

## Construction Sector – Overweight

News update

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### The bids for the Red Line extensions

- The total construction value for both lines is Bt21bn.
- Winners are expected to be announced this evening.
- Good news despite potential delays in contract signing.
- STECON remains our top sector pick.

  

- Today is the bid submission date for the Red Line extension projects: 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.
- Given the e-bidding method, we also expect the State Railway of Thailand (SRT) to announce the bidding winners this evening. Then, SRT expects the contract signing for the winners by February 2026 and construction is set to begin in March 2026. The construction period is about 36 months.
- Even though we see the risk of delays in contract signing during the election period, the bids are still positive for the construction sector as they provide additional construction work.
- Given the requirement for prior mass-transit construction experience, we expect the potential bidders and winners are Italian-Thai Development (ITD TB, Bt0.25, not rated), Ch. Karnchang (CK TB, Bt12.00, BUY), STECON Group (STECON TB, Bt6.10, BUY), and Unique Engineering (UNIQ TB, Bt2.68, not rated).
- We like both STECON and CK for their strong backlog, which support revenue growth into 2026F, and attractive valuations (STECON at 8x PE in 2026F and 0.6x 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.

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