UOBKayHian

Company – Results | Thailand

Monday, 17 August 2026

Stecon Group (STECON TB)

2Q26: Results In Line; Dividend Income Supported Earnings While Core Profit Continued To Improve

Highlights

- STECON reported 2Q26 net profit of Bt911m, +77.8% yoy and +159.8% qoq.
- STECON is positioning for new growth through DCs and energy-related investments.
- Upgrade to BUY with an unchanged target price of Bt20.00.

2Q26 Results

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq%	yoy%
Revenue from construction	9,345	7,217	8,719	29.5%	7.2%
Total revenue	9,494	7,294	8,789	30.2%	8.0%
Gross profit	700	571	632	22.5%	10.6%
Dividend income	736	0	0	n.a.	n.a.
Equity income	(29)	(30)	(22)	3.0%	-33.0%
Extraordinary items	(1)	196	430	-100.3%	-100.1%
Core profit	198	174	104	13.8%	89.7%
Net profit	911	351	512	159.8%	77.8%
Ratio (%)					
Gross margin	7.4%	7.8%	7.2%		
SG&A % to sales	3.2%	4.1%	4.2%		
EBIT margin	4.2%	3.8%	2.9%		
Net profit margin	9.6%	4.8%	5.8%		

Source: Stecon Group, UOB Kay Hian

Analysis

- **2Q26 results grew yoy and qoq.** Stecon Group (STECON) reported a net profit of Bt911m, up 77.8% yoy and 159.8% qoq. The results are in line with our and consensus expectations. The significant improvement was mainly driven by Bt736m in dividend income from Gulf Energy Development (GULF). Excluding this, core profit was Bt198m, up 89.7% yoy and 13.8% qoq.
- **Revenue rose yoy and qoq.** 2Q26 revenue came in at Bt9.49b, up 8% yoy and 30% qoq, led by revenue from construction contracts, driven by DC and clean energy projects. Meanwhile, revenue from sales and services increased significantly by 155% yoy and 221% qoq respectively, driven by new projects secured by the company's subsidiaries and the subsequent revenue recognition.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	30,004.9	33,473.0	36,393.7	38,284.7	40,110.7
EBITDA	(5.2)	2,300.8	2,977.4	2,662.8	2,890.0
Operating profit	(760.7)	1,557.9	2,139.7	1,846.3	2,012.1
Net profit (rep./act.)	(2,357.4)	1,948.1	1,639.5	1,391.0	1,490.6
Net profit (adj.)	(2,357.4)	1,557.9	1,639.5	1,846.3	1,490.6
EPS	(1.6)	1.3	1.1	0.9	1.0
PE (x)	(10.7)	13.0	15.4	18.2	17.0
P/B (x)	1.4	1.5	1.4	1.3	1.3
EV/EBITDA (x)	(5,895.4)	13.5	10.2	11.5	10.6
Dividend yield (%)	n.a	n.a	n.a	n.a	n.a
Net margin (%)	(7.9)	5.8	4.5	3.6	3.7
Net debt/(cash) to equity(%)	29.5	31.6	26.2	26.4	25.6
Interest cover (x)	0.0	9.6	13.6	11.3	11.2
Consensus net profit	n.a	n.a	1,657.2	1,362.5	1,388.9
UOBKH/Consensus (x)	n.a	n.a	1.0	1.4	1.1

Source: Stecon Group, Bloomberg, UOB Kay Hian

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BUY (Upgraded)

Share Price	Bt16.80
Target Price	Bt20.00
Upside	20.48%

Stock Data

Sector	Industrials
Bloomberg ticker	STECON TB
Shares issued (m)	1,519.1
Market cap (Btm)	25,216.7
Market cap (US$m)	760.3
3-mth avg daily t'over (US$m)	11.9

Price Performance (%)

52-week high/low				Bt19.8/Bt5.4
1mth	3mth	6mth	1yr	YTD
(6.7)	23.9	64.4	157.4	161.4

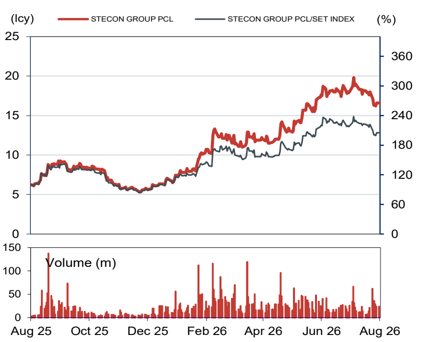
Major Shareholders (%)

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)	3.1

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.

- **SG&A-tosales dropped yoy and qoq.** Administrative expenses were Bt301m, down 19% yoy but up 2% qoq. The yoy decline was mainly due to lower JV project management expenses and personnel expenses. As a result, SG&A-to-sales ratio declined to 3.2% from 4.1% in 1Q26 and 4.2% in 2Q25, reflecting better expense control.
- **Gross margin declined qoq but remained within the company's target**. STECON's 2Q26 gross margin declined to 7.37% from 7.83% in 1Q26, mainly due to lower margins in both the construction and rental businesses. Gross margin of the construction business declined to 7.16% from 7.64% in 1Q26, while the rental business' margin fell to 69% from 73%. However, we expect STECON to maintain its gross margin target above 7%, supported by its construction business's gross margin remaining above 7%.
- **Equity loss dropped yoy but picked up slightly qoq.** Share of loss from investments in associates and JVs was Bt29m in 2Q26, down yoy, mainly due to the adjustment of Northern Bangkok Monorail Co., Ltd. (NBM) and Eastern Bangkok Monorail Co., Ltd. (EBM) to equity-method investments.
- **Preparatory activities for upcoming project.** During 2Q26, STECON undertook preparatory activities for investments in the DC business, including jointly developing projects on its land holdings and assessing investment opportunities. The company also commenced construction on selected projects to shorten the development timeline. In addition, STECON is in the preparatory phase for energy-related projects, focusing on power generation and electricity supply projects for both government agencies and private-sector customers.

Valuation/Recommendation

- **Upgrade to BUY with an unchanged target price of Bt20.00.** The target price is based on a 2026F PE of 18.9x, in line with its historical average. We remain positive on STECON's outlook and believe the recent share price pullback presents an opportunity to buy the stock. We see that STECON is well positioned to secure new projects, with a strong pipeline of projects awaiting bidding providing potential catalysts for earnings growth. We expect the company to benefit from a higher number of project wins from 2027 onwards, supporting earnings growth and providing upside to the share price. We therefore upgrade our recommendation to BUY.

Earnings Revision/Risk

- We slightly increase our 2026-28 earnings forecasts by 1.4%, 0.6%, and 1.1%, respectively. Key downside risks include delays in project bidding, which could limit backlog replenishment, and higher construction costs, which could put pressure on construction margins.

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.

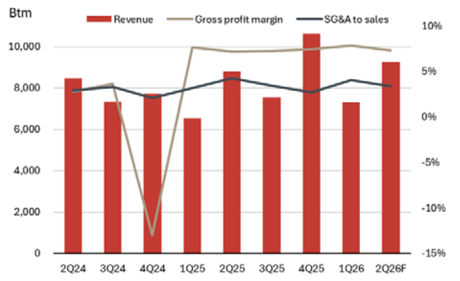
Social

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

Governance

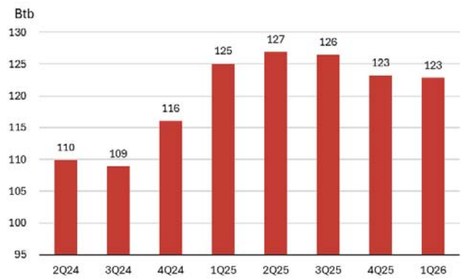
- STECON focuses on enterprise risk management to integrate risk management into strategic planning. STECON follows Thai and international standards for risk management.

Revenue, Gross Margin, and SG&A to sales



Source: STECON, UOB Kay Hian

Backlog



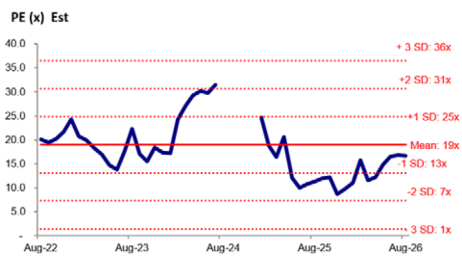
Source: STECON, UOB Kay Hian

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: STECON, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	33,473	36,394	38,285	40,111
EBITDA	2,301	2,977	2,663	2,890
Deprec. & amort.	743	838	817	878
EBIT	1,558	2,140	1,846	2,012
Total other non-operating income	96	92	109	108
Associate contributions	(212)	(120)	(120)	(120)
Net interest income/(expense)	(240)	(219)	(235)	(258)
Pre-tax profit	2,229	1,892	1,600	1,743
Tax	(282)	(272)	(226)	(265)
Minorities	1	19	17	13
Net profit	1,948	1,640	1,391	1,491
Net profit (adj.)	1,558	1,640	1,846	1,491

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	11,457	11,639	12,600	13,429
Other LT assets	18,583	20,170	20,170	20,170
Cash/ST investment	4,119	5,583	6,093	6,844
Other current assets	22,090	23,169	23,149	24,151
Total assets	56,249	59,501	62,011	64,594
ST debt	8,284	8,253	8,258	8,265
Other current liabilities	27,042	28,178	28,918	29,603
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	17,889	18,863	19,906
Minority interest	417	397	380	368
Total liabilities & equity	56,249	59,501	62,011	64,594

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,609	2,030	1,888	2,028
Pre-tax profit	2,229	1,892	1,600	1,743
Tax	(282)	(272)	(226)	(265)
Deprec. & amort.	743	838	817	878
Working capital changes	(180)	(470)	(301)	(316)
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)	(385)	(417)	(447)
Dividend payments	(6)	(492)	(417)	(447)
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	1,464	510	751
Beginning cash & cash equivalent	2,723	4,119	5,583	6,093
Ending cash & cash equivalent	4,119	5,583	6,093	6,844

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.9	8.2	7.0	7.2
Pre-tax margin	6.7	5.2	4.2	4.3
Net margin	5.8	4.5	3.6	3.7
Growth				
Net profit (adj.)	0.0	5.2	12.6	(19.3)
Leverage				
Debt to total capital	55.0	56.1	57.6	58.9
Debt to equity	56.4	57.4	58.7	60.0
Net debt/(cash) to equity	31.6	26.2	26.4	25.6
Interest cover	9.6	13.6	11.3	11.2