Siam Senses

Light tailwinds

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Having recovered sharply from its mid-year low due to several relief factors, we see further potential upside to only 1,380 in 2026F, driven by policy tailwinds. Beyond that, we don't expect strong government policy action to unlock Thailand's structural economic barriers.

Policy tailwinds and DELTA into 1Q26F

The SET Index has recovered strongly from its mid-year low due to several factors, including a change in government, stimulus policies, the resolution of the US tariff rate, the passage of the 2026 budget bill, and the appointment of a more dovish BoT governor. We expect the SET in 4Q25-1Q26F to be driven slightly further by the following policy tailwinds. *First*, fiscal policy is loosening with front-loaded stimulus and a new general election in late 1Q26F, which should drive money supply and spending. *Second*, the 100bp of policy rate cuts over the past 12 months should start showing some effect, with another two cuts to 1.00% anticipated. *Third*, lower energy and electricity prices support purchasing power, and the government is pushing for more renewable energy projects. *Lastly*, we expect DELTA to rise further. We maintain our SET target of 1,350 in 4Q25F and introduce a 1,380 target for 2026F, which could be reached by 1Q26F.

No strong mandate to fix structural barriers

Thailand is facing twin structural barriers: weak investment and weak consumption due to high household debt. On top of those factors are a strong currency and an aging population. These barriers require strong reform-based policies to fix them, and such policies are unlikely under a government without a strong mandate, a prospect we don't foresee being the outcome of the general election next year. The next government is likely to continue with a mixed conservative-progressive coalition. We also see signs that the BoT is moving toward a gradual, balancing-act approach to policy rather than deploying aggressive measures to address the aforementioned structural barriers.

Investment themes into 1Q26F

We don't expect a strong broad-based market recovery from here and recommend four specific investment themes for 1Q26F, which are: 1) the global AI and data center trend; 2) fiscal and monetary policy easing with debt-restructuring measures; 3) the FDI upcycle, and 4) a low energy price environment. These themes lead to our preferred sectors: electronics (AI, data centers), industrial estates (FDI, data centers), microfinance (falling interest rates, debt restructuring), retail (stimulus, elections, falling rates), and utilities (lower energy prices, power demand from data centers).

Changes to our top picks

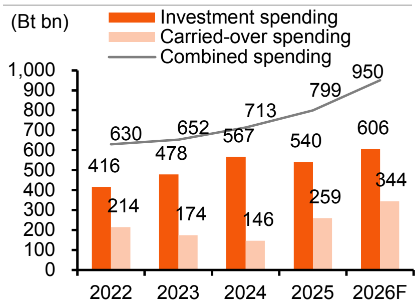
We maintain our view on our preferred sectors above, but replace HMPRO and COM7 with **CPN** and **GPSC**. We see GPSC offering an earnings turnaround story. CPN also presents a clearer turnaround than HMPRO at a cheaper valuation, while COM7 is already up over 40% from its low this year. We keep **DELTA, MTC, SAWAD, GULF, MOSHI, TRUE, AMATA,** and **CPALL** in our top picks list.

Top Picks

	-EPS growth- 25F (%)	26F (%)	— PE — 25F (x)	26F (x)	Yield 26F (%)
AMATA	28.2	25.2	5.0	4.0	7.5
CPALL	12.8	15.9	14.6	12.6	4.0
CPN *	(5.7)	15.7	15.0	12.9	4.5
DELTA	38.1	47.5	112.4	76.2	0.5
GPSC *	24.6	29.4	21.9	16.9	3.6
GULF	20.6	21.2	24.0	19.8	3.0
MOSHI	28.4	24.1	16.7	13.4	3.8
MTC	12.9	15.2	12.9	11.2	1.3
SAWAD	(10.8)	13.6	9.6	8.5	5.3
TRUE	61.5	52.6	24.2	15.9	1.9
Stocks taken out					
COM7	23.2	13.9	14.3	12.6	5.0
HMPRO	(7.1)	3.9	13.5	13.0	6.2

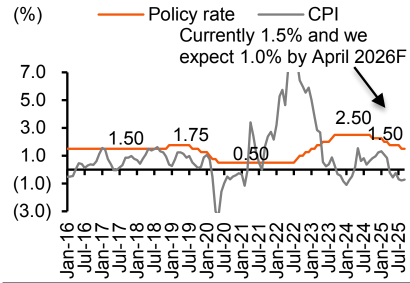
Source: Thanachart estimates
Note: *New addition.
Based on 4 November 2025 closing prices

Loosening Fiscal Policy



Sources: Comptroller General's Department, Thanachart estimates.
Note: We use seven-year average spending ratio for each budget category to calculate the spending levels in 2026F.

Loosening Monetary Policy



Sources: Bank of Thailand, Thanachart estimates

Thanachart Securities

Policy tailwinds

A few relief factors have driven up the SET strongly from its low

The Stock Exchange of Thailand (SET) Index has recovered strongly from its low this year to reflect several market relief factors of a change in government, which has also come with stimulus policies, the passing of the 2026 budget bill, US tariff resolution at a 19% rate for Thailand, and the appointment of a more dovish Bank of Thailand (BoT) governor.

We see further upside to 1,380 in 1Q26F

We still see potential upside to our year-end 2025F SET target of 1,350, with limited upside to only 1,380 in 2026F, which could be reached in 1Q26F. To go beyond this, we believe Thailand needs more aggressive policy direction to tackle its structural economic issues, and we don't foresee the prospect of that yet.

We expect the SET to be driven further during 4Q25-1Q26F by the following policy tailwinds and DELTA story:

Fiscal policy easing and election campaign spending

First, loosening fiscal policy and spending on election campaigns should improve the money supply and economic momentum. The government has announced "quick win" stimulus policies (Exhibit 1) to shore up the economy in 4Q25-1Q26. The government has also expressed an intention to dissolve parliament at the end of January 2026, implying a general election in late-March 2026. We expect these stimulus policies and election campaign activities to create money supply and economic activities during this period. Together with the upcoming high tourism season, we expect economic momentum to improve.

Ex 1: Government's Stimulus Policies

	Budget (Bt bn)	Details
Co-payment scheme	66.5	The aim is to stimulate consumer spending via traditional, small shops and street vendors. The government subsidizes half of Bt200/day of spending during the last two months of 2025. Three groups of people benefit. 1) A cash handout of Bt1,700/person to 13m welfare card holders. 2) A co-payment of a maximum Bt2,000/person for 9m people outside the tax system. 3) A co-payment of a maximum Bt2,400/person for 11m taxpayers.
Tourism tax incentives for individuals	n.a.	The aim is to stimulate domestic travel between 29 October and 15 December 2025. Each person can deduct up to Bt20,000 for spending on hotel and restaurant expenses. Of the Bt20,000, at least Bt10,000 has to be supported by e-tax invoices. Spending in 55 secondary provinces can have a 1.5x deductible multiplier, implying a maximum tax allowance of Bt30,000/person.
Tourism tax incentives for corporates	n.a.	The aim is to stimulate domestic travel between 29 October and 15 December 2025. Companies organizing training or seminars within Thailand can claim a 2x tax deduction for spending in secondary provinces and a 1.5x tax deduction for first-tier provinces.
Hotel tax incentives	n.a.	The aim is to stimulate investment in the tourism sector, which can also stimulate more travel demand. Hotels are allowed to claim 2x deductible expenses on capex between 29 October 2025 and 31 March 2026. Eligible expenses include structural upgrades and permanent fixtures for hotel operations. The Government Housing Bank is also offering financing support for hotel renovation.

Sources: Thai cabinet, Thanachart compilation

Ex 1: Government's Stimulus Policies (Con't)

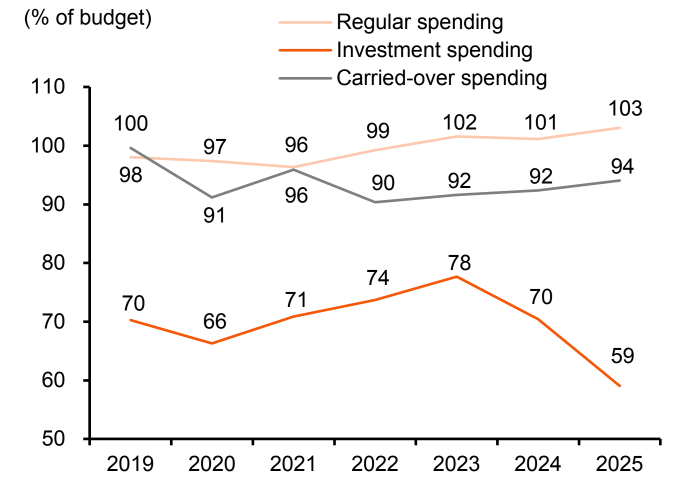
	Budget (Bt bn)	Details
Extension of low excise tax for entertainment venues	n.a.	The reduction of the excise tax on entertainment businesses to 5% (from 10% originally) will be extended for another year in 2026. The tax reduction period was supposed to end in 2025.
Front-loaded public spending	n.a.	Government agencies, state enterprises, and local administrative organizations must accelerate spending to 60% of the 2026 fiscal year spending by the end of January 2026.
Debt restructuring via AMC	10-12	The government and the BoT are planning a debt restructuring program to be implemented in early 2026 to address the high household debt problem. The BoT plans to use two existing state-owned AMCs to purchase Bt122bn small-debtor NPLs from financial institutions. This targets debtors with loans of no more than Bt100,000/person. There are two phases of implementation with the first phase, to start early next year, being around Bt62bn NPLs at commercial banks and state-owned financialized financial institutions (SFIs). The second phase, with yet to announce the timeframe, of Bt60bn are NPLs from non-bank financial institutions.
Shopping tax allowance (Potential, not definite)	n.a.	No announcement has been made on this yet, but the government, over the past few years, implemented this shopping tax allowance to stimulate spending during the holiday period. The last program covered spending between 16 January and 28 February 2025. The allowance was Bt30,000/person for goods and services with e-tax invoices and another Bt20,000 for spending on OTOP or community-produced products.

Sources: Thai cabinet, Thanachart compilation

Larger spending room in the budget

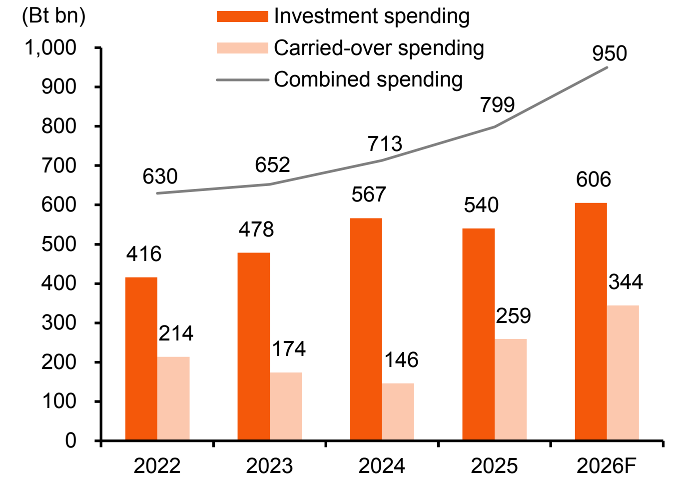
There are two parts of the government budget, i.e., regular spending and investment spending. Most of the time, the government fully or almost fully spends its regular budget, which includes state employee expenditure, public welfare and healthcare, and other ongoing normal spending. Also, most of the time, the government underspends its investment budget. But the 2025 fiscal year saw abnormally low spending. Therefore in 2026F, we expect government spending to improve in two areas: 1) an increase in investment budget spending from the spending ratio normalizing up to 70% in 2026F vs. the abnormally low level of 59% in 2025 (75% government target in 2026F); and 2) an increase of the unspent or carried-over budget as a result of low spending last year to be spent this year. Using the seven-year carried-over budget spending ratio of 94%, we expect the spending to amount to Bt344bn in 2026F. Please see Exhibits 2 and 3.

Ex 2: Very Low Investment Spending Ratio



Source: Comptroller General's Department

Ex 3: Government Spending To Improve



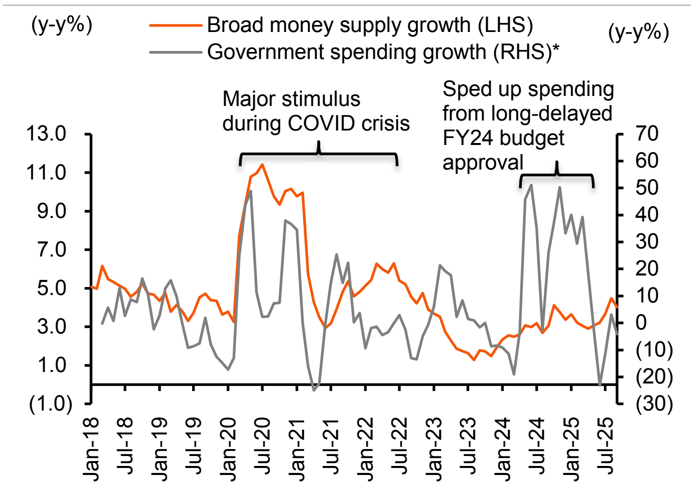
Sources: Comptroller General's Department, Thanachart estimates

Note: We use the seven-year average spending ratio for each budget category to calculate the spending levels in 2026F.

Govt spending can support money supply despite no loan growth

Money supply has actually started to improve, as shown in Exhibit 4, and the momentum should continue into 1Q26F when the full impact of government stimulus spending will likely be seen. The recovery in money supply growth in 3Q25 occurred despite virtually no loan growth. Total loan growth is calculated from both commercial banks' loans, which have been contracting for 10 quarters, and loans from state-owned specialized financial institutions (SFIs), which have provided some growth as an economic stabilizer. Exhibit 4 also shows the pattern of rising money supply during the election periods in 1H19 and 1H23.

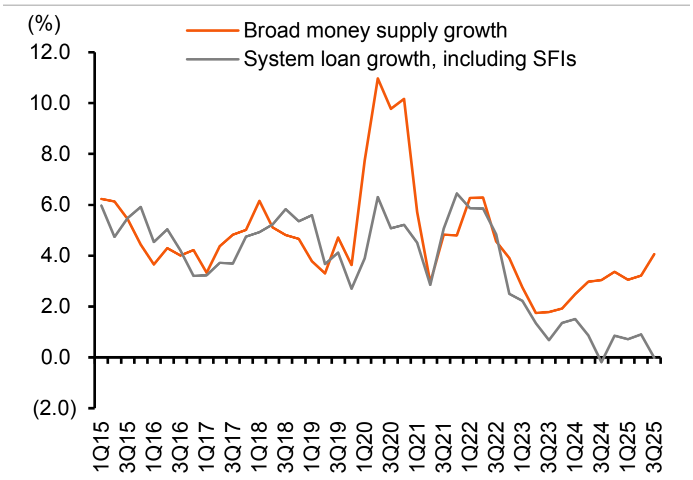
Ex 4: Govt Spending Can Drive Money Supply



Sources: Bank of Thailand, Comptroller General's Department

Note: *3-month moving average to smooth out the trend

Ex 5: Money Supply Rises Despite Falling Loan Growth



Sources: Bank of Thailand

Note: SFIs are state-owned specialized financial institutions.

Already 100bp in policy rate cuts with another 50bp anticipated

Second, on the monetary side, we expect the combined 100bp in policy rate cuts over the past 12 months to start affecting the economy. We also expect another two rate cuts in December 2025 and April 2026 (from our previous projections of October 2025 and February 2026). The policy rate peaked in 2024 at 2.50% and is currently 1.50%. We expect this to reach a bottom of 1.00% in April 2026F.

Another debt-restructuring program

The BoT and the government are planning another debt-restructuring program after the "You Fight We Help" program, which was implemented during Jan-Sep 2025. The program had a budget of around Bt36bn with Bt26bn remaining unused. The new debt restructuring plan is for two existing state AMCs to purchase Bt122bn (face value) NPLs of small debtors of not exceeding Bt100,000 loan per person. The target is unsecure loans, which by AMC definition includes auto hire purchase and title loans. The plan will go for cabinet approval next week and is expected to start being implemented at the start of 2026.

'You Fight We Help' not popular but it has been beneficial

The You Fight We Help program, which forgoes interest expenses for three years and reduces principal repayments during the first three years, has helped lenders reduce and delay bad debt while also reducing the payment burden and improving debtors' purchasing power. This is despite the program not being very popular. Banks have benefited from improved cash inflow, lower bad debt, and lower provisions.

Plans new credit insurance and soft loan schemes

The BoT and the government have also mentioned new credit insurance schemes that will come along with soft loan programs. The new insurance scheme is expected to make soft loans attractive enough for banks to lend.

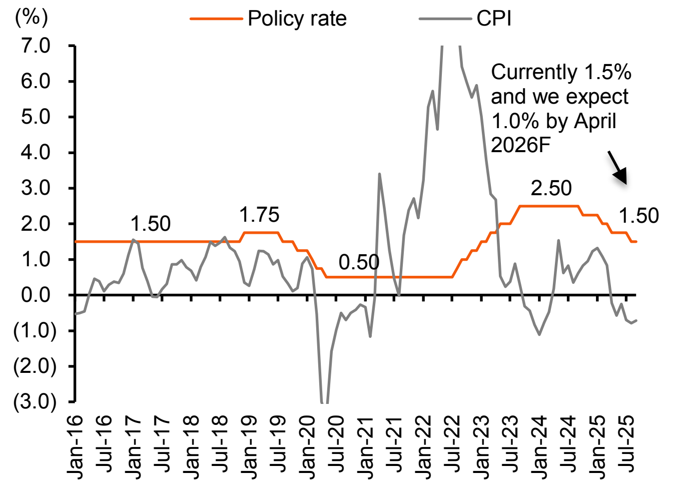
10 quarters of bank loan contraction

Overall, the above programs and plans aim to address Thailand's high household debt problem, which has led banks to become more stringent in lending due to the risk of bad loans. Loans from commercial banks have contracted for 10 quarters and a prolonged loan contraction could dangerously drag down the domestic economy. Some loan growth by SFIs has helped counter the impact from banks' loan contraction, resulting in relatively flat loan growth for a whole system. While soft loan programs are intended to cushion the weak loan volumes, debt restructuring should reduce the risk of bad debt and the need for banks to provision. And the hope is to stop momentum of loan contraction at banks.

An end to loan contraction could be highly market positive

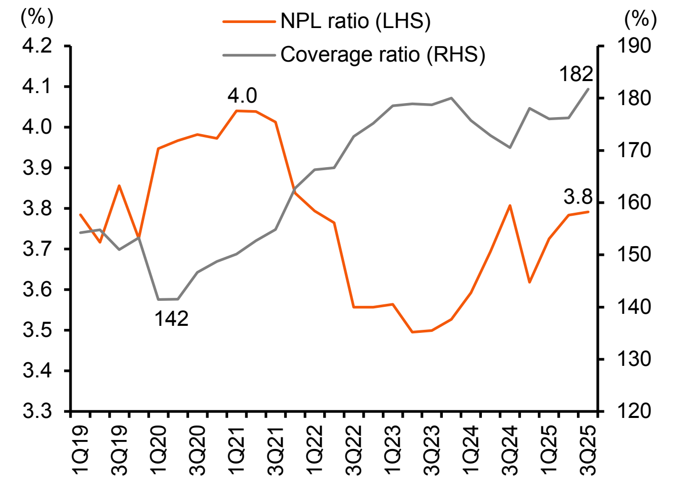
From Exhibits 6-7 below, we expect the total 150bp cut in the policy rate, improving NPLs, higher coverage ratios, and potential soft loan programs to at least stop the loan contraction in 2026F. If that happens, it would be highly market-positive, in our view.

Ex 6: Policy Rate Has Further Room To Fall



Sources: Bank of Thailand; Thanachart estimates

Ex 7: Improving NPL And Coverage Ratios



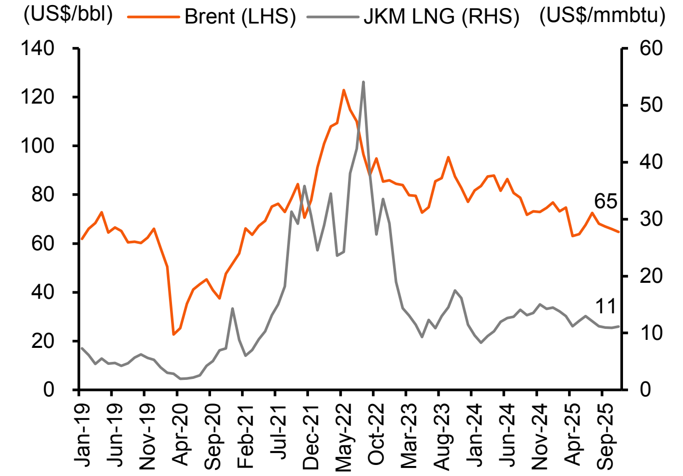
Source: Company data

Note: Data from listed banks

Low energy prices, rising investments in renewable plants and data centers

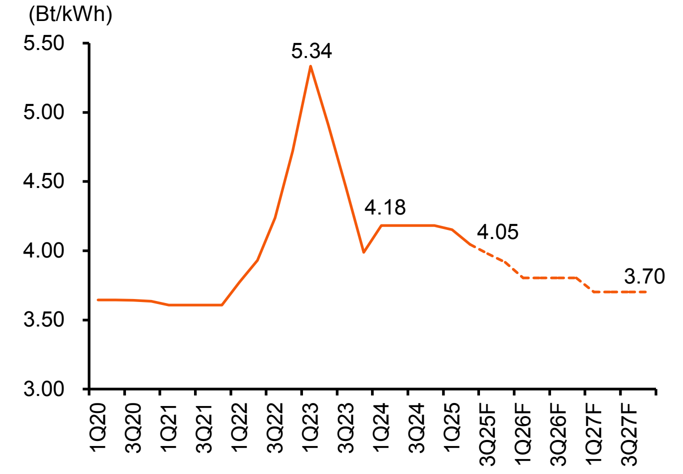
Third, there are many areas of benefit to Thailand from the low energy price environment. 1) As a net energy importer, Thailand is benefiting from the low global oil and gas price environment via a lower import bill. 2) The government has a lower burden from energy price subsidies and a lower policy risk for power producers. 3) Lower energy prices are factors leading to low inflation, and this offers room for further policy rate cuts. 4) Lower energy prices make the government's low energy and electricity price policies more doable, improving people's purchasing power. 5) Data center FDI is booming in Thailand, and the government is promoting low electricity prices and a higher supply of renewable energy. With the downward trend in electricity prices, we expect increased investment in data centers and renewable energy plants.

Ex 8: Low Oil And Gas Prices



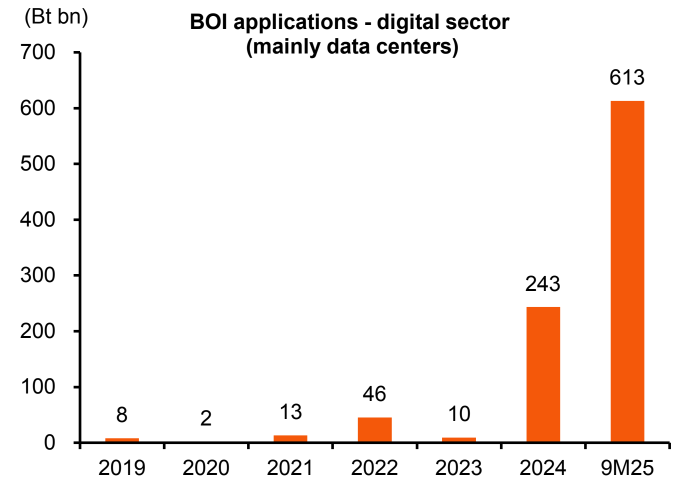
Source: Bloomberg

Ex 9: Electricity Tariff Trending Down



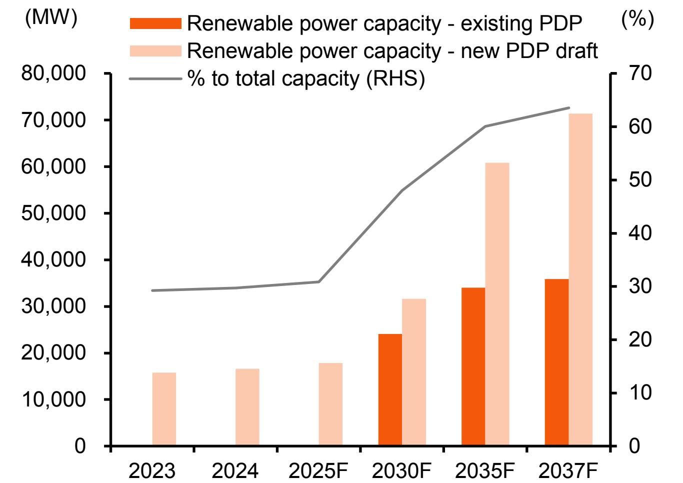
Source: Energy Regulatory Commission

Ex 10: BOI Application Value – Data Centers



Source: Board of Investment

Ex 11: Renewable Power Capacity Targets



Source: Draft version of 2026 PDP, 2021-revised version of 2018 PDP

No strong mandate to fix structural barriers

Strong policies needed to fix twin structural barriers

Thailand's twin structural barriers are decades of weak investments and this decade's weak consumption due to high household debt. Salt in the wound has been the strong baht and the aging population. These factors require strong, unconventional, reform-based policies to fix. A policy example is tax-revenue-based reform, such as VAT increases, to raise the tax revenue ratio. Another example is the rationalization of welfare schemes to reduce regular expenditure to provide more room for investment expenditure. An increase in wealth-based taxes on the rich is also an example. As for the household debt problem, a sizeable AMC scheme is an obvious fix, but that would require a large government budget. For the strong baht, the BoT, in our view, could be more aggressive with interest rate cuts, especially as the economy is structurally weak with a low oil price environment, a weak and no-bubble property market, and low foreign debt. A weaker baht would help not only exports but also tourism and FDI.

Ex 12: Twin-factor Structural Headwinds

Factors	Current ratio	Good ratio	Outlook	Causes	Fixes
Weak investment	24% of GDP	30-35% of GDP	To improve only with FDI	A lengthy period of unstable politics has led to more populist and welfare policies and fewer investment-led policies.	A new FDI cycle helps, but is weighed down by the factors below.
				Higher public debt-to-GDP ratio of 65% vs. pre-COVID crisis level of 40%.	The government still focuses on consumption- and not investment-based spending.
				Weak property market for at least a decade	Budget reform to raise revenue and reduce expenditure is difficult with a government lacking a strong mandate.
				Weak FDI for the past two decades	Weak property market outlook, which needs strong policies to revive it.
				Strong currency vs. peers	A current account surplus, by nature, and weak investment activity result in a strong baht. So, we believe the BoT needs to implement unconventional policies to weaken the baht.
Weak consumption due to high household debt	87% of GDP	80% initial target, but lower is better	Improving very gradually	Lengthy period of populist policies that have led to easing lending as a way to boost the economy.	Credit contraction due to banks' strict lending policies must be addressed, as it could cause the domestic economy to spiral downward.
				Weak GDP or income growth means people borrow more to finance their spending.	The government and the BoT are working on additional debt restructuring programs to alleviate the credit contraction.
				Low wealth effect from a lengthy period of weak property and stock markets.	A weak property market outlook doesn't help create a wealth effect.

Sources: NESDC, Bank of Thailand, Thanachart estimates

Strong policies need a govt with a strong mandate

Strong policies require a government with a strong mandate. Unfortunately, we don't foresee a strong mandate for a government in Thailand after the general election due next year.

But we view that as unlikely after the next general election

We expect the next administration, after the election, to still use a mixed conservative-progressive coalition model. In the 2023 election, the progressive Pheu Thai (PT) Party led the government, with most conservative parties in the coalition. Next year, the model is likely to remain the same, but we believe the conservative camp may lead the government. Although a conservative camp-led government would likely be able to appoint more capable outsiders as ministers than the progressive camp, the government, in our view, still needs a strong mandate from the people to develop solid, reform-based policies.

Very low visibility of having a party winning 200 seats or more in the next election

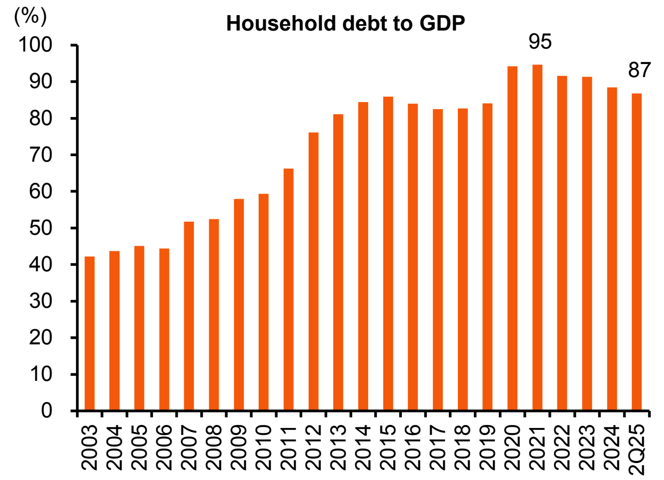
Three political parties could win more than 100 seats, but we don't expect any of them to secure more than 250 seats, or half of the total 500 seats in the House. They are the progressive People's Party (PP), which currently has 142 seats in the House, the progressive Pheu Thai Party (PT), 139, and the conservative Bhumjaithai (BJT) Party, 70. It is too early to predict the outcome in the next election, but based on the current political situation, BJT could win 120 seats or more, while PT could see its MPs falling to 100 or fewer. PP could win more seats than its current number, gaining progressive-camp popularity from PT. But we don't see much visibility of PP winning 200 seats or more.

Fixes from the BoT side could involve just a gradual balancing act

What about fixes from the BoT side? Although we still expect the new BoT governor, Mr. Vitai Ratanakorn, to be more dovish than his predecessor and expect two more policy rate cuts, we do not expect a significant pivot in policy setting. Given recent developments, the BoT seems to be opting for a gradual, balancing act policy direction. We now see limited prospects of a strong set of policies. Below are some recent developments:

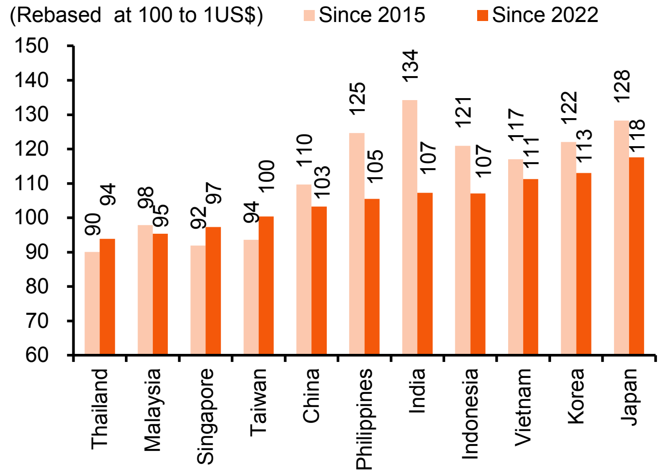
- The BoT is planning another debt restructuring state AMC scheme to cushion the impact of high household debt. The AMC is a good scheme in our view, and we think implementation is still better than not doing it at all. But with only a Bt122bn face value (vs. Bt1.7bn-1.8bn in NPLs and SM loans in the system), the scheme seems too small to move the needle.
- We believe that due to limited state funding at an already 65% public debt to GDP ratio, the BoT is pushing for more self-funding AMCs to buy more NPLs from financial institutions. The plan is to allow more applications for AMC JVs to increase the volume of NPL purchases.
- The 5:2 MTC vote to maintain the policy rate at 1.50% in October was a disappointment to us and a negative signal to the market that the BoT's conservative stance could continue. This is despite our belief that there will be two more rate cuts due to negative inflation for many months, low and falling core inflation, a very weak domestic economy, and the strong baht.
- The BoT's stance of focusing on the natural market forces of the baht also signals either its conservative character or the limitations from the agreement Thailand has struck with the US, which doesn't want to see countries using their exchange rate as a means to counter reciprocal tariffs. This is a serious issue for Thailand, in our view, as a weaker currency could be a key factor in getting it out of its growth trap. A weak baht helps exports, tourism, and FDI. In our view, Thailand might be unable to rely on natural forces to weaken its currency until it's too late. Given its significant tourism and export base, Thailand is, by nature, a current account surplus country, a key factor in having a strong currency. Together with weak investment that limits its import bill, its currency also tends to be strong. A strong currency in the long term can have a self-fulfilling effect, weakening exports, FDI, and tourism. We actually believe the strong baht is one of the causes of the sluggish tourism this year. So, we think Thailand does need a weaker currency to structurally improve its competitiveness and drive growth. And for a weak currency to eventually materialize naturally, the economy could be in a much worse state by then.

Ex 13: High Household Debt



Source: Bank of Thailand

Ex 14: Baht Strongest Among Peers Against US Dollar



Source: Bloomberg

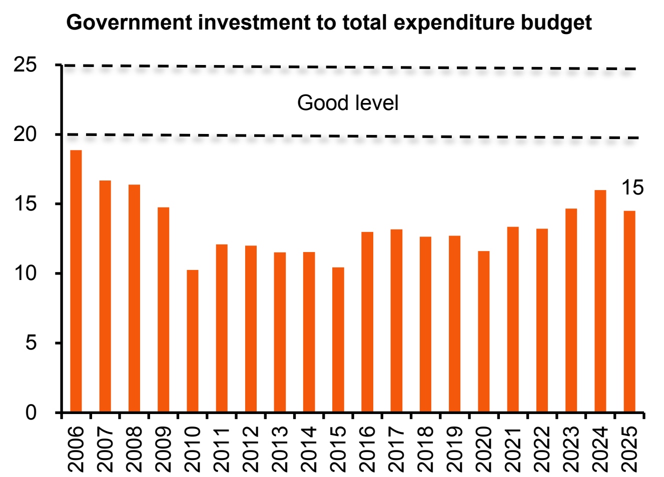
Note: Rebased all currencies at 100 to see relative performance against the US dollar. Thailand at 91 means 9% appreciation against the US dollar from the level in 2015 and 5% appreciation from the level in 2022. Vietnam's dong, on the other hand, depreciated 17% against the US dollar from its 2015 level and 11% from 2022.

Investment – to improve only from FDI

Weak investment is Thailand's key structural growth issue

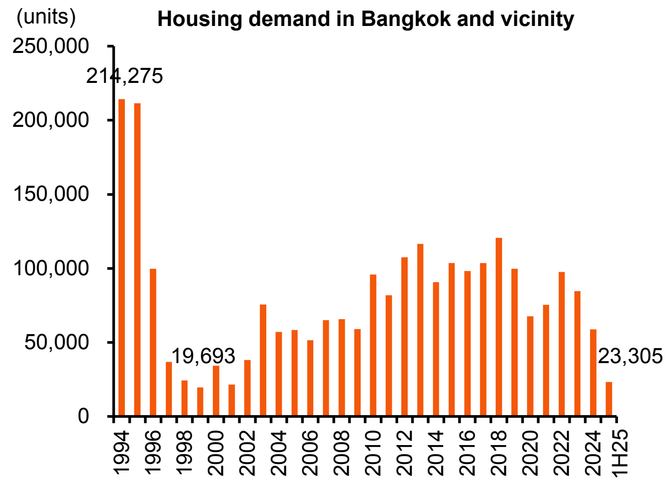
Thailand's investment-to-GDP ratio is only 24%, well below the widely regarded decent level for emerging economies of 30-35%. To bring the ratio to a more appropriate level would require a considerable amount of time and major policy shifts. We believe the causes of the weak investment are: 1) a lengthy period of weak politics that has led to the government's heavy use of consumption-based populist policies at the expense of low investment-based ones; 2) a prolonged weak property market; 3) soft foreign direct investment (FDI) for the past two decades; and 4) the strong Thai baht vs. peers. Of the four issues, only FDI is now unlocking.

Ex 15: Low Budget Spending On Investment



Source: Fiscal Policy Office

Ex 16: Weak Property Demand



Source: Agency For Real Estate Affairs (AREA)

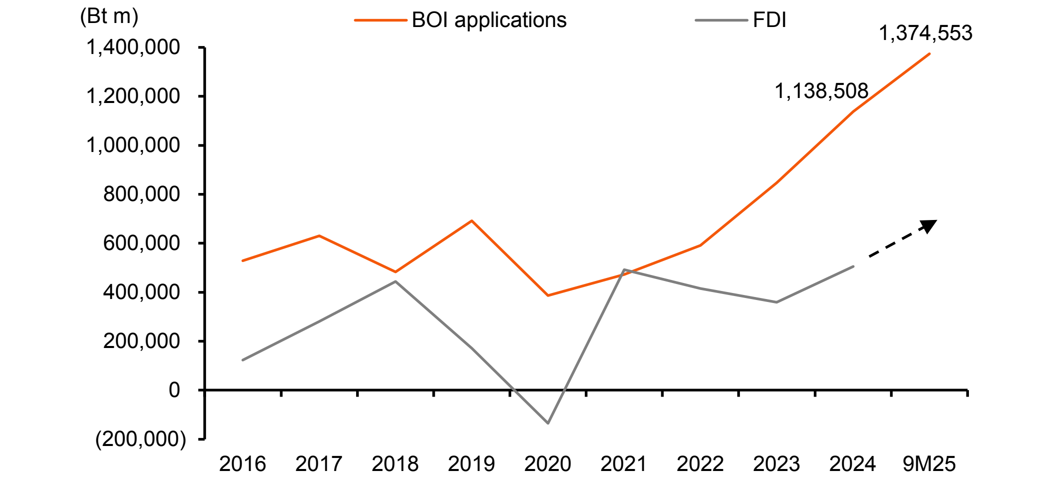
Some improvement in FDI

Our view is that overall investment will remain structurally weak. However, we expect investment to improve in its cycle from an average of 1.7% p.a. in the past 10 years to an average of 4.0% p.a. during 2025-30F. This is not a boom scenario as FDI-driven growth is

FDI will help but overall investment will still not be considered strong

weighed down by the weak property market at home, the soft global growth cycle, and, presumably, no mega-investment cycle by the government.

Ex 17: Help From BOI Applications – FDI's Leading Indicator



Sources: Bank of Thailand, Board of Investment

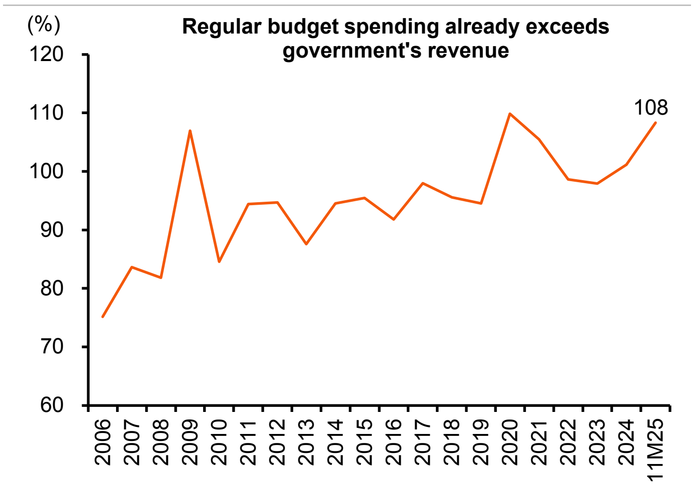
Unlikely to see a public investment-led investment cycle just yet

On the public investment side, we see limited room for the government to enter into a new mega-investment cycle over the next few years. For Thailand to have a strong investment cycle, the government would have to shift gears from consumption-driven to investment-driven policies, which we do not expect to happen in the next few years. This is because: 1) the weak consumption at home due to high household debt still needs support from the government at least into next year; and 2) the high public debt of 65% with a continued budget deficit means the government needs budget reform before pushing for a new public-led investment cycle.

Only the regular budget already surpasses revenue collection

Exhibit 18 shows that years of populism have increased regular budget spending, including welfare and regular state support, to the point that it surpasses the government's revenue. This implies that a whole lot of investment budget needs a budget deficit to finance it. Cutting welfare or state benefits to bring down the regular budget would be politically unpopular, and we believe only a government with a strong mandate could make this — or real budget reform — materialize.

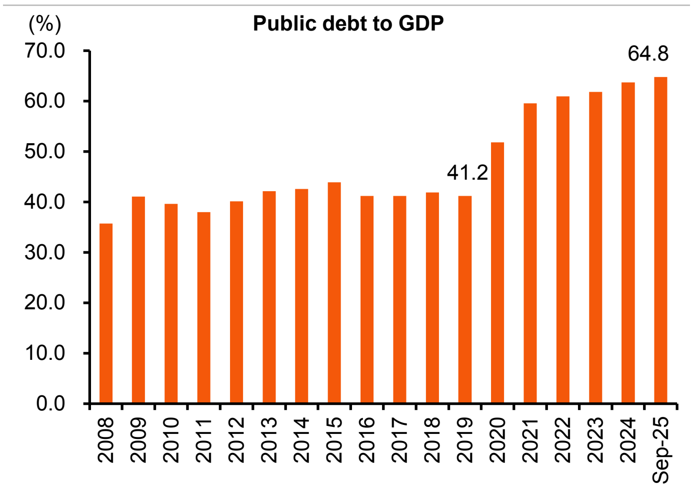
Ex 18: A Serious Need for Budget Reform



Source: Comptroller General's Department

Note: The data is for the fiscal year ending September.

Ex 19: Rising Public Debt Wasn't Due To Investment



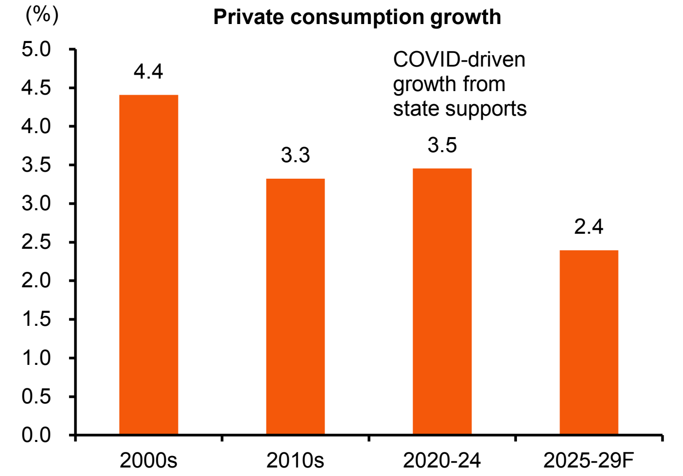
Source: Public Debt Management Office

High household debt – taking its time

Consumption growth at risk due to high household debt

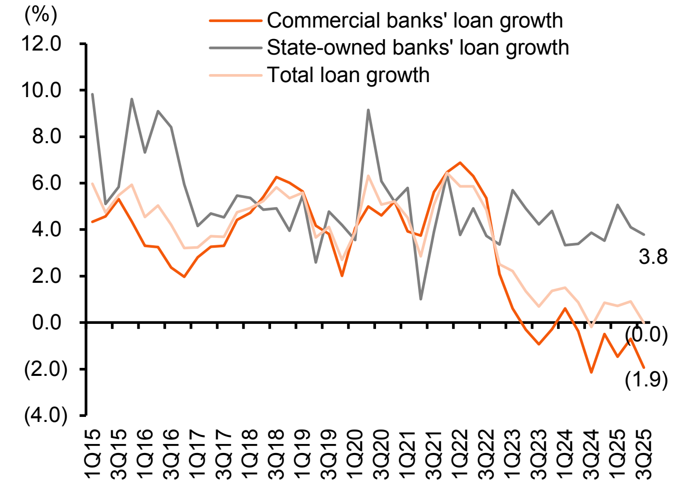
Coming into the 2020s, while investment remains relatively weak in Thailand, the consumption engine is no longer functioning well after years of household debt accumulation. Despite a drop from the peak of 95% of GDP in the COVID year of 2021, the household debt level remains high at 87% of GDP this year. With structurally weak investment growth over the past two decades, consumption, fueled by rising household debt, has been the main driver of the domestic economy. We believe the causes of the high household debt have been: 1) the government's populist policies and an easy lending environment for a considerable amount of time; 2) sluggish income growth pushing people to borrow more to finance spending; 3) a weak wealth creation effect due to the soft property market and weak capital market and people using more leverage to finance spending; and 4) too slow GDP growth as a denominator of the household debt-to-GDP ratio.

Ex 20: Private Consumption Growth



Source: NESDC

Ex 21: Virtually No Loan Growth



Source: Bank of Thailand

Structural issue with a dilemma

We view this as a structural issue, as it takes time to bring down debt. After about three years of loan contraction, the household debt ratio only fell to 86% which is still considered high. There is no quick fix to this issue, as too sudden a drop could cause the economy to spiral downward, especially when other economic engines are not working well either.

Quick fix via AMC would demand hefty state funding

The quickest fix to many financial crises in many parts of the world in the past has been to set up a sizeable state Asset Management Company (AMC) to buy a large enough chunk of bad debt from financial institutions. With cleaner books, those financial institutions could start lending again, and economies subsequently recovered. However, that quick-fix approach requires substantial funding. With an already high public debt level of 65%, we don't believe a quick fix is likely for Thailand at this stage.

Government and BoT opting for gradual fixes toward targeted policies

The government and the BoT started a debt-restructuring measure early this year called the "You Fight We Help" program, which forgoes interest expense for three years for qualified bad debtors to encourage them to resume debt repayments at more affordable amounts. The program hasn't been a failure, but it hasn't been a "big bang" either.

The government and the BoT are now planning to continue targeted debt restructuring and to use the AMC approach in early 2026. The size is likely to start small with initial targeted funding of Bt10bn to buy bad debt at a face value of Bt120bn. According to the BoT, there are 3m debtors who have bad debt at Bt100,000 per person.

Investment themes into 1Q26F

Our SET targets are 1,350 in 2025F and 1,380 in 1Q26F

We expect the SET Index to recover further to 1,350 by the end of 2025F and to 1,380 in 2026F, the latter of which we expect to reach by 1Q26F. If the new government continues with its current policy direction, we don't see much upside from here through 2026F. Because of that, we prefer to be in specific themes rather than market-based calls.

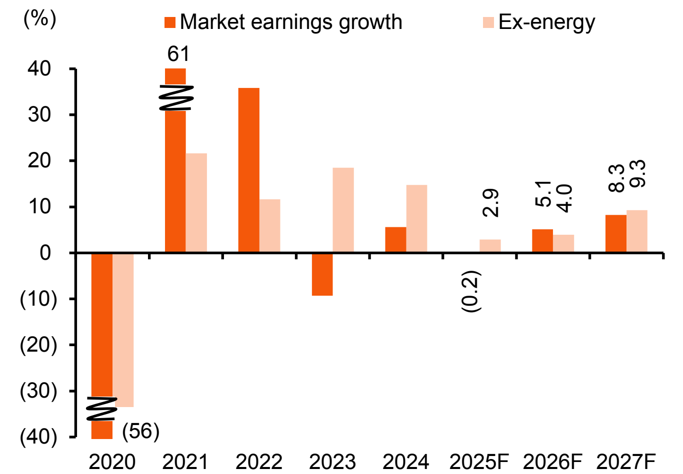
1,380 implies 16x 2026F PE

Our 1,380 SET target implies a 2026F PE of 16.0x, which is already back to the low end of the 10-year historical range of 16-20x. The PE has been de-rated to the low end of the range due to the weak long-term economic growth outlook. Our EPS growth estimates are 0/5/8% in 2025-27F. To drive the SET further, we believe there needs to be a re-rating factor to raise the PE multiple, which we still do not see clearly, given the economic structural barriers mentioned in the previous section of this report.

The new govt will likely continue to lack a strong popular mandate

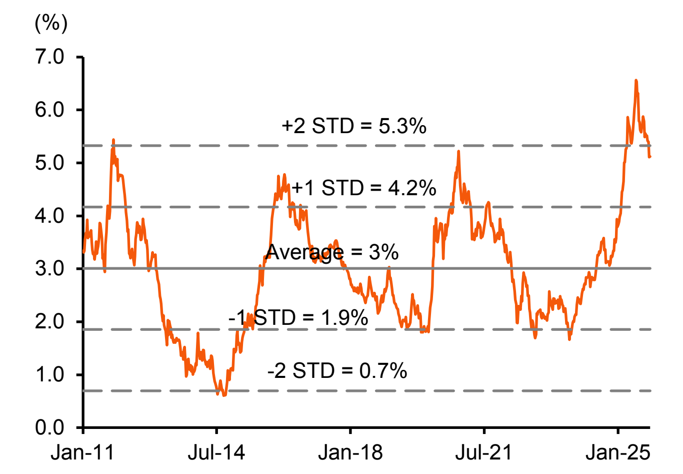
The new government after the next election is likely to remain a conservative-progressive coalition. In the previous election in 2023, the Pheu Thai (PT) Party (progressive) led the government, with most coalition partners being in the conservative camp. It hasn't been a smooth administration over the past two years. Although we believe there is a higher chance that the conservative camp will lead the next government, the government will likely still be a conservative-progressive coalition. That means the government would lack a strong mandate from the people. Without a strong mandate, it is hard for us to envisage the government implementing strong policies to unlock Thailand's long-term growth potential. Therefore, we don't have a conviction that the SET can rise much further than 1,380.

Ex 22: Market Earnings Growth



Sources: Company data; Thanachart estimates

Ex 23: Earnings-yield Gap Toward 1STD At 1,380 SET



Source: Thai Bond Market Association, Thanachart estimates

Note: Earnings-yield gap we use here is earnings yield minus 10-year government bond yield.

Our investment themes

As opposed to a broad-based market recovery, we prefer to specifically be in the following investment themes into 1Q26F.

- Global AI and data center trend (**DELTA**)
- Fiscal policy easing and a general election (**CPALL, CPN, MOSHI**)
- Easing monetary policy and debt restructuring **(MTC, SAWAD, TRUE, and the above retail names)**
- FDI upcycle **(AMATA)**
- Low energy prices and renewable power **(GPSC, GULF)**

Our preferred sectors

The above themes lead us to prefer the sectors of **electronics** (AI, data center), **industrial estate** (FDI, data center), **microfinance** (falling interest rate, debt restructuring), **retail** (fiscal stimulus, election, falling rate), and **utilities** (low energy prices, renewable power, power demand from data centers.

We replace COM7 and HMPRO with CPN and GPSC

We change two top picks in this report. We replace HMPRO and COM7 with **GPSC** and **CPN**. We initially included HMPRO in our top picks expecting a market-wide recovery from the bottom of the SET. We believe HMPRO, despite a limited growth outlook, is a very well-run company with a strong market position, and we expect the stock to benefit from inflows into the SET. After the first round of recovery, within the same retail sector, we now prefer CPN, which offers a stronger earnings turnaround outlook from organic 2% rental income growth and mall expansions. Concerns about its new Dusit Complex in the CBD has eased due to the 90% presold condominiums, 90% pre-leased mall space, and 60% pre-leased office space.

As for COM7, its share price has recovered by 46% from this year's low. Based on its earnings growth profile, COM7 is still growing. However, its strong earnings growth of over 20% this year looks set to slow to the mid-teens next year from an already high base. In comparison, we believe **GPSC** offers a fresher story, driven by an earnings turnaround and stronger earnings growth of nearly 30% next year. One growth driver is higher margins from falling coal prices, which benefit its 67%-owned GHECO1 and coal-fired small power producer (SPP) projects. There is also renewable capacity growth from its 43%-owned Avaada Energy Private Company (AEPL) in India.

Ex 24: Thanachart's Top Picks

Ticker	Rating	Current price	Target price	Upside	Market cap	Norm EPS growth		— Norm PE —		P/BV or EV/EBITDA of Telecom		— Yield —	
						2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
		(Bt/shr)	(Bt/shr)	(%)	(US$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
AMATA TB	BUY	14.10	27.00	91.5	498	28.2	25.2	5.0	4.0	0.7	0.6	6.0	7.5
CPALL TB	BUY	45.75	64.00	39.9	12,628	12.8	15.9	14.6	12.6	2.9	2.6	3.4	4.0
CPN TB *	BUY	51.75	66.00	27.5	7,136	(5.7)	15.7	15.0	12.9	2.2	2.0	4.0	4.5
DELTA TB	BUY	222.00	270.00	21.6	85,085	38.1	47.5	112.4	76.2	28.4	22.4	0.3	0.5
GPSC TB *	BUY	39.75	47.00	18.2	3,444	24.6	29.4	21.9	16.9	1.0	1.0	3.2	3.6
GULF TB	BUY	42.75	56.00	31.0	19,624	20.6	21.2	24.0	19.8	1.8	1.7	2.5	3.0
MOSHI TB	BUY	33.75	50.00	48.1	342	28.4	24.1	16.7	13.4	4.1	3.5	3.0	3.8
MTC TB	BUY	40.25	45.00	11.8	2,622	12.9	15.2	12.9	11.2	2.0	1.7	1.2	1.3
SAWAD TB	BUY	28.75	36.00	25.2	1,468	(10.8)	13.6	9.6	8.5	1.3	1.2	4.7	5.3
TRUE TB	BUY	11.20	15.00	33.9	11,890	61.5	52.6	24.2	15.9	6.8	6.1	0.5	1.9
Stocks taken out													
COM7 TB	BUY	24.30	34.00	39.9	1,792	23.2	13.9	14.3	12.6	5.5	4.7	4.4	5.0
HMPRO TB	BUY	6.20	9.50	53.2	2,505	(7.1)	3.9	13.5	13.0	3.0	2.9	5.9	6.2

Sources: Company data, Thanachart estimates
Note: * New additions. Based on 4 November 2025 closing prices

GULF has earnings growth with a touch of renewable and data center stories

Aside from GPSC, we have **GULF** as a utilities stock exposure in our top picks list. We like the utilities sector, and GULF is the largest play with a strong earnings growth outlook. Its earnings growth is also less volatile than its peers' due to a large portion of its business being independent power producers (IPPs). GULF is also focusing more on renewable energy, which is a growth area of the sector and part of a mega trend supporting demand from the data center boom, and it has an advantage as a large company with a strong balance sheet and funding capability. GULF has also entered the data center business, though the proportion is very small at this stage compared to its overall business empire.

DELTA, the only big-cap AI play in the Thai market, offers strong growth

We continue to like **DELTA**, which is the only big-cap stock in the SET with direct AI and data center exposure and has delivered strong earnings growth, driven by both global demand and additional gains from the relocation of business by its Taiwanese parent company, Delta Electronics. After a strong 3Q25, we expect DELTA's 4Q25F earnings to buck the low season trend, reporting q-q growth, with revenue contributions from new products expected from 1Q26F. We estimate its earnings to grow at a 41% CAGR over 2025-30F.

MTC and SAWAD – interest rate and improving asset-quality plays

MTC and **SAWAD** remain our plays in the microfinance sector. Aside from benefiting from the falling interest rate trend, asset quality has also improved to the point that loan growth can resume. The government and the BoT are likely to continue to focus on debt-restructuring measures, which should help reduce the risk of an asset quality relapse.

TRUE is a laggard big-cap stock

TRUE as a laggard, big-cap growth stock in the healthy landscape telecom industry. TRUE is enjoying manageable price competition, remaining cost synergies from its past DTAC merger, falling spectrum costs and falling interest rate. We also expect TRUE's revenue growth momentum to recover from a low base this year, given diminishing impacts from weak tourism and border conflicts, loss of some sports broadcasting licenses (i.e. English football, American football and basketball). TRUE is inexpensive to us at 6.1x EV/EBITDA in 2026F.

We view AMATA as a deep-value play on the FDI boom

AMATA is our deep-value play for the FDI boom cycle. Weak presales in 3Q25 caused market concerns, and the share price has corrected. We see this as another BUYing opportunity, as the FDI cycle continues. 3Q25 BOI applications, a leading indicator of FDI, were up 13% y-y in value terms, and the 9M25 number showed 82% y-y growth. These new investments need industrial land to place their factories, and AMATA is among the top players with full exposure to the most congested investment area in the Eastern Economic Corridor (EEC). The stock is trading below its Bt17/share breakup value, which assumes land value at cost, deducting all debt, and assigning zero value to other businesses, including its cash cow utilities business.

CPALL now at a bargain to us at only 12.7x PE vs 15% p.a. EPS growth

CPALL is a big-cap, laggard play with a 15% three-year EPS CAGR over 2026-28F after posting record profit last year. At only 12.7x 2026F PE, CPALL is a bargain to us. Both its CVS and wholesale and retail stores under CPAXT are growing. Its core business, 7-Eleven in Thailand, looks set to continue delivering a new high profit backed by its 70% market share and 700 new stores p.a., while CVS rivals are either slowing down expansion or closing underperforming stores. With its product differentiation of a strong food focus (76% foods: 24% non-foods), including ready-to-eat/ready-to-drink/ready-to-cook, with products extending to household and cooking products (All Grocer), personal care, IT gadgets, All Café beverage corners and eXta drugstores, total product margin at stores is reaching a new record this year and continues on a rising trend.

MOSHI is a high quality small cap growth stock

MOSHI is a high-quality small cap growth stock in an expanding lifestyle market in Thailand. As a market leader, we foresee a clear path for a strong 21% EPS CAGR in 2026-28F, driven by all key drivers of same-store sales growth (SSSG), store expansion, and margin expansion. Its value proposition of low-priced, in-trend, and dynamic designs is highly successful, making it stand out among existing and new rivals. Amidst rising competition from new comers, we don't expect it to interrupt MOSHI's store expansion plan which we forecast total stores increasing to 301 in 2028F from 199 in 2025F. The stock is a bargain at 13.5x 2026F PE and in a net cash position.

APPENDIX 1: Top picks' financials

Ex 1: Amata Corporation Pcl (AMATA TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	14,724	14,626	16,941	15,211
Net profit	2,483	3,241	4,058	3,633
Norm profit	2,529	3,241	4,058	3,633
Norm EPS (Bt)	2.2	2.8	3.5	3.2
Norm EPS grw (%)	29.3	28.2	25.2	(10.5)
Norm PE (x)	6.4	5.0	4.0	4.5
EV/EBITDA (x)	7.0	5.8	5.0	4.6
P/BV (x)	0.7	0.7	0.6	0.5
Div yield (%)	5.7	6.0	7.5	6.7
ROE (%)	11.9	14.0	15.8	12.8
Net D/E (%)	41.4	47.6	46.9	28.3

Sources: Company data; Thanachart estimates

Ex 2: CP All Pcl (CPALL TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	987,143	1,032,905	1,094,792	1,160,803
Net profit	25,346	28,630	33,100	38,393
Norm profit	25,434	28,630	33,100	38,393
Norm EPS (Bt)	2.8	3.1	3.6	4.2
Norm EPS grw (%)	39.4	12.8	15.9	16.2
Norm PE (x)	16.5	14.6	12.6	10.8
EV/EBITDA (x)	8.1	7.3	6.6	5.8
P/BV (x)	3.2	2.9	2.6	2.3
Div yield (%)	3.0	3.4	4.0	4.6
ROE (%)	21.4	21.3	21.9	22.6
Net D/E (%)	81.9	73.2	64.3	54.2

Sources: Company data; Thanachart estimates

Ex 3: Central Pattana Pcl (CPN TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	49,615	48,217	52,699	58,688
Net profit	16,729	16,791	18,748	20,814
Norm profit	16,444	15,511	17,948	20,014
Norm EPS (Bt)	3.7	3.5	4.0	4.5
Norm EPS grw (%)	18.2	(5.7)	15.7	11.5
Norm PE (x)	14.1	15.0	12.9	11.6
EV/EBITDA (x)	10.6	10.3	9.3	8.1
P/BV (x)	2.3	2.2	2.0	1.8
Div yield (%)	4.1	4.0	4.5	5.0
ROE (%)	17.1	14.9	16.0	16.5
Net D/E (%)	58.5	56.3	50.3	39.0

Sources: Company data; Thanachart estimates

Ex 4: Delta Electronics (Thailand) Pcl (DELTA TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	164,733	204,592	255,487	331,132
Net profit	18,939	24,838	36,640	52,570
Norm profit	17,980	24,838	36,640	52,570
Norm EPS (Bt)	1.4	2.0	2.9	4.2
Norm EPS grw (%)	1.3	38.1	47.5	43.5
Norm PE (x)	155.2	112.4	76.2	53.1
EV/EBITDA (x)	112.9	77.7	52.7	37.6
P/BV (x)	34.9	28.4	22.4	17.4
Div yield (%)	0.2	0.3	0.5	0.8
ROE (%)	24.4	27.9	32.9	36.9
Net D/E (%)	(15.9)	(16.6)	(23.8)	(27.4)

Sources: Company data; Thanachart estimates

Ex 5: Global Power Synergy Pcl (GPSC TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	90,730	91,956	85,869	81,745
Net profit	4,062	5,926	6,633	7,808
Norm profit	4,113	5,126	6,633	7,808
Norm EPS (Bt)	1.5	1.8	2.4	2.8
Norm EPS grw (%)	14.4	24.6	29.4	17.7
Norm PE (x)	27.3	21.9	16.9	14.4
EV/EBITDA (x)	11.9	11.4	10.6	9.7
P/BV (x)	1.0	1.0	1.0	1.0
Div yield (%)	2.3	3.2	3.6	4.2
ROE (%)	3.8	4.7	5.9	6.8
Net D/E (%)	94.4	82.7	69.7	58.0

Sources: Company data; Thanachart estimates

Ex 6: Gulf Energy Dev. Pcl (GULF TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	120,888	155,500	158,135	160,551
Net profit	21,383	26,594	32,231	36,894
Norm profit	22,058	26,594	32,231	36,894
Norm EPS (Bt)	1.5	1.8	2.2	2.5
Norm EPS grw (%)	39.3	20.6	21.2	14.5
Norm PE (x)	29.0	24.0	19.8	17.3
EV/EBITDA (x)	47.1	37.2	32.2	28.7
P/BV (x)	1.9	1.8	1.7	1.7
Div yield (%)	0.0	2.5	3.0	3.5
ROE (%)	6.7	7.8	9.0	9.9
Net D/E (%)	77.7	72.3	71.4	73.2

Sources: Company data; Thanachart estimates

Ex 7: Moshi Moshi Retail Corporation Pcl (MOSHI TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	3,111	3,672	4,443	5,229
Net profit	521	668	829	998
Norm profit	521	668	829	998
Norm EPS (Bt)	1.6	2.0	2.5	3.0
Norm EPS grw (%)	29.7	28.4	24.1	20.3
Norm PE (x)	21.4	16.7	13.4	11.2
EV/EBITDA (x)	10.6	8.2	6.7	5.6
P/BV (x)	4.8	4.1	3.5	3.0
Div yield (%)	2.4	3.0	3.8	4.5
ROE (%)	24.2	26.7	28.5	29.3
Net D/E (%)	(7.6)	(17.3)	(25.6)	(32.4)

Sources: Company data; Thanachart estimates

Ex 8: Muangthai Capital Pcl (MTC TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Pre Provision Profit	11,970	12,593	14,193	15,797
Net profit	5,867	6,623	7,627	8,503
Norm profit	5,867	6,623	7,627	8,503
Norm EPS (Bt)	2.8	3.1	3.6	4.0
Norm EPS grw (%)	19.6	12.9	15.2	11.5
Norm PE (x)	14.5	12.9	11.2	10.0
P/BV (x)	2.3	2.0	1.7	1.5
Div yield (%)	0.6	1.2	1.3	1.5
ROE (%)	17.0	16.7	16.6	16.1
ROA (%)	3.7	3.7	3.8	3.8

Sources: Company data; Thanachart estimates

Ex 9: Srisawad Corporation Pcl (SAWAD TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Pre Provision Profit	8,544	8,307	9,187	10,176
Net profit	5,052	4,955	5,630	6,360
Norm profit	5,052	4,955	5,630	6,360
Norm EPS (Bt)	3.3	3.0	3.4	3.8
Norm EPS grw (%)	10.5	(10.8)	13.6	13.0
Norm PE (x)	8.6	9.6	8.5	7.5
P/BV (x)	1.3	1.3	1.2	1.1
Div yield (%)	0.1	4.7	5.3	6.0
ROE (%)	16.5	14.3	14.9	15.4
ROA (%)	4.6	4.6	5.0	5.2

Sources: Company data; Thanachart estimates

Ex 10: True Corporation Pcl (TRUE TB)

Y/E Dec (Bt m)	2024	2025F	2026F	2027F
Sales	206,020	197,914	188,248	191,037
Net profit	(10,966)	7,968	24,375	27,369
Norm profit	9,885	15,968	24,375	27,369
Norm EPS (Bt)	0.3	0.5	0.7	0.8
Norm EPS grw (%)	na	61.5	52.6	12.3
Norm PE (x)	39.1	24.2	15.9	14.1
EV/EBITDA (x)	6.9	6.8	6.1	6.0
P/BV (x)	5.2	4.8	3.8	3.3
Div yield (%)	0.0	0.5	1.9	3.5
ROE (%)	12.4	20.6	26.9	25.1
Net D/E (%)	421.7	390.1	292.5	248.2

Sources: Company data; Thanachart estimates

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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an “Overweight” sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLs on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYs and SELLs.

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