

Company Update

Thursday, August 21, 2025



I V Global Securities Public Company Limited

Ch Karnchang Plc (CK)

Rating: BUY

Fair price: Bt19.1

Close price: Bt14.4

Company Information

Ticker:	CK TB
Sector:	Construction
Shares outstanding (m):	1,693.90
Market capitalization (Btm):	24,392.11
Trading vol/day (Btm):	50.08
Free float (%):	68.07
Beta:	1.22

Major Shareholders

Maha Siri Siam Co	14.26%
Ch Karnchang Holding Co	10.12%
Thai NVDR	7.33%
CK Office Tower Co	5.08%

Consensus Bloomberg

2025F EPS (Bt):	1.00
Target price (Bt):	19.81

Price Performance

52 Wk high/low:	21.10 / 10.20
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	1M	3M	1Y	YTD
Absolute (%)	15.2	-3.4	-23.8	-25.0
Relative (%)	11.8	-8.3	-17.8	-14.1



Rating	CGR	Thai CAC	SET ESG
CK		N/A	AA

Analyst

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Outlook backed by solid backlog

- At the analyst meeting, management reiterated its revenue target of at least Bt40bn (vs. Bt22.6bn achieved in 1H25). We maintain our positive view on CK's medium-term earnings prospects based on its large backlog of Bt191.75bn at the end of 2Q25. Thus far, no infrastructure projects have been launched, but the hope is that several will be launched before the end of the year. Without new bids, the work on hand secures construction revenue for five years. Some projects could be launched in 4Q25, including the double-deck project, a motorway (M5), and the high-speed train phase-2 projects. However, the timeline for bidding for some of the projects may be delayed to 2026. The earnings outlook for the 2H25F will be partly boosted by a one-time capital gain from the sale of the Lao Prabang hydroelectric dam project, estimated at some Bt700m-800m or lower (not yet included in our earnings estimate).
- The revenue breakdown in 2Q25 included the Orange Line project worth Bt4.7bn, the Luang Prabang hydroelectric power project (Bt2.4b), the double-track railway Denchai-Chiang Rai-Chiang Khong projects worth Bt1.5bn, the Purple Line project worth Bt634m, and several other projects.
- The strong gross profit margin of 7.8% achieved in 1H25 was largely due to a high contribution from the Orange Line M&E project. The company generally targets a gross margin of 7-8%. CK has no impact from Cambodian labor.
- The equity profit from associate investments is estimated to come in flat this year, following the plan to divest its holding in Luang Prabang to 10%. Thus, the company will no longer incur a profit/loss contribution in the P&L.
- There's also a limited risk of a rise in tax payments by its subsidiary with its Laos operation, which may be subject to the Global Minimum Tax (GMT) (which now has an effective corporate tax rate below 15%). The company estimated the additional GMT to be low at just Bt10m-20m for this year, following its tax management plan.
- As at end-2Q25, its net D/E ratio was 1.7x.
- Maintain BUY.** We raise our earnings estimate by 9% for 2025F and prefer to maintain our 2026-27F projections, assuming higher contributions from associates. However, we haven't included the potential capital gain of Bt700m-800m (pre-tax tax) in our 2025F earnings, as this depends upon the completion of the 10% share sale in Luang Prabang Power Co, expected by 4Q25. We maintain our BUY call with a price target of Bt19.1, based on a 1.2x book value at the end of 2025. The stock trades at P/E of 14.3x for 2025F. Operating risk depends on whether the government implements new infrastructure investments as planned. Downside risk would come from rising labour and raw material costs, which may partially be offset by the escalation factor reducing cost-inflation risks.

Investment summary

FY end Dec	2022	2023	2024	2025F	2026F	2027F
Revenues (Btm)	18,097	36,485	37,458	40,000	40,000	40,000
Change (%)	48.3	101.6	2.7	6.8	0.0	0.0
Net profit (Btm)	1,105	1,501	1,445	1,706	1,737	1,783
Change (%)	22.0	35.9	-3.7	18.1	1.8	2.7
Core profit (Btm)	882	1,501	1,445	1,706	1,737	1,783
Change (%)	783.4	70.1	-3.7	18.1	1.8	2.7
EPS (Bt)	0.65	0.89	0.85	1.01	1.03	1.05
Change (%)	22.0	35.9	-3.7	18.1	1.8	2.7
P/E (x)	22.1	16.3	16.9	14.3	14.0	13.7
EV/EBITDA (x)	21.4	15.8	15.2	14.0	14.6	14.2
DPS (Bt)	0.25	0.30	0.30	0.35	0.36	0.37
Yield (%)	1.7	2.1	2.1	2.4	2.5	2.6
BVPS (Bt)	14.44	15.35	15.63	15.97	16.60	17.27
P/BV (x)	1.0	0.9	0.9	0.9	0.9	0.8
ROE (%)	4.4	5.9	5.5	6.4	6.3	6.2
ROA (%)	1.3	1.6	1.3	1.5	1.5	1.6
Net DE ratio (%)	159.9	183.9	167.2	170.1	165.2	153.6

Source: Company and IVG estimates

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Results

(Btm)	2Q25	2Q24	% YoY	1Q25	% QoQ	1H25	1H24	% YoY
Construction revenue	10,730	9,206	16.6	11,900	-9.8	22,629	18,664	21.2
Sales of construction materials	83	66	26.7	70	19.1	153	127	20.8
Total sales	10,813	9,272	16.6	11,970	-9.7	22,783	18,790	21.2
Gross profit	844	659	28.1	921	-8.4	1,765	1,375	28.3
SG&A	(534)	(545)	-1.9	(556)	-3.9	(1,090)	(1,078)	1.2
Other income	455	403	12.8	141	222.0	596	551	8.2
EBIT	848	583	45.4	576	-47.1	1,424	975	46.0
Interest expense	(551)	(402)	36.9	(507)	8.7	(1,058)	(762)	38.8
Equity profit	594	342	73.5	267	122.8	861	508	69.5
Profit before non-recurring	891	523	70.3	336	-165.2	1,227	721	70.0
Non-recurring income before-tax	0	0	0.0	0	0.0	0	0	0.0
Pre-tax profit	891	523	70.3	336	165.2	1,227	721	70.0
Net profit	863	488	76.8	282	205.7	1,145	609	88.0
EPS (Bt)	0.51	0.29	76.8	0.17	205.7	0.68	0.36	88.0

Source: Company and IVG estimates

Financial ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Construction rev YoY	0.3	-0.2	5.1	5.6	25.8	16.6
Construction rev QoQ	6.1	-2.7	1.9	0.3	26.4	-9.8
Gross margin	7.6	7.2	7.0	7.2	7.7	7.9
SG&A as % of sales	5.6	5.9	5.9	6.3	4.6	4.9
EBIT margin	5.9	10.0	17.3	5.9	7.0	13.3
Net margin	1.3	5.3	10.6	-1.8	2.4	8.0
Net D/E ratio (%)	192.1	195.4	149.2	167.2	175.3	170.3

Source: Company and IVG estimates

Track record

(Btm)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Construction revenue	9,458	9,206	9,381	9,413	11,900	10,730
Sales	61	66	68	69	70	83
Total sales	9,519	9,272	9,449	9,482	11,970	10,813
Gross profit	717	659	659	682	921	844
SG&A	(533)	(545)	(555)	(596)	(556)	(534)
Other income	148	403	395	101	141	455
EBIT	393	583	566	256	576	848
Interest expense	(360)	(402)	(587)	(671)	(507)	(551)
Equity profit	165	342	1,068	299	267	594
Profit before non-recurring	198	523	1,047	(116)	336	891
Non-recurring before-tax	0	0	0	0	0	0
Pre-tax profit	198	523	1,047	(116)	336	891
Net profit	121	488	1,008	(172)	282	863
EPS (Bt)	0.07	0.29	0.59	(0.10)	0.17	0.51

Source: Company and IVG estimates

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Track record

(Btm)	2021	2022	2023	2024
Construction revenue	12,199	18,097	36,485	37,458
Sales	190	197	240	264
Total sales	12,389	18,293	36,725	37,721
Gross profit	1,153	1,386	2,568	2,716
SG&A	(1,915)	(1,927)	(2,051)	(2,229)
Other income	1,225	1,145	1,182	1,047
EBIT	463	800	1,939	1,798
Interest expense	(1,386)	(1,411)	(1,830)	(2,020)
Equity profit	1,088	1,530	1,520	1,875
Profit before non-recurring	166	919	1,629	1,652
Non-recurring inc before-tax	806	222	49	0
Pre-tax profit	971	1,142	1,678	1,652
Net profit	906	1,105	1,501	1,445
EPS (Bt)	0.53	0.65	0.89	0.85

Source: Company and IVG estimates

Financial ratios

(%)	2021	2022	2023	2024
Construction rev YoY	-27.2	48.3	101.6	2.7
Construction rev QoQ	0.0	0.0	0.0	0.0
Gross margin	7.9	7.7	7.0	7.3
SG&A as % of sales	15.4	10.5	5.6	5.9
EBIT margin	12.5	12.7	9.4	9.7
Net margin	7.3	6.0	4.1	3.8
Net D/E ratio (%)	139.3	159.9	183.9	167.2

Source: Company and IVG estimates

CK

E: Environmental

CK manages environmental aspects in accordance with Environmental Management Policy, Green Construction, Climate Resilience, and Sustainable Biodiversity Management, covering all production activities from planning to waste management and post-use product management. CK also promotes and imparts knowledge on resource efficiency and effective waste management to employees, contractors, customers, business partners, and stakeholders. To ensure safety, occupational health, and environmental responsibility, CK has established a Safety, Occupational Health, and Environment in Workplace Committee. This committee maintains and updates the environmental regulation and law database relevant to CK business operations and projects to ensure modern and consistent operations. Internal audits are conducted periodically to ensure compliance with laws. Furthermore, regular meetings are held to report on operational results, address challenges, and propose improvements in the committee's duties on an annual basis. In addition, CK has been certified with the International Organization for Standardization's 9001 Standard for Quality Management System. This certification confirms CK's commitment to efficient management and quality work, demonstrating its dedication to operating effectively and maintaining quality at every stage of its business processes.

S: Social

CK emphasizes the importance of community and societal involvement in sustainable development. Given that the Company's business operations may have significant impacts on both the social and environmental aspects of the surrounding communities, apart from implementing measures to mitigate these impacts, it is essential for the company to foster understanding, address concerns, and maintain positive relationships with the community. Additionally, collaborative efforts are crucial to creating shared values that instill confidence in the company's responsible operations. Without nurturing a good relationship with the community and minimizing the negative impacts, there may be long-term consequences for CK's ability to collaborate effectively with the community in the future (License to Operate).

G: Governance

CK believes that good corporate governance is the foundation for its long-term success and the satisfaction of stakeholders. Good governance results in CK operating for the maximum benefit of stakeholders, which in turn helps to build trust, attract investment, improve employee morale, increase customer satisfaction, and enhance the company's public image.

Comment

CK has been awarded a SET ESG rating of A, indicating a strong commitment to environmental, social, and governance (ESG) practices and clear long-term objectives in this regard. Furthermore, the company demonstrates the ability to execute short-term goals effectively.

Source: Company and IVG estimates

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.

HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



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