

Stecon Group Pcl. (STECON TB) - BUY

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Earnings Preview**Strong 4Q25F earnings expected**

- **We expect it to post strong earnings of Bt225m in 4Q25F...**
 - **...driven by strong revenue recognition and sustained GPM.**
 - **Entering a new cycle with 0.9x P/BV and 11-14x PEs,...**
 - **...it is still attractive to us and we reaffirm our BUY call.**
- We forecast STECON to post a strong earnings turnaround in 4Q25F, with a net profit of Bt225m compared with a net loss of Bt1.2bn in 4Q24 (which was dragged down by substantial provisions for loss-making projects), and representing a 38% q-q increase. This is based on our forecast of:
- 1) 32% y-y and 35% q-q revenue growth driven by revenue recognition from its backlog of Bt99bn (excluding the Bt27bn U-Tapao Airport). The major projects this quarter include solar power plants, Orange and South Purple Lines, double-track railway, and data centers.
 - 2) over 7% gross profit margin.
 - 3) 3.5% SG&A to sales ratio.
 - 4) Bt40m equity income loss from its 15%-owned UTA and 50%-owned Vertical Rama 9 Alliance 1.
- Moreover, there is likely to be a reversal of the provision that STECON set aside for the Clean Fuel Project after negotiations over payment issues with the main contractor, UJV, reached an agreement. STECON had booked a Bt1bn allowance for expected credit losses related to this project in 4Q25. The reversal amount has yet to be disclosed, and we have yet to incorporate this potential writeback into our 4Q25F earnings forecast.
- If this materializes, STECON's full-year 2025F earnings would come in at Bt892m, in line with our forecast.
- We reaffirm our BUY call on STECON as a beneficiary of the upcoming construction upcycle, driven by the new government's reimplementation of infrastructure projects, the booming data center industry, and more investment in renewable power plants under the upcoming Power Development Plan. It is also likely to gain market share as its major peer, Italian-Thai Development (ITD TB, not rated), has faced significant construction and financial challenges. Entering a new growth cycle with 0.9x P/BV and 14/12x PEs in 2026-27F, STECON still looks attractive to us.

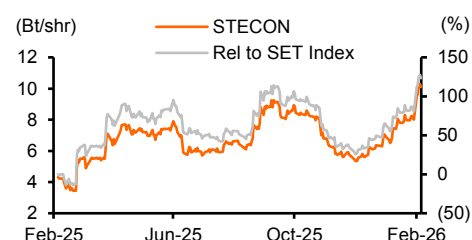
Key Valuations

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	30,005	32,054	34,207	37,691
Net profit	(2,357)	1,229	1,104	1,253
Norm net profit	(1,268)	879	1,104	1,253
Norm EPS (Bt)	(0.8)	0.6	0.7	0.8
Norm EPS gr (%)	na	na	25.5	13.5
Norm PE (x)	na	17.4	13.9	12.2
EV/EBITDA (x)	na	9.9	8.5	7.3
P/BV (x)	0.9	1.0	0.9	0.9
Div. yield (%)	0.0	2.4	2.5	3.3
ROE (%)	na	5.3	6.9	7.5
Net D/E (%)	22.9	23.9	22.0	16.9

Source: Thanachart estimates

Stock Data

Closing price (Bt)	10.10
Target price (Bt)	11.00
Market cap (US\$ m)	493
Avg daily turnover (US\$ m)	4.2
12M H/L price (Bt)	10.30/3.44

Price Performance

Source: Bloomberg

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