

Ch. Karnchang Pcl (CK TB) - BUY**Analyst Meeting**

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Decent outlook from the analyst meeting

- **CK expects its revenue growth next year with...**
 - **...a slight margin improvement due to better project mix.**
 - **The double-deck expressway will be awarded next year.**
 - **CK remains our top sector pick.**
- We joined CK's analyst meeting yesterday and the key takeaways are as the following.
- Besides its backlog of Bt213bn as of 3Q24, CK signed Bt6.8bn new M&E work for the Blue Line, allowing its current backlog to increase to Bt220bn.
- The high potential project next year is the Bt35bn double-deck expressway which CK expects the government to award it to BEM (36% owned by CK) by early next year. Moreover, other potential projects the government will open for bidding are the Bt37bn Chira-Ubonratchathani double track railway, Bt71bn M9 and M5 motorways, Bt37bn Don Mueang Airport Phase 3, and Bt10bn Suvarnabhumi Airport's East expansion.
- Based on the existing backlog, CK expects its revenue to continue to grow next year (vs. our forecast of a 5% y-y growth in 2025F) due to the progress of the construction for the South Purple Line, the West Orange Line, and the Denchai-Chiang Khong double track railway while its gross margin is expected to improve slightly next year (vs. 7.7% in 3Q24 and our forecast of 7.5% in 2025F) due to better project mix after the low-margin hospital projects have been completed.
- In short term, CK's earnings in 4Q24F are expected to fall q-q due to no dividend income from its 19%-owned TTW and lower earnings contribution from its associates due to lower season.
- CK is our top pick for the construction sector given 1) its secured revenue from the record-high backlog, 2) its high and stable earnings contribution from its associates, 3) its cheap valuation with the share trading at a 47% discount on its subsidiaries' market value with the construction business for free, and 4) potential construction work from its associates and the government's plan to implement the new infrastructure projects.

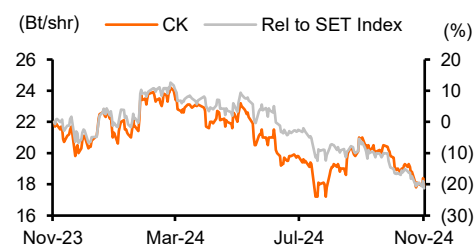
Key Valuations

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	36,725	37,696	39,548	42,384
Net profit	1,501	1,540	1,723	1,965
Norm net profit	1,452	1,540	1,723	1,965
Norm EPS (Bt)	0.9	0.9	1.0	1.2
Norm EPS gr (%)	64.6	6.1	11.9	14.0
Norm PE (x)	20.9	19.7	17.6	15.4
EV/EBITDA (x)	41.6	52.9	52.6	47.8
P/BV (x)	1.2	1.1	1.1	1.0
Div. yield (%)	1.7	2.0	2.3	2.6
ROE (%)	5.9	5.9	6.4	7.0
Net D/E (%)	183.6	192.3	183.2	172.0

Source: Thanachart estimates

Stock Data

Closing price (Bt)	17.90
Target price (Bt)	26.00
Market cap (US\$ m)	873
Avg daily turnover (US\$ m)	2.5
12M H/L price (Bt)	24.20/17.20

Price Performance

Source: Bloomberg

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