

**Ch. Karnchang Pcl (CK TB) - BUY, Price Bt14.00, TP Bt20.00****Results Comment**

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**Strong 1Q25 profit beat us**

- CK reported a normalized profit of Bt282m in 1Q25, up 133 y-y and 74% q-q. The earnings were stronger than what we had expected. Its strong earnings growth y-y was mainly driven by higher revenue and equity income while the growth q-q was due to higher revenue and lower interest expenses.
- With dividend income from its 19%-owned TTW, we forecast CK's earnings in 2Q25F to continue to grow y-y and q-q.
- We still like CK given 1) its secured revenue from the record-high backlog and earnings contribution from its associates, 2) cheap valuation with the share trading at a 50% discount on its subsidiaries' market value, and 3) its high potential projects such as the double-deck expressway and the M&E work for the South Purple Line.
- CK's revenue grew 26% y-y in 1Q25. The major projects that contributed to its revenue included the Luang Prabang Power Plant, the South Purple Line, the double-track railway, and the Orange Line. We estimate its backlog to remain at Bt198bn at end 1Q25.
- Its gross margin sustained at 8.3% in 1Q25 vs. 8.2% in 1Q24 while its SG&A expenses rose by 4% y-y following its revenue growth.
- Its equity income increased by 61% y-y in 1Q25 mainly due to the profit contribution from CKP vs. the loss contribution in 1Q24.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	9,519	9,272	9,449	9,482	11,970	Revenue	26	26	30	40,096	42,490
<b>Gross profit</b>	<b>778</b>	<b>724</b>	<b>726</b>	<b>751</b>	<b>991</b>	<b>Gross profit</b>	<b>32</b>	<b>27</b>	<b>32</b>	<b>3,085</b>	<b>3,270</b>
SG&A	533	545	555	596	556	SG&A	(7)	4	24	2,366	2,464
Operating profit	245	180	171	155	435	Operating profit	181	78	60	720	805
<b>EBITDA</b>	<b>458</b>	<b>386</b>	<b>386</b>	<b>374</b>	<b>662</b>	<b>EBITDA</b>	<b>77</b>	<b>44</b>	<b>45</b>	<b>1,461</b>	<b>1,592</b>
Other income	148	403	395	102	141	Other income	38	(5)	13	1,126	1,053
Other expense	0	0	0	0	0	Other expense					
Interest expense	360	402	587	671	507	Interest expense	(25)	41	26	1,944	1,868
<b>Profit before tax</b>	<b>33</b>	<b>181</b>	<b>(21)</b>	<b>(414)</b>	<b>69</b>	<b>Profit before tax</b>	<b>na</b>	<b>110</b>	<b>(71)</b>	<b>(98)</b>	<b>(10)</b>
Income tax	33	23	24	38	35	Income tax	(7)	5	23	155	212
Equity & invest. income	165	342	735	632	267	Equity & invest. income	(58)	61	14	1,900	2,089
Minority interests	(44)	(12)	(15)	(18)	(19)	Minority interests	na	na	na	(95)	(100)
Extraordinary items	0	0	333	(333)	0	Extraordinary items					
<b>Net profit</b>	<b>121</b>	<b>488</b>	<b>1,008</b>	<b>(171)</b>	<b>282</b>	<b>Net profit</b>	<b>na</b>	<b>133</b>	<b>18</b>	<b>1,552</b>	<b>1,767</b>
<b>Normalized profit</b>	<b>121</b>	<b>488</b>	<b>675</b>	<b>162</b>	<b>282</b>	<b>Normalized profit</b>	<b>74</b>	<b>133</b>	<b>18</b>	<b>1,552</b>	<b>1,767</b>
EPS (Bt)	0.07	0.29	0.59	(0.10)	0.17	EPS (Bt)	na	133	18	0.92	1.04
Normalized EPS (Bt)	0.07	0.29	0.40	0.10	0.17	Normalized EPS (Bt)	74	133	18	0.92	1.04

  

Balance Sheet						Financial Ratios					
(consolidated)						1Q24 2Q24 3Q24 4Q24 1Q25					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Cash & ST investment	6,605	6,617	10,731	10,188	11,924	Sales grow th	0.4	(0.1)	5.1	5.6	25.7
A/C receivable	4,464	4,321	6,692	5,472	6,457	Operating profit grow th	6.1	(32.3)	(10.9)	124.6	77.7
Inventory	10,269	12,057	11,070	11,710	8,858	EBITDA grow th	(6.1)	(31.2)	(22.4)	14.2	44.4
Other current assets	12,556	11,311	13,522	18,783	19,278	Norm profit grow th	(28.3)	0.4	5.3	3.7	133.3
Investment	43,147	42,982	45,816	45,718	47,758	Norm EPS grow th	(28.3)	0.4	5.3	3.7	133.3
Fixed assets	10,216	10,088	9,917	9,520	9,355	Gross margin	8.2	7.8	7.7	7.9	8.3
Other assets	11,576	11,584	11,670	11,710	12,465	Operating margin	2.6	1.9	1.8	1.6	3.6
<b>Total assets</b>	<b>98,834</b>	<b>98,960</b>	<b>109,419</b>	<b>113,102</b>	<b>116,095</b>	EBITDA margin	4.8	4.2	4.1	3.9	5.5
S-T debt	15,961	14,223	10,398	16,395	17,812	Norm net margin	1.3	5.3	7.1	1.7	2.4
A/C payable	4,012	3,883	5,419	4,376	6,203	D/E (x)	2.2	2.2	1.9	2.1	2.2
Other current liabilities	8,851	8,210	21,825	24,864	22,699	Net D/E (x)	1.9	2.0	1.5	1.7	1.8
L-T debt	41,001	43,630	41,381	38,009	40,234	Interest coverage (x)	1.3	1.0	0.7	0.6	1.3
Other liabilities	2,755	2,756	2,839	2,979	2,811	Interest rate	2.6	2.8	4.3	5.1	3.6
Minority interest	573	539	554	569	584	Effective tax rate	100.9	12.9	(115.2)	(9.1)	50.7
<b>Shareholders' equity</b>	<b>25,681</b>	<b>25,719</b>	<b>27,002</b>	<b>25,910</b>	<b>25,752</b>	ROA	0.5	2.0	2.6	0.6	1.0
Working capital	10,722	12,494	12,344	12,806	9,113	ROE	1.9	7.6	10.2	2.5	4.4
Total debt	56,962	57,852	51,780	54,403	58,046						
<b>Net debt</b>	<b>50,356</b>	<b>51,235</b>	<b>41,048</b>	<b>44,215</b>	<b>46,122</b>						

Sources: Company data, Thanachart estimates

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