

BUY (Unchanged)

TP: Bt 29.00

(From: Bt 25.00)

Change in Numbers

Upside : 20.3%

25 NOVEMBER 2022

# Ch. Karnchang Pcl (CK TB)

## Securing 4-year growth

With a record-high Bt249bn backlog and record-high equity income from its associates' strong earnings growth, CK's earnings growth at least for the next four years looks secured and we estimate a 22% earnings CAGR in 2023-26F. Valuation also appears cheap with the shares trading at a 37% discount to its associates' market value. BUY.



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### All earnings drivers at work; reaffirm BUY

We joined CK's analyst meeting and management painted a very bullish picture of its earnings growth outlook for at least the next four years, driven by 1) its construction business with a record-high backlog value of Bt249bn, and 2) record-high equity income from its associates' strong earnings growth. Given higher-than-expected earnings in 9M22, we raise our earnings estimates for CK by 9-63% in 2022-24F. Along with rolling over the base year in our model to 2023F, we raise our DCF-derived SOTP-based 12-month TP to Bt29/share from Bt25 and we reaffirm our BUY call on CK. It remains our top sector pick.

### Construction business's new growth cycle

CK's backlog was at Bt60bn as at end-3Q22 and it expects to sign contracts to construct the Bt109bn West Orange Line and the Bt80bn Luang Prabang Hydropower Plant by the end of this year or early next year. Therefore, its total Bt249bn backlog would secure construction revenue growth for at least the next five years with an expected average gross margin of 7-8% and a net margin of 3-4%. There are also two more high-potential projects – Bt27bn of M&E work for the South Purple Line and Bt35bn of construction work for the double-deck expressway, as these projects will highly likely be operated by its 32%-owned Bangkok Expressway & Metro (BEM TB, Buy, Bt9.25).

### Associates' record-high earnings

CK's infrastructure investment strategy is also paying off. Even though it requires substantial investments, resulting in high gearing for CK initially, it now not only provides CK with stable dividend and equity income but also increases CK's chances of winning new construction work via its associates' expansion. As we expect its 30%-owned CK Power (CKP TB, Bt4.84, BUY) to post record earnings this year and BEM to deliver record earnings next year, we estimate CK's dividend and equity income to rise to Bt2.2bn-2.4bn in 2022-24F from Bt1.3bn-1.6bn in 2019-21.

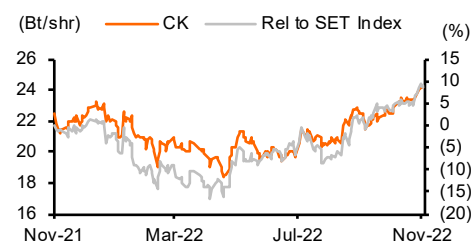
### Still cheap in our view

Despite the 31% rise in its share price from its low this year, we still see CK's valuation as attractive. Given a 22% earnings CAGR in 2023-26F, its PE multiples would fall to 33x in 2023F and 26/22/19x in 2024-26 vs. its pre-COVID historical average of 35x in 2015-19. The shares also trade at a 37% discount to its associates' market value. In other words, investors buying CK would get a 37% discount on its investment portfolio's market value and the construction business for free.

### COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	12,389	18,076	24,141	31,923
Net profit	906	996	1,250	1,552
Consensus NP	—	973	1,661	2,211
Diff frm cons (%)	—	2.3	(24.7)	(29.8)
Norm profit	100	996	1,250	1,552
Prev. Norm profit	—	612	1,144	1,369
Chg frm prev (%)	—	62.6	9.3	13.3
Norm EPS (Bt)	0.06	0.59	0.74	0.92
Norm EPS grw (%)	(70.4)	897.1	25.6	24.1
Norm PE (x)	408.8	41.0	32.7	26.3
EV/EBITDA (x)	na	322.4	112.1	71.5
P/BV (x)	1.6	1.6	1.5	1.5
Div yield (%)	1.0	1.0	1.2	1.5
ROE (%)	0.4	3.8	4.7	5.6
Net D/E (%)	139.0	128.4	122.8	106.8

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 25-Nov-22 (Bt)	24.10
Market Cap (US\$ m)	1,139.6
Listed Shares (m shares)	1,693.9
Free Float (%)	65.5
Avg Daily Turnover (US\$ m)	3.2
12M Price H/L (Bt)	24.30/18.40
Sector	Construction
Major Shareholder	Trivisvavet group 38.5%

Sources: Bloomberg, Company data, Thanachart estimates

## Securing long-term growth

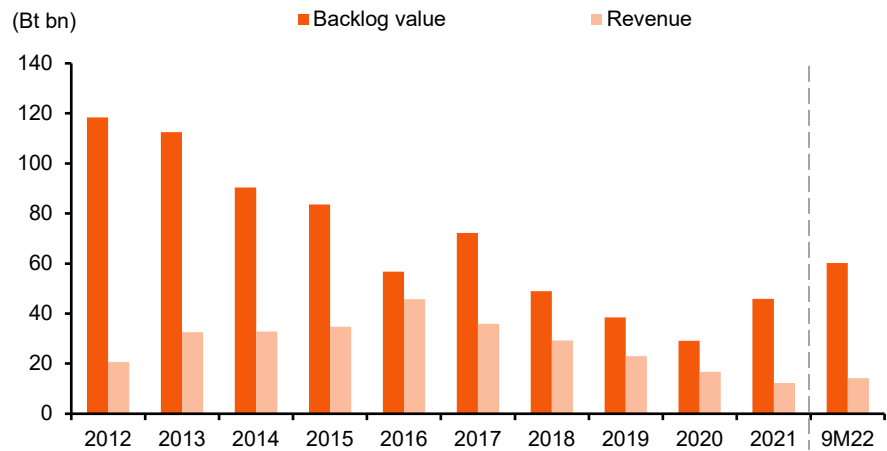
*CK is bullish on its long-term earnings given...*

*...its record-high backlog of Bt249bn...*

Ch. Karnchang Pcl's (CK) management is very bullish on the company's earnings growth prospects at least for the next four years. Its confidence comes from the following reasons:

**First**, besides its existing backlog of Bt60bn as of end-3Q22, CK expects to sign the contracts for the construction of the Bt109bn West Orange Line and the Bt80bn Luang Prabang Hydropower Plant by the end of this year or early next year. This combined Bt249bn backlog would take eight years to construct and it would secure CK's construction revenue growth for at least the next four years. Management also expects its average gross margin to be around 7-8% and net margin to be 3-4%.

### Ex 1: CK's Backlog And Revenue



Source: Company data

### Ex 2: Major Projects' Revenue Recognition Period

Project	Contract value (Bt m)	Revenue Recognition period									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	
MRT Purple Line (Southern Extension), Contract 1	9,987	[Revenue recognition period: 2022-2028]									
MRT Purple Line (Southern Extension), Contract 2	8,161	[Revenue recognition period: 2022-2028]									
Double Track : Denchai - Chiang Khong, Contract 2	13,571	[Revenue recognition period: 2022-2027]									
Double Track : Denchai - Chiang Khong, Contract 3	9,240	[Revenue recognition period: 2022-2027]									
MRT Orange Line (Western Extension), M&E*	26,714	[Revenue recognition period: 2023-2030]									
MRT Orange Line (Western Extension), Civil work*	82,502	[Revenue recognition period: 2023-2030]									
Luang Prabang Hydroelectric Power*	80,000	[Revenue recognition period: 2023-2030]									

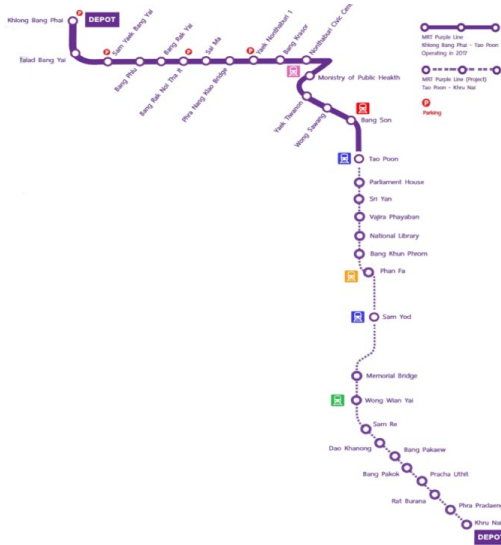
Sources: Company data, Thanachart estimates

Note: \* Upcoming projects

*...two more high-potential projects...*

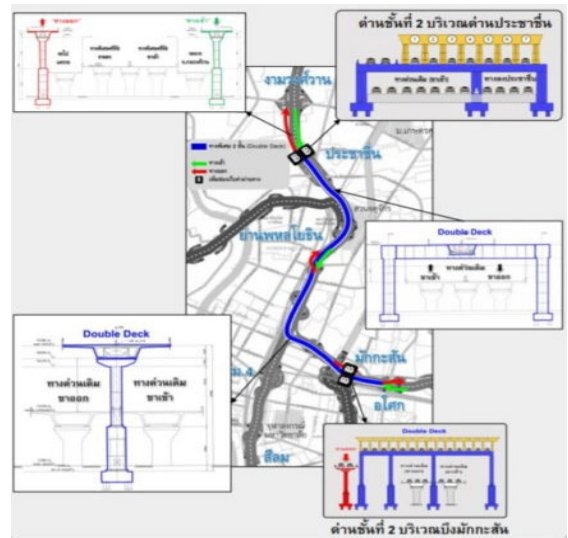
**Second**, there is also more high-potential work for CK, i.e., Bt27bn of M&E work for the South Purple Line and Bt35bn of construction work for the double-deck expressway above the second-stage expressway. As CK's 32%-owned Bangkok Expressway & Metro (BEM TB, BUY, Bt9.25) operates the North Purple Line and the second-stage expressway, the government will likely negotiate with BEM to build and operate those two new projects. Assuming BEM gets these projects, it would subcontract the construction work to CK.

**Ex 3: The South Purple Line**



Source: Company data

**Ex 4: The Double Deck Expressway**

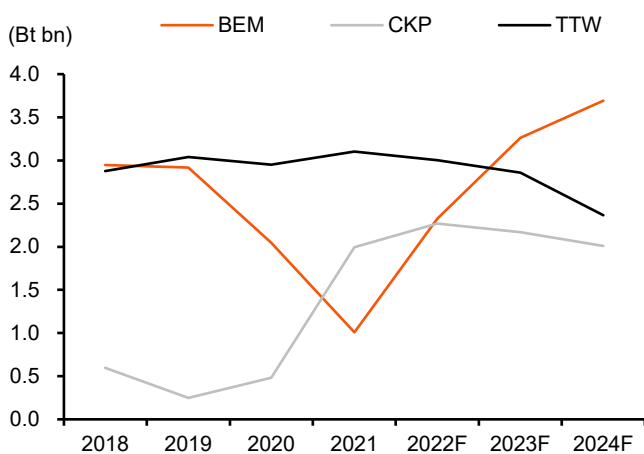


Source: Company data

**...its associates' record-high earnings**

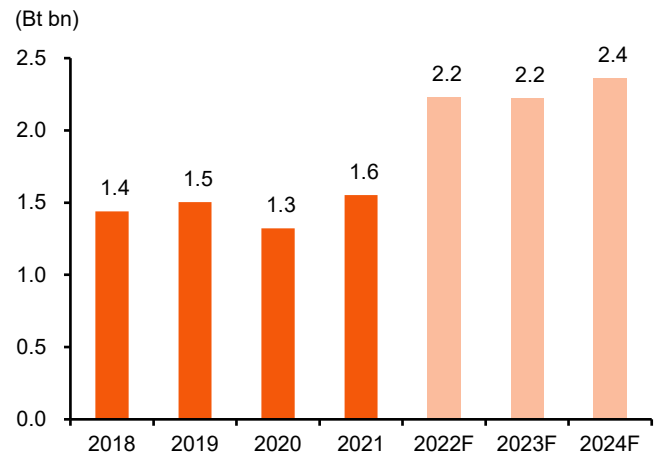
**Third**, CK's associates include BEM, 30%-owned CK Power (CKP TB, Bt4.84, BUY), and 19%-owned TTW (TTW TB, Bt8.7, SELL). These companies' earnings are not only recovering from the COVID-19 crisis, but some are also likely to achieve record high profits. This would allow them to contribute more dividend and profits to CK and we expect CK's dividend and equity income to increase to Bt2.2bn-2.4bn in 2022-24F from Bt1.3bn-1.6bn in 2019-21.

**Ex 5: BEM, CKP & TTW's Normalized Earnings**



Sources: Company data, Thanachart estimates

**Ex 6: CK's Dividend And Equity Income**



Sources: Company data, Thanachart estimates

## Reaffirming BUY

**We raise our earnings by 9-63% in 2022-24F and lift our TP to Bt29**

**Valuation is still attractive in our view**

Given higher-than-expected earnings in 9M22, we raise our earnings estimates for CK by 9-63% in 2022-24F following the changes in our key assumptions in Exhibit 7. With the rollover of the base year in our model to 2023F, we lift our DCF-derived SOTP-based 12-month TP to Bt29/share from Bt25 and we reaffirm our BUY call on CK. It remains our top sector pick.

Despite its share price rising by 31% from its low this year, we still see CK's valuation as attractive as we estimate its earnings CAGR of 22% a year in 2023-26F to lower its PE multiple from 41x this year to 33x in 2023F, 26x in 2024F, 22x in 2025F, and 19x in 2026F compared to its pre-COVID historical average of 35x in 2015-19. The shares also trade at a 37% discount to its associates' market value. In other words, investors buying CK would get a 37% discount on its investment portfolio's market value and the construction business for free.

### Ex 7: Key Assumption Changes

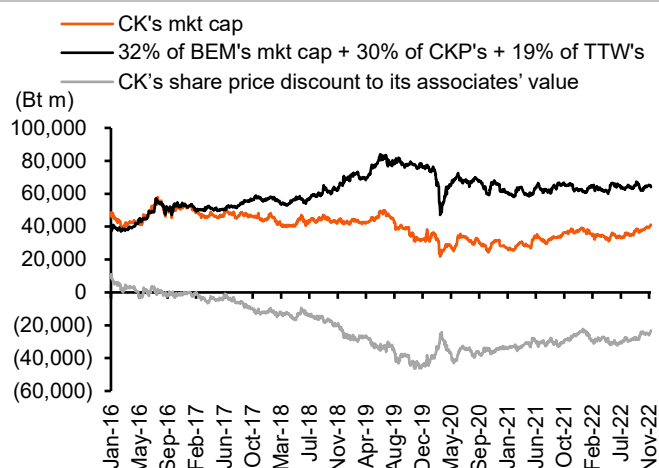
	2020	2021	2022F	2023F	2024F
<b>Backlog value (Bt bn)</b>					
New	29.1	45.8	56.5	221.8	215.0
Old			226.0	234.0	228.9
Change (%)			(75.0)	(5.3)	(6.0)
<b>Normalized profit (Bt m)</b>					
New	337	100	996	1,250	1,552
Old			612	1,144	1,369
Change (%)			62.6	9.3	13.3
<b>Gross margin (%)</b>					
New	9.4	9.3	8.3	8.3	8.3
Old			9.2	9.2	9.2
Change (pp)			(0.9)	(0.9)	(0.9)
<b>Equity &amp; dividend income (Bt m)</b>					
New	1,321	1,553	2,231	2,221	2,363
Old			1,825	2,148	2,315
Change (pp)			22.2	3.4	2.1

Sources: Company data, Thanachart estimates

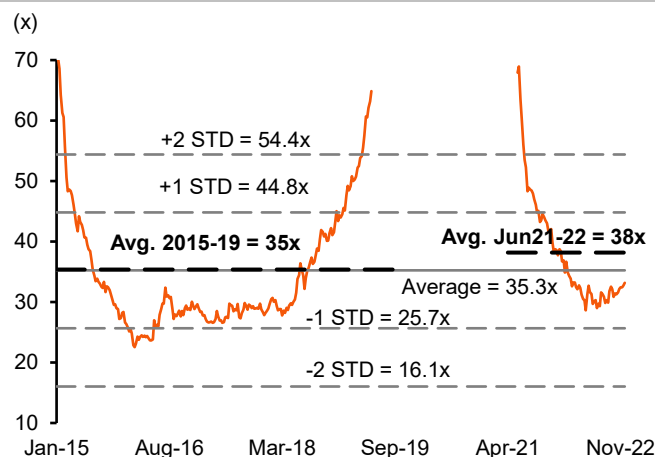
### Ex 8: CK's SOTP Value

	% holding	Our TP	Fair value (Bt m)	30% discount* (Bt m)	Share price (Bt/share)	Market value (Bt m)
TTW	19.4%	10.00	7,741	5,418	8.70	6,734
BEM	32.4%	11.00	54,425	38,098	9.25	45,767
CKP	30.0%	6.50	15,852	11,097	4.84	11,804
<b>Total</b>			<b>78,018</b>	<b>54,613</b>		<b>64,305</b>
<b>Per CK share (Bt)</b>				<b>32.2</b>		<b>38.0</b>
<b>Construction business value (Bt)</b>				<b>(3.5)</b>		
<b>Our TP (Bt)</b>				<b>28.7</b>		

Sources: Company data, Thanachart estimates

**Ex 9: CK's Market Cap Vs. Its Associates' Market Cap**

Sources: Company data, Thanachart estimates

**Ex 10: CK's PE Standard Deviation**

Sources: Bloomberg, Thanachart estimates

**Valuation Comparison****Ex 11: Peer Valuation Comparison**

Name	BBG code	Current	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
		Price (Bt)	22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)
Italian-Thai Devel.	ITD TB	1.86	(758.7)	65.6	na	na	0.9	0.9	10.6	9.2	0.0	0.0
Sriracha Construction	SRICHA TB	9.75	na	na	na	6.9	1.7	1.7	29.1	4.2	na	11.6
CH Karnchang*	CK TB	24.10	897.1	25.6	41.0	32.7	1.6	1.5	322.4	112.1	1.0	1.2
Pylon Pcl*	PYLON TB	4.68	312.5	41.2	22.2	15.7	3.2	2.8	10.6	7.8	2.2	4.8
Seafco Pcl*	SEAFKO TB	3.72	na	na	na	16.7	1.8	1.6	22.7	8.1	0.0	0.0
Sino Thai Eng. & Cons*	STEC TB	11.70	5.1	21.1	24.5	20.2	1.0	1.0	6.7	5.7	1.2	1.7
<b>Average</b>			<b>114.0</b>	<b>38.4</b>	<b>29.2</b>	<b>18.4</b>	<b>1.7</b>	<b>1.6</b>	<b>67.0</b>	<b>24.5</b>	<b>0.9</b>	<b>3.2</b>

Source: Bloomberg

Note: \* Thanachart estimates using normalized EPS growth

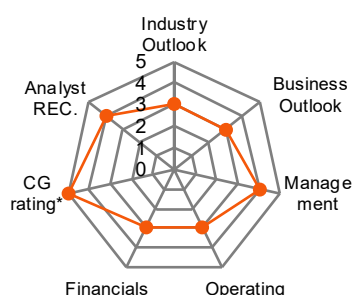
Based on 25-Nov-22 closing prices

## COMPANY DESCRIPTION

Ch. Karnchang Pcl (CK) is one of Thailand's leading contractors and basic infrastructure developers. It has more than 30 years of experience in constructing large-scale infrastructure, building complexes and general civil work. The company has also been investing in the government's concession projects in order to expand its operations and generate steady long-term income.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- One of the Big Four contractors in Thailand and categorized as class-A in terms of being qualified to bid for most large-scale investments.
- Business diversification into infrastructure investments to stabilize its long-term earnings.

### O — Opportunity

- Thailand is in an infrastructure investment cycle.
- Its exposure to high-potential projects abroad, especially hydroelectric work in Laos.

### W — Weakness

- Most of CK's revenues come from projects it has to bid for, and there are no guarantees it will win these bids.
- CK's interest expenses are high, leading to a significant risk of earnings losses if revenues fall.
- The construction business is labour-intensive, so there are risks of higher labor costs and labor shortages.

### T — Threat

- The COVID-19 impact and the government's time-consuming implementation processes could cause delays to Thailand's infrastructure investments.
- Volatility in building material prices is another risk.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	27.28	29.00	6%
<b>Net profit 22F (Bt m)</b>	973	996	2%
<b>Net profit 23F (Bt m)</b>	1,661	1,250	-25%
<b>Consensus REC</b>	<b>BUY: 13</b>	<b>HOLD: 1</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023F earnings are 25% lower than the Bloomberg consensus estimates, which we believe is due to us having a more conservative view on revenue and gross margins.
- However, our SOTP-based TP is higher than other brokers', which we attribute to us having a more bullish view on its associates' business prospects.

Sources: Bloomberg consensus, Thanachart estimates

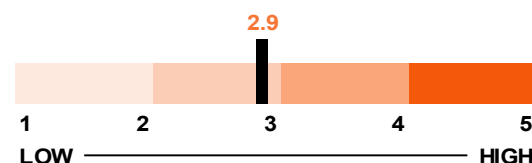
## RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if the government's infrastructure investment projects cannot be implemented, as this would likely prompt us to adjust down our new work value assumptions.
- Building material expenses account for 50-60% of CK's total costs. Therefore, adverse fluctuations in prices present a secondary downside risk to our earnings forecasts.
- The weak economy could have a significant negative impact upon people's confidence and new investments.

Source: Thanachart

CK is Thailand’s No.3 construction firm engaging in civil and mechanical work in infrastructure, building, and power plant projects. Its work releases pollutants with mitigation measures in compliance with relevant laws. Our ESG score of 2.92 is moderate to reflect its standardized approach to environmental management and attention to ESG issues.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
<b>CK</b>	YES	-	-	BB	47.17	45.99	17.98	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" toward the back of this report.

**Factors Our Comments**

**ENVIRONMENT**

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- CK’s environmental policies and management comply with relevant laws and regulations. It implements dust-control measures according to the National Environmental Quality Promotion and Conservation Act B.E. 2535 and guidelines by the Pollution Control Department, making its projects’ dust volume less than 0.33 milligrams/cubic meter and dust particles less than 0.12 milligrams/cubic meter on average over 24 hours.
- The construction noise level is also monitored and inspected to ensure it is below 115 dBA at any time and at a 70 dBA average per day. Management of wastewater and waste is also implemented in compliance with the National Environment Promotion Act 1992.
- Its electricity consumption in 2021 was 10m Mega joules, which implied greenhouse gas (GHG) emissions of 1,629 tonnes of CO2e. CK is continuing with measures to lower its electricity consumption such as replacing fluorescent lamps with LED lamps.
- In 2021, CK received the Compliance With Environmental Standards Award from the Mass Rapid Transit Authority of Thailand.

**SOCIAL**

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- CK follows human rights principles and ensures good corporate governance and fairness in execution according to the Labor Projection Act and Labor Relations Act. It also regards its security policy as of the highest standard having committed to conducting safe operations under the Occupational Safety and Health law.
- In 2021, 72% of its employees were male and 28% were female with 6.49 training hours per person per year, and a 0.04% injury rate caused by work.
- It has received the Outstanding Award for Occupational Health Management from the Mass Rapid Transit Authority of Thailand.
- CK conducts CSR activities, e.g., donating funds for the construction of patient wards for field hospitals, creating the “BioSafe Sampling Trucks” project, and providing funding support for community innovation.

**GOVERNANCE & SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- CK has a 10-member board of directors (BOD), of whom four are independent directors. There is one female board member. Five members are executive directors.
- In 2021, it received the Thailand Sustainability Investment award from the Stock Exchange of Thailand. It also received the “Excellent” level in the assessment of the corporate governance of Thai listed companies from the Thai Institute of Directors Association.
- It has appointed EY Office Limited as the independent auditor for the group.

Sources: Company data, Thanachart

## INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	16,941	12,389	18,076	24,141	31,923
Cost of sales	15,341	11,235	16,583	22,147	29,286
<b>Gross profit</b>	<b>1,601</b>	<b>1,153</b>	<b>1,493</b>	<b>1,994</b>	<b>2,637</b>
% gross margin	9.4%	9.3%	8.3%	8.3%	8.3%
Selling & administration expenses	2,027	1,915	1,952	2,052	2,394
<b>Operating profit</b>	<b>(427)</b>	<b>(761)</b>	<b>(459)</b>	<b>(58)</b>	<b>243</b>
% operating margin	-2.5%	-6.1%	-2.5%	-0.2%	0.8%
Depreciation & amortization	726	695	692	724	756
<b>EBITDA</b>	<b>299</b>	<b>(67)</b>	<b>233</b>	<b>666</b>	<b>999</b>
% EBITDA margin	1.8%	-0.5%	1.3%	2.8%	3.1%
Non-operating income	1,226	1,225	1,120	1,056	996
Non-operating expenses	0	0	0	0	0
Interest expense	(1,276)	(1,386)	(1,427)	(1,497)	(1,566)
<b>Pre-tax profit</b>	<b>(477)</b>	<b>(922)</b>	<b>(766)</b>	<b>(499)</b>	<b>(327)</b>
Income tax	28	38	0	0	0
<b>After-tax profit</b>	<b>(505)</b>	<b>(960)</b>	<b>(766)</b>	<b>(499)</b>	<b>(327)</b>
% net margin	-3.0%	-7.8%	-4.2%	-2.1%	-1.0%
Shares in affiliates' Earnings	857	1,088	1,767	1,756	1,888
Minority interests	(15)	(28)	(5)	(7)	(9)
Extraordinary items	275	806	0	0	0
<b>NET PROFIT</b>	<b>612</b>	<b>906</b>	<b>996</b>	<b>1,250</b>	<b>1,552</b>
<b>Normalized profit</b>	<b>337</b>	<b>100</b>	<b>996</b>	<b>1,250</b>	<b>1,552</b>
EPS (Bt)	0.4	0.5	0.6	0.7	0.9
Normalized EPS (Bt)	0.2	0.1	0.6	0.7	0.9

*We forecast CK to enjoy strong earnings for at least the next four years...*

*...driven by its construction business's record high-backlog...*

*...and record-high equity income from its associates' strong earnings growth*

## BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
<b>ASSETS:</b>					
Current assets:	19,834	20,069	25,248	30,867	38,078
Cash & cash equivalent	7,767	6,973	8,500	8,500	8,500
Account receivables	3,659	2,273	4,705	6,283	8,309
Inventories	2,436	2,988	4,543	6,068	8,024
Others	5,972	7,835	7,500	10,017	13,245
Investments & loans	50,366	50,826	48,326	49,826	47,326
Net fixed assets	11,194	10,927	11,035	11,111	11,155
Other assets	1,381	1,598	2,304	3,056	4,020
<b>Total assets</b>	<b>82,774</b>	<b>83,421</b>	<b>86,913</b>	<b>94,861</b>	<b>100,579</b>
<b>LIABILITIES:</b>					
Current liabilities:	14,758	17,748	17,016	23,066	28,857
Account payables	2,636	2,174	2,272	3,337	5,215
Bank overdraft & ST loans	147	82	0	0	0
Current LT debt	3,670	6,590	3,848	3,808	3,514
Others current liabilities	8,305	8,902	10,897	15,921	20,127
<b>Total LT debt</b>	<b>38,586</b>	<b>36,598</b>	<b>38,905</b>	<b>38,507</b>	<b>35,531</b>
Others LT liabilities	3,160	2,966	4,307	5,744	7,588
<b>Total liabilities</b>	<b>56,503</b>	<b>57,313</b>	<b>60,228</b>	<b>67,317</b>	<b>71,975</b>
Minority interest	424	439	444	451	460
Preferreds shares	0	0	0	0	0
Paid-up capital	1,694	1,694	1,694	1,694	1,694
Share premium	4,869	4,869	4,869	4,869	4,869
Warrants	0	0	0	0	0
Surplus	4,572	3,736	3,736	3,736	3,736
<b>Retained earnings</b>	<b>14,711</b>	<b>15,370</b>	<b>15,942</b>	<b>16,794</b>	<b>17,846</b>
Shareholders' equity	25,847	25,669	26,241	27,093	28,145
<b>Liabilities &amp; equity</b>	<b>82,774</b>	<b>83,421</b>	<b>86,913</b>	<b>94,861</b>	<b>100,579</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Earnings before tax	(477)	(922)	(766)	(499)	(327)
Tax paid	(51)	(44)	3	(1)	2
Depreciation & amortization	726	695	692	724	756
Chg In working capital	(213)	372	(3,889)	(2,037)	(2,103)
Chg In other CA & CL / minorities	(4,668)	(146)	4,093	4,265	2,864
<b>Cash flow from operations</b>	<b>(4,683)</b>	<b>(46)</b>	<b>133</b>	<b>2,451</b>	<b>1,191</b>
Capex	(756)	(428)	(800)	(800)	(800)
Right of use	(121)	49	(5)	(5)	(5)
ST loans & investments	(8)	62	0	0	0
LT loans & investments	889	(460)	2,500	(1,500)	2,500
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	45	245	640	690	884
<b>Cash flow from investments</b>	<b>49</b>	<b>(531)</b>	<b>2,335</b>	<b>(1,615)</b>	<b>2,579</b>
Debt financing	5,399	867	(518)	(437)	(3,270)
Capital increase	0	0	0	0	0
Dividends paid	(339)	(332)	(423)	(398)	(500)
Warrants & other surplus	(1,819)	(752)	0	0	0
<b>Cash flow from financing</b>	<b>3,241</b>	<b>(216)</b>	<b>(941)</b>	<b>(836)</b>	<b>(3,771)</b>
<b>Free cash flow</b>	<b>(5,439)</b>	<b>(474)</b>	<b>(667)</b>	<b>1,651</b>	<b>391</b>

**VALUATION**

<b>FY ending Dec</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Normalized PE (x)	121.1	408.8	41.0	32.7	26.3
Normalized PE - at target price (x)	145.8	491.9	49.3	39.3	31.7
PE (x)	66.7	45.1	41.0	32.7	26.3
PE - at target price (x)	80.2	54.2	49.3	39.3	31.7
EV/EBITDA (x)	252.0	na	322.4	112.1	71.5
EV/EBITDA - at target price (x)	279.7	na	358.1	124.5	79.8
P/BV (x)	1.6	1.6	1.6	1.5	1.5
P/BV - at target price (x)	1.9	1.9	1.9	1.8	1.7
P/CFO (x)	(8.7)	(893.6)	307.7	16.7	34.3
Price/sales (x)	2.4	3.3	2.3	1.7	1.3
Dividend yield (%)	0.8	1.0	1.0	1.2	1.5
FCF Yield (%)	(13.3)	(1.2)	(1.6)	4.0	1.0
<b>(Bt)</b>					
Normalized EPS	0.2	0.1	0.6	0.7	0.9
EPS	0.4	0.5	0.6	0.7	0.9
DPS	0.2	0.3	0.2	0.3	0.4
BV/share	15.3	15.2	15.5	16.0	16.6
CFO/share	(2.8)	(0.0)	0.1	1.4	0.7
FCF/share	(3.2)	(0.3)	(0.4)	1.0	0.2

Sources: Company data, Thanachart estimates

*CK now trades 37%  
below its associates'  
market value...*

*...which we believe is  
unjustified*

## FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
<b>Growth Rate</b>					
Sales (%)	(26.9)	(26.9)	45.9	33.6	32.2
Net profit (%)	(65.6)	48.0	9.9	25.6	24.1
EPS (%)	(65.6)	48.0	9.9	25.6	24.1
Normalized profit (%)	(65.0)	(70.4)	897.1	25.6	24.1
Normalized EPS (%)	(65.0)	(70.4)	897.1	25.6	24.1
Dividend payout ratio (%)	55.3	46.8	40.0	40.0	40.0
<b>Operating performance</b>					
Gross margin (%)	9.4	9.3	8.3	8.3	8.3
Operating margin (%)	(2.5)	(6.1)	(2.5)	(0.2)	0.8
EBITDA margin (%)	1.8	(0.5)	1.3	2.8	3.1
Net margin (%)	(3.0)	(7.8)	(4.2)	(2.1)	(1.0)
D/E (incl. minor) (x)	1.6	1.7	1.6	1.5	1.4
Net D/E (incl. minor) (x)	1.3	1.4	1.3	1.2	1.1
Interest coverage - EBIT (x)	na	na	na	na	0.2
Interest coverage - EBITDA (x)	0.2	na	0.2	0.4	0.6
ROA - using norm profit (%)	0.4	0.1	1.2	1.4	1.6
ROE - using norm profit (%)	1.3	0.4	3.8	4.7	5.6
<b>DuPont</b>					
ROE - using after tax profit (%)	na	na	na	na	na
- asset turnover (x)	0.2	0.1	0.2	0.3	0.3
- operating margin (%)	na	na	na	na	na
- leverage (x)	3.1	3.2	3.3	3.4	3.5
- interest burden (%)	(59.6)	(199.1)	(115.9)	(50.0)	(26.4)
- tax burden (%)	na	na	na	na	na
WACC (%)	7.3	7.3	7.3	7.3	7.3
ROIC (%)	(0.8)	(1.3)	(0.6)	(0.1)	0.3
NOPAT (Bt m)	(427)	(761)	(367)	(46)	194
invested capital (Bt m)	60,483	61,966	60,494	60,908	58,689

Sources: Company data, Thanachart estimates

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As a result, SET has created the SETTHSI for the purpose of indicating the price of these sustainable companies that pass the market capital size and liquidity criteria.

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BB - BBB - A	<b>AVERAGE :</b> A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

### Moody's ESG Solutions

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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