

Ch. Karnchang Pcl (CK TB) - BUY, Price Bt17.80, TP Bt23.00**Results Comment**

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Strong 1Q26 earnings in line

- Reported a normalized profit of Bt329m in 1Q26, up 17% y-y but down 24% q-q, slightly below our expectations. The y-y growth was mainly driven by higher equity income, while the q-q decline mainly reflected seasonally lower equity income.
- Even though its 1Q26 earnings accounted for only 13% of our full-year forecast, we expect dividend income from TTW in 2Q-3Q26F and higher equity income to drive q-q earnings growth. We therefore maintain our earnings growth forecast of 5% y-y for this year.
- We reiterate our BUY on CK given: 1) revenue growth visibility from its high backlog, 2) high earnings contribution from associates, 3) attractive valuation at 12x PE, 1x P/BV, and 36% discount to subsidiaries' market value, and 4) large potential projects, including the Bt35bn double-deck expressway and Bt27bn M&E work for the South Purple Line.
- CK's revenue grew 2% y-y in 1Q26. The major projects that contributed to its revenue included the Luang Prabang Power Plant, the South Purple Line, the Den Chai-Chiang Rai-Chiang Khong double-track railway, and the Orange Line. We estimate its backlog to remain at Bt157bn at end 1Q26.
- Its gross margin slightly declined to 8% in 1Q26 from 8.3% in 1Q25. SG&A expenses increased by 4% y-y in line with sales growth, while other income dropped sharply by 46% y-y due to debt repayment from Xayaburi Power.
- Its interest expenses also fell by 18% y-y due to debt repayments.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	11,970	10,813	11,000	10,494	12,243	Revenue	17	2	27	45,743	47,750
Gross profit	991	927	941	794	982	Gross profit	24	(1)	26	3,797	3,963
SG&A	556	534	583	662	577	SG&A	(13)	4	24	2,379	2,531
Operating profit	435	393	358	133	405	Operating profit	205	(7)	29	1,418	1,432
EBITDA	662	638	599	370	617	EBITDA	67	(7)	26	2,407	2,469
Other income	141	455	405	258	76	Other income	(70)	(46)	7	1,144	1,156
Other expense	0	0	0	0	0	Other expense					
Interest expense	507	551	546	497	416	Interest expense	(16)	(18)	22	1,859	1,847
Profit before tax	69	297	218	(107)	65	Profit before tax	na	(6)	9	703	742
Income tax	35	32	27	14	26	Income tax	81	(26)	19	141	148
Equity & invest. income	267	594	743	557	296	Equity & invest. income	(47)	11	14	2,133	2,283
Minority interests	(19)	4	(8)	(5)	(6)	Minority interests	na	na	na	(70)	(73)
Extraordinary items	0	0	814	13	0	Extraordinary items	na	na	na	0	0
Net profit	282	863	1,739	444	329	Net profit	(26)	17	13	2,625	2,803
Normalized profit	282	863	925	431	329	Normalized profit	(24)	17	13	2,625	2,803
EPS (Bt)	0.17	0.51	1.03	0.26	0.19	EPS (Bt)	(26)	17	13	1.55	1.66
Normalized EPS (Bt)	0.17	0.51	0.55	0.25	0.19	Normalized EPS (Bt)	(24)	17	13	1.55	1.66
Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(%)	1Q25	2Q25	3Q25	4Q25	1Q26
Cash & ST investment	11,924	12,930	11,239	9,770	11,853	Sales grow th	25.7	16.6	16.4	10.7	2.3
A/C receivable	6,457	6,117	6,972	6,615	6,369	Operating profit grow th	77.7	118.6	109.4	(14.4)	(6.9)
Inventory	8,858	6,073	4,230	4,305	3,796	EBITDA grow th	44.4	65.2	55.3	(1.2)	(6.7)
Other current assets	19,278	19,357	22,535	29,523	24,055	Norm profit grow th	133.3	76.8	37.1	165.9	16.6
Investment	47,758	50,188	50,049	51,385	52,173	Norm EPS grow th	133.3	76.8	37.1	165.9	16.6
Fixed assets	9,355	9,182	9,002	8,982	8,939	Gross margin	8.3	8.6	8.6	7.6	8.0
Other assets	12,465	12,547	12,522	6,495	7,631	Operating margin	3.6	3.6	3.3	1.3	3.3
Total assets	116,095	116,395	116,550	117,075	114,818	EBITDA margin	5.5	5.9	5.4	3.5	5.0
S-T debt	17,812	14,135	12,994	12,407	12,399	Norm net margin	2.4	8.0	8.4	4.1	2.7
A/C payable	6,203	5,210	6,227	6,365	7,692	D/E (x)	2.2	2.2	1.9	1.7	1.4
Other current liabilities	22,699	23,064	25,442	31,152	32,298	Net D/E (x)	1.8	1.7	1.5	1.3	1.0
L-T debt	40,234	44,309	40,336	35,329	30,063	Interest coverage (x)	1.3	1.2	1.1	0.7	1.5
Other liabilities	2,811	2,927	2,980	3,131	3,059	Interest rate	3.6	3.8	3.9	3.9	3.7
Minority interest	584	542	549	544	549	Effective tax rate	50.7	10.8	12.5	(13.6)	40.1
Shareholders' equity	25,752	26,208	28,023	28,148	28,758	ROA	1.0	3.0	3.2	1.5	1.1
Working capital	9,113	6,981	4,976	4,555	2,473	ROE	4.4	13.3	13.6	6.1	4.6
Total debt	58,046	58,443	53,330	47,736	42,462						
Net debt	46,122	45,513	42,091	37,966	30,608						

Sources: Company data, ttb wealth estimates

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