

Siam Senses

Relieve and stimulate

After announcing its Iran war-relief measures, the Thai government plans to issue an executive decree authorizing Bt500bn in extra borrowing to increase its budget for stimulus measures. While the GDP impact from the war should be less severe, there's no change to long-term investment policies.

Relieve now, stimulate soon

The government is preparing for an extended period of high oil prices. Its crisis management policies are: 1) limiting its oil price subsidy burden, 2) providing relief measures to targeted groups of people and businesses, 3) reallocating the 2026-27 budget to use the money better, and 4) issuing an executive decree for Bt500bn in extra borrowing. While the relief measures can be handled within the existing budget, the government is taking the opportunity of the improved credit rating outlook and comfort from the World Bank and the IMF at their recent meetings in the US to pursue additional borrowing to stimulate the economy. Potential stimulus measures are in: 1) car trade-in and tax incentives to boost EV adoption, 2) incentives to increase solar power usage by both households and SMEs, 3) water management to reduce floods, and 4) increasing the scale of the new co-payment scheme.

Iran war impact and GDP cuts

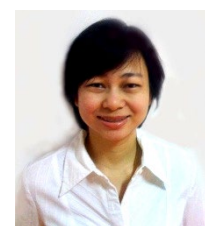
We expect the Iran war to impact 2026F but not much beyond that. Our recently lifted Brent oil price assumptions are US\$80/75/75 per barrel (from US\$67/70/70) in 2026-28F, a base lift to reflect a higher risk premium. Factoring in the relief and potential stimulus measures, we cut our GDP estimates to 1.7/2.5/2.9% (from 2.1/2.4/3.0%) for 2026-28F. It is true that Thailand is affected by high oil prices through its import bill and the chain reaction of cost-push inflation, purchasing power, and the tourism industry. But we foresee a limited impact beyond 2026F due to 1) the ongoing ceasefire negotiations, implying the war could end sooner rather than later, 2) the global long-term fundamental oil surplus, and 3) the world's fundamentally low inflation via China's scale and technology advancements.

Long-term SET turnaround story looks intact

We remain bullish on the SET, seeing no change to its turnaround story. *First*, politics is stable, and we expect the new government to complete its four-year term. *Second*, investments are the government's key economic policy over the next four years. We estimate Bt254bn of mega-projects to be put up for bid this year and a total Bt736bn over the next four years. *Third*, geopolitical risk remains high, and the FDI boom continues with the government debottlenecking regulations and processes. *Fourth*, we expect a net war gain for market earnings growth via an energy-sector windfall. *Lastly*, the SET looks inexpensive to us at 12.9x 2026F PE, excluding DELTA, vs. its 18.1x 15-year average. We project market EPS growth of 15.1/7.7%, dividend yields of 3.7/3.9% in 2026-28F, and a year-end SET target of 1,600.

A change in our top picks

Our sector preferences remain electronics, construction, telecom, utilities, and industrial estate. Our top picks in those sectors are **DELTA**, **STECON**, **CK**, **ADVANC**, **TRUE**, **GULF**, **AMATA**, and **KTB** for increased government lending and a low-beta factor portfolio. We have **CPN** for its bottom-up story of a resilient business with growth from expansion. We remove **CPALL** to reduce exposure in the retail sector and replace it with **AOT**, which is set to enjoy the PSC hike from June 2026.



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Top Picks

	-EPS growth-		— PE —		Yield
	26F (%)	27F (%)	26F (x)	27F (x)	
ADVANC	9.7	8.0	20.5	19.0	4.6
AMATA	21.5	3.5	5.8	5.6	6.8
AOT *	2.3	60.6	40.3	25.1	1.5
CK	5.0	6.8	10.6	10.0	3.3
CPN	15.8	13.4	14.4	12.7	4.1
DELTA	60.3	58.9	99.2	62.5	0.3
GULF	16.4	12.7	25.4	22.6	2.4
KTB	(2.5)	7.3	9.6	8.9	6.8
STECON	57.0	(10.9)	12.2	13.7	3.7
TRUE	30.0	18.1	19.4	16.4	2.6

Stocks taken out

CPALL	12.7	15.0	12.7	11.0	3.9
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Source: ttb wealth estimates

Note: *New addition.

Based on 27 April 2026 closing prices

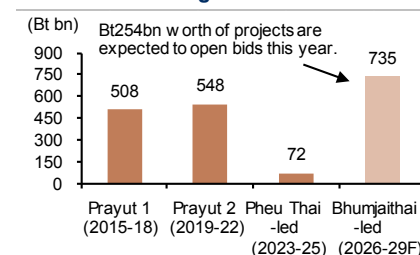
Co-payment Scheme

	Phase 1 (Bt bn)	Phase 2* (Bt bn)
Welfare card handouts	22	19
Co-payment by government	40-44	80
Co-payment by consumers	40-44	53
Total spending	102-110	152
Spending period	Nov-Dec 2025	Jun-Sep 2026
% to 4Q25 GDP	2.1%	
% to 1Q26F GDP		0.8%
% to 3Q26F GDP		2.3%

Source: ttb wealth estimates

Note: *The numbers are not yet finalized.

Bt254bn in Bidding Value This Year



Source: ttb wealth estimates

Relieve and stimulate

No change to the SET's turnaround story despite the Iran war impact

Like other countries around the world, the Iran war is net negative for Thailand. However, we do not expect it to undermine the country's long-term economic turnaround factors. This report discusses the government's crisis-management policies, which include both relief and stimulus measures. There is no change in the government's long-term focus on creating a new investment cycle for the country. We remain bullish on the SET with an unchanged year-end target of 1,600.

Thailand is an oil-importing country. High oil prices push up import bills and trigger ripple effects on transportation and production costs, inflation, purchasing power, and tourism revenue. Imports accounted for 7% of GDP, but net oil imports (net of oil and petrochemical exports) stood at only 2% of GDP in 2025. Total tourism revenue accounted for 15% of GDP in 2025, broken down into 9% from foreign tourism and 6% from domestic tourism.

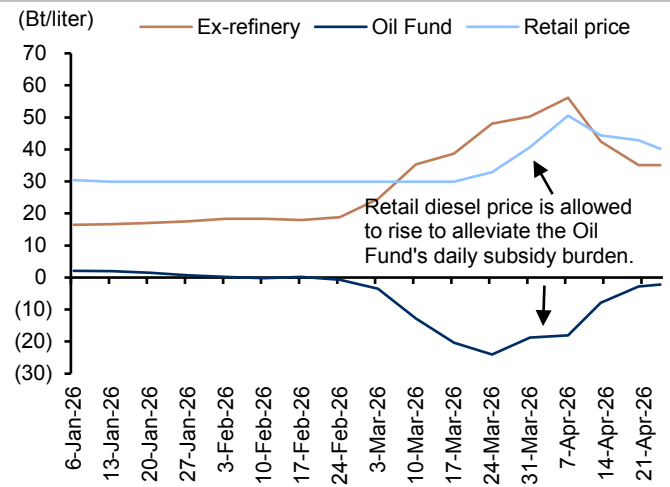
Crisis-management policies

The government is preparing for a scenario of an extended period of high oil prices, and its crisis-management policies are as follows:

Reducing its oil subsidy burden

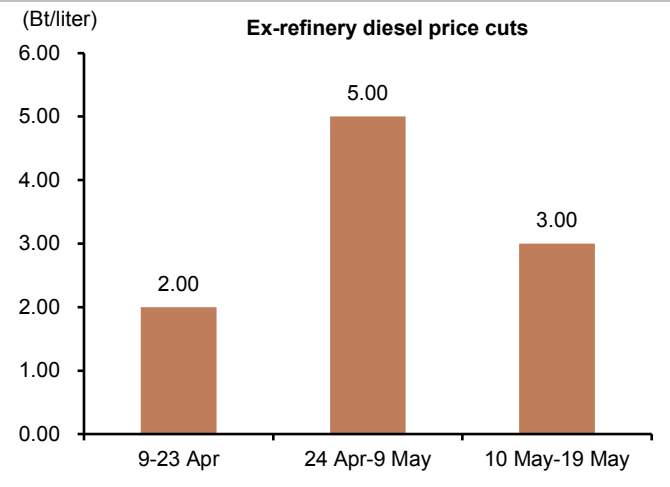
First, the administration has reduced its oil price subsidization burden by removing the diesel price cap of Bt30-33/liter. Although there is still some subsidization via the Oil Fund, the government has allowed retail oil prices to rise, passing the shared burden onto consumers. The government is also passing on some of the subsidy burden to refinery firms by asking them to cut diesel refining margin from the ex-refinery oil price by Bt2-5/liter in April and May. Further cuts are continually reviewed in response to oil price movements. The Oil Fund's debt or subsidization now is around Bt60bn.

Ex 1: Diesel Retail Price Cap Has Been Removed

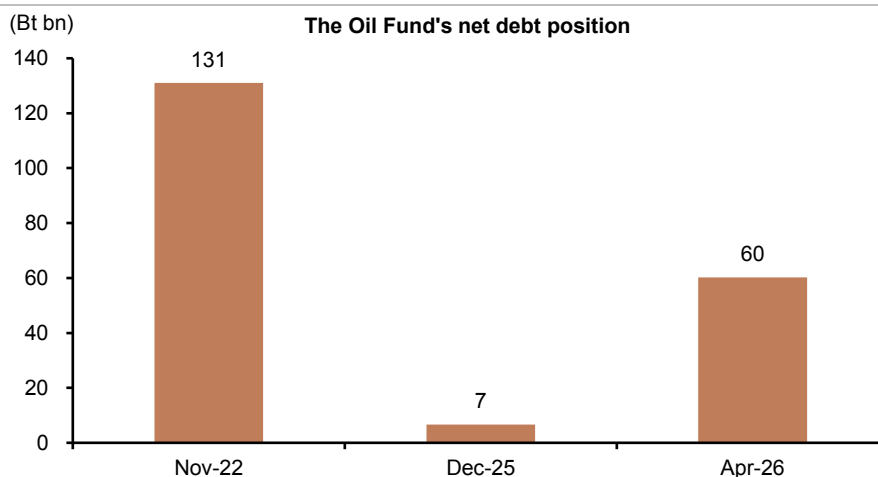


Source: Energy Policy and Planning Office (EPPO)

Ex 2: Diesel Subsidization Burden On Refiners



Source: Energy Policy and Planning Office (EPPO)

Ex 3: Oil Fund Debt Position

Source: The Oil Fund Office

Small burden on targeted relief measures if the war doesn't drag on

Second, the government is providing relief measures to targeted groups of people and businesses. The first set of measures does not extend to middle- to high-income people and large businesses, and it doesn't require a large amount of money. The measures in this round do not require a substantial budget, and soft loans are off-budget lending operations by state-owned banks. However, the government may increase the number of measures if the war drags on beyond May.

Ex 4: Relief Measures – The First Round

Relief Measures - First Round	Amount (Bt bn)	Note
Public and Vulnerable Groups:		
1) 13.4m low-income people under welfare card scheme will get Bt100/month on top of the current handout of Bt300/month for one month.	1.3	
2) It hasn't been approved yet but there is room to increase the above by another Bt600/month.	8.0	
3) Government Savings Bank's (GSB) soft loans for investment in solar energy and EV. Loans are capped at Bt2m/borrower for a period of five years.	5.0	Not from government budget but from state-owned bank GSB
4) Government Housing Bank's (GHB) soft loans to buy, build or refinance energy-efficient houses and solar rooftop systems.	n.a.	Not from government budget but from state-owned bank GHB
Agriculture Sector:		
1) Lower fertilizer costs for farmers.	n.a.	
2) Lower fuel expenses for fishery sector and promote the use of B20 fuel to replace marine diesel.	n.a.	
3) Bank of Agriculture and Agricultural Cooperatives' (BAAC) loan program for farmers to reduce production costs. Of the 6% interest rate, farmers can get 3% subsidized rate. Loan is capped at Bt100,000/borrower for three-year loan.	30.0	Not from government budget but from state-owned bank BAAC

Source: ttb wealth compilation

Ex 4: Relief Measures – The First Round (Con't)

Relief Measures - First Round	Amount (Bt bn)	Note
SMEs:		
1) For contractors, the k-factor will be adjusted, procurement rules will be relaxed, and the reference diesel price in the construction cost will be adjusted to reflect the current situation.	n.a.	
2) GSB will provide soft loans for business transformation.	100.0	Not from government budget but from state-owned bank GSB
3) SME Bank will provide green productivity loans.	n.a.	Not from government budget but from state-owned bank GSB
4) Export-Import Bank (EXIM) will provide 4% interest rate loans for exporters affected by high transportation costs.	n.a.	Not from government budget but from state-owned bank EXIM
Transportation Sector:		
Fuel cost subsidy handouts to cover the period into May to trucks, public buses, vans, taxis, and motorcycle taxis.	2.1	

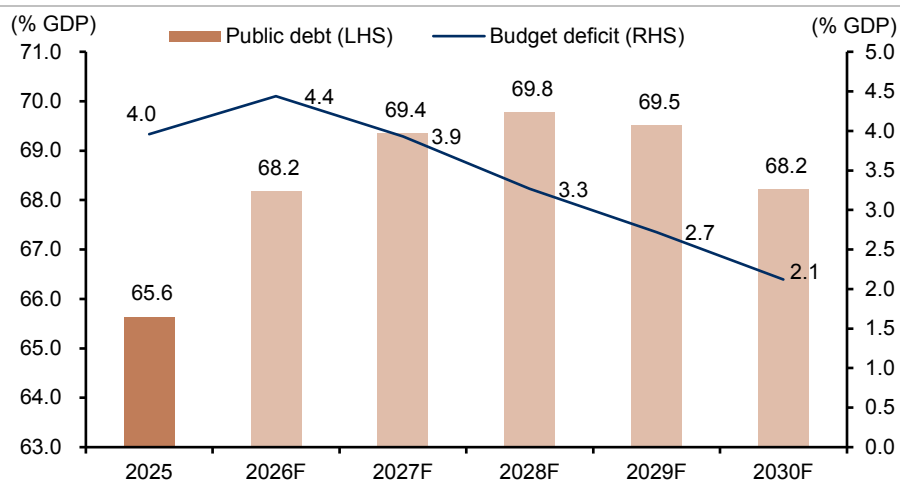
Source: ttb wealth compilation

Budget rearrangement for crisis management

Third, the government is rearranging the 2026 budget and estimates it can squeeze around Bt80-100bn from other parts of the government that won't be able to spend their allocations in time in the current budget year ending September 2026, and redirect it to the central budget for extra spending. The government is also in the process of drafting the 2027 budget. It plans to maintain the expenditure amount stipulated in the medium-term fiscal framework announced last year of Bt3.79tn or a budget deficit of 3.9% of GDP. However, it is reallocating spending to use the money more effectively. For example, the government is cutting the budgets for overseas study trips, provincial development, the construction of government buildings, and unproductive investment projects.

Having said that, if the government has finally decided to issue an executive decree for Bt500bn extra borrowing and that new stimulus policies fail to generate enough GDP, both the budget deficit and debt-to-GDP would rise from the medium-term projections below.

Ex 5: Medium-term Fiscal Framework



Source: Ministry of Finance

Note: *Budget deficit shown here excludes the non-budgetary balance. Including the non-budgetary balance, the budget deficit in 2025 was 2.2%.

An executive decree for extra borrowing

Fourth, the government is planning to issue an executive decree authorizing Bt500bn (2.5% of GDP) in extra borrowing. While the relief measures can be handled by the existing budget, the government is taking the opportunity from the improved credit rating outlook and the comfort from the recent 2026 Annual and Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group in Washington, D.C., to plan extra borrowing to stimulate the economy.

If the war drags on, extra borrowing reduces the risk of investment disruption

The idea of extra borrowing comes as a surprise to us because we don't see an urgent need for it this year, since the relief measures do not require a large amount of money and can be handled within the current budget through reallocation. However, we believe the government may want to take this opportunity, during the global crisis when most countries are also affected by the war, to expand borrowing to increase flexibility. If the Iran war does drag on, resulting in elevated oil prices for too long, the government would then have more room to manage the crisis without affecting its long-term investment plans.

Potential stimulus programs

Of the total extra borrowing, some will be spent on stimulus programs, while some is expected to be reserved for additional relief measures if the war persists. Below are some potential stimulus programs. Please note that no details have been provided yet, as they are still in the planning stage.

- Car trade-in and tax incentives to increase EV adoption
- Incentives to increase investment in solar power by both households and SMEs
- Investment in water management to reduce the risk of flooding
- Increasing the scale of the earlier planned co-payment scheme

Co-payment to boost GDP the fastest but it is not the best scheme

Among the programs above, we expect the co-payment scheme to generate the quickest return in terms of GDP, but we see it as the lowest-quality stimulus among the four programs. Although we believe the co-payment scheme is a much better option than a pure cash handout, the spending is focused on daily living and consumer staples, so the long-term GDP-creation effect is not high. All past co-payment schemes, implemented during the COVID period and in 4Q25 last year, were successful in quickly boosting GDP.

We like car trade-ins best as this would have a long-lasting effect

We like the car trade-in scheme, provided it is for domestically produced EVs and hybrids. This is an incentive that creates longer-term benefits by boosting auto demand and reducing energy costs. If this scheme is implemented over a longer horizon, say, two to three years, we believe it would also provide strong support for FDI with the auto parts supply chain. To avoid damaging the production base of internal combustion engine cars, the scheme includes hybrid vehicles.

Solar scheme good for long-term cost savings but not a large GDP boost

We also see the incentive scheme to increase investment in solar power and boost its use as a good one. Although we don't see this giving a clear boost to GDP in the short term, as solar installations are not highly GDP-stimulative, we still view it as a good scheme for transitioning to a green economy, with energy cost savings in the longer term. There is already a current tax incentive of Bt200,000 tax allowance for solar rooftop installation this year and we do not know yet what the new scheme's new benefit will be. There is actually a regulatory barrier that the government can unlock to create more demand for solar rooftop installations by households. That is to increase the quota for households to sell back the unused electricity production back to the grid.

Water management system is a good long-term scheme, in our view

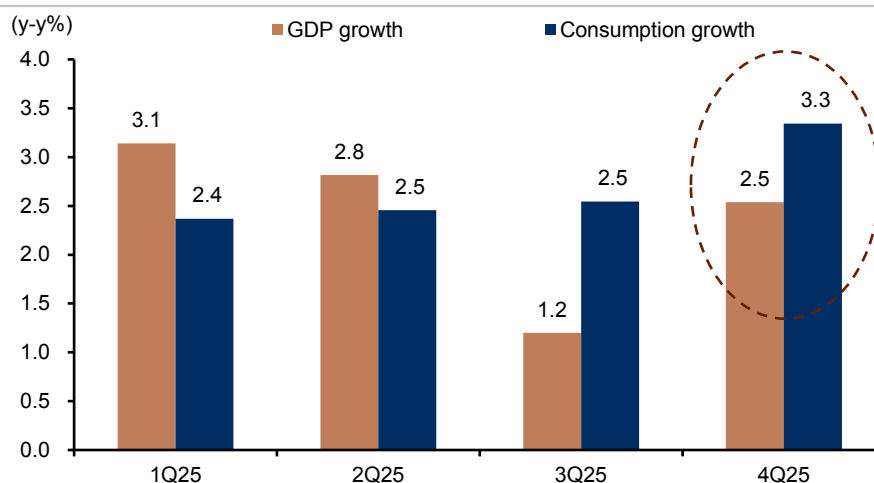
We regard investments in water management as a good plan, but we do not expect a significant near-term contribution to GDP. There will be construction that supports investments that can generate some GDP, with long-term benefits of reduced economic damage and less government funding needed for flood mitigation.

The co-payment scheme

A recap of phase 1 of the co-payment scheme in 4Q25

To recap, phase 1 of the co-payment scheme was implemented in 4Q25. It clearly boosted GDP, with consumption growth rising to 3.3% y-y in 4Q25 from 2.5% y-y in 3Q25. Increased consumption then pushed up GDP growth to 2.5% y-y in 4Q25 from 1.2% y-y in 3Q25. The government then promised, during the election campaign earlier in the year, to implement phase 2 after the election. At the time, it was expected that phase 2 would be much smaller than phase 1, as the economy had already started to turn around.

Ex 6: Co-payment Impact To GDP



Source: NESDB

Phase 2 to increase in size

However, in light of the impact of the Iran war, the government is redesigning the scheme to reflect the current situation. It is now expected that the phase 2 scheme will increase in size with a higher government spending ratio. In phase 1 in 4Q25 (Exhibit 7), the government spent around Bt40-44bn, and consumers matched this with a similar amount of their own spending. So, the total spending into the economy, excluding the multiplier effect, was about Bt80-88bn. Along with the co-payment scheme, the government gave about Bt22bn in handouts to low-income people in the welfare card system. Altogether, the combined spending into the economy was about Bt102bn or 2.1% of 4Q25 GDP.

For the upcoming phase 2 (Exhibit 6), the scheme's details have yet to be finalized, but the government's early estimate of Bt4,000/person budget (vs. Bt2,000-2,400/person in phase 1) implies that phase 2 could nearly double in size. The government is also considering increasing its co-spending ratio to 60% (from 50% in the previous round) and getting consumers to spend 40% (from 50%). The government also expects to distribute benefits to people through the welfare card system. The final number is yet to be finalized, but an early estimate of Bt700/month for two months would require another Bt19bn in spending.

As shown in Exhibit 7, the early estimate of total spending, both government spending and the co-payment share by consumers, is Bt152bn, or 0.8% of 2Q26F GDP and 2.3% of 3Q26F GDP.

Ex 7: The Co-payment and Handout Stimulus Policies

	Phase 1 (4Q25)	Phase 2* (2-3Q26)
Co-payment scheme:		
Estimated number of people	20m	No details yet
Amount of benefit per person	Bt2,000 for people in tax system Bt2,400 for people outside tax system	Around Bt4,000 No details for differences between people in and outside tax system
Government's co-spending ratio	50%	60%
Consumers' co-spending ratio	50%	40%
Period of spending	2 months (late October to end December 2025)	4 months (June-September 2026)
Government's payment installment	No monthly limit but max at Bt2,000-2,400 per person	Bt1,000 per month
Estimated government spending amount	Bt40-44bn	Bt80bn, assuming a budget for 20m people
Estimated consumer spending amount	Bt40-44bn	Bt53bn
Estimated total spending	Bt80-88bn	Bt133bn
Handout scheme:		
Estimated number of people under welfare card scheme	13.0m	13.4m
Handout per person	Bt1,700	Bt700/month, assuming for two months (not finalized yet)
Government budget spending	Bt22bn	Bt19bn
Estimated GDP impact:		
Estimated government budget spending	(Bt40bn-44bn + Bt22bn) = Bt62-66bn	(Bt80bn + Bt19bn) = Bt99bn
Estimated consumer spending amount	Bt40bn-44bn	Bt53bn
Estimated total spending	Bt102-110bn	Bt152bn
Total spending as % of GDP	2.1% in 4Q25 0.5% on a full-year basis in 2025	0.8% in 2Q26F and 2.3% in 3Q26F 0.8% on a full-year basis in 2026F

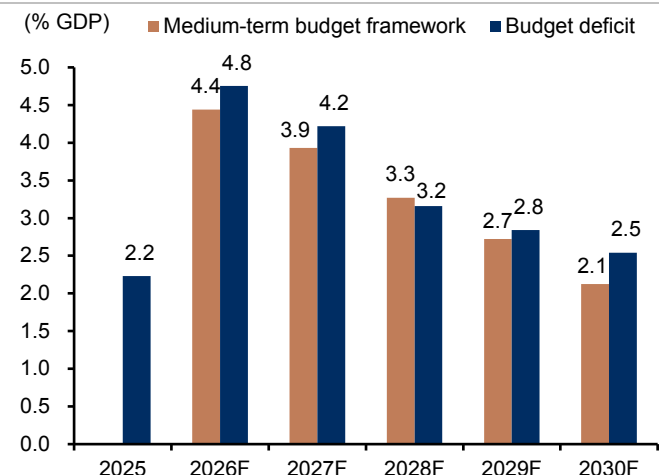
Source: ttb wealth compilation and estimates

Note: *Phase 2 scheme hasn't been finalized in details yet.

We prefer a smaller sized scheme

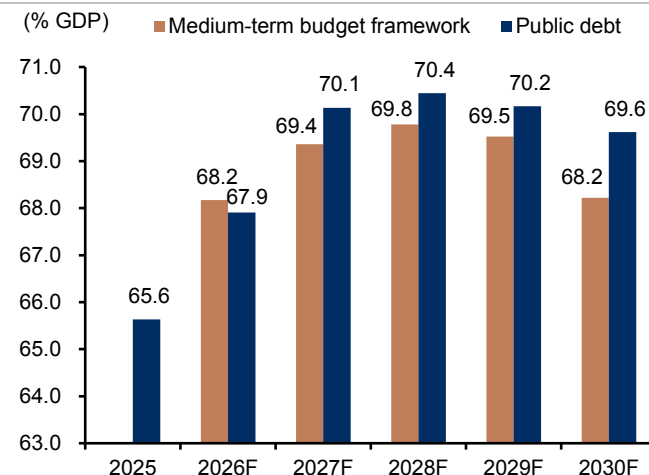
Our views on the co-payment phase 2 above are as follows.

- Based on the preliminary estimate and unfinalized numbers shown in the table above, the government's spending portion is Bt99bn. This is about 60% higher than the spending in phase 1. Therefore, there is expected to be a clear positive impact to GDP in 2Q-3Q26F. The impact based on the plan above will likely be felt fully in 3Q26F.
- Despite the positive impact to GDP, we don't see the need to increase the spending beyond the phase 1 size and that the remaining money should be used to spend on investment-based projects. The co-payment scheme is GDP positive and generates more multiplier effect than pure cash handouts. However, it is spending more on groceries and daily spending which don't generate as much of a long-term multiplier effect as investment-based projects.
- The phase 2 spending size may be increased because the government will have more money to spend in case it decides to go for an executive decree for Bt500bn in extra borrowing. Again, to us, the money should be used elsewhere to create a longer-lasting GDP impact.
- We forecast a higher budget deficit and public-debt ratios (Exhibits 8-9) than the ratios shown in the government's medium-term fiscal framework. This implies that the government may need to increase the public debt-ceiling ratio to above the current level of 70%.

Ex 8: Budget Deficit To GDP

Sources: Bank of Thailand, Ministry of Finance, ttb wealth securities estimates

Note: Our estimates include our assumption of Bt300bn extra spending in 2026-27F from the Bt500bn executive decree.

Ex 9: Public Debt To GDP

Sources: Public Debt Management Office, Ministry of Finance, ttb wealth estimates

Note: Our estimates include our assumption of Bt300bn extra spending in 2026-27F from the Bt500bn executive decree.

War impact and GDP cuts**Long-term oil fundamentals are in surplus**

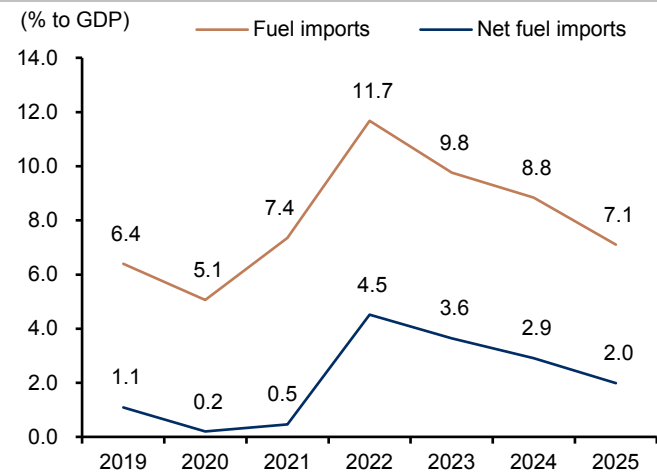
Our base-case expectation is that the war will have a significant impact in 2026F, with limited effects thereafter. In *Energy Sector – Looking beyond conflict* (20 April 2026), we revised our 2026-28F Brent oil price assumptions to US\$80/75/75 per barrel (from US\$67/70/70). The modest uplift beyond 2026F reflects a higher industry risk premium and some medium-term infrastructure damage that will take time to repair.

Thailand's oil imports are 7%, and net oil imports are 2% of GDP

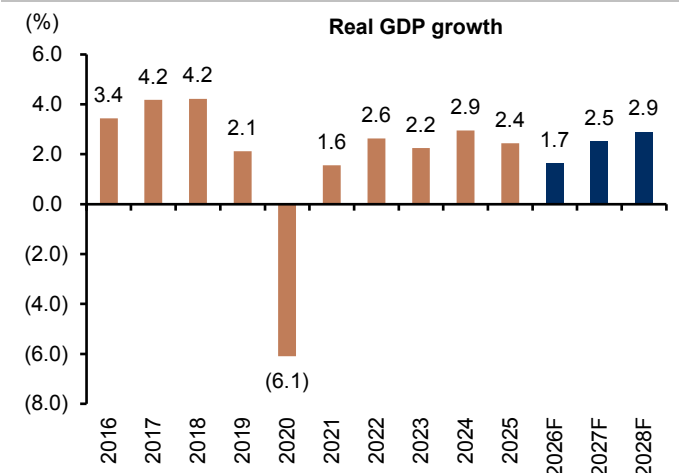
Like most countries, the chain-reaction impact of the Iran war begins with higher oil prices. For Thailand, this feeds into higher import bills and triggers knock-on effects on cost-push inflation, purchasing power, and tourism income. Thailand is an oil-importing country, at 7% of GDP in 2025. However, after offsetting oil and petrochemical exports, net oil imports account for only about 2% of GDP. Thailand also has a large tourism sector, with total tourism income equivalent to 15% of GDP in 2025, comprising 9% from foreign tourism and 6% from domestic tourism. Higher transportation and airfare costs are expected to weigh on the sector.

We expect a major war impact in 2026F but not beyond

We expect the war to have a sharp impact on the Thai economy in 2026F, with limited effects thereafter, based on 3 factors: (1) ongoing ceasefire negotiations suggest the conflict may end sooner rather than later; (2) global oil market fundamentals point to a structural surplus, with the recent price spike largely event-driven and unlikely to be sustained; and (3) global inflation is likely to remain subdued, supported by China's large-scale production capacity and ongoing technology advancement. We cut our 2026-28F GDP growth to 1.7/2.5/2.9% (from 2.1/2.4/3.0%).

Ex 10: Oil Imports Vs. Net Oil Imports To GDP

Source: Bank of Thailand

Ex 11: GDP Growth Forecasts

Sources: NESDC, ttb wealth estimates

Ex 12: GDP Growth Forecast Revisions

% growth	2023	2024	2025	2026F		2027F		2028F	
				New	Old	New	Old	New	Old
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Real GDP growth	2.2	2.9	2.4	1.7	2.1	2.5	2.4	2.9	3.0
Private consumption	6.7	4.4	2.7	3.0	2.5	1.8	2.0	2.2	2.2
Private investment	3.1	(1.9)	3.5	6.8	6.4	5.5	5.5	5.5	5.5
Government investment	(4.2)	4.5	8.9	1.7	2.2	2.3	2.3	2.5	2.5
Exports (nominal US\$ growth)	(1.5)	5.9	12.6	11.2	8.8	(1.6)	1.4	3.0	3.0
Imports (nominal US\$ growth)	(3.8)	5.6	13.4	15.8	12.3	(2.3)	1.3	3.1	3.1
Export of services (nominal baht growth)	47.3	26.1	(1.7)	0.1	1.3	1.0	1.0	2.0	2.0
Import of services (nominal baht growth)	3.7	14.1	(3.3)	(0.3)	(0.5)	2.0	2.0	2.0	2.0
Current account (% of GDP)	1.4	2.5	3.3	1.4	1.9	2.4	2.6	2.6	2.9
Headline CPI	1.3	1.2	(0.1)	2.2	0.1	0.5	1.0	1.3	1.3
Bt/US\$ – average	35.1	34.8	32.9	32.0	31.7	32.0	32.0	32.0	32.5
Policy rate	2.50	2.25	1.25	1.00	1.00	1.00	1.00	1.25	1.50

Sources: NESDC, Bank of Thailand, ttb wealth estimates

Budget fundamentals

The Iran war has raised concerns over Thailand's new investment cycle. Specifically, higher fiscal burdens could reduce the amount of money available for productive investment projects. While this is a valid concern, the government's handling of the situation suggests that the country's new investment cycle remains intact.

Below are the fundamentals of Thailand's government budget:

Current account surplus supports budget deficit

- Thailand is structurally a current account surplus economy, supported by its large tourism and export base. This surplus provides room for the government to run fiscal deficits, which is not a concern, in theory. Thailand has been able to run budget deficits for decades.

Problem is, spending on populism hasn't generated GDP to cover debt

- The issue, however, is that Thai governments have allocated a significant share of the budget to populist programs, leaving limited room for investment projects with strong multiplier effects on GDP. As a result, fiscal deficits have not generated sufficient GDP growth (the denominator in the public debt-to-GDP ratio) to offset the increase in debt (the

numerator) used to finance them. Consequently, public debt-to-GDP has risen from 40% in 2010 to 66% in February 2026.

Many examples of large populist programs

- Many of the past governments' populist programs remain embedded in the annual budget, while several one-off or project-based initiatives were financed with substantial debt, contributing to a jump in public debt. The programs that are embedded in the annual budget include the universal healthcare scheme, welfare card transfers, monthly income support for the elderly, and new born and child supports. Meanwhile, legacy debt from past populist schemes persists despite their completion, including the first-car tax rebate scheme, the rice-pledging program in the early 2010s, large-scale cash handouts during the COVID-19 period, and the initial phases of the Bt10,000 digital wallet program.

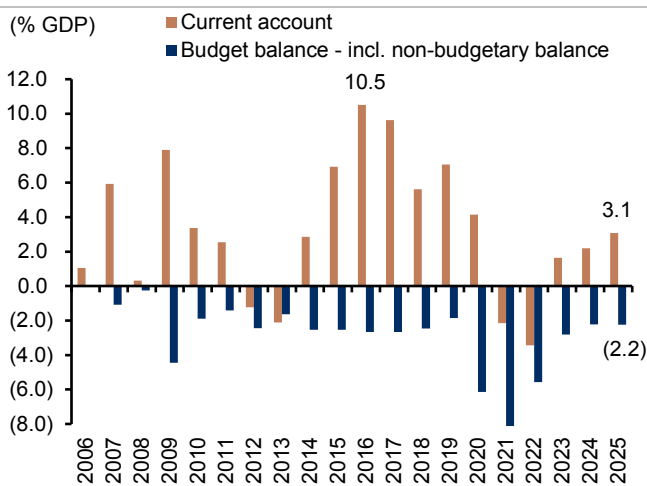
Budget constraints are due more to high public debt than to deficits themselves

- This suggests that budget constraints stem more from the level of public debt-to-GDP than from the budget deficit itself, as long as the country continues to run a current account surplus. As a developing economy, a 66% debt-to-GDP ratio is not unacceptably high, but neither is it low. Further spending that materially raises the ratio could therefore risk a credit rating downgrade. That said, there are two recent positives for the Thai government. First, Moody's reaffirmed Thailand's sovereign rating at Baa1 in April 2026 and revised the outlook to Stable from Negative. Second, the government received reassurance at the 2026 IMF–World Bank Spring Meetings in Washington, D.C., regarding additional borrowing, contingent on the funds' use.

Budget deficit can continue if it doesn't push up debt-to-GDP ratio

- This also implies that a budget deficit can be sustained if spending generates more GDP growth (the denominator) than the increase in debt (the numerator) used to finance it. In such cases, the debt-to-GDP ratio can decline despite ongoing deficits. An example was in 2009-11, when Thailand implemented the "Thai Khem Khaeng" (Strong Thailand) infrastructure investment program. The average budget deficit was 2.6% p.a., and public debt rose by a combined 24% over the period. However, the program helped lift GDP growth, and the debt-to-GDP ratio declined from 41% in 2009 to 38% in 2011.

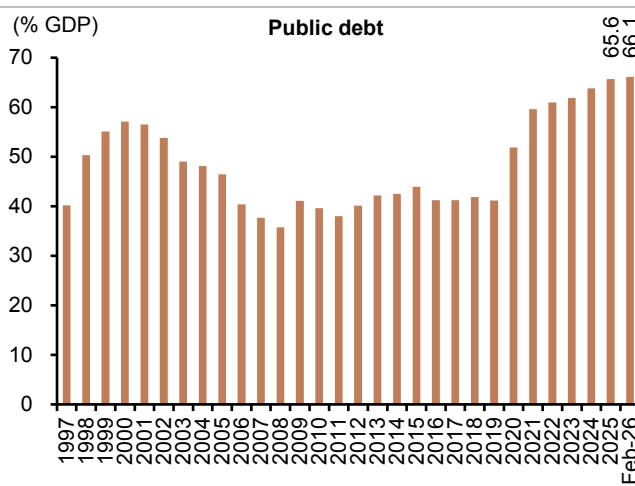
Ex 13: Mirror Image Of C/A Vs. Budget Balance



Sources: Bank of Thailand, Ministry of Finance

Note: The current account is on a calendar year, but the budget balance is on the fiscal year ending in September. Budget balance calculation includes the non-budgetary spending balance.

Ex 14: The Rising Path Of Public Debt



Sources: Public Debt Management Office

Below are the government's key budget directions:

The government is sticking with its fiscal framework of a falling budget deficit

- The government's medium-term fiscal framework targets a declining budget deficit trend (Exhibit 5). It is pursuing three key measures to achieve this. **First**, reforming the tax base to broaden it. **Second**, being tamer with populist policies by focusing on targeted support rather than broad-based measures. **Third**, jump-starting the country's new investment cycle as a high-multiplier engine to boost GDP (the denominator in the public debt-to-GDP ratio).

The framework forecasts public debt to not exceed a 70% ceiling

- In effect, debt may continue to rise alongside an expanding GDP base. Under its medium-term fiscal framework, the government projects the debt-to-GDP ratio to peak at near 70% ceiling in 2028 (Exhibit 5) before declining. However, if the government decides to issue the executive decree for Bt500bn in extra borrowing, there is a risk that the ratio could temporarily exceed the ceiling in 2027-28 before easing. Nonetheless, if the investment cycle remains intact to push up GDP growth, the debt-to-GDP ratio should decline from its peak.

Priority is budget spending rearrangement

- As discussed in the first section of this report, the government is seeking to contain public debt by reallocating spending within the 2026–27 budget to squeeze out unnecessary and unproductive expenditures. We see this as a sign of good budget discipline.

Then if the war drags on, extra spending and borrowing may be needed

- If the war persists for several months, the government may consider widening the deficit and use the opportunity to raise the debt ceiling above 70%. This would provide room to continue funding investment projects.

We don't like the executive decree but still expect no change to investment trend

Our view on the government's budget direction is positive, reflecting its long-term orientation and the strong commitment of Deputy Prime Minister and Finance Minister Dr. Ekniti Nitithanprapas to a disciplined fiscal framework and investment-focused policies. However, the proposal for an executive decree to authorize Bt500bn in additional borrowing was a surprise, as we do not see an immediate need. Also, we don't see a need to significantly increase the size of the co-payment scheme. Much now depends on how the extra borrowing will be spent. If directed toward future populist measures, there is a risk of a low-quality increase in public debt and a deterioration in confidence, particularly if technocratic ministers are not given sufficient power to counter the power of politics.

SET turnaround story looks intact

The Middle East war is a negative for Thailand, as for many other countries, though we expect it to be short-lived rather than prolonged. We remain bullish on the SET, seeing no change to its longer-term turnaround story. Our key investment theses below remain intact. Please refer to our full policy discussion in *Siam Senses – A long game*, dated 27 February 2026.

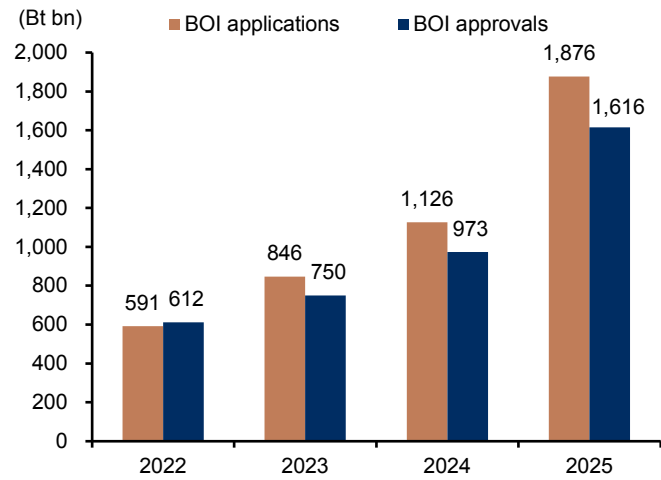
Stable politics is very important to Thailand

First, Thailand has entered a period of political stability, and we expect the current government, backed by a strong popular mandate, to complete its full four-year term. Political stability is a key re-rating catalyst for the country, as it supports a more consistent policy direction and more effective implementation, particularly with the largest party, Bhumjaithai (BJT), holding full control of the economic portfolios, led by a prominent technocrat rather than a politician.

A new investment cycle

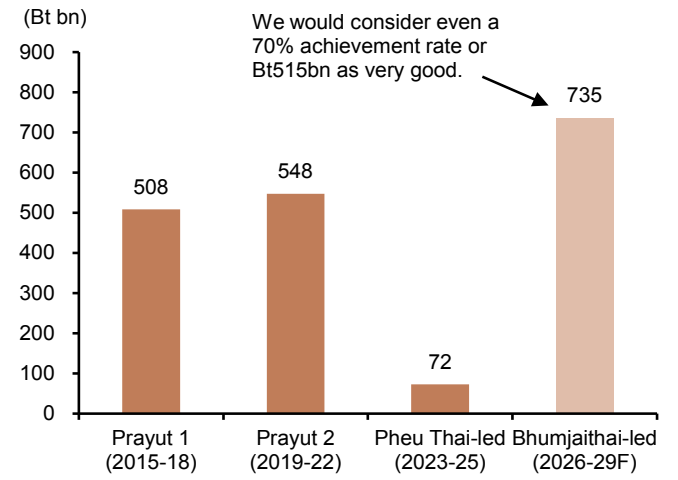
Second, we view the government's investment-focused policy as a positive direction for the economy. There are three key investment areas: FDI, mega infrastructure projects, and renewable energy. Exhibit 15 shows BOI applications and approvals that are expected to translate into FDI. The government has introduced the FastPass policy to streamline processes and accelerate licensing and approvals. Exhibits 16 and 18 outline our expectations for a new mega-infrastructure bidding cycle, while Exhibit 17 highlights the potential jump in renewable power plant projects. The chart uses capacity figures from the PDP 2024, but we expect significantly higher figures under the upcoming PDP 2026.

Ex 15: Leading Indicators Of A New FDI Cycle



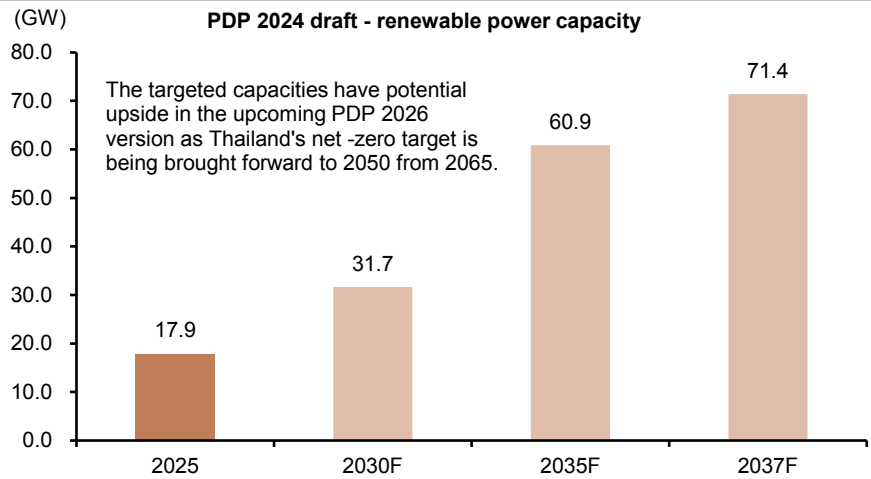
Source: Board of Investment

Ex 16: A New Mega-project Bidding Cycle



Source: ttb wealth estimates

Ex 17: Renewable Power Capacity – PDP 2024



Source: Energy Regulatory Commission

Ex 18: Potential Mega-project Biddings In 2026-29F

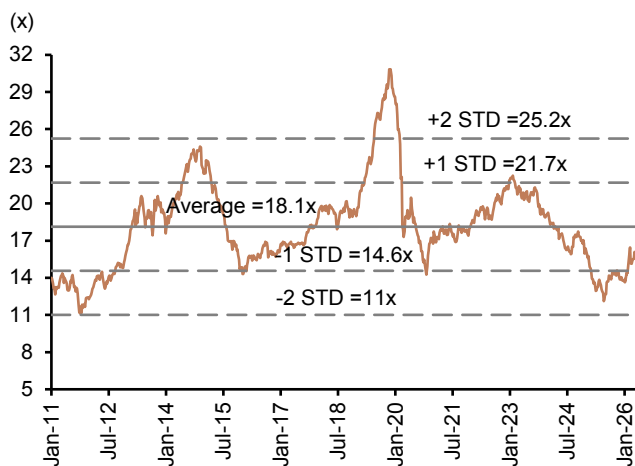
Project Type	Projects	Bt bn
Motorway	M6 (Bang Pa-in - Korad) rest area and O&M	10.0
Motorway	M81 (Bangyai - Kanchanaburi) rest area and O&M	6.3
Motorway	M9 (Western Outer Ring Road: Bang Bua Thong - Bang Pa-in)	15.9
Motorway	M9 (Western Outer Ring Road: Bang Khun Thian - Bang Bua Thong)	56.0
Motorway	M5 (Rangsit - Bang pa-in)	30.0
Motorway	Double Deck Expressway	35.0
Double-track railway	Hat Yai Junction – Padangbesar	7.5
Double-track railway	Chumphon - Surat Thani	29.0
Double-track railway	Surat Thani - Hat Yai Junction - Song Kla	64.5
Potential Biddings In 2026F		254.2
High-speed train	Phase 2: Korat - Nong Khai	235.0
Double-track railway	Chira Junction – Ubonratchathani	43.0
Double-track railway	Pak Nam Pho - Den Chai	77.8
Double-track railway	Den Chai - Chiang Mai	63.5
Motorway	M7 (Srinakarindra - SBIA)	19.0
Airport	Suvanabhumi Airport's East Expansion	13.0
Airport	Don Mueang Airport's phase 3	30.0
Total Biddings In 2026-28F		735.5

Source: ttb wealth estimates

Attractive at 12.9x 2026F PE, excluding DELTA

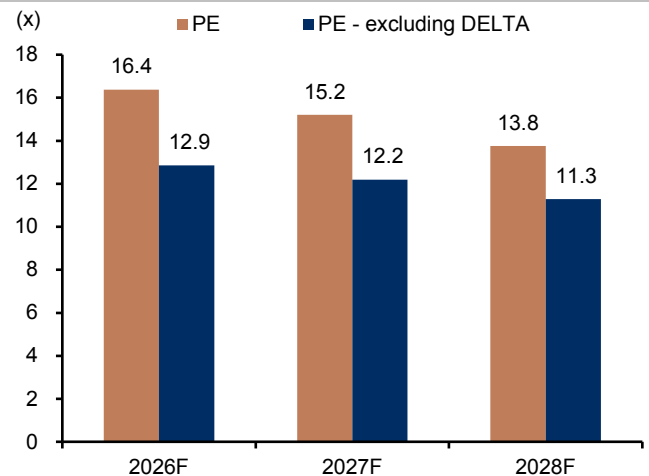
Third, the SET is coming from a low valuation base. The SET is trading on 16.4x PE or 12.9x excluding DELTA. The PE is below its 18.1x 15-year historical average, when DELTA began re-rating in 2021. Our year-end SET target remains at 1,600, implying 17.7x PE and 14.5x PE, excluding DELTA. We estimate normalized market earnings growth of 15.1/7.7% in 2026-27F vs. 5.6/-6.0% in 2024-25. We also project attractive market dividend yields of 3.7/3.9%.

Ex 19: PE STD



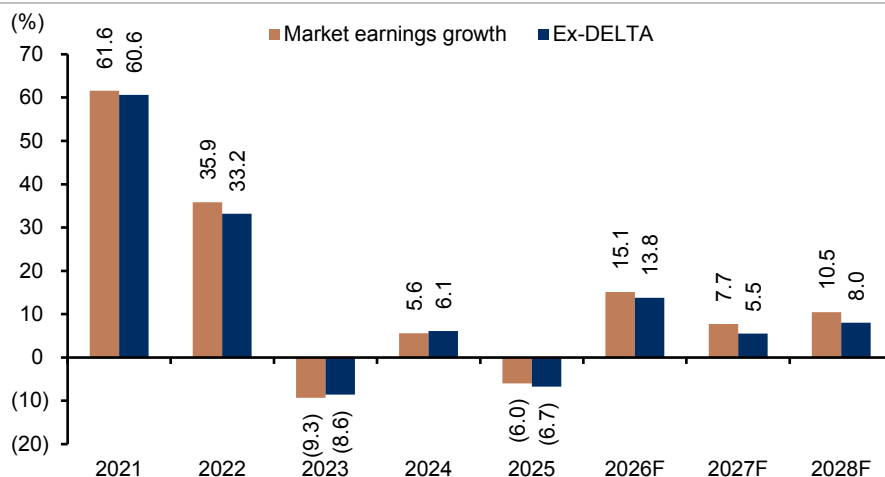
Sources: Bloomberg, SET, ttb wealth estimates

Ex 20: PE vs. PE Excluding DELTA



Source: ttb wealth estimates

Ex 21: Market Earnings Growth



Sources: Company data, SET, ttb wealth estimates

We replace CPALL with AOT

For our stock picks list, we maintain most of our top selections with only one change: we replace CPALL with AOT. While we want to reduce exposure in the retail sector by removing CPALL, **AOT** should benefit from an increase in the international Passenger Service Charge (PSC) to Bt1,120 from Bt730 per passenger, effective 20 June 2026. We estimate this to drive a sharp 60% EPS increase in FY27F (October 2026 to September 2027). We continue to expect the impact of the Iran war to be short-lived, while the PSC hike should provide a permanent lift to AOT's earnings base. Please refer to *AOT – Resilient passenger growth*, dated 21 April 2026.

Maintain all our other stock picks

There are no changes to our other top picks. We like **DELTA** for its strong earnings growth, which is in the same AI- and data center-driven industry, with a plus factor from rising order relocations from its parent company, Delta Electronics (Taiwan). As the two largest qualified bidders for the government's mega-projects, we see **STECON** and **CK** as government policy plays on a new investment cycle. Both also carry out construction work for the private sector, with STECON having more exposure than CK. STECON also does data center work. **GULF** is another government policy play. We expect GULF to benefit from the government's green economy policy, which includes increasing the country's renewable power capacity. We expect the new PDP to be finalized this year. We identify **KTB** as another government policy play, given the expected growth in government project loan volumes. KTB is also a high-yield play with a 6.8% yield in 2026F.

We expect the strong BOI application and approval flows to translate into an FDI boom, and **AMATA** is our play into that. FDI is a key government investment-boosting policy that facilitates and de-bottlenecks regulatory processes to expedite FDI investments.

We keep **ADVANC** and **TRUE** in our top picks, given their strong earnings growth outlooks and resilient EBITDA profiles. Both also offer decent dividend yields. We now have only one retail stock in our top picks: CPN, which has an earnings turnaround story driven by expansion. **CPN** is a high-quality asset-based play that we believe deserves to trade at a higher valuation than its current PE-to-growth (PEG) ratio of only 0.9x. CPN consistently maintains an occupancy rate above 90% across its nationwide mall properties.

Ex 22: ttb wealth'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 —	
						2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
		(Bt/shr)	(Bt/shr)	(%)	(US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
ADVANC TB	BUY	348.00	420.00	20.7	32,006	9.7	8.0	20.5	19.0	10.7	9.8	4.6	5.0
AMATA TB	BUY	20.40	25.00	22.5	725	21.5	3.5	5.8	5.6	0.9	0.8	6.8	7.1
AOT TB *	BUY	54.00	62.00	14.8	23,855	2.3	60.6	40.3	25.1	5.6	5.0	1.5	2.4
CK TB	BUY	16.50	23.00	39.4	864	5.0	6.8	10.6	10.0	0.9	0.9	3.3	3.5
CPN TB	BUY	62.00	75.00	21.0	8,605	15.8	13.4	14.4	12.7	2.3	2.2	4.1	4.7
DELTA TB	BUY	310.00	350.00	12.9	119,577	60.3	58.9	99.2	62.5	30.9	22.7	0.3	0.6
GULF TB	BUY	57.00	65.00	14.0	26,333	16.4	12.7	25.4	22.6	2.1	2.0	2.4	2.7
KTB TB	BUY	32.25	41.00	27.1	13,938	(2.5)	7.3	9.6	8.9	1.0	0.9	6.8	7.3
STECON TB	BUY	11.60	16.00	37.9	545	57.0	(10.9)	12.2	13.7	1.0	1.0	3.7	3.3
TRUE TB	BUY	13.50	16.50	22.2	14,424	30.0	18.1	19.4	16.4	7.9	7.6	2.6	4.3
Stock taken out													
CPALL TB	BUY	44.25	60.00	35.6	12,292	12.7	15.0	12.7	11.0	2.5	2.2	3.9	4.5

Sources: Company data, ttb wealth estimates

Note: * New additions. Based 27 April 2026 closing prices

APPENDIX 1: Top picks' financials

Ex 1: Advanced Info Service Pcl (ADVANC TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	226,264	236,696	250,711	262,053
Net profit	47,886	50,469	54,503	59,282
Norm profit	45,995	50,469	54,503	59,282
Norm EPS (Bt)	15.5	17.0	18.3	19.9
Norm EPS grw (%)	29.1	9.7	8.0	8.8
Norm PE (x)	22.5	20.5	19.0	17.5
EV/EBITDA (x)	10.5	10.7	9.8	9.5
P/BV (x)	9.7	19.8	18.2	16.7
Div yield (%)	9.9	4.6	5.0	5.4
ROE (%)	45.0	63.4	100.1	99.8
Net D/E (%)	67.7	306.2	234.5	272.3

Sources: Company data; ttb wealth estimates

Ex 2: Amata Corporation Pcl (AMATA TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	14,281	15,927	16,254	16,999
Net profit	3,149	4,017	4,157	4,474
Norm profit	3,306	4,017	4,157	4,474
Norm EPS (Bt)	2.9	3.5	3.6	3.9
Norm EPS grw (%)	31.6	21.5	3.5	7.6
Norm PE (x)	7.1	5.8	5.6	5.2
EV/EBITDA (x)	7.6	6.2	5.5	4.8
P/BV (x)	1.0	0.9	0.8	0.7
Div yield (%)	5.4	6.8	7.1	7.6
ROE (%)	14.6	16.2	15.2	14.9
Net D/E (%)	49.8	37.2	24.3	16.5

Sources: Company data; ttb wealth estimates

Ex 3: Airports of Thailand Pcl (AOT TB)

Y/E Sep (Bt m)	2025	2026F	2027F	2028F
Sales	67,136	68,548	84,336	89,253
Net profit	18,125	19,130	30,729	34,312
Norm profit	18,705	19,130	30,729	34,312
Norm EPS (Bt)	1.3	1.3	2.2	2.4
Norm EPS grw (%)	(4.2)	2.3	60.6	11.7
Norm PE (x)	41.2	40.3	25.1	22.5
EV/EBITDA (x)	20.3	19.6	13.7	12.5
P/BV (x)	5.9	5.6	5.0	4.6
Div yield (%)	1.5	1.5	2.4	2.7
ROE (%)	14.7	14.2	21.0	21.2
Net D/E (%)	(13.9)	(25.1)	(38.0)	(44.0)

Sources: Company data; ttb wealth estimates

Ex 4: CH. Karnchang Pcl (CK TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	44,277	45,743	47,750	51,508
Net profit	3,328	2,625	2,803	3,101
Norm profit	2,501	2,625	2,803	3,101
Norm EPS (Bt)	1.5	1.5	1.7	1.8
Norm EPS grw (%)	73.0	5.0	6.8	10.6
Norm PE (x)	11.2	10.6	10.0	9.0
EV/EBITDA (x)	29.1	27.1	25.5	22.3
P/BV (x)	1.0	0.9	0.9	0.8
Div yield (%)	2.7	3.3	3.5	3.9
ROE (%)	9.3	9.0	9.1	9.4
Net D/E (%)	132.3	122.0	107.6	94.9

Sources: Company data; ttb wealth estimates

Ex 5: Central Pattana Pcl (CPN TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	50,034	53,167	60,865	63,045
Net profit	18,841	19,758	22,350	24,311
Norm profit	16,722	19,366	21,958	23,919
Norm EPS (Bt)	3.7	4.3	4.9	5.3
Norm EPS grw (%)	1.7	15.8	13.4	8.9
Norm PE (x)	16.6	14.4	12.7	11.6
EV/EBITDA (x)	11.2	10.5	9.1	8.4
P/BV (x)	2.5	2.3	2.2	2.0
Div yield (%)	3.9	4.1	4.7	5.2
ROE (%)	15.9	17.0	17.8	17.9
Net D/E (%)	44.5	43.1	33.6	28.5

Sources: Company data; ttb wealth estimates

Ex 6: Delta Electronics (Thailand) Pcl (DELTA TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	198,153	297,113	431,426	610,738
Net profit	24,814	39,269	62,402	92,858
Norm profit	24,499	39,269	62,402	92,858
Norm EPS (Bt)	1.9	3.1	5.0	7.4
Norm EPS grw (%)	28.9	60.3	58.9	48.8
Norm PE (x)	159.1	99.2	62.5	42.0
EV/EBITDA (x)	112.4	71.9	45.8	31.1
P/BV (x)	40.3	30.9	22.7	16.6
Div yield (%)	0.2	0.3	0.6	1.0
ROE (%)	27.7	35.2	41.9	45.6
Net D/E (%)	(18.2)	(17.5)	(17.6)	(15.7)

Sources: Company data; ttb wealth estimates

Ex 7: Gulf Energy Dev. Pcl (GULF TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	129,667	124,881	130,825	140,423
Net profit	86,562	33,489	37,728	42,897
Norm profit	28,777	33,489	37,728	42,897
Norm EPS (Bt)	1.9	2.2	2.5	2.9
Norm EPS grw (%)	30.5	16.4	12.7	13.7
Norm PE (x)	29.6	25.4	22.6	19.9
EV/EBITDA (x)	43.9	36.2	32.5	28.0
P/BV (x)	2.5	2.1	2.0	1.9
Div yield (%)	0.0	2.4	2.7	3.0
ROE (%)	8.6	9.0	9.0	9.8
Net D/E (%)	84.7	59.8	60.3	62.7

Sources: Company data; ttb wealth estimates

Ex 8: Krung Thai Bank Pcl (KTB TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Pre Provision Profit	91,417	79,421	84,280	88,652
Net profit	48,229	46,997	50,430	53,543
Norm profit	48,229	46,997	50,430	53,543
Norm EPS (Bt)	3.4	3.4	3.6	3.8
Norm EPS grw (%)	4.5	(2.5)	7.3	6.2
Norm PE (x)	9.3	9.6	8.9	8.4
P/BV (x)	1.0	1.0	0.9	0.9
Div yield (%)	8.3	6.8	7.3	8.3
ROE (%)	10.7	10.1	10.4	10.6
ROA (%)	1.3	1.2	1.2	1.3

Sources: Company data; ttb wealth estimates

Ex 9: Stecon Group Pcl (STECON TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	33,473	35,413	37,811	40,424
Net profit	1,948	1,645	1,287	1,502
Norm profit	921	1,445	1,287	1,502
Norm EPS (Bt)	0.6	1.0	0.8	1.0
Norm EPS grw (%)	na	57.0	(10.9)	16.7
Norm PE (x)	19.1	12.2	13.7	11.7
EV/EBITDA (x)	10.5	9.6	8.6	7.7
P/BV (x)	1.1	1.0	1.0	0.9
Div yield (%)	4.7	3.7	3.3	4.3
ROE (%)	5.4	8.5	7.2	8.1
Net D/E (%)	24.5	20.7	18.7	15.0

Sources: Company data; ttb wealth estimates

Ex 10: True Corporation Pcl (TRUE TB)

Y/E Dec (Bt m)	2025	2026F	2027F	2028F
Sales	195,669	187,257	191,340	194,632
Net profit	9,240	24,074	28,428	29,844
Norm profit	18,520	24,074	28,428	29,844
Norm EPS (Bt)	0.5	0.7	0.8	0.9
Norm EPS grw (%)	87.4	30.0	18.1	5.0
Norm PE (x)	25.2	19.4	16.4	15.6
EV/EBITDA (x)	8.5	7.9	7.6	7.2
P/BV (x)	6.2	5.3	4.6	4.2
Div yield (%)	2.3	2.6	4.3	4.5
ROE (%)	24.8	29.4	30.1	28.3
Net D/E (%)	410.2	326.0	288.6	243.6

Sources: Company data; ttb wealth estimates

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