

# BANGKOK AIRWAYS BA TB

## THAILAND / TRANSPORT & LOGISTICS

**BUY**

UNCHANGED

## Sit back and relax for 3Q23 results

TARGET PRICE	THB22.00
CLOSE	THB13.40
UP/DOWNSIDE	+64.2%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+13.0%

- เราคาดว่า BA จะรายงานกำไรปกติและกำไรสุทธิ 3Q23 อยู่ที่ 0.7 พัน ลบ. และ 1.7 พัน ลบ. นับเป็นหนึ่งในกำไร 3Q ที่ดีที่สุดของบริษัท
- กำไรสะสมมีโอกาสพลิกเป็นบวกในเร็ว ๆ นี้หลังกำไร 3Q23 น่าจะออกมาดีและมีกำไรจากการขายหุ้น BDMS
- คงแนะนำซื้อที่ราคาเป้าหมาย 22.0 บาท (SoTP)

คาดผลประกอบการ 3Q23 อยู่ในเกณฑ์ดีแม้ว่าค่าใช้จ่ายในด้านเชื้อเพลิงจะสูงขึ้น

เราคาดว่าปริมาณผู้โดยสารจะโต 22% y-y และ 7% q-q เป็น 0.98 ล้านซึ่งคิดเป็น 70% ของระดับก่อนโควิด ค่าบัตรโดยสารเฉลี่ยน่าจะกระโดดเพิ่ม 14% y-y เป็นประมาณ 3,800 บาท สูงกว่าระดับก่อนโควิด 17% เราคาดว่าผลตอบแทนจากผู้โดยสารใน 3Q23 จะทรงตัวเหนือระดับก่อนโควิดที่ 6.2 บาท/หัว-กม. (เทียบกับ 4.3 บาทใน 3Q19) จาก Load factor ที่สูงถึง 78% (เทียบกับ 65% ใน 3Q19) รายได้สนามบินและรายได้ที่เกี่ยวข้องกับสนามบินน่าจะฟื้นตัวเป็น 90% ของระดับก่อนโควิดจากปริมาณผู้โดยสารที่สนามบินสมุยที่สูงขึ้นโดยน่าจะฟื้นตัวเป็น 90-95% ของระดับก่อนโควิด เพราะฉะนั้นรายได้จึงน่าจะโต 41% y-y และ 12% q-q ค่าใช้จ่ายน่าจะกระโดดเพิ่ม 7% q-q จากการขึ้นภาษีสรรพสามิตและราคา Spot ของน้ำมันเชื้อเพลิงที่สูงขึ้น BA น่าจะได้รับเงินปันผล 0.3 พัน ลบ. จาก Bangkok Dusit Medical Services (BDMS TB, BUY) ในภาพรวมเราคาดว่ากำไรปกติ 3Q23 อยู่ที่ 0.7 พัน ลบ.

น่าจะได้รับเงินสดไม่เกิน 5.0-6.0 พัน ลบ. จากการขาย BDMS

BA ได้ขายหุ้น BDMS ออกจากที่เคยมีประมาณ 980 ล้าน ณ. สิ้น 2Q23 เหลือประมาณ 781 ล้าน ณ. สิ้น 3Q23 เราเชื่อว่าเหตุผลในการขายคือ 1) เพื่อใช้ประโยชน์ในการประหยัดภาษี, 2) เพื่อลดผลขาดทุนสะสมเนื่องจากบริษัท น่าจะบันทึกกำไรไม่เกิน 4.0 พัน ลบ. ในกำไรขาดทุนเบ็ดเสร็จอื่นและ 3) เพื่อรักษากระแสเงินสดในช่วงความไม่แน่นอนทางเศรษฐกิจ เราคาดว่า BA จะได้รับเงินสดประมาณ 5.0-6.0 พัน ลบ. ใน 3Q23 และ BA น่าจะใช้เงินดังกล่าวบางส่วนเพื่อจ่ายคืนหนี้ (หนี้คงค้าง 13.4 พัน ลบ. ณ. สิ้น 2Q23) นอกจากนี้ BA ยังน่าจะบันทึกรายได้ภาษีอีกไม่เกิน 1.0 พัน ลบ. ใน 3Q23 ทั้งนี้เราจัดรายได้ภาษีเป็นรายการพิเศษซึ่งน่าจะทำให้ BA รายงานกำไรสุทธิอยู่ที่ 1.7 พัน ลบ. ใน 3Q23

กำไรปกติจะทำสถิติสูงสุดใหม่ในปี 2023 ก่อนโตต่อเนื่องในปี 2024

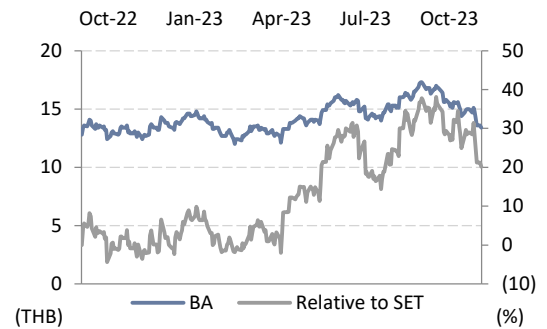
เราคาดว่ากำไรปกติปี 2023 อยู่ที่ 2.2 พัน ลบ. (เทียบกับสถิติในปัจจุบันที่ 2.1 พัน ลบ. ในปี 2016) เราคาดว่ากำไรปกติจะปรับขึ้น 6% ในปี 2024 โดยได้ปัจจัยหนุนจาก 1) ปริมาณผู้โดยสารที่สูงขึ้นเนื่องจาก BA วางแผนเพิ่มจำนวนเครื่องบินในปีหน้า 2) ค่าใช้จ่ายดอกเบี้ยที่ลดลงและ 3) ค่าบัตรโดยสารที่สูงขึ้น

ปรับเพิ่มประมาณการกำไรสุทธิ หุ้นซื้อขายในระดับการประเมินมูลค่าที่ต่ำสำหรับหุ้นท่องเที่ยวไทย

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2023 ขึ้น 57% เพื่อสะท้อนรายได้ภาษีจากการขายหุ้น BDMS แต่คงราคาเป้าหมายของเราไว้ที่ 22.0 บาท (SoTP) ราคาหุ้น BA ปรับตัวลดลง 15% ในช่วงเดือนที่ผ่านมาในขณะที่ตลาดอ่อนแอ เรามองว่าเป็นโอกาสในการซื้อจากระดับการประเมินมูลค่าที่น่าสนใจที่เพียง 12-13x ของค่า 2023-24E P/E นับเป็นหนึ่งในหุ้นท่องเที่ยวไทยที่ถูกที่สุด

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	11,305	19,813	22,833	23,794
Net profit	(2,112)	3,489	2,342	2,502
EPS (THB)	(1.01)	1.66	1.12	1.19
vs Consensus (%)	-	68.7	29.2	25.7
EBITDA	115	3,409	3,529	3,691
Recurring net profit	(1,974)	2,177	2,342	2,502
Core EPS (THB)	(0.94)	1.04	1.12	1.19
Chg. In EPS est. (%)	nm	0.6	0.0	0.0
EPS growth (%)	nm	nm	7.6	6.8
Core P/E (x)	(14.3)	12.9	12.0	11.2
Dividend yield (%)	-	4.6	5.0	5.3
EV/EBITDA (x)	477.4	11.8	10.5	9.4
Price/book (x)	1.7	1.4	1.3	1.3
Net debt/Equity (%)	158.6	60.1	42.0	29.9
ROE (%)	(13.2)	11.7	11.2	11.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.2)	(6.9)	5.5
Relative to country (%)	(7.2)	2.3	20.7
Mkt cap (USD m)			777
3m avg. daily turnover (USD m)			2.0
Free float (%)			41
Major shareholder		Prasartong-Osoth Puttipong (25%)	
12m high/low (THB)			17.60/11.80
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.

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 25 ตุลาคม 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 a potential for an upgrade to its commercial space. This should improve the airport's long-term profitability.

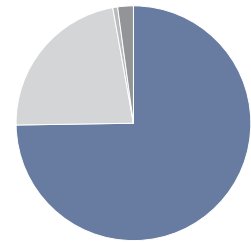
## Company profile

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

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

## Principal activities (revenue, 2022)

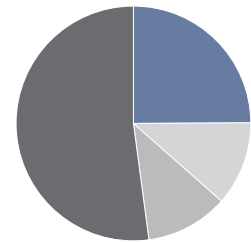
- Air fares - 74.8 %
- Revenue from sales and services - 22.4 %
- Freight - 0.7 %
- Passenger services - 2.2 %



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) a 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)	4.1	4.6	4.7
Load factor (%)	79.3	77.0	78.0
Average ticket fare (THB)	3,662	3,772	3,886
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.

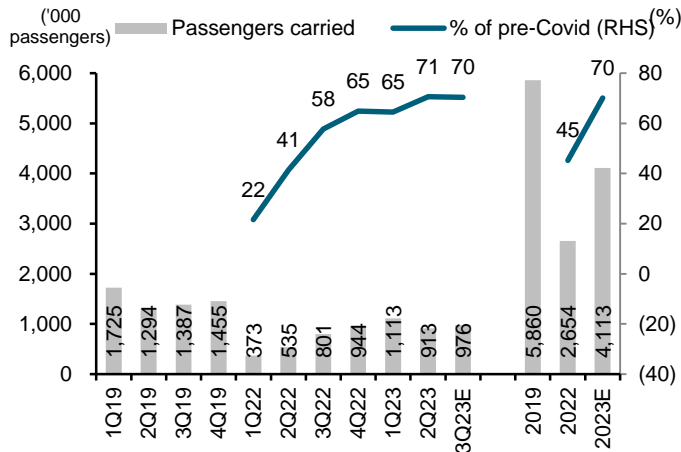
Source: FSSIA estimates

## Exhibit 1: 3Q23 results preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	3,454	4,221	5,273	4,357	4,863	12	41	19,813
- Passenger revenue	2,677	3,277	4,123	3,267	3,707	13	38	15,063
- Other revenue	776	943	1,151	1,089	1,155	6	49	4,750
Expense	(3,866)	(4,309)	(4,468)	(4,172)	(4,464)	7	15	(18,218)
- Fuel and oil	(819)	(890)	(816)	(649)	(863)	33	5	(3,476)
- Non-fuel operating expenses	(3,047)	(3,420)	(3,652)	(3,523)	(3,601)	2	18	(14,741)
<b>Operating profit</b>	<b>(412)</b>	<b>(89)</b>	<b>805</b>	<b>184</b>	<b>399</b>	<b>116</b>	<b>(197)</b>	<b>1,595</b>
Dividend income	310	0	0	310	292	(6)	(6)	602
Net other income	177	391	426	297	359	21	103	1,385
Interest income	0	11	12	24	24	0	12,097	44
Interest expense	(373)	(533)	(543)	(546)	(519)	(5)	39	(2,028)
<b>Pretax profit</b>	<b>(297)</b>	<b>(219)</b>	<b>701</b>	<b>270</b>	<b>554</b>	<b>106</b>	<b>(287)</b>	<b>1,598</b>
Income Tax	33	(93)	13	(0)	0	(100)	(100)	0
Associates	123	159	122	170	172	1	39	594
Minority interest	3	2	(4)	3	3	16	10	(14)
<b>Core profit</b>	<b>(138)</b>	<b>(152)</b>	<b>831</b>	<b>442</b>	<b>729</b>	<b>65</b>	<b>(629)</b>	<b>2,177</b>
Extraordinaries	(255)	302	44	227	1,000	340	(492)	1,312
- FX	(255)	302	44	(3)	0	(100)	(100)	41
- Derivative	0	0	0	0	0			0
- Others	0	0	0	230	1,000			1,271
<b>Net profit</b>	<b>(393)</b>	<b>150</b>	<b>875</b>	<b>670</b>	<b>1,729</b>	<b>158</b>	<b>(540)</b>	<b>3,489</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>(0.07)</b>	<b>(0.07)</b>	<b>0.40</b>	<b>0.21</b>	<b>0.35</b>	<b>65</b>	<b>(629)</b>	<b>1.04</b>
<b>EPS</b>	<b>(0.19)</b>	<b>0.07</b>	<b>0.42</b>	<b>0.32</b>	<b>0.82</b>	<b>158</b>	<b>(540)</b>	<b>1.66</b>
Depreciation	(607)	(574)	(494)	(438)	(438)	0	(28)	(1,814)
EBITDA	195	486	1,299	623	837	34	329	3,409
<b>Key ratios</b>						<b>(ppt)</b>	<b>(ppt)</b>	
Operating profit margin (%)	(12)	(2)	15	4	8	(11)	42	8
EBITDA margin (%)	6	12	25	14	17	(10)	23	17
Net profit margin (%)	(11)	4	17	15	36	(1)	55	18
<b>Operating stats</b>								
Passenger carried (m)	0.8	0.9	1.1	0.9	1.0			
Load factor (%)	77	79	87	75	78			
RPK (m seats-km)	507	616	706	560	595			
ASK (m seats-km)	657	776	811	744	763			
Average fare (THB)	3,342	3,471	3,734	3,531	3,800			
RASK (THB)	4.6	5.0	5.8	5.0	0.0			
CASK (THB)	5.0	4.8	4.7	4.7	0.0			
CASK ex-fuel (THB)	3.8	3.0	3.7	3.8	0.0			

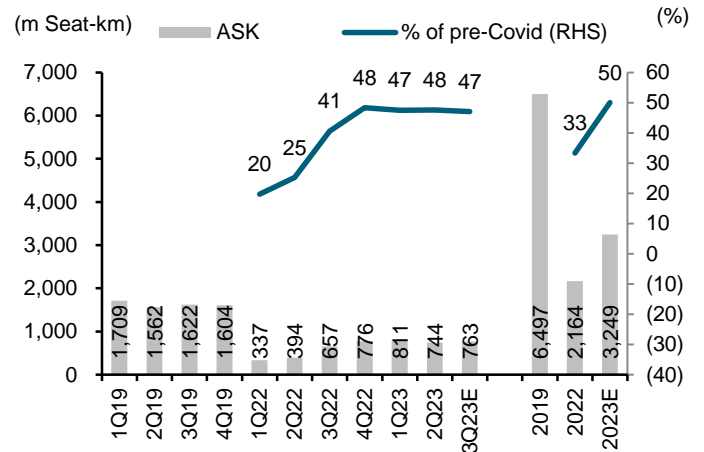
Sources: BA; FSSIA estimates

**Exhibit 2: Passengers carried**



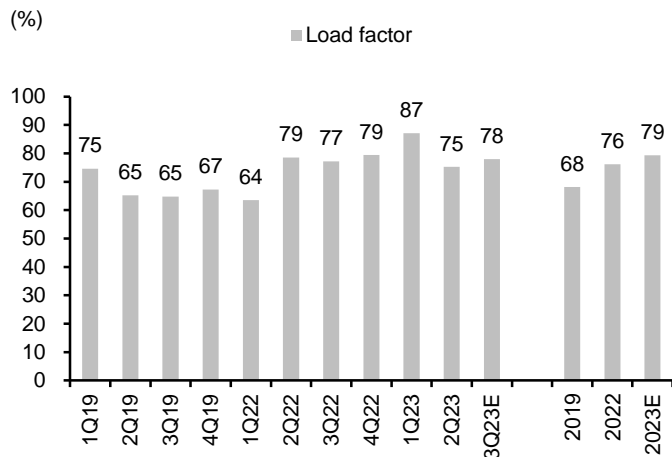
Sources: BA; FSSIA estimates

**Exhibit 3: ASK**



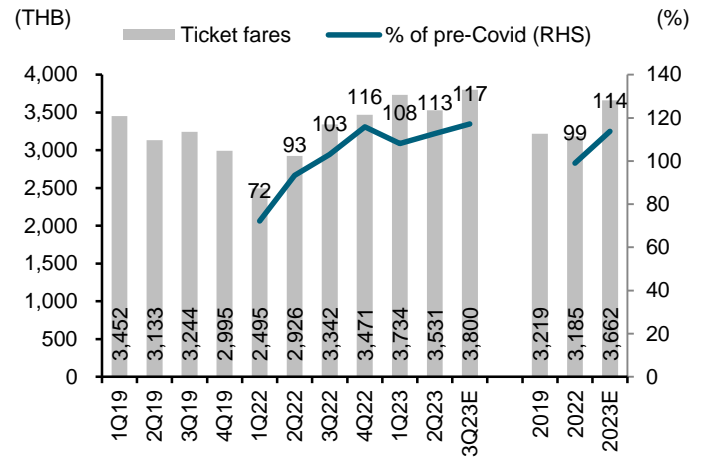
\* ASK = available seat kilometres  
Sources: BA; FSSIA estimates

**Exhibit 4: Load factor**



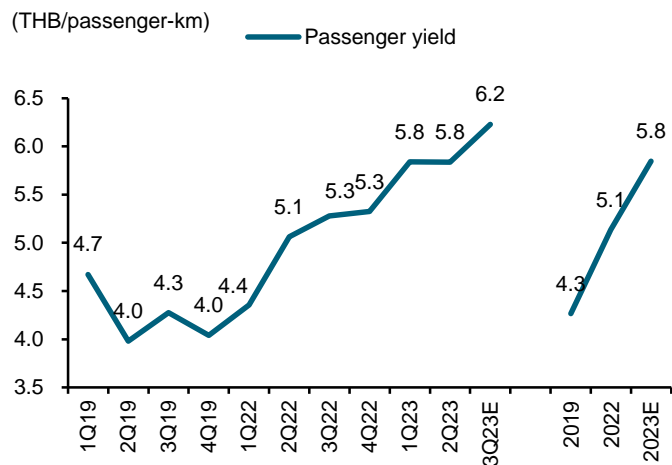
Sources: BA; FSSIA estimates

**Exhibit 5: Ticket fares**



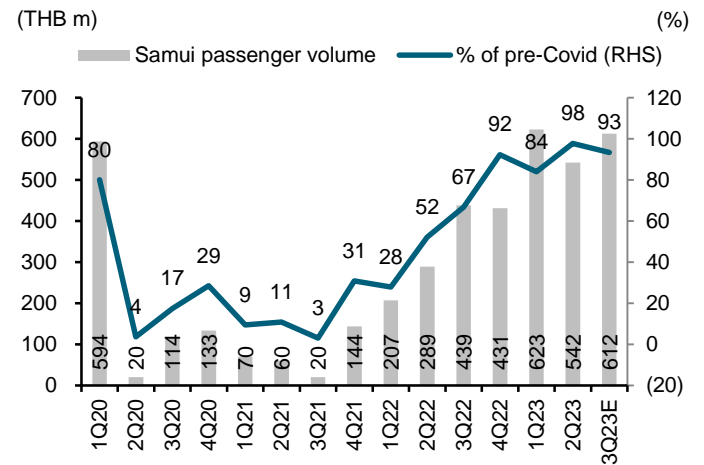
Sources: BA; FSSIA estimates

**Exhibit 6: Passenger yield**

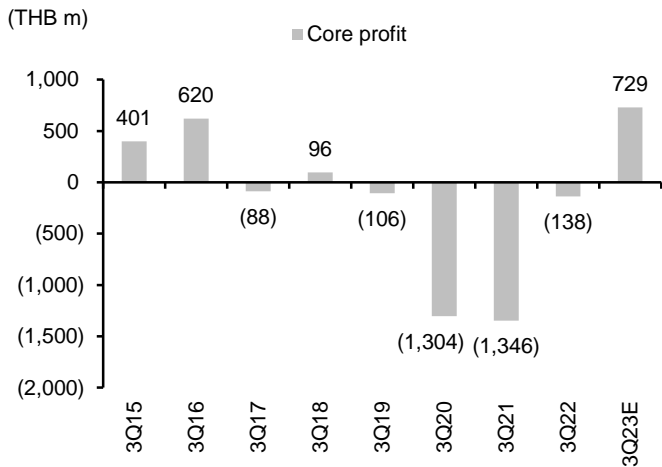


Sources: BA; FSSIA estimates

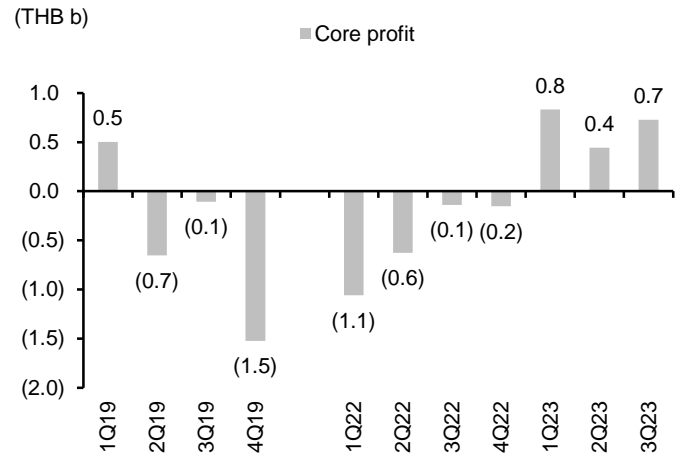
**Exhibit 7: Samui passenger volume**



Sources: BA; FSSIA estimates

**Exhibit 8: 3Q core profit, 2015-2023**

Sources: BA; FSSIA estimates

**Exhibit 9: Core profit**

Sources: BA; FSSIA estimates

**Exhibit 10: Forecast revisions**

	Current			Previous			Change (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Passengers carried (m)	4.1	4.6	4.7	4.4	5.2	5.2	(6.1)	(11.6)	(10.5)
Load factor (%)	79	77	78	82	77	78	(2.7)	0.0	0.0
Average ticket fare (THB)	3,662	3,772	3,886	3,602	3,746	3,877	1.7	0.7	0.2
Fuel price net hedging (USD/bbl)	130	130	130	130	130	130	0.0	0.0	0.0
Revenue (THB m)	19,813	22,833	23,794	20,526	25,010	25,896	(3.5)	(8.7)	(8.1)
EBITDA (THB m)	3,409	3,529	3,691	3,552	3,530	3,688	(4.0)	(0.0)	0.1
Core profit (THB m)	2,177	2,342	2,502	2,177	2,342	2,502	0.0	0.0	0.0
Net profit (THB m)	3,489	2,342	2,502	2,218	2,342	2,502	57.3	0.0	0.0

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

Sources: BA; FSSIA estimates

**Exhibit 11: SoTP valuation**

SoTP Base case	(THB b)	(THB/share)	Comments
BDMS	21.6	10.3	Fair price at our TP of THB34.5/shr with 20% holding discount
BAFS	1.8	0.9	Fair price at consensus TP of THB35.15/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	12.0	5.7	2024E net profit (excluding BAREIT lease payment) of THB1.2b and pegged at 10x P/E multiple
BAREIT lease liabilities	(13.5)	(6.4)	At end 2024E
Airline business	10.3	4.9	2024E net profit of THB1.3b and pegged at 8x P/E multiple
Cargo business	2.8	1.3	Share income of THB0.4b and pegged at 7x P/E multiple
Interest bearing debt	(8.1)	(3.9)	At end 2024E
Cash	16.9	8.1	At end 2024E
<b>Total value</b>	<b>46.2</b>	<b>22.0</b>	

Source: FSSIA estimates

## Exhibit 12: Peer comparisons, airline sector as of 24 Oct 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	13.40	22.00	64.2	777	12.9	12.0	11.2	1.4	1.3	11.8	10.5
Asia Aviation	AAV TB	BUY	2.06	3.70	79.6	712	20.6	16.1	14.4	4.2	3.6	7.1	6.6
<b>Thailand average</b>						<b>1,489</b>	<b>16.8</b>	<b>14.1</b>	<b>12.8</b>	<b>2.8</b>	<b>2.4</b>	<b>9.5</b>	<b>8.5</b>
<b>Regional</b>													
Spring Airlines Co Ltd-A	601021 CH	n/a	49.49	n/a	n/a	6,619	23.4	13.8	13.8	3.1	2.5	13.6	9.7
Interglobe Aviation	INDIGO IN	n/a	2,428.95	n/a	n/a	11,268	n/a	14.9	14.9	n/a	n/a	17.5	8.1
Cebu Air Inc	CEB PM	n/a	32.50	n/a	n/a	355	4.5	2.8	2.8	n/a	4.1	5.8	4.6
Singapore Airlines	SIA SP	n/a	6.18	n/a	n/a	13,417	9.2	7.7	7.7	1.2	1.1	4.9	4.8
Japan Airlines	9201 JP	n/a	2,720.50	n/a	n/a	7,932	41.7	13.1	13.1	1.4	1.3	6.5	4.8
Ana Holdings	9202 JP	n/a	2,915.00	n/a	n/a	9,416	23.0	13.4	13.4	1.6	1.5	6.8	5.4
Cathay Pacific Airways	293 HK	n/a	7.85	n/a	n/a	6,461	6.7	8.1	8.1	0.9	0.8	4.6	5.3
Vietjet Aviation	VJC VN	n/a	102,800	n/a	n/a	2,266	94.5	35.5	35.5	3.7	3.3	31.9	19.3
<b>Regional average</b>						<b>57,734</b>	<b>29.0</b>	<b>13.7</b>	<b>13.7</b>	<b>2.0</b>	<b>2.1</b>	<b>11.5</b>	<b>7.8</b>
<b>Global</b>													
Eva Airways	2618 TT	n/a	27.55	n/a	n/a	4,593	7.0	11.9	11.9	1.3	1.1	2.7	3.7
Air New Zealand	AIR NZ	n/a	0.67	n/a	n/a	1,304	5.2	8.1	8.1	1.1	1.1	2.5	3.1
Air Arabia	AIRARABIA UH	n/a	2.57	n/a	n/a	3,265	8.4	8.5	8.5	1.7	1.6	5.1	5.0
Easyjet (UK)	EZJ LN	n/a	365.10	n/a	n/a	3,332	7.6	6.6	6.6	1.0	0.9	2.5	2.2
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	7.48	n/a	n/a	626	5.0	4.8	4.8	n/a	n/a	5.2	4.4
JetBlue Airways (US, Latin AM)	JBLU	n/a	4.31	n/a	n/a	1,436	n/a	42.7	42.7	0.4	0.4	4.9	3.8
Norwegian Air Shuttle (Norway)	NWARF US	n/a	0.72	n/a	n/a	684	7.4	6.0	6.0	1.5	1.1	2.1	1.9
Southwest Airlines (US)	LUV US	n/a	23.90	n/a	n/a	14,236	14.6	10.7	10.7	1.3	1.2	3.9	3.2
<b>Global average</b>						<b>29,476</b>	<b>7.9</b>	<b>12.4</b>	<b>12.4</b>	<b>1.2</b>	<b>1.0</b>	<b>3.6</b>	<b>3.4</b>
<b>Overall average</b>						<b>88,699</b>	<b>18.2</b>	<b>13.2</b>	<b>13.0</b>	<b>1.7</b>	<b>1.7</b>	<b>7.8</b>	<b>5.9</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	19,813	22,833	23,794
Cost of goods sold	(6,115)	(11,524)	(15,384)	(17,682)	(18,396)
<b>Gross profit</b>	<b>(3,398)</b>	<b>(219)</b>	<b>4,429</b>	<b>5,151</b>	<b>5,398</b>
Other operating income	-	-	-	-	-
Operating costs	(1,551)	(2,097)	(2,833)	(3,491)	(3,638)
<b>Operating EBITDA</b>	<b>(2,607)</b>	<b>115</b>	<b>3,409</b>	<b>3,529</b>	<b>3,691</b>
Depreciation	(2,342)	(2,431)	(1,814)	(1,870)	(1,931)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(4,949)</b>	<b>(2,316)</b>	<b>1,595</b>	<b>1,660</b>	<b>1,760</b>
Net financing costs	(1,258)	(1,475)	(1,984)	(1,663)	(1,551)
Associates	453	489	594	628	640
Recurring non-operating income	2,142	1,916	2,580	2,502	2,643
Non-recurring items	(5,180)	(137)	1,312	0	0
<b>Profit before tax</b>	<b>(9,246)</b>	<b>(2,013)</b>	<b>3,504</b>	<b>2,499</b>	<b>2,852</b>
Tax	117	(114)	0	(140)	(332)
<b>Profit after tax</b>	<b>(9,129)</b>	<b>(2,127)</b>	<b>3,504</b>	<b>2,358</b>	<b>2,520</b>
Minority interests	50	16	(14)	(16)	(17)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(9,079)</b>	<b>(2,112)</b>	<b>3,489</b>	<b>2,342</b>	<b>2,502</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>5,180</b>	<b>137</b>	<b>(1,312)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(3,899)</b>	<b>(1,974)</b>	<b>2,177</b>	<b>2,342</b>	<b>2,502</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.86)	(0.94)	1.04	1.12	1.19
Reported EPS	(4.32)	(1.01)	1.66	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
<b>Growth</b>					
Revenue (%)	(64.6)	316.1	75.3	15.2	4.2
Operating EBITDA (%)	nm	nm	2,876.7	3.5	4.6
Operating EBIT (%)	nm	nm	nm	4.0	6.1
Recurring EPS (%)	nm	nm	nm	7.6	6.8
Reported EPS (%)	nm	nm	nm	(32.9)	6.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	(125.1)	(1.9)	22.4	22.6	22.7
Gross margin exc. depreciation (%)	(38.9)	19.6	31.5	30.7	30.8
Operating EBITDA margin (%)	(96.0)	1.0	17.2	15.5	15.5
Operating EBIT margin (%)	(182.2)	(20.5)	8.1	7.3	7.4
Net margin (%)	(143.5)	(17.5)	11.0	10.3	10.5
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)	2.1	2.5	2.8
Inventory days	44.3	18.1	10.7	8.3	8.7
Debtor days	51.9	25.1	21.8	18.9	18.2
Creditor days	100.9	50.7	46.4	49.7	54.5
Operating ROIC (%)	(32.6)	(19.2)	17.0	27.6	38.3
ROIC (%)	(6.2)	(0.9)	8.7	10.1	10.3
ROE (%)	(23.8)	(13.2)	11.7	11.2	11.4
ROA (%)	(5.5)	(0.8)	6.3	6.0	6.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Air fares	1,191	8,451	15,063	17,405	18,133
Revenue from sales and services	1,477	2,534	4,231	4,754	4,867
Freight	6	76	75	174	181
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)	2,177	2,342	2,502
Depreciation	2,342	2,431	1,814	1,870	1,931
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,921)	1,005	1,285	16	17
Change in working capital	(1,232)	1,573	3,274	1,454	400
<b>Cash flow from operations</b>	<b>(7,709)</b>	<b>3,035</b>	<b>8,551</b>	<b>5,681</b>	<b>4,851</b>
Capex - maintenance	(722)	(184)	(991)	(1,142)	(1,190)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	114	(9,209)	6,800	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(608)</b>	<b>(9,393)</b>	<b>5,809</b>	<b>(1,142)</b>	<b>(1,190)</b>
Dividends paid	0	0	0	(1,306)	(1,405)
Equity finance	0	(101)	0	0	0
Debt finance	6,094	5,804	(4,082)	(3,277)	(3,238)
Other financing cash flows	2,168	5,177	41	0	0
<b>Cash flow from financing</b>	<b>8,262</b>	<b>10,880</b>	<b>(4,041)</b>	<b>(4,583)</b>	<b>(4,644)</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>10,319</b>	<b>(44)</b>	<b>(982)</b>
Free cash flow to firm (FCFF)	(7,052.04)	(4,869.16)	16,387.58	6,315.11	5,324.65
Free cash flow to equity (FCFE)	(55.35)	4,622.05	10,318.68	1,262.83	423.50

#### Per share (THB)

FCFF per share	(3.36)	(2.32)	7.80	3.01	2.54
FCFE per share	(0.03)	2.20	4.91	0.60	0.20
Recurring cash flow per share	(3.08)	0.70	2.51	2.01	2.12

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	27,064	24,954	25,945	27,087	28,276
Less: Accumulated depreciation	(10,424)	(10,561)	(12,375)	(14,244)	(16,175)
<b>Tangible fixed assets (net)</b>	<b>16,640</b>	<b>14,393</b>	<b>13,570</b>	<b>12,842</b>	<b>12,101</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	30,601	30,601	30,601
Cash & equivalents	2,126	6,647	16,966	16,922	15,940
A/C receivable	373	1,185	1,185	1,185	1,185
Inventories	438	465	331	386	401
Other current assets	169	312	546	629	656
<b>Current assets</b>	<b>3,106</b>	<b>8,608</b>	<b>19,028</b>	<b>19,122</b>	<b>18,182</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>65,042</b>	<b>64,409</b>	<b>62,728</b>
Common equity	13,198	16,818	20,308	21,344	22,441
Minorities etc.	(36)	(55)	(40)	(24)	(7)
<b>Total shareholders' equity</b>	<b>13,162</b>	<b>16,764</b>	<b>20,267</b>	<b>21,319</b>	<b>22,434</b>
Long term debt	26,515	32,468	28,754	25,477	22,239
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>35,405</b>	<b>32,128</b>	<b>28,890</b>
A/C payable	967	1,558	1,895	2,408	2,507
Short term debt	917	768	400	400	400
Other current liabilities	2,073	4,037	7,075	8,153	8,496
<b>Current liabilities</b>	<b>3,957</b>	<b>6,362</b>	<b>9,370</b>	<b>10,961</b>	<b>11,404</b>
<b>Total liabilities and shareholders' equity</b>	<b>48,939</b>	<b>62,246</b>	<b>65,042</b>	<b>64,409</b>	<b>62,728</b>
Net working capital	(2,060)	(3,633)	(6,908)	(8,361)	(8,762)
Invested capital	43,773	50,004	39,107	36,925	35,784

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

#### Per share (THB)

Book value per share	6.28	8.01	9.67	10.16	10.69
Tangible book value per share	6.28	8.01	9.67	10.16	10.69

#### Financial strength

Net debt/equity (%)	192.3	158.6	60.1	42.0	29.9
Net debt/total assets (%)	51.7	42.7	18.7	13.9	10.7
Current ratio (x)	0.8	1.4	2.0	1.7	1.6
CF interest cover (x)	1.0	4.1	6.2	1.8	1.3

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>(7.2)</b>	<b>(14.3)</b>	<b>12.9</b>	<b>12.0</b>	<b>11.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(11.8)</b>	<b>(23.4)</b>	<b>21.2</b>	<b>19.7</b>	<b>18.5</b>
Reported P/E (x)	(3.1)	(13.3)	8.1	12.0	11.2
Dividend yield (%)	-	-	4.6	5.0	5.3
Price/book (x)	2.1	1.7	1.4	1.3	1.3
Price/tangible book (x)	2.1	1.7	1.4	1.3	1.3
EV/EBITDA (x) **	(20.5)	477.4	11.8	10.5	9.4
EV/EBITDA @ target price (x) **	(27.4)	635.1	17.1	15.6	14.3
EV/invested capital (x)	1.2	1.1	1.0	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).

### 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)<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

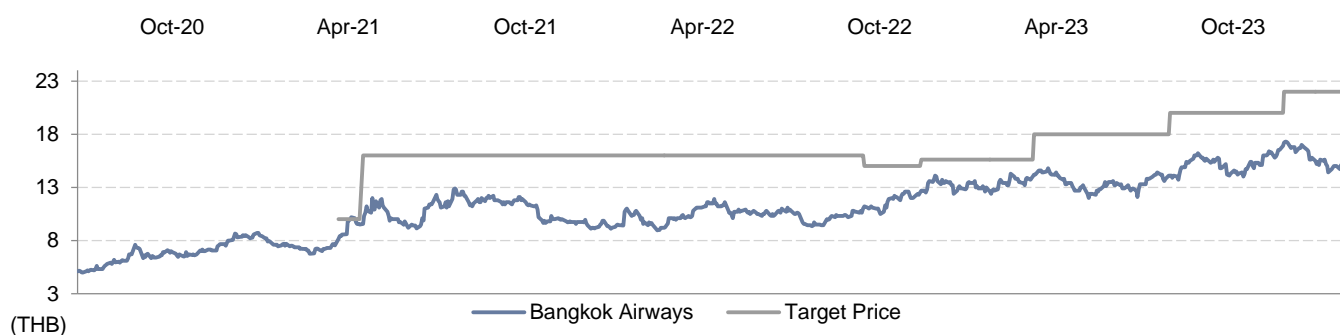
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### History of change in investment rating and/or target price

#### Bangkok Airways (BA TB)



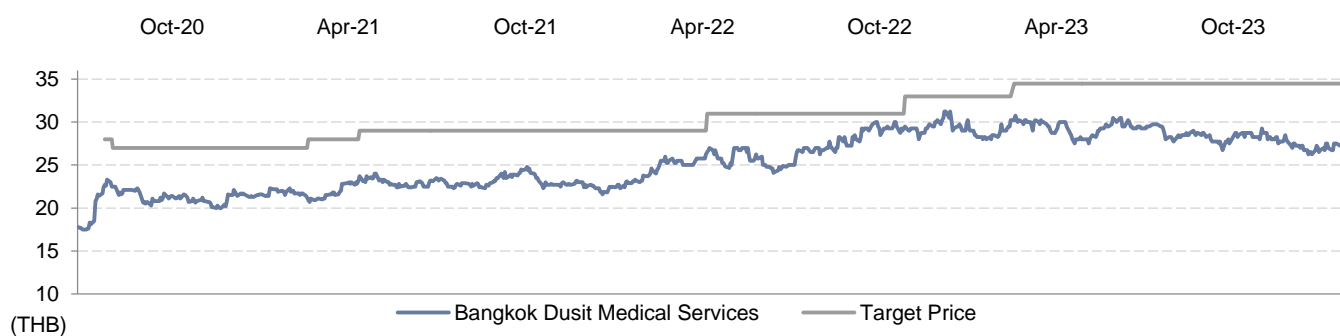
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	20-Oct-2022	BUY	15.60	28-Aug-2023	BUY	22.00
25-Jun-2021	BUY	16.00	25-Jan-2023	BUY	18.00			
01-Sep-2022	BUY	15.00	22-May-2023	BUY	20.00			

Teerapol Udomvej, CFA started covering this stock from 04-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

#### Bangkok Dusit Medical Services (BDMS TB)



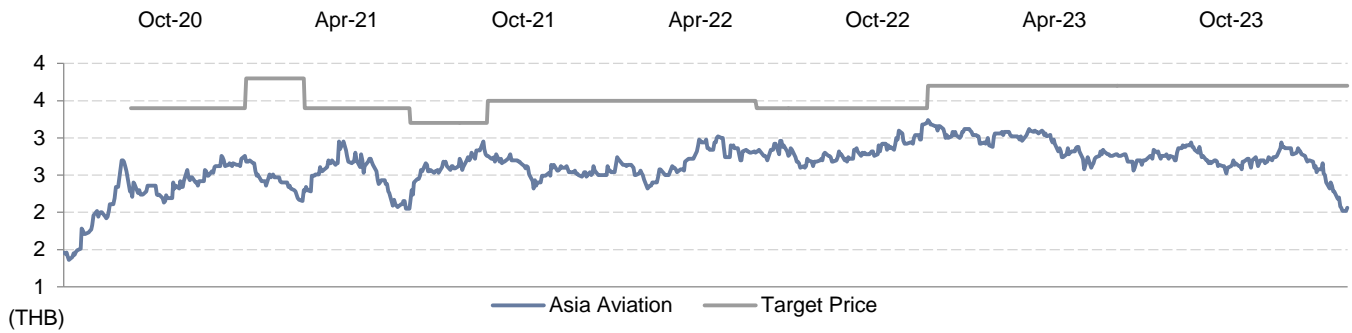
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Nov-2020	BUY	28.00	24-Jun-2021	BUY	29.00	08-Jan-2023	BUY	34.50
24-Nov-2020	BUY	27.00	19-Apr-2022	BUY	31.00			
11-May-2021	BUY	28.00	06-Oct-2022	BUY	33.00			

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

Price and TP are in local currency

Source: FSSIA estimates

## 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

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 13.40	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Bangkok Dusit Medical Services	BDMS TB	THB 26.75	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.
Asia Aviation	AAV TB	THB 2.06	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.

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.

All share prices are as at market close on 24-Oct-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.