

# Thailand Aviation

## Strong earnings flying out of market's radar

- คาด AAV และ BA จะรายงานกำไรปกติทำสถิติสูงสุดใหม่ (หลังการระบาดของโควิด) ที่บริษัทละ 1.0 พัน ลบ. ใน 1Q24 โดยได้ปัจจัยหนุนจากค่าบัตรโดยสารที่อยู่ในเกณฑ์ดี
- อาจมี Upside (50% สำหรับ AAV และ 20% สำหรับ BA) ให้ตลาดปรับเพิ่มประมาณการกำไรปกติปี 2024 เป็น 2.4-2.6 พัน ลบ.
- ให้น้ำหนักกลุ่มสายการบินมากกว่าตลาดพร้อมคำแนะนำซื้อสำหรับ AAV (TP 3.1 บาท) และ BA (TP 22.0 บาท)

### กำไรปกติ 1Q24 ที่ต้องทำให้ตลาดหันมาให้ความสนใจกับกลุ่มฯ

เราเชื่อว่ากลุ่มสายการบินยังไม่เป็นที่สนใจของตลาดมากนัก ซึ่งผลดำเนินงานใน 1Q24 รวมถึงแนวโน้มอุตสาหกรรมที่ดีอาจทำให้ตลาดหันมาให้ความสนใจกับกลุ่มฯ เราคาดว่า AAV และ BA จะรายงานกำไรปกติอยู่ในเกณฑ์ดีที่บริษัทละ 1.0 พัน ลบ. ใน 1Q24 โดยมีปัจจัยหนุนสำคัญอยู่ที่ Load factor ที่อยู่ในระดับสูงถึง 93% สำหรับ AAV และ 88% สำหรับ BA (+1 ppt y-y) และค่าบัตรโดยสารที่ 2,000-2,100 บาทสำหรับ AAV (+29% y-y และ +32% เทียบกับ 1Q19) และ 4,000-4,100 บาทสำหรับ BA (+8% y-y และ +17% เทียบกับ 1Q19) ทั้งนี้ AAV น่าจะรายงานผลขาดทุนสุทธิ 1.1 พัน ลบ. จากผลขาดทุนจากอัตราแลกเปลี่ยนของ Lease liabilities อันเป็นรายการที่ไม่ใช้เงินสด

### ค่าบัตรโดยสารน่าจะทรงตัวในระดับสูงจากการแข่งขันที่อยู่ในระดับต่ำและอุปทานเครื่องบินที่น้อยกว่าเดิม

ในรายงานนี้เราระบุถึง 2 ความกังวลหลักของกลุ่มฯ ข้อแรกค่าบัตรโดยสารจะลดลงจากการแข่งขันที่อยู่ในระดับสูงหรือไม่ การแข่งขันระหว่างสายการบินไทยอยู่ในระดับที่ต่ำกว่ามากเมื่อเทียบกับช่วงก่อนโควิดเนื่องจากขนาดกองบินรวมของไทยลดลง 24% จาก 275 ในปี 2019 เป็น 210 ในปี 2023 นอกจากนี้การส่งมอบเครื่องบินใหม่ในเอเชียแปซิฟิกยังคงอยู่ในระดับต่ำเมื่อเทียบกับช่วงก่อนโควิด อีกทั้ง AAV ได้ปรับโครงสร้างค่าบัตรโดยสาร โดยลดจำนวนตั๋วโปรโมชั่นลง ในขณะที่ BA เน้นที่เส้นทางสมุยซึ่งมีค่าบัตรโดยสารสูงกว่า ดังนั้นเราจึงน่าจะเห็นการแข่งขันที่อยู่ในระดับต่ำและค่าบัตรโดยสารในระดับสูงอย่างน้อยจนถึงปี 2025

### ราคาค่าเชื้อเพลิงอากาศยานลดลง 6% YTD และ 10% เมื่อเทียบกับปีที่แล้ว

ข้อกังวลประการที่สองอยู่ที่ต้นทุนที่สูงขึ้นโดยเฉพาะอย่างยิ่งเชื้อเพลิงอากาศยานเนื่องจากราคา Spot ของ Brent ปรับขึ้น 11% YTD อย่างไรก็ตามราคาค่าเชื้อเพลิงอากาศยานลดลง 6% YTD เป็น USD94/bbl จาก Jet spread ที่อยู่ในระดับแคบลง และยังต่ำกว่าสมมติฐานของเราที่ USD110 และราคาเฉลี่ยของปีที่แล้วที่ USD105 ทั้งนี้เรามีความกังวลเกี่ยวกับต้นทุนในการบำรุงรักษาที่สูงกว่าระดับก่อนโควิดไปแล้วถึง 30% อย่างไรก็ตามค่าบัตรโดยสารที่อยู่ในระดับสูงน่าจะมีส่วนหนุนมากเกินพอที่จะชดเชยค่าใช้จ่ายที่ไม่ใช่เชื้อเพลิง ดังจะเห็นได้จากรายได้ต่อ ASK (RASK) ซึ่งยังสูงกว่าต้นทุนต่อ ASK (CASK) มาตั้งแต่ปี 2023

### มูลค่าตามราคาตลาดอาจมี Upside 20-50% ให้กลับสู่ระดับสูงสุด

เราให้คำแนะนำซื้อทั้ง BA และ AAV ในระยะสั้นหุ้นมีปัจจัยบวกอยู่ที่ตลาดอาจปรับประมาณการกำไรขึ้นหลังรายงานผลประกอบการ 1Q24 ถ้ากำไร 1Q24 เป็นไปตามคาดเราจะได้เห็นกำไรปกติเหนือ 1.0 พัน ลบ. ในช่วง High season (1Q/4Q สำหรับ AAV และ 1Q/3Q สำหรับ BA) และกำไรเล็กน้อยในช่วง Low season ซึ่งหมายถึงกำไรปกติปี 2024 ที่บริษัทละ 2.4-2.6 พัน ลบ. เทียบกับคาดการณ์ของตลาดที่ 1.6 พัน ลบ. สำหรับ AAV และ 2.1 พัน ลบ. สำหรับ BA นอกจากนี้ 2024 P/E multiples ของทั้งสองบริษัทยังน่าจะลดลงเหลือเพียง 12-14x ซึ่งเราเห็นว่าอยู่ในระดับต่ำ กำไรปกติของทั้งสองบริษัทมีศักยภาพสูงที่จะทำสถิติสูงสุดใหม่ในปีนี้ (สถิติปัจจุบันของ AAV อยู่ที่ 1.9 พัน ลบ. และ BA อยู่ที่ 2.1 พัน ลบ. ในปี 2016) ในขณะที่มูลค่าตามราคาตลาดยังต่ำกว่าจุดสูงสุดอยู่ 23% สำหรับ AAV และ 47% สำหรับ BA



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 9 พฤษภาคม 2024

Ticket fares likely to remain high in 2024-25

The competition among Thai airlines is much lower compared to the pre-Covid period given that the commercial aircraft fleet supply has reduced by 24% from 275 in 2019 to 210 in 2023.

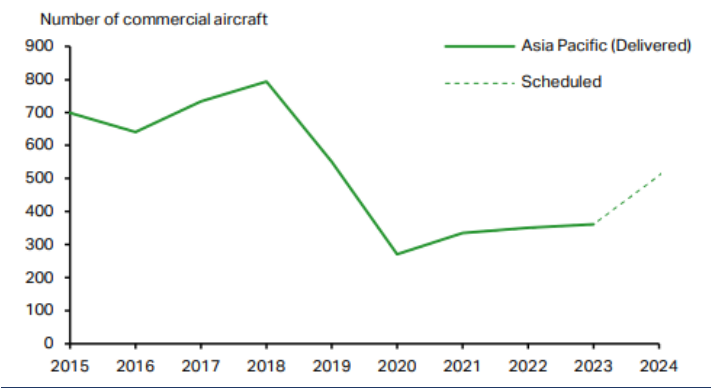
According to IATA, new aircraft deliveries in Asia Pacific remain low compared to the pre-Covid period. In addition, the number of aircraft scheduled for delivery in 2023-24 has been revised lower, mainly due to supply chain issues resulting in aircraft production delays. Therefore, we should see low competition at least until 2025.

Exhibit 1: Thailand’s total aircraft fleet

	2019	2023
Thai Airways	83	77
Thai Air Asia	63	56
Bangkok Airways	40	26
Thai Lion Air	34	18
Nok Air	24	13
Thai Smile	20	0
Thai Vietjet Air	11	20
Total	275	210

Sources: CAAT; AAV

Exhibit 2: Aircraft deliveries in 2015-2024 (scheduled), Asia Pacific

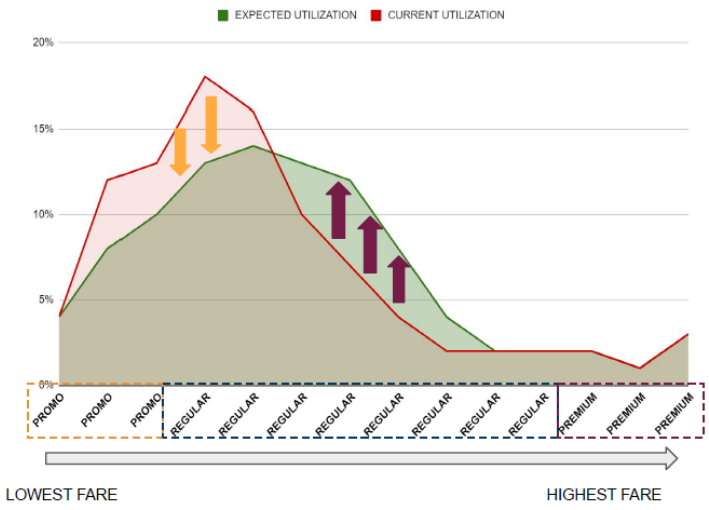


Source: IATA

In terms of strategy, AAV has reallocated its fare structure to reduce the promotional fare class and increase the regular fare class. The ticket fares are also dynamic, based on fuel prices, implying a greater ability to pass on costs to the passengers.

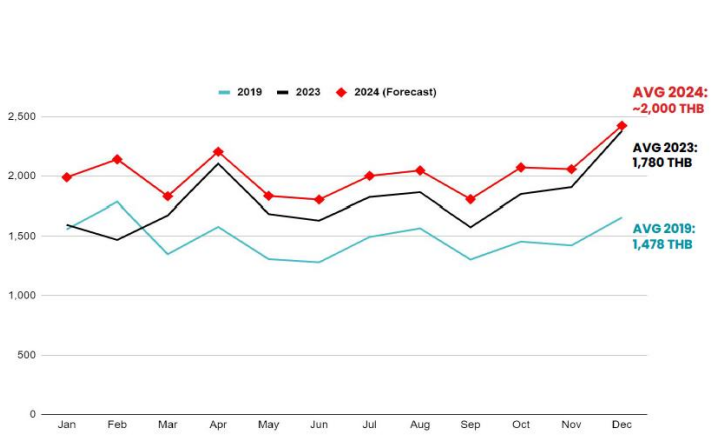
BA has focused more on its Samui route, which has higher ticket fares and yields. Revenue contributions from the Samui route increased from 48% in 2019 to 63% in 2023.

Exhibit 3: AAV’s fare class reallocation



Source: AAV

Exhibit 4: AAV’s average fare trend 2019-2024



Source: AAV

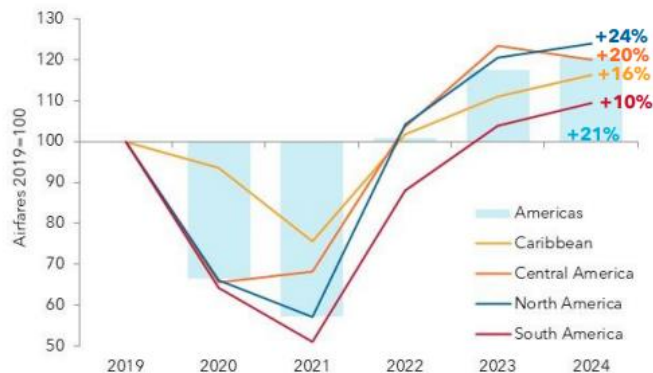
## Global ticket fares should increase further in 2024

According to BCD Travel, ticket fares increased by 11-17% for each region in 2023 and are likely to increase further in 2024. Ticket fares in 2024 for Middle East regions are expected to surpass the pre-Covid level by 23%, followed by 21% for the Americas and Africa, and 15% for Europe. Asia Pacific has lagged the region, with 2024 ticket fares estimated to be above pre-Covid by 12%.

We estimate AAV's and BA's ticket fares to surpass the pre-Covid levels by 35% and 21%, respectively, in 2024.

**Exhibit 5: Ticket fares in the Americas**

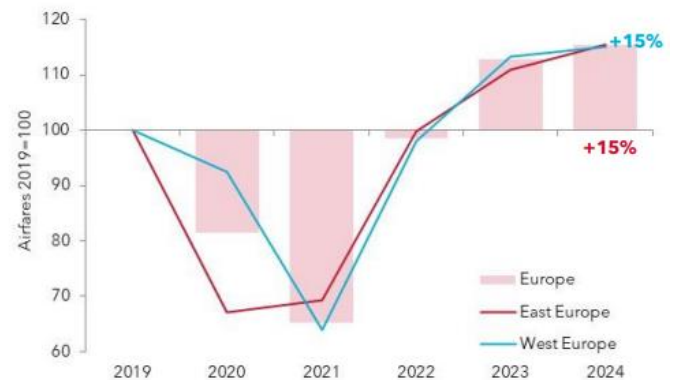
### Airfares v 2019



Source: BCD Travel - IATA's regional airfare outlook

**Exhibit 6: Ticket fares in Europe**

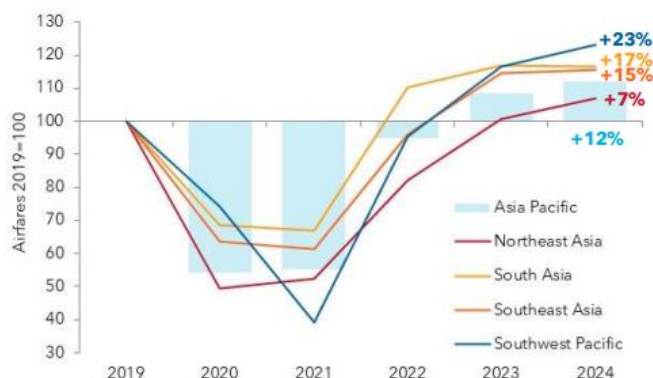
### Airfares v 2019



Source: BCD Travel - IATA's regional airfare outlook

**Exhibit 7: Ticket fares in Asia Pacific**

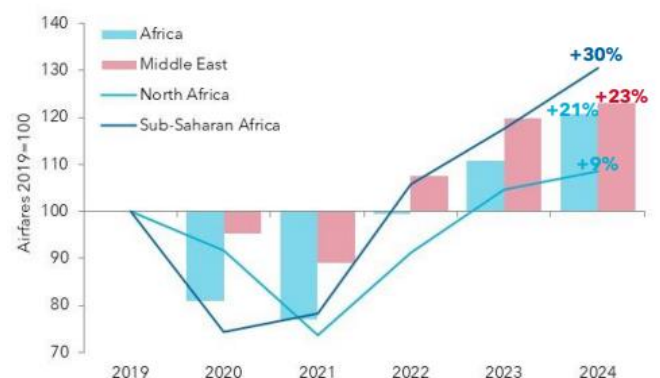
### Airfares v 2019



Source: BCD Travel - IATA's regional airfare outlook

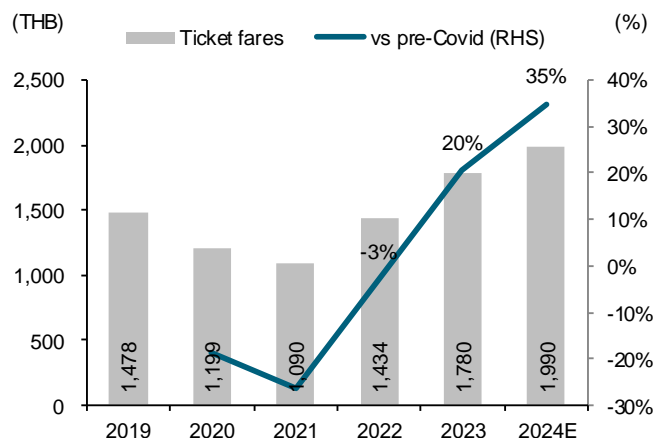
**Exhibit 8: Ticket fares in Africa and Middle East**

### Airfares v 2019



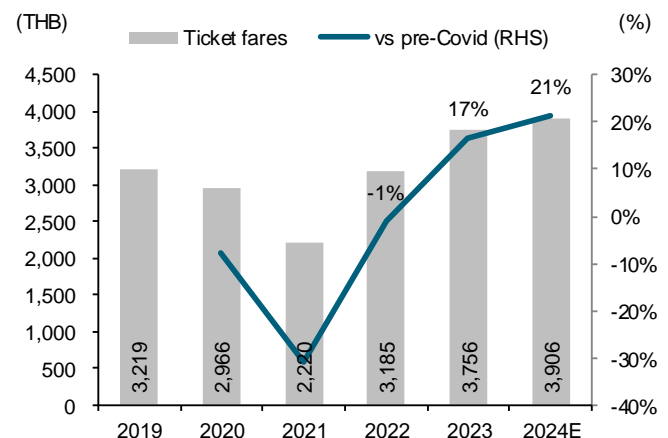
Source: BCD Travel - IATA's regional airfare outlook

**Exhibit 9: AAV's ticket fares**



Sources: AAV; FSSIA estimates

**Exhibit 10: BA's ticket fares**



Sources: BA; FSSIA estimates

## Costs have risen but are still manageable

### Fuel cost

The current market concern is rising fuel prices following the tensions in the Middle East. Brent spot prices increased by 11% YTD. However, on a positive note, jet fuel prices dropped by 6% YTD to USD94/bbl due to the narrow jet spread, and are still below our assumption of USD110/bbl and last year's average of USD105/bbl.

Although the current jet fuel price is higher than in the pre-Covid period (USD80/bbl) by 20%, the higher ticket fares should more than offset this concern, in our view.

Exhibit 11: Jet fuel and Brent prices



Exhibit 12: Crack spread is narrowing in 2024 YTD



### Non-fuel costs

For non-fuel costs, MRO (maintenance, repair, and overhaul) has increased by c30% from pre-Covid due to price escalation in engines and higher costs of engineering equipment. In addition, ground handling and airport charges for some international airports including China, Hong Kong, Macau and India also increased by 30-40% from pre-Covid following manpower shortages. Those are uncontrolled factors, and increasing ticket fares to offset the cost is inevitable.

For some controlled costs such as staff costs, AAV has reduced its headcount by 6% compared to pre-Covid, and staff costs per aircraft have also been reduced by 30%. Similarly, BA also reduced its staff costs by 35% compared to pre-Covid in 2023.

Exhibit 13: MRO expenses per flight hour

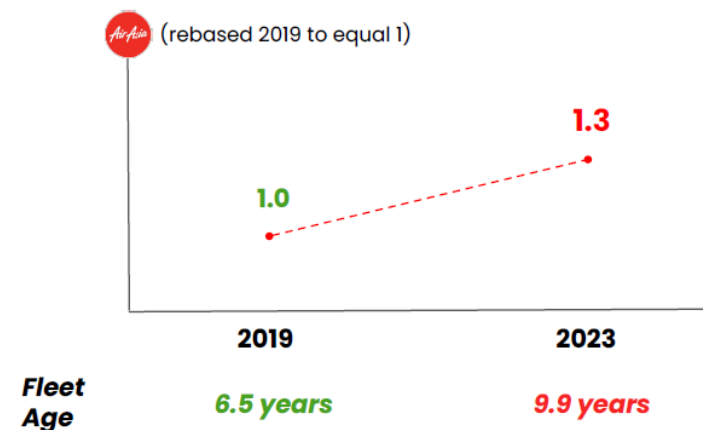


Exhibit 14: AAV's ground handling & airport charges

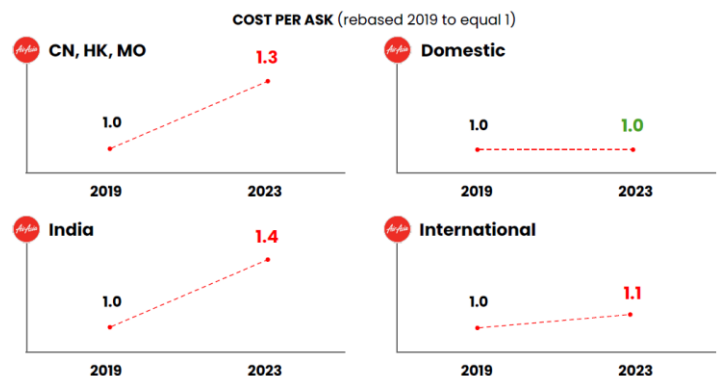
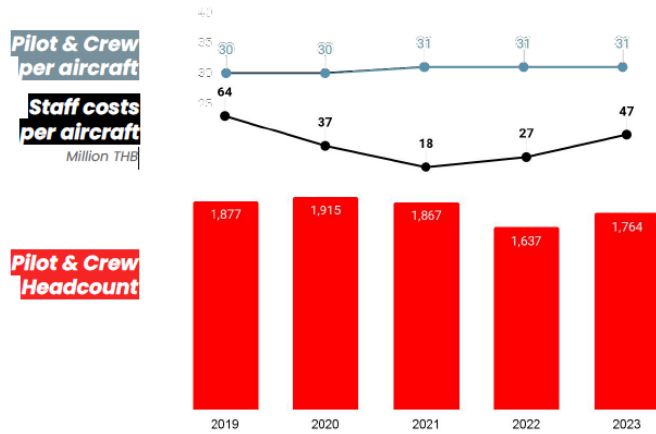
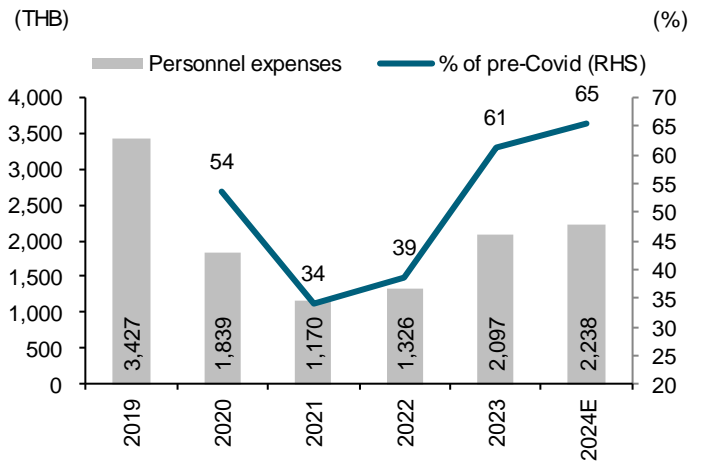


Exhibit 15: AAV's staff costs



Source: AAV

Exhibit 16: BA's staff costs

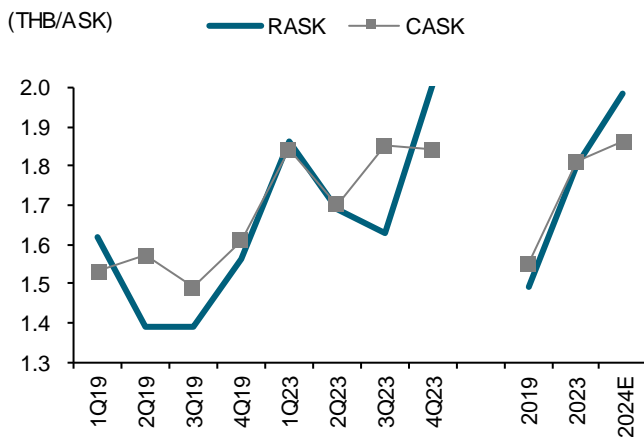


Source: BA

### Strong ticket fares to more than offset rising costs

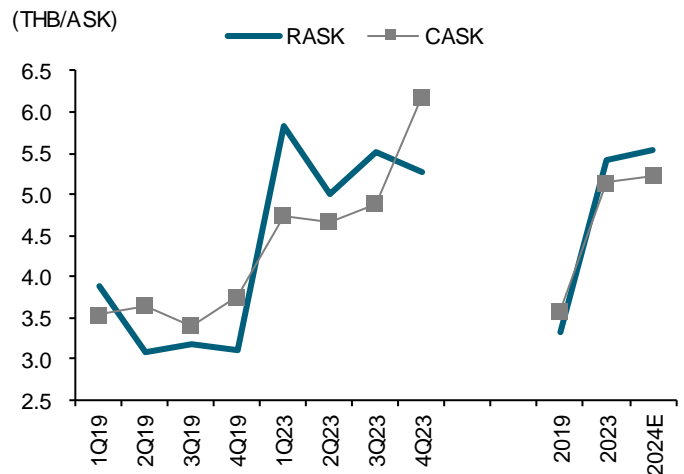
Despite rising costs, strong ticket fares are likely to more than offset the expenses, as indicated by revenue per ASK (RASK), which has remained above cost per ASK (CASK) since 1Q23 for BA and 4Q23 for AAV. The gap should be wider in 2024, implying strong core profit growth.

Exhibit 17: AAV's RASK and CASK



Sources: AAV; FSSIA estimates

Exhibit 18: BA's RASK and CASK



Note: CASK in 4Q23 includes non-recurring items (bonus staff expenses)  
Sources: BA; FSSIA estimates

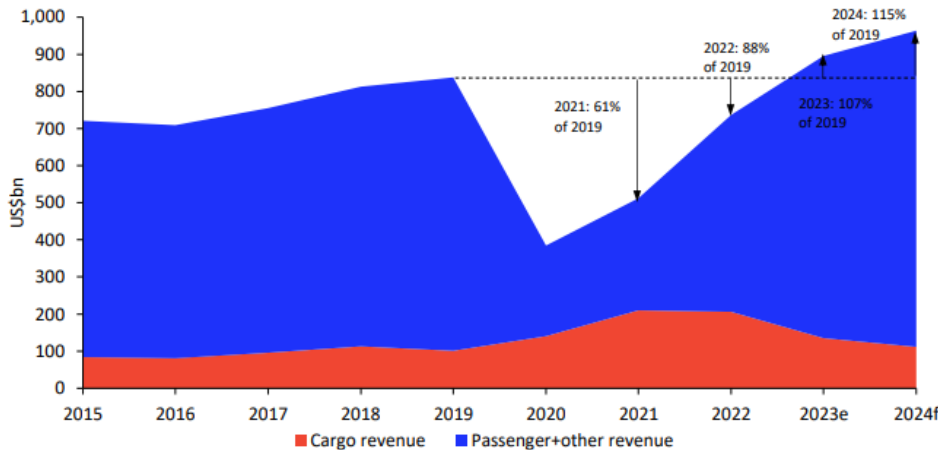
## Strong revenue and profit projected in 2024 for global airlines

IATA forecasts global airline revenue to reach USD896m in 2023, exceeding pre-Covid by 7%. This would be driven by strong passenger revenue, but would be partially offset by lower air cargo revenue. Revenue is expected to grow by 12% y-y, driven by increasing capacity, especially in Asia Pacific.

IATA expects operating profit to reach USD49m in 2024, exceeding pre-Covid by 14%, with an operating profit margin of 5.1%.

### Exhibit 19: Global airline revenue

Airline revenue by type



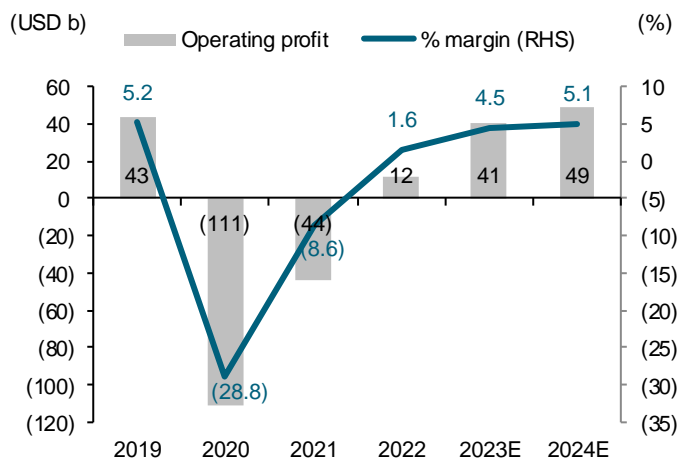
Source: IATA

## Thai airlines to have superior operating margin than global peers

Both AAV and BA have recorded higher operating profit margins than global peers since 2023. We believe the trend should continue in 2024 with an estimated operating profit margin of 13% for BA's airline business and 10% for AAV, compared to global peers at 5%.

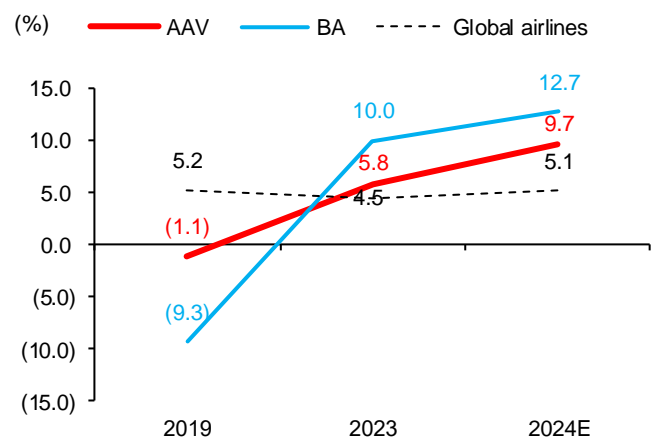
In our view, the superior margins are due to 1) strong ticket fares in their dominated markets (domestic market for AAV with a market share of 39% as of Jan-24 and sole operator of Samui market for BA); and 2) leaner non-fuel costs post Covid pandemic. Hence, we believe both AAV and BA should have premium valuations in terms of P/E multiple up to 15-20x (vs 13x 2024E P/E average for global peers excluding outliers).

### Exhibit 20: Global airlines operating profit



Source: IATA

### Exhibit 21: Operating profit margins of AAV and BA vs global airlines



Note: 1) calculated only airline business for BA; 2) allocation of SG&A between airline and other business by FSSIA

Sources: IATA, AAV, BA and FSSIA estimates



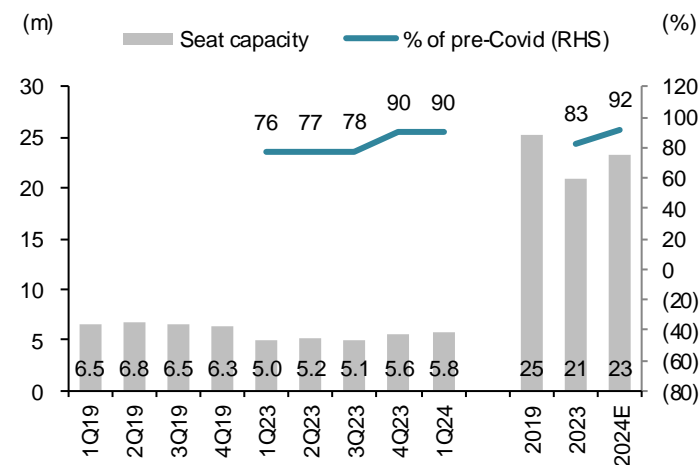
## AAV: 1Q24 results preview

1Q23 passenger volume grew by 7% q-q to 5.5m, accounting for 93% of the pre-Covid level, with domestic and international passenger numbers recovering to 99% and 85% of pre-Covid, respectively. Load factor remained strong at 93% (vs 92% in 1Q23). We estimate the average ticket fare to grow by 18% q-q to THB2,100, exceeding pre-Covid by 35%.

Overall, we estimate 1Q24 revenue to grow by 49% y-y to THB13.8b, exceeding pre-Covid by 20%. Total expenses should increase by 38% y-y, mainly due to fuel expenses which should jump by 48% y-y due to higher fuel consumption and additional excise tax expenses for domestic flights.

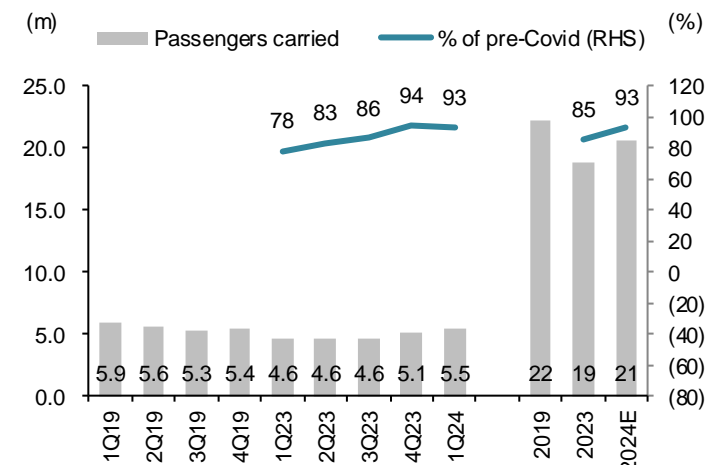
As a result, we forecast a core profit of THB1.0b in 1Q24, (vs breakeven in 1Q23 and THB0.4b in 1Q19). However, AAV should book a cTHB2.1b FX loss on its lease liabilities due to the depreciation of the THB vs USD, resulting in a net loss of THB1.1b.

**Exhibit 22: AAV – Seat capacity**



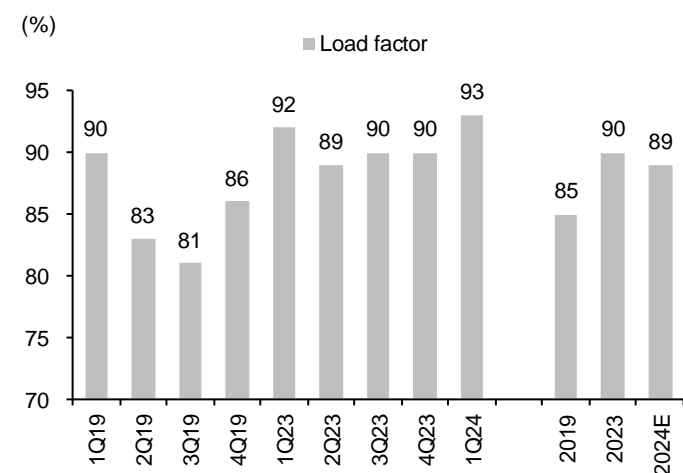
Source: AAV; FSSIA estimates

**Exhibit 23: AAV – Passengers carried**



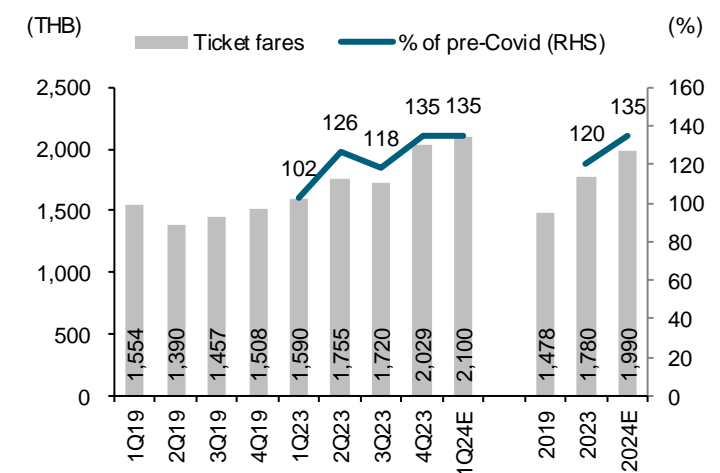
Source: AAV; FSSIA estimates

**Exhibit 24: AAV – Load factor**



Source: AAV; FSSIA estimates

**Exhibit 25: AAV – Average ticket fares**



Source: AAV; FSSIA estimates

## Exhibit 26: AAV – 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	Change		2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
<b>Sales</b>	<b>9,252</b>	<b>10,399</b>	<b>9,899</b>	<b>12,657</b>	<b>13,816</b>	<b>9</b>	<b>49</b>	<b>51,290</b>
- Passenger revenue	7,270	8,136	7,823	10,336	11,465	11	58	41,048
- Other revenue	1,982	2,263	2,076	2,321	2,351	1	19	10,242
Expense	(8,581)	(9,691)	(10,541)	(10,966)	(11,870)	8	38	(46,317)
- Fuel and oil	(3,190)	(3,369)	(4,010)	(4,733)	(4,721)	(0)	48	(18,565)
- Non-fuel operating expenses	(5,391)	(6,322)	(6,531)	(6,233)	(7,149)	15	33	(27,752)
<b>Operating profit</b>	<b>671</b>	<b>708</b>	<b>(642)</b>	<b>1,691</b>	<b>1,945</b>	<b>15</b>	<b>190</b>	<b>4,973</b>
Interest income	7	9	7	9	9	0	39	53
Interest expense	(494)	(549)	(596)	(652)	(652)	0	32	(2,570)
<b>Pretax profit</b>	<b>184</b>	<b>169</b>	<b>(1,231)</b>	<b>1,049</b>	<b>1,303</b>	<b>24</b>	<b>607</b>	<b>2,455</b>
Income Tax	(140)	289	429	(638)	(261)	(59)	86	(491)
<b>Core profit</b>	<b>44</b>	<b>458</b>	<b>(802)</b>	<b>410</b>	<b>1,042</b>	<b>154</b>	<b>2,283</b>	<b>1,964</b>
<b>Core profit adjusting tax 1)</b>	<b>156</b>	<b>179</b>	<b>(965)</b>	<b>873</b>	<b>1,042</b>			
Extraordinaries	316	(1,470)	(893)	2,403	(2,100)			0
- FX gain (loss)	563	(1,391)	(813)	2,314	(2,100)			0
- Derivative gain (loss)	(10)	0	0	80	0			0
- Others	(237)	(80)	(79)	9	0			0
Minority interest	0	0	0	0	0			0
<b>Reported net profit (AAV)</b>	<b>359</b>	<b>(1,013)</b>	<b>(1,695)</b>	<b>2,814</b>	<b>(1,058)</b>			<b>1,964</b>
Shares out (end Q, m)	9,879	9,879	9,879	9,879	9,879	0	0	12,850
<b>Core EPS</b>	<b>0.00</b>	<b>0.05</b>	<b>(0.08)</b>	<b>0.04</b>	<b>0.11</b>	<b>154</b>	<b>2,283</b>	<b>0.15</b>
<b>EPS</b>	<b>0.04</b>	<b>(0.10)</b>	<b>(0.17)</b>	<b>0.28</b>	<b>(0.11)</b>	<b>(138)</b>	<b>(394)</b>	<b>0.15</b>
Depreciation	(1,307)	(1,251)	(1,128)	(1,306)	(1,345)	3	3	(5,327)
EBITDA	1,978	1,960	486	2,997	3,290	10	66	10,300
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Operating profit margin	7	7	(6)	13	14	1	7	10
EBITDA margin	21	19	5	24	24	0	2	20
Net profit margin	4	(10)	(17)	22	(8)	(30)	(12)	4
<b>Operating stats</b>								
Passenger carried (m)	4.6	4.6	4.6	5.1	5.5			
Load factor (%)	92	89	90	90	93			
RPK (m seats-km)	4,417	5,148	5,219	5,477	5,787			
ASK (m seats-km)	4,895	5,940	5,921	6,189	6,278			
Average fare (THB)	1,590	1,755	1,720	2,029	2,100			
RASK (THB)	1.9	1.7	1.6	2.0	2.2			
CASK (THB)	1.8	1.7	1.9	1.8	2.0			
CASK ex-fuel (THB)	1.2	1.1	1.2	1.1	1.2			
Fuel cost per ASK (THB)	0.7	0.6	0.7	0.8	0.8			

Note: 1) tax adjusted by excluding tax related to FX gain/loss (assume 20% tax rate)

Source: AAV; FSSIA estimates



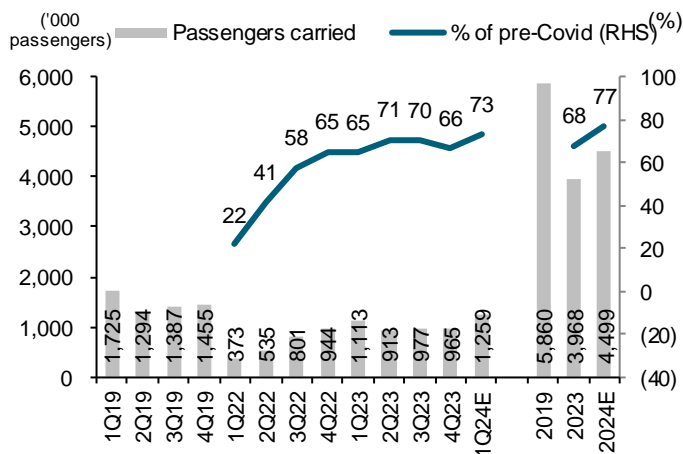
## BA: 1Q24 results preview

We expect the 1Q24 passenger volume to grow 13% y-y to 1.3m, equivalent to 73% of the pre-Covid level. 4Q23 ticket fares should grow by 8% y-y to an average of THB4,040, exceeding pre-Covid by 17%. We expect the 1Q24 passenger yield to remain above the pre-Covid level at THB6.4/passenger-km (vs THB4.7 in 1Q19) due to a strong load factor of 88% (vs 75% in 1Q19).

As a result, passenger revenue should grow by 23% y-y and reach 85% of the pre-Covid level. Airport and airport-related revenue should grow by 17% and reach pre-Covid, led by a higher Samui passenger volume, which should exceed the pre-Covid level by 9%.

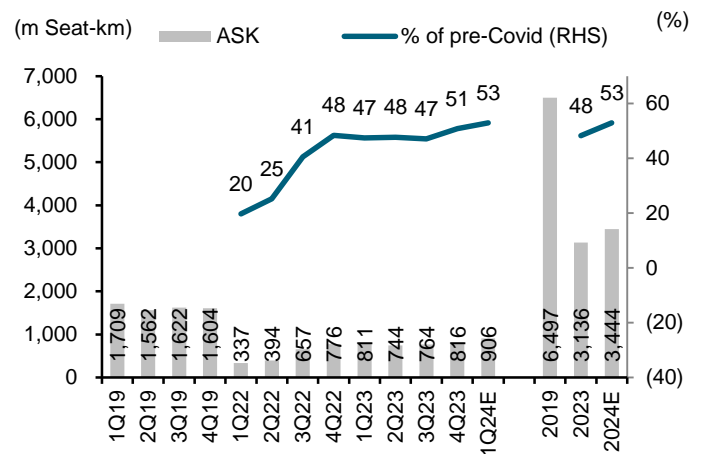
Expenses should increase by 17% y-y mainly due to the fuel expense following higher fuel consumption and additional excise tax expenses for domestic flights. Overall, we forecast core profit to jump 25% y-y to THB1.0b in 1Q24.

**Exhibit 27: BA – Passengers carried**



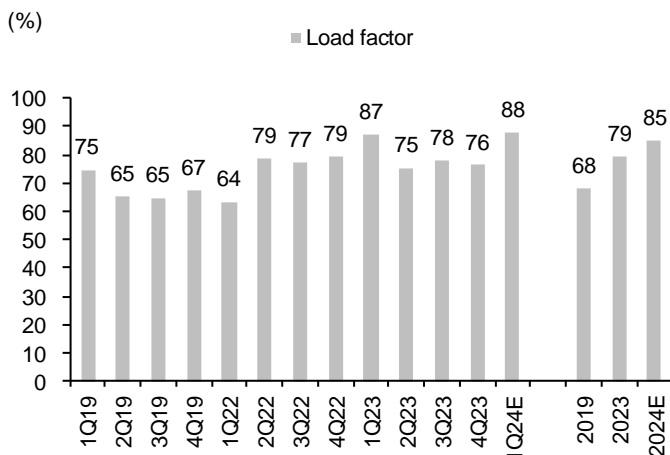
Sources: BA; FSSIA estimates

**Exhibit 28: BA – ASK**



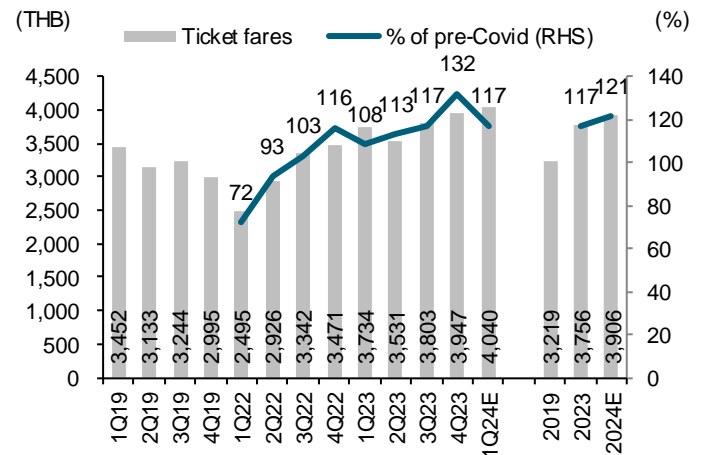
\* ASK = available seat kilometers  
Sources: BA; FSSIA estimates

**Exhibit 29: BA – Load factor**



Sources: BA; FSSIA estimates

**Exhibit 30: BA – Average ticket fares**



Sources: BA; FSSIA estimates

## Exhibit 31: BA – 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	Change		2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	5,273	4,357	4,978	5,072	6,435	27	22	22,950
- Passenger revenue	4,123	3,267	3,742	3,782	5,088	35	23	17,574
- Other revenue	1,151	1,089	1,236	1,290	1,347	4	17	5,376
Expense	(4,468)	(4,172)	(4,451)	(5,523)	(5,244)	(5)	17	(20,984)
- Fuel and oil	(816)	(649)	(861)	(1,004)	(1,055)	5	29	(4,194)
- Non-fuel operating expenses	(3,652)	(3,523)	(3,590)	(4,519)	(4,189)	(7)	15	(16,790)
<b>Operating profit</b>	<b>805</b>	<b>184</b>	<b>528</b>	<b>(451)</b>	<b>1,190</b>	<b>(364)</b>	<b>48</b>	<b>1,966</b>
Dividend income	0	310	340	0	0	(100)	(100)	533
Net other income	426	297	294	312	399	28	(6)	1,380
Interest income	12	24	34	78	78	0	525	136
Interest expense	(543)	(546)	(543)	(536)	(536)	0	(1)	(1,998)
<b>Pretax profit</b>	<b>701</b>	<b>270</b>	<b>653</b>	<b>(597)</b>	<b>1,132</b>	<b>(290)</b>	<b>62</b>	<b>2,016</b>
Income Tax	13	(0)	0	0	(259)			(331)
Associates	122	170	157	162	166	2	36	656
Minority interest	(4)	3	1	2	2	0	(155)	2
<b>Core profit</b>	<b>831</b>	<b>442</b>	<b>811</b>	<b>(432)</b>	<b>1,040</b>	<b>(341)</b>	<b>25</b>	<b>2,342</b>
Extraordinaries	44	227	1,100	86	0			0
- FX	44	(3)	14	(14)	0			0
- Derivative	0	0	0	0	0			0
- Others	0	230	1,086	100	0			0
<b>Net profit</b>	<b>875</b>	<b>670</b>	<b>1,911</b>	<b>(346)</b>	<b>1,040</b>	<b>(401)</b>	<b>19</b>	<b>2,342</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>0.40</b>	<b>0.21</b>	<b>0.39</b>	<b>(0.21)</b>	<b>0.50</b>	<b>(341)</b>	<b>25</b>	<b>1.12</b>
<b>EPS</b>	<b>0.42</b>	<b>0.32</b>	<b>0.91</b>	<b>(0.16)</b>	<b>0.50</b>	<b>(401)</b>	<b>19</b>	<b>1.12</b>
Depreciation	(494)	(438)	(436)	(407)	(407)	0	(17)	(1,670)
EBITDA	1,299	623	964	(43)	1,598	(3,777)	23	3,635
<b>Key ratios</b>						<b>(ppt)</b>	<b>(ppt)</b>	
Operating profit margin (%)	15	4	11	(9)	18	27	3	9
EBITDA margin (%)	25	14	19	(1)	25	26	0	16
Net profit margin (%)	17	15	38	(7)	16	23	(0)	10
<b>Operating stats</b>								
Passenger carried (m)	1.11	0.91	0.98	0.97	1.26			
Load factor (%)	87	75	78	76	88			
RPK (m seats-km)	706	560	595	622	793			
ASK (m seats-km)	811	744	764	816	906			
Average fare (THB)	3,734	3,531	3,803	3,947	4,040			
RASK (THB)	5.8	5.0	5.5	5.3	0.0			
CASK (THB)	4.7	4.7	4.9	6.2	0.0			
CASK ex-fuel (THB)	3.7	3.8	3.8	5.0	0.0			

Sources: BA; FSSIA estimates

## Exhibit 32: Core profit forecast summary

Stocks	Core net profit						Growth			
	2019	2022	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Asia Aviation	(667)	(6,946)	110	1,964	2,263	2,532	102	1,691	15	12
Bangkok Aviation	(1,778)	(1,974)	1,653	2,342	2,502	2,657	184	42	7	6
<b>Total</b>	<b>(2,445)</b>	<b>(8,921)</b>	<b>1,763</b>	<b>4,307</b>	<b>4,765</b>	<b>5,190</b>	<b>120</b>	<b>144</b>	<b>11</b>	<b>9</b>

Source: FSSIA estimates

## Exhibit 33: Peer comparisons as of 8 May 2024

Company	BBG	Rec	---Share price---			Market Cap (USD m)	----- PE -----			----- PBV -----		--- EV/ EBITDA ---	
			Current	Target	Upside		24E	25E	26E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(x)	(x)	(x)	(x)	(x)	(x)	(x)
Thailand													
Bangkok Airways	BA TB	BUY	17.00	22.00	29.4	966	15.2	14.3	13.4	2.1	2.1	13.7	13.0
Asia Aviation	AAV TB	BUY	2.38	3.10	30.3	827	15.6	13.5	12.1	2.9	2.6	7.2	6.7
Thailand average						1,793	15.4	13.9	12.8	2.5	2.3	10.4	9.8
Regional													
Interglobe Aviation	INDIGO IN	n/a	55.07	n/a	n/a	7,531	21.9	16.5	16.5	3.4	2.9	13.6	11.0
Singapore Airlines	SIA SP	n/a	4,075.65	n/a	n/a	18,909	n/a	19.9	19.9	n/a	115.9	26.9	10.7
Air China	601111 CH	n/a	5.60	n/a	n/a	12,379	n/a	21.7	21.7	2.5	2.3	10.9	8.7
China Southern Airlines	600029 CH	n/a	3.79	n/a	n/a	10,458	n/a	15.1	15.1	3.1	2.1	12.1	8.6
China Eastern Airlines	600115 CH	n/a	55.07	n/a	n/a	7,531	21.9	16.5	16.5	3.4	2.9	13.6	11.0
Ana Holdings	9202 JP	n/a	7.26	n/a	n/a	14,386	n/a	27.0	27.0	3.6	2.6	10.2	7.6
Japan Airlines	9201 JP	n/a	21,800	n/a	n/a	5,909	6.3	7.9	7.9	0.8	0.8	3.6	3.8
Spring Airlines Co Ltd-A	601021 CH	n/a	6.68	n/a	n/a	14,700	10.0	7.8	7.8	1.3	1.3	5.0	4.9
Spring Airlines	601021 CH	n/a	2,704.00	n/a	n/a	7,637	41.7	13.1	13.1	1.4	1.3	6.4	4.9
Cathay Pacific Airways	293 HK	n/a	2,967.50	n/a	n/a	9,239	23.4	10.1	10.1	1.6	1.4	6.6	4.8
Korea Air Lines	003490 KS	n/a	8.42	n/a	n/a	6,952	6.3	8.3	8.3	1.0	1.0	4.6	5.2
Vietjet Aviation	VJC VN	n/a	117,400	n/a	n/a	2,487	222.5	36.9	36.9	4.1	n/a	43.8	16.1
Regional average						118,119	44.3	16.7	16.7	2.4	12.2	13.1	8.1
Global													
Delta Air Lines	DAL US	n/a	37.25	n/a	n/a	6,040	8.9	12.1	12.1	1.9	1.7	3.4	5.0
Ryanair	RYAAY US	n/a	131.60	n/a	n/a	30,006	19.9	14.5	14.5	4.2	3.8	11.2	8.9
United Airlines	UAL US	n/a	2.67	n/a	n/a	3,392	7.7	8.9	8.9	1.7	1.9	4.8	5.0
Southwest Airlines (US)	LUV US	n/a	524.80	n/a	n/a	4,969	11.1	7.7	7.7	1.4	1.2	3.5	2.7
American Airline	AAL US	n/a	18.48	n/a	n/a	4,826	4.1	5.3	5.3	16.6	3.0	2.8	3.0
Lufthansa	LHA GY	n/a	14.42	n/a	n/a	9,424	6.0	5.9	5.9	n/a	n/a	5.7	5.7
Qantas Airways	QAN AU	n/a	6.21	n/a	n/a	6,727	6.6	7.3	7.3	35.3	37.1	3.3	3.6
Eva Airways	2618 TT	n/a	43.29	n/a	n/a	5,493	9.7	9.3	9.3	1.4	1.2	4.7	4.1
Alaska Airlines	ALK US	n/a	53.02	n/a	n/a	17,433	5.4	5.1	5.1	1.8	1.2	3.9	3.9
Easyjet (UK)	EZJ LN	n/a	6.80	n/a	n/a	8,739	4.4	5.3	5.3	0.8	0.7	2.8	3.0
Air Canada	AC CN	n/a	5.69	n/a	n/a	1,935	n/a	n/a	n/a	0.6	0.7	10.3	13.4
Jet2	JET2 LN	n/a	1,360.00	n/a	n/a	3,647	9.7	7.9	7.9	2.5	2.1	1.8	1.6
Air Arabia	AIRARABIA UH	n/a	52.28	n/a	n/a	33,737	8.5	7.9	7.9	3.4	2.3	5.7	5.3
JetBlue Airways (US, Latin AM)	JBLU	n/a	27.18	n/a	n/a	16,266	20.3	22.3	22.3	1.5	1.5	6.2	5.9
Global average						152,636	9.4	9.2	9.2	5.6	4.5	5.0	5.1
Overall average						272,548	22.1	12.9	12.8	4.0	7.6	8.9	6.7

Sources: Bloomberg consensus; FSSIA estimates

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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%). <i>(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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	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.																				
<a href="#">Thai CAC</a> 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. <i>(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.)</i>	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.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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. <i>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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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. <table><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="2"><b>Average:</b></td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td><td rowspan="2"><b>Laggard:</b></td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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

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

#### Asia Aviation (AAV TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-May-2021	BUY	3.40	07-Jun-2022	BUY	3.40	03-Apr-2024	BUY	3.10
16-Aug-2021	BUY	3.20	31-Oct-2022	BUY	3.70			
21-Oct-2021	BUY	3.50	01-Nov-2023	BUY	2.80			

Teerapol Udomvej, CFA started covering this stock from 21-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

#### 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

Company	Ticker	Price	Rating	Valuation & Risks
Asia Aviation	AAV TB	THB 2.38	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.
Bangkok Airways	BA TB	THB 17.00	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.

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 08-May-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.