

ASIA AVIATION AAV TB

THAILAND / TRANSPORT & LOGISTICS

BUY

UNCHANGED

Breakeven point closer than expected

- 4Q22 earnings almost broke even, led by strong ticket fares, ancillary income and better cost control.
- Resumption of China routes to improve ticket fares and aircraft utilisation rates, and should turn earnings profitable in 2023.
- Maintain BUY with valuation based on 1.4x 2023E adjusted P/BV.

TARGET PRICE	THB3.70
CLOSE	THB2.74
UP/DOWNSIDE	+35.0%
PRIOR TP	THB3.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.1%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,012	43,139	47,490	48,664
Net profit	(8,030)	1,284	1,644	1,836
EPS (THB)	(0.66)	0.10	0.13	0.14
vs Consensus (%)	-	nm	nm	16.7
EBITDA	(1,278)	9,376	9,792	10,062
Core net profit	(6,946)	1,284	1,644	1,836
Core EPS (THB)	(0.57)	0.10	0.13	0.14
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	nm	nm	28.0	11.7
Core P/E (x)	(4.8)	27.4	21.4	19.2
Dividend yield (%)	-	1.5	1.9	2.1
EV/EBITDA (x)	(59.7)	7.8	7.2	6.7
Price/book (x)	4.2	3.8	3.4	3.0
Net debt/Equity (%)	540.0	406.1	336.3	283.0
ROE (%)	(49.3)	14.9	16.8	16.8

Posted a smaller q-q pre-tax loss of THB0.2b in 4Q22

AAV reported a pre-tax loss of only THB0.2b in 4Q22, beating our estimate of a THB1.1b loss and significantly improving from THB2.8b in 3Q22. AAV is nearing the core profit breakeven point earlier than we expected due to three reasons. First, improving revenue per available seat kilometre (RASK) rose to THB2.0 in 4Q22 (vs THB1.6 in 4Q19) thanks to ticket fares which were 10% above the pre-Covid level and a better load factor of 90% (vs 86% in 4Q19). Second, improving ancillary income per head to THB387 in 4Q22 (vs THB338 in 4Q19) driven by checked baggage, seat selection, and processing & service fees. Third, a better cost structure premised on lower cost per available seat kilometre (CASK), excluding jet fuel, to THB1.2 in 4Q22, which should reduce further to the pre-Covid level of THB1.0 from lower maintenance costs (THB0.9b redelivery cost in 2022) and ASK expansion.

Expect 2023 passenger volume to recover to 90% of pre-Covid

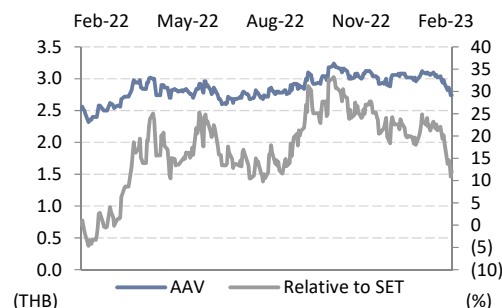
At the analyst meeting, management guided that they expect passenger volume to recover to 20m in 2023 (vs 22m in 2019) with a load factor of 87%. Domestic capacity should reach the pre-Covid level by 3Q23, while international capacity should ramp up from c60% in 1Q23 to 90% by 4Q23. Our assumptions are in line with management's guidance and we estimate an average ticket fare of THB1,721 – 16% above pre-Covid. As a result, we forecast core profit to turn around to THB1.3b in 2023.

To gradually resume China routes in 2023

We expect the resumption of China routes to support AAV's operations in turning profitable. First, it would allow AAV to utilise its active aircraft, increasing from 42 in 4Q22 to 53 by end-2023, mainly led by the resumption of China routes starting at 40 flights/week in 1Q23 to 110 flights in 4Q23 (vs 140 flights pre-Covid). Second, it would drive ticket fares. Management mentioned that AAV's current ticket fares for China routes are THB3,000-5,000 vs THB2,500-3,000 at the pre-Covid level.

Maintain BUY; weak share price is buying opportunity

We slightly adjust some of our forecasts but maintain our TP of THB3.7/shr, based on 1.4x 2023E adjusted P/BV. Its share price has fallen by 12% from the peak over the past month, and we see it as a buying opportunity to capture the influx of Chinese tourists this year.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.9)	(11.0)	9.6
Relative to country (%)	(7.2)	(11.5)	11.5
Mkt cap (USD m)	956		
3m avg. daily turnover (USD m)	4.3		
Free float (%)	59		
Major shareholder	AirAsia Aviation Limited (45%)		
12m high/low (THB)	3.30/2.20		
Issued shares (m)	12,164.29		

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.

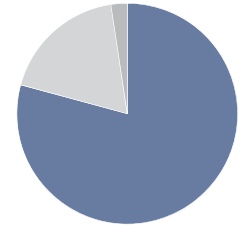
Company profile

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, 2022)

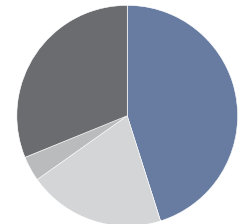
- Ticket sales - 79.2 %
- Ancillaries - 18.4 %
- Other revenue - 2.4 %



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
May 2023	1Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Number of aircraft (no.)	54	54	54
Pax carried (m)	20	22	22
Load factor (%)	87	87	87
Average ticket fare (THB)	1,721	1,755	1,773
Ancillaries per pax (THB/pax)	370	377	389
Fuel price net hedging (USD/bbl)	128	123	123

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

4Q22 results review

AAV reported a 4Q22 core loss of THB0.9b, missing our estimate of a THB0.5b core loss mainly due to higher-than-expected tax expenses of THB0.7b (vs THB1.6b tax income in 3Q22). Excluding tax items, EBT amounted to a THB0.2b loss, which beat our estimate of a THB1.1b loss.

Including a THB3.7b FX gain on lease liabilities following THB appreciation against the USD and a THB0.4b gain from the early termination of the rental agreement for aircraft, AAV posted net profit of TH3.1b, the first turnaround since the Covid pandemic began.

Revenue jumped 74% q-q as passengers carried increased by 47% q-q to 4.1m in 4Q22 (accounted for 75% of the pre-Covid level), with a load factor of 90% (vs 86% in 4Q19). The average ticket fare increased by 18% q-q to THB1,652, exceeding the pre-Covid level by 10%.

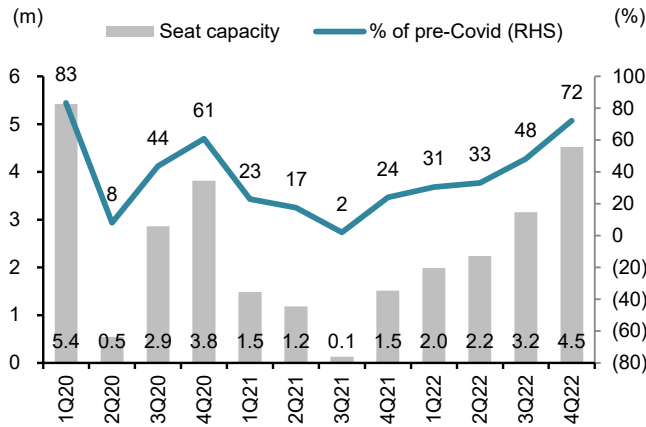
Expenses increased by 18% q-q in 4Q22, mainly due to higher fuel costs by 35% q-q. Non-fuel costs increased by 8% q-q. As a result, EBITDA turned positive with an EBITDA margin of 19%.

Exhibit 1: 4Q22 results review

	4Q21	1Q22	2Q22	3Q22	4Q22	Change		2022
	(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	8,507	74	431	18,012
- Passenger revenue	1,283	1,478	2,213	3,868	6,709	73	423	14,268
- Other revenue	318	403	534	1,010	1,798	78	466	3,745
Expense	(4,266)	(4,716)	(5,396)	(7,018)	(8,275)	18	94	(25,404)
- Fuel and oil	(592)	(860)	(1,557)	(2,490)	(3,369)	35	469	(8,277)
- Non-fuel operating expenses	(3,674)	(3,856)	(3,839)	(4,528)	(4,905)	8	34	(17,127)
Operating profit	(2,665)	(2,835)	(2,649)	(2,140)	232	111	109	(7,392)
Interest income	6	6	8	7	8	3	21	29
Interest expense	(572)	(559)	(552)	(625)	(484)	(23)	(15)	(2,219)
Pretax profit	(3,231)	(3,387)	(3,193)	(2,758)	(244)	91	92	(9,582)
Income Tax	1,008	722	841	1,578	(690)	(144)	(168)	2,452
Core profit (TAA)	(2,222)	(2,665)	(2,352)	(1,180)	(934)	21	58	(7,131)
Core profit (AAV)	(1,296)	(2,473)	(2,352)	(1,180)	(934)	21	28	(6,946)
Extraordinaries	551	110	(2,372)	(2,870)	4,048	(241)	635	(1,084)
- FX gain (loss)	533	210	(2,399)	(2,885)	3,712	(229)	597	(1,362)
- Derivative gain (loss)	18	(59)	27	15	(81)	(653)	(543)	(98)
- Others	0	(41)	0	0	417			376
Reported net profit (TAA)	(1,671)	(2,555)	(4,724)	(4,050)	3,114	177	286	(8,214)
Minority interest	679	184	0	0	0			184
Reported net profit (AAV)	(993)	(2,371)	(4,724)	(4,050)	3,114	177	414	(8,030)
Shares out (end Q, m)	9,879	9,879	9,879	9,879	9,879	0	0	12,164
Core EPS	(0.13)	(0.25)	(0.24)	(0.12)	(0.09)	21	28	(0.57)
EPS	(0.10)	(0.24)	(0.48)	(0.41)	0.32	177	414	(0.66)
Depreciation	(1,886)	(1,576)	(1,603)	(1,541)	(1,395)	(9)	(26)	(6,114)
EBITDA	(779)	(1,259)	(1,046)	(599)	1,627	371	309	(1,278)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Operating profit margin	(166)	(151)	(96)	(44)	3	47	169	(41)
EBITDA margin	(49)	(67)	(38)	(12)	19	31	68	(7)
Net profit margin	(62)	(126)	(172)	(83)	37	120	99	(45)
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	1,652			
RASK (THB)	1.5	1.3	1.5	1.7	2.0			
CASK (THB)	4.3	3.7	3.2	2.6	2.0			
CASK ex-fuel (THB)	3.8	3.1	2.3	1.8	1.2			
Fuel cost per ASK (THB)	0.6	0.6	0.9	0.9	0.8			

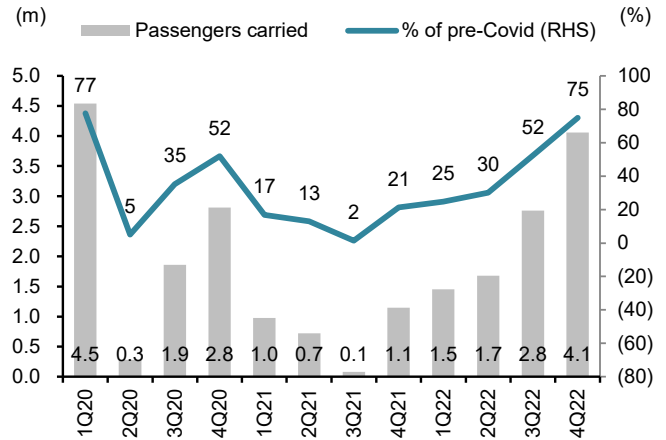
Source: AAV

Exhibit 2: Seat capacity



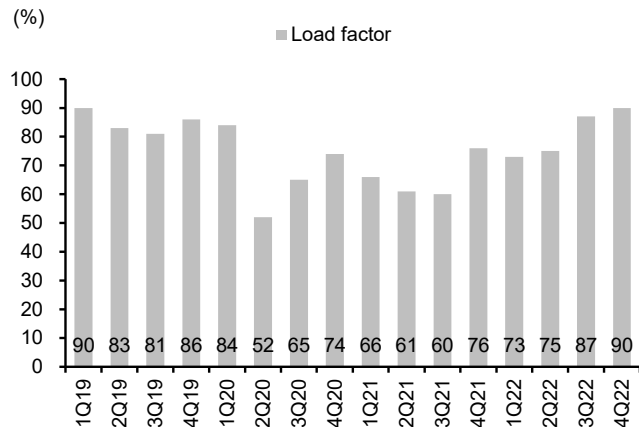
Source: AAV

Exhibit 3: Passengers carried



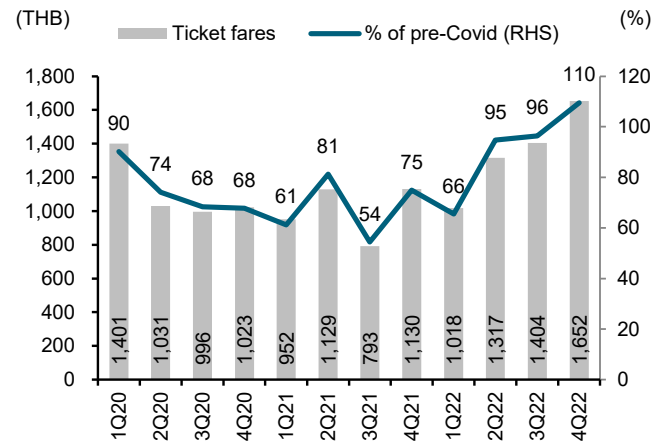
Source: AAV

Exhibit 4: Load factor



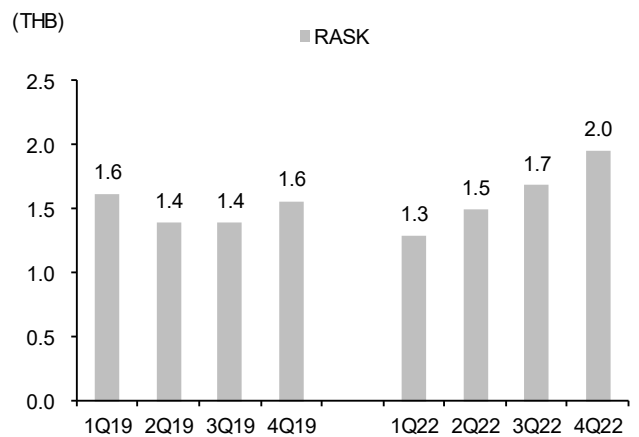
Source: AAV

Exhibit 5: Average ticket fare



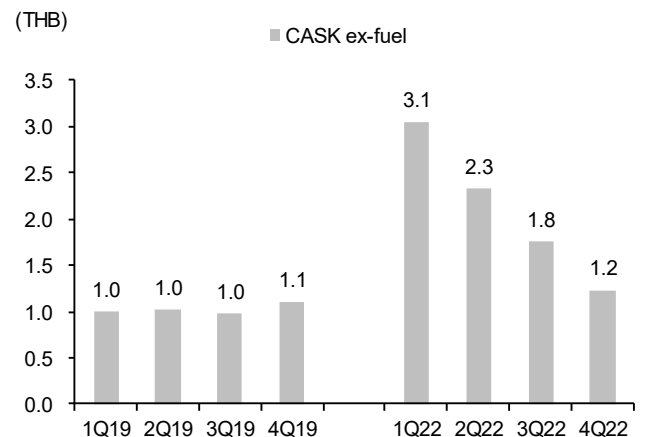
Source: AAV

Exhibit 6: RASK



Source: AAV

Exhibit 7: CASK ex-fuel



Source: AAV

Exhibit 8: Forecast revisions

	Current			Previous		Change (%)	
	2023E	2024E	2025E	2023E	2024E	2023E	2024E
Passengers carried (m)	20.0	21.6	21.8	20.0	21.6	0.2	0.0
Load factor (%)	87	87	87	86	87	1.3	0.0
Average fare (THB)	1,721	1,755	1,773	1,721	1,807	0.0	(2.9)
Fuel price net hedging (USD/bbl)	128	123	123	128	120	0.0	2.5
Revenue (THB b)	43.1	47.5	48.7	43.1	48.6	0.0	(2.2)
EBITDA margin (%)	21.7	20.6	20.7	22.8	21.4	(1.1)	(0.7)
Core earnings (THB m)	1,284	1,644	1,836	1,284	1,644	0.0	0.0

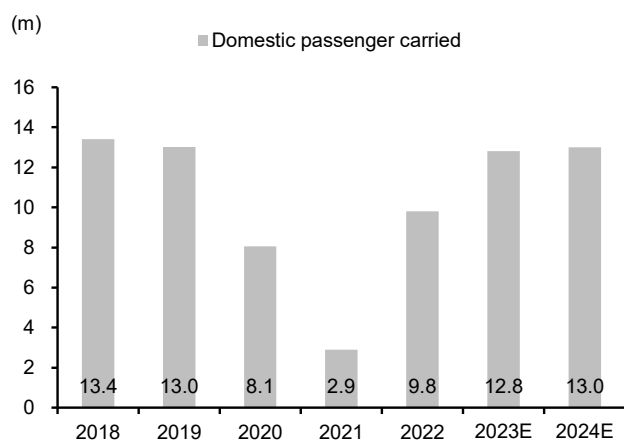
Note: Change of items in percentage terms are represented in ppt change
Sources: AAV; FSSIA estimates

Exhibit 9: P/BV valuation table

Valuation estimate	(THB b)	(THB/share)	Comments
Book value	9.2	0.7	At end-2023E
One-off loss	24.9	1.9	Core loss over 2020-22
Adjusted book value	34.2	2.7	Adding back a one-off core loss
Target price	3.7	Pegged at 1.4x P/BV	

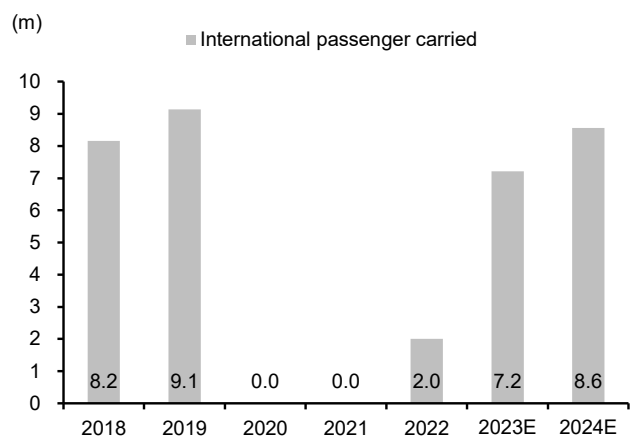
Source: FSSIA estimate

Exhibit 10: Domestic passengers carried



Sources: AAV; FSSIA estimates

Exhibit 11: International passengers carried



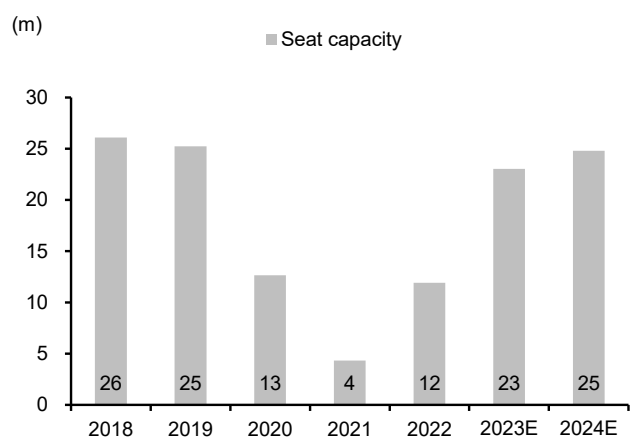
Sources: AAV; FSSIA estimates

Exhibit 12: Average ticket fare, annually

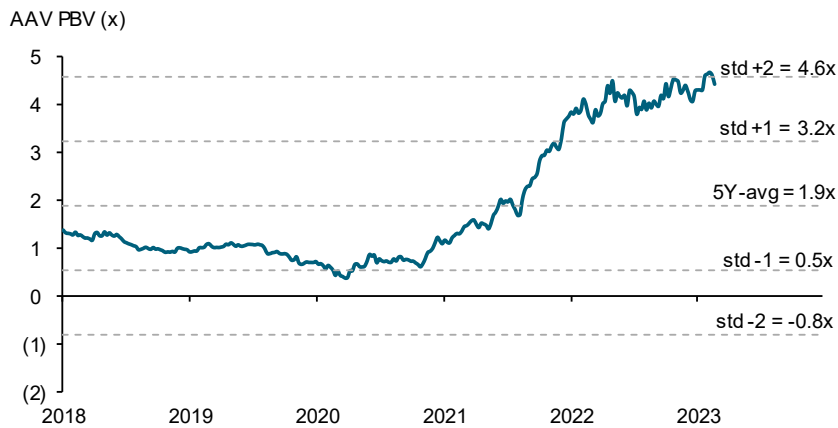


Sources: AAV; FSSIA estimates

Exhibit 13: Seat capacity, annually



Sources: AAV; FSSIA estimates

Exhibit 14: Rolling one-year forward P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 15: Peer comparisons as of 24 Feb-23

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	13.40	18.00	34.3	807	(15.5)	30.7	17.9	2.5	2.3	157.9	25.0
Asia Aviation	AAV TB	BUY	2.74	3.70	35.0	956	(4.8)	27.4	21.4	4.2	3.8	(59.7)	7.8
Thailand average						1,764	(10.2)	29.0	19.7	3.3	3.1	49.1	16.4
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	60.50	n/a	n/a	8,664	n/a	37.6	21.0	4.6	4.2	n/a	20.1
Interglobe Aviation	INDIGO IN	n/a	1,853.25	n/a	n/a	8,540	n/a	n/a	17.6	n/a	n/a	47.7	14.7
Cebu Air Inc	CEB PM	n/a	41.00	n/a	n/a	447	n/a	5.4	n/a	n/a	n/a	n/a	n/a
Singapore Airlines	SIA SP	n/a	5.77	n/a	n/a	12,579	n/a	8.8	12.4	1.6	1.1	11.4	3.3
Japan Airlines	9201 JP	n/a	2,565.00	n/a	n/a	8,223	n/a	28.5	13.2	1.4	1.3	n/a	6.6
Ana Holdings	9202 JP	n/a	2,778.50	n/a	n/a	9,837	n/a	27.0	14.6	1.5	1.5	130.4	7.7
Cathay Pacific Airways	293 HK	n/a	7.67	n/a	n/a	6,210	n/a	14.1	11.3	0.9	0.8	8.6	6.6
Spicejet (India)	SJET IN	n/a	39.70	n/a	n/a	288	n/a	n/a	n/a	n/a	n/a	154.4	n/a
Vietjet Aviation	VJC VN	n/a	96,200	n/a	n/a	2,160	248.7	26.1	17.0	n/a	n/a	43.2	22.0
Regional average						56,948	n/a	21.1	15.3	2.0	1.8	66.0	11.6
Global													
Eva Airways	2618 TT	n/a	28.30	n/a	n/a	4,962	17.9	14.2	28.7	1.7	1.5	4.8	4.3
Air New Zealand	AIR NZ	n/a	0.79	n/a	n/a	1,623	n/a	7.1	8.4	1.3	1.3	192.1	3.4
Air Arabia	AIRARABIA UH	n/a	2.28	n/a	n/a	2,897	9.3	7.7	7.1	1.7	1.5	5.3	4.4
Easyjet (UK)	EZJ LN	n/a	476.90	n/a	n/a	4,317	n/a	20.3	13.0	1.4	1.3	7.1	4.2
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	5.65	n/a	n/a	454	n/a	n/a	2.7	n/a	n/a	11.6	5.9
JetBlue Airways (US, Latin AM)	JBLU	n/a	8.15	n/a	n/a	2,640	n/a	18.9	7.3	0.7	0.7	11.1	4.8
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.08	n/a	n/a	1,002	n/a	10.8	7.1	2.8	2.1	8.9	3.3
Southwest Airlines (US)	LUV US	n/a	33.57	n/a	n/a	19,950	23.7	12.4	8.7	1.9	1.9	5.8	4.4
Global average						37,845	17.0	13.0	10.4	1.6	1.5	30.8	4.3
Overall average						96,556	46.6	18.6	13.5	2.0	1.8	46.3	8.7

Sources: Bloomberg; FSSIA estimates

Financial Statements

Asia Aviation

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	4,117	18,012	43,139	47,490	48,664
Cost of goods sold	(6,035)	(17,579)	(31,088)	(34,659)	(35,488)
Gross profit	(1,918)	433	12,051	12,831	13,176
Other operating income	-	-	-	-	-
Operating costs	(1,236)	(1,711)	(2,675)	(3,039)	(3,114)
Operating EBITDA	(3,153)	(1,278)	9,376	9,792	10,062
Depreciation	(5,434)	(6,114)	(5,628)	(5,628)	(5,628)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(8,587)	(7,392)	3,749	4,164	4,434
Net financing costs	(1,848)	(2,190)	(2,143)	(2,109)	(2,139)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(1,795)	(1,084)	0	0	0
Profit before tax	(12,231)	(10,666)	1,606	2,055	2,295
Tax	1,741	2,452	(321)	(411)	(459)
Profit after tax	(10,490)	(8,214)	1,284	1,644	1,836
Minority interests	5,310	184	0	0	0
Preferred dividends	-	-	-	-	-
Other items	(1,468)	-	-	-	-
Reported net profit	(6,647)	(8,030)	1,284	1,644	1,836
Non-recurring items & goodwill (net)	1,795	1,084	0	0	0
Recurring net profit	(4,853)	(6,946)	1,284	1,644	1,836
Per share (THB)					
Recurring EPS *	(0.49)	(0.57)	0.10	0.13	0.14
Reported EPS	(0.67)	(0.66)	0.10	0.13	0.14
DPS	0.00	0.00	0.04	0.05	0.06
Diluted shares (used to calculate per share data)	9,879	12,164	12,850	12,850	12,850
Growth					
Revenue (%)	(71.3)	337.5	139.5	10.1	2.5
Operating EBITDA (%)	nm	nm	nm	4.4	2.8
Operating EBIT (%)	nm	nm	nm	11.1	6.5
Recurring EPS (%)	nm	nm	nm	28.0	11.7
Reported EPS (%)	nm	nm	nm	28.0	11.7
Operating performance					
Gross margin inc. depreciation (%)	(178.6)	(31.5)	14.9	15.2	15.5
Gross margin of key business (%)	(178.6)	(31.5)	14.9	15.2	15.5
Operating EBITDA margin (%)	(76.6)	(7.1)	21.7	20.6	20.7
Operating EBIT margin (%)	(208.6)	(41.0)	8.7	8.8	9.1
Net margin (%)	(117.9)	(38.6)	3.0	3.5	3.8
Effective tax rate (%)	16.7	25.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(4.6)	(3.4)	1.7	2.0	2.1
Inventory days	14.2	6.6	3.8	2.8	2.9
Debtor days	122.3	25.4	7.2	6.6	6.4
Creditor days	87.4	34.3	16.3	14.7	15.3
Operating ROIC (%)	(21.3)	(18.9)	13.1	16.6	18.9
ROIC (%)	(12.3)	(10.1)	6.1	7.1	7.8
ROE (%)	(28.2)	(49.3)	14.9	16.8	16.8
ROA (%)	(12.4)	(8.1)	4.6	5.0	5.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ticket sales	3,174	14,268	34,448	37,857	38,626
Ancillaries	651	3,319	7,406	8,139	8,468
Other revenue	292	426	1,285	1,494	1,569

Sources: Asia Aviation; FSSIA estimates

Financial Statements

Asia Aviation

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(4,853)	(6,946)	1,284	1,644	1,836
Depreciation	5,434	6,114	5,628	5,628	5,628
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,538)	(9,528)	0	0	0
Change in working capital	(1,117)	2,058	2,890	789	304
Cash flow from operations	(5,074)	(8,302)	9,802	8,061	7,767
Capex - maintenance	(3,885)	(31)	(4,359)	(4,903)	(4,914)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(3,885)	(31)	(4,359)	(4,903)	(4,914)
Dividends paid	0	0	0	(514)	(658)
Equity finance	8,800	4,000	1,200	0	0
Debt finance	6,481	(1,384)	(1,500)	1,000	1,000
Other financing cash flows	(2,073)	1,155	(1,200)	0	0
Cash flow from financing	13,208	3,771	(1,500)	486	342
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	4,249	(4,562)	3,943	3,644	3,195
Free cash flow to firm (FCFF)	(7,059.54)	(6,113.25)	7,590.35	5,293.05	5,037.95
Free cash flow to equity (FCFE)	(4,550.79)	(8,561.78)	2,742.86	4,158.04	3,853.01

Per share (THB)

FCFF per share	(0.58)	(0.50)	0.62	0.44	0.41
FCFE per share	(0.37)	(0.70)	0.23	0.34	0.32
Recurring cash flow per share	(0.40)	(0.85)	0.54	0.57	0.58

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	43,298	36,791	37,723	39,198	40,684
Less: Accumulated depreciation	(4,234)	(4,010)	(6,210)	(8,410)	(10,610)
Tangible fixed assets (net)	39,064	32,781	31,512	30,787	30,074
Intangible fixed assets (net)	23,688	23,684	23,684	23,684	23,684
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	5,360	798	4,741	8,385	11,580
A/C receivable	1,658	854	854	854	854
Inventories	230	401	250	279	285
Other current assets	425	3,184	662	729	747
Current assets	7,673	5,236	6,506	10,246	13,466
Other assets	784	2,984	2,984	2,984	2,984
Total assets	71,208	64,686	64,687	67,702	70,208
Common equity	20,201	7,954	9,239	10,369	11,547
Minorities etc.	(3,372)	0	0	0	0
Total shareholders' equity	16,829	7,954	9,239	10,369	11,547
Long term debt	44,310	42,262	40,762	41,762	42,762
Other long-term liabilities	1,182	734	734	734	734
Long-term liabilities	45,492	42,997	41,497	42,497	43,497
A/C payable	1,841	1,464	1,319	1,471	1,506
Short term debt	829	1,493	1,493	1,493	1,493
Other current liabilities	6,216	10,778	11,139	11,873	12,166
Current liabilities	8,887	13,734	13,951	14,836	15,165
Total liabilities and shareholders' equity	71,208	64,686	64,687	67,702	70,208
Net working capital	(5,744)	(7,803)	(10,693)	(11,482)	(11,786)
Invested capital	57,791	51,646	47,488	45,974	44,956

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

Per share (THB)

Book value per share	2.04	0.65	0.72	0.81	0.90
Tangible book value per share	(0.35)	(1.29)	(1.12)	(1.04)	(0.94)

Financial strength

Net debt/equity (%)	236.4	540.0	406.1	336.3	283.0
Net debt/total assets (%)	55.9	66.4	58.0	51.5	46.5
Current ratio (x)	0.9	0.4	0.5	0.7	0.9
CF interest cover (x)	(1.5)	(2.9)	2.3	3.0	2.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(5.6)	(4.8)	27.4	21.4	19.2
Recurring P/E @ target price (x) *	(7.5)	(6.5)	37.0	28.9	25.9
Reported P/E (x)	(4.1)	(4.2)	27.4	21.4	19.2
Dividend yield (%)	-	-	1.5	1.9	2.1
Price/book (x)	1.3	4.2	3.8	3.4	3.0
Price/tangible book (x)	(7.8)	(2.1)	(2.4)	(2.6)	(2.9)
EV/EBITDA (x) **	(20.1)	(59.7)	7.8	7.2	6.7
EV/EBITDA @ target price (x) **	(23.1)	(68.8)	9.1	8.4	8.0
EV/invested capital (x)	1.1	1.5	1.5	1.5	1.5

* 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 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTA	SCN	STA	TKN	TPWC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SVI	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	THG	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPL	WIHK
AIT	BIG	CSC	GTB	KCAR	MTSIB	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCCM	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMIT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UBC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

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

DECLARED

AH	CHG	DHOUSE	EVER	J	KUMWEL	NRF	RS	SUPER	TQM	VIBHA
ALT	CI	DOHOME	FLOYD	JMART	LDC	NUSA	SAK	SVT	TRT	W
APCO	CPR	ECF	GLOBAL	JMT	MEGA	OR	SIS	TKN	TSI	WIN
ASW	CPW	EKH	ILM	JTS	NCAP	PIMO	SSS	TMD	VARO	
B52	DDD	ETC	INOX	KEX	NOVA	PLE	STECH	TMI	VCOM	

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

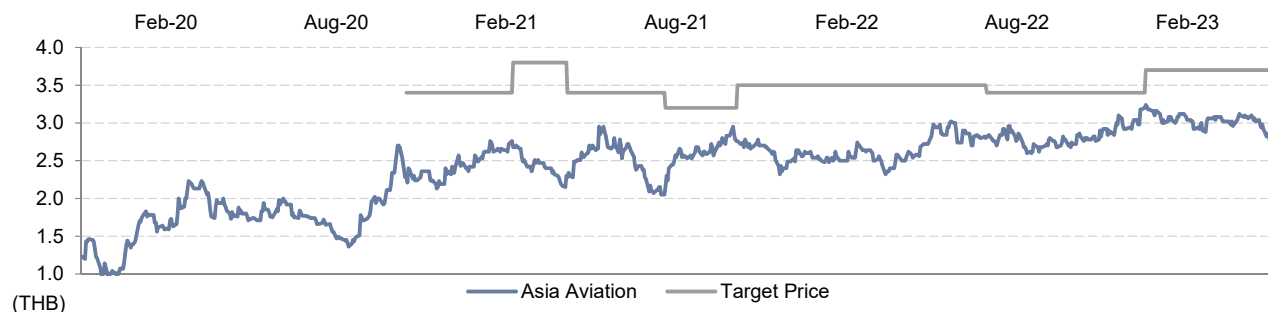
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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 2.74	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 13.40	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 24-Feb-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.