Strategy

Alpha Picks: Transition From Externally To Domestically Oriented Sectors

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Highlights

- Our portfolio's return outperformed the market in Jul 26 (Our portfolio: +5.0% vs SET Index: +2.0%).
- The top outperforming stocks were: a) RATCH (+22.2%), b) KTC (+15.0%), and c) MTC (+8.7%). The underperformers were: a) THAI (-15.8%), b) BDMS (-0.5%), and c) CPALL (+2.7%).
- For Aug 26, we expect the Thai equity market to remain supported by strong earnings from the energy, petrochemical, and refinery sectors. Meanwhile, domestically oriented sectors could bottom out in 2Q26 and have a better outlook in 2H26.
- Aug 26 Alpha Picks: BDMS, BJC, CPALL, CPN, GLOBAL, ITC, KTC, MTC, SCC and THAI.

What's New

- **Portfolio outperformed in Jul 26.** Our portfolio outperformed the market in Jul 26 (+5.0% vs SET Index: +2.0%). The best-performing stocks were: a) RATCH (+22.2%), b) KTC (+15.0%), and c) MTC (+8.7%). The worst-performing were: a) THAI (-15.8%), b) BDMS (-0.5%), and c) CPALL (+2.7%).
- **Thai equities moved up in July.** The Thai equities market moved up in July, mainly supported by renewed tensions between the US and Iran, which drove crude oil prices higher and boosted upstream energy stocks. In addition, the market was supported by domestically oriented sectors, driven by impressive 2Q26 earnings from the banking sector and upward GDP forecast revisions by the Bank of Thailand and the Fiscal Policy Office. The outperforming sectors were: a) media (+11.6%), b) energy (+10.7%), and c) banking (+10.1%). The underperforming sectors were: a) electronics (-14.0%), b) tourism (-0.9%), and c) transportation (-0.8%).
- **Optimistic view in August.** We are optimistic on the Thai equities market although it may face some short-term profit-taking pressure, particularly in the banking sector, which has begun to lose its catalysts after reporting its 2Q26 earnings. However, we expect the Thai equity market to continue receiving support from strong earnings reports in the energy, petrochemical, and refinery sectors, which are expected to be impressive, driven by crude oil prices that remain significantly higher than the previous year. In addition, domestically oriented sectors, such as retail and tourism, could bottom out in 2Q26 and have a better outlook in 2H26.
- **Increasing exposure to domestically oriented sectors.** We continue to recommend increasing exposure to domestically oriented sectors due to the improved economic outlook and we expect the domestically oriented sectors' operating performance to bottom out in 2Q26.

Action

- **Aug 26 Alpha Picks:** BDMS, BJC, CPALL, CPN, GLOBAL, ITC, KTC, MTC, SCC and THAI.
- Add **BJC,** supported by the positive outlook of its packaging business, driven by strong demand and add **ITC** due to strong demand for pet food in 2H26.
- We take profit on **BBL** and **RATCH** as we believe that their share prices already priced in positive factors and may lack catalysts in the short term.

Key Recommendations

Company	Rec	Share Price (Bt)	Target Price (Bt)
BDMS TB	BUY	19.20	27.00
BJC TB	BUY	16.20	18.00
CPALL TB	BUY	48.00	62.00
CPN TB	BUY	69.00	80.00
GLOBAL TB	BUY	7.40	8.50
ITC TB	BUY	17.50	20.50
KTC TB	BUY	38.25	50.00
MTC TB	BUY	34.25	50.00
SCC TB	BUY	254.00	330.00
THAI TB	BUY	5.60	6.80

Source: Bloomberg, UOB Kay Hian

Changes In Share Price

Company	July 26 (%)	To-Date* (%)
BBL	6.7	10.7
BDMS	(0.5)	1.1
CPALL	2.7	2.7
CPN	3.0	19.5
GLOBAL	4.2	32.1
KTC	15.0	34.2
MTC	8.7	8.7
RATCH	22.2	45.3
SCC	4.1	5.8
THAI	(15.8)	(16.4)
Alpha	5.0	
SET Index	2.0	

**Share price change since stock was selected as alpha pick*
Source: Bloomberg, UOB Kay Hian

Portfolio Returns

(%)	2025	1Q26	2Q26
SET return	(10.0)	15.0	9.9
Alpha Picks Return			
- Price-weighted	(1.0)	24.9	2.9
- Market cap-weighted	(5.7)	16.8	2.6
- Equal-weighted	(1.6)	19.7	5.8

Source: Bloomberg

Analysts' Top Alpha Picks

Analyst	Company	Rec	Performance#	Catalyst
Benjaphol Suthwanich/ Nonpawit Vathanadachakul	BDMS	BUY	1.1	Strong support from the influenza epidemic
Tanapon Cholkadidamrongkul	BJC	BUY		The MM Mega market acquisition, strong packaging earnings
Tanapon Cholkadidamrongkul	CPALL	BUY	2.7	Better economic outlook
Tanapon Cholkadidamrongkul	CPN	BUY	19.5	New project launch
Tanapon Cholkadidamrongkul	GLOBAL	BUY	32.1	Margin expansion
Nichapa Ratchabandit	ITC	BUY		Strong demand for pet food
Thanawat Thangchadakorn	KTC	BUY	34.2	Government stimuli to strengthen domestic spending.
Thanawat Thangchadakorn	MTC	BUY	8.7	Government stimulus packages.
Benjaphol Suthwanich	SCC	BUY	5.8	JV with PTTGC
Benjaphol Suthwanich/ Nonpawit Vathanadachakul	THAI	BUY	(16.4)	Strong booking demand
Thanawat Thangchadakorn	BBL	BUY	10.7	Dropped
Arsit Pamaranon	RATCH	BUY	45.3	Dropped

Source: UOB Kay Hian

Sector Performance

Company	July 26 (%)	To-Date* (%)
SETENERG	10.7	34.1
SETBANK	10.1	31.9
SETICT	5.7	21.2
SETETRON	(14.0)	61.6
SETCOM	3.1	13.8
SETTRANS	(0.8)	13.8
SETFOOD	4.6	10.6
SETPROP	4.9	22.5
SETHELTH	0.1	3.4
SETFIN	9.3	17.8
SETCONMT	4.5	29.3
SETPREIT	4.5	12.8
SETPETRO	5.3	49.6
SETINS	3.6	20.2
SETTOUR	(0.9)	2.6
SETMEDIA	11.6	16.4
SETPKG	5.2	56.8
SETAGRI	6.5	16.5
SETCONS	(0.1)	55.6
SETPERS	4.6	11.4
SETAUTO	6.2	16.9
SETFASH	2.5	(2.0)
SETSTEEL	5.6	14.7
SETPROF	0.0	(5.3)
SETIMM	5.1	35.1
SETHOME	0.9	(0.3)
SETPAPER	3.1	10.0
SET Index	2.0	28.9

**Share price change since stock was selected as alpha pick*
Source: Bloomberg, UOB Kay Hian

BDMS – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Expect 2Q26 earnings to be flat yoy.** Bangkok Dusit Medical Services (BDMS) is projected to report a net profit of Bt3.46b in 2Q26 (-0.9% yoy, - 14.8% qoq). Management expects to recognise approximately Bt90m in insurance claim proceeds related to the 4Q25 flood this quarter. If we exclude the extra gain, core profit should come in at Bt3.39b (-3.0% yoy, -16.5% qoq). Top-line should be Bt27.0b (+1.1% yoy, -4.1% qoq), with Thai patients being the main top-line contributor. We project that Thai patient revenue will show a slight growth of 2% yoy in 2Q26, indicating an improving trend, particularly in Jun 26. Foreign patient revenue could decline 1% yoy, driven by a yoy drop in Middle Eastern patient revenue due to the war. We foresee some cost pressure in the quarter, resulting in BDMS' margin falling 2.4ppt yoy.
- **Middle Eastern patient volumes are gradually recovering.** Middle Eastern patient revenue was flat yoy in 1Q26, with the sharpest decline occurring in Mar 26 following the onset of the conflict, which disrupted patient travel. Revenue improved in Apr 26, but remained 36% below last year's level. Meanwhile, in May 26, Middle Eastern patient revenue dropped 20% yoy, which is an improvement. Foreign patient revenue in April/May/June was -3%, -2%, and -1% yoy respectively, which indicates a gradual improvement. We believe Middle Eastern patient revenue should return to the normal level in 3Q26, which will boost 3Q26 earnings. We expect the earnings outlook in 3Q26 to be supported by continued patient engagement and pent-up demand from those who were unable to travel.
- **Maintain BUY with a target price of Bt27.00.** Our valuation is based on a five-year average EV/EBITDA multiple of 16.0x. Although cost pressure is expected to persist, BDMS continues to see improving revenue from both Thai and foreign patients, particularly Middle Eastern patients. Hence, we remain optimistic for a strong 2H26, on the back of the return of Middle Eastern patients as well as the epidemic during the rainy season in 3Q26.

Share Price Catalyst

- **Event:** Strong support from the surge in influenza cases.
- **Timeline:** 3Q26.

BJC – BUY (Tanapon Cholkadidamrongkul)

- **Start of an earnings uptrend.** We expect Berli Jucker (BJC) to report 2Q26 core profit of Bt1.23b, up 13% yoy and 4% qoq, marking the first positive yoy growth in the past five quarters since 4Q24. Growth will be driven by a 2% yoy sales growth, 40bp gross margin expansion, higher other income and a lower effective tax rate of 17% (vs 22% in 2Q25), but partly offset by higher-than expected SG&A. A Bt1.6b gain from asset sales should lift 2Q26 net profit to Bt2.8b.
- **Packaging business riding the upcycle.** We expect packaging sales, which contribute 36% of EBIT, to grow 30% yoy in 2Q26, driven by: a) a 15% yoy growth in Thailand glass sales, supported by higher volumes and selling prices as BJC gains market share from key competitors and operates at full capacity; b) stronger can sales, supported by market-share gains at key customers; and c) a full quarter's contribution from the international glass business. Higher sales volumes should support gross margin expansion through economies of scale. The outlook for 2H26 remains positive, supported by strong orders from existing and new customers, while Nestlé's capacity expansion should directly benefit BJC, as the latter is its top supplier.
- **MMVN becomes a new earnings driver.** Modern retail (MSC) sales could decline 2% yoy in 2Q26. This is mainly due to a 4% drop in Big C sales, which contribute 36% of EBIT, pressured by negative SSSG of 2.5% yoy and store closures, partly offset by better gross margins. On the positive side, BJC began consolidating Mega Market Vietnam (MMVN), a pure-play cash-and-carry retailer in Vietnam, from 15 May. MMVN's 2Q26 performance is forecast to be strong, with sales increasing 10% yoy, driven by positive SSSG and one new store opening, alongside better gross margins. We expect MMVN, with a projected EBIT contribution of 4% in 2026 and 6% in 2027, to become a new earnings driver.
- **Upgrade to BUY with a target price of Bt18.00 (from Bt15.50).** Following a 7% upward revision to our earnings forecasts, we continue to peg our target price to a 2026F PE of 15x, equivalent to -2SD to BJC's and -1.5SD to peers' five-year averages. BJC's earnings are expected to turn positive in 2Q26 and continue growing in 2H26 after five consecutive quarters of negative yoy growth, driven by the strong packaging business and MMVN contribution.

Share Price Catalyst

- **Event:** The MMVN acquisition, strong packaging earnings.
- **Timeline:** 2026.

CPN – BUY (Tanapon Cholkadidamrongkul)

- **Strong earnings growth.** We expect a 2Q26 net profit of Bt4.6b (+7% yoy, - 7% qoq) from Central Pattana (CPN). Excluding non-operating items, core profit is expected to come in at Bt4.5b (+16% yoy, -8% qoq), driven by 9% yoy revenue growth, a 72bp yoy improvement in gross margin, a 14bp yoy decline in SG&A-to-revenue, and higher share of profit.
- **Promising outlook.** Continued shopping mall expansion is likely to be a key earnings catalyst for CPN. Central Northville, Central Phuket New Luxury, The Central and CenTRal cENtrAL are scheduled to open in 3Q26, 4Q26,1Q27 and 2Q27, respectively, adding 185,000sqm of NLA, or 11% of the total shopping mall NLA. Tenant sales are also projected to see positive momentum in 3Q26, while gross margin should expand, supported by a higher contribution from the shopping mall segment.
- **Maintain BUY and raise target price to Bt80.00 (from Bt73.50),** following the earnings revision. We use SOTP methodology, and value CPN's core business at Bt79.80/share using DCF, assuming a WACC of 7.0%, and terminal growth of 1.5%. The residential business is valued at Bt0.20/share,

based on 5x 2026F PE. Our target price implies 2026F PE of 18x and EV/EBITDA of 11x. We maintain an optimistic outlook on CPN, underpinned by a long-term strategic expansion.

Share Price Catalyst

- **Event:** CenTRal cENtrAL rental business to boost 1.5% of 2028 earnings.
- **Timeline:** 2028.

GLOBAL – BUY (Tanapon Cholkadidamrongkul)

- **2026 target.** Management plans to add six stores (two stores in 1Q26, three stores in 2Q26, and one store in 3Q26) and renovate eight stores to drive higher traffic, targeting flat SSSG in 2026 with gross margin expansion of 20-30bp.
- **We upgrade GLOBAL to BUY with a target price of Bt7.40.** Its share price has dropped 28% since we downgraded the stock. Its current valuation is attractive, trading at a 2026F PE of 14x. Consumers have been stockpiling especially in construction material products. The increase in steel prices (15% sales contribution) and a higher house brand mix should drive a yoy gross margin expansion in 1Q26 and 2Q26.

Share Price Catalyst

- **Event:** Expanded margins.
- **Timeline:** 2026.

ITC – BUY (Nichapa Ratchabandit).

- **Earnings beat expectations from the tariff refund.** i-Tail Corporation (ITC) reported a 2Q26 net profit of Bt843m (+22% yoy, -3% qoq). Excluding one-off items, core profit came in at Bt856m, (+20% yoy and flat qoq). The results exceeded both our and market estimates by 18% and 11%, respectively, driven by stronger-than-expected gross profit margin from the impact of tariff refunds. Excluding the impact of tariff refunds, normalised core profit came in at Bt725m (+2% yoy, -16% qoq). The results were in line with both our and market expectations
- **Robust pet treat demand.** Total sales for 2Q26 were reported at Bt4.5b (flat yoy, -12% qoq). Excluding the impact of tariff refunds, normalised sales reached Bt4.9b (+9% yoy, -6% qoq). The yoy increase is attributable to higher demand from the US and EU markets and new product launches. By product segment, pet treat sales showed a significant increase (+62% yoy, -14% qoq), reflecting strong demand. In addition, cat food sales continued to grow (+4% yoy, +3% qoq).
- **3Q26 earnings outlook.** Management projects that sales in 3Q26 will increase qoq and yoy, on secured orders and seasonality. Sales are expected to continue improving into 4Q26 qoq and yoy, driven by the seasonal peak demand period. The US market is likely to remain the company's key market, while sales momentum from the EU and Asia & Oceania markets could recover. In addition, the pet treats segment continues to demonstrate a strong growth momentum and remains a key growth driver. Gross profit margin is expected to improve qoq in 3Q26, supported by: a) selling price adjustments implemented in Jul 26, b) easing raw material costs from their peak levels, and c) a higher contribution from premium products in 2H26.
- Maintain BUY with a target price of Bt20.50. We peg its PE target to its three-year mean, at 18x 2026F PE.

Share Price Catalyst

- **Event:** Strong demand for pet food.

- **Timeline:** 2026.

KTC – BUY (Thanawat Thangchadakorn)

- **2Q26 results beat.** Krungthai Card (KTC) posted a 2Q26 net profit of Bt2.23b, up 17% yoy and 3% qoq. The results beat our and consensus estimates by 11% and 6% respectively. Excluding provisioning, the company's pre-provision operating profit rose 3% yoy and was flat qoq.
- **KTC to prioritise maintaining good asset quality.** Due to the economic uncertainty and low growth, driven by high household debt and rising living costs, KTC cautiously grew its loan portfolio in 2Q26. Meanwhile, KTC planned a strategic decline in lease receivables, resulting in a continuous shrinkage in its loan portfolio and a reduction in NPL in 2Q26. To navigate this challenging environment, KTC prioritises a prudent expansion strategy focused on portfolio quality and risk management. This defensive approach aims to mitigate economic volatility while securing sustainable, long-term growth. We are optimistic about KTC's asset quality outlook.
- **Maintain BUY with a higher target price of Bt50.00 (previously Bt44.00),** based on the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 3%). This implies 2.7x 2026F P/B, which is -0.5SD to its historical five-year mean.

Share Price Catalyst

- **Event:** Government stimuli to strengthen domestic spending.
- **Timeline:** 2026.

MTC – BUY (Thanawat Thangchadakorn)

- **A slightly positive tone during meeting.** We attended Muangthai Capital's (MTC) analyst meeting and Earnings Call (OPPDAY) on 14 May 26 and came away with a slightly positive view. The CEO maintained a 2026 loan growth target of 10-15% but guided toward the lower end of the range, citing concerns over the impact of tensions in the Middle East. Meanwhile, MTC has not adjusted its 2026 credit cost target of 2.6% downward, despite reporting a 2.11% credit cost in 1Q26.
- **CEO reiterates the good asset quality outlook.** The CEO remains positive on the asset quality outlook and noted that the NPL pick-up in 1Q26 was due to a slower NPL write-off compared with 4Q25. However, NPL formation declined qoq in 1Q26. The CEO stated that the coverage ratio has continued to increase to the current level of 144%. Although the company has not yet set a coverage ratio target, we expect MTC to gradually increase the coverage ratio to provide a cushion against uncertainty.
- **Maintain BUY with an unchanged target price of Bt50.00** based on the Gordon Growth Model (cost of equity: 13%, long-term growth: 4%). Our target price implies 2.1x 2026F P/B, which is nearly -0.5SD to its five-year average.

Share Price Catalyst

- **Event:** Government stimulus packages.
- **Timeline:** 2H26.

SCC – BUY (Tanaporn Visaruthaphong/Benjaphol Suthwanish)

- **Chemicals and packaging drove a strong 2Q26 earnings recovery.** Siam Cement (SCC) reported a 2Q26 net profit of Bt11.54b, up 85% qoq, beating our forecast by 19% and market consensus by 41%. The earnings beat was mainly driven by stronger-than-expected contributions from the cement building material and packaging businesses, as well as higher-than-expected stock gains. Excluding inventory gains, core profit came in at Bt10.83b, improving significantly qoq and yoy, with 1H26 core earnings accounting for 80% of our full-year forecast.

- **Balance sheet strengthened significantly.** SCC's financial position improved markedly in 2Q26 as the company continued to optimise its balance sheet. SCC completed the sale of a 14.86% stake in Chandra Asri Pacific, raising approximately Bt24.9b, with the proceeds used to reduce debt and support the Long Son Petrochemicals (LSP) project in Vietnam. As a result, net debt declined to Bt238.27b at end-2Q26 (vs Bt277.45b in 1Q26), while net debt-to-EBITDA improved to 3.7x (vs 5.0x) and net debt-to-equity fell to 0.6x (vs 0.7x). We believe the stronger balance sheet significantly reduces financial risk and provides greater flexibility to fund future investments, particularly the planned expansion of ethane feedstock utilisation at LSP, while the petrochemical business continues its recovery.
- **Maintain BUY with an SOTP-based 2026 target price of Bt320.00,** with the chemical business valued on P/B at mean of 0.58x, the cement business at 12x forward PE, and SCGP at 24.3x forward PE. Although petrochemical spreads are expected to soften in 2H26, uncertainty surrounding the renewed escalation of tensions in the Middle East could continue to drive market volatility and provide downside support for spreads. In addition, SCC's investment appeal remains underpinned by its proposed JV with PTTGC, which is expected to enhance feedstock security and strengthen its long-term competitiveness.

Share Price Catalyst

- **Event:** JV with PTTGC.
- **Timeline:** 2Q26 onwards.

THAI – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Expect a weaker net profit in 2Q26,** due to the rising jet fuel prices. Thai Airways (THAI) should report a net profit of Bt2.27b in 2Q26 (-81.3% yoy, - 77.5% qoq). In this quarter, we foresee a net loss of around Bt130m due to foreign exchange losses from Thai baht appreciation, which offset the gains from derivatives. The yoy drop in earnings is mainly due to rising fuel costs, which rose 70% yoy. Considering the volatile situation in 1Q-2Q26, the fact that THAI can still be profit-making is impressive. In 2Q26, there should be no notable yoy increases in expenses other than jet fuel. Top-line should be at Bt46.1b (+6.4% yoy, -7.2% qoq), with yoy growth mainly driven by a strong increase in passenger yield and cargo yield. However, other metrics such as the cabin factor and Available Seat Kilometres have declined yoy, understandably from the reduction in flights. The margin has been squeezed significantly yoy.
- **Improving outlook in 3Q26.** Jet fuel prices dipped in Jun 26, allowing THAI to increase its hedging position. The current level of hedging has been raised to 40% of the total amount of fuel usage in 2H26. THAI is starting to see stronger flight demand and will not prioritise reducing flights like in 2Q26. The cabin factor on Australia and Europe routes showed an improvement in 2Q26 and Jul 26, as forward bookings are indicating narrower yoy declines on these two routes. Bookings in Aug 26 are also showing good momentum in passenger recovery. In 3Q26, THAI aims to improve its weaker areas from 2Q26, such as the Europe and Australia routes. Passenger yield in 3Q26 should decline slightly yoy due to lower ticket prices, but should remain at a high level.
- **Upgrade to BUY with a target price of Bt6.80.** Our valuation for THAI is rolled over to 2027, based on a PE multiple of 8.0x (2SD below the 2017-19 historical mean multiple). We believe that THAI's valuation is undemanding and see the next unlocking period as an opportunity to buy on the dip. The

3Q26 outlook is improving as booking demand remains strong, and the fuel hedging level has increased for 2H26 usage.

Share Price Catalyst

- **Event:** Strong booking demand.
- **Timeline:** 3Q26.

Valuation Of Analysts' Alpha Picks

Company	Ticker	Rec	Price 31 July 26 (Bt)	Target Price (Bt)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026E (x)	PE 2027E (x)	Yield 2026E (%)	ROE 2026E (%)	Market Cap. (US$m)	Price/ NAV ps (x)
Berli Jucker	BJC TB	BUY	16.20	18.00	11.11	12/25	16.2	13.9	12.8	3.7	3.6	1,944	0.5
Bangkok Dusit Medical Services	BDMS TB	BUY	19.20	27.00	40.63	12/25	19.3	18.7	17.4	4.0	14.5	9,136	2.8
CP All	CPALL TB	BUY	48.00	62.00	29.17	12/25	15.3	13.9	13.6	3.8	9.1	12,910	2.7
Central Pattana	CPN TB	BUY	69.00	80.00	15.94	12/25	16.4	15.8	14.7	3.6	15.8	9,272	2.6
Siam Global House	GLOBAL TB	BUY	7.40	8.50	14.86	12/25	20.4	16.6	15.9	3.0	9.1	1,197	1.5
I-Tail Corporation	ITC TB	BUY	17.50	20.50	17.14	12/25	17.6	15.2	13.4	5.9	14.2	1,572	2.5
Krungthai Card	KTC TB	BUY	38.25	50.00	30.72	12/25	12.7	11.4	10.9	5.0	18.7	2,953	2.0
Muangthai Capital	MTC TB	BUY	34.25	50.00	45.99	12/25	10.8	9.6	8.6	1.0	16.3	2,174	1.5
The Siam Cement	SCG TB	BUY	254.00	330.00	29.92	12/25	21.7	12.3	36.3	2.0	6.4	9,126	0.8
Thai Airways International	THAI TB	BUY	5.60	6.80	21.43	12/25	5.1	8.4	6.6	3.0	22.8	4,745	1.8

Source: UOB Kay Hian