

# CH.KARNCHANG CK TB

## THAILAND / CONSTRUCTION SERVICES

**BUY**  
 UNCHANGED

## Record backlog to drive growth

- CK set a revenue growth target of 7%, led by record high backlog.
- We cut our 2025-26E profit due to higher expenses and impact of GMT. Earnings to grow by 4-10% in 2025-26, respectively.
- Lower our TP to THB20 (SOTP). BUY rating maintained for attractive valuation and deep discount to NAV.

### Set revenue growth target of 7% and GPM of 7-8%

CK targets 2025 revenue of THB40b (+7% y-y) and a gross margin of 7-8% (vs 7.3% in 2024), led by progress on the main works of the South Purple Line, Den Chai double-track rail, and Luang Prabang power plant project. Additionally, the Orange Line project has commenced, with M&E works on the east side starting first at 10-15% of total works, while civil work on the west side is currently in its initial stage, including the design and relocation of infrastructure before the main work begins in 2026.

### Strong backlog and potential addition of new order

CK's backlog reached a record high of THB210b at end-2024. CK also has the potential to participate in new auctions in 2025 worth THB716b. The main target is the double-deck expressway project (THB35b), for which BEM might sign contracts in 2H25. In addition, CK is aiming for the High-Speed Train Phase 2, Ko Rat-Nong Khai section (THB235b), which is expected to TOR sale in 2H25, likely divided into a THB20-30b/contract. Also, several government projects may progress in 2H25, like motorways, airport expansion, double-track rail, and the Red Line.

### Lower our projection from higher expenses

We have slashed our 2025-26 earnings forecast by 26-31% to THB1.5b (+4% y-y) and THB1.65b (+10% y-y), respectively. The key adjustments are from higher SG&A and interest expenses plus lower profit sharing from CKP. CK is assessing its new tax rate after being impacted by the global minimum tax (GMT) as it has operations in Laos with low tax rates. We have used a worst-case scenario assumption by adjusting the tax rate to 15% (from 7%). Meanwhile, the sale of shares in LPCL, reducing the stake from 20% to 10%, is awaiting approval from TTW shareholders on 10 April. If approved, LPCL would no longer be an associate company of CK, which would reduce the impact of foreign exchange volatility.

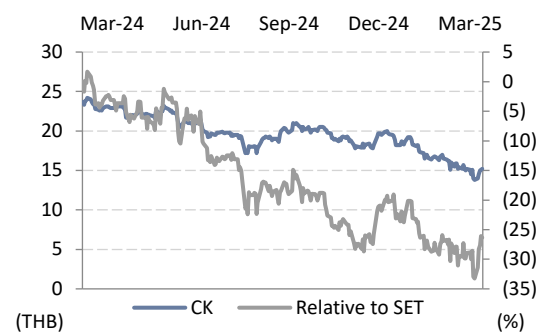
### Maintain BUY rating at a lower TP of THB20

We lower our TP to THB20 from THB27 (SOTP) to factor in a lower value for CKP. The share price has fallen by 21% YTD, reflecting the weak 4Q24 performance, and is trading at a P/BV of only 1x (-2SD of its five-year average). Additionally, the current share price implies a 46% discount from the NAV of BEM, CKP, and TTW. We maintain BUY. In the short term, 1Q25 profit might be unexciting, but it should accelerate in 2Q-3Q25 and have a catalyst from more new auctions in 2H25.

TARGET PRICE	THB20.00
CLOSE	THB15.20
UP/DOWNSIDE	+31.6%
PRIOR TP	THB27.00
CHANGE IN TP	-25.9%
TP vs CONSENSUS	-3.2%

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	37,458	40,051	41,424	42,596
Net profit	1,446	1,498	1,647	1,787
EPS (THB)	0.85	0.88	0.97	1.06
vs Consensus (%)	-	(14.6)	(21.2)	(29.6)
EBITDA	2,653	2,991	3,022	3,007
Recurring net profit	1,446	1,498	1,647	1,787
Core EPS (THB)	0.85	0.88	0.97	1.06
Chg. In EPS est. (%)	nm	(25.9)	(31.2)	nm
EPS growth (%)	(0.4)	3.6	9.9	8.5
Core P/E (x)	17.8	17.2	15.6	14.4
Dividend yield (%)	2.0	2.0	2.3	2.6
EV/EBITDA (x)	26.6	22.1	21.6	21.3
Price/book (x)	1.0	1.0	0.9	0.9
Net debt/Equity (%)	167.2	144.0	135.9	126.8
ROE (%)	5.6	5.7	6.0	6.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	(22.1)	(34.8)
Relative to country (%)	1.3	(5.8)	(25.5)
Mkt cap (USD m)	760		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	65		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	24.60/11.60		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

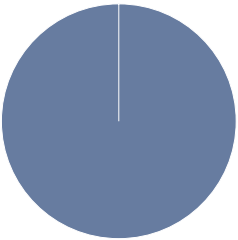
We have a positive view of CK’s construction business outlook on a record high backlog of THB210b at end-2024, equal to its five-year revenue total. CK targets 2025 revenue growth of 7% to THB40b, the highest in eight years, and a stable gross margin of 7-8% (vs 7.3% in 2024). This should be led by the progress of the main works at sizable projects such as the South Purple Line, Den Chai double-track rail, and Luang Prabang power plant project, as well as the initial works of the Orange Line project. CK should also have support from growth in the investments in its associates (BEM, CKP).

### Company profile

CH. Karnchang (CK) was incorporated in 1972 as a construction contractor. The company has experience and expertise in engineering and construction of all categories, such as infrastructure construction work. Moreover, the company has invested in the comprehensive infrastructure project development business, which includes Bangkok Expressway and Metro (BEM TB, NR), CK Power (CKP TB, NR), and TTW (TTW TB, NR) as associated companies.

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

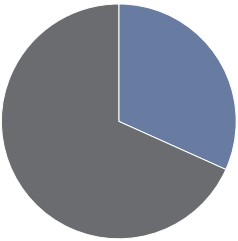
### Principal activities (revenue, 2024)



■ Construction services - 100.0 %

Source: CH.Karnchang

### Major shareholders



■ Trivisvavet Family - 31.7 %

■ Others - 68.3 %

Source: CH.Karnchang

### Catalysts

Contracts for new projects, especially double-deck expressway works, and higher expected contributions from associates are key potential growth drivers.

### Risks to our call

Key downside risks to our SoTP-based TP include 1) delays in the signing of the Orange Line project; 2) auction delays and fewer new projects than expected; 3) political uncertainty; 4) slower-than-expected construction progress and cost overruns; 5) increased building material costs, labor shortages, and a minimum wage hike; and 6) weaker-than-expected performance of associates (BEM, CKP, and LPCL).

### Event calendar

Date	Event
May 2025	1Q25 results announcement

### Key assumptions

	2025E	2026E	2027E
Construction revenue (THB m)	40,051	41,424	42,596
GPM (%)	7.3	7.3	7.3
SG&A to sales (%)	5.7	5.7	5.7
Associates (THB m)	1,944	1,993	2,142

Source: FSSIA estimates

- ### Earnings sensitivity
- For every 5% increase in revenue, we estimate 2025 net profit to rise by 8%, and vice versa, all else being equal.
  - For every 0.25% increase in GPM, we estimate 2025 net profit to rise by 6%, and vice versa, all else being equal.
  - For every 5% increase in SG&A, we estimate 2025 net profit to fall by 7%, and vice versa, all else being equal.
  - For every 5% increase in share of profit from associates, we estimate 2025 net profit to rise by 6%, and vice versa, all else being equal.

Source: FSSIA estimates

## Recap: 4Q24 results review

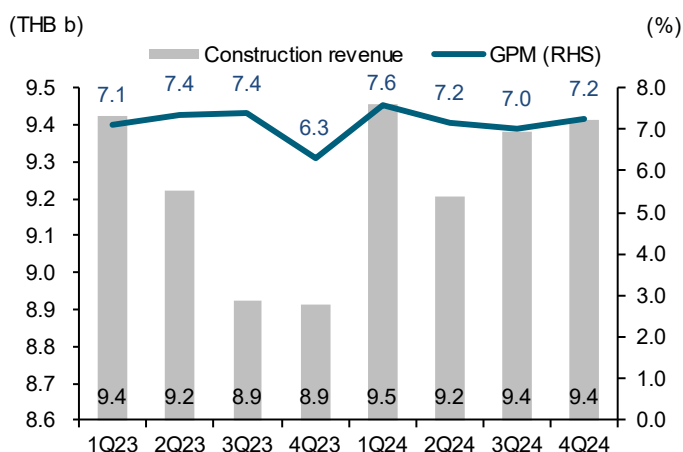
- CK reported a net loss of THB171m in 4Q24, turning from a profit of THB1b in 3Q24 and THB156m in 4Q23.
- The weak 4Q24 performance was pressured by lower profit sharing from associates totaling THB299m (-72% q-q, -36% y-y) due to 1) Luang Prabang Power (LPCL), which recorded an FX loss after baht depreciation; and 2) BEM and CKP, which were in their low season. Moreover, higher SG&A expenses and interest costs were in line with the issuance of a short-term loan.
- The contractor unit remained solid, with construction revenue of THB9.4b (flat q-q, +5% y-y), mainly from the progress of the Luang Prabang power plant project, Den Chai double-track project, and South Purple Line. The gross margin increased to 7.2% from 7% in 3Q24 and 6.3% in 4Q23.
- CK's 2024 net profit totaled THB1.4b (-4% y-y). The company announced a 2H24 DPS of THB0.15, implying a yield of 1%. The stock's XD is on 12 March and the dividend will be paid on 28 April 2025.

### Exhibit 1: CK – 4Q24 results summary

	4Q23	1Q24	2Q24	3Q24	4Q24	Change		2023	2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Total revenue	8,915	9,458	9,206	9,381	9,413	0.3	5.1	36,485	37,458	2.7
Cost of sales	8,353	8,741	8,547	8,722	8,731	0.1	5.5	33,917	34,742	2.4
Gross profit	562	717	659	659	682	3.6	0.1	2,568	2,716	5.7
SG&A	554	533	545	555	596	7.4	4.3	2,051	2,229	8.7
Operating profit	8	184	114	103	86	(16.9)	(17.6)	517	487	(5.9)
Other income	220	209	469	463	171	(63.0)	5.2	1,422	1,312	(7.7)
Interest expense	481	360	402	587	671	14.3	39.7	1,830	2,020	10.4
Tax expense	(32)	(33)	(23)	(24)	(38)	n/a	n/a	(83)	(119)	n/a
Associates	469	165	342	1,068	299	(72.0)	(36.2)	1,520	1,875	23.4
Reported net profit	156	121	488	1,008	(171)	n/a	n/a	1,501	1,446	(3.7)
Core profit	156	121	488	1,008	(171)	n/a	n/a	1,452	1,446	(0.4)
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	6.3	7.6	7.2	7.0	7.2	0.2	0.9	7.0	7.3	0.2
SG&A / Sales	6.2	5.6	5.9	5.9	6.3	0.4	0.1	5.6	6.0	0.3
Operating margin	0.1	1.9	1.2	1.1	0.0	(1.1)	(0.1)	1.4	1.3	(0.1)
Net margin	1.8	1.3	5.3	10.7	(1.8)	(12.6)	(3.6)	4.1	3.9	(0.3)
Norm margin	1.8	1.3	5.3	10.7	(1.8)	(12.6)	(3.6)	4.0	3.9	(0.1)

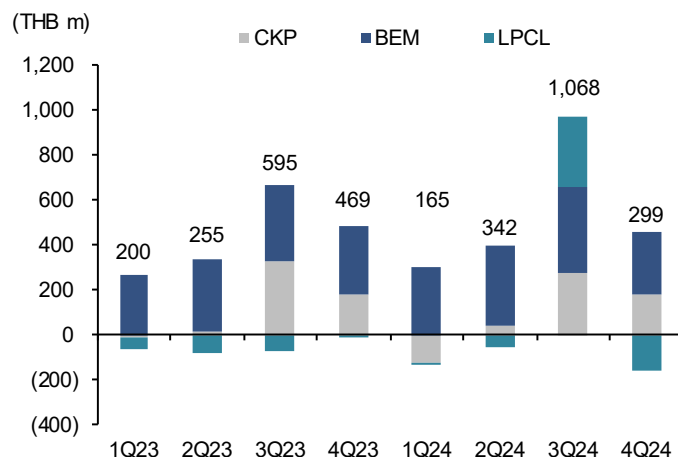
Sources: CK; FSSIA's compilation

### Exhibit 2: Quarterly revenue and GPM

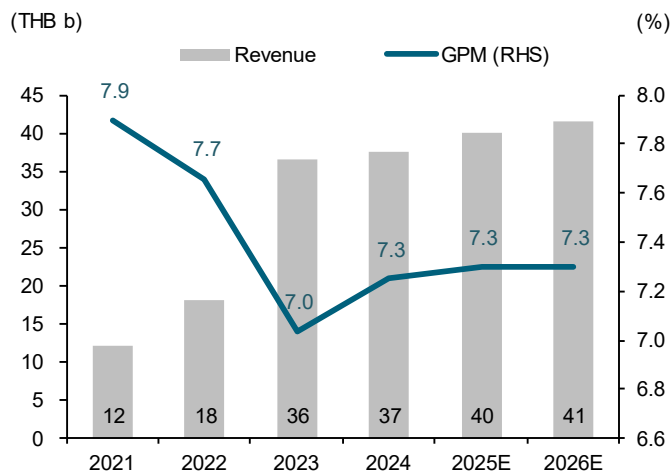


Sources: CK; FSSIA's compilation

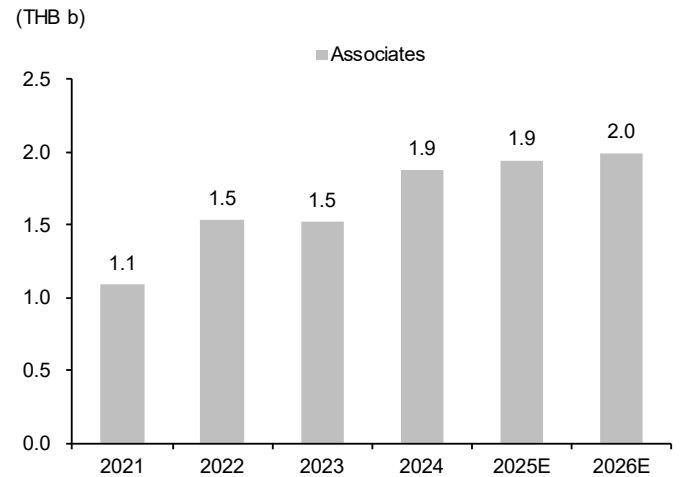
### Exhibit 3: Quarterly share of profits from associates



Sources: CK; FSSIA's compilation

**Exhibit 4: Yearly revenue and GPM**

Sources: CK; FSSIA estimates

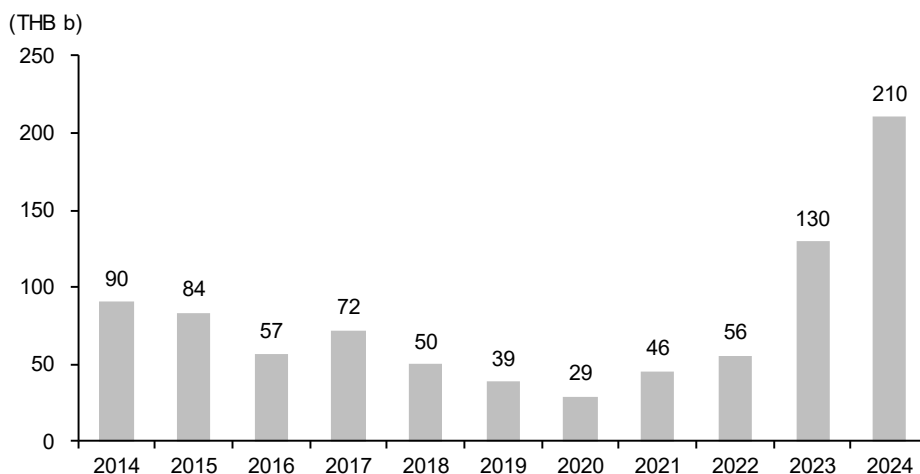
**Exhibit 5: Yearly share of profit from associates**

Sources: CK; FSSIA estimates

**Exhibit 6: Key assumptions for CK**

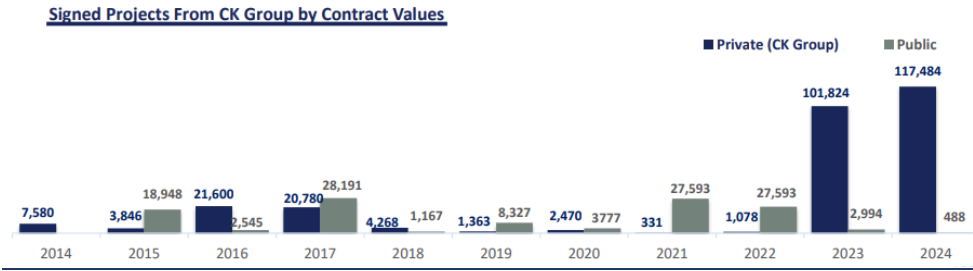
	Actual	Current		Previous		Change	
	2024	2025E	2026E	2025E	2026E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)
Revenue from construction services (THB m)	37,458	40,051	41,424	41,306	43,251	(3)	(4)
Cost of construction services (THB m)	34,742	37,127	38,400	38,374	40,094	(3)	(4)
Gross margin (%)	7.3	7.3	7.3	7.1	7.3	0.2	0.0
SG&A (THB m)	2,229	2,285	2,342	2,155	2,219	6	6
SG&A to revenue (%)	6.0	5.7	5.7	5.2	5.1	0.5	0.5
Other income (THB m)	1,312	1,296	1,278	1,385	1,365	(6)	(6)
Interest expense (THB m)	2,020	2,022	1,918	1,789	1,711	13	12
Share of profit/loss from associates (THB m)	1,875	1,944	1,993	1,831	2,042	6	(2)
Tax expense (THB m)	119	279	305	66	93	320	227
Core profit (THB m)	1,446	1,498	1,647	2,022	2,395	(26)	(31)
Net profit (THB m)	1,446	1,498	1,647	2,022	2,395	(26)	(31)

Source: FSSIA estimates

**Exhibit 7: Backlog**

Sources: CK; FSSIA's compilation

Exhibit 8: Yearly new signed projects



Source: CK

Exhibit 9: Key projects targeted in 2025

Projects	Construction Value (MB)	Project Owner	Project Progress	Activities			
				Q1/25	Q2/25	Q3/25	Q4/25
Red Line : Taling chan - Siriraj Hospital - Salaya	10,800	SRT	To Submit to Cabinet	Waiting for Cabinet Approval		TOR & Bidding	
Red Line : Rangsit - Thammasat University	4,000		Cabinet Approved	TOR & Bidding		Contract Award	
High Speed Train Phase 2 : Ko Rat – Nong Khai	235,000		Cabinet Approved	TOR & Bidding		Contract Award	
Double Track : Chira Junction - Ubonratchathani	42,900	SRT	To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Double Track : Pak nam Pho – Den Chai	77,800		To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Double Track : Hat Yai – Padang Besar	7,500		To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Double Track : Chum Phon – Surat Thani	29,000		To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Double Track : Surat Thani – Had Yai – Song Khla	64,000		To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Double Track : Den Chai – Chiang Mai	63,000		To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Motorway : Western Outer Ring Road - Bang Khun Thian - Bang Bua Thong (M9)	48,000	DOH	Cabinet Approved	TOR & Bidding			Contract Award
Motorway : Rangsit- Bang pa - in (M5)	25,000		To Submit to Cabinet	Waiting for Cabinet approval		TOR & Bidding	
Don Mueang International Airport Phase 3	30,000	AOT	Cabinet Approved	Design Process		Waiting for Cabinet approval	TOR & Bidding
Suvarnabhumi International Airport Expansion (East Expansion)	10,000		To Resubmit to Cabinet	Design Process		Waiting for Cabinet approval	TOR & Bidding
Chiang Mai Airport Expansion	20,000		To Submit to MOT	Design Process		Waiting for Cabinet approval	TOR & Bidding
N2 Expressway : ORR - Kaset Nawamin	14,000	EXAT	To Submit to Cabinet	Waiting for Cabinet approval			
Double Deck : Ngam Wong Wan – Rama 9	35,000	BEM	To Submit to Cabinet	Waiting for Cabinet approval		Contract Signing	
Total	716,000						

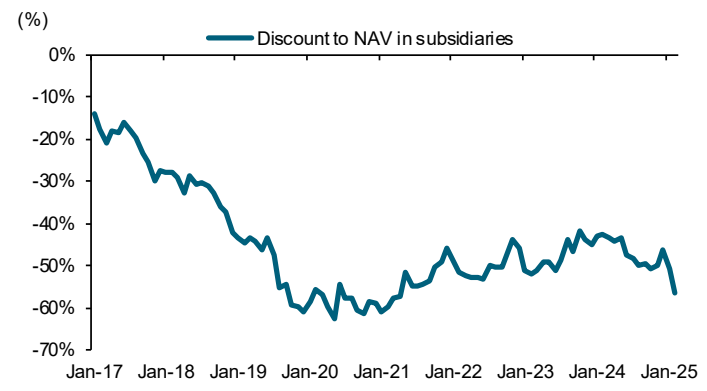
Source: CK

Exhibit 10: SoTP-based valuation

	Target EV/EBITDA	Holding	TP	Discount	EV	Per share
	(x)	(%)	(THB/shr)	(%)	(THB m)	(THB)
Construction	10				25,262	14.9
Subsidiaries						
BEM TB		36.4	10.9	35	61,788	36.5
CKP TB		30.0	3.4	35	12,866	7.6
TTW TB		19.4	9	40	4,684	2.8
Less net debt					69,934	41.3
SoTP					34,866	20.5

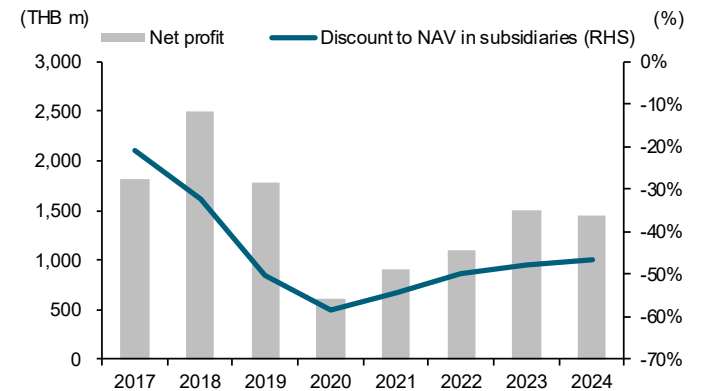
Source: FSSIA estimates

Exhibit 11: Discount to NAV in subsidiaries



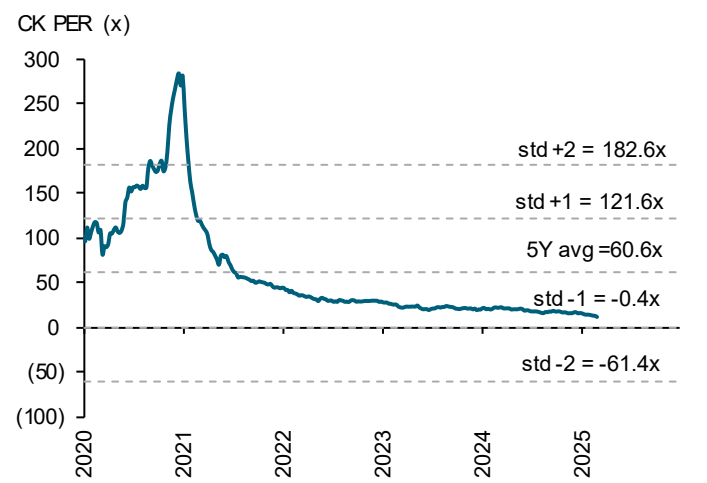
Source: FSSIA's compilation

Exhibit 12: Net profit and discount to NAV in subsidiaries



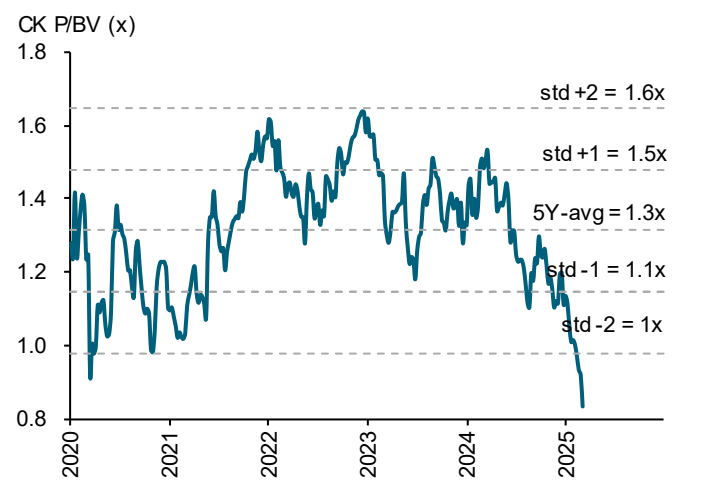
Source: FSSIA's compilation

Exhibit 13: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

CH.Karnchang

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	36,485	37,458	40,051	41,424	42,596
Cost of goods sold	(33,917)	(34,742)	(37,127)	(38,400)	(39,486)
<b>Gross profit</b>	<b>2,568</b>	<b>2,716</b>	<b>2,924</b>	<b>3,024</b>	<b>3,110</b>
Other operating income	1,422	1,312	1,296	1,278	1,231
Operating costs	(2,051)	(2,229)	(2,285)	(2,342)	(2,401)
<b>Operating EBITDA</b>	<b>3,057</b>	<b>2,653</b>	<b>2,991</b>	<b>3,022</b>	<b>3,007</b>
Depreciation	(1,117)	(854)	(1,056)	(1,062)	(1,067)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,939</b>	<b>1,799</b>	<b>1,935</b>	<b>1,960</b>	<b>1,940</b>
Net financing costs	(1,830)	(2,020)	(2,022)	(1,918)	(1,879)
Associates	1,520	1,875	1,944	1,993	2,142
Recurring non-operating income	1,520	1,875	1,944	1,993	2,142
Non-recurring items	49	0	0	0	0
<b>Profit before tax</b>	<b>1,678</b>	<b>1,654</b>	<b>1,857</b>	<b>2,036</b>	<b>2,203</b>
Tax	(83)	(119)	(279)	(305)	(330)
<b>Profit after tax</b>	<b>1,594</b>	<b>1,535</b>	<b>1,578</b>	<b>1,730</b>	<b>1,872</b>
Minority interests	(93)	(89)	(80)	(83)	(85)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,501</b>	<b>1,446</b>	<b>1,498</b>	<b>1,647</b>	<b>1,787</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(49)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,452</b>	<b>1,446</b>	<b>1,498</b>	<b>1,647</b>	<b>1,787</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.86	0.85	0.88	0.97	1.06
Reported EPS	0.89	0.85	0.88	0.97	1.06
DPS	0.30	0.30	0.30	0.35	0.40
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
<b>Growth</b>					
Revenue (%)	101.6	2.7	6.9	3.4	2.8
Operating EBITDA (%)	112.5	(13.2)	12.7	1.0	(0.5)
Operating EBIT (%)	142.3	(7.2)	7.6	1.3	(1.0)
Recurring EPS (%)	64.6	(0.4)	3.6	9.9	8.5
Reported EPS (%)	35.9	(3.7)	3.6	9.9	8.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.0	7.3	7.3	7.3	7.3
Gross margin exc. depreciation (%)	10.1	9.5	9.9	9.9	9.8
Operating EBITDA margin (%)	8.4	7.1	7.5	7.3	7.1
Operating EBIT margin (%)	5.3	4.8	4.8	4.7	4.6
Net margin (%)	4.0	3.9	3.7	4.0	4.2
Effective tax rate (%)	5.0	7.2	15.0	15.0	15.0
Dividend payout on recurring profit (%)	35.0	35.1	34.0	36.0	38.0
Interest cover (X)	1.9	1.8	1.9	2.1	2.2
Inventory days	100.6	125.0	134.6	132.9	133.2
Debtor days	33.8	47.2	52.3	53.8	54.0
Creditor days	38.4	45.4	44.7	44.3	44.4
Operating ROIC (%)	7.7	6.8	8.5	8.5	8.6
ROIC (%)	3.9	3.9	4.3	4.5	4.6
ROE (%)	5.9	5.6	5.7	6.0	6.3
ROA (%)	3.3	3.0	2.9	3.1	3.3

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

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Construction services	36,485	37,458	40,051	41,424	42,596
Others					

Sources: CH.Karnchang; FSSIA estimates



## Financial Statements

CH.Karnchang

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	1,452	1,446	1,498	1,647	1,787
Depreciation	1,117	854	1,056	1,062	1,067
Associates & minorities	(24)	235	25	23	21
Other non-cash items	-	-	-	-	-
Change in working capital	(8,391)	5,965	(2,204)	(648)	(296)
<b>Cash flow from operations</b>	<b>(5,846)</b>	<b>8,500</b>	<b>375</b>	<b>2,085</b>	<b>2,580</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,742)	(3,883)	-	(654)	(656)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	4,825	-	-
<b>Cash flow from investing</b>	<b>(2,742)</b>	<b>(3,883)</b>	<b>4,825</b>	<b>(654)</b>	<b>(656)</b>
Dividends paid	(508)	(725)	(590)	(676)	(764)
Equity finance	(270)	(340)	40	21	18
Debt finance	9,416	(1,148)	(3,898)	(1,495)	(495)
Other financing cash flows	774	-	-	-	-
<b>Cash flow from financing</b>	<b>9,413</b>	<b>(2,213)</b>	<b>(4,448)</b>	<b>(2,150)</b>	<b>(1,242)</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>824</b>	<b>2,404</b>	<b>752</b>	<b>(720)</b>	<b>683</b>
Free cash flow to firm (FCFF)	(6,758.11)	6,637.28	7,221.69	3,348.15	3,803.97
Free cash flow to equity (FCFE)	1,602.17	3,469.05	1,301.90	(64.63)	1,429.50

### Per share (THB)

FCFF per share	(3.99)	3.92	4.26	1.98	2.25
FCFE per share	0.95	2.05	0.77	(0.04)	0.84
Recurring cash flow per share	1.50	1.50	1.52	1.61	1.70

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	18,722	19,020	18,352	18,459	18,565
Less: Accumulated depreciation	(6,788)	(7,662)	(8,821)	(9,785)	(10,755)
<b>Tangible fixed assets (net)</b>	<b>11,934</b>	<b>11,358</b>	<b>9,532</b>	<b>8,673</b>	<b>7,810</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	51,584	55,044	51,044	51,554	52,070
Cash & equivalents	7,784	10,188	10,941	10,221	10,904
A/C receivable	4,215	5,472	6,008	6,214	6,389
Inventories	9,975	13,235	13,366	13,824	14,215
Other current assets	10,692	17,258	16,020	12,427	10,649
<b>Current assets</b>	<b>32,666</b>	<b>46,154</b>	<b>46,334</b>	<b>42,685</b>	<b>42,157</b>
Other assets	561	546	574	602	633
<b>Total assets</b>	<b>96,745</b>	<b>113,102</b>	<b>107,484</b>	<b>103,516</b>	<b>102,670</b>
Common equity	25,482	25,910	26,899	27,953	29,061
Minorities etc.	526	569	609	630	647
<b>Total shareholders' equity</b>	<b>26,008</b>	<b>26,479</b>	<b>27,507</b>	<b>28,583</b>	<b>29,708</b>
Long term debt	40,771	38,039	36,583	35,836	35,589
Other long-term liabilities	2,708	2,949	2,933	3,034	3,040
<b>Long-term liabilities</b>	<b>43,479</b>	<b>40,988</b>	<b>39,516</b>	<b>38,869</b>	<b>38,629</b>
A/C payable	4,058	4,376	4,455	4,608	4,738
Short term debt	14,835	16,419	13,977	13,229	12,982
Other current liabilities	8,365	24,840	22,028	18,226	16,612
<b>Current liabilities</b>	<b>27,258</b>	<b>45,635</b>	<b>40,460</b>	<b>36,064</b>	<b>34,332</b>
<b>Total liabilities and shareholders' equity</b>	<b>96,745</b>	<b>113,102</b>	<b>107,484</b>	<b>103,516</b>	<b>102,670</b>
Net working capital	12,460	6,749	8,911	9,630	9,903
Invested capital	76,539	73,697	70,060	70,460	70,415

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

### Per share (THB)

Book value per share	15.04	15.30	15.88	16.50	17.16
Tangible book value per share	15.04	15.30	15.88	16.50	17.16

### Financial strength

Net debt/equity (%)	183.9	167.2	144.0	135.9	126.8
Net debt/total assets (%)	49.4	39.1	36.9	37.5	36.7
Current ratio (x)	1.2	1.0	1.1	1.2	1.2
CF interest cover (x)	3.4	4.6	1.6	1.3	2.1

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>17.7</b>	<b>17.8</b>	<b>17.2</b>	<b>15.6</b>	<b>14.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>23.3</b>	<b>23.4</b>	<b>22.6</b>	<b>20.6</b>	<b>19.0</b>
Reported P/E (x)	17.2	17.8	17.2	15.6	14.4
Dividend yield (%)	2.0	2.0	2.0	2.3	2.6
Price/book (x)	1.0	1.0	1.0	0.9	0.9
Price/tangible book (x)	1.0	1.0	1.0	0.9	0.9
EV/EBITDA (x) **	24.2	26.6	22.1	21.6	21.3
EV/EBITDA @ target price (x) **	26.9	29.7	24.8	24.3	24.0
EV/invested capital (x)	1.0	1.0	0.9	0.9	0.9

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

Sources: CH.Karnchang; FSSIA estimates



# CH Karnchang PCL (CK TB)

## FSSIA ESG rating


**43.00 /100**

### Exhibit 15: 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	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★☆☆☆	>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 16: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
CK	43.00	--	--	A	5.00	4.00	--	High	52.84	B	--	49.14	22.00	2.62	57.10
ITD	10.63	--	--	--	--	4.00	--	Severe	--	--	--	--	13.00	--	--
STECON	15.38	--	--	A	--	--	--	--	--	--	--	--	22.00	--	52.54
SYNTEC	28.92	--	--	A	5.00	4.00	Certified	--	--	--	--	39.33	--	--	--
NWR	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--

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

### Exhibit 17: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>	<b>2.08</b>	<b>2.52</b>	<b>2.62</b>
BESG environmental pillar score	—	—	0.57	0.73	1.28
BESG social pillar score	—	—	3.85	4.96	4.04
BESG governance pillar score	—	—	3.00	3.23	3.38
<b>ESG disclosure score</b>	<b>32.81</b>	<b>33.67</b>	<b>41.90</b>	<b>47.50</b>	<b>57.10</b>
Environmental disclosure score	0.91	0.91	16.55	30.93	46.54
Social disclosure score	16.26	18.83	27.90	30.35	43.56
Governance disclosure score	81.10	81.10	81.10	81.10	81.10
<b>Environmental</b>					
Emissions reduction initiatives	No	No	Yes	Yes	Yes
Climate change policy	No	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No
GHG scope 1	—	—	2	2	9
GHG scope 2 location-based	—	—	2	2	8
GHG Scope 3	—	—	—	—	222
Carbon per unit of production	—	—	—	—	—
Biodiversity policy	No	No	No	No	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	643	3	141
Renewable energy use	—	—	—	—	0
Electricity used	—	—	1	1	88
Fuel used - natural gas	—	—	—	—	0

Sources: Bloomberg; FSSIA's compilation

**Exhibit 18: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	0	0	0
Total waste	—	—	0	0	0
Waste recycled	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—
Environmental supply chain management	No	No	No	Yes	Yes
Water policy	No	No	No	No	Yes
Water consumption	—	—	—	—	1,299
<b>Social</b>					
Human rights policy	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No
Pct women in workforce	—	—	28	26	26
Pct disabled in workforce	—	—	—	—	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0
Total recordable incident rate - employees	0	0	—	—	4
Training policy	No	No	No	Yes	Yes
Fair remuneration policy	No	No	No	No	No
Number of employees – CSR	—	2,380	1,969	2,304	2,126
Employee turnover pct	—	—	—	—	13
Total hours spent by firm - employee training	—	—	13,785	17,303	20,176
Social supply chain management	No	No	No	Yes	Yes
<b>Governance</b>					
<b>Board size</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of women on board	1	1	1	1	1
No. of non-executive directors on board	4	3	4	4	4
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	7	7	8	6
Board meeting attendance pct	100	100	100	100	100
Board duration (years)	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No
Age of the youngest director	45	46	47	43	44
Age of the oldest director	82	80	81	82	83
<b>No. of executives / company managers</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>14</b>
No. of female executives	2	2	2	1	1
Executive share ownership guidelines	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3
Audit committee meetings	4	4	4	4	4
Audit meeting attendance %	100	100	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	3	1	1	1	1
No. of compensation committee meetings	2	2	3	4	2
Compensation meeting attendance %	100	100	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	3	4	2
Nomination meeting attendance %	100	100	100	100	100
<b>Sustainability governance</b>					
Verification type	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	SET ESG 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>SETESG 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>SETESG Index</b> is extended from the SET ESG Ratings 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 Sustainabilitys</a>	The Sustainabilitys' 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
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<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.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

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Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

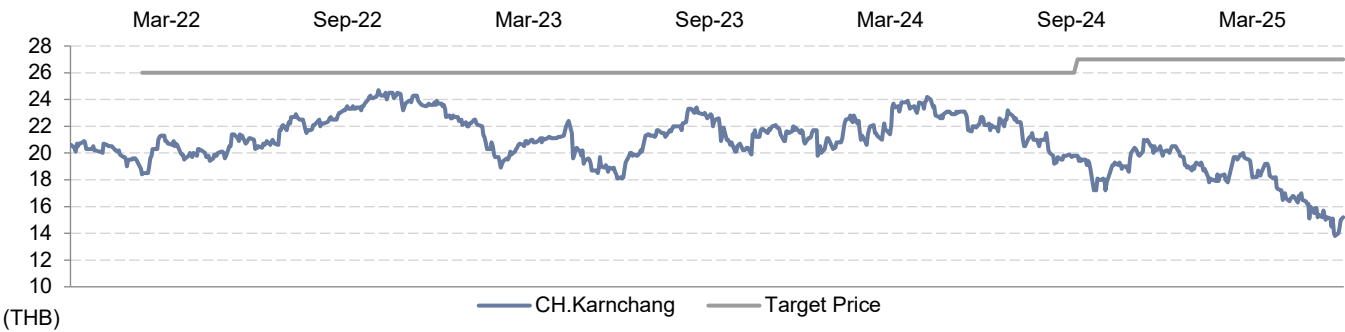
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History of change in investment rating and/or target price

CH.Karnchang (CK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-May-2022	BUY	26.00	19-Jul-2024	BUY	27.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH.Karnchang	CK TB	THB 15.20	BUY	Key downside risks to our SoTP-based TP include 1) delays in the signing of the Orange Line project; 2) auction delays and fewer new projects than expected; 3) political uncertainty; 4) slower-than-expected construction progress and cost overruns; 5) increased building material costs, labor shortages, and a minimum wage hike; and 6) weaker-than-expected performance of associates (BEM, CKP, and LPCL).

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 07-Mar-2025 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.