

BUY (Unchanged)

TP: Bt 17.50

(Unchanged)

Change in Numbers

Upside : 14.4%

13 JANUARY 2022

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

Getting back on track

After an earnings hiccup from the lockdown impact last year, we look for STEC's operations to return to normal this year with 48% EPS growth. We also expect another 22% growth in 2023F from its growing backlog value from winning at least two key potential projects this year. Reaffirm BUY call and SOTP-based 12-month TP of Bt17.5.



SAKSID PHADTHANANARAK

662 – 779 9112

saksid.pha@thanachartsec.co.th

Back on its growth track

We reaffirm our BUY call on STEC after it faced a lockdown hiccup last year. **First**, STEC's operations have already got back on track since 4Q21F and we project a 48% earnings turnaround in 2022F (from a 31% fall in 2021F). **Second**, we expect STEC's backlog to grow from Bt79bn at end 2021F, which would be the second highest in the sector, to Bt96bn this year with two new potential project wins. **Third**, concern over higher building material costs, especially steel, isn't new news and this negative factor should be offset by the positive margin impact from the end of the zero-margin new parliament project in May 2021. **Lastly**, its valuation looks inexpensive to us at 26x PE in 2022F and 22x in 2023F compared to its 30x average historical PE in 2015-21.

Biggest and growing backlog

Among the top four Thai contractors, we expect STEC to have the second-largest backlog value of Bt79bn at end 2021F. We also project the backlog to end 2022F at Bt96bn (3x of 2022F revenue) with at least a Bt47bn combined value of two new potential projects vs. Bt30bn of revenue recognition depletion in 2022F. The two new projects are: 1) the Bt27bn construction value of the U-Tapao Airport project's first phase, which STEC has already won though it has yet to sign the contract, and 2) its portion of the Bt79bn South Purple Line project, where STEC has formed a JV with Ch. Karnchang (CK TB, Bt22.9, BUY) to bid for. We estimate the JV to win Bt40bn worth of the project value and for STEC's portion to be half of this at Bt20bn.

2023F project pipeline

Our backlog forecast this year is based on only two major projects mentioned above because we choose to be conservative in the potential election year as the bidding for other new projects could be delayed into 2023F. There are two key projects that we push out into 2023F backlog. First, we expect STEC to win Bt17bn of work from the Bt103bn Red Line Extension project. Second is Bt13bn of work from the Bt264bn remaining value of the government's second-phase double-track railway projects.

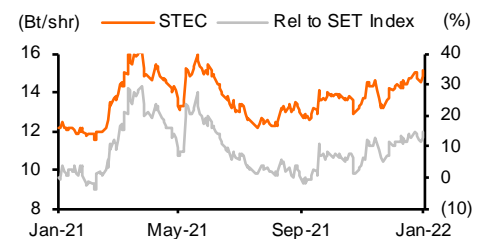
Margin outlook

There has been concern over rising building material prices, especially steel (see Exhibit 3). Despite that, we project STEC's gross margin at 5.5/5.7% in 2022-23F, vs. 5.6/4.4/4.4% in 2019-21F. As steel prices have risen since late 2020, we don't think the high prices are new news and that they are reflected in its 2021 performance while completion of the zero-margin new parliament building project in May 2021 should improve STEC's margin mix this year. Contracts with the escalation factor (K) would also allow STEC to partly pass on rising costs to the government.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	35,841	27,594	30,082	34,292
Net profit	1,093	598	885	1,082
Consensus NP	—	542	1,137	1,289
Diff frm cons (%)	—	10.2	(22.2)	(16.1)
Norm profit	867	598	885	1,082
Prev. Norm profit	—	177	883	1,090
Chg frm prev (%)	—	238.1	0.3	(0.7)
Norm EPS (Bt)	0.6	0.4	0.6	0.7
Norm EPS grw (%)	(39.5)	(31.1)	48.1	22.2
Norm PE (x)	26.9	39.0	26.4	21.6
EV/EBITDA (x)	9.1	10.0	7.5	6.3
P/BV (x)	1.6	1.6	1.5	1.5
Div yield (%)	2.0	0.8	1.3	1.9
ROE (%)	6.0	4.1	5.9	6.9
Net D/E (%)	(37.4)	(48.9)	(51.0)	(54.5)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 13-Jan-22 (Bt)	15.30
Market Cap (US\$ m)	702.6
Listed Shares (m shares)	1,525.1
Free Float (%)	65.2
Avg Daily Turnover (US\$ m)	4.9
12M Price H/L (Bt)	16.10/11.50
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	30.0	47.0	30.0
Old			33.0	47.0	30.0
Change (%)			(9.1)	—	—
Normalized profit (Bt m)					
New	1,434	867	598	885	1,082
Old			177	883	1,090
Change (%)			238.1	0.3	(0.7)
Gross margin (%)					
New	5.6	4.4	4.4	5.5	5.7
Old			3.0	5.5	5.6
Change (pp)			1.4	—	0.1

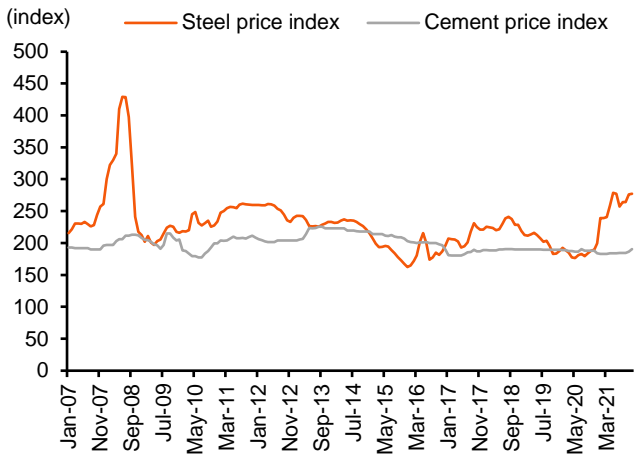
Sources: Company data, Thanachart estimates

Ex 2: STEC's Potential New Work Value

Projects	Project Value (Bt bn)	Construction Value (Bt bn)	Chance (%)	New work in 2021F (Bt bn)	New work in 2022F (Bt bn)	New work in 2023F (Bt bn)
Backlog value as of end 2020				77		
Newly signed contracts						
Government Center Zone C				6		
Ayudhaya Diversion Canal				3		
Double-track Denchai - Chiang Khong				17		
Others				3		
To-be-signed contracts						
U-Tapao Airport's First Phase	31	27	100	-	27	-
Potential projects						
South Purple Line	125	79	25	-	20	-
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
Double-track Hat Yai - Padang Besar	7	7	5	-	-	0
Double-track Chumphon -Surat Thani	23	23	5	-	-	1
Double-track Surat Thani - Songkhla	56	56	5	-	-	3
Double-track Paknam Po - Den Chai	59	59	5	-	-	3
Double-track Den Chai - Chiang Mai	58	58	5	-	-	3
Total new work value				30	47	30
Backlog at year end				79	96	92

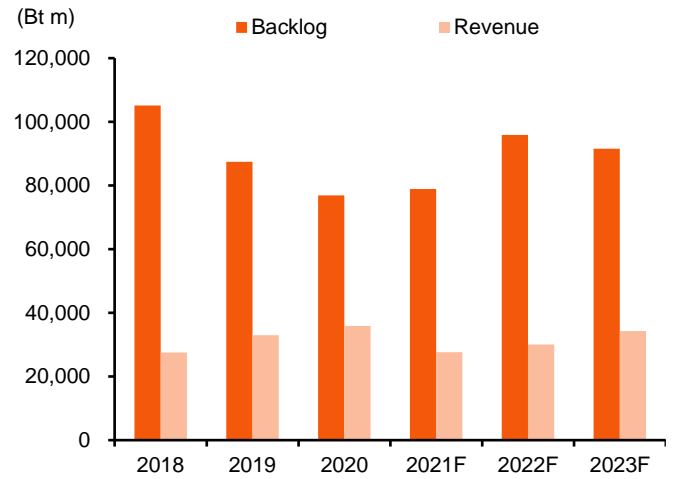
Sources: Company data, Thanachart estimates

Ex 3: Steel & Cement Price Index



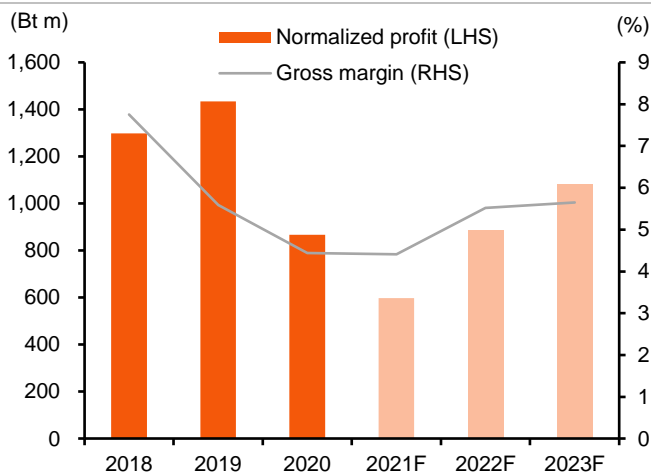
Sources: Company data, Thanachart estimates

Ex 4: STEC's Backlog Value Vs. Revenue



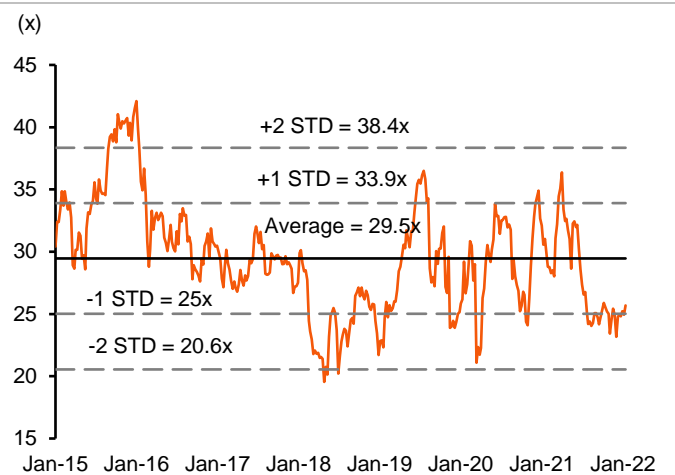
Sources: Company data, Thanachart estimates

Ex 3: STEC's Gross Margin Vs. Earnings



Sources: Company data, Thanachart estimates

Ex 4: STEC's PE Standard Deviation



Sources: Company data, Thanachart estimates

Ex 5: 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	1,978	2,233	2,341	2,396	2,384	2,263	2,221	2,201	2,265	2,329	2,393	—
Free cash flow	320	502	612	841	854	857	829	848	860	925	925	11,345
PV of free cash flow	319	420	468	578	534	488	430	400	370	346	314	3,851
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	9.3											
Terminal growth (%)	2.0											
Enterprise value - add investments	8,519											
Net debt (2021F)	(7,269)											
Minority interest	290											
Equity value	15,498											
# of shares (m)	1,525											
Equity value/share (Bt)	10.2											
Sum-of-the-parts calculation												(Bt m)
Enterprise value from construction business												8,519
Investment equity value												10,918
TSE								9.00%				572
BSR JV								15.00%				1,523
GULF								1.88%				8,823
Total enterprise value												19,437
(Less) Net debt (2021F)												(7,269)
(Less) Minority interest												290
Total enterprise value												26,415
# of shares (fully diluted) (m shares)												1,525
Sum of the parts (SOTP) (Bt/share)												17.5

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 6: Peer Valuation Comparison

Name	BBG code	Current Price (Bt)	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)
Italian-Thai Devel.	ITD TB	2.24	44.8	62.5	na	na	1.0	1.0	17.2	15.0	na	na
Sriracha Construction	SRICHA TB	15.70	165.8	18.9	12.9	10.8	2.9	2.7	8.1	6.9	6.7	7.6
Unique Engineering	UNIQ TB	6.25	(75.5)	280.0	125.0	32.9	na	na	11.3	10.0	na	na
CH Karnchang*	CK TB	22.90	na	na	na	68.8	1.5	1.5	na	341.4	0.2	0.6
Pylon Pcl*	PYLON TB	5.15	(80.7)	245.3	110.9	32.1	4.0	3.6	26.7	14.7	0.5	2.3
Seafo Pcl*	SEAFKO TB	4.58	na	na	na	24.2	2.3	2.1	24.9	9.9	0.0	2.1
Sino Thai Eng. & Cons*	STEC TB	15.30	(31.1)	48.1	39.0	26.4	1.6	1.5	10.0	7.5	0.8	1.3
Average			4.7	131.0	72.0	32.5	2.2	2.1	16.4	57.9	1.6	2.8

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

Based on 13-Jan-22 closing prices

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

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.

O — Opportunity

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

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *No CG Rating

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.

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)	17.91	17.50	-2%
Net profit 21F (Bt m)	542	598	10%
Net profit 22F (Bt m)	1,137	885	-22%
Consensus REC	BUY: 14	HOLD: 2	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit for 2022F is 22% below the Bloomberg consensus number, which we believe is due to us having more conservative revenue and gross margin assumptions due to a labour shortage and delays in mega-project bids.
- However, our TP is slightly lower 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 secondary 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, and represents another secondary downside risk.

Source: Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	32,992	35,841	27,594	30,082	34,292
Cost of sales	31,149	34,249	26,378	28,421	32,354
Gross profit	1,843	1,591	1,216	1,661	1,937
% gross margin	5.6%	4.4%	4.4%	5.5%	5.7%
Selling & administration expenses	530	686	717	752	789
Operating profit	1,313	906	499	908	1,149
% operating margin	4.0%	2.5%	1.8%	3.0%	3.4%
Depreciation & amortization	771	1,050	1,116	1,140	1,155
EBITDA	2,084	1,956	1,614	2,048	2,304
% EBITDA margin	6.3%	5.5%	5.9%	6.8%	6.7%
Non-operating income	277	166	226	201	207
Non-operating expenses	0	0	0	0	0
Interest expense	(51)	(53)	(37)	(44)	(43)
Pre-tax profit	1,539	1,018	687	1,065	1,313
Income tax	326	236	124	213	263
After-tax profit	1,213	782	564	852	1,050
% net margin	3.7%	2.2%	2.0%	2.8%	3.1%
Shares in affiliates' Earnings	231	95	45	45	45
Minority interests	(11)	(10)	(11)	(12)	(14)
Extraordinary items	50	226	0	0	0
NET PROFIT	1,484	1,093	598	885	1,082
Normalized profit	1,434	867	598	885	1,082
EPS (Bt)	1.0	0.7	0.4	0.6	0.7
Normalized EPS (Bt)	0.9	0.6	0.4	0.6	0.7

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

BALANCE SHEET

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	23,149	21,095	18,950	20,634	23,408
Cash & cash equivalent	7,261	6,496	7,370	8,050	9,080
Account receivables	10,342	9,905	7,560	8,242	9,395
Inventories	4,026	3,227	2,529	2,725	3,102
Others	1,520	1,468	1,491	1,617	1,831
Investments & loans	20,440	17,326	18,926	18,926	18,926
Net fixed assets	5,556	3,223	4,177	4,607	5,023
Other assets	62	2,389	2,312	2,257	2,206
Total assets	49,207	44,033	44,365	46,424	49,563
LIABILITIES:					
Current liabilities:	31,479	26,595	25,658	26,837	28,885
Account payables	27,802	21,673	21,681	22,581	24,110
Bank overdraft & ST loans	0	1,000	101	109	158
Current LT debt	0	0	0	0	0
Others current liabilities	3,677	3,921	3,876	4,147	4,617
Total LT debt	0	0	0	0	0
Others LT liabilities	3,081	2,727	3,846	4,009	4,313
Total liabilities	34,560	29,321	29,504	30,845	33,198
Minority interest	271	279	290	302	316
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	8,684	9,390	10,162
Shareholders' equity	14,377	14,433	14,571	15,277	16,048
Liabilities & equity	49,207	44,033	44,365	46,424	49,563

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	1,539	1,018	687	1,065	1,313
Tax paid	(326)	(236)	(124)	(213)	(263)
Depreciation & amortization	771	1,050	1,116	1,140	1,155
Chg In working capital	1,492	(4,893)	3,050	23	(1)
Chg In other CA & CL / minorities	732	483	(23)	189	302
Cash flow from operations	4,208	(2,577)	4,706	2,204	2,505
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	(1,600)	0	0
Adj for asset revaluation	2,726	(605)	0	0	0
Chg In other assets & liabilities	2,352	(175)	1,137	157	295
Cash flow from investments	(4,914)	1,244	(2,473)	(1,353)	(1,215)
Debt financing	(1,236)	1,000	(899)	8	49
Capital increase	0	0	0	0	0
Dividends paid	(763)	(458)	(460)	(179)	(310)
Warrants & other surplus	(31)	25	(0)	0	0
Cash flow from financing	(2,030)	567	(1,358)	(172)	(261)
Free cash flow	2,328	(1,295)	2,706	704	1,005

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	16.3	26.9	39.0	26.4	21.6
Normalized PE - at target price (x)	18.6	30.8	44.7	30.1	24.7
PE (x)	15.7	21.3	39.0	26.4	21.6
PE - at target price (x)	18.0	24.4	44.7	30.1	24.7
EV/EBITDA (x)	7.7	9.1	10.0	7.5	6.3
EV/EBITDA - at target price (x)	9.3	10.8	12.0	9.2	7.7
P/BV (x)	1.6	1.6	1.6	1.5	1.5
P/BV - at target price (x)	1.9	1.8	1.8	1.7	1.7
P/CFO (x)	5.5	(9.1)	5.0	10.6	9.3
Price/sales (x)	0.7	0.7	0.8	0.8	0.7
Dividend yield (%)	2.0	2.0	0.8	1.3	1.9
FCF Yield (%)	10.0	(5.5)	11.6	3.0	4.3
(Bt)					
Normalized EPS	0.9	0.6	0.4	0.6	0.7
EPS	1.0	0.7	0.4	0.6	0.7
DPS	0.3	0.3	0.1	0.2	0.3
BV/share	9.4	9.5	9.6	10.0	10.5
CFO/share	2.8	(1.7)	3.1	1.4	1.6
FCF/share	1.5	(0.8)	1.8	0.5	0.7

Sources: Company data, Thanachart estimates

STEC's valuation looks attractive to us at 26x PE in 2022F...

....falling to 22x in 2023F vs. its 30x average historical PE in 2015-19

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	19.8	8.6	(23.0)	9.0	14.0
Net profit (%)	(8.2)	(26.3)	(45.3)	48.1	22.2
EPS (%)	(8.2)	(26.3)	(45.3)	48.1	22.2
Normalized profit (%)	10.5	(39.5)	(31.1)	48.1	22.2
Normalized EPS (%)	10.5	(39.5)	(31.1)	48.1	22.2
Dividend payout ratio (%)	30.8	42.0	30.0	35.0	40.0
Operating performance					
Gross margin (%)	5.6	4.4	4.4	5.5	5.7
Operating margin (%)	4.0	2.5	1.8	3.0	3.4
EBITDA margin (%)	6.3	5.5	5.9	6.8	6.7
Net margin (%)	3.7	2.2	2.0	2.8	3.1
D/E (incl. minor) (x)	0.0	0.1	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)
Interest coverage - EBIT (x)	25.8	17.2	13.4	20.4	26.5
Interest coverage - EBITDA (x)	41.0	37.1	43.4	46.0	53.2
ROA - using norm profit (%)	3.0	1.9	1.4	2.0	2.3
ROE - using norm profit (%)	11.3	6.0	4.1	5.9	6.9
DuPont					
ROE - using after tax profit (%)	9.6	5.4	3.9	5.7	6.7
- asset turnover (x)	0.7	0.8	0.6	0.7	0.7
- operating margin (%)	4.8	3.0	2.6	3.7	4.0
- leverage (x)	3.7	3.2	3.0	3.0	3.1
- interest burden (%)	96.8	95.1	94.9	96.0	96.8
- tax burden (%)	78.8	76.8	82.0	80.0	80.0
WACC (%)	9.3	9.3	9.3	9.3	9.3
ROIC (%)	47.0	9.8	4.6	10.0	12.5
NOPAT (Bt m)	1,035	696	409	727	919
invested capital (Bt m)	7,116	8,937	7,302	7,336	7,127

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

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 116 Derivative Warrants which are ACE16C2201A, ACE16C2202A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AOT16C2204A, AOT16C2202A, BAM16C2204A, BANP16C2204A, BANP16C2201A, BANP16C2202A, BBL16C2204A, BBL16C2201A, BBL16C2203A, BCH16C2201A, BCH16C2203A, BEC16C2202A, BGRI16C2205A, CBG16C2204A, CBG16C2201A, CBG16C2202A, CHG16C2202A, COM716C2203A, CPAL16C2204A, CPAL16C2203A, CPF16C2205A, CPN16C2202A, CRC16C2204A, DELT16C2202A, DELT16C2203A, DOHO16C2202A, EA16C2205A, EA16C2201A, ESSO16C2202A, GLOB16C2201A, GLOB16C2203A, GPSC16C2205A, GPSC16C2201A, GPSC16C2201B, GPSC16C2203A, GULF16C2202A, GUNK16C2205A, GUNK16C2201A, GUNK16C2203A, HANA16C2204A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IVL16C2202A, JAS16C2202A, JMAR16C2205A, JMAR16C2201A, JMAR16C2202A, JMT16C2205A, JMT16C2201A, JMT16C2203A, KBAN16C2201A, KBAN16C2202A, KCE16C2205A, KCE16C2201A, KTC16C2202A, LH16C2202A, MAJO16C2201A, MINT16C2204A, MINT16C2203A, MTC16C2204A, MTC16C2202A, OR16C2202A, OR16C2203A, PTG16C2201A, PTG16C2202A, PTG16C2203A, PTL16C2201A, PTL16C2202A, PTL16C2202B, PTT16C2201A, PTT16C2203A, PTTE16C2203A, RBF16C2202A, RS16C2205A, RS16C2201A, S5016P2203B, S5016C2112A, S5016C2112B, S5016C2112C, S5016C2112D, S5016C2203A, S5016P2112A, S5016P2112B, S5016P2112C, S5016P2112D, S5016P2203A, SAWA16C2204A, SAWA16C2202A, SCB16C2201A, SCB16C2202A, SCC16C2204A, SCGP16C2201A, SCGP16C2202A, SPAL16C2202A, SPRC16C2201A, STA16C2203A, STA16C2201A, STEC16C2204A, STEC16C2201A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2202A, TRUE16C2202A, TRUE16C2203A, TU16C2204A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RBF, RS, SAWAD, SCB, SCC, SCGP, SPALI, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASCO, TOP, TRUE, TU, WHA). 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 LIMITED (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

Witchanan Tambamroong

Technical Analyst

Tel: 662-779-9123

witchanan.tam@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

Sittichet Rungrassameephat

Analyst, Quantitative

Tel: 662-483-8303

sittichet.run@thanachartsec.co.th

Chak Reungsinpinya

Thematic Research, 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

Yupapan Polpornprasert

Energy, Petrochemical

Tel: 662-779-9110

yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market

Tel: 662-483-8304

thaloengsak.kuc@thanachartsec.co.th