

BANGKOK AIRWAYS

THAILAND / TRANSPORT & LOGISTICS

BA TB

BUY

UNCHANGED

TARGET PRICE	THB15.00
CLOSE	THB10.60
UP/DOWNSIDE	+41.5%
PRIOR TP	THB16.00
CHANGE IN TP	-6.3%
TP vs CONSENSUS	+15.4%

Preparing for steady flight

- BAREIT transaction to increase BA's cash flow and reduce the risk of capital raising for investment in the U-Tapao project.
- Operating stats including load factor and passenger yield have exceeded pre-Covid level, driven by solid recovery of Samui route.
- Maintain BUY with revised SoTP-based TP of THB15/shr.

BAREIT to impact earnings by THB400m-500m in 2023

BA will transfer the leasehold rights of certain assets at Samui Airport to BAREIT (BA will hold a 25% share) for a value of THB14.3b, and commit to pay fixed lease payments of cTHB1.1b per year. BA would receive net proceeds of cTHB12b and plans to use cTHB5.0b to repay its debt and cTHB6.0b to invest in the U-Tapao project. After this transaction, we estimate IBD/E (excluding BAREIT's lease liabilities) to reduce from 1.6x as of 2Q22 to 1.2x. It would impact 2023E profit by THB400m-500m due to the higher financing cost (8% for BAREIT vs c5% for a bank loan).

Strong recovery momentum led by Samui route

BA has gradually resumed its flight capacity by focusing on the Samui route. The passenger volume from the Samui route accounted for about 53% of total passengers in 1H22 – higher than c40% in 2019. Samui is BA's most profitable route. As a result, we see strong trends for load factor, passenger yield and RASK, which have already exceeded the pre-Covid level, while average ticket fares have also improved and were below the pre-Covid level by only 7% in 2Q22. We expect the momentum to continue in 2H22 along with the recovery of Thailand's tourist arrivals. The higher ticket fares should partially offset the rising jet fuel prices.

Revising down core profit from impact of BAREIT transaction

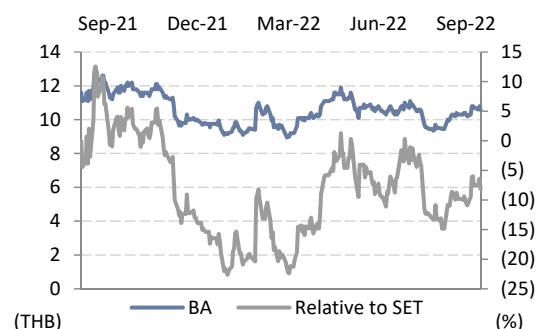
We revise down our 2022E core earnings from a THB0.5b loss to a THB2.4b loss due to higher fuel costs, and revise down our 2023-24E earnings by 14-47% after incorporating BAREIT into our model. We expect BA to deliver a core profit of THB1.5b in 2024 (normalised year) consisting of a THB0.3b profit for its airport and airport-related businesses, THB0.5b in share income from its cargo business, and THB0.6b in dividend income, with its airline business breaking even.

Favourable risk/reward with several catalysts awaiting

We revise down our SoTP-based TP to THB15/shr (from THB16/shr) mainly due to the impact from BAREIT. However, we still see a favourable risk/reward ratio for BA with catalysts lying ahead, including the potential turnaround of its airline business led by the Samui route, a higher flight capacity at Samui Airport, the renovation of Samui Airport's commercial space, and the investment in the U-Tapao project, which has a lower risk of capital raising after setting up BAREIT.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	2,717	10,313	20,246	25,500
Net profit	(9,079)	(2,597)	869	1,480
EPS (THB)	(4.32)	(1.24)	0.41	0.70
vs Consensus (%)	-	nm	nm	393.0
EBITDA	(2,607)	(219)	2,021	2,202
Core net profit	(3,899)	(2,414)	869	1,480
Core EPS (THB)	(1.86)	(1.15)	0.41	0.70
Chg. in EPS est. (%)	nm	nm	(46.7)	(13.5)
EPS growth (%)	nm	nm	nm	70.2
Core P/E (x)	(5.7)	(9.2)	25.6	15.0
Dividend yield (%)	-	-	2.3	4.0
EV/EBITDA (x)	(18.2)	(227.4)	22.8	19.4
Price/book (x)	1.7	2.1	1.9	1.8
Net debt/Equity (%)	192.3	261.1	208.8	164.7
ROE (%)	(23.8)	(20.3)	7.9	12.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.2	(0.9)	(10.9)
Relative to country (%)	9.0	0.3	(11.2)
Mkt cap (USD m)	610		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	36		
Major shareholder	Prasartong-Osoth Puttipong (25%)		
12m high/low (THB)	13.00/8.40		
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 (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.

Samui Airport is in the process of increasing its flight capacity from 50 to 70 flights/day, and there is the potential for an upgrade to its commercial space. This would improve the airport business' profitability in the long term.

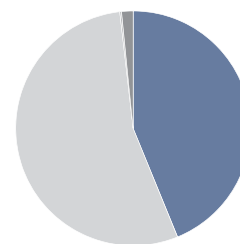
Company profile

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, 2021)

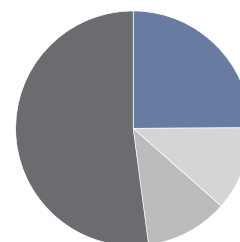
- Air fares - 43.8 %
- Revenue from sales and services - 54.4 %
- Freight - 0.2 %
- Passenger services - 1.6 %



Source: Bangkok Airways

Major shareholders

- Prasarttong-Osoth Puttipong - 24.9 %
- Prasarttong-Osoth Ariya - 11.6 %
- Prasarttong-Osoth Prasert - 11.4 %
- 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) easing travel restriction rules between countries.

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
Nov-22	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Number of aircraft (no.)	27	27	27
Passengers carried (m)	2.6	4.7	5.8
Load factor (%)	72.5	73.0	72.0
Average ticket fare (THB)	2,930	3,370	3,505
Fuel price net hedging (USD/bbl)	135.0	130.0	128.0
THB/USD	34.7	35.0	35.0

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

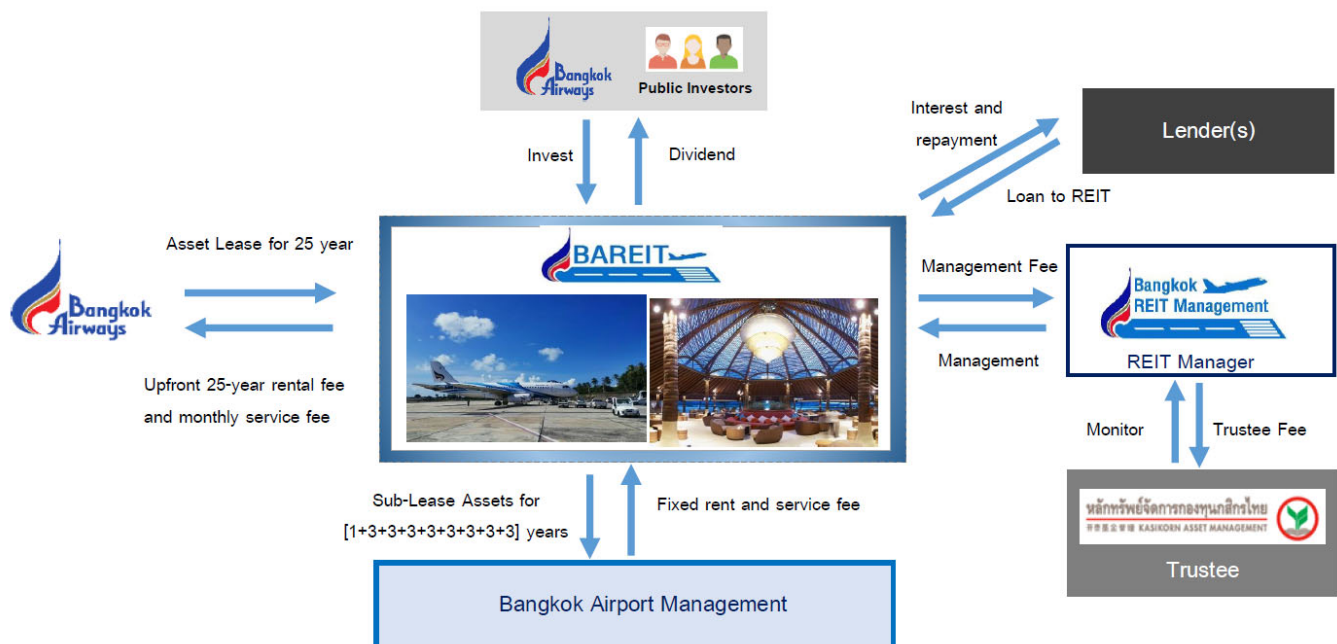
BAREIT to strengthen balance sheet

BA has set up BA Airport Leasehold Real Estate Investment Trust (BAREIT) and will lease out assets used for airport operations under Samui Airport for 25 years for a total value not exceeding THB14.3b.

BA will also enter into an operating lease transaction for Samui Airport with BAREIT and commit to pay fixed lease payments of THB1.1b/year in 2023; increasing by 2.6-2.7% pa in 2024-25; then increasing by 2% pa from 2026 until 2047.

BA's rationale in setting up BAREIT – which has a higher financing cost (c8% pa) compared to a bank loan (c5-6% pa) – is that it plans to utilise BAREIT to monetise other potential assets (Sukhothai Airport, Trat Airport and other Samui assets, such as aircraft aprons or commercial space) in the future.

Exhibit 1: BAREIT – structure



Source: BA

Exhibit 2: BAREIT – asset overview

Invested Asset

BAREIT will invest in leasehold right over approx. 231-3-26.9 Rai land and building and component parts of Samui Airport including runway, taxiway and apron, check-in terminal, boarding gate and fire station.

1

Runway

Single runway of width 45 m ,
length 2,100 m.
Total area 94,500 sq.m.



2

Taxiway and Apron

Taxi way is a path connecting
runway with aprons.
Total area 24,500 sq.m.



3

Check-in Terminal

Total area 1,780 sq.m.



4

Boarding gate

Passenger boarding gates serve
domestic and international flights
for both arrival and departure.
Total area 2,708 sq.m.



5

Fire Station

Total area 467.5 sq.m.



Source: BA

BAREIT's impact on BA's financials

BA will receive proceeds of up to cTHB14.3b from transferring leasehold rights to BAREIT. BA will also invest in a 25% share of BAREIT (THB2.5b). As a result, BA would receive net proceeds of cTHB12b and plans to use cTHB5.0b to repay its debt and cTHB6.0b to invest in the U-Tapao project. Note that we estimate its D/E ratio would increase from 2.7x as of 2Q22 to 3.3x after the transaction. However, we estimate that it would reduce BA's IBD/E (excluding BAREIT's lease liabilities) from 1.6x as of 2Q22 to 1.2x after the transaction.

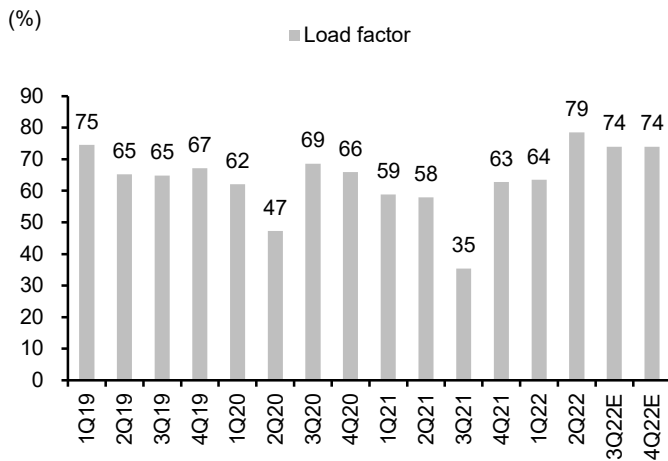
In terms of P&L, BA will pay lease payments of cTHB1.1b pa, receive share income from BAREIT (25% shareholding) of cTHB275m pa, and reduce the interest expense from bank loans by cTHB250m pa. Overall, we estimate that this transaction would reduce our previous 2023E core profit by cTHB400m-500m (after tax).

Focusing on Samui route to turn around airline business

We believe BA has gradually resumed its flight capacity by focusing only on routes that generate a profit, especially the Samui route. BA has resumed its flight capacity to 35% of the pre-Covid level in 2Q22, and passenger volume also recovered to 41% of the pre-Covid level.

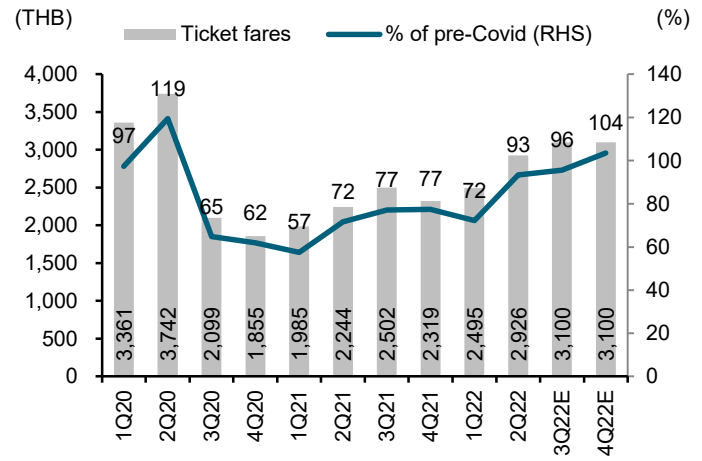
The passenger volume from the Samui route accounted for about 53% of total passengers in 1H22 – higher than c40% in 2019. This suggests that BA has focused only its proficient routes. As a result, we see strong trends for load factor, passenger yield and revenue per available seat kilometre (RASK), which have already exceeded the pre-Covid level, while average ticket fares have also improved and were below the pre-Covid level by only 7% in 2Q22.

Exhibit 3: Load factor



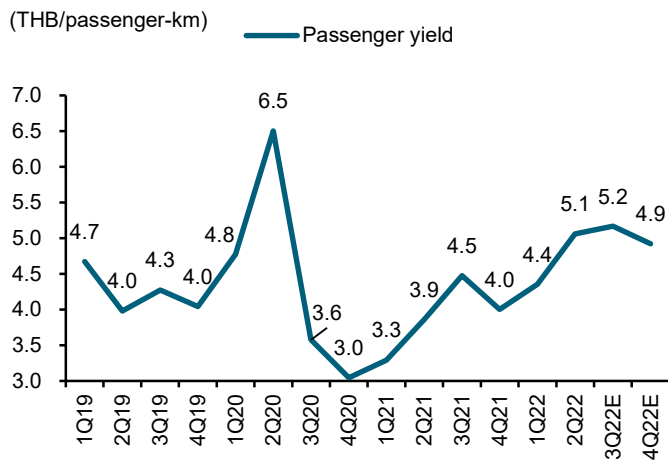
Sources: BA; FSSIA estimate

Exhibit 4: Ticket fares



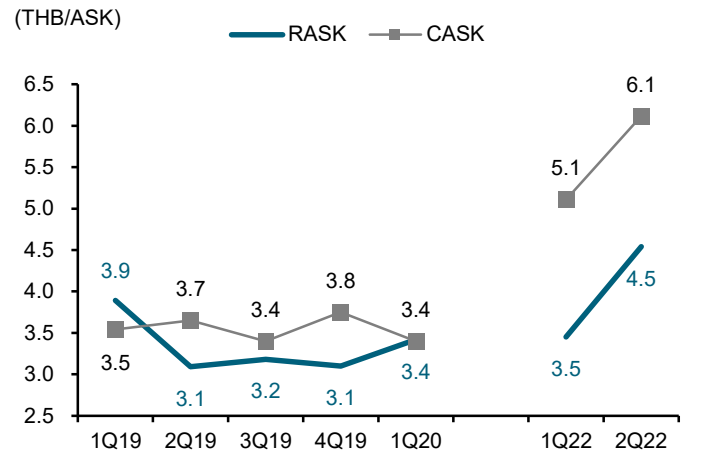
Sources: BA; FSSIA estimate

Exhibit 5: Passenger yield



Sources: BA; FSSIA estimate

Exhibit 6: RASK and CASK



*RASK = revenue per available seat kilometre; CASK = cost per available seat kilometre
Sources: BA; FSSIA estimate





Operations should continue to improve in 2H22 along with recovery of Thailand's economy and tourist arrivals. The only concern is the higher jet fuel prices at USD142/bbl in 2Q22 and USD132/bbl in QTD 3Q22, compared to only USD75/bbl in 2019. We expect to see BA raise ticket fares in 2H22, driven by pent-up demand, and estimate ticket fares to reach the pre-Covid level of THB3,100 in 2H22.

Reducing aircraft fleet to reduce fixed cost

BA plans to retire seven operating lease aircraft and sell three aircraft by end of this year. This would lead to a reduction in its fleet of 37 aircraft to 27 aircraft by the end of this year. We believe this would benefit BA in the short term as the fixed cost, including lease payments and maintenance costs, would drop by cUSD6m-8m, according to management. Note that the remaining fleet would still be sufficient to support the Samui route up to a maximum capacity of 50 flights/day. If demand recovers faster than expected, BA could enter into an operating lease transaction and increase its aircraft fleet to match the demand.

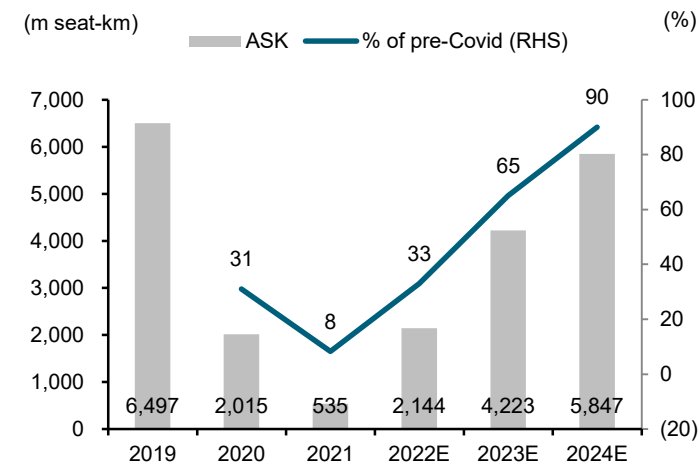
We estimate available seat kilometres (ASK) to ramp up over 2022-24, but still be lower than the pre-Covid level by 10% due to the smaller aircraft fleet. On another positive note, we expect this factor to reduce non-fuel costs and forecast non-fuel costs in 2024 to stay below the pre-Covid level by 12%.

Exhibit 7: Fleet plan

	Aircraft Type	Y2021	2Q2022	Y2022E *	Remarks
	Airbus A320	9	9	4*	Started re-delivery aircraft in August 2022 onwards
	Airbus A319	13	13	13	-
	ATR72-600	13	13*	10*	Signed LOI to sell 3 Aircraft
	ATR72-500	2	2*	-	Started to deliver 2 Aircraft by 4Q2022
	<u>TOTAL</u>	37	37	27	

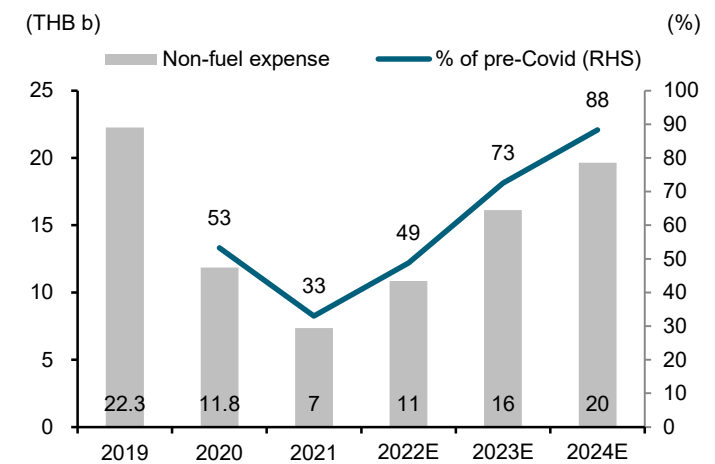
Source: BA

Exhibit 8: ASK recovery trend



Sources: BA; FSSIA estimates

Exhibit 9: Non-fuel cost



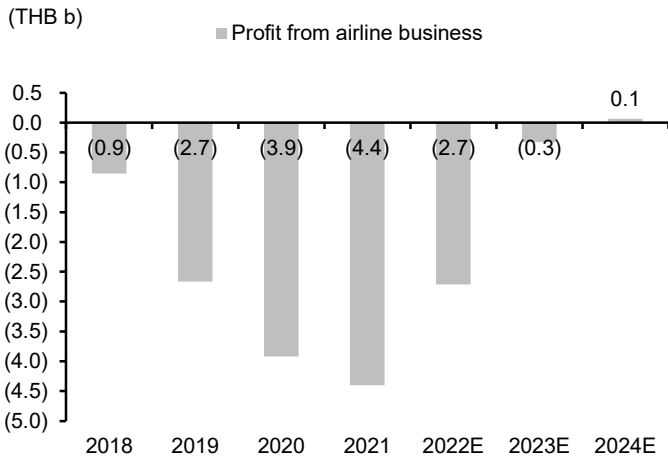
Sources: BA; FSSIA estimates

Valuation and TP revisions

We revise down our 2022E core earnings from a THB0.5b loss to a THB2.4b loss due to higher fuel costs, and revise down our 2023-24E earnings by 14-47% after incorporating BAREIT into our model. We also delay our assumption for Thailand's tourist arrivals to recover to the pre-Covid level by 2024 instead of 2023.

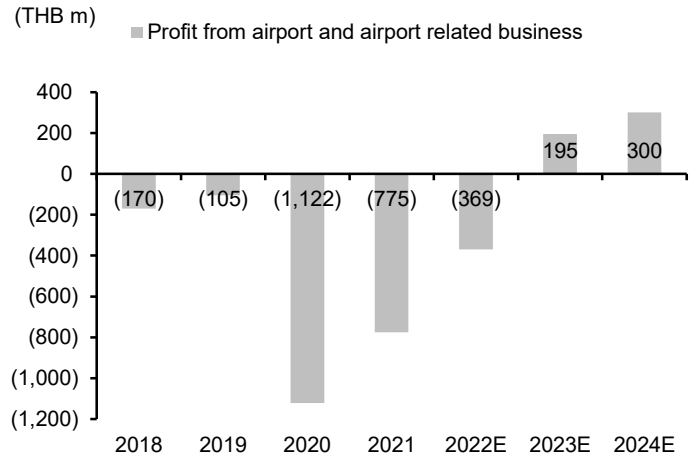
We expect BA to deliver a core profit of THB1.5b in 2024, consisting of a THB0.3b profit for its airport and airport-related businesses, THB0.5b in share income from its cargo business, and THB0.6b in dividend income, while its airline business should reach the breakeven point.

Exhibit 10: Profit from airline business



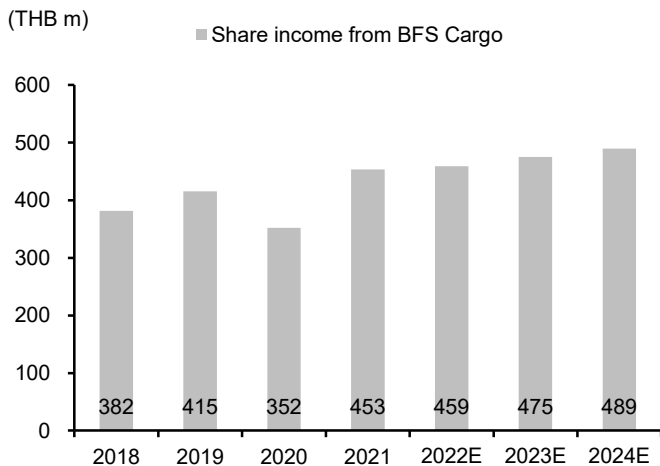
Source: FSSIA estimates

Exhibit 11: Profit from airport & airport-related business



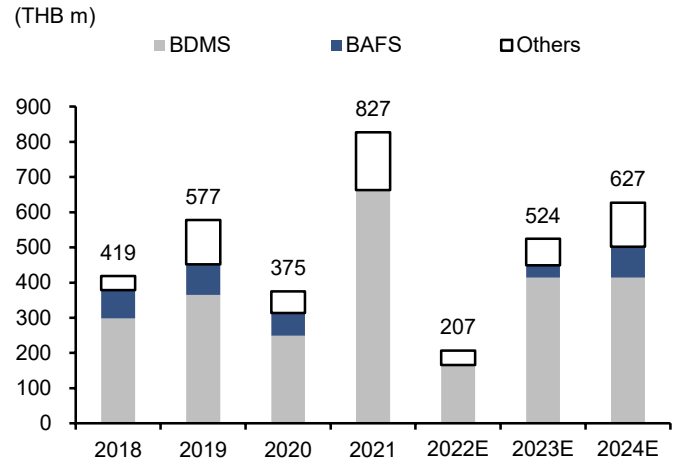
Source: FSSIA estimates

Exhibit 12: Share income from cargo business



Sources: BA; FSSIA estimates

Exhibit 13: Dividend income



Sources: BA; FSSIA estimates

Exhibit 14: Forecast revisions

	Current			Previous			Change (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Passengers carried (m)	2.6	4.7	5.8	2.6	5.4	5.5	(1.2)	(12.7)	5.2
Load factor (%)	73	73	72	65	70	70	7.5	3.0	2.0
Average ticket fare (THB)	2,930	3,370	3,505	3,064	3,309	3,342	(4.3)	1.9	4.9
Fuel price net hedging (USD/bbl)	135	130	128	115	100	100	17.4	30.0	28.0
Revenue (THB m)	10,313	20,246	25,500	11,287	23,080	23,914	(8.6)	(12.3)	6.6
EBITDA (THB m)	(219)	2,021	2,202	589	2,293	2,405	(137.2)	(11.9)	(8.5)
Core net profit (THB m)	(2,414)	869	1,480	(471)	1,631	1,710	412.8	(46.7)	(13.5)

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

Sources: BA; FSSIA estimates

Based on the above, we revise down our SoTP-based TP to THB15/shr (from THB16/shr) based on 1) the airport and airport-related business pegged at 14x 2023E P/E; 2) the valuations of Bangkok Dusit Medical Services (BDMS TB, BUY) and Bangkok Aviation Fuel Services (BAFS TB, BUY) based on our TPs of THB31/shr and THB36/shr, respectively, with a 20% holding discount applied; 3) the airline business pegged at 0.6x P/BV; 4) the cargo business pegged at 12x P/E; and 5) deduct the net interest bearing debt and BAREIT lease liabilities.

Exhibit 15: SoTP valuation

SoTP Base case	(THB b)	(THB/share)	Comments
BDMS	20.5	9.8	Fair price at our TP of THB31/shr with 20% holding discount
BAFS	1.8	0.9	Fair price at our TP of THB36/shr with 20% holding discount
BAREIT	2.0	1.0	Estimate market value of BAREIT at THB10.0b and BA holds a 25% share; applied 20% holding discount
Airport and airport related business	17.5	8.3	Net profit (exclude BAREIT lease payment) THB1.3b and pegged at 14x P/E multiple
Airline business	2.0	1.0	0.6x P/BV multiple of THB3.4b owned aircraft book value
Cargo business	5.8	2.7	Share income of THB0.5b and pegged at 12x P/E multiple
Interest bearing debt	(9.6)	(4.6)	At end 2023E
BAREIT lease liabilities	(13.4)	(6.4)	At end 2023E
Cash	4.8	2.3	At end 2023E
Total value	31.4	15.0	

Source: FSSIA estimates

Exhibit 16: Peers comparison, airline sector as of 31 Aug-22

Company	BBG	Rec	--- Share price ---		Up side	Market Cap	----- PE -----			---- PBV ----		--- EV/ EBITDA ---	
			Current	Target			22E	23E	24E	22E	23E	22E	23E
			(LCY)	(LCY)			(%)	(USD m)	(x)	(x)	(x)	(x)	(x)
Thailand													
Bangkok Airways	BA TB	BUY	10.6	15	41.5	610	(9.2)	25.6	15.0	2.1	1.9	(227.4)	22.8
Asia Aviation	AAV TB	BUY	2.84	3.4	19.7	913	(5.5)	29.6	28.9	2.0	2.0	81.7	8.4
Thailand average						1,523	(7.4)	27.6	22.0	2.0	2.0	(72.8)	15.6
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	49.18	n/a	n/a	6,459	n/a	24.5	17.3	3.5	3.0	81.8	14.3
Interglobe Aviation	INDIGO IN	n/a	2,016.80	n/a	n/a	9,770	n/a	193.6	19.5	n/a	n/a	50.0	12.4
Cebu Air Inc	CEB PM	n/a	41.20	n/a	n/a	471	n/a	11.5	n/a	n/a	n/a	41.4	6.2
Singapore Airlines	SIA SP	n/a	5.32	n/a	n/a	11,340	n/a	15.2	15.2	1.4	1.2	13.2	4.7
Japan Airlines	9201 JP	n/a	2,574.00	n/a	n/a	8,115	n/a	38.4	13.9	1.4	1.4	n/a	7.0
Ana Holdings	9202 JP	n/a	2,687.50	n/a	n/a	9,315	n/a	37.1	15.1	1.4	1.5	137.7	8.9
Cathay Pacific Airways	293 HK	n/a	8.16	n/a	n/a	6,618	n/a	21.1	11.5	0.9	0.9	9.4	6.8
Spicejet (India)	SJET IN	n/a	46.35	n/a	n/a	305	n/a	n/a	17.2	n/a	n/a	177.3	54.6
Tigerair Taiwan	6757 TT	n/a	38.95	n/a	n/a	524	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vietjet Aviation	VJC VN	n/a	121,600	n/a	n/a	2,808	n/a	n/a	n/a	n/a	n/a	58.7	16.7
Regional average						55,727	n/a	48.8	15.6	1.7	1.6	71.2	14.6
Global													
Eva Airways	2618 TT	n/a	33.75	n/a	n/a	5,882	16.2	13.3	45.1	2.0	1.8	5.5	4.8
Air New Zealand	AIR NZ	n/a	0.68	n/a	n/a	1,394	n/a	56.3	9.1	1.1	1.3	175.3	5.0
Air Arabia	AIRARABIA UH	n/a	2.22	n/a	n/a	2,821	11.5	10.6	9.4	1.8	1.7	6.0	5.7
Easyjet (UK)	EZJ LN	n/a	359.80	n/a	n/a	3,171	n/a	10.9	7.1	1.1	1.0	5.1	3.2
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	10.10	n/a	n/a	814	n/a	n/a	6.2	n/a	n/a	10.4	6.4
JetBlue Airways (US, Latin AM)	JBLU	n/a	7.79	n/a	n/a	2,523	n/a	11.0	4.8	0.7	0.7	6.8	2.6
Norwegian Air Shuttle (Norway)	NWARF US	n/a	0.87	n/a	n/a	790	n/a	6.8	4.9	2.5	2.0	5.4	2.5
Southwest Airlines (US)	LUV US	n/a	36.70	n/a	n/a	21,776	16.4	10.9	8.7	2.0	1.6	4.5	3.6
Global average						39,170	14.7	17.1	11.9	1.6	1.4	27.4	4.2
Overall average						96,419	5.9	32.3	14.6	1.7	1.6	35.7	10.3

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Airways

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	7,666	2,717	10,313	20,246	25,500
Cost of goods sold	(8,015)	(3,773)	(8,366)	(14,784)	(19,321)
Gross profit	(349)	(1,056)	1,947	5,463	6,180
Other operating income	-	-	-	-	-
Operating costs	(2,384)	(1,551)	(2,166)	(3,442)	(3,978)
Operating EBITDA	(2,733)	(2,607)	(219)	2,021	2,202
Depreciation	(2,843)	(2,342)	(2,521)	(2,320)	(2,365)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(5,576)	(4,949)	(2,740)	(299)	(163)
Net financing costs	(1,084)	(1,258)	(1,283)	(1,751)	(1,568)
Associates	555	453	498	723	744
Recurring non-operating income	2,399	2,142	1,599	2,952	3,378
Non-recurring items	678	(5,180)	(183)	0	0
Profit before tax	(3,583)	(9,246)	(2,607)	902	1,646
Tax	(100)	117	10	(18)	(108)
Profit after tax	(3,683)	(9,129)	(2,597)	884	1,538
Minority interests	45	50	0	(14)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(3,639)	(9,079)	(2,597)	869	1,480
Non-recurring items & goodwill (net)	(678)	5,180	183	0	0
Recurring net profit	(4,316)	(3,899)	(2,414)	869	1,480
Per share (THB)					
Recurring EPS *	(2.06)	(1.86)	(1.15)	0.41	0.70
Reported EPS	(1.73)	(4.32)	(1.24)	0.41	0.70
DPS	0.00	0.00	0.00	0.25	0.42
Diluted shares (used to calculate per share data)	2,100	2,100	2,100	2,100	2,100
Growth					
Revenue (%)	(68.0)	(64.6)	279.6	96.3	26.0
Operating EBITDA (%)	nm	nm	nm	nm	8.9
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	nm	70.2
Reported EPS (%)	nm	nm	nm	nm	70.2
Operating performance					
Gross margin inc. depreciation (%)	(41.6)	(125.1)	(5.6)	15.5	15.0
Gross margin of key business (%)	(41.6)	(125.1)	(5.6)	15.5	15.0
Operating EBITDA margin (%)	(35.6)	(96.0)	(2.1)	10.0	8.6
Operating EBIT margin (%)	(72.7)	(182.2)	(26.6)	(1.5)	(0.6)
Net margin (%)	(56.3)	(143.5)	(23.4)	4.3	5.8
Effective tax rate (%)	(2.1)	2.6	15.0	10.0	12.0
Dividend payout on recurring profit (%)	-	-	-	60.0	60.0
Interest cover (X)	(2.9)	(2.2)	(0.9)	1.5	2.0
Inventory days	22.5	44.3	20.4	10.6	7.9
Debtor days	46.1	51.9	11.3	4.8	5.6
Creditor days	98.0	100.9	67.9	52.0	47.3
Operating ROIC (%)	(44.3)	(32.6)	(17.7)	(2.6)	(1.8)
ROIC (%)	(7.3)	(6.2)	(2.2)	5.7	7.2
ROE (%)	(17.4)	(23.8)	(20.3)	7.9	12.4
ROA (%)	(5.8)	(5.5)	(2.6)	4.7	5.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Air fares	5,589	1,191	7,633	15,825	20,433
Revenue from sales and services	1,849	1,477	2,355	3,816	4,277
Freight	50	6	46	127	219
Passenger services	177	43	280	478	572

Sources: Bangkok Airways; FSSIA estimates

Financial Statements

Bangkok Airways

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(4,316)	(3,899)	(2,414)	869	1,480
Depreciation	2,843	2,342	2,521	2,320	2,365
Associates & minorities	-	-	-	-	-
Other non-cash items	119	(4,921)	(183)	14	58
Change in working capital	(1,571)	(1,232)	812	1,491	1,272
Cash flow from operations	(2,926)	(7,709)	735	4,695	5,174
Capex - maintenance	(5,495)	(722)	(516)	(1,012)	(1,275)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	3,924	114	(2,500)	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,571)	(608)	(3,016)	(1,012)	(1,275)
Dividends paid	(203)	0	0	0	(522)
Equity finance	0	0	0	0	0
Debt finance	3,648	6,094	6,494	(5,260)	(5,238)
Other financing cash flows	(6,086)	2,168	0	0	0
Cash flow from financing	(2,641)	8,262	6,494	(5,260)	(5,759)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(7,138)	(55)	4,214	(1,577)	(1,860)
Free cash flow to firm (FCFF)	(3,379.37)	(7,052.04)	(991.18)	5,452.99	5,481.86
Free cash flow to equity (FCFE)	(6,934.75)	(55.35)	4,213.85	(1,577.48)	(1,338.20)
Per share (THB)					
FCFF per share	(1.61)	(3.36)	(0.47)	2.60	2.61
FCFE per share	(3.30)	(0.03)	2.01	(0.75)	(0.64)
Recurring cash flow per share	(0.64)	(3.08)	(0.04)	1.53	1.86
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	27,882	27,064	27,579	28,592	29,867
Less: Accumulated depreciation	(9,622)	(10,424)	(12,945)	(15,265)	(17,629)
Tangible fixed assets (net)	18,260	16,640	14,635	13,327	12,237
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	28,305	28,191	30,691	30,691	30,691
Cash & equivalents	2,181	2,126	6,340	4,762	2,903
A/C receivable	401	373	266	266	521
Inventories	477	438	498	360	471
Other current assets	198	169	641	1,257	1,584
Current assets	3,257	3,106	7,744	6,646	5,478
Other assets	779	1,002	1,002	1,002	1,002
Total assets	50,602	48,939	54,071	51,666	49,409
Common equity	19,591	13,198	10,601	11,470	12,428
Minorities etc.	14	(36)	(36)	(22)	37
Total shareholders' equity	19,606	13,162	10,564	11,448	12,465
Long term debt	20,234	26,515	33,009	27,749	22,512
Other long-term liabilities	5,290	5,305	5,305	5,305	5,305
Long-term liabilities	25,524	31,820	38,314	33,054	27,817
A/C payable	1,119	967	2,145	2,064	2,942
Short term debt	1,105	917	917	917	917
Other current liabilities	3,248	2,073	2,131	4,183	5,268
Current liabilities	5,472	3,957	5,193	7,164	9,127
Total liabilities and shareholders' equity	50,602	48,939	54,071	51,666	49,409
Net working capital	(3,292)	(2,060)	(2,872)	(4,363)	(5,635)
Invested capital	44,053	43,773	43,456	40,657	38,296
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	9.33	6.28	5.05	5.46	5.92
Tangible book value per share	9.33	6.28	5.05	5.46	5.92
Financial strength					
Net debt/equity (%)	97.7	192.3	261.1	208.8	164.7
Net debt/total assets (%)	37.9	51.7	51.0	46.3	41.5
Current ratio (x)	0.6	0.8	1.5	0.9	0.6
CF interest cover (x)	(5.4)	1.0	4.3	0.1	0.1
Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(5.2)	(5.7)	(9.2)	25.6	15.0
Recurring P/E @ target price (x) *	(7.3)	(8.1)	(13.0)	36.2	21.3
Reported P/E (x)	(6.1)	(2.5)	(8.6)	25.6	15.0
Dividend yield (%)	-	-	-	2.3	4.0
Price/book (x)	1.1	1.7	2.1	1.9	1.8
Price/tangible book (x)	1.1	1.7	2.1	1.9	1.8
EV/EBITDA (x) **	(15.2)	(18.2)	(227.4)	22.8	19.4
EV/EBITDA @ target price (x) **	(18.5)	(21.8)	(269.5)	27.4	23.6
EV/invested capital (x)	0.9	1.1	1.1	1.1	1.1
* 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 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMG	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	CHAX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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

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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)



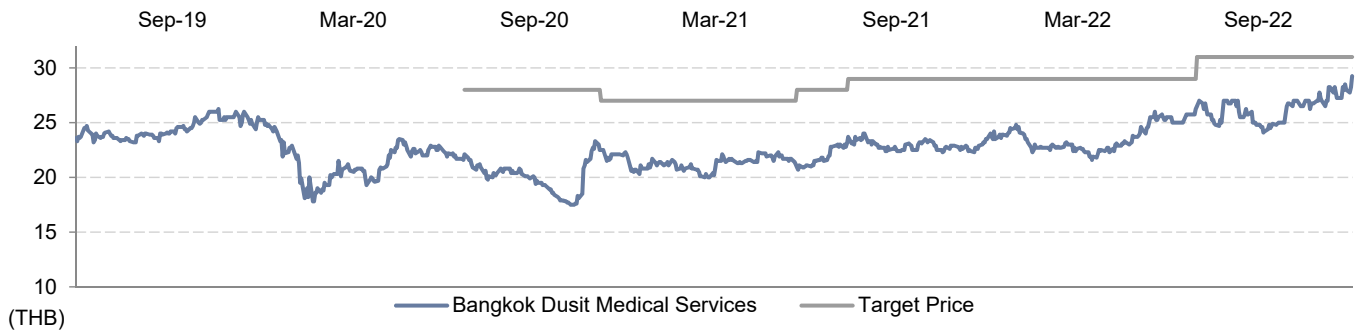
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Sep-2019	BUY	3.80	29-Mar-2021	BUY	3.80	21-Oct-2021	BUY	3.50
12-Nov-2019	BUY	3.30	18-May-2021	BUY	3.40	07-Jun-2022	BUY	3.40
21-Dec-2020	BUY	3.40	16-Aug-2021	BUY	3.20			

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

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Dusit Medical Services (BDMS TB)



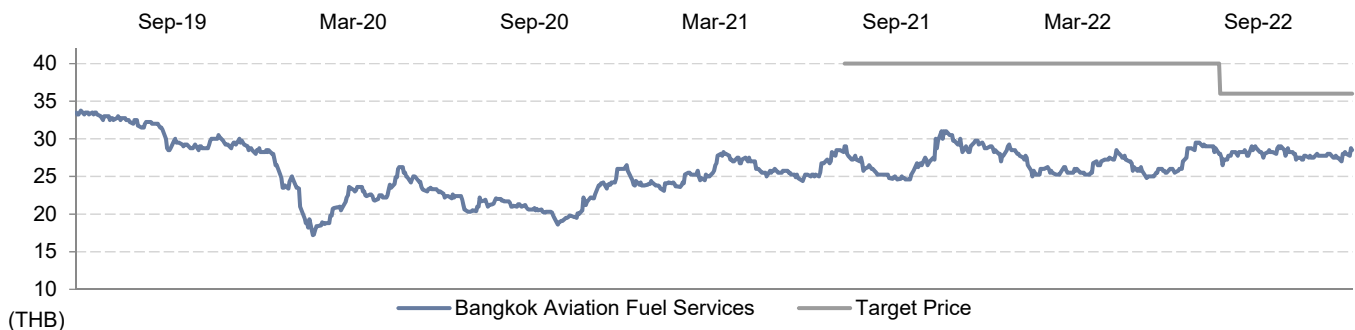
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Oct-2019	BUY	31.00	24-Nov-2020	BUY	27.00	24-Jun-2021	BUY	29.00
30-Jul-2020	BUY	28.00	11-May-2021	BUY	28.00	19-Apr-2022	BUY	31.00

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	09-May-2022	BUY	36.00	-	-	-

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 10.60	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 2.84	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 Dusit Medical Services	BDMS TB	THB 29.25	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 28.50	BUY	Downside risks to our SoTP-based target price include a slower-than-expected vaccination rate, leading to slower demand in tourism activities, and 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 31-Aug-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.