

BANGKOK AIRWAYS
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UNCHANGED

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- ผลประกอบการปกติใน 4Q22 ปรับตัวดีขึ้นมากที่สุดจาก 4Q19 เมื่อเทียบกับหุ้นในกลุ่มท่องเที่ยวที่เราศึกษา
- ผลประกอบการปกติหน้าจะพลิกเป็นกำไรได้ใน 1Q23 จากปริมาณผู้โดยสารและค่าบัตรโดยสารที่สูงขึ้น q-q ตลาดน่าจะให้ความสนใจใน BA หลังผลประกอบการ 1Q23
- คงแนะนำซื้อที่ราคาเป้าหมายที่ 18 บาท (SoTP)

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

การปรับรูปแบบการทำธุรกิจให้ดีขึ้นทำให้ปัจจัยพื้นฐานปรับตัวดีขึ้น

เราเชื่อว่าการปรับรูปแบบการทำธุรกิจของ BA เริ่มเห็นผลแล้วเนื่องจากผลประกอบการปกติเกี่ยวกับจุดคุ้มทุนใน 4Q22 ด้วยปริมาณผู้โดยสารที่ฟื้นตัวเป็นเพียง 65% ของระดับก่อนโควิด (เทียบกับผลขาดทุนปกติก่อนภาษีที่ 1.2 พัน ลบ. ใน 4Q19) เราเห็นว่าปัจจัยที่ดีขึ้นอยู่ที่ต้นทุนธุรกิจสายการบินที่ลดลง ผลตอบแทนจากผู้โดยสารที่สูงขึ้นจากการมุ่งเน้นไปในเส้นทางสมุยและโครงสร้างของ BAREIT ที่เอื้อประโยชน์ให้มากยิ่งขึ้น

การใช้ฝูงบินให้เป็นประโยชน์มากที่สุดในปี 2023

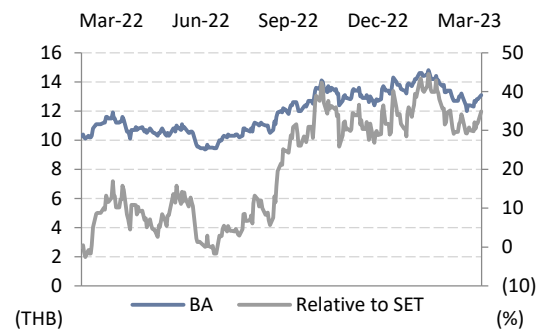
ส่วนสุดท้ายของแผนการปรับรูปแบบการทำธุรกิจของ BA จะอยู่ที่การใช้ฝูงบินให้เป็นประโยชน์มากที่สุดเพื่อปรับปรุงความสามารถในการทำกำไรโดยจะลดจำนวนเครื่องบินจาก 35 ลำในปี 2022 เป็น 26-28 ลำในปี 2023 การลดดังกล่าวจะทำให้เกิดค่าใช้จ่ายพิเศษไม่เกิน USD20 ล้าน (ประมาณ 0.7 พัน ลบ.) จากต้นทุนในการส่งคืนเครื่องบินในปี 2023 หลังจากนั้นความสามารถในการทำกำไรของ BA น่าจะปรับตัวดีขึ้นอย่างมีนัยสำคัญซึ่งจะช่วยให้บริษัทฯ ได้ประโยชน์จากการฟื้นตัวของนักท่องเที่ยวไทย จากฝูงบินที่เล็กลงเรคาดว่าจำนวนที่นั่งต่อกิโลเมตร (ASK) จะฟื้นตัวเป็น 60-80% ในปี 2023-24 อย่างไรก็ตามปริมาณผู้โดยสารน่าจะฟื้นตัวเป็น 75-90% จาก Load factor ที่สูงขึ้นเป็น 74-76% ในช่วงเดียวกัน (เทียบกับ 68% ในปี 2019)

ค่าบัตรโดยสารที่สูงขึ้นจะเป็น Upside สำหรับกำไรในปี 2023

เรคาดว่า BA จะพลิกเป็นกำไรใน 1Q23 จากฤดูกาลท่องเที่ยว เรคาดว่าทั้งปริมาณผู้โดยสารและค่าบัตรโดยสารจะปรับตัวดีขึ้น q-q ในปี 2023 เรคาดกำไรปกติที่ 0.9 พัน ลบ. ประกอบด้วยเงินปันผล 0.6 พัน ลบ. จาก BDMS และส่วนแบ่งรายได้ 0.4 พัน ลบ. จากธุรกิจขนส่งสินค้า (Cargo) เราตั้งสมมติฐานธุรกิจสายการบินและธุรกิจที่เกี่ยวข้องกับสนามบินไว้ต่ำโดยคาดไว้แค่เท่าทุน ค่าบัตรโดยสารที่สูงกว่าคาดน่าจะให้ Upside แก่ประมาณการของเรา ทั้งนี้เรคาดค่าบัตรโดยสารเฉลี่ยที่ประมาณ 3,400 บาทในปี 2023 (+7% เมื่อเทียบกับ 3,200 บาทในปี 2019) ในขณะที่ค่าบัตรโดยสารเฉลี่ยใน 4Q22 สูงกว่าระดับก่อนโควิดอยู่ 16%

ทางเลือกการลงทุนที่ถูกกว่าในกลุ่มหุ้นท่องเที่ยวไทย

เราคงประมาณการกำไรปกติและราคาเป้าหมายที่ 18 บาท (SoTP) BA เป็นหนึ่งในหุ้นเด่นของเราในกลุ่มหุ้นท่องเที่ยวไทยจากความเสี่ยงต่อผลตอบแทน (risk/reward) ที่อยู่ในเกณฑ์ที่ดีโดยมีระดับการประเมินมูลค่าที่ต่ำที่สุดเพียง 18x ของค่า 2024E P/E ซึ่งต่ำกว่า AAV (22x), AOT (31x) และค่าเฉลี่ยของกลุ่มโรงแรม (32x) การพลิกฟื้นของกำไรใน 1Q23 น่าจะทำให้ตลาดหันมาให้ความสนใจ BA ทั้งนี้หากมีความชัดเจนของการทำกำไร อาจจะทำให้มีโอกาสที่กำไรในปีหน้า กลับไปแตะระดับสูงสุดที่ 2.1 พัน ลบ. ในปี 2016 ซึ่งราคาหุ้นมีการซื้อขายอยู่ในช่วง 20.3-27.5 บาท



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.

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 28 มีนาคม 2023

Investment thesis

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

BA's non-airline business contributes more than half of its gross profit and should be a key driver for the company, especially the airport business based on the U-Tapao Airport project, in which BA holds a 45% stake, and Samui Airport.

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

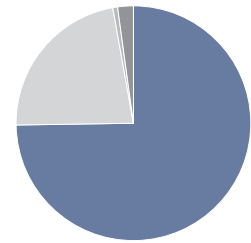
Company profile

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

www.bangkokair.com

Principal activities (revenue, 2022)

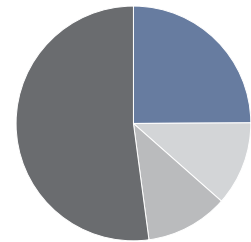
- Air fares - 74.8 %
- Revenue from sales and services - 22.4 %
- Freight - 0.7 %
- Passenger services - 2.2 %



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

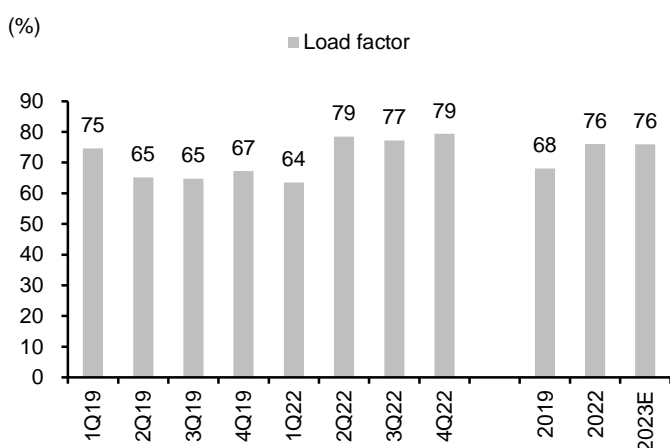
Pre-tax core profit (EBT)	4Q19	4Q22	Change	% Change
	(THB m)	(THB m)	(THB m)	(%)
MINT	3,642	3,103	(539)	(15)
AWC	656	492	(164)	(25)
CENTEL	520	563	43	8
ERW	231	194	(37)	(16)
SHR	(5)	146	151	2,867
AOT	6,516	(1,556)	(8,072)	(124)
AAV	(233)	(244)	(11)	(5)
BA	(1,156)	(59)	1,096	95

Sources: Company data; FSSIA's compilation

First: focusing on profitable routes

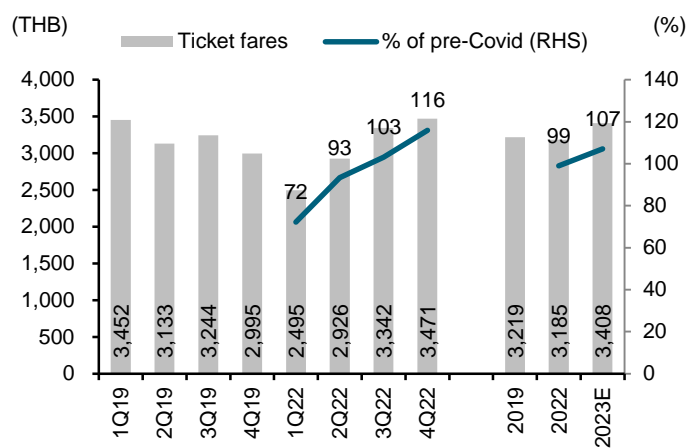
BA has focused on resuming flights for Samui routes and some selective routes that have high demand. The company has not rushed to resume flights for loss-making routes during the pre-Covid period. As a result, BA recorded a better load factor and ticket fare rate in 4Q22 compared to pre-Covid. This 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



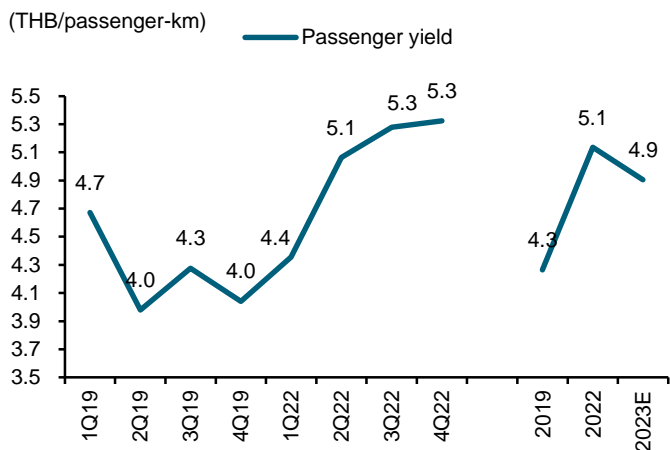
Sources: BA; FSSIA estimate

Exhibit 3: Ticket fares



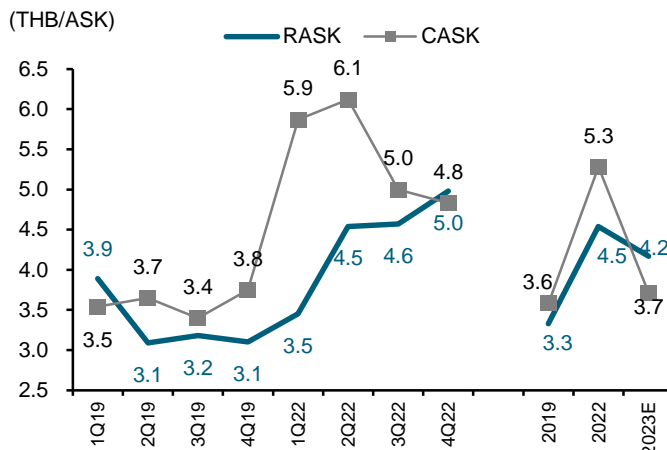
Sources: BA; FSSIA estimate

Exhibit 4: Passenger yield



Sources: BA; FSSIA estimate

Exhibit 5: RASK and CASK



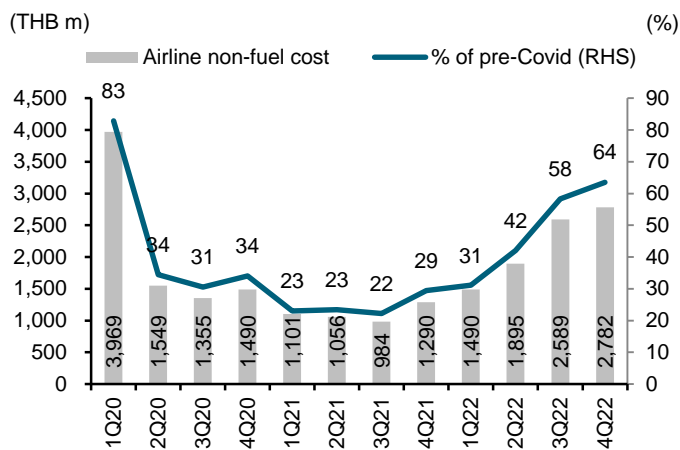
*RASK = revenue per available seat kilometre; CASK = cost per available seat kilometre
Sources: BA; FSSIA estimate

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.

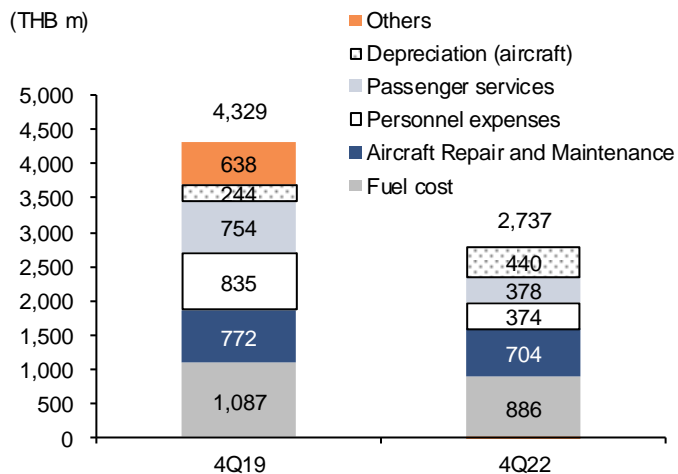
Staff expenses per ASK fell by 10% to THB0.48 in 4Q22 (vs 0.53 in 2019). Meanwhile, passenger service costs per passenger reduced to THB400 in 4Q22 (vs THB519 in 2019). Although staff expenses and passenger services should eventually increase to improve service quality, we believe they will stay below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

Exhibit 6: Non-fuel cost of airline business



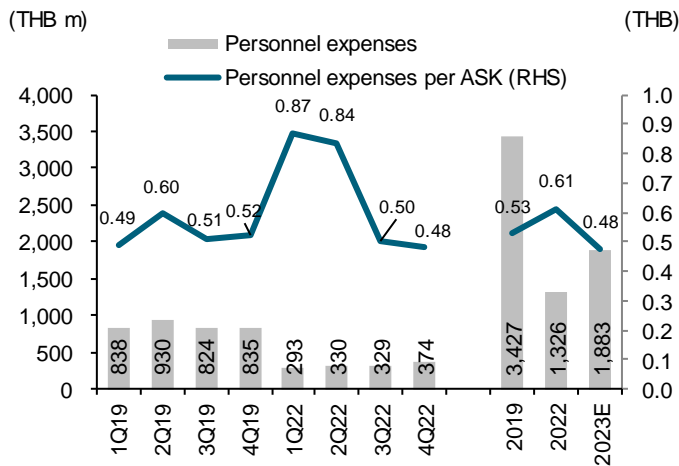
Source: BA

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



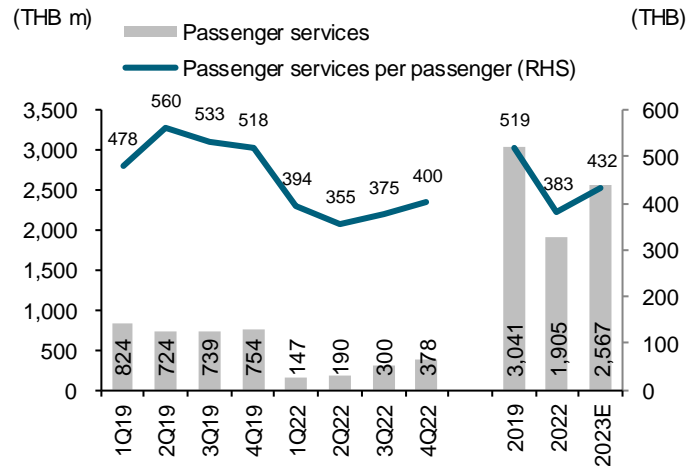
Source: BA

Exhibit 8: Personnel expenses



Sources: BA; FSSIA estimate

Exhibit 9: Passenger service expenses



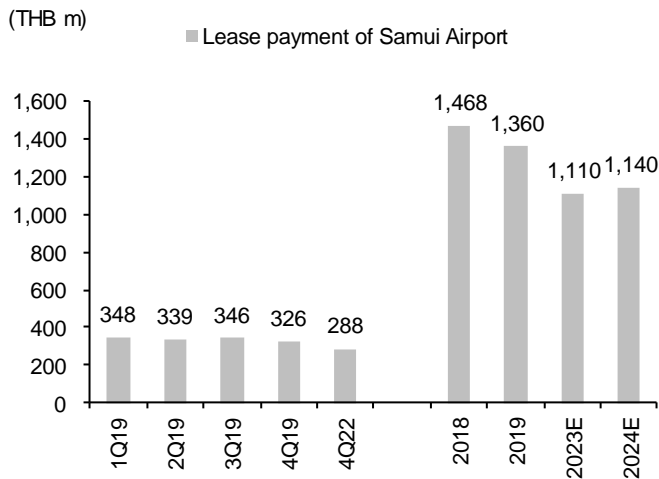
Sources: BA; FSSIA estimate

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.

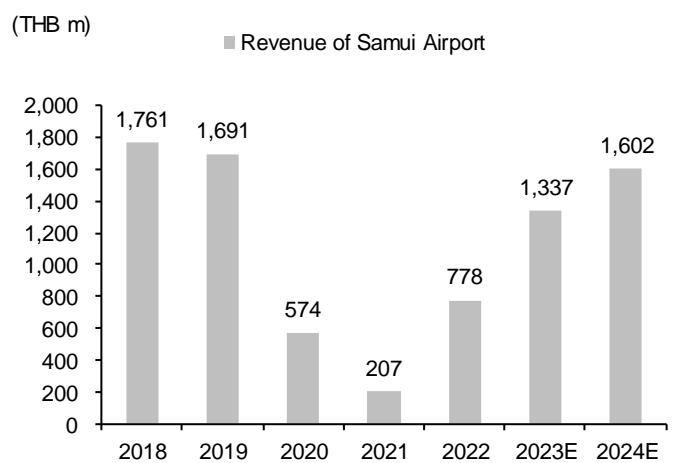
We estimate revenue from Samui Airport of THB1.3b-1.6b in 2023-24, equivalent to 80-95% of the pre-Covid level. Excess revenue above the fixed lease payment will improve its airport business.

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)
Operating profit	(1,068)	(1,010)	(806)	(412)	(89)	(78)	(92)	(2,316)
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)
Pretax profit	(937)	(1,111)	(737)	(297)	(219)	(26)	(77)	(2,365)
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
Core profit	(949)	(1,057)	(628)	(138)	(152)	10	(84)	(1,974)
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
Net profit	(141)	(1,020)	(848)	(393)	150	(138)	(206)	(2,112)
Shares out (end Q, m)	2,100	2,100	2,100	2,100	2,100	0	0	2,100
Pre-ex EPS	(0.45)	(0.50)	(0.30)	(0.07)	(0.07)	10	(84)	(0.94)
EPS	(0.07)	(0.49)	(0.40)	(0.19)	0.07	(138)	(206)	(1.01)
Depreciation	(571)	(628)	(622)	(607)	(574)	(5)	1	(2,431)
EBITDA	(496)	(382)	(184)	195	486	149	(198)	115
Key ratios						(ppt)	(ppt)	
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)
Operating stats								
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		
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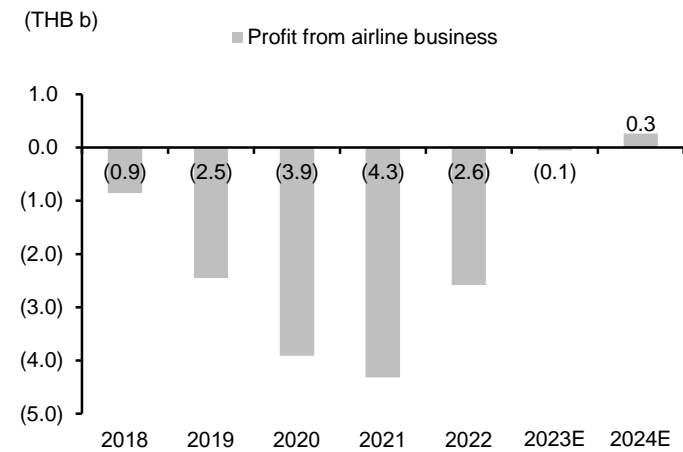
Source: BA

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)

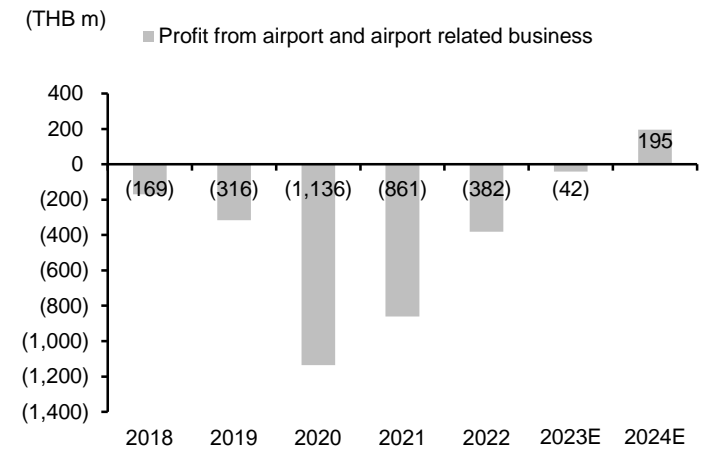
Note: Change of items in percentage terms is represented in ppt change
Sources: BA; FSSIA estimates

Exhibit 14: Profit from airline business



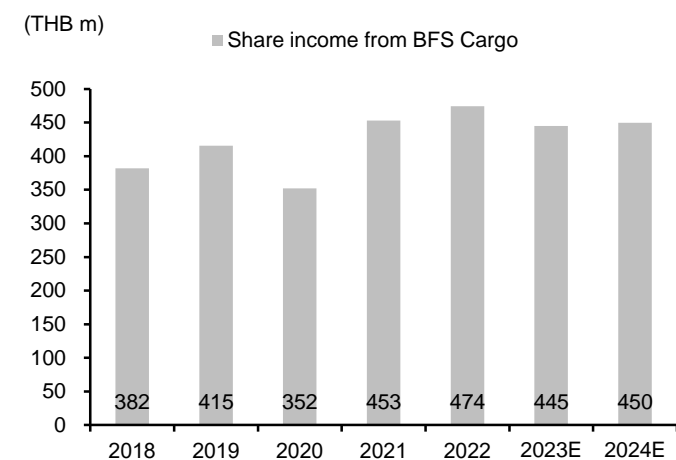
Note: FSSIA-estimated SG&A, interest expenses and tax
Source: FSSIA estimates

Exhibit 15: Profit from airport & airport-related business



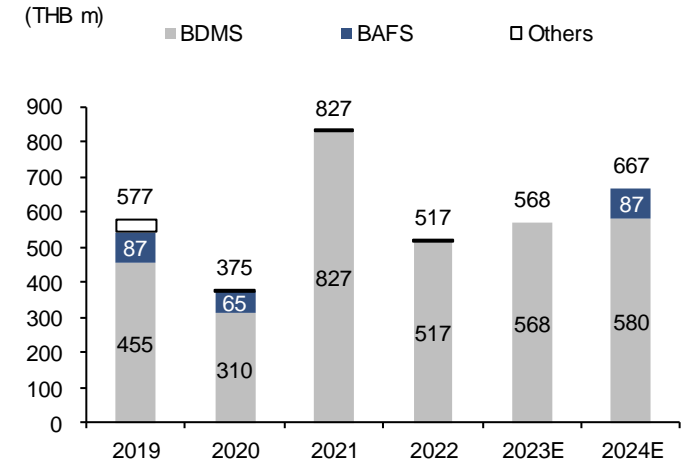
Note: 1) FSSIA-estimated SG&A, interest expenses and tax; 2) includes leasehold payment of BAREIT
Source: FSSIA estimates

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
Total value	37.7	18.0	

Source: FSSIA estimates

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

Company	BBG	Rec	Share price			Market	PE			PBV		EV/EBITDA	
			Current	Target	Upside		23E	24E	25E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Thailand													
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
Thailand average						1,773	28.8	19.5	17.7	2.7	2.4	14.7	12.8
Regional													
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
Regional average						57,525	n/a	15.8	15.8	1.8	1.6	11.6	7.8
Global													
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
Global average						35,011	12.0	10.4	10.4	1.4	1.2	4.0	3.6
Overall average						94,308	18.4	13.7	13.5	1.7	1.5	8.4	6.4

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)
Gross profit	(1,056)	2,212	5,451	6,105	6,381
Other operating income	-	-	-	-	-
Operating costs	(1,551)	(2,097)	(3,208)	(3,686)	(3,879)
Operating EBITDA	(2,607)	115	2,243	2,419	2,502
Depreciation	(2,342)	(2,431)	(2,153)	(2,092)	(2,165)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(4,949)	(2,316)	90	327	337
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
Profit before tax	(9,246)	(2,013)	966	1,767	1,966
Tax	117	(114)	(34)	(135)	(197)
Profit after tax	(9,129)	(2,127)	932	1,632	1,769
Minority interests	50	16	(14)	(58)	(64)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(9,079)	(2,112)	918	1,573	1,705
Non-recurring items & goodwill (net)	5,180	137	0	0	0
Recurring net profit	(3,899)	(1,974)	918	1,573	1,705
Per share (THB)					
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
Growth					
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
Operating performance					
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					
Revenue by Division (THB m)					
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
Cash flow from operations	(7,709)	3,035	6,433	5,877	4,480
Capex - maintenance	(722)	(184)	(989)	(1,213)	(1,277)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	114	(9,209)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(608)	(9,393)	(989)	(1,213)	(1,277)
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
Cash flow from financing	8,262	10,880	(2,759)	(4,789)	(4,145)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(55)	4,521	2,685	(125)	(942)
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)
Tangible fixed assets (net)	16,640	14,393	13,228	12,350	11,462
Intangible fixed assets (net)	0	0	0	0	0
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
Current assets	3,106	8,608	11,411	11,504	10,621
Other assets	1,002	1,844	1,844	1,844	1,844
Total assets	48,939	62,246	63,884	63,098	61,327
Common equity	13,198	16,818	17,736	18,759	19,519
Minorities etc.	(36)	(55)	(40)	18	82
Total shareholders' equity	13,162	16,764	17,696	18,777	19,602
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
Long-term liabilities	31,820	39,120	36,360	32,122	28,921
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
Current liabilities	3,957	6,362	9,827	12,199	12,804
Total liabilities and shareholders' equity	48,939	62,246	63,884	63,098	61,327
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
Recurring P/E (x) *	(7.1)	(13.9)	30.0	17.5	16.1
Recurring P/E @ target price (x) *	(9.7)	(19.1)	41.2	24.0	22.2
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)¹

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 50-59), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

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)³

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)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. 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 >15% 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: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (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 Indices⁵ (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:

¹ 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.

² 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.

³ 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.

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

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

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

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History of change in investment rating and/or target price

Bangkok Airways (BA TB)



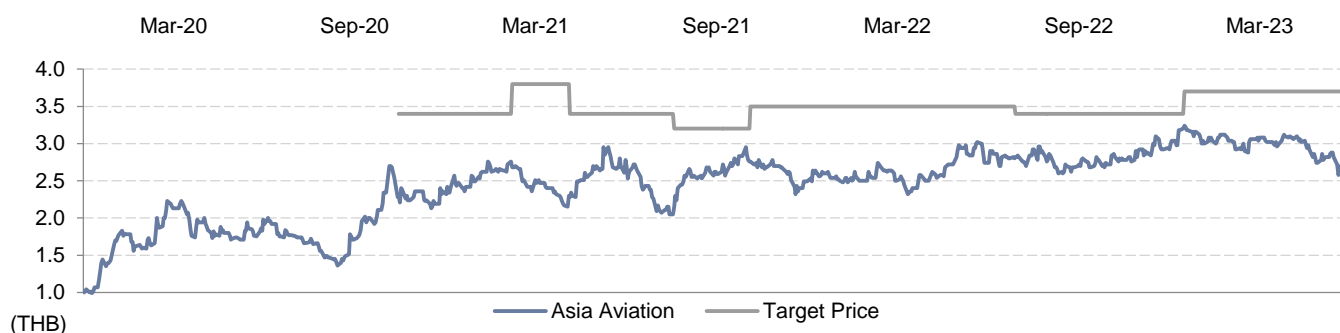
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	01-Sep-2022	BUY	15.00	25-Jan-2023	BUY	18.00
25-Jun-2021	BUY	16.00	20-Oct-2022	BUY	15.60			

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)



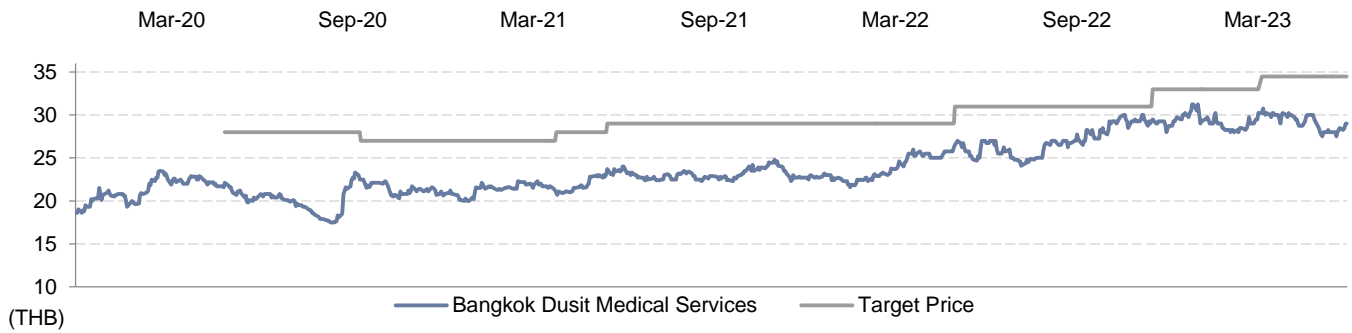
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Dec-2020	BUY	3.40	16-Aug-2021	BUY	3.20	31-Oct-2022	BUY	3.70
29-Mar-2021	BUY	3.80	21-Oct-2021	BUY	3.50			
18-May-2021	BUY	3.40	07-Jun-2022	BUY	3.40			

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)



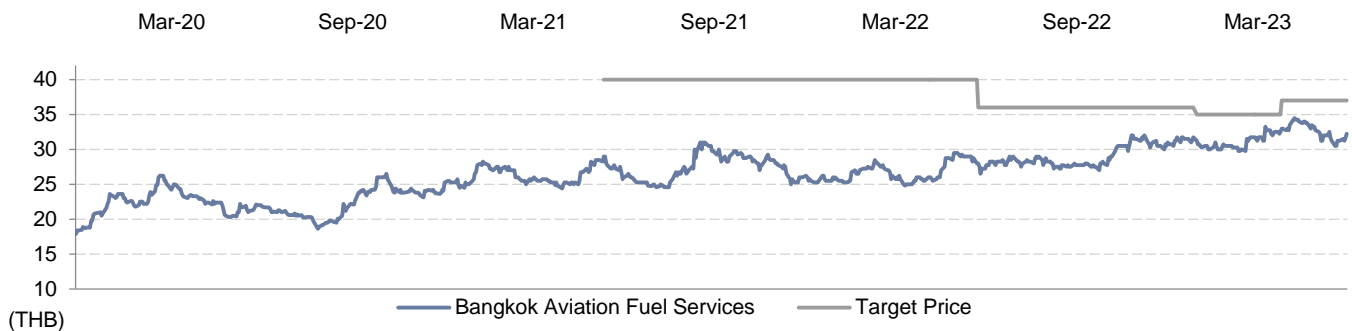
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2020	BUY	28.00	24-Jun-2021	BUY	29.00	08-Jan-2023	BUY	34.50
24-Nov-2020	BUY	27.00	19-Apr-2022	BUY	31.00			
11-May-2021	BUY	28.00	06-Oct-2022	BUY	33.00			

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.