Bangkok Airways (BA TB)

Bookings Remain Weak During Samui's Monsoon Season

Highlights

- We attended BA's analyst meeting to review its 3Q26 results, and the tone was negative.
- Forward bookings from now till Jun 27 are down yoy, with Samui route also declining by 2% yoy which has shown weakened travel demand.
- Concerns remain over BA's 2027 fuel hedging levels, as well as rising cost pressures across its other airport-related businesses. We expect BA's 4Q26 earnings to remain under pressure from persistently high fuel prices. Maintain SELL with a target price of Bt11.70.

Analysis

- **Negative tone during analyst meeting.** We attended Bangkok Airways' (BA) analyst meeting to review its 3Q26 results and the tone was negative.
- **Forward bookings continue to weaken.** Management updated that forward bookings for Dec 26-Jun 27 have weakened yoy, pointing to softer travel demand. Bookings on the Samui route have also weakened, dropping 2% yoy. Bookings on international routes declined 5% yoy while domestic bookings rose by 1% yoy. This indicates that overall travel demand remains weak despite BA's increased fleet size. Note that October and November are typically the months with the lowest number of tourists for Samui due to it being the monsoon season; hence, BA is expected to report weaker earnings in 4Q26. We believe BA's earnings outlook will remain under pressure in the coming quarters, given weaker forward bookings and limited scope to raise ticket prices, particularly on the Samui route.
- **BA does not expect to benefit materially from the operational issues affecting THAI's ground operations.** Heavy monsoon rainfall triggered flash floods in Bangkok from late September to early-Oct 26. This prompted Thai Airways (THAI) to cancel around 57 flights and reschedule others, as some employees were unable to report to work due to the flooding. BA does not see this as opportunity to gain more market share for its ground business as they are already busy with their existing customers. BA views the disruption as a temporary issue for THAI and expects the latter's operations to normalise swiftly. Meanwhile, AOT has informed BA that its ground handling concession has been extended for another three years or until a new operator is appointed. Although a new bidding process will be conducted to attract potential operators, we do not expect any significant competitors to pose a threat to BA's market position.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	26,041	26,067	24,718	27,652	29,259
EBITDA	6,992	7,172	4,742	6,914	7,134
Operating profit	5,456	5,592	3,186	5,444	5,632
Net profit (rep./act.)	3,788	3,549	2,121	4,021	4,259
Net profit (adj.)	3,829	3,741	2,121	4,021	4,259
EPS (Bt)	1.8	1.8	1.0	1.9	2.0
PE (x)	10.9	11.1	19.6	10.3	9.8
P/B (x)	2.6	3.1	3.2	2.7	2.5
EV/EBITDA (x)	8.3	8.1	12.2	8.4	8.1
Dividend yield (%)	6.6	6.1	3.6	6.8	7.2
Net margin (%)	14.5	13.6	8.6	14.5	14.6
Net debt/(cash) to equity (%)	122.8	121.4	129.5	87.6	70.0
Interest cover (x)	4.2	4.2	3.4	5.4	6.0
ROE (%)	23.0	24.3	16.3	28.5	26.5
Consensus net profit (Btm)	-	-	3,353	3,997	4,281
UOBKH/Consensus (x)	-	-	0.63	1.01	0.99

Source: Bangkok Airways, Bloomberg, UOB Kay Hian

Analyst(s)

Benjaphol Suthwanish
+662 659 8301
Benjaphol@uobkh.co.th

Assistant Analyst(s)

Nonpawit Vathanadachakul

SELL (Maintained)

Share Price	Bt18.70
Target Price	Bt11.70
Upside	-37.4%

Stock Data

Sector	Industrials
Bloomberg ticker	BA TB
Shares issued (m)	2,074.3
Market cap (Btm)	38,789.5
Market cap (US$m)	1,144.2
3-mth avg daily t'over (US$m)	4.0

Price Performance (%)

52-week high/low				Bt20.35/Bt12.00
1mth	3mth	6mth	1yr	YTD
5.3	2.1	43.5	41.4	33.8

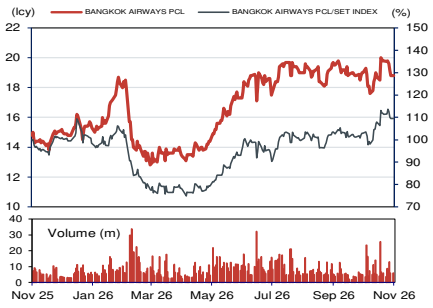
Major Shareholders (%)

Prasartthongosoth Family	58.1
Bangkok Bank	5.0

Balance Sheet Metrics

FY26 NAV/Share (Bt)	6.11
FY26 Net Debt/ Share (Bt)	7.91

Price Chart



Source: Bloomberg

Company Description

Bangkok Airways is a Thailand-based regional airline headquartered in Bangkok. It operates a network of domestic and international routes across Asia, focusing on tourist destinations such as Samui, Phuket, and Chiang Mai. It also owns and operates several airports, including Samui International Airport, as part of its integrated tourism-focused business model.

- **Upside from a PSC increase is limited and unlikely to materialise in the near term.** BA is still preparing a proposal to raise the passenger service charge (PSC) at Samui Airport, which will be submitted to the Civil Aviation Authority of Thailand (CAAT). As BA has already commenced its airport renovation plan, the company intends to include its planned capex of Bt2.0b-3.0b as supporting information for the request. However, the approval timeline remains uncertain, and the proposed new PSC rate has yet to be specified. We expect the approval process to be lengthy, given that it took Airports of Thailand (AOT) approximately two years for its latest PSC increase to take effect. Even assuming that Samui Airport's new PSC rate matches AOT's rate of Bt1,120 per departing international passenger, the upside to our 2027 earnings forecast would be only 1.6%, which we consider immaterial. Therefore, unlike AOT, we do not view a PSC increase as a meaningful earnings catalyst for BA.
- **Jet fuel is still unhedged for 2027.** BA has hedged approximately 30% of its total fuel consumption for 2026, with the coverage unchanged in 4Q26. BA currently has no hedging position in 2027 as the current fuel prices are not favourable. If fuel prices remain at the current level, BA will have limited downside protection against elevated jet fuel prices, as the company will need to procure all of its fuel at the prevailing market price of around US$170 per barrel, well above its hedged price of below US$80 per barrel. Amid the continued fuel price volatility, we expect higher fuel costs to weigh further on BA's earnings in 4Q26. This pressure may be exacerbated by the lack of a meaningful recovery in forward bookings.
- **Cost pressure is catching up to BA's airport-related businesses.** We note that net profit margins across BA's airport-related businesses came under significant pressure in 3Q26, with net profit declining despite revenue growth. BA attributed the decline in net profit to higher operating expenses, mainly driven by rising fuel and employee costs. Given the weak outlook for the airline business, continued earnings pressure in BA's supporting businesses will further weighs on its overall earnings outlook.

Valuation/Recommendation

- **Maintain SELL with a target price of Bt11.70.** Our valuation is based on a 2026F PE of 11.0x, in line with its three-year historical average. The forward bookings until Jun 27 have weakened even further compared to the update in the previous meeting. Samui enters its monsoon season in 4Q26, and BA's fuel remains unhedged for 2027. Should fuel prices remain elevated, we expect BA's earnings to be under pressure from 4Q26 onwards. We prefer THAI, which we believe is better positioned to benefit from a normalisation in fuel prices and trades at a lower valuation of 7.5x PE.

Environment, Social, Governance (ESG) Updates

Environmental

- Fleet modernisation and operational efficiency: BA is gradually incorporating more fuel-efficient aircraft (eg ATR 72-600), optimising flight routes, and improving fuel management to lower emissions.
- Net-zero by 2050: BA has set a long-term net zero target by 2050, aligning with global aviation industry goals such as those from IATA and ICAO.

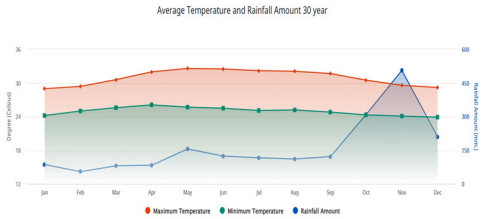
Social

- Local community development: BA contributes to the community development through employment generation.

Governance

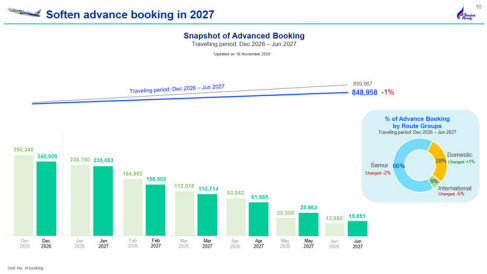
- Discipline in capital allocation and capacity management: Prioritising profitability over aggressive expansion, ensuring operational efficiency, which has generally been well maintained.

Samui Weather Records



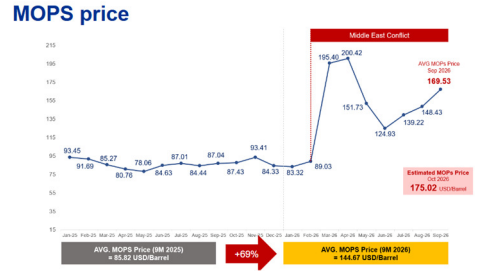
Source: Thai Meteorological Department

Updated forward bookings



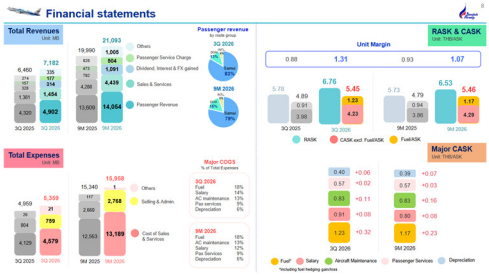
Source: BA

Jet fuel price trend



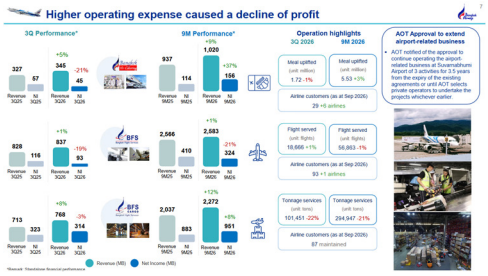
Source: BA

Cost structure



Source: BA

Airport Related Businesses



Source: BA

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	26,067	24,718	27,652	29,259
EBITDA	7,172	4,742	6,914	7,134
Deprec. & amort.	1,580	1,556	1,470	1,502
EBIT	5,592	3,186	5,444	5,632
Total other non-op. income	(240)	0	0	0
Associate contributions	705	709	723	738
Net interest income/(expense)	(1,714)	(1,398)	(1,277)	(1,184)
Pre-tax profit	**4,343**	**2,498**	**4,890**	**5,186**
Tax	(763)	(358)	(833)	(890)
Minorities	(31)	(19)	(35)	(37)
Net profit	3,549	2,121	4,021	4,259
Net profit (adj.)	**3,741**	**2,121**	**4,021**	**4,259**

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,408	12,155	12,443	12,699
Other LT assets	25,767	25,676	25,862	25,962
Cash/ST investment	9,560	8,220	10,758	11,836
Other current assets	2,665	2,509	2,827	2,998
Total assets	**50,399**	**48,560**	**51,890**	**53,495**
ST debt	4,453	4,188	4,588	4,588
Other current liabilities	7,729	7,278	8,200	8,696
LT debt	21,163	20,640	19,625	19,011
Other LT liabilities	3,782	3,561	4,012	4,255
Shareholders' equity	13,225	12,826	15,362	16,807
Minority interest	48	67	102	139
Total liabilities & equity	**50,399**	**48,560**	**51,890**	**53,495**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**8,583**	**4,109**	**6,854**	**6,861**
Pre-tax profit	4,343	2,498	4,890	5,186
Tax	(763)	(358)	(833)	(890)
Deprec. & amort.	1,580	1,556	1,470	1,502
Working capital changes	(302)	12	(24)	(13)
Non-cash items	5,358	(307)	628	338
Other operating cashflows	(928)	1,419	1,447	1,476
Investing	**(545)**	**(1,433)**	**(1,493)**	**(1,616)**
Capex (growth)	(1,342)	(1,303)	(1,758)	(1,758)
Investment	24,203	24,203	24,203	24,203
Others	(23,406)	(24,333)	(23,939)	(24,061)
Financing	**(6,009)**	**(3,307)**	**(2,100)**	**(3,430)**
Dividend payments	(176)	(2,520)	(1,485)	(2,815)
Proceeds from borrowings	(2,184)	(787)	(615)	(615)
Loan repayment	0	0	0	0
Others/interest paid	(3,649)	0	0	0
Net cash inflow (outflow)	2,029	(630)	3,261	1,816
Beginning cash & cash equivalent	8,236	9,560	8,220	10,758
Ending cash & cash equivalent	**10,265**	**8,929**	**11,481**	**12,574**

Key Metric

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.5	19.2	25.0	24.4
Pre-tax margin	16.7	10.1	17.7	17.7
Net margin	13.6	8.6	14.5	14.6
ROA	6.7	4.3	8.0	8.1
ROE	24.3	16.3	28.5	26.5
Growth (% yoy)				
Turnover	0.1	(5.2)	11.9	5.8
EBITDA	2.6	(33.9)	45.8	3.2
Pre-tax profit	(3.8)	(42.5)	95.8	6.1
Net profit	(6.3)	(40.2)	89.5	5.9
Net profit (adj.)	(2.3)	(43.3)	89.5	5.9
EPS	(2.3)	(43.3)	89.5	5.9
Leverage				
Debt to total capital	65.9	65.8	61.0	58.2
Debt to equity	193.7	193.6	157.6	140.4
Net debt/(cash) to equity	121.4	129.5	87.6	70.0
Interest cover (x)	4.2	3.4	5.4	6.0

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.