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KEY HIGHLIGHTS

Strategy

Alpha Picks: Rotate From Domestic To External Linked Stocks Page 2

We have a cautious outlook for the Thai equities market in July. We decide to take profit on PTTEP, drop BJC and add IVL and SCGP to our portfolio.

Sector

Retail Page 8

Resilient amid political uncertainties.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,110.01	20.45	1.88
SET50	723.73	15.13	2.14
Value (Btm) - SET	39,156		
Top 5 Sector			
BANK	389.96	3.19	0.82
PETRO	469.51	2.18	0.47
PROP	137.82	2.67	1.98
ENERG	14,820.92	279.57	1.92
ICT	182.54	2.37	1.32

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
KTC	24.40	1.67	9,592.0
DELTA	104.00	8.33	2,663.8
PTT	30.50	1.67	1,153.3
ADVANC	283.00	1.80	2,817.4
KBANK	154.50	0.65	1,657.2

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
CIG	0.03	50.00	0.0
GRAND	0.03	50.00	0.1
SDC	0.04	33.33	0.2
KC	0.04	33.33	0.1
ECF	1.23	30.85	4.0

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
NATION	0.02	(33.33)	0.0
VS	0.15	(31.82)	0.0
MK	0.71	(30.39)	0.5
TGH	11.60	(14.07)	0.0
GTV	0.07	(12.50)	0.2

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	67.1	5.0	(7.8)	(7.6)
Dubai crude*	67.1	7.2	(12.6)	(10.7)
Baltic Dry Index	1,458.0	2.5	(7.9)	46.2
Gold Spot***	3,332.9	(1.4)	6.3	27.0

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(23.9)	(23.9)	(2,360.6)	2,439.5

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.46

Interest Rate (%) - TH Policy Rate = 2.00

Thai Lending Rate (%)* - MLR = 6.90

STRATEGY – THAILAND

Alpha Picks: Rotate From Domestic To External Linked Stocks

Our Alpha Picks outperformed the market in June with our portfolio and the SET Index's returns at -3.3% and -5.2% respectively. During the month, the market moved down broadly due to the tension within the Thai government. We have a cautious outlook on the Thai equities market in July due to domestic uncertainties. For Jul 25, our Alpha Picks are ADVANC, BCH, BDMS, CPN, ERW, IVL, MTC, RATCH, SCGP and TIDLOR.

WHAT'S NEW

- **Our portfolio outperformed the market in June**, with our portfolio and the SET Index's returns at -3.3% and -5.2% respectively. The strongest performers were PTTEP (+11.7%), CPN (+1.6%) and ERW (+1.0%), while the worst performers were MTC (-15.6%), TIDLOR (-10.7%), and BCH (-6.6%)
- **The SET Index moved down in June**. The SET Index declined 5.2% mom in June mainly due to the domestic politics and tension in the Middle East. The outperforming sectors in the month were packaging (+0.8%), construction materials (-1.4%), and petrochemicals (-2.4%). The worst performing sectors were finance (-16.8%), construction (-10.5%), and transportation (-9.5%).
- **More challenges to come in July**. We have a cautious outlook for the Thai equities market in July despite easing external factors including: a) the Iran-Israel ceasefire, and b) less tension on China-US trade barriers. However, we see more pressure from domestic factors as Thailand's political landscape entering a critical phase that may lead to house dissolution mainly due to a leaked audio clip of a private conversation between Prime Minister Paetongtarn Shinawatra and former Cambodian PM on 15 Jun 25. The dialogue reflects a lack of unity between the Thai government and the military, personalises diplomatic relations, and includes commitments to Hun Sen's request, raising questions about political decorum.
- **Risk arising from fiscal budget approval, not the Prime Minister**. We are not concerned about the possibility of a change in Prime Minister, whether through legal processes or a no-confidence debate. However, we are concerned about a potential dissolution of Parliament, which could impact the approval of the 2026 budget.

ACTION

- **We add IVL and SCGP to our portfolio** to hedge against domestic uncertainties. We decide to take profit on PTTEP as the Israel-Iran ceasefire may limit the crude oil prices upside, and we decide to cut loss on BJC due to weak retail business in 2Q25.

ANALYSTS' TOP ALPHA PICKS*

Analyst	Company	Rec	Performance	Catalyst
Tanaporn Visaruthaphong / Thachasorn Jutaganon	ADVANC	BUY	1.1	Strong average revenue per user (ARPU)
Benjaphol Suthwanich / Nonpawit Vathanadachakul	BCH	BUY	(21.0)	The rate of AdjRW>2 to be fixed at Bt12,000/head
Benjaphol Suthwanich / Nonpawit Vathanadachakul	BDMS	BUY	(13.3)	Better-than-expected Thai and foreign patients.
Kasemsun Koonnara	CPN	BUY	(16.3)	New projects launch
Benjaphol Suthwanich / Nonpawit Vathanadachakul	ERW	BUY	1.0	Tourist arrivals bottom out
Arsit Pamaranon	IVL	BUY		Peak in PET demand in 2Q25.
Thanawat Thangchadakorn	MTC	BUY	(28.4)	A policy rate cut.
Arsit Pamaranon	RATCH	BUY	(8.7)	1Q25: Full quarter contribution from HKP unit-I and unit-II
Benjaphol Suthwanich	SCGP	BUY		Fajar earnings improvement
Thanawat Thangchadakorn	TIDLOR	BUY	(15.2)	Government stimulus packages to boost economic recovery
Tanapon Cholkadidamrongkul	BJC	BUY	(15.5)	Dropped
Tanaporn Visaruthaphong / Benjaphol Suthwanich	PTTEP	BUY	(6.0)	Dropped

*Denotes a timeframe of 1-3 months and not UOBKH's usual 12-month investment horizon for stock recommendation

#Share price change since stock was selected as Alpha Pick

Source: UOB Kay Hian

KEY RECOMMENDATIONS

Company	Share Price 30 June 25 (Bt)	Target Price (Bt)	Upside/ (Downside) to TP (%)
ADVANC	278.00	340.00	22.30
BCH	12.80	17.50	36.72
BDMS	20.80	32.00	53.85
CPN	46.25	79.60	72.11
ERW	2.12	2.70	27.36
IVL	20.30	24.00	18.23
MTC	35.25	52.00	47.52
RATCH	24.20	40.00	65.29
SCGP	17.00	21.00	23.53
TIDLOR	15.10	18.50	22.52

Source: UOB Kay Hian

CHANGE IN SHARE PRICE

Company	June 25 (%)	To-date* (%)
ADVANC	(2.8)	1.1
BCH	(6.6)	(21.0)
BDMS	(3.3)	(13.3)
BJC	(3.5)	(15.5)
CPN	1.6	(16.3)
ERW	1.0	1.0
MTC	(15.6)	(28.4)
PTTEP	11.7	(6.0)
RATCH	(5.1)	(8.7)
TIDLOR	(10.7)	(15.2)
SET Index	(5.2)	

*Share price change since stock was selected as alpha pick

Source: UOB Kay Hian

PORTFOLIO RETURNS

(%)	2024	1Q25	2Q25
SET return	(1.1)	(17.3)	(5.9)
Alpha Picks Return			
- Price-weighted	7.0	(10.0)	(1.6)
- Market cap-weighted	5.4	(13.7)	(2.9)
- Equal-weighted	3.4	(11.0)	(1.5)

Assumptions for the three methodologies:

1. Price-weighted: Assuming the same number of shares for each stock, a higher share price will have a higher weighting.
2. Market cap-weighted: Weighting is based on the market cap at inception date, a higher market cap will have a higher weighting.
3. Equal-weighted: Assuming the same investment amount for each stock, every stock will have the same weighting.

Source: UOB Kay Hian

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ADVANC — BUY (Kitpon Praipaisarnkitg/Thachasorn Jutaganon)

- **For the 2Q25 outlook, mobile revenue is expected to be flat qoq.** Fixed broad band (FBB) business softened a bit in Apr 25, which is typically a slower month, but still managed to grow both in net subscribers and revenue. For the handset business, despite a lower margin of 4.3% in 1Q25, management is still confident in hitting the full-year target of 5.2%.
- **AIS maintains its full-year capex guidance of Bt26b-27b**, which does not include any spectrum-related spending. Due to the current quiet period, management is not able to comment on how the new spectrum payment terms might affect CAPEX or the dividend policy just yet.
- **Maintain BUY with a target price of Bt340.00 (previous: Bt330.00).** Our valuation is based on an EV/EBITDA multiple of 9.1x. We still favour ADVANC for its outstanding earnings growth in 2024 and 2025, a high dividend yield of 3.2%, and potential upside from the upcoming spectrum auction that could reduce its costs in 2025.

SHARE PRICE CATALYST

- **Event:** New spectrum auction.
- **Timeline:** 2Q25.

BCH — BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Reported 1Q25 earnings came in flat yoy as expected.** Bangkok Chain Hospital (BCH) reported a net profit of Bt321m in 1Q25 (+0.8% yoy, +37.9% qoq), which is in line with our and consensus forecasts. The top-line was Bt2.9b (+2.1% yoy, +5.1% qoq). The main contributors were revenue from outpatient department (OPD) patients, which grew 4% yoy, and revenue from social security (SSO) patients that grew 3.7% yoy. This growth was driven by increases in revenue from the hospitals' specialised medical centres, Kasemrad Plastic Surgery Center and Kasemrad ARI Radiation Oncology Clinic, as well as positive impact from the influenza outbreak. Furthermore, the continued strong performance of the new and reopened hospitals after renovation have contributed positively to OPD revenue. A reversal of about Bt3.3m in revenue from the government's COVID-19 programme was realised in this quarter. As a result, margins expanded slightly yoy.
- **Robust 2Q25 outlook.** Management guided top-line to grow by 5-6% yoy in 2Q25. BCH's 2Q24 earnings were impacted by a Bt81m reduction in service rates for complex cases (AdjRW>2), resulting in a low base for comparison. With this year's AdjRW>2 rate projected to remain at Bt12,000 per head, no further negative impact from rate adjustments is expected in 2Q25. Additionally, the early arrival of the rainy season is expected to support stronger yoy earnings growth for the quarter.
- **Maintain BUY with a target price of Bt17.50**, based on a 2025 EV/EBITDA multiple of 14x. We expect strong yoy earnings growth for BCH in 2Q25 against the low base from last year. Our constructive outlook for BCH is underpinned by: a) a positive earnings outlook for 2Q25, and b) the AdjRW>2 rate in 2H25 remaining unaffected by external factors.

SHARE PRICE CATALYST

- **Event:** The rate of AdjRW>2 to be fixed at Bt12,000/head.
- **Timeline:** 1Q25 onwards

BDMS — BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Reported earnings in line with decent yoy growth in 1Q25.** Bangkok Dusit Medical Services (BDMS) reported a net profit of Bt4.3b in 1Q25 (+6.7% yoy, +0.3% qoq), which is in line with our and consensus estimates. Total revenue was Bt28.1b (+5.5% yoy, +2.5% qoq), with main contributions from a strong revenue growth of 4% yoy from Thai patients and a robust revenue growth of 11% yoy from international patients. Foreign patient revenue growth was mainly contributed by patients from Qatar, the UK, and the US with a yoy revenue growth of 56%, 24%, and 22% respectively. The improving trend in Thai patients' growth in 1Q25 was driven by new promotions and marketing campaigns especially for mid-tier groups. Financial cost also decreased 14% yoy due to a repayment of long-term loans from financial institutes, a debenture redemption of Bt1.5b, as well as the decline in interest rates. As a result, margins expanded slightly yoy.

SECTOR PERFORMANCE

Sector	June 25 (%)	To-date* (%)
SETENERG	(3.7)	(18.4)
SETBANK	(2.2)	(3.4)
SETCOMUN	(5.8)	(8.8)
SETETRON	(7.0)	(36.9)
SETCOM	(6.3)	(30.4)
SETTRANS	(9.5)	(42.8)
SETFOOD	(6.4)	(18.9)
SETPROP	(4.6)	(31.5)
SETHELTH	(3.2)	(22.4)
SETFIN	(16.8)	(37.0)
SETCONMT	(1.4)	(11.0)
SETPREIT	(6.1)	(10.1)
SETPETRO	(2.6)	(19.7)
SETINS	(5.1)	(11.9)
SETHOT	(3.5)	(20.3)
SETENTER	(9.4)	(38.3)
SETPKG	0.8	(13.6)
SETAGRI	(3.8)	(15.6)
SETCONS	(10.5)	(26.9)
SETPERS	(4.4)	(25.4)
SETAUTO	(3.5)	(14.8)
SETFASH	(2.7)	(11.4)
SETSTEEL	(2.5)	(3.6)
SETPROF	(4.0)	(47.4)
SETIMM	(1.3)	(5.0)
SETHOLD	1.2	(3.8)
SETPAPER	(1.9)	(3.2)
SET Index	(5.2)	(22.2)

Source: SET, Bloomberg and UOB Kay Hian

- **2025 guidance slightly revised down.** Management guided that BDMS' top-line typically grows at 2-3x Thailand's GDP. As such, the company has revised down its 2025 revenue growth target from 7-8% yoy to 4-6% yoy to reflect weaker consumer spending in Thailand. Despite the expected slowdown in revenue from Thai patients, foreign patient revenue is projected to remain strong, with a growth of 10-15% yoy. Growth in the number of international patients is anticipated to be led by Qatar, the UAE, the UK, and the US.
- **Maintain BUY with a target price of Bt32.00.** Our valuation is based on a five-year average EV/EBITDA of 18.0x, excluding the COVID-19 period. There was a significant sell-off of stocks related to consumer spending recently as the Thai economy weakened, causing BDMS' share price to reach a 52-week low. However, we take a contrarian view, seeing this as a good opportunity to accumulate shares, as the valuation is at an attractive level of -2SD to the two-year mean EV/EBITDA.

SHARE PRICE CATALYST

- **Event:** Demand for treatment from Myanmar patients to return in 3Q25 and 4Q25.
- **Timeline:** 3Q25 and 4Q25.

CPN — BUY (Kasemsun Koonnara)

- Central Pattana (CPN) is Thailand's largest retail property developer, specialising in retail-led mixed-use developments that integrate shopping centres, residential projects, office buildings and hotels. The company stands out as a key beneficiary of the ongoing tourism recovery.
- **1Q25 results in line.** CPN reported a net profit of Bt4.2b in 1Q25 (+2% yoy, +9% qoq), accounting for 24% of our full-year forecast. The results are in line with our expectations. Excluding non-recurring items, core profit was Bt3.8b, up 1% yoy but down 4% qoq.
- **Solid performance in the rental and services business.** Revenue from rental and services came in at Bt10.8b, up 9% yoy and flat qoq. This growth was driven by strong same-store rental revenue supported by Easy E-Receipt 2.0 (tenant sales grew by about 4% yoy) and the amortisation of the Pinklao lease extension with CPNREIT. CPN's occupancy rates across shopping malls and community malls showed an improvement from the prior quarter to 92%, driven by better performance in newly-opened malls since late-23 and 2024. Meanwhile, average rental rate for CPN's shopping mall rose 1.5% yoy.
- **Maintain BUY with a target price of Bt79.60,** based on SOTP methodology. We value CPN's core business at Bt78.40/share, based on DCF, assuming a WACC of 7.3%. Cash flows are discounted to 2025. We value the residential business at Bt1.20/share, assuming 7x 2025F PE. We remain optimistic about rentals and services, driven by strong performance and new projects in 2H25. Despite challenges in the residential segment, we maintain our 2025 earnings forecast, projecting a 5% yoy growth, supported by 1Q25 earnings at 24% of our full-year estimate and a better-than-expected gross margin.

SHARE PRICE CATALYST

- **Event:** Project launches in 2H25 (Central Park and Central Krabi).
- **Timeline:** 2H25.

ERW — BUY (Benjaphol Suthwanish/Nonpawit Vathanadachakul)

- **Early signs of Chinese return in 3Q25.** The number of Chinese arrivals continues to worsen as this figure has dropped a massive 31% yoy as of 11 May 25). ERW's hotel occupancy rate suffered a drop in 1Q25 and continued to worsen in Apr 25 due to the earthquake incident. However, there is a glimpse of hope as the pace of room bookings in 3Q25 from the Chinese is on par with the same period last year. It typically takes 4-5 months for Chinese arrival numbers to recover to a normal level after an incident. ERW has been trying to attract guests from the Middle East to diversify its client base. Still, we believe that the Chinese will remain ERW's biggest customer base, and a substantial stimulus measure is required to attract a high level of Chinese tourists back during the high travel season.

- **Maintain BUY with a target price of Bt2.70.** Our valuation is based on an EV/EBITDA multiplier of 10x, around 1SD below its historical trading levels. We are still optimistic on ERW as their new hotels are mostly Hop Inns which are domestically driven. Therefore, we expect ERW's earnings performance to be resilient despite several headwinds.

SHARE PRICE CATALYST

- **Event:** Tourist arrivals bottoming out.
- **Timeline:** 2Q25.

IVL — BUY (Arsit Pamaranont).

- **Positive demand outlook.** Following our participation in the Asia Petrochemical Industry Conference (APIC) 2025, we reaffirm our positive view on Indorama Ventures (IVL). Despite broader macroeconomic challenges, APIC 2025 highlighted a robust demand outlook for polyester (including polyethylene terephthalate (PET)) with global growth projected to exceed 4% CAGR over 2025-30, outperforming the outlook of other petrochemical products (polypropylene (PP), polyethylene (PE), high-density polyethylene (HDPE), low-density polyethylene (LDPE)). The strong growth of PET demand will be supported by its critical role in textiles (including technical textiles for automotive and medical products), packaging, home furnishings and industrial applications. The strong demand growth in Asia and Latin America coupled with global sustainability initiatives (recycled polyester) trends will also support long-term demand for PET and polyester fibers.
- **Supply-side discipline aids margin recovery.** We also discussed the oversupply situation with industry experts and IVL. Despite the ongoing PX/PTA oversupply, new capacity additions are slowing post-24. High-cost producers – especially in China, Korea, and Japan – are facing growing rationalisation pressures due to weak margins and rising competition. IVL is well-positioned to benefit from margin normalisation amid this supply adjustment.
- **Maintain BUY with a target price of Bt24.00.** IVL trades at a discount to peers at 0.8x P/B and 15.0x 2025F PE, well below historical averages. With the worst behind and margins recovering, we maintain our BUY recommendation on IVL as it is a rare global-scale, costcompetitive PET/polyester play poised for cyclical and structural upside.

SHARE PRICE CATALYST

- **Event:** 2Q25: Seasonal peak in polyethylene terephthalate (PET) demand.
- **Timeline:** 3Q25

MTC — BUY (Thanawat Thangchadakorn)

- **Slightly positive tone at analyst meeting.** We attended Muangthai Capital's (MTC) analyst meeting, and came away with a slightly positive view, as management disclosed that everything was in line with the prior guidance. The company's near-term outlook is positive, and management expects smooth sailing over the next two quarters.
- **The reported credit cost in 1Q25 was a positive beat to management expectations.** Credit cost fell qoq in 1Q25, surpassing management expectations. The main contributions to the reduction in credit cost qoq in 1Q25 were: a) better collection, b) better staff learning and increased expertise in lending and collection, c) a cleaner loan portfolio which allowed the company to focus on the previous points, and d) the cash stimulus of Bt10,000 has also helped with debt collection.
- **Maintain BUY with target price of Bt52.00** based on the Gordon Growth Model (cost of equity: 13%, long-term growth: 4%). Our target price implies 2.6x 2025F P/B, which is - 0.5SD to its five-year average.

SHARE PRICE CATALYST

- **Event:** A policy rate cut.
- **Timeline:** 2Q25 onward.

RATCH — BUY (Arsit Pamaranont)

- **Below expectations.** Ratch Group (RATCH) reported a net profit of Bt1.22b in 1Q25 (down 21% yoy, but up 90% qoq). Excluding forex losses of Bt122m, core profit rose 82% qoq (but down 5% yoy) to Bt1.34b, 15% below our expectations due to a higher-than-expected effective tax rate of 27% (from 12% in 1Q24 and 19% in 4Q24). 1Q25 core profit came in at 16% of our full-year forecast.
- **2Q25 outlook – A stronger quarter ahead.** We expect a significant earnings rebound in 2Q25 driven by the peak summer electricity demand in Thailand, which will support RATHGEN (RG) and Hin Kong Power (HKP) output with continued strong equity income from Paiton (coal-fired), Hongsa Power Company (HPC), and other JV hydro power projects (SEAN, NN2). RATCH also expects Commercial Operation Date (COD) of Song Giang 1 Hydro (Vietnam) and NNEG expansion, which will enhance visibility in 2H25.
- **Maintain BUY with a target price of Bt40.00,** based on the DCF valuation of all projects (WACC of 6.0% to reflect the higher market risk in 2025). We still like RATCH for its impressive growth outlook (core earnings CAGR of 14%) with potential upside from M&A.

SHARE PRICE CATALYST

- Event: A full quarter's contribution from HKP unit-I and unit-II.
- Timeline: 1Q25 onwards.

TIDLOR — BUY (Thanawat Thangchadakorn)

- **Slightly positive tone at analyst meeting.** We attended Tidlor Holdings' (TIDLOR) analyst meeting and came away with a slightly positive view. TIDLOR did not officially guide the 2025 financial year targets, but it provided insight on the outlook and other targets. Overall, management was quite positive on the business outlook in 2025, at least through to 3Q25.
- **Better debt collection and signs of accelerating loan growth.** Management is bullish on the company's growth outlook, with no foreseeable immediate red flags or concerns. Meanwhile, the company saw improving momentum and acceleration in loan growth in Mar and Apr 25. The company will maintain selective lending with a risk-adjusted return approach to preserve good asset quality.
- **Maintain BUY with target price of Bt18.50** based on the Gordon Growth Model (cost of equity: 13%, long-term growth: 4%). Our target price implies 1.5x 2025F P/B, which is near its five-year average.

SHARE PRICE CATALYST

- Event: A policy rate cut.
- Timeline: 2Q25 onward.

SCGP — BUY (Benjaphol Suthwanish).

- **Supply pressure in the Indonesia market begins to ease.** According to SCG Packaging (SCGP), PT. Pakerin in Indonesia, which has a production capacity of 250,000 tonnes per year and is the fourth-largest player in the market, has halted operations due to financial difficulties – partly a result of intense competition over the past 1-2 years. We believe this development will ease supply-side pressure in the market. Previously, PT APP Purinusa Ekapersada (APP Indonesia), the market leader, had increased its capacity by 700,000 tonnes per year. However, 50% of this new capacity was merely to replace older capacity that had been shut down.
- **Fajar's EBITDA improvement is on track.** SCGP stated that Fajar is on course to achieve breakeven at the EBITDA level in 2Q25. This is partly driven by: a) a recovery in the Indonesian domestic market, which has resulted in increased local sales and reduced reliance on the still-weak Chinese market. Fajar's domestic sales grew 3% yoy and qoq to 261,000 tonnes in 1Q25, in line with SCGP's plan to reduce dependence on exports to China, b) rising ASPs, and c) lower raw material costs, due to improved sourcing by SCGP. Fajar has increased its use of local recycled paper (RCP) to 55%, up significantly from 10-15% in 2024. Local RCP is cheaper than imported RCP, contributing to cost savings.

- **Recommend BUY with a new target price of Bt21.00**, based on regional forward PE at -1SD of 23.1x (previously based on regional forward PE at -2SD of 16.0x).

SHARE PRICE CATALYST

- Event: Fajar achieve breakeven at the EBITDA level.
- Timeline: From 2Q25 onwards.

VALUATION

Company	Ticker	Rec.	Last Price	Target	Upside	Market	----- PE -----			EPS	PEG	P/B	Yield	ROE
			30 May 25 (Bt)	Price (Bt)	Downside (%)	Cap (US\$m)	2024 (x)	2025F (x)	2026F (x)	Growth 2025F (%)	2025F (x)	2025F (x)	2025F (%)	2025F (%)
Advanced Info Service	ADVANC TB	BUY	278.00	340.00	22.30	24,995	23.6	20.3	19.4	16.3	1.2	8.1	3.9	40.9
Bangkok Chain Hospital	BCH TB	BUY	12.80	17.50	36.72	965	24.9	20.1	17.7	24.0	0.8	2.3	2.5	10.9
Bangkok Dusit Medical Services	BDMS TB	BUY	20.80	32.00	53.85	9,993	20.7	18.9	17.8	9.4	2.0	3.2	4.1	16.5
Central Pattana	CPN TB	BUY	46.25	79.60	72.11	6,275	12.4	11.9	11.1	4.5	2.6	1.9	4.6	15.4
The Erawan Group	ERW TB	BUY	2.12	2.70	27.36	313	9.0	12.3	10.3	(26.8)	(0.5)	1.2	3.7	9.3
Indorama Ventures	IVL TB	BUY	20.30	24.00	18.23	3,445	n.a.	15.7	7.3	137.7	0.1	0.9	3.4	5.2
Muangthai Capital	MTC TB	BUY	35.25	52.00	47.52	2,259	12.7	11.3	9.7	12.5	0.9	1.7	0.8	16.5
Ratch Group	RATCH TB	BUY	24.20	40.00	65.29	1,591	8.6	6.3	6.1	35.4	0.2	0.5	6.8	7.8
Scg Packaging	SCGP TB	BUY	17.00	21.00	23.53	2,206	19.7	18.7	13.9	5.5	3.4	1.1	3.2	6.1
Ngern Tid Lor	TIDLOR TB	BUY	15.10	18.50	22.52	1,330	10.2	9.0	8.1	13.1	0.7	1.2	3.3	14.5

Source: UOB Kay Hian

SECTOR UPDATE

Retail – Thailand

Resilient Amid Political Uncertainties

Most retailers reported a slight mom decline in same-store sales growth in Jun 25, reflecting cautious consumer spending. However, grocery retailers continued to demonstrate relative resilience, outperforming their home improvement peers. We maintain OVERWEIGHT on the sector, supported by attractive valuations. CPALL remains our top pick.

WHAT'S NEW

- **Softer SSS in 2Q25.** Same-store sales (SSS) in Jun 25 for our coverage retail stocks are expected to be -0.9% yoy. As a result, 2Q25 same-store sales (SSS) growth for grocery and home improvement retailers is projected to come in at -0.7% yoy and -4.5% yoy, down from 1Q25's 1.7% yoy and -1.6% yoy respectively. The key pressures were unseasonably cool weather and weak consumer spending. The cooler climate in 2Q25 (compared to 2Q24) put pressure on sales of air conditioners, fans, and beverages with the most significant impact seen in Apr 25, especially at HMPRO (Apr 25 SSS: -11% yoy). However, the weather impact eased from late-May into June. Additional headwinds include softer consumer spending, particularly in semi-durable goods.

- **Grocery retailers' growth was driven by fresh food.** The softening of grocery retailers SSS was pressured by several factors: a) weaker sales in beverages and air conditioners due to cooler weather, b) subdued demand in homeline and softline products. Most retailers saw a drop in basket size due to fewer international tourist clients, who typically have higher spending per bill. Meanwhile, foot traffic remained flat. However, the fresh food segment continues to grow positively, which we expect to remain solid going into 2H25. At the stock level, we remain neutral on CPALL whose SSS remains resilient, but we are slightly negative on BJC due to its drop in nonfood categories.

- **HMPRO showed signs of recovery in Jun 25.** SSS in Jun 25 for HomePro and Mega Home are expected to improve to around -3.8% and 2.0%, respectively, up from May's -9.0% and -3.0%. Key drivers include: a) the easing of seasonal drag (as May 25 saw less rainfall vs May 24), which supported store traffic, b) the low-base effect, and c) contributions from new hybrid-format stores, especially for Mega Home. Excluding these factors, overall demand remains soft, with consumers still cautious about discretionary spending. Additionally, demand for renovation remains weak.

ACTION

- **Maintain OVERWEIGHT on the retail sector.** Although we expect an unexciting outlook for 2H25, we maintain OVERWEIGHT on the sector on the back of attractive valuation, trading at 14-15x PE which implies -2SD to its five-year mean. CPALL remains our top pick, given its low risk of getting an earnings downgrade thanks to its resilient outlook in 2H25.

PEER COMPARISON

Company	Rec.	Last Price (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	Net Profit		PE		Net EPS Growth 2025F(%)	Yield 2025F (%)	ROE 2025F (%)
						2025F (Btm)	2026F (Bt m)	2025F (x)	2026F (x)			
BJC TB	BUY	18.90	28.00	48.1	2,290	5,089	5,429	14.9	14.0	27.2	0.6	4.3
COM7 TB	BUY	18.50	29.50	59.5	1,342	3,760	4,003	11.8	11.1	13.7	3.6	5.1
CPALL TB	BUY	44.50	79.00	77.5	12,084	28,183	29,511	14.2	13.5	11.2	2.8	3.5
HMPRO TB	HOLD	6.65	10.00	50.4	2,644	6,698	7,027	13.1	12.4	3.0	3.1	6.1

Source: UOB Kay Hian

OVERWEIGHT

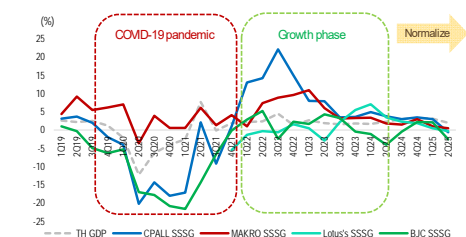
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OUR TOP PICKS

Company	Ticker	Rec	Current Price (Bt)	Target Price (Bt)
CP ALL	CPALL TB	BUY	65.25	84.00

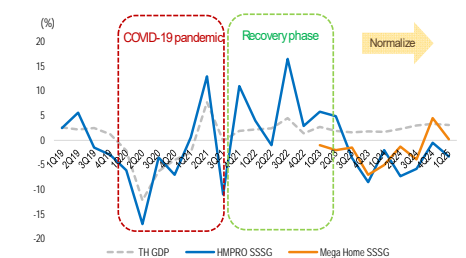
Source: UOB Kay Hian

GROCERY SAME-STORE SALES GROWTH



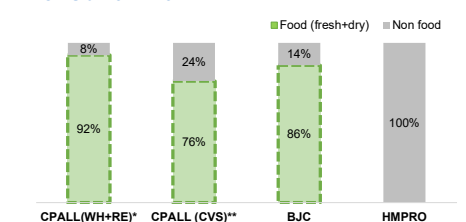
Source: Respective companies, NESDC, UOB Kay Hian

HMPRO SAME-STORE SALES GROWTH



Source: HMPRO, NESDC, UOB Kay Hian

PRODUCT SALES MIX



Source: Respective companies, UOB Kay Hian

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QUARTERLY SAME-STORE SALE GROWTH

Grocery retailers	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F
CPALL (7-11)	8.0%	7.9%	3.5%	3.6%	4.9%	3.8%	3.3%	4.0%	3.0%	-0.6%
CPAXT (Makro wholesale)	10.8%	6.0%	3.2%	1.7%	3.4%	1.8%	1.5%	2.8%	1.0%	0.5%
CPAXT (Lotus's retail)	0.5%	-0.9%	2.6%	5.5%	6.9%	2.4%	1.9%	3.6%	0.5%	-0.3%
BJC (Big C)	5.8%	4.8%	2.1%	-0.5%	0.5%	-1.9%	0.0%	1.5%	2.1%	-2.5%
Average	5.7%	3.3%	2.6%	2.2%	3.9%	1.5%	1.7%	3.0%	1.7%	-0.7%
Home Improvements	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F
Home Pro TH	5.8%	4.9%	-3.6%	-8.5%	-2.5%	-1.3%	-5.8%	-0.5%	-3.3%	-8.0%
Mega Home	-0.2%	-1.6%	-5.9%	-1.5%	-0.7%	-3.5%	-3.0%	-0.5%	0.2%	-1.0%
Average	2.8%	1.7%	-4.8%	-5.0%	-1.6%	-2.4%	-4.4%	-0.5%	-1.6%	-4.5%

Source: Respective companies, UOB Kay Hian

- **Optimistic grocery retailers in 3Q25.** 3Q25 outlook remains gloomy as we enter the rainy season, and the sector may face multiple headwinds such as: a) political uncertainties, b) consumer confidence dropping over four consecutive months, and c) economic uncertainties. However, we remain optimistic about grocery retailers with high exposure to consumer staples, namely CPALL, CPAXT, and BJC, as they should continue to benefit from steady demand. As for home improvement retailers, such as HMPRO, while government stimulus focused on infrastructure investment could support construction material sales, this may be offset by political uncertainties, which could lead to delays in budget disbursement.

- **Staple consumption will drive the economy in 2H25.** The Bank of Thailand projects that consumption will serve as a key engine of the Thai economy in 2H25. On a seasonally adjusted basis, private consumption is expected to post qoq growth throughout 2H25. Key drivers include a) an improving labour market, with employment likely having bottomed out and set to recover from 3Q25 onward; b) a rebound in tourism-related income beginning in 3Q25; and c) resilient spending on consumer staple goods, which accounts for roughly 40% of total private consumption.

- **Expected to shine through political storms.** Back in 2013-14, Thailand faced one of its most severe political crises including mass protests, the dissolution of parliament, election disruptions, and eventually a military coup. The SET Index and retail sector bottomed out during the election blockades (around 90 days after the protests began). Retail stocks rebounded strongly afterward. Retail outperformed the SET Index, led by CPALL and MAKRO (then CPAXT), even though SSSG remained negative and consumer confidence slumped. Back then, the sector traded at over 30x PE. Now, while we do not expect 3Q25 to shine, we maintain OVERWEIGHT on the retail sector, as current valuations look attractive at 14x PE.

PRICE PERFORMANCE DURING POLITICAL UNCERTAINTY

Date	Days	Events	SET index	CPALL	CPAXT	BJC	HMPRO
4-Nov-13	0	Start protesting	0%	0%	0%	0%	0%
9-Dec-13	35	Dissolve the parliament	-2%	12%	2%	-5%	1%
2-Feb-14	90	General election	-8%	5%	-1%	-1%	-24%
22-May-14	199	Military coup	1%	17%	6%	-2%	-10%
21-Jun-14	229	A month after coup	6%	28%	33%	1%	-4%
4-Nov-14	365	A year after protesting	3%	21%	21%	-1%	8%

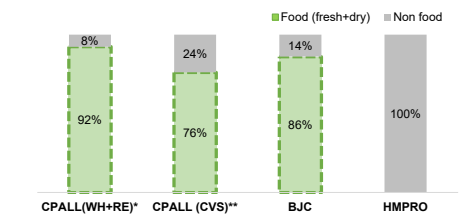
Source: UOB Kay Hian

MONTHLY SAME-STORE SALES GROWTH

Grocery retailers	Jan 25	Feb 25	Mar 25	Apr 25F	May 25F	Jun 25F
CPALL (7-11)	3.0%	1.0%	3.0%	-0.5%	-0.8%	-1.0%
CPAXT (Makro wholesale)	3.5%	-1.5%	0.5%	0.0%	0.0%	1.0%
CPAXT (Lotus's retail)	5.5%	-1.0%	0.5%	-1.0%	0.3%	-0.5%
BJC (Big C)	4.5%	0.0%	2.5%	-2.0%	-2.5%	-3.0%
Average	4.1%	-0.4%	2.8%	-0.9%	-0.8%	-0.9%
Home Improvements	Jan 25	Feb 25	Mar 25	Apr 25F	May 25F	Jun 25F
Home Pro TH	-4.0%	-5.0%	-0.5%	-11.0%	-9.0%	-3.8%
Mega Home	0.5%	-2.5%	2.5%	-4.0%	-3.0%	2.0%
Average	-1.8%	-3.8%	1.0%	-7.5%	-6.0%	-0.9%

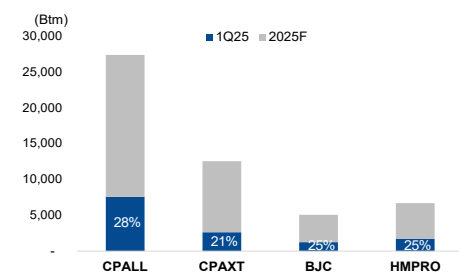
Source: Respective companies, UOB Kay Hian

PRODUCT MIX



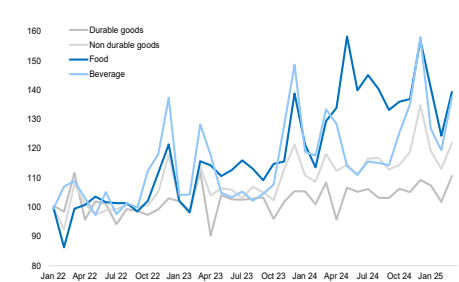
Source: Respective companies, UOB Kay Hian

2025 EARNINGS FORECAST



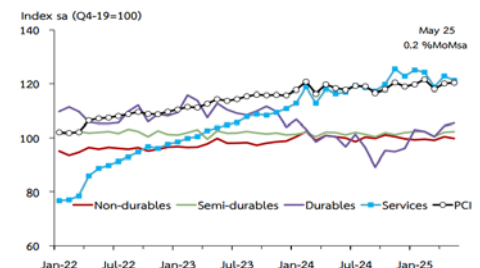
Source: Bank of Thailand, UOB Kay Hian

ADJUSTED RETAIL SALE INDEX



Source: Bank of Thailand, UOB Kay Hian

PRIVATE CONSUMPTION INDEX



Source: Bank of Thailand, UOB Kay Hian

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