

Bangkok Airways Pcl (BA TB) - BUY, Price Bt24.30, TP Bt27.00**Results Comment**

Saksid Phadthanarak | Email: saksid.pha@thanachartsec.co.th

Strong 3Q24 results in line

- BA reported a normalized earnings of Bt909m in 3Q24, up 19% y-y and 33% q-q. The earnings were in line with what we had expected. Continued strong passenger recovery with rational competition due to limited supply were earnings drivers for both BA's airline and airport-related businesses in this quarter. Including a Bt237m FX loss, it reported a net profit of Bt671m, down 65% y-y.
- 4Q is BA's low season. Without dividend income from BDMS, we expect BA's earnings to break even in 4Q24F.
- Even though we forecast its earnings to fall next year due to more intense competition after its competitors ramp up their capacity, we reiterate our BUY call on BA given 1) its strategy of focusing on its monopolistic Samui routes where it can demand premium pricing and 2) its business diversification into the airport and airport-related businesses which are more stable and less competitive than the airline business.
- BA's total revenue increased by 19% y-y in 3Q24. Its passenger revenue rose by 19% y-y in 3Q24 driven by higher passenger number by 8% y-y and airfare by 11% y-y. Its airport-related revenue also grew 19% y-y following Thailand's strong tourism recovery.
- As its operating costs increased by only 15% y-y in 3Q24 mainly from fuel, aircraft maintenance, salary, and passenger service expenses, its gross margin rose to 27% in 3Q24 vs. 24% in 3Q23.
- Its SG&A expenses also rose by 17% y-y in 3Q24 mainly due to higher booking and reservation expenses.
- Its equity income grew by 21% y-y in 3Q24 mainly from its 49%-owned WFS-PG Cargo's earnings growth.

Income Statement (consolidated)						Income Statement 9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	4,978	5,072	7,241	5,172	5,936	Revenue	15	19	77	23,912	23,870
Gross profit	1,205	530	2,795	1,211	1,613	Gross profit	33	34	82	6,851	6,168
SG&A	677	981	912	827	795	SG&A	(4)	17	68	3,706	3,700
Operating profit	528	(451)	1,884	383	818	Operating profit	113	55	98	3,145	2,468
EBITDA	964	(43)	2,275	756	1,201	EBITDA	59	25	88	4,822	4,204
Other income	672	417	559	722	628	Other income	(13)	(7)	80	2,390	2,471
Other expense	4	27	1	1	0	Other expense	(28)	(90)	na	0	0
Interest expense	543	536	537	518	520	Interest expense	0	(4)	73	2,151	2,025
Profit before tax	653	(597)	1,905	586	925	Profit before tax	58	42	101	3,384	2,914
Income tax	45	448	263	161	205	Income tax	27	357	93	677	583
Equity & invest. income	157	162	159	256	190	Equity & invest. income	(26)	21	80	761	789
Minority interests	1	2	(6)	0	(2)	Minority interests	na	na	na	2	2
Extraordinary items	1,145	(14)	79	30	(237)	Extraordinary items	na	na	na	0	0
Net profit	1,911	(894)	1,873	712	671	Net profit	(6)	(65)	94	3,470	3,122
Normalized profit	766	(880)	1,794	682	909	Normalized profit	33	19	98	3,470	3,122
EPS (Bt)	0.91	(0.43)	0.89	0.34	0.32	EPS (Bt)	(6)	(65)	94	1.65	1.49
Normalized EPS (Bt)	0.36	(0.42)	0.85	0.32	0.43	Normalized EPS (Bt)	33	19	98	1.65	1.49

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	11,644	12,978	11,713	11,282	7,707	Sales grow th	44.1	20.2	37.3	18.7	19.2
A/C receivable	1,889	1,472	1,559	1,236	1,154	Operating profit grow th	na	na	134.0	108.0	55.1
Inventory	478	489	483	488	483	EBITDA grow th	394.4	na	75.2	21.4	24.6
Other current assets	1,266	1,135	3,551	3,647	5,885	Norm profit grow th	na	na	115.8	1.4	18.7
Investment	29,121	28,101	28,331	26,862	30,133	Norm EPS grow th	na	na	115.8	1.4	18.7
Fixed assets	6,983	7,091	7,018	7,537	7,532	Gross margin	24.2	10.5	38.6	23.4	27.2
Other assets	6,782	6,615	6,615	6,542	6,546	Operating margin	10.6	(8.9)	26.0	7.4	13.8
Total assets	58,162	57,881	59,269	57,595	59,440	EBITDA margin	19.4	(0.9)	31.4	14.6	20.2
S-T debt	1,284	2,939	1,677	1,998	2,086	Norm net margin	15.4	(17.3)	24.8	13.2	15.3
A/C payable	1,393	1,958	1,866	1,832	1,735	D/E (x)	1.5	1.6	1.3	1.4	1.3
Other current liabilities	5,425	6,070	6,379	6,810	7,252	Net D/E (x)	0.8	0.8	0.7	0.8	0.9
L-T debt	25,057	23,342	23,351	22,949	22,588	Interest coverage (x)	1.8	(0.1)	4.2	1.5	2.3
Other liabilities	6,891	6,665	6,799	6,448	6,846	Interest rate	8.0	8.1	8.4	8.3	8.4
Minority interest	(73)	(76)	(74)	(76)	(75)	Effective tax rate	6.9	(75.0)	13.8	27.5	22.1
Shareholders' equity	18,184	16,984	19,271	17,634	19,008	ROA	5.2	(6.1)	12.3	4.7	6.2
Working capital	974	3	175	(108)	(97)	ROE	17.3	(20.0)	39.6	14.8	19.8
Total debt	26,341	26,281	25,028	24,947	24,674						
Net debt	14,698	13,303	13,314	13,665	16,967						

Sources: Company data, Thanachart estimates

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