Stecon Group (STECON TB)

3Q26 Results Preview: Construction Revenue To Grow Further In 4Q26

Highlights

- We expect STECON's 3Q26 earnings to come in at Bt281m (+72% yoy, -69% qoq).
- Further clarifications on DC regulations should support potential DC projects.
- Maintain BUY with an unchanged target price of Bt22.00.

3Q26 Results Preview

Year to 31 Dec (Btm)	3Q26F	2Q26	3Q25	qoq%	yoy%
Revenue from construction	9,886	9,345	7,416	5.8%	33.3%
Total revenue	10,038	9,494	7,533	5.7%	33.2%
Gross profit	742	700	543	6.0%	36.5%
Equity income	(30)	(29)	(10)	3.4%	208.2%
Core profit	305	198	166	54.0%	84.1%
Net profit	281	911	163	-69.2%	71.9%
Ratio (%)					
Gross margin	7.39%	7.37%	7.21%		
SG&A % to sales	3.1%	3.2%	3.5%		
EBIT margin	4.3%	4.2%	3.8%		
Net profit margin	2.8%	9.6%	2.2%		

Source: Stecon Group, UOB Kay Hian

Analysis

- **3Q26 earnings to grow yoy.** We expect STECON Group (STECON) to report 3Q26 net profit of Bt281m, up 72% yoy but down 69% qoq. The yoy improvement should be driven by higher construction revenue, while the qoq decline reflects the absence of Bt736m in dividend income from Gulf Development (GULF) that was recorded in 2Q26. Excluding non-recurring dividend income and other adjustments, we expect core profit to reach Bt305m, up 84% yoy and 54% qoq.
- **Construction revenue expected to grow yoy and qoq.** We expect construction revenue to increase 33% yoy and 6% qoq to Bt9.89b, supported by progress in ongoing projects, particularly data centres (DC), the Orange and Purple Lines, and energy-related projects. We expect higher revenue recognition in 4Q26 as construction progress accelerates, reaching a yearly high.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	30,004.9	33,473.0	37,722.8	38,611.4	41,416.3
EBITDA	(5.2)	2,300.8	3,129.9	2,789.7	2,988.8
Operating profit	(760.7)	1,557.9	2,292.2	1,973.2	2,110.9
Net profit (rep./act.)	(2,357.4)	1,948.1	1,746.2	1,467.3	1,540.1
Net profit (adj.)	(2,357.4)	1,948.1	1,746.2	1,467.3	1,540.1
EPS	(1.6)	1.3	1.1	1.0	1.0
PE (x)	(12.1)	14.6	16.3	19.4	18.5
P/B (x)	1.6	1.7	1.6	1.5	1.5
EV/EBITDA (x)	(6,506.6)	14.9	10.8	12.2	11.6
Dividend yield (%)	0.8	2.9	2.4	2.1	2.2
Net margin (%)	(7.9)	5.8	4.6	3.8	3.7
Net debt/(cash) to equity(%)	29.5	31.6	28.2	28.2	28.7
Interest cover (x)	0.0	9.6	13.3	10.2	10.0
Consensus net profit	n.a	n.a	1,667.5	1,363.9	1,489.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.1	1.0

Source: Stecon Group, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt18.20
Target Price	Bt22.00
Upside	20.88%

Stock Data

Sector	Industrials
Bloomberg ticker	STECON TB
Shares issued (m)	1,519.1
Market cap (Btm)	28,103.0
Market cap (US$m)	855.6
3-mth avg daily t'over (US$m)	12.4

Price Performance (%)

52-week high/low				Bt19.8/Bt5.4
1mth	3mth	6mth	1yr	YTD
(1.1)	29.4	79.6	198.4	191.3

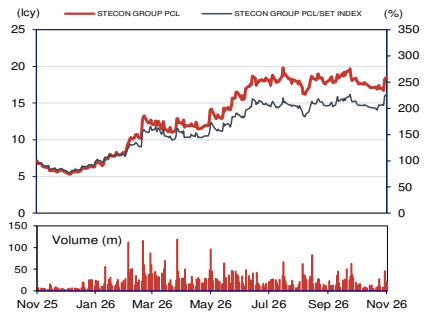
Major Shareholders (%)

C.T. Venture Company Limited	19.62
UBS AG SINGAPORE BRANCH	10.53

Balance Sheet Metrics

FY26 NAV/Share (Bt)	11.7
FY26 Net Debt/Share (Bt)	3.3

Price Chart



Source: Bloomberg

Company Description

STECON operates as a holding company, with core businesses in construction contracting, utilities and power, and logistics and transportation.

- **Gross margin to improve slightly yoy and qoq.** We expect gross margin to reach 7.39%, compared with 7.37% in 2Q26, supported by continued contributions from DC projects and improved cost management. Management still expects gross margin to remain above 7% for 2026.
- **SG&A to sales expected to decline yoy and qoq**. We expect SG&A expenses as a percentage of sales to decline to 3.1%, from 3.2% in 2Q26 and 3.5% in 3Q25, supported by better cost management and higher revenue. However, SG&A expenses in absolute terms are expected to rise 20% yoy and 4% qoq to approximately Bt314m, reflecting increased business activity.
- **Debenture issuance supports business expansion.** STECON issued debentures worth Bt5b at an interest rate of 3.3% to support investments in new businesses. As a result, we expect 3Q26 interest expenses to increase 44% yoy and 26% qoq to approximately Bt100m, reflecting higher financing costs.
- **Share of profit from JV and associates remains stable qoq.** We expect STECON to record a share of losses from JVs and associates of approximately Bt30m in 3Q26, broadly stable from the Bt29m loss in 2Q26.
- **Greater regulatory clarity supports the DC outlook.** The Data Center Policy Committee approved a draft regulatory framework on 27 Oct 26 for Cabinet consideration. Management views this as a positive development, as clearer requirements could facilitate project approvals. Meanwhile, three potential DC projects remain in the bidding stage, with no revenue contribution expected in 2026.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt22.00.** The target price is based on a 2026F PE of 19.3x, in line with its historical average.
- We remain positive about STECON's outlook given that it is a major player in the construction business. Currently among the top five listed construction companies, STECON is the only one with experience with DC construction projects, while others have not entered the market yet. We expect the company to benefit from a higher number of project wins from 2027 onwards.

Earnings Revision/Risk

- We fine-tune our 2026-28 earnings up by 0.2%, 1.7%, and 0.4% respectively.

Share Price Catalyst

- Additional backlog from both private and project biddings.

Environment, Social, Governance (ESG)

CG Report: 5

SET ESG Rating: AAA

Environmental

- STECON follows environmental laws and regulations. The company prioritises reducing gas emissions and using sustainable technology. STECON also trains its employees to participate in environmental operations and conservation.

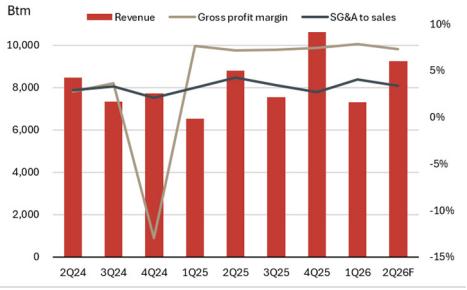
Social

- STECON is committed to social responsibility. The company supports education, disaster relief, community engagement, and environmental conservation.

Governance

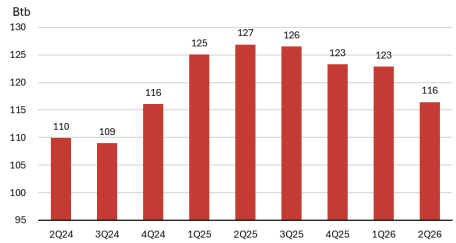
- STECON focuses on enterprise risk management to integrate risk management into strategic planning. STECON follows Thai and international standards for risk management.

Revenue, Gross Margin, and SG&A to Sales



Source: STECON, UOB Kay Hian

Backlog



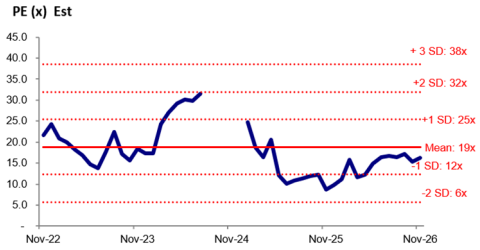
Source: STECON, UOB Kay Hian

2026 Company Targets

	2026 Target	2025 Actual	2025 Target
Revenue	>Bt35b	33.47	>Bt32b
GPM	>7%	7.36%	7%
New backlog	Bt50b	40,251	Bt50b
Backlog	>Bt100b	123,264	>Bt100b
NPM	at least 4%	5.8%	

Source: STECON, UOB Kay Hian

PE



Source: STECON, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**33,473**	**37,723**	**38,611**	**41,416**
EBITDA	2,301	3,130	2,790	2,989
Deprec. & amort.	743	838	817	878
EBIT	1,558	2,292	1,973	2,111
Total other non-operating income	96	95	109	111
Associate contributions	(212)	(120)	(120)	(120)
Net interest income/(expense)	(240)	(235)	(274)	(298)
Pre-tax profit	**2,229**	**2,032**	**1,688**	**1,804**
Tax	(282)	(305)	(238)	(276)
Minorities	1	19	17	13
Net profit	**1,948**	**1,746**	**1,467**	**1,540**
Net profit (adj.)	867	1,746	1,245	1,540

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	11,457	11,639	12,600	13,429
Other LT assets	20,170	20,170	20,170	20,170
Cash/ST investment	4,119	5,257	5,813	6,315
Other current assets	20,503	22,838	23,325	24,868
Total assets	**56,249**	**59,904**	**61,907**	**64,782**
ST debt	8,284	8,253	8,258	8,265
Other current liabilities	27,042	28,681	29,007	30,105
LT debt	1,100	2,010	2,820	3,678
Other LT liabilities	2,773	2,773	2,773	2,773
Shareholders' equity	16,634	17,789	18,670	19,594
Minority interest	417	397	380	368
Total liabilities & equity	**56,249**	**59,904**	**61,907**	**64,782**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**3,609**	**1,910**	**2,104**	**1,948**
Pre-tax profit	2,229	2,032	1,688	1,804
Tax	(282)	(305)	(238)	(276)
Deprec. & amort.	743	838	817	878
Working capital changes	(180)	(697)	(161)	(445)
Non-cash items	1,099	42	(2)	(13)
Investing	**(338)**	**(182)**	**(961)**	**(829)**
Capex (growth)	(1,165)	(182)	(961)	(829)
Investments	1,060	0	0	0
Others	(232)	0	0	0
Financing	**(1,875)**	**(591)**	**(587)**	**(616)**
Dividend payments	(6)	(698)	(587)	(616)
Issue of shares	(107)	107	0	0
Proceeds from borrowings	847	0	0	0
Others/interest paid	(2,609)	0	0	0
Net cash inflow (outflow)	**1,396**	**1,137**	**556**	**503**
Beginning cash & cash equivalent	**2,723**	**4,119**	**5,257**	**5,813**
Ending cash & cash equivalent	**4,119**	**5,257**	**5,813**	**6,315**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.9	8.3	7.2	7.2
Pre-tax margin	6.7	5.4	4.4	4.4
Net margin	5.8	4.6	3.8	3.7
Growth				
Net profit (adj.)	0.0	101.5	(28.7)	23.7
Leverage				
Debt to total capital	55.0	56.4	58.2	59.8
Debt to equity	56.4	57.7	59.3	61.0
Net debt/(cash) to equity	31.6	28.2	28.2	28.7
Interest cover	9.6	13.3	10.2	10.0

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