

Bangkok Airways Pcl (BA TB) - BUY

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

Analyst Meeting**Supply shortage looks to continue next year**

- **BA's current forward booking is 12% higher than last year.**
 - **It forecasts airfares to sustain high next year as...**
 - **...supply chain disruptions have continued.**
 - **Samui Airport's capacity expansion is expected next year.**
- We joined BA's analyst meeting yesterday and the key takeaways are as the following.
- BA expects air travel demand to continue to grow next year and it saw its forward booking during Nov. 24 – Jun. 25 was 12% higher than its forward booking during Nov. 23 – Jun. 24.
- It also expects the airfares to sustain high next year (vs. our forecast of a 5% y-y fall) as supply chain disruptions have continued to limit airlines' capacity ramp-up. The prices of some aircraft spare parts have rose twice.
- It plans to lease 2 more airplanes for a short-term period starting from December 2024 and running throughout the winter season to meet rising international travel demand. It has also started to hedge its fuel costs. Currently, it hedged around 30% of its fuel consumption at US\$84-86/bbl.
- BA is waiting for the government's official approval for Samui Airport's capacity expansion from 50 flights/day to 73 flights/day. However, instead of an immediate increase, BA will gradually add its flights in and out of Samui to match with demand. It also plans to improve facilities, including commercial areas, at Samui Airport's terminals. The plan will take three years with the investment cost of Bt1.5bn. This will increase airport's capacity to 6m passengers (vs. 2.1m passengers in 9M24, up 21% y-y and 111% of the 9M19 level).
- Even though we forecast BA's earnings to fall next year due to our view on 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.

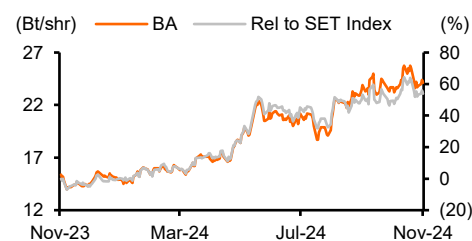
Key Valuations

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	19,681	23,912	23,870	23,812
Net profit	3,110	3,470	3,122	2,902
Norm net profit	1,390	3,470	3,122	2,902
Norm EPS (Bt)	0.7	1.7	1.5	1.4
Norm EPS gr (%)	na	149.7	(10.0)	(7.1)
Norm PE (x)	36.4	14.6	16.2	17.4
EV/EBITDA (x)	22.5	12.6	14.0	15.3
P/BV (x)	3.0	2.6	2.4	2.3
Div. yield (%)	2.1	3.4	3.1	2.9
ROE (%)	8.2	19.1	15.5	13.5
Net D/E (%)	78.7	51.4	39.9	29.9

Source: Thanachart estimates

Stock Data

Closing price (Bt)	24.10
Target price (Bt)	27.00
Market cap (US\$ m)	1,458
Avg daily turnover (US\$ m)	3.6
12M H/L price (Bt)	25.75/14.00

Price Performance

Source: Bloomberg

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued Derivative Warrants underlying securities before making investment decisions.

Note: Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.35% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Srisawad Corporation Public Company Limited (SAWAD) No. 4/2024 (B.E. 2567) tranche 1-3 which its maturity at 2027-29 (B.E. 2570-72), therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 7/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of Thanachart Securities

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).