1 FEBRUARY 2024

EQUITY RESEARCH - COMPANY REPORT

BANGKOK AIRWAYS BA TB

THAILAND / TRANSPORT & LOGISTICS

BUY

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB14.70
UP/DOWNSIDE	+49.7%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.2%

มูลค่าของสนามบินสมุยยังซ่อนอยู่

- ปริมาณผู้โดยสารของสนามบินสมุยกระโดดเพิ่ม 20% y-y และสูงกว่าระดับก่อนโควิด 10% ในเดือน ม.ค. 24 ซึ่งดีกว่าสนามบินอื่น ๆ
- คาดกำไรปกติปี 2024 จะโต 26% เป็น 2.3พัน ลบ. โดยได้ปัจจัยผลักดันจากค่าบัตรโดยสารและตัวเลขผู้โดยสารที่สนามบินสมุยที่สูงขึ้น รวมถึงค่าใช้จ่ายดอกเบี้ยที่ลดลง
- คงคำแนะนำซื้อที่ราคาเป้าหมายที่ 22.0 บาท (SoTP)

ตัวเลขผู้โดยสารที่สนามบินสมุยทำสถิติสูงสุดหลังโควิดใหม่ในเดือน ม.ค. 24

จากข้อมูลของสำนักงานการบินพลเรือนแห่งประเทศไทย (CAAT) ตัวเลขผู้โดยสารที่สนามบินสมุยกระโดดเพิ่มมากกว่า 50% ในเดือน ม.ค. 24 เทียบกับค่าเฉลี่ยใน 4Q23 และน่าจะโต 20% y-y นอกจากนี้สนามบินสมุยยังเป็นหนึ่งในสนามบินที่ฟื้นตัวเร็วที่สุดโดยมีปริมาณผู้โดยสารสูงกว่าระดับก่อนโควิด 10% ในเดือน ม.ค. 24 ในขณะที่ปริมาณผู้โดยสารของสนามบิน 6 แห่งที่ AOT ดูแลยังต่ำกว่าระดับก่อนโควิดอยู่ 19% เพราะฉะนั้นเราจึงคาดว่ากำไรปกติจะโตดีทั้ง q-q และ y-y ใน 1Q24

3 ปัจจัยผลักดันสำคัญในปี 2024

ประการแรกค่าบัตรโดยสารน่าจะโตต่อเนื่องอีก 3-5% ในปี 2024 เมื่อปีที่แล้วค่าบัตรโดยสารเฉลี่ยที่อยู่ในเกณฑ์ดีที่ 3,700 บาท (+15% เมื่อเทียบกับระดับก่อนโควิด) เกิดขึ้นส่วนมากจากกลยุทธ์ของ BA ที่มุ่งเน้นไปที่เส้นทางสมุย โดยค่าบัตรโดยสารสำหรับเที่ยวบินในประเทศในเส้นทางสมุยเกือบทรงตัวเมื่อเทียบกับระดับก่อนโควิดในช่วง 9M23 และราคาตั๋วพึ่งเริ่มฟื้นตัวใน 4Q23 และน่าจะปรับขึ้นต่อเนื่องตลอดปี 2024 ประการที่สองรายได้ของสนามบินสมุยน่าจะปรับตัวดีขึ้นจาก 1.1-1.2พัน ลบ. ในปี 2023 เป็น 1.5พัน ลบ. ในปี 2024 (conservative เมื่อเทียบกับ 1.7พัน ลบ. ในปี 2019) หลังตัวเลขนักท่องเที่ยวที่เดินทางเข้าประเทศไทยอยู่ในเกณฑ์ดีโดยรายได้ที่สูงขึ้นน่าจะเปลี่ยนเป็นกำไรให้แก่บริษัทฯ ได้โดยตรง ประการที่สาม BA กำลังจะเป็นบริษัทที่มีเงินสดสุทธิเนื่องจากมีเงินสดในมือ 11.6พัน ลบ. เทียบกับหนี้มีดอกเบี้ยที่ 11.9พัน ลบ. ณ สิ้นไตรมาส 3Q23 ปัจจัยดังกล่าวน่าจะทำให้ BA มีทางเลือกที่จะจ่ายหนี้ก่อนกำหนดเพื่อลดค่าใช้จ่ายดอกเบี้ยหรือลงทุนในโครงการใหม่ ๆ ดังนั้นโดยรวมเราคาดว่ากำไรปกติจะโต 26% เป็น 2.3พัน ลบ. ในปี 2024

มูลค่าของสนามบินสมุยหลุดรอดสายตาของตลาด

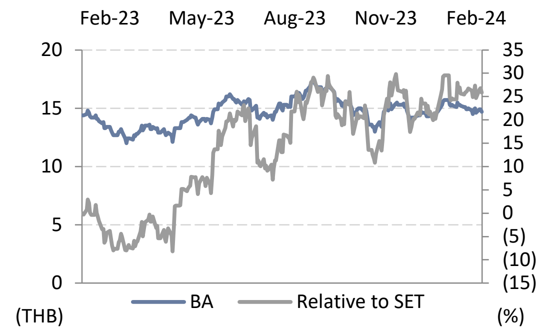
BA เป็นหุ้นท่องเที่ยวไทยที่ถูกที่สุดโดยมีการซื้อขายที่เพียง 13x ของค่า 2024E P/E เราเห็นว่าระดับการประเมินมูลค่าดังกล่าวไม่สมเหตุสมผลเนื่องจากมูลค่าตามราคาตลาดรวมของ BA และ SPF เคยอยู่ที่ 74พัน ลบ. ในปี 2016 ในขณะนั้นบริษัทฯ รายงานกำไรปกติรวมที่ 3.7พัน ลบ. ในขณะที่มูลค่าตามราคาตลาดปัจจุบันของ BA และ BAREIT อยู่ที่เพียง 41พัน ลบ. แต่กำไรปกติรวมในปี 2024E อยู่ที่ 3.2พัน ลบ. ซึ่งเกือบเท่ากับระดับในปี 2016 เพราะฉะนั้นเราจึงสรุปได้ว่าราคาของ BA ยังถูกและอาจมี Upside ในแง่ของมูลค่าตามราคาตลาดอีก 20-30พัน ลบ.

ประมาณการกำไรปกติ 4Q23 ที่อ่อนแอเป็นโอกาสในการซื้อ

เราคงประมาณการกำไรปี 2024-25 และราคาเป้าหมายที่ 22.0 บาท (SoTP) เราคาดว่า 4Q23 จะขาดทุนที่ 0.2พัน ลบ. โดยจะได้ผลกระทบจากค่าใช้จ่ายพิเศษ ปัจจัยดังกล่าวอาจสร้างความกังวลให้แก่ตลาดและเป็นโอกาสในการสะสมหุ้นเพื่อจับประมาณการกำไรปี 2024 ที่อยู่ในเกณฑ์ดีรวมถึงมูลค่าที่ต่ำเกินไป

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	11,305	19,323	21,609	23,237
Net profit	(2,112)	3,223	2,342	2,502
EPS (THB)	(1.01)	1.53	1.12	1.19
vs Consensus (%)	-	38.7	24.3	24.0
EBITDA	115	3,246	3,677	3,845
Recurring net profit	(1,974)	1,852	2,342	2,502
Core EPS (THB)	(0.94)	0.88	1.12	1.19
Chg. In EPS est. (%)	nm	(14.9)	0.0	0.0
EPS growth (%)	nm	nm	26.5	6.8
Core P/E (x)	(15.6)	16.7	13.2	12.3
Dividend yield (%)	-	3.6	4.6	4.9
EV/EBITDA (x)	501.3	13.8	11.5	10.4
Price/book (x)	1.8	1.7	1.6	1.5
Net debt/Equity (%)	158.6	77.1	58.8	44.6
ROE (%)	(13.2)	10.6	12.5	12.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.4)	8.1	0.7
Relative to country (%)	(2.8)	9.5	23.3

Mkt cap (USD m)	870
3m avg. daily turnover (USD m)	1.3
Free float (%)	41
Major shareholder	Prasarttong-Osoth Puttipong (25%)
12m high/low (THB)	17.60/11.80
Issued shares (m)	2,100.00

Sources: Bloomberg consensus; FSSIA estimates

Teerapol Udomvej, CFA
Fundamental Investment Analyst on Securities; License no. 080523
teerapol.udo@fssia.com, +66 2646 9969

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 1 กุมภาพันธ์ 2024

Investment thesis

BA has successfully turned its airline business around by focusing 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.

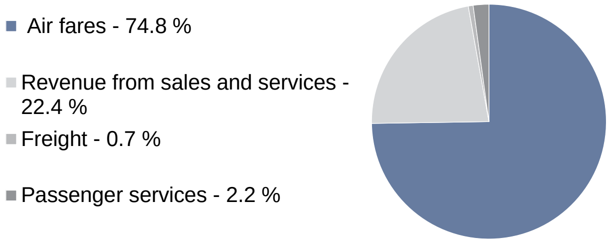
Samui Airport is in the process of increasing its flight capacity from 50 to 70 flights/day, and there is a potential for an upgrade to its commercial space. This should improve the airport's long-term profitability.

Company profile

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

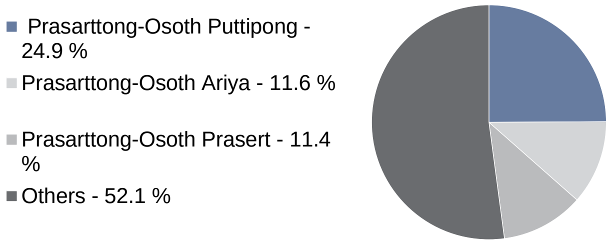
www.bangkokair.com

Principal activities (revenue, 2022)



Source: Bangkok Airways

Major shareholders



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
Feb 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Number of aircraft (no.)	25	25	27
Passengers carried (m)	4.0	4.3	4.4
Load factor (%)	79.6	79.0	79.0
Average ticket fare (THB)	3,694	3,805	3,919
Fuel price net hedging (USD/bbl)	105.0	110.0	110.0
THB/USD	34.9	34.9	34.9

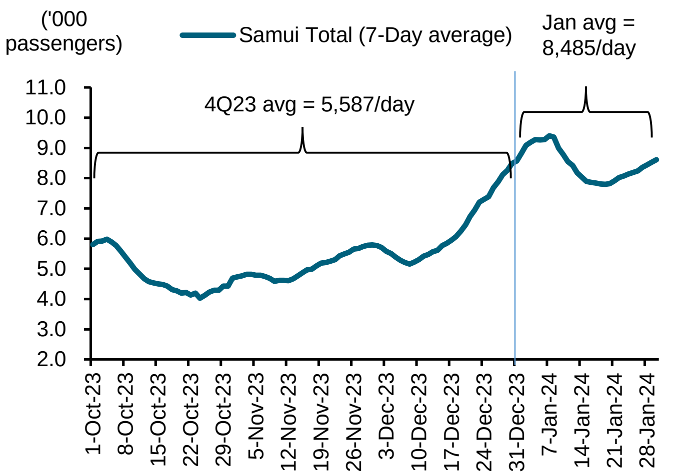
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in load factor, we project a 2024 profit increase of 12% and vice versa, all else being equal.
- For every 1% increase in average ticket fare, we project a 2024 profit increase of 8% and vice versa, all else being equal.
- For every 1% increase in Brent spot price, we project a 2024 profit reduction of 2% and vice versa, all else being equal.

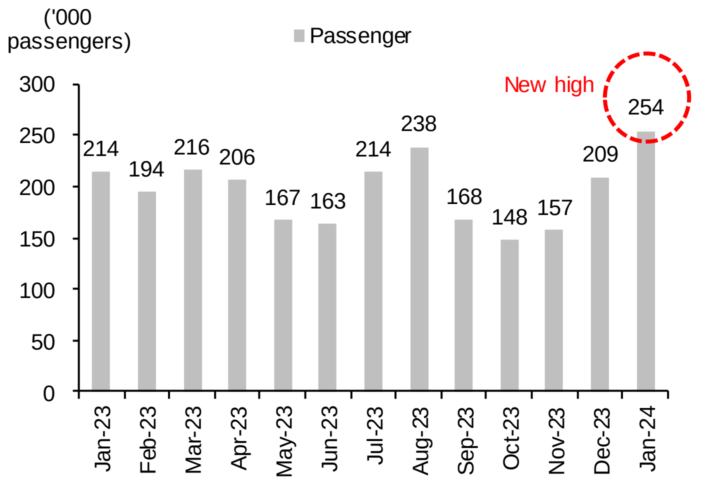
Source: FSSIA estimates

Exhibit 1: Samui passenger volume trend



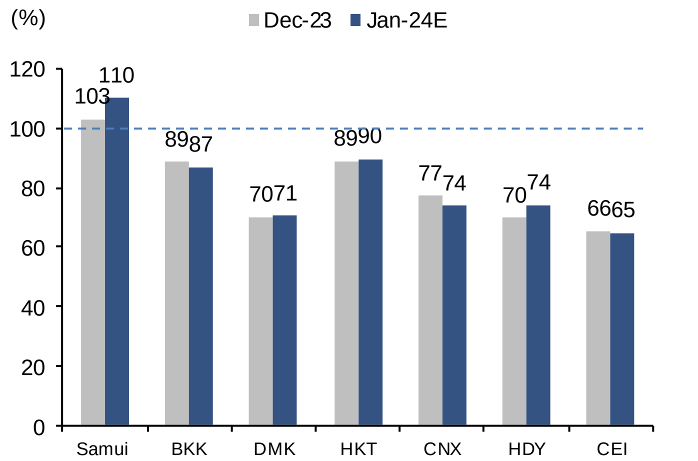
Note: Includes both arrivals and departures
Source: The Civil Aviation Authority of Thailand (CAAT)

Exhibit 2: Samui passenger volume



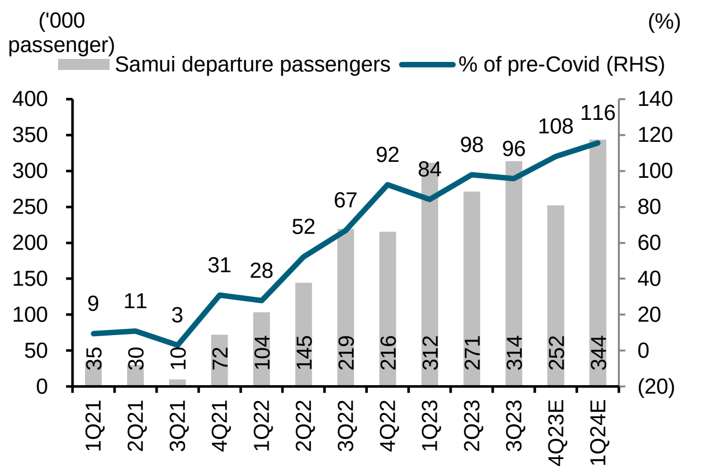
Note: 1) Actual data in 1-30 Jan-24 and estimate for 31 Jan-24; 2) includes both arrivals and departures
Source: CAAT

Exhibit 3: Passenger recovery (% of pre-Covid) for major airports



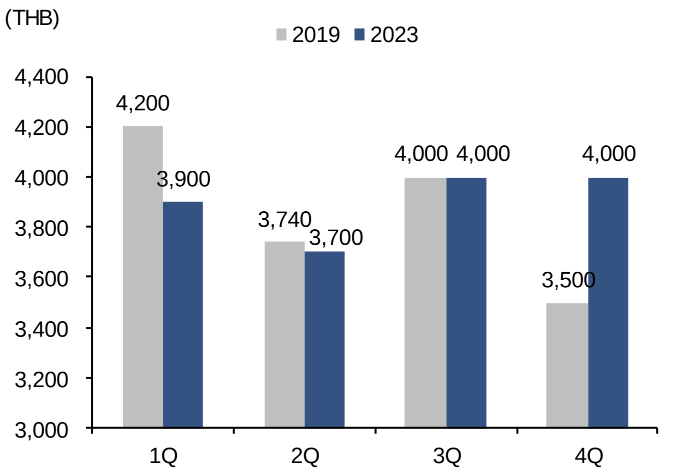
Sources: AOT; CAAT

Exhibit 4: Samui passenger volume quarterly



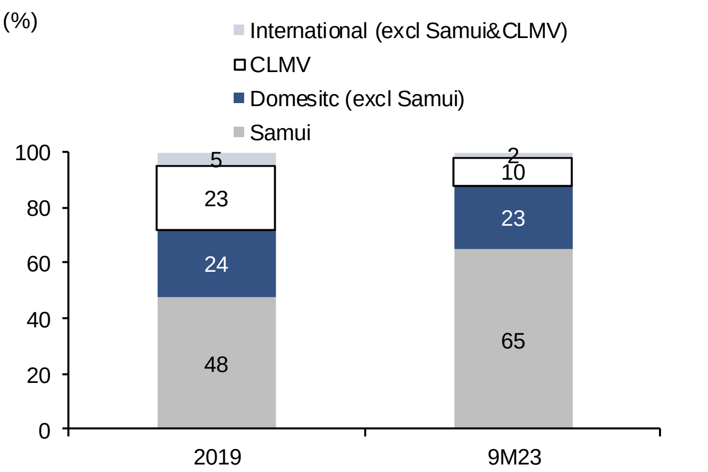
Sources: BA; FSSIA estimates

Exhibit 5: Samui domestic ticket fares



Sources: BA; FSSIA estimates

Exhibit 6: Revenue breakdown by route



Source: BA

Potential re-rating upside from Samui Airport

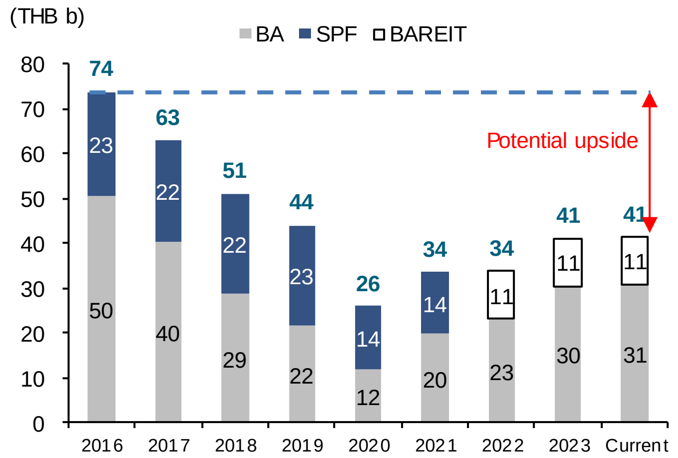
BA and SPF had a combined market cap of THB74b in 2016 when their combined profit peaked at THB3.7b. Due to high competition in the airline industry, the market cap of BA declined over 2017-2019 and hit the bottom during the Covid pandemic. Meanwhile, the market cap of SPF stayed at THB22b-23b over 2017-2019, and also plunged to THB14b during the Covid pandemic.

During the Covid pandemic, BA terminated its leasehold contracts with SPF and set up BAREIT instead. The structure was changed. BA pays a fixed amount to BAREIT of around THB1.1b-1.2b/year, compared to the THB1.4b-1.6b variable rate paid to SPF during 2016-2019.

With the Covid pandemic subsided, the combined core profit of BA and BAREIT should increase to THB3.2b in 2024, converting to its peak of THB3.7b in 2016. However, the current combined market cap of BA and BAREIT is now only THB41b, far from its peak of THB74b.

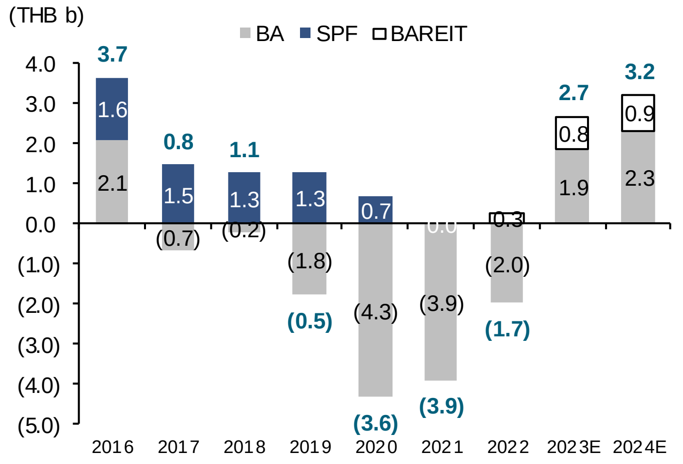
Thus, we expect that the gap of THB33b should narrow when Samui Airport fully recovers, likely by 2025. This would imply a higher market cap for BA over the next two years, given that BAREIT's market cap is likely to be capped due to the fixed payment structure.

Exhibit 7: Market cap of combined BA and SPF/BAREIT



Note: Used average share prices for each year to calculate
Sources: BA; FSSIA estimates

Exhibit 8: Core profit of combined BA and SPF/BAREIT



Sources: BA; FSSIA estimates

4Q23 results preview: hit by one-off expense

We expect the 4Q23 passenger volume to grow 1% y-y to 0.95m, equivalent to 65% of the pre-Covid level, but it should drop from 1.0m in 3Q23 due to Samui's low tourism season. 4Q23 ticket fares should grow by 9% y-y to an average of cTHB3,800, exceeding pre-Covid by 27%. We expect the 4Q23 passenger yield to remain above the pre-Covid level at THB6.2/passenger-km (vs THB4.0 in 4Q19) due to a strong load factor of 76% (vs 64% in 4Q19).

As a result, passenger revenue should grow by 10% y-y and reach 83% of the pre-Covid level in 4Q23. Airport and airport-related revenue should recover to 90% of pre-Covid, led by a higher Samui passenger volume, which should exceed the pre-Covid level by 8%.

On a negative note, we expect BA to book a one-off item consisting of additional bonus expenses to staff of around THB300m. This should lead BA to book a core loss of THB0.2b in 4Q23. Excluding the one-off item, we expect that BA would book a core profit of THB0.1b.

We are not concerned about the loss in 4Q23 given that BA has normally booked a loss in 4Q since 2016 due to the low season in Samui.

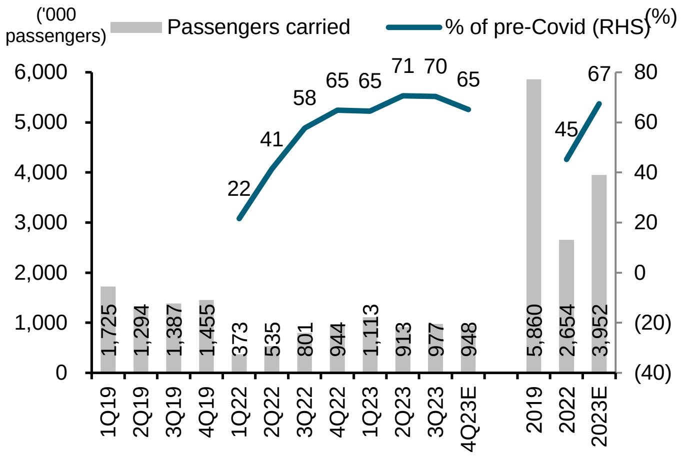
Exhibit 9: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	----------- Change ------------		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(q-q %)*	*(y-y %)*	(THB m)
Sales	4,221	5,273	4,357	4,978	4,747	*(5)*	*12*	19,323
- Passenger revenue	3,277	4,123	3,267	3,742	3,601	*(4)*	*10*	14,600
- Other revenue	943	1,151	1,089	1,236	1,146	*(7)*	*21*	4,723
Expense	(4,309)	(4,468)	(4,172)	(4,451)	(4,900)	*10*	*14*	(17,875)
- Fuel and oil	(890)	(816)	(649)	(861)	(878)	*2*	*(1)*	(3,211)
- Non-fuel operating expenses	(3,420)	(3,652)	(3,523)	(3,590)	(4,022)	*12*	*18*	(14,664)
Operating profit	**(89)**	**805**	**184**	**528**	**(153)**	***(129)***	***(72)***	**1,448**
Dividend income	0	0	310	340	0	*(100)*	*(100)*	648
Net other income	391	426	297	294	264	*(10)*	*(32)*	1,269
Interest income	11	12	24	34	34	*0*	*207*	44
Interest expense	(533)	(543)	(546)	(543)	(543)	*0*	*2*	(2,160)
Pretax profit	**(219)**	**701**	**270**	**653**	**(398)**	***(161)***	***(81)***	**1,249**
Income Tax	(93)	13	(0)	0	0			0
Associates	159	122	170	157	163	*4*	*3*	617
Minority interest	2	(4)	3	1	2	*187*	*10*	(14)
Core profit	**(152)**	**831**	**442**	**811**	**(233)**	***(129)***	***(54)***	**1,852**
Extraordinaries	302	44	227	1,100	0			1,371
- FX	302	44	(3)	14	0			55
- Derivative	0	0	0	0	0			0
- Others	0	0	230	1,086	0			1,316
Net profit	**150**	**875**	**670**	**1,911**	**(233)**	***(112)***	***(255)***	**3,223**
Shares out (end Q, m)	2,100	2,100	2,100	2,100	2,100	*0*	*0*	2,100
Pre-ex EPS	**(0.07)**	**0.40**	**0.21**	**0.39**	**(0.11)**	***(129)***	***(54)***	**0.88**
EPS	**0.07**	**0.42**	**0.32**	**0.91**	**(0.11)**	***(112)***	***(255)***	**1.53**
Depreciation	(574)	(494)	(438)	(436)	(436)	*0*	*(24)*	(1,798)
EBITDA	486	1,299	623	964	283	*(71)*	*(42)*	3,246
Key ratios						***(ppt)***	***(ppt)***	
Operating profit margin (%)	(2)	15	4	11	(3)	*(14)*	*(1)*	7
EBITDA margin (%)	12	25	14	19	6	*(13)*	*(6)*	17
Net profit margin (%)	4	17	15	38	(5)	*(43)*	*(8)*	17
Operating stats								
Passenger carried (m)	0.9	1.1	0.9	1.0	0.9			
Load factor (%)	79	87	75	78	76			
RPK (m seats-km)	616	706	560	595	579			
ASK (m seats-km)	776	811	744	764	762			
Average fare (THB)	3,471	3,734	3,531	3,803	3,800			
RASK (THB)	5.0	5.8	5.0	5.5	0.0			
CASK (THB)	4.8	4.7	4.7	4.9	0.0			

CASK ex-fuel (THB)	3.0	3.7	3.8	3.8	0.0			

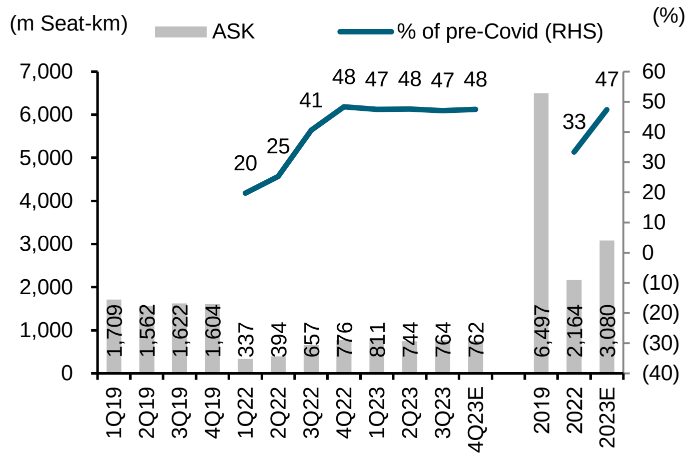
Sources: BA; FSSIA estimates

Exhibit 10: Passengers carried



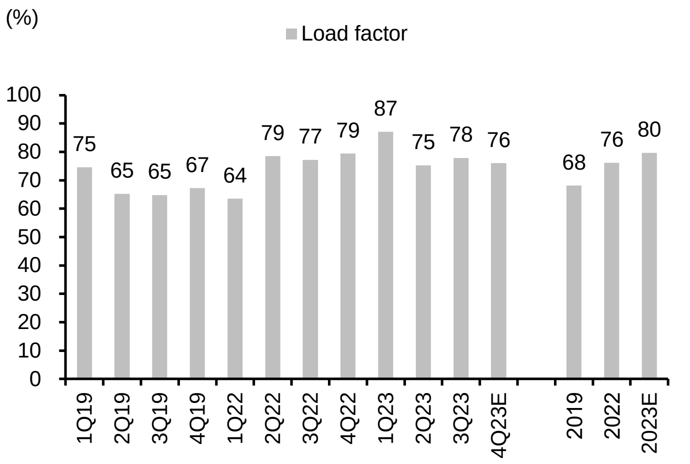
Sources: BA; FSSIA estimates

Exhibit 11: ASK



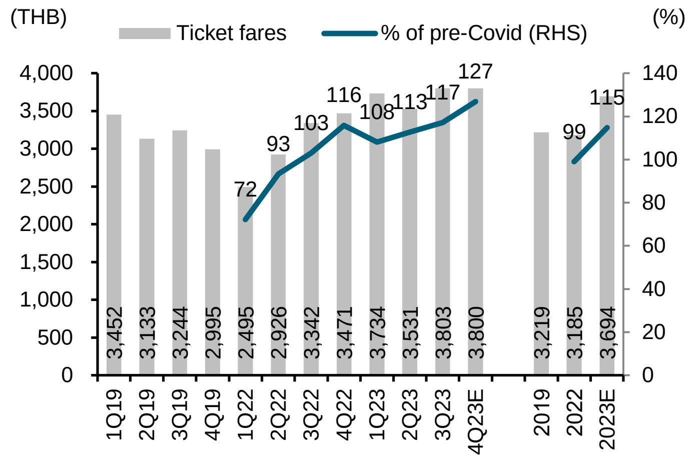
* ASK = available seat kilometres
Sources: BA; FSSIA estimates

Exhibit 12: Load factor



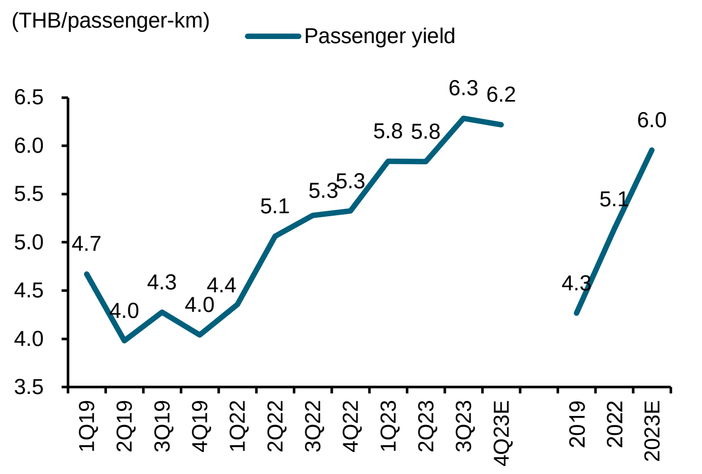
Sources: BA; FSSIA estimates

Exhibit 13: Ticket fares



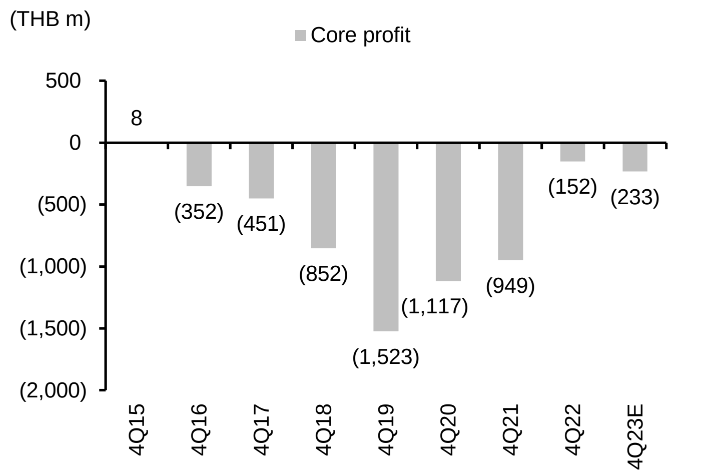
Sources: BA; FSSIA estimates

Exhibit 14: Passenger yield



Sources: BA; FSSIA estimates

Exhibit 15: 4Q core profit, 2015-2023



Sources: BA; FSSIA estimates

Exhibit 16: Forecast revisions

	----------------- Current ----------------			---------------- Previous ----------------			--------------- *Change (%)* --------------		
	2023E	2024E	2025E	2023E	2024E	2025E	*2023E*	*2024E*	*2025E*
Passengers carried (m)	4.0	4.3	4.4	4.1	4.6	4.7	*(3.9)*	*(6.8)*	*(5.2)*
Load factor (%)	80	79	79	79	77	78	*0.3*	*2.0*	*1.0*
Average ticket fare (THB)	3,694	3,805	3,919	3,662	3,772	3,886	*0.9*	*0.9*	*0.9*
Fuel price net hedging (USD/bbl)	105	110	110	105	110	110	*0.0*	*0.0*	*0.0*
Revenue (THB m)	19,323	21,609	23,237	19,813	22,833	23,794	*(2.5)*	*(5.4)*	*(2.3)*
EBITDA (THB m)	3,246	3,677	3,845	3,420	3,529	3,691	*(5.1)*	*4.2*	*4.2*
Core profit (THB m)	1,852	2,342	2,502	2,188	2,342	2,502	*(15.4)*	*0.0*	*(0.0)*
Net profit (THB m)	3,223	2,342	2,502	3,500	2,342	2,502	*(7.9)*	*0.0*	*(0.0)*

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

Exhibit 17: SoTP valuation

SoTP Base case	(THB b)	(THB/share)	Comments
BDMS	21.0	10.0	Fair price at our TP of THB35.0/shr with 20% holding discount
BAFS	1.6	0.7	Fair price at consensus TP of THB30.5/shr with 20% holding discount
BAREIT	2.3	1.1	Fair price at consensus TP of THB11.3/shr with 20% holding discount
Airport and airport related business	17.0	8.1	2024E net profit (excluding BAREIT lease payment) of THB1.2b and pegged at 14x P/E multiple
BAREIT lease liabilities	(13.5)	(6.4)	At end 2024E
Airline business	9.2	4.4	2024E net profit of THB1.1b 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	(8.4)	(4.0)	At end 2024E
Cash	14.2	6.7	At end 2024E
Total value	**46.2**	**22.0**	

Source: FSSIA estimates

Exhibit 18: Peer comparisons, airline sector as of 31 Jan 2024

Company	BBG	Rec	----------- Share price -----------			Market	---------- PE ----------			--- PBV ---		-- EV/ EBITDA --	
			Current	Target	*Upside*	Cap	23E	24E	25E	23E	24E	23E	24E
			(LCY)	(LCY)	*(%)*	(USD m)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Thailand													
Bangkok Airways	BA TB	BUY	14.70	22.00	*49.7*	887	16.7	13.2	12.3	1.7	1.6	13.8	11.5
Asia Aviation	AAV TB	BUY	2.22	2.80	*26.1*	804	(145.3)	19.8	16.1	3.7	3.1	10.4	7.2
Thailand average						**1,691**	**(64.3)**	**16.5**	**14.2**	**2.7**	**2.4**	**12.1**	**9.3**
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	52.78	n/a	*n/a*	7,189	19.9	14.4	14.4	3.2	2.7	12.7	9.6
Interglobe Aviation	INDIGO IN	n/a	2,961.35	n/a	*n/a*	14,033	n/a	19.7	19.7	n/a	n/a	20.6	9.1
Cebu Air Inc	CEB PM	n/a	32.45	n/a	*n/a*	361	5.2	3.3	3.3	8.9	2.2	6.1	4.8

Singapore Airlines	SIA SP	n/a	6.68	n/a	*n/a*	14,943	10.1	7.3	7.3	1.3	1.3	5.0	4.7
Japan Airlines	9201 JP	n/a	2,867.00	n/a	*n/a*	8,526	44.0	13.8	13.8	1.5	1.4	6.7	5.0
Ana Holdings	9202 JP	n/a	3,309.00	n/a	*n/a*	10,902	26.1	13.4	13.4	1.8	1.6	7.2	5.7
Cathay Pacific Airways	293 HK	n/a	7.97	n/a	*n/a*	6,563	6.0	7.7	7.7	0.9	0.8	4.8	5.5
Vietjet Aviation	VJC VN	n/a	104,600	n/a	*n/a*	2,332	200.2	24.8	24.8	3.7	3.2	40.0	15.9
Regional average						**64,848**	**44.5**	**13.1**	**13.1**	**3.1**	**1.9**	**12.9**	**7.5**
Global													
Eva Airways	2618 TT	n/a	32.05	n/a	*n/a*	5,524	7.9	11.3	11.3	1.7	1.5	2.9	3.5
Air New Zealand	AIR NZ	n/a	0.64	n/a	*n/a*	1,315	5.0	9.7	9.7	1.0	1.0	2.5	3.3
Air Arabia	AIRARABIA UH	n/a	2.98	n/a	*n/a*	3,761	8.5	9.1	9.1	1.9	1.7	5.6	5.6
Easyjet (UK)	EZJ LN	n/a	556.20	n/a	*n/a*	5,332	11.8	9.2	9.2	1.5	1.3	3.7	3.1
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	2.83	n/a	*n/a*	240	n/a	5.0	5.0	n/a	n/a	4.5	4.1
JetBlue Airways (US, Latin AM)	JBLU	n/a	5.31	n/a	*n/a*	1,770	n/a	n/a	n/a	0.5	0.6	9.1	8.5
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.15	n/a	*n/a*	1,180	8.7	8.0	8.0	2.0	1.6	3.0	2.7
Southwest Airlines (US)	LUV US	n/a	29.89	n/a	*n/a*	17,818	22.3	18.0	18.0	1.6	1.3	6.4	5.7
Global average						**36,939**	**10.7**	**10.0**	**10.0**	**1.5**	**1.3**	**4.7**	**4.6**
Overall average						**103,478**	**16.5**	**12.2**	**12.0**	**2.3**	**1.7**	**9.2**	**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	19,323	21,609	23,237
Cost of goods sold	(6,115)	(11,524)	(15,169)	(16,700)	(17,988)
Gross profit	**(3,398)**	**(219)**	**4,154**	**4,910**	**5,249**
Other operating income	-	-	-	-	-
Operating costs	(1,551)	(2,097)	(2,705)	(3,069)	(3,300)
Operating EBITDA	**(2,607)**	**115**	**3,246**	**3,677**	**3,845**
Depreciation	(2,342)	(2,431)	(1,798)	(1,836)	(1,895)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**(4,949)**	**(2,316)**	**1,448**	**1,841**	**1,949**
Net financing costs	(1,258)	(1,475)	(2,116)	(1,872)	(1,739)
Associates	453	489	617	652	664
Recurring non-operating income	2,142	1,916	2,534	2,527	2,638
Non-recurring items	(5,180)	(137)	1,371	0	0
Profit before tax	**(9,246)**	**(2,013)**	**3,237**	**2,497**	**2,848**
Tax	117	(114)	0	(138)	(328)
Profit after tax	**(9,129)**	**(2,127)**	**3,237**	**2,358**	**2,521**
Minority interests	50	16	(14)	(16)	(18)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**(9,079)**	**(2,112)**	**3,223**	**2,342**	**2,502**
Non-recurring items & goodwill (net)	**5,180**	**137**	**(1,371)**	**0**	**0**
Recurring net profit	**(3,899)**	**(1,974)**	**1,852**	**2,342**	**2,502**
Per share (THB)					
Recurring EPS *	(1.86)	(0.94)	0.88	1.12	1.19
Reported EPS	(4.32)	(1.01)	1.53	1.12	1.19
DPS	0.00	0.00	0.53	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	70.9	11.8	7.5
Operating EBITDA (%)	nm	nm	2,734.5	13.3	4.5
Operating EBIT (%)	nm	nm	nm	27.1	5.9
Recurring EPS (%)	nm	nm	nm	26.5	6.8
Reported EPS (%)	nm	nm	nm	(27.3)	6.8
Operating performance					
Gross margin inc. depreciation (%)	(125.1)	(1.9)	21.5	22.7	22.6
Gross margin exc. depreciation (%)	(38.9)	19.6	30.8	31.2	30.7
Operating EBITDA margin (%)	(96.0)	1.0	16.8	17.0	16.5
Operating EBIT margin (%)	(182.2)	(20.5)	7.5	8.5	8.4
Net margin (%)	(143.5)	(17.5)	9.6	10.8	10.8
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	10.8	8.5	8.6
Debtor days	51.9	25.1	29.7	36.7	39.4
Creditor days	100.9	50.7	40.8	38.5	40.4
Operating ROIC (%)	(32.6)	(19.2)	14.8	25.0	29.7
ROIC (%)	(6.2)	(0.9)	8.3	10.6	10.6
ROE (%)	(23.8)	(13.2)	10.6	12.5	12.6
ROA (%)	(5.5)	(0.8)	6.2	6.7	6.6

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Air fares	1,191	8,451	14,600	16,361	17,347
Revenue from sales and services	1,477	2,534	4,203	4,605	5,072
Freight	6	76	58	115	173
Passenger services	43	244	462	529	644

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)	1,852	2,342	2,502
Depreciation	2,342	2,431	1,798	1,836	1,895
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,921)	1,005	15,980	16	18
Change in working capital	(1,232)	1,573	1,879	566	416
Cash flow from operations	**(7,709)**	**3,035**	**21,509**	**4,761**	**4,831**
Capex - maintenance	(722)	(184)	(386)	(1,080)	(1,162)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	114	(9,209)	8,000	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(608)**	**(9,393)**	**7,614**	**(1,080)**	**(1,162)**
Dividends paid	0	0	0	(1,111)	(1,405)
Equity finance	0	(101)	(9,219)	0	0
Debt finance	6,094	5,804	(4,400)	(3,277)	(3,238)
Other financing cash flows	2,168	5,177	(7,272)	0	0
Cash flow from financing	**8,262**	**10,880**	**(20,891)**	**(4,388)**	**(4,644)**
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**	**8,231**	**(708)**	**(974)**
Free cash flow to firm (FCFF)	(7,052.04)	(4,869.16)	31,282.41	5,650.14	5,501.77
Free cash flow to equity (FCFE)	(55.35)	4,622.05	17,450.06	403.47	431.45
Per share (THB)					
FCFF per share	(3.36)	(2.32)	14.90	2.69	2.62
FCFE per share	(0.03)	2.20	8.31	0.19	0.21
Recurring cash flow per share	(3.08)	0.70	9.35	2.00	2.10

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	27,064	24,954	25,341	26,421	27,583
Less: Accumulated depreciation	(10,424)	(10,561)	(12,359)	(14,195)	(16,090)
Tangible fixed assets (net)	**16,640**	**14,393**	**12,982**	**12,226**	**11,493**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	28,191	37,401	29,401	29,401	29,401
Cash & equivalents	2,126	6,647	14,878	14,171	13,197
A/C receivable	373	1,185	1,958	2,390	2,622
Inventories	438	465	326	362	392
Other current assets	169	312	533	596	640
Current assets	**3,106**	**8,608**	**17,695**	**17,519**	**16,852**
Other assets	1,002	1,844	1,844	1,844	1,844
Total assets	**48,939**	**62,246**	**61,921**	**60,989**	**59,589**
Common equity	13,198	16,818	18,145	19,376	20,473
Minorities etc.	(36)	(55)	(40)	(24)	(6)
Total shareholders' equity	**13,162**	**16,764**	**18,105**	**19,352**	**20,467**
Long term debt	26,515	32,468	28,481	25,204	21,966
Other long-term liabilities	5,305	6,651	6,651	6,651	6,651
Long-term liabilities	**31,820**	**39,120**	**35,133**	**31,856**	**28,617**
A/C payable	967	1,558	1,429	1,710	1,852
Short term debt	917	768	355	355	355
Other current liabilities	2,073	4,037	6,900	7,716	8,298
Current liabilities	**3,957**	**6,362**	**8,684**	**9,782**	**10,504**
Total liabilities and shareholders' equity	**48,939**	**62,246**	**61,921**	**60,989**	**59,589**
Net working capital	(2,060)	(3,633)	(5,512)	(6,079)	(6,494)
Invested capital	43,773	50,004	38,714	37,392	36,243
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	6.28	8.01	8.64	9.23	9.75
Tangible book value per share	6.28	8.01	8.64	9.23	9.75
Financial strength					
Net debt/equity (%)	192.3	158.6	77.1	58.8	44.6
Net debt/total assets (%)	51.7	42.7	22.5	18.7	15.3
Current ratio (x)	0.8	1.4	2.0	1.8	1.6
CF interest cover (x)	1.0	4.1	9.2	1.2	1.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**(7.9)**	**(15.6)**	**16.7**	**13.2**	**12.3**
Recurring P/E @ target price (x) *	**(11.8)**	**(23.4)**	**24.9**	**19.7**	**18.5**
Reported P/E (x)	(3.4)	(14.6)	9.6	13.2	12.3
Dividend yield (%)	-	-	3.6	4.6	4.9
Price/book (x)	2.3	1.8	1.7	1.6	1.5
Price/tangible book (x)	2.3	1.8	1.7	1.6	1.5
EV/EBITDA (x) **	(21.5)	501.3	13.8	11.5	10.4
EV/EBITDA @ target price (x) **	(27.4)	635.1	18.5	15.7	14.4
EV/invested capital (x)	1.3	1.1	1.2	1.1	1.1

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

Sources: Bangkok Airways; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > 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.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. 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 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 scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including 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 document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. **NEGL** 0-10; **Low** 10-20; **Medium** 20-30; **High** 30-40; **Severe** 40+
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.	

AAA	8.571-10.000	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities
AA	7.143-8.570		
A	5.714-7.142	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BBB	4.286-5.713		
BB	2.857-4.285		
B	1.429-2.856	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

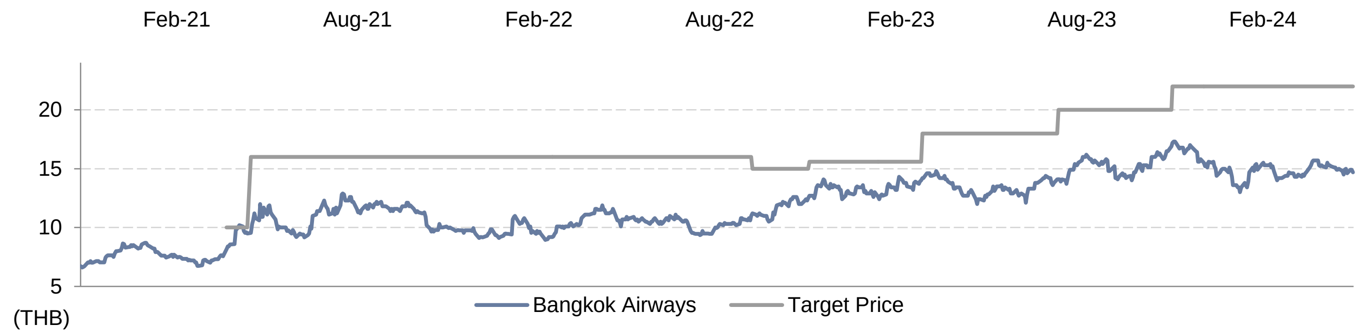
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions.

 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Bangkok Airways (BA TB)



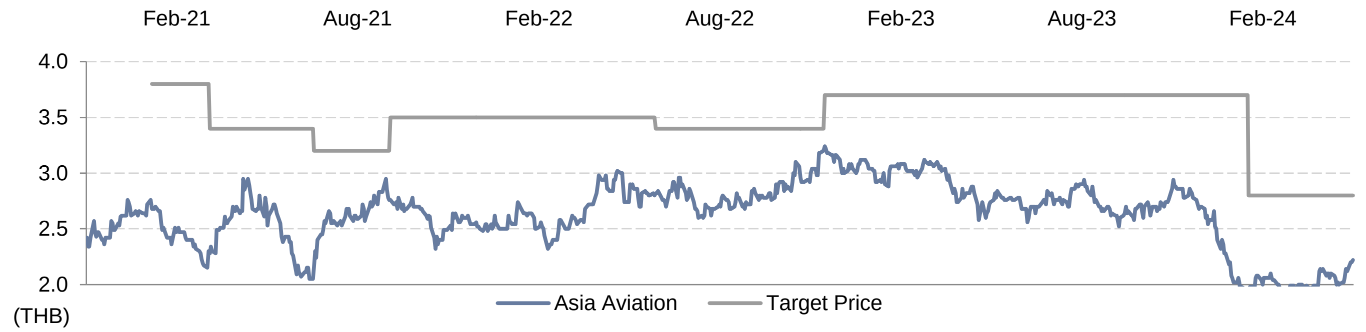
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	20-Oct-2022	BUY	15.60	28-Aug-2023	BUY	22.00
25-Jun-2021	BUY	16.00	25-Jan-2023	BUY	18.00			
01-Sep-2022	BUY	15.00	22-May-2023	BUY	20.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Asia Aviation (AAV TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Mar-2021	BUY	3.80	21-Oct-2021	BUY	3.50	01-Nov-2023	BUY	2.80
18-May-2021	BUY	3.40	07-Jun-2022	BUY	3.40			
16-Aug-2021	BUY	3.20	31-Oct-2022	BUY	3.70			

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 14.70	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 2.22	BUY	Downside risks to our P/E 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 31-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.