BUY (Unchanged)

Change in Numbers

TP: Bt 22.50 (From: Bt 23.00)

Upside : 20.3%

Ch. Karnchang Pcl (CK TB)

Still attractive

Despite trimming our TP to Bt22.5 due to a lower CKP SOTP value, we reiterate our BUY call on CK, driven by its position as a key beneficiary of Thailand's new construction cycle, a well-secured 9% earnings CAGR over 2027-29F, and its construction business's 2027F PE of just 1.7x.

Trimming our TP to Bt22.5; reiterating BUY

Following our analyst's reduction in earnings forecasts and TP for CK's 30%-owned CK Power (CKP TB, Bt2.6, SELL), as detailed in our report, *Super El Niño impacts,* dated 15 July 2026, we cut our earnings for CK by 1-4% over 2026-28F and our SOTP valuation by Bt1.1/share. However, after rolling our valuation base year forward to 2027F, our SOTP-derived, DCF-based 12-month TP falls slightly to Bt22.5/share (from Bt23/share), and we reiterate our BUY call on CK. ***First,*** we believe CK remains undervalued. Excluding the Bt16.9/share SOTP value of its investments in associates from the current share price, the market is valuing its core construction business at just Bt1.8/share, implying only 1.7x 2027F PE. ***Second,*** this valuation comes despite CK being one of the biggest beneficiaries of Thailand's upcoming construction cycle, with an estimated Bt775bn of project opportunities over 2026-28F. ***Third,*** we see its 2027-29F earnings CAGR of 9% as well secured.

9% y-y earnings CAGR over 2027-29F

We project CK's earnings to grow 5/9/12% y-y over 2027-29F, driven by ***1)*** 4/8/9% YoY revenue growth from the recognition of its Bt157bn backlog at end-1Q26 (3.4x 2026F revenue), ***2)*** potential new orders, notably Bt35bn for the double-deck expressway and Bt27bn for the South Purple Line system installation as both projects are being developed by its 42%-owned Bangkok Expressway & Metro (BEM), and ***3)*** recurring dividend and equity income of Bt2.7-2.9bn p.a. from CKP, BEM, and TTW (TTW TB, not rated, Bt10.3). We also expect CK to maintain its 8.3% gross margin over 2027-29F, supported by its early stockpiling of construction materials, which should mitigate the recent price volatility.

Minor delays for some infrastructure projects

Despite the tight FY27 government budget, the Ministry of Transport has allocated Bt229bn for infrastructure development in 2027F, covering highways, double-track railways, and airport expansions (see Exhibit 3). For the Bt235bn Thai-Chinese high-speed rail Phase 2 project, the State Railway of Thailand is waiting for steel testing, safety reviews, and benchmark pricing, but it still targets issuing the terms of reference (TOR) this year and beginning construction next year. The Bt81bn M5 and M9 motorway projects are under request for proposal (RFP) review, with the Department of Highways targeting bid launches in late 2026 to early 2027.

Flat earnings in 2Q26F

We estimate CK's 2Q26F earnings at Bt843m, down 2% y-y but up 156% q-q. While we project its construction business's gross profit to come in flat y-y, the slight y-y decline reflects higher SG&A expenses. We expect the strong q-q growth to be driven by dividend income from TTW and higher equity income from its associates.

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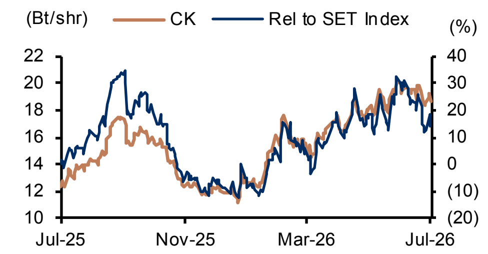
COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	44,277	45,823	47,515	51,217
Net profit	3,328	2,606	2,738	2,973
Consensus NP	—	2,384	2,513	2,492
Diff frm cons (%)	—	*9.3*	*9.0*	*19.3*
Norm profit	2,501	2,606	2,738	2,973
Prev. Norm profit	—	2,619	2,791	3,101
Chg frm prev (%)	—	*(0.5)*	*(1.9)*	*(4.1)*
Norm EPS (Bt)	1.48	1.54	1.62	1.75
Norm EPS grw (%)	73.0	4.2	5.1	8.6
Norm PE (x)	12.7	12.2	11.6	10.7
EV/EBITDA (x)	30.7	27.2	25.9	22.8
P/BV (x)	1.1	1.1	1.0	0.9
Div yield (%)	2.4	2.9	3.0	3.3
ROE (%)	9.3	9.0	8.9	9.1
Net D/E (%)	132.3	110.7	98.7	88.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 22-Jul-26 (Bt)	18.70
Market Cap (US$ m)	937.0
Listed Shares (m shares)	1,693.9
Free Float (%)	67.8
Avg. Daily Turnover (US$ m)	5.6
12M Price H/L (Bt)	20.20/11.20
Sector	Construction
Major Shareholder	Trivisvavet group 32%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report P8

Cutting our TP to Bt22.5/share

Following our analyst's cut in CKP's earnings and TP,…

Despite maintaining our bullish view on Thailand's new construction cycle (see the next section for details), we lower our earnings estimates for Ch. Karnchang Pcl (CK TB) by 1-4% over 2026-28F and reduce our sum-of-the-parts (SOTP) valuation by Bt1.1/share, driven by two factors:

First, we cut our equity income estimates by 1-3% for 2026-28F to reflect lower earnings contributions from its 30%-owned CK Power Pcl (CKP TB, Bt2.6, SELL). This follows our utilities analyst, Nuttapop Prasitsuksant, lowering his earnings estimates for CKP by 1-10% for 2026-28F (see our CKP report, *Super El Niño impacts*, dated 15 July 2026).

Second, we reduce CK's SOTP valuation by Bt1.1/share to Bt16.9 following Nuttapop's downgrade of his TP for CKP to Bt2.3/share (from Bt5.0).

…we lower our earnings forecasts for CK and cut our TP to Bt22.5

Partly offset by rolling forward the base year in our valuation model to 2027F, our SOTP-derived DCF-based 12-month TP for CK declines marginally to Bt22.5/share (from Bt23). We reiterate our BUY rating on CK.

Ex 1: Key Assumption Changes

	2023	2024	2025	2026F	2027F	2028F
Equity income (Bt m)						
New	1,520	1,875	2,160	2,130	2,262	2,286
Old				2,136	2,282	2,365
Change (%)				*(0.3)*	*(0.9)*	*(3.3)*
Normalized profit (Bt m)						
New	1,452	1,446	2,501	2,606	2,738	2,973
Old				2,619	2,791	3,101
Change (%)				*(0.5)*	*(1.9)*	*(4.1)*

Sources: Company data, ttb wealth estimates

Ex 2: CK's SOTP Value

BBG code	% stake	Fair value (Bt m)	15% discount (Bt m)	Share price (Bt/share)	Market value (Bt m)
TTW TB	19.4%	6,967	5,922	10.3	7,973
BEM TB	42.3%	51,676	43,924	6.7	43,278
CKP TB	30.0%	5,609	4,768	2.6	6,341
Total		**64,251**	**54,614**		**57,592**
CK's SOTP value		**Construction**	**Investment**		
Enterprise value		**17,931**	**54,614**		
Proportionate net debt		**(8,377)**	**(25,514)**		
Proportionate minority interest		**(152)**	**(462)**		
Equity value		**9,403**	**28,638**		
Per CK share (Bt)		**5.6**	**16.9**		

Sources: Company data, ttb wealth estimates

Minor delays for some infrastructure projects

Despite some delays, we're still bullish on Thailand's new construction cycle

Despite the FY27 government budget passing its first reading in the House reflecting a tight fiscal stance, with expenditure rising just 0.2% y-y to Bt3.8tn, and delays to some infrastructure projects, our positive outlook on Thailand's new construction cycle remains unchanged. We expect project bidding activity to begin late this year or early next year, following the Ministry of Transport's infrastructure investment pipeline, comprising projects worth Bt229bn scheduled for FY27, with an additional Bt593bn over FY28-30. The pipeline includes highways, double-track railways, and airport expansion projects.

Ex 3: Thailand's Potential Infrastructure Projects In 2026-28F

Projects scheduled for bidding	Value (Bt bn)	Scheduled Bidding year	construction period
Department of Highways			
M82: O&M work - Bang Khun Thian - Ban Phaeo	15.7	2026	2026-59
M5: Rangsit - Bang Pa-in	25.0	2026	2028-31
M9: Bang Khun Thian - Bang Bua Thong	56.0	2026	2028-31
M8: Nakorn Pathom - Pak Tho	61.0	2027-28	2028-34
Expressway Authority of Thailand			
Expressway: Krathu - Patong	10.9	2026	2027-31
Expressway: N2 Chalong Rat - ORR	14.0	2026	2027-31
State Railway of Thailand			
High-speed train: Phase 2 Korat - Nong Khai	235.0	2026	2026-31
Double track: Chumphon - Surat Thani	29.0	2027	na
Double track: Surat Thani - Hat Yai Junction - Song Kla	64.5	2027	na
Double track: Hat Yai Junction - Padang Besar	7.5	2027	na
Double track: Pak Nam Pho - Den Chai	77.8	2028	na
Double track: Den Chai - Chiang Mai	63.5	2028	na
Double track: Chira Junction - Ubonratchathani	43.0	2028	na
Airports			
Suvarnabhumi Airport: East expansion	12.0	2026	2027-31
Don Mueang Airport: Phase 3	60.0	2027	2028-34
Total	**774.9**		

Sources: Company data, ttb wealth estimates

Tender for Thai-Chinese high-speed rail phase 2 is still expected to launch this year

For the Bt235bn Thai-Chinese high-speed rail phase 2 project, although the cabinet approved it last year, the State Railway of Thailand (SRT) has delayed issuing the terms of reference (TOR) pending completion of steel quality testing, safety assessments, and benchmark pricing. However, SRT continues to target issuing the TOR by the end of this year, with construction scheduled to commence next year.

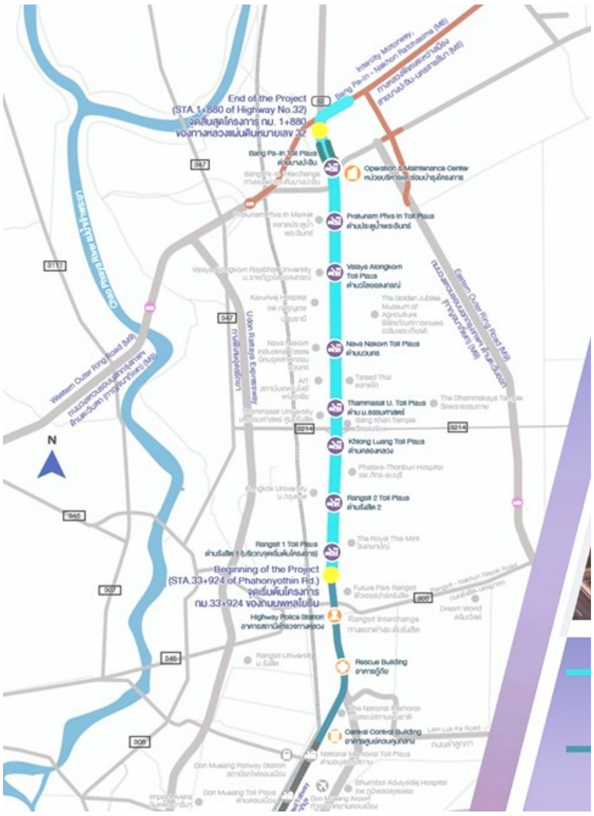
Ex 4: Thai-Chinese High-speed Rail Project

Source: fulcrum.sg

The M5 and M9 motorways are scheduled to open for bidding over 2026-27F

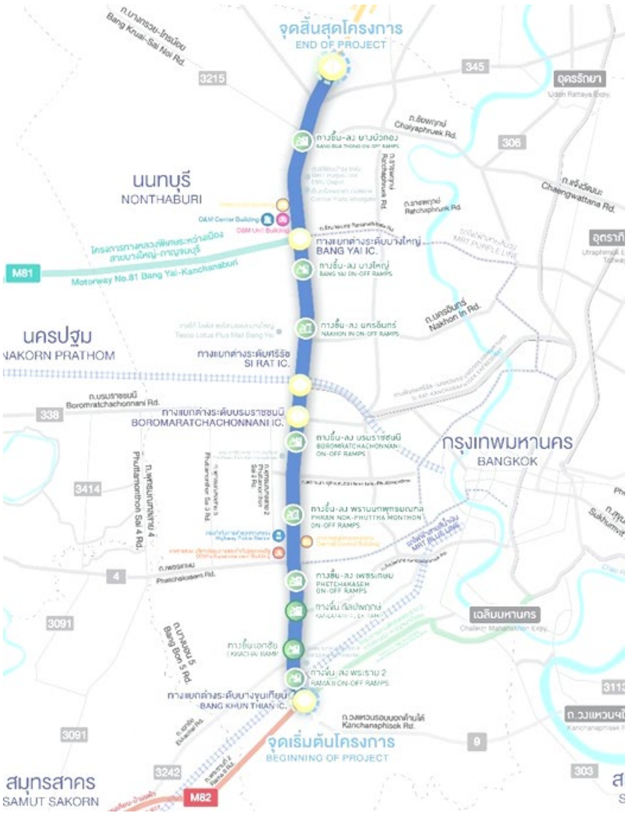
For the Bt25bn M5 motorway (Rangsit – Bang Pa-in) project, the Department of Highways (DOH) is preparing to launch the bidding process late this year under a Public-private Partnership (PPP) Gross Cost model with a 34-year concession period. Meanwhile, the Bt56bn M9 motorway (Bang Khun Thian – Bang Bua Thong) project is scheduled to open for bidding next year and be developed under a PPP Net Cost model, also with a 34-year concession period.

Ex 5: The M5 Motorway Project



Source: Department of Highways

Ex 6: The M9 Motorway Project



Source: Department of Highways

Reiterating our BUY rating

We reiterate our BUY call on CK given…

We reiterate our BUY recommendation on CK.

…its attractive valuation…

First, despite the recent run-up in its share price, we still see CK as undervalued. Our TP of Bt22.5 comprises Bt5.6/share for the construction business and Bt16.9/share for its investments in associated companies. We estimate CK's construction business's EPS (excluding dividend and equity income) at Bt1.1/1.2 per share in 2027-28F. Stripping out the Bt16.9 SOTP value from its current share price, the construction business is trading at PE multiples of only 1.7/1.5x in 2027-28F.

…its position as one of the best plays on Thailand's new construction cycle…

Second, we view CK as one of the best plays on Thailand's new construction cycle, driven by the new government's reimplementation of Bt775bn worth of infrastructure projects. We also believe it stands a strong chance of securing Bt35bn in construction work for the double-deck expressway project and Bt27bn in system installation work for the South Purple Line from its 42%-owned Bangkok Expressway & Metro (BEM TB, Bt6.7, BUY).

Ex 7: Our New Work Assumptions

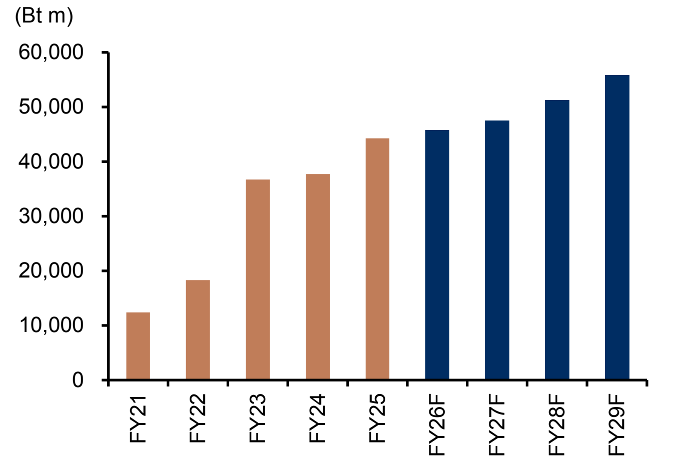
(Bt bn)	2025	2026F	2027F
Beginning backlog	**210.2**	**168.9**	**166.1**
New work			
Double-deck expressway project		35.0	
Siriraj International Medical Institute project		7.7	
High-speed railway projects			23.5
Double-track railway projects			4.7
M&E work for South Purple Line project			27.0
Others	2.8		
Realized revenue	(44.0)	(45.5)	(47.2)
Ending backlog	**168.9**	**166.1**	**174.1**

Sources: Company data, ttb wealth estimates

…and its well-secured earnings CAGR of 9%

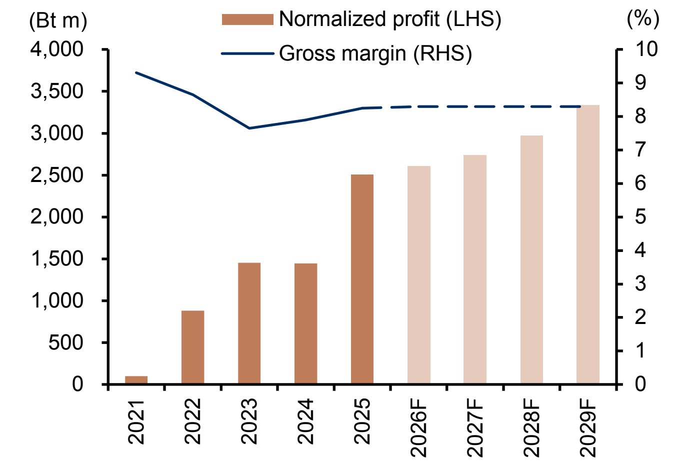
Third, we believe its 2027-29F earnings CAGR of 9% p.a. appears well secured, supported by revenue recognition from its high existing backlog of Bt157bn as of 1Q26, potential new infrastructure projects, and recurring dividend and equity income contributions from associates of Bt2.7-2.9bn.

Ex 8: CK's Revenue



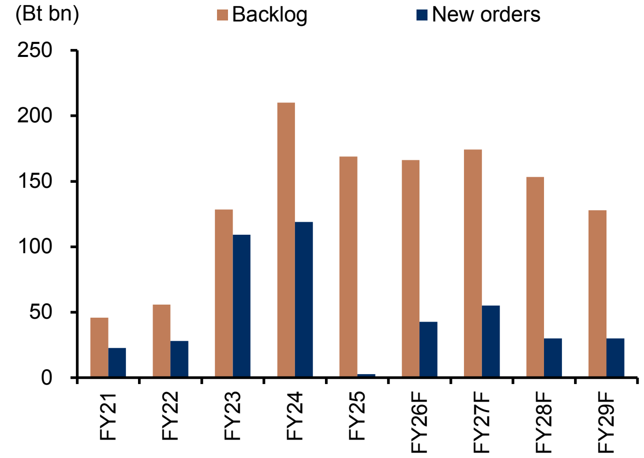
Sources: Company data, ttb wealth estimates

Ex 9: CK's Gross Margin And Earnings



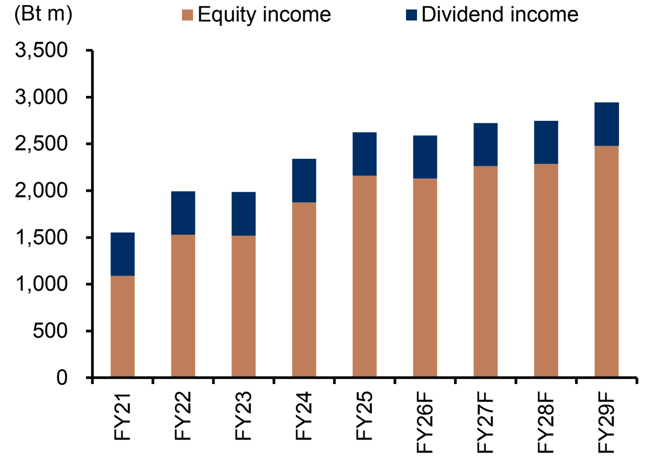
Sources: Company data, ttb wealth estimates

Ex 10: CK's Backlog And New Orders



Sources: Company data, ttb wealth estimates

Ex 11: CK's Dividend And Equity Income



Sources: Company data, ttb wealth estimates

Valuation Comparison

Ex 12: Valuation Comparison With Regional Peers

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	21.0	22.0	17.2	14.1	na	na	9.1	7.7	0.1	0.1
Nagarjuna Construction	NJCC IN	India	58.8	7.0	8.1	7.5	1.0	0.9	4.7	4.5	1.6	1.7
Gamuda	GAM MK	Malaysia	3.3	27.4	24.1	18.9	2.0	1.9	21.0	16.6	2.3	2.5
IJM Corp	IJM MK	Malaysia	na	11.2	19.7	17.7	0.8	0.8	10.4	9.8	2.8	3.5
Hyundai Eng & Const	000720 KS	S. Korea	45.0	34.4	20.3	15.1	1.2	1.2	12.7	9.8	0.9	1.0
Samsung Engineering	028050 KS	S. Korea	15.4	16.0	11.4	9.8	1.5	1.4	4.4	3.8	2.0	2.3
Pylon Pcl	PYLON TB	Thailand	34.0	(8.0)	9.7	10.5	2.2	2.2	6.0	6.7	7.4	6.9
Seafco Pcl	SEAFCO TB	Thailand	44.6	(19.7)	9.6	11.9	1.3	1.3	5.1	5.7	4.8	3.8
CH Karnchang *	CK TB	Thailand	4.2	5.1	12.2	11.6	1.1	1.0	27.2	25.9	2.9	3.0
Stecon Group *	STECON TB	Thailand	57.6	(9.6)	19.7	21.8	1.6	1.6	14.4	12.7	2.3	2.1
Average			**31.5**	**8.6**	**15.2**	**13.9**	**1.4**	**1.4**	**11.5**	**10.3**	**2.7**	**2.7**

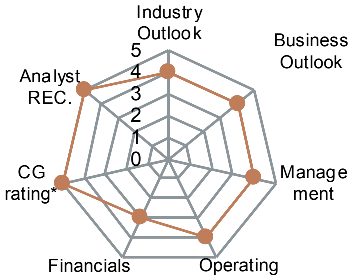
Source: Bloomberg
Note: * ttb wealth estimates, using ttb wealth normalized EPS
Based on 22 July 2026 closing prices

COMPANY DESCRIPTION

Ch. Karnchang Pcl (CK) is one of Thailand's leading contractors and developers of basic infrastructure. It has more than 30 years of experience in constructing large-scale infrastructure, building complexes, and general civil work. The company has also been investing in government concession projects to expand its operations and generate steady, long-term income.

Source: ttb wealth

COMPANY RATING



Rating Scale

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

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

- One of the Big Four contractors in Thailand and categorized as class-A in terms of being qualified to bid for most large-scale investments.
- Business diversification into infrastructure investments to stabilize its long-term earnings.

W — Weakness

- Most of CK's revenues come from projects it has to bid for, and there are no guarantees it will win these bids.
- CK's interest expenses are high, leading to a significant risk of earnings losses if revenues fall.
- The construction business is labour-intensive, so there are risks of higher labor costs and labor shortages.

O — Opportunity

- Thailand is in an infrastructure investment cycle.
- Its exposure to high-potential projects abroad, especially hydroelectric work in Laos.

T — Threat

- The government's time-consuming implementation processes could cause delays to Thailand's infrastructure investment.
- Volatility in building material prices is another risk.

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	23.58	22.50	-5%
Net profit 26F (Bt m)	2,384	2,606	9%
Net profit 27F (Bt m)	2,513	2,738	9%
Consensus REC	**BUY: 14**	**HOLD: 0**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2026-27F earnings are 9% higher than the Bloomberg consensus estimates, which we believe is due to us having more aggressive sales and equity income forecasts.
- However, our SOTP-based TP is 5% below that of other brokers, likely due to us having a lower SOTP value.

Sources: Bloomberg consensus, ttb wealth estimates

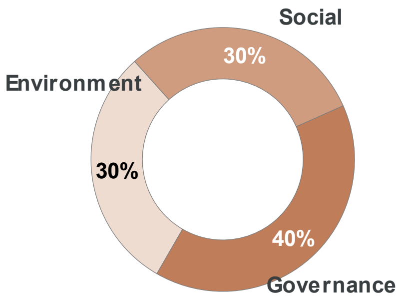
RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if the government's infrastructure investment projects cannot be implemented, as this would likely prompt us to adjust our new work value assumptions downward.
- Building material expenses account for 50-60% of CK's total costs. Therefore, adverse price fluctuations pose a secondary downside risk to our earnings forecasts.
- The weak economy could have a significant negative impact on consumer confidence and new investments.

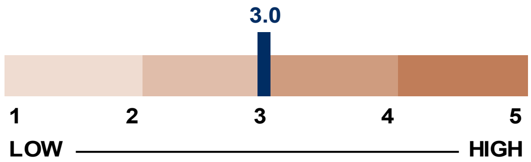
Source: ttb wealth

ESG & Sustainability Report

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)
CK	YES	AA	-	3.02	0	58.02	5.0

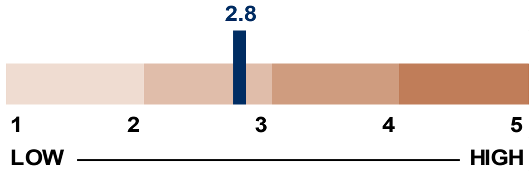
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

ESG Summary

- CK is one of Thailand’s top three largest construction companies, specializing in large-scale infrastructure projects, building complexes, and general civil work. We assign it a decent overall ESG score of 3.0, with Governance (G) receiving the highest score, followed by Social (S) and Environmental (E).
- CK isn’t a strong play on ESG in our view, given its overall decent score without strong prospects of an improving trend.
- We assign CK a decent G score of 3.2, reflecting its strong construction expertise in large and complex projects and its investments in infrastructure companies that provide stable and recurring dividend and equity income and additional construction opportunities from those companies’ new project developments.
- Note that the two major accidents at construction sites of its rival Italian-Thai Development (ITD) could strengthen CK’s market position (which would be positive for its business sustainability score in the G pillar) in government mega-project bidding.
- CK’s S score is also decent at 3.0. It maintains high construction quality standards, rigorous on-site safety protocols, and effective workforce management. Its experience in managing large and complex projects builds trust among employees, clients, and local communities.
- CK’s E score is moderate at 2.8. While it 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 CK a moderate E score of 2.8. Despite its compliance with applicable laws and regulations and its commitment to environmental issues, the scope for further improvement toward best-practice standards remains limited.

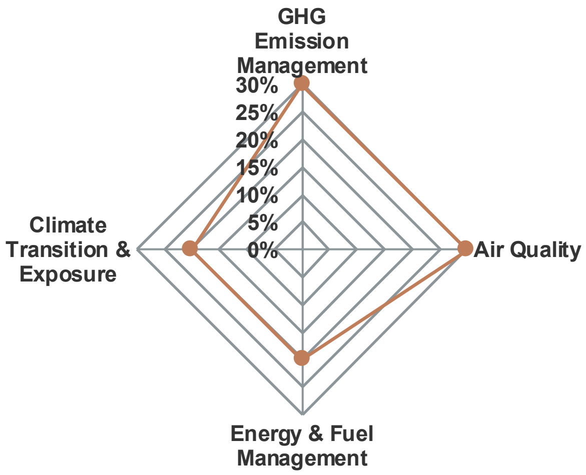
Environment (E) Rating



ENVIRONMENT	Our Comments

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

SCALE WEIGHTING

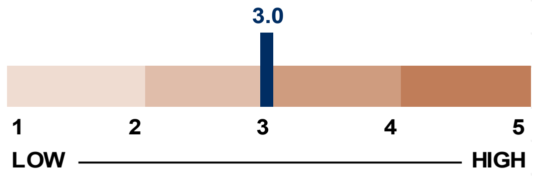


- We rate the Environmental (E) score for CK at a moderate level of 2.8 to reflect its environmental policies and management, which comply with relevant laws and regulations.
- CK aims to reduce GHG emissions by 5% by 2027 and achieve net-zero emissions by 2065. It adheres to the ISO14064-1 standard for greenhouse gas measurement, reporting, and reduction, as certified by the Thailand Greenhouse Gas Management Organization (TGO). In 2024, its GHG emissions increased by 5% y-y to 246,724 tonnes of CO2e due to growing operational and business activities.
- CK has implemented dust-control measures according to the National Environmental Quality Promotion and Conservation Act B.E. 2535 and guidelines by the Pollution Control Department, making its projects' dust volume less than 0.33 milligrams/cubic meter and dust particles less than 0.12 milligrams/cubic meter on average over 24 hours.
- It has also implemented noise-control measures, ensuring compliance with the standards set by the Notification of the National Environment Board No.15 (B.E. 2540). In 2024, its noise level didn't exceed the maximum level of 115 dBA and the 24-hour average noise level remained below 70 dBA. There were also no complaints regarding excessive noise.
- CK aims to reduce electricity usage by 10% by 2030 through its solar rooftop systems and energy-saving projects, such as replacing traditional light bulbs with more energy-efficient LED bulbs. In 2024, its total electricity consumption was 3.2m kilowatt-hours, up 4% y-y due to growing operational and business activities.
- It also aims to reduce water withdrawal by 10% by 2030 through promoting water reduction, using sensor-activated faucets, and implementing a water recycling management system in large-scale construction projects. In 2024, its total water withdrawal increased by 9% y-y to 24,640 cm3.
- CK has implemented waste management policies across all projects to ensure that waste handling meets legal standards. Recyclable and reusable materials are sorted to minimize the amount of waste requiring disposal. In 2024, CK estimated that 527 tonnes of waste was recycled.

Sources: ttb wealth, Company data

We assign CK a decent S score of 3.0, supported by its strong construction quality, firm commitment to health and safety standards, and ongoing investment in workforce and community development.

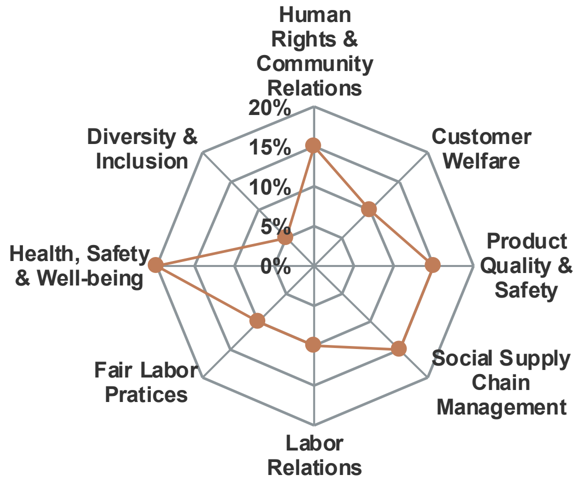
Social (S) Rating



SOCIAL

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

SCALE WEIGHTING



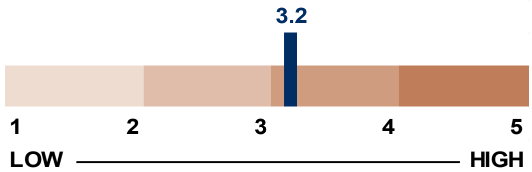
Our Comments

- We assign a decent social (S) score of 3.0 to CK as it follows human rights principles and ensures good corporate governance and fairness in execution according to the Labor Protection Act and Labor Relations Act. It also regards its security policy as the highest standard, having committed to operating safely in accordance with the Occupational Safety and Health law.
- CK's human rights policy sets out guidelines aligned with international standards, including the UN Guiding Principles on Business and Human Rights, and applies to all stakeholders across its operations. It acknowledges the community's right to access natural resources, conducts thorough community impact assessments before initiating any projects. In 2024, there were no cases or incidents of significant legal or social and human rights violations.
- CK is committed to ensuring the safety and occupational health of its personnel and stakeholders. It has set a target to maintain an accident rate of no more than 0.2 per 200,000 work hours for both employees and contractors. It adheres to the ISO 9001:2015 quality management system to maintain high operational standards. The 2024 occupational health and safety risk management determined that the overall risk level at each construction site remains low. However, a worker tragically lost their life in a work-related accident.
- CK's efficient management practices facilitate consistent delivery of high-quality, standardized construction services. Every project conducts a customer satisfaction survey. In 2024, 100% of its customers rated its services as either Good or Very Good. However, it received 63 complaints regarding its operations, and, in response, it has implemented improvements to its operational outcomes.
- CK also has an ongoing process to monitor, audit, and evaluate supplier performance through an annual on-site audit. In 2024, it carried out assessments of 134 partners and 58 subcontractors. The results were rated as good or excellent.
- It has conducted CSR activities, e.g., offering blood donation, supporting budgets for many community projects, and continuing its Community Technician Innovation Promotion project to develop community technicians to become community innovators.

Sources: ttb wealth, Company data

We assign CK a decent G score of 3.2, reflecting its strong business model as a leading contractor in Thailand and its strategic investments in infrastructure companies that deliver stable dividend and equity income.

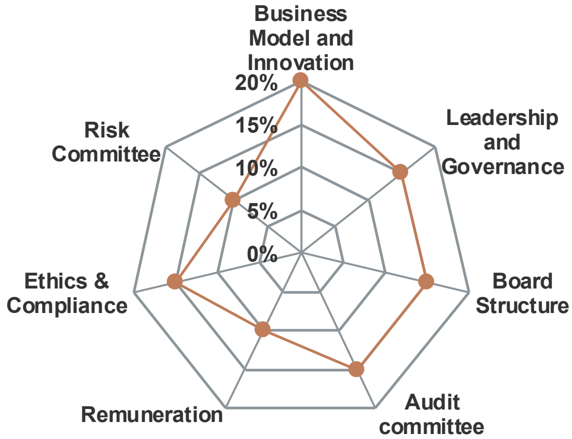
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

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

SCALE WEIGHTING



Our Comments

- We assign CK a decent Governance (G) score of 3.2. We view its business model and innovation as strong. However, it is partly weighed down by our concerns about its board structure.
- We view CK's business model as solid, supported by its core construction operations and recurring returns from investments in infrastructure companies. The company has extensive experience in delivering large-scale, complex construction projects. With only a limited number of major contractors possessing sufficiently strong track records to qualify for the government's mega-projects and given Italian-Thai Development (ITD) recent operational accidents and weak financial position, CK appears well-positioned to stand out more prominently in upcoming mega-project tenders.
- Its investments in infrastructure companies are also bearing fruit, providing stable and recurring dividend and equity income with additional construction opportunities from those companies' capacity expansion and new project developments. This integrated model strengthens earnings visibility and enhances its long-term growth prospects. However, on the downside, these strategic investments are capital-intensive and require substantial upfront funding. As a result, CK has maintained relatively high gearing levels, which in turn have led to high interest expenses.
- CK doesn't have an ideal board structure in our view. Even though its board chair is independent, only five of the 11-member board of directors (BOD) are independent, 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, CK has audit, nomination and remuneration, corporate social responsibility and sustainability, and corporate governance and risk management committees with independent chairs.

Sources: ttb wealth, Company data

We estimate 4-9% y-y growth in normalized earnings in 2026-28F…

…driven by higher revenue recognition from its backlog value and a sustained gross margin

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	37,721	44,277	45,823	47,515	51,217
Cost of sales	34,742	40,624	42,019	43,571	46,966
Gross profit	**2,979**	**3,653**	**3,803**	**3,944**	**4,251**
% gross margin	7.9%	8.3%	8.3%	8.3%	8.3%
Selling & administration expenses	2,229	2,334	2,383	2,518	2,612
Operating profit	**750**	**1,318**	**1,421**	**1,425**	**1,639**
% operating margin	2.0%	3.0%	3.1%	3.0%	3.2%
Depreciation & amortization	854	950	989	1,037	1,085
EBITDA	**1,604**	**2,268**	**2,409**	**2,462**	**2,724**
% EBITDA margin	4.3%	5.1%	5.3%	5.2%	5.3%
Non-operating income	1,049	1,259	906	899	917
Non-operating expenses	0	0	0	0	0
Interest expense	(2,020)	(2,100)	(1,644)	(1,637)	(1,600)
Pre-tax profit	**(222)**	**477**	**683**	**687**	**956**
Income tax	119	109	137	137	191
After-tax profit	**(340)**	**368**	**546**	**549**	**765**
% net margin	-0.9%	0.8%	1.2%	1.2%	1.5%
Shares in affiliates' Earnings	1,875	2,160	2,130	2,262	2,286
Minority interests	(89)	(27)	(70)	(73)	(78)
Extraordinary items	0	827	0	0	0
NET PROFIT	**1,446**	**3,328**	**2,606**	**2,738**	**2,973**
Normalized profit	**1,446**	**2,501**	**2,606**	**2,738**	**2,973**
EPS (Bt)	0.85	1.96	1.54	1.62	1.75
Normalized EPS (Bt)	0.85	1.48	1.54	1.62	1.75

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	46,154	50,213	47,127	48,499	51,498
Cash & cash equivalent	10,188	9,770	10,000	10,000	10,000
Account receivables	5,472	6,615	6,905	7,160	7,718
Inventories	11,710	4,305	4,029	4,178	4,504
Others	18,783	29,523	26,193	27,161	29,277
Investments & loans	54,961	55,716	57,216	58,716	60,216
Net fixed assets	9,520	8,982	8,793	8,556	8,271
Other assets	2,467	2,165	2,243	2,328	2,508
Total assets	**113,102**	**117,075**	**115,379**	**118,099**	**122,493**
LIABILITIES:					
Current liabilities:	45,635	49,924	49,761	51,771	54,941
Account payables	4,376	6,365	6,332	7,162	8,492
Bank overdraft & ST loans	4,371	880	2,195	2,104	2,025
Current LT debt	12,024	11,527	10,007	9,592	9,233
Others current liabilities	24,864	31,152	31,228	32,912	35,190
Total LT debt	**38,009**	**35,329**	**31,689**	**30,375**	**29,239**
Others LT liabilities	2,979	3,131	3,325	3,449	3,717
Total liabilities	**86,623**	**88,384**	**84,774**	**85,595**	**87,897**
Minority interest	569	544	614	686	764
Preferreds shares	0	0	0	0	0
Paid-up capital	1,694	1,694	1,694	1,694	1,694
Share premium	4,869	4,869	4,869	4,869	4,869
Warrants	0	0	0	0	0
Surplus	1,510	1,094	1,094	1,094	1,094
Retained earnings	**17,836**	**20,490**	**22,334**	**24,160**	**26,175**
Shareholders' equity	25,910	28,148	29,991	31,818	33,832
Liabilities & equity	**113,102**	**117,075**	**115,379**	**118,099**	**122,493**

Sources: Company data, ttb wealth estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	(222)	477	683	687	956
Tax paid	(114)	(116)	(132)	(139)	(190)
Depreciation & amortization	854	950	989	1,037	1,085
Chg In w orking capital	(3,694)	8,251	(47)	427	447
Chg In other CA & CL / minorities	11,625	2,374	1,318	2,981	2,447
Cash flow from operations	**8,449**	**11,935**	**2,810**	**4,992**	**4,744**
Capex	(87)	(412)	(800)	(800)	(800)
Right of use	24	4	(5)	(5)	(5)
ST loans & investments	(38)	(4,145)	4,213	0	0
LT loans & investments	(3,471)	(755)	(1,500)	(1,500)	(1,500)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(333)	711	120	44	93
Cash flow from investments	**(3,905)**	**(4,596)**	**2,028**	**(2,261)**	**(2,212)**
Debt financing	(1,121)	(6,667)	(3,846)	(1,819)	(1,574)
Capital increase	0	0	0	0	0
Dividends paid	(508)	(588)	(762)	(912)	(958)
Warrants & other surplus	(511)	(502)	0	0	0
Cash flow from financing	**(2,140)**	**(7,758)**	**(4,608)**	**(2,731)**	**(2,532)**
Free cash flow	**4,544**	**7,339**	**4,838**	**2,731**	**2,532**

CK's valuation is attractive in our view with the construction business trading at 1.7x 2027F PE

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	21.9	12.7	12.2	11.6	10.7
Normalized PE - at target price (x)	26.4	15.2	14.6	13.9	12.8
PE (x)	21.9	9.5	12.2	11.6	10.7
PE - at target price (x)	26.4	11.5	14.6	13.9	12.8
EV/EBITDA (x)	47.3	30.7	27.2	25.9	22.8
EV/EBITDA - at target price (x)	51.3	33.5	29.9	28.5	25.2
P/BV (x)	1.2	1.1	1.1	1.0	0.9
P/BV - at target price (x)	1.5	1.4	1.3	1.2	1.1
P/CFO (x)	3.7	2.7	11.3	6.3	6.7
Price/sales (x)	0.8	0.7	0.7	0.7	0.6
Dividend yield (%)	1.6	2.4	2.9	3.0	3.3
FCF Yield (%)	14.3	23.2	15.3	8.6	8.0
(Bt)					
Normalized EPS	0.85	1.48	1.54	1.62	1.75
EPS	0.85	1.96	1.54	1.62	1.75
DPS	0.30	0.45	0.54	0.57	0.61
BV/share	15.30	16.62	17.71	18.78	19.97
CFO/share	4.99	7.05	1.66	2.95	2.80
FCF/share	2.68	4.33	2.86	1.61	1.49

Sources: Company data, ttb wealth estimates

We expect net D/E ratio to fall further to 1.1x in 2026F and 1x in 2027F

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	2.7	17.4	3.5	3.7	7.8
Net profit (%)	(3.7)	130.2	(21.7)	5.1	8.6
EPS (%)	(3.7)	130.2	(21.7)	5.1	8.6
Normalized profit (%)	(0.4)	73.0	4.2	5.1	8.6
Normalized EPS (%)	(0.4)	73.0	4.2	5.1	8.6
Dividend payout ratio (%)	35.1	22.9	35.0	35.0	35.0
Operating performance					
Gross margin (%)	7.9	8.3	8.3	8.3	8.3
Operating margin (%)	2.0	3.0	3.1	3.0	3.2
EBITDA margin (%)	4.3	5.1	5.3	5.2	5.3
Net margin (%)	(0.9)	0.8	1.2	1.2	1.5
D/E (incl. minor) (x)	2.1	1.7	1.4	1.3	1.2
Net D/E (incl. minor) (x)	1.7	1.3	1.1	1.0	0.9
Interest coverage - EBIT (x)	0.4	0.6	0.9	0.9	1.0
Interest coverage - EBITDA (x)	0.8	1.1	1.5	1.5	1.7
ROA - using norm profit (%)	1.4	2.2	2.2	2.3	2.5
ROE - using norm profit (%)	5.6	9.3	9.0	8.9	9.1
DuPont					
ROE - using after tax profit (%)	na	1.4	1.9	1.8	2.3
- asset turnover (x)	0.4	0.4	0.4	0.4	0.4
- operating margin (%)	na	5.8	5.1	4.9	5.0
- leverage (x)	4.1	4.3	4.0	3.8	3.7
- interest burden (%)	(12.3)	18.5	29.3	29.6	37.4
- tax burden (%)	na	77.1	80.0	80.0	80.0
WACC (%)	7.3	7.3	7.3	7.3	7.3
ROIC (%)	1.0	1.5	1.7	1.8	2.1
NOPAT (Bt m)	750	1,017	1,136	1,140	1,311
invested capital (Bt m)	70,125	66,114	63,882	63,889	64,330

Sources: Company data, ttb wealth estimates

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