UOBKayHian

Country Daily Thailand

Friday, 07 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53885.1	(0.9)	3.2	1.6	12.1
S&P 500	7710.0	(0.2)	3.7	2.3	12.6
FTSE 100	10867.9	(0.2)	(0.3)	1.9	9.4
AS30	9452.0	0.5	3.6	5.0	4.8
CSI 300	4651.3	(0.1)	2.2	(2.9)	0.5
FSSTI	5639.0	1.0	(0.6)	5.6	21.4
HSCEI	8498.7	(1.2)	(1.7)	9.4	(4.7)
HSI	25530.3	(1.5)	(1.3)	8.1	(0.4)
JCI	6343.7	(0.1)	2.5	6.0	(26.6)
KLCI	1737.2	(0.6)	1.0	3.2	3.4
KOSPI	6296.4	(4.6)	(4.5)	(17.8)	49.4
Nikkei 225	65683.3	(0.9)	6.2	(3.8)	30.5
SET	1614.6	0.3	1.0	0.7	28.2
TWSE	44396.7	(0.5)	11.2	(2.4)	53.3
BDI	3057	(0.2)	14.4	9.3	62.9
CPO (RM/mt)	4532	0.3	0.4	1.9	15.2
Brent Crude (US$/bbl)	82	3.8	(7.3)	14.6	35.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug
Virtual Meeting on Indonesia Economic Outlook by Mr. Enrico Tanuwidjaja	Indonesia	19 Aug	19 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
July. Consumer Confidence	Thailand	7-13 Aug
2Q GDP YoY	Thailand	17 Aug
July. Customs Trade Balance (Export-Import)	Thailand	21-26 Aug

Please click on the page number to move to the relevant pages

Thailand

Company Results | Advance Info Service (ADVANC TB/**BUY**/Bt375.00/Target: Bt415.00) Page 2

ADVANC reported a 2Q26 net profit of Bt13.72b (+25% yoy, +2% qoq), above our and Bloomberg consensus by 1% and 3% respectively. Despite strong 1H26 results, management still maintains its conservative 2026 guidance due to higher costs in 2H26 and a high 2H25 base. 1H26 interim dividend is in line at Bt8.69 per share (2.3% yield), with XD on 19 Aug 26. We maintain BUY with an unchanged target price of Bt415.00, supported by a 4-5% dividend yield, as our outlook and forecasts remain unchanged.

Company Results | PTT Oil and Retail (OR TB/**HOLD**/Bt12.60/Target: Bt12.50) Page 5

OR reported a net loss of Bt1.78b in 2Q26, reversing profitability and coming in well below both our forecast and consensus estimates. The weaker-than-expected results were mainly attributable to a lower-than-expected marketing margin, while both qoq and yoy lower sales volumes further weighed on earnings. We expect OR to return to profitability in 3Q26; however, we remain cautious and do not upgrade our investment view given the ongoing risk of government intervention in marketing margins. Maintain HOLD. Target price Bt12.50.

Company Update | Bangkok Airways (BA TB/**SELL**/Bt19.60/Target: Bt11.70) Page 8

BA is expected to report a net profit of Bt290m (-27.7% yoy), while core profit should fall to Bt250m (-49.3% yoy) due to a sharp rise in fuel costs. Although passenger yield improved, margins remained under pressure as fare hikes could not fully offset higher fuel expenses. Forward bookings for 3Q26 remain broadly flat, with only Samui showing modest growth. Given this and limited fuel hedging, we expect earnings to remain weak in 2H26. Maintain SELL. Target price: Bt11.70.

Company Update | Stecon Group (STECON TB/**HOLD**/Bt17.90/Target: Bt20.00) Page 11

We expect STECON to report a net profit of Bt896m, up 74.8% yoy and 155.4% qoq. Total revenue is forecast at Bt9.23b (+5.3% yoy, +26.8% qoq). Although 2Q26 gross margin is expected to soften, 2026 gross margin should remain in line with guidance. A Bt736m dividend from GULF will support earnings. Management remains positive on the outlook and is on track to achieve its 2026 targets. Maintain HOLD with a target price of Bt20.00.

What's Inside

Company Update | Indorama Ventures (IVL TB/**BUY**/Bt22.00/Target: Bt27.00) Page 14

We expect IVL to deliver a strong 2Q26 turnaround with net profit of Bt6.7b, driven by higher integrated PET spreads and a sizeable inventory gain. We believe the recovery story remains intact, supported by improving cash flow, lower interest expense and potential US$200m in land sale proceeds in 2H26. While earnings may normalise slightly in 3Q26, limited inventory loss risk and a healthier balance sheet should continue to support a re-rating.

Advanced Info Service (ADVANC TB)

2Q26: Earnings Resilient Amid Geopolitical Tensions

BUY (Maintained)	
Share Price	Bt375.00
Target Price	Bt415.00
Upside	10.4%
Previous TP	Bt415

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Highlights

- ADVANC reported a 2Q26 net profit of Bt13.72b (+25% yoy, +2% qoq), above our and Bloomberg consensus by 1% and 3% respectively.
- Despite strong 1H26 results, management still maintains its conservative 2026 guidance due to higher costs in 2H26 and a high 2H25 base.
- We maintain BUY with an unchanged target price of Bt415.00, supported by a 4-5% dividend yield, as our outlook and forecasts remain unchanged.

2Q26 Results

Year to 31 Dec (Btm)	2Q26	2Q25	1Q26	yoy%	qoq%
Revenue	**56,497**	**56,044**	**58,197**	**0.8%**	**-2.9%**
Gross profit	**25,081**	**21,591**	**25,426**	**16.2%**	**-1.4%**
Operating profit	18,666	15,130	18,217	23.4%	2.5%
Operating EBITDA	32,445	29,973	31,740	8.2%	2.2%
Net profit	**13,716**	**10,982**	**13,496**	**24.9%**	**1.6%**
EPS	4.61	3.69	4.54	**24.9%**	**1.6%**
Gross profit margin (%)	44.1	38.5	43.7	0.4	5.6
EBITDA margin (%)	55.7	53.5	54.5	1.2	2.2
Operating margin (%)	31.6	27.0	31.3	0.3	4.6
SG&A Exp./ Sales (%)	12.5	11.5	12.4	0.1	1.0
Net profit margin (%)	23.2	19.6	23.2	0.0	3.6

Source: Advance Info Services, UOB Kay Hian

Analysis

- **2Q26 earnings slightly above our and Bloomberg consensus.** ADVANC reported a 2Q26 net profit of Bt13.72b (+25% yoy, +2% qoq), beating our forecast and Bloomberg estimate by 1% and 3%, respectively. Sales is in line at Bt56.5b (+0.8% yoy, -2.9% qoq), with yoy growth across all core businesses, while the qoq decline reflected seasonally weaker handset sales. Gross margin is in line at 44.4% (vs 38.5% in 2Q25 and 43.7% in 1Q26), while core EBITDA margin improved to 57% (vs 53% and 55%), supported by a lower SG&A-to-sales ratio of 11.4% (vs 12.4% in 1Q26 and 11.5% in 2Q25).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	213,569.3	226,263.8	235,176.5	247,150.6	256,815.4
EBITDA	111,612.2	121,490.0	127,862.1	135,574.7	143,699.3
Operating profit	50,384.4	63,736.0	72,797.3	76,894.0	79,860.8
Net profit (rep./act.)	35,075.4	47,885.9	52,919.4	56,057.1	58,831.4
Net profit (adj.)	34,836.1	47,764.7	52,919.4	56,057.1	58,831.4
EPS	11.7	16.1	17.8	18.8	19.8
PE (x)	32.0	23.4	21.1	19.9	19.0
P/B (x)	11.5	10.4	19.2	15.6	13.5
EV/EBITDA (x)	11.7	10.5	10.2	9.8	9.3
Dividend yield (%)	2.8	9.2	3.8	4.3	4.8
Net margin (%)	16.4	21.2	22.5	22.7	22.9
Net debt/ to equity (%)	192.9	150.8	315.7	287.6	258.9
Interest cover (x)	12.2	15.2	15.5	15.0	16.2
Consensus net profit	n.a	n.a	52,321.8	55,811.0	58,656.5
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Advance Info Services, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Communication Services
Bloomberg ticker:	ADVANC TB
Shares issued (m):	2,974.2
Market cap (Bt$m):	1,118,302.9
Market cap (US$m):	33,829.5
3-mth avg daily t'over (US$m):	87.0

Price Performance (%)

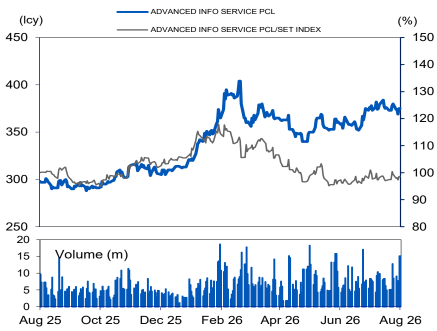
52-week high/low				Bt404.0/Bt288.0
1mth	**3mth**	**6mth**	**1yr**	**YTD**
0.8	8.0	8.2	33.4	26.2

Major Shareholders	**%**
Gulf Development Public Company Limited	40.44
Singtel Strategic Investments Pte Ltd.	19.10
Thai Nvdr Company Limited	7.63

Balance Sheet Metrics

FY26 NAV/Share (Bt)	19.6
FY26 Net Debt/Share (Bt)	61.8

Price Chart



Source: Bloomberg

Company Description

ADVANC is the largest telecommunication business in Thailand providing mobile network service, fixed broadband service and digital service under spectrum licences granted by NBTC.

- **Core service remains healthy due to growth in all business segments despite geopolitical tensions.** Core service sales growth remained healthy despite geopolitical tensions, coming in at Bt45.47b (+5.8% yoy, +1.4% qoq) in 2Q26, driven by growth in mobile and fixed broadband, partly offsetting seasonally weaker handset sales of Bt9.98b (-18.7% qoq). Segment performance can be broken down as follows: a) mobile revenue of Bt34.3b (+6.0% yoy, +0.9% qoq), driven by higher blended ARPU and total subscribers; b) fixed broadband revenue of Bt8.57b (+7.9% yoy, +0.7% qoq), supported by subscriber growth; and c) enterprise revenue and other income of Bt2.61b (-2.9% yoy, +11.7% qoq), driven by continued connectivity demand.
- **Conservative 2026 guidance maintained, unchanged from previous quarter.** Unlike TRUE, which slightly cut its service revenue guidance, ADVANC has retained its targets for: a) core service revenue growth of 3-5% (1H26: +6.4% yoy); b) EBITDA growth of 2-4% (1H26: +6.4% yoy); and c) capex of Bt30b-35b (1H26: Bt13.7b), despite strong 1H26 earnings and EBITDA growth. As a result, we maintain our estimates, with 2H26 contributing 49% of 2026 earnings. The higher cost in 2H26 will come from: a) SG&A-to-sales should increase to a normalised level after a one-off reversal of restructuring costs in 2Q26, b) broadband integration and initial virtual bank expenses, c) higher capex investment in 2H26 (cloud-based IT opex, broadband integration and initial virtual bank expenses), as 1H26 investment came in below expectations.
- **Long-term strategy remains the same.** ADVANC will focus on quality subscribers to support mobile ARPU. Broadband ARPU should recover through network upgrades, which are expect to complete this year, and higher-value bundles, while virtual bank losses should remain limited at around 1% of 2026 earnings. Handset sales margins should face more challenges from potential vendor price increases in devices and operating equipment, but Samsung and iPhone launches should support 2H26 sales.

Valuation/Recommendation

- **We maintain BUY with an unchanged target price of Bt415.00.** Our target price is based on DDM discount model (expected return from Capital Asset Pricing Model (CAPM of 7%, 3% terminal growth), implied 11x EV/EBITDA (+1.35SD) or 23x PE (+1.8 SD). While management remains cautious on operating performance in 2H26 due to higher costs (which is similar to the previous quarter's outlook), our 2026-28 forecasts largely remain the same.
- We believe ADVANC deserves a valuation premium, supported by: a) resilient operations amid geopolitical risks, with a favourable EBITDA margin of 55.0% in 2026-28 (vs 52.0% in 2023-25), b) an attractive dividend yield of 4-5% in 2026-28, based on an 85-90% payout ratio, and c) its leadership in the telecom sector, which should support its ARPU uplift strategy and a higher ROE in a less competitive environment. 1H26 interim dividend is in line at Bt8.69 per share (2.3% yield), with XD on 19 Aug 26.

Earnings Revision/Risk

- We revise down our 2026 earnings forecast by 1%, reflecting a reduction in our projected share of profit from the virtual bank from Bt1.0b to Bt650m.

Share Price Catalyst

- Stronger-than-expected ARPU and subscriber growth.

Environment, Social, Governance (ESG) Updates

Environmental

- ADVANC targets to reduce 30% (Greenhouse Gas, GBG) emission intensity by 2030 from 2024 base.

Social

- ADVANC achieved zero work-related fatalities and zero lost-time injuries for two consecutive years.

Governance

- ADVANC expanded female board representation to 21.43% (3 of 14 directors) in 2025.

Earnings Revision

(Btm)	2026	%Chg	2027	%Chg	2028	%Chg
Revenue (Btm)	235,177	0.2	247,151	0.3	256,815	0.4
Gross profit	102,335	0.2	106,552	0.4	110,422	0.6
SG&A	(29,538)	0.2	(29,658)	0.3	(30,561)	0.4
Core Operating EBITDA	127,862	(0.4)	135,575	(0.2)	143,699	(0.0)
EBIT	65,987	(0.4)	69,796	0.3	73,208	0.7
Net profit	52,919	(0.6)	56,057	0.2	58,831	0.7
Core profit	52,919	(0.6)	56,057	0.2	58,831	0.7
EPS	17.79	(0.6)	18.85	0.2	19.78	0.7
Core EPS	17.79	(0.6)	18.85	0.2	19.78	0.7
%		ppt		ppt		ppt
Gross margin	43.5	0.0	43.1	0.0	43.0	0.1
SG&A to sales	12.6	-	12.0	-	11.9	-
Operating margin	28.1	(0.2)	28.2	(0.0)	28.5	0.1
EBIT margin	28.1	(0.2)	28.2	(0.0)	28.5	0.1
EBITDA margin	54.4	(0.3)	54.9	(0.3)	56.0	(0.3)
Net profit margin	22.5	(0.2)	22.7	(0.0)	22.9	0.1
Core profit margin	22.5	(0.2)	22.7	(0.0)	22.9	0.1

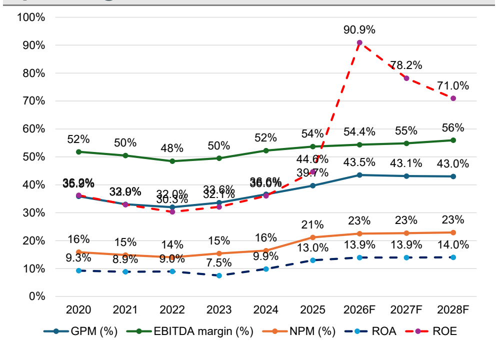
Source: UOB Kay Hian

Mobile And Broadband Statistics

Mobile Business	2024	2025	2026F	2027F	2028F	1Q26	2Q26	3Q26F	4Q26F
ARPU (Bt/month/subscriber)									
ARPU - Postpaid	446	441	435	437	438	436	434	435	437
yoy	-1%	-1%	-1%	0%	0%	-1%	-2%	-1%	-1%
qoq						-1%	0%	0%	0%
ARPU - Prepaid	138	150	160	166	173	155	159	162	164
yoy	10%	9%	7%	4%	4%	8%	7%	8%	4%
qoq						-2%	3%	2%	1%
ARPU - Blend	225	234	246	253	259	238	240	244	244
yoy	4%	4%	5%	3%	2%	4%	3%	4%	1%
qoq						-1%	1%	2%	0%
Total subscriber ('000 subscr									
Subscriber - Postpaid	51,460	53,521	56,054	56,654	57,254	13,803	13,922	14,080	14,250
yoy	1%	4%	5%	1%	1%	5%	5%	5%	5%
qoq						1%	1%	1%	1%
Subscriber - Prepaid	131,277	131,243	133,107	133,457	133,807	33,137	33,185	33,325	33,460
yoy	1%	0%	1%	0%	0%	2%	1%	1%	1%
qoq						0%	0%	0%	0%
Total subscriber	182,737	184,764	189,162	190,112	191,062	46,940	47,107	47,405	47,710
	1%	1%	2%	1%	0%	3%	2%	2%	2%
						0%	0%	1%	1%
Annual subscriber is the sum of quarter subscriber (for comparison)									
Net additions ('000 subscribe									
Net additions Postpaid	299	616	620	600	600	173	119	158	170
Net additions Prepaid	846	393	320	350	350	(3)	48	140	135
Total net additions	1,145	1,009	940	950	950	170	167	298	305
Annual net addition subscirber is the sum of quarter subscriber (for comparison)									
Fixed broadband business (FBB)									
FBB ARPU (Bt/subscriber/month)									
ARPU	503	524	539	555	572	538	536	538	543
yoy	16%	4%	3%	3%	3%	4%	3.3%	2%	3%
qoq						2%	-0.3%	0%	1%
Total subscribers ('000)									
Total subscribers ('000) - EOY	19,651	20,652	21,591	21,841	22,091	5,306	5,346	5,416	5,523
	68%	5%	5%	1%	1%	5%	4%	4%	5%
						1%	1%	1%	2%
Annual subscriber is the sum of quarter subscriber (for comparison)									
Net additions ('000)									
Net addition (subscriber increase)	267	234	280	250	250	63	40	70	106
Annual net addition subscirber is the sum of quarter subscriber (for comparison)									

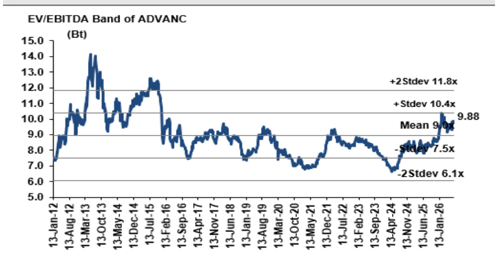
Source: UOB Kay Hian

Operating Statistics in 2022-28



Source: UOB Kay Hian

Advanc 13-Year Forward EV/EBITDA



Source: UOB Kay Hian, Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**226,264**	**235,177**	**247,151**	**256,815**
EBITDA	121,490	127,862	135,575	143,699
Deprec. & amort.	57,754	55,065	58,681	63,838
EBIT	63,736	72,797	76,894	79,861
Total other non-operating income	734	780	817	855
Associate contributions	924	658	1,112	1,335
Net interest income/(expense)	(7,973)	(8,249)	(9,027)	(8,844)
Pre-tax profit	**57,422**	**65,987**	**69,796**	**73,208**
Tax	(9,652)	(13,066)	(13,737)	(14,374)
Minorities	(5)	(2)	(2)	(2)
Net profit	**47,886**	**52,919**	**56,057**	**58,831**
Net profit (adj.)	47,765	52,919	56,057	58,831

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	307,229	284,503	321,612	334,760
Other LT assets	60,340	59,923	63,840	74,621
Cash/ST investment	30,482	58,186	39,844	30,697
Other current assets	22,222	24,223	28,422	29,534
Total assets	**420,273**	**426,836**	**453,718**	**469,611**
ST debt	33,934	38,538	44,342	44,993
Other current liabilities	68,244	76,103	85,047	88,709
LT debt	158,280	203,387	201,683	200,305
Other LT liabilities	52,534	50,504	52,342	54,660
Shareholders' equity	107,280	58,194	71,695	82,880
Minority interest	105	107	109	111
Total liabilities & equity	**420,378**	**426,832**	**455,218**	**471,657**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**120,810**	**142,774**	**129,272**	**134,366**
Pre-tax profit	57,543	65,987	69,796	73,208
Tax	(9,652)	(13,066)	(13,737)	(14,374)
Deprec. & amort.	57,754	55,065	58,681	63,838
Associates	(924)	(658)	(1,112)	(1,335)
Working capital changes	(1,584)	3,682	3,305	1,768
Non-cash items	2,199	2,176	1,440	783
Other operating cashflows	15,474	29,589	10,900	10,479
Investing	**(47,235)**	**(42,747)**	**(65,280)**	**(74,655)**
Capex (growth)	(49,941)	(44,171)	(58,782)	(62,214)
Investments	31	(1,649)	(2,502)	(2,833)
Others	2,674	3,073	(3,996)	(9,609)
Financing	**(70,828)**	**(72,388)**	**(82,335)**	**(68,858)**
Dividend payments	(37,563)	(102,008)	(42,558)	(47,649)
Issue of shares	0	0	0	0
Proceeds from borrowings	(21,416)	49,710	4,101	(727)
Others/interest paid	(11,849)	(20,090)	(43,878)	(20,482)
Net cash inflow (outflow)	**2,746**	**27,639**	**(18,342)**	**(9,147)**
Beginning cash & cash equivalent	**22,607**	**25,354**	**52,993**	**34,651**
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	**25,354**	**52,993**	**34,651**	**25,503**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	53.7	54.4	54.9	56.0
Pre-tax margin	25.4	28.1	28.2	28.5
Net margin	21.2	22.5	22.7	22.9
Growth				
Net profit (adj.)	37.1	10.8	5.9	5.0
Leverage				
Debt to total capital	179.0	415.0	342.6	295.6
Debt to equity	179.2	415.7	343.2	296.0
Net debt/(cash) to equity	150.8	315.7	287.6	258.9
Interest cover	15.2	15.5	15.0	16.2

PTT Oil and Retail (OR TB)

2Q26: Weaker-than-expected Results

HOLD (Maintained)	
Share Price	Bt12.60
Target Price	Bt12.50
Upside	-1.57%
Previous	Bt11.90

Analyst(s)
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Highlights

- OR reported a 2Q26 net loss of Bt1.78b, primarily due to a substantial inventory loss that significantly compressed marketing margin, while the business also entered its seasonal low period, weighing on earnings.
- 3Q26 earnings expected to turn profitable, but government intervention remains a key risk.
- Maintain HOLD with a target price of Bt12.50 (Previously Bt11.90).

2Q26 Results

Year to 31 Dec	2Q25	1Q26	2Q26	%yoy	%qoq	6M25	6M26	%yoy
Revenue	167,166	176,125	205,667	23%	17%	349,588	381,793	9%
Gross profit	8,222	6,284	8,032	-2%	28%	17,857	14,316	-20%
EBITDA	**4,552**	**7,100**	**53**	**-99%**	**-99%**	**11,036**	**7,153**	**-35%**
Interest expenses	233	209	236	1%	13%	496	445	-10%
Core Profit	1,568	512	3,014	92%	489%	5,255	3,525	-33%
Net Profit	**2,232**	**2,415**	**-1,775**	**n.a.**	**n.a.**	**6,612**	**640**	**-90%**
EPS	0.19	0.20	-0.15			0.55	0.05	
Financial ratio (%)								
Gross Profit Margin	4.9%	3.6%	3.9%			5.1%	3.7%	
SG&A Exp. / Sales	3.7%	3.2%	2.9%			3.3%	3.0%	
Net profit margin	1.3%	1.4%	-0.9%			1.9%	0.2%	

Source: OR, UOB Kay Hian

Analysis

- **Results came in well below expectations.** PTT Oil and Retail (OR) reported a 2Q26 net loss of Bt1.78b (vs a net profit of Bt2.42b in 1Q26 and Bt2.23b in 2Q25), missing our forecast and consensus by 45% and 37%, respectively. The weaker-than-expected result was primarily due to a sharper-than-expected decline in marketing margin. The earnings reversal was driven by weaker marketing margins, lower sales volume in the mobility business, and higher operating expenses in the lifestyle business, which weighed on lifestyle EBITDA margin.
- **Weaker marketing margin and lower sales volumes.** The mobility business posted an EBITDA loss of Bt1.25b, mainly due to: a) Marketing margin (including stock loss) declining to Bt0.49/litre in 2Q26 (vs Bt0.74/litre in 1Q26 and Bt0.89/litre in 2Q25), primarily reflecting substantial inventory losses as crude procurement costs remained elevated early in the quarter. Excluding these one-off inventory losses, underlying marketing margin improved to Bt1.50/litre (vs Bt0.45/litre in 1Q26); and b) Oil sales volume falling to 5,558m litres, down 16% qoq and 13% yoy, mainly due to a high base in 1Q26, when panic buying was triggered by surging oil prices and concerns over domestic fuel shortages, as well as the seasonal slowdown during 2Q26.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	723,958	658,723	882,741	816,408	851,891
EBITDA	19,717	20,333	19,815	21,975	21,826
Operating profit	11,153	12,753	10,718	12,547	12,396
Net profit (rep./act.)	7,650	11,304	4,484	9,924	9,972
Net profit (adj.)	8,361	10,022	8,870	9,924	9,972
EPS	0.7	0.8	0.7	0.8	0.8
PE	18.2	15.2	17.2	15.4	15.3
P/B	0.7	0.7	0.7	0.6	0.6
EV/EBITDA	6.8	6.7	7.7	6.5	6.4
Dividend yield	3.1	3.1	2.4	3.1	3.1
Net margin	1.1	1.7	0.5	1.2	1.2
Net debt/(cash) to equity	26.4	20.7	14.3	11.6	9.4
Interest cover	15.6	21.6	12.5	18.2	21.1
Consensus net profit	-	-	10,499	11,860	12,887
UOBKH/Consensus (x)	-	-	0.43	0.84	0.77

Source: Bloomberg, OR, UOB Kay Hian

Stock Data

GICS Sector	Energy
Bloomberg ticker	OR TB
Shares issued (m)	12,000.0
Market cap (Btm)	164,400.0
Market cap (US$m)	5,058.5
3-mth avg daily t'over (US$m)	5.9

Price Performance (%)

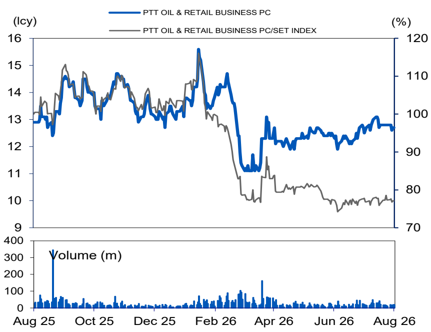
52-week high/low Bt17.00/Bt10.10

1mth	3mth	6mth	1yr	YTD
(5.6)	13.3	7.9	5.5	2.3

Major Shareholders

PTT	75.00%
Thai NVDR	2.41%
Social Security Office	1.81%

Price Chart



Source: Bloomberg

Company Description

The company operates an integrated oil and non-oil retailing platform both in Thailand and abroad, including the sales and distribution of petroleum products and other products in retail and commercial marketing, coffee shops, other food and beverage outlets.

- **Café amazon sales reached another record high.** Café Amazon recorded another record-high sales volume of 117 m cups, supported by continued store expansion. However, higher operating expenses, particularly advertising and promotional spending – reduced lifestyle EBITDA margin to 30.8% (vs 31.7% in 1Q26).
- **Cambodia continued to weigh on the global business.** The global business remained under pressure from the ongoing conflict in Cambodia. As of end-2Q26, OR operated 85 PTT Stations in Cambodia (vs 91 stations in 1Q26), resulting in a 15% qoq decline in fuel sales from its overseas operations.
- **3Q26 outlook.** We expect 3Q26 earnings to return to profitability, supported by the gradual recovery in retail oil prices, which should stimulate fuel demand, like the trend seen in 1Q26. OR is also expected to recognise inventory gains as oil prices recover. Nevertheless, the earnings recovery is likely to be partially offset by the marketing margin normalising to around Bt0.85/litre.
- **Looking into 2H26.** We expect greater clarity regarding OR's investment strategy in Cambodia. As of end-2Q26, OR's book value of assets in Cambodia stood at US$85m. We have already incorporated a Bt1.5b impairment charge related to the Cambodia operations into our earnings forecasts.

Valuation/Recommendation

- **Maintain HOLD with a target price of Bt12.50 (Previously Bt11.90),** We have rolled over our target price to 2027, based on a three-year historical average PE at -1.0SD of 15.10x (previously three-year historical average PE at -1.0SD of 16.8x). Despite the anticipated return to profitability in 3Q26, we maintain our cautious stance, as the risk of government intervention in marketing margins remains elevated amid a renewed rise in oil prices. In the oil and gas sector, we prefer Indorama Ventures (IVL TB/BUY/Target: Bt27.00), PTT Global Chemical (PTTGCTB/BUY/Target Bt46.00) and Siam Cement (SCC TB/BUY/Target: Bt330.00).

Earnings Revision/Risk

- **Revise 2026-27 core profit forecast.** We cut our 2026-27 core profit forecasts by 22% and 15%, respectively, reflecting weaker assumptions for fuel sales growth, marketing margin, and the global business, which has been more severely affected by the ongoing unrest along the Thai-Cambodian border than previously expected. The downward revision is mainly driven by a weaker outlook for the mobility business. We now expect 2026 fuel sales to decline 5% (vs our previous forecast of 3% growth), while marketing margin is revised down to Bt0.95/litre (from Bt1.00/litre) to reflect the impact of heightened oil price volatility during 1H26. As a result, we now forecast 2026 core profit at Bt8.96b, down 21% yoy, with 1H26 core profit accounting for 45% of our full-year estimate. For 2027, we forecast core profit of Bt9.92b, representing 11% yoy growth.

Environment, Social, Governance (ESG) Updates

Environmental

- OR aims to cut greenhouse gas emissions (Scope 1 and 2) from its operations by over one-third by 2030 compared with 2022 levels, while also reducing its conventional fuel use intensity by more than one-third within the same timeframe.

Social

- OR aims to improve the quality of life in 17,000 communities, benefitting 13m people by 2030 in areas surrounding its operations. It also targets achieving a brand health score of 70 or higher among social and community stakeholders by 2030.

Governance

- OR's board, management, and employees are committed to five core corporate governance principles – accountability, responsibility, equitable treatment, transparency, and vision – to foster long-term value and ethical conduct. It also implements a transparent and fair nomination process for selecting key management positions across all levels.

Key Assumption

	------ 2026F ------				------ 2027F ------			
	Old	New	%Chg	%yoy	Old	New	%Chg	%yoy
Mobility Business								
Number of station	2,513	2,483	-1%	3%	2,583	2,563	-1%	3%
Volume Sold (MML)	25,972	23,955	-8%	-5%	26,752	24,674	-8%	3%
Gross Profit: Baht/Litre	1.00	0.95	-5%	-3%	1.00	1.00	0%	5%
Lifestyle Business								
Number of Café Amazon	5,042	4,992	-1%	5%	5,292	5,242	-1%	5%
Café Amazon total cups sold (m.cup	438	438	0%	2%	460	460	0%	5%
Lifestyle EBITDA Margin (%)	29.5%	30.0%	2%	7%	30.0%	30.0%	0%	0%
Global Business								
Number of station	330	300	-9%	-15%	350	250	-29%	-17%
Total Volume Sold	1,800	1,675	-7%	-17%	1,890	1,591	-16%	-5%
Core Profit	**11,486**	**8,960**	**-22%**	**-21%**	**11,694**	**9,924**	**-15%**	**11%**

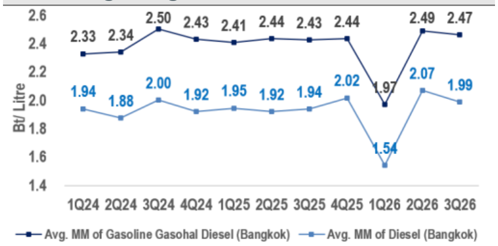
Source: OR

Key Statistics

	2Q25	1Q26	2Q26	%yoy	%qoq
Mobility					
Number of stations	2,348	2,416	2,428	3%	0%
Total Volume Sold (m litres)	6,381	6,633	5,558	-13%	-16%
Gross Profit: Bt/Litre	0.85	1.10	0.24	-72%	-78%
Gross Margin (Excl. extra Items)	0.78	0.45	1.50	92%	233%
Lifestyle (Non-oil)					
Café Amazon (No. of Outlets)	4,547	4,787	4,869	7%	2%
Total cups sold (m cups)	107	112	117	9%	4%
Lifestyle EBITDA Margin (%)	28.7%	31.7%	30.8%		
Global					
Number of stations	420	321	315	-25%	-2%
Total Volume Sold (m litres)	571	474	401	-30%	-15%
Café Amazon (No. of Outlets)	397	255	209	-47%	-18%
Total cups sold (m cups)	8.4	2.8	2.8	-67%	0%

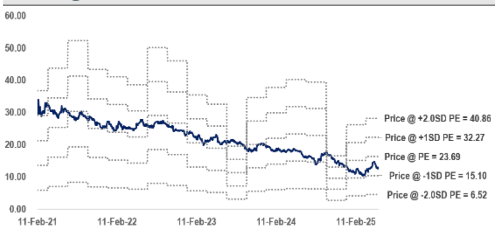
Source: OR

Marketing Margin



Source: OR

Average Three-Year PE



Source: OR, Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**658,723**	**882,741**	**816,408**	**851,891**
EBITDA	20,333	19,815	21,975	21,826
Deprec. & amort.	7,580	9,098	9,428	9,430
EBIT	12,753	10,718	12,547	12,396
Associate contributions	690	725	761	799
Net interest income/(expense)	-943	-1,589	-1,207	-1,036
Pre-tax profit	**13,785**	**4,968**	**12,101**	**12,159**
Tax	-2,479	-894	-2,177	-2,187
Minorities	-1	0	0	0
Net profit	**11,304**	**4,074**	**9,924**	**9,972**
Net profit (adj.)	10,022	8,960	9,924	9,972

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	46,609	47,762	49,496	49,507
Other LT assets	42,469	53,221	50,037	51,740
Cash/ST investment	40,164	14,573	23,091	24,463
Other current assets	57,464	58,617	60,351	60,362
Total assets	**197,931**	**208,405**	**208,345**	**215,200**
ST debt	7,416	2,136	2,136	2,136
Other current liabilities	41,169	53,566	49,399	51,588
LT debt	16,149	14,013	11,878	9,743
Other LT liabilities	19,377	25,966	24,015	25,059
Shareholders' equity	113,821	112,723	120,917	126,675
Total liabilities & equity	**197,931**	**208,406**	**208,347**	**215,203**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**10,253**	**7,963**	**22,313**	**17,820**
Pre-tax profit	13,785	4,968	12,101	12,159
Tax	-2,479	-894	-2,177	-2,187
Deprec. & amort.	7,580	9,098	9,428	9,430
Working capital changes	-9,631	-4,837	2,961	-1,581
Other operating cashflows	998	-372	0	0
Investing	**-11,223**	**-14,413**	**-9,929**	**-10,100**
Investments	-4,502	-10,251	-11,162	-9,440
Others	(6,721)	(4,162)	1,232	(659)
Financing	**-12,675**	**-12,216**	**-3,865**	**-6,349**
Dividend payments	-5,149	-4,800	-1,730	-4,214
Issue of shares	-7,526	-7,416	-2,135	-2,135
Proceeds from borrowings	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	**-13,645**	**-18,666**	**8,518**	**1,371**
Beginning cash & cash equivalent	**54,156**	**33,239**	**14,573**	**23,091**
Changes due to forex impact	(347)	0	0	0
Ending cash & cash equivalent	**40,164**	**14,573**	**23,091**	**24,463**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.1	2.2	2.7	2.6
Pre-tax margin	2.1	0.6	1.5	1.4
Net margin	1.7	0.5	1.2	1.2
Net profit (adj.)	1.5	1.0	1.2	1.2
Growth				
Turnover	-9.0	34.0	-7.5	4.3
EBITDA	3.1	-2.5	10.9	-0.7
Pre-tax profit	45.8	-64.0	143.6	0.5
Net profit	47.8	-64.0	143.6	0.5
Net profit (adj.)	19.9	-10.6	10.8	0.5
EPS	19.9	-10.6	10.8	0.5
Leverage				
Debt to total capital	20.7	14.3	11.6	9.4
Debt to equity	10.1	6.9	5.8	4.8
Net debt/(cash) to equity	20.7	14.3	11.6	9.4
Interest cover (x)	21.6	12.5	18.2	21.1
EBITDA margin	3.1	2.2	2.7	2.6

Bangkok Airways (BA TB)

Expect Weak Earnings In 2Q26

SELL (Maintained)	
Share Price	Bt19.60
Target Price	Bt11.70
Upside	-40.3%

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Highlights

- We expect BA to report a weak 2Q26 net profit of Bt290m (-27.7% yoy, -86.1% qoq), pressured by a strong yoy increase in fuel expense due to the war.
- The special dividend from BDMS should be the key contributor. If we exclude the special dividend, BA would be loss making from its operations in 2Q26.
- Forward bookings in 3Q26 remain weak despite being the high season at Samui. The high fuel price will remain as a significant headwind to BA's earnings in 2H26. Maintain SELL with a target price of Bt11.70.

2Q26 Earnings Preview

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	yoy (%)	qoq (%)	1H25	1H26F	yoy (%)
Total revenue	5,127	7,264	4,851	(5.4)	(33.2)	12,546	12,115	(3.4)
Gross profit	1,129	3,099	671	(40.5)	(78.3)	4,110	3,770	(8.3)
Operating EBITDA	1,293	2,984	951	(26.4)	(68.1)	4,014	3,935	(2.0)
Core profit	494	1,926	250	(49.3)	(87.0)	2,148	2,176	1.3
Net profit	402	2,091	290	(27.7)	(86.1)	2,077	2,381	14.7
EPS (Bt)	0.01	0.07	0.01	(27.7)	(86.1)	0.07	0.08	14.7
(%)	**2Q25**	**1Q26**	**2Q26F**	**yoy (ppt)**	**qoq (ppt)**	**1H25**	**1H26F**	**yoy (ppt)**
Gross margin	22.0	42.7	13.8	(8.2)	(28.8)	32.8	31.1	(1.6)
EBITDA margin	25.2	41.1	19.6	(5.6)	(21.5)	32.0	32.5	0.5
Recurring profit margin	9.6	26.5	5.2	(4.5)	(21.4)	17.1	18.0	0.8
Net profit margin	7.8	28.8	6.0	(1.8)	(22.8)	16.6	19.7	3.1

Source: BA, UOB Kay Hian

Analysis

- **Weak earnings expected in 2Q26.** Bangkok Airways (BA) is projected to report a net profit of Bt290m (-27.7% yoy, -86.1% qoq). If we exclude a foreign exchange gain of around Bt50m in this quarter, core profit should be at Bt250m (-49.3% yoy, -87% qoq). The biggest savior in 2Q26 should be the special dividend income from Bangkok Dusit Medical Services (BDMS), amounting to around Bt343m. If we exclude this special dividend, BA would be loss making from its core operations due to rising fuel expenses, which could increase by 40% yoy as a result of the war in the Middle East. We expect around 12% yoy reduction in average seat kilometers (ASK), similar to 1Q26, due to the flight frequency reduction in several regions and fewer planes yoy. The passenger yield on the other hand should grow by around 6.5% yoy due to more optimised routes and higher ticket prices. EBITDA margin should decline significantly yoy.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	26,041	26,067	24,718	27,652	29,259
EBITDA	6,992	7,172	4,742	6,914	7,134
Operating profit	5,456	5,592	3,186	5,444	5,632
Net profit (rep./act.)	3,788	3,549	2,121	4,021	4,259
Net profit (adj.)	3,829	3,741	2,121	4,021	4,259
EPS (Bt)	1.8	1.8	1.0	1.9	2.0
PE (x)	10.7	11.0	19.4	10.2	9.7
P/B (x)	2.6	3.1	3.2	2.7	2.4
EV/EBITDA (x)	8.2	8.0	12.1	8.3	8.0
Dividend yield (%)	6.6	6.1	3.6	6.8	7.2
Net margin (%)	14.5	13.6	8.6	14.5	14.6
Net debt/(cash) to equity (%)	122.8	121.4	129.5	87.6	70.0
Interest cover (x)	4.2	4.2	3.4	5.4	6.0
ROE (%)	23.0	24.3	16.3	28.5	26.5
Consensus net profit (Btm)	-	-	2,927	3,737	4,186
UOBKH/Consensus (x)	-	-	0.72	1.08	1.02

Source: Bangkok Airways, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Industrials
Bloomberg ticker:	BA TB
Shares issued (m):	2,074.3
Market cap (Btm):	40,656.4
Market cap (US$m):	1,217.7
3-mth avg daily t'over (US$m):	5.2

Price Performance (%)

52-week high/low: Bt19.80/Bt12.00

1mth	3mth	6mth	1yr	YTD
4.3	45.2	28.1	28.1	32.4

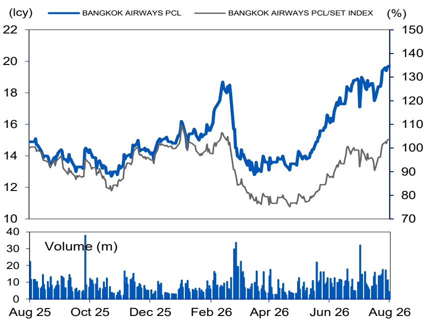
Major Shareholders

	%
Prasartthongosoth Family	58.1%
Bangkok Bank	5.0%

Balance Sheet Metrics

FY26 NAV/Share (Bt)	6.11
FY26 Net Debt/ Share (Bt)	7.91

Price Chart



Source: Bloomberg

Company Description

Bangkok Airways is a Thailand-based regional airline headquartered in Bangkok. It operates a network of domestic and international routes across Asia, focusing on tourist destinations such as Samui, Phuket, and Chiang Mai. It also owns and operates several airports, including Samui International Airport, as part of its integrated tourism-focused business model.

Key Statistics

Passenger business	2Q25	1Q26	2Q26F	yoy (%)	qoq (%)
RPK (m pax km) vol	583	742	509	-12.6	-31.3
ASK (m pax km) capacity	838	860	737	-12.0	-14.3
Cabin Factor	69.6%	86.2%	69.1%	-0.5	-17.1
Pax Yield (Bt/pax km)	6.17	7.29	6.57	6.5	-9.9

Source: BA, UOB Kay Hian

- **Forward bookings remain flat.** Since end-May 26, forward bookings for 3Q26 have remained broadly flat yoy, indicating that demand has yet to show a meaningful improvement. The only route delivering growth is Samui, where bookings are increasing by around the mid-single digits yoy, while bookings across other routes continue to decline from last year. This suggests that overall travel demand remains soft despite the improvement in air connectivity. Coupled with BA's limited ability to raise ticket prices further, the company's earnings outlook could remain under pressure in the coming quarters.
- **Limited ability to pass through higher costs.** BA implemented a 15-20% airfare increase on 1 Apr 26 in an effort to offset the sharp rise in jet fuel prices. However, the company has limited flexibility to raise fares further, particularly on its key Samui routes where management believes ticket prices can only increase by less than 8% before demand begins to weaken. As a result, management acknowledged that the fare adjustment implemented earlier this year will not be sufficient to fully compensate for the higher fuel costs. Consequently, we expect the company to absorb part of the higher operating costs, leading to margin compression, with the impact likely to become increasingly visible from the 2Q26 earnings onwards.
- **Jet fuel prices remain a key earnings pressure in 2H26.** Previously, BA had hedged 30% of the total fuel usage for this year, but as of end-1Q26, this had declined to 25-26% of fuel usage for 2Q-4Q26 as some contracts had expired. This gives BA less protection against high fuel prices as it will still need to purchase jet fuel at the market price of around US$160 per barrel vs its hedged price of below US$80. This would put pressure on BA's earnings in 2H26, as bookings for 3Q26 have not yet shown a strong sign of incoming travel demand despite it being the high season for Samui.

Valuation/Recommendation

- **Maintain SELL with a target price of Bt11.70.** Our valuation is based on a 2026F PE of 11.0x, in line with its three-year historical average. Forward bookings in 3Q26 remain weak. Meanwhile, the most profitable routes like Samui has limited upside in pricing. We expect BA's 2H26 earnings to remain pressured by the high fuel prices. We prefer THAI who is expected to post a stronger operational performance while trading at a much lower PE of 9.0x.

Environment, Social, Governance (ESG) Updates

Environmental

- **Fleet modernisation and operational efficiency:** BA is gradually incorporating more fuel-efficient aircraft (eg ATR 72-600), optimising flight routes, and improving fuel management to lower emissions.
- **Net-zero by 2050:** BA has set a long-term net zero target by 2050, aligning with global aviation industry goals such as those from IATA and ICAO.

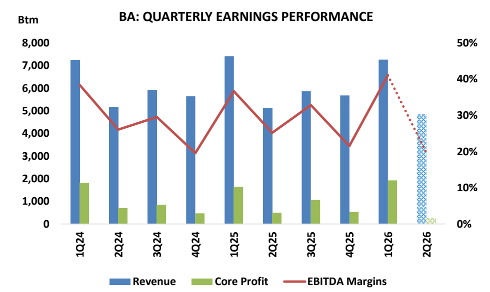
Social

- **Local community development:** BA contributes to the community development through employment generation.

Governance

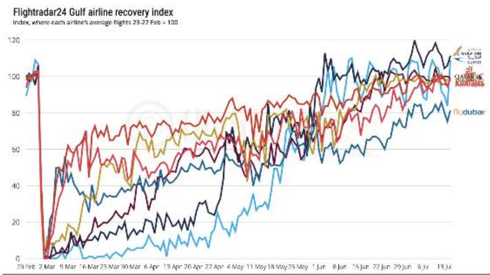
- **Discipline in capital allocation and capacity management:** prioritising profitability over aggressive expansion, ensuring operational efficiency, which has generally been well maintained.

Earnings Performance



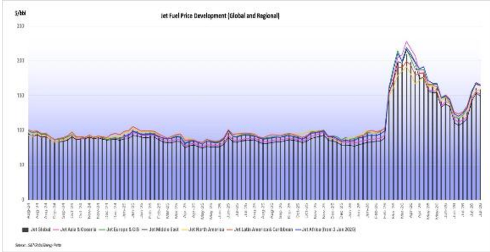
Source: BA, UOB Kay Hian

Recovery Of Middle Eastern Airlines



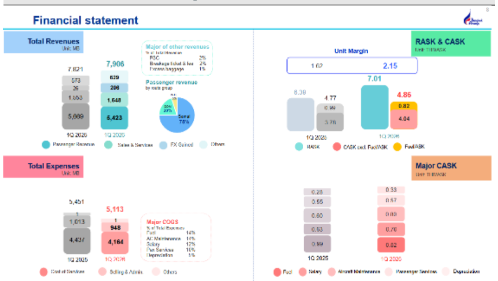
Source: Flightradar24

Jet Fuel Price Trend



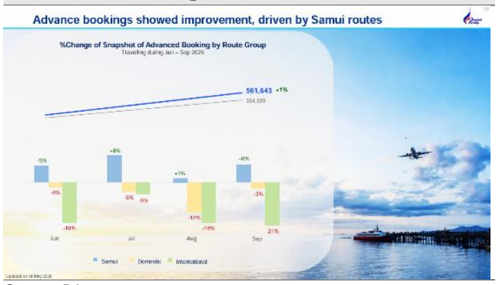
Source: S&P Global Energy Platts

Revenue And Expense Breakdown



Source: BA

Forward Booking Trend



Source: BA

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**26,067**	**24,718**	**27,652**	**29,259**
EBITDA	7,172	4,742	6,914	7,134
Deprec. & amort.	1,580	1,556	1,470	1,502
EBIT	5,592	3,186	5,444	5,632
Total other non-operating income	(240)	0	0	0
Associate contributions	705	709	723	738
Net interest income/(expense)	(1,714)	(1,398)	(1,277)	(1,184)
Pre-tax profit	**4,343**	**2,498**	**4,890**	**5,186**
Tax	(763)	(358)	(833)	(890)
Minorities	(31)	(19)	(35)	(37)
Net profit	3,549	2,121	4,021	4,259
Net profit (adj.)	**3,741**	**2,121**	**4,021**	**4,259**

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,408	12,155	12,443	12,699
Other LT assets	25,767	25,676	25,862	25,962
Cash/ST investment	9,560	8,220	10,758	11,836
Other current assets	2,665	2,509	2,827	2,998
Total assets	**50,399**	**48,560**	**51,890**	**53,495**
ST debt	4,453	4,188	4,588	4,588
Other current liabilities	7,729	7,278	8,200	8,696
LT debt	21,163	20,640	19,625	19,011
Other LT liabilities	3,782	3,561	4,012	4,255
Shareholders' equity	13,225	12,826	15,362	16,807
Minority interest	48	67	102	139
Total liabilities & equity	**50,399**	**48,560**	**51,890**	**53,495**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**8,583**	**4,109**	**6,854**	**6,86**
Pre-tax profit	4,343	2,498	4,890	5,18
Tax	(763)	(358)	(833)	(890
Deprec. & amort.	1,580	1,556	1,470	1,50
Working capital changes	(302)	12	(24)	(13
Non-cash items	5,358	(307)	628	33
Other operating cashflows	(928)	1,419	1,447	1,47
Investing	**(545)**	**(1,433)**	**(1,493)**	**(1,616**
Capex (growth)	(1,342)	(1,303)	(1,758)	(1,758
Investment	24,203	24,203	24,203	24,20
Others	(23,406)	(24,333)	(23,939)	(24,061
Financing	**(6,009)**	**(3,307)**	**(2,100)**	**(3,430**
Dividend payments	(176)	(2,520)	(1,485)	(2,815
Proceeds from borrowings	(2,184)	(787)	(615)	(615
Loan repayment	0	0	0	(
Others/interest paid	(3,649)	0	0	(
Net cash inflow (outflow)	2,029	(630)	3,261	1,81
Beginning cash & cash equivalent	8,236	9,560	8,220	10,75
Changes due to forex impact	0	0	0	(
Ending cash & cash equivalent	**10,265**	**8,929**	**11,481**	**12,57**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.5	19.2	25.0	24.4
Pre-tax margin	16.7	10.1	17.7	17.7
Net margin	13.6	8.6	14.5	14.6
ROA	6.7	4.3	8.0	8.1
ROE	24.3	16.3	28.5	26.5
Growth				
Turnover	0.1	(5.2)	11.9	5.8
EBITDA	2.6	(33.9)	45.8	3.2
Pre-tax profit	(3.8)	(42.5)	95.8	6.1
Net profit	(6.3)	(40.2)	89.5	5.9
Net profit (adj.)	(2.3)	(43.3)	89.5	5.9
EPS	(2.3)	(43.3)	89.5	5.9
Leverage				
Debt to total capital	65.9	65.8	61.0	58.2
Debt to equity	193.7	193.6	157.6	140.4
Net debt/(cash) to equity	121.4	129.5	87.6	70.0
Interest cover (x)	4.2	3.4	5.4	6.0

Stecon Group (STECON TB)

2Q26 Results Preview: Earnings Supported By GULF Dividend And Improving Construction Activities

HOLD (Maintained)

Share Price	Bt17.90
Target Price	Bt20.00
Upside	11.75%
Previous TP	Bt10.80

Analyst(s)
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Panjarat Thaweesriprasert

Highlights

- We expect STECON to post a net profit of Bt896m, rising 74.8% yoy and 155.4% qoq.
- Revenue from construction is likely to continue growing while dividend from GULF should drive the bottom line in 2Q26.
- Maintain BUY with a target price of Bt20.00 (previously Bt10.80).

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Revenue from construction	9,172	7,217	8,719	27.1%	5.2%
Total revenue	9,252	7,294	8,789	26.8%	5.3%
Gross profit	675	571	632	18.1%	6.7%
Dividend income	736	0	0		
Equity income	(30)	(30)	(22)	-1.2%	35.4%
Core profit	187	174	104	7.8%	79.6%
Net profit	896	351	512	155.4%	74.8%
Percent	**2Q26F**	**1Q26**	**2Q25**		
Gross margin	7.3%	7.8%	7.2%		
SG&A % to sales	3.4%	4.1%	4.2%		
EBIT margin	3.9%	3.8%	2.9%		
Net profit margin	9.7%	4.8%	5.8%		

Source: STECON, UOB Kay Hian

Analysis

- **Earnings to increase yoy and qoq.** We expect Stecon Group (STECON) to report a net profit of Bt896m, up 74.8% yoy and 155.4% qoq. The increase is mainly driven by dividend income from Gulf Energy Development (GULF), totalling Bt736m. Excluding dividend income and equity income, we expect STECON to report a core profit of Bt187m (+79.6% yoy, +7.8% qoq).
- **Revenue likely to improve yoy and qoq.** Construction revenue is forecast to increase 5.2% yoy and 27.1% qoq, supported by ongoing projects. Meanwhile, revenue from sales and services is expected to reach Bt62m, up 20.0% yoy and 4.0% qoq. Total revenue should come in at Bt9.23b (+5.3% yoy, +26.8% qoq).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	30,004.9	33,473.0	36,152.5	38,193.9	39,989.4
EBITDA	(5.2)	2,300.8	2,942.2	2,643.9	2,864.4
Operating profit	(760.7)	1,557.9	2,104.5	1,827.4	1,986.4
Net profit (rep./act.)	(2,357.4)	1,948.1	1,616.3	1,382.4	1,474.0
Net profit (adj.)	(1,034.9)	866.5	960.0	1,129.6	1,160.6
EPS	(1.6)	1.3	1.1	0.9	1.0
PE (x)	(11.6)	14.0	16.9	19.8	18.5
P/B (x)	1.6	1.6	1.5	1.4	1.4
EV/EBITDA (x)	(6,273.8)	14.3	11.0	12.4	11.4
Dividend yield (%)	n.a	n.a	n.a	n.a	n.a
Net margin (%)	(7.9)	5.8	4.5	3.6	3.7
Net debt/(cash) to equity(%)	29.5	31.6	26.0	26.4	25.7
Interest cover (x)	0.0	9.6	12.2	10.1	10.0
Consensus net profit	n.a	n.a	1,627.8	1,321.0	1,400.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.4	1.0

Source: Stecon Group, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Industrials
Bloomberg ticker:	STECON TB
Shares issued (m):	1,519.1
Market cap (Btm):	26,887.7
Market cap (US$m):	813.4
3-mth avg daily t'over (US$m):	12.1

Price Performance (%)

52-week high/low: Bt19.80/Bt5.25

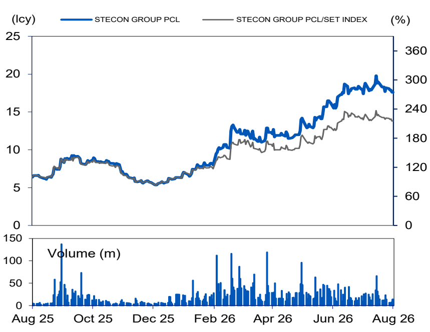
1mth	3mth	6mth	1yr	YTD
(1.7)	26.4	121.2	174.4	178.7

Major Shareholders	%
C.T. Venture Company Limited	19.62
UBS AG SINGAPORE BRANCH	10.53
Thai NVDR Company Limited	5.97

Balance Sheet Metrics

FY26 NAV/Share (Bt)	11.7
FY26 Net Debt/Share (Bt)	3.0

Price Chart



Source: Bloomberg

Company Description

STECON operates as a holding company, with core businesses in construction contracting, utilities and power, and logistics and transportation.

- **2Q26 gross margin should remain in line with the target of above 7%.** We expect gross margin to decline qoq to 7.3% in 2Q26, mainly due to the impact of higher fuel prices. Nevertheless, we forecast 2026 gross margin at 7.36%, in line with the company's guidance of no less than 7.0%. Meanwhile, supported by better cost control, we expect SG&A-to-sales to improve to around 3.4%, down from 4.2% in 2Q25 and 4.1% in 1Q26.
- **Dividend from GULF to support earnings.** STECON held approximately 226.54m shares or 1.52% of total GULF shares before the ex-dividend date, ranking as the 13th-largest major shareholder. Based on GULF's dividend of Bt3.25 per share, we foresee STECON recognising dividend income of approximately Bt736m in 2Q26. Meanwhile, equity income is expected to remain relatively stable qoq, with a share of loss of around Bt30m.
- **Good momentum to continue in 2H26.** We expect STECON to remain on track to achieve its new order target of Bt50b, supported by a healthy project pipeline in 2H26. The company remains positive on the outlook, driven by contributions from public sector projects. We believe STECON is well positioned to meet its new order target, with several major projects likely to be put out for bid in 2H26, including the M5 and M9 motorways, the M82 O&M contract, and the Kratu-Patong Expressway, all of which have received cabinet approval, alongside additional bidding opportunities from private sector projects.

Valuation/Recommendation

- **Maintain HOLD with a target price of Bt20.00 (previously Bt10.80).** We assume coverage and change the valuation methodology from P/B to PE to better reflect STECON's business fundamentals. The target price is based on a 2026F PE of 18.9x, in line with its historical average. Although we have an optimistic view on STECON's outlook, we believe that its share price has surged 120% since the General Election in Feb 26. At the current price level, we believe STECON's share price has already reflected the better political environment.

Earnings Revision/Risk

- We assume coverage and revise our assumptions and earnings forecasts. Risks for STECON could rise from: a) delays in construction, b) higher material costs, and c) delayed project biddings.

Share Price Catalyst

- Additional backlog from project biddings.

Environment, Social, Governance (ESG)

CG Report: 5
SET ESG Rating: AAA

Environmental

- STECON follows environmental laws and regulations. The company prioritises reducing gas emissions and using sustainable technology. STECON also trains its employees to participate in environmental operations and conservation.

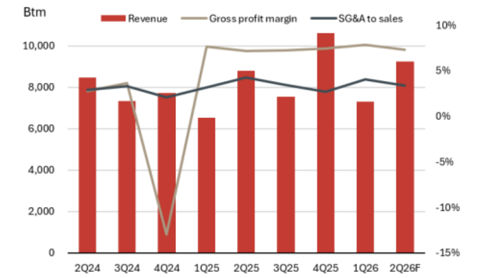
Social

- STECON is committed to social responsibility. The company supports education, disaster relief, community engagement, and environmental conservation.

Governance

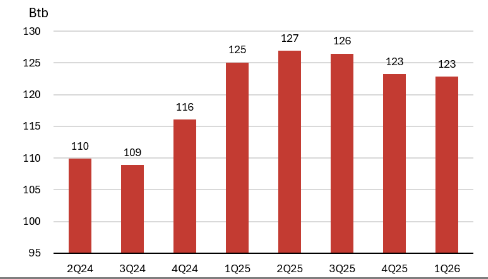
- STECON focuses on enterprise risk management to integrate risk management into strategic planning. STECON follows Thai and international standards for risk management.

Revenue, Gross Margin, and SG&A to sales



Source: STECON, UOB Kay Hian

Backlog



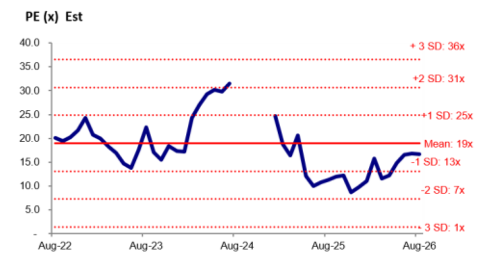
Source: STECON, UOB Kay Hian

2026 Company Target

	2026 Target	2025 Actual	2025 Target
Revenue	>Bt35b	33.47	>Bt32b
GPM	>7%	7.36%	7%
New backlog	Bt50b	40,251	Bt50b
Backlog	>Bt100b	123,264	>Bt100b
NPM	at least 4%	5.8%	

Source: STECON, UOB Kay Hian

PE



Source: STECON, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**33,473**	**36,152**	**38,194**	**39,989**
EBITDA	2,301	2,942	2,644	2,864
Deprec. & amort.	743	838	817	878
EBIT	1,558	2,104	1,827	1,986
Total other non-operating income	96	86	107	106
Associate contributions	(212)	(118)	(80)	(80)
Net interest income/(expense)	(240)	(240)	(263)	(287)
Pre-tax profit	**2,229**	**1,832**	**1,591**	**1,725**
Tax	(282)	(231)	(224)	(262)
Minorities	1	14	15	10
Net profit	**1,948**	**1,616**	**1,382**	**1,474**
Net profit (adj.)	1,558	1,616	1,827	1,474

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	11,457	11,639	12,600	13,429
Other LT assets	18,583	19,581	20,170	20,170
Cash/ST investment	4,119	5,613	6,095	6,843
Other current assets	22,090	22,565	23,099	24,264
Total assets	**56,249**	**59,398**	**61,964**	**64,526**
ST debt	8,284	8,253	8,258	8,265
Other current liabilities	27,042	28,087	28,886	29,561
LT debt	1,100	2,010	2,820	3,678
Other LT liabilities	2,773	2,773	2,773	2,773
Shareholders' equity	16,634	17,873	18,841	19,872
Minority interest	417	402	387	376
Total liabilities & equity	**56,249**	**59,398**	**61,964**	**64,526**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**3,609**	**2,053**	**1,857**	**2,019**
Pre-tax profit	2,229	1,832	1,591	1,725
Tax	(282)	(231)	(224)	(262)
Deprec. & amort.	743	838	817	878
Working capital changes	(180)	(429)	(324)	(310)
Non-cash items	1,099	42	(2)	(13)
Investing	**(338)**	**(182)**	**(961)**	**(829)**
Capex (growth)	(1,165)	(182)	(961)	(829)
Investments	1,060	0	0	0
Others	(232)	0	0	0
Financing	**(1,875)**	**(378)**	**(415)**	**(442)**
Dividend payments	(6)	(485)	(415)	(442)
Issue of shares	(107)	107	0	0
Proceeds from borrowings	847	0	0	0
Others/interest paid	(2,609)	0	0	0
Net cash inflow (outflow)	**1,396**	**1,494**	**482**	**748**
Beginning cash & cash equivalent	**2,723**	**4,119**	**5,613**	**6,095**
Ending cash & cash equivalent	**4,119**	**5,613**	**6,095**	**6,843**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.9	8.1	6.9	7.2
Pre-tax margin	6.7	5.1	4.2	4.3
Net margin	5.8	4.5	3.6	3.7
Growth				
Net profit (adj.)	0.0	3.8	13.1	(19.3)
Leverage				
Debt to total capital	55.0	56.2	57.6	59.0
Debt to equity	56.4	57.4	58.8	60.1
Net debt/(cash) to equity	31.6	26.0	26.4	25.7
Interest cover	9.6	12.2	10.1	10.0

Indorama Ventures (IVL TB)

2Q26 Results Preview: Strong Recovery, Deleveraging On Track

Highlights

- IVL will announce its 2Q26 results on 11 Aug 26. We expect a strong 2Q26 earnings turnaround with net profit of Bt6.7b supported by higher PET spreads and an expected sizeable inventory gain.
- Its balance sheet continues to improve, and should see a US$200m land sale in 2H26, reinforcing its deleveraging story.
- 3Q26 should remain healthy despite normalising spread

Analysis

- **Expect a strong 2Q26 turnaround** We expect Indorama Ventures (IVL) to report a 2Q26 EBITDA of Bt18.6b (+101% yoy, + 132% qoq) and net profit of Bt6.7b, supported by strong integrated polyethylene terephthalate (PET) spreads of around US$285/tonne, MEG spread (US$451/tonne, +40% qoq) and MTBE spread (US$515/tonne, +48% qoq). This would result in higher operating margins across all business segments as well as a sizeable inventory gain. Following our latest discussion with management, the company indicated that all business segments improved sequentially with no pricing lag in 2Q26.
- **Broad-based recovery.** IVL's production volumes are expected to increase 6% qoq due to seasonality but drop 2% yoy. Management guided that customer demand has remained healthy without significant restocking activity as IVL continues to maintain sufficient inventories to support customer requirements. EBITDA margin is expected to improve sharply to US$131/tonne (vs US$82/tonne in 1Q26), reflecting broad-based margin expansion across all business segments.
- **Deleveraging remains on track**. Management reiterated its commitment to improve the balance sheet. We expect interest expenses to continue to decline 10% yoy and 3% qoq to Bt3.2b following debt refinancing at lower funding costs, while the company's leverage target remains unchanged. In addition, management continues to expect approximately US$200m of proceeds from land sales in 2H26, providing further support for cash flow generation to repay debt.

Key Financials

Year to 31 Dec (Bt m)	2024	2025	2026F	2027F	2028F
Net turnover	541,582.6	447,245.6	506,928.0	465,183.2	473,962.5
EBITDA	41,078.6	24,680.7	50,335.6	52,275.8	54,273.5
Operating profit	13,088.6	(854.8)	23,790.6	24,149.8	26,147.5
Net profit (rep./act.)	(19,262.1)	(7,348.4)	7,712.9	7,925.4	9,294.4
Net profit (adj.)	6,161.9	(3,080.4)	7,712.9	7,925.4	9,294.4
EPS	1.1	(0.6)	1.4	1.4	1.7
PE (x)	20.9	(41.7)	16.7	16.2	13.8
P/B (x)	1.0	1.1	1.1	1.0	1.0
EV/EBITDA (x)	9.0	14.8	7.5	7.4	7.1
Dividend yield (%)	3.1	3.1	3.1	3.3	3.3
Net margin (%)	(3.6)	(1.6)	1.5	1.7	2.0
Net debt/(cash) to equity(%)	182.2	192.3	196.5	197.7	189.4
Interest cover (x)	2.5	1.7	3.5	3.6	3.7
ROE (%)	(14.2)	(5.6)	5.8	5.9	6.8
Consensus net profit	n.a	n.a	5,851.9	8,832.6	11,778.2
UOBKH/Consensus (x)	n.a	n.a	1.3	0.9	0.8

Source: Indorama Ventures, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt22.00
Target Price	Bt27.00
Upside	23.85%

Analyst(s)
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Stock Data

GICS sector	Materials
Bloomberg ticker:	IVL TB
Shares issued (m):	5,614.6
Market cap (Bt$m):	144,574.7
Market cap (US$m):	4,415.4
3-mth avg daily t'over (US$m):	25.8

Price Performance (%)

52-week high/low: Bt26.0/Bt14.8

1mth	3mth	6mth	1yr	YTD
4.7	21.5	45.5	33.4	59.9

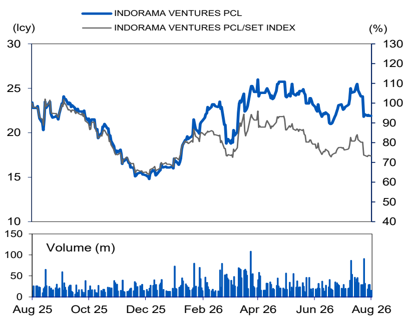
Major Shareholders

	%
Lohia Family	62.43
Thai NVDR	5.50
Bangkok Bank	4.83

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	21.5
FY26 Net Debt/Share (Bt)	42.2

Price Chart



Source: Bloomberg

Company Description

IVL is one of the world's largest polyester chain makers with a total production capacity of 17m tonnes.

- **3Q26 likely to normalise from a strong 2Q26**. We expect market conditions to have remained broadly stable in July, although earnings in 3Q26 could soften modestly from the exceptionally strong 2Q26 as PET spreads normalise (down to US$257/tonne in Jun 26). Nevertheless, current product prices remain sufficiently high, suggesting limited risk of inventory losses in 3Q26.
- **Market confidence should gradually improve.** Although inventory gain/loss disclosure is now more limited, we believe stronger earnings, improving cash flow and continued deleveraging should gradually rebuild investor confidence.

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	2Q25	1Q26	%YoY	%QoQ	1H26	1H25	%YoY
Revenue	120,302	117,552	109,366	2	10	229,668	236,000	(3)
Reported EBITDA	18,688	9,299	8,048	101	132	26,736	18,625	44
Int. Expense	(3,200)	(3,564)	(3,291)	(10)	(3)	(6,491)	(7,252)	(10)
Net income	**6,712**	**(521)**	**(2,816)**	**(1,388)**	**(338)**	**3,896**	**(1,833)**	**(313)**
EPS	**1.20**	**(0.09)**	**(0.50)**	**(1,388)**	**(338)**	**0.69**	**(0.33)**	**(313)**

Source: Indorama Ventures, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt27.00,** based on 1.3x 2026F P/B, in line with historical averages, reflecting an earnings recovery in 2026. We see further upside if spreads sustain at current levels, which could drive earnings upgrades and a valuation re-rating.

Earnings Revision/Risk

- **Earnings revision:** None.

Share Price Catalyst

- 2H26: Expected extra income of US$200m in land sale gains.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AA

Environmental

- IVL is committed to reducing greenhouse gas emissions from its operations and is focusing on the entire value chain when looking for ways to improve resource productivity. IVL targets a 10% combined GHG intensity reduction in 2025.

Social

- IVL executes 65 initiatives that promote recycling awareness and education. The company has also set up 165 initiatives that support infrastructure and health.
- IVL implemented global Environment, Health & Safety and Sustainability Software Management systems.

Governance

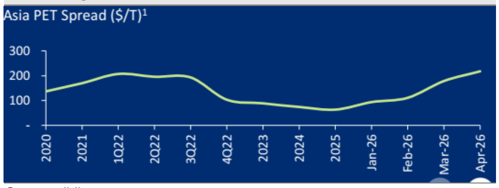
- IVL received an “Excellent - 5 Star” CG score by the Thai Institute of Directors for the ninth consecutive year.

2Q26 Operation Statistics

Year to 31	2Q26F	2Q25	1Q26	yoy	qoq
Production vol	3,300	3,360	3,120	(2)	6
core EBITDA/ton	131	98	82	34	61

Source: IVL

PET Spread



Source: IVL

China PET Capacity Offline

Company	Location	Affected Capacity (KTA)
Dragon Special Resin	Fujian	125
Wankai	Chongqing	300
Yisheng	Hainan	1,000
Eplastmer	Xinjiang	120
Sanfame	Jiangsu	1,750
Hanjiang	Sichuan	300
Anyang Chemical	Henan	300
Total		**3,895**

Source: IVL

P/B

Source: IVL

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**447,246**	**506,928**	**465,183**	**473,963**
EBITDA	24,681	50,336	52,276	54,273
Deprec. & amort.	25,535	26,545	28,126	28,126
EBIT	(855)	23,791	24,150	26,147
Total other non-operating income	7,045	600	700	800
Associate contributions	270	35	40	45
Net interest income/(expense)	(14,463)	(14,222)	(14,358)	(14,687)
Pre-tax profit	**(8,002)**	**10,204**	**10,532**	**12,305**
Tax	1,096	(2,041)	(2,106)	(2,461)
Minorities	(442)	(450)	(500)	(550)
Net profit	**(7,348)**	**7,713**	**7,925**	**9,294**
Net profit (adj.)	(3,080)	7,713	7,925	9,294

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	269,933	273,388	275,262	277,136
Other LT assets	86,906	89,245	96,338	101,749
Cash/ST investment	27,356	27,730	26,127	33,979
Other current assets	139,285	162,650	165,840	169,030
Total assets	**523,480**	**553,013**	**563,567**	**581,894**
ST debt	58,825	67,833	71,952	76,072
Other current liabilities	111,738	117,763	121,123	130,886
LT debt	194,577	196,577	198,577	200,577
Other LT liabilities	29,389	36,666	34,587	32,508
Shareholders' equity	117,527	120,467	123,620	128,142
Minority interest	11,424	13,706	13,707	13,708
Total liabilities & equity	**523,480**	**553,013**	**563,567**	**581,894**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**33,991**	**27,234**	**33,146**	**40,918**
Pre-tax profit	(8,002)	10,204	10,532	12,305
Tax	1,096	(2,041)	(2,106)	(2,461)
Deprec. & amort.	25,535	26,545	28,126	28,126
Working capital changes	17,359	(9,306)	(2,906)	3,497
Non-cash items	(442)	(450)	(500)	(550)
Other operating cashflows	(1,555)	2,282	1	1
Investing	**(29,452)**	**(33,096)**	**(36,096)**	**(34,414)**
Capex (growth)	(27,319)	(30,000)	(30,000)	(30,000)
Investments	(2,133)	(3,096)	(6,096)	(4,414)
Financing	**2,347**	**6,236**	**1,347**	**1,348**
Dividend payments	(4,609)	(4,772)	(4,772)	(4,772)
Issue of shares	3,533	0	0	0
Proceeds from borrowings	3,423	11,008	6,119	6,120
Net cash inflow (outflow)	**6,886**	**374**	**(1,603)**	**7,852**
Beginning cash & cash equivalent	**20,470**	**27,356**	**27,730**	**26,127**
Ending cash & cash equivalent	**27,356**	**27,730**	**26,127**	**33,979**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	5.5	9.9	11.2	11.4
Pre-tax margin	(1.8)	2.0	2.3	2.6
Net margin	(1.6)	1.5	1.7	2.0
ROA	(1.6)	1.6	1.7	1.9
ROE	(5.6)	5.8	5.9	6.8
Growth				
Turnover	28.8	46.0	34.0	36.5
EBITDA	(43.1)	16.1	20.6	25.2
Pre-tax profit	(128.4)	(63.8)	(62.7)	(56.4)
Net profit	(127.8)	(70.9)	(70.0)	(64.9)
EPS	(112.0)	(69.9)	(69.1)	(63.7)
Leverage				
Debt to total capital	196.5	197.1	197.0	195.0
Debt to equity	215.6	219.5	218.8	215.9
Net debt/(cash) to equity	192.3	196.5	197.7	189.4
Interest cover	1.7	3.5	3.6	3.7

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