

Thailand Construction Sector

On its own feet

Sector Valuation			Current	Target	Norm EPS grw		Norm PE		P/BV		Div yield	
	BBG		price	price	25F	26F	25F	26F	25F	26F	25F	26F
Company	Code	Rec.	(Bt)	(Bt)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Ch. Karnchang	CK TB	BUY	17.50	21.00	34.1	10.1	15.3	13.9	1.1	1.0	2.9	2.5
Stecon Group	STECON TB	BUY	9.25	11.00	na	27.4	15.5	12.2	0.9	0.9	2.7	2.9

Source: Thanachart estimates, Based on 16 September 2025 closing prices

Despite the risk of a potential election early next year delaying new infrastructure project bids in 2026F, we maintain our Overweight rating on Thai construction sector as we already see significant backlogs driving its EPS growth by 34/16/6% y-y in 2025-27F. BUY both STECON and CK.

Large backlogs drive growth

Even though we see a risk of a potential general election in 1H26F delaying new infrastructure project bids in 2026F, we maintain our Overweight rating on Thai construction sector and our BUY calls on both STECON and CK. **Firstly**, their existing backlogs are sizable at Bt292bn in total as of 2Q25, or 4x of their 2025F revenue, enough to drive their top-line growth by 10/6/5% y-y in 2025-27F. **Second**, their gross margins are normalizing from their low points in 2023-24. **Third**, their equity income is rising. **Lastly**, we forecast their earnings to grow by 34/16/6% y-y in 2025-27F and see their valuations as inexpensive, trading on 13x PE and 1x P/BV in 2026F.

Raising our earnings

We lift our earnings estimates for STECON and CK by 12-21% in 2025-27F following their stronger-than-expected 1H25 results. The upgrades are to **1)** gross margin due to better project mixes with no loss-making projects and a higher proportion of high-margin projects, and **2)** equity income from lesser loss contributions from their associates. After rolling over the base year in our models to 2026F, our TPs are raised to Bt21/share (from Bt20) for CK and to Bt11/share (from Bt9) for STECON.

New project bids not delayed forever

We expect a general election to push back the timeline for new infrastructure project bids to the end of 2026F. Many projects are not political initiatives, but rather are part of the nation's long-term strategic roadmap. The projects that we expect to undergo bidding under the next government are the Bt15bn Red Line extension, the Bt235bn Thai-Chinese high-speed train phase 2, Bt104bn worth of motorways and expressways, the Bt285bn double-track railway phase 2, and Bt63bn worth of airport expansions.

We BUY both, but prefer STECON to CK

We remain a BUYer of both STECON and CK. However, we switch our top pick to STECON as it offers a stronger EPS growth profile at 27/10% y-y in 2026-27F vs. CK's 10/4%. STECON's valuations are also slightly lower at 12x PE and 0.9x P/BV in 2026F vs. CK's PE of 14x and P/BV of 1.0x. From a debt perspective, STECON's net D/E ratio is lower at 0.1x in 2026F vs. CK's 1.4x. However, CK's high gearing is not a concern to us, given its strong cash flow generation and large holdings of listed affiliated companies. Falling interest rates should also benefit CK.

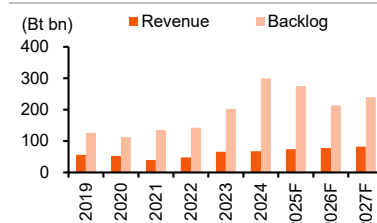


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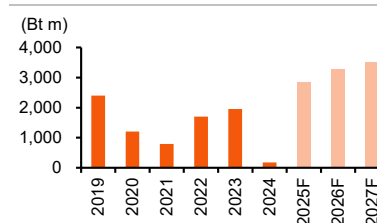
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Sector Revenue & Backlog



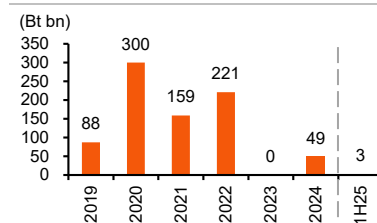
Sources: Company data, Thanachart estimates

Sector Earnings



Sources: Company data, Thanachart estimates

Thailand's Infra. Project Bids



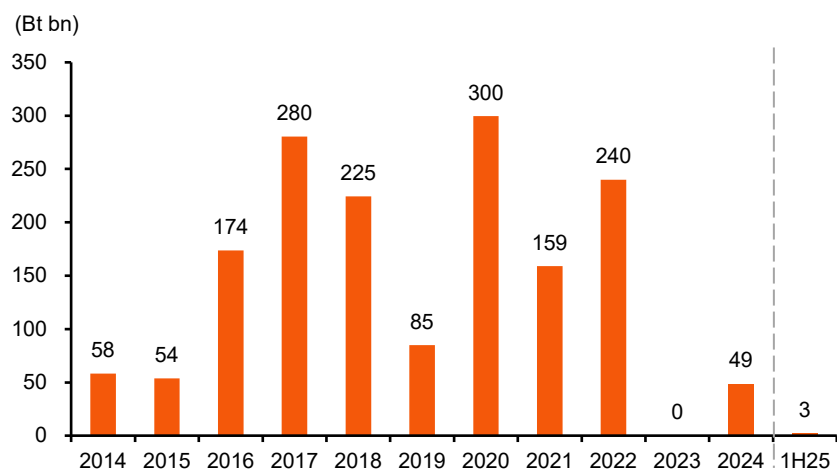
Sources: Company data, Thanachart compilation

Large backlogs drive growth

We are concerned on delays in new infrastructure project bids

We are concerned about a potential general election in 1H26F which may postpone new infrastructure project bids next year. Even though we expect the new government to continue implementing many key infrastructure projects (see Exhibit 4 in the second section), opening bids for those projects within four months before the House dissolution, which is widely expected in around 1Q26, looks unlikely to us. Moreover, it typically takes five to six months after a House dissolution for a new government to be formed, which we expect to occur in 3Q-4Q26F. In the election years 2014, 2019 and 2023, many infrastructure projects also experienced bidding delays.

Ex 1: Thailand's Infrastructure Project Bids



Sources: Company data, Thanachart compilation

But we maintain our BUY ratings on STECON and CK given...

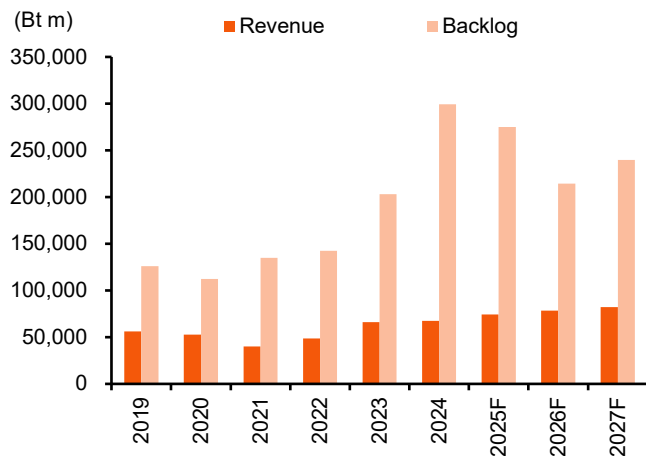
...their continued earnings growth...

Despite that, we maintain our Overweight rating on Thai Construction sector and reaffirm our BUY calls on both the contractor stocks under our coverage, Stecon Group (STECON TB) and Ch. Karnchang (CK TB), as:

First, despite delays in new infrastructure project bids, we estimate their earnings to grow by 34% y-y this year and a further 16/6% y-y in 2026-27F, driven by:

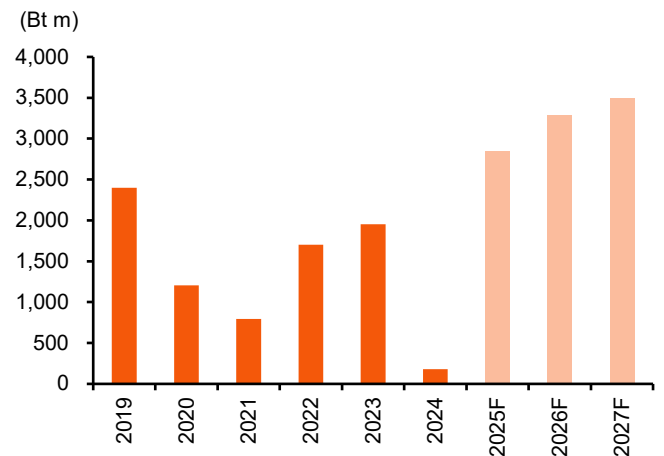
- 1) Their high backlogs of Bt292bn in total as of end 2Q25 or 4x of 2025F revenue to drive revenue growth of 10/6/5% y-y in 2025-27F.
- 2) Their better backlog quality due to no loss-making projects and a higher proportion of high-margin projects to sustain high gross margins.
- 3) Growing equity income due to lower loss contribution from their associates.

Ex 2: Sector Revenue And Backlog



Sources: Company data, Thanachart estimates

Ex 3: Sector Earnings



Sources: Company data, Thanachart estimates

...their attractive valuations, and...

Second, we view their valuations as attractive with their shares trading at average PE multiples of 13x in 2026F and P/BV ratios of 1.0x vs. their peers' averages of 14x and 1.3x, respectively.

...our view of new project bids starting from 2027F

Third, we expect a new cycle of infrastructure project bids from 2027F onward after the next government is formed, likely in 2H26F.

Our DCF-derived SOTP-based 12-month TP (2026F base year) is Bt21/share for CK (see more details in our CK report, *Secured growth*, dated 17 September 2025) and Bt11/share for STECON (see more details in our STEC report, *Growth resumption*, dated 17 September 2025). STECON now becomes our top sector pick (see more details in the last section).

New project bids not delayed forever

Despite delays, we expect project bids to kick off again in 2027F

Thailand's political instability has caused delays in implementing many infrastructure projects since 2023. With a potential general election next year, we expect the projects to be delayed further toward the end of 2026F. However, once the next government is formed, likely in 2H26F, we expect it to kick off the project bidding processes again from 2027F onward as **1)** these projects are part of the nation's long-term strategic roadmap, so any government would probably carry them forward, **2)** pressured by the weak economy, we believe the next government will try to accelerate budget disbursement and push through the infrastructure projects, and **3)** many of these projects are now at the final stages before bidding.

Ex 4: Thailand's Infrastructure Project Plan

Project type	Project	Value (Bt m)	Project progress
Mass transit	Red Line extensions: Taling Chan - Siriraj - Salaya	10,700	Approved by the cabinet
Mass transit	Red Line extensions: Rangsit - Thammasat	4,000	Approved by the cabinet
Thai-Chinese high-speed train	Phase 2: Ko Rat - Nong Khai	235,000	Approved by the cabinet
Motorway	M9: Western Outer Ring Road - Bang Bua Thong	48,000	Approved by the cabinet
Motorway	M5: Rangsit - Bang Pa-In	25,000	Approved by the cabinet
Expressway	Kratuu - Patong	17,000	Approved by the cabinet
Expressway	N2: Prasetmanukit - Eastern Outer Ring Road	14,000	Waiting for the cabinet's approval
Double-track railway	Hat Yai - Padang Besar	7,500	Approved by NESDB
Double-track railway	Chum Phon - Surat Thani	29,000	Approved by NESDB
Double-track railway	Surat Thani - Hat Yai - Song Khla	64,500	Approved by NESDB
Double-track railway	Chira Junction - Ubonratchathani	43,000	Under SRT's review
Double-track railway	Paknam Pho - Den Chai	77,800	Under SRT's review
Double-track railway	Den Chai - Chiang Mai	63,500	Under SRT's review
Airport	Suvarnabhumi Airport's East expansion	13,000	Design process
Airport	Don Mueang Airport's phase 3	30,000	Design process
Airport	Chiang Mai Airport's phase 2	20,000	Design process
Total		702,000	

Sources: Company data, Thanachart compilation

Double-track railway projects**Bt285bn construction value for the double-track railway phase 2**

To reduce transportation and logistics costs in Thailand, the National Economic and Social Development Council (NESDC) has advised the development of intercity railway networks and double-track railway systems. The first phase, with eight lines and Bt223bn of construction costs, was bid and awarded to contractors in 2015, 2017, and 2021. For the second phase, with seven lines and an estimated Bt315bn of construction costs, one line (Bt29.4bn) was bid and awarded to a contractor in 2024, the other three lines (Bt101bn) were approved by the NESDC in August 2025, and await cabinet approval for bidding.

Ex 5: Thailand's Double-track Railway Network Plan**Phase 1**

- 1) Cha Cheng Sao - Kaeng Koy
- 2) Thanon Chira - Khon Kaen
- 3) Prachuap Khiri Khan - Chumphon
- 4) Lop Buri - Paknampo
- 5) Map Kabao - Jira
- 6) Nakorn Pathom - Hua Hin
- 7) Den Chai - Chiang Rai - Chiang Khong
- 8) Ban Phai - Nakhon Phanom

Phase 2

- 1) Paknam Pho - Den Chai
- 2) Chira Junction - Ubonratchathani
- 3) Khon Kaen - Nong Khai
- 4) Chum Phon - Surat Thani
- 5) Surat Thani - Hat Yai - Song Khla
- 6) Hat Yai - Padang Besar
- 7) Den Chai - Chiang Mai

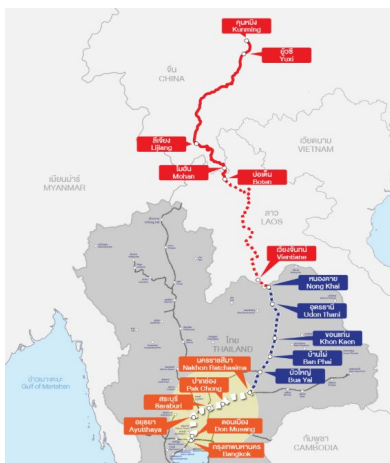
Sources: State Railway of Thailand, SpringerLink, Thanachart compilation

Thai-Chinese high-speed train projects

Bt235bn construction value for the Thai-Chinese high-speed train phase 2

The Thai-Chinese high-speed train projects are under government-to-government (G-to-G) joint investments between Thailand and China, aimed at developing a linkage route between Thailand, Laos, and China. The first phase, with a budget of Bt179bn, is under construction. The second phase, with construction costs of Bt235bn, was approved by the cabinet in February this year for bidding.

Ex 6: Thai-Chinese High-speed Train Projects



Phase 1

- 1) Krung Thep Aphiwat Central Terminal
- 2) Don Mueang Station
- 3) Ayutthaya Station
- 4) Saraburi Station
- 5) Pak Chong Station
- 6) Nakhon Ratchasima Station

Phase 2

- 1) Bua Yai Station
- 2) Ban Phai Station
- 3) Khon Kaen Station
- 4) Udon Thani Station
- 5) Nong Khai Station

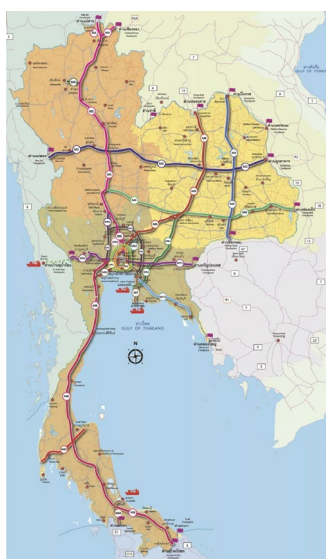
Sources: State Railway of Thailand, Thanachart compilation

Motorway projects

Bt73bn construction value for two motorways

Under Thailand's Intercity Motorway Development Master Plan 2017-36, 21 motorway projects with a total length of 6,612km have been developed. Of that, three motorways are currently in operation, three are under construction, two are under study, and two (Bt73bn) were approved by the cabinet in December 2024 for bidding.

Ex 7: Thailand's Intercity Motorway Network Plan



Under operation

- 1) M7 Bangkok – Ban Chang
- 2) M9 Western Bangkok Outer Ring Road
- 3) Don Muang Tollway

Under construction

- 1) M6 Bang Pa-In - Nakhon Ratchasima
- 2) M81 Bang Yai - Kanchanaburi
- 3) M82 Bang Khun Thian - Ban Phaeo

Under study

- 1) M7 Srinakarindra – SBIA
- 2) M8 Nakhon Pathom – Cha-am

Approved by the cabinet

- 1) M5 Rangsit - Bang Pa-In
- 2) M9 Bang Khun Thian - Bang Bua Thong

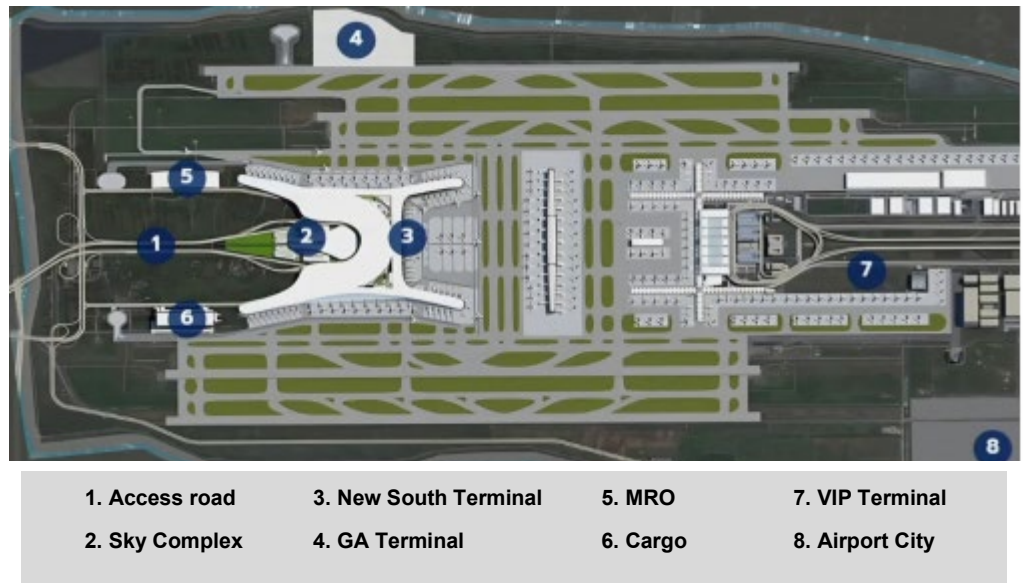
Sources: Department of Highways, Thanachart compilation

Bt63bn construction value for Suvarnabhumi, Don Mueang, and Chiang Mai Airport expansions

Airport expansion projects

To develop Thailand into a regional aviation hub, Airports of Thailand Pcl (AOT TB, Bt40, SELL) is expanding and upgrading its six airports with estimated total capex of over Bt200bn, mainly for Suvarnabhumi Airport's Bt13bn East expansion and Bt120-140bn for the South terminal, Don Mueang Airport's Bt30bn phase 3, and Chiang Mai Airport's Bt20bn phase 2.

Ex 8: Suvarnabhumi Airport's New South Terminal



Sources: Company data, UrbanLife

We BUY both, but prefer STECON to CK

STECON becomes our top sector pick

We have BUYs call on both CK and STECON, but we are changing our top sector pick to STECON (see more details in our STEC report, *Growth resumption*, dated 17 September 2025) because:

First, it offers stronger potential earnings growth of 27/10% y-y in 2026-27F than CK's 10/4% y-y.

Second, its valuations at PE multiples of 12x and a P/BV ratio of 0.9x in 2026F look slightly lower than CK's 14x and 1.0x, respectively.

Third, its net D/E is lower at 0.1x in 2026F than CK's 1.4x. However, please note that, despite the company's high gearing, we are not concerned about CK facing any financial constraints given 1) its debenture covenant ratio of 3x, 2) its investment portfolio of Bt48bn, which is at the market price vs. its Bt43bn net debt, 3) its TRIS credit rating is at A-, and 4) it plans to sell a 10% stake in its 20%-owned Luang Prabang Power (non-listed) to lower its net D/E ratio to 1.5x at the end of 2025.

Ex 9: STECON's Valuation

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	30,005	31,848	34,370	36,422
Net profit	(2,357)	1,255	1,153	1,267
Norm profit	(1,268)	905	1,153	1,267
Norm EPS (Bt)	(0.8)	0.6	0.8	0.8
Norm EPS grw (%)	na	na	27.4	9.9
Norm PE (x)	na	15.5	12.2	11.1
EV/EBITDA (x)	na	8.4	6.9	6.2
P/BV (x)	0.8	0.9	0.9	0.8
Div yield (%)	0.0	2.7	2.9	3.6
ROE (%)	na	5.5	7.2	7.5
Net D/E (%)	22.9	16.3	13.2	9.8

Sources: Company data, Thanachart estimates

Ex 10: CK's Valuation

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	37,721	42,712	44,285	45,842
Net profit	1,446	2,439	2,135	2,229
Norm profit	1,446	1,939	2,135	2,229
Norm EPS (Bt)	0.9	1.1	1.3	1.3
Norm EPS grw (%)	(0.4)	34.1	10.1	4.4
Norm PE (x)	20.5	15.3	13.9	13.3
EV/EBITDA (x)	46.0	32.2	31.1	31.5
P/BV (x)	1.1	1.1	1.0	1.0
Div yield (%)	1.7	2.9	2.5	2.6
ROE (%)	5.6	7.2	7.5	7.5
Net D/E (%)	167.0	149.6	139.9	141.4

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 11: Peer Valuation Comparison

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
Ahluwalia Contracts	AHLU IN	India	40.8	28.8	22.5	17.5	na	na	na	na	0.1	0.1
Nagarjuna Construction	NJCC IN	India	18.8	11.3	14.0	12.6	1.7	1.5	6.1	5.6	1.0	1.0
Gamuda	GAM MK	Malaysia	120.8	36.3	30.7	22.5	2.7	2.5	25.7	18.6	1.7	2.0
IJM Corp	IJM MK	Malaysia	31.0	10.4	19.2	17.5	1.0	1.0	10.7	10.0	2.7	2.8
Hyundai Eng & Const	000720 KS	S. Korea	na	39.3	12.2	8.8	0.8	0.7	7.5	5.9	1.3	1.5
Samsung Engineering	028050 KS	S. Korea	(21.4)	14.3	9.3	8.1	1.2	1.1	1.4	1.3	2.3	2.5
Pylon Pcl	PYLON TB	Thailand	na	(3.9)	12.5	12.9	1.6	1.5	5.8	6.5	6.2	5.9
Seafco Pcl	SEAFKO TB	Thailand	na	5.3	11.3	10.7	1.1	1.0	5.2	5.1	2.5	4.2
CH Karnchang *	CK TB	Thailand	34.1	10.1	15.3	13.9	1.1	1.0	32.2	31.1	2.9	2.5
Stecon Group *	STECON TB	Thailand	na	27.4	15.5	12.2	0.9	0.9	8.4	6.9	2.7	2.9
Average			37.4	17.9	16.3	13.7	1.3	1.2	11.4	10.1	2.3	2.5

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

Based on 16 September 2025 closing prices

Ex 12: Sector Valuation Comparison

		CK TB	STECON TB	Industry
Rating		BUY	BUY	Overweight
Market cap	(US\$ m)	935	443	
Target price (Bt)	Thanachart	21.00	11.00	
	Consensus	19.96	9.07	
Consensus rec.	BUY	14	14	
	HOLD	0	1	
	SELL	0	0	
Sales (Bt m)	2024	37,721	30,005	67,726
	2025F	42,712	31,848	74,560
	2026F	44,285	34,370	78,655
	2027F	45,842	36,422	82,264
Normalized profits (Bt m)	2024	1,446	(1,268)	178
	2025F	1,939	905	2,844
	2026F	2,135	1,153	3,288
	2027F	2,229	1,267	3,496
Sales growth (%)	2024	2.7	1.4	2.1
	2025F	13.2	6.1	10.1
	2026F	3.7	7.9	5.5
	2027F	3.5	6.0	4.6
Normalized EPS growth (%)	2024	(0.4)	na	(0.4)
	2025F	34.1	na	34.1
	2026F	10.1	27.4	15.6
	2027F	4.4	9.9	6.3
Operating margin (%)	2024	2.0	(3.2)	(0.3)
	2025F	2.7	3.8	3.2
	2026F	2.7	4.2	3.4
	2027F	2.7	4.2	3.4
ROE (%)	2024	5.6	na	na
	2025F	7.2	5.5	6.3
	2026F	7.5	7.2	7.3
	2027F	7.5	7.5	7.5
Dividend yield (%)	2024	1.7	0.0	0.9
	2025F	2.9	2.7	2.8
	2026F	2.5	2.9	2.7
	2027F	2.6	3.6	3.1
P/BV (x)	2024	1.1	0.8	1.0
	2025F	1.1	0.9	1.0
	2026F	1.0	0.9	1.0
	2027F	1.0	0.8	0.9
Normalized PE (x)	2024	20.5	na	20.5
	2025F	15.3	15.5	15.4
	2026F	13.9	12.2	13.0
	2027F	13.3	11.1	12.5
EV/EBITDA (x)	2024	46.0	na	46.0
	2025F	32.2	8.4	20.3
	2026F	31.1	6.9	19.0
	2027F	31.5	6.2	18.9
Net D/E (x)	2024	1.7	0.2	0.9
	2025F	1.5	0.2	0.8
	2026F	1.4	0.1	0.8
	2027F	1.4	0.1	0.8

Source: Bloomberg

Note: * Thanachart estimates, using normalized EPS

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET INDEX	3.9	17.4	(8.9)	(6.6)	—	—	—	—
Construction	21.9	25.2	(19.3)	(1.9)	18.0	7.9	(10.5)	4.7
CK TB	25.9	29.6	(12.9)	(8.9)	22.0	12.2	(4.1)	(2.3)
STECON TB	44.5	34.1	(3.6)	20.1	40.7	16.7	5.2	26.7

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Contractors under our coverage are the class-A contractors, allowing them to bid for all construction work.
- Their high existing backlog values should secure their revenue growth for at least the next four years.

O — Opportunity

- Thailand is in the middle of an infrastructure investment cycle.
- The government intends to invest in infrastructure projects to improve Thailand's competitiveness and attract private investments.

W — Weakness

- The majority of the contractors' revenues are based on projects they have to bid for, and there are no guarantees they will win the bidding contests.
- The construction business is labor-intensive. Thus, there are risks of higher labor costs and labor shortages.

T — Threat

- Volatility in building material prices is one of the major risks, while we expect the minimum wage to continue to increase.
- High public debt could cause the government to delay some infrastructure investments.

REGIONAL COMPARISON

Name	—EPS growth—		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
China	29.8	20.1	18.3	15.1	1.7	1.5	6.1	5.6	0.6	0.6
India	75.9	23.4	25.0	20.0	1.9	1.8	18.2	14.3	2.2	2.4
Malaysia	(21.4)	26.8	10.8	8.5	1.0	0.9	4.5	3.6	1.8	2.0
S.Korea	34.1	18.8	15.4	13.1	1.0	1.0	20.3	19.0	2.8	2.7
Thailand	29.6	22.2	17.3	14.1	1.4	1.3	12.3	10.6	1.8	1.9
Average	34.1	10.1	15.3	13.9	1.1	1.0	32.2	31.1	2.9	2.5
CK TB	na	27.4	15.5	12.2	0.9	0.9	8.4	6.9	2.7	2.9
STECON TB	34.1	18.8	15.4	13.1	1.0	1.0	20.3	19.0	2.8	2.7
Average	29.8	20.1	18.3	15.1	1.7	1.5	6.1	5.6	0.6	0.6

Sources: Bloomberg Consensus

Note: * Thanachart estimate – using normalized EPS

BUY (Unchanged)

Change in Numbers

TP: Bt 21.00

Upside : 20.0%

(From: Bt 20.00)

17 SEPTEMBER 2025

Small Cap Research

Ch. Karnchang Pcl (CK TB)

Secured growth

CK has a Bt192bn on-hand backlog, which accounts for 4.5x of its 2025F revenue. Together with growing equity income, our earnings growth forecasts of 10/4% y-y in 2026-27F look secure. At 1x P/BV and at a 38% discount to its affiliates' market value, we rate CK as a BUY.



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Raising our earnings; BUY

This report is a part of *Construction Sector – On its own feet*, dated 17 September 2025. We reaffirm our BUY call on CK. **First**, its strong 1H25 results lead us to raise our earnings estimates by 29/25/16% for 2025-27F (Exhibit 1). After rolling over our base year to 2026F, our DCF-derived SOTP-based 12-month TP rises to Bt21.0 (from Bt20.0). **Second**, despite factoring in infrastructure project bid delays due to a potential general election in 1H26F, its large backlog and equity income growth still support EPS growth of 10/4% in 2026-27F. **Third**, its valuations look attractive to us. The shares trade at 1x P/BV and a 38% discount to the market value of its investment portfolio.

Earnings drivers

Even though we assume CK will secure no new projects at all this year and only Bt7.7bn from the Siriraj Medical Institute project in 2026F, its earnings growth looks secured with its sizable backlog, sustained high gross margin, and growing equity income. We project its backlog of Bt192bn at end-2Q25 to drive revenue growth of 13/4/4% in with a sustained high gross margin of 8.2% in 2025-27F (7.6-7.9% in 2023-24 and 8.4% in 1H25), due to a higher proportion of high-margin Orange Line and Luang Prabang hydropower plant projects. We also estimate its equity income at Bt2.0/2.1/2.2bn in 2025-27F, driven by earnings contributions from its 41%-owned Bangkok Expressway & Metro (BEM TB, Bt5.35, BUY) and 30%-owned CK Power (CKP TB, Bt3.0, BUY).

Election to delay, not cancel, project biddings

As we expect a general election to push back the timeline of new project biddings toward the end of 2026F, we now estimate Bt35bn of construction work for a double-deck expressway and Bt27bn M&E work for the South Purple Line to be awarded to CK in 2027F instead of 2025-26F. We think CK has a high chance of securing these two projects, as the double-deck expressway will be an upper deck of BEM's existing expressway, while the South Purple Line will be connected to BEM's North Purple Line. We thus expect BEM as the concessionaire to operate those projects and subcontract construction work to CK.

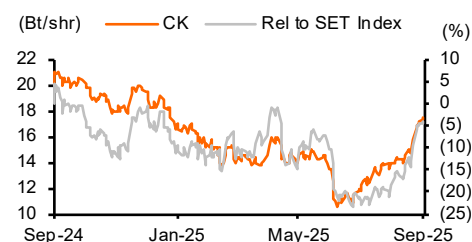
High debt isn't a concern to us

We estimate CK's net D/E ratio at 1.5x in 2025F (1.7x in 2Q25). Its debenture covenant ratio is 3x, and it has an investment portfolio of Bt48bn at market prices (vs. its Bt43bn of net debt). CK has a TRIS credit rating of A-, and it successfully issued Bt5.5bn worth of debentures at 3.3-4.0% coupon rates to refinance its debt. It also plans to sell a 10% stake in its 20%-owned Luang Prabang Power (non-listed) to its 19%-owned TTW (TTW TB, Bt9.05, not rated) for Bt2.8bn in 3Q25F to repay debt.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	37,721	42,712	44,285	45,842
Net profit	1,446	2,439	2,135	2,229
Consensus NP	—	1,882	1,945	2,162
Diff frm cons (%)	—	29.6	9.8	3.1
Norm profit	1,446	1,939	2,135	2,229
Prev. Norm profit	—	1,509	1,707	1,921
Chg frm prev (%)	—	28.5	25.1	16.0
Norm EPS (Bt)	0.85	1.14	1.26	1.32
Norm EPS grw (%)	(0.4)	34.1	10.1	4.4
Norm PE (x)	20.5	15.3	13.9	13.3
EV/EBITDA (x)	46.0	32.2	31.1	31.5
P/BV (x)	1.1	1.1	1.0	1.0
Div yield (%)	1.7	2.9	2.5	2.6
ROE (%)	5.6	7.2	7.5	7.5
Net D/E (%)	167.0	149.6	139.9	141.4

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 16-Sep-25 (Bt)	17.50
Market Cap (US\$ m)	935.1
Listed Shares (m shares)	1,693.9
Free Float (%)	68.1
Avg Daily Turnover (US\$ m)	1.5
12M Price H/L (Bt)	21.00/10.60
Sector	Construction
Major Shareholder	Trivisvavet group 31.8%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P17

Raising our TP to Bt21/share

We raise our earnings estimates for CK by 16-29% in 2025-27F

Ch. Karnchang Pcl's (CK) stronger-than-expected 1H25F earnings have led us to raise our earnings estimates for the company by 29/25/16% in 2025-27F to reflect changes in the following assumptions:

First, we lower our new work value forecast to zero in 2025F, as CK hasn't secured any new work so far this year. Additionally, we adjust our view on delays in infrastructure project bids to 2027F, due to a potential general election next year.

Second, this also causes us to cut our new work value assumption by 69% to Bt8bn in 2026F but raise the 2027F figure by 363% to Bt70bn.

Third, its higher-than-expected gross margin in 1H25 due to its better backlog quality has also caused us to raise our gross margin assumption to 8.2% (from 7.7%) in 2025-27F vs. 8.4% in 1H25.

Our TP is increased to Bt21

With the rollover of the base year in our model to 2026F, we raise our DCF-derived SOTP-based 12-month TP on CK to Bt21/share from Bt20.

Ex 1: Key Assumption Changes

	2022	2023	2024	2025F	2026F	2027F
New work value (Bt m)						
New	28,087	109,153	119,076	0	7,700	69,500
Old				35,000	25,000	15,000
Change (%)				na	(69.2)	363.3
Revenue (Bt m)						
New	18,293	36,725	37,721	42,712	44,285	45,842
Old				37,529	39,801	42,807
Change (%)				13.8	11.3	7.1
Gross margin (%)						
New	8.7	7.6	7.9	8.2	8.2	8.2
Old				7.7	7.7	7.7
Change (ppt)				0.5	0.5	0.5
Equity income (Bt m)						
New	1,530	1,520	1,875	2,014	2,046	2,194
Old				1,882	2,032	2,208
Change (%)				7.0	0.7	(0.6)
Normalized profit (Bt m)						
New	882	1,452	1,446	1,939	2,135	2,229
Old				1,509	1,707	1,921
Change (%)				28.5	25.1	16.0

Source: Thanachart estimates

Ex 2: CK's SOTP Value

BBG code	% holding	Fair value (Bt m)	15% discount (Bt m)	Share price (Bt/share)	Market value (Bt m)
TTW TB	19.4%	6,967	5,922	9.05	7,005
BEM TB	41.2%	50,318	42,770	5.35	33,650
CKP TB	30.0%	12,194	10,365	3.00	7,316
Total		69,479	59,057		47,972
Per CK share (Bt)			34.9		28.3
Construction business value (Bt)			(14.2)		
Our TP (Bt)			21.0		

Sources: Company data, Thanachart estimates

Reaffirming our BUY rating

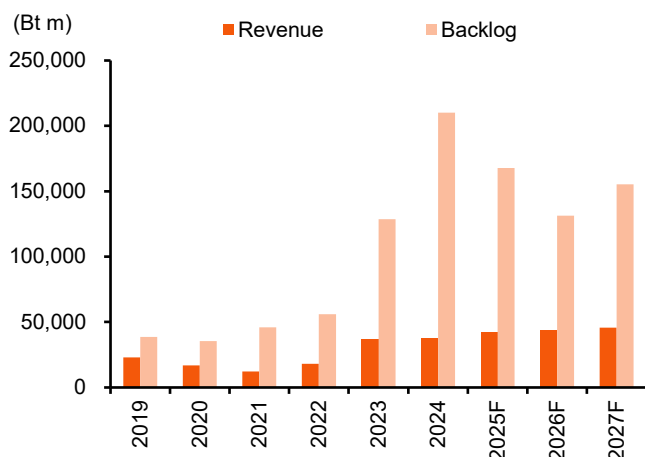
*We maintain our BUY call on CK given...
...its earnings growth secured by large backlog...*

We thus reaffirm our BUY call on CK as:

First, we see its earnings growth of 34/10/4% y-y in 2025-27F being secured by:

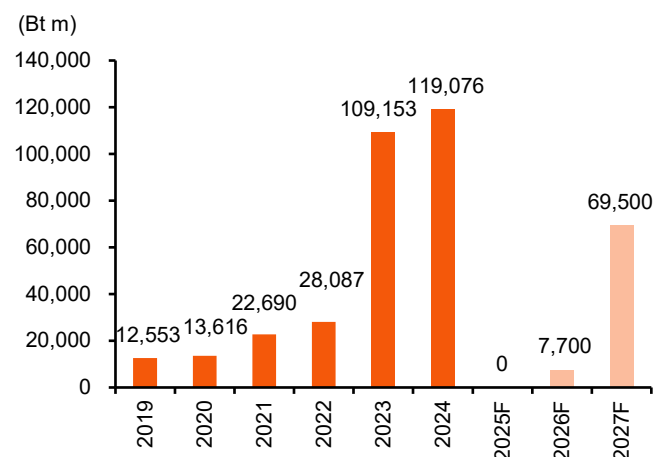
- 1) Its sizable backlog of Bt192bn at end-2025F, driving revenue growth of 13/4/4% y-y in 2025-27F (vs. 21% y-y growth in 1H25). This is despite our view that CK will secure no new work at all this year and only Bt7.7bn from the Siriraj Medical Institute project in 2026F. However, as we expect a new bidding cycle for infrastructure projects to kick off in 2027F once a new government is formed in late 2026F, we assume CK's new work value will be Bt70bn in 2027F, mainly coming from Bt35bn of construction work for a double-deck expressway and Bt27bn of M&E work for the South Purple Line. We believe CK stands a strong chance of getting these two projects, as the double-deck expressway will be an upper deck of its 41%-owned Bangkok Expressway & Metro (BEM TB, Bt5.35, BUY)'s existing expressway, while the South Purple Line will be connected to BEM's North Purple Line. We thus expect BEM as the concessionaire to operate those projects and subcontract construction work to CK.

Ex 3: CK's Revenue And Backlog



Sources: Company data, Thanachart estimates

Ex 4: CK's New Work Value



Sources: Company data, Thanachart estimates

Ex 5: CK's Potential Projects

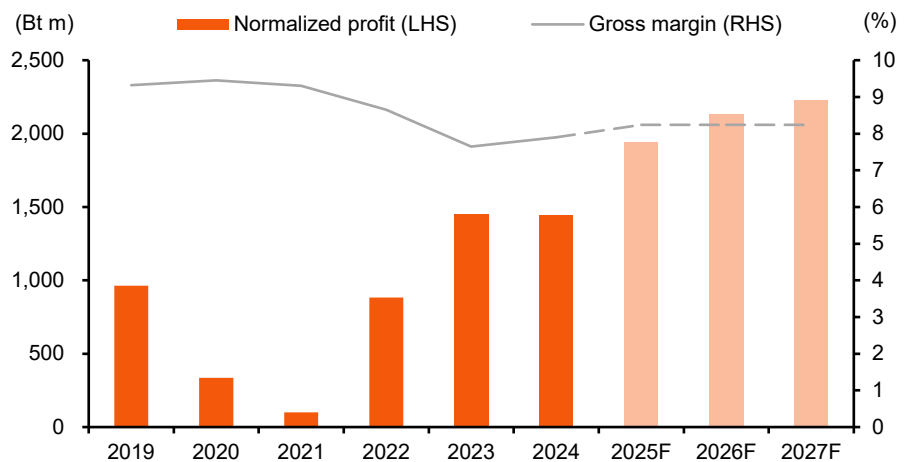
CK's high-potential projects	Project	Value (Bt m)	Project progress
Expressway	Double deck: Ngam Wong Wan - Rama 9	35,000	Waiting for the cabinet's approval
Mass transit	South Purple Line: M&E	27,000	Waiting for the cabinet's approval
Building	Siriraj Medical Institute (Bang Pho)	7,700	Approved by the cabinet

Government's projects	Project	Value (Bt m)	Project progress
Mass transit	Red Line extensions	14,700	Approved by the cabinet
High-speed train	Phase 2	235,000	Approved by the cabinet
Motorways	M5 & M9	73,000	Approved by the cabinet
Expressway	N2 & Kratuu - Patong	31,000	Waiting for the cabinet's approval
Double-track railway	Phase 2	285,300	Waiting for the cabinet's approval
Airport	Expansions	63,000	Design process
Total		702,000	

Sources: Company data, Thanachart compilation

Note: * See details in our sector report, *On its own feet*, dated 17 September 2025

- 2) Its sustained high gross margin of 8.2% in 2025-27F, driven by better-quality backlog from higher revenue recognition from high-margin projects such as the Orange Line and Luang Prabang hydropower plant.
- 3) Its equity income growing to Bt2/2.1/2.2bn in 2025-27F driven by earnings contribution from BEM and its 30%-owned CK Power (CKP TB, Bt3.0, BUY).

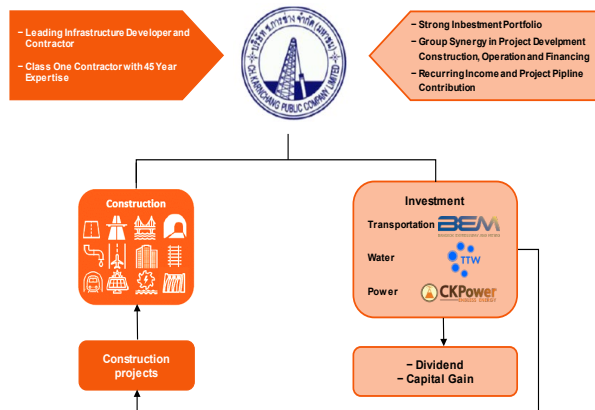
Ex 6: CK's Earnings And Gross Margin

Sources: Company data, Thanachart estimates

...its solid infrastructure investment model...

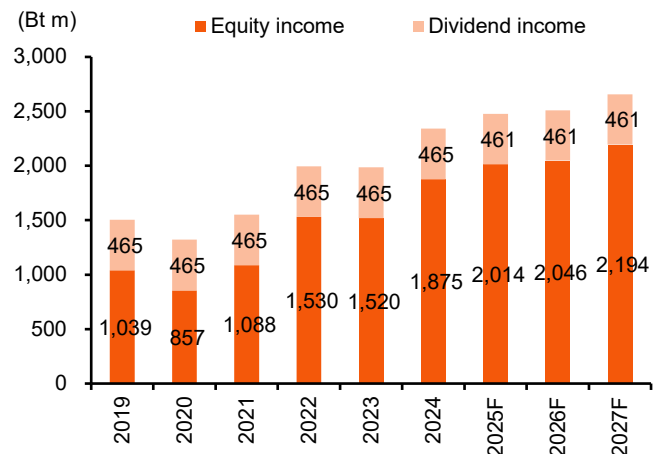
Second, we like CK's infrastructure investment model, which now provides CK with growing dividend and equity income, helping to cushion the volatility of its construction business. Its 19%-owned TTW (TTW TB, Bt13.6, not rated), a tap water operator, is a cash cow with dividend contributions of Bt465m a year, while BEM, a mass-transit and expressway operator, and CKP, a power plant operator, look set to contribute earnings of Bt2.0bn-2.2bn p.a. in 2025-27F.

Ex 7: CK's Infrastructure Investment Model



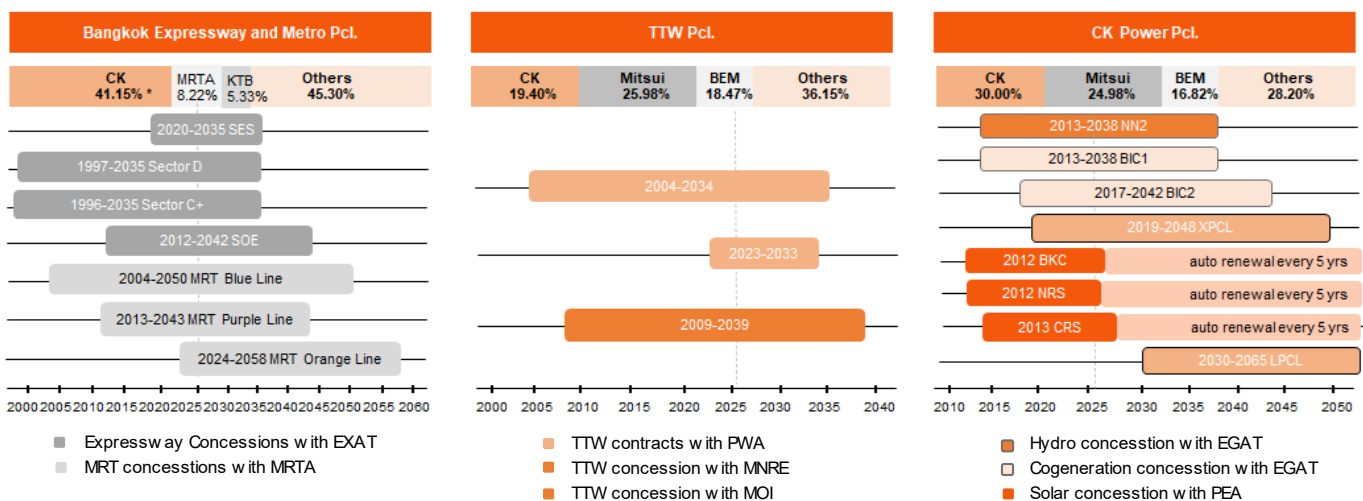
Source: Company data

Ex 8: CK's Equity And Dividend Income



Sources: Company data, Thanachart estimates

Ex 9: CK's Infrastructure Associates With Long Concession Periods



Source: Company data

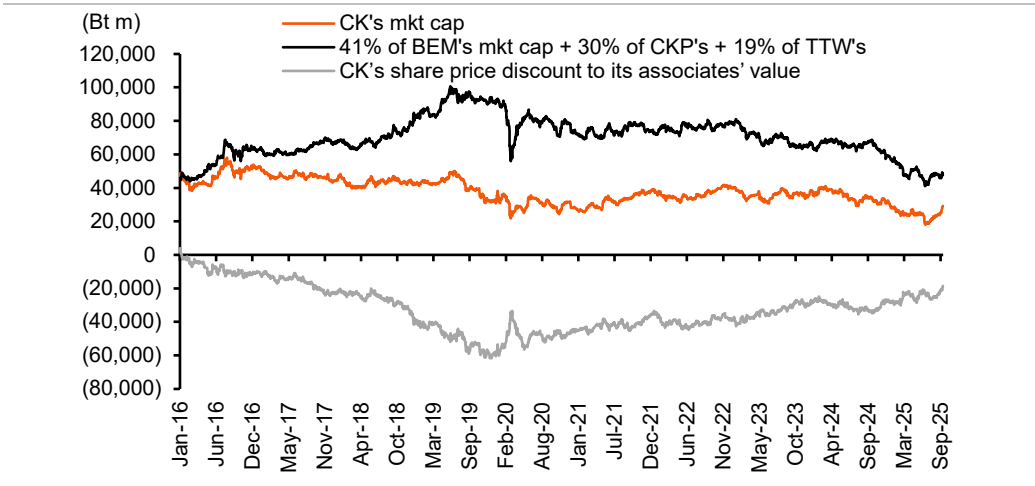
...its strong financial status, and...

Third, even though its infrastructure investment model required high investments and caused CK to have a high net D/E ratio of 1.7x in 2Q25, we are not worried about CK facing financial difficulties given 1) its debenture covenant ratio of 3x, 2) its investment portfolio of Bt48bn at market prices vs. Bt43bn net debt, 3) its TRIS credit rating of A-, allowing it to successfully refinance its debt with low interest rates every year, and 4) its plan to sell a 10% stake in its 20%-owned Luang Prabang Power (non-listed) to TTW for Bt2.8bn in 3Q25F to repay debt while we expect its net D/E ratio to fall to 1.5x at end 2025F.

...what we view as an attractive valuation

Finally, as one of the largest contractors in Thailand, with sizable backlog to secure earnings growth, and high and stable profitable associates, CK's valuations at 14x PE in 2026F and 1x P/BV vs. its peers' averages of 14x and 1.3x look attractive to us. The shares also trade at a 38% discount to the market value of its investment portfolio.

Ex 10: CK's Market Cap Vs. Its Associates' Market Cap



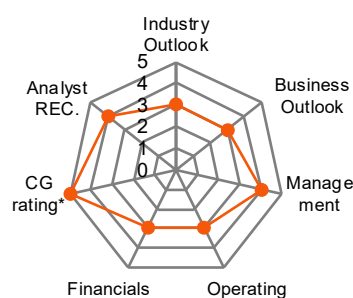
Sources: Company data, Bloomberg, Thanachart estimates

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

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

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 investment.
- Volatility in building material prices is another risk.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	19.96	21.00	5%
Net profit 25F (Bt m)	1,882	2,439	30%
Net profit 26F (Bt m)	1,945	2,135	10%
Consensus REC	BUY: 14	HOLD: 0	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F earnings are 10-30% higher than the Bloomberg consensus estimates, which we believe is due to us having more aggressive sales and equity income assumptions and factoring in a one-time gain from selling a stake in LPCL.
- Our SOTP-based TP is also higher than that of other brokers, following our higher earnings forecasts.

Sources: Bloomberg consensus, Thanachart estimates

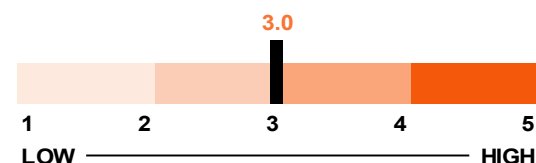
RISKS TO OUR INVESTMENT CASE

- 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 our new work value assumptions downward.
- 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 on people's confidence and new investments.

Source: Thanachart

CK is one of Thailand's three largest firms, specializing in civil and mechanical work for infrastructure, building, and power plant projects. It achieved a SET ESG rating of AA for 2024. Our ESG score for CK is moderate at 3.02.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
CK	YES	AA	-	B	50.90	49.71	28.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

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

Factors

Our Comments

ENVIRONMENT

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

- We assign a moderate Environment score of 2.8 to CK to reflect its environmental policies and management, which comply with relevant laws and regulations.
- It targets to reduce GHG emissions by 5% by 2027 and achieve net-zero emissions by 2065. However, in 2024, its GHG emissions increased by 48% y-y due to growing operational and business activities. It also aims to reduce electricity usage by 10% by 2030 through its solar rooftop systems and energy-saving projects, such as replacing traditional light bulbs with more energy-efficient LED bulbs.
- 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.

SOCIAL

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

- Our Social score for CK is decent at 3.0 as it follows human rights principles and ensures good corporate governance and fairness in execution according to the Labor Protection Act and Labor Relations Act. It also regards its security policy as the highest standard, having committed to conducting safe operations in accordance with the Occupational Safety and Health law.
- In 2024, 71% of its employees were male and 29% were female, with 11.57 training hours per person per year, and zero cases of lost time injury incidents.
- CK conducts CSR activities, e.g., offering blood donation, supporting budgets for many community projects, and continuing its Community Technician Innovation Promotion project to develop community technicians to become community innovators.

GOVERNANCE &
SUSTAINABILITY

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

- CK's governance and sustainability score is also moderate at 3.2.
- Even though the board chair is independent, only five of the 11-member board of directors (BOD) are independent, which is below the 2/3 ideal ratio. There is one female member.
- On the positive side, CK has audit, nomination, and remuneration, corporate social responsibility and sustainability, and corporate governance and risk management committees with independent chairs.
- It has appointed EY Office Limited as the independent auditor for the group.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	36,725	37,721	42,712	44,285	45,842
Cost of sales	33,917	34,742	39,192	40,636	42,064
Gross profit	2,808	2,979	3,519	3,649	3,777
% gross margin	7.6%	7.9%	8.2%	8.2%	8.2%
Selling & administration expenses	2,051	2,229	2,349	2,436	2,521
Operating profit	757	750	1,170	1,213	1,256
% operating margin	2.1%	2.0%	2.7%	2.7%	2.7%
Depreciation & amortization	1,117	854	1,071	1,084	1,090
EBITDA	1,874	1,604	2,242	2,297	2,346
% EBITDA margin	5.1%	4.3%	5.2%	5.2%	5.1%
Non-operating income	1,182	1,049	1,145	1,170	1,136
Non-operating expenses	0	0	0	0	0
Interest expense	(1,830)	(2,020)	(2,184)	(1,965)	(1,948)
Pre-tax profit	109	(222)	132	418	444
Income tax	83	119	136	256	334
After-tax profit	26	(340)	(4)	162	110
% net margin	0.1%	-0.9%	0.0%	0.4%	0.2%
Shares in affiliates' Earnings	1,520	1,875	2,014	2,046	2,194
Minority interests	(93)	(89)	(70)	(73)	(75)
Extraordinary items	49	0	500	0	0
NET PROFIT	1,501	1,446	2,439	2,135	2,229
Normalized profit	1,452	1,446	1,939	2,135	2,229
EPS (Bt)	0.9	0.9	1.4	1.3	1.3
Normalized EPS (Bt)	0.9	0.9	1.1	1.3	1.3

*We forecast CK's earnings to turn around this year...
...driven by higher revenue recognition from its backlog and earnings contributions from its associates*

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	32,666	46,154	49,679	48,991	48,289
Cash & cash equivalent	7,784	10,188	14,000	12,000	10,000
Account receivables	4,215	5,472	7,021	7,280	7,536
Inventories	8,954	11,710	8,590	8,906	9,220
Others	11,713	18,783	20,068	20,805	21,534
Investments & loans	51,490	54,961	55,161	58,161	61,161
Net fixed assets	10,287	9,520	9,449	9,365	9,275
Other assets	2,302	2,467	2,577	2,674	2,771
Total assets	96,745	113,102	116,866	119,191	121,495
LIABILITIES:					
Current liabilities:	27,258	45,635	43,237	46,190	46,343
Account payables	4,058	4,376	5,369	5,567	5,993
Bank overdraft & ST loans	6,801	4,371	5,660	5,374	5,438
Current LT debt	8,000	12,024	9,168	8,706	8,809
Others current liabilities	8,400	24,864	23,040	26,544	26,104
Total LT debt	40,724	38,009	41,768	39,659	40,129
Others LT liabilities	2,755	2,979	3,382	3,508	3,632
Total liabilities	70,737	86,623	88,386	89,357	90,105
Minority interest	526	569	639	712	787
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	2,023	1,510	1,510	1,510	1,510
Retained earnings	16,896	17,836	19,767	21,049	22,530
Shareholders' equity	25,482	25,910	27,841	29,123	30,604
Liabilities & equity	96,745	113,102	116,866	119,191	121,495

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	109	(222)	132	418	444
Tax paid	(82)	(114)	(138)	(255)	(335)
Depreciation & amortization	1,117	854	1,071	1,084	1,090
Chg In working capital	(3,773)	(3,694)	2,564	(377)	(143)
Chg In other CA & CL / minorities	(2,708)	11,627	(1,094)	4,812	1,026
Cash flow from operations	(5,336)	8,452	2,535	5,682	2,082
Capex	(1,288)	(87)	(1,000)	(1,000)	(1,000)
Right of use	74	24	(5)	(5)	(5)
ST loans & investments	(30)	(38)	0	0	0
LT loans & investments	(1,732)	(3,471)	(200)	(3,000)	(3,000)
Adj for asset revaluation	107	0	0	0	0
Chg In other assets & liabilities	(354)	(336)	798	34	33
Cash flow from investments	(3,224)	(3,908)	(407)	(3,971)	(3,972)
Debt financing	9,435	(1,121)	2,192	(2,857)	637
Capital increase	0	0	0	0	0
Dividends paid	(421)	(508)	(508)	(854)	(747)
Warrants & other surplus	269	(511)	0	0	0
Cash flow from financing	9,283	(2,140)	1,684	(3,711)	(111)
Free cash flow	(6,624)	8,365	1,535	4,682	1,082

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	20.4	20.5	15.3	13.9	13.3
Normalized PE - at target price (x)	24.5	24.6	18.3	16.7	16.0
PE (x)	19.7	20.5	12.2	13.9	13.3
PE - at target price (x)	23.7	24.6	14.6	16.7	16.0
EV/EBITDA (x)	41.3	46.0	32.2	31.1	31.5
EV/EBITDA - at target price (x)	44.4	49.7	34.9	33.7	34.1
P/BV (x)	1.2	1.1	1.1	1.0	1.0
P/BV - at target price (x)	1.4	1.4	1.3	1.2	1.2
P/CFO (x)	(5.6)	3.5	11.7	5.2	14.2
Price/sales (x)	0.8	0.8	0.7	0.7	0.6
Dividend yield (%)	1.7	1.7	2.9	2.5	2.6
FCF Yield (%)	(22.3)	28.2	5.2	15.8	3.7
(Bt)					
Normalized EPS	0.9	0.9	1.1	1.3	1.3
EPS	0.9	0.9	1.4	1.3	1.3
DPS	0.3	0.3	0.5	0.4	0.5
BV/share	15.0	15.3	16.4	17.2	18.1
CFO/share	(3.2)	5.0	1.5	3.4	1.2
FCF/share	(3.9)	4.9	0.9	2.8	0.6

Sources: Company data, Thanachart estimates

*CK now trades 38%
below its associates'
market value...*

*...which we believe is
unjustified*

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	100.8	2.7	13.2	3.7	3.5
Net profit (%)	35.9	(3.7)	68.7	(12.5)	4.4
EPS (%)	35.9	(3.7)	68.7	(12.5)	4.4
Normalized profit (%)	64.6	(0.4)	34.1	10.1	4.4
Normalized EPS (%)	64.6	(0.4)	34.1	10.1	4.4
Dividend payout ratio (%)	33.9	35.1	35.0	35.0	35.0
Operating performance					
Gross margin (%)	7.6	7.9	8.2	8.2	8.2
Operating margin (%)	2.1	2.0	2.7	2.7	2.7
EBITDA margin (%)	5.1	4.3	5.2	5.2	5.1
Net margin (%)	0.1	(0.9)	(0.0)	0.4	0.2
D/E (incl. minor) (x)	2.1	2.1	2.0	1.8	1.7
Net D/E (incl. minor) (x)	1.8	1.7	1.5	1.4	1.4
Interest coverage - EBIT (x)	0.4	0.4	0.5	0.6	0.6
Interest coverage - EBITDA (x)	1.0	0.8	1.0	1.2	1.2
ROA - using norm profit (%)	1.6	1.4	1.7	1.8	1.9
ROE - using norm profit (%)	5.9	5.6	7.2	7.5	7.5
DuPont					
ROE - using after tax profit (%)	0.1	na	na	0.6	0.4
- asset turnover (x)	0.4	0.4	0.4	0.4	0.4
- operating margin (%)	5.3	na	5.4	5.4	5.2
- leverage (x)	3.7	4.1	4.3	4.1	4.0
- interest burden (%)	5.6	(12.3)	5.7	17.6	18.6
- tax burden (%)	23.7	na	na	38.7	24.7
WACC (%)	7.7	7.7	7.7	7.7	7.7
ROIC (%)	0.3	1.0	1.6	1.5	1.5
NOPAT (Bt m)	179	750	1,088	1,068	1,068
invested capital (Bt m)	73,223	70,125	70,437	70,861	74,979

Sources: Company data, Thanachart estimates

BUY (Unchanged)
Change in Numbers

TP: Bt 11.00
Upside : 18.9%

(From: Bt 9.00)
17 SEPTEMBER 2025

Small Cap Research

Stecon Group Pcl. (STECON TB)

Growth resumption

STECON's earnings are turning around after its 2024 loss. We project 27/10% EPS growth in 2026-27F, driven by Bt100bn of backlog, new private high-margin work, and no loss contribution from the Pink and Yellow lines. At 12x 2026F PE and 0.9x P/BV, we reaffirm our BUY call on STECON.



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Raising our TP to Bt11.0; BUY

This report is a part of *Construction Sector – On its own feet*, dated 17 September 2025. We reaffirm our BUY call on STECON. **First**, its stronger-than-expected 1H25 results cause us to raise our earnings estimates by 8/5/6% for 2025-27F (see Exhibit 1). With the rollover of the base year in our model to 2026F, our DCF-derived SOTP-based 12-month TP is increased to Bt11.0 (from Bt9.0). **Second**, despite factoring in infrastructure project bid delays due to a potential general election in 1H26F, we still project its earnings to grow by 27/10% in 2026-27F. **Third**, the stock looks inexpensive to us, trading on a 12x 2026F PE multiple and 0.9x P/BV vs. its earnings turnaround direction.

The drivers

STECON's earnings turnaround drivers are its large backlog, a higher base of gross margin, and no more loss contributions from the Pink and Yellow Lines. STECON's backlog stood at Bt100bn in 2Q25 (excluding the Bt27bn U-tapao project). We expect STECON to secure some new work from the private sector, including Bt14bn of data center, Bt5bn of renewable power plant, and Bt4bn of commercial building projects in 4Q25F, driving its backlog to Bt107bn by year-end. That should support 6-8% p.a. revenue growth in 2026-27F. We expect gross margin to be sustained at 7.2% in 2025-27F (4.4/-0.4% in 2023-24 and 7.4% in 1H25) due to no more loss-making projects and high-margin solar power plant and data center projects. There will also be no loss contributions from the Pink and Yellow Lines as they are now booked as dividends, rather than equity income.

Strong balance sheet

To lift its recurring income base in the long term, STECON plans to spend Bt2.0-2.5bn p.a. in capex for business diversification into the clean energy, digital infrastructure, water supply, and logistics & transport sectors. So far, it has spent Bt10-11bn on this plan (see Exhibit 9). Despite factoring in Bt2bn capex p.a., we project STECON's 2025-27F net D/E ratio to remain low at only 0.1-0.2x.

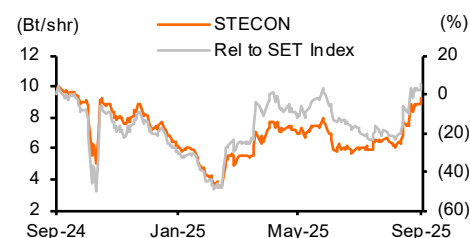
Potential withdrawal from U-tapao project

STECON has a 20% stake in U-tapao International Aviation (UTA), the consortium that won the Bt290bn U-tapao Airport project. The project has yet to start, despite the bid being held in 2019, as the government can't meet the condition that it must build a high-speed train linking three airports. UTA will likely cancel the contract. We don't expect an impact on STECON as UTA can exit without penalty due to the government's non-compliance, and it can demand repayment of Bt4-5bn already invested in the project from the government.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	30,005	31,848	34,370	36,422
Net profit	(2,357)	1,255	1,153	1,267
Consensus NP	—	1,227	1,073	1,151
Diff frm cons (%)	—	2.3	7.4	10.1
Norm profit	(1,268)	905	1,153	1,267
Prev. Norm profit	—	841	1,097	1,192
Chg frm prev (%)	—	7.6	5.1	6.3
Norm EPS (Bt)	(0.8)	0.6	0.8	0.8
Norm EPS grw (%)	na	na	27.4	9.9
Norm PE (x)	na	15.5	12.2	11.1
EV/EBITDA (x)	na	8.4	6.9	6.2
P/BV (x)	0.8	0.9	0.9	0.8
Div yield (%)	0.0	2.7	2.9	3.6
ROE (%)	na	5.5	7.2	7.5
Net D/E (%)	22.9	16.3	13.2	9.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 16-Sep-25 (Bt)	9.25
Market Cap (US\$ m)	443.2
Listed Shares (m shares)	1,519.1
Free Float (%)	55.3
Avg Daily Turnover (US\$ m)	2.5
12M Price H/L (Bt)	9.25/3.44
Sector	Construction
Major Shareholder	C.T.Venture Co.,LTD 19.3%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P28

Lifting our TP to Bt11.0; reaffirming BUY

We raise our earnings estimates for STECON by 5-8% in 2025-27F

Given its stronger-than-expected 1H25F earnings, we raise our earnings estimates for STECON Group Pcl (STECON) by 8/5/6% in 2025-27F due to the changes to our following assumptions:

First, we increase our new work value assumption by 25% to Bt50bn in 2025F (vs. Bt27bn so far) to reflect STECON's potential private work in 4Q25F.

Second, however, given our view on delays in infrastructure project bids to 2027F due to a potential general election next year, we cut our new work value by 67% to Bt10bn in 2026F but raise our assumption by 153% to Bt38bn in 2027F.

Third, its higher-than-expected gross margin in 1H25, due to better backlog quality, also causes us to raise our gross margin assumption to 7.2% (from 7%) in 2025-27F, compared to 7.4% in 1H25.

Fourth, we lower our equity loss estimates to Bt200/80/80m in 2025-27F (vs. its Bt158m loss in 1H25) as STECON has changed the accounting method for booking loss contributions from the Pink and Yellow Lines to dividend income rather than equity income.

Finally, we cut our discount rate assumptions by 1.9ppts to 11.1% to reflect its lower beta.

With the rollover of the base year in our model to 2026F, we raise our DCF-derived SOTP-based 12-month TP for STECON to Bt11.0/share from Bt9.0.

Our TP is increased to Bt11.0

Ex 1: Key Assumption Changes

	2022	2023	2024	2025F	2026F	2027F
New work value (Bt bn)						
New	27.7	17.6	44.7	50.0	10.0	38.0
Old				40.0	30.0	15.0
Change (%)				25.0	(66.7)	153.3
Revenue (Bt bn)						
New	30.3	29.6	30.0	31.8	34.4	36.4
Old				31.6	33.7	35.5
Change (%)				0.6	2.0	2.7
Gross margin (%)						
New	5.1	4.4	(0.4)	7.2	7.2	7.2
Old				7.0	7.0	7.0
Change (ppt)				0.2	0.2	0.2
Equity income (Bt m)						
New	34	(70)	(584)	(200)	(80)	(80)
Old				(251)	(80)	(80)
Change (%)				na	na	na
Normalized profit (Bt m)						
New	821	502	(1,268)	905	1,153	1,267
Old				841	1,097	1,192
Change (%)				7.6	5.1	6.3

Source: Company data, Thanachart estimates

Ex 2: STECON's SOTP Value

BBG code	% holding	Fair value (Bt m)	15% discount (Bt m)	Share price (Bt/share)	Market value (Bt m)
GULF TB	1.5%	12,717	10,809	46.25	10,503
TSE TB	9.0%	95	81	0.56	107
BGSR	10.0%	402	342	na	na
Pink & Yellow lines	15.0%	1,106	940	na	na
Total		14,320	12,172		10,610
Per STECON share (Bt)			8.0		7.0
Construction business value (Bt)			2.6		
Our TP (Bt)			11.0		

Sources: Company data, Thanachart estimates

STECON becomes our top pick

STECON becomes our top sector pick given...

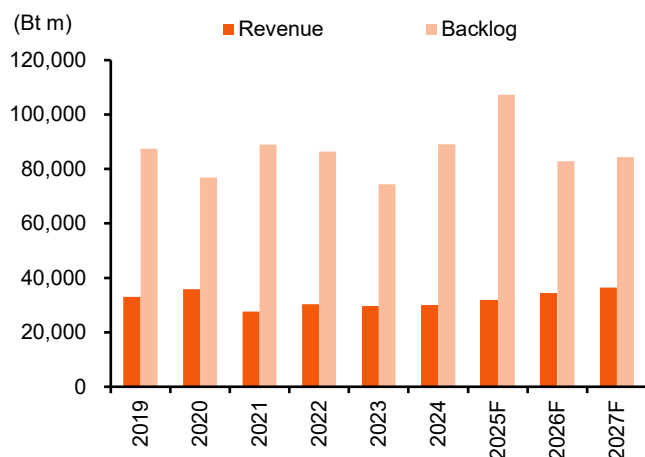
...its strong earnings growth...

We thus reiterate our BUY call on STECON and it has now become our top sector pick as:

First, we see STECON's earnings turnaround to a profit of Bt905m this year with further strong growth of 27/10% y-y in 2026-27F being secured by:

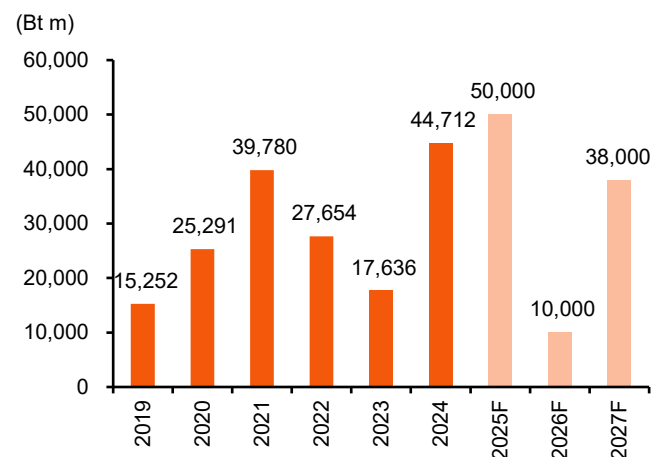
- 1) Its sizable backlog of Bt100bn at the end of 2Q25. Despite our expectation of delays to infrastructure project bids, we anticipate STECON to secure some new work from the private sector, including Bt14bn of data center, Bt5bn of renewable power plant, and Bt4bn of commercial building projects in 4Q25F, driving its backlog to Bt107bn by year-end and growing revenue by 6-8% y-y in 2026-27F. As we expect a new bidding cycle for infrastructure projects to kick off in 2027F once a new government is formed in late 2026F, we estimate STECON's new work value at Bt38bn in 2027F.

Ex 3: STECON's Revenue And Backlog



Sources: Company data, Thanachart estimates

Ex 4: SETCON's New Work Value



Sources: Company data, Thanachart estimates

Ex 5: STECON's Potential Projects

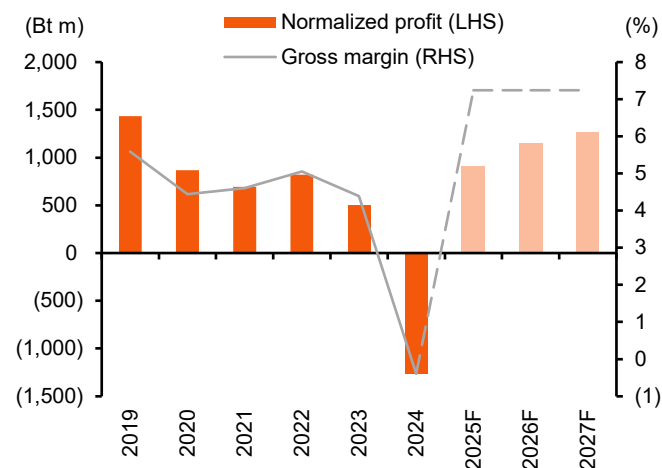
STECON's high potential projects	Project	Value (Bt m)	Project progress
Data center	Data centers	14,000	Bidding
Power plant	Renewable power plants	5,000	Open for bidding this year
Building	Commercial buildings	4,000	Open for bidding this year
Total		23,000	

Government's projects	Project	Value (Bt m)	Project progress
Mass transit	Red Line extensions	14,700	Approved by the cabinet
High-speed train	Phase 2	235,000	Approved by the cabinet
Motorways	M5 & M9	73,000	Approved by the cabinet
Expressway	N2 & Kratuu - Patong	31,000	Waiting for the cabinet's approval
Double-track railway	Phase 2	285,300	Waiting for the cabinet's approval
Airport	Expansions	63,000	Design process
Total		702,000	

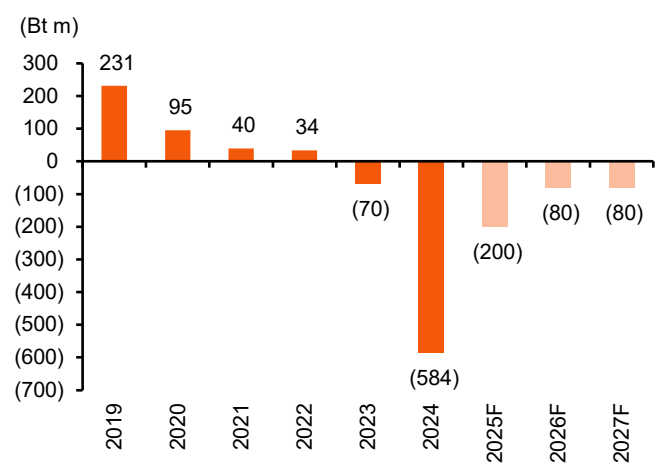
Sources: Company data, Thanachart compilation

Note: * See details in our sector report, *On its own feet*, dated 17 September 2025

- 2) Its sustained high gross margin of 7.2% in 2025-27F, driven by better-quality backlog from no more loss-making projects and a higher proportion of high-margin projects such as power plants and data centers.
- 3) Lower equity losses to Bt200/80/80m in 2025-27F due to no more loss contributions from the Pink and Yellow lines after a change in the accounting method for booking them to dividend income rather than equity income.

Ex 6: STECON's Gross Margin And Earnings

Sources: Company data, Thanachart estimates

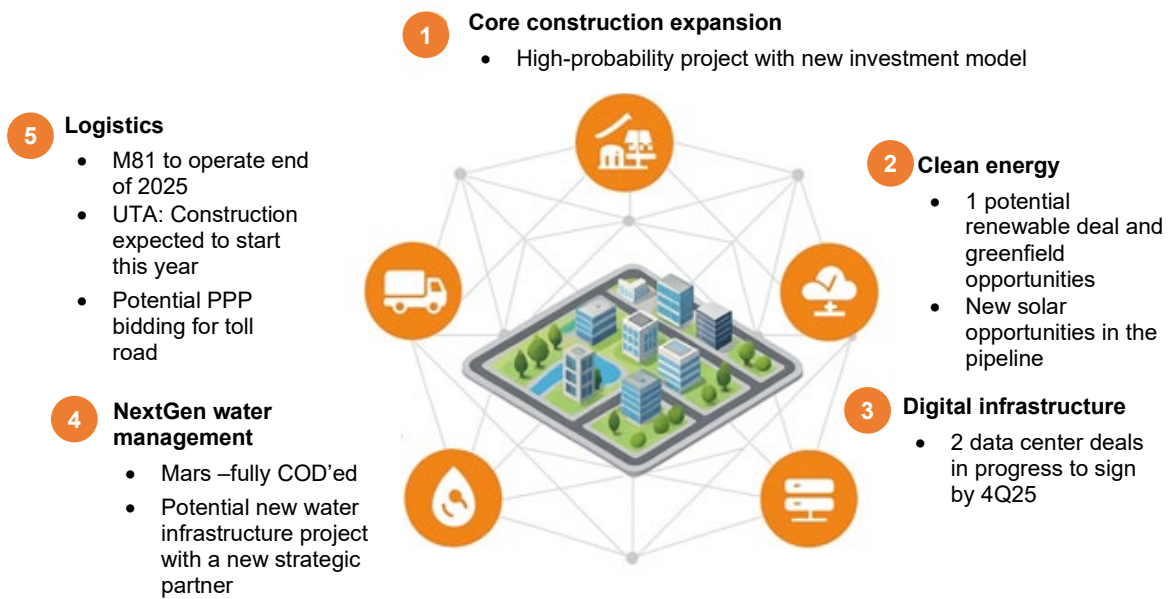
Ex 7: STECON's Equity Income

Sources: Company data, Thanachart estimates

...potential growth from its investment plan...

Second, we like its business diversification plan into the clean energy, digital infrastructure, water supply, and logistics & transportation sectors. Even though the near-term earnings contribution from these early-stage investments appears to be small, we believe that over the long term, they will help STECON reduce the volatility of its construction business, create a recurring and stable revenue stream and profits, and generate benefits from the synergies created.

Ex 8: Business Diversification Plan



Source: Company data

Ex 9: STECON's Investments

Company	Business	Capacity	COD/Founded	STECON's investment	STECON's stake	Purpose
Gulf Development	– Power plant developer	-	2007	Bt1.8bn	1.5%	– Long-term recurring income
U-Tapao Int'l Aviation	– Concessionaire to operate U-tapao Airport	60m pax	Under negotiation	Bt1.5bn	20.0%	– Long-term recurring income
M6 & M81 Motorways	– O&M contracts to operate intercity motorways	-	2025-26	Bt252m	10.0%	– Long-term recurring income
Mars Water Supply	– Water supplier for household and industrial use	39,000 cm3/day	January 2025	Bt317m	51.0%	– Long-term recurring income
Data Center at Bang Na	– Data center facility	25-75MW	2027F	Bt4bn	Major Shareholder	– Long-term recurring income
Data Center at Bang Pakong	– Data center facility	50-100MW	1Q-2Q26F	Bt2-3bn	Preferred share	– Long-term recurring income
Alice Technologies	– Construction schedule optimization platform	-	2015	US\$2m	1.6%	– Using its software to optimize construction
Asperitas	– Immersion cooling technology for data centers	-	2017	Eur1.85m	10.0%	– Using its technology for data centers in Thailand

Sources: Company data, Thanachart estimates

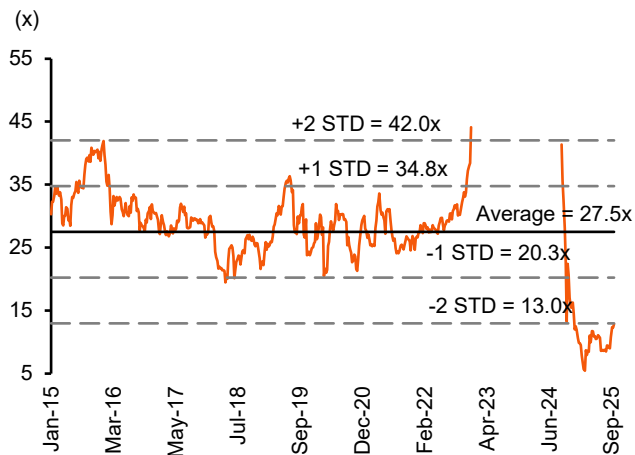
...its strong financial status, and...

Third, its balance sheet is solid, based on our estimates. Despite factoring in Bt2bn of capex p.a. for its business diversification plan, we project STECON's net D/E ratio to remain low at only 0.1-0.2x in 2025-27F.

...what we view as an attractive valuation

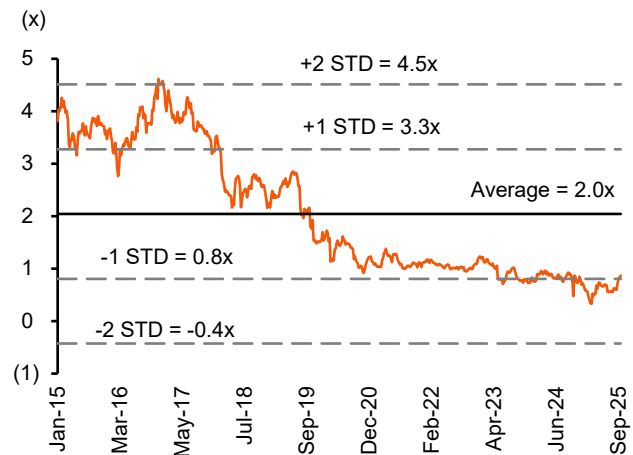
Finally, as one of the largest contractors in Thailand, with its continued strong earnings growth and solid financial status, STECON's valuations at 12x PE multiples in 2026F and 0.9x P/BV vs. its peers' average of 14x and 1.3x still look attractive to us.

Ex 10: STECON's PE Standard Deviation



Sources: Bloomberg, Thanachart estimates

Ex 11: STECON's P/BV Standard Deviation



Sources: Bloomberg, Thanachart estimates

COMPANY DESCRIPTION

STECON Group Pcl. (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

COMPANY RATING



Rating Scale

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

Source: Thanachart; *CG Rating

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.

W — Weakness

- The majority of STECON'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

- 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)	9.07	11.00	21%
Net profit 25F (Bt m)	1,227	1,255	2%
Net profit 26F (Bt m)	1,073	1,153	7%
Consensus REC	BUY: 14	HOLD: 1	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profits for 2025-26F are 2-7% higher than the Bloomberg consensus numbers, which we believe is due to us factoring in more aggressive sales and gross margin assumptions.
- Our TP is also higher than other brokers', likely as we already roll over the base year to 2026F and forecast higher long-term earnings and SOTP value.

Sources: Bloomberg consensus, Thanachart estimates

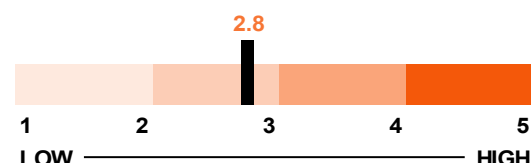
RISKS TO OUR INVESTMENT CASE

- 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 lower our new work value assumptions and earnings forecasts.
- Building material expenses account for 50-60% of STECON's total costs. Therefore, higher prices present a downside risk to our earnings forecasts.
- A weaker-than-expected economic recovery could also have a significant negative impact upon people's confidence and regarding new construction projects.

Source: Thanachart

STECON is one of Thailand's three largest engineering and construction companies, specializing in civil and mechanical work for infrastructure, building, and power plant projects. It achieved a SET ESG rating of AA for 2024. Our ESG score for STECON is 2.78, which is weighed down by some loss-making projects and its weak board structure.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
STECON	YES	AA	-	-	-	-	27.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

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

Factors
Our Comments
ENVIRONMENT

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

- We assign a moderate Environment score to STECON. While it complies with relevant laws and regulations and is committed to environmental issues, environmental management is more at the standard than the best practice level.
- STECON targets to reduce GHG emissions by 2% by 2027, 8% by 2036, and 20% by 2050. However, in 2023, its GHG emissions at the head office increased by 96 tonnes of CO2e due to the growth of operational and business activities.
- It monitors air quality at construction sites by measuring PM10, PM2.5, carbon monoxide, nitrogen dioxide levels, and wind speed and direction. Most of the values are within the standards announced by the National Environment Board.
- Noise is also measured for the 24-hour average sound level pressure, maximum sound level, and noise annoyance level, while water quality is measured for pH, BOD, suspended solids, sulfides, total dissolved solids, etc. Most of the values have been within the standard.

SOCIAL

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

- We also assign a moderate social score to STECON with its standard compliance to some signatories below.
- The company emphasizes the Occupational Safety, Health, and Environment Act B.E. 2554. It provides training in safety at work for all workers before entering the workplace, changing jobs, changing workplaces, or changing machinery or equipment.
- It received certification of the ISO 45001 Occupational Health and Safety Management Standard Version 2018 from the SGS and ISO 9001 Quality Management System Standard Version 2015 from UKAS and NAC. In 2023, it had zero lost-time accidents among employees for 10m man-hours at the Hin Kong Power Plant project, 2m man-hours for the LEO project, and 900,000 man-hours at the Thonburi Wastewater System project.
- It started the "Sino-Thai Payback to Society" project in 2002 by constructing school buildings, library buildings, and offering scholarships and educational materials.

**GOVERNANCE &
SUSTAINABILITY**

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

- STECON's governance and sustainability score is also moderate.
- The company doesn't have an ideal board structure, as the board chair is not independent. Independent directors comprise half of its 12 members, which we consider good but still below the 2/3 ideal ratio. There are three female members.
- On the positive side, STECON has audit, nomination, and remuneration committees with independent chairs. It also has a risk and sustainable development management committee.
- The recent issue of setting aside huge provisions for loss-making projects affects scores for governance, operational risk, and sustainability.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	29,598	30,005	31,848	34,370	36,422
Cost of sales	28,299	30,123	29,543	31,881	33,785
Gross profit	1,299	(118)	2,306	2,488	2,637
% gross margin	4.4%	-0.4%	7.2%	7.2%	7.2%
Selling & administration expenses	834	846	1,083	1,031	1,093
Operating profit	464	(964)	1,223	1,457	1,544
% operating margin	1.6%	-3.2%	3.8%	4.2%	4.2%
Depreciation & amortization	805	755	770	890	1,010
EBITDA	1,270	(209)	1,993	2,347	2,554
% EBITDA margin	4.3%	-0.7%	6.3%	6.8%	7.0%
Non-operating income	262	341	351	361	402
Non-operating expenses	0	0	0	0	0
Interest expense	(43)	(158)	(239)	(237)	(220)
Pre-tax profit	683	(782)	1,335	1,581	1,727
Income tax	102	(68)	200	316	345
After-tax profit	582	(714)	1,135	1,265	1,381
% net margin	2.0%	-2.4%	3.6%	3.7%	3.8%
Shares in affiliates' Earnings	(70)	(584)	(200)	(80)	(80)
Minority interests	(10)	31	(30)	(32)	(34)
Extraordinary items	23	(1,089)	350	0	0
NET PROFIT	526	(2,357)	1,255	1,153	1,267
Normalized profit	502	(1,268)	905	1,153	1,267
EPS (Bt)	0.3	(1.6)	0.8	0.8	0.8
Normalized EPS (Bt)	0.3	(0.8)	0.6	0.8	0.8

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	20,636	20,082	21,735	23,167	24,332
Cash & cash equivalent	5,310	3,425	3,500	3,500	3,500
Account receivables	10,386	11,559	12,216	13,183	13,970
Inventories	3,274	3,231	4,047	4,367	4,628
Others	1,665	1,867	1,972	2,116	2,234
Investments & loans	21,395	24,531	21,531	21,531	21,531
Net fixed assets	3,951	4,683	5,913	7,023	8,013
Other assets	1,467	2,221	2,334	2,484	2,609
Total assets	47,449	51,516	51,512	54,204	56,484
LIABILITIES:					
Current liabilities:	26,698	30,156	31,531	33,195	34,408
Account payables	18,506	18,977	21,449	23,147	24,529
Bank overdraft & ST loans	4,745	6,921	5,514	5,156	4,726
Current LT debt	117	146	153	143	131
Others current liabilities	3,330	4,112	4,415	4,749	5,022
Total LT debt	0	438	460	430	394
Others LT liabilities	2,680	3,080	3,393	3,643	3,847
Total liabilities	29,377	33,673	35,384	37,268	38,649
Minority interest	441	432	462	494	529
Preferreds shares	0	0	0	0	0
Paid-up capital	1,519	1,519	1,519	1,519	1,519
Share premium	2,089	2,089	2,089	2,089	2,089
Warrants	0	0	0	0	0
Surplus	4,691	7,056	7,056	7,056	7,056
Retained earnings	9,332	6,747	5,002	5,778	6,642
Shareholders' equity	17,631	17,411	15,666	16,442	17,306
Liabilities & equity	47,449	51,516	51,512	54,204	56,484

Sources: Company data, Thanachart estimates

We expect a strong earnings turnaround from this year onward...

...due to its revenue growth, a gross margin recovery, and lower equity losses

STECON's financial status looks solid

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	683	(782)	1,335	1,581	1,727
Tax paid	(102)	68	(200)	(316)	(345)
Depreciation & amortization	805	755	770	890	1,010
Chg In working capital	(7,166)	(658)	999	411	334
Chg In other CA & CL / minorities	156	26	(2)	110	76
Cash flow from operations	(5,623)	(590)	2,902	2,676	2,801
Capex	(1,314)	(1,488)	(2,000)	(2,000)	(2,000)
Right of use	740	209	(10)	(10)	(10)
ST loans & investments	(55)	(77)	0	0	0
LT loans & investments	2,077	(3,135)	3,000	0	0
Adj for asset revaluation	(6,694)	0	0	0	0
Chg In other assets & liabilities	(1,188)	(1,583)	560	109	90
Cash flow from investments	(6,434)	(6,074)	1,550	(1,901)	(1,920)
Debt financing	4,862	2,642	(1,377)	(399)	(478)
Capital increase	(14)	(0)	0	0	0
Dividends paid	(457)	(229)	0	(376)	(403)
Warrants & other surplus	4,680	2,366	(3,000)	0	0
Cash flow from financing	9,070	4,780	(4,377)	(775)	(881)
Free cash flow	(6,937)	(2,078)	902	676	801

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	28.0	na	15.5	12.2	11.1
Normalized PE - at target price (x)	33.3	na	18.5	14.5	13.2
PE (x)	26.7	na	11.2	12.2	11.1
PE - at target price (x)	31.8	na	13.3	14.5	13.2
EV/EBITDA (x)	10.7	na	8.4	6.9	6.2
EV/EBITDA - at target price (x)	12.8	na	9.7	8.1	7.2
P/BV (x)	0.8	0.8	0.9	0.9	0.8
P/BV - at target price (x)	0.9	1.0	1.1	1.0	1.0
P/CFO (x)	(2.5)	(23.8)	4.8	5.3	5.0
Price/sales (x)	0.5	0.5	0.4	0.4	0.4
Dividend yield (%)	1.1	0.0	2.7	2.9	3.6
FCF Yield (%)	(49.4)	(14.8)	6.4	4.8	5.7
(Bt)					
Normalized EPS	0.3	(0.8)	0.6	0.8	0.8
EPS	0.3	(1.6)	0.8	0.8	0.8
DPS	0.1	0.0	0.2	0.3	0.3
BV/share	11.6	11.5	10.3	10.8	11.4
CFO/share	(3.7)	(0.4)	1.9	1.8	1.8
FCF/share	(4.6)	(1.4)	0.6	0.4	0.5

Sources: Company data, Thanachart estimates

Its valuation looks attractive to us at PE of 12x in 2026F and P/BV of 0.9x vs. its peers' average of 14x and 1.3x

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(2.4)	1.4	6.1	7.9	6.0
Net profit (%)	(38.7)	na	na	(8.2)	9.9
EPS (%)	(38.7)	na	na	(8.2)	9.9
Normalized profit (%)	(38.8)	na	na	27.4	9.9
Normalized EPS (%)	(38.8)	na	na	27.4	9.9
Dividend payout ratio (%)	28.9	0.0	30.0	35.0	40.0
Operating performance					
Gross margin (%)	4.4	(0.4)	7.2	7.2	7.2
Operating margin (%)	1.6	(3.2)	3.8	4.2	4.2
EBITDA margin (%)	4.3	(0.7)	6.3	6.8	7.0
Net margin (%)	2.0	(2.4)	3.6	3.7	3.8
D/E (incl. minor) (x)	0.3	0.4	0.4	0.3	0.3
Net D/E (incl. minor) (x)	(0.0)	0.2	0.2	0.1	0.1
Interest coverage - EBIT (x)	10.8	na	5.1	6.1	7.0
Interest coverage - EBITDA (x)	29.4	na	8.4	9.9	11.6
ROA - using norm profit (%)	1.0	na	1.8	2.2	2.3
ROE - using norm profit (%)	2.7	na	5.5	7.2	7.5
DuPont					
ROE - using after tax profit (%)	3.1	na	6.9	7.9	8.2
- asset turnover (x)	0.6	0.6	0.6	0.7	0.7
- operating margin (%)	2.5	na	4.9	5.3	5.3
- leverage (x)	2.6	2.8	3.1	3.3	3.3
- interest burden (%)	94.1	125.4	84.8	87.0	88.7
- tax burden (%)	85.1	na	85.0	80.0	80.0
WACC (%)	11.1	11.1	11.1	11.1	11.1
ROIC (%)	3.5	(5.6)	4.8	6.4	6.6
NOPAT (Bt m)	395	(964)	1,040	1,166	1,235
invested capital (Bt m)	17,183	21,491	18,293	18,671	19,056

Sources: Company data, Thanachart estimates

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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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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.

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