

Eva Airways (2618.TW/2618 TT)

2024F earnings to remain high, with decent cash yield

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Upgraded

Price as of December 28 (NT\$)	31.25
12M target price (NT\$)	38.00
Previous target price (NT\$)	30.00
Revised up (%)	26.7
Upside (%)	21.6

Key message

1. We forecast 4Q23 EPS of NT\$1.26 on higher freight rates and lower fuel costs.
2. Passenger revenue will grow further in 2024F on rising transport volume and ticket prices.
3. 4Q23F earnings to be annual peak, keeping cash yield above 7%..

Trading data

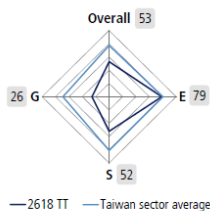
Mkt cap (NT\$bn/US\$m)	168.8 / 5,497
Outstanding shares (mn)	5,400
Foreign ownership (mn)	1,355
3M avg. daily trading (mn)	56.49
52-week trading range (NT\$)	25.55 -41.35

Performance	3M	6M	12M
Absolute (%)	5	-24.3	10.8
Relative (%)	-4.5	-30.1	-15.6

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	0.64A	0.34A	0.23A	0.13A
2023	0.84A	1.11A	1.10A	1.26F
2024	0.99F	0.63F	0.93F	1.11F

ESG score card



Source: Refinitiv, KGI securities

Event

On rising air freight rates and lower fuel costs, we expect 4Q23 earnings to be the annual peak for Eva Airways. Due to better-than-expected passenger revenue, we revise up 2023-24F earnings, and note that cash yield will be above 7% on a 50% cash dividend payout ratio.

Impact

4Q23F earnings to be annual peak on higher cargo freight rates. 2023F freight tonne kilometers (FTK) is set to fall YoY on weak cargo demand due to macroeconomic concerns and the absence of pandemic-driven demand. However, cargo yield will likely grow 20% YoY from the 2019 level. In 4Q23, air cargo freight rates have risen on surging demand from the e-commerce and electronics sectors, driving 30% QoQ growth in cargo yield. As such, we raise 4Q23F cargo revenue to NT\$12.4bn, up 27% QoQ. In light of better cargo and passenger revenues, we revise up 4Q23F consolidated sales by 8.3% and EPS by 97% to NT\$1.26.

Passenger revenue to grow in 2024F on rising transport volume & ticket prices. We revise up 2023-24F passenger revenue by a respective 1% and 7% to NT\$135bn and NT\$142bn, mainly to reflect: (1) higher 2023-24F revenue passenger kilometers (RPK) forecasts, which we estimate will be a respective 4.2% and 13.5% above the 2019 level, as the firm has been adding long-haul flights to the US and Europe to address growing post-pandemic travel demand; and (2) our expectation that flight ticket prices will remain high over the next six months, as flight supply continues to fall short of demand. We raise 2023-24F passenger yield to a respective 29% and 25%, 2.7x and 2.6x above the 2019 level.

2024F EPS to arrive at NT\$3.69 on growing passenger revenue & lower fuel costs. Given increased cargo revenue in 4Q23 and the likelihood of continued growth of 2024 passenger revenue, we revise up 2023F consolidated sales to NT\$200bn, up 45% YoY, followed by a 1% YoY decline to NT\$198bn in 2024F. In light of declining fuel costs, which account for the bulk of variable costs, we raise 2023-24F EPS by a respective 17% and 89% to NT\$4.33 and NT\$3.69.

Valuation & Action

4Q23F earnings will mark the peak for 2023F, and 2024F earnings will remain high. Coupled with cash yield over 7%, we upgrade Eva Airways to Outperform and raise our one-year target price to NT\$38, based on 2024F BVPS before cash dividend payment and PB of 1.5x.

Risks

Lower-than-expected increase in variable passenger costs.

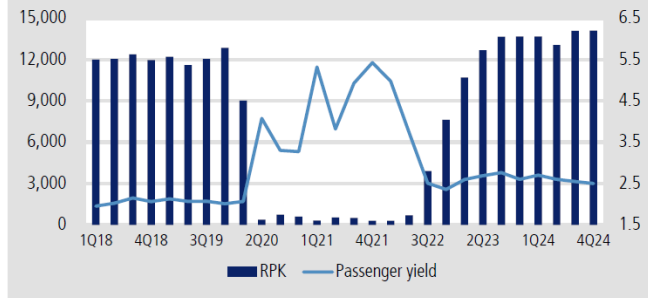
Key financials and valuations

	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Revenue (NT\$m)	89,049	103,872	138,069	199,869	197,477
Gross profit (NT\$m)	8,557	19,325	19,712	45,552	42,383
Operating profit (NT\$m)	(827)	10,358	9,798	31,114	27,361
Net profit (NT\$m)	(3,362)	6,608	7,091	23,228	19,763
EPS (NT\$)	(0.69)	1.31	1.34	4.33	3.69
Cash DPS (NT\$)	-	0.60	0.80	2.17	1.84
EPS growth (%)	(183.9)	0.0	2.3	223.4	(14.9)
PE (x)	N.A.	23.9	23.3	7.2	8.5
PB (x)	2.1	1.9	1.9	1.7	1.5
EV/EBITDA (x)	8.4	5.5	4.5	3.6	3.7
Net debt to equity (%)	96.7	63.1	9.3	Net cash	Net cash
Dividend yield (%)	0.0	1.9	2.6	6.9	5.9
Return on average equity (%)	(4.7)	8.4	8.2	24.8	18.9

Source: Company data, KGI Research estimates

Figure 1: 2023-24F passenger yield will be high

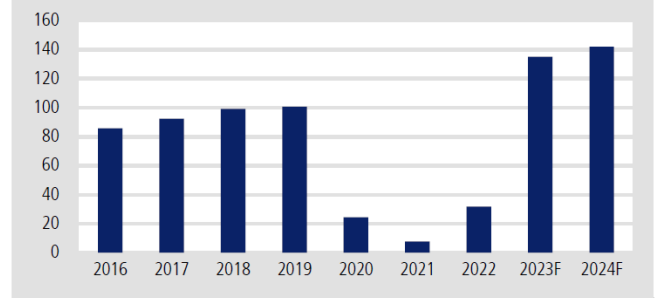
Passenger PRK, mn passenger-km (LHS); passenger yield, or passenger revenue/RPK (RHS)



Source: KGI Research

Figure 2: 2023-24F passenger revenue to be high

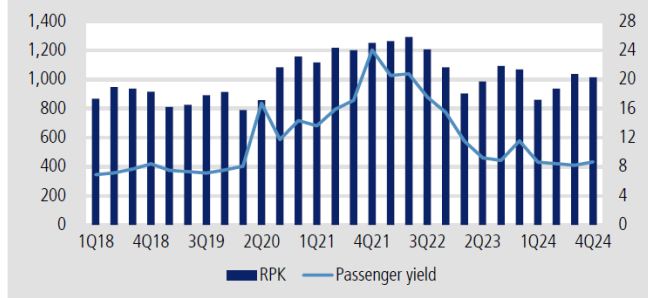
Passenger transport revenue, NT\$bn



Source: KGI Research

Figure 3: Cargo TPK has picked up in 4Q23

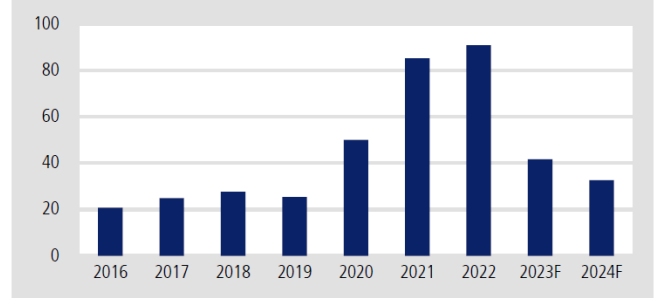
Cargo TPK, mn ton-km (LHS); cargo yield, or cargo revenue/TPK (RHS)



Source: KGI Research

Figure 4: Cargo revenue still above pre-pandemic level

Cargo revenue, NT\$bn



Source: KGI Research

Figure 5: Breakdown of 4Q23 and 1Q24 forecast revisions

NT\$mn	4Q23F					1Q24F				
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)
Sales	53,570	49,442	8.3	0.6	35.8	49,845	47,112	5.8	(7.0)	12.2
Gross profits	13,371	8,649	54.6	14.6	191.2	10,614	7,188	47.7	(20.6)	15.1
Operating income	9,208	5,007	83.9	17.0	392.7	7,309	3,884	88.2	(20.6)	16.5
Net income	6,831	3,470	96.9	14.7	872.6	5,335	2,595	105.6	(21.9)	18.6
EPS (NT\$)	1.26	0.65	94.6	14.5	853.0	0.99	0.48	105.6	(21.9)	17.8
Gross margin (%)	25.0	17.5	7.5 ppts	3.1 ppts	13.3 ppts	21.3	15.3	6.0 ppts	(3.7)ppts	0.5 ppts
OP margin (%)	17.2	10.1	7.1 ppts	2.4 ppts	12.5 ppts	14.7	8.2	6.4 ppts	(2.5)ppts	0.5 ppts
Net margin (%)	12.8	7.0	5.7 ppts	1.6 ppts	11.0 ppts	10.7	5.5	5.2 ppts	(2.0)ppts	0.6 ppts

Source: KGI Research

Figure 6: Breakdown of 2023 & 2024 forecast revisions

NT\$mn	2023F				2024F			
	Revision	Previous	Chg. (%)	YoY (%)	Revision	Previous	Chg. (%)	YoY (%)
Sales	199,869	195,740	2.1	44.8	197,477	186,843	5.7	(1.2)
Gross profit	45,552	40,830	11.6	131.1	42,383	29,999	41.3	(7.0)
Operating income	31,114	26,912	15.6	217.6	27,361	15,758	73.6	(12.1)
Net income	23,228	19,867	16.9	227.6	19,763	10,481	88.6	(14.9)
EPS (NT\$)	4.33	3.71	16.8	223.4	3.69	1.96	88.6	(14.9)
Gross margin (%)	22.8	20.9	1.9 ppts	8.5 ppts	21.5	16.1	5.4 ppts	(1.3)ppts
OP margin (%)	15.6	13.7	1.8 ppts	8.5 ppts	13.9	8.4	5.4 ppts	(1.7)ppts
Net margin (%)	11.6	10.1	1.5 ppts	6.5 ppts	10.0	5.6	4.4 ppts	(1.6)ppts

Source: KGI Research

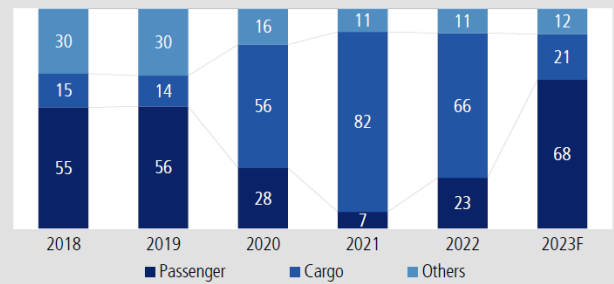
Figure 7: Company profile

Founded in 1989, Eva Airways is the second largest airline in Taiwan, with a fleet of 83 aircraft serving 62 cities in Asia, Australia, Europe, and the Americas. The company has formed strategic alliances with all major airlines in the world, resulting in a comprehensive passenger and cargo flight network. In 2020, with passenger flights cut significantly due to the pandemic, Eva Airway's 2022 sales mix was passenger transport (23%), cargo transport (66%), and maintenance/repair/others (11%).

Source: KGI Research

Figure 8: 2023F passenger revenue weighting increased

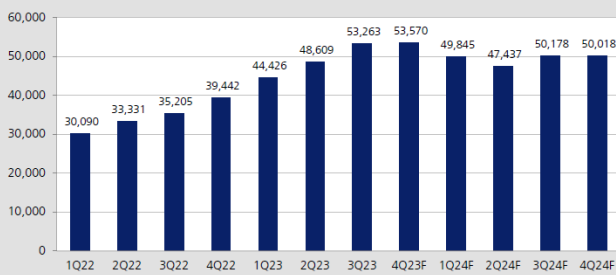
Revenue weighting, percent



Source: KGI Research

Figure 9: Sales

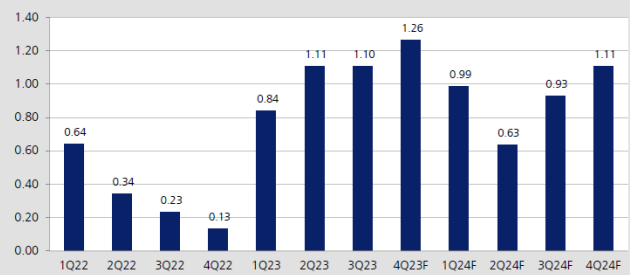
Sales, NT\$m



Source: KGI Research

Figure 10: EPS

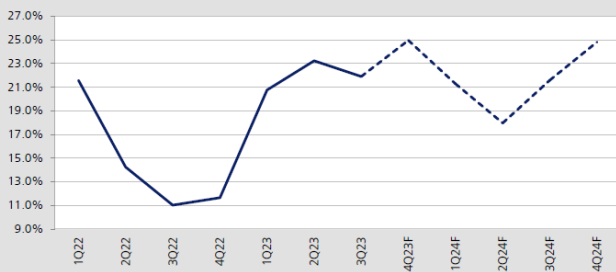
EPS, NT\$



Source: KGI Research

Figure 11: Gross Margin

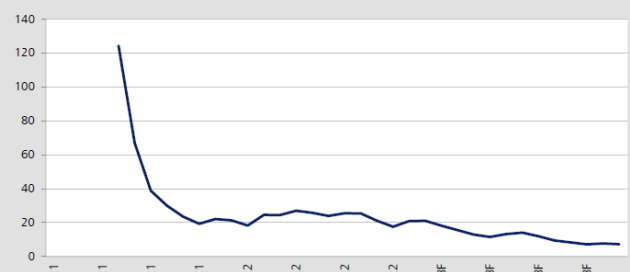
Gross margin, percent



Source: KGI Research

Figure 12: Rolling PE

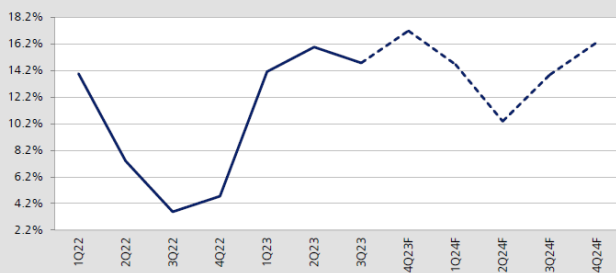
Rolling PE, times



Source: KGI Research

Figure 13: Operating Margin

Operating margin, percent



Source: KGI Research

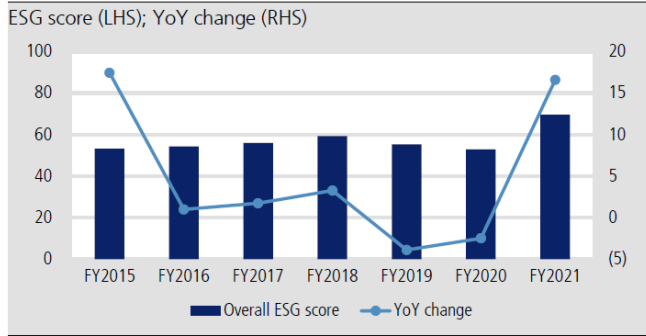
Figure 14: Rolling PB

Rolling PB, times



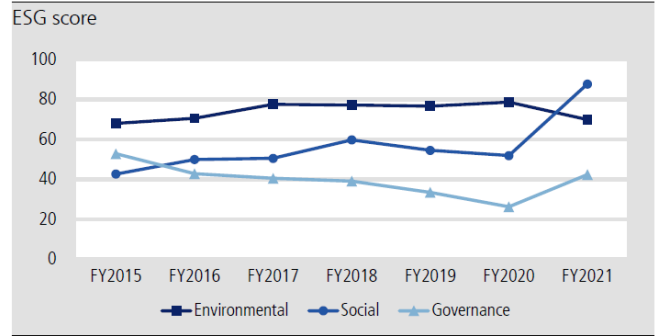
Source: KGI Research

Figure 15: Overall ESG score



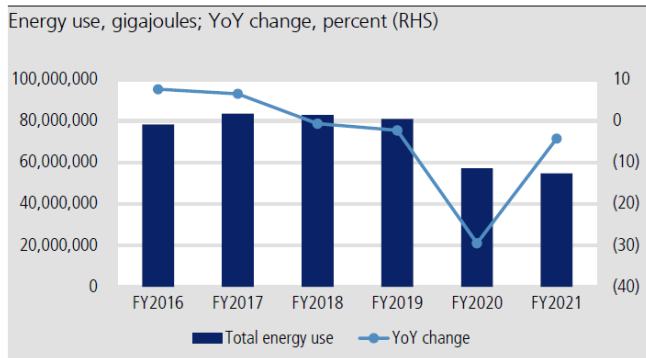
Source: Refinitiv, KGI Research, company

Figure 16: ESG scores



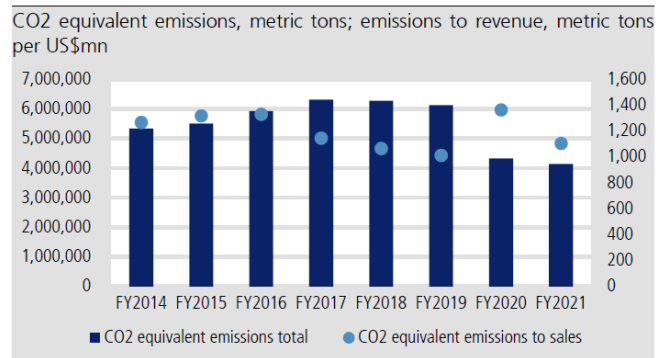
Source: Refinitiv, KGI Research, company

Figure 17: Energy use



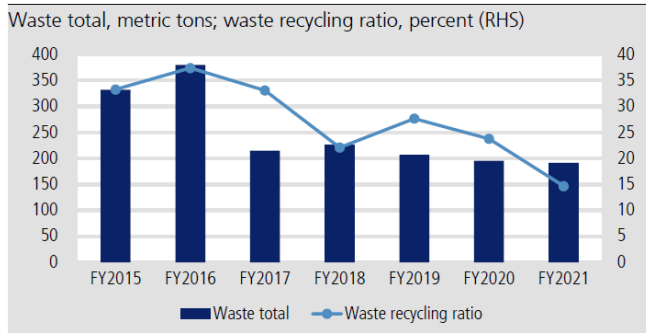
Source: Refinitiv, KGI Research, company

Figure 18: CO2 equivalent emissions



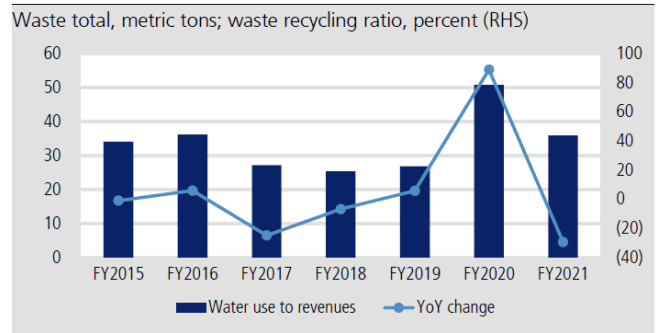
Source: Refinitiv, KGI Research, company

Figure 19: Waste total



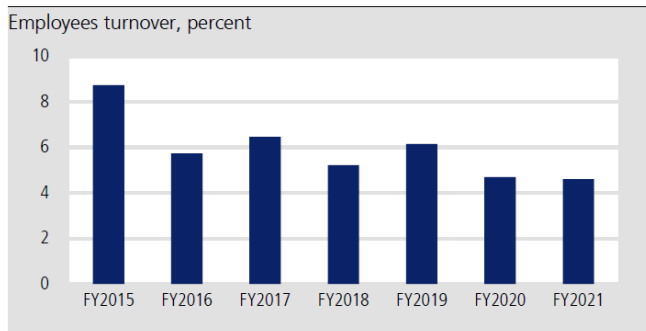
Source: Refinitiv, KGI Research, company

Figure 20: Water use to revenue



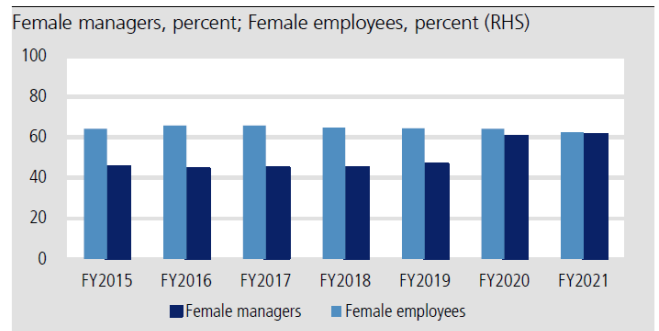
Source: Refinitiv, KGI Research, company

Figure 21: Employee turnover



Source: Refinitiv, KGI Research, company

Figure 22: Gender diversification



Source: Refinitiv, KGI Research, company

ESG chart definition

Item	Definition	Remarks
Energy use	<p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use' 	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased 	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	<p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m)</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered 	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste 	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered 	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures 	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving 	
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100 	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100 	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked 	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv, KGI Research

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23A	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-22A	Dec-23F	Dec-24F
Income statement (NT\$m)											
Revenue	44,426	48,609	53,263	53,570	49,845	47,437	50,178	50,018	138,069	199,869	197,477
Cost of goods sold	(35,202)	(37,317)	(41,598)	(40,199)	(39,232)	(38,911)	(39,344)	(37,608)	(118,357)	(154,317)	(155,095)
Gross profit	9,224	11,292	11,665	13,371	10,614	8,525	10,834	12,410	19,712	45,552	42,383
Operating expenses	(2,951)	(3,529)	(3,795)	(4,163)	(3,305)	(3,600)	(3,871)	(4,247)	(9,914)	(14,438)	(15,022)
Operating profit	6,273	7,763	7,870	9,208	7,309	4,925	6,963	8,164	9,798	31,114	27,361
Depreciation of fixed assets	(7,375)	(7,363)	(7,418)	5,969	(4,262)	(4,262)	(4,262)	(4,262)	(29,167)	(16,186)	(17,047)
Amortisation of intangible assets	(77)	(76)	(75)	(103)	(83)	(83)	(83)	(83)	(331)	(330)	(330)
EBITDA	13,724	15,201	15,363	3,342	11,653	9,270	11,307	12,508	39,296	47,630	44,738
Interest income	583	602	551	605	605	610	610	615	-	2,341	2,440
Investment income	48	111	165	65	45	95	85	70	206	389	295
Other non-op income	7	17	11	8	10	10	10	10	1,141	42	40
Non-operating income	637	729	727	678	660	715	705	695	1,346	2,771	2,775
Interest expense	(925)	(880)	(813)	(910)	(920)	(920)	(920)	(920)	(3,795)	(3,528)	(3,680)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(75)	385	268	150	120	120	120	120	2,119	728	480
Non-operating expenses	(999)	(495)	(545)	(760)	(800)	(800)	(800)	(800)	(1,676)	(2,800)	(3,200)
Pre-tax profit	5,911	7,997	8,051	9,126	7,169	4,840	6,868	8,059	9,469	31,085	26,936
Current taxation	(1,159)	(1,531)	(1,632)	(1,825)	(1,434)	(968)	(1,374)	(1,612)	(1,645)	(6,147)	(5,387)
Minorities	(254)	(525)	(461)	(470)	(400)	(450)	(470)	(465)	(732)	(1,710)	(1,785)
Normalised net profit	4,498	5,941	5,958	6,831	5,335	3,422	5,024	5,982	7,091	23,228	19,763
Extraordinary items	(0)	(0)	(0)	0	-	-	-	-	-	-	-
Net profit	4,498	5,941	5,958	6,831	5,335	3,422	5,024	5,982	7,091	23,228	19,763
EPS (NT\$)	0.84	1.11	1.10	1.26	0.99	0.63	0.93	1.11	1.34	4.33	3.69
Margins (%)											
Gross profit margin	20.8	23.2	21.9	25.0	21.3	18.0	21.6	24.8	14.3	22.8	21.5
Operating margin	14.1	16.0	14.8	17.2	14.7	10.4	13.9	16.3	7.1	15.6	13.9
EBITDA margin	30.9	31.3	28.8	6.2	23.4	19.5	22.5	25.0	28.5	23.8	22.7
Pretax profit margin	13.3	16.5	15.1	17.0	14.4	10.2	13.7	16.1	6.9	15.6	13.6
Net profit margin	10.1	12.2	11.2	12.8	10.7	7.2	10.0	12.0	5.1	11.6	10.0
Sequential growth (%)											
Revenue growth	12.6	9.4	9.6	0.6	(7.0)	(4.8)	5.8	(0.3)			
Gross profit growth	100.9	22.4	3.3	14.6	(20.6)	(19.7)	27.1	14.6			
Operating profit growth	235.7	23.7	1.4	17.0	(20.6)	(32.6)	41.4	17.2			
EBITDA growth	46.9	10.8	1.1	(78.2)	248.7	(20.5)	22.0	10.6			
Pretax profit growth	598.5	35.3	0.7	13.3	(21.4)	(32.5)	41.9	17.3			
Net profit growth	540.4	32.1	0.3	14.7	(21.9)	(35.9)	46.8	19.1			
YoY growth (%)											
Revenue growth	47.6	45.8	51.3	35.8	12.2	(2.4)	(5.8)	(6.6)	32.9	44.8	(1.2)
Gross profit growth	42.1	137.9	200.6	191.2	15.1	(24.5)	(7.1)	(7.2)	2.0	131.1	(7.0)
Operating profit growth	49.2	214.8	525.5	392.7	16.5	(36.6)	(11.5)	(11.3)	(5.4)	217.6	(12.1)
EBITDA growth	19.8	56.5	74.8	(64.2)	(15.1)	(39.0)	(26.4)	274.3	1.3	21.2	(6.1)
Pretax profit growth	39.5	220.4	325.9	978.5	21.3	(39.5)	(14.7)	(11.7)	21.4	228.3	(13.3)
Net profit growth	34.3	229.6	381.7	872.6	18.6	(42.4)	(15.7)	(12.4)	7.3	227.6	(14.9)

Source: Company data, KGI Research estimates

Balance sheet

NT\$m	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Total assets	329,567	325,314	319,532	330,062	328,335
Current assets	55,933	65,182	84,727	102,425	108,677
Cash & ST securities	43,654	50,543	69,257	78,600	83,328
Inventory	-	-	3,676	4,793	4,804
Accounts receivable	6,679	10,077	10,421	17,523	18,884
Other current assets	5,599	4,562	1,372	1,509	1,660
Non-current assets	273,635	260,132	234,805	227,636	219,658
LT investments	5,194	8,147	5,894	6,223	6,435
Net fixed assets	133,221	136,414	123,604	114,419	104,372
Other assets	135,220	115,571	105,307	106,994	108,851
Total liabilities	252,908	232,607	223,292	220,497	207,104
Current liabilities	45,433	46,638	77,623	82,728	77,991
Accounts payable	3,014	4,855	8,530	11,122	11,148
Interest bearing ST liabilities	19,228	14,114	14,255	12,713	12,721
Other current liabilities	23,191	27,669	54,838	58,893	54,122
Non-current liabilities	207,475	185,969	145,669	137,769	129,113
Long-term debt	95,779	92,623	62,064	62,107	60,598
Other L-T liabilities	107,238	89,114	79,419	71,477	64,329
Total equity	76,660	92,707	96,240	109,564	121,231
Share capital	48,536	51,866	53,602	53,602	53,602
Retained earnings reserve	5,253	11,930	-	11,614	21,496
Minority interests	5,862	7,050	8,303	10,014	11,799
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Growth					
Revenue growth	(50.9%)	16.6%	32.9%	44.8%	(1.2%)
Operating profit growth	(108.8%)		(5.4%)	217.6%	(12.1%)
EBITDA growth	(26.3%)	43.8%	1.3%	21.2%	(6.1%)
Net profit growth	(184.4%)		7.3%	227.6%	(14.9%)
EPS growth	(183.9%)		2.3%	223.4%	(14.9%)
Profitability					
Gross profit margin	9.6%	18.6%	14.3%	22.8%	21.5%
Operating margin	(0.9%)	10.0%	7.1%	15.6%	13.9%
EBITDA margin	30.3%	37.3%	28.5%	23.8%	22.7%
Net profit margin	(3.8%)	6.4%	5.1%	11.6%	10.0%
Return on average assets	(1.0%)	2.0%	2.2%	7.2%	6.0%
Return on average equity	(4.7%)	8.4%	8.2%	24.8%	18.9%
Stability					
Gross debt to equity	150.0%	115.1%	79.3%	68.3%	60.5%
Net debt to equity	96.7%	63.1%	9.3%	Net cash	Net cash
Interest coverage (x)	0.1	3.0	3.5	9.8	8.3
Interest & ST debt coverage (x)	(0.6)	0.2	0.2	0.6	0.6
Cash flow interest coverage(x)	1.1	8.7	16.6	8.6	8.8
Cash flow/int. & ST debt (x)	0.2	1.9	3.5	1.9	2.0
Current ratio (x)	1.2	1.4	1.1	1.2	1.4
Quick ratio (x)	1.2	1.4	1.0	1.2	1.3
Net debt (NT\$m)	74,138	58,480	8,909	(1,934)	(8,162)
Per share data					
EPS (NT\$)	(0.69)	1.31	1.34	4.33	3.69
CFPS (NT\$)	1.11	6.93	11.93	5.67	6.04
BVPS (NT\$)	14.59	16.52	16.41	18.57	20.42
Adj BVPS (NT\$)	14.59	16.97	16.62	18.57	20.42
SPS (NT\$)	18.35	20.58	26.09	37.29	36.84
EBITDA/share (NT\$)	5.55	7.68	7.43	8.89	8.35
Cash DPS (NT\$)	-	0.60	0.80	2.17	1.84
Activity					
Sales / avg assets	0.26	0.32	0.43	0.62	0.60
Days receivable	27.5	35.4	27.5	32.0	35.0
Days inventory	-	-	11.3	11.3	11.3
Days payable	13.7	21.0	26.3	26.3	26.3
Cash cycle	13.7	14.4	12.6	17.0	20.0

Source: Company data, KGI Research estimates

Profit & loss

NT\$m	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Revenue	89,049	103,872	138,069	199,869	197,477
Cost of goods sold	(80,492)	(84,548)	(118,357)	(154,317)	(155,095)
Gross profit	8,557	19,325	19,712	45,552	42,383
Operating expenses	(9,384)	(8,967)	(9,914)	(14,438)	(15,022)
Operating profit	(827)	10,358	9,798	31,114	27,361
Non-operating income	619	407	1,346	2,771	2,775
Interest income	285	157	-	2,341	2,440
Investment income	310	222	206	389	295
Other non-op income	25	28	1,141	42	40
Non-operating expenses	(4,111)	(2,963)	(1,676)	(2,800)	(3,200)
Interest expense	(5,028)	(4,000)	(3,795)	(3,528)	(3,680)
Investment loss	-	-	-	-	-
Other non-op expenses	917	1,037	2,119	728	480
Pre-tax profit	(4,319)	7,802	9,469	31,085	26,936
Current taxation	1,042	(1,122)	(1,645)	(6,147)	(5,387)
Minorities	(85)	(72)	(732)	(1,710)	(1,785)
Extraordinary items	-	0	0	-	-
Net profit	(3,362)	6,608	7,091	23,228	19,763
EBITDA	26,961	38,783	39,296	47,630	44,738
EPS (NT\$)	(0.69)	1.31	1.34	4.33	3.69

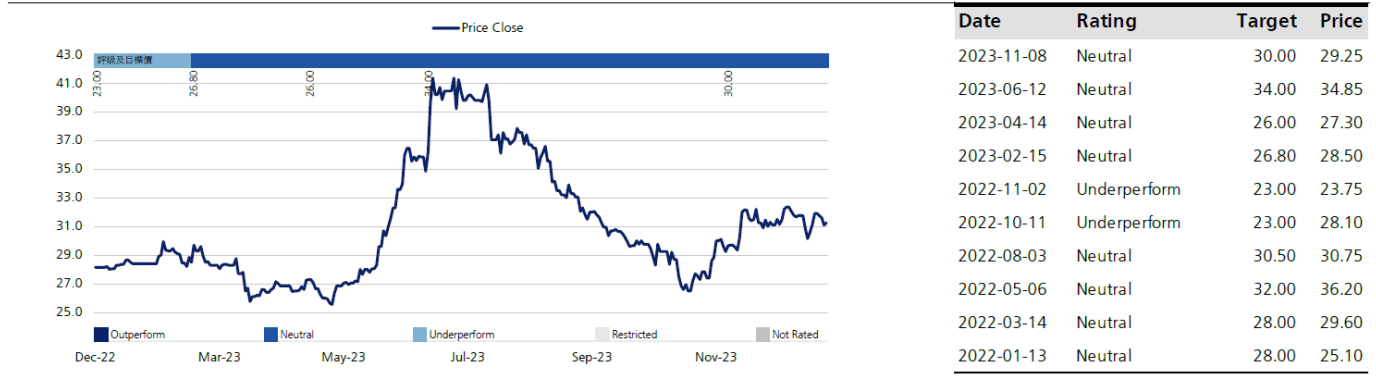
Cash flow

NT\$m	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Operations cash flow	5,371	34,975	63,152	30,383	32,353
Net profit	(3,362)	6,608	7,091	23,228	19,763
Depreciation & amortisation	27,788	28,425	29,498	16,516	17,377
Decrease in working capital	5,415	(1,576)	2,994	(9,032)	(4,537)
Other operating cash flow	(24,471)	1,518	23,569	(329)	(250)
Investing cash flow	(12,264)	(11,788)	958	(9,018)	(9,149)
Sale of ST investment	(1,824)	738	2,416	-	-
New investments	-	(77)	76	(0)	38
Capital expenditure	(11,951)	(12,827)	(3,605)	(7,000)	(7,000)
Others investing cashflow	1,512	378	2,070	(2,018)	(2,187)
Free cash flow	20,196	22,507	36,652	25,115	27,398
Financing cash flow	(3,759)	(15,797)	(44,979)	(12,022)	(18,477)
Increase in short term debt	(70)	(80)	300	-	-
Increase in long term loans	15,110	(3,988)	(27,564)	(1,500)	(1,500)
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(1,213)	-	(3,163)	(4,290)	(11,614)
Other financing cashflow	(17,586)	(11,729)	(14,552)	(6,232)	(5,363)
Forex effects	(13)	(3)	25		
Total cash generated	(10,665)	7,387	19,155	9,343	4,728

ROIC

	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
1 - COGS/revenue					
- Operating exp./revenue	10.5%	8.6%	7.2%	7.2%	7.6%
= Operating margin	(0.9%)	10.0%	7.1%	15.6%	13.9%
1 / (Working capital/revenue	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)
+ Net PPE/revenue	1.5	1.3	0.9	0.6	0.5
+ Other assets/revenue)	0.2	0.1	0.1	0.1	0.1
= Capital turnover	0.7	0.8	1.5	2.3	2.3
Operating margin	(0.9%)	10.0%	7.1%	15.6%	13.9%
x Capital turnover	0.7	0.8	1.5	2.3	2.3
x (1 - tax rate)	75.9%	85.6%	82.6%	80.2%	80.0%
= After-tax ROIC	(0.5%)	6.7%	8.7%	28.8%	25.8%

Source: Company data, KGI Research estimates

Eva Airways – Recommendation & target price history


Source: TEJ, KGI Research

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