Strategy

2Q26: Earnings Beat Expectations

Highlights

- 2Q26 earnings came to be better than expected at 2.6% and 9.0% above our and consensus estimates, as earnings are still on an uptrend.
- Maintained SET Target for 2026F at 1,818pt. using an earnings yield gap (EYG) approach to better capture the relative attractiveness of equities against fixed-income assets.
- Our top picks are AOT, BJC, CENTEL, DELTA, GUNKUL, PR9, PTTGC.

What's New

- **Stocks under our coverage reported positive earnings recovery yoy and qoq in 1Q26.** In 2Q26, net profit came in at Bt319.96b (+10.7% yoy, +13.1% qoq). The results are above expectations, with 11 sectors reporting higher-than-expected earnings (vs 13 sectors in 1Q26 and one sector in 4Q25) while only one sector (electronics sector) reported lower-than-expected earnings. Positive earnings surprises in terms of value came from the petrochemical sector (Bt4.306b), energy (Bt2.346b), commerce (Bt1.403b) and banking (Bt1.291b).
- **Positive earnings revision by +1.8ppt in 2026F.** Positive revisions were seen in this quarter, driven mainly by petrochemical, hotel, banking and construction services but partially offset by a 21.2ppt downgrade in the electronics sector, resulting in a +1.7ppt revision in earnings in 2026F.
- **2Q26 recap.** Last quarter, we remained cautious on domestic consumption with high commodity-based input costs, especially on consumer staples which saw a decline of -12% yoy and -46% qoq from cost pressure. On the other hand, the supply windfall benefits were seen in the petrochemical and upstream energy sectors, while electronics sector performed well, in line with the global trend but delivered lower-than-expected earnings. Our 1Q26 picks were BBL, BH, CPN, CRC, PTTEP and WHA. Our 2Q26 picks reported a total return of +12.1% qoq, outperforming the index return of 6.4% qoq.
- **SET Index rose qoq in 2Q26 from improvement in fundamentals.** The SET Index improved qoq on continuous earnings improvement and profitability. Listed companies demonstrated a comprehensive recovery in financial quality across all dimensions. Net profit margin also expanded progressively. Bloomberg data indicates that the return on assets (ROA) improved from 2.5% to 2.8%. Meanwhile, return on equity (ROE) saw a sharp gain from 9.3%, to 10.7% respectively.

Analyst(s)

Kitpon Praipaisarnkit
kitpon@uobkh.co.th
662 090 3352

Krit Tanarattananon
krit@uobkh.co.th

Thailand Research Team
research@uobkh.co.th

Assistant Analyst(s)

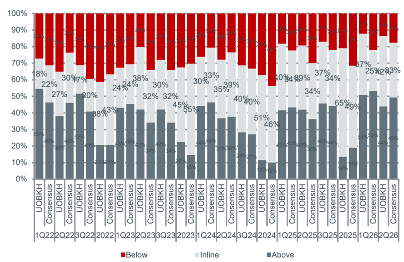
Natthida Chuaysong

3Q26 Key Recommendations

Company	Rec	Share Price (Bt)	Target Price (Bt)
AOT TB	BUY	66.50	85.00
BJC TB	BUY	16.70	18.00
CENTEL TB	BUY	42.00	50.00
DELTA TB	HOLD	270.00	300.00
GUNKUL TB*	BUY	5.20	6.80
PR9 TB	BUY	18.10	24.60
PTTGC TB	BUY	39.25	48.00

**Thai-Coverage*
Source: Bloomberg

Results Track Record



Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 18 Aug 26 (Bt)	Target Price (Bt)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (Bt)	Price/ NAV ps (x)
Airports Of Thailand	AOT TB	BUY	66.50	85.00	27.82	12/25	52.4	49.0	32.8	1.2	14.1	28,443	6.8
Berli Jucker	BJC TB	BUY	16.70	18.00	7.78	12/25	16.7	14.3	13.2	3.6	3.6	2,004	0.5
Central Plaza Hotel	CENTEL TB	BUY	42.00	50.00	19.05	12/25	28.5	15.5	22.5	2.9	15.2	1,698	2.3
Delta Electronics (Thailand)	DELTA TB	HOLD	270.00	300.00	11.11	12/25	135.7	103.5	76.4	0.3	30.0	100,836	28.1
Gunkul Engineering*	GUNKUL TB*	BUY	5.20	6.80	30.77	12/25	26.1	21.6	19.4	2.2	14.5	1,383	3.0
Praram 9 Hospital	PR9 TB	BUY	18.10	24.60	35.91	12/25	17.3	16.2	14.4	3.1	14.4	426	2.2
PTT Global Chemical	PTTGC TB	BUY	39.25	48.00	22.29	12/25	n.a.	6.8	13.7	7.6	7.6	5,299	0.5

**Thai-Coverage*
Source: Bloomberg, UOB Kay Hian

2Q26 Results Summary

		Market Cap	---------------------------- 2Q26 Net profit (Btm) ----------------------------				
Sector	#	(Btm)	Actual	yoy % chg	qoq % chg	UOBKH	% chg
Banking	9	2,940,157	66,321	-0.5%	-2.3%	65,030	2.0%
Construction Services	2	55,707	1,711	24.5%	151.7%	1,590	7.6%
Consumer Staples	9	511,036	10,843	-46.1%	-12.3%	10,415	4.1%
Electronics	3	3,464,297	6,677	37.8%	-29.1%	9,710	-31.2%
Energy	8	2,192,571	108,382	181.1%	34.4%	106,036	2.2%
Financial	7	310,916	8,245	-0.2%	-0.1%	7,749	6.4%
Healthcare	4	506,419	5,665	-4.3%	-10.1%	5,863	-3.4%
Hotel	4	301,911	5,015	7.5%	-2.7%	5,177	-3.1%
Industrial Estate	2	108,579	2,243	100.2%	-22.3%	2,216	1.2%
Media	3	38,919	443	-7.9%	31.8%	411	7.7%
Packaging	1	130,934	2,304	128.2%	47.1%	2,059	11.9%
Petrochemical	3	596,292	29,705	125.0%	347.5%	25,399	17.0%
Property	7	134,363	3,965	-6.2%	51.1%	3,283	20.8%
Retail	11	1,372,299	24,138	24.8%	-4.5%	22,735	6.2%
Telecommunications	2	1,573,340	20,270	55.8%	0.9%	19,621	3.3%
Transportation	3	1,136,300	6,301	-61.6%	-64.8%	5,753	9.5%
Utility	7	1,362,351	17,733	-74.6%	19.5%	18,691	-5.1%
Total	85	16,736,391	319,960	10.7%	13.1%	311,736	2.6%

Source: Bloomberg, UOB Kay Hian

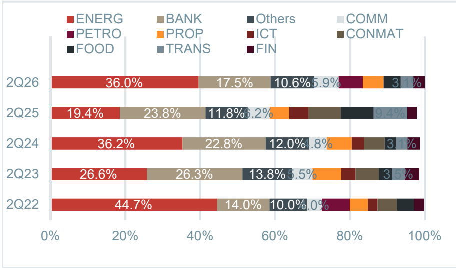
Looking Ahead

- **3Q26 outlook.** We expect to see 3Q26 earnings to improve in the high season, while the preparation for emergency borrowing, forecast to be finalised in early-4Q26, is expected to help limit the macro downside of the overall economy. Key macro headwinds from rising global bond yields and external uncertainty are expected to be the key risks.

Action

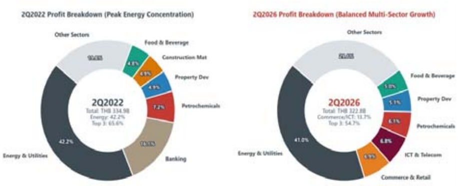
- **We are still bullish on SET through 2H26 and maintain our SET target at 1,818pt.** This quarter, we finetune EPS estimates up, we finetune EPS to Bt100 following the positive earnings momentum.
- We have shifted our valuation framework from a rigid 16x PE to an earnings yield gap (EYG) approach to better capture the relative attractiveness of equities against fixed-income assets. The revised target is anchored to a projected SET EPS of Bt100, a Thailand 10-year bond yield of 2.50% that accounts for a one-time Monetary Policy Committee (MPC) policy rate hike, and a historical average EYG of 3.0%, which together imply a justified PE re-rating to 18.18x.
- This adjustment is fundamentally supported by: a) a negative real interest rate environment driving capital rotation from bonds to equities, b) Thailand's strengthening position as a resilient regional manufacturing hub amid escalating Middle East tensions, and c) attractive market valuations relative to near-term liquidity as measured by M2 money supply.
- Our top picks for 3Q26F are AOT, BJC, CENTEL, DELTA, GUNKUL, PR9, PTTGC.

2Q Earning Pattern



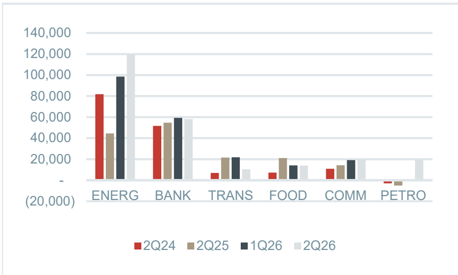
Source: SET Smart, UOB Kay Hian

Earning Pattern Comparison



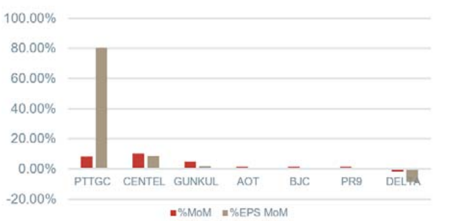
Source: SET Smart, UOB Kay Hian

2Q26 Earning Comparison



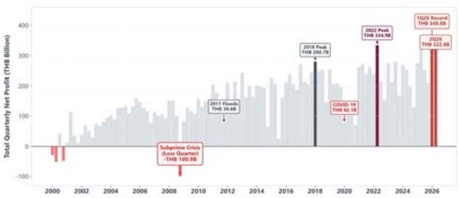
Source: SET Smart, UOB Kay Hian

Top Pick Recent Revision



Source: Bloomberg, complied by UOB Kay Hian

Earnings Continue To Rise



Source: SET Smart, complied by UOB Kay Hian

Post-2Q26 Results Revision

		--------------- Net profit 2026F ---------------			--------------- Net Profit 2027F ---------------		
Sector	#	(Old)	(New)	Chg	(Old)	(New)	Chg
Banking	9	264,938	273,477	3.2%	276,685	283,688	2.5%
Construction Services	2	3,981	4,087	2.7%	3,981	3,992	0.3%
Consumer Staples	9	50,764	51,516	1.5%	54,370	55,014	1.2%
Electronics	3	44,460	35,017	-21.2%	59,052	47,212	-20.1%
Energy	8	299,895	303,312	1.1%	218,952	232,752	6.3%
Financial	7	32,532	33,116	1.8%	34,825	35,372	1.6%
Healthcare	4	26,856	26,856	0.0%	28,893	28,893	0.0%
Hotel	4	19,203	20,869	8.7%	20,799	21,069	1.3%
Industrial Estate	2	9,223	9,049	-1.9%	9,481	9,347	-1.4%
Media	3	2,298	2,298	0.0%	2,517	2,517	0.0%
Packaging	1	6,901	6,901	0.0%	7,501	7,501	0.0%
Petrochemical	3	47,355	58,671	23.9%	25,867	29,267	13.1%
Property	7	16,083	16,373	1.8%	17,115	17,381	1.6%
Retail	11	91,478	92,116	0.7%	96,737	96,623	-0.1%
Telecommunications	2	78,334	78,460	0.2%	85,064	85,060	0.0%
Transportation	3	40,271	40,271	0.0%	57,046	57,046	0.0%
Utility	7	58,674	59,748	1.8%	61,135	64,509	5.5%
Total	85	1,093,244	1,112,138	1.7%	1,060,020	1,077,242	1.6%

Source: Bloomberg, UOB Kay Hian

Stock Picks

Sector	Weighting	Remarks	Top Pick
Air Transport	Neutral	We selectively like AOT as the pax arrivals are improving on a new PSC rate. Meanwhile, for airlines we are looking for buy on dip opportunities such as THAI who has low valuation, while not expecting strong net profit as high fuel price will continue to pressure the airlines industry.	AOT
Banks	Overweight	We still expect to see a further improvement in banking asset quality and credit cost quarter by quarter in 3Q26. Some banks have guided for an improvement in NIM going forward, and that NIM is likely to have bottomed in 2Q26. We expect banks to continue to focus on growing the wealth business to help boost non-II while bottomed outrates remain at low levels. Overall, the impact of Middle East tensions had little effect in 2Q26.	KBANK, KTB
Electronics	Marketweight	We expect to see strong demand, amid the higher raw material cost and raw material shortage for semiconductor-related components. AI-related power supply for semiconductor (DELTA) earnings should see an improvement in 2H26 as order fullfillment delay from 2Q26, while higher raw material cost will weigh on margin (PCB, Gold, MOSFET, Diode) While higher raw material cost (copper, fiberglass shortage, laminate) will impact PCB Manufacture (KCE), despite their ability to passed through higher cost in 3Q26 – 2027 despite its serve in automotive segment after already absorb some cost in 1H26. For semiconductor assembly (HANA), we expect demand likely to improve in 2H26.	DELTA (Accumulating), KCE, HANA
Finance	Overweight	Management in finance companies remains cautious on lending policy due to the risks from ongoing tensions in the Middle East. However, the upward revision of GDP in 2026 and the actual report of 2Q26 GDP remain strong and should pave a resilient outlook for the sector's asset quality in 3Q26.	MTC, KTC
Consumer Staples	Marketweight	Food: earnings are expected to increase both yoy and qoq, driven by the recovery in swine prices in Thailand and China. Vietnam swine prices are expected to remain stable qoq but increase yoy, supporting healthy margins. Although raw material costs are expected to rise slightly, we believe higher livestock prices will widen spreads and more than offset the increase in input costs. We continue to favor pet food players, supported by stronger demand during the high season and greater flexibility to pass through higher costs. Beverage: Sector earnings are expected to decline slight qoq due to seasonality, mainly led by OSP. However, we prefer CBG, as stronger domestic sales growth and a normalized yoy base, are expected to support earnings growth both qoq and yoy.	CPF, ITC, CBG
Construction Services	Overweight	Construction sector entering low season, both CK and STECON has strong backlog, however they reported mixed margins. However in near term, we expect CK to deliver stronger earnings compared to STECON, supported by profit contribution from BEM and CKP. While in 3Q26F, major public projects, such as M5 and M9 could serve as a key new catalyst while delays in securing these projects pose a downside risk.	STECON
Oil and Gas	Marketweight	The oil and gas sector remains highly sensitive to geopolitical developments in the Middle East, particularly risks surrounding the Strait of Hormuz and regional energy supply. While supply disruptions have eased from the peak of the conflict, crude oil and refined product markets remain volatile as shipping flows through Hormuz and Bab Al-Mandeb have yet to fully normalize.	SCC, PTTGC

Sector	Weighting	Remarks	Top Pick
		We therefore expect: a) Dubai crude prices to remain elevated at around US$80–90/bbl in the near term, before potentially easing toward US$70–80/bbl by year-end as both chokepoints gradually reopen and supply flows normalize. This supports our 2026 crude assumption of US$85.00/bbl. However, the timing of the reopening of both straits remains uncertain and warrants close monitoring. b) Market GRM to moderate from the strong 2Q26 level, pressured by still-high crude premiums in 3Q26 and rising Chinese petroleum product exports. Singapore GRM is also expected to normalize, particularly as middle distillate spreads weaken seasonally, and c) Petrochemical spreads to remain relatively supported, particularly in Aromatics, as improving PET demand and lower benzene feedstock prices support paraxylene and benzene spreads. Olefins spreads have declined from 1H26 but remain above pre-war levels, supported by producer-led supply adjustments, including cost reductions, delayed new investments, and a shift toward HVP, partly offsetting higher Chinese PE/PP exports. PE/PP spreads declined 20–30% qoq but remain 10–20% above pre-war levels. Meanwhile, downside risks remain from prolonged geopolitical uncertainty, elevated crude premiums, and potential government intervention in domestic fuel pricing. However, gradual normalization of regional shipping routes and crude supply should ease supply-side pressure and support a more balanced market in 2H26.	
Healthcare	Overweight	Expect strong performance from players with high Middle East contribution such as PR9 and BH in the traditional high season in 3Q26. Margins should also improve.	BH, PR9
Hotel	Overweight	OverweightAll hotel providers are seeing improving booking momentum in 3Q26, supported by large events. The lower cost of debt for most players are also a vital earnings contributor.	AWC, CENTEL, ERW
Property	Overtweight	Industrial Estate: Land transfer is expected to increase in 2H26 and peak in 4Q26, supporting from a better revenue outlook from both AMATA and WHA. As land sales and average selling prices is expected to improve, this would support the gross margin, as well as the impact of the recurring income driven by sustained demand for utilities and power from petrochemical and automotive customers.	WHA
	Marketweight	Residential Property: Looking ahead in 3Q26, we expect market leader SPALI, AP to deliver strong performance from property high season, gross profit margin is expected to improve from better product mix from high season of new launches. Overall, market is tough, but leader players managed to maintain performance. Especially, SPALI which have a diversified profit from JVs in Australia.	SPALI
Retailers	OVERWEIGHT	Share prices have lagged the SET index, while earnings are entering a recovery phase. SSSG is also improving across all segments. Our top picks are CPN for its long-term quality, CRC for its strongest recovery, and BJC as a turnaround play with a laggard valuation.	BJC, CRC, CPN
Telecommunication	OVERWEIGHT	1H26 posed strong earnings, driven by strong subscriber growth, resilient ARPU, and Thai Help Thai Plus program, amid geopolitical uncertainty, Management remain conservative, due to weak household purchasing power. On valuation side, we expected to see higher EBITDA margin and EBITDA growth amid less competition in the sector	ADVANC, TRUE
Utilities	OVERWEIGHT	Expect sector earnings momentum to remain positive in 3Q26, supported by seasonal generation from hydro power plants and wind farm (supporting earnings at BCPG, EGCO, RATCH and GUNKUL.) while Power demand remains structurally strong despite soft economic growth, increasingly supported by data centers and AI infrastructure. Recent policy developments on Direct PPA should further strengthen medium-term opportunities in renewable generation and grid investment.	GULF, GUNKUL

**Tactical Weighting*
Source: UOB Kay Hian