EUROBANK Equities

COMPANY UPDATE

AEGEAN AIRLINES

Maintaining altitude

Record Q3'23 figures… – Aegean achieved a record EBITDA of €228m in Q3'23, some +35% above the respective 2019 period, leveraging on outstanding revenue growth (>28% above Q3'19). This came as a result of strong pricing (fares +21% vs Q3'19) and healthy volumes (traffic +7% vs Q3'19 and load factor >85% nearing Q3'19 peak levels). As a result, net profit stood at €133.6m in the quarter leading to >€170m net profit in the 9-month period. Cash generation has stayed solid, with Aegean increasing its net cash (ex-leases) position by a substantial >€270m vs Dec'22 to €535m.

…lead to 17% upgrade in our 2023e EBITDA forecast… – We have raised our 2023e revenue forecasts by c3% (to €1.68bn, +25.7% yoy) thanks to a better-than-expected translation of capacity into traffic figures and strong pricing (fares c22% higher than in 2019, with RASK +5% yoy). On the cost front, we reflect in our forecasts the higher than anticipated decline in fuel unit costs, now eyeing 2023 CASK (EBITDAR level) at €6.4cents (-0.7% yoy). Overall, we have lifted c17% our 2023e EBITDA to >€400m, indicating 51% yoy growth (+54% vs 2019). As a result, our net profit forecast increases to €160m, +49% yoy.

… but we lower 2024-25e 8-12% on elevated costs and potential of yield reversal – Looking ahead, we prefer to maintain a more conservative stance due to the low visibility stemming from geopolitical tensions and the hike in costs from the grounding of Airbus neo fleet for engine maintenance. Against this backdrop, we reduce our EBITDA forecasts by c8-12% in 2024-25e, thus envisaging a decline in 2024e EBITDA to €365m (-12% yoy, but still +35% vs 2019) before a bounce in 2025 (+5% yoy). On the revenue front, we model a 4-8% revenue growth in 2024-25 respectively, anticipating c6% passenger growth (partly owing to an uptick in load factors in 2024) partly offset by slightly lower fares in 2024 and a small increase in 2025. We estimate that a 1% rise in yields results in €35m variation in 2024e EBITDA, something which indicates upside risk to our numbers if Aegean is successful in taking pricing to recover part of the higher costs resulting from the engines issues.

Balance sheet getting even stronger – Aegean has strengthened further its already healthy balance sheet, with the buyback of the warrants (€85m) absorbing only a smart part of liquidity. FCF generation continues unfettered, with Aegean set to generate c€25m FCF in 2023e, despite the fleet investments (>€120m in total). With mgt having already communicated its intention to resume dividend payments, we have penciled in a €0.35 DPS (30% payout).

Valuation – In the light of the normalization of Aegean's profits post COVID, we have switched back our valuation to a DCF (10% WACC). Our model returns a 12-mth PT of €13.8. Despite the >120% ytd rally, the valuation remains attractive at c5.5x 12-mth fwd EV/EBITDAR, namely within the long-term average 5-6x historic range, as profits have also surged in tandem. We believe the stock can move higher in the valuation spectrum given its best-in-class margins, high FCF generation & strong balance sheet.

Estimates					
(EUR mn)	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Revenues	675	1,337	1,680	1,755	1,897
EBITDA reported	180	275	415	365	384
Net Profit	5	108	160	110	125
EPS (EUR)	-0.71	1.20	1.78	1.22	1.39
DPS (EUR)	0.00	0.00	0.35	0.37	0.40

Valuation					
	2021	**2022**	**2023e**	**2024e**	**2025e**
P/E	n.m.	4.3x	6.5x	9.5x	8.3x
EV/EBITDAR adj. *	6.5x	4.6x	4.9x	5.7x	5.9x
Net Debt/EBITDA adj. *	6.8x	3.3x	2.5x	3.2x	3.4x
Dividend Yield	0.0%	0.0%	3.0%	3.2%	3.4%
ROE	3.3%	38.5%	37.4%	20.0%	19.8%

Source: Company, Eurobank Equities Research, **Operating leases capitalized at 7x annual lease payments*

Recommendation	**BUY**
Target Price	**€13.80**
Prior Target Price	**€13.90**
Closing Price (14/12)	€11.60
Market Cap (mn)	€1,045.9
Expected Return	19.0%
Expected Dividend	3.0%
Expected Total Return	22.0%

AEGEAN Share Price

Stock Data

Reuters RIC	AGNr.AT
Bloomberg Code	AEGN GA
52 Week High (adj.)	€13.80
52 Week Low (adj.)	€5.11
Abs. performance (1m)	-0.3%
Abs. performance (YTD)	119.3%
Number of shares	90.2mn
Avg Trading Volume (qrt)	€1,469k
Est. 3yr EPS CAGR	5.1%
Free Float	50.9%

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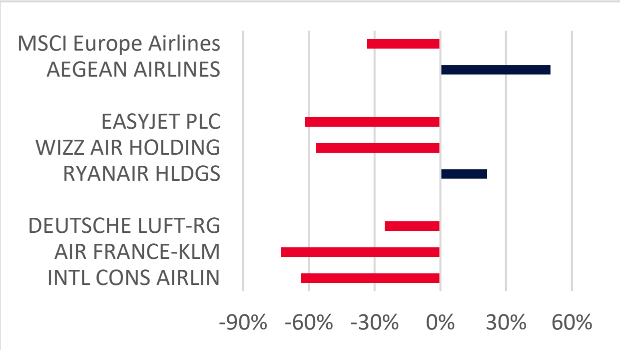
See Appendix for Analyst Certification and important disclosures

Share price performance & valuation

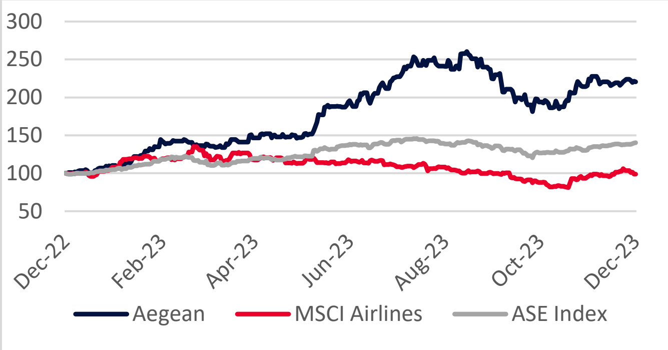
Share price 50% above pre-covid levels, in sync with bounce in profitability

Aegean has returned c120% ytd, partly recovering from a major retracement lower witnessed in Sep-Oct 2023, continuing to outperform both the MSCI Airlines index and the ASE General Index, driven by strong fundamentals. The stock peaked at €13.7/share in late August (+180% vs Nov'22) before retracing lower following the geopolitical tensions in Middle East and oil price volatility. The shares currently stand 50% higher than pre-covid levels, better than the respective MSCI Airlines sector performance in the same period (-33%), with Ryanair striking out as the only other airline having fully recouped its pre-covid levels.

Airlines price performance vs pre-covid-19 levels



12-mth share perform. Aegean, Airlines & ASE Index



Source: Bloomberg, Eurobank Equities Research

Rolling over to 2024 and switching back to a DCF, we value Aegean at €1.2bn, reiterating our Buy rating at current price levels

We have recalibrated our valuation on Aegean now switching back to a DCF, in order to capture the company's cash flow evolution under its continuing investment program, as profitability has bounced to normalized levels. Our base case DCF yields a €1.24bn 12-month baseline market cap, translating to a €13.8 12-mth forward price per share. This is predicated on the following assumptions:

- Sales CAGR of c7% over 2024-2029e, following +26% in 2023e in a year with substantial recovery in travel demand.
- c12% NOPAT after lease costs CAGR over the same period, with our medium-term EBIT margin assumptions in the 6-8% area, similar to the previous cycle (2013-21).
- Long-term growth rate of 0.5% given the capital intensity of the industry while assuming a marginal ROIC in perpetuity.
- A 10% WACC which we believe captures the relative high-risk profile of the business vis-à-vis the rest of our coverage universe.
- We also subtract the warrants value (treated as an equity claim) which we assume at €85m.

DCF Valuation

EURm unless otherwise stated	2024E	2025E	2026E	2027E	2028E	2029E	...	2039e	...	Terminal
Cash EBITDA	142.1	150.2	182.6	216.1	218.1	233.4	...	263.8	...	
Tax	-31.1	-35.4	-43.1	-49.7	-50.0	-53.7	...	-41.8	...	
Working Capital/other	-13.9	-10.3	-11.9	-10.4	-5.8	-17.9	...	-9.1	...	
Capex	-79.4	-46.1	-93.4	-83.6	-32.0	-62.0	...	-111.0	...	
Unlevered Free Cash Flow	**17.8**	**58.4**	**34.2**	**72.4**	**130.3**	**99.8**	**...**	**101.8**	**...**	**89.1**
Sum of PV of FCF	755.9									
PV of terminal value	205.7									
Enterprise Value	**961.6**									
(-) Net debt/other claims (adj.)	403.4									
(-) Expected dividend	-31.4									
Equity value post div.	**1,333.6**									
(-) Warrant value	-85.3									
12mth Fwd Fair value	**1,241.4**									
no. of shares	90.2									
12-mth fair value per share	**13.8 €**									

Source: Eurobank Equities Research

EUROBANK Equities

Valuation: high margins, superior cash generation and strong balance sheet ought to drive the shares higher

From a valuation perspective, Aegean has historically traded at an average 1-year forward adj. EV/EBITDAR multiple of c5-6x, at a c25% discount to low-cost carrier peers' historic c7-8x figure. As such the current valuation, at c5.5x 1yr fwd EV/EBITDAR looks in sync with Aegean's long-term valuation. That said, we believe the stock can move higher in the valuation spectrum given its best-in-class margins, high cash generation capacity and strong balance sheet.

Flying high in 2023 thanks to robust tourism demand

Travel demand underpinning load factors and prices in 2023

2023 has shaped better than we had previously envisaged (traffic +9% vs pre COVID levels), thanks to solid passenger traffic figures and aircraft utilization rates, despite the elevated capacity levels, as suggested by 9-month data. Operating leverage has filtered through to profitability, as Aegean has benefitted substantially from growing international traffic during 2023, with 9M EBITDA +56% yoy at €367m.

We lift 2023 revenues 3% on the back of the elevated operating activity …

In the light of the strong 9M trends, we have raised our 2023 projections to over 15 million passengers on more than 18 million available seats, while we envisage international passengers shaping +10% above 2019 levels and domestic traffic nearing 2019 levels (c2% below). In terms of capacity, we pencil in c18.7m seats deployed in 2023, indicating a c5% rise vs 2019 levels, on a fleet of 62 airbus and 15 turboprops (77 in total). We have also lifted our load factor forecasts a tad to 84.2% (PAX/AVS), while maintaining our average ticket assumptions little changed (almost flat yoy and +22% vs 2019 levels). As such, we have upgraded our revenues by 3%, now eyeing sales of €1,680m in 2023.

…raising EBITDA c17%, now envisaging >50% EBITDA growth yoy in 2023e

On the profitability front, positive operating leverage from higher revenues translates into a further 16.7% upgrade in our 2023 EBITDA forecast (€414.8m). We factor in unit cost (CASK EBITDAR level) at €6.4cents (-0.7% yoy) in 2023e primarily benefiting from lower unit fuel costs vs 2022 highs. Our unit fuel costs assumption (€1.9cents, -5.8% yoy) is predicated on a blended Jet fuel price of c$850/MT for 2023e. Given the elevated operating activity (above prior expectations), we calculate the total fuel cost bill at €382m, or €24.3 per passenger vs €27.2/pax in 2022 (vs €375m previously). Overall, our total estimated 2023e cost per passenger lies an incremental €11/pax above 2019 levels), which is more than offset by the €19.5/pax rise in average fares (assuming fairly flat fares vs 2022 levels). As a result, we have lifted our 2023e EBITDA >€400m eyeing 50.9% yoy growth.

… although there is low visibility for 2024

Low visibility on 2024e weighs on forecasts

Looking ahead we have maintained a fairly cautious stance, given low visibility for 2024 in the light of geopolitical tensions and uncertainty over the impact stemming from the new Airbus aircraft's engine problems (aircraft service costs, recoverable amounts, neo's delivery schedules, utilization of old aircrafts). With these in mind, and with the group cycling a tough comparative, we envisage a drop in 2024 operating profit (remaining above 2019 levels though) followed by a mild recovery in 2025e, with profitability returning to near record levels again by 2026e.

Pratt & Whitney 'engine' complications

The identified flaw in Pratt & Whitney engines equipping the Airbus Family neo fleet eventually comes down to a c12-mth grounding of each neo aircraft for maintenance. The mgt of Aegean (which currently operates 28 Airbus neo aircrafts) has calculated that on average 10 aircraft will be grounded within 2024 on a rolling basis, and as a result it has lowered its anticipated annual capacity increase in 2024e (envisaging c2-4% ASK growth vs +6-8% seen previously). Aegean has decided to extend 5 expiring ceos and reduce charter activity by 4 aircraft (from 6 in total in 2023), while it anticipates delivery of 3 neo's before the peak summer period (delivery of 5-6 in total in 2024). That said, the lower capacity will be a fact for all airlines operating an Airbus Family neo fleet, and as such overall market capacity should be less than previously anticipated in 2024, a factor which could provide underpinning to pricing.

Revenue growth to decelerate to +4% in 2024e…

Modelling the top line, we believe that tourism flows will continue at a sustained solid pace ahead, as Athens is gaining ground as a city break destination, with weather conditions further stretching the low season period and underpinning travelling. As such, we forecast a rise in 2024e passengers (+6% yoy), supported by +c4% seating capacity and a further enhanced load factor (+1.7pps yoy). Nonetheless, we have penciled in lower average fares (-1.4% yoy) assuming a flat yield, leading 2024 revenues to €1,755m, up by a decelerating +4.5% yoy (vs record 2023e figures).

…while costs are set to rise, thus leading to -12% EBITDA yoy in 2024, on our estimates

On the cost front, we raise our 2024e fuel costs forecasts on the back of a rise in fuel needs stemming from elevated utilization of old aircraft in the mix. We assume a blended fuel price near c$780MT for 2024, predicated on hedging pricing of $780/MT for c50% of fuel needs and a similar 2024 average price based on oil futures (current spot at c$800/MT). As a result, our unit fuel cost estimate stands at €1.9 cents in 2024e (flat yoy) and some 7% higher vs. our earlier forecast. Further, we raise our costs ex-fuel assumptions for 2024e, foreseeing a significant weight stemming from the engine problems in maintenance costs (both neo's maintenance and extended ceo's). As such we calculate CASK ex fuel (EBITDAR level) at €4.8cents (+6.8% yoy). **It is worth mentioning that we have not accounted for any extraordinary compensation for the cost's hike relating to engine problems, while we must note that Aegean is in negotiations for the recoverable amount of the grounded fleet.** Against this background we come up with a 2024e EBITDA of €365m, down 12% yoy and some 8% below our earlier forecasts.

Recouping record levels by 2026e

In 2025e we pencil a recovery in the top line (+8% yoy), driven by a 2% rise in average fares and 6% increase in traffic. In the meantime, though we mirror a declining trend in oil prices, we maintain our assumptions for slightly higher fuel needs, as old aircrafts remain in the fleet (raising our unite fuel costs forecast by c12%), and elevated maintenance costs. We thus estimate 2025e EBITDA of €384m (+5.2% yoy). Looking ahead, we factor in a normalization of costs, as new-type aircraft feed in the fleet, further propelling EBITDA which we expect will grow >9% yoy in 2026e, leveraging on the top line growth.

Revision of forecasts

The key changes to our estimates are as follows:

- We raise our revenue forecasts by 3% in 2023e and a further 2-3% in the following two years, mainly driven by elevated travel figures (+2-4% passenger traffic) with capacity oscillating -1% to +1% vs our previous numbers based on the grounded aircraft assumptions. We maintain flat revenues per passenger in 2023e and we pencil a slight pressure in 2024 fares (-1% yoy) followed by +2% in 2025e, in sync with our earlier assumptions.
- On the cost front, we raise our unit fuel cost forecasts both for the current year by just 1% and some 7-12% in the outer years, assuming higher fuel cost needs amid old-type aircraft. The solid 2023 operating leverage feeds into a 2023e EBITDA forecast for €415m, corresponding to a 17% upgrade vs our earlier forecasts. Looking into 2024-25e, we also cap higher costs relating to engine problems in the Airbus Family neo fleet. As a result, we raise our unit costs and come up with an 8-12% lower EBITDA.

Revision of forecasts			
New forecasts	**2023e**	**2024e**	**2025e**
Revenues	1,680	1,755	1,897
EBITDA	415	365	384
Net profit	160	110	125
Old forecasts	**2023e**	**2024e**	**2025e**
Revenues	1,630	1,720	1,845
EBITDA	355	395	438
Net profit	131	153	181
% change	**2023e**	**2024e**	**2025e**
Revenues	3%	2%	3%
EBITDA	17%	-8%	-12%
Net profit	23%	-28%	-31%

Source: Company, Eurobank Equities Research

Q3'23/9M'23 review: Record numbers

Aegean reported robust 9-month figures, driven by a record third quarter on solid summer trends.

In particular, Q3 EBITDA grew 15% yoy to €228m (+35% vs Q3'19) almost in symphony with the +14% revenue growth (€654m). The latter came as a result of a 17% yoy rise in passengers and an improvement in the Q3 load factor to 85.6% (+1.7pps yoy, -2.4pps below the peak Q3'19 88%) partly offset by a -2% reduction in average fares. On the cost front, unit fuel costs were down 13% yoy, with the benefit partly offset by non-fuel opex (unit costs ex fuel +6% yoy) driven by the activity pick-up. As a result, EBITDA reached €367m, +15% yoy setting a new quarterly record for the group. EBT stood at €169m and net profit at €134m in the quarter, both up by 11% yoy.

The above resulted in 9M'23 revenues of €1,332m (+31% yoy), EBITDA of €367m (+56% yoy and +60% vs the respective 2019 figures) and net profit of €171m (+83% yoy).

Cash flow wise, Aegean maintained a net cash (ex-leases) position of €535m thanks to the strong operating execution and the inherent cash flow generating capacity of its business model.

Q3/9M'23 results

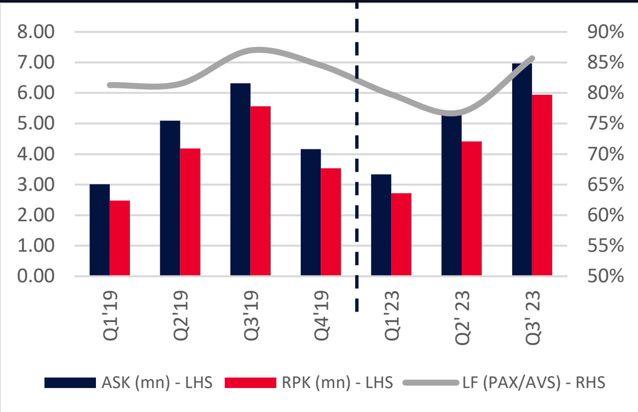
EUR mn	Q3'22	Q3'23	9M'22	9M'23	Q3'23 EEe	9M'23 EEe
Revenues	**571.4**	**653.6**	**1,019.5**	**1,331.7**	**653.9**	**1,332.0**
yoy	*71%*	*14%*	*109%*	*31%*	*14%*	*31%*
vs 2019 levels	*11%*	*28%*	*-1%*	*29%*	*28%*	*29%*
Other income	20.2	9.2	35.0	23.7	9.0	23.5
Operating costs ex. leases/D&A	-382.3	-432.7	-800.1	-980.8	-435.5	-983.6
- of which fuel	-133.2	-132.0	*-254.5*	*-286.0*	-131.0	*-285.0*
Reported EBITDA	**197.8**	**227.9**	**235.5**	**367.4**	**223.9**	**363.5**
yoy	*18%*	*15%*	*50%*	*56%*	*13%*	*54%*
vs 2019 levels	*17%*	*35%*	*2%*	*59%*	*33%*	*57%*
Depreciation	-33.3	-41.7	-93.3	-113.7	-40.7	-112.7
EBIT	**164.5**	**186.2**	**142.2**	**253.7**	**183.3**	**250.8**
yoy	*24%*	*13%*	*145%*	*78%*	*11%*	*76.4%*
vs 2019 levels	*25%*	*42%*	*17%*	*108.0%*	*40%*	*105.7%*
Net financial income / (costs)	-12.4	-17.4	-20.7	-36.3	-16.5	-35.4
Extraordinary income/(costs)	0.0	0.0	0.0	0.0	0.0	0.0
PBT	**152.1**	**168.8**	**121.4**	**217.5**	**166.7**	**215.4**
yoy	*25%*	*11%*	*308%*	*79%*	*10%*	*77%*
vs 2019 levels	*23%*	*36%*	*14%*	*104%*	*35%*	*102%*
Income tax	-31.2	-35.2	-28.3	-46.8	-36.7	-48.3
Net Profit	**120.8**	**133.6**	**93.2**	**170.7**	**130.0**	**167.1**
yoy	*13%*	*11%*	*223%*	*83%*	*8%*	*79%*
EUR mn			**FY'22**	**9M'23**		
Net Debt/(Cash) ex leases			**-259.7**	**-535.1**		
Inflow/(outflow)				275.4		
KPIs	**Q3'22**	**Q3'23**	**9M'22**	**9M'23**	**Q3'23 EEe**	**9M'23 EEe**
Domestic pax (in mn)	1.8	2.1	3.9	4.9	2.0	4.8
Intl pax (in mn)	2.8	3.3	5.5	7.3	3.3	7.3
Total Passengers (in mn)	**4.7**	**5.5**	**9.4**	**12.2**	**5.4**	**12.0**
yoy	*58%*	*17%*	*89%*	*30%*	*16%*	*28%*
vs 2019 levels	*24%*	*6%*	*-19%*	*5%*	*8%*	*4%*
ASK (in mn)	6.14	6.97	12.65	15.67	6.96	15.67
Traffic RPK (in mn)	5.14	5.94	9.98	13.07	5.94	13.07
Scheduled Load factor (RPK/ASK)	**83.9%**	**85.6%**	**79.0%**	**83.7%**	**85.4%**	**83.4%**
yoy	13.6% pts	1.7% pts	15.0% pts	4.7% pts	1.5% pts	4.5% pts
vs 2019 levels	-4.1% pts	-2.4% pts	-5.7% pts	-1.0% pts	-2.6% pts	-1.3% pts

Source: Company, Eurobank Equities Research

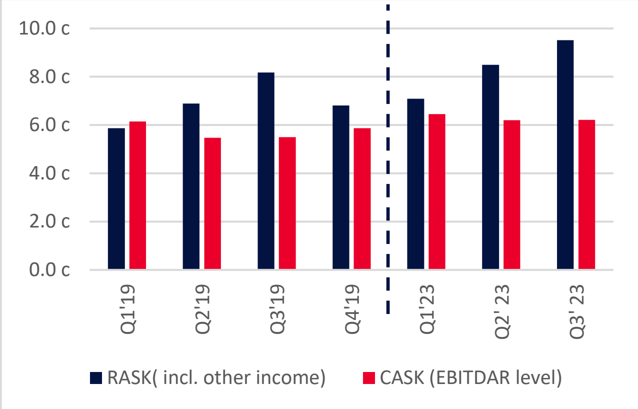
Stellar trends; above 2019 figures

Taking a glimpse into detailed metrics through the 9months 2023 and comparing to 2019 figures, we notice capacity rising above 2019 levels in all quarters YtD and traffic figures also above 2019 levels, with the load factors gradually normalizing to >80%. Revenues per passenger are up 20% vs 2019 (an incremental €20.5/pax in nominal terms). All these translated into €1.3bn revenues, +30% yoy and vs the 9M'19 mark. Operating leverage more than offset the rise in costs, with EBITDA up >50% yoy shaping at €367m (+59% vs 9M'19).

Aegean Traffic & Capacity recovery path

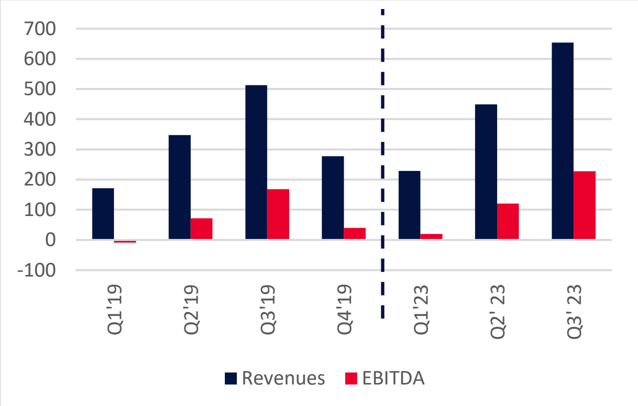


Unit revenues vs unit costs (in EUR cents)

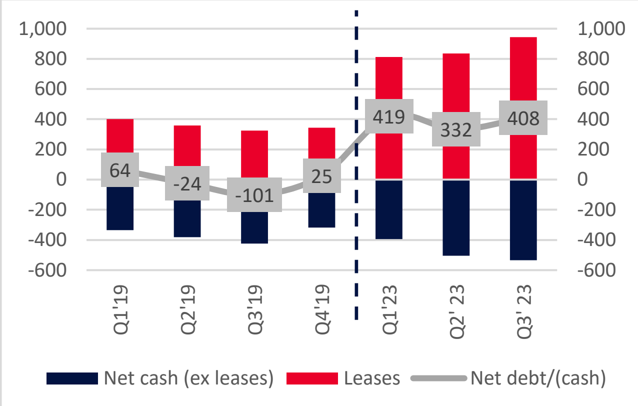


Source: Company, Eurobank Equities Research

Revenues and EBITDAR evolution vs 2019



Net debt evolution vs 2019



Source: Company, Eurobank Equities Research

Group Financial Statements

EUR mn					
Group P&L	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Revenues	**675**	**1,337**	**1,680**	**1,755**	**1,897**
Costs ex leases & other income	-495	-1,062	-1,265	-1,391	-1,513
EBITDA reported	**180.0**	**274.9**	**414.8**	**364.6**	**383.5**
margin	*26.7%*	*20.6%*	*24.7%*	*20.8%*	*20.2%*
change	*NM*	*52.7%*	*50.9%*	*-12.1%*	*5.2%*
EBIT	**30.1**	**147.3**	**256.4**	**193.3**	**210.4**
Net Financial expense	-39.4	-5.9	-50.3	-52.0	-49.3
Exceptionals / other income	0.0	0.0	0.0	0.0	0.0
PBT - reported	**-9.3**	**141.3**	**206.0**	**141.3**	**161.1**
Income tax	14.4	-34.5	-45.3	-31.1	-35.4
Net Profit - reported	**4.9**	**108.0**	**160.4**	**109.8**	**125.3**
EPS - adjusted (EUR)	**-0.71**	**1.20**	**1.78**	**1.22**	**1.39**
DPS (EUR)	**0.00**	**0.00**	**0.35**	**0.37**	**0.40**

Group Cash Flow Statement	**2021**	**2022**	**2023e**	**2024e**	**2025e**
EBITDA	180.0	274.9	414.8	364.6	383.5
Change in Working Capital	16.7	94.6	-0.6	-13.9	-10.3
Net Interest	-39.4	-5.9	-50.3	-52.0	-49.3
Tax	0.0	0.0	-45.3	-31.1	-35.4
Other	54.6	-11.9	5.0	6.5	6.5
Operating Cash Flow	**211.9**	**351.8**	**323.5**	**274.1**	**295.0**
Capex	-5.9	-85.9	-70.0	-30.0	-5.0
Other investing	-93.1	-33.0	-52.2	-49.4	-41.1
Net Investing Cash Flow	**-99.0**	**-119.0**	**-122.2**	**-79.4**	**-46.1**
Dividends	0.0	0.0	0.0	-31.4	-33.0
Principal payments of leases	-97.0	-126.4	-175.8	-206.1	-213.5
Other	73.2	23.1	-6.4	-5.9	-5.8
Net Debt / (cash) ex leases	**-130.2**	**-259.7**	**-278.8**	**-230.1**	**-226.8**
Free Cash Flow	**15.8**	**106.4**	**25.5**	**-11.4**	**35.5**

Group Balance Sheet	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Tangible Assets	164.7	281.8	416.0	417.8	402.9
Intangible Assets	82.7	85.2	85.0	84.9	84.8
Rights of Use Assets	412.8	745.8	793.4	862.5	936.9
Other non-current Assets	222.6	143.9	98.9	142.3	169.4
Non-current Assets	**882.7**	**1256.8**	**1,393.4**	**1,507.5**	**1,593.9**
Inventories	22.8	33.7	60.0	62.6	69.1
Trade Receivables	115.7	124.1	168.0	175.5	193.5
Other receivables	42.8	77.9	89.9	96.3	106.2
Cash & Equivalents	476.4	527.9	628.5	654.5	563.1
Current Assets	**657.7**	**763.6**	**946.4**	**989.0**	**931.8**
Total Assets	**1,540.4**	**2,020.4**	**2,339.8**	**2,496.5**	**2,525.7**
Shareholder funds	213.0	348.7	509.1	587.5	679.9
Non-controlling interest	0.6	-0.6	-0.3	0.0	0.4
Total Equity	**213.6**	**348.1**	**508.8**	**587.5**	**680.2**
Long-term debt	343.7	231.5	213.5	213.5	208.5
Other long-term liabilities	417.5	763.9	900.5	980.4	870.8
Long Term Liabilities	**761.2**	**995.4**	**1,114.0**	**1,193.9**	**1,079.3**
Short-term debt	2.5	36.7	0.0	0.0	31.4
Trade Payables	130.3	123.6	147.5	146.4	150.3
Other current liabilities	432.7	516.6	478.4	482.2	502.2
Current Liabilities	**565.5**	**676.9**	**625.9**	**628.6**	**684.0**
Equity & Liabilities	**1,540.4**	**2,020.4**	**2,248.7**	**2,410.0**	**2,443.5**

Key Financial Ratios	**2021**	**2022**	**2023e**	**2024e**	**2025e**
P/E	n.m.	4.3x	6.5x	9.5x	8.3x
P/BV	2.1x	1.3x	2.1x	1.8x	1.5x
EV/EBITDA (post IFRS-16)	10.6x	5.0x	5.1x	6.1x	6.2x
Adj. EV/EBITDAR	6.5x	4.6x	4.9x	5.7x	5.9x
Adj. Net Debt/EBITDA	6.8x	3.3x	2.5x	3.2x	3.4x
Dividend Yield	0.0%	0.0%	3.0%	3.2%	3.4%
ROE	3.3%	38.5%	37.4%	20.0%	19.8%
Free Cash Flow Yield	3.5%	22.8%	2.4%	Neg	3.4%
Payout Ratio	0.0%	0.0%	19.6%	30.0%	28.4%

Source: Eurobank Equities Research

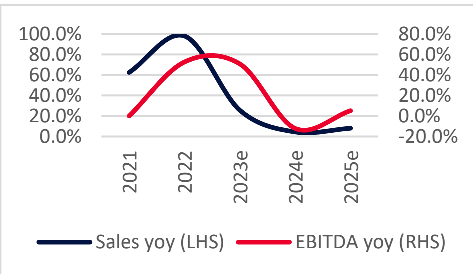
Company description

Aegean is the leading carrier in Greece servicing >15m passengers annually, through a 76 aircraft fleet. Having acquired Olympic in end 2012, Aegean is primarily focused on expanding its international network from AIA , while in the current year it is focused on serving demand with direct flights. Thanks to its focus on cost control and premium pricing relative to LCCs, Aegean's EBITDAR margins remain at the high-end within the global airline industry (recovering at pre-COVID levels).

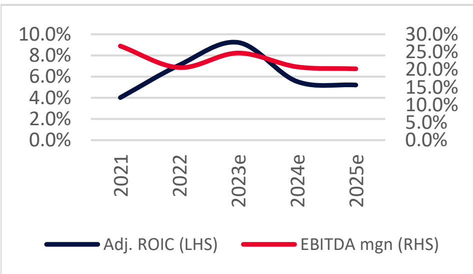
Risks and sensitivities

- **Macro risks:** As an airline, Aegean is exposed to both global and regional macro developments (economic downturns, falling disposable income, higher unemployment etc). In general, GDP growth across source markets determines to a large extent growth in demand for air transport. In the post-COVID era pent-up demand for travels across the globe is driving great recovery.
- **Geopolitical and regulatory risks:** Geopolitical events such as wars, terrorist attacks or environmental catastrophes affect leisure and business travel in the short-term, with the tension that has arisen in the Middle East recently a noteworthy risk factor.
- **Sector risk:** Overcapacity tends to intensify competition and may result in excessive yield compression, through price 'war'.
- **Fuel costs:** For Aegean fuel makes up c27% of costs in a 'normal year' and, as a result, fluctuations in fuel prices can have a considerable effect on its profitability.
- **Sensitivity to fuel, FX, and yields:** A 50$/MT increase in blended jet fuel would lower our 2023e EBITDA by c7% in 2024e. We also estimate that flexing the EUR/USD by 0.05€/$ would translate into a c5% change in Aegean's EBITDA. Regarding yields, we estimate that a 1% change would translate into c€35m EBITDA swing in 2024e.

Sales and EBITDA growth



Profitability and returns



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12-month Rating History of Aegean Airlines:

Date	Rating	Stock price	Target price
15/12/2023	Buy	€ 11.60	€ 13.80
04/07/2023	Buy	€ 11.20	€ 13.90
30/03/2023	Buy	€ 7.35	€ 9.00
01/02/2023	Buy	€ 6.39	€ 7.80
04/11/2022	Buy	€ 4.89	€ 6.20

EUROBANK Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients	
	Count	Total	Count	Total
Buy	18	64%	3	17%
Hold	2	7%	0	0%
Sell	0	0%	0	0%
Restricted	1	4%	0	0%
Under Review	2	7%	1	50%
Not Rated	5	18%	1	20%
Total	**28**	**100%**		

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
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