

8 APRIL 2021

THAILAND / TRANSPORT &amp; LOGISTICS

# AIRPORTS OF THAILAND AOT TB

## BUY

UNCHANGED

TARGET PRICE	THB85.00
CLOSE	THB65.75
UP/DOWNSIDE	+29.3%
PRIOR TP	THB85.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+24.7%

## ต้อนรับการกลับมาของนักท่องเที่ยวและนักช้อปปิ้ง

### คาดผลขาดทุน 3.9 พัน ลบ. ใน 2QFY21

เราคาดว่า AOT จะรายงานกำไรที่อ่อนแอใน 2QFY21 (ม.ค.-มี.ค. 2021) เนื่องจากปริมาณผู้โดยสารในประเทศได้รับผลกระทบจากการแพร่ระบาด COVID-19 ในรอบที่ 2 โดยจะลดลง 59% q-q และ 53% y-y ในขณะที่ผู้โดยสารต่างชาติยังไม่กลับมา จากตัวเลขดังกล่าว เราคาดว่าบริษัท จะขาดทุนจากการดำเนินงาน 3.9 พัน ลบ. ใน 2QFY21 เทียบกับที่เคยขาดทุน 3.4 พัน ลบ. ใน 1QFY21

### การท่องเที่ยวจากต่างประเทศจะค่อย ๆ พื้นตัวนับตั้งแต่เดือน เม.ย. เป็นต้นไป

AOT ควรได้ประโยชน์โดยตรงจากการเปิดพรมแดนที่แบ่งออกเป็น 4 ระยาระดับตั้งแต่เดือน เม.ย. เป็นต้นไป ซึ่งจะผ่อนคลายกฎการกักตัวสำหรับ 5 จังหวัดที่เป็นแหล่งท่องเที่ยว ประกอบด้วย กูเก็ต กระบี่ เกาะสมุย พังงา พัทยา และเชียงใหม่ AOT มีสนามบินในภูเก็ตและเชียงใหม่ ซึ่งเมื่อรวมกันคิดเป็น 16% ของรายได้รวมในปี 2019 จากแผนงานนี้ การท่องเที่ยวแห่งประเทศไทยตั้งเป้าจำนวนนักท่องเที่ยวเข้าประเทศอยู่ที่ 6.5 ล้าน ในปี 2021 (เทียบกับประมาณการของเราที่ 4.9 ล้าน)

### กำไรจะสูงเกินระดับก่อนหน้า COVID จากรายได้ค่าสัมปทานที่สูงขึ้น

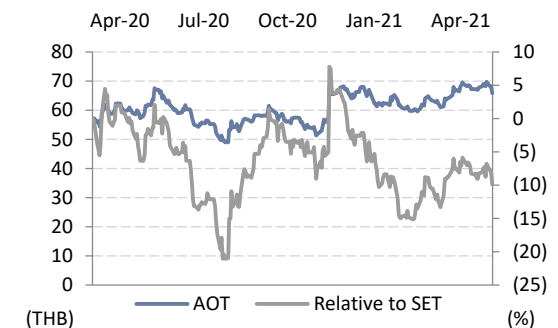
เราคาดว่ากำไรของ AOT จะสูงเกินระดับก่อนหน้า COVID ภายใน FY23 จากสัญญาสัมปทานใหม่ของ King Power ที่เริ่มในเดือน เม.ย. 22 ปัจจุบัน King Power จ่ายค่าสัมปทานเป็นส่วนแบ่งรายได้ให้แก่ AOT เนื่องจาก AOT ได้ยกเว้นการประกันรายได้ขั้นต่ำ (MG) ให้จนถึงเดือน มี.ค. 21 เราคาดว่ารายได้ค่าสัมปทานจะกระโดดจาก 4 พัน ลบ. ใน FY21 เป็น 16 พัน ลบ. ใน FY22 และ 29 พัน ลบ. ใน FY23 เนื่องจาก MG ต่อหัวที่ 233 บาทสำหรับสัญญาสัมปทานร้านค้าปลอดภาษีจะทดแทนค่าธรรมเนียมสัมปทานเฉลี่ยประมาณ 89 บาทต่อหัวที่ AOT ได้รับจาก King Power ผ่านระบบส่วนแบ่งรายได้ รายได้ที่จะเพิ่มขึ้นควรแปลงเป็นกำไรได้โดยตรงโดยมีค่าใช้จ่ายเพิ่มเพียงเล็กน้อย เราคาดว่าจะมีความต้องการที่อันไว้ของนักท่องเที่ยว โดยเฉพาะจากประเทศจีน โดยมีสมมติฐานจากยอดขายของร้านค้าปลอดภาษีในไต้หวัน ประเทศจีน ซึ่งโต 168% y-y ในเดือน ม.ค. และมากกว่า 5 เท่าในช่วงวันหยุดตรุษจีนในเดือน ก.พ. ที่ The Global Times รายงาน

### มากกว่าครึ่งของการประเมินมูลค่ามาจากสัญญาสัมปทาน

เราเห็นว่าราคาหุ้นของ AOT ที่อ่อนแอจากผลประกอบการใน 1QFY21 และการแพร่ระบาด COVID-19 ในรอบที่ 2 เป็นโอกาสในการสะสมหุ้น AOT มีการซื้อขายที่ 31x ของค่า FY23E P/E ต่ำกว่าค่าเฉลี่ยย้อนหลัง 5 ปีที่ 34x นอกจากนี้ถ้าเราแบ่งการประเมินมูลค่าของบริษัท ออกเป็นส่วน ๆ การประเมินมูลค่าด้วยวิธี DCF ของเราสำหรับสัญญาสัมปทานจะอยู่ที่ 47 บาทต่อหุ้น ซึ่งหมายความว่าธุรกิจจตุรัสสนามบินอันเป็นธุรกิจหลักของบริษัท มีการซื้อขายที่เพียง 19 บาทต่อหุ้น คิดเป็นค่า P/E ที่ต่ำเพียง 17x ในขณะที่เราเห็นว่าธุรกิจสนามบินควรมีการซื้อขายที่ 35x

## KEY STOCK DATA

YE Sep (THB m)	2020	2021E	2022E	2023E
Revenue	31,179	15,745	49,630	74,363
Net profit	4,321	(9,877)	14,293	30,673
EPS (THB)	0.30	(0.69)	1.00	2.15
vs Consensus (%)	-	nm	26.7	16.0
EBITDA	8,912	(921)	29,899	50,784
Core net profit	3,236	(9,877)	14,293	30,673
Core EPS (THB)	0.23	(0.69)	1.00	2.15
Chg. In EPS est. (%)	-	nm	-	-
EPS growth (%)	(86.7)	nm	nm	114.6
Core P/E (x)	290.3	(95.1)	65.7	30.6
Dividend yield (%)	0.3	0.8	0.9	1.5
EV/EBITDA (x)	101.8	nm	32.6	18.8
Price/book (x)	6.6	7.9	7.5	6.4
Net debt/Equity (%)	(22.7)	22.4	27.1	10.3
ROE (%)	2.2	(7.6)	11.7	22.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.9)	1.5	14.3
Relative to country (%)	(2.7)	(2.6)	(16.3)
Mkt cap (USD m)	29,972		
3m avg. daily turnover (USD m)	46.1		
Free float (%)	30		
Major shareholder	Ministry of Finance (70%)		
12m high/low (THB)	70.00/48.50		
Issued shares (m)	14,285.70		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 8 เมษายน 2021

## Investment thesis

We believe AOT's operation has already passed the bottom and is now in a recovery mode. Domestic passenger volumes were at 50% of pre-COVID-19 levels in March 2021. Meanwhile, we expect international passengers to gradually recover following the four-phase border reopening starting in April 2021.

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 an IBD/E ratio of only 0.1x and cash on hand of THB6.4b as of 1QFY21, implying that it can pass this crisis.

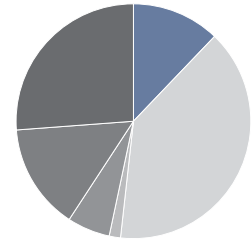
## Company profile

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

[www.airportthai.co.th](http://www.airportthai.co.th)

## Principal activities (revenue, 2020)

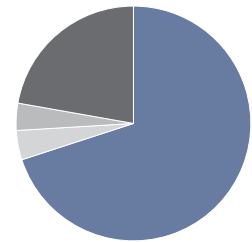
- Landing & parking - 12.2 %
- Passenger service - 39.6 %
- Aircraft service - 1.6 %
- Property rents - 5.9 %
- Service revenue - 14.6 %
- Concession revenue - 26.2 %



Source: Airports of Thailand

## Major shareholders

- Ministry of Finance - 70.0 %
- Thai NVDR - 4.0 %
- South East Asia UK - 3.7 %
- Others - 22.2 %



Source: Airports of Thailand

## Catalysts

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

## Risks 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.

## Event calendar

Date	Event
May 2021	2QFY21 results announcement

## Key assumptions

	FY21E	FY22E	FY23E
	(%)	(%)	(%)
Flight traffic growth - international	(66.5)	373.5	34.0
Flight traffic growth - domestic	34.9	6.5	2.7
Passenger growth - international	(94.7)	2,735.0	57.7
Passenger growth - domestic	29.7	18.9	4.6
PSC revenue growth	(80.0)	656.9	51.3
Concession revenue	(53.9)	335.1	76.7

Source: FSSIA estimates

## 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.

Source: FSSIA estimates



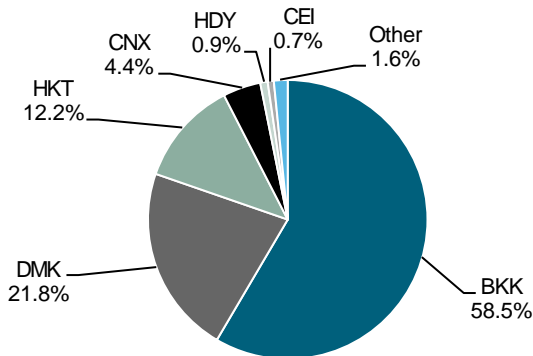
**Exhibit 1: Thailand – country reopening timeline**

Phase	Period	Travel area	Condition
1	Apr - Jun 2021	Phuket, Phangnga, Krabi, Pattaya (Cholburi), Chiang Mai, Samui	Stay in area quarantine (hotel) for 7 days
2	Jul - Sep 2021	Phuket (Phuket Sandbox)	Stay in travel area for 7 days before travelling anywhere
3	Oct - Dec 2021	Phuket, Phangnga, Krabi, Pattaya (Cholburi), Chiang Mai, Samui	Stay in travel area for 7 days before travelling anywhere
4	Jan 2022 onward	Reopening phase all throughout the country	

Note: Every phases requires a vaccine certificate

Sources: [Traveldailymedia](#); [Innnews](#)

**Exhibit 2: Revenue breakdown by airport as of 2019**



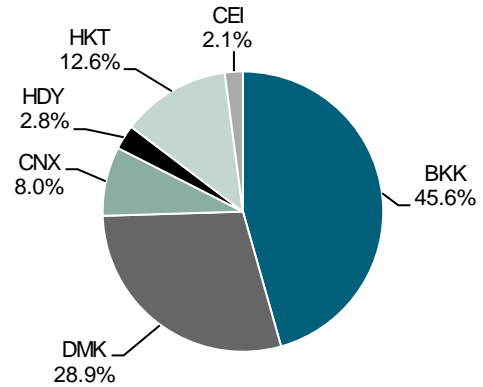
Source: AOT

**Exhibit 4: Tourist arrival forecasts**



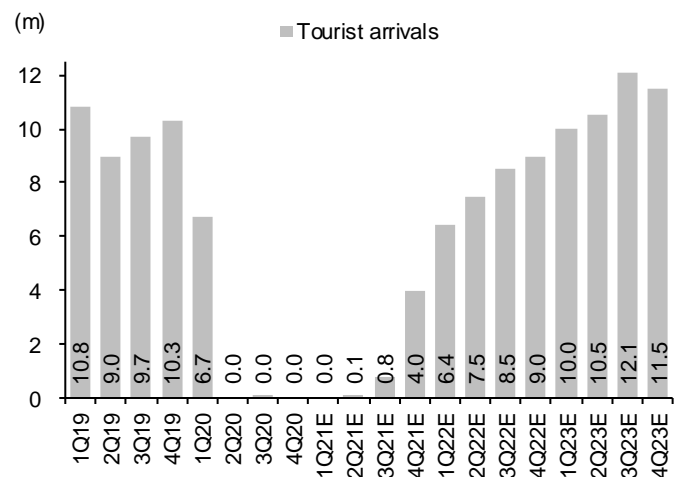
Source: FSSIA estimates

**Exhibit 3: Passenger breakdown by airport as of 2019**



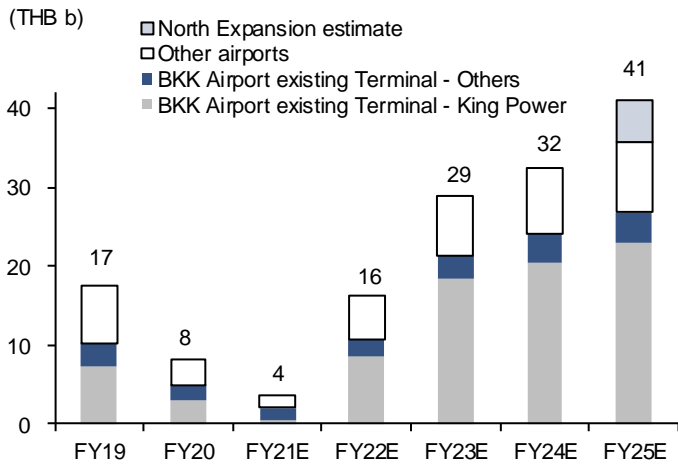
Source: AOT

**Exhibit 5: Quarterly tourist arrival forecasts**



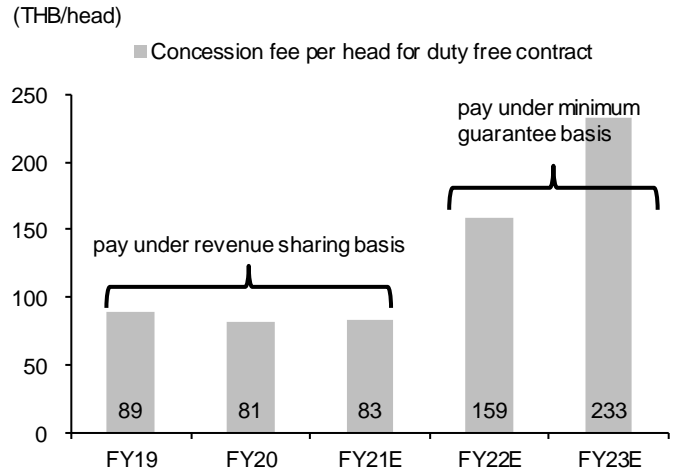
Source: FSSIA estimates

## Exhibit 6: Concession revenue



Sources: AOT; FSSIA estimates

## Exhibit 7: Concession fee per head that AOT receives from King Power under duty-free contract at Suvarnabhumi airport



Sources: AOT; FSSIA estimates

## Exhibit 8: 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)
<b>BKK</b>							
Duty-free	King Power	20	15.4	Sep 2020 - Mar 2032	Waive MG Feb 2020- Mar 2022 / Sharing per head after Apr 2022	233 <sup>1)</sup>	66 <sup>1)</sup>
Commercial activities	King Power	15	5.8	Sep 2020 - Mar 2032		72 <sup>2)</sup>	81 <sup>2)</sup>
Duty-free	King Power	20	2.3	Sep 2020 - Mar 2032		127 <sup>1)</sup>	18 <sup>1)</sup>
<b>Regional Airport (HKT, CNX, HDY)</b>							
<b>DMK</b>							
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		
<b>Pick-up counter</b>							
BKK	King Power	3	0.3	Sep 2020 - Dec 2030			
DMK	King Power	3	0.2	Oct 2022 - Dec 2032			
HKT	King Power	3	0.1	Sep 2021 - Mar 2032	Waive MG until Mar 2022		
<b>Total</b>			<b>26.2</b>				

Note: 1) International passengers only; 2) Total passengers

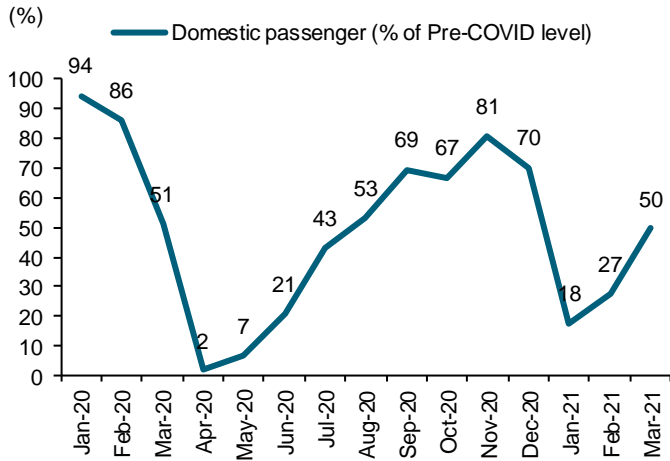
Sources: AOT; FSSIA's compilation

## Exhibit 9: 2QFY21E results preview

FY ending Sep	2QFY20	3QFY20	4QFY20	1QFY21	----- 2QFY21E -----		1HFY20	1HFY21E	Change	FY2021E	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Sales	11,902	1,319	1,853	2,176	1,794	(18)	(85)	28,007	3,970	(86)	15,745
Expense (Incl. depreciation)	(7,568)	(5,930)	(6,459)	(6,037)	(5,930)	(2)	(22)	(15,320)	(11,967)	(22)	(25,382)
<b>Operating profit</b>	<b>4,334</b>	<b>(4,611)</b>	<b>(4,606)</b>	<b>(3,861)</b>	<b>(4,136)</b>	7	(195)	<b>12,687</b>	<b>(7,997)</b>	<b>(163)</b>	<b>(9,637)</b>
Net other income	107	181	6	109	109	0	2	250	218	(13)	450
Interest income	256	241	157	103	103	0	(60)	593	206	(65)	569
Interest expense	(166)	(155)	(148)	(748)	(748)	0	351	(344)	(1,497)	335	(3,030)
<b>Pretax profit</b>	<b>4,531</b>	<b>(4,343)</b>	<b>(4,591)</b>	<b>(4,397)</b>	<b>(4,673)</b>	6	(203)	<b>13,186</b>	<b>(9,070)</b>	<b>(169)</b>	<b>(11,649)</b>
Income Tax	(934)	761	973	945	750	(21)	(180)	(2,773)	1,695	(161)	1,747
Minority interest	0	27	9	9	9	0	17,519	(14)	19	(233)	25
<b>Core profit</b>	<b>3,597</b>	<b>(3,555)</b>	<b>(3,609)</b>	<b>(3,443)</b>	<b>(3,914)</b>	14	(209)	<b>10,399</b>	<b>(7,357)</b>	<b>(171)</b>	<b>(9,877)</b>
Extraordinaries	(13)	618	(193)	(20)		nm	nm	518	(20)	n/a	0
Forex gain/(loss)	64	2	74	349	(30)	nm	nm	65	319	n/a	0
Derivative gain/(loss)				(328)		nm	nm	0	(328)	n/a	
<b>Reported net profit</b>	<b>3,648</b>	<b>(2,934)</b>	<b>(3,728)</b>	<b>(3,442)</b>	<b>(3,944)</b>	15	(208)	<b>10,982</b>	<b>(7,386)</b>	<b>(167)</b>	<b>(9,877)</b>
Shares (end Q, m)	14,286	14,286	14,286	14,286	14,286	0	0	14,286	14,286	0	14,286
<b>Core EPS (THB)</b>	<b>0.25</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>(0.24)</b>	<b>(0.27)</b>	14	(209)	<b>0.73</b>	<b>(0.51)</b>	<b>(171)</b>	<b>(0.69)</b>
<b>EPS (THB)</b>	<b>0.26</b>	<b>(0.21)</b>	<b>(0.26)</b>	<b>(0.24)</b>	<b>(0.28)</b>	15	(208)	<b>0.77</b>	<b>(0.52)</b>	<b>(167)</b>	<b>(0.69)</b>
Expense (Excl. depreciation)	(6,220)	(4,597)	(5,077)	(3,886)	(3,779)	(3)	(39)	(12,593)	(7,665)	(39)	(16,666)
Depreciation	(1,348)	(1,333)	(1,381)	(2,151)	(2,151)	0	60	(2,727)	(4,302)	58	(8,716)
EBITDA	5,682	(3,278)	(3,225)	(1,710)	(1,986)	16	(135)	15,414	(3,695)	(124)	(921)
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(%)</b>
Operating profit margin	36	(349)	(249)	(177)	(231)	nm	nm	45	(201)	(247)	(61)
EBITDA margin	48	(248)	(174)	(79)	(111)	nm	nm	55	(93)	(148)	(6)
Net profit margin	31	(222)	(201)	(158)	(220)	nm	nm	39	(186)	(225)	(63)
<b>Operating stats</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>						
International pax growth (y-y)	(35)	(99)	(99)	(99)	(98)						
Domestic pax growth (y-y)	(23)	(91)	(45)	(28)	(59)						
Total pax growth (y-y)	(30)	(96)	(78)	(71)	(74)						

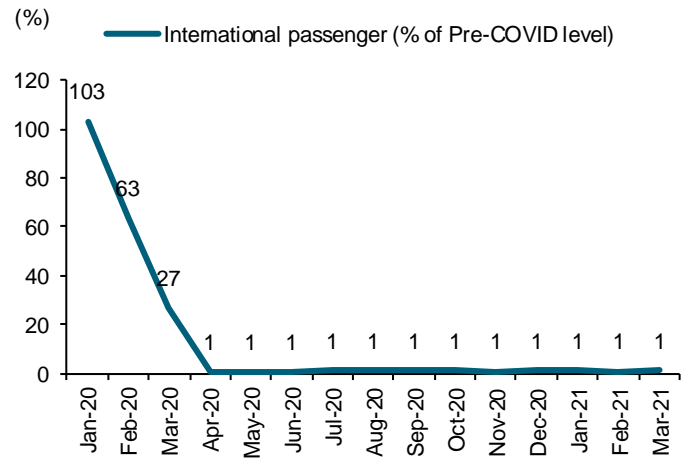
Sources: AOT; FSSIA estimates

**Exhibit 10: Percentage of domestic passengers to pre-COVID level**



Source: AOT

**Exhibit 11: Percentage of international passengers to pre-COVID level**



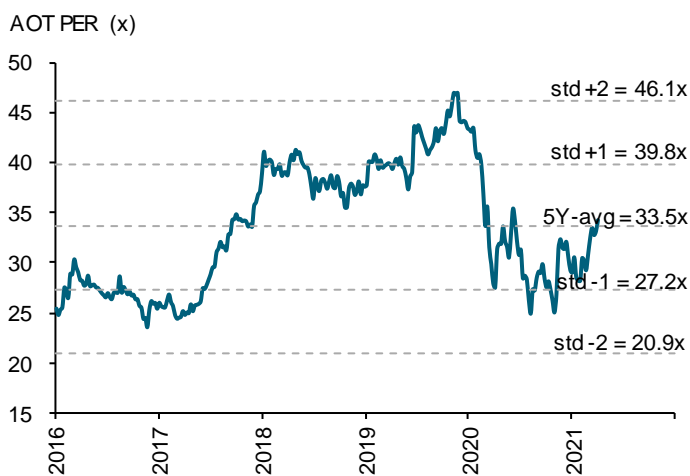
Source: AOT

**Exhibit 12: DCF/SOTP 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		665.4	46.6	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%	
Core business		583.2	40.8	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%	
Cash & liquid assets		22.6	1.6	At end-2022E	
Investments		0.7	0.1	At end-2022E	
Debt		(56.9)	(4.0)	At end-2022E	
Minorities		(0.7)	(0.1)	At end-2022E	
<b>Residual ordinary equity</b>		<b>1,214.3</b>	<b>85.0</b>		

Source: FSSIA estimates

**Exhibit 13: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 14: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

## Exhibit 15: Peer comparisons as of 7 April 2021

Company	BBG	Rec	Share price		Market Cap (USD m)	3Y EPS CAGR (%)	PE		DivYld		ROE		PBV	
			Current (LCL)	Target (LCL)			21E (x)	22E (x)	21E (%)	22E (%)	21E (%)	22E (%)	21E (x)	22E (x)
<b>Thailand</b>														
Airports of Thailand*+	AOT TB	BUY	65.75	85	29,972	111.6	(95.1)	65.7	0.8	0.9	(7.6)	11.7	7.9	7.5
<b>Malaysia</b>														
Malaysia Airports	MAHB MK	NR	6.49	NR	2,579	(169.4)	n/a	40.9	0.2	1.7	(6.8)	2.4	1.5	1.5
<b>China</b>														
Beijing Capital Intl Airport	694 HK	NR	6.12	NR	3,671	(180.4)	n/a	24.6	0.9	2.0	(0.5)	4.1	1.0	1.0
Hainan Meilan Intl	357 HK	NR	33.85	NR	2,058	14.5	21.9	16.6	0.3	0.6	10.5	12.0	2.1	1.9
Shanghai Intl Airport-A	600009 CH	NR	59.12	NR	17,351	(232.6)	156.3	37.2	0.2	0.8	3.7	10.6	3.7	3.4
Guangzhou Baiyun Intl -A	600004 CH	NR	13.30	NR	4,750	10.6	46.7	21.5	0.6	1.3	4.3	7.5	1.6	1.5
Shenzhen Airport -A	000089 CH	NR	8.71	NR	2,724	170.8	35.8	28.0	0.7	0.8	4.1	4.4	1.4	1.4
Xiamen Int Airport -A	600897 CH	NR	18.36	NR	838	0.2	16.4	11.3	2.5	2.6	11.1	11.0	1.3	1.2
<b>Australia</b>														
Sydney Airport	SYD AU	NR	6.25	NR	12,788	(199.6)	n/a	72.3	0.8	3.8	(11.8)	32.5	17.6	25.7
Auckland Intl Airport**	AIA AU	NR	7.15	NR	7,988	n/a	n/a	135.6	0.0	0.6	(0.6)	1.1	1.7	1.7
<b>Japan</b>														
Japan Airport Terminal***	9706 JP	NR	5,330	NR	4,525	(239.7)	n/a	n/a	0.1	0.1	2.5	(12.4)	2.7	3.1
<b>Average</b>					<b>89,241</b>	<b>15.0</b>	<b>30.3</b>	<b>45.4</b>	<b>0.6</b>	<b>1.4</b>	<b>0.8</b>	<b>7.7</b>	<b>3.9</b>	<b>4.5</b>

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



## Financial Statements

Airports of Thailand

Profit and Loss (THB m) Year Ending Sep	2019	2020	2021E	2022E	2023E
Revenue	62,783	31,179	15,745	49,630	74,363
Cost of goods sold	(26,844)	(22,267)	(16,666)	(19,731)	(23,579)
<b>Gross profit</b>	<b>35,940</b>	<b>8,912</b>	<b>(921)</b>	<b>29,899</b>	<b>50,784</b>
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
<b>Operating EBITDA</b>	<b>35,940</b>	<b>8,912</b>	<b>(921)</b>	<b>29,899</b>	<b>50,784</b>
Depreciation	(5,851)	(5,441)	(8,716)	(10,041)	(10,531)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>30,088</b>	<b>3,470</b>	<b>(9,637)</b>	<b>19,858</b>	<b>40,253</b>
Net financing costs	354	345	(2,462)	(2,490)	(2,428)
Associates	0	0	0	0	0
Recurring non-operating income	433	437	450	463	477
Non-recurring items	609	1,085	0	0	0
<b>Profit before tax</b>	<b>31,484</b>	<b>5,337</b>	<b>(11,649)</b>	<b>17,831</b>	<b>38,302</b>
Tax	(6,389)	(1,038)	1,747	(3,566)	(7,660)
<b>Profit after tax</b>	<b>25,096</b>	<b>4,299</b>	<b>(9,902)</b>	<b>14,265</b>	<b>30,642</b>
Minority interests	(69)	22	25	28	31
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>25,026</b>	<b>4,321</b>	<b>(9,877)</b>	<b>14,293</b>	<b>30,673</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(609)</b>	<b>(1,085)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>24,417</b>	<b>3,236</b>	<b>(9,877)</b>	<b>14,293</b>	<b>30,673</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.71	0.23	(0.69)	1.00	2.15
Reported EPS	1.75	0.30	(0.69)	1.00	2.15
DPS	1.05	0.19	0.50	0.60	1.00
Diluted shares (used to calculate per share data)	14,286	14,286	14,286	14,286	14,286
<b>Growth</b>					
Revenue (%)	3.7	(50.3)	(49.5)	215.2	49.8
Operating EBITDA (%)	(0.9)	(75.2)	nm	nm	69.9
Operating EBIT (%)	(1.8)	(88.5)	nm	nm	102.7
Recurring EPS (%)	(2.5)	(86.7)	nm	nm	114.6
Reported EPS (%)	(0.6)	(82.7)	nm	nm	114.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	47.9	11.1	(61.2)	40.0	54.1
Gross margin of key business (%)	47.9	11.1	(61.2)	40.0	54.1
Operating EBITDA margin (%)	57.2	28.6	(5.8)	60.2	68.3
Operating EBIT margin (%)	47.9	11.1	(61.2)	40.0	54.1
Net margin (%)	38.9	10.4	(62.7)	28.8	41.2
Effective tax rate (%)	20.7	24.4	15.0	20.0	20.0
Dividend payout on recurring profit (%)	61.4	83.9	(72.3)	60.0	46.6
Interest cover (X)	(86.3)	(11.3)	(3.7)	8.2	16.8
Inventory days	4.5	5.5	6.5	5.1	5.1
Debtor days	20.0	39.8	74.8	23.7	15.8
Creditor days	22.0	27.2	34.6	27.3	27.2
Operating ROIC (%)	25.8	2.5	(6.2)	10.2	19.5
ROIC (%)	24.8	2.7	(5.8)	10.1	19.3
ROE (%)	16.4	2.2	(7.6)	11.7	22.4
ROA (%)	12.5	1.6	(4.3)	8.1	14.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Landing & parking	7,426	3,789	3,057	5,738	7,470
Passenger service	26,743	12,351	2,474	18,725	28,331
Aircraft service	842	486	379	725	858
Property rents	2,296	1,838	1,746	2,008	2,109

Sources: Airports of Thailand; FSSIA estimates

## Financial Statements

Airports of Thailand

Cash Flow (THB m) Year Ending Sep	2019	2020	2021E	2022E	2023E
Recurring net profit	24,417	3,236	(9,877)	14,293	30,673
Depreciation	5,851	5,441	8,716	10,041	10,531
Associates & minorities	-	-	-	-	-
Other non-cash items	1,475	570	(11,218)	(28)	(31)
Change in working capital	3,405	(12,572)	(3,987)	8,145	6,051
<b>Cash flow from operations</b>	<b>35,148</b>	<b>(3,325)</b>	<b>(16,366)</b>	<b>32,450</b>	<b>47,224</b>
Capex - maintenance	(13,282)	(11,875)	(40,032)	(32,949)	(19,673)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	95	440	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(13,187)</b>	<b>(11,435)</b>	<b>(40,032)</b>	<b>(32,949)</b>	<b>(19,673)</b>
Dividends paid	(14,998)	(14,999)	(2,714)	(7,143)	(8,571)
Equity finance	0	0	0	0	0
Debt finance	(4,211)	(2,604)	49,115	(3,309)	(4,880)
Other financing cash flows	351	11	0	0	0
<b>Cash flow from financing</b>	<b>(18,858)</b>	<b>(17,591)</b>	<b>46,401</b>	<b>(10,452)</b>	<b>(13,452)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>3,103</b>	<b>(32,352)</b>	<b>(9,997)</b>	<b>(10,950)</b>	<b>14,099</b>
Free cash flow to firm (FCFF)	22,775.79	(14,114.34)	(53,367.29)	2,429.16	30,273.95
Free cash flow to equity (FCFE)	18,101.46	(17,352.98)	(7,282.24)	(3,807.36)	22,670.76

### Per share (THB)

FCFF per share	1.59	(0.99)	(3.74)	0.17	2.12
FCFE per share	1.27	(1.21)	(0.51)	(0.27)	1.59
Recurring cash flow per share	2.22	0.65	(0.87)	1.70	2.88

Balance Sheet (THB m) Year Ending Sep	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	212,166	222,734	233,766	266,715	286,388
Less: Accumulated depreciation	(99,456)	(103,591)	(83,308)	(93,349)	(103,880)
<b>Tangible fixed assets (net)</b>	<b>112,709</b>	<b>119,143</b>	<b>150,459</b>	<b>173,367</b>	<b>182,508</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,162	722	722	722	722
Cash & equivalents	75,909	43,558	33,561	22,611	36,710
A/C receivable	3,582	3,225	3,225	3,225	3,225
Inventories	335	340	255	301	360
Other current assets	961	3,368	1,701	5,362	8,034
<b>Current assets</b>	<b>80,787</b>	<b>50,491</b>	<b>38,742</b>	<b>31,499</b>	<b>48,330</b>
Other assets	3,723	3,202	3,202	3,202	3,202
<b>Total assets</b>	<b>198,382</b>	<b>173,559</b>	<b>193,125</b>	<b>208,790</b>	<b>234,762</b>
Common equity	153,899	142,236	118,451	125,601	147,702
Minorities etc.	640	796	771	744	712
<b>Total shareholders' equity</b>	<b>154,539</b>	<b>143,032</b>	<b>119,222</b>	<b>126,345</b>	<b>148,415</b>
Long term debt	10,516	8,245	57,608	54,299	49,419
Other long-term liabilities	7,145	6,949	6,949	6,949	6,949
<b>Long-term liabilities</b>	<b>17,661</b>	<b>15,194</b>	<b>64,557</b>	<b>61,248</b>	<b>56,368</b>
A/C payable	1,509	1,809	1,354	1,603	1,915
Short term debt	3,181	2,848	2,600	2,600	2,600
Other current liabilities	21,492	10,677	5,392	16,995	25,464
<b>Current liabilities</b>	<b>26,182</b>	<b>15,333</b>	<b>9,345</b>	<b>21,197</b>	<b>29,979</b>
<b>Total liabilities and shareholders' equity</b>	<b>198,382</b>	<b>173,559</b>	<b>193,125</b>	<b>208,790</b>	<b>234,762</b>
Net working capital	(18,123)	(5,551)	(1,564)	(9,709)	(15,760)
Invested capital	99,471	117,516	152,818	167,582	170,673

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	10.77	9.96	8.29	8.79	10.34
Tangible book value per share	10.77	9.96	8.29	8.79	10.34

### Financial strength

Net debt/equity (%)	(40.3)	(22.7)	22.4	27.1	10.3
Net debt/total assets (%)	(31.4)	(18.7)	13.8	16.4	6.5
Current ratio (x)	3.1	3.3	4.1	1.5	1.6
CF interest cover (x)	(50.2)	51.3	(2.0)	(0.5)	10.3

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>38.5</b>	<b>290.3</b>	<b>(95.1)</b>	<b>65.7</b>	<b>30.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>49.7</b>	<b>375.3</b>	<b>(122.9)</b>	<b>85.0</b>	<b>39.6</b>
Reported P/E (x)	37.5	217.4	(95.1)	65.7	30.6
Dividend yield (%)	1.6	0.3	0.8	0.9	1.5
Price/book (x)	6.1	6.6	7.9	7.5	6.4
Price/tangible book (x)	6.1	6.6	7.9	7.5	6.4
EV/EBITDA (x) **	24.4	101.8	nm	32.6	18.8
EV/EBITDA @ target price (x) **	32.1	132.7	nm	41.8	24.2
EV/invested capital (x)	8.8	7.7	6.3	5.8	5.6

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Airports of Thailand; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## 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

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

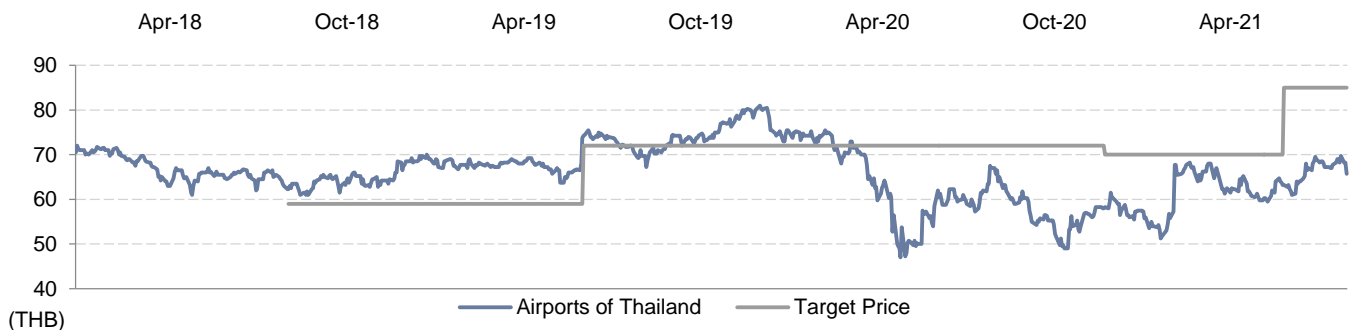
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### History of change in investment rating and/or target price

#### Airports of Thailand (AOT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	HOLD	59.00	02-Apr-2020	HOLD	72.00	11-Feb-2021	BUY	85.00
20-Jun-2019	HOLD	72.00	10-Sep-2020	BUY	70.00			

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 65.75	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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 07-Apr-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**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.

### 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.