

BUY (Unchanged)

Change in Numbers

TP: Bt 19.00 (From: Bt 16.00)

Upside : 20.3%

Stecon Group Pcl (STECON TB)

New work and more

We raise our TP for STECON to Bt19.0, factoring in new work and a higher valuation of its 1.5% stake in GULF. We reiterate our BUY call on STECON as the best play on Thailand's new construction cycle, offering a 15% three-year construction earnings CAGR at just 10x 2026F PE.

Lifting our TP to Bt19.0; reiterating BUY

We reiterate our BUY call on STECON and raise our DCF-derived SOTP-based 12-month TP (2026F base year) to Bt19.0 (from Bt16.0). **First**, driven by strong data center-related FDI and management guidance, we increase our new order assumptions by 10-11% p.a. over 2026-28F. **Second**, following our TP hike for Gulf Development (GULF TB, BUY, Bt62.75) to Bt75.0 from Bt65.0 (see our GULF report – *Factoring in PDP 2026*, dated 10 June 2026), we raise the value of STECON's 1.5% stake in GULF to Bt9.5/share (from Bt8.3). **Lastly**, even excluding GULF, STECON's valuation remains compelling as its core construction business trades at just 10x 2026F earnings (ex-dividend and equity income from associates) despite offering a 15% earnings CAGR over 2026-28F.

Lots of work in the pipeline

STECON targets Bt50bn of new orders this year and a year-end backlog of more than Bt100bn (vs. Bt123bn at end-1Q26). Potential new work could come from a portion of the construction work for cabinet-approved projects worth Bt243bn, which STECON expects the government to tender this year. Management has also voiced confidence in bidding for private projects worth Bt74bn this year, comprising Bt34bn in building projects, Bt23bn in data centers, Bt12bn in power plants, and Bt5bn in industrial plants. We now assume new orders of Bt53bn this year (including the Bt27bn U-tapao airport expansion) and Bt50bn p.a. in 2027-28F.

15% construction earnings CAGR over 2026-28F

We estimate STECON's construction earnings growth (ex-dividend and equity income from associates) at a 15% CAGR over 2026-28F. We expect its existing backlog and potential new orders to drive revenue growth of 7/11/13% y-y in 2026-28F (vs. 12% y-y in 1Q26), while we assume its gross margin will remain at 7.3% (vs. 7.8% in 1Q26), as we expect the Middle East conflict to be short-lived. The escalation (K) factor, high inventories of building materials procured at pre-war prices, and a 3-5% margin buffer embedded in project bids should also help mitigate the impact of higher construction material costs.

Valuation still attractive, in our view

Our Bt19.0 TP comprises Bt8.5/share for the construction business, Bt9.5/share for its GULF stake, and Bt0.9/share for other businesses. Despite the recent share price rally, STECON's core construction business (excluding dividend and equity income) trades at only 10/9/7x PEs in 2026-28F, despite a 15% three-year earnings CAGR, a strong balance sheet (0.2x net D/E), and its position as one of the few contractors eligible to bid for the government's potential Bt775bn megaproject pipeline in 2026-28F.

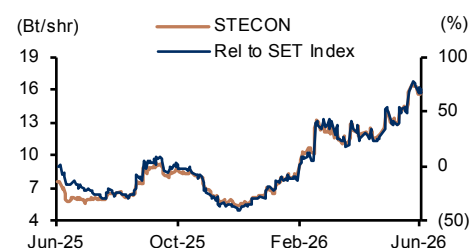

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COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	33,473	35,789	39,628	44,623
Net profit	1,948	1,651	1,312	1,554
Consensus NP	—	1,616	1,320	1,321
Diff frm cons (%)	—	2.2	(0.7)	17.6
Norm profit	921	1,451	1,312	1,554
Prev. Norm profit	—	1,445	1,287	1,502
Chg frm prev (%)	—	0.4	1.9	3.5
Norm EPS (Bt)	0.61	0.96	0.86	1.02
Norm EPS grw (%)	na	57.6	(9.6)	18.5
Norm PE (x)	26.1	16.5	18.3	15.4
EV/EBITDA (x)	13.6	12.3	10.9	9.4
P/BV (x)	1.4	1.4	1.3	1.3
Div yield (%)	3.5	2.8	2.5	3.2
ROE (%)	5.4	8.5	7.4	8.4
Net D/E (%)	24.5	19.3	15.6	10.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 11-Jun-26 (Bt)	15.80
Market Cap (US\$ m)	728.2
Listed Shares (m shares)	1,519.1
Free Float (%)	54.0
Avg. Daily Turnover (US\$ m)	9.7
12M Price H/L (Bt)	16.50/5.35
Sector	Construction
Major Shareholder	C.T.Venture Co.,LTD 19.6%

Sources: Bloomberg, Company data, ttb wealth estimates

Lifting our TP to Bt19.0/share

We raise our TP to Bt19 to reflect...

...stronger potential new order wins and...

We raise our DCF-derived SOTP-based 12-month TP (2026F base year) for Stecon Group Pcl (STECON TB) to Bt19.0/share (from Bt16.0) as:

First, backed by strong data center-related FDI and management guidance, we raise our new order assumptions by 10-11% to Bt53/50/50bn for 2026-28F. Most of the increase comes from data center projects, as STECON targets three projects with a combined value of Bt22.5bn this year (see the next section for details). This also boosts our earnings estimates by 1-4% for 2026-28F.

Second, STECON holds a 1.5% stake in Gulf Development (GULF TB, BUY, Bt62.75). Following our utility analyst Nuttapop Prasitsuksant's TP hike for GULF to Bt75.0/share from Bt65.0 (see our [GULF report – Factoring in PDP 2026, dated 10 June 2026](#)), we raise the value of STECON's stake in GULF to Bt9.5 per STECON share from Bt8.3.

Ex 1: Key Assumption Changes

	2023	2024	2025	2026F	2027F	2028F
New work (Bt m)						
New	17,636	44,712	40,678	53,000	50,000	50,000
Old				48,000	45,000	45,000
Change (%)				10.4	11.1	11.1
Revenue (Bt m)						
New	29,598	30,005	33,473	35,789	39,628	44,623
Old				35,413	37,811	40,424
Change (%)				1.1	4.8	10.4
Normalized profit (Bt m)						
New	502	(1,268)	921	1,451	1,312	1,554
Old				1,445	1,287	1,502
Change (%)				0.4	1.9	3.5

Sources: Company data, ttb wealth estimates

Ex 2: Our New Order Assumptions

(Bt bn)	2025	2026F	2027F
Beginning backlog	89.1	96.3	113.5
New orders in 1Q26			
U-Tapao Airport expansion project		27.0	
Commercial building		1.9	
Environment project		1.3	
Potential new orders			
High-speed railway projects			24.0
Double-track railway projects			4.0
Data center and other projects	40.7	22.8	22.0
Realized revenue	(33.5)	(35.8)	(39.6)

Sources: Company data, ttb wealth estimates

Ex 3: STECON's SOTP Value

	% holding	Fair value (Bt m)	15% discount (Bt m)	Share price (Bt/share)	Market value (Bt m)
GULF	1.5%	17,032	14,477	62.8	14,250
TSE	9.0%	76	65	0.8	147
BGSR	10.0%	402	342	na	na
Pink & Yellow lines	15.0%	1,106	940	na	na
Total		16,345	15,824		14,397
Per STECON share (Bt)			10.4		9.5
Construction business value (Bt)			8.5		
Our TP (Bt)			19.0		

Sources: Company data, ttb wealth estimates

One of our top country picks

STECON is one of our top country picks given...

... it is a key beneficiary of the government's infrastructure rollout...

We reiterate our BUY recommendation on STECON and maintain it as one of our top country picks, underpinned by the following factors:

- 1) It is one of the few contractors eligible to bid for the government's potential Bt775bn megaproject pipeline over 2026-28F (see our construction sector report – *In a new earnings cycle*, dated 19 May 2026). As one of Thailand's top-three contractors, with a low net D/E ratio of 0.2x and annual revenue capacity of Bt45bn (vs. our revenue estimate of Bt35bn in 2026F), STECON looks well positioned to secure additional backlog as the government resumes new infrastructure project tenders expected from 2H26 onward.

Ex 4: Thailand's Cabinet-approved projects

Category	Project	Owner	Value (Bt m)	Status
Motorway	Motorway M9 Bang Khun Thian-Bang Bua Thong (M9)	DOH	56,035	RFP under preparation, expected to open for bidding in 4Q26
Motorway	Elevated Motorway M5 Utraphimuk, Rangsit-Bang Pa-In (M5)	DOH	31,358	RFP under preparation, expected to open for bidding in 3Q26
Motorway	O&M for Motorway M82 Bang Khun Thian - Ban Phaeo (O&M M82)	DOH	15,724	Under bid evaluation
Expressway	Kratuu-Patong expressway	EXAT	16,759	RFP under preparation, expected to open for bidding in 2026
High Speed Rail	Thai-Chinese high-speed railway Phase 2 (Nakhon Ratchasima-Nong Khai) Contract 1-3	SRT	98,060	Expected to open for bidding in 2026
Rest area	Rest areas on the Bang Pa-In-Nakhon Ratchasima Motorway (M6)	DOH	9,500	RFP has been issued
Rest area	Rest areas on the Bang Yai-Kanchanaburi Motorway (M81)	DOH	6,103	RFP has been issued
Sewerage tunnel	Bueng Nong Bon tunnel expansion	BMA	9,800	Expected to open for bidding 2026

Source: Company data

...its exposure to booming investment areas...

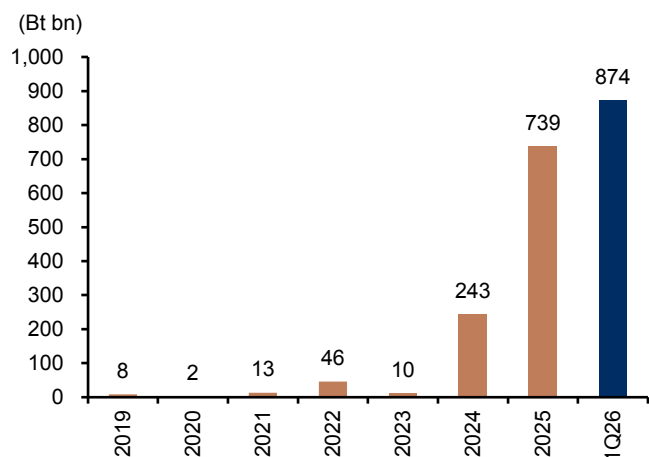
- 2) STECON's exposure to high-growth investment themes. In addition to government infrastructure projects, STECON is gaining exposure to two of Thailand's fastest-growing investment areas: data centers and renewable energy. It has qualified as a contractor for a leading global hyperscaler's data center projects, while continuing to win renewable power plant construction contracts from GULF, one of Thailand's top renewable energy developers, providing sustained exposure to the country's accelerating clean energy investment cycle.

Ex 5: Private Projects in STECON's Pipeline for 2026F

Project	Contract value (Bt m)	Status
5 building projects	34,000	Expected to open for bidding in 2026-2027
3 data center projects	22,500	Expected to open for bidding in 2026
Power plant	12,000	Expected to open for bidding in 2026
Industrial plant	5,000	Expected to open for bidding in 2026

Source: Company data

Ex 6: BOI Application Value For Data Center Projects



Source: BOI

Ex 7: Thailand's 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

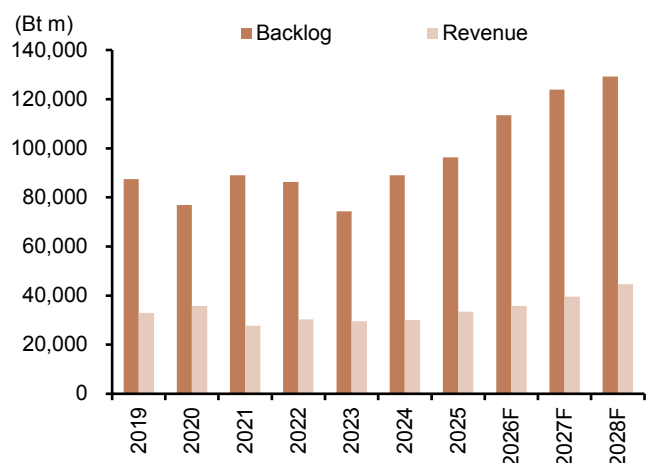
Value (Bt bn)	2024	2025	2026	2027	2028	2029	2030
Solar	5.9	8.8	7.6	21.7	38.7	15.9	20.1
Wind				51.4	19.3	47.2	36.2
Solar + battery	12.2	10.9	11.3	4.1	20.4	14.1	16.5
	18.0	19.6	18.9	77.2	78.3	77.2	72.8

Sources: The Energy Regulatory Commission, ttb wealth compilation

...its 15% three-year construction earnings CAGR, and...

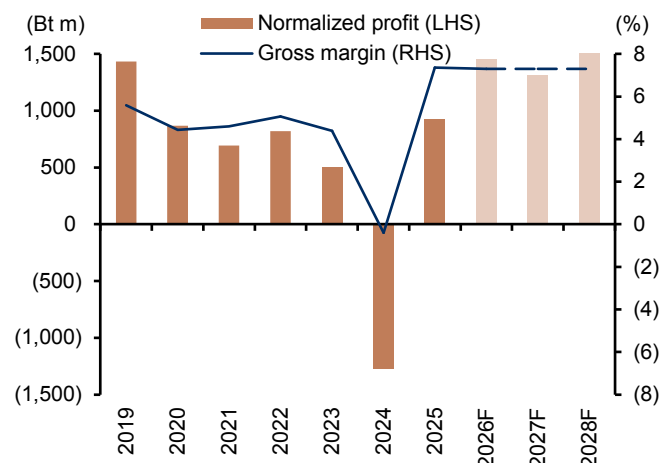
- 3) A 15% three-year earnings CAGR from its construction business. Excluding dividend and equity income from associates, we estimate STECON's construction earnings to grow 13/15/16% y-y to Bt1.0/1.2/1.4bn in 2026-28F, driven by revenue growth of 7/11/13% y-y, underpinned by its Bt123bn backlog and potential new order wins, and a stable 7.3% gross margin. Management is confident in maintaining a gross margin above 7.0% because the escalation (K) factor, inventories purchased at pre-conflict prices, and a 3–5% cost buffer built into project bids should help mitigate the impact of higher construction material costs resulting from the ongoing Middle East conflict.

Ex 8: STECON's Backlog And Revenue



Sources: Company data, ttb wealth estimates

Ex 9: STECON's Gross Margin And Earnings



Sources: Company data, ttb wealth estimates

- 4) A still attractive valuation. We believe STECON's valuation remains undemanding, with its core construction business (excluding dividend and equity income from associates) trading at only 10/9/7x PE in 2026-28F versus its projected 15% earnings CAGR, low 0.2x net D/E, and its position as one of the few contractors benefiting from Thailand's new construction cycle.

Valuation comparison

Ex 10: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
			26F (%)	27F (%)	26F (x)	27F (x)	26F (x)	27F (x)	26F (x)	27F (x)	26F (%)	27F (%)
Ahluwalia Contracts	AHLU IN	India	21.0	22.6	16.4	13.4	na	na	8.6	7.3	0.1	0.1
Nagarjuna Construction	NJCC IN	India	54.7	6.6	8.6	8.1	1.0	1.0	5.1	4.8	1.5	1.7
Gamuda	GAM MK	Malaysia	8.5	26.9	22.9	18.0	2.0	1.9	20.1	16.2	2.2	2.5
IJM Corp	IJM MK	Malaysia	na	10.7	17.8	16.0	0.8	0.7	9.9	9.5	3.1	3.2
Hyundai Eng & Const	000720 KS	S. Korea	43.0	43.3	25.5	17.8	1.6	1.4	15.8	11.6	0.7	0.8
Samsung Engineering	028050 KS	S. Korea	12.4	15.2	12.8	11.1	1.7	1.5	5.4	4.7	1.9	2.1
Pylon Pcl	PYLON TB	Thailand	30.4	(6.4)	9.0	9.6	2.0	2.0	5.4	6.0	8.2	7.7
Seafco Pcl	SEAFSCO TB	Thailand	44.6	(19.7)	9.3	11.6	1.3	1.2	4.9	5.6	4.9	3.9
CH Karnchang Pcl*	CK TB	Thailand	4.7	6.6	11.5	10.8	1.0	0.9	26.3	24.8	3.0	3.2
Stecon Group Pcl*	STECON TB	Thailand	57.6	(9.6)	16.5	18.3	1.4	1.3	12.3	10.9	2.8	2.5
Average			30.8	9.6	15.0	13.5	1.4	1.3	11.4	10.1	2.8	2.8

Source: Bloomberg

Note: * ttb wealth estimates, using ttb wealth normalized EPS

Based on 11 June 2026 closing prices

COMPANY DESCRIPTION

STECON Group Pcl (STECON) is one of the three largest engineering and construction companies in Thailand, engaged in civil and mechanical works across 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: ttb wealth

TTB WEALTH'S SWOT ANALYSIS

S — Strength

- Strongest financial position in the sector, with low net D/E ratio.
- Class-A contractor able to bid for all construction work.
- Expert in power plant construction.

O — Opportunity

- Thailand is in an infrastructure investment cycle.
- Thailand's new Power Development Plan (PDP) are driving investments in power-plant projects.

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	15.65	19.00	21%
Net profit 26F (Bt m)	1,616	1,651	2%
Net profit 27F (Bt m)	1,320	1,312	-1%
Consensus REC	BUY: 10	HOLD: 5	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profits for 2026-27F are similar to the Bloomberg consensus numbers.
- However, our TP is 21% higher than that of other brokers, likely because we are more aggressive on its long-term earnings growth and SOTP value.

Sources: Bloomberg consensus, ttb wealth estimates

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Wea	1
None	0

Source: ttb wealth; *CG Rating

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.

T — Threat

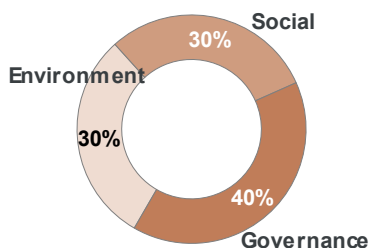
- Government's time-consuming implementation processes could cause delays to Thailand's infrastructure investment.
- Volatility in building material prices is a major risk that we expect to increase this year.

RISKS TO OUR INVESTMENT CASE

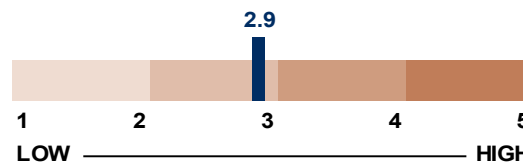
- The key downside risk to our call would be if the implementation of infrastructure projects occurs more slowly than we currently expect. This would likely prompt us to lower our new work value assumptions and earnings forecasts.
- Building material expenses account for 50-60% of STECON's total costs. Therefore, higher prices present a downside risk to our earnings forecasts.
- A weaker-than-expected economic recovery could also have a significant negative impact on people's confidence regarding new construction projects.

Source: ttb wealth

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth 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.

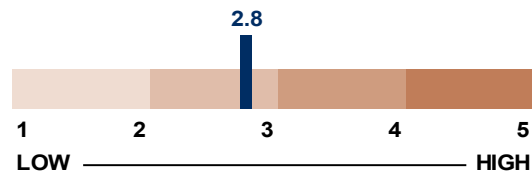


ESG Summary

- 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 (E) Rating

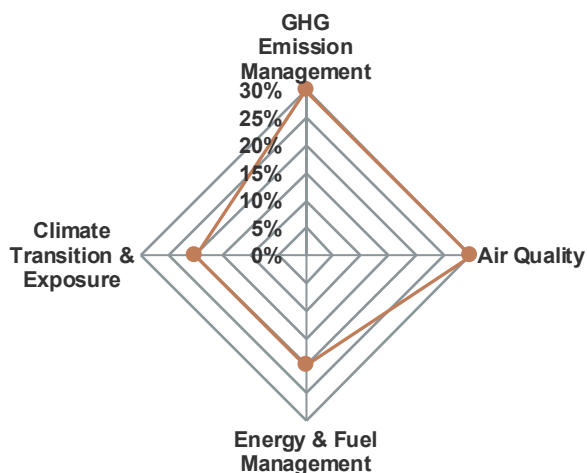


ENVIRONMENT **Our Comments**

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

- 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% and aims for carbon neutrality in 2050.
- In 2024, its total GHG emissions at the head office stood at 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. The solar panels at its Rayong fabrication plant also generated 29% of electricity consumed at the plant.
- It monitors air quality at construction sites by measuring PM₁₀, PM_{2.5}, 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.

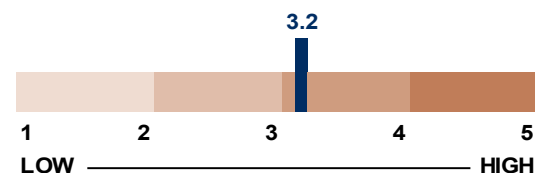
SCALE WEIGHTING



Sources: ttb wealth, 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.

Social (S) Rating



SOCIAL

Our Comments

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

- 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 people with disabilities 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 & attire, emergency loan funding, 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 customer satisfaction score was 88.2% vs. its target of 70%. We view some of its loss-making projects as being due to 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, and offering scholarships and educational materials to schools. It has also carried out various assistance projects such as drainage system cleaning before the rainy season, the “Construction Innovation Challenge” project, and the “Sino-Thai with Heart for Society” project.

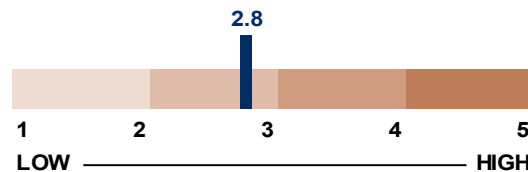
SCALE WEIGHTING



Sources: ttb wealth, Company data

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.

Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

Our Comments

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

- 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.

SCALE WEIGHTING



Sources: ttb wealth, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	30,005	33,473	35,789	39,628	44,623
Cost of sales	30,123	31,009	33,176	36,736	41,366
Gross profit	(118)	2,464	2,613	2,893	3,257
% gross margin	-0.4%	7.4%	7.3%	7.3%	7.3%
Selling & administration expenses	846	1,129	1,145	1,268	1,428
Operating profit	(964)	1,335	1,467	1,625	1,830
% operating margin	-3.2%	4.0%	4.1%	4.1%	4.1%
Depreciation & amortization	755	743	759	849	939
EBITDA	(209)	2,078	2,226	2,473	2,768
% EBITDA margin	-0.7%	6.2%	6.2%	6.2%	6.2%
Non-operating income	341	346	806	393	432
Non-operating expenses	0	0	0	0	0
Interest expense	(158)	(268)	(268)	(236)	(215)
Pre-tax profit	(782)	1,414	2,005	1,781	2,047
Income tax	(68)	282	401	356	409
After-tax profit	(714)	1,132	1,604	1,425	1,637
% net margin	-2.4%	3.4%	4.5%	3.6%	3.7%
Shares in affiliates' Earnings	(584)	(212)	(150)	(110)	(80)
Minority interests	31	1	(3)	(3)	(4)
Extraordinary items	(1,089)	1,028	200	0	0
NET PROFIT	(2,357)	1,948	1,651	1,312	1,554
Normalized profit	(1,268)	921	1,451	1,312	1,554
EPS (Bt)	(1.55)	1.28	1.09	0.86	1.02
Normalized EPS (Bt)	(0.83)	0.61	0.96	0.86	1.02

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

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

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	20,082	24,622	23,921	26,147	29,043
Cash & cash equivalent	3,425	4,216	3,000	3,000	3,000
Account receivables	11,559	14,524	14,708	16,286	18,338
Inventories	3,231	3,886	4,090	4,529	5,100
Others	1,867	1,996	2,123	2,332	2,605
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	4,379	4,721	5,164
Total assets	51,516	56,249	56,500	59,720	63,621
LIABILITIES:					
Current liabilities:	30,156	35,325	34,503	36,773	39,333
Account payables	18,977	23,774	24,451	26,872	29,806
Bank overdraft & ST loans	6,921	7,903	6,059	5,533	4,676
Current LT debt	146	68	53	49	41
Others current liabilities	4,112	3,580	3,940	4,318	4,809
Total LT debt	438	425	333	304	257
Others LT liabilities	3,080	3,448	3,794	4,119	4,539
Total liabilities	33,673	39,198	38,630	41,196	44,129
Minority interest	432	417	420	423	427
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	9,478	10,129	11,093
Shareholders' equity	17,411	16,634	17,450	18,101	19,065
Liabilities & equity	51,516	56,249	56,500	59,720	63,621

Sources: Company data, ttb wealth estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	(782)	1,414	2,005	1,781	2,047
Tax paid	68	(282)	(401)	(356)	(409)
Depreciation & amortization	755	743	759	849	939
Chg In working capital	(658)	1,177	288	405	310
Chg In other CA & CL / minorities	96	(870)	84	59	139
Cash flow from operations	(521)	2,181	2,735	2,738	3,025
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	345	(8)	(13)
Cash flow from investments	(6,143)	443	(1,165)	(1,518)	(1,523)
Debt financing	2,642	891	(1,950)	(559)	(912)
Capital increase	(0)	0	0	0	0
Dividends paid	(229)	(6)	(836)	(660)	(590)
Warrants & other surplus	2,366	(2,719)	0	0	0
Cash flow from financing	4,780	(1,834)	(2,786)	(1,219)	(1,502)
Free cash flow	(6,665)	2,625	1,570	1,219	1,502

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	na	26.1	16.5	18.3	15.4
Normalized PE - at target price (x)	na	31.4	19.9	22.0	18.6
PE (x)	na	12.32	14.5	18.3	15.4
PE - at target price (x)	na	14.82	17.5	22.0	18.6
EV/EBITDA (x)	na	13.6	12.3	10.9	9.4
EV/EBITDA - at target price (x)	na	15.9	14.5	12.8	11.1
P/BV (x)	1.4	1.4	1.4	1.3	1.3
P/BV - at target price (x)	1.7	1.7	1.7	1.6	1.5
P/CFO (x)	(46.0)	11.0	8.8	8.8	7.9
Price/sales (x)	0.8	0.7	0.7	0.6	0.5
Dividend yield (%)	0.0	3.5	2.8	2.5	3.2
FCF Yield (%)	(27.8)	10.9	6.5	5.1	6.3
(Bt)					
Normalized EPS	(0.83)	0.61	0.96	0.86	1.02
EPS	(1.55)	1.28	1.09	0.86	1.02
DPS	0.00	0.55	0.43	0.39	0.51
BV/share	11.46	10.95	11.49	11.92	12.55
CFO/share	(0.34)	1.44	1.80	1.80	1.99
FCF/share	(4.39)	1.73	1.03	0.80	0.99

Sources: Company data, ttb wealth estimates

Valuation looks attractive to us with the construction business valued at 7-10x PE in 2026–28F.

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	1.4	11.6	6.9	10.7	12.6
Net profit (%)	na	na	(15.2)	(20.6)	18.5
EPS (%)	na	na	(15.2)	(20.6)	18.5
Normalized profit (%)	na	na	57.6	(9.6)	18.5
Normalized EPS (%)	na	na	57.6	(9.6)	18.5
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	4.1	4.1
EBITDA margin (%)	(0.7)	6.2	6.2	6.2	6.2
Net margin (%)	(2.4)	3.4	4.5	3.6	3.7
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	5.5	6.9	8.5
Interest coverage - EBITDA (x)	na	7.8	8.3	10.5	12.9
ROA - using norm profit (%)	na	1.7	2.6	2.3	2.5
ROE - using norm profit (%)	na	5.4	8.5	7.4	8.4
DuPont					
ROE - using after tax profit (%)	na	6.6	9.4	8.0	8.8
- asset turnover (x)	0.6	0.6	0.6	0.7	0.7
- operating margin (%)	na	5.0	6.4	5.1	5.1
- leverage (x)	2.8	3.2	3.3	3.3	3.3
- interest burden (%)	125.4	84.1	88.2	88.3	90.5
- tax burden (%)	na	80.0	80.0	80.0	80.0
WACC (%)	9.3	9.3	9.3	9.3	9.3
ROIC (%)	(5.6)	5.0	5.6	6.2	7.0
NOPAT (Bt m)	(964)	1,069	1,174	1,300	1,464
invested capital (Bt m)	21,491	20,814	20,896	20,988	21,039

Sources: Company data, ttb wealth estimates

*Balance sheet is solid
with 0.1-0.2x net D/E
ratios in 2026-28F*

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90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Below		N/A

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