

Company Update

Friday, August 01, 2025



I V Global Securities Public Company Limited

Stecon Group (STECON)

Rating: BUY

Fair price: Bt8.75

Close price: Bt6.45

1H25 net profit may hit Bt1bn mark

Company Information

Ticker:	STECON TB
Sector:	Construction
Shares outstanding (m):	1,519.08
Market capitalization (Btm):	9,798.07
Trading vol/day (Btm):	50.51
Free float (%):	55.30
Beta:	1.42

Major Shareholders

CT Venture Co	19.33%
UBS AG Singapore Branch	10.59%
P P Global Wealth Co	5.08%
Thai NVDR	2.65%

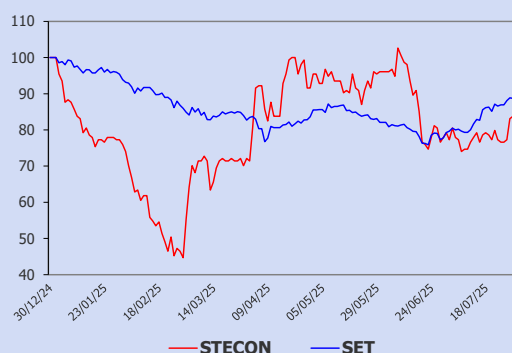
Consensus Bloomberg

2025F EPS (Bt):	0.59
Target price (Bt):	9.32

Price Performance

52 Wk high/low: 9.70 / 3.38

	1M	3M	1Y	YTD
Absolute (%)	7.5	-12.2	-30.6	-16.2
Relative (%)	-6.5	-16.0	-25.6	-5.0



Rating	CGR	Thai CAC	SET ESG
STEC		n/a	AA

Analyst

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- We estimate STEC's 2Q25F bottom-line earnings to come in strong, thanks to one-time income from the insurance claim related to a previous project, the Nong Bon drainage tunnel. No details are available as to how much the claim is. We roughly estimate it to be Bt500m or so. Meanwhile, there's still uncertainty over whether STEC will realize losses from the Pink and Yellow line mass-transit projects or not, versus the previous analyst meeting indicating that the accounting treatment would be changed to recognize only dividend income instead of realizing equity losses. Construction revenue for 2Q25 will likely be strong, forecast at Bt8.9bn, up 5.6% YoY and 37.7% QoQ.
- We estimate 2Q25F net profit of Bt689m, up significantly from a low base of Bt25m a year ago and up 102% QoQ. The solid results will be largely due to high construction revenue growth and the one-time insurance claim. As of the end of March 2025, STEC reported a solid backlog of Bt98bn on hand, excluding U-Tapao airport, worth Bt27bn. Including CFP, the company has secured Bt22.8bn YTD, already achieving 46% of its full-year target of Bt50bn. Its construction revenue target of Bt32bn for this year remains intact, supported partly by seven solar power plants (signed end-2024, worth a total of Bt6.5bn), data center projects (secured in 1Q25), and motorway projects (O&M for motorways M6 and M81 valued at Bt5.5bn).
- We estimate a core gross profit margin of 7% for 2Q25F, versus 7.6% in 1Q25 and a low of 2.8% in 2Q24. The insurance claim from the Nong Bon Drainage Tunnel project will be booked under the construction cost (i.e., reversing the amount previously set aside). Therefore, the reported gross profit margin in 2Q25F may hit an unusual high level at 12.7% or better.
- We estimate an equity loss at about Bt135m versus a loss of Bt166m a year ago and a Bt136m loss in 1Q25. The losses are largely from the Pink and Yellow line mass-transit projects.
- Cambodian workers account for just 5% of STECON's total labour force. Therefore, the Thailand-Cambodia border conflict has only a marginal impact on the company's workforce.
- Maintain BUY.** We prefer to maintain our earnings estimates for the time being (with upside from the insurance claim). We maintain our BUY rating with a price target of Bt8.75, based on a 2025F adjusted P/BV of 1.0x. Upside risk could arise from removing the equity loss from the Pink and Yellow lines (underway) and potential one-time income from insurance claims and compensation for its past projects. The downside risk to our earnings projections depends on any delays to construction work because of unexpected adverse weather conditions or higher-than-expected labour cost increases.

Investment summary

FY Dec 31	2022	2023	2024	2025F	2026F	2027F
Revenues (Bum)	30,265	29,527	29,930	31,580	32,066	32,584
Change (%)	9.6	(2.4)	1.4	5.5	1.5	1.6
Net profit (Btm)	857	526	(2,357)	675	801	913
Change (%)	20.6	(38.7)	(548.5)	(128.6)	18.6	14.0
EPS (Bt)	0.56	0.35	(1.55)	0.44	0.53	0.60
Change (%)	20.6	(38.5)	(548.5)	(128.6)	18.6	14.0
P/E (x)	11.5	18.6	(4.2)	14.5	12.2	10.7
EV/EBITDA (x)	1.1	6.6	143.4	6.3	5.6	5.3
DPS (Bt)	0.30	0.15	0.00	0.22	0.26	0.30
Yield (%)	4.7	2.3	0.0	3.4	4.1	4.7
BVPS (Bt)	12.85	11.61	11.46	10.46	10.73	11.03
P/BV (x)	0.5	0.6	0.6	0.6	0.6	0.6
ROE (%)	4.7	2.8	(13.5)	4.1	5.0	5.5
ROA (%)	2.3	1.5	(6.4)	1.8	2.2	2.4
Net DE ratio (%)	Net cash	Net cash	24.7	38.8	28.4	22.5

Source: Company and IVG estimates

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Results preview

(Btm)	2Q25F	2Q24	% YoY	1Q25	%QoQ	1H25F	1H24	% YoY
Revenue	8,900	8,429	5.6	6,463	37.7	15,363	14,895	3.1
Gross profit	1,137	236	381.9	497	128.6	1,634	616	165.3
SG&A	276	242	14.1	206	33.9	483	440	9.7
EBIT	860	(6)	(13,624.8)	291	195.9	1,151	176	555.7
Equity profit	(135)	(166)	(18.7)	(136)	(0.8)	(271)	(312)	(13.2)
Other income	30	227	(86.8)	251	(88.0)	281	279	0.8
Interest expense	61	32	89.7	61	(0.6)	122	67	82.1
Profit before tax	707	36	1,867.8	348	102.9	1,055	92	1,046.8
Net profit	689	25	2,627.2	342	101.7	1,030	37	2,703.3
EPS (Bt)	0.45	0.02	2,627.2	0.22	101.7	0.68	0.02	2,703.3

Source: Company and IVG estimates

Financial ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue growth YoY	0.7	16.8	(7.2)	(3.6)	(0.0)
Revenue growth QoQ	(17.7)	30.4	(13.5)	6.2	(16.5)
Gross margin	5.9	2.8	3.6	(12.4)	7.6
SG&A as % of sales	3.1	2.9	3.7	1.7	3.2
EBIT margin	2.8	(0.1)	(0.1)	(14.2)	4.5
Other income as % of revenue	0.9	2.9	0.8	(0.3)	3.9
Net margin	0.2	0.3	(2.0)	(29.1)	5.3

Source: Company and IVG estimates

Track record

(Btm)	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue	6,466	8,429	7,291	7,743	6,463
Gross profit	380	236	266	(964)	497
SG&A	198	242	272	134	206
EBIT	182	(6)	(5)	(1,098)	291
Equity profit	(146)	(166)	(142)	(130)	(136)
Other income	51	227	55	(26)	251
Interest expense	35	32	32	59	61
Profit before tax	56	36	(124)	(2,424)	348
Net profit	12	25	(143)	(2,251)	342
EPS (Bt)	0.01	0.02	(0.09)	(1.48)	0.22

Source: Company and IVG estimates

Financial ratios

(%)	2021	2022	2023	2024
Revenue growth YoY	(22.8)	9.6	(2.4)	1.4
Revenue growth QoQ	0.0	0.0	0.0	0.0
Gross margin	4.6	5.1	4.4	(0.39)
SG&A as % of sales	2.4	2.6	2.8	2.8
EBIT margin	2.2	2.5	1.6	(3.2)
Other income as % of revenue	0.9	0.8	0.9	0.9
Net margin	2.6	2.8	1.8	(7.9)
Net cash	6,531	7,597	34	(4,308)

Source: Company and IVG estimates

STECON

E: Environmental

STEC has realized the significance of business responsibility towards society, the economy, the environment, and good governance to achieve its goals for sustainable business growth. STEC is conscious of and has a commitment to various aspects of environmental management and climate change. The company aims to contribute to the country's goal of reducing greenhouse gas emissions by 20% compared to business as usual and move towards achieving carbon neutrality by the year 2050.

S: Social

STEC operates its business with social responsibility. It has work standards to minimize the potential impacts on society and its business stakeholders, including employees, partners, customers, and communities near construction sites. In addition, the company places importance on helping society in various areas such as education, relief for disaster victims, etc.

Governance

STEC realizes the significance of Good Corporate Governance and has established a Good Corporate Governance Policy to address concerns over shareholders' rights, equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and the board of directors' responsibilities. Moreover, STEC provides a code of conduct for directors, management, and employees to ensure that the management system is efficient, transparent, and verifiable and helps to build confidence among shareholders, stakeholders, and all related parties. STEC has adhered to the Good Corporate Governance policy and Code of Conduct as the main policies of the company.

Comment

STEC 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 an ability to execute its 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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