BUY (Unchanged)

Change in Numbers

TP: Bt 21.00 (From: Bt 19.00)

Upside : 17.3%

Stecon Group Pcl (STECON TB)

A firm first step

We estimate STECON's earnings, excluding dividend and equity income, to grow 27% y-y in 2Q26F. We also expect a 2H26F acceleration of 56% h-h due to a backloaded revenue schedule. And this is just the first year of the industry's new cycle. We reaffirm our BUY on STECON.

SAKSID PHADTHANANARAK
662-779-9119
saksid.pha@ttbwealth.co.th

A firm step in a new cycle; reaffirming BUY

We reaffirm our BUY rating on STECON as the best play on Thailand's new construction cycle. ***First,*** it has broad exposure to all key policy-driven growth areas, including the government's planned Bt775bn infrastructure investment pipeline for 2026–30, the booming data center sector (with BOI applications increasing from Bt243bn in 2024 to Bt739bn in 2025 and Bt874bn in 1Q26), and renewable power projects under the upcoming Power Development Plan (PDP). ***Second,*** we estimate core earnings (excluding dividend and equity income) growth of 12% y-y in 2026F, followed by a 15% CAGR over 2027–29F. ***Third,*** we expect its core earnings (excluding dividend and equity income) to grow 27% y-y in 2Q26F and accelerate by 56% h-h in 2H26F, supported by a back-end-loaded revenue recognition schedule. ***Finally,*** despite the stock's 184% YTD run-up, we continue to see upside to our rolled-forward 2027F SOTP-based TP 12-month of Bt21/share (from Bt19).

2Q26F earnings show a good first-year cycle

We estimate STECON's 2Q26F core earnings, excluding dividend and equity income, at Bt229m, up 27% y-y, driven by lower SG&A expenses. We project its gross margin to remain at a decent level of 7.3% in 2Q26F vs. 7.2% in 2Q25. Including Bt700m dividend income from its 1.5%-owned Gulf Development (GULF TB, BUY, Bt66.5) and Bt30m equity loss from its 20%-owned U-Tapao International Aviation (UTA, not listed), we estimate its 2Q26F profit at Bt759m, up 367% y-y.

High-speed rail phase 2 bidding in December

Following 55% construction progress on Phase 1 of the Thai–Chinese high-speed rail project, the Transport Minister plans to open the bid for Phase 2 in December this year. Valued at Bt235bn, Phase 2 will be divided into eight construction contracts with a construction period from 2027-31. Given the technical expertise required and the sizable value of each contract, we expect the pool of qualified bidders to be limited, with STECON likely to be among them. Of our projected Bt50bn in new orders for STECON next year, we expect Bt24bn to come from this project.

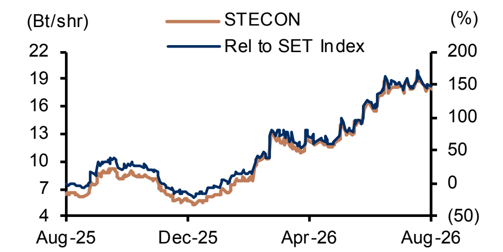
Valuation still attractive, in our view

Despite its strong share price rally this year, we still see STECON's valuation as attractive. Our SOTP-based TP of Bt21.0/share comprises Bt10.6/share for the construction business, Bt9.5/share for its stake in GULF, and Bt0.9/share for other businesses. Stripping out the value of its non-construction assets from the current share price, the market is valuing STECON's core construction business at just Bt7.5/share, equivalent to only 10x 2027F PE. We do not believe this multiple fully reflects our projections for construction-business earnings growth of 15/15/16% y-y in 2027-29F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	33,473	35,789	39,628	44,623
Net profit	1,948	1,646	1,303	1,538
Consensus NP	—	1,630	1,323	1,321
Diff frm cons (%)	—	*1.0*	*(1.5)*	*16.5*
Norm profit	921	1,446	1,303	1,538
Prev. Norm profit	—	1,451	1,312	1,554
Chg frm prev (%)	—	*(0.3)*	*(0.7)*	*(1.0)*
Norm EPS (Bt)	0.61	0.95	0.86	1.01
Norm EPS grw (%)	na	57.1	(9.9)	18.1
Norm PE (x)	29.5	18.8	20.9	17.7
EV/EBITDA (x)	15.1	14.0	12.5	10.9
P/BV (x)	1.6	1.6	1.5	1.4
Div yield (%)	3.1	2.4	2.2	2.8
ROE (%)	5.4	8.5	7.3	8.3
Net D/E (%)	24.5	19.0	17.0	12.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 5-Aug-26 (Bt)	17.90
Market Cap (US$ m)	813.9
Listed Shares (m shares)	1,519.1
Free Float (%)	54.0
Avg. Daily Turnover (US$ m)	12.0
12M Price H/L (Bt)	19.80/5.35
Sector	Construction
Major Shareholder	C.T.Venture Co.,LTD 19.6%

Sources: Bloomberg, Company data, ttb wealth estimates

Lifting our TP to Bt21; reiterating BUY

We reiterate our BUY call on STECON with…

We reiterate our BUY call on shares of Stecon Group Pcl (STECON TB) and it is one of our top country picks.

…our TP rising to Bt21/share…

First, we roll over the base year in our model to 2027F, resulting in our DCF-derived SOTP-based 12-month TP increasing to Bt21.0/share (from Bt19.0 previously). Our TP of Bt21.0/share comprises Bt10.6/share for the construction business, Bt9.5/share for its 1.5% stake in Gulf Development (GULF TB, BUY, Bt66.5), and Bt0.9/share for other businesses.

Ex 1: 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	66.5	15,101
TSE	9.0%	76	65	0.8	149
BGSR	10.0%	402	342	na	na
Pink & Yellow lines	15.0%	1,106	940	na	na
Total		**16,345**	**15,824**		**15,250**
Per STECON share (Bt)			**10.4**		**10.0**
Construction business value (Bt)			**10.6**		
Our TP (Bt)			**21.0**		

Sources: Company data, ttb wealth estimates

…its position as the best play on Thailand's new construction cycle…

Second, we view STECON as the best play on Thailand's upcoming construction cycle given its exposure to all key policy focus areas, including infrastructure, data centers, and renewable power plants.

For public projects, STECON, as one of Thailand's three largest contractors, is well positioned to benefit from the Ministry of Transport's infrastructure investment pipeline, with projects worth Bt229bn scheduled for FY27 and a further Bt593bn scheduled to be awarded over FY28–30. In December this year, the Transport Minister aims to launch the tender for Phase 2 of the Thai–Chinese high-speed rail project. The Bt235bn project is planned to be split into eight contracts. Given the technical complexity and substantial size of each contract, we believe the pool of qualified bidders will be limited, with STECON likely to be among them. Of our projection of Bt50bn in new order wins for STECON next year (see more details in Ex 6), we estimate that Bt24bn will come from this project.

Ex 2: Thailand's Potential Infrastructure Project Bids 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

Sources: Company data, ttb wealth estimates

Ex 2: Thailand's Potential Infrastructure Project Bids In 2026-28F (Con't)

Projects scheduled for bidding	Value (Bt bn)	Scheduled bidding year	Construction period
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

For private projects, STECON has qualified as a contractor for a leading global hyperscaler's data center projects, which we believe strengthens its track record and enhances its prospects for securing additional contracts. BOI applications for data center projects in Thailand increased from Bt243bn in 2024 to Bt739bn in 2025 and Bt874bn in 1Q26. STECON has also continued to secure renewable power plant construction contracts from GULF, one of Thailand's leading renewable energy developers, providing sustained exposure to Thailand's expanding clean energy investment cycle. STECON targets to bid for private projects with a total value of around Bt74bn this year.

Ex 3: 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

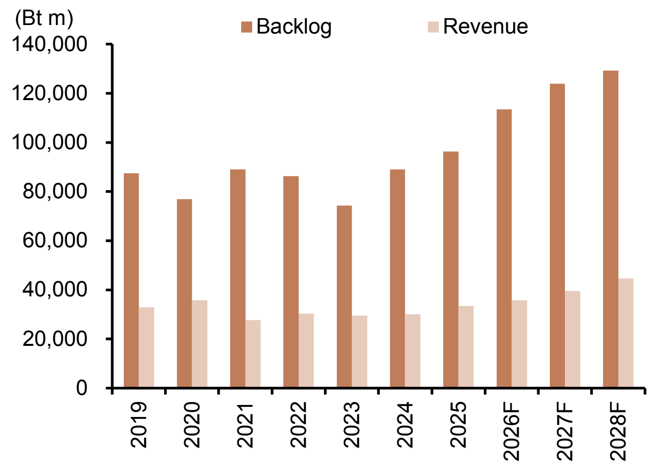
Source: Company data

…its core construction business's 15% earnings CAGR in 2027-29F, and…

Third, we estimate STECON to report strong 2Q26F core construction earnings (excluding dividend and equity income) of Bt229m, up 26% y-y, driven by a sustained decent gross margin of 7.3% (vs. 7.2% in 2Q25) and lower SG&A expenses due to no extra bonus payments like there were in 2Q25. Including Bt700m in dividend income from GULF (compared with 2025, when the dividend income was recognized in 1Q25) and Bt30m equity loss from its 20%-owned U-Tapao International Aviation (UTA, not listed), we estimate 2Q26F profit of Bt759m, up 367% y-y.

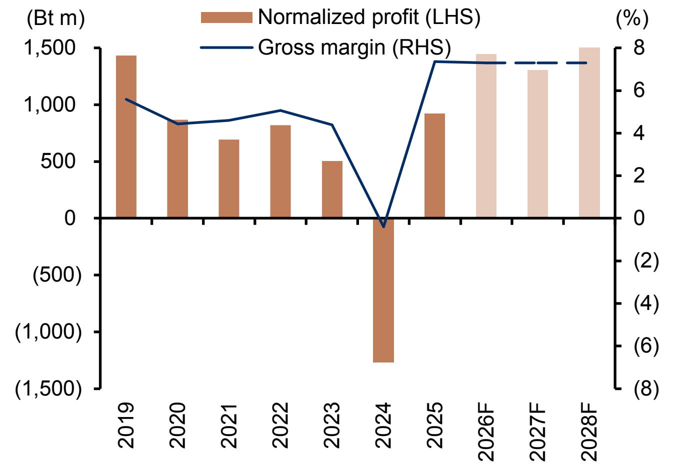
For the full year, we estimate STECON's core construction earnings (excluding dividend and equity income) to grow by 12% y-y in 2026F, with growth accelerating to 15/15/16% y-y in 2027–29F. This growth outlook is driven by ***1)*** revenue growth from its existing backlog of Bt123bn as of 1Q26 (or 3.4x 2026F revenue) and Bt30bn-53bn p.a. of new orders, and ***2)*** a sustained decent gross margin of 7.3%.

Ex 4: STECON's Revenue And Backlog



Sources: Company data, ttb wealth estimates

Ex 5: STECON's Gross Margin And Earnings



Sources: Company data, ttb wealth estimates

Ex 6: 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

…its attractive valuation at PE multiples of 7-11x for its construction business in 2026-29F

Finally, despite STECON's 184% YTD share price run-up, we believe its valuation remains undemanding. Our SOTP-based TP of Bt21.0/share comprises Bt10.6/share for the construction business, Bt9.5/share for the value of its stake in GULF, and Bt0.9/share for its investments in other companies. We estimate the construction business to generate EPS (excluding dividend and equity income) of Bt0.7 this year, rising to Bt0.8/0.9/1.0 in 2027-29F. Excluding the Bt10.4/share value of its investments from the current share price, the construction business is trading at only 11x 2026F PE, declining further to 10/8/7x in 2027-29F, compared to its construction earnings growth of 12/15/15/16% y-y in 2026-29F.

Valuation Comparison

Ex 7: 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	19.6	22.3	17.6	14.4	na	na	9.2	7.	0.1	0.1
Nagarjuna Construction	NJCC IN	India	58.8	7.0	8.4	7.9	1.0	0.9	4.9	4.6	1.5	1.7
Gamuda	GAM MK	Malaysia	44.6	27.4	24.9	19.5	2.1	1.9	21.5	17.1	2.2	2.5
IJM Corp	IJM MK	Malaysia	na	12.6	19.9	17.7	0.9	0.8	10.6	9.9	2.8	3.5
Hyundai Eng & Const	000720 KS	S. Korea	40.3	36.0	23.1	17.0	1.3	1.2	13.2	10.3	0.8	0.9
Samsung Engineering	028050 KS	S. Korea	19.8	22.1	13.0	10.7	1.8	1.6	5.5	4.7	1.8	2.1
Pylon Pcl	PYLON TB	Thailand	30.4	(6.4)	9.9	10.6	2.2	2.1	6.0	6.6	7.5	7.0
Seafco Pcl	SEAFCO TB	Thailand	44.6	(19.7)	9.2	11.4	1.3	1.2	4.9	5.5	5.0	3.9
CH Karnchang *	CK TB	Thailand	4.2	5.1	11.8	11.3	1.0	1.0	26.9	25.5	3.0	3.1
Stecon Group *	STECON TB	Thailand	57.1	(9.9)	18.8	20.9	1.6	1.5	14.0	12.5	2.4	2.2
Average			**35.5**	**9.7**	**15.7**	**14.1**	**1.5**	**1.4**	**11.7**	**10.4**	**2.7**	**2.7**

Source: Bloomberg

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

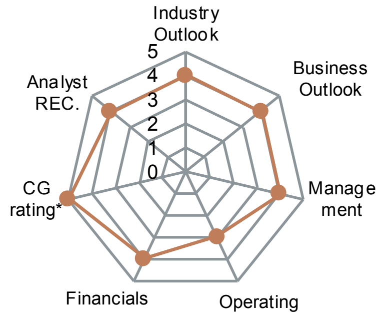
Based on 5 August 2026 closing prices

COMPANY DESCRIPTION

Stecon Group Pcl (STECON) is one of the three biggest engineering and construction companies in Thailand, engaged in civil and mechanical work in 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

COMPANY RATING



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

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

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

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.

O — Opportunity

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

T — Threat

- Time-consuming government 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.

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	17.90	21.00	17%
Net profit 26F (Bt m)	1,630	1,646	1%
Net profit 27F (Bt m)	1,323	1,303	-2%
Consensus REC	**BUY: 11**	**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 17% higher than that of other brokers, likely because we are more aggressive on STECON's long-term earnings growth and SOTP value.

Sources: Bloomberg consensus, ttb wealth estimates

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

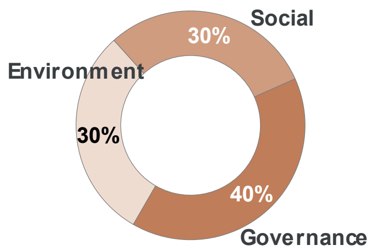
STECON

STECON Group Pcl.

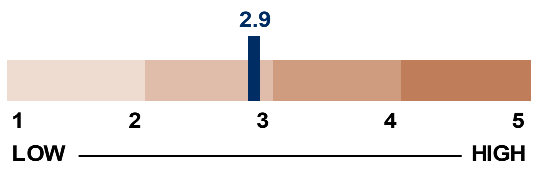
Sector: Property & Cons. | Construction Services

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)
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.

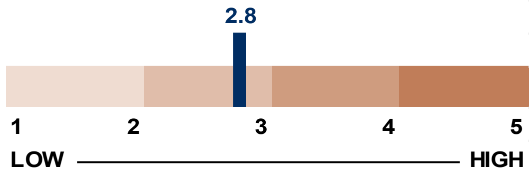
ESG Summary

- 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.

Sector: Property & Cons. | Construction Services

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.

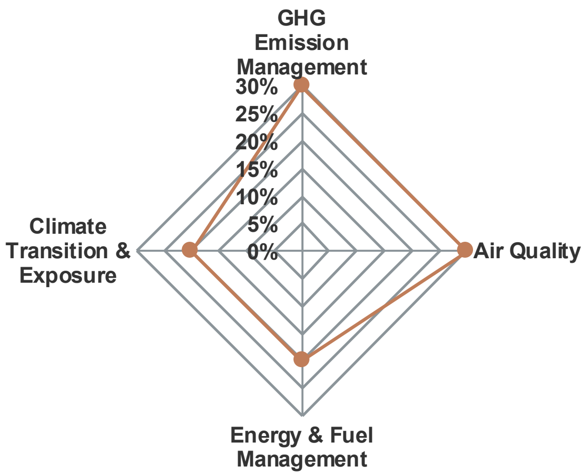
Environment (E) Rating



ENVIRONMENT

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

SCALE WEIGHTING



Our Comments

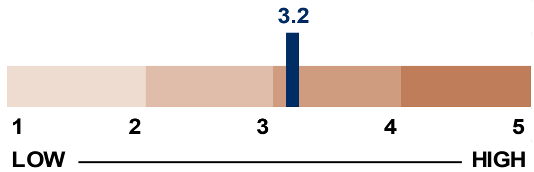
- We rate the Environmental (E) score for STECON at a moderate level of 2.8 to reflect its compliance with relevant laws and regulations and commitment to environmental issues. Its environmental management is more at the standard rather than the best-practice level, and it adheres to relevant legal frameworks.
- It aims to reduce GHG emissions (Scope 1 and 2) by 20-25% and targets carbon neutrality in 2050.
- In 2024, its total GHG emissions at its 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, PM2.5, 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.

Sources: ttb wealth, Company data

Sector: Property & Cons. | Construction Services

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.

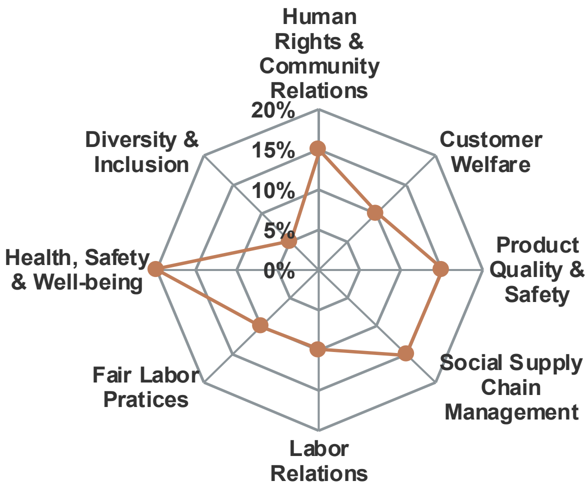
Social (S) Rating



SOCIAL

- **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

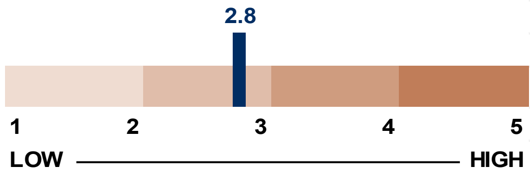
- We assign a good social (S) score of 3.2 to STECON due to decent progress in most areas of employees, community, product quality, and customers. For some loss-making projects, we believe they were due to specific issues and project characteristics rather than general operational or work-quality problems.
- 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.

Sources: ttb wealth, Company data

Sector: Property & Cons. | Construction Services

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.

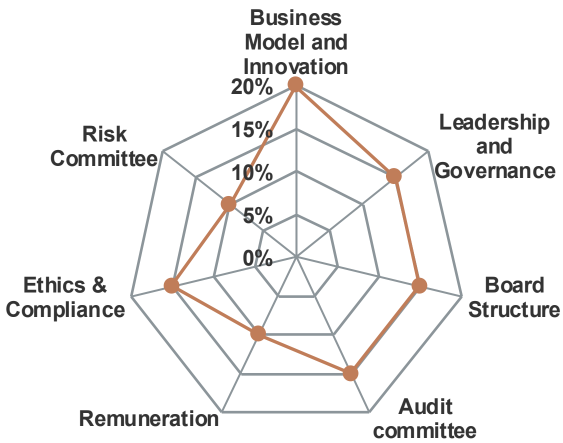
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

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

SCALE WEIGHTING



Our Comments

- We assign STECON a moderate Governance (G) score of 2.8. We view its business operations 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. Within its current backlog, it doesn't have any 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.

Sources: ttb wealth, Company data

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

…revenue growth from a high backlog and new orders, and sustained decent gross margin

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	1,181	1,308	1,473
Operating profit	**(964)**	**1,335**	**1,432**	**1,585**	**1,785**
% operating margin	-3.2%	4.0%	4.0%	4.0%	4.0%
Depreciation & amortization	755	743	759	849	939
EBITDA	**(209)**	**2,078**	**2,190**	**2,434**	**2,724**
% EBITDA margin	-0.7%	6.2%	6.1%	6.1%	6.1%
Non-operating income	341	346	806	393	432
Non-operating expenses	0	0	0	0	0
Interest expense	(158)	(268)	(267)	(239)	(225)
Pre-tax profit	**(782)**	**1,414**	**1,970**	**1,739**	**1,992**
Income tax	(68)	282	394	348	398
After-tax profit	**(714)**	**1,132**	**1,576**	**1,391**	**1,593**
% net margin	-2.4%	3.4%	4.4%	3.5%	3.6%
Shares in affiliates' Earnings	(584)	(212)	(150)	(110)	(80)
Minority interests	31	1	20	22	25
Extraordinary items	(1,089)	1,028	200	0	0
NET PROFIT	**(2,357)**	**1,948**	**1,646**	**1,303**	**1,538**
Normalized profit	**(1,268)**	**921**	**1,446**	**1,303**	**1,538**
EPS (Bt)	(1.55)	1.28	1.08	0.86	1.01
Normalized EPS (Bt)	(0.83)	0.61	0.95	0.86	1.01

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	34,534	36,819	39,410
Account payables	18,977	23,774	24,541	26,671	29,466
Bank overdraft & ST loans	6,921	7,903	6,000	5,779	5,090
Current LT debt	146	68	53	51	45
Others current liabilities	4,112	3,580	3,940	4,318	4,809
Total LT debt	**438**	**425**	**330**	**318**	**280**
Others LT liabilities	3,080	3,448	3,794	4,119	4,539
Total liabilities	**33,673**	**39,198**	**38,658**	**41,256**	**44,229**
Minority interest	432	417	397	375	350
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**	**9,473**	**10,117**	**11,069**
Shareholders' equity	17,411	16,634	17,445	18,090	19,042
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	1,970	1,739	1,992
Tax paid	68	(282)	(394)	(348)	(398)
Depreciation & amortization	755	743	759	849	939
Chg In w orking capital	(658)	1,177	379	113	171
Chg In other CA & CL / minorities	96	(870)	84	59	139
Cash flow from operations	**(521)**	**2,181**	**2,798**	**2,411**	**2,842**
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	(2,013)	(235)	(733)
Capital increase	(0)	0	0	0	0
Dividends paid	(229)	(6)	(836)	(658)	(586)
Warrants & other surplus	2,366	(2,719)	0	0	0
Cash flow from financing	**4,780**	**(1,834)**	**(2,849)**	**(893)**	**(1,319)**
Free cash flow	**(6,665)**	**2,625**	**1,633**	**893**	**1,319**

VALUATION

Valuation still looks attractive to us with the construction business valued at 8-11x PE multiples in 2026–28F

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	na	29.5	18.8	20.9	17.7
Normalized PE - at target price (x)	na	34.7	22.1	24.5	20.7
PE (x)	na	13.96	16.5	20.9	17.7
PE - at target price (x)	na	16.38	19.4	24.5	20.7
EV/EBITDA (x)	na	15.1	14.0	12.5	10.9
EV/EBITDA - at target price (x)	na	17.4	16.1	14.4	12.6
P/BV (x)	1.6	1.6	1.6	1.5	1.4
P/BV - at target price (x)	1.8	1.9	1.8	1.8	1.7
P/CFO (x)	(52.2)	12.5	9.7	11.3	9.6
Price/sales (x)	0.9	0.8	0.8	0.7	0.6
Dividend yield (%)	0.0	3.1	2.4	2.2	2.8
FCF Yield (%)	(24.5)	9.7	6.0	3.3	4.9
(Bt)					
Normalized EPS	(0.83)	0.61	0.95	0.86	1.01
EPS	(1.55)	1.28	1.08	0.86	1.01
DPS	0.00	0.55	0.43	0.39	0.51
BV/share	11.46	10.95	11.48	11.91	12.53
CFO/share	(0.34)	1.44	1.84	1.59	1.87
FCF/share	(4.39)	1.73	1.07	0.59	0.87

Sources: Company data, ttb wealth estimates

Balance sheet is solid with 0.1-0.2x net D/E ratios 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	(15.5)	(20.8)	18.1
EPS (%)	na	na	(15.5)	(20.8)	18.1
Normalized profit (%)	na	na	57.1	(9.9)	18.1
Normalized EPS (%)	na	na	57.1	(9.9)	18.1
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	4.0	4.0	4.0
EBITDA margin (%)	(0.7)	6.2	6.1	6.1	6.1
Net margin (%)	(2.4)	3.4	4.4	3.5	3.6
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	5.4	6.6	7.9
Interest coverage - EBITDA (x)	na	7.8	8.2	10.2	12.1
ROA - using norm profit (%)	na	1.7	2.6	2.2	2.5
ROE - using norm profit (%)	na	5.4	8.5	7.3	8.3
DuPont					
ROE - using after tax profit (%)	na	6.6	9.3	7.8	8.6
- asset turnover (x)	0.6	0.6	0.6	0.7	0.7
- operating margin (%)	na	5.0	6.3	5.0	5.0
- leverage (x)	2.8	3.2	3.3	3.3	3.3
- interest burden (%)	125.4	84.1	88.1	87.9	89.8
- 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	5.5	6.1	6.7
NOPAT (Bt m)	(964)	1,069	1,145	1,268	1,428
invested capital (Bt m)	21,491	20,814	20,828	21,238	21,457

Sources: Company data, ttb wealth estimates

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ttb wealth securities public company limited.

Research Team
18 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: research@ttbwealth.co.th

Pimpaka Nichgaroon, CFA
Head of Research, Strategy
pimpaka.nic@ttbwealth.co.th

Nuttapop Prasitsuksant
Telecom, Utilities
nuttapop.pra@ttbwealth.co.th

Rawisara Suwanumphai
Bank, Finance
rawisara.suw@ttbwealth.co.th

Yupapan Polpornprasert
Energy, Petrochemical
yupapan.pol@ttbwealth.co.th

Sittichet Rungrassameephat
Analyst, Retail Market Strategy
sittichet.run@ttbwealth.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
adisak.phu@ttbwealth.co.th

Pattadol Bunnak
Electronics, Food & Beverage, Retail
pattadol.bun@ttbwealth.co.th

Saksid Phadthananarak
Construction, Transportation
saksid.pha@ttbwealth.co.th

Chod Reankittiwat, CFA
Assistant Analyst
chod.rea@ttbwealth.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market Strategy
thaloengsak.kuc@ttbwealth.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
pattarawan.wan@ttbwealth.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Prop. Fund
rata.lim@ttbwealth.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
siriporn.aru@ttbwealth.co.th

Nariporn Klangpremchitt, CISA
Analyst, Retail Market Strategy
nariporn.kla@ttbwealth.co.th

Witchanan Tambamroong
Technical Analyst
witchanan.tam@ttbwealth.co.th