

CH. Karnchang (CK TB)

The start of a new orderbook S-curve

Large orderbook with more to come, BUY

Maintain BUY and SOTP-based TP of THB25.40. We expect 3Q23E operating results reached a 4-year high while FY23/24E core profit is likely to grow by 88%/22% YoY. This is driven by growth in its subsidiaries and its civil construction work contract for the Luang Prabang Hydroelectric Power Plant valued at THB99.8b (signed in May'23). The project has increased its backlog to a record high of THB143.6b. We also believe CK will win more jobs via its subsidiaries, putting its backlog on a new S-Curve.

High backlog; poised to secure more projects

CK has a large backlog at the end of 2Q23 of THB143.601b. It is well placed to win more jobs via subsidiaries, such as the MRT Orange Line project valued at THB127b whose tender was won by CK subsidiary Bangkok Expressway (BEM) on 16 Sep 2022 but is still pending approval by the new government. Other potential contracts include the double-deck expressway project, Ngamwongwan-Rama 9, valued at THB35b and the M&E job for the Southern Purple Line Project, valued at THB27b. Clinching these contracts would increase CK's backlog to more than THB300b, putting it on a new S-Curve.

3Q23E core profit may be highest in 4 years

CK will report 3Q23E earnings on 14 Nov. We expect profit reached the highest level in 4 years at THB774m (+44% YoY, +59% QoQ). First, we expect high construction revenue recognition of THB8.8b (+140% YoY, -5% QoQ), THB4.5b of which is from LPCL. Second, we expect strong profit contribution from investments of THB633m (-14% YoY, +148% QoQ), split into THB355m from BEM (+26% YoY, +13% QoQ) and THB278m from CKP (-41% YoY, +1,442% QoQ because it is the high season for hydro generation). Last, we expect dividend income from TTW of THB232m.

Strong projected FY23-24E earnings growth

We forecast FY23/24 revenue to grow 100%/2% YoY to THB36.2b/THB37b, respectively. This should be driven by the THB99b LPCL project, with a construction period of 7 years, and profit sharing from BEM with high growth. Overall, FY23E earnings should reach THB1.655b, surging 88% YoY and FY24E earnings should hit THB2.017b, up 22% YoY.

FYE Dec (THB m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	12,199	18,097	36,245	37,000	37,370
EBITDA	1,158	1,438	3,376	3,228	3,174
Core net profit	100	882	1,655	2,017	2,192
Core EPS (THB)	0.06	0.52	0.98	1.19	1.29
Core EPS growth (%)	(70.4)	783.4	87.6	21.8	8.7
Net DPS (THB)	0.25	0.25	0.39	0.46	0.50
Core P/E (x)	388.4	46.7	20.6	16.9	15.5
P/BV (x)	1.5	1.7	1.3	1.3	1.2
Net dividend yield (%)	1.1	1.0	1.9	2.3	2.5
ROAE (%)	3.5	4.4	6.9	7.8	8.0
ROAA (%)	0.1	1.0	1.9	2.3	2.4
EV/EBITDA (x)	65.3	56.1	22.6	23.7	24.2
Net gearing (%) (incl perps)	139.3	159.9	161.5	153.6	146.2
Consensus net profit	-	-	1,521	2,025	2,531
MIBG vs. Consensus (%)	-	-	12.1	(0.4)	(13.4)

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BUY

Share Price	THB 20.10
12m Price Target	THB 25.40 (+26%)
Previous Price Target	THB 25.40

Company Description

CH. Karnchang is a construction company with state-of-the-art construction technology and project-management know-how.

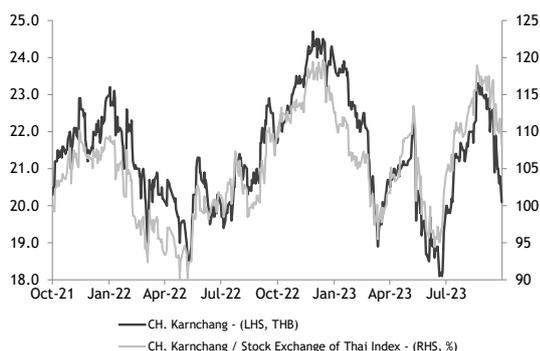
Statistics

52w high/low (THB)	24.70/18.10
3m avg turnover (USDm)	1.9
Free float (%)	66.2
Issued shares (m)	1,694
Market capitalisation	THB34.0B USD922M

Major shareholders:

Mahasiri Siam Co., Ltd.	14.3%
Ch. Karnchang Holding	11.2%
Thai NVDR Co., Ltd.	8.0%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(13)	4	(7)
Relative to index (%)	(7)	7	0

Source: FactSet

Details of other companies mentioned

BEM (CP THB8.30, not rated)
CKP (CP THB3.26, BUY, TP THB4.50)
TTW (CP THB9.05, not rated)

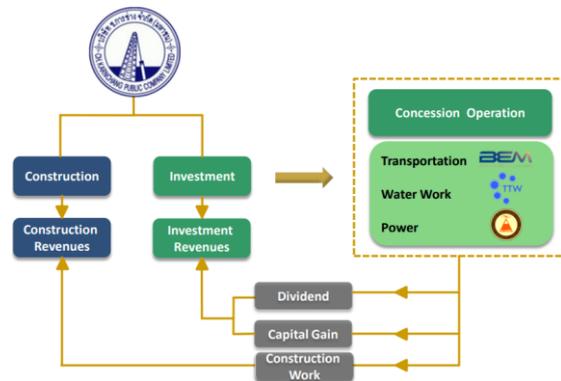
Terms defined

MRTA - The Mass Rapid Transit Authority of Thailand
LPCL - Luang Prabang Hydroelectric Power Plant
PPP - Public-Private Partnership
M&E - maintenance and engineering

Value Proposition

- CK is a large construction company distinguished by its investments in the country's leading infrastructure operators, BEM (35.5%), CKP (30.0%) and TTW (19.4%), which are growing and will help increase its backlog. The current investment value is as high as THB60b, or THB35/share.
- CK's current backlog has risen to THB143b, a record high.
- Three high potential projects, The MRT Orange Line (Western), MRT Purple Line (South) : M&E Work and Double-deck expressway, if clinched, would help lift its backlog to over THB300b at the end of next year.

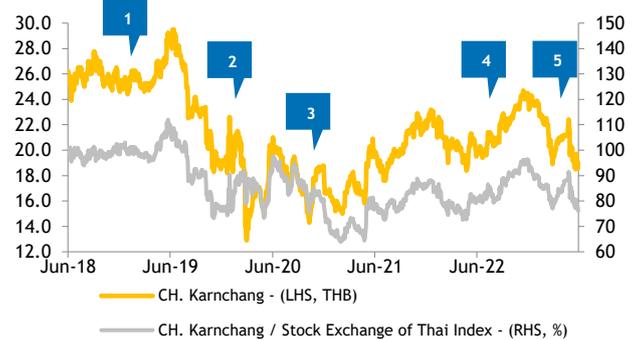
Construction company with extensive concession business



Source: Company

Price Drivers

Historical share price trend



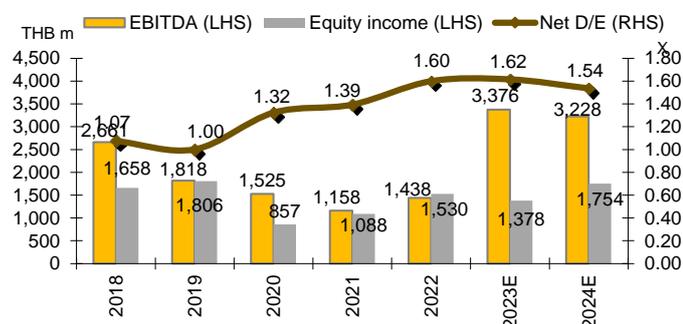
Source: Company, MST

- Construction income and profits were stable.
- Low backlog after the completion of the Xayaburi project, revenue and earnings declines.
- Construction site closure after Covid-19 outbreak and weak earnings.
- Wins bidding on several large projects.
- Delay in signing the contract of MRT Orange Line Project contract and the minimum wage to be raised.

Financial Metrics

- Good profitability with an average high gross profit margin of about 7-8% in the past 5 years.
- Large backlog on hand, revenue and EBITDA with strong 27%/30% CAGR for FY22-25.
- FY23-25 EBITDA of THB3.2-3.3b and equity income of THB1.4-1.7b combined is sufficient for future investment.
- The investment values of BEM, CKP and TTW are high as THB60b but estimated low net D/E of 1.62x in FY23E.

Low net D/E, high EBITDA and equity income for capex



Source: Company

Swing Factors

Upside

- Investment companies have large projects, helping CK to increase its construction backlog.
- Government mega-project investments.
- Laos promotes investment in hydroelectric power plants.

Downside

- Rapidly rising construction material and energy prices can depress gross margins.
- Construction and project delays.
- Changes in government policies. In particular, policies related to labour, such as the supervision of foreign workers and minimum wage adjustments, etc.
- Health and safety issues, and environmental impacts.

Risk Rating & Score¹	37.1 (High Risk - 165/352)
Score Momentum²	-0.7
Last Updated	17 March 2023
Controversy Score³ (Updated: 17 March 2023)	Category 2 - Moderate

Business Model & Industry Issues

- As a leader in the construction business and the pre-eminent and comprehensive basic infrastructure developer in the region, CK's missions include: 1) deliver quality work for customers while committed to creating work that contributes to the society and country with good returns to shareholders and providing fair treatment to all our stakeholders. 2) Be responsible to the community, society, environment and the country. 3) Manage the business with professionalism and in accordance with the guidelines of good Corporate Governance. 4) Develop human capital and organization on a continuous and consistent basis.
- The company realizes the importance of a balance that will create sustainable and fair benefits for all stakeholders. Therefore, sustainability operations have been developed and enhanced by combining concepts in 3 dimensions: economic, social and environmental aspects to become part of the business process strategy.
- CK is not just a builder. But it is behind the development and progress of the country, creating for everyone to live happily and still strive to create good things to the society. The company has been recognised and trusted by leading organizations with the capability to build a large regional project with all kinds of advanced engineering technology.

Material E issues

- CK aims to be a good neighbour to the community and society. It is committed to conducting the construction business with efficiency, high standard and constant responsibility to the society, community and environment. In every construction process, CK monitors, examines and prevents the operation from having an impact on the public and the environment, such as vibration measurement, noise pollution impact, surface water quality and especially dust.
- Air quality control, CK has 24 hour average dust volume = 0.12 (mg/m³) below the standard of 0.33 (mg/m³) in 2021.
- Noise quality control, CK has the average level of noise in 24 hours does not exceed 70 dBA below the Maximum level not exceeding 115 dBA in 2021.
- Category 2 greenhouse gas emissions fell to 1,629 tCO₂e in 2021 from 1,808 tCO₂e in 2019

Material S issues

- CK is cognizant that business operations must be in conjunction with social development and environmental conservation by trying to avoid actions that have a negative impact on the community. This is in addition to taking care of all personnel to compensate stakeholders both externally and internally fairly. And this is the way to create sustainability together.
- In the construction work, CK follows the controlling measures set forth in the construction work conditions. The company has a duty to comply with the law together with the project owner and committees from that community under supervision from various government agencies, such as the Office of the National Environment Board, and staff from local authorities, etc.
- CK has emphasized the responsibility to support the communities, especially those affected by COVID-19. CK joined forces with companies in the CH. Karnchang group to donate funds for the construction of patient wards for the urgent field hospital for Chulalongkorn Hospital, the Thai Red Cross Society.

Key G metrics and issues

- CK has 10 board of directors, 4 independent directors and 6 executive directors, with one female director. The total remuneration of executive directors and independent directors in 2022 was THB15.6m or 1.35% of the reported net profit. EY Office Limited is the auditor.
- The company's management adheres to the Principles of Good Corporate Governance by realizing the significance of and responsibilities for shareholders and stakeholders of the company on a continuous basis, and the Board of Directors also gives priority to compliance with the Principles of Good Corporate Governance; therefore, the company has established the Corporate Governance Policy, which is required to be regularly reviewed and implemented at least once a year.
- The Board of Directors is determined to operate the business with honesty, integrity, fairness by making a commitment to and realizing the significance of the business operations with responsibility for society and stakeholders of all groups in accordance with codes of professional conduct, ethics and morality, corporate governance; strictly complying with rules, regulations of both public and private sectors, including desirable work practices of the company in all activities which are involved with the business operations; steadfastly denying and fighting against fraud and corruption of all forms.
- The Board of Directors has established a code of conduct for the company's business operations under the Q-C-I-S-T values that comprise quality of services, customer satisfaction, integrity, social and environmental responsibilities and teamwork to formulate a pattern to define the scope of behaviour standards and behaviours that all personnel must practice in business operations and keep operations in the same direction within the framework of ethics, morality, honesty and for tidiness, while creating equality, which creates the foundation to be an organisation with sustainable growth. The executives and employees will continuously assess the compliance with the Company's code of conduct every year.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

1. Expect 3Q23 core profit to be highest in 4 years

CK has a large backlog at the end of 2Q23 of THB143.601b. We expect it recognized revenue in 3Q23E equal to THB8.8b, a high growth of 140% YoY from 3Q22, mainly from the Luang Prabang Power Plant project of around THB4.5b, while down slightly by 5% QoQ from 2Q23.

We estimate gross profit margin in 3Q23E of 7.2%, improving from 6.78% in 3Q22, while decreasing from 7.36% in 2Q23.

For 3Q23, it will recognize dividend income from TTW of THB232m (CK normally records dividend income from TTW of THB232m in 2Q and 3Q), helping to support other income of THB527m (+25% YoY, -3% QoQ)

We estimate share of profit from investment in 3Q23 to be at a high level of THB633m (-14% YoY, +148% QoQ), driven by profit share from investment in BEM (CK holds 35.5% stake) which rose to THB355m (+26% YoY, +13% QoQ) and share of investment in CKP (CK holds 30.0% stake) which rose QoQ to THB278m (-41% YoY, +1,442% QoQ).

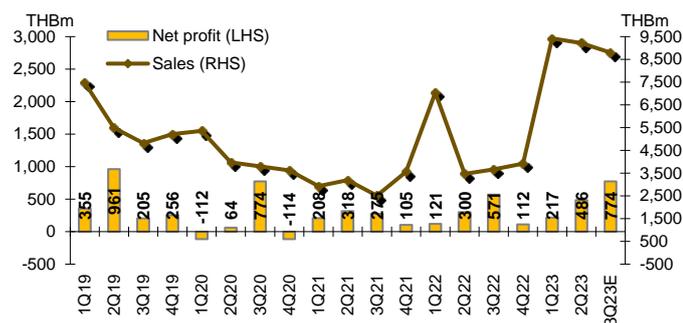
Overall, we expect 3Q23E core profit was outstanding at THB774m, the highest in 4 years, with high growth of 44% YoY from 3Q22 and 59% QoQ from 2Q23.

Fig 1: Quarterly earnings (THBm)

(THB m)	3Q22	4Q22	1Q23	2Q23	3Q23E	% YoY	% QoQ	9M23E	% YoY
Revenue	3,663	3,920	9,425	9,220	8,800	140%	-5%	27,445	94%
COGs	3,246	3,496	8,499	8,245	7,870	142%	-5%	24,614	96%
Depreciation	168	121	257	296	296	76%	0%	850	64%
Gross profit	248	303	669	679	634	155%	-7%	1,982	83%
Other income	422	224	217	545	527	25%	-3%	1,289	15%
SG&A	480	481	495	470	500	4%	6%	1,464	1%
EBITDA	357	167	649	1,050	957	168%	-9%	2,656	109%
Interest expense	355	362	396	474	480	35%	1%	1,350	29%
Equity income	736	241	200	255	633	-14%	148%	1,088	-16%
Core profit	536	(75)	169	486	774	44%	59%	1,428	49%
Extra items	35	188	49	-	-	nm.	nm.	49	40%
Net profit	571	112	217	486	774	35%	59%	1,477	49%
Core EPS (THB)	0.32	-0.04	0.10	0.29	0.46	44%	59%	0.84	49%
EPS (THB)	0.34	0.07	0.13	0.29	0.46	35%	59%	0.87	49%
Ratios									
Gross margin	6.8%	7.7%	7.1%	7.4%	7.2%			7.2%	
SG&A/Sales	13.1%	12.3%	5.2%	5.1%	5.7%			5.3%	
EBITDA margin	9.8%	4.3%	6.9%	11.4%	10.9%			9.7%	
Core profit margin	14.6%	-1.9%	1.8%	5.3%	8.8%			5.2%	
Net profit margin	15.6%	2.9%	2.3%	5.3%	8.8%			5.4%	

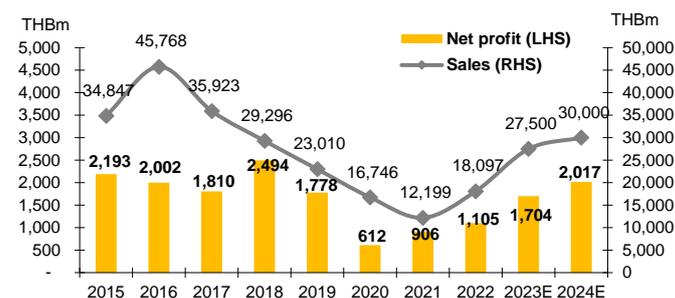
Source: CK, MST

Fig 2: Quarterly earnings



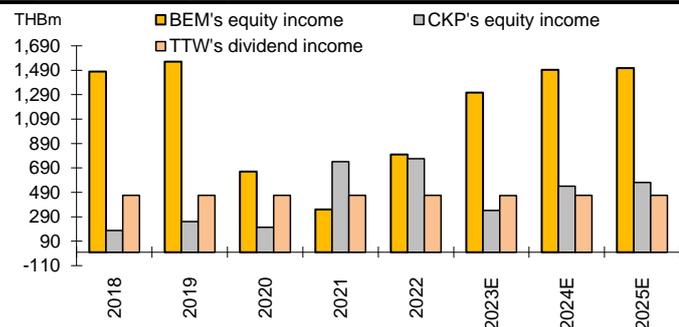
Source: CK, MST

Fig 3: Annual earnings



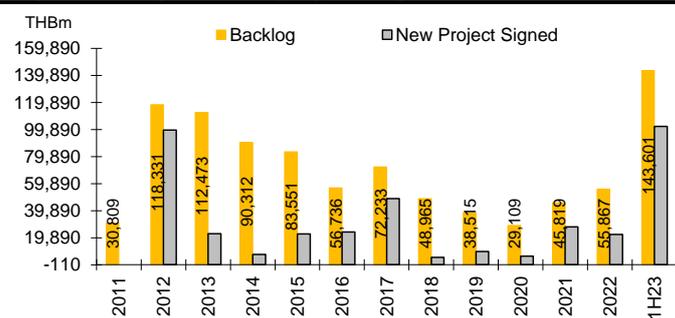
Source: CK, MST

Fig 4: Annual equity & dividend income



Source: CK, MST

Fig 5: Backlog and new projects signed



Source: CK, MST

2. Large backlog of THB143.601b, in the near future, more jobs will be added to its new S-Curve

CK had a large backlog at the end of 2Q23 of THB143.601b. Many large projects related to subsidiary BEM (CK holds 35.5% stake) should lead to more jobs for CK in the future, namely:

BEM's investment in the MRT Orange Line Project, Bang Khun Non - Min Buri (Suwinthawong) route, is a 30-year PPP where the private sector will invest in civil works for the western section, electric train system, train management, operation and maintenance throughout the line from Bang Khun Non - Min Buri, with a distance of 35.9km, totalling 28 stations. The investment totals THB127b. On Friday 16 Sep 2022, MRTA said BEM won the auction. This project will include civil works and M&E of approximately THB109.2b, with a construction period of 5-6 years. However, there are still issues of uncertainty due to complaints about the project and its approval by the new government.

The Double Deck Expressway Project, Ngamwongwan - Rama IX Road, has a distance of 17km. BEM will invest THB35b. BEM is conducting an environmental impact assessment study that is expected to be concluded and proposed to the new Cabinet within this year.

The Southern MRT Purple Line Project, Tao Poon - Rat Burana. M&E work is worth THB27b. It is likely BEM will continue to operate the MRT Purple Line Project: Bang Yai - Tao Poon. Construction is expected to be concluded in 2024.

The 3 aforementioned projects when combined with the current backlog of THB143.601b would increase the orderbook to THB314b, entering a new S-Curve.

Fig 6: CK has a large backlog of orders

Projects	Project Period	Total Project Value (MB)	% of Completion	Remaining(MB)
1. MRT PL : M&E Systems, Contract 4	2013-2016	15,689	99.7	47
2. MRT PL : Maintenance and E&M Systems	2015-2023	1,590	90.4	153
3. MRT PL : Maintenance of Civil & Architecture, E&M, Lift & Escalator and Walk-through Metal Detector	2023-2033	1,150	0.0	1,150
4. MRT PL (Southern Extension) : Underground Civil Work, Contract 1 (JV 55 : 45)	2022-2027	10,667	9.1	9,696
5. MRT PL (Southern Extension) : Underground Civil Work, Contract 2 (JV 55 : 45)	2022-2027	8,151	9.5	7,386
6. MRT BL : M&E, Contract 6	2017-2020	21,392	99.8	43
7. MRT BL : Hua Lamphong - Bang Sue, Maintenance Service and E&M	2015-2027	4,048	63.6	1,473
8. MRT BL : Hua Lamphong - Bang Sue, Maintenance of Civil & Architectural, E&M and Lift & Escalator	2023-2025	480	47.0	254
9. MRT OL : Underground Civil Work, Contract 1 (JV 60 : 40)	2017-2026	11,570	96.0	463
10. MRT OL : Underground Civil Work, Contract 2 (JV 60 : 40)	2017-2026	12,060	92.4	917
11. MRT OL : Depot and Park & Ride, Contract 5 (JV 60 : 40) *	2017-2026	2,709	92.5	203
12. Double Track : Chira - Khon Kaen (JV 70 : 30) *	2015-2019	16,123	99.9	16
13. Double Track : Denchai - Chiang Rai - Chiang Khong Contract 2 (JV 54 : 41 : 5) *	2022-2027	13,571	6.3	12,716
14. Double Track : Denchai - Chiang Rai - Chiang Khong Contract 3 (JV 51 : 39 : 10) *	2022-2027	9,240	6.1	8,676
15. Luang Prabang Hydroelectric Power	2021-2030	99,788	13.5	86,317
16. Rama III - Dao Khanong Expressway : Cable-Stayed Bridge, Contract 4 *	2019-2023	6,261	98.0	125
17. Rama III - Dao Khanong Expressway : Underground Manholes and Ductbanks	2021-2023	84	82.2	15
18. Motorway : Bang Pa-in - Nakhon Ratchasima, Contract 3 *	2017-2020	1,863	94.3	106
19. Motorway : Bang Pa-in - Nakhon Ratchasima, Contract 6 *	2016-2019	1,820	94.3	104
20. Construction & Improvement : Si Rat (B+) & Repair : Si Rat Expressway	2019-2020	780	99.8	2
21. Maintenance and Improvement of the Si Rat and the Si Rat (B+) Expressway	2020-2021	920	95.0	46
22. Maintenance and Improvement : Si Rat, Si Rat - Outer Ring Road and the Udon Rattaya Expressway	2022-2023	1,078	57.1	462
23. King Chulalongkorn Hospital : Integrated Medical Center Building *	2019-2023	2,019	86.2	279
24. H.R.H.Princess Chulabhorn's Commemorating : Learning & Research Centre *	2020-2024	3,777	50.1	1,885
25. Banglen Water Treatment : Transmission - Distribution Systems	2021-2022	331	84.0	53
26. Water Transmission Tunnel : Bangmod - Samrong Pumping Station *	2021-2024	4,677	43.5	2,643
27. Bang Ban - Bang Sai Flood Drainage Canal with Appurtenant Structures, Contract 4 *	2022-2025	3,065	25.3	2,290
28. Other Projects	2021-2024	10,379	48.6	5,335
Total as of 2Q2023		265,292		142,854
29. Highway No.118, Chiangmai - Chiang Rai Route, Mae Sual, Section 3 *	2023-2026	747	0.0	747
Current Backlog		266,039		143,601

Source: CK

Fig 7: Key target projects (2023-24)

Project	Value (THBm)	Status
MRT Orange Line (West) : Civil + M&E Work	109,216	<ul style="list-style-type: none"> BEM won the auction Awaiting for the Cabinet approval
MRT Purple Line (South) : M&E Work	27,000	<ul style="list-style-type: none"> PPP process & contact signing expected in 3Q24 Negotiations expected to begin in 2024
Double-deck expressway	35,000	<ul style="list-style-type: none"> Preparing environmental impact assessment report Ongoing negotiation with EXAT PPP process expected to conclude in 2Q24
Total	171,216	

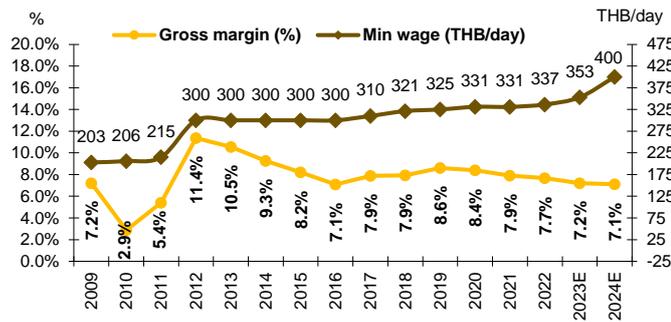
Source: CK

3. Minimum wage increase would have a tiny impact on earnings

In 2022, CK had 5,460 employees with total employee expenses of THB1.675b vs construction costs and total expenses of THB18.637b, or equivalent to 9% of costs. Of all employees, 880 are daily employees. If we assume there is an increase in the minimum wage from THB353/day to THB400/day or a rise of THB47/day (+13%), in line with the new government’s policy, there will be an increase in labour costs equal to THB15m, representing an increase of 0.89% in staff expenses and accounting for only 0.08% of total construction costs and other expenses.

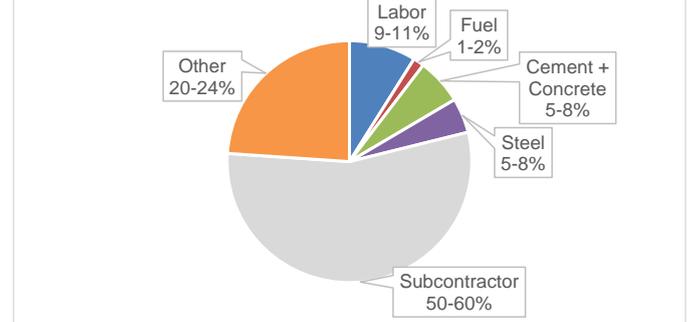
Based on data from 2011-12, Thailand increased its minimum wage from THB215 in 2011 to THB300 in 2012, or a 40% hike. Surprisingly, CK’s gross profit margin in 2012 increased to 11.4% from 5.4% in 2011 without being affected by the minimum wage increase in any way. This was due to CK winning a new megaproject from CKP, namely the Xayaburi Hydroelectric Power Plant, increasing its backlog from THB30.809b in 2011 to THB118.331b in 2012.

Fig 8: Resilient gross margins despite minimum wage hikes



Source: CK, MST

Fig 9: CK’s construction cost breakdown



Source: CK, MST

Fig 10: Thai 16mm steel rebar price fell by 8.3% YTD



Source: Iron And Steel Institute Of Thailand

Fig 11: Thai Portland cement price increased by 9.7% YTD

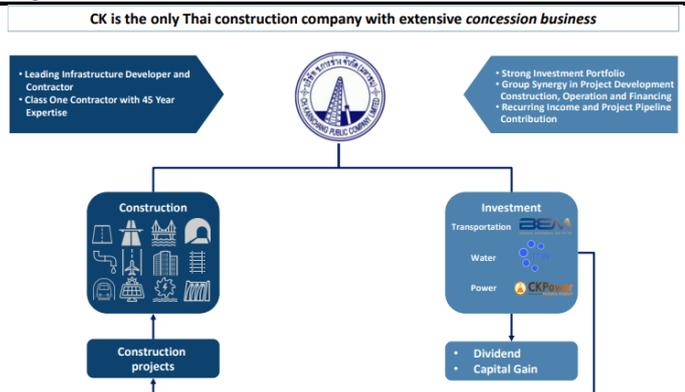


Source: The office of industrial economics

4. Maintain TP of THB25.40

We use a sum-of-the-parts methodology to value CK incorporating the value of subsidiaries BEM, TTW and CKP based on their consensus valuations with a 30% discount. This is combined with the value of the construction business before deducting net debt. Our target price for subsidiary CKP is THB4.5 while Bloomberg's consensus target price for BEM is THB10.85 and that for TTW THB9.93. Consequently, our target price for CK is THB25.40.

Fig 12: Two businesses - construction & investment



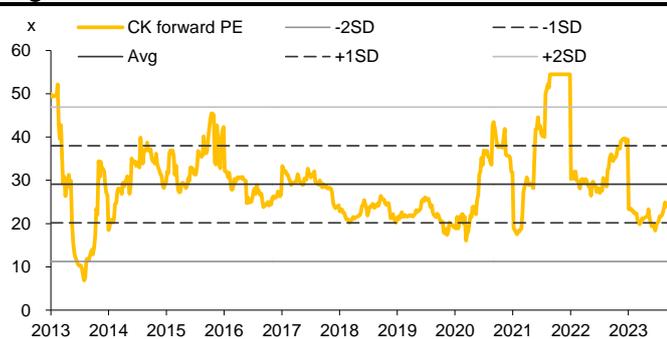
Source: CK, MST

Fig 13: CK SOTP valuation

	TP (THB)	Value (THBm)	Per sh (THB)
CK investment value			
- BEM (35.5%)	10.85	58,872	34.8
- TTW (19.4%)	9.93	7,686	4.5
- CKP (30.0%)	4.50	11,219	6.6
- Total		77,776	45.9
- Discount 30%		54,443	32.1
Construction Value (EV/EBITDA = 8.0x)		17,620	
Less Net Debt		-29,042	
Total Value		43,021	25.4

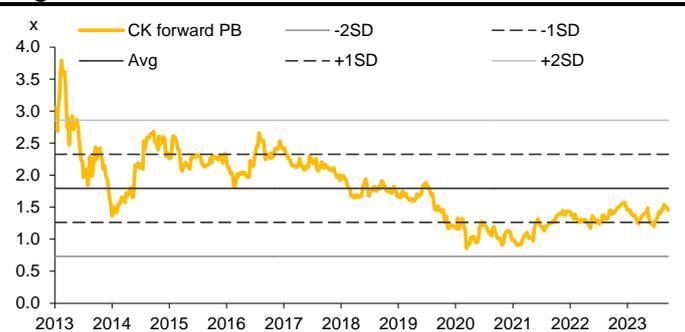
Source: CK, MST, Bloomberg

Fig 14: CK's P/E band



Source: Company, MST

Fig 15: CK's P/BV band



Source: Company, MST

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
P/E (reported) (x)	35.3	32.9	20.0	16.9	15.5
Core P/E (x)	388.4	46.7	20.6	16.9	15.5
P/BV (x)	1.5	1.7	1.3	1.3	1.2
P/NTA (x)	1.5	1.7	1.3	1.3	1.2
Net dividend yield (%)	1.1	1.0	1.9	2.3	2.5
FCF yield (%)	nm	nm	nm	nm	nm
EV/EBITDA (x)	65.3	56.1	22.6	23.7	24.2
EV/EBIT (x)	nm	nm	34.2	36.1	36.6
INCOME STATEMENT (THB m)					
Revenue	12,198.8	18,096.7	36,245.0	37,000.0	37,370.0
EBITDA	1,157.8	1,438.3	3,376.5	3,228.3	3,174.2
EBIT	463.2	800.3	2,228.2	2,118.0	2,097.8
Net interest income / (exp)	(1,385.6)	(1,410.8)	(1,832.7)	(1,748.7)	(1,617.8)
Associates & JV	1,087.9	1,529.6	1,378.0	1,754.1	1,829.7
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	165.5	919.2	1,773.4	2,123.4	2,309.6
Income tax	(37.9)	(20.7)	(39.5)	(36.9)	(48.0)
Minorities	(27.8)	(16.2)	(78.5)	(70.0)	(70.0)
Discontinued operations	805.8	222.4	48.8	0.0	0.0
Reported net profit	905.7	1,104.6	1,704.2	2,016.5	2,191.6
Core net profit	99.9	882.2	1,655.4	2,016.5	2,191.6
BALANCE SHEET (THB m)					
Cash & Short Term Investments	6,973.4	7,061.0	4,200.0	4,250.0	4,300.0
Accounts receivable	4,862.3	8,188.3	9,662.2	9,758.9	9,807.6
Inventory	7,833.5	7,170.0	9,321.0	9,414.2	9,461.3
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	10,927.3	10,116.3	9,768.0	9,457.7	9,181.3
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	37,637.9	38,938.3	40,316.3	42,070.4	43,900.1
Other assets	15,186.6	13,676.8	13,676.6	13,676.6	13,676.6
Total assets	83,420.9	85,150.8	86,944.2	88,627.8	90,327.0
ST interest bearing debt	6,721.0	8,198.7	8,149.2	8,187.3	8,221.5
Accounts payable	2,173.8	2,849.6	3,562.0	3,597.7	3,615.7
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	36,633.5	37,991.0	37,761.6	37,938.3	38,096.7
Other liabilities	11,785.0	11,645.0	11,646.0	11,646.0	11,646.0
Total Liabilities	57,313.0	60,684.4	61,118.6	61,369.1	61,579.6
Shareholders Equity	25,668.9	24,026.4	25,307.1	26,670.3	28,088.8
Minority Interest	439.1	440.1	518.5	588.5	658.5
Total shareholder equity	26,108.0	24,466.4	25,825.6	27,258.8	28,747.4
Total liabilities and equity	83,420.9	85,150.8	86,944.2	88,627.8	90,327.0
CASH FLOW (THB m)					
Pretax profit	165.5	919.2	1,773.4	2,123.4	2,309.6
Depreciation & amortisation	694.5	637.9	1,148.3	1,110.3	1,076.4
Adj net interest (income)/exp	1,385.6	1,410.8	1,832.7	1,748.7	1,617.8
Change in working capital	(870.0)	(2,082.9)	(2,911.6)	(154.2)	(77.9)
Cash taxes paid	(37.9)	(20.7)	(39.5)	(36.9)	(48.0)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	(2,672.0)	(5,642.0)	(3,269.8)	(530.2)	(257.2)
Capex	(724.3)	1,919.8	(800.0)	(800.0)	(800.0)
Free cash flow	(3,396.3)	(3,722.2)	(4,069.8)	(1,330.2)	(1,057.2)
Dividends paid	(331.6)	(663.2)	(423.5)	(653.3)	(773.1)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	827.4	2,831.9	(278.9)	214.9	192.5
Other invest/financing cash flow	2,107.0	1,641.1	1,911.2	1,818.7	1,687.8
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	(793.5)	87.7	(2,861.0)	50.0	50.0

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth ratios (%)					
Revenue growth	(27.2)	48.3	100.3	2.1	1.0
EBITDA growth	(24.1)	24.2	134.8	(4.4)	(1.7)
EBIT growth	(42.0)	72.8	178.4	(4.9)	(1.0)
Pretax growth	(56.4)	455.3	92.9	19.7	8.8
Reported net profit growth	48.0	22.0	54.3	18.3	8.7
Core net profit growth	(70.4)	783.4	87.6	21.8	8.7
Profitability ratios (%)					
EBITDA margin	9.5	7.9	9.3	8.7	8.5
EBIT margin	3.8	4.4	6.1	5.7	5.6
Pretax profit margin	1.4	5.1	4.9	5.7	6.2
Payout ratio	46.8	38.3	38.3	38.3	38.3
DuPont analysis					
Net profit margin (%)	7.4	6.1	4.7	5.5	5.9
Revenue/Assets (x)	0.1	0.2	0.4	0.4	0.4
Assets/Equity (x)	3.2	3.5	3.4	3.3	3.2
ROAE (%)	3.5	4.4	6.9	7.8	8.0
ROAA (%)	0.1	1.0	1.9	2.3	2.4
Liquidity & Efficiency					
Cash conversion cycle	296.8	237.3	142.6	155.1	154.7
Days receivable outstanding	156.1	129.8	88.6	94.5	94.2
Days inventory outstanding	217.7	161.6	88.3	98.1	97.9
Days payables outstanding	77.1	54.1	34.3	37.5	37.4
Dividend cover (x)	2.1	2.6	2.6	2.6	2.6
Current ratio (x)	1.1	1.2	1.2	1.2	1.2
Leverage & Expense Analysis					
Asset/Liability (x)	1.5	1.4	1.4	1.4	1.5
Net gearing (%) (incl perps)	139.3	159.9	161.5	153.6	146.2
Net gearing (%) (excl. perps)	139.3	159.9	161.5	153.6	146.2
Net interest cover (x)	0.3	0.6	1.2	1.2	1.3
Debt/EBITDA (x)	nm	nm	13.6	14.3	14.6
Capex/revenue (%)	5.9	nm	2.2	2.2	2.1
Net debt/ (net cash)	36,381.1	39,128.6	41,710.7	41,875.6	42,018.2

Source: Company; Maybank IBG Research

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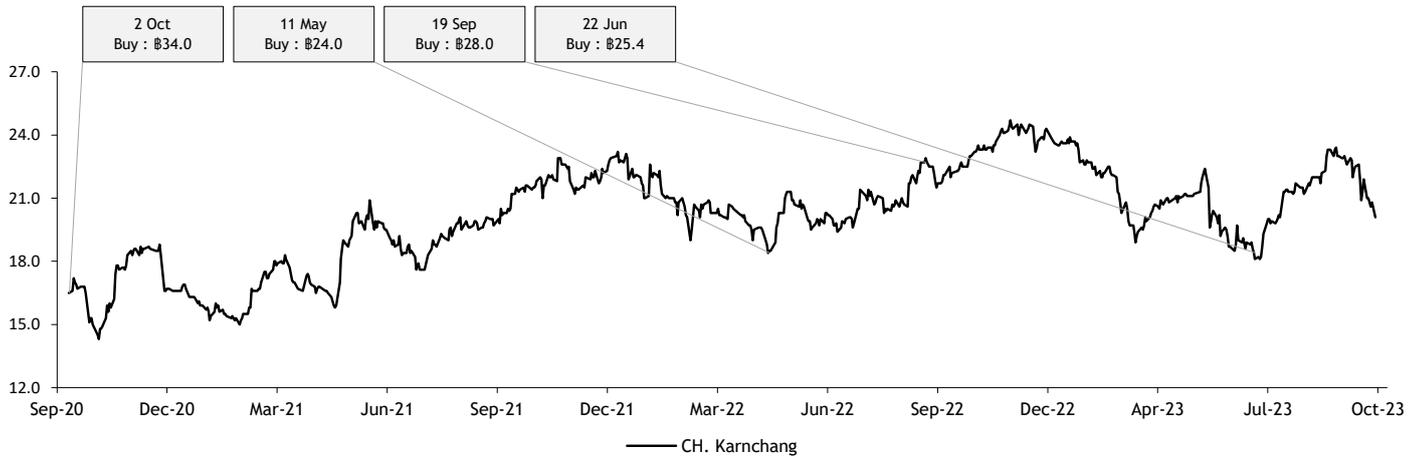
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Historical recommendations and target price: CH. Karnchang (CK TB)



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