

ASIA AVIATION AAV TB

THAILAND / TRANSPORT & LOGISTICS

BUY

UNCHANGED

Ready to fly again

- Positive feedback from the conference. We expect less competition in the domestic market, leading to higher passenger yield.
- Operating cashflow should turn positive by 2Q22 driven by a domestic passenger recovery to pre-Covid levels.
- Maintain BUY; strong balance sheet after capital raising.

TARGET PRICE	THB3.50
CLOSE	THB2.50
UP/DOWNSIDE	+40.0%
PRIOR TP	THB3.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+25.8%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	14,360	3,937	22,515	43,289
Net profit	(4,764)	(5,659)	(1,523)	1,944
EPS (THB)	(0.98)	(1.17)	(0.13)	0.15
vs Consensus (%)	-	nm	nm	265.9
EBITDA	(2,236)	(1,722)	4,905	8,971
Core net profit	(4,997)	(4,618)	(1,523)	1,944
Core EPS (THB)	(1.03)	(0.95)	(0.12)	0.15
Chg. In EPS est. (%)	nm	nm	nm	0.0
EPS growth (%)	nm	nm	nm	nm
Core P/E (x)	(2.4)	(2.6)	(21.1)	16.5
Dividend yield (%)	-	-	-	2.4
EV/EBITDA (x)	(23.6)	(31.4)	12.5	6.3
Price/book (x)	0.8	1.4	1.4	1.4
Net debt/Equity (%)	216.3	613.9	154.3	111.5
ROE (%)	(29.2)	(40.4)	(10.3)	9.0

Potential to gain more market share in domestic market

We hosted our Finasia Investment Conference on 25 Jan-22 with AAV in attendance. AAV expects competition in the domestic market to lessen and believes that it could command higher fares when demand recovers, given that AAV has the largest capacity in the domestic market. In addition, AAV expects to maintain its 35% market share with a high potential to gain more market share from weaker competitors. The resumption of Test & Go could see AAV resume international flights.

Domestic traffic could reach pre-Covid levels by Mar-22

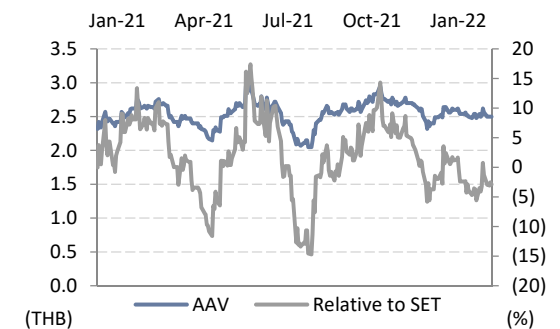
Although AAV slightly trimmed its 2022E passengers-carried assumption by 4% to 12.9m from 13.5m previously due to the Omicron variant, management sees positive signs of recovery from the domestic market and expects capacity to ramp up to 100% of pre-Covid levels by March, up from 60% of pre-Covid levels in January, leading to a possible upside to their assumptions. In addition, if domestic traffic recovers to pre-Covid levels, operating cash flow should turn positive from its average cash burn rate of THB200-300m per month.

Preserve cash up to THB7.0b after restructuring

AAV's recently completed capital raising added total proceeds of THB14.0b. AAV plans to utilise THB7.8b to restructure its shareholdings by repaying its debt to AirAsia Group Berhad and buying a 100% stake in Thai AirAsia, up from 55% currently. The remaining THB6.2b will serve as cashflow liquidity. In addition, the sale and leaseback (SLB) of seven aircraft should be completed by 1Q22 (four aircraft already completed SLB) resulting in proceeds of THB1.0b (USD30m). We expect this to alleviate concerns about AAV's cashflow liquidity.

Cut 2022E earnings, but maintain 2023E earnings and TP

We revise down our 2022 forecast from a THB0.8b core loss to a THB1.5b loss to reflect the Omicron impact in 1Q22 and adjust our assumptions to reflect AAV's latest guidance. However, we maintain our THB1.9b core profit forecast in 2023 and leave our TP intact at THB3.5, based on 1.1x 2023E adjusted P/BV, in line with its 5-yr average of 1.2x. Our 2023E adjusted BV is THB41b, based on 2023E equity of THB22.3b and adding back a one-off core loss over 2020-21 of THB17.5b.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.6)	(6.8)	7.7
Relative to country (%)	(3.5)	(7.7)	(3.6)
Mkt cap (USD m)	867		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	59		
Major shareholder	AirAsia Aviation Limited (45%)		
12m high/low (THB)	3.16/1.98		
Issued shares (m)	12,850.00		

Sources: Bloomberg consensus; FSSIA estimates


Teerapol Udomvej, CFA

 teerapol.udo@fssia.com
 +66 2611 3535

Investment thesis

We believe AAV is on track for a recovery and expect its domestic market performance to recover in 1Q22. 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.

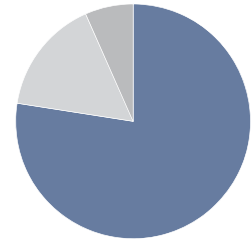
Company profile

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)

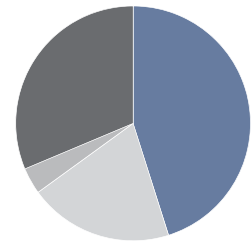
- Ticket sales - 77.5 %
- Ancillaries - 15.9 %
- Other revenue - 6.6 %



Source: Asia Aviation

Major shareholders

- AirAsia Aviation Limited - 45.1 %
- Mr. Tassapon Bijleveld - 19.9 %
- Mr. Pitharn Ongkosit - 3.7 %
- Others - 31.3 %



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.)	52	54	56
Pax carried (m)	3	13	23
Load factor (%)	68	81	85
Average ticket fare (THB)	1,093	1,293	1,499
Ancillaries per pax (THB/pax)	193	289	318
Brent spot price (USD/bbl)	61	67	72
Fuel price net hedging (USD/bbl)	82	92	96

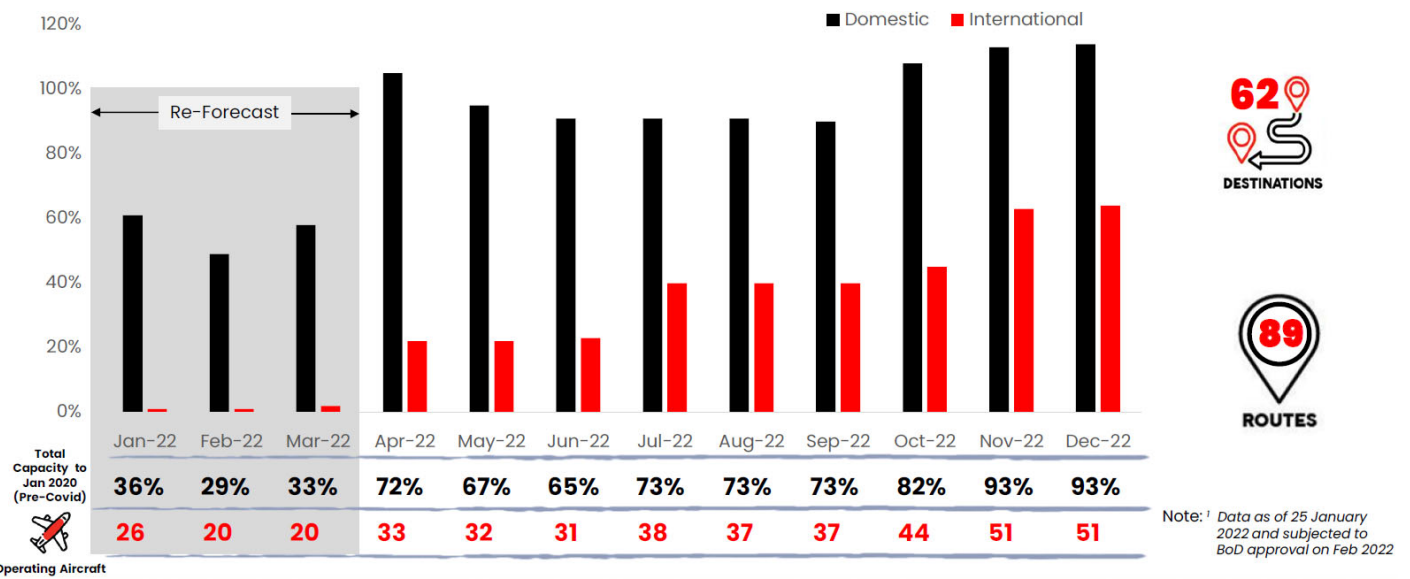
Source: FSSIA estimates

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 2023 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.

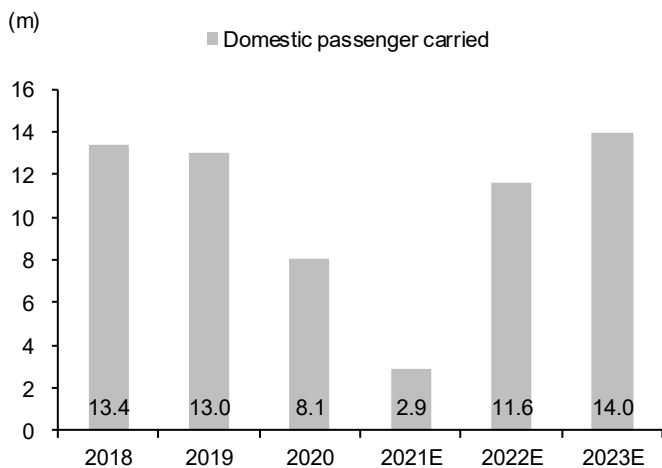
Source: FSSIA estimates

Exhibit 1: 2022E capacity deployment



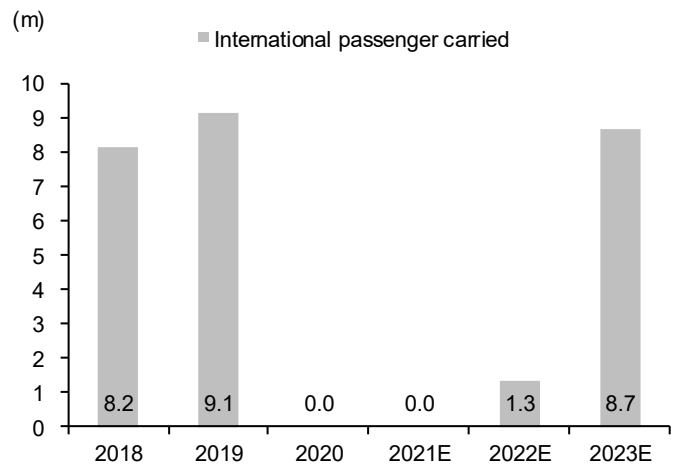
Source: AAV

Exhibit 2: Domestic passengers carried



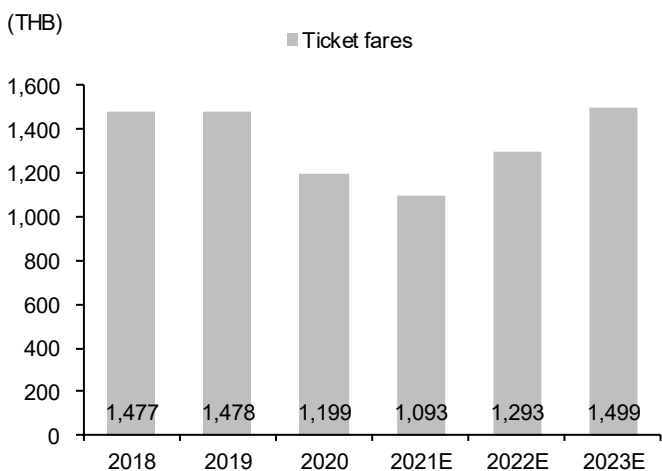
Sources: AAV; FSSIA estimates

Exhibit 3: International passengers carried



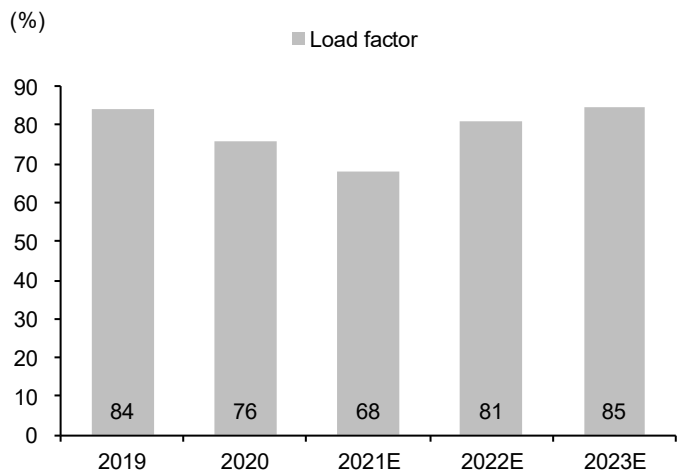
Sources: AAV; FSSIA estimates

Exhibit 4: Ticket fares



Sources: AAV; FSSIA estimates

Exhibit 5: Load factor



Sources: AAV; FSSIA estimates

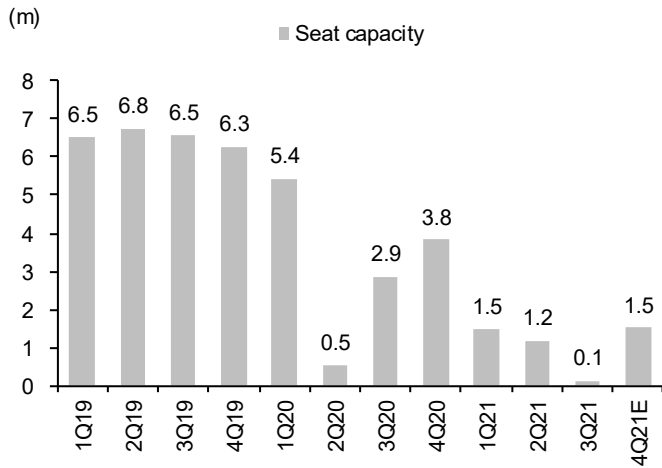
4Q21 results preview

AAV's domestic passengers-carried number improved from 0.1m to 1.1m in 4Q21 and hit 36% of pre-Covid levels in 3Q21 after Thailand eased lockdown restrictions. Its load factor improved to 76% from 60% in 3Q21. We estimate revenue could jump from THB0.3b to THB1.7b and reach 17% of pre-Covid levels.

Expenses should increase q-q mainly due to the higher fuel cost following higher fuel consumption and higher jet fuel prices, and higher operating expenses due to greater seat capacity.

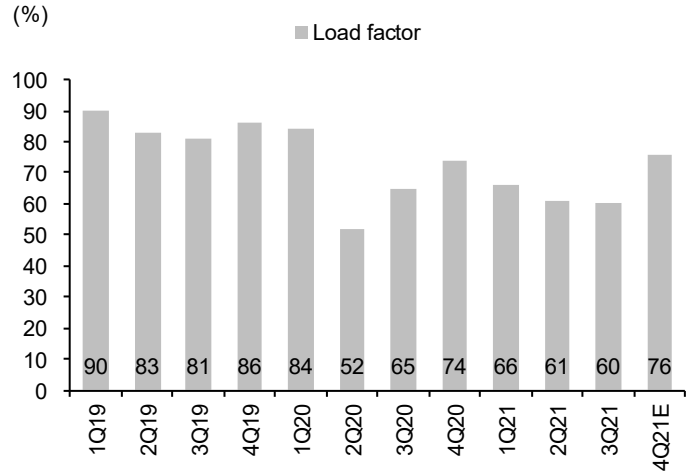
As a result, we forecast a core loss of THB1.0b in 4Q21, relatively in line with its 3Q21 core loss.

Exhibit 6: Seat capacity



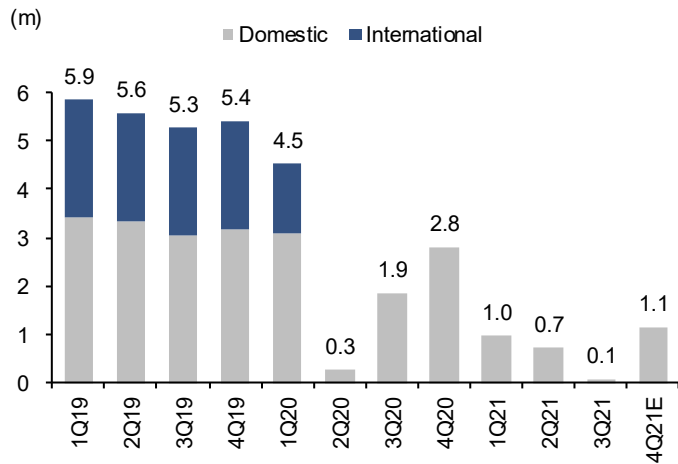
Sources: AAV; FSSIA estimates

Exhibit 7: Load factor



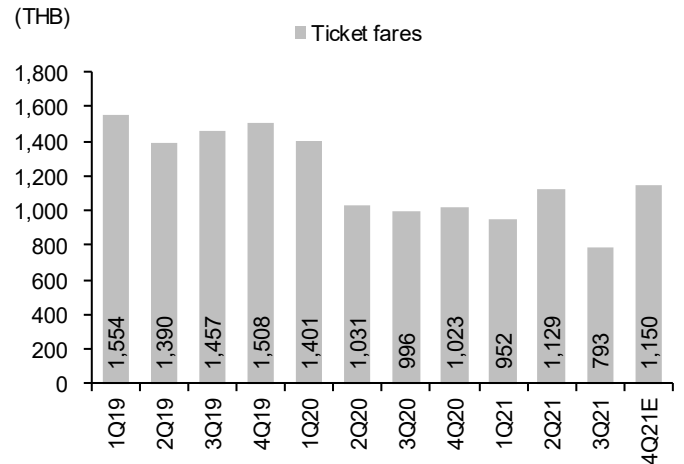
Sources: AAV; FSSIA estimates

Exhibit 8: Passengers carried



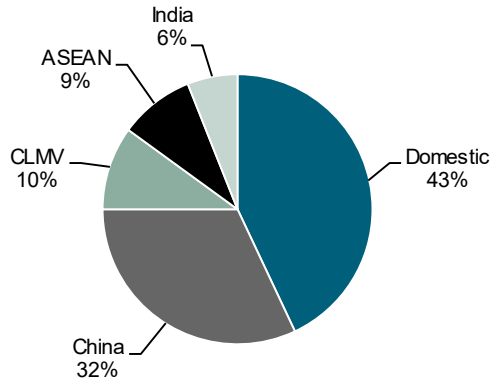
Sources: AAV; FSSIA estimates

Exhibit 9: Ticket fares



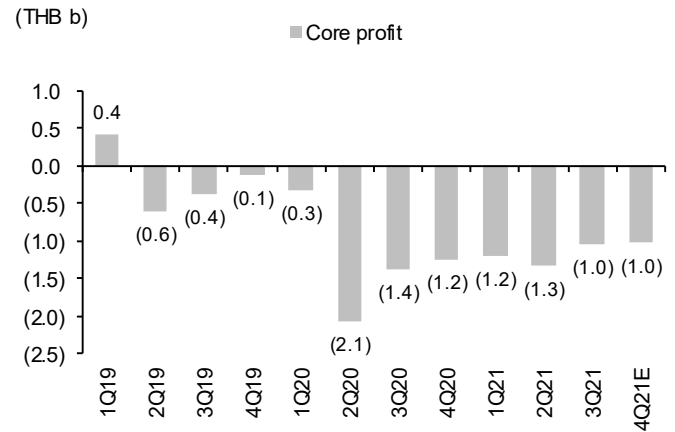
Sources: AAV; FSSIA estimates

Exhibit 10: Revenue breakdown by route as of 2019



Source: AAV

Exhibit 11: Core profit quarterly forecast



Sources: AAV; FSSIA estimates

Exhibit 12: 4Q21 results preview

	4Q20	1Q21	2Q21	3Q21	4Q21E	Change		2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	3,640	1,179	1,015	322	1,731	437	(52)	3,937
- Passenger revenue	2,626	931	813	147	1,321	799	(50)	2,790
- Other revenue	1,014	248	202	175	410	134	(60)	1,147
Expense	(5,135)	(3,170)	(3,160)	(2,108)	(3,309)	57	(36)	(11,225)
- Fuel and oil	(1,667)	(424)	(344)	(46)	(559)	1,127	(66)	(1,330)
- Non-fuel operating expenses	(3,468)	(2,746)	(2,817)	(2,062)	(2,750)	33	(21)	(9,895)
Operating profit	(1,495)	(1,991)	(2,146)	(1,786)	(1,578)	12	(6)	(7,289)
Interest income	2	29	9	6	6	0	211	7
Interest expense	(447)	(426)	(425)	(476)	(476)	0	7	(1,944)
Pretax profit	(1,940)	(2,387)	(2,562)	(2,256)	(2,048)	9	(6)	(9,226)
Income Tax	(319)	212	152	369	195	(47)	(161)	830
Core profit (TAA)	(2,259)	(2,175)	(2,410)	(1,887)	(1,854)	2	18	(8,396)
Core profit (AAV)	(1,241)	(1,196)	(1,325)	(1,036)	(1,019)	2	18	(4,618)
Extraordinaries	230	(1,216)	(667)	(1,931)	100			(1,893)
- FX gain (loss)	1,535	(1,387)	(734)	(2,067)	100			(2,131)
- Derivative gain (loss)	111	171	66	135	0			238
- Others	(1,416)	0	0	0	0			0
Reported net profit (TAA)	(2,029)	(3,391)	(3,078)	(3,818)	(1,754)	54	14	(10,289)
Minority interest	914	1,526	1,386	1,720	789	(54)	(14)	4,630
Reported net profit (AAV)	(1,114)	(1,865)	(1,692)	(2,098)	(964)	54	13	(5,659)
Shares out (end Q, m)	4,850	4,850	4,850	4,850	4,850	0	0	4,850
Core EPS	(0.26)	(0.25)	(0.27)	(0.21)	(0.21)	2	18	(0.95)
EPS	(0.23)	(0.38)	(0.35)	(0.43)	(0.20)	54	13	(1.17)
Depreciation	(1,414)	(1,144)	(1,284)	(1,120)	(1,150)	3	(19)	(5,567)
EBITDA	(81)	(847)	(862)	(666)	(428)	36	(428)	(1,722)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Operating profit margin	(41)	(169)	(212)	(554)	(91)	463	(50)	(185)
EBITDA margin	(2)	(72)	(85)	(207)	(25)	182	(23)	(44)
Net profit margin	(31)	(158)	(167)	(651)	(56)	596	(25)	(144)
Operating stats								
Passengers carried (m)	2.8	1.0	0.7	0.1				
Load factor (%)	74	66	61	60				
RPK (m seats-km)	2,368	699	536	64				
ASK (m seats-km)	3,158	1,035	839	99				
Average fare (THB)	1,023	952	1,129	1,836				
RASK (THB)	1.1	1.1	1.2	1.7				
CASK (THB)	1.7	3.3	3.9	24.3				
CASK ex-fuel (THB)	1.2	2.9	3.5	23.8				
Fuel cost per ASK (THB)	0.5	0.4	0.4	0.5				

Sources: AAV; FSSIA estimates

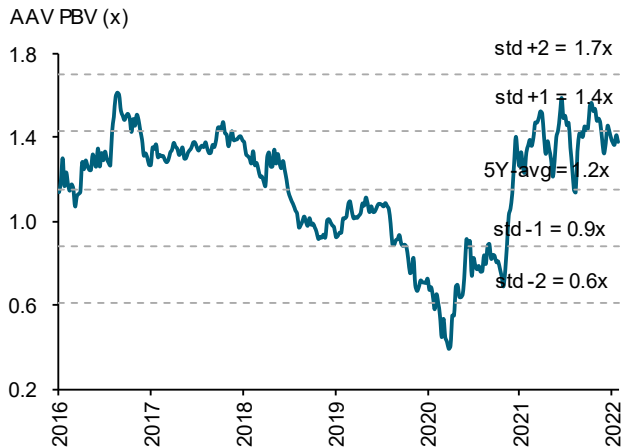
Exhibit 13: Forecast revisions

	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Passengers carried (m)	2.6	12.9	22.7	3.9	15.8	22.7	(34.4)	(18.3)	0.0
Load factor (%)	68	81	85	68	84	85	0.0	(3.0)	0.0
Average fare (THB)	1,093	1,293	1,499	1,093	1,316	1,499	(0.0)	(1.7)	0.0
Fuel prices net hedging (USD/bbl)	82	92	96	82	90	96	0.0	2.2	0.0
Revenue (THB b)	3.9	22.5	43.3	5.7	27.4	43.3	(30.4)	(18.0)	0.0
EBITDA margin (%)	(185.1)	(0.5)	8.8	(148.9)	2.9	8.6	(36.2)	(3.4)	0.2
Core earnings (THB m)	(4,618)	(1,523)	1,944	(5,290)	(778)	1,944	12.7	(95.7)	0.0

Note: Change of items in percentage terms are represented in ppt change

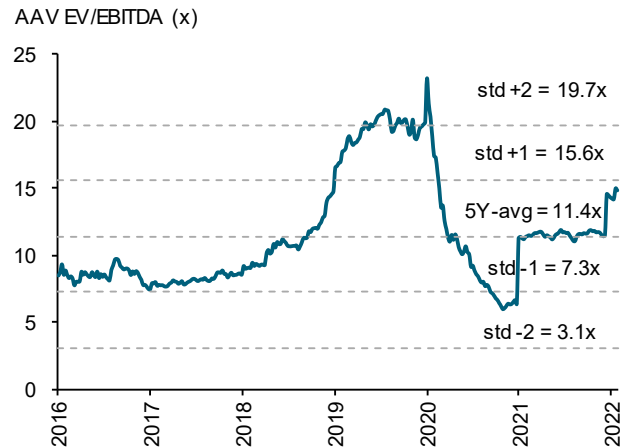
Sources: AAV; FSSIA estimates

Exhibit 14: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 28 Jan-22

Company	BBG	Rec	Share price		Up side (%)	Market Cap (USD m)	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	9.2	16	73.9	574	(5.3)	314.6	1.2	1.2	(17.5)	22.0	8.1
Asia Aviation	AAV TB	BUY	2.5	3.5	40.0	867	(2.6)	(21.1)	1.4	1.4	(31.4)	12.5	6.3
Thailand average						1,442	(4.0)	146.8	1.3	1.3	(24.4)	17.3	7.2
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	56.85	n/a	n/a	8,190	126.1	42.1	3.6	3.3	37.8	19.0	15.1
Interglobe Aviation	INDIGO IN	n/a	1,856.65	n/a	n/a	9,653	n/a	n/a	56.9	n/a	2,842.0	130.1	9.9
Airasia Group Bhd	AAGB MK	n/a	0.58	n/a	n/a	571	n/a	n/a	n/a	n/a	n/a	17.8	7.1
Cebu Air Inc	CEB PM	n/a	43.40	n/a	n/a	538	n/a	n/a	3.8	11.0	n/a	10.3	n/a
Singapore Airlines	SIA SP	n/a	4.96	n/a	n/a	10,989	n/a	n/a	1.2	1.2	n/a	16.3	7.3
Japan Airlines	9201 JP	n/a	2,129.00	n/a	n/a	8,159	n/a	n/a	1.0	1.2	n/a	n/a	6.1
Ana Holdings	9202 JP	n/a	2,370.50	n/a	n/a	10,099	n/a	n/a	1.2	1.2	n/a	46.9	9.0
Cathay Pacific Airways	293 HK	n/a	6.44	n/a	n/a	5,358	n/a	n/a	0.7	0.8	8.7	4.1	3.1
Spicejet (India)	SJET IN	n/a	64.85	n/a	n/a	511	n/a	n/a	n/a	n/a	27.6	n/a	12.5
Tigerair Taiwan	6757 TT	n/a	30.85	n/a	n/a	465	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vietjet Aviation	VJC VN	n/a	121,900	n/a	n/a	2,913	n/a	53.1	n/a	n/a	n/a	26.0	13.7
Regional average						57,447	126.1	47.6	9.8	3.1	729.0	33.8	9.3
Global													
Eva Airways	2618 TT	n/a	24.00	n/a	n/a	4,431	37.1	10.2	1.6	1.4	5.5	4.2	4.1
Air New Zealand	AIR NZ	n/a	1.43	n/a	n/a	1,050	n/a	n/a	1.5	2.6	12.2	41.0	5.3
Air Arabia	AIRARABIA UH	n/a	1.45	n/a	n/a	1,842	25.0	10.0	1.6	1.3	8.1	5.5	5.6
Easyjet (UK)	EZJ LN	n/a	618.60	n/a	n/a	6,288	n/a	363.9	1.7	1.8	n/a	7.6	4.7
Gol Linhas Aereas Intel.(Brazil)	GOLL4 BS	n/a	17.01	n/a	n/a	1,256	n/a	n/a	n/a	n/a	n/a	3.0	2.2
JetBlue Airways (US, Latin AM)	JBLU	n/a	13.90	n/a	n/a	4,421	n/a	182.9	1.2	1.2	n/a	7.4	3.7
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.30	n/a	n/a	1,226	n/a	n/a	n/a	n/a	n/a	4.2	2.8
Ryanair Holding (Ireland, UK, EU)	RYA LN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Southwest Airlines (US)	LUV US	n/a	42.93	n/a	n/a	25,411	n/a	36.1	2.6	2.4	n/a	7.7	4.7
Global average						45,925	31.0	120.6	1.7	1.8	8.6	10.1	4.1
Overall average						104,813	36.0	110.2	5.4	2.3	321.4	21.4	6.9

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	3,937	22,515	43,289
Cost of goods sold	(36,642)	(14,745)	(4,674)	(16,259)	(31,288)
Gross profit	4,561	(385)	(737)	6,256	12,001
Other operating income	-	-	-	-	-
Operating costs	(3,295)	(1,851)	(984)	(1,351)	(3,030)
Operating EBITDA	1,266	(2,236)	(1,722)	4,905	8,971
Depreciation	(1,717)	(5,739)	(5,567)	(5,018)	(5,151)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(451)	(7,975)	(7,289)	(113)	3,820
Net financing costs	(766)	(1,776)	(1,937)	(1,790)	(1,390)
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)	(10,267)	(1,903)	2,430
Tax	(1)	660	830	381	(486)
Profit after tax	(1,024)	(8,858)	(9,437)	(1,523)	1,944
Minority interests	392	3,903	4,630	0	0
Preferred dividends	-	-	-	-	-
Other items	158	191	(852)	0	0
Reported net profit	(474)	(4,764)	(5,659)	(1,523)	1,944
Non-recurring items & goodwill (net)	(193)	(233)	1,041	0	0
Recurring net profit	(667)	(4,997)	(4,618)	(1,523)	1,944
Per share (THB)					
Recurring EPS *	(0.14)	(1.03)	(0.95)	(0.12)	0.15
Reported EPS	(0.10)	(0.98)	(1.17)	(0.13)	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)	(72.6)	471.9	92.3
Operating EBITDA (%)	(39.0)	nm	nm	nm	82.9
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	nm	nm
Reported EPS (%)	nm	nm	nm	nm	nm
Operating performance					
Gross margin inc. depreciation (%)	6.9	(42.6)	(160.1)	5.5	15.8
Gross margin of key business (%)	6.9	(42.6)	(160.1)	5.5	15.8
Operating EBITDA margin (%)	3.1	(15.6)	(43.7)	21.8	20.7
Operating EBIT margin (%)	(1.1)	(55.5)	(185.1)	(0.5)	8.8
Net margin (%)	(1.6)	(34.8)	(117.3)	(6.8)	4.5
Effective tax rate (%)	0.0	6.8	9.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	-	-	40.0
Interest cover (X)	(0.6)	(4.5)	(3.8)	(0.1)	2.7
Inventory days	2.4	6.6	12.4	3.8	4.5
Debtor days	17.2	46.0	92.9	11.0	3.8
Creditor days	10.5	32.2	71.0	23.6	15.8
Operating ROIC (%)	(2.7)	(33.8)	(25.8)	(0.4)	19.7
ROIC (%)	(1.0)	(14.2)	(11.8)	(0.2)	5.7
ROE (%)	(3.3)	(29.2)	(40.4)	(10.3)	9.0
ROA (%)	(0.5)	(11.1)	(11.6)	(0.1)	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ticket sales	31,506	11,123	2,790	16,707	33,959
Ancillaries	7,511	2,285	492	3,733	7,199
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)	(4,618)	(1,523)	1,944
Depreciation	1,717	5,739	5,567	5,018	5,151
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,370)	(2,016)	(3,778)	(7,800)	0
Change in working capital	(207)	(1,888)	(1,101)	867	2,837
Cash flow from operations	(3,528)	(3,162)	(3,929)	(3,437)	9,932
Capex - maintenance	(409)	(15,620)	(39)	(1,225)	(1,433)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(409)	(15,620)	(39)	(1,225)	(1,433)
Dividends paid	0	0	0	0	(778)
Equity finance	0	0	0	11,800	2,200
Debt finance	3,476	16,305	5,400	(10,106)	(7,106)
Other financing cash flows	320	(395)	(1,893)	3,736	(2,200)
Cash flow from financing	3,796	15,910	3,507	5,430	(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)	(461)	767	616
Free cash flow to firm (FCFF)	(3,170.90)	(16,981.93)	(2,024.60)	(2,868.22)	9,897.84
Free cash flow to equity (FCFE)	(140.39)	(2,871.86)	(461.45)	(11,032.79)	(806.53)

Per share (THB)

FCFF per share	(0.25)	(1.32)	(0.16)	(0.22)	0.77
FCFE per share	(0.01)	(0.22)	(0.04)	(0.86)	(0.06)
Recurring cash flow per share	(0.68)	(0.26)	(0.58)	(0.37)	0.55

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	33,497	38,701	38,741	39,966	41,399
Less: Accumulated depreciation	(8,620)	(3,944)	(9,511)	(14,529)	(19,679)
Tangible fixed assets (net)	24,877	34,758	29,230	25,437	21,719
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	649	1,416	2,032
A/C receivable	2,518	1,100	903	453	453
Inventories	295	240	76	265	510
Other current assets	632	310	85	485	933
Current assets	7,427	2,760	1,713	2,619	3,928
Other assets	6,895	6,764	6,764	6,764	6,764
Total assets	62,903	67,978	61,403	66,316	63,907
Common equity	19,944	14,266	8,607	21,085	22,251
Minorities etc.	7,745	3,094	(1,536)	0	0
Total shareholders' equity	27,689	17,360	7,071	21,085	22,251
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	768	1,336	1,372
Short term debt	1,750	1,000	3,400	3,400	3,400
Other current liabilities	10,639	7,462	6,057	6,495	9,990
Current liabilities	13,944	9,511	10,225	11,231	14,761
Total liabilities and shareholders' equity	62,903	67,978	61,403	66,316	63,907
Net working capital	(8,749)	(6,861)	(5,761)	(6,628)	(9,465)
Invested capital	46,726	58,356	53,929	57,069	50,514

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

Per share (THB)

Book value per share	4.11	2.94	1.77	1.82	1.73
Tangible book value per share	(0.78)	(1.94)	(3.11)	(0.90)	(0.72)

Financial strength

Net debt/equity (%)	66.4	216.3	613.9	154.3	111.5
Net debt/total assets (%)	29.2	55.2	70.7	49.1	38.8
Current ratio (x)	0.5	0.3	0.2	0.2	0.3
CF interest cover (x)	0.8	(0.6)	0.8	(5.2)	0.4

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	(18.2)	(2.4)	(2.6)	(21.1)	16.5
Recurring P/E @ target price (x) *	(25.5)	(3.4)	(3.7)	(29.5)	23.1
Reported P/E (x)	(25.6)	(2.5)	(2.1)	(19.0)	16.5
Dividend yield (%)	-	-	-	-	2.4
Price/book (x)	0.6	0.8	1.4	1.4	1.4
Price/tangible book (x)	(3.2)	(1.3)	(0.8)	(2.8)	(3.5)
EV/EBITDA (x) **	30.2	(23.6)	(31.4)	12.5	6.3
EV/EBITDA @ target price (x) **	34.0	(25.8)	(34.2)	14.9	7.8
EV/invested capital (x)	0.8	0.9	1.0	1.1	1.1

* 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	ICHI	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	TRC	TSC	TSR	TSTE	TSTH
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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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
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

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 2.50	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.
Bangkok Airways	BA TB	THB 9.20	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 Finansia 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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 28-Jan-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE**Stock ratings**

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.