

# BANGKOK AIRWAYS

## THAILAND / TRANSPORT & LOGISTICS

# BA TB

# BUY

**UNCHANGED**

## Flying on cloud nine

- Recorded the largest improvement in core profit in 4Q22 vs 4Q19 among covered tourism stocks.
- Core profit to turn profitable in 1Q23 from higher passenger volume and ticket fares q-q; should grab market's attention post 1Q23 results.
- Maintain BUY with an SoTP-based TP of THB18/shr.

|                 |           |
|-----------------|-----------|
| TARGET PRICE    | THB18.00  |
| CLOSE           | THB13.10  |
| UP/DOWNSIDE     | +37.4%    |
| PRIOR TP        | THB18.00  |
| CHANGE IN TP    | UNCHANGED |
| TP vs CONSENSUS | +24.9%    |

## KEY STOCK DATA

| YE Dec (THB m)       | 2022    | 2023E  | 2024E  | 2025E  |
|----------------------|---------|--------|--------|--------|
| Revenue              | 11,305  | 19,771 | 24,267 | 25,537 |
| Net profit           | (2,112) | 918    | 1,573  | 1,705  |
| EPS (THB)            | (1.01)  | 0.44   | 0.75   | 0.81   |
| vs Consensus (%)     | -       | nm     | 132.9  | 1.3    |
| EBITDA               | 115     | 2,243  | 2,419  | 2,502  |
| Core net profit      | (1,974) | 918    | 1,573  | 1,705  |
| Core EPS (THB)       | (0.94)  | 0.44   | 0.75   | 0.81   |
| Chg. In EPS est. (%) | nm      | 0.0    | 0.0    | nm     |
| EPS growth (%)       | nm      | nm     | 71.4   | 8.4    |
| Core P/E (x)         | (13.9)  | 30.0   | 17.5   | 16.1   |
| Dividend yield (%)   | -       | 2.0    | 3.4    | 3.7    |
| EV/EBITDA (x)        | 471.9   | 21.7   | 18.4   | 16.9   |
| Price/book (x)       | 1.6     | 1.6    | 1.5    | 1.4    |
| Net debt/Equity (%)  | 158.6   | 119.5  | 90.7   | 75.4   |
| ROE (%)              | (13.2)  | 5.3    | 8.6    | 8.9    |

## Business model refinement leads to fundamental improvement

We believe BA's business model refinement has started to bear fruit, given that core profit almost reached the breakeven point in 4Q22 with a passenger volume recovery to only 65% of the pre-Covid level (vs a pretax core loss of THB1.2b in 4Q19). 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 favourable BAREIT structure.

## Optimising its aircraft fleet in 2023

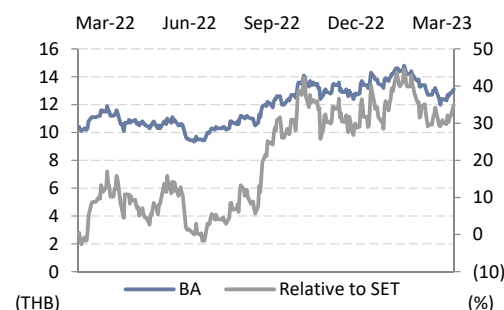
The final part of BA's refinement plan will be to optimise its aircraft fleet to improve profitability by reducing the number of aircraft from 35 in 2022 to 26-28 in 2023. This would incur a one-time expense of up to USD20m (cTHB0.7b) for redelivery costs in 2023. After this, BA's profitability should significantly improve, enabling it to benefit from Thailand's tourism recovery. With a smaller fleet, we estimate ASK to recover to 60-80% in 2023-24. However, passenger volume should recover to 75-90% thanks to a higher load factor of 74-76% in the same period (vs 68% in 2019).

## Rising ticket fares – the upside in 2023 earnings

We expect BA to turn profitable in 1Q23 thanks to the high tourism season. We expect both passenger volume and ticket fares to improve q-q. For 2023, we estimate a core profit of THB0.9b, consisting of THB0.6b in dividends from BDMS and THB0.4b in share income from the cargo business. We conservatively forecast the airline and airport-related businesses to merely break even. Better-than-expected ticket fares would provide an upside to our forecast. Note that we assume an average ticket fare of cTHB3,400 in 2023 (+7% vs THB3,200 in 2019), while the average ticket fare in 4Q22 was 16% above the pre-Covid level.

## Cheaper investment option among Thai tourism stocks

We maintain our core profit forecasts and our SoTP-TP of THB18/shr. BA is one of our top picks among Thai tourism stocks due to its favourable risk/reward ratio, with the cheapest valuation at 18x 2024E P/E – lower than AAV (22x), AOT (31x) and the hotel sector's average (32x). A turnaround in 1Q23 earnings should turn the market's attention to BA, and improved earnings visibility could convert to its peak of THB2.1b in 2016, where the share price traded at a range of THB20.3-27.5.



| Share price performance        | 1 Month                          | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%)                   | (2.2)                            | (3.0)   | 29.7     |
| Relative to country (%)        | (0.2)                            | 0.1     | 36.5     |
| Mkt cap (USD m)                | 798                              |         |          |
| 3m avg. daily turnover (USD m) | 1.3                              |         |          |
| Free float (%)                 | 38                               |         |          |
| Major shareholder              | Prasartong-Osoth Puttipong (25%) |         |          |
| 12m high/low (THB)             | 14.90/9.25                       |         |          |
| Issued shares (m)              | 2,100.00                         |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also BA's Director.

## Investment thesis

BA expects to turn its airline business around by focusing more on its Samui route (48% of passenger revenue in 2019), which commands a higher yield than other routes. BA also plans to reduce its fleet and cut some expenses. This should support its earnings visibility in the long run.

BA's non-airline business contributes more than half of its gross profit and should be a key driver for the company, especially the airport business based on the U-Tapao Airport project, 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.

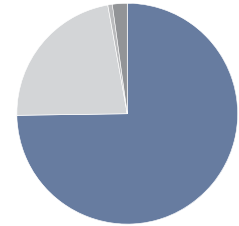
## Company profile

BA offers air transportation services. The company operates flights and airports to various resort destinations, including Thailand, CLMV, China and India.

[www.bangkokair.com](http://www.bangkokair.com)

## Principal activities (revenue, 2022)

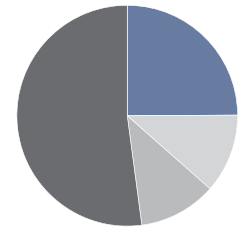
- Air fares - 74.8 %
- Revenue from sales and services - 22.4 %
- Freight - 0.7 %
- Passenger services - 2.2 %



Source: Bangkok Airways

## Major shareholders

- Prasarttong-Osoth Puttipong - 24.9 %
- Prasarttong-Osoth Ariya - 11.6 %
- Prasarttong-Osoth Prasert - 11.4 %
- Others - 52.1 %



Source: Bangkok Airways

## Catalysts

Key potential growth drivers include 1) a higher number of passengers carried following a global tourism recovery; 2) lower jet fuel prices; and 3) 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                     |
|----------|---------------------------|
| May 2023 | 1Q23 results announcement |

## Key assumptions

|                                  | 2023E | 2024E | 2025E |
|----------------------------------|-------|-------|-------|
| Number of aircraft (no.)         | 27    | 27    | 27    |
| Passengers carried (m)           | 4.4   | 5.3   | 5.5   |
| Load factor (%)                  | 76.0  | 74.0  | 74.0  |
| Average ticket fare (THB)        | 3,408 | 3,544 | 3,650 |
| Fuel price net hedging (USD/bbl) | 125.0 | 120.0 | 120.0 |
| THB/USD                          | 35.1  | 35.1  | 35.1  |

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

## Significantly fundamental improvement from pre-Covid period

Based on the pre-tax core profit of Thailand’s tourism stocks under our coverage, only three stocks delivered profit improvements in 4Q22 compared to 4Q19: BA, Central Plaza Hotel (CENTEL TB, BUY, TP THB58) and S Hotels and Resorts (SHR TB, BUY, TP THB5.3). BA recorded the largest improvement in THB terms at THB1.1b (from - THB1.2b in 4Q19 to -THB59m in 4Q22). We believe this is due to three major business restructuring and transformation initiatives.

**Exhibit 1: BA recorded the largest pre-tax core profit improvement in 4Q22 vs 4Q19 among other tourism stocks**

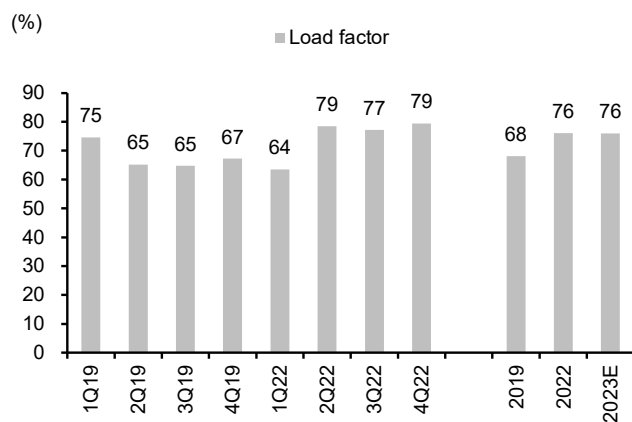
| Pre-tax core profit (EBT) | 4Q19<br>(THB m) | 4Q22<br>(THB m) | Change<br>(THB m) | % Change<br>(%) |
|---------------------------|-----------------|-----------------|-------------------|-----------------|
| MINT                      | 3,642           | 3,103           | (539)             | (15)            |
| AWC                       | 656             | 492             | (164)             | (25)            |
| CENTEL                    | 520             | 563             | 43                | 8               |
| ERW                       | 231             | 194             | (37)              | (16)            |
| SHR                       | (5)             | 146             | 151               | 2,867           |
| AOT                       | 6,516           | (1,556)         | (8,072)           | (124)           |
| AAV                       | (233)           | (244)           | (11)              | (5)             |
| <b>BA</b>                 | <b>(1,156)</b>  | <b>(59)</b>     | <b>1,096</b>      | <b>95</b>       |

Sources: Company data; FSSIA's compilation

## First: focusing on profitable routes

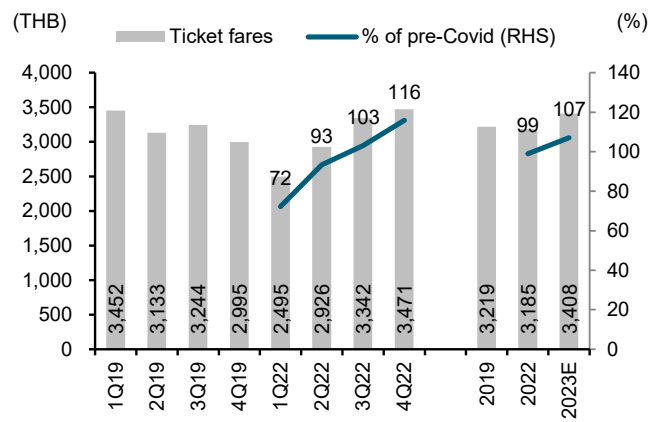
BA has focused on resuming flights for Samui routes and some selective routes that have high demand. The company has not rushed to resume flights for loss-making routes during the pre-Covid period. As a result, BA recorded a better load factor and ticket fare rate in 4Q22 compared to pre-Covid. This led to a higher passenger yield and revenue per available seat kilometre (RASK). We believe the momentum should continue, and expect load factor to remain at a high level of 76% in 2023 (vs 68% in 2019) and ticket fares to exceed the pre-Covid level by 7% in 2023.

**Exhibit 2: Load factor**



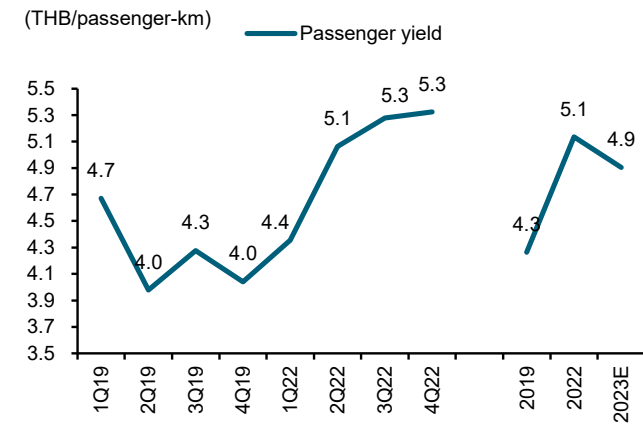
Sources: BA; FSSIA estimate

**Exhibit 3: Ticket fares**



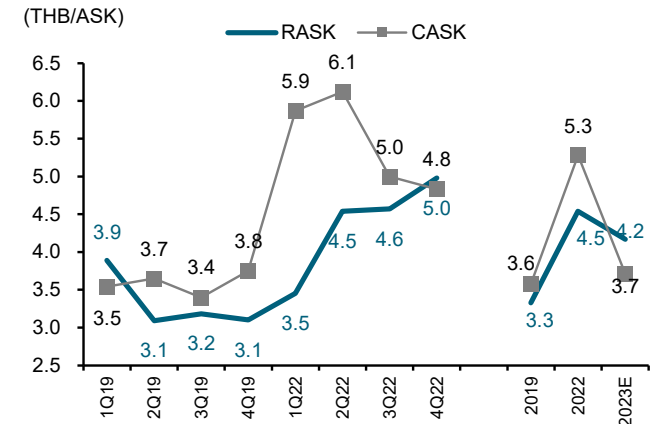
Sources: BA; FSSIA estimate

**Exhibit 4: Passenger yield**



Sources: BA; FSSIA estimate

**Exhibit 5: RASK and CASK**



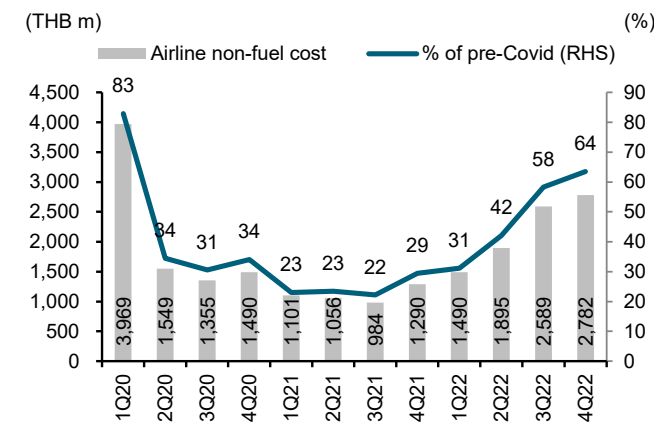
\*RASK = revenue per available seat kilometre; CASK = cost per available seat kilometre  
Sources: BA; FSSIA estimate

**Second: better cost control**

The costs of BA's non-fuel airline business accounted for 64% of the pre-Covid level in 4Q22, while passenger revenue recovered to 75% of pre-Covid. This suggests better cost control. The lower expenses were mainly due to lower personnel expenses and reduced passenger services. This led RASK to surpass cost per available seat kilometre (CASK) in 4Q22 – the first time since 1Q19.

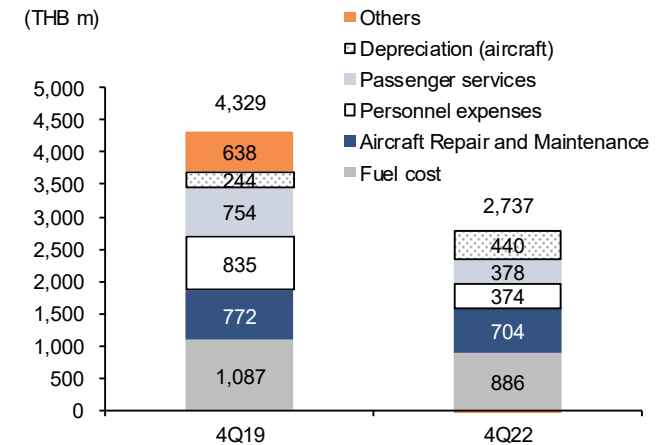
Staff expenses per ASK fell by 10% to THB0.48 in 4Q22 (vs 0.53 in 2019). Meanwhile, passenger service costs per passenger reduced to THB400 in 4Q22 (vs THB519 in 2019). Although staff expenses and passenger services should eventually increase to improve service quality, we believe they will stay below the pre-Covid level for the next few years.

**Exhibit 6: Non-fuel cost of airline business**



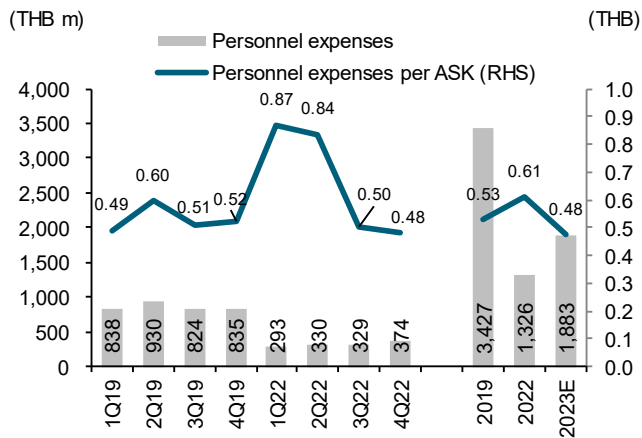
Source: BA

**Exhibit 7: Cost of airline business in 4Q22 vs 4Q19**



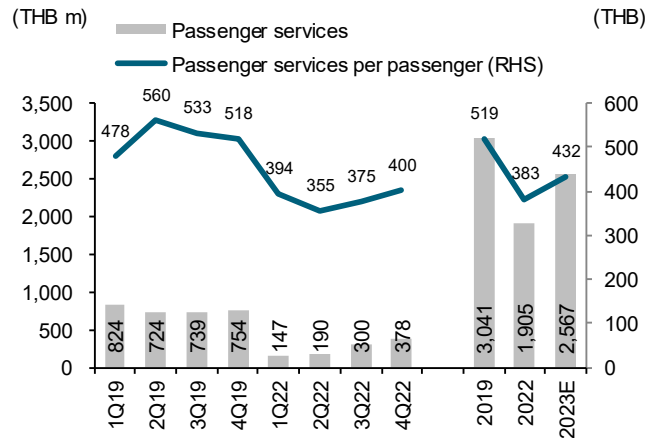
Source: BA

**Exhibit 8: Personnel expenses**



Sources: BA; FSSIA estimate

**Exhibit 9: Passenger service expenses**



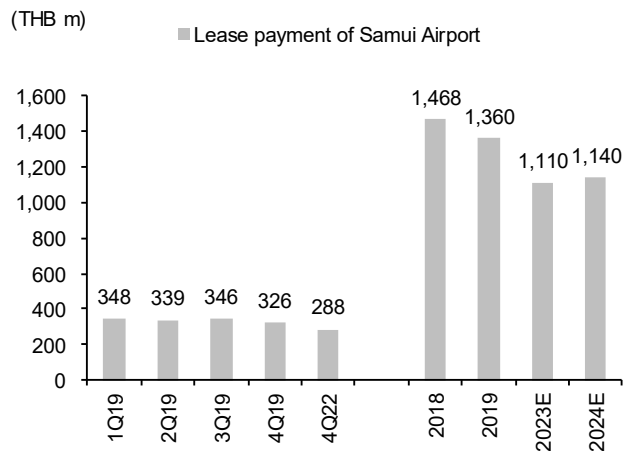
Sources: BA; FSSIA estimate

**Third: favourable BAREIT structure vs SPF**

BA terminated the Samui Airport Property Fund (SPF) contract and set up the BA Airport Leasehold Real Estate Investment Trust (BAREIT) during the Covid pandemic, and should capture the benefit in 2023. BA will pay a fixed lease payment to BAREIT of THB1.1b in 2023, while it paid a lease payment (based on Samui Airport’s performance) of THB1.4b to SPF in 2019.

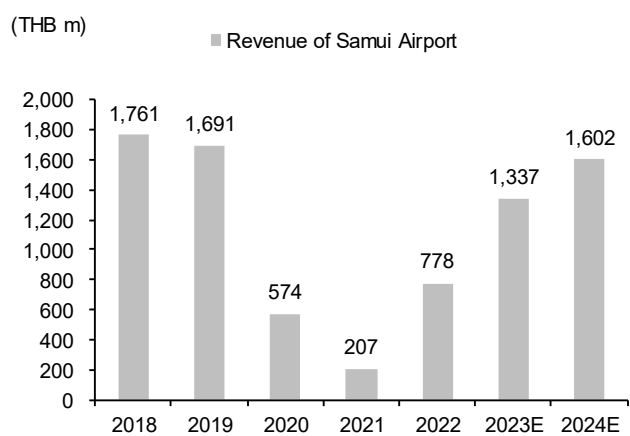
We estimate revenue from Samui Airport of THB1.3b-1.6b in 2023-24, equivalent to 80-95% of the pre-Covid level. Excess revenue above the fixed lease payment will improve its airport business.

**Exhibit 10: Lease payment to SPF and BAREIT**



Note: SPF was terminated in 3Q21; BAREIT was set up in Oct 2022  
Sources: BA; FSSIA estimates

**Exhibit 11: Samui Airport revenue**



Note: Revenue estimated by FSSIA from 2022 onwards  
Sources: BA; FSSIA estimates

## Recap: 4Q22 results review

BA booked a core loss of THB152m in 4Q22, missing our breakeven estimate due to higher-than-expected maintenance reserves of THB0.7b (vs average of THB0.3b-0.4b per quarter), as BA plans to sell and re-deliver aircraft, and tax expenses of THB93m (vs THB33m tax income in 3Q22). Including FX gain of THB0.3b, BA booked net profit of THB0.2b

Passenger revenue jumped by 22% q-q in 4Q22 due to a higher number of passengers carried, which accounted for 65% of the pre-Covid level (vs 58% in 3Q22). Seat capacity also recovered to 55% of the pre-Covid level with a load factor of 79% (vs 77% in 3Q19). Ticket fares increased by 4% q-q to THB3,471, exceeding the pre-Covid level by 16%.

Expenses increased by 11% q-q in 4Q22 from both fuel expenses (+9% q-q) and non-fuel expenses (+12% q-q). EBITDA continued to be positive with an EBITDA margin of 12% (vs 6% in 3Q22).

Share income increased by 29% q-q in 4Q22 due to share of profits from BAREIT. Interest expenses increased by 43% q-q due to higher finance costs from BAREIT.

### Exhibit 12: 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                         | 1,072          | 1,478          | 2,153         | 3,454         | 4,221         | 22           | 294          | 11,305         |
| - Passenger revenue           | 612            | 931            | 1,566         | 2,677         | 3,277         | 22           | 435          | 8,451          |
| - Other revenue               | 460            | 547            | 587           | 776           | 943           | 21           | 105          | 2,854          |
| Expense                       | (2,140)        | (2,487)        | (2,959)       | (3,866)       | (4,309)       | 11           | 101          | (13,621)       |
| - Fuel and oil                | (173)          | (256)          | (449)         | (819)         | (890)         | 9            | 415          | (2,410)        |
| - Non-fuel operating expenses | (1,967)        | (2,231)        | (2,509)       | (3,047)       | (3,420)       | 12           | 74           | (11,211)       |
| <b>Operating profit</b>       | <b>(1,068)</b> | <b>(1,010)</b> | <b>(806)</b>  | <b>(412)</b>  | <b>(89)</b>   | <b>(78)</b>  | <b>(92)</b>  | <b>(2,316)</b> |
| Dividend income               | 258            | 0              | 207           | 310           | 0             | (100)        | (100)        | 517            |
| Net other income              | 136            | 183            | 159           | 177           | 391           | 121          | 187          | 910            |
| Interest income               | 3              | 1              | 2             | 0             | 11            | 5,579        | 271          | 14             |
| Interest expense              | (267)          | (285)          | (299)         | (373)         | (533)         | 43           | 100          | (1,489)        |
| <b>Pretax profit</b>          | <b>(937)</b>   | <b>(1,111)</b> | <b>(737)</b>  | <b>(297)</b>  | <b>(219)</b>  | <b>(26)</b>  | <b>(77)</b>  | <b>(2,365)</b> |
| Income Tax                    | (68)           | (56)           | 1             | 33            | (93)          | (381)        | 35           | (114)          |
| Associates                    | 40             | 104            | 104           | 123           | 159           | 29           | 299          | 489            |
| Minority interest             | 17             | 6              | 6             | 3             | 2             | (51)         | (91)         | 16             |
| <b>Core profit</b>            | <b>(949)</b>   | <b>(1,057)</b> | <b>(628)</b>  | <b>(138)</b>  | <b>(152)</b>  | <b>10</b>    | <b>(84)</b>  | <b>(1,974)</b> |
| Extraordinaries               | 807            | 37             | (220)         | (255)         | 302           | (218)        | (63)         | (136)          |
| - FX                          | 79             | 37             | (221)         | (255)         | 302           | (218)        | 281          | (137)          |
| - Derivative                  | (0)            | 0              | 1             | 0             | 0             |              |              | 1              |
| - Others                      | 728            | 0              | 0             | 0             | 0             |              |              | 0              |
| <b>Net profit</b>             | <b>(141)</b>   | <b>(1,020)</b> | <b>(848)</b>  | <b>(393)</b>  | <b>150</b>    | <b>(138)</b> | <b>(206)</b> | <b>(2,112)</b> |
| Shares out (end Q, m)         | 2,100          | 2,100          | 2,100         | 2,100         | 2,100         | 0            | 0            | 2,100          |
| <b>Pre-ex EPS</b>             | <b>(0.45)</b>  | <b>(0.50)</b>  | <b>(0.30)</b> | <b>(0.07)</b> | <b>(0.07)</b> | <b>10</b>    | <b>(84)</b>  | <b>(0.94)</b>  |
| <b>EPS</b>                    | <b>(0.07)</b>  | <b>(0.49)</b>  | <b>(0.40)</b> | <b>(0.19)</b> | <b>0.07</b>   | <b>(138)</b> | <b>(206)</b> | <b>(1.01)</b>  |
| Depreciation                  | (571)          | (628)          | (622)         | (607)         | (574)         | (5)          | 1            | (2,431)        |
| EBITDA                        | (496)          | (382)          | (184)         | 195           | 486           | 149          | (198)        | 115            |
| <b>Key ratios</b>             |                |                |               |               |               | <b>(ppt)</b> | <b>(ppt)</b> |                |
| Operating profit margin (%)   | (100)          | (68)           | (37)          | (12)          | (2)           | 10           | 97           | (20)           |
| EBITDA margin (%)             | (46)           | (26)           | (9)           | 6             | 12            | 6            | 58           | 1              |
| Net profit margin (%)         | (13)           | (69)           | (39)          | (11)          | 4             | 15           | 17           | (19)           |
| <b>Operating stats</b>        |                |                |               |               |               |              |              |                |
| Passengers carried (m)        | 0.3            | 0.4            | 0.5           | 0.8           | 0.9           |              |              |                |
| Load factor (%)               | 63             | 64             | 79            | 77            | 79            |              |              |                |
| RPK (m seats-km)              | 153            | 214            | 309           | 507           | 616           |              |              |                |
| ASK (m seats-km)              | 244            | 337            | 394           | 657           | 776           |              |              |                |
| Average fare (THB)            | 2,319          | 2,495          | 2,926         | 3,342         | 3,471         |              |              |                |
| RASK (THB)                    | 3.1            | 3.5            | 4.5           | 4.6           | 5.0           |              |              |                |
| CASK (THB)                    | 7.6            | 5.9            | 6.1           | 5.0           | 4.8           |              |              |                |
| CASK ex-fuel (THB)            | 6.9            | 5.1            | 5.0           | 3.8           | 3.0           |              |              |                |

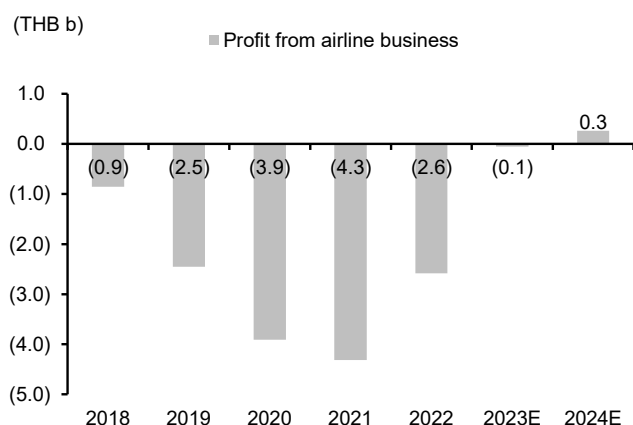
Source: BA

**Exhibit 13: Forecast revisions**

|                                  | Current |        | Previous |        | Change |       |
|----------------------------------|---------|--------|----------|--------|--------|-------|
|                                  | 2023E   | 2024E  | 2023E    | 2024E  | 2023E  | 2024E |
| Passengers carried (m)           | 4.4     | 5.3    | 4.6      | 5.7    | (5.1)  | (7.0) |
| Load factor (%)                  | 76      | 74     | 74       | 72     | 2.0    | 1.7   |
| Average ticket fare (THB)        | 3,408   | 3,544  | 3,380    | 3,515  | 0.8    | 0.8   |
| Fuel price net hedging (USD/bbl) | 125     | 120    | 134      | 132    | (6.7)  | (9.1) |
| Revenue (THB m)                  | 19,771  | 24,267 | 20,020   | 25,032 | (1.2)  | (3.1) |
| EBITDA (THB m)                   | 2,243   | 2,419  | 2,059    | 2,353  | 9.0    | 2.8   |
| Core net profit (THB m)          | 918     | 1,573  | 918      | 1,573  | 0.0    | (0.0) |

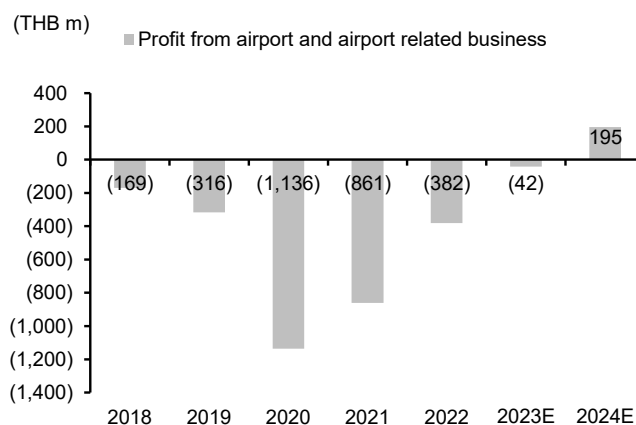
Note: Change of items in percentage terms is represented in ppt change  
Sources: BA; FSSIA estimates

**Exhibit 14: Profit from airline business**



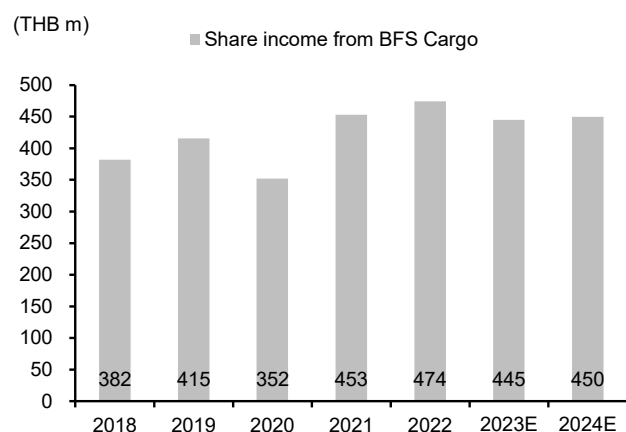
Note: FSSIA-estimated SG&A, interest expenses and tax  
Source: FSSIA estimates

**Exhibit 15: Profit from airport & airport-related business**



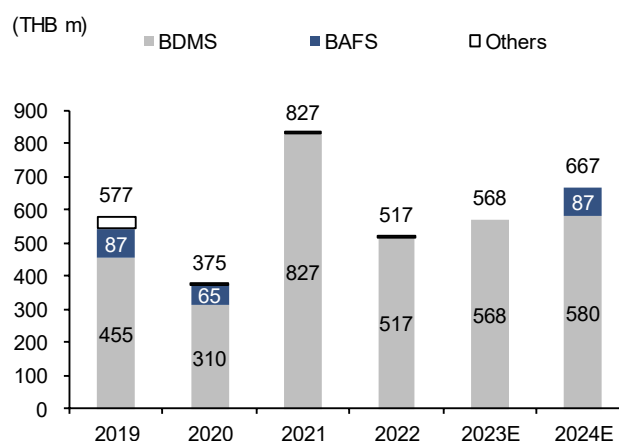
Note: 1) FSSIA-estimated SG&A, interest expenses and tax; 2) includes leasehold payment of BAREIT  
Source: FSSIA estimates

**Exhibit 16: Share income from cargo business**



Sources: BA; FSSIA estimates

**Exhibit 17: Dividend income**



Sources: BA; FSSIA estimates

## Exhibit 18: SoTP valuation

| SoTP Base case                       | (THB b)     | (THB/share) | Comments   |
|--------------------------------------|-------------|-------------|--|
| BDMS                                 | 28.5        | 13.6        | Fair price at our TP of THB34.5/shr with 20% holding discount                      |
| BAFS                                 | 1.9         | 0.9         | Fair price at our TP of THB37.0/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 business | 17.2        | 8.2         | Net profit (excluding BAREIT lease payment) THB1.3b and pegged at 14x P/E multiple |
| BAREIT lease liabilities             | (13.6)      | (6.5)       | At end-2023E   |
| Airline business                     | 1.8         | 0.9         | 0.6x P/BV multiple of THB3.0b owned aircraft book value as of 2022                 |
| Cargo business                       | 3.2         | 1.5         | Share income of THB0.4b and pegged at 8x P/E multiple                              |
| Interest bearing debt                | (13.1)      | (6.2)       | At end-2023E   |
| Cash                                 | 9.3         | 4.4         | At end-2023E   |
| <b>Total value</b>                   | <b>37.7</b> | <b>18.0</b> |  |

Source: FSSIA estimates

## Exhibit 19: Peer comparisons, airline sector as of 27 March 2023

| Company                           | BBG          | Rec | Share price   |              |            | Market Cap (USD m) | PE          |             |             | PBV        |            | EV/ EBITDA  |             |
|-----------------------------------|--------------|-----|---------------|--------------|------------|--------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
|                                   |              |     | Current (LCY) | Target (LCY) | Upside (%) |                    | 23E (x)     | 24E (x)     | 25E (x)     | 23E (x)    | 24E (x)    | 23E (x)     | 24E (x)     |
| <b>Thailand</b>                   |              |     |               |              |            |                    |             |             |             |            |            |             |             |
| Bangkok Airways                   | BA TB        | BUY | 13.10         | 18.00        | 37.4       | 798                | 30.0        | 17.5        | 16.1        | 1.6        | 1.5        | 21.7        | 18.4        |
| Asia Aviation                     | AAV TB       | BUY | 2.76          | 3.70         | 34.1       | 974                | 27.6        | 21.6        | 19.3        | 3.8        | 3.4        | 7.8         | 7.2         |
| <b>Thailand average</b>           |              |     |               |              |            | <b>1,773</b>       | <b>28.8</b> | <b>19.5</b> | <b>17.7</b> | <b>2.7</b> | <b>2.4</b> | <b>14.7</b> | <b>12.8</b> |
| <b>Regional</b>                   |              |     |               |              |            |                    |             |             |             |            |            |             |             |
| Spring Airlines Co Ltd-A          | 601021 CH    | n/a | 57.65         | n/a          | n/a        | 8,259              | 34.8        | 18.3        | 18.3        | 3.9        | 3.3        | 18.8        | 14.0        |
| Interglobe Aviation               | INDIGO IN    | n/a | 1,834.30      | n/a          | n/a        | 8,611              | n/a         | 19.2        | 19.2        | n/a        | n/a        | 15.2        | 7.6         |
| Cebu Air Inc                      | CEB PM       | n/a | 39.15         | n/a          | n/a        | 446                | 5.2         | n/a         | n/a         | n/a        | n/a        | n/a         | n/a         |
| Singapore Airlines                | SIA SP       | n/a | 5.73          | n/a          | n/a        | 12,759             | 8.1         | 10.9        | 10.9        | 1.1        | 1.0        | 3.2         | 3.6         |
| Japan Airlines                    | 9201 JP      | n/a | 2,526.00      | n/a          | n/a        | 8,391              | 31.9        | 12.9        | 12.9        | 1.3        | 1.2        | 6.6         | 5.1         |
| Ana Holdings                      | 9202 JP      | n/a | 2,812.50      | n/a          | n/a        | 10,321             | 24.0        | 15.6        | 15.6        | 1.6        | 1.4        | 7.7         | 6.5         |
| Cathay Pacific Airways            | 293 HK       | n/a | 7.35          | n/a          | n/a        | 6,060              | 19.2        | 14.8        | 14.8        | 0.9        | 0.9        | 6.1         | 6.4         |
| Spicejet (India)                  | SJET IN      | n/a | 31.05         | n/a          | n/a        | 228                | n/a         | n/a         | n/a         | n/a        | n/a        | n/a         | n/a         |
| Vietjet Aviation                  | VJC VN       | n/a | 106,500       | n/a          | n/a        | 2,450              | 29.3        | 19.0        | 19.0        | n/a        | n/a        | 24.0        | 11.6        |
| <b>Regional average</b>           |              |     |               |              |            | <b>57,525</b>      | <b>n/a</b>  | <b>15.8</b> | <b>15.8</b> | <b>1.8</b> | <b>1.6</b> | <b>11.6</b> | <b>7.8</b>  |
| <b>Global</b>                     |              |     |               |              |            |                    |             |             |             |            |            |             |             |
| Eva Airways                       | 2618 TT      | n/a | 26.60         | n/a          | n/a        | 4,738              | 16.6        | 27.3        | 27.3        | 1.4        | 1.5        | 3.7         | 4.3         |
| Air New Zealand                   | AIR NZ       | n/a | 0.77          | n/a          | n/a        | 1,606              | 7.0         | 8.2         | 8.2         | 1.4        | 1.2        | 3.1         | 3.3         |
| Air Arabia                        | AIRARABIA UH | n/a | 2.10          | n/a          | n/a        | 2,669              | 7.7         | 7.9         | 7.9         | 1.4        | 1.3        | 4.2         | 4.2         |
| Easyjet (UK)                      | EZJ LN       | n/a | 474.90        | n/a          | n/a        | 4,422              | 16.8        | 12.0        | 12.0        | 1.3        | 1.2        | 4.1         | 3.7         |
| Gol Linhas Aereas Intel. (Brazil) | GOLL4 BS     | n/a | 6.23          | n/a          | n/a        | 499                | n/a         | 6.4         | 6.4         | n/a        | n/a        | 5.8         | 4.7         |
| JetBlue Airways (US, Latin AM)    | JBLU         | n/a | 6.82          | n/a          | n/a        | 2,232              | 14.0        | 6.5         | 6.5         | 0.7        | 0.5        | 4.5         | 3.3         |
| Norwegian Air Shuttle (Norway)    | NWARF US     | n/a | 1.00          | n/a          | n/a        | 927                | 10.6        | 6.8         | 6.8         | 1.9        | 1.3        | 3.2         | 2.4         |
| Southwest Airlines (US)           | LUV US       | n/a | 30.15         | n/a          | n/a        | 17,918             | 11.1        | 7.9         | 7.9         | 1.7        | 1.4        | 3.8         | 3.0         |
| <b>Global average</b>             |              |     |               |              |            | <b>35,011</b>      | <b>12.0</b> | <b>10.4</b> | <b>10.4</b> | <b>1.4</b> | <b>1.2</b> | <b>4.0</b>  | <b>3.6</b>  |
| <b>Overall average</b>            |              |     |               |              |            | <b>94,308</b>      | <b>18.4</b> | <b>13.7</b> | <b>13.5</b> | <b>1.7</b> | <b>1.5</b> | <b>8.4</b>  | <b>6.4</b>  |

Sources: Bloomberg; FSSIA estimates



## Financial Statements

### Bangkok Airways

| Profit and Loss (THB m) Year Ending Dec           | 2021           | 2022           | 2023E        | 2024E        | 2025E        |
|---|----------------|----------------|--------------|--------------|--------------|
| Revenue   | 2,717          | 11,305         | 19,771       | 24,267       | 25,537       |
| Cost of goods sold                                | (3,773)        | (9,093)        | (14,320)     | (18,162)     | (19,157)     |
| <b>Gross profit</b>                               | <b>(1,056)</b> | <b>2,212</b>   | <b>5,451</b> | <b>6,105</b> | <b>6,381</b> |
| Other operating income                            | -              | -              | -            | -            | -            |
| Operating costs                                   | (1,551)        | (2,097)        | (3,208)      | (3,686)      | (3,879)      |
| <b>Operating EBITDA</b>                           | <b>(2,607)</b> | <b>115</b>     | <b>2,243</b> | <b>2,419</b> | <b>2,502</b> |
| Depreciation                                      | (2,342)        | (2,431)        | (2,153)      | (2,092)      | (2,165)      |
| Goodwill amortisation                             | -              | -              | -            | -            | -            |
| <b>Operating EBIT</b>                             | <b>(4,949)</b> | <b>(2,316)</b> | <b>90</b>    | <b>327</b>   | <b>337</b>   |
| Net financing costs                               | (1,258)        | (1,475)        | (1,931)      | (1,793)      | (1,655)      |
| Associates  | 453            | 489            | 628          | 640          | 652          |
| Recurring non-operating income                    | 2,142          | 1,916          | 2,807        | 3,233        | 3,284        |
| Non-recurring items                               | (5,180)        | (137)          | 0            | 0            | 0            |
| <b>Profit before tax</b>                          | <b>(9,246)</b> | <b>(2,013)</b> | <b>966</b>   | <b>1,767</b> | <b>1,966</b> |
| Tax   | 117            | (114)          | (34)         | (135)        | (197)        |
| <b>Profit after tax</b>                           | <b>(9,129)</b> | <b>(2,127)</b> | <b>932</b>   | <b>1,632</b> | <b>1,769</b> |
| Minority interests                                | 50             | 16             | (14)         | (58)         | (64)         |
| Preferred dividends                               | -              | -              | -            | -            | -            |
| Other items                                       | -              | -              | -            | -            | -            |
| <b>Reported net profit</b>                        | <b>(9,079)</b> | <b>(2,112)</b> | <b>918</b>   | <b>1,573</b> | <b>1,705</b> |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>5,180</b>   | <b>137</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Recurring net profit</b>                       | <b>(3,899)</b> | <b>(1,974)</b> | <b>918</b>   | <b>1,573</b> | <b>1,705</b> |
| <b>Per share (THB)</b>                            |                |                |              |              |              |
| Recurring EPS *                                   | (1.86)         | (0.94)         | 0.44         | 0.75         | 0.81         |
| Reported EPS                                      | (4.32)         | (1.01)         | 0.44         | 0.75         | 0.81         |
| DPS   | 0.00           | 0.00           | 0.26         | 0.45         | 0.49         |
| Diluted shares (used to calculate per share data) | 2,100          | 2,100          | 2,100        | 2,100        | 2,100        |
| <b>Growth</b>                                     |                |                |              |              |              |
| Revenue (%)                                       | (64.6)         | 316.1          | 74.9         | 22.7         | 5.2          |
| Operating EBITDA (%)                              | nm             | nm             | 1,858.8      | 7.8          | 3.4          |
| Operating EBIT (%)                                | nm             | nm             | nm           | 264.5        | 3.0          |
| Recurring EPS (%)                                 | nm             | nm             | nm           | 71.4         | 8.4          |
| Reported EPS (%)                                  | nm             | nm             | nm           | 71.4         | 8.4          |
| <b>Operating performance</b>                      |                |                |              |              |              |
| Gross margin inc. depreciation (%)                | (125.1)        | (1.9)          | 16.7         | 16.5         | 16.5         |
| Gross margin of key business (%)                  | (125.1)        | (1.9)          | 16.7         | 16.5         | 16.5         |
| Operating EBITDA margin (%)                       | (96.0)         | 1.0            | 11.3         | 10.0         | 9.8          |
| Operating EBIT margin (%)                         | (182.2)        | (20.5)         | 0.5          | 1.3          | 1.3          |
| Net margin (%)                                    | (143.5)        | (17.5)         | 4.6          | 6.5          | 6.7          |
| Effective tax rate (%)                            | 2.6            | (4.8)          | 10.0         | 12.0         | 15.0         |
| Dividend payout on recurring profit (%)           | -              | -              | 60.0         | 60.0         | 60.0         |
| Interest cover (X)                                | (2.2)          | (0.3)          | 1.5          | 2.0          | 2.2          |
| Inventory days                                    | 44.3           | 18.1           | 10.4         | 8.0          | 8.7          |
| Debtor days                                       | 51.9           | 25.1           | 21.9         | 17.8         | 16.9         |
| Creditor days                                     | 100.9          | 50.7           | 45.3         | 47.9         | 54.1         |
| Operating ROIC (%)                                | (32.6)         | (19.2)         | 0.9          | 6.1          | 11.5         |
| ROIC (%)  | (6.2)          | (0.9)          | 5.5          | 7.1          | 7.4          |
| ROE (%)   | (23.8)         | (13.2)         | 5.3          | 8.6          | 8.9          |
| ROA (%)   | (5.5)          | (0.8)          | 4.2          | 5.1          | 5.1          |
| * Pre-exceptional, pre-goodwill and fully diluted |                |                |              |              |              |
| <b>Revenue by Division (THB m)</b>                |                |                |              |              |              |
| Air fares   | 1,191          | 8,451          | 15,029       | 18,830       | 19,965       |
| Revenue from sales and services                   | 1,477          | 2,534          | 4,114        | 4,664        | 4,772        |
| Freight   | 6              | 76             | 150          | 201          | 214          |
| Passenger services                                | 43             | 244            | 478          | 572          | 587          |

Sources: Bangkok Airways; FSSIA estimates

## Financial Statements

### Bangkok Airways

| Cash Flow (THB m) Year Ending Dec | 2021           | 2022           | 2023E          | 2024E          | 2025E          |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit              | (3,899)        | (1,974)        | 918            | 1,573          | 1,705          |
| Depreciation                      | 2,342          | 2,431          | 2,153          | 2,092          | 2,165          |
| Associates & minorities           | -              | -              | -              | -              | -              |
| Other non-cash items              | (4,921)        | 1,005          | 14             | 58             | 64             |
| Change in working capital         | (1,232)        | 1,573          | 3,347          | 2,154          | 546            |
| <b>Cash flow from operations</b>  | <b>(7,709)</b> | <b>3,035</b>   | <b>6,433</b>   | <b>5,877</b>   | <b>4,480</b>   |
| Capex - maintenance               | (722)          | (184)          | (989)          | (1,213)        | (1,277)        |
| Capex - new investment            | -              | -              | -              | -              | -              |
| Net acquisitions & disposals      | 114            | (9,209)        | 0              | 0              | 0              |
| Other investments (net)           | -              | -              | -              | -              | -              |
| <b>Cash flow from investing</b>   | <b>(608)</b>   | <b>(9,393)</b> | <b>(989)</b>   | <b>(1,213)</b> | <b>(1,277)</b> |
| Dividends paid                    | 0              | 0              | 0              | (551)          | (944)          |
| Equity finance                    | 0              | (101)          | 0              | 0              | 0              |
| Debt finance                      | 6,094          | 5,804          | (2,759)        | (4,238)        | (3,201)        |
| Other financing cash flows        | 2,168          | 5,177          | 0              | 0              | 0              |
| <b>Cash flow from financing</b>   | <b>8,262</b>   | <b>10,880</b>  | <b>(2,759)</b> | <b>(4,789)</b> | <b>(4,145)</b> |
| Non-recurring cash flows          | -              | -              | -              | -              | -              |
| Other adjustments                 | 0              | 0              | 0              | 0              | 0              |
| <b>Net other adjustments</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Movement in cash</b>           | <b>(55)</b>    | <b>4,521</b>   | <b>2,685</b>   | <b>(125)</b>   | <b>(942)</b>   |
| Free cash flow to firm (FCFF)     | (7,052.04)     | (4,869.16)     | 7,418.73       | 6,518.33       | 4,918.56       |
| Free cash flow to equity (FCFE)   | (55.35)        | 4,622.05       | 2,685.04       | 425.72         | 1.54           |

#### Per share (THB)

|                               |        |        |      |      |      |
|-------------------------------|--------|--------|------|------|------|
| FCFF per share                | (3.36) | (2.32) | 3.53 | 3.10 | 2.34 |
| FCFE per share                | (0.03) | 2.20   | 1.28 | 0.20 | 0.00 |
| Recurring cash flow per share | (3.08) | 0.70   | 1.47 | 1.77 | 1.87 |

| Balance Sheet (THB m) Year Ending Dec             | 2021          | 2022          | 2023E         | 2024E         | 2025E         |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross)                     | 27,064        | 24,954        | 25,943        | 27,156        | 28,433        |
| Less: Accumulated depreciation                    | (10,424)      | (10,561)      | (12,715)      | (14,806)      | (16,971)      |
| <b>Tangible fixed assets (net)</b>                | <b>16,640</b> | <b>14,393</b> | <b>13,228</b> | <b>12,350</b> | <b>11,462</b> |
| <b>Intangible fixed assets (net)</b>              | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| Long-term financial assets                        | -             | -             | -             | -             | -             |
| Invest. in associates & subsidiaries              | 28,191        | 37,401        | 37,401        | 37,401        | 37,401        |
| Cash & equivalents                                | 2,126         | 6,647         | 9,332         | 9,207         | 8,265         |
| A/C receivable                                    | 373           | 1,185         | 1,185         | 1,185         | 1,185         |
| Inventories                                       | 438           | 465           | 349           | 443           | 467           |
| Other current assets                              | 169           | 312           | 545           | 669           | 704           |
| <b>Current assets</b>                             | <b>3,106</b>  | <b>8,608</b>  | <b>11,411</b> | <b>11,504</b> | <b>10,621</b> |
| Other assets                                      | 1,002         | 1,844         | 1,844         | 1,844         | 1,844         |
| <b>Total assets</b>                               | <b>48,939</b> | <b>62,246</b> | <b>63,884</b> | <b>63,098</b> | <b>61,327</b> |
| Common equity                                     | 13,198        | 16,818        | 17,736        | 18,759        | 19,519        |
| Minorities etc.                                   | (36)          | (55)          | (40)          | 18            | 82            |
| <b>Total shareholders' equity</b>                 | <b>13,162</b> | <b>16,764</b> | <b>17,696</b> | <b>18,777</b> | <b>19,602</b> |
| Long term debt                                    | 26,515        | 32,468        | 29,709        | 25,471        | 22,270        |
| Other long-term liabilities                       | 5,305         | 6,651         | 6,651         | 6,651         | 6,651         |
| <b>Long-term liabilities</b>                      | <b>31,820</b> | <b>39,120</b> | <b>36,360</b> | <b>32,122</b> | <b>28,921</b> |
| A/C payable                                       | 967           | 1,558         | 1,999         | 2,766         | 2,917         |
| Short term debt                                   | 917           | 768           | 768           | 768           | 768           |
| Other current liabilities                         | 2,073         | 4,037         | 7,060         | 8,665         | 9,119         |
| <b>Current liabilities</b>                        | <b>3,957</b>  | <b>6,362</b>  | <b>9,827</b>  | <b>12,199</b> | <b>12,804</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>48,939</b> | <b>62,246</b> | <b>63,884</b> | <b>63,098</b> | <b>61,327</b> |
| Net working capital                               | (2,060)       | (3,633)       | (6,980)       | (9,134)       | (9,680)       |
| Invested capital                                  | 43,773        | 50,004        | 45,492        | 42,460        | 41,026        |

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

#### Per share (THB)

|                               |      |      |      |      |      |
|-------------------------------|------|------|------|------|------|
| Book value per share          | 6.28 | 8.01 | 8.45 | 8.93 | 9.29 |
| Tangible book value per share | 6.28 | 8.01 | 8.45 | 8.93 | 9.29 |

#### Financial strength

|                           |       |       |       |      |      |
|---------------------------|-------|-------|-------|------|------|
| Net debt/equity (%)       | 192.3 | 158.6 | 119.5 | 90.7 | 75.4 |
| Net debt/total assets (%) | 51.7  | 42.7  | 33.1  | 27.0 | 24.1 |
| Current ratio (x)         | 0.8   | 1.4   | 1.2   | 0.9  | 0.8  |
| CF interest cover (x)     | 1.0   | 4.1   | 2.4   | 1.2  | 1.0  |

| Valuation                                 | 2021         | 2022          | 2023E       | 2024E       | 2025E       |
|---|--------------|---------------|-------------|-------------|-------------|
| <b>Recurring P/E (x) *</b>                | <b>(7.1)</b> | <b>(13.9)</b> | <b>30.0</b> | <b>17.5</b> | <b>16.1</b> |
| <b>Recurring P/E @ target price (x) *</b> | <b>(9.7)</b> | <b>(19.1)</b> | <b>41.2</b> | <b>24.0</b> | <b>22.2</b> |
| Reported P/E (x)                          | (3.0)        | (13.0)        | 30.0        | 17.5        | 16.1        |
| Dividend yield (%)                        | -            | -             | 2.0         | 3.4         | 3.7         |
| Price/book (x)                            | 2.1          | 1.6           | 1.6         | 1.5         | 1.4         |
| Price/tangible book (x)                   | 2.1          | 1.6           | 1.6         | 1.5         | 1.4         |
| EV/EBITDA (x) **                          | (20.2)       | 471.9         | 21.7        | 18.4        | 16.9        |
| EV/EBITDA @ target price (x) **           | (24.2)       | 561.8         | 26.3        | 22.7        | 21.0        |
| EV/invested capital (x)                   | 1.2          | 1.1           | 1.1         | 1.0         | 1.0         |

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Bangkok Airways; FSSIA estimates

## Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in [Environmental](#), and [Social](#) issues, by managing business with transparency in [Governance](#). The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: [Economic](#) (CG, risk management, customer relation management, supply chain management, and innovation); [Environmental](#) (environmental management, eco-efficiency, and climate risk); [Social](#) (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## 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

#### 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

#### Asia Aviation (AAV TB)



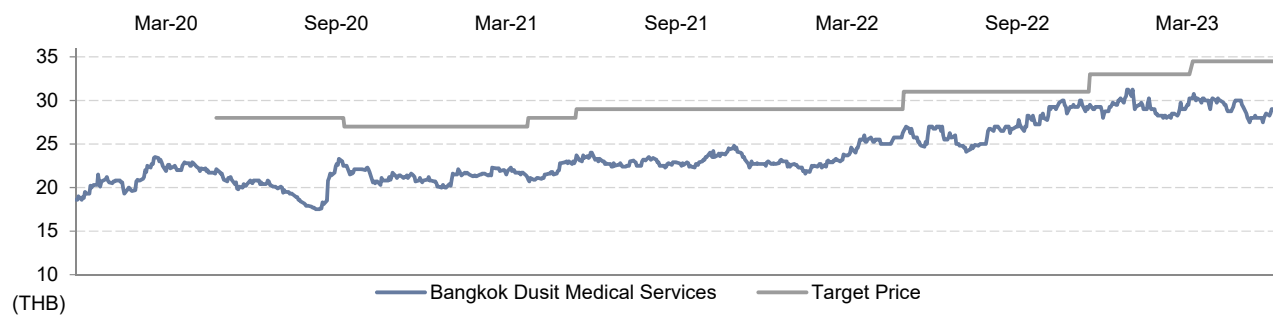
| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 21-Dec-2020 | BUY    | 3.40         | 16-Aug-2021 | BUY    | 3.20         | 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 Dusit Medical Services (BDMS TB)



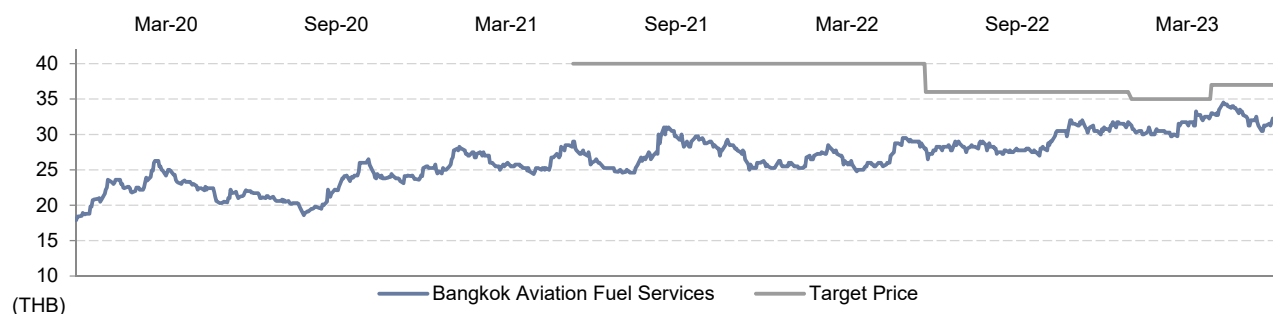
| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 30-Jul-2020 | BUY    | 28.00        | 24-Jun-2021 | BUY    | 29.00        | 08-Jan-2023 | BUY    | 34.50        |
| 24-Nov-2020 | BUY    | 27.00        | 19-Apr-2022 | BUY    | 31.00        |             |        |              |
| 11-May-2021 | BUY    | 28.00        | 06-Oct-2022 | BUY    | 33.00        |             |        |              |

Teerapol Udomvej, CFA started covering this stock from 30-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

### Bangkok Aviation Fuel Services (BAFS TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 21-Jun-2021 | BUY    | 40.00        | 11-Nov-2022 | BUY    | 35.00        | -    | -      | -            |
| 09-May-2022 | BUY    | 36.00        | 25-Jan-2023 | BUY    | 37.00        |      |        |              |

Siriluck Pinthusoonthorn started covering this stock from 11-Nov-2022

Price and TP are in local currency

Source: FSSIA estimates

| Company                        | Ticker  | Price     | Rating | Valuation & Risks   |
|--------------------------------|---------|-----------|--------|---|
| Bangkok Airways                | BA TB   | THB 13.10 | BUY    | Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.              |
| Asia Aviation                  | AAV TB  | THB 2.76  | BUY    | Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers. |
| Bangkok Dusit Medical Services | BDMS TB | THB 29.25 | BUY    | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.       |
| Bangkok Aviation Fuel Services | BAFS TB | THB 31.50 | BUY    | Downside risks to our SoTP-based target price include a slower-than-expected vaccination rate, leading to a slower tourism recovery, and uncertainty in fuel volume demand in the north which could lead to volatility in income of Fuel Pipeline Transportation Limited (FPT).         |

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 are 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.

All share prices are as at market close on 27-Mar-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 does not 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.