

# ASIA AVIATION AAV TB

## THAILAND / TRANSPORT & LOGISTICS

# BUY

UNCHANGED

## Demand to mitigate rising fuel cost

- 2Q22 operations to improve, but offset by rising fuel costs; ticket fares to increase in 2H22.
- Flight capacity of international routes to ramp up in 2H22; Indian routes should be a key growth driver.
- Maintain BUY with valuation based on 1.2x 2023E adjusted P/BV.

TARGET PRICE	THB3.40
CLOSE	THB2.82
UP/DOWNSIDE	+20.6%
PRIOR TP	THB3.50
CHANGE IN TP	-2.9%
TP vs CONSENSUS	+22.4%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	4,117	17,424	42,447	45,689
Net profit	(6,647)	(6,611)	1,235	1,571
EPS (THB)	(0.67)	(0.57)	0.10	0.12
vs Consensus (%)	-	nm	nm	12.1
EBITDA	(3,153)	968	9,457	9,961
Core net profit	(4,853)	(6,611)	1,235	1,571
Core EPS (THB)	(0.49)	(0.51)	0.10	0.12
Chg. In EPS est. (%)	nm	nm	(36.5)	(24.2)
EPS growth (%)	nm	nm	nm	27.2
Core P/E (x)	(5.7)	(5.5)	29.3	23.1
Dividend yield (%)	-	-	1.4	1.7
EV/EBITDA (x)	(20.4)	81.5	8.3	7.7
Price/book (x)	1.4	2.0	2.0	1.9
Net debt/Equity (%)	236.4	278.6	238.9	213.5
ROE (%)	(28.2)	(35.9)	7.2	8.6

### Operations should significantly improve in 2Q22

We expect domestic flight capacity to improve from an average of c50% of the pre-Covid level in 1Q22 to 55-60% in 2Q22, with the load factor improving from 73% in 1Q22 to 78% in 2Q22. This is in line with AOT's domestic passenger volume data that rose from 48% of the pre-Covid level to 67-72% of pre-Covid in April-May thanks to the long holidays. On a negative note, jet fuel prices have risen from an average of USD109/bbl in 1Q22 to USD136/bbl 2Q22 QTD. Thus, we expect a slightly reduced 2Q22 core loss of cTHB2.2-2.4b (vs the THB2.5b loss in 1Q22).

### Expect international passenger numbers to recover in 2H22

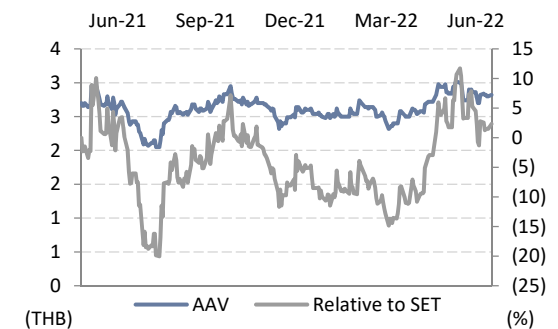
AAV aims to ramp up its international flight capacity from 5-10% of the pre-Covid level to 20-30% in 3Q22 and 40-60% in 4Q22. It has already resumed its Vietnam, Cambodia, Malaysia, Indonesia, Singapore, India, Maldives, and Laos routes, and plans to resume Taiwan and Japan in 3Q22. Maldives, Singapore and Bali routes have had strong performance with a load factor of up to 85-90%. We expect the India route to become a key growth driver as Indian tourists ranked second among Thailand's tourist arrivals in May (accounting for 13%), trailing Singaporean tourists. The India route contributed about 6% of AAV's revenue as of 2019.

### Higher fuel cost should be partially passed through to customers

We expect AAV to partially pass through the rising fuel costs by raising ticket fares in 2H22 onward when demand starts to recover. We project ticket fares to rise from THB1,090 in 2021 to cTHB1,308 in 2022, led by lower competition in the domestic market and the resumption of international routes which command higher ticket fares (cTHB2,000 for pre-Covid international routes vs cTHB1,000 for domestic routes). We estimate average ticket fares to rise by 5% (cTHB70 from average of THB1,567 in 2023E) to offset the rising fuel cost of US10/bbl in 2023E.

### Earnings cuts mainly due to rising fuel costs

We cut our 2022-24E earnings by 24-334% to reflect the higher fuel cost and management's guidance, and derive a new TP of THB3.4, based on 1.2x 2023E adjusted P/BV, in line with its 5-yr average of 1.2x. Our 2023E adjusted BV is THB35.7b, based on 2023E equity of THB17.9b and adding back a one-off core loss over 2020-21 of THB17.8b.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.6)	15.6	9.8
Relative to country (%)	(6.3)	19.1	7.9
Mkt cap (USD m)	952		
3m avg. daily turnover (USD m)	2.1		
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


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## 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. 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.

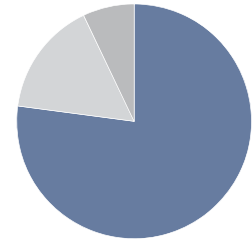
## Company profile

AAV owns 55% of Thai AirAsia (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](http://www.aavplc.com)

## Principal activities (revenue, 2021)

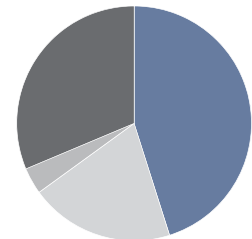
- Ticket sales - 77.1 %
- Ancillaries - 15.8 %
- Other revenue - 7.1 %



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) easing travel restrictions between countries

## 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
Aug 2022	2Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
Number of aircraft (no.)	47	47	47
Pax carried (m)	10	21	22
Load factor (%)	79	85	85
Average ticket fare (THB)	1,308	1,567	1,614
Ancillaries per pax (THB/pax)	271	353	363
Brent spot price (USD/bbl)	80	80	80
Fuel price net hedging (USD/bbl)	107	108	108

Source: FSSIA estimates

## Earnings sensitivity

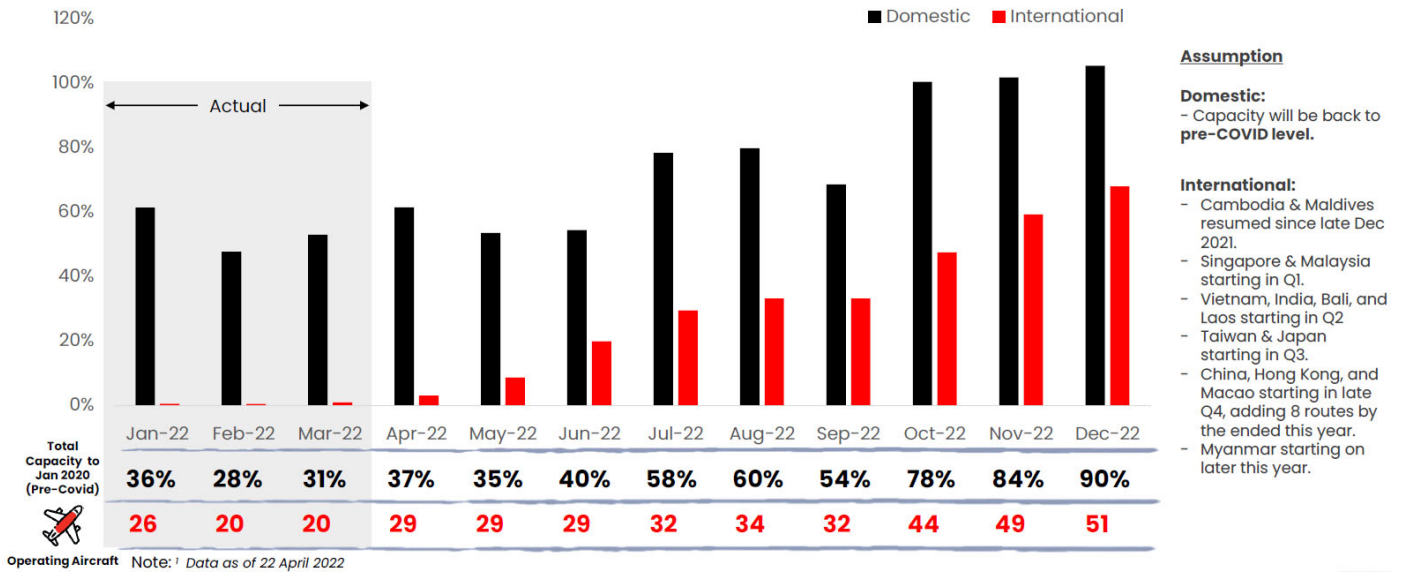
- For every 1% increase in load factor, we project a 2023 profit increase of 17% and vice versa, all else being equal.
- For every 1% increase in average ticket fare, we project a 2023 profit increase of 12% and vice versa, all else being equal.
- For every 1% increase in Brent spot price, we project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

Source: FSSIA estimates

Exhibit 1: 2022E capacity deployment

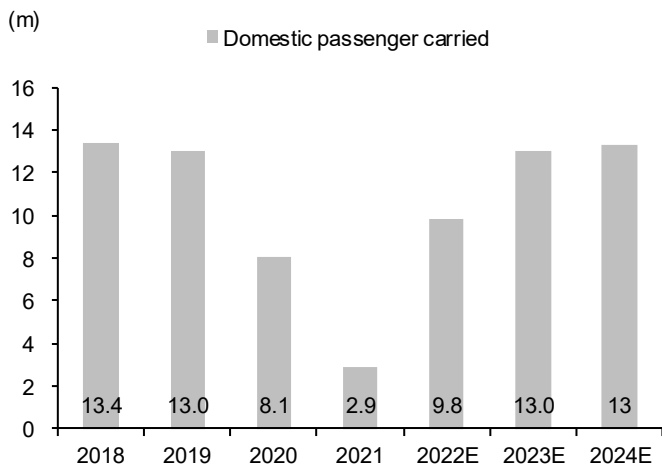
**2022 CAPACITY DEPLOYMENT ALIGNED WITH DEMAND TRENDS**

Enlarging Dom flights to pre-COVID level, ramping up Int flights throughout 2022



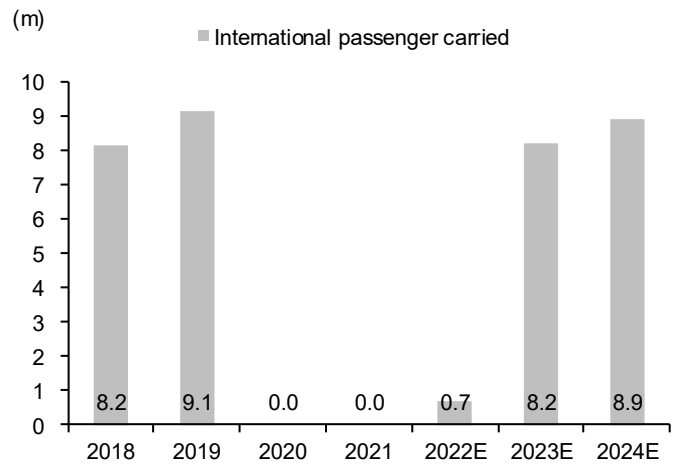
Source: AAV

Exhibit 2: Domestic passengers carried

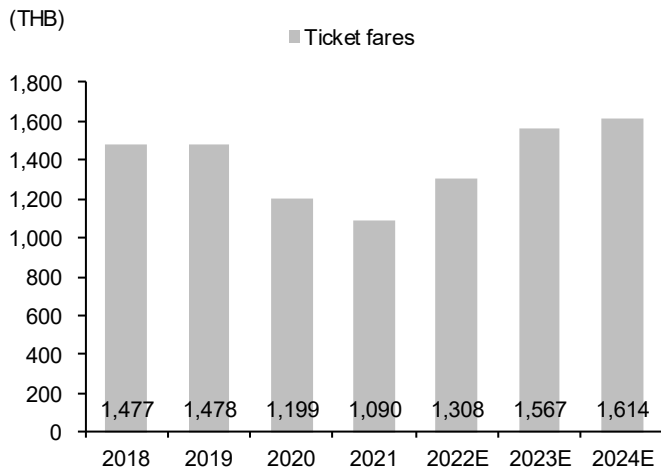


Sources: AAV; FSSIA estimates

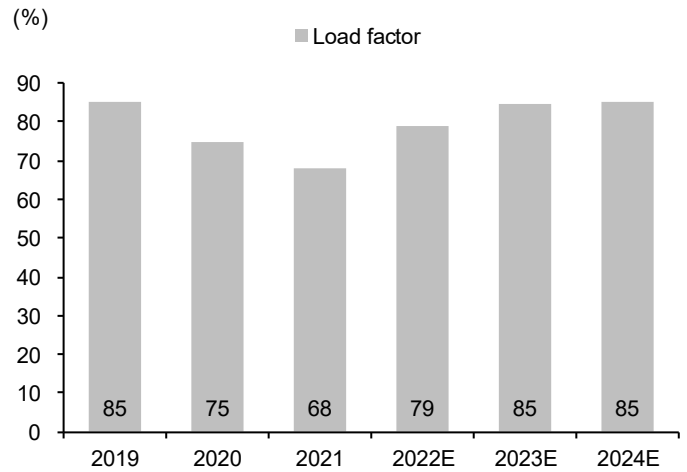
Exhibit 3: International passengers carried



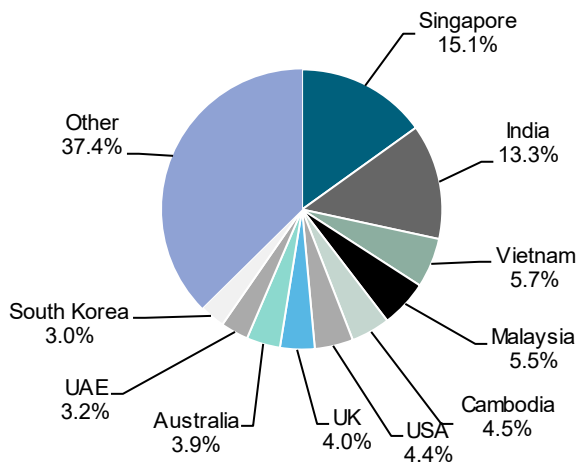
Sources: AAV; FSSIA estimates

**Exhibit 4: Ticket fares**

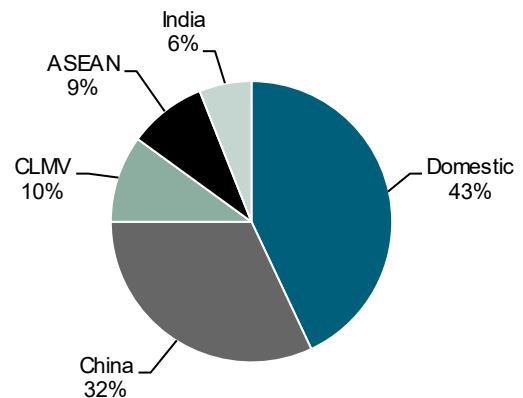
Sources: AAV; FSSIA estimates

**Exhibit 5: Load factor**

Sources: AAV; FSSIA estimates

**Exhibit 6: Thailand's tourist arrivals as of May-22**

Source: CCSA

**Exhibit 7: AAV's revenue breakdown by routes as of 2019**

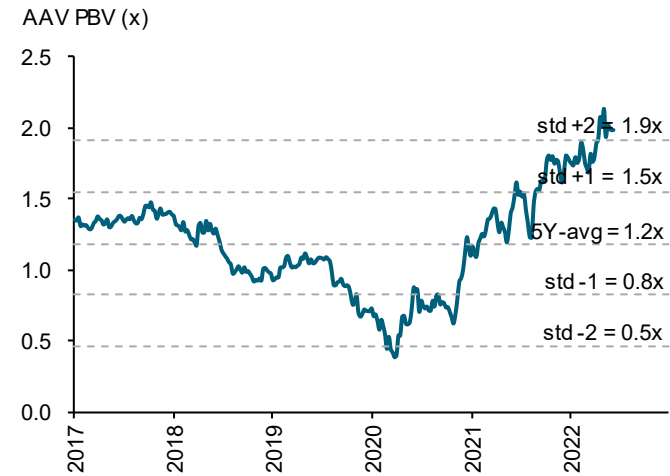
Source: AAV

**Exhibit 8: Forecast revisions**

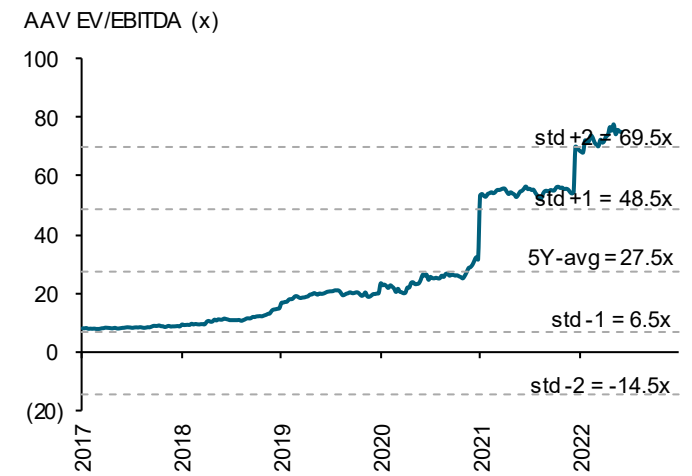
	Current			Previous			Change (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Passengers carried (m)	10.5	21.2	22.2	12.5	21.7	22.6	(16.4)	(2.2)	(1.7)
Load factor (%)	79	85	85	78	85	85	0.7	0.0	0.5
Average fare (THB)	1,308	1,567	1,614	1,306	1,511	1,559	0.2	3.7	3.5
Fuel price net hedging (USD/bbl)	107	108	108	100	96	97	7.0	12.5	11.8
Revenue (THB b)	17.4	42.4	45.7	21.5	42.0	45.1	(19.0)	1.0	1.4
EBITDA margin (%)	(30.6)	8.6	8.9	(2.4)	10.6	10.3	(28.2)	(2.0)	(1.4)
Core earnings (THB m)	(6,611)	1,235	1,571	(1,523)	1,944	2,073	(334.0)	(36.5)	(24.2)

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

Sources: AAV; FSSIA estimates

**Exhibit 9: Rolling one-year forward P/BV band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 10: Historical EV/EBITDA band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 11: Peer comparisons as of 6 Jun-22**

Company	BBG	Rec	--- Share price ---		Up side (%)	Market Cap (USD m)	----- PE -----			---- PBV ----		- EV / EBITDA -	
			Current (LCY)	Target (LCY)			22E (x)	23E (x)	24E (x)	22E (x)	23E (x)	22E (x)	23E (x)
<b>Thailand</b>													
Bangkok Airways	BA TB	BUY	10.3	16	55.3	630	(45.9)	13.3	13.6	1.7	1.5	75.6	17.3
Asia Aviation	AAV TB	BUY	2.82	3.4	20.6	952	(5.5)	29.3	23.1	2.0	2.0	81.5	8.3
<b>Thailand average</b>						<b>1,583</b>	<b>(25.7)</b>	<b>21.3</b>	<b>18.4</b>	<b>1.8</b>	<b>1.8</b>	<b>78.6</b>	<b>12.8</b>
<b>Regional</b>													
Spring Airlines Co Ltd-A	601021 CH	n/a	47.43	n/a	n/a	6,517	n/a	22.3	22.3	3.2	2.8	43.8	13.7
Interglobe Aviation	INDIGO IN	n/a	1,819.80	n/a	n/a	8,971	n/a	96.4	96.4	n/a	n/a	45.8	11.0
Cebu Air Inc	CEB PM	n/a	44.45	n/a	n/a	517	n/a	6.0	6.0	54.2	3.8	11.0	3.4
Singapore Airlines	SIA SP	n/a	5.46	n/a	n/a	11,773	n/a	95.8	95.8	1.5	1.4	13.5	6.2
Japan Airlines	9201 JP	n/a	2,358.00	n/a	n/a	7,767	n/a	55.1	55.1	1.3	1.2	n/a	7.4
Ana Holdings	9202 JP	n/a	2,563.00	n/a	n/a	9,352	n/a	55.1	55.1	1.4	1.3	141.3	9.7
Cathay Pacific Airways	293 HK	n/a	8.12	n/a	n/a	6,662	n/a	24.5	24.5	0.9	0.9	10.3	7.0
Spicejet (India)	SJET IN	n/a	46.65	n/a	n/a	359	n/a	n/a	n/a	n/a	n/a	182.5	56.2
Tigerair Taiwan	6757 TT	n/a	39.85	n/a	n/a	554	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vietjet Aviation	VJC VN	n/a	126,800	n/a	n/a	2,961	55.8	n/a	n/a	n/a	n/a	n/a	n/a
<b>Regional average</b>						<b>55,433</b>	<b>55.8</b>	<b>50.8</b>	<b>50.8</b>	<b>10.4</b>	<b>1.9</b>	<b>64.0</b>	<b>14.3</b>
<b>Global</b>													
Eva Airways	2618 TT	n/a	34.10	n/a	n/a	6,096	10.8	9.7	9.7	1.9	1.7	4.9	4.2
Air New Zealand	AIR NZ	n/a	0.64	n/a	n/a	1,392	n/a	213.3	213.3	1.1	1.3	n/a	7.6
Air Arabia	AIRARABIA UH	n/a	2.06	n/a	n/a	2,605	10.5	9.8	9.8	1.6	1.6	5.8	5.5
Easyjet (UK)	EZJ LN	n/a	496.90	n/a	n/a	4,635	60.4	12.0	12.0	1.3	0.1	5.3	3.8
Gol Linhas Aereas Intel.(Brazil)	GOLL4 BS	n/a	13.48	n/a	n/a	1,176	n/a	23.8	23.8	n/a	n/a	10.0	6.4
JetBlue Airways (US, Latin AM)	JBLU	n/a	10.69	n/a	n/a	3,429	n/a	9.3	9.3	0.9	0.8	10.3	3.5
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.10	n/a	n/a	1,073	n/a	8.3	8.3	4.7	3.3	4.9	2.9
Southwest Airlines (US)	LUV US	n/a	44.42	n/a	n/a	26,339	17.1	11.4	11.4	2.2	1.9	5.6	4.4
<b>Global average</b>						<b>46,745</b>	<b>24.7</b>	<b>37.2</b>	<b>37.2</b>	<b>2.0</b>	<b>1.5</b>	<b>6.7</b>	<b>4.8</b>
<b>Overall average</b>						<b>103,761</b>	<b>14.7</b>	<b>40.9</b>	<b>40.6</b>	<b>5.3</b>	<b>1.7</b>	<b>40.8</b>	<b>9.9</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Asia Aviation

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	14,360	4,117	17,424	42,447	45,689
Cost of goods sold	(14,745)	(6,035)	(15,497)	(30,359)	(32,895)
<b>Gross profit</b>	<b>(385)</b>	<b>(1,918)</b>	<b>1,927</b>	<b>12,088</b>	<b>12,794</b>
Other operating income	-	-	-	-	-
Operating costs	(1,851)	(1,236)	(958)	(2,632)	(2,833)
<b>Operating EBITDA</b>	<b>(2,236)</b>	<b>(3,153)</b>	<b>968</b>	<b>9,457</b>	<b>9,961</b>
Depreciation	(5,739)	(5,434)	(6,300)	(5,800)	(5,900)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(7,975)</b>	<b>(8,587)</b>	<b>(5,332)</b>	<b>3,657</b>	<b>4,061</b>
Net financing costs	(1,776)	(1,848)	(2,288)	(2,113)	(2,097)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	233	(1,795)	0	0	0
<b>Profit before tax</b>	<b>(9,518)</b>	<b>(12,231)</b>	<b>(7,619)</b>	<b>1,544</b>	<b>1,964</b>
Tax	660	1,741	1,008	(309)	(393)
<b>Profit after tax</b>	<b>(8,858)</b>	<b>(10,490)</b>	<b>(6,611)</b>	<b>1,235</b>	<b>1,571</b>
Minority interests	3,903	5,310	0	0	0
Preferred dividends	-	-	-	-	-
Other items	191	(1,468)	0	0	0
<b>Reported net profit</b>	<b>(4,764)</b>	<b>(6,647)</b>	<b>(6,611)</b>	<b>1,235</b>	<b>1,571</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(233)</b>	<b>1,795</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(4,997)</b>	<b>(4,853)</b>	<b>(6,611)</b>	<b>1,235</b>	<b>1,571</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.03)	(0.49)	(0.51)	0.10	0.12
Reported EPS	(0.98)	(0.67)	(0.57)	0.10	0.12
DPS	0.00	0.00	0.00	0.04	0.05
Diluted shares (used to calculate per share data)	4,850	9,879	12,850	12,850	12,850
<b>Growth</b>					
Revenue (%)	(65.1)	(71.3)	323.2	143.6	7.6
Operating EBITDA (%)	nm	nm	nm	876.6	5.3
Operating EBIT (%)	nm	nm	nm	nm	11.1
Recurring EPS (%)	nm	nm	nm	nm	27.2
Reported EPS (%)	nm	nm	nm	nm	27.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	(42.6)	(178.6)	(25.1)	14.8	15.1
Gross margin of key business (%)	(42.6)	(178.6)	(25.1)	14.8	15.1
Operating EBITDA margin (%)	(15.6)	(76.6)	5.6	22.3	21.8
Operating EBIT margin (%)	(55.5)	(208.6)	(30.6)	8.6	8.9
Net margin (%)	(34.8)	(117.9)	(37.9)	2.9	3.4
Effective tax rate (%)	6.8	16.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	-	40.0	40.0
Interest cover (X)	(4.5)	(4.6)	(2.3)	1.7	1.9
Inventory days	6.6	14.2	5.7	3.0	2.8
Debtor days	46.0	122.3	31.1	11.3	10.5
Creditor days	32.2	87.4	34.7	14.4	14.9
Operating ROIC (%)	(29.8)	(21.3)	(13.1)	9.6	11.3
ROIC (%)	(14.2)	(12.3)	(7.0)	4.7	5.3
ROE (%)	(29.2)	(28.2)	(35.9)	7.2	8.6
ROA (%)	(11.1)	(12.4)	(6.5)	3.8	4.1
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Ticket sales	11,123	3,174	13,708	33,223	35,798
Ancillaries	2,285	651	2,842	7,476	8,056
Other revenue	952	292	874	1,748	1,835

Sources: Asia Aviation; FSSIA estimates

## Financial Statements

### Asia Aviation

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(4,997)	(4,853)	(6,611)	1,235	1,571
Depreciation	5,739	5,434	6,300	5,800	5,900
Associates & minorities	-	-	-	-	-
Other non-cash items	3,841	(4,538)	(7,800)	0	0
Change in working capital	(1,888)	(1,117)	2,474	1,825	499
<b>Cash flow from operations</b>	<b>2,694</b>	<b>(5,074)</b>	<b>(5,637)</b>	<b>8,860</b>	<b>7,970</b>
Capex - maintenance	(21,476)	(3,885)	(7,174)	(5,224)	(5,257)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(21,476)</b>	<b>(3,885)</b>	<b>(7,174)</b>	<b>(5,224)</b>	<b>(5,257)</b>
Dividends paid	0	0	0	0	(494)
Equity finance	0	8,800	3,000	2,200	0
Debt finance	16,305	6,481	2,500	(1,000)	1,000
Other financing cash flows	(395)	(2,073)	3,372	(2,200)	0
<b>Cash flow from financing</b>	<b>15,910</b>	<b>13,208</b>	<b>8,873</b>	<b>(1,000)</b>	<b>506</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(2,872)</b>	<b>4,249</b>	<b>(3,939)</b>	<b>2,635</b>	<b>3,219</b>
Free cash flow to firm (FCFF)	(16,981.93)	(7,059.54)	(10,491.65)	5,756.68	4,834.69
Free cash flow to equity (FCFE)	(2,871.86)	(4,550.79)	(6,938.82)	435.40	3,713.41

Per share (THB)					
FCFF per share	(1.32)	(0.55)	(0.82)	0.45	0.38
FCFE per share	(0.22)	(0.35)	(0.54)	0.03	0.29
Recurring cash flow per share	0.94	(0.40)	(0.70)	0.55	0.58

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	44,557	43,298	46,472	47,897	49,354
Less: Accumulated depreciation	(3,944)	(4,234)	(6,534)	(8,534)	(10,634)
<b>Tangible fixed assets (net)</b>	<b>40,614</b>	<b>39,064</b>	<b>39,938</b>	<b>39,363</b>	<b>38,720</b>
<b>Intangible fixed assets (net)</b>	<b>23,696</b>	<b>23,688</b>	<b>31,488</b>	<b>31,488</b>	<b>31,488</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	1,110	5,360	1,421	4,056	7,276
A/C receivable	1,100	1,658	1,309	1,309	1,309
Inventories	240	230	252	244	265
Other current assets	310	425	376	651	701
<b>Current assets</b>	<b>2,760</b>	<b>7,673</b>	<b>3,358</b>	<b>6,261</b>	<b>9,551</b>
Other assets	908	784	784	784	784
<b>Total assets</b>	<b>67,978</b>	<b>71,208</b>	<b>75,568</b>	<b>77,895</b>	<b>80,542</b>
Common equity	14,266	20,201	16,590	17,825	18,902
Minorities etc.	3,094	(3,372)	0	0	0
<b>Total shareholders' equity</b>	<b>17,360</b>	<b>16,829</b>	<b>16,590</b>	<b>17,825</b>	<b>18,902</b>
Long term debt	37,659	44,310	46,810	45,810	46,810
Other long-term liabilities	3,448	1,182	1,182	1,182	1,182
<b>Long-term liabilities</b>	<b>41,106</b>	<b>45,492</b>	<b>47,992</b>	<b>46,992</b>	<b>47,992</b>
A/C payable	1,049	1,841	1,102	1,288	1,396
Short term debt	1,000	829	829	829	829
Other current liabilities	7,462	6,216	9,054	10,961	11,422
<b>Current liabilities</b>	<b>9,511</b>	<b>8,887</b>	<b>10,986</b>	<b>13,078</b>	<b>13,647</b>
<b>Total liabilities and shareholders' equity</b>	<b>67,978</b>	<b>71,208</b>	<b>75,568</b>	<b>77,895</b>	<b>80,542</b>
Net working capital	(6,861)	(5,744)	(8,219)	(10,044)	(10,543)
Invested capital	58,356	57,791	63,991	61,590	60,448

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

Per share (THB)					
Book value per share	2.94	2.04	1.43	1.39	1.47
Tangible book value per share	(1.94)	(0.35)	(1.29)	(1.06)	(0.98)
<b>Financial strength</b>					
Net debt/equity (%)	216.3	236.4	278.6	238.9	213.5
Net debt/total assets (%)	55.2	55.9	61.2	54.7	50.1
Current ratio (x)	0.3	0.9	0.3	0.5	0.7
CF interest cover (x)	(0.6)	(1.5)	(2.0)	1.2	2.8

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(2.7)</b>	<b>(5.7)</b>	<b>(5.5)</b>	<b>29.3</b>	<b>23.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(3.3)</b>	<b>(6.9)</b>	<b>(6.6)</b>	<b>35.4</b>	<b>27.8</b>
Reported P/E (x)	(2.9)	(4.2)	(4.9)	29.3	23.1
Dividend yield (%)	-	-	-	1.4	1.7
Price/book (x)	1.0	1.4	2.0	2.0	1.9
Price/tangible book (x)	(1.5)	(8.0)	(2.2)	(2.7)	(2.9)
EV/EBITDA (x) **	(24.3)	(20.4)	81.5	8.3	7.7
EV/EBITDA @ target price (x) **	(25.6)	(22.2)	88.4	9.1	8.4
EV/invested capital (x)	0.9	1.1	1.2	1.3	1.3

\* 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	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	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	AMANAHA	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

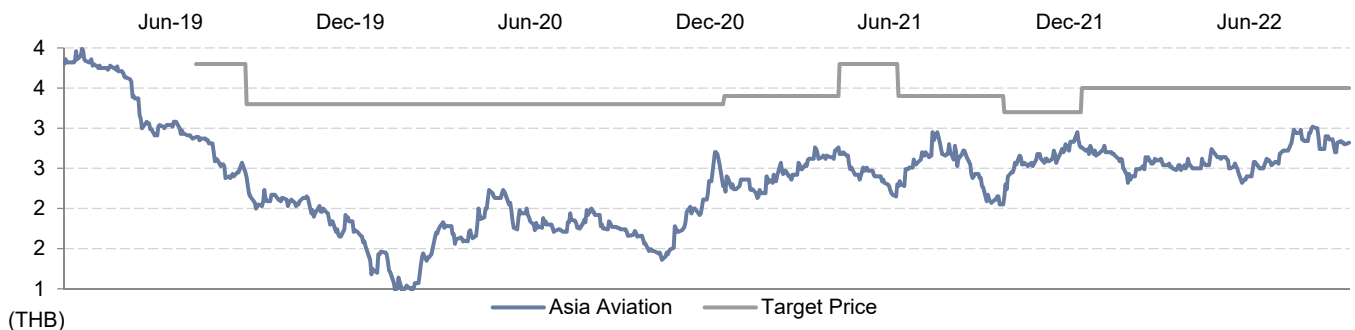
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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



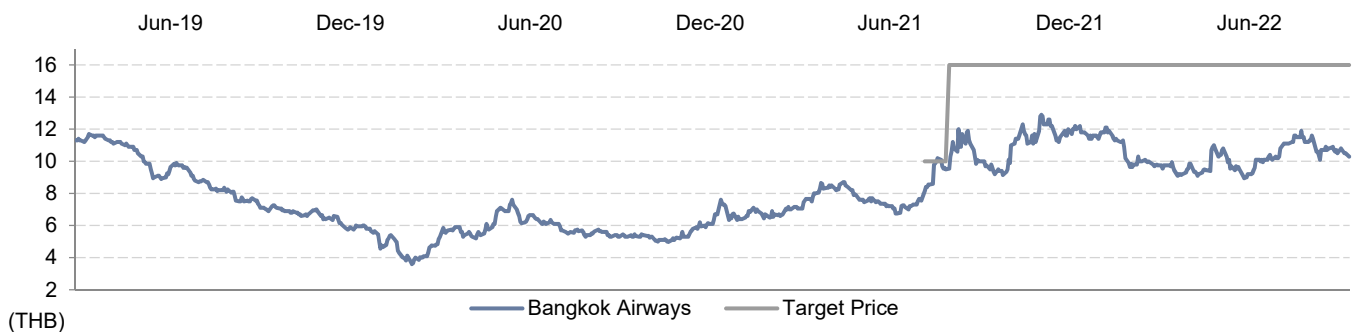
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Sep-2019	BUY	3.80	29-Mar-2021	BUY	3.80	21-Oct-2021	BUY	3.50
12-Nov-2019	BUY	3.30	18-May-2021	BUY	3.40			
21-Dec-2020	BUY	3.40	16-Aug-2021	BUY	3.20			

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 2.82	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 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 06-Jun-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.