

12 MAY 2021

THAILAND / TRANSPORT & LOGISTICS

DON MUANG TOLLWAY DMT TB

BUY

TARGET PRICE THB20.00
CLOSE THB14.40
UP/DOWNSIDE +38.9%
TP vs CONSENSUS -

ถนนสู่การเติบโตที่ยั่งยืน

ประตูสู่ภาคเหนือของไทย

Don Muang Tollway (DMT) ได้รับสิทธิสัมปทานในการสร้างและดำเนินงานทางด่วนยกระดับบนถนนวิภาวดีรังสิต กล่าวคือ ทางด่วนตอนเมือง ช่วงจากดินแดงไปอนุสรณ์สถานแห่งชาติ ซึ่งจะถูกโอนกลับไปเป็นของรัฐหลังสิ้นอายุสัญญา สัมปทานดังกล่าวมีความยาวรวมประมาณ 21 กม. และมีอายุสัญญายาวจนถึงเดือน ก.ย. 2034 (อีกกว่า 13 ปี) DMT เป็นประตูสู่ภาคเหนือและตะวันออกเฉียงเหนือของไทย และมีการเติบโตของปริมาณจราจรสม่ำเสมอ DMT มีสิทธิปรับเพิ่มอัตราค่าใช้ทางด่วนทุก ๆ 5 ปีตามสัญญา ซึ่งทำให้บริษัท มีความชัดเจนในด้านการเติบโตของกำไรสูง

จากต่ำสุดสู่สูงสุดเป็นประวัติการณ์ภายในปี 2023

เราคาดว่ากำไรสุทธิของ DMT จะออกจากจุดต่ำสุด (-3% y-y) ที่ 767 ลบ. ในปี 2021 ในขณะที่เรามองว่ากำไรสุทธิในปี 2022 อาจขึ้นสูงสุดที่ 1.3 พัน ลบ. (+75% y-y) จาก 3 ปัจจัยบวก ประการแรกคือปริมาณจราจรที่ฟื้นตัวในระดับสูงหลังเศรษฐกิจกลับมาเปิดและการท่องเที่ยวกลับมาเป็นปกติ ประการที่สองคือค่าใช้จ่ายดอกเบี้ยที่จะลดลงเป็นจำนวนมาก ประการที่สามคือโครงสร้างต้นทุนซ่อมบำรุงที่จะลดลง เราคิดว่าปริมาณจราจรของ DMT อาจฟื้นตัวเต็มที่ภายในปี 2024 ซึ่งจะผลักดันให้กำไรสุทธิโต 2.5x จาก 0.8 พัน ลบ. ในปี 2020 เป็น 1.7 พัน ลบ.

หุ้นปันผลที่น่าสนใจพร้อมศักยภาพในการเติบโตสูง

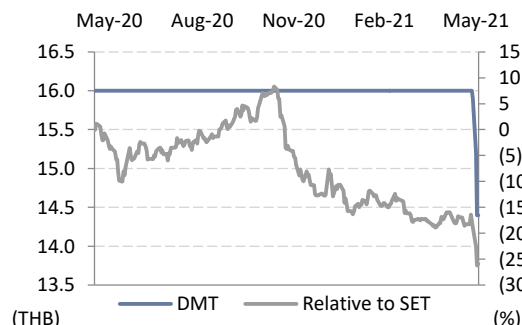
เราเชื่อว่า DMT เป็นทางเลือกการลงทุนที่น่าสนใจในตลาดหุ้นไทยไม่เพียงจากผลตอบแทนในรูปเงินปันผลที่คาดว่าจะสูงถึงกว่า 6.4% ต่อปีนับตั้งแต่ปี 2022 เป็นต้นไป ซึ่งจะเป็นอัตราสูงสุดในกลุ่มขนส่งของไทย แต่ยังมีศักยภาพในการเติบโตที่ชัดเจนและอยู่ในระดับสูง โดยมีสมมติฐานจาก 1) การฟื้นตัวที่ดีของปริมาณจราจรของ DMT หลัง COVID-19 พร้อมโครงการพัฒนาสนามบินดอนเมืองระยะที่ 3 ซึ่งอาจเพิ่มความสามารถในการรองรับผู้โดยสารจาก 30 ล้านเที่ยวเป็น 40 ล้านเที่ยวต่อปี; และ 2) โอกาสในการชนะประมูลทางด่วนระหว่างเมือง (รังสิต - บางปะอิน หรือ M5 motorway) ที่กำลังจะเกิดขึ้น ซึ่งจะขยายทางด่วนปัจจุบันและให้รายได้เพิ่มเติมในอนาคต

เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 20 บาท

เราเริ่มรายงาน DMT ด้วยคำแนะนำซื้อที่ราคาเป้าหมายสำหรับ 12 เดือนข้างหน้า 20 บาท (DCF) ซึ่งรวมอายุสัญญาสัมปทานในอีก 13 ปีข้างหน้าจนถึงปี 2034 อย่างไรก็ตามเราไม่ได้รวมโอกาสสำหรับความเสี่ยงจากโครงการ M5 ซึ่งเรามองว่า DMT อาจเป็นตัวเก็งสำคัญ เมื่อเทียบกับบริษัทอื่นในกลุ่มขนส่ง เราคาดว่า DMT จะมีการซื้อขายในระดับ P/E (17x ในปี 2022E) และ EV/EBITDA ที่ต่ำกว่า ในขณะที่เราคาดว่าผลตอบแทนในรูปเงินปันผลของบริษัทจะสูงที่สุดในกลุ่มฯ นอกจากนี้ DMT ยังมีฐานะทางการเงินที่ดี โดยบริษัท จะไม่มีหนี้หลังการเสนอขายหลักทรัพย์ต่อประชาชนทั่วไปเป็นครั้งแรกและมีกระแสเงินสดที่ดี

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	2,047	1,886	2,662	3,180
Net profit	791	767	1,341	1,679
EPS (THB)	0.76	0.68	1.13	1.42
vs Consensus (%)	-	(10.5)	(1.7)	-
EBITDA	1,421	1,327	2,148	2,661
Core net profit	791	767	1,341	1,679
Core EPS (THB)	0.76	0.68	1.13	1.42
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(31.7)	(11.0)	67.8	25.2
Core P/E (x)	18.9	21.3	12.7	10.1
Dividend yield (%)	4.5	4.2	7.1	8.9
EV/EBITDA (x)	11.7	12.2	7.6	5.8
Price/book (x)	2.0	1.7	1.8	1.8
Net debt/Equity (%)	22.2	(2.2)	(8.0)	(16.6)
ROE (%)	10.8	9.0	14.2	17.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	n/a	n/a	n/a
Relative to country (%)	n/a	n/a	n/a
Mkt cap (USD m)			545
3m avg. daily turnover (USD m)			n/a
Free float (%)			0
Major shareholder		Phanichewa family (46%)	
12m high/low (THB)			n/a
Issued shares (m)			1,181.23

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 12 พฤษภาคม 2021

Investment thesis

In 2022, we expect the company's earnings to beat the pre-Covid level in 2019, based on the strong recovery of its toll traffic in line with the reopening of the country's borders and a subsequent economic recovery. We project the company's 2022 net profit to surge by 75% y-y to THB1.3b.

Based on its 90% dividend payout policy (after the first trading day), DMT would have the highest dividend payout and yield in the transportation sector, reflecting a rich dividend yield estimated at over 6.4% p.a. from 2022 on. The company also has a healthy financial position with no debt after its IPO and a resilient cash flow.

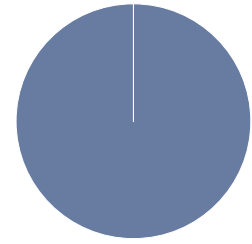
Company profile

Don Muang Tollway (DMT) was granted a build-transfer-operate (BTO) concession for the elevated toll road named the Don Muang Tollway, from Din Daeng to National Memorial Section. The total concession length is approximately 21 kilometres, with the concession period lasting until 11 Sep 2034.

www.tollway.co.th

Principal activities (revenue, 2020)

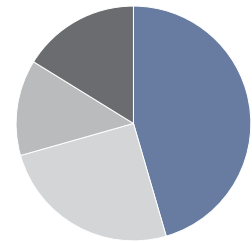
■ Toll revenue - 100.0 %



Source: Don Muang Tollway

Major shareholders

■ Phanichewa family - 45.5 %
 ■ Ministry of Finance - 25.1 %
 ■ Golden Horse Limited - 13.2 %
 ■ Others - 16.2 %



Source: Don Muang Tollway

Catalysts

- Highest dividend yield in the transportation sector;
- Clear earnings visibility with attractive growth potential;
- Net cash company with a resilient positive cash flow;

Risks to our call

Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic, and 2) dispute risks.

Event calendar

Date	Event
Aug-21	2Q21 results announcement

Key assumptions

	2020	2021E	2022E	2023E
Traffic (m trips)	34.90	32.0	44.93	53.68
Average toll fee (THB)	58.65	58.94	59.24	59.24
Growth	(%)	(%)	(%)	(%)
Traffic	(35.1)	(8.3)	19.5	10
Price	12.0	0.5	0.5	0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in toll traffic, we project 2021 earnings to rise by 1.5%, and vice versa, all else being equal.
- For every 1% increase in toll fare, we project 2021 earnings to rise by 3%, and vice versa, all else being equal.

Source: FSSIA estimates

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Executive summary

DMT was granted a BTO concession to construct and operate the elevated toll road named the 'Don Muang Tollway', from Din Daeng to National Memorial Section, along the Viphavadi-Rangsit Road. The total concession length is approximately 21 km with the concession period lasting until 11 Sep-34 (over 13 years). DMT is the elevated toll road from Metropolitan Bangkok and its northern vicinities as the main and direct route to the central, northern and northeastern parts of Thailand.

After its initial public offering (IPO), DMT received cash of THB2.2b. The company plans to use this capital to repay all of its THB2.1b in outstanding loans and turn itself into a net cash company.

The key catalysts for DMT's net profit growth, in our view, include 1) a greater fare pricing adjustment upside over its peers; 2) a high correlation with the solid passenger growth potential at Don Mueang Airport (DMK); 3) DMT is a gateway to the northern and northeastern parts of Thailand; 4) the toll business still enjoys continuous growth thanks to the increasing number of cars in Thailand; 5) there should be no impact from the upcoming mass transit Red Line; 6) the company has a high dividend yield with growth potential; and 7) it has a healthy financial position with a resilient cash flow.

Once all economic activities resume and COVID-19 is brought under control, we expect DMT's traffic to jump to 44.9m trips (+40% y-y) in 2022. This should lead to a significant improvement in DMT's revenue by 41% y-y to THB2.7m in 2022. Moreover, we expect that DMT's total costs should be maintained, while its maintenance costs could even decrease. With no interest expense as a result of its IPO, we expect the company to post a net profit of THB1.34b in 2022, surging by 75% y-y, a record high net profit in the past six years.

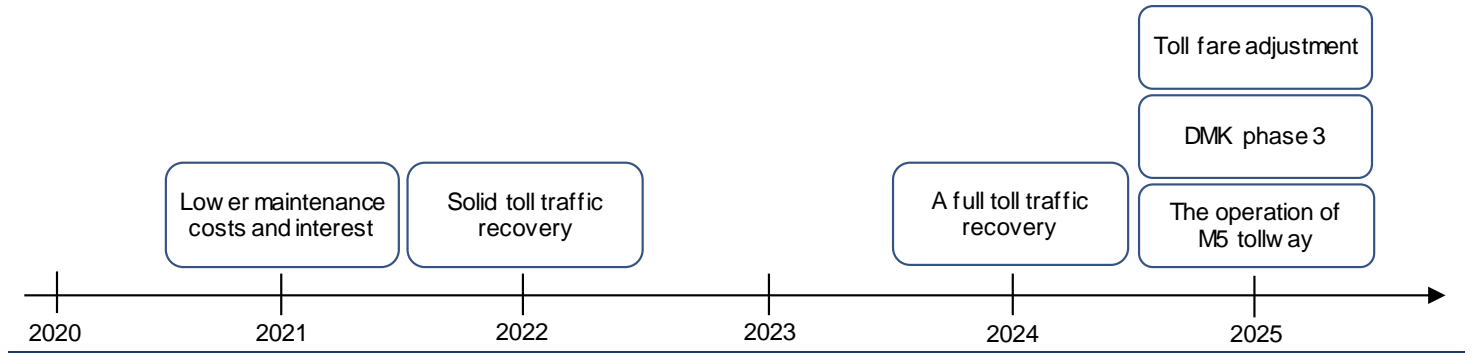
DMT could be the company with the highest dividend payout and yield among Thai transportation companies (excluding the infrastructure fund), in our view. After operations almost return to normal, potentially in 2022, the company should be able to pay a dividend of THB1.02 per share, reflecting an attractive dividend yield of around 6.4% p.a.

In the long term, the company has solid growth potential from the DMK airport phase 3 expansion that could increase its airport capacity from 30m to 40m passengers per year in 2025. According to our study, we found that DMT's traffic and DMK's passenger levels have a strong positive relationship. Hence, the higher the passenger volume at DMK the higher DMT's tollway traffic should be.

The company is also eyeing a future project, Rangsit-Bang Pa-in (M5), which could connect its existing tollway to the northern and northeastern parts of Thailand. The bidding should be completed within this year and is targeted to operate in 2025. We have high confidence that the company should be able to win the bidding for this project as it has long experience with traffic along the Viphavadi-Rangsit Road and its own tollway. If the company can acquire this project, it would be the first new project in the past 25 years since the company received the northern extension section in 1996.

We see our 12-month DCF-based TP of THB20 as justified by 1) the company's solid earnings visibility; 2) its highest dividend yield in the transportation sector; 3) the potential growth from its new projects; 4) its low 2022E P/E compared to its peers; and 5) its resilient cash flow with no debt. Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic; and 2) dispute risks.

Exhibit 1: DMT's upcoming key drivers



Sources: DMT; FSSIA estimates

Company background

DMT was granted a BTO concession for the elevated tollway on Viphavadi-Rangsit Road, namely the Don Muang Tollway from Din Daeng to National Memorial Section. The total concession length is approximately 21 km, with the concession period lasting until 11 Sep-34 (over 13 years). DMT is the elevated toll road from Metropolitan Bangkok and its northern vicinities as the main and direct route to the central, northern and northeastern parts of Thailand.

The concession highway is in the form of BTO, that is, after the completion of construction, the ownership of the elevated tollway is transferred to the Department of Highways (DOH), with the exclusive rights for well-rounded operations and toll revenue collection remaining under concession agreement. The concession can be divided into two sections as follows:

- 1) Original Tollway Section from Din Daeng to Don Muang totalling approximately 15.4 km.
- 2) Northern Extension Section from Don Muang to National Memorial Monument, extending the Original Tollway by 5.6 km.

The toll rates are predetermined in accordance with the Memorandum of Agreement Amending the Concession Agreement No.3/2007 dated 12 Sep-07, in that the toll rates are adjusted every five years. The toll rates have been mutually agreed as properly calculated toll rates.

Exhibit 2: Don Muang Tollway map



Simplified Don Muang Tollway's Service Routes				Simplified Rangsit Extension Section		
Original Section (15.4 km)		Northern Extension Section (5.6 km)		Rangsit Extension Section (6.8 km)		
Vibhavadi Rangsit Road km 5 + 700 (Din Daeng)	Toll Plaza From Din Daeng to Don Muang	Vibhavadi Rangsit Road km 21 + 100 (Don Muang)	Toll Plaza From Don Muang to National Memorial	Vibhavadi Rangsit Road km 26 + 700 (National Memorial)	Toll Plaza From National Memorial to Royal Thai Mint	Phaholyothin Road km 33 + 800 (Royal Thai Mint)
Beginning of Tollway	Operated by DMT	Cutting Point	Operated by DMT	End of Tollway	Operated by DOH	End of DOH's Section

Source: DMT

Exhibit 3: Key milestones

Year	Event
1988	DMT was incorporated
1989	Entered into the 25-year Concession Agreement with the DOH to construct and operate the 'Original Section' under the BTO scheme
1991	Obtained BOI in operation of the Original Section
1994	Converted into a public company Commenced the operation of the Original Section
1995	Entered into MOA 1/2538 <i>To obtain BOI under existing concession agreement in exchange of additional benefits contributed to Thai government</i>
1996	Entered into MOA 2/2539 <i>To obtain rights to construct and operate the 'Northern Extension Section'</i> <i>To extend the whole concession period to November 2021 and change the scheme of all rights to BTO</i>
1998	Obtained BOI in operation of the Northern Extension Section Commenced the operation of the Northern Extension Section
2006	Moved the airline operation at Don Mueang Airport to Suvarnabhumi International Airport reflecting in drop in traffic users
2007	Entered into MOA 3/2550 <i>To extend the whole concession period to September 2034</i> <i>To specify toll rate schedule throughout the concession</i>
2011	Resumed the full operation of low-cost airlines at Don Mueang Airport, reflecting a surge in traffic users
2013	Launched " Smart Purse " card Surge in number of sold cars due to government support policy
2019	Approved by EGM on the listing of DMT's shares in the Stock Exchange of Thailand (SET) Filed the listing application
2021	Listed on the SET

Source: DMT

Revenue structure

100% of DMT's revenue comes from toll fees. Therefore, the company's revenue structure is very simple. It just depends on the toll traffic volume and the toll fare. DMT's toll fare can be divided into two sections and two types of vehicles, as per the exhibit below.

Exhibit 4: Current toll rate (starting on 22 Dec-19 until 21 Dec-24)

Tollway	Toll plaza	4-wheel vehicle	More than 4-wheel vehicle
		(THB)	(THB)
Outbound toll plaza (going north)			
Original Tollway Din Daeng - Don Muang	Din Daeng toll plaza	80	110
	Suthisan toll plaza	80	110
	Ladprao (outbound) toll plaza	80	110
	Ratchadaphisek toll plaza	80	110
	Bang Khen toll plaza	80	110
Northern Extension Don Muang - National Memorial	Laksi (outbound) toll plaza	35	45
	Anusorn Satharn toll plaza	35	45
Inbound toll plaza (going south)			
Northern Extension National Memorial - Don Muang	Don Muang toll plaza	115	155
Original Tollway Don Muang - Din Daeng	Laksi (inbound) toll plaza	80	110
	Chaeng Wattana toll plaza	80	110
	Ladprao (inbound) toll plaza	80	110

Note: For the toll rate for 4-wheel vehicles (Type 1) at Baht 115/vehicle/trip and the toll rate for vehicles with more than 4-wheels (Type 2) at Baht 155/vehicle/trip, tollway users can pay one time at Don Muang toll plaza for the distance of National Memorial to Don Muang and Don Muang to Din Daeng.

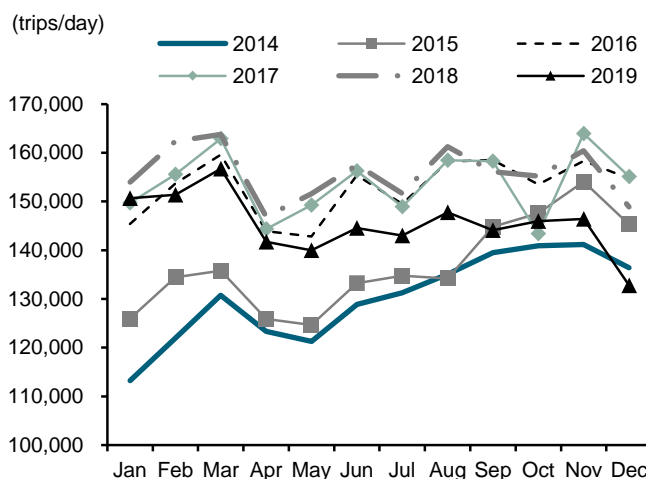
Source: DMT

Exhibit 5: Customers by vehicle type

	2014	2015	2016	2017	2018
	(%)	(%)	(%)	(%)	(%)
4-wheel vehicles	97.1	97	97	97	97
More than 4-wheel vehicles	2.9	2.9	2.6	2.8	2.8

Source: DMT

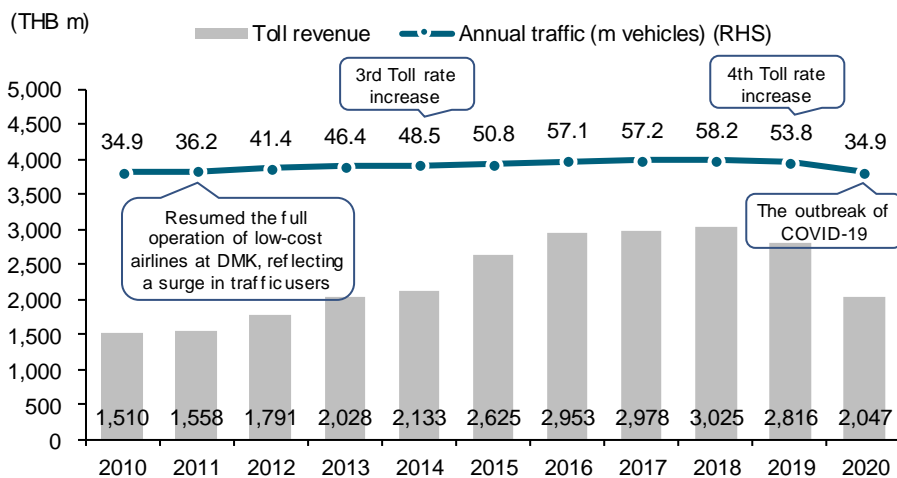
Exhibit 6: Toll traffic by month (pre-COVID-19)



Source: DMT

There is a seasonal effect for tollway usage in Thailand. From past traffic statistics, it is evident that Apr-May of every year is typically the period when the tollway traffic volume is the lowest. This is due to the holiday and the end of the semester for schools and universities, while in April there is the Songkran Festival which has many consecutive holiday days. In addition, December's traffic is also usually low due to the numerous holidays. As a result, we can conclude that due to the seasonal effect, DMT's revenue is likely to slow down in 2Q and 4Q.

Exhibit 7: Historical toll traffic and DMT's revenue



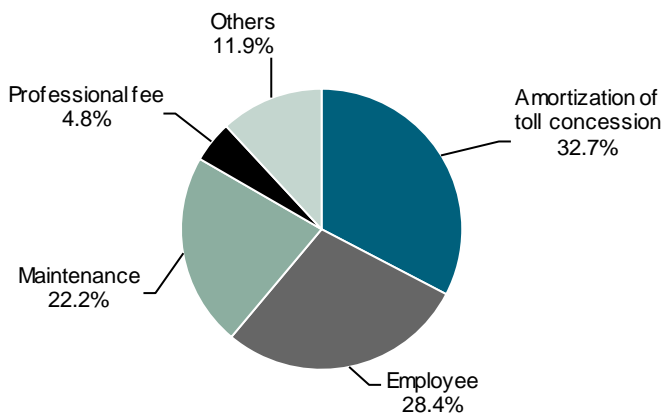
Source: DMT

Cost structure

The amortisation of the toll concession accounted for 32.7% of DMT’s total cost in 2020. The amortisation cost is calculated by using the actual traffic number for that year divided by the sum of the actual traffic number that year and the estimated traffic number over the remaining lifetime of the concession. Therefore, we can say that the amortisation of the toll concession is the only variable cost the company has, dependent upon the actual traffic volume each year.

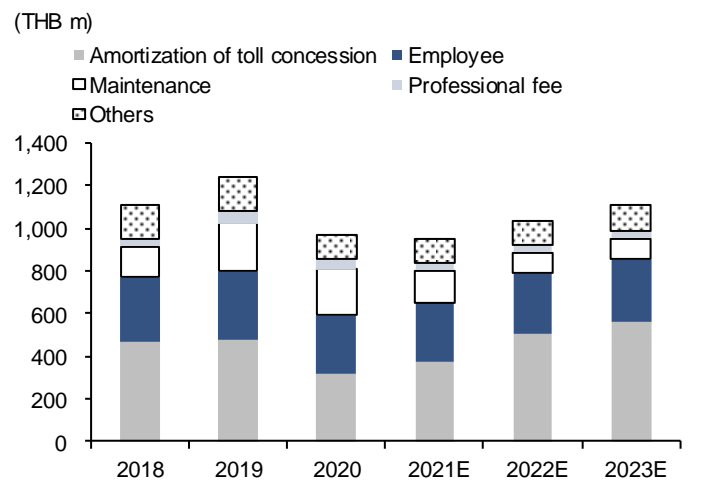
We estimate the remaining expense, over 60%, to be fixed cost. The second highest cost is employee expenses, which contribute around 28.4%, mainly as a fixed cost that grows at only a 3% 5-year CAGR. The third highest cost is maintenance expenses, which account for around 22.2%. The maintenance expenses depend on the maintenance cycle. The company had a maintenance cycle and a big system upgrade in 2019 and 2020, causing the maintenance expense to jump from its average of THB100m to over THB200m for 2019 and 2020. The rest comes from other costs (16.7%), including professional fees, utilities, security, property taxes, etc.

Exhibit 8: DMT’s 2019 cost structure (pre-COVID-19)



Source: DMT

Exhibit 9: DMT’s total historical costs



Source: DMT

Key catalysts for DMT’s sustainable net profit growth

Greater pricing upside over peers

In Thailand, there are only two non-state enterprise companies that operate tollways – DMT and Bangkok Expressway and Metro (BEM TB, BUY, TP THB9.10). Though both companies have the right to adjust their toll fees according to their concession agreements, DMT has a more favourable right to increase its toll fee over BEM. DMT has the right to adjust its toll fee every five years at the price of THB10 and THB5, based on the section. BEM has the right to increase its toll fee on the First and Second Stage Expressway System (FES and SES) and some other sections by THB10 every 10 years (2030 and 2040). Therefore, in terms of the ability to increase toll fees, we think DMT is a lot more favourable than its peers.

Exhibit 10: Toll rate adjustment scheme (4-wheel vehicles)

Period	Duration	Toll rate - Original Section	Toll rate - Northern Extension	Total
	(years)	(THB)	(THB)	(THB)
22 Dec-07 - 21 Dec-09	2	35	20	55
22 Dec-09 - 21 Dec-14	5	60	25	85
22 Dec-14 - 21 Dec-19	5	70	30	100
22 Dec-19 - 21 Dec-24	5	80	35	115
22 Dec-24 - 21 Dec-29	5	90	40	130
22 Dec-29 - 11 Sep-34	4.8	100	45	145

Source: DMT

Exhibit 11: Toll rate adjustment scheme (>4-wheel vehicles)

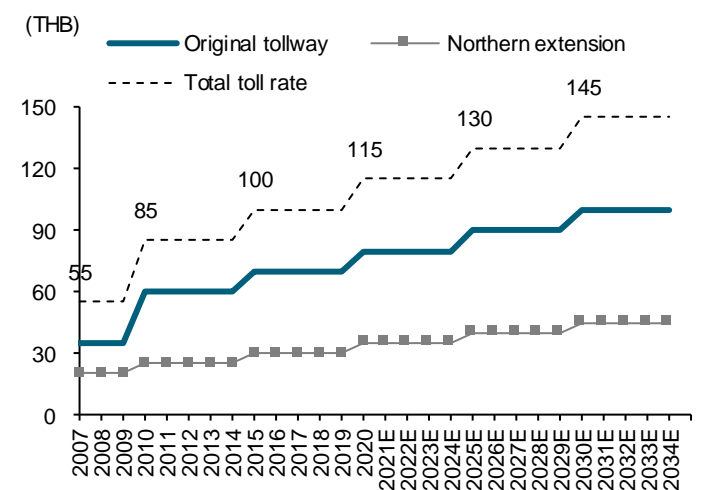
Period	Duration	Toll rate - Original Section	Toll rate - Northern Extension	Total
	(years)	(THB)	(THB)	(THB)
22 Dec-07 - 21 Dec-09	2	65	30	95
22 Dec-09 - 21 Dec-14	5	90	35	125
22 Dec-14 - 21 Dec-19	5	100	40	140
22 Dec-19 - 21 Dec-24	5	110	45	155
22 Dec-24 - 21 Dec-29	5	120	50	170
22 Dec-29 - 11 Sep-34	4.8	130	55	185

Source: DMT

Less price elasticity for DMT

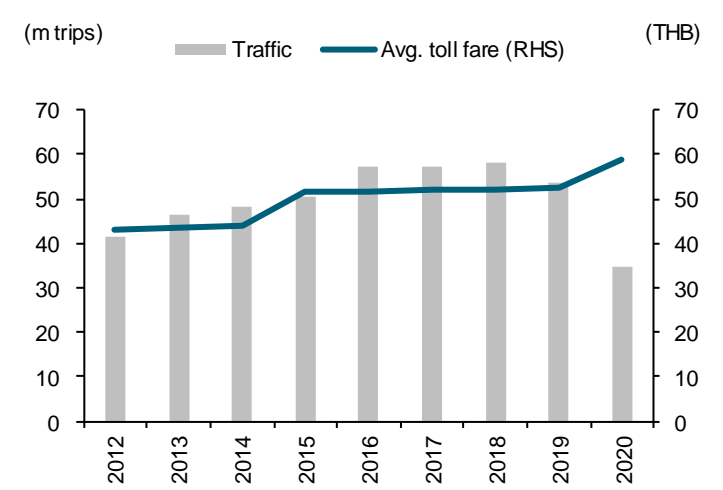
It is the norm that every time the price of something increases, the number sold should decrease – but not for DMT. On the third toll rate increase in late 2014, bringing the average toll fare from THB44 to THB51.8 (+17.7% y-y) the traffic in 2015 surprisingly grew to 50.8m trips vs 48.5m trips (+4.7% y-y) in 2014. The company indicated that this was due to the construction of the mass transit line and cross-bridge near Vibhavadi Rangsit Road that made drivers try to avoid the persistently bad traffic jams on Vibhavadi Rangsit Road by using DMT.

Exhibit 12: Toll rate adjustment outlook (4-wheel vehicle)



Source: DMT

Exhibit 13: Toll rate vs toll traffic



Source: DMT

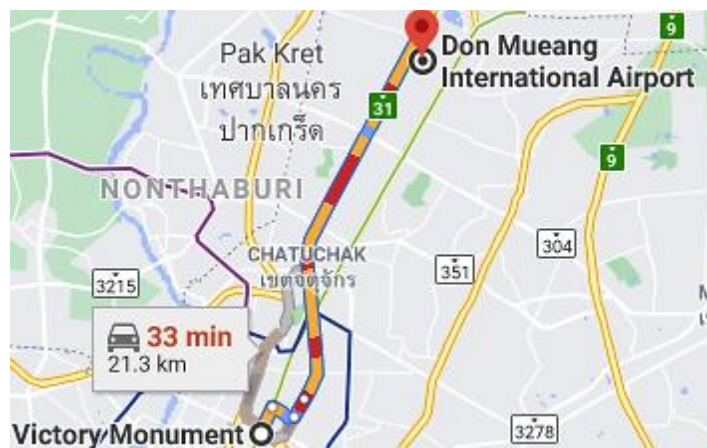
Moreover, in 2004, the government instituted a policy to try to reduce the toll rates charged at that time from THB20+13+10 (Original Section + Northern Extension + Rangsit Extension, see Ex. 2) (4-wheel vehicles) to THB20 (can go through every section) for three months. This policy was to consider the impact of the toll fare adjustment vs toll traffic. As a result of the experiment, it was found that when the toll fare was reduced, daily toll traffic increased from 141k to 215k (+53%) but DMT's revenue, however, fell from THB3.3m per day to THB2.9m per day (-13%). This can represent that even if there is a decrease in the toll fare, it can be offset by an increase in toll traffic and increase the company's revenue. Hence, even though DMT's toll fare of may be the highest in Thailand, we think that it is at the optimal level to the company's benefit.

Highest toll fare in Thailand

Due to the agreement that gives the right to the company to increase its toll fare by THB10 and THB5, based on the section, every five years, the maximum toll price for the 21 km length of DMT is now THB115 – the highest toll price in Thailand for its distance. However, we still see continuous traffic growth on the route despite the toll fare that may look expensive and tends to increase every five years. This represents that customers are less price-sensitive on toll fees. They are willing to pay a higher toll fee if they can save a significant amount of travel time.

Based on our study, we found that using DMT is the primary choice for most people who use Vibhavadi Rangsit Road during rush hour. Our study is based on a trip from Victory Monument to DMK at 5:50 pm on Monday, 29 Mar-21. We found that using DMT takes around 33 minutes, based on Google Maps, vs the 54 minutes it would take using Vibhavadi Rangsit Road. Note that the calculation of traffic by Google Maps is just an estimation, for which real conditions can normally be worse than the estimate. As a result, using DMT can save over 15-30 minutes compared to the same trip using Vibhavadi Rangsit Road.

Exhibit 14: Estimated arrival time using DMT



Note: Calculated on 5:50 pm on Monday, 29 Mar-21
Source: Google Maps

Exhibit 15: Estimated arrival time not using DMT

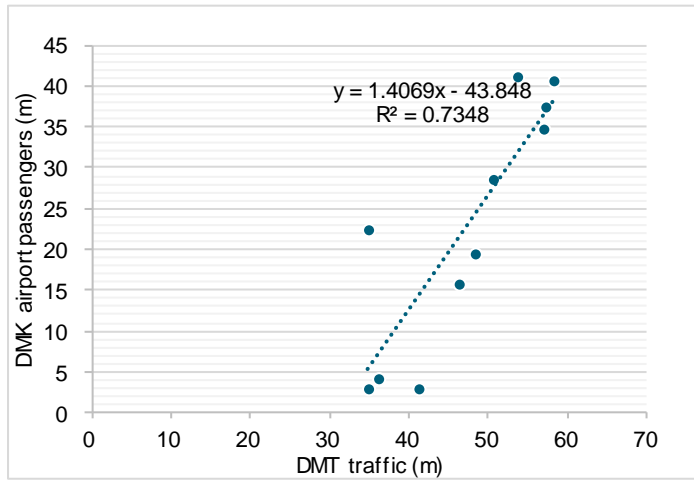


Note: Calculated on 5:50 pm on Monday, 29 Mar-21
Source: Google Maps

High correlation with the number of passengers at DMK

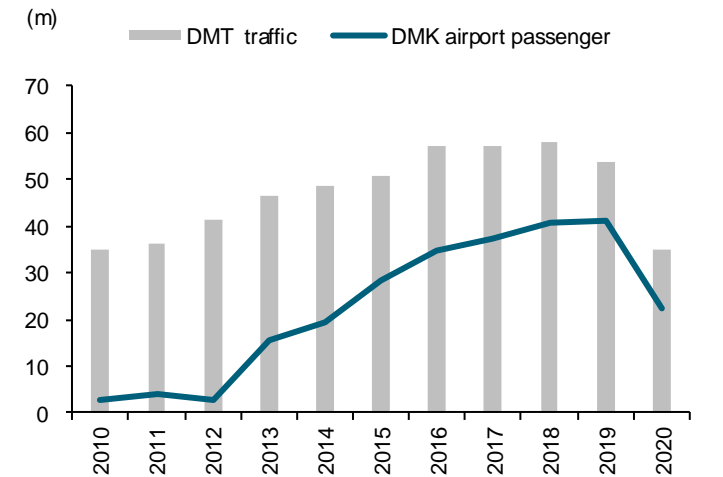
Based on our study, we found that there is a strong relationship (correlation coefficient = 0.86) between the number of passengers using DMK and DMT's traffic volume. We can summarise that there are a significant number of passengers travelling via DMK who also use DMT. Travelling via airplane requires a significant period of time before the flight, which is time-sensitive. Thus, using a tollway is the best choice for passengers in order to save time and have a more predictable arrival time at the airport.

Exhibit 16: Relationship between DMK’s passengers and DMT’s traffic



Note: DMK passengers is based on Airports of Thailand (AOT)'s FY (Oct-Sep)
Sources: DMT; AOT

Exhibit 17: DMK’s passengers vs DMT’s traffic



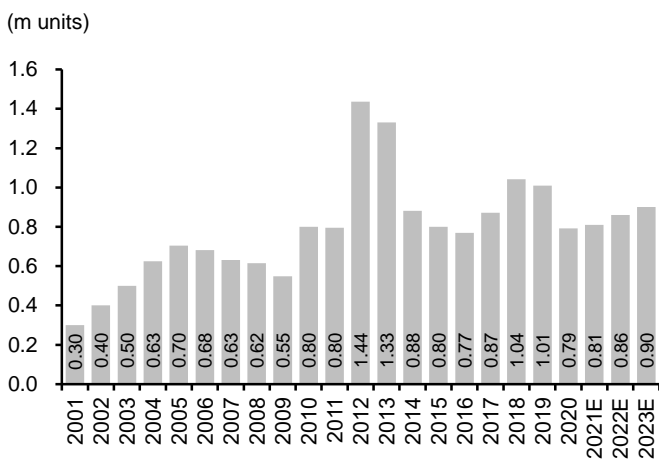
Note: DMK passengers is based on AOT's FY (Oct-Sep)
Sources: DMT; AOT

Total vehicles in Thailand still in a growth trend

The number of cars on the road in Thailand is still in a growth trend, as per the data below. Registered cars in the country have grown continuously since 2000. Currently, there are 17.8m and 6.6m cars registered in Thailand and Bangkok, respectively. Total car sales domestically have grown continuously over the past 20 years. The number of car sales before COVID-19 (2019) was 1m units, in line with the number of the total cars registered that is still growing every year. This can represent that the number of cars in Thailand, especially in Bangkok, is getting higher every year, while the road expansion is very limited, causing worse traffic in Bangkok and its vicinity.

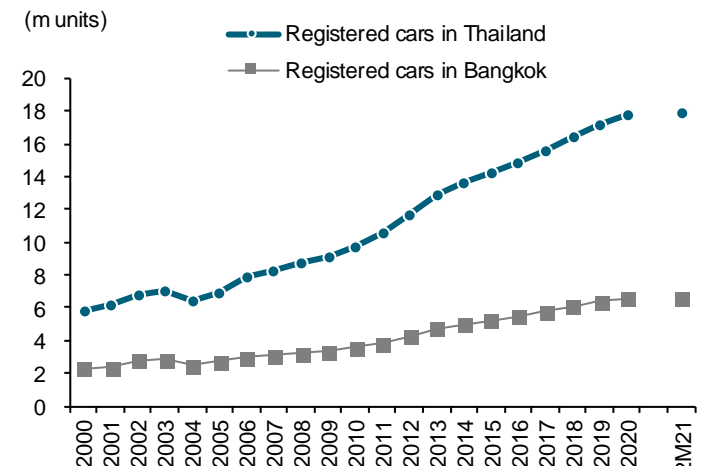
FSSIA expects that domestic car sales in Thailand will recover to 0.81m units in 2021 (+2.3% y-y). If the number of car sales in Thailand still increases, we expect that the traffic situation in Thailand will be similar to the past. Hence, a tollway in Bangkok is still a good choice for people who would like to save more time on the road.

Exhibit 18: Thailand’s car sales



Sources: Thai Automotive Industry Association; FSSIA estimates

Exhibit 19: Thailand and Bangkok – total cars registered



Note: Including only sedans (not more than 7 passengers), minibuses & passenger vans, vans & pickups
Source: Department of Land Transport

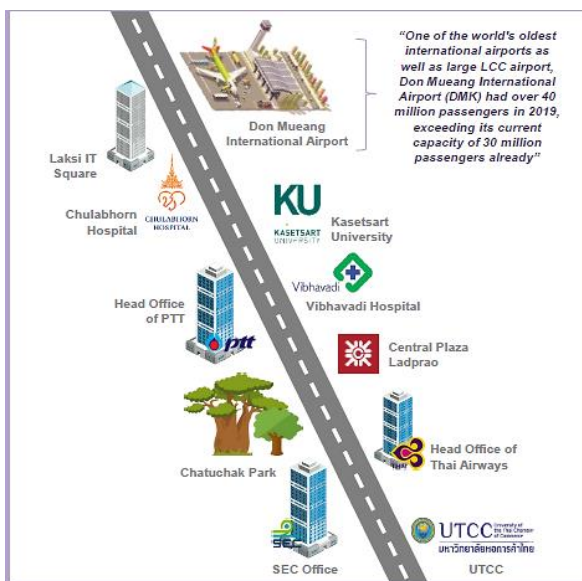
The gateway to the northern part of Thailand

DMT, which is located above Viphavadi-Rangsit Road, is the gateway to the northern and northeastern parts of Thailand. It connects and covers several landmarks such as shopping malls, universities, office buildings, and DMK.

Moreover, Viphavadi-Rangsit Road is the only way from Bangkok to the northern and northeastern parts of Thailand that has both roads and a tollway to facilitate drivers. We think Viphavadi-Rangsit Road is the most important and has the most crowded traffic conditions compared to the other two main roads to the north.

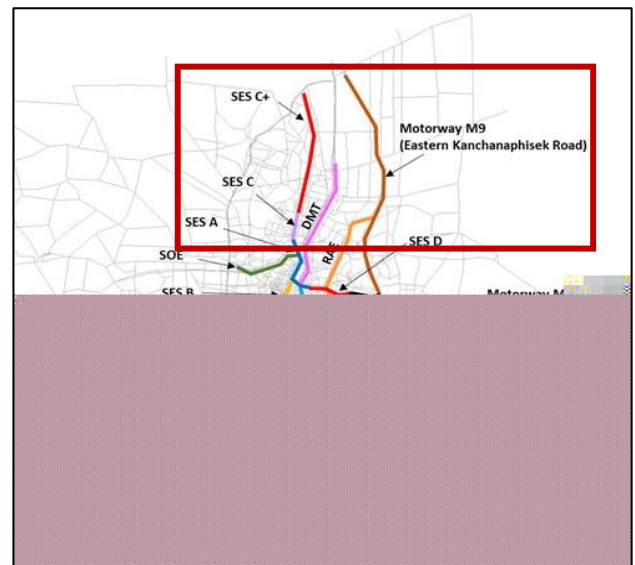
Other options from Bangkok to the north of Thailand are 1) using the Sirat and Udon Rattaya expressway (sector C+) located on the west side of DMT; and 2) using Chalong Rat (Motorway M9, Eastern Kanchanaphisek Road) located on the east side of DMT. Therefore, we can say that Viphavadi-Rangsit Road and DMT, which are located between Udon Rattaya expressway (sector C+) and the Chalong Rat motorway would probably be the best choice for Bangkok citizens heading north.

Exhibit 20: Viphavadi-Rangsit Road landmarks



Source: DMT

Exhibit 21: Expressway, tollway and motorway to the northern part of Thailand



Source: DMT

Exhibit 22: Existing toll road network in Bangkok

Toll road	Servicing route	Length (km.)	Avg. vehicles/day	
			in 2019 (no.)	in 2020 (no.)
Don Muang Tollway	Din Daeng - National Memorial	~21	147,290	95,283
Chaloem Maha Nakhon	Dao Kanong - Bang Na Trad - Din Daeng	~27	373,844	318,381
Si Rat: A and B	Ratchda Phisek - Rama 9 Road & Payathai Interchange - Bangkoklo	~22	317,070	266,276
Si Rat: C	Prachachuen - Chaeng Watthana Road	~8	187,665	165,139
Si Rat: D	Asoke - Srinagarindra Road	~9	203,169	161,414
Chalong Rat Expressway	Outer Ring Road - Ramindra - At Narong Expressway	~28	n/a	n/a
Si Rat-Outer Ring Road Expressway	Outer Ring Road	~17	64,253	58,898
Udon Rattaya Expressway	Bang Pa In - Pak Kret	~32	91,256	78,991
Burapha Withi Expressway	Bang Na - Bang Phli - Bang Pakong	~55	n/a	n/a
Bang Phli-Suk Sawat Expressway	Bang Phli - Suk Sawat	~23	n/a	n/a
Motorway M7	Bangkok - Chonburi	~82	n/a	n/a
Motorway M9	Eastern Outer Ring Road	~64	n/a	n/a

Sources: DMT; BEM

Minimal impact from the mass transit Red Line

Since 2010, the mass transit ridership on the Green, Blue, and Purple Lines – the three main mass transit lines in Thailand – has grown significantly from 0.57m trips per day to 1.07m trips per day (7.2% 10-year CAGR). This was due to 1) the operation of the Purple Line commencing in 2017; and 2) various extension lines such as the Blue Line extension and the Green Line North and South extensions.

The length of the mass transit system has grown from 44 km in 2010 to 137.7 km (3x) in 2020, and is expected to surge to 229 km in 2022 after the operation commencement of the Red, Yellow, and Pink Lines. Moreover, based on the Mass Rapid Transit Authority of Thailand’s (MRTA) master plan, the mass transit length in Bangkok and its vicinity will reach 515.2 km in 2029.

The expansion of the mass transit system leading to the expectation of a significant growth in ridership might be a long-term downside risk to the company. Thai people, especially in Bangkok, may shift their transportation behaviour from driving personal vehicles to using mass transit.

There are various transportation options in Bangkok, including driving a personal vehicle or using public transportation such as mass transit or buses. The market may have some concerns about the risk of the upcoming operation of the Red Line that is expected to start commercial operations in Nov-21. It could represent the biggest threat to DMT’s traffic numbers given that the Red Line mass transit route is located alongside the Don Muang Tollway and Vibhavadi-Rangsit Road.

Exhibit 23: The first phase of the Dark Red Line



Source: Poonamtongtin online

What is the mass transit Red Line?

The Red Line Mass Transit System Project is a planned commuter rail system to serve the Bangkok Metropolitan Region. Construction began in January 2009 and operations are expected to start in 2021.

The system will consist of two lines, one (also referred to as the SRT Dark Red Line) running from Thammasat University’s Rangsit campus to Maha Chai in Samut Sakhon Province, and the other (SRT Light Red Line) running from Salaya in Nakhon Pathom Province to Hua Mak in Bangkok, with both passing through Bang Sue station, the central station of Bangkok.

The first phase of the Dark Red Line consists of 10 stations from Bang Sue to Rangsit with a total length of 22.6 km. The ticket fare will start from THB14-42. Now, it is already in the trial run process and expected to have a soft opening in Jul-21 and a scheduled official opening for commercial purposes in Nov-21.

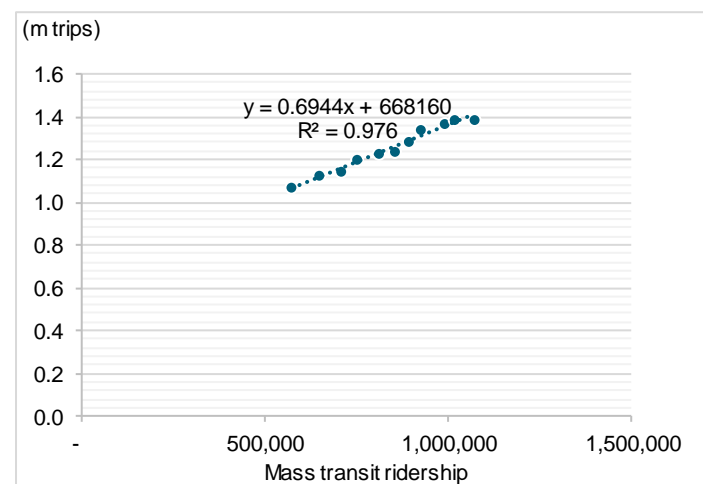
Minimal impact from the Red Line

Based on our study, we believe that the commercial operation of the Red Line in Nov-21 will have a minimal impact on the traffic volume for DMT.

As mentioned above, since 2010, the mass transit ridership has grown significantly at a 7.2% 10-year CAGR, from an average of 0.57m trips per day to 1.07m trips per day. The number of people using BEM’s and DMT’s tollway has also grown from 1.07m trips per day to 1.38m trips per day in 2019, representing a 2.9% 10-year CAGR. This shows that although the mass transit ridership has grown significantly since 2010, in line with the system’s service length growth, the expressway traffic volume growth has remained strong even though there has been very little improvement in the service length.

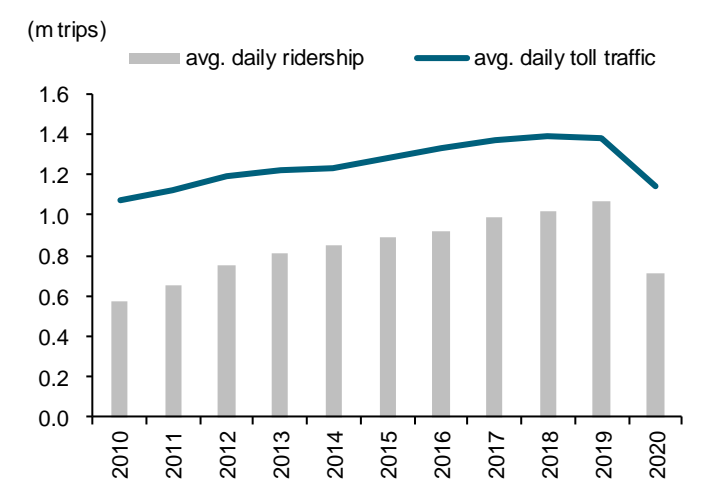
In reality, according to the available data, there is a strong positive relationship (correlation coefficient = 0.98) between mass transit ridership and tollway traffic. Therefore, we believe that the mass transit ridership and expressway traffic is more sensitive to overall economic growth and the expansion of residential areas, rather than as competitors acquiring customers from each other. There is no evidence that the growth of mass transit will be a substitute service for personal vehicles. It is more likely a complimentary optional service based on customer preference, in our view.

Exhibit 24: Relationship between ridership and traffic



Sources: BTS; BEM; data.go.th, DMT

Exhibit 25: Average daily ridership and toll traffic



Sources: BTS; BEM; data.go.th; DMT

Too aggressive on Red Line ridership forecast

Moreover, according to State Railway of Thailand (SRT), the operator of the Red Line mass transit system, the ridership in the first year of operations for the Bang Sue to Rangsit section should be around 86,620 trips per day before growing to 113,031 trips per day in 2027 (4.5% 6-year CAGR). We believe ridership estimates from the SRT are quite aggressive because a ridership of 86k trips per day is a lot higher than the Purple Line’s (pre-COVID-19) ridership in 2019 at 54k.

Note that the Purple Line also passes through various locations, including residential and commercial areas, and directly connects (platform to platform) with the Blue Line at Tao Poon station. On the other hand, the Red Line phase 1 doesn’t directly connect to any other mass transit lines yet. Passengers have to walk from Bang Sue grand station to the Blue Line at Bang Sue station for almost 10 minutes. Moreover, before the full commercial operation of the Purple Line in 2017, the MRTA previously over-projected a total ridership of 200k trips per day on the first date of its operation – the actual number was only 32k trips per day.

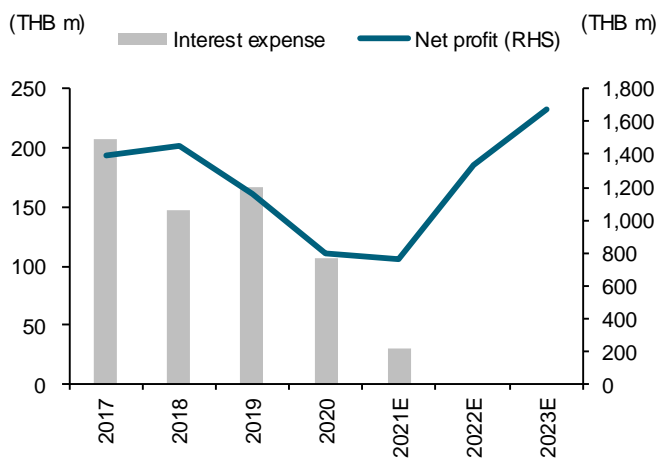
Thus, we believe that during the two years of operation for the Red Line phase 1, its ridership should be a lot lower than 86k trips per day, possibly around 40-50k trips per day. 50% of the passengers may shift from using their personal vehicles to using the Red Line, while 10-20% of them may use DMT regularly. As a result, based on our expectation, we think the impact of the Red Line mass transit phase 1 may decrease the traffic volume on DMT by only 2000-5000 trips per day (1.4-3.6%) out of the average 2022E toll traffic at 140k trips per day.

Healthy financial position with a resilient cash flow

Net cash position after IPO

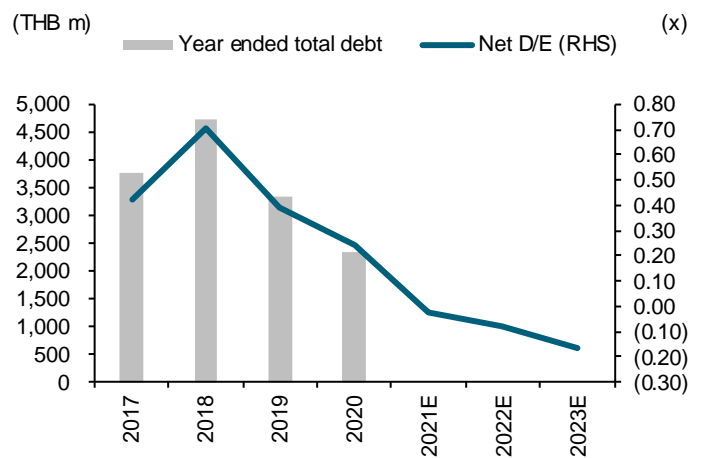
After its IPO, DMT received cash of THB2b. The company plans to use this capital to repay all of its THB2.1b in outstanding loans and turn itself into a net cash company for the first time. This could lead to no further interest expense, which was around THB100m as of 2020, which would likely be paid in 2022 going forward (we expect the company to repay all of its loans in late 2Q21). The company’s interest expense accounts for around 10% of its net profit.

Exhibit 26: Interest expense and net profit



Sources: DMT; FSSIA estimates

Exhibit 27: Total outstanding debt and net D/E

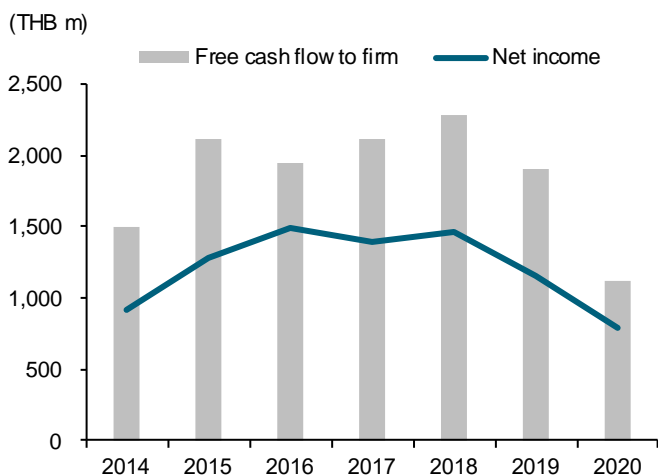


Sources: DMT; FSSIA estimates

Resilient cash flows to shareholders

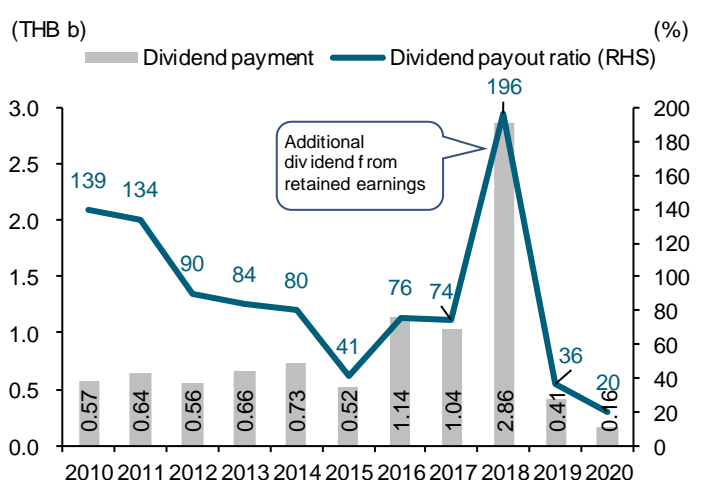
Over 95% of its revenue is on a cash basis. The company has no accounts receivable and inventory, while its accounts payable is also minimal. Moreover, the amortisation of its toll road concession that accounts for over 37% of its total cost is also on a non-cash basis. As a result, we expect that the company should generate free cash flow to the firm of over THB1.5b per year, allowing it to pay a dividend to the shareholder.

Exhibit 28: DMT’s net income and free cash flow to firm



Source: DMT

Exhibit 29: DPS and dividend yield



Sources: DMT; FSSIA estimates

High dividend with growth potential

Highest dividend yield in transportation sector

DMT just announced a dividend payment of THB0.5 per share in 1H21 following the resolution of the AGM which will be held on 29 Apr-21 (note: only pre-IPO shareholders will receive this dividend).

Based on the company's dividend payout policy of no less than 90%, that would make DMT the company with the highest dividend payout and yield among Thai transportation companies (excluding the infrastructure fund), in our view. After its operations almost return to normal, potentially in 2022, the company should be able to pay a dividend of THB1.02 per share, reflecting an attractive dividend yield of around 6.4% p.a.

Given that its outlook over the next 13 years is secure, with its right to increase the toll price every five years already secured and the consistent growth in traffic volume using DMT, we believe that the company should have a healthy and consistent cash flow. This gives the company a solid outlook, with the ability to pay a high dividend throughout its concession contract.

Exhibit 30: Dividend yield comparison

Company	BBG	Market Cap (USD m)	Div payout policy (%)	Dividend yield										
				2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021E (%)	2022E (%)
Don Muang Tollway	DMT TB	n/a	90	4.2	4.4	5.0	5.3	6.3	6.3	7.8	1.9	4.1	3.8	6.4
BTS Group Holdings	BTS TB	4,008	50	5.97	3.34	7.32	6.3	7.1	3.5	3.6	4.4	5.0	1.5	2.2
Bangkok Expressway	BEM TB	4,286	40	n/a	n/a	n/a	n/a	1.1	1.3	1.5	1.5	0.5	1.0	1.4
Thailand Future Fund	TFFIF TB	1,289	90	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.0	3.1	4.7	5.2
BTS Rail Mass Transit IF	BTSGIF TB	970	90	n/a	n/a	6.3	6.2	6.2	6.7	6.8	6.8	8.9	7.2	12.8
Digital Telecom IF	DIF TB	4,078	90	n/a	n/a	9.7	7.6	6.8	6.6	7.2	4.0	8.1	8.6	8.5
Jasmine Broadband IF	JASIF TB	2,475	90	n/a	n/a	n/a	9.2	7.9	7.5	8.8	9.5	10.5	10.1	10.1

Sources: DMT; Bloomberg; FSSIA estimates

DMT is not just a high dividend play company with no inorganic growth. Upcoming new projects, including tollways and motorways by the government, could be key catalysts for the company's earnings in the long term. We believe that DMT will not only just sit back and operate their current tollway until the end of the concession. There are a lot of new road projects that may be suitable for DMT for which the company could participate to invest in, and should be the new key drivers for the company in the near future.

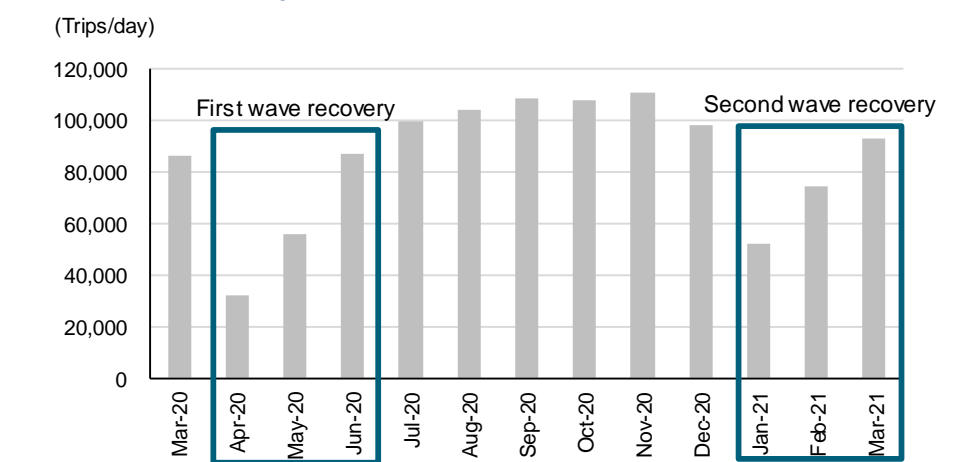
Short-term drivers

Traffic should bottom in 2Q21

Given the second and third waves of COVID-19, which will hurt DMT's traffic in the first half of 2021, we project DMT's traffic in 2021 will continue to decline by 8.3% to 32m trips from 34.9m trips in 2020. This is due to 1) the negative impact on the second wave of COVID-19 during Jan to Feb-21 that already caused its 1Q21 traffic to decrease by 35% y-y and 31% q-q; 2) the third wave of COVID-19 that has been even worse than the second wave – we expect that the traffic in 2Q21 could be the lowest since the company was hit by COVID-19 (-8% y-y, -27% q-q); and 3) the assumption of a weak passenger volume at DMK, as FSSIA projects the total passengers in FY21, based on Airports of Thailand (AOT TB, BUY, TP THB85)'s fiscal year in Oct-Sep, at 32m trips (-44% y-y). Since DMT's traffic has a strong positive relationship with the passenger volume at DMK, the sluggish passenger numbers should negatively impact DMT's traffic in 2021.

However, Traffic during 2Q21 should hit the bottom and post a solid recovery once the COVID situation gradually improves. Moreover, we can see that the trend of DMT's traffic recovery after the second wave of COVID-19 looks better than after the first time. We can conclude that the impact of COVID-19 on the number of tollway users, including DMT's traffic, should start to recover faster and better than after the previous wave. We expect that the third wave of COVID-19 should be under control in late May-21 with a recovery starting in mid-Jun-21.

Exhibit 31: The recovery of DMT's traffic after COVID-19



Source: DMT

Exhibit 32: Assumptions on DMT traffic and passenger numbers at DMK

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Traffic (m)	34.90	36.20	41.40	46.40	48.50	50.70	57.10	57.20	58.20	53.80	34.90	32.00	44.93	53.68
DMK passengers (m)	2.76	3.97	2.72	15.55	19.34	28.51	34.59	37.18	40.56	41.01	22.25	14.00	25.00	39.00
Growth														
Traffic (%)		3.72	14.36	12.08	4.53	4.54	12.62	0.18	1.75	(7.56)	(35.13)	(8.31)	40.41	19.47
DMK passengers (%)		44.05	(31.61)	472.71	24.35	47.42	21.31	7.51	9.09	1.10	(45.74)	(37.08)	(78.57)	56.00
Net-add														
Traffic (m)		1.30	5.20	5.00	2.10	2.20	6.40	0.10	1.00	(4.40)	(18.90)	(2.90)	12.93	8.75
DMK passengers (m)		1.21	(1.26)	12.84	3.79	9.17	6.08	2.60	3.38	0.44	(18.76)	(8.25)	(11.00)	14.00

Note: DMK's passenger volume is based on AOT's FY (Oct-Sep)

Sources: DMT; AOT; FSSIA estimates

Therefore, with the expectation of there being no further hard lockdowns, no further COVID-19 outbreaks than worse than the third wave, the COVID situation effectively being under control in Jun-21, the gradual recovery of domestic travel via airplane, and a potential soft border reopening within this year, we believe that DMT's traffic numbers should have already bottomed in 2Q21. We expect there to be a tiny decline

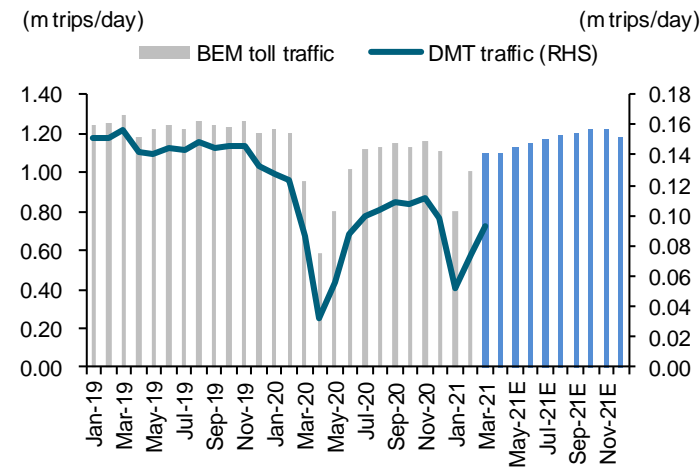
in 2021 before the company sees a strong recovery in 2022 after the border is fully reopened and all of the economic activities have resumed.

Attractive earnings growth

Clear earnings visibility

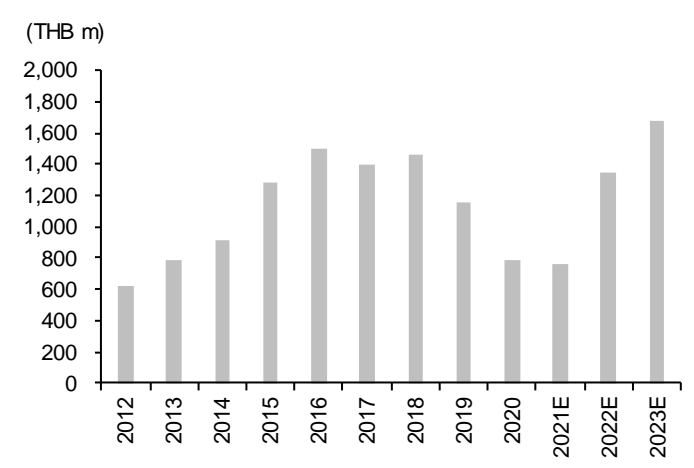
The most important catalyst for the company’s earnings outlook is the sign of a traffic recovery after COVID-19 has been brought under control. In this case, we can clearly see that the traffic on BEM’s tollway post-lockdown at the end of Apr-20 has grown significantly, and it took only three months to get close to the pre-COVID-19 level. This shows that the tollway remains a necessary route for Thai people in their daily lives.

Exhibit 33: DMT’s traffic vs BEM’s toll traffic forecast



Sources: DMT; BEM; FSSIA estimates

Exhibit 34: DMT’s net profit forecast



Sources: DMT; FSSIA estimates

With the expectation of the border reopening within this year, and international flights resuming around the same time, FSSIA projects the total passenger volume at DMK to surge by 72% y-y to 34.1m in FY22. Moreover, once all economic activities have resumed and COVID-19 is under control, we expect DMT’s traffic to jump to 44.9m trips (+40% y-y) in 2022. This should lead to a significant improvement in DMT’s revenue by 41% y-y to THB2.7m in 2022.

We expect DMT’s total costs to be maintained, while its maintenance costs should be even lower than we project in 2021. This would lead to a higher operating profit and EBITDA margin at 62% and 80.7% in 2022, respectively, back to their normal levels. Additionally, once the company pays all of its debt in 1H21 and has no more interest expense, we expect DMT’s net profit in 2021 to decline by only 3% y-y to THB767m (-3% y-y) compared to an 8% decrease in its revenue.

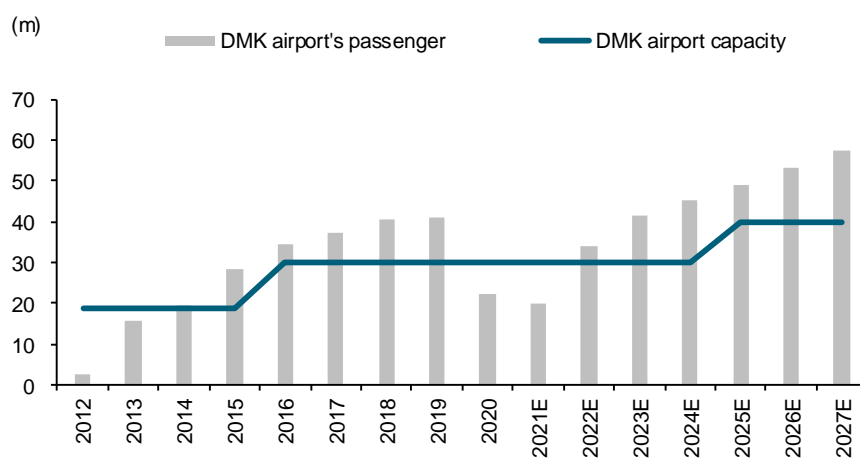
Long-term drivers

DMK phase 3 will potentially boost the total passenger volume

Before the COVID-19 pandemic, DMK had a total of 41m passengers in FY19, which was already over its capacity of 30m passengers per year, while its aircraft were also over capacity at 59 flights/hour vs its nominal capacity of 48 flights/hour. This has led to the DMK expansion plan termed 'DMK phase 3'. The new expansion will include a new airport terminal (terminal 3), a parking building, a junction building, and an automated people mover (APM), with a total investment cost of approximately THB32b. The bidding process should start this year, with the construction estimated to be completed within 2025, according to AOT's president.

As we mentioned earlier, DMK's passenger volume has a high level of correlation with DMT's traffic. We believe the DMK expansion will increase the capacity of the airport's aircraft and passengers. It should help the airport handle more flights, which would lead to more passengers. As a result, we expect that the DMK expansion will be another key driver for DMT in the long term.

Exhibit 35: DMK airport passenger volume and capacity



Note: DMK's passenger volume is based on AOT's FY (Oct-Sep): Source: AOT

New toll and motorway projects could be a new source of revenue

Rangsit - Bang Pa-in (M5)

Rangsit - Bang Pa-in (M5) is part of the intercity highway network from Bangkok - Mae Sai / Chiang Khong (M5). This section is one of the high-priority projects under the 20-year Intercity Motorway plan. The section is an extension of the Utraphimuk Elevated Tollway, which is currently open to traffic, and can be divided into two phases: 1) National Memorial - Rangsit Section (operated by the DOH); and 2) Din Daeng - National Memorial Section (operated by DMT).

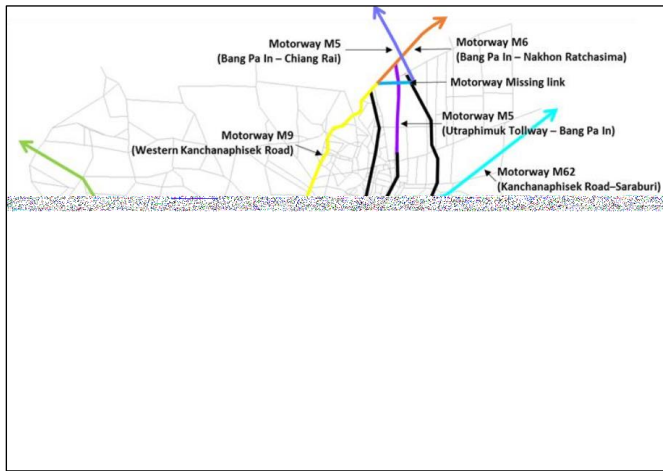
The project aims to connect inner Bangkok to its northern area and alleviate traffic congestion on Phahonyothin Road and Vibhavadi-Rangsit Road. Connecting to the Bang Pa-In - Nakhon Ratchasima Intercity Motorway Project (M6), the project will be an elevated tollway system that directly links inner Bangkok to the northeastern regions.

The approximate total length is 18 km, with a total project cost of THB40b comprising THB28b for the investment cost (THB26.6b is civil work), and THB12b for operation and maintenance costs. The project is now under project approval and the public-private partnership selection process. This process should be completed within this year; construction is expected to start in 2022 and is targeted to operate in 2025.

We strongly believe that DMT will participate in this project because it connects to its existing tollway and would extend its tollway to the Bang Pa-in area. This area will be another gateway to the northeast of Thailand on the Bang Pa-In - Nakhon Ratchasima Intercity Motorway Project (M6). We believe that almost 80% of the vehicles from Bangkok to the Northeast will use Sara Buri and Nakhon Ratchasima Road. The extension would increase the traffic using its existing tollway, while winning the extension tollway would provide additional revenue to the company.

Although, if the company is unable to win this project, the connection to its existing line should increase the traffic volume for the company anyway. Therefore, we expect to see significant growth in DMT's existing traffic once this project becomes operational, currently scheduled in 2025.

Exhibit 36: Future tollways and motorways



Sources: Systra MVA; DMT

Exhibit 37: Future projects that DMT is considering

Code	Total length (km)	Project cost (THB b)	Target to operate	
Rangsit-Bang Pa-in*	M5	18	40	2025
Nakorn Pathom - Cha Am	M8	119	79	2026
Bang Khun Thian - Bang Bua Thong	M9	38	65	2026
Bang Khun Thian - Ban Phaeo	M82	25	48	2024
Phuket's Kathu - Patong expressway			14	2027
Total		200	246	

*DMT is focused the most on the M5 project
Source: DMT

Exhibit 38: Rangsit - Bang Pa-in (M5) overview



Source: DOH

Besides the M5 project, DMT is also eyeing four other projects: M8, M9, M82, and the Phuket expressway. We think it would be a good opportunity for DMT in the long term if it can win at least one project. It would be another key driver for the company because it would be the first motorway and the first additional revenue contributor to the company besides DMT. DMT's financial position is also ready for new investments, with no debt and the ability to secure loans for new projects.

Financials

One step back in 2021 before taking two big steps in 2022

One step back in 2021

We expect that DMT’s earnings will continue to decline by 3% y-y to THB767m in 2021 due to the weak traffic during 1H21, as it was hit by the second and third waves of COVID-19. We think this is due to the passenger numbers at DMK remaining sluggish, especially in 1H21 because of COVID-19. The total passenger volume at DMK in 1Q20 was 7.6m vs 0.9m in Jan to Feb-21. Over 40% of DMK’s passengers were international passengers. Thus, with Thailand’s borders remaining closed at least until the end of 3Q21, we expect DMK’s passenger volume to stay around 1m-1.5m per month until 3Q21. For the full year (AOT’s fiscal year Oct-20 to Sep-21), FSSIA expects DMK to have a total passenger volume of around 14m (-8% y-y).

Moreover, the toll traffic numbers during 1Q21 were weak, falling by 35% y-y and 31% q-q to 220k trips per day, compared to 338k trips per day in 1Q20, making DMT’s 1Q21 earnings drop by 41% y-y and 42% q-q to THB143m. 2Q21 should have even worse performance than 1Q21. We believe DMT’s traffic should start to recover in 3Q21.

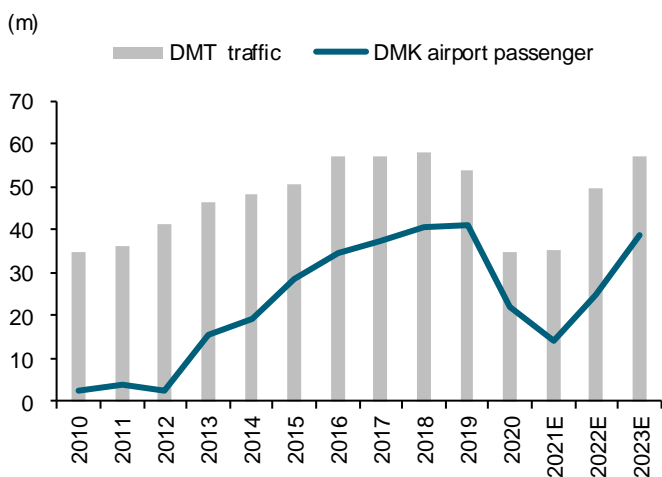
We project DMT’s total traffic in 2021 to be 32m trips per day (-8.3% y-y) with the expectation of there being no further hard lockdowns due to COVID-19 after the third wave, the COVID situation effectively being under control within May-21, the gradual recovery of domestic travel via airplane, and a potential soft border reopening in 2021. We believe that DMT’s traffic numbers have already bottomed in 2021 and could see a strong recovery in 2022.

Exhibit 39: DMT’s total traffic, toll fee, and revenue forecasts

	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Traffic (m trips)	34.90	32.00	44.93	53.68	59.0	57.9	60.2	63.2	66.4	69.0	68.3	70.4	72.5	74.6	53.8
Avg. toll fee (THB)	58.7	58.94	59.24	59.24	59.2	66.1	66.1	66.2	66.2	66.3	74.3	74.5	74.6	74.6	74.7
Revenue (THB m)	2,047	1,886	2,662	3,180	3,498	3,822	3,979	4,182	4,396	4,576	5,074	5,242	5,404	5,572	4,022

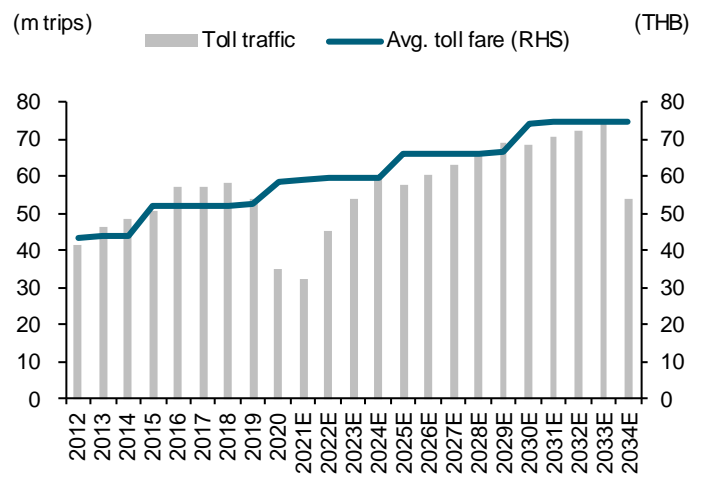
Sources: DMT; FSSIA estimates

Exhibit 40: DMK’s passenger and DMT’s traffic forecasts



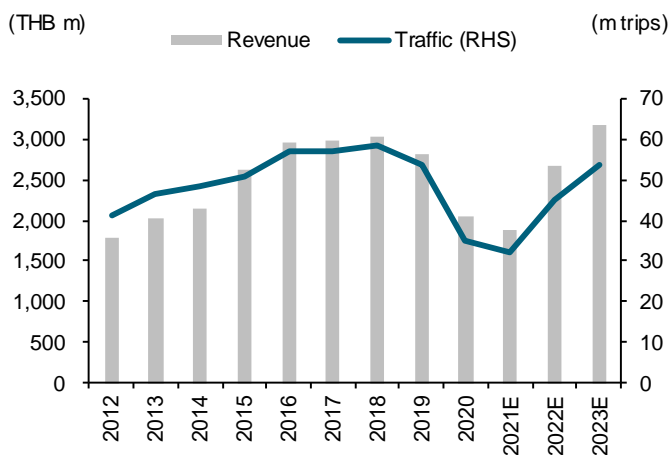
Note: DMK’s passenger volume is based on AOT’s FY (Oct-Sep)
Source: DMT; AOT; FSSIA estimates

Exhibit 41: Toll traffic and fare forecasts



Sources: DMT; FSSIA estimates

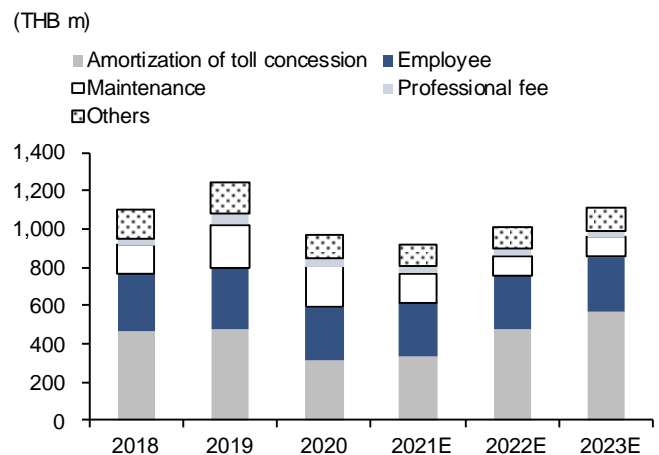
Exhibit 42: DMT's toll traffic and total revenue forecasts



Sources: DMT; FSSIA estimates

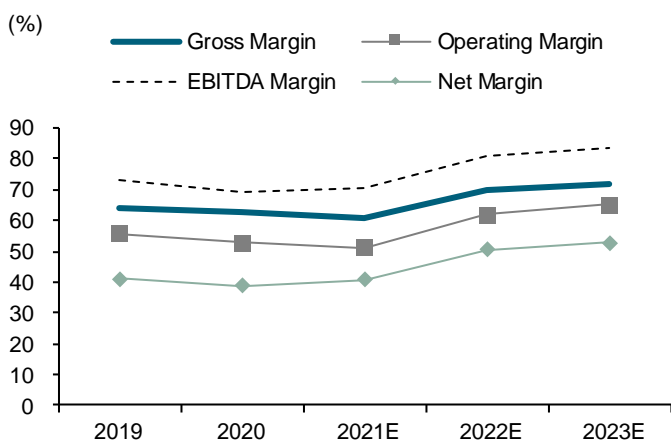
On the cost side, most of the company's costs are fixed, as previously mentioned, with the only variable cost for the company being the amortisation of its toll concession. We expect that the amortisation cost will increase, despite the decrease in traffic due to the amortisation standard as we mentioned earlier, but the maintenance cost should decrease since the company has already performed maintenance on the major parts of its tollway in the last two years. As a result, we expect that DMT's total cost should slightly decrease in line with the revenue.

Exhibit 43: DMT's total cost forecast



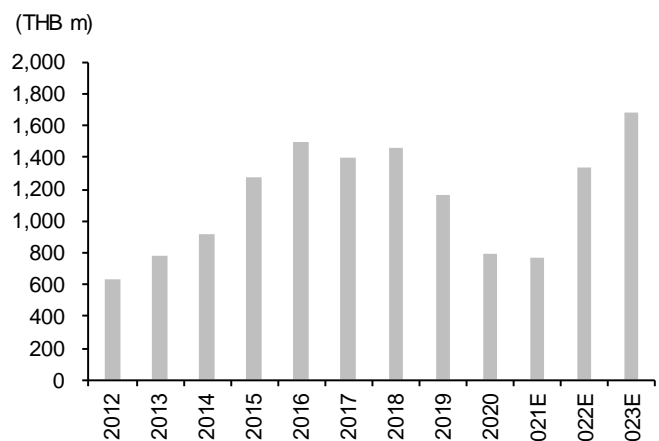
Sources: DMT; FSSIA estimates

Exhibit 44: DMT's key margins



Sources: DMT; FSSIA estimates

Exhibit 45: DMT's net profit trend



Sources: DMT; FSSIA estimates

Lastly, with the capital increase from its IPO, we expect that the company will use its new capital to repay all of its loans within 1H21 and become a net cash company. This would potentially reduce its 2020 interest expense from THB107m to THB30m in 2021. As a result, we expect the company's net profit to fall by only 3% y-y to THB767m in 2021.

Two big steps in 2022

With the expectation of the border reopening in 2021, and international flights resuming around the same time, FSSIA projects the total passenger volume at DMK to surge by 79% y-y to 25m in FY22. Moreover, once all economic activities have resumed and COVID-19 is under control, we expect DMT's traffic to jump to 44.9m trips (+40% y-y) in 2022. This should lead to a significant improvement in DMT's revenue by 41% y-y to THB2.7m in 2022.

We expect DMT's total costs to be maintained, while its maintenance costs should be even lower than we project in 2021. This would lead to a higher operating profit and EBITDA margin at 69.6% and 80.7% in 2022, respectively, back to their normal levels. Additionally, once the company pays all of its debt in 1H21 and has no more interest expense, we expect DMT's net profit to surge by 75% y-y to THB1.3b in 2022.

Risks

Contract extension risk

The current DMT concession will expire on Sep-34 (over 13 years). This will be the biggest risk to DMT if the company is unable to negotiate with the DOH to have a contract extension. DMT is the only source of revenue for the company.

However, before the concession expires, the DOH must prepare a project study and an analysis report in accordance with the 2019 Public-Private Partnership (PPP) Act in section 49. According to the PPP regulation, the project owner, in this case, the DOH, has to find a way to continue the operation of DMT by comparing cases where state enterprises operate by themselves and in the case of being in a partnership with a private company. The DOH would then have to send a proposal to the minister of transport at least five years before the end of the concession. The proposal has to consider the state benefit, the continuity of public services, and the impact on the Thai people.

According to the policy of the DOH, there is a clear guideline to operate the project under PPP contract. Partnership with a private company reduces the burden on the national budget and maximizes the benefits to the public sector. Hence, DMT believes that there is a high chance that the DOH will opt for a PPP contract and be open for bidding on this project concession. This would give DMT an advantage if this project opens for bidding under PPP contract. The company has operated this project for over 31 years. It has good knowledge, understanding of the structure, and already has an operating platform. Therefore, if there is bidding for a new concession before the previous one has ended, we believe DMT is the best candidate to secure the new concession contract.

Dispute risk

Since the company has been operating for over 30 years, there have only been three disputes in which DMT was the defendant, while two out of three cases already have been dismissed by the Supreme Court. There is only one dispute left and it is in the process of seeking facts and evidence for the Supreme Court.

The third dispute against the company is about the third contract extension in 2007 (MOA 3) by the government, which was considered illegal due to the contract extension having been approved without establishing a committee as required by the law. In 2015, the Central Administrative Court handed down a judgment to revoke some parts of the contract extension under MOA 3 by the Cabinet, prompting the defendant, including DMT, to appeal to the Supreme Court in 2015.

Losing this dispute would make the contract extension according to MOA 3 become void, and the previous contract extension would end in Nov-21. This is a risk to the company in that it could lose the right to collect toll fares from 2021-34.

However, the company believes that this case will not have any impact on it because it has confidence that the Cabinet during that time approved the contract extension and the right for the company to increase the toll fare under the law and regulations in accordance with the Memorandum of Agreement Amendment to the Highway Concession Agreement No.3/2007. Moreover, the key reason for this case is quite similar to the second case. The company believes that the Supreme Court will have a similar judgment to the second case. Therefore, the company has not yet set provisions based on this dispute.

Traffic risk

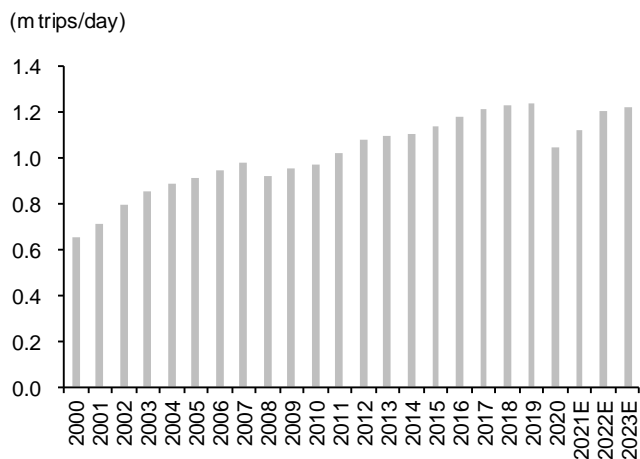
The traffic volume on DMT is the most important factor for the company's earnings. There are risks that could impact the traffic volume, including:

1) Mass transit growth

The growth in mass transit popularity and length can be a risk to the number of people using their personal vehicles, which would also impact the traffic volume on tollways. Moreover, the Red Line mass transit route also passes through the exact same route as DMT. Hence, the market may have some concerns about the risk of the upcoming operation of the Red Line that is expected to start commercial operations in Nov-21, which could represent the biggest threat to DMT's traffic numbers.

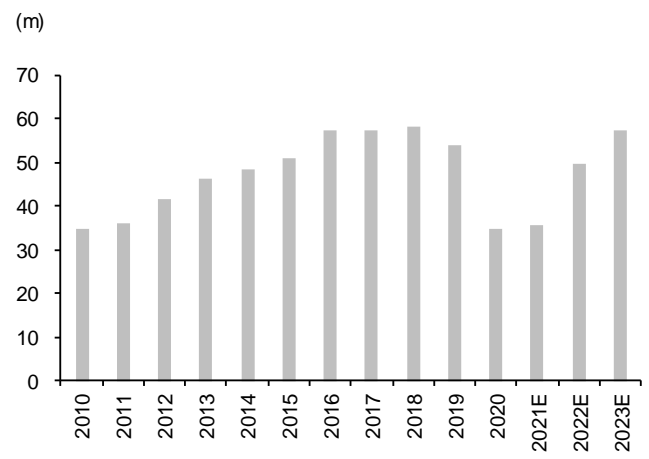
However, based on our study, we believe that the commercial operation of the Red Line in Nov-21 will have a minimal impact on the traffic volume for DMT. There is a strong positive relationship (correlation coefficient = 0.98) between mass transit ridership and tollway traffic. It indicates that over the past ten years, despite the ridership growth doubling from 0.57m trips per day to 1.07m trips per day, tollway traffic has remained strong and has grown at a 2.9% 10-year CAGR. We expect the impact of the Red Line mass transit phase 1 may decrease the traffic volume on DMT by only 2000-5000 trips per day (1.4-3.6%) out of the average 2022E toll traffic at 140k trips per day.

Exhibit 46: BEM's toll traffic forecast



Source: BEM; FSSIA estimates

Exhibit 47: DMT's toll traffic forecast



Sources: DMT; FSSIA estimates

2) Negative factors

There are several negative factors that might present a risk to the tollway traffic volume, such as an economic slowdown, a new pandemic, natural disasters, or protesters. These negative factors could directly affect the company's tollway traffic.

Nevertheless, according to BEM's toll traffic over the last 20 years, we can see that the amount of traffic using tollways since 2000 has shown promising growth. There were only two years (10%) in which toll traffic dropped from the previous year, which occurred in 1) 2008 due to the Hamburger Crisis; and 2) 2020 due to the COVID-19 pandemic. This is similar to DMT's traffic that dropped from the previous year, which includes 1) 2019 when traffic on DMT dropped (Ex. 50) due to the construction on the mass transit line and cross-bridge near Vibhavadi Rangsit Road being completed, which alleviated the traffic on the Vibhavadi Rangsit Road, leading to lower driver numbers using DMT; and 2) 2020 due to the COVID-19 outbreak. Note that during 2011 when there was major flooding in Thailand that directly occurred on Vibhavadi Rangsit Road and DMK, DMT's traffic still showed slight growth y-y.

As a result, we think all of the negative factors that could hurt the toll traffic volume would occur over a short period of time. We see the growth of the Thai economy and the expansion of Bangkok into its surrounding areas as the key drivers for the company's growth outlook.

Valuation

We employ a discounted cash flow (DCF) valuation methodology for DMT, considering 1) its consistent net profit and cash flow; and 2) the high visibility of its positive net profit outlook despite the short-term sluggish performance due to the third wave of COVID-19.

Our DCF variables consist of an 8.7% WACC with no terminal value due to the assumption that DMT's operation will continue until the end of its concession on 11 Sep-34 (14 more years). DMT's beta at 0.90 is based on its peers' beta in the transportation sector. It is slightly lower than BTS and BEM, as it has no growth visibility from upcoming projects yet. Although the company is expected to be a net cash company after its IPO, we expect that the company would prefer to have some loans to prepare for its future projects.

Exhibit 48: WACC assumption

Cost of equity assumptions (%)		Cost of debt assumption (%)	
Risk free rate	3.00	Pretax cost of debt	3.50
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.90		
Cost of equity, Ke	10.4	Net cost of debt, Kd	2.80
Weight applied	80	Weight applied	20
WACC	8.7		

Source: FSSIA estimates

Exhibit 49: Peers' beta

Company	Beta
BEM	0.95
BTS	0.99
TFFIF	0.69
Average	0.87

Source: Bloomberg

Our TP does not yet include the potential of winning a new tollway or motorway project in the future. We believe that the company should at least win and be able to acquire at least one new project in the future. Rangsit-Bang Pa-in (M5) is the most likely project that the company could win, in our view. Therefore, if the company has a new tollway project in the future, it would provide a significant upside to our TP.

Exhibit 50: DCF valuation

	2022E	2023E	2024E	2025E	2026E	2027E----	---- 2033E	2034E	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	
EBITDA		2,148	2,661	3,022	3,340	3,491	3,689	5,048	3,493
(less) tax on EBIT		(335)	(420)	(481)	(548)	(574)	(607)	(819)	(536)
decrease in working cap		1	1	0	(0)	0	0	1	(1)
(less) capex & investments		(475)	(175)	(75)	(75)	(75)	(75)	(75)	(75)
Free Cash Flow		1,339	2,067	2,466	2,717	2,842	3,007	4,155	2,881
WACC (%)	8.7								
Terminal growth (%)	0.0								
PV of FCF		1,339	1,901	2,086	2,114	2,034	1,980	1,657	1,056
Enterprise value - add investments	23,412								
Net debt+cash	203								
Minority interest	0								
Equity value	23,614								
No. of shares (m)	1,181								
Equity value / share (THB)	20.00								

Sources: DMT; FSSIA estimates

Peers comparison

Compared to its local peers, DMT will become the company with the highest dividend yield in the transportation sector, based on our estimates. DMT has the most secure earnings and cash flow outlook. At the moment, given that it has no future projects yet, the company is similar to an infrastructure fund that pays a consistent dividend.

Comparing DMT with Thailand Future Fund (TFFIF TB, NR) – the fund that has invested for over 30 years in the right to 45% of the toll revenue from the Expressway Authority of Thailand (EXAT) on the Chalong Rat (Ram Intra - At Narong) expressway and Burapha Withi (Bang Na) expressway, totalling 83.2 km – DMT is trading at lower 2022 P/E and EV/EBITDA multiples, with a competitive dividend yield and better growth potential, while its ROE is higher than TFFIF.

Although DMT looks unattractive when we compare it to regional companies, trading at a higher P/E level while its dividend is also lower than the average, we believe that the company has new projects waiting for it to participate in. Moreover, the growth in both traffic and toll fares also look solid thanks to DMK's future expansion, the additional traffic on the Rangsit-Bang Pa-in (M5) project, and its agreement for toll fare increases.

Compared to other infrastructure funds from other industries (ICT sector), such as Digital Telecommunications (DIF TB, NR) and Jasmine Broadband Internet IF (JASIF TB, NR), although DMT may pay a lower dividend yield compared to that group, the company still has a potential upside risk from upcoming projects via its organic operations and new tollway or motorway projects. ICT infrastructure funds already have agreements on future revenue, which means there is no upside risk from potential revenue growth.

Exhibit 51: Peers comparison

Company	BBG	Rec	Market Cap (USD m)	PE		DivYld		ROE		PBV		EV/EBITDA	
				21E (x)	22E (x)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
Thailand													
Don Muang Tollway	DMT TB	BUY	545	21.3	12.7	4.2	7.1	9.0	14.2	1.7	1.8	12.2	7.6
Airports Of Thailand	AOT TB	BUY	27,452	(87.0)	60.0	0.8	1.0	(7.6)	11.7	7.3	6.8	(960.5)	29.8
BTS Group Holdings	BTS TB	BUY	3,668	35.9	52.2	5.0	1.5	7.5	4.4	2.3	2.2	60.6	48.7
Bangkok Expressway & Metro	BEM TB	BUY	3,769	38.6	27.7	1.3	1.8	7.9	10.5	3.0	2.8	27.2	21.8
Thailand average			35,434	2.2	38.1	2.8	2.9	4.2	10.2	3.6	3.4	(215.2)	27.0
Infrastructure fund													
Thailand Future Fund	TFFIF TB	n/a	1,273	24.3	19.3	4.8	5.2	3.5	4.2	0.7	0.7	21.0	19.1
BTS Rail Mass Transit GIF*	BTSGIF TB	n/a	936	6.3	40.7	12.6	7.2	6.7	0.9	0.5	0.6	6.2	14.8
Digital Telecommunications	DIF TB	n/a	4,086	10.8	10.9	8.7	8.6	6.9	6.6	0.7	0.7	11.9	12.1
Jasmine Broadband Internet IF	JASIF TB	n/a	2,498	9.0	8.9	10.2	10.2	9.7	9.9	0.9	0.9	9.9	9.8
Infrastructure fund average			8,793	12.6	20.0	9.1	7.8	6.7	5.4	0.7	0.7	12.2	13.9
Regional													
Anhui Expressway Co Ltd-A	600012 CH	n/a	1,644	9.0	8.3	4.0	4.3	11.0	11.1	1.0	0.9	3.6	3.4
Guangdong Provincial Expr-B	200429 CH	n/a	2,250	5.5	5.9	12.6	11.9	18.7	16.5	1.0	1.0	5.1	5.3
Shenzhen Expressway Co Ltd-A	600548 CH	n/a	3,009	9.5	8.9	4.9	5.3	9.5	9.7	1.0	0.9	8.6	7.9
Jiangsu Express Co Ltd-H	177 HK	n/a	7,571	8.8	8.3	6.3	6.5	14.2	14.0	1.3	1.2	9.6	8.8
Sichuan Expressway Co-H	107 HK	n/a	1,344	4.6	5.1	7.6	8.9	6.2	5.5	0.3	0.3	8.3	8.6
Yuexiu Transport Infrastructure	1052 HK	n/a	1,032	6.5	5.6	8.9	9.7	8.6	9.4	0.6	0.6	7.6	7.0
Atlas Arteria	ALX AU	n/a	4,625	23.1	13.9	4.6	6.2	7.6	12.0	1.7	1.8	20.7	15.9
Guangdong Provincial Expr-B	200429 CH	n/a	2,250	5.5	5.9	12.6	11.9	18.7	16.5	1.0	1.0	5.1	5.3
Zhejiang Expressway Co-H	576 HK	n/a	3,691	5.4	5.1	7.0	7.3	15.3	14.6	0.9	0.8	4.0	3.9
Regional average			27,416	8.7	7.5	7.6	8.0	12.2	12.1	1.0	0.9	8.1	7.4
Overall average			44,227	8.1	17.6	6.8	6.7	9.0	10.1	1.5	1.5	(43.5)	13.5

Share prices as of 12 May 2021

*Note: BTSGIF distribution includes dividend payment and capital reduction

Sources: Bloomberg; FSSIA estimates

Corporate Governance – DMT

Board structure

Number of Independent Directors (ID)	6 IDs of 14 board members
Percentage of IDs on the board	42.86%
ID participation/attendance at board meetings	80%
ID participation in audit/remuneration committees	3 of 3 in audit committee and 3 of 3 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Three years. The retiring director may be re-elected, as the Company does not specify the number of office terms of a director in the Company's Articles of Association.

Source: DMT

Additional comments: None

Audit Practices

Auditor	KPMG Phoomchai Audit Ltd.
Length of service	More than five years
Reporting incidents	None
Fee track record	THB1.62m in 2020
Policy on change of audit firm	To review every seven years

Source: DMT

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2020, THB15.1m vs net profit of THB791m
Changes/stability in senior management	Stable
Incidents of termination of senior management	None
Track record on insider sales	None

Source: DMT

Additional comments: None

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually and EGM when appropriate, one share for one vote
Related party transactions	All to comply with the conditions and requirements of the Stock Exchange of Thailand. In case of entering into a transaction that may lead to a conflict of interest, the transaction shall be approved by the Management, the Management Committee or the Board of Directors or the shareholders, as the case may be, with the Audit Committee considering the reasonableness of the transaction, taking into consideration the Company's maximum benefits. The determination or review of the prices and conditions of transactions shall be in accordance with those of normal business transactions with fair prices or prices compared with the market price. Besides, the stakeholders or directors or the Company's top executives who may have a conflict of interest in a related-party transaction shall not participate in the approval of such related-party transaction.
Voting issues - policies, incidents of rejected proposals	None

Source: DMT

Additional comments: None

Financial Statements

Don Muang Tollway

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	2,816	2,047	1,886	2,662	3,180
Cost of goods sold	(516)	(426)	(375)	(311)	(297)
Gross profit	2,300	1,620	1,511	2,351	2,883
Other operating income	0	0	0	0	0
Operating costs	(238)	(199)	(184)	(202)	(222)
Operating EBITDA	2,063	1,421	1,327	2,148	2,661
Depreciation	(491)	(342)	(360)	(498)	(591)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,572	1,080	967	1,650	2,070
Net financing costs	(166)	(107)	(30)	0	0
Associates	0	0	0	0	0
Recurring non-operating income	43	16	22	26	28
Non-recurring items	0	0	0	0	0
Profit before tax	1,449	989	959	1,676	2,098
Tax	(290)	(198)	(192)	(335)	(420)
Profit after tax	1,159	791	767	1,341	1,679
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	1,159	791	767	1,341	1,679
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,159	791	767	1,341	1,679
Per share (THB)					
Recurring EPS *	1.11	0.76	0.68	1.13	1.42
Reported EPS	1.11	0.76	0.68	1.13	1.42
DPS	0.30	0.65	0.61	1.02	1.28
Diluted shares (used to calculate per share data)	1,041	1,041	1,135	1,181	1,181
Growth					
Revenue (%)	(6.9)	(27.3)	(7.9)	41.1	19.5
Operating EBITDA (%)	(14.5)	(31.1)	(6.6)	61.9	23.8
Operating EBIT (%)	(18.1)	(31.3)	(10.4)	70.6	25.5
Recurring EPS (%)	(20.5)	(31.7)	(11.0)	67.8	25.2
Reported EPS (%)	(20.5)	(31.7)	(11.0)	67.8	25.2
Operating performance					
Gross margin inc. depreciation (%)	64.3	62.5	61.0	69.6	72.1
Gross margin of key business (%)	33.1	33.3	33.5	33.8	34.0
Operating EBITDA margin (%)	73.2	69.4	70.4	80.7	83.7
Operating EBIT margin (%)	55.8	52.8	51.3	62.0	65.1
Net margin (%)	41.1	38.7	40.7	50.4	52.8
Effective tax rate (%)	20.0	20.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	27.0	85.5	90.0	90.0	90.0
Interest cover (X)	9.7	10.3	33.0	-	-
Inventory days	-	-	-	-	-
Debtor days	-	-	-	-	-
Creditor days	7.4	6.4	5.7	7.0	8.1
Operating ROIC (%)	(234.9)	(159.9)	(224.7)	(611.7)	(574.9)
ROIC (%)	12.6	9.1	8.3	14.5	19.3
ROE (%)	17.5	10.8	9.0	14.2	17.4
ROA (%)	11.4	8.1	7.7	13.3	16.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Toll revenue	2,816	2,047	1,886	2,662	3,180

Sources: Don Muang Tollway; FSSIA estimates

Financial Statements

Don Muang Tollway

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,159	791	767	1,341	1,679
Depreciation	491	342	360	498	591
Associates & minorities	0	0	0	0	0
Other non-cash items	337	137	30	0	50
Change in working capital	(61)	(132)	0	37	64
Cash flow from operations	1,926	1,138	1,157	1,876	2,383
Capex - maintenance	(16)	(25)	(75)	(75)	(75)
Capex - new investment	0	0	(400)	(100)	0
Net acquisitions & disposals	357	16	222	118	46
Other investments (net)	(166)	(107)	120	(50)	0
Cash flow from investing	175	(116)	(133)	(107)	(29)
Dividends paid	(312)	(677)	(690)	(1,207)	(1,511)
Equity finance	(110)	510	2,240	0	0
Debt finance	(1,382)	(1,007)	(2,337)	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,804)	(1,173)	(788)	(1,207)	(1,511)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	(521)	0	0
Movement in cash	297	(151)	(285)	562	843
Free cash flow to firm (FCFF)	2,267.33	1,129.11	1,053.72	1,768.37	2,353.90
Free cash flow to equity (FCFE)	718.97	15.67	(1,834.06)	1,768.37	2,353.90
Per share (THB)					
FCFF per share	1.92	0.96	0.89	1.50	1.99
FCFE per share	0.61	0.01	(1.55)	1.50	1.99
Recurring cash flow per share	1.91	1.22	1.02	1.56	1.96
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	228	218	243	268	293
Less: Accumulated depreciation	(175)	(165)	(187)	(209)	(231)
Tangible fixed assets (net)	53	52	55	58	61
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	170	149	149	149	149
Cash & equivalents	638	487	203	765	1,608
A/C receivable	0	0	0	0	0
Inventories	0	0	0	0	0
Other current assets	27	51	43	56	62
Current assets	665	538	246	821	1,670
Other assets	10,206	9,921	9,516	9,112	8,575
Total assets	11,095	10,661	9,966	10,140	10,455
Common equity	6,983	7,608	9,404	9,538	9,706
Minorities etc.	0	0	0	0	0
Total shareholders' equity	6,983	7,608	9,404	9,538	9,706
Long term debt	0	810	0	0	0
Other long-term liabilities	202	285	264	255	282
Long-term liabilities	202	1,094	264	255	282
A/C payable	9	6	6	6	7
Short term debt	3,239	1,365	0	0	0
Other current liabilities	662	587	292	341	460
Current liabilities	3,910	1,959	298	347	467
Total liabilities and shareholders' equity	11,095	10,661	9,966	10,140	10,455
Net working capital	(644)	(542)	(254)	(291)	(405)
Invested capital	9,785	9,580	9,465	9,028	8,380
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	6.71	7.31	8.29	8.07	8.22
Tangible book value per share	6.71	7.31	8.29	8.07	8.22
Financial strength					
Net debt/equity (%)	37.2	22.2	(2.2)	(8.0)	(16.6)
Net debt/total assets (%)	23.4	15.8	(2.0)	(7.5)	(15.4)
Current ratio (x)	0.2	0.3	0.8	2.4	3.6
CF interest cover (x)	5.3	1.1	(46.8)	-	-
Valuation					
Recurring P/E (x) *	12.9	18.9	21.3	12.7	10.1
Recurring P/E @ target price (x) *	18.0	26.3	29.6	17.6	14.1
Reported P/E (x)	12.9	18.9	21.3	12.7	10.1
Dividend yield (%)	2.1	4.5	4.2	7.1	8.9
Price/book (x)	2.1	2.0	1.7	1.8	1.8
Price/tangible book (x)	2.1	2.0	1.7	1.8	1.8
EV/EBITDA (x) **	8.5	11.7	12.2	7.6	5.8
EV/EBITDA @ target price (x) **	11.4	15.8	16.9	10.6	8.3
EV/invested capital (x)	1.8	1.7	1.7	1.8	1.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Don Muang Tollway; 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	PG	PHOL	PLANB
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	SEOIL	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

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

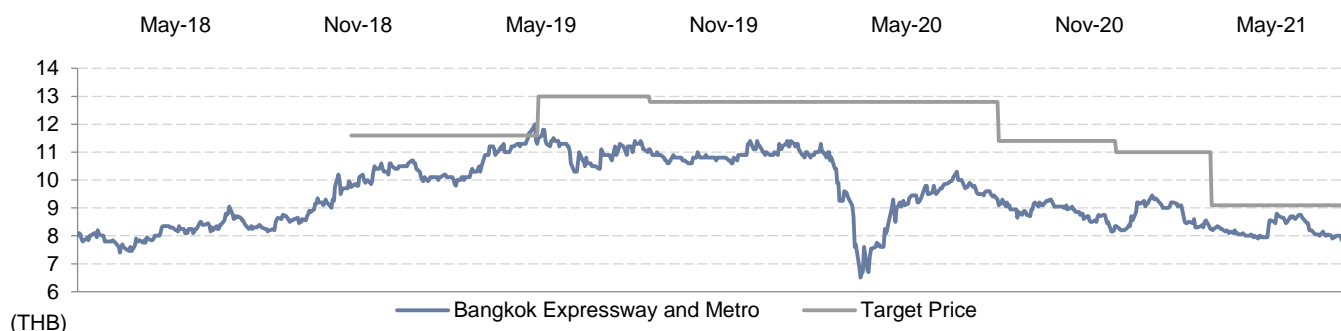
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Bangkok Expressway and Metro (BEM TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jan-2019	BUY	11.60	02-Apr-2020	BUY	12.80	22-Oct-2020	BUY	11.00
14-Jun-2019	BUY	13.00	13-Jul-2020	BUY	11.40	12-Jan-2021	HOLD	9.10
18-Sep-2019	BUY	12.80	29-Jul-2020	BUY	11.40	25-Feb-2021	BUY	9.10

Naruedom Mujjalinkool started covering this stock from 13-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Airports of Thailand (AOT TB)

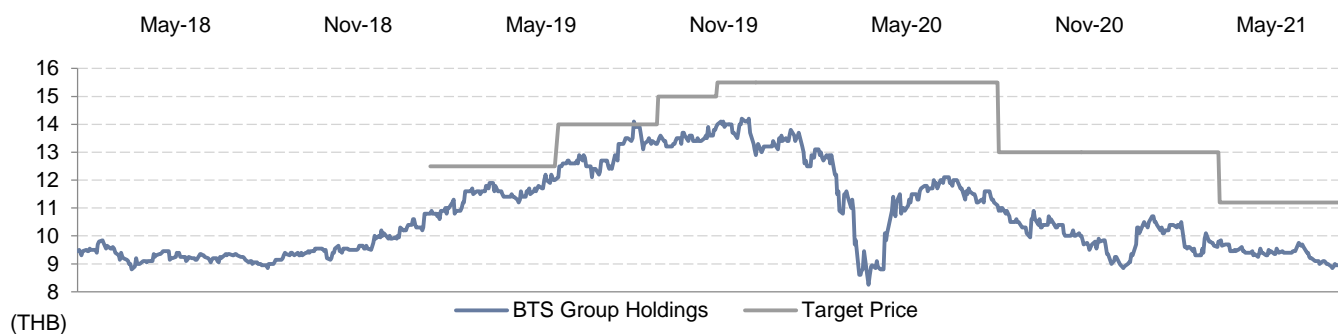


Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	HOLD	59.00	02-Apr-2020	HOLD	72.00	11-Feb-2021	BUY	85.00
20-Jun-2019	HOLD	72.00	10-Sep-2020	BUY	70.00			

Teerapol Udomvej, CFA started covering this stock from 10-Sep-2020

Price and TP are in local currency

Source: FSSIA estimates

BTS Group Holdings (BTS TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Mar-2019	BUY	12.50	15-Nov-2019	BUY	15.50	18-Nov-2020	BUY	13.00
01-Jul-2019	BUY	14.00	02-Apr-2020	BUY	15.50	19-Jan-2021	BUY	11.20
25-Sep-2019	BUY	15.00	13-Jul-2020	BUY	13.00			

Naruedom Mujjalinkool started covering this stock from 13-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Don Muang Tollway	DMT TB	THB 14.40	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic, and 2) dispute risks.
Bangkok Expressway and Metro	BEM TB	THB 7.70	BUY	The key downside risks to our SOTP based TP are 1) traffic and ridership recovering more slowly than our expectation; and 2) the company being unable to win the new mass transit project bids.
Airports of Thailand	AOT TB	THB 60.00	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.
BTS Group Holdings	BTS TB	THB 8.70	BUY	The key downside risks to our SOTP-based TP include a slower-than-expected recovery of the Thai economic outlook and the company not being able to win new mass transit projects.

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 12-May-2021 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.

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.