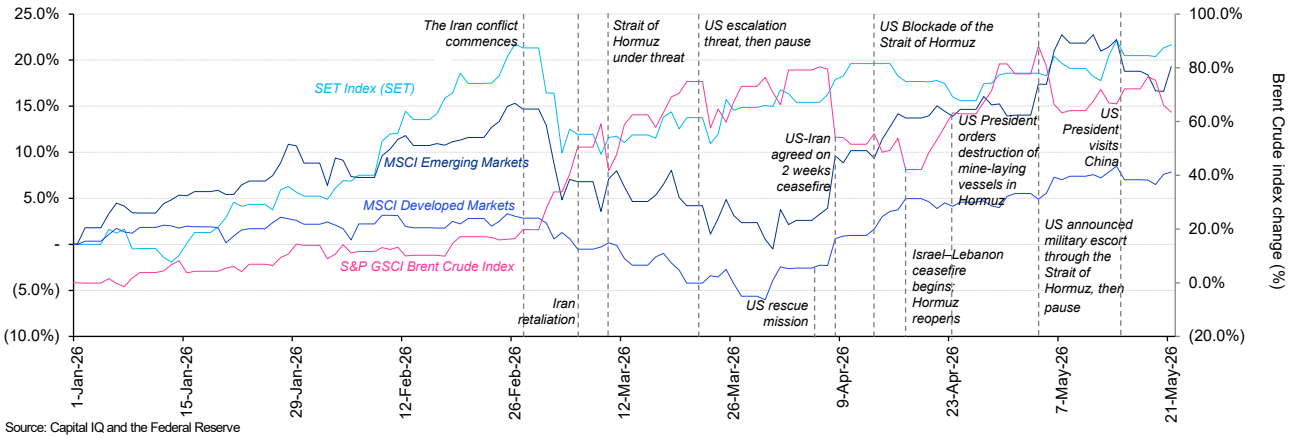
KPMG

Capital market and business valuation insights | May 2026

Special edition from Deal Advisory services, KPMG in Thailand

The Iran conflict: From geopolitical event to valuation risk

The Iran conflict has evolved from a geopolitical event into a source of material operational risk, with developments in the Persian Gulf affecting trade routes, energy markets, and business planning assumptions. Ceasefire pauses have created limited political space but have not translated into commercial normalization, with persistent security, insurance, policy and supply-chain frictions likely to shape short, medium and long-term operating performance, risk premia and valuations.

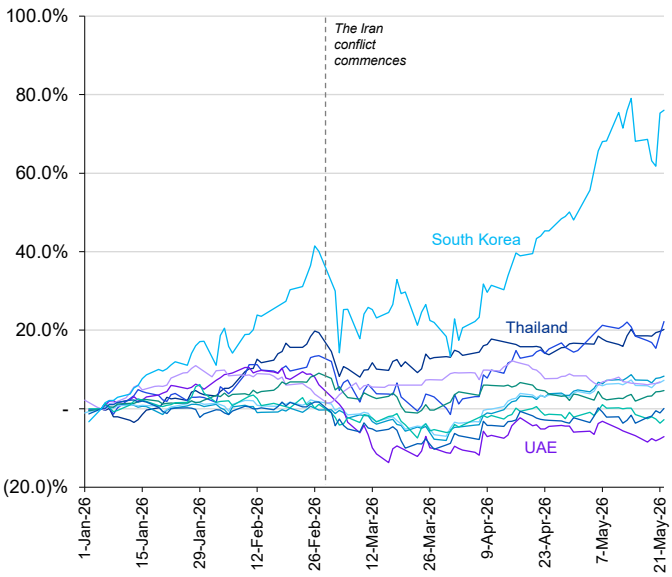


Source: Capital IQ and the Federal Reserve
Note: Indices rebased as at 1 January 2026

— **Current status**: There is no defined ceasefire or resolution timeline. Commercial shipping through the Persian Gulf and Strait of Hormuz remains restricted. Insurance premia, freight costs and security surcharges remain elevated across affected trade corridors, which in turn put downward pressure on equities across most regions.

Thai markets weathering the Iran conflict

Performance of leading regional equity indices

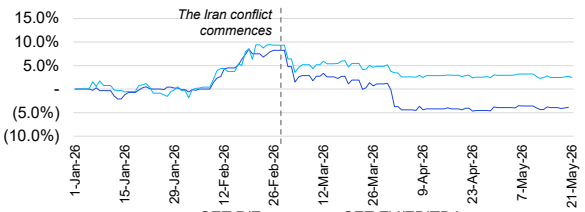


South Korea Kospi Composite Index (^KS11)
SET Index (^SET)
Nikkei 225 Index (^N225)
FTSE 100 Index (^UKX)
Dubai Financial Market DFM General Index (^DFMGI)
Tadawul All Share Index (^TASI)
MSCI World Index (^MXWO)
S&P 500 (^SPX)
Hang Seng Index (^HSI)
Germany DAX Index (Performance) (^DAX)

Source: Capital IQ
Note: Data obtained on 21 May 2026

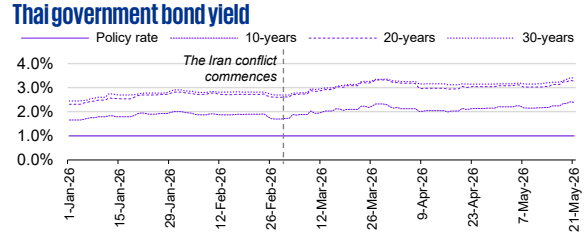
SET remained resilient with stable valuations and index performance driven mainly by tech and energy stocks and portfolio inflows.

Movement in valuation Metrics



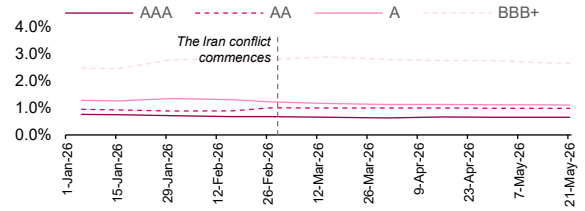
Source: SET, Capital IQ and KPMG Analysis.

Thai government bond yield



Source: Bloomberg and BOT

Thai corporate credit spread



Source: ThaiBMA, BOT

Since the conflict began, market valuation multiples have contracted while Thai government bond yields have increased. However, credit spreads across investment-grade bonds have remained broadly stable, aside from a modest widening in the BBB+ segment, indicating that the repricing is largely systemic rather than credit-specific.

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Thailand perspective

Regional context

Across Asia, the conflict is reinforcing vulnerabilities linked to heavy reliance on imported energy, global shipping chokepoints and extended supply chains, with higher oil prices, freight disruption and insurance costs continuing even under a ceasefire.

Thailand's exposure

For Thailand, these dynamics translate into sustained pressure on energy costs, inflation and trade balances. Elevated costs weigh on manufacturing, petrochemicals, transport and tourism, with businesses facing greater earnings uncertainty, volatile cash flows and elevated business and financial risk.

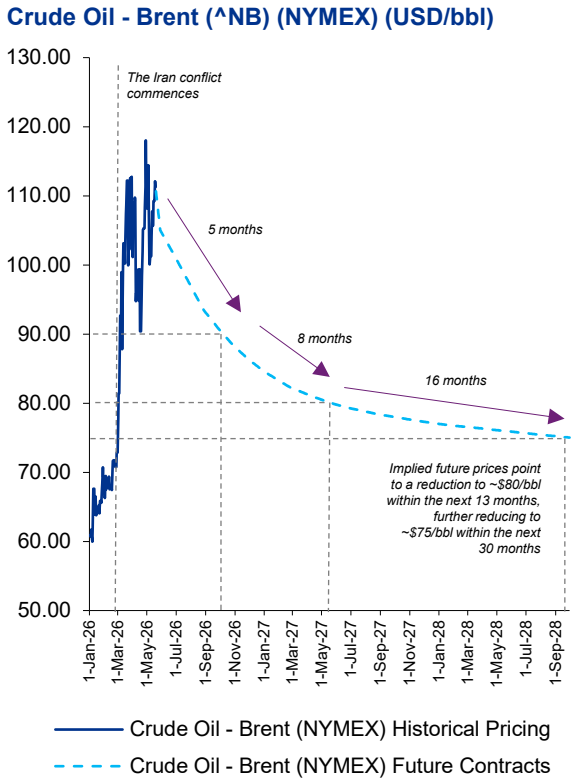
— Thailand enters this period of uncertainty with some structural supports in place: a smoothly formed government, strengthening electronics exports and temporary US tariff concessions. However, lingering risks from regional conflict, energy price volatility and tightening financial conditions warrant continued caution.

Valuation considerations

Cash flow projections	***Anchor models on forward curves rather than spot prices, with explicit base, upside and downside scenarios*** Elevated oil prices reflect a geopolitical risk premium rather than a new long-term equilibrium price. Valuation models should be anchored on forward curves with explicit base, upside and downside scenarios, incorporating disruption driven volume risk, normalization expectations, delivery delays and working capital volatility.
Discount rate assumptions	***Persistent instability supports higher risk premia and places upward pressure on WACC*** Volatile betas and tightening debt pricing conditions may persist despite near-term earnings growth, particularly for oil and gas businesses. Assets dependent on vulnerable trade routes or situated in impacted regions warrant additional risk assessment where risks are not already probability-weighted in cash flows.
Spill-over effects	***Shipping and insurance cost amplification may feed through risk-free rates, credit spreads and market multiples, heightening double counting risk within valuation inputs*** Supply-chain disruption and elevated shipping and insurance costs can amplify inflationary pressures, affecting risk-free rates, credit spreads and market multiples. Inventory revaluation and cash conversion volatility further heighten liquidity and valuation sensitivity across exposed sectors, which may also feed into market inputs.
Impairment and valuation sensitivity	***Rising discount rates and capex delays heighten impairment risk, while market inputs become headline-driven, both requiring careful consideration*** Higher discount rates, economic slowdown, capex slippage and weakened forward visibility materially elevate impairment risk for goodwill and long-duration assets, accelerating impairment triggers ahead of reporting date. Market multiples risk distortion where driven by near-term price signals rather than through-cycle fundamentals, increasing reliance on Level 3 inputs under TFRS.

Source: KPMG Analysis

Brent future prices



Source: Capital IQ
Note: Futures data obtained on 21 May 2026

Futures curve indicates an uncertainty-led upward reset of crude prices by 2028: Futures prices spiked above USD 110/bbl, with an implied reduction to USD 90/bbl within first 5 months, 80/bbl within the next 8 months and USD 75/bbl within 16 months thereafter.

Recovery assumptions appear directionally aligned to market estimates: Recovery assumptions implicit within future prices appear to reflect market base-case pricing under a sustained ceasefire. However, any further escalation would delay normalisation, with risk premia unwinding more gradually and extending price and earnings impacts beyond current expectations.

Source: EIU, World bank, EIA and KPMG analysis

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KPMG Deal Advisory

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- Investment/business portfolio review
- Exit option
- Investor identification
- Vendor due diligence
- Pricing support
- Deal structure
- Deal execution/negotiation/closing
- Separation

Buy-side advisory services

- Deal strategy
- Market entry study
- Option identification: target search/structure
- Deal evaluation: due diligence/valuation
- Deal execution/negotiation/closing
- Integration
- Purchase price allocation (PPA)

Turnaround & Restructuring

- Financial health check
- Business turnaround plan
- Financial restructuring
- Solvency strategy
- Working capital management
- Formal insolvency process
- Cash flows monitoring
- Operational restructuring
- Loan portfolio assistance

Fund raising advisory services

- Business plan review/assistance
- Capital structure assessment
- Financial strategy
- Financing assistance
- IPO preparation
- Deal execution/negotiation/ closing

Joint venture advisory services

- Opportunity evaluation
- JV/Alliance assessment
- JV/Alliance formation and structure
- Deal execution/negotiation/closing

Integration advisory services

- Integration services
- Day 1 and 100 days integration planning
- Integration blueprint
- PMO services

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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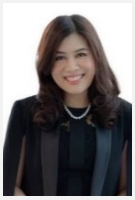
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