

BANGKOK AIRWAYS

THAILAND / TRANSPORT & LOGISTICS

BA TB

BUY

UNCHANGED

TARGET PRICE	THB18.00
CLOSE	THB13.90
UP/DOWNSIDE	+29.5%
PRIOR TP	THB15.60
CHANGE IN TP	+15.4%
TP vs CONSENSUS	+25.7%

Earlier turnaround is in sight

- Expect earnings to break even in 4Q22 vs 4Q19 core loss of THB1.5b; fundamentals significantly changed
- Other businesses should contribute up to THB1.8b in profit, while its airline business could provide potential upside.
- Maintain BUY with a higher SoTP-based TP of THB18.0/shr.

Earnings momentum to accelerate in 1Q-3Q23

We expect BA's core profit (THB10m) and net profit (THB310m) to turn positive in 4Q22 – the first turnaround since the Covid-19 pandemic began. Passenger volume should continue to recover to 65% of the pre-Covid level (vs 58% in 3Q22), while ticket fares should exceed pre-Covid by 9% thanks to strong pent-up demand. Despite the 4Q low season for Samui, BA's earnings have reached the breakeven point earlier than expected. The earnings momentum over the next three quarters is promising with China reopening and the upcoming Samui high season (1Q23 and 3Q23), coupled with dividend income from BDMS in 2Q23.

Fundamentals have significantly improved

If our 4Q22 preview estimates are materialised, it would show that BA's fundamentals have significantly changed given that its 4Q19 core loss was THB1.5b and 4Q22 results are reaching breakeven. The key improvements, in our view, are leaner airline business costs, higher passenger yields due to the focus on the Samui route, and the more favorable Samui Airport leasehold structure.

Earnings should reach a record high of THB2.1b

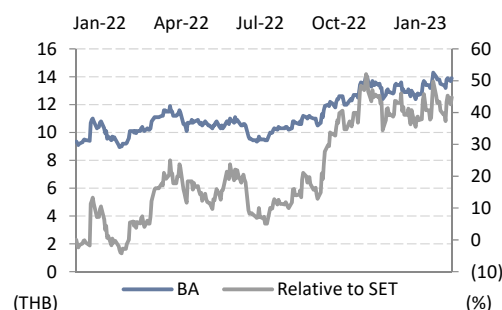
BA has a strong earnings stream worth up to THB1.7b-THB1.8b per year from other businesses, including THB0.5b in share income from its cargo business, THB0.4b from ground support services, THB0.1b from catering, THB0.2b from its airport business after deducting lease payments to BAREIT, and dividend income from BDMS and BAFS of up to THB0.5-0.6b. This implies that if its airline business becomes profitable, BA's core profit should recover to its peak of THB2.1b in 2016. Our forecast is conservative with a core profit of THB0.9b-THB1.6b in 2023-24E.

Raise profit estimates; cheaper option among Thai tourism stocks

We revise up our 2022-24E earnings estimates to reflect the better airline business outlook and derive a new SoTP-based TP at THB18.0/shr (from THB15.6/shr). We think BA is an alternative pick among Thai tourism stocks as it trades at 19x 2024E P/E, lower than AAV (32x), AOT (32x) and the hotel sector average (33x). Upside includes the return of Chinese tourists who account for c10% of revenue and gains from Samui Airport improvements (flight capacity expansion and terminal renovation).

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	2,717	10,997	20,020	25,032
Net profit	(9,079)	(1,952)	918	1,573
EPS (THB)	(4.32)	(0.93)	0.44	0.75
vs Consensus (%)	-	nm	nm	557.9
EBITDA	(2,607)	348	2,059	2,353
Core net profit	(3,899)	(1,813)	918	1,573
Core EPS (THB)	(1.86)	(0.86)	0.44	0.75
Chg. In EPS est. (%)	nm	nm	5.6	6.3
EPS growth (%)	nm	nm	nm	71.4
Core P/E (x)	(7.5)	(16.1)	31.8	18.6
Dividend yield (%)	-	-	1.9	3.2
EV/EBITDA (x)	(20.9)	160.9	25.5	20.9
Price/book (x)	2.2	2.6	2.4	2.2
Net debt/Equity (%)	192.3	239.7	191.9	150.6
ROE (%)	(23.8)	(14.8)	7.8	12.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.4	9.4	48.7
Relative to country (%)	5.2	3.5	44.9
Mkt cap (USD m)	889		
3m avg. daily turnover (USD m)	1.5		
Free float (%)	36		
Major shareholder	Prasartong-Osoth Puttipong (25%)		
12m high/low (THB)	14.70/8.40		
Issued shares (m)	2,100.00		

Sources: Bloomberg consensus; FSSIA estimates


Teerapol Udomvej, CFA

 teerapol.udo@fssia.com
 +66 2611 3535

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, in 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.

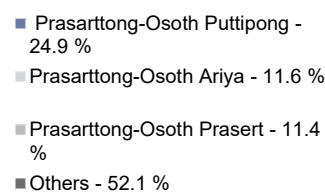
www.bangkokair.com

Principal activities (revenue, 2021)



Source: Bangkok Airways

Major shareholders



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) strong pent-up demand from Chinese tourists.

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
Feb-23	4Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Number of aircraft (no.)	27	27	27
Passengers carried (m)	2.6	4.6	5.7
Load factor (%)	74.8	74.0	72.3
Average ticket fare (THB)	3,108	3,380	3,515
Fuel price net hedging (USD/bbl)	139.0	134.0	132.0
THB/USD	35.5	33.0	33.0

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

4Q22 results preview

We estimate passengers carried should grow by 17% q-q to 940k in 4Q22, accounting for 65% of the pre-Covid level (vs 58% in 3Q22). Ticket fares should drop by 3% q-q due to the low season for Samui tourism but should exceed the pre-Covid level by 9% thanks to pent-up demand. We expect 4Q22 passenger yield to remain above the pre-Covid level at THB5.1/ passenger-km (vs THB4.0 in 4Q19), due to the strong load factor of 78% (vs 67% in 4Q19).

As a result, we expect passenger revenue to grow by 14% q-q and reach 70% of the pre-Covid level in 4Q22 (vs 41% in 2Q22). Airport operations should also improve q-q from higher Samui passenger volume which should recover to 90% of the pre-Covid level (vs 67% in 3Q22).

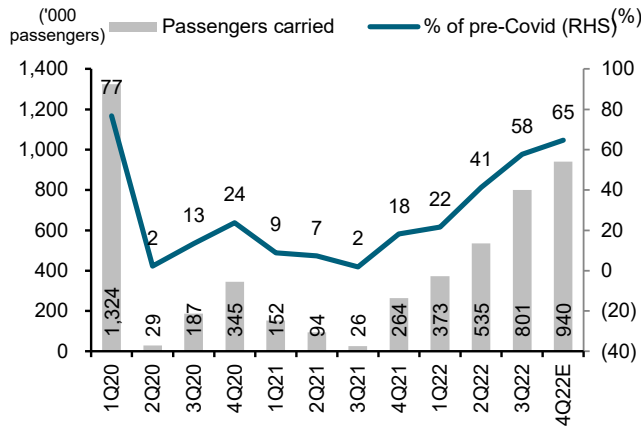
Expenses should be flat q-q in 4Q22 as higher OPEX is offset by lower aircraft maintenance costs (booked as a one-off in 3Q22). Interest expenses should jump by 40% q-q from higher financing costs from the BAREIT transaction. Dividend income from BDMS should be absent in this quarter (vs THB310m in 3Q22). Overall, we forecast core profit to turn positive at THB10m in 4Q22 (vs the THB138m core loss in 3Q22). BA should book a cTHB300m FX gain from its aircraft lease liabilities in USD terms following the appreciation of the THB against the USD. Thus, we forecast a net profit of THB310m in 4Q22.

Exhibit 1: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	Change		2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	1,072	1,478	2,153	3,454	3,895	13	263	10,997
- Passenger revenue	612	931	1,566	2,677	3,055	14	399	8,226
- Other revenue	460	547	587	776	839	8	82	2,770
Expense	(2,140)	(2,487)	(2,959)	(3,866)	(3,862)	(0)	80	(13,171)
- Fuel and oil	(173)	(256)	(449)	(819)	(849)	4	392	(2,332)
- Non-fuel operating expenses	(1,967)	(2,231)	(2,509)	(3,047)	(3,012)	(1)	53	(10,839)
Operating Profit	(1,068)	(1,010)	(806)	(412)	33	(108)	(103)	(2,174)
Dividend income	258	0	207	310	0	(100)	(100)	517
Net other income	136	183	159	177	280	58	105	798
Interest income	3	1	2	0	0	0	(93)	6
Interest expense	(267)	(285)	(299)	(373)	(522)	40	96	(1,474)
Pretax profit	(937)	(1,111)	(737)	(297)	(209)	(30)	(78)	(2,327)
Income Tax	(68)	(56)	1	33	33	0	(148)	10
Associates	40	104	104	123	179	46	352	492
Minority interest	17	6	6	3	6	92	(64)	12
Core profit	(949)	(1,057)	(628)	(138)	10	(107)	(101)	(1,813)
Extraordinaries	807	37	(220)	(255)	300	(218)	(63)	(139)
- FX	79	37	(221)	(255)	300	(218)	279	0
- Derivative	(0)	0	1	0	0			0
- Others	728	0	0	0	0			(139)
Net profit	(141)	(1,020)	(848)	(393)	310	(179)	(319)	(1,952)
Shares out (end Q, m)	2,100	2,100	2,100	2,100	2,100	0	0	2,100
Pre-ex EPS	(0.45)	(0.50)	(0.30)	(0.07)	0.00	(107)	(101)	(0.86)
EPS	(0.07)	(0.49)	(0.40)	(0.19)	0.15	(179)	(319)	(0.93)
Depreciation	(571)	(628)	(622)	(607)	(607)	0	6	(2,522)
EBITDA	(496)	(382)	(184)	195	640	228	(229)	348
Key Ratios								
Operating profit margin (%)	(100)	(68)	(37)	(12)	1	13	100	(20)
EBITDA margin (%)	(46)	(26)	(9)	6	16	11	63	3
Net profit margin (%)	(13)	(69)	(39)	(11)	8	19	21	(18)
Operating stats								
Passenger carried (m)	0.3	0.4	0.5	0.8	0.9			
Load factor (%)	63	64	79	77	78			
RPK (m seats-km)	153	214	309	507	602			
ASK (m seats-km)	244	337	394	657	776			
Average fare (THB)	2,319	2,495	2,926	3,342	3,250			
RASK (THB)	3.1	3.5	4.5	4.6	4.3			
CASK (THB)	7.6	5.1	6.1	5.0	3.8			
CASK ex-fuel (THB)	6.9	4.4	5.0	3.8	2.8			

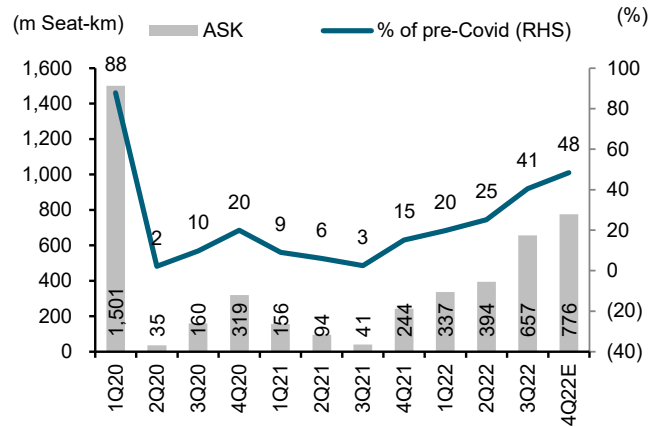
Sources: BA; FSSIA estimates

Exhibit 2: Passengers carried



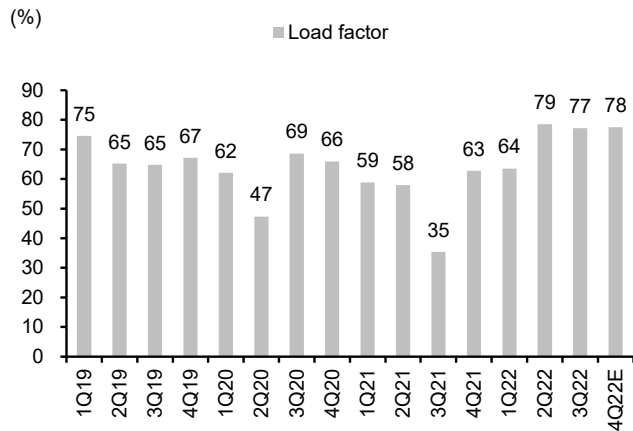
Sources: BA; FSSIA estimates

Exhibit 3: ASK



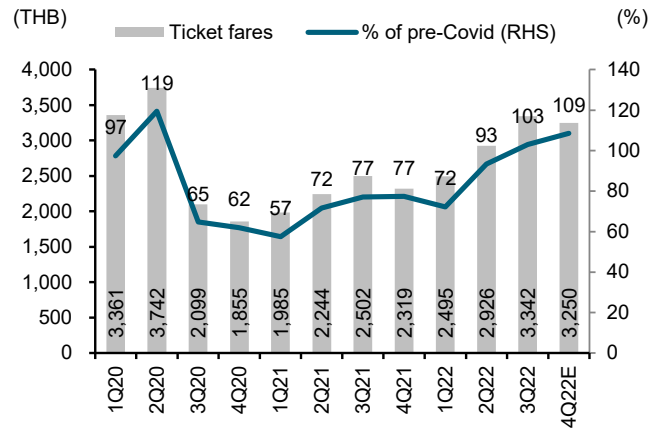
* ASK = available seat kilometres
Sources: BA; FSSIA estimates

Exhibit 4: Load factor



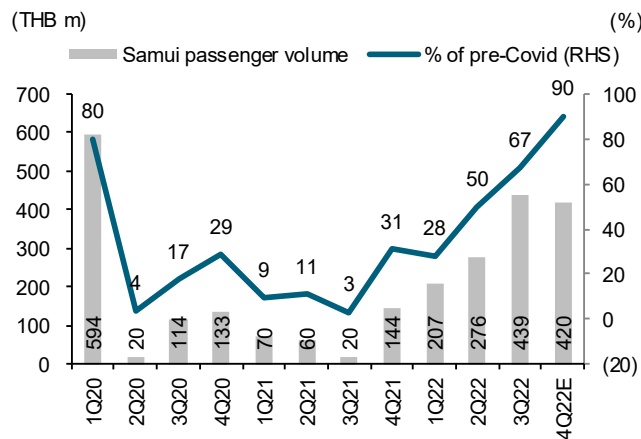
Sources: BA; FSSIA estimates

Exhibit 5: Ticket fares



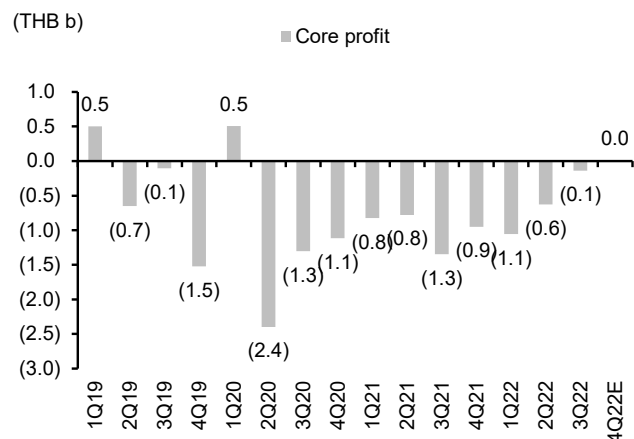
Sources: BA; FSSIA estimates

Exhibit 6: Samui passenger volume



Sources: BA; FSSIA estimates

Exhibit 7: Core profit



Sources: BA; FSSIA estimates

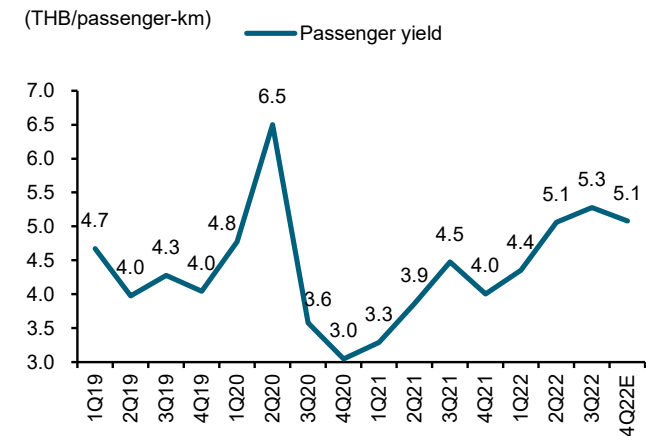
Better business structure compared to pre-Covid

BA's 4Q22 result should support our view that the company's fundamentals have significantly changed, especially for its airline business, after the 4Q19 core loss of THB1.5b. Passenger yield is THB5.1-5.3/passenger-km in 3Q22-4Q22E (vs THB4.3 pre-Covid level) as BA focuses more on the Samui route which has a better yield. In addition, the costs of its non-fuel airline business are estimated to fall by 42% vs pre-Covid in 4Q22, while revenue shrinks by only 30%. The lower expenses are mainly due to lower staff expenses, reduced passenger services, and lower aircraft-related expenses (maintenance and depreciation).

This suggests better profitability in the future as the higher revenue should mostly flow to its bottom line due to the high fixed cost proportion of the airline business at 60%-70%. We also estimate RASK to potentially exceed CASK in 4Q22 for the first time since 1Q19.

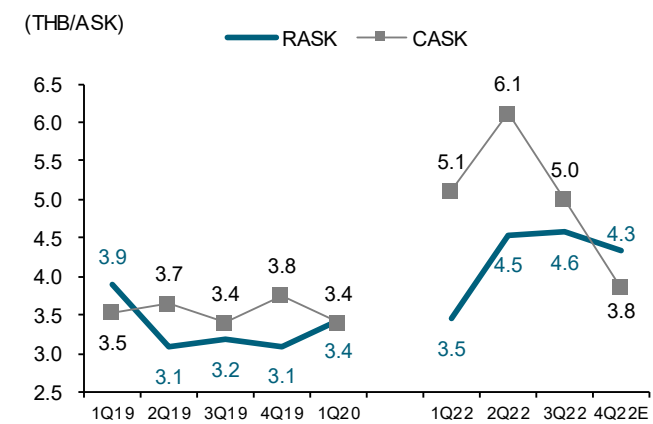
Apart from the airline business, the structure of the Samui Airport business leasehold is now more favorable to BA given that the lease payment to BAREIT has been fixed at THB1.1-1.2b over 2023-25 compared to the former SPF structure pre-Covid in which BA paid up to THB1.6b per year in lease payments. Thus, if Samui Airport's passenger volume and flight volume exceed pre-Covid, it should result in an upside for BA.

Exhibit 8: Passenger yield



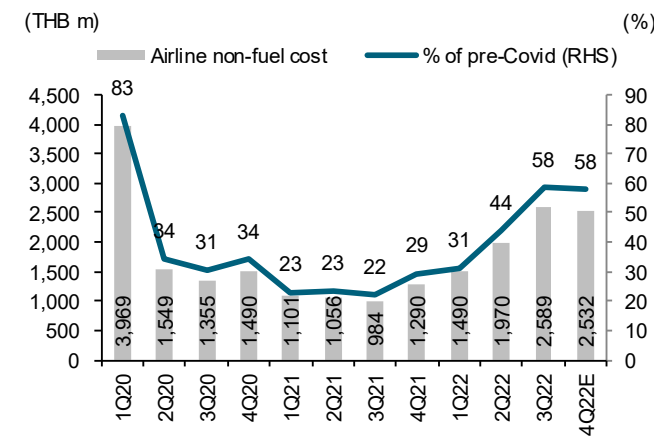
Sources: BA; FSSIA estimate

Exhibit 9: RASK and CASK



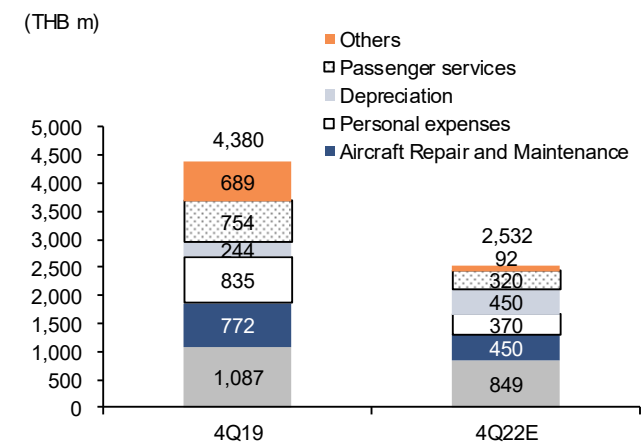
*RASK = revenue per available seat kilometre; CASK = cost per available seat kilometre
Sources: BA; FSSIA estimate

Exhibit 10: Non-fuel cost of airline business



Sources: BA; FSSIA estimates

Exhibit 11: Cost of airline business 4Q22E vs 4Q19



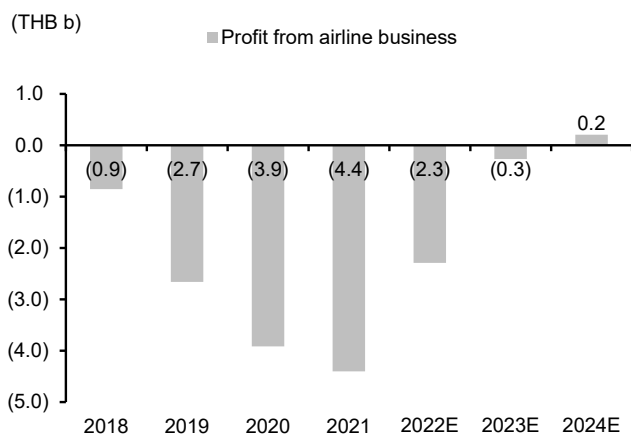
Sources: BA; FSSIA estimates

Exhibit 12: Forecast revisions

	Current			Previous			Change (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Passengers carried (m)	2.6	4.6	5.7	2.6	4.7	5.8	1.6	(1.1)	(2.0)
Load factor (%)	75	74	72	73	73	72	2.3	1.0	0.3
Average ticket fare (THB)	3,108	3,380	3,515	2,930	3,370	3,505	6.1	0.3	0.3
Fuel price net hedging (USD/bbl)	139	134	132	135	130	128	3.0	3.1	3.1
Revenue (THB m)	10,997	20,020	25,032	10,313	20,246	25,500	6.6	(1.1)	(1.8)
EBITDA (THB m)	348	2,059	2,353	(219)	2,021	2,202	(258.8)	1.9	6.9
Core net profit (THB m)	(1,813)	918	1,573	(2,414)	869	1,480	24.9	5.6	6.3

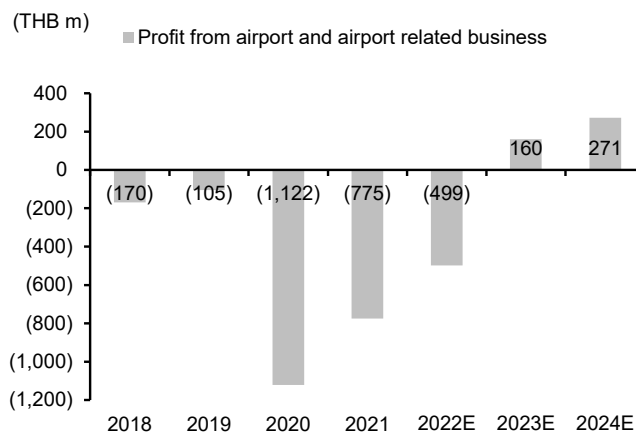
Note: Change of items in percentage terms is represented in ppt change.
Sources: BA; FSSIA estimates

Exhibit 13: Profit from airline business



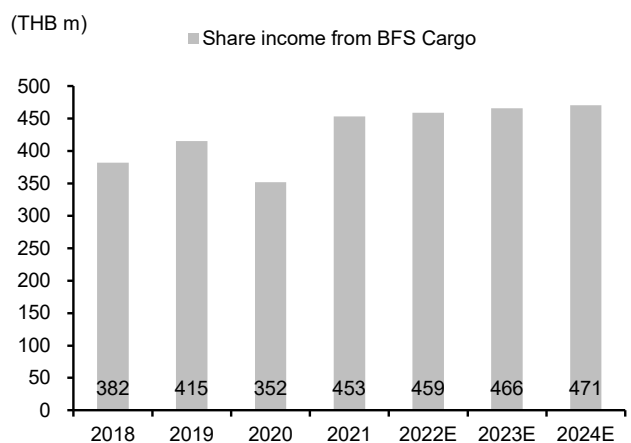
Source: FSSIA estimates

Exhibit 14: Profit from airport & airport-related business



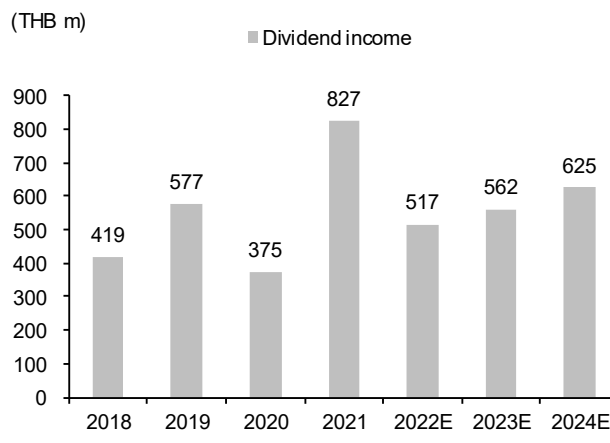
Note: Includes leasehold payment of BAREIT
Source: FSSIA estimates

Exhibit 15: Share income from cargo business



Sources: BA; FSSIA estimates

Exhibit 16: Dividend income



Sources: BA; FSSIA estimates

Exhibit 17: SoTP valuation

SoTP Base case	(THB b)	(THB/share)	Comments
BDMS	22.9	10.9	Fair price at our TP of THB34.5/shr with 20% holding discount
BAFS	1.8	0.8	Fair price at our TP of THB35.0/shr with 20% holding discount
BAREIT	2.5	1.2	Fair price at consensus TP of THB12.1/shr with 20% holding discount
Airport and airport-related businesses	18.8	8.9	Net profit (exclude BAREIT lease payment) THB1.3b and pegged at 15x P/E multiple
Airline business	2.7	1.3	0.8x P/BV multiple of THB3.4b owned aircraft book value
Cargo business	6.8	3.3	Share income of THB0.5b and pegged at 15x P/E multiple
Interest-bearing debt	(9.6)	(4.6)	At end 2023E
BAREIT lease liabilities	(13.7)	(6.5)	At end 2023E
Cash	5.7	2.7	At end 2023E
Total value	37.8	18.0	

Source: FSSIA estimates

Exhibit 18: Peer comparisons, airline sector as of 24 Jan-23

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)
Thailand													
Bangkok Airways	BA TB	BUY	13.90	18.00	29.5	889	(16.1)	31.8	18.6	2.6	2.4	160.9	25.5
Asia Aviation	AAV TB	BUY	3.04	3.70	21.7	1,126	(5.2)	30.4	31.8	2.2	2.3	1,007.6	8.7
Thailand average						2,015	(10.7)	31.1	25.2	2.4	2.3	584.2	17.1
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	63.36	n/a	n/a	9,138	n/a	37.1	21.7	4.9	4.4	n/a	20.2
Interglobe Aviation	INDIGO IN	n/a	2,121.80	n/a	n/a	9,929	n/a	n/a	19.7	n/a	n/a	53.0	13.6
Cebu Air Inc	CEB PM	n/a	42.90	n/a	n/a	484	n/a	5.7	n/a	n/a	n/a	n/a	n/a
Singapore Airlines	SIA SP	n/a	5.88	n/a	n/a	13,234	n/a	9.9	14.8	1.6	1.2	11.8	3.5
Japan Airlines	9201 JP	n/a	2,730.00	n/a	n/a	9,169	n/a	29.5	14.2	1.5	1.4	n/a	n/a
Ana Holdings	9202 JP	n/a	2,878.50	n/a	n/a	10,711	n/a	29.3	15.7	1.5	1.6	141.1	8.7
Cathay Pacific Airways	293 HK	n/a	8.38	n/a	n/a	6,890	n/a	14.2	11.2	1.0	0.9	4.9	3.8
Spicejet (India)	SJET IN	n/a	36.85	n/a	n/a	270	n/a	n/a	n/a	n/a	n/a	151.7	n/a
Vietjet Aviation	VJC VN	n/a	114,500	n/a	n/a	2,645	299.7	36.1	21.1	n/a	n/a	51.6	21.3
Regional average						62,469	n/a	23.1	16.9	2.1	1.9	69.0	11.9
Global													
Eva Airways	2618 TT	n/a	28.40	n/a	n/a	5,015	19.0	16.0	52.6	1.7	1.5	4.9	4.7
Air New Zealand	AIR NZ	n/a	0.80	n/a	n/a	1,737	n/a	7.4	9.2	1.3	1.2	193.7	3.4
Air Arabia	AIRARABIA UH	n/a	2.24	n/a	n/a	2,833	8.7	5.5	6.1	1.7	1.6	5.2	5.0
Easyjet (UK)	EZJ LN	n/a	450.00	n/a	n/a	4,286	n/a	34.3	14.5	1.4	1.3	6.9	4.6
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	7.54	n/a	n/a	606	n/a	n/a	4.2	n/a	n/a	2.1	1.2
JetBlue Airways (US, Latin AM)	JBLU	n/a	8.65	n/a	n/a	2,802	n/a	13.2	6.9	0.8	0.8	10.5	4.2
Norwegian Air Shuttle (Norway)	NWARF US	n/a	0.87	n/a	n/a	807	n/a	19.4	7.5	2.3	2.0	7.2	2.9
Southwest Airlines (US)	LUV US	n/a	36.69	n/a	n/a	21,785	22.6	12.0	9.1	2.0	1.8	5.9	4.2
Global average						39,872	16.8	15.4	13.8	1.6	1.5	29.5	3.8
Overall average						104,356	54.8	20.7	16.4	1.9	1.7	113.7	8.5

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	10,997	20,020	25,032
Cost of goods sold	(8,015)	(3,773)	(8,537)	(14,718)	(18,850)
Gross profit	(349)	(1,056)	2,459	5,302	6,183
Other operating income	-	-	-	-	-
Operating costs	(2,384)	(1,551)	(2,111)	(3,243)	(3,830)
Operating EBITDA	(2,733)	(2,607)	348	2,059	2,353
Depreciation	(2,843)	(2,342)	(2,522)	(2,322)	(2,365)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(5,576)	(4,949)	(2,174)	(263)	(13)
Net financing costs	(1,084)	(1,258)	(1,468)	(1,748)	(1,565)
Associates	555	453	492	708	720
Recurring non-operating income	2,399	2,142	1,807	2,969	3,334
Non-recurring items	678	(5,180)	(139)	0	0
Profit before tax	(3,583)	(9,246)	(1,974)	957	1,756
Tax	(100)	117	10	(25)	(124)
Profit after tax	(3,683)	(9,129)	(1,964)	932	1,632
Minority interests	45	50	12	(14)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(3,639)	(9,079)	(1,952)	918	1,573
Non-recurring items & goodwill (net)	(678)	5,180	139	0	0
Recurring net profit	(4,316)	(3,899)	(1,813)	918	1,573
Per share (THB)					
Recurring EPS *	(2.06)	(1.86)	(0.86)	0.44	0.75
Reported EPS	(1.73)	(4.32)	(0.93)	0.44	0.75
DPS	0.00	0.00	0.00	0.26	0.45
Diluted shares (used to calculate per share data)	2,100	2,100	2,100	2,100	2,100
Growth					
Revenue (%)	(68.0)	(64.6)	304.7	82.1	25.0
Operating EBITDA (%)	nm	nm	nm	491.6	14.3
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	nm	71.4
Reported EPS (%)	nm	nm	nm	nm	71.4
Operating performance					
Gross margin inc. depreciation (%)	(41.6)	(125.1)	(0.6)	14.9	15.2
Gross margin of key business (%)	(41.6)	(125.1)	(0.6)	14.9	15.2
Operating EBITDA margin (%)	(35.6)	(96.0)	3.2	10.3	9.4
Operating EBIT margin (%)	(72.7)	(182.2)	(19.8)	(1.3)	(0.1)
Net margin (%)	(56.3)	(143.5)	(16.5)	4.6	6.3
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)	(0.2)	1.5	2.1
Inventory days	22.5	44.3	20.2	10.7	7.9
Debtor days	46.1	51.9	10.5	4.7	5.6
Creditor days	98.0	100.9	67.5	52.6	47.7
Operating ROIC (%)	(44.3)	(32.6)	(14.1)	(2.3)	(0.1)
ROIC (%)	(7.3)	(6.2)	(0.7)	5.8	7.4
ROE (%)	(17.4)	(23.8)	(14.8)	7.8	12.4
ROA (%)	(5.8)	(5.5)	(1.1)	4.7	5.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Air fares	5,589	1,191	8,226	15,705	20,087
Revenue from sales and services	1,849	1,477	2,422	3,711	4,159
Freight	50	6	74	126	215
Passenger services	177	43	274	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)	(1,813)	918	1,573
Depreciation	2,843	2,342	2,522	2,322	2,365
Associates & minorities	-	-	-	-	-
Other non-cash items	119	(4,921)	(151)	14	58
Change in working capital	(1,571)	(1,232)	951	1,319	1,189
Cash flow from operations	(2,926)	(7,709)	1,510	4,573	5,186
Capex - maintenance	(5,495)	(722)	(550)	(1,001)	(1,252)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	3,924	114	(2,500)	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,571)	(608)	(3,050)	(1,001)	(1,252)
Dividends paid	(203)	0	0	0	(551)
Equity finance	0	0	0	0	0
Debt finance	3,648	6,094	6,794	(5,272)	(5,249)
Other financing cash flows	(6,086)	2,168	0	0	0
Cash flow from financing	(2,641)	8,262	6,794	(5,272)	(5,800)
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)	5,254	(1,700)	(1,866)
Free cash flow to firm (FCFF)	(3,379.37)	(7,052.04)	(65.93)	5,342.13	5,516.75
Free cash flow to equity (FCFE)	(6,934.75)	(55.35)	5,254.11	(1,700.34)	(1,314.83)

Per share (THB)

FCFF per share	(1.61)	(3.36)	(0.03)	2.54	2.63
FCFE per share	(3.30)	(0.03)	2.50	(0.81)	(0.63)
Recurring cash flow per share	(0.64)	(3.08)	0.27	1.55	1.90

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	27,882	27,064	27,613	28,614	29,866
Less: Accumulated depreciation	(9,622)	(10,424)	(12,946)	(15,268)	(17,633)
Tangible fixed assets (net)	18,260	16,640	14,667	13,347	12,233
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	7,380	5,680	3,814
A/C receivable	401	373	259	259	509
Inventories	477	438	508	359	460
Other current assets	198	169	683	1,243	1,555
Current assets	3,257	3,106	8,829	7,541	6,338
Other assets	779	1,002	1,002	1,002	1,002
Total assets	50,602	48,939	55,190	52,581	50,264
Common equity	19,591	13,198	11,247	12,164	13,187
Minorities etc.	14	(36)	(48)	(34)	25
Total shareholders' equity	19,606	13,162	11,198	12,130	13,212
Long term debt	20,234	26,515	33,309	28,037	22,788
Other long-term liabilities	5,290	5,305	5,305	5,305	5,305
Long-term liabilities	25,524	31,820	38,614	33,342	28,093
A/C payable	1,119	967	2,189	2,055	2,871
Short term debt	1,105	917	917	917	917
Other current liabilities	3,248	2,073	2,272	4,136	5,171
Current liabilities	5,472	3,957	5,378	7,108	8,959
Total liabilities and shareholders' equity	50,602	48,939	55,190	52,581	50,264
Net working capital	(3,292)	(2,060)	(3,011)	(4,330)	(5,519)
Invested capital	44,053	43,773	43,350	40,710	38,408

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

Per share (THB)

Book value per share	9.33	6.28	5.36	5.79	6.28
Tangible book value per share	9.33	6.28	5.36	5.79	6.28

Financial strength

Net debt/equity (%)	97.7	192.3	239.7	191.9	150.6
Net debt/total assets (%)	37.9	51.7	48.6	44.3	39.6
Current ratio (x)	0.6	0.8	1.6	1.1	0.7
CF interest cover (x)	(5.4)	1.0	4.6	0.0	0.2

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(6.8)	(7.5)	(16.1)	31.8	18.6
Recurring P/E @ target price (x) *	(8.8)	(9.7)	(20.9)	41.2	24.0
Reported P/E (x)	(8.0)	(3.2)	(15.0)	31.8	18.6
Dividend yield (%)	-	-	-	1.9	3.2
Price/book (x)	1.5	2.2	2.6	2.4	2.2
Price/tangible book (x)	1.5	2.2	2.6	2.4	2.2
EV/EBITDA (x) **	(17.7)	(20.9)	160.9	25.5	20.9
EV/EBITDA @ target price (x) **	(20.8)	(24.2)	185.6	29.6	24.5
EV/invested capital (x)	1.1	1.2	1.3	1.3	1.3

* 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	BPCG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	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	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	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	MITSIB	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	NEX	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	UNIQU	
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	TPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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 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	SEOIL	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	WIIK
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)



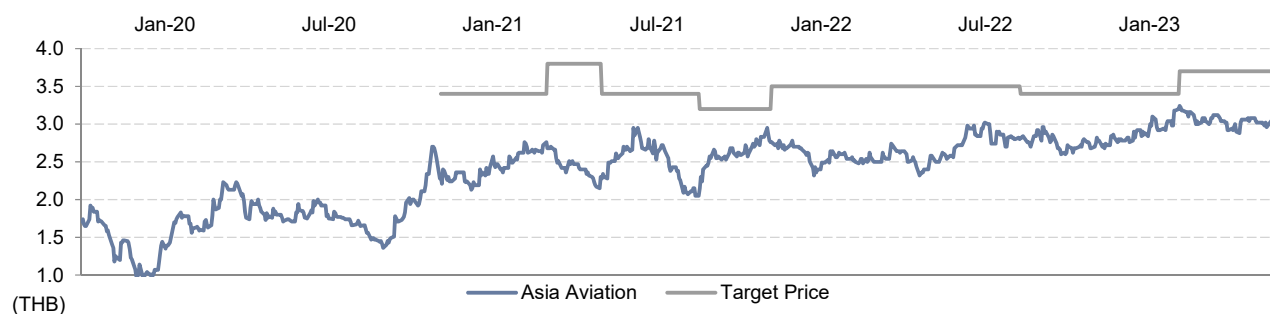
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	01-Sep-2022	BUY	15.00	-	-	-
25-Jun-2021	BUY	16.00	20-Oct-2022	BUY	15.60	-	-	-

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
21-Dec-2020	BUY	3.40	16-Aug-2021	BUY	3.20	31-Oct-2022	BUY	3.70
29-Mar-2021	BUY	3.80	21-Oct-2021	BUY	3.50	-	-	-
18-May-2021	BUY	3.40	07-Jun-2022	BUY	3.40	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 13.90	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 3.04	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.

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 24-Jan-2023 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.