UOBKayHian

Country Daily | Thailand

Wednesday, 02 September 2026

Key Indices

	Prev Close	1D %	1W %	1M%	YTD %
DJIA	52766.9	(0.8)	(1.5)	0.5	9.8
S&P 500	7631.5	(0.7)	(0.6)	1.9	11.5
FTSE 100	10789.3	(0.3)	(0.6)	(0.7)	8.6
AS30	9260.9	(0.1)	(1.2)	1.4	2.7
CSI 300	4611.4	(0.3)	1.3	0.5	(0.4)
FSSTI	5710.4	(0.8)	(0.4)	1.5	22.9
HSCEI	8462.6	(0.6)	0.2	(1.7)	(5.1)
HSI	25329.7	(0.9)	(0.7)	(2.1)	(1.2)
JCI	6599.9	1.1	1.5	5.8	(23.7)
KLCI	1700.5	(1.5)	(2.1)	(1.4)	1.2
KOSPI	6835.8	0.2	1.4	3.6	62.2
Nikkei 225	66215.3	(0.1)	0.5	2.9	31.5
SET	1588.7	(0.4)	(0.5)	(2.2)	26.1
TWSE	46948.7	1.8	3.9	8.9	62.1
BDI	3157	(0.9)	9.5	15.6	68.2
CPO (RM/mt)	4613	0.4	(0.6)	1.8	17.3
Brent Crude (US$/bbl)	95	4.6	6.9	5.0	55.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep

Corporate and Macro Calendar

Economic Indicator/Event		Date
Aug. CPI	Thailand	7 Sep
Aug. Customs Trade Balance (Export-Import)	Thailand	21-26 Sep

Top Stories

Strategy | Alpha Picks: Focusing On 2H26 Earnings

Page 2 →

- Our portfolio outperformed the market in Aug 26 (Our portfolio: +2.0% vs SET Index: -1.8%). For Sep 26, while we remain optimistic on the Thai equity market from a medium- to long-term perspective, we foresee some profit-taking. Nevertheless, we expect downside risk for Thai equities to remain relatively limited, supported by: a) capital inflows from the domestic bond market, and b) continued upward revisions to the EPS outlook for the Thai equity market.

Alpha Picks: Focusing On 2H26 Earnings

Highlights

- Our portfolio's returns outperformed the market in Aug 26 (Our portfolio: +2.0% vs SET Index: -1.8%).
- The outperforming stocks were: a) THAI (+4.5%), b) SCC (+2.8%), and c) BDMS (+2.1%). The underperforming stocks were: a) MTC (-8.8%), b) GLOBAL (-6.1%), and c) BJC (-4.3%).
- For Sep 26, while we remain optimistic on the Thai equity market from a medium- to long-term perspective, we expect some profit-taking. Nevertheless, we expect downside risk for Thai equities to remain relatively limited, supported by: a) capital inflows from the domestic bond market, and b) continued upward revisions to the EPS outlook for the Thai equity market.
- Sep 26 Alpha Picks: BDMS, BH, BJC, CPALL, CPN, ITC, KTC, MTC, RATCH, SCC and THAI.

What's New

- **Portfolio outperformed in Aug 26.** Our portfolio outperformed the market in Aug 26 (+2.0% vs SET Index: -1.8%). The outperforming stocks were: a) THAI (+4.5%), b) SCC (+2.8%), and c) BDMS (+2.1%). The underperforming stocks were: a) MTC (-8.8%), b) GLOBAL (-6.1%), and c) BJC (-4.3%).
- **Thai equities moved down in August.** The Thai equities market moved down in August, with the decline being primarily driven by profit-taking, particularly in the electronics sector, which tends to move in line with US technology stocks amid concerns over potential interest rate hikes by the US Federal Reserve. The outperforming sectors were: a) petrochemical (+15.5%), b) agricultural (+5.7%), and c) construction material (+2.9%). The underperforming sectors were: a) electronics (-8.7%), b) ICT (-6.7%), and c) finance (-4.1%)
- **Sideway trajectory in the short term.** While we remain optimistic on the Thai equity market from a medium- to long-term perspective, we expect some profit-taking in the short-term following the market's continued rally, as a lack of near-term catalysts and external headwinds have emerged, including concerns over potential interest rate hikes by the US Federal Reserve. Nevertheless, we expect downside risks for Thai equities to remain relatively limited, supported by: a) capital inflows from the domestic bond market, where yields remain below the inflation rate; and b) continued upward revisions to the EPS outlook for the Thai equity market.
- **Focus on companies with better earnings outlook in 2H26.** We continue to recommend increasing exposure to sectors that have a better earnings outlook in 2H26.

Action

- **Sep 26 Alpha Picks:** BDMS, BH, BJC, CPALL, CPN, ITC, KTC, MTC, RATCH, SCC and THAI.
- Add BH, supported by a strong 3Q26 earning outlook from a return of Middle East patients.
- Add RATCH, supported by a better earnings outlook in 2H26, supported by the normalisation of Hongsa Power Company (HPC) and Paiton following maintenance, together with potential improvement at Hin Kong Power (HKP) and we expect RATCH will benefit from the new Power Development Plan (PDP) 2026.
- We take profit on GLOBAL as we see that the share price has already priced in impressive earnings in 2Q26 while earnings growth is expected to moderate in 3Q26.

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Key Recommendations

Company	Rec	Share Price (Bt)	Target Price (Bt)
BDMS TB	BUY	19.60	27.00
BH TB	BUY	191.50	236.00
BJC TB	BUY	15.50	18.00
CPALL TB	BUY	46.25	62.00
CPN TB	BUY	67.25	80.00
ITC TB	BUY	17.30	20.50
KTC TB	BUY	37.25	50.00
MTC TB	BUY	31.25	50.00
RATCH TB	BUY	38.50	44.00
SCC TB	BUY	261.00	330.00
THAI TB	BUY	5.85	6.80

Source: Bloomberg

Changes In Share Price

Company	Aug 26 (%)	To Date* (%)
BDMS	2.1	3.2
BJC	(4.3)	(4.3)
CPALL	(3.6)	(1.1)
CPN	(2.5)	16.5
GLOBAL	(6.1)	24.1
ITC	(1.1)	(1.1)
KTC	(2.6)	30.7
MTC	(8.8)	(0.8)
SCC	2.8	8.7
THAI	4.5	(12.7)
Alpha	2.0	
SET Index	(1.8)	

**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	3.2	Strong support from the influenza epidemic
Benjaphol Suthwanich/ Nonpawit Vathanadachakul	BH	BUY		Strong support from the influenza epidemic and return of Middle East patients
Tanapon Cholkadidamrongkul	BJC	BUY	(4.3)	The MM Mega market acquisition, strong packaging earnings
Tanapon Cholkadidamrongkul	CPALL	BUY	(1.1)	Better economic outlook
Tanapon Cholkadidamrongkul	CPN	BUY	16.5	New project launch
Nichapa Ratchabandit	ITC	BUY	(1.1)	Strong demand for pet food
Thanawat Thangchadakorn	KTC	BUY	30.7	Government stimuli to strengthen domestic spending.
Thanawat Thangchadakorn	MTC	BUY	(0.8)	Government stimulus packages.
Arsit Pamaranon	RATCH	BUY		New PDP
Benjaphol Suthwanich	SCC	BUY	8.7	JV with PTTGC
Benjaphol Suthwanich/ Nonpawit Vathanadachakul	THAI	BUY	(12.7)	Strong booking demand
Tanapon Cholkadidamrongkul	GLOBAL	BUY	24.1	Dropped

Source: UOB Kay Hian

BDMS – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Strong earnings outlook in 3Q26.** We started to see a more promising sign of 3Q26 outlook improvement in Jul 26. Thai patient revenue grew by a massive 9% yoy, while foreign patients' revenue rose 6% yoy. Total revenue jumped 8% yoy, making it the strongest month so far for Bangkok Dusit Medical Services (BDMS) in 2026. The key driver for the strong Thai patient growth is the epidemic, as we saw the number of influenza cases accelerate in Jul 26. For foreign patient revenue, the strongest contributor is Bangladesh patients, who rebounded strongly after the visa bottleneck was resolved in late-2Q26. Revenue from Middle East patients also showed a mom recovery in Jul 26. We expect the high base from Cambodia patient revenue to normalise in 3Q26 as well. If we exclude Cambodia and Middle East patient revenue, foreign patient revenue in Jul 26 would have shown a strong growth of 14% yoy.
- **Gradual recovery path for Middle East patients.** Middle East patient revenue was -13% yoy in 1H26, with the sharpest decline recorded in Mar 26 following the onset of the conflict, which disrupted patient travel. Revenue began to recover in Apr 26, although it remained 36% below last year's level. In Jul 26, Middle East patient revenue was still 10% yoy below last year's, representing a meaningful improvement from the previous months. We expect Middle East patient revenue to return to normal levels in 3Q26, providing a meaningful boost to earnings. Meanwhile, foreign patient revenue rose 6% yoy in Jul 26, indicating an apparent recovery. The 3Q26 outlook should also benefit from continued patient engagement and pent-up demand from patients who were previously 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. We started to see improving revenue from both Thai and foreign patients in Jul 26, particularly Middle East patients. Hence, we remain optimistic about a strong 2H26, on: a) the return of Middle East patients, b) the epidemic during the rainy season in 3Q26, and c) the active promotions and packages that will boost revenue growth.

Share Price Catalyst

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

Sector Performance

Sector	Aug 26 (%)	To Date* (%)
SETENERG	1.2	35.7
SETBANK	(0.3)	31.5
SETICT	(6.7)	13.1
SETETRON	(8.7)	47.6
SETCOM	(1.4)	12.2
SETTRANS	1.0	14.9
SETFOOD	1.2	11.9
SETPROP	(1.0)	21.3
SETHELTH	1.6	5.1
SETFIN	(4.1)	13.0
SETCONMT	2.9	33.0
SETPREIT	(1.0)	11.6
SETPETRO	15.5	72.9
SETINS	(1.8)	18.0
SETTOUR	(0.6)	2.0
SETMEDIA	1.4	18.1
SETPKG	0.8	58.0
SETAGRI	5.7	23.1
SETCONS	0.7	56.7
SETPERS	0.9	12.4
SETAUTO	(4.6)	11.6
SETFASH	0.1	(1.9)
SETSTEEL	5.7	21.2
SETPROF	(3.7)	(8.8)
SETIMM	2.9	39.0
SETHOME	(5.9)	(6.1)
SETPAPER	9.1	20.0
SET Index	**(1.8)**	**26.6**

Source: Bloomberg, UOB Kay Hian

BH – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Robust earnings outlook in 3Q26.** Management guided for around 3% yoy growth in 3Q26's top-line, as it is seeing a positive momentum in the return of Middle Eastern patients. However, we consider this conservative given that 2Q26 has already shown 4% yoy top-line growth despite the pressure from the Middle East war. We believe this guidance had been made based on a potential reignition of conflict in the Middle East. If there is no further escalation in the Middle East, we expect the growth of revenue to be stronger than guided. Management noted that strong momentum in Middle East patient arrivals continued into Jul-Aug 26, boding well for a robust 3Q26 earnings performance. Hence, we remain optimistic about Bumrungrad Hospital's (BH) outlook going forward.
- **New market opportunity from Iraq.** Management stated that BH now sees a new opportunity in the Iraq market and is currently waiting for the embassies to reestablish their connection for the first time in 20 years. In late-Jun 26, Iraq received approval to construct its embassy in Thailand once again. Depending on how fast the relationship is reestablished, BH can penetrate the Iraq market right away as it has already signed the guarantee of payment (GOP) agreement with the Iraqi government. The most sought-after treatments among the Iraqi are expected to be similar to other Middle Eastern countries, which have high demand for spine and orthopaedic surgeries, cardiovascular surgeries, oncologic treatments, and other neuroscience treatments.
- **Maintain BUY with a target price of Bt236.00.** Our valuation is based on 2026 EV/EBITDA multiple of 18.0x, which is around the five-year mean of its historical multiples. BH remains one of our top picks, due to: a) continuous strong flow Middle East patients in Jul-Aug 26; b) potential new markets like Iraq; and c) BH having already secured its medicine supply cost for 2026, which should help BH maintain its high margins.

Share Price Catalyst

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

BJC – BUY (Tanapon Cholkadidamrongkul)

- **Management remains confident in packaging sales momentum during 2H26,** underpinned by healthy demand from both beverage and alcohol customers. Growth should come from both domestic and third-party customers. We see limited downside risk to margins as soda ash costs are largely locked in, while natural gas prices have already peaked and are now declining. Selling prices also remain stable. Although there are early signs that some industry players may consider restarting furnaces, we expect this to take time given the significant costs involved.
- **Modern retail is gaining momentum.** Big C's qtd SSSG improved to flat yoy, from low single-digit declines in July, with SSSG turning strongly positive in the first half of August. The recovery was driven by assortment optimisation, higher direct sourcing, stronger e-commerce sales, and robust growth in Donjai stores. The Big Format renovation programme has also generated a positive sales uplift. Around 44% of stores have been renovated over the past three years, with the remaining stores to be gradually renovated. The new Mini Big C format has received a positive response, with management targeting 120 new-format stores (300 sqm each) and 30 smaller-format stores by end-27. Meanwhile, MM Vietnam (MMVN) continued to deliver strong momentum, with July SSSG at 11-12% yoy. However, SG&A is also expected to remain high mainly due to higher staff costs following store closures and employee relocations, with improvement expected in 4Q26.

- **Maintain BUY with a target price of Bt18.00.** We peg our target price to a 2026F PE of 15x, equivalent to -2SD to Berli Jucker's (BJC) and -1.5SD to peers' five-year averages. Overall, we place greater weight on improving operations of the packaging and modern retail businesses. BJC is entering a phase of earnings recovery, driven by the packaging business and the initial contribution from MMVN.

Share Price Catalyst

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

CPN – BUY (Tanapon Cholkadidamrongkul)

- **Promising outlook for 2H26.** Earnings should be supported by the ramp-up of newly opened assets and continued growth from existing malls. Key catalysts include the ongoing ramp-up of Central Park and Central Krabi, as well as the upcoming openings of Central Northville and new hotel projects. We are confident that management's target of 5-8% yoy growth in rental and service income in 2026 is achievable, while occupancy should remain at healthy levels. We also expect operating leverage from mature assets to partly offset the initial margin dilution from new projects. Overall, strong 2Q26 rental performance, healthy occupancy and an expanding asset base should support continued earnings growth in 2H26.
- **Results recap.** Central Pattana (CPN) reported 2Q26 net profit of Bt4.75b (+10% yoy, -4% qoq) and core profit of Bt4.65b (+19% yoy, -5% qoq). The solid earnings growth was driven by strong operating performance across all business segments, with total revenue rising 8% yoy to Bt13.1b. Gross margin remained healthy at around 59.3%, while SG&A-to-revenue was broadly stable yoy. Interest expense declined yoy, supported by lower borrowing costs, while equity income also increased yoy, providing additional support to core profit. On a 1H26 basis, core profit reached around Bt9.6b, accounting for approximately 50% of our full-year forecast.
- **Maintain BUY with a target price of Bt80.00**. We use SOTP methodology, valuing CPN's core business at Bt79.8/share based on DCF, with a WACC of 7.0% and terminal growth of 1.5%. The residential business is valued at Bt0.2/share based on 5x 2026F PE. Our target price implies a 2026F PE of 18x and EV/EBITDA of 11x. We maintain an optimistic outlook on CPN, underpinned by its long-term strategic expansion and growing asset base.

Share Price Catalyst

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

GLOBAL – BUY (Tanapon Cholkadidamrongkul)

- **Results beat.** Siam Global House (GLOBAL) reported a net profit of Bt955m (+84% yoy, +19% qoq), beating our and market expectations by 30% and 38% respectively. The earnings beat was mainly driven by a stronger-than-expected gross margin and equity income, as well as lower-than-expected interest expenses.
- **Gross margin reaches record high.** Gross margin reached a record high. 2Q26 results were driven by: a) sales remaining flat yoy, as continued negative SSSG offset new store expansion; b) gross margin reaching a record high of 31.6% (+617bp yoy), well above our expectation of 28.2%, driven by price increases implemented since Mar 26, the use of low-cost inventory, and a higher contribution from house-brand products; and c) SG&A-to-sales increased 62bp yoy to 20.7%, which was slightly above expectations. However, these were offset by: a) a 49.6% yoy decline in

interest expenses following short-term debt repayment; and b) higher equity income supported by the recovery of operations in Myanmar.

- **Maintain BUY with a higher target price of Bt9.00 (from Bt8.50).** We roll over our target price to the 12-month forward EPS, pegged to a target PE of 20x, which is equivalent to -1SD of its five-year historical average among home improvement peers. We maintain a positive outlook on GLOBAL, backed by its strongest balance sheet in years, with net D/E decreasing to 0.25x (from 0.31x at end-25). Financing costs are expected to continue declining in 2H26, while gross margin is likely to keep expanding yoy, helping offset the weak SSSG (Jul 26's SSSG was close to Jun 26's at -5% yoy).

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 stimulus to strengthen domestic spending.
- **Timeline:** 2026.

MTC – BUY (Thanawat Thangchadakorn)

- **Funding cost will meet 2026 target.** MTC set its cost of funds (COF) target at below 4.45% in 2026. Meanwhile, the COF in 1H26 was 4.36%. Management guided that there will be a replacement of funding with lower rates, and we should see a continuous downward trend in COF in 2H26 and the beginning of 2027. Therefore, MTC is confident that the company will achieve its COF target in 2026.
- **2Q26 results recap.** MTC reported a 2Q26 net profit of Bt1.9b, in line with market expectations but beating our forecast by 8%. The company's net profit jumped 16% yoy and 5% qoq, and credit costs increased qoq. The NPL ratio increased slightly qoq in 2Q26. Excluding provision expenses, the company's pre-provision operating profit rose 11% yoy and 7% qoq in 2Q26.
- **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.

RATCH – BUY (Arsit Pamaranont)

- **Earnings expected to improve in 2H26.** While 2Q26 earnings came in below our expectation, we see the shortfall largely as a timing issue and maintain our 2026F earnings forecast of Bt7.0b. We expect a stronger earnings recovery in 2H26, supported by the normalisation of Hongsa Power Company (HPC) and Paiton following maintenance, together with potential improvement at Hin Kong Power (HKP) from a relatively low availability factor in 2Q26.
- **New PDP 2026 is the key driver.** We believe Thailand may need to open Independent Power Producer (IPP) bidding as existing reserve margins could be consumed faster than expected by rising data centre demand and several existing IPPs are gradually approaching Power Purchasing Agreement (PPA) expiry. In addition, the country will likely require more firm power and flexible gas-fired generation to support higher renewable penetration under the new Power Development Plan (PDP).
- **Maintain BUY with a rolled-over target price to 2027 at Bt44.00 (previously Bt35.00),** reflecting our earnings upgrades for 2027-28 and higher strategic value assigned to RATCH's existing power infrastructure. We believe the market should price in potential value creation from the Ratchaburi Group (RG) site, supported by potential PPA extension and potential from data center power demand. Despite the recent share price rally, we see further upside from improving earnings visibility and RATCH's transition from a defensive dividend play toward a growth-oriented company.

Share Price Catalyst

- **Event:** New PDP
- **Timeline:** 2026

SCC – BUY (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.
- Management expects the transformation to generate approximately Bt1.00b in fixed cost savings in 2H26 and increase EBITDA by around Bt3.0b by 2028. The restructuring is appropriate given the still-muted cement demand environment. Thailand's cement demand was broadly flat yoy in 2Q26, supported mainly by public infrastructure projects (40% of domestic sales), while the residential property sector remained weak. In contrast, overseas markets continued to outperform, with Indonesia's cement demand rising 15% yoy, supported by government stimulus measures and the property sector, while Vietnam grew 4% yoy, driven by strong foreign direct investment (FDI) inflows.
- **Maintain BUY with a higher SOTP-based 2026 target price of Bt330.00 (from 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 2H26 earnings are likely to soften from the strong 1H26 performance, we maintain BUY as the stock remains attractive, trading P/B at 0.87x. In addition, the planned JV with PTTGC remains a key investment catalyst, as it is expected to strengthen SCC's feedstock security and improve the long-term competitiveness of its petrochemical business. In the oil & 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).

Share Price Catalyst

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

THAI – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Positive tone from the analyst meeting.** We attended Thai Airways' (THAI) analyst meeting to review its 2Q26 results and the tone was positive.
- **Strong bookings in 3Q26.** THAI is starting to see stronger flight demand in 3Q26 and will not be reducing flights like in 2Q26. The cabin factor in Europe routes is now very strong at over 80% based on Jul-Aug 26 bookings, which is a strong improvement from 2Q26's cabin factor at 70% for Europe routes. The bookings in 3Q26 currently are already up yoy, which is an improvement from our previous update. Even the seasonally weakest month of Sep 26 has shown bookings growth yoy which reflects strong travel demand. This has shown THAI's ability to improve its weaker areas in 2Q26, such as the Europe route. The passenger yield in 3Q26 should decline slightly qoq from the decrease in ticket price but should remain at a higher level than during the pre-war period.
- **Bookings in 2H26 still have room for fuel surcharge.** Up to now, THAI has sold up to around 30% of total tickets in 4Q26. This gives THAI flexibility to cope with the possibility of increased jet fuel prices, as the situation in the Middle East has not concluded. The remaining 70% of tickets are still eligible

for a price increase due to the fuel surcharge. If fuel prices exceed US$150 per barrel, we could see THAI increase its ticket price again. This wiggle room provides THAI with good protection from possible downsides due to fuel prices.

- **Maintain 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 (based on 2SD below the 2017-19 historical mean multiple). We believe that THAI's valuation remains undemanding while the overhang over the lock-up period expiry has already been resolved. The 3Q26 outlook is gradually improving as the booking demand gets stronger, and margins should also improve qoq.

Share Price Catalyst

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

Valuation Of Analysts' Alpha Picks

Company	Ticker	Rec*	Price 31 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)
Bangkok Dusit Medical Services	BDMS TB	BUY	19.60	27.00	37.76	12/25	19.7	19.1	17.7	3.9	14.5	9,326	2.8
Bumrungrad Hospital	BH TB	BUY	191.50	236.00	23.24	12/25	22.1	21.7	20.2	2.5	24.9	4,558	5.1
Berli Jucker	BJC TB	BUY	15.50	18.00	16.13	12/25	15.5	13.3	12.2	3.8	3.6	1,860	0.5
CP All	CPALL TB	BUY	46.25	62.00	34.05	12/25	14.7	13.4	13.1	4.0	9.1	12,439	2.6
Central Pattana	CPN TB	BUY	67.25	80.00	18.96	12/25	16.0	15.4	14.3	3.7	15.8	9,036	2.6
I-Tail Corporation	ITC TB	BUY	17.30	20.50	18.50	12/25	17.4	15.1	13.3	6.0	14.2	1,554	2.5
Krungthai Card	KTC TB	BUY	37.25	50.00	34.23	12/25	12.3	11.1	10.6	5.1	18.7	2,876	2.0
Muangthai Capital	MTC TB	BUY	31.25	50.00	60.00	12/25	9.9	8.8	8.0	1.0	16.3	1,984	1.3
Ratch Group	RATCH TB	BUY	38.50	44.00	14.29	12/25	13.5	11.9	11.8	4.3	6.8	2,507	0.9
The Siam Cement	SCC TB	BUY	261.00	330.00	26.44	12/25	22.3	12.6	37.3	1.9	6.4	9,377	0.8
Thai Airways International	THAI TB	BUY	5.85	6.80	16.24	12/25	5.4	8.8	6.9	2.8	22.8	4,957	1.9

Source: Bloomberg, UOB Kay Hian