UOBKayHian

Country Daily | Thailand

Monday, 24 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53277.0	1.0	(0.8)	2.6	10.8
S&P 500	7674.4	0.4	(1.4)	3.5	12.1
FTSE 100	10816.6	0.6	0.6	0.7	8.9
AS30	9269.7	(0.3)	(0.5)	3.7	2.8
CSI 300	4618.9	0.6	(1.0)	(0.7)	(0.2)
FSSTI	5689.0	0.3	(1.0)	1.8	22.4
HSCEI	8634.3	1.0	3.5	4.4	(3.1)
HSI	26009.5	1.2	3.6	4.2	1.5
JCI	6525.7	0.4	3.6	5.3	(24.5)
KLCI	1736.5	(0.0)	0.5	2.1	3.4
KOSPI	6913.0	0.9	1.5	3.3	64.0
Nikkei 225	66016.4	(0.3)	(3.9)	2.2	31.1
SET	1613.8	0.2	0.3	(1.9)	28.1
TWSE	45224.3	0.6	(1.3)	3.6	56.1
BDI	2841	1.8	(0.8)	3.6	51.4
CPO (RM/mt)	4643	1.0	2.7	2.6	18.0
Brent Crude (US$/bbl)	94	(0.8)	3.0	(3.3)	53.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep

Corporate and Macro Calendar

Economic Indicator/Event		Date
July. Customs Trade Balance (Export-Import)	Thailand	21-26 Aug

Top Stories

Company Update | Amata Corporation (AMATA TB/**BUY**/Bt30.50/Target: Bt38.00)

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- We attended AMATA's 2Q26 analyst meeting, which had a neutral tone. The land transfer momentum is expected to continue into 2H26 and 2027, supported by a more consistent transfer pace. The company has over 1,000 rai of high-potential customers, including around 300 rai from six data centre operators. Vietnam land transfers are expected in 4Q26, while gross margin may soften slightly on a lower contribution from the Rayong Smart City site. Maintain BUY with an unchanged target price of Bt38.00.

Company Update | Carabao Group (CBG TB/**BUY**/Bt57.00/Target: Bt66.00)

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- We remain positive on CBG with 3Q26 earnings expected to return to yoy growth and increase qoq. 3Q26 top-line growth is expected to be supported by continued growth in domestic sales, which should increase both yoy and qoq. International sales are also expected to gradually recover, led by the Myanmar market, and should offset the absence of Cambodia sales, supporting an international sales return to yoy growth in 4Q26. Maintain BUY with a target price of Bt66.00.

Company Update | Thai Airways (THAI TB/**BUY**/Bt5.80/Target: Bt6.80)

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- THAI's 3Q26 outlook is improving, supported by stronger bookings and cabin factors, particularly on European routes, while Sep 26 bookings are also growing yoy. Lower fuel costs and stable maintenance and employee expenses should drive a qoq unit margin improvement. THAI retains flexibility to raise fares through fuel surcharges if jet fuel prices rise, while 40% fuel hedging provides further protection. Domestic promotions should support market share gains. Maintain BUY with a target price of Bt6.80.

Amata Corporation (AMATA TB)

Land Transfer Momentum Remains On Track

Highlights

- The tone of the 2Q26 analyst meeting was neutral.
- Data centre pipeline remains a key upside, with six operators representing around 300 rai of potential land sales, which AMATA expects to secure within 2026.
- Maintain BUY with an unchanged target price of Bt38.00.

Analysis

- **Neutral tone from the meeting.** We attended Amata Corporation's (AMATA) 2Q26 analyst meeting, which had a neutral tone. The company reiterated its 2026 land sales target.
- **Land transfer momentum continues into 2H26.** Land transfers progressed faster than expected in 1H26, supported by improved execution efficiency. We expect this momentum to continue into 2H26, with land transfers remaining on track and less affected by seasonality. The company also expects stronger transfer momentum to continue into 2027 given a more balanced and less seasonal land transfer pattern going forward.
- **Over 1,00 rai of high potential customers.** The company currently has over 1,000 rai of high-potential customers under discussion, with new inquiries continuing to come in. The pipeline comprises 22 customers, with the majority coming from data centre and electronics projects, along with auto parts and machinery. In Vietnam, the company sees potential to achieve around 550 rai of land sales, although the timing could be affected by the pace of FDI approvals and progress on the Ha Long project. In Laos, customer discussions remain active, with around 300 rai of high-potential demand currently under discussion.
- **Gross margin to soften slightly in 2H26.** We expect gross margin to decline slightly in 2H26, mainly due to a higher contribution from the Thai-Chinese Rayong site, which carries a lower margin of around 55-60%, compared with 65-70% for the Smart City project. In 1H26, Smart City accounted for around 20% of total land transfers and supported the overall margin while there is no transfer from Thai-Chinese Rayong in 1H26. Management indicated that land transfer margins do not differ materially by customer industry, including data centres, as margins are driven more by the location and characteristics of each site.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	14,723.6	14,281.5	16,312.4	15,738.8	16,949.7
EBITDA	3,972.6	5,070.4	5,892.9	5,443.3	5,901.8
Operating profit	3,521.5	4,608.0	5,406.5	4,937.2	5,376.2
Net profit (rep./act.)	2,482.9	3,148.7	4,229.2	3,962.2	4,278.6
Net profit (adj.)	2,482.9	3,148.7	4,229.2	3,962.2	4,278.6
EPS	2.2	2.7	3.7	3.4	3.7
PE (x)	14.0	11.0	8.2	8.8	8.1
P/B (x)	1.6	1.5	1.3	1.2	1.1
EV/EBITDA (x)	9.9	8.7	5.9	6.1	5.5
Dividend yield (%)	2.6	3.6	4.6	4.3	4.7
Net margin (%)	16.9	22.0	25.9	25.2	25.2
Net debt/(cash) to equity(%)	58.2	69.5	22.4	12.9	6.8
Interest cover (x)	6.4	8.9	10.6	11.7	13.0
Consensus net profit	n.a	n.a	3,803.4	3,732.7	3,992.2
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.1

Source: Amata Corporation, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt30.50
Target Price	Bt38.00
Upside	24.59%

Stock Data

Sector	Real Estate
Bloomberg ticker	AMATA TB
Shares issued (m)	1,150.0
Market cap (Btm)	34,787.5
Market cap (US$m)	1,064.8
3-mth avg daily t'over (US$m)	10.8

Price Performance (%)

52-week high/low				Bt32.2/Bt14.1
1mth	3mth	6mth	1yr	YTD
3.4	19.8	55.1	82.2	82.2

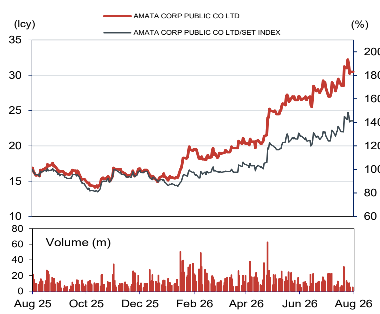
Major Shareholders (%)

Mr. Vikrom Kromadit	26.23
Thai NVDR	16.86

Balance Sheet Metrics

FY26 NAV/Share (Bt)	23.2
FY26 Net Debt/Share (Bt)	5.2

Price Chart



Source: Bloomberg

Company Description

AMATA is Thailand's leading industrial estate developer. It operates two industrial estates in Eastern Thailand, which are Amata Nakorn and Amata City, and one in Vietnam, Amata City Bien Hoa.

- **Vietnam land transfers expected in 4Q26.** We expect Vietnam to record land transfers in 4Q26 at a pace broadly similar to that of 2Q26's. The company is confident of achieving around 35 hectares (219 rai) of land sales, while total land sales could reach 60-65 hectares (375-406 rai) if ongoing negotiations with multiple customers are successfully concluded. The upside would depend mainly on the speed of agreement and documentation processes, which could allow deals to close within a shorter timeframe. Demand remains diversified across industries. In northern Vietnam, potential customers include ready-built factories (RBF), plastics, metal processing, and electronics, while southern Vietnam has a broader mix of demand, including food processing, RBF, data centres, electronic devices, and storage and logistics facilities.
- **300 rai in data centre pipeline.** The company currently has six data centre operators in its pipeline, representing around 300 rai of potential land sales. While one customer is targeting a 3Q26 deal, the other five are more likely to conclude discussions in 4Q26. However, the company remains confident that the full 300 rai will be secured within 2026. For new data centre projects, electricity availability remains the key requirement, while water supply is already sufficient. The company is awaiting further clarity from the government regarding electricity supply and data centre regulations. Management does not expect the regulatory process to materially delay either new customers or existing customers currently in negotiations.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt38.00.** Our target price is based on the SOTP methodology. We value the core businesses (industrial land development and logistics) at Bt28.66/share. The industrial estate business is valued at 12.5x 2027F PE, while the logistics business is valued using the GNAV method. Investments in associate companies are valued at Bt12.65/share, based on 14x 2027F PE. We believe AMATA's strong backlog will continue to support earnings.

Earnings Revision/Risk

- We fine-tune our 2026-28 earnings forecasts up by 1.3%, 1.7%, 3.2% respectively.

Share Price Catalyst

- a) Higher-than-expected land presales volume, and b) continued FDI momentum driven by the relocation theme.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- Minimises social and environmental impact to protect and restore natural resources, transparently disclosing natural resources and implementing environmental management practices through various channels.

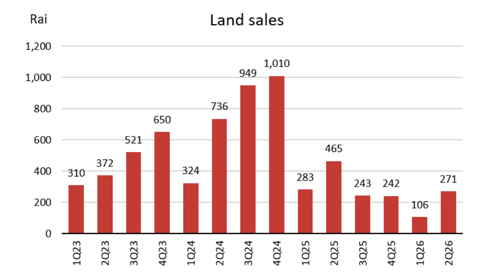
Social

- The business operation plays a crucial role in promoting positive human rights impacts by contributing to the local economy, creating employment opportunities, and enhancing overall community wellbeing.

Governance

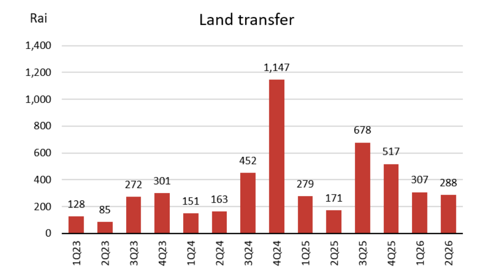
- Places a strong emphasis on transparency, integrity, and compliance with laws and regulations, as well as the principles of good corporate governance and a business code of ethics.

Land Sales



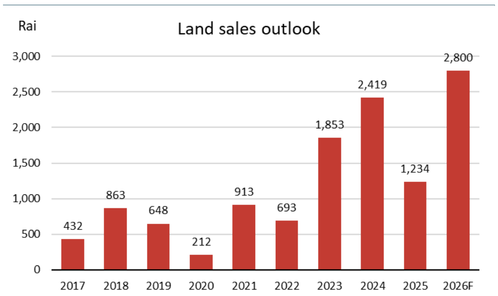
Source: AMATA, UOB Kay Hian

Land Transfer



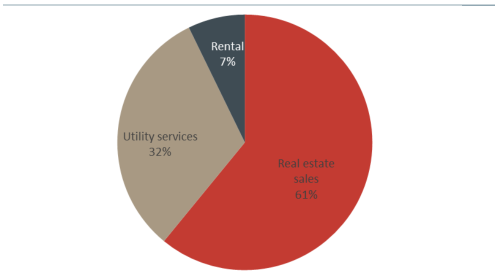
Source: AMATA, UOB Kay Hian

Land Sales Target



Source: AMATA, UOB Kay Hian

Revenue Contribution



Source: AMATA, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**14,281**	**16,312**	**15,739**	**16,950**
EBITDA	5,070	5,893	5,443	5,902
Deprec. & amort.	462	486	506	526
EBIT	4,608	5,406	4,937	5,376
Total other non-operating income	148	127	139	144
Associate contributions	927	796	981	970
Net interest income/(expense)	(570)	(557)	(464)	(454)
Pre-tax profit	**5,113**	**5,772**	**5,593**	**6,036**
Tax	(884)	(827)	(875)	(943)
Minorities	(949)	(1,082)	(756)	(814)
Net profit	**3,149**	**4,229**	**3,962**	**4,279**
Net profit (adj.)	3,149	4,229	3,962	4,279

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	9,935	10,213	10,470	10,708
Other LT assets	30,965	32,945	34,461	35,518
Cash/ST investment	4,038	14,443	16,591	18,170
Other current assets	24,716	16,547	16,308	17,658
Total assets	**69,654**	**74,147**	**77,830**	**82,053**
ST debt	5,693	5,693	5,693	5,693
Other current liabilities	14,468	14,771	14,735	14,965
LT debt	14,708	14,708	14,708	14,708
Other LT liabilities	4,363	4,363	4,363	4,363
Shareholders' equity	23,531	26,639	29,602	32,780
Minority interest	6,891	7,973	8,729	9,543
Total liabilities & equity	**69,654**	**74,147**	**77,830**	**82,053**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**(5,182)**	**14,269**	**5,428**	**4,499**
Pre-tax profit	4,982	6,138	5,593	6,036
Tax	(884)	(827)	(875)	(943)
Deprec. & amort.	462	486	506	526
Working capital changes	(10,354)	8,472	203	(1,119)
Other operating cashflows	612	0	0	0
Investing	**2,556**	**(2,257)**	**(1,774)**	**(1,294)**
Capex (growth)	2,870	(1,778)	(1,257)	(738)
Investments	(445)	(479)	(516)	(557)
Others	130	0	0	0
Financing	**894**	**(1,607)**	**(1,506)**	**(1,626)**
Dividend payments	(1,265)	(1,607)	(1,506)	(1,626)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,927	0	0	0
Others/interest paid	232	0	0	0
Net cash inflow (outflow)	**(1,733)**	**10,405**	**2,148**	**1,579**
Beginning cash & cash equivalent	**5,770**	**4,038**	**14,443**	**16,591**
Ending cash & cash equivalent	**4,038**	**14,443**	**16,591**	**18,170**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	35.5	36.1	34.6	34.8
Pre-tax margin	35.8	35.4	35.5	35.6
Net margin	22.0	25.9	25.2	25.2
Growth				
Turnover	218.0	263.2	250.4	277.4
EBITDA	171.6	215.6	191.6	216.1
Pre-tax profit	141.4	172.6	164.1	185.0
Net profit	123.4	200.0	181.1	203.5
Net profit (adj.)	26.8	34.3	(6.3)	8.0
EPS	107.2	178.4	160.8	181.6
Leverage				
Debt to total capital	67.1	58.9	53.2	48.2
Debt to equity	86.7	76.6	68.9	62.2
Net debt/(cash) to equity	69.5	22.4	12.9	6.8
Interest cover	8.9	10.6	11.7	13.0

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Carabao Group (CBG TB)

Domestic Growth Remains Strong; International Sales Rebound

Highlights

- We remain positive on CBG with 3Q26 earnings expected to return to yoy growth and increase qoq.
- 3Q26 top-line growth is expected to be supported by continued growth in domestic sales, which should increase both yoy and qoq.
- International sales are also expected to gradually recover, led by the Myanmar market, and should offset the absence of Cambodia sales, supporting an international sales return to yoy growth in 4Q26.
- Maintain BUY with a target price of Bt66.00.

Analysis

- The company held an analyst meeting following its 2Q26 results, with an overall positive tone.
- **Domestic sales to continue growing, with distribution sales remaining the key growth driver.** Management remains confident in 3Q26's top-line growth, driven by strong domestic sales. Domestic energy drink sales are expected to grow 8-10% yoy, while distribution sales are expected to increase 20-25% yoy, with continued growth in LOVEZA OEM sales.
- **OEM sales are expected to grow in 2H26, driven by increasing orders from LOVEZA.** LOVEZA OEM sales are gaining positive momentum, with volumes expected to increase from around 5m cans in 2Q26 to 15m cans in 3Q26 and 25m cans in 4Q26. Management also sees potential to expand OEM distribution into the traditional trade channel, providing an additional growth opportunity.
- **International sales recovery to offset the absence of Cambodia sales**. International sales are expected to remain flat in 3Q26 due to the absence of Cambodia sales. However, other markets, especially Myanmar and Vietnam, are expected to grow strongly by around 70-80% yoy and 10% yoy, respectively. CBG has no issues with import licences in Myanmar and has sufficient licences to cover shipments through 4Q26. Therefore, with a normalised Cambodia sales base in 4Q26, we expect international sales to return to yoy growth.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	20,964.5	22,041.8	23,320.7	25,098.8	27,032.2
EBITDA	4,390.0	3,885.5	4,519.6	4,901.4	5,292.3
Operating profit	3,572.2	3,087.9	3,709.0	4,013.0	4,331.1
Net profit (rep./act.)	2,842.7	2,319.6	2,803.5	3,025.7	3,260.8
Net profit (adj.)	2,842.7	2,837.2	2,803.5	3,025.7	3,260.8
EPS	2.8	2.8	2.8	3.0	3.3
PE (x)	13.4	13.4	13.6	12.6	11.6
P/B (x)	2.9	2.7	2.4	2.2	2.0
EV/EBITDA (x)	9.0	10.0	8.6	7.9	7.2
Dividend yield (%)	2.9	3.7	3.4	3.6	3.9
Net margin (%)	13.6	10.5	12.0	12.1	12.1
Net debt/(cash) to equity(%)	12.3	5.8	4.8	4.6	2.4
Interest cover (x)	31.4	51.1	71.2	66.0	64.2
ROE (%)	23.8	18.7	21.3	21.7	22.0
Consensus net profit	n.a	n.a	2,760.9	3,032.5	3,228.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: CARABAO GROUP, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt57.00
Target Price	Bt66.00
Upside	15.79%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CBG TB
Shares issued (m)	1,000.0
Market cap (Btm)	36,250.0
Market cap (US$m)	1,107.1
3-mth avg daily t'over (US$m)	5.3

Price Performance (%)

52-week high/low Bt62.8/Bt34.2

1mth	3mth	6mth	1yr	YTD
(4.6)	(15.2)	(12.1)	(41.3)	(16.7)

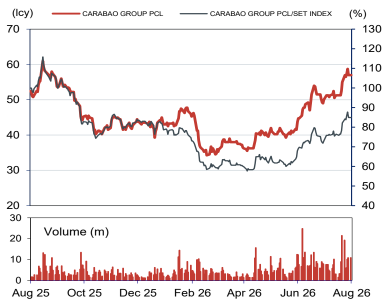
Major Shareholders (%)

Sathienthamholding Company	25.01
Miss Nutchamai Thanombooncharoen	21.00

Balance Sheet Metrics

FY26 NAV/Share (Bt)	15.6
FY26 Net Debt/Share (Bt)	0.8

Price Chart



Source: Bloomberg

Company Description

CBG operates a fully integrated business covering the production, marketing, and distribution management of energy drinks and other beverages, both domestically and internationally.

- **3Q26 gross profit margin to decline qoq, with recovery expected in 4Q26.** 3Q26 gross profit margin is expected to decline qoq due to higher raw material costs. However, management expects gross profit margin to recover in 4Q26, supported by easing raw material costs.
- **Third furnace to expand capacity and improve production efficiency.** Based on the current capacity outlook, Carabao Group (CBG) plans to install a third furnace to expand production capacity and introduce new technology to reduce bottle weight. The project is expected to be completed in 4Q27, adding production capacity of around 400m bottles per year. CBG will use its internal cash flow to fund the project.
- **CBG still plans on launching energy drinks in the Bt12/bottle segment.** CBG is designing a new energy drink in the Bt12/bottle segment. Meanwhile, the main energy drinks in the Bt10/bottle segment will remain unchanged, with no price adjustment. However, the company did not provide a specific timeline.
- **3Q26 earnings expected to recover yoy and qoq.** Overall, we remain positive on CBG, with 3Q26 earnings expected to return to yoy growth and increase qoq, driven by continued growth in domestic energy drink sales and seasonal strength in third-party distribution sales. In addition, international sales are expected to gradually recover, supported by strong growth in Myanmar market, which should offset the absence of Cambodia sales in 4Q26. We also expect gross profit margin to improve, as raw material costs are likely to ease and stronger sales should provide greater economies of scale.

Valuation/Recommendation

- **Maintain BUY with target price of B66.00 based on 2027 EPS.** We peg the stock at -1SD to its five-year historical PE band, equivalent to 22x. We remain positive on CBG, supported by strong domestic sales in 1H26 across both the energy drink and third-party distribution businesses.
- Looking ahead, we expect domestic sales to continue growing in 2H26 hoh and yoy, while seasonal strength in third-party distribution should drive economies of scale and improve profitability. International sales, particularly in Myanmar, should maintain strong momentum and help offset the absence of Cambodia sales. We therefore expect international sales to return to yoy growth in 4Q26.

Share Price Catalyst

- Lower raw material costs; increase in CBG's share of the domestic energy drink market; improved stability in Cambodia's market; positive development of third-party distribution sales.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- Carbon neutral. CBG has committed to achieving carbon neutrality by 2050.

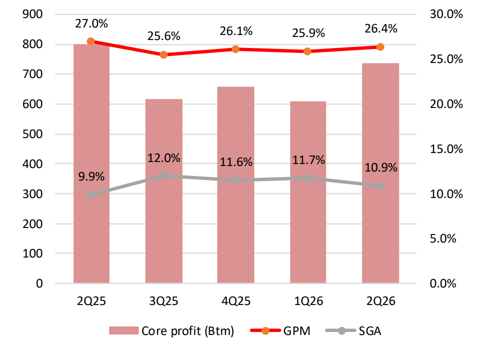
Social

- Social responsibility. The company places a strong emphasis on human capital development, as well as the health of consumers and the well-being of communities.

Governance

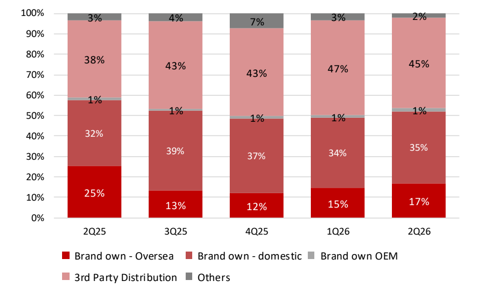
- Good governance. The company is committed to sustainability and operates in accordance with best practices in corporate governance, as established by the Stock Exchange of Thailand and the Institute of Directors of Thailand.

Core Earnings and Growth



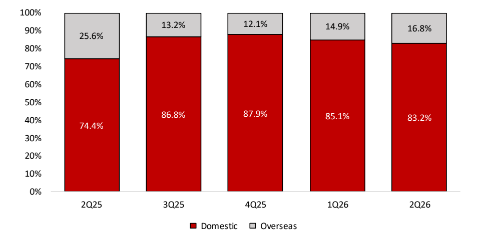
Source: CBG, UOB Kay Hian

Sales By Product



Source: UOB Kay Hian

Beverage By Market



Source: CBG, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**22,042**	**23,321**	**25,099**	**27,032**
EBITDA	3,885	4,520	4,901	5,292
Deprec. & amort.	798	811	888	961
EBIT	3,088	3,709	4,013	4,331
Total other non-operating income	0	0	0	0
Associate contributions	15	15	15	15
Net interest income/(expense)	(76)	(63)	(74)	(82)
Pre-tax profit	**3,027**	**3,661**	**3,954**	**4,264**
Tax	(736)	(886)	(957)	(1,032)
Minorities	29	29	29	29
Net profit	**2,320**	**2,804**	**3,026**	**3,261**
Net profit (adj.)	2,837	2,804	3,026	3,261

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,389	13,578	14,690	15,728
Other LT assets	1,268	1,279	1,290	1,302
Cash/ST investment	1,483	1,949	2,113	2,690
Other current assets	3,906	4,105	4,643	4,989
Total assets	**19,046**	**20,911**	**22,737**	**24,709**
ST debt	1,166	1,141	1,322	1,506
Other current liabilities	2,361	2,335	2,324	2,315
LT debt	1,139	1,556	1,591	1,643
Other LT liabilities	16	16	16	16
Shareholders' equity	14,103	15,622	17,261	19,028
Minority interest	(36)	(65)	(94)	(123)
Total liabilities & equity	**19,046**	**20,911**	**22,737**	**24,709**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**3,004**	**3,370**	**3,345**	**3,847**
Pre-tax profit	3,027	3,661	3,954	4,264
Tax	(736)	(928)	(995)	(1,066)
Deprec. & amort.	798	811	888	961
Associates	0	0	0	0
Working capital changes	(78)	(173)	(502)	(311)
Non-cash items	(11)	0	0	0
Other operating cashflows	5	0	0	0
Investing	**(1,080)**	**(2,010)**	**(2,011)**	**(2,012)**
Capex (growth)	(1,064)	(2,010)	(2,011)	(2,012)
Capex (maintenance)	0	0	0	0
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(16)	0	0	0
Financing	**(2,512)**	**(893)**	**(1,170)**	**(1,259)**
Dividend payments	(1,400)	(1,285)	(1,386)	(1,494)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,789	(542)	0	0
Loan repayment	(2,910)	933	217	235
Others/interest paid	9	0	0	0
Net cash inflow (outflow)	**(588)**	**466**	**164**	**576**
Beginning cash & cash equivalent	**1,384**	**1,483**	**1,949**	**2,113**
Changes due to forex impact	8	0	0	0
Ending cash & cash equivalent	**804**	**1,949**	**2,113**	**2,690**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.6	19.4	19.5	19.6
Pre-tax margin	13.7	15.7	15.8	15.8
Net margin	10.5	12.0	12.1	12.1
ROA	11.9	13.7	14.2	14.6
ROE	18.7	21.3	21.7	22.0
Growth				
Turnover	5.1	5.8	7.6	7.7
EBITDA	(11.5)	16.3	8.4	8.0
Pre-tax profit	(12.2)	20.9	8.0	7.8
Net profit	(18.4)	20.9	7.9	7.8
Net profit (adj.)	(0.2)	(1.2)	7.9	7.8
EPS	(0.2)	(1.2)	7.9	7.8
Leverage				
Debt to total capital	16.4	17.3	17.0	16.6
Debt to equity	16.3	17.3	16.9	16.6
Net debt/(cash) to equity	5.8	4.8	4.6	2.4
Interest cover	51.1	71.2	66.0	64.2

Thai Airways (THAI TB)

Gradual qoq Improvement In Earnings Outlook

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Highlights

- 3Q26 bookings have shown yoy growth, which implies improving travel demand.
- THAI should be able to deliver stronger unit margins qoq from its lean CASK and the improving cabin factor that will drive its RASK.
- We see that THAI's valuation remains undemanding while the earnings outlook is gradually recovering on stronger booking demand and improving margins qoq. Maintain BUY with a target price of Bt6.80.

Analysis

- **Positive tone from the analyst meeting.** We attended Thai Airways' (THAI) analyst meeting to review its 2Q26 results and the tone was positive.
- **Strong bookings in 3Q26.** THAI is starting to see stronger flight demand in 3Q26 and will not be reducing flights like in 2Q26. The cabin factor in Europe routes is now very strong at over 80% based on Jul-Aug 26 bookings, which is a strong improvement from 2Q26's cabin factor at 70% for Europe routes. The bookings in 3Q26 currently are already up yoy, which is an improvement from our previous update. Even the seasonally weakest month of Sep 26 has shown bookings growth yoy which reflects strong travel demand. This has shown THAI's ability to improve its weaker areas in 2Q26, such as the Europe route. The passenger yield in 3Q26 should decline slightly qoq from the decrease in ticket price but should remain at a higher level than during the pre-war period.
- **Lower unit cost driving qoq improvement in 3Q26.** THAI's main strategy is to prioritise and maximise passenger yield. Although we foresee passenger yield dropping qoq due to airfares normalising, we still expect the yield to remain at a high level. The qoq improvement in cabin factor will also be a vital Revenue per Available Seat Kilometer (RASK) driver in 3Q26. Meanwhile, the Cost per Available Seat Kilometer (CASK) should drop qoq as the fuel price has settled down from 2Q26. Moreover, management guided that we should see no significant qoq increase in maintenance and employee expenses. Hence, we expect to see a unit margin improvement in 3Q26. THAI currently has one of the leanest CASK as a result of it having recently exited the rehabilitation plan. This is a positive sign that THAI's earnings outlook is improving.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	189,786	184,869	217,218	228,009	236,207
EBITDA	54,866	49,422	43,194	52,719	55,354
Operating profit	41,839	35,430	30,544	38,751	37,977
Net profit (rep./act.)	(26,934)	30,910	18,781	24,069	18,941
Net profit (adj.)	15,064	29,518	18,718	24,006	18,878
EPS (Bt)	0.5	1.0	0.7	0.8	0.7
PE (x)	10.9	5.6	8.8	6.8	8.7
P/B (x)	3.6	2.2	1.9	1.5	1.4
EV/EBITDA (x)	4.0	4.4	5.1	4.2	4.0
Dividend yield (%)	0.0	3.6	2.9	3.7	2.9
Net margin (%)	(14.2)	16.7	8.6	10.6	8.0
Net debt/(cash) to equity (%)	97.8	51.6	62.0	61.4	56.7
Interest cover (x)	3.5	5.7	3.8	3.7	3.9
ROE (%)	n.a.	50.9	22.8	24.5	16.5
Consensus net profit (Btm)	-	-	17,230	22,327	23,892
UOBKH/Consensus (x)	-	-	1.09	1.08	0.79

Source: Thai Airways, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt5.80
Target Price	Bt6.80
Upside	+17.2%

Stock Data

Sector	Industrials
Bloomberg ticker	THAI TB
Shares issued (m)	28,303.3
Market cap (Btm)	164,159.1
Market cap (US$m)	4,960.4
3-mth avg daily t'over (US$m)	26.7

Price Performance (%)

52-week high/low				Bt16.40/Bt5.25
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(3.3)	(2.5)	(15.3)	(64.8)	(16.5)

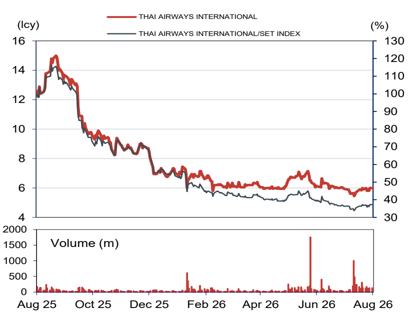
Major Shareholders (%)

Ministry of Finance	38.90
Bangkok Bank	8.50

Balance Sheet Metrics

FY26 NAV/Share (Bt)	3.13
FY26 Net Debt/ Share (Bt)	1.94

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

- **Bookings in 2H26 still have room for fuel surcharge.** Up to now, THAI has sold up to around 30% of total tickets in 4Q26. This gives THAI flexibility to cope with the possibility of increased jet fuel prices, as the situation in the Middle East has not concluded. The remaining 70% of tickets are still eligible for a price increase due to the fuel surcharge. If fuel prices exceed US$150 per barrel, we could see THAI increase its ticket price again. This wiggle room provides THAI with good protection from possible downsides due to fuel prices.
- **Opportunity in domestic market.** Typically, THAI has three types of customers: Business travel, premium leisure, and economy leisure. The strongest demand comes from business travel, where trips are mandatory, while premium leisure demand remains strong, but bookings are being made later than usual. The weakness in demand comes from economy leisure travellers, who are the most price-sensitive group. Currently, THAI has an operating leverage advantage on the fuel cost over low-cost airlines which are suffering from the surging fuel price. THAI is actively launching promotions for domestic routes as they see the current situation as favourable for them to build up market share. These promotions mainly aim to attract more demand but are expected to be profitable for the company, as THAI prioritises passenger yield over passenger volume.
- **Hedging level remains high in 2H26.** THAI has a policy allowing it to hedge up to 60% of its fuel usage. This hedging and fuel management has mitigated the impact from rising fuel costs by 60% in 2Q26. THAI's hedging level is one of the highest in Asia but remains comparable to peers in Europe. The current level of hedging for 2H26 is around 40%. THAI could still potentially hedge more fuel in case there is no further improvement in the situation in the Middle East. This will give it more shielding to protect itself from further downsides of possible fuel price surges in case the unrest in Middle East escalates.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt6.80.** Our valuation for THAI is rolled over to 2027, based on a PE multiple of 8.0x (based on 2SD below the 2017-19 historical mean multiple). We believe that THAI's valuation remains undemanding while the overhang over the lock-up period expiry has already been resolved. The 3Q26 outlook is gradually improving as the booking demand gets stronger, and margins should also improve qoq.

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

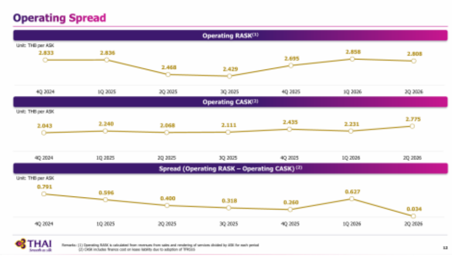
- Supporting the community: THAI supports local communities through CSR initiatives and local sourcing, particularly for in-flight food and amenities.

Governance

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

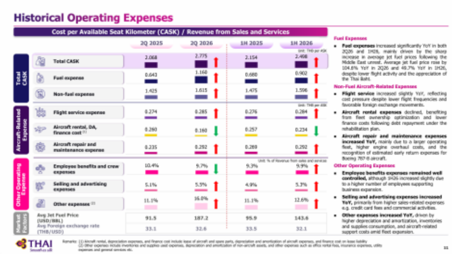
Bangkok. Its business segments include passenger transport, cargo, mail, catering, and ground services.

THAI's Operating Spread



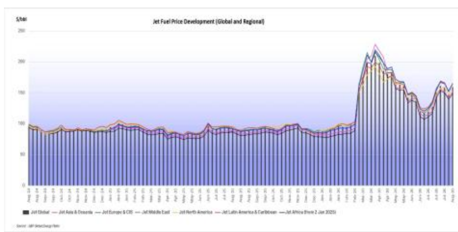
Source: THAI

THAI's Unit Cost Structure



Source: THAI

Jet Fuel Price Trend



Source: S&P Global Energy Platts

Fleet Plan Update

Source: THAI

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	184,869	217,218	228,009	236,207
EBITDA	49,422	43,194	52,719	55,354
Deprec. & amort.	13,991	12,650	13,968	17,378
EBIT	35,430	30,544	38,751	37,977
Total other non-op. 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**	**19,190**	**24,712**	**23,694**
Tax	2,473	(383)	(616)	(4,726)
Minorities	(30)	(27)	(27)	(27)
Net profit	30,910	18,781	24,069	18,941
Net profit (adj.)	**29,518**	**18,718**	**24,006**	**18,878**

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	55,843	58,413	60,331
Cash/ST investment	78,579	74,441	91,844	92,751
Other current assets	64,920	74,634	78,190	80,844
Total assets	**304,059**	**345,206**	**399,467**	**420,041**
ST debt	9,871	9,370	11,541	12,505
Other current liabilities	67,716	77,849	81,558	84,326
LT debt	107,802	120,024	146,662	148,807
Other LT liabilities	42,758	49,156	51,498	53,246
Shareholders' equity	75,834	88,671	108,045	120,969
Minority interest	78	135	162	189
Total liabilities & equity	**304,059**	**345,206**	**399,467**	**420,041**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**31,295**	**31,907**	**38,217**	**36,460**
Pre-tax profit	28,467	19,190	24,712	23,694
Tax	2,473	(383)	(616)	(4,726)
Deprec. & amort.	13,991	12,650	13,968	17,378
Working capital changes	1,700	1,801	659	492
Non-cash items	(15,184)	(1,383)	(506)	(378)
Other operating cashflows	(118)	94	63	63
Investing	**(25,396)**	**(41,822)**	**(44,928)**	**(32,644)**
Capex (growth)	(13,236)	(41,200)	(44,700)	(32,474)
Investment	1,908	1,908	1,908	1,908
Others	(14,068)	(2,530)	(2,136)	(2,078)
Financing	**(11,532)**	**5,777**	**24,114**	**(2,910)**
Dividend payments	0	(5,944)	(4,695)	(6,017)
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)	(4,138)	17,403	907
Beginning cash & cash equivalent	84,212	78,579	74,441	91,844
Ending cash & cash equivalent	**78,579**	**74,441**	**91,844**	**92,751**

Key Metric

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	26.7	19.9	23.1	23.4
Pre-tax margin	15.4	8.8	10.8	10.0
Net margin	16.7	8.6	10.6	8.0
ROA	10.4	5.8	6.5	4.6
ROE	50.9	22.8	24.5	16.5
Growth (% yoy)				
Turnover	(2.6)	17.5	5.0	3.6
EBITDA	(9.9)	(12.6)	22.0	5.0
Pre-tax profit	n.a.	(32.6)	28.8	(4.1)
Net profit	n.a.	(39.2)	28.2	(21.3)
Net profit (adj.)	95.9	(36.6)	28.3	(21.4)
EPS	95.9	(36.6)	28.3	(21.4)
Leverage				
Debt to total capital	60.8	59.3	59.4	57.1
Debt to equity	155.2	145.9	146.4	133.3
Net debt/(cash) to equity	51.6	62.0	61.4	56.7
Interest cover (x)	5.7	3.8	3.7	3.9