UOBKayHian

Strategy – Alpha Picks | Thailand

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Alpha Picks: Short-term Pain, Long-term Gain

Highlights

- Our portfolio's returns outperformed the market in Oct 26 (our portfolio: +3.0% vs SET Index: -2.6%).
- The outperforming stocks were: a) PLANB (+19.4%), b) BJC (+12.4%), and c) BH (+5.2%). The underperforming stocks were: a) THAI (-10.5%), b) TOP (-6.1%), and c) TRUE (+0.8%).
- For Nov 26, the Thai equity market may face short-term volatility due to the earnings reporting season. Nevertheless, we believe the downside risk for the Thai equity market is quite limited and should be supported by the wide yield gap between equities and government bonds, which should encourage further capital inflows into the equity market.
- Nov 26 Alpha Picks: BDMS, BH, BJC, CPN, DELTA, ITC, KBANK, KTC, RATCH, THAI, TOP and TRUE.

What's New

- **Portfolio outperformed in Oct 26.** Our portfolio outperformed the market in Oct 26 (+3.0% vs SET Index: -2.6%). The outperforming stocks were: a) PLANB (+19.4%), b) BJC (+12.4%), and c) BH (+5.2%). The underperforming stocks were: a) THAI (-10.5%), b) TOP (-6.1%), and c) TRUE (+0.8%).
- **Thai equities moved down in October.** The Thai equities market moved down in October, and the broader market outlook remains unchanged. However, the market was pressured by stock-specific factors, particularly DELTA, which reported earnings below consensus expectations, and the refinery sector, which was affected by the government's planned energy restructuring. The outperforming sectors were: a) media (+5.4%), b) commerce (+4.3%), and c) energy (+3.4%). The underperforming sectors were: a) electronics (-20.5%), b) packaging (-5.6%), and c) construction (-4.7%)
- **More volatility in the short term, while long-term outlook remains strong.** The Thai equity market may face some volatility in the short term amid the earnings reporting season for both Thai and US listed companies. However, we view the current SET Index correction as an attractive buying opportunity as: a) headwinds from DELTA and refinery stocks have largely been priced in. In fact, we expect DELTA's earnings momentum to improve in 4Q26 and 2027. We also maintain our view that refining margins will remain elevated throughout 2027. Therefore, we believe current share price levels offer an attractive opportunity for accumulation; and b) at current levels, the SET Index offers an attractive earnings yield of 6.8%, significantly above the Thai government bond yield of approximately 2%. This substantial yield differential should increasingly encourage capital rotation from the bond market into equities, providing further support for the Thai stock market.
- **Be more selective amid headwinds.** We recommend adopting a bottom-up investment strategy, focusing on stocks with limited downside risk and strong business outlooks.

Action

- **Nov 26 Alpha Picks:** BDMS, BH, BJC, CPN, DELTA, ITC, KBANK. KTC, RATCH, THAI, TOP and TRUE
- Add DELTA, as we believe the market has overreacted to the earnings miss, which was largely driven by extraordinary items. Furthermore, we expect earnings to recover significantly in 4Q26 and 2027.

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

Key Recommendations

Company	Rec	Share Price (Bt)	Target Price (Bt)
BDMS TB	BUY	19.60	27.00
BH TB	BUY	203.00	240.00
BJC TB	BUY	19.70	21.00
CPN TB	BUY	63.75	80.00
DELTA TB	BUY	203.00	280.00
ITC TB	BUY	16.90	23.00
KBANK TB	BUY	246.00	285.00
KTC TB	BUY	34.75	50.00
RATCH TB	BUY	37.50	44.00
THAI TB	BUY	5.10	6.80
TOP TB	BUY	62.25	100.00
TRUE TB	BUY	12.80	16.50

Source: Bloomberg

Change In Share Price

Company	Oct 26 (%)	To Date* (%)
BDMS	2.1	3.2
BH	5.2	6.0
BJC	12.6	21.6
CPN	3.7	10.4
ITC	3.7	(3.4)
KTC	0.7	21.9
PLANB	19.4	19.4
RATCH	1.4	(2.6)
THAI	(10.5)	(23.9)
TOP	(6.4)	(6.4)
TRUE	0.8	0.8
Alpha	3.0	
SET Index	(2.6)	

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

Portfolio Return

(%)	2025	1Q26	2Q26	3Q26
SET return	(10.0)	15.0	9.9	(2.0)
Alpha Picks Return				
- Price-weighted	(1.0)	24.9	2.9	2.1
- Market cap-weighted	(5.7)	16.8	2.6	(1.5)
- Equal-weighted	(1.6)	19.7	5.8	(0.2)

Source: UOB Kay Hian

- Add KBANK, as it faces limited earnings risk given that its results have already been reported. Furthermore, it is one of the few banks with room to further increase its dividend payout ratio.
- Drop PLANB, as we see that the near-term benefits from the acquisition of COM7 have already been priced in.

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	6.0	Strong support from the influenza epidemic and return of Middle East patients
Tanapon Cholkadidamrongkul	BJC	BUY	21.6	The MM Mega market acquisition, strong packaging earnings
Tanapon Cholkadidamrongkul	CPN	BUY	10.4	New project launch
Kitpon Praipaisarnkit/ Sirithat Prasertwuti	DELTA	BUY		No further unexpected inventory provisions
Nichapa Ratchabandit	ITC	BUY	(3.4)	The acquisition of Phelps
Thanawat Thangchadakorn	KBANK	BUY		Potential increase dividend payout ratio
Thanawat Thangchadakorn	KTC	BUY	21.9	Government stimuli to strengthen domestic spending.
Arsit Pamaranon	RATCH	BUY	(2.6)	New PDP
Benjaphol Suthwanich/ Nonpawit Vathanadachakul	THAI	BUY	(23.9)	Strong booking demand
Tanaporn Visaruthaphong/ Benjaphol Suthwanich	TOP	BUY	(6.4)	Higher for longer of the market GRM
Kitpon Praipaisarnkit/ Sirithat Prasertwuti	TRUE	BUY	0.8	Lower finance costs
Nichapa Ratchabandit	PLANB	BUY	19.4	Dropped

Source: UOB Kay Hian

Sector Performance

Sector	Oct 26 (%)	To Date* (%)
SETENERG	3.4	36.2
SETBANK	3.0	29.3
SETICT	(1.3)	7.6
SETETRON	(20.5)	21.9
SETCOM	4.3	12.7
SETTRANS	(1.5)	7.3
SETFOOD	(0.1)	6.4
SETPROP	0.3	15.6
SETHELTH	2.0	5.9
SETFIN	1.3	5.5
SETCONMT	(0.3)	29.0
SETPREIT	(2.0)	8.4
SETPETRO	(4.1)	80.0
SETINS	1.5	17.4
SETTOUR	(1.5)	(2.6)
SETMEDIA	5.4	22.7
SETPKG	(5.6)	42.4
SETAGRI	(3.2)	16.9
SETCONS	(4.7)	47.4
SETPERS	(3.0)	5.6
SETAUTO	(1.2)	6.1
SETFASH	0.8	(4.4)
SETSTEEL	(2.6)	11.6
SETPROF	(1.4)	(12.8)
SETIMM	(0.3)	35.6
SETHOME	(2.0)	(7.8)
SETPAPER	(1.7)	18.0
SET Index	(2.6)	20.6

Source: Bloomberg, UOB Kay Hian

BDMS – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Expect strong yoy earnings growth in 3Q26.** Bangkok Dusit Medical Services (BDMS) is expected to report a robust net profit of Bt4.66b in 3Q26 (+7.8% yoy, +43.4% qoq). Top-line should come in at Bt30.0b (+6.4% yoy, +11.6% qoq), with Thai patients expected to be the main contributors. We expect Thai patient revenue to show a strong growth of +6% yoy in 3Q26, reflecting the positive impact from the epidemic and BDMS' active promotion strategy. Foreign patient revenue is expected to show high single-digit growth yoy, with patients from Myanmar, Bangladesh, the US and the UK being key contributors. BDMS should start to achieve economies of scale in 3Q26 as the top-line growth is strong enough. We should also see an improvement in gross margin due to the improving inflow of Middle East patients. Hence, we expect BDMS' EBITDA margins to expand yoy.
- **Continued recovery in Middle Eastern patients; no disruption to inflow.** Middle Eastern patient revenue declined 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 the previous year's level. By Aug 26, Middle Eastern patient revenue had improved significantly, standing just 8% below the previous year, indicating a gradual recovery in patient arrivals. Meanwhile, total foreign patient revenue should return to high single-digit growth yoy in 3Q26, signalling a broader recovery in international patient demand. The 4Q26 outlook remains positive, with flight connectivity in the Middle East holding up despite the ongoing conflict. BDMS indicated that there has been no disruption to its Middle Eastern patient inflow.
- **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 expect to see strong growth in both Thai and foreign patient revenue in 3Q26, and remain

Share Price Catalyst

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

optimistic on BDMS due to: a) the continuous inflow of Middle East patients, and b) the number of cases from the epidemic remaining high in 4Q26.

BH – BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Robust earnings growth expected in 3Q26.** Bumrungrad Hospital (BH) should report a net profit of Bt2.1b (+3.5% yoy, +11.5% qoq) in 3Q26. We expect the top-line in 3Q26 to be at Bt6.8b (+4.2% yoy, +8.5% qoq), showing strong growth in the inflow of Middle Eastern patients during the peak season. Despite the ongoing war in the Middle East, we still expect the traffic of Middle East patients in 3Q26 to be strong and exceed management's guidance of around 3% yoy growth in the top-line. We expect a slight expansion in gross margin yoy and qoq, proportionate to the growth in high-margin Middle East patient arrivals. Furthermore, we expect BH to remain disciplined with their cost-saving measures which should result in strong margins in 3Q26 on the reduction of SG&A expenses. As a result, we expect the margins to expand both yoy and qoq in 3Q26.
- **Strong inflow of Middle East patients continues.** We see the strong inflow of Middle East patients continuing in 3Q26 and onwards as flight connectivity remains high despite the ongoing war in the Middle East. Our channel checks with BH's industry peers indicate that the Middle East patients are continuously coming for treatment and there are no pauses due to the conflict in the Middle East. In fact, the number of Middle East arrivals has shown robust yoy growth every single month in 3Q26 which is a very strong positive indicator for the healthcare industry. Therefore, we believe that BH should see a stronger yoy growth in its top-line than guided by management. We also expect this strong inflow of Middle East arrivals to continue into 4Q26.
- **Maintain BUY with a target price of Bt240.00 (previously Bt236.00).** We roll over our valuation to 2027 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 of Middle East patients which should continue into 4Q26, b) potential new markets like Iraq, and c) the return of Bangladesh patients from 3Q26 onwards.

Share Price Catalyst

- **Event:** Strong Middle East patient arrivals.
- **Timeline:** 3Q26.

BJC – BUY (Tanapon Cholkadidamrongkul)

- **Our new 2027 earnings forecast is 13% above consensus.** We raise our 2027 core profit forecast by 7%, driven by three key factors: a) cost savings initiatives, as one-off expenses may be incurred in 2H26 but should generate significant savings from 2027 onwards, which we believe are not yet reflected in market perception; b) Big C recovery, with 3Q26 SSSG expected to turn positive for the first time since 1Q25; and c) stronger-than-expected MM Mega Market Vietnam (MMVN) performance.
- **Glass business: Best performance in the past decade.** Berli Jucker Company (BJC)'s glass factory is the largest glass production facility in Southeast Asia. After discussions with the glass business' management, we remain confident in its 2H26 outlook. Orders from both existing and new customers remain strong, supported by stronger demand and production disruptions at two key competitors. This has allowed BJC to gain market share across various product categories. We see BJC's strong customer relationships and cost leadership as key advantages in winning new orders. Meanwhile, its existing customer, Thai Beverage, continues to gain market share in both alcohol and non-alcohol beverages, supporting demand. As a result, the factory continues to operate at full capacity, similar to 2Q26. We expect glass gross margin to expand yoy in 3Q26, driven by operating leverage and lower raw material costs, which should more than offset higher natural gas costs. Overall, we expect the glass business to remain a key earnings driver throughout 2H26.

Share Price Catalyst

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

- **Maintain BUY and raise target price to Bt21.00 (from Bt18.00).** We roll over our target price to a 2027F PE of 15x, equivalent to -2SD to BJC's and -1.5SD to peers' five-year averages. BJC trades at 15x PE, in line with peers, but offers stronger earnings momentum.

CPN – BUY (Tanapon Cholkadidamrongkul)

- **Earnings expected to grow yoy.** We expect Central Patana (CPN) to report 3Q26 net profit of Bt4.79b. Excluding the impact of the CPNREIT contract renewal, core earnings are estimated at Bt4.69b (+12% yoy, +1% qoq), driven by: a) an 8% yoy revenue growth, driven by rental & services revenue rising 9% yoy, hotel revenue increasing 8.5% yoy, residential revenue dropping 15% yoy; b) a 40bp yoy gross margin expansion to 58.9%, supported by higher gross margins in the rental and hotel businesses; c) a 30bp yoy increase in SG&A-to-revenue to 16.8%, in line with the expansion of Central Northville; d) higher equity income from Dusit Residence transfers and stronger Mega Bangna operations; and e) a slight qoq increase in interest expenses. For operating statistics, shopping mall traffic grew 3% yoy, while tenant sales increased 6% yoy, supported by renovated malls, including Central Bangna and Central Chiangmai Airport, new high-potential tenants, and strong sales growth from IT gadget and fashion categories.
- **Positive long-term outlook.** Continued mall expansion is expected to be a key earnings driver for CPN. Central Phuket New Luxury, The Central and Central Central are scheduled to open in 4Q26, 1Q27 and 2Q27, respectively. These will add 140,000 sqm of NLA, which is equivalent to 8% of CPN's total mall NLA. We expect yoy earnings growth to accelerate further in 4Q26, supported by improving occupancy at Central Khonkaen Campus and Central Northville, the tourism high season, and condominium transfers at Escent Bangna, Phuket and Ubon, as well as Dusit Residence. The higher revenue contribution from the rental and services businesses is also expected to support gross margin expansion in 4Q26.
- **Maintain BUY with a target price of Bt80.00.** We use a SOTP methodology, valuing CPN's core business at Bt79.80/share based on DCF, with a WACC of 7.0% and terminal growth of 1.5%. The residential business is valued at Bt0.20/share based on 5x 2026F PE. Our target price implies a 2027F PE of 16.5x and EV/EBITDA of 10.6x. 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.

DELTA – BUY (Kitpon Praipaisarnkit/Sirithat Prasertwuti)

- **3Q26 results.** Despite strong sales momentum, earnings missed expectations as another inventory provision limited gross margin recovery. On 27 Oct 26, Delta (Thailand) (DELTA) reported a net profit of Bt7.76b (+4% yoy, +28% qoq), 14% below our estimate and consensus forecasts. Despite strong sales of Bt75.8b (+42% yoy, +16% qoq), broadly in line with expectations, the earnings miss was mainly due to weaker-than-expected gross margin recovery from continued inventory provision. Gross margin came in at 27.3% (vs 26.8% in 2Q26), below expectations of 29.1-29.5%, mainly due to: a) elevated inventory provisions amid persistent raw material shortages and inventory build-up to support existing customer orders, and b) short-term customer demand fluctuations causing inventories to remain at DELTA's hubs for more than 90 days. As a result, inventory provisions had a negative impact of 2.62ppts on the gross margin in 3Q26 (vs 0.55ppts/2.05ppts in 1Q26/2Q26).
- **Tone was slightly positive.** We expect a strong sales momentum in 4Q26, but remain neutral on the pace of gross margin recovery. We are slightly positive on DELTA as management has maintained its aggressive 40:60

Share Price Catalyst

- **Event:** a) No further unexpected inventory provisions, and b) stronger gross margin recovery.
- **Timeline:** 2027.

sales split guidance between 1H26 and 2H26, implying roughly 50% qoq sales growth in 4Q26 (or a potential net profit of Bt10b-11b). The expected sales peak is supported by strong demand for power supplies and data centre infrastructure solutions, along with orders from 2Q-3Q26 that have yet to be fully delivered. However, we forecast 4Q26 sales at Bt95.2b (+65% yoy, +26% qoq), reflecting short-term demand fluctuations among major cloud customers amid persistent raw material shortages. Our forecast implies a 42:58 sales split, leaving room for potential upside if management's guidance materialises, while maintaining a cautious gross margin outlook.

- **Elevated inventory levels through 1Q27 could prolong inventory provision risks.** Management expects DELTA's inventory levels to remain high through 1Q27 (+25% and 26% qoq in 2Q26-3Q26) due to long raw material lead times and persistent supply shortages, requiring inventory build-up backed by customer demand, leading to demand-supply unbalance in the supply chain. As a result, inventory provisions could remain unavoidable, potentially becoming the new normal in the short term. Management indicated that inventory provisions were mainly related to finished goods and raw materials, accounting for approximately 70% and 30%, respectively. The higher-value finished goods were mainly associated with several major data centre customers. The provisions were made for inventories held for more than 90 days under the company's inventory provisioning policy. Management clarified that these inventories have not been written off and expects the provisions to be reduced as customers gradually draw down inventories from DELTA's hubs.
- **Maintain BUY with a lower target price of Bt280.00 (from Bt300.00).** Our target price is based on 80x 2027F PE, nearly +1.25SD above its five-year mean, or a 10% premium to the 2021-24 average forward PE of 73x (from 15%). The lower premium reflects continued uncertainty over inventory provisions, compared with the 2021-24 period when there was no data centre exposure.

ITC – BUY (Nichapa Ratchabandit)

- **Earnings in line.** i-Tail Corporation (ITC) reported a 3Q26 net profit of Bt756m (-7% yoy, -10.5% qoq). Excluding one-off items, normalised core profit came in at Bt805m, (+2% yoy, +11% qoq). The results were in line with both our expectations and market consensus.
- **Healthy gross profit margin.** Normalised gross profit margin stood at 25.0% in 3Q26, declining yoy but improving qoq. The qoq improvement was attributable to a more favourable product mix, which helped offset higher costs. Premium products remained strong, accounting for 53.2% of total sales (vs 55.1% in 3Q25 and 52.4% in 2Q26). The SG&A-to-sales ratio was 10.8% in 3Q26, increasing yoy but declining qoq. The company also incurred Bt40m in consulting expenses related to the M&A transaction.
- **2027 outlook.** Management targets low double-digit sales growth yoy in 2027, with the pet treat segment remaining a key growth driver. Pet treat sales accounted for 20% of total sales in 9M26, up from 15% in 9M25. The US will remain the company's key growth market, with management expecting both value and volume growth. The company continues to explore another potential M&A opportunity in China, although no specific timeline has been provided.
- **The acquisition of Phelps.** i-Tail Corporation (ITC) announced the acquisition by i-Tail Americas, Inc, a wholly owned subsidiary of ITC, of all issued and outstanding shares of Pet Treat Holdings, Inc (PTH). As a result, PTH and its wholly owned operating subsidiary, Phelps Industries (Phelps), have become indirect wholly owned subsidiaries of ITC. The transaction amount is US$160m (approximately Bt5.3b). The acquisition was funded by ITC's working capital and proceeds from IPO. The transaction was completed on 22 Oct 26.

Share Price Catalyst

- **Event:** Phelps acquisition.
- **Timeline:** 2027.

- **Maintain BUY with a target price of Bt23.00 (previously Bt22.00).** Our valuation is based on 2027 EPS. We peg its PE target to its three-year mean, at 17x.

KBANK – BUY (Thanawat Thangchadakorn)

- **3Q26 results in line.** Kasikorn Bank (KBANK) posted a 3Q26 net profit of Bt12.7b (-2% yoy, -4% qoq). The actual results were in line with our and consensus estimates. KBANK's pre-provision operating profit declined 2% yoy and dropped 4% qoq in 3Q26. Net interest income (NII) declined by 8% yoy but went up 1% qoq in 3Q26. NIM contracted from 2.90% in 2Q26 to 2.89% in 3Q26. Meanwhile, non-interest income (non-II) increased by 6% yoy but was down 12% qoq. The gain on financial instruments measured at FVPL was reported at Bt3.5b in 3Q26 (2Q26: 4.8b, 3Q25: Bt4b). Meanwhile, investment gain was at Bt627m in 3Q26 (2Q26: Bt379m, 3Q25: Bt713m).
- **No guidance on any change in dividend payment.** Management reiterated the dividend policy of a minimum 50% dividend payout ratio, and 50-60% for the medium term. Although the bank has not provided any guidance on changes in dividend payment, we think a higher dividend is likely. KBANK has done share buybacks of Bt3.48b out of an Bt8.8b budget in Jan 26, utilising 40% of its budget. Given that its P/B ratio is nearly 1.0x and taking into account the recent share price rally, we expect the bank to release capital by increasing its dividend payment or paying out a special dividend in the future.
- **Maintain BUY with a target price of Bt285.00,** based on the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). We roll over our target price to 2027. This implies 1.1x 2027F P/B.

Share Price Catalyst

- **Event:** Potential increase in dividend payout ratio
- **Timeline:** 2027.

KTC – BUY (Thanawat Thangchadakorn)

- **3Q26 results in line.** Krungthai Card (KTC) posted a 3Q26 net profit of Bt2.1b, up 9% yoy but down 5% qoq. The results were in line with our and consensus estimates. 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 3Q26. Meanwhile, it has continued to decrease in lease receivables, resulting in a continuous shrinkage in its loan portfolio and a reduction in NPLs in 3Q26. 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**.**
- **Maintain BUY with a target price of Bt50.00,** based on the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 3%). We roll over our target price to 2027. This implies 2.5x 2027F P/B, which is -0.5SD to its historical five-year mean.

Share Price Catalyst

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

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

Share Price Catalyst

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

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 centre 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.

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 yoy growth in bookings, 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.

TOP – BUY (Tanaporn Visaruthaphong/Benjaphol Suthwanish)

- **3Q26 net profit expected to increase both qoq and yoy.** We expect Thai Oil (TOP) to report a 3Q26 net profit of Bt17.84b, up 115% qoq and 731% yoy, driven by a still-high market gross integrated margin (GIM) and higher stock gains. Excluding extra gains, we expect a 3Q26 core profit of Bt16.34b, down 14% qoq. 9M26's core profit would account for 87% of our 2026 forecast.
- **Market GIM remains high.** We expect market GIM to reach US$23.20/bbl in 3Q26 (vs US$23.9/bbl in 2Q26), remaining at a high level. Market gross refinery margin (GRM) is projected at US$20.50/bbl (vs US$21.2/bbl in

Share Price Catalyst

- **Event:** High market gross refining margin (GRM).
- **Timeline:** 2026.

2Q26). The modest qoq decline reflects increased jet fuel supply following higher Chinese exports to the region, as well as the impact of government measures requiring refineries to provide diesel price discounts. We estimate that the government measures reduced GRM by approximately US$3.00/bbl or Bt2.59b after tax in 3Q26, comprising discounts of Bt1.40/litre from 9-23 July, Bt2.40/litre from 24 July to 15 September, and Bt4.00/litre from 16-30 September.

- **Maintain BUY with a 2027 target price of Bt100.00 (previously Bt88.00),** based on refinery regional core forward PE at mean of 8.0x. We maintain TOP as one of our top picks, supported by our positive outlook on a strong market GRM.

TRUE – BUY (Kitpon Praipaisarnkit /Sirithat Prasertwuti)

- **Earnings should remain healthy, reaching an all-time high since the amalgamation.** We expect True Corporation (TRUE) to report a net profit of Bt6.97b (+343% yoy, +6% qoq), marking an all-time high since the amalgamation. Earnings are projected to remain healthy, supported by continued growth across several key businesses and lower finance costs qoq. Sales could come in at Bt46.54b (-1% yoy, +1% qoq). However, we expect core service revenue to continue growing both yoy and qoq to Bt41.8b (+1.3% yoy, +1.0% qoq), driven by healthy performance in mobile, broadband, and TV, despite 3Q normally being a soft season, particularly for handset sales, as iPhone sales are likely to contribute mainly in 4Q26.
- **We maintain BUY with a target price of Bt16.50 (from Bt15.70).** Our target price is based on a DDM, assuming a cost of equity of 8.5%, a risk-free rate of 2.3%, and an equity risk premium of 6.4%, which lies between our base-case and bull-case assumptions, together with an 85-90% dividend payout ratio. Our valuation also implies 7.8x EV/EBITDA, or around +1.0SD above TRUE's two-year mean.

Share Price Catalyst

- **Event:** Lower finance costs.
- **Timeline:** 4Q26.

Valuation Of Analysts' Alpha Picks

			Price	Target	Upside	Last	PE			Yield	ROE	Market	Price/
Company	Ticker	Rec	30 Oct 26	Price	To TP	Year	2025	2026F	2027F	2026F	2026F	Cap.	NAV ps
			(Bt)	(Bt)	(%)	End	(x)	(x)	(x)	(%)	(%)	(Bt)	(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	203.00	240.00	18.23	12/25	23.4	23.0	21.4	2.4	24.9	4,832	5.4
Berli Jucker	BJC TB	BUY	19.70	21.00	6.60	12/25	19.7	12.7	14.6	4.0	4.8	2,364	0.6
Central Pattana	CPN TB	BUY	63.75	80.00	25.49	12/25	15.2	14.3	13.1	4.0	16.2	8,566	2.4
Delta Electronics (Thailand)	DELTA TB	BUY	203.00	280.00	37.93	12/25	102.0	77.7	58.8	0.5	30.1	75,814	21.1
I-Tail Corporation	ITC TB	BUY	16.90	23.00	36.09	12/25	17.0	14.7	12.4	6.1	14.2	1,518	2.4
Kasikornbank	KBANK TB	BUY	246.00	285.00	15.85	12/25	11.7	10.9	10.3	5.7	9.0	17,451	1.0
Krungthai Card	KTC TB	BUY	34.75	50.00	43.88	12/25	11.5	10.3	10.0	5.6	18.9	2,683	1.9
Ratch Group	RATCH TB	BUY	37.50	44.00	17.33	12/25	13.1	11.6	11.5	4.4	6.8	2,442	0.9
Thai Airways International	THAI TB	BUY	5.10	6.80	33.33	12/25	4.7	7.7	6.0	3.3	22.8	4,322	1.6
Thai Oil	TOP TB	BUY	62.25	100.00	60.64	12/25	9.5	2.8	5.0	4.8	25.6	4,163	0.6
True Corporation	TRUE TB	BUY	12.80	16.50	28.91	12/25	47.9	16.0	14.8	2.4	34.9	13,242	5.3

Source: Bloomberg, UOB Kay Hian

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