

AIRPORTS OF THAILAND

THAILAND / TRANSPORT & LOGISTICS

AOT TB

BUY

UNCHANGED

Business as usual

- Latest measure to assist operators has no impact on P/L.
- Despite slot cancellation of flights from China, we expect Chinese tourist arrivals to recover from 35% of pre-Covid in Oct to 40-50% by Jan-24 and to 50-60% in 2024.
- Maintain BUY with FY24 DCF-based TP of THB76/shr.

TARGET PRICE	THB76.00
CLOSE	THB60.50
UP/DOWNSIDE	+25.6%
PRIOR TP	THB85.00
CHANGE IN TP	-10.6%
TP vs CONSENSUS	-3.1%

KEY STOCK DATA

YE Sep (THB m)	2023	2024E	2025E	2026E
Revenue	48,141	65,665	76,369	85,144
Net profit	8,791	21,121	29,068	35,064
EPS (THB)	0.62	1.48	2.03	2.45
vs Consensus (%)	-	114.8	13.5	10.2
EBITDA	23,230	39,758	49,684	57,659
Recurring net profit	9,247	21,121	29,068	35,064
Core EPS (THB)	0.65	1.48	2.03	2.45
Chg. In EPS est. (%)	nm	(30.5)	(21.1)	nm
EPS growth (%)	nm	128.4	37.6	20.6
Core P/E (x)	93.5	40.9	29.7	24.6
Dividend yield (%)	-	1.2	1.7	2.0
EV/EBITDA (x)	39.7	22.7	18.0	15.3
Price/book (x)	7.8	6.6	5.7	5.0
Net debt/Equity (%)	49.4	27.9	18.0	9.6
ROE (%)	8.7	17.5	20.6	21.8

Granted temporary and partial credit terms to operators

AOT's share price plunged by 12% after the 4QFY23 results announcement. We believe the concern is due to a measure to assist concessionaire operators. AOT gave credit terms for the difference between the minimum guarantee and revenue sharing amount for six months during Nov-23 to Apr-24, with 12 monthly installments for the payment. We are not concerned about this given that it will not impact P/L. It may affect cash flow, but this should be temporary, in our view.

Expect to see upward trend of Chinese tourist arrivals

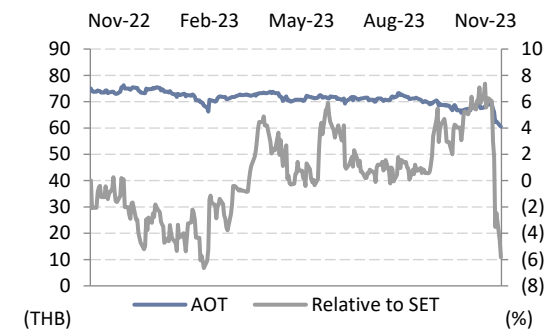
Another concern is the slot cancellation of Thai-China routes from airline operators by 39% over Dec-23 to Jan-24. However, the remaining flights still account for 50-59% of the pre-Covid level. This suggests there is a potential for the Chinese tourist recovery trend to improve from 35% of pre-Covid in Oct to 40-50% in Dec-23 and Jan-24. We expect inbound Chinese tourist numbers to recover from 3.5m in 2023 to 6.0m in 2024, and overall tourist arrivals to grow from 28m in 2023 to 35m in 2024. Please see more details in our [Tourism Sector report](#), dated 29 Nov 2023).

Raising PSC by THB30/pax; no impact on bottom line

AOT announced it would raise passenger service charges (PSC) by THB30 per passenger. This is a reclassification of Common Use Passenger Processing Systems (CUPPS) from service revenue to PSC. Therefore, it will have no impact on AOT's bottom line. AOT plans to raise PSC following rising operating costs and the opening of the SAT-1 terminal in Sep-23. This should be an upside to our forecast.

Cut core profit; increasing passenger volume is a catalyst

We revise down our FY24-25 core profit forecasts by 21-30% to reflect the slower-than-expected recovery of Chinese tourist arrivals, and derive a new FY24 DCF-based TP of THB76/shr. Our new assumption implies that international and domestic passenger numbers should recover to 85% and 89% of pre-Covid in FY24, respectively, and reach the pre-Covid level in FY25. AOT trades at 30x FY25E P/E (vs 5-yr avg. of 36x). International passenger traffic has jumped to c82% of pre-Covid in Nov from 72% in 4QFY23 (July-Sep), and the trend is likely to continue. This should mitigate the market's concern and become a share price catalyst.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.7)	(16.0)	(18.2)
Relative to country (%)	(10.6)	(6.3)	(5.7)
Mkt cap (USD m)	24,749		
3m avg. daily turnover (USD m)	45.2		
Free float (%)	30		
Major shareholder	Ministry of Finance (70%)		
12m high/low (THB)	76.50/60.25		
Issued shares (m)	14,285.70		

Sources: Bloomberg consensus; FSSIA estimates


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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also AOT's Chairman of Board of Directors.

Investment thesis

AOT is now in a recovery mode. The domestic passenger volume was at 80% of the pre-Covid level, and the international passenger volume was at 72% of the pre-Covid level in Oct-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 2027, under our baseline case.

AOT has a healthy balance sheet with an IBD/E ratio of only 0.1x as of FY23, 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.

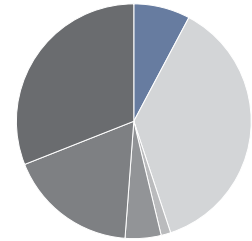
Company profile

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, 2023)

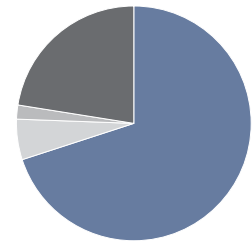
- Landing & parking - 7.8 %
- Passenger service - 37.1 %
- Aircraft service - 1.3 %
- Property rents - 4.9 %
- Service revenue - 17.8 %
- Concession revenue - 31.0 %



Source: Airports of Thailand

Major shareholders

- Ministry of Finance - 70.0 %
- Thai NVDR - 5.6 %
- South East Asia UK - 1.9 %
- Others - 22.5 %



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
Feb 2024	1QFY24 results announcement

Key assumptions

	FY24E	FY25E	FY26E
	(%)	(%)	(%)
Flight traffic growth - international	30.1	17.8	7.0
Flight traffic growth - domestic	13.2	11.9	5.0
Passenger growth - international	32.3	17.8	8.0
Passenger growth - domestic	11.9	11.9	6.0
PSC revenue growth	33.8	20.9	7.8
Concession revenue growth	65.8	15.9	18.5

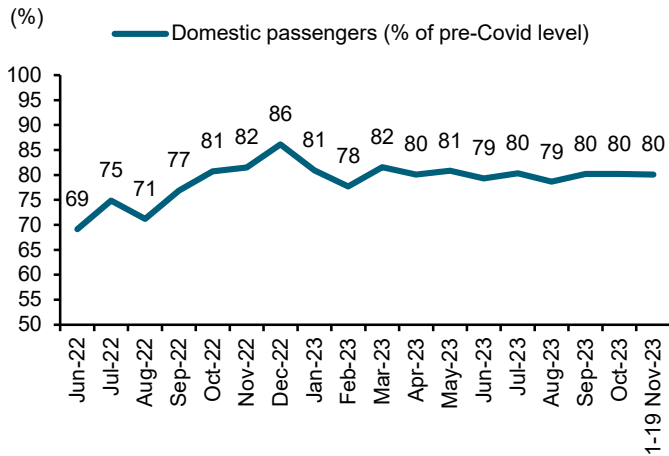
Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in international passenger volume, we project FY25 earnings to rise by 6%, and vice versa, all else being equal.
- For every 5% increase in domestic passenger volume, we project FY25 earnings to rise by 1%, and vice versa, all else being equal.

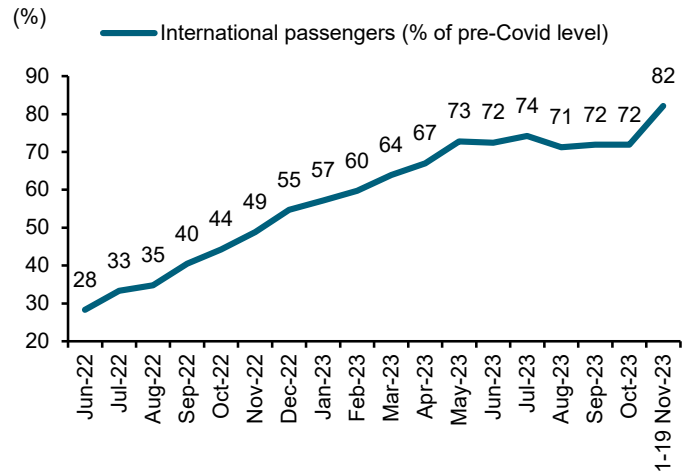
Source: FSSIA estimates

Exhibit 1: Domestic passenger volume vs pre-Covid level



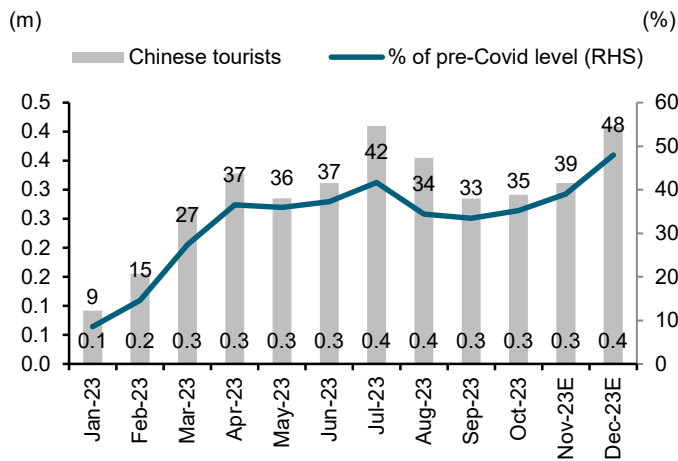
Source: AOT

Exhibit 2: International passenger volume vs pre-Covid level



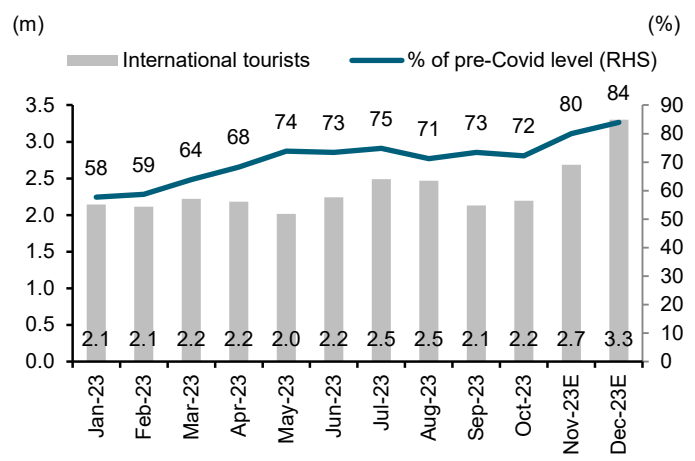
Source: AOT

Exhibit 3: Inbound Chinese tourist arrivals, monthly



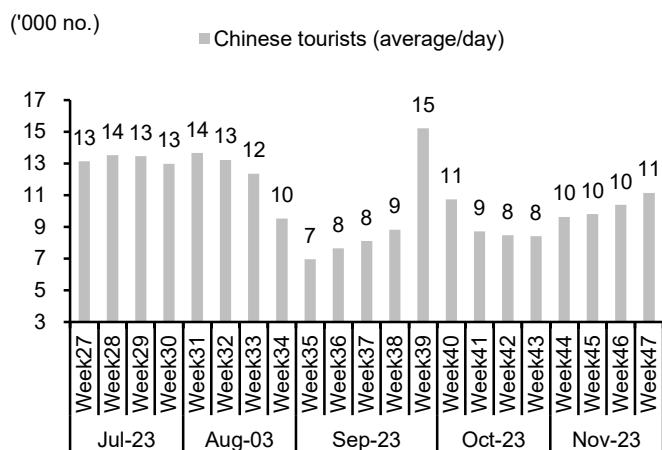
Source: Ministry of Tourism and Sports; FSSIA estimate

Exhibit 4: Inbound total tourist arrivals, monthly



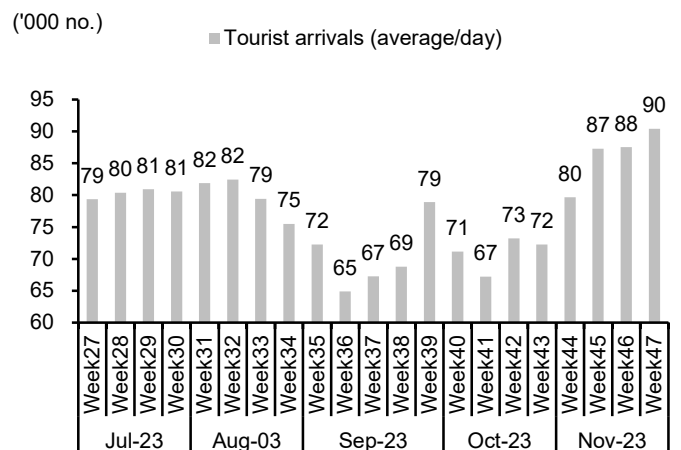
Source: Ministry of Tourism and Sports; FSSIA estimate

Exhibit 5: Inbound Chinese tourist arrivals, weekly



Source: Economics, Tourism and Sports Division

Exhibit 6: Inbound total tourist arrivals, weekly



Source: Economics, Tourism and Sports Division

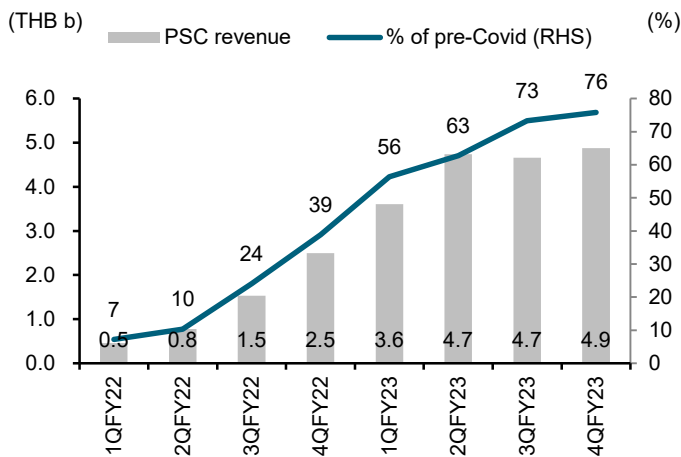
4QFY23 results recap

AOT reported a core profit of THB3.6b for 4QFY23 (vs THB3.3b in 3QFY23), in line with our estimate. Including an impairment loss of assets and FX loss, net profit was THB3.4b.

Revenue grew 19% q-q in the quarter as domestic and international passenger volumes improved to 80% and 72% of the pre-Covid levels, respectively (vs 80% and 71% in 3QFY23). Thus, PSC revenue grew by 5% q-q. Concession revenue jumped by 35% q-q.

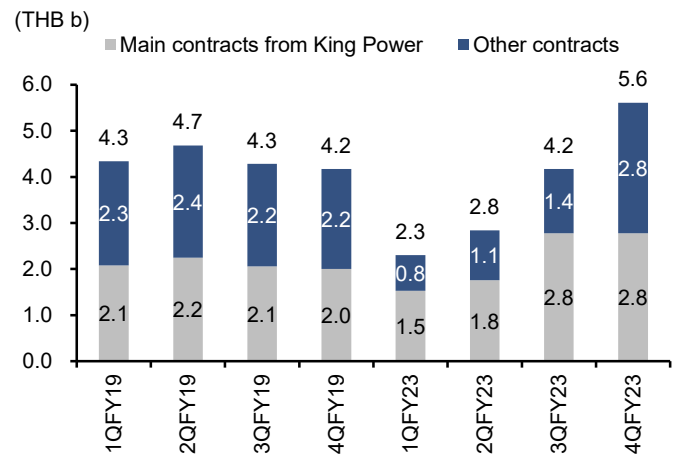
Expenses increased by 33% q-q mainly from personnel expenses arising from annual bonuses. Depreciation also increased by 6% q-q from the SAT-1 terminal, which opened on 28 Sep. The operating profit margin declined to 34% (vs 37% in 3QFY23), due to annual bonuses for staff, and was still lower than the pre-Covid level of 42%.

Exhibit 7: Passenger service charge (PSC) revenue



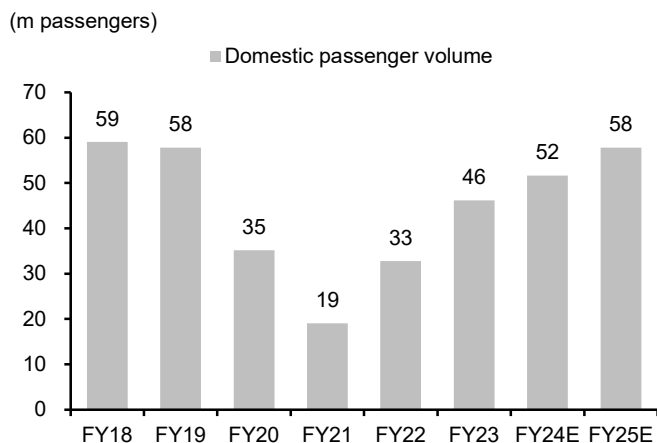
Source: AOT; FSSIA estimates

Exhibit 8: Concession revenue



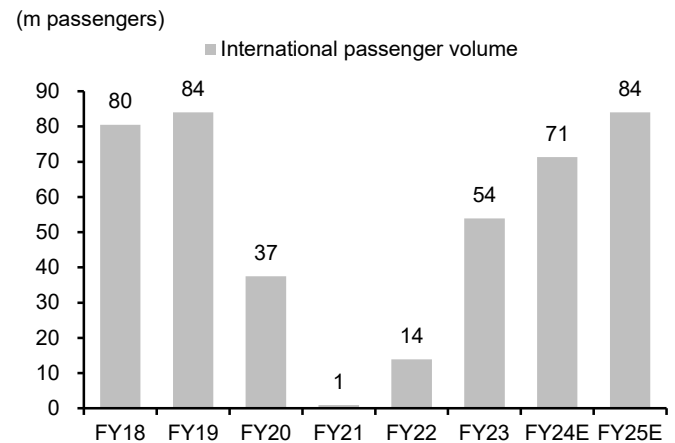
Note: Main contracts from King Power include duty-free and commercial activities at Suvarnabhumi Airport and duty-free at regional airports.
Source: AOT; FSSIA estimates

Exhibit 9: Domestic passenger volume



Source: AOT; FSSIA estimates

Exhibit 10: International passenger volume



Source: AOT; FSSIA estimates

Exhibit 11: 4QFY23 results review

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	----- Change -----		FY23	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	15,362	19	135	48,141	191
Expense (Incl. depreciation)	(7,446)	(7,533)	(7,927)	(8,107)	(10,214)	26	37	(33,782)	26
Operating profit	(897)	1,291	3,074	4,847	5,148	6	(674)	14,359	(239)
Net other income	69	43	68	90	69	(24)	(1)	271	2
Interest income	6	5	5	7	7	(6)	20	24	(50)
Interest expense	(727)	(728)	(723)	(719)	(720)	0	(1)	(2,890)	(1)
Pretax profit	(1,549)	611	2,423	4,226	4,503	7	391	11,763	(191)
Income tax	499	(116)	(432)	(822)	(865)	5	273	(2,235)	(177)
Associates	(0)	(0)	(0)	(0)	(0)			(0)	
Minority interest	(7)	(59)	(71)	(151)	0	(100)	(104)	(281)	151
Core profit	(1,057)	436	1,920	3,253	3,639	12	444	9,247	(191)
Extraordinaries	(189)	(70)	(65)	(141)	(161)			(438)	(63)
Forex gain/(loss)	(135)	(15)	8	99	(100)			(18)	(107)
Derivative gain/(loss)	48	(8)	(2)	(55)	54				
Reported net profit	(1,333)	343	1,861	3,156	3,432	9	358	8,791	(179)
Shares (end Q, m)	14,286	14,286	14,286	14,286	14,286	0	0	14,286	0
Core EPS (THB)	(0.07)	0.03	0.13	0.23	0.25	12	444	0.65	(191)
EPS (THB)	(0.09)	0.02	0.13	0.22	0.24	9	358	0.62	(179)
Expenses (excl depreciation)	(5,175)	(5,310)	(5,761)	(5,937)	(7,903)	33	53	(24,911)	39
Depreciation	(2,271)	(2,223)	(2,166)	(2,170)	(2,311)	6	2	(8,870)	(1)
EBITDA	1,375	3,514	5,239	7,017	7,459	6	443	23,230	(1,760)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)
Operating profit margin	(14)	15	28	37	34	(4)	47	30	92
EBITDA margin	21	40	48	54	49	(6)	28	48	57
Net profit margin	(20)	4	17	24	22	(2)	43	18	85
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
International pax growth	2,315	1,168	817	243	102				
Domestic pax growth	1,348	99	68	17	7				
Total pax growth	1,648	233	196	85	48				

Sources: AOT; FSSIA estimates

Exhibit 12: Forecast revisions

	----- Previous -----		----- Current -----			----- Change (%) -----		
	FY24E	FY25E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
International Pax (m)	84.9	91.7	71.3	84.0	90.8	(16.0)	(8.3)	n/a
Domestic Pax (m)	56.6	60.0	51.7	57.8	61.3	(8.7)	(3.6)	n/a
Total Pax (m)	141.5	151.7	123.0	141.9	152.1	(13.1)	(6.5)	n/a
Revenue (THB b)	75.7	85.0	65.7	76.4	85.1	(13.2)	(10.1)	n/a
Operating profit margin (%)	52.4	56.4	43.4	49.9	53.9	(9.0)	(6.5)	n/a
Core profit (THB b)	30.4	36.8	21.1	29.1	35.1	(30.5)	(21.1)	n/a

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

Source: FSSIA estimates

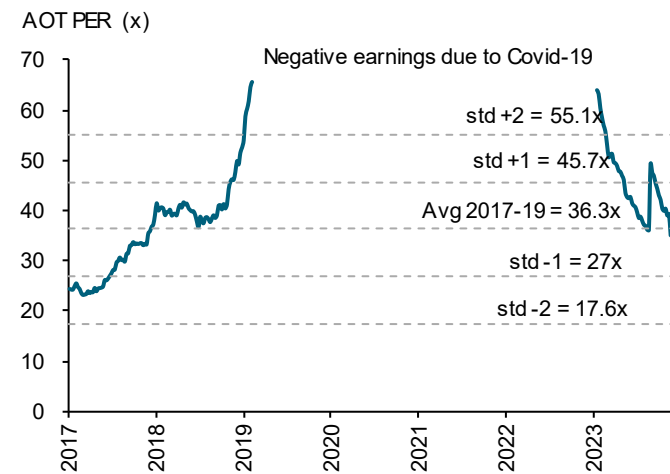
Exhibit 13: DCF/SoTP valuation

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	445.3	31.2	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%
Core business	678.5	47.5	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%
Cash & liquid assets	69.8	4.9	At end-FY24E
Investments	1.0	0.1	At end-FY24E
Debt	(107.0)	(7.5)	At end-FY24E
Minorities	(2.0)	(0.1)	At end-FY24E
Residual ordinary equity	1,085.5	76.0	

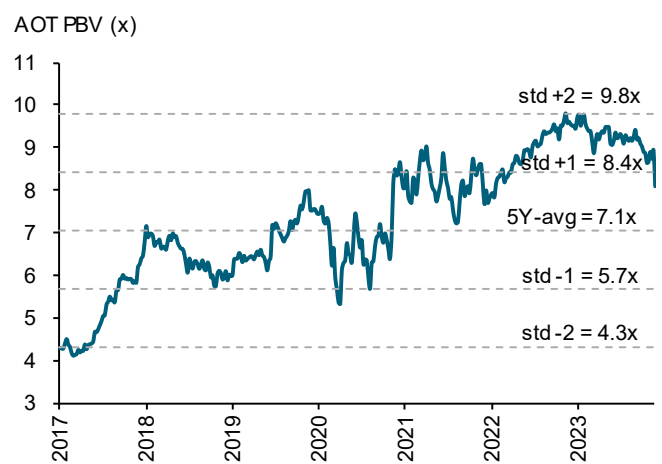
Source: FSSIA estimates

Exhibit 14: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 28 Nov 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	60.50	76.00	24,749	(242)	93.5	40.9	29.7	8.7	17.5	7.8	6.6	39.7	22.7	18.0
Malaysia																
Malaysia Airports	MAHB MK	n/a	7.30	NR	2,615	76	29	18	15	6.2	10.0	1.7	1.6	8.0	6.7	6.7
China																
Beijing Capital Intl -A	694 HK	n/a	3.07	NR	1,733	(158)	n/a	17	8	(7.2)	5.7	0.8	0.7	40.4	8.0	8.0
Hainan Meilan Intl	357 HK	n/a	7.28	NR	423	(240)	35	6	4	1.9	8.7	0.7	0.6	7.5	5.0	5.0
Shanghai Intl Airport-A	600009 CH	n/a	36.63	NR	12,675	(209)	70	21	15	3.1	10.0	2.2	2.0	25	13.0	13.0
Guangzhou Baiyun Intl	600004 CH	n/a	11.05	NR	3,658	(208)	51.3	17.9	14.7	2.9	7.8	1.5	1.4	10.9	7.4	7.4
Shenzhen Airport -A	000089 CH	n/a	6.78	NR	1,940	(172)	56	30.3	21.1	2.8	4.1	1.3	1.2	15	12.7	12.7
Xiamen Intl Airport -A	600897 CH	n/a	13.18	NR	764	(427)	13	10.8	10	10.5	12.2	1.3	1.3	4.7	4.0	4.0
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.36	NR	7,229	n/a	83	42.3	37.9	1.7	3.3	1.4	1.4	33.5	21.2	21.2
Japan																
Japan Airport Termi***	9706 JP	n/a	6,641	NR	4,178	(247)	n/a	7.9	35.8	4.0	7.9	4.0	3.8	38	14.9	14.9
Average					59,964	(235)	53.9	21.2	19.1	3.5	8.7	2.3	2.1	22.3	11.5	11.1

*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	2022	2023	2024E	2025E	2026E
Revenue	16,560	48,141	65,665	76,369	85,144
Cost of goods sold	(26,891)	(33,782)	(37,178)	(38,272)	(39,238)
Gross profit	(10,331)	14,359	28,487	38,097	45,907
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
Operating EBITDA	(1,400)	23,230	39,758	49,684	57,659
Depreciation	(8,932)	(8,870)	(11,270)	(11,587)	(11,752)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(10,331)	14,359	28,487	38,097	45,907
Net financing costs	(2,882)	(2,867)	(2,780)	(2,237)	(2,069)
Associates	0	0	0	0	0
Recurring non-operating income	265	271	433	454	468
Non-recurring items	(915)	(457)	0	0	0
Profit before tax	(13,864)	11,307	26,141	36,314	44,306
Tax	2,888	(2,235)	(4,705)	(6,900)	(8,861)
Profit after tax	(10,976)	9,072	21,435	29,414	35,445
Minority interests	(112)	(281)	(314)	(346)	(380)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(11,088)	8,791	21,121	29,068	35,064
Non-recurring items & goodwill (net)	915	457	0	0	0
Recurring net profit	(10,173)	9,247	21,121	29,068	35,064
Per share (THB)					
Recurring EPS *	(0.71)	0.65	1.48	2.03	2.45
Reported EPS	(0.78)	0.62	1.48	2.03	2.45
DPS	0.00	0.00	0.70	1.00	1.20
Diluted shares (used to calculate per share data)	14,286	14,286	14,286	14,286	14,286
Growth					
Revenue (%)	133.7	190.7	36.4	16.3	11.5
Operating EBITDA (%)	nm	nm	71.2	25.0	16.1
Operating EBIT (%)	nm	nm	98.4	33.7	20.5
Recurring EPS (%)	nm	nm	128.4	37.6	20.6
Reported EPS (%)	nm	nm	140.3	37.6	20.6
Operating performance					
Gross margin inc. depreciation (%)	(62.4)	29.8	43.4	49.9	53.9
Gross margin exc. depreciation (%)	(8.5)	48.3	60.5	65.1	67.7
Operating EBITDA margin (%)	(8.5)	48.3	60.5	65.1	67.7
Operating EBIT margin (%)	(62.4)	29.8	43.4	49.9	53.9
Net margin (%)	(61.4)	19.2	32.2	38.1	41.2
Effective tax rate (%)	22.3	19.0	18.0	19.0	20.0
Dividend payout on recurring profit (%)	-	-	47.3	49.1	48.9
Interest cover (X)	(3.5)	5.1	10.4	17.2	22.4
Inventory days	6.5	4.6	4.1	4.1	4.1
Debtor days	81.8	60.5	91.4	108.2	105.2
Creditor days	20.2	23.0	30.0	30.1	30.1
Operating ROIC (%)	(5.2)	7.5	14.4	18.3	20.6
ROIC (%)	(4.5)	6.9	13.3	16.9	19.1
ROE (%)	(9.5)	8.7	17.5	20.6	21.8
ROA (%)	(4.1)	6.2	10.3	11.4	12.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Landing & parking	1,619	3,742	6,452	7,500	8,037
Passenger service	5,267	17,882	23,919	28,927	31,178
Aircraft service	403	642	836	972	1,042
Property rents	1,438	2,381	2,429	2,501	2,576

Sources: Airports of Thailand; FSSIA estimates

Financial Statements

Airports of Thailand

Cash Flow (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Recurring net profit	(10,173)	9,247	21,121	29,068	35,064
Depreciation	8,932	8,870	11,270	11,587	11,752
Associates & minorities	-	-	-	-	-
Other non-cash items	(1,943)	2,906	314	346	380
Change in working capital	8,846	(5,892)	(4,554)	(1,374)	2,016
Cash flow from operations	5,662	15,132	28,151	39,628	49,213
Capex - maintenance	(8,182)	(12,546)	(10,000)	(20,000)	(24,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(5)	(278)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(8,187)	(12,823)	(10,000)	(20,000)	(24,000)
Dividends paid	(8)	(18)	0	(10,000)	(14,286)
Equity finance	0	0	0	0	0
Debt finance	(2,477)	(82)	45,558	(6,000)	(6,000)
Other financing cash flows	329	85	0	0	0
Cash flow from financing	(2,156)	(15)	45,558	(16,000)	(20,286)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(4,681)	2,293	63,709	3,628	4,927
Free cash flow to firm (FCFF)	404.45	5,198.87	20,968.63	22,299.04	27,738.34
Free cash flow to equity (FCFE)	(4,673.07)	2,311.55	63,709.28	13,627.60	19,212.90

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	0.03	0.36	1.47	1.56	1.94
FCFE per share	(0.33)	0.16	4.46	0.95	1.34
Recurring cash flow per share	(0.22)	1.47	2.29	2.87	3.30

Balance Sheet (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	290,774	302,942	312,942	332,942	356,942
Less: Accumulated depreciation	(133,776)	(142,269)	(153,539)	(165,126)	(176,879)
Tangible fixed assets (net)	156,998	160,673	159,403	167,815	180,063
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	694	972	972	972	972
Cash & equivalents	3,798	6,091	69,800	73,428	78,355
A/C receivable	3,785	12,184	20,720	24,539	24,539
Inventories	338	285	297	305	315
Other current assets	556	454	619	720	803
Current assets	8,476	19,014	91,436	98,992	104,011
Other assets	17,645	14,952	14,952	14,952	14,952
Total assets	183,813	195,611	266,763	282,732	299,999
Common equity	101,324	110,465	131,586	150,654	171,433
Minorities etc.	1,195	1,713	2,028	2,374	2,754
Total shareholders' equity	102,519	112,178	133,614	153,028	174,187
Long term debt	57,991	51,464	100,837	94,837	88,837
Other long-term liabilities	8,808	8,676	8,676	8,676	8,676
Long-term liabilities	66,799	60,140	109,513	103,513	97,513
A/C payable	1,056	2,086	2,170	2,235	2,302
Short term debt	3,566	10,011	6,197	6,197	6,197
Other current liabilities	9,873	11,195	15,270	17,759	19,800
Current liabilities	14,495	23,293	23,637	26,191	28,298
Total liabilities and shareholders' equity	183,813	195,611	266,763	282,732	299,999
Net working capital	(6,251)	(358)	4,196	5,570	3,554
Invested capital	169,086	176,239	179,523	189,310	199,542

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	7.09	7.73	9.21	10.55	12.00
Tangible book value per share	7.09	7.73	9.21	10.55	12.00

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	56.3	49.4	27.9	18.0	9.6
Net debt/total assets (%)	31.4	28.3	14.0	9.8	5.6
Current ratio (x)	0.6	0.8	3.9	3.8	3.7
CF interest cover (x)	(0.6)	1.8	23.9	7.1	10.3

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	(85.0)	93.5	40.9	29.7	24.6
Recurring P/E @ target price (x) *	(106.7)	117.4	51.4	37.4	31.0
Reported P/E (x)	(77.9)	98.3	40.9	29.7	24.6
Dividend yield (%)	-	-	1.2	1.7	2.0
Price/book (x)	8.5	7.8	6.6	5.7	5.0
Price/tangible book (x)	8.5	7.8	6.6	5.7	5.0
EV/EBITDA (x) **	(659.6)	39.7	22.7	18.0	15.3
EV/EBITDA @ target price (x) **	(817.8)	49.2	28.3	22.5	19.2
EV/invested capital (x)	5.5	5.2	5.0	4.7	4.4

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

Sources: Airports of Thailand; FSSIA estimates

Airports of Thailand PCL (AOT TB)

FSSIA ESG rating

77.96 /100
Exhibit 17: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 18: ESG – peer comparison

	FSSIA ESG score	----- Domestic ratings -----						----- Global ratings -----						--- Bloomberg ---	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AAV	43.83	--	Y	Y	5.00	4.00	--	High	48.81	--	--	42.50	--	3.11	48.18
AOT	77.96	Y	Y	Y	5.00	5.00	--	Low	64.96	A	39.00	50.87	77.00	4.19	55.78
BA	18.75	--	--	--	4.00	4.00	--	High	--	--	--	--	16.00	--	--
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
RCL	27.51	--	--	--	4.00	4.00	--	High	41.46	--	--	20.37	13.00	.94	30.36
TTA	65.35	--	Y	Y	5.00	5.00	Certified	Medium	56.56	AA	--	50.79	25.00	3.31	56.20

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 19: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	4.27	4.55	5.34	5.47	4.95	4.17	3.41	4.19
BESG environmental pillar score	4.94	4.68	4.74	5.02	5.00	4.10	2.46	3.87
BESG social pillar score	2.97	3.81	5.94	5.98	4.49	3.60	2.85	3.22
BESG governance pillar score	5.06	5.41	5.57	5.57	5.52	5.13	6.18	6.29
ESG disclosure score	51.22	57.00	58.73	62.06	61.32	60.33	60.75	55.78
Environmental disclosure score	34.61	44.82	44.82	53.01	54.97	53.55	53.88	45.70
Social disclosure score	35.34	42.47	47.67	49.49	45.31	43.74	42.17	35.43
Governance disclosure score	83.59	83.59	83.59	83.59	83.59	83.59	86.09	86.09
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	3	2	2	3	3	3	3	2
GHG scope 2 location-based	146	212	214	229	215	171	179	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	0	0	0	0	—	—	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	474	651	667	661	688	545	457	785
Renewable energy use	—	0	0	0	0	0	0	0
Electricity used	474	554	572	570	688	545	457	437
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 20: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0	0	0	0	0
Total waste	29	26	31	32	36	26	19	18
Waste recycled	—	—	—	—	3	2	1	0
Waste sent to landfills	—	23	25	23	28	8	2	3
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	4,075	4,863	6,285	6,490	5,889	4,755	4,783
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	39	38	40	40	40	40	40	40
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	6,043	6,726	7,230	7,718	8,117	8,769	8,176	7,919
Employee turnover pct	3	3	2	1	1	2	2	2
Total hours spent by firm - employee training	236,402	278,056	214,370	337,035	169,206	63,867	59,834	74,225
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	14	12	15	15	13	14	15	15
No. of independent directors (ID)	7	7	12	11	8	9	11	10
No. of women on board	2	2	2	2	2	3	5	5
No. of non-executive directors on board	14	11	14	14	12	13	14	14
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	15	15	14	14	15	14	15	13
Board meeting attendance pct	92	94	95	98	96	96	98	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	44	44	45	47	48	49	44	45
Age of the oldest director	64	62	63	64	64	64	62	63
No. of executives / company managers	21	21	21	21	20	16	16	16
No. of female executives	7	7	7	7	6	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	12	12	12	12	12	12	12	15
Audit meeting attendance %	97	97	97	100	92	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	2	3	3	2	2	2	2
No. of compensation committee meetings	1	2	3	2	3	3	2	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	3	3	2	2	3	4	4	2
Nomination meeting attendance %	100	88	100	100	100	94	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) "THSI". The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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

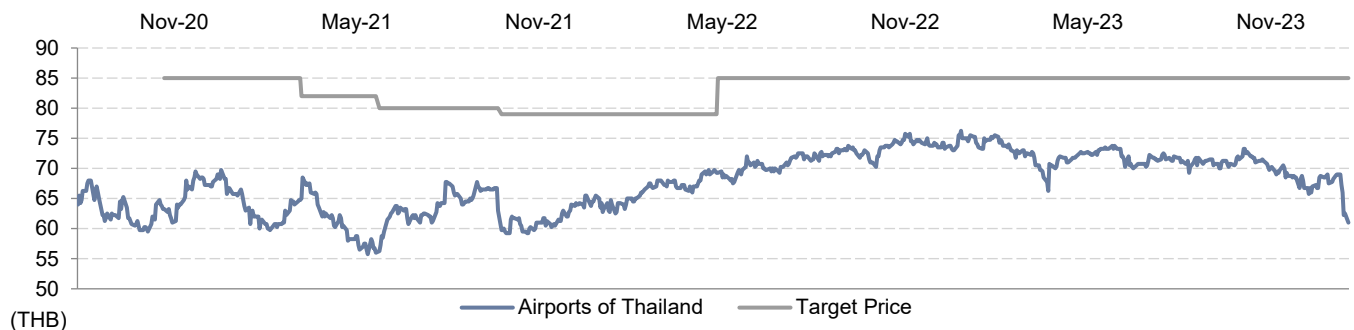
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History of change in investment rating and/or target price

Airports of Thailand (AOT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
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 60.50	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 28-Nov-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.