Bangkok Airways Pcl (BA TB) - BUY, Price Bt9.55, TP Bt13.50

Results Comment

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Lower-than-expected 4Q loss

- BA reported a normalized loss of Bt221m in 4Q21 versus a normalized loss of Bt640m in 4Q20 and a normalized loss of Bt1.3bn in 3Q21. The loss was lower than what we had expected mainly due to higher dividend income from its associates. Including a Bt79m forex gain, BA reported its net loss of Bt141m in 4Q21.
- Despite our concerns on the rising new COVID-19 cases and oil prices, we maintain a BUY rating on BA as 1) we expect BA's earnings to already bottom out last year, 2) its strong financial status will allow 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 increased by 2% y-y in 4Q21 and significantly by 167% q-q after the suspension of the operation during mid-July to August 2021 due to the government's lockdown measures. Even though its passengers fell by 23% y-y in 4Q21, its revenue per available seat kilometers (RASK) increased by 25% y-y while revenue from the airport-related operations businesses also increased 12% y-y.
- Better cost control allowed BA's operating costs to dropped by 10% y-y in 4Q21, making a negative gross margin of 62% vs. negative 82% in 4Q20. Higher dividend income, especially from BDMS, also helped BA to report lower normalized loss in 4Q21.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	1,056	671	573	401	1,072
Gross profit	**(865)**	**(847)**	**(891)**	**(999)**	**(661)**
SG&A	400	348	374	423	406
Operating profit	(1,265)	(1,195)	(1,264)	(1,422)	(1,068)
EBITDA	**(609)**	**(582)**	**(673)**	**(855)**	**(496)**
Other income	769	439	684	179	1,127
Other expense	(28)	0	4	0	1
Interest expense	255	335	365	298	267
Profit before tax	**(723)**	**(1,091)**	**(949)**	**(1,541)**	**(209)**
Income tax	71	(102)	(5)	(78)	68
Equity & invest. income	145	152	153	108	40
Minority interests	9	11	12	10	17
Extraordinary items	240	80	93	(5,631)	79
Net profit	**(401)**	**(746)**	**(686)**	**(6,977)**	**(141)**
Normalized profit	**(640)**	**(826)**	**(779)**	**(1,346)**	**(221)**
EPS (Bt)	(0.19)	(0.36)	(0.33)	(3.32)	(0.07)
Normalized EPS (Bt)	(0.30)	(0.39)	(0.37)	(0.64)	(0.11)

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	167	2	129	2,717	5,919
Gross profit	**na**	**na**	**100**	**(3,398)**	**(2,189)**
SG&A	(4)	2	105	1,551	1,776
Operating profit	na	na	101	(4,949)	(3,965)
EBITDA	**na**	**na**	**114**	**(2,607)**	**(1,272)**
Other income	529	47	133	2,429	1,887
Other expense	1,465	na	na	5	0
Interest expense	(10)	5	112	1,265	1,241
Profit before tax	**na**	**na**	**91**	**(3,791)**	**(3,320)**
Income tax	na	(4)	na	(117)	0
Equity & invest. income	(63)	(73)	87	453	391
Minority interests	61	83	406	50	34
Extraordinary items	na	(67)	na	(5,379)	0
Net profit	**na**	**na**	**235**	**(8,550)**	**(2,894)**
Normalized profit	**na**	**na**	**87**	**(3,171)**	**(2,894)**
EPS (Bt)	na	na	235	(4.07)	(1.38)
Normalized EPS (Bt)	na	na	87	(1.51)	(1.38)

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	2,181	1,521	1,253	1,105	2,126
A/C receivable	401	296	253	240	373
Inventory	477	455	450	439	438
Other current assets	198	163	220	356	169
Investment	28,305	29,389	30,951	28,005	28,191
Fixed assets	9,777	9,573	9,376	9,203	8,927
Other assets	9,263	8,856	8,484	8,333	8,715
Total assets	**50,602**	**50,253**	**50,988**	**47,681**	**48,939**
S-T debt	2,593	3,334	3,351	14,405	17,910
A/C payable	1,119	827	888	863	967
Other current liabilities	6,965	4,492	4,058	4,853	4,926
L-T debt	3,046	2,607	2,804	4,932	4,540
Other liabilities	17,272	19,284	19,606	9,572	7,434
Minority interest	14	4	(8)	(19)	(36)
Shareholders' equity	**19,591**	**19,705**	**20,290**	**13,074**	**13,198**
Working capital	(242)	(76)	(184)	(184)	(156)
Total debt	5,640	5,941	6,155	19,337	22,450
Net debt	**3,459**	**4,421**	**4,902**	**18,232**	**20,324**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(81.3)	(88.1)	99.6	(42.4)	1.6
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	(82.0)	(126.3)	(155.5)	(249.2)	(61.7)
Operating margin	(119.8)	(178.1)	(220.8)	(354.8)	(99.6)
EBITDA margin	(57.6)	(86.8)	(117.5)	(213.4)	(46.3)
Norm net margin	(60.6)	(123.1)	(136.0)	(335.6)	(20.6)
D/E (x)	0.3	0.3	0.3	1.5	1.7
Net D/E (x)	0.2	0.2	0.2	1.4	1.5
Interest coverage (x)	(2.4)	(1.7)	(1.8)	(2.9)	(1.9)
Interest rate	19.3	23.2	24.1	9.3	5.1
Effective tax rate	(9.8)	9.4	0.5	5.0	(32.7)
ROA	(5.0)	(6.6)	(6.2)	(10.9)	(1.8)
ROE	(13.3)	(16.8)	(15.6)	(32.3)	(6.7)

Sources: Company data, Thanachart estimates

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