโนโลยีใหม่ๆ 3) บริษัทประสบความสำเร็จในการประมูลงานที่มีมาร์จิ้นดี 4) อัตราดอกเบี้ยในตลาดปรับลง

Risks to our call

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

Event calendar

Date	Event
November 2024	3Q24 earnings preview

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Data service revenue	1,674	1,808	1,898
Gross margin (%)	23.7	24.0	23.9
Installation revenue	1,520	1,722	1,764
Gross margin (%)	22.0	22.1	22.0
Data center revenue	99	103	105
Gross margin (%)	30.0	30.0	30.0
GLS revenue	100	120	156
Gross margin (%)	28.2	28.5	28.5

Source: FSSIA estimates

Earnings sensitivity

- For every 10% change in THB to USD, we project ITEL's 2024 core profit to change by 1%, all else being equal.
- For every 1% change in blended gross margin, we project ITEL's 2024 core profit to change by 8%, all else being equal.
- For every 10% change in SG&A expense, we project ITEL's 2024 core profit to change by 4%, all else being equal.

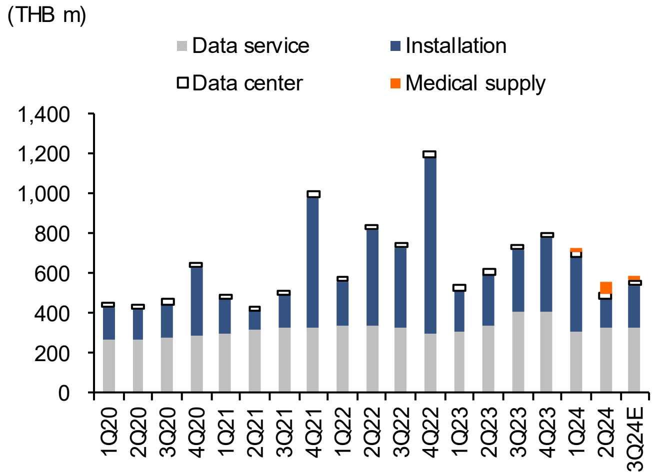
Source: FSSIA estimates

Exhibit 1: ITEL - 3Q24 earnings preview

Year to Dec 31	3Q23	4Q23	1Q24	2Q24	3Q24E	------ Change ------		9M23	9M24E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	2024E
Sales	746	803	726	562	580	3.2	(22.2)	1,911	1,868	(2.2)	57.7
Cost of sales	(557)	(591)	(535)	(427)	(433)	1.5	(22.1)	(1,399)	(1,395)	(0.3)	57.0
Gross profit	189	212	191	136	147	8.2	(22.4)	511	473	(7.5)	59.9
Operating costs	(53)	(61)	(52)	(59)	(50)	(15.1)	(5.1)	(151)	(161)	6.7	72.0
Operating profit	136	152	139	76	96	26.3	(29.2)	360	312	(13.4)	55.1
Operating EBITDA	232	237	242	181	202	11.1	(13.0)	636	625	(1.8)	72.7
Other income	8	19	8	7	6	(19.1)	(27.4)	27	21	(21.4)	68.4
Interest expense	(47)	(48)	(44)	(51)	(51)	(0.8)	8.6	(133)	(147)	10.2	74.9
Reported net profit	**68**	**82**	**123**	**21**	**37**	**71.9**	**(46.4)**	**191**	**181**	**(5.0)**	**51.6**
Core profit	**68**	**82**	**69**	**21**	**37**	**71.9**	**(46.4)**	**191**	**127**	**(33.3)**	**42.8**
Reported EPS (THB)	0.049	0.047	0.090	0.015	0.026	71.9	(46.4)	0.140	0.132	(5.9)	52.2
Core EPS (THB)	0.049	0.059	0.050	0.015	0.026	71.9	(46.4)	0.138	0.091	(33.7)	42.8
Key Ratios	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**	
Gross margin	25.4	26.4	26.3	24.1	25.3	1.2	(0.1)	26.8	25.3	(1.4)	
Operating margin	18.3	18.9	19.2	13.6	16.6	3.0	(1.6)	19.2	16.7	(2.5)	
EBITDA margin	31.1	29.5	33.3	32.3	34.7	2.5	3.7	33.3	33.4	0.1	
Core profit margin	9.2	10.2	9.5	3.8	6.3	2.5	(2.8)	10.0	6.8	(3.2)	
SG&A / Sales	7.1	7.5	7.1	10.5	8.7	1.9	(15.8)	7.9	8.6	0.7	
Revenue breakdown	**(THB m)**	**(THB m)**	**(THB m)**	**(THB m)**	**(THB m)**	**(q-q %)**	**(y-y %)**	**(THB m)**	**(THB m)**	**(y-y %)**	
Data service	413	406	307	328	330	0.7	(20.1)	1,061	964	(9.1)	
Installation	310	374	379	148	205	38.6	(33.9)	780	732	(6.2)	
Data center	22	23	24	25	25	1.9	11.8	70	73	4.5	
Medical supplies	0	0	16	62	20	(67.8)	nm	0	98	100.0	
Gross margin by BU	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**	
Data service	22.0	22.3	19.2	20.3	20.2	(0.1)	(1.8)	23.0	19.9	(3.1)	
Installation	29.5	30.0	30.2	30.5	29.4	(1.2)	(0.2)	31.5	30.0	(1.5)	
Data center	30.7	40.5	43.6	44.2	43.6	(0.6)	12.9	30.4	43.8	13.4	
Medical supplies	0	0	46.5	21.3	45.0	23.7	45.0	--	30.2	nm	

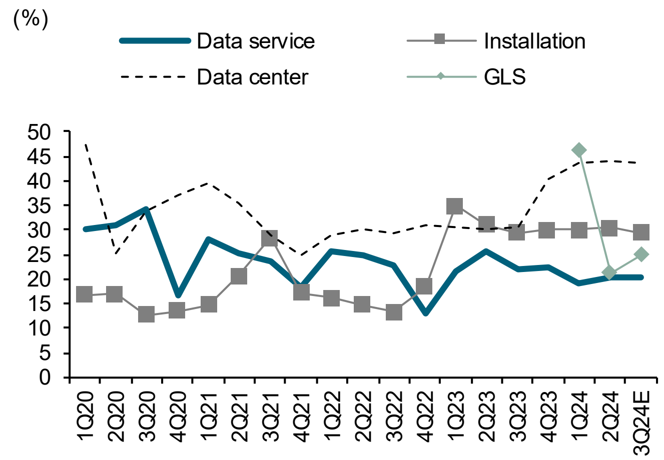
Sources: ITEL, FSSIA estimates

Exhibit 2: Revenue structure



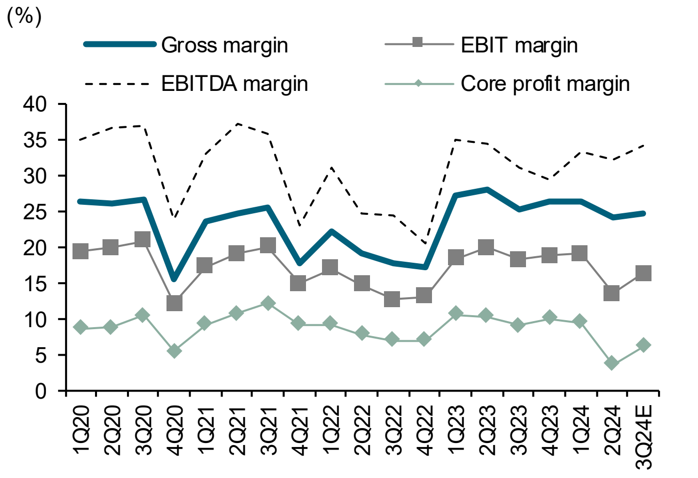
Sources: ITEL, FSSIA estimates

Exhibit 3: Gross margin by BU



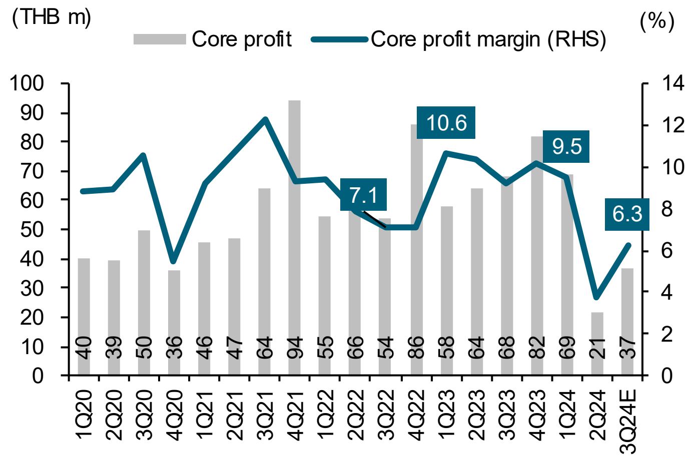
Sources: ITEL, FSSIA estimates

Exhibit 4: Margins



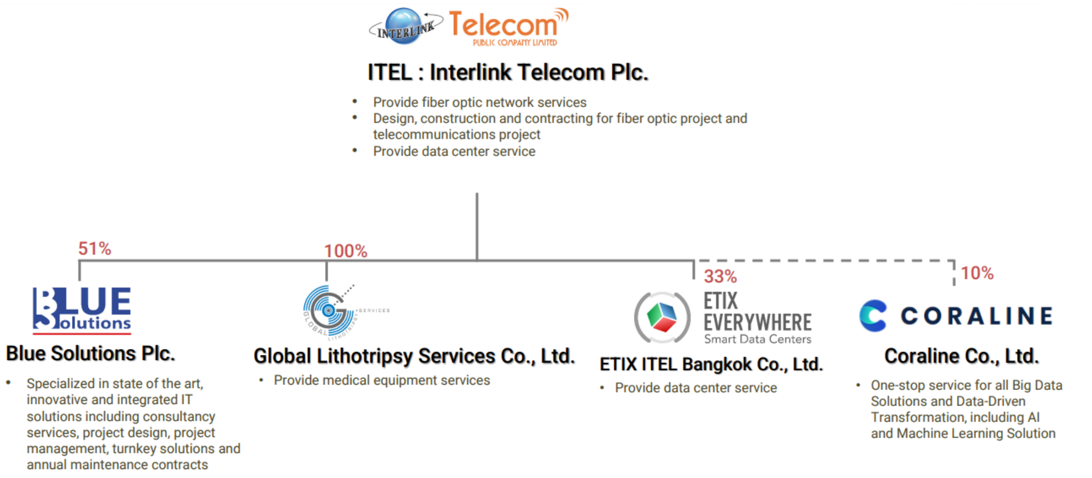
Sources: ITEL, FSSIA estimates

Exhibit 5: Core profit and core profit margin



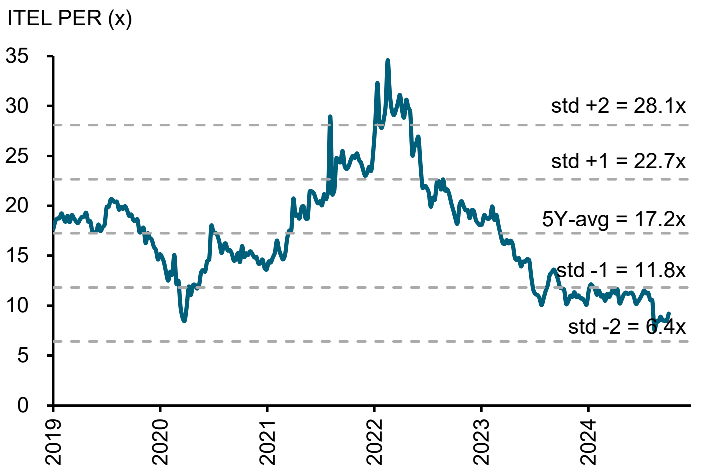
Sources: ITEL, FSSIA estimates

Exhibit 6: Company structure



Source: ITEL

Exhibit 7: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: One-year rolling forward P/BV band

Sources: Bloomberg, FSSIA estimates

Financial Statements

Interlink Telecom

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,393	2,714	3,238	3,569	3,826
Cost of goods sold	(2,755)	(1,987)	(2,447)	(2,709)	(2,908)
Gross profit	**637**	**726**	**790**	**860**	**918**
Other operating income	45	46	31	28	28
Operating costs	(155)	(212)	(224)	(236)	(253)
Operating EBITDA	**869**	**939**	**891**	**962**	**1,022**
Depreciation	(341)	(377)	(293)	(311)	(329)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**528**	**561**	**598**	**652**	**694**
Net financing costs	(169)	(182)	(196)	(186)	(179)
Associates	(5)	(4)	(4)	(5)	(6)
Recurring non-operating income	(5)	(4)	(4)	(5)	(6)
Non-recurring items	(9)	0	54	0	0
Profit before tax	**346**	**376**	**452**	**460**	**509**
Tax	(65)	(75)	(77)	(91)	(102)
Profit after tax	**280**	**301**	**374**	**369**	**407**
Minority interests	(27)	(26)	(24)	(21)	(20)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**254**	**275**	**351**	**347**	**387**
Non-recurring items & goodwill (net)	**9**	**0**	**(54)**	**0**	**0**
Recurring net profit	**263**	**275**	**297**	**347**	**387**
Per share (THB)					
Recurring EPS *	0.20	0.20	0.21	0.25	0.28
Reported EPS	0.19	0.20	0.25	0.25	0.28
DPS	0.06	0.07	0.06	0.08	0.08
Diluted shares (used to calculate per share data)	1,315	1,389	1,389	1,389	1,389
Growth					
Revenue (%)	37.6	(20.0)	19.3	10.2	7.2
Operating EBITDA (%)	10.0	8.0	(5.1)	8.0	6.2
Operating EBIT (%)	12.5	6.3	6.5	9.0	6.4
Recurring EPS (%)	(0.7)	(0.8)	7.9	17.1	11.3
Reported EPS (%)	(4.1)	2.7	27.5	(0.9)	11.3
Operating performance					
Gross margin inc. depreciation (%)	18.8	26.8	24.4	24.1	24.0
Gross margin exc. depreciation (%)	28.9	40.7	33.5	32.8	32.6
Operating EBITDA margin (%)	25.6	34.6	27.5	27.0	26.7
Operating EBIT margin (%)	15.6	20.7	18.5	18.3	18.1
Net margin (%)	7.7	10.1	9.2	9.7	10.1
Effective tax rate (%)	18.9	19.9	17.1	19.9	20.0
Dividend payout on recurring profit (%)	31.8	35.1	30.0	30.0	30.0
Interest cover (X)	3.1	3.1	3.0	3.5	3.8
Inventory days	-	-	-	-	-
Debtor days	69.8	112.3	106.6	108.7	104.5
Creditor days	155.0	239.9	148.8	134.1	123.4
Operating ROIC (%)	7.6	7.6	7.5	7.8	8.2
ROIC (%)	6.0	5.9	5.9	6.4	6.7
ROE (%)	8.1	7.4	7.4	8.2	8.6
ROA (%)	5.1	5.1	5.3	5.6	5.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Data service	1,311	1,466	1,598	1,726	1,812
Installation	1,995	1,154	1,420	1,596	1,722
Data center	87	93	99	103	105
GLS	0	0	120	144	187

Sources: Interlink Telecom; FSSIA estimates

Financial Statements

Interlink Telecom

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	263	275	297	347	387
Depreciation	341	377	293	311	329
Associates & minorities	5	4	4	5	6
Other non-cash items	278	332	127	86	96
Change in working capital	491	(797)	(274)	52	(117)
Cash flow from operations	**1,377**	**191**	**447**	**801**	**700**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(346)	(451)	(492)	(400)	(400)
Net acquisitions & disposals	(69)	(40)	0	0	0
Other investments (net)	(49)	(107)	299	38	(6)
Cash flow from investing	**(464)**	**(598)**	**(193)**	**(362)**	**(406)**
Dividends paid	(160)	(94)	(166)	(196)	(218)
Equity finance	282	81	8	7	7
Debt finance	(1,042)	454	(38)	(244)	(102)
Other financing cash flows	0	(173)	0	0	0
Cash flow from financing	**(920)**	**268**	**(197)**	**(433)**	**(313)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	11	19	0	0	0
Net other adjustments	**11**	**19**	**0**	**0**	**0**
Movement in cash	**4**	**(120)**	**58**	**6**	**(19)**
Free cash flow to firm (FCFF)	1,081.56	(225.11)	450.56	625.67	473.26
Free cash flow to equity (FCFE)	(118.13)	(106.72)	216.15	195.08	191.77
Per share (THB)					
FCFF per share	0.78	(0.16)	0.32	0.45	0.34
FCFE per share	(0.09)	(0.08)	0.16	0.14	0.14
Recurring cash flow per share	0.67	0.71	0.52	0.54	0.59

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	5,467	6,018	6,509	6,909	7,309
Less: Accumulated depreciation	(1,516)	(1,855)	(2,148)	(2,459)	(2,788)
Tangible fixed assets (net)	**3,951**	**4,162**	**4,361**	**4,450**	**4,521**
Intangible fixed assets (net)	**112**	**164**	**165**	**166**	**167**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	20	16	16	16	16
Cash & equivalents	229	109	167	173	154
A/C receivable	2,466	2,603	2,987	2,973	3,007
Inventories	0	0	0	0	0
Other current assets	283	310	208	192	243
Current assets	**2,978**	**3,021**	**3,362**	**3,338**	**3,404**
Other assets	1,335	1,566	1,266	1,228	1,233
Total assets	**8,396**	**8,931**	**9,171**	**9,198**	**9,342**
Common equity	3,603	3,853	4,115	4,358	4,629
Minorities etc.	88	156	164	170	177
Total shareholders' equity	**3,691**	**4,009**	**4,279**	**4,528**	**4,806**
Long term debt	1,842	1,433	1,366	1,370	1,362
Other long-term liabilities	21	51	14	14	14
Long-term liabilities	**1,863**	**1,484**	**1,381**	**1,385**	**1,377**
A/C payable	1,234	882	874	888	855
Short term debt	1,553	2,469	2,534	2,285	2,192
Other current liabilities	55	87	104	111	112
Current liabilities	**2,842**	**3,438**	**3,511**	**3,285**	**3,159**
Total liabilities and shareholders' equity	**8,396**	**8,931**	**9,171**	**9,198**	**9,342**
Net working capital	1,460	1,943	2,217	2,166	2,283
Invested capital	6,878	7,853	8,026	8,026	8,221
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.74	2.77	2.96	3.14	3.33
Tangible book value per share	2.65	2.66	2.84	3.02	3.21
Financial strength					
Net debt/equity (%)	85.8	94.6	87.2	76.9	70.7
Net debt/total assets (%)	37.7	42.5	40.7	37.9	36.4
Current ratio (x)	1.0	0.9	1.0	1.0	1.1
CF interest cover (x)	2.4	2.9	4.6	4.2	4.3

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**11.1**	**11.2**	**10.4**	**8.9**	**8.0**
Recurring P/E @ target price (x) *	**17.0**	**17.2**	**15.9**	**13.6**	**12.2**
Reported P/E (x)	11.5	11.2	8.8	8.9	8.0
Dividend yield (%)	2.9	3.1	2.9	3.4	3.8
Price/book (x)	0.8	0.8	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (x) **	7.1	7.5	7.8	7.0	6.5
EV/EBITDA @ target price (x) **	8.9	9.2	9.7	8.7	8.1
EV/invested capital (x)	0.9	0.9	0.9	0.8	0.8

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

Sources: Interlink Telecom; FSSIA estimates

INTERLINK TELECOM PCL (ITEL TB)

FSSIA ESG rating

★★

38.30 /100

Exhibit 9: 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 10: ESG – peer comparison

	FSSIA	------------------ Domestic ratings					-----------------------	-------------------------------- Global ratings					------------------------	--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	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; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**—**	**—**	**2.06**	**2.05**
BESG environmental pillar score	—	—	1.32	1.32
BESG social pillar score	—	—	1.16	1.16
BESG governance pillar score	—	—	4.98	4.90
ESG disclosure score	**39.11**	**39.11**	**39.11**	**39.11**
Environmental disclosure score	16.79	16.79	16.79	16.79
Social disclosure score	19.29	19.29	19.29	19.29
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	Yes	Yes	Yes	Yes
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	—	—
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	—	—	—	—
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	25	23	22	22
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	—	—	—	—
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes
Number of employees – CSR	798	749	729	728
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	559	265	90	530
Social supply chain management	Yes	Yes	Yes	Yes
Governance				
Board size	**11**	**11**	**11**	**11**
No. of independent directors (ID)	**4**	**4**	**4**	**4**
No. of women on board	4	4	4	4
No. of non-executive directors on board	10	10	11	11
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	8	7	8
Board meeting attendance pct	82	98	96	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	28	29	34	35
Age of the oldest director	77	78	79	80
No. of executives / company managers	**9**	**10**	**10**	**10**
No. of female executives	2	3	3	4
Executive share ownership guidelines	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	5	4
Audit meeting attendance %	83	100	100	100
Size of compensation committee	**5**	**5**	**4**	**4**
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	1	2	2	2
Compensation meeting attendance %	67	100	100	100
Size of nomination committee	**5**	**5**	**4**	**4**
No. of nomination committee meetings	1	2	2	2
Nomination meeting attendance %	67	100	100	100
Sustainability governance				
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 **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%). *(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.)*	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. *(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.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL: 0-10; Low: 10-20; Medium: 20-30; High: 30-40; Severe: 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.	

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

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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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

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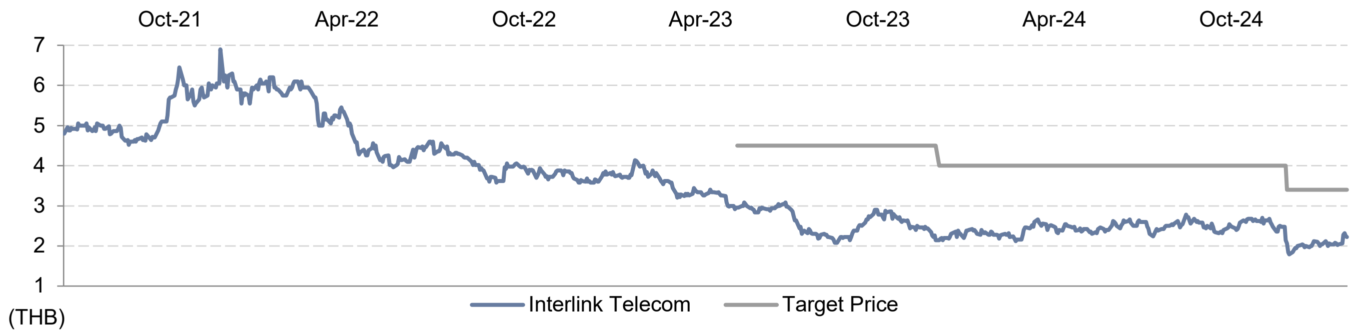
 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Interlink Telecom (ITEL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-May-2023	BUY	4.50	20-Oct-2023	BUY	4.00	13-Aug-2024	BUY	3.40

Jitra Amornthum started covering this stock from 03-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Interlink Telecom	ITEL TB	THB 2.22	BUY	Downside risks to our P/E-based TP include 1) uncertainty regarding bidding outcomes; 2) delays in projects; 3) cost overruns; and 4) risks from technological disruptions.

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 04-Oct-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.