

AIRPORTS OF THAILAND

THAILAND / TRANSPORT & LOGISTICS

AOT TB

BUY

UNCHANGED

TARGET PRICE	THB85.00
CLOSE	THB69.25
UP/DOWNSIDE	+22.7%
PRIOR TP	THB85.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.1%

Ready to welcome Chinese tourists

- Beneficiary of visa exemption for Chinese tourists which should drive the number to 500-600k in Oct (from 355k in Aug).
- Expect 4QFY23E core profit to grow by 11% q-q; FY24E core profit to surpass pre-Covid level.
- Maintain BUY with FY24 DCF-based TP of THB85/shr.

Inbound Chinese tourists should reach 500-700k/month in 4Q23

Thailand recently granted a visa exemption for Chinese tourists from 25 Sep 2023 to 29 Feb 2024. According to the Ministry of Tourism and Sports, inbound Chinese tourist arrivals are expected to jump from 355k in Aug to 500-700k per month during 4Q23 (equivalent to 60-85% of pre-Covid level). This is in line with AOT which estimated Chinese arrivals to jump to 620k in Oct based on the assumption that flight numbers for Thailand-China routes at Suvarnabhumi Airport should increase from 2,300 flights in Sep to more than 3,000 in Oct. AOT should benefit from this, with 26% of passengers coming from China in 2019.

More international passengers to drive 4QFY23 earnings

We expect 4QFY23 (July-Sep) core profit to grow 11% q-q to THB3.6b, driven by 7% q-q higher international passenger numbers and 15-20% q-q higher concession revenue. We expect core profit to accelerate in 1Q-2QFY24, which is the high tourism season in Thailand. We forecast an FY24 core profit of THB30.4b, surpassing the pre-Covid core profit of THB24.4b on a passenger volume which should recover and reach the pre-Covid level of 142m (vs 100m in FY23) and full-year minimum guarantee revenue from King Power's concessionaire contracts.

SAT-1 to support long-term growth

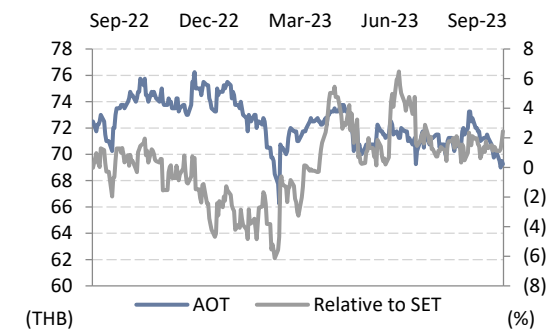
AOT opened the SAT-1 Terminal on 28 Sep with Thai AirAsia X and Thai Vietjet operating flights in the initial period. The new terminal may drag AOT's earnings during the first period by cTHB2.8b per year on additional expenses (THB1.2b depreciation and THB1.6b other expenses). However, it should provide long-term growth to AOT given that it increases Suvarnabhumi Airport's capacity by 15m passengers per year (from 45m previously) with 28 additional aprons (51 previously).

Trim core profit; trading at attractive valuation

We revise down FY23E earnings by 9% to reflect our 4QFY23 forecast and slightly revise down FY24-25E earnings by 2-5% due to higher operating expenses and lower concession revenue (other contracts apart from King Power). AOT trades at an attractive valuation of 33x FY24E P/E (vs five-year average of 36x). Upsides include the potential to raise PSC and new airports transferred from the Department of Airports.

KEY STOCK DATA

YE Sep (THB m)	2022	2023E	2024E	2025E
Revenue	16,560	47,028	75,671	84,984
Net profit	(11,088)	8,962	30,383	36,848
EPS (THB)	(0.78)	0.63	2.13	2.58
vs Consensus (%)	-	(17.6)	8.9	7.9
EBITDA	(1,400)	23,419	49,858	58,396
Recurring net profit	(10,173)	9,212	30,383	36,848
Core EPS (THB)	(0.71)	0.64	2.13	2.58
Chg. In EPS est. (%)	nm	(8.6)	(5.0)	(1.7)
EPS growth (%)	nm	nm	229.8	21.3
Core P/E (x)	(97.2)	107.4	32.6	26.8
Dividend yield (%)	-	0.4	1.4	1.7
EV/EBITDA (x)	(748.9)	44.5	20.5	17.3
Price/book (x)	9.8	9.0	7.3	6.2
Net debt/Equity (%)	56.3	46.1	22.5	9.8
ROE (%)	(9.5)	8.7	24.6	25.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.8)	(2.8)	(5.1)
Relative to country (%)	1.4	(3.8)	2.4
Mkt cap (USD m)	26,930		
3m avg. daily turnover (USD m)	33.7		
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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Investment thesis

AOT is now in a recovery mode. Domestic passenger volume was at 79% of the pre-Covid level in Aug-23, and international passenger volume was at 71% of the pre-Covid level in Aug-23. The momentum should continue in 2024 led by Chinese tourists.

AOT has started collecting the minimum guarantee (MG) for main concession contracts with King Power under a sharing per head basis since Apr-23. We forecast AOT to collect an MG amount equivalent to the amount that King Power proposed (THB23.5b) 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.

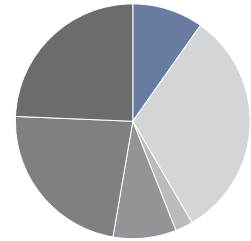
Company profile

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)

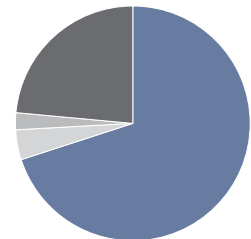
- Landing & parking - 9.8 %
- Passenger service - 31.8 %
- Aircraft service - 2.4 %
- Property rents - 8.7 %
- Service revenue - 23.0 %
- Concession revenue - 24.3 %



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
Nov 2023	4QFY23 results announcement

Key assumptions

	FY23E	FY24E	FY25E
	(%)	(%)	(%)
Flight traffic growth - international	150.5	52.8	7.0
Flight traffic growth - domestic	28.9	17.4	5.0
Passenger growth - international	287.0	57.8	8.0
Passenger growth - domestic	41.1	22.4	6.0
PSC revenue growth	235.9	50.8	7.8
Concession revenue growth	256.8	95.8	20.0

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

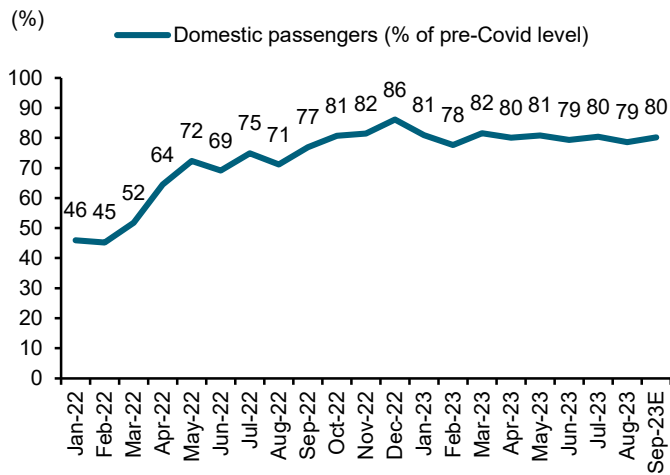
4QFY23 results preview

We expect AOT's core profit to jump to THB3.6b in 4QFY23 (July to Sep-23) from THB3.3b in 3QFY23. Domestic passenger volume should recover to 80% of the pre-Covid level (vs 80% in 3QFY23) and international passenger volume should recover to 72% of the pre-Covid level (vs 71% in 3QFY23). Thus, we estimate that passenger service charge (PSC) revenue should grow by 6% q-q and account for 77% of the pre-Covid level (vs 73% in 3QFY23).

Concession revenue should jump by 19% q-q due to a higher passenger volume. In addition, AOT should book additional concession revenue in this quarter given that it booked concession revenue for three main contracts with King Power under a sharing per head scheme based on projected passengers in 3QFY23 and the actual number is higher than that, leading to an additional adjustment in 4QFY23.

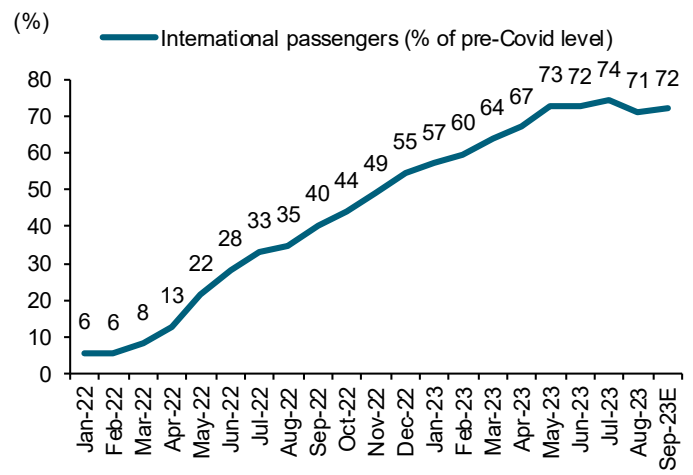
Overall, we expect revenue to grow by 10% q-q in 4QFY23. Meanwhile, we estimate expenses to increase by 10% q-q mainly on staff expenses. As a result, operating expenses should flat q-q at 37%.

Exhibit 1: Domestic passenger volume vs pre-Covid level



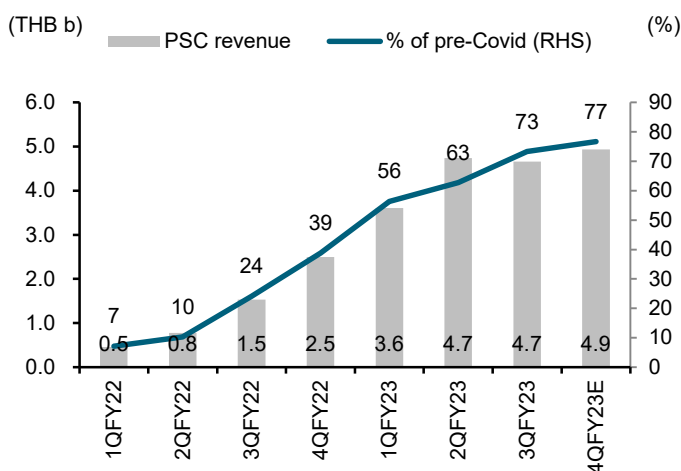
Source: AOT

Exhibit 2: International passenger volume vs pre-Covid level



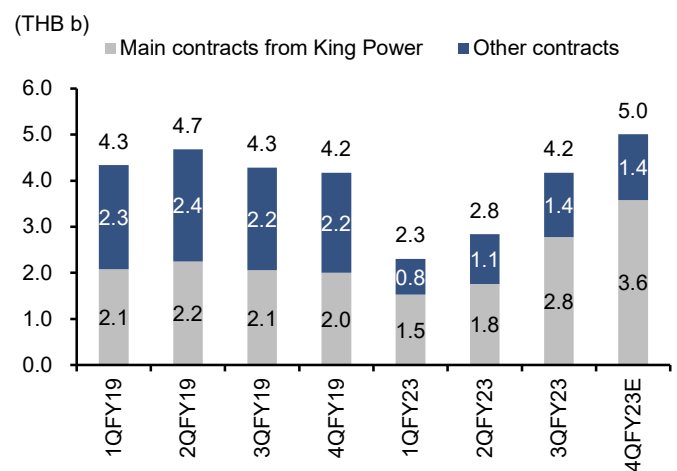
Source: AOT

Exhibit 3: Passenger service charge (PSC) revenue



Source: AOT; FSSIA estimates

Exhibit 4: Concession revenue



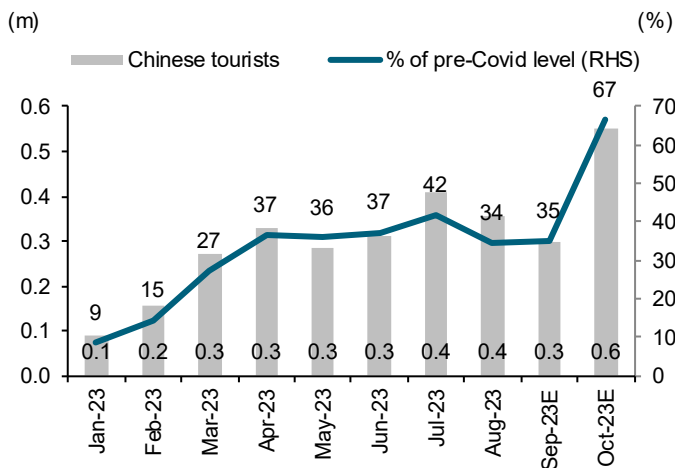
Note: Main contracts from King Power include duty-free and commercial activities at Suvarnabhumi Airport, and duty-free at regional airports.
Source: AOT; FSSIA estimates

Exhibit 5: 4QFY23 results preview

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E	Change		FY23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	6,550	8,824	11,001	12,954	14,188	10	117	47,028	184
Expense (Incl. depreciation)	(7,446)	(7,533)	(7,927)	(8,107)	(8,914)	10	20	(32,540)	21
Operating profit	(897)	1,291	3,074	4,847	5,275	9	(688)	14,487	(240)
Net other income	69	43	68	90	90	0	31	220	(17)
Interest income	6	5	5	7	7	0	27	21	(55)
Interest expense	(727)	(728)	(723)	(719)	(719)	0	(1)	(2,857)	(2)
Pretax profit	(1,549)	611	2,423	4,226	4,653	10	400	11,871	(192)
Income tax	499	(116)	(432)	(822)	(884)	8	277	(2,196)	(176)
Associates	(0)	(0)	(0)	(0)	0				
Minority interest	(7)	(59)	(71)	(151)	(166)	10	2,186	(462)	313
Core profit	(1,057)	436	1,920	3,253	3,603	11	441	9,212	(191)
Extraordinaries	(189)	(70)	(65)	(141)				(277)	(76)
Forex gain/(loss)	(135)	(15)	8	99				27	(89)
Derivative gain/(loss)	48	(8)	(2)	(55)					
Reported net profit	(1,333)	343	1,861	3,156	3,603	14	370	8,962	(181)
Shares (end Q, m)	14,286	14,286	14,286	14,287	14,287	0	0	14,286	0
Core EPS (THB)	(0.07)	0.03	0.13	0.23	0.25	11	441	0.64	(191)
EPS (THB)	(0.09)	0.02	0.13	0.22	0.25	14	370	0.63	(181)
Expenses (excl depreciation)	(5,175)	(5,310)	(5,761)	(5,937)	(6,743)	14	30	(23,608)	31
Depreciation	(2,271)	(2,223)	(2,166)	(2,170)	(2,170)	0	(4)	(8,932)	0
EBITDA	1,375	3,514	5,239	7,017	7,445	6	442	23,419	(1,773)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)
Operating profit margin	(14)	15	28	37	37	(0)	51	31	93
EBITDA margin	21	40	48	54	52	(2)	31	50	58
Net profit margin	(20)	4	17	24	25	1	46	19	86
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
International pax growth	2,315	1,168	817	243					
Domestic pax growth	1,348	99	68	17					
Total pax growth	1,648	233	196	85					

Sources: AOT; FSSIA estimates

Exhibit 6: Chinese tourist arrivals



Source: Ministry of Tourism and Sports; FSSIA estimate

Exhibit 7: Flight numbers for Thailand-China routes at Suvarnabhumi Airport

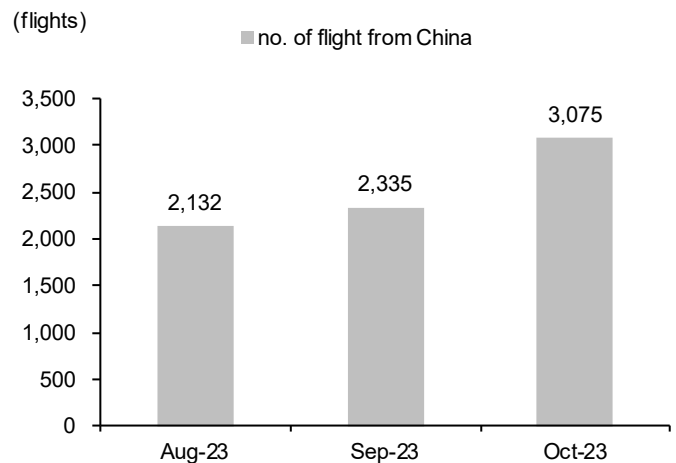
Note: 1 Aug to 19 Sep is actual numbers and 20 Sep to 28 Oct is estimated numbers
Source: AOT

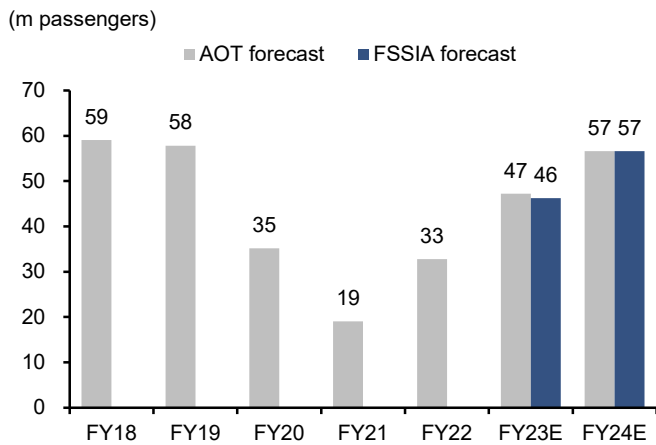
Exhibit 8: Forecast revisions

	Previous			Current			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
International Pax (m)	54.2	84.9	91.7	53.8	84.9	91.7	(0.8)	0.0	0.0
Domestic Pax (m)	46.8	56.6	60.0	46.3	56.6	60.0	(1.2)	0.0	0.0
Total Pax (m)	101.0	141.5	151.7	100.0	141.5	151.7	(1.0)	0.0	0.0
Revenue (THB b)	46.7	76.2	85.0	47.0	75.7	85.0	0.7	(0.7)	0.0
Operating profit margin (%)	30.3	53.4	56.2	30.8	52.4	56.4	0.5	(1.0)	0.1
Core profit (THB b)	10.1	32.0	37.5	9.2	30.4	36.8	(8.6)	(5.0)	(1.7)

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

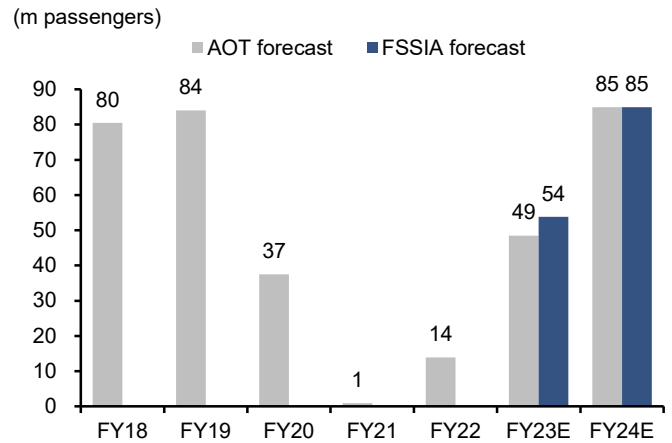
Source: FSSIA estimates

Exhibit 9: Domestic passenger volume



Source: AOT; FSSIA estimates

Exhibit 10: International passenger volume



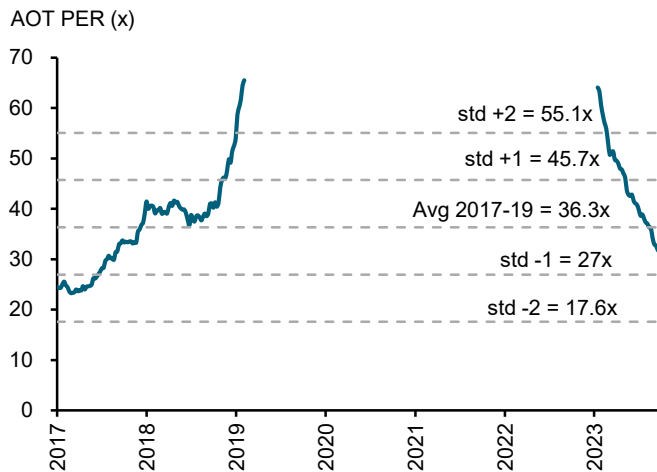
Source: AOT; FSSIA estimates

Exhibit 11: 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					
SOTP valuation	(THB b)	(THB/share)	Comments		
Duty-free and commercial activity concession contracts	519.0	36.3	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%		
Core business	728.2	51.0	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%		
Cash & liquid assets	74.8	5.2	At end-FY24E		
Investments	0.7	0.0	At end-FY24E		
Debt	(106.0)	(7.4)	At end-FY24E		
Minorities	(2.2)	(0.2)	At end-FY24E		
Residual ordinary equity	1,214.5	85.0			

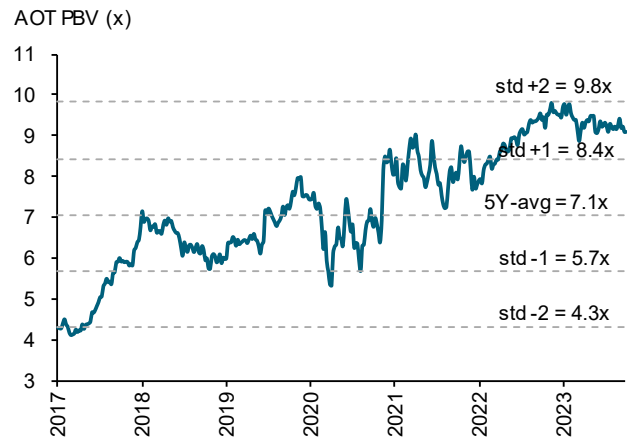
Source: FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 28 Sep 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	69.25	85.00	26,930	(254)	107.4	32.6	26.8	8.7	24.6	9.0	7.3	44.5	20.5	17.3
Malaysia																
Malaysia Airports	MAHB MK	n/a	7.19	NR	2,545	81	28	16	14	6.1	10.2	1.6	1.6	7.9	6.5	6.5
China																
Beijing Capital Intl -A	694 HK	n/a	3.52	NR	2,135	(162)	n/a	18	9	(7.5)	5.9	1.0	0.9	42.0	9.5	9.5
Hainan Meilan Intl	357 HK	n/a	6.75	NR	426	(239)	36	7	4	1.1	8.5	0.7	0.6	8.4	5.7	5.7
Shanghai Intl Airport-A	600009 CH	n/a	37.89	NR	12,920	(210)	56	21	15	4.0	10.3	2.3	2.1	26	14.0	14.0
Guangzhou Baiyun Intl	600004 CH	n/a	11.20	NR	3,632	(209)	43.6	17.2	13.2	3.4	8.3	1.5	1.4	10.7	7.6	7.6
Shenzhen Airport -A	000089 CH	n/a	6.80	NR	1,911	(171)	100	30.6	20.5	1.8	4.1	1.3	1.2	17	12.8	12.8
Xiamen Int Airport -A	600897 CH	n/a	13.02	NR	744	(413)	14	12.3	14	11.3	12.1	1.5	1.4	4.5	4.1	4.1
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.32	NR	6,980	n/a	82	41.8	37.8	1.7	3.3	1.4	1.4	33.3	21.1	21.1
Japan																
Japan Airport Termi***	9706 JP	n/a	6,337	NR	3,964	(239)	n/a	6.3	34.9	3.8	6.3	3.8	3.7	37	15.3	15.3
Average					62,186	(240)	58.4	20.2	18.9	3.4	9.4	2.4	2.2	23.1	11.7	11.4

*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	47,028	75,671	84,984
Cost of goods sold	(24,285)	(26,891)	(32,540)	(36,045)	(37,093)
Gross profit	(17,199)	(10,331)	14,487	39,627	47,891
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
Operating EBITDA	(8,172)	(1,400)	23,419	49,858	58,396
Depreciation	(9,027)	(8,932)	(8,932)	(10,232)	(10,505)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(17,199)	(10,331)	14,487	39,627	47,891
Net financing costs	(2,740)	(2,882)	(2,836)	(2,376)	(2,150)
Associates	0	0	(1)	(1)	(1)
Recurring non-operating income	397	265	219	432	454
Non-recurring items	(1,003)	(915)	(250)	0	0
Profit before tax	(20,545)	(13,864)	11,620	37,683	46,194
Tax	4,173	2,888	(2,196)	(6,783)	(8,777)
Profit after tax	(16,372)	(10,976)	9,424	30,900	37,418
Minority interests	50	(112)	(462)	(517)	(569)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(16,322)	(11,088)	8,962	30,383	36,848
Non-recurring items & goodwill (net)	1,003	915	250	0	0
Recurring net profit	(15,319)	(10,173)	9,212	30,383	36,848
Per share (THB)					
Recurring EPS *	(1.07)	(0.71)	0.64	2.13	2.58
Reported EPS	(1.14)	(0.78)	0.63	2.13	2.58
DPS	0.00	0.00	0.30	1.00	1.20
Diluted shares (used to calculate per share data)	14,286	14,286	14,286	14,286	14,286
Growth					
Revenue (%)	(77.3)	133.7	184.0	60.9	12.3
Operating EBITDA (%)	nm	nm	nm	112.9	17.1
Operating EBIT (%)	nm	nm	nm	173.5	20.9
Recurring EPS (%)	nm	nm	nm	229.8	21.3
Reported EPS (%)	nm	nm	nm	239.0	21.3
Operating performance					
Gross margin inc. depreciation (%)	(242.7)	(62.4)	30.8	52.4	56.4
Gross margin exc. depreciation (%)	(115.3)	(8.5)	49.8	65.9	68.7
Operating EBITDA margin (%)	(115.3)	(8.5)	49.8	65.9	68.7
Operating EBIT margin (%)	(242.7)	(62.4)	30.8	52.4	56.4
Net margin (%)	(216.2)	(61.4)	19.6	40.2	43.4
Effective tax rate (%)	21.4	22.3	18.5	18.0	19.0
Dividend payout on recurring profit (%)	-	-	46.5	47.0	46.5
Interest cover (X)	(6.1)	(3.5)	5.2	16.9	22.5
Inventory days	7.7	6.5	6.0	6.6	6.8
Debtor days	176.7	81.8	29.4	18.3	16.3
Creditor days	32.8	20.2	18.9	20.6	21.2
Operating ROIC (%)	(9.9)	(5.2)	7.7	20.7	23.6
ROIC (%)	(9.0)	(4.5)	7.0	18.7	21.5
ROE (%)	(12.0)	(9.5)	8.7	24.6	25.0
ROA (%)	(7.2)	(4.1)	5.5	12.4	13.5
* 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	17,694	26,687	28,775
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)	9,212	30,383	36,848
Depreciation	9,027	8,932	8,932	10,232	10,505
Associates & minorities	-	-	-	-	-
Other non-cash items	(23,885)	(1,943)	185	517	569
Change in working capital	(8,147)	8,846	(227)	5,487	1,786
Cash flow from operations	(38,323)	5,662	18,102	46,619	49,709
Capex - maintenance	(47,631)	(8,182)	(12,000)	(21,910)	(20,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	33	(5)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(47,598)	(8,187)	(12,000)	(21,910)	(20,000)
Dividends paid	(2,714)	(8)	0	(4,286)	(14,286)
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	27	0	0
Cash flow from financing	50,843	(2,156)	50,442	(10,286)	(20,286)
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)	56,544	14,423	9,423
Free cash flow to firm (FCFF)	(82,948.56)	404.45	8,959.47	27,421.29	32,276.73
Free cash flow to equity (FCFE)	(32,364.70)	(4,673.07)	56,544.12	18,708.79	23,709.09

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(5.81)	0.03	0.63	1.92	2.26
FCFE per share	(2.27)	(0.33)	3.96	1.31	1.66
Recurring cash flow per share	(2.11)	(0.22)	1.28	2.88	3.35

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)	(152,940)	(163,445)
Tangible fixed assets (net)	157,747	156,998	160,066	171,744	181,239
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	60,342	74,765	84,188
A/C receivable	3,637	3,785	3,785	3,785	3,785
Inventories	307	338	444	485	500
Other current assets	9,077	556	7,235	11,642	13,074
Current assets	21,499	8,476	71,805	90,677	101,547
Other assets	15,150	17,645	17,645	17,645	17,645
Total assets	195,086	183,813	250,210	280,760	301,125
Common equity	112,344	101,324	110,286	136,383	158,946
Minorities etc.	1,078	1,195	1,657	2,174	2,743
Total shareholders' equity	113,421	102,519	111,943	138,557	161,689
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	1,518	1,564
Short term debt	3,186	3,566	4,100	4,100	4,100
Other current liabilities	9,495	9,873	16,098	25,904	29,092
Current liabilities	13,610	14,495	21,587	31,522	34,756
Total liabilities and shareholders' equity	195,086	183,813	250,210	280,760	301,125
Net working capital	2,596	(6,251)	(6,024)	(11,510)	(13,297)
Invested capital	176,183	169,086	172,381	178,573	186,281

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	7.86	7.09	7.72	9.55	11.13
Tangible book value per share	7.86	7.09	7.72	9.55	11.13

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	49.0	56.3	46.1	22.5	9.8
Net debt/total assets (%)	28.5	31.4	20.6	11.1	5.2
Current ratio (x)	1.6	0.6	3.3	2.9	2.9
CF interest cover (x)	(10.8)	(0.6)	20.9	8.9	12.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(64.6)	(97.2)	107.4	32.6	26.8
Recurring P/E @ target price (x) *	(79.3)	(119.4)	131.8	40.0	33.0
Reported P/E (x)	(60.6)	(89.2)	110.4	32.6	26.8
Dividend yield (%)	-	-	0.4	1.4	1.7
Price/book (x)	8.8	9.8	9.0	7.3	6.2
Price/tangible book (x)	8.8	9.8	9.0	7.3	6.2
EV/EBITDA (x) **	(128.0)	(748.9)	44.5	20.5	17.3
EV/EBITDA @ target price (x) **	(155.5)	(909.7)	54.1	25.0	21.1
EV/invested capital (x)	5.9	6.2	6.0	5.7	5.4

* 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).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. 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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (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
11-Feb-2021	BUY	85.00	13-Aug-2021	BUY	80.00	02-Jun-2022	BUY	85.00
09-Jun-2021	BUY	82.00	26-Nov-2021	BUY	79.00			

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 69.25	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 28-Sep-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.