

Thailand Market Strategy

Raise SET target to 1,570

- 1Q26 earnings broadly beat expectations across sectors, led by commodities, banks, telecom, retail, and others, with no major sector missing estimates.
- 2Q26E earnings may soften q-q due to seasonal and lower energy stock gains, but y-y growth should remain positive.
- Raise 2026 SET target to 1,570 on higher EPS and target PER.

Stronger-than-expected 1Q26 earnings

Based on 132 companies in our study, aggregated 1Q26 net profit came in at THB219b, up 41% q-q and 26% y-y, exceeding expectations by 9%, driven mainly by strong earnings from the banking, energy, and petrochemical sectors. Nevertheless, even excluding these three sectors, aggregate net profit stood at THB101b, increasing 27% q-q and 19% y-y, and beating estimates by 13%, marking a strong start to 2026.

Banks, telecom, and commodities led earnings growth

Sectors delivering strong earnings growth and outperforming expectations included oil, petrochemicals, construction materials, and packaging (higher commodity prices and spreads following the US–Iran conflict). Banks also posted strong results (better-than-expected non-interest income and lower expenses). Telecom earnings benefited from a more rational competitive environment and lower costs, while electronics gained from robust demand for AI-related products. Meanwhile, domestic and consumption-related sectors such as retail, food, finance, and property also reported better-than-expected earnings overall (supported by election-related spending during the first two months of the year). However, cost-control measures began to emerge in March as energy prices started to rise.

2Q26E earnings may ease q-q but still grow y-y

Looking ahead, we expect 2Q26 earnings to soften q-q due to seasonal weakness in several industries, particularly tourism and healthcare, as well as lower stock gains in the energy sector. However, on a y-y basis, earnings should still continue to grow. Key factors to monitor are the full-quarter impact of weaker purchasing power and rising costs, which should become more evident going forward. Nevertheless, with 1Q26 earnings accounting for 29% of our full-year 2026 forecast (or 27% excluding energy, petrochemicals, and banks), we see scope for a modest upward revision to market EPS.

Raise SET target to 1,570

We raise our 2026 SET target from 1,470 to 1,570, reflecting an upward revision in 2026 EPS from THB92 to THB95 (+8% y-y), alongside a higher target PER of 16.5x from 16x (+1SD above the historical average). This reflects higher valuations for technology-related sectors and our expectation that foreign fund flows could gradually return to the Thai equity market, assuming geopolitical tensions ease in 2H26. Our top picks remain BA, BDMS, CPALL, CPF, CPN, ERW, GULF, KTB, TIDLOR, and WHAUP.



Veeravat Virochpoka

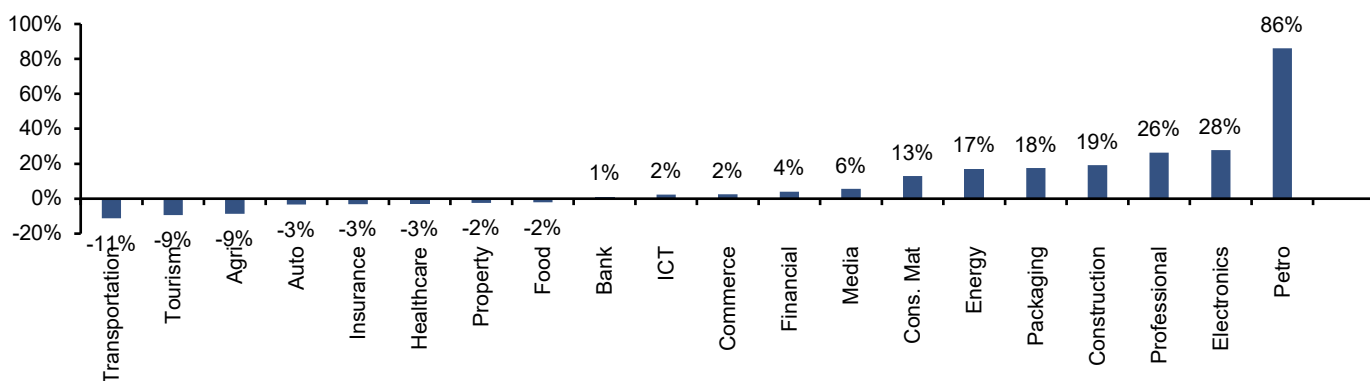
Fundamental Investment Analyst on Securities; License no. 047077
veeravat.v@fssia.com, +66 2646 9965

Exhibit 1: 1Q26 earnings results by sector (132 companies in our study)

Sector	1Q26	4Q25	1Q25	Change		Beat / Missed (%)	2026E (THB m)	1Q26 to 2026E (%)
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)			
Energy	93,951	61,183	61,471	55	54	1	283,596	33%
Bank	48,219	49,502	60,136	20	(1)	23	222,865	27%
ICT	18,745	18,565	12,545	13	67	12	78,275	27%
Commerce	18,583	18,078	18,033	13	13	10	71,547	29%
Food	12,813	7,638	18,122	79	(25)	7	52,062	26%
Property	10,429	14,791	12,770	(8)	6	30	53,690	25%
Transportation	10,361	8,781	10,936	24	(1)	5	30,314	36%
Financial	8,697	7,861	7,647	16	19	5	36,666	25%
Electronics	8,572	7,522	6,196	25	52	10	40,930	23%
Healthcare	6,492	6,420	6,994	4	(4)	3	28,476	23%
Cons. Mat	6,071	(2,548)	2,493	409	216	30	17,871	44%
Petro	2,759	(10,199)	(3,879)	104	111	85	15,600	3%
Tourism	1,702	2,503	1,741	41	103	108	13,685	26%
Packaging	1,168	1,302	1,020	27	63	42	5,635	29%
Auto	926	793	938	23	4	5	3,354	29%
Construction	901	1,552	580	(44)	49	(4)	4,441	19%
Agri	485	443	638	17	(19)	7	1,940	27%
Media	290	882	202	(62)	66	16	2,271	15%
Professional	217	223	238	(3)	(9)	(1)	951	23%
Grand Total	251,381	195,290	218,821	41	26	9	964,166	29%
Excl. Energy & Petro	154,670	144,306	161,229	25	12	16	664,971	27%
Excl. Banking	203,162	145,788	158,685	48	36	6	741,301	29%
Excl. Energy & Petro and Banking	106,452	94,804	101,094	27	19	13	283,596	27%

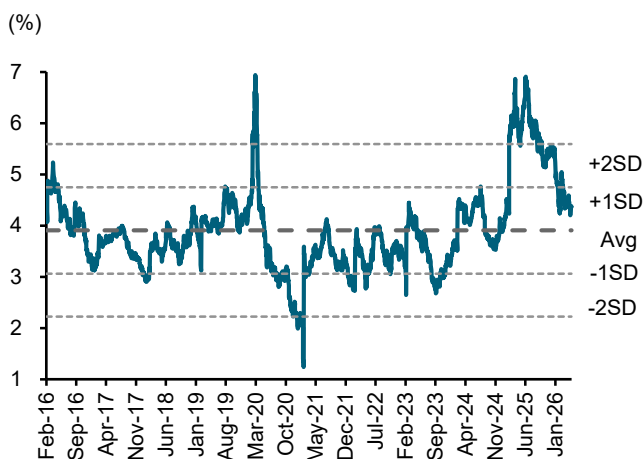
Sources: SETSMART, Bloomberg and FSSIA estimates

Exhibit 2: 2026E earnings revision by sector from end of Feb-26 to May-26



Sources: Bloomberg and FSSIA estimates

Exhibit 3: SET earnings yield gap



Sources: Bloomberg and FSSIA

Exhibit 4: SET target sensitivity

	EPS	2026E		
		92	95	98
P/E (x)				
SD+1.5	17.3	1,593	1,645	1,697
SD+1	16.5	1,519	1,568	1,618
SD+0.5	15.7	1,445	1,492	1,539
Average	14.9	1,371	1,416	1,460
SD-0.5	14.1	1,297	1,339	1,381
SD-1	13.3	1,223	1,263	1,302
SD-1.5	12.5	1,149	1,186	1,224

Sources: Bloomberg; FSSIA estimates

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
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																		
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.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Veeravat Virochpoka FSS International Investment Advisory Securities Co., Ltd

Finansia Syrus Securities Public Company Limited and FSS International Investment Advisory Securities Company Limited are subsidiaries of Finansia X Public Company Limited, with shared directors or executives.

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 13.80	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Bangkok Dusit Medical Services	BDMS TB	THB 18.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
CP All	CPALL TB	THB 46.25	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a lower-than-expected y-y gross profit margin improvement.
Charoen Pokphand Foods	CPF TB	THB 19.00	BUY	Downside risks to our P/E-based TP include 1) slow purchasing power, 2) a slower-than-expected meat price recovery, 3) higher feed costs, 4) Baht strength, and 5) a minimum wage increase and labor shortages.
Central Pattana	CPN TB	THB 64.75	BUY	Key downside risks to our DCF-derived TP are deviations from our estimates on rental and occupancy rates, returns on its new investments, capex, and interest rates.
The Erawan Group	ERW TB	THB 2.64	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Gulf Development	GULF TB	THB 59.75	BUY	The downside risks to our SoTP-based TP for GULF include 1) a lower-than-expected Ft; 2) a higher-than-expected gas cost; and 3) delays in project commercial operation dates.
Krung Thai Bank	KTB TB	THB 34.25	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tidlор Holdings	TIDLOR TB	THB 16.70	BUY	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators.
WHA Utilities and Power	WHAUP TB	THB 4.96	BUY	<ul style="list-style-type: none"> ▪ Higher gas prices with lower electricity tariffs, pressured by government policies, resulting in significantly lower power margins ▪ Changes in state energy policies or regulatory risk.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 15-May-2026 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.

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 market price and the formal recommendation.

* 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.

Industry Recommendations

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.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.