

Stecon Group Pcl. (STECON TB) - BUY**Earnings Preview**

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Weak 1Q26F but very strong 2Q26F expected

- **Despite continued revenue growth from its high backlog,**
 - **Weak 1Q is due to no dividend income and tax expenses,...**
 - **...while strong 2Q is from high dividend income from GULF.**
 - **STECON is our top pick for upcoming construction cycle.**
- We forecast STECON's normalized earnings at Bt113m in 1Q26F, down 67% y-y, but expect a strong rebound in 2Q26F. This is based on:
- 1) 12% y-y revenue growth in 1Q26F driven by revenue recognition from its Bt96bn backlog (excluding Bt27bn U-Tapao Airport project), with stronger growth expected from 2Q26F onward. STECON targets at least Bt35bn revenue this year.
 - 2) 7.2% gross margin.
 - 3) 3.5% SG&A to sales ratio in 1Q26F, improving in 2Q26F onward on operating leverage.
 - 4) no dividend income from its 1.5%-owned Gulf Development (GULF TB, BUY, Bt61.75) in 1Q26F (vs. Bt222m in 1Q25), but Bt679m expected in 2Q26F.
 - 5) Tax expenses in 1Q26F versus tax credit in 1Q25.
- However, we expect net profit to grow y-y in 1Q26 as the company continues to reverse expected credit loss allowances following successful collection of receivables related to the Clean Fuel Project (UJV).
 - We reiterate our BUY call on STECON, our top sector pick, as we see it as a key beneficiary of the upcoming construction upcycle driven by the new government's infrastructure project rollout and rising investments in data centers and renewable power projects.

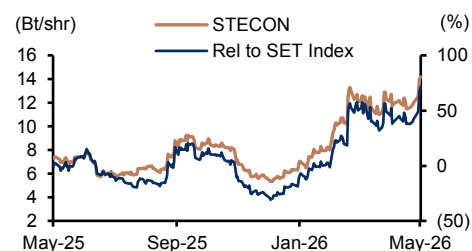
Key Valuations

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	33,473	35,413	37,811	40,424
Net profit	1,948	1,645	1,287	1,502
Norm net profit	921	1,445	1,287	1,502
Norm EPS (Bt)	0.6	1.0	0.8	1.0
Norm EPS gr (%)	na	57.0	(10.9)	16.7
Norm PE (x)	23.4	14.9	16.8	14.4
EV/EBITDA (x)	12.4	11.4	10.3	9.1
P/BV (x)	1.3	1.2	1.2	1.1
Div. yield (%)	3.9	3.1	2.7	3.5
ROE (%)	5.4	8.5	7.2	8.1
Net D/E (%)	24.5	20.7	18.7	15.0

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	14.20
Target price (Bt)	16.00
Market cap (US\$ m)	600
Avg daily turnover (US\$ m)	7.7
12M H/L price (Bt)	14.00/5.35

Price Performance

Source: Bloomberg

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