

Asia Aviation Pcl (AAV TB) - BUY, Price Bt1.28, TP Bt2.30**Results Comment**

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Decent 1Q25 earnings in line

- AAV reported a normalized profit of Bt1.4bn in 1Q25, up 9% y-y and 1% q-q. Its earnings were in line with what we had expected. Its earnings growth was driven by higher gross margin due to a fall in jet fuel costs.
- 2Q is the low season for AAV. With a fall of the tourist arrivals and a recent rebound of the oil prices, we expect AAV's earnings in 2Q25 to fall y-y and q-q.
- Even though its short-term outlook is weak, we have a BUY call on AAV as a significant fall in its share price looks priced in those concerns. The share now trades at 6x PE this year and 7x next year.
- AAV's revenue fell by 4% y-y in 1Q25. Even though its passenger number increased by 2% y-y, its average fare fell by 8% y-y. As its available seat kilometers (ASK) increased by 7% y-y, its revenue per ASK (RASK) fell by 10% y-y to Bt1.97 in 1Q25.
- A 19% y-y fall in jet fuel costs caused its costs per ASK (CASK) to decrease by 12% y-y to Bt1.73 in 1Q25, driving its gross margin to improve to 22% in 1Q25 vs. 19% in 1Q24. SG&A expenses increased by 51% y-y in 1Q25 mainly due to higher marketing expenses.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	13,794	11,485	10,931	13,226	13,225	Revenue	(0)	(4)	27	48,889	50,127
Gross profit	2,551	1,500	1,300	3,205	2,958	Gross profit	(8)	16	36	8,147	8,037
SG&A	608	673	859	1,047	920	SG&A	(12)	51	29	3,178	3,258
Operating profit	1,943	828	441	2,158	2,038	Operating profit	(6)	5	41	4,969	4,778
EBITDA	2,908	1,795	1,492	3,275	3,132	EBITDA	(4)	8	31	10,221	9,996
Other income	234	206	172	143	341	Other income	138	46	42	815	835
Other expense	0	0	0	0	0	Other expense					
Interest expense	630	631	652	683	682	Interest expense	(0)	8	27	2,573	2,543
Profit before tax	1,547	402	(40)	1,618	1,696	Profit before tax	5	10	53	3,211	3,071
Income tax	282	67	(39)	257	315	Income tax	23	12	49	642	614
Equity & invest. income	0	0	0	0	0	Equity & invest. income					
Minority interests	0	0	0	0	0	Minority interests					
Extraordinary items	(1,674)	(252)	3,447	(1,005)	6	Extraordinary items	na	na	na	0	0
Net profit	(409)	84	3,446	357	1,387	Net profit	289	na	54	2,569	2,456
Normalized profit	1,265	336	(0)	1,362	1,381	Normalized profit	1	9	54	2,569	2,456
EPS (Bt)	(0.03)	0.01	0.27	0.03	0.11	EPS (Bt)	289	na	54	0.20	0.19
Normalized EPS (Bt)	0.10	0.03	(0.00)	0.11	0.11	Normalized EPS (Bt)	1	9	54	0.20	0.19

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Cash & ST investment	1,624	1,604	1,648	2,105	1,435	Sales grow th	51.8	14.4	13.1	6.2	(4.1)
A/C receivable	1,225	1,183	1,231	1,354	1,640	Operating profit grow th	285.1	139.3	na	44.7	4.8
Inventory	603	614	556	591	618	EBITDA grow th	60.5	12.4	498.1	17.1	7.7
Other current assets	9,062	10,147	10,359	11,452	13,032	Norm profit grow th	709.4	87.0	na	53.2	9.2
Investment	0	0	0	0	0	Norm EPS grow th	666.2	77.0	na	53.2	9.2
Fixed assets	4,076	4,052	4,067	4,337	4,319	Gross margin	18.5	13.1	11.9	24.2	22.4
Other assets	53,945	54,928	55,133	55,535	56,538	Operating margin	14.1	7.2	4.0	16.3	15.4
Total assets	70,536	72,527	72,995	75,373	77,582	EBITDA margin	21.1	15.6	13.6	24.8	23.7
S-T debt	3,872	3,952	4,734	4,713	5,875	Norm net margin	9.2	2.9	(0.0)	10.3	10.4
A/C payable	1,228	932	1,756	1,051	1,250	D/E (x)	1.1	1.1	0.8	0.9	0.8
Other current liabilities	22,301	23,738	22,935	23,302	23,325	Net D/E (x)	0.9	0.9	0.6	0.7	0.7
L-T debt	4,634	4,701	4,007	5,225	3,893	Interest coverage (x)	4.6	2.8	2.3	4.8	4.6
Other liabilities	30,497	31,117	28,030	29,703	30,473	Interest rate	29.4	29.4	30.0	29.2	27.7
Minority interest	0	0	0	0	0	Effective tax rate	18.2	16.5	99.5	15.9	18.6
Shareholders' equity	8,003	8,087	11,534	11,379	12,767	ROA	7.3	1.9	(0.0)	7.3	7.2
Working capital	600	865	31	894	1,008	ROE	61.6	16.7	(0.0)	47.5	45.8
Total debt	8,506	8,653	8,741	9,938	9,768						
Net debt	6,882	7,049	7,092	7,833	8,333						

Sources: Company data, Thanachart estimates

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