

## Flying high on growth over selloff

- Structurally stronger strategy and organization underscores growth
- Share selloff pressure will be outweighed by stronger fundamentals
- Maintain BUY and a TP of THB12.00

### Expect continued solid quarterly profits in 2026

After posting a strong 1Q26 net profit (NP) of THB10.1b, we think THAI is poised to see a seasonally softer q-q but stronger y-y NP in 2Q26. The stronger and better sustainable profitability will be catalyzed by THAI's superb management in cost, asset utilization, and the highly agile business strategies that embrace timely marketing, dynamic pricing, and route enhancing, all aimed at better monetizing the aircraft fleet and controlling fuel cost to offer superior service underlying by THAI's strengths in hospitality and route management efficiency.

### Superior fleet management remains in place

THAI plans to increase the number of its aircraft from 80 in 1Q26 to 102 by 4Q26, further rising to 111 in 2027 and 128 in 2028. We believe THAI's fleet expansion plan is financially sound and strategically fitted into the fast-changing industry environment (volatile fuel cost, uncertain demands, higher competition), justified by THAI's well-crafted fleet management using the proper fleet mix of wide and narrow body aircraft to fit into the route demands. The coming new aircraft added are 1) +10 B787-8 in 2Q26-4Q26; 2) +4 B787-9 in 2Q26-3Q26; and 3) +12 A321 Neo in 2Q26-4Q26, all will timely serve high demands for THAI's routes (Europe, Australia, Japan) and new routes (China's 2<sup>nd</sup>-tiered cities, Amsterdam), ensuring high cabin factor and yield.

### Jet fuel cost risk is now greatly subsiding

We highlight that THAI is capable of passing through most of fuel cost hike via the higher fuel charges, thanks to its high pricing power and superb marketing campaigns. THAI also implements an effective fuel hedging policy, with 50% of fuel consumption in 2Q26 and 30% in 2H26. Hence, we think the impact of the jet fuel cost spike will be limited, given jet price plunging from USD230/bbl in Apr to USD140/bbl in Jun. Crack spread between jet-crude also falls from the peak at USD130/bbl to USD45/bbl, thereby significantly lessening fuel risk.

### Fluid strategy and nimble organization

THAI has proved itself as a nimble organization, centering on 1) "fluid" marketing strategy in adapting the pricing policy, occasional promotional campaigns, and on-board upgrading seating proposal that not only brings higher revenue streams but also significantly enhances cabin factors to stay at high level above 80%; 2) the frequency and efficiency of flights, aircraft, and staff that will optimize assets.

### Flying higher despite short-term pressure

We maintain BUY and a TP of THB12.00, based on 10x 2026E P/E. While the risk for potential selloff for debt-to-equity shares will continue, we think THAI's strong quarterly NP will outweigh this short-term risk.

ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>12.00</b>
VS. BB Consensus TP (%)	+66.2%
Share Price (THB)	6.75
Upside/Downside	+72.7%

### Share Data

Market Cap (THB m)	191,047.58
Par (THB)	1.30
Free Float (%)	43.12
Issued shares (m shares)	28,303

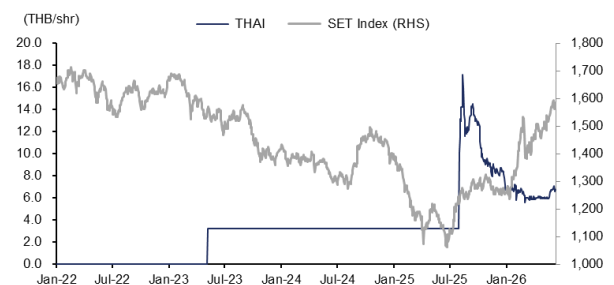
### Financial forecast

YE Dec (THB m)	2025	2026E	2027E	2028E
Revenue	183,442	164,714	180,275	194,462
Net profit	30,910	27,671	34,927	41,928
Core net profit	26,642	27,671	34,927	41,928
vs Consensus (%)		61.7	49.7	83.0
Net profit growth (%)	214.8	(10.5)	26.2	20.0
Core net profit growth (%)	17.2	3.9	26.2	20.0
EPS (THB)	1.09	0.98	1.23	1.48
Core EPS (THB)	0.94	0.98	1.23	1.48
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.21	0.24	0.31	0.37
P/E (x)	6.36	6.90	5.47	4.56
P/BV (x)	2.59	1.96	1.52	1.20
ROE (%)	43.91	31.92	31.31	29.49
Dividend yield (%)	33.10	27.62	21.88	18.23

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	12.50	8.87	(18.62)	(2.39)
Market	6.56	(2.11)	(35.52)	(22.92)
12M High/Low (THB)				19.40 / 5.25



### Major Shareholders (%) as of 27 Apr 2026

Ministry of Finance	38.90
Bangkok Bank	8.49
EGAT SAVING AND CREDIT COOPERATIVE LIMITED	5.43

### Company Profile

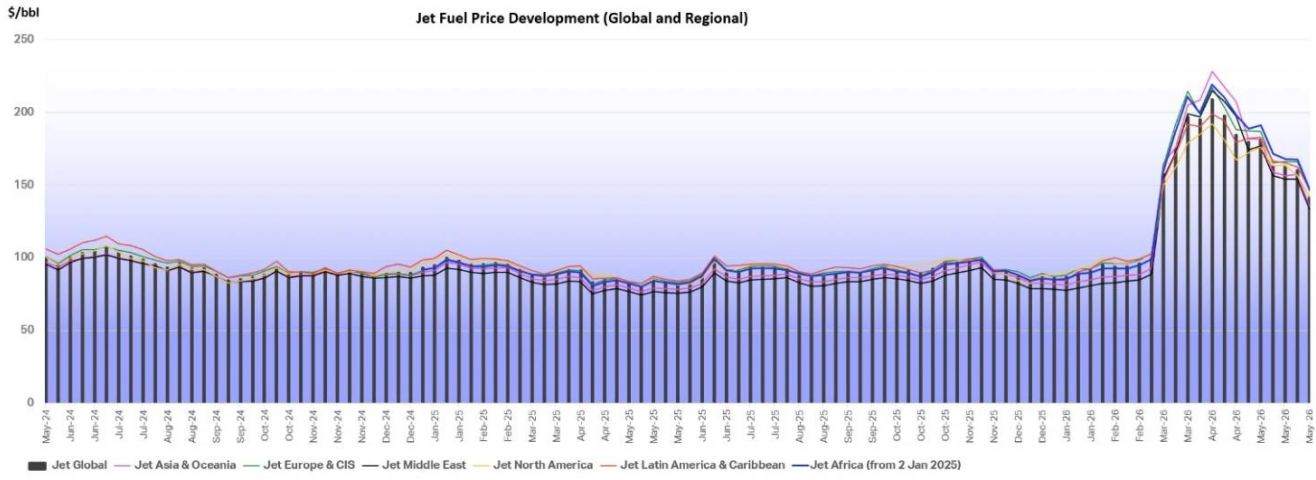
THAI operates a fully integrated commercial airline business both domestically and internationally.

Source: SETSMART, SET

### Analyst

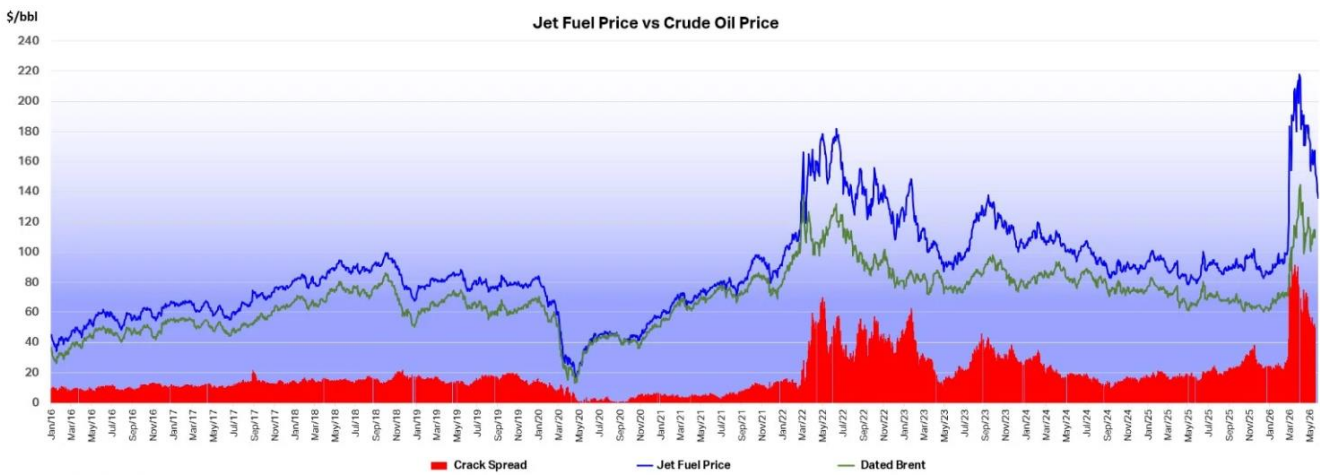
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### Exhibit 1: Global and regional jet fuel price



Sources: IATA; S&P Global Energy

### Exhibit 2: Jet fuel price vs crude oil prices



Sources: IATA; S&P Global Energy

Balance sheet (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Current assets</b>					
Cash & ST investment	84,212	78,579	54,211	79,760	111,873
Account receivable	13,973	12,294	10,786	9,135	7,354
Inventories	4,000	5,061	4,612	4,619	4,814
Others	32,824	47,565	42,709	46,744	50,423
<b>Non-current assets</b>					
Net fixed assets	37,025	42,356	42,525	42,689	42,847
Others	120,474	118,204	118,204	118,204	118,204
<b>Total Assets</b>	<b>292,508</b>	<b>304,059</b>	<b>273,046</b>	<b>301,151</b>	<b>335,516</b>
<b>Current liabilities</b>					
Account payable	28,311	29,393	26,783	26,825	27,955
ST borrowing	48,264	47,139	47,139	47,139	47,139
Others	11	1,056	948	1,038	1,120
<b>Long-term liabilities</b>					
Long-term debts	119,231	39,494	39,494	39,494	39,494
Others	51,102	111,066	61,066	61,066	61,066
<b>Total liabilities</b>	<b>246,920</b>	<b>228,147</b>	<b>175,430</b>	<b>175,561</b>	<b>176,773</b>
Paid-up capital	283,033	36,794	36,794	36,794	36,794
Retained earnings	(104,136)	30,216	51,944	79,953	113,149
Others	(133,387)	8,823	8,823	8,823	8,823
Minority interest	79	78	55	19	(24)
<b>Shareholders' equity</b>	<b>45,589</b>	<b>75,912</b>	<b>97,616</b>	<b>125,590</b>	<b>158,743</b>

Profit & loss (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Revenue</b>	<b>187,249</b>	<b>183,442</b>	<b>164,714</b>	<b>180,275</b>	<b>194,462</b>
Cost of goods sold	(125,681)	(125,321)	(114,194)	(114,373)	(119,192)
<b>Gross profit</b>	<b>61,568</b>	<b>58,120</b>	<b>50,519</b>	<b>65,902</b>	<b>75,270</b>
Operating expenses	(9,239)	(10,126)	(8,236)	(9,014)	(9,723)
<b>Operating profit</b>	<b>52,329</b>	<b>47,994</b>	<b>42,284</b>	<b>56,888</b>	<b>65,547</b>
<b>EBIT</b>	<b>39,302</b>	<b>34,003</b>	<b>29,535</b>	<b>44,119</b>	<b>52,240</b>
Depreciation	(13,026)	(13,991)	(12,749)	(12,769)	(13,307)
<b>EBITDA</b>	<b>52,329</b>	<b>47,994</b>	<b>42,284</b>	<b>56,888</b>	<b>65,547</b>
<b>Non-operating income</b>	<b>(46,204)</b>	<b>6,931</b>	<b>5,698</b>	<b>5,816</b>	<b>5,922</b>
Other incomes	(49,133)	2,472	1,240	1,357	1,463
Other non-op income	2,929	4,459	4,459	4,459	4,459
<b>Non-operating expense</b>	<b>(19,687)</b>	<b>(12,502)</b>	<b>(8,969)</b>	<b>(8,969)</b>	<b>(8,969)</b>
Interest expense	(18,781)	(13,154)	(8,969)	(8,969)	(8,969)
Other non-op expense	(906)	653	-	-	-
<b>Equity income(loss)</b>	<b>63</b>	<b>34</b>	<b>70</b>	<b>70</b>	<b>70</b>
<b>Pre-tax Profit</b>	<b>(26,526)</b>	<b>28,467</b>	<b>26,335</b>	<b>41,036</b>	<b>49,264</b>
Extraordinary items					
Current taxation	(374)	2,473	1,313	(6,145)	(7,379)
Minorities	(33)	(30)	23	36	43
<b>Net Profit</b>	<b>(26,934)</b>	<b>30,910</b>	<b>27,671</b>	<b>34,927</b>	<b>41,928</b>
<b>Core net profit</b>	<b>22,734</b>	<b>26,642</b>	<b>27,671</b>	<b>34,927</b>	<b>41,928</b>
<b>EPS (THB)</b>	<b>(6.26)</b>	<b>1.09</b>	<b>0.98</b>	<b>1.23</b>	<b>1.48</b>
<b>Core EPS (THB)</b>	<b>5.28</b>	<b>0.94</b>	<b>0.98</b>	<b>1.23</b>	<b>1.48</b>

Key ratios					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Growth (%YoY)</b>					
Sales	18.9	(2.0)	(10.2)	9.4	7.9
Operating profit	11.5	(8.3)	(11.9)	34.5	15.2
EBITDA	11.5	(8.3)	(11.9)	34.5	15.2
Net profit	(195.9)	214.8	(10.5)	26.2	20.0
Core net profit	(7.6)	17.2	3.9	26.2	20.0
EPS	(148.6)	117.5	(10.5)	26.2	20.0
Core EPS	(53.1)	(82.2)	3.9	26.2	20.0
<b>Profitability (%)</b>					
Gross margin	32.9	31.7	30.7	36.6	38.7
Operation margin	27.9	26.2	25.7	31.6	33.7
EBITDA margin	27.9	26.2	25.7	31.6	33.7
Net margin	(14.4)	16.9	16.8	19.4	21.6
ROE	nm	43.9	31.9	31.3	29.5
ROA	8.6	8.9	9.6	12.2	13.2
<b>Stability</b>					
Interest bearing debt/equity (x)	3.7	1.1	0.9	0.7	0.5
Net debt/equity (x)	1.8	0.1	0.3	0.1	n.a.
Interest coverage (x)	2.1	2.6	3.3	4.9	5.8
Interest & ST debt coverage (x)	0.6	0.6	0.5	0.8	0.9
Cash flow interest coverage (x)	(0.1)	0.1	0.3	0.2	0.2
Current ratio (x)	1.8	1.8	1.5	1.9	2.3
Quick ratio (x)	1.3	1.2	0.9	1.2	1.6
Net debt (THB m)	83,283	8,053	32,422	6,872	(25,241)
<b>Activity</b>					
Asset turnover (X)	0.6	0.6	0.5	1.0	1.7
Days receivables	27.2	24.5	23.9	18.5	0.0
Days inventory	11.6	14.7	14.7	14.7	0.0
Days payable	82.2	85.6	85.6	85.6	0.0
Cash cycle days	(43.4)	(46.4)	(47.0)	(52.4)	0.0

Cash flow (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Operating cash flow</b>	<b>(32,501)</b>	<b>33,258</b>	<b>44,268</b>	<b>30,272</b>	<b>36,722</b>
Net profit	(26,934)	30,910	27,671	34,927	41,928
Depre. & amortization	13,026	13,991	12,749	12,769	13,307
Change in working capital	(10,772)	(11,997)	4,096	(2,260)	(881)
Others	(7,822)	354	(248)	(15,164)	(17,632)
<b>Investment cash flow</b>	<b>(55,799)</b>	<b>166,767</b>	<b>(18,435)</b>	<b>32,457</b>	<b>40,835</b>
Net CAPEX	(5,472)	(19,322)	(10)	(10)	(10)
Change in LT investment	(50,327)	186,089	(18,425)	32,467	40,845
Change in other assets	-	-	-	-	-
<b>Free cash flow</b>	<b>(88,300)</b>	<b>200,025</b>	<b>25,834</b>	<b>62,730</b>	<b>77,557</b>
<b>Financing cash flow</b>	<b>119,573</b>	<b>(205,658)</b>	<b>(50,202)</b>	<b>(37,180)</b>	<b>(45,444)</b>
Change in share capital	117,020	(103,916)	-	-	-
Net change in debt	7	(1)	(23)	(36)	(43)
Dividend paid	-	(5,944)	(5,944)	(6,918)	(8,732)
Others	2,546	(95,798)	(44,235)	(30,226)	(36,669)
<b>Net cash flow</b>	<b>31,273</b>	<b>(5,633)</b>	<b>(24,369)</b>	<b>25,550</b>	<b>32,113</b>

Per share (THB)					
EPS	(6.26)	1.09	0.98	1.23	1.48
Core EPS	5.28	0.94	0.98	1.23	1.48
CFPS	(6.36)	1.59	1.43	1.68	1.95
BVPS	10.57	2.68	3.45	4.44	5.61
Sales/share	43.49	6.48	5.82	6.37	6.87
EBITDA/share	12.15	1.70	1.49	2.01	2.32
DPS	0.00	0.21	0.24	0.31	0.37
<b>Valuation</b>					
P/E (x)	(0.5)	6.4	6.9	5.5	4.6
P/BV (x)	0.31	2.59	1.96	1.52	1.20
Dividend yield (%)	nm	33.10	27.62	21.88	18.23
Dividend payout ratio (%)	0.00	19.23	25.00	25.00	25.00

## GENERAL DISCLAIMER

### 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.