

3Q25: Off the Radar ... but value re-emerged

June 2025

Nuttachart Mekmasin, CFA, FRM
Trinity Securities

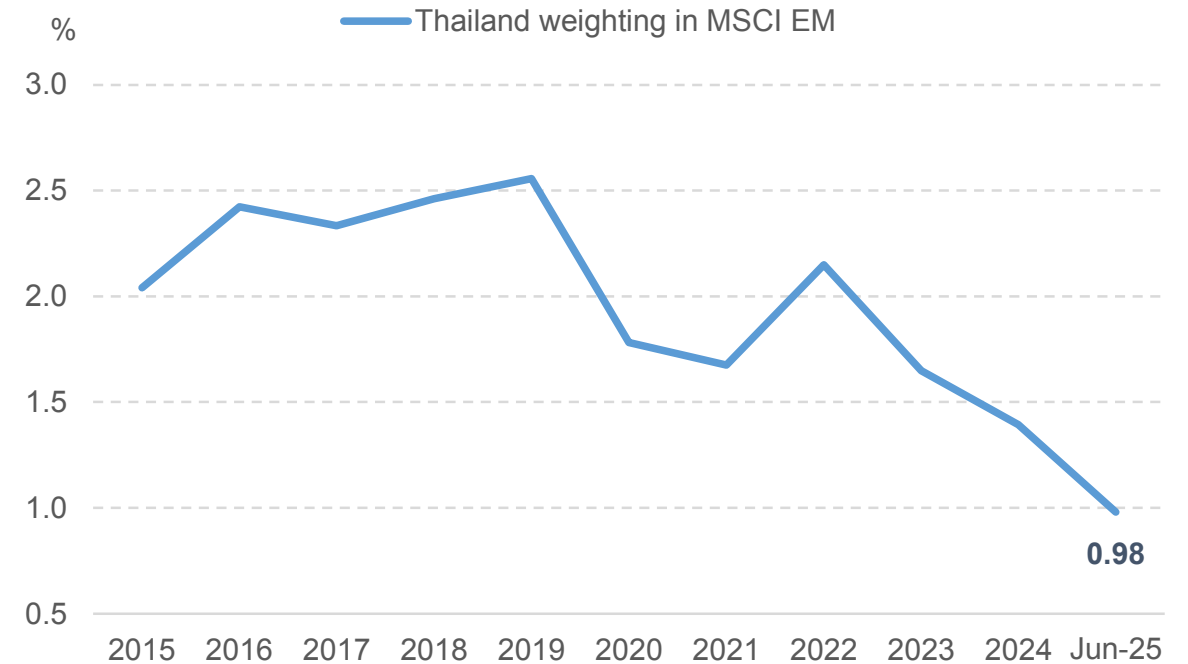


Thailand - Off the radar

as of Jun 20, 2025

%

Type	▲	Fund ▶
China		28.60
Taiwan		19.03
India		18.00
Korea (South)		10.62
Brazil		4.41
Saudi Arabia		3.42
South Africa		3.21
Mexico		1.95
United Arab Emirates		1.48
Malaysia		1.28
Indonesia		1.18
Poland		1.09
Cash and/or Derivatives		0.34



Never-seen-before a sub 1% weighting in EM



Top 10 issues in 3Q25

- 1) Thailand is being off the radar from global investors right now. Passive flows plunged to the lowest level in recent years. This is mainly due to a significant reduction of Thailand weighting in major indices such as MSCI & FTSE for the past 3 years. If we continue to underperform global peers, expect a significant unload at every quarterly-end
- 2) Even though Thai stock market has low valuation levels across almost every metric, the lack of strong catalysts, political instability, and shrinking liquidity are all expected to keep the market subdued. (market with limited upside & limited downside)

Top 10 issues in 3Q25 (Con't)

- 3) EM outperformance vs. DM could be back on track in 3Q25 as earnings revision momentum still look better and relative valuation still looks undemanding. However, the U.S. equity and other developed markets are still trading below their peak levels from February, a period marked by trade war uncertainties similar to current situation. Therefore, we think 3Q25 could be another evenly-matched performance between the two.
- 4) People seem to have momentarily forgotten about the trade war issue, as reflected by the Global Trade Uncertainty Index, which is now at its lowest level since January. Therefore, if any shocks related to Donald Trump's tariff measures occur again, they are expected to pose downside surprises to risk assets, especially for U.S. and DM.

Top 10 issues in 3Q25 (Con't)

- 5) Almost all major central banks have started to enter their wait & see mode which we view as good news for equity. We still hold a view that the mid-cycle rate cut does not usually come with stock market rally. In fact, it sent negative pressure for most of the time. Rates must go down furthermore to be near the floor, for stock market to start a bull rally.
- 6) Expect at least another 0.25% cut from the BoT for the remaining of 2025. If we assume market EPS could hold at 91 baht, the fair SET Index level for 2H25 that we could reasonably target is 1270. For more conservative case, the SET should reach 1180 at a minimum.

Top 10 issues in 3Q25 (Con't)

- 7) Three of the domestic political scenarios that could lead to a delay/turn down in the enactment of FY2026 Budget Act are I: minority government II: dissolution of Parliament, and military coup. If none of these happens, It's likely to be seen as positive news by investors.
- 8) We estimate that the worst-case scenario for the SET Index will not fall below the 1,000-point level (based on the current 2025 EPS forecast of 91.4 baht). For the index to decline to that level, the domestic political situation would have to deteriorate further to any of the 3 worst case scenarios listed above.

Top 10 issues in 3Q25 (Con't)

- 9) For 3Q25, we prefer domestic & defensive sectors such as ICT, Consumer staple, Healthcare, and Utility. We buy the domestic idea only because we believe the government is stable enough to maintain majority control. However, we reject to go further to cyclical sectors such as Banking, Finance, Consumer discretionary, Property, and Media. The main reason is that these sectors may be exposed to negative earnings surprise risk.
- 10) Thailand ESGX funds could not help support the liquidity and the SET Index as much as we expected. In addition the current LTF outstanding of 117bn baht will be a major hurdle for the SET Index, at least for the remaining of 2025. Selling pressure is likely to emerge whenever the SET Index experiences an upward movement.

What went right for our 2Q25 call

- Soft economic momentum from Trump tariff policy.
- More hawkish tone from key Central Banks.
- SET Index rebounded towards 1230
- An outperformance of global cyclicals vs. domestic cyclicals
- Deteriorating consumer confidence
- Continuing low level of THB yield

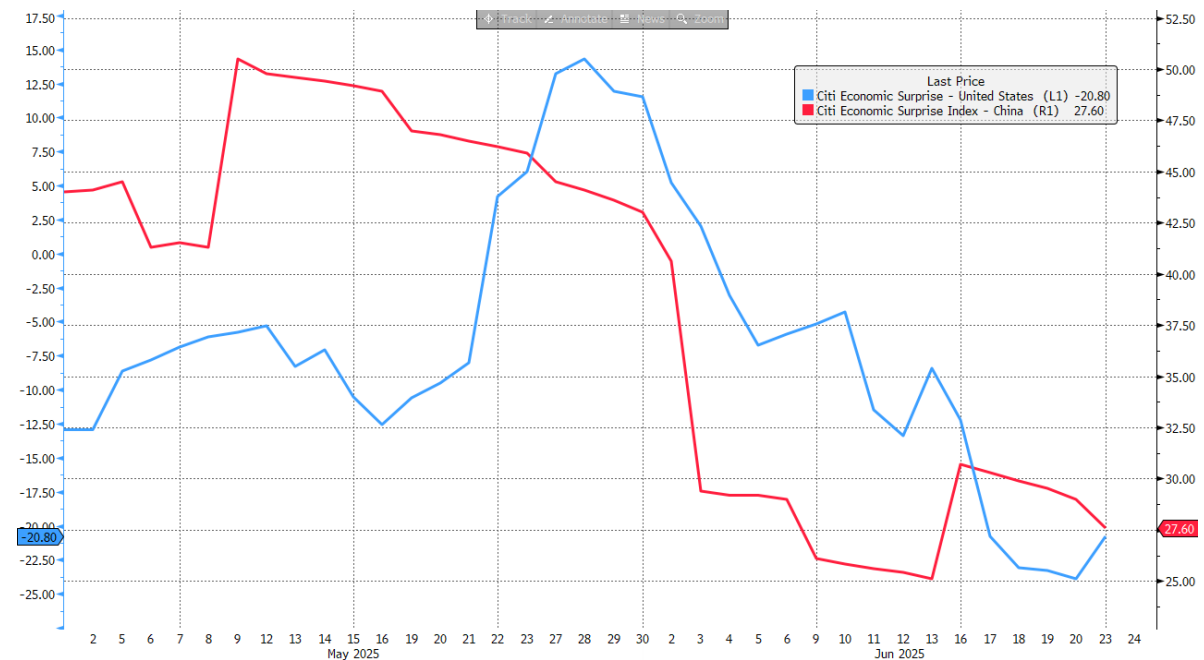
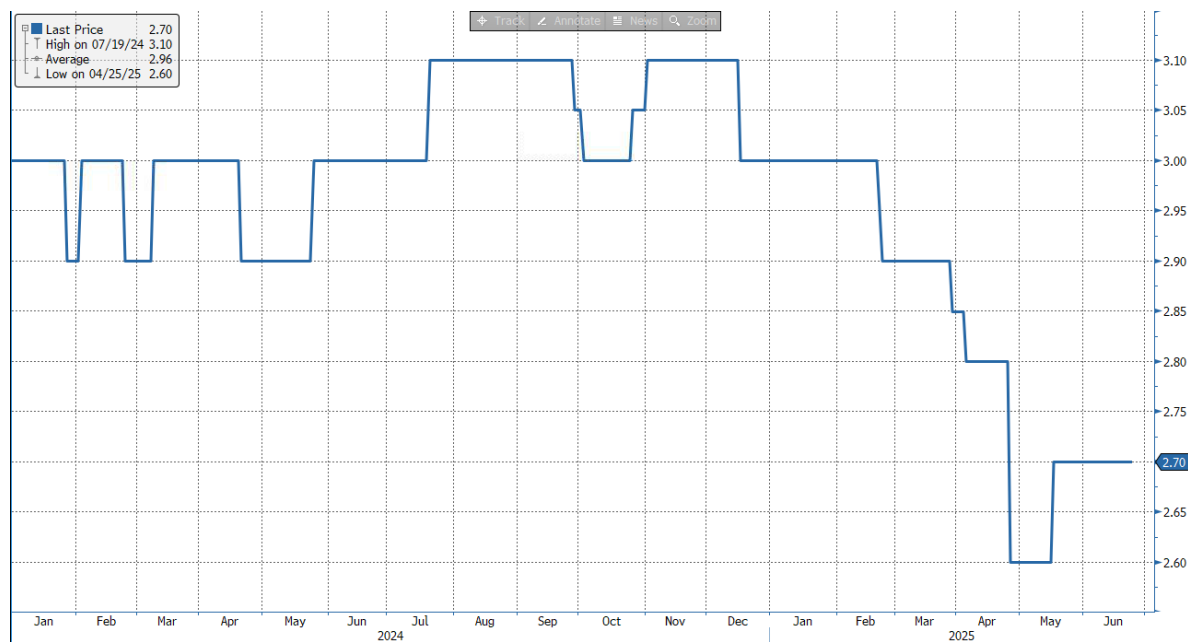
What went wrong for our 2Q25 call

- Thai-ESGX new subscription is way smaller than expected
- LTF redemption is greater than ESGX subscription
- SET plunging through our lower trading band of 1100 at the beginning of April
- An underperformance of local REIT & IFFs even though domestic bond yield has stayed low.

What's in the price and what's not

	In the price	Not in the price
Domestic	<ul style="list-style-type: none">- 2025 GDP downgrade from 10% universal tariff- 82% chance of 0.25% BoT rate cut for the remaining of 2025	<ul style="list-style-type: none">- Budget Act enactment delayed that will push down 2025 GDP further- Domestic political unrest
External	<ul style="list-style-type: none">- 0.50% Fed cut for the remaining of 2025- 0.25% ECB cut for the remaining of 2025- 60% chance of 0.25% BoJ rate hike for the remaining of 2025	<ul style="list-style-type: none">- Trump reciprocal tax of more than 10%- Prolonged Middle East tension- Recession fear

Softening economic momentum in 2Q25



Downward revision in 2025 world GDP

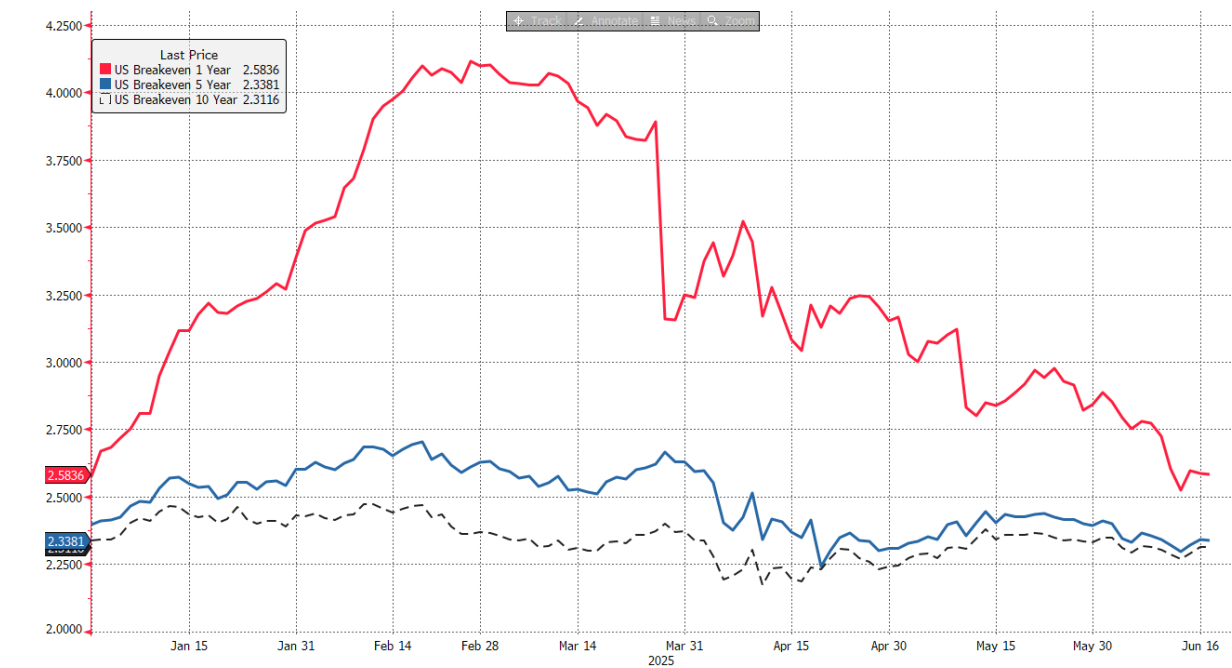
China (Red) vs. U.S. (Blue) economic momentum looks softening



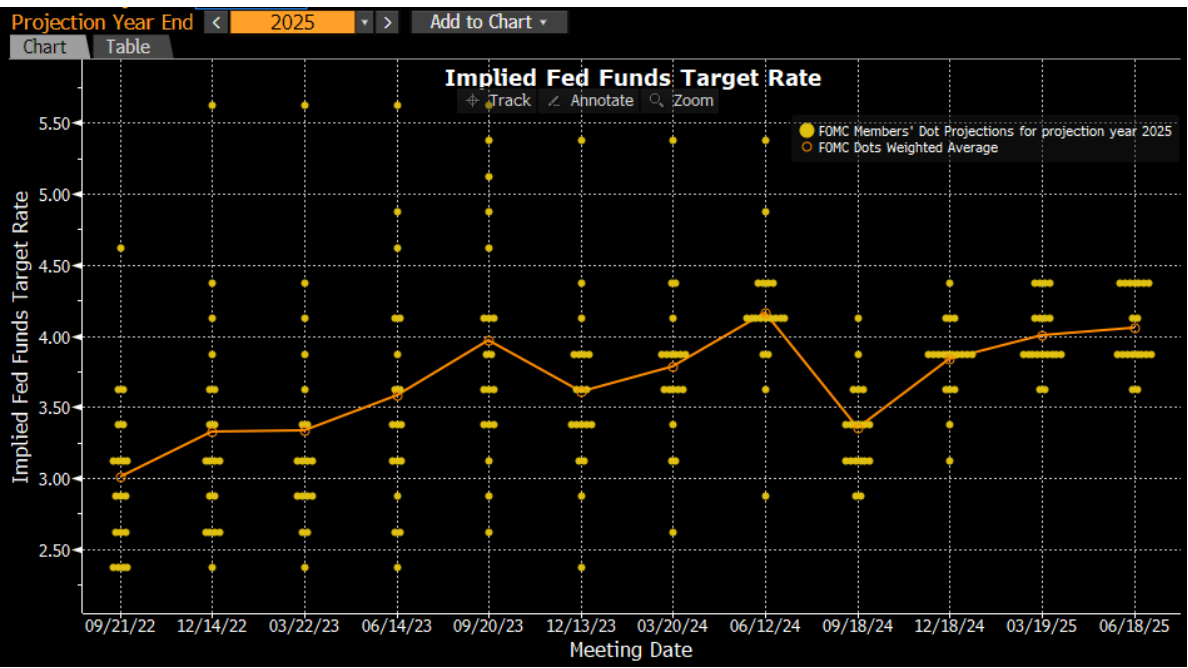
Note: Data as of 23 June 2025

Sources: Bloomberg, Fed

U.S. inflation expectation still looks under control - Expect the Fed to cut rates by 0.25% each quarter.



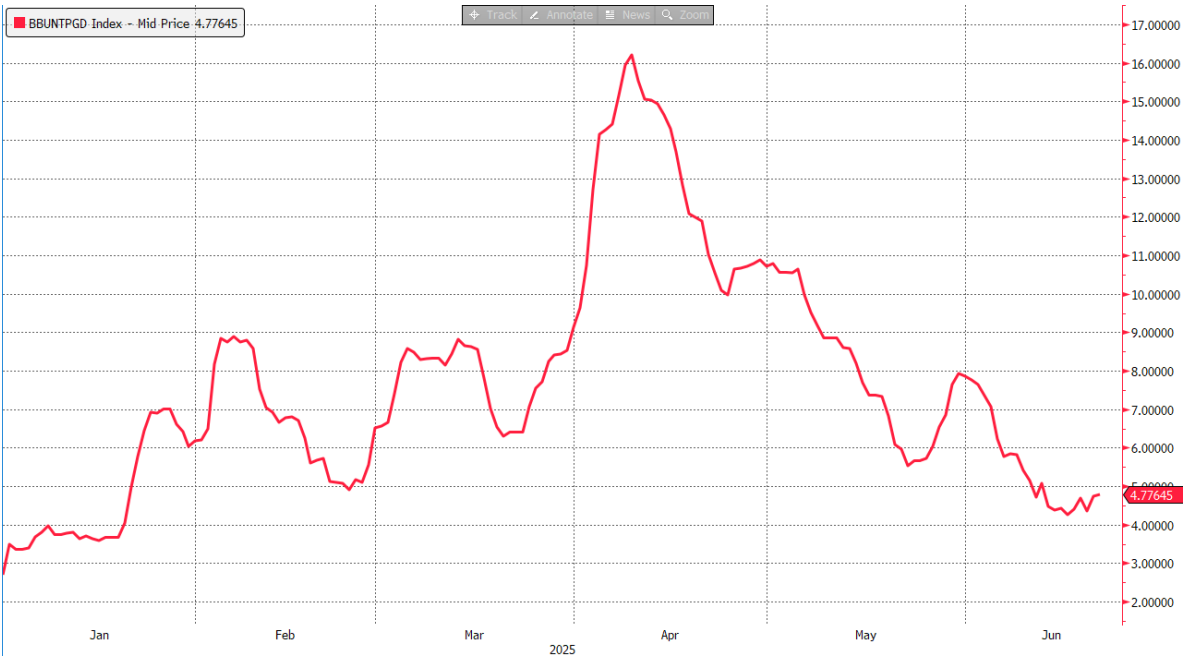
U.S. Breakeven



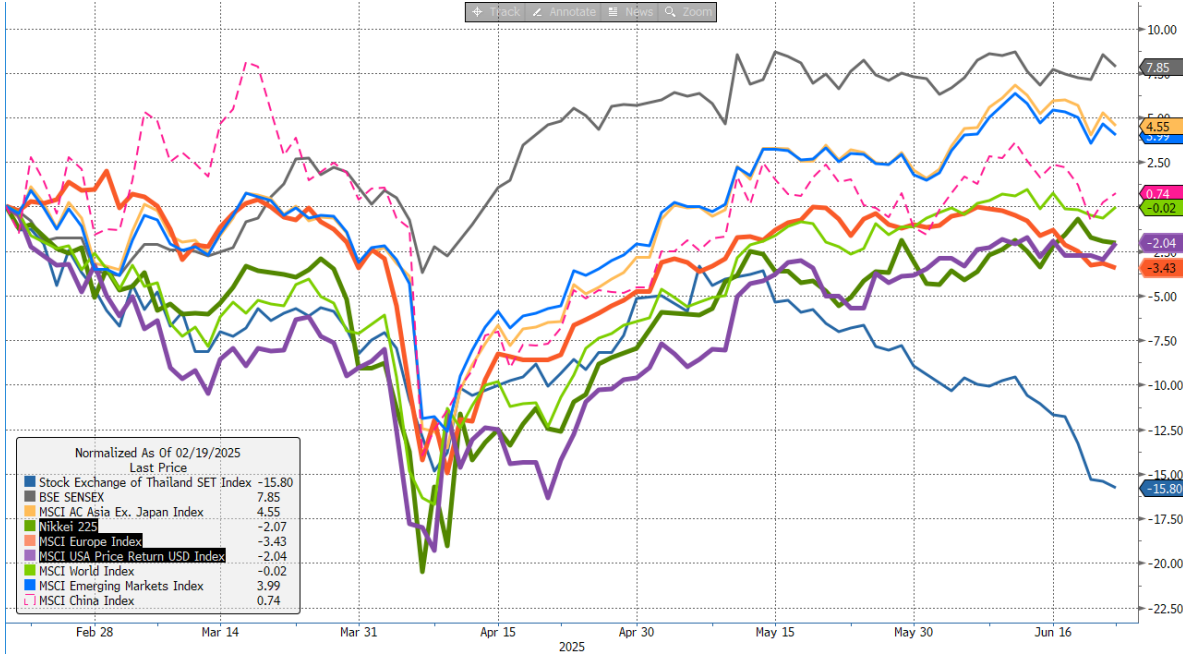
Dots average moved up a bit during the last meeting



DM still laggard EM since this same level of trade uncertainty



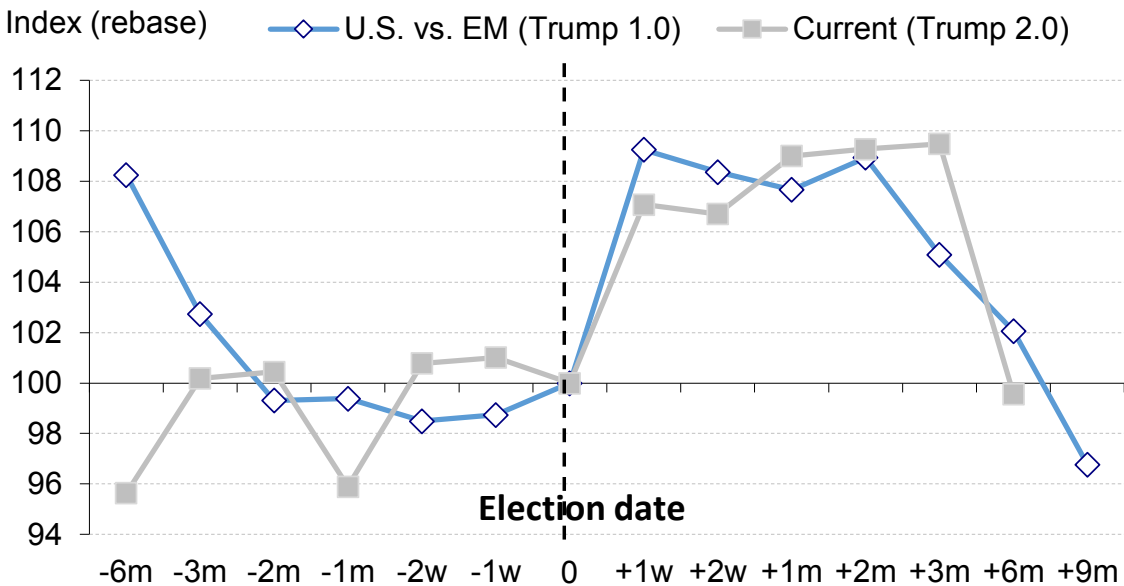
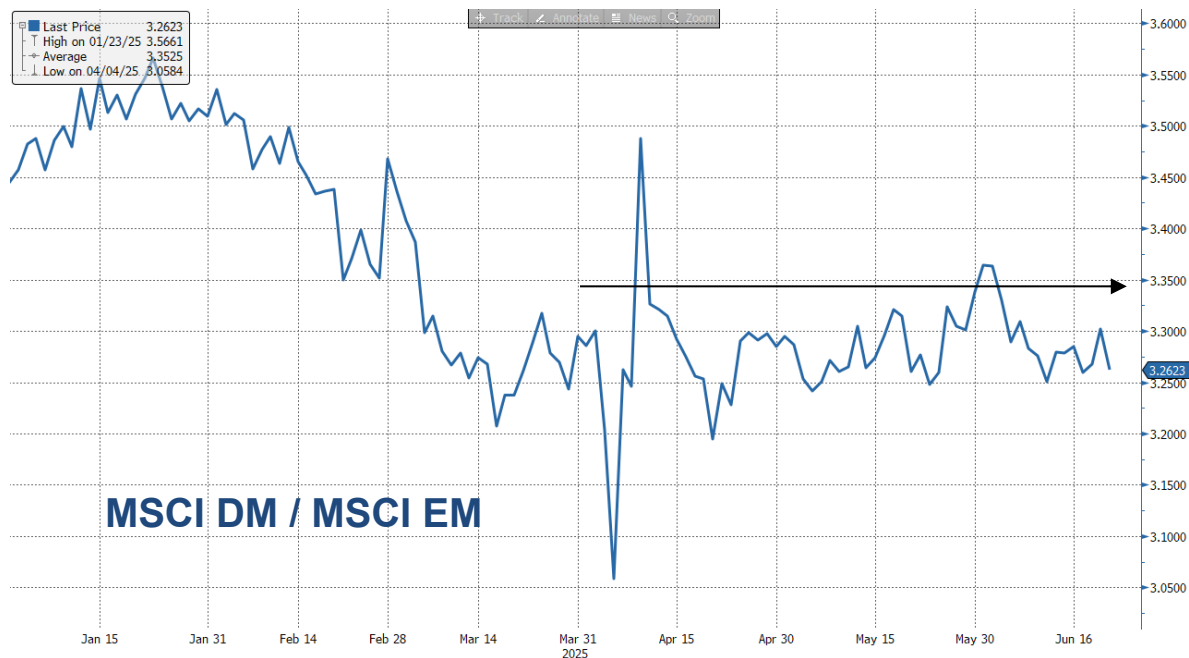
Global trade policy uncertainty



Equity performance since 19 Feb 2025



EM outperformance vs. DM could re-emerged in 3Q25

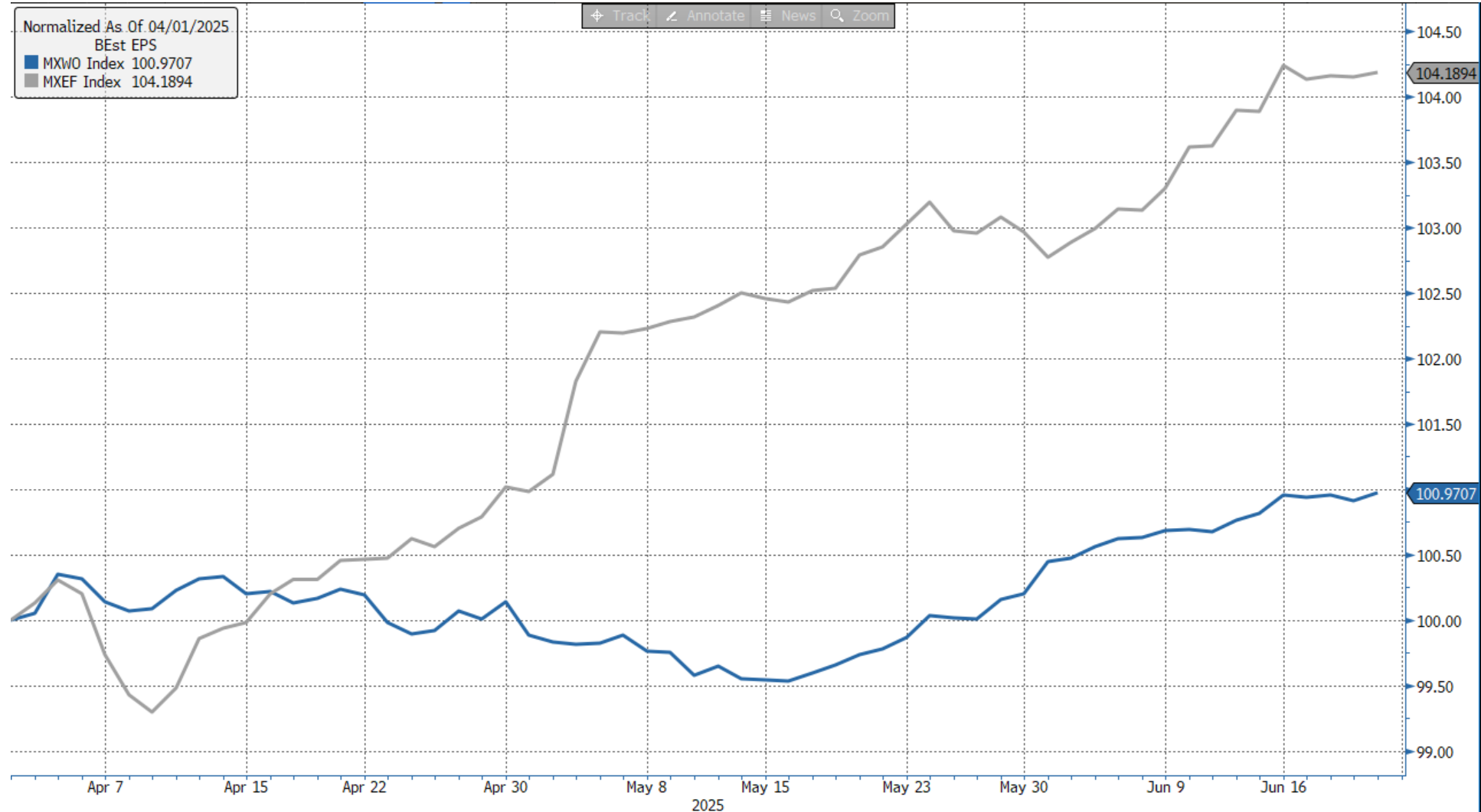


A parallel performance in 2Q25

EM still have a favorable track record at this point in time following the U.S. election.



EM earnings revision has yet lost a momentum



Note: Data as of 20 June 2025

Source: Bloomberg

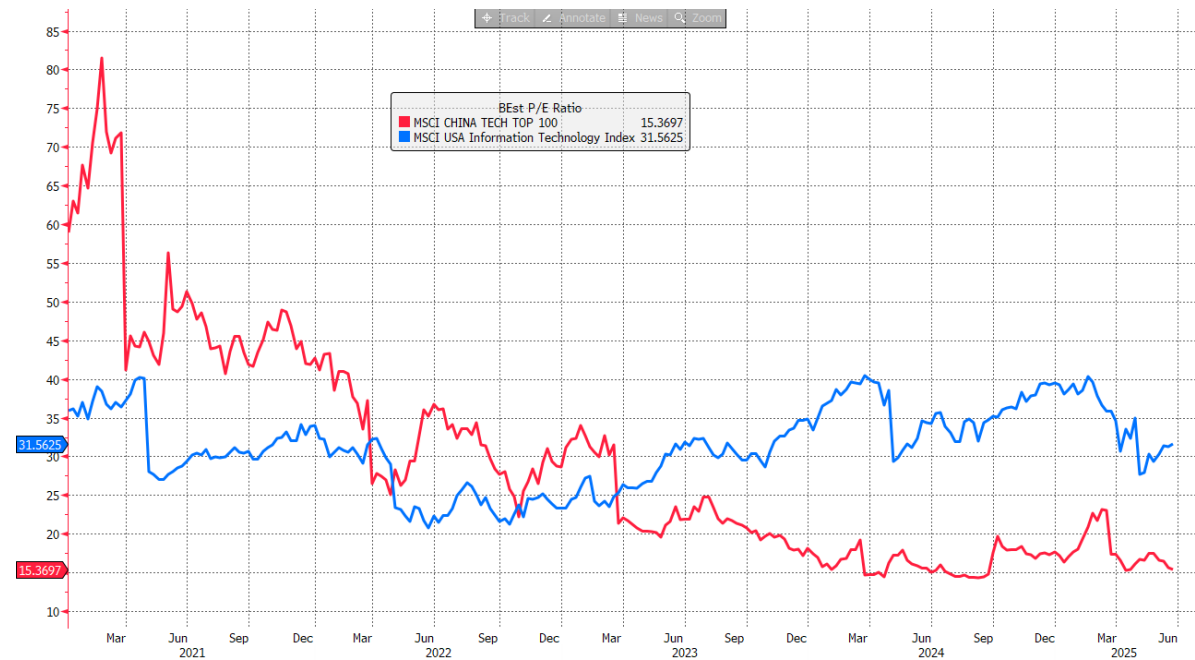
EM valuation is still in favor



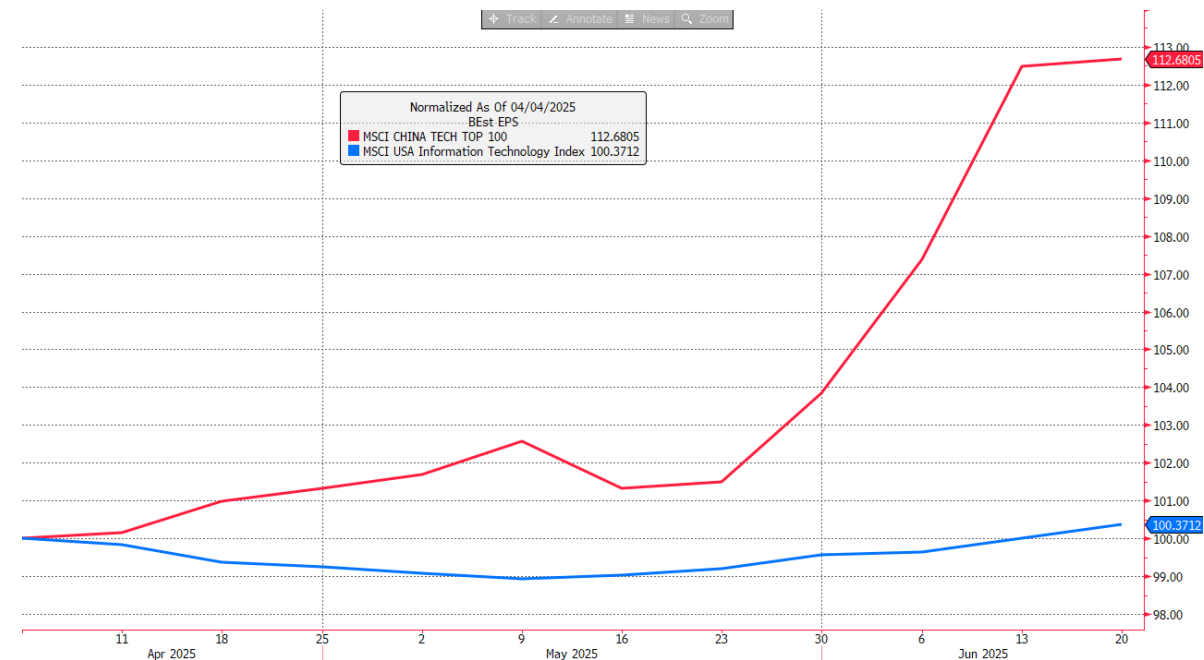
Note: Data as of 20 June 2025

Source: Bloomberg

China Tech vs. U.S. Tech



Valuation is still way cheaper for China



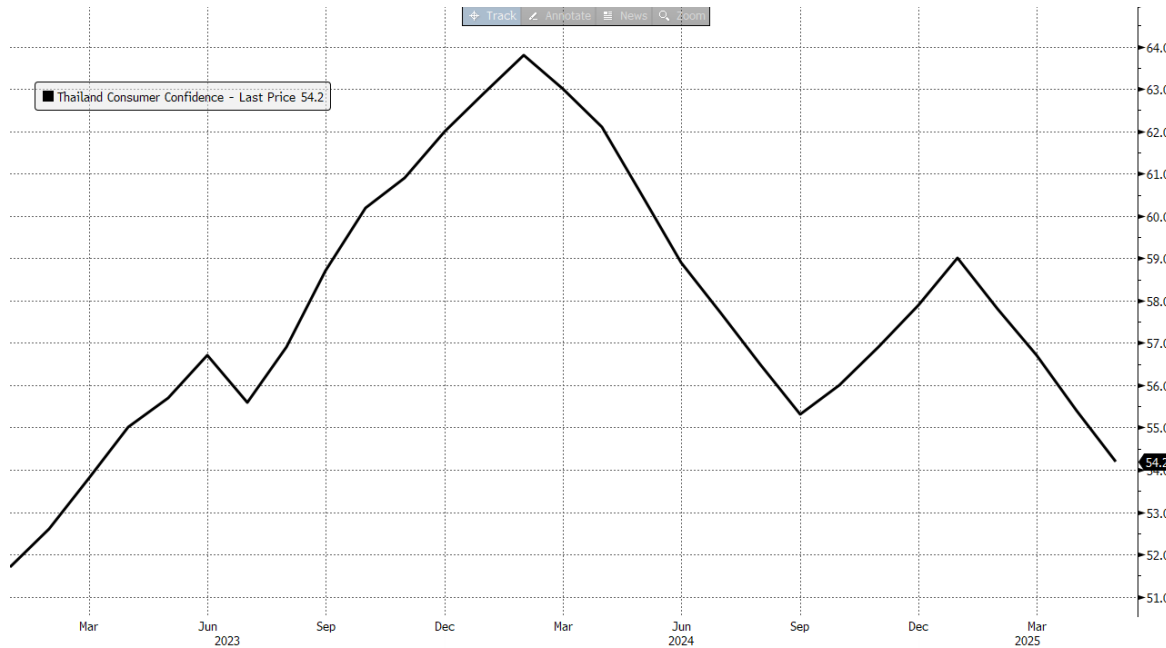
Stronger EPS revision for China



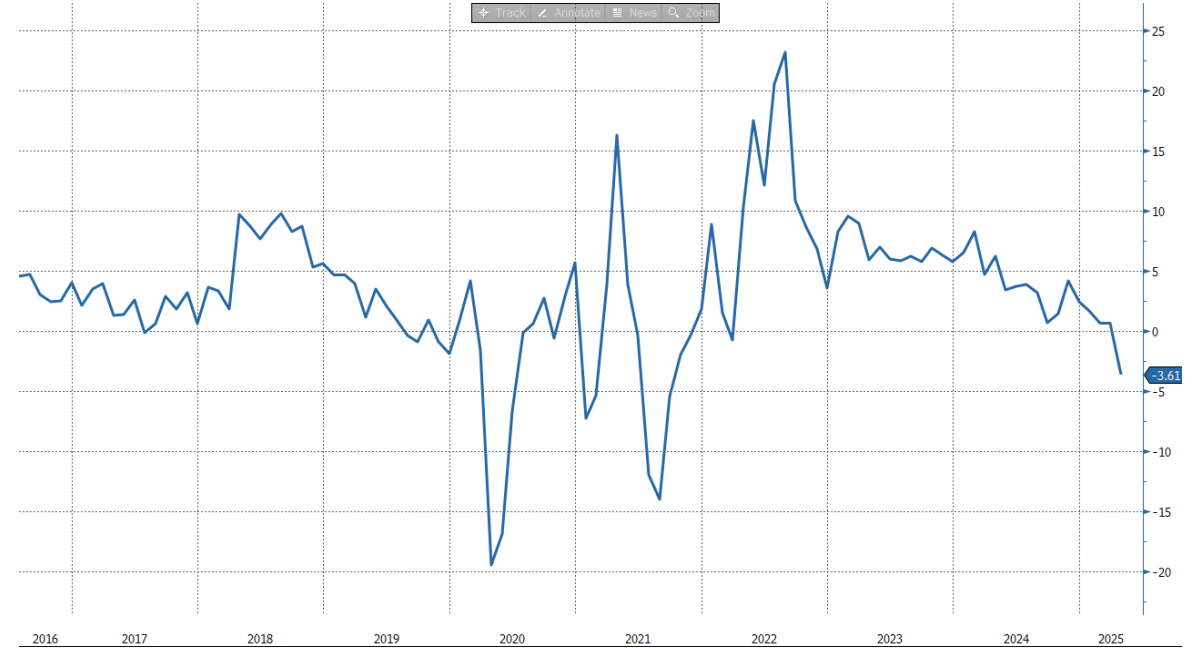
Note: Data as of 20 June 2025

Source: Bloomberg

Yellow flag on domestic consumption

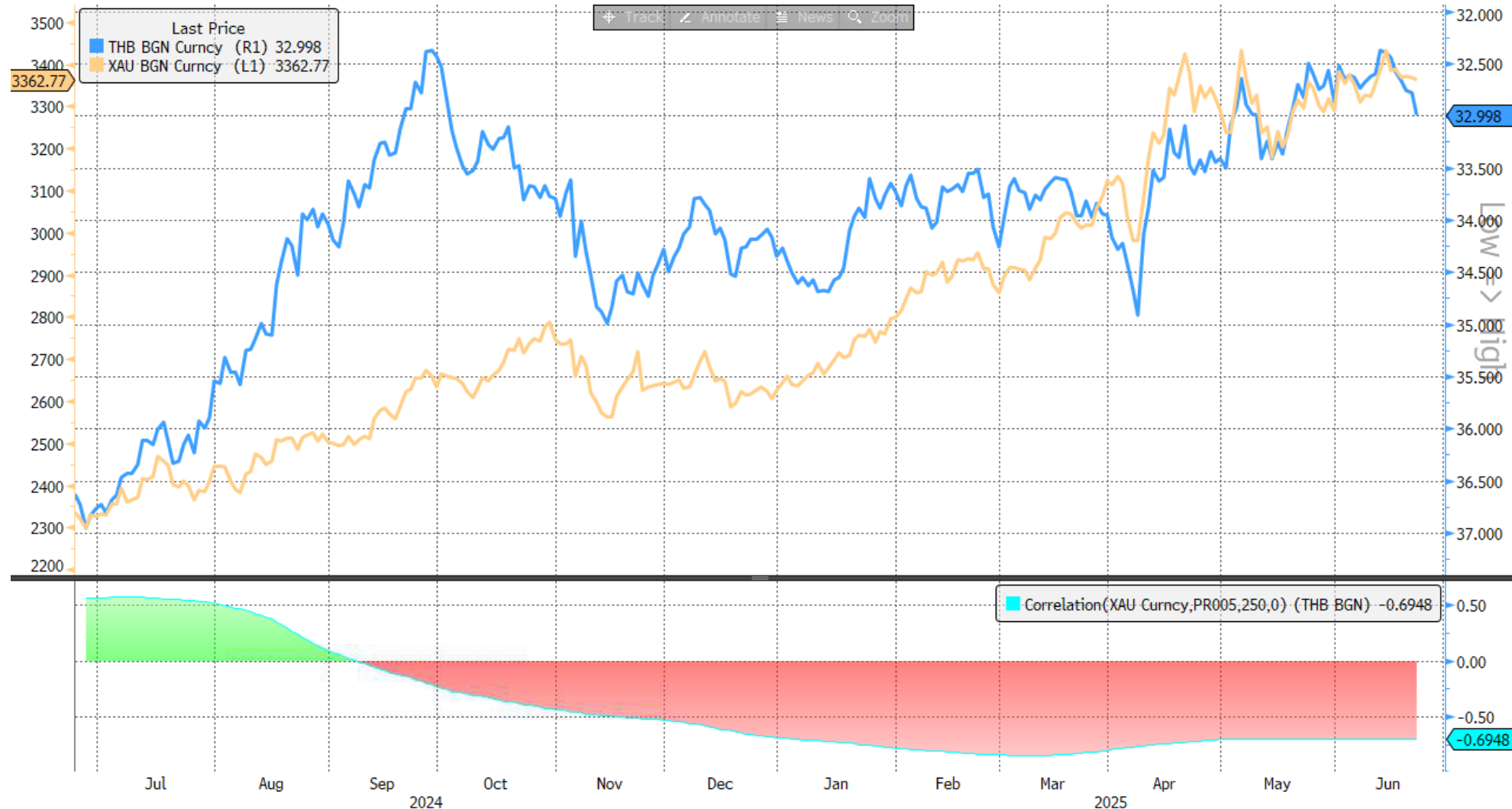


CCI was at the lowest point in 26 months



PCI saw largest decline in 43 months

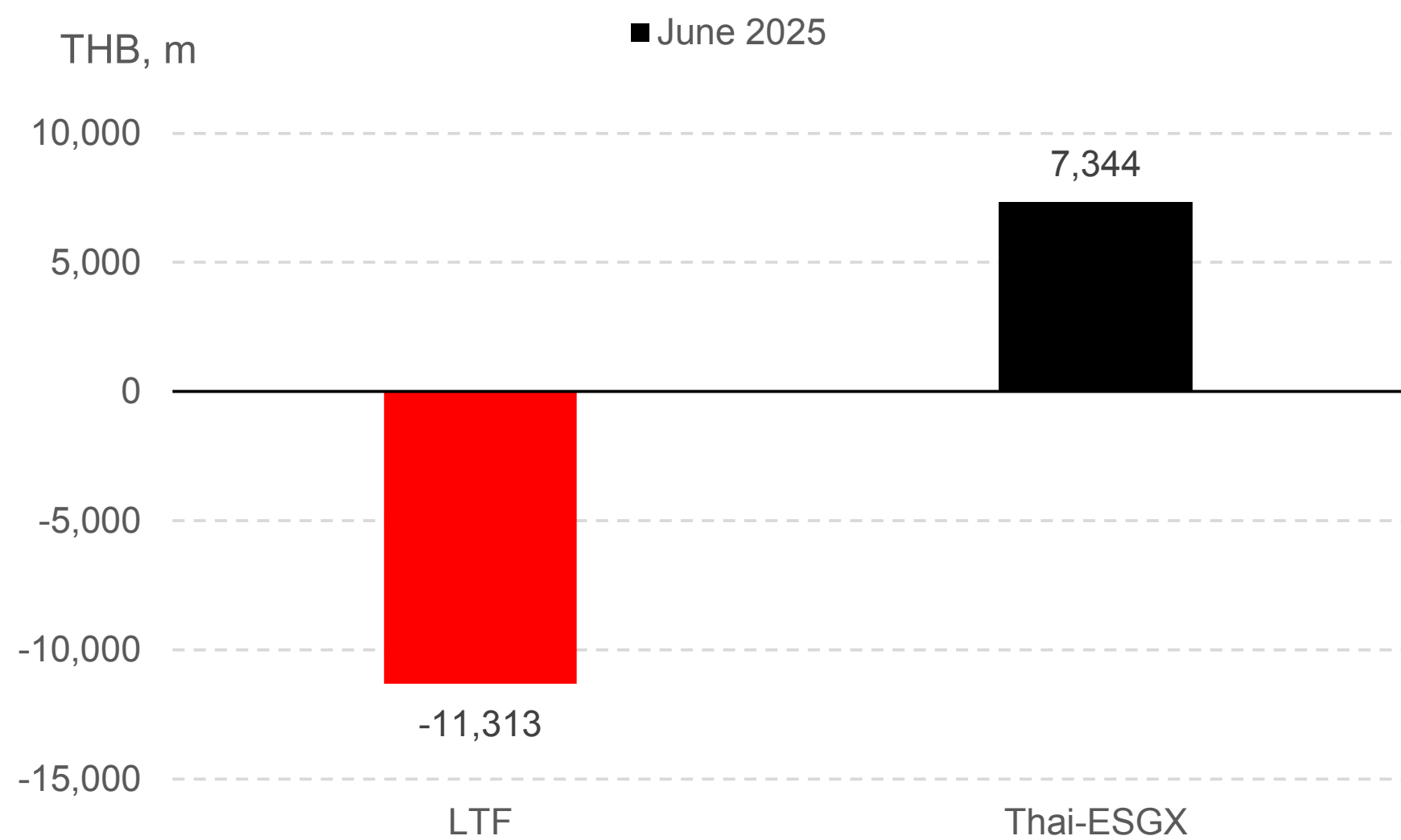
THB should be resilient as long as gold prices stay high



Note: Data as of 23 June 2025

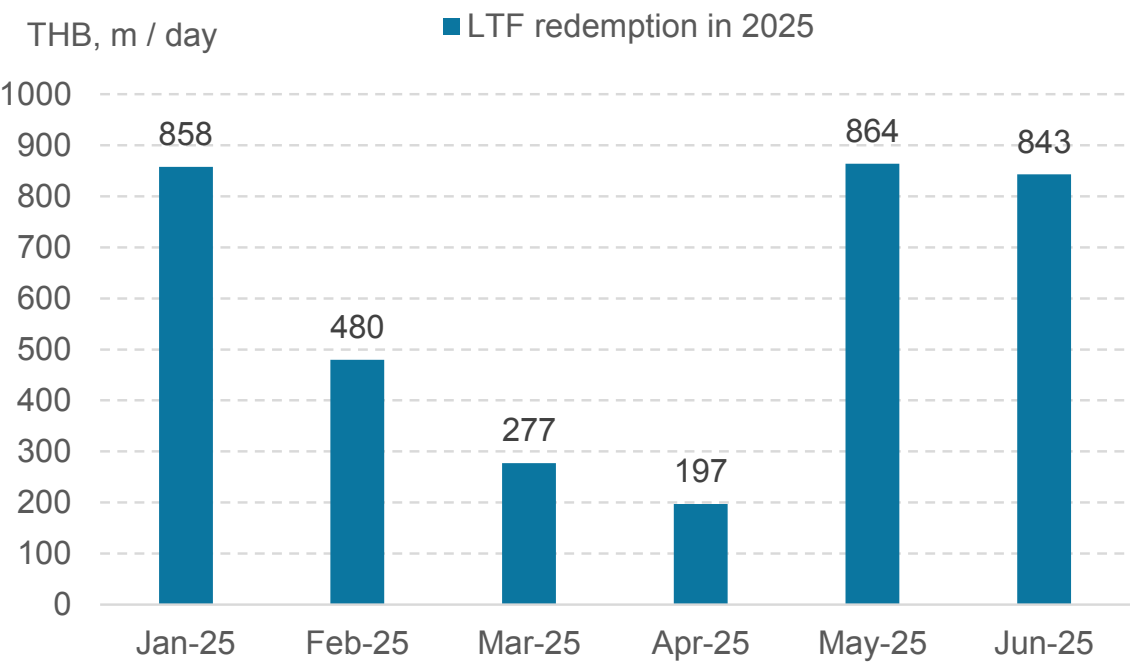
Source: Bloomberg

Thailand ESG-X funds could not help as much as we expected

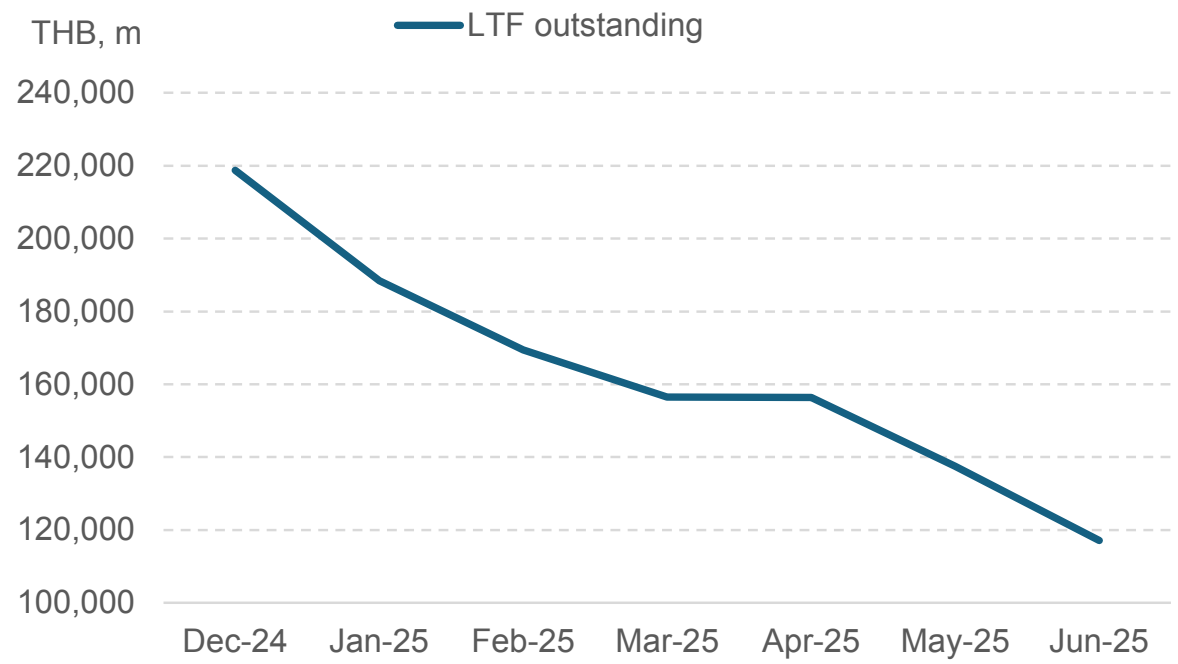


Note: Data as of 20 June 2025
Sources: SET, Trinity Research

Still much left in the tank for Thai LTF



Monthly LTF redemption in 2025



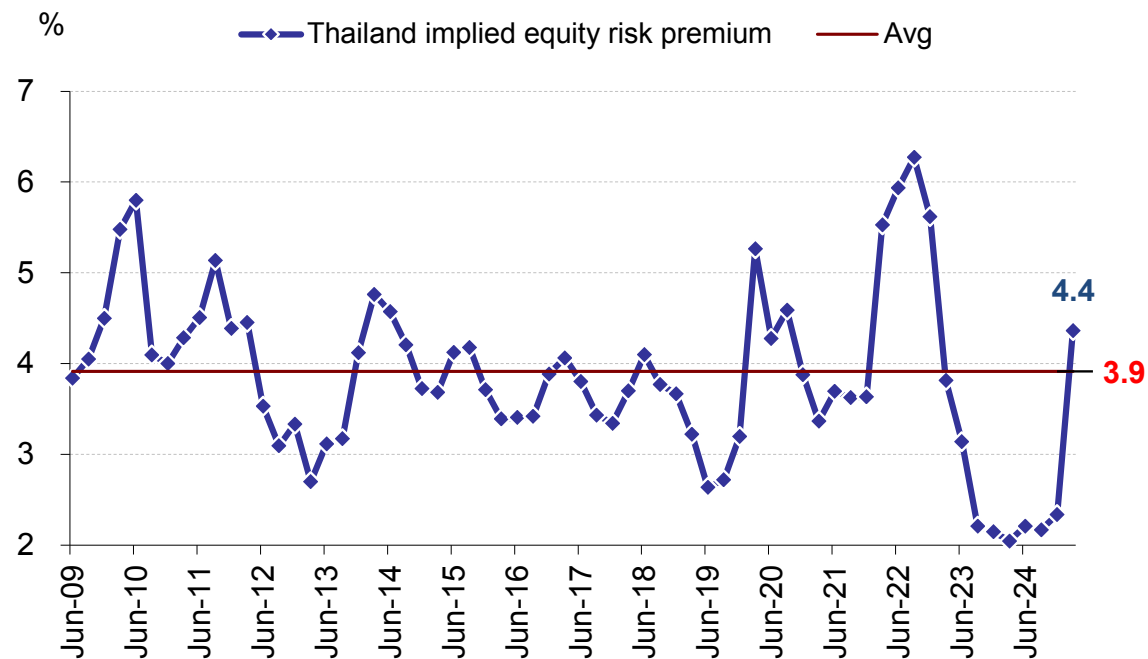
LTF outstanding as of 20 June 2025



Expect SET Index to rebound towards 1180 at the minimum

Case	Multiple at 1.50% RP	2025E EPS (latest from BB)	Fair SET (Current)	Upside / Downside
Base	14.0x Fwd PE	91 baht	1274	+18.0%
Conservative	13.0x Fwd PE	91 baht	1183	+9.5%

Value re-emerged - SET @1180 would bring the ERP back to average



Two-stage Dividend Discount Model (DDM)

$$P_0 = \underbrace{\sum_{t=1}^5 \frac{E[D_t]}{(1+k)^t}}_{\text{Growth period}} + \underbrace{\frac{E[D_5](1+g_l)}{(k-g_l)(1+k)^5}}_{\text{Stable growth}}$$

Variables	Assumptions
Period of High Dividend Growth	5 years
Initial Growth Rate (g_s)	ROE \times retention ratio
Stable Growth Rate (g_l)	10-yr Government Bond yield - Real RP

Implied equity risk premium is at the highest level since 4Q22

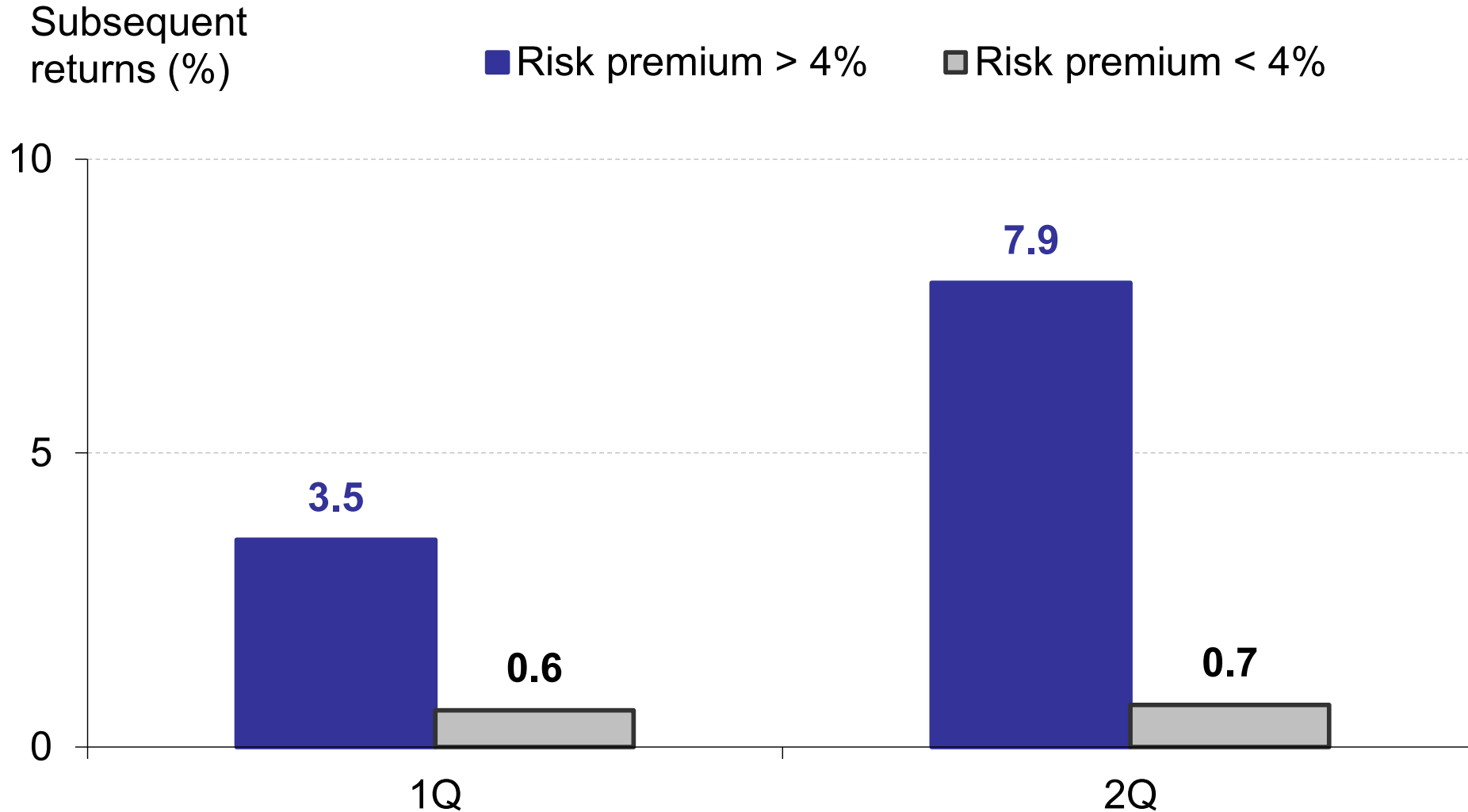
ICOC Formula (Damodaran, 1999)



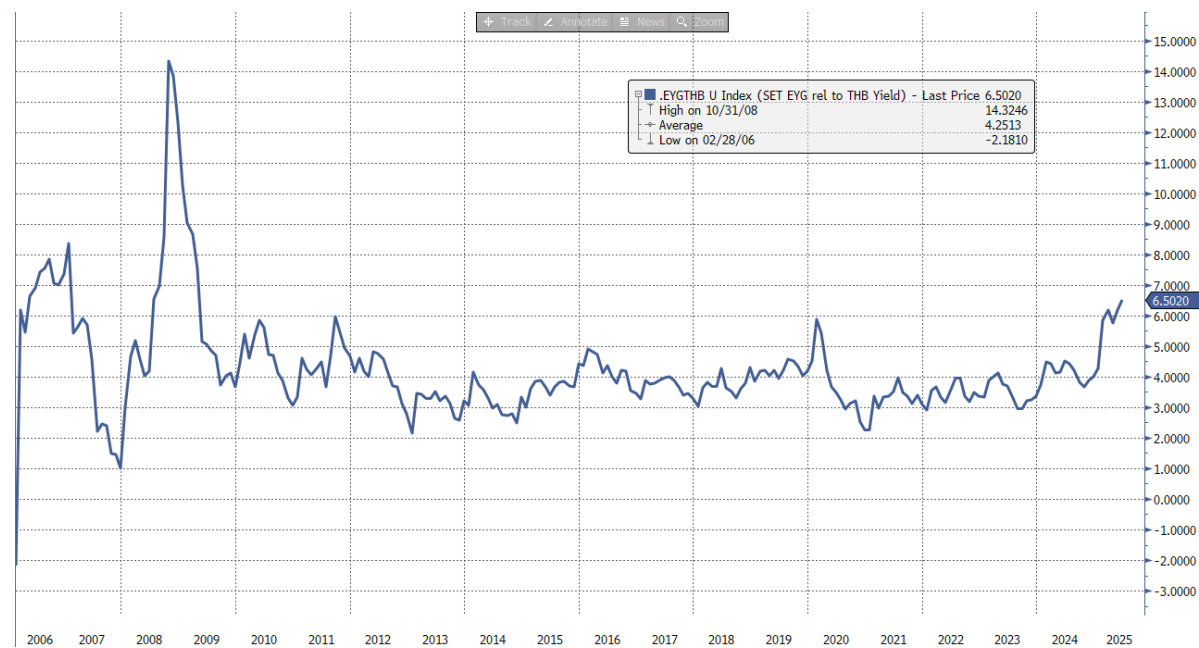
Note: Data as of 20 June 2025

Sources: SET, Bloomberg, Trinity Research

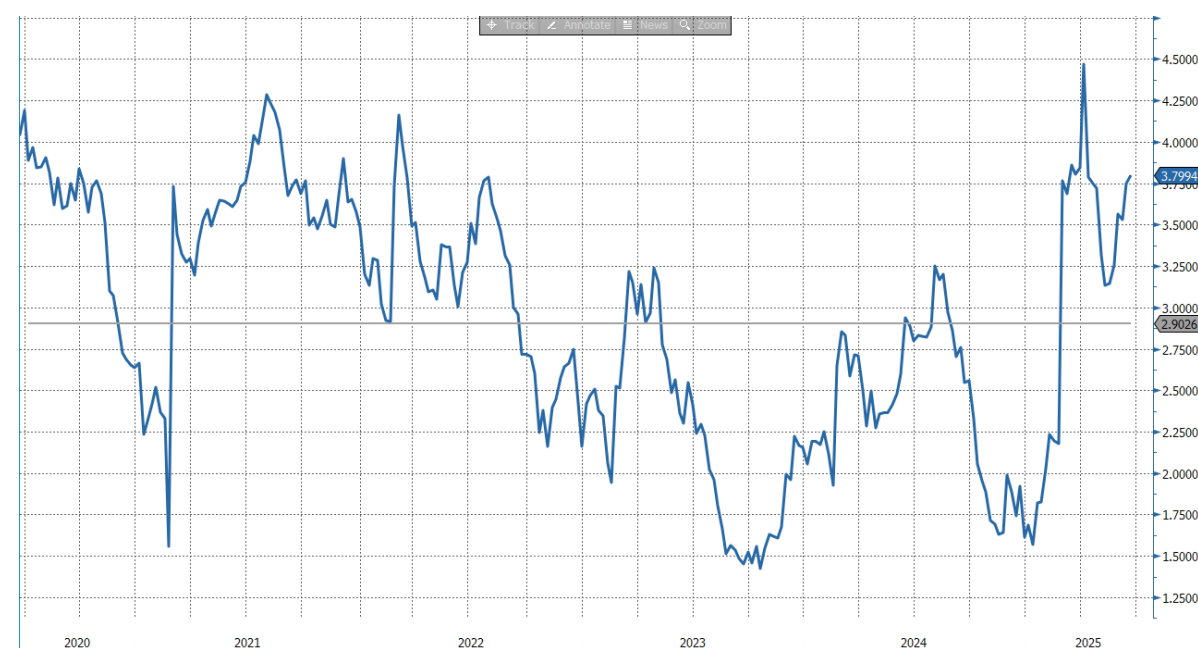
The higher the implied ERP, the safer the investment



SET appealing vs. bond is higher than ever

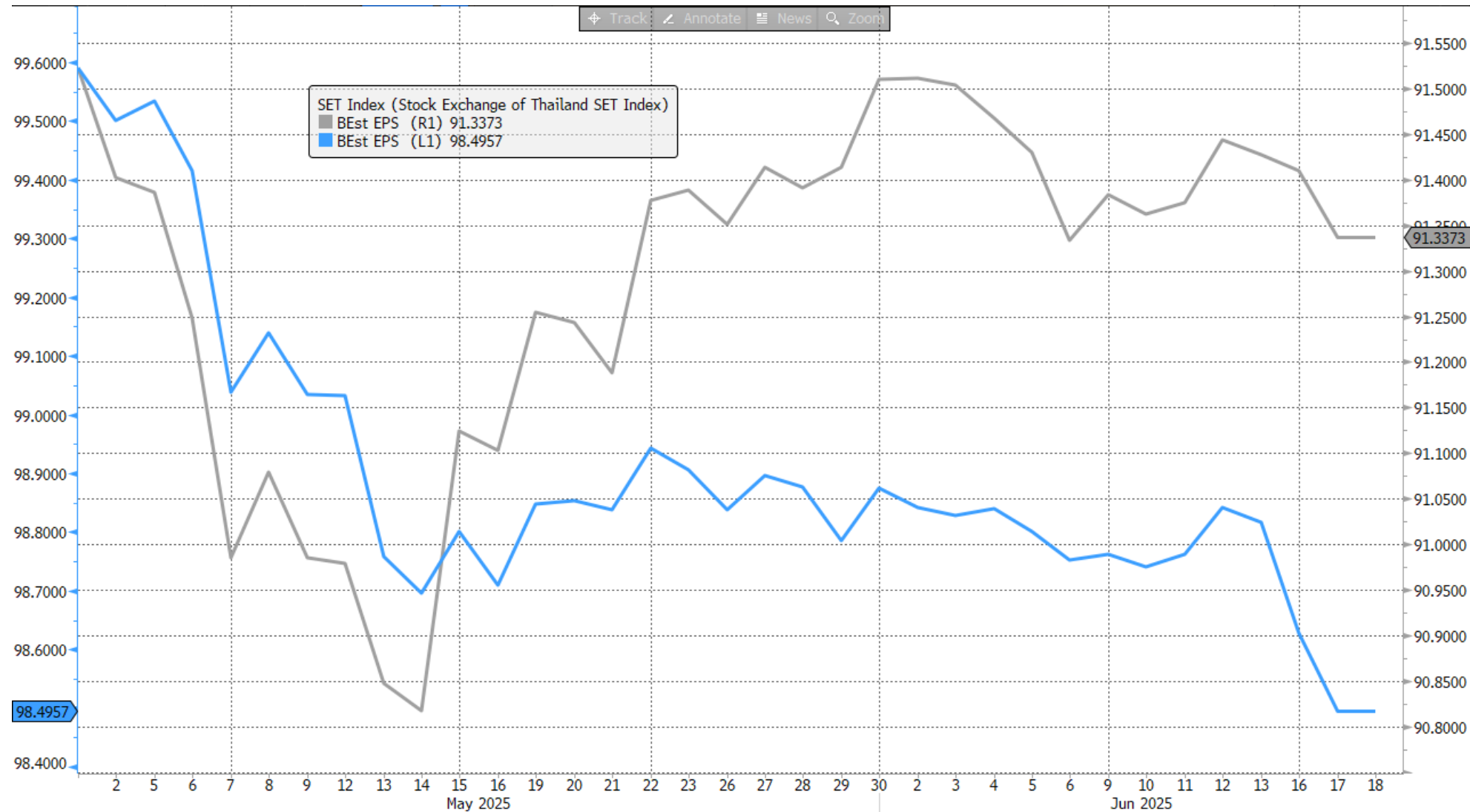


SET EYG vs. 10y THB yield in the past 20 years



SET EYG vs. 10y UST yield in the past 5 years

SET 2025E (grey) and 2026E (blue) EPS revision - Projected 2025 EPS for Thai stock market have started to stabilize



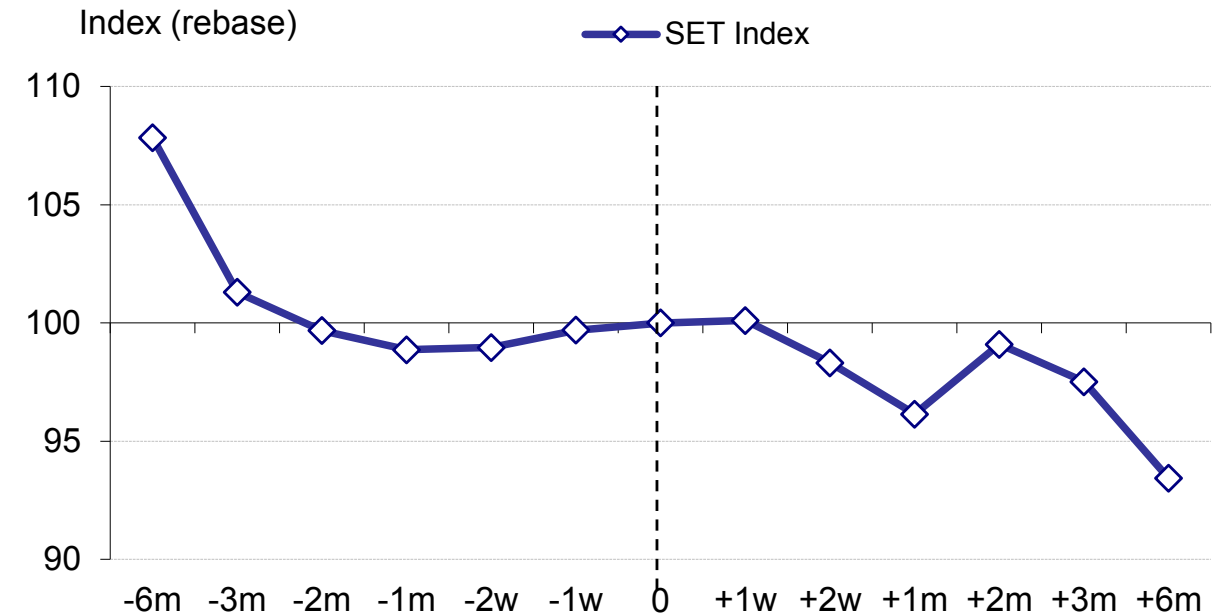
Thai political issues

- 1) Thailand-Cambodia border dispute - Ongoing
- 2) Tariff negotiations with the U.S. - July 9th deadline could be extended
- 3) Government stance on Entertainment Complex Bill when parliament convenes in July - Still a top agenda?
- 4) Senator collusion case – Ongoing
- 5) Constitutional Court to review petition against PM – Pending on review
- 6) Thaksin hospitalization case hearings – Verdict likely announced during end of July / beginning of August
- 7) 2026 Budget Bill - 2nd & 3rd reading in August

Key is the timely enactment of 2026 Budget Act



Though Government stability is under scrutiny, SET will be ok as long as parliament is not dissolved



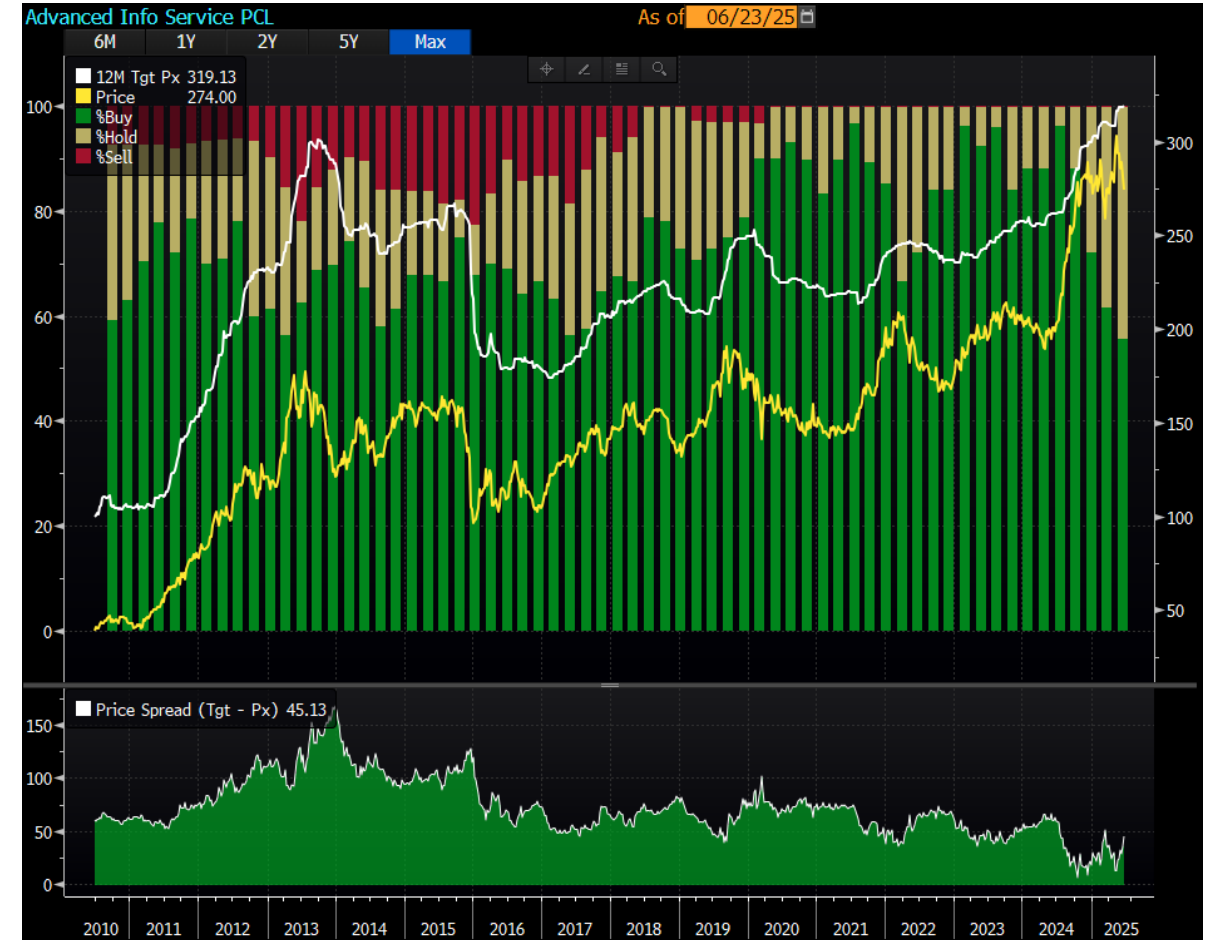
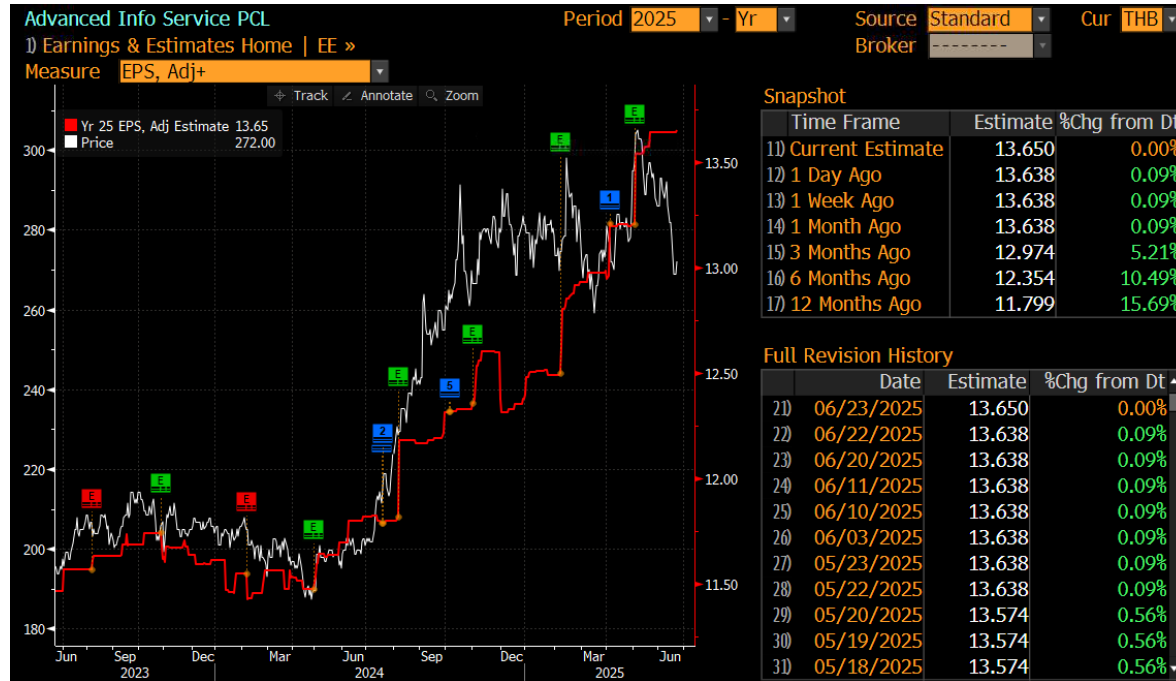
SET Index before & after parliament dissolution

Where is the trough? - Only to happen if 1 of our 3 worst scenarios occurs

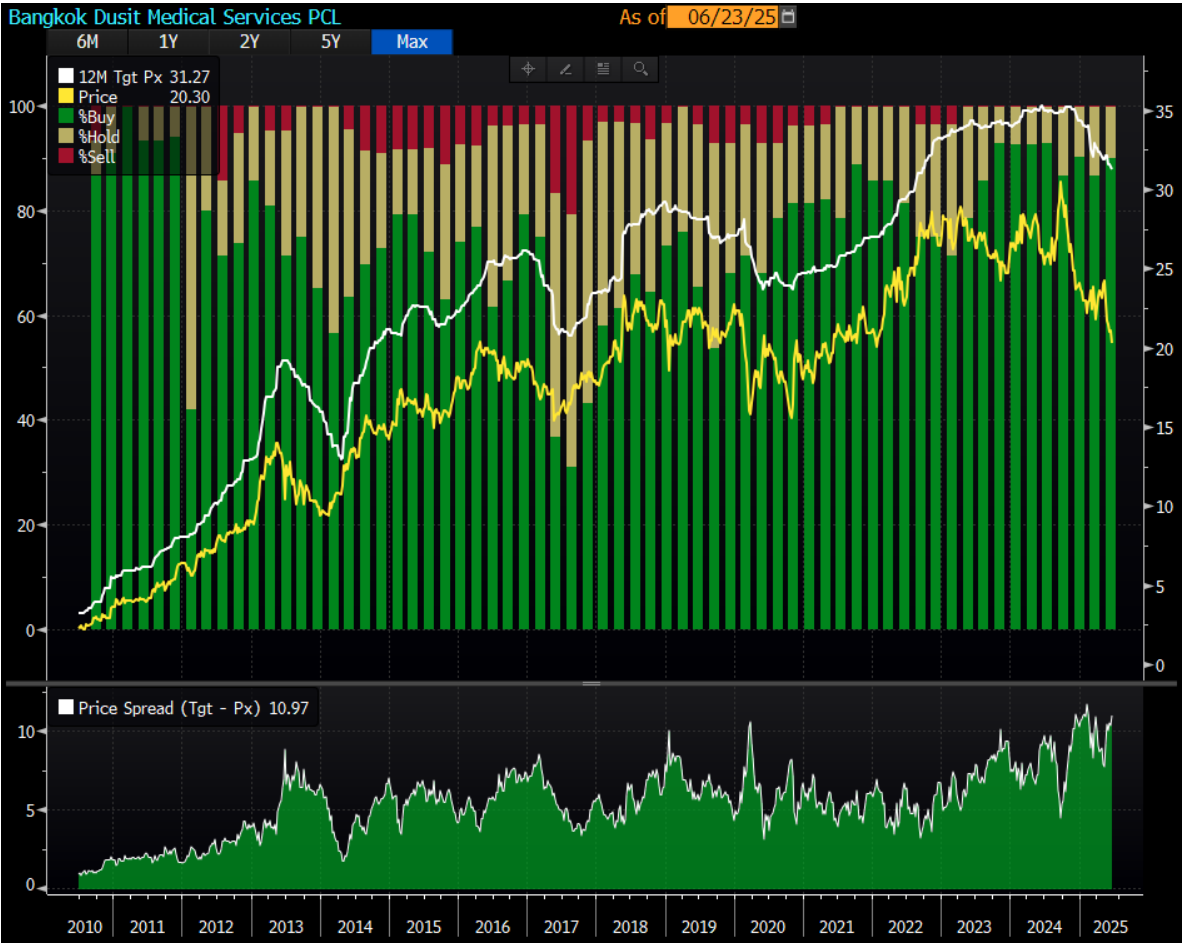
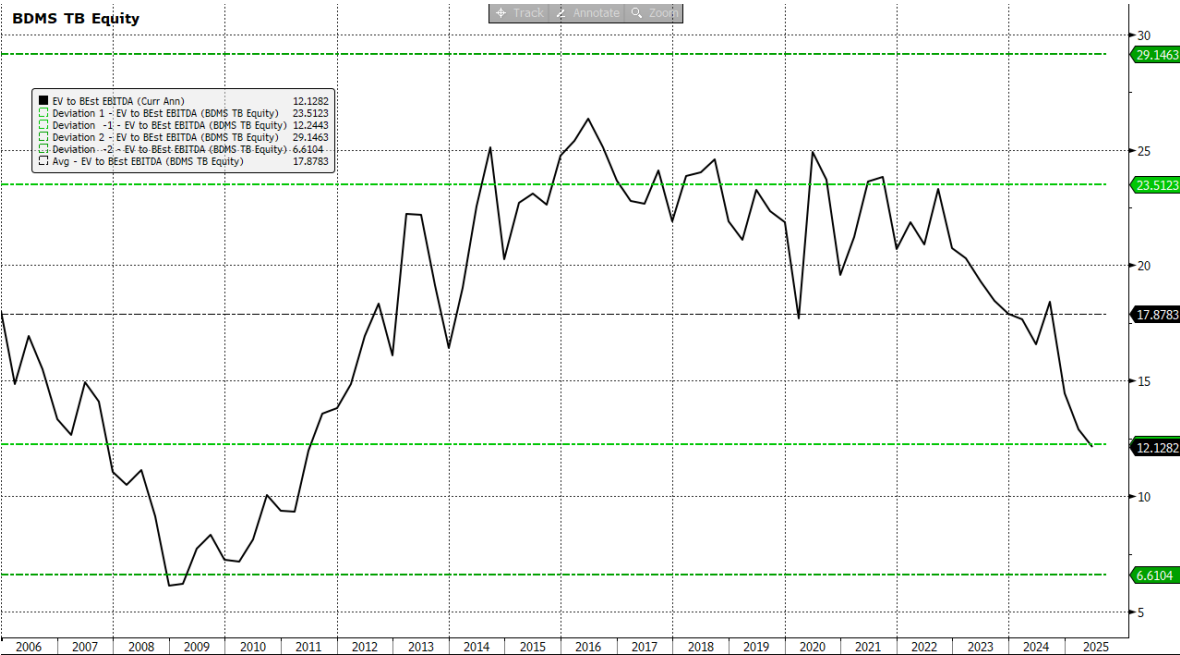
เรานำเสนอไอเดียการหาจุดเลวร้ายสุดของดัชนีหุ้นไทยในรอบนี้ดังต่อไปนี้

- 1) ระดับจุดต่ำสุด Intraday-low ของ Forward PE ที่เกิดขึ้นในช่วง Covid วันที่ 13 มีนาคม 2020 ซึ่งมีค่าอยู่ที่ 11.23x ซึ่งถ้าหากนำตัวเลขดังกล่าวมาคูณกับ 2025E EPS จาก Bloomberg consensus ที่ปัจจุบันอยู่ที่ 91.4 บาท จะได้ระดับดัชนี SET ผลลัพธ์ที่ 1026 จุด
- 2) ระดับ -1SD band ของ SET Forward PE ตั้งแต่ปี 2006 ซึ่งวิธีนี้เป็นวิธีเดียวกันกับที่เราเคยใช้หา Downside ของ ดัชนี SET ที่ 970 จุดในช่วงวิกฤติ Covid ปี 2020 และยังเป็นระดับที่ดัชนีเคยลงไปทดสอบ 3 รอบ ในช่วงปี 2010, 2011, และ 2014 (Greece default / European debt crisis / China & EM Concerns) โดยปัจจุบันค่าดังกล่าวอยู่ที่บริเวณ 11.06x หากนำตัวเลขดังกล่าวมาคูณกับ 2025E EPS จาก Bloomberg consensus ที่ปัจจุบันอยู่ที่ 91.4 บาท จะได้ระดับดัชนี SET ผลลัพธ์ที่ 1011 จุด

Top picks for 3Q25 - ADVANC



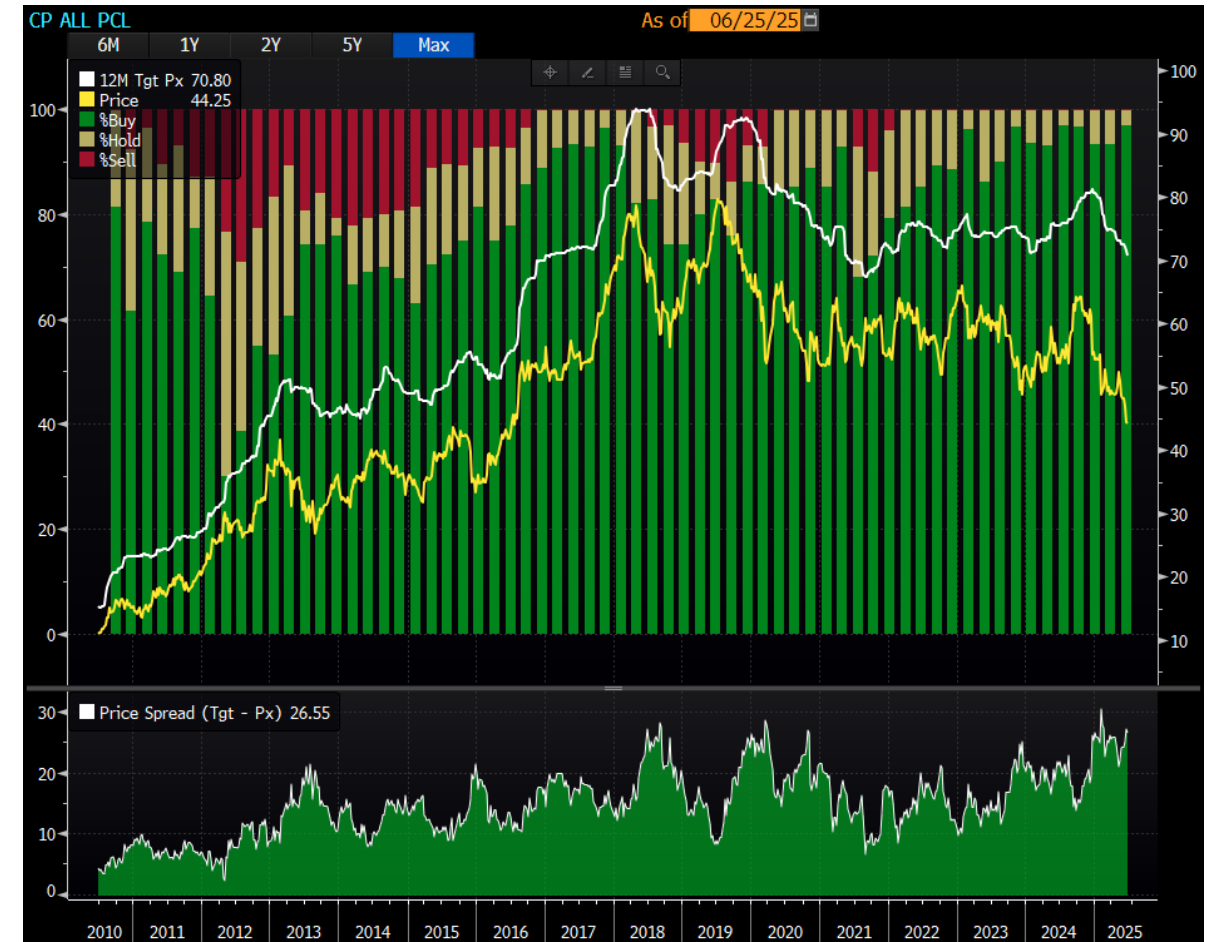
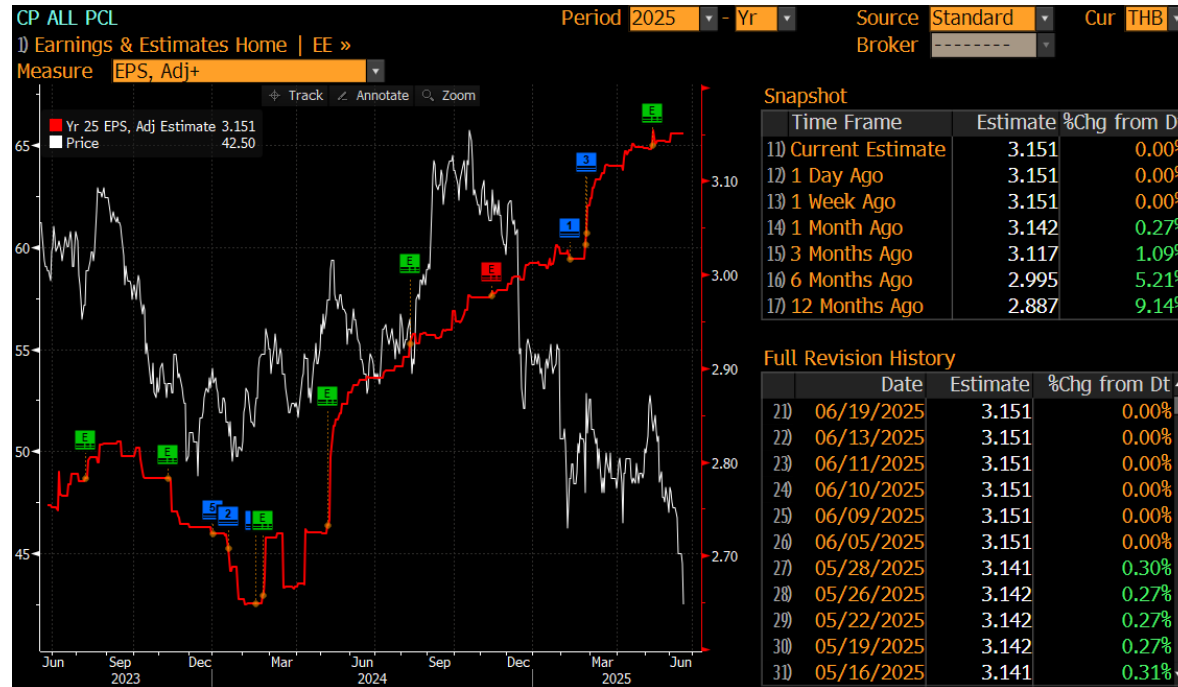
Top picks for 3Q25 - BDMS



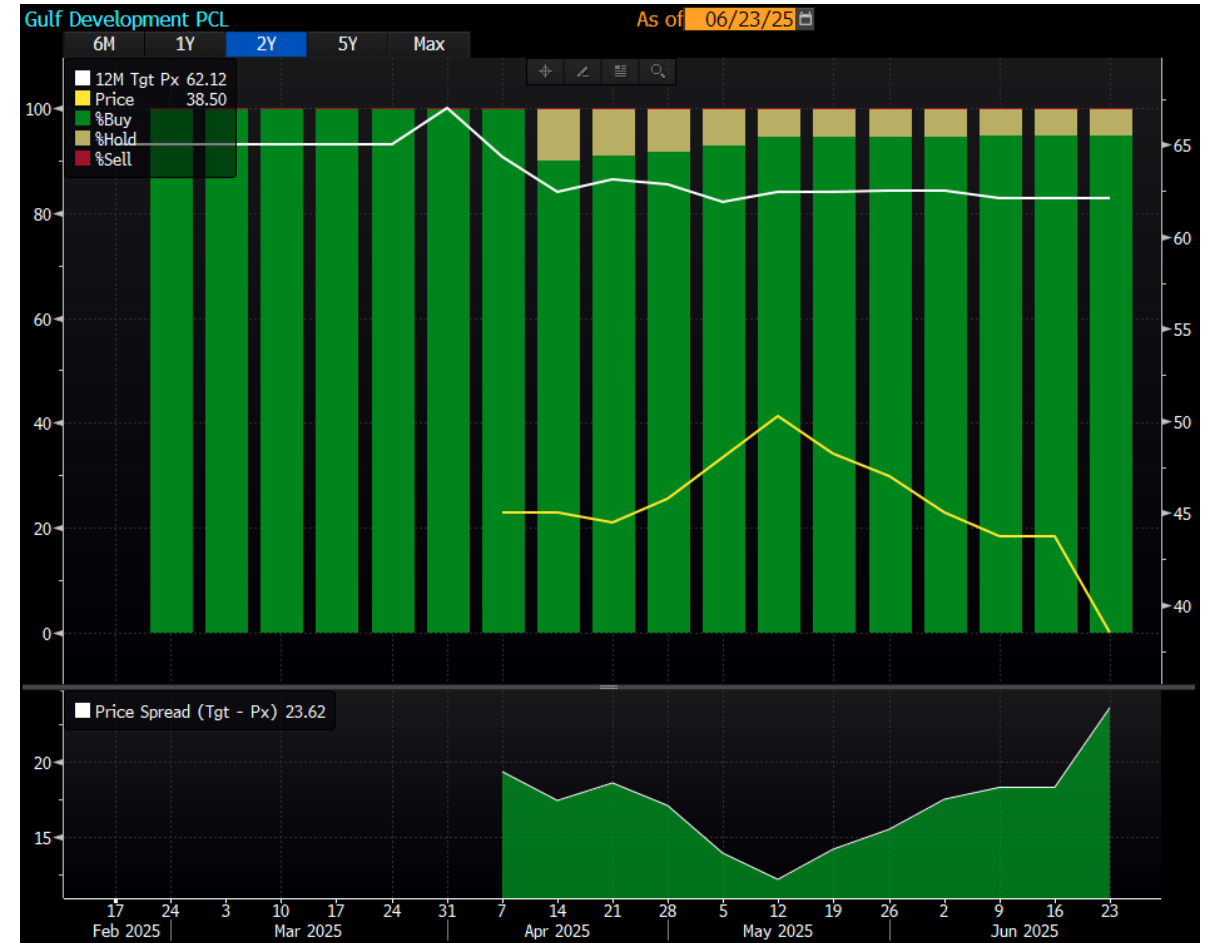
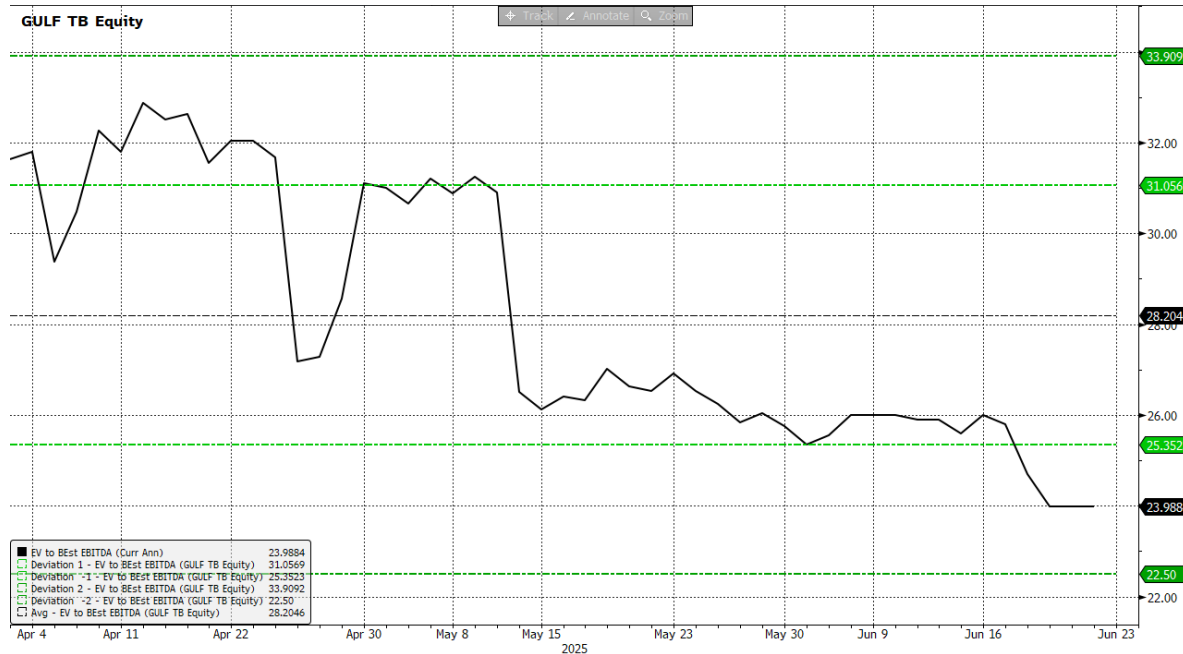
Note: Data as of 23 June 2025

Source: Bloomberg

Top picks for 3Q25 - CPALL



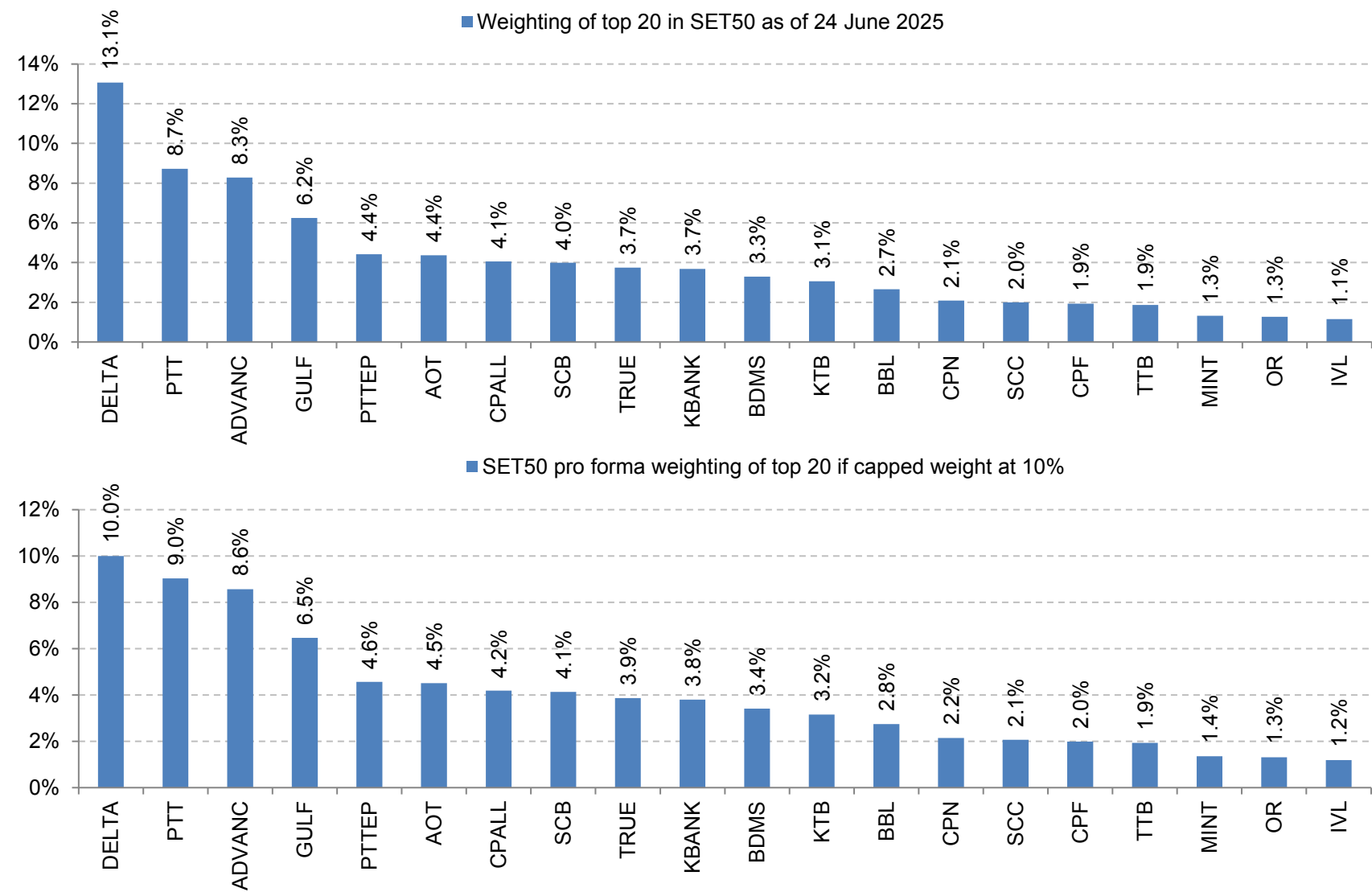
Top picks for 3Q25 - GULF



Note: Data as of 23 June 2025

Source: Bloomberg

SET50 pro-forma weighting predictions for 2H25

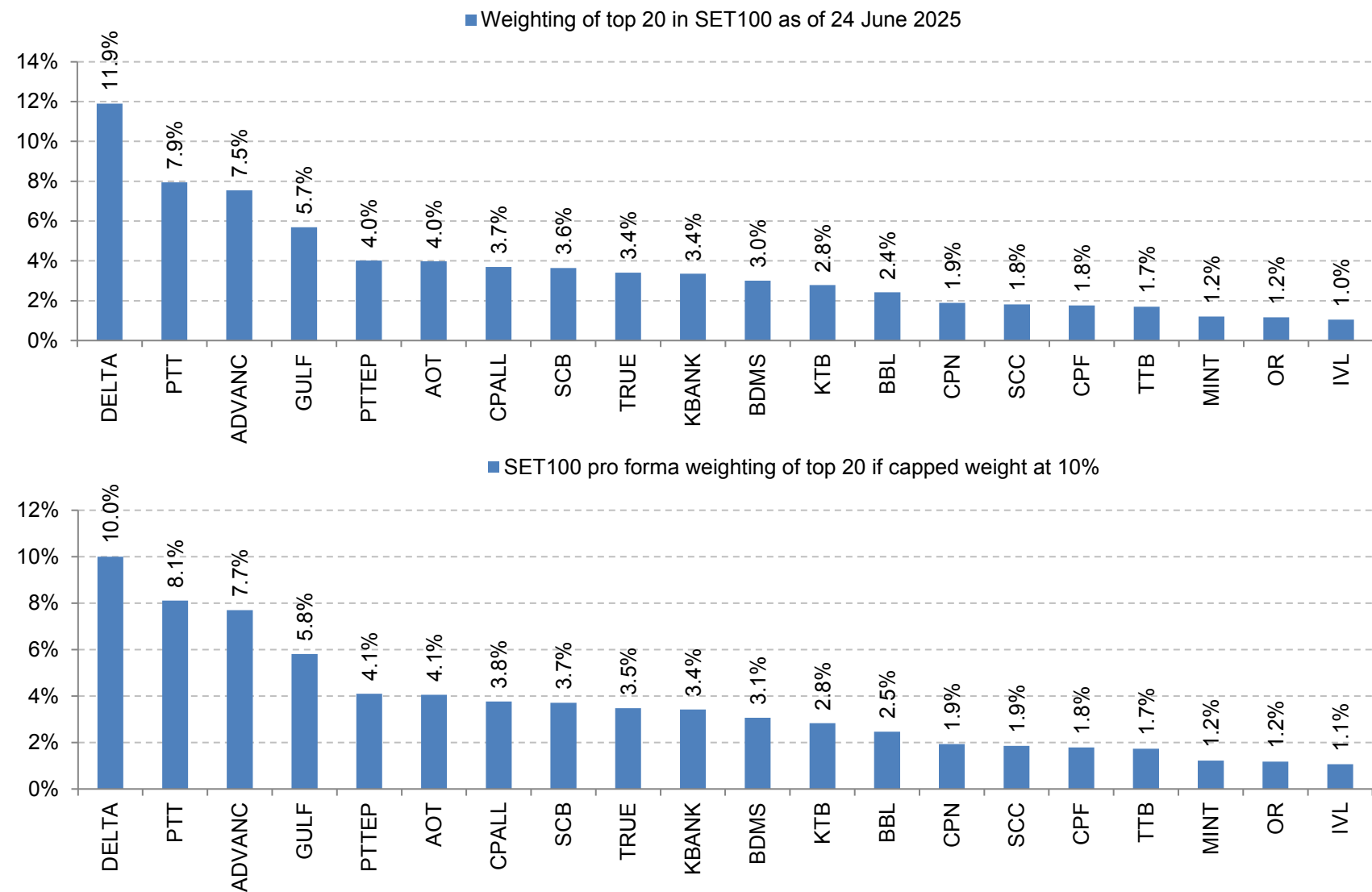


Note: Data as of 24 June 2025

Source: Trinity Research



SET100 pro-forma weighting predictions for 2H25



Note: Data as of 24 June 2025

Source: Trinity Research



Trading with caution - Securities pledged in margin accounts

ชื่อหลักทรัพย์	จำนวนหลักทรัพย์ที่วางเป็นประกันในบัญชีมาร์จินของลูกค้า (หุ้น)	% จำนวนหลักทรัพย์ที่วางเป็นประกันต่อ จำนวนหลักทรัพย์ที่จำหน่ายได้แล้วทั้งหมดของบริษัทที่ออกหลักทรัพย์นั้น	% การถือหุ้นของผู้ถือหุ้นรายย่อย (% Free float)
A5	433,836,922	35.87	23.36
SAAM	109,849,500	34.65	39.51
TFG	1,483,261,917	25.53	20.28
SFLEX-W2	25,939,724	25.31	
TFG-W4	146,982,257	25.29	
SAMART	223,746,851	22.23	47.36
SFLEX	171,544,600	20.92	60.5
APCS	137,507,397	20.83	47.65
TAKUNI	162,605,900	20.33	74.74
ACE	2,066,388,063	20.31	23.66
SPALI	386,964,392	19.81	59.27
LPN	270,526,860	18.60	78.09
EP	171,058,456	18.34	31.47
NNCL	352,565,401	17.21	29.02
LDC	101,376,700	16.90	49.33
DITTO	117,118,866	16.88	47.82
III	135,039,762	16.72	54.1
TPCH	65,773,103	16.39	55.33
KTC	420,204,381	16.30	32.77
BEC	320,465,634	16.02	31.06

ชื่อหลักทรัพย์	จำนวนหลักทรัพย์ที่วางเป็นประกันในบัญชีมาร์จินของลูกค้า (หุ้น)	% จำนวนหลักทรัพย์ที่วางเป็นประกันต่อ จำนวนหลักทรัพย์ที่จำหน่ายได้แล้วทั้งหมดของบริษัทที่ออกหลักทรัพย์นั้น	% การถือหุ้นของผู้ถือหุ้นรายย่อย (% Free float)
SA	188,182,021	15.70	17.24
SKY	110,724,853	15.44	63.59
MVP	51,989,601	15.42	64.58
AQUA	880,394,350	15.41	62.28
STPI	273,785,620	15.11	68.11
PDJ	88,952,564	15.00	48.4
SUSCO	147,407,824	14.74	64.26
IRCP	91,782,928	14.72	73.69
TAPAC	59,755,265	14.51	47.96
BM	93,983,613	14.34	24.06
AMATA	163,426,214	14.21	72.08
TVDH	245,697,681	14.02	71.18
MK	199,055,585	13.98	30.7
KCE	162,872,811	13.78	60.95
IMH	29,515,100	13.73	27.21
XPG	1,443,799,646	13.49	66.55
PCE	366,613,500	13.33	23.89
BR	119,245,301	13.05	53.97
SGP	231,557,701	12.60	13.48
DPAINT	28,651,400	12.46	52.56