

BANGKOK AIRWAYS
THAILAND / TRANSPORT & LOGISTICS

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กำไรพุ่งเหนือระดับก่อนโควิด

- BA รายงานกำไรปกติ 1Q23 ทำสถิติสูงสุดใหม่ในรอบ 7 ปีที่ 0.8 พัน ลบ. (เทียบกับ 0.5 พัน ลบ. ใน 1Q19) สูงเกินคาด
- กำไรปกติยังไม่แตะระดับสูงสุด; ยังมีโอกาสที่ผู้โดยสารนานาชาติในเส้นทางสมุยจะปรับตัวดีขึ้นซึ่งน่าจะช่วยกระตุ้นค่าบัตรโดยสารและค่าบริการผู้โดยสาร (PSC)
- คงแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 20 บาท (SoTP)

| | |
|-----------------|----------|
| TARGET PRICE | THB20.00 |
| CLOSE | THB13.80 |
| UP/DOWNSIDE | +44.9% |
| PRIOR TP | THB18.00 |
| CHANGE IN TP | +11.1% |
| TP vs CONSENSUS | +35.6% |

KEY STOCK DATA

| YE Dec (THB m) | 2022 | 2023E | 2024E | 2025E |
|----------------------|---------|--------|--------|--------|
| Revenue | 11,305 | 20,056 | 24,436 | 25,717 |
| Net profit | (2,112) | 1,367 | 1,690 | 1,863 |
| EPS (THB) | (1.01) | 0.65 | 0.80 | 0.89 |
| vs Consensus (%) | - | 563.3 | 92.3 | 3.7 |
| EBITDA | 115 | 2,663 | 2,653 | 2,748 |
| Core net profit | (1,974) | 1,367 | 1,690 | 1,863 |
| Core EPS (THB) | (0.94) | 0.65 | 0.80 | 0.89 |
| Chg. In EPS est. (%) | nm | 48.9 | 7.4 | 9.3 |
| EPS growth (%) | nm | nm | 23.6 | 10.3 |
| Core P/E (x) | (14.7) | 21.2 | 17.1 | 15.6 |
| Dividend yield (%) | - | 2.8 | 3.5 | 3.9 |
| EV/EBITDA (x) | 484.8 | 18.7 | 17.3 | 15.9 |
| Price/book (x) | 1.7 | 1.6 | 1.5 | 1.5 |
| Net debt/Equity (%) | 158.6 | 114.3 | 88.3 | 72.5 |
| ROE (%) | (13.2) | 7.8 | 9.1 | 9.6 |

การดำเนินงาน 2Q23 ยังดูดีแม้ว่าจะเป็นฤดูที่ซบเซา

BA เป็นหนึ่งในหุ้นท่องเที่ยวไม่กี่ตัวที่สามารถรายงานกำไรปกติ 1Q23 สูงกว่าระดับใน 1Q19 แม้ว่านักท่องเที่ยวที่เดินทางเข้าประเทศจะฟื้นตัวเป็นเพียง 60% ของระดับก่อนโควิดโดยมีปัจจัยหนุนสำคัญอยู่ที่ Load Factor ที่ทำสถิติสูงสุดใหม่ที่ 87% และค่าบัตรโดยสารที่สูงกว่าระดับก่อนโควิดอยู่ 8% ในที่ประชุมนักวิเคราะห์ที่ผู้บริหารให้ข้อมูลเพิ่มเติมว่าทั้ง Load Factor และค่าบัตรโดยสารยังอยู่ในระดับดีเมื่อเทียบกับระดับก่อนโควิดใน 2Q23 แม้ว่าจะเป็นฤดูที่ซบเซาที่สุดของปี

ค่าบัตรโดยสารน่าจะทรงตัวในระดับสูงได้อีกหลายปี

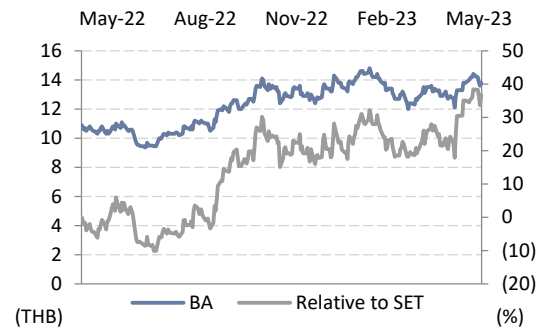
แม้ว่าผลประกอบการ 1Q23 จะออกมาดี ตลาดยังคงกังวลว่า pent-up demand จะสิ้นสุดลง ทำให้ Load Factor และค่าบัตรโดยสารอาจกลับสู่ระดับปกติในเร็ว ๆ นี้ อย่างไรก็ตามเราเห็นต่างและเชื่อว่ากระแสกำไรของ BA น่าจะต่อเนื่องไปอีกอย่างน้อย 2 ปี ข้อแรกค่าบัตรโดยสารเฉลี่ยของกลุ่มประเทศ OECD ได้ปรับตัวขึ้นสูงกว่าระดับก่อนโควิดถึงประมาณ 25% และยังคงต่ำกว่าราคาค่าเชื้อเพลิงอากาศยานซึ่งยังอยู่ที่ประมาณ 40-50% เหนือระดับก่อนโควิด ข้อสองปริมาณผู้โดยสารต่างประเทศของสนามบินสมุยฟื้นตัวเป็นเพียง 50% ของระดับก่อนโควิดใน 1Q23 ซึ่งหมายความว่ายังมีโอกาสที่ทั้งค่าบัตรโดยสารและค่าบริการผู้โดยสารจะฟื้นตัว (BA เรียกเก็บเงิน 700 บาทจากผู้โดยสารในเที่ยวบินต่างประเทศเทียบกับ 300 บาทสำหรับผู้โดยสารในประเทศ) ทั้งนี้ BA วางแผนกลับมาให้บริการในเส้นทางจากสมุยไปยังฮ่องกง เฉินตูและฉงชิ่งในเดือน ก.ค. 2023 ข้อสุดท้ายราคาค่าเชื้อเพลิงอากาศยานอยู่ในแนวโน้มขาลงจากค่าเฉลี่ยที่ USD106 เป็น USD89 ต่อบาร์เรลในปัจจุบัน

ปรับเพิ่มประมาณการกำไรปกติเพื่อสะท้อน Load Factor และค่าบัตรโดยสารที่สูงขึ้น

เราปรับเพิ่มประมาณการกำไรปกติปี 2023 ขึ้น 49% เป็น 1.4 พัน ลบ. เพื่อสะท้อนเป้าหมายการของผู้บริหารล่าสุดที่คาด Load Factor ในอัตราที่สูงขึ้นเป็น 76-77% (จาก 73%) และค่าบัตรโดยสารเฉลี่ยที่ 3,500 บาท (จาก 3,400 บาท) เราคงสมมติฐานปริมาณผู้โดยสารของเราไว้ที่ 4.4 ล้านคิดเป็น 75% ของระดับก่อนโควิด ประมาณการของเรา Upside อยู่ที่ pent-up demand ที่สูงเกินคาดของนักท่องเที่ยวซึ่งคิดเป็นประมาณ 10-15% ของรายได้ในปี 2019

ระดับการประเมินมูลค่าต่ำพร้อมโอกาส Re-rating

เราปรับเพิ่มราคาเป้าหมายของเราเป็น 20 บาท (SoTP) เพื่อสะท้อนแนวโน้มธุรกิจสายการบินที่ดีขึ้น BA มีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำเพียง 17x ของค่า 2024E P/E เราเชื่อว่าหุ้นมีโอกาสที่ปรับขึ้นได้จากส่วนประกอบของ BDMS และสนามบินสมุยที่มีการประเมินมูลค่าในระดับสูง ในขณะที่ธุรกิจสายการบินไม่น่าจะลดกำไรอีกต่อไป



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%) | 8.7 | (0.7) | 27.8 |
| Relative to country (%) | 13.4 | 8.2 | 35.5 |
| Mkt cap (USD m) | 843 | | |
| 3m avg. daily turnover (USD m) | 1.0 | | |
| Free float (%) | 41 | | |
| Major shareholder | Prasartong-Osoth Puttipong (25%) | | |
| 12m high/low (THB) | 14.90/9.25 | | |
| Issued shares (m) | 2,100.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also BA's Director.

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 22 พฤษภาคม 2023

Investment thesis

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

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

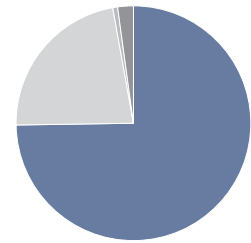
Company profile

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

www.bangkokair.com

Principal activities (revenue, 2022)

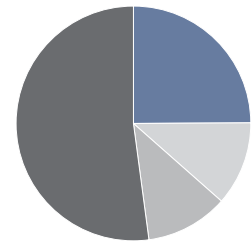
- Air fares - 74.8 %
- Revenue from sales and services - 22.4 %
- Freight - 0.7 %
- Passenger services - 2.2 %



Source: Bangkok Airways

Major shareholders

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



Source: Bangkok Airways

Catalysts

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

Risks to our call

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

Event calendar

| Date | Event |
|----------|---------------------------|
| Aug 2023 | 2Q23 results announcement |

Key assumptions

| | 2023E | 2024E | 2025E |
|----------------------------------|-------|-------|-------|
| Number of aircraft (no.) | 27 | 27 | 27 |
| Passengers carried (m) | 4.4 | 5.3 | 5.5 |
| Load factor (%) | 77.0 | 74.0 | 74.0 |
| Average ticket fare (THB) | 3,471 | 3,576 | 3,683 |
| Fuel price net hedging (USD/bbl) | 125.0 | 125.0 | 125.0 |
| THB/USD | 34.5 | 34.5 | 34.5 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in load factor, we project a 2023 profit increase of 12% and vice versa, all else being equal.
- For every 1% increase in average ticket fare, we project a 2023 profit increase of 8% and vice versa, all else being equal.
- For every 1% increase in Brent spot price, we project a 2023 profit reduction of 2% and vice versa, all else being equal.

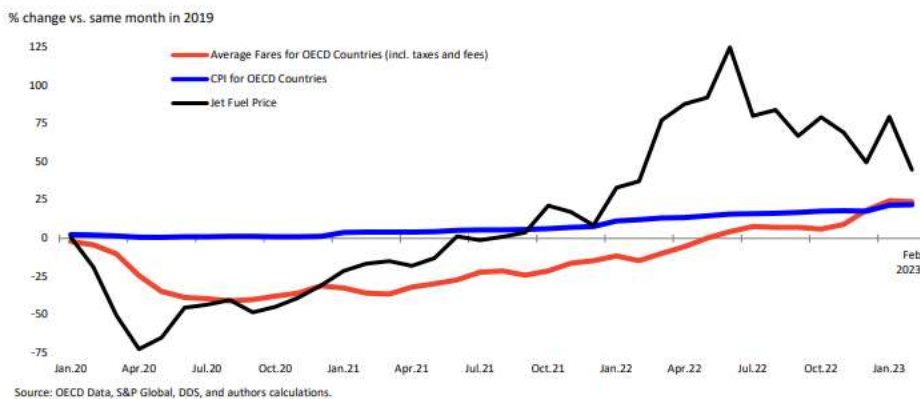
Source: FSSIA estimates

High ticket fare trend should continue

BA's average ticket fare rose to c8% of the pre-Covid level in 1Q23, and management also guided for an average ticket fare of THB3,500 in 2023 (vs THB3,219 in 2019), implying 9% above pre-Covid.

The market still has doubts over whether or not the ticket fare trend will sustain. We believe Thailand's airline industry should follow a similar trend to the global airline industry. According to the International Air Transport Association (IATA), the average fares of OECD countries have increased by c25%, relatively in line with consumer price inflation (CPI). Normally, ticket fares should follow the jet fuel prices. However, ticket fares have increased at a lower rate than jet fuel prices, which are higher than pre-Covid by 40-50%. Thus, we conclude that BA's target of ticket fares staying above 9% of the pre-Covid level is achievable, based on Thailand's CPI which has increased by c8% from pre-Covid.

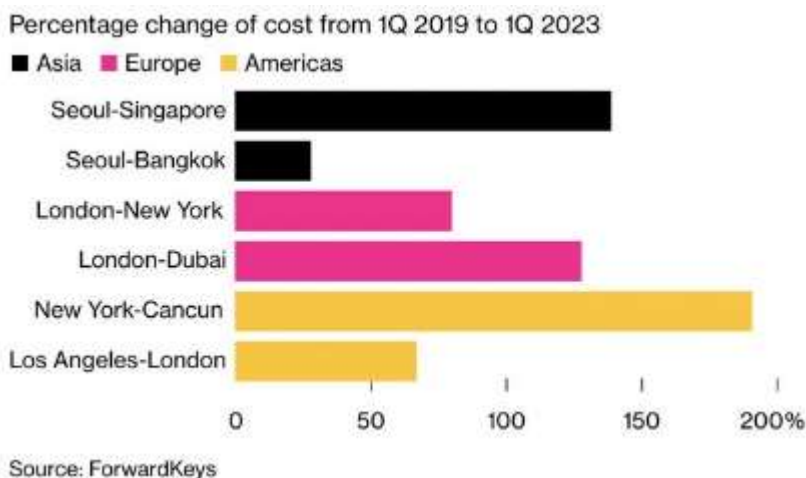
Exhibit 1: Airfare recovery



Source: IATA

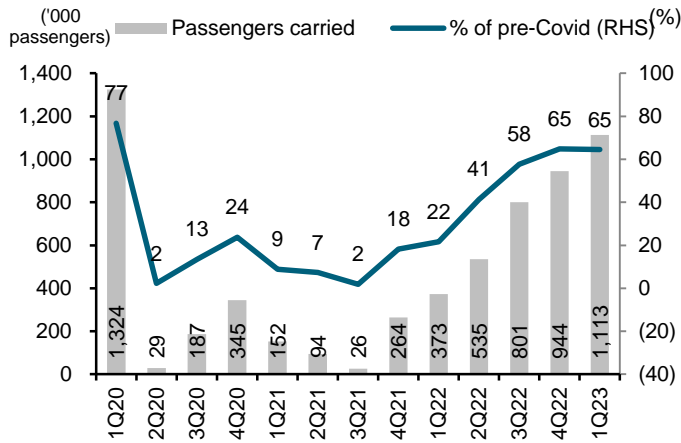
In addition, according to [Bloomberg](#), Michael O'Leary, CEO of Ryanair Holdings Plc, commented that ticket prices should remain elevated for several years. First, there is a shortage of aviation staff, making it difficult for airlines to attract and retain staff. Additional costs are leading to higher ticket fares. Second, crude prices are elevated at c40-50% higher than pre-Covid levels. Most airlines have not hedged fuel costs. Third, the rising prices of aircraft spare parts and labour shortages are limiting aircraft manufacturers' ability to increase production and capacity. As a result, we expect to see a similar pattern in Thailand's aviation industry, which is at the beginning of a recovery.

Exhibit 2: Skyrocketing ticket fares from the Covid pandemic



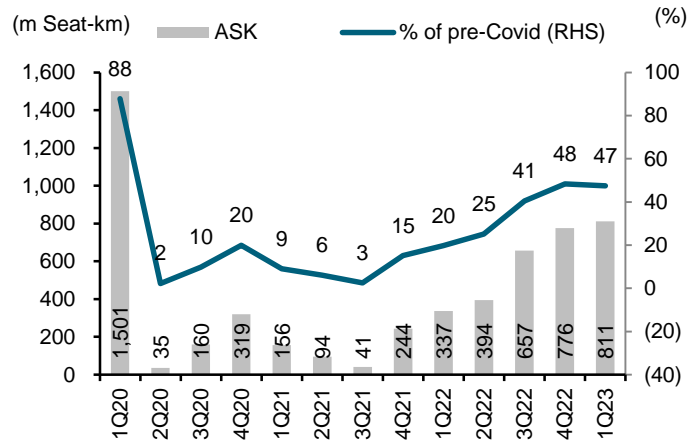
Sources: Bloomberg; ForwardKeys

Exhibit 3: Passengers carried



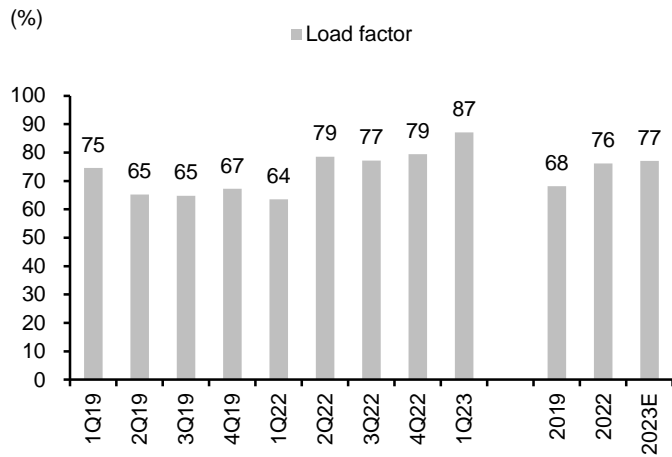
Sources: BA; FSSIA estimates

Exhibit 4: ASK



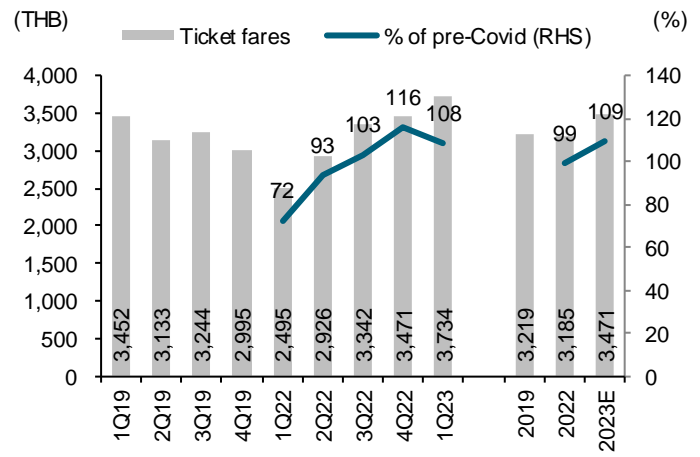
* ASK = available seat kilometres
Sources: BA; FSSIA estimates

Exhibit 5: Load factor



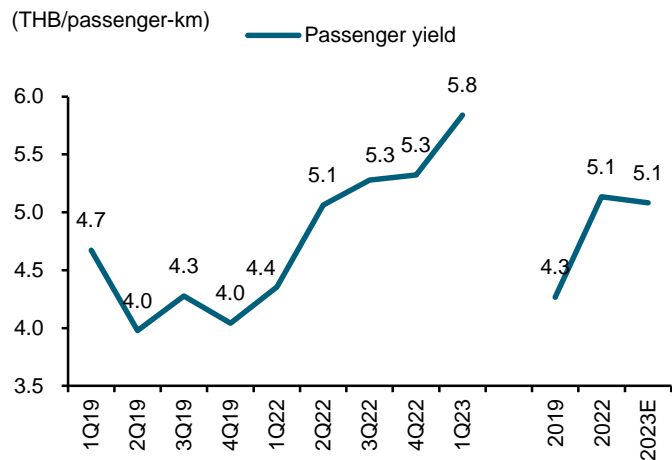
Sources: BA; FSSIA estimates

Exhibit 6: Ticket fares



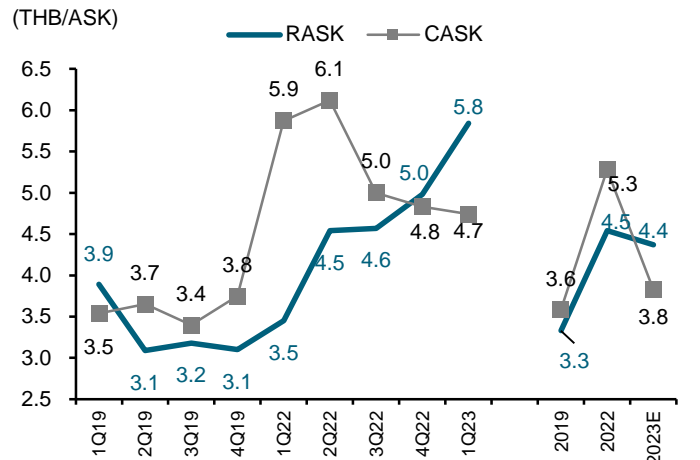
Sources: BA; FSSIA estimates

Exhibit 7: Passenger yield



Sources: BA; FSSIA estimates

Exhibit 8: RASK and CASK



*RASK = revenue per available seat kilometre; CASK = cost per available seat kilometre
Sources: BA; FSSIA estimates

Key takeaways from 1Q23 analyst meeting

- Management maintained the passenger volume target of 4.4m in 2023 (70-80% of pre-Covid level) and revised up the load factor target to 76-77% (from 73%) and ticket fares to THB3,500 (from THB3,400). This suggests a better margin and profitability.
- Management guided that, despite BA entering the low season and revenue likely dropping q-q in 2Q23, load factor and ticket fares are still promising compared to the pre-Covid levels, and they expect good operational performance in 2Q23.
- BA has reduced its aircraft fleet from 35 to 30 as of 1Q23, and expects to reduce it to 24-28 by the end of this year. The remaining fleet is sufficient to serve the Samui route with up to 45 flights/day, and it has the capacity to serve more than 5m passengers per year (vs 5.9m in 2019). If there is strong demand, BA can ramp up its fleet by leasing within 6-9 months.
- The U-Tapao project is likely to be delayed pending the formation of the new government and the condition precedent of the project.
- BA plans to resume servicing routes from Samui to Hong Kong, Chengdu and Chongqing in July 2023. This should improve both passenger service charges (PSC) and ticket fares given that Samui's international passenger volume only recovered to c50% of the pre-Covid level in 1Q23

Exhibit 9: Aircraft fleet plan

| Aircraft type | 2022 | 1Q23 | 2023E | Remarks |
|---------------|-----------|-----------|--------------|---------------------------------|
| | (no.) | (no.) | (no.) | |
| Airbus A320 | 8 | 5 | 3-5 | Operating lease |
| Airbus A319 | 13 | 13 | 11-13 | Operating lease |
| ATR 72-500 | 1 | 1 | - | Ownership |
| ATR 72-600 | 13 | 11 | 10 | Finance lease / Commercial loan |
| Total | 35 | 30 | 24-28 | |

Source: BA

Recap: 1Q23 results review

BA booked a core profit of THB0.8b in 1Q23, a record high since 1Q16. It beat our estimate by 78% mainly due to a higher-than-expected load factor and ticket fares and lower-than-expected non-fuel expenses. Including an FX gain of THB44m, BA booked a 1Q23 net profit of THB0.9b

Passenger revenue jumped by 25% q-q in 1Q23 due to a higher number of passengers carried, which accounted for 65% of the pre-Covid level. Available seat kilometres (ASK) also recovered to 47% of pre-Covid. Passenger yield hit THB5.8/passenger-km, exceeding pre-Covid by 23% thanks to a record high of load factor of 87% in 1Q23 (vs 75% in 1Q19). The average ticket fare increased by 8% q-q to THB3,734, exceeding the pre-Covid level by 8%. Revenue from the airport and airport-related business grew by 27% q-q and accounted for 81% of the pre-Covid level.

Expenses increased by 4% q-q in 1Q23 from non-fuel expenses (+7% q-q), while fuel expenses decreased by 8% q-q following lower jet fuel spot prices. The EBITDA margin hit a 7-year record high of 25% (vs 10% in 1Q19). Share income decreased by 23% q-q due to a loss on the change in fair value of BA Airport Leasehold Real Estate Investment Trust (BAREIT).

Exhibit 10: 1Q23 results review

| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | Change | | 2023E |
|-------------------------------|----------------|---------------|---------------|---------------|-------------|--------------|------------|--------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) |
| Sales | 1,478 | 2,153 | 3,454 | 4,221 | 5,273 | 25 | 257 | 20,056 |
| - Passenger revenue | 931 | 1,566 | 2,677 | 3,277 | 4,123 | 26 | 343 | 15,311 |
| - Other revenue | 547 | 587 | 776 | 943 | 1,151 | 22 | 111 | 4,745 |
| Expense | (2,487) | (2,959) | (3,866) | (4,309) | (4,468) | 4 | 80 | (19,420) |
| - Fuel and oil | (256) | (449) | (819) | (890) | (816) | (8) | 219 | (3,813) |
| - Non-fuel operating expenses | (2,231) | (2,509) | (3,047) | (3,420) | (3,652) | 7 | 64 | (15,607) |
| Operating profit | (1,010) | (806) | (412) | (89) | 805 | 1,006 | 180 | 636 |
| Dividend income | 0 | 207 | 310 | 0 | 0 | 18 | 50 | 517 |
| Net other income | 183 | 159 | 177 | 391 | 426 | 9 | 133 | 1,625 |
| Interest income | 1 | 2 | 0 | 11 | 12 | 12 | 1,533 | 44 |
| Interest expense | (285) | (299) | (373) | (533) | (543) | 2 | 90 | (1,974) |
| Pretax profit | (1,111) | (737) | (297) | (219) | 701 | 420 | 163 | 847 |
| Income Tax | (56) | 1 | 33 | (93) | 13 | (114) | (123) | (59) |
| Associates | 104 | 104 | 123 | 159 | 122 | (23) | 18 | 594 |
| Minority interest | 6 | 6 | 3 | 2 | (4) | (383) | (179) | (14) |
| Core profit | (1,057) | (628) | (138) | (152) | 831 | 648 | 179 | 1,367 |
| Extraordinaries | 37 | (220) | (255) | 302 | 44 | | | 0 |
| - FX | 37 | (221) | (255) | 302 | 44 | | | 0 |
| - Derivative | 0 | 1 | 0 | 0 | 0 | | | 0 |
| - Others | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Net profit | (1,020) | (848) | (393) | 150 | 875 | 483 | 186 | 1,367 |
| Shares out (end Q, m) | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 0 | 0 | 2,100 |
| Pre-ex EPS | (0.50) | (0.30) | (0.07) | (0.07) | 0.40 | 648 | 179 | 0.65 |
| EPS | (0.49) | (0.40) | (0.19) | 0.07 | 0.42 | 483 | 186 | 0.65 |
| Depreciation | (628) | (622) | (607) | (574) | (494) | (14) | (21) | (2,027) |
| EBITDA | (382) | (184) | 195 | 486 | 1,299 | 167 | (440) | 2,663 |
| Key Ratios | | | | | | | | |
| Operating profit margin (%) | (68) | (37) | (12) | (2) | 15 | 17 | 84 | 3 |
| EBITDA margin (%) | (26) | (9) | 6 | 12 | 25 | 13 | 50 | 13 |
| Net profit margin (%) | (69) | (39) | (11) | 4 | 17 | 13 | 86 | 7 |
| Operating Stats | | | | | | | | |
| Passengers carried (m) | 0.4 | 0.5 | 0.8 | 0.9 | 1.1 | | | |
| Load factor (%) | 64 | 79 | 77 | 79 | 87 | | | |
| RPK (m seats-km) | 214 | 309 | 507 | 616 | 706 | | | |
| ASK (m seats-km) | 337 | 394 | 657 | 776 | 811 | | | |
| Average fare (THB) | 2,495 | 2,926 | 3,342 | 3,471 | 3,734 | | | |
| RASK (THB) | 3.5 | 4.5 | 4.6 | 5.0 | 5.8 | | | |
| CASK (THB) | 5.9 | 6.1 | 5.0 | 4.8 | 4.7 | | | |

| | | | | | | | | |
|--------------------|-----|-----|-----|-----|-----|--|--|--|
| CASK ex-fuel (THB) | 5.1 | 5.0 | 3.8 | 3.0 | 3.7 | | | |
|--------------------|-----|-----|-----|-----|-----|--|--|--|

Sources: BA; FSSIA estimates

Valuation and TP revisions

We revise up our core profit estimates by 7-49% in 2023-25 to reflect the better outlook of the airline business. We expect BA to deliver a core profit of THB1.4b in 2023, consisting of a THB0.3b profit from the airline business, a THB0.1b profit for its airport and airport-related businesses, THB0.5b in share income from its cargo business, and THB0.5b in dividend income from Bangkok Dusit Medical Services (BDMS TB, BUY).

As a result, we revise up our SoTP-based TP to THB20/shr (from THB18/shr), based on 1) the airport and airport-related business pegged at 15x 2024E P/E; 2) the valuations of BDMS and Bangkok Aviation Fuel Services (BAFS TB, BUY) based on our TPs of THB34.5/shr and THB37/shr, respectively, with a 20% holding discount applied; 3) the airline business pegged at 10x 2024 P/E; 4) the cargo business pegged at 8x P/E; and 5) deduct the net interest bearing debt and BAREIT lease liabilities.

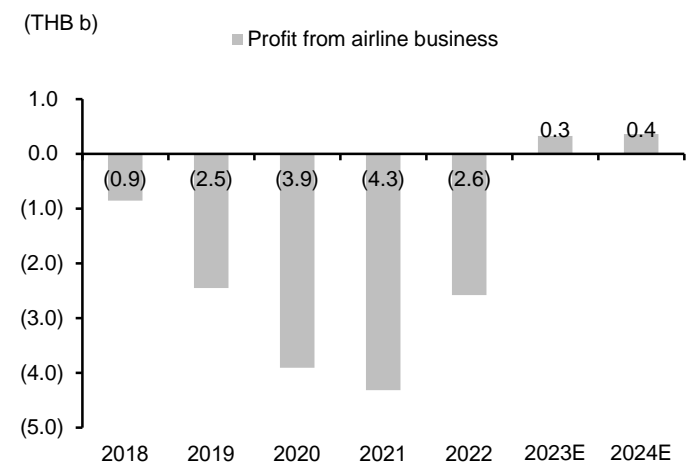
Exhibit 11: Forecast revisions

| | Current | | | Previous | | | Change (%) | | |
|----------------------------------|---------|--------|--------|----------|--------|--------|------------|-------|-------|
| | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E |
| Passengers carried (m) | 4.4 | 5.3 | 5.5 | 4.4 | 5.3 | 5.5 | 0.0 | 0.0 | 0.0 |
| Load factor (%) | 77 | 74 | 74 | 76 | 74 | 74 | 1.0 | 0.0 | 0.0 |
| Average ticket fare (THB) | 3,471 | 3,576 | 3,683 | 3,408 | 3,544 | 3,650 | 1.9 | 0.9 | 0.9 |
| Fuel price net hedging (USD/bbl) | 125 | 125 | 125 | 125 | 125 | 125 | 0.0 | 0.0 | 0.0 |
| Revenue (THB m) | 20,056 | 24,436 | 25,717 | 19,771 | 24,267 | 25,537 | 1.4 | 0.7 | 0.7 |
| EBITDA (THB m) | 2,663 | 2,653 | 2,748 | 2,243 | 2,419 | 2,502 | 18.7 | 9.7 | 9.9 |
| Core net profit (THB m) | 1,367 | 1,690 | 1,863 | 918 | 1,573 | 1,705 | 48.9 | 7.4 | 9.3 |

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

Sources: BA; FSSIA estimates

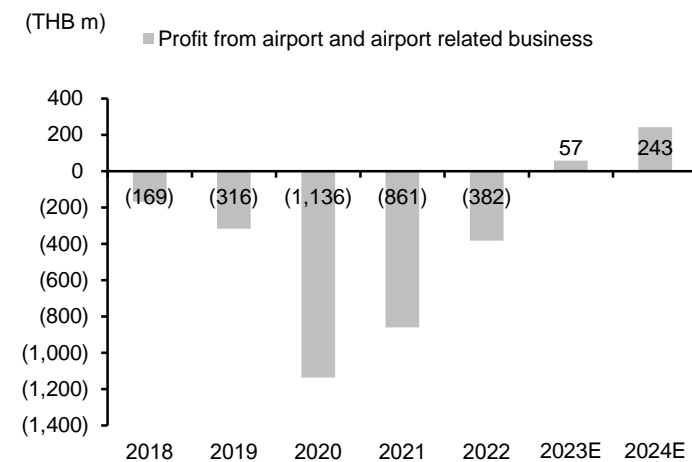
Exhibit 12: Profit from airline business



Note: SG&A, interest and tax estimated by FSSIA

Source: FSSIA estimates

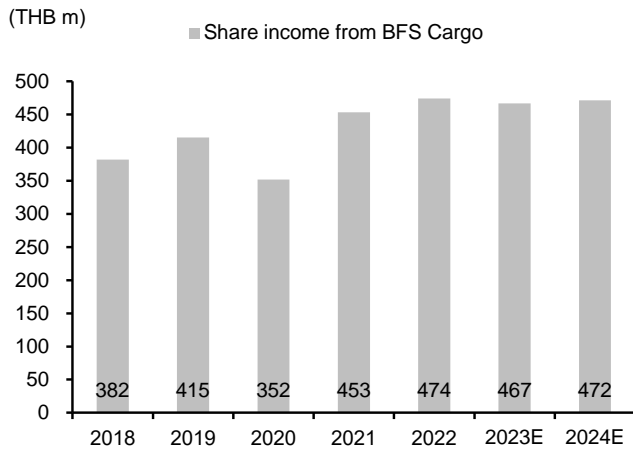
Exhibit 13: Profit from airport & airport-related business



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

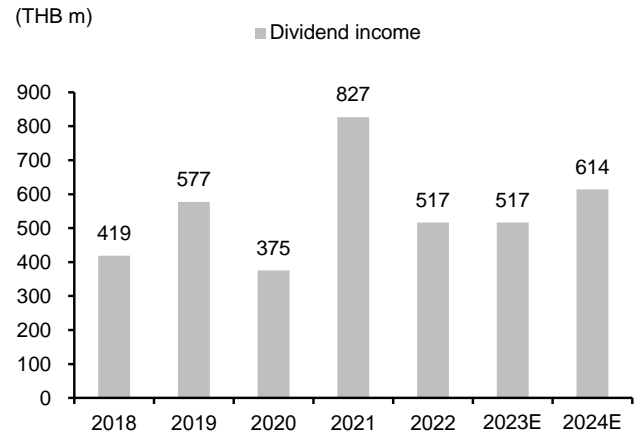
Source: FSSIA estimates

Exhibit 14: Share income from cargo business



Sources: BA; FSSIA estimates

Exhibit 15: Dividend income



Sources: BA; FSSIA estimates

Exhibit 16: SoTP valuation

| SoTP Base case | (THB b) | (THB/share) | Comments |
|--|-------------|-------------|---|
| BDMS | 28.5 | 13.6 | Fair price at our TP of THB34.5/shr with 20% holding discount |
| BAFS | 1.9 | 0.9 | Fair price at our TP of THB37.0/shr with 20% holding discount |
| BAREIT | 2.5 | 1.2 | Fair price at consensus TP of THB12.1/shr with 20% holding discount |
| Airport and airport-related businesses | 19.2 | 9.1 | 2024E net profit (exclude BAREIT lease payment) of THB1.3b and pegged at 15x P/E multiple |
| BAREIT lease liabilities | (13.6) | (6.5) | At end 2023E |
| Airline business | 3.7 | 1.7 | 2024E net profit of THB0.4b and pegged at 10x P/E multiple |
| Cargo business | 3.2 | 1.5 | Share income of THB0.4b and pegged at 8x P/E multiple |
| Interest bearing debt | (13.1) | (6.2) | At end 2023E |
| Cash | 9.7 | 4.6 | At end 2023E |
| Total value | 42.0 | 20.0 | |

Source: FSSIA estimates

Exhibit 17: Peer comparisons, airline sector as of 19 May 2023

| Company | BBG | Rec | Share price | | | Market Cap (USD m) | PE | | | PBV | | EV/EBITDA | |
|-----------------------------------|--------------|-----|---------------|--------------|------------|--------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| | | | Current (LCY) | Target (LCY) | Upside (%) | | 23E (x) | 24E (x) | 25E (x) | 23E (x) | 24E (x) | 23E (x) | 24E (x) |
| Thailand | | | | | | | | | | | | | |
| Bangkok Airways | BA TB | BUY | 13.80 | 20.00 | 44.9 | 843 | 21.2 | 17.1 | 15.6 | 1.6 | 1.5 | 18.7 | 17.3 |
| Asia Aviation | AAV TB | BUY | 2.76 | 3.70 | 34.1 | 976 | 27.6 | 21.6 | 19.3 | 3.8 | 3.4 | 7.8 | 7.2 |
| Thailand average | | | | | | 1,819 | 24.4 | 19.4 | 17.4 | 2.7 | 2.5 | 13.2 | 12.2 |
| Regional | | | | | | | | | | | | | |
| Spring Airlines Co Ltd-A | 601021 CH | n/a | 57.92 | n/a | n/a | 8,221 | 33.1 | 18.2 | 18.2 | 3.8 | 3.1 | 17.3 | 12.1 |
| Interglobe Aviation | INDIGO IN | n/a | 2,266.80 | n/a | n/a | 10,678 | n/a | 22.0 | 22.0 | n/a | n/a | 16.4 | 8.7 |
| Cebu Air Inc | CEB PM | n/a | 41.55 | n/a | n/a | 454 | 11.6 | 4.5 | 4.5 | n/a | 6.8 | 5.7 | 3.8 |
| Singapore Airlines | SIA SP | n/a | 6.26 | n/a | n/a | 14,249 | 9.6 | 9.8 | 9.8 | 1.2 | 1.2 | 3.8 | 4.1 |
| Japan Airlines | 9201 JP | n/a | 2,701.00 | n/a | n/a | 8,745 | 42.3 | 16.1 | 16.1 | 1.5 | 1.4 | 7.0 | 5.4 |
| Ana Holdings | 9202 JP | n/a | 3,098.00 | n/a | n/a | 11,056 | 24.8 | 17.9 | 17.9 | 1.7 | 1.6 | 7.7 | 6.6 |
| Cathay Pacific Airways | 293 HK | n/a | 7.40 | n/a | n/a | 6,140 | 18.7 | 15.2 | 15.2 | 0.9 | 0.9 | 6.2 | 6.5 |
| Spicejet (India) | SJET IN | n/a | 29.23 | n/a | n/a | 208 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Vietjet Aviation | VJC VN | n/a | 98,700 | n/a | n/a | 2,271 | 85.0 | 46.1 | 46.1 | n/a | n/a | 34.2 | 22.1 |
| Regional average | | | | | | 62,022 | n/a | 18.7 | 18.7 | 1.8 | 2.5 | 12.3 | 8.6 |
| Global | | | | | | | | | | | | | |
| Eva Airways | 2618 TT | n/a | 29.60 | n/a | n/a | 5,355 | 13.0 | 14.1 | 14.1 | 1.7 | 1.7 | 4.4 | 5.9 |
| Air New Zealand | AIR NZ | n/a | 0.77 | n/a | n/a | 1,641 | 6.6 | 8.3 | 8.3 | 1.3 | 1.2 | 3.0 | 3.3 |
| Air Arabia | AIRARABIA UH | n/a | 2.30 | n/a | n/a | 2,923 | 8.6 | 9.1 | 9.1 | 1.6 | 1.5 | 4.6 | 4.6 |
| Easyjet (UK) | EZJ LN | n/a | 502.00 | n/a | n/a | 4,740 | 12.8 | 10.1 | 10.1 | 1.4 | 1.3 | 3.5 | 3.1 |
| Gol Linhas Aereas Intel. (Brazil) | GOLL4 BS | n/a | 7.77 | n/a | n/a | 651 | n/a | 7.9 | 7.9 | n/a | n/a | 5.6 | 4.8 |
| JetBlue Airways (US, Latin AM) | JBLU | n/a | 7.09 | n/a | n/a | 2,325 | 10.6 | 6.5 | 6.5 | 0.6 | 0.5 | 4.1 | 3.2 |
| Norwegian Air Shuttle (Norway) | NWARF US | n/a | 1.04 | n/a | n/a | 1,038 | 8.5 | 5.9 | 5.9 | 1.9 | 1.3 | 2.8 | 2.4 |
| Southwest Airlines (US) | LUV US | n/a | 29.48 | n/a | n/a | 17,543 | 11.3 | 7.9 | 7.9 | 1.5 | 1.3 | 4.1 | 3.1 |
| Global average | | | | | | 36,214 | 10.2 | 8.7 | 8.7 | 1.4 | 1.2 | 4.0 | 3.8 |
| Overall average | | | | | | 100,056 | 21.6 | 14.4 | 14.1 | 1.8 | 1.9 | 8.7 | 6.9 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Airways

| Profit and Loss (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|----------------|----------------|--------------|--------------|--------------|
| Revenue | 2,717 | 11,305 | 20,056 | 24,436 | 25,717 |
| Cost of goods sold | (3,773) | (9,093) | (14,284) | (18,047) | (19,036) |
| Gross profit | (1,056) | 2,212 | 5,772 | 6,389 | 6,680 |
| Other operating income | - | - | - | - | - |
| Operating costs | (1,551) | (2,097) | (3,109) | (3,736) | (3,932) |
| Operating EBITDA | (2,607) | 115 | 2,663 | 2,653 | 2,748 |
| Depreciation | (2,342) | (2,431) | (2,027) | (2,093) | (2,166) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | (4,949) | (2,316) | 636 | 560 | 582 |
| Net financing costs | (1,258) | (1,475) | (1,931) | (1,790) | (1,654) |
| Associates | 453 | 489 | 594 | 628 | 640 |
| Recurring non-operating income | 2,142 | 1,916 | 2,735 | 3,176 | 3,227 |
| Non-recurring items | (5,180) | (137) | 0 | 0 | 0 |
| Profit before tax | (9,246) | (2,013) | 1,441 | 1,946 | 2,155 |
| Tax | 117 | (114) | (59) | (198) | (227) |
| Profit after tax | (9,129) | (2,127) | 1,382 | 1,748 | 1,928 |
| Minority interests | 50 | 16 | (14) | (58) | (64) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | (9,079) | (2,112) | 1,367 | 1,690 | 1,863 |
| Non-recurring items & goodwill (net) | 5,180 | 137 | 0 | 0 | 0 |
| Recurring net profit | (3,899) | (1,974) | 1,367 | 1,690 | 1,863 |
| Per share (THB) | | | | | |
| Recurring EPS * | (1.86) | (0.94) | 0.65 | 0.80 | 0.89 |
| Reported EPS | (4.32) | (1.01) | 0.65 | 0.80 | 0.89 |
| DPS | 0.00 | 0.00 | 0.39 | 0.48 | 0.53 |
| Diluted shares (used to calculate per share data) | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |
| Growth | | | | | |
| Revenue (%) | (64.6) | 316.1 | 77.4 | 21.8 | 5.2 |
| Operating EBITDA (%) | nm | nm | 2,225.7 | (0.4) | 3.6 |
| Operating EBIT (%) | nm | nm | nm | (11.9) | 3.9 |
| Recurring EPS (%) | nm | nm | nm | 23.6 | 10.3 |
| Reported EPS (%) | nm | nm | nm | 23.6 | 10.3 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | (125.1) | (1.9) | 18.7 | 17.6 | 17.6 |
| Gross margin of key business (%) | (125.1) | (1.9) | 18.7 | 17.6 | 17.6 |
| Operating EBITDA margin (%) | (96.0) | 1.0 | 13.3 | 10.9 | 10.7 |
| Operating EBIT margin (%) | (182.2) | (20.5) | 3.2 | 2.3 | 2.3 |
| Net margin (%) | (143.5) | (17.5) | 6.8 | 6.9 | 7.2 |
| Effective tax rate (%) | 2.6 | (4.8) | 7.0 | 15.0 | 15.0 |
| Dividend payout on recurring profit (%) | - | - | 60.0 | 60.0 | 60.0 |
| Interest cover (X) | (2.2) | (0.3) | 1.7 | 2.1 | 2.3 |
| Inventory days | 44.3 | 18.1 | 10.4 | 8.0 | 8.7 |
| Debtor days | 51.9 | 25.1 | 21.6 | 17.7 | 16.8 |
| Creditor days | 100.9 | 50.7 | 45.4 | 48.0 | 54.1 |
| Operating ROIC (%) | (32.6) | (19.2) | 6.9 | 9.9 | 19.0 |
| ROIC (%) | (6.2) | (0.9) | 6.6 | 7.2 | 7.7 |
| ROE (%) | (23.8) | (13.2) | 7.8 | 9.1 | 9.6 |
| ROA (%) | (5.5) | (0.8) | 5.0 | 5.1 | 5.3 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Air fares | 1,191 | 8,451 | 15,311 | 18,997 | 20,143 |
| Revenue from sales and services | 1,477 | 2,534 | 4,114 | 4,664 | 4,772 |
| Freight | 6 | 76 | 153 | 203 | 216 |
| Passenger services | 43 | 244 | 478 | 572 | 587 |

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) | 1,367 | 1,690 | 1,863 |
| Depreciation | 2,342 | 2,431 | 2,027 | 2,093 | 2,166 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (4,921) | 1,005 | 14 | 58 | 64 |
| Change in working capital | (1,232) | 1,573 | 3,436 | 2,106 | 548 |
| Cash flow from operations | (7,709) | 3,035 | 6,845 | 5,947 | 4,643 |
| Capex - maintenance | (722) | (184) | (1,003) | (1,222) | (1,286) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | 114 | (9,209) | 0 | 0 | 0 |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | (608) | (9,393) | (1,003) | (1,222) | (1,286) |
| Dividends paid | 0 | 0 | 0 | (820) | (1,014) |
| Equity finance | 0 | (101) | 0 | 0 | 0 |
| Debt finance | 6,094 | 5,804 | (2,759) | (4,238) | (3,201) |
| Other financing cash flows | 2,168 | 5,177 | 0 | 0 | 0 |
| Cash flow from financing | 8,262 | 10,880 | (2,759) | (5,058) | (4,215) |
| 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 | 3,083 | (334) | (858) |
| Free cash flow to firm (FCFF) | (7,052.04) | (4,869.16) | 7,816.90 | 6,579.26 | 5,072.57 |
| Free cash flow to equity (FCFE) | (55.35) | 4,622.05 | 3,083.21 | 486.66 | 155.55 |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|------|------|------|
| FCFF per share | (3.36) | (2.32) | 3.72 | 3.13 | 2.42 |
| FCFE per share | (0.03) | 2.20 | 1.47 | 0.23 | 0.07 |
| Recurring cash flow per share | (3.08) | 0.70 | 1.62 | 1.83 | 1.95 |

| Balance Sheet (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 27,064 | 24,954 | 25,957 | 27,179 | 28,465 |
| Less: Accumulated depreciation | (10,424) | (10,561) | (12,589) | (14,681) | (16,848) |
| Tangible fixed assets (net) | 16,640 | 14,393 | 13,368 | 12,498 | 11,617 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 28,191 | 37,401 | 37,401 | 37,401 | 37,401 |
| Cash & equivalents | 2,126 | 6,647 | 9,730 | 9,397 | 8,538 |
| A/C receivable | 373 | 1,185 | 1,185 | 1,185 | 1,185 |
| Inventories | 438 | 465 | 348 | 440 | 464 |
| Other current assets | 169 | 312 | 553 | 674 | 709 |
| Current assets | 3,106 | 8,608 | 11,816 | 11,695 | 10,896 |
| Other assets | 1,002 | 1,844 | 1,844 | 1,844 | 1,844 |
| Total assets | 48,939 | 62,246 | 64,429 | 63,437 | 61,758 |
| Common equity | 13,198 | 16,818 | 18,185 | 19,055 | 19,904 |
| Minorities etc. | (36) | (55) | (40) | 18 | 82 |
| Total shareholders' equity | 13,162 | 16,764 | 18,145 | 19,073 | 19,987 |
| Long term debt | 26,515 | 32,468 | 29,709 | 25,471 | 22,270 |
| Other long-term liabilities | 5,305 | 6,651 | 6,651 | 6,651 | 6,651 |
| Long-term liabilities | 31,820 | 39,120 | 36,360 | 32,122 | 28,921 |
| A/C payable | 967 | 1,558 | 1,994 | 2,748 | 2,899 |
| Short term debt | 917 | 768 | 768 | 768 | 768 |
| Other current liabilities | 2,073 | 4,037 | 7,161 | 8,726 | 9,183 |
| Current liabilities | 3,957 | 6,362 | 9,924 | 12,242 | 12,850 |
| Total liabilities and shareholders' equity | 48,939 | 62,246 | 64,429 | 63,437 | 61,758 |
| Net working capital | (2,060) | (3,633) | (7,070) | (9,176) | (9,724) |
| Invested capital | 43,773 | 50,004 | 45,543 | 42,567 | 41,138 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 6.28 | 8.01 | 8.66 | 9.07 | 9.48 |
| Tangible book value per share | 6.28 | 8.01 | 8.66 | 9.07 | 9.48 |

Financial strength

| | | | | | |
|---------------------------|-------|-------|-------|------|------|
| Net debt/equity (%) | 192.3 | 158.6 | 114.3 | 88.3 | 72.5 |
| Net debt/total assets (%) | 51.7 | 42.7 | 32.2 | 26.5 | 23.5 |
| Current ratio (x) | 0.8 | 1.4 | 1.2 | 1.0 | 0.8 |
| CF interest cover (x) | 1.0 | 4.1 | 2.6 | 1.3 | 1.1 |

| Valuation | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------------|---------------|-------------|-------------|-------------|
| Recurring P/E (x) * | (7.4) | (14.7) | 21.2 | 17.1 | 15.6 |
| Recurring P/E @ target price (x) * | (10.8) | (21.3) | 30.7 | 24.9 | 22.5 |
| Reported P/E (x) | (3.2) | (13.7) | 21.2 | 17.1 | 15.6 |
| Dividend yield (%) | - | - | 2.8 | 3.5 | 3.9 |
| Price/book (x) | 2.2 | 1.7 | 1.6 | 1.5 | 1.5 |
| Price/tangible book (x) | 2.2 | 1.7 | 1.6 | 1.5 | 1.5 |
| EV/EBITDA (x) ** | (20.8) | 484.8 | 18.7 | 17.3 | 15.9 |
| EV/EBITDA @ target price (x) ** | (25.8) | 598.4 | 23.5 | 22.2 | 20.6 |
| EV/invested capital (x) | 1.2 | 1.1 | 1.1 | 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

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >15% by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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

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History of change in investment rating and/or target price

Bangkok Airways (BA TB)



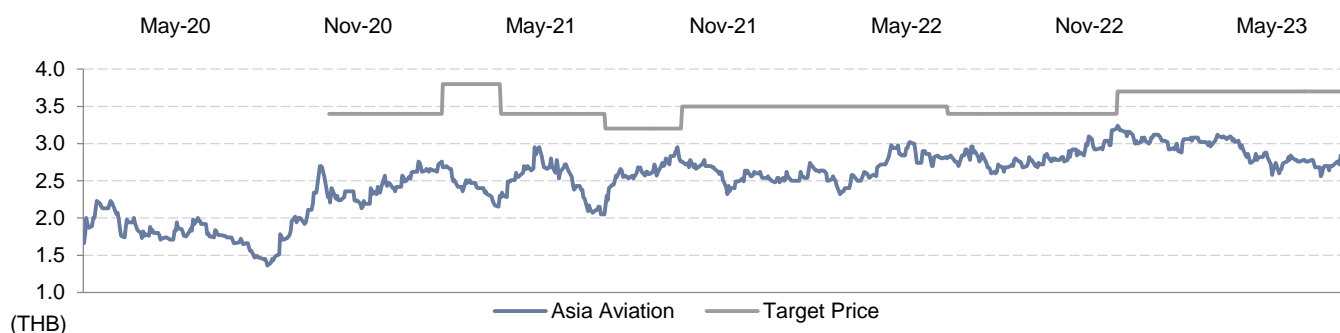
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 04-Jun-2021 | BUY | 10.00 | 01-Sep-2022 | BUY | 15.00 | 25-Jan-2023 | BUY | 18.00 |
| 25-Jun-2021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

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

Price and TP are in local currency

Source: FSSIA estimates

Asia Aviation (AAV TB)



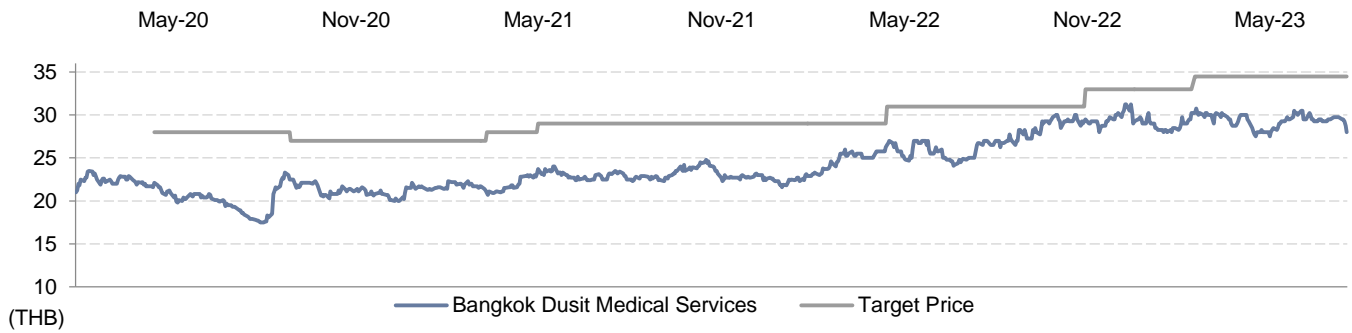
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 21-Dec-2020 | BUY | 3.40 | 16-Aug-2021 | BUY | 3.20 | 31-Oct-2022 | BUY | 3.70 |
| 29-Mar-2021 | BUY | 3.80 | 21-Oct-2021 | BUY | 3.50 | | | |
| 18-May-2021 | BUY | 3.40 | 07-Jun-2022 | BUY | 3.40 | | | |

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

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Dusit Medical Services (BDMS TB)



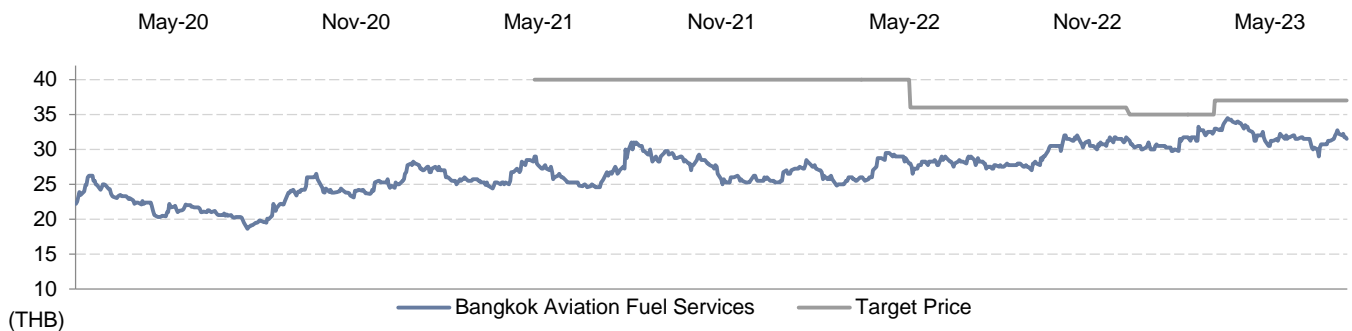
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 30-Jul-2020 | BUY | 28.00 | 24-Jun-2021 | BUY | 29.00 | 08-Jan-2023 | BUY | 34.50 |
| 24-Nov-2020 | BUY | 27.00 | 19-Apr-2022 | BUY | 31.00 | | | |
| 11-May-2021 | BUY | 28.00 | 06-Oct-2022 | BUY | 33.00 | | | |

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

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Aviation Fuel Services (BAFS TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 21-Jun-2021 | BUY | 40.00 | 11-Nov-2022 | BUY | 35.00 | - | - | - |
| 09-May-2022 | BUY | 36.00 | 25-Jan-2023 | BUY | 37.00 | | | |

FSSIA started covering this stock from 21-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|---------|-----------|--------|---|
| Bangkok Airways | BA TB | THB 13.80 | BUY | Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers. |
| Asia Aviation | AAV TB | THB 2.76 | BUY | Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers. |
| Bangkok Dusit Medical Services | BDMS TB | THB 28.00 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects. |
| Bangkok Aviation Fuel Services | BAFS TB | THB 31.50 | BUY | Downside risks to our SoTP-based target price include a slower-than-expected vaccination rate, leading to a slower tourism recovery, and uncertainty in fuel volume demand in the north which could lead to volatility in income of Fuel Pipeline Transportation Limited (FPT). |

Source: FSSIA estimates

Additional Disclosures

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

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

All share prices are as at market close on 19-May-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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