10 SEPTEMBER 2020
THAILAND / TRANSPORT & LOGISTICS
AIRPORTS OF THAILAND   AOT TB

BUY

TARGET PRICE	**THB70.00**
CLOSE	**THB58.00**
UP/DOWNSIDE	**+20.7%**
TP vs CONSENSUS	**+27.6%**

Growth power over King Power

Upsides มาก Downside จำกัด

เมื่อเทียบผลตอบแทนกับความเสี่ยง AOT มีความน่าสนใจในปัจจุบัน เมื่อพิจารณาจาก (1) ราคาปัจจุบันที่มี Downside จำกัด โดยเรามองว่าราคาดังกล่าวได้รวมผลกระทบทางลบจากข่าวร้ายหลายเรื่อง รวมถึงการแก้ไขสัญญาร้านสินค้าปลอดภาษี; และ (2) โอกาสที่กำไรจะเพิ่มขึ้นจากปัจจัยหนุนหลายประการ ประกอบด้วยการฟื้นตัวของผู้โดยสารก่อนคาดหากมีวัคซีน COVID-19 ภายใน 1H21 และการประกาศใช้ Travel Bubble ภายใน 2020 และโครงการของ AOT อื่นๆ เช่น Airport City Certify Hub และโครงการขยายสนามบินสุวรรณภูมิ

มูลค่าของสัญญาสัมปทานยังคงสูง

เมื่อเร็ว ๆ นี้ AOT ได้ประกาศยกเว้นผลตอบแทนขั้นต่ำ (MG) สำหรับร้านค้าปลีก รวมถึง King Power จนถึงมี.ค. 2022 แม้ว่าจะมีประกาศดังกล่าว สัญญาสัมปทานร้านสินค้าปลอดภาษีและกิจกรรมเชิงพาณิชย์ยังมีมูลค่าที่น่าสนใจถึง 35 บาทต่อหุ้นจากการคำนวณด้วยวิธี DCF โดยมีสมมติฐานจากการฟื้นตัวของปริมาณผู้โดยสารสู่ระดับก่อน COVID ภายใน 2023 ซึ่งหมายถึงว่าเมื่อหักสัญญาสัมปทาน มูลค่าของธุรกิจสนามบินในปัจจุบันอยู่ที่เพียง 23 บาทต่อหุ้น คิดเป็นค่า P/E ที่ต่ำเพียง 20x ในขณะที่เราเห็นว่าแค่ธุรกิจสนามบินเพียงอย่างเดียว AOT ก็ควรมีการซื้อขายที่ค่า PE ในระดับ 30-35x เมื่อพิจารณาจากสถานะเกือบผูกขาดของบริษัทฯ และการฟื้นตัวของอุตสาหกรรมท่องเที่ยวของไทย ซึ่งคาดว่าจะอยู่ในระดับสูง

### Upsides จากการฟื้นตัวของปริมาณผู้โดยสารและ Travel Bubble

เราคาดว่าผลประกอบการของ AOT ได้ผ่านจุดต่ำสุดไปแล้ว เมื่อปริมาณผู้โดยสารในประเทศฟื้นตัวเท่ากับ 53% ของระดับก่อน COVID ในเดือน ส.ค. ในขณะที่เราคาดว่าปริมาณผู้โดยสารต่างประเทศจะฟื้นตัวสู่ระดับก่อน COVID ภายใน 2023 เราเชื่อว่าการมีวัคซีนจะช่วยเพิ่มโอกาสที่กำไรจะปรับตัวเพิ่มขึ้นอีก ปัจจุบันประเทศไทยกำลังพยายามที่จะนำเสนอ Phuket Model โดยในขั้นต้นรัฐบาลได้เปิดเกาะดังกล่าวให้นักท่องเที่ยวต่างชาติ รวมถึงแนวคิด Travel Bubble ที่มีโอกาสใช้กับประเทศจีน แผนดังกล่าวอาจช่วยดึงนักท่องเที่ยวกว่า 10 ล้านคน ซึ่งจะเป็นปัจจัยบวกสำคัญให้เราปรับประมาณการสำหรับ AOT ขึ้นได้

Downside จำกัด แม้ภายใต้สถานการณ์เลวร้าย 2 ประการ

เรากลับมารายงาน AOT ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 70 บาท (DCF) จาก Sensitivity Analysis แม้ว่าจะเกิดสถานการณ์เลวร้าย 2 ประการ กล่าวคือ (1) ปริมาณผู้โดยสารฟื้นตัวช้ากว่าที่คาดในปี 2023 เป็น 2025; และ (2) King Power ยกเลิกสัญญาสัมปทาน ซึ่งจะทำให้ต้องเปิดประมูลใหม่ ราคาเป้าหมายของเราจะลดลงเพียง 11-15 บาทจาก 70 เป็น 55-59 บาท ซึ่งหมายถึง Downside ที่จำกัดเมื่อเทียบกับระดับราคาในปัจจุบัน

KEY STOCK DATA

YE Sept (THB m)	2019	2020E	2021E	2022E
Revenue	62,783	30,995	21,115	52,017
Net profit	25,026	2,430	(5,050)	16,237
EPS (THB)	1.75	0.17	(0.35)	1.14
vs Consensus (%)	-	(38.6)	(100.0)	(13.2)
EBITDA	35,940	7,090	(1,009)	26,712
Core net profit	24,417	1,900	(5,050)	16,237
Core EPS (THB)	1.71	0.13	(0.35)	1.14
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(2.5)	(92.2)	(365.8)	(421.5)
Core P/E (x)	33.9	436.1	nm.	51.0
Dividend yield (%)	1.8	1.0	0.9	1.0
EV/EBITDA (x)	21.3	112.2	(817.0)	31.0
Price/book (x)	5.4	5.9	6.5	6.1
Net debt/Equity (%)	(40.3)	(23.7)	(3.9)	(0.1)
ROE (%)	16.4	1.3	(3.8)	12.3
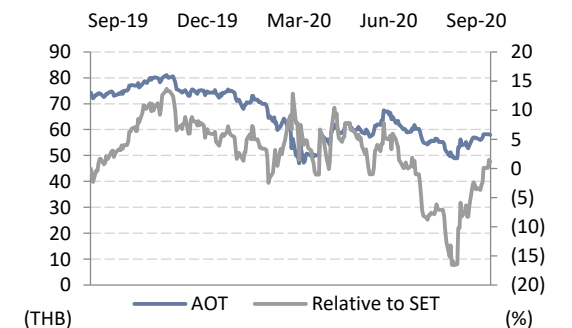
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	18.4	(11.8)	(21.9)
Relative to country (%)	21.2	(3.9)	0.9

Mkt cap (USD m)	26,395
3m avg. daily turnover (USD m)	60.3
Free float (%)	30
Major shareholder	Ministry of Finance (70%)
12m high/low (THB)	81.75/45.25
Issued shares (m)	14,285.70

Sources: Bloomberg consensus; FSSIA estimates

Teerapol Udomvej, CFA
teerapol.udo@fssia.com
+66 2611 3535

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 10 กันยายนม 2020

Investment thesis

We believe AOT's operation has already passed the bottom in 3QFY20 (April –June) and is now in a recovery mode. Domestic flights and passenger volumes were at 67% and 53% of pre COVID-19 levels, respectively, as of August 2020. Meanwhile, international flights are pending the travel ban's relaxation or the implementation of a travel bubble.

Despite waiving the MG until March 2022, and changing its calculation scheme to a sharing per head basis for concession contracts, we forecast AOT to collect an MG amount equivalent to the amount that King Power proposed by 2025, under our baseline case.

AOT has a healthy balance sheet with a D/E ratio of only 0.1x and cash on hand of THB53.1b as of 3QFY20, implying that it can pass this crisis.
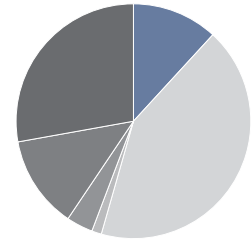
Company profile

AOT is the operator and developer of the six international airports in Thailand (BKK, DMK, HKT, CNX, HDY and CEI)

www.airportthai.co.th
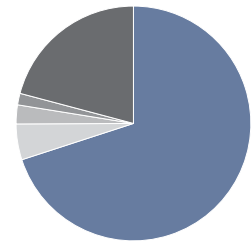
Principal activities (revenue, 2019)

- Landing & parking - 11.8 %
- Passenger service - 42.6 %
- Aircraft service - 1.3 %
- Property rents - 3.7 %
- Service revenue - 12.8 %
- Concession revenue - 27.8 %

Source: Airports of Thailand

Major shareholders

- Ministry of Finance - 70.0 %
- Thai NVDR - 4.9 %
- South East Asia UK - 2.6 %
- STATE STREET EUROPE LIMITED - 1.6 %
- Others - 20.9 %

Source: Airports of Thailand

Catalyst

Key growth drivers include 1) higher international passenger volumes; 2) BKK Airport's northern expansion project; and 3) the transferral of new airports from the Department of Airports.

Key assumptions

	FY19A	FY20E	FY21E	FY22E
	(%)	(%)	(%)	(%)
Flight traffic growth - international	6	(45)	(53)	179
Flight traffic growth - domestic	(2)	(31)	(7)	54
Passenger growth - international	4	(55)	(63)	329
Passenger growth - domestic	(2)	(46)	(22)	104
PSC revenue growth	3	(54)	(59)	284
Concession revenue	5	(53)	(27)	187

Source: FSSIA estimates

Risk to our call

Downside risks to our DCF-based target price include
1) a slowdown in the recovery of international passengers;
2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.

Earnings sensitivity

- For every 5% increase in international passenger volume, we project FY22 earnings to rise by 16%, and vice versa, all else being equal.
- For every 5% increase in domestic passenger volume, we project FY22 earnings to rise by 2%, and vice versa, all else being equal.

Event calendar

| Date	Event
November	4QFY20 results announcement

Source: FSSIA estimates

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Why should we buy AOT now instead of waiting for a recovery?

Operation has already passed the bottom

Domestic flights have resumed since May-20, and domestic flight and passenger volumes were 67% and 53% of their pre-COVID-19 levels, respectively, as of Aug-20. The recovery momentum should continue along with improvements in the COVID-19 situation.

Exhibit 1: Domestic passenger volume monthly trend
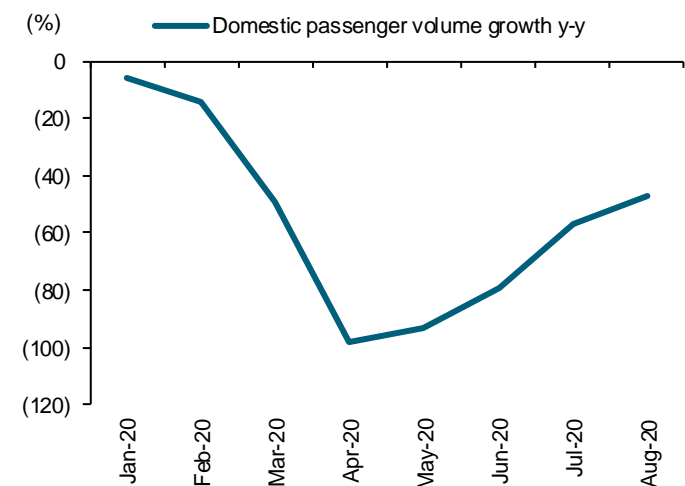
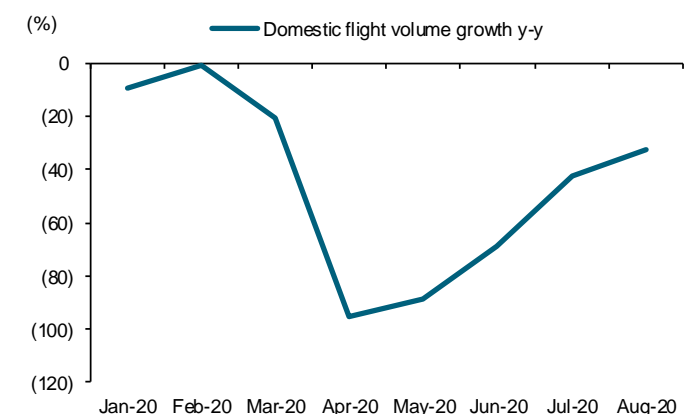

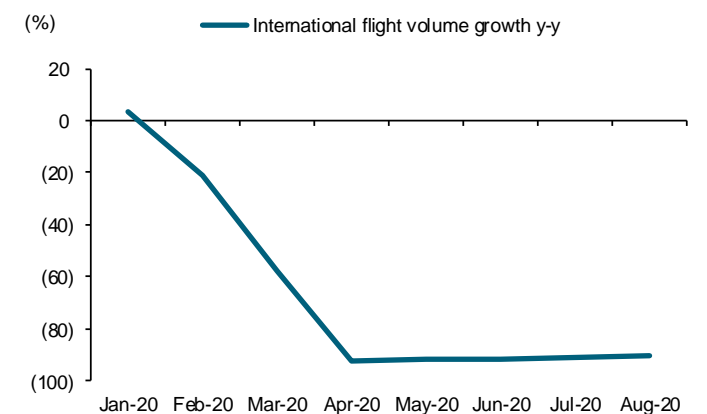**Exhibit 2: International passenger volume monthly trend**
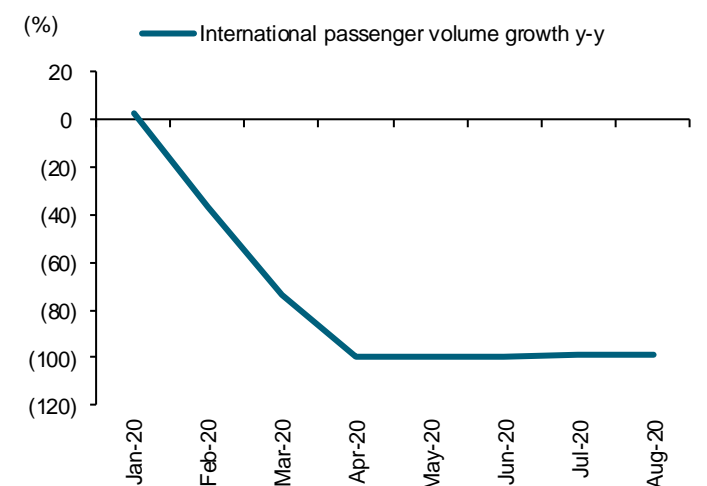
Source: AOT

Source: AOT

Exhibit 3: Domestic flight volume monthly trend

Exhibit 4: International flight volume monthly trend
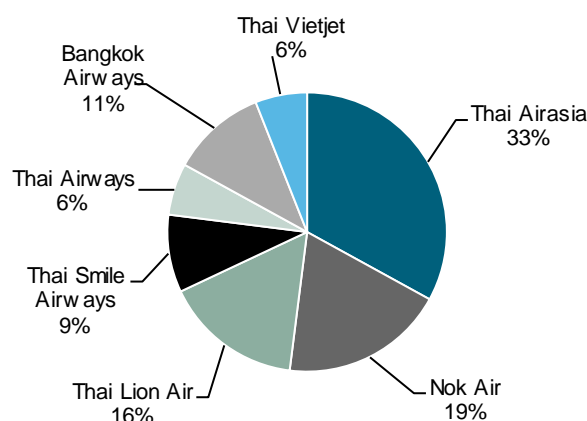

Source: AOT

Source: AOT

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Domestic capacity is likely to return to normal by 4Q20

According to Thai AirAsia (TAA, not listed) – owned 55% by Asia Aviation (AAV TB, not rated) and the leader of Thailand's domestic aviation market with a 33% market share in terms of passenger numbers – the company plans to resume its flight capacity at 100% by Oct-20, ramping up from 50% in Jul-20. TAA also expects to further increase its capacity up to 108% by end-2020, as it recently agreed with AOT to expand its operations from Don Muang Airport (DMK) to Suvarnabhumi Airport (BKK).

The first phase is scheduled to start in Sept-20, with four routes from BKK to Chiang Mai, Phuket, Krabi and Surat Thani. Therefore, we believe domestic passenger volumes should continue to improve throughout 2020. TAA also mentioned that its international flight capacity may increase to 45% by the end of this year if the government lifts the international travel ban in 4Q20.

Exhibit 5: Domestic market share in terms of passenger numbers as of 1H20

Source: AAV, AOT and Department of Airport

Exhibit 6: TAA's capacity plan for 2020
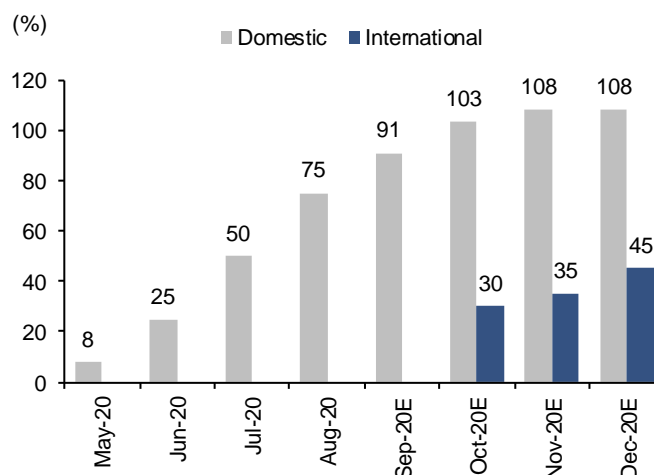
Source: AAV estimates

Even under the worst case scenario, we believe the downside is limited

In terms of international passenger numbers, AOT recently provided bearish assumptions, projecting the number of international passengers to plunge by 55% y-y in FY20 (Oct-19 to Sept-20) and further declining by 63% y-y in FY21 (Oct-20 to Sept-21). The key assumption for AOT's bearish forecast is that a COVID-19 vaccine will not be available globally until Jul-21. Prior to the availability of a vaccine, AOT believes the scheduled flight volume is unlikely to recover and that most air traffic will consist of chartered flights. Hence, AOT projects the international passenger numbers to return to their pre-COVID levels in FY23.

We have converted AOT's assumptions from fiscal (Oct-Sept) to calendar year (Jan-Dec) and from international passenger volume to tourist arrivals.
AOT's assumption implies that tourist arrivals would be 8m in 2020 and 11m in 2021, which are more conservative than the Bank of Thailand (BOT)'s forecast of 8m in 2020 and 16m in 2021, and the Tourism Authority of Thailand (TAT)'s forecast of 8.2m in 2020 and 12.5m in 2021.

Nevertheless, even AOT's bearish assumptions imply that tourist arrivals would have bottomed out in 2Q20-3Q20 (see Exhibit 8).

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Exhibit 7: Tourist arrival forecasts from AOT, BOT and TAT
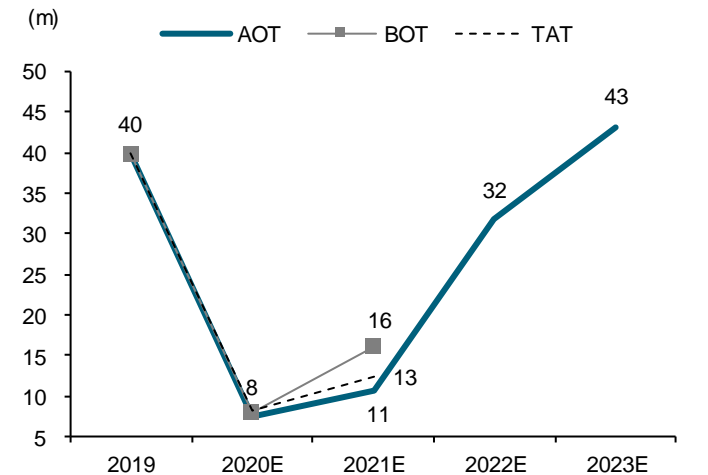
Sources: BOT, TAT, FSSIA estimates based on AOT's guidance on passenger volume

Exhibit 8: Quarterly tourist arrival forecast based on AOT's passenger volume assumptions
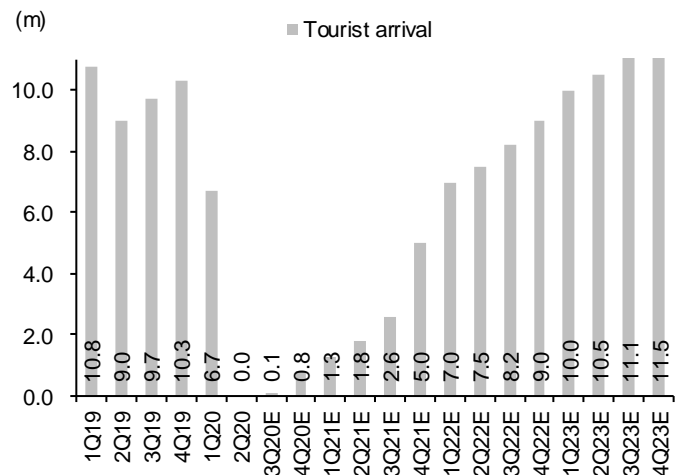
Source: FSSIA estimates based on AOT's guidance on passenger volume

We conservatively apply the same passenger volume assumptions as AOT has forecast for FY20-23, leading to an FY21E net loss of THB5b, lower than Bloomberg consensus' net profit forecast of THB3.2b. Note that our forecast has not included the eventuality of a COVID-19 vaccine becoming available before Jul-21.

Exhibit 9: Domestic passenger volume forecast
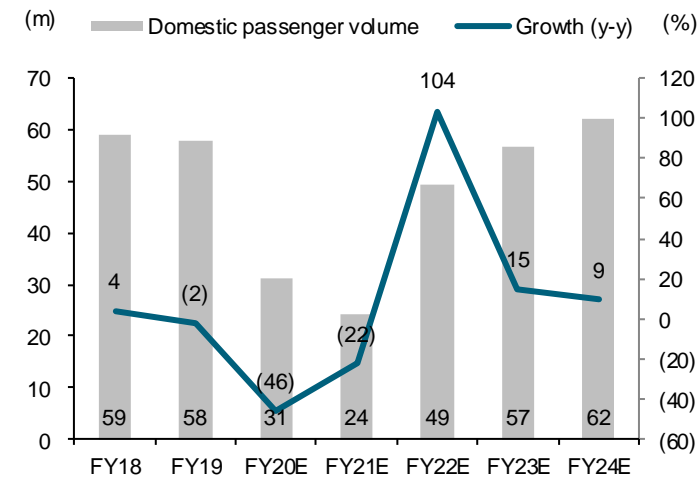
Source: FSSIA estimates

Exhibit 10: International passenger volume forecast

Source: FSSIA estimates

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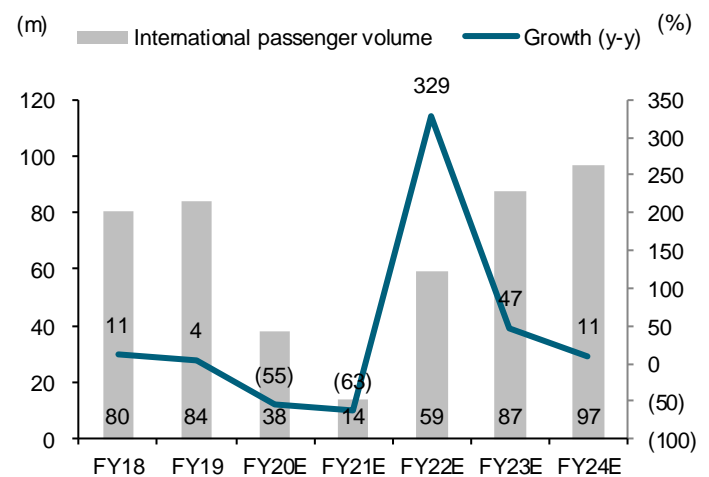
Limited downside supported by concession contracts

Recap: measures to assist retail operations

Investors have been highly disappointed with the relief measures that AOT announced to assist the retail operators in its airports, especially the new concession contract with King Power starting in 28 Sept-20, which include:

1) Waiving the MG fee from Feb-20 to Mar-22. During this period, operators will pay a fee to AOT on a revenue sharing basis (20% revenue sharing rate for duty-free contracts and 15% for retail contracts);

2) For King Power's concession contracts from Apr-22, AOT will collect an MG fee on a sharing per head basis, which would represent the proportion between the actual passenger volume and the passenger volume threshold (passenger volume forecast by King Power in FY21), multiplied by the proposed MG from King Power. After the passenger volume reaches the threshold level, AOT will collect the MG fee based on the 'MAG (i)' formula, which is calculated from the previous year's MG multiplied by the current year's passenger volume growth and inflation rate.

    For example, King Power has proposed an MG of THB15.4b on its duty-free contract based on a 66m international passenger volume threshold. If the passenger volume were 61 m in FY24, AOT would collect an MG fee of THB14.2b (61 divided by 66 and multiplied by THB15.4b). Then, if the passenger volume were to be 67m in FY25, which would exceed the threshold of 66m, the MG would be calculated according to MAG (i), which would be equivalent to THB15.9b, derived from the THB14.2b MG from the previous year, multiplied by the passenger volume growth of 10% (67 divided by 61) and the inflation rate, which we assume at 2%.

Exhibit 11: Summary of concession contracts

Concession contract	Holder	Revenue sharing	MG	Term	Note	MG under sharing per head	Passenger volume to receive MG as proposed
		(%)	(THB b)			(THB per passenger)	(m)
BKK							
Duty-free	King Power	20	15.4	Sep 2020 - Mar 2032	Waive MG Feb 2020- Mar 2022 / Sharing per head after Apr 2022	233	66[1]
Commercial activities	King Power	15	5.8	Sep 2020 - Mar 2032		72	81[2]
Regional Airport (HKT, CNX, HDY)							
Duty-free	King Power	20	2.3	Sep 2020 - Mar 2032		127	18[1]
DMK							
Duty-free	King Power	20	1.5	Oct 2022- Mar 2033			
Commercial activities T1	King Power	15	0.2	Oct 2018- Sep 2027			
Commercial activities T2	The Mall Group	15	0.4	Oct 2012 - Sep 2022	To open bidding in 2021		
Pick-up counter							
BKK	King Power	3	0.3	Sep 2020 - Dec 2030			
DMK	King Power	3	0.2	Oct 2022 - Dec 2032			
HKT	King Power	3	N/A	Oct 2016- Sep 2021	Under bidding process		
Total			**26.1**				

Note: 1) International passengers only; 2) Total passengers
Sources: AOT; FSSIA's compilation

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Exhibit 12: Revenue breakdown as of FY19
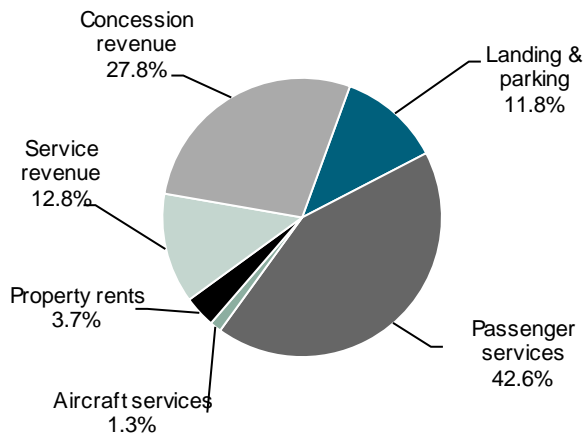
Source: AOT

Exhibit 13: Concession revenue breakdown
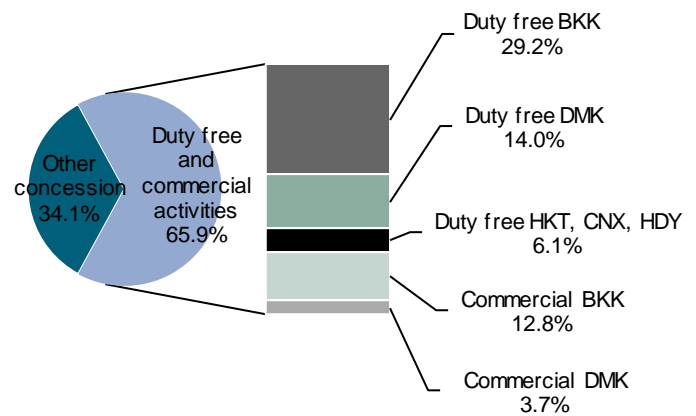
Source: AOT

Expect to collect MG equivalent to proposed MG by FY25

The revised measures imply that AOT will not collect the full MG amount that King Power proposed from the original bidding until the passenger volume hits the threshold. We forecast the passenger volume to hit the threshold in FY25, and then the MG should grow by 7-10% per annum based on the MAG (i) formula, for which we assume passenger growth at 5-8% per annum and an inflation rate of 2%.

Although the market is disappointed about these measures, we think the revised proposal is acceptable for AOT. If AOT insists on collecting an MG based on King Power's initial proposal, there is a high chance that King Power may terminate its contracts, which could lead to a new bidding process for AOT. This eventuality could result in lower MG proposals from other bidders, in our view.

Based on our assumptions, we estimate the MG to be THB18.8b in FY23 and THB20.9b in FY24 for all three concession contracts, which are still attractive compared to the THB23.5b MG originally proposed by King Power and the THB13.5b proposed by the runner-up of the three concession contract bidding.

Exhibit 14: Concession charge for BKK duty-free contract

Source: FSSIA estimates

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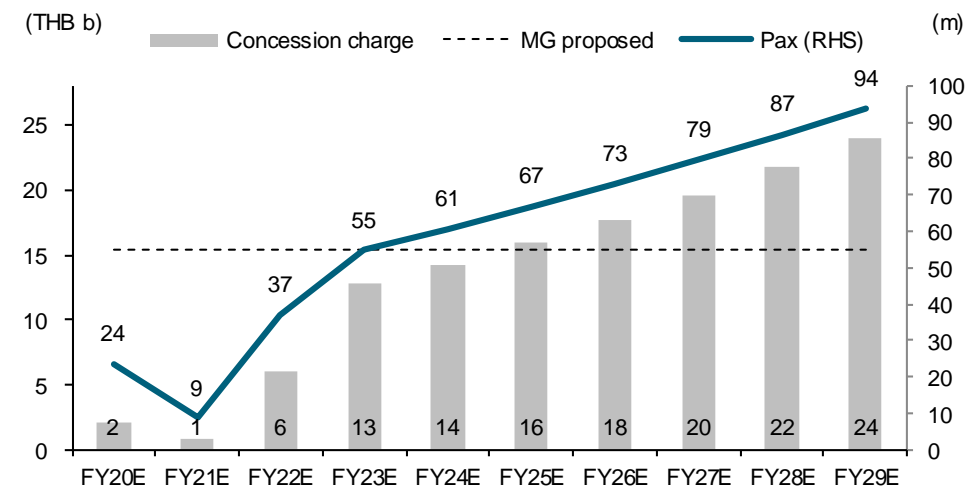
Exhibit 15:   Concession charge for BKK commercial activities contract
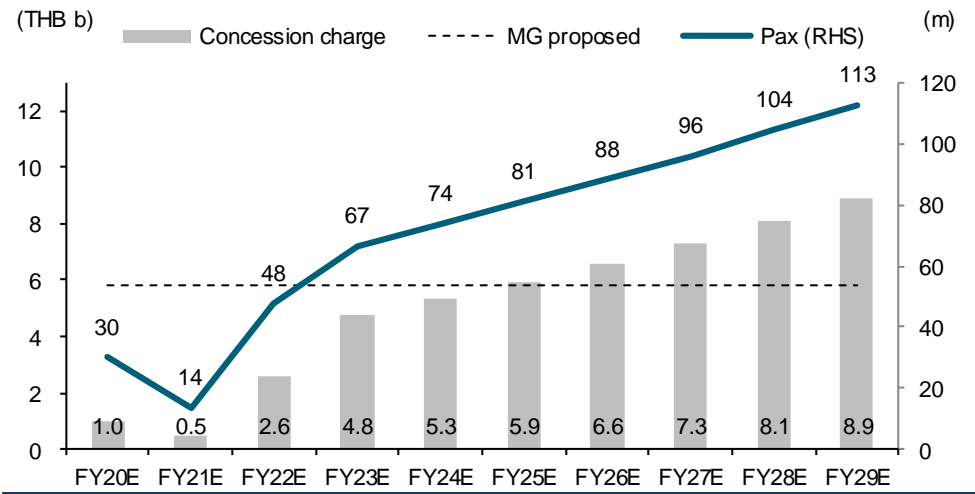
Source: FSSIA estimates

Exhibit 16:   Concession charge for regional airports duty-free contract

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THB35/shr valuation for duty-free and commercial activity concession contracts

We have factored in AOT's revised measures and calculated the cash flow from the duty-free and commercial activity concession contracts from the six airports. From this, we have derived a DCF value of THB35/shr for AOT's non-core businesses, which is still attractive in our view.

Exhibit 17: DCF valuation for duty-free and commercial activity concession contracts

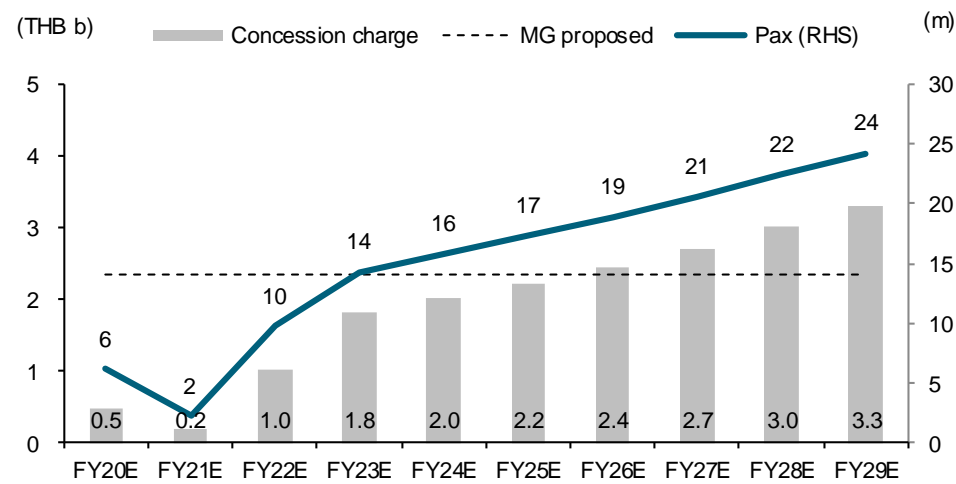| YE Sept	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)
BKK												
Duty-free	0.8	6.1	12.8	14.2	15.9	17.6	19.6	21.7	23.9	26.3	28.9	31.5
Pick-up counter	0.1	0.3	0.4	0.5	0.6	0.6	0.7	0.8	0.9	1.0	1.1	1.2
Retail	0.5	2.6	4.8	5.3	5.9	6.6	7.3	8.1	8.9	9.8	10.7	11.7
Total	**1.3**	**8.9**	**18.0**	**20.0**	**22.4**	**24.9**	**27.6**	**30.6**	**33.7**	**37.1**	**40.8**	**44.4**
Regional airports												
Duty-free	0.2	1.0	1.8	2.0	2.2	2.4	2.7	3.0	3.3	3.6	4.0	4.4
DMK												
Duty-free	0.1	0.6	1.5	1.7	1.8	1.9	2.0	2.2	2.3	2.5	2.7	3.0
Pick-up counter	0.3	1.2	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.8	0.8
Retail	0.1	0.4	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Total	**0.5**	**2.1**	**2.4**	**2.6**	**2.8**	**3.0**	**3.2**	**3.5**	**3.7**	**4.0**	**4.4**	**4.7**
Total revenue	2.0	12.1	22.3	24.6	27.4	30.3	33.5	37.1	40.7	44.7	49.1	53.5
Expense	(0.1)	(0.8)	(1.4)	(1.6)	(1.7)	(1.9)	(2.1)	(2.3)	(2.6)	(2.8)	(3.1)	(3.4)
Tax	(0.4)	(2.6)	(4.7)	(5.2)	(5.8)	(6.4)	(7.1)	(7.9)	(8.7)	(9.5)	(10.5)	(11.4)
FCF	**1.5**	**8.7**	**16.1**	**17.8**	**19.8**	**22.0**	**24.3**	**26.9**	**29.5**	**32.4**	**35.6**	**38.8**
Discount rate (WACC) (%)	8.0											
Terminal growth (%)	3.0											
NPV	153											
Add: Terminal value	345											
Sum of PV	497											
No. of shares (m)	14,286											
Residual equity (THB/share)	35											

Source: FSSIA estimates

AOT's core aeronautical value is only trading at a 20x P/E multiple

At AOT's share price of THB58, and our estimated value of THB35 for the concession contracts, we estimate that the value of AOT's core business is only THB23. This implies that the core business is currently trading at only 20x P/E, based on cTHB16.2b core business profit (THB1.14/shr EPS) for FY19, excluding the duty-free and retail concession profit after tax of THB8.8b for FY19.

Our TP of THB70 implies that AOT's core business could trade at an FY24E 30x P/E multiple, which is justified in our view, as AOT's airport business is a near-monopoly which should capture the strong tourist arrival recovery momentum post COVID-19, led by Chinese and Indian tourists.

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Exhibit 18: Core business profit excluding duty-free and commercial activity concession contracts

(THB b)

■ Core business profit excluding duty free and commercial activities concession contracts
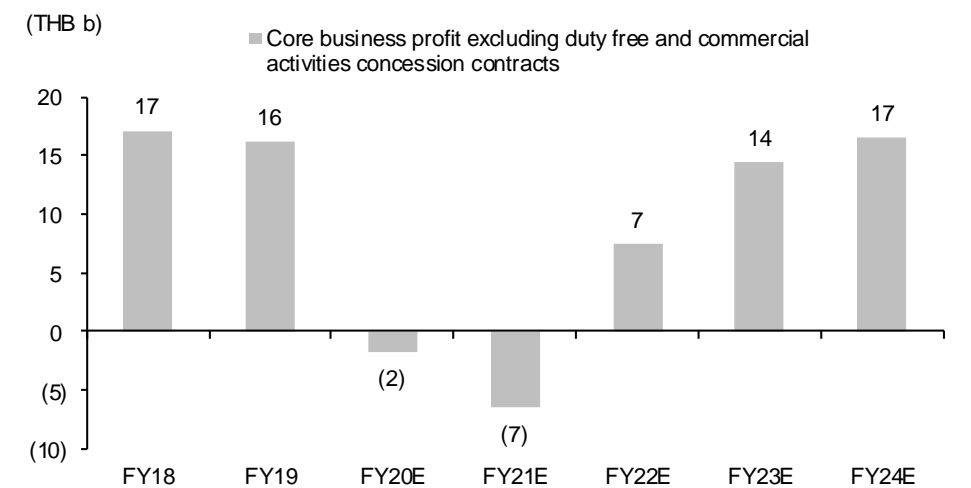
Source: FSSIA estimates

Sensitivity analysis on concession contracts

The key factor is how fast and when the passenger volume will recover. Under our assumptions (and also AOT's assumptions), passenger volumes should return to pre-COVID levels in FY23. We have run a sensitivity analysis to gauge the impact of the concession contracts on AOT's DCF-based value and concluded that the impact should be limited: for every year the passenger volume recovery is delayed, our DCF-based value is reduced by only cTHB3/share.

Exhibit 19: DCF value sensitivity analysis based on the passenger volume recovering to its pre-COVID 19 level

When passenger volume recovers to its pre-COVID-19 level	DCF value on concession contracts	DCF-based TP	Note
	(THB/shr)	(THB/shr)	
FY22E	39	78	
FY23E	35	70	Base case
FY24E	32	64	
FY25E	29	59	

Source: FSSIA estimates

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What is the downside to AOT if King Power terminates its recent bidding contracts?

This would be the worst-case scenario, and King Power could face a penalty fee of cTHB12b, subject to the negotiations between the two parties and detailed in the contract. AOT would later have to reopen bidding for the three concession contracts.

We assume the MG proposed under any new bidding for the three concession contracts would be around THB16.5b, equivalent to a 30% discount from the current MG that King Power proposed, and slightly higher than the THB13.5b proposed by runner-up from the previous bidding.

In this scenario, we estimate that the DCF-based value for all of AOT's concession contracts would decrease by THB4, from THB35 to THB31, and our DCF-based TP would decrease by THB4 to THB66/shr. However, we believe that this is unlikely to happen, as the sharing per head method is derived from the agreement between AOT and King Power. King Power should do its best to maintain the contracts. Termination of the contracts would be King Power's last option, in our view. Note that King Power could participate in reopened contract bidding, even if it terminates its current contracts.

We have run another sensitivity analysis to assess the worst-case scenario based on a newly proposed MG of THB9.4b (60% discount to current MG), which is roughly equivalent to the fee that King Power currently pays to AOT. In this scenario, our DCF-based TP would decrease by THB15 to THB55/shr. This case is again unlikely to happen, in our view, as it implies that the tourism industry in Thailand would have no signs of recovery.

Exhibit 20: Sensitivity analysis on new MG in the event that King Power terminates its current contracts and AOT reopens bidding

Discount to current MG	New MG for three contracts	DCF value on concession contracts	DCF-TP
(%)	(THB b)	(THB/shr)	(THB/shr)
30	16.5	31	66
40	14.1	27	62
50	11.8	23	58
60	9.4	19	55

Source: FSSIA estimates

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Upside potential from travel bubble with China

We believe Thailand will target China first for a travel bubble agreement. Chinese tourists accounted for 28% of Thailand's total inbound tourists in 2019. In terms of outbound Chinese tourists, there were 170m outbound trips in 2019, and if we exclude Hong Kong and Macau, outbound Chinese tourists were still high at 97m. Thailand is likely to be the destination of choice for Chinese tourists, potentially commanding a market share of 11% of outbound Chinese tourists, excluding Macau and Hong Kong, which are China's territories.

Exhibit 21: Chinese outbound tourists (including Hong Kong and Macau)
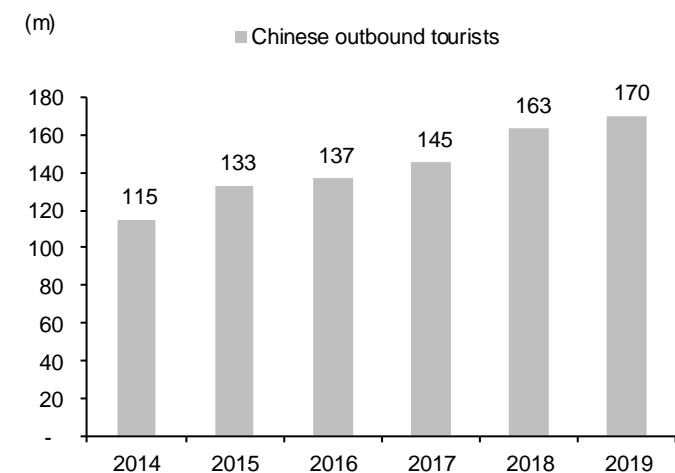
Source: Bloomberg

Exhibit 22: Top destinations for Chinese tourists in 2019
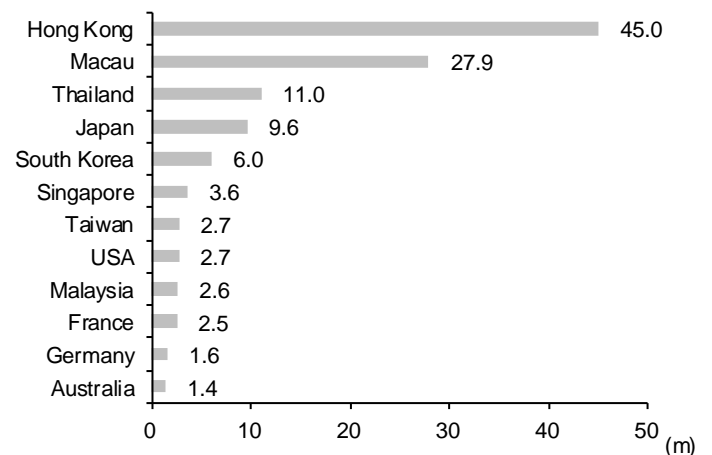
Source: Bloomberg

We believe that China will consider Thailand for its travel bubble due to Thailand's proven track record of successfully containing the COVID-19 outbreak. Furthermore, there are several surveys reflecting the pent-up demand of Chinese tourists, which should be favourable for Thailand's tourism:

1. According to the "China-Thailand Travel Sentiment Survey 2020," conducted in Apr-20 by C9 Hotelworks, Thailand emerged as the top destination for Chinese tourists post COVID-19 travel, with a popular vote of 71%. The survey also indicated that 53% of respondents would like to travel in 2020.

Exhibit 23: Survey of Chinese tourists with Thailand as an outbound overseas destination in 2020
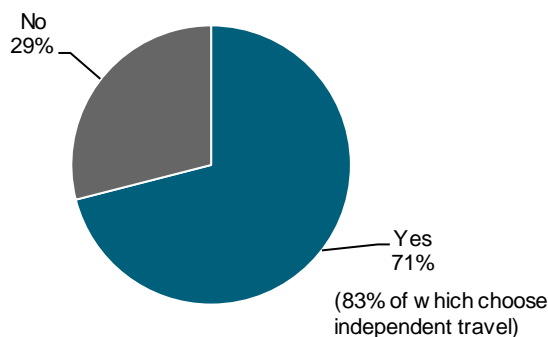
Source: C9 Hotelworks, survey conducted in April 2020

Exhibit 24: Survey of Chinese tourists with a plan for outbound overseas travel in 2020

Source: C9 Hotelworks, survey conducted in April 2020

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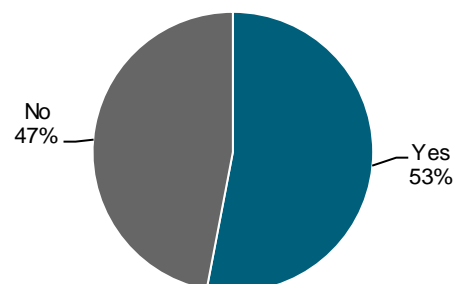
2. According to "Coronavirus Recovery: Chinese Traveler Survey," conducted in Mar-20 by Dragon Trail Research, Chinese tourists' top destinations are Japan (33%), Thailand (23%) and Singapore (11%). Regarding Chinese tourists' attitudes toward travel after the crisis, 49% of respondents plan to travel, while only 7% have no plan to travel.

Exhibit 25: Survey of Chinese tourists' top destinations
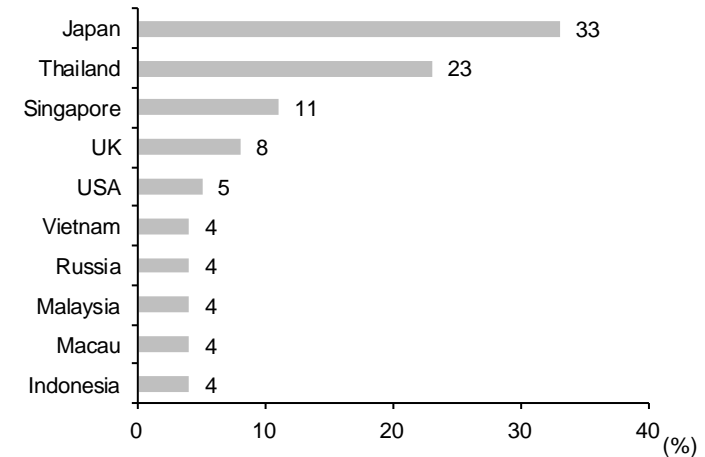
Source: Dragon Trail Research, survey conducted in March 2020

Exhibit 26: Survey of Chinese tourists' attitudes toward travel post COVID-19
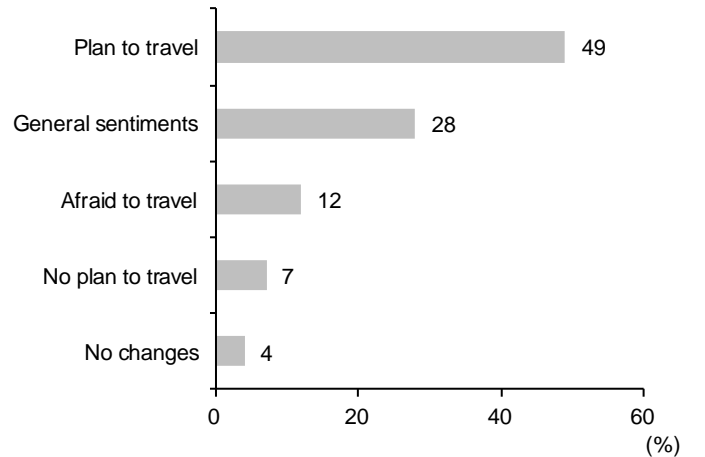
Source: Dragon Trail Research, survey conducted in March 2020

3. According to five key findings from an East Asian traveller sentiment survey conducted in Aug-20 by TNMT.com, 77% of the people surveyed prefer domestic travel, compared to 35% who prefer international travel. Meanwhile, short trips with a duration of 2-3 days are preferred to longer trips. For Chinese tourists, 33% are likely to embark on an international trip, with 61% of those expecting to fly within three months and 23% within six months.

Exhibit 27: Survey of East Asian tourists' travel plans by trip type
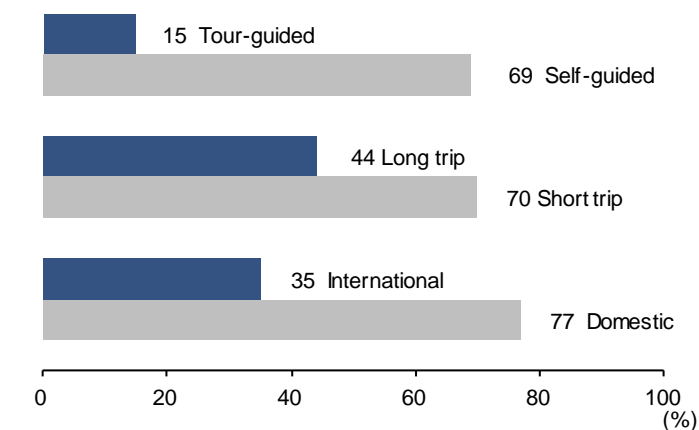
Note: Survey respondents from China, Japan and South Korea
Source: TNMT.com, survey conducted in August 2020

Exhibit 28: Survey of Chinese tourists' expected international flight dates
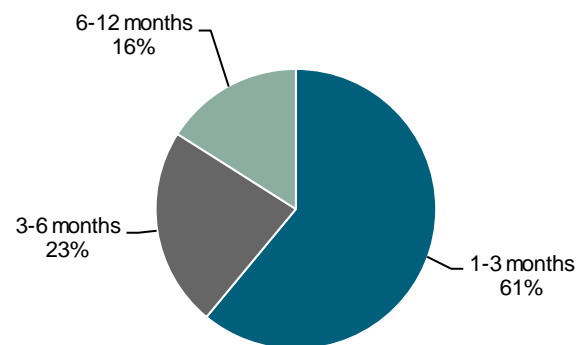
Sources: TNMT.com, survey conducted in August 2020

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Up to a 10m Chinese tourist upside from a travel bubble with China

If Thailand can be one of the first countries to successfully implement a travel bubble with China, we estimate that there could be up to 10m Chinese tourist arrivals in Thailand in the first year of implementation. Our assumptions are 1) 50% of 97m outbound Chinese tourists, excluding Hong Kong and Macau, would decide to fly again; and 2) 20% would choose to come to Thailand. This would result in 9.7m Chinese tourists visiting Thailand.

Furthermore, if Japan and Singapore are unable to implement a travel bubble with China, as new COVID-19 cases are still rising, then the number of Chinese visitors to Thailand has the potential to rise to 20m. We believe that this number is sufficient to change the view of the market, and would be a key re-rating catalyst for the stock.

Exhibit 29: Rising number of COVID-19 accumulated infected cases implies that Japan and Singapore are unlikely to implement a travel bubble with China

Source: Bloomberg

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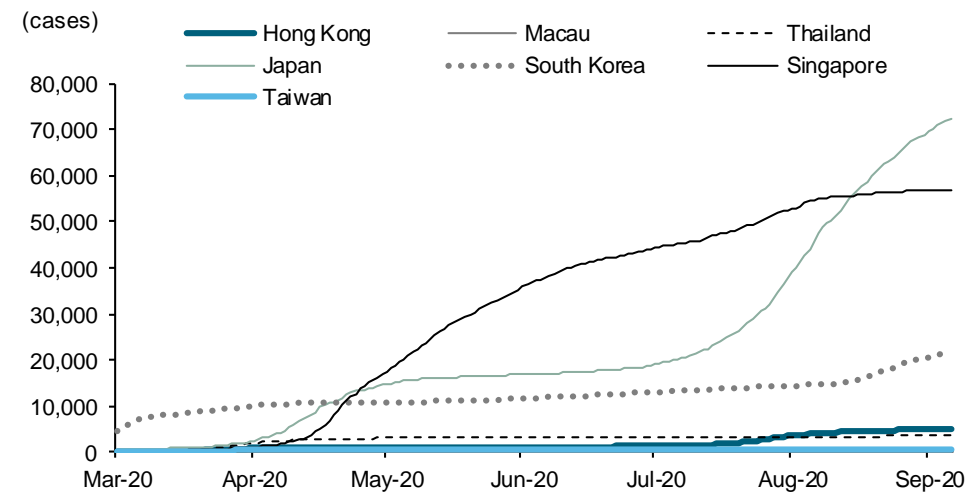
Travel bubble may start in Phuket and Koh Samui

The Thai Tourism and Sports Minister recently said that Phuket may be the first destination to open in the travel bubble, and called for a set of procedures, termed the 'Phuket Model,' to begin from Oct-20. Under this model, foreign tourists would be allowed to go to certain areas around their hotels, but not exceed a one-kilometre area, and must stay in the area for 14 days. The hotel and restaurant staff would also be required to self-quarantine if they leave the area.

Similar to the Phuket Model, some hotels on Koh Samui are planning to submit themselves for alternative state quarantine (ASQ) consideration. Foreign tourists will be required to be quarantined in ASQ hotels. After 14 days of quarantine, foreign tourists will be allowed to travel on the island. There is a high demand for these two destinations, given that in 2019 there were 10.6m international visitors to Phuket and 3.8m international visitors to Surat Thani, where Koh Samui is located. This could lead to passenger number upsides for AOT from an earlier-than-expected tourism recovery.

Exhibit 30: Breakdown of 77m international tourist visits by province in 2019
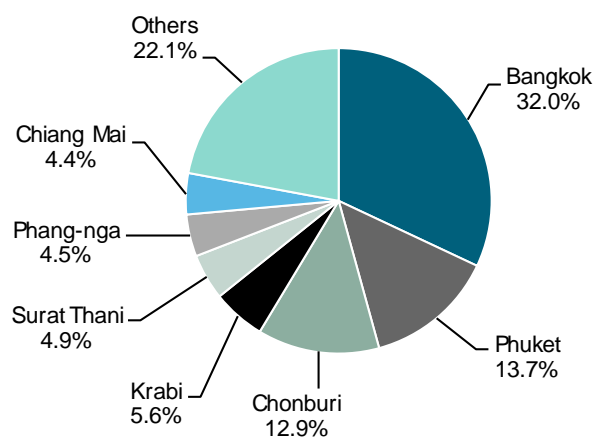
Source: Ministry of Tourism and Sports (MOTS)

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Valuation and TP

We re-initiate our coverage of AOT with a BUY rating and TP of THB70, based on DCF valuation using AOT's FY21E as the base year. We assume an 8% WACC and 3% terminal growth, derived from a 3% risk-free rate, 8% market risk premium, 0.90 beta and a 30% debt/70% equity weighting.

Our DCF-derived TP of THB70 consists of 1) a core business value of THB34.8; 2) a value of THB34.8 for the duty-free and commercial activity concession contracts; and 3) net cash of THB0.4.

We believe AOT is attractive, given its current 26x FY23E P/E, which is lower than our implied 33x FY23E P/E based on our TP of THB70 and AOT's 5-year P/E average of 36x. We have used FY23E as an indicator year, as it is the first full year that AOT will resume MG collections from King Power, assuming the concession contracts are not terminated.

Exhibit 31: DCF valuation

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk-free rate	3.0		Pre-tax cost of debt	3.5
Market risk premium	8.0		Marginal tax rate	20.0
Stock beta	0.9			
Cost of equity, Ke	10.2		Net cost of debt, Kd	2.8
Weight applied	70.0		Weight applied	30.0
WACC	8.0			

SOTP valuation	(THB b)	(THB/share)	Comments	
Duty-free and commercial activity concession contracts	497.4	34.8	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%	
Core business	497.4	34.8	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%	
Cash & liquid assets	16.7	1.2	At end-2021E	
Investments	1.2	0.1	At end-2021E	
Debt	(11.7)	(0.8)	At end-2021E	
Minorities	(0.8)	(0.1)	At end-2021E	
Residual ordinary equity	1,000.2	70.0		

Source: FSSIA estimates

Exhibit 32: P/E band
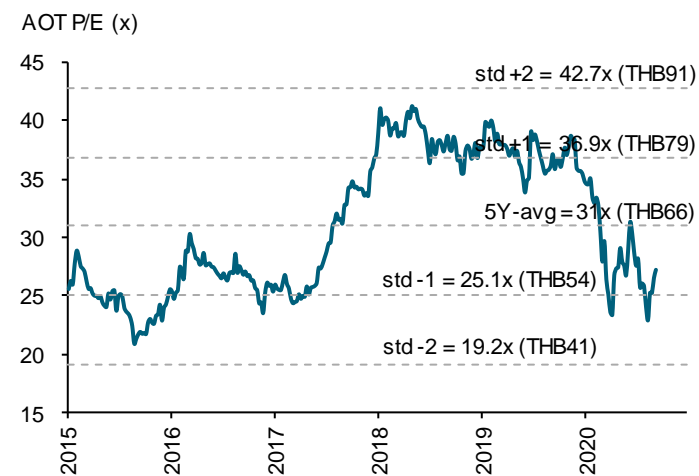
Sources: Bloomberg; FSSIA estimates

Exhibit 33: P/BV band

Sources: Bloomberg; FSSIA estimates

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Exhibit 34:   Peer comparisons as of 9 Sept 2020

Year to Dec	BBG	Rec	--- Share price ---		Up	Market	-------- PE --------		----- DivYld ---		----- ROE -----		----- PBV -----	
Company	code		Current	Target	side	Cap	20E	21E	20E	21E	20E	21E	20E	21E
			(LCL)	(LCL)	(%)	(USD m)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Thailand														
Airports of Thailand*	AOT TB	BUY	58.00	70.00	21	26,395	436.1	nm.	1.0	0.9	1.3	(3.8)	5.9	6.5
Malaysia														
Malaysia Airports Hldgs Bhd	MAHB MK		5.08	-	-	2,021	nm.	77.0	0.6	1.2	(4.1)	2.1	1.0	1.0
China														
Beijing Capital Intl Airport-H	694 HK		5.02	-	-	2,942	nm.	30.5	0.9	1.9	(0.8)	2.7	0.8	0.8
Hainan Meilan Intl-H	357 HK		40.00	-	-	2,662	46.1	32.8	0.4	0.4	6.9	9.6	3.3	3.0
Shanghai Intl Airport-A	600009 CH		74.19	-	-	21,240	132.4	35.2	0.3	0.8	2.7	11.9	4.5	4.1
Guangzhou Baiyun Intl-A	600004 CH		15.28	-	-	4,615	304.8	34.9	0.1	0.9	0.2	5.3	1.9	1.8
Shenzhen Airport Co-A	000089 CH		9.15	-	-	2,743	128.7	30.7	0.2	0.8	1.2	4.8	1.6	1.5
Xiamen Intl Airport-A	600897 CH		18.10	-	-	786	22.2	10.9	1.4	2.7	6.3	12.1	1.4	1.3
Australia														
Sydney Airport	SYD AU		5.49	-	-	10,254	nm.	nm.	0.4	2.2	nm.	5.1	15.4	20.3
Auckland Intl Airport**	AIA AU		6.44	-	-	6,997	55.6	nm.	0.5	0.4	2.4	(0.3)	1.4	1.6
Japan														
Japan Airport Terminal Co***	9706 JP		5,010	-	-	3,920	56.4	nm.	0.9	0.2	(12.4)	2.3	2.6	15.5
Simple average							**147.8**	**36.0**	**0.6**	**1.1**	**0.4**	**4.7**	**3.6**	**5.2**

*Fiscal year end is 30 September; ** Fiscal year end is 30 June; *** Fiscal year end is 31 March
Sources: Bloomberg; FSSIA estimates

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Financial Statements
Airports of Thailand

Profit and Loss (THB m) Year Ending Sep	2018	2019	2020E	2021E	2022E
Revenue	60,537	62,783	30,995	21,115	52,017
Cost of goods sold	(24,269)	(26,844)	(23,905)	(22,124)	(25,306)
Gross profit	**36,269**	**35,940**	**7,090**	**(1,009)**	**26,712**
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
Operating EBITDA	**36,269**	**35,940**	**7,090**	**(1,009)**	**26,712**
Depreciation	(5,642)	(5,851)	(5,574)	(5,743)	(6,433)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**30,627**	**30,088**	**1,516**	**(6,752)**	**20,279**
Net financing costs	6	354	538	115	(309)
Associates	0	0	0	0	0
Recurring non operating income	359	433	390	401	414
Non recurring items	135	609	530	0	0
Profit before tax	**31,127**	**31,484**	**2,974**	**(6,235)**	**20,384**
Tax	(5,903)	(6,389)	(489)	1,247	(4,077)
Profit after tax	**25,225**	**25,096**	**2,486**	**(4,988)**	**16,307**
Minority interests	(54)	(69)	(55)	(62)	(69)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**25,171**	**25,026**	**2,430**	**(5,050)**	**16,237**
Non recurring items & goodwill (net)	**(135)**	**(609)**	**(530)**	**0**	**0**
Recurring net profit	**25,036**	**24,417**	**1,900**	**(5,050)**	**16,237**
Per share (THB)					
Recurring EPS *	1.75	1.71	0.13	(0.35)	1.14
Reported EPS	1.76	1.75	0.17	(0.35)	1.14
DPS	1.05	1.05	0.60	0.50	0.60
Diluted shares (used to calculate per share data)	14,286	14,286	14,286	14,286	14,286
Growth					
Revenue (%)	10.3	3.7	(50.6)	(31.9)	146.4
Operating EBITDA (%)	10.2	(0.9)	(80.3)	(114.2)	(2,747.5)
Operating EBIT (%)	12.4	(1.8)	(95.0)	(545.3)	(400.3)
Recurring EPS (%)	14.0	(2.5)	(92.2)	(365.8)	(421.5)
Reported EPS (%)	21.7	(0.6)	(90.3)	(307.8)	(421.5)
Operating performance					
Gross margin inc depreciation (%)	50.6	47.9	4.9	(32.0)	39.0
Gross margin of key business (%)	50.6	47.9	4.9	(32.0)	39.0
Operating EBITDA margin (%)	59.9	57.2	22.9	(4.8)	51.4
Operating EBIT margin (%)	50.6	47.9	4.9	(32.0)	39.0
Net margin (%)	41.4	38.9	6.1	(23.9)	31.2
Effective tax rate (%)	19.0	20.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	59.9	61.4	451.2	(141.4)	52.8
Interest cover (X)	(5,325.9)	(86.3)	(3.5)	55.1	67.1
Inventory days	4.6	4.5	4.8	4.7	4.3
Debtor days	19.1	20.0	42.2	61.9	25.1
Creditor days	27.6	22.0	21.8	21.3	19.2
Operating ROIC (%)	27.4	25.8	1.2	(4.6)	12.2
ROIC (%)	26.4	24.8	1.4	(4.1)	12.0
ROE (%)	18.2	16.4	1.3	(3.8)	12.3
ROA (%)	13.7	12.5	0.8	(3.1)	10.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue By Division (THB m)	2018	2019	2020E	2021E	2022E
Landing & parking	7,304	7,426	3,415	2,990	5,879
Passenger service	25,850	26,743	12,234	5,018	19,263
Aircraft service	833	842	387	339	667
Property rents	2,265	2,296	1,952	1,952	2,245

Sources: Airports of Thailand; FSSIA estimates

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Financial Statements
Airports of Thailand

Cash Flow (THB m) Year Ending Sep	2018	2019	2020E	2021E	2022E
Recurring net profit	25,036	24,417	1,900	(5,050)	16,237
Depreciation	5,642	5,851	5,574	5,743	6,433
Associates & minorities	-	-	-	-	-
Other non-cash items	(1,913)	1,475	586	62	69
Change in working capital	2,255	3,405	(10,524)	(3,309)	10,245
Cash flow from operations	**31,020**	**35,148**	**(2,464)**	**(2,554)**	**32,985**
Capex - maintenance	(8,244)	(13,282)	(11,076)	(17,504)	(30,781)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	394	95	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(7,850)**	**(13,187)**	**(11,076)**	**(17,504)**	**(30,781)**
Dividends paid	(12,285)	(14,998)	(15,000)	(8,571)	(7,143)
Equity finance	0	0	0	0	0
Debt finance	(5,603)	(4,211)	(1,000)	(1,000)	(1,000)
Other financing cash flows	(147)	351	0	0	0
Cash flow from Financing	**(18,035)**	**(18,858)**	**(16,000)**	**(9,571)**	**(8,143)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	5,134	3,103	(29,540)	(29,629)	(5,939)
Free cash flow to firm (FCFF)	24,185.73	22,775.79	(12,860.22)	(19,429.36)	2,780.72
Free cash flow to equity (FCFE)	17,419.70	18,101.46	(14,540.46)	(21,058.05)	1,203.58

Per share (THB)					
FCFF per share	1.69	1.59	(0.90)	(1.36)	0.19
FCFE per share	1.22	1.27	(1.02)	(1.47)	0.08
Recurring cash flow per share	2.01	2.22	0.56	0.05	1.59

Balance Sheet (THB m) Year Ending Sep	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	199,613	212,166	223,242	240,746	271,527
Less: Accumulated depreciation	(94,335)	(99,456)	(105,030)	(110,773)	(117,206)
Tangible fixed assets (Net)	**105,278**	**112,709**	**118,212**	**129,972**	**154,321**
Intangible fixed assets (Net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	1,257	1,162	1,162	1,162	1,162
Cash & equivalents	72,806	75,909	46,369	16,739	10,800
A/C receivable	3,282	3,582	3,582	3,582	3,582
Inventories	331	335	298	276	316
Other current assets	648	961	474	323	796
Current assets	**77,068**	**80,787**	**50,723**	**20,921**	**15,494**
Other assets	4,105	3,723	3,723	3,723	3,723
Total assets	**187,709**	**198,382**	**173,820**	**155,778**	**174,700**
Common equity	143,903	153,899	141,329	127,708	136,802
Minorities etc.	366	640	695	757	826
Total Shareholders' equity	**144,269**	**154,539**	**142,024**	**128,465**	**137,629**
Long term debt	13,685	10,516	11,697	10,697	9,697
Other long-term liabilities	6,552	7,145	7,145	7,145	7,145
Long-term liabilities	**20,237**	**17,661**	**18,842**	**17,842**	**16,842**
A/C payable	1,720	1,509	1,344	1,244	1,423
Short term debt	4,223	3,181	1,000	1,000	1,000
Other current liabilities	17,260	21,492	10,610	7,228	17,807
Current liabilities	**23,203**	**26,182**	**12,954**	**9,472**	**20,229**
Total liabilities and shareholders' equity	**187,709**	**198,382**	**173,820**	**155,778**	**174,700**
Net working capital	(14,718)	(18,123)	(7,600)	(4,291)	(14,535)
Invested capital	95,922	99,471	115,497	130,567	144,670
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	10.07	10.77	9.89	8.94	9.58
Tangible book value per share	10.07	10.77	9.89	8.94	9.58
Financial strength					
Net debt/Equity (%)	(38.1)	(40.3)	(23.7)	(3.9)	(0.1)
Net debt/total assets (%)	(29.2)	(31.4)	(19.4)	(3.2)	(0.1)
Current ratio (x)	3.3	3.1	3.9	2.2	0.8
CF interest cover (x)	(2,993.1)	(50.2)	28.0	183.6	4.9

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	**33.1**	**33.9**	**436.1**	**(164.1)**	**51.0**
Recurring P/E @ target price (x) *	**39.9**	**41.0**	**526.4**	**(198.0)**	**61.6**
Reported P/E (x)	32.9	33.1	340.9	(164.1)	51.0
Dividend yield (%)	1.8	1.8	1.0	0.9	1.0
Price/book (x)	5.8	5.4	5.9	6.5	6.1
Price/tangible book (x)	5.8	5.4	5.9	6.5	6.1
EV/EBITDA (x) **	21.3	21.3	112.2	(817.0)	31.0
EV/EBITDA @ target price (x) **	26.1	26.1	136.4	(986.9)	37.5
EV/invested capital (x)	8.1	7.7	6.9	6.3	5.7
* Pre-exceptional & pre-goodwill are fully diluted		** EBITDA includes associate income and recurring non operating income			

Sources: Airports of Thailand; FSSIA estimates

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Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GFPT	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					

VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMPC	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						

GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						

Score Range	Number of Logo	Description
90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Less than 50	No logo given	-

Disclaimer:
The disclosure of the survey results of the Thai Institute of Directors Association ('IOD') regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.
The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.
* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

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Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAH	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK

DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEAOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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ANALYST(S) CERTIFICATION

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

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History of change in investment rating and/or target price

Airports of Thailand (AOT TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	HOLD	59.00	20-Jun-2019	HOLD	72.00	-	-	-

Teerapol Udomvej, CFA Started covering this stock from 10-Sep-2020
Price and TP are in local currency
Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Airports of Thailand	AOT TB	THB 58.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.

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

All share prices are as at market close on 09-Sep-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.

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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.

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