

ASIA AVIATION AAV TB

THAILAND / TRANSPORT & LOGISTICS

BUY

UNCHANGED

Ready to fly back to China

- Expect core loss to narrow to THB0.5b in 4Q22; bottom line should turn profitable due to FX gain.
- Should resume China routes by up to 15-20% of pre-Covid level in 1Q23; core profit should turn around in 2023.
- Maintain BUY with valuation based on 1.4x 2023E adjusted P/BV.

TARGET PRICE	THB3.70
CLOSE	THB3.10
UP/DOWNSIDE	+19.4%
PRIOR TP	THB3.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+20.4%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	4,117	17,749	43,121	48,580
Net profit	(6,647)	(8,645)	1,284	1,644
EPS (THB)	(0.67)	(0.75)	0.10	0.13
vs Consensus (%)	-	nm	nm	39.8
EBITDA	(3,153)	(1,856)	9,840	10,374
Core net profit	(4,853)	(6,513)	1,284	1,644
Core EPS (THB)	(0.49)	(0.51)	0.10	0.13
Chg. In EPS est. (%)	nm	nm	0.0	0.0
EPS growth (%)	nm	nm	nm	28.0
Core P/E (x)	(6.3)	(6.1)	31.0	24.2
Dividend yield (%)	-	-	1.3	1.7
EV/EBITDA (x)	(21.3)	(44.7)	8.5	7.8
Price/book (x)	1.5	2.5	2.5	2.3
Net debt/Equity (%)	236.4	322.5	274.0	239.1
ROE (%)	(28.2)	(37.5)	8.4	10.0

Passenger recovery to 75% of pre-Covid level

The 4Q22 passenger volume grew 48% q-q to 4.1m, accounting for 75% of the pre-Covid level (vs 52% in 3Q22). 4Q seat capacity recovered to 72% of pre-Covid (89% for domestic and 48% for international), with a strong load factor of 90% (vs 87% in 3Q22 and 86% in 4Q19). We estimate the average ticket fare to increase by 18% q-q to THB1,650 in 4Q22, exceeding the pre-Covid level by 9%. Overall, we forecast 4Q22 revenue to grow 68% q-q and expenses to grow 24% q-q. This would narrow AAV's core loss to THB0.5b in 4Q22 (vs the THB1.2b core loss in 3Q22). Note that AAV should book a cTHB3.0b FX gain on its lease liabilities due to the appreciation of the THB against USD, resulting in a net profit of THB2.5b, the first quarterly net profit since 1Q19.

Expect AAV to fully resume all flights to China by end of this year

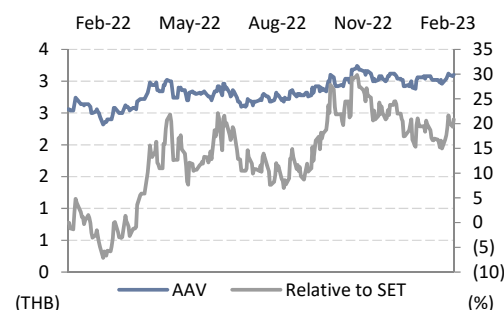
In our view, AAV is the aviation stock that would benefit the most from China's reopening. AAV had a 32% revenue contribution from China routes in 2019, with a 30% market share of inbound Chinese passengers. It had 138 flights/week to China and currently plans to resume 24 flights/week (c17% of pre-Covid) within 1Q23. It expects to resume its entire flight capacity to China by the end of this year. As of 4Q22, AAV operated 42 out of its 53 aircraft. The company plans to gradually resume operating the remaining aircraft to mainly serve China routes.

Strong ticket fare outlook to drive 2023 turnaround

We expect AAV to turn around in 2023. Passenger volume should recover to 20m (vs 22m in 2019), while ticket fares should exceed pre-Covid by 15-20%, premised on fuel surcharges for domestic routes and pent-up demand from Chinese tourists. Aside from revenue that should exceed the pre-Covid level, we expect better profitability due to leaner costs on fewer aircraft (53 in 2023 vs 63 in 2019) and a lower headcount.

Revise up 2022E core profit

We raise our 2022 core profit estimate to reflect our 4Q22 forecast. We maintain our 2023-24 earnings forecasts and TP of THB3.7/shr, based on 1.4x 2023E adjusted P/BV. Our adjusted BV is THB33.6b, based on 2023E equity of THB15.8b and adding back a one-off core loss over 2020-21 of THB17.8b.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.3	(3.1)	24.0
Relative to country (%)	1.1	(6.8)	22.3
Mkt cap (USD m)			1,141
3m avg. daily turnover (USD m)			4.1
Free float (%)			59
Major shareholder		AirAsia Aviation Limited (45%)	
12m high/low (THB)			3.30/2.20
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 passenger volume to recover in 2023. AAV should continue to gain more market share in the domestic market 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 China's borders reopen.

We also expect that its cost structure from 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 it has negotiated with lessors to restructure lease contracts.

AAV started to collect fuel surcharges for both domestic and international routes in 2022. This should drive ticket fares to exceed the pre-Covid level and offset rising fuel prices.

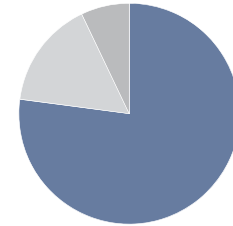
Company profile

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

Principal activities (revenue, 2021)

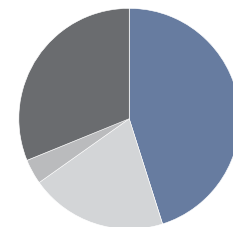
- Ticket sales - 77.1 %
- Ancillaries - 15.8 %
- Other revenue - 7.1 %



Source: Asia Aviation

Major shareholders

- AirAsia Aviation Limited - 45.1 %
- Mr. Tassapon Bijleveld - 20.1 %
- Mr. Pitharn Ongkosit - 3.7 %
- Others - 31.2 %



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) strong pent-up demand from Chinese tourists

Risks to our call

Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
Feb 2023	4Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Number of aircraft (no.)	53	53	53
Pax carried (m)	10	20	22
Load factor (%)	79	86	87
Average ticket fare (THB)	1,420	1,721	1,807
Ancillaries per pax (THB/pax)	320	350	361
Fuel price net hedging (USD/bbl)	137	128	120

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.

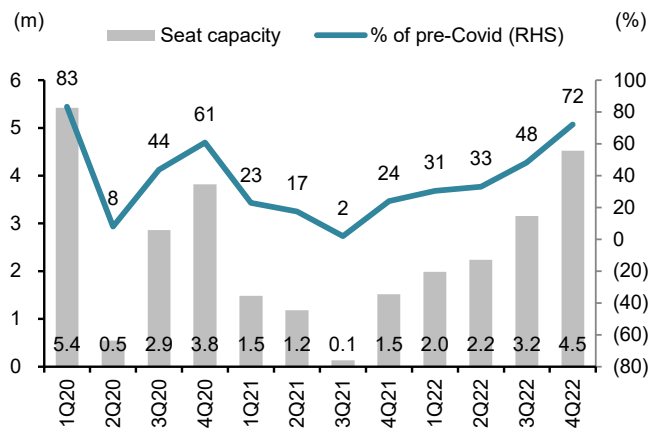
Source: FSSIA estimates

Exhibit 1: 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	1,601	1,881	2,747	4,878	8,209	68	413	17,749
- Passenger revenue	1,283	1,478	2,213	3,868	6,698	73	422	14,128
- Other revenue	318	403	534	1,010	1,511	50	376	3,621
Expense	(4,266)	(4,716)	(5,396)	(7,018)	(8,699)	24	104	(25,905)
- Fuel and oil	(592)	(860)	(1,557)	(2,490)	(3,434)	38	480	(8,299)
- Non-fuel operating expenses	(3,674)	(3,856)	(3,839)	(4,528)	(5,265)	16	43	(17,606)
Operating profit	(2,665)	(2,835)	(2,649)	(2,140)	(491)	77	82	(8,156)
Interest income	6	6	8	7	7	0	18	32
Interest expense	(572)	(559)	(552)	(625)	(625)	0	9	(2,347)
Pretax profit	(3,231)	(3,387)	(3,193)	(2,758)	(1,108)	60	66	(10,471)
Income Tax	1,008	722	841	1,578	600	(62)	(40)	3,774
Core profit (TAA)	(2,222)	(2,665)	(2,352)	(1,180)	(508)	57	77	(6,697)
Core profit (AAV)	(1,296)	(2,473)	(2,352)	(1,180)	(508)	57	61	(6,513)
Extraordinaries	551	110	(2,372)	(2,870)	3,000	(205)	444	(2,132)
- FX gain (loss)	533	210	(2,399)	(2,885)	3,000	(204)	463	(2,074)
- Derivative gain (loss)	18	(59)	27	15	0	(100)	(100)	(17)
- Others	0	(41)	0	0	0			(41)
Reported net profit (TAA)	(1,671)	(2,555)	(4,724)	(4,050)	2,492	162	249	(8,829)
Minority interest	679	184	0	0	0			184
Reported net profit (AAV)	(993)	(2,371)	(4,724)	(4,050)	2,492	162	351	(8,645)
Shares out (end Q, m)	9,879	9,879	9,879	9,879	9,879	0	0	12,850
Core EPS	(0.13)	(0.25)	(0.24)	(0.12)	(0.05)	57	61	(0.51)
EPS	(0.10)	(0.24)	(0.48)	(0.41)	0.25	162	351	(0.75)
Depreciation	(1,886)	(1,576)	(1,603)	(1,541)	(1,541)	0	(18)	(6,300)
EBITDA	(779)	(1,259)	(1,046)	(599)	1,050	275	235	(1,856)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Operating profit margin	(166)	(151)	(96)	(44)	(6)	38	160	(46)
EBITDA margin	(49)	(67)	(38)	(12)	13	25	61	(10)
Net profit margin	(62)	(126)	(172)	(83)	30	113	92	(49)
Operating stats						0	0	
Passengers carried (m)	1.1	1.5	1.7	2.8	4.1			
Load factor (%)	76	73	75	87	90			
RPK (m seats-km)	783	1,012	1,363	2,478	3,774			
ASK (m seats-km)	1,030	1,387	1,811	2,863	4,246			
Average fare (THB)	1,130	1,018	1,317	1,404	1,650			
RASK (THB)	1.5	1.3	1.5	1.7	n/a			
CASK (THB)	4.3	3.7	3.2	2.6	n/a			
CASK ex-fuel (THB)	3.8	3.1	2.3	1.8	n/a			
Fuel cost per ASK (THB)	0.6	0.6	0.9	0.9	n/a			

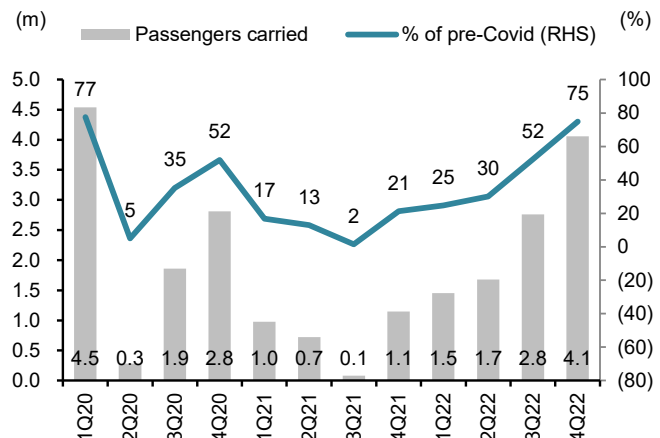
Sources: AAV; FSSIA estimates

Exhibit 2: Seat capacity



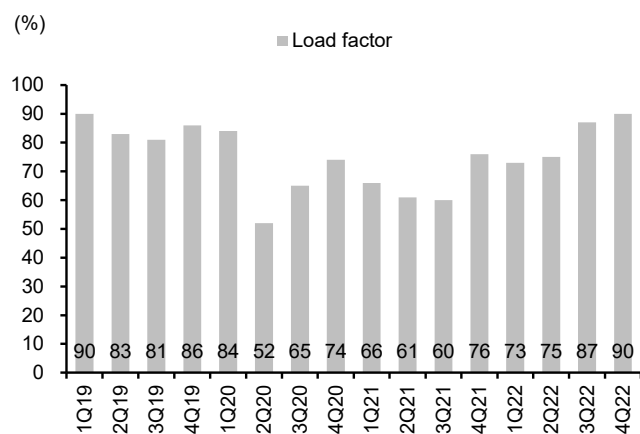
Source: AAV

Exhibit 3: Passengers carried



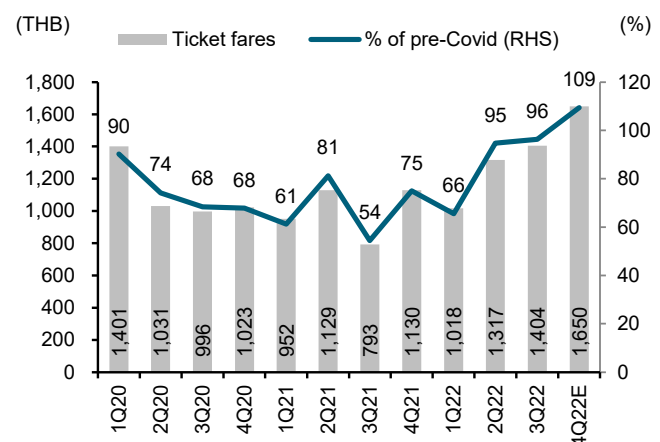
Source: AAV

Exhibit 4: Load factor



Source: AAV

Exhibit 5: Average ticket fare



Sources: AAV; FSSIA estimate

Exhibit 6: Forecast revisions

	Current			Previous			Change (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Passengers carried (m)	9.9	20.0	21.6	10.5	18.0	21.5	(5.1)	10.9	0.4
Load factor (%)	79	86	87	79	86	87	0.0	0.0	0.3
Average fare (THB)	1,420	1,721	1,807	1,350	1,774	1,810	5.2	(3.0)	(0.2)
Fuel price net hedging (USD/bbl)	137	128	120	126	118	120	8.9	8.5	0.0
Revenue (THB b)	17.7	43.1	48.6	18.0	40.1	48.5	(1.6)	7.7	0.1
EBITDA margin (%)	(10.5)	22.8	21.4	0.5	23.8	20.7	(10.9)	(0.9)	0.6
Core earnings (THB m)	(6,513)	1,284	1,644	(7,498)	1,284	1,644	13.1	0.0	(0.0)

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

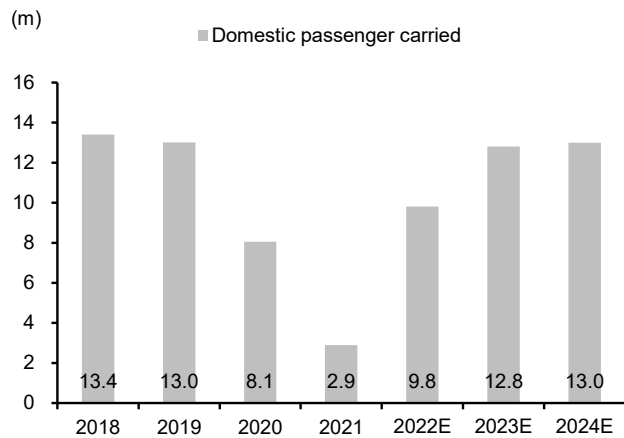
Sources: AAV; FSSIA estimates

Exhibit 7: P/BV valuation table

Valuation estimate	(THB b)	(THB/share)	Comments
Book value	15.8	1.2	At end-2023E
One-off loss	17.8	1.4	Core loss over 2020-21
Adjusted book value	33.6	2.6	Adding back a one-off core loss
Target price	3.7	Pegged at 1.4x P/BV	

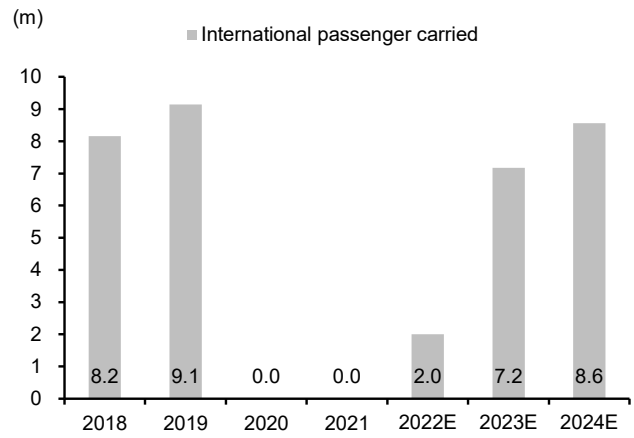
Source: FSSIA estimate

Exhibit 8: Domestic passengers carried



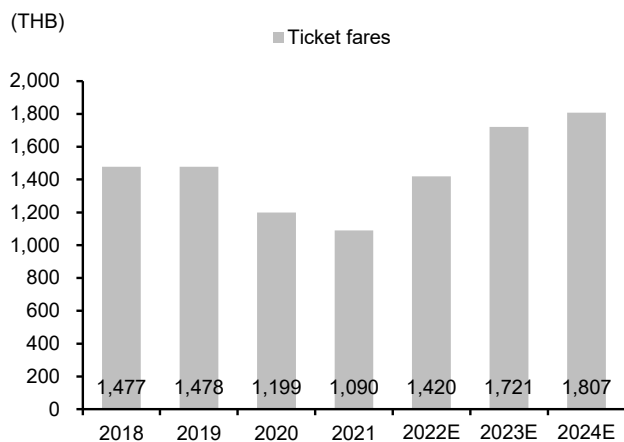
Sources: AAV; FSSIA estimates

Exhibit 9: International passengers carried



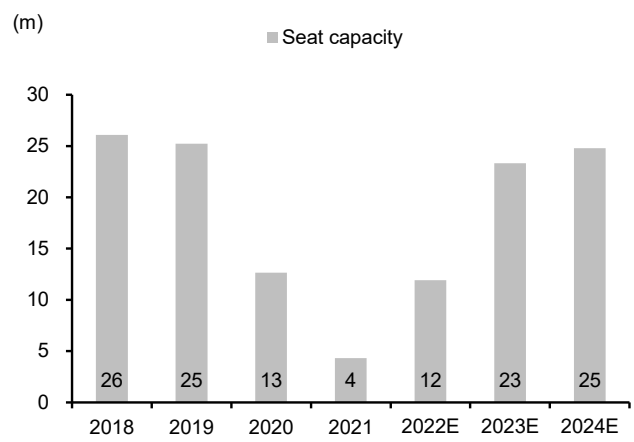
Sources: AAV; FSSIA estimates

Exhibit 10: Average ticket fare, annually



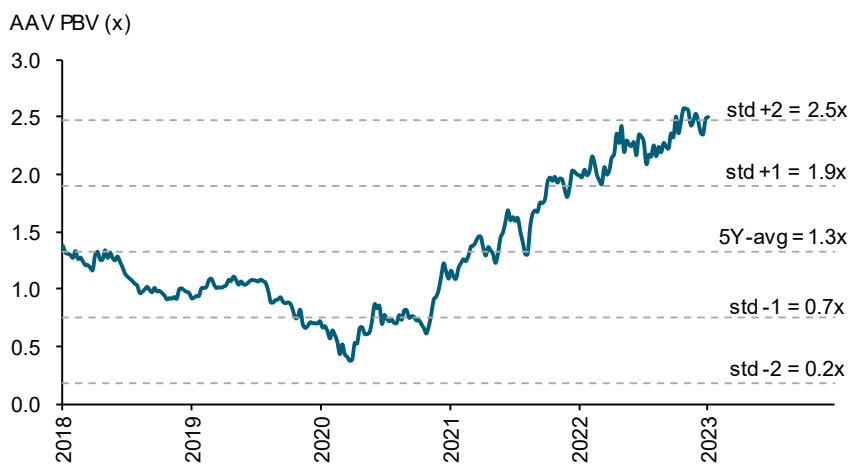
Sources: AAV; FSSIA estimates

Exhibit 11: Seat capacity, annually



Sources: AAV; FSSIA estimates

Exhibit 12: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Peer comparisons as of 31 January 2023

Company	BBG	Rec	--- Share price ---			Market Cap (USD m)	----- PE -----			---- PBV ----		-- EV/ EBITDA --	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	24E (x)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand													
Bangkok Airways	BA TB	BUY	14.60	18.00	23.3	928	(16.9)	33.4	19.5	2.7	2.5	165.1	26.2
Asia Aviation	AAV TB	BUY	3.10	3.70	19.4	1,141	(5.3)	31.0	24.2	2.5	2.5	(44.7)	8.5
Thailand average						2,068	(11.1)	32.2	21.9	2.6	2.5	60.2	17.3
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	60.21	n/a	n/a	8,655	n/a	36.4	20.3	4.5	4.1	n/a	19.6
Interglobe Aviation	INDIGO IN	n/a	2,124.25	n/a	n/a	10,041	n/a	n/a	19.9	n/a	n/a	53.6	15.0
Cebu Air Inc	CEB PM	n/a	42.80	n/a	n/a	492	n/a	5.8	n/a	n/a	n/a	n/a	n/a
Singapore Airlines	SIA SP	n/a	5.92	n/a	n/a	13,404	n/a	10.0	14.9	1.6	1.3	11.9	3.6
Japan Airlines	9201 JP	n/a	2,750.00	n/a	n/a	9,179	n/a	28.3	13.9	1.5	1.4	n/a	6.9
Ana Holdings	9202 JP	n/a	2,869.50	n/a	n/a	10,727	n/a	29.8	15.3	1.5	1.6	141.3	8.6
Cathay Pacific Airways	293 HK	n/a	7.80	n/a	n/a	6,438	n/a	14.6	11.8	0.9	0.9	8.7	6.6
Spicejet (India)	SJET IN	n/a	35.55	n/a	n/a	264	n/a	n/a	n/a	n/a	n/a	151.0	n/a
Vietjet Aviation	VJC VN	n/a	116,300	n/a	n/a	2,610	295.8	35.6	20.9	n/a	n/a	51.1	21.1
Regional average						61,811	n/a	22.9	16.7	2.0	1.8	69.6	11.6
Global													
Eva Airways	2618 TT	n/a	29.00	n/a	n/a	5,333	19.5	16.3	55.4	1.8	1.6	5.1	4.7
Air New Zealand	AIR NZ	n/a	0.78	n/a	n/a	1,707	n/a	7.3	9.1	1.3	1.2	192.1	3.4
Air Arabia	AIRARABIA UH	n/a	2.20	n/a	n/a	2,795	8.6	5.4	6.0	1.7	1.6	5.1	4.9
Easyjet (UK)	EZJ LN	n/a	491.90	n/a	n/a	4,596	n/a	23.9	14.1	1.5	1.4	7.3	4.6
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	7.66	n/a	n/a	630	n/a	n/a	3.8	n/a	n/a	11.3	6.2
JetBlue Airways (US, Latin AM)	JBLU	n/a	8.00	n/a	n/a	2,591	n/a	16.5	6.9	0.7	0.7	11.0	4.6
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.00	n/a	n/a	880	n/a	19.3	6.2	2.7	2.3	7.8	3.2
Southwest Airlines (US)	LUV US	n/a	35.77	n/a	n/a	21,239	25.2	12.8	9.1	2.0	2.0	6.3	4.6
Global average						39,771	17.8	14.5	13.8	1.7	1.5	30.8	4.5
Overall average						103,651	54.5	20.4	16.0	1.9	1.8	49.0	8.9

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	17,749	43,121	48,580
Cost of goods sold	(14,745)	(6,035)	(18,008)	(30,608)	(35,193)
Gross profit	(385)	(1,918)	(258)	12,513	13,386
Other operating income	-	-	-	-	-
Operating costs	(1,851)	(1,236)	(1,597)	(2,674)	(3,012)
Operating EBITDA	(2,236)	(3,153)	(1,856)	9,840	10,374
Depreciation	(5,739)	(5,434)	(6,300)	(5,800)	(5,900)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(7,975)	(8,587)	(8,156)	4,040	4,474
Net financing costs	(1,776)	(1,848)	(2,315)	(2,435)	(2,420)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	233	(1,795)	(2,132)	0	0
Profit before tax	(9,518)	(12,231)	(12,603)	1,605	2,055
Tax	660	1,741	3,774	(321)	(411)
Profit after tax	(8,858)	(10,490)	(8,829)	1,284	1,644
Minority interests	3,903	5,310	184	0	0
Preferred dividends	-	-	-	-	-
Other items	191	(1,468)	-	0	0
Reported net profit	(4,764)	(6,647)	(8,645)	1,284	1,644
Non-recurring items & goodwill (net)	(233)	1,795	2,132	0	0
Recurring net profit	(4,997)	(4,853)	(6,513)	1,284	1,644
Per share (THB)					
Recurring EPS *	(1.03)	(0.49)	(0.51)	0.10	0.13
Reported EPS	(0.98)	(0.67)	(0.75)	0.10	0.13
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
Growth					
Revenue (%)	(65.1)	(71.3)	331.1	142.9	12.7
Operating EBITDA (%)	nm	nm	nm	nm	5.4
Operating EBIT (%)	nm	nm	nm	nm	10.8
Recurring EPS (%)	nm	nm	nm	nm	28.0
Reported EPS (%)	nm	nm	nm	nm	28.0
Operating performance					
Gross margin inc. depreciation (%)	(42.6)	(178.6)	(37.0)	15.6	15.4
Gross margin of key business (%)	(42.6)	(178.6)	(37.0)	15.6	15.4
Operating EBITDA margin (%)	(15.6)	(76.6)	(10.5)	22.8	21.4
Operating EBIT margin (%)	(55.5)	(208.6)	(46.0)	9.4	9.2
Net margin (%)	(34.8)	(117.9)	(36.7)	3.0	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)	(3.5)	1.7	1.8
Inventory days	6.6	14.2	5.3	3.2	2.7
Debtor days	46.0	122.3	30.4	11.0	9.8
Creditor days	32.2	87.4	31.6	15.4	14.5
Operating ROIC (%)	(29.8)	(21.3)	(20.5)	11.0	13.1
ROIC (%)	(14.2)	(12.3)	(10.8)	5.3	6.0
ROE (%)	(29.2)	(28.2)	(37.5)	8.4	10.0
ROA (%)	(11.1)	(12.4)	(6.5)	4.1	4.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ticket sales	11,123	3,174	14,128	34,381	38,970
Ancillaries	2,285	651	3,184	6,992	7,774
Other revenue	952	292	437	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)	(6,513)	1,284	1,644
Depreciation	5,739	5,434	6,300	5,800	5,900
Associates & minorities	-	-	-	-	-
Other non-cash items	3,841	(4,538)	(8,025)	0	0
Change in working capital	(1,888)	(1,117)	2,781	1,697	1,084
Cash flow from operations	2,694	(5,074)	(5,457)	8,781	8,628
Capex - maintenance	(21,476)	(3,885)	(6,177)	(5,231)	(5,286)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(21,476)	(3,885)	(6,177)	(5,231)	(5,286)
Dividends paid	0	0	0	0	(514)
Equity finance	0	8,800	3,000	2,200	0
Debt finance	16,305	6,481	5,500	(1,000)	1,000
Other financing cash flows	(395)	(2,073)	1,465	(2,200)	0
Cash flow from financing	15,910	13,208	9,966	(1,000)	486
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(2,872)	4,249	(1,669)	2,550	3,828
Free cash flow to firm (FCFF)	(16,981.93)	(7,059.54)	(9,287.64)	6,006.91	5,798.77
Free cash flow to equity (FCFE)	(2,871.86)	(4,550.79)	(4,668.92)	350.07	4,341.93

Per share (THB)

FCFF per share	(1.32)	(0.55)	(0.72)	0.47	0.45
FCFE per share	(0.22)	(0.35)	(0.36)	0.03	0.34
Recurring cash flow per share	0.94	(0.40)	(0.71)	0.55	0.59

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	44,557	43,298	45,476	46,907	48,393
Less: Accumulated depreciation	(3,944)	(4,234)	(6,534)	(8,534)	(10,634)
Tangible fixed assets (net)	40,614	39,064	38,942	38,373	37,759
Intangible fixed assets (net)	23,696	23,688	31,488	31,488	31,488
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	1,110	5,360	3,691	6,241	10,069
A/C receivable	1,100	1,658	1,303	1,303	1,303
Inventories	240	230	293	246	283
Other current assets	310	425	383	662	746
Current assets	2,760	7,673	5,670	8,452	12,401
Other assets	908	784	784	784	784
Total assets	67,978	71,208	76,883	79,096	82,430
Common equity	14,266	20,201	14,557	15,840	16,971
Minorities etc.	3,094	(3,372)	0	0	0
Total shareholders' equity	17,360	16,829	14,557	15,840	16,971
Long term debt	37,659	44,310	49,810	48,810	49,810
Other long-term liabilities	3,448	1,182	1,182	1,182	1,182
Long-term liabilities	41,106	45,492	50,992	49,992	50,992
A/C payable	1,049	1,841	1,281	1,299	1,493
Short term debt	1,000	829	829	829	829
Other current liabilities	7,462	6,216	9,223	11,135	12,145
Current liabilities	9,511	8,887	11,333	13,263	14,467
Total liabilities and shareholders' equity	67,978	71,208	76,883	79,096	82,430
Net working capital	(6,861)	(5,744)	(8,525)	(10,223)	(11,307)
Invested capital	58,356	57,791	62,688	60,421	58,723

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

Per share (THB)

Book value per share	2.94	2.04	1.26	1.23	1.32
Tangible book value per share	(1.94)	(0.35)	(1.46)	(1.22)	(1.13)

Financial strength

Net debt/equity (%)	216.3	236.4	322.5	274.0	239.1
Net debt/total assets (%)	55.2	55.9	61.1	54.9	49.2
Current ratio (x)	0.3	0.9	0.5	0.6	0.9
CF interest cover (x)	(0.6)	(1.5)	(1.0)	1.1	2.8

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(3.0)	(6.3)	(6.1)	31.0	24.2
Recurring P/E @ target price (x) *	(3.6)	(7.5)	(7.3)	37.0	28.9
Reported P/E (x)	(3.2)	(4.6)	(4.2)	31.0	24.2
Dividend yield (%)	-	-	-	1.3	1.7
Price/book (x)	1.1	1.5	2.5	2.5	2.3
Price/tangible book (x)	(1.6)	(8.8)	(2.1)	(2.5)	(2.7)
EV/EBITDA (x) **	(24.9)	(21.3)	(44.7)	8.5	7.8
EV/EBITDA @ target price (x) **	(26.2)	(23.1)	(48.4)	9.2	8.5
EV/invested capital (x)	1.0	1.2	1.3	1.4	1.4

* 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 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	SEAFECO	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	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	TPIPP	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	SEAOIL	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)

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 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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

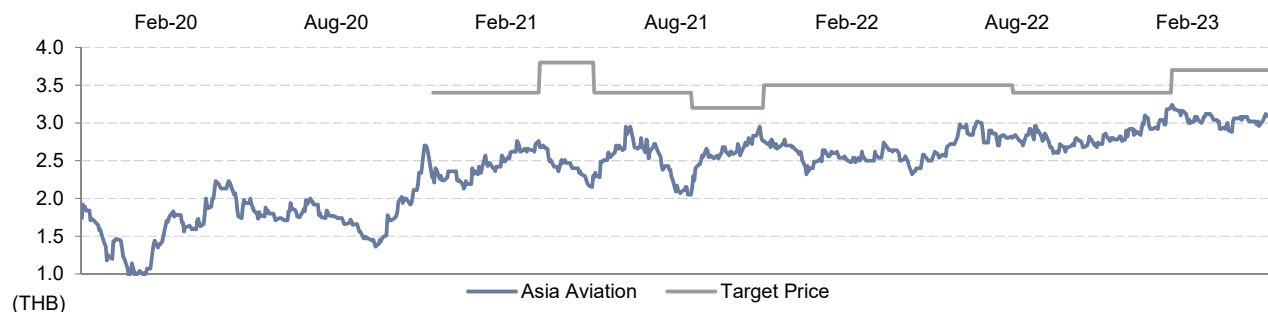
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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-Jan-2023	BUY	18.00
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

Company	Ticker	Price	Rating	Valuation & Risks
Asia Aviation	AAV TB	THB 3.10	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 14.60	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.

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-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.