**BUY** (Unchanged)

**Change in Numbers**

**TP: Bt 17.50** (From: Bt 19.00 )

**Upside : 31.6%**

**31 AUGUST 2021**

# Sino-Thai Eng. & Cons. (STEC TB)

## Overly punished


**SAKSID PHADTHANANARAK**

662 – 779 9112

saksid.pha@thanachartsec.co.th



**STEC has been hit with a slew of bad news and its share price has fallen 17% from this year's peak. Given its major earnings hiccup, we cut our earnings by 15-75% over 2021-23F. However, at 23x 2022F PE and 19x in 2023F, vs. its 34x pre-COVID average in 2015-19, we believe STEC is overly punished and see this as an opportunity to BUY.**


Thanachart Securities

### Maintaining our BUY rating

This is a part of the Construction Sector report, *Not all is lost,* dated 31 August 2021. We cut our earnings for STEC by 75%, 30% and 15% in 2021-23F and DCF-derived SOTP-based 12-month TP (2022F base year) to Bt17.5 (from Bt19) to reflect the COVID crisis and project delays. But we maintain our BUY call as, ***first***, we expect STEC's 3Q21F earnings to reach bottom after the COVID-19 hit. ***Second***, with its Bt72bn existing backlog value (Bt102bn at end 2022F if it wins a part of the South Purple Line work and signs the contract for U-Tapao Airport next year), we forecast its EPS growth to resume at 400% y-y in 2022F and 23% y-y in 2023F. ***Lastly***, STEC looks to have been overly punished, in our view, trading at 23x PE in 2022F before falling to 19x in 2023F vs. its 34x pre-COVID average in 2015-19.

### A lot of bad news is already out

After the plunge in its 2Q21 earnings by 31% y-y and 37% q-q due to the COVID third-wave impact, the government announced a lockdown of construction sites in July. The sites were allowed to reopen in August with strict measures for the movement of workers, entry and exit from the sites, separation of infected workers, etc. Then there was negative news from its partner, BTS Group (BTS TB, Bt9.25, BUY), which lost its appeal at the Supreme Administrative Court regarding the East Orange Line's bidding criteria, implying to us that Ch. Karnchang (CK TB, Bt20.1, BUY) has a higher chance of winning the project. Its Pink and Yellow lines' construction also look set to be delayed for a year as the government cannot deliver the land on time. And the latest one is the cancelation of the South Purple Line bidding.

### Large backlog to secure growth

However, we expect STEC's earnings growth to resume strongly in 2022-23F after the government gradually eases the lockdown. Its existing backlog value is high at Bt72bn. Despite facing a delay, we still expect the South Purple Line to reopen for bidding in 2H22 and STEC to win one of its six construction contracts. We also forecast STEC to sign the contract for the U-Tapao Airport project late next year, driving its backlog value to rise to Bt102bn at end 2022F. That is 4x of its revenue base this year. Note that our numbers already assume delays in the Yellow and Pink Lines' completion to late 2022F.

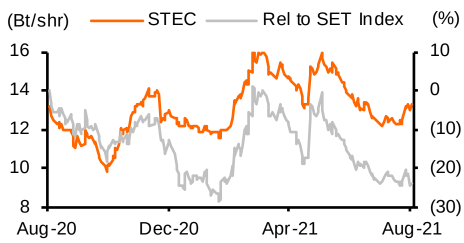
### Bad news looks priced in

Given the 17% fall in the share price from its peak this year, STEC now trades at an 23x PE multiple in 2022F and 19x in 2023F vs. its pre-COVID average of 34x in 2015-19. After taking out abnormal peaks and troughs, STEC has traded at an average PE of 24x over the past 10 years.

#### COMPANY VALUATION

| Y/E Dec (Bt m) | 2020A | 2021F | 2022F | 2023F |
|---|---|---|---|---|
| Sales | 35,841 | 25,375 | 29,363 | 34,031 |
| Net profit | 1,093 | 177 | 883 | 1,090 |
| Consensus NP | — | 901 | 1,233 | 1,317 |
| *Diff frm cons (%)* | — | *(80.4)* | *(28.4)* | *(17.3)* |
| Norm profit | 867 | 177 | 883 | 1,090 |
| Prev. Norm profit | — | 710 | 1,254 | 1,288 |
| *Chg frm prev (%)* | — | *(75.1)* | *(29.6)* | *(15.4)* |
| Norm EPS (Bt) | 0.6 | 0.1 | 0.6 | 0.7 |
| Norm EPS grw (%) | (39.5) | (79.6) | 399.5 | 23.4 |
| Norm PE (x) | 23.4 | 114.8 | 23.0 | 18.6 |
| EV/EBITDA (x) | 7.6 | 15.5 | 7.3 | 5.8 |
| P/BV (x) | 1.4 | 1.4 | 1.4 | 1.3 |
| Div yield (%) | 2.3 | 0.3 | 1.3 | 1.6 |
| ROE (%) | 6.0 | 1.2 | 6.1 | 7.1 |
| Net D/E (%) | (37.4) | (36.4) | (38.8) | (43.7) |

#### PRICE PERFORMANCE




#### COMPANY INFORMATION

| | |
|---|---|
| Price *as of* 30-Aug-21 (Bt) | 13.30 |
| Market Cap (US$ m) | 624.9 |
| Listed Shares (m shares) | 1,525.1 |
| Free Float (%) | 65.2 |
| Avg Daily Turnover (US$ m) | 6.3 |
| 12M Price H/L (Bt) | 16.10/9.75 |
| Sector | Construction |
| Major Shareholder | Chanvirakul family 21.7% |

Sources: Bloomberg, Company data, Thanachart estimates

### Ex 1: Key Assumption Changes

| | 2019 | 2020 | 2021F | 2022F | 2023F |
|---|---|---|---|---|---|
| **New work value (Bt bn)** | | | | | |
| New | 15.3 | 25.3 | 33.0 | 47.0 | 30.0 |
| Old | | | 33.0 | 50.0 | 10.0 |
| *Change (%)* | | | — | *(6.0)* | *200.0* |
| **Normalized profit (Bt m)** | | | | | |
| New | 1,434 | 867 | 177 | 883 | 1,090 |
| Old | | | 710 | 1,254 | 1,288 |
| *Change (%)* | | | *(75.1)* | *(29.6)* | *(15.4)* |
| **Gross margin (%)** | | | | | |
| New | 5.6 | 4.4 | 3.0 | 5.5 | 5.6 |
| Old | | | 4.4 | 5.7 | 5.7 |
| *Change (pp)* | | | *(1.4)* | *(0.2)* | *(0.1)* |

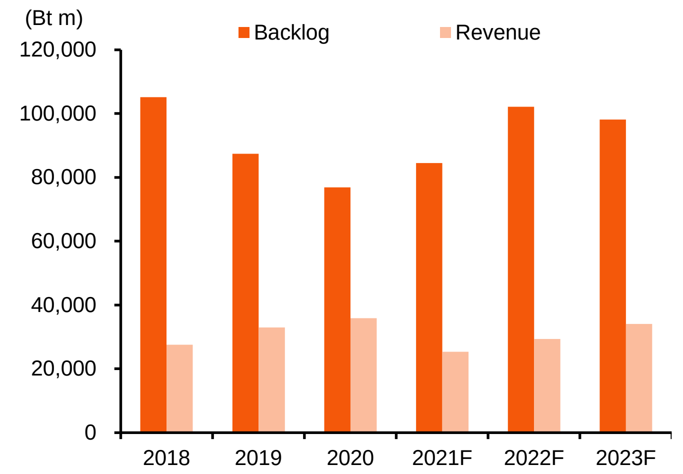
Source: Thanachart estimates

### Ex 2: STEC's Potential New Work Value

| Project | Project Value (Bn) | Construction Value (Bn) | Chance (%) | New work in 2021F (Bn) | New work in 2022F (Bn) | New work in 2023F (Bn) |
|---|---|---|---|---|---|---|
| **Backlog value as of end 2020** | | | | **77** | | |
| ***Newly signed contracts*** | | | | | | |
| Government Center Zone C | | | | 6 | | |
| Ayudhaya Division Canal | | | | 4 | | |
| ***To be signed contracts*** | | | | | | |
| Double-track Denchai - Chiang Khong's Contract 2,3 | 46 | 46 | 50 | 23 | - | - |
| U-Tapao Airport's First Phase | 31 | 27 | 100 | - | 27 | - |
| ***Potential projects*** | | | | | | |
| South Purple Line | 125 | 79 | 25 | - | 20 | - |
| West Orange Line | 129 | 96 | - | - | - | - |
| Red Line Extension | 103 | 67 | 25 | - | - | 17 |
| Double-track Chira – Ubon | 36 | 36 | 5 | - | - | 2 |
| Double-track Khon Kaen - Nong Khai | 25 | 25 | 5 | - | - | 1 |
| Others | - | - | - | - | - | 10 |
| **Total new work value** | | **376** | | **33** | **47** | **30** |
| **Backlog at year end** | | | | **85** | **102** | **98** |

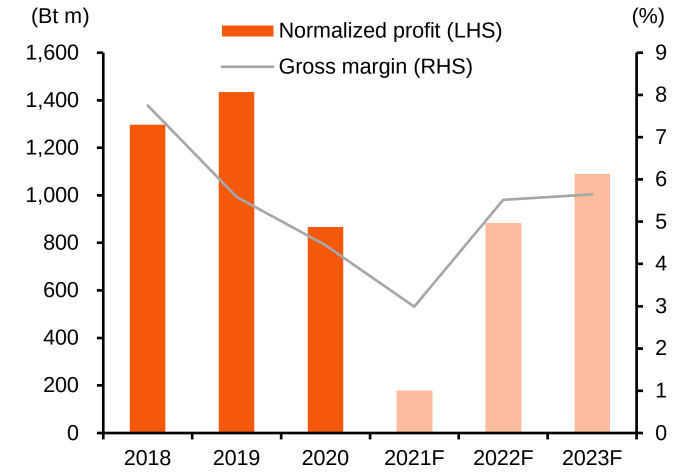
Sources: Company data, Thanachart estimates

**Ex 3: STEC's Backlog Value Vs. Revenue**



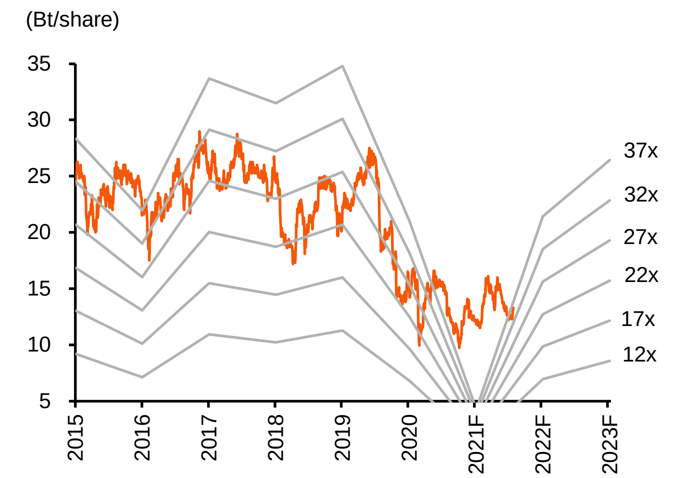

Sources: Company data, Thanachart estimates

**Ex 4: STEC's Gross Margin Vs. Earnings**



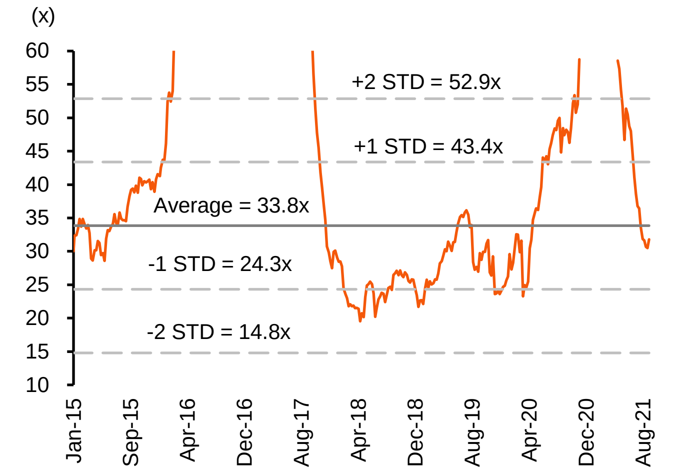

Sources: Company data, Thanachart estimates

**Ex 5: STEC's PE Band**




Sources: Bloomberg, Thanachart estimates

**Ex 6: STEC's PE Standard Deviation**




Sources: Bloomberg, Thanachart estimates

### Ex 7: 12-month DCF-derived SOTP-based TP Calculation, Using A 2022F Base Year

| (Bt m) | | 2022F | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | 2032F | Terminal Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EBITDA | | 1,900 | 2,225 | 2,390 | 2,457 | 2,458 | 2,360 | 2,121 | 2,181 | 2,241 | 2,301 | 2,361 | — |
| Free cash flow | | 130 | 709 | 1,060 | 1,447 | 1,475 | 1,440 | 1,430 | 1,213 | 1,273 | 1,334 | 1,395 | 17,116 |
| PV of free cash flow | | 130 | 593 | 811 | 995 | 923 | 821 | 741 | 573 | 547 | 500 | 474 | 5,810 |
| Risk-free rate (%) | 2.5 | | | | | | | | | | | | |
| Market risk premium (%) | 8.0 | | | | | | | | | | | | |
| Beta | 1.0 | | | | | | | | | | | | |
| WACC (%) | 9.3 | | | | | | | | | | | | |
| Terminal growth (%) | 2.0 | | | | | | | | | | | | |
| Enterprise value - add investments | 12,918 | | | | | | | | | | | | |
| Net debt (2021F) | (5,252) | | | | | | | | | | | | |
| Minority interest | 290 | | | | | | | | | | | | |
| Equity value | 17,880 | | | | | | | | | | | | |
| # of shares (m) | 1,525 | | | | | | | | | | | | |
| **Equity value/share (Bt)** | **11.7** | | | | | | | | | | | | |

| Sum-of-the-parts calculation | % holding | (Bt m) |
|---|---|---|
| **Enterprise value from construction business** | | **12,918** |
| **Investment equity value** | | **8,896** |
| TSE | 9.00% | 572 |
| BSR JV | 15.00% | 1,523 |
| GULF | 1.88% | 6,802 |
| **Total enterprise value** | | **21,814** |
| (Less) Net debt (2020F) | | (5,252) |
| (Less) Minority interest | | 290 |
| **Total enterprise value** | | **26,776** |
| # of shares (fully diluted) (m shares) | | 1,525 |
| **Sum of the parts (SOTP) (Bt/share)** | | **17.5** |

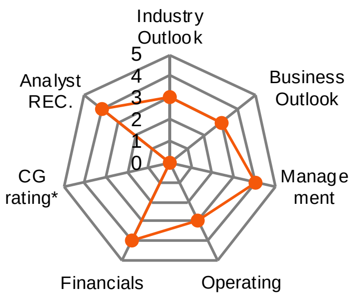
Sources: Company data, Thanachart estimates

## COMPANY DESCRIPTION

Sino-Thai Engineering & Construction (STECON) is one of the three biggest engineering and construction companies in Thailand, engaged in civil and mechanical work in buildings, infrastructure, energy, environment and industrial projects. It operates and offers services as a main contractor, sub-contractor, and joint-venture partner to both government and private sector clients. It classifies its construction services into five categories: infrastructure construction, industrial, building construction, power & energy, and environmental projects.

Source: Thanachart

## COMPANY RATING




| Rating Scale | |
|---|---|
| Excellent | 5 |
| Good | 4 |
| Fair | 3 |
| Weak | 2 |
| Very Weak | 1 |
| None | 0 |

Source: Thanachart; *No CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Strongest financial position in the sector, with net cash.
- Class-A contractor able to bid for all construction work.
- Expert in power plant construction.

### W — Weakness

- The majority of STEC's revenues are based on projects it has to bid for, and there are no guarantees it will win these bidding contests.
- The construction business is labor-intensive. Thus, there are risks from higher labor costs and labor shortages.

### O — Opportunity

- Thailand is in an infrastructure investment cycle.
- Concerns about electricity shortages are also driving investments in power-plant projects.

### T — Threat

- Covid-19 impacts and the government's time-consuming implementation processes could cause delays to Thailand's infrastructure investment.
- Volatility in building material prices is a major risk that we expect to increase this year.

## CONSENSUS COMPARISON

| | Consensus | Thanachart | Diff |
|---|---|---|---|
| **Target price (Bt)** | 16.67 | 17.50 | 5% |
| **Net profit 21F (Bt m)** | 901 | 177 | -80% |
| **Net profit 22F (Bt m)** | 1,233 | 883 | -28% |
| **Consensus REC** | **BUY: 12** | **HOLD: 4** | **SELL: 1** |

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit for 2022F is 28% below the Bloomberg consensus number, which we believe is due to us having a more conservative revenue and gross margin assumption due to the labour shortage and delays in mega project bids.
- However, our TP is higher than other brokers', likely as we are more bullish on its long-term earnings.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if the implementation of infrastructure projects occurs more slowly than we currently expect. This would likely prompt us to adjust down our new work value assumptions and earnings forecasts.
- Building material expenses account for 50-60% of STEC's total costs. Therefore, higher prices present a downside risk to our earnings forecasts.
- A weaker-than-expected economic recovery could also have a significant negative impact upon people's confidence and new construction projects.

Source: Thanachart

*We expect STEC's earnings to turn around from this year onward…*

*…due to a resumption of construction work realizing higher revenues and gross margin*

*STEC's financial status looks solid with a net-cash position*

**INCOME STATEMENT**

| FY ending Dec (Bt m) | 2019A | 2020A | 2021F | 2022F | 2023F |
|---|---|---|---|---|---|
| Sales | 32,992 | 35,841 | 25,375 | 29,363 | 34,031 |
| Cost of sales | 31,149 | 34,249 | 24,618 | 27,742 | 32,109 |
| **Gross profit** | **1,843** | **1,591** | **757** | **1,621** | **1,923** |
| % gross margin | 5.6% | 4.4% | 3.0% | 5.5% | 5.6% |
| Selling & administration expenses | 530 | 686 | 761 | 734 | 783 |
| **Operating profit** | **1,313** | **906** | **(4)** | **887** | **1,140** |
| % operating margin | 4.0% | 2.5% | 0.0% | 3.0% | 3.3% |
| Depreciation & amortization | 771 | 1,050 | 973 | 1,083 | 1,155 |
| **EBITDA** | **2,084** | **1,956** | **969** | **1,970** | **2,295** |
| % EBITDA margin | 6.3% | 5.5% | 3.8% | 6.7% | 6.7% |
| Non-operating income | 277 | 166 | 182 | 183 | 190 |
| Non-operating expenses | 0 | 0 | 0 | 0 | 0 |
| Interest expense | (51) | (53) | (37) | (44) | (43) |
| **Pre-tax profit** | **1,539** | **1,018** | **141** | **1,026** | **1,287** |
| Income tax | 326 | 236 | 28 | 205 | 257 |
| **After-tax profit** | **1,213** | **782** | **113** | **821** | **1,029** |
| % net margin | 3.7% | 2.2% | 0.4% | 2.8% | 3.0% |
| Shares in affiliates' Earnings | 231 | 95 | 75 | 75 | 75 |
| Minority interests | (11) | (10) | (11) | (13) | (15) |
| Extraordinary items | 50 | 226 | 0 | 0 | 0 |
| **NET PROFIT** | **1,484** | **1,093** | **177** | **883** | **1,090** |
| **Normalized profit** | **1,434** | **867** | **177** | **883** | **1,090** |
| EPS (Bt) | 1.0 | 0.7 | 0.1 | 0.6 | 0.7 |
| Normalized EPS (Bt) | 0.9 | 0.6 | 0.1 | 0.6 | 0.7 |

**BALANCE SHEET**

| FY ending Dec (Bt m) | 2019A | 2020A | 2021F | 2022F | 2023F |
|---|---|---|---|---|---|
| **ASSETS:** | | | | | |
| Current assets: | 23,149 | 21,095 | 16,633 | 18,859 | 21,856 |
| Cash & cash equivalent | 7,261 | 6,496 | 6,255 | 6,935 | 8,055 |
| Account receivables | 10,342 | 9,905 | 6,952 | 8,045 | 9,324 |
| Inventories | 4,026 | 3,227 | 2,361 | 2,660 | 3,079 |
| Others | 1,520 | 1,468 | 1,066 | 1,219 | 1,398 |
| Investments & loans | 20,440 | 17,326 | 17,326 | 17,326 | 17,326 |
| Net fixed assets | 5,556 | 3,223 | 4,320 | 4,806 | 5,222 |
| Other assets | 62 | 2,389 | 2,307 | 2,256 | 2,205 |
| **Total assets** | **49,207** | **44,033** | **40,586** | **43,247** | **46,609** |
| **LIABILITIES:** | | | | | |
| Current liabilities: | 31,479 | 26,595 | 23,618 | 25,246 | 27,541 |
| Account payables | 27,802 | 21,673 | 19,222 | 20,522 | 22,432 |
| Bank overdraft & ST loans | 0 | 1,000 | 1,003 | 1,004 | 1,002 |
| Current LT debt | 0 | 0 | 0 | 0 | 0 |
| Others current liabilities | 3,677 | 3,921 | 3,394 | 3,720 | 4,107 |
| **Total LT debt** | **0** | **0** | **0** | **0** | **0** |
| Others LT liabilities | 3,081 | 2,727 | 2,528 | 2,718 | 2,945 |
| **Total liabilities** | **34,560** | **29,321** | **26,146** | **27,964** | **30,486** |
| Minority interest | 271 | 279 | 290 | 303 | 318 |
| Preferreds shares | 0 | 0 | 0 | 0 | 0 |
| Paid-up capital | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 |
| Share premium | 2,097 | 2,097 | 2,097 | 2,097 | 2,097 |
| Warrants | 0 | 0 | 0 | 0 | 0 |
| Surplus | 2,869 | 2,264 | 2,264 | 2,264 | 2,264 |
| **Retained earnings** | **7,886** | **8,546** | **8,263** | **9,093** | **9,918** |
| Shareholders' equity | 14,377 | 14,433 | 14,150 | 14,980 | 15,805 |
| **Liabilities & equity** | **49,207** | **44,033** | **40,586** | **43,247** | **46,609** |

Sources: Company data, Thanachart estimates

*STEC's valuation looks attractive to us at 23x PE in 2022F…*

*….falling to 19x in 2023F vs. its 34x in pre-COVID 2015-19*

### CASH FLOW STATEMENT

| FY ending Dec (Bt m) | 2019A | 2020A | 2021F | 2022F | 2023F |
|---|---|---|---|---|---|
| Earnings before tax | 1,539 | 1,018 | 141 | 1,026 | 1,287 |
| Tax paid | (326) | (236) | (28) | (205) | (257) |
| Depreciation & amortization | 771 | 1,050 | 973 | 1,083 | 1,155 |
| Chg In working capital | 1,492 | (4,893) | 1,368 | (92) | 213 |
| Chg In other CA & CL / minorities | 732 | 483 | (51) | 248 | 283 |
| **Cash flow from operations** | **4,208** | **(2,577)** | **2,403** | **2,060** | **2,679** |
| Capex | (1,880) | 1,282 | (2,000) | (1,500) | (1,500) |
| Right of use | 0 | (2,314) | (10) | (10) | (10) |
| ST loans & investments | (10) | (59) | 0 | 0 | 0 |
| LT loans & investments | (8,104) | 3,114 | 0 | 0 | 0 |
| Adj for asset revaluation | 2,726 | (605) | 0 | 0 | 0 |
| Chg In other assets & liabilities | 2,352 | (175) | (177) | 182 | 218 |
| **Cash flow from investments** | **(4,914)** | **1,244** | **(2,187)** | **(1,328)** | **(1,292)** |
| Debt financing | (1,236) | 1,000 | 3 | 2 | (2) |
| Capital increase | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (763) | (458) | (460) | (53) | (265) |
| Warrants & other surplus | (31) | 25 | (0) | 0 | 0 |
| **Cash flow from financing** | **(2,030)** | **567** | **(457)** | **(51)** | **(267)** |
| **Free cash flow** | **2,328** | **(1,295)** | **403** | **560** | **1,179** |

### VALUATION

| FY ending Dec | 2019A | 2020A | 2021F | 2022F | 2023F |
|---|---|---|---|---|---|
| Normalized PE (x) | 14.1 | 23.4 | 114.8 | 23.0 | 18.6 |
| Normalized PE - at target price (x) | 18.6 | 30.8 | 151.0 | 30.2 | 24.5 |
| PE (x) | 13.7 | 18.6 | 114.8 | 23.0 | 18.6 |
| PE - at target price (x) | 18.0 | 24.4 | 151.0 | 30.2 | 24.5 |
| EV/EBITDA (x) | 6.2 | 7.6 | 15.5 | 7.3 | 5.8 |
| EV/EBITDA - at target price (x) | 9.3 | 10.8 | 22.1 | 10.5 | 8.6 |
| P/BV (x) | 1.4 | 1.4 | 1.4 | 1.4 | 1.3 |
| P/BV - at target price (x) | 1.9 | 1.8 | 1.9 | 1.8 | 1.7 |
| P/CFO (x) | 4.8 | (7.9) | 8.4 | 9.8 | 7.6 |
| Price/sales (x) | 0.6 | 0.6 | 0.8 | 0.7 | 0.6 |
| Dividend yield (%) | 2.3 | 2.3 | 0.3 | 1.3 | 1.6 |
| FCF Yield (%) | 11.5 | (6.4) | 2.0 | 2.8 | 5.8 |
| **(Bt)** | | | | | |
| Normalized EPS | 0.9 | 0.6 | 0.1 | 0.6 | 0.7 |
| EPS | 1.0 | 0.7 | 0.1 | 0.6 | 0.7 |
| DPS | 0.3 | 0.3 | 0.0 | 0.2 | 0.2 |
| BV/share | 9.4 | 9.5 | 9.3 | 9.8 | 10.4 |
| CFO/share | 2.8 | (1.7) | 1.6 | 1.4 | 1.8 |
| FCF/share | 1.5 | (0.8) | 0.3 | 0.4 | 0.8 |

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

| FY ending Dec | 2019A | 2020A | 2021F | 2022F | 2023F |
|---|---|---|---|---|---|
| **Growth Rate** | | | | | |
| Sales (%) | 19.8 | 8.6 | (29.2) | 15.7 | 15.9 |
| Net profit (%) | (8.2) | (26.3) | (83.8) | 399.5 | 23.4 |
| EPS (%) | (8.2) | (26.3) | (83.8) | 399.5 | 23.4 |
| Normalized profit (%) | 10.5 | (39.5) | (79.6) | 399.5 | 23.4 |
| Normalized EPS (%) | 10.5 | (39.5) | (79.6) | 399.5 | 23.4 |
| Dividend payout ratio (%) | 30.8 | 42.0 | 30.0 | 30.0 | 30.0 |
| **Operating performance** | | | | | |
| Gross margin (%) | 5.6 | 4.4 | 3.0 | 5.5 | 5.7 |
| Operating margin (%) | 4.0 | 2.5 | (0.0) | 3.0 | 3.3 |
| EBITDA margin (%) | 6.3 | 5.5 | 3.8 | 6.7 | 6.7 |
| Net margin (%) | 3.7 | 2.2 | 0.4 | 2.8 | 3.0 |
| D/E (incl. minor) (x) | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Net D/E (incl. minor) (x) | (0.5) | (0.4) | (0.4) | (0.4) | (0.4) |
| Interest coverage - EBIT (x) | 25.8 | 17.2 | na | 19.9 | 26.3 |
| Interest coverage - EBITDA (x) | 41.0 | 37.1 | 26.0 | 44.3 | 53.0 |
| ROA - using norm profit (%) | 3.0 | 1.9 | 0.4 | 2.1 | 2.4 |
| ROE - using norm profit (%) | 11.3 | 6.0 | 1.2 | 6.1 | 7.1 |
| **DuPont** | | | | | |
| ROE - using after tax profit (%) | 9.6 | 5.4 | 0.8 | 5.6 | 6.7 |
| - asset turnover (x) | 0.7 | 0.8 | 0.6 | 0.7 | 0.8 |
| - operating margin (%) | 4.8 | 3.0 | 0.7 | 3.6 | 3.9 |
| - leverage (x) | 3.7 | 3.2 | 3.0 | 2.9 | 2.9 |
| - interest burden (%) | 96.8 | 95.1 | 79.1 | 95.8 | 96.7 |
| - tax burden (%) | 78.8 | 76.8 | 80.0 | 80.0 | 80.0 |
| WACC (%) | 9.3 | 9.3 | 9.3 | 9.3 | 9.3 |
| ROIC (%) | 47.0 | 9.8 | (0.0) | 8.0 | 10.1 |
| NOPAT (Bt m) | 1,035 | 696 | (3) | 709 | 912 |
| invested capital (Bt m) | 7,116 | 8,937 | 8,898 | 9,049 | 8,752 |

Sources: Company data, Thanachart estimates

## General Disclaimers And Disclosures:



This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 110 Derivative Warrants which are ACE16C2111A , ADVA16C2110A , ADVA16C2110A , AEON16C2108A, AEON16C2108A , AMAT16C2112A , AMAT16C2112A , AOT16C2109A , AOT16C2109A , AOT16C2112A , AOT16C2112A , BAM16C2110A , BAM16C2110A , BAM16C2112A , BAM16C2112A , BANP16C2109A , BANP16C2109A , BANP16C2110A , BANP16C2110A ,BANP16C2112A , BANP16C2112A , BCH16C2109A , BCH16C2109A , BCH16C2111A , BCH16C2111A , BCH16C2111B , BCH16C2111B , BCPG16C2111A , BCPG16C2111A , BDMS16C2109A , BDMS16C2109A , BGRI16C2110A , BGRI16C2110A , BGRI16C2112A , BGRI16C2112A , BH16C2109A , BH16C2109A , CBG16C2108A , CBG16C2108A , CBG16C2109A , CBG16C2109A , CBG16C2109B , CBG16C2109B , CHG16C2111A , CHG16C2111A , CHG16C2112A , CHG16C2112A , COM716C2110A , COM716C2110A , COM716C2112A , COM716C2112A , CPAL16C2109A , CPAL16C2109A , CPAL16C2111A , CPAL16C2111A , CPAL16C2112A , CPAL16C2112A , CPF16C2108A , CPF16C2108A , CPF16C2112A , CPF16C2112A , CPN16C2109A , CPN16C2109A , DELT16C2108A , DELT16C2108A , DELT16C2109A , DELT16C2109A , DELT16C2112A , DELT16C2112A , DOHO16C2111A , DOHO16C2111A , DOHO16C2112A , DOHO16C2112A , DTAC16C2112A , DTAC16C2112A , EA16C2108A , EA16C2108A , EA16C2110A , EA16C2110A , EGCO16C2110A , EGCO16C2110A , EPG16C2109A , EPG16C2109A , GPSC16C2109A , GPSC16C2109A , GPSC16C2110A , GPSC16C2110A , GULF16C2112A , GULF16C2112A ,GUNK16C2108A , GUNK16C2108A , GUNK16C2110A , GUNK16C2110A , GUNK16C2112A , GUNK16C2112A , HANA16C2112A , HANA16C2112A , IRPC16C2108A , IRPC16C2108A , IRPC16C2110A , IRPC16C2110A , IRPC16C2112A , IRPC16C2112A , IVL16C2109A , IVL16C2109A , IVL16C2110A , IVL16C2110A , IVL16C2111A , IVL16C2111A , JMAR16C2111A , JMAR16C2111A , JMT16C2110A , JMT16C2110A , KBAN16C2108A , KBAN16C2108A , KBAN16C2109A , KBAN16C2109A , KBAN16C2111A , KBAN16C2111A , KBAN16C2111B , KBAN16C2111B , KCE16C2109A , KCE16C2109A , KCE16C2110A , KCE16C2110A , KTC16C2110A , KTC16C2110A , KTC16C2110B , KTC16C2110B , KTC16C2112A , KTC16C2112A , MEGA16C2112A , MEGA16C2112A , MINT16C2109A , MINT16C2109A , MINT16C2112A , MINT16C2112A , MTC16C2108A , MTC16C2108A , MTC16C2109A , MTC16C2109A , MTC16C2112A , MTC16C2112A , OR16C2108A , OR16C2108A , OR16C2109A , OR16C2109A , OR16C2112A , OR16C2112A , PRM16C2109A , PRM16C2109A , PTG16C2109A , PTG16C2109A , PTT16C2109A , PTT16C2109A , , PTT16C2112A , PTT16C2112A , PTTE16C2112A , PTTE16C2112A , PTTG16C2108A , PTTG16C2108A , PTTG16C2110A , PTTG16C2110A , PTTG16C2111A , PTTG16C2111A , RBF16C2110A , RBF16C2110A , RBF16C2112A , RBF16C2112A , RS16C2108A , RS16C2108A , RS16C2109A , RS16C2109A , RS16C2112A , RS16C2112A , S5016C2109A , S5016C2109A , S5016C2109B , S5016C2109B , S5016C2109C , S5016C2109C , S5016C2109D , S5016C2109D , S5016C2112A , S5016C2112A , S5016P2109A , S5016P2109A , S5016P2109B , S5016P2109B , S5016P2112A , S5016P2112A , S5016P2112B , S5016P2112B , SAWA16C2112A , SAWA16C2112A , SCB16C2111A , SCB16C2111A , SCB16C2112A , SCB16C2112A , SCC16C2112A , SCC16C2112A , SCGP16C2109A , SCGP16C2109A , STA16C2112A , STA16C2112A , STEC16C2110A , STEC16C2110A , STGT16C2111A , STGT16C2111A , TASC16C2109A , TASC16C2109A , TOP16C2112A , TOP16C2112A , TQM16C2108A , TQM16C2108A , TU16C2110A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BCH, BCPG, BDMS, BGRIM, BH, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, EPG, GPSC, GULF, GUNKUL, HANA, IRPC, IVL, JMART, JMT, KBANK, KCE, KTC, MEGA, MINT, MTC, OR, PRM, PTG, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SET50, STA, STEC, STGT, TASCO, TOP, TQM, TU). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)

## Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an “Overweight” sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLs on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYs and SELLs.

## Thanachart Securities Pcl.

Research Team
19 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: thanachart.res@thanachartsec.co.th

**Pimpaka Nichgaroon, CFA**
Head of Research
Tel: 662-779-9199
pimpaka.nic@thanachartsec.co.th

**Pattarawan Wangmingmat**
Senior Technical Analyst
Tel: 662-779-9105
pattarawan.wan@thanachartsec.co.th

**Phannarai Tiyapittayarut**
Property, Retail
Tel: 662-779-9109
phannarai.von@thanachartsec.co.th

**Sarachada Sornsong**
Bank, Finance, Insurance
Tel: 662-779-9106
sarachada.sor@thanachartsec.co.th

**Sittichet Rungrassameephat**
Analyst, Quantitative
Tel: 662-483-8303
sittichet.run@thanachartsec.co.th

**Adisak Phupiphathirungul, CFA**
Retail Market Strategy
Tel: 662-779-9120
adisak.phu@thanachartsec.co.th

**Nuttapop Prasitsuksant**
Telecom, Utilities
Tel: 662-483-8296
nuttapop.pra@thanachartsec.co.th

**Rata Limsuthiwanpoom**
Auto, Industrial Estate, Media, Prop. Fund
Tel: 662-483-8297
rata.lim@thanachartsec.co.th

**Siriporn Arunothai**
Small Cap, Healthcare, Hotel
Tel: 662-779-9113
siriporn.aru@thanachartsec.co.th

**Thaloengsak Kucharoenpaisan**
Analyst, Retail Market
Tel: 662-483-8304
thaloengsak.kuc@thanachartsec.co.th

**Chak Reungsinpinya**
Energy, Petrochemical, Paper
Tel: 662-779-9104
chak.reu@thanachartsec.co.th

**Pattadol Bunnak**
Electronics, Food & Beverage, Shipping
Tel: 662-483-8298
pattadol.bun@thanachartsec.co.th

**Saksid Phadthananarak**
Construction, Transportation
Tel: 662-779-9112
saksid.pha@thanachartsec.co.th

**Witchanan Tambamroong**
Technical Analyst
Tel: 662-779-9123
witchanan.tam@thanachartsec.co.th