

Thailand Market Strategy

Strong 4Q25 TH GDP surprise; 2026 growth outlook improves

- 4Q25 GDP beat expectations, driven by stronger-than-expected private consumption and investment, both private and public sectors.
- The 2026 growth outlook has improved, with the NESDC raising its forecast to 1.5–2.5% y-y, supported by stronger projections for private investment and exports.
- We favor domestic-oriented sectors in a more domestically driven growth environment.

Thailand's 4Q25 GDP surprises to the upside TH 4Q25 GDP growth

Thailand's economy improved more than expected in 4Q25, with the NESDC reporting GDP growth of +1.9% q-q and +2.5% y-y, significantly above consensus estimates of +0.6% q-q and +1.3% y-y. The upside surprise was primarily driven by a stronger acceleration in private consumption and investment, across both the private and public sectors.

Private sector leads recovery; public investment rebound sharply

In 4Q25, private consumption accelerated to +3.3% y-y, supported by government stimulus measures, including the Kon La Krueng Plus Phase 1 program. In addition, vehicle purchases surged +26.4% y-y ahead of the expiration of the EV 3.0 scheme. Investment showed a marked improvement in both segments, with private investment rising +6.5% y-y and public investment jumping +13.3% y-y, benefiting from last year's low base and early signs of a new domestic investment upcycle. Meanwhile, overall public spending grew more modestly at +1.3% y-y, reflecting continued fiscal constraints.

Exports remains resilient; tourism still await China's recovery

Goods exports expanded by +8.7% y-y in 4Q25, easing from +10.7% y-y in 3Q25 due to a higher base in late 2024. Nevertheless, growth remained stronger than expected, as the impact of US tariffs has been milder than initially feared. Meanwhile, services exports declined by -6.9% y-y, broadly in line with international tourist arrivals of 8.86 million in the quarter (-6.3% y-y). While tourism remains below last year's level, the contraction reflects a gradual and uneven recovery across Asian markets, particularly China.

Brighter 2026 growth outlook from NESDC

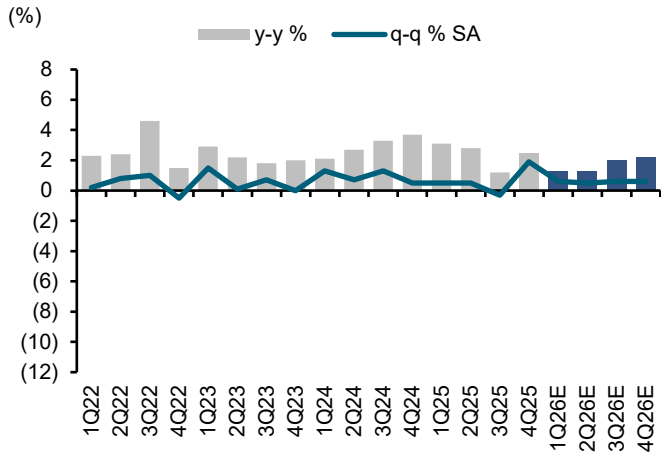
For 2025, Thailand's GDP grew +2.4% y-y. The NESDC has revised its 2026 GDP growth forecast upward to 1.5–2.5% y-y, from 1.2–2.2% previously, reflecting stronger projections for private investment and exports. GDP momentum in 2026 is expected to gradually improve on a q-q basis, supported by election-related spending and the formation of a stable new coalition government. The government is preparing additional short-term stimulus measures, including Kon La Krueng Plus Phase 2, alongside initiatives to accelerate private-sector investment under the Thailand Fast Pass framework. We view this as a positive sentiment driver for domestic-oriented sectors, which are positioned to outperform global-play stocks in a more domestically driven growth environment.



Veeravat Virochpoka

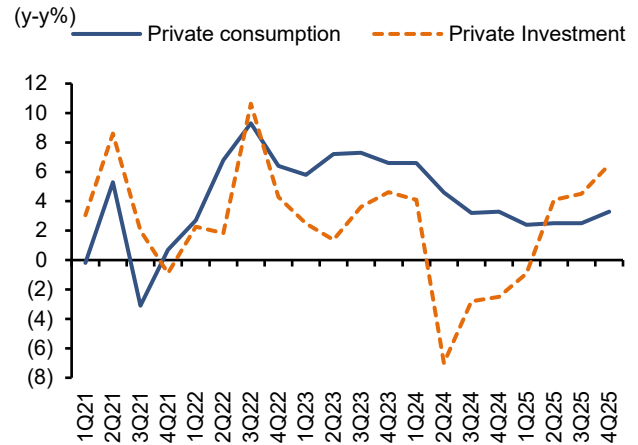
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Exhibit 1: Stronger-than-expected TH 4Q25 GDP growth



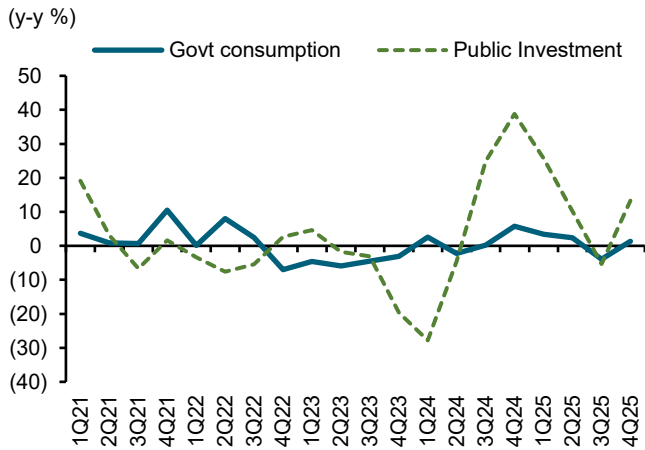
Source: NESDC

Exhibit 2: Private sector accelerated both consumption and investment



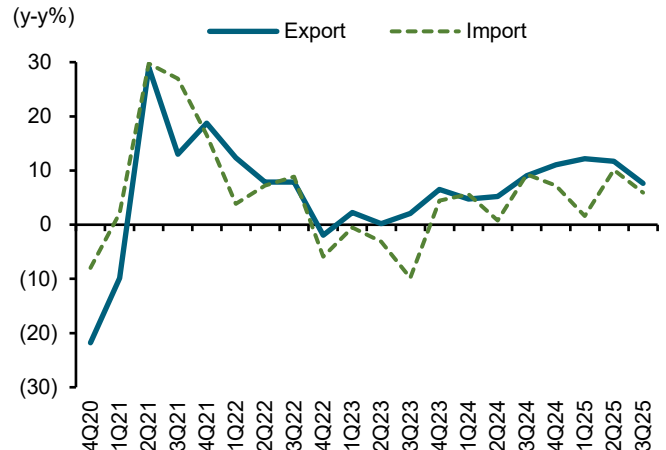
Source: NESDC

Exhibit 3: Public investment jumped; spending moderated



Source: NESDC

Exhibit 4: Goods exports eased but remain strong; services await recovery



Source: NESDC

Exhibit 5: NESDC and BoT economic projections

| | 2022 | 2023 | 2024 | 2025 | ---- NESDC ---- | ----- Bank of Thailand ----- | |
|--------------------------------|--------|--------|--------|--------|-----------------|------------------------------|-------|
| | (y-y%) | (y-y%) | (y-y%) | (y-y%) | 2026E | 2026E | 2027E |
| Real GDP growth | 2.6 | 2.0 | 2.5 | 2.4 | 1.5-2.5 | 1.5 | 2.3 |
| Private consumption | 6.2 | 6.9 | 4.4 | 2.7 | 2.1 | 1.9 | 2.0 |
| Private investment | 4.6 | 3.1 | (1.6) | 3.5 | 1.9 | 2.2 | 2.8 |
| Public consumption | 0.1 | (4.7) | 2.5 | 0.6 | 1.2 | 0.0 | 1.6 |
| Public investment | (3.9) | (4.2) | 4.8 | 8.9 | 1.7 | 0.8 | 5.7 |
| Export value growth (USD b) | 5.4 | (1.5) | 5.8 | 12.7 | 2.0 | 0.6 | 1.7 |
| Headline inflation | 6.1 | 1.2 | 0.4 | (0.1) | (0.3)-0.7 | 0.3 | 1.0 |
| Current account to GDP (%) | (3.5) | 1.5 | 2.3 | 3.1 | 2.4 | - | - |
| Number of tourist arrivals (m) | 11.2 | 28.1 | 35.5 | 33 | 35 | 35 | 36 |

Sources: NESDC and BoT

Disclaimer for ESG scoring

| ESG score | Methodology | Rating | | | | | | | | | | | | | | | | | | | |
|--|---|--|---|----------------|---|-----------|-------------|----------|-------------|------------|-------------|-----------------|---|-----------|-------------|----------|-------------|------------|-------------|-----------------|---|
| The Dow Jones Sustainability Indices (DJSI) By S&P Global | The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion. | Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe. | | | | | | | | | | | | | | | | | | | |
| SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET) | SET ESG quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years. | To be eligible for SETESG inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETESG Index is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks. | | | | | | | | | | | | | | | | | | | |
| CG Score by Thai Institute of Directors Association (Thai IOD) | An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations. | Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%). | | | | | | | | | | | | | | | | | | | |
| AGM level By Thai Investors Association (TIA) with support from the SEC | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i> | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79. | | | | | | | | | | | | | | | | | | | |
| Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC) | The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i> | The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements. | | | | | | | | | | | | | | | | | | | |
| Morningstar Sustainalytics | The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i> | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table> | NEGL | Low | Medium | High | Severe | 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | |
| NEGL | Low | Medium | High | Severe | | | | | | | | | | | | | | | | | |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | | | | | | | | |
| ESG Book | The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis. | The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance. | | | | | | | | | | | | | | | | | | | |
| MSCI | MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-top: 10px;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table> | AAA | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | AA | 7.143-8.570 | A | 5.714-7.142 | BBB | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | BB | 2.857-4.285 | B | 1.429-2.856 | CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks |
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| CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | | | | | | | | | | |
| Moody's ESG solutions | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term. | | | | | | | | | | | | | | | | | | | | |
| Refinitiv ESG rating | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i> | | | | | | | | | | | | | | | | | | | | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. | | | | | | | | | | | | | | | | | | | |

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) "SETESG". The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

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BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

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* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

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Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

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