

BANGKOK AIRWAYS
THAILAND / TRANSPORT & LOGISTICS

BA TB

BUY

UNCHANGED

บินขึ้นทำสถิติสูงสุดใหม่

- คาดการณ์ปริมาณผู้โดยสารจะโต h-h ในช่วง 2H23 ค่าปรับโดยสารในปี 2023 น่าจะทรงตัวเหนือระดับก่อนโควิดมากกว่า 10%
- คาดการณ์กำไรสุทธิปี 2023 จะทำสถิติสูงสุดใหม่ที่ 2.2 พัน ลบ. พร้อมศักยภาพการเติบโตจากความสามารถในการรองรับผู้โดยสารและค่าบริการผู้โดยสารขาออก (PSC) ของสนามบินสมุยที่สูงขึ้น
- คงแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 22 บาท (SoTP)

| | |
|-----------------|----------|
| TARGET PRICE | THB22.00 |
| CLOSE | THB16.50 |
| UP/DOWNSIDE | +33.3% |
| PRIOR TP | THB20.00 |
| CHANGE IN TP | +10.0% |
| TP vs CONSENSUS | +21.0% |

KEY STOCK DATA

| YE Dec (THB m) | 2022 | 2023E | 2024E | 2025E |
|----------------------|---------|--------|--------|--------|
| Revenue | 11,305 | 20,526 | 25,010 | 25,896 |
| Net profit | (2,112) | 2,205 | 2,342 | 2,502 |
| EPS (THB) | (1.01) | 1.05 | 1.12 | 1.19 |
| vs Consensus (%) | - | 36.4 | 42.9 | 29.1 |
| EBITDA | 115 | 3,539 | 3,530 | 3,688 |
| Recurring net profit | (1,974) | 2,164 | 2,342 | 2,502 |
| Core EPS (THB) | (0.94) | 1.03 | 1.12 | 1.19 |
| Chg. In EPS est. (%) | nm | 58.3 | 38.6 | 34.3 |
| EPS growth (%) | nm | nm | 8.2 | 6.8 |
| Core P/E (x) | (17.5) | 16.0 | 14.8 | 13.8 |
| Dividend yield (%) | - | 3.7 | 4.1 | 4.3 |
| EV/EBITDA (x) | 534.3 | 15.4 | 14.4 | 13.2 |
| Price/book (x) | 2.1 | 1.8 | 1.7 | 1.6 |
| Net debt/Equity (%) | 158.6 | 105.4 | 80.9 | 66.6 |
| ROE (%) | (13.2) | 12.1 | 12.0 | 12.1 |

ข้อมูลเชิงบวกจากที่ประชุมนักวิเคราะห์

ผู้บริหารคงเป้าปริมาณผู้โดยสารไว้ที่ 4.4 ล้านในปี 2023 ซึ่งหมายถึงปริมาณผู้โดยสารที่ 2.4 ล้านในช่วง 2H23 (เทียบกับ 2 ล้านในช่วง 1H23) นอกจากนี้ BA ยังคาดการณ์ค่าปรับโดยสารเฉลี่ยที่ 3,600 บาทในปี 2023 ซึ่งสูงกว่าค่าเฉลี่ยก่อนโควิดที่ประมาณ 3,200 บาทอยู่ 12% แม้ว่าภาษีสรรพสามิตสำหรับค่าเชื้อเพลิงอากาศยานสำหรับเที่ยวบินในประเทศจะปรับขึ้นเป็น 4.726 บาท/ลิตรจาก 0.2 บาทมาตั้งแต่เดือน ก.ค. เราเชื่อว่า BA จะส่งผ่านต้นทุนดังกล่าวบางส่วนให้แก่ผู้โดยสารโดยปรับอัตราค่าโดยสารขึ้น ปริมาณผู้โดยสารในประเทศของสนามบินสมุยได้แตะระดับก่อนโควิดไปแล้ว ในขณะที่ปริมาณผู้โดยสารต่างประเทศฟื้นตัวขึ้นเพียง 53% ใน 2Q23 ตัวเลขดังกล่าวน่าจะปรับตัวดีขึ้นในช่วง 2H23 เนื่องจาก BA วางแผนกลับมาให้บริการในเส้นทางต่าง ๆ เพิ่มขึ้น อาทิเช่น ฮองกง ฉงชิ่ง และเฉิงตูซึ่งน่าจะช่วยเพิ่มรายได้ทั้งจากค่าปรับโดยสารและ PSC.

เตรียมจ่ายเงินปันผล (หลังจ่ายครั้งสุดท้ายในเดือน มี.ค. 2020)

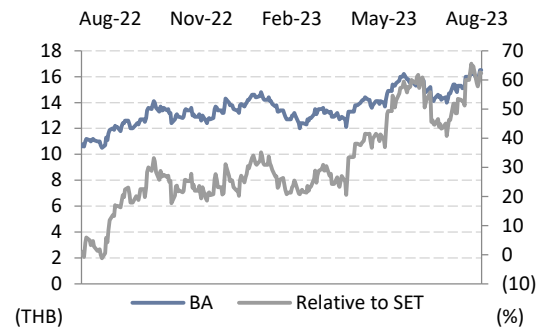
BA ประกาศโอนสำรองตามกฎหมายและส่วนเกินมูลค่าหุ้น (Share premiums) รวม 9.4 พัน ลบ. มาชดเชยผลขาดทุนสะสมจำนวน 13.7 พัน ลบ. หลังรายการดังกล่าวเสร็จสิ้น (ซึ่งขึ้นอยู่กับที่ประชุมวิสามัญผู้ถือหุ้นในวันที่ 28 ก.ย.) ผลขาดทุนจะลดลงเหลือ 4.3 พัน ลบ. เราคิดว่าการกระทำดังกล่าวชี้ให้เห็นว่ากำไรของ BA ปรับตัวดีขึ้นอย่างมีนัยสำคัญและบริษัทฯ กำลังวางแผนจ่ายเงินปันผล ทั้งนี้ BA มีฐานะทางการเงินที่ดีโดยมีเงินสดในมืออยู่ที่ 8.4 พัน ลบ. และสัดส่วนหนี้มีดอกเบี้ยต่อส่วนผู้ถือหุ้น (IBD/E) อยู่ที่ 0.8x ณ สิ้น 2Q23

ปัจจัยหนุนการเติบโตหลายประการรออยู่ข้างหน้า

นักลงทุนอาจมีความกังวลว่ากำไรที่ดีในปี 2023 อาจเกิดจากความต้องการที่อ่อนแอและกังวลเกี่ยวกับการเติบโตในอนาคต เราเห็นปัจจัยบางประการที่ช่วยหนุนการเติบโตในอนาคต ประการแรกสนามบินสมุยกำลังขออนุมัติเพิ่มจำนวนเที่ยวบินจาก 50 เป็น 70 เที่ยวบิน/วัน ประการที่สองค่า PSC อาจเพิ่มตามแผนของ AOT ที่ต้องการเพิ่มค่าธรรมเนียมดังกล่าวใน 6 สนามบิน ประการสุดท้ายการขยายสนามบินตราด (จะแล้วเสร็จในปี 2025) จะทำให้สนามบินฯ สามารถให้บริการรองรับเครื่องบินรุ่น A320 ของสายการบินจีน ในขณะที่สนามบินฯ สามารถให้บริการได้แก่เครื่องบินรุ่น ATR-72 ในปัจจุบัน

กำไรปี 2023 น่าจะทำสถิติสูงสุดใหม่

เราปรับเพิ่มประมาณการกำไรปี 2023 ขึ้นเป็น 2.2 พัน ลบ. เพื่อสะท้อนแนวโน้มที่ดีของบริษัทฯ ซึ่งหมายถึงกำไรที่จะทำสถิติสูงสุดใหม่ (เทียบกับตัวเลขสูงสุดในปัจจุบันที่ 2.1 พัน ลบ. ในปี 2016) เราปรับเพิ่มราคาเป้าหมายของเราเป็น 22 บาท (จาก 20 บาท) BA มีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำเพียง 16x ของค่า 2023E P/E ค่าไรสูงสุดใหม่อาจทำให้ตลาดเริ่มสนใจในหุ้น และผลักดันให้ราคาหุ้นกลับมาซื้อขายที่ราคา IPO ที่ 25 บาทโดยมีปัจจัยหนุนจาก Market cap ของ BDMS ที่สูงขึ้น (437 พัน ลบ. ในปัจจุบันเทียบกับ 307 พัน ลบ. ในปี 2015) และโครงสร้าง BAREIT ที่ดีขึ้นเมื่อเทียบกับ SPF



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%) | 17.9 | 18.7 | 54.2 |
| Relative to country (%) | 16.6 | 16.5 | 62.6 |
| Mkt cap (USD m) | 989 | | |
| 3m avg. daily turnover (USD m) | 1.7 | | |
| Free float (%) | 41 | | |
| Major shareholder | Prasartong-Osoth Puttipong (25%) | | |
| 12m high/low (THB) | 16.80/10.40 | | |
| 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 สิงหาคม 2023

Investment thesis

BA has successfully turned its airline business around by focusing more on the higher-yielding Samui route (48% of passenger revenue in 2019). BA also plans to reduce its fleet and trim its costs, which 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 Samui Airport and the U-Tapao Airport project, in which BA holds a 45% stake.

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 should improve the airport's long-term profitability.

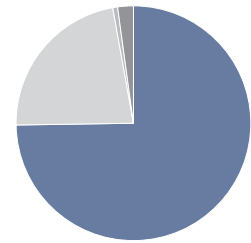
Company profile

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

www.bangkokair.com

Principal activities (revenue, 2022)

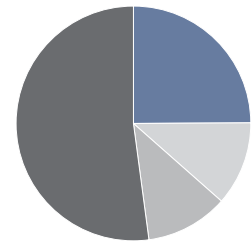
- Air fares - 74.8 %
- Revenue from sales and services - 22.4 %
- Freight - 0.7 %
- Passenger services - 2.2 %



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 |
|----------|---------------------------|
| Nov 2023 | 3Q23 results announcement |

Key assumptions

| | 2023E | 2024E | 2025E |
|----------------------------------|-------|-------|-------|
| Number of aircraft (no.) | 25 | 25 | 27 |
| Passengers carried (m) | 4.4 | 5.2 | 5.2 |
| Load factor (%) | 82.0 | 77.0 | 78.0 |
| Average ticket fare (THB) | 3,602 | 3,746 | 3,877 |
| Fuel price net hedging (USD/bbl) | 130.0 | 130.0 | 130.0 |
| THB/USD | 34.5 | 34.5 | 34.5 |

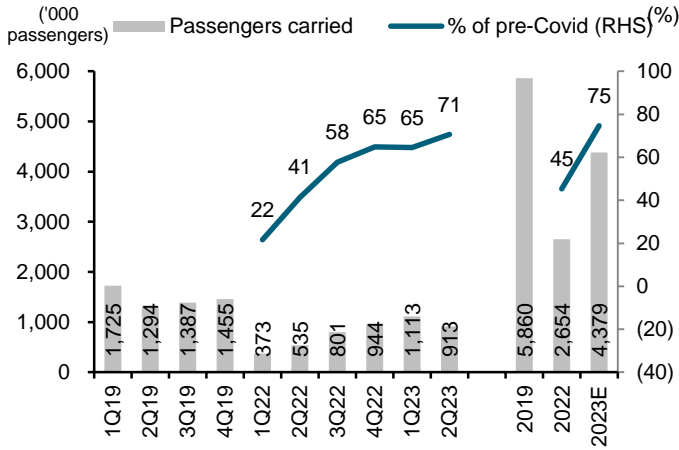
Source: FSSIA estimates

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.

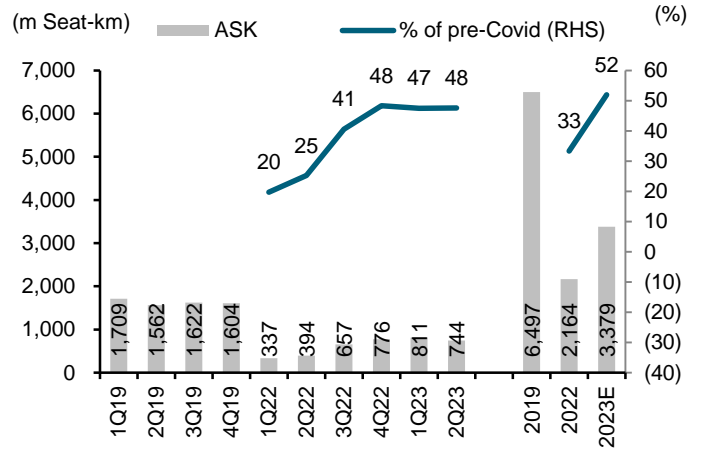
Source: FSSIA estimates

Exhibit 1: Passengers carried



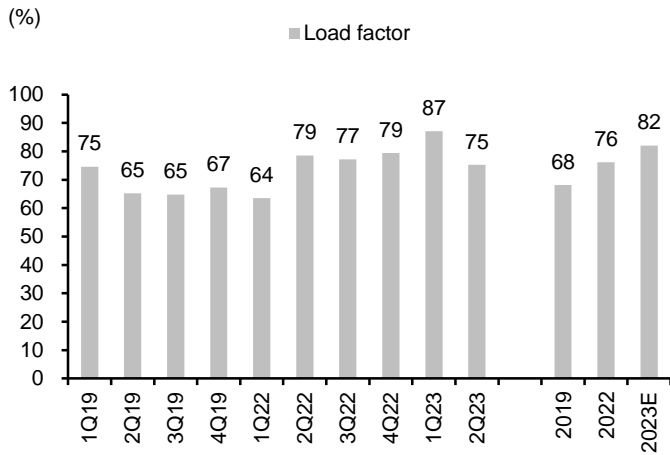
Sources: BA; FSSIA estimates

Exhibit 2: ASK



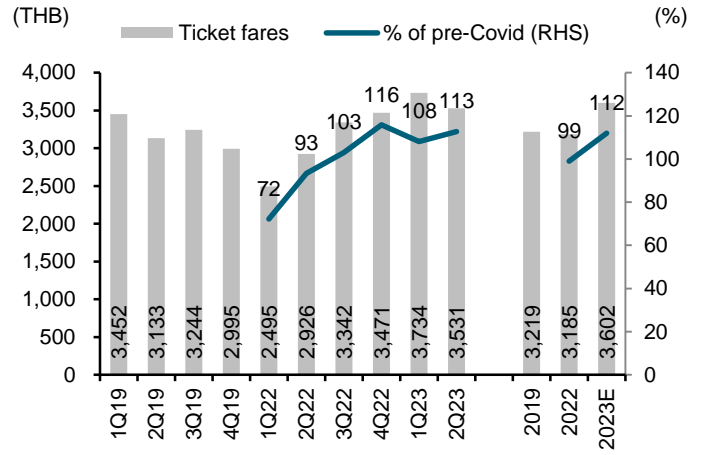
* ASK = available seat kilometres
Sources: BA; FSSIA estimates

Exhibit 3: Load factor



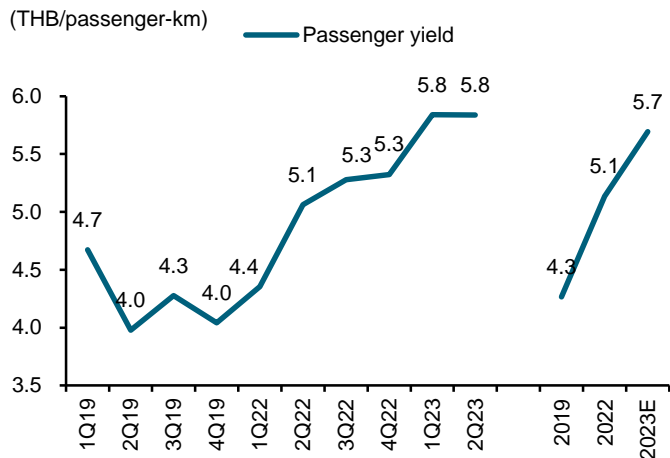
Sources: BA; FSSIA estimates

Exhibit 4: Ticket fares



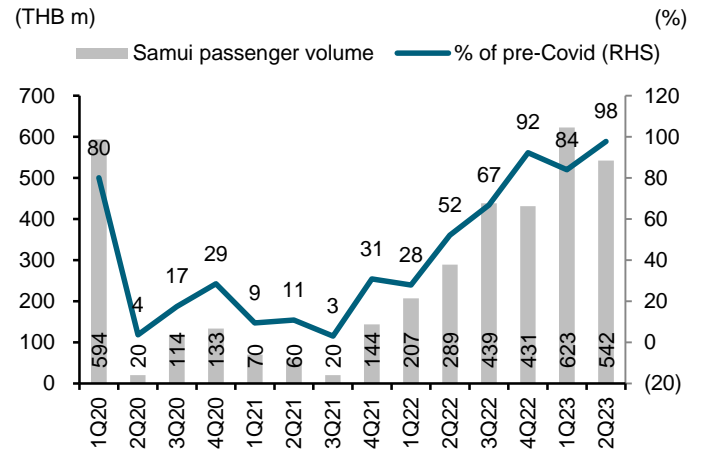
Sources: BA; FSSIA estimates

Exhibit 5: Passenger yield



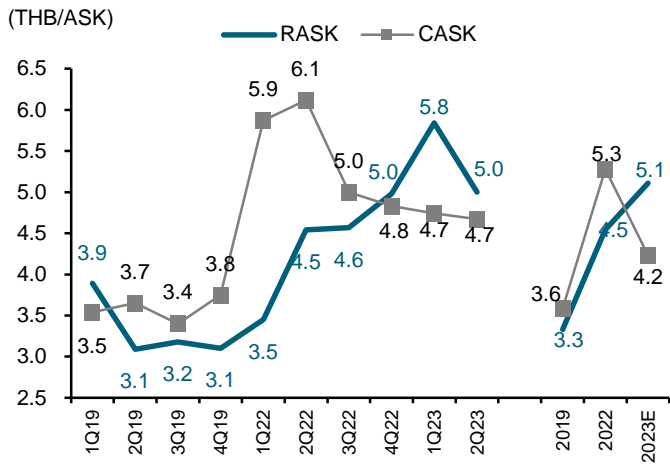
Sources: BA; FSSIA estimates

Exhibit 6: Samui passenger volume



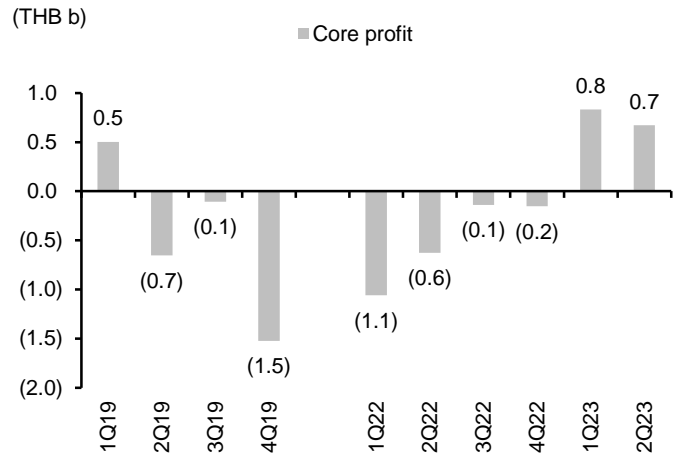
Sources: BA; FSSIA estimates

Exhibit 7: RASK and CASK



Sources: BA; FSSIA estimates

Exhibit 8: Core profit



Sources: BA; FSSIA estimates

Valuation and TP revisions

We revise up our core profit estimates by 34-58% in 2023-25 to reflect the stronger-than-expected 2Q23 and better outlook of the airline business.

We expect BA to deliver a new record high core profit of THB2.2b in 2023 (vs current record high of THB2.1b in 2016), consisting of a THB1.3b profit from the airline business (including tax revenue of THB0.2b), breakeven for its airport and airport-related businesses, THB0.5b in share income from its cargo business, and THB0.3b in dividend income from Bangkok Dusit Medical Services (BDMS TB, BUY).

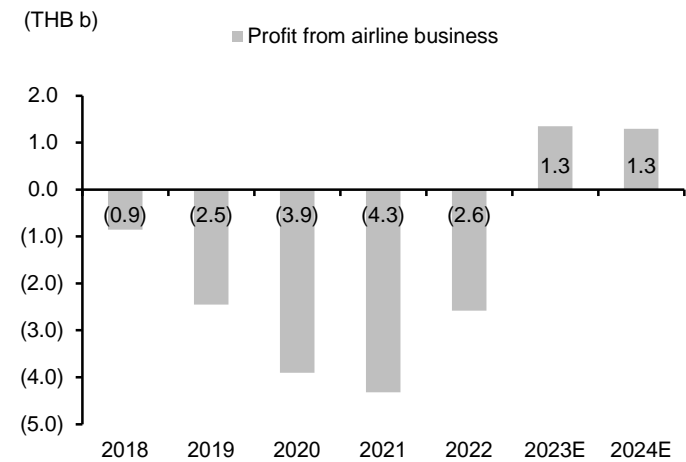
As a result, we revise up our SoTP-based TP to THB22/shr (from THB20/shr), based on 1) the airport and airport-related business pegged at 12x 2024E P/E; 2) the valuations of BDMS, Bangkok Aviation Fuel Services (BAFS TB, not rated) and BA Airport Leasehold Real Estate Investment Trust (BAREIT TB, not rated) based on our TP of THB34.5/shr and the fair value consensus prices of THB35.01/shr and THB12.1/shr, respectively, with a 20% holding discount applied; 3) the airline business pegged at 7x 2024E P/E; 4) the cargo business pegged at 8x 2024E P/E; and 5) deducting the net interest bearing debt and BAREIT lease liabilities.

Exhibit 9: Forecast revisions

| | Current | | | Previous | | | Change (%) | | |
|----------------------------------|---------|--------|--------|----------|--------|--------|------------|-------|-------|
| | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E |
| Passengers carried (m) | 4.4 | 5.2 | 5.2 | 4.4 | 5.3 | 5.5 | (0.7) | (1.7) | (4.7) |
| Load factor (%) | 82 | 77 | 78 | 77 | 74 | 74 | 5.0 | 3.0 | 4.0 |
| Average ticket fare (THB) | 3,602 | 3,746 | 3,877 | 3,471 | 3,576 | 3,683 | 3.8 | 4.8 | 5.3 |
| Fuel price net hedging (USD/bbl) | 130 | 130 | 130 | 125 | 125 | 125 | 4.0 | 4.0 | 4.0 |
| Revenue (THB m) | 20,526 | 25,010 | 25,896 | 20,056 | 24,436 | 25,717 | 2.3 | 2.3 | 0.7 |
| EBITDA (THB m) | 3,539 | 3,530 | 3,688 | 2,663 | 2,653 | 2,748 | 32.9 | 33.1 | 34.2 |
| Core net profit (THB m) | 2,164 | 2,342 | 2,502 | 1,367 | 1,690 | 1,863 | 58.3 | 38.6 | 34.3 |

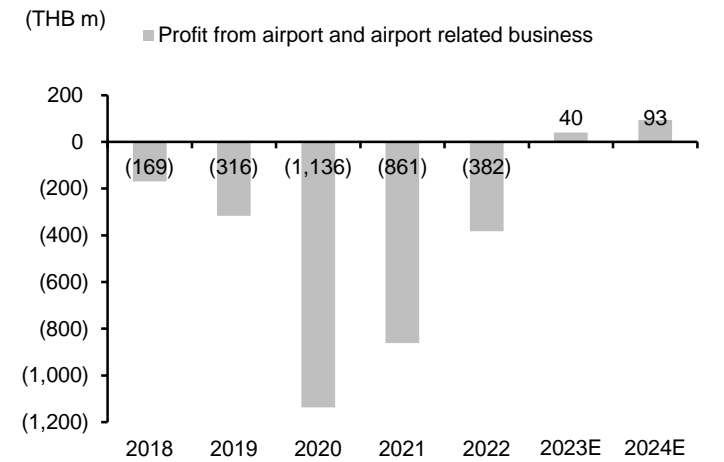
Note: Change of items in percentage terms are represented in ppt change
Sources: BA; FSSIA estimates

Exhibit 10: Profit from airline business



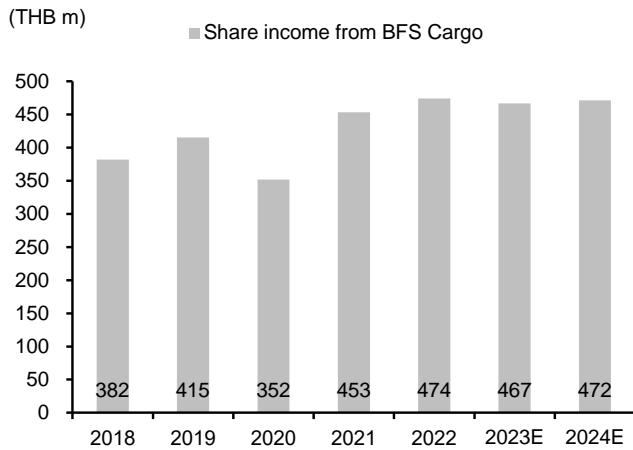
Note: 1) SG&A, interest and tax estimated by FSSIA; 2) 2023 profit includes tax revenue of THB230m
Source: FSSIA estimates

Exhibit 11: Profit from airport & airport-related business



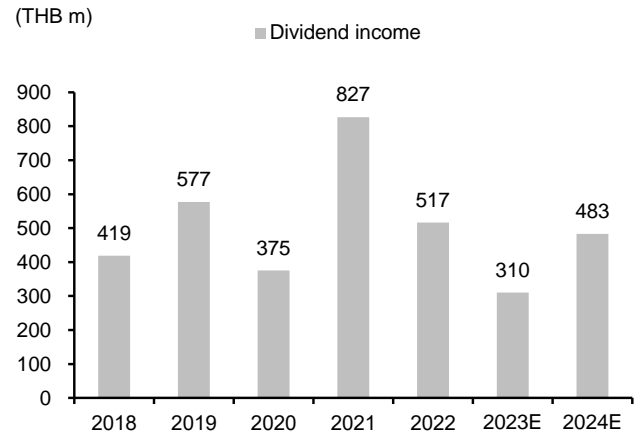
Note: 1) Includes leasehold payment for BAREIT and loss from U-Tapao project; 2) SG&A, interest and tax estimated by FSSIA
Source: FSSIA estimates

Exhibit 12: Share income from cargo business



Sources: BA; FSSIA estimates

Exhibit 13: Dividend income



Sources: BA; FSSIA estimates

Exhibit 14: SoTP valuation

| SoTP Base case | (THB b) | (THB/share) | Comments |
|--------------------------------------|-------------|-------------|---|
| BDMS | 27.3 | 13.0 | Fair price at our TP of THB34.5/shr with 20% holding discount |
| BAFS | 1.8 | 0.9 | Fair price at consensus TP of THB35.01/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 | 14.4 | 6.9 | 2024E net profit (excluding BAREIT lease payment) of THB1.2b and pegged at 12x P/E multiple |
| BAREIT lease liabilities | (13.5) | (6.4) | At end 2024E |
| Airline business | 9.1 | 4.3 | 2024E net profit of THB1.3b and pegged at 7x P/E multiple |
| Cargo business | 3.2 | 1.5 | Share income of THB0.4b and pegged at 8x P/E multiple |
| Interest bearing debt | (11.1) | (5.3) | At end 2024E |
| Cash | 12.7 | 6.0 | At end 2024E |
| Total value | 46.3 | 22.0 | |

Source: FSSIA estimates

Exhibit 15: Peer comparisons, airline sector as of 25 Aug 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) |
| Thailand | | | | | | | | | | | | | |
| Bangkok Airways | BA TB | BUY | 16.50 | 22.00 | 33.3 | 989 | 16.0 | 14.8 | 13.8 | 1.8 | 1.7 | 15.4 | 14.4 |
| Asia Aviation | AAV TB | BUY | 2.76 | 3.70 | 34.1 | 958 | 27.6 | 21.6 | 19.3 | 3.8 | 3.4 | 7.8 | 7.2 |
| Thailand average | | | | | | 1,947 | 21.8 | 18.2 | 16.6 | 2.8 | 2.6 | 11.6 | 10.8 |
| Regional | | | | | | | | | | | | | |
| Spring Airlines Co Ltd-A | 601021 CH | n/a | 56.21 | n/a | n/a | 7,547 | 28.6 | 16.5 | 16.5 | 3.5 | 2.9 | 16.3 | 11.2 |
| Interglobe Aviation | INDIGO IN | n/a | 2,458.15 | n/a | n/a | 11,484 | n/a | 16.6 | 16.6 | n/a | n/a | 17.5 | 8.3 |
| Cebu Air Inc | CEB PM | n/a | 36.00 | n/a | n/a | 395 | 6.5 | 3.7 | 3.7 | 61.3 | 3.8 | 5.6 | 4.4 |
| Singapore Airlines | SIA SP | n/a | 6.85 | n/a | n/a | 15,112 | 10.3 | 8.4 | 8.4 | 1.3 | 1.1 | 5.3 | 5.1 |
| Japan Airlines | 9201 JP | n/a | 2,993.50 | n/a | n/a | 8,805 | 45.2 | 16.9 | 16.9 | 1.6 | 1.5 | 7.0 | 5.4 |
| Ana Holdings | 9202 JP | n/a | 3,288.00 | n/a | n/a | 10,718 | 25.6 | 16.1 | 16.1 | 1.8 | 1.6 | 7.4 | 6.1 |
| Cathay Pacific Airways | 293 HK | n/a | 8.25 | n/a | n/a | 6,828 | 6.5 | 7.8 | 7.8 | 0.9 | 0.9 | 5.0 | 5.6 |
| Vietjet Aviation | VJC VN | n/a | 97,000 | n/a | n/a | 2,193 | 55.6 | 25.5 | 25.5 | 3.3 | 2.8 | 26.0 | 15.8 |
| Regional average | | | | | | 63,082 | 25.5 | 14.0 | 14.0 | 10.5 | 2.1 | 11.3 | 7.7 |
| Global | | | | | | | | | | | | | |
| Eva Airways | 2618 TT | n/a | 33.05 | n/a | n/a | 5,476 | 8.5 | 13.2 | 13.2 | 1.7 | 1.6 | 3.3 | 4.4 |
| Air New Zealand | AIR NZ | n/a | 0.78 | n/a | n/a | 1,562 | 6.2 | 8.3 | 8.3 | 1.2 | 1.2 | 2.8 | 3.3 |
| Air Arabia | AIRARABIA UH | n/a | 2.94 | n/a | n/a | 3,735 | 9.7 | 9.9 | 9.9 | 1.9 | 1.8 | 6.0 | 5.8 |
| Easyjet (UK) | EZJ LN | n/a | 412.40 | n/a | n/a | 3,933 | 8.5 | 7.5 | 7.5 | 1.1 | 1.0 | 2.7 | 2.5 |
| Gol Linhas Aereas Intel. (Brazil) | GOLL4 BS | n/a | 7.26 | n/a | n/a | 624 | 4.6 | 4.2 | 4.2 | n/a | n/a | 5.0 | 4.3 |
| JetBlue Airways (US, Latin AM) | JBLU | n/a | 6.06 | n/a | n/a | 2,019 | 35.9 | 10.9 | 10.9 | 0.6 | 0.5 | 4.4 | 3.3 |
| Norwegian Air Shuttle (Norway) | NWARF US | n/a | 0.88 | n/a | n/a | 823 | 6.7 | 5.6 | 5.6 | 1.5 | 1.1 | 2.2 | 2.0 |
| Southwest Airlines (US) | LUV US | n/a | 31.22 | n/a | n/a | 18,596 | 15.1 | 11.0 | 11.0 | 1.6 | 1.5 | 4.9 | 3.7 |
| Global average | | | | | | 36,769 | 11.9 | 8.8 | 8.8 | 1.4 | 1.2 | 3.9 | 3.7 |
| Overall average | | | | | | 101,797 | 18.6 | 12.1 | 12.0 | 5.6 | 1.8 | 8.0 | 6.3 |

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 | 20,526 | 25,010 | 25,896 |
| Cost of goods sold | (6,115) | (11,524) | (15,866) | (19,530) | (20,190) |
| Gross profit | (3,398) | (219) | 4,660 | 5,480 | 5,706 |
| Other operating income | - | - | - | - | - |
| Operating costs | (1,551) | (2,097) | (2,935) | (3,824) | (3,960) |
| Operating EBITDA | (2,607) | 115 | 3,539 | 3,530 | 3,688 |
| Depreciation | (2,342) | (2,431) | (1,814) | (1,874) | (1,941) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | (4,949) | (2,316) | 1,724 | 1,656 | 1,747 |
| Net financing costs | (1,258) | (1,475) | (2,081) | (1,854) | (1,738) |
| Associates | 453 | 489 | 594 | 628 | 640 |
| Recurring non-operating income | 2,142 | 1,916 | 2,306 | 2,696 | 2,842 |
| Non-recurring items | (5,180) | (137) | 41 | 0 | 0 |
| Profit before tax | (9,246) | (2,013) | 1,990 | 2,498 | 2,851 |
| Tax | 117 | (114) | 230 | (140) | (332) |
| Profit after tax | (9,129) | (2,127) | 2,220 | 2,358 | 2,520 |
| Minority interests | 50 | 16 | (14) | (16) | (17) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | (9,079) | (2,112) | 2,205 | 2,342 | 2,502 |
| Non-recurring items & goodwill (net) | 5,180 | 137 | (41) | 0 | 0 |
| Recurring net profit | (3,899) | (1,974) | 2,164 | 2,342 | 2,502 |
| Per share (THB) | | | | | |
| Recurring EPS * | (1.86) | (0.94) | 1.03 | 1.12 | 1.19 |
| Reported EPS | (4.32) | (1.01) | 1.05 | 1.12 | 1.19 |
| DPS | 0.00 | 0.00 | 0.62 | 0.67 | 0.71 |
| Diluted shares (used to calculate per share data) | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |
| Growth | | | | | |
| Revenue (%) | (64.6) | 316.1 | 81.6 | 21.8 | 3.5 |
| Operating EBITDA (%) | nm | nm | 2,990.1 | (0.2) | 4.5 |
| Operating EBIT (%) | nm | nm | nm | (4.0) | 5.5 |
| Recurring EPS (%) | nm | nm | nm | 8.2 | 6.8 |
| Reported EPS (%) | nm | nm | nm | 6.2 | 6.8 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | (125.1) | (1.9) | 22.7 | 21.9 | 22.0 |
| Gross margin exc. depreciation (%) | (38.9) | 19.6 | 31.5 | 29.4 | 29.5 |
| Operating EBITDA margin (%) | (96.0) | 1.0 | 17.2 | 14.1 | 14.2 |
| Operating EBIT margin (%) | (182.2) | (20.5) | 8.4 | 6.6 | 6.7 |
| Net margin (%) | (143.5) | (17.5) | 10.5 | 9.4 | 9.7 |
| Effective tax rate (%) | 2.6 | (4.8) | 7.0 | 7.5 | 15.0 |
| Dividend payout on recurring profit (%) | - | - | 60.0 | 60.0 | 60.0 |
| Interest cover (X) | (2.2) | (0.3) | 1.9 | 2.3 | 2.6 |
| Inventory days | 44.3 | 18.1 | 10.5 | 8.0 | 8.8 |
| Debtor days | 51.9 | 25.1 | 21.1 | 17.3 | 16.7 |
| Creditor days | 100.9 | 50.7 | 45.7 | 48.1 | 54.7 |
| Operating ROIC (%) | (32.6) | (19.2) | 18.7 | 30.4 | 47.0 |
| ROIC (%) | (6.2) | (0.9) | 7.8 | 9.1 | 9.2 |
| ROE (%) | (23.8) | (13.2) | 12.1 | 12.0 | 12.1 |
| ROA (%) | (5.5) | (0.8) | 6.4 | 6.1 | 6.0 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Air fares | 1,191 | 8,451 | 15,772 | 19,561 | 20,214 |
| Revenue from sales and services | 1,477 | 2,534 | 4,231 | 4,754 | 4,867 |
| Freight | 6 | 76 | 79 | 196 | 202 |
| Passenger services | 43 | 244 | 444 | 499 | 614 |

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) | 2,164 | 2,342 | 2,502 |
| Depreciation | 2,342 | 2,431 | 1,814 | 1,874 | 1,941 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (4,921) | 1,005 | 55 | 16 | 17 |
| Change in working capital | (1,232) | 1,573 | 3,565 | 2,116 | 368 |
| Cash flow from operations | (7,709) | 3,035 | 7,599 | 6,349 | 4,829 |
| Capex - maintenance | (722) | (184) | (1,026) | (1,250) | (1,295) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | 114 | (9,209) | 0 | 0 | 0 |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | (608) | (9,393) | (1,026) | (1,250) | (1,295) |
| Dividends paid | 0 | 0 | 0 | (1,299) | (1,405) |
| Equity finance | 0 | (101) | 0 | 0 | 0 |
| Debt finance | 6,094 | 5,804 | (1,082) | (3,277) | (3,238) |
| Other financing cash flows | 2,168 | 5,177 | 0 | 0 | 0 |
| Cash flow from financing | 8,262 | 10,880 | (1,082) | (4,576) | (4,643) |
| 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 | 5,490 | 523 | (1,109) |
| Free cash flow to firm (FCFF) | (7,052.04) | (4,869.16) | 8,697.66 | 7,031.97 | 5,355.45 |
| Free cash flow to equity (FCFE) | (55.35) | 4,622.05 | 5,490.26 | 1,821.35 | 295.97 |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|------|------|------|
| FCFF per share | (3.36) | (2.32) | 4.14 | 3.35 | 2.55 |
| FCFE per share | (0.03) | 2.20 | 2.61 | 0.87 | 0.14 |
| Recurring cash flow per share | (3.08) | 0.70 | 1.92 | 2.02 | 2.12 |

| Balance Sheet (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 27,064 | 24,954 | 25,981 | 27,231 | 28,526 |
| Less: Accumulated depreciation | (10,424) | (10,561) | (12,376) | (14,250) | (16,191) |
| Tangible fixed assets (net) | 16,640 | 14,393 | 13,605 | 12,981 | 12,335 |
| 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 | 12,137 | 12,660 | 11,551 |
| A/C receivable | 373 | 1,185 | 1,185 | 1,185 | 1,185 |
| Inventories | 438 | 465 | 343 | 431 | 445 |
| Other current assets | 169 | 312 | 566 | 689 | 714 |
| Current assets | 3,106 | 8,608 | 14,231 | 14,965 | 13,894 |
| Other assets | 1,002 | 1,844 | 1,844 | 1,844 | 1,844 |
| Total assets | 48,939 | 62,246 | 67,080 | 67,190 | 65,473 |
| Common equity | 13,198 | 16,818 | 19,024 | 20,067 | 21,164 |
| Minorities etc. | (36) | (55) | (40) | (24) | (7) |
| Total shareholders' equity | 13,162 | 16,764 | 18,983 | 20,043 | 21,157 |
| Long term debt | 26,515 | 32,468 | 31,754 | 28,477 | 25,239 |
| Other long-term liabilities | 5,305 | 6,651 | 6,651 | 6,651 | 6,651 |
| Long-term liabilities | 31,820 | 39,120 | 38,405 | 35,128 | 31,890 |
| A/C payable | 967 | 1,558 | 1,962 | 2,689 | 2,779 |
| Short term debt | 917 | 768 | 400 | 400 | 400 |
| Other current liabilities | 2,073 | 4,037 | 7,329 | 8,930 | 9,247 |
| Current liabilities | 3,957 | 6,362 | 9,691 | 12,019 | 12,426 |
| Total liabilities and shareholders' equity | 48,939 | 62,246 | 67,080 | 67,190 | 65,473 |
| Net working capital | (2,060) | (3,633) | (7,198) | (9,314) | (9,682) |
| Invested capital | 43,773 | 50,004 | 45,651 | 42,911 | 41,896 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|-------|
| Book value per share | 6.28 | 8.01 | 9.06 | 9.56 | 10.08 |
| Tangible book value per share | 6.28 | 8.01 | 9.06 | 9.56 | 10.08 |

Financial strength

| | | | | | |
|---------------------------|-------|-------|-------|------|------|
| Net debt/equity (%) | 192.3 | 158.6 | 105.4 | 80.9 | 66.6 |
| Net debt/total assets (%) | 51.7 | 42.7 | 29.8 | 24.1 | 21.5 |
| Current ratio (x) | 0.8 | 1.4 | 1.5 | 1.2 | 1.1 |
| CF interest cover (x) | 1.0 | 4.1 | 3.6 | 2.0 | 1.2 |

| Valuation | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------------|---------------|-------------|-------------|-------------|
| Recurring P/E (x) * | (8.9) | (17.5) | 16.0 | 14.8 | 13.8 |
| Recurring P/E @ target price (x) * | (11.8) | (23.4) | 21.3 | 19.7 | 18.5 |
| Reported P/E (x) | (3.8) | (16.4) | 15.7 | 14.8 | 13.8 |
| Dividend yield (%) | - | - | 3.7 | 4.1 | 4.3 |
| Price/book (x) | 2.6 | 2.1 | 1.8 | 1.7 | 1.6 |
| Price/tangible book (x) | 2.6 | 2.1 | 1.8 | 1.7 | 1.6 |
| EV/EBITDA (x) ** | (23.0) | 534.3 | 15.4 | 14.4 | 13.2 |
| EV/EBITDA @ target price (x) ** | (27.4) | 635.1 | 18.7 | 17.7 | 16.3 |
| EV/invested capital (x) | 1.4 | 1.2 | 1.2 | 1.2 | 1.2 |

* 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 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

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 **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 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.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

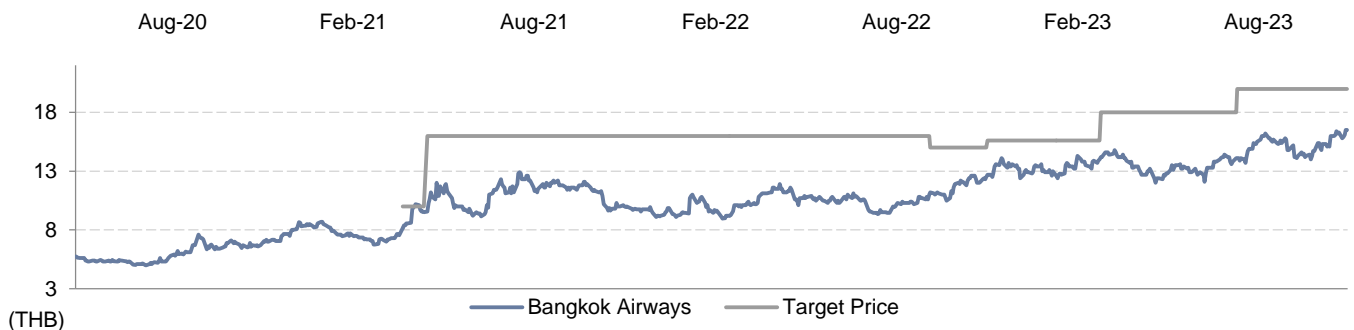
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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



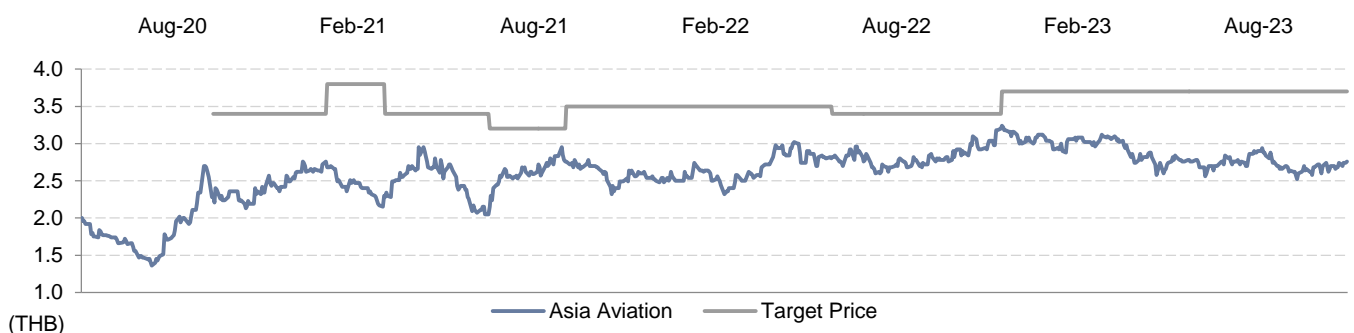
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 04-Jun-2021 | BUY | 10.00 | 01-Sep-2022 | BUY | 15.00 | 25-Jan-2023 | BUY | 18.00 |
| 25-Jun-2021 | BUY | 16.00 | 20-Oct-2022 | BUY | 15.60 | 22-May-2023 | BUY | 20.00 |

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

Airports of Thailand (AOT TB)



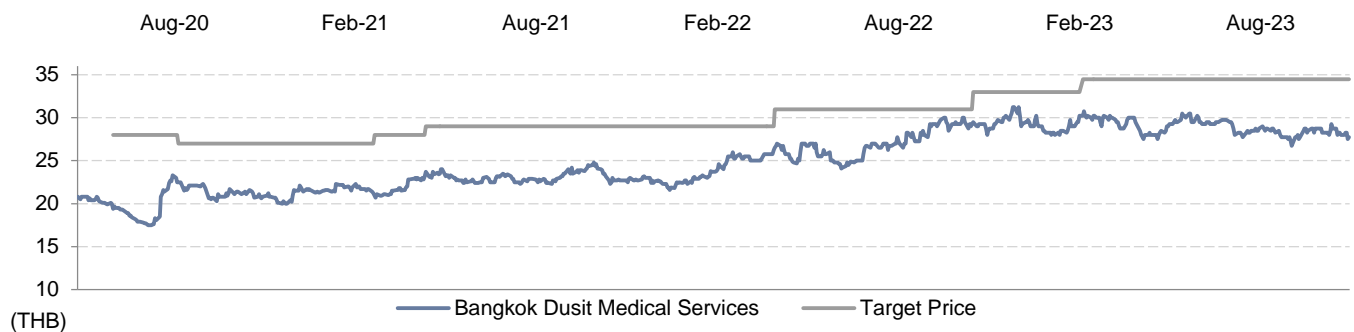
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 10-Sep-2020 | BUY | 70.00 | 09-Jun-2021 | BUY | 82.00 | 26-Nov-2021 | BUY | 79.00 |
| 11-Feb-2021 | BUY | 85.00 | 13-Aug-2021 | BUY | 80.00 | 02-Jun-2022 | BUY | 85.00 |

Teerapol Udomvej, CFA started covering this stock from 10-Sep-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 |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 29-Sep-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

| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|---------|-----------|--------|---|
| Bangkok Airways | BA TB | THB 16.50 | 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. |
| Airports of Thailand | AOT TB | THB 71.50 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power. |
| Bangkok Dusit Medical Services | BDMS TB | THB 27.75 | 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. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 25-Aug-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.