

All smiles now turned to outcry

- Poor 2Q25 results reflected AAV's cyclical to the weakness in Thailand's tourism to Chinese tourists
- Cutting EPS forecasts by 24%-50% in 2025E-27E to reflect the lower average fares, number of passengers carried, and load factor
- Downgrade from BUY and to HOLD and cut TP to THB1.4

A victim of the tourist plunge in Thailand

AAV's 2Q25 net profit dropped (NP) to THB214m (-85% q-q, +155% y-y), due to seasonally slowdown in passenger numbers to 4.82m (-13.5% q-q) and a structurally weaker number of tourist arrivals to Thailand, resulting in AAV's decline in number of international passengers to 1.49m in 2Q25 (-20% q-q, -52% y-y). Load factor hence dipped to 82% in 2Q25, down from 87% in 1Q25 and 91% in 1Q25.

EBITDA dropped and utilization weakened

EBITDA plunged to 418m in 2Q25 (-87% q-q, -77% y-y) as AAV suffered from the weakness in load factor (82%) and passenger carried (4.82m). Despite lowering number of fleets in operation to 62, down from 66 in 1Q25 but up from 57 in 2Q24, AAV still saw its aircraft utilization rate drop to 11.6 hours/day vs 12.7hrs/day in 1Q25 and 12.2hrs/day in 2Q24. Average fares fell sharply to THB1,676, down 13.8% q-q and 12.7% y-y on higher competition and weaker demand.

Margins shrunk markedly

RASK decreased to THB1.63 (-17% q-q, -17% y-y) while CASK was THB1.83 (+6% q-q, -3% y-y). CASK ex-fuel rose to THB1.26 (+12% q-q, +3% y-y) even CASK fuel declined to THB0.57 (-5% q-q, -15% y-y), reflecting the impact of the sharp drop in number of passengers.

EPS forecast cuts in 2025E-27E

We turned less positive on AAV's net profit outlook in 2H25 and 2026E, given the number of tourist arrivals in Thailand is now likely to be lower than our previous projections and the higher-than-expected industry competition that will pressure AAV's average fares, load factors, number of passengers, and RASK-CASK. Hence, we revised down our net profit and EPS forecasts in 2025-27 by 24%-50% to incorporate 1) 3.6%-6.4% cuts in average fares; 2) 2.0-2.1% drops in number of passengers carried; 3) lower load factors by 1.9% pts; 4) trimmed RASK by 4.8%-7.2%, all for 2025-27.

Downgrade to HOLD and cut TP to THB1.4

We downgrade AAV from Buy to HOLD and cut our TP from THB2.5, previously based on 7x 2025E P/E, to THB1.4, now based on 8x 2025E P/E. We think AAV's net profits will remain under pressure in 2H25 and likely to continue into 2026E-27E on the back of the weak tourist arrivals in Thailand, the intensifying competitions, AAV's cyclical nature of airline industry, particularly its higher-than-peer exposure to China's tourists, and the risks from geopolitical conflicts that could jeopardize demand for airlines like AAV.

Analyst

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

HOLD (from BUY)

Target Price 12M (THB)	1.40
VS. BB Consensus TP (%)	+4.5%
Share Price (THB)	1.23
Upside/Downside	+1.34%

Share Data

Market Cap (THB m)	15,805.50
Par (THB)	0.10
Free Float (%)	36.07
Issued shares (m shares)	12,850

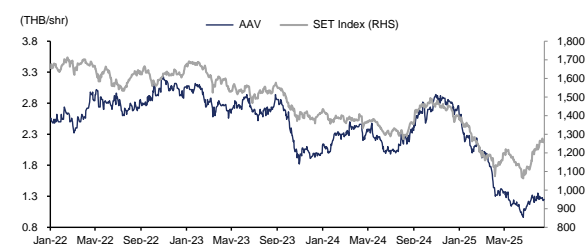
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	49,436	49,886	55,955	62,334
Net profit	3,478	2,233	4,020	4,994
Core net profit	3,478	2,233	4,020	4,994
vs Consensus (%)	-	42.5	213.8	287.5
Net profit growth (%)	646.6	(35.8)	80.0	24.2
Core net profit growth (%)	646.6	(35.8)	80.0	24.2
EPS (THB)	0.27	0.17	0.31	0.39
Core EPS (THB)	0.27	0.17	0.31	0.39
Chg from previous (%)		(50.35)	(38.17)	(24.17)
DPS (THB)	0.00	0.00	0.00	0.00
P/E (x)	10.20	7.08	3.93	3.16
P/BV (x)	3.12	1.16	0.90	0.70
ROE (%)	35.15	17.87	25.73	24.81
Dividend yield (%)	-	-	-	-

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(3.91)	(0.81)	(41.98)	(55.43)
Market	(11.41)	(5.92)	(41.40)	(50.45)
12M High/Low (THB)				2.96 / 0.95



Major Shareholders (%) as of 11-Mar-24

Airasia Aviation Group Limited	40.71
Mr. Tassapon Bijleveld	17.75

Company Profile

The Company operates as a holding company, the Company holds only Thai AirAsia Co., Ltd., a low fare airline. Thai AirAsia Co., Ltd.'s revenues are mainly from scheduled passenger services and ancillary services.

Source: SETSMART, SET

Exhibit 1: Summary of 2Q25/6M25 operations

	2Q24	1Q25	2Q25			6M24	6M25	chg.	2025E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	11,485	13,225	9,820	(25.7)	(14.5)	25,279	23,045	(8.8)	53,768
Operating costs	(9,690)	(10,093)	(9,402)	(6.8)	(3.0)	(20,576)	(19,495)	(5.3)	(42,637)
EBITDA	1,795	3,132	418	(86.6)	(76.7)	4,702	3,550	(24.5)	11,132
EBITDA margin (%)	15.6	23.7	4.3	nm	nm	18.6	15.4	nm	20.7
Depn & amort.	(967)	(1,095)	(1,188)	8.6	22.9	(1,931)	(2,283)	18.2	(4,366)
EBIT	828	2,038	(770)	(137.8)	(193.0)	2,771	1,268	(54.3)	6,766
Interest expense	(631)	(682)	(697)	2.2	10.5	(1,261)	(1,380)	9.4	(2,668)
Interest & invt inc	13	11	110	869.2	na	23	122	na	79.9
Other income	(104)	336	1,461	335.3	nm	(1,964)	1,797	(191.5)	1,443.8
Associates' contrib	-	-	-	na	na	-	-	na	-
Exceptionals	-	-	-	na	na	-	-	na	-
Pretax profit	105	1,702	104	(93.9)	(1.1)	(431)	1,807	(518.9)	5,622
Tax	(21)	(315)	110	(134.9)	(613.1)	106	(205)	(293.1)	(1,124)
Tax rate (%)	20.3	18.5	(105.3)	nm	nm	24.6	11.4	nm	20.0
Minority interests	-	-	-	na	na	-	-	na	-
Net profit	84	1,387	214	(84.6)	154.8	(325)	1,601	(592.7)	4,497
Non-recurring				na	na	-	-	na	
Core net profit	84	1,387	214	(84.6)	154.8	(325)	1,601	(592.7)	4,497
EPS (THB)	0.01	0.11	0.02	(84.6)	154.8	(0.03)	0.12	(592.7)	0.35
Core EPS (THB)	0.01	0.11	0.02	(84.6)	154.8	(0.03)	0.12	(592.7)	0.35

Sources: AAV, Globlex Research

Exhibit 2: 2Q25/6M25 key performance

		2Q24	1Q25	2Q25	(q-q%)	(y-y%)	6M24	6M25	(y-y%)
Pax carried	(m pax)	4.97	5.57	4.82	(13.5)	(3.0)	10.43	10.40	(0.3)
Domestic	(m pax)	1.88	3.72	3.33	(10.5)	77.1	6.50	7.05	8.5
International	(m pax)	3.09	1.86	1.49	(19.9)	(51.8)	3.93	3.35	(14.8)
Capacity	(m seats)	5.46	6.39	5.92	(7.4)	8.4	11.30	12.31	8.9
Domestic	(m seats)	3.30	4.10	3.95	(3.7)	19.7	6.87	8.05	17.2
International	(m seats)	2.16	2.29	1.96	(14.4)	(9.3)	4.43	4.25	(4.1)
Load factor *	(%)	91	87	82	(5.0)	(9.0)	92	84	(8.0)
Domestic *	(%)	94	91	84	(7.0)	(10.0)	95	88	(7.0)
International *	(%)	87	81	76	(5.0)	(11.0)	89	79	(10.0)
RPK	(m)	5,247	5,657	4,793	(15.3)	(8.7)	11,034	10,450	(5.3)
ASK	(m)	5,856	6,713	6,030	(10.2)	3.0	12,134	12,743	5.0
Number of stages flown	(stage)	29,976	34,391	31,485	(8.4)	5.0	62,068	65,876	6.1
Number of fleets	(aircraft)	57	66	62	(6.1)	8.8	57	62	8.8
Number of operating aircraft	(aircraft)	49	52	52	-	6.1	49	53	8.2
Aircraft utilization	(hour/day)	12.2	12.7	11.6	(8.7)	(4.9)	12.6	12.2	(3.2)
On time performance *	(%)	83	73	85	12.0	2.0	80	79	(1.0)
Average fares	(THB)	1,920	1,945	1,676	(13.8)	(12.7)	2,019	1,821	(9.8)
Rask	(THB)	1.96	1.97	1.63	(17.3)	(16.8)	2.08	1.81	(13.0)
Cask	(THB)	1.89	1.73	1.83	5.8	(3.2)	1.92	1.78	(7.3)
Cask ex fuel	(THB)	1.22	1.13	1.26	11.5	3.3	1.19	1.19	-
Cask fuel	(THB)	0.67	0.60	0.57	(5.0)	(14.9)	0.73	0.59	(19.2)
Passenger yield *	(%)	2.66	2.36	2.75	0.4	0.1	2.57	2.53	(0.0)

* Note: Change in margin % is represented in ppt change

Sources: AAV, Globlex Research

Exhibit 3: Key changes in assumptions

THB m	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	49,886	55,955	62,334	53,768	60,169	65,463	(7.2)	(7.0)	(4.8)
Gross profit	11,531	14,355	16,306	14,598	17,711	18,517	(21.0)	(19.0)	(11.9)
Operating profit	4,040	6,111	7,159	6,766	9,101	9,065	(40.3)	(32.8)	(21.0)
Net profit	2,233	4,023	5,000	4,497	6,505	6,592	(50.3)	(38.2)	(24.1)
EPS (THB/share)	0.17	0.31	0.39	0.35	0.51	0.51	(50.3)	(38.2)	(24.1)

Capacity (tpa)	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Avg. Fares (THB/ticket)	1,901	1,962	2,085	2,030	2,095	2,163	(6.4)	(6.4)	(3.6)
Pax. Carried (m passengers)	21.4	22.5	23.7	21.9	23.0	24.2	(2.1)	(2.0)	(2.0)
Total Capacity (m passengers)	23.4	23.9	24.4	23.4	23.9	24.4	0.0	0.0	0.0
Load Factor (%)	91.4	94.2	97.3	93.3	96.2	99.2	(2.1)	(2.0)	(2.0)
RASK (THB/ASK)	2.0	2.2	2.3	2.1	2.4	2.5	(7.2)	(7.0)	(4.8)
CASK (THB/ASK)	1.9	1.9	2.0	1.9	1.9	2.0	0.0	0.0	0.0
CASK ex FUEL (THB/ASK)	1.2	1.3	1.3	1.2	1.3	1.3	0.0	0.0	0.0
CASK FUEL (THB/ASK)	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.0	0.0

Sources: AAV; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	1,285	2,105	4,615	8,819	13,988
Account receivable	1,199	1,354	1,511	1,686	1,882
Inventories	508	591	616	668	739
Others	7,013	11,452	11,557	12,963	14,440
Non-current assets					
Net fixed assets	4,083	4,337	3,915	3,494	3,072
Others	53,706	55,535	55,535	55,535	55,535
Total Assets	67,794	75,373	77,748	83,165	89,656
Current liabilities					
Account payable	1,893	1,051	1,096	1,189	1,316
ST borrowing	14,496	17,394	17,394	17,394	17,394
Others	8,633	10,621	10,717	12,021	13,391
Long-term liabilities					
Long-term debts	33,538	33,366	33,366	33,366	33,366
Others	821	1,562	1,562	1,562	1,562
Total liabilities	59,382	63,994	64,136	65,532	67,029
Paid-up capital	1,285	1,285	1,285	1,285	1,285
Retained earnings	(8,672)	(5,705)	(3,472)	547	5,542
Others	15,800	15,800	15,800	15,800	15,800
Minority interest	0	0	0	0	0
Shareholders' equity	8,412	11,379	13,613	17,632	22,627

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	135.0	19.9	0.9	12.2	11.4
Operating profit	509.3	46.7	(12.2)	29.3	14.3
EBITDA	509.3	46.7	(12.2)	29.3	14.3
Net profit	105.8	646.6	(35.8)	80.0	24.2
Core net profit	105.8	646.6	(35.8)	80.0	24.2
EPS	105.5	614.1	(35.8)	80.0	24.2
Core EPS	105.5	614.1	(35.8)	80.0	24.2
Profitability (%)					
Gross margin	22.8	25.6	23.1	25.7	26.2
Operation margin	15.7	19.2	16.7	19.2	19.7
EBITDA margin	15.7	19.2	16.7	19.2	19.7
Net margin	1.1	7.0	4.5	7.2	8.0
ROE	5.7	35.1	17.9	25.7	24.8
ROA	0.7	4.9	2.9	5.0	5.8
Stability					
Interest bearing debt/equity (x)	5.7	4.5	3.7	2.9	2.2
Net debt/equity (x)	5.6	4.3	3.4	2.4	1.6
Interest coverage (x)	0.6	2.1	1.5	2.3	2.7
Interest & ST debt coverage (x)	0.1	0.3	0.2	0.3	0.4
Cash flow interest coverage (x)	0.0	0.0	0.1	0.1	0.1
Current ratio (x)	0.4	0.5	0.6	0.8	1.0
Quick ratio (x)	0.1	0.1	0.2	0.3	0.5
Net debt (THB m)	46,749.4	48,655.3	46,145.1	41,940.8	36,772.2
Activity					
Asset turnover (X)	0.6	0.6	0.6	0.6	1.4
Days receivables	10.6	10.0	11.1	11.0	11.0
Days inventory	5.8	5.9	5.9	5.9	5.9
Days payable	21.7	10.4	10.4	10.4	10.4
Cash cycle days	(5.3)	5.4	6.5	6.4	6.4

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	41,241	49,436	49,886	55,955	62,334
Cost of goods sold	(31,819)	(36,779)	(38,355)	(41,600)	(46,027)
Gross profit	9,422	12,656	11,531	14,355	16,306
Operating expenses	(2,967)	(3,187)	(3,216)	(3,607)	(4,019)
Operating profit	6,456	9,469	8,315	10,747	12,288
EBIT	1,463	5,370	4,040	6,110	7,157
Depreciation	(4,992)	(4,099)	(4,275)	(4,637)	(5,130)
EBITDA	6,456	9,469	8,315	10,747	12,288
Non-operating income					
Other incomes	1,322	1,327	1,340	1,503	1,674
Other non-op income	33	80	80	80	80
Non-operating expense	(2,291)	(2,596)	(2,668)	(2,668)	(2,668)
Interest expense	(2,291)	(2,596)	(2,668)	(2,668)	(2,668)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	0	0	0	0	0
Pre-tax Profit	527	4,180	2,791	5,025	6,243
Extraordinary items	(61)	(703)	(558)	(1,005)	(1,249)
Current taxation	0	0	0	0	0
Minorities	0	0	0	0	0
Net Profit	466	3,478	2,233	4,020	4,994
Core net profit	466	3,478	2,233	4,020	4,994
EPS (THB)	0.04	0.27	0.17	0.31	0.39
Core EPS (THB)	0.04	0.27	0.17	0.31	0.39

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Operating cash flow	2,449	1,615	4,192	5,355	6,326
Net profit	466	3,478	2,233	4,020	4,994
Depre. & amortization	4,992	4,099	4,275	4,637	5,130
Change in working capital	(1,976)	(3,532)	(144)	(237)	(247)
Others	(1,033)	(2,431)	(2,172)	(3,064)	(3,552)
Investment cash flow	(4,662)	(6,259)	2,500	4,194	5,159
Net CAPEX	(4,891)	(4,353)	(10)	(10)	(10)
Change in LT investment	228	(1,906)	2,510	4,204	5,169
Change in other assets	0	0	0	0	0
Free cash flow	(2,213)	(4,644)	6,692	9,550	11,484
Financing cash flow					
Financing cash flow	2,700	5,464	(4,182)	(5,345)	(6,316)
Change in share capital	1,200	0	0	0	0
Net change in debt	0	0	0	0	0
Dividend paid	0	0	0	0	0
Others	1,500	5,464	(4,182)	(5,345)	(6,316)
Net cash flow	487	820	2,510	4,204	5,169
Per share (THB)					
EPS	0.04	0.27	0.17	0.31	0.39
Core EPS	0.04	0.27	0.17	0.31	0.39
CFPS	0.47	0.62	0.51	0.67	0.79
BVPS	0.73	0.93	1.06	1.37	1.76
Sales/share	3.55	4.02	3.88	4.35	4.85
EBITDA/share	0.56	0.77	0.65	0.84	0.96
DPS	0.00	0.00	0.00	0.00	0.00
Valuation					
P/E (x)	52.51	10.20	7.08	3.93	3.16
P/BV (x)	2.91	3.12	1.16	0.90	0.70
Dividend yield (%)	-	-	-	-	-
Dividend payout ratio (%)	0	0	0	0	0

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.