Bangkok Airways Pcl (BA TB) - BUY, Price Bt11.90, TP Bt13.50

Results Comment

Saksid Phadthananarak | Email: saksid.pha@thanachartsec.co.th

Slightly higher-than-expected 3Q loss

- BA reported a normalized loss of Bt1.3bn in 3Q21 versus a normalized loss of Bt1.3bn in 3Q20 and a normalized loss of Bt779m in 2Q21. The loss was slightly higher than what we had expected. Including Bt5.4bn net loss on lease agreement termination of Samui Airport Property Fund, BA reported its net loss of Bt5.4bn in 3Q21.
- We maintain a BUY rating on BA as 1) we expect BA's earnings to gradually recover in 4Q21F onward given the easing of the lockdown measures, 2) we like BA's strong financial status, allowing it to survive the COVID-19 crisis, and 3) we like its plan to diversify into the airport and airport-related businesses which are more stable and less competitive than the airline business.
- BA's revenue decreased by 42% y-y in 3Q21 due to the lockdown measures, causing it to suspend the operation during mid-July to August 2021. Its passengers fell by 86% y-y. However, this was partly offset by higher passenger yield by 3% y-y and higher revenue from the airport-related operations businesses by 16% y-y.
- Even though its cost cutting plans caused a drop in the operating costs by 20% y-y in 3Q21, it was not enough to offset a sharp fall in revenue, making it to make a gross loss of Bt1bn.

Income Statement Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21 (consolidated)
Revenue	697	1,056	671	573	401
Gross profit	**(1,047)**	**(865)**	**(847)**	**(891)**	**(999)**
SG&A	381	400	348	374	423
Operating profit	(1,428)	(1,265)	(1,195)	(1,264)	(1,422)
EBITDA	**(705)**	**(609)**	**(582)**	**(673)**	**(855)**
Other income	206	769	439	684	272
Other expense	27	(28)	0	4	0
Interest expense	207	255	335	365	298
Profit before tax	**(1,456)**	**(723)**	**(1,091)**	**(949)**	**(1,449)**
Income tax	(30)	71	(102)	(5)	(78)
Equity & invest. income	105	145	152	153	108
Minority interests	16	9	11	12	10
Extraordinary items	(265)	240	80	93	(5,724)
Net profit	**(1,569)**	**(401)**	**(746)**	**(686)**	**(6,977)**
Normalized profit	**(1,304)**	**(640)**	**(826)**	**(779)**	**(1,253)**
EPS (Bt)	(0.75)	(0.19)	(0.36)	(0.33)	(3.32)
Normalized EPS (Bt)	(0.62)	(0.30)	(0.39)	(0.37)	(0.60)

Income Statement (Bt m)	q-q%	y-y%	9M as % 2021F	2021F	2022F
Revenue	(30)	(42)	78	2,112	5,919
Gross profit	**na**	**na**	**na**	**(3,400)**	**(2,189)**
SG&A	13	11	77	1,478	1,776
Operating profit	na	na	na	(4,879)	(3,965)
EBITDA	**na**	**na**	**na**	**(2,288)**	**(1,272)**
Other income	(60)	32	76	1,830	1,887
Other expense	(98)	(100)	na	0	0
Interest expense	(18)	44	89	1,127	1,241
Profit before tax	**na**	**na**	**na**	**(4,176)**	**(3,320)**
Income tax	na	na	na	0	0
Equity & invest. income	(30)	2	79	522	391
Minority interests	(13)	(35)	270	12	34
Extraordinary items	na	na	na	0	0
Net profit	**na**	**na**	**na**	**(3,641)**	**(2,894)**
Normalized profit	**na**	**na**	**na**	**(3,641)**	**(2,894)**
EPS (Bt)	na	na	na	(1.73)	(1.38)
Normalized EPS (Bt)	na	na	na	(1.73)	(1.38)

Balance Sheet Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21 (consolidated)
Cash & ST investment	3,071	2,181	1,521	1,253	1,105
A/C receivable	377	401	296	253	240
Inventory	479	477	455	450	439
Other current assets	340	198	163	220	356
Investment	4,916	28,305	29,389	30,951	28,005
Fixed assets	10,078	9,777	9,573	9,376	9,203
Other assets	32,768	9,263	8,856	8,484	8,333
Total assets	**52,030**	**50,602**	**50,253**	**50,988**	**47,681**
S-T debt	2,393	2,593	3,334	3,351	14,405
A/C payable	996	1,119	827	888	863
Other current liabilities	4,865	6,965	4,492	4,058	4,853
L-T debt	2,510	3,046	2,607	2,804	4,932
Other liabilities	22,433	17,272	19,284	19,606	9,572
Minority interest	22	14	4	(8)	(19)
Shareholders' equity	**18,811**	**19,591**	**19,705**	**20,290**	**13,074**
Working capital	(139)	(242)	(76)	(184)	(184)
Total debt	4,903	5,640	5,941	6,155	19,337
Net debt	**1,833**	**3,459**	**4,421**	**4,902**	**18,232**

Financial Ratios (%)	3Q20	4Q20	1Q21	2Q21	3Q21
Sales growth	(88.0)	(81.3)	(88.1)	99.6	(42.4)
Operating profit growth	na	na	na	na	na
EBITDA growth	na	na	na	na	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	(150.3)	(82.0)	(126.3)	(155.5)	(249.2)
Operating margin	(205.0)	(119.8)	(178.1)	(220.8)	(354.8)
EBITDA margin	(101.2)	(57.6)	(86.8)	(117.5)	(213.4)
Norm net margin	(187.3)	(60.6)	(123.1)	(136.0)	(312.5)
D/E (x)	0.3	0.3	0.3	0.3	1.5
Net D/E (x)	0.1	0.2	0.2	0.2	1.4
Interest coverage (x)	(3.4)	(2.4)	(1.7)	(1.8)	(2.9)
Interest rate	17.7	19.3	23.2	24.1	9.3
Effective tax rate	2.1	(9.8)	9.4	0.5	5.4
ROA	(9.6)	(5.0)	(6.6)	(6.2)	(10.2)
ROE	(25.0)	(13.3)	(16.8)	(15.6)	(30.0)

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 149 Derivative Warrants which are ACE16C2111A, ACE16C2201A, ACE16C2202A, ADVA16C2110A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AMAT16C2112A, AOT16C2112A, AOT16C2202A, BAM16C2110A, BAM16C2112A, BANP16C2110A, BANP16C2112A, BANP16C2201A, BANP16C2202A, BBL16C2201A, BCH16C2111A, BCH16C2111B, BCH16C2201A, BCH16C2203A, BCPG16C2111A, BEC16C2202A, BGRI16C2110A, BGRI16C2112A, CBG16C2201A, CBG16C2202A, CHG16C2111A, CHG16C2112A, CHG16C2202A, COM716C2110A, COM716C2112A, CPAL16C2111A, CPAL16C2112A, CPF16C2112A, CPN16C2202A, DELT16C2112A, DELT16C2202A, DELT16C2203A, DOHO16C2111A, DOHO16C2112A, DOHO16C2202A, DTAC16C2112A, EA16C2110A, EA16C2201A, EGCO16C2110A, ESSO16C2202A, GLOB16C2201A, GLOB16C2203A, GPSC16C2110A, GPSC16C2201A, GPSC16C2201B, GPSC16C2203A, GULF16C2112A, GULF16C2202A, GUNK16C2110A, GUNK16C2112A, GUNK16C2201A, GUNK16C2203A, HANA16C2112A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IRPC16C2110A, IRPC16C2112A, IVL16C2110A, IVL16C2111A, IVL16C2202A, JAS16C2202A, JMAR16C2111A, JMAR16C2201A, JMAR16C2202A, JMT16C2110A, JMT16C2201A, JMT16C2203A, KBAN16C2111A, KBAN16C2111B, KBAN16C2201A, KBAN16C2202A, KCE16C2110A, KCE16C2201A, KTC16C2110A, KTC16C2110B, KTC16C2112A, KTC16C2202A, LH16C2202A, MAJO16C2201A, MEGA16C2112A, MINT16C2112A, MTC16C2112A, MTC16C2202A, OR16C2112A, OR16C2202A, OR16C2203A, PTG16C2201A, PTG16C2202A, PTG16C2203A, PTL16C2201A, PTL16C2202A, PTL16C2202B, PTT16C2112A, PTT16C2201A, PTTE16C2112A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RBF16C2112A, RBF16C2202A, RS16C2112A, RS16C2201A, S5016C2112A, S5016C2112A, S5016C2112B, S5016C2112C, S5016P2112C, S5016P2112A, S5016P2112B, S5016C2203A, S5016P2203A, S5016C2112D, S5016P2112D, SAWA16C2112A, SAWA16C2202A, SCB16C2111A, SCB16C2112A, SCB16C2201A, SCB16C2202A, SCC16C2112A, SCGP16C2202A, SCGP16C2201A, SPAL16C2202A, SPRC16C2201A, STA16C2112A, STA16C2201A, STEC16C2110A, STEC16C2201A, STGT16C2111A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2112A, TOP16C2202A, TRUE16C2202A, TRUE16C2203A, TU16C2110A, TU16C2111A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BCPG, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SPALI, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASCO, TOP, TRUE, TU, WHA). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)