UOBKayHian

Company – Update | Thailand

Friday, 21 August 2026

Stecon Group (STECON TB)

Data Centre Momentum Remains Strong, Supporting Growth Outlook

Highlights

- The tone from the analyst meeting was positive.
- STECON continues to lead in the data centre trend, with a strong project pipeline.
- Maintain BUY with a higher target price of Bt22.00 (previously Bt20.00).

Analysis

- **Positive tone from the analyst meeting.** We attended Stecon Group's (STECON) analyst meeting which had a positive tone. The company maintained its business targets, including: a) revenue of Bt35b, b) a gross profit margin of 7%, and c) new backlog of Bt50b.
- **Gross margin to remain healthy.** Gross margin increased to 7.6% in 1H26 from 7.4% in 1H25, supported by the company's investment in IT and more efficient timing and volume management of construction material orders. Given that private projects accounted for around 58% of the backlog at end-2Q26, we expect STECON's gross margin to continue improving. We forecast 2026 gross margin at 7.4%, up from 7.3% in 2025.
- **2H26 new backlog expected to be driven by data centres.** STECON signed new contracts worth Bt2.92b in 2Q26, comprising three power plant projects worth Bt1.95b, two industrial projects worth Bt810m, and one infrastructure project worth Bt40m. This brought 1H26 new backlog to Bt9.74b, representing around 19.5% of its 2026 target. STECON believes its Bt50b new backlog target remains achievable, driven by private sector projects with a total potential value of Bt68.8b, of which 72% is from three data centre projects. The company expects the awards of these projects to proceed without significant delays despite changes to the data centre regulatory framework. If STECON achieves its new backlog target, we expect its year-end 2026 backlog to reach around Bt136b, up from Bt123b in 2025.
- **Well positioned to benefit from data centre demand.** STECON has four data centre projects which will be recognised as revenue for the next two years. Currently, STECON is eyeing three data centre projects that are expected to be put up for bidding in 2026. The combined value of these projects has risen from Bt22.5b at the previous meeting to Bt49.8b, mainly because they are structured as design-and-build contracts, which carry higher project values. The company opines that the data centre trend will continue to grow and they should be comfortable for the next two years. With STECON's expertise and its position as a market leader in data centre construction projects, we see a high likelihood of STECON securing the three data centre projects in the pipeline, worth a total of Bt49.8b.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	30,004.9	33,473.0	37,719.0	38,604.5	41,405.2
EBITDA	(5.2)	2,300.8	3,111.4	2,739.6	2,957.0
Operating profit	(760.7)	1,557.9	2,273.7	1,923.1	2,079.1
Net profit (rep./act.)	(2,357.4)	1,948.1	1,742.5	1,442.7	1,533.9
Net profit (adj.)	(2,357.4)	1,948.1	1,742.5	1,442.7	1,533.9
EPS	(1.6)	1.3	1.1	1.0	1.0
PE (x)	(12.1)	14.6	16.4	19.8	18.6
P/B (x)	1.6	1.7	1.6	1.5	1.5
EV/EBITDA (x)	(6,506.6)	14.9	10.9	12.5	11.7
Dividend yield (%)	0.8	2.9	2.4	2.0	2.2
Net margin (%)	(7.9)	5.8	4.6	3.7	3.7
Net debt/(cash) to equity(%)	29.5	31.6	28.1	28.2	28.8
Interest cover (x)	0.0	9.6	13.2	10.8	10.7
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	Bt18.70
Target Price	Bt22.00
Upside	17.67%
Previous TP	Bt20.00

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/Bt5.25
1mth	3mth	6mth	1yr	YTD
0.0	30.8	74.8	201.6	194.5

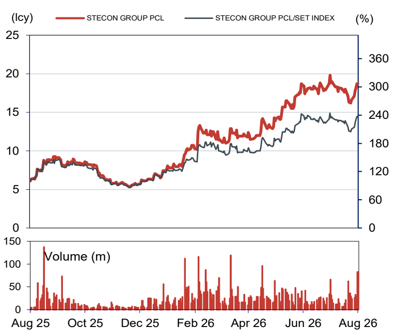
Major Shareholders (%)

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.

- **New infrastructure works to increase.** The new wave of infrastructure investment is expected to benefit STECON, including the unlocking of 2,000MW of Direct PPA capacity, which could create opportunities for construction work. For private sector projects, STECON is already well positioned to secure new contracts. In addition, several power plants are approaching the end of their operating lives and may be shut down, creating opportunities for replacement and reconstruction projects. STECON is also targeting power plant projects that can support data centres, with potential projects expected from next year. The company has around Bt16b in power plant projects in its pipeline, which are expected to open for bidding in 2026.
- **UTA to kick off Airport City-related development.** U-Tapao International Aviation (UTA) has received the Notice to Proceed (NTP) for 6,500 rai of land and plans to initially utilise it for commercial development and other Airport City-related projects in the coming months. Given the lack of progress on U-Tapao airport construction, we believe that a solution will need to be reached, particularly regarding the feasibility of transportation infrastructure connecting the airport.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt22.00 (previously Bt20.00).** 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 data centre 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, supporting earnings growth and providing upside to the share price.

Earnings Revision/Risk

- We revised our 2026-28 earnings forecasts up by 6.3%, 3.7%, and 2.9% respectively from new backlog secured. Key downside risks include delays in project bidding, 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.

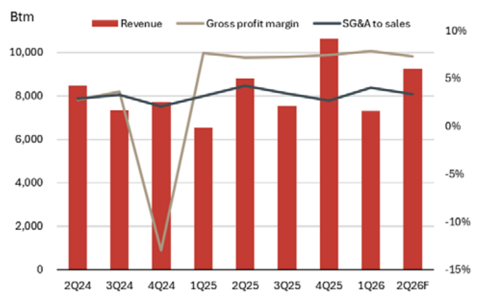
Social

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

Governance

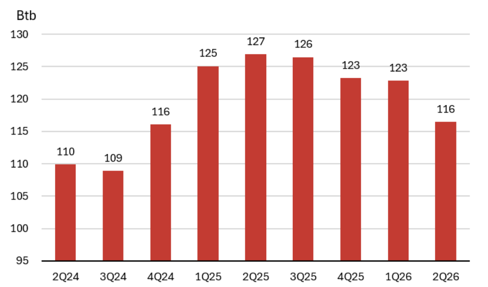
- STECON focuses on enterprise risk management to integrate risk management into strategic planning. STECON follows Thai and international standards for risk management.

Revenue, Gross Margin, and SG&A to Sales



Source: STECON, UOB Kay Hian

Backlog



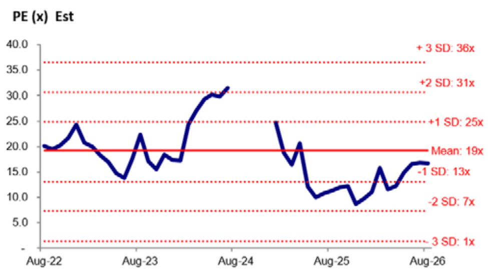
Source: STECON, UOB Kay Hian

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	37,719	38,604	41,405
EBITDA	2,301	3,111	2,740	2,957
Deprec. & amort.	743	838	817	878
EBIT	1,558	2,274	1,923	2,079
Total other non-operating income	96	95	109	111
Associate contributions	(212)	(120)	(120)	(120)
Net interest income/(expense)	(240)	(235)	(254)	(277)
Pre-tax profit	2,229	2,013	1,658	1,793
Tax	(282)	(290)	(232)	(272)
Minorities	1	19	17	13
Net profit	1,948	1,742	1,443	1,534
Net profit (adj.)	1,558	1,742	1,923	1,534

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	5,262	5,816	6,308
Other current assets	20,503	22,837	23,323	24,864
Total assets	56,249	59,908	61,909	64,770
ST debt	8,284	8,253	8,258	8,265
Other current liabilities	27,042	28,687	29,025	30,114
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	17,787	18,653	19,573
Minority interest	417	397	380	368
Total liabilities & equity	56,249	59,908	61,909	64,770

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,609	1,914	2,092	1,935
Pre-tax profit	2,229	2,013	1,658	1,793
Tax	(282)	(290)	(232)	(272)
Deprec. & amort.	743	838	817	878
Working capital changes	(180)	(689)	(148)	(451)
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)	(590)	(577)	(614)
Dividend payments	(6)	(697)	(577)	(614)
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	1,142	554	493
Beginning cash & cash equivalent	2,723	4,119	5,262	5,816
Ending cash & cash equivalent	4,119	5,262	5,816	6,308

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.9	8.2	7.1	7.1
Pre-tax margin	6.7	5.3	4.3	4.3
Net margin	5.8	4.6	3.7	3.7
Growth				
Net profit (adj.)	0.0	11.8	10.4	(20.2)
Leverage				
Debt to total capital	55.0	56.4	58.2	59.9
Debt to equity	56.4	57.7	59.4	61.0
Net debt/(cash) to equity	31.6	28.1	28.2	28.8
Interest cover	9.6	13.2	10.8	10.7

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