

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

### KEY HIGHLIGHTS

Strategy

#### Thailand Political Outlook: PM on Constitutional Court Verdict

Page 2

A potential House dissolution in 3-6 months.

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,251.26	(11.41)	(0.90)
SET50	818.54	(7.04)	(0.85)
Value (Btm) - SET	56,241		
Top 5 Sector			
BANK	421.43	(2.27)	(0.54)
PETRO	571.09	(0.19)	(0.03)
PROP	154.69	(2.59)	(1.65)
ENERG	16,348.08	(133.09)	(0.81)
ICT	194.03	3.73	1.96

Source: Bloomberg

### TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
ADVANC	298.00	2.41	1,659.6
OR	12.40	(3.88)	1,225.4
HMPRO	7.25	0.69	1,217.8
KBANK	164.00	(0.91)	2,814.3
TRUE	12.00	2.56	1,653.2

### TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
TRITN	0.04	33.33	0.1
KASET	0.79	31.67	0.7
SCN	0.57	26.67	4.1
TFI	0.06	20.00	0.0
CIG	0.06	20.00	2.0

### TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
AKS	0.02	(33.33)	0.3
GEL	0.03	(25.00)	0.1
M-PAT	3.00	(24.24)	-
GRAND	0.04	(20.00)	0.2
PRIME	0.06	(14.29)	0.1

\*ADT: Average daily turnover

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	67.2	(0.7)	7.2	(7.1)
Dubai crude*	67.6	(1.6)	7.2	(10.0)
Baltic Dry Index	2,041.0	(9.6)	57.5	104.7
Gold Spot***	3,385.2	1.4	2.6	29.0

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

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(188.3)	(491.6)	(2,329.0)	2,122.6

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.50

Interest Rate (%) - TH Policy Rate = 2.00

Thai Lending Rate (%)\* - MLR = 6.90

## STRATEGY – THAILAND

### Thailand Political Outlook: A Potential House Dissolution In 3-6 Months

Thailand faces political uncertainty as the Constitutional Court will rule on PM Paetongtarn's qualifications on 29 August, which could lead to her removal. A guilty verdict could delay the appointment of a new PM due to a slim majority. Despite this, economic and market impacts are expected to be limited, as the 2026 fiscal budget has been approved. Now, we favour BGRIM and RATCH as defensive stocks, and will shift to domestic-linked stocks (CPALL, KBANK, ADVANC) once election clarity emerges.

#### WHAT'S NEW

- **Another potential turning point.** The Thai political landscape is at another potential turning point with the Constitutional Court making a decision on PM Paetongtarn Shinawatra's qualifications on 29 August. The ruling pertains to an audio clip involving former Cambodian leader Hun Sen. Should the Court deem her actions inappropriate or unconstitutional, she, along with the entire Cabinet, would be removed and a caretaker PM will be appointed. This would trigger the selection of a new Prime Minister and Cabinet, ushering in another period of political uncertainty.
- **A potential short-term vacuum in the government.** A guilty verdict could create a short-term political vacuum. Unlike the swift appointment of Paetongtarn after former PM Srettha Thavisin's removal in Aug 24, it could be more protracted this time round. Reasons include: a) Limited support: Pheu Thai's remaining candidate, Chaikasem Nitisiri, may not garner as much support from coalition partners as a Shinawatra family member, and b) Slim majority: The current government holds a precarious 51% majority, significantly less stable than the 60% during the previous PM selection when Bhumjaithai was part of the coalition.
- **Limited downside to GDP as budget bill already approved.** As the budget has already approved, we believe the risk to GDP growth from political factors remains low, regardless of who ultimately becomes the next PM. Hence, we see limited impact to the equity market as well despite some possible volatility due to the short-term uncertainty. Our analysis point to a house dissolution in the next 3-6 months.
- **Election periods tend to favour domestic demand-driven sectors such as retail, banking and telecommunications, while externally-linked industries have lagged.** Based on our study of past elections, retail, banking, and telecommunications have delivered the strongest returns, with the probability of positive returns at roughly 67% for retail, 83% for banking, and 67% for telecommunications, and average returns of around 10%, 12%, and 10%, respectively. In contrast, sectors tied to external factors, such as energy, tend to underperform, as they benefit less directly from government stimulus measures or accelerated budget disbursement before elections.
- **Defensive stocks first, domestic driven names when the election timeline is clear. Top picks are BGRIM, RATCH, ADVANC, CPALL and KBANK.** Although we see limited impact to the equity market, we favour defensive names first due to the deteriorating economic momentum in 3Q25. We pick Bgrim (BGRIM) and Ratchburi (RATCH) as a shield from both political and earnings volatility. We will keep an eye on domestic driven sectors such as: a) banking, b) retail, and c) telecommunications once the election timeline is in sight. Our picks are CP All (CPALL), Kasikorn Bank (KBANK), and Advanced Info Service (ADVANC).

#### VALUATION

Company	Ticker	Rec.	Last Price 25 Aug 25 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	PE 2024 (x)	PE 2025F (x)	PE 2026F (x)	EPS Growth 2025F (%)	PEG 2025F (x)	P/B 2025F (x)	Yield 2025F (%)	ROE 2025F (%)
Advanced Info Service	ADVANC TB	BUY	291.00	340.00	16.84	26,164	24.7	20.2	19.4	22.1	0.9	8.5	3.7	42.9
B.Grimm Power	BGRIM TB*	BUY	12.80	18.00	40.63	1,009	21.4	16.6	14.1	29.5	0.6	0.9	3.4	4.1
CP All	CPALL TB	BUY	45.75	63.00	37.70	12,424	16.2	14.6	13.9	11.2	1.3	2.9	3.4	8.5
Kasikornbank	KBANK TB	BUY	165.50	192.00	16.01	11,854	8.0	8.4	8.2	(4.3)	(1.9)	0.7	6.3	8.1
Ratch Group	RATCH TB	BUY	27.00	35.00	29.63	1,775	9.6	8.7	8.3	10.0	0.9	0.6	6.1	6.4

\*Coverage on our retail platform, Source: UOB Kay Hian

#### STOCK RECOMMENDATION

Company	Share Price 15 Aug 25 (Bt)	Target Price (Bt)	Upside/ (Downside) to TP (%)
ADVANC	291.00	340.00	16.84
BGRIM	12.80	18.00	40.63
CPALL	45.75	63.00	37.70
KBANK	165.50	192.00	16.01
RATCH	27.00	35.00	29.63

Source: UOB Kay Hian

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## LIST OF SIX PRIME MINISTER CANDIDATES

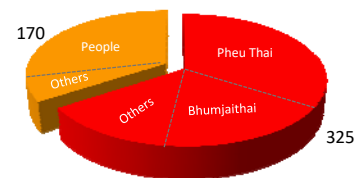
Candidates	Parties	Votes
Chaikasem Nitisiri	Pheu Thai	142
Anutin Charnvirakul	Bhumjaithai	69
Pirapan Salirathavibhaga	Ruam Thai Sang Chart	36
Jurin Laksanawisit	Democrat party	25
Prawit Wongsuwan	Palang Pracharath	20
Prayuth Chan-ocha	Privy Councillor	-

Source: Tha

## OUR VIEW

- **If Paetongtarn is removed, Pheu Thai's candidate Chaikasem Nitisiri is best positioned to succeed, though coalition politics remain critical.** Pheu Thai still holds 142 MPs and is likely to command enough coalition votes to elect Chaikasem if unity holds. While Bhumjaithai's Anutin is a candidate with 69 MPs, he would need significant cross-party support, including from Pheu Thai, which is seen as unlikely. Other named candidates like Prawit, Pirapan, and Jurin have even lower practical chances due to smaller bases and weaker alliances.
- **Bhumjaithai's potential return and stability.** While PM Paetongtarn's potential removal injects political uncertainty and could impact domestic confidence and consumption, we see it as a pivotal moment that might pave the way for the Bhumjaithai Party to rejoin the government. Such a move would bolster the government's parliamentary support from the current 51% back to around 60%. This increased stability would facilitate governance, enhance efficiency, and reduce the likelihood of parliamentary quorum issues, which have plagued the government in the two months since Bhumjaithai's departure.
- **Inevitable path to House dissolution.** Regardless of the Constitutional Court's decision, we believe the government is on a trajectory toward house dissolution within the next 3-6 months. We envision three main scenarios:
  - **Scenario 1: Case dismissed.** PM Paetongtarn remains in office. However, the government will continue to face stability challenges due to its slim majority and ongoing protests, particularly concerning the Cambodia conflict. The government's primary focus would likely be rebuilding confidence while awaiting an opportune moment for new elections.
  - **Scenario 2: PM removed; New PM selected from existing coalition.** The overall challenges and government objectives would mirror Scenario 1 – essentially buying time until house dissolution and new elections.
  - **Scenario 3: PM removed; Bhumjaithai rejoins.** Short-term government stability would improve. However, a larger coalition could escalate internal conflicts, especially if the new PM is not from the Pheu Thai party, potentially leading to disunity in administration. This would likely be a temporary alliance preceding new elections.
- **Historical election analysis shows markets tend to perform well in the months around elections.** Our study of six past elections (1996, 2001, 2006, 2011, 2019, and 2023) found that the SET Index typically delivers positive returns in the three months before an election (or about one month before dissolution), while the month after elections, typically a profit-taking period, has historically seen average returns of 2% with a 67% probability of gains. However, if we exclude the 1996 election, which occurred during an economic crisis, we see average returns of 7%, with an 80% probability of gains.
- **Election periods tend to favour domestic demand-driven sectors such as retail, banking, and telecommunications, while externally linked industries have lagged.** Based on our study of past elections, retail, banking, and telecommunications have delivered the strongest returns, with the probability of positive returns at roughly 67% for retail, banking, and telecommunications, and average returns of around 5%, 9%, and 8%, respectively. However, if we exclude the 1996 election, which occurred during an economic crisis, we see average returns of 16%, 10%, and 12% for the retail, banking, and telecommunications sectors with 80%, 80%, and 60% probability of gains respectively. In contrast, sectors tied to external factors, such as energy, tend to underperform, as they benefit less directly from government stimulus measures or accelerated budget disbursement before elections.

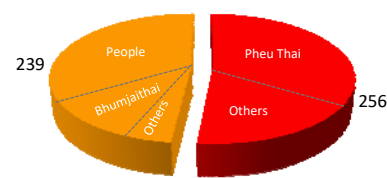
## NUMBER OF GOVERNMENT VOTES BEFORE LEAVING OF BHUMJAITHAI PARTY



■ Government ■ Opposition

Source: Thapbs, UOB Kay Hian

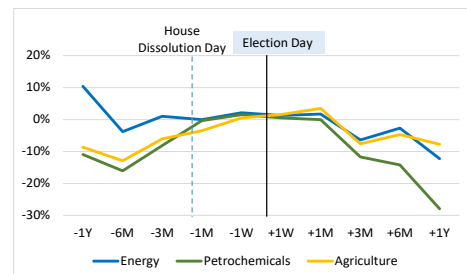
## NUMBER OF GOVERNMENT VOTES AFTER LEAVING OF BHUMJAITHAI PARTY



■ Government ■ Opposition

Source: Thapbs, UOB Kay Hian

## ENERGY, PETROCHEMICALS AND AGRICULTURE UNDERPERFORMED DURING ELECTION

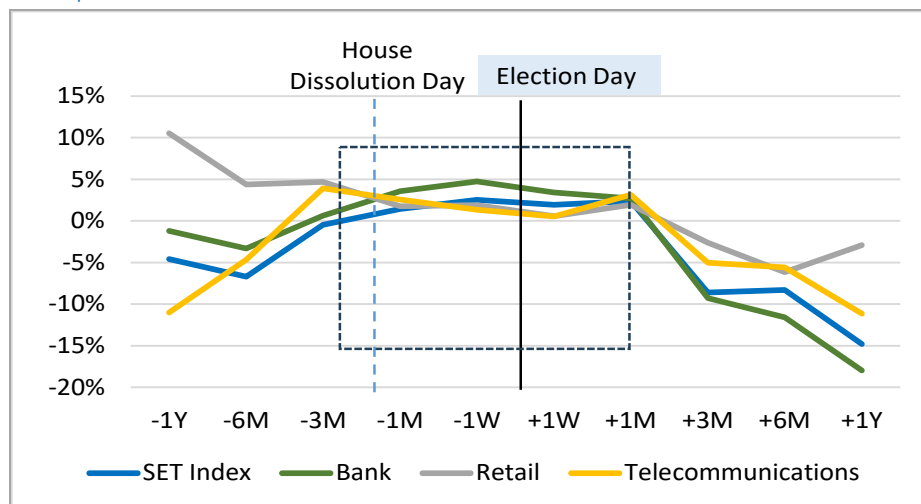


Source: Bloomberg, UOB Kay Hian

• **Expect the SET Index to respond positively if the government announces a clear plan.**

We believe concerns about the Thai equity market will ease further, given expectations that the Parliament will be dissolved only after the 2026 fiscal budget is approved. The SET Index is likely to respond positively if the government provides a clear and credible timeline for the dissolution and election.

**RETAIL, BANKING AND TELECOMMUNICATIONS OUTPERFORMED DURING ELECTION PERIODS**



Source: Bloomberg, UOB Kay Hian

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