

# STECON GROUP STECON TB

## THAILAND / CONSTRUCTION SERVICES

# REDUCE

UNCHANGED

TARGET PRICE	THB8.00
CLOSE	THB8.10
UP/DOWNSIDE	-1.2%
PRIOR TP	THB8.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-19.8%

## งบ 3Q24 น่าผิดหวัง พลิกเป็นขาดทุน

- 3Q24 พลิกเป็นขาดทุน -147 ล้านบาทจากค่าซ่อมอุปกรณ์บึงหนองบอนกดดัน GPM ลดลง รวมถึงรายได้ก่อสร้างหดตัวและส่วนแบ่งขาดทุนรถไฟฟ้ายังอยู่ระดับสูง
- ปรับประมาณการปีนี้เป็นขาดทุน -111 ล้านบาท แนวโน้ม 4Q24 ยังไม่สดใส
- คงราคาเหมาะสม 8 บาท หุ่นเต็มมูลค่าและยังกังวลจากความผันผวน GPM

### ผลประกอบการ 3Q24 พลิกเป็นขาดทุนสูงในรอบ 26 ไตรมาส

ผลประกอบการ 3Q24 พลิกเป็นขาดทุนในรอบ 26 ไตรมาสที่ -147 ล้านบาท (เทียบกับกำไร 25 ล้านบาทใน 2Q24 และ 129 ล้านบาทใน 3Q23) สาเหตุจากอัตรากำไรขั้นต้นต่ำกว่าคาดเป็น 3.6% จาก 2.8% ใน 2Q24 และ 4.5% ใน 3Q23 พลาดเป้าที่บริษัทตั้งไว้ที่ 5% ถูกกดดันจากค่าซ่อมอุปกรณ์ระบายน้ำบึงหนองบอน นอกจากนี้ รายได้ก่อสร้าง -13% q-q, -7% y-y ที่ 7.3 พันล้านบาท เนื่องจากโรงไฟฟ้า Solar 5 แห่งเริ่มอยู่ในช่วงปลายงาน ขณะที่ส่วนแบ่งขาดทุนบริษัทร่วมยังอยู่ระดับสูง -142 ล้านบาท แต่ทยอยดีขึ้น q-q ตามผู้โดยสารรถไฟฟ้าเหลือง-ชมพูมากขึ้นจากการเปิดภาคเรียน

### ลุ้นรับหลายงานใหม่เต็ม 2H24 หุ่น Backlog เพิ่ม

Backlog ปัจจุบันอยู่ที่ 8.8 หมื่นล้านบาท โดย 3Q24 มีการรับงานใหม่ 6.4 พันล้านบาท เป็นอาคารห้างสรรพสินค้า ขณะที่มิงงานที่อยู่ระหว่างรอเซ็นใน 4Q24 เป็นโรงไฟฟ้า Solar 7 แห่ง มูลค่ารวม 6.6 พันล้านบาท และคาดหวังการรับงานบางส่วนของรถไฟฟ้าสายสีส้มตะวันตกจาก CK มูลค่า 2.8-3 หมื่นล้านบาทในเดือนธ.ค. ทำให้ Backlogสิ้นปี 2024 คาดอยู่ที่ 1.1-1.2 แสนล้านบาท (เทียบกับปี 2023 9.6 หมื่นล้านบาท) ซึ่งไม่รวมโครงการที่บริษัทร่วมทุนในงาน Data center มูลค่า 7.2 พันล้านบาท

### ทิศทาง 4Q24 ยังไม่สดใส ปรับประมาณการปี 2024 เป็นขาดทุน

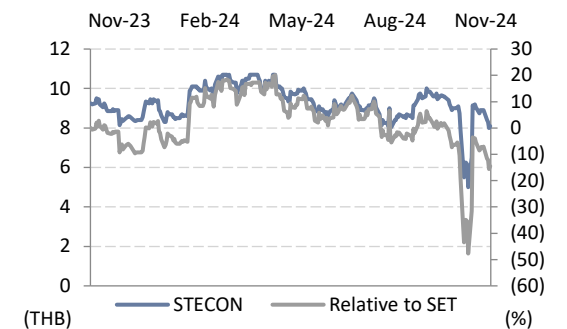
งวด 4Q24 แม้รายได้ก่อสร้างขยายตัว q-q เป็น 8 พันล้านบาทจากการเริ่มงานใหม่ในปลายไตรมาส อาทิ ห้างฯ และโรงไฟฟ้า Solar 7 แห่ง แต่คาดอัตรากำไรขั้นต้นต่ำกว่า 5% เนื่องจากยังมีค่าซ่อมอุปกรณ์ระบายน้ำบึงหนองบอน และส่วนแบ่งขาดทุนมากขึ้นของรถไฟฟ้าเหลือง-ชมพูจากวันหยุดจำนวนมาก ทำให้เราประเมินผลประกอบการหลัก 4Q24 ดีขึ้น q-q แต่ยังเผชิญกับผลขาดทุน อย่างไรก็ดี 4Q มักมีการปรับมูลค่ายุติธรรมของอสังหาฯเพื่อการลงทุน แต่ประเมินมีกำไรไม่มาก เราปรับลดประมาณการปี 2024 เป็นขาดทุนในรอบ 6 ปีที่ -111 ล้านบาท (จากเดิมคาดกำไร 125 ล้านบาท)

### คงราคาเหมาะสม 8 บาท หุ่นเต็มมูลค่า คงคำแนะนำ Reduce

เราคงประมาณการกำไรปกติปี 2025 ที่ 310 ล้านบาท โดยยังกังวลต่อความผันผวนของอัตรากำไรขั้นต้นที่ยังถูกกดดันจากค่าซ่อมอุปกรณ์บึงหนองบอนจนถึงแผนส่งมอบ 1H25 คงราคาเหมาะสม 8 บาท (อิง PBV 0.7x) ราคาหุ้นเต็มมูลค่า คงคำแนะนำ Reduce ขณะที่ต้องติดตามโครงการ CFP ซึ่งมีประเด็นผู้รับเหมาหลัก UJV ค้างค่าแรงผู้รับเหมาช่วง ซึ่ง STECON รับงานราว 5.2 พันล้านบาทและคืบหน้า 48% บริษัทประเมินกระทบไม่มากจากยอดเงินที่ค้างจ่ายอยู่ต่ำกว่า 100 ล้านบาทและปัจจุบันยังดำเนินการก่อสร้าง

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	29,598	30,475	32,000	32,677
Net profit	528	(111)	310	409
EPS (THB)	0.35	(0.07)	0.20	0.27
vs Consensus (%)	-	nm	(33.6)	(35.1)
EBITDA	1,270	1,196	1,507	1,554
Recurring net profit	504	(131)	310	409
Core EPS (THB)	0.33	(0.09)	0.20	0.27
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(38.6)	nm	nm	32.2
Core P/E (x)	24.5	(94.6)	39.9	30.2
Dividend yield (%)	2.1	-	1.3	1.7
EV/EBITDA (x)	10.9	13.3	10.6	10.7
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	6.1	17.8	17.8	21.2
ROE (%)	2.7	(0.7)	1.8	2.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.0)	(10.0)	(3.0)
Relative to country (%)	(8.8)	(19.8)	(7.3)
Mkt cap (USD m)	350		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	66		
Major shareholder	Charnvirakul family (24%)		
12m high/low (THB)	11.10/4.16		
Issued shares (m)	1,525.11		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

ผลการดำเนินงานปี 2024 คาดพลิกเป็นขาดทุนในรอบ 6 ปี แม้รายได้มีแนวโน้มแรงขึ้นจากรับรู้งานขนาดใหญ่ อาทิ รถไฟฟ้าม่วงใต้, รถไฟฟ้าทุ่งเต๋นชัย, โรงไฟฟ้า แต่ถูกกดดันจากจากค่าซ่อมอุโมงค์ระบายน้ำบึงหนองบอนกระทบอัตรากำไรขั้นต้นปรับลดต่อ รวมถึงมีส่วนแบ่งขาดทุนบริษัทร่วมระดับสูงจากการเปิดเดินรถไฟฟ้าเหลือง-ชมพู ซึ่งปริมาณการใช้อยู่ระดับต่ำ รวมถึงดอกเบี้ยจ่ายเพิ่มจากการลงทุนในหลายธุรกิจใหม่

### Company profile

STECON ก่อตั้งในปี 1962 ประกอบธุรกิจหลักคือรับเหมาก่อสร้างรับงานทั้งภาครัฐและเอกชน 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: Stecon Group

### Major shareholders

■ Charnvirakul family - 23.6 %

■ Others - 76.4 %

Source: Stecon Group

### Catalysts

ปัจจัยหนุนการเติบโตคือ 1) การเข้าร่วมประมูลงานใหม่ โดยเฉพาะงานโครงสร้างพื้นฐานของภาครัฐ, โรงไฟฟ้า 2) การขยายการลงทุนในธุรกิจใหม่ ซึ่งยังไม่รวมในประมาณการ 3) กลับรายการค่าซ่อมในโครงการอุโมงค์ระบายน้ำบึงหนองบอนหากได้รับเงินประกัน ซึ่งบริษัทอยู่ระหว่างทำเรื่องเคลมประกันและคาดชัดเจนในปี 2025

### Risks to our call

ความเสี่ยงต่อประมาณการ 1) อัตรากำไรขั้นต้นต่ำกว่าคาด 2) ความล่าช้าและค่าใช้จ่ายซ่อมแซมเพิ่มของโครงการระบายน้ำบึงหนองบอน 3) กรอบเวลาการเริ่มก่อสร้างงานสนามบินอยู่ทะเภาล่าช้า 4) ความล่าช้าของการเปิดประมูลงานใหม่ 5) ผลขาดทุนรถไฟฟ้าเหลือง-ชมพูมากกว่าคาด 6) ผู้รับเหมาหลัก UJV โครงการ CFP ไม่จ่ายค่าก่อสร้างตามสัญญา

Event calendar

Date	Event
22 November 2024	3Q24 analyst meeting

### Key assumptions

	2024E	2025E	2026E
Revenue (THB m)	30,395	31,900	32,577
GPM (%)	4.2	5.0	5.0
SG&A to revenue (%)	3.0	2.9	2.9
Associates (THB m)	(605)	(480)	(360)

Source: FSSIA estimates

### Earnings sensitivity

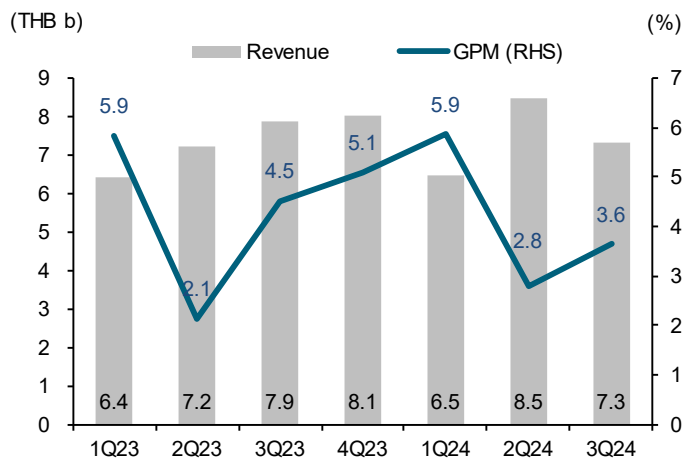
- For every 2% increase in revenue, we estimate 2025 net profit to rise by 6%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 net profit to rise by 9%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to revenue, we estimate 2025 net profit to fall by 9%, and vice versa, all else being equal

Source: FSSIA estimates

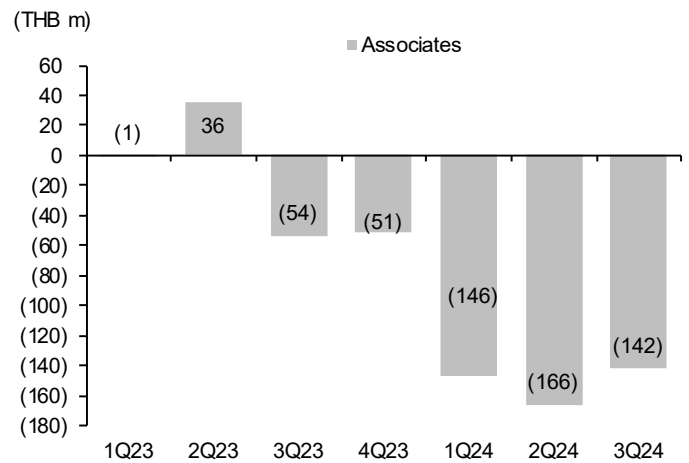
**Exhibit 1: STECON - 3Q24 results summary**

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	7,876	8,053	6,484	8,457	7,349	(13.1)	(6.7)
Cost of sales	7,519	7,643	6,104	8,221	7,081	(13.9)	(5.8)
Gross profit	357	410	380	236	268	13.6	(24.9)
SG&A	137	292	198	242	235	(3.1)	71.9
Operating profit	220	118	182	(6)	33	(621.5)	(84.9)
Other income	15	32	55	240	22	(90.9)	41.5
Interest expense	9	22	35	32	37	15.9	306.3
Tax expense	(41)	(27)	(42)	(6)	(19)	n/a	n/a
Associates	(54)	(51)	(146)	(166)	(142)	n/a	n/a
Reported net profit	130	74	12	25	(147)	n/a	n/a
Core profit	130	50	12	25	(147)	n/a	n/a
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	4.5	5.1	5.9	2.8	3.6	0.9	(0.9)
SG&A / Sales	1.7	3.6	3.1	2.9	3.2	0.3	1.5
Operating margin	2.8	1.5	2.8	(0.1)	0.5	0.5	(2.3)
Net margin	1.6	0.9	0.2	0.3	(2.0)	(2.3)	(3.7)
Norm margin	1.6	0.6	0.2	0.3	(2.0)	(2.3)	(3.7)

Sources: STECON; FSSIA's compilation

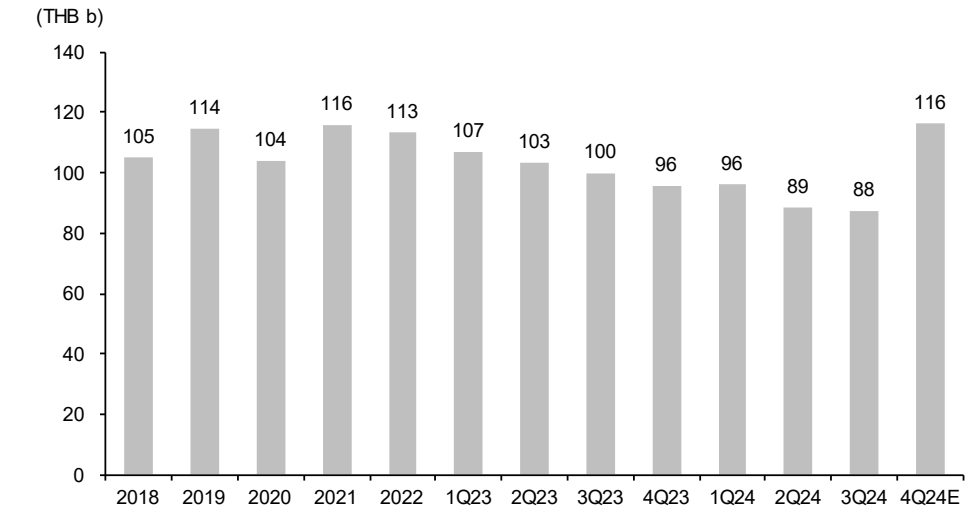
**Exhibit 2: Quarterly revenue and GPM**

Sources: STECON; FSSIA's compilation

**Exhibit 3: Quarterly associates**

Sources: STECON; FSSIA's compilation

#### Exhibit 4: Backlog



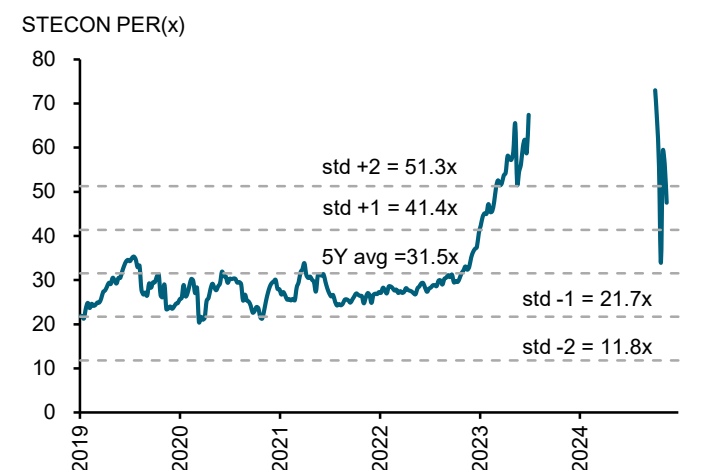
Sources: STECON; FSSIA estimates

#### Exhibit 5: Key assumptions for STECON

	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	30,395	31,900	32,577	30,695	31,900	32,577	(1)	0	0
Cost (THB m)	28,299	29,195	30,400	31,043	29,317	30,400	31,043	(0)	0	0
Gross margin (%)	4.4	4.2	5.0	5.0	4.8	5.0	5.0	(0.6)	0.0	0.0
SG&A (THB m)	834	909	938	945	915	941	945	(1)	(0)	(0)
SG&A to revenue (%)	2.8	3.0	2.9	2.9	3.0	3.0	2.9	(0.0)	(0.1)	0.0
Interest expense (THB m)	43	144	123	149	115	116	142	25	6	5
Share from associates (THB m)	(70)	(605)	(480)	(360)	(600)	(480)	(360)	n/a	n/a	n/a
Core profit (THB m)	504	(131)	310	409	125	320	422	n/a	(3)	(3)
Net profit (THB m)	528	(111)	310	409	125	320	422	n/a	(3)	(3)

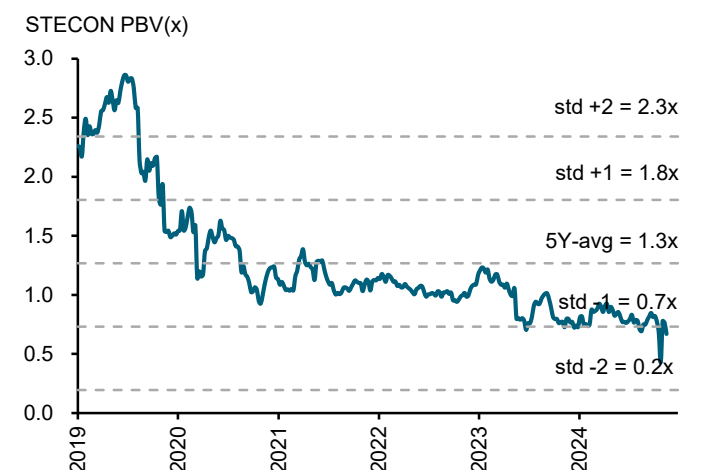
Sources: FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Stecon Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	30,326	29,598	30,475	32,000	32,677
Cost of goods sold	(28,792)	(28,299)	(29,195)	(30,400)	(31,043)
<b>Gross profit</b>	<b>1,534</b>	<b>1,299</b>	<b>1,280</b>	<b>1,600</b>	<b>1,634</b>
Other operating income	-	-	-	-	-
Operating costs	(779)	(834)	(909)	(938)	(945)
<b>Operating EBITDA</b>	<b>1,793</b>	<b>1,270</b>	<b>1,196</b>	<b>1,507</b>	<b>1,554</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>371</b>	<b>662</b>	<b>689</b>
Net financing costs	19	(1)	(101)	(75)	(99)
Associates	34	(70)	(605)	(480)	(360)
Recurring non-operating income	244	151	(302)	(173)	(49)
Non-recurring items	36	23	20	0	0
<b>Profit before tax</b>	<b>1,054</b>	<b>637</b>	<b>(12)</b>	<b>414</b>	<b>542</b>
Tax	(187)	(102)	(84)	(89)	(117)
<b>Profit after tax</b>	<b>867</b>	<b>536</b>	<b>(96)</b>	<b>325</b>	<b>424</b>
Minority interests	(9)	(8)	(15)	(15)	(15)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>857</b>	<b>528</b>	<b>(111)</b>	<b>310</b>	<b>409</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(36)</b>	<b>(23)</b>	<b>(20)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>821</b>	<b>504</b>	<b>(131)</b>	<b>310</b>	<b>409</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.54	0.33	(0.09)	0.20	0.27
Reported EPS	0.56	0.35	(0.07)	0.20	0.27
DPS	0.30	0.17	0.00	0.10	0.13
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)	3.0	5.0	2.1
Operating EBITDA (%)	47.5	(29.2)	(5.8)	26.0	3.1
Operating EBIT (%)	25.7	(38.4)	(20.1)	78.4	4.1
Recurring EPS (%)	18.3	(38.6)	nm	nm	32.2
Reported EPS (%)	20.6	(38.5)	nm	nm	32.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	5.1	4.4	4.2	5.0	5.0
Gross margin exc. depreciation (%)	8.5	7.1	6.9	7.6	7.6
Operating EBITDA margin (%)	5.9	4.3	3.9	4.7	4.8
Operating EBIT margin (%)	2.5	1.6	1.2	2.1	2.1
Net margin (%)	2.7	1.7	(0.4)	1.0	1.3
Effective tax rate (%)	17.8	16.0	-697.8	21.6	21.6
Dividend payout on recurring profit (%)	55.7	52.3	-	50.0	50.0
Interest cover (X)	(52.8)	566.9	0.7	6.5	6.5
Inventory days	5.2	7.4	9.0	8.9	9.0
Debtor days	108.0	124.3	126.1	121.1	117.4
Creditor days	341.6	319.5	277.8	277.8	281.6
Operating ROIC (%)	(10.8)	(9.8)	(55.4)	(54.0)	9.0
ROIC (%)	4.7	2.6	0.2	1.6	(0.5)
ROE (%)	4.5	2.7	(0.7)	1.8	2.3
ROA (%)	1.7	1.0	(0.1)	0.8	0.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Construction	30,265	29,527	30,395	31,900	32,577
Sales and service	61	71	80	100	100

Sources: Stecon Group; FSSIA estimates

# Financial Statements

## Stecon Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	821	504	(131)	310	409
Depreciation	1,038	805	825	845	865
Associates & minorities	-	-	-	-	-
Other non-cash items	36	23	20	0	0
Change in working capital	2,140	(2,001)	695	1,096	502
<b>Cash flow from operations</b>	<b>4,036</b>	<b>(668)</b>	<b>1,410</b>	<b>2,250</b>	<b>1,776</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(545)	(574)	(1,060)	(1,092)	(1,125)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(2,584)	1,585	(2,132)	(1,196)	(1,249)
<b>Cash flow from investing</b>	<b>(3,129)</b>	<b>1,011</b>	<b>(3,192)</b>	<b>(2,288)</b>	<b>(2,374)</b>
Dividends paid	(343)	(211)	0	(124)	(164)
Equity finance	0	0	0	0	0
Debt finance	(105)	(111)	13	14	15
Other financing cash flows	2,477	(2,771)	99	140	71
<b>Cash flow from financing</b>	<b>2,029</b>	<b>(3,093)</b>	<b>112</b>	<b>30</b>	<b>(79)</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>(1,670)</b>	<b>(8)</b>	<b>(676)</b>
Free cash flow to firm (FCFF)	926.01	385.82	(1,637.88)	84.91	(448.48)
Free cash flow to equity (FCFE)	3,278.39	(2,539.46)	(1,669.76)	116.26	(512.25)

### Per share (THB)

FCFF per share	0.61	0.25	(1.07)	0.06	(0.29)
FCFE per share	2.15	(1.67)	(1.09)	0.08	(0.34)
Recurring cash flow per share	1.24	0.87	0.47	0.76	0.84

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	2,572	2,565	1,889
A/C receivable	9,772	10,386	10,666	10,560	10,457
Inventories	421	698	701	736	752
Other current assets	4,975	5,309	5,485	5,600	5,718
<b>Current assets</b>	<b>22,160</b>	<b>20,636</b>	<b>19,425</b>	<b>19,461</b>	<b>18,816</b>
Other assets	321	764	762	784	801
<b>Total assets</b>	<b>50,790</b>	<b>47,449</b>	<b>48,605</b>	<b>50,084</b>	<b>50,947</b>
Common equity	19,592	17,701	17,591	17,776	18,022
Minorities etc.	297	371	386	401	416
<b>Total shareholders' equity</b>	<b>19,889</b>	<b>18,072</b>	<b>17,976</b>	<b>18,177</b>	<b>18,438</b>
Long term debt	376	265	278	292	307
Other long-term liabilities	3,052	2,415	2,499	2,624	2,680
<b>Long-term liabilities</b>	<b>3,428</b>	<b>2,680</b>	<b>2,777</b>	<b>2,916</b>	<b>2,986</b>
A/C payable	26,895	21,244	21,942	23,040	23,527
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>27,852</b>	<b>28,991</b>	<b>29,523</b>
<b>Total liabilities and shareholders' equity</b>	<b>50,790</b>	<b>47,449</b>	<b>48,605</b>	<b>50,084</b>	<b>50,947</b>
Net working capital	(11,981)	(5,222)	(5,499)	(6,595)	(7,097)
Invested capital	16,649	21,591	23,681	24,028	25,035

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

### Per share (THB)

Book value per share	12.85	11.61	11.53	11.66	11.82
Tangible book value per share	12.85	11.61	11.53	11.66	11.82

### Financial strength

Net debt/equity (%)	(31.6)	6.1	17.8	17.8	21.2
Net debt/total assets (%)	(12.4)	2.3	6.6	6.4	7.7
Current ratio (x)	0.8	0.8	0.7	0.7	0.6
CF interest cover (x)	(201.2)	(1,810.8)	(5.0)	17.0	7.2

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>15.0</b>	<b>24.5</b>	<b>(94.6)</b>	<b>39.9</b>	<b>30.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>14.9</b>	<b>24.2</b>	<b>(93.4)</b>	<b>39.4</b>	<b>29.8</b>
Reported P/E (x)	14.4	23.4	(111.6)	39.9	30.2
Dividend yield (%)	3.7	2.1	-	1.3	1.7
Price/book (x)	0.6	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.6	0.7	0.7	0.7	0.7
EV/EBITDA (x) **	3.5	10.9	13.3	10.6	10.7
EV/EBITDA @ target price (x) **	3.5	10.8	13.2	10.5	10.6
EV/invested capital (x)	0.4	0.6	0.7	0.7	0.7

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

Sources: Stecon Group; FSSIA estimates

# Stecon Group (STECON 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.
★★★	>39-59	<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	--	--
STECON	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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <a href="#">THSI inclusion</a> , 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. <a href="#">SETTHSI Index</a> 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 (60-69), 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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainalytics</a>	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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><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></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
<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																			
<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	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.																					
Bloomberg	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

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History of change in investment rating and/or target price

Stecon Group (STECON TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-May-2022	BUY	15.40	05-Jan-2024	HOLD	10.00	07-Aug-2024	REDUCE	8.00
17-Aug-2022	HOLD	13.00	07-May-2024	REDUCE	9.60			

Thanyatorn Songwutti started covering this stock from 05-Jan-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Stecon Group	STECON TB	THB 8.10	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 14-Nov-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.