

## ST downside on overhang/overhead

- Selling pressure could create short term overhang on share price
- Softer 4Q25E NP on higher employee, maintenance expenses
- Buy on dip with a TP of THB12.0

### Is 4Q25E a beginning of weaker trend ahead?

We project THAI's 4Q25 to decline 35% q-q to THB2.9b but up from a net loss (NL) of THB42.1b in 4Q24 on the back of the absence of the impairments. Operation-wise, core net profit is expected to dip 22% q-q to THB4.3b due to the higher expenses for employees, aircraft maintenance and depreciation, and lower passenger yields and load factors as a result of the intensifying industry competition.

### Key factors to erode 4Q25E net profit

We expect operating profit margin and net profit margin to drop to 15% (from 19.3% in 3Q25) and to 6.3% (from 9.9% in 3Q25) due to 1) lower passenger yield from THB2.61/RPK in 3Q25 to THB2.5/RPK in 4Q25 due to the higher industry competition; 2) higher employee benefits and crew expenses from 10.7% of revenue to 13% on the one-time lump sum bonus; 3) rising aircraft repair and maintenance expense from THB2.5b in 3Q25 to THBn5.4b in 4Q25 as required by the auditor to conservatively offset the "too-low" expense booked in the past 3 quarters; and 4) higher lease expense with two new aircraft added.

### Fleet management is closely monitored

In 4Q25, THAI added 2 new aircraft A321NEO as planned into its fleet, bringing total number of aircraft in service to 80. In 2026, THAI plans to add 20 new aircraft, mostly added in 2H26. This could result in higher depreciation expense in 2H26 ahead of the ramp-ups for passengers in 2027. Thereby, we project 2H26 net profit could be softer than 1H26.

### Share price selling pressure ahead

While on 4 Feb-26, up to 6.6b shares (23% of outstanding shares) with the average cost of THB3-4/share will be out of silent period, but in term of potential selling pressure, we think the free float could rise from current 7% to 20%, up 13% pts as majority of coming 6.6b sellable shares are owned by long-term shareholders, including Ministry of Finance (38.9%) and State Owned Enterprises EGAT Saving and Credit Cooperative (5.43%), KTB (4.65%), and Government Saving Bank (1.58%). We highlight that many Cooperatives indicate intentions not to sell THAI's shares as their long-term portfolios, including Cooperatives of Thammasat University (1.68%), PEA (1.46%), PTT (1.34%), Kasetsart University (1.28%), THAI, Chulalongkorn (0.81%).

### Buy on dip

We maintain BUY and a TP of THB12, based on 10.0x 2026E P/E. While in short-term, we think THAI's share price could face selling pressure overhang from the potential sellable shares up to 3.7b shares or 13% of 28.3b shares outstanding, we think THAI's strong net profit outlook will underscore its share price recovery by 2Q26.

### Analyst

Suwat Sinsadok, CFA, FRM, ERP  
 suwat.s@globlex.co.th,  
 +662 687 7026

ESG Rating : n.a.

CG Rating : n.a.

**BUY**

<b>Target Price 12M (THB)</b>	<b>12.00</b>
VS. BB Consensus TP (%)	+20.4%
Share Price (THB)	7.30
Upside/Downside	+64.4%

### Share Data

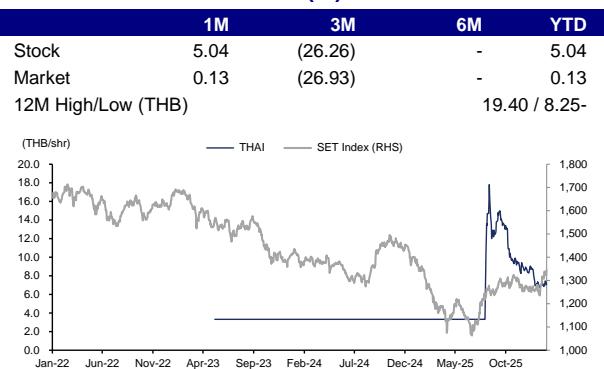
Market Cap (THB m)	2060,614.03
Par (THB)	1.30
Free Float (%)	43.12
Issued shares (m shares)	28,303

### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	187,249	189,700	198,143	219,578
Net profit	(26,934)	29,223	33,960	40,166
Core net profit	22,734	29,223	33,960	40,166
vs Consensus (%)	(11.3)	20.8	50.7	
Net profit growth (%)	(195.9)	208.5	16.2	18.3
Core net profit growth (%)	(7.6)	28.5	16.2	18.3
EPS (THB)	(6.26)	1.03	1.20	1.42
Core EPS (THB)	5.28	1.03	1.20	1.42
Chg from previous (%)	0.00	0.00	0.00	
DPS (THB)	1.30	0.31	0.36	0.43
P/E (x)	(0.53)	7.07	6.08	5.14
P/BV (x)	0.31	2.88	2.13	1.63
ROE (%)	nm	49.86	40.28	35.89
Dividend yield (%)	2.55	23.57	20.28	17.15

Source: Financial Statement and Globlex securities

### Share Price Performance (%)



### Major Shareholders (%) as of 14 Mar 2025

Ministry of Finance	38.90
Bangkok Bank	8.51
EGAT SAVING AND CREDIT	5.43

### Company Profile

THAI operates a fully integrated commercial airline business both domestically and internationally.

Source: SETSMART, SET

### Exhibit 1: Summary of 4Q25E/2025E operations

	4Q24 (THB m)	3Q25 (THB m)	4Q25E		2024 (THB m)	2025E (THB m)	chg. (y-y%)
			(q-q%)	(y-y%)			
<b>Revenue</b>	<b>50,770</b>	<b>42,923</b>	<b>45,693</b>	<b>6.5</b>	<b>(10.0)</b>	<b>187,249</b>	<b>189,700</b>
Operating costs	(31,306)	(32,001)	(34,885)	(9.0)	(11.4)	(134,920)	(133,278)
<b>EBITDA</b>	<b>19,464</b>	<b>10,922</b>	<b>10,808</b>	<b>(1.0)</b>	<b>(44.5)</b>	<b>52,329</b>	<b>56,422</b>
EBITDA margin (%)	38.3	25.4	23.7	na	na	27.9	29.7
Depn & amort.	(3,476)	(3,835)	(3,952)	(3.0)	(13.7)	(13,026)	(12,850)
<b>EBIT</b>	<b>15,988</b>	<b>7,086</b>	<b>6,856</b>	<b>(3.2)</b>	<b>(57.1)</b>	<b>39,302</b>	<b>43,572</b>
Interest expense	(4,549)	(3,137)	(3,217)	(2.5)	29.3	(18,781)	(14,842)
Interest & invt inc	848	1,123	501	(55.4)	(40.9)	2,929	2,929
Other income	611	363	300	(17.3)	(50.9)	(49,133)	2,570
Associates' contrib	9	(8)	10	232.6	12.0	63	70
Exceptionals	(54,666)	(1,001)	(1,563)	(56.1)	97.1	(906)	-
<b>Pretax profit</b>	<b>(41,759)</b>	<b>4,427</b>	<b>2,887</b>	<b>(34.8)</b>	<b>106.9</b>	<b>(26,526)</b>	<b>34,299</b>
Tax	(363)	(6)	(12)	(114.5)	96.7	(374)	(5,134)
Tax rate (%)	(0.9)	0.1	0.4	na	na	(1.4)	15.0
Minority interests	(7)	(8)	(10)	(31.3)	(41.6)	(33)	58
<b>Net profit</b>	<b>(42,129)</b>	<b>4,413</b>	<b>2,865</b>	<b>(35.1)</b>	<b>106.8</b>	<b>(26,934)</b>	<b>29,223</b>
Non-recurring	54,904	1,007	1,389	38.0	(97.5)	(49,668)	(2,593)
<b>Core net profit</b>	<b>12,775</b>	<b>5,420</b>	<b>4,254</b>	<b>(21.5)</b>	<b>(66.7)</b>	<b>22,734</b>	<b>26,642</b>
EPS (THB)	(19.30)	0.16	(0.93)	(697.5)	95.2	(6.26)	1.03
Core EPS (THB)	5.96	0.19	(0.79)	(513.6)	(113.3)	5.28	0.94
							(82.2)

Sources: THAI, Globlex Research

### Exhibit 2: THAI's shareholder structure

Shareholding structure	Stake (%)	Shares owned (b shares)
Ministry of Finance	38.9	11.01
Bangkok Bank	8.49	2.40
EGAT Saving and Credit Cooperative Limited	5.43	1.54
Krungthai Bank	4.65	1.32
State Owned Enterprises	4	1.13
Vayupak Fund 1	0.6	0.17
Other Creditors from debt conversion*	33.1	9.37
Other Shareholders before capital restructuring**	4.8	1.36
<b>Total</b>	<b>99.97</b>	<b>28,303</b>

\*Debtors who converted debt into equity

\*\*Shareholders before capital restructuring (THAI's employees, PP investors)

Sources: THAI, Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	52,939	84,212	71,252	89,131	114,227
Account receivable	19,191	13,973	15,870	17,852	20,048
Inventories	5,254	4,000	3,946	4,079	4,468
Others	16,692	32,824	29,873	34,733	38,491
<b>Non-current assets</b>					
Net fixed assets	44,579	37,025	37,245	37,460	37,671
Others	100,335	120,474	120,474	120,474	120,474
<b>Total Assets</b>	<b>238,991</b>	<b>292,508</b>	<b>278,661</b>	<b>303,730</b>	<b>335,378</b>
<b>Current liabilities</b>					
Account payable	28,547	28,311	27,929	28,871	31,621
ST borrowing	44,762	48,264	2,500	2,500	2,500
Others	887	11	12	12	13
<b>Long-term liabilities</b>					
Long-term debts	157,231	119,231	122,000	121,000	120,000
Others	50,706	51,102	54,482	54,482	54,482
<b>Total liabilities</b>	<b>282,133</b>	<b>246,920</b>	<b>206,922</b>	<b>206,865</b>	<b>208,616</b>
Paid-up capital	21,828	283,033	283,033	283,033	283,033
Retained earnings	(75,880)	(104,136)	(77,927)	(52,734)	(22,756)
Others	10,838	(133,387)	(133,387)	(133,387)	(133,387)
Minority interest	71	79	20	(47)	(127)
<b>Shareholders' equity</b>	<b>(43,142)</b>	<b>45,589</b>	<b>71,739</b>	<b>96,865</b>	<b>126,762</b>
<b>Key ratios</b>					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	51.6	18.9	1.3	4.5	10.8
Operating profit	178.0	11.5	7.8	6.5	13.6
EBITDA	178.0	11.5	7.8	6.5	13.6
Net profit	10,420.1	(195.9)	208.5	16.2	18.3
Core net profit	1,478.9	(7.6)	28.5	16.2	18.3
EPS	10,420.1	(148.6)	116.5	16.2	18.3
Core EPS	1,478.9	(53.1)	(80.4)	16.2	18.3
<b>Profitability (%)</b>					
Gross margin	34.4	32.9	34.6	35.3	36.1
Operation margin	29.8	27.9	29.7	30.3	31.1
EBITDA margin	29.8	27.9	29.7	30.3	31.1
Net margin	17.8	(14.4)	15.4	17.1	18.3
ROE	(43.0)	nm	49.9	40.3	35.9
ROA	11.3	8.6	10.2	11.7	12.6
<b>Stability</b>					
Interest bearing debt/equity (x)	(4.7)	3.7	1.7	1.3	1.0
Net debt/equity (x)	(3.5)	1.8	0.7	0.4	0.1
Interest coverage (x)	2.3	2.1	2.9	3.7	4.3
Interest & ST debt coverage (x)	0.6	0.6	2.5	3.1	3.6
Cash flow interest coverage (x)	0.1	(0.1)	0.1	0.1	0.2
Current ratio (x)	1.3	1.8	4.0	4.6	5.2
Quick ratio (x)	1.0	1.3	2.9	3.4	3.9
Net debt (THB m)	149,054	83,283	53,248	34,369	8,273
<b>Activity</b>					
Asset turnover (X)	0.6	0.7	0.6	0.6	1.8
Days receivables	44.5	27.2	30.5	32.9	33.3
Days inventory	18.6	11.6	11.6	11.6	11.6
Days payable	100.9	82.2	82.2	82.2	82.2
Cash cycle days	(37.8)	(43.4)	(40.1)	(37.7)	(37.3)

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue	157,446	187,249	189,700	198,143	219,578
Cost of goods sold	(103,266)	(125,681)	(123,983)	(128,169)	(140,372)
<b>Gross profit</b>	<b>54,180</b>	<b>61,568</b>	<b>65,717</b>	<b>69,975</b>	<b>79,205</b>
Operating expenses	(7,240)	(9,239)	(9,295)	(9,907)	(10,979)
<b>Operating profit</b>	<b>46,940</b>	<b>52,329</b>	<b>56,422</b>	<b>60,067</b>	<b>68,226</b>
<b>EBIT</b>	<b>35,551</b>	<b>39,302</b>	<b>43,572</b>	<b>46,783</b>	<b>53,677</b>
Depreciation	(11,389)	(13,026)	(12,850)	(13,284)	(14,549)
<b>EBITDA</b>	<b>46,940</b>	<b>52,329</b>	<b>56,422</b>	<b>60,067</b>	<b>68,226</b>
<b>Non-operating income</b>	<b>7,863</b>	<b>(46,204)</b>	<b>5,499</b>	<b>5,614</b>	<b>5,904</b>
Other incomes	6,467	(49,133)	2,570	2,685	2,975
Other non-op income	1,396	2,929	2,929	2,929	2,929
<b>Non-operating expense</b>	<b>(16,676)</b>	<b>(19,687)</b>	<b>(14,842)</b>	<b>(12,606)</b>	<b>(12,504)</b>
Interest expense	(15,611)	(18,781)	(14,842)	(12,606)	(12,504)
Other non-op expense	(1,066)	(906)	-	-	-
<b>Equity income/(loss)</b>	<b>64</b>	<b>63</b>	<b>70</b>	<b>70</b>	<b>70</b>
<b>Pre-tax Profit</b>	<b>26,801</b>	<b>(26,526)</b>	<b>34,299</b>	<b>39,861</b>	<b>47,147</b>
Extraordinary items					
Current taxation	1,322	(374)	(5,134)	(5,969)	(7,062)
Minorities	(27)	(33)	58	68	80
<b>Net Profit</b>	<b>28,096</b>	<b>(26,934)</b>	<b>29,223</b>	<b>33,960</b>	<b>40,166</b>
<b>Core net profit</b>	<b>24,600</b>	<b>22,734</b>	<b>29,223</b>	<b>33,960</b>	<b>40,166</b>
EPS (THB)	12.87	(6.26)	1.03	1.20	1.42
Core EPS (THB)	11.27	5.28	1.03	1.20	1.42
Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>	<b>24,112</b>	<b>(32,501)</b>	<b>23,652</b>	<b>28,082</b>	<b>32,467</b>
Net profit	28,096	(26,934)	29,223	33,960	40,166
Depre. & amortization	11,389	13,026	12,850	13,284	14,549
Change in working capital	(11,983)	(10,772)	(2,655)	(2,651)	(3,591)
Others	(3,391)	(7,822)	(15,766)	(16,511)	(18,656)
<b>Investment cash flow</b>	<b>6,362</b>	<b>(52,785)</b>	<b>29,659</b>	<b>31,016</b>	<b>36,274</b>
Net CAPEX	(10,000)	(5,472)	(10)	(10)	(10)
Change in LT investment	16,362	(47,314)	29,669	31,026	36,284
Change in other assets	-	-	-	-	-
<b>Free cash flow</b>	<b>30,474</b>	<b>(85,287)</b>	<b>53,311</b>	<b>59,098</b>	<b>68,741</b>
<b>Financing cash flow</b>	<b>(12,075)</b>	<b>116,559</b>	<b>(66,271)</b>	<b>(41,219)</b>	<b>(43,645)</b>
Change in share capital	-	117,020	-	-	-
Net change in debt	13	7	(58)	(68)	(80)
Dividend paid	(1,091)	(3,014)	(3,014)	(8,767)	(10,188)
Others	(10,997)	2,546	(63,199)	(32,384)	(33,377)
<b>Net cash flow</b>	<b>18,400</b>	<b>31,273</b>	<b>(12,960)</b>	<b>17,879</b>	<b>25,096</b>
Per share (THB)					
EPS	12.87	(6.26)	1.03	1.20	1.42
Core EPS	11.27	5.28	1.03	1.20	1.42
CFPS	18.10	(6.36)	1.48	1.67	1.93
BVPS	(19.80)	10.57	2.53	3.42	4.48
Sales/share	72.13	43.49	6.70	7.00	7.76
EBITDA/share	21.50	12.15	1.99	2.12	2.41
DPS	0.50	1.30	0.31	0.36	0.43
<b>Valuation</b>					
P/E (x)	1.2	(0.5)	7.1	6.1	5.1
P/BV (x)	-0.79	0.31	2.88	2.13	1.63
Dividend yield (%)	31.40	2.55	23.57	20.28	17.15
Dividend payout ratio (%)	3.88	-20.78	30.00	30.00	30.00

## GENERAL DISCLAIMER

### Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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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.