Stecon Group Pcl. (STECON TB) - BUY

Analyst Meeting

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Positive tone from the analyst meeting

- **Bt35bn sales target with over 7% GPM looks achievable.**
- **Significant new orders are expected from…**
- **private projects in 2H26F and infra. projects in 2027F.**
- **Construction of the U-Tapao project is expected in 2027F.**

We joined STECON's analyst meeting yesterday, and the key takeaways are as follows:

- Despite 1H26 revenue accounting for 48% of its Bt35bn sales target (vs. our forecast of Bt36bn), STECON remains confident that the full-year target is achievable, given its backloaded revenue schedule. It also maintain gross margin of over 7% this year (vs. 7.6% in 1H26 and our forecast of 7.3%).
- Despite delays in infrastructure project bidding, STECON remains positive on the construction outlook, supported by a strong pipeline of infrastructure, power plant, and data center projects. It secured Bt9.7bn in new orders in 1H26 (or Bt37bn including the U-Tapao Airport project and our full-year new-order forecast of Bt53bn) and it expects significantly stronger new-order momentum in 2H26F, mainly from private-sector projects, as shown in Exhibit 1. Infrastructure project bidding is expected to accelerate in 2027F, as shown in Exhibit 2, providing further opportunities to secure new orders and maintain its backlog above Bt100bn.
- STECON has diversified its construction business by investing Bt3-5bn p.a. in clean energy, data center, water supply, and logistic firms. However, as these firms remain in the construction or ramp-up phase, STECON does not expect them to make a significant earnings contribution over the next two years.
- STECON's 20%-owned U-Tapao International Aviation (UTA, unlisted), the concessionaire for the development and operation of U-Tapao Airport, received the Notice to Proceed (NTP) from the Eastern Economic Corridor Office (EECO) in April 2026. While development of the airport terminal may take time due to ongoing discussions with EECO, STECON expects construction of the Airport City projects to start from 2027 onward.
- We reiterate our BUY call on STECON, one of our top country picks. We view it as a key beneficiary of the upcoming construction cycle, driven by the government's infrastructure projects, and investment in data centers, and renewable power plants.

Key Valuations

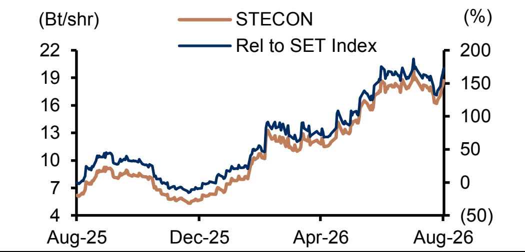
Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Revenue	33,473	35,789	39,628	44,623
Net profit	1,948	1,646	1,303	1,538
Norm net profit	921	1,446	1,303	1,538
Norm EPS (Bt)	0.61	0.95	0.86	1.01
Norm EPS gr (%)	na	57.1	(9.9)	18.1
Norm PE (x)	30.9	19.6	21.8	18.5
EV/EBITDA (x)	15.7	14.5	13.0	11.3
P/BV (x)	1.7	1.6	1.6	1.5
Div. yield (%)	2.9	2.3	2.1	2.7
ROE (%)	5.4	8.5	7.3	8.3
Net D/E (%)	24.5	19.0	17.0	12.5

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	18.70
Target price (Bt)	21.00
Market cap (US$ m)	865
Avg daily turnover (US$ m)	12.5
12M H/L price (Bt)	19.80/5.35

Price Performance



Source: Bloomberg

Ex 1: STECON's Potential Private Projects

Project	Contract value (Bt m)	Status
Data Center 3 projects	49,800	Expected to open for biding in 2026
Power plant	16,000	
Airport	3,000	

Source: Company data

Ex 2: Cabinet-approved Projects

Project	Contract value (Bt m)	Status
Motorway M9	56,000	Under Preparing RFP, Expected to open for bidding in 4Q26
Motorway M5	31,400	Under Preparing RFP, Expected to open for bidding in 3Q26
O&M for Motorway M82	15,700	Under Bid Evaluation
Kratuu-Patong Expressway	16,800	Under preparing for TOR, Expected to open for bidding in 2026
Thai-Chinese high-speed railway Phase 2	98,100	Expected to open for bidding in 2026

Source: Company data

Ex 3: Projects Awaiting Cabinet Approval

Project	Contract value (Bt m)	Status
Motorway M9W	15,900	SOC has listed the projects on the Cabinet agenda
N2 Expressway	13,700	
Suvarnabhumi airport (East Expansion)	13,800	
Double track railway - Surat Thani-Hat Yai-Songkhla section	64,600	NESDC approved, pending Cabinet agenda
Double track railway - Chumphon-Surat section	29,100	
Double track railway - Hat Yai-Padang Besar section	7,600	

Source: Company data

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