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THAILAND / TRANSPORT & LOGISTICS

BA TB

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How high can BA fly?

- เราปรับเพิ่มประมาณการกำไรปกติปี 2024 ขึ้น 29% เป็น 3.0 พัน ลบ. เพื่อสะท้อนค่าปรับโดยสารและแนวโน้ม Load Factor ที่อยู่ในเกณฑ์ดี
- สนามบินสมุยอยู่ในช่วงขยายความสามารถในการรองรับผู้โดยสารและพื้นที่เชิงพาณิชย์
- คงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 25.0 บาท (SoTP)

TARGET PRICE	THB25.00
CLOSE	THB19.10
UP/DOWNSIDE	+30.9%
PRIOR TP	THB22.00
CHANGE IN TP	+13.6%
TP vs CONSENSUS	+15.1%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	19,681	23,458	24,794	25,479
Net profit	3,110	3,025	3,231	3,424
EPS (THB)	1.48	1.44	1.54	1.63
vs Consensus (%)	-	26.2	30.4	30.4
EBITDA	2,841	4,231	4,449	4,478
Recurring net profit	1,653	3,025	3,231	3,424
Core EPS (THB)	0.79	1.44	1.54	1.63
Chg. In EPS est. (%)	-	29.2	29.1	28.9
EPS growth (%)	nm	83.0	6.8	6.0
Core P/E (x)	24.3	13.3	12.4	11.7
Dividend yield (%)	5.2	7.1	7.5	7.7
EV/EBITDA (x)	19.5	12.6	11.8	11.4
Price/book (x)	2.4	2.2	2.2	2.1
Net debt/Equity (%)	91.8	74.9	68.0	60.3
ROE (%)	9.8	17.3	17.9	18.5

ค่าปรับโดยสารในปี 2024 น่าจะสูงกว่าระดับก่อนโควิด 20-30%

หลังกำไรปกติที่นำประทับใจใน 1Q24 ซึ่งทำสถิติสูงสุดใหม่ที่ 1.8 พัน ลบ. และข้อมูลเชิงบวกจากที่ประชุมนักวิเคราะห์เมื่อวันที่ 20 พ.ค. เราปรับเพิ่มประมาณการกำไรปกติปี 2024 ของเราขึ้น 29% เป็น 3.0 พัน ลบ. เพื่อสะท้อนค่าปรับโดยสารเฉลี่ยที่อยู่ในเกณฑ์ดีที่ 4,406 บาทใน 1Q24 (+28% จากระดับก่อนโควิด) ผู้บริหารกล่าวว่าเป้าประมาณการกำไรปกติปี 2024 ปัจจุบันที่ 3,900 บาทมี Upside และค่าปรับโดยสารมีแนวโน้มทรงตัวในระดับสูงซึ่งจะช่วยชดเชยต้นทุนที่กำลังปรับขึ้น อาทิเช่น ค่าเชื้อเพลิงและค่าซ่อมบำรุง ปัจจุบันเราคาดค่าปรับโดยสารเฉลี่ยที่ 4,000 บาท (+24% จากระดับก่อนโควิด) ในปี 2024 รวมทั้งตัวเลขการจองล่วงหน้าในปัจจุบันยังอยู่ในเกณฑ์ดีโดยมีอัตราการเติบโตอยู่ที่ 13% y-y สำหรับในช่วง พ.ค. - ธ.ค. 2024

การปรับปรุงสนามบินสมุยน่าจะแล้วเสร็จในอีก 3 ปีข้างหน้า

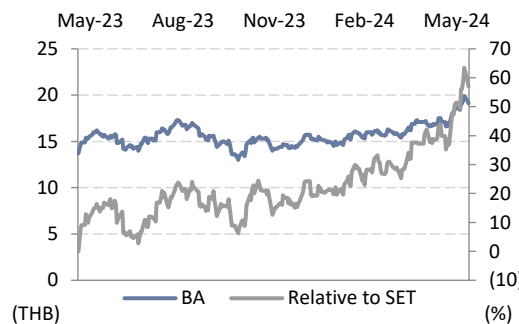
BA กำลังขออนุมัติเพิ่มโควตาเที่ยวบินของสนามบินสมุยจาก 50 เป็น 73 เที่ยวบิน/วันจาก EIA ซึ่งจะช่วยให้เพิ่มรายได้และความสามารถในการทำกำไรของ BA ในช่วง High season ซึ่งเป็นช่วงที่ความต้องการสูงกว่าโควตา นอกจากนี้ BA ยังวางแผนปรับปรุงอาคารผู้โดยสารของสนามบินสมุยเพื่อสนับสนุนตัวเลขผู้โดยสารที่สูงขึ้นโดยจะเพิ่มประตูขึ้นเครื่องบินเป็น 11 (จาก 7 ในปัจจุบัน) และขยายพื้นที่เชิงพาณิชย์เป็น 4,000 ตรม. (จาก 1,800-1,900 ตรม. ในปัจจุบัน) การปรับปรุงดังกล่าวน่าจะเริ่มต้นในเร็ววันและจะแล้วเสร็จใน 3 ปีข้างหน้าโดยไม่กระทบการดำเนินงาน

คาดการณ์กำไรปกติจะกระโดดเพิ่ม 83% เป็น 3.0 พัน ลบ. ในปี 2024

เราคาดว่ากำไรปกติจะกระโดดเพิ่ม 83% จาก 1.7 พัน ลบ. ในปี 2023 เป็น 3.0 พัน ลบ. ในปี 2024 ประมาณการของเราสูงกว่าของตลาดที่ 2.5 พัน ลบ. จากสมมติฐานค่าปรับโดยสารที่สูงกว่าของเรา อย่างไรก็ตามเราคาด Load factor อยู่ที่ 85% และผู้โดยสารขนส่งอยู่ที่ 4.5 ล้านใกล้เคียงกับเป้าประมาณการของผู้บริหาร

ราคาหุ้นปรับตัวขึ้นแต่ยังมีการประเมินมูลค่าในระดับต่ำ

เราปรับเพิ่มราคาเป้าหมายของเราเป็น 25 บาท (SoTP) คิดเป็น 17x 2024E P/E แม้ว่าราคาหุ้นจะปรับตัวขึ้น 14% หลังประกาศผลประกอบการ 1Q24 BA ยังมีการซื้อขายในระดับต่ำที่ 13x 2024E P/E (เทียบกับค่าเฉลี่ยของสายการบินระดับโลกไม่รวม Outliers ที่ 13x) เราเห็นว่าหุ้นสมควรมีการซื้อขายในระดับที่สูงกว่าค่าเฉลี่ยจากศักยภาพการเติบโตของกำไรที่สูงกว่าอัตราค่าไรจากการดำเนินงานที่สูงขึ้น (16% สำหรับ BA เทียบกับค่าเฉลี่ย 5% สำหรับสายการบินระดับโลก) และสถานะเกือบผูกขาดของธุรกิจการบินในเส้นทางสมุย เราเชื่อว่าราคาหุ้นน่าจะกลับไปซื้อขายที่ราคา IPO ที่ 25 บาทโดยมีสมมติฐานจากกำไรที่สถิติสูงสุดใหม่ที่ 3.0 พัน ลบ. ในปี 2024 (เทียบกับสถิติปัจจุบันที่ 2.1 พัน ลบ. ในปี 2016)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.7	21.7	35.5
Relative to country (%)	13.5	23.4	52.2
Mkt cap (USD m)	1,095		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	41		
Major shareholder	Prasartong-Osoth Puttipong (25%)		
12m high/low (THB)	20.00/12.70		
Issued shares (m)	2,100.00		

Sources: Bloomberg consensus; FSSIA estimates



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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 73 flights/day, and there is a potential for an upgrade to its commercial space. This should improve the airport’s long-term profitability.

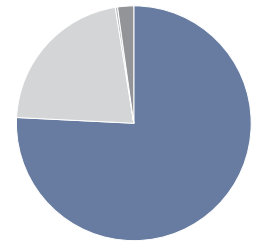
Company profile

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, 2023)

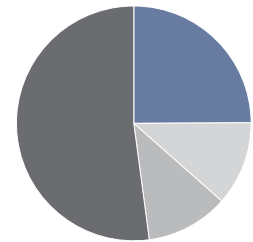
- Air fares - 75.8 %
- Revenue from sales and services - 21.7 %
- Freight - 0.3 %
- Passenger services - 2.2 %



Source: Bangkok Airways

Major shareholders

- Prasarttong-Osoth Puttipong - 24.9 %
- Prasarttong-Osoth Ariya - 11.6 %
- Prasarttong-Osoth Prasert - 11.4 %
- Others - 52.1 %



Source: Bangkok Airways

Catalysts

Key potential growth drivers include 1) a higher number of passengers carried following a global tourism recovery; 2) lower jet fuel prices; and 3) strong pent-up demand from Chinese tourists.

Risks to our call

Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
Aug 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Number of aircraft (no.)	24	27	27
Passengers carried (m)	4.5	4.6	4.6
Load factor (%)	85.0	84.5	84.0
Average ticket fare (THB)	4,000	4,100	4,223
Jet fuel spot price (USD/bbl)	110.0	110.0	110.0
THB/USD	35.7	35.7	35.7

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in load factor, we project a 2024 profit increase of 5% and vice versa, all else being equal.
- For every 1% increase in average ticket fare, we project a 2024 profit increase of 4% and vice versa, all else being equal.
- For every 1% increase in Brent spot price, we project a 2024 profit reduction of 1% and vice versa, all else being equal.

Source: FSSIA estimates

Any potential re-rating upside to BA?

As we have revised our SoTP-TP to THB25.0/shr, implying 17x 2024E P/E, investors may question whether it can re-rate further. We have addressed this idea in the report published on 1 Feb 2024: *Samui Airport valuation is hidden*. We would like to reiterate it again.

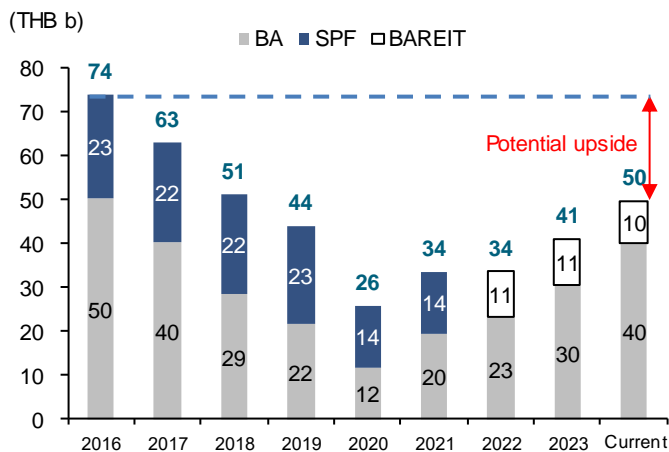
BA and SPF had a combined market cap of THB74b in 2016 when their combined profit peaked at THB3.7b. Due to the high competition in the airline industry, BA's earnings and market cap declined over 2017-19 and hit the bottom during the Covid pandemic. Meanwhile, SPF's market cap stayed at THB22b-23b over 2017-19, and 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 so that 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 2016-19.

With the promising ticket fares and load factor outlook, we estimate that the combined core profit of BA and BAREIT should hit a record high of THB3.9b in 2024, exceeding the SPF/BA peak of THB3.7b in 2016. However, the current combined market cap of BA and BAREIT is now only THB50b, far from the peak of THB74b.

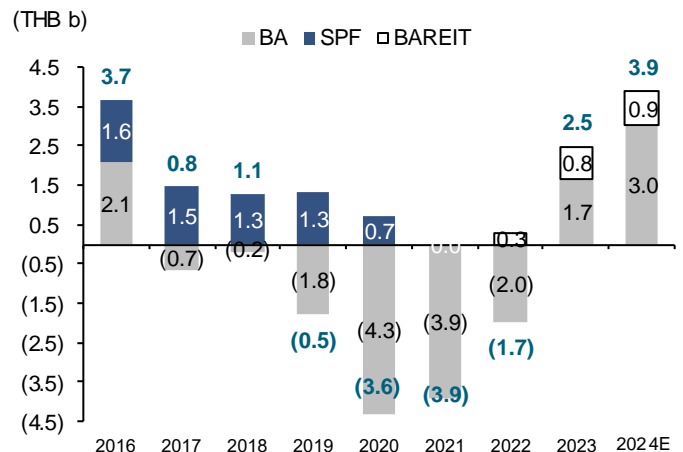
Thus, we expect that the gap of THB34b should narrow. This would imply a higher market cap for BA of up to THB64b or THB30/shr, given that BAREIT's market cap is likely to be capped due to the fixed payment structure.

Exhibit 1: Combined market cap of BA and SPF/BAREIT



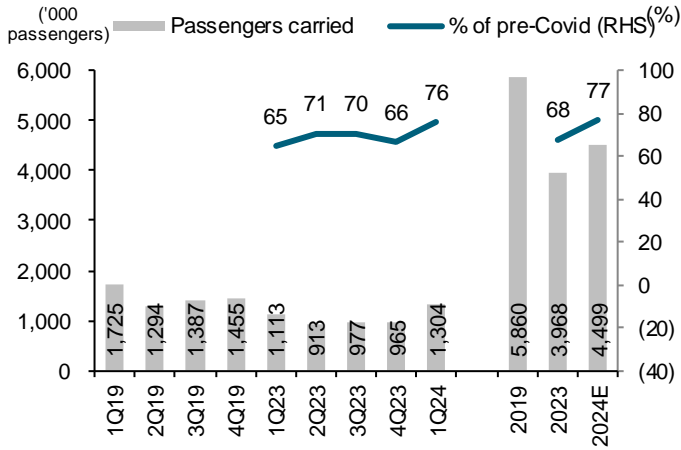
Note: Used average share prices for each year to calculate
Sources: BA; FSSIA estimates

Exhibit 2: Combined core profit of BA and SPF/BAREIT



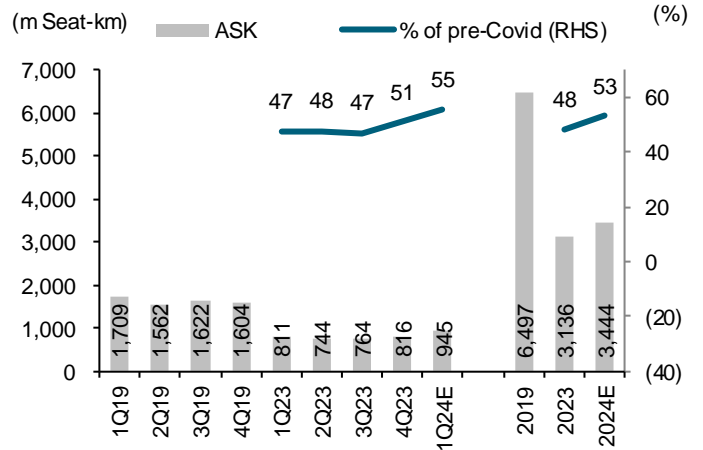
Sources: BA; FSSIA estimates

Exhibit 3: Passengers carried



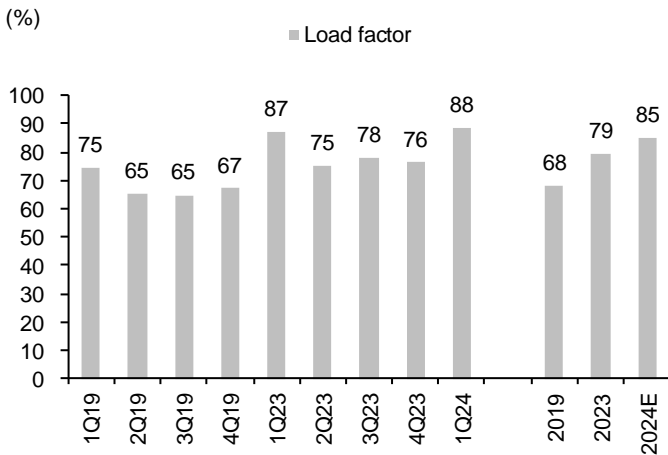
Sources: BA; FSSIA estimates

Exhibit 4: ASK



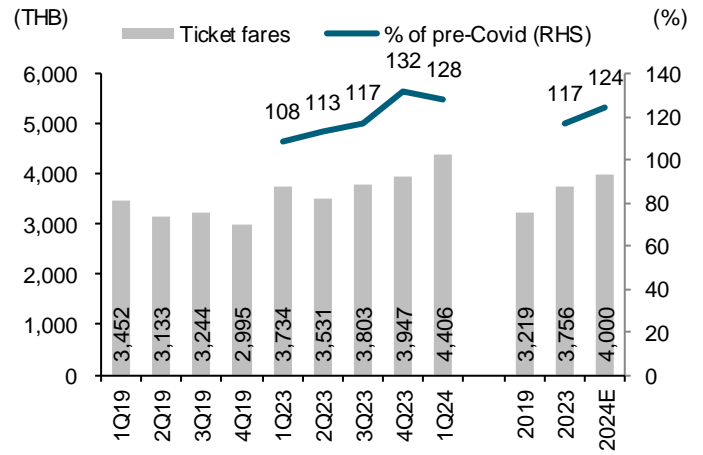
* ASK = available seat kilometers
Sources: BA; FSSIA estimates

Exhibit 5: Load factor



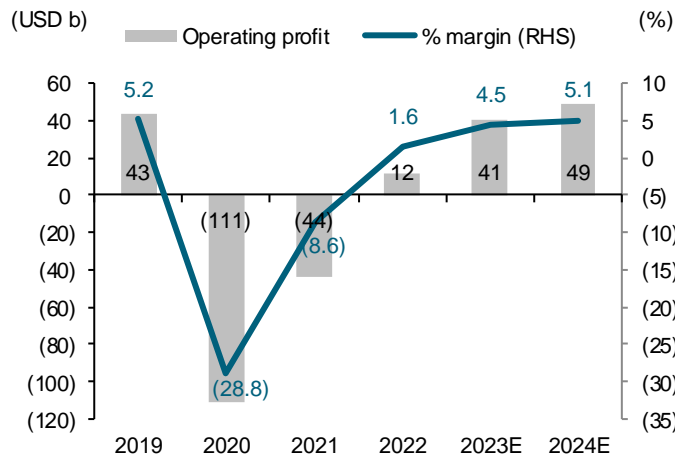
Sources: BA; FSSIA estimates

Exhibit 6: Ticket fares (average)



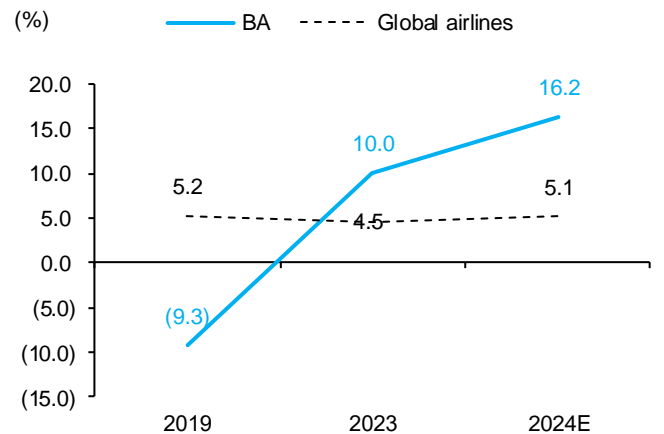
Sources: BA; FSSIA estimates

Exhibit 7: Global airlines operating profit



Source: IATA

Exhibit 8: Operating profit margin of 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

Exhibit 9: Forecast revisions

	Current			Previous			Change (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Passengers carried (m)	4.5	4.6	4.6	4.5	4.5	4.5	0.0	1.6	2.5
Load factor (%)	85	85	84	85	84	85	0.0	0.5	(0.5)
Average ticket fare (THB)	4,000	4,100	4,223	3,906	3,984	4,104	2.4	2.9	2.9
Fuel price net hedging (USD/bbl)	110	110	110	110	110	110	0.0	0.0	0.0
Revenue (THB m)	23,458	24,794	25,479	22,950	23,814	24,290	2.2	4.1	4.9
EBITDA (THB m)	4,231	4,449	4,478	3,635	3,778	3,766	16.4	17.7	18.9
Core profit (THB m)	3,025	3,231	3,424	2,342	2,502	2,657	29.2	29.1	28.9
Net profit (THB m)	3,025	3,231	3,424	2,342	2,502	2,657	29.2	29.1	28.9

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

Sources: BA; FSSIA estimates

Exhibit 10: SoTP valuation

SoTP base case	(THB b)	(THB/share)	Comments
BDMS	20.5	9.8	Fair price at our TP of THB35.0/shr with 20% holding discount
BAFS	1.5	0.7	Fair price at consensus TP of THB29.52/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	18.0	8.6	2024E net profit (excluding BAREIT lease payment) of THB1.2b and pegged at 15x P/E multiple
BAREIT lease liabilities	(14.4)	(6.9)	At end 2024E
Airline business	16.9	8.1	2024E net profit of THB1.8b and pegged at 10x P/E multiple
Cargo business	3.0	1.4	Share income of THB0.5b and pegged at 6x P/E multiple
Interest bearing debt	(9.3)	(4.5)	At end 2024E
Cash	14.0	6.6	At end 2024E
Total value	52.5	25.0	

Source: FSSIA estimates

Exhibit 11: Peer comparisons as of 28 May 2024

Company	BBG	Rec	---Share price---			Market Cap (USD m)	----- PE -----			----- PBV -----		--- EV/ EBITDA ---	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	26E (x)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand													
Bangkok Airways	BA TB	BUY	19.10	25.00	30.9	1,095	13.3	12.4	11.7	2.2	2.2	12.6	11.8
Asia Aviation	AAV TB	BUY	2.22	3.20	44.1	779	12.8	11.9	10.8	2.7	2.3	7.4	7.0
Thailand average						1,874	13.0	12.1	11.3	2.5	2.3	10.0	9.4
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	57.05	n/a	n/a	7,668	22.4	16.9	16.9	3.5	3.0	13.9	10.9
Interglobe Aviation	INDIGO IN	n/a	4,197.05	n/a	n/a	19,473	n/a	20.5	20.5	n/a	119.0	27.5	11.0
China Southern Airlines	600029 CH	n/a	5.92	n/a	n/a	12,866	n/a	68.5	68.5	2.6	2.5	11.0	8.6
China Eastern Airlines	600115 CH	n/a	3.96	n/a	n/a	10,783	n/a	n/a	n/a	3.2	2.2	12.3	9.9
Spring Airlines	601021 CH	n/a	57.05	n/a	n/a	7,668	22.4	16.9	16.9	3.5	3.0	13.9	10.9
Air China	601111 CH	n/a	7.56	n/a	n/a	14,857	n/a	27.6	27.6	3.7	2.7	10.4	7.9
Korea Air Lines	003490 KS	n/a	21,000	n/a	n/a	5,588	6.0	7.0	7.0	0.8	0.7	3.5	3.6
Singapore Airlines	SIA SP	n/a	6.75	n/a	n/a	14,849	10.0	7.8	7.8	1.3	1.4	4.9	4.8
Japan Airlines	9201 JP	n/a	2,665.50	n/a	n/a	7,353	40.5	12.8	12.8	1.4	1.3	6.2	4.8
Ana Holdings	9202 JP	n/a	3,031.00	n/a	n/a	9,225	23.6	10.1	10.1	1.7	1.4	6.6	4.8
Cathay Pacific Airways	293 HK	n/a	8.38	n/a	n/a	6,890	6.3	8.1	8.1	1.0	1.0	4.6	5.1
Vietjet Aviation	VJC VN	n/a	109,600	n/a	n/a	2,319	207.6	n/a	n/a	3.8	n/a	41.8	n/a
Regional average						119,539	42.3	19.6	19.6	2.4	12.6	13.0	7.5
Global													
Eva Airways	2618 TT	n/a	36.25	n/a	n/a	6,017	8.8	10.4	10.4	1.9	1.6	3.2	3.9
Ryanair	RYAAY US	n/a	122.44	n/a	n/a	27,855	18.3	13.3	13.3	3.9	3.5	9.8	7.8
Air Arabia	AIRARABIA UH	n/a	2.41	n/a	n/a	3,062	7.0	8.1	8.1	1.5	1.4	4.3	4.4
Easyjet (UK)	EZJ LN	n/a	463.90	n/a	n/a	4,493	9.8	6.9	6.9	1.2	1.1	3.0	2.4
Air Canada	AC CN	n/a	18.14	n/a	n/a	4,769	4.0	5.1	5.1	16.3	3.0	2.8	2.9
American Airline	AAL US	n/a	13.44	n/a	n/a	8,784	5.6	5.6	5.6	n/a	n/a	5.6	5.7
Qantas Airways	QAN AU	n/a	6.07	n/a	n/a	6,418	6.2	6.7	6.7	33.2	35.0	3.2	3.5
Alaska Airlines	ALK US	n/a	41.74	n/a	n/a	5,296	9.4	8.8	8.8	1.3	1.2	4.5	4.1
United Airlines	UAL US	n/a	50.64	n/a	n/a	16,651	5.2	4.9	4.9	1.7	1.2	3.8	3.7
Lufthansa	LHA GY	n/a	6.48	n/a	n/a	8,430	4.2	5.1	5.1	0.8	0.7	2.7	3.0
JetBlue Airways (US, Latin AM)	JBLU	n/a	5.37	n/a	n/a	1,827	n/a	n/a	n/a	0.5	0.7	10.1	14.1
Jet2	JET2 LN	n/a	1,341.00	n/a	n/a	3,678	9.6	7.7	7.7	2.4	2.1	1.8	1.6
Delta Air Lines	DAL US	n/a	50.28	n/a	n/a	32,446	8.2	7.5	7.5	3.3	2.2	5.5	5.1
Southwest Airlines (US)	LUV US	n/a	26.52	n/a	n/a	15,871	19.9	24.2	24.2	1.4	1.5	6.0	6.2
Global average						145,597	8.9	8.8	8.8	5.4	4.2	4.7	4.9
Overall average						267,010	20.9	13.4	13.3	3.9	7.6	8.7	6.3

Sources: Bloomberg consensus; FSSIA estimates

Financial Statements

Bangkok Airways

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	11,305	19,681	23,458	24,794	25,479
Cost of goods sold	(11,524)	(15,622)	(17,452)	(18,396)	(18,986)
Gross profit	(219)	4,059	6,006	6,398	6,493
Other operating income	-	-	-	-	-
Operating costs	(2,097)	(2,992)	(3,413)	(3,645)	(3,771)
Operating EBITDA	115	2,841	4,231	4,449	4,478
Depreciation	(2,431)	(1,775)	(1,638)	(1,696)	(1,756)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(2,316)	1,066	2,593	2,753	2,722
Net financing costs	(1,475)	(2,018)	(1,794)	(1,677)	(1,540)
Associates	489	612	639	652	664
Recurring non-operating income	1,916	2,590	2,689	2,796	2,930
Non-recurring items	(137)	1,457	0	0	0
Profit before tax	(2,013)	3,095	3,488	3,873	4,112
Tax	(114)	13	(464)	(644)	(689)
Profit after tax	(2,127)	3,108	3,024	3,229	3,422
Minority interests	16	2	2	2	2
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(2,112)	3,110	3,025	3,231	3,424
Non-recurring items & goodwill (net)	137	(1,457)	0	0	0
Recurring net profit	(1,974)	1,653	3,025	3,231	3,424
Per share (THB)					
Recurring EPS *	(0.94)	0.79	1.44	1.54	1.63
Reported EPS	(1.01)	1.48	1.44	1.54	1.63
DPS	0.00	1.00	1.36	1.42	1.48
Diluted shares (used to calculate per share data)	2,100	2,100	2,100	2,100	2,100
Growth					
Revenue (%)	316.1	74.1	19.2	5.7	2.8
Operating EBITDA (%)	nm	2,381.2	48.9	5.2	0.6
Operating EBIT (%)	nm	nm	143.2	6.2	(1.1)
Recurring EPS (%)	nm	nm	83.0	6.8	6.0
Reported EPS (%)	nm	nm	(2.7)	6.8	6.0
Operating performance					
Gross margin inc. depreciation (%)	(1.9)	20.6	25.6	25.8	25.5
Gross margin exc. depreciation (%)	19.6	29.6	32.6	32.6	32.4
Operating EBITDA margin (%)	1.0	14.4	18.0	17.9	17.6
Operating EBIT margin (%)	(20.5)	5.4	11.1	11.1	10.7
Net margin (%)	(17.5)	8.4	12.9	13.0	13.4
Effective tax rate (%)	-4.8	-1.3	16.3	20.0	20.0
Dividend payout on recurring profit (%)	-	127.1	94.7	92.5	90.7
Interest cover (X)	(0.3)	1.8	2.9	3.3	3.7
Inventory days	18.1	12.6	12.1	12.6	12.7
Debtor days	25.1	24.6	26.6	30.4	31.4
Creditor days	50.7	46.3	49.9	53.2	53.8
Operating ROIC (%)	(19.2)	11.7	30.9	36.1	40.1
ROIC (%)	(0.9)	8.5	12.1	12.5	12.9
ROE (%)	(13.2)	9.8	17.3	17.9	18.5
ROA (%)	(0.8)	6.2	7.8	7.9	8.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Air fares	8,451	14,914	17,996	18,697	19,519
Revenue from sales and services	2,534	4,270	4,817	5,269	5,398
Freight	76	62	108	187	195
Passenger services	244	436	537	641	366

Sources: Bangkok Airways; FSSIA estimates

Financial Statements

Bangkok Airways

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(1,974)	1,653	3,025	3,231	3,424
Depreciation	2,431	1,775	1,638	1,696	1,756
Associates & minorities	-	-	-	-	-
Other non-cash items	1,005	(6,858)	(2)	(2)	(2)
Change in working capital	1,573	1,037	766	171	223
Cash flow from operations	3,035	(2,393)	5,428	5,095	5,402
Capex - maintenance	(960)	(2,443)	(1,173)	(1,240)	(1,274)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(8,433)	34,113	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(9,393)	31,670	(1,173)	(1,240)	(1,274)
Dividends paid	0	(1,049)	(2,100)	(2,865)	(2,988)
Equity finance	(101)	(9,219)	0	0	0
Debt finance	5,804	(4,092)	(1,834)	(2,302)	(2,298)
Other financing cash flows	5,177	(7,936)	0	0	0
Cash flow from financing	10,880	(22,296)	(3,934)	(5,167)	(5,287)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	4,521	6,982	322	(1,311)	(1,159)
Free cash flow to firm (FCFF)	(4,869.16)	31,444.66	6,253.47	5,741.53	5,857.02
Free cash flow to equity (FCFE)	4,622.05	17,249.26	2,421.53	1,554.04	1,829.20

Per share (THB)

FCFF per share	(2.32)	14.97	2.98	2.73	2.79
FCFE per share	2.20	8.21	1.15	0.74	0.87
Recurring cash flow per share	0.70	(1.63)	2.22	2.35	2.47

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,954	22,737	23,910	25,150	26,424
Less: Accumulated depreciation	(10,561)	(10,427)	(12,066)	(13,762)	(15,518)
Tangible fixed assets (net)	14,393	12,310	11,844	11,388	10,906
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	37,401	6,039	6,039	6,039	6,039
Cash & equivalents	6,647	13,629	13,950	12,639	11,480
A/C receivable	1,185	1,472	1,941	2,189	2,189
Inventories	465	489	559	590	609
Other current assets	312	484	577	610	627
Current assets	8,608	16,074	17,027	16,028	14,904
Other assets	1,844	23,459	23,459	23,459	23,459
Total assets	62,246	57,881	58,369	56,914	55,308
Common equity	16,818	16,984	17,909	18,275	18,711
Minorities etc.	(55)	(76)	(78)	(80)	(82)
Total shareholders' equity	16,764	16,908	17,831	18,195	18,629
Long term debt	32,468	27,546	25,712	23,411	21,112
Other long-term liabilities	6,651	4,714	4,714	4,714	4,714
Long-term liabilities	39,120	32,260	30,426	28,125	25,826
A/C payable	1,558	1,958	2,366	2,498	2,578
Short term debt	768	1,598	1,598	1,598	1,598
Other current liabilities	4,037	5,158	6,147	6,498	6,677
Current liabilities	6,362	8,714	10,111	10,594	10,853
Total liabilities and shareholders' equity	62,246	57,881	58,369	56,914	55,308
Net working capital	(3,633)	(4,670)	(5,437)	(5,607)	(5,831)
Invested capital	50,004	37,137	35,905	35,279	34,573

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

Per share (THB)

Book value per share	8.01	8.09	8.53	8.70	8.91
Tangible book value per share	8.01	8.09	8.53	8.70	8.91

Financial strength

Net debt/equity (%)	158.6	91.8	74.9	68.0	60.3
Net debt/total assets (%)	42.7	26.8	22.9	21.7	20.3
Current ratio (x)	1.4	1.8	1.7	1.5	1.4
CF interest cover (x)	4.1	9.5	2.3	1.9	2.2

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	(20.3)	24.3	13.3	12.4	11.7
Recurring P/E @ target price (x) *	(26.6)	31.8	17.4	16.3	15.3
Reported P/E (x)	(19.0)	12.9	13.3	12.4	11.7
Dividend yield (%)	-	5.2	7.1	7.5	7.7
Price/book (x)	2.4	2.4	2.2	2.2	2.1
Price/tangible book (x)	2.4	2.4	2.2	2.2	2.1
EV/EBITDA (x) **	581.9	19.5	12.6	11.8	11.4
EV/EBITDA @ target price (x) **	690.1	23.9	15.5	14.6	14.2
EV/invested capital (x)	1.3	1.5	1.5	1.5	1.5

* 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%). <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&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.																											
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. <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.																											
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. <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 & 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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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0-10	10-20	20-30	30-40	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. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	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			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
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

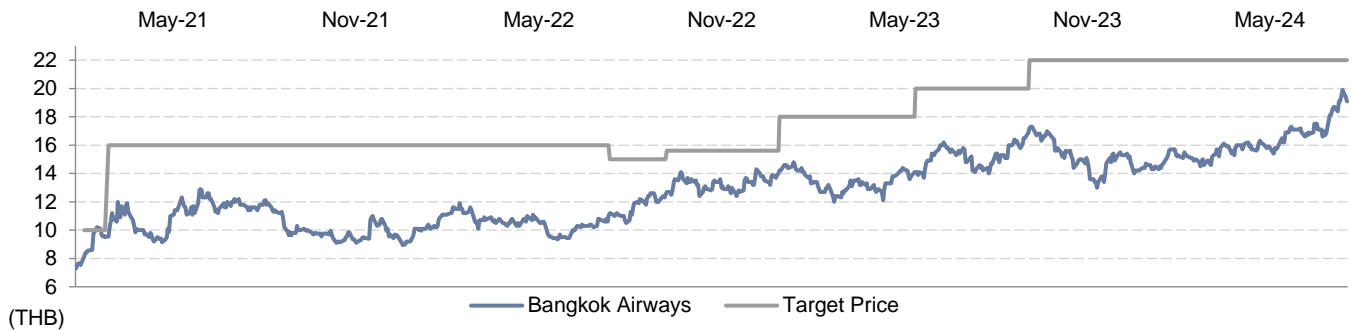
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Bangkok Airways (BA TB)



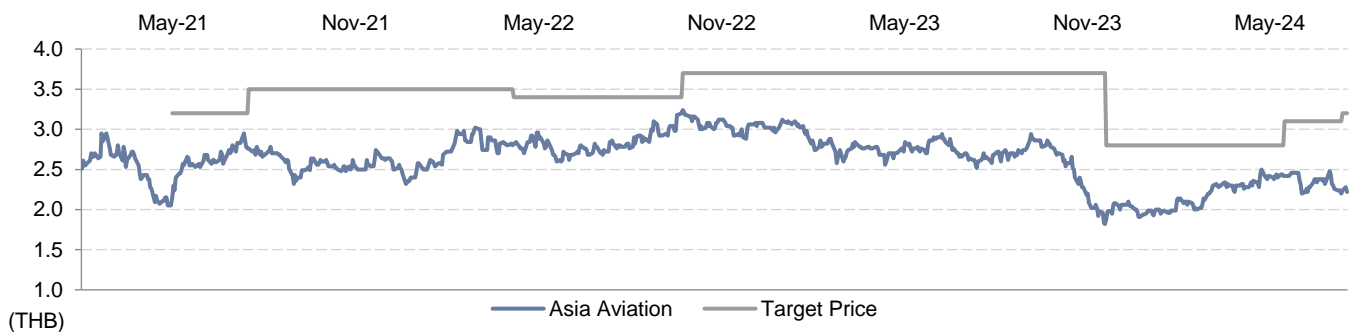
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	20-Oct-2022	BUY	15.60	28-Aug-2023	BUY	22.00
25-Jun-2021	BUY	16.00	25-Jan-2023	BUY	18.00			
01-Sep-2022	BUY	15.00	22-May-2023	BUY	20.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Asia Aviation (AAV TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Aug-2021	BUY	3.20	31-Oct-2022	BUY	3.70	23-May-2024	BUY	3.20
21-Oct-2021	BUY	3.50	01-Nov-2023	BUY	2.80			
07-Jun-2022	BUY	3.40	03-Apr-2024	BUY	3.10			

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 19.10	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Asia Aviation	AAV TB	THB 2.22	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 28-May-2024 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.