

SINO THAI ENGINEERING & CONSTRUCTION  
THAILAND / CONSTRUCTION SERVICESSTEC TB  
REDUCE

FROM HOLD

## คาด 1Q24 พลิกขาดทุนในรอบ 6 ปี

- คาดงบ 1Q24 ขาดทุนจากส่วนแบ่งขาดทุนบริษัทร่วมเพิ่มของรถไฟฟ้าเหลือง-ชมพู ขณะที่ Core operation ธุรกิจก่อสร้างยังไม่สดใสจากการลดลงทั้งรายได้และ GPM
- ปรับลดประมาณการ โดยปี 2024 -25% y-y จากขาดทุนบริษัทร่วม, ดอกเบี้ยจ่ายเพิ่ม
- ปรับราคาเหมาะสมลงเป็น 9.60 บาท ราคาหุ้นเต็มมูลค่าแล้วและมีประเด็นลบ

TARGET PRICE	THB9.60
CLOSE	THB10.10
UP/DOWNSIDE	-5.0%
PRIOR TP	THB10.00
CHANGE IN TP	-4.0%
TP vs CONSENSUS	-9.9%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	29,598	30,765	31,970	32,667
Net profit	528	395	532	627
EPS (THB)	0.35	0.26	0.35	0.41
vs Consensus (%)	-	(29.0)	(19.9)	(25.9)
EBITDA	1,270	1,488	1,614	1,668
Recurring net profit	504	395	532	627
Core EPS (THB)	0.33	0.26	0.35	0.41
Chg. In EPS est. (%)	-	(34.6)	(23.4)	(18.0)
EPS growth (%)	(38.6)	(21.7)	34.6	18.0
Core P/E (x)	30.5	39.0	29.0	24.6
Dividend yield (%)	1.7	1.3	1.7	2.0
EV/EBITDA (x)	13.3	12.5	11.6	11.6
Price/book (x)	0.9	0.9	0.8	0.8
Net debt/Equity (%)	6.1	15.4	15.9	18.6
ROE (%)	2.7	2.2	2.9	3.4

## คาดงบ 1Q24 ขาดทุน จากส่วนแบ่งขาดทุนเพิ่มสายสีเหลืองชมพู

เราประเมินผลประกอบการ 1Q24 พลิกเป็นขาดทุน -38 ล้านบาท (จากกำไรสุทธิ 74 ล้านบาทใน 4Q23 และ 171 ล้านบาทใน 1Q23) มีสาเหตุจากส่วนแบ่งขาดทุนจากบริษัทร่วมเพิ่มขึ้นเป็น -120 ล้านบาท (เทียบกับ -51 ล้านบาทใน 4Q23 และ -1 ล้านบาทใน 1Q23) จาก 1) รถไฟฟ้าสายสีเหลืองและชมพู (STEC ถือ 15%) เนื่องจากเริ่มรับรู้ค่าใช้จ่ายของรถไฟฟ้าสายสีชมพูซึ่งเริ่มเปิดเดินรถเต็มรูปแบบตั้งแต่เดือนก.พ. 2024 ประกอบกับจำนวนผู้โดยสารสายสีเหลืองยังอยู่ระดับต่ำราว 3.3 หมื่นเที่ยว/วัน จากผลกระทบของอุบัติเหตุ (เทียบกับจุดคุ้มทุนระดับ 1.3 แสนเที่ยว/วัน) 2) โครงการสนามบินอู่ตะเภา (STEC ถือ 20%) ที่มีค่าใช้จ่ายงานออกแบบและเตรียมงานล่วงหน้า

## ธุรกิจก่อสร้าง 1Q24 ยังไม่สดใส ลดลงทั้งรายได้และมาร์จิ้น

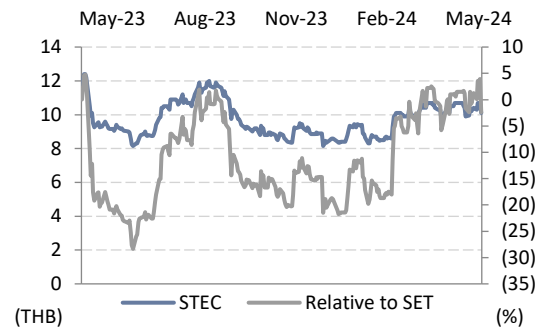
Core Operation ธุรกิจก่อสร้างคาดลดลง q-q, y-y โดยค่างวดรายได้ทรงตัว y-y แต่ -20% q-q ที่ 6.4 พันล้านบาท หลังส่งมอบงานรถไฟฟ้าชมพูและเหลือง และโครงการใหม่อย่าง โรงไฟฟ้า Solar อยู่ในช่วงต้นของโครงการ โดยรายได้หลักมาจากงานศูนย์ราชการ, รถไฟฟ้าม่วงใต้, โรงไฟฟ้าของ GULF ส่วนอัตรากำไรขั้นต้นคาด 4.6% ปรับลดจาก 5.1% ใน 4Q23 และ 5.8% ใน 1Q23 เนื่องจากยังมีค่าซ่อมแซมอุโมงค์ระบายน้ำบึงหนองบอน นอกจากนี้ ดอกเบี้ยจ่ายเพิ่มขึ้นมีนัยตามเงินกู้สูงขึ้นเพื่อขยายหลายธุรกิจใหม่

## ปรับประมาณการกำไรปี 2024-2026 ลง 18-35%

เราปรับลดประมาณการกำไรปี 2024-2026 ลง 18-35% สะท้อนปรับเพิ่มส่วนแบ่งขาดทุนรถไฟฟ้าชมพูและเหลืองจากจำนวนผู้โดยสารต่ำกว่าคาด รวมถึงปรับเพิ่มดอกเบี้ยจ่าย ทำให้คาดการณ์กำไรปี 2024 ที่ 395 ล้านบาท (-25% y-y) บนสมมติฐานรายได้ก่อสร้าง 3.1 หมื่นล้านบาท (+4% y-y) และอัตรากำไรขั้นต้น 4.8% (ต่ำกว่าเป้าบริษัทที่มากกว่าระดับ 5%) โดยปัจจุบันมี Backlog 6.7 หมื่นล้านบาท (เทียบเท่ารายได้ 2 ปี) ซึ่งยังไม่รวมสนามบินอู่ตะเภา 2.7 หมื่นล้านบาทที่กรอบเวลาเริ่มงานไม่ชัดเจน

## ปรับลดราคาเหมาะสมเป็น 9.60 บาท ราคาหุ้นเต็มมูลค่าและมีประเด็นลบ

เราปรับลดราคาเหมาะสมเป็น 9.60 บาท อิง PBV 0.8x หรือค่าเฉลี่ยในอดีต -1SD ราคาหุ้น YTD +20% Outperform สุดในกลุ่มรับเหมาย ราคาหุ้นปัจจุบันเต็มมูลค่า ลดน้ำหนักเป็น Reduce (จากเดิมถือ) ระยะสั้นคาดหุ้นถูกกดดันจากผลขาดทุนใน 1Q24 แม้ 2Q24 คาดฟื้นตัว q-q จากเงินปันผลรับจาก GULF, TSE แต่ภาพรวมยังอ่อนแอและลดลง y-y จากแรงกดดันต่อเนื่องของส่วนแบ่งขาดทุนจากรถไฟฟ้าชมพู-เหลือง ประกอบกับอัตรากำไรขั้นต้นที่ถูกกระทบจากค่าซ่อมอุโมงค์ระบายน้ำที่บันทึกในทุกไตรมาสในปี



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.9)	18.8	(12.2)
Relative to country (%)	(2.5)	20.1	(1.7)
Mkt cap (USD m)			419
3m avg. daily turnover (USD m)			1.5
Free float (%)			66
Major shareholder		Charnvirakul family (24%)	
12m high/low (THB)			12.50/7.95
Issued shares (m)			1,525.11

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

ภาพรวมผลการดำเนินงานปี 2024 ยังไม่สดใส แม้ธุรกิจก่อสร้างมีทิศทางฟื้นตัวจากฐานต่ำ โดยรายได้คาดถูกผลักดันจากงานขนาดใหญ่ อาทิ รถไฟฟ้าม่วงใต้, รถไฟฟ้าทางคู่เด่นชัย, โรงไฟฟ้าของ GULF ซึ่งมาร์จิ้นดี ช่วยบรรเทาผลกระทบจากค่าซ่อมบำรุงรายน้ำบึงหนองบอน อย่างไรก็ตาม กัดดันจากส่วนแบ่งขาดทุนที่เพิ่มขึ้นจากเปิดเดินรถไฟฟ้าเหลือง-ชมพูซึ่งปริมาณการใช้อยู่ระดับต่ำ รวมถึงดอกเบี้ยจ่ายสูงขึ้นมีนัยจากการลงทุนในหลายธุรกิจใหม่

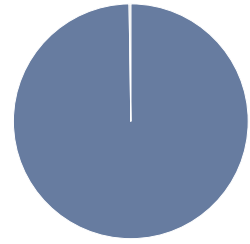
## Company profile

STEC ก่อตั้งในปี 1962 ประกอบธุรกิจหลักคือรับเหมาก่อสร้าง รับงานทั้งภาครัฐและเอกชน ตั้งแต่โครงการขนาดกลางถึงขนาดใหญ่ แบ่งเป็น 5 ประเภทคือ ด้านสาธารณูปโภค ด้านอาคาร ด้านพลังงาน ด้านอุตสาหกรรม และด้านสิ่งแวดล้อม โดยในปี 2022 มีสัดส่วนรายได้จากงานภาคเอกชน 70% และภาครัฐ 30% หากพิจารณาตามประเภทงาน จะมีสัดส่วนมากที่สุดจากงานก่อสร้างสาธารณูปโภค 56% รองลงมาเป็นงานก่อสร้างโรงไฟฟ้า 27% ของรายได้รวม

[www.stecon.co.th](http://www.stecon.co.th)

## Principal activities (revenue, 2023)

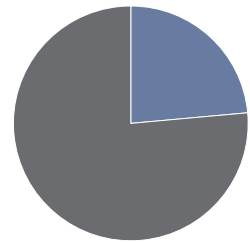
- Construction - 99.8 %
- Sales and service - 0.2 %



Source: Sino Thai Engineering & Construction

## Major shareholders

- Charnvirakul family - 23.6 %
- Others - 76.4 %



Source: Sino Thai Engineering & Construction

## Catalysts

ปัจจัยหนุนการเติบโตคือ 1) การเข้าร่วมประมูลงานใหม่ โดยเฉพาะงานโครงสร้างพื้นฐานของภาครัฐ 2) การขยายการลงทุนในธุรกิจใหม่ ซึ่งยังไม่รวมในประมาณการ

## Risks to our call

ความเสี่ยงต่อประมาณการ 1) ความผันผวนของอัตราค่าไถ่ขั้นต้น 2) ความล่าช้าและค่าใช้จ่ายซ่อมแซมเพิ่มของโครงการระบายน้ำบึงหนองบอน 3) กรอบเวลาการเริ่มก่อสร้างงานสนามบินอู่ตะเภาล่าช้า 4) ความล่าช้าของการเปิดประมูลงานใหม่ 5) ผลขาดทุนบริษัทรวมมากกว่าคาด

## Event calendar

Date	Event
15 May 2024	1Q24 results announcement

## Key assumptions

	2024E	2025E	2026E
Revenue (THB m)	30,765	31,970	32,667
GPM (%)	4.8	5.0	5.0
SG&A to revenue (%)	2.7	2.6	2.6
Associates (THB m)	(400)	(300)	(200)

Source: FSSIA estimates

## Earnings sensitivity

- For every 2% increase in revenue, we estimate 2024 net profit to rise by 8%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 7%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to revenue, we estimate 2024 net profit to fall by 7%, and vice versa, all else being equal.

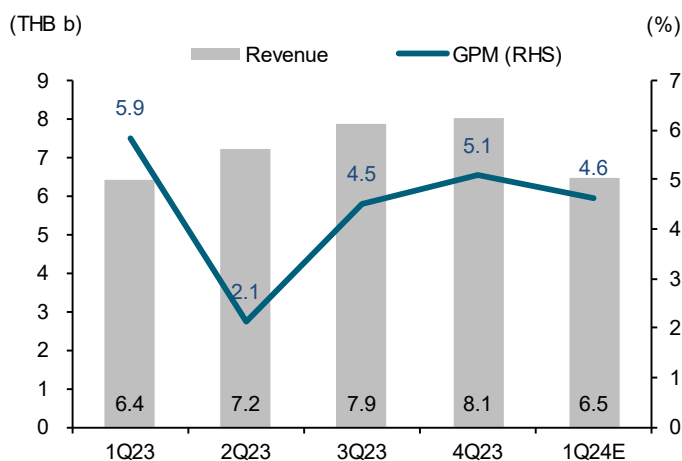
Source: FSSIA estimates

## Exhibit 1: STEC - 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	6,438	7,231	7,876	8,053	6,470	(19.7)	0.5
Cost of sales	6,061	7,076	7,519	7,643	6,170	(19.3)	1.8
Gross profit	377	155	357	410	300	(26.9)	(20.4)
SG&A	191	216	137	292	200	(31.4)	5.0
Operating profit	186	(60)	220	118	100	(15.7)	(46.4)
Other income	36	179	15	32	30	(5.4)	(16.3)
Interest expense	5	7	9	22	40	84.3	668.2
Tax expense	(43)	9	(41)	(27)	(6)	n/a	n/a
Associates	(1)	36	(54)	(51)	(120)	n/a	n/a
Reported net profit	171	154	130	74	(38)	n/a	n/a
Core profit	171	154	130	50	(38)	n/a	n/a
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	5.9	2.1	4.5	5.1	4.6	(0.5)	(1.2)
SG&A / Sales	3.0	3.0	1.7	3.6	3.1	(0.5)	0.1
Operating margin	2.9	(0.8)	2.8	1.5	1.5	0.1	(1.3)
Net margin	2.7	2.1	1.6	0.9	(0.6)	(1.5)	(3.2)
Norm margin	2.7	2.1	1.6	0.6	(0.6)	(1.2)	(3.2)

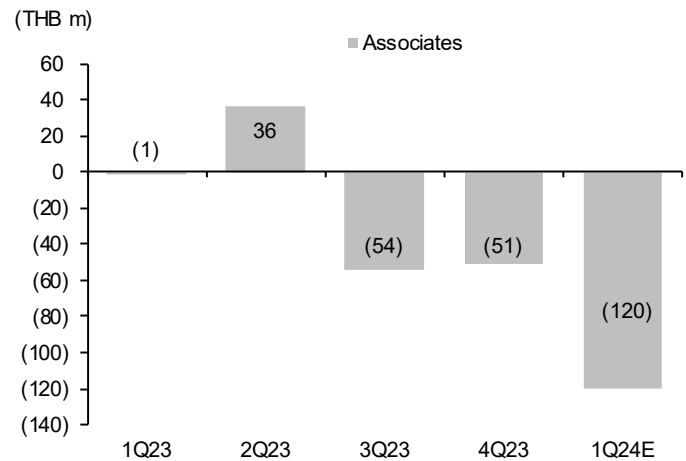
Sources: STEC; FSSIA estimates

## Exhibit 2: Quarterly revenue and GPM



Sources: STEC; FSSIA estimates

## Exhibit 3: Quarterly associates



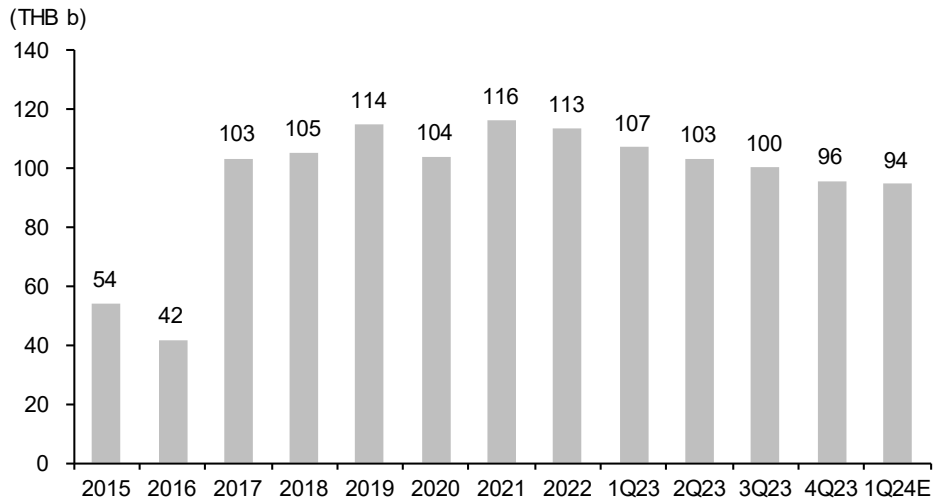
Sources: STEC; FSSIA estimates

## Exhibit 4: Key assumptions for STEC

	Actual	Current			Previous			Change		
	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue (THB m)	29,527	30,695	31,900	32,577	30,765	31,970	32,667	(0)	(0)	(0)
Cost (THB m)	28,299	29,288	30,372	31,034	29,257	30,372	31,001	0	0	0
Gross margin (%)	4.4	4.8	5.0	5.0	4.9	5.0	5.1	(0.1)	0.0	(0.1)
SG&A (THB m)	834	813	829	831	706	750	782	15	11	6
SG&A to revenue (%)	2.5	2.7	2.6	2.6	2.3	2.4	2.4	0.4	0.2	0.2
Interest expense (THB m)	43	110	113	134	82	85	88	35	33	53
Share from associates (THB m)	(70)	(400)	(300)	(200)	(280)	(220)	(160)	n/a	n/a	n/a
Core profit (THB m)	504	395	532	627	604	694	765	(35)	(23)	(18)
Net profit (THB m)	528	395	532	627	604	694	765	(35)	(23)	(18)

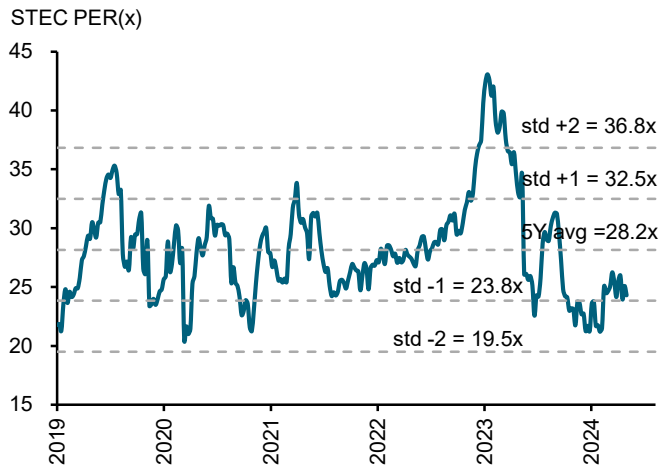
Source: FSSIA estimates

**Exhibit 5: Backlog**



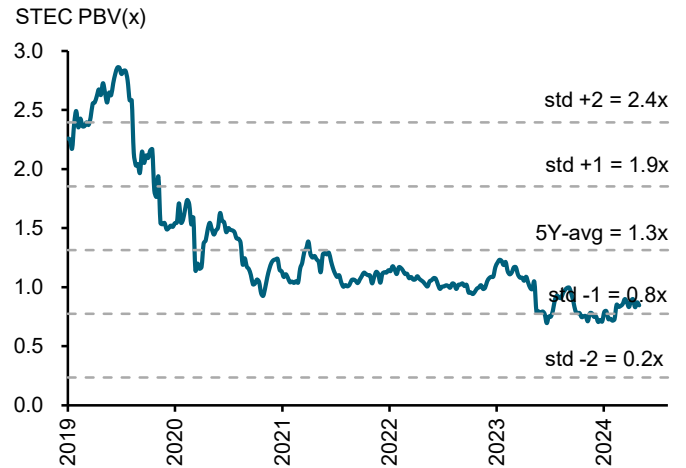
Sources: STEC; FSSIA's compilation

**Exhibit 6: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Sino Thai Engineering &amp; Construction

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	30,326	29,598	30,765	31,970	32,667
Cost of goods sold	(28,792)	(28,299)	(29,288)	(30,372)	(31,034)
<b>Gross profit</b>	<b>1,534</b>	<b>1,299</b>	<b>1,477</b>	<b>1,599</b>	<b>1,633</b>
Other operating income	-	-	-	-	-
Operating costs	(779)	(834)	(813)	(829)	(831)
<b>Operating EBITDA</b>	<b>1,793</b>	<b>1,270</b>	<b>1,488</b>	<b>1,614</b>	<b>1,668</b>
Depreciation	(1,038)	(805)	(825)	(845)	(865)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>754</b>	<b>464</b>	<b>663</b>	<b>769</b>	<b>803</b>
Net financing costs	19	(1)	(66)	(65)	(84)
Associates	34	(70)	(400)	(300)	(200)
Recurring non-operating income	244	151	(147)	(44)	59
Non-recurring items	36	23	0	0	0
<b>Profit before tax</b>	<b>1,054</b>	<b>637</b>	<b>450</b>	<b>660</b>	<b>777</b>
Tax	(187)	(102)	(45)	(119)	(140)
<b>Profit after tax</b>	<b>867</b>	<b>536</b>	<b>405</b>	<b>542</b>	<b>637</b>
Minority interests	(9)	(8)	(10)	(10)	(10)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>857</b>	<b>528</b>	<b>395</b>	<b>532</b>	<b>627</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(36)</b>	<b>(23)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>821</b>	<b>504</b>	<b>395</b>	<b>532</b>	<b>627</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.54	0.33	0.26	0.35	0.41
Reported EPS	0.56	0.35	0.26	0.35	0.41
DPS	0.30	0.17	0.13	0.17	0.21
Diluted shares (used to calculate per share data)	1,525	1,525	1,525	1,525	1,525
<b>Growth</b>					
Revenue (%)	9.6	(2.4)	3.9	3.9	2.2
Operating EBITDA (%)	47.5	(29.2)	17.2	8.5	3.3
Operating EBIT (%)	25.7	(38.4)	42.8	16.0	4.4
Recurring EPS (%)	18.3	(38.6)	(21.7)	34.6	18.0
Reported EPS (%)	20.6	(38.5)	(25.2)	34.6	18.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	5.1	4.4	4.8	5.0	5.0
Gross margin exc. depreciation (%)	8.5	7.1	7.5	7.6	7.6
Operating EBITDA margin (%)	5.9	4.3	4.8	5.0	5.1
Operating EBIT margin (%)	2.5	1.6	2.2	2.4	2.5
Net margin (%)	2.7	1.7	1.3	1.7	1.9
Effective tax rate (%)	17.8	16.0	10.0	18.0	18.0
Dividend payout on recurring profit (%)	55.7	52.3	50.0	50.0	50.0
Interest cover (X)	(52.8)	566.9	7.8	11.2	10.2
Inventory days	5.2	7.4	9.0	8.9	9.0
Debtor days	108.0	124.3	125.5	121.7	117.3
Creditor days	341.6	319.5	278.2	279.2	281.5
Operating ROIC (%)	(10.8)	(9.8)	(94.7)	(66.7)	11.8
ROIC (%)	4.7	2.6	1.8	2.4	(0.7)
ROE (%)	4.5	2.7	2.2	2.9	3.4
ROA (%)	1.7	1.0	0.9	1.2	1.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Construction	30,265	29,527	30,695	31,900	32,577
Sales and service	61	71	70	70	90

Sources: Sino Thai Engineering &amp; Construction; FSSIA estimates

## Financial Statements

Sino Thai Engineering &amp; Construction

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	821	504	395	532	627
Depreciation	1,038	805	825	845	865
Associates & minorities	-	-	-	-	-
Other non-cash items	36	23	0	0	0
Change in working capital	2,140	(2,001)	744	882	502
<b>Cash flow from operations</b>	<b>4,036</b>	<b>(668)</b>	<b>1,964</b>	<b>2,258</b>	<b>1,995</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(545)	(574)	(1,060)	(1,092)	(1,125)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(2,584)	1,585	(2,170)	(1,205)	(1,251)
<b>Cash flow from investing</b>	<b>(3,129)</b>	<b>1,011</b>	<b>(3,230)</b>	<b>(2,297)</b>	<b>(2,375)</b>
Dividends paid	(343)	(211)	(158)	(213)	(251)
Equity finance	0	0	0	0	0
Debt finance	(105)	(111)	13	14	15
Other financing cash flows	2,477	(2,771)	118	109	67
<b>Cash flow from financing</b>	<b>2,029</b>	<b>(3,093)</b>	<b>(27)</b>	<b>(90)</b>	<b>(169)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>2,935</b>	<b>(2,751)</b>	<b>(1,293)</b>	<b>(129)</b>	<b>(550)</b>
Free cash flow to firm (FCFF)	926.01	385.82	(1,155.95)	73.91	(246.30)
Free cash flow to equity (FCFE)	3,278.39	(2,539.46)	(1,135.12)	83.73	(298.93)

### Per share (THB)

FCFF per share	0.61	0.25	(0.76)	0.05	(0.16)
FCFE per share	2.15	(1.67)	(0.74)	0.05	(0.20)
Recurring cash flow per share	1.24	0.87	0.80	0.90	0.98

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	9,689	10,174	10,683	11,217	11,778
Less: Accumulated depreciation	(4,751)	(5,467)	(5,740)	(6,027)	(6,328)
<b>Tangible fixed assets (net)</b>	<b>4,938</b>	<b>4,707</b>	<b>4,942</b>	<b>5,190</b>	<b>5,449</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	23,370	21,342	23,476	24,650	25,882
Cash & equivalents	6,993	4,242	2,949	2,820	2,270
A/C receivable	9,772	10,386	10,768	10,550	10,453
Inventories	421	698	708	735	751
Other current assets	4,975	5,309	5,538	5,755	5,880
<b>Current assets</b>	<b>22,160</b>	<b>20,636</b>	<b>19,962</b>	<b>19,860</b>	<b>19,355</b>
Other assets	321	764	800	831	849
<b>Total assets</b>	<b>50,790</b>	<b>47,449</b>	<b>49,180</b>	<b>50,531</b>	<b>51,536</b>
Common equity	19,592	17,701	17,938	18,257	18,634
Minorities etc.	297	371	381	391	401
<b>Total shareholders' equity</b>	<b>19,889</b>	<b>18,072</b>	<b>18,319</b>	<b>18,648</b>	<b>19,034</b>
Long term debt	376	265	278	292	307
Other long-term liabilities	3,052	2,415	2,523	2,622	2,679
<b>Long-term liabilities</b>	<b>3,428</b>	<b>2,680</b>	<b>2,801</b>	<b>2,914</b>	<b>2,985</b>
A/C payable	26,895	21,244	22,151	23,018	23,520
Short term debt	324	5,082	5,500	5,500	5,500
Other current liabilities	253	373	410	451	496
<b>Current liabilities</b>	<b>27,472</b>	<b>26,698</b>	<b>28,060</b>	<b>28,969</b>	<b>29,516</b>
<b>Total liabilities and shareholders' equity</b>	<b>50,790</b>	<b>47,449</b>	<b>49,180</b>	<b>50,531</b>	<b>51,536</b>
Net working capital	(11,981)	(5,222)	(5,548)	(6,429)	(6,931)
Invested capital	16,649	21,591	23,671	24,241	25,249

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	12.85	11.61	11.76	11.97	12.22
Tangible book value per share	12.85	11.61	11.76	11.97	12.22

### Financial strength

Net debt/equity (%)	(31.6)	6.1	15.4	15.9	18.6
Net debt/total assets (%)	(12.4)	2.3	5.8	5.9	6.9
Current ratio (x)	0.8	0.8	0.7	0.7	0.7
CF interest cover (x)	(201.2)	(1,810.8)	(0.1)	19.2	10.8

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>18.8</b>	<b>30.5</b>	<b>39.0</b>	<b>29.0</b>	<b>24.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>17.8</b>	<b>29.0</b>	<b>37.1</b>	<b>27.5</b>	<b>23.3</b>
Reported P/E (x)	18.0	29.2	39.0	29.0	24.6
Dividend yield (%)	3.0	1.7	1.3	1.7	2.0
Price/book (x)	0.8	0.9	0.9	0.8	0.8
Price/tangible book (x)	0.8	0.9	0.9	0.8	0.8
EV/EBITDA (x) **	5.2	13.3	12.5	11.6	11.6
EV/EBITDA @ target price (x) **	4.8	12.7	12.0	11.2	11.1
EV/invested capital (x)	0.6	0.8	0.8	0.8	0.8

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Sino Thai Engineering &amp; Construction; FSSIA estimates

# Sino-Thai Engineering & Construction (STEC TB)

**FSSIA ESG rating**

**39.73 /100**
**Exhibit 8: FSSIA ESG score implication**

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★☆	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	<b>&gt;39-59</b>	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★☆☆☆	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★☆☆☆☆	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

**Exhibit 9: ESG – peer comparison**

	FSSIA ESG score	----- Domestic ratings -----						----- Global ratings -----						--- Bloomberg ---	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
CK	38.06	--	--	--	5.00	4.00	--	High	50.15	BB	--	43.93	22.00	2.13	43.16
ITD	14.63	--	--	--	4.00	4.00	--	Severe	--	--	--	--	13.00	--	--
STEC	39.73	--	--	--	5.00	5.00	--	Severe	62.52	BBB	--	36.51	22.00	1.64	37.87
SYNTEC	36.38	--	--	Y	5.00	5.00	Certified	--	53.14	--	--	37.86	--	--	--
NWR	24.97	--	--	--	4.00	5.00	Certified	--	47.79	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
**Exhibit 10: ESG score by Bloomberg**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.38</b>	<b>1.44</b>	<b>1.46</b>	<b>1.40</b>	<b>1.39</b>	<b>1.45</b>	<b>1.64</b>	<b>1.64</b>
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40
BESG social pillar score	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10
BESG governance pillar score	3.66	3.99	4.09	3.77	3.72	4.05	3.75	3.77
<b>ESG disclosure score</b>	<b>31.84</b>	<b>31.84</b>	<b>31.84</b>	<b>31.84</b>	<b>33.23</b>	<b>34.06</b>	<b>37.88</b>	<b>37.87</b>
Environmental disclosure score	0.00	0.00	0.00	0.00	0.00	0.00	1.66	1.66
Social disclosure score	14.24	14.24	14.24	14.24	18.41	18.41	19.44	19.41
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	83.59	92.35	92.35
<b>Environmental</b>								
Emissions reduction initiatives	No	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	No	No	No	No
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	—	—	—	—	—	—
GHG scope 2 location-based	—	—	—	—	—	—	—	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	No	No	No	No	No	No
Total energy consumption	—	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	No	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No	No
Water policy	No	No	No	No	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	36
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	1,287	1,231	1,377	1,513	1,652	1,754	1,720	1,665
Employee turnover pct	—	—	—	—	—	—	—	—
Total hours spent by firm - employee training	29,963	31,138	41,280	49,015	54,589	7,708	33,490	29,664
Social supply chain management	No	No	No	No	No	No	No	No
<b>Governance</b>								
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>No. of independent directors (ID)</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>
No. of women on board	1	1	1	1	1	1	1	1
No. of non-executive directors on board	8	8	8	8	8	8	8	8
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	5	7	5	10	8	7	4
Board meeting attendance pct	96	100	98	98	89	100	99	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	39	40	41	42	43	44	45	51
Age of the oldest director	71	72	73	75	76	77	77	78
<b>No. of executives / company managers</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>20</b>	<b>17</b>	<b>20</b>	<b>20</b>	<b>20</b>
No. of female executives	4	4	5	5	4	5	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	5	6	7	5	8	8	11	5
Audit meeting attendance %	100	100	100	100	97	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	3	2	3	2	2	3	3	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	3	2	3	2	2	3	3	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

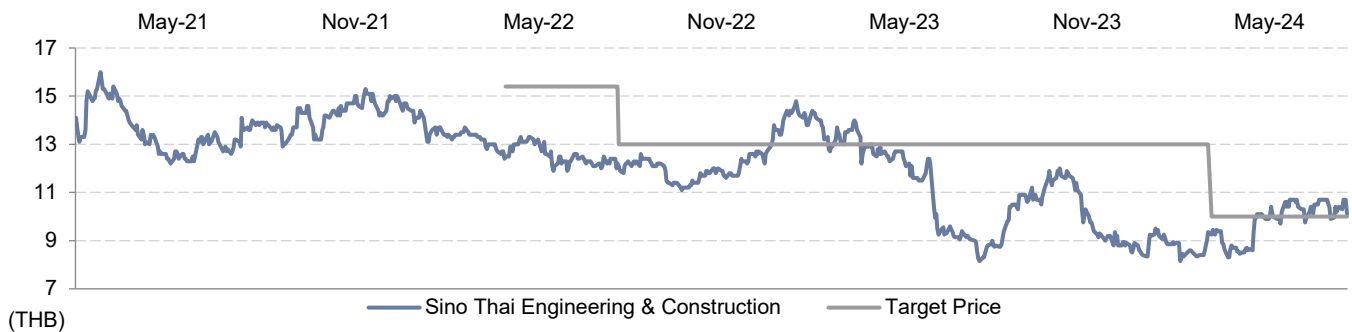
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### Sino Thai Engineering & Construction (STEC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-May-2022	BUY	15.40	17-Aug-2022	HOLD	13.00	05-Jan-2024	HOLD	10.00

Thanyatorn Songwutti started covering this stock from 5-Jan-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sino Thai Engineering & Construction	STEC TB	THB 10.10	REDUCE	Downside risks to our TP include 1) volatility of the gross margin, 2) a delay and additional repair expenses on the Bueng Nong Bon drainage tunnel project, 3) a delay in the commencement of its construction of U-Tapao Airport, 4) a delay in new auctions, and 5) a higher-than-expected loss sharing from associates.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 03-May-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.