

Construction Sector – Overweight

News update

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Red Line extensions in bidding

- The total median price is Bt21bn.
 - The bidding results are expected on 30 Dec. 2025.
 - This is despite the risk of a delay in contract signing.
 - CK and STECON are among the potential winners.
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- The State Railway of Thailand (SRT) has released the terms of reference (TORs) for construction of the Red Line Extensions; the Taling chan - Siriraj Hospital - Salaya section with the median value of Bt14.7bn and the Rangsit - Thammasat University section with median value of Bt6.1bn. The bidding submission date is 29 December 2025. Under the e-bidding process, we expect the SRT to announce the bidding winners by 30 December 2025. The contract signing is targeted by February 2026 and construction is set to begin in March 2026. The construction period is about 36 months.
 - This is positive for the construction sector, providing additional project opportunities despite the risk of delays in contract signing if the House is dissolved early next year.
 - Given the requirement for prior mass-transit construction experience, we expect the potential bidders and winners are Italian-Thai Development (ITD TB, Bt0.26, not rated), Ch. Karnchang (CK TB, Bt12.3, BUY), STECON Group (STECON TB, Bt5.7, BUY), and Unique Engineering (UNIQ TB, Bt2.76, not rated).
 - We like both STECON and CK for their strong backlogs, which support revenue growth into 2026F, and attractive valuations (STECON at 8x PE and 0.5x P/BV and CK at 10x PE and 0.7x P/BV). STECON remains our top pick, with stronger expected EPS growth of 27/10% y-y in 2026–27F (vs. CK's 10/4%) and a solid balance sheet with a net cash position. However, even though CK's net D/E stood at 1.5x at end 3Q25, we are not concerned given its strong cash flow generation and sizeable holdings in listed affiliates.

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