CH. Karnchang (CK TB)

3Q26 Results Preview: Earnings Driven by One-off Gain

Highlights

- We expect CK to report a net profit of Bt1.26b, -27% yoy and +58% qoq.
- One-off gain of Bt300m before tax expected from the sale of BEM shares.
- Maintain BUY and roll over to 2027 with a target price of Bt28.00 (previously Bt27.00).

3Q26 Results Preview

Year to 31 Dec (Btm)	3Q26F	2Q26	3Q25	qoq%	yoy%
Revenue from construction	11,391	11,339	10,922	0.5%	4.3%
Operating income	109	102	101	7.0%	7.8%
Profit from investments in associates	692	467	743	48.2%	-6.8%
Extraordinary items	240	-	814	n.a.	-70.5%
Core profit	249	191	107	30.2%	133.4%
Net profit	1,263	800	1,739	57.8%	-27.4%
Ratio (%)					
Gross margin	7.7%	8.1%	7.9%		
SG&A % to sales	5.2%	5.0%	5.3%		
EBIT margin	3.4%	4.0%	3.5%		
Net profit margin	11.0%	7.0%	15.8%		

Source: CH. Karnchang, UOB Kay Hian

Analysis

- **3Q26 earnings expected to rise qoq.** We expect CH Karnchang (CK) to report a net profit of Bt1.26b, down 27% yoy but up 58% qoq. The qoq increase is mainly driven by a one-off gain from the sale of Bangkok Expressway and Metro (BEM) shares, while the yoy decline reflects a high base from a one-off gain on the sale of shares in Luang Prabang Power (LPCL) in 3Q25. Excluding one-off items, we expect 3Q26 core profit to come in at Bt1.02b, up 11% yoy and 28% qoq.
- **Revenue from construction to increase slightly yoy.** Revenue from construction is expected to come in at Bt11.4b, up 4% yoy and broadly stable qoq, supported by continued progress in key projects, including the Orange Line and the Luang Prabang Hydroelectric Power Project. CK did not sign any new contracts in 3Q26.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	37,457.9	43,967.3	46,454.9	46,546.9	50,703.9
EBITDA	1,748.5	2,671.6	2,481.3	2,528.6	2,594.3
Operating profit	894.7	1,721.8	1,706.3	1,768.2	1,846.9
Net profit (rep./act.)	1,445.9	3,328.2	2,807.3	2,633.1	2,778.9
Net profit (adj.)	1,445.9	2,666.5	2,615.3	2,633.1	2,778.9
EPS	0.8	1.6	1.5	1.6	1.6
PE (x)	20.8	11.3	11.5	11.4	10.8
P/B (x)	1.2	1.1	1.0	0.9	0.8
EV/EBITDA (x)	46.6	28.2	27.8	25.9	24.9
Dividend yield (%)	1.7	2.5	2.8	2.6	2.8
Net margin (%)	3.9	7.6	6.0	5.7	5.5
Net debt/(cash) to equity(%)	170.8	135.0	100.2	80.4	70.4
Interest cover (x)	1.1	1.6	1.7	1.9	1.9
Consensus net profit	n.a	n.a	2,305.4	2,415.8	2,651.5
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.0

Source: CH. Karnchang, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt17.80
Target Price	Bt28.00
Upside	57.30%
Previous TP	Bt27.00

Stock Data

Sector	Industrials
Bloomberg ticker	CK TB
Shares issued (m)	1,680.4
Market cap (Btm)	32,094.8
Market cap (US$m)	970.2
3-mth avg daily t'over (US$m)	6.7

Price Performance (%)

52-week high/low				Bt20.2/Bt11.2
1mth	3mth	6mth	1yr	YTD
3.2	9.1	17.9	35.5	60.5

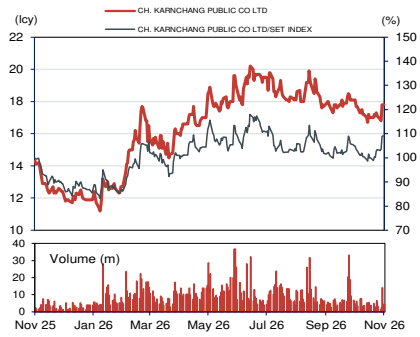
Major Shareholders (%)

Mahasiri Siam Company Limited	14.40
Ch. Karnchang Holding Co., Ltd.	10.12

Balance Sheet Metrics

FY26 NAV/Share (Bt)	18.7
FY26 Net Debt/Share (Bt)	18.7

Price Chart



Source: Bloomberg

Company Description

CK is the leading contractor in Thailand with experience in building mass transit systems, water treatment and hydro-electric dams. The company has equity stakes in many infrastructure companies to diversify its long-term revenue.

- **Gross margin remains within target range.** CK's gross margin is expected to be at 7.7% in 3Q26, down from 8.1% in 2Q26, with support from the government's K-value compensation measures helping to cushion the impact of rising construction costs. During the 2Q26 analyst meeting, management guided for gross margin to remain within its target range of 7-8%.
- **Share of profit expected to rise qoq.** We expect share of profit from associates to reach Bt692m, up 48% qoq but down yoy. The qoq increase is mainly driven by BEM's earnings, which are expected to reach a new all-time high, alongside seasonal improvement in hydropower contributions from CK Power (CKP). Meanwhile, the yoy decline is mainly attributable to weaker contributions from CKP due to lower power generation volume and higher pooled gas prices.
- **Gain from the sale of BEM shares.** During 3Q26, CK sold approximately 200m BEM shares to institutional investors at Bt6.50/share, reducing its stake in BEM to 40.59% from 42.26%. We expect CK to recognise a pre-tax gain of approximately Bt300m from this transaction.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt28.00 (previously Bt27.00).** We roll over our target price to 2027, based on 18.0x 2027F PE, in line with its five-year historical average.
- While the bidding for some projects has been postponed to 2027, we maintain our positive view on CK. Its strong backlog should continue to support earnings visibility despite delays in new project awards. Meanwhile, relatively stable gross margins should help cushion the impact of rising construction costs.

Earnings Revision/Risk

- We revise up our 2026 earnings forecast by 15% to reflect the gain from the sale of BEM shares. We also fine-tune our 2027-28 earnings forecasts upward by 0.5% and 0.6%, respectively.

Share Price Catalyst

- Improving gross margins from a higher proportion of high-margin projects and better cost management.
- Continued success in securing new project awards to further strengthen backlog.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AA

Environmental

- CK is committed to being environmentally responsible and complying with laws while continuously improving its environmental management systems. CK prioritises the use of environmentally friendly materials and disposes of unused materials properly.

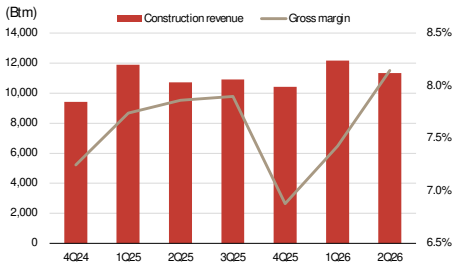
Social

- CK has social policies and practices that focus on economic operations, community engagement, and development. It is committed to social stewardship and showcases the company's efforts towards beneficial CSR activities and employee management.

Governance

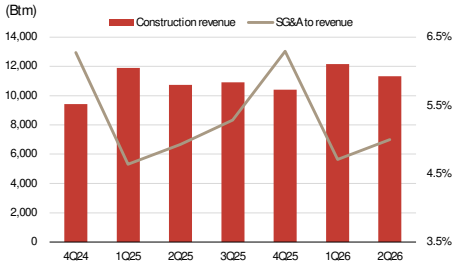
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Revenue And Gross Margin



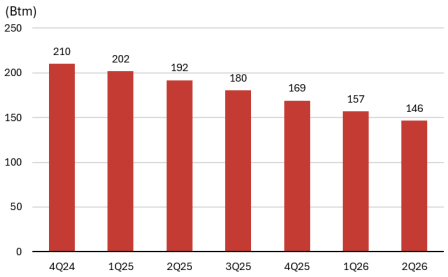
Source: CH. Karnchang, UOB Kay Hian

Revenue And SG&A To Revenue



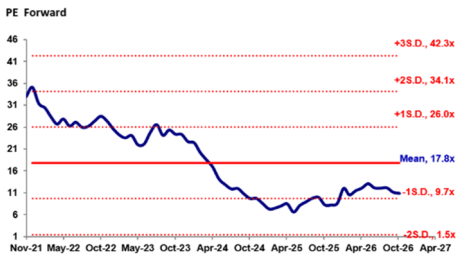
Source: CH. Karnchang, UOB Kay Hian

Backlog



Source: CH. Karnchang, UOB Kay Hian

PE



Source: CH. Karnchang, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**43,967**	**46,455**	**46,547**	**50,704**
EBITDA	2,672	2,481	2,529	2,594
Deprec. & amort.	950	775	760	747
EBIT	1,722	1,706	1,768	1,847
Total other non-operating income	465	465	465	465
Associate contributions	2,160	1,996	1,811	1,889
Net interest income/(expense)	(1,710)	(1,493)	(1,326)	(1,334)
Pre-tax profit	**3,464**	**2,914**	**2,718**	**2,866**
Tax	(109)	(81)	(58)	(61)
Minorities	(27)	(26)	(26)	(26)
Net profit	**3,328**	**2,807**	**2,633**	**2,779**
Net profit (adj.)	2,666	2,615	2,633	2,779

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	10,650	10,492	10,352	10,227
Other LT assets	56,213	56,213	56,213	56,213
Cash/ST investment	9,770	14,505	16,139	15,165
Other current assets	40,443	38,176	38,253	41,509
Total assets	**117,075**	**119,386**	**120,958**	**123,114**
ST debt	12,407	12,407	12,407	12,407
Other current liabilities	37,517	37,870	37,896	38,499
LT debt	35,358	33,794	31,920	29,921
Other LT liabilities	3,103	3,103	3,103	3,103
Shareholders' equity	28,148	31,643	35,037	38,563
Minority interest	544	569	595	621
Total liabilities & equity	**117,075**	**119,386**	**120,958**	**123,114**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**(4,011)**	**6,142**	**3,369**	**898**
Pre-tax profit	3,464	2,914	2,718	2,866
Tax	(109)	(81)	(58)	(61)
Deprec. & amort.	950	775	760	747
Working capital changes	2,095	(1,593)	(51)	(2,654)
Non-cash items	(10,358)	4,127	0	0
Other operating cashflows	(53)	0	0	0
Investing	**(3,006)**	**158**	**139**	**126**
Capex (growth)	709	157	139	125
Investments	(688)	0	0	0
Others	(3,028)	1	0	0
Financing	**6,531**	**(1,564)**	**(1,874)**	**(1,998)**
Dividend payments	(588)	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	(3,176)	(1,564)	(1,874)	(1,998)
Loan repayment	(322)	0	0	0
Others/interest paid	10,618	0	0	0
Net cash inflow (outflow)	**(487)**	**4,735**	**1,634**	**(975)**
Beginning cash & cash equivalent	**10,256**	**9,770**	**14,505**	**16,139**
Ending cash & cash equivalent	**9,770**	**14,505**	**16,139**	**15,165**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.1	5.3	5.4	5.1
Pre-tax margin	7.9	6.3	5.8	5.6
Net margin	7.6	6.0	5.7	5.5
Growth				
Net profit (adj.)	84.4	(1.9)	0.7	5.5
Leverage				
Debt to total capital	166.5	143.4	124.4	108.0
Debt to equity	169.7	146.0	126.5	109.8
Net debt/(cash) to equity	135.0	100.2	80.4	70.4
Interest cover	1.6	1.7	1.9	1.9

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