

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

### KEY HIGHLIGHTS

#### Sector

#### Property

Expect earnings to recover in 2Q25, but 2H25 outlook remains uncertain.

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#### Update

#### Bumrungrad Hospital (BH TB/HOLD/Bt178.50/Target: Bt185.00)

Cautiously optimistic in 2H25.

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#### Kasikorn Bank (KBANK TB/BUY/Bt160.50/Target: Bt192.00)

To increase dividend policy from 25% to 50% and guide for potential capital management.

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### KEY INDICES

| Symbol            | Close     | Chg   | %Chg |
|-------------------|-----------|-------|------|
| SET               | 1,229.40  | 11.07 | 0.91 |
| SET50             | 806.38    | 9.95  | 1.25 |
| Value (Btm) - SET | 41,641    |       |      |
| Top 5 Sector      |           |       |      |
| BANK              | 409.34    | 2.54  | 0.62 |
| PETRO             | 533.02    | 5.21  | 0.99 |
| PROP              | 147.51    | 0.37  | 0.25 |
| ENERG             | 16,292.12 | 33.90 | 0.21 |
| ICT               | 184.88    | 2.77  | 1.52 |

Source: Bloomberg

### TOP VOLUME

| Symbol | Close (Baht) | +/- (% Chg) | 5-day ADT (BTm) |
|--------|--------------|-------------|-----------------|
| THAI   | 10.50        | 0.00        | -               |
| PTT    | 32.00        | (0.78)      | 3,534.4         |
| DELTA  | 147.50       | 3.87        | 2,703.3         |
| CPALL  | 45.75        | 2.23        | 1,997.9         |
| KBANK  | 162.50       | 1.25        | 1,372.9         |

### TOP GAINERS

| Symbol | Close (Baht) | +/- (% Chg) | 5-day ADT (BTm) |
|--------|--------------|-------------|-----------------|
| THAI   | 10.50        | 216.27      | -               |
| AKS    | 0.04         | 33.33       | 0.1             |
| NEW    | 141.50       | 29.82       | 0.0             |
| UV     | 1.13         | 17.71       | 15.7            |
| ITEL   | 1.43         | 9.16        | 4.0             |

### TOP LOSERS

| Symbol | Close (Baht) | +/- (% Chg) | 5-day ADT (BTm) |
|--------|--------------|-------------|-----------------|
| TSI    | 0.05         | (16.67)     | 0.0             |
| TGPRO  | 0.05         | (16.67)     | 0.1             |
| ICC    | 23.30        | (13.70)     | 0.1             |
| PF     | 0.09         | (10.00)     | 1.1             |
| BTNC   | 12.00        | (7.69)      | 0.0             |

\*ADT: Average daily turnover

### KEY STATISTICS

| Commodity        | Current Price | %Chg |      |       |
|------------------|---------------|------|------|-------|
|                  |               | 1m   | 3M   | YTD   |
| Brent crude*     | 68.8          | 2.3  | 15.3 | (4.9) |
| Dubai crude*     | 69.7          | 1.8  | 12.8 | (7.2) |
| Baltic Dry Index | 1,970.0       | 37.2 | 38.6 | 97.6  |
| Gold Spot***     | 3,378.6       | 1.2  | 1.3  | 28.7  |

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

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

| Day (Mil US\$) | MTD Net (Mil US\$) | YTD Net (Mil US\$) | YTD Net YoY% |
|----------------|--------------------|--------------------|--------------|
| 80.6           | 22.2               | (1,815.2)          | 2,523.9      |

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.34

Interest Rate (%) - TH Policy Rate = 1.75

Thai Lending Rate (%) - MLR = 6.75

## SECTOR UPDATE

### Property – Thailand

Expect Earnings To Recover In 2Q25, But 2H25 Outlook Remains Uncertain

Developers under our coverage are expected to report a combined net profit of Bt4.2b in 2Q25, down 22% yoy but up 56% qoq. Despite the anticipated recovery in 2Q25 earnings, we remain cautious on the outlook for 2H25. Furthermore, we see downside risks to our earnings forecasts for the developers under our coverage, given that the expected 2Q25 results continue to fall short of projections. Maintain UNDERWEIGHT.

#### WHAT'S NEW

- **Weak economic conditions and earthquake impact drag 1H25 presales.** We expect the developers under our coverage to report combined presales of Bt28.5b in 2Q25, down 36% yoy and 22% qoq. The sector's presales for 1H25 is expected to come in at Bt65.1b, down 20% yoy and representing 36% of the respective companies' full-year targets. The weakened presales were largely affected by the soft economic conditions and the impact of the earthquake. Additionally, the value of project launches from developers under our coverage fell 49% yoy, as most developers scaled down their launch plans in response to the economic environment and ongoing inventory liquidation.
- **Expect sector earnings to recover qoq in 2Q25.** Developers under our coverage are expected to report a combined net profit of Bt4.2b in 2Q25, down 22% yoy but up 59% qoq. Meanwhile, sector core profit is estimated at Bt2.1b, down 36% yoy but up 162% qoq. The strong qoq improvement is expected to be driven by the completion of new condominium projects, increased low-rise presales for some developers, and a low base in the previous quarter. Among peers, LH is expected to stand out in 2Q25, with earnings growing both yoy and qoq, driven by one-off gains from asset divestments and an increase in transfers. However, LH's outlook for 2H25 remains cautious.

#### ACTION

- **We maintain UNDERWEIGHT on the sector.** Although valuations remain undemanding, developers are likely to continue facing multiple headwinds in 2H25, particularly subdued purchasing power as a result of high household debt and tighter bank lending policies. In addition, we see downside risks to our earnings forecasts for developers, given the results expected in 1H25, which continue to fall short of projections.

#### RISKS

- Tightening bank policies, rising costs and weaker-than-expected economic growth.
- Political instability and boarder tension.

#### CATALYST

- Real estate measures and interest rate cuts.

#### PEER COMPARISON

| Company         | Ticker   | Rec  | Current    | Target     | Upside | Market Capitalization | PE         |            |            | EPS Growth   |              |             | PB         | ROE        | Div Yield  |
|-----------------|----------|------|------------|------------|--------|-----------------------|------------|------------|------------|--------------|--------------|-------------|------------|------------|------------|
|                 |          |      | Price (Bt) | Price (Bt) |        |                       | 2024 (x)   | 2025F (x)  | 2026F (x)  | 2024 (%)     | 2025F (%)    | 2026F (%)   | 2025F (x)  | 2025F (%)  | 2025 (%)   |
| AP (Thailand)   | AP TB    | BUY  | 7.25       | 9.60       | 32     | 22,808                | 4.5        | 4.7        | 4.4        | -17.1        | -3.1         | 6.3         | 0.5        | 10.8       | 7.4        |
| Land and Houses | LH TB    | HOLD | 3.82       | 4.40       | 15     | 45,648                | 8.3        | 10.3       | 9.2        | -26.6        | -19.2        | 12.4        | 0.9        | 8.4        | 7.2        |
| LPN Development | LPN TB   | SELL | 1.74       | 1.50       | -14    | 2,530                 | 22.9       | 20.4       | 13.7       | -68.7        | 12.4         | 48.5        | 0.2        | 1.0        | 5.7        |
| Origin Property | ORI TB   | HOLD | 1.84       | 1.90       | 3      | 4,516                 | 4.3        | 4.4        | 3.9        | -61.3        | -1.9         | 13.5        | 0.2        | 4.7        | 5.7        |
| Pruksa Holding  | PSH TB   | SELL | 4.32       | 4.00       | -7     | 9,454                 | 20.7       | 16.2       | 13.1       | -79.3        | 28.1         | 23.6        | 0.2        | 1.3        | 5.2        |
| Quality Houses  | QH TB    | HOLD | 1.42       | 1.51       | 6      | 15,214                | 7.1        | 8.0        | 7.4        | -14.1        | -11.8        | 7.7         | 0.5        | 6.4        | 6.9        |
| Supalai         | SPALI TB | HOLD | 15.60      | 14.70      | -6     | 30,468                | 4.9        | 6.7        | 6.1        | 3.3          | -26.5        | 9.9         | 0.5        | 8.2        | 6.4        |
| <b>Sector</b>   |          |      |            |            |        | <b>130,638</b>        | <b>5.9</b> | <b>6.9</b> | <b>6.3</b> | <b>-25.0</b> | <b>-14.6</b> | <b>10.2</b> | <b>0.5</b> | <b>6.6</b> | <b>6.8</b> |

Source: Respective companies, UOB Kay Hian

## UNDERWEIGHT

(Maintained)

#### 2025 EARNINGS OUTLOOK

|       | yoy | qoq  |
|-------|-----|------|
| AP    | -   | +    |
| LH    | +   | +    |
| LPN   | -   | -    |
| ORI   | -   | +    |
| PSH   | -   | +    |
| QH    | -   | Flat |
| SPALI | -   | +    |

Source: Respective companies, UOB Kay Hian

#### SECTOR'S PE BAND



Source: Bloomberg, UOB Kay Hian

#### SECTOR'S P/B BAND



Source: Bloomberg, UOB Kay Hian

#### ANALYST(S)

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## ESSENTIALS

- AP (Thailand).** AP is expected to report a net profit of Bt997m in 2Q25, down 22% yoy but up 15% qoq. The qoq improvement is anticipated to be supported by increased transfer activities. Non-JV transfers are likely to be supported by a strong backlog in the low-rise segment and the initial transfers from a newly completed condominium project Aspire Arun Prive (valued at Bt500m and fully sold). However, gross margin is projected to decline both yoy and qoq, pressured by the transfer mix and continued use of promotional campaigns. Additionally, equity income is expected to decline yoy and qoq, reflecting weaker JV transfer momentum as a result of the recent earthquake.
- Land & Houses.** We expect LH to report a net profit of Bt1.22b in 2Q25, up 20% yoy and 46% qoq, primarily driven by a one-off gain of approximately Bt700m (pre-tax) from the asset divestments of Parc at Prunyard and Revere. Excluding this item, normalised profit is estimated at Bt721m, declining yoy but remaining flat qoq. Revenue is forecast to decline yoy due to softer demand, but improve qoq, supported by stronger low-rise presales during the quarter following the launch of Vive New Krungthep Kritha. We estimate equity income at Bt740m in 2Q25, down both yoy and qoq, which is expected to limit a broader recovery in the company's overall performance.
- L.P.N. Development (LPN).** LPN is expected to post a modest net profit of Bt8m in 2Q25, down 92% yoy and 63% qoq. Transfers are projected to decline by 51% yoy and 5% qoq, weighed by reliance on existing projects and slower liquidation rates due to the impact of the recent earthquake. Gross margin is anticipated to remain subdued at 21.4% due to continued pressure from ongoing promotional campaigns.
- Origin Property (ORI).** We estimate ORI's net profit at Bt311m in 2Q25, down 31% yoy but up 178% qoq. Transfers (ORI only) are expected to improve significantly qoq, supported by the completion of the Origin Plug & Play E22 Station condominium and the bulk transfer of 278 units to Delta Electronics (DELTA). Residential gross margin is anticipated to improve both yoy and qoq, driven by a more favourable transfer mix. Additionally, ORI is expected to recognise a one-off gain of approximately Bt50m from the signing of a JV project in 2Q25.
- Pruksa Holding (PSH).** We forecast a modest net profit of Bt50m in 2Q25, down 84% yoy but up 275% qoq. Despite the expected qoq improvement, earnings remain thin. Transfers are projected to decline both yoy and qoq, reflecting weakened presales and a slowdown in demand, particularly in the mid- to low-end segment. Gross margin is expected to rise qoq to 28.3%, supported by an improved margin in the residential business due to reduced promotional activity and cost controls.
- Quality Houses (QH).** We estimate a net profit of Bt396m in 2Q25, down 36% yoy but flat qoq. Despite low-rise presales improving on a qoq basis, transfers are expected to decline significantly yoy, pressured by weakened presales due to heightened competition and the absence of new project launches. Gross margin is expected to contract yoy, driven by more aggressive promotional campaigns. Additionally, we forecast equity income to come in at Bt424m, flat yoy but down qoq.
- Supalai (SPALI).** SPALI is forecast to post a net profit of Bt1.23b, down 23% yoy but up 204% qoq, driven by increased low-rise transfers and initial handovers of the Supalai Blue Whale Hua Hin condo (Bt1.2b value, 78% sold). Gross margin is expected to fall to 33.9%, down 220bp yoy and 460bp qoq, due to a weaker transfer mix and promotional campaigns. SG&A should remain flat yoy, while equity income is set to surge to about Bt400m, supported by strong presales in Australia due to seasonality.

## SECTOR PRESALES

| Presales (Btm) | 2024   | 1Q25   | 2Q25F  | yoy  | qoq  |
|----------------|--------|--------|--------|------|------|
| AP             | 14,414 | 12,110 | 8,194  | -43% | -32% |
| LH             | 4,286  | 3,642  | 3,900  | -9%  | 7%   |
| LPN            | 2,866  | 1,554  | 1,829  | -36% | 18%  |
| ORI            | 10,192 | 8,027  | 6,022  | -41% | -25% |
| PSH            | 4,104  | 3,388  | 2,040  | -50% | -40% |
| QH             | 2,329  | 1,231  | 1,314  | -44% | 7%   |
| SPALI          | 6,434  | 6,669  | 5,191  | -19% | -22% |
| Total          | 44,625 | 36,621 | 28,490 | -36% | -22% |

Source: Respective companies, UOB Kay Hian

## LOW-RISE PRESALES

| Low-rise Presales (Btm) | 2024   | 1Q25   | 2Q25F  | yoy  | qoq  |
|-------------------------|--------|--------|--------|------|------|
| AP                      | 8,416  | 9,464  | 7,564  | -10% | -20% |
| LH                      | 3,824  | 2,989  | 3,740  | -2%  | 25%  |
| LPN                     | 602    | 379    | 581    | -3%  | 53%  |
| ORI                     | 2,038  | 1,204  | 1,465  | -28% | 22%  |
| PSH                     | 3,220  | 2,584  | 1,310  | -59% | -49% |
| QH                      | 1,861  | 980    | 1,274  | -32% | 30%  |
| SPALI                   | 4,157  | 4,735  | 4,279  | 3%   | -10% |
| Total                   | 24,119 | 22,335 | 20,213 | -16% | -10% |

Source: Respective companies, UOB Kay Hian

## HIGH-RISE PRESALES

| High-rise Presales (Btm) | 2024   | 1Q25   | 2Q25F | yoy  | qoq  |
|--------------------------|--------|--------|-------|------|------|
| AP                       | 5,998  | 2,646  | 630   | -89% | -76% |
| LH                       | 462    | 653    | 160   | -65% | -75% |
| LPN                      | 2,264  | 1,175  | 1,248 | -45% | 6%   |
| ORI                      | 8,154  | 6,823  | 4,557 | -44% | -33% |
| PSH                      | 884    | 804    | 730   | -17% | -9%  |
| QH                       | 468    | 251    | 40    | -91% | -84% |
| SPALI                    | 2,277  | 1,934  | 912   | -60% | -53% |
| Total                    | 20,506 | 14,286 | 8,277 | -60% | -42% |

Source: Respective companies, UOB Kay Hian

## LOW-RISE PROJECTS LAUNCHED

| Low-rise Launch | 2024   | 1Q25   | 2Q25   | yoy   | qoq  |
|-----------------|--------|--------|--------|-------|------|
| AP              | 17,660 | 1,450  | 8,400  | -52%  | 479% |
| LH              | 1,685  | 4,340  | 4,620  | 174%  | 6%   |
| LPN             | 1,230  | -      | -      | -100% | 0%   |
| ORI             | 3,250  | 1,100  | 2,800  | -14%  | 155% |
| PSH             | 4,935  | 4,100  | 830    | -83%  | -80% |
| QH              | 3,815  | -      | -      | -100% | 0%   |
| SPALI           | 6,080  | 7,170  | 2,070  | -66%  | -71% |
| Total           | 38,655 | 18,160 | 18,720 | -52%  | 3%   |

Source: Respective companies, UOB Kay Hian

## HIGH-RISE PROJECTS LAUNCHED

| High-rise Launch | 2024   | 1Q25  | 2Q25  | yoy   | qoq   |
|------------------|--------|-------|-------|-------|-------|
| AP               | 7,800  | 1,800 | -     | -100% | -100% |
| LH               | -      | -     | -     | 0%    | 0%    |
| LPN              | 810    | -     | 640   | -21%  | 100%  |
| ORI              | 6,480  | 2,600 | -     | -100% | -100% |
| PSH              | -      | 1,500 | 1,270 | 100%  | -15%  |
| QH               | -      | -     | -     | 0%    | 0%    |
| SPALI            | -      | -     | 700   | 100%  | 100%  |
| Total            | 15,090 | 5,900 | 2,610 | -83%  | -56%  |

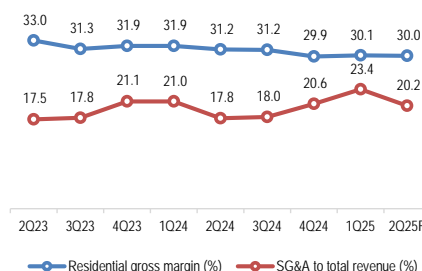
Source: Respective companies, UOB Kay Hian

### 2025 RESULTS PREVIEW

|                                      | 2024          | 1Q25          | 2Q25F         | yoy %         | qoq %        | 1H24          | 1H25F         | yoy (%)       |
|--------------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|
| <b>Residential revenue (Btm)</b>     |               |               |               |               |              |               |               |               |
| AP                                   | 9,444         | 7,436         | 9,452         | 0.1           | 27.1         | 17,050        | 16,888        | (1.0)         |
| LH                                   | 4,360         | 2,681         | 3,587         | (17.7)        | 33.8         | 8,792         | 6,268         | (28.7)        |
| LPN                                  | 1,740         | 895           | 851           | (51.1)        | (5.0)        | 2,533         | 1,746         | (31.0)        |
| ORI                                  | 2,108         | 993           | 2,150         | 2.0           | 116.6        | 3,633         | 3,143         | (13.5)        |
| PSH                                  | 4,835         | 2,888         | 2,421         | (49.9)        | (16.2)       | 8,310         | 5,310         | (36.1)        |
| QH                                   | 2,006         | 963           | 1,177         | (41.3)        | 22.3         | 3,342         | 2,140         | (36.0)        |
| SPALI                                | 7,858         | 3,514         | 6,550         | (16.6)        | 86.4         | 12,331        | 10,064        | (18.4)        |
| <b>Total</b>                         | <b>32,352</b> | <b>19,370</b> | <b>26,188</b> | <b>(19.1)</b> | <b>35.2</b>  | <b>55,991</b> | <b>45,558</b> | <b>(18.6)</b> |
| <b>Core profit (Btm)</b>             |               |               |               |               |              |               |               |               |
| AP                                   | 1,209         | 816           | 965           | (20.2)        | 18.2         | 2,195         | 1,780         | (18.9)        |
| LH                                   | 113           | (243)         | (53)          | (146.6)       | 78.4         | 280           | (296)         | (205.8)       |
| LPN                                  | 104           | 25            | 10            | (90.2)        | (58.3)       | 199           | 35            | (82.5)        |
| ORI                                  | 239           | 112           | 271           | 13.5          | 142.6        | 435           | 382           | (12.1)        |
| PSH                                  | 62            | (107)         | (152)         | (347.8)       | (43.1)       | (14)          | (259)         | (1,766.8)     |
| QH                                   | 142           | (141)         | (76)          | (153.2)       | 46.3         | 138           | (217)         | (256.6)       |
| SPALI                                | 1,446         | 352           | 1,166         | (19.4)        | 231.0        | 1,984         | 1,518         | (23.5)        |
| <b>Total</b>                         | <b>3,315</b>  | <b>814</b>    | <b>2,131</b>  | <b>(35.7)</b> | <b>161.9</b> | <b>5,217</b>  | <b>2,945</b>  | <b>(43.6)</b> |
| <b>Net profit (Btm)</b>              |               |               |               |               |              |               |               |               |
| AP                                   | 1,269         | 864           | 997           | (21.5)        | 15.4         | 2,277         | 1,860         | (18.3)        |
| LH                                   | 1,017         | 837           | 1,221         | 20.1          | 45.9         | 2,248         | 2,059         | (8.4)         |
| LPN                                  | 96            | 20            | 8             | (92.1)        | (62.5)       | 180           | 28            | (84.4)        |
| ORI                                  | 452           | 112           | 311           | (31.2)        | 178.4        | 916           | 422           | (53.9)        |
| PSH                                  | 314           | 13            | 50            | (84.2)        | 275.2        | 379           | 63            | (83.4)        |
| QH                                   | 620           | 402           | 396           | (36.1)        | (1.5)        | 1,110         | 798           | (28.1)        |
| SPALI                                | 1,599         | 405           | 1,230         | (23.1)        | 203.9        | 2,213         | 1,635         | (26.1)        |
| <b>Total</b>                         | <b>5,367</b>  | <b>2,653</b>  | <b>4,212</b>  | <b>(21.5)</b> | <b>58.8</b>  | <b>9,323</b>  | <b>6,865</b>  | <b>(26.4)</b> |
| <b>Residential gross margin (%)</b>  |               |               |               |               |              |               |               |               |
| AP                                   | 33.1          | 31.5          | 29.9          | (3.2)         | (1.6)        | 33.4          | 30.6          | (2.8)         |
| LH                                   | 25.9          | 26.0          | 26.5          | 0.6           | 0.5          | 26.7          | 26.3          | (0.4)         |
| LPN                                  | 18.0          | 21.2          | 21.0          | 3.0           | (0.2)        | 20.7          | 21.1          | 0.4           |
| ORI                                  | 29.4          | 20.4          | 30.0          | 0.6           | 9.6          | 30.4          | 27.0          | (3.5)         |
| PSH                                  | 30.8          | 28.0          | 30.2          | (0.6)         | 2.2          | 30.5          | 29.0          | (1.5)         |
| QH                                   | 29.7          | 23.0          | 25.0          | (4.7)         | 2.0          | 30.2          | 24.1          | (6.1)         |
| SPALI                                | 36.1          | 38.8          | 34.0          | (2.1)         | (4.8)        | 36.0          | 35.7          | (0.4)         |
| <b>Total</b>                         | <b>31.2</b>   | <b>30.1</b>   | <b>30.0</b>   | <b>(1.3)</b>  | <b>(0.1)</b> | <b>31.5</b>   | <b>30.0</b>   | <b>(1.5)</b>  |
| <b>SG&amp;A to total revenue (%)</b> |               |               |               |               |              |               |               |               |
| AP                                   | 19.0          | 20.2          | 19.2          | 0.2           | (1.0)        | 19.8          | 19.7          | (0.1)         |
| LH                                   | 18.5          | 22.5          | 19.8          | 1.3           | (2.7)        | 18.6          | 21.0          | 2.4           |
| LPN                                  | 11.8          | 17.1          | 19.7          | 8.0           | 2.6          | 13.5          | 18.4          | 4.9           |
| ORI                                  | 20.3          | 32.3          | 20.1          | (0.3)         | (12.2)       | 22.1          | 24.3          | 2.2           |
| PSH                                  | 21.8          | 25.6          | 30.2          | 8.4           | 4.6          | 23.4          | 27.7          | 4.3           |
| QH                                   | 21.1          | 34.1          | 30.0          | 8.9           | (4.1)        | 25.0          | 31.9          | 6.9           |
| SPALI                                | 12.7          | 23.9          | 15.3          | 2.6           | (8.6)        | 14.3          | 18.3          | 4.1           |
| <b>Total</b>                         | <b>17.8</b>   | <b>23.4</b>   | <b>20.2</b>   | <b>2.4</b>    | <b>(3.2)</b> | <b>19.2</b>   | <b>21.6</b>   | <b>2.4</b>    |

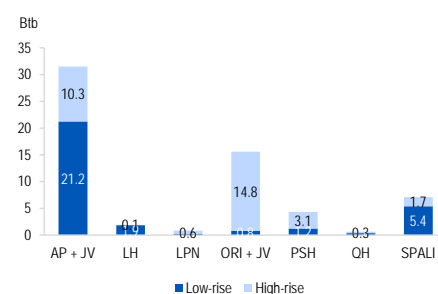
Source: Respective companies, UOB Kay Hian

### RESIDENTIAL MARGIN AND SG&A TO SALES



Source: Respective companies, UOB Kay Hian

### BACKLOG AS OF 31 MAR 25, SCHEDULED FOR 2025



Source: Respective companies, UOB Kay Hian

### NET IBD/E

| Net IBD/E      | 1Q24        | 2Q24        | 3Q24        | 4Q24        | 1Q25        |
|----------------|-------------|-------------|-------------|-------------|-------------|
| AP             | 0.80        | 0.83        | 0.74        | 0.70        | 0.68        |
| LH             | 1.17        | 1.35        | 1.34        | 1.31        | 1.31        |
| LPN            | 1.03        | 0.95        | 0.90        | 0.84        | 0.84        |
| ORI            | 1.61        | 1.65        | 1.62        | 1.59        | 1.61        |
| PSH            | 0.31        | 0.39        | 0.35        | 0.30        | 0.30        |
| QH             | 0.34        | 0.35        | 0.34        | 0.33        | 0.32        |
| SPALI          | 0.45        | 0.47        | 0.51        | 0.54        | 0.62        |
| <b>Average</b> | <b>0.82</b> | <b>0.86</b> | <b>0.83</b> | <b>0.80</b> | <b>0.81</b> |

Source: Respective companies, UOB Kay Hian

### INVENTORY

| Inventory    | 1Q24           | 2Q24           | 3Q24           | 4Q24           | 1Q25           |
|--------------|----------------|----------------|----------------|----------------|----------------|
| AP           | 81,296         | 79,439         | 79,650         | 80,418         | 80,818         |
| LH           | 66,036         | 68,978         | 70,419         | 70,678         | 71,271         |
| LPN          | 21,596         | 20,992         | 20,360         | 19,687         | 16,505         |
| ORI          | 47,994         | 48,444         | 48,847         | 47,221         | 47,910         |
| PSH          | 42,001         | 43,084         | 40,638         | 39,995         | 39,688         |
| QH           | 20,260         | 20,671         | 19,719         | 20,860         | 20,444         |
| SPALI        | 74,731         | 76,335         | 75,068         | 74,641         | 77,311         |
| <b>Total</b> | <b>353,913</b> | <b>357,942</b> | <b>354,700</b> | <b>353,500</b> | <b>353,946</b> |

Source: Respective companies, UOB Kay Hian

## COMPANY UPDATE

### Bumrungrad Hospital (BH TB)

Cautiously Optimistic In 2H25

The tone at BH's 2Q25 analyst meeting was positive. Management provided a positive development update on the Kuwaiti patient issue, indicating that it should be resolved soon. The 3Q25 guidance is also promising as last year's base will no longer include the Kuwait patient portion and revenue intensity is expected to improve. We are more positive on BH, but the timeline and the magnitude of Kuwaiti patients' return is still uncertain, and the market has already priced this in. Maintain HOLD. Target price: Bt185.00.

#### WHAT'S NEW

- **Positive tone at analyst meeting.** We attended Bumrungrad Hospital's (BH) analyst meeting to review its 2Q25 earnings, and the tone during the meeting was positive.
- **Positive development on the Kuwaiti patient issue.** For the first time in several quarters, management provided an update expressing optimism that the overhang will be resolved soon. Management are in direct talks with Kuwait's officials, and have been informed that there are two processes that the Kuwait government needs to go through. First, the Kuwait government will need to hold talks with healthcare providers in Thailand on the account receivables that they owed and proceed with the payment of the medical bills. Secondly, the Kuwait government will need to determine if they will refer their patients back to healthcare providers in Thailand. It is still uncertain, and the timeline is unclear, but we believe that Kuwait will refer their patients back to Thailand. The alternative destination is the US which has a much higher treatment cost, making Thailand a much more attractive choice. Moreover, the pent-up demand from the updated Affia policy will force Kuwait government to refer complex cases to other countries.
- **3Q25 guidance.** Management guided a 3-5% yoy growth in 3Q25 revenue. Management has a more positive outlook for 2H25 as there were no more Kuwait revenue in 3Q24 and the high season for Middle Eastern patients is in 3Q25. In fact, BH has started to see a strong pick-up in the number of patients coming from the Middle East in the second half of 2Q25. The shorter length of stay as a result of Ramadan and the earthquake should increase in 2H25. Hence, the revenue intensity is also expected to improve as well. However, the Thai-Cambodia conflict remains and would cause a slowdown in Cambodian patient arrivals. Furthermore, we do not expect BH to retain the current high level of margins as the length of stay increases.

#### KEY FINANCIALS

| Year to 31 Dec (Btm)          | 2023    | 2024    | 2025F   | 2026F   | 2027F   |
|-------------------------------|---------|---------|---------|---------|---------|
| Net turnover                  | 25,376  | 25,718  | 26,399  | 27,468  | 28,838  |
| EBITDA                        | 9,569   | 10,265  | 10,374  | 10,613  | 11,132  |
| Operating profit              | 8,472   | 9,188   | 9,209   | 9,429   | 9,941   |
| Net profit (rep./act.)        | 7,006   | 7,775   | 7,607   | 7,789   | 8,210   |
| Net profit (adj.)             | 6,984   | 7,793   | 7,607   | 7,789   | 8,210   |
| EPS (Bt)                      | 8.1     | 9.0     | 8.8     | 9.0     | 9.5     |
| PE (x)                        | 22.2    | 19.9    | 20.4    | 19.9    | 18.9    |
| P/B (x)                       | 6.0     | 5.2     | 4.6     | 4.0     | 3.9     |
| EV/EBITDA (x)                 | 13.4    | 12.5    | 12.3    | 12.0    | 11.5    |
| Dividend yield (%)            | 2.5     | 2.8     | 2.7     | 2.7     | 2.7     |
| Net margin (%)                | 27.6    | 30.2    | 28.8    | 28.4    | 28.5    |
| Net debt/(cash) to equity (%) | (44.8)  | (43.6)  | (46.4)  | (53.3)  | (59.1)  |
| Interest cover (x)            | 3,997.7 | 1,231.6 | 1,948.9 | 1,960.1 | 2,021.1 |
| ROE (%)                       | 32.2    | 30.3    | 26.0    | 23.5    | 22.0    |
| Consensus net profit (Btm)    | -       | -       | 7,300   | 7,333   | 7,469   |
| UOBKH/Consensus (x)           | -       | -       | 1.04    | 1.06    | 1.10    |

Source: Bumrungrad Hospital, Bloomberg, UOB Kay Hian

## HOLD

(Maintained)

|               |           |
|---------------|-----------|
| Share Price   | Bt178.50  |
| Target Price  | Bt185.00  |
| Upside        | +3.6%     |
| (Previous TP) | Bt145.00) |

#### COMPANY DESCRIPTION

Bumrungrad Hospital provides healthcare services. The company offers behavioural health, diabetes management, digestive disease treatment, hyperbaric oxygen therapy, joint replacement, rehabilitation, travel medicine, and refractive surgery services. Bumrungrad Hospital serves patients in Thailand.

#### STOCK DATA

|                                 |             |
|---------------------------------|-------------|
| GICS sector                     | Health Care |
| Bloomberg ticker:               | BH TB       |
| Shares issued (m):              | 795.0       |
| Market cap (Btm):               | 141,914.9   |
| Market cap (US\$m):             | 4,380.5     |
| 3-mth avg daily t'over (US\$m): | 19.8        |

#### Price Performance (%)

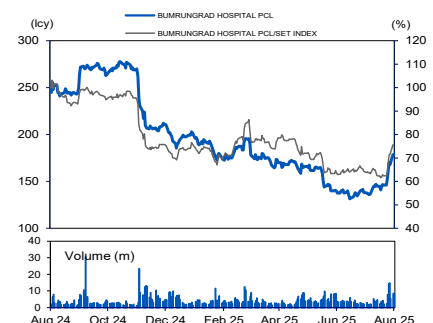
|                  |        |        |                   |        |
|------------------|--------|--------|-------------------|--------|
| 52-week high/low |        |        | Bt284.00/Bt130.00 |        |
| 1mth             | 3mth   | 6mth   | 1yr               | YTD    |
| 5.5              | (13.7) | (23.3) | (41.3)            | (27.3) |

#### Major Shareholders

|                        | %    |
|------------------------|------|
| Harnphanich family     | 50.0 |
| Thai NVDR              | 11.5 |
| Social Security Office | 1.9  |

|                          |       |
|--------------------------|-------|
| FY25 NAV/Share (Bt)      | 39.15 |
| FY25 Net Cash/Share (Bt) | 18.16 |

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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#### ASSISTANT ANALYST(S)

**Nonpawit Vathanadachakul**



### STOCK IMPACT

- Patients from Bangladesh facing a setback.** According to BH, there was previously strong demand for treatment from Bangladeshi patients following the resolution of political issues in their country. Thailand, being a preferred alternative to India, is a popular destination for Bangladeshi travellers seeking medical care. However, recent challenges with the Thai visa process have created headwinds for Bangladeshi patients until it was resolved in Mar 25. On top of the previous bottleneck, the Bangladeshi government implemented travel restrictions on their citizens that make trips abroad with large amount of money in order to prevent capital outflow. This initiative could hamper the volume growth of Bangladeshi patients who need to carry their treatment fee abroad. Bangladesh contributes around 4% of BH's top-line and the growth in 2Q25 has been decent at +5.8% yoy. We hope that this policy will make exceptions for medical treatment and will not turn into an overhang.
- Impact from the recent Thai-Cambodia tensions still remains.** The Thai-Cambodia conflict continued to escalate until the borders were closed. BH's clinic in Cambodia has seen a drop in patient volume. Fly-in patients from Cambodia decreased by 28.5% yoy in 2Q25. We expect to see a stronger drop in Jul 25 due to a fight breaking out near the borders. Currently, the ceasefire agreement is active - once a peaceful solution is reached, there should be a recovery in the number of Cambodian patients. Patients who require medical treatment are still permitted to cross, as healthcare takes precedence over political issues. Those with complex symptoms will require treatment and have to travel to receive treatment. Cambodia contributes around 4% of BH's total revenue. If the conflict persists until the end of this year, we estimate a 1.6% impact on BH's 2025 earnings.
- MOU with Saudi Arabia delayed.** Over the past 18 months, BH has actively engaged with the Saudi Arabian market, including participating in the Thai Festival in Riyadh in May 25 to strengthen brand presence and explore client opportunities. BH aims to establish a bilateral patient referral system in collaboration with Saudi agencies and institutions, positioning Saudi Arabia as a key revenue source. However, the formal signing of the MOU between the Thai and Saudi governments has been postponed indefinitely. We will continue to monitor developments on this front.

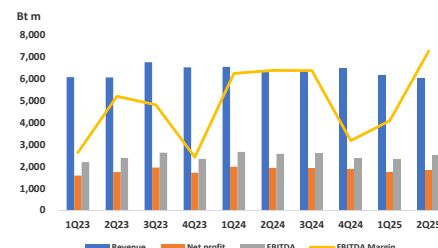
### VALUATION/RECOMMENDATION

- Maintain HOLD with a target price of Bt185.00.** Our valuation is based on an EV/EBITDA multiple of 14.0x, 1SD below the three-year mean. We have increased our multiple due to management's positive message on the development of the Kuwait market. However, the timeline and the magnitude of the Kuwaitis' return are still uncertain and the market has already priced in this positive news.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

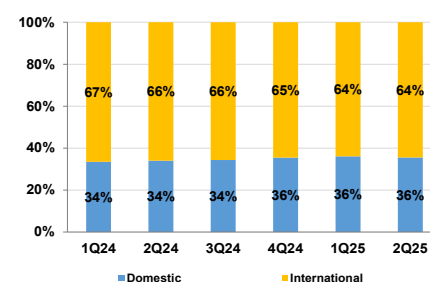
|  |  |
|--|--|
| <b>CG Report: 5</b>  |  |
| <b>SET ESG Rating: -</b>   |  |
| <b>Environmental</b> <ul style="list-style-type: none"> <li><b>Energy efficiency.</b> BH has invested in eco-friendly infrastructure to reduce the hospital's carbon footprint and energy consumption.</li> <li><b>Waste management.</b> BH emphasises the safe disposal of medical waste and has protocols in place to minimise the environmental impact of hazardous materials.</li> </ul> |  |
| <b>Social</b> <ul style="list-style-type: none"> <li><b>Healthcare access.</b> BH provides high-quality healthcare services to both local and international patients. It also engages in charitable work, providing free medical services to underprivileged communities.</li> </ul>   |  |
| <b>Governance</b> <ul style="list-style-type: none"> <li><b>Corporate governance.</b> BH adheres to high standards of corporate governance with transparent reporting, strict regulatory compliance, and clear anti-corruption policies.</li> </ul>  |  |

### QUARTERLY PERFORMANCE



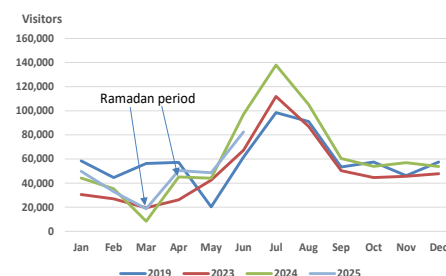
Source: BH, UOB Kay Hian

### REVENUE CONTRIBUTION



Source: BH, UOB Kay Hian

### MONTHLY MIDDLE EASTERN TOURIST ARRIVALS



Source: MOTs, UOB Kay Hian

### BH'S REVENUE FROM FOREIGN PATIENTS

| Nationality             | Net Patient Revenues - % Variance YoY |                  |
|-------------------------|---------------------------------------|------------------|
|                         | 2Q2025 vs 2Q2024                      | 1H2025 vs 1H2024 |
| 1 Qatar                 | -13.3%                                | -19.3%           |
| 2 Myanmar               | +10.1%                                | +15.3%           |
| 3 United States         | +6.9%                                 | +13.9%           |
| 4 Bangladesh            | +5.8%                                 | -5.8%            |
| 5 Cambodia              | -28.5%                                | -17.8%           |
| 6 United Arab Emirates  | -1.0%                                 | -21.4%           |
| 7 China                 | -21.7%                                | -12.9%           |
| 8 United Kingdom        | +3.4%                                 | +6.2%            |
| 9 Mongolia              | -10.3%                                | -9.7%            |
| 10 Oman                 | -13.4%                                | -23.7%           |
| Total Non-Thai Patients | -6.6%                                 | -8.2%            |

Source: BH, UOB Kay Hian

## PROFIT & LOSS

| Year to 31 Dec (Btm)             | 2024         | 2025F        | 2026F        | 2027F         |
|----------------------------------|--------------|--------------|--------------|---------------|
| Net turnover                     | 25,718       | 26,399       | 27,468       | 28,838        |
| EBITDA                           | 10,265       | 10,374       | 10,613       | 11,132        |
| Deprec. & amort.                 | 1,077        | 1,166        | 1,184        | 1,191         |
| EBIT                             | 9,188        | 9,209        | 9,429        | 9,941         |
| Total other non-operating income | 256          | 152          | 159          | 165           |
| Associate contributions          | (0)          | 2            | 2            | 2             |
| Net interest income/(expense)    | (8)          | (5)          | (5)          | (6)           |
| <b>Pre-tax profit</b>            | <b>9,436</b> | <b>9,358</b> | <b>9,584</b> | <b>10,102</b> |
| Tax                              | (1,604)      | (1,684)      | (1,725)      | (1,818)       |
| Minorities                       | (57)         | (67)         | (70)         | (74)          |
| Net profit                       | 7,775        | 7,607        | 7,789        | 8,210         |
| <b>Net profit (adj.)</b>         | <b>7,793</b> | <b>7,607</b> | <b>7,789</b> | <b>8,210</b>  |

## BALANCE SHEET

| Year to 31 Dec (Btm)                  | 2024          | 2025F         | 2026F         | 2027F         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Fixed assets                          | 13,388        | 13,886        | 13,639        | 13,416        |
| Other LT assets                       | 2,533         | 2,647         | 2,670         | 2,698         |
| Cash/ST investment                    | 12,113        | 14,551        | 18,836        | 23,422        |
| Other current assets                  | 4,618         | 5,233         | 5,421         | 5,667         |
| <b>Total assets</b>                   | <b>32,653</b> | <b>36,318</b> | <b>40,567</b> | <b>45,202</b> |
| ST debt                               | 37            | 35            | 35            | 36            |
| Other current liabilities             | 3,790         | 3,643         | 3,791         | 3,980         |
| LT debt                               | 102           | 85            | 86            | 88            |
| Other LT liabilities                  | 923           | 1,056         | 1,099         | 1,154         |
| Shareholders' equity                  | 27,488        | 31,120        | 35,106        | 39,421        |
| Minority interest                     | 313           | 380           | 450           | 524           |
| <b>Total liabilities &amp; equity</b> | <b>32,653</b> | <b>36,318</b> | <b>40,567</b> | <b>45,202</b> |

## CASH FLOW

| Year to 31 Dec (Btm)                     | 2024           | 2025F          | 2026F          | 2027F          |
|--|----------------|----------------|----------------|----------------|
| <b>Operating</b>                         | <b>8,434</b>   | <b>7,074</b>   | <b>8,533</b>   | <b>8,918</b>   |
| Profit for the year                      | 9,436          | 9,358          | 9,584          | 10,102         |
| Tax                                      | (1,604)        | (1,684)        | (1,725)        | (1,818)        |
| Deprec. & amort.                         | 1,077          | 1,166          | 1,184          | 1,191          |
| Associates                               | 0              | (2)            | (2)            | (2)            |
| Working capital changes                  | 411            | (397)          | (84)           | (112)          |
| Non-cash items                           | (467)          | (364)          | 44             | 56             |
| Other operating cashflows                | (419)          | (1,002)        | (468)          | (498)          |
| <b>Investing</b>                         | <b>(3,404)</b> | <b>(1,645)</b> | <b>(917)</b>   | <b>(941)</b>   |
| Capex (growth)                           | (1,426)        | (1,664)        | (937)          | (968)          |
| Investment                               | 2,144          | 2,146          | 2,148          | 2,150          |
| Others                                   | (4,122)        | (2,127)        | (2,127)        | (2,123)        |
| <b>Financing</b>                         | <b>(3,520)</b> | <b>(3,994)</b> | <b>(3,801)</b> | <b>(3,890)</b> |
| Dividend payments                        | (3,577)        | (3,974)        | (3,803)        | (3,895)        |
| Proceeds from borrowings                 | 48             | 0              | 2              | 2              |
| Loan repayment                           | 0              | (20)           | 0              | 0              |
| Others/interest paid                     | 9              | 0              | 0              | 2              |
| Net cash inflow (outflow)                | 1,510          | 1,434          | 3,815          | 4,087          |
| Beginning cash & cash equivalent         | 3,774          | 5,284          | 6,718          | 10,533         |
| Changes due to forex impact              | 0              | 0              | 0              | 0              |
| <b>Ending cash &amp; cash equivalent</b> | <b>5,284</b>   | <b>6,718</b>   | <b>10,533</b>  | <b>14,620</b>  |

## KEY METRICS

| Year to 31 Dec (%)        | 2024    | 2025F   | 2026F   | 2027F   |
|---------------------------|---------|---------|---------|---------|
| <b>Profitability</b>      |         |         |         |         |
| EBITDA margin             | 39.9    | 39.3    | 38.6    | 38.6    |
| Pre-tax margin            | 36.7    | 35.4    | 34.9    | 35.0    |
| Net margin                | 30.2    | 28.8    | 28.4    | 28.5    |
| ROA                       | 25.1    | 22.1    | 20.3    | 19.1    |
| ROE                       | 30.3    | 26.0    | 23.5    | 22.0    |
| <b>Growth</b>             |         |         |         |         |
| Turnover                  | 1.3     | 2.6     | 4.1     | 5.0     |
| EBITDA                    | 7.3     | 1.1     | 2.3     | 4.9     |
| Pre-tax profit            | 9.2     | (0.8)   | 2.4     | 5.4     |
| Net profit                | 11.0    | (2.2)   | 2.4     | 5.4     |
| Net profit (adj.)         | 11.6    | (2.4)   | 2.4     | 5.4     |
| EPS                       | 11.6    | (2.4)   | 2.4     | 5.4     |
| <b>Leverage</b>           |         |         |         |         |
| Debt to total capital     | 0.5     | 0.4     | 0.3     | 0.3     |
| Debt to equity            | 0.5     | 0.4     | 0.3     | 0.3     |
| Net debt/(cash) to equity | (43.6)  | (46.4)  | (53.3)  | (59.1)  |
| Interest cover (x)        | 1,231.6 | 1,948.9 | 1,960.1 | 2,021.1 |

## COMPANY UPDATE

**Kasikorn Bank (KBANK TB)**

To Increase Dividend Policy From 25% To 50% And Guide For Potential Capital Management

We came away from KBANK's 2H25 analyst and fund manager meeting with a positive view. The CEO announced a change in dividend policy from 25% to 50%, with a targeted payout of 50-60% in the medium term. Management also provided guidance on future capital management. KBANK is maintaining its 2025 financial targets, and reiterated that asset quality and credit costs remain under control. We maintain BUY with a higher target price of Bt192.00.

## WHAT'S NEW

- **Positive tone during 2H25 analyst and fund manager meeting with CEO.** We attended Kasikorn Bank's (KBANK) 2H25 analyst and fund manager meeting with the CEO and our key takeaways are positive. The CEO announced a significant increase in the dividend policy and provided guidance on future capital management. Management is maintaining its 2025 financial targets, reiterating that asset quality and credit costs remain under control.
- **Raising dividend policy from 25% to 50%; medium-term payout target of 50-60%.** The CEO announced an increase in the company's dividend policy from 25% to 50%. The bank has set a minimum dividend payout of 50% for regular dividend payments, while aiming to achieve a dividend payout of 50-60% in the medium term (regular dividend). However, KBANK stated that the bank may consider not paying the 50% payout ratio if there are unforeseen circumstances. As a result, we expect to see an increase in interim dividend but conservatively forecast a dividend payout of 52.5% for 2025 (2024: 58.2%, 2023: 36.3%).
- **Set minimum CET1 ratio 15% target and guide for potential capital management.** Previously, KBANK had set a common equity tier 1 (CET1) ratio of 13-15% for the medium term. The bank has now set a minimum CET1 ratio of 15% for the medium term. KBANK also stated that the Basel III reform implementation would reduce its CET1 ratio by 1-2%. The CET1 ratio of 17.7% in 1H25 is projected to result in approximately 0.7% of excess capital for allocation. The Basel III reforms are expected to be implemented in Thailand within 2028. KBANK guided that this excess capital of approximately 0.7% is expected to be distributed to shareholders through capital management activities such as a share buyback programme or a special dividend. Nevertheless, any capital management activity is dependent on macroeconomic conditions and outlook.

## KEY FINANCIALS

| Year to 31 Dec (Btm)   | 2023    | 2024    | 2025F   | 2026F   | 2027F   |
|------------------------|---------|---------|---------|---------|---------|
| Net interest income    | 148,444 | 149,029 | 133,797 | 126,288 | 128,876 |
| Non-interest income    | 44,210  | 48,937  | 52,024  | 47,406  | 48,551  |
| Net profit (rep./act.) | 42,405  | 48,872  | 46,748  | 47,975  | 50,371  |
| Net profit (adj.)      | 42,405  | 48,872  | 46,748  | 47,975  | 50,371  |
| EPS (Bt)               | 17.9    | 20.6    | 19.7    | 20.2    | 21.3    |
| PE (x)                 | 9.0     | 7.8     | 8.1     | 7.9     | 7.5     |
| P/B (x)                | 0.7     | 0.7     | 0.6     | 0.6     | 0.6     |
| Dividend yield (%)     | 4.0     | 7.5     | 6.5     | 6.7     | 7.0     |
| Net int margin (%)     | 3.7     | 3.7     | 3.3     | 3.1     | 3.1     |
| Cost/income (%)        | 44.1    | 43.6    | 43.0    | 43.7    | 43.5    |
| Loan loss cover (%)    | 152.2   | 153.3   | 163.2   | 158.5   | 159.0   |
| Consensus net profit   | -       | -       | 48,052  | 48,420  | 51,032  |
| UOBKH/Consensus (x)    | -       | -       | 0.97    | 0.99    | 0.99    |

Source: Kasikorn Bank, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

|               |           |
|---------------|-----------|
| Share Price   | Bt160.50  |
| Target Price  | Bt192.00  |
| Upside        | +19.6%    |
| (Previous TP) | Bt185.00) |

## COMPANY DESCRIPTION

KBANK is the third largest commercial bank in Thailand according to loan outstanding. The bank focuses on SME lending which accounts for 28% of its loan book.

## STOCK DATA

|                                 |            |
|---------------------------------|------------|
| GICS sector                     | Financials |
| Bloomberg ticker:               | KBANK TB   |
| Shares issued (m):              | 2,369.3    |
| Market cap (Btm):               | 380,277.1  |
| Market cap (US\$m):             | 11,698.3   |
| 3-mth avg daily t'over (US\$m): | 68.4       |

## Price Performance (%)

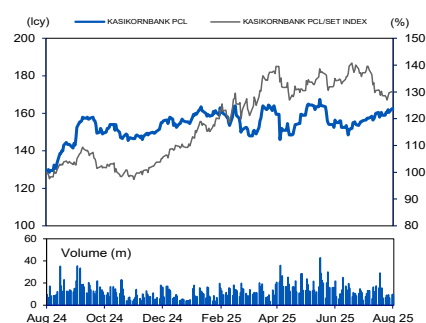
|                  |                   |
|------------------|-------------------|
| 52-week high/low | Bt167.50/Bt127.00 |
| 1mth             | 3.9               |
| 3mth             | 0.6               |
| 6mth             | 0.3               |
| 1yr              | 22.1              |
| YTD              | 3.2               |

## Major Shareholders

|                             |       |
|-----------------------------|-------|
| Thai NVDR                   | 13.86 |
| STATE STREET EUROPE LIMITED | 7.62  |
| Gulf Development            | 5.33  |

|                     |        |
|---------------------|--------|
| FY25 NAV/Share (Bt) | 249.04 |
| FY25 CAR Tier-1 (%) | 17.23  |

## PRICE CHART



Source: Bloomberg

## ANALYST(S)

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## STOCK IMPACT

- **Reiterates double-digit ROE target, but pending appropriate timing.** Previously, KBANK had set a target to achieve a double-digit ROE in 2026. During yesterday's meeting, the CEO reiterated the double-digit ROE target, but did state that the timing to achieve this target was dependent on macroeconomic conditions. Management stated that when the target was initially set, Thailand's GDP was around 3.5% (vs 2025 forecasts of 1.5%) and the policy rate was 2.5%; the current rate stands at 1.75%, and KBANK expects the policy rate to be 1.5% by the end of 2025. Hence, the current environment and economy are more challenging. Nevertheless, the CEO stated that the bank will pursue a double-digit ROE, which will be enhanced by improvements in operations and some capital management activities.
- **Continues to wait for approval from SEC on prompt cancellation of buyback shares.** Management clarified that the bank is waiting for approval for certain regulatory changes regarding its share buyback programme. Currently, there is a waiting period of three years before repurchased shares can be cancelled from the book, as the regulation allows some companies to resell the shares in the market. However, KBANK wants to cancel the shares promptly after buying them back. Hence, we expect KBANK to proceed with a share buyback once the bank receives approval from the Securities and Exchange Commission (SEC). The timeline for this is still unclear.

## EARNINGS REVISION/RISK

### NET PROFIT FORECASTS

| (Btm) | 2025F  | 2026F  | 2027F  |
|-------|--------|--------|--------|
| Old   | 45,397 | 47,675 | 50,046 |
| New   | 46,748 | 47,975 | 50,371 |
| % chg | 3.0%   | 0.6%   | 0.6%   |

Source: UOB Kay Hian

- We revise KBANK's 2025-27 earnings forecasts upward by 3.0%, 0.6%, and 0.6%, respectively, due to a better asset quality outlook. Management reaffirms that credit costs are on track to achieve the 2025 target of 140-160bp. We conservatively reduce our 2025 credit cost assumption from 171bp to 164bp in this revision.

## VALUATION/RECOMMENDATION

- **Maintain BUY with a higher target price of Bt192.00**, based on the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). This implies 0.77x 2025F P/B, which is +1.5SD to its five-year mean.

## SHARE PRICE CATALYST

- Sooner-than-expected normalisation in credit costs.
- Upgrade in dividend payout ratio or a share buyback programme being carried out.

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

|   |
|---|
| <b>CG Report: 5</b>   |
| <b>SET ESG Rating: AAA</b>  |
| <ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- Committing to net zero emissions in its operations by 2030.</li> <li>- Committing to reducing greenhouse gas emissions in the bank's financial portfolio.</li> <li>- Being the leader in innovative "Green Finance" in Thailand.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- Ensuring financial inclusion and promoting financial literacy.</li> <li>- Safeguarding customer data security and privacy.</li> <li>- Respect for human rights and diversity.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- Ensuring business operations under good corporate governance practices and delivering services to customers with fairness.</li> </ul> </li> </ul> |

## 2025 FINANCIAL TARGETS

|                | 1H25 Actual | 2025 Target              | 2024 Actual |
|----------------|-------------|--------------------------|-------------|
| NIM            | 3.36%       | 3.3-3.5%                 | 3.64%       |
| Loan Growth    | -2%         | Flat                     | +0.57%      |
| Net fee income | 1.17% yoy   | Mid to High-Single Digit | 6.73%       |
| Cost to income | 41.82%      | Low to Mid-40s           | 44.09%      |
| Credit cost    | 162bps      | 140-160 bps              | 189bp       |
| NPL ratio      | 3.18%       | < 3.25%                  | 3.18%       |

Source: KBANK, UOB Kay Hian

## KEY MEDIUM-TERM TARGETS



Source: KBANK, UOB Kay Hian

## MEDIUM-TERM CET1 RATIO TARGET



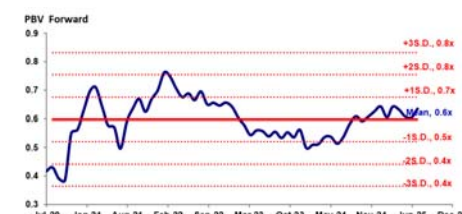
Source: KBANK, UOB Kay Hian

## FOREIGN OWNERSHIP (31 JUL 25)



Source: UOB Kay Hian

## P/B BAND



Source: KBANK, UOB Kay Hian

## PROFIT & LOSS

| Year to 31 Dec (Btm)    | 2024           | 2025F          | 2026F          | 2027F          |
|-------------------------|----------------|----------------|----------------|----------------|
| Interest income         | 189,093        | 170,214        | 156,942        | 162,410        |
| Interest expense        | (40,064)       | (36,417)       | (30,654)       | (33,534)       |
| Net interest income     | 149,029        | 133,797        | 126,288        | 128,876        |
| Fees & commissions      | 33,319         | 31,663         | 28,823         | 29,487         |
| Other income            | 15,618         | 20,361         | 18,582         | 19,064         |
| Non-interest income     | 48,937         | 52,024         | 47,406         | 48,551         |
| <b>Total income</b>     | <b>197,967</b> | <b>185,821</b> | <b>173,694</b> | <b>177,427</b> |
| Staff costs             | (42,219)       | (39,012)       | (36,600)       | (37,484)       |
| Other operating expense | (44,178)       | (40,984)       | (39,259)       | (39,726)       |
| Pre-provision profit    | 111,570        | 105,825        | 97,834         | 100,218        |
| Loan loss provision     | (47,251)       | (40,417)       | (31,202)       | (30,258)       |
| Pre-tax profit          | 64,319         | 65,408         | 66,632         | 69,960         |
| Tax                     | (12,583)       | (13,145)       | (13,326)       | (13,992)       |
| Minorities              | (2,864)        | (5,515)        | (5,331)        | (5,597)        |
| <b>Net profit</b>       | <b>48,872</b>  | <b>46,748</b>  | <b>47,975</b>  | <b>50,371</b>  |
| Net profit (adj.)       | 48,872         | 46,748         | 47,975         | 50,371         |

## BALANCE SHEET

| Year to 31 Dec (Btm)                  | 2024             | 2025F            | 2026F            | 2027F            |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Cash with central bank                | 46,021           | 48,816           | 49,836           | 50,891           |
| Govt treasury bills & securities      | 1,060,620        | 1,120,330        | 1,143,732        | 1,138,412        |
| Interbank loans                       | 522,729          | 531,249          | 547,496          | 560,264          |
| Customer loans                        | 2,368,649        | 2,299,849        | 2,353,958        | 2,405,216        |
| Investment securities                 | 61,088           | 60,127           | 61,101           | 62,329           |
| Derivative receivables                | 53,117           | 50,138           | 51,895           | 53,276           |
| Associates & JVs                      | 13,071           | 13,511           | 13,511           | 13,511           |
| Fixed assets (incl. prop.)            | 114,151          | 115,938          | 116,742          | 117,655          |
| Other assets                          | 101,507          | 102,436          | 104,535          | 106,088          |
| <b>Total assets</b>                   | <b>4,340,954</b> | <b>4,342,395</b> | <b>4,442,807</b> | <b>4,507,642</b> |
| Interbank deposits                    | 172,144          | 175,629          | 179,523          | 183,149          |
| Customer deposits                     | 2,718,675        | 2,694,847        | 2,758,010        | 2,817,408        |
| Derivative payables                   | 41,341           | 38,243           | 39,623           | 40,719           |
| Debt equivalents                      | 622,656          | 631,784          | 644,403          | 624,280          |
| Other liabilities                     | 140,476          | 133,275          | 135,025          | 137,105          |
| <b>Total liabilities</b>              | <b>3,695,292</b> | <b>3,673,777</b> | <b>3,756,585</b> | <b>3,802,660</b> |
| Shareholders' funds                   | 568,726          | 590,060          | 613,634          | 638,542          |
| Minority interest - accumulated       | 76,937           | 78,558           | 72,588           | 66,439           |
| <b>Total equity &amp; liabilities</b> | <b>4,340,954</b> | <b>4,342,395</b> | <b>4,442,807</b> | <b>4,507,641</b> |

## OPERATING RATIOS

| Year to 31 Dec (%)                         | 2024  | 2025F | 2026F | 2027F |
|--|-------|-------|-------|-------|
| <b>Capital Adequacy</b>                    |       |       |       |       |
| Tier-1 CAR                                 | 17.5  | 17.2  | 17.6  | 18.1  |
| Total CAR                                  | 19.6  | 19.3  | 19.7  | 20.2  |
| Total assets/equity (x)                    | 7.6   | 7.4   | 7.2   | 7.1   |
| Tangible assets/tangible common equity (x) | 8.0   | 7.7   | 7.6   | 7.4   |
| <b>Asset Quality</b>                       |       |       |       |       |
| NPL ratio                                  | 3.2   | 3.2   | 3.2   | 3.2   |
| Loan loss coverage                         | 153.3 | 163.2 | 158.5 | 159.0 |
| Loan loss reserve/gross loans              | 5.3   | 5.8   | 5.5   | 5.5   |
| Increase in NPLs                           | (0.8) | 0.2   | 0.7   | 0.7   |
| Credit cost (bp)                           | 3.2   | 3.2   | 3.2   | 3.2   |
| <b>Liquidity</b>                           |       |       |       |       |
| Loan/deposit ratio                         | 87.1  | 85.3  | 85.3  | 85.4  |
| Liquid assets/short-term liabilities       | 55.8  | 58.6  | 58.6  | 57.7  |
| Liquid assets/total assets                 | 37.5  | 39.2  | 39.2  | 38.8  |

## KEY METRICS

| Year to 31 Dec (%)            | 2024  | 2025F  | 2026F | 2027F |
|-------------------------------|-------|--------|-------|-------|
| <b>Growth</b>                 |       |        |       |       |
| Net interest income, yoy chg  | 0.4   | (10.2) | (5.6) | 2.0   |
| Fees & commissions, yoy chg   | 6.9   | (5.0)  | (9.0) | 2.3   |
| Pre-provision profit, yoy chg | 3.6   | (5.1)  | (7.6) | 2.4   |
| Net profit, yoy chg           | 15.3  | (4.3)  | 2.6   | 5.0   |
| Net profit (adj.), yoy chg    | 15.3  | (4.3)  | 2.6   | 5.0   |
| Customer loans, yoy chg       | (0.1) | (2.9)  | 2.4   | 2.2   |
| <b>Profitability</b>          |       |        |       |       |
| Net interest margin           | 3.7   | 3.3    | 3.1   | 3.1   |
| Cost/income ratio             | 43.6  | 43.0   | 43.7  | 43.5  |
| Adjusted ROA                  | 1.1   | 1.1    | 1.1   | 1.1   |
| Reported ROE                  | 8.9   | 8.1    | 8.0   | 8.0   |
| Adjusted ROE                  | 8.9   | 8.1    | 8.0   | 8.0   |
| <b>Valuation</b>              |       |        |       |       |
| P/BV (x)                      | 0.7   | 0.6    | 0.6   | 0.6   |
| P/NTA (x)                     | 70.6  | 68.0   | 65.3  | 62.6  |
| Adjusted P/E (x)              | 7.8   | 8.1    | 7.9   | 7.5   |
| Dividend Yield                | 7.5   | 6.5    | 6.7   | 7.0   |
| Payout ratio                  | 58.2  | 52.5   | 52.8  | 52.9  |

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