

SAMART AVIATION SOLUTIONS

THAILAND / TRANSPORT & LOGISTICS

SAV TB

BUY

UNCHANGED

TARGET PRICE	THB26.00
CLOSE	THB17.00
UP/DOWNSIDE	+52.9%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.9%

The airspace is safe and sound

- คาดการณ์กำไรปกติ 3Q23 จะโต 14% q-q เป็น 95 ลบ. โดยได้ปัจจัยหนุนจากการฟื้นตัวของปริมาณเที่ยวบินที่บินผ่านน่านฟ้า (Overflight)
- กำไรมีแนวโน้มโตต่อเนื่องใน 4Q23 ซึ่งเป็นฤดูท่องเที่ยวของกัมพูชา เวียดนามและไทย
- คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 26 บาท (DCF)

คาดการณ์ปริมาณเที่ยวบินจะฟื้นตัวเป็น 75% ของระดับก่อนโควิดใน 3Q23

เราคาดว่าปริมาณเที่ยวบินใน 3Q23 จะโต 9% q-q และคิดเป็น 75% ของระดับก่อนโควิดจาก Overflight ที่ฟื้นตัวดีซึ่งทำให้รายได้น่าจะโต 11% q-q เป็น 407 ลบ. คิดเป็น 81% ของระดับก่อนโควิด อัตรากำไรจากการดำเนินงานน่าจะปรับตัวดีขึ้นเป็น 34.4% (เทียบกับ 34.0% ใน 2Q23) แต่ต่ำกว่าระดับก่อนโควิดที่ 38% เพราะฉะนั้นเราจึงคาดการณ์กำไรปกติที่ 95 ลบ. (เทียบกับ 84 ลบ. ใน 2Q23) อย่างไรก็ตาม SAV น่าจะบันทึกผลขาดทุนอัตราแลกเปลี่ยนประมาณ 10 ลบ. เนื่องจากบริษัทได้รับเงิน 1.2 พัน ลบ. จาก IPO ในเดือน ก.ย. และเงินบาทอ่อนค่าเมื่อเทียบกับเงินเหรียญสหรัฐ ซึ่งเป็นสกุลเงินหลักของ SAV ปัจจัยดังกล่าวจะทำให้กำไรสุทธิอยู่ที่ 85 ลบ. เราไม่มีความกังวลเกี่ยวกับประเด็นดังกล่าวเนื่องจาก SAV จะใช้เงินเพื่อชำระหนี้ระยะยาวจำนวน 1.0 พัน ลบ. ใน 4Q23

สนามบิน Siem Reap ใหม่จะเปิดให้บริการใน 4Q23 และช่วยหนุนการเติบโตระยะยาว

สนามบิน Siem Reap ใหม่มีกำหนดเปิดอย่างไม่เป็นทางการในวันที่ 16 ต.ค. และอย่างเป็นทางการในวันที่ 1 ธ.ค. สนามบินดังกล่าวมีความสามารถในการรองรับผู้โดยสารและเที่ยวบินเริ่มต้นอยู่ที่ 7 ล้านคนและ 65,800 เที่ยวบินต่อปี (เทียบกับตัวเลขการดำเนินงานจริงที่ 3.9 ล้านคนและ 39,750 เที่ยวบินในปี 2019 ของสนามบินปัจจุบัน) ซึ่งน่าจะช่วยสนับสนุนการท่องเที่ยวของกัมพูชาในปี 2024 เนื่องจากสามารถรองรับเครื่องบินขนาดใหญ่ได้อีกเช่น B747 และ A340 นอกจากนี้ Angkor International Airport Investment ซึ่งเป็นบริษัทในเครือของ China's Yunnan Investment Holdings ยังเป็นผู้พัฒนาสนามบินดังกล่าวอีกด้วย ปัจจัยดังกล่าวจะทำให้มีเที่ยวบินจากสายการบินจีนมายัง Siem Reap เพิ่มขึ้นในระยะยาว

ฤดูท่องเที่ยวและดอกเบี้ยที่ลดลงจะช่วยหนุนผลประกอบการ 4Q23

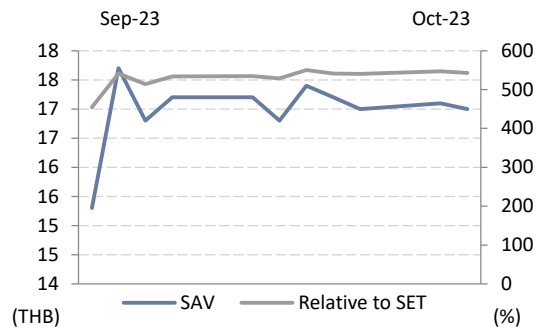
เราคาดว่ากำไรจะโตต่อเนื่องใน 4Q23 จากฤดูท่องเที่ยวในกัมพูชา เวียดนามและไทย นอกจากนี้ค่าใช้จ่ายดอกเบี้ยยังน่าจะลดลงอย่างมีนัยสำคัญจากประมาณ 20 ลบ. ต่อไตรมาส หลัง SAV จ่ายคืนหนี้ระยะยาว

ราคาหุ้นยังไม่แพงสำหรับหุ้นที่มีการเติบโตและเงินปันผล

ราคาหุ้นของ SAV ปรับตัวลดลง 11% จากราคา IPO ที่ 19 บาทมาซื้อขายในระดับที่ที่น่าสนใจที่ 20x ของค่า 2024E P/E เราเห็นว่านี่เป็นโอกาสในการซื้อในช่วงที่ตลาดผันผวนเนื่องจาก SAV เป็นหุ้น Defensive ตามธรรมชาติจากธุรกิจที่มีลักษณะผูกขาด และคาดว่าจะมีการเติบโตของกำไรในปี 2023-25 อยู่ที่ 55% CAGR พร้อมผลตอบแทนในรูปแบบเงินปันผลที่คาดว่าจะสูงถึง 4% ในปี 2025 จากสมมติฐานอัตราการจ่ายเงินปันผลที่ 60% หุ้นมี Upside อยู่กับการลงทุนใหม่อันเกี่ยวข้องกับผู้บริหารจัดการจราจรทางอากาศในไทยและกลุ่ม CLMV

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,218	1,638	2,101	2,496
Net profit	200	300	545	696
EPS (THB)	0.35	0.47	0.85	1.09
vs Consensus (%)	-	-	-	-
EBITDA	362	610	831	1,024
Recurring net profit	188	300	545	696
Core EPS (THB)	0.33	0.47	0.85	1.09
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	nm	43.3	81.6	27.7
Core P/E (x)	52.0	36.3	20.0	15.6
Dividend yield (%)	-	6.2	3.0	3.8
EV/EBITDA (x)	30.1	17.3	12.4	9.6
Price/book (x)	28.9	7.9	6.8	5.2
Net debt/Equity (%)	321.5	(24.5)	(34.1)	(48.7)
ROE (%)	78.2	35.0	36.6	37.6



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)	296		
3m avg. daily turnover (USD m)	n/a		
Free float (%)	26		
Major shareholder	Samart U-trans Co., Ltd. (60%)		
12m high/low (THB)	19.10/15.30		
Issued shares (m)	640.00		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Fundamental Investment Analyst on Securities; License no. 080523
teerapol.udo@fssia.com, +66 2611 3535

NOTE: FINANSIA SYRUS SECURITIES PUBLIC COMPANY LIMITED IS ACTING AS A CO-UNDERWRITER OF THE INITIAL PUBLIC OFFERING (IPO) OF SAMART AVIATION SOLUTIONS PUBLIC COMPANY LIMITED

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 11 ตุลาคม 2023

Investment thesis

SAV's earnings are in recovery mode. We expect the flight volume to surpass the pre-Covid level by 2024, driven mainly by pent-up demand from Chinese tourists, which accounted for 36% of tourist arrivals in Cambodia and 32% in Vietnam in 2019.

More than half of its expenses are fixed costs. Thus, additional net revenue after revenue sharing to SSCA (a Cambodian government entity) from larger flight volumes should flow to its bottom line, resulting in a better margin.

Given the low-capex nature of its business, we expect strong free cash flow that should translate into higher dividends going forward.

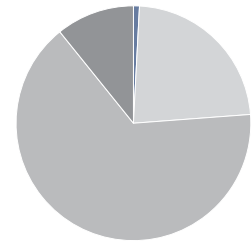
Company profile

SAV holds a 100% stake in Cambodian Air Traffic Services Co Ltd (CATS). CATS owns the exclusive rights to operate air traffic control services at all airports in Cambodia pursuant to the concession agreement granted by the Royal Government of Cambodia. The concession started in 2002 and ends in 2051.

www.samartaviation.com

Principal activities (revenue, 2022)

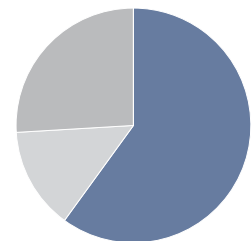
- Landing and Take-off - Domestic - 0.8 %
- Landing and Take-off - International - 23.0 %
- Overflight - 65.4 %
- Concession income - 10.8 %



Source: Samart Aviation Solutions

Major shareholders

- Samart U-trans Co., Ltd. - 60.0 %
- Samart Inter-holding Ltd. - 14.1 %
- IPO - 25.9 %
- Others - 0.0 %



Source: Samart Aviation Solutions

Catalysts

Key potential growth drivers include 1) a faster recovery in flight volume in line with the global tourism recovery; 2) strong pent-up demand from Chinese tourists; and 3) new airports which should attract more flights.

Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a slower-than-expected recovery in international tourist numbers; and 3) delays in Cambodia's new airport projects.

Event calendar

Date	Event
Nov 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Domestic flight volume growth	22.5	60.0	37.5
International flight volume growth	102.5	57.9	27.8
Overflight volume growth	33.3	16.7	9.5
Total flight growth	45.3	30.7	17.9
THB/USD	35.00	34.00	34.00

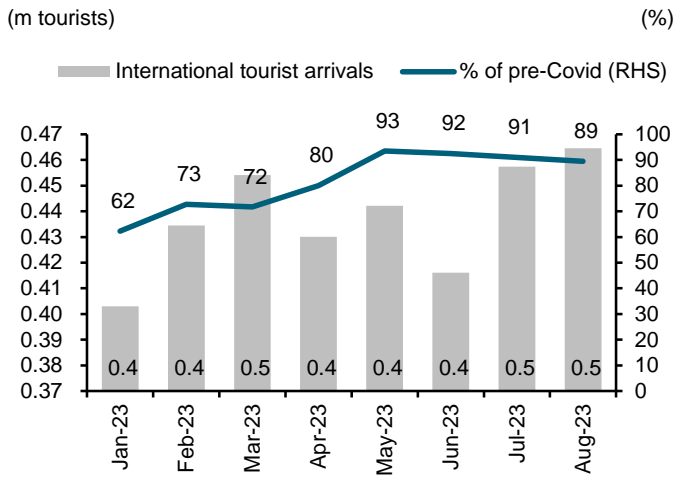
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in flight volume, we project a 2024 profit increase of 2%, and vice versa, all else being equal.
- For every 1% increase in tariff we project a 2024 profit increase of 2%, and vice versa, all else being equal.

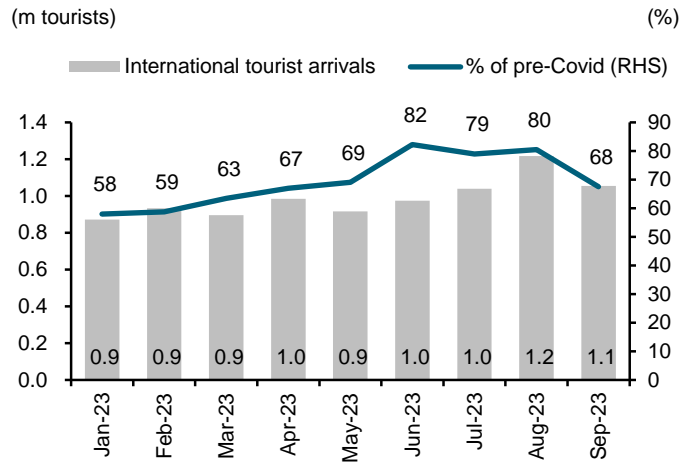
Source: FSSIA estimates

Exhibit 1: Cambodia's international tourist arrivals recovery trend



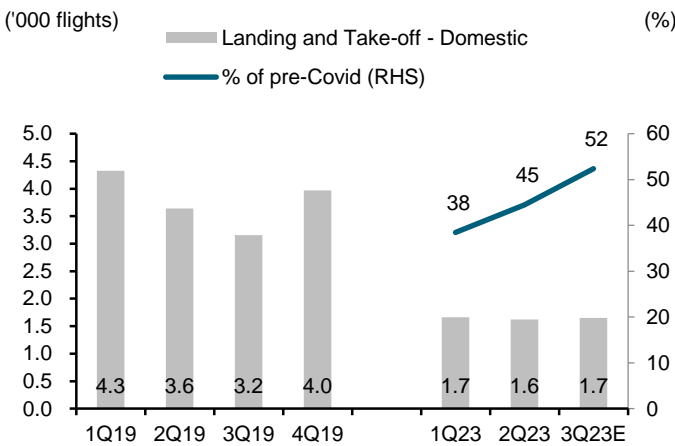
Sources: Cambodia's Ministry of Tourism

Exhibit 2: Vietnam's international tourist arrivals recovery trend



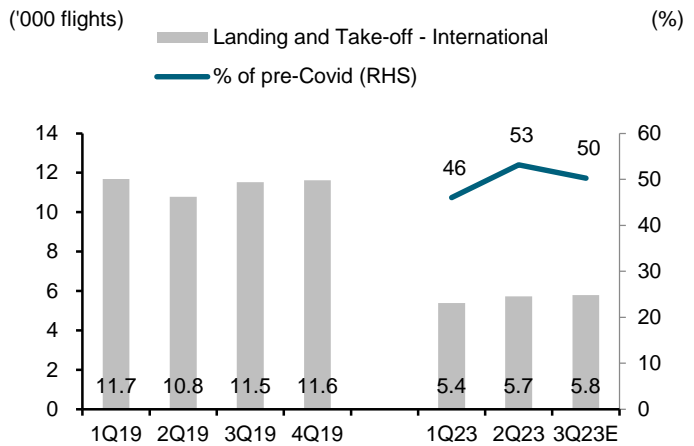
Sources: Vietnam National Administration of Tourism, Ministry of Culture, Sports & Tourism

Exhibit 3: Domestic landing and take-off volumes, quarterly



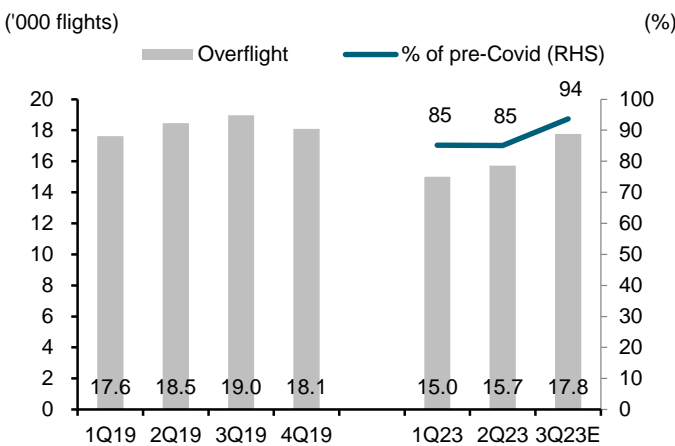
Sources: SAV; FSSIA estimates

Exhibit 4: International landing and take-off volumes, quarterly



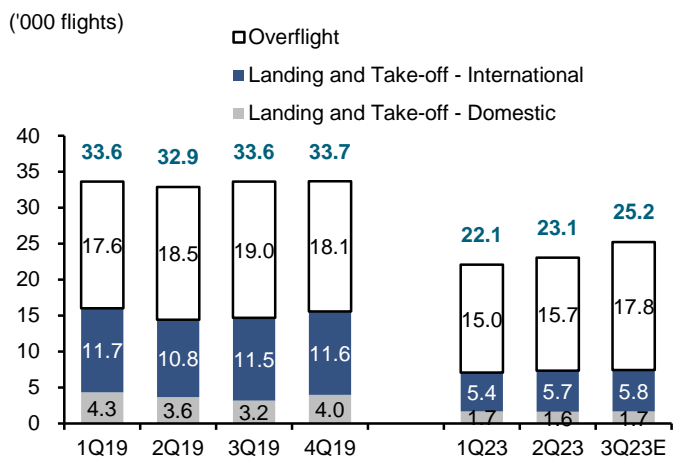
Sources: SAV; FSSIA estimates

Exhibit 5: Overflight volume, quarterly



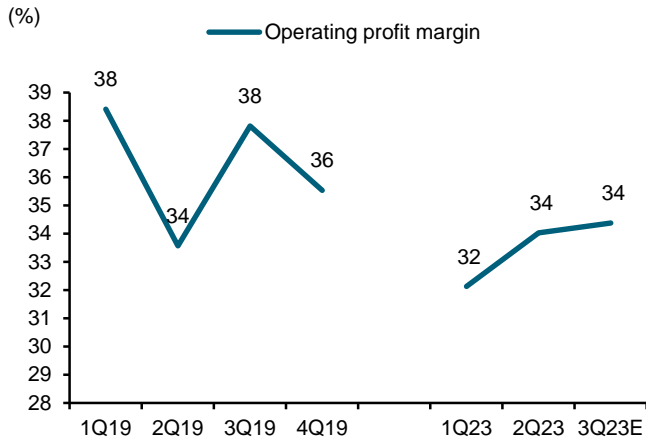
Sources: SAV; FSSIA estimates

Exhibit 6: Total flight volume, quarterly



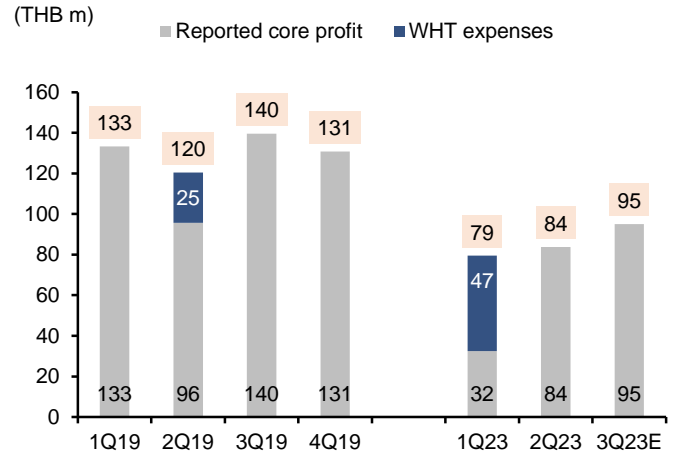
Sources: SAV; FSSIA estimates

Exhibit 7: Operating profit margin



Sources: SAV; FSSIA estimates

Exhibit 8: Core profit without withholding tax (WHT) expenses



Note: Exclude FX gain/loss
Sources: SAV; FSSIA estimates

Exhibit 9: 3Q23 results preview

	1Q23	2Q23	3Q23E	Change	2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(q-q %)	(THB m)	(THB m)	(y-y %)
Sales	341	368	407	11	1,218	1,638	35
COGS (Incl. depreciation)	(164)	(176)	(199)	13	(688)	(830)	21
Gross profit	177	192	208	8	530	808	53
SG&A	(66)	(65)	(66)	2	(237)	(270)	14
Operating profit	112	127	142	12	293	538	84
Other income	8	4	4	0	12	13	8
Other expenses	(49)	(2)	(2)	2	(7)	(85)	
Withholding tax	(47)	0	0		0	(78)	
Other	(2)	(2)	(2)	2	(7)	(7)	
Interest expense	(24)	(21)	(20)	(5)	(56)	(71)	28
Pretax profit	47	109	124	15	242	395	63
Income Tax	(14)	(25)	(29)	18	(54)	(95)	77
Associates	0	0	0		0	0	n/a
Minority interest	0	0	0		0	0	n/a
Core profit	32	84	95	14	188	300	59
Extraordinaries, GW & FX	(2)	(0)	(10)	nm	11	0	
FX gain/loss	(2)	(1)	(10)	746	(0)	0	
Others	0	1		nm	12	0	
Reported net profit	31	83	85	2	200	300	50
Shares out (end Q, m)	640	640	640	0	576	640	0
Core EPS	0.05	0.13	0.15	14	0.33	0.47	(1)
EPS	0.05	0.13	0.13	2	0.35	0.47	(1)
COGS (Excl. depreciation)	(145)	(163)	(186)	14	(626)	(786)	26
Depreciation	(19)	(14)	(14)	0	(62)	(44)	(29)
EBITDA	139	145	160	10	631	607	(4)
Key ratios				(ppt)			(ppt)
Gross margin (%)	52	52	51	(1)	44	49	6
SG&A/Revenue (%)	40	37	33	(4)	34	33	(2)
EBITDA margin (%)	41	39	39	(0)	55	67	11
Net profit margin (%)	9	23	21	(2)	(5)	(5)	0
Operating stats							
Landing and Take-off - Domestic ('000 flights)	1.7	1.6	1.7		6.2	7.5	
Landing and Take-off - International ('000 flights)	5.4	5.7	5.8		12.8	26.0	
Overflight ('000 flights)	15.0	15.7	17.8		49.4	65.8	
Total ('000 flights)	22.1	23.1	25.2		68.4	99.4	

Sources: SAV; FSSIA estimates

Exhibit 10: Airport sector peer comparisons as of 10 Oct 2023

Company	BBG	Rec	--- Share price ---		Market cap	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	68.50	85.00	26,540	(254)	106.2	32.2	26.8	8.7	24.6	8.9	7.2	44.5	20.5	17.3
Malaysia																
Malaysia Airports	MAHB MK	n/a	7.25	NR	2,563	80	28	16	15	6.2	10.1	1.7	1.6	7.9	6.6	6.6
China																
Beijing Capital Intl -A	694 HK	n/a	3.39	NR	1,974	(162)	n/a	17	8	(7.5)	6.4	0.9	0.9	40.0	9.0	9.0
Hainan Meilan Intl	357 HK	n/a	6.91	NR	423	(371)	34	7	4	1.9	8.7	0.7	0.6	7.5	5.1	5.1
Shanghai Intl Airport-A	600009 CH	n/a	37.11	NR	12,633	(314)	54	20	14	4.2	10.4	2.2	2.0	25	13.7	13.7
Guangzhou Baiyun Intl	600004 CH	n/a	10.83	NR	3,488	(312)	41.8	16.5	12.7	3.4	8.3	1.4	1.3	10.3	7.3	7.3
Shenzhen Airport -A	000089 CH	n/a	6.61	NR	1,858	(239)	97	29.8	20.0	1.8	4.1	1.3	1.2	16	12.6	12.6
Xiamen Int Airport -A	600897 CH	n/a	12.75	NR	725	(413)	14	12.0	13	11.3	12.1	1.5	1.4	4.4	3.9	3.9
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.40	NR	6,969	n/a	82	41.6	37.0	1.7	3.3	1.4	1.4	33.3	21.1	21.1
Japan																
Japan Airport Termini***	9706 JP	n/a	6,299	NR	3,966	(239)	n/a	6.3	34.9	3.8	6.3	3.8	3.7	37	15.3	15.3
Average					61,139	(269)	57.2	19.8	18.6	3.5	9.4	2.4	2.1	22.7	11.5	11.2

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

Exhibit 11: ANSP peer comparisons as of 10 Oct 2023

Company	BBG	Rec	--- Share price ---		Market Cap	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																
Smart Aviation Solutions	SAV TB	BUY	17.00	26.00	296	49	36.3	20.0	15.6	35.0	36.6	7.9	6.8	17.3	12.4	9.6
Italy																
Enav SpA	ENAV IM	NR	3.34	NR	1,917	5	16.9	15.1	13.0	8.8	9.6	1.5	1.5	7.5	7.1	7.1
Average					2,214	36	26.6	17.5	14.3	21.9	23.1	4.7	4.1	12.4	9.8	8.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

Smart Aviation Solutions

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	456	1,218	1,638	2,101	2,496
Cost of goods sold	(324)	(695)	(858)	(1,094)	(1,288)
Gross profit	131	523	780	1,007	1,207
Other operating income	-	-	-	-	-
Operating costs	(189)	(230)	(242)	(253)	(266)
Operating EBITDA	12	362	610	831	1,024
Depreciation	(70)	(68)	(72)	(77)	(82)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(57)	293	538	754	941
Net financing costs	(35)	(54)	(146)	(33)	(19)
Associates	-	-	-	-	-
Recurring non-operating income	3	2	3	3	3
Non-recurring items	(6)	11	0	0	0
Profit before tax	(95)	253	395	724	925
Tax	20	(54)	(95)	(180)	(229)
Profit after tax	(74)	200	300	545	696
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(74)	200	300	545	696
Non-recurring items & goodwill (net)	6	(11)	0	0	0
Recurring net profit	(68)	188	300	545	696
Per share (THB)					
Recurring EPS *	(0.12)	0.33	0.47	0.85	1.09
Reported EPS	(0.13)	0.35	0.47	0.85	1.09
DPS	0.00	0.00	1.05	0.51	0.65
Diluted shares (used to calculate per share data)	576	576	640	640	640
Growth					
Revenue (%)	(36.2)	167.2	34.5	28.2	18.8
Operating EBITDA (%)	(89.3)	2,794.6	68.7	36.3	23.1
Operating EBIT (%)	nm	nm	83.5	40.1	24.8
Recurring EPS (%)	nm	nm	43.3	81.6	27.7
Reported EPS (%)	nm	nm	35.2	81.6	27.7
Operating performance					
Gross margin inc. depreciation (%)	28.8	43.0	47.6	47.9	48.4
Gross margin exc. depreciation (%)	44.2	48.6	52.0	51.6	51.7
Operating EBITDA margin (%)	2.7	29.7	37.2	39.6	41.0
Operating EBIT margin (%)	(12.6)	24.1	32.9	35.9	37.7
Net margin (%)	(15.0)	15.5	18.3	25.9	27.9
Effective tax rate (%)	2.2	17.7	10.0	0.0	12.0
Dividend payout on recurring profit (%)	-	-	224.1	60.0	60.0
Interest cover (X)	(1.6)	5.5	3.7	23.2	49.6
Inventory days	-	-	-	-	-
Debtor days	55.3	34.9	36.8	28.7	24.2
Creditor days	113.0	77.2	88.9	83.4	86.6
Operating ROIC (%)	(5.0)	18.3	38.9	71.4	77.0
ROIC (%)	(4.1)	16.0	32.7	58.3	63.1
ROE (%)	(40.0)	78.2	35.0	36.6	37.6
ROA (%)	(2.2)	12.1	20.8	28.2	28.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Landing and Take-off - Domestic	5	10	13	33	73
Landing and Take-off - International	100	280	564	866	1,106
Overflight	351	796	1,060	1,202	1,316
Concession income	-	131	0	0	0

Sources: Smart Aviation Solutions; FSSIA estimates

Financial Statements

Samart Aviation Solutions

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(68)	188	300	545	696
Depreciation	70	68	72	77	82
Associates & minorities	7	7	28	28	27
Other non-cash items	0	0	57	12	0
Change in working capital	(80)	(165)	472	60	49
Cash flow from operations	(72)	99	929	721	854
Capex - maintenance	-	-	-	-	-
Capex - new investment	(124)	(144)	(153)	(153)	(153)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(23)	18	(85)	(39)	(27)
Cash flow from investing	(147)	(126)	(237)	(192)	(180)
Dividends paid	0	0	(480)	(320)	(199)
Equity finance	20	(2)	1,216	0	0
Debt finance	120	239	(1,429)	0	0
Other financing cash flows	-	-	-	-	-
Cash flow from financing	140	237	(693)	(320)	(199)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(79)	210	(2)	209	475
Free cash flow to firm (FCFF)	(187.39)	29.35	762.69	528.57	674.22
Free cash flow to equity (FCFE)	(98.48)	212.81	(738.01)	528.57	674.22

Per share (THB)

FCFF per share	(0.29)	0.05	1.19	0.83	1.05
FCFE per share	(0.15)	0.33	(1.15)	0.83	1.05
Recurring cash flow per share	0.01	0.46	0.71	1.03	1.26

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	1,832	2,006	2,159	2,312	2,465
Less: Accumulated depreciation	(900)	(999)	(1,071)	(1,148)	(1,230)
Tangible fixed assets (net)	932	1,007	1,088	1,164	1,235
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	163	240	240	240	240
Cash & equivalents	129	339	337	545	1,021
A/C receivable	67	165	165	165	165
Inventories	0	0	0	0	0
Other current assets	305	496	63	81	96
Current assets	501	1,000	565	791	1,282
Other assets	0	2	2	2	2
Total assets	1,597	2,249	1,895	2,197	2,758
Common equity	143	339	1,375	1,600	2,096
Minorities etc.	0	0	0	0	0
Total shareholders' equity	143	339	1,375	1,600	2,096
Long term debt	1,190	1,171	0	0	0
Other long-term liabilities	159	252	252	252	252
Long-term liabilities	1,349	1,423	252	252	252
A/C payable	85	180	202	262	311
Short term debt	0	259	0	0	0
Other current liabilities	20	48	65	84	99
Current liabilities	104	487	268	345	410
Total liabilities and shareholders' equity	1,597	2,249	1,895	2,197	2,758
Net working capital	268	433	(39)	(99)	(149)
Invested capital	1,363	1,682	1,290	1,306	1,328

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

Per share (THB)

Book value per share	0.25	0.59	2.15	2.50	3.28
Tangible book value per share	0.25	0.59	2.15	2.50	3.28

Financial strength

Net debt/equity (%)	743.0	321.5	(24.5)	(34.1)	(48.7)
Net debt/total assets (%)	66.5	48.5	(17.8)	(24.8)	(37.0)
Current ratio (x)	4.8	2.1	2.1	2.3	3.1
CF interest cover (x)	1.7	7.6	(3.0)	21.9	44.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(143.1)	52.0	36.3	20.0	15.6
Recurring P/E @ target price (x) *	(218.8)	79.5	55.5	30.6	23.9
Reported P/E (x)	(131.9)	49.0	36.3	20.0	15.6
Dividend yield (%)	-	-	6.2	3.0	3.8
Price/book (x)	68.6	28.9	7.9	6.8	5.2
Price/tangible book (x)	68.6	28.9	7.9	6.8	5.2
EV/EBITDA (x) **	868.9	30.1	17.3	12.4	9.6
EV/EBITDA @ target price (x) **	1,283.9	44.4	26.7	19.4	15.3
EV/invested capital (x)	8.0	6.5	8.2	7.9	7.4

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

Sources: Samart Aviation Solutions; 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

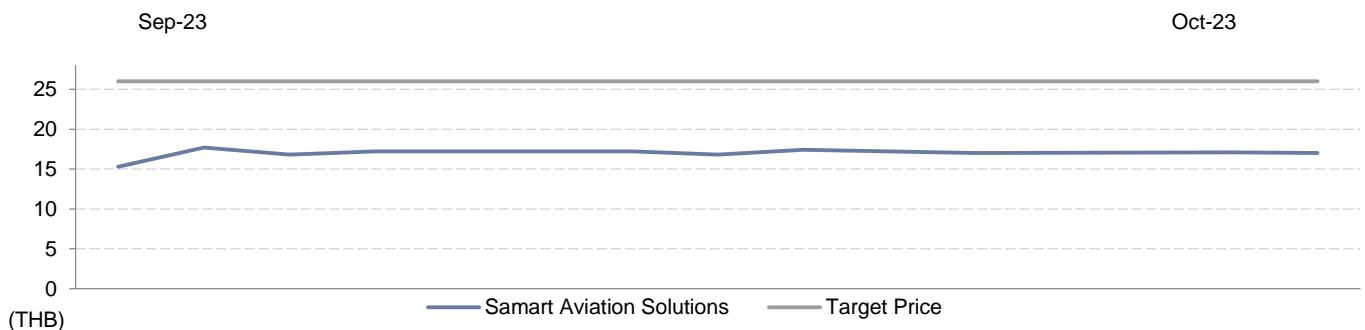
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Smart Aviation Solutions (SAV TB)



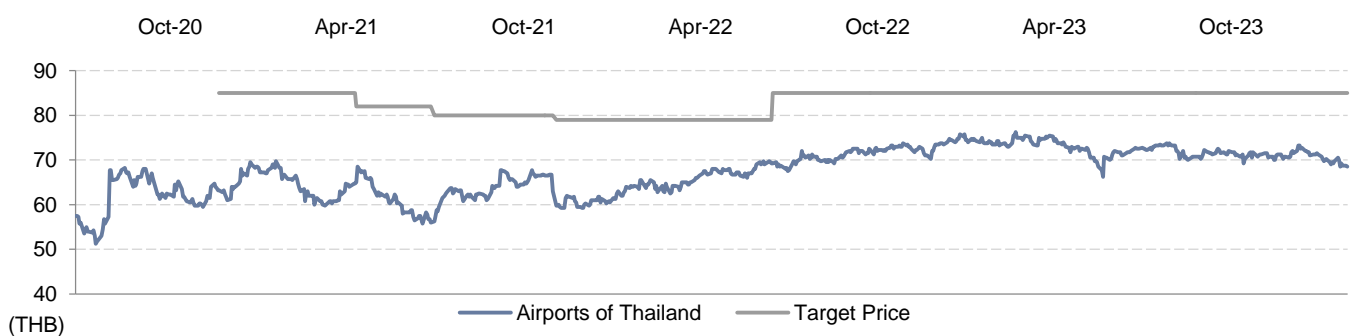
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Sep-2023	BUY	26.00	-	-	-	-	-	-

Teerapol Udomvej, CFA started covering this stock from 25-Sep-2023

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
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
Samart Aviation Solutions	SAV TB	THB 17.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a slower-than-expected recovery in international tourist numbers; and 3) delays in Cambodia's new airport projects.
Airports of Thailand	AOT TB	THB 68.50	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.

All share prices are as at market close on 10-Oct-2023 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.