

BANGKOK AIRWAYS

THAILAND / TRANSPORT & LOGISTICS

BA TB

BUY

UNCHANGED

TARGET PRICE	THB16.00
CLOSE	THB9.45
UP/DOWNSIDE	+69.3%
PRIOR TP	THB16.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+30.9%

The rainbow after the storm

- Passenger volume recovery to continue in Feb along with the resumption of the Test & Go scheme.
- Should complete the resale of treasury stocks within this month.
- Maintain BUY; cheap valuation with potential upside.

Positive signs of recovery in 4Q21

The passenger volume recovery at Samui Airport is in line with Thailand's industry recovery. Domestic passengers at Samui Airport recovered to c30% of the pre-Covid level in 4Q21, spiking to c50-60% in Dec. Meanwhile, international passengers at Samui Airport recovered to c10% of the pre-Covid level in Dec-21. However, this slowed to 4% of pre-Covid in Jan-21 due to the suspension of the Test & Go scheme. The pace of recovery is in line with AOT's passenger volume, with a domestic recovery to 59% and an international recovery to 6% of pre-Covid levels.

Samui Airport to lead the turnaround

BA has consolidated Samui Airport and recognised passenger service charges and landing fees since 3Q21. Samui Airport would turn profitable when the passenger volume recovers to c30% of pre-Covid, potentially generating up to THB1.2b EBIT when the passenger volume reaches 2019's level. This would be a key driver for BA's turnaround.

Proceeds of THB0.4-0.5b from resale of treasury stocks

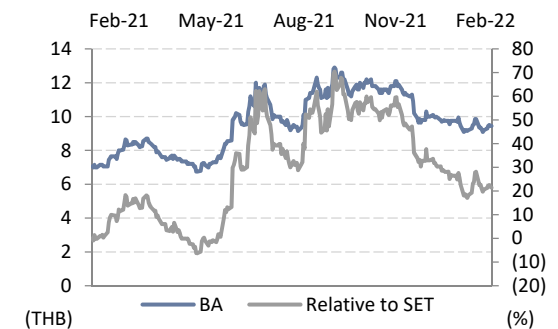
BA's share price has fallen from its peak of THB12.9/shr by 26% over the past five months, pressured by the Omicron variant and the resale of its 40m treasury stocks (1.9% of paid-up shares). So far, BA has sold 32.2m shares. BA should get proceeds of cTHB0.4-0.5b from the resale program and use it for working cap liquidity. After completing the program, possibly by next week, but likely within this month at the latest, we expect its share price to gradually bounce back to the previous peak, driven by the resumption of Test & Go in Feb.

Cheap valuation; even bear case TP still offers an upside

We maintain our SoTP TP of THB16 based on 1) the airport and airport-related business pegged to 20x P/E; 2) the valuation of BDMS and BAFS based on our TPs of THB29 and THB40, with a 20% holding discount applied; 3) airline business pegged to 0.7x P/BV; and 4) cargo business pegged to 12x P/E. BA is trading at an attractive 12x 2023E P/E and could rerate to 25-35x P/E – the valuation range of the airport business. We have run a sensitivity analysis on our valuation and found that even our bear case TP of THB11.7 is higher than the current share price, while our bull case TP of THB21 would provide a decent upside from here.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	7,666	2,596	15,692	24,440
Net profit	(3,639)	(9,634)	61	1,631
EPS (THB)	(1.73)	(4.59)	0.03	0.78
vs Consensus (%)	-	nm	nm	704.1
EBITDA	(2,733)	(2,442)	1,740	3,461
Core net profit	(4,316)	(3,634)	61	1,631
Core EPS (THB)	(2.06)	(1.73)	0.03	0.78
Chg. In EPS est. (%)	nm	nm	0.0	0.0
EPS growth (%)	nm	nm	nm	nm
Core P/E (x)	(4.6)	(5.5)	323.3	12.2
Dividend yield (%)	-	-	0.2	4.9
EV/EBITDA (x)	(14.3)	(17.7)	22.3	9.8
Price/book (x)	1.0	1.2	1.2	1.1
Net debt/Equity (%)	97.7	147.0	119.2	79.3
ROE (%)	(17.4)	(20.4)	0.4	9.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.6)	(18.5)	42.1
Relative to country (%)	(3.5)	(20.9)	27.0
Mkt cap (USD m)	599		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	36		
Major shareholder	Prasartong-Osoth Puttipong (20%)		
12m high/low (THB)	13.00/6.35		
Issued shares (m)	2,100.00		

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also BA's Director.

Investment thesis

BA expects to turn its airline business around by focusing more on its Samui route (accounted for 48% of passenger revenue in 2019), which commands a higher yield than other routes. BA also plans to reduce its fleet and cut some expenses. This should support its earnings visibility in the long run.

BA's non-airline business contributes more than half of its gross profit and should be a key driver for the company, especially the airport business based on the U-Tapao Airport project, of which BA holds a 45% stake, and Samui Airport.

Rising revenue from its airport business should be a key catalyst for BA as it would reduce the earnings volatility from its airline business.

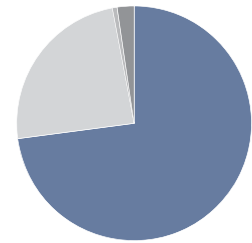
Company profile

BA offers air transportation services. The company operates flights and airports to various resort destinations, including Thailand, CLMV, China and India.

www.bangkokair.com

Principal activities (revenue, 2020)

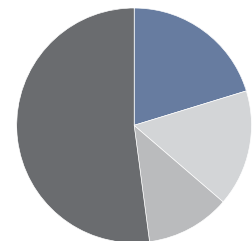
- Air fares - 72.9 %
- Revenue from sales and services - 24.1 %
- Freight - 0.7 %
- Passenger services - 2.3 %



Source: Bangkok Airways

Major shareholders

- Prasarttong-Osoth Puttipong - 20.3 %
- Prasarttong-Osoth Prasert - 16.0 %
- Prasarttong-Osoth Ariya - 11.6 %
- Others - 52.1 %



Source: Bangkok Airways

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 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.

Event calendar

Date	Event
February 2022	4Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Number of aircraft (no.)	36	30	30
Pax carried (m)	0.5	3.8	5.5
Load factor (%)	62.0	68.0	70.0
Average ticket fare (THB)	1,928	2,988	3,287
Fuel price net hedging (USD/bbl)	77.9	80.7	85.3
THB/USD	32.0	32.0	32.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in load factor, we project a 2023 profit increase of 12% and vice versa, all else being equal.
- For every 1% increase in average ticket fare, we project a 2023 profit increase of 8% and vice versa, all else being equal.
- For every 1% increase in Brent spot price, we project a 2023 profit reduction of 2% and vice versa, all else being equal.

Source: FSSIA estimates

Limited downside with potential upside from current share price

Base case valuation

We maintain our SoTP-based TP of THB16/shr based on 1) the airport and airport-related business pegged to 20x P/E; 2) the valuation of Bangkok Dusit Medical Services (BDMS TB, BUY) and Bangkok Aviation Fuel Services (BAFS TB, BUY) based on our TPs of THB29/shr and THB40/shr, with a 20% holding discount applied; 3) the airline business pegged to 0.7x P/BV; and 4) the cargo business pegged to 12x P/E.

We would like to highlight its airport business. Previously, before consolidating to BA, Samui Airport was subleased to Samui Airport Property Fund (SPF) and used to trade at cTHB23-25b in 2017-19. Thus, we believe the market will give a premium valuation to Samui Airport under BA post Covid pandemic premised on 1) the assets of Samui Airport belong to BA, unlike SPF that only had a sublease contract; 2) Samui Airport is currently seeking permission to increase the flight volume capacity from 50 to 70 flights/day; and 3) the potential renovation of Samui Airport would lift non-aero revenue. Therefore, we see our valuation of the airport and airport-related business at THB22b as conservative.

Bull case valuation

Under our bull case valuation, we value the airport and airport-related business at THB30b based on a 2023E profit of THB1.2b (relatively in line with pre-Covid profit) and pegged at a 25x P/E multiple, compared to the airport business that is trading at 32x P/E. Meanwhile, we raise our P/E and P/BV multiples for other businesses. Thus, our bull case TP would be THB21/shr.

Bear case valuation

Under our bear case valuation, we value the airport and airport-related business at the same value as the termination of the lease contract with SPF at THB18.1b. In our view, this is an unjustified valuation, given that the value of the termination fee is based on 15 years remaining to the sublease contract only and does not account for the hidden asset value and terminal value. We also value BDMS and BAFS at the current market prices. Our bear case TP would be THB11.7/shr, still higher than BA's current share price, suggesting a limited downside for the company, in our view.

Note that our three valuations exclude the U-Tapao project which would add an upside to our TP of cTHB3.0/shr for the first phase of the project based on an IRR of 12%.

Exhibit 1: Base case SoTP valuation

SoTP Base case	(THB b)	(THB/share)	Comments
BDMS	19.2	9.2	Fair price at our TP THB29/shr with 20% holding discount
BAFS	2.0	1.0	Fair price at our TP THB40/shr with 20% holding discount
Airport business	22.0	10.5	Net profit THB1.1b and pegged at 20x P/E multiple
Airline business	2.4	1.2	0.7x P/BV multiple of THB3.5b owned aircraft book value
Cargo business	6.0	2.9	Share income of THB0.5b and pegged at 12x P/E multiple
Net Interest-bearing debt	(18.1)	(8.6)	At end 2022E
Total value	33.6	16.0	

Source: FSSIA estimates

Exhibit 2: Bull case SoTP valuation

SoTP Bull case	(THB b)	(THB/share)	Comments
BDMS	19.2	9.2	Fair price at our TP THB29/shr with 20% holding discount
BAFS	2.0	1.0	Fair price at our TP THB40/shr with 20% holding discount
Airport business	30.0	14.3	Net profit THB1.2b and pegged at 25x P/E multiple
Airline business	3.5	1.7	1.0x P/BV multiple of THB3.5b owned aircraft book value
Cargo business	7.5	3.6	Share income of THB0.5b and pegged at 15x P/E multiple
Net Interest-bearing debt	(18.1)	(8.6)	At end 2022E
Total value	44.2	21.0	

Source: FSSIA estimates

Exhibit 3: Bear case SoTP valuation

SoTP bear case	(THB b)	(THB/share)	Comments
BDMS	14.8	7.0	Market price at THB22.3/shr with 20% holding discount
BAFS	1.4	0.7	Market price at THB27.50/shr with 20% holding discount
Airport business	18.1	8.6	Equivalent to termination of SPF agreement
Airline business	2.4	1.2	0.7x P/BV multiple of THB3.5b owned aircraft book value
Cargo business	6.0	2.9	Share income of THB0.5b and pegged at 12x P/E multiple
Net Interest-bearing debt	(18.1)	(8.6)	At end 2022E
Total value	24.6	11.7	

Source: FSSIA estimates

4Q21 results forecast

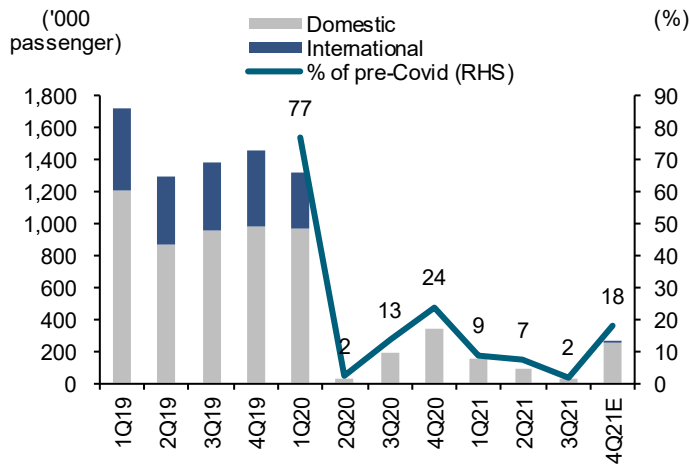
We expect the passenger volume to improve from 2% of the pre-Covid level to 18% of the pre-Covid level in 4Q21, driven mainly by domestic passengers. Load factor should also improve from 35% in 3Q21 to 62% in 4Q21. Airline operations should improve q-q. Airport operations should also improve q-q from higher passenger service charges and landing and parking fees. In addition, BA did not have to pay a lease payment to SPF in 4Q21 as the lease contract with SPF has already been terminated. In 4Q21, BA will book dividend income from BDMS of cTHB0.2b. Overall, we estimate BA's core loss to narrow to THB0.8b in 4Q21 from the THB1.3b core loss in 3Q21.

Exhibit 4: 4Q21 results forecast

	4Q20	1Q21	2Q21	3Q21	4Q21E	Change		2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	1,056	671	573	401	1,120	179	6	2,596
- Passenger revenue	640	302	211	66	676	927	6	8,750
- Other revenue	416	369	362	335	444	33	7	2,986
Expense	(2,321)	(1,866)	(1,837)	(1,823)	(2,199)	21	(5)	(7,441)
Operating profit	(1,265)	(1,195)	(1,264)	(1,422)	(1,079)	(24)	(15)	(4,845)
Dividend income	0	0	568	0	186	<i>nm</i>	<i>nm</i>	
Net other income	318	438	109	179	140	(22)	(56)	1,357
Interest income	1	1	2	0	0	0	(55)	22
Interest expense	(255)	(335)	(365)	(298)	(254)	(15)	(0)	(1,205)
Pretax profit	(1,200)	(1,091)	(949)	(1,541)	(1,006)	(35)	(16)	(4,671)
Income tax	(71)	102	5	78	50	(36)	(171)	320
Associates	145	152	153	108	112	3	(23)	677
Minority interest	9	11	12	10	10	0	13	40
Core profit	(1,117)	(826)	(779)	(1,346)	(834)	(38)	(25)	(3,634)
Extraordinaries	717	80	93	(5,631)	0			(6,000)
- FX	245	(167)	(96)	(289)	0			0
- Derivative	20	248	189	93	0			0
- Others	451	0	0	(5,435)	0			(6,000)
Net profit	(401)	(746)	(686)	(6,977)	(834)	(88)	108	(9,634)
Shares out (end Q, m)	2,100	2,100	2,100	2,100	2,100	0	0	2,100
Pre-ex EPS	(0.53)	(0.39)	(0.37)	(0.64)	(0.40)	(38)	(25)	(1.73)
EPS	(0.19)	(0.36)	(0.33)	(3.32)	(0.40)	(88)	108	(4.59)
Depreciation	(657)	(613)	(591)	(567)	(567)	0	(14)	(2,403)
EBITDA	(609)	(582)	(673)	(855)	(512)	(40)	(16)	(2,442)
Key Ratios						(ppt)	(ppt)	
Operating profit margin (%)	(120)	(178)	(221)	(355)	(96)	258	23	(187)
EBITDA margin (%)	(58)	(87)	(118)	(213)	(46)	168	12	(94)
Net profit margin (%)	(38)	(111)	(120)	(1,740)	(75)	1,666	(37)	(371)
Operating stats								
Passenger carried (m)	0.3	0.2	0.1	0.0	0.3			
Load factor (%)	66	59	58	35	62			
RPK (m seats-km)	210	92	55	15	158			
ASK (m seats-km)	319	156	94	41	255			
Average fare (THB)	1,855	1,985	2,244	2,502	2,600			
RASK (THB)	2.9	4.9	3.6	6.0	3.2			
CASK (THB)	5.5	9.2	14.7	33.2	6.4			
CASK ex-fuel (THB)	4.9	8.7	14.2	32.6	5.7			

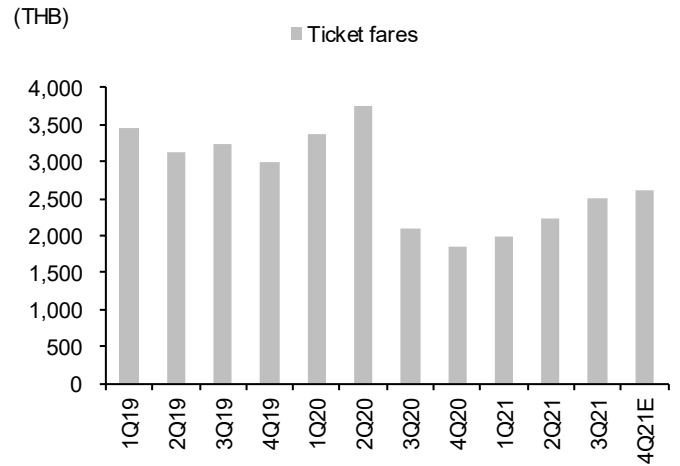
Sources: BA; FSSIA estimates

Exhibit 5: Passengers carried



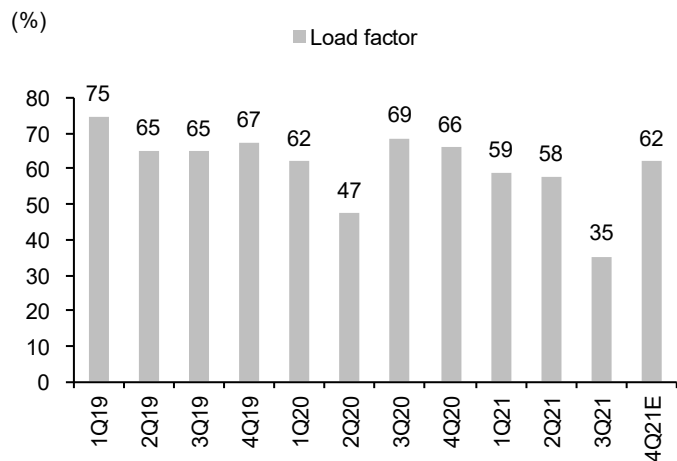
Sources: BA; FSSIA estimates

Exhibit 6: Ticket fares



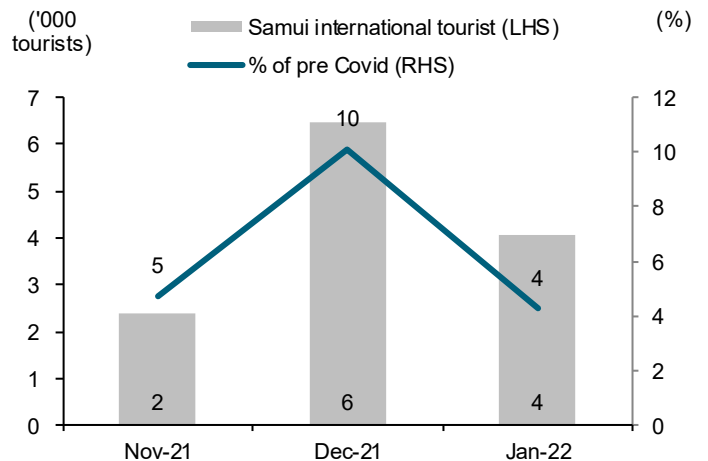
Sources: BA; FSSIA estimates

Exhibit 7: Load factor



Sources: BA; FSSIA estimates

Exhibit 8: The recovery of Samui's international passengers



Sources: Ministry of Tourism and Sports; Center for COVID-19 Situation Administration; SPF

Exhibit 9: Peers comparison, airline sector as of 4 February 2022

Company	BBG	Rec	---Share price---		Up side (%)	Market Cap (USD m)	----- PE -----			---- PBV ----		----- EV/ EBITDA -----		
			Current (LCY)	Target (LCY)			21E (x)	22E (x)	23E (x)	21E (x)	22E (x)	21E (x)	22E (x)	23E (x)
Thailand														
Bangkok Airways	BA TB	BUY	9.45	16	69.3	599	(5.5)	323.2	12.2	1.2	1.2	(17.7)	22.3	8.1
Asia Aviation	AAV TB	BUY	2.54	3.5	37.8	893	(2.7)	(21.4)	16.8	1.4	1.4	(31.5)	12.6	4.6
Thailand average						1,492	(4.1)	150.9	14.5	1.3	1.3	(24.6)	17.5	6.4
Regional														
Spring Airlines Co Ltd-A	601021 CH	n/a	56.85	n/a	n/a	8,267	127.2	42.5	30.4	3.6	3.3	38.1	19.2	15.2
Interglobe Aviation	INDIGO IN	n/a	1,974.35	n/a	n/a	11,064	n/a	n/a	41.7	65.0	n/a	n/a	145.1	11.0
Airasia Group Bhd	AAGB MK	n/a	0.58	n/a	n/a	567	n/a	n/a	8.1	n/a	n/a	n/a	17.7	7.0
Cebu Air Inc	CEB PM	n/a	46.00	n/a	n/a	553	n/a	n/a	n/a	3.9	11.3	n/a	10.4	n/a
Singapore Airlines	SIA SP	n/a	5.10	n/a	n/a	11,375	n/a	n/a	n/a	1.2	1.3	n/a	16.6	7.5
Japan Airlines	9201 JP	n/a	2,295.00	n/a	n/a	8,705	n/a	n/a	59.9	1.0	1.3	n/a	n/a	6.6
Ana Holdings	9202 JP	n/a	2,603.50	n/a	n/a	10,838	n/a	n/a	51.5	1.3	1.3	n/a	51.4	9.3
Cathay Pacific Airways	293 HK	n/a	6.60	n/a	n/a	5,535	n/a	n/a	16.3	0.8	0.8	14.4	7.5	5.7
Spicejet (India)	SJET IN	n/a	60.35	n/a	n/a	493	n/a	n/a	n/a	n/a	n/a	27.3	n/a	12.3
Tigerair Taiwan	6757 TT	n/a	30.85	n/a	n/a	483	n/a	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	3,113	n/a	56.8	22.6	n/a	n/a	n/a	27.5	14.5
Regional average						60,993	127.2	49.6	32.9	11.0	3.2	812.9	36.9	9.9
Global														
Eva Airways	2618 TT	n/a	24.00	n/a	n/a	4,875	40.8	11.3	13.4	1.7	1.5	5.8	4.5	4.3
Air New Zealand	AIR NZ	n/a	1.59	n/a	n/a	1,181	n/a	n/a	30.0	1.6	2.9	12.7	89.8	5.7
Air Arabia	AIRARABIA UH	n/a	1.44	n/a	n/a	1,830	24.8	9.9	9.0	1.6	1.3	8.0	5.5	5.5
Easyjet (UK)	EZJ LN	n/a	627.00	n/a	n/a	6,426	n/a	298.6	13.0	1.7	1.8	n/a	7.7	4.7
Gol Linhas Aereas Intel. (BRAZIL)	GOLL4 BS	n/a	17.06	n/a	n/a	1,268	n/a	n/a	19.2	n/a	n/a	n/a	9.7	6.7
JetBlue Airways (US, Latin AM)	JBLU	n/a	14.48	n/a	n/a	4,605	n/a	n/a	9.0	1.2	1.2	n/a	8.7	4.0
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.36	n/a	n/a	1,372	n/a	n/a	11.4	n/a	n/a	n/a	4.6	3.0
Southwest Airlines (US)	LUV US	n/a	43.66	n/a	n/a	25,843	n/a	39.5	13.1	2.7	2.4	n/a	8.3	4.8
Global average						47,400	32.8	89.8	14.8	1.8	1.9	8.8	17.3	4.9
Overall average						109,885	36.9	95.0	22.2	6.0	2.4	358.8	26.1	7.4

Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peers comparison, airport sector as of 4 February 2022

Company	BBG	Rec	--- Share price ---		Market Cap (USD m)	----- PE -----			---- ROE ----		---- PBV ----		----- EV/ EBITDA -----			
			Current (THB)	Target (THB)		21E (x)	22E (x)	23E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)	23E (x)	
Thailand																
Airports of Thailand*+	AOT TB	BUY	64.25	79.00	27,826	(59.9)	(208.1)	45.9	(12.0)	(4.0)	8.2	8.5	(119.3)	153.8	26.2	
Malaysia																
Malaysia Airports	MAHB MK	NR	5.80	NR	2,295	n/a	n/a	25	(12.3)	(3.7)	1.4	1.5	116.4	11.8	7.0	
China																
Beijing Capital Intl Airport	694 HK	NR	5.39	NR	3,074	n/a	n/a	27	(7.7)	(0.3)	0.9	0.9	n/a	20.7	8.9	
Hainan Meilan Intl	357 HK	NR	20.30	NR	1,315	14.0	15.6	8.8	14.3	12.7	1.8	1.6	7.7	6.5	5.1	
Shanghai Intl Airport-A	600009 CH	NR	50.49	NR	15,820	n/a	200.0	35.1	(6.0)	1.7	3.7	3.5	n/a	83.9	24.3	
Guangzhou Baiyun Intl -A	600004 CH	NR	13.68	NR	5,174	n/a	84.2	28.9	(2.9)	2.0	1.8	1.7	43.2	18.1	13.0	
Shenzhen Airport -A	000089 CH	NR	7.49	NR	2,445	252.7	42.3	27.8	0.3	2.6	1.3	1.3	37.7	17.0	13.9	
Xiamen Int Airport -A	600897 CH	NR	16.77	NR	798	17.9	11.7	11.6	7.4	10.8	1.3	1.2	6.8	4.9	5.0	
Australia																
Sydney Airport	SYD AU	NR	8.71	NR	16,635	n/a	n/a	62.6	(24.0)	13.2	25.5	40.7	95.4	37.3	24.7	
Auckland Intl Airport**	AIA AU	NR	6.98	NR	7,220	n/a	n/a	62.2	(0.5)	(0.2)	1.6	1.4	78.2	71.6	28.5	
Japan																
Japan Airport Terminal***	9706 JP	NR	5,340	NR	4,271	n/a	(12.7)	n/a	2.4	(12.7)	2.7	3.2	n/a	n/a	21.9	
Average						86,871	56.2	58.5	32.1	(3.7)	2.0	4.6	6.0	33.3	500.4	16.2

*Fiscal year-end is 30 September; ** Fiscal year-end is 30 June; *** Fiscal year-end is 31 March

Sources: Bloomberg consensus; +FSSIA estimates

Financial Statements

Bangkok Airways

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	23,962	7,666	2,596	15,692	24,440
Cost of goods sold	(20,903)	(8,015)	(3,481)	(11,473)	(17,118)
Gross profit	3,059	(349)	(885)	4,219	7,323
Other operating income	-	-	-	-	-
Operating costs	(4,598)	(2,384)	(1,557)	(2,479)	(3,862)
Operating EBITDA	(1,539)	(2,733)	(2,442)	1,740	3,461
Depreciation	(1,422)	(2,843)	(2,403)	(2,629)	(2,708)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(2,960)	(5,576)	(4,845)	(889)	753
Net financing costs	(1,665)	(1,084)	(1,183)	(985)	(876)
Associates	809	555	677	502	502
Recurring non-operating income	3,217	2,399	2,034	1,861	2,006
Non-recurring items	2,129	678	(6,000)	0	0
Profit before tax	720	(3,583)	(9,994)	(14)	1,884
Tax	(364)	(100)	320	75	(249)
Profit after tax	357	(3,683)	(9,674)	61	1,635
Minority interests	(6)	45	40	0	(4)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	351	(3,639)	(9,634)	61	1,631
Non-recurring items & goodwill (net)	(2,129)	(678)	6,000	0	0
Recurring net profit	(1,778)	(4,316)	(3,634)	61	1,631
Per share (THB)					
Recurring EPS *	(0.85)	(2.06)	(1.73)	0.03	0.78
Reported EPS	0.17	(1.73)	(4.59)	0.03	0.78
DPS	0.10	0.00	0.00	0.02	0.47
Diluted shares (used to calculate per share data)	2,100	2,100	2,100	2,100	2,100
Growth					
Revenue (%)	(4.7)	(68.0)	(66.1)	504.5	55.7
Operating EBITDA (%)	nm	nm	nm	nm	98.9
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	nm	2,556.8
Reported EPS (%)	40.7	nm	nm	nm	2,556.8
Operating performance					
Gross margin inc. depreciation (%)	6.8	(41.6)	(126.7)	10.1	18.9
Gross margin of key business (%)	6.8	(41.6)	(126.7)	10.1	18.9
Operating EBITDA margin (%)	(6.4)	(35.6)	(94.1)	11.1	14.2
Operating EBIT margin (%)	(12.4)	(72.7)	(186.7)	(5.7)	3.1
Net margin (%)	(7.4)	(56.3)	(140.0)	0.4	6.7
Effective tax rate (%)	(16.4)	(2.1)	18.0	18.0	18.0
Dividend payout on recurring profit (%)	(11.8)	-	-	60.0	60.0
Interest cover (X)	0.2	(2.9)	(2.4)	1.0	3.2
Inventory days	9.2	22.5	35.8	14.1	18.1
Debtor days	24.7	46.1	56.3	9.3	6.0
Creditor days	53.0	98.0	84.2	33.2	42.6
Operating ROIC (%)	(30.7)	(44.3)	(26.4)	(5.6)	6.8
ROIC (%)	0.7	(7.3)	(5.2)	1.9	5.9
ROE (%)	(5.9)	(17.4)	(20.4)	0.4	9.7
ROA (%)	0.3	(5.8)	(5.4)	1.8	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Air fares	18,862	5,589	1,011	11,236	18,005
Revenue from sales and services	4,350	1,849	1,433	3,350	4,661
Freight	202	50	10	120	193
Passenger services	547	177	142	985	1,582

Sources: Bangkok Airways; FSSIA estimates

Financial Statements

Bangkok Airways

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(1,778)	(4,316)	(3,634)	61	1,631
Depreciation	1,422	2,843	2,403	2,629	2,708
Associates & minorities	-	-	-	-	-
Other non-cash items	2,239	119	(3,134)	0	4
Change in working capital	1,066	(1,571)	(2,381)	2,444	2,033
Cash flow from operations	2,948	(2,926)	(6,746)	5,134	6,376
Capex - maintenance	(1,510)	(5,495)	(208)	(785)	(1,222)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1,222	3,924	2,700	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(288)	(1,571)	2,492	(785)	(1,222)
Dividends paid	(165)	(203)	0	0	(37)
Equity finance	0	0	0	0	0
Debt finance	96	3,648	4,766	(2,553)	(2,530)
Other financing cash flows	(920)	(6,086)	0	0	0
Cash flow from financing	(989)	(2,641)	4,766	(2,553)	(2,566)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	1,672	(7,138)	512	1,796	2,588
Free cash flow to firm (FCFF)	4,429.85	(3,379.37)	(3,048.40)	5,362.04	6,074.60
Free cash flow to equity (FCFE)	1,836.33	(6,934.75)	512.24	1,796.38	2,624.52

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	2.11	(1.61)	(1.45)	2.55	2.89
FCFE per share	0.87	(3.30)	0.24	0.86	1.25
Recurring cash flow per share	0.90	(0.64)	(2.08)	1.28	2.07

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	24,283	27,882	28,090	28,875	30,097
Less: Accumulated depreciation	(8,675)	(9,622)	(12,025)	(14,654)	(17,362)
Tangible fixed assets (net)	15,608	18,260	16,065	14,221	12,735
Intangible fixed assets (net)	26	0	3,094	3,094	3,094
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	32,229	28,305	25,605	25,605	25,605
Cash & equivalents	9,319	2,181	2,693	4,490	7,077
A/C receivable	1,535	401	401	401	401
Inventories	510	477	207	682	1,018
Other current assets	1,225	198	67	406	632
Current assets	12,589	3,257	3,368	5,979	9,128
Other assets	1,455	779	779	779	779
Total assets	61,908	50,602	48,911	49,677	51,341
Common equity	29,948	19,591	15,957	16,018	17,612
Minorities etc.	57	14	(26)	(26)	(22)
Total shareholders' equity	30,004	19,606	15,931	15,993	17,591
Long term debt	17,641	20,234	24,999	22,446	19,916
Other long-term liabilities	6,079	5,290	5,290	5,290	5,290
Long-term liabilities	23,720	25,524	30,289	27,736	25,206
A/C payable	3,183	1,119	486	1,602	2,390
Short term debt	50	1,105	1,105	1,105	1,105
Other current liabilities	4,950	3,248	1,100	3,242	5,049
Current liabilities	8,183	5,472	2,691	5,949	8,544
Total liabilities and shareholders' equity	61,908	50,602	48,911	49,677	51,341
Net working capital	(4,863)	(3,292)	(911)	(3,355)	(5,388)
Invested capital	44,455	44,053	44,632	40,344	36,825

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	14.26	9.33	7.60	7.63	8.39
Tangible book value per share	14.25	9.33	6.13	6.15	6.91

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	27.9	97.7	147.0	119.2	79.3
Net debt/total assets (%)	13.5	37.9	47.9	38.4	27.2
Current ratio (x)	1.5	0.6	1.3	1.0	1.1
CF interest cover (x)	2.1	(5.4)	1.4	2.8	4.0

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	(11.2)	(4.6)	(5.5)	323.3	12.2
Recurring P/E @ target price (x) *	(18.9)	(7.8)	(9.2)	547.3	20.6
Reported P/E (x)	56.6	(5.5)	(2.1)	323.3	12.2
Dividend yield (%)	1.1	-	-	0.2	4.9
Price/book (x)	0.7	1.0	1.2	1.2	1.1
Price/tangible book (x)	0.7	1.0	1.5	1.5	1.4
EV/EBITDA (x) **	(18.4)	(14.3)	(17.7)	22.3	9.8
EV/EBITDA @ target price (x) **	(27.3)	(19.3)	(23.3)	30.3	13.7
EV/invested capital (x)	0.6	0.9	1.0	1.0	0.9

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

Sources: Bangkok Airways; 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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SEAOIL	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	MITISB	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:

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* 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)

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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

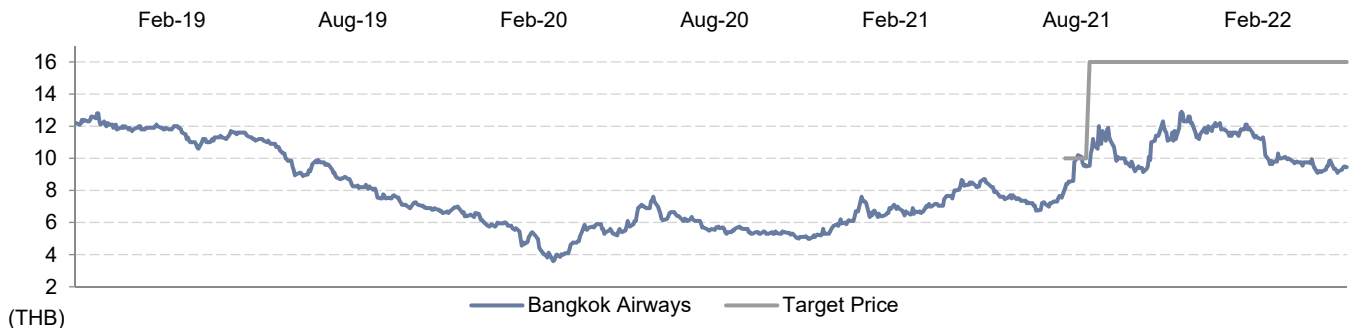
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Bangkok Airways (BA TB)



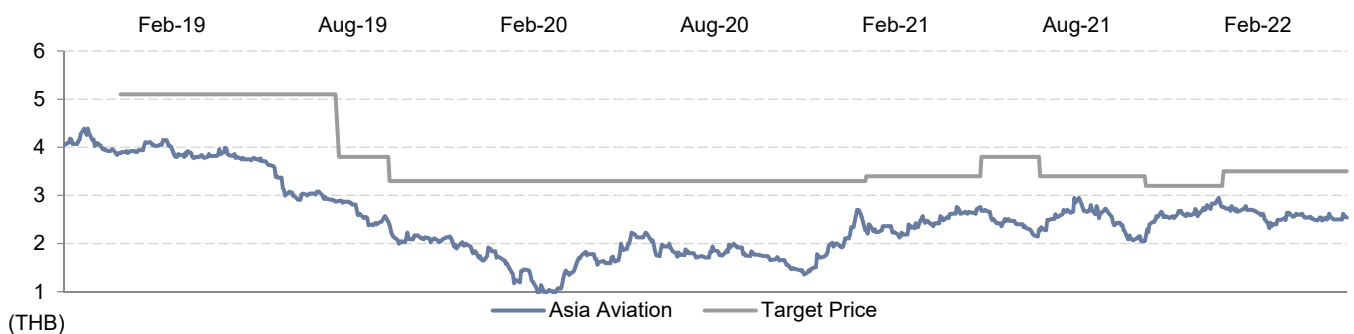
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	25-Jun-2021	BUY	16.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

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

Airports of Thailand (AOT TB)



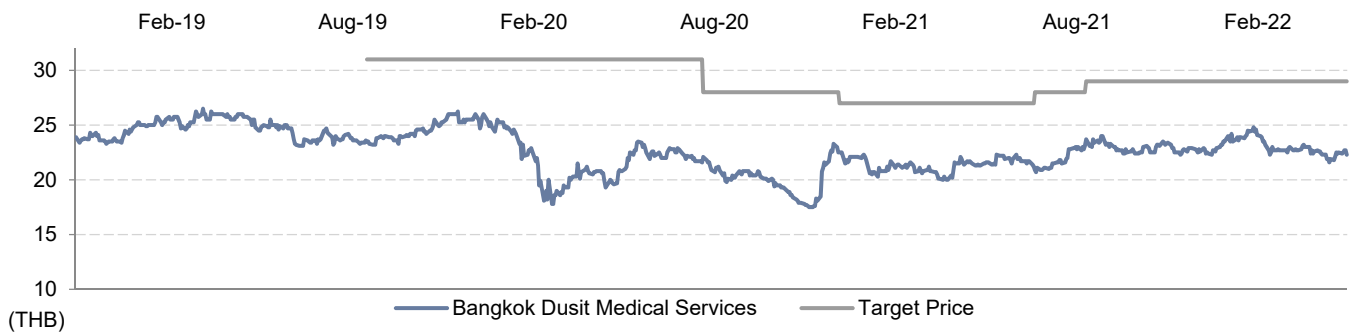
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Jun-2019	HOLD	72.00	11-Feb-2021	BUY	85.00	13-Aug-2021	BUY	80.00
10-Sep-2020	BUY	70.00	09-Jun-2021	BUY	82.00	26-Nov-2021	BUY	79.00

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

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Dusit Medical Services (BDMS TB)



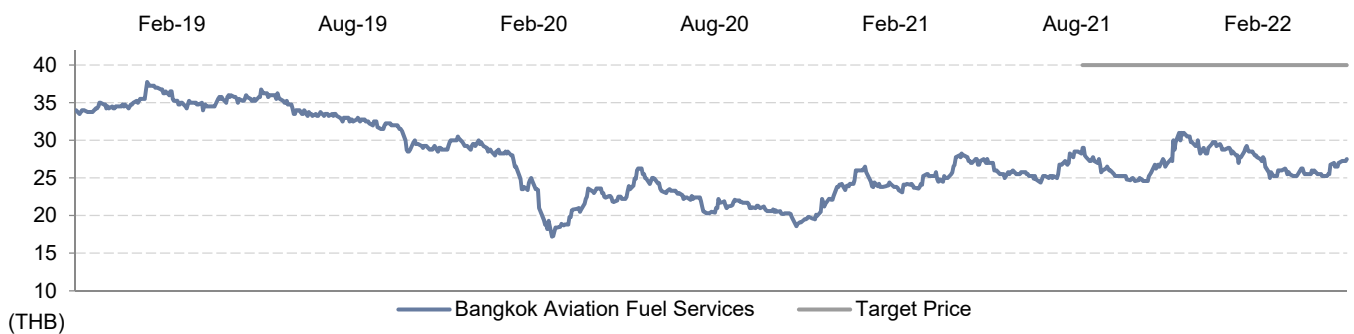
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Oct-2019	BUY	31.00	24-Nov-2020	BUY	27.00	24-Jun-2021	BUY	29.00
30-Jul-2020	BUY	28.00	11-May-2021	BUY	28.00			

Teerapol Udomvej, CFA started covering this stock from 30-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Aviation Fuel Services (BAFS TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Jun-2021	BUY	40.00	-	-	-	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 21-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 9.45	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.
Asia Aviation	AAV TB	THB 2.54	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 64.25	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 Dusit Medical Services	BDMS TB	THB 22.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bangkok Aviation Fuel Services	BAFS TB	THB 27.50	BUY	Downside risks to our SoTP-based target price include a slower than expected vaccination rate, leading to slower demand in tourism activities, plus uncertainty in the fuel volume demand in the north which could lead to volatility in Fuel Pipeline Transportation Limited (FPT)'s income.

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 04-Feb-2022 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.