

BUY (Unchanged)

Change in Numbers

TP: Bt 3.00

Upside : 12.8%

(From: Bt 2.60)

25 SEPTEMBER 2024

Small Cap Research

Asia Aviation Pcl (AAV TB)

Flying with a tailwind

Thailand's strong tourist arrivals, sustained high airfares due to the industry supply shortage, and falling jet fuel prices cause us to raise our earnings for AAV and TP to Bt3. As one of the most efficient low-cost carriers in the region, we still see AAV's PE multiples of 11/13x in 2025-26F as attractive vs. its peers' average of 12-13x. BUY.



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Raising our TP to Bt3; still a BUY

The continued strong airline industry environment with Thailand's tourist arrival growth at 32% y-y in 8M24 to 91% of the 2019 level, sustained high airfares due to ongoing supply chain disruptions causing the number of new aircraft deliveries to be 11% lower than the number scheduled earlier for 2024, and the 17% y-y fall in the jet fuel price so far this quarter cause us to raise our normalized earnings estimates for AAV by 6/7/7% in 2024-26F. With the rollover of the base year in our model to 2025F, our DCF-derived 12-month TP rises to Bt3/share (from Bt2.6). We reaffirm our BUY call and foresee share price catalysts from **1)** its continued strong earnings in 2H24F, **2)** what we regard as an attractive valuation despite our expectation for its earnings to fall in 2025-26F, and **3)** a strengthening balance sheet with less worry about it facing credit risks.

Continued strong 2H24F outlook

The third quarter is Thailand's lowest tourism season, and AAV normally makes a loss. However, despite heavy floods in northern Thailand since August, AAV's swift capacity adjustment to match demand and less intense competition have allowed its load factor to remain high at almost 90% so far this quarter (vs. 90% in 3Q23 and 81% in 3Q19) and its average airfare to be nearly Bt1,900/trip (vs. Bt1,720 in 3Q23 and Bt1,457 in 3Q19). Therefore, we expect AAV to make a slight loss of Bt58m in 3Q24F (vs. a Bt802m loss in 3Q23). With Thailand's high tourism season and benefits from a fall in jet fuel prices, we project it to make a profit of Bt1.4bn in 4Q24F, up 241% y-y.

Valuation still attractive, in our view

Even though we project AAV's earnings to fall by 10/14% y-y in 2025-26F on our assumption of increasing competition as its rivals continue to ramp up capacity, causing a fall in its load factor from 89% in 2024F to 87/86% in 2025-26F and average airfare by 4/3% y-y, AAV's valuation is still attractive, in our view, at 11/13x PE multiples in 2025-26F, compared to its peers' 12-13x average.

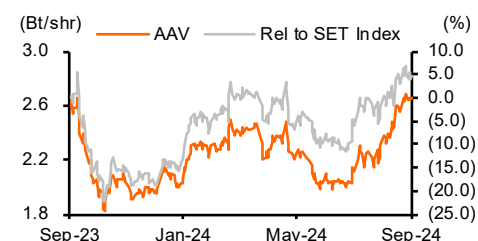
Strengthening financial status

After its Bt14bn capital call in 2021 and the significant improvement in its current performance, we are now less concerned about AAV's debt and debenture repayments of Bt1/1.5/3.3bn due in 2024-26F. We estimate its EBITDA at Bt9-10bn in 2024-26F vs. Bt244m in 2019 when there was industry oversupply, causing its equity of Bt8bn in 2Q24 to increase to Bt17bn at the end of 2026F and its net D/E ratio of 0.9x to turn to a net cash position. We also estimate its retained loss of Bt9bn in 2Q24 to turn to retained earnings of Bt345m in 2026F.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	41,241	50,876	52,478	54,328
Net profit	466	3,391	3,030	2,596
Consensus NP	—	1,606	2,668	3,504
Diff frm cons (%)	—	111.2	13.6	(25.9)
Norm profit	110	3,366	3,030	2,596
Prev. Norm profit	—	3,169	2,837	2,438
Chg frm prev (%)	—	6.2	6.8	6.5
Norm EPS (Bt)	0.01	0.26	0.24	0.20
Norm EPS grw (%)	na	2,970.2	(10.0)	(14.3)
Norm PE (x)	311.7	10.2	11.3	13.2
EV/EBITDA (x)	6.4	3.9	3.7	3.7
P/BV (x)	4.1	2.9	2.3	2.0
Div yield (%)	0.0	0.0	0.0	0.0
ROE (%)	1.3	33.3	22.8	16.1
Net D/E (%)	87.7	35.9	9.4	(4.6)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 25-Sep-24 (Bt)	2.66
Market Cap (US\$ m)	1,045.1
Listed Shares (m shares)	12,850.0
Free Float (%)	36.1
Avg Daily Turnover (US\$ m)	2.5
12M Price H/L (Bt)	2.68/1.82
Sector	Transportation
Major Shareholder	AirAsia Group 41%

Sources: Bloomberg, Company data, Thanachart estimates

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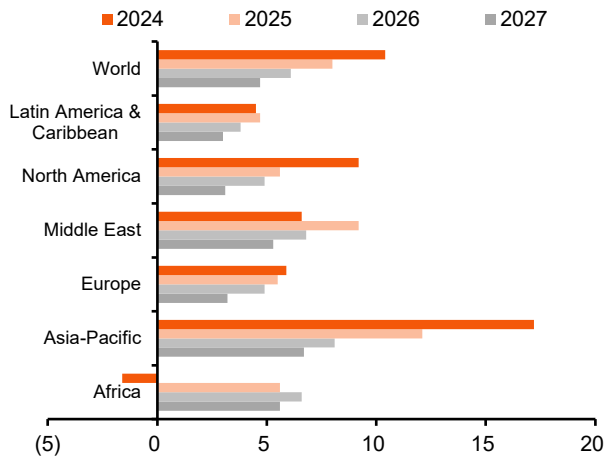


Raising our TP to Bt3

The airline industry outlook remains strong

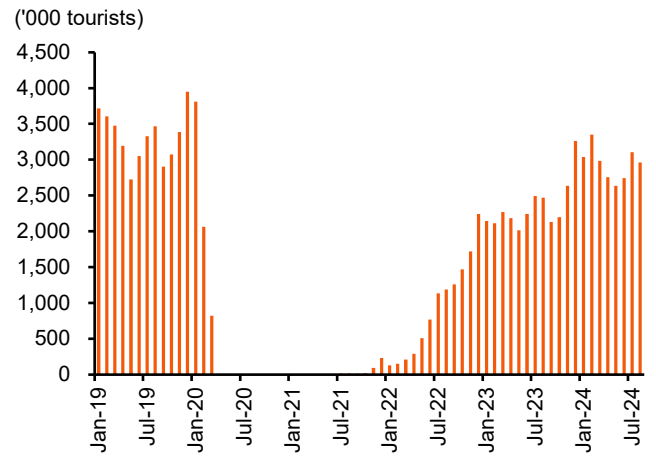
The airline industry in Thailand has continued to enjoy a favorable environment with the Asia-Pacific's strong tourism recovery, sustained high airfares due to the industry's capacity constraints from ongoing supply chain disruption, and a fall in jet fuel prices.

Ex 1: IATA's Passenger Growth Forecasts



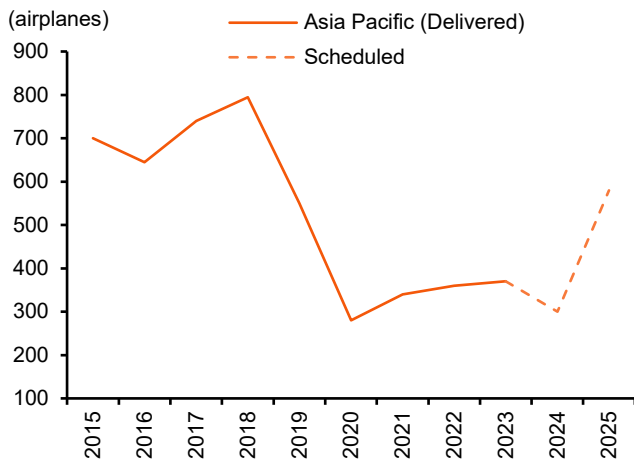
Sources: IATA

Ex 2: Thailand's Tourist Arrivals



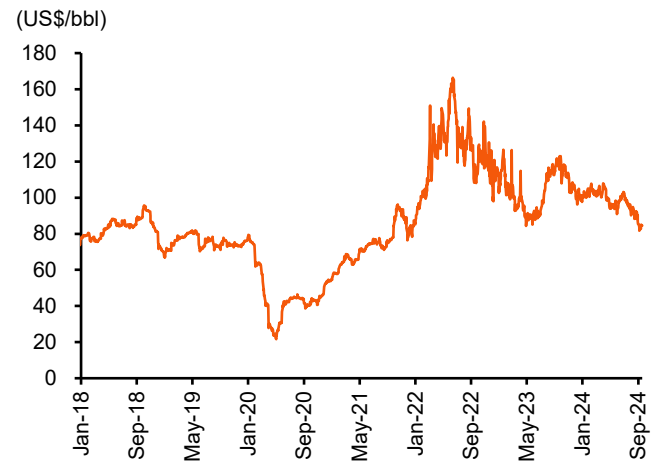
Source: Tourism Authority Of Thailand

Ex 3: Asia-Pacific's New Aircraft Deliveries



Sources: IATA

Ex 4: Jet Fuel Price



Source: Bloomberg

We raise our earnings estimates for AAV by 6-7% in 2024-26F

Therefore, we raise our earnings estimates for AAV by 6/7/7% in 2024-26F based on the changes in our assumptions as follows:

First, our gross margin assumptions look too conservative, so we have raised them by 0.3-0.4ppts to 15.7/15% in 2024-25F (vs. 16% in 1H24).

Second, our jet fuel price assumptions seem too aggressive, so we have cut them by 8-12% to US\$90/87/87/bbl in 2024-26F (vs. US\$98/bbl so far this year and US\$85/bbl at present).

Our TP is increased to Bt3

With the rollover of the base year in our model to 2025F, our DCF-derived 12-month TP increases to Bt3/share (from Bt2.6 previously).

Ex 5: Key Assumption Changes

	2021	2022	2023	2024F	2025F	2026F
Gross margin (%)						
- New	(193.2)	(34.1)	10.7	15.7	15.0	13.9
- Old				15.4	14.6	14.0
- Change (ppt)				0.3	0.4	(0.1)
Jet fuel price (US\$/bbl)						
- New	74	124	104	90	87	87
- Old				102	99	95
- Change (%)				(11.8)	(12.1)	(8.4)
Normalized profit (Bt m)						
- New	(4,785)	(5,193)	110	3,366	3,030	2,596
- Old				3,169	2,837	2,438
- Change (%)				6.2	6.8	6.5

Sources: Company data, Thanachart estimates

Reiterating our BUY call

We reaffirm our BUY call...

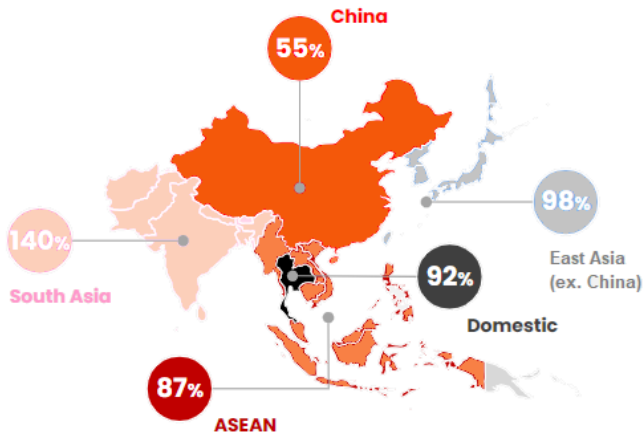
We reaffirm our BUY call on AAV because:

...as AAV is one of the most efficient low-cost airlines in the region...

First, it is one of the most efficient low-cost airlines in the region, which operates in Thailand, one of the world's top tourist destinations, with the highest domestic market share of 39% as of June 2024 and a rapid capacity adjustment strategy in response to changing demand patterns to achieve optimal aircraft utilization. Despite the slow recovery of Chinese tourist arrivals because of the sluggish economy there and increased competition from domestic travel, AAV is now focusing on opening new routes to India and elsewhere in Southeast Asia to balance its portfolio.

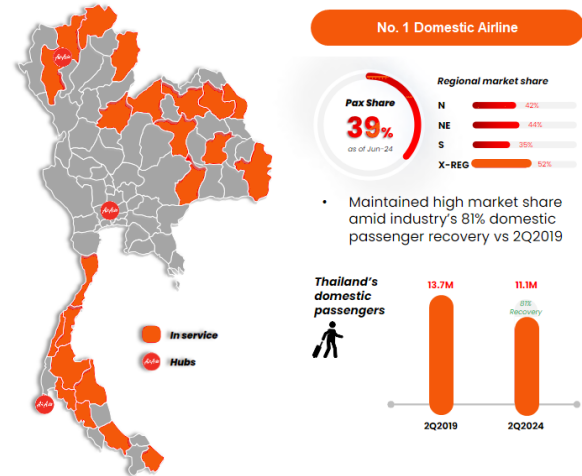
Ex 6: AAV's Flights As % Of The 2019 Level

(vs 2019)



Source: Company data

Ex 7: AAV's Domestic Market



Source: Company data

Ex 8: AAV's International Market

Top destinations in focus

CHINA
19% of inter pax

80 weekly flights¹

Drivers: Bilateral free-visa with **Thai passenger proportion surging to over 20%** since Mar-24, up from 5-10% pre-pandemic

Plan: **Cautiously expand capacity** with profit-focused

INDIA
9% of inter pax

48 weekly flights¹

Drivers: **Strong trend of Indians visiting Thailand**, surpassing pre-COVID levels by 6%
More **potential seat unlock** in the next season

Plan: **Capture opportunity from potential seat quota unlock** (HKT-CCU 7x / HKT-MAA 3x / DMK-HYD 4x)

TW-JP 5th FREEDOM

(new routes)

11 weekly flights¹

Drivers: Existing high air travel demand between **Taiwan & Japan** with potential higher international fares with shorter distance

Plan: August and September: Taipei-Okinawa and Kaohsiung-Narita → already see 78-89% booking

VIETNAM

16% of inter pax

67 weekly flights¹

Drivers: **Vietnam reigns as a top destination for Thai travellers**
Thai AirAsia has #1 market share at 28% between Vietnam-Thailand

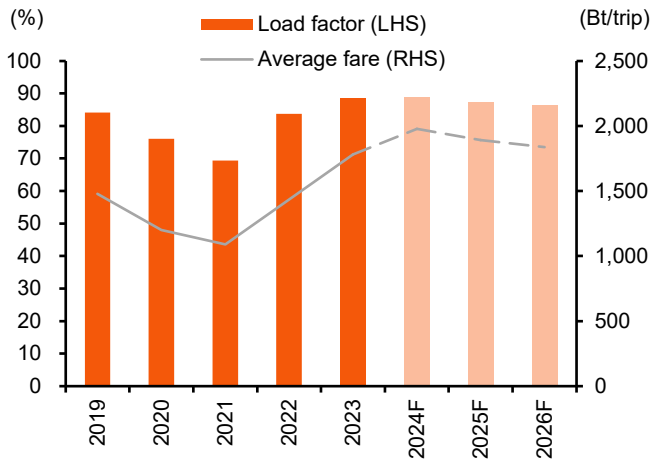
Plan: **Maintain competitive pricing** with potential new routes and **introduce the inaugural flight to Phu Quoc**

Source: Company data

...record-high earnings this year...

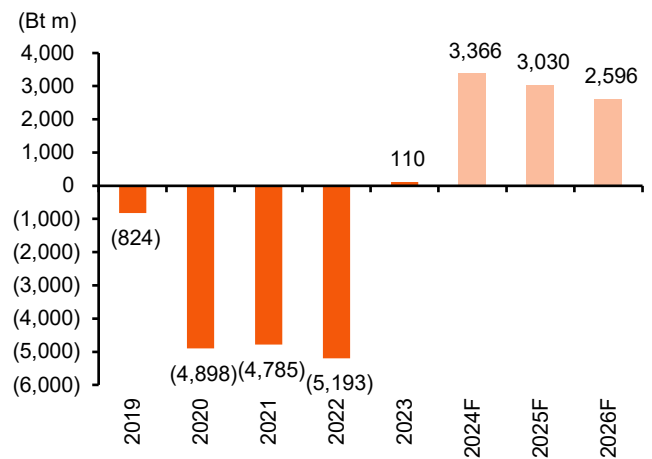
Second, driven by Thailand’s strong tourism recovery, sustained high airfares, and falling jet fuel prices, we expect its earnings to reach a record high this year with growth of 2,970% y-y. Even though we assume increasing competition after AAV’s rivals continue to ramp up their capacity to depress its earnings in 2025-26F, we consider its normalized earnings base of Bt3.4/3/2.6bn in 2024-26F to be very high.

Ex 9: AAV’s Load Factor And Average Airfare



Sources: Company data, Thanachart estimates

Ex 10: AAV’s Normalized Earnings



Sources: Company data, Thanachart estimates

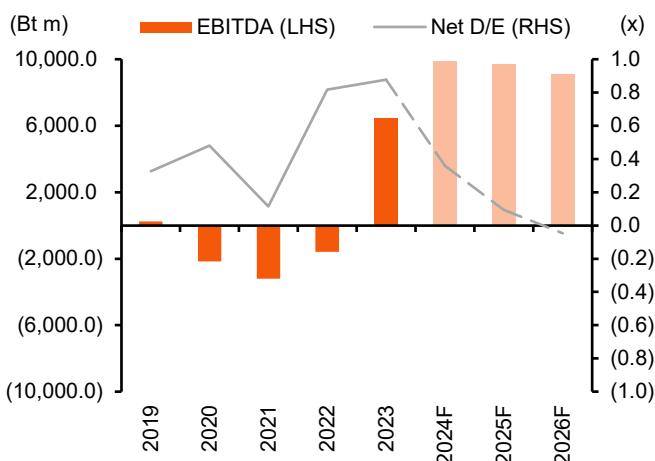
...attractive valuation despite earnings fall, and...

Third, despite a fall in earnings in 2025-26F, AAV’s valuation is still attractive, in our view, trading at 11/13x PE multiples in 2025-26F, compared to its peers’ average of 12-13x.

...strengthening balance sheet

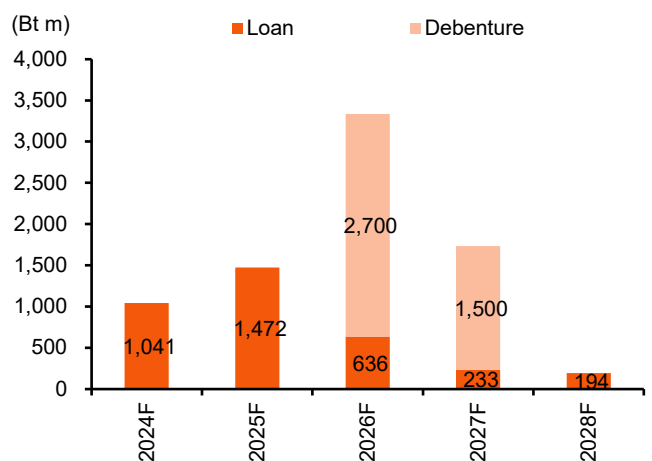
Finally, we are less concerned about AAV facing any financial difficulties for its Bt1bn of debt and debenture repayments due this year and Bt1.5/3.3bn due in 2025-26. With its improving business performance, we estimate its EBITDA of Bt9.9/9.7/9.1bn in 2024-26F to increase its equity from Bt8bn in 2Q24 to Bt17bn in 2026F and lower its net D/E ratio from 0.9x in 2Q24 to a net cash position in 2026F. We also estimate its retained loss of Bt9bn in 2Q24 to turn to retained earnings of Bt345m in 2026F.

Ex 11: AAV’s EBITDA And Net D/E Ratio



Sources: Company data, Thanachart estimates

Ex 12: AAV’s Debt Repayment Schedule



Source: Company data

Ex 13: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal Value
EBITDA	6,620	6,171	6,322	6,158	6,204	6,149	6,169	6,178	6,179	6,169	—
Free cash flow	4,592	3,953	3,837	3,715	3,768	3,716	3,737	3,748	3,747	3,736	43,358
PV of free cash flow	4,580	3,250	2,860	2,510	2,308	2,064	1,824	1,651	1,490	1,341	15,558
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	1.0										
WACC (%)	10.3										
Terminal growth (%)	2.0										
Enterprise value - add investments	39,434										
Net debt (2024F)	1,396										
Minority interest	—										
Equity value	38,038										
# of shares (m)*	12,850										
Target price/share (Bt)	3.00										

Source: Thanachart estimates

Valuation Comparison**Ex 14: Valuation Comparison With Regional Peers**

Company	Code	Country	EPS Growth		PE		P/BV		EV/EBITDA		Div. Yield	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
Air Arabia PJSC	AIRARABI UH	UAE	(14.5)	0.0	9.6	9.6	1.6	1.5	4.9	4.5	7.0	7.3
EasyJet PLC	EZJ LN	UK	43.4	11.4	8.3	7.5	1.2	1.1	2.8	2.6	2.4	3.0
Singapore Airlines	SIA SP	Singapore	(23.2)	(30.3)	9.5	13.6	1.3	1.3	5.2	5.7	4.9	3.8
Eva Airways Corp	2618 TT	Taiwan	12.0	(23.5)	8.4	11.0	1.6	1.6	2.9	3.2	5.5	4.4
China Southern (China)	600029 CH	China	na	278.4	60.4	16.1	2.5	2.2	8.8	7.9	0.1	0.5
Air China (China)	601111 CH	China	na	468.0	118.9	21.0	2.7	2.3	9.6	8.1	0.1	0.3
Asia Aviation	AAV TB*	Thailand	2,970.2	(10.0)	10.2	11.3	2.9	2.3	3.9	3.7	0.0	0.0
Average			597.6	99.1	32.2	12.9	2.0	1.8	5.4	5.1	2.9	2.8

Source: Bloomberg

Note: * Thanachart estimates using Normalized EPS

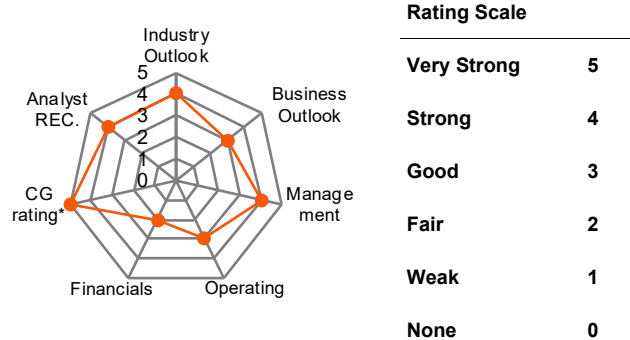
Based on 25 September 2024 closing prices

COMPANY DESCRIPTION

Asia Aviation Pcl (AAV) owns a 100% stake in Thai AirAsia (TAA), the leading low-cost carrier based in Thailand. It currently operates 57 airplanes from four hubs in Thailand: Suvarnabhumi, Don Mueang, Phuket and Chiang Mai airports. Its service areas are in Asia with less-than-four-hour flights from its hubs.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG rating

THANACHART'S SWOT ANALYSIS

S — Strength

- It is one of the lowest-cost carriers in Asia.
- Its revenue generating model is built on an expanding network and the sale of ancillary items.
- Being a member of the AirAsia group allows it to benefit from bargaining power, cross-selling opportunities and scale.

O — Opportunity

- Asia is one of the fastest-growing low-cost airline markets.
- Thailand is one of the top destinations for tourists.
- Its service areas cover some parts of China and India, the No.1 and No.2 countries by population.

W — Weakness

- Most aircraft are leased, causing high operating expenses.
- Service areas are limited with a maximum four-hour flight.
- Its financial status is weak due to the prolonged COVID-19 crisis.

T — Threat

- Highly volatile jet fuel prices pose a major risk.
- Competition in the aviation industry is fierce while demand for travel is also dependent on the global economic situation.
- Other transportation options such as high-speed trains are being developed.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	3.14	3.00	-4%
Net profit 24F (Bt m)	1,606	3,391	111%
Net profit 25F (Bt m)	2,668	3,030	14%
Consensus REC	BUY: 12	HOLD: 1	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings in 2024F are 111% higher than the Bloomberg consensus number, which we attribute to us assuming a significant forex gain in 2H24F due to the strengthening baht.
- Our DCF-based TP is 4% lower than the Street's, likely due to our lower earnings forecasts over the long term.

Sources: Bloomberg consensus, Thanachart forecasts

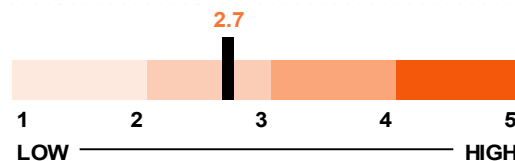
RISKS TO OUR INVESTMENT CASE

- The slower-than-expected tourism recovery represents a downside risk to our earnings forecasts.
- Fuel expenses are one of Thai AirAsia's major costs. Higher-than-expected jet fuel prices would pose a downside risk to our earnings forecasts.
- Lower-than-expected airfares due to more intense competition would be another downside risk to our earnings forecasts.

Source: Thanachart

AAV owns a 100% stake in Thai AirAsia (TAA), the leading Thai low-cost carrier focusing on providing high-frequency services on short-haul international and domestic routes. Its operation releases greenhouse gases. However, our ESG score of 2.74 is moderate to reflect its attempts and measures to mitigate the effects on the environment.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
AAV	-	-	-	-	57.05	38.09	-	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> Thai AirAsia has developed strategies to decarbonize and aims to achieve net zero by 2050 by upgrading its fleet to the latest generation Airbus A321neo aircraft and meeting all CORSIA requirements of the International Civil Aviation Organization (ICAO). By continuing its green operating procedure and improving flight schedule management, Thai AirAsia reduced its carbon intensity ratio to 5gCo2/RPK per year in 2023 (vs. its target of reducing 3gCo2/RPK per year). It also initiated discussions with domestic fuel partners on their production plans for Sustainable Aviation Fuels (SAF) while keeping abreast of developments in CORSIA certification for carbon projects in Thailand. It achieved the target for its Don Mueang station to recycle 100% of non-hazardous waste in 2023. It was also able to achieve the target of consuming 57.5 liters of water per flight (vs. its target of no more than 60 liters) in 2023.
<p>SOCIAL</p> <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> Thai AirAsia's health and safety policy is in accordance with national and global regulations and international standards. Its Safety Management System is in compliance with requirements set by the International Civil Aviation Organization (ICAO) and aligns with the State Safety Policy (SSP). It is ISO 9001:2005 Quality Management Systems certified. In 2023, there were no work-related fatalities among Thai AirAsia employees or contractors and no Thai AirAsia employees or contractors experienced work-related diseases. It had an on-time performance rate of 83% in 2023 (vs. its target of 90%). Its employee satisfaction measured by the Net Promoter Score was 32 (vs. its target of 50), while it achieved its customer service target with a Net Promoter Score of 59% (vs. its target of 50%).
<p>GOVERNANCE & SUSTAINABILITY</p> <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> AAV has a 12-member board of directors (BOD), four of whom are independent directors and one woman. Skytrax awarded Thai AirAsia the World's Best Low-Cost Airline award. It has also been listed as one of the companies in the Thailand Sustainability Investment (THIS) list. AAV's audit committee consists of three independent directors to review financial statements, its internal control system, risk management, and compliance with the law and government regulations. It has appointed EY Office Limited as the independent auditor for the company.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	17,553	41,241	50,876	52,478	54,328
Cost of sales	23,533	36,812	42,895	44,629	46,802
Gross profit	(5,980)	4,430	7,981	7,849	7,526
% gross margin	-34.1%	10.7%	15.7%	15.0%	13.9%
Selling & administration expenses	1,711	2,967	2,696	2,781	2,879
Operating profit	(7,691)	1,463	5,285	5,068	4,646
% operating margin	-43.8%	3.5%	10.4%	9.7%	8.6%
Depreciation & amortization	6,114	4,992	4,613	4,622	4,466
EBITDA	(1,577)	6,456	9,898	9,689	9,112
% EBITDA margin	-9.0%	15.7%	19.5%	18.5%	16.8%
Non-operating income	344	998	832	845	845
Non-operating expenses	0	0	0	0	0
Interest expense	(2,219)	(2,291)	(2,574)	(2,546)	(2,437)
Pre-tax profit	(9,567)	170	3,544	3,367	3,054
Income tax	(4,190)	61	177	337	458
After-tax profit	(5,377)	110	3,366	3,030	2,596
% net margin	-30.6%	0.3%	6.6%	5.8%	4.8%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	184	0	0	0	0
Extraordinary items	(2,837)	356	25	0	0
NET PROFIT	(8,030)	466	3,391	3,030	2,596
Normalized profit	(5,193)	110	3,366	3,030	2,596
EPS (Bt)	(0.6)	0.0	0.3	0.2	0.2
Normalized EPS (Bt)	(0.4)	0.0	0.3	0.2	0.2

We forecast AAV's normalized earnings to jump this year...

...driven by a strong passenger recovery, sustained high airfares, and falling jet fuel prices

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	5,236	10,005	14,842	14,905	14,981
Cash & cash equivalent	798	1,285	3,000	3,000	3,000
Account receivables	854	1,199	1,254	1,294	1,340
Inventories	401	508	588	611	641
Others	3,184	7,013	10,000	10,000	10,000
Investments & loans	0	0	0	0	0
Net fixed assets	4,185	4,083	4,019	3,967	3,942
Other assets	55,264	53,706	53,858	52,788	50,847
Total assets	64,686	67,794	72,719	71,660	69,770
LIABILITIES:					
Current liabilities:	21,893	25,023	26,285	25,199	24,150
Account payables	1,464	1,893	1,058	1,100	1,154
Bank overdraft & ST loans	1,493	1,250	1,448	879	439
Current LT debt	1,828	2,485	869	528	263
Others current liabilities	17,109	19,394	22,911	22,691	22,294
Total LT debt	3,978	4,926	4,923	2,989	1,492
Others LT liabilities	30,860	29,433	29,708	28,638	26,697
Total liabilities	56,731	59,382	60,915	56,826	52,340
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	1,216	1,285	1,285	1,285	1,285
Share premium	14,668	15,800	15,800	15,800	15,800
Warrants	0	0	0	0	0
Surplus	1,200	0	0	0	0
Retained earnings	(9,130)	(8,672)	(5,281)	(2,251)	345
Shareholders' equity	7,954	8,412	11,804	14,834	17,430
Liabilities & equity	64,686	67,794	72,719	71,660	69,770

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	(9,567)	170	3,544	3,367	3,054
Tax paid	4,190	(61)	(177)	(337)	(458)
Depreciation & amortization	6,114	4,992	4,613	4,622	4,466
Chg In working capital	13	(23)	(970)	(20)	(22)
Chg In other CA & CL / minorities	8,002	374	529	(219)	(397)
Cash flow from operations	8,751	5,453	7,539	7,412	6,642
Capex	(1,594)	(1,541)	(1,500)	(1,500)	(1,500)
Right of use	(169)	(2,231)	(3,000)	(2,000)	(1,000)
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(3,868)	(3,222)	(126)	(1,070)	(1,941)
Cash flow from investments	(5,631)	(6,993)	(4,626)	(4,570)	(4,441)
Debt financing	(3,465)	2,035	(1,197)	(2,843)	(2,202)
Capital increase	4,000	1,200	0	0	0
Dividends paid	0	0	0	0	0
Warrants & other surplus	(8,217)	(1,208)	0	0	0
Cash flow from financing	(7,682)	2,027	(1,197)	(2,843)	(2,202)
Free cash flow	7,157	3,912	6,039	5,912	5,142

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	na	311.7	10.2	11.3	13.2
Normalized PE - at target price (x)	na	351.6	11.5	12.7	14.9
PE (x)	na	73.4	10.1	11.3	13.2
PE - at target price (x)	na	82.8	11.4	12.7	14.9
EV/EBITDA (x)	na	6.4	3.9	3.7	3.7
EV/EBITDA - at target price (x)	na	7.1	4.3	4.1	4.1
P/BV (x)	4.3	4.1	2.9	2.3	2.0
P/BV - at target price (x)	4.8	4.6	3.3	2.6	2.2
P/CFO (x)	3.9	6.3	4.5	4.6	5.1
Price/sales (x)	1.9	0.8	0.7	0.7	0.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF Yield (%)	21.1	11.4	17.7	17.3	15.0
(Bt)					
Normalized EPS	(0.4)	0.0	0.3	0.2	0.2
EPS	(0.6)	0.0	0.3	0.2	0.2
DPS	0.0	0.0	0.0	0.0	0.0
BV/share	0.6	0.7	0.9	1.2	1.4
CFO/share	0.7	0.4	0.6	0.6	0.5
FCF/share	0.6	0.3	0.5	0.5	0.4

Sources: Company data, Thanachart estimates

Valuation still looks attractive to us at PEs of 11/13x in 2025-26F vs. its peers' 12-13x

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	358.5	135.0	23.4	3.1	3.5
Net profit (%)	na	na	628.1	(10.6)	(14.3)
EPS (%)	na	na	628.1	(10.6)	(14.3)
Normalized profit (%)	na	na	2,970.2	(10.0)	(14.3)
Normalized EPS (%)	na	na	2,970.2	(10.0)	(14.3)
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Operating performance					
Gross margin (%)	(34.1)	10.7	15.7	15.0	13.9
Operating margin (%)	(43.8)	3.5	10.4	9.7	8.6
EBITDA margin (%)	(9.0)	15.7	19.5	18.5	16.8
Net margin (%)	(30.6)	0.3	6.6	5.8	4.8
D/E (incl. minor) (x)	0.9	1.0	0.6	0.3	0.1
Net D/E (incl. minor) (x)	0.8	0.9	0.4	0.1	(0.0)
Interest coverage - EBIT (x)	na	0.6	2.1	2.0	1.9
Interest coverage - EBITDA (x)	na	2.8	3.8	3.8	3.7
ROA - using norm profit (%)	na	0.2	4.8	4.2	3.7
ROE - using norm profit (%)	na	1.3	33.3	22.8	16.1
DuPont					
ROE - using after tax profit (%)	na	1.3	33.3	22.8	16.1
- asset turnover (x)	0.3	0.6	0.7	0.7	0.8
- operating margin (%)	na	6.0	12.0	11.3	10.1
- leverage (x)	4.8	8.1	7.0	5.4	4.4
- interest burden (%)	130.2	6.9	57.9	56.9	55.6
- tax burden (%)	na	64.3	95.0	90.0	85.0
WACC (%)	9.8	9.8	9.8	10.3	10.3
ROIC (%)	(34.2)	6.5	31.8	28.4	24.3
NOPAT (Bt m)	(7,691)	941	5,021	4,561	3,949
invested capital (Bt m)	14,455	15,789	16,043	16,231	16,625

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Euroasia Total Logistics Pcl (ETL TB).

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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