

ASIA PACIFIC



AIRLINES

SHORT TERM (3 MTH) LONG TERM

TRADING BUY

OVERWEIGHT

TRADING SELL

NEUTRAL

UNDERWEIGHT

SECTOR FLASH NOTE

CIMB Analyst(s)


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So-so for TGR, but good for CEB

Cebu Air (CEB) announced that it would buy 100% of Tigerair Philippines (TAP), while Tiger Airways (TGR) would sell its 40% stake. This was reported in the media last week but we were surprised by the cheap price of TAP. While the sale of TAP is a win-win transaction for both parties, CEB is clearly coming out on top. We reiterate our Reduce ratings for both stocks as the competitive conditions remain tough and their valuations are unattractive. We upgrade our core EPS forecasts for both stocks but downgrade our target price for CEB due to the peso depreciation. TGR's target is raised slightly. Our sector call remains Neutral, with Cathay Pacific as our top pick.

What Happened »

TGR gets out of the Philippines. TGR agreed to dispose of its 40% stake in TAP for US\$7m (S\$8.9m), implying a value of US\$17.5m (Php780m) for the whole company. In our 6 Jan report [\[PDF\]](#), we had estimated a value of Php1.1bn so this deal values TAP 30% below our expectation. It was surprising that TGR agreed to transfer TAP to CEB free of all liabilities and that TGR would settle TAP's liabilities of S\$22.4m prior to the sale. In the end, TGR will record an exceptional loss of S\$13.5m from the sale of its 40% stake in TAP (S\$8.9m proceeds less S\$22.4m settlement of liabilities) as opposed to our earlier hopes of an exceptional gain.

CEB gets a great deal. CEB, on the other hand, is paying only US\$17.5m for TAP's 3% share of Manila NAIA's airport takeoff/landing slots, which it will be able to use in perpetuity. This will allow CEB to increase its slots in the very congested airport by a precious 10%. The deal will be completed before 31 March 2014, subject to TGR obtaining approval from its shareholders and CEB receiving approval from the Philippine Civil Aeronautics Board (CAB).

Strategic alliance formed. Separately, TGR and CEB entered into a strategic alliance, whereby both carriers will jointly operate common routes between the two countries, and coordinate pricing/capacity subject to approval by Singapore's Competition Commission, as well as market each other's domestic and international route networks.

What We Think »

Something better than nothing. There is no masking the fact that CEB is getting an excellent deal because of the paucity of alternative buyers. While we would have hoped for a better outcome for TGR, holding on to TAP would have ultimately been a long-term cash drain. TGR can at least take comfort in the fact that CEB will now be its global partner, instead of its competitor.

Good for the industry? We expect that the industry as a whole will benefit from having one less competitor, but note that TAP has not generally been the key source of pricing irrationality in the Philippines and its presence is small. If PAL and AirAsia continue to be aggressive, the outlook will remain tough.

What You Should Do »

Reduce calls maintained. Despite increasing its slots at Manila and the high likelihood of yield recovery in 2014, every 1% rise in the US\$ will wipe out 30% of CEB's profits. The US\$ has appreciated 5.5% from an average of Php42.45 in 2013 to Php44.77 today. TGR will likely continue to incur losses from Indonesia and Australia, while Singapore is also facing excess capacity. We need to see a stronger price correction before reviewing our calls.

Figure 1: Sector Comparison

Company	Bloomberg Ticker	Recom.	Price	Target Price	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	EV/EBITDA (x)	Dividend Yield (%)
			(local curr)	(local curr)		CY2013	CY2014		CY2013	CY2014			
AirAsia Bhd	AIRA MK	Hold	RM2.34	RM2.55	1,981	10.4	10.9	-8.1%	1.21	1.07	12.0%	7.9	2.6%
AirAsia X Bhd	AAX MK	Hold	RM1.02	RM1.11	736	33.6	24.2	na	1.67	1.40	7.3%	12.8	0.0%
Asia Aviation Pcl	AAV TB	Reduce	THB3.64	THB4.10	534	11.9	11.9	11.5%	0.90	0.84	8.1%	9.8	0.0%
Tiger Airways	TGR SP	Reduce	S\$0.51	S\$0.48	396	na	na	na	1.22	1.06	-22.6%	12.2	0.0%
Cebu Air	CEB PM	Reduce	PHP50.95	PHP37.30	689	19.3	29.9	-15.1%	1.41	1.36	7.5%	8.4	0.0%
SpiceJet	SJET IN	Not Rated	INR19.55	-	169	na	na	na	na	na	62.5%	72.7	0.0%
Air Arabia	AIRARABI UH	Not Rated	AED1.55	-	1,969	15.6	13.6	14.0%	1.30	1.24	8.4%	11.9	4.7%
Ryanair	RYA ID	Not Rated	€6.89	-	12,997	19.1	18.9	6.6%	2.95	2.85	16.0%	9.7	1.6%
easyJet	EZJ LN	Not Rated	£16.28	-	10,603	17.7	15.0	17.1%	3.25	2.89	18.8%	10.6	1.9%
Southwest	LUV US	Not Rated	US\$19.53	-	13,607	18.8	15.6	11.2%	1.89	1.77	10.2%	6.9	0.7%
JetBlue	JBLU US	Not Rated	US\$8.68	-	2,451	17.3	13.2	10.8%	1.27	1.20	7.3%	7.5	0.0%
GOL	GOL US	Not Rated	US\$4.70	-	1,311	na	na	na	4.52	5.37	-55.5%	8.9	0.1%
WestJet	WJA CN	Not Rated	C\$27.28	-	3,372	13.9	11.4	7.9%	2.12	1.93	15.5%	3.5	1.5%
Low-Cost Carriers						19.1	16.3	9.9%	2.13	1.99	11.4%	8.3	1.4%
Cathay Pacific Airways	293 HK	Add	HK\$16.52	HK\$18.50	8,381	26.4	12.8	73.1%	1.08	1.01	4.2%	9.9	0.8%
China Eastern Airlines	670 HK	Reduce	HK\$2.80	HK\$2.30	5,159	18.9	11.6	-1.0%	1.02	0.93	6.1%	11.4	0.0%
China Southern Airlines	1055 HK	Reduce	HK\$2.93	HK\$2.40	4,074	21.6	10.4	4.9%	0.64	0.60	3.0%	10.8	2.1%
Air China	753 HK	Hold	HK\$5.28	HK\$5.90	8,460	13.1	9.1	12.6%	0.91	0.84	7.2%	7.4	1.8%
Korean Air	003490 KS	Hold	Won32,000	Won30,500	1,757	na	46.2	na	0.90	0.82	-14.3%	10.5	0.0%
Asiana Airlines	020560 KS	Hold	Won4,955	Won5,200	905	na	80.1	na	0.96	0.95	-13.3%	33.4	0.0%
Malaysian Airline System	MAS MK	Reduce	RM0.32	RM0.17	1,603	na	na	na	1.31	1.96	-37.1%	na	0.0%
Singapore Airlines	SIA SP	Hold	S\$10.23	S\$10.50	9,454	23.4	18.8	21.8%	0.91	0.89	4.0%	5.5	3.2%
Thai Airways International	THAI TB	Reduce	THB12.70	THB13.50	838	na	24.7	10.8%	0.44	0.44	-3.2%	9.2	0.0%
Qantas Airways	QAN AU	Hold	A\$1.10	A\$1.14	2,157	na	na	-153.2%	0.44	0.49	-3.8%	3.8	0.0%
Virgin Australia Holdings	VAH AU	Reduce	A\$0.39	A\$0.35	1,208	na	55.1	98.0%	1.00	1.03	-2.6%	7.1	0.0%
China Airlines	2610 TT	Not Rated	TWD10.80	-	1,861	52.4	16.4	1629.9%	1.07	1.00	2.0%	10.5	0.3%
EVA Airways	2618 TT	Not Rated	TWD16.65	-	1,799	33.3	16.3	-1.9%	1.46	1.35	4.2%	8.7	0.2%
Garuda	GIAA IJ	Not Rated	Rp500	-	925	15.2	10.2	5.3%	0.79	0.72	5.9%	5.6	0.0%
Full-Service Carriers						56.2	18.7	17.8%	0.88	0.85	1.6%	9.4	1.3%
Average (all)						28.1	17.4	13.5%	1.25	1.20	4.6%	9.0	1.3%

SOURCES: CIMB, COMPANY REPORTS

Cebu Air

CEB PM / CEB.PS

Market Cap
US\$689.0m


PHP30,873m

Avg Daily Turnover
US\$0.17m

PHP7.57m

Free Float
32.8%

613.2 m shares

Current
Target 
Prev. Target
Up/Downside

PHP50.95
PHP37.30
PHP39.70
-26.8%

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.5	1.6	-17.1
Absolute	-1	-5.7	-18.1

Major shareholders	% held
JG Summit Holdings	67.2

What a catch!

CEB's deal to purchase 100% of Tigerair Philippines (TAP) must be the deal of the year. For only US\$17.5m, CEB will gain access to 3% of the slot capacity at Manila's NAIA airport, increase its slots by 10% in perpetuity. By all measures, CEB got a great deal.

This has led us to increase our ASK capacity and yield forecasts due to the expected fall in competition. But virtually all of the benefits are offset by the sharp fall of the peso against the US\$, thus our core EPS is raised by only 4-7%. Our target price, still based on 1x CY14 P/BV, is reduced as the weak peso has raised the peso equivalent of its US\$ debt balances. Maintain Reduce as weak results will be the key de-rating catalyst.

A royal flush

CEB is buying all of TAP with just US\$17.5m cash (Php780m), far below our expectations of Php1.1bn. This deal values TAP 30% below our estimate. More surprisingly, TGR has agreed to pay all of TAP's outstanding liabilities and remit to CEB all sales collected in advance. Thus, CEB is taking over TAP with a clean slate. Clearly, CEB is negotiating from a position of strength, while TGR is very weak. We estimate that it will take CEB less than seven years to recoup this investment.

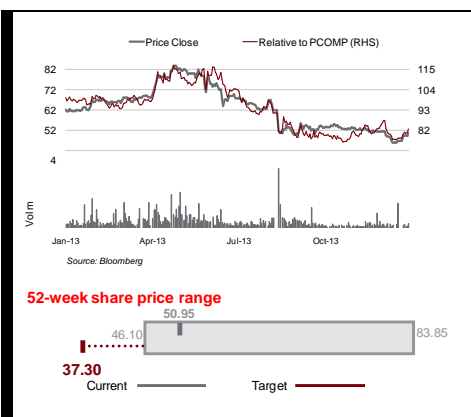
Strategic alliance

CEB's alliance with TGR will see it coordinate pricing, capacity and

scheduling on shared routes (subject to regulatory approval) and cross-sell TGR's flights. For instance, CEB can sell TGR's flights from Singapore to India/Indonesia, while TGR can sell CEB's flights from Manila to Japan. The airlines may also code share and interline, with seamless baggage transfers for connecting passengers. This is also beneficial for CEB at the margin, although nothing of the magnitude of the additional airport slots at congested Manila.

Forecast changes

We have downgraded our FY13 reported net profit from Php1,450m to a breakeven position, after factoring in Php1.8bn in unrealised translation losses on its US\$ debt balances, given the 8% depreciation of the peso against the US\$ in 2013. However, our FY13 core EPS is raised by 7% on a slightly stronger average peso rate last year. FY14-15 EPS is raised 4% due to higher ASK capacity upon the acquisition of TAP's slots and stronger yield recovery due to the possible reduction in competition, albeit offset by weaker peso forecasts.



Financial Summary

	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Revenue (PHPm)	33,935	37,904	41,883	55,553	65,627
Operating EBITDA (PHPm)	6,180	5,483	5,261	5,142	5,940
Net Profit (PHPm)	3,624	3,570	(46)	818	1,337
Core EPS (PHP)	7.08	4.13	2.63	1.70	2.61
Core EPS Growth	(26.8%)	(41.6%)	(36.3%)	(35.4%)	53.6%
FD Core P/E (x)	7.20	12.33	19.34	29.94	19.49
DPS (PHP)	0.00	1.00	0.00	0.00	0.00
Dividend Yield	0.00%	1.96%	0.00%	0.00%	0.00%
EV/EBITDA (x)	6.92	7.83	8.84	8.92	7.39
P/FCFE (x)	19.98	4.34	8.33	5.95	5.86
Net Gearing	62.2%	55.1%	71.8%	70.2%	58.6%
P/BV (x)	1.63	1.41	1.41	1.36	1.29
ROE	23.4%	12.3%	7.3%	4.6%	6.8%
% Change In Core EPS Estimates			7.14%	4.24%	4.14%
CIMB/consensus EPS (x)			(0.03)	0.30	0.39

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(PHPm)	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Total Net Revenues	37,904	41,883	55,553	65,627
Gross Profit	5,483	5,261	5,142	5,940
Operating EBITDA	5,483	5,261	5,142	5,940
Depreciation And Amortisation	(2,768)	(3,399)	(3,743)	(4,011)
Operating EBIT	2,715	1,862	1,400	1,929
Total Financial Income/(Expense)	(317)	(561)	(657)	(667)
Total Pretax Income/(Loss) from Assoc.	54	80	90	100
Total Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	2,452	1,380	833	1,362
Exceptional Items	1,415	(1,800)	0	0
Pre-tax Profit	3,867	(420)	833	1,362
Taxation	(297)	374	(15)	(25)
Exceptional Income - post-tax				
Profit After Tax	3,570	(46)	818	1,337
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	3,570	(46)	818	1,337
Recurring Net Profit	2,534	1,615	1,044	1,603
Fully Diluted Recurring Net Profit	2,534	1,615	1,044	1,603

Balance Sheet

(PHPm)	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Total Cash And Equivalents	10,728	13,918	18,514	23,178
Total Debtors	989	1,092	1,449	1,711
Inventories	417	472	649	768
Total Other Current Assets	985	985	985	985
Total Current Assets	13,120	16,467	21,597	26,643
Fixed Assets	47,484	52,490	57,588	60,388
Total Investments	512	592	1,465	1,565
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	221	221	221	221
Total Non-current Assets	48,217	53,303	59,275	62,175
Short-term Debt	2,769	2,769	2,769	2,769
Current Portion of Long-Term Debt				
Total Creditors	7,769	8,775	12,079	14,301
Other Current Liabilities	6,027	6,655	8,812	10,401
Total Current Liabilities	16,565	18,199	23,660	27,472
Total Long-term Debt	20,155	27,000	31,822	34,619
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2,482	2,482	2,482	2,482
Total Non-current Liabilities	22,637	29,482	34,304	37,101
Total Provisions	0	0	0	0
Total Liabilities	39,202	47,681	57,964	64,573
Shareholders' Equity	22,135	22,089	22,907	24,244
Minority Interests	0	0	0	0
Total Equity	22,135	22,089	22,907	24,244

Cash Flow

(PHPm)	Dec-12A	Dec-13F	Dec-14F	Dec-15F
EBITDA	5,483	5,261	5,142	5,940
Cash Flow from Inv. & Assoc.				
Change In Working Capital	1,562	1,477	4,927	3,430
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	146	869	1,062	1,188
Net Interest (Paid)/Received	(733)	(869)	(1,062)	(1,188)
Tax Paid	(297)	374	(15)	(25)
Cashflow From Operations	6,161	7,111	10,054	9,345
Capex	(4,506)	(8,405)	(8,841)	(6,811)
Disposals Of FAs/subsidiaries	0	0	(783)	0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	3,493	0	0	0
Cash Flow From Investing	(1,014)	(8,405)	(9,624)	(6,811)
Debt Raised/(repaid)	2,052	5,045	4,823	2,797
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(606)	0	0	0
Preferred Dividends				
Other Financing Cashflow	(4,561)	(561)	(657)	(667)
Cash Flow From Financing	(3,114)	4,483	4,166	2,131
Total Cash Generated	2,033	3,189	4,596	4,664
Free Cashflow To Equity	7,199	3,751	5,253	5,331
Free Cashflow To Firm	5,880	(425)	1,492	3,721

Key Ratios

	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Revenue Growth	11.7%	10.5%	32.6%	18.1%
Operating EBITDA Growth	(11.3%)	(4.0%)	(2.3%)	15.5%
Operating EBITDA Margin	14.5%	12.6%	9.3%	9.1%
Net Cash Per Share (PHP)	(19.89)	(25.85)	(26.22)	(23.17)
BVPS (PHP)	36.10	36.02	37.35	39.54
Gross Interest Cover	3.71	2.14	1.32	1.62
Effective Tax Rate	7.69%	0.00%	1.78%	1.85%
Net Dividend Payout Ratio	25.0%	NA	NA	NA
Accounts Receivables Days	8.81	9.07	8.35	8.79
Inventory Days	4.60	4.43	4.06	4.33
Accounts Payables Days	81.73	82.44	75.50	80.66
ROIC (%)	6.50%	4.21%	2.88%	3.95%
ROCE (%)	7.4%	4.5%	3.3%	4.1%

Key Drivers

	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Av. Seat Km (ASK, Yoy Chg %)	14.4%	16.6%	36.3%	18.9%
Rev. Psg Km (RPK, Yoy Chg %)	9.5%	18.4%	30.0%	18.0%
Passenger Load Factor (%)	81.5%	82.8%	79.0%	78.4%
Pax yld per RPK (PHP)	3.3	3.1	3.1	3.1
Pax rev. per ASK (PHP)	2.7	2.5	2.5	2.5
Total Cost Per ATK (PHP)	25.7	25.1	24.8	24.5
Fuel Cost Per ATK (PHP)	12.5	12.6	13.4	13.5
Non-fuel Cost Per ATK (PHP)	13.1	12.4	11.4	11.0
Jet Fuel Price (US\$/barrel)	130.5	128.6	130.6	130.8
Fleet Size (no. Of Planes)	41	48	55	60

Tiger Airways

TGR SP / TAHL.SI

Market Cap
US\$396.0m
S\$503.0m

Avg Daily Turnover
US\$0.33m
S\$0.41m

Free Float
45.0%
871.2 m shares

Current **\$S0.51**
Target **\$S0.48**
Prev. Target **\$S0.47**
Up/Downside **-5.9%**

STOCK RATING

ADD
HOLD
REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.2	-8.2	-24.4
Absolute	1	-8.1	-26.1

Major shareholders	% held
SIA	32.8
Temasek	7.3

Disappointing pricing

In our 6 January report, we had hoped that TGR would get at least S\$12.5m for its 40% stake in Tigerair Philippines. However, the agreement with CEB was for only S\$8.9m, 30% below our expectation. TGR also surprisingly agreed to bear S\$22.4m in TAP liabilities.

Thus, TGR will report a loss of S\$13.5m versus our expectations of a gain, leading us to downgrade our FY14 reported net profit and keep the Reduce call. Core EPS in FY14 is reduced 1% for housekeeping matters but raised in FY15-16 due to the removal of TGR's share of TAP's losses. This raises our target price slightly, still based on 1x CY14 P/BV. The de-rating catalysts include tough Australian and Indonesian markets.

Surprising loss from sale

Even though the equity value of TAP has already been written down to zero in TGR's books, TGR will still record a loss from the transaction as it has agreed to settle all of TAP's outstanding liabilities amounting to S\$22.4m prior to the sale to CEB. Although TGR only owns 40% of TAP, it will bear all of these liabilities on its own, which suggests that the remaining 60% shareholders are unable/unwilling to bear the burden. CEB will take over 100% of TAP with a clean slate. Such a lopsided deal in favour of CEB indicates that TGR's bargaining power was very weak, likely due to the absence of other buyers. However, TGR can at least

stop the red ink in the Philippines and eliminate the need for further cash injections.

Aircraft repositioning

The two A319s leased by TGR and currently used by TAP will return to TGR to be used for routes with lower levels of demand. Three A320s leased by TAP will be novated to TGR, which will take over as the lessee, but they will then be sub-leased to CEB for possibly a few months. Once CEB returns the three A320s, TGR can reallocate them to grow Tigerair Mandala.

Strategic alliance

We view the strategic alliance with CEB as mutually beneficial. TGR will be able to share capacity to the Philippines with CEB, and possibly coordinate scheduling and pricing, subject to regulatory approval.

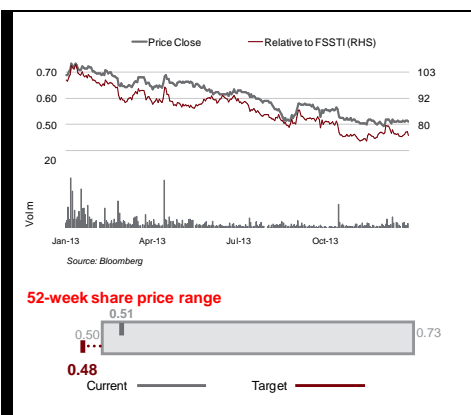
New strategic vision

With the partial dismantling of ex-CEO Tony Davis's vision of a wide pan-Asian network, TGR will emerge as an asset-light player focusing only on Singapore and Indonesia. It will work with other airline partners in Australia, the Philippines and Taiwan.

Financial Summary

	Mar-12A	Mar-13A	Mar-14F	Mar-15F	Mar-16F
Revenue (S\$m)	618.2	866.2	798.9	846.3	910.7
Operating EBITDA (S\$m)	(44.05)	45.47	71.87	84.04	86.41
Net Profit (S\$m)	(104.4)	(45.4)	(13.1)	1.5	14.9
Core EPS (S\$)	(0.12)	(0.05)	(0.08)	0.00	0.02
Core EPS Growth	(319%)	(56%)	55%	na	901%
FD Core P/E (x)	NA	NA	NA	338.4	33.8
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	18.49	11.84	9.81	9.59
P/FCFE (x)	NA	NA	NA	NA	32.29
Net Gearing	170%	200%	74%	68%	68%
P/BV (x)	1.78	2.23	1.06	1.06	1.04
ROE	(39.8%)	(20.2%)	(23.4%)	0.3%	3.1%
% Change In Core EPS Estimates			(1%)	(109%)	1681%
CIMB/consensus EPS (x)			0.46	(0.14)	0.63

SOURCE: CIMB, COMPANY REPORTS



Profit & Loss

(\$m)	Mar-13A	Mar-14F	Mar-15F	Mar-16F
Total Net Revenues	866.2	798.9	846.3	910.7
Gross Profit	45.5	71.9	84.0	86.4
Operating EBITDA	45.5	71.9	84.0	86.4
Depreciation And Amortisation	(34.0)	(37.3)	(40.9)	(40.5)
Operating EBIT	11.4	34.6	43.1	45.9
Total Financial Income/(Expense)	(6.9)	(5.7)	(4.7)	(4.5)
Total Pretax Income/(Loss) from Assoc.	(27.5)	(87.0)	(36.8)	(25.7)
Total Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	(22.9)	(58.1)	1.6	15.6
Exceptional Items	(12.1)	44.3	0.0	0.0
Pre-tax Profit	(35.0)	(13.8)	1.6	15.6
Taxation	(10.4)	0.7	(0.1)	(0.8)
Exceptional Income - post-tax		0.0		
Profit After Tax	(45.4)	(13.1)	1.5	14.9
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0			
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	(45.4)	(13.1)	1.5	14.9
Recurring Net Profit	(45.1)	(78.7)	1.5	14.9
Fully Diluted Recurring Net Profit	(45.1)	(78.7)	1.5	14.9

Balance Sheet

(\$m)	Mar-13A	Mar-14F	Mar-15F	Mar-16F
Total Cash And Equivalents	117	344	329	336
Total Debtors	28	26	27	29
Inventories	0	0	0	0
Total Other Current Assets	29	8	8	8
Total Current Assets	174	378	365	373
Fixed Assets	782	995	954	976
Total Investments	0	0	0	0
Intangible Assets	1	1	1	1
Total Other Non-Current Assets	91	48	61	66
Total Non-current Assets	874	1,044	1,016	1,042
Short-term Debt	148	148	148	148
Current Portion of Long-Term Debt				
Total Creditors	175	155	163	176
Other Current Liabilities	107	42	42	42
Total Current Liabilities	431	345	353	366
Total Long-term Debt	366	548	502	514
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	53	53	53	53
Total Non-current Liabilities	419	601	556	567
Total Provisions	0	0	0	0
Total Liabilities	850	947	909	933
Shareholders' Equity	199	475	472	482
Minority Interests	0	0	0	0
Total Equity	199	475	472	482

Cash Flow

(\$m)	Mar-13A	Mar-14F	Mar-15F	Mar-16F
EBITDA	45.5	71.9	84.0	86.4
Cash Flow from Inv. & Assoc.				
Change In Working Capital	51.0	(17.8)	6.0	11.2
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	12.2	5.7	4.7	4.5
Net Interest (Paid)/Received	(6.9)	(5.7)	(4.7)	(4.5)
Tax Paid	(10.4)	0.7	(0.1)	(0.8)
Cashflow From Operations	91.4	54.7	90.0	96.8
Capex	(531.4)	(250.0)	0.0	(62.5)
Disposals Of FAs/subsidiaries	552.6	(13.5)	0.0	0.0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(75.4)	(30.2)	(50.0)	(30.0)
Cash Flow From Investing	(54.2)	(293.7)	(50.0)	(92.5)
Debt Raised/(repaid)	(69.5)	182.0	(45.7)	11.3
Proceeds From Issue Of Shares	0.0	293.7	0.0	0.0
Shares Repurchased				
Dividends Paid	0.0	0.0	0.0	0.0
Preferred Dividends				
Other Financing Cashflow	(11.1)	(10.0)	(9.1)	(8.9)
Cash Flow From Financing	(80.6)	465.7	(54.8)	2.4
Total Cash Generated	(43.5)	226.7	(14.8)	6.7
Free Cashflow To Equity	(32.3)	(57.0)	(5.7)	15.6
Free Cashflow To Firm	46.7	(228.7)	51.4	15.5

Key Ratios

	Mar-13A	Mar-14F	Mar-15F	Mar-16F
Revenue Growth	40.1%	(7.8%)	5.9%	7.6%
Operating EBITDA Growth	na	58%	17%	3%
Operating EBITDA Margin	5.25%	9.00%	9.93%	9.49%
Net Cash Per Share (\$\$)	(0.46)	(0.36)	(0.33)	(0.33)
BVPS (\$\$)	0.23	0.48	0.48	0.49
Gross Interest Cover	1.20	3.36	3.77	4.11
Effective Tax Rate	0.00%	0.00%	5.00%	5.00%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	11.47	12.26	11.44	11.38
Inventory Days	0.09	0.13	0.12	0.11
Accounts Payables Days	66.30	82.99	76.16	75.23
ROIC (%)	1.3%	4.4%	4.1%	4.5%
ROCE (%)	1.83%	4.16%	4.35%	4.64%

Key Drivers

	Mar-13A	Mar-14F	Mar-15F	Mar-16F
Av. Seat Km (ASK, Yoy Chg %)	23.5%	4.2%	11.2%	5.6%
Rev. Psg Km (RPK, Yoy Chg %)	27.5%	1.2%	10.5%	5.6%
Passenger Load Factor (%)	83.9%	81.5%	81.0%	81.0%
Pax yld per RPK (\$\$)	8.0	7.2	6.9	7.1
Pax rev. per ASK (\$\$)	6.7	5.9	5.6	5.7
Total Cost Per ATK (\$\$)	0.7	0.5	0.6	0.6
Fuel Cost Per ATK (\$\$)	0.3	0.2	0.2	0.2
Non-fuel Cost Per ATK (\$\$)	0.4	0.3	0.3	0.3
Jet Fuel Price (US\$/barrel)	132.0	128.0	128.0	128.0
Fleet Size (no. Of Planes)	41	51	60	69

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1277 companies under coverage for quarter ended on 30 November 2013		
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Outperform/Buy/Trading Buy/Add	50.1%	6.9%
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CIMB Recommendation Framework #1

Stock Ratings	Definition
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock.

Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition
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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
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CIMB Stock Recommendation Framework #2 *

Outperform	The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.
Neutral	The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.
Underperform	The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.
Trading Buy	The stock's total return is expected to exceed a relevant benchmark's total return by 3% or more over the next 3 months.
Trading Sell	The stock's total return is expected to be below a relevant benchmark's total return by 3% or more over the next 3 months.

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Outperform	Expected positive total returns of 10% or more over the next 12 months.
Neutral	Expected total returns of between -10% and +10% over the next 12 months.
Underperform	Expected negative total returns of 10% or more over the next 12 months.
Trading Buy	Expected positive total returns of 10% or more over the next 3 months.
Trading Sell	Expected negative total returns of 10% or more over the next 3 months.

*** This framework only applies to stocks listed on the Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.*

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2012.

AAV – not available, **ADVANC** - Excellent, **AEONTS** – Good, **AMATA** - Very Good, **ANAN** – not available, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent, **BAY** - Excellent, **BBL** - Excellent, **BCH** – not available, **BCP** - Excellent, **BEC** - Very Good, **BGH** - not available, **BJC** – Very Good, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Excellent, **CCET** - Good, **CENTEL** – Very Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **EGCO** – Excellent, **ERW** – Excellent, **GLOBAL** - Good, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Very Good, **ITD** – Very Good, **IVL** - Very Good, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KK** – Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Good, **MAKRO** – Very Good, **MCOT** - Excellent, **MINT** - Very Good, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - Excellent, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **RS** – Excellent, **SAMART** – Excellent, **SC** – Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good, **SIRI** - Good, **SPALI** - Very Good, **SRICHA** – not available, **SSI** – not available, **STA** - Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Excellent, **THCOM** – Very Good, **TICON** – Very Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TTW** – Very Good, **TUF** - Very Good, **VGI** – not available, **WORK** – Good.