CH. Karnchang (CK TB)

3Q26: Results In Line: Construction Revenue Continues To Improve

Highlights

- CK reported 3Q26 earnings of Bt1.29b (-26% yoy, +61% qoq).
- Construction revenue grew 6% yoy and 2% qoq to Bt11.6b, supported by continued progress on major infrastructure projects.
- Maintain BUY with an unchanged target price of Bt28.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Revenue from construction	11,573	11,339	10,922	2.1%	6.0%
Operating income	100	102	101	-1.4%	-0.6%
Profit from investments in associates	720	467	743	54.2%	-3.1%
Extraordinary items	300	-	814	n.a.	-63.2%
Core profit	184	191	107	-3.7%	72.6%
Net profit	1,292	800	1,739	61.4%	-25.7%
Ratio (%)					
Construction gross margin	7.50%	8.15%	7.90%		
Gross margin	7.68%	7.77%	7.83%		
SG&A % to sales	5.0%	5.0%	5.3%		
EBIT margin	3.3%	4.0%	3.5%		
Net profit margin	11.1%	7.0%	15.8%		

Source: CH. Karnchang, UOB Kay Hian

Analysis

- **3Q26 earnings declined yoy but improved qoq.** CH Karnchang (CK) reported 3Q26 net profit of Bt1.29b (-26% yoy, +61% qoq). The results were in line with our and consensus expectations. Excluding extraordinary items, core profit stood at Bt184m (+73% yoy, -4% qoq).
- **Construction revenue increased yoy and qoq.** 3Q26 construction revenue grew 6% yoy and 2% qoq to Bt11.6b. Growth was driven by progress on ongoing projects including the Luang Prabang Hydroelectric Power Project, MRT Purple Line and railway projects.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	37,457.9	43,967.3	46,851.3	46,546.9	50,703.9
EBITDA	1,748.5	2,671.6	2,316.1	2,478.7	2,538.7
Operating profit	894.7	1,721.8	1,541.1	1,718.4	1,791.2
Net profit (rep./act.)	1,445.9	3,328.2	2,698.3	2,581.6	2,711.2
Net profit (adj.)	1,445.9	2,666.5	2,458.4	2,581.6	2,711.2
EPS	0.8	1.6	1.4	1.5	1.6
PE (x)	20.8	11.3	12.3	11.7	11.1
P/B (x)	1.2	1.1	1.0	0.9	0.8
EV/EBITDA (x)	46.6	28.2	30.0	26.5	25.5
Dividend yield (%)	1.7	2.5	2.7	2.6	2.7
Net margin (%)	3.9	7.6	5.8	5.6	5.4
Net debt/(cash) to equity(%)	170.8	135.0	101.6	81.2	71.4
Interest cover (x)	1.1	1.6	1.5	1.8	1.8
Consensus net profit	n.a	n.a	2,305.4	2,415.8	2,651.5
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.0

Source: CH. Karnchang, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt17.80
Target Price	Bt28.00
Upside	57.30%

Stock Data

Sector	Industrials
Bloomberg ticker	CK TB
Shares issued (m)	1,680.4
Market cap (Btm)	32,094.8
Market cap (US$m)	970.2
3-mth avg daily t'over (US$m)	6.7

Price Performance (%)

52-week high/low				Bt20.2/Bt11.2
1mth	3mth	6mth	1yr	YTD
3.2	9.1	17.9	35.5	60.5

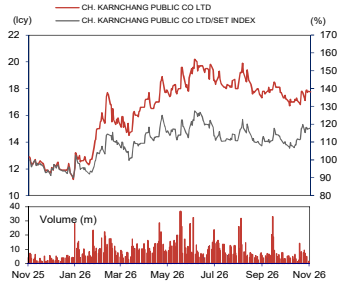
Major Shareholders (%)

Mahasiri Siam Company Limited	14.40
Ch. Karnchang Holding Co., Ltd.	10.12

Balance Sheet Metrics

FY26 NAV/Share (Bt)	18.6
FY26 Net Debt/Share (Bt)	18.9

Price Chart



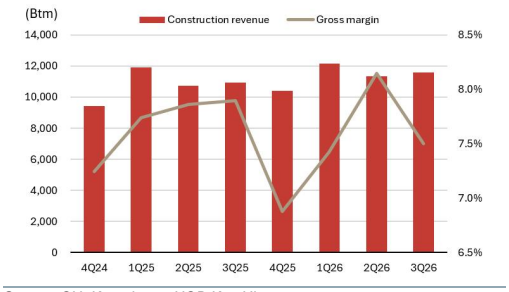
Source: Bloomberg

Company Description

CK is the leading contractor in Thailand with experience in building mass transit systems, water treatment and hydro-electric dams. The company has equity stakes in many infrastructure companies to diversify its long-term revenue.

- **Gross margin declined yoy and qoq.** CK's 3Q26 construction gross margin declined to 7.50% from 8.15% in 2Q26 and 7.90% in 3Q25. The decline was mainly due to construction costs increasing at a faster pace than revenue. As a result, overall gross margin softened to 7.68% from 7.77% in 2Q26 and 7.83% in 3Q25.
- **Share of profit improved qoq.** Share of profit from associates reached Bt720m (-3% yoy, +54% qoq). The yoy decline was mainly due to a lower contribution from CK Power (CKP), which fell to Bt243m from Bt398m in 3Q25 following lower electricity sales volume. This was partly offset by a higher contribution from Bangkok Expressway and Metro (BEM), which increased to Bt476m from Bt331m in 3Q25 due to better cost management.
- **Recognised a Bt300m gain from BEM share disposal.** CK recognised a gain of Bt300m from the disposal of BEM shares to institutional investors in 3Q26. Management explained that the transaction was driven by institutional investor demand for BEM shares. The company reiterated that the disposal was not related to financial difficulties or negative developments at BEM.

Revenue And Gross Margin



Source: CH. Karnchang, UOB Kay Hian

Revenue And SG&A To Revenue

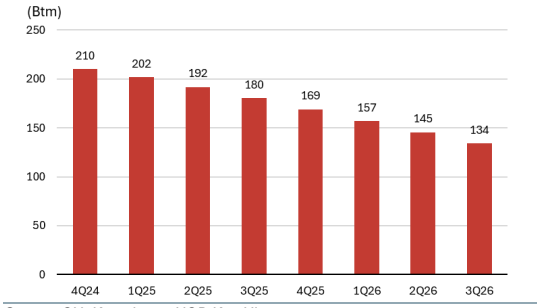


Source: CH. Karnchang, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt28.00.** Our target price is based on 18x 2027F PE, in line with its five-year historical average.
- Despite the postponement of public projects' bidding to 2027, we maintain our positive view on CK. Its sizeable backlog should provide revenue visibility and support construction activity over the coming quarters. We expect continued progress on existing projects and earning contributions from associates to support profitability.

Backlog



Source: CH. Karnchang, UOB Kay Hian

Earnings Revision/Risk

- We fine-tune our 2026-28 earnings forecasts downward by 3.9%, 2.0% and 2.4%, respectively, following the 3Q26 results.

Share Price Catalyst

- Improving gross margins from a higher proportion of high-margin projects and better cost management.
- Continued success in securing new project awards to further strengthen backlog.

PE



Source: CH. Karnchang, UOB Kay Hian

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AA

Environmental

- CK is committed to being environmentally responsible and complying with laws while continuously improving its environmental management systems. CK prioritises the use of environmentally friendly materials and disposes of unused materials properly.

Social

- CK has social policies and practices that focus on economic operations, community engagement, and development. It is committed to social stewardship and showcases the company's efforts towards beneficial CSR activities and employee management.

Governance

- CK has social policies and practices that focus on economic operations, community engagement, and development.

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**43,967**	**46,851**	**46,547**	**50,704**
EBITDA	2,672	2,316	2,479	2,539
Deprec. & amort.	950	775	760	747
EBIT	1,722	1,541	1,718	1,791
Total other non-operating income	465	465	465	465
Associate contributions	2,160	2,024	1,820	1,901
Net interest income/(expense)	(1,710)	(1,541)	(1,350)	(1,376)
Pre-tax profit	**3,464**	**2,789**	**2,653**	**2,782**
Tax	(109)	(76)	(51)	(53)
Minorities	(27)	(14)	(21)	(17)
Net profit	**3,328**	**2,698**	**2,582**	**2,711**
Net profit (adj.)	2,666	2,458	2,582	2,711

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	10,650	10,492	10,352	10,227
Other LT assets	56,213	56,213	56,213	56,213
Cash/ST investment	9,770	14,138	15,967	14,915
Other current assets	40,443	38,490	38,256	41,511
Total assets	**117,075**	**119,333**	**120,788**	**122,866**
ST debt	12,407	12,407	12,407	12,407
Other current liabilities	37,517	37,938	37,904	38,504
LT debt	35,358	33,794	31,920	29,921
Other LT liabilities	3,103	3,103	3,103	3,103
Shareholders' equity	28,148	31,534	34,876	38,335
Minority interest	544	558	578	596
Total liabilities & equity	**117,075**	**119,333**	**120,788**	**122,866**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**(4,011)**	**5,774**	**3,564**	**821**
Pre-tax profit	3,464	2,789	2,653	2,782
Tax	(109)	(76)	(51)	(53)
Deprec. & amort.	950	775	760	747
Working capital changes	2,095	(1,840)	201	(2,656)
Non-cash items	(10,358)	4,127	0	0
Other operating cashflows	(53)	0	0	0
Investing	**(3,006)**	**158**	**139**	**126**
Capex (growth)	709	157	139	125
Investments	(688)	0	0	0
Others	(3,028)	1	0	0
Financing	**6,531**	**(1,564)**	**(1,874)**	**(1,998)**
Dividend payments	(588)	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	(3,176)	(1,564)	(1,874)	(1,998)
Loan repayment	(322)	0	0	0
Others/interest paid	10,618	0	0	0
Net cash inflow (outflow)	**(487)**	**4,368**	**1,829**	**(1,052)**
Beginning cash & cash equivalent	**10,256**	**9,770**	**14,138**	**15,967**
Ending cash & cash equivalent	**9,770**	**14,138**	**15,967**	**14,915**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.1	4.9	5.3	5.0
Pre-tax margin	7.9	6.0	5.7	5.5
Net margin	7.6	5.8	5.6	5.4
Growth				
Net profit (adj.)	84.4	(7.8)	5.0	5.0
Leverage				
Debt to total capital	166.5	144.0	125.0	108.7
Debt to equity	169.7	146.5	127.1	110.4
Net debt/(cash) to equity	135.0	101.7	81.3	71.5
Interest cover	1.6	1.5	1.8	1.8

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