

The reports on CH. Karnchang (CK TB), Stecon Group (STECON TB), Pylon (PYLON TB) and Seafco (SEAFCO TB) are being republished for reference purposes. No changes have been made to the reports from their original dates of publication.

# Thailand Construction Services

## Political Clarity Priced In, Policy Still in Focus

- สถานการณ์การเมืองมีแนวโน้มคลี่คลายภายใต้รัฐบาลเฉพาะกิจ อย่างไรก็ตาม คาดงานประมูลใหม่มีจำกัดใน 4Q25-1Q26 และต้องรอนโยบายการลงทุนที่ชัดเจนจากรัฐบาลใหม่ที่จัดตั้งใน 2Q26
- ประเมินผลประกอบการกลุ่มฯ 3Q25 คาดเร่งขึ้นต่อเนื่อง และจบกำไรปี 2025 พื้นตัวเด่น ส่วนปี 2026 คาดโต Single-digit โดยผู้รับเหมารายใหญ่จะมีรายได้ที่มั่นคงกว่าจาก Backlog ที่แข็งแกร่ง
- ปรับลดน้ำหนักการลงทุนกลุ่มรับเหมาฯ เป็น NEUTRAL และเปลี่ยน Top Pick เป็น CK

### ความท้าทายการประมูลโครงการใหม่ช่วงเปลี่ยนผ่านการเมือง

สถานการณ์ทางการเมืองในประเทศมีแนวโน้มคลี่คลายหลังคำตัดสินของศาลรัฐธรรมนูญเมื่อวันที่ 29 ก.ย. มีมติให้นางสาวแพทองธาร พ้นจากตำแหน่งนายกรัฐมนตรี และมีรัฐบาลรักษาการชุดใหม่ภายใต้คุณอนุทินเข้ามาทำหน้าที่แทน ซึ่งคาดว่าจะเริ่มปฏิบัติหน้าที่ในเดือนต.ค. 2025 เป็นระยะเวลาเพียง 4 เดือน จากข้อมูลในอดีตพบว่าการประมูลเฉพาะกิจมักหลีกเลี่ยงการอนุมัติโครงการใหญ่ที่ไม่จำเป็นเร่งด่วน ส่งผลให้ไม่มีการเปิดประมูลโครงการใหญ่ในช่วงดังกล่าว เราจึงคาดว่า การเปิดประมูลโครงการภาครัฐในช่วง 4Q25-1Q26 จะมีอย่างจำกัด และนโยบายการลงทุนจะชะลอออกไปจนถึงการจัดตั้งรัฐบาลชุดใหม่ใน 2Q26

### โมเมนตัมกำไร 3Q25 เชิงบวก ทิศทางปี 2025-26 พื้นตัว

เราประเมินกำไรสุทธิกลุ่มรับเหมาฯ ใน 3Q25 เร่งขึ้นต่อเนื่อง นำโดย CK จากกำไรพิเศษและส่วนแบ่งกำไรบริษัทร่วม ขณะที่ PYLON และ SEAFCO จากอัตราการใช้กำลังการผลิตสูงขึ้น แต่ STECON คาดกำไรจะลดลง q-q จากฐานสูง ทำให้จบปี 2025 คงคาดการณ์กำไรปกติของกลุ่มฯ จะฟื้นตัวแรงเป็น 3.1 พันล้านบาท (จาก 168 ล้านบาทในปี 2024) ชับเคลื่อนจาก Backlog สูงขึ้นหนุนการปรับขึ้นของรายได้และมาร์จิ้น ส่วนปี 2026 คาดกำไรปกติโต 9% y-y อยู่ที่ 3.4 พันล้านบาท หลักๆ จากความคืบหน้าของงานในมือ ท่ามกลางปริมาณงานในตลาดที่มีจำกัดในช่วงรัฐบาลเฉพาะกิจ โดยผู้รับเหมาหลัก (CK, STECON) คาดมีรายได้ที่มีเสถียรภาพกว่าจาก Backlog ที่แข็งแกร่งและระยะยาว แต่ผู้รับเหมาฐานราก (PYLON, SEAFCO) มีความท้าทายจากการหางานใหม่เข้ามาเติม อย่างไรก็ตาม ราคาต้นทุนวัสดุก่อสร้างมีแนวโน้มทรงตัว และประเด็นแรงงานยังบริหารจัดการได้แม้มีปรับค่าแรงและความขัดแย้งบริเวณชายแดนก็มีพุดู

### ปรับลดน้ำหนักการลงทุนเป็น NEUTRAL จากขาดปัจจัยหนุนระยะสั้น

ราคาหุ้นของกลุ่มรับเหมาฯ ปรับขึ้นแรงในช่วง 2 สัปดาห์ที่ผ่านมา โดยดัชนี SETCONS +16% เทียบกับ SET +4% ซึ่งมองว่าสะท้อนปัจจัยบวกด้านความชัดเจนทางการเมืองไปแล้ว ขณะที่ระยะสั้นยังขาดปัจจัยบวกใหม่ เนื่องจากการผลักดันโครงการภาครัฐคาดมีอย่างจำกัดในช่วงรัฐบาลเฉพาะกิจใน 4Q25-1Q26 เราจึงปรับลดน้ำหนักการลงทุนกลุ่มรับเหมาฯ เป็น NEUTRAL (จาก Overweight) และเปลี่ยน Top Pick เป็น CK (จาก STECON) เนื่องจาก STECON ปรับขึ้นแรงและปัจจุบันมี Upside จำกัด บวกกับคาดการณ์กำไรผ่านจุดสูงสุดแล้วใน 2Q25 ขณะที่ CK มีแนวโน้มกำไร 3Q25 เร่งขึ้น, มีคะแนน ESG จากการประเมินของ FSSIA สูงสุดในกลุ่ม รวมถึง Valuation น่าสนใจ ปัจจุบันซื้อขายบน P/BV ที่ 1.1x หรือค่าเฉลี่ย -1.25SD โดยราคาหุ้น CK ยัง Laggard กลุ่มฯ YTD ปรับลง -10% สวนทางกับ STECON ที่ปรับขึ้นมากที่สุด +14%

### FSSIA recommendations

Company	BBG code	share price	Rating		Target Price			
			Current	Previous	Current	Previous	%change	Up/downside
CH. Karnchang	CK TB	17.20	BUY	-	20.00	-	-	+16.3%
Stecon Group	STECON TB	8.80	BUY	-	9.50	-	-	+8.0%
Pylon	PYLON TB	2.14	BUY	-	2.50	-	-	+16.8%
Seafco	SEAFCO TB	2.10	BUY	-	3.00	-	-	+42.9%

Note: Priced at close of business 12/09/2025. Share prices and TPs are in listing currency. Source: FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 15 กันยายน 2025

<div><div>Investment thesis</div><div><p>Although current domestic political concerns have eased following the Constitutional Court’s ruling on 29 August 2025, which removed Prime Minister Paetongtarn from office and paved the way for a new interim government led by Khun Anutin, the new administration is expected to begin in October 2025 and last only four months. Interim governments usually avoid approving major projects that are not urgently necessary; instead, they focus on addressing immediate problems or carrying out specific duties.</p><p>We downgrade our contractor sector rating to NEUTRAL (from Overweight), as we believe share prices have already rallied sharply over the past two weeks in response to improved political clarity. In the near term, we see limited catalysts, given the likely delay of large-scale government project tenders over the next four months, with decisions expected to be revisited by a new formal government, which is expected to be formed in 2Q26, where policy direction remains uncertain.</p><p>In addition, we change our top pick to CK (from STECON), supported by accelerating 3Q25E profit and its laggard share price with an attractive valuation.</p></div></div>	<div><div>Catalyst</div><div><p>Key growth drivers stem from the expansion of construction investment, particularly government tenders in large-scale infrastructure projects such as mass transit, double-track railways, expressways, and motorways. These long-term, high-value projects can be distributed across multiple contractors, thereby easing market competition. In addition, government investment is expected to strengthen private sector confidence, supporting further expansion of private investment in subsequent periods.</p></div><div><div>Risk to our call</div><div><p>Key downside risks include: 1) a slower-than-expected economic recovery, 2) delays in new project tenders and a smaller-than-expected project pipeline, 3) political uncertainty, 4) slower-than-expected construction progress, 5) cost overruns, 6) volatility in construction material costs, 7) increases in minimum wages, and 8) labor shortages.</p></div></div></div>
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CH. Karnchang (CK TB, BUY, TP THB20.0)	
Stecon Group (STECON TB, BUY, TP THB9.50)	
Pylon (PYLON TB, BUY, TP THB2.5)	
Seafco (SEAFKO TB, BUY, TP THB3.0)	

Event Calendar

Date	Event
October 2025	Interim government formation
November 2025	3Q25 results announcement
1Q26	New general election

## Bidding Challenges under Interim Government

### Political transition under an interim government

On 29 Aug 2025, Thailand's Constitutional Court dismissed Paetongtarn Shinawatra from her position as Prime Minister, ruling that she had committed a serious ethical violation during a phone call with Cambodia's Senate President Hun Sen. As a result, she and her entire cabinet were ordered to step down.

On 7 Sep 2025, Mr. Anutin Charnvirakul received the royal command appointing him as the 32nd Prime Minister. The new government is expected to be formed within September, with the condition that the House must be dissolved within four months. Starting from October, when the administration operates under an interim government, this period would end in January. Thereafter, the House would be dissolved, followed by a new general election, which could take place as early as Mar 2026, with a new government officially in place within 2Q26.

The domestic political situation is beginning to show signs of improvement and resolution. However, the key factor to monitor will be the economic management of the four-month interim cabinet, whose ability to drive substantial policy changes is expected to remain limited.

### Constraints on short-term governments

Even though interim governments have full authority to administer the country, their time in office is limited. They usually avoid approving major projects that are not urgently necessary. Instead, they focus on addressing immediate problems or carrying out specific duties, such as economic recovery, organizing elections, or maintaining political stability.

As there has not been an interim government in Thailand in the past decade, we instead refer to the caretaker government. According to the Thai Constitution and the Act on the Organization of State Administration, a caretaker cabinet has limited authority. It cannot approve new projects that would bind the next government, nor can it enter into long-term contracts or incur new obligations involving substantial expenditures, except for continuing projects or urgent matters necessary for the public interest.

Historical examples of caretaker governments include:

- **May - Aug 2011 (Abhisit Vejjajiva caretaker government)**

There were no new large-scale public project bids opened. The most notable projects were the Purple Line (Bang Yai–Bang Sue) and the Blue Line (Hua Lamphong–Bang Khae), which had already been approved beforehand. Construction proceeded, but these were not new approvals during the caretaker period.

- **Dec 2013 - May 2014 (Yingluck Shinawatra caretaker government)**

Major projects such as the 350-billion-baht water management scheme and the 2-trillion-baht rail and infrastructure program were effectively frozen and could not proceed to the bidding stage. Even though some agencies had already submitted TORs, the caretaker cabinet refrained from granting approval, as doing so risked breaching ethical standards regarding the exercise of power.

- **Mar – July 2019 (Prayut Chan-o-cha caretaker government after the general election)**

Budget disbursement for FY2020 was delayed because the caretaker cabinet lacked authority to approve new projects, leaving matters pending until the new government was sworn in in July 2019. Projects under the EEC, such as the high-speed rail linking three airports, had the announcement of winning bidders postponed until the new government could sign contracts.

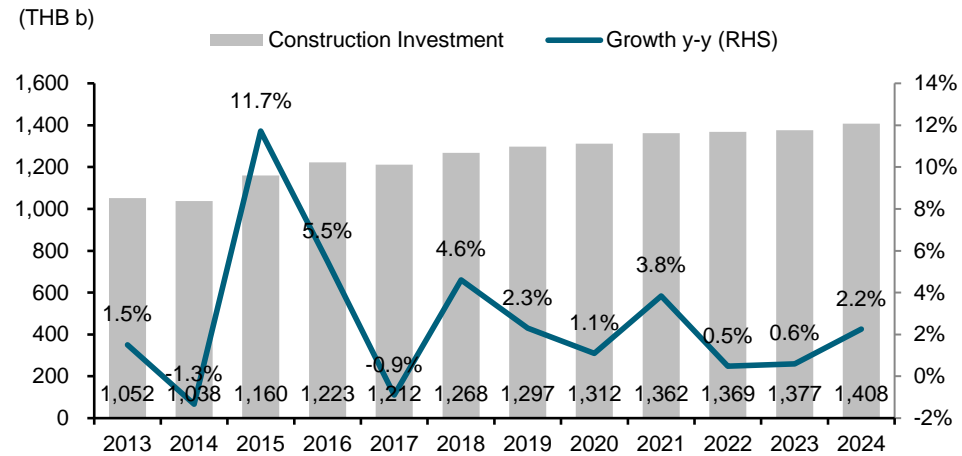
▪ **May – Sep 2023 (Prayut Chan-o-cha caretaker government after the general election)**

Public investment projects and the FY2024 budget were delayed.

This reflects on data from 2014, 2019, and 2023—periods under caretaker governments—public construction investment contracted by -0.6% y-y in 2014 and -1.7% y-y in 2023. In 2019, it still grew, but at a slower pace of +2.8% y-y compared with +3.1% y-y in the previous year.

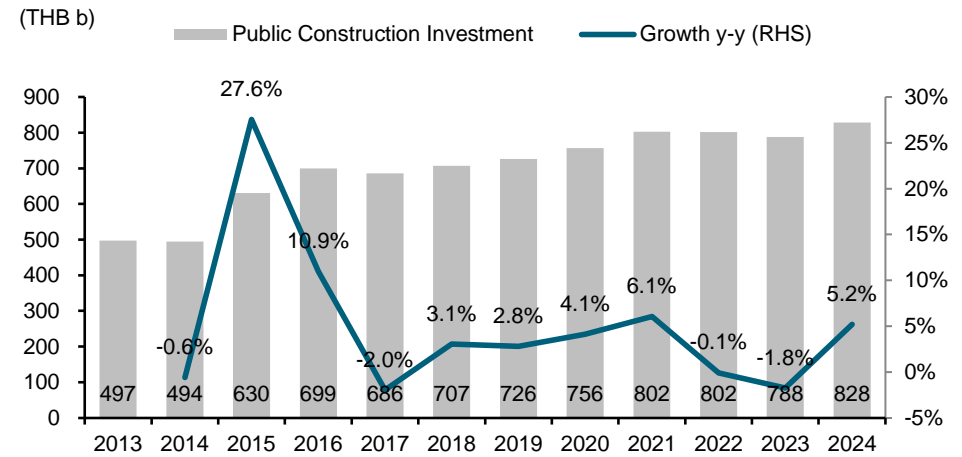
Moreover, short-term governments also affect private investment through uncertainty over future economic policies, prompting private investors to delay or scale back investment decisions until a new government with full authority is in place. As a result, the pace of private projects often slows due to weaker confidence and demand expectations. Data show that private construction investment contracted by -2% y-y in 2014. In 2019, it grew by +1.7%, but at a much slower pace compared with +6.6% y-y in 2018. In 2023, it expanded by +3.9% y-y, though the growth was mainly driven by increased spending on industrial and office properties in industrial estates, most notably in the EEC.

**Exhibit 1: Construction investment**



Sources: NESDC; FSSIA's compilation

**Exhibit 2: Public construction investment**



Sources: NESDC; FSSIA's compilation

Exhibit 3: Private construction investment

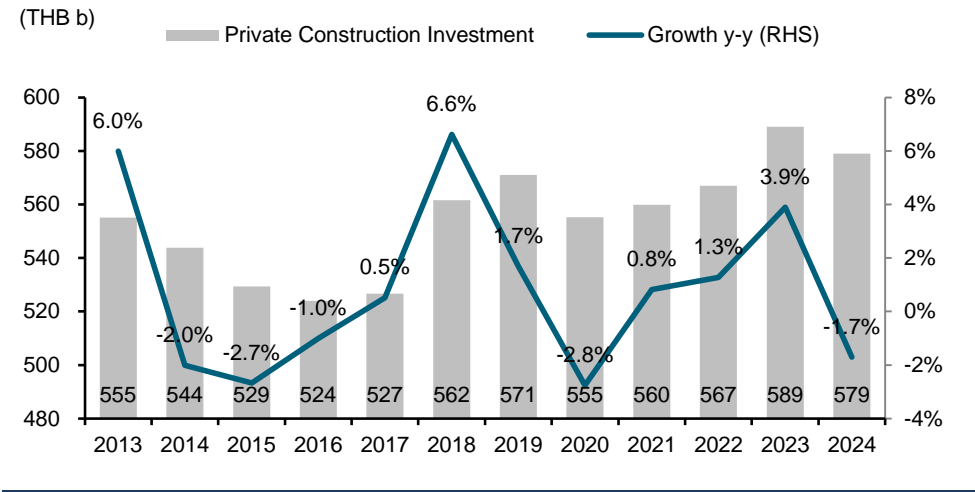
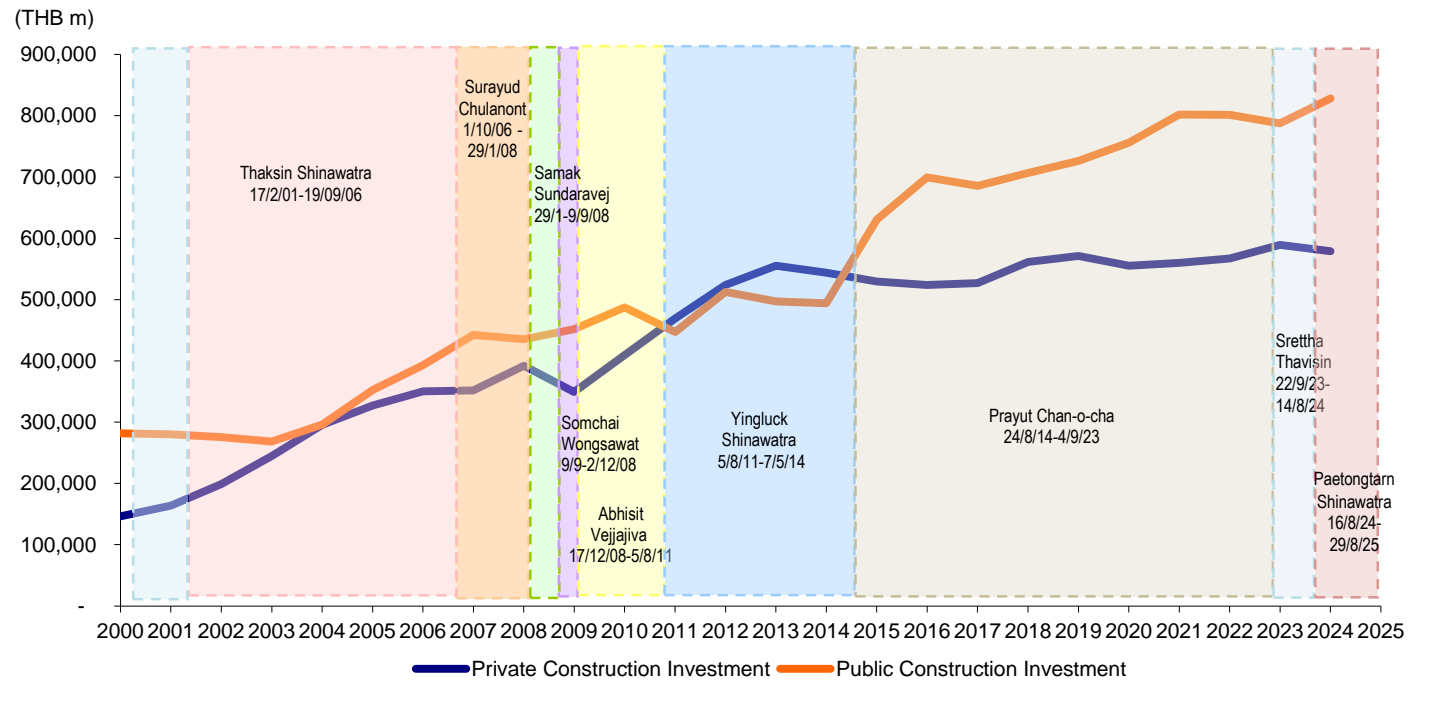


Exhibit 4: Construction investment by government period



## Monitoring government investment policies

According to the statement of the new Prime Minister, Anutin Charnvirakul, on 7 September, he announced urgent priority issues with particular emphasis on providing immediate relief for people's economic hardship, focusing on household expenses, employment, and daily survival, along with expectations for the government to introduce economic stimulus measures.

The only mega project investment that Anutin mentioned to push forward is the Land Bridge project (valued at THB997b), a transport infrastructure development aimed at enhancing the Southern Economic Corridor (SEC) by connecting the Gulf of Thailand with the Andaman Sea. The project is currently under feasibility study and is expected to open for bidding in 2026. Meanwhile, another public infrastructure investment plan has yet to be formally announced, while policies from the Minister of Transport will have to wait until after the cabinet has been formally appointed.

If the Anutin interim government aims to push forward public investment within its four-month tenure, we expect the most feasible projects to be those already approved by the previous Cabinet, comprising around five potential projects with a combined value of THB340b. However, these may still be subject to reconsideration by the new government before being opened for bidding.

### Exhibit 5: Cabinet approved projects

Type of work	Project	Project owner	Contract value (THB m)	Project status
<b>Motorway</b>	Utraphimuk Elevated, Rangsit-Bang Pa-In (M5)	DOH	28,000	The cabinet approved on 24 Dec-24
	Bang Khun Thian-Bang Bua Thong (M9)	DOH	56,000	The cabinet approved on 3 Dec-24
<b>Electrified Train</b>	Dark Red Line : Thammasart-Mahachai	SRT	6,400	The cabinet approved on 7 Jan-25
	Light Red Line : Salaya-Hua Mark	SRT	15,100	The cabinet approved on 17 Jan-25
<b>High Speed Train Phase 2</b>	Ko Rat – Nong Khai	SRT	235,000	The cabinet approved on 4 Feb-25
<b>Total</b>			<b>340,500</b>	

Source: FSSIA's compilation

Looking ahead, if the formation of a new government takes place in 2Q26 amid political stability, public construction investment is expected to gradually recover in 2H25 as spending ramps up, supported by accelerated budget disbursement before the end of fiscal year 2026 in Sep 26 and by the Action Plan on Thailand Logistics Development 2023–2027. We expect to see accelerated progress in mega project investments that are awaiting Cabinet approval. These include double-track railways, expressways, and high-speed train projects. In addition, other major projects include airport development, such as the Suvarnabhumi Airport east expansion.

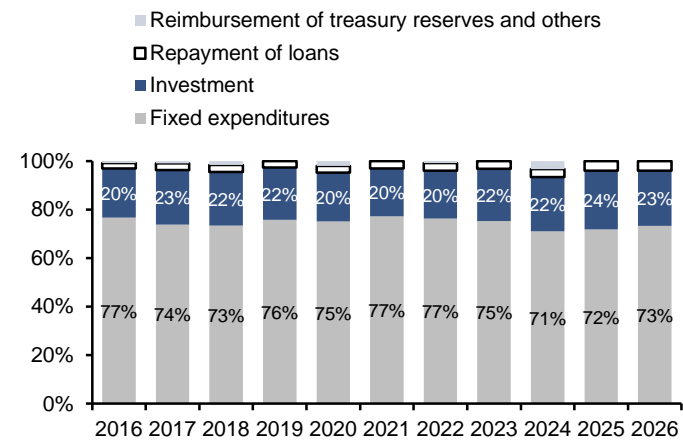
Regarding the 2026 budget, total expenditure is set at THB 3.78 trillion, representing a 0.7% increase from the fiscal 2025 budget, allocations of 22.7% for investment spending. However, investment expenditure amounts to THB864b, which marks a 7.3% decrease from the 2025 budget.

### Exhibit 6: Projects awaiting cabinet approval

Type of work	Project	Project owner	Contract value (THB m)	Project status
<b>Expressway</b>	Expressway N2 (Prasertmanukit-Outer Ring Road East section)	EXAT	17,000	Waiting for cabinet approval
	Kratuu-Patong Expressway	EXAT	18,000	
	Double Deck (Ngam Wong Wan-Rama 9)	BEM	35,000	
<b>Double Track Railway</b>	Jira Junction-Ubonratchathani section	SRT	37,500	Waiting for cabinet approval
	Paknam Pho-Denchai section	SRT	63,000	
	Surat Thani-Hat Yai-Songkhla section	SRT	57,000	
<b>Airports</b>	Suvarnabhumi airport east expansion	AOT	11,000	Expect to open for bidding in 2025-26
	Don Mueang airport expansion	AOT	35,000	
	Chiang Mai airport expansion	AOT	14,000	
<b>Total</b>			<b>287,500</b>	

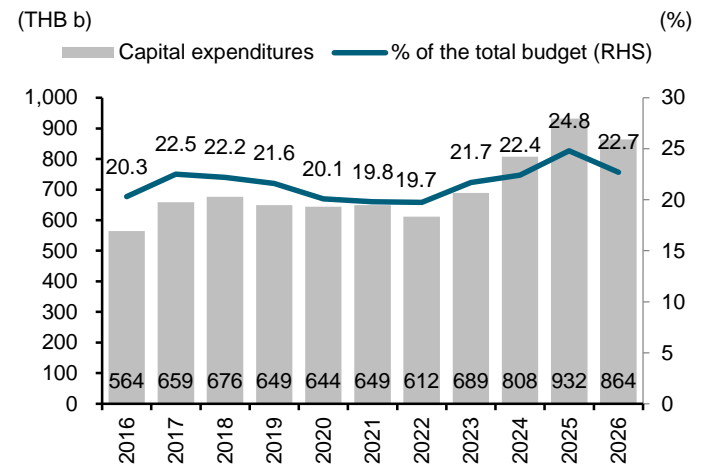
Source: FSSIA's compilation

Exhibit 7: Government fiscal budget breakdown



Sources: Budget Bureau; FSSIA's compilation

Exhibit 8: Capital expenditures



Sources: Budget Bureau; FSSIA's compilation

### Solid Backlog Drives Revenue Stability

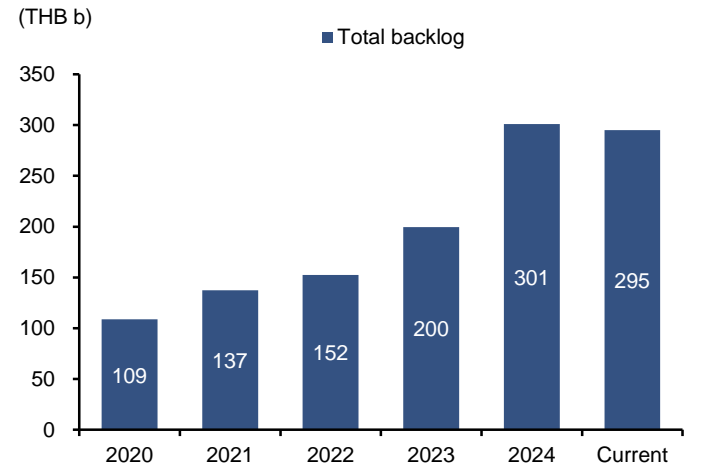
We maintain a conservative view on new bidding during 4Q25–1Q26, with only a limited number of projects—mostly non-sizable ones—expected amid the interim government. Meanwhile, private investment will continue to depend on the clarity of economic stimulus measures and the recovery of investor confidence under the new government, while the residential market is likely to remain sluggish. If the new government election is successfully concluded in 2Q26, public-sector infrastructure projects could progress as early as 2H26, with construction potentially starting in 2027.

For 2H25–2026, we foresee that the main driver of revenue growth will come from ongoing projects in the backlog, the most important being the MRT Orange Line (Western Extension), in which CK, STECON, PYLON, and SEAFCO are all participating. Civil works have commenced at the initial stage, including design and relocation of infrastructure from 1Q25, and the project was 8% complete at the end of 2Q25, while the main construction work is expected to begin in 2026. In addition, this will be supported by progress on the South Purple Line and the double-track railway projects, both of which are currently in the mid-construction phase.

Most of the projects in the main contractors’ (CK and STECON) backlog are sizable, such as electrified train lines, motorways, and double-track railway projects, which typically require 3–6 years to complete. Currently, they maintain a solid backlog, with THB192b for CK and THB100b for STECON, securing annual revenue for the next 4–5 years and 3 years, respectively.

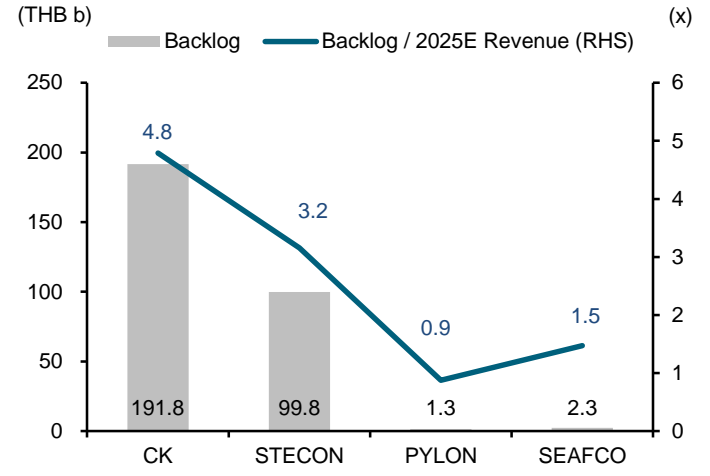
For foundation contractors (PYLON and SEAFCO), we expect that delays in bidding for new projects could pose greater revenue risks in 2026 compared to main contractors. Although they currently have a strong backlog—THB1.3b for PYLON and THB2.7b for SEAFCO—it is projected to be recognized as revenue only through 1H26, as most of their contracts have a short tenor, averaging 3–5 months per project.

Exhibit 9: Sector yearly backlog



Sources: Company data; FSSIA's compilation

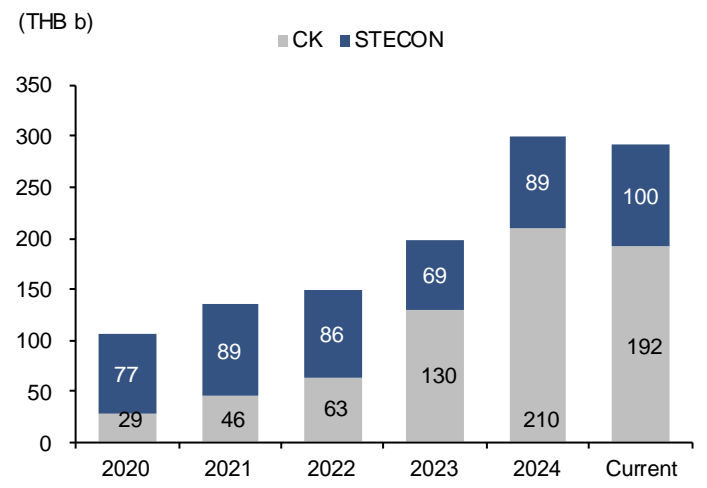
Exhibit 10: Current backlog vs 2025E revenue



Sources: Company data; FSSIA estimates

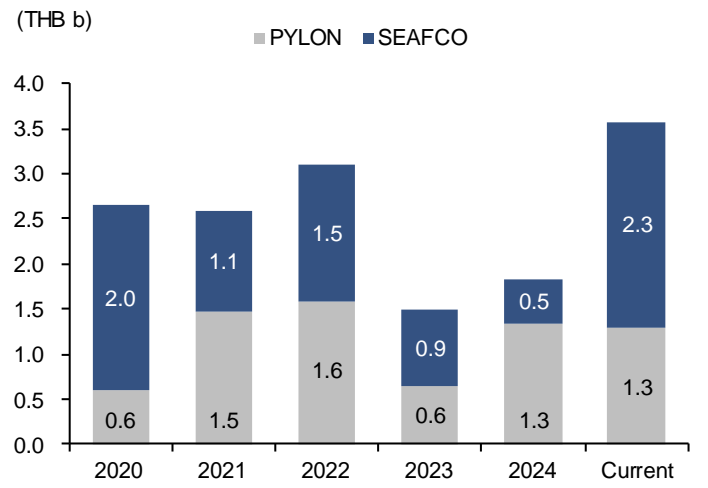


Exhibit 11: Main contractor backlog



Sources: Company data; FSSIA's compilation

Exhibit 12: Foundation contractor backlog



Sources: Company data; FSSIA's compilation

## Costs and Labor Likely to Remain Manageable

### Stable Outlook for Construction Material Prices

Construction material prices YTD were flat or edged up only slightly, based on TPSO data. The Construction Materials Price Index (CMI) stood at 113.7 in Aug-25 (vs 113.6 in Jul-25 and 113.3 in Aug-24), while the 8M25 average rose only 0.4% y-y. The increase should mainly come from the cement price +2.7% y-y in 8M25 reflected price adjustments by producers and higher demand from demand from government infrastructure and public utility projects. However, prices for steel and steel products were down -2.8% y-y, as it was affected by U.S. tariff policies, which prompted steel producers in several countries (China, South Korea, and Vietnam) to accelerate exports, resulting in an oversupply of steel in the market.

Looking ahead, the cost of construction materials in 2H25-2026 are likely to increase slightly, driven by rising demand from public infrastructure and ongoing government projects. However, the upside in construction material prices is expected to be limited due to the following factors: 1) the property market remains sluggish, 2) global oil prices are trending downward, with major oil-producing and exporting countries (OPEC+) increasing production capacity. The EIA forecast the Brent crude oil spot price to fall below USD60/bbl in 4Q25 (vs average of USD71/bbl in 8M25) and to average USD51/bbl through 2026, and 3) the enforcement of U.S. tariff measures on several countries has prompted foreign producers to seek new markets, including ASEAN and Thailand, which could lead to increased supply.

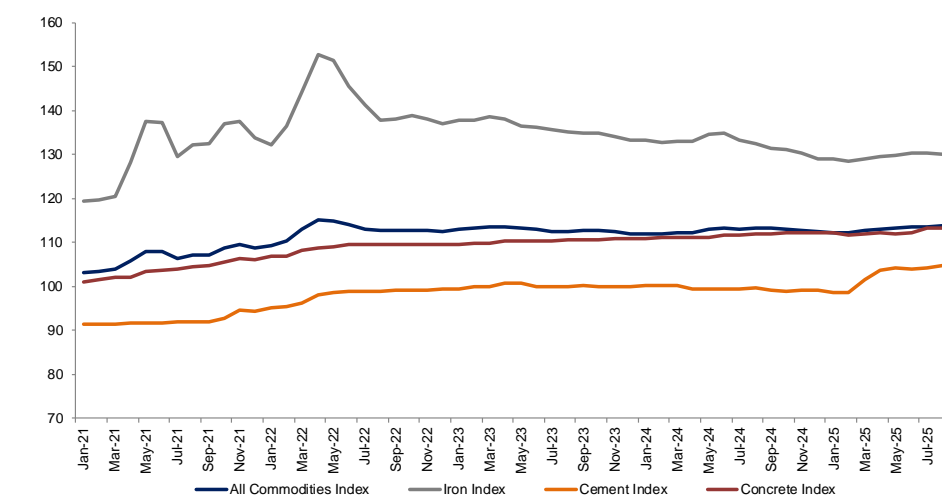
The stable trend in construction material prices is positive, supporting cost management for contractors. Companies are focusing on strategies such as securing construction material purchase agreements at the start of projects to mitigate price volatility risks. For government projects, contracts are typically structured under the adjustable-price scheme (K factor), allowing contractors to receive additional payments in line with the Ministry of Commerce's calculation method to compensate for price differences between the bidding date and each delivery period. In addition, contractors are engaging subcontractors to reduce indirect expenses, while also attempting to reflect rising costs in their bid prices for new projects.

### Exhibit 13: Structure of construction costs

Company	Sub-contract (%)	Construction materials (%)	Labor (%)	Others (%)
CK	55-60	15-20	10-12	10
STECON	40-45	25-30	12-15	10
PYLON		40-50	16	30
SEAFCO		40-50	16	30

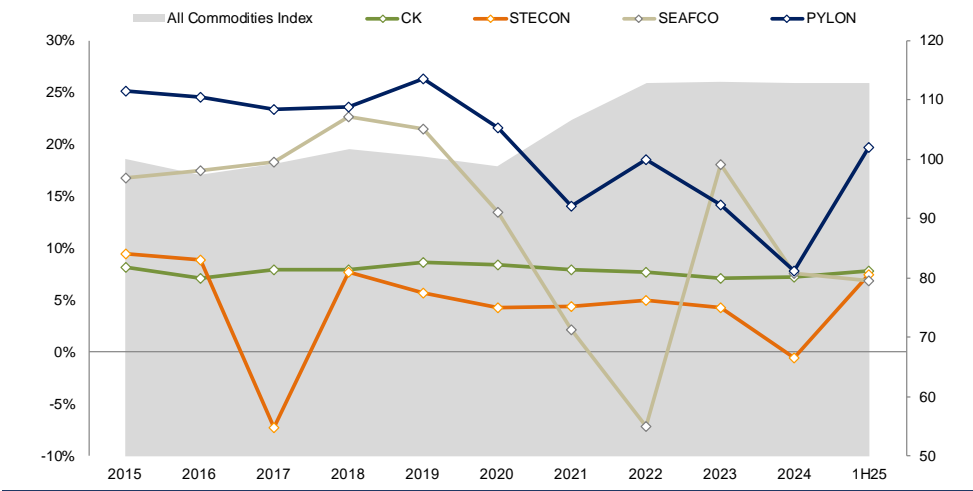
Source: FSSIA's compilation

### Exhibit 14: Construction Materials Price Index



Source: MOC

Exhibit 15: All commodities index vs %GPM



Sources: MOC; FSSIA's compilation

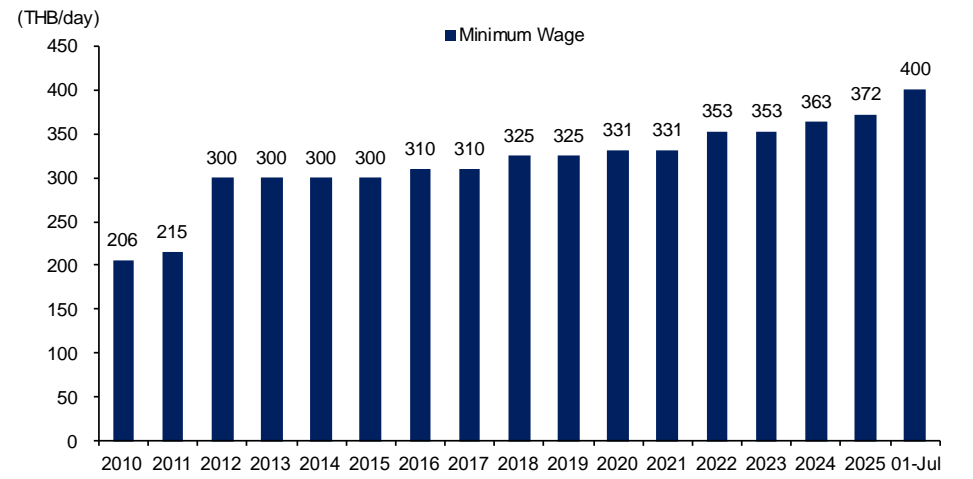
Minimal impact from wage hike

The Tripartite Wage Committee has approved a minimum wage increase to THB400/day in Bangkok, effective 1 July 2025. The new rate represents a 7.5% increase from the current rate of THB372/day.

In this regard, major contractors CK and STECON currently have 62% and 50% of their backlogs located in Bangkok, respectively. However, both companies rely heavily on subcontractors, which account for 65–70% of CK's and 30% of STECON's total costs. Direct labor costs represent a low proportion—7% for CK and 10% for STECON. Meanwhile, foundation contractors SEAFCO and PYLON have higher labor cost exposure, at 10% of total costs, with most of their construction sites located in Bangkok. However, they typically engage in short-duration projects, which allows them to pass on rising costs to clients through pricing in new bids.

Following the increase in the daily minimum wage in Bangkok, and under our conservative assumption that the wage hike applies to all workers, we estimate the impact on 2025 net profit (reflecting a six-month effect) as follows: CK and PYLON at around -1%, and SEAFCO and STECON at -2%. For 2026, when the wage increase will have a full-year effect, the estimated impact is -1% for PYLON, -2% to -3% for CK and SEAFCO, and -5% for STECON. However, the actual impact might be lower than estimated. Most companies pay the minimum wage primarily to unskilled labor, which represents a smaller proportion of the workforce compared to skilled labor, who typically earn around THB450–500/day.

Exhibit 16: Minimum wage in Bangkok



Source: FSSIA's compilation

**Exhibit 17: Impact of minimum wage hike to THB400/day in Bangkok**

Company	Labor to total cost assumptions (%)	Net profit 2025E (THB m)	Impact on 2025E net profit	Net profit 2026E (THB m)	Impact on 2026E net profit
CK	7	1,800	-1.2%	1,956	-2.4%
STECN	10	1,317	-2.1%	1,065	-5.3%
PYLON	10	200	-0.4%	204	-0.7%
SEAFCO	10	148	-1.9%	171	-2.8%

Source: FSSIA estimates

**Cambodian labor risk, but limited impact**

The 2025 Cambodia–Thailand border conflict was a territorial dispute between Cambodia and Thailand that escalated into a border crisis. It erupted on 28 May 2025 after a brief clash in the Emerald Triangle, the meeting point of the Thai, Cambodian, and Lao borders. The long-standing border dispute continues, and Cambodian Senate President Hun Sen has urged Cambodian citizens working in Thailand to return to their homeland. This issue may put pressure on the overall contractor services business from the labour side.

According to data from the Department of Labour for July 2025, there are approximately 3.78 million migrant workers from four neighbouring countries—Myanmar, Vietnam, Cambodia, and Laos—currently employed in Thailand, which is still higher than the 3.03 million recorded in January 2025. The largest group is from Myanmar, accounting for about 2.9 million workers. The second-largest group is from Cambodia, with more than 519,000 workers (13.7% of the total), of which roughly 411,620 are legally registered.

However, we estimate that the Cambodian labour issue should not have a significant impact on construction activities. The majority of migrant workers in Thailand are from Myanmar, while Cambodian workers account for only 3–4% of the total workforce at SEAFCO, STECON, and CK, with PYLON employing none. Even though some workers have returned to their home country, these workers are mainly unskilled labour and can be replaced by workers from other nationalities. Moreover, the companies do not have ongoing projects in border areas, where any potential impact would likely occur. Meanwhile, Thailand's cabinet has sought to cope by recruiting alternative foreign workers. It has approved the hiring of 10,000 Sri Lankan workers to address the labour shortage and has also opened its doors to workers from countries such as Nepal, Bangladesh, Indonesia, and the Philippines.

## 2Q25 Results and 3Q25 Outlook

### Profit rebounded strongly q-q and y-y in 2Q25

The construction services sector reported an aggregate net profit of THB1.47b in 2Q25 (+153% q-q, +187% y-y). Excluding extra items, core profit was THB1.1b (+94% q-q, +123% y-y), reflecting strong growth for CK, PYLON, and SEAFCO, while only STECON saw a q-q profit decline due to dividend income from GULF booked in 1Q25.

Overall, 2Q25 construction core operations showed a stronger trend in terms of both revenue and GPM. Aggregate construction revenue rose to THB20.3b (+8% q-q, +12% y-y), while the average GPM improved to 15%, compared with -2% in 1Q25 and 7% in 2Q24. This improvement was driven by the recognition of higher backlog, mainly from initial works on the MRT Orange Line project, which carries a high margin.

For 1H25, the construction services sector achieved a net profit of THB2b (+202% q-q, +59% y-y), which is 59% of our full-year forecast.

#### Exhibit 18: Sector 2Q25 & 1H25 net profit summary

Company	2Q24	1Q25	2Q25	Change		1H24	1H25	Change	% to 2025E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(%)
CK	488	282	863	205.7	76.8	609	1,145	88%	64%
STECON	25	342	512	49.9	1,927.2	37	854	2200%	65%
PYLON	(7)	18	59	222.8	na	(6)	77	na	39%
SEAFCO	6	(62)	37	na	562.8	39	(25)	na	na
<b>Total</b>	<b>512</b>	<b>580</b>	<b>1,471</b>	<b>153.5</b>	<b>187.1</b>	<b>680</b>	<b>2,051</b>	<b>202%</b>	<b>59%</b>

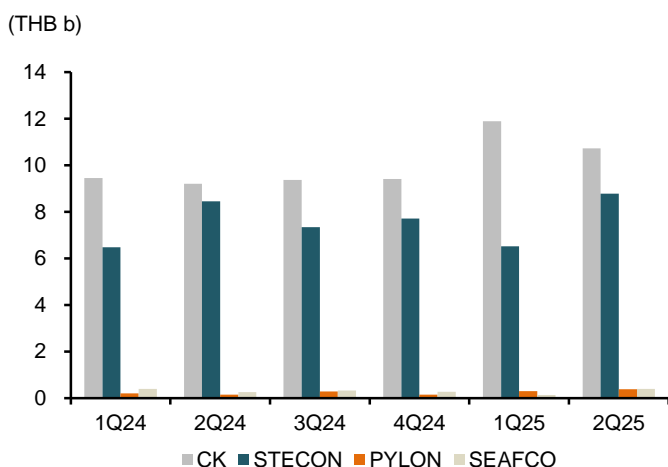
Sources: Company data; FSSIA's compilation

#### Exhibit 19: Sector 2Q25 & 1H25 core profit summary

Company	2Q24	1Q25	2Q25	Change		1H24	1H25	Change	% to 2025E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(%)
CK	488	282	863	205.7	76.8	609	1,145	88%	64%
STECON	25	342	162	(52.4)	543.0	37	504	1258%	38%
PYLON	(8)	17	58	236.2	na	(9)	75	na	38%
SEAFCO	(0)	(60)	42	na	na	35	(18)	na	na
<b>Total</b>	<b>505</b>	<b>581</b>	<b>1,125</b>	<b>93.6</b>	<b>122.9</b>	<b>672</b>	<b>1,707</b>	<b>154%</b>	<b>55%</b>

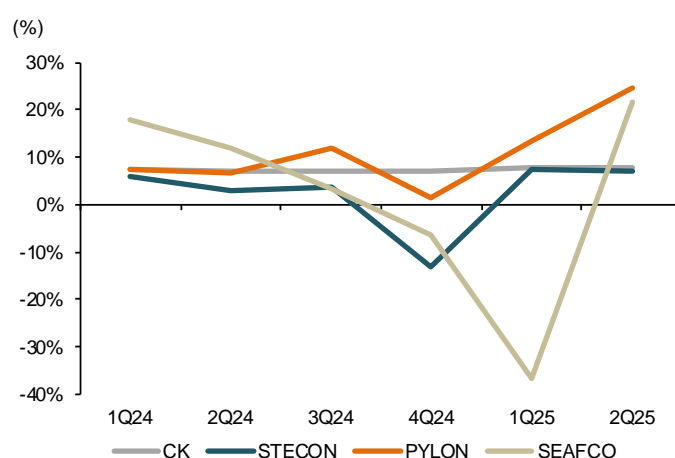
Sources: Company data; FSSIA's compilation

#### Exhibit 20: Quarterly sector revenue

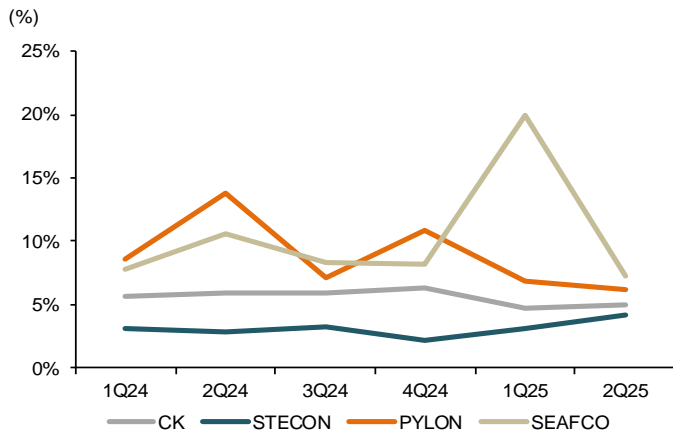


Sources: Company data; FSSIA's compilation

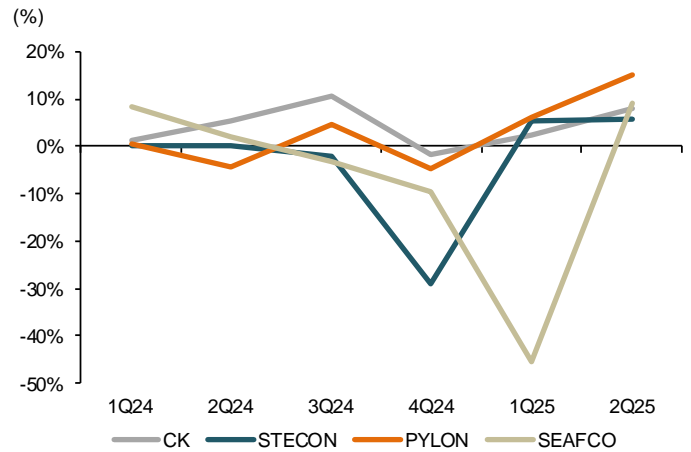
#### Exhibit 21: Quarterly sector GPM



Sources: Company data; FSSIA's compilation

**Exhibit 22: Quarterly sector SG&A to revenue**

Sources: Company data; FSSIA's compilation

**Exhibit 23: Quarterly sector NPM**

Sources: Company data; FSSIA's compilation

**Positive 3Q25E earnings momentum**

We anticipate aggregate profit to rise in 3Q25, with the overall construction sector remaining solid. Most companies' earnings in 3Q25 are expected to grow both q-q and y-y, except for STECON, whose profit is expected to soften q-q, as 2Q25 was boosted by one-time gains, although it should recover from a loss in 3Q24.

In 3Q25, CK's performance should be supported by one-time gains from the LPCL sale and higher profit contributions from associates, particularly CKP during the peak season. Among foundation contractors, PYLON and SEAFCO are expected to post strong increases, driven by higher utilization from accelerated progress on ongoing projects—most notably the MRT Orange Line project for SEAFCO and commercial development projects for PYLON.

**Exhibit 24: 3Q25 net profit preview**

Company	3Q24	2Q25	3Q25E	
	(THB m)	(THB m)	(q-q %)	(y-y %)
CK	1,008	863	+	+
STECON	(147)	512	-	+
PYLON	14	59	+	+
SEAFCO	(11)	37	+	+
<b>Total</b>	<b>863</b>	<b>1,471</b>	<b>+</b>	<b>+</b>

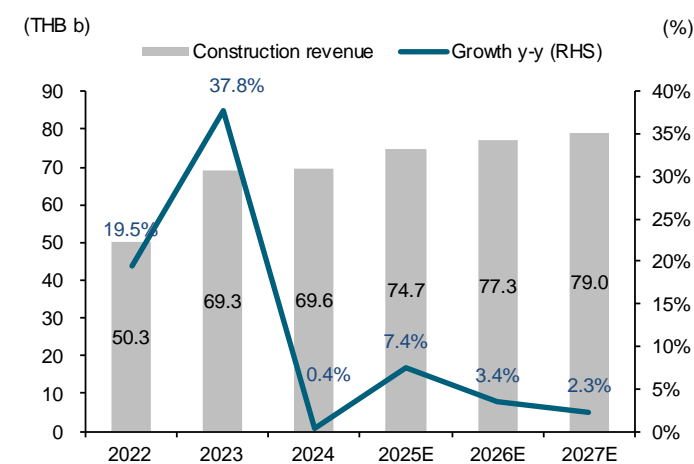
Source: FSSIA estimates

## Profit Surge in 2025E, Single-Digit Growth in 2026E

We expect the construction services sector to report a strong profit recovery of THB3.5b in 2025, compared with a loss of THB910m in 2024. Excluding extraordinary items, core profit is expected to reach THB3.1b, up from only THB168m in 2024. This should be driven by revenue growth supported by their expanding backlog, particularly from the MRT Orange Line project, which commenced in 1Q25. GPM is also expected to improve, supported by the high-margin train project and economies of scale, while market competition is likely to ease amid a declining number of players.

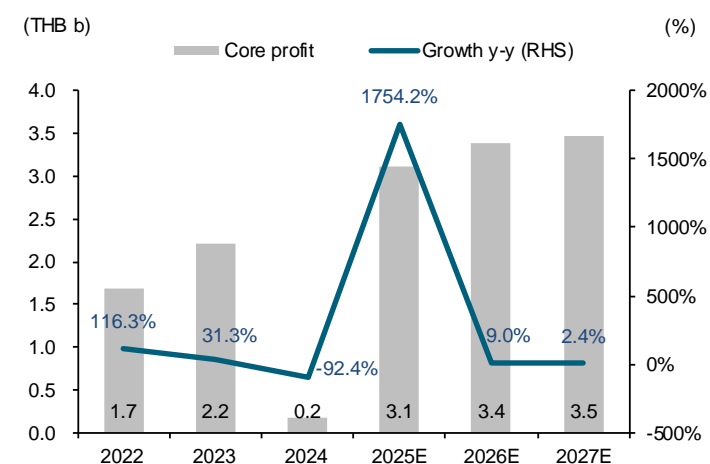
For 2026, our forecast calls for core profit of THB3.4b, representing slower growth of 9% y-y, mainly due to the sharp recovery in 2025E and our conservative view of the construction industry, with only a limited number of new bidding projects assumed during the transitional period before the official formation of a new government. We expect main contractors to enjoy greater revenue visibility, supported by the continued recognition of their current high backlog. In contrast, foundation contractors are likely to face more challenges due to shorter backlog realization amid the uncertain political situation and will still need to rely on securing additional work during the year.

**Exhibit 25: Sector - Revenue and %Growth**



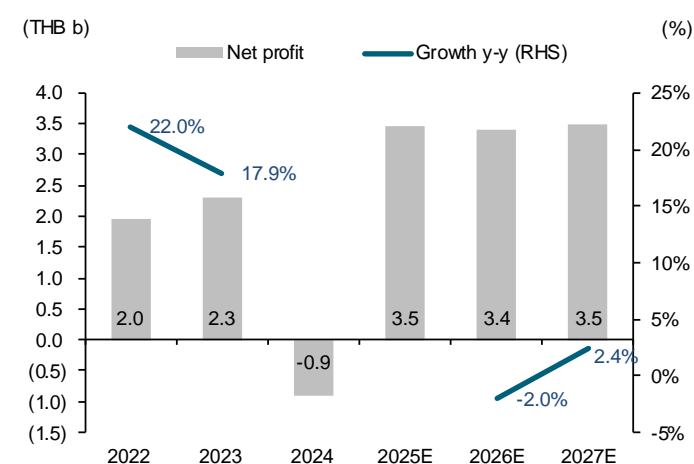
Sources: Company datas; FSSIA estimates

**Exhibit 26: Sector – Core profit and %Growth**



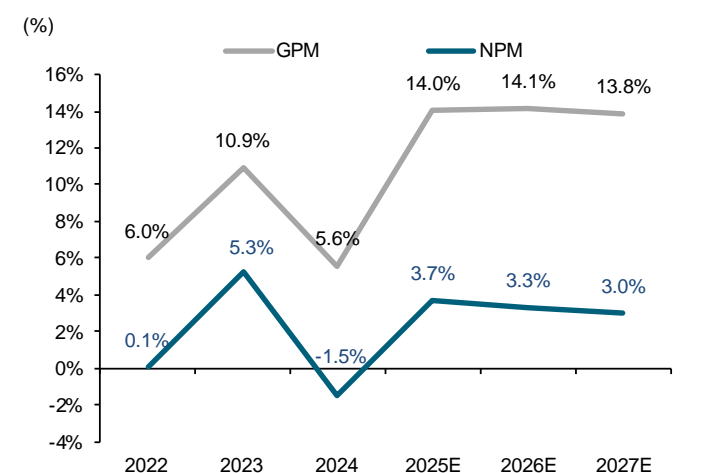
Sources: Company datas; FSSIA estimates

**Exhibit 27: Sector – Net profit and %Growth**



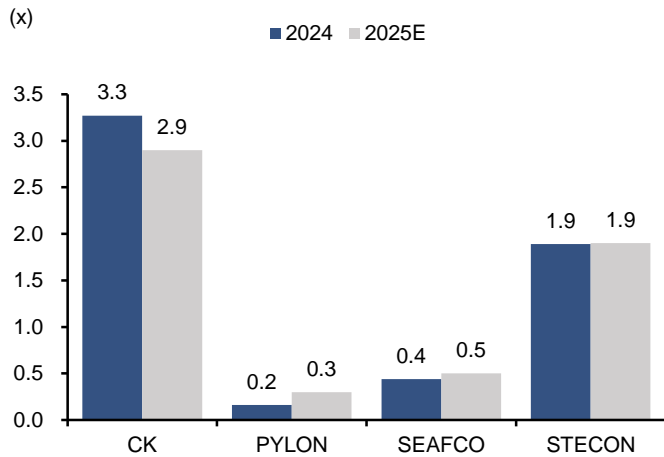
Sources: Company datas; FSSIA estimates

**Exhibit 28: Sector – average GPM and NPM**



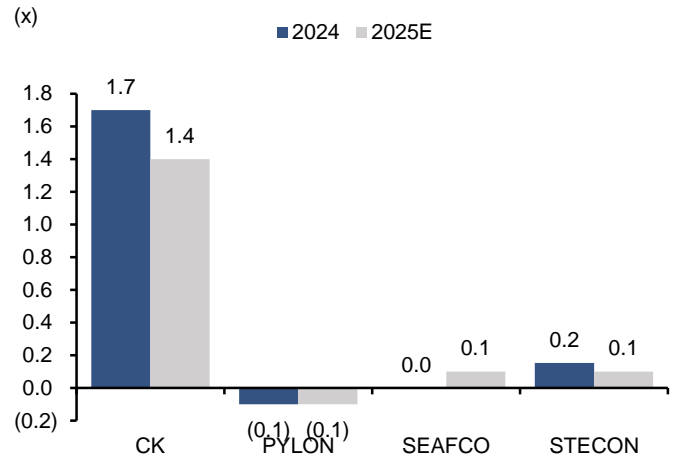
Sources: Company datas; FSSIA estimates

Exhibit 29: Sector – D/E ratio



Sources: Company datas; FSSIA estimates

Exhibit 30: Sector – Net Gearing ratio



Sources: Company datas; FSSIA estimates

Exhibit 31: Sector 2025-27 operations forecast

	Actual	Forecast				Growth		
	2024	2025E	2026E	2027E	2025E	2026E	2027E	
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	
Total revenue	69,550	74,696	77,264	79,016	7.4	3.4	2.3	
CK	37,458	40,051	41,424	42,596	6.9	3.4	2.8	
STECON	30,005	31,616	32,583	33,217	5.4	3.1	1.9	
PYLON	814	1,482	1,505	1,416	82.2	1.5	-5.9	
SEAFCO	1,273	1,547	1,752	1,787	21.5	13.3	2.0	
Reported net profit	(910)	3,465	3,396	3,477	na	(2.0)	2.4	
CK	1,446	1,800	1,956	2,029	24.5	8.7	3.7	
STECON	(2,357)	1,317	1,065	1,091	na	(19.2)	2.5	
PYLON	0.5	200	204	182	39,763	2.1	(10.9)	
SEAFCO	1	148	171	175	10,771	15.7	2.3	
Core profit	168	3,115	3,396	3,477	1,754	9.0	2.4	
CK	1,446	1,800	1,956	2,029	24.5	8.7	3.7	
STECON	(1,268)	967	1,065	1,091	na	10.0	2.5	
PYLON	(6)	200	204	182	na	2.1	(10.9)	
SEAFCO	(4)	148	171	175	na	15.7	2.3	
Key ratios (%)								
Gross margin	5.6	14.0	14.1	13.8	8.5	0.1	(0.3)	
CK	7.3	7.7	7.7	7.5	0.4	0	(0.2)	
STECON	(0.4)	7.3	7.2	7.2	7.7	(0.1)	0.0	
PYLON	7.8	22.5	22.5	21.5	14.7	0	(1.0)	
SEAFCO	7.6	18.6	19.1	19.1	11.0	0.5	0	
Net profit margin	(1.5)	3.7	3.3	3.0	5.1	(0.4)	(0.3)	
CK	3.9	4.5	4.7	4.8	0.6	0.2	0.0	
STECON	(7.9)	4.2	3.3	3.3	12.0	(0.9)	0.0	
PYLON	0.1	13.5	13.6	12.8	13.4	0.1	(0.7)	
SEAFCO	0.1	9.6	9.8	9.8	9.5	0.2	0	
Core profit margin	0.2	4.2	4.4	4.4	3.9	0.2	0.0	
CK	3.9	4.5	4.7	4.8	0.6	0.2	0.0	
STECON	(4.2)	3.1	3.3	3.3	7.3	0.2	0.0	
PYLON	(0.8)	13.5	13.6	12.8	14.3	0.1	(0.7)	
SEAFCO	(0.4)	9.6	9.8	9.8	9.9	0.2	0	

Sources: FSSIA estimates



Key ESG Themes in the Construction Industry

Currently, ESG-related challenges are increasingly prioritized within the construction industry. Companies face mounting pressure to minimize their environmental footprint and adopt sustainable materials—both to comply with emissions reduction targets and to advance broader environmental objectives in the context of the global energy transition. At the same time, enhanced disclosure on governance and sustainability matters reflects a growing recognition that these issues are not only fundamental to long-term resilience but also directly linked to shareholder value creation and credit rating considerations.

We have identified the key ESG factors and risks with material implications for construction service companies as follows:

Environment (E)

▪ Carbon Footprint

The most critical ESG pillar for the construction industry is the environment, given its highly resource- and carbon-intensive nature. Companies face mounting pressure to reduce their environmental footprint and invest in sustainable materials to help the industry meet emissions targets and broader environmental goals as part of the global energy transition. This document outlines the ESG factors we consider relevant to credit ratings.

The construction industry exerts a substantial impact on the environment. According to the UNEP Global Status Report for Buildings and Construction 2024/25, buildings and construction together accounted for approximately 34% of global CO<sub>2</sub> emissions and 32% of global energy use in 2024, equivalent to 14.6 billion tonnes of CO<sub>2</sub> emissions.

When isolating the construction phase and building materials, the sector’s footprint remains considerable. Roughly 20–25% of global CO<sub>2</sub> emissions in 2024 originated from construction activities and embodied carbon in materials. Cement production alone contributed 7–8%, while steel added another 7–9%. Other materials—such as glass, aluminum, and plastics—contributed around 3%. Direct site activities, including fuel consumption by heavy equipment and electricity use, accounted for an additional 4–6%. This breakdown highlights that embodied emissions from material production dominate the sector’s climate impact.

The consequences of climate change pose significant risks, including more frequent natural disasters, resource scarcity, and infrastructure instability. In parallel, businesses face intensifying pressure from stricter environmental regulations, higher operational costs, and rising expectations from consumers and investors for sustainable practices.

All four construction service companies under our coverage (CK, STECON, PYLON, and SEAFCO) acknowledge these challenges and have articulated clear policies on environmental management, green construction, climate action, and biodiversity conservation, thereby reinforcing stakeholder confidence. They emphasize environmentally responsible construction through the use of high-quality, eco-efficient materials, the adoption of effective climate and environmental management strategies, and the optimization of water, energy, and natural resource consumption. Their initiatives further include reducing pollution, conserving biodiversity, and fostering green innovation across all aspects of their operations—from production and business processes to partnerships throughout the value chain.

Exhibit 32: Environmental Disclosure Comparison (2024)

KPI / Company	CK	STECON	PYLON	SEAFCO
Scope 1 (Direct Emissions)	~10,861 tCO <sub>2</sub> e	~30,738 tCO <sub>2</sub> e	n/a	n/a
Scope 2 (Electricity)	~8,729 tCO <sub>2</sub> e	~8,659 tCO <sub>2</sub> e	n/a	n/a
Scope 3 (Supply Chain)	~227,134 tCO <sub>2</sub> e	~10,339 tCO <sub>2</sub> e	n/a	n/a
Total Scope 1+2	~19,590 tCO <sub>2</sub> e	~49,736 tCO <sub>2</sub> e	n/a	n/a
Water Use	n/a	191,755.78 m <sup>3</sup>	n/a	n/a
Waste / Recycling	Discloses policies	Reports reduction projects (e.g., solar cut 517 tCO <sub>2</sub> e)	Policy mentions waste reduction, no quantified data	High-level sustainability statement only

Sources: Company data; FSSIA's compilation

**Exhibit 33: Environmental Target Comparison**

Company	Emissions Reduction Targets	Energy / Resource Targets	Long-term Climate Goal
<b>CK</b>	Set Net-zero target for greenhouse gas emission by 2065	Target: ~10% purchased electricity by 2030 (vs. 2020 baseline: 2,995,795 kWh)	Carbon neutrality / Net Zero by 2065
<b>STECON</b>	~2% Scope 1–2 by 2027 (vs. 2024 baseline) ~20% Scope 1–2 by 2050	Solar projects already reduced 517 tCO <sub>2</sub> e in 2024; reports detailed energy/water use	Carbon neutrality by 2050
<b>PYLON</b>	No numeric emission reduction targets disclosed	General policy on energy saving, emissions, and waste management	No explicit Net Zero target published
<b>SEAFCO</b>	No formal emission targets disclosed	Sustainability section mentions efficiency and waste reduction	No stated carbon neutrality target

Sources: Company data; FSSIA's compilation

- Adoption of Carbon Taxes**

Carbon taxes have emerged as one of the most widely adopted policy instruments in the global effort to mitigate climate change. By assigning a price to carbon emissions, governments aim to create economic incentives for businesses and individuals to reduce their greenhouse gas footprints and accelerate the transition toward low-carbon energy systems. As of 2024, the World Bank reports that 75 carbon pricing initiatives are in place worldwide, covering approximately 23% of global greenhouse gas emissions. These initiatives encompass both direct carbon taxes and emissions trading schemes (ETS), which function as market-based mechanisms to cap and price emissions.

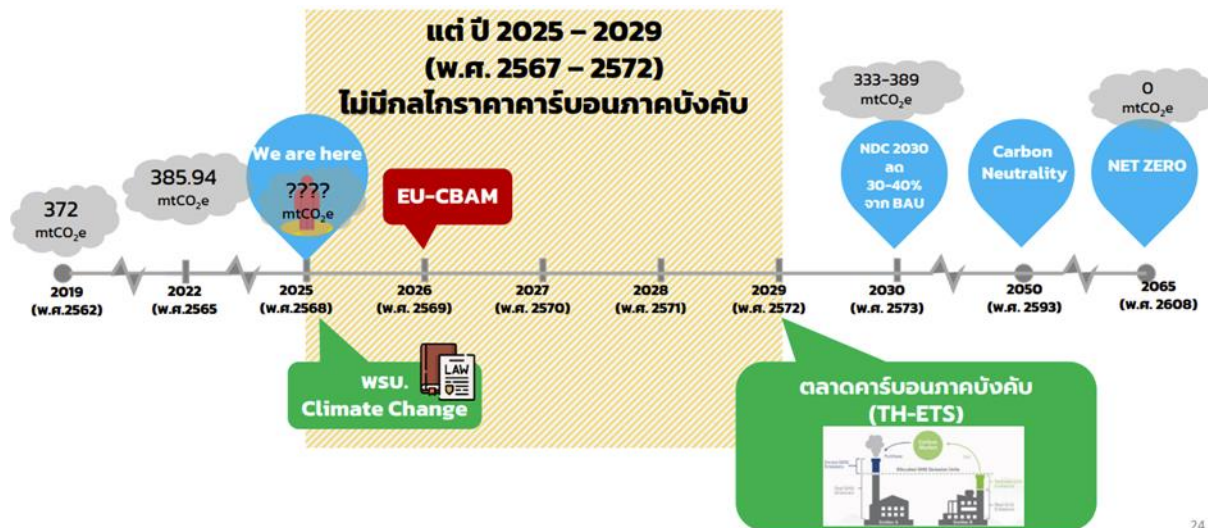
In Thailand, the Cabinet has approved the introduction of a carbon tax at a rate of THB200 per ton of CO<sub>2</sub> equivalent starting in early 2025, initially applied to oil and petroleum products through the excise tax system. Concurrently, the country is developing its first comprehensive Climate Change Act—a landmark piece of legislation that will establish the legal framework for Thailand's transition to a low-carbon economy and the fulfillment of its climate commitments. The draft is currently being refined, with enactment expected by 2026 upon completion of the legislative process.

**Exhibit 34: Global Carbon Tax and Pricing Comparison (2024)**

Country/Region	Year Introduced	Current Rate (2024)	Planned Increases / Notes
<b>Sweden</b>	1991	~EUR 114/tCO <sub>2</sub>	One of the world's highest rates; steadily increased since launch
<b>Norway</b>	1991	~EUR 76/tCO <sub>2</sub>	Aligned with EU climate policy; gradual increases planned
<b>Finland</b>	1990	~EUR 72/tCO <sub>2</sub>	Among first adopters globally
<b>France</b>	2014	~EUR 47/tCO <sub>2</sub>	Rate frozen in recent years due to public opposition
<b>UK (Carbon Price Floor)</b>	2013	~GBP 18/tCO <sub>2</sub> (in addition to EU ETS)	Applies mainly to power sector
<b>Canada</b>	2019 (federal)	CAD 80/tCO <sub>2</sub> (~USD 59)	Rising to CAD 170 by 2030
<b>Chile</b>	2017	USD 5/tCO <sub>2</sub>	Modest, applies mainly to power sector
<b>Colombia</b>	2017	USD 5/tCO <sub>2</sub>	Linked to fossil fuel sales
<b>Mexico</b>	2014	USD 3–5/tCO <sub>2</sub>	Applies to selected fuels
<b>Japan</b>	2012	JPY 289/tCO <sub>2</sub> (~USD 2)	Low, but under review
<b>Singapore</b>	2019	SGD 25/tCO <sub>2</sub> (~USD 18)	Rising to SGD 45 in 2026 and SGD 50–80 by 2030
<b>South Korea</b>	2015 (ETS)	Market-based pricing	ETS covers ~70% of national emissions
<b>China</b>	2021 (ETS)	~USD 8/tCO <sub>2</sub> (power sector only)	Largest ETS in the world; expanding coverage
<b>South Africa</b>	2019	ZAR 159/tCO <sub>2</sub> (~USD 8)	Transitional phase with exemptions
<b>New Zealand</b>	2008 (ETS)	~NZD 64/tCO <sub>2</sub> (~USD 39)	Linked to international carbon markets
<b>Thailand (planned)</b>	Announced	THB 200/tCO <sub>2</sub> (~USD 5.5)	Initial step; scope and timeline under development

Sources: World Bank, OECD; FSSIA's compilation

## Exhibit 35: The Progress of Carbon Tax in Thailand



24

Source: Excise Department

Although there is currently no clarity on the imposition of carbon taxes on other industries, if applied to the construction sector, it would lead to higher operating costs, pressuring margins. Moreover, indirect impacts will be transmitted through the supply chain, particularly from the cement and steel industries. Cement production emits roughly 0.8–1 ton of CO<sub>2</sub> per ton of cement, while steel production emits 1.8–2 tons of CO<sub>2</sub> per ton of steel. At a tax of THB200 per ton, cement prices could rise by THB160–200 per ton, while steel prices may increase by THB360–400 per ton. Since cement and steel make up a large proportion of material costs in infrastructure and large-scale construction projects, the overall cost of such projects may increase by 3–5%.

For example, we estimate the direct impact on STECON based on a carbon tax of THB200/ton applied to Scope 1 and 2 emissions (excluding indirect cost pass-through from cement & steel). As the company reported combined Scope 1 and 2 emissions of approximately 49,736 tons of CO<sub>2</sub>e in 2024, the carbon tax would translate into an additional cost of around THB10m per year. This equates to about 0.03% of our 2026E revenue of THB32.6b and would reduce our 2026E net profit of THB1b by around 1%. Given that the company often operates with profit margins as low as 3–4%, even modest increases in operating costs could significantly erode profitability.

## Exhibit 36: Scenario analysis of carbon tax impact on STECON

Tax Rate (THB/ton)	Scope	Cost (THB m)	% of Revenue	% of Net Profit
200	Scope 1 only	6.15	0.02%	0.60%
	Scope 1+2	9.95	0.03%	0.97%
	Scope 1+2+3	12.02	0.04%	1.17%
500	Scope 1 only	15.37	0.05%	1.50%
	Scope 1+2	24.87	0.08%	2.43%
	Scope 1+2+3	30.04	0.09%	2.94%
1000	Scope 1 only	30.74	0.09%	3.00%
	Scope 1+2	49.74	0.15%	4.86%
	Scope 1+2+3	60.08	0.18%	5.87%

Source: FSSIA estimates

Social (S)

▪ Labor

The social dimension of ESG is particularly material for the construction services industry due to its reliance on human capital, elevated safety risks, and extensive engagement with local communities. Unlike industries that are more automated, construction remains labor-intensive, and companies are closely scrutinized for how they manage worker safety, labor rights, diversity, training, and community impacts.

For the social dimension of construction service companies, the focus centers on five key pillars: safety, labor practices, diversity, training, and community relations. Companies that disclose measurable social KPIs and demonstrate consistent improvements are likely to gain a competitive advantage in securing contracts, accessing sustainable finance, and strengthening their eligibility for public project tenders.

We consider worker safety to be the most critical social factor, given the elevated risk of accidents on construction sites. For contractors, weak safety performance can result in legal liabilities, project suspensions, and reputational damage. Leading companies disclose metrics such as the Lost Time Injury Frequency Rate (LTIFR) and adopt proactive programs to reduce accidents. The COVID-19 pandemic further underscored the importance of this dimension, as construction companies were compelled to implement strict on-site health protocols — including masking, distancing, testing, and enhanced hygiene — to protect workers. Since many projects in Asia rely heavily on migrant workers residing in crowded camps, the risk of outbreaks was high, elevating worker welfare to an urgent ESG concern.

Exhibit 37: Social Dimension Disclosure Comparison (2024)

Social Factor	CK	STECON	PYLON	SEAFCO
Worker Safety	Policies in place, but no public LTIFR/TRIR data	Discloses LTIFR (0.158 in 2024), 1 fatality reported; “Vision Zero” type programs	Mentions safety in policy, but no KPIs disclosed	Mentions safety, but no measurable KPIs;
Labor Practices	Policies on fair wages, anti-discrimination, migrant labor	Reports on training, labor welfare programs	Policy mentions fair treatment, but no performance data	General HR and labor welfare mentions only
Diversity & Inclusion	States commitment to diversity	Limited disclosure; mostly policy-level	n/a	n/a
Training & Human Capital	Provides staff development initiatives (policy level only)	Reports training hours, staff skill development programs	Policy mentions training, non-metrics disclosed	Mentions workforce development, but no numbers
Community Relations	Discloses community contributions & engagement activities	Reports stakeholder/community programs	Mentions CSR in policy	Mentions CSR activities

Sources: Company data; FSSIA’s compilation

Governance (G)

The governance dimension of ESG is particularly important for the construction services industry, given the high financial stakes and the prevalence of government contracts. Strong governance practices shape not only a company’s credibility with investors and regulators but also its capacity to secure and responsibly execute projects. Four governance areas stand out: anti-corruption and ethics, board structure and independence, transparency and disclosure, and risk management and compliance. We believe that effective governance mitigates legal risks, enhances business performance, and underpins long-term sustainability and competitive advantage.

**Exhibit 38: Governance Disclosure Comparison (2024)**

Governance Aspect	CK	STECON	PYLON	SEAFCO
<b>Board Structure</b>	Discloses board composition, independent directors, audit/nomination/remuneration committees	Discloses board composition, independence, detailed committees including risk management	Basic disclosure of directors and committees	Basic disclosure of board and committees
<b>Board Independence / Diversity</b>	Reports independence, limited diversity data	Reports independence, limited diversity data	Independent directors noted, no diversity data	Independent directors noted, no diversity data
<b>Anti-Corruption Policy</b>	Code of Conduct (2003); anti-corruption policy included	Anti-corruption policy, whistleblower channel, ERM framework	Mentions anti-corruption in policy	General mention of ethics and compliance
<b>Risk Management</b>	General risk management framework disclosed	Enterprise Risk Management (ERM) detailed in One Report	Mentions risk management at policy level	Mentions risk oversight, limited details
<b>Whistleblower Mechanism</b>	Mentioned in policy	Detailed disclosure (channels, procedures)	Briefly mentioned	Not clearly disclosed
<b>CAC Status</b>	Not certified	Not certified	Certified (Thai CAC)	Not certified
<b>SET ESG Rating</b>	AA	A	Not rated	Not rated
<b>Disclosure Quality</b>	Strong narrative, weaker on metrics (board diversity, KPIs)	Strongest among peers; provides more detail and KPIs	Limited disclosure; policy-level statements	Weakest, minimal governance disclosure

Sources: Company data; FSSIA's compilation

**ESG Analysis of Four Construction Service Companies**

Disclosures in the companies' One Reports highlight ESG practices across the four construction firms. STECON demonstrates the strongest commitment, supported by measurable targets and certifications that align with global investor expectations. CK performs well in governance and disclosure but needs stronger progress on environmental initiatives. Meanwhile, PYLON and SEAFCO have established sustainability policies but lack quantitative, data-driven reporting.

In summary, according to FSSIA's ESG score assessment, CK achieves the strongest relative score, with STECON ranking second. Although STECON provides clear practices and targets, it falls short of CK as its international ratings remain limited. Meanwhile, PYLON and SEAFCO score lower than their peers, reflecting minimal ESG disclosure and the absence of meaningful coverage in global rating systems.

**Exhibit 39: Strengths (+) and Areas for Improvement (-) in ESG Disclosure**

Company	Environmental (E)	Social (S)	Governance (G)
<b>CK</b>	(+) Reports Scope 1–3 emissions; target –10% electricity by 2030 (-) No quantified CO <sub>2</sub> reduction yet	(+) Policies on labor rights, safety, diversity (-) Safety data not disclosed	(+) Code of Conduct since 2003; SET ESG AA (-) Not yet Thai CAC certified
<b>STECON</b>	(+) Strong disclosure: Scope 1–3, energy, water; targets –2% by 2027, –20% by 2050 (-) Scope 3 only partial	(+) Reports LTIFR, safety performance; policies on training & community (-) Needs more detail on workforce diversity	(+) SET ESG A (-) Not yet Thai CAC certified
<b>PYLON</b>	(+) Has 2024 sustainability policy (-) No quantified data (emissions, energy, waste)	(+) Acknowledges labor and safety in policy (-) No public KPIs	(+) Thai CAC certified (-) Not in SET ESG ratings; limited disclosure
<b>SEAFCO</b>	(+) Mentions efficiency and sustainability in reports (-) No Scope 1–3 data; no targets	(+) General HR/safety policy (-) No LTIFR or social KPIs	(+) Publishes annual financial reports (-) Not in SET ESG ratings; not Thai CAC certified

Sources: Company's One Report; FSSIA analysis

**Exhibit 40: 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	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	48.13	--	Y	AA	5.00	4.00	--	High	50.90	B	--	49.71	28.00	2.82	57.10
PYLON	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
SEAFCO	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--
STECON	31.89	--	Y	AA	5.00	4.00	--	--	--	--	--	--	27.00	3.01	53.19

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation



## Downgrading sector to NEUTRAL

Looking at sector stock performance, the contractor sector has rallied since the Ex-PM Paetongtarn court ruling on 29 Aug, with the SETCONS Index up 16%, outperforming the SET Index (+4%). STECON (our previous top pick) delivered a strong return of +33%, while CK gained +23%. Meanwhile, SEAFCO rose 5% and PYLON 4%. We believe this rally already reflects greater clarity in the domestic political outlook.

However, in our view, there is no near-term price catalyst given limited new project bidding over the next four months (4Q25–1Q26) under an interim government. We therefore suggest monitoring the political situation again after the potential dissolution of parliament, possibly in Jan 2026, which could pave the way for a new election and the formation of a new government in 2Q26, with policy direction yet to be determined.

Based on the past four caretaker periods (2011, 2014, 2019, and 2023), it remains inconclusive whether caretaker governments have had a clear positive or negative impact on share prices. Meanwhile, the construction sector remains highly dependent on government investment, and stock movements typically reflect investor expectations regarding the scale of upcoming public project bidding. We assess that if the next government introduces a clear plan to accelerate new project tenders, this could serve as a catalyst to support share price performance. However, historical data since 2011 indicates that short-term governments have not launched any large-scale new projects, with activity limited to smaller, ongoing projects funded through the annual budget. For the reasons above, we downgrade our Contractor sector rating to NEUTRAL (from Overweight).

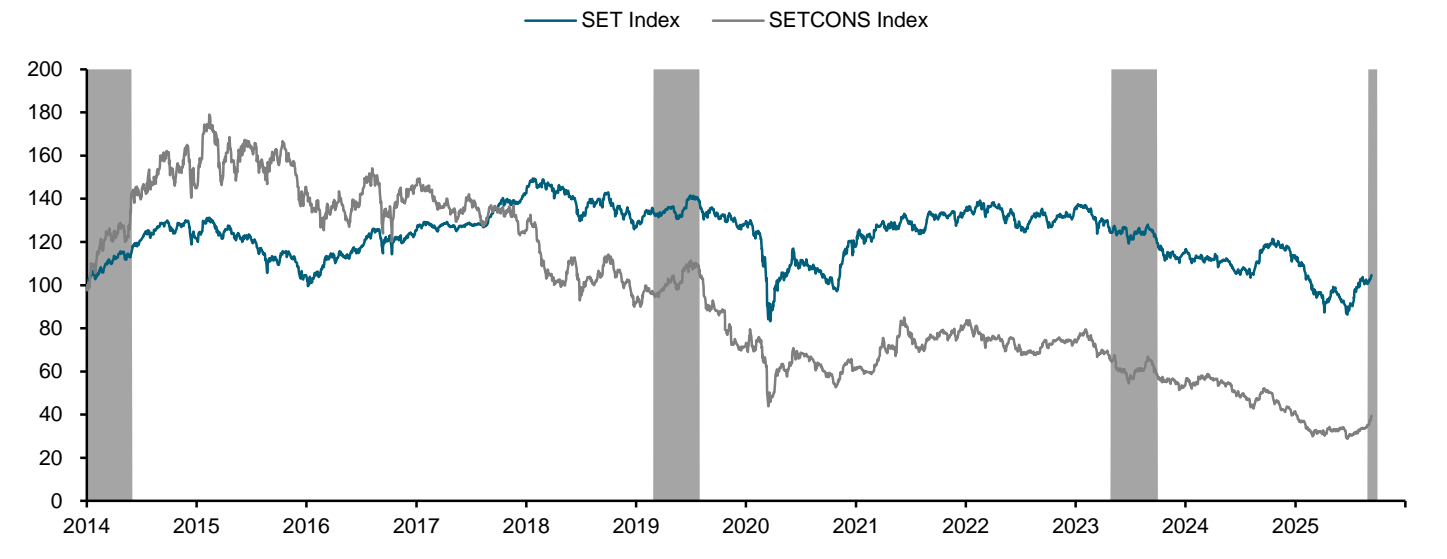
We also change our top pick from STECON to CK (BUY; TP THB20), as STECON's current share price has already surged to a level with limited upside of only 8% to our target price of THB9.5, and we project its net profit peaked in 2Q25. Meanwhile, CK's 3Q25 net profit is expected to accelerate, supported by gains from the sale of shares in LPCL. On the ESG front, CK has the highest ESG score among peers, reflecting strong governance practices and robust environmental and social initiatives, which we believe will strengthen its long-term growth outlook. In addition, CK's valuation remains attractive, as it is trading at 1.1x 2025E P/BV (-1.25SD). Its share price performance over the past two weeks has lagged compared with STECON, while its YTD performance remains negative, in contrast to the positive returns of its peers.

### Exhibit 41: Peers comparison as of 12 Sep 2025

Company	Rec	Core profit			Core profit growth		PE		DivYld		ROE		PBV		PBV
		24	25E	26E	25E	26E	25E	26E	25E	26E	25E	26E	25E	26E	
		(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)	
CK TB	BUY	1,446	1,800	1,956	24.5	8.7	16.2	14.9	2.2	2.4	6.8	7.1	1.1	1.0	1.3
STECON TB	BUY	(1,268)	967	1,065	n/a	10.0	13.8	12.6	3.9	3.2	5.4	5.7	0.7	0.7	1.0
PYLON TB	BUY	(6)	200	204	n/a	2.1	8.0	7.9	8.7	8.9	20.5	19.7	1.6	1.5	2.6
SEAFCO TB	BUY	(4)	148	171	n/a	15.7	11.6	10.0	3.4	3.9	9.5	10.3	1.1	1.0	1.7
<b>Average</b>		<b>167</b>	<b>3,115</b>	<b>3,396</b>	<b>1,765</b>	<b>9</b>	<b>12.4</b>	<b>11.3</b>	<b>4.5</b>	<b>4.6</b>	<b>10.6</b>	<b>10.7</b>	<b>1.1</b>	<b>1.1</b>	<b>2.0</b>

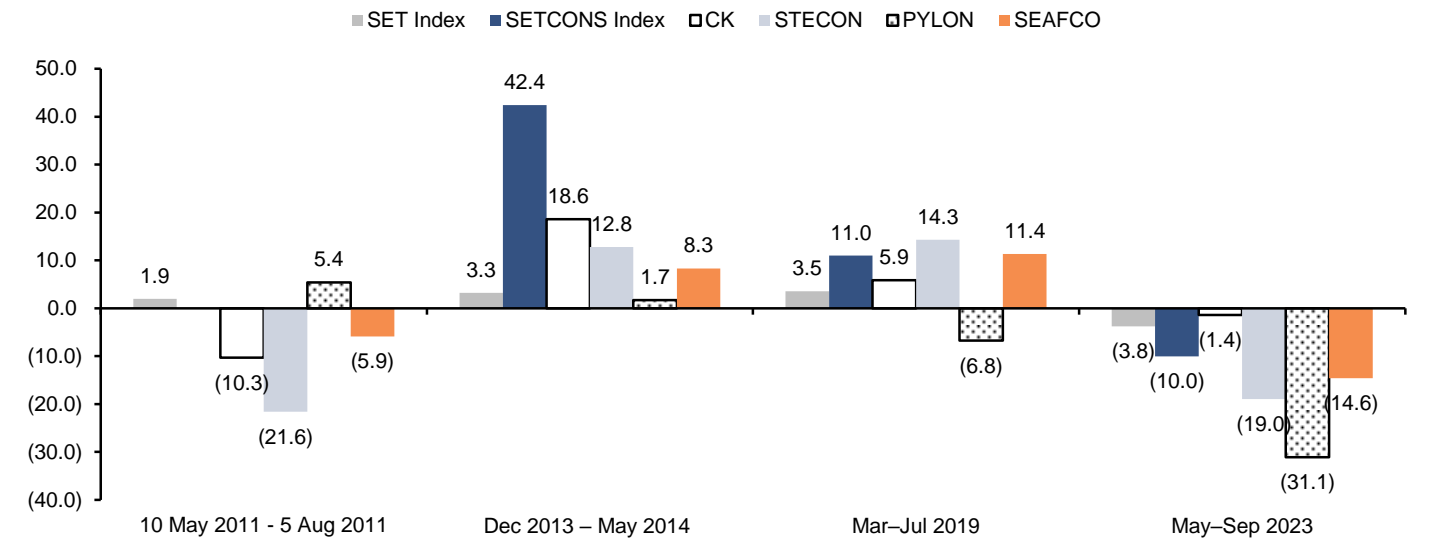
Source: FSSIA estimates

Exhibit 42: SET vs SETCONS during caretaker governments



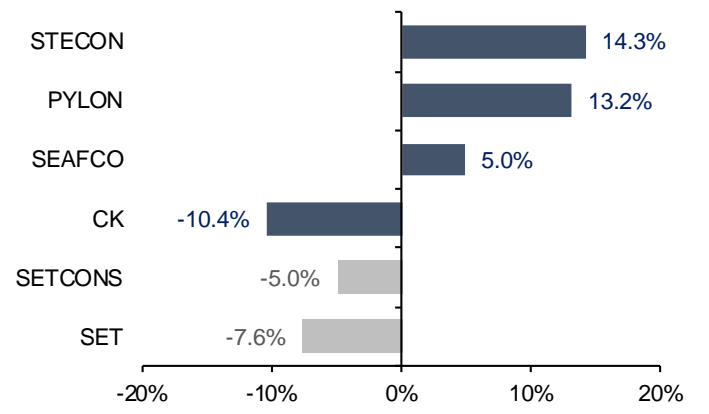
Source: FSSIA's compilation

Exhibit 43: Annual change (%) SET vs SETCONS during caretaker governments



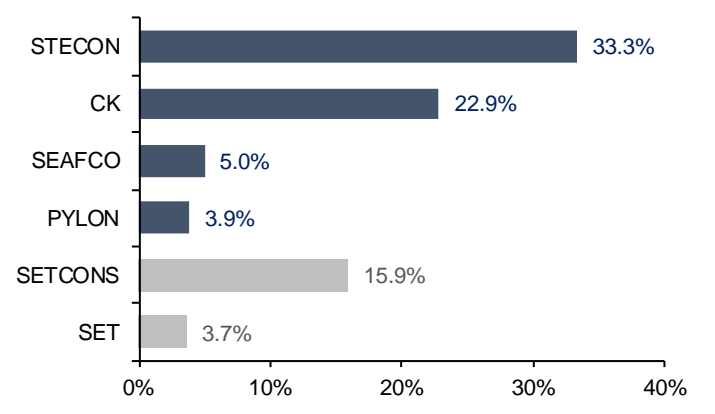
Source: FSSIA's compilation

Exhibit 44: 2025 YTD sector performances



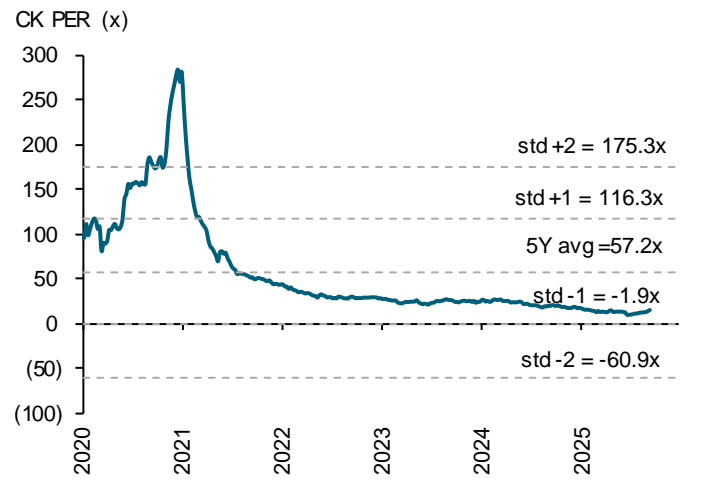
Source: SETSMART

Exhibit 45: 2-Week sector performances



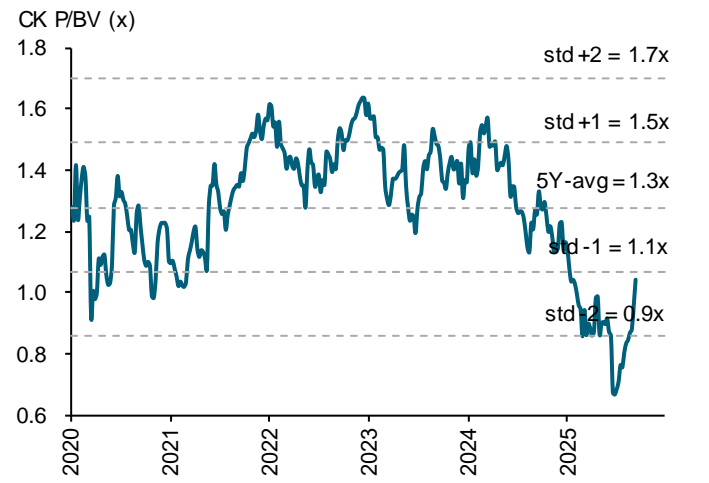
Source: SETSMART

Exhibit 46: CK - Historical P/E band



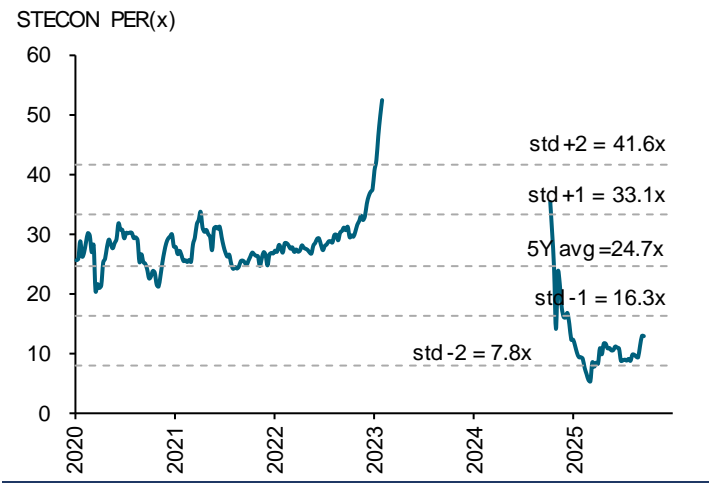
Sources: Bloomberg; FSSIA estimates

Exhibit 47: CK - Historical P/BV band



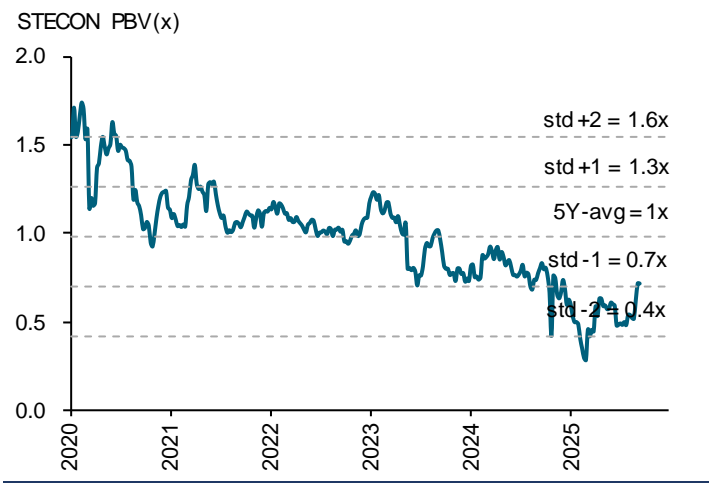
Sources: Bloomberg; FSSIA estimates

Exhibit 48: STECON - Historical P/E band



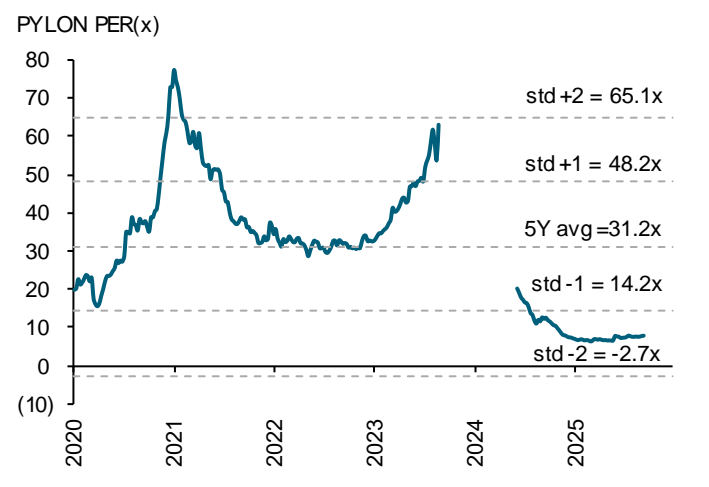
Sources: Bloomberg; FSSIA estimates

Exhibit 49: STECON - Historical P/BV band



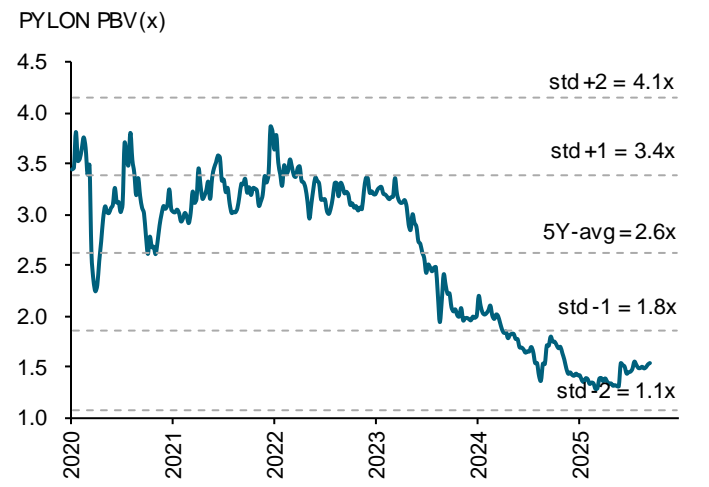
Sources: Bloomberg; FSSIA estimates

Exhibit 50: PYLON - Historical P/E band



Sources: Bloomberg; FSSIA estimates

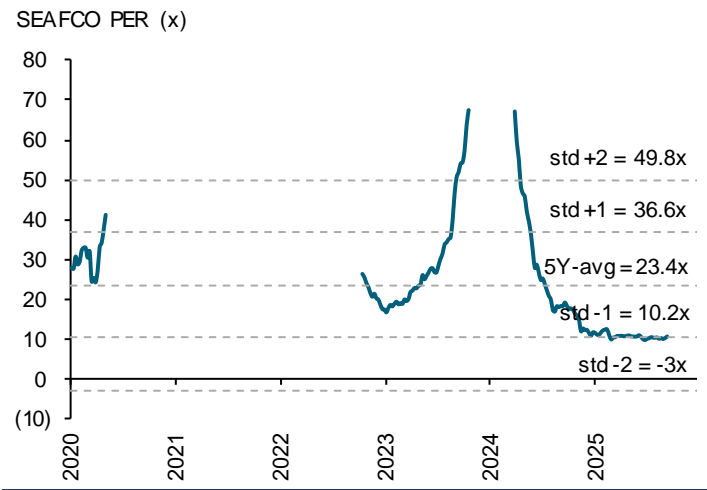
Exhibit 51: PYLON - Historical P/BV band



Sources: Bloomberg; FSSIA estimates

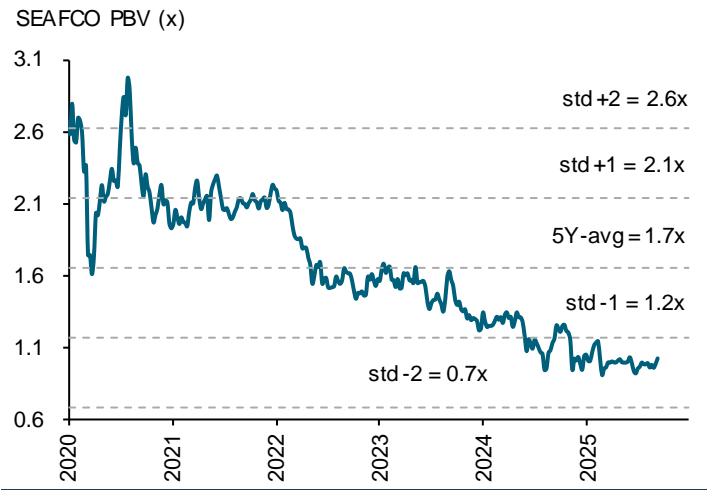


Exhibit 52: SEAFCO - Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 53: SEAFCO - Historical P/BV band



Sources: Bloomberg; FSSIA estimates

# CH.KARNCHANG CK TB

## THAILAND / CONSTRUCTION SERVICES

**BUY**  
 UNCHANGED

## Brighter outlook for 3Q25

- CK's sale of its stake in LPCL to TTW, expected to be completed by end-3Q25, could generate one-time gains of THB 700–800m in 3Q25.
- Reaffirms 2025 revenue target of THB40b; 2H25 GPM to remain solid at 7.7–7.9%, in line with 1H25.
- Earnings upgrade and attractive valuation; maintain BUY.

TARGET PRICE	THB20.00
CLOSE	THB14.40
UP/DOWNSIDE	+38.9%
PRIOR TP	THB20.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.0%

## KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	37,458	40,051	41,424	42,596
Net profit	1,446	1,800	1,956	2,029
EPS (THB)	0.85	1.06	1.15	1.20
vs Consensus (%)	-	6.4	0.4	(6.5)
EBITDA	2,653	3,275	3,230	3,159
Recurring net profit	1,446	1,800	1,956	2,029
Core EPS (THB)	0.85	1.06	1.15	1.20
Chg. In EPS est. (%)	-	20.2	18.7	13.5
EPS growth (%)	(0.4)	24.5	8.7	3.7
Core P/E (x)	16.9	13.5	12.5	12.0
Dividend yield (%)	2.1	2.6	2.8	2.9
EV/EBITDA (x)	26.1	19.7	19.6	19.7
Price/book (x)	0.9	0.9	0.9	0.8
Net debt/Equity (%)	167.2	142.3	132.6	122.2
ROE (%)	5.6	6.8	7.1	7.0

## Positive update on LPCL share sale in 3Q25

We received a positive update from the meeting yesterday. The transaction involving CK's sale of shares in LPCL to TTW — reducing its stake from 20% to 10% — is expected to be completed by end-3Q25. This could result in two types of extra gains being booked in 3Q25: 1) a gain from the sale of the investment, with a preliminary estimate totaling THB700–800m (pre-tax); and 2) a gain from the reclassification of the investment. Following the transaction, CK will no longer recognize equity income from LPCL starting from 4Q25, and the impact of foreign exchange volatility from LPCL should be reduced in CK's financial statements.

## Solid backlog and upcoming project opportunities

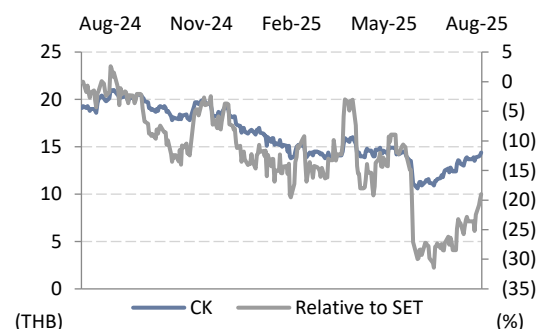
CK's backlog remains strong at THB192b. The key new project target is the double-deck expressway (THB35b), for which BEM might sign contracts by late 2025 and commence construction in early 2026. In addition, new auctions are expected to progress in late 2025 and CK has the potential to participate, including the Red Line extension (Rangsit–Thammasat University) valued at THB4b, the high-speed railway Phase 2 (Korat–Nong Khai) valued at THB235b, and the M5 motorway project (Rangsit–Bang pa-in) valued at THB25b.

## On track to meet 2025 revenue and GPM targets

The company still believes it will achieve its 2025 revenue target of THB40b (+7% y-y), in line with our assumption, with 1H25 already securing 57% of the full-year target. The gross margin in 2H25 is expected to be similar to that of 1H25, at 7.7–7.9%, supported by the recognition of progress from the high-margin Orange Line project. We anticipate profit acceleration in 3Q25, driven by solid profit sharing from associates, especially CKP and BEM following the peak season, as well as gains from the sale of shares in LPCL. CK should also record dividend income from TTW amounting to THB232m, similar to 2Q25.

## Earnings upgrade, BUY rating reaffirmed

We revise up our 2025–27 core profit forecast by 14–20%, with 2025E core profit now at THB1.8b (+25% y-y), which may have upside potential from one-time gains from the LPCL sale. The key adjustments are due to a higher GPM and lower interest expense assumptions, with minimal impact from GMT. Despite the upward revision in our projections, we maintain our TP at THB20 (SOTP), due to a lower value for BEM. We reiterate our BUY rating, as the stock is trading at 0.9x 2025E P/BV (–2SD of its five-year average) and remains a laggard compared to STECON's –19%.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	15.2	(3.4)	(23.8)
Relative to country (%)	11.4	(7.9)	(18.9)
Mkt cap (USD m)	743		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	65		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	21.10/10.20		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

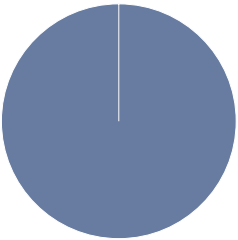
We have a positive view of CK’s construction business outlook on a record high backlog of THB210b at end-2024, equal to its five-year revenue total. CK targets 2025 revenue growth of 7% to THB40b, the highest in eight years, and a stable gross margin of 7-8% (vs 7.3% in 2024). This should be led by the progress of the main works at sizable projects such as the South Purple Line, Den Chai double-track rail, and Luang Prabang power plant project, as well as the initial works of the Orange Line project. CK should also have support from growth in the investments in its associates (BEM, CKP).

### Company profile

CH. Karnchang (CK) was incorporated in 1972 as a construction contractor. The company has experience and expertise in engineering and construction of all categories, such as infrastructure construction work. Moreover, the company has invested in the comprehensive infrastructure project development business, which includes Bangkok Expressway and Metro (BEM TB, NR), CK Power (CKP TB, NR), and TTW (TTW TB, NR) as associated companies.

[www.ch-karnchang.co.th](http://www.ch-karnchang.co.th)

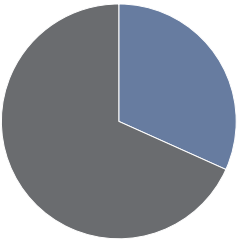
### Principal activities (revenue, 2024)



Activity	Percentage
Construction services	100.0 %

Source: CH.Karnchang

### Major shareholders



Shareholder	Percentage
Trivisvavet Family	31.7 %
Others	68.3 %

Source: CH.Karnchang

**Catalysts**

Contracts for new projects, higher expected contributions from associates, and one-time gains from the LPCL sale and are key potential growth drivers.

**Risks to our call**

Key downside risks to our SoTP-based TP include 1) delays in the signing of the Orange Line project; 2) auction delays and fewer new projects than expected; 3) political uncertainty; 4) slower-than-expected construction progress and cost overrun; 5) increased building material costs, labor shortages, and a minimum wage hike; and 6) weaker-than-expected performance of associates (BEM, CKP, and LPCL).

Date	Event
November 2025	3Q25 results announcement

	2025E	2026E	2027E
Construction revenue (THB m)	40,051	41,424	42,596
GPM (%)	7.7	7.7	7.5
SG&A to sales (%)	5.7	5.6	5.6
Associates (THB m)	1,948	2,069	2,187

Source: FSSIA estimates

- Earnings sensitivity**
- For every 5% increase in revenue, we estimate 2025 net profit to rise by 8%, and vice versa, all else being equal.
  - For every 0.25% increase in GPM, we estimate 2025 net profit to rise by 5%, and vice versa, all else being equal.
  - For every 5% increase in SG&A, we estimate 2025 net profit to fall by 6%, and vice versa, all else being equal.
  - For every 5% increase in share of profit from associates, we estimate 2025 net profit to rise by 5%, and vice versa, all else being equal.

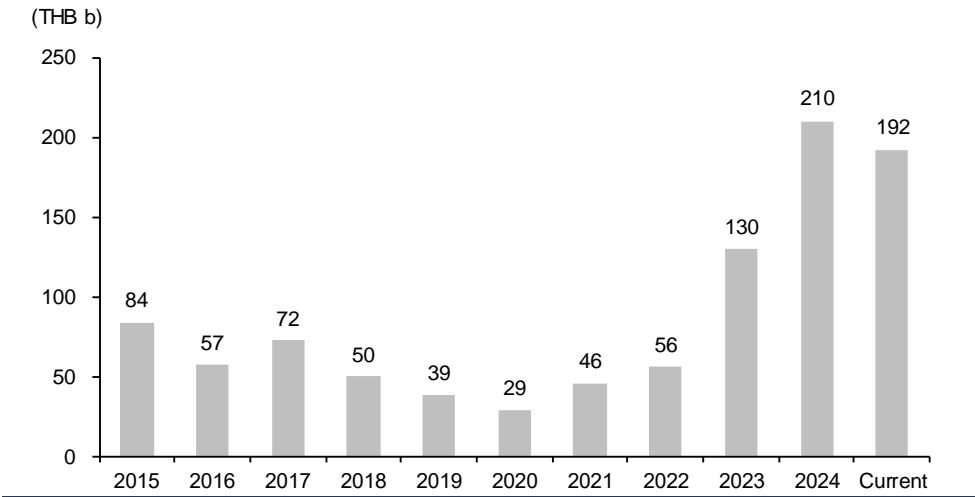
Source: FSSIA estimates

Exhibit 54: Key assumptions for CK

	Actual	Current			Previous			Change		
	2024 (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Construction revenue (THB m)	37,458	40,051	41,424	42,596	40,051	41,424	42,596	0	0	0
Cost of construction services (THB m)	34,742	36,967	38,234	39,401	37,127	38,400	39,486	(0)	(0)	(0)
Gross margin (%)	7.3	7.7	7.7	7.5	7.3	7.3	7.3	0.4	0.4	0.2
SG&A (THB m)	2,229	2,285	2,331	2,366	2,285	2,342	2,401	0	(0)	(1)
SG&A to revenue (%)	6.0	5.7	5.6	5.6	5.7	5.7	5.6	0	(0.0)	(0.1)
Other income (THB m)	1,312	1,420	1,310	1,262	1,296	1,278	1,231	10	2	3
Interest expense (THB m)	2,020	2,153	2,042	2,002	2,022	1,918	1,879	6	6	6
Share from associates (THB m)	1,875	1,948	2,069	2,187	1,944	1,993	2,142	0.2	3.8	2.1
Tax expense (THB m)	119	141	165	171	279	305	330	(49)	(46)	(48)
Core profit (THB m)	1,446	1,800	1,956	2,029	1,498	1,647	1,787	20	19	14
Net profit (THB m)	1,446	1,800	1,956	2,029	1,498	1,647	1,787	20	19	14

Source: FSSIA estimates

Exhibit 55: Backlog



Sources: CK; FSSIA's compilation

## Exhibit 56: Key projects targeted in 2025-2026

Projects	Construction Value (MB)	Project Owner	Project Progress	Activities			
				Q3/2025	Q4/2025	Q1/2026	Q2/2026
Red Line : Taling chan - Siriraj Hospital - Salaya	10,700	SRT	Cabinet Approved		TOR & Bidding		Contract Award
Red Line : Rangsit - Thammasat University	4,000		Cabinet Approved		TOR & Bidding		Contract Award
High Speed Train Phase 2 : Ko Rat - Nong Khai	235,000		Cabinet Approved		TOR & Bidding		Contract Award
Double Track : Chira Junction - Ubonratchathani	43,000	SRT	To Submit to Cabinet	Waiting for Cabinet approval			TOR & Bidding
Double Track : Pak nam Pho - Den Chai	77,800		To Submit to Cabinet	Waiting for Cabinet approval			TOR & Bidding
Double Track : Hat Yai - Padang Besar	7,500		To Submit to Cabinet	Waiting for Cabinet approval			TOR & Bidding
Double Track : Chum Phon - Surat Thani	29,000		To Submit to Cabinet	Waiting for Cabinet approval			TOR & Bidding
Double Track : Surat Thani - Had Yai - Song Khla	64,500		To Submit to Cabinet	Waiting for Cabinet approval			TOR & Bidding
Double Track : Den Chai - Chiang Mai	63,500		To Submit to Cabinet	Waiting for Cabinet approval			TOR & Bidding
Motorway : Western Outer Ring Road - Bang Khun Thian - Bang Bua Thong (M9)	48,000	DOH	Cabinet Approved	TOR & Bidding			Contract Award
Motorway : Srinakarindra - SBIA (M7)	19,000		To Submit to MOT	Under Feasibility Study by EXAT			
Motorway : Rangsit- Bang pa - in (M5)	25,000		Cabinet Approved	TOR & Bidding			
Don Mueang International Airport Phase 3	30,000	AOT	To Submit to Cabinet	Design Process		Waiting for Cabinet approval	TOR & Bidding
Suvarnabhumi International Airport Expansion (East Expansion)	13,000		To Resubmit to Cabinet	Design Process		Waiting for Cabinet approval	TOR & Bidding
Chiang Mai Airport Expansion	20,000		To Submit to MOT	Design Process		Waiting for Cabinet approval	TOR & Bidding
N2 Expressway : Chalong Rat - ORR	14,000	EXAT	To Submit to Cabinet	Waiting for Cabinet approval			
Double Deck : Ngam Wong Wan - Rama 9	35,000	BEM	To Submit to Cabinet	Waiting for Cabinet approval			Contract Signing
Siriraj International Medical Institute (Bang Pho)	7,700	MU	Cabinet Approved		TOR & Bidding		Contract Award
<b>Total</b>	<b>746,000</b>						

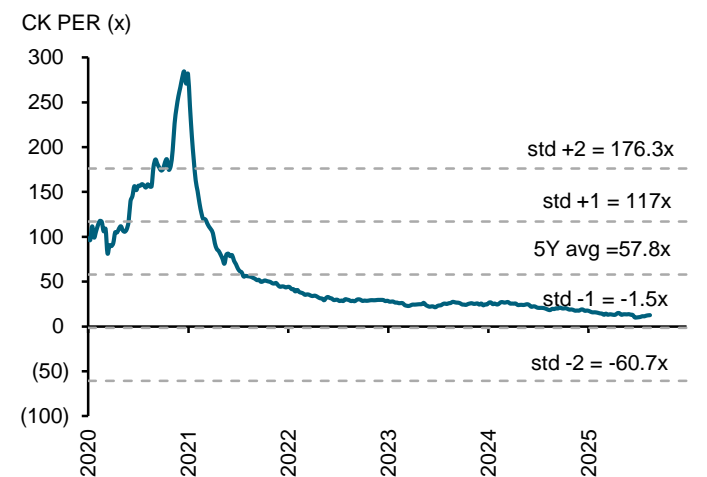
Source: CK

## Exhibit 57: SoTP-based valuation

	Target EV/EBITDA (x)	Holding (%)	TP (THB/shr)	Discount (%)	EV (THB m)	Per share (THB)
Construction	10				28,102	16.6
Subsidiaries						
BEM TB		41.15	8.7	35	60,856	35.9
CKP TB		30.0	3.4	40	11,877	7.0
TTW TB		19.4	9	50	3,904	2.3
Less net debt					69,388	41.0
<b>SoTP</b>					<b>35,351</b>	<b>20.9</b>

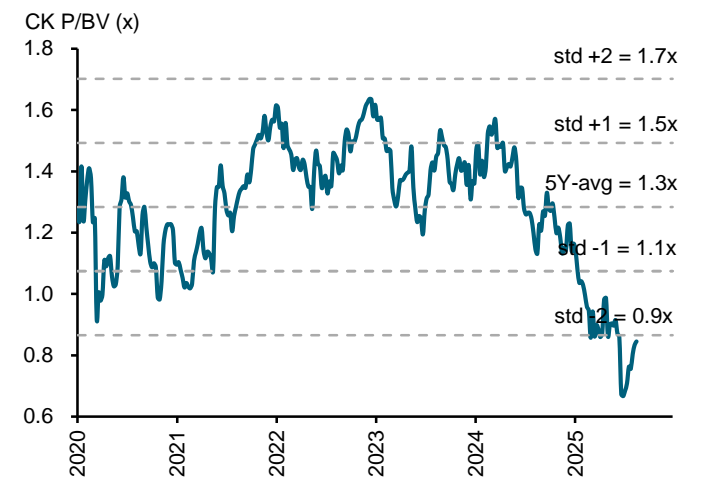
Source: FSSIA estimates

## Exhibit 58: Historical P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 59: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

CH.Karnchang

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	36,485	37,458	40,051	41,424	42,596
Cost of goods sold	(33,917)	(34,742)	(36,967)	(38,234)	(39,401)
<b>Gross profit</b>	<b>2,568</b>	<b>2,716</b>	<b>3,084</b>	<b>3,190</b>	<b>3,195</b>
Other operating income	1,422	1,312	1,420	1,310	1,262
Operating costs	(2,051)	(2,229)	(2,285)	(2,331)	(2,366)
<b>Operating EBITDA</b>	<b>3,057</b>	<b>2,653</b>	<b>3,275</b>	<b>3,230</b>	<b>3,159</b>
Depreciation	(1,117)	(854)	(1,056)	(1,062)	(1,067)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,939</b>	<b>1,799</b>	<b>2,219</b>	<b>2,169</b>	<b>2,092</b>
Net financing costs	(1,830)	(2,020)	(2,153)	(2,042)	(2,002)
Associates	1,520	1,875	1,948	2,069	2,187
Recurring non-operating income	1,520	1,875	1,948	2,069	2,187
Non-recurring items	49	0	0	0	0
<b>Profit before tax</b>	<b>1,678</b>	<b>1,654</b>	<b>2,013</b>	<b>2,195</b>	<b>2,277</b>
Tax	(83)	(119)	(141)	(165)	(171)
<b>Profit after tax</b>	<b>1,594</b>	<b>1,535</b>	<b>1,872</b>	<b>2,031</b>	<b>2,106</b>
Minority interests	(93)	(89)	(72)	(75)	(77)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,501</b>	<b>1,446</b>	<b>1,800</b>	<b>1,956</b>	<b>2,029</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(49)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,452</b>	<b>1,446</b>	<b>1,800</b>	<b>1,956</b>	<b>2,029</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.86	0.85	1.06	1.15	1.20
Reported EPS	0.89	0.85	1.06	1.15	1.20
DPS	0.30	0.30	0.37	0.40	0.42
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
<b>Growth</b>					
Revenue (%)	101.6	2.7	6.9	3.4	2.8
Operating EBITDA (%)	112.5	(13.2)	23.5	(1.4)	(2.2)
Operating EBIT (%)	142.3	(7.2)	23.3	(2.3)	(3.6)
Recurring EPS (%)	64.6	(0.4)	24.5	8.7	3.7
Reported EPS (%)	35.9	(3.7)	24.5	8.7	3.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.0	7.3	7.7	7.7	7.5
Gross margin exc. depreciation (%)	10.1	9.5	10.3	10.3	10.0
Operating EBITDA margin (%)	8.4	7.1	8.2	7.8	7.4
Operating EBIT margin (%)	5.3	4.8	5.5	5.2	4.9
Net margin (%)	4.0	3.9	4.5	4.7	4.8
Effective tax rate (%)	5.0	7.2	7.0	7.5	7.5
Dividend payout on recurring profit (%)	35.0	35.1	35.0	35.0	35.0
Interest cover (X)	1.9	1.8	1.9	2.1	2.1
Inventory days	100.6	125.0	134.9	132.9	133.1
Debtor days	33.8	47.2	52.3	53.8	54.0
Creditor days	38.4	45.4	44.8	44.3	44.4
Operating ROIC (%)	7.7	6.8	9.7	9.5	9.3
ROIC (%)	3.9	3.9	4.6	4.8	4.9
ROE (%)	5.9	5.6	6.8	7.1	7.0
ROA (%)	3.3	3.0	3.3	3.5	3.6

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Construction services	36,485	37,458	40,051	41,424	42,596
Others					

Sources: CH.Karnchang; FSSIA estimates

## Financial Statements

CH.Karnchang

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	1,452	1,446	1,800	1,956	2,029
Depreciation	1,117	854	1,056	1,062	1,067
Associates & minorities	(24)	235	17	15	13
Other non-cash items	-	-	-	-	-
Change in working capital	(8,391)	5,965	(2,179)	(647)	(309)
<b>Cash flow from operations</b>	<b>(5,846)</b>	<b>8,500</b>	<b>695</b>	<b>2,386</b>	<b>2,801</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,742)	(3,883)	-	(654)	(656)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	4,825	-	-
<b>Cash flow from investing</b>	<b>(2,742)</b>	<b>(3,883)</b>	<b>4,825</b>	<b>(654)</b>	<b>(656)</b>
Dividends paid	(508)	(725)	(702)	(759)	(787)
Equity finance	(270)	(340)	40	21	18
Debt finance	9,416	(1,148)	(3,898)	(1,495)	(495)
Other financing cash flows	774	-	-	-	-
<b>Cash flow from financing</b>	<b>9,413</b>	<b>(2,213)</b>	<b>(4,561)</b>	<b>(2,233)</b>	<b>(1,264)</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>824</b>	<b>2,404</b>	<b>959</b>	<b>(502)</b>	<b>881</b>
Free cash flow to firm (FCFF)	(6,758.11)	6,637.28	7,672.75	3,774.07	4,146.76
Free cash flow to equity (FCFE)	1,602.17	3,469.05	1,621.68	236.76	1,650.25

### Per share (THB)

FCFF per share	(3.99)	3.92	4.53	2.23	2.45
FCFE per share	0.95	2.05	0.96	0.14	0.97
Recurring cash flow per share	1.50	1.50	1.70	1.79	1.84

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	18,722	19,020	18,352	18,459	18,565
Less: Accumulated depreciation	(6,788)	(7,662)	(8,821)	(9,785)	(10,755)
<b>Tangible fixed assets (net)</b>	<b>11,934</b>	<b>11,358</b>	<b>9,532</b>	<b>8,673</b>	<b>7,810</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	-	-	-	-	-
Invest. in associates & subsidiaries	51,584	55,044	51,044	51,554	52,070
Cash & equivalents	7,784	10,188	11,148	10,646	11,527
A/C receivable	4,215	5,472	6,008	6,214	6,389
Inventories	9,975	13,235	13,308	13,764	14,184
Other current assets	10,692	17,258	16,020	12,427	10,649
<b>Current assets</b>	<b>32,666</b>	<b>46,154</b>	<b>46,484</b>	<b>43,051</b>	<b>42,750</b>
Other assets	561	546	574	602	633
<b>Total assets</b>	<b>96,745</b>	<b>113,102</b>	<b>107,633</b>	<b>103,881</b>	<b>103,262</b>
Common equity	25,482	25,910	27,080	28,351	29,670
Minorities etc.	526	569	609	630	647
<b>Total shareholders' equity</b>	<b>26,008</b>	<b>26,479</b>	<b>27,689</b>	<b>28,981</b>	<b>30,318</b>
Long term debt	40,771	38,039	36,583	35,836	35,589
Other long-term liabilities	2,708	2,949	2,920	3,020	3,034
<b>Long-term liabilities</b>	<b>43,479</b>	<b>40,988</b>	<b>39,503</b>	<b>38,856</b>	<b>38,622</b>
A/C payable	4,058	4,376	4,436	4,588	4,728
Short term debt	14,835	16,419	13,977	13,229	12,982
Other current liabilities	8,365	24,840	22,028	18,226	16,612
<b>Current liabilities</b>	<b>27,258</b>	<b>45,635</b>	<b>40,441</b>	<b>36,044</b>	<b>34,322</b>
<b>Total liabilities and shareholders' equity</b>	<b>96,745</b>	<b>113,102</b>	<b>107,633</b>	<b>103,881</b>	<b>103,262</b>
Net working capital	12,460	6,749	8,872	9,590	9,882
Invested capital	76,539	73,697	70,021	70,421	70,395

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

### Per share (THB)

Book value per share	15.04	15.30	15.99	16.74	17.52
Tangible book value per share	15.04	15.30	15.99	16.74	17.52

### Financial strength

Net debt/equity (%)	183.9	167.2	142.3	132.6	122.2
Net debt/total assets (%)	49.4	39.1	36.6	37.0	35.9
Current ratio (x)	1.2	1.0	1.1	1.2	1.2
CF interest cover (x)	3.4	4.6	1.8	1.4	2.2

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>16.8</b>	<b>16.9</b>	<b>13.5</b>	<b>12.5</b>	<b>12.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>23.3</b>	<b>23.4</b>	<b>18.8</b>	<b>17.3</b>	<b>16.7</b>
Reported P/E (x)	16.3	16.9	13.5	12.5	12.0
Dividend yield (%)	2.1	2.1	2.6	2.8	2.9
Price/book (x)	1.0	0.9	0.9	0.9	0.8
Price/tangible book (x)	1.0	0.9	0.9	0.9	0.8
EV/EBITDA (x) **	23.8	26.1	19.7	19.6	19.7
EV/EBITDA @ target price (x) **	26.9	29.7	22.6	22.6	22.7
EV/invested capital (x)	1.0	0.9	0.9	0.9	0.9

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

Sources: CH.Karnchang; FSSIA estimates



# CH Karnchang PCL (CK TB)

FSSIA ESG rating

★ ★ ★

Exhibit 60: FSSIA ESG score implication

48.13 /100

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 61: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	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	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	48.13	--	Y	AA	5.00	4.00	--	High	50.90	B	--	49.71	28.00	2.82	57.10
PYLON	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
SEAFCO	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--
STECON	31.89	--	Y	AA	5.00	4.00	--	--	--	--	--	--	27.00	3.01	53.19

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 62: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	—	—	2.08	2.52	2.82
BESG environmental pillar score	—	—	0.57	0.73	1.28
BESG social pillar score	—	—	3.85	4.96	4.10
BESG governance pillar score	—	—	3.00	3.23	3.16
ESG disclosure score	32.81	33.67	41.90	47.50	57.10
Environmental disclosure score	0.91	0.91	16.55	30.93	46.54
Social disclosure score	16.26	18.83	27.90	30.35	43.56
Governance disclosure score	81.10	81.10	81.10	81.10	81.10
Environmental					
Emissions reduction initiatives	No	No	Yes	Yes	Yes
Climate change policy	No	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No
GHG scope 1	—	—	2	2	9
GHG scope 2 location-based	—	—	2	2	8
GHG Scope 3	—	—	—	—	222
Carbon per unit of production	—	—	—	—	—
Biodiversity policy	No	No	No	No	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	643	3	141
Renewable energy use	—	—	—	—	0
Electricity used	—	—	1	1	88
Fuel used - natural gas	—	—	—	—	0

Sources: Bloomberg; FSSIA's compilation



**Exhibit 63: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	0	0	0
Total waste	—	—	0	0	0
Waste recycled	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—
Environmental supply chain management	No	No	No	Yes	Yes
Water policy	No	No	No	No	Yes
Water consumption	—	—	—	—	1,299
<b>Social</b>					
Human rights policy	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No
Pct women in workforce	—	—	28	26	26
Pct disabled in workforce	—	—	—	—	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0
Total recordable incident rate - employees	0	0	—	—	4
Training policy	No	No	No	Yes	Yes
Fair remuneration policy	No	No	No	No	No
Number of employees – CSR	—	2,380	1,969	2,304	2,126
Employee turnover pct	—	—	—	—	13
Total hours spent by firm - employee training	—	—	13,785	17,303	20,176
Social supply chain management	No	No	No	Yes	Yes
<b>Governance</b>					
<b>Board size</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of women on board	1	1	1	1	1
No. of non-executive directors on board	4	3	4	4	4
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	7	7	8	6
Board meeting attendance pct	100	100	100	100	100
Board duration (years)	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No
Age of the youngest director	45	46	47	43	44
Age of the oldest director	82	80	81	82	83
<b>No. of executives / company managers</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>14</b>
No. of female executives	2	2	2	1	1
Executive share ownership guidelines	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>
No. of ID on audit committee	3	3	3	3	3
Audit committee meetings	4	4	4	4	4
Audit meeting attendance %	100	100	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	3	1	1	1	1
No. of compensation committee meetings	2	2	3	4	2
Compensation meeting attendance %	100	100	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	3	4	2
Nomination meeting attendance %	100	100	100	100	100
<b>Sustainability governance</b>					
Verification type	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

# STECON GROUP STECON TB

## THAILAND / CONSTRUCTION SERVICES

# BUY

UNCHANGED

## Solid construction outlook in 2H25

- STECON reaffirms its 2025 targets: revenue growth of 5%, GPM of 7%, and new orders of THB50b.
- 2H25 construction operation is expected to grow h-h and y-y, driven by higher revenue, stable GPM, and lower SG&A.
- 2025E upgraded to include one-time gains in 2Q25. Retain BUY.

TARGET PRICE	THB9.50
CLOSE	THB6.10
UP/DOWNSIDE	+55.7%
PRIOR TP	THB9.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.0%

## KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	30,005	31,616	32,583	33,217
Net profit	(2,357)	1,317	1,065	1,091
EPS (THB)	(1.55)	0.87	0.70	0.72
vs Consensus (%)	-	34.3	5.1	0.7
EBITDA	(139)	2,175	2,221	2,270
Recurring net profit	(1,268)	967	1,065	1,091
Core EPS (THB)	(0.83)	0.64	0.70	0.72
Chg. In EPS est. (%)	nm	3.6	4.0	3.9
EPS growth (%)	nm	nm	10.0	2.5
Core P/E (x)	(7.3)	9.6	8.7	8.5
Dividend yield (%)	-	5.7	4.6	4.7
EV/EBITDA (x)	(107.6)	6.6	6.5	6.5
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	29.7	24.7	24.5	25.5
ROE (%)	(7.2)	5.4	5.7	5.7

## On track to achieve 2025 targets

STECON maintains its 2025 revenue target at THB32b (+5% y-y), with 1H25 revenue already achieving 48% of the full-year target. The GPM target remains at no less than 7%, with 1H25 GPM reported at 7.2%. Management remains confident in achieving the full-year new contract target of THB50b, having already secured THB26b in 1H25. For the remainder of the year, the company expects additional contract opportunities primarily from public projects, with at least 1–2 bids anticipated, such as the Red Line extension and high-speed rail, as well as from clean energy power plants and data center developments.

## Backlog remains solid despite excluding U-Tapao project

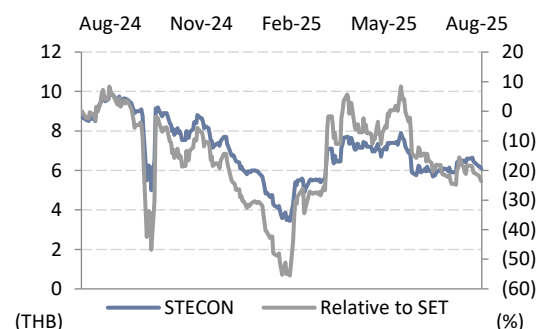
STECON's current backlog remains solid at THB100b, sufficient to support revenue over the next three years. This figure excludes the U-Tapao project (THB27b), which remains uncertain. The Cabinet meeting scheduled for 26 Aug should be monitored, as the UTA consortium has extended the deadline for the government to issue a notice to proceed (NTP) to 29 Aug. If no clarity is reached or negotiations with the government fail to conclude, there may be no extension to the concession period. In such a case, UTA may seek compensation from the government for investments made over the past five years, amounting to approximately THB5b, of which STECON holds a 20% stake.

## Positive momentum for construction operations in 2H25

We anticipate core construction operations in 2H25 to increase both h-h and y-y, supported by higher revenue, mainly from accelerated progress on solar power plants and the gradual ramp-up of data center projects starting in late 2Q25. GPM is expected to remain stable at around 7%, while SG&A expenses are projected to decline from 1H25. For 2H25 net profit, we expect a h-h softening due to one-time gains in 2Q25, but a y-y improvement from 2H24's loss, supported by construction recovery and the absence of loss sharing from the Pink and Yellow Lines. Meanwhile, the Cambodian labor issue is expected to have no impact on construction activities, given that it accounts for only 3% of the total workforce.

## 2025E upgraded from extra items, BUY rating reaffirmed

Our 2025E core profit stands at THB967m. However, we raise our net profit forecast by 41% to THB1.3b (compared to a net loss of THB2.4b in 2024), reflecting an insurance claim receipt related to the Bueng Nong Bon drainage tunnel, as well as a gain from the reclassification of investments in the Pink and Yellow Lines in 2Q25. We reiterate our BUY call with the same target price of THB9.5 (based on a P/BV of 0.8x).



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.8	(12.9)	(29.1)
Relative to country (%)	(2.1)	(17.4)	(23.8)
Mkt cap (USD m)	281		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	66		
Major shareholder	Charnvirakul family (24%)		
12m high/low (THB)	10.20/3.38		
Issued shares (m)	1,525.11		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

The 2024 operating performance turned into a loss, the first in six years, mainly due to allowance for doubtful accounts on the CFP and advanced repair expenses related to the Bueng Nong Bon drainage tunnel. However, management is confident because it has set aside reserves in full in 4Q24. More importantly, the performance should turn around in 2025 after repair expenses related to the drainage tunnel no longer pressure the gross margin from 1Q25 onward, and STECON received the insurance claim in 2Q25. The company will no longer book loss sharing from the Pink and Yellow Lines from 2Q25 onwards, following the change from equity accounting as associates to classification as long-term investments.

### Company profile

Established in 1962, STEC operates primarily as a construction company. It has businesses from both the public and private sectors. From mid-to-large-sized projects, STEC divides its business into five categories. They include infrastructure, building, power & energy, industrial, and environment. In 2022, STEC earned 70% of its revenue from the private sector and 30% from the public sector. By category, infrastructure contributed the highest revenue share (56%), followed by power (27%).

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

### Principal activities (revenue, 2024)

■ Construction - 99.7 %

■ Sales and service - 0.3 %

Source: Stecon Group

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### Major shareholders

■ Charnvirakul family - 23.6 %

■ Others - 76.4 %

Source: Stecon Group

### Catalysts

Key potential catalysts include 1) new auctions, particularly for public utilities and sizable private contracts, 2) investment expansion in new businesses, and 3) payment of debts from the UJV group for the CFP.

### Risks to our call

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 U-Tapao Airport construction, 4) a delay in new auctions, and 5) a higher-than-expected loss sharing from associates.

### Event calendar

Date	Event
November 2025	3Q25 results announcement

### Key assumptions

	2025E	2026E	2027E
Revenue (THB m)	31,616	32,583	33,217
GPM (%)	7.3	7.2	7.2
SG&A to revenue (%)	3.2	3.1	3.1
Associates (THB m)	(200)	(80)	(75)

Source: FSSIA estimates

### Earnings sensitivity

- For every 5% increase in construction revenue, we estimate 2025 net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.25% increase in construction GPM, we estimate 2025 net profit to rise by 5%, 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 2%, and vice versa, all else being equal

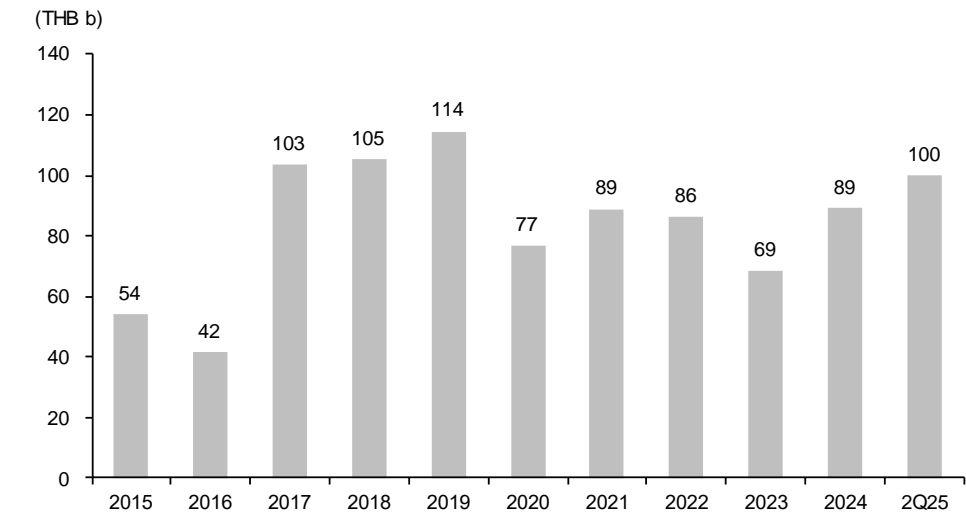
Source: FSSIA estimates

### Exhibit 64: Key assumptions for STECON

	Actual	Current			Previous			Change		
	2024 (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total revenue (THB m)	30,005	31,616	32,583	33,217	31,616	32,583	33,217	0	0	0
Construction revenue (THB m)	29,930	31,359	32,307	32,919	31,359	32,307	32,919	0	0	0
Cost (THB m)	30,123	29,298	30,225	30,811	29,470	30,369	30,956	(1)	(0)	(0)
Construction GPM (%)	(0.6)	7.1	7.0	7.0	6.5	6.5	6.5	0.6	0.5	0.5
Gross margin (%)	(0.4)	7.3	7.2	7.2	6.8	6.8	6.8	0.5	0.4	0.4
SG&A (THB m)	846	988	1,002	1,020	887	914	932	11	10	10
SG&A to revenue (%)	2.8	3.2	3.1	3.1	2.8	2.8	2.8	0.3	0.3	0.3
Interest expense (THB m)	158	278	281	285	278	281	285	0	0	0
Share from associates (THB m)	(584)	(200)	(80)	(75)	(180)	(80)	(75)	na	na	na
Core profit (THB m)	(1,268)	967	1,065	1,091	934	1,023	1,050	4	4	4
Net profit (THB m)	(2,357)	1,317	1,065	1,091	934	1,023	1,050	41	4	4

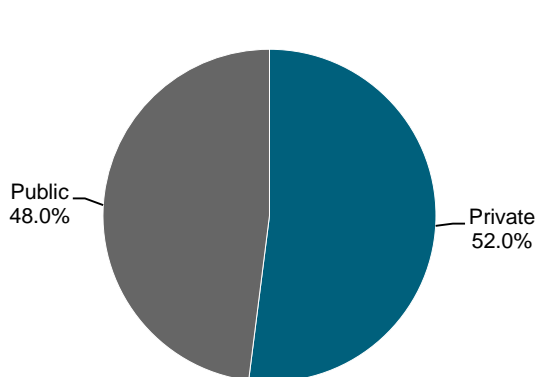
Source: FSSIA estimates

### Exhibit 65: Backlog (excluding the U-Tapao airport project worth THB27b)



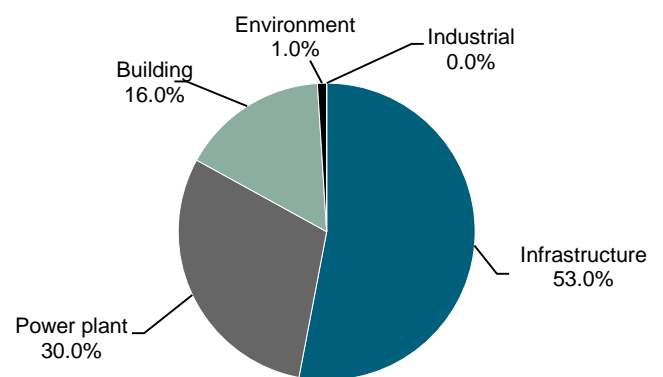
Source: STECON

### Exhibit 66: Backlog breakdown by client type



Source: STECON

### Exhibit 67: Backlog breakdown by work



Source: STECON









## Exhibit 68: Progress of public projects

○ Cabinet-Approved Projects ○ Expected cabinet approvals










Source: STECON

## Exhibit 69: STECON's targeted projects (1)

Projects	Project Owner	Project Value (MB)	Project status as of August 2025
Public Projects			
Motorways			
Utraphimuk Elevated, Rangsit-Bang Pa-In (M5)	 DOH	~28,000	The cabinet approved on 24 Dec 24
Bang Khun Thian-Bang Bua Thong (M9)	 DOH	~56,000	The cabinet approved on 3 Dec 24
Bang Khun Thian – Ban Phaeo (O&M M82)	 DOH	~15,700 (PPP Gross cost: O&M work)	Expect to open for bidding in 2026
Expressways			
N2 Expressway (Prasertmanukit-Outer Ring Road East section)	 EXAT	~17,000	Expect to open for bidding in 2025
Kratuu-Patong Expressway	 EXAT	~18,000	
Electrified Train			
Brown Line : Khae Rai – Lumsalee	 MRTA	~42,000	Expect to propose to the Cabinet in 2025
Dark Red Line : Rangsit-Thammasat section	 SRT	~6,400	The cabinet approved on 7 Jan 25 and expect to open for bidding in H2/25
Light Red Line : Siriraj-Talingchan-Salaya section	 SRT	~15,100	The cabinet approved on 17 Jun 25 and expect to open for bidding in H2/25

Source: STECON

## Exhibit 70: STECON's targeted projects (2)

Projects	Project Owner	Project Value (MB)	Project status as of August 2025
Public Projects			
Double Track Railway			
Jira Junction-Ubonratchathani section	 SRT	~37,500	Expect to open for bidding in 2025
Paknam Pho-Denchai section	 SRT	~63,000	
Surat Thani-Hat Yai-Songkhla section	 SRT	~57,000	
High-speed Railway			
Thai-Chinese high-speed railway Phase 2 (Nakhon Ratchasima-Nong Khai)	 SRT	~341,000	Expect to open for bidding in 2025
Airports			
Suvarnabhumi airport east expansion	 AOT	~11,000	Expect to open for bidding in 2025
Don Mueang airport expansion	 AOT	~35,000	
Chiang Mai airport expansion	 AOT	~14,000	
Total		~756,700	
Private Projects			
Data Center	Private	~14,000	Bidding process. Expect construction in 2025
Data Center	STEC's own investment	~8,000	Negotiation process and expect construction in 2025
Renewable power plants	Private	~5,000	Expect to open for bidding in 2025
Commercial building		~4,000	
Total		~31,000	
Grand Total		~787,700	

Source: STECON

Exhibit 71: Historical P/E band

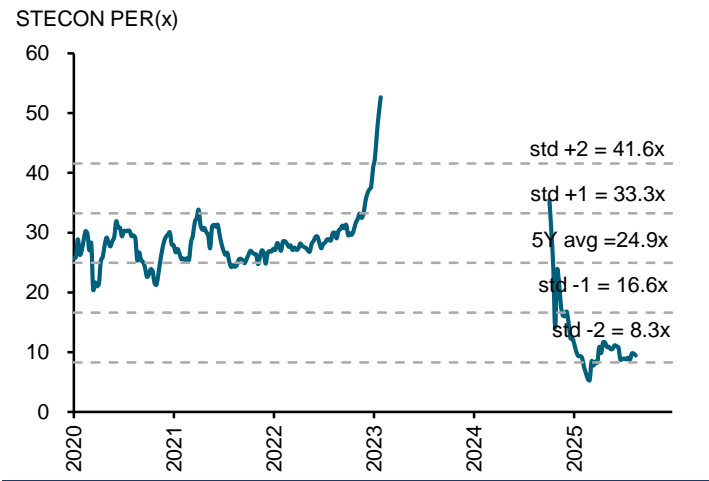
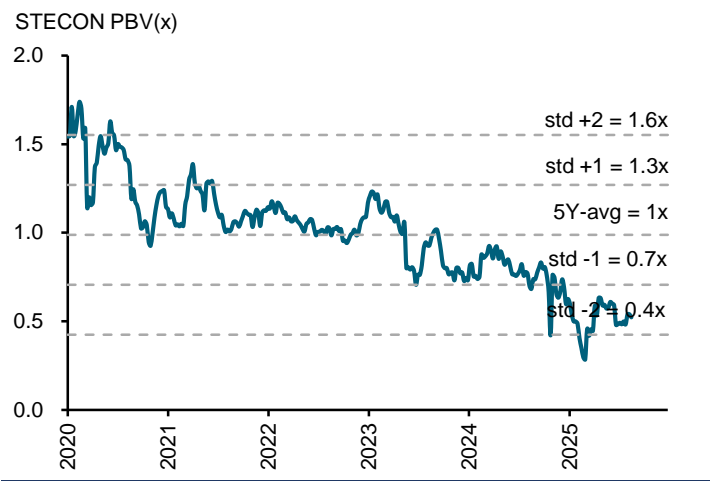


Exhibit 72: Historical P/BV band



## Financial Statements

### Stecon Group

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	29,598	30,005	31,616	32,583	33,217
Cost of goods sold	(28,299)	(30,123)	(29,298)	(30,225)	(30,811)
<b>Gross profit</b>	<b>1,299</b>	<b>(118)</b>	<b>2,318</b>	<b>2,357</b>	<b>2,405</b>
Other operating income	-	-	-	-	-
Operating costs	(834)	(846)	(988)	(1,002)	(1,020)
<b>Operating EBITDA</b>	<b>1,270</b>	<b>(139)</b>	<b>2,175</b>	<b>2,221</b>	<b>2,270</b>
Depreciation	(805)	(825)	(845)	(865)	(885)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>464</b>	<b>(964)</b>	<b>1,330</b>	<b>1,356</b>	<b>1,385</b>
Net financing costs	(1)	(125)	(243)	(245)	(247)
Associates	(70)	(584)	(200)	(80)	(75)
Recurring non-operating income	151	(277)	102	211	216
Non-recurring items	23	(1,089)	350	0	0
<b>Profit before tax</b>	<b>637</b>	<b>(2,456)</b>	<b>1,539</b>	<b>1,323</b>	<b>1,355</b>
Tax	(102)	68	(202)	(238)	(244)
<b>Profit after tax</b>	<b>536</b>	<b>(2,388)</b>	<b>1,337</b>	<b>1,085</b>	<b>1,111</b>
Minority interests	(10)	31	(20)	(20)	(20)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>526</b>	<b>(2,357)</b>	<b>1,317</b>	<b>1,065</b>	<b>1,091</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(23)</b>	<b>1,089</b>	<b>(350)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>502</b>	<b>(1,268)</b>	<b>967</b>	<b>1,065</b>	<b>1,091</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.33	(0.83)	0.64	0.70	0.72
Reported EPS	0.34	(1.55)	0.87	0.70	0.72
DPS	0.15	0.00	0.35	0.28	0.29
Diluted shares (used to calculate per share data)	1,525	1,519	1,519	1,519	1,519
<b>Growth</b>					
Revenue (%)	(2.4)	1.4	5.4	3.1	1.9
Operating EBITDA (%)	(29.2)	nm	nm	2.1	2.2
Operating EBIT (%)	(38.4)	nm	nm	2.0	2.1
Recurring EPS (%)	(38.8)	nm	nm	10.0	2.5
Reported EPS (%)	(38.7)	nm	nm	(19.2)	2.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	4.4	(0.4)	7.3	7.2	7.2
Gross margin exc. depreciation (%)	7.1	2.4	10.0	9.9	9.9
Operating EBITDA margin (%)	4.3	(0.5)	6.9	6.8	6.8
Operating EBIT margin (%)	1.6	(3.2)	4.2	4.2	4.2
Net margin (%)	1.7	(4.2)	3.1	3.3	3.3
Effective tax rate (%)	16.0	2.8	13.1	18.0	18.0
Dividend payout on recurring profit (%)	45.5	-	54.5	40.0	40.0
Interest cover (X)	566.9	(9.9)	5.9	6.4	6.5
Inventory days	7.4	10.9	11.4	9.2	9.2
Debtor days	124.3	133.5	136.1	136.6	137.4
Creditor days	319.5	267.0	284.7	287.3	288.9
Operating ROIC (%)	(9.8)	229.3	(377.0)	(198.1)	(134.3)
ROIC (%)	2.6	(4.2)	4.4	4.7	4.6
ROE (%)	2.7	(7.2)	5.4	5.7	5.7
ROA (%)	1.0	(2.4)	2.2	2.3	2.3

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Construction	29,527	29,930	31,359	32,307	32,919
Sales and service	71	75	257	276	298

Sources: Stecon Group; FSSIA estimates



## Financial Statements

### Stecon Group

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	502	(1,268)	967	1,065	1,091
Depreciation	805	825	845	865	885
Associates & minorities	-	-	-	-	-
Other non-cash items	23	(1,089)	350	0	0
Change in working capital	(2,001)	2,340	555	492	400
<b>Cash flow from operations</b>	<b>(670)</b>	<b>808</b>	<b>2,717</b>	<b>2,422</b>	<b>2,376</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(574)	(1,349)	(1,107)	(975)	(913)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	1,585	(4,098)	(308)	(1,311)	(1,367)
<b>Cash flow from investing</b>	<b>1,011</b>	<b>(5,447)</b>	<b>(1,415)</b>	<b>(2,286)</b>	<b>(2,280)</b>
Dividends paid	(210)	0	(527)	(426)	(436)
Equity finance	0	(14)	0	0	0
Debt finance	(111)	345	21	9	9
Other financing cash flows	(2,770)	2,636	(43)	270	80
<b>Cash flow from financing</b>	<b>(3,091)</b>	<b>2,966</b>	<b>(548)</b>	<b>(147)</b>	<b>(347)</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>(2,751)</b>	<b>(1,672)</b>	<b>753</b>	<b>(11)</b>	<b>(251)</b>
Free cash flow to firm (FCFF)	383.73	(4,480.49)	1,579.49	417.63	381.31
Free cash flow to equity (FCFE)	(2,540.29)	(1,658.03)	1,280.32	415.20	185.79

#### Per share (THB)

FCFF per share	0.25	(2.94)	1.04	0.27	0.25
FCFE per share	(1.67)	(1.09)	0.84	0.27	0.12
Recurring cash flow per share	0.87	(1.01)	1.42	1.27	1.30

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	10,174	10,683	11,217	11,778	12,366
Less: Accumulated depreciation	(5,467)	(5,452)	(5,725)	(6,176)	(6,736)
<b>Tangible fixed assets (net)</b>	<b>4,707</b>	<b>5,231</b>	<b>5,492</b>	<b>5,602</b>	<b>5,630</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	2	0	0	0
Invest. in associates & subsidiaries	21,342	24,512	25,738	27,025	28,376
Cash & equivalents	4,242	2,570	3,323	3,313	3,062
A/C receivable	10,386	11,559	12,014	12,382	12,622
Inventories	698	1,054	727	749	764
Other current assets	5,309	4,899	5,533	5,588	5,644
<b>Current assets</b>	<b>20,636</b>	<b>20,082</b>	<b>21,598</b>	<b>22,032</b>	<b>22,093</b>
Other assets	764	1,690	775	798	814
<b>Total assets</b>	<b>47,449</b>	<b>51,516</b>	<b>53,602</b>	<b>55,457</b>	<b>56,913</b>
Common equity	17,701	17,411	18,201	18,840	19,495
Minorities etc.	371	432	452	472	492
<b>Total shareholders' equity</b>	<b>18,072</b>	<b>17,843</b>	<b>18,653</b>	<b>19,312</b>	<b>19,987</b>
Long term debt	265	610	631	640	649
Other long-term liabilities	2,415	2,908	2,845	3,095	3,156
<b>Long-term liabilities</b>	<b>2,680</b>	<b>3,518</b>	<b>3,476</b>	<b>3,735</b>	<b>3,805</b>
A/C payable	21,244	21,619	22,764	23,460	23,916
Short term debt	5,082	7,255	7,300	7,400	7,500
Other current liabilities	373	1,281	1,409	1,550	1,705
<b>Current liabilities</b>	<b>26,698</b>	<b>30,156</b>	<b>31,473</b>	<b>32,410</b>	<b>33,121</b>
<b>Total liabilities and shareholders' equity</b>	<b>47,449</b>	<b>51,516</b>	<b>53,602</b>	<b>55,457</b>	<b>56,913</b>
Net working capital	(5,222)	(5,389)	(5,899)	(6,291)	(6,591)
Invested capital	21,591	26,046	26,106	27,134	28,229

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

#### Per share (THB)

Book value per share	11.61	11.46	11.98	12.40	12.83
Tangible book value per share	11.61	11.46	11.98	12.40	12.83

#### Financial strength

Net debt/equity (%)	6.1	29.7	24.7	24.5	25.5
Net debt/total assets (%)	2.3	10.3	8.6	8.5	8.9
Current ratio (x)	0.8	0.7	0.7	0.7	0.7
CF interest cover (x)	(1,811.6)	(1.5)	10.8	6.7	5.5

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>18.5</b>	<b>(7.3)</b>	<b>9.6</b>	<b>8.7</b>	<b>8.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>28.8</b>	<b>(11.4)</b>	<b>14.9</b>	<b>13.6</b>	<b>13.2</b>
Reported P/E (x)	17.7	(3.9)	7.0	8.7	8.5
Dividend yield (%)	2.5	-	5.7	4.6	4.7
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x) **	8.5	(107.6)	6.6	6.5	6.5
EV/EBITDA @ target price (x) **	12.6	(144.7)	9.0	8.8	8.8
EV/invested capital (x)	0.5	0.6	0.5	0.5	0.5

\* 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 73: 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 74: 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	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	48.13	--	Y	AA	5.00	4.00	--	High	50.90	B	--	49.71	28.00	2.82	57.10
PYLON	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
SEAFCO	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--
STECON	31.89	--	Y	AA	5.00	4.00	--	--	--	--	--	--	27.00	3.01	53.19

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

## Exhibit 75: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>ESG financial materiality scores - ESG score</b>	<b>1.44</b>	<b>1.46</b>	<b>1.40</b>	<b>1.40</b>	<b>1.45</b>	<b>1.72</b>	<b>1.73</b>	<b>3.01</b>
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.40	0.40	1.32
BESG social pillar score	2.10	2.10	2.10	2.10	2.10	2.18	2.22	4.85
BESG governance pillar score	4.00	4.10	3.76	3.75	4.07	4.06	4.02	4.05
<b>ESG disclosure score</b>	<b>31.84</b>	<b>31.84</b>	<b>31.84</b>	<b>33.23</b>	<b>34.92</b>	<b>45.38</b>	<b>46.50</b>	<b>53.19</b>
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
<b>Environmental</b>								
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 76: 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	—	—	—	—	—	—	—	—
<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	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
<b>Governance</b>								
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
<b>Sustainability governance</b>								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

# PYLON PYLON TB

## THAILAND / CONSTRUCTION SERVICES

**BUY**  
 UNCHANGED

## Stronger 2H25 outlook

- Management sees an improving market with better demand-supply balance, easing competition, and stable material prices.
- PYLON expressed confidence in 2H25 growth. We expect 3Q25 profit to grow both q-q and y-y, driven by higher utilization.
- 2025-27E upgraded with a new TP of THB2.5. Retain BUY.

### Positive tone from Opportunity Day

From the Opportunity Day, management indicated signs of an improving balance between demand and supply in the pile foundation market. The company also noted progress on sizable private projects, with two projects currently under review by the owners and expected to commence construction in 1H26. Market competition is likely to ease, supported by a declining number of players and industry utilization already operating at full capacity, partly driven by the MRT Orange Line project. In addition, construction material prices remained stable.

### Solid backlog to drive brighter 2H25 performance

Management believes it will achieve its 2025 revenue target of THB1.5b (+84% y-y), with 1H25 revenue already contributing 46% of the full-year target. Operations in 2H25 are expected to be stronger than in 1H25, supported by a solid backlog of THB1.3b, of which around 60% is projected to be recognized as revenue in 2H25. Of the total backlog, 77% is from private sector projects, mainly commercial developments, while 23% is from government projects, primarily the MRT Orange Line. The current backlog is sufficient to support revenue recognition for the remainder of this year, while additional projects would support revenue recognition in 2026.

### Earnings forecast upgraded; 3Q25 acceleration ahead

Following the strong 2Q25 results, we revise up our 2025–27 profit forecasts for PYLON, reflecting higher revenue and GPM assumptions. We now expect 2025 net profit to reach THB200m (vs our previous estimate of THB68m), a sharp rebound from just THB0.5m in 2024. We also anticipate accelerated earnings in 3Q25, with both q-q and y-y growth, driven by higher equipment utilization of 14–16 machines, compared to an average of 13–14 in 2Q25 and 10–12 in 3Q24. The major contributions should remain the Woeng Nakornkasem, The Ritz-Carlton Lhong, and MRT Orange Line projects.

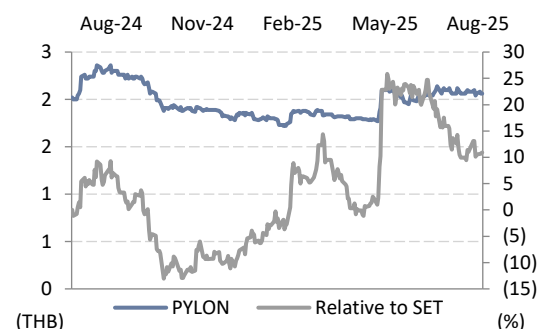
### Maintain BUY call with a new TP of THB2.5

We raise our TP to THB2.5 from THB2.4, based on an unchanged PBV of 1.9x. We reiterate our BUY rating, supported by positive earnings momentum expected in 2H25. Moreover, the current share price is trading at 1.5x 2025E P/BV, or 1.5SD below its 5-year historical average, while 2025 profit is projected to reach its highest level in five years.

TARGET PRICE	THB2.50
CLOSE	THB2.06
UP/DOWNSIDE	+21.4%
PRIOR TP	THB2.40
CHANGE IN TP	+4.2%
TP vs CONSENSUS	+5.6%

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	814	1,482	1,505	1,416
Net profit	1	200	204	182
EPS (THB)	0.00	0.27	0.27	0.24
vs Consensus (%)	-	125.0	119.5	95.1
EBITDA	69	335	341	313
Recurring net profit	(6)	200	204	182
Core EPS (THB)	(0.01)	0.27	0.27	0.24
Chg. In EPS est. (%)	nm	192.8	167.3	157.4
EPS growth (%)	nm	nm	2.1	(10.9)
Core P/E (x)	(240.4)	7.7	7.6	8.5
Dividend yield (%)	1.9	9.1	9.2	8.2
EV/EBITDA (x)	21.3	4.4	4.3	4.5
Price/book (x)	1.6	1.5	1.5	1.4
Net debt/Equity (%)	(8.5)	(8.1)	(7.6)	(10.9)
ROE (%)	(0.6)	20.5	19.7	16.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.9)	16.4	3.5
Relative to country (%)	(4.3)	8.5	13.2
Mkt cap (USD m)	48		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	41		
Major shareholder	Sangarayakul Family (55%)		
12m high/low (THB)	2.38/1.69		
Issued shares (m)	749.87		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

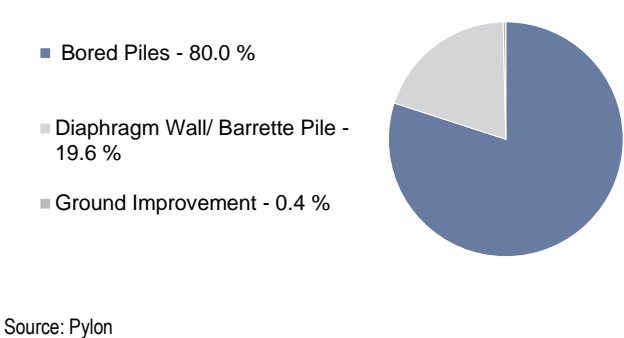
PYLON's earnings turned into a loss in 4Q24. However, increasing project awards, with major works scheduled to begin in mid-1Q25, together with large government projects, such as the MRT Orange Line (Western section) and sizable commercial projects, which are set to commence construction in 2Q25, supported a profit recovery starting in 1Q25 before accelerating in 2Q–3Q25. As a result, operating performance is expected to improve significantly in 2025, in line with the brighter industry outlook for pile foundations, driven by stronger demand from rising project activity and easing supply-side competition.

Company profile

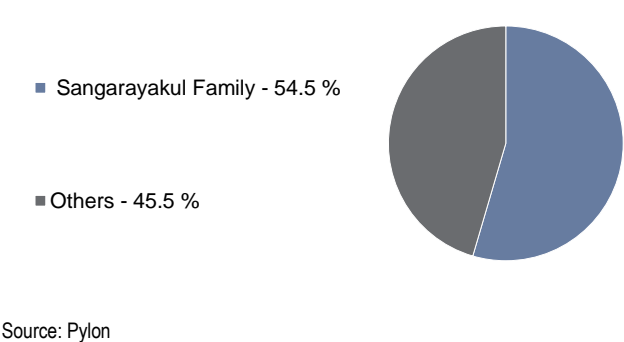
PYLON was established in 2002 as a contractor for foundation construction. Its construction services are divided into three products: bored piling, ground improvement by jet grouting, and diaphragm walls. It mainly engages in foundation construction for the government and private sectors. Most government projects are related to structural and infrastructure works, such as elevated railways and expressways. Private projects are related to residential facilities, hospitals, and office buildings.

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

Principal activities (revenue, 2024)



Major shareholders



Catalysts

Key potential growth drivers include 1) the signing of new contracts, particularly from sizable private projects; and 2) the government's infrastructure projects, such as the high-speed train project linking three airports, and expressways.

Risks to our call

Downside risks to our P/E-based TP include 1) fewer new projects than expected; 2) bidding delays for new projects; 3) political uncertainty; 4) delays in construction; 5) labour shortages; 6) higher raw material and labour costs; and 7) intense competition. Upside risks comprise 1) a higher-than-expected additional backlog and new auctions; and 2) sooner-than-expected commencement of the high-speed train project linking three airports.

Event calendar

Date	Event
Nov 2025	3Q25 results announcement

Key assumptions

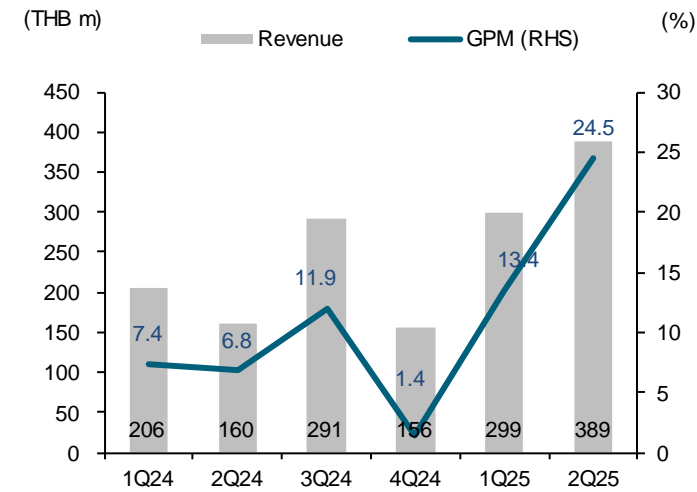
	2025E	2026E	2027E
Revenue (THB m)	1,482	1,505	1,416
GPM (%)	22.5	22.5	21.5
SG&A to revenue (%)	6.0	6.0	6.0

Source: FSSIA estimates

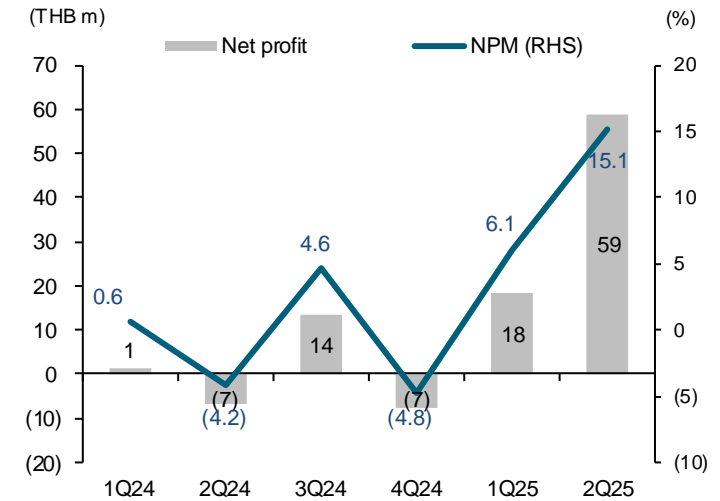
Earnings sensitivity

- For every 5% increase in revenue, we estimate 2025 net profit to rise by 7%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 3%, and vice versa, all else being equal.
- For every 5% increase in SG&A, we estimate 2025 net profit to fall by 2%, and vice versa, all else being equal

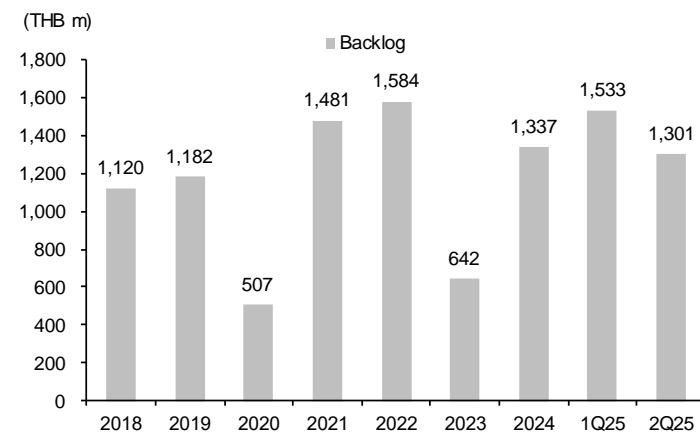
Source: FSSIA estimates

**Exhibit 77: Quarterly revenue and GPM**


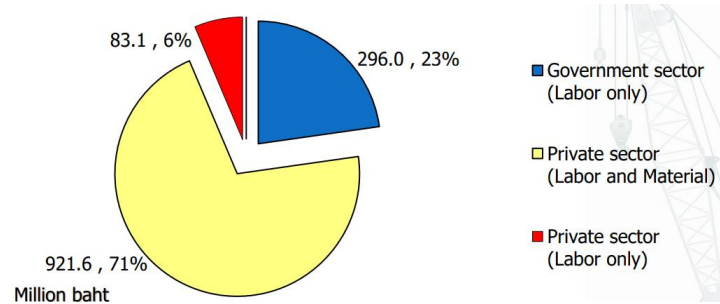
Sources: PYLON; FSSIA's compilation

**Exhibit 78: Quarterly net profit and NPM**


Sources: PYLON; FSSIA's compilation

**Exhibit 79: Backlog**


Sources: PYLON; FSSIA's compilation

**Exhibit 80: Backlog breakdown**


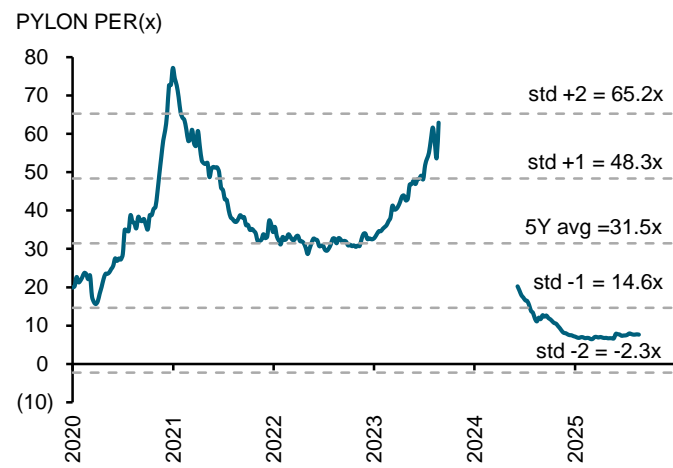
Source: PYLON

**Exhibit 81: Key assumptions for PYLON**

	Actual	Current				Previous			Change		
	2024	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	
Total revenue (THB m)	814	1,482	1,505	1,416	1,206	1,241	1,170	23	21	21	
Cost of construction (THB m)	750	1,149	1,166	1,112	1,043	1,067	1,006	10	9	10	
Gross margin (%)	7.8	22.5	22.5	21.5	13.5	14.0	14.0	9.0	8.5	7.5	
SG&A (THB m)	77	89	90	85	84	85	83	6	6	2	
SG&A to revenue (%)	9.5	6.0	6.0	6.0	7.0	6.9	7.1	(1.0)	(0.9)	(1.1)	
Interest expense (THB m)	2	3	2	2	1	1	1	114	79	43	
Core profit (THB m)	(6)	200	204	182	68	76	71	193	167	157	
Net profit (THB m)	0.5	200	204	182	68	76	71	193	167	157	

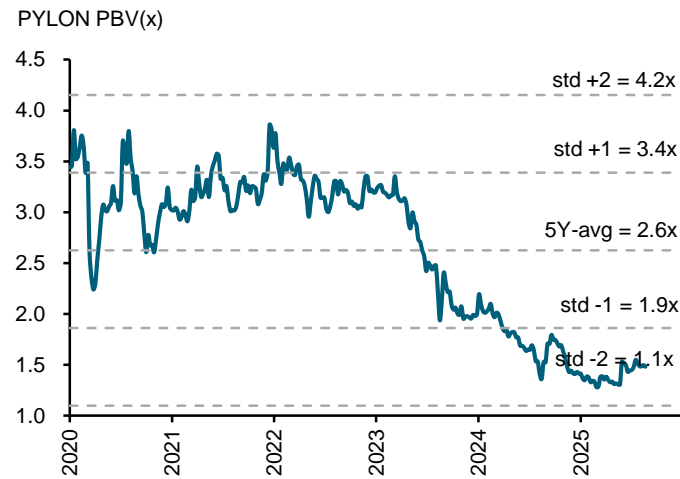
Source: FSSIA estimates

Exhibit 82: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 83: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Pylon

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	1,483	814	1,482	1,505	1,416
Cost of goods sold	(1,273)	(750)	(1,149)	(1,166)	(1,112)
<b>Gross profit</b>	<b>210</b>	<b>63</b>	<b>333</b>	<b>339</b>	<b>304</b>
Other operating income	4	8	8	9	9
Operating costs	(86)	(77)	(89)	(90)	(85)
<b>Operating EBITDA</b>	<b>215</b>	<b>69</b>	<b>335</b>	<b>341</b>	<b>313</b>
Depreciation	(87)	(75)	(83)	(84)	(85)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>128</b>	<b>(7)</b>	<b>252</b>	<b>257</b>	<b>229</b>
Net financing costs	(1)	(2)	(3)	(2)	(2)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	4	7	0	0	0
<b>Profit before tax</b>	<b>131</b>	<b>(1)</b>	<b>250</b>	<b>255</b>	<b>227</b>
Tax	(24)	2	(50)	(51)	(45)
<b>Profit after tax</b>	<b>106</b>	<b>1</b>	<b>200</b>	<b>204</b>	<b>182</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>106</b>	<b>1</b>	<b>200</b>	<b>204</b>	<b>182</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(4)</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>102</b>	<b>(6)</b>	<b>200</b>	<b>204</b>	<b>182</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.14	(0.01)	0.27	0.27	0.24
Reported EPS	0.14	0.00	0.27	0.27	0.24
DPS	0.14	0.04	0.19	0.19	0.17
Diluted shares (used to calculate per share data)	750	750	750	750	750
<b>Growth</b>					
Revenue (%)	29.3	(45.1)	82.2	1.5	(5.9)
Operating EBITDA (%)	(7.9)	(68.1)	388.3	1.7	(8.0)
Operating EBIT (%)	(8.3)	nm	nm	1.9	(11.0)
Recurring EPS (%)	(7.9)	nm	nm	2.1	(10.9)
Reported EPS (%)	(11.2)	(99.5)	39,763.3	2.1	(10.9)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	14.2	7.8	22.5	22.5	21.5
Gross margin exc. depreciation (%)	20.0	17.0	28.1	28.1	27.5
Operating EBITDA margin (%)	14.5	8.4	22.6	22.6	22.1
Operating EBIT margin (%)	8.6	(0.8)	17.0	17.1	16.2
Net margin (%)	6.9	(0.8)	13.5	13.6	12.8
Effective tax rate (%)	18.5	136.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	102.4	(466.9)	70.0	70.0	70.0
Interest cover (X)	99.7	(4.3)	98.1	120.0	133.5
Inventory days	16.8	23.4	20.4	26.2	27.0
Debtor days	89.3	122.4	67.1	81.9	87.6
Creditor days	48.5	64.5	49.0	59.4	52.6
Operating ROIC (%)	11.3	(0.6)	23.5	22.4	19.2
ROIC (%)	11.0	(0.6)	22.5	21.5	18.4
ROE (%)	9.8	(0.6)	20.5	19.7	16.6
ROA (%)	8.1	(0.4)	17.0	16.1	13.9

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Bored Piles	1,186	651	1,186	1,204	1,133
Diaphragm Wall/ Barrette Pile	294	160	293	297	279
Ground Improvement	3	3	3	4	4

Sources: Pylon; FSSIA estimates



## Financial Statements

### Pylon

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	102	(6)	200	204	182
Depreciation	87	75	83	84	85
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(98)	102	(132)	(51)	(4)
<b>Cash flow from operations</b>	<b>92</b>	<b>171</b>	<b>151</b>	<b>237</b>	<b>263</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(64)	(75)	(11)	(94)	(95)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(64)</b>	<b>(75)</b>	<b>(11)</b>	<b>(94)</b>	<b>(95)</b>
Dividends paid	(109)	(97)	(140)	(143)	(127)
Equity finance	0	0	0	0	0
Debt finance	7	10	1	1	1
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(102)</b>	<b>(87)</b>	<b>(139)</b>	<b>(142)</b>	<b>(126)</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>(74)</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>42</b>
Free cash flow to firm (FCFF)	29.17	98.06	142.91	144.94	169.69
Free cash flow to equity (FCFE)	34.89	106.72	141.40	143.87	169.07

#### Per share (THB)

FCFF per share	0.04	0.13	0.19	0.19	0.23
FCFE per share	0.05	0.14	0.19	0.19	0.23
Recurring cash flow per share	0.25	0.09	0.38	0.38	0.36

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	1,044	983	993	1,003	1,013
Less: Accumulated depreciation	(651)	(651)	(651)	(651)	(651)
<b>Tangible fixed assets (net)</b>	<b>392</b>	<b>332</b>	<b>342</b>	<b>352</b>	<b>362</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	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	132	142	143	144	186
A/C receivable	336	210	335	340	340
Inventories	44	42	77	78	74
Other current assets	345	336	340	335	336
<b>Current assets</b>	<b>858</b>	<b>730</b>	<b>895</b>	<b>898</b>	<b>936</b>
Other assets	19	35	37	39	41
<b>Total assets</b>	<b>1,269</b>	<b>1,097</b>	<b>1,274</b>	<b>1,288</b>	<b>1,338</b>
Common equity	1,046	943	1,003	1,064	1,119
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>1,046</b>	<b>943</b>	<b>1,003</b>	<b>1,064</b>	<b>1,119</b>
Long term debt	42	49	50	51	52
Other long-term liabilities	3	4	3	4	5
<b>Long-term liabilities</b>	<b>45</b>	<b>53</b>	<b>53</b>	<b>55</b>	<b>57</b>
A/C payable	154	85	201	152	145
Short term debt	8	12	12	12	12
Other current liabilities	14	4	4	5	5
<b>Current liabilities</b>	<b>176</b>	<b>101</b>	<b>218</b>	<b>169</b>	<b>162</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,268</b>	<b>1,097</b>	<b>1,274</b>	<b>1,288</b>	<b>1,338</b>
Net working capital	558	499	547	597	600
Invested capital	969	866	925	987	1,002

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

#### Per share (THB)

Book value per share	1.40	1.26	1.34	1.42	1.49
Tangible book value per share	1.40	1.26	1.34	1.42	1.49

#### Financial strength

Net debt/equity (%)	(7.8)	(8.5)	(8.1)	(7.6)	(10.9)
Net debt/total assets (%)	(6.4)	(7.3)	(6.3)	(6.3)	(9.1)
Current ratio (x)	4.9	7.2	4.1	5.3	5.8
CF interest cover (x)	77.9	117.9	60.1	111.9	154.8

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>15.1</b>	<b>(240.4)</b>	<b>7.7</b>	<b>7.6</b>	<b>8.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>18.3</b>	<b>(291.8)</b>	<b>9.4</b>	<b>9.2</b>	<b>10.3</b>
Reported P/E (x)	14.5	3,081.8	7.7	7.6	8.5
Dividend yield (%)	6.8	1.9	9.1	9.2	8.2
Price/book (x)	1.5	1.6	1.5	1.5	1.4
Price/tangible book (x)	1.5	1.6	1.5	1.5	1.4
EV/EBITDA (x) **	6.8	21.3	4.4	4.3	4.5
EV/EBITDA @ target price (x) **	8.3	26.1	5.4	5.3	5.6
EV/invested capital (x)	1.5	1.7	1.6	1.5	1.4

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

Sources: Pylon; FSSIA estimates

# PYLON PCL (PYLON TB)

FSSIA ESG rating

n/a

## Exhibit 84: 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.

Source: FSSIA estimates

## Exhibit 85: 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	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	48.13	--	Y	AA	5.00	4.00	--	High	50.90	B	--	49.71	28.00	2.82	57.10
PYLON	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
SEAFCO	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--
STECON	31.89	--	Y	AA	5.00	4.00	--	--	--	--	--	--	27.00	3.01	53.19

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

## Exhibit 86: ESG disclosure from the company's one report

FY ending Dec 31	FY 2023	FY ending Dec 31	FY 2023
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>8 / 4 / 0</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	6 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	4
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	--	Board age limit	No
Fuel used - crude oil/diesel	1.94	Age of the youngest / oldest director	49 / 82
Waste reduction policy	Yes	Number of executives / female	6 / 0
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	190.2	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	5
Human rights policy	Yes	Audit committee meeting attendance (%)	73.33
Policy against child labor	Yes	<b>Size of compensation committee</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	2
Consumer data protection policy	--	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	2
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	2.06
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	0.88
Health and safety policy	Yes	<i>(Proud in Pro Company Limited.)</i>	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	Yes		

Source: FSSIA's compilation

# SEAFCO SEAFCO TB

## THAILAND / CONSTRUCTION SERVICES

**BUY**  
 UNCHANGED

## Key takeaways from analyst meeting

### Highlights

- The overall tone of the 2Q25 Opportunity Day today was neutral. Management revised down its 2025 revenue target to THB1.5b (+18% y-y) from the previous target of THB2b. However, this revised guidance remains in line with our assumption.
- SEAFCO's current backlog remains solid at THB2.66b, up from THB2.4b at end-2Q25, supported by two newly awarded private projects. Of the total backlog, 69% comes from the government sector, and 80% consists of labor-only contracts, mainly the MRT Orange Line project (covering six stations), which carries higher margins and is expected to be gradually recognized until 2Q26.
- Management expects new backlog to come primarily from government projects, as private-sector demand remains sluggish due to economic slowdown and the impact of the earthquake, amid easing market competition. Potential upcoming projects under review are valued at THB11.6b, comprising 68% government sector and 32% private sector works. However, management continues to adopt a cautious approach to new project acquisitions due to labor constraints, with current utilization already at full capacity.
- The Thai-Cambodia border conflict led 10 Cambodian workers (out of a total workforce of 300–400) to return home. However, management expects no material impact on operations, as the shortfall will be offset by recruiting Myanmar workers and increasing overtime pay.
- The Board has resolved to cease operations in Myanmar (holding 80% of its capital of THB13.4m) and is in the process of gradually disposing of assets, which is expected to take around one year. The decision reflects the country's political situation and restrictions on capital repatriation. However, no impact on overall operations is expected, as there are currently no ongoing construction activities in Myanmar.

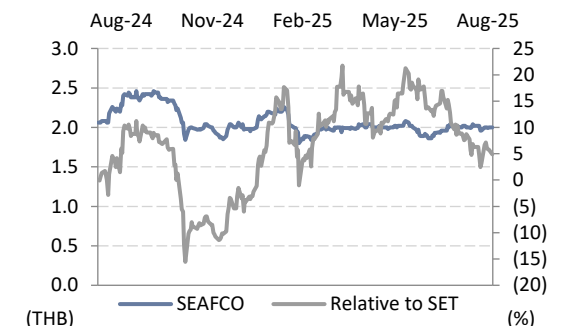
### Comments

- We retain a positive view on 3Q25 earnings, which are projected to jump both q-q and y-y, supported by increases in both revenue and GPM. The key growth driver should be the MRT Orange Line project, with full-scale construction expanding to five sections in 3Q25 from three sections in 2Q25. Notably, the average daily concrete pouring volume rose to 872 CBM/day in Jul-25, compared with 852 CBM/day in 2Q25 and 526 CBM/day in 3Q24.
- We maintain our 2025 profit forecast at THB148m, recovering from just THB1m in 2024, and our TP of THB3. We retain our BUY rating, supported by accelerating earnings momentum in 3Q25. In addition, the stock trades at 1.0x 2025E P/BV (-1.5SD), while YTD performance remains flat vs PYLON's +10%.

TARGET PRICE	THB3.00
CLOSE	THB2.00
UP/DOWNSIDE	+50.0%
TP vs CONSENSUS	+0.8%

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	1,273	1,547	1,752	1,787
Net profit	1	148	171	175
EPS (THB)	0.00	0.18	0.21	0.21
vs Consensus (%)	-	(5.3)	5.0	2.4
EBITDA	131	320	365	373
Recurring net profit	(4)	148	171	175
Core EPS (THB)	(0.01)	0.18	0.21	0.21
EPS growth (%)	nm	nm	15.7	2.3
Core P/E (x)	(364.6)	11.0	9.5	9.3
Dividend yield (%)	1.5	3.5	4.1	4.2
EV/EBITDA (x)	12.7	5.4	4.7	4.5
Price/book (x)	1.1	1.0	1.0	0.9
Net debt/Equity (%)	2.9	6.5	5.4	2.4
ROE (%)	(0.3)	9.5	10.3	9.9



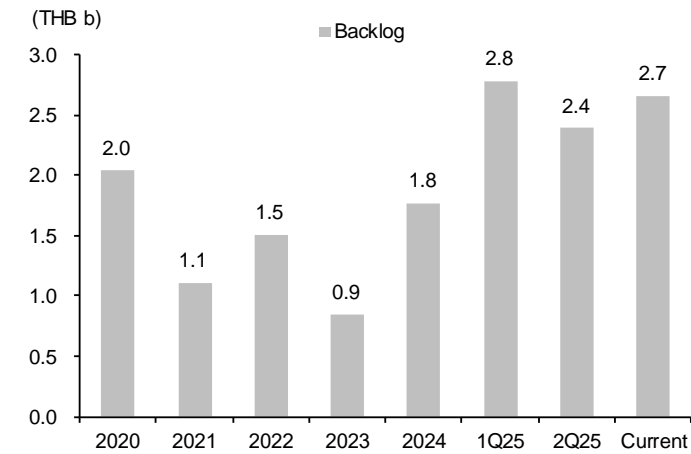
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	0.0	(2.0)
Relative to country (%)	(3.6)	(6.8)	5.2
Mkt cap (USD m)	49		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	74		
Major shareholder	Thasnanipan Family (26%)		
12m high/low (THB)	2.48/1.79		
Issued shares (m)	739.71		

Sources: Bloomberg consensus; FSSIA estimates


**Thanyatorn Songwutti**

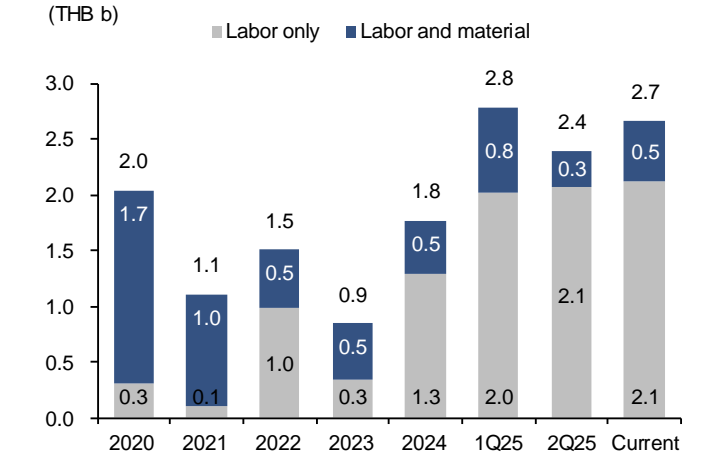
 Fundamental Investment Analyst on Securities; License no. 101203  
 thanyatorn.s@fssia.com, +66 2646 9963

Exhibit 87: Current backlog



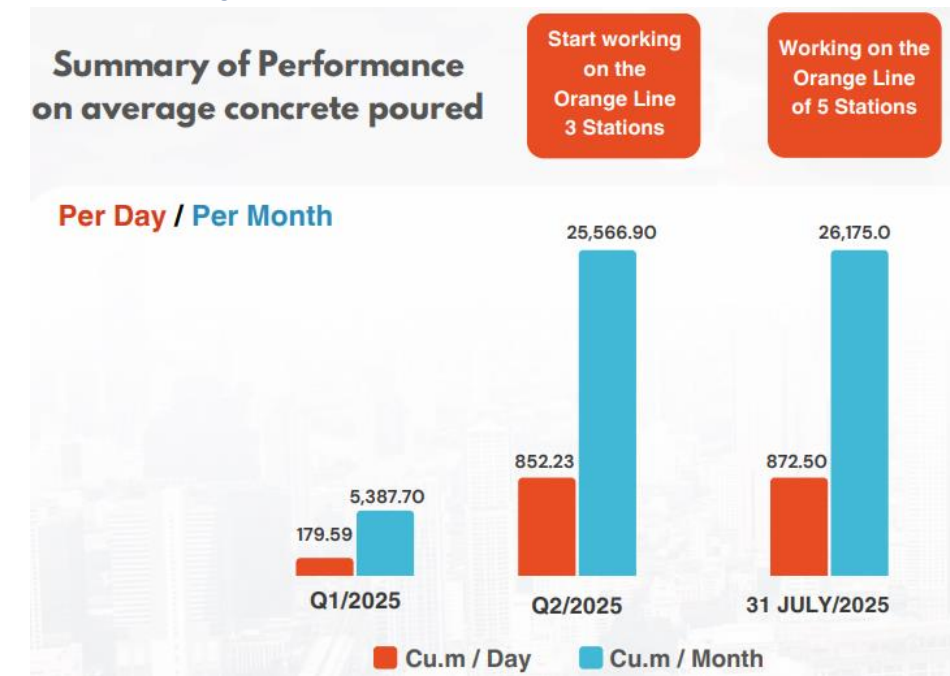
Source: SEAFCO

Exhibit 88: Backlog breakdown by type of work



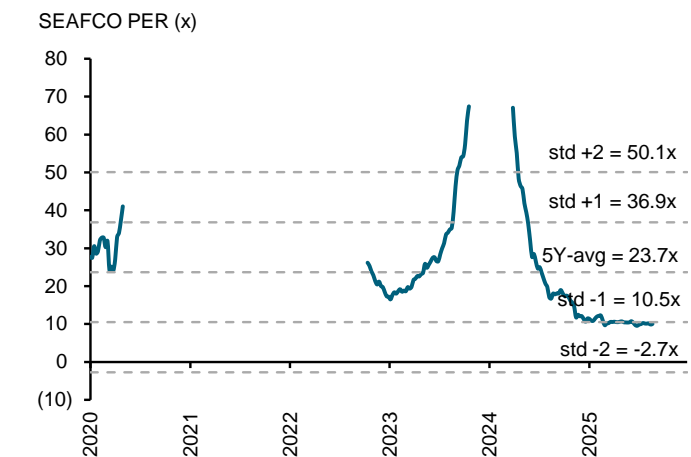
Source: SEAFCO

Exhibit 89: Average concrete poured



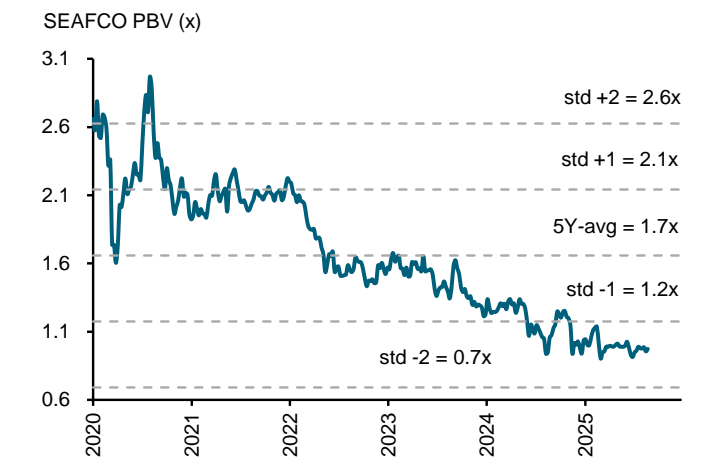
Source: SEAFCO

Exhibit 90: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 91: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Seafoo

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	1,786	1,273	1,547	1,752	1,787
Cost of goods sold	(1,463)	(1,177)	(1,259)	(1,418)	(1,446)
<b>Gross profit</b>	<b>323</b>	<b>97</b>	<b>287</b>	<b>334</b>	<b>341</b>
Other operating income	7	11	10	10	10
Operating costs	(121)	(110)	(113)	(117)	(119)
<b>Operating EBITDA</b>	<b>345</b>	<b>131</b>	<b>320</b>	<b>365</b>	<b>373</b>
Depreciation	(136)	(133)	(136)	(139)	(141)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>210</b>	<b>(2)</b>	<b>184</b>	<b>227</b>	<b>232</b>
Net financing costs	(16)	(12)	(13)	(13)	(13)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	19	6	0	0	0
<b>Profit before tax</b>	<b>212</b>	<b>(8)</b>	<b>171</b>	<b>214</b>	<b>219</b>
Tax	(45)	9	(26)	(45)	(46)
<b>Profit after tax</b>	<b>167</b>	<b>1</b>	<b>146</b>	<b>169</b>	<b>173</b>
Minority interests	2	1	2	2	2
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>169</b>	<b>1</b>	<b>148</b>	<b>171</b>	<b>175</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(19)</b>	<b>(6)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>151</b>	<b>(4)</b>	<b>148</b>	<b>171</b>	<b>175</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.20	(0.01)	0.18	0.21	0.21
Reported EPS	0.23	0.00	0.18	0.21	0.21
DPS	0.09	0.03	0.07	0.08	0.08
Diluted shares (used to calculate per share data)	740	814	814	814	814
<b>Growth</b>					
Revenue (%)	128.6	(28.7)	21.5	13.3	2.0
Operating EBITDA (%)	1,698.3	(61.9)	143.8	14.0	2.1
Operating EBIT (%)	nm	nm	nm	22.9	2.2
Recurring EPS (%)	nm	nm	nm	15.7	2.3
Reported EPS (%)	nm	(99.3)	10,771.2	15.7	2.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	18.1	7.6	18.6	19.1	19.1
Gross margin exc. depreciation (%)	25.7	18.0	27.4	27.0	27.0
Operating EBITDA margin (%)	19.3	10.3	20.7	20.9	20.9
Operating EBIT margin (%)	11.7	(0.1)	11.9	12.9	13.0
Net margin (%)	8.4	(0.4)	9.6	9.8	9.8
Effective tax rate (%)	21.3	107.7	15.0	21.0	21.0
Dividend payout on recurring profit (%)	44.1	(546.9)	39.0	39.0	39.0
Interest cover (X)	13.3	(0.2)	14.1	17.8	18.1
Inventory days	12.5	13.8	13.3	12.7	13.4
Debtor days	91.9	127.8	96.0	111.1	120.4
Creditor days	122.9	184.0	156.9	155.2	163.2
Operating ROIC (%)	13.4	(0.1)	11.7	(3.3)	(3.2)
ROIC (%)	9.8	(0.1)	8.8	(2.5)	(2.5)
ROE (%)	10.0	(0.3)	9.5	10.3	9.9
ROA (%)	6.8	0.2	6.9	6.7	6.5

\* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Hire of work	1,784	1,272	1,545	1,750	1,785
Sales of materials and services	2	1	2	2	2

Sources: Seafoo; FSSIA estimates

## Financial Statements

### Seafco

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	151	(4)	148	171	175
Depreciation	136	133	136	139	141
Associates & minorities	(2)	(1)	(2)	(2)	(2)
Other non-cash items	-	-	-	-	-
Change in working capital	(36)	97	(105)	(42)	(10)
<b>Cash flow from operations</b>	<b>248</b>	<b>225</b>	<b>177</b>	<b>266</b>	<b>304</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(109)	(108)	(180)	(189)	(191)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(109)</b>	<b>(108)</b>	<b>(180)</b>	<b>(189)</b>	<b>(191)</b>
Dividends paid	(67)	(115)	(56)	(65)	(66)
Equity finance	(6)	34	0	0	0
Debt finance	(45)	(142)	65	(5)	0
Other financing cash flows	87	0	0	0	0
<b>Cash flow from financing</b>	<b>(31)</b>	<b>(223)</b>	<b>10</b>	<b>(70)</b>	<b>(66)</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>108</b>	<b>(106)</b>	<b>6</b>	<b>7</b>	<b>47</b>
Free cash flow to firm (FCFF)	155.04	129.02	9.70	89.78	125.78
Free cash flow to equity (FCFE)	181.26	(25.46)	61.94	72.02	113.02

Per share (THB)					
FCFF per share	0.21	0.17	0.01	0.12	0.17
FCFE per share	0.25	(0.03)	0.08	0.10	0.15
Recurring cash flow per share	0.38	0.16	0.35	0.38	0.39

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	2,462	2,441	2,491	2,541	2,591
Less: Accumulated depreciation	(1,390)	(1,390)	(1,390)	(1,390)	(1,390)
<b>Tangible fixed assets (net)</b>	<b>1,073</b>	<b>1,051</b>	<b>1,101</b>	<b>1,151</b>	<b>1,201</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	-	-	-	-	-
Invest. in associates & subsidiaries	89	86	80	80	80
Cash & equivalents	222	115	122	129	176
A/C receivable	561	330	483	583	595
Inventories	39	40	42	47	48
Other current assets	226	229	229	229	229
<b>Current assets</b>	<b>1,048</b>	<b>715</b>	<b>876</b>	<b>989</b>	<b>1,048</b>
Other assets	356	322	327	332	342
<b>Total assets</b>	<b>2,566</b>	<b>2,173</b>	<b>2,383</b>	<b>2,551</b>	<b>2,671</b>
Common equity	1,597	1,515	1,605	1,709	1,816
Minorities etc.	(3)	(7)	(7)	(7)	(7)
<b>Total shareholders' equity</b>	<b>1,594</b>	<b>1,508</b>	<b>1,598</b>	<b>1,702</b>	<b>1,809</b>
Long term debt	148	22	148	149	149
Other long-term liabilities	43	46	47	48	49
<b>Long-term liabilities</b>	<b>192</b>	<b>69</b>	<b>196</b>	<b>197</b>	<b>198</b>
A/C payable	596	456	510	578	589
Short term debt	154	138	77	71	71
Other current liabilities	31	3	3	4	4
<b>Current liabilities</b>	<b>780</b>	<b>597</b>	<b>590</b>	<b>652</b>	<b>664</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,566</b>	<b>2,173</b>	<b>2,383</b>	<b>2,551</b>	<b>2,671</b>
Net working capital	200	140	241	279	279
Invested capital	1,718	1,598	1,748	1,841	1,902

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

Per share (THB)					
Book value per share	2.16	1.86	1.97	2.10	2.23
Tangible book value per share	2.16	1.86	1.97	2.10	2.23

Financial strength					
Net debt/equity (%)	5.1	2.9	6.5	5.4	2.4
Net debt/total assets (%)	3.1	2.0	4.3	3.6	1.7
Current ratio (x)	1.3	1.2	1.5	1.5	1.6
CF interest cover (x)	19.5	7.9	19.6	21.4	24.9

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>9.8</b>	<b>(364.6)</b>	<b>11.0</b>	<b>9.5</b>	<b>9.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>14.7</b>	<b>(546.9)</b>	<b>16.5</b>	<b>14.3</b>	<b>14.0</b>
Reported P/E (x)	8.7	1,197.7	11.0	9.5	9.3
Dividend yield (%)	4.5	1.5	3.5	4.1	4.2
Price/book (x)	0.9	1.1	1.0	1.0	0.9
Price/tangible book (x)	0.9	1.1	1.0	1.0	0.9
EV/EBITDA (x) **	4.5	12.7	5.4	4.7	4.5
EV/EBITDA @ target price (x) **	6.7	18.9	7.9	6.9	6.6
EV/invested capital (x)	0.9	1.0	1.0	0.9	0.9

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

Sources: Seafco; FSSIA estimates

# SEAFCO PCL (SEAFCO TB)

FSSIA ESG rating

n/a

## Exhibit 92: 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.

Source: FSSIA estimates

## Exhibit 93: 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	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	48.13	--	Y	AA	5.00	4.00	--	High	50.90	B	--	49.71	28.00	2.82	57.10
PYLON	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
SEAFCO	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--
STECON	31.89	--	Y	AA	5.00	4.00	--	--	--	--	--	--	27.00	3.01	53.19

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

## Exhibit 94: ESG disclosure from the company's one report

FY ending Dec 31	FY 2023	FY ending Dec 31	FY 2023
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 4 / 2</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	7 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	4
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	926	Board age limit	No
Fuel used - crude oil/diesel	3.1	Age of the youngest / oldest director	45 / 80
Waste reduction policy	Yes	Number of executives / female	12 / 1
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	687	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	5
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	2
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	2
Pct women in workforce	14.62	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	2.76
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	1.43
Health and safety policy	Yes	<i>(NPS Siam Audit Limited.)</i>	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	5,669		
Social supply chain management	Yes		

Source: 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.																				
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>SETESG 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>SETESG Index</b> 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.																				
<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 Sustainabilitys</a>	The Sustainabilitys' 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+										
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<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
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<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.																					
<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

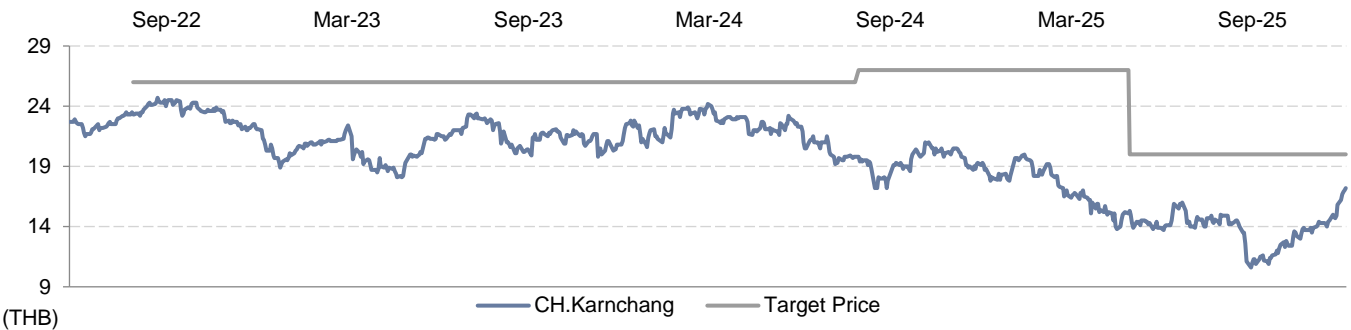
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

CH.Karnchang (CK TB)



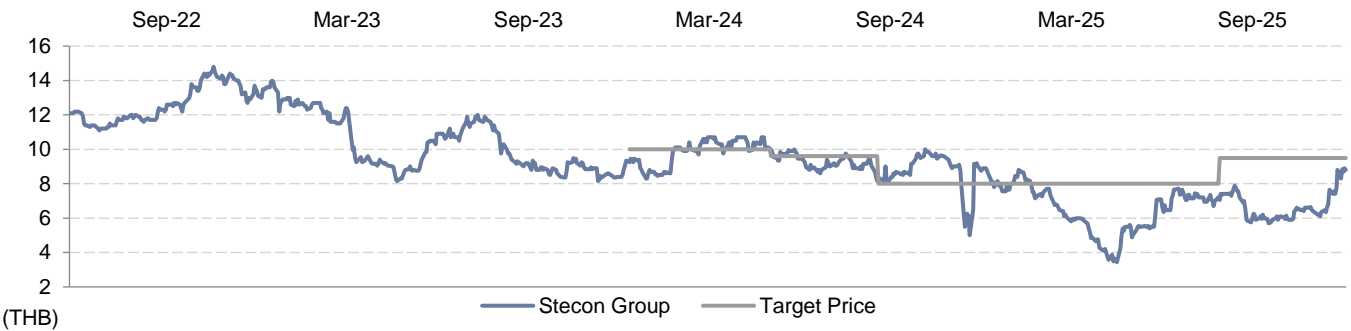
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Nov-2022	BUY	26.00	19-Jul-2024	BUY	27.00	10-Mar-2025	BUY	20.00

Thanyatorn Songwutti started covering this stock from 12-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

Stecon Group (STECON TB)

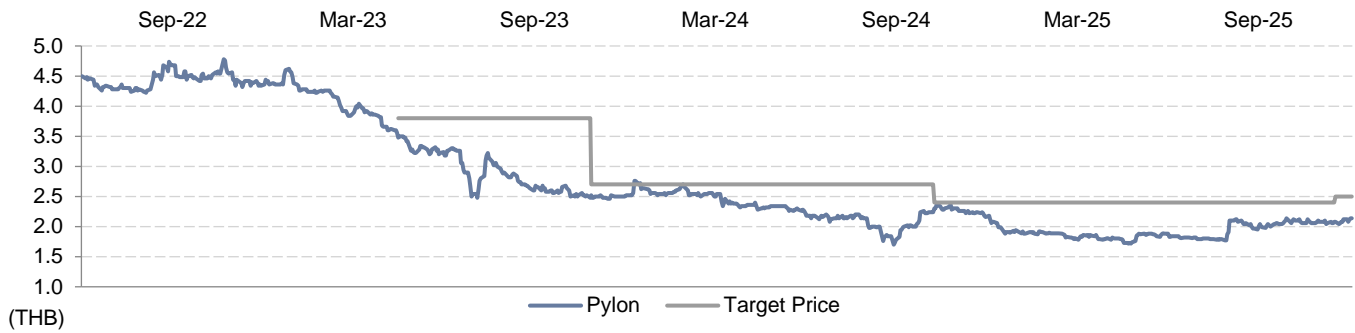


Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Jan-2024	HOLD	10.00	07-Aug-2024	REDUCE	8.00	26-May-2025	BUY	9.50
07-May-2024	REDUCE	9.60	06-Mar-2025	BUY	8.00			

Thanyatorn Songwutti started covering this stock from 12-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

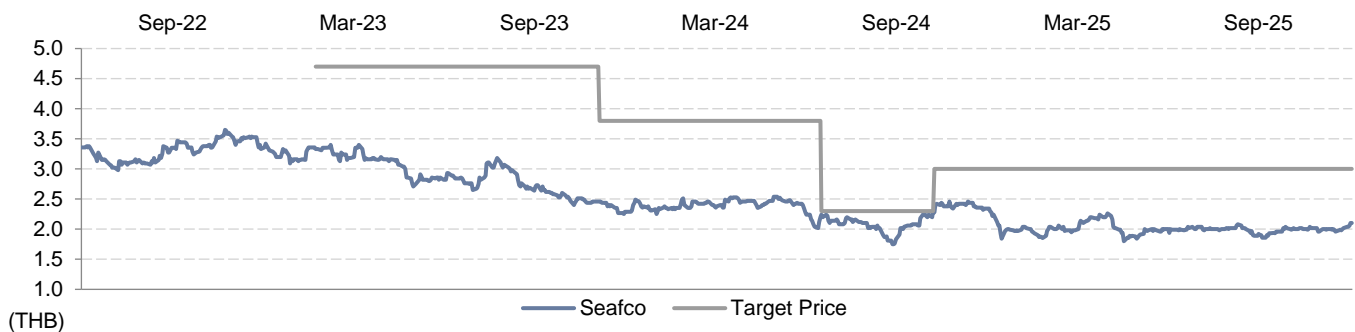
**Pylon (PYLON TB)**

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
14-Jun-2023	HOLD	3.80	17-Sep-2024	HOLD	2.40	28-Aug-2025	BUY	2.50
27-Nov-2023	HOLD	2.70	12-Mar-2025	BUY	2.40			

Thanyatorn Songwutti started covering this stock from 14-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

**Seafco (SEAFKO TB)**

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Apr-2023	BUY	4.70	12-Jun-2024	HOLD	2.30	-	-	-
04-Dec-2023	BUY	3.80	17-Sep-2024	BUY	3.00			

Thanyatorn Songwutti started covering this stock from 04-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH.Karnchang	CK TB	THB 17.20	BUY	Key downside risks to our SoTP-based TP include 1) delays in the signing of the Orange Line project; 2) auction delays and fewer new projects than expected; 3) political uncertainty; 4) slower-than-expected construction progress and cost overrun; 5) increased building material costs, labor shortages, and a minimum wage hike; and 6) weaker-than-expected performance of associates (BEM, CKP, and LPCL).
Stecon Group	STECON TB	THB 8.80	BUY	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.
Pylon	PYLON TB	THB 2.14	BUY	Downside risks to our P/E-based TP include 1) fewer new projects than expected; 2) bidding delays for new projects; 3) political uncertainty; 4) delays in construction; 5) labour shortages; 6) higher raw material and labour costs; and 7) intense competition. Upside risks would be 1) a higher-than-expected additional backlog and new auctions; and 2) the sooner-than-expected commencement of the high-speed train project linking three airports.
Seafco	SEAFKO TB	THB 2.10	BUY	Downside risks to our P/BV-based TP include 1) fewer than expected new contract signing; 2) auction delays; 3) a failure to win contracts from the Orange Line project; 4) political uncertainties; 5) construction delays and cost overrun; 6) higher building material costs, labor shortages, and a minimum wage hike; and 7) fierce competition.

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 12-Sep-2025 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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