

**Stecon Group Pcl (STECON TB) - BUY, Price Bt13.10, TP Bt16.00****Results Comment**

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**Strong 1Q26 earnings in line**

- STECON reported a normalized profit of Bt154m in 1Q26, down 55% y-y and 39% q-q, in line with expectations. The y-y decline was due to no dividend income from GULF. Excluding this dividend, earnings would have grown 29% y-y. The q-q decline was due to lower revenue after some project completions, while new projects are still ramping up.
- Including a Bt196m reversal of expected credit loss allowances following collection of receivables related to the Clean Fuel Project, STECON reported a net profit of Bt351m in 1Q26.
- We expect STECON's 2Q26 earnings to exceed Bt750m, driven by higher revenue recognition from its Bt89bn backlog and Bt679m dividend income from GULF.
- We reiterate our BUY call on STECON, our top sector pick. We view it as a key beneficiary of the upcoming construction cycle, driven by the government's infrastructure projects, and investment in data centers, and renewable power plants.
- STECON's revenues grew by 12% y-y in 1Q26, mainly driven by higher revenue contribution from its backlog of Bt96bn at end 4Q25 (excluding the Bt27bn U-Tapao Airport project).
- Gross margin rose to 7.8% in 1Q26 vs. 7.6% in 1Q25 while SG&A expenses rose by 44% y-y, following higher revenue and project management expenses of the JV and increased employee expenses.
- Other income fell 88% y-y in 1Q26 due to the absence of Bt222m dividend income from GULF.
- Its equity loss narrowed to Bt30m in 1Q26 from Bt136m in 1Q25 due to the absence of loss contribution from the Pink and Yellow Lines following the change in accounting method.

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	6,526	8,789	7,533	10,624	7,294	Revenue	(31)	12	21	35,413	37,811
<b>Gross profit</b>	<b>497</b>	<b>632</b>	<b>543</b>	<b>791</b>	<b>571</b>	<b>Gross profit</b>	<b>(28)</b>	<b>15</b>	<b>22</b>	<b>2,585</b>	<b>2,760</b>
SG&A	206	373	261	288	296	SG&A	3	44	26	1,133	1,172
Operating profit	291	259	283	503	275	Operating profit	(45)	(5)	19	1,452	1,588
<b>EBITDA</b>	<b>466</b>	<b>407</b>	<b>504</b>	<b>702</b>	<b>479</b>	<b>EBITDA</b>	<b>(32)</b>	<b>3</b>	<b>22</b>	<b>2,211</b>	<b>2,437</b>
Other income	255	23	5	63	30	Other income	(53)	(88)	4	806	393
Other expense	0	0	0	0	0	Other expense					
Interest expense	61	63	70	73	73	Interest expense	(0)	19	27	272	249
<b>Profit before tax</b>	<b>485</b>	<b>219</b>	<b>218</b>	<b>493</b>	<b>231</b>	<b>Profit before tax</b>	<b>(53)</b>	<b>(52)</b>	<b>12</b>	<b>1,986</b>	<b>1,732</b>
Income tax	3	30	50	199	51	Income tax	(74)	1,624	14	357	312
Equity & invest. income	(136)	(22)	(10)	(45)	(30)	Equity & invest. income	na	na	na	(180)	(130)
Minority interests	(4)	(5)	5	5	4	Minority interests	(6)	na	na	(3)	(3)
Extraordinary items	0	350	0	678	196	Extraordinary items	(71)	na	98	200	0
<b>Net profit</b>	<b>342</b>	<b>512</b>	<b>163</b>	<b>931</b>	<b>351</b>	<b>Net profit</b>	<b>(62)</b>	<b>3</b>	<b>21</b>	<b>1,645</b>	<b>1,287</b>
<b>Normalized profit</b>	<b>342</b>	<b>162</b>	<b>163</b>	<b>253</b>	<b>154</b>	<b>Normalized profit</b>	<b>(39)</b>	<b>(55)</b>	<b>11</b>	<b>1,445</b>	<b>1,287</b>
EPS (Bt)	0.22	0.34	0.11	0.61	0.23	EPS (Bt)	(62)	3	21	1.08	0.85
Normalized EPS (Bt)	0.22	0.11	0.11	0.17	0.10	Normalized EPS (Bt)	(39)	(55)	11	0.95	0.85

  

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	4,113	3,728	2,958	4,216	4,825	Sales grow th	0.7	3.9	2.5	37.7	11.8
A/C receivable	12,039	12,438	12,368	14,524	14,294	Operating profit grow th	59.8	na	456.4	na	(5.5)
Inventory	3,998	3,803	4,157	3,886	4,352	EBITDA grow th	25.9	108.8	113.6	na	2.7
Other current assets	2,115	1,757	1,929	1,996	2,324	Norm profit grow th	2,870.5	568.9	na	na	(54.8)
Investment	6,972	3,129	3,117	8,318	8,313	Norm EPS grow th	2,870.5	568.9	na	na	(54.8)
Fixed assets	5,588	5,865	6,185	6,307	6,456	Gross margin	7.6	7.2	7.2	7.4	7.8
Other assets	18,012	20,180	22,129	17,002	20,994	Operating margin	4.5	2.9	3.8	4.7	3.8
<b>Total assets</b>	<b>52,838</b>	<b>50,901</b>	<b>52,844</b>	<b>56,249</b>	<b>61,559</b>	EBITDA margin	7.1	4.6	6.7	6.6	6.6
S-T debt	7,241	7,328	7,179	7,903	8,341	Norm net margin	5.2	1.8	2.2	2.4	2.1
A/C payable	21,532	21,382	22,353	23,774	24,547	D/E (x)	0.5	0.5	0.5	0.5	0.4
Other current liabilities	4,192	3,659	3,521	3,648	3,418	Net D/E (x)	0.2	0.3	0.3	0.2	0.2
L-T debt	422	408	385	425	406	Interest coverage (x)	7.6	6.4	7.2	9.6	6.6
Other liabilities	3,129	2,736	2,979	3,448	4,252	Interest rate	3.3	3.3	3.7	3.7	3.4
Minority interest	423	422	422	417	425	Effective tax rate	0.6	13.6	23.0	40.4	22.2
<b>Shareholders' equity</b>	<b>15,898</b>	<b>14,967</b>	<b>16,005</b>	<b>16,634</b>	<b>20,172</b>	ROA	2.6	1.3	1.3	1.9	1.0
Working capital	(5,495)	(5,141)	(5,828)	(5,364)	(5,901)	ROE	8.2	4.2	4.2	6.2	3.4
Total debt	7,663	7,735	7,563	8,328	8,746						
<b>Net debt</b>	<b>3,550</b>	<b>4,007</b>	<b>4,605</b>	<b>4,112</b>	<b>3,921</b>						

Sources: Company data, ttb wealth estimates

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