Stecon Group (STECON TB)

3Q26: Record-high Revenue

Highlights

- STECON reported 3Q26 earnings of Bt387m (+137% yoy, -58% qoq).
- Revenue reached a record high of Bt11.5b (+53% yoy, +22% qoq), supported by strong progress in ongoing construction projects.
- Maintain BUY and roll over to 2027 with a target price of Bt26.50 (previously Bt22.00).

3Q26 Results

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Revenue from construction	11,277	9,345	7,416	20.7%	52.1%
Total revenue	11,538	9,494	7,533	21.5%	53.2%
Gross profit	868	700	543	24.1%	59.7%
Dividend income	-	736	0	n.a.	n.a.
Equity income	(28)	(29)	(10)	3.0%	-188.9%
Core profit	403	198	166	103.8%	143.5%
Net profit	387	911	163	-57.5%	136.9%
Ratio (%)					
Gross margin	7.52%	7.37%	7.21%		
SG&A % to sales	2.7%	3.2%	3.5%		
EBIT margin	4.8%	4.2%	3.8%		
Net profit margin	3.4%	9.6%	2.2%		

Source: Stecon Group, UOB Kay Hian

Analysis

- **3Q26 results beat.** Stecon Group (STECON) reported 3Q26 net profit of Bt387m (+137% yoy, -58% qoq). The qoq decline was mainly due to the absence of dividend income from Gulf Development (GULF) received in 2Q26. Excluding dividend income and equity income, core profit reached Bt403m (+144% yoy, +104% qoq).
- **Record-high quarterly revenue.** STECON reported 3Q26 total revenue of Bt11.5b (+53% yoy, +22% qoq), driven by construction revenue of Bt11.3b (+52% yoy, +21% qoq). The strong growth was supported by progress in ongoing projects, including DCs, mass transit rail and clean energy projects. We expect construction revenue to remain strong at above Bt10b in 4Q26, supported by seasonally higher construction activity.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	30,004.9	33,473.0	41,638.9	40,390.9	42,315.1
EBITDA	(5.2)	2,300.8	3,407.7	2,867.9	3,069.9
Operating profit	(760.7)	1,557.9	2,570.0	2,051.4	2,192.0
Net profit (rep./act.)	(2,357.4)	1,948.1	1,993.0	1,611.4	1,683.8
Net profit (adj.)	(2,357.4)	1,948.1	1,993.0	1,611.4	1,683.8
EPS	(1.6)	1.3	1.3	1.1	1.1
PE (x)	(12.3)	14.9	14.5	18.0	17.2
P/B (x)	1.7	1.7	1.6	1.5	1.5
EV/EBITDA (x)	(6,593.9)	15.1	10.2	12.1	11.3
Dividend yield (%)	0.8	2.9	2.8	2.2	2.3
Net margin (%)	(7.9)	5.8	4.8	4.0	4.0
Net debt/(cash) to equity(%)	29.5	31.6	30.7	28.1	27.5
Interest cover (x)	0.0	9.6	13.5	8.9	8.8
Consensus net profit	n.a	n.a	46.2	41.9	48.9
UOBKH/Consensus (x)	n.a	n.a	43.1	38.4	34.4

Source: Stecon Group, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt18.40
Target Price	Bt26.50
Upside	44.02%
Previous TP	Bt22.00

Stock Data

Sector	Industrials
Bloomberg ticker	STECON TB
Shares issued (m)	1,519.1
Market cap (Btm)	27,951.1
Market cap (US$m)	824.6
3-mth avg daily t'over (US$m)	11.1

Price Performance (%)

52-week high/low				Bt19.8/Bt5.4
1mth	**3mth**	**6mth**	**1yr**	**YTD**
4.6	13.6	41.5	192.1	189.8

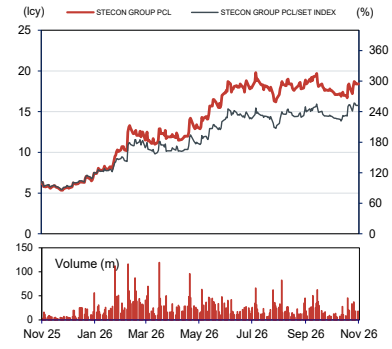
Major Shareholders (%)

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

Balance Sheet Metrics

FY26 NAV/Share (Bt)	11.8
FY26 Net Debt/Share (Bt)	3.6

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 margins expanded yoy and qoq.** Gross margin improved to 7.52% from 7.37% in 2Q26 and 7.21% in 3Q25. This was supported by an improvement in construction gross margin to 7.18% from 7.16% in 2Q26 and 6.98% in 3Q25. A higher contribution from private sector projects also supported profitability, as these projects typically generate higher margins. The proportion of private sector projects increased to 57% in 2Q26 from 53% in 3Q25. Although management has not disclosed DC project margins, we believe the growing contribution from DC projects may have partly supported margin improvement.
- **Broader data centre investment opportunities.** STECON has expanded its investment scope to include operating and under-construction DC projects in Thailand and overseas. This marks a shift from its previous focus on projects where investment or construction had already commenced. We view this development as slightly positive, as investments in existing projects could shorten development timelines and accelerate revenue and profit recognition. We expect further details at the upcoming analyst meeting.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt26.50 (previously Bt22.00).** We roll over our target price to 2027, based on 25x 2027F PE, +1 SD above its historical average.
- We believe a premium valuation is justified by three key factors: a) improving gross margins from effective cost management, better material procurement and a favourable project mix; b) potential new contract wins from upcoming government infrastructure projects, including motorways and railway developments; and c) STECON's competitive advantage in DC construction, supported by its established track record and strong project pipeline. In addition, the company is exploring investments in DC, energy and water supply businesses to generate recurring income over the longer term. We expect these factors to support earnings growth and stronger earnings visibility from 2027 onwards.

Earnings Revision/Risk

- We raise our 2026 earnings forecast by 14% to reflect the better-than-expected 3Q26 results. We also revise our 2027-28 earnings forecasts by 9.8% and 9.3%, respectively, to reflect higher gross margin assumptions. We expect improved project execution and a more favourable contract mix to support profitability over the forecast period.

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.

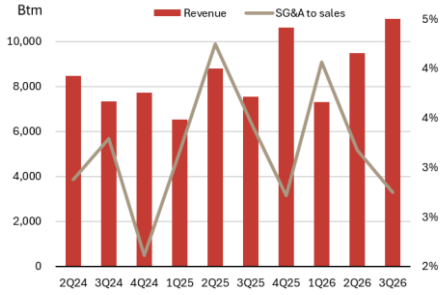
Social

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

Governance

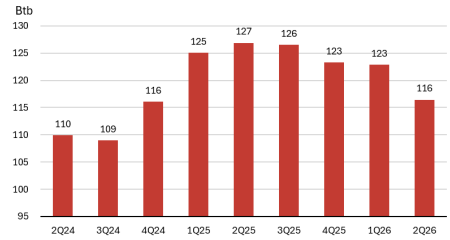
- STECON focuses on enterprise risk management to integrate risk management into strategic planning. STECON follows Thai and international standards for risk management.

Revenue, Gross Margin, and SG&A to Sales



Source: STECON, UOB Kay Hian

Backlog



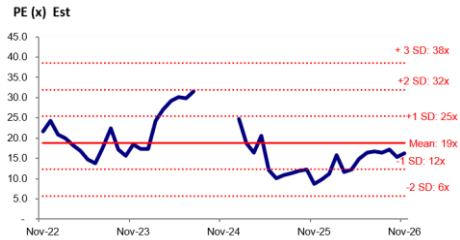
Source: STECON, UOB Kay Hian

2026 Company Target

	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: UOB Kay Hian

Profit & Loss | **Balance Sheet**

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**33,473**	**41,639**	**40,391**	**42,315**
EBITDA	2,301	3,408	2,868	3,070
Deprec. & amort.	743	838	817	878
EBIT	1,558	2,570	2,051	2,192
Total other non-operating income	96	113	116	118
Associate contributions	(212)	(110)	0	0
Net interest income/(expense)	(240)	(252)	(321)	(350)
Pre-tax profit	**2,229**	**2,321**	**1,847**	**1,960**
Tax	(282)	(353)	(254)	(291)
Minorities	1	25	19	15
Net profit	**1,948**	**1,993**	**1,611**	**1,684**
Net profit (adj.)	867	1,993	1,171	1,684

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	4,756	5,766	6,473
Other current assets	20,503	24,991	24,305	25,362
Total assets	**56,249**	**61,555**	**62,841**	**65,434**
ST debt	8,284	8,253	8,258	8,265
Other current liabilities	27,042	30,189	29,712	30,445
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	17,937	18,904	19,914
Minority interest	417	392	373	358
Total liabilities & equity	**56,249**	**61,555**	**62,841**	**65,434**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**3,609**	**1,508**	**2,615**	**2,210**
Pre-tax profit	2,229	2,321	1,847	1,960
Tax	(282)	(353)	(254)	(291)
Deprec. & amort.	743	838	817	878
Working capital changes	(180)	(1,340)	208	(324)
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)**	**(690)**	**(645)**	**(674)**
Dividend payments	(6)	(797)	(645)	(674)
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**	**637**	**1,010**	**707**
Beginning cash & cash equivalent	**2,723**	**4,119**	**4,756**	**5,766**
Ending cash & cash equivalent	**4,119**	**4,756**	**5,766**	**6,473**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.9	8.2	7.1	7.2
Pre-tax margin	6.7	5.6	4.6	4.6
Net margin	5.8	4.8	4.0	4.0
Growth				
Net profit (adj.)	0.0	130.0	(41.2)	43.8
Leverage				
Debt to total capital	55.0	56.0	57.5	58.9
Debt to equity	56.4	57.2	58.6	60.0
Net debt/(cash) to equity	31.6	30.7	28.1	27.5
Interest cover	9.6	13.5	8.9	8.8

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