## Key Indices

| | Prev Close | 1D % | 1W % | 1M % | YTD % |
|---|---|---|---|---|---|
| DJIA | 52348.4 | (1.1) | 0.1 | 3.1 | 8.9 |
| S&P 500 | 7482.7 | (0.3) | (0.0) | 1.0 | 9.3 |
| FTSE 100 | 10489.0 | (1.7) | 0.1 | 1.1 | 5.6 |
| AS30 | 8979.3 | (0.3) | 0.5 | 1.4 | (0.4) |
| CSI 300 | 4755.5 | (0.8) | (4.1) | 0.9 | 2.7 |
| FSSTI | 5369.6 | 0.5 | 4.0 | 8.2 | 15.6 |
| HSCEI | 8084.2 | 4.0 | 7.0 | (3.1) | (9.3) |
| HSI | 24199.5 | 3.0 | 5.8 | (1.9) | (5.6) |
| JCI | 5873.4 | (1.9) | 3.1 | 9.9 | (32.1) |
| KLCI | 1683.6 | 0.0 | 1.6 | 0.2 | 0.2 |
| KOSPI | 7246.8 | (5.3) | (12.7) | (3.2) | 72.0 |
| Nikkei 225 | 66819.1 | (2.1) | (5.2) | 4.4 | 32.7 |
| SET | 1576.3 | (1.7) | (0.8) | 0.9 | 25.1 |
| TWSE | 45734.4 | 0.6 | (2.7) | 5.1 | 57.9 |
| BDI | 2871.0 | (0.1) | 12.1 | (1.5) | 53.0 |
| CPO (RM/mt) | 4490.5 | 0.0 | 0.2 | (0.2) | 14.2 |
| Brent Crude (US$/bbl) | 78.0 | 5.2 | 9.0 | (17.2) | 28.2 |

*Source: Bloomberg*

## Corporate Events

| | Venue | Begin | Close |
|---|---|---|---|
| Small & Mid-Caps Corporate Day | Singapore | 09 Jul | 09 Jul |
| Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation | Malaysia | 13 Jul | 15 Jul |

## Corporate and Macro Calendar

| Economic Indicator/Event | Country/Region | Date |
|---|---|---|
| June. Consumer Confidence | Thailand | 7-13 July |
| June. Customs Trade Balance (Export-Import) | Thailand | 21-26 July |

Please click on the page number to move to the relevant pages

## Thailand

**Sector Update** | Finance Page 2

We expect the finance sector's 2Q26 net profit to increase 9% yoy but decline 4% qoq. We anticipate that finance companies will ease their strict lending policies in 2Q26. Furthermore, following the upward revision of the 2026 GDP forecasts, we are more optimistic about the sector's credit cost and asset quality outlook. We expect finance companies to resume actively expanding their loan portfolios in 2H26. Maintain OVERWEIGHT on the sector, with MTC and KTC remaining our top picks.

**Company Results** | Aeon Thana Sinsap (Thailand) (AEONTS TB/**BUY**/Bt103.00/Target: Bt125.00) Page 5

AEONTS posted a 1QFY27 net profit of Bt793m, up 3% yoy but down 13% qoq, beating our and consensus forecasts by 9% and 6%, respectively. The higher-than-expected earnings results were driven by the reversal of management overlay which reduced provisioning qoq. We expect to see signs of loan expansion starting from 2QFY27 due to a better economic outlook. A second share buyback programme will support the share price. Upgrade to BUY with a higher target price of Bt125.00.

**Company Update** | CP ALL (CPALL TB/**BUY**/Bt46.25/Target: Bt62.00) Page 8

We expect CPALL's 2Q26 core earnings to come in at Bt7.2b (+7.1% yoy, -10.3% qoq). The key driver is the convenience store segment, with earnings expected to grow yoy. The company is less affected by the Thai Help Thai Plus scheme compared with hypermarket operators. Maintain BUY with a target price of Bt62.00.

# Finance

**OVERWEIGHT**
(Maintained)

## 2Q26 Results Preview: Expect Loan Expansion

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## Highlights

- We expect the sector to report a net profit of Bt6.65b (+9% yoy, -4% qoq).
- We are more optimistic on the credit cost and asset quality outlook.
- Maintain OVERWEIGHT on the sector. Our top picks are MTC and KTC.

## Analysis

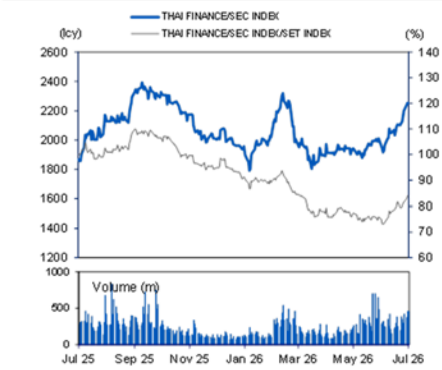
- **Expect 2Q26 earnings to grow yoy.** We expect finance companies under our coverage to report a net profit of Bt6.65b for 2Q26, up 9% yoy but down 4% qoq. We foresee the sector's pre-provision operating profit coming in at Bt11.7b in 2Q26, up 7% yoy and 3% qoq.
- **Loan growth expected to expand yoy and qoq in 2Q26.** We anticipate that finance companies will face only a mild impact from Middle East tensions in 2Q26, while the cash handout scheme should help boost domestic spending. Consequently, we project that finance companies will ease their strict lending policies, resulting in a loan expansion of 6% yoy and 3% qoq in 2Q26.
- **Credit cost to increase qoq in 2Q26 due to normalisation.** We observed a prominent improvement in credit costs during 1Q26, which declined from the high base seen in 4Q25. However, we expect credit costs to normalise despite the mild impact observed so far from tensions in the Middle East. As a result, we project that the sector's credit costs will increase by 42bp qoq to 321bp in 2Q26. We anticipate finance companies building up their provisions to cushion against uncertainties as they prepare to resume expanding their loan portfolios in 2H26.
- **More optimistic on credit cost and asset quality outlook.** During the 24 Jun 26 meeting, the Bank of Thailand (BOT) upgraded its 2026 GDP growth forecast from 1.5% to 2.3%, citing a stronger economic outlook and expecting inflation to subside as supply-side pressures ease. This upward revision has significantly boosted market sentiment, driving our optimistic outlook on credit costs and asset quality across the finance sector. Consequently, we expect finance companies to resume actively expanding their loan portfolios in 2H26. Notably, auto-title loan operators are targeting double-digit growth in 2026 which is a milestone we believe they are well-positioned to achieve.
- **Capital management is not yet a catalyst for the finance sector.** In 2025, we observed significant developments in capital management among several finance companies. SAWAD recorded a dividend payout ratio (DPR) of 23% in 2025 alongside its first interim dividend payment. TIDLOR launched its first share repurchase programme of Bt2.4b in May 26, of which it has currently utilised 15% of the total budget. KTC increased its DPR from 46% in 2024 to 59% in 2025, while MTC has guided that it has no immediate plans to raise its payout. Consequently, we do not believe the market will heavily focus on the capital management theme for the finance sector at this moment.

### Sector Picks

| Company | Ticker | Rec | Share Price 7 July | Target Price (Bt) |
|---|---|---|---|---|
| Muangthai Capital | MTC TB | BUY | 33.75 | 50.00 |
| Krungthai Card | KTC TB | BUY | 37.25 | 44.00 |

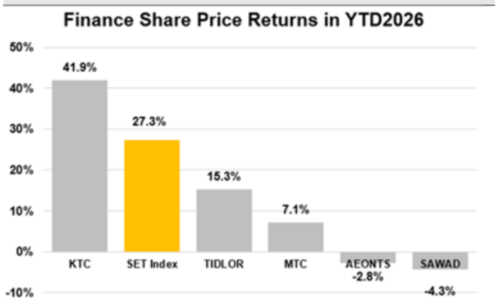
*Source: Bloomberg, UOB Kay Hian*

### Returns: Finance VS The SET Index




*Source: Bloomberg, UOB Kay Hian*

### Returns: Finance VS The SET Index




*Source: Bloomberg, UOB Kay Hian*

### Peer Comparison

| Company | Rec | Price 7 July 26 (Bt) | Target Price (Bt) | Upside Downside (%) | Market Cap (US$m) | Net Profit 2026F (Btm) | Net Profit 2027F (Btm) | PE 2026F (x) | PE 2027F (x) | Net EPS Growth 2026F (%) | P/B 2026F (x) | Yield 2026F (%) | ROE 2026F (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KTC TB | BUY | 37.25 | 44.00 | 18.1 | 2,876 | 8,229 | 8,378 | 11.7 | 11.5 | 5.8 | 2.0 | 5.0 | 17.9 |
| MTC TB | BUY | 33.75 | 50.00 | 48.1 | 2,142 | 7,555 | 8,430 | 9.5 | 8.5 | 12.4 | 1.4 | 1.0 | 16.3 |
| SAWAD TB | BUY | 24.40 | 35.00 | 43.4 | 1,214 | 5,451 | 5,947 | 7.4 | 6.8 | 8.6 | 1.0 | 2.9 | 13.8 |
| TIDLOR TB | BUY | 19.60 | 25.00 | 27.6 | 1,699 | 5,905 | 6,328 | 9.6 | 9.0 | 17.3 | 1.5 | 5.1 | 16.5 |
| Avg | | | | | 7,931 | 27,139 | 29,082 | 9.8 | 9.1 | 10.5 | 1.6 | 3.6 | 16.5 |

*Source: UOB Kay Hian*

- **MTC: To raise provisions in preparation for loan expansion opportunities in 2H26.** We anticipate MTC reporting a net profit of Bt1.76b in 2Q26, marking an increase of 7% yoy but a drop of 4% qoq. We project that credit costs will rise 102bp qoq to 313bp in 2Q26. We expect MTC to add more provisions in 2Q26 to be a cushion for the rest of the year although we have seen signs of relief from the impact on the Middle East conflict. We believe MTC will conservatively raise more provisions in this quarter to prepare for the loan expansion in 2H26.
- **SAWAD: More positive on asset quality outlook but we remain cautious.** We expect SAWAD to report a net profit of Bt1.39b for 2Q26 (+10% yoy, +4% qoq). We project that its NPL ratio will drop slightly qoq from 4.0% in 1Q26 to 3.9% in 2Q26. We expect credit costs to fall 22bp qoq to 201bp in 2Q26, down from 223bp in 1Q26. We continue to cautiously monitor SAWAD's asset quality. Although the impact of Middle East tensions is expected to fade, we are waiting for asset quality and credit costs to demonstrate sustained improvement in line with the brighter macroeconomic outlook.
- **TIDLOR: Resilient loan growth despite normalised provisions.** We expect TIDLOR to report a 2Q26 net profit of Bt1.49b, up 15% yoy but down 7.6% qoq. The qoq decline is mainly driven by the normalisation of provisions. We expect TIDLOR's loan portfolio to expand to Bt112b, up 5.8% yoy and 1.9% qoq. Loan growth should continue to be supported by the government's cash handout scheme, although the company remains cautious on new lending. We forecast TIDLOR's loan portfolio growing 7% in 2026, supported by government stimulus measures and an improving economic outlook, as several institutions have revised up Thailand's 2026 GDP growth forecast following the fiscal stimulus package and easing concerns over the Middle East conflict.
- TIDLOR set aside provisions of Bt468m (-39% yoy, -52% qoq) in 1Q26, as management indicated that its reserve buffers were sufficient to cushion against uncertainties. We expect provisions to normalise through 2026. As a result, we forecast 2Q26 provisions of Bt657m, down 5% yoy but up 40% qoq. We foresee credit cost rising to 237bp in 2Q26, up 66bp qoq, driven by higher provisions.
- **KTC: Maintain high provision to cushion against future uncertainties.** We anticipate KTC reporting a 2Q26 net profit of Bt2b, up 6% yoy but down 8% qoq. We expect KTC's loan portfolio to grow 2% yoy and 1% qoq in 2Q26. KTC guided a softer loan growth target of 1-2% in 2026. We are more optimistic about the economic outlook following the upward revision to the BOT's 2026 GDP forecast. Therefore, we reckon this new information should relieve the CEO's concerns that previously underpinned the gloomy economic outlook in 1Q26. We expect KTC's credit cost to jump slightly by 23bp qoq to 532bp in 2Q26 as we reckon the company will maintain a cautious level of provisioning to cushion against future uncertainties. Meanwhile, we project a slight yoy increase in credit costs by 18bp yoy to 552bp in 2026.

## Valuation/Recommendation

- **Maintain OVERWEIGHT.** The sector is currently trading at 1.2x 2026F P/B, which implies a valuation nearly -1SD to its five-year mean. Our top picks are MTC and KTC.

## Sector Catalyst/Risk

- Government stimulus packages.

## Earnings Revision

- No earnings revision.

### 2026 Financial Targets

| | MTC | SAWAD | TIDLOR | KTC |
|---|---|---|---|---|
| Loan Growth | 10-15% | 10-15% | 5-10% | 1-2% |
| Cost to Income | 47 - 48% | N/A | 55% | N/A |
| Cost of fund | 4.45% | N/A | N/A | N/A |
| NPL Ratio | < 2.55% | N/A | 1.5-1.8% | < 2.0% |
| Credit Cost | n.a. | 1.8-2.0% | 2.5-2.8% | n.a. |

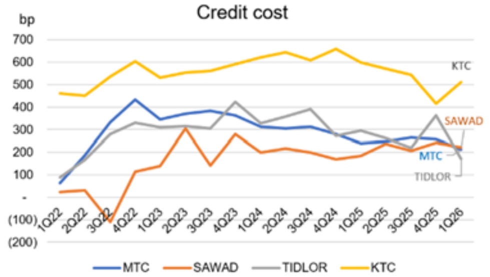
*Source: Respective companies, UOB Kay Hian*

### Economic Outlook by BOT (24 Jun 26)

| % | 2025* | 2026 | 2027 |
|---|---|---|---|
| GDP Growth | 2.4 | 2.3 | 1.8 |
| Headline Inflation | -0.1 | 2.8 | 1.4 |
| Core Inflation | 0.8 | 1.5 | 1.4 |

*Source: BOT, UOB Kay Hian*

### Sector's Quarterly Credit Cost




*Source: Respective companies, UOB Kay Hian*

### Dividend Payout Ratio

| | 2026F | | 2025 | | 2024 | |
|---|---|---|---|---|---|---|
| | Div Payout | Div Yield | Div Payout | Div Yield | Div Payout | Div Yield |
| MTC | 9% | 1.0% | 9% | 0.9% | 9% | 0.5% |
| SAWAD | 22% | 3.0% | 23% | 2.8% | 1% | 0.1% |
| TIDLOR | 49% | 5.2% | 20% | 2.0% | 30% | 2.6% |
| KTC | 59% | 5.4% | 59% | 6.7% | 46% | 2.6% |
| AEONTS | 44% | 5.3% | 44% | 5.1% | 48% | 4.4% |
| BAM | 95% | 7.5% | 89% | 6.2% | 71% | 5.7% |

*Source: Respective companies, UOB Kay Hian*

### Sector PE Band


*Source: UOB Kay Hian*

## 2Q26 Earnings Preview

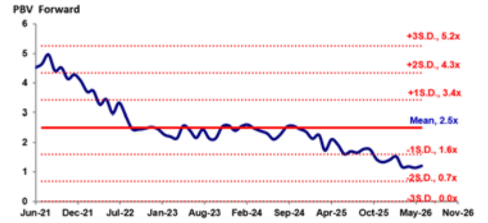
| | 2Q26F | 1Q26 | 2Q25 | qoq (%) | yoy (%) | 2026F | 2025 | yoy (%) |
|---|---|---|---|---|---|---|---|---|
| Net profit (Btm) | | | | | | | | |
| MTC | 1,758 | 1,823 | 1,647 | (3.6) | 6.7 | 7,555 | 6,723 | 12.4 |
| SAWAD | 1,392 | 1,342 | 1,269 | 3.8 | 9.7 | 5,451 | 5,021 | 8.6 |
| TIDLOR | 1,491 | 1,614 | 1,296 | (7.6) | 15.0 | 5,907 | 4,913 | 20.2 |
| KTC | 2,005 | 2,171 | 1,895 | (7.7) | 5.8 | 8,229 | 7,782 | 5.8 |
| Total | 6,646 | 6,950 | 6,108 | (4.4) | 8.8 | 27,142 | 24,439 | 11.1 |
| Pre-provision operating profit (Btm) | | | | | | | | |
| MTC | 3,236 | 2,794 | 2,708 | 15.8 | 19.5 | 12,880 | 11,128 | 15.8 |
| SAWAD | 2,355 | 2,397 | 2,204 | (1.7) | 6.9 | 9,583 | 8,595 | 11.5 |
| TIDLOR | 2,148 | 2,079 | 1,988 | 3.3 | 8.1 | 8,595 | 8,067 | 6.6 |
| KTC | 3,941 | 4,108 | 3,994 | (4.1) | (1.3) | 16,475 | 16,363 | 0.7 |
| Total | 11,680 | 11,378 | 10,895 | 2.7 | 7.2 | 47,533 | 44,152 | 7.7 |
| Total loans (Btm) | | | | | | | | |
| MTC | 193,592 | 183,986 | 174,807 | 5.2 | 10.7 | 199,284 | 183,223 | 8.8 |
| SAWAD | 96,148 | 95,030 | 93,155 | 1.2 | 3.2 | 98,651 | 94,964 | 3.9 |
| TIDLOR | 112,067 | 109,926 | 105,906 | 1.9 | 5.8 | 117,240 | 109,586 | 7.0 |
| KTC | 108,272 | 107,106 | 106,388 | 1.1 | 1.8 | 112,876 | 110,835 | 1.8 |
| Total | 510,078 | 496,047 | 480,255 | 2.8 | 6.2 | 528,051 | 498,608 | 5.9 |
| NIM (%) | | | | | | | | |
| MTC | 14.5 | 13.5 | 13.8 | 100bp | 70bp | 14.4 | 13.9 | 47bp |
| SAWAD | 15.1 | 15.1 | 14.8 | 6bp | 31bp | 15.0 | 14.2 | 76bp |
| TIDLOR | 15.8 | 16.0 | 15.6 | -22bp | 14bp | 15.7 | 15.7 | -3bp |
| KTC | 14.2 | 13.3 | 13.5 | 91bp | 72bp | 13.6 | 13.2 | 48bp |
| Average | 14.9 | 14.5 | 14.5 | 44bp | 47bp | 14.7 | 14.3 | 42bp |
| Credit cost (bp) | | | | | | | | |
| MTC | 313 | 211 | 248 | 102bp | 65bp | 278 | 254 | 25bp |
| SAWAD | 201 | 223 | 237 | -22bp | -36bp | 221 | 209 | 12bp |
| TIDLOR | 237 | 171 | 263 | 66bp | -26bp | 237 | 284 | -47bp |
| KTC | 532 | 509 | 572 | 23bp | -40bp | 552 | 534 | 18bp |
| Average | 321 | 278 | 330 | 42bp | -9bp | 322 | 320 | 2bp |
| NPL ratio (%) | | | | | | | | |
| MTC | 2.5 | 2.6 | 2.6 | -5bp | -10bp | 2.5 | 2.5 | -1bp |
| SAWAD | 3.9 | 4.0 | 3.8 | -7bp | 5bp | 3.9 | 3.9 | -1bp |
| TIDLOR | 1.5 | 1.5 | 1.8 | 5bp | -26bp | 1.5 | 1.5 | -2bp |
| KTC | 1.6 | 1.9 | 1.8 | -38bp | -28bp | 1.5 | 1.8 | -29bp |
| Average | 2.37 | 2.49 | 2.5 | -11bp | -15bp | 2.4 | 2.4 | -8bp |

*Source: Respective companies, UOB Kay Hian*

## Sector P/B Band

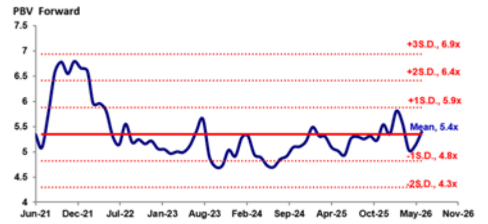

*Source: UOB Kay Hian*

## MTC'S P/B Band




*Source: UOB Kay Hian*

## SAWAD'S P/B Band




*Source: UOB Kay Hian*

## TIDLOR'S P/B Band


*Source: UOB Kay Hian*

## KTC'S P/B Band


*Source: UOB Kay Hian*

# Aeon Thana Sinsap (Thailand) (AEONTS TB)

## 1QFY27: Results Beat; Reversal Of Management Overlay Leads To Credit Cost Declining qoq

| | |
|---|---|
| **BUY** (Upgraded) | |
| Share Price | Bt103.00 |
| Target Price | Bt125.00 |
| Upside | 21.4% |
| Previous TP | Bt104.00 |

## Highlights

- AEONTS posted a 1QFY27 net profit of Bt793m, up 3% yoy down 13% qoq.
- Second share buyback programme to support the share price.
- Upgrade to BUY with a higher target price of Bt125.00 (previous TP: Bt104.00).

**1QFY27 Results (Mar 26-May 26)**

| Year to 28 Feb (Btm) | 1QFY27 | 4QFY26 | 1QFY26 | qoq chg (%) | yoy chg (%) |
|---|---|---|---|---|---|
| Total gross loans | 85,374 | 86,176 | 88,870 | (0.9) | (3.9) |
| Net interest income | 3,713 | 3,819 | 3,925 | (2.8) | (5.4) |
| Non-interest income | 993 | 1,262 | 931 | (21.3) | 6.6 |
| Loan loss provision | (1,637) | (1,784) | (1,766) | (8.2) | (7.3) |
| Non-Interest Expenses | (2,080) | (2,178) | (2,078) | (4.5) | 0.1 |
| Pre-provision operating profit | 2,626 | 2,903 | 2,778 | (9.5) | (5.5) |
| Net income | 793 | 912 | 772 | (13.1) | 2.7 |
| EPS (Bt) | 3.20 | 3.69 | 3.09 | (13.2) | 3.8 |
| Ratio (%) | | | | | |
| NPL Ratio | 5.6% | 5.6% | 5.1% | | |
| Loan loss coverage ratio (%) | 169% | 169% | 162% | | |
| Net interest margin (NIM %) | 17.3% | 17.5% | 17.7% | | |
| Credit cost (bp) | 745 | 800 | 782 | | |
| Cost to income (%) | 44% | 43% | 43% | | |

Source: AEONTS, UOB Kay Hian

## Analysis

- **1QFY27 results beat.** Aeon Thana Sinsap (Thailand) (AEONTS) posted a 1QFY27 net profit of Bt793m, up 3% yoy but down 13% qoq, beating our and consensus expectations by 9% and 6%, respectively. The higher-than-expected earnings results was due to a reversal of management overlay that led to a qoq reduction in provisioning. Excluding provisioning, the company's pre-provision operating profit declined 6% yoy and 10% qoq.
- **Absence of gains from sale of written-off receivables drags non-II.** In 4QFY26, AEONTS reported a Bt193m gain from the sale of written-off receivables. The company had previously guided that it would sell written-off receivables annually starting from FY27, we had expected this to happen during every 4Q. In 1QFY27, there was no gain from the sale of written-off receivables, which is in line with our expectations. As a result, non-interest income declined 21% qoq to Bt993m in 1QFY27.

**Key Financials**

| Year to 28 Feb (Btm) | FY25 | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|---|
| Net interest income | 16,124.9 | 15,533.3 | 15,533.3 | 16,012.3 | 16,327.3 |
| Non-Interest Income | 3,731.5 | 4,188.0 | 4,520.9 | 4,845.0 | 5,311.3 |
| Net profit (rep./act.) | 2,860.3 | 3,094.1 | 3,345.6 | 3,464.6 | 3,546.5 |
| Net profit (adj.) | 2,860.3 | 3,094.1 | 3,345.6 | 3,464.6 | 3,546.5 |
| EPS (Bt) | 11.4 | 12.5 | 13.5 | 14.0 | 14.3 |
| PE (x) | 9.0 | 8.2 | 7.6 | 7.4 | 7.2 |
| P/B (x) | 1.0 | 0.9 | 0.9 | 0.8 | 0.8 |
| Dividend yield (%) | 4.4 | 5.1 | 6.2 | 6.2 | 6.4 |
| Net int margin (%) | 17.9 | 17.7 | 17.8 | 17.7 | 17.5 |
| Cost/income Ratio (%) | 44.2 | 42.4 | 43.1 | 43.1 | 42.8 |
| Loan loss cover (%) | 153.8 | 169.1 | 168.0 | 168.0 | 165.0 |
| Consensus net profit | n.a | n.a | 3,071.9 | 3,249.2 | 3,318.8 |
| UOBKH/Consensus (x) | n.a | n.a | 1.1 | 1.1 | 1.1 |

Source: Aeon Thana Sinsap (Thailand) Pcl, Bloomberg, UOB Kay Hian

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**Assistant Analyst(s)**
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### Stock Data

| | |
|---|---|
| GICS sector | Financials |
| Bloomberg ticker: | AEONTS TB |
| Shares issued (m): | 247.2 |
| Market cap (Btm): | 25,332.9 |
| Market cap (US$m): | 756.9 |
| 3-mth avg daily t'over (US$m): | 1.7 |

### Price Performance (%)

52-week high/low Bt120.0/Bt87.5

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| 9.3 | 8.8 | 3.3 | 9.0 | (4.6) |

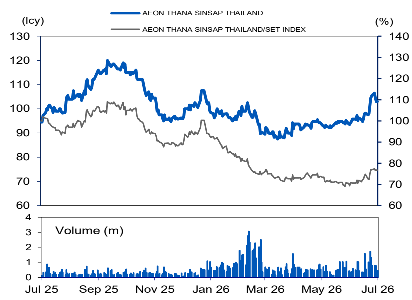
### Major Shareholders

| | % |
|---|---|
| AEON Financial Service Co., Ltd. / Japan | 35.12 |
| ACS Capital Corporation Limited | 19.20 |
| AEON Holdings (Thailand) Co., Ltd | 8.80 |

### Balance Sheet Metrics

| | |
|---|---|
| FY27 NAV/Share (Bt) | 125.9 |
| FY26 Net Debt/Share (Bt) | n.a |

### Price Chart




Source: Bloomberg

### Company Description

AEONTS is a non-bank consumer finance operator that mainly provides personal loans and credit cards to customers. The company principally focuses on the middle- to lower-income groups.

- **Loan portfolio contracted yoy and qoq in 1QFY27**. AEONTS reported loans outstanding of Bt85.4b in 1QFY27, down 4% yoy and 1% qoq. Gross loans in the credit card portfolio declined 2.2% qoq in 1QFY27, while gross loans in the personal loan portfolio dropped 0.8% qoq. However, the hire-purchase portfolio increased 1.3% qoq during the period. Although we expect AEONTS to maintain a cautious lending policy in FY27, we forecast a flat loan growth in FY27 as the company focuses on preserving a good asset quality. We expect to see signs of loan expansion starting from 2QFY27 due to a better economic outlook, with the Bank of Thailand revising its 2026 GDP forecast upward to 2.3%.
- **Credit costs down qoq.** NPL ratio stabilised qoq at 5.6% in 1QFY27. Meanwhile, AEONTS reported an 8% qoq fall to Bt1.64b in provision expenses in 1QFY27. Credit costs dropped 55bp qoq to 745bp in 1QFY27. The qoq reduction in provisioning in 1QFY27 was supported by the reversal of management overlay that AEONTS has set aside to prepare for potential damages from the southern flood disaster in Nov-Dec 25.
- **Second share buyback programme to support share price**. Currently, AEONTS has repurchased Bt32.6m or 10.9% of the total budget of Bt300m in the second share repurchase programme. The programme will run for six months from 20 Apr 26 to 19 Oct 26. The first buyback programme ended on 19 Nov 25, with AEONTS's share price rising by 13% one and a half months later. Hence, we expect the current share buyback programme to support share price and limit downside.

## Valuation/Recommendation

- **Upgrade to BUY with a higher target price of Bt125.00 (previous: Bt104.00).** We use the Gordon Growth Model with cost of equity of 13.0% and a long-term growth rate of 3.0%. Our target price implies 1.1x FY27F P/B, which is slightly above -1SD to its five-year average.

## Earnings Revision/Risk

- We revise our FY27-29 earnings forecasts by 9.0%, 8.4%, and 7.5%, respectively. The upward earnings adjustment is due to the improvement in credit costs and the positive surprise in its 1QFY27 results. We also have an optimistic view on the credit cost and asset quality outlook following the Bank of Thailand's upward revision to its 2026 GDP forecast.

## Share Price Catalyst

- Stimulus package(s) to improve domestic spending and repayment.
- An increase in dividend payout ratio.

## Environment, Social, Governance (ESG) Updates

**CG Report: 5**
**SET ESG Rating: A**

### Environmental

- **Reducing paper and plastic usage.** The company plans to convince 100% of customers to switch to e-statements in the next 3-5 years.
- **Electrical energy, water, and fuel energy management.** The company is focusing on clean energy consumption.

### Social

- **Number of complaints and disputes with the community.** The company plans to handle complaints and disputes with a satisfaction rate of 85% within the next few years.

### Governance

- The number of complaints regarding violations of the company's ethics and policies and incidents of corporate corruption should be less than five in the next 2-3 years.

**Loan Portfolio (1QFY27)**


*Source: AEONTS, UOB Kay Hian*

**Credit Cost (bp)**


*Source: AEONTS, UOB Kay Hian*

**PE Band**


*Source: UOB Kay Hian*

**P/B Band**


*Source: UOB Kay Hian*

## Profit & Loss

| Year to 28 Feb (Btm) | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|
| Interest income | 17,587 | 17,185 | 17,528 | 17,841 |
| Interest expense | (2,054) | (1,652) | (1,515) | (1,514) |
| Net interest income/(expense) | 15,533 | 15,533 | 16,012 | 16,327 |
| Fees & Commissions | 857 | 1,015 | 1,247 | 1,482 |
| Income From Insurance | 0 | 0 | 0 | 0 |
| Net Trading Income | 0 | 0 | 0 | 0 |
| Other Income | 3,331 | 3,506 | 3,598 | 3,829 |
| Non-Interest Income | 4,188 | 4,521 | 4,845 | 5,311 |
| Total Income | 19,721 | 20,054 | 20,857 | 21,639 |
| Staff Costs | (8,249) | (8,534) | (8,859) | (9,129) |
| Other Operating Expense | (113) | (118) | (124) | (130) |
| Pre-Provision Profit | 11,359 | 11,402 | 11,875 | 12,379 |
| Loan Loss Provision | (7,439) | (7,276) | (7,617) | (8,020) |
| Other Provisions | 0 | 0 | 0 | 0 |
| Associated Companies | 0 | 0 | 0 | 0 |
| Other Non-Operating Income | 0 | 0 | 0 | 0 |
| Pre-tax profit | 3,920 | 4,126 | 4,258 | 4,359 |
| Tax | (790) | (837) | (852) | (872) |
| Minorities | (36) | 56 | 58 | 59 |
| Net profit | 3,094 | 3,346 | 3,465 | 3,546 |
| Net profit (adj.) | 3,094 | 3,346 | 3,465 | 3,546 |

## Balance Sheet

| Year to 28 Feb (Btm) | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|
| Cash With Central Bank | 3,682 | 3,388 | 3,514 | 3,632 |
| Govt Treasury Bills & Securities | 0 | 0 | 0 | 0 |
| Interbank Loans | 0 | 0 | 0 | 0 |
| Customer Loans | 78,088 | 78,353 | 81,358 | 84,398 |
| Investment Securities | 0 | 0 | 0 | 0 |
| Derivative Receivables | 0 | 0 | 0 | 0 |
| Associates & JVs | 0 | 0 | 0 | 0 |
| Properties & Other Fixed Assets | 779 | 561 | 447 | 405 |
| Goodwill & Intangible Assets | 777 | 799 | 855 | 906 |
| Other Assets | 4,981 | 4,918 | 5,044 | 5,177 |
| Insurance Fund Investment Assets | 0 | 0 | 0 | 0 |
| Total assets | 88,307 | 88,019 | 91,218 | 94,518 |
| Interbank Deposits | 0 | 0 | 0 | 0 |
| Customer Deposits | 0 | 0 | 0 | 0 |
| Bills Payable | 52,260 | 49,495 | 50,328 | 51,288 |
| Derivative Payables | 0 | 0 | 0 | 0 |
| Debts Securities Issued | 0 | 0 | 0 | 0 |
| Subordinated Debts | 1,416 | 2,037 | 2,276 | 2,384 |
| Other Liabilities | 6,502 | 6,203 | 6,393 | 6,601 |
| Insurance Fund Liabilities | 0 | 0 | 0 | 0 |
| Total liabilities | 60,178 | 57,735 | 58,996 | 60,273 |
| Shareholders' funds | 27,195 | 29,280 | 31,160 | 33,123 |
| Minority interest | 934 | 1,004 | 1,062 | 1,121 |
| Total Equity & Liabilities | 88,307 | 88,019 | 91,218 | 94,518 |

## Operating Ratios

| Year to 28 Feb (Btm) | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|
| Capital Adequacy | | | | |
| Total Assets/Equity | 3 | 3 | 3 | 3 |
| Tangible Assets/Tangible Common Equity | 3 | 3 | 3 | 3 |
| Asset Quality | | | | |
| NPL Ratio | 5 | 6 | 6 | 5 |
| Loan Loss Coverage | 169 | 168 | 168 | 165 |
| Loan Loss Reserve/Gross Loans | 8 | 8 | 8 | 8 |
| Increase in NPLs | 3 | 2 | 4 | 2 |
| Credit Cost (bp) | 833 | 822 | 843 | 858 |
| Liquidity | | | | |
| Liquid Assets/Short-Term Liabilities | 7 | 7 | 7 | 7 |
| Liquid Assets/Total Assets | 4 | 4 | 4 | 4 |

## Key Metrics

| Year to 28 Feb (%) | FY26 | FY27F | FY28F | FY29F |
|---|---|---|---|---|
| Growth | | | | |
| Net Interest Income, yoy Chg | -4% | 0% | 3% | 2% |
| Fees & Commissions, yoy Chg | 3% | 18% | 23% | 19% |
| Pre-Provision Profit, yoy Chg | 3% | 0% | 4% | 4% |
| Net Profit, yoy Chg | 8% | 8% | 4% | 2% |
| Customer Loans, yoy Chg | -5% | 0% | 4% | 4% |
| Profitability | | | | |
| Net Interest Margin | 18 | 18 | 18 | 17 |
| Cost/Income Ratio | 42 | 43 | 43 | 43 |
| Adjusted ROA | 3 | 4 | 4 | 4 |
| Reported ROE | 11 | 11 | 11 | 11 |
| Adjusted ROE | 11 | 11 | 11 | 11 |
| Valuation | | | | |
| P/BV | 1 | 1 | 1 | 1 |
| P/NTA | 1 | 1 | 1 | 1 |
| Adjusted P/E | 8 | 8 | 7 | 7 |
| Dividend Yield | 5 | 6 | 6 | 6 |

# CP ALL (CPALL TB)

## 2Q26 Results Preview: Earnings Expected To Remain Resilient

| BUY (Maintained) | |
|---|---|
| Share Price | Bt46.25 |
| Target Price | Bt62.00 |
| Upside | 34.05% |

## Highlights

- We expect CPALL’s 2Q26 core earnings to come in at Bt7.2b (+7% yoy, -20% qoq). The key driver is the convenience store segment, with earnings expected to grow yoy.
- The company is less affected by the Thai Help Thai Plus scheme compared with hypermarket operators.
- Maintain BUY with a target price of Bt62.00.

**2Q26 Earnings Forecast**

| Year to 31 Dec (Btm) | 2Q25 | 1Q26 | 2Q26F | yoy (%) | qoq (%) |
|---|---|---|---|---|---|
| Sales and services | 248,865 | 259,355 | 257,575 | 3.5 | (0.7) |
| Gross profit | 56,695 | 58,969 | 58,341 | 2.9 | (1.1) |
| SG&A | 51,115 | 51,309 | 53,498 | 4.7 | 4.3 |
| EBIT | 13,141 | 15,670 | 13,059 | (0.6) | (16.7) |
| Interest expense | 3,803 | 3,594 | 3,576 | (6.0) | (0.5) |
| Net profit | 6,768 | 9,118 | 7,249 | 7.1 | (20.5) |
| Percent | 2Q25 | 1Q26 | 2Q26 | (ppts) | (ppts) |
| Gross margin | 22.8 | 22.7 | 22.7 | (0.13) | (0.09) |
| SG&A to sales | 20.5 | 19.8 | 20.8 | 0.23 | 0.99 |
| Net profit margin | 2.7 | 3.5 | 2.8 | 0.09 | (0.70) |

*Source: CP ALL, UOB Kay Hian*

## Analysis

- **Resilient earnings growth.** We expect CP ALL's (CPALL) 2Q26 core earnings to reach Bt7.2b, up 7.1% yoy but down 20.5% qoq. Growth will be driven mainly by the convenience store (CVS) business, where earnings are expected to increase 11% yoy. In contrast, CP Axtra (CPAXT) is likely to remain a drag, with earnings projected to decline 20% yoy. We forecast sales of Bt257b (+3.5% yoy), supported by 1% yoy SSSG in the CVS business and contributions from new store openings. However, weaker performance at CPAXT is expected to weigh on overall profitability, with gross margin declining 13bps yoy and the SG&A-to-revenue ratio increasing 23bps yoy. Nevertheless, the resilient performance of the CVS business should support overall earnings growth in 2Q26.

**Key Financials**

| Year to 31 Dec (Btm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 987,143.0 | 1,021,588.0 | 1,047,830.2 | 1,078,528.6 | 1,112,133.4 |
| EBITDA | 87,269.0 | 90,540.2 | 94,367.8 | 97,801.2 | 101,331.9 |
| Operating profit | 50,064.2 | 52,763.7 | 56,221.4 | 57,309.2 | 58,467.9 |
| Net profit (rep./act.) | 25,345.8 | 28,206.1 | 30,930.9 | 31,714.1 | 32,575.8 |
| Net profit (adj.) | 24,613.6 | 27,711.8 | 30,350.8 | 31,128.2 | 31,984.0 |
| EPS | 2.7 | 3.1 | 3.4 | 3.5 | 3.6 |
| PE (x) | 17.1 | 15.2 | 13.8 | 13.5 | 13.1 |
| P/B (x) | 3.3 | 3.0 | 2.6 | 2.4 | 2.2 |
| EV/EBITDA (x) | 11.3 | 11.1 | 10.4 | 10.0 | 9.7 |
| Dividend yield (%) | 2.9 | 3.5 | 3.9 | 4.0 | 4.1 |
| Net margin (%) | 2.6 | 2.8 | 3.0 | 2.9 | 2.9 |
| Net debt/(cash) to equity(%) | 291.6 | 281.4 | 234.4 | 212.6 | 191.4 |
| Interest cover (x) | 5.9 | 6.3 | 6.7 | 7.0 | 7.3 |
| ROE (%) | 21.3 | 21.3 | 20.9 | 17.5 | 17.2 |
| Consensus net profit | n.a | n.a | 30,856.0 | 33,502.8 | 36,377.8 |
| UOBKH/Consensus (x) | n.a | n.a | 1.0 | 0.9 | 0.9 |

*Source: CP ALL, Bloomberg, UOB Kay Hian*

**Analyst(s)**
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662 0903359

**Stock Data**

| | |
|---|---|
| GICS sector | Consumer Staples |
| Bloomberg ticker: | CPALL TB |
| Shares issued (m): | 8,911.5 |
| Market cap (Bt$m): | 383,194.6 |
| Market cap (US$m): | 11,703.1 |
| 3-mth avg daily t'over (US$m): | 65.1 |

**Price Performance (%)**

52-week high/low Bt54.5/Bt41.0

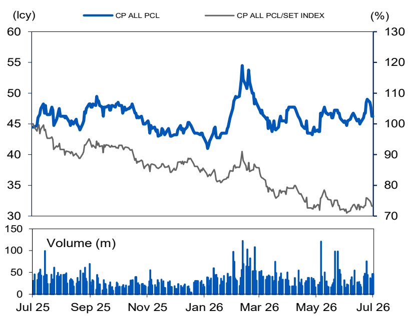
| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| (5.0) | (4.4) | (3.9) | (15.6) | (0.6) |

| Major Shareholders | % |
|---|---|
| CPF | 30.78 |
| NVDR | 13.20 |
| SOUTH EAST EUROPE LIMITED | 3.13 |

**Balance Sheet Metrics**

| | |
|---|---|
| FY26 NAV/Share (Bt) | 17.6 |
| FY26 Net Debt/Share (Bt) | 41.3 |

**Price Chart**




*Source: Bloomberg*

**Company Description**

Operator of Thai 7-Eleven stores, controlling more than 50% share of convenience store market in Thailand.

## Essential

- **CVS segment outperforms.** We expect CVS SSSG to grew by 1% yoy, driven by stronger performance in April-May, supported by improving tourist arrivals, hot weather, and the long holiday period. SSSG in June softened and was flat yoy due to the impact from the Thai Help Thai Plus copayment scheme, which shifted demand to mom-and-pop shops. CVS Gross margin is expected to be flat yoy. Although product margins improved yoy, the benefit was offset by the impact of higher oil prices. SG&A-to-revenue is expected to increase slightly due to higher energy costs. However, the company has mitigated the impact by reducing energy usage. As a results, CVS earnings are expected to increase 11% yoy in 2Q26.
- **Weak earnings from CPAXT.** We expect CPAXT's 2Q26 earnings to come in at Bt1.8b, down 20% yoy and 34% qoq, pressured by weaker performance in both the wholesale and retail businesses. Key operating metrics were softer than expected due to negative SSSG, lower gross margins, and higher SG&A-to-sales. Operations in Malaysia, particularly Lucky Frozen and Lotus's Malaysia, remained key earnings supports, while the Thailand business continued to weaken.

## Valuation/Recommendation

- **Maintain BUY with a target price of Bt62.00.** Our target price is based on 18x 2026F PE, or -1SD to its five-year average. The stock is trading at an undemanding 13.8x PE, below sector peers, while CPALL's earnings outlook remains stronger than its peers. The company is less affected by the Thai Help Thai Plus scheme compared with hypermarket operators.

## Earnings Revision/Risk

- **We finetune our 2026-27F earnings forecasts up by 0.6%.** We estimate 1H26 earnings will account for 54% of our full-year forecast (vs 51% in 1H25), suggesting no downside risk to our earnings estimate.

## Share Price Catalyst

- a) Gross margin expansion, b) positive SSSG, c) strong CVS performance.

## Environment□Social□Governance (ESG) Updates

**CG Report: 5**
**SET ESG Rating: AAA**

### Environment

- **7 Go Green.** CPALL plans to achieve carbon neutrality by 2030 and to achieve net zero greenhouse gas emissions by 2050.
- CPALL is keen to improve sustainable developments such as green packaging management and food waste management.

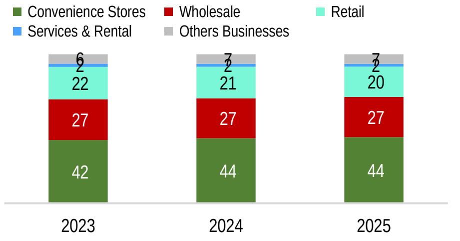
### Social

- **7 Go Together.** CPALL supports social development through various initiatives, such as supporting SMEs and increasing the number of new health and nutrition products and services.

### Governance

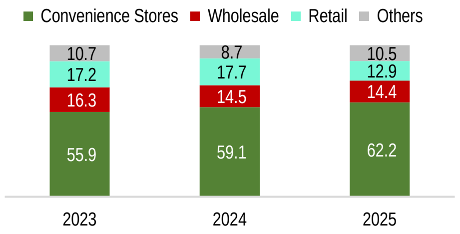
- **7 Go Right.** CPALL was certified for renewed membership in Thailand's Private Sector Collective Action Coalition Against Corruption for 2023-26.

**Sales Contribution Before Elimination**



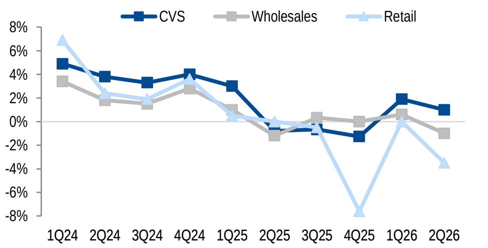

Source: CPALL, UOB Kay Hian

**EBIT Contribution Before Elimination**



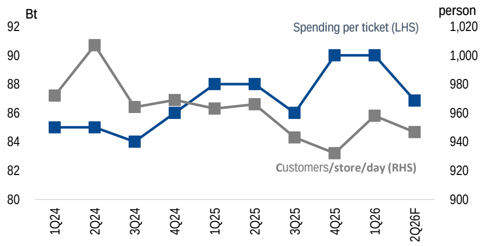

Source: CPALL, UOB Kay Hian

**Same-Store Sales Growth**




Source: CPALL, UOB Kay Hian

**Ticket Size And Foot Traffic**




Source: CPALL, UOB Kay Hian

## Profit & Loss

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 1,021,588 | 1,047,830 | 1,078,529 | 1,112,133 |
| EBITDA | 90,540 | 94,368 | 97,801 | 101,332 |
| Deprec. & amort. | 37,777 | 38,146 | 40,492 | 42,864 |
| EBIT | 52,764 | 56,221 | 57,309 | 58,468 |
| Total other non-operating income | 9 | 0 | 0 | 0 |
| Associate contributions | 580 | 580 | 586 | 592 |
| Net interest income/(expense) | (14,347) | (14,022) | (13,980) | (13,937) |
| Pre-tax profit | 38,919 | 42,780 | 43,915 | 45,123 |
| Tax | (7,045) | (7,807) | (8,016) | (8,238) |
| Minorities | (3,669) | (4,042) | (4,185) | (4,309) |
| Net profit | 28,206 | 30,931 | 31,714 | 32,576 |
| Net profit (adj.) | 27,712 | 30,351 | 31,128 | 31,984 |

## Balance Sheet

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 803,684 | 816,376 | 827,584 | 837,490 |
| Other LT assets | 26,572 | 26,993 | 32,691 | 38,745 |
| Cash/ST investment | 53,561 | 70,526 | 71,870 | 77,881 |
| Other current assets | 98,997 | 91,803 | 96,301 | 101,553 |
| Total assets | 982,814 | 1,005,699 | 1,028,445 | 1,055,669 |
| ST debt | 75,885 | 75,885 | 75,885 | 75,885 |
| Other current liabilities | 174,694 | 180,592 | 184,007 | 190,628 |
| LT debt | 366,454 | 365,754 | 365,054 | 364,354 |
| Other LT liabilities | 34,236 | 35,826 | 36,372 | 37,619 |
| Shareholders' equity | 138,141 | 158,304 | 173,604 | 189,350 |
| Minority interest | 193,403 | 189,338 | 193,523 | 197,832 |
| Total liabilities & equity | 982,814 | 1,005,699 | 1,028,445 | 1,055,669 |

## Cash Flow

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 74,255 | 86,210 | 75,308 | 81,119 |
| Pre-tax profit | 38,919 | 42,780 | 43,915 | 45,123 |
| Tax | (7,045) | (7,807) | (8,016) | (8,238) |
| Deprec. & amort. | 37,777 | 38,146 | 40,492 | 42,864 |
| Working capital changes | (8,655) | 13,118 | (1,381) | 1,230 |
| Non-cash items | 89 | (27) | 297 | 140 |
| Other operating cashflows | 13,170 | 0 | 0 | 0 |
| Investing | (37,017) | (26,723) | (33,904) | (34,631) |
| Capex (growth) | (59,493) | (50,838) | (51,699) | (52,770) |
| Investments | 111 | (232) | (234) | (237) |
| Others | 22,366 | 24,348 | 18,030 | 18,376 |
| Financing | (38,370) | (42,522) | (40,061) | (40,476) |
| Dividend payments | (12,128) | (18,876) | (16,414) | (16,830) |
| Issue of shares | 0 | 0 | 0 | 0 |
| Proceeds from borrowings | 17,751 | (700) | (700) | (700) |
| Others/interest paid | (43,993) | (22,947) | (22,947) | (22,947) |
| Net cash inflow (outflow) | (1,131) | 16,965 | 1,344 | 6,011 |
| Beginning cash & cash equivalent | 54,628 | 53,561 | 70,526 | 71,870 |
| Ending cash & cash equivalent | 53,497 | 70,526 | 71,870 | 77,881 |

## Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 8.9 | 9.0 | 9.1 | 9.1 |
| Pre-tax margin | 3.8 | 4.1 | 4.1 | 4.1 |
| Net margin | 2.8 | 3.0 | 2.9 | 2.9 |
| ROE | 21.3 | 20.9 | 17.5 | 17.2 |
| Growth | | | | |
| Net profit (adj.) | 12.6 | 9.5 | 2.6 | 2.8 |
| Leverage | | | | |
| Debt to total capital | 133.4 | 127.0 | 120.1 | 113.7 |
| Debt to equity | 320.2 | 279.0 | 254.0 | 232.5 |
| Net debt/(cash) to equity | 281.4 | 234.4 | 212.6 | 191.4 |
| Interest cover | 6.3 | 6.7 | 7.0 | 7.3 |