

Thai Airways (THAI TB)

Decent 1Q26 Earnings Expected

Highlights

- THAI should report a net profit at Bt8.45b (-14.0% yoy, +59.8% qoq) in 1Q26.
- The yoy drop in net profit is mainly due to the tax expense in 1Q26. The operational statistics remain decent, and the rising fuel cost will be recognised from 2Q26 onwards.
- We remain cautious on THAI given the highly uncertain situation in the Middle East. We maintain HOLD with a target price of Bt6.20 (previously Bt6.70).

Analysis

1Q26 Earnings Preview

Year to 31 Dec (Btm)	1Q25	4Q25	1Q26F	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Total revenue	50,274	46,933	49,663	(1.2)	5.8	183,442	200,170	9.1
Gross profit	12,303	5,949	11,807	(4.0)	98.5	34,003	39,581	16.4
Operating EBITDA	15,695	10,241	15,984	1.8	56.1	49,422	58,236	17.8
Earnings Before Tax (EBT)	9,841	2,065	9,780	(0.6)	373.6	28,467	34,233	20.3
Core profit	10,163	6,814	8,802	(13.4)	29.2	29,518	33,459	13.4
Net profit	9,832	4,541	8,454	(14.0)	86.2	30,910	33,522	8.5
EPS (Bt)	0.35	0.16	0.30	(14.0)	86.2	1.09	1.18	8.5
(%)	1Q25	4Q25	1Q26F	yoy (ppts)	qoq (ppts)	2025	2026F	yoy (ppt)
Gross margin	24.5	12.7	23.8	(0.7)	11.1	18.5	19.8	1.2
EBITDA margin	31.2	21.8	32.2	1.0	10.4	26.9	29.1	2.2
Net profit margin	19.6	9.7	17.0	(2.5)	7.3	16.1	16.7	0.6

Source: THAI, UOB Kay Hian

- **Expect decent earnings in 1Q26; no impact from rising jet fuel prices yet.** Thai Airways (THAI) should report a net profit of Bt8.45b in 1Q26 (-14.0% yoy, +59.8% qoq). In this quarter, we expect a net loss of around Bt380m due to forex losses caused by the Thai baht appreciation, partially offset by the gain from the termination of an aircraft lease contract. The yoy drop in earnings is mainly due to the tax expense in 1Q26 which is gradually approaching the normalised level. 1Q26 EBT should be flat yoy at Bt9.8b (-0.6% yoy). In 1Q26, there was no notable yoy increase in expenses and the jet fuel price spike in Mar 26 will have its impact deferred to Apr 26 instead. The top-line should be at Bt49.6b (-1.2% yoy, +5.8% qoq) with the slight yoy drop mainly from the reduction of Available Seat Kilometers (ASK) yoy. However, most of the metrics such as the cabin factor and cargo load factor are still within a healthy range. EBITDA margin is expected to expand yoy.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	189,786	184,869	206,175	223,179	234,643
EBITDA	54,866	49,422	58,236	62,529	65,898
Operating profit	41,839	35,430	45,586	48,561	48,521
Net profit (rep./act.)	(26,934)	30,910	33,522	33,634	27,376
Net profit (adj.)	15,064	29,518	33,459	33,571	27,313
EPS (Bt)	0.5	1.0	1.2	1.2	1.0
PE (x)	11.3	5.8	5.1	5.1	6.2
P/B (x)	3.7	2.2	1.6	1.3	1.2
EV/EBITDA (x)	3.8	4.3	3.6	3.4	3.2
Dividend yield (%)	0.0	3.5	4.9	5.0	4.0
Net margin (%)	(14.2)	16.7	16.3	15.1	11.7
Net debt/(cash) to equity (%)	97.8	51.6	38.8	35.5	28.4
Interest cover (x)	3.5	5.7	5.1	4.4	4.6
ROE (%)	n.a.	50.9	37.4	29.0	19.8
Consensus net profit (Btm)	-	-	28,112	27,732	18,990
UOBKH/Consensus (x)	-	-	1.19	1.21	1.44

Source: THAI, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	Bt5.95
Target Price	Bt6.20
Upside	+4.2%
Previous TP	Bt6.70

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Stock Data

GICS sector	Industrials
Bloomberg ticker:	THAI TB
Shares issued (m):	28,303.3
Market cap (Btm):	169,819.7
Market cap (US\$m):	5,244.7
3-mth avg daily t'over (US\$m):	13.1

Price Performance (%)

52-week high/low	Bt19.40/Bt3.32			
1mth	3mth	6mth	1yr	YTD
(3.2)	(19.5)	(39.4)	80.7	(13.7)

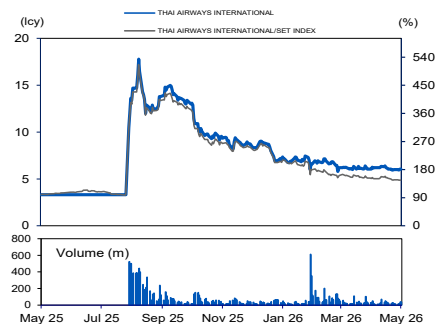
Major Shareholders

Major Shareholders	%
Ministry of Finance	38.90
Bangkok Bank	8.50

Balance Sheet Metrics

FY26 NAV/Share (Bt)	3.65
FY26 Net Debt/ Share (Bt)	1.42

Price Chart



Source: Bloomberg

Company Description

Thai Airways is the national flag carrier and largest airline of Thailand. The company operates both domestic and international flights, serving destinations across Asia, Europe, and Oceania, with its main hub at Suvarnabhumi Airport in Bangkok. Its business segments include passenger transport, cargo, mail, catering, and ground services.

Statistics Preview

	1Q25	4Q25	1Q26F	yoy (%)	qoq (%)
Passenger business					
RPK (m pax km) vol	14,776	14,161	14,452	(2.2)	2.1
ASK (m pax km) capacity	17,729	17,772	17,389	(1.9)	(2.2)
Cabin Factor	83.3%	79.7%	83.1%	(0.2)	3.4
Pax Yield (Bt/pax km)	2.91	2.80	2.93	0.7	4.5
Mail and Freight					
RFTK (m ton km) vol	482	497	490	1.7	(1.4)
ADTK (m ton km) capacity	975	990	972	(0.3)	(1.8)
Cargo Load Factor	49.4%	50.2%	50.4%	1.0	0.2
Freight Yield (Bt/ton km)	8.58	8.46	8.41	(2.0)	(0.6)

Source: THAI, UOB Kay Hian

- Flight cancellations in May 26.** Due to the current situation, THAI has cancelled a high single-digit number of flights in May 26, leading to a ASK dropping by mid-single digit yoy. Most of the cancelled flights are in low demand and THAI will aim to increase efficiency in fuel usage for its aircraft. As a result, the passenger yield is expected to rise yoy and qoq. So far, THAI has not closed any flight routes but has mainly reduced the flight frequency especially for regional flights to Hong Kong and China. Meanwhile, from Jun 26 onwards, THAI will need to closely monitor the number of forward bookings before deciding on its strategy. All of the tickets are sold at an elevated price, around 15-20% above its original price, to fully pass on the rising fuel cost to its passengers. THAI will need to keep a good balance between ticket prices and tourist demand.
- Highly challenging outlook in 2Q26.** The full impact of the jet fuel price spike will be recognised in the operational performance from Apr 26 onwards. THAI has pushed the rising fuel cost to customers partially in Apr 26 and fully in May 26. The cabin factor in Apr 26 was around a healthy range of 80%, thanks to the Songkran festival. Meanwhile, the flight reduction in May 26 shows THAI's effort in preserving its margins. However, we still expect to see a notable margin squeeze in 2Q26 as management is cautious about the price increase and is mindful that the price increase could hamper travel demand. Moreover, the situation in Jun 26 remains uncertain and management will need to closely monitor in order to plan its approach for the month.

Valuation/Recommendation

- Maintain HOLD with a target price of Bt6.20.** Our valuation for THAI in 2026 is based on a PE multiple of 5.0x (based on 2SD below the 10-year historical mean). We believe that THAI's valuation is undemanding but will remain cautious given that the situation in the Middle East remains unsettled. The 2Q26 outlook remains highly challenging given the expected margin squeeze as THAI cannot fully pass through the fuel cost increase to the ticket price, fearing the negative effect on travel demand.

Environment, Social, Governance (ESG) Updates

Environmental

- Fuel usage:** THAI is reducing carbon emissions by improving fuel efficiency through fleet renewal and exploring options for Sustainable Aviation Fuel.
- Net-zero by 2065:** THAI has publicly stated a net-zero emissions goal by 2065 as part of its long-term climate strategy.

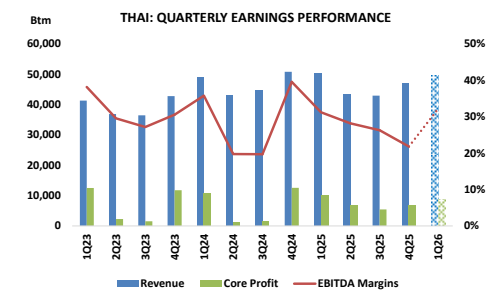
Social

- Supporting the community:** THAI supports local communities through CSR initiatives and local sourcing, particularly for in-flight food and amenities.

Governance

- Strategic ESG partnerships:** THAI's partnership with PTT Global Chemical on SAF reflects its commitment to global sustainability standards.

Quarterly Performance



Source: THAI, UOB Kay Hian

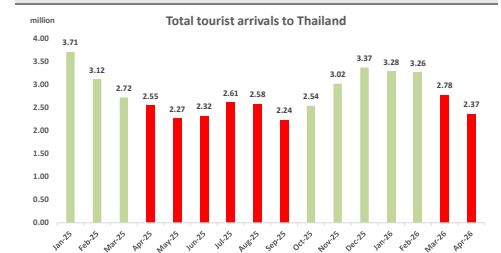
Thai's Key Markets

THAI's Top-10 Passenger Revenue by Country of Destination in the Past 12 Months



Source: THAI

Monthly Tourist Arrivals



Source: Ministry of Tourism and Sports, UOB Kay Hian

Operational Expenses

Category	Cost per Available Seat Kilometer (CASK) / Revenue from Sales and Services				Full-Year Analysis
	H1 2024	H2 2024	H1 2025	H2 2025	
Total CASK	2,045	2,480	2,781	2,273	Full-Year Analysis
Fuel expense	832	840	870	840	• Fuel expense in FY 2026 (forecast) is expected to be around 850 Bt per 100kg of fuel.
Non-Fuel expense	1,213	1,640	1,911	1,433	• Non-Fuel expense includes cabin crew, ground handling, and other operational costs.
Flight service expense	3,277	3,261	3,203	3,264	• Flight service expense includes aircraft lease, maintenance, and other costs.
Aircraft rental, BtL, Revenue cost	3,100	3,200	3,200	3,100	• Aircraft rental and BtL costs are expected to remain stable.
Aircraft repair and maintenance expense	3,245	3,200	3,200	3,245	• Aircraft repair and maintenance costs are expected to remain stable.
Equipment leases and other expense	3,676	3,676	3,676	3,676	• Equipment leases and other expenses are expected to remain stable.
Marketing and advertising expense	4.3%	4.3%	4.3%	4.3%	• Marketing and advertising costs are expected to remain stable.
Other expense ¹⁾	16.7%	16.4%	16.4%	16.7%	• Other expenses include various operational costs.
Bag fee Fuel Price (Bt/kg)	95.7	98.8	104.4	95.9	• Fuel price is a significant component of fuel expense.
Bag fee Airfare (Bt/kg)	24.0	22.2	25.3	22.9	• Airfare is a significant component of non-fuel expense.

Source: THAI

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	184,869	206,175	223,179	234,643
EBITDA	49,422	58,236	62,529	65,898
Deprec. & amort.	13,991	12,650	13,968	17,378
EBIT	35,430	45,586	48,561	48,521
Total other non-operating income	1,697	0	0	0
Associate contributions	34	63	63	63
Net interest income/(expense)	(8,695)	(11,417)	(14,102)	(14,346)
Pre-tax profit	28,467	34,233	34,523	34,238
Tax	2,473	(683)	(861)	(6,835)
Minorities	(30)	(27)	(27)	(27)
Net profit	30,910	33,522	33,634	27,376
Net profit (adj.)	29,518	33,459	33,571	27,313

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	31,295	46,485	47,874	44,944
Pre-tax profit	28,467	34,233	34,523	34,238
Tax	2,473	(683)	(861)	(6,835)
Deprec. & amort.	13,991	12,650	13,968	17,378
Working capital changes	1,700	1,098	1,056	700
Non-cash items	(15,184)	(843)	(811)	(537)
Other operating cashflows	(118)	94	63	63
Investing	(25,396)	(41,579)	(45,065)	(32,716)
Capex (growth)	(13,236)	(41,200)	(44,700)	(32,474)
Investment	1,908	1,908	1,908	1,908
Others	(14,068)	(2,288)	(2,273)	(2,150)
Financing	(11,532)	5,777	20,429	(5,301)
Dividend payments	0	(5,944)	(8,381)	(8,409)
Proceeds from borrowings	(11,068)	11,721	28,809	3,108
Loan repayment	0	0	0	0
Others/interest paid	(465)	0	0	0
Net cash inflow (outflow)	(5,633)	10,683	23,239	6,927
Beginning cash & cash equivalent	84,212	78,579	89,262	112,501
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	78,579	89,262	112,501	119,428

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	111,737	140,287	171,019	186,115
Other LT assets	48,823	53,101	57,216	59,944
Cash/ST investment	78,579	89,262	112,501	119,428
Other current assets	64,920	70,840	76,534	80,309
Total assets	304,059	353,491	417,270	445,796
ST debt	9,871	9,370	11,541	12,505
Other current liabilities	67,716	73,891	79,830	83,768
LT debt	107,802	120,024	146,662	148,807
Other LT liabilities	42,758	46,657	50,407	52,894
Shareholders' equity	75,834	103,412	128,666	147,634
Minority interest	78	135	162	189
Total liabilities & equity	304,059	353,491	417,270	445,796

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	26.7	28.2	28.0	28.1
Pre-tax margin	15.4	16.6	15.5	14.6
Net margin	16.7	16.3	15.1	11.7
ROA	10.4	10.2	8.7	6.3
ROE	50.9	37.4	29.0	19.8
Growth				
Turnover	(2.6)	11.5	8.2	5.1
EBITDA	(9.9)	17.8	7.4	5.4
Pre-tax profit	n.a.	20.3	0.8	(0.8)
Net profit	n.a.	8.5	0.3	(18.6)
Net profit (adj.)	95.9	13.4	0.3	(18.6)
EPS	95.9	13.4	0.3	(18.6)
Leverage				
Debt to total capital	60.8	55.5	55.1	52.2
Debt to equity	155.2	125.1	123.0	109.3
Net debt/(cash) to equity	51.6	38.8	35.5	28.4
Interest cover (x)	5.7	5.1	4.4	4.6

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