Small Cap Research

BUY (Unchanged) | **TP: Bt 16.00** (From: Bt 11.00)

Change in Numbers | **Upside : 26.0%** | **5 MARCH 2026**

Stecon Group Pcl. (STECON TB)

Stronger outlook

STECON's stronger-than-expected 2025 results prompt us to raise our earnings and TP to Bt16. We view it as the best play on a new round of the construction cycle, driven by infrastructure project bids and an FDI boom. Valuation also looks attractive, trading at 13x 2026F PE.

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Raising our TP to Bt16; reiterating BUY

Given stronger-than-expected 2025 earnings, management's target to reach Bt45bn in revenue by 2030, and special dividend income from its 1.5%-owned Gulf Development (GULF TB, BUY, Bt56.5), we raise our earnings estimates for STECON by 31/3/6% y-y in 2026-28F and 8-15% over the long term. Also, with our utility analyst's TP upgrade for GULF to Bt65, we lift our DCF-derived SOTP-based 12-month TP (2026F base year) to Bt16/share (from Bt11), and reiterate BUY on STECON. ***First,*** we see it as the best play on Thailand's new construction cycle, as it is exposed to all policy focus areas, including infrastructure projects, data centers, and renewable power plants. ***Second,*** it is likely to benefit from less intense industry competition, as its major peer, Italian-Thai Development (ITD TB, non-rated), has faced significant construction and financial challenges. ***Third,*** STECON's valuation still looks attractive to us in its new growth cycle, trading at only 1.1x P/BV and 13x PE in 2026F.

18% three-year earnings CAGR

We estimate STECON's earnings growth at 57/-11/17% y-y in 2026-28F, driven by ***1)*** 6/7/7% y-y revenue growth in 2026-28F from revenue recognition of its existing Bt96bn backlog and Bt48/45/45bn of new work, ***2)*** a sustained 7.3% gross margin, ***3)*** lower equity losses mainly due to the full-year absence of loss contributions from the Pink and Yellow lines, as their earnings are recognized as dividend rather than equity income, and ***4)*** dividend income from GULF, especially for this year, as it announced a special dividend payment of Bt3.25/share (vs. Bt1.1-1.3 p.a.). Without special dividend income, we estimate STECON's earnings growth at 19/18/17% y-y in 2026-28F.

Exposed to all the booming segments

STECON looks well-positioned across all major investment segments this cycle. It is among a limited number of contractors eligible to bid for Bt676bn of large-scale government infrastructure projects. It is also a qualified contractor for data center projects of leading global hyperscalers, supporting further wins from future projects worth up to Bt1tn based on applications to the Thailand Board of Investment (BOI). As a shareholder, STECON stands to gain renewable power plant work from GULF, which secured the majority of the government's Bt362bn in renewable project awards in 2023.

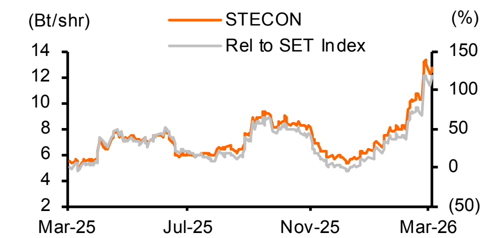
Rising oil prices look manageable

We estimate fuel costs accounts for 5-10% of STECON's total costs. Despite the recent rise in oil prices, management believes the impact remains manageable through escalation factors (K) for government projects and price negotiations for private projects. It continues to target an overall gross margin of above 7% this year.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	33,473	35,413	37,811	40,424
Net profit	1,948	1,645	1,287	1,502
Consensus NP	—	1,194	1,227	1,321
Diff frm cons (%)	—	*37.8*	*4.9*	*13.7*
Norm profit	921	1,445	1,287	1,502
Prev. Norm profit	—	1,104	1,253	1,420
Chg frm prev (%)	—	*30.9*	*2.7*	*5.7*
Norm EPS (Bt)	0.6	1.0	0.8	1.0
Norm EPS grw (%)	na	57.0	(10.9)	16.7
Norm PE (x)	21.0	13.3	15.0	12.8
EV/EBITDA (x)	11.3	10.4	9.3	8.3
P/BV (x)	1.2	1.1	1.1	1.0
Div yield (%)	4.3	3.4	3.0	3.9
ROE (%)	5.4	8.5	7.2	8.1
Net D/E (%)	24.5	20.7	18.7	15.0

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 05-Mar-26 (Bt)	12.70
Market Cap (US$ m)	610.4
Listed Shares (m shares)	1,519.1
Free Float (%)	55.3
Avg Daily Turnover (US$ m)	5.5
12M Price H/L (Bt)	13.30/4.88
Sector	Construction
Major Shareholder	C.T.Venture Co.,LTD 19.3%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ……………..……………. P7

Thanachart Securities

Ex 1: Key Assumption Changes

	2023	2024	2025	2026F	2027F	2028F
New work (Bt m)						
New	17,636	44,712	40,678	48,000	45,000	45,000
Old				48,000	45,000	30,000
Change (%)				—	—	*50.0*
Revenue (Bt m)						
New	29,598	30,005	33,473	35,413	37,811	40,424
Old				34,207	37,691	38,914
Change (%)				*3.5*	*0.3*	*3.9*
Gross margin (%)						
New	4.4	(0.4)	7.4	7.3	7.3	7.3
Old				7.2	7.2	7.2
Change (%)				*0.1*	*0.1*	*0.1*
Normalized profit (Bt m)						
New	502	(1,268)	921	1,445	1,287	1,502
Old				1,104	1,253	1,420
Change (%)				*30.9*	*2.7*	*5.7*

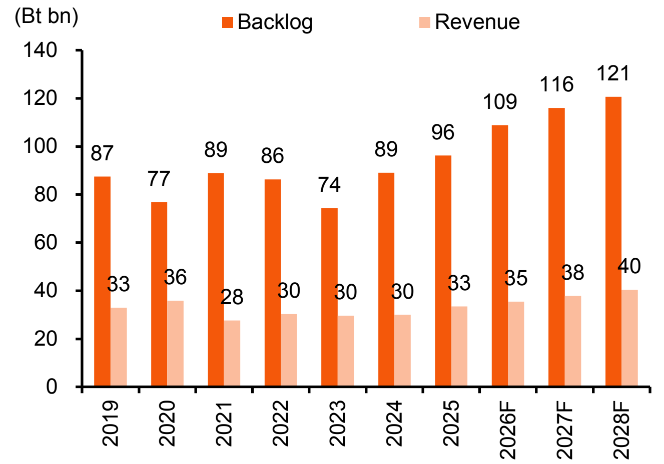
Sources: Company data, Thanachart estimates

Ex 2: STECON's SOTP Value

	% holding	Fair value (Bt m)	15% discount (Bt m)	Share price (Bt/share)	Market value (Bt m)
GULF	1.5%	14,761	12,547	56.5	12,830
TSE	9.0%	76	65	0.4	74
BGSR	10.0%	402	342	na	na
Pink & Yellow lines	15.0%	1,106	940	na	na
Total		**16,345**	**13,893**		**12,905**
Per STECON share (Bt)			**9.0**		**8.5**
Construction business value (Bt)			**7.0**		
Our TP (Bt)			**16.0**		

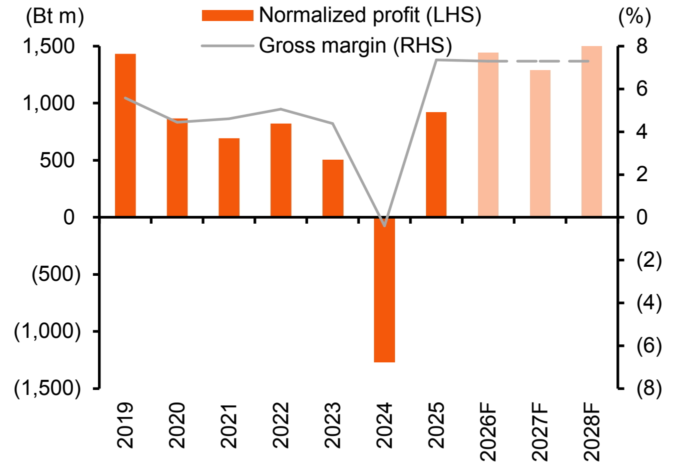
Sources: Company data, Thanachart estimates

Ex 3: STECON's Revenue And Backlog



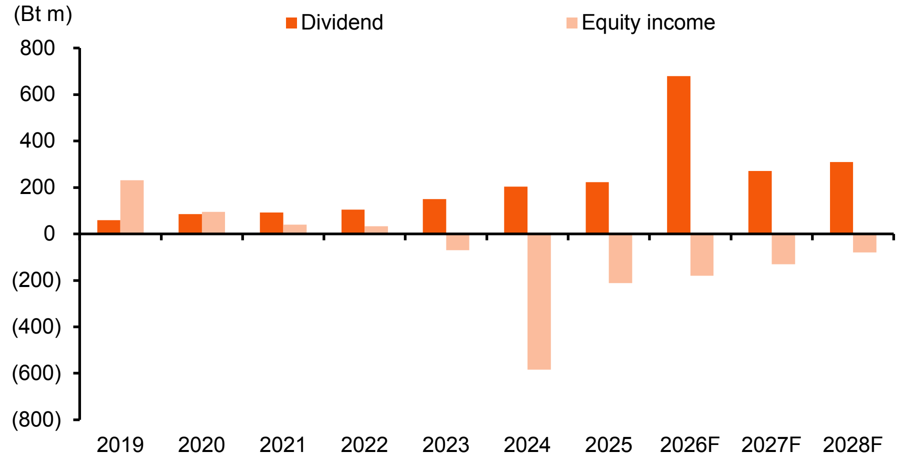
Sources: Company data, Thanachart estimates

Ex 4: STECON's Gross Margin And Earnings



Sources: Company data, Thanachart estimates

Ex 5: STECON's Dividend And Equity Income



Sources: Company data, Thanachart estimates

Ex 6: Our New Work Assumptions

(Bt bn)	2025	2026F	2027F
Beginning backlog	**89.1**	**96.3**	**108.9**
New work			
U-Tapao Airport expansion project		27.0	
High-speed railway projects			24.0
Double-track railway projects			4.0
Data center and other projects	40.7	21.0	17.0
Realized revenue	(33.5)	(35.4)	(37.8)
Ending backlog	**96.3**	**108.9**	**116.0**

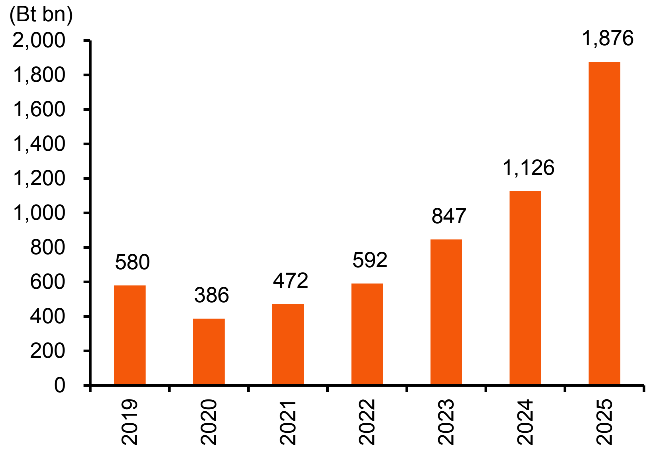
Sources: Company data, Thanachart estimates

Ex 7: Potential Infrastructure Projects

Project type	Project	Value (Bt bn)
High-speed railway	Phase 2: Korat - Nong Khai	235.0
Double-track railway	Chira Junction - Ubonratchathani	43.0
Double-track railway	Pak Nam Pho - Den Chai	77.8
Double-track railway	Hat Yai Junction - Padang Besar	7.5
Double-track railway	Chumphon - Surat Thani	29.0
Double-track railway	Surat Thani - Hat Yai - Song Kla	64.5
Double-track railway	Den Chai - Chiang Mai	63.5
Motorway	Western Outer Ring Road - Bang Bua Thong (M9)	48.0
Motorway	Rangsit - Bang pa-in (M5)	25.0
Expressway	Kathu - Patong	11.0
Airport	Suvarnabhumi Airport East Expansion	12.0
Airport	Don Mueang Airport phase 3	60.0
Total		**676.3**

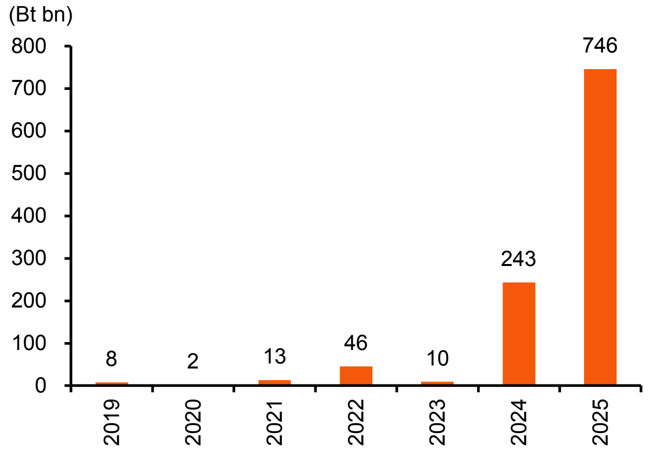
Sources: Company data, Thanachart estimates

Ex 8: Total BOI Application Value



Sources: Company data, Thanachart estimates

Ex 9: BOI Application Value In Digital Technology Sector



Sources: Company data, Thanachart estimates

Ex 10: Renewable Projects Under Development

Capacity (MW)	2024	2025	2026	2027	2028	2029	2030
Solar	195	292	253	722	1,289	528	669
Wind				686	258	629	483
Solar + battery	135	121	126	46	226	157	183
	330	**413**	**379**	**1,453**	**1,773**	**1,314**	**1,335**

Project value (Bt m)	2024	2025	2026	2027	2028	2029	2030
Solar	5,862	8,758	7,578	21,652	38,662	15,852	20,076
Wind				51,428	19,320	47,205	36,218
Solar + battery	12,150	10,890	11,340	4,140	20,358	14,094	16,493
	18,012	**19,648**	**18,918**	**77,220**	**78,340**	**77,151**	**72,787**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 11: Peer Valuation Comparison

Name	BBG code	Country	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	Div yield 26F (%)	Div yield 27F (%)
Ahluwalia Contracts	AHLU IN	India	47.8	23.1	16.4	13.4	na	na	na	na	0.1	0.1
Nagarjuna Construction	NJCC IN	India	18.8	11.3	9.2	8.3	1.1	1.0	7.4	4.6	1.6	1.6
Gamuda	GAM MK	Malaysia	15.9	25.1	20.8	16.6	1.9	1.8	18.4	14.7	2.4	2.8
IJM Corp	IJM MK	Malaysia	9.0	21.3	18.9	15.5	0.8	0.8	10.4	9.3	3.4	3.6
Hyundai Eng & Const	000720 KS	S. Korea	38.4	47.7	30.2	20.5	1.8	1.7	17.5	12.9	0.6	0.7
Samsung Engineering	028050 KS	S. Korea	12.3	9.1	9.3	8.6	1.2	1.1	3.2	3.0	2.4	2.6
Pylon Pcl	PYLON TB	Thailand	16.2	(14.3)	9.3	11.2	2.0	1.9	6.9	6.9	8.0	7.1
Seafco Pcl	SEAFCO TB	Thailand	1.1	12.5	11.6	10.3	1.1	1.1	5.3	5.0	3.2	3.8
CH Karnchang *	CK TB	Thailand	5.0	6.8	10.6	10.0	0.9	0.9	27.1	25.5	3.3	3.5
Stecon Group *	STECON TB	Thailand	57.0	(10.9)	13.3	15.0	1.1	1.1	10.4	9.3	3.4	3.0
Average			**22.2**	**13.2**	**15.0**	**12.9**	**1.3**	**1.3**	**11.8**	**10.1**	**2.8**	**2.9**

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

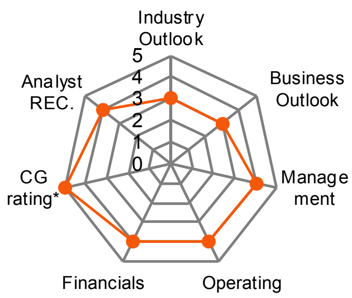
Based on 5 March 2026 closing prices

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.

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.

O — Opportunity

- Thailand is in an infrastructure investment cycle.
- Concerns about electricity shortages are also driving investments in power-plant projects.

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)	11.89	16.00	35%
Net profit 26F (Bt m)	1,194	1,645	38%
Net profit 27F (Bt m)	1,227	1,287	5%
Consensus REC	**BUY: 7**	**HOLD: 7**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profits for 2026F are 38% higher than the Bloomberg consensus number, which we believe is mainly due to us factoring in special dividend income from GULF.
- Our TP is 35% higher than other brokers', likely as we are more aggressive on its long-term earnings growth and SOTP value.

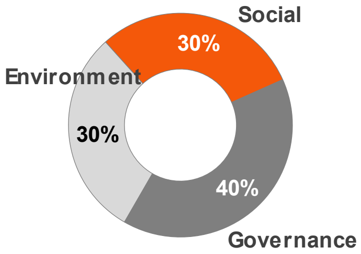
Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

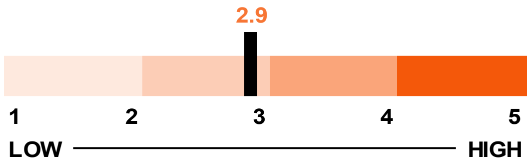
- The key downside risk to our call would be if the implementation of infrastructure projects occurs more slowly than we currently expect. This would likely prompt us to lower our new work value assumptions and earnings forecasts.
- Building material expenses account for 50-60% of STECON's total costs. 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

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
STECON	YES	AAA	-	2.90	0	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

ESG Summary

- STECON is among Thailand’s top-three biggest construction companies, engaged in civil, engineering, and mechanical work in buildings, infrastructure, energy, power, and industrial projects. We assign STECON a moderate overall ESG score of 2.9, with Social receiving the highest score, followed by Environmental and Governance.

- STECON isn’t a strong play on ESG in our view, given its overall moderate score without strong prospects of an improving trend.

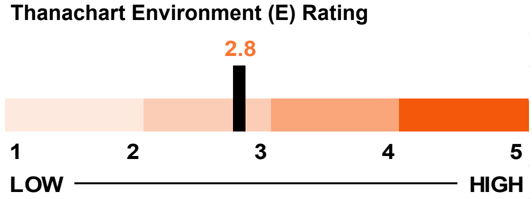
- STECON’s Social score is decent at 3.2. It is recognized for high construction quality and engineering standards, strong on-site safety practices and workforce management, and experience in handling complex, large-scale projects, which together build trust among employees, customers, and local communities.

- Its Environmental score is moderate at 2.8. While STECON complies with applicable laws and regulations and is committed to environmental issues, its environmental management remains at a standard level rather than best practice.

- We assign a moderate Governance score of 2.8. While its existing business is strong, with extensive experience in large and complex projects, its new business model for project investments in captive construction work consumes more capital and increases its balance sheet risk profile. Its board structure is also not ideal.

- Note that the two major accidents at construction sites of its rival Italian-Thai Development (ITD) could strengthen STECON’s market position (which would be positive for its business sustainability score in the Governance pillar) in government mega-project bidding.

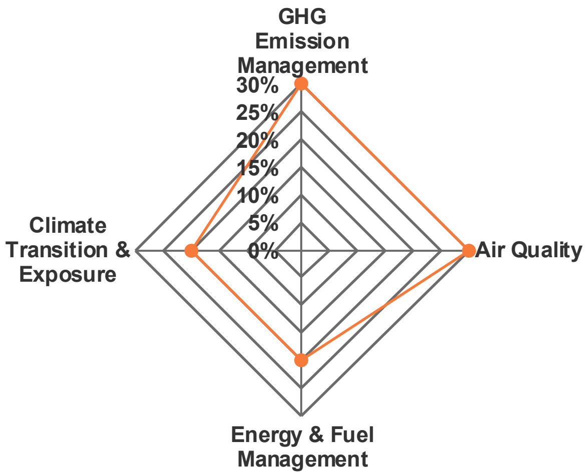
We assign STECON a moderate E score of 2.8, reflecting its compliance with applicable laws and regulations and its commitment to environmental issues. However, the scope for further improvement toward best-practice standards remains limited.



ENVIRONMENT

- **GHG Emission Management**
- **Air Quality**
- **Energy & Fuel Management**
- **Climate Transition & Exposure**

SCALE WEIGHTING



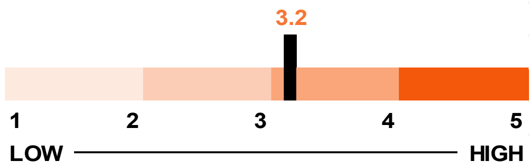
Our Comments

- We rate the Environmental (E) score for STECON at a moderate level of 2.8 to reflect its compliance with relevant laws and regulations and commitment to environmental issues. Its environmental management is more at the standard rather than the best-practice level, and it adheres to relevant legal frameworks.
- It targets to reduce GHG emissions (Scope 1 and 2) by 20-25% compared to normal operations and aims for carbon neutrality in 2050.
- In 2024, its total GHG emissions at the head office was 49,736 tonnes of CO2e, compared to only 1,065 tonnes in 2023, as it expanded the scope of the Carbon Footprint for Organization assessment, including its organizational restructuring and business expansion. However, its GHG emission reduction projects such as installing solar panels, replacing combustion engine vehicles with electric vehicles, using leftover construction materials in the construction, and using hydraulic cement in operations, were launched and they were able to reduce direct and energy indirect GHG emissions by 517 tonnes of CO2e in 2024.
- STECON's total electricity consumption was 18.3m Kilowatt-Hours in 2024 vs. 1.1m in 2023 as the scope of data collection was expanded to include the operation of subsidiaries. Besides the energy-saving measures such as setting air conditioners' on-off times, setting computer screensavers, and using stairs instead of elevators, the solar panels at its fabrication plant in Rayong generated 29% of electricity consumed at the plant.
- It monitors air quality at construction sites by measuring PM10, PM2.5, carbon monoxide, nitrogen dioxide levels, and wind speed and direction. In 2024, its total suspended particulate (TSP) 24-hour average didn't exceed 0.33 mg/m3 and its particulate matter-10 micron (PM10) 24-hour average didn't exceed 0.12 mg/m3, which are the standards announced by the National Environment Board.
- Noise is measured for the 24-hour average sound level pressure, maximum sound level, and noise annoyance level. In 2024, its average sound over 24 hours didn't exceed 70 dB(A) and its maximum sound didn't exceed 115 dB(A).
- Water quality is measured for pH, BOD, suspended solids, sulfides, and total dissolved solids, etc. Most of the values have been within the standard.
- STECON's total waste generation was 1.5m kg in 2024 vs. 39,542kg in 2023 as the scope of data collection was expanded to include the operations of subsidiaries.

Sources: Thanachart, Company data

We assign STECON a decent S score of 3.2, reflecting its high-quality construction work, strong safety standards, and consistent focus on workforce management and social development initiatives.

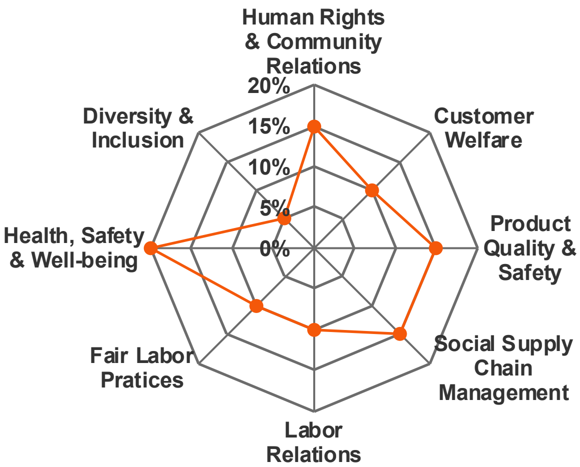
Thanachart Social (S) Rating



SOCIAL

- **Human Rights & Community Relations**
- **Customer Welfare**
- **Product Quality & Safety**
- **Social Supply Chain Management**
- **Labor Relations**
- **Fair Labor Practices**
- **Health, Safety & Well-being**
- **Diversity & Inclusion**

SCALE WEIGHTING



Our Comments

- We assign a good social (S) score of 3.2 to STECON due to decent progress in most areas of employees, community, product quality, and customers. As for some loss-making projects, we believe they were due to specific issues and project characteristics, rather than general operational or work-quality problems.

- STECON is aligned with the principles of respecting human rights. It values diversity and non-discrimination. It emphasizes workplace equality and provides work opportunities for disabled people in accordance with the Persons with Disabilities' Quality of Life Promotion and Development Act B.E. 2550. In 2024, there were no cases or incidents of significant legal or social and human rights violations.

- In 2024, it developed a comprehensive employee and workforce management plan, targeting to improve workers' quality of life, career progression, and long-term job stability. Its average training hours were 14.4 per employee vs. its target of 10 hours while the survey score for employee satisfaction and engagement was 86% vs. its target of 80%.

- It also places importance on occupational health, safety, and environmental laws. It provides statutory benefits as required by law, along with additional welfare programs, including provident fund, life and health insurance, appropriate work uniforms and attire, emergency loan funding, funeral assistance, fitness centers and educational scholarships. In 2024, its lost-time injury frequency rate (LTIFR) was 0.158 per 1m work hours vs. its target of 0.

- STECON is committed to customers via quality construction services, delivering work on time, and complying with international work standards. It assesses customer satisfaction annually. In 2024, the overall customer satisfaction score was 88.2% vs. its target of 70%. We view some of its loss-making projects as more specific issues rather than a reflection of the firm's overall work quality.

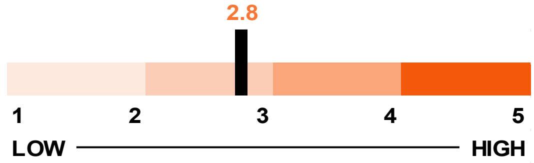
- It participates in community development in the areas of quality of life, living conditions, the environment, and education. It has run the "Sino-Thai Payback to Society" project since 2002, constructing school buildings, library buildings, and offering scholarships and educational materials to schools and educational institutions. It has also carried out various assistance projects such as drainage system cleaning before the rainy season, short-term vocational training activity for active-duty soldiers preparing to be discharged, the "Construction Innovation Challenge" project, and the "Sino-Thai with Heart for Society" project.

Sources: Thanachart, Company data

Sector: Property & Cons. | Construction Services

We assign STECON a moderate G score of 2.8, reflecting strong operations and innovation capabilities, but note a business model adjustment that could increase balance sheet risk. There have also been past issues regarding huge provisions for loss-making projects.

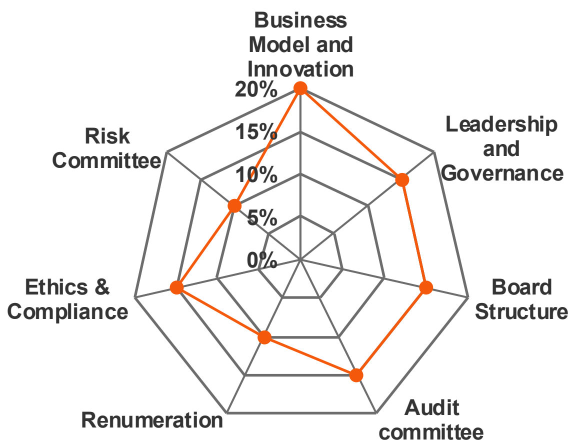
Thanachart Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Renumeration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign STECON a moderate Governance (G) score of 2.8. We view its business operation and innovation as decent. But that is weighed down by our concerns about its board structure, an adjusted business model, and past project impairments.
- STECON booked Bt2.9bn of provisions in 4Q17 for the new parliament building project and Bt3bn in 4Q24 for the Bueng Nong Bon drainage tunnel, the Pink and Yellow lines, and the Thai Oil Clean Fuel project. With its current backlog, it doesn't have loss-making construction projects.
- We see STECON's construction business and innovation as solid, underpinned by a diversified project mix across infrastructure, mass transit, energy, power and civil work project types. Its customers are also diversified via both government and private sector. It has extensive experience in large-scale and complex projects. With limited large-scale companies that possess strong enough track records to be qualified bidders for the government's mega-projects and, with its rival ITD's recent major operational accidents and weak financial status, STECON looks set to stand out even more strongly in future mega-project biddings.
- However, we view its business model adjustment toward more investments as neutral. On the positive side, investments create stable and sustainable income with captive construction work. On the negative side, this requires capital and low-return projects can cause balance sheet strain. As STECON is still in the early cycle of this business model, the negatives could outweigh the positives at this stage. STECON targets its investments in the growing industries of clean energy, data center, water management, and logistics.
- STECON doesn't have an ideal board structure in our view. While the board chair is not independent, independent directors comprise half of its 12 members, which is below the 2/3 ideal ratio recommended for effective governance in protecting minority shareholder interests. Gender diversity is also limited with four female directors.
- On the positive side, STECON has audit, nomination and remuneration, and risk and sustainable development management committees with independent chairs.

Sources: Thanachart, Company data

We expect a strong earnings growth in 2026-28F, mainly driven by…

…revenue growth from a high backlog, higher dividend income, and lower equity losses

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	30,005	33,473	35,413	37,811	40,424
Cost of sales	30,123	31,009	32,828	35,050	37,473
Gross profit	**(118)**	**2,464**	**2,585**	**2,760**	**2,951**
% gross margin	-0.4%	7.4%	7.3%	7.3%	7.3%
Selling & administration expenses	846	1,129	1,133	1,172	1,213
Operating profit	**(964)**	**1,335**	**1,452**	**1,588**	**1,738**
% operating margin	-3.2%	4.0%	4.1%	4.2%	4.3%
Depreciation & amortization	755	743	759	849	939
EBITDA	**(209)**	**2,078**	**2,211**	**2,437**	**2,677**
% EBITDA margin	-0.7%	6.2%	6.2%	6.4%	6.6%
Non-operating income	341	346	806	393	432
Non-operating expenses	0	0	0	0	0
Interest expense	(158)	(268)	(272)	(249)	(237)
Pre-tax profit	**(782)**	**1,414**	**1,986**	**1,732**	**1,933**
Income tax	(68)	282	357	312	348
After-tax profit	**(714)**	**1,132**	**1,628**	**1,420**	**1,585**
% net margin	-2.4%	3.4%	4.6%	3.8%	3.9%
Shares in affiliates' Earnings	(584)	(212)	(180)	(130)	(80)
Minority interests	31	1	(3)	(3)	(3)
Extraordinary items	(1,089)	1,028	200	0	0
NET PROFIT	**(2,357)**	**1,948**	**1,645**	**1,287**	**1,502**
Normalized profit	**(1,268)**	**921**	**1,445**	**1,287**	**1,502**
EPS (Bt)	(1.6)	1.3	1.1	0.8	1.0
Normalized EPS (Bt)	(0.8)	0.6	1.0	0.8	1.0

STECON's financial status looks solid with a net D/E ratio of 0.2x

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	20,082	24,622	23,702	25,093	26,608
Cash & cash equivalent	3,425	4,216	3,000	3,000	3,000
Account receivables	11,559	14,524	14,553	15,539	16,612
Inventories	3,231	3,886	4,047	4,321	4,620
Others	1,867	1,996	2,102	2,233	2,375
Investments & loans	24,531	22,418	22,418	22,418	22,418
Net fixed assets	4,683	5,041	5,783	6,434	6,995
Other assets	2,221	4,168	4,346	4,564	4,800
Total assets	**51,516**	**56,249**	**56,249**	**58,509**	**60,822**
LIABILITIES:					
Current liabilities:	30,156	35,325	34,275	35,710	36,903
Account payables	18,977	23,774	24,014	25,448	26,898
Bank overdraft & ST loans	6,921	7,903	6,303	6,069	5,556
Current LT debt	146	68	56	54	49
Others current liabilities	4,112	3,580	3,903	4,141	4,399
Total LT debt	**438**	**425**	**347**	**334**	**306**
Others LT liabilities	3,080	3,448	3,763	3,968	4,191
Total liabilities	**33,673**	**39,198**	**38,385**	**40,013**	**41,400**
Minority interest	432	417	420	423	426
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	7,056	4,364	4,364	4,364	4,364
Retained earnings	**6,747**	**8,662**	**9,472**	**10,101**	**11,023**
Shareholders' equity	17,411	16,634	17,444	18,073	18,996
Liabilities & equity	**51,516**	**56,249**	**56,249**	**58,509**	**60,822**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	(782)	1,414	1,986	1,732	1,933
Tax paid	68	(282)	(357)	(312)	(348)
Depreciation & amortization	755	743	759	849	939
Chg In working capital	(658)	1,177	49	174	78
Chg In other CA & CL / minorities	96	(870)	38	(23)	36
Cash flow from operations	**(521)**	**2,181**	**2,473**	**2,420**	**2,638**
Capex	(1,488)	(1,101)	(1,500)	(1,500)	(1,500)
Right of use	209	(719)	(10)	(10)	(10)
ST loans & investments	(77)	(17)	0	0	0
LT loans & investments	(3,135)	2,113	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,652)	167	347	(3)	(4)
Cash flow from investments	**(6,143)**	**443**	**(1,163)**	**(1,513)**	**(1,514)**
Debt financing	2,642	891	(1,690)	(249)	(545)
Capital increase	(0)	0	0	0	0
Dividends paid	(229)	(6)	(836)	(658)	(579)
Warrants & other surplus	2,366	(2,719)	0	0	0
Cash flow from financing	**4,780**	**(1,834)**	**(2,526)**	**(908)**	**(1,124)**
Free cash flow	**(2,009)**	**1,080**	**973**	**920**	**1,138**

VALUATION

Its valuation looks attractive to us at PEs of 13-15x in 2026-28F with a P/BV of 1-1.1x

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	na	21.0	13.3	15.0	12.8
Normalized PE - at target price (x)	na	26.4	16.8	18.9	16.2
PE (x)	na	9.9	11.7	15.0	12.8
PE - at target price (x)	na	12.5	14.8	18.9	16.2
EV/EBITDA (x)	na	11.3	10.4	9.3	8.3
EV/EBITDA - at target price (x)	na	13.7	12.7	11.4	10.2
P/BV (x)	1.1	1.2	1.1	1.1	1.0
P/BV - at target price (x)	1.4	1.5	1.4	1.3	1.3
P/CFO (x)	(37.0)	8.8	7.8	8.0	7.3
Price/sales (x)	0.6	0.6	0.5	0.5	0.5
Dividend yield (%)	0.0	4.3	3.4	3.0	3.9
FCF Yield (%)	(10.4)	5.6	5.0	4.8	5.9
(Bt)					
Normalized EPS	(0.8)	0.6	1.0	0.8	1.0
EPS	(1.6)	1.3	1.1	0.8	1.0
DPS	0.0	0.6	0.4	0.4	0.5
BV/share	11.5	10.9	11.5	11.9	12.5
CFO/share	(0.3)	1.4	1.6	1.6	1.7
FCF/share	(1.3)	0.7	0.6	0.6	0.7

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	1.4	11.6	5.8	6.8	6.9
Net profit (%)	na	na	(15.5)	(21.8)	16.7
EPS (%)	na	na	(15.5)	(21.8)	16.7
Normalized profit (%)	na	na	57.0	(10.9)	16.7
Normalized EPS (%)	na	na	57.0	(10.9)	16.7
Dividend payout ratio (%)	0.0	42.9	40.0	45.0	50.0
Operating performance					
Gross margin (%)	(0.4)	7.4	7.3	7.3	7.3
Operating margin (%)	(3.2)	4.0	4.1	4.2	4.3
EBITDA margin (%)	(0.7)	6.2	6.2	6.4	6.6
Net margin (%)	(2.4)	3.4	4.6	3.8	3.9
D/E (incl. minor) (x)	0.4	0.5	0.4	0.3	0.3
Net D/E (incl. minor) (x)	0.2	0.2	0.2	0.2	0.1
Interest coverage - EBIT (x)	na	5.0	5.3	6.4	7.3
Interest coverage - EBITDA (x)	na	7.8	8.1	9.8	11.3
ROA - using norm profit (%)	na	1.7	2.6	2.2	2.5
ROE - using norm profit (%)	na	5.4	8.5	7.2	8.1
DuPont					
ROE - using after tax profit (%)	na	6.6	9.6	8.0	8.6
- asset turnover (x)	0.6	0.6	0.6	0.7	0.7
- operating margin (%)	na	5.0	6.4	5.2	5.4
- leverage (x)	2.8	3.2	3.3	3.2	3.2
- interest burden (%)	125.4	84.1	88.0	87.4	89.1
- tax burden (%)	na	80.0	82.0	82.0	82.0
WACC (%)	9.3	9.3	9.3	9.3	9.3
ROIC (%)	(5.6)	5.0	5.7	6.2	6.6
NOPAT (Bt m)	(964)	1,069	1,191	1,302	1,425
invested capital (Bt m)	21,491	20,814	21,150	21,529	21,906

Sources: Company data, Thanachart estimates

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