

8 DECEMBER 2021

THAILAND / TRANSPORT & LOGISTICS

ASIA AVIATION AAV TB

BUY

UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB3.50 |
| CLOSE | THB2.62 |
| UP/DOWNSIDE | +33.6% |
| PRIOR TP | THB3.50 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +26.4% |

สัญญาณฟื้นตัวของภาคการท่องเที่ยวในประเทศ

ปริมาณผู้โดยสารในประเทศฟื้นตัวเป็น 55% ของระดับก่อน Covid

จากข้อมูลของบริษัท ท่าอากาศยานไทย (มหาชน) (AOT TB, BUY, TP THB79) ปริมาณผู้โดยสารในประเทศได้ปรับตัวขึ้นเป็น 55% ของระดับก่อน Covid ในอาทิตย์แรกของเดือน ธ.ค. จาก 25% ในเดือน ต.ค. ตัวเลขดังกล่าวสอดคล้องกับปริมาณเที่ยวบินในประเทศ ซึ่งเพิ่มเป็น 62% ของระดับก่อน Covid ในอาทิตย์แรกของเดือน ธ.ค. จาก 35% ในเดือน ต.ค. จากเหตุดังกล่าว AAV น่าจะได้ประโยชน์จากการฟื้นตัวของนักท่องเที่ยวในประเทศ เนื่องจากเส้นทางในประเทศคิดเป็น 43% ของรายได้รวมของบริษัทฯ ในปี 2019 เราคาดว่ากระแสการฟื้นตัวจะต่อเนื่องตลอดฤดูเฉลิมฉลองไปจนถึงสิ้นปี 2021 และการแข่งขันของสายการบินราคาประหยัดในดอนเมืองน่าจะลดลงจากอุปทานที่ต่ำลงจาก Thai Lion Air และ Nok Airlines (NOK TB, NR) ซึ่งทำให้แนวโน้มราคาปรับตัวปรับตัวขึ้น

คาด AAV จะกลับมาเป็นกำไรใน 3Q22

จากการวิเคราะห์ของเรา AAV ต้องการปริมาณผู้โดยสารในประเทศที่ประมาณ 100% และปริมาณผู้โดยสารต่างประเทศที่ประมาณ 40% ของระดับก่อน Covid เพื่อให้คุ้มทุนในระดับกำไรสุทธิ ซึ่งเราคาดว่าจะเกิดขึ้นภายใน 3Q22 เราคาดว่าตัวเลขขนส่งผู้โดยสารในประเทศจะแตะระดับก่อน Covid ใน 3Q22 ในขณะที่ตัวเลขขนส่งผู้โดยสารต่างประเทศน่าจะแตะ 40% ของระดับก่อน Covid ใน 3Q22 และ 60% ใน 4Q22 จากนักท่องเที่ยวจีน เราคาดว่าเงินจะกลับมาเปิดประเทศใน 2Q22 เส้นทางไปยังประเทศจีนเป็นหนึ่งในแหล่งรายได้สำคัญของ AAV โดยคิดเป็น 32% ของรายได้รวมในปี 2019

ฐานะการเงินที่ดีขึ้นหลังแผนปรับโครงสร้าง

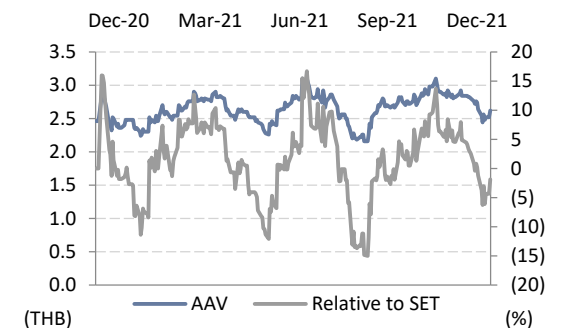
เมื่อไม่นานมานี้ผู้ถือหุ้นได้อนุมัติแผนปรับโครงสร้างของ AAV บริษัทฯ วางแผนเพิ่มทุนรวม 14.0 พัน ลบ. ผ่านการเสนอขายหุ้นเป็นการเฉพาะเจาะจง (8.8 พัน ลบ.) หุ้นกู้แปลงสภาพ (2.2 พัน ลบ.) และการเสนอขายหุ้นให้แก่ผู้ถือหุ้นเดิม (3.0 พัน ลบ.) กระบวนการดังกล่าวจะเสร็จสิ้นภายในเดือน ม.ค. 22 AAV วางแผนใช้เงิน 7.8 พัน ลบ. เพื่อปรับโครงสร้างการถือหุ้น โดยจะจ่ายหุ้นคืนให้แก่ AirAsia Group Berhad และซื้อหุ้น 100% ใน Thai AirAsia จากที่มีอยู่ 55% ในปัจจุบัน ส่วนที่เหลืออีก 6.2 พัน ลบ. จะใช้เป็นเงินทุนหมุนเวียนเทียบกับอัตรา cash burn ที่ประมาณ 300 ลบ. ต่อเดือน เราคาดว่าฐานะการเงินจะดีขึ้น โดยค่า IBD/E จะลดลงจาก 1.1x ณ สิ้น 3Q21 เป็น 0.3x ในปี 2022

คงประมาณการและราคาเป้าหมายพร้อมความเสี่ยงขาขึ้นจากราคาค่าตัวที่สูงขึ้น

เราคงประมาณการและราคาเป้าหมายที่ 3.5 บาท (1.1x ของค่า 2023E adjusted P/BV) ซึ่งใกล้เคียงกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 1.2x ค่า 2023E adjusted BV ของเราที่ 41 พัน ลบ. คิดจากส่วนทุนที่คาดว่าจะได้ในปี 2023 ที่ 22.3 พัน ลบ. และบวกกลับผลขาดทุนจากการดำเนินงานพิเศษปี 2020-21 ที่คาดว่าจะได้ 18.7 พัน ลบ. โดยมีข้อควรระวังที่ราคาปรับตัวสูงขึ้นจากการแข่งขันที่ลดลง

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|---------|---------|--------|--------|
| Revenue | 14,360 | 5,658 | 27,106 | 42,568 |
| Net profit | (4,764) | (6,331) | (778) | 1,944 |
| EPS (THB) | (0.98) | (1.31) | (0.07) | 0.15 |
| vs Consensus (%) | - | nm | nm | 240.9 |
| EBITDA | (2,236) | (2,859) | 5,749 | 8,887 |
| Core net profit | (4,997) | (5,290) | (778) | 1,944 |
| Core EPS (THB) | (1.03) | (1.09) | (0.06) | 0.15 |
| Chg. In EPS est. (%) | nm | nm | nm | 0.0 |
| EPS growth (%) | nm | nm | nm | nm |
| Core P/E (x) | (2.5) | (2.4) | (43.3) | 17.3 |
| Dividend yield (%) | - | - | - | 2.3 |
| EV/EBITDA (x) | (23.9) | (18.3) | 10.7 | 6.6 |
| Price/book (x) | 0.9 | 1.6 | 1.4 | 1.5 |
| Net debt/Equity (%) | 216.3 | 711.1 | 146.0 | 111.0 |
| ROE (%) | (29.2) | (47.7) | (5.3) | 8.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|------------------------|---------|----------|
| Absolute (%) | (7.1) | (2.2) | 18.0 |
| Relative to country (%) | (6.1) | 0.1 | 6.3 |
| Mkt cap (USD m) | 377 | | |
| 3m avg. daily turnover (USD m) | 3.4 | | |
| Free float (%) | 59 | | |
| Major shareholder | Tassapon Bijveld (41%) | | |
| 12m high/low (THB) | 3.32/2.08 | | |
| Issued shares (m) | 12,850.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 8 ธันวาคม 2021

Investment thesis

We believe AAV is on track for a recovery and expect its domestic market performance to recover in 4Q21. It should continue to gain more market share following a faster capacity ramp-up than its peers. Meanwhile, AAV should be able to capture the strong pent-up demand from Chinese tourists after Thailand's borders reopen.

We also expect that its cost structure in 2022 onward will be able to support its operational turnaround, especially its staff costs, as AAV has reduced its headcount over the past two years along with aircraft lease payments, as AAV has negotiated with lessors to restructure lease contracts.

Its restructuring plan should improve its balance sheet and support an operational turnaround over 2022-23.

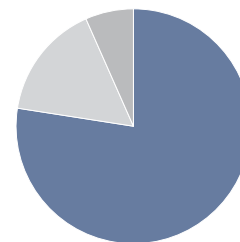
Company profile

AAV owns 55% of Thai Air Asia (TAA, not listed), which is the leading low-cost carrier in Thailand. TAA serves travellers throughout Asia, the Middle East and Europe.

www.aavplc.com

Principal activities (revenue, 2020)

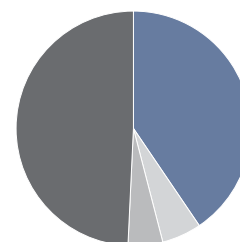
- Ticket sales - 77.5 %
- Ancillaries - 15.9 %
- Other revenue - 6.6 %



Source: Asia Aviation

Major shareholders

- Tassapon Bijleveld - 40.5 %
- Thai NVDR - 5.5 %
- BBL Asset Management - 4.8 %
- Others - 49.3 %



Source: Asia Aviation

Catalysts

Key potential growth drivers include 1) a higher number of passengers carried following a global tourism recovery; 2) lower jet fuel prices; and 3) Covid vaccine rollouts.

Risks to our call

Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

| Date | Event |
|----------|---------------------------|
| Feb 2022 | 4Q21 results announcement |

Key assumptions

| | 2021E | 2022E | 2023E |
|----------------------------------|-------|-------|-------|
| Number of aircraft (no.) | 60 | 54 | 56 |
| Pax carried (m) | 4 | 15 | 22 |
| Load factor (%) | 68 | 83 | 85 |
| Average ticket fare (THB) | 1,093 | 1,380 | 1,500 |
| Ancillaries per pax (THB/pax) | 193 | 289 | 318 |
| Brent spot price (USD/bbl) | 61 | 67 | 73 |
| Fuel price net hedging (USD/bbl) | 82 | 90 | 97 |

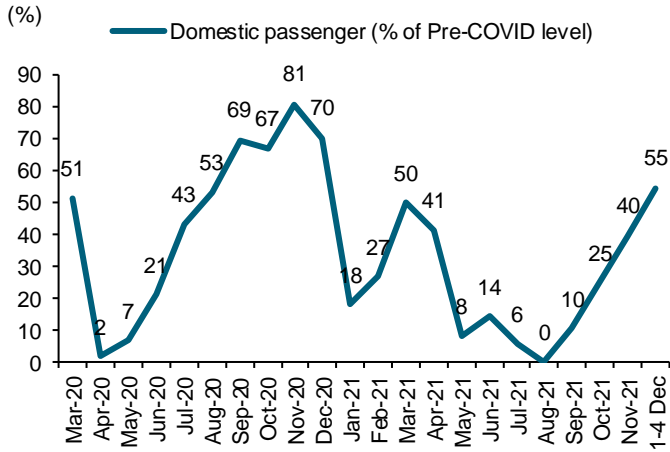
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in load factor, we project a 2023 profit increase of 17% and vice versa, all else being equal.
- For every 1% increase in average ticket fare, we project a 2021 profit increase of 12% and vice versa, all else being equal.
- For every 1% increase in Brent spot price, we project a 2023 profit reduction of 5% and vice versa, all else being equal.

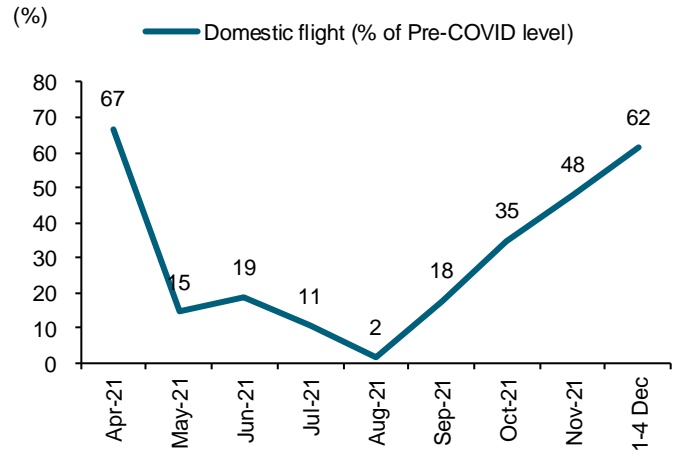
Source: FSSIA estimates

Exhibit 1: AOT's domestic passenger volume



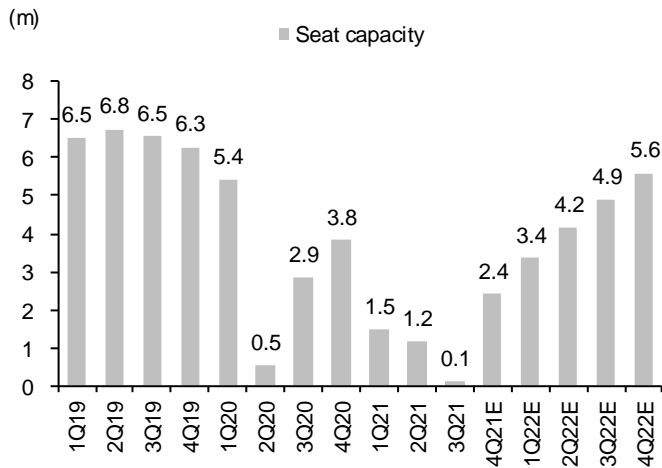
Source: AOT

Exhibit 2: AOT's domestic flight volume



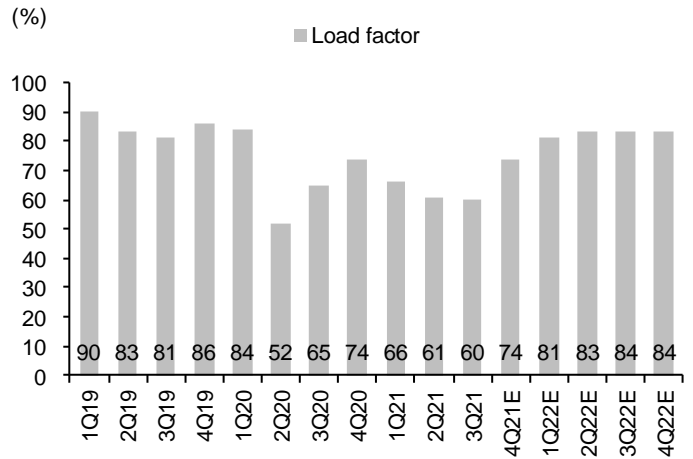
Source: AOT

Exhibit 3: Seat capacity



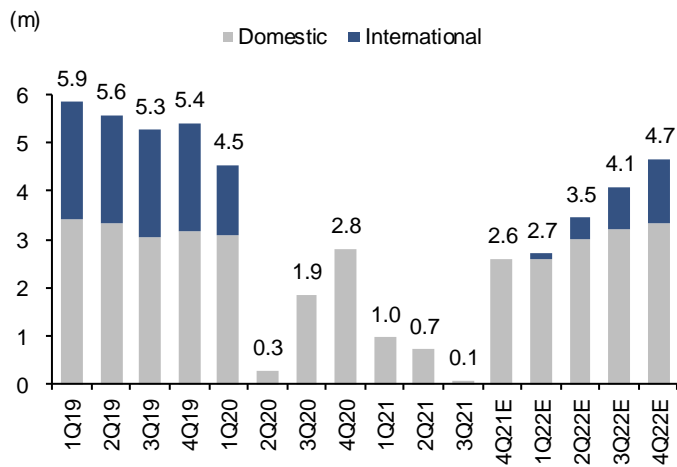
Sources: AAV; FSSIA estimates

Exhibit 4: Load factor



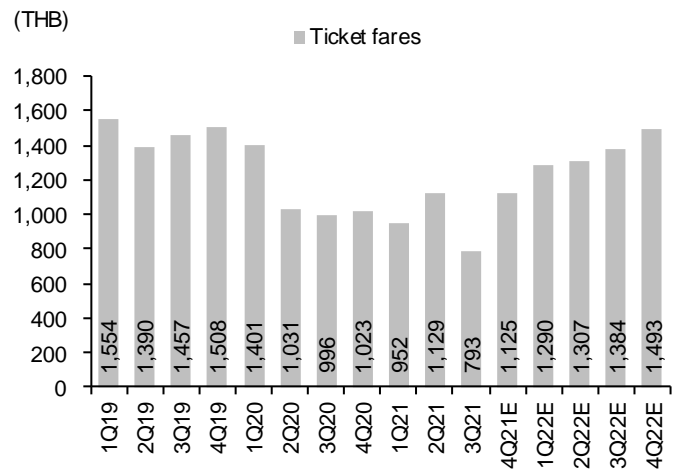
Sources: AAV; FSSIA estimates

Exhibit 5: Passengers carried



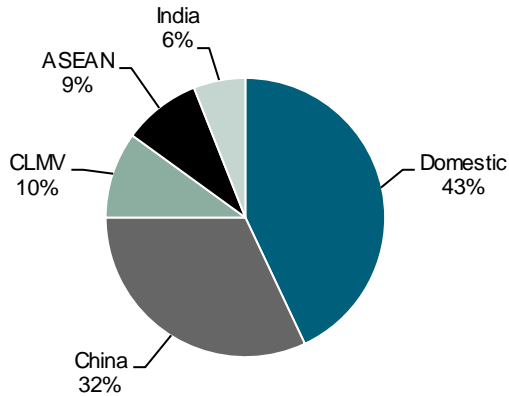
Sources: AAV; FSSIA estimates

Exhibit 6: Ticket fares



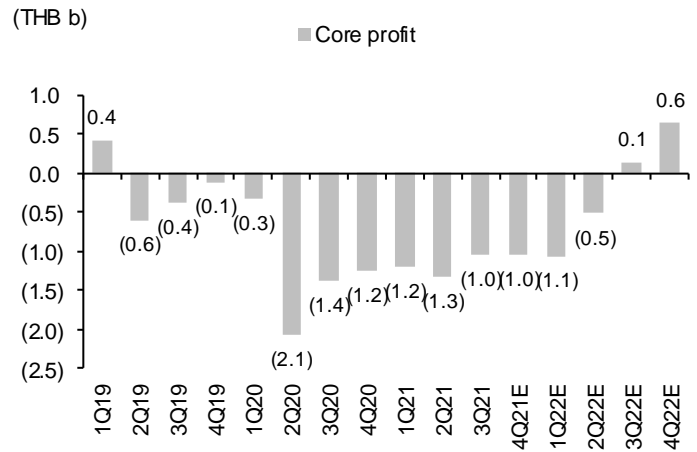
Sources: AAV; FSSIA estimates

Exhibit 7: Revenue breakdown by route as of 2019



Source: AAV

Exhibit 8: Core profit quarterly forecast



Sources: AAV; FSSIA estimates

Exhibit 9: Peer comparisons as 7 Dec 2021

| Company | BBG | Rec | --- Share price --- | | Up side | Market Cap | ----- PE ----- | | ---- PBV ---- | | ---- EV/ EBITDA ---- | | |
|-----------------------------------|--------------|-----|---------------------|-----------------|------------|----------------|----------------|--------------|---------------|------------|----------------------|-------------|------------|
| | | | Current (LCY) | Target (LCY) | | | 21E (x) | 22E (x) | 21E (x) | 22E (x) | 21E (x) | 22E (x) | 23E (x) |
| Thailand | | | | | | | | | | | | | |
| Bangkok Airways | BA TB | BUY | 10.3 | 16 | 55.3 | 631 | (6.0) | 352.3 | 1.4 | 1.4 | (18.4) | 23.4 | 8.1 |
| Asia Aviation | AAV TB | BUY | 2.62 | 3.5 | 33.6 | 377 | (2.4) | (43.3) | 1.6 | 1.4 | (18.3) | 10.7 | 6.6 |
| Thailand average | | | | | | 1,008 | (4.2) | 154.5 | 1.5 | 1.4 | (18.4) | 17.0 | 7.4 |
| Regional | | | | | | | | | | | | | |
| Spring Airlines Co Ltd-A | 601021 CH | n/a | 55.66 | n/a | n/a | 8,027 | 139.2 | 65.5 | 3.5 | 3.2 | 34.4 | 19.6 | 14.2 |
| Interglobe Aviation | INDIGO IN | n/a | 1,945.25 | n/a | n/a | 10,102 | n/a | n/a | 60.0 | n/a | nm | 216.6 | 10.4 |
| Airasia Group Bhd | AAGB MK | n/a | 0.80 | n/a | n/a | 719 | n/a | n/a | n/a | n/a | n/a | 23.9 | 7.5 |
| Cebu Air Inc | CEB PM | n/a | 43.05 | n/a | n/a | 524 | n/a | n/a | 4.6 | 6.5 | n/a | 5.6 | 2.9 |
| Singapore Airlines | SIA SP | n/a | 4.99 | n/a | n/a | 10,895 | n/a | n/a | 1.2 | 1.6 | n/a | 18.4 | 7.2 |
| Japan Airlines | 9201 JP | n/a | 2,190.00 | n/a | n/a | 8,441 | n/a | n/a | 1.0 | 1.1 | n/a | 32.3 | 5.6 |
| Ana Holdings | 9202 JP | n/a | 2,390.00 | n/a | n/a | 10,205 | n/a | n/a | 1.2 | 1.2 | n/a | 28.4 | 8.5 |
| Cathay Pacific Airways | 293 HK | n/a | 6.50 | n/a | n/a | 5,366 | n/a | n/a | 0.7 | 0.7 | 21.6 | 6.7 | 5.4 |
| Spicejet (India) | SJET IN | n/a | 68.45 | n/a | n/a | 545 | n/a | n/a | n/a | n/a | 28.2 | n/a | n/a |
| Tigerair Taiwan | 6757 TT | n/a | 30.50 | n/a | n/a | 450 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Vietjet Aviation | VJC VN | n/a | 123,000 | n/a | n/a | 2,860 | n/a | 34.0 | n/a | n/a | n/a | 16.2 | 11.1 |
| Regional average | | | | | | 58,133 | 139.2 | 49.8 | 10.3 | 2.4 | 28.1 | 40.8 | 8.1 |
| Global | | | | | | | | | | | | | |
| Eva Airways | 2618 TT | n/a | 28.65 | n/a | n/a | 5,299 | 53.7 | 13.5 | 2.1 | 2.1 | 6.7 | 5.5 | n/a |
| Air New Zealand | AIR NZ | n/a | 1.55 | n/a | n/a | 1,178 | n/a | n/a | 1.6 | 2.5 | 12.5 | 22.7 | 5.3 |
| Air Arabia | AIRARABIA UH | n/a | 1.46 | n/a | n/a | 1,855 | 21.5 | 10.1 | 1.6 | 1.4 | 8.1 | 6.0 | 5.6 |
| Easyjet (UK) | EZJ LN | n/a | 554.20 | n/a | n/a | 5,566 | n/a | 60.4 | 1.8 | 1.7 | n/a | 6.9 | 4.5 |
| Gol Linhas Aereas Intel.(Brazil) | GOLL4 BS | n/a | 17.11 | n/a | n/a | 1,208 | n/a | n/a | n/a | n/a | n/a | 8.7 | 6.4 |
| JetBlue Airways (US, Latin AM) | JBLU | n/a | 14.07 | n/a | n/a | 4,475 | n/a | 22.7 | 1.2 | 1.2 | n/a | 5.4 | 3.4 |
| Norwegian Air Shuttle (Norway) | NWARF US | n/a | 1.10 | n/a | n/a | 1,053 | n/a | 11.8 | 2.3 | 2.1 | n/a | 3.3 | 2.4 |
| Ryanair Holding (Ireland, UK, EU) | RYA LN | n/a | 15.72 | n/a | n/a | 20,335 | n/a | n/a | 4.1 | 3.9 | n/a | 33.4 | 8.2 |
| Southwest Airlines (US) | LUV US | n/a | 45.21 | n/a | n/a | 26,761 | n/a | 21.4 | 2.8 | 2.5 | n/a | 6.6 | 4.4 |
| Global average | | | | | | 67,729 | 37.6 | 23.3 | 2.2 | 2.2 | 9.1 | 10.9 | 5.0 |
| Overall average | | | | | | 126,870 | 41.2 | 54.9 | 5.5 | 2.2 | 9.3 | 25.0 | 6.7 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Asia Aviation

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|----------------|----------------|-----------------|--------------|---------------|
| Revenue | 41,203 | 14,360 | 5,658 | 27,106 | 42,568 |
| Cost of goods sold | (36,642) | (14,745) | (7,102) | (19,731) | (30,701) |
| Gross profit | 4,561 | (385) | (1,444) | 7,375 | 11,867 |
| Other operating income | - | - | - | - | - |
| Operating costs | (3,295) | (1,851) | (1,415) | (1,626) | (2,980) |
| Operating EBITDA | 1,266 | (2,236) | (2,859) | 5,749 | 8,887 |
| Depreciation | (1,717) | (5,739) | (5,568) | (5,022) | (5,157) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | (451) | (7,975) | (8,427) | 727 | 3,730 |
| Net financing costs | (766) | (1,776) | (1,890) | (1,699) | (1,300) |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non-operating income | 0 | 0 | 0 | 0 | 0 |
| Non-recurring items | 193 | 233 | (1,041) | 0 | 0 |
| Profit before tax | (1,023) | (9,518) | (11,358) | (972) | 2,430 |
| Tax | (1) | 660 | 698 | 194 | (486) |
| Profit after tax | (1,024) | (8,858) | (10,660) | (778) | 1,944 |
| Minority interests | 392 | 3,903 | 5,180 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | 158 | 191 | (852) | 0 | 0 |
| Reported net profit | (474) | (4,764) | (6,331) | (778) | 1,944 |
| Non-recurring items & goodwill (net) | (193) | (233) | 1,041 | 0 | 0 |
| Recurring net profit | (667) | (4,997) | (5,290) | (778) | 1,944 |
| Per share (THB) | | | | | |
| Recurring EPS * | (0.14) | (1.03) | (1.09) | (0.06) | 0.15 |
| Reported EPS | (0.10) | (0.98) | (1.31) | (0.07) | 0.15 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.06 |
| Diluted shares (used to calculate per share data) | 4,850 | 4,850 | 4,850 | 12,850 | 12,850 |
| Growth | | | | | |
| Revenue (%) | 3.1 | (65.1) | (60.6) | 379.1 | 57.0 |
| Operating EBITDA (%) | (39.0) | nm | nm | nm | 54.6 |
| Operating EBIT (%) | nm | nm | nm | nm | 413.1 |
| Recurring EPS (%) | nm | nm | nm | nm | nm |
| Reported EPS (%) | nm | nm | nm | nm | nm |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 6.9 | (42.6) | (123.9) | 8.7 | 15.8 |
| Gross margin of key business (%) | 6.9 | (42.6) | (123.9) | 8.7 | 15.8 |
| Operating EBITDA margin (%) | 3.1 | (15.6) | (50.5) | 21.2 | 20.9 |
| Operating EBIT margin (%) | (1.1) | (55.5) | (148.9) | 2.7 | 8.8 |
| Net margin (%) | (1.6) | (34.8) | (93.5) | (2.9) | 4.6 |
| Effective tax rate (%) | 0.0 | 6.8 | 6.8 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | - | - | - | - | 40.0 |
| Interest cover (X) | (0.6) | (4.5) | (4.5) | 0.4 | 2.9 |
| Inventory days | 2.4 | 6.6 | 9.1 | 4.0 | 4.9 |
| Debtor days | 17.2 | 46.0 | 61.8 | 7.4 | 2.4 |
| Creditor days | 10.5 | 32.2 | 57.0 | 25.8 | 17.6 |
| Operating ROIC (%) | (2.7) | (33.8) | (32.5) | 3.1 | 20.2 |
| ROIC (%) | (1.0) | (14.2) | (14.4) | 1.1 | 5.6 |
| ROE (%) | (3.3) | (29.2) | (47.7) | (5.3) | 8.9 |
| ROA (%) | (0.5) | (11.1) | (13.5) | 0.9 | 4.7 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Ticket sales | 31,506 | 11,123 | 4,253 | 20,698 | 33,368 |
| Ancillaries | 7,511 | 2,285 | 749 | 4,333 | 7,070 |
| Other revenue | 2,185 | 952 | 655 | 2,076 | 2,130 |

Sources: Asia Aviation; FSSIA estimates

Financial Statements

Asia Aviation

| Cash Flow (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|-----------------------------------|----------------|-----------------|----------------|----------------|----------------|
| Recurring net profit | (667) | (4,997) | (5,290) | (778) | 1,944 |
| Depreciation | 1,717 | 5,739 | 5,568 | 5,022 | 5,157 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (4,370) | (2,016) | (4,328) | (7,800) | 0 |
| Change in working capital | (207) | (1,888) | 1,956 | (557) | 1,216 |
| Cash flow from operations | (3,528) | (3,162) | (2,094) | (4,113) | 8,317 |
| Capex - maintenance | (409) | (15,620) | (57) | (1,271) | (1,426) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | 0 | 0 | 0 | 0 | 0 |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | (409) | (15,620) | (57) | (1,271) | (1,426) |
| Dividends paid | 0 | 0 | 0 | 0 | (778) |
| Equity finance | 0 | 0 | 0 | 11,800 | 2,200 |
| Debt finance | 3,476 | 16,305 | 3,400 | (10,106) | (7,106) |
| Other financing cash flows | 320 | (395) | (1,893) | 4,286 | (2,200) |
| Cash flow from financing | 3,796 | 15,910 | 1,507 | 5,980 | (7,884) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (140) | (2,872) | (644) | 596 | (992) |
| Free cash flow to firm (FCFF) | (3,170.90) | (16,981.93) | (254.15) | (3,682.00) | 8,198.00 |
| Free cash flow to equity (FCFE) | (140.39) | (2,871.86) | (644.00) | (11,204.24) | (2,414.37) |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|
| FCFF per share | (0.25) | (1.32) | (0.02) | (0.29) | 0.64 |
| FCFE per share | (0.01) | (0.22) | (0.05) | (0.87) | (0.19) |
| Recurring cash flow per share | (0.68) | (0.26) | (0.84) | (0.31) | 0.55 |

| Balance Sheet (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 33,497 | 38,701 | 38,758 | 40,029 | 41,455 |
| Less: Accumulated depreciation | (8,620) | (3,944) | (9,512) | (14,534) | (19,690) |
| Tangible fixed assets (net) | 24,877 | 34,758 | 29,246 | 25,495 | 21,764 |
| Intangible fixed assets (net) | 23,704 | 23,696 | 23,696 | 31,496 | 31,496 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 3,982 | 1,110 | 466 | 1,062 | 70 |
| A/C receivable | 2,518 | 1,100 | 817 | 275 | 275 |
| Inventories | 295 | 240 | 116 | 321 | 500 |
| Other current assets | 632 | 310 | 122 | 584 | 918 |
| Current assets | 7,427 | 2,760 | 1,521 | 2,243 | 1,763 |
| Other assets | 6,895 | 6,764 | 6,764 | 6,764 | 6,764 |
| Total assets | 62,903 | 67,978 | 61,227 | 65,998 | 61,787 |
| Common equity | 19,944 | 14,266 | 7,935 | 21,157 | 22,323 |
| Minorities etc. | 7,745 | 3,094 | (2,086) | 0 | 0 |
| Total shareholders' equity | 27,688 | 17,360 | 5,849 | 21,157 | 22,323 |
| Long term debt | 20,604 | 37,659 | 40,659 | 30,553 | 23,447 |
| Other long-term liabilities | 666 | 3,448 | 3,448 | 3,448 | 3,448 |
| Long-term liabilities | 21,270 | 41,106 | 44,106 | 34,000 | 26,894 |
| A/C payable | 1,555 | 1,049 | 1,167 | 1,622 | 1,346 |
| Short term debt | 1,750 | 1,000 | 1,400 | 1,400 | 1,400 |
| Other current liabilities | 10,639 | 7,462 | 8,705 | 7,819 | 9,823 |
| Current liabilities | 13,944 | 9,511 | 11,272 | 10,841 | 12,569 |
| Total liabilities and shareholders' equity | 62,903 | 67,978 | 61,227 | 65,998 | 61,787 |
| Net working capital | (8,749) | (6,861) | (8,817) | (8,260) | (9,477) |
| Invested capital | 46,726 | 58,356 | 50,889 | 55,495 | 50,547 |

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|
| Book value per share | 4.11 | 2.94 | 1.64 | 1.82 | 1.74 |
| Tangible book value per share | (0.78) | (1.94) | (3.25) | (0.89) | (0.71) |

Financial strength

| | | | | | |
|---------------------------|------|-------|-------|-------|-------|
| Net debt/equity (%) | 66.4 | 216.3 | 711.1 | 146.0 | 111.0 |
| Net debt/total assets (%) | 29.2 | 55.2 | 67.9 | 46.8 | 40.1 |
| Current ratio (x) | 0.5 | 0.3 | 0.1 | 0.2 | 0.1 |
| CF interest cover (x) | 0.8 | (0.6) | 0.7 | (5.6) | (0.9) |

| Valuation | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---------------|--------------|--------------|---------------|-------------|
| Recurring P/E (x) * | (19.1) | (2.5) | (2.4) | (43.3) | 17.3 |
| Recurring P/E @ target price (x) * | (25.5) | (3.4) | (3.2) | (57.8) | 23.1 |
| Reported P/E (x) | (26.8) | (2.7) | (2.0) | (39.0) | 17.3 |
| Dividend yield (%) | - | - | - | - | 2.3 |
| Price/book (x) | 0.6 | 0.9 | 1.6 | 1.4 | 1.5 |
| Price/tangible book (x) | (3.4) | (1.3) | (0.8) | (2.9) | (3.7) |
| EV/EBITDA (x) ** | 30.7 | (23.9) | (18.3) | 10.7 | 6.6 |
| EV/EBITDA @ target price (x) ** | 34.0 | (25.8) | (19.8) | 12.4 | 7.8 |
| EV/invested capital (x) | 0.8 | 0.9 | 1.0 | 1.1 | 1.2 |

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Asia Aviation; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|--------|
| AAV | ADVANC | AF | AIRA | AKP | AKR | ALT | AMA | AMATA | AMATAV | ANAN |
| AOT | AP | ARIP | ARROW | ASP | BAFS | BANPU | BAY | BCP | BCPG | BDMS |
| BEC | BEM | BGRIM | BIZ | BKI | BLA | BOL | BPP | BRR | BTS | BWG |
| CENTEL | CFRESH | CHEWA | CHO | CIMBT | CK | CKP | CM | CNT | COL | COMAN |
| COTTO | CPALL | CPF | CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC |
| DV8 | EA | EASTW | ECF | ECL | EGCO | EPG | ETE | FNS | FPI | FPT |
| FSMART | GBX | GC | GCAP | GEL | GFPT | GGC | GPSC | GRAMMY | GUNKUL | HANA |
| HARN | HMPRO | ICC | ICI | III | ILINK | INTUCH | IRPC | IVL | JKN | JSP |
| JWD | K | KBANK | KCE | KKP | KSL | KTB | KTC | LANNA | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | METCO | MFEC | MINT |
| MONO | MOONG | MSC | MTC | NCH | NCL | NEP | NKI | NOBLE | NSI | NVD |
| NYT | OISHI | ORI | OTO | PAP | PCSGH | PDJ | PG | PHOL | PLANB | PLANET |
| PLAT | PORT | PPS | PR9 | PREB | PRG | PRM | PSH | PSL | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QTC | RATCH | RS | S | S & J | SAAM |
| SABINA | SAMART | SAMTEL | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SDC |
| SEAFCO | SEOIL | SE-ED | SELIC | SENA | SIRI | SIS | SITHAI | SMK | SMPC | SNC |
| SONIC | SORKON | SPALI | SPI | SPRC | SPVI | SSSC | SST | STA | SUSCO | SUTHA |
| SVI | SYMC | SYNTEC | TACC | TASCO | TCAP | TFMAMA | THANA | THANI | THCOM | THG |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TK | TKT | TTB | TMILL | TNDT |
| TNL | TOA | TOP | TPBI | TQM | TRC | TSC | TSR | TSTE | TSTH | TTA |
| TTCL | TTW | TU | TVD | TVI | TVO | TWPC | U | UAC | UBIS | UV |
| VGI | VIH | WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | TRUE | | |

| VERY GOOD LEVEL | | | | | | | | | | |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S | ABM | ACE | ACG | ADB | AEC | AEONTS | AGE | AH | AHC | AIT |
| ALLA | AMANAHA | AMARIN | APCO | APCS | APURE | AQUA | ASAP | ASEFA | ASIA | ASIAN |
| ASIMAR | ASK | ASN | ATP30 | AUCT | AWC | AYUD | B | BA | BAM | BBL |
| BFIT | BGC | BJC | BJCHI | BROOK | BTW | CBG | CEN | CGH | CHARAN | CHAYO |
| CHG | CHOTI | CHOW | CI | CIG | CMC | COLOR | COM7 | CPL | CRC | CRD |
| CSC | CSP | CWT | DCC | DCON | DDD | DOD | DOHOME | EASON | EE | ERW |
| ESTAR | FE | FLOYD | FN | FORTH | FSS | FTE | FVC | GENCO | GJS | GL |
| GLAND | GLOBAL | GLOCON | GPI | GULF | GYT | HPT | HTC | ICN | IFS | ILM |
| IMH | INET | INSURE | IRC | IRCP | IT | ITD | ITEL | J | JAS | JCK |
| JCKH | JMART | JMT | KBS | KCAR | KGI | KIAT | KOOL | KTIS | KWC | KWM |
| L&E | LALIN | LDC | LHK | LOXLEY | LPH | LRH | LST | M | MACO | MAJOR |
| MBAX | MEGA | META | MFC | MGT | MILL | MITSIB | MK | MODERN | MTI | MVP |
| NETBAY | NEX | NINE | NTV | NWR | OCC | OGC | OSP | PATO | PB | PDG |
| PDI | PICO | PIMO | PJW | PL | PM | PPP | PRIN | PRINC | PSTC | PT |
| QLT | RCL | RICHY | RML | RPC | RWI | S11 | SALEE | SAMCO | SANKO | SAPPE |
| SAWAD | SCI | SCP | SE | SEG | SFP | SGF | SHR | SIAM | SINGER | SKE |
| SKR | SKY | SMIT | SMT | SNP | SPA | SPC | SPCG | SR | SRICHA | SSC |
| SSF | STANLY | STI | STPI | SUC | SUN | SYNEX | T | TAE | TAKUNI | TBSP |
| TCC | TCMC | TEAM | TEAMG | TFG | TIGER | TITLE | TKN | TKS | TM | TMC |
| TMD | TMI | TMT | TNITY | TNP | TNR | TOG | TPA | TPAC | TPCORP | TPOLY |
| TPS | TRITN | TRT | TRU | TSE | TVT | TWP | UEC | UMI | UOBKH | UP |
| UPF | UPOIC | UT | UTP | UWC | VL | VNT | VPO | WIJK | WP | XO |
| YUASA | ZEN | ZIGA | ZMICO | | | | | | | |

| GOOD LEVEL | | | | | | | | | | |
|------------|------|--------|--------|-------|--------|-------|-------|--------|--------|-------|
| 7UP | A | ABICO | AJ | ALL | ALUCON | AMC | APP | ARIN | AS | AU |
| B52 | BC | BCH | BEAUTY | BGT | BH | BIG | BKD | BLAND | BM | BR |
| BROCK | BSBM | BSM | BTNC | CAZ | CCP | CGD | CITY | CMAN | CMO | CMR |
| CPT | CPW | CRANE | CSR | D | EKH | EP | ESSO | FMT | GIFT | GREEN |
| GSC | GTB | HTECH | HUMAN | IHL | INOX | INSET | IP | JTS | JUBILE | KASET |
| KCM | KKC | KUMWEL | KUN | KWG | KYE | LEE | MATCH | MATI | M-CHAI | MCS |
| MDX | MJD | MM | MORE | NC | NDR | NER | NFC | NNCL | NPK | NUSA |
| OCEAN | PAF | PF | PK | PLE | PMTA | POST | PPM | PRAKIT | PRECHA | PRIME |
| PROUD | PTL | RBF | RCI | RJH | ROJNA | RP | RPH | RSP | SF | SFLEX |
| SGP | SISB | SKN | SLP | SMART | SOLAR | SPG | SQ | SSP | STARK | STC |
| SUPER | SVOA | TC | TCCC | THMUI | TIW | TNH | TOPP | TPCH | TIPIP | TPLAS |
| TTI | TYCN | UKEM | UMS | VCOM | VRANDA | WIN | WORK | WPH | | |

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

| CERTIFIED | | | | | | | | | | |
|-----------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| 2S | ADVANC | AI | AIE | AIRA | AKP | AMA | AMANAH | AP | AQUA | ARROW |
| ASK | ASP | AYUD | B | BAFS | BANPU | BAY | BBL | BCH | BCP | BCPG |
| BGC | BGRIM | BJCHI | BKI | BLA | BPP | BROOK | BRR | BSBM | BTS | BWG |
| CEN | CENTEL | CFRESH | CGH | CHEWA | CHOTI | CHOW | CIG | CIMBT | CM | CMC |
| COL | COM7 | CPALL | CPF | CPI | CPN | CSC | DCC | DELTA | DEMCO | DIMET |
| DRT | DTAC | DTC | EASTW | ECL | EGCO | FE | FNS | FPI | FPT | FSS |
| FTE | GBX | GC | GCAP | GEL | GFPT | GGC | GJS | GPSC | GSTEEL | GUNKUL |
| HANA | HARN | HMPRO | HTC | ICC | ICHI | IFS | INET | INSURE | INTUCH | IRPC |
| ITEL | IVL | K | KASET | KBANK | KBS | KCAR | KCE | KGI | KKP | KSL |
| KTB | KTC | KWC | L&E | LANNA | LHFG | LHK | LPN | LRH | M | MAKRO |
| MALEE | MBAX | MBK | MBKET | MC | MCOT | MFC | MFEC | MINT | MONO | MOONG |
| MPG | MSC | MTC | MTI | NBC | NEP | NINE | NKI | NMG | NNCL | NSI |
| NWR | OCC | OCEAN | OGC | ORI | PAP | PATO | PB | PCSGH | PDG | PDI |
| PDJ | PE | PG | PHOL | PL | PLANB | PLANET | PLAT | PM | PPP | PPPM |
| PPS | PREB | PRG | PRINC | PRM | PSH | PSL | PSTC | PT | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QLT | QTC | RATCH | RML | RWI | S & J |
| SABINA | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SEAOIL | SE-ED | SELIC |
| SENA | SGP | SIRI | SITHAI | SMIT | SMK | SMPC | SNC | SNP | SORKON | SPACK |
| SPC | SPI | SPRC | SRICHA | SSF | SSSC | SST | STA | SUSCO | SVI | SYNTEC |
| TAE | TAKUNI | TASCO | TBSP | TCAP | TCMC | TFG | TFI | TFMAMA | THANI | THCOM |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TKT | TTB | TMD | TMILL | TMT |
| TNITY | TNL | TNP | TNR | TOG | TOP | TPA | TPCORP | TPP | TRU | TSC |
| TSTH | TTCL | TU | TVD | TVI | TVO | TWPC | U | UBIS | UEC | UKEM |
| UOBKH | UWC | VGI | VIH | VNT | WACOAL | WHA | WHAUP | WICE | WIJK | XO |
| ZEN | TRUE | | | | | | | | | |

| DECLARED | | | | | | | | | | |
|----------|-------|-------|--------|--------|-------|--------|-------|-------|-------|--------|
| 7UP | ABICO | AF | ALT | AMARIN | AMATA | AMATAV | ANAN | APURE | B52 | BKD |
| BM | BROCK | BUI | CHO | CI | COTTO | DDD | EA | EFORL | EP | ERW |
| ESTAR | ETE | EVER | FSMART | GPI | ILINK | IRC | J | JKN | JMART | JMT |
| JSP | JTS | KWG | LDC | MAJOR | META | NCL | NOBLE | NOK | PK | PLE |
| ROJNA | SAAM | SAPPE | SCI | SE | SHANG | SINGER | SKR | SPALI | SSP | STANLY |
| SUPER | SYNEX | THAI | TKS | TOPP | TRITN | TTA | UPF | UV | WIN | ZIGA |

| Level | |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) |

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

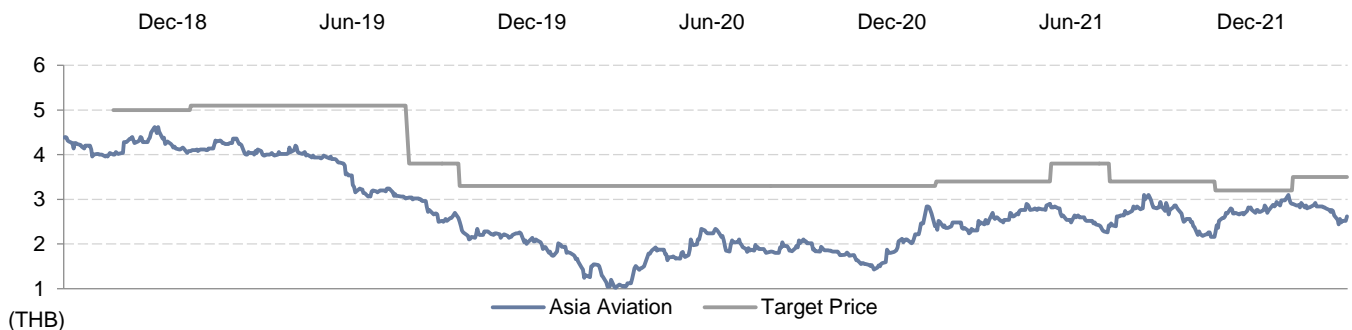
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Asia Aviation (AAV TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 19-Jan-2019 | BUY | 5.00 | 02-Apr-2020 | BUY | 3.30 | 18-May-2021 | BUY | 3.40 |
| 28-Mar-2019 | BUY | 5.10 | 21-Dec-2020 | BUY | 3.40 | 16-Aug-2021 | BUY | 3.20 |
| 30-Sep-2019 | BUY | 3.80 | 29-Mar-2021 | BUY | 3.80 | 21-Oct-2021 | BUY | 3.50 |
| 12-Nov-2019 | BUY | 3.30 | 18-May-2021 | BUY | 3.40 | | | |

Teerapol Udomvej, CFA started covering this stock from 21-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Airports of Thailand (AOT TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 20-Jun-2019 | HOLD | 72.00 | 11-Feb-2021 | BUY | 85.00 | 13-Aug-2021 | BUY | 80.00 |
| 02-Apr-2020 | HOLD | 72.00 | 08-Apr-2021 | BUY | 85.00 | 11-Nov-2021 | BUY | 80.00 |
| 10-Sep-2020 | BUY | 70.00 | 09-Jun-2021 | BUY | 82.00 | 26-Nov-2021 | BUY | 79.00 |

Teerapol Udomvej, CFA started covering this stock from 10-Sep-2020

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Airways (BA TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 04-Jun-2021 | BUY | 10.00 | 25-Jun-2021 | BUY | 16.00 | - | - | - |

Teerapol Udomvej, CFA started covering this stock from 04-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------------|--------|-----------|--------|---|
| Asia Aviation | AAV TB | THB 2.62 | BUY | Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers. |
| Airports of Thailand | AOT TB | THB 61.50 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power. |
| Bangkok Airways | BA TB | THB 10.30 | BUY | Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 07-Dec-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.