

STECON GROUP STECON TB

THAILAND / CONSTRUCTION SERVICES

REDUCE

UNCHANGED

Key takeaways from analyst meeting

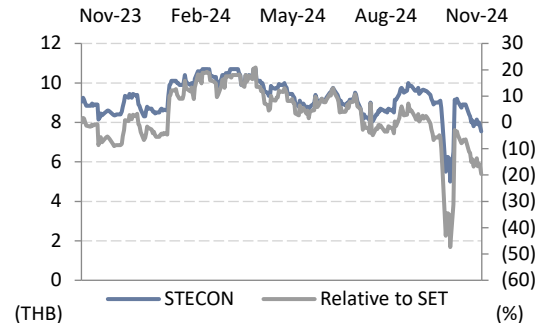
TARGET PRICE	THB8.00
CLOSE	THB7.55
UP/DOWNSIDE	+6.0%
TP vs CONSENSUS	-21.5%

Highlights

- บริษัทเผยแพร่ธุรกิจระยะยาว ตั้งเป้าหมายรายได้รวมเพิ่มขึ้นเป็น 4.5 หมื่นล้านบาทในปี 2030 (จากปี 2024 ที่ 3 หมื่นล้านบาท) และ ROE เป็นมากกว่า 10% โดยรายได้ก่อสร้างคาดโตเฉลี่ย 5% ต่อปี เสริมด้วยธุรกิจอื่นเป็นสัดส่วนราว 10% ของรายได้รวม ซึ่งทยอยรับรู้ตั้งแต่ปี 2025 อาทิ ธุรกิจน้ำประปา ซึ่งล่าสุดซื้อหุ้น 51% ใน Mars Water Supply คาดรายได้ 200 ล้านบาท/ปี ส่วนธุรกิจ Data Center 2 แห่ง เริ่มรับรู้ปี 2026 คาดรายได้ 200-300 ล้านบาท/ปี รวมถึงมีความสนใจลงทุนธุรกิจโรงไฟฟ้าพลังงานขยะ, ลม, Solar ทั้งในประเทศและต่างประเทศ
- Backlog ณ สิ้น 3Q24 อยู่ที่ 8.8 หมื่นล้านบาท โดย YTD รับแล้ว 8.4 พันล้านบาท หลักๆเป็นห้างสรรพสินค้า และยังคงเบิกงานใหม่ปีนี้ 4 หมื่นล้านบาท ซึ่ง 4Q24 มาจากโรงไฟฟ้า Solar 7 แห่ง (6.6 พันล้านบาท) และรถไฟฟ้าสายสีส้มตะวันตกบางส่วนจาก CK (2.8 หมื่นล้านบาท)
- บริษัทคาดการณ์ปี 2024 ที่ 3 หมื่นล้านบาท (+2% y-y) ใกล้เคียงเราคาด ส่วนปี 2025 ตั้งเป้ารายได้ก่อสร้างเพิ่มขึ้นเป็น 3.1 หมื่นล้านบาท และอัตรากำไรขั้นต้นไม่ต่ำกว่า 5% โดยตั้งเป้ารับงานใหม่เพิ่ม 4 หมื่นล้านบาทจากแผนเข้าร่วมประมูลโครงการภาครัฐรวม 2.9 แสนล้านบาท อาทิ มอเตอร์เวย์, รถไฟฟ้าทางคู่, รถไฟฟ้า
- ค่าซ่อมแซมงานอุโมงค์ระบายน้ำบึงหนองบอนยังเป็นแรงกดดันต่อเนื่องถึง 2Q25 โดยคาดบันทึกค่าซ่อมอีกราว 70 ล้านบาท/ไตรมาสใกล้เคียงกับ 3Q24 แม้งานโรงไฟฟ้า Solar 7 แห่งซึ่งมารีจิ้นดีและเริ่มรับรู้เดือนธ.ค. 2024 เป็นส่วนช่วยให้อัตรากำไรขั้นต้นทยอยฟื้นจาก 3.6% ใน 3Q24 แต่เราประเมินว่ายังอยู่ระดับต่ำกว่า 5% ไปอีก 3 ไตรมาสข้างหน้า อย่างไรก็ตาม บริษัทอยู่ระหว่างทำเรื่องเคลมประกันจากค่าซ่อมแซมทั้งหมด 700 ล้านบาท คาดได้ข้อสรุปปี 2025 หากได้รับเงินจะสามารถบวกกลับในฝั่งต้นทุนและเป็นบวกต่ออัตรากำไรขั้นต้นอย่างมีนัยซึ่งยังไม่ได้รวมในประมาณการ
- แนวโน้ม 4Q24 ไม่สดใส เราประเมินผลประกอบการหลักมีโอกาสยังขาดทุน แต่ลดลงจาก -147 ล้านบาทใน 3Q24 จากการเริ่มก่อสร้างงานใหม่ช่วงปลายไตรมาส อาทิ ห้างสรรพสินค้าและโรงไฟฟ้า Solar 7 แห่ง อย่างไรก็ตาม ภาพรวมถูกกดดันจากค่าซ่อมงานบึงหนองบอน และส่วนแบ่งขาดทุนจากรถไฟฟ้าเหลือง-ชมพู
- ประเด็นที่ต้องติดตามคือโครงการ CFP ที่มีข่าวผู้รับเหมาหลักกลุ่ม UJV ค้างชำระค่าจ้างผู้รับเหมาช่วง ซึ่ง STECON รับงาน 5.2 พันล้านบาท มีความคืบหน้าราว 48% (ปัจจุบันเงินค้างชำระต่ำกว่า 100 ล้านบาท และบันทึกหนี้ 800 ล้านบาท) บริษัทยังดำเนินการก่อสร้างเพื่อไม่ให้เกิดความเสี่ยงผิดสัญญา แต่ชะลอการก่อสร้างลงเพื่อรอดูสถานการณ์อย่างระมัดระวัง ขณะที่บริษัทยื่นคำร้องต่ออนุญาโตตุลาการเพื่อพิจารณาความสามารถการชำระหนี้ของ UJV และขอคุ้มครองชั่วคราว คาดรู้ผลภายใน 2 เดือนนี้ โดยผู้บริหารมั่นใจว่าจะไม่มีการตั้งสำรองเกิดขึ้น

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	(31.7)	(32.7)
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
EPS growth (%)	(38.6)	nm	nm	32.2
Core P/E (x)	22.8	(88.1)	37.2	28.1
Dividend yield (%)	2.3	-	1.3	1.8
EV/EBITDA (x)	10.2	12.6	10.0	10.2
Price/book (x)	0.7	0.7	0.6	0.6
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 (%)	20.8	(11.7)	(18.8)
Relative to country (%)	22.8	(18.1)	(20.6)
Mkt cap (USD m)	332		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	66		
Major shareholder	Charnvirakul family (24%)		
12m high/low (THB)	11.10/4.16		
Issued shares (m)	1,525.11		

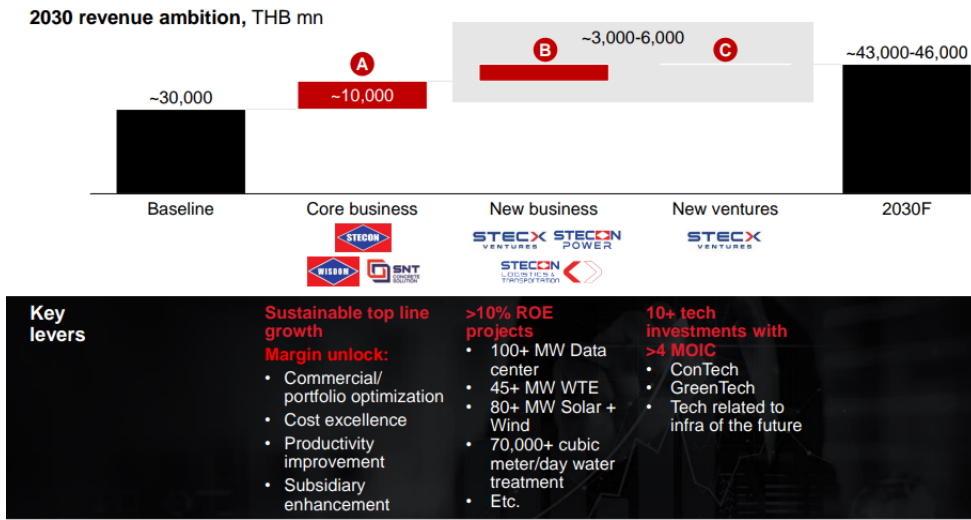
Sources: Bloomberg consensus; FSSIA estimates



Thanayatorn Songwutti

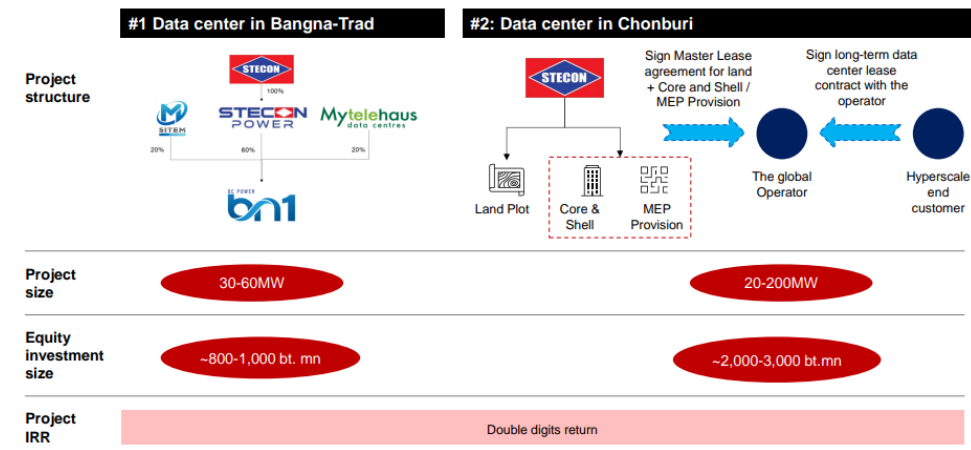
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Exhibit 1: STECON Group Mission by 2030



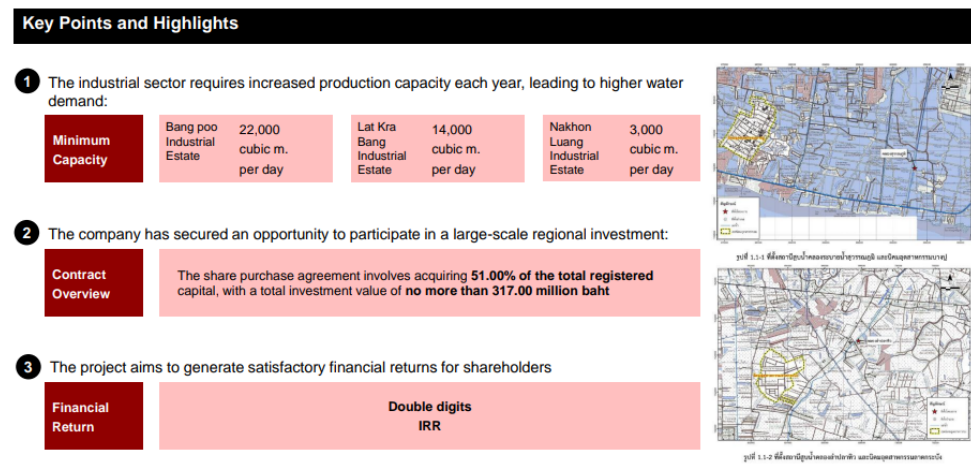
Source: STECON

Exhibit 2: Data center business



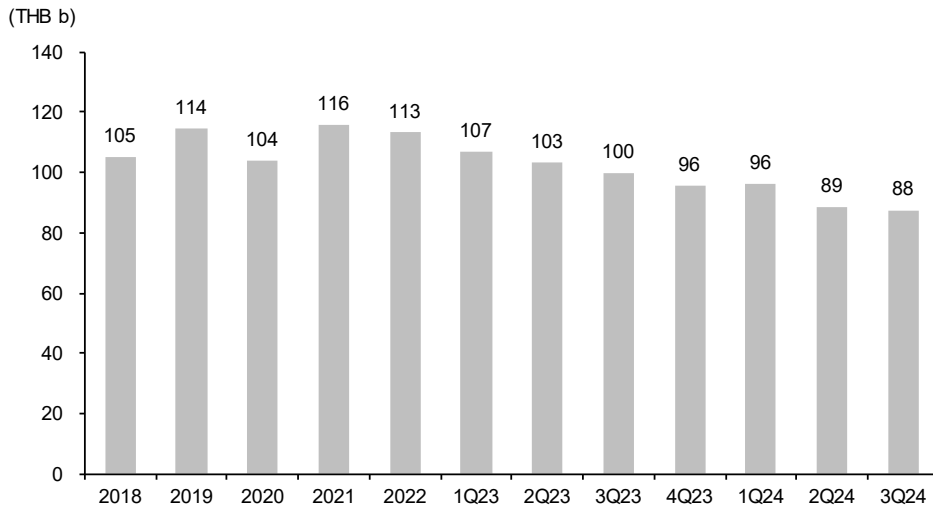
Source: STECON

Exhibit 3: Water management business



Source: STECON

Exhibit 4: Backlog at end-3Q24



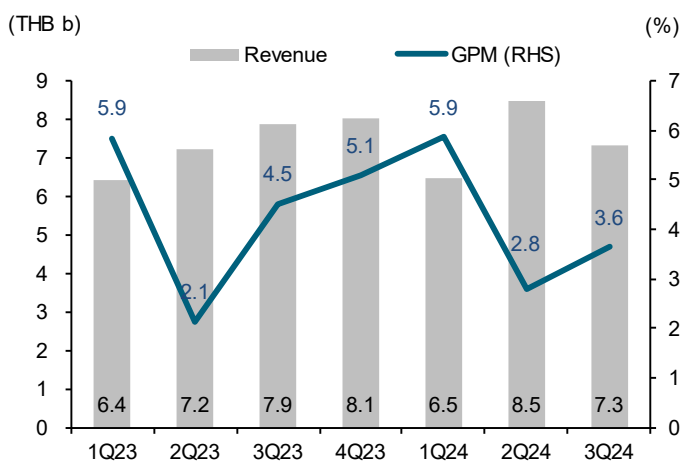
Sources: STEC; FSSIA's compilation

Exhibit 5: Targeted projects

Type of work	Project	Project owner	Contract value (THB m)	Project status
Motorway	Utraphimuk Elevated, Rangsit-Bang Pa-In (M5)	DOH	28,360	Proposing the Cabinet and expect to open for bidding in 2025
	Bang Khun Thian-Bang Bua Thong (M9)	DOH	4,508	
	The Intercity Motorway No.7-Extension to U-Tapao Airport (M7)	DOH	56,035	Bidding in progress
Expressway	Expressway N2 (Prasertmanukit-Outer Ring Road East section)	EXAT	16,960	Expect to open for bidding in 2025
Electrified Train	Brown Line : Khae Rai-Lumsalee	MRTA	41,720	Expect to propose to the Cabinet in 2Q25
	Orange Line West : BangKhonnon-Minburi	MRTA	85,200	Awarded contract to BEM on 18 July 24
	Dark Red Line : Thammasart-Mahachai	SRT	6,468	Proposing the Cabinet and expect to open for bidding in 2025
	Light Red Line : Salaya-Hua Mark	SRT	15,364	
Double Track Railway	Jira Junction-Ubonratchathani	SRT	37,527	Expect to open for bidding in 2025
Building	Data Center	DC Power BN1	7,200	Negotiating progress and expect construction begin in 2025
		STEC	5,000	
Total			304,342	

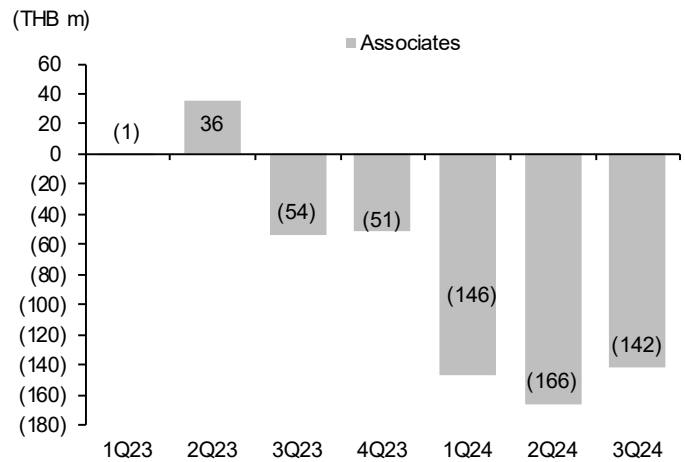
Source: STEC

Exhibit 6: Quarterly revenue and GPM



Sources: STECON; FSSIA's compilation

Exhibit 7: Quarterly associates



Sources: STECON; FSSIA's compilation

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)
Gross profit	1,534	1,299	1,280	1,600	1,634
Other operating income	-	-	-	-	-
Operating costs	(779)	(834)	(909)	(938)	(945)
Operating EBITDA	1,793	1,270	1,196	1,507	1,554
Depreciation	(1,038)	(805)	(825)	(845)	(865)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	754	464	371	662	689
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
Profit before tax	1,054	637	(12)	414	542
Tax	(187)	(102)	(84)	(89)	(117)
Profit after tax	867	536	(96)	325	424
Minority interests	(9)	(8)	(15)	(15)	(15)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	857	528	(111)	310	409
Non-recurring items & goodwill (net)	(36)	(23)	(20)	0	0
Recurring net profit	821	504	(131)	310	409
Per share (THB)					
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
Growth					
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
Operating performance					
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					
Revenue by Division (THB m)					
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
Cash flow from operations	4,036	(668)	1,410	2,250	1,776
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)
Cash flow from investing	(3,129)	1,011	(3,192)	(2,288)	(2,374)
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
Cash flow from financing	2,029	(3,093)	112	30	(79)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,935	(2,751)	(1,670)	(8)	(676)
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)	2022	2023	2024E	2025E	2026E
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)
Tangible fixed assets (net)	4,938	4,707	4,942	5,190	5,449
Intangible fixed assets (net)	0	0	0	0	0
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
Current assets	22,160	20,636	19,425	19,461	18,816
Other assets	321	764	762	784	801
Total assets	50,790	47,449	48,605	50,084	50,947
Common equity	19,592	17,701	17,591	17,776	18,022
Minorities etc.	297	371	386	401	416
Total shareholders' equity	19,889	18,072	17,976	18,177	18,438
Long term debt	376	265	278	292	307
Other long-term liabilities	3,052	2,415	2,499	2,624	2,680
Long-term liabilities	3,428	2,680	2,777	2,916	2,986
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
Current liabilities	27,472	26,698	27,852	28,991	29,523
Total liabilities and shareholders' equity	50,790	47,449	48,605	50,084	50,947
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)	2022	2023	2024E	2025E	2026E
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	2022	2023	2024E	2025E	2026E
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
Recurring P/E (x) *	14.0	22.8	(88.1)	37.2	28.1
Recurring P/E @ target price (x) *	14.9	24.2	(93.4)	39.4	29.8
Reported P/E (x)	13.4	21.8	(104.1)	37.2	28.1
Dividend yield (%)	4.0	2.3	-	1.3	1.8
Price/book (x)	0.6	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.6	0.7	0.7	0.6	0.6
EV/EBITDA (x) **	3.1	10.2	12.6	10.0	10.2
EV/EBITDA @ target price (x) **	3.5	10.8	13.2	10.5	10.6
EV/invested capital (x)	0.3	0.6	0.6	0.6	0.6

* 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
n/a

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	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.
★★☆☆☆	>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 ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
CK	43.00	--	--	A	5.00	4.00	--	High	52.84	B	--	49.14	22.00	2.62	57.10
ITD	10.63	--	--	--	--	4.00	--	Severe	--	--	--	--	13.00	--	--
STECON	15.38	--	--	A	--	--	--	--	--	--	--	--	22.00	--	52.54
SYNTEC	28.92	--	--	A	5.00	4.00	Certified	--	--	--	--	39.33	--	--	--
NWR	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	—	—	—	—	—	—	—	—
BESG environmental pillar score	—	—	—	—	—	—	—	—
BESG social pillar score	—	—	—	—	—	—	—	—
BESG governance pillar score	—	—	—	—	—	—	—	—
ESG disclosure score	31.84	31.84	31.84	33.23	34.92	45.38	46.50	52.54
Environmental disclosure score	0.00	0.00	0.00	0.00	0.00	10.45	16.43	32.74
Social disclosure score	14.24	14.24	14.24	18.41	20.98	33.16	30.56	32.38
Governance disclosure score	81.10	81.10	81.10	81.10	83.59	92.35	92.35	92.35
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	Yes
Climate change policy	No	No	No	No	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes	Yes	Yes
GHG scope 1	—	—	—	—	—	—	0	1
GHG scope 2 location-based	—	—	—	—	—	—	0	0
GHG Scope 3	—	—	—	—	—	—	0	0
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	Yes
Energy efficiency policy	No	No	No	No	No	No	No	Yes
Total energy consumption	—	—	—	—	—	0	3	3
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	0	1	1
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	0	0	0
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No	Yes
Water policy	No	No	No	No	No	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	Yes
Quality assurance and recall policy	No	No	No	No	No	Yes	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	27
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	—	—	—	—	—	0	0	0
Total recordable incident rate - employees	—	—	—	—	—	0	0	0
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	1,231	1,377	1,513	1,652	1,754	1,720	1,669	1,593
Employee turnover pct	—	—	—	—	7	10	13	10
Total hours spent by firm - employee training	31,138	41,280	49,015	54,589	7,708	11,593	15,772	15,930
Social supply chain management	No	No	No	No	No	No	No	Yes
Governance								
Board size	12	12	12	11	11	11	11	12
No. of independent directors (ID)	7	7	7	6	7	7	7	7
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	5	7	5	10	8	7	4	4
Board meeting attendance pct	100	98	98	89	100	99	100	96
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	40	41	42	43	44	45	51	52
Age of the oldest director	72	73	75	76	77	77	78	79
No. of executives / company managers	20	21	20	17	20	20	20	21
No. of female executives	4	5	5	4	5	5	5	6
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	6	7	5	8	8	11	5	8
Audit meeting attendance %	100	100	100	97	100	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	2	3	2	2	3	3	3	4
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	2	3	2	2	3	3	3	4
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG inclusion , 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. SETESG Index is extended from the SET ESG Ratings 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.																			
CG Score 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%).																			
AGM level 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&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.																			
Thai CAC 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.																			
Morningstar Sustainalytics	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 & 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-top: 10px;"> <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+									
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ESG Book	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.																			
MSCI	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-top: 10px;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</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>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	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.																				
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	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 7.55	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 22-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.