

AIRPORTS OF THAILAND
THAILAND / TRANSPORT & LOGISTICS

AOT TB

BUY

UNCHANGED

Upside ใหม่กำลังจะเกิดขึ้น

- การขึ้นค่าธรรมเนียมการใช้สนามบิน (PSC) สำหรับผู้โดยสารทั้งในและต่างประเทศ รวมถึงการเก็บค่า PSC สำหรับผู้โดยสารพักและเปลี่ยนเครื่องบินอาจทำให้ประมาณการกำไรปี FY24 เพิ่มขึ้นได้ 10-27%
- รายได้จากการขนส่งสินค้ามีศักยภาพที่จะโตได้ถึง 150% ในขณะที่ประมาณการกำไรปกติ 3QFY23 อาจกระโดดเพิ่ม 85% q-q จากรายได้สัมปทานที่สูงขึ้น
- คงแนะนำซื้อที่ราคาเป้าหมายปี FY24 ที่ 85 บาท (DCF)

TARGET PRICE	THB85.00
CLOSE	THB71.50
UP/DOWNSIDE	+18.9%
PRIOR TP	THB85.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.4%

KEY STOCK DATA

YE Sep (THB m)	2022	2023E	2024E	2025E
Revenue	16,560	46,683	76,220	84,982
Net profit	(11,088)	10,077	31,972	37,490
EPS (THB)	(0.78)	0.71	2.24	2.62
vs Consensus (%)	-	(10.5)	14.7	10.0
EBITDA	(1,400)	23,075	51,432	59,202
Core net profit	(10,173)	10,077	31,972	37,490
Core EPS (THB)	(0.71)	0.71	2.24	2.62
Chg. In EPS est. (%)	nm	(23.6)	(3.8)	(5.1)
EPS growth (%)	nm	nm	217.3	17.3
Core P/E (x)	(100.4)	101.4	31.9	27.2
Dividend yield (%)	-	0.4	1.5	1.8
EV/EBITDA (x)	(771.9)	46.5	20.4	17.5
Price/book (x)	10.1	9.2	7.3	6.3
Net debt/Equity (%)	56.3	45.3	20.4	8.3
ROE (%)	(9.5)	9.5	25.5	25.0

โครงการ PPL ได้เริ่มขึ้นแล้ว

เราเข้าเยี่ยมชมโครงการ Perishable Premium Lane (PPL) ของ AOT ที่สนามบินสุวรรณภูมิ เมื่อวันที่ 14 มิ.ย. และได้รับข้อมูลเชิงบวก เมื่อไม่นานมานี้ AOT ได้เปิดตัวโครงการ PPL ซึ่งน่าจะตอบสนองความต้องการสำหรับการขนส่งสินค้านำเข้าส่งออก (ปกติจะอยู่ที่ 10% ของปริมาณขนส่งสินค้ารวมพร้อมอัตราการเติบโตที่ 60% ต่อปี) โดยในขั้นต่อไปจะเป็นโครงการ Certify Hub สำหรับสินค้านำเข้าส่งออกที่มีการตรวจสอบล่วงหน้า นอกจากนี้ AOT ยังมีโครงการที่อยู่ระหว่างดำเนินการสำหรับธุรกิจขนส่งสินค้าประกอบด้วย: (1) อาคารขนส่งสินค้าแห่งที่สาม, (2) Airport Logistics Park, และ (3) Multimodal transport จากโครงการทั้งหมดดังกล่าว AOT จึงคาดว่าจะรายได้จากธุรกิจขนส่งสินค้าจะโต 150%

โอกาสขึ้นค่า PSC หลังการเปิดอาคารเทียบเครื่องบินรองหลังที่ 1 (SAT-1)

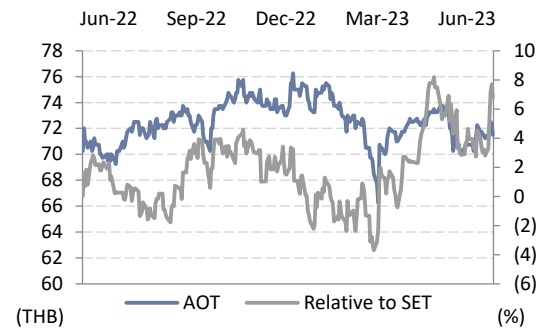
SAT-1 มีกำหนดเปิดใช้งานในเดือน ก.ย. 23 AOT คาดว่าอาคารดังกล่าวจะช่วยหนุนให้สนามบินสุวรรณภูมิกลายเป็นศูนย์กลางในภูมิภาคและจะช่วยเพิ่มเที่ยวบินพักระหว่างทางและเที่ยวบินเปลี่ยนถ่ายผู้โดยสารให้มีมากขึ้น AOT วางแผนเสนอเก็บค่า PSC สำหรับผู้โดยสารพักและเปลี่ยนเครื่องบินรวมถึงขึ้นค่า PSC สำหรับผู้โดยสารทั้งในและต่างประเทศ (ปัจจุบันเก็บอยู่ที่ 100 และ 700 บาทตามลำดับ) เราได้ทำการวิเคราะห์ความเป็นไปได้และคาดว่าจะปัจจัยดังกล่าวอาจช่วยเพิ่มประมาณการกำไรปกติปี FY24 ได้ 10-27% (Ex. 6)

คาดการณ์รายได้สัมปทาน 3QFY23 จะกระโดดเพิ่ม

เราคาดว่ากำไรปกติ 3QFY23 จะกระโดดเพิ่ม 85% q-q เป็น 3.5 พัน ลบ. จากรายได้สัมปทานที่สูงขึ้น (คาดว่าจะอยู่ที่ 4.8 พัน ลบ. ใน 3QFY23 เทียบกับ 2.8 พัน ลบ. ใน 2QFY23) หลังมาตรการช่วยเหลือผู้ประกอบการค้าปลีกสินค้าลดลง กำไรมีแนวโน้มดีต่อเนื่องเมื่อพิจารณาจากปริมาณผู้โดยสารต่างประเทศที่ฟื้นตัวเป็น 73% ของระดับก่อนโควิดในเดือน พ.ค. และน่าจะเร่งตัวขึ้นในช่วง 2H23 จากนักท่องเที่ยวชาวจีน เราคาดว่ากำไรปกติจะแตะระดับ 10.1 พัน ลบ. ใน FY23 และกระโดดเพิ่มเป็น 32 พัน ลบ. ใน FY24 (เทียบกับ 24.4 พัน ลบ. ใน FY19)

ปรับลดประมาณการกำไรจากปริมาณนักท่องเที่ยวชาวจีนที่มาช้า

เราปรับลดประมาณการกำไรปี FY23 ลง 24% เพื่อสะท้อนสมมติฐานปริมาณผู้โดยสารที่ลดลงจากนักท่องเที่ยวชาวจีนที่ฟื้นตัวช้ากว่าคาดในช่วง 9MFY23 นอกจากนี้เรายังปรับลดประมาณการกำไรปี FY24-25 ลง 4-5% เพื่อสะท้อนสมมติฐานค่าใช้จ่ายที่สูงขึ้นโดยเฉพาะอย่างยิ่งค่าบุคลากร เราปรับการประเมินมูลค่าไปเป็นปี FY24 และคงราคาเป้าหมายของเราไว้ที่ 85 บาท (DCF) ปัจจุบัน AOT มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 32x ของค่า FY24E P/E หุ้นมี Upside ประกอบด้วยค่า PSC และรายได้จากธุรกิจขนส่งสินค้าที่สูงขึ้น



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.4	(0.3)	3.6
Relative to country (%)	3.4	5.5	7.2
Mkt cap (USD m)	29,015		
3m avg. daily turnover (USD m)	38.5		
Free float (%)	30		
Major shareholder	Ministry of Finance (70%)		
12m high/low (THB)	76.50/66.00		
Issued shares (m)	14,285.70		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 26 มิถุนายน 2023

Investment thesis

AOT is now in a recovery mode. Domestic passenger volume was at 81% of the pre-Covid level in Dec-22, and international passenger volume was at 73% of the pre-Covid level in May-23. The momentum should continue in 2023.

Despite waiving the minimum guarantee (MG) until Mar-23 and changing its calculation scheme to a 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 as of 4QFY22, which we think is sufficient to support project expansions over the next three years, including a third runway and the East and North Expansions of BKK Airport.

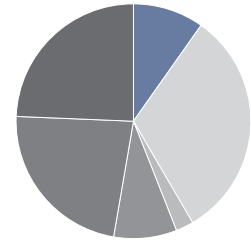
Company profile

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

www.airportthai.co.th

Principal activities (revenue, 2022)

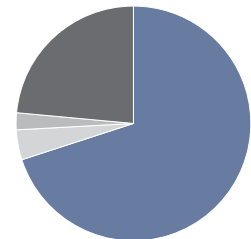
- Landing & parking - 9.8 %
- Passenger service - 31.8 %
- Aircraft service - 2.4 %
- Property rents - 8.7 %
- Service revenue - 23.0 %
- Concession revenue - 24.3 %



Source: Airports of Thailand

Major shareholders

- Ministry of Finance - 70.0 %
- Thai NVDR - 4.1 %
- South East Asia UK - 2.3 %
- Others - 23.5 %



Source: Airports of Thailand

Catalysts

Key growth drivers include 1) higher international passenger volumes; 2) BKK's East Expansion project; and 3) the transfer 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
Aug 2023	3QFY23 results announcement

Key assumptions

	FY23E	FY24E	FY25E
	(%)	(%)	(%)
Flight traffic growth - international	150.5	51.6	7.0
Flight traffic growth - domestic	28.9	15.8	5.0
Passenger growth - international	290.1	56.6	8.0
Passenger growth - domestic	42.8	20.8	6.0
PSC revenue growth	231.8	50.8	7.8
Concession revenue growth	300.8	87.9	17.8

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in international passenger volume, we project FY23 earnings to rise by 16%, and vice versa, all else being equal.
- For every 5% increase in domestic passenger volume, we project FY23 earnings to rise by 2%, and vice versa, all else being equal.

Source: FSSIA estimates

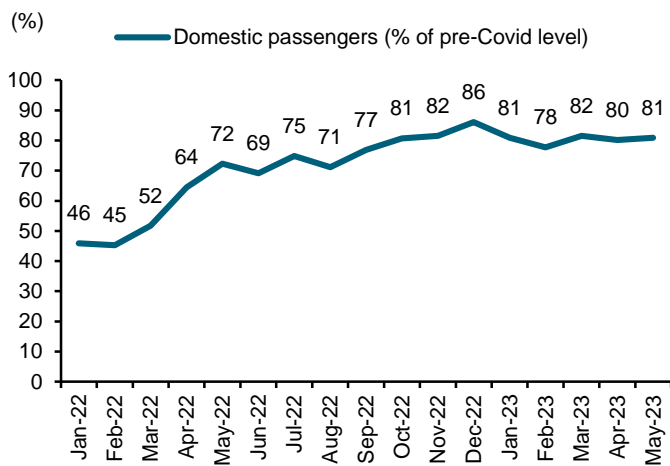
3QFY23 results preview

We expect AOT's core profit to jump to THB3.5b in 3QFY23 (April to June-23) from THB1.9b in 2QFY23. Domestic passenger volume should recover to 79% of the pre-Covid level (vs 80% in 2QFY23) and international passenger volume should recover to 70% of the pre-Covid level (vs 60% in 2QFY23). Thus, we estimate that PSC should improve to 73% of the pre-Covid level (vs 63% in 2QFY23).

Another key driver is concession revenue, which we estimate to jump from THB2.8b in 2QFY23 to THB4.8b in 3QFY23, premised on the end of assistance measures for retail operators. AOT will start to collect minimum guarantees for most concessionaire contracts. For the three main contracts with King Power, AOT will collect under a sharing per head scheme, which entails 1) THB233 per international passenger for duty-free at Suvarnabhumi Airport; 2) THB72 per passenger (domestic & international) for commercial activities at Suvarnabhumi Airport; and 3) THB127 per international passenger for duty-free at regional airports.

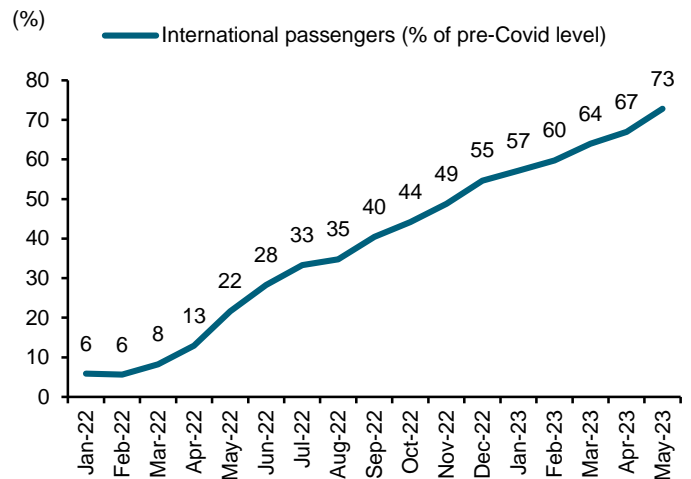
Overall, we expect revenue to grow by 21% q-q in 3QFY23. Meanwhile, we estimate expenses to slightly increase by 2% q-q. As a result, the EBITDA margin should improve to 56% in 3QFY23 (vs 48% in 2QFY23).

Exhibit 1: Domestic passenger volume vs pre-Covid level



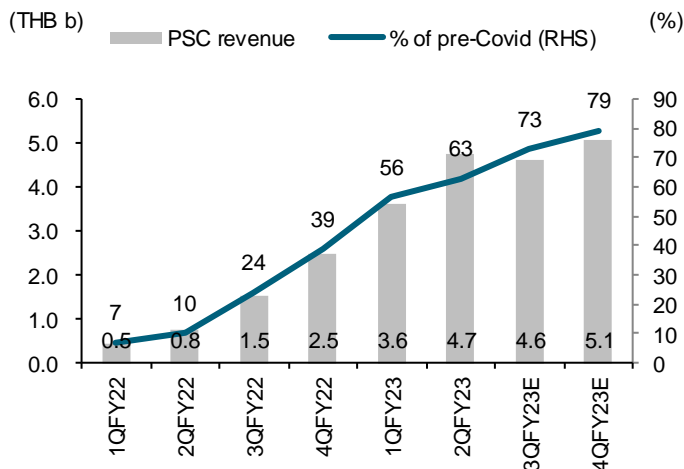
Source: AOT

Exhibit 2: International passenger volume vs pre-Covid level



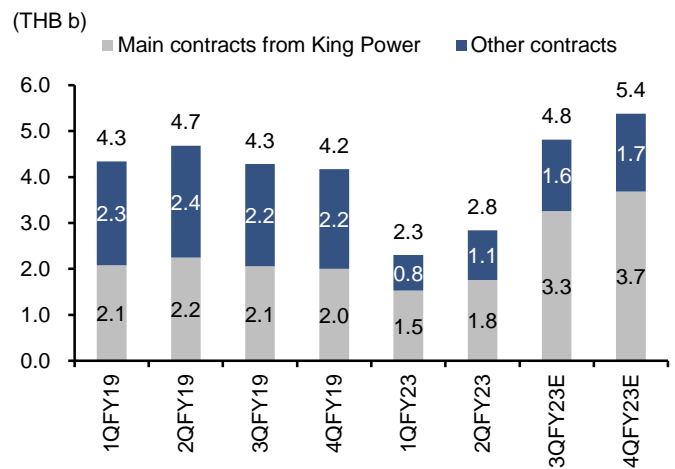
Source: AOT

Exhibit 3: Passenger service charge (PSC) revenue



Source: AOT; FSSIA estimates

Exhibit 4: Concession revenue



Note: Main contracts from King Power include duty-free and commercial activities at Suvarnabhumi Airport, and duty-free at regional airports.
Source: AOT; FSSIA estimates

Exhibit 5: 3QFY23 results preview

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E	----- Change -----		FY23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	4,666	6,550	8,824	11,001	13,307	21	185	46,683	182
Expense (Incl. depreciation)	(6,907)	(7,446)	(7,533)	(7,927)	(8,118)	2	18	(32,540)	21
Operating profit	(2,241)	(897)	1,291	3,074	5,190	69	(332)	14,143	(237)
Net other income	27	69	43	68	68	0	153	433	63
Interest income	9	6	5	5	5	0	(46)	21	(55)
Interest expense	(730)	(727)	(728)	(723)	(731)	1	0	(2,396)	(18)
Pretax profit	(2,935)	(1,549)	611	2,423	4,532	87	(254)	12,201	(194)
Income tax	549	499	(116)	(432)	(906)	110	(265)	(2,074)	(172)
Associates	(0)	(0)	(0)	(0)	0	(100)	(100)		n/a
Minority interest	(6)	(7)	(59)	(71)	(81)	15	1,287	(50)	(55)
Core profit	(2,392)	(1,057)	436	1,920	3,544	85	(248)	10,077	(199)
Extraordinaries	(13)	(189)	(70)	(65)					
Forex gain/(loss)	283	(135)	(15)	8					
Derivative gain/(loss)	(85)	48	(8)	(2)					
Reported net profit	(2,207)	(1,333)	343	1,861	3,544	90	(261)	10,077	(191)
Shares (end Q, m)	14,286	14,286	14,286	14,286	14,286	0	0	14,286	0
Core EPS (THB)	(0.17)	(0.07)	0.03	0.13	0.25	85	(248)	0.71	(199)
EPS (THB)	(0.15)	(0.09)	0.02	0.13	0.25	90	(261)	0.71	(191)
Expenses (excl depreciation)	(4,723)	(5,175)	(5,310)	(5,761)	(5,888)	2	25	(23,608)	31
Depreciation	(2,184)	(2,271)	(2,223)	(2,166)	(2,230)	3	2	(8,932)	0
EBITDA	(57)	1,375	3,514	5,239	7,420	42	nm	23,075	(1,749)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)
Operating profit margin	(48)	(14)	15	28	39	11	87	30	93
EBITDA margin	(1)	21	40	48	56	8	57	49	58
Net profit margin	(47)	(20)	4	17	27	10	74	22	89
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
International pax growth	1,583	2,315	1,168	817	240				
Domestic pax growth	214	1,348	99	68	15				
Total pax growth	316	1,648	233	196	83				

Sources: AOT; FSSIA estimates

Upside from PSC increase

AOT recently mentioned that it intends to submit a plan to raise PSC rates and start collecting PSC from passengers transiting/transferring by submitting a request to the Civil Aviation Authority of Thailand (CAAT).

AOT will open the SAT-1 terminal in Sep-23 and aims to turn it into an airport hub. This would bring more transit/transfer flights to Suvarnabhumi Airport. In FY19, transit/transfer passengers accounted for c10% of the international passenger volume. We estimate that PSC for transit/transfer passengers should be around THB200-300 per passenger. In addition, AOT may raise PSC for international passengers by THB100-150 (from THB700 currently) and increase the rate for domestic passengers by THB50-100 (from THB100 currently).

We believe the earliest PSC increase would be in FY24 when tourist arrivals should almost fully recover and the SAT-1 terminal is already operating. We have run a sensitivity analysis and expect that higher PSC would lift our FY24E core profit by 8-22%, with an additional 2-5% for collecting PSC from transit/transfer passengers.

Exhibit 6: Sensitivity analysis for PSC increase

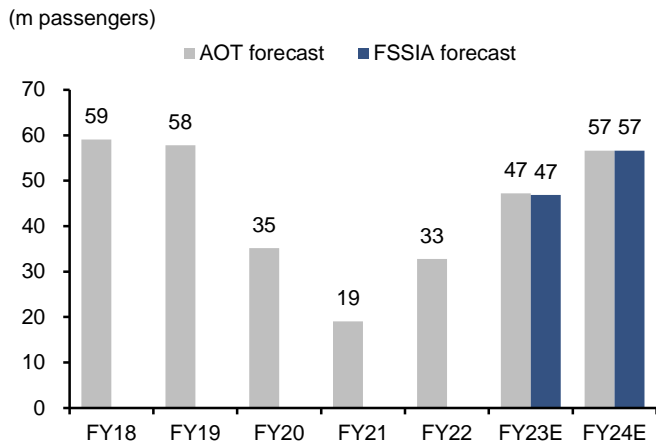
Scenario	FY24E core profit (THB m)	Upside (%)
Base case	31,972	
Case 1.1: THB100 for transit/transfer passenger	32,553	2
Case 1.2: THB200 for transit/transfer passenger	33,134	4
Case 1.3: THB300 for transit/transfer passenger	33,714	5
Case 2.1: THB750 for international passenger	33,424	5
Case 2.2: THB800 for international passenger	34,876	9
Case 2.3: THB850 for international passenger	36,328	14
Case 3.1: THB150 for domestic passenger	32,862	3
Case 3.2: THB200 for domestic passenger	33,752	6
Case 3.3: THB250 for domestic passenger	34,642	8

Source: FSSIA estimates

Forecast and TP revisions

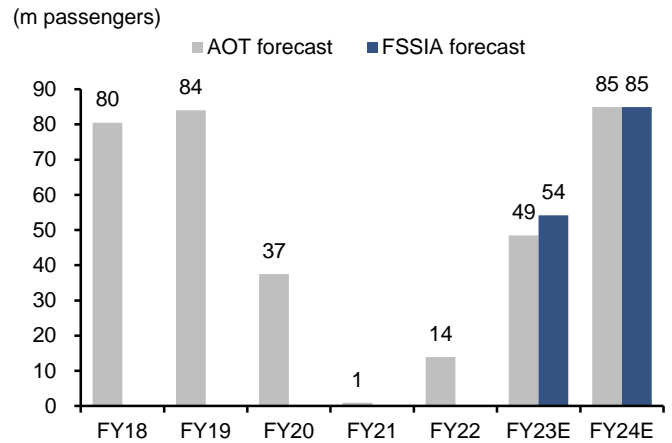
We revise down our FY23E earnings by 24% to reflect our lower passenger volume assumptions for the year (10% for international passengers and 5% for domestic passengers). Our new forecasts are in line with AOT's assumptions, except for FY23E international passengers – we see a 12% upside from AOT's estimate. We revise down our FY24-25 core profit forecasts by 4-5% to reflect higher projected expenses, especially personnel expenses. We also roll forward our DCF-based valuation to FY24 and maintain our TP of THB85/shr.

Exhibit 7: Domestic passenger volume



Source: AOT; FSSIA estimates

Exhibit 8: International passenger volume



Source: AOT; FSSIA estimates

Exhibit 9: Forecast revisions

	Previous			Current			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
International Pax (m)	60.5	84.9	92.3	54.2	84.9	91.7	(10.4)	0.0	(0.7)
Domestic Pax (m)	49.1	56.6	61.1	46.8	56.6	60.0	(4.7)	0.0	(1.9)
Total Pax (m)	109.7	141.5	153.5	101.0	141.5	151.7	(7.9)	0.0	(1.2)
Revenue (THB b)	49.5	76.2	87.6	46.7	76.2	85.0	(5.7)	0.1	(3.0)
Operating profit margin (%)	35.4	54.1	58.1	30.3	53.4	56.2	(5.1)	(0.7)	(1.9)
Core profit (THB b)	13.2	33.3	39.5	10.1	32.0	37.5	(23.6)	(3.8)	(5.1)

Note: Change of items in percentage terms are represented in ppt change

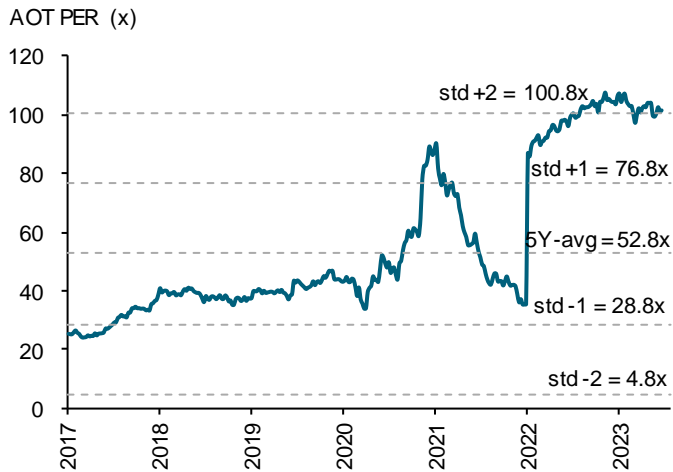
Source: FSSIA estimates

Exhibit 10: 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	540.5	37.8	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%	
Core business	703.2	49.2	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%	
Cash & liquid assets	77.3	5.4	At end-FY24E	
Investments	0.7	0.0	At end-FY24E	
Debt	(106.0)	(7.4)	At end-FY24E	
Minorities	(1.4)	(0.1)	At end-FY24E	
Residual ordinary equity	1,214.3	85.0		

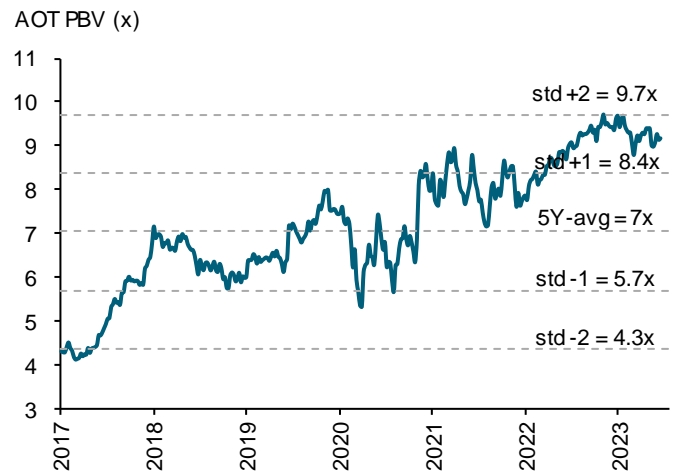
Source: FSSIA estimates

Exhibit 11: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Peer comparisons as of 23 June 2023

Company	BBG	Rec	--- Share price ---		Market cap (USD m)	3Y EPS CAGR (%)	----- PE -----			--- ROE ---		--- PBV ---		--- EV/ EBITDA ---		
			Current (THB)	Target (THB)			23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)	25E (x)
Thailand																
Airports of Thailand*+	AOT TB	BUY	71.50	85.00	29,015	(255)	101.4	31.9	27.2	9.5	25.5	9.2	7.3	46.5	20.4	17.5
Malaysia																
Malaysia Airports	MAHB MK	n/a	6.82	NR	2,433	74	28	17	14	5.9	9.2	1.6	1.5	7.8	6.6	6.6
China																
Beijing Capital Intl -A	694 HK	n/a	4.96	NR	2,901	(171)	n/a	16	11	(2.3)	8.3	1.2	1.2	21.2	8.1	8.1
Hainan Meilan Intl	357 HK	n/a	10.34	NR	625	(264)	13	6	4	7.0	14.3	1.0	0.8	4.3	3.0	3.0
Shanghai Intl Airport-A	600009 CH	n/a	47.29	NR	16,391	(210)	60	26	17	4.9	10.5	2.8	2.5	28	18.2	18.2
Guangzhou Baiyun Intl	600004 CH	n/a	14.88	NR	4,905	(209)	56.6	23.7	16.9	3.3	8.0	2.0	1.8	14.1	9.9	9.9
Shenzhen Airport -A	000089 CH	n/a	6.97	NR	1,991	(173)	183	29.7	21.5	0.2	4.0	1.3	1.3	19	12.7	12.7
Xiamen Int Airport -A	600897 CH	n/a	20.12	NR	835	(431)	13	11.6	11	11.4	12.3	1.5	1.4	5.8	5.2	5.2
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.75	NR	7,627	n/a	85	41.5	37.3	1.7	3.7	1.5	1.5	34.9	21.4	21.4
Japan																
Japan Airport Termi***	9706 JP	n/a	6,636	NR	4,296	(225)	n/a	4.6	43.3	4.0	4.6	4.0	3.9	39	17.4	17.4
Average					74,809	(238)	83.3	23.1	23.2	4.1	9.6	2.9	2.6	26.0	14.2	13.8

*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	2021	2022	2023E	2024E	2025E
Revenue	7,086	16,560	46,683	76,220	84,982
Cost of goods sold	(24,285)	(26,891)	(32,540)	(35,521)	(37,206)
Gross profit	(17,199)	(10,331)	14,143	40,700	47,776
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
Operating EBITDA	(8,172)	(1,400)	23,075	51,432	59,202
Depreciation	(9,027)	(8,932)	(8,932)	(10,732)	(11,425)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(17,199)	(10,331)	14,143	40,700	47,776
Net financing costs	(2,740)	(2,882)	(2,375)	(1,911)	(1,675)
Associates	0	0	(1)	(1)	(1)
Recurring non-operating income	397	265	433	445	459
Non-recurring items	(1,003)	(915)	0	0	0
Profit before tax	(20,545)	(13,864)	12,201	39,234	46,560
Tax	4,173	2,888	(2,074)	(7,062)	(8,846)
Profit after tax	(16,372)	(10,976)	10,127	32,172	37,714
Minority interests	50	(112)	(50)	(200)	(224)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(16,322)	(11,088)	10,077	31,972	37,490
Non-recurring items & goodwill (net)	1,003	915	0	0	0
Recurring net profit	(15,319)	(10,173)	10,077	31,972	37,490
Per share (THB)					
Recurring EPS *	(1.07)	(0.71)	0.71	2.24	2.62
Reported EPS	(1.14)	(0.78)	0.71	2.24	2.62
DPS	0.00	0.00	0.30	1.10	1.30
Diluted shares (used to calculate per share data)	14,286	14,286	14,286	14,286	14,286
Growth					
Revenue (%)	(77.3)	133.7	181.9	63.3	11.5
Operating EBITDA (%)	nm	nm	nm	122.9	15.1
Operating EBIT (%)	nm	nm	nm	187.8	17.4
Recurring EPS (%)	nm	nm	nm	217.3	17.3
Reported EPS (%)	nm	nm	nm	217.3	17.3
Operating performance					
Gross margin inc. depreciation (%)	(242.7)	(62.4)	30.3	53.4	56.2
Gross margin exc. depreciation (%)	(115.3)	(8.5)	49.4	67.5	69.7
Operating EBITDA margin (%)	(115.3)	(8.5)	49.4	67.5	69.7
Operating EBIT margin (%)	(242.7)	(62.4)	30.3	53.4	56.2
Net margin (%)	(216.2)	(61.4)	21.6	41.9	44.1
Effective tax rate (%)	21.4	22.3	17.0	18.0	19.0
Dividend payout on recurring profit (%)	-	-	42.5	49.1	49.5
Interest cover (X)	(6.1)	(3.5)	6.1	21.5	28.8
Inventory days	7.7	6.5	6.0	6.7	6.7
Debtor days	176.7	81.8	29.6	18.1	16.3
Creditor days	32.8	20.2	18.9	21.0	21.1
Operating ROIC (%)	(9.9)	(5.2)	7.7	21.3	23.7
ROIC (%)	(9.0)	(4.5)	7.1	19.3	21.5
ROE (%)	(12.0)	(9.5)	9.5	25.5	25.0
ROA (%)	(7.2)	(4.1)	5.6	12.6	13.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Landing & parking	987	1,619	3,920	7,426	7,957
Passenger service	1,141	5,267	17,479	26,361	28,425
Aircraft service	201	403	725	1,029	1,103
Property rents	1,437	1,438	1,941	2,330	2,400

Sources: Airports of Thailand; FSSIA estimates

Financial Statements

Airports of Thailand

Cash Flow (THB m) Year Ending Sep	2021	2022	2023E	2024E	2025E
Recurring net profit	(15,319)	(10,173)	10,077	31,972	37,490
Depreciation	9,027	8,932	8,932	10,732	11,425
Associates & minorities	-	-	-	-	-
Other non-cash items	(23,885)	(2,376)	(412)	(262)	(238)
Change in working capital	(8,147)	8,846	(292)	5,614	1,691
Cash flow from operations	(38,323)	5,229	18,305	48,057	50,368
Capex - maintenance	(47,631)	(7,750)	(11,538)	(21,448)	(19,538)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	33	(5)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(47,598)	(7,755)	(11,538)	(21,448)	(19,538)
Dividends paid	(2,714)	(8)	0	(4,286)	(15,714)
Equity finance	0	0	0	0	0
Debt finance	52,941	(2,477)	50,415	(6,000)	(6,000)
Other financing cash flows	616	329	0	0	0
Cash flow from financing	50,843	(2,156)	50,415	(10,286)	(21,714)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(35,079)	(4,681)	57,182	16,323	9,116
Free cash flow to firm (FCFF)	(82,948.56)	404.45	9,162.38	28,859.27	32,936.08
Free cash flow to equity (FCFE)	(32,364.70)	(4,673.07)	57,181.54	20,608.27	24,829.95

Per share (THB)

FCFF per share	(5.81)	0.03	0.64	2.02	2.31
FCFE per share	(2.27)	(0.33)	4.00	1.44	1.74
Recurring cash flow per share	(2.11)	(0.25)	1.30	2.97	3.41

Balance Sheet (THB m) Year Ending Sep	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	282,931	290,774	302,774	324,684	344,684
Less: Accumulated depreciation	(125,184)	(133,776)	(142,708)	(153,440)	(164,865)
Tangible fixed assets (net)	157,747	156,998	160,066	171,244	179,819
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	689	694	694	694	694
Cash & equivalents	8,479	3,798	60,979	77,302	86,417
A/C receivable	3,637	3,785	3,785	3,785	3,785
Inventories	307	338	444	466	484
Other current assets	9,077	556	7,182	11,726	13,074
Current assets	21,499	8,476	72,390	93,279	103,761
Other assets	15,150	17,645	17,645	17,645	17,645
Total assets	195,086	183,813	250,795	282,862	301,919
Common equity	112,344	101,324	111,401	139,087	160,862
Minorities etc.	1,078	1,195	1,245	1,445	1,669
Total shareholders' equity	113,421	102,519	112,645	140,532	162,531
Long term debt	60,848	57,991	107,872	101,872	95,872
Other long-term liabilities	7,206	8,808	8,808	8,808	8,808
Long-term liabilities	68,054	66,799	116,680	110,680	104,680
A/C payable	930	1,056	1,389	1,458	1,516
Short term debt	3,186	3,566	4,100	4,100	4,100
Other current liabilities	9,495	9,873	15,981	26,092	29,091
Current liabilities	13,610	14,495	21,469	31,650	34,707
Total liabilities and shareholders' equity	195,086	183,813	250,795	282,862	301,919
Net working capital	2,596	(6,251)	(5,959)	(11,573)	(13,264)
Invested capital	176,183	169,086	172,446	178,010	184,894

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

Per share (THB)

Book value per share	7.86	7.09	7.80	9.74	11.26
Tangible book value per share	7.86	7.09	7.80	9.74	11.26

Financial strength

Net debt/equity (%)	49.0	56.3	45.3	20.4	8.3
Net debt/total assets (%)	28.5	31.4	20.3	10.1	4.5
Current ratio (x)	1.6	0.6	3.4	2.9	3.0
CF interest cover (x)	(10.8)	(0.6)	25.1	11.8	15.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(66.7)	(100.4)	101.4	31.9	27.2
Recurring P/E @ target price (x) *	(79.3)	(119.4)	120.5	38.0	32.4
Reported P/E (x)	(62.6)	(92.1)	101.4	31.9	27.2
Dividend yield (%)	-	-	0.4	1.5	1.8
Price/book (x)	9.1	10.1	9.2	7.3	6.3
Price/tangible book (x)	9.1	10.1	9.2	7.3	6.3
EV/EBITDA (x) **	(131.9)	(771.9)	46.5	20.4	17.5
EV/EBITDA @ target price (x) **	(155.5)	(909.7)	54.9	24.2	20.8
EV/invested capital (x)	6.1	6.4	6.2	5.9	5.6

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

Sources: Airports of Thailand; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Teerapol Udomvej, CFA 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

Airports of Thailand (AOT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Sep-2020	BUY	70.00	09-Jun-2021	BUY	82.00	26-Nov-2021	BUY	79.00
11-Feb-2021	BUY	85.00	13-Aug-2021	BUY	80.00	02-Jun-2022	BUY	85.00

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 71.50	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 23-Jun-2023 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.