

SAMART AVIATION SOLUTIONS

THAILAND / TRANSPORT & LOGISTICS

SAV TB

BUY

UNCHANGED

TARGET PRICE	THB26.00
CLOSE	THB14.20
UP/DOWNSIDE	+83.1%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.9%

มีโอกาสดูขย้าน่านฟ้าไปลาว

- คาดการณ์เที่ยวบินจะโต 5% q-q ใน 4Q23 การท่องเที่ยวที่ฟื้นตัวดีในไทยและเวียดนามจะช่วยหนุนปริมาณเที่ยวบินผ่านน่านฟ้า
- Upside 2 เรื่องที่อาจเกิดขึ้น: 1) อัตราค่าบริการที่อาจเพิ่ม 5-7%; และ 2) โอกาสในการให้บริการบริหารจัดการจราจรทางอากาศในลาว
- คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 26 บาท (DCF)

คาดการณ์กำไรปกติ 4Q23 (ไม่รวม WHT) จะโตเป็น 120-130 ลบ.

SAV คาดว่ากำไรจะมีแนวโน้มดีต่อเนื่องและคาดว่าปริมาณเที่ยวบินจะโต 5% q-q ใน 4Q23 ซึ่งหมายถึงว่าแนวโน้มการฟื้นตัวจะดีขึ้นเป็น 75% ของระดับก่อนโควิดใน 4Q23 (เทียบกับ 72% ใน 3Q23) นอกจากนี้ค่าใช้จ่ายดอกเบี้ยยังน่าจะหมดไปจากที่เคยจ่าย 20 ลบ. ใน 3Q23 หลัง SAV จ่ายคืนสินเชื่อระยะยาวด้วยเงินที่ได้จาก IPO ในภาพรวมเรคาดกำไรปกติที่ 120-130 ลบ. ใน 4Q23 อย่างไรก็ตาม SAV อาจบันทึกภาษีหัก ณ. ที่จ่ายประมาณ 30 ลบ. เนื่องจาก CATS (บริษัทที่ดำเนินงานในกัมพูชา) น่าจะจ่ายเงินปันผลให้แก่ SAV ซึ่งทำให้ได้กำไรสุทธิที่ 90-100 ลบ. ใน 4Q23

วางแผนขึ้นอัตราค่าบริการ 5-7% ในปีหน้าหลังขึ้นครั้งสุดท้ายในปี 2011

SAV วางแผนเสนอแก่สำนักงานเลขาธิการการบินพลเรือนแห่งรัฐ (SSCA) เพื่อขึ้นอัตราค่าบริการ 5-7% ใน 1Q24 เพื่อสะท้อนเงินเพื่อหลังจากไม่ได้ปรับค่าบริการมาตั้งแต่ปี 2011 โดย SSCA เพิ่มอัตราค่าบริการสองครั้งในปี 2008 โดยเฉลี่ยอยู่ที่ 15% และหนึ่งครั้งในปี 2011 เป็นจำนวน 3-5% SAV คาดว่า SSCA จะต้องใช้เวลาประมาณ 2-3 เดือนในการพิจารณาและอีก 2 เดือนเพื่อแจ้งแก่สายการบิน ดังนั้นเราจึงคาดว่าอัตราค่าบริการจะปรับขึ้นได้อย่างเร็วที่สุดใน 3Q24 ซึ่งอาจให้ Upside แก่ประมาณการกำไรปกติปี 2024 และ 2025 เป็นจำนวน 5% และ 9% ตามลำดับ

โอกาสในลาวซึ่งมีปริมาณเที่ยวบินมากเป็น 2 เท่า ของกัมพูชา

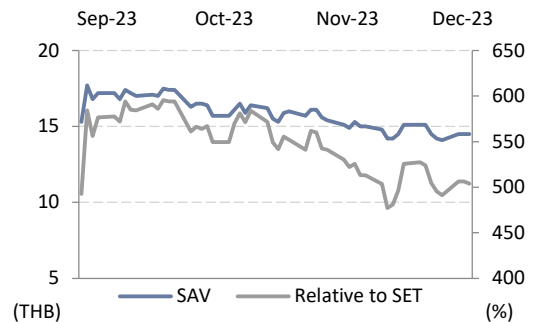
เมื่อเร็ว ๆ นี้ SAV ได้จัดตั้งบริษัทย่อยใหม่ในลาวเนื่องจากลาววางแผนแปรรูปรัฐวิสาหกิจให้เป็นบริษัทเอกชน และ SAV เห็นความเป็นไปได้ที่จะเสนอเทคโนโลยีและบริการบริหารจัดการจราจรทางอากาศให้แก่รัฐบาลลาวเพื่อปรับปรุงการเก็บเงินสต็อกซึ่งปัจจุบันเก็บได้น้อยกว่า 60% ปัจจุบันดังกล่าวน่าจะให้ Upside แก่ SAV เนื่องจากลาวมีเที่ยวบินผ่านมากกว่า 264k เที่ยวบินในปี 2019 (เทียบกับปริมาณเที่ยวบินรวมของกัมพูชาที่ 134k) ส่วนมากมาจากจีนฮ่องกง ญี่ปุ่นและเกาหลี โดยมีรายได้ประมาณ USD120ล้านในปี 2019 (เทียบกับรายได้ของ SAV ที่ USD65ล้าน) เราน่าจะเห็นพัฒนาการในเรื่องดังกล่าวในช่วง 2H24

ซื้อเพื่อรับผลตอบแทนในรูปแบบเงินปันผลจำนวน 4-5% พร้อม Upside อีกหลายประการในอนาคต

ราคาหุ้นของ SAV ได้ปรับตัวลดลง 24% จากราคา IPO ที่ 19 บาทต่อหุ้นจากตลาดที่อ่อนแอซึ่งทำให้หุ้นมีการซื้อขายในระดับที่น่าสนใจที่ 17x ของค่า 2024E P/E ที่ราคาดังกล่าว SAV จะให้ผลตอบแทนในรูปแบบเงินปันผลอย่างน้อย 4-5% เมื่อปริมาณเที่ยวบินแต่ละระดับก่อนโควิด นอกจากนี้ SAV มี Upside อีกหลายประการประกอบด้วย 1) ปริมาณเที่ยวบินที่คาดว่าจะเพิ่ม 6.5% CAGR ในช่วงปี 2019-52; 2) การเพิ่มอัตราค่าบริการ; และ 3) ธุรกิจใหม่ในลาว

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 (%)	-	0.0	-	-
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)	43.4	30.3	16.7	13.1
Dividend yield (%)	-	7.4	3.6	4.6
EV/EBITDA (x)	25.6	14.3	10.3	7.9
Price/book (x)	24.1	6.6	5.7	4.3
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 (%)	(11.8)	n/a	n/a
Relative to country (%)	(9.9)	n/a	n/a
Mkt cap (USD m)	258		
3m avg. daily turnover (USD m)	n/a		
Free float (%)	25		
Major shareholder	Samart U-trans Co., Ltd. (60%)		
12m high/low (THB)	19.10/13.90		
Issued shares (m)	640.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 8 ธันวาคม 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.

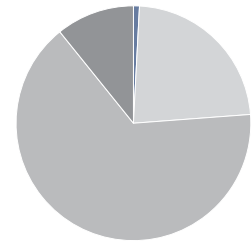
Company profile

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)

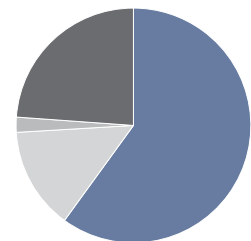
- Landing and Take-off - Domestic - 0.8 %
- Landing and Take-off - International - 23.0 %
- Overflight - 65.4 %
- Concession income - 10.8 %



Source: Samart Aviation Solutions

Major shareholders

- Samart U-trans Co., Ltd. - 60.0 %
- Samart Inter-holding Ltd. - 14.1 %
- Mrs. Charunee Chinwongvorakul - 2.1 %
- Others - 23.9 %



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
Feb 2024	4Q23 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.

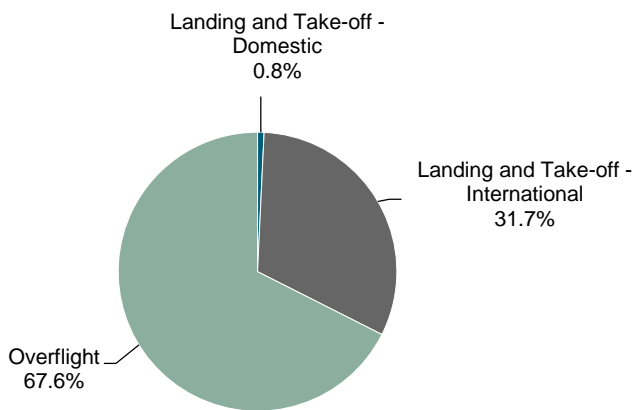
Source: FSSIA estimates

Benefit from fast recovery of overflight volume driven by Vietnam/Thailand air traffic

SAV's core profit recovered to 74% of the pre-Covid level in 3Q23 (THB103m in 3Q23 vs THB140m in 3Q19). This was thanks to the strong overflight volume which recovered at a faster rate of 91% of pre-Covid in 3Q23, leading the overflight revenue contribution to increase to 68% in 9M23 (vs 51% in 2019).

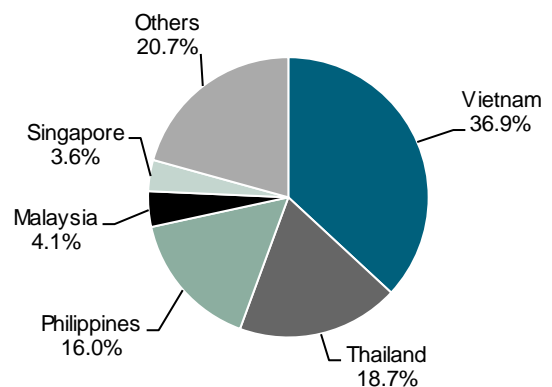
The international seat capacity of airlines in South East Asia has had a positive recovery trend from 65% of pre-Covid in Jan-23 to 79% of pre-Covid in Nov-23. Vietnam and the Philippines, which are the first and third contributors to SAV's total overflight volume, registered a faster recovery rate at 90% in Nov-23. This should be one factor that supports the strong overflight volume, in our view.

Exhibit 1: Revenue breakdown in 9M23



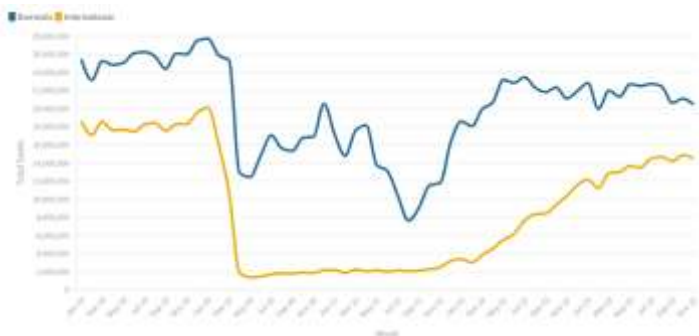
Source: SAV

Exhibit 2: Cambodia's overflights by country of departure in 9M23



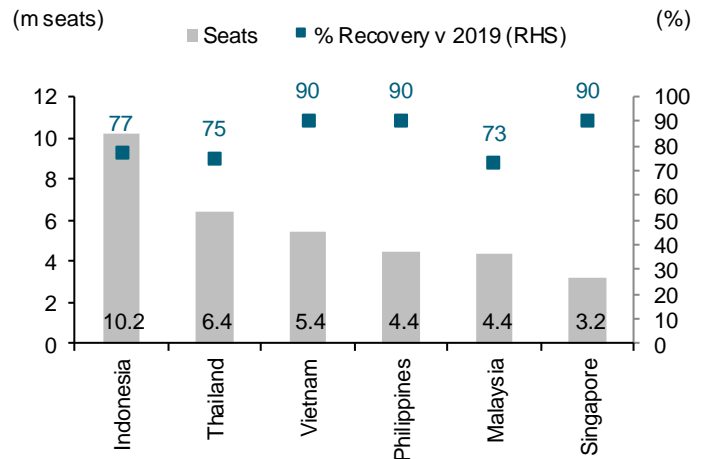
Source: SAV

Exhibit 3: Airline seat capacity in South East Asia



Source: OAG

Exhibit 4: Seat capacity breakdown by country in Nov-23

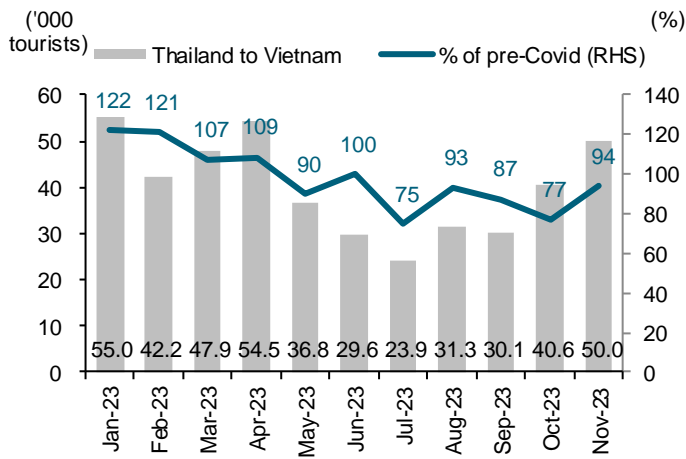


Source: OAG

We also see a positive trend of increasing tourist numbers between Thailand and Vietnam. Thai tourists to Vietnam have recovered to 442k in 11M23, equivalent to 98% of pre-Covid. Meanwhile, Vietnamese tourists to Thailand recovered to 895k in 10M23, equivalent to 99% of pre-Covid.

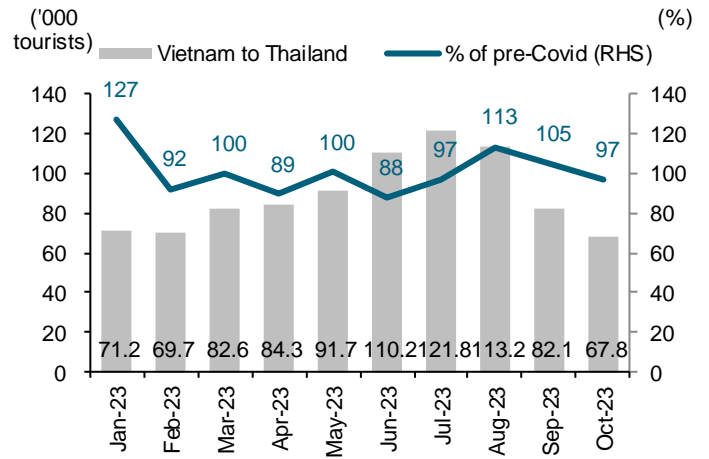
SAV expects the overflight volume to exceed pre-Covid by 8% in 2024. This could be an upside to our forecast as we conservatively assume it to exceed pre-Covid by 5% only.

Exhibit 5: Thai tourists to Vietnam



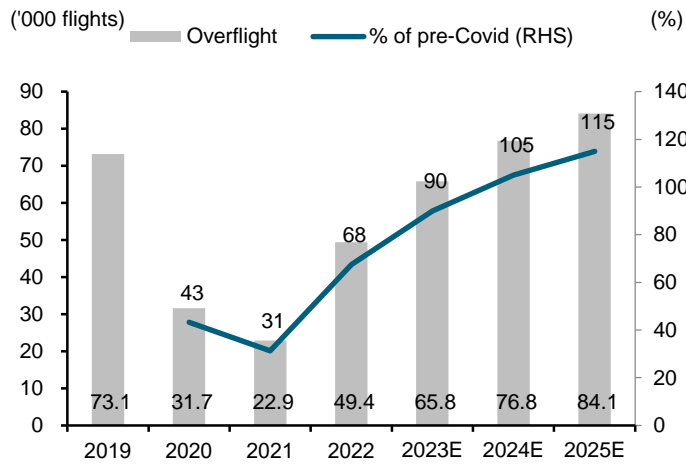
Sources: Vietnam National Administration of Tourism, Ministry of Culture, Sports & Tourism

Exhibit 6: Vietnamese tourists to Thailand



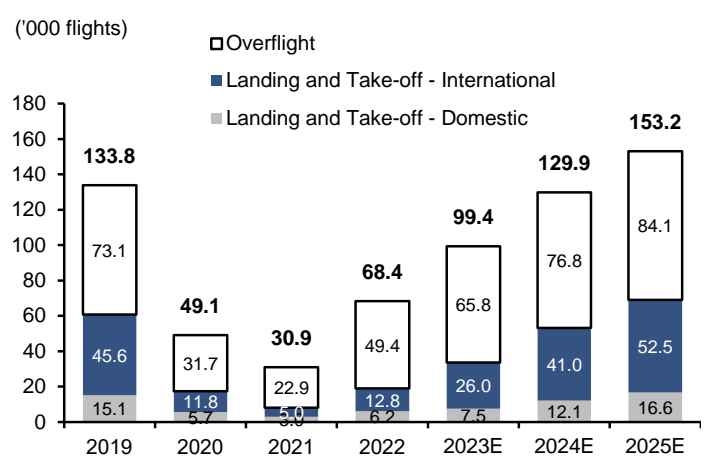
Source: MOTs

Exhibit 7: SAV's overflight volume



Sources: SAV; FSSIA estimates

Exhibit 8: SAV's total flight volume

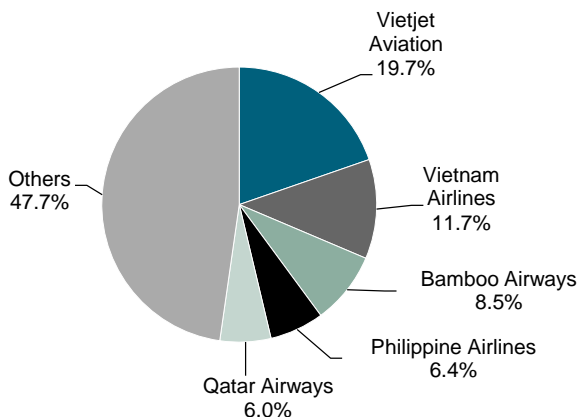


Sources: SAV; FSSIA estimates

Vietnam aviation industry is expanding aircraft fleet

In addition, Vietjet and Vietnam Airlines, which are the top two airlines in Vietnam and also the top contributors to SAV's overflight revenue, are expanding their aircraft fleets. Vietjet recently took delivery of its 101st aircraft, with a total of 384 aircraft on order from leading manufacturers worldwide. Meanwhile, Vietnam Airlines has recently signed an MOU to purchase 50 Boeing 737 Max jets, some of which will be replacing its current fleet of 93 aircraft. This should benefit overflight volume in the long run.

Exhibit 9: Overflight revenue by airline in 2022



Sources: SAV; FSSIA's compilation

Exhibit 10: Aircraft fleet in Vietnam as of 3Q23



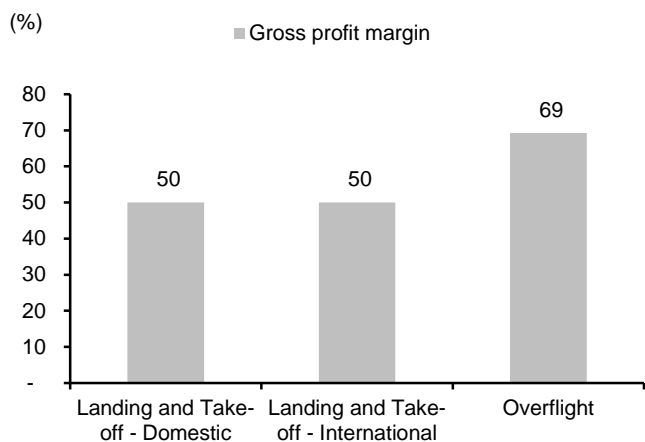
Sources: Vietjet

Overflight has the highest gross profit, compared to landing and take-off

The overflight gross profit margin was at 69% in 9M23 (vs 50% for landing and take-off) due to lower revenue sharing to SSCA. Despite SAV charging lower overflight fees than landing and take-off by 40-45%, gross profit per flight for overflight was at THB10,810 as of 9M23, slightly higher than THB10,428 for international landing and take-off.

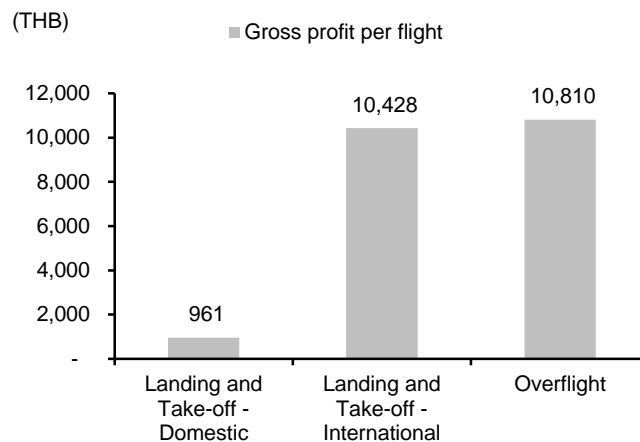
Therefore, strong growth of the overflight volume will support SAV's profitability. Note that the operating profit margin was 36% in 3Q23, almost reaching the pre-Covid level (38% in 3Q19).

Exhibit 11: Gross profit margin as of 9M23



Sources: SAV; FSSIA estimate

Exhibit 12: Gross profit per flight as of 9M23



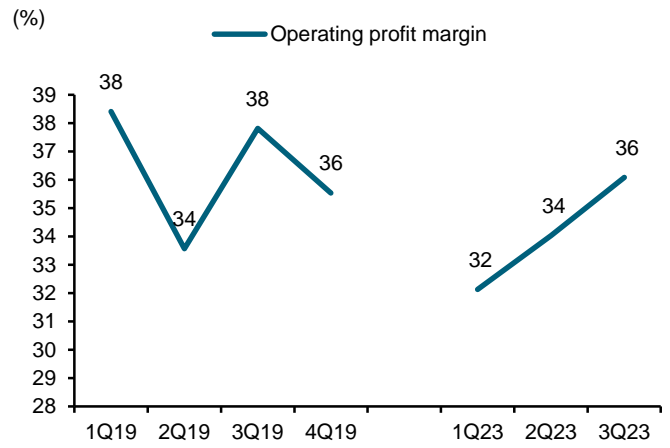
Sources: SAV; FSSIA estimate

Exhibit 13: Tariff structure

MTOW ¹⁾ (tons)	Example type of aircraft	Landing & take-off ²⁾ (USD per charge)	Overflight (USD per charge)
> 300	B747	850	515
201 – 300	A333	812	486
101 – 200	B767	773	454
51 – 100	B737	734	412
26 – 50	GLF4	580	324
11 – 25	ATR42	386	216
4 – 10	BE30	193	108
≤ 3	B505	116	66

Note: 1) MTOW: Maximum take-off weight; 2) Aircraft is charged once per landing and take-off
Sources: SAV; FSSIA's compilation

Exhibit 14: Operating profit margin



Source: SAV

Recap: 3Q23 results review

SAV reported a 3Q23 core profit of THB103m (+22 y-y, +23% q-q), beating our estimate by 8% mainly due to a higher-than-expected EBITDA margin. 3Q23 core profit was equivalent to 74% of the pre-Covid level. Including a THB12m FX loss, SAV reported a net profit of THB91m.

Overall flight volume grew by 5% q-q. Revenue grew by 9% q-q, driven mainly by +13% q-q overflight revenue. Meanwhile, revenue from international landing & take-off slightly grew by 1% q-q.

Cost of services grew by 6% q-q following higher revenue sharing to SSCA. SG&A increased by 4% q-q due to a THB4m expense related to the IPO. As a result, the EBITDA margin improved to 42% (vs 39% in 2Q23).

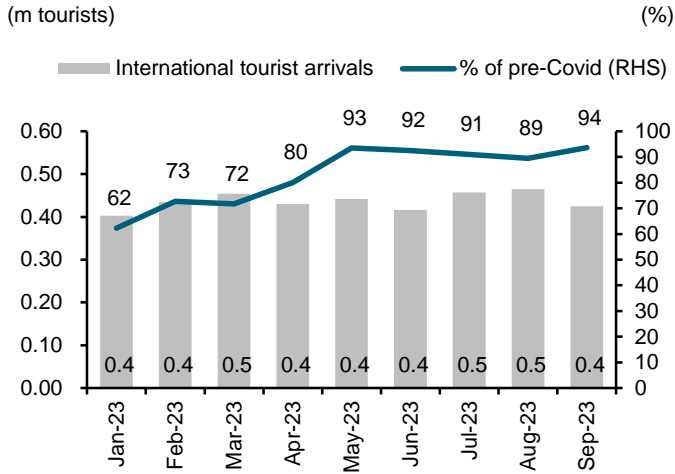
9M23 core profit grew by 81% y-y to THB219m and accounted for 73% of our 2023 core profit forecast of THB300m.

Exhibit 15: 3Q23 results review

	3Q22	4Q22	1Q23	2Q23	3Q23	-----Change-----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	331	351	341	368	401	9	21	1,218	1,638	35
COGS (Incl. depreciation)	(154)	(180)	(164)	(176)	(187)	6	21	(688)	(830)	21
Gross Profit	177	171	177	192	214	11	21	530	808	53
SG&A	(58)	(76)	(66)	(65)	(67)	4	16	(237)	(270)	14
Operating Profit	119	95	112	127	146	15	23	293	538	84
Other income	3	6	8	4	7	61	150	12	13	8
Other expenses	(3)	7	(49)	(2)	(2)	2	(34)	(7)	(85)	
Withholding tax	0	0	(47)	0	0			0	(78)	
Other	(3)	7	(2)	(2)	(2)	2	(34)	(7)	(7)	
Interest expense	(15)	(21)	(24)	(21)	(20)	(4)	30	(56)	(71)	28
Pretax profit	103	87	47	109	131	21	27	242	395	63
Income Tax	(19)	(20)	(14)	(25)	(28)	15	52	(54)	(95)	77
Associates	0	0	0	0	0			0	0	n/a
Minority interest	0	0	0	0	0			0	0	n/a
Core profit	85	67	32	84	103	23	22	188	300	59
Extraordinaries, GW & FX	4	(2)	(2)	(0)	(12)			11	0	
FX gain/loss	(0)	(2)	(2)	(1)	(12)			(0)	0	
Others	4	0	0	1	(1)			12	0	
Reported net profit	88	65	31	83	91	9	3	200	300	50
Shares out (end Q, m)	640	640	640	640	641	0	0	576	640	11
Core EPS	0.13	0.11	0.05	0.13	0.16	23	22	0.33	0.47	43
EPS	0.14	0.10	0.05	0.13	0.14	9	3	0.35	0.47	35
COGS (Excl. depreciation)	(140)	(166)	(145)	(163)	(172)	6	24	(626)	(786)	26
Depreciation	(15)	(15)	(19)	(14)	(15)	9	1	(62)	(44)	(29)
EBITDA	136	116	139	145	168	16	24	631	607	(4)
Key ratios						(ppt)	(ppt)			(ppt)
Gross margin (%)	53	49	52	52	53	1	(0)	44	49	6
SG&A/Revenue (%)	38	42	40	37	36	(1)	(2)	34	33	(2)
EBITDA margin (%)	41	33	41	39	42	3	1	55	67	11
Net profit margin (%)	27	19	9	23	23	0	(4)	(5)	(5)	0
Operating stats										
Landing and Take-off - Domestic ('000 flight)	n/a	n/a	1.7	1.6	1.1			6.2	7.5	
Landing and Take-off - International ('000 flights)	n/a	n/a	5.4	5.7	5.7			12.8	26.0	
Overflight ('000 flights)	n/a	n/a	15.0	15.7	17.3			49.4	65.8	
Total ('000 flights)	n/a	n/a	22.1	23.1	24.2			68.4	99.4	

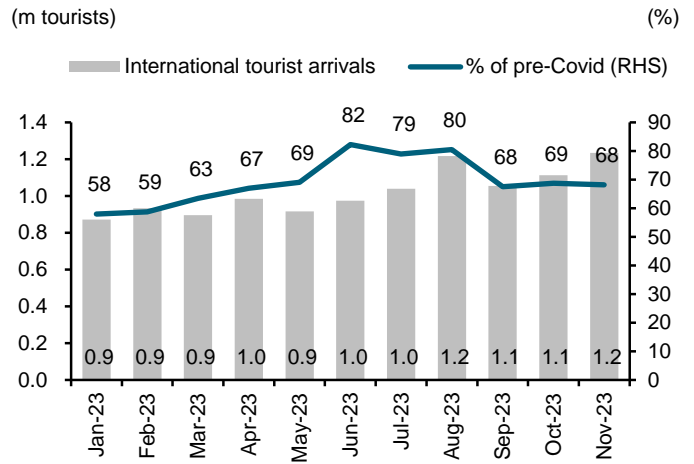
Sources: SAV; FSSIA estimates

Exhibit 16: Cambodia's international tourist arrivals recovery trend



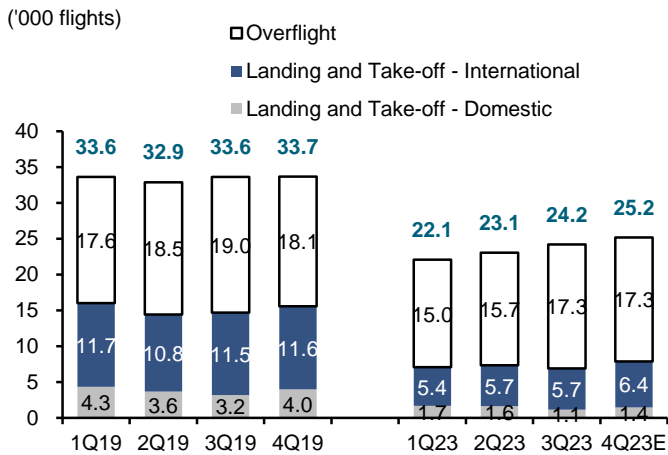
Sources: Cambodia's Ministry of Tourism

Exhibit 17: Vietnam's international tourist arrivals recovery trend



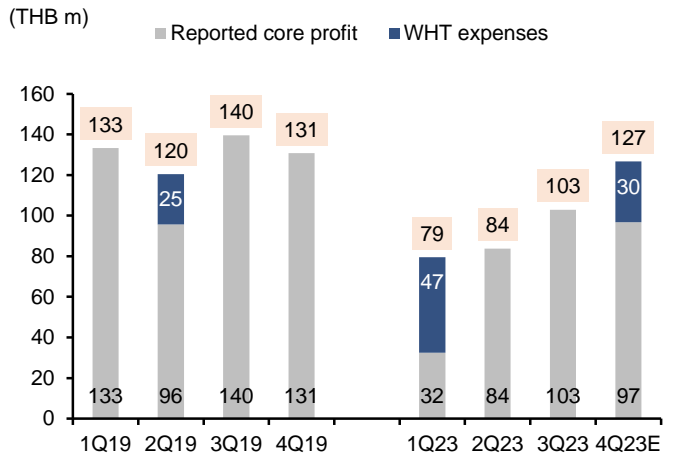
Sources: Vietnam National Administration of Tourism, Ministry of Culture, Sports & Tourism

Exhibit 18: Total flight volume, quarterly



Sources: SAV; FSSIA estimates

Exhibit 19: Core profit without withholding tax (WHT) expenses



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

Exhibit 20: Airport sector peer comparisons as of 7 Dec 2023

Company	BBG	Rec	--- Share price ---		Market cap	3Y EPS CAGR	----- PE -----			---- ROE ----		--- PBV ---		---- EV/ EBITDA ----		
			Current (THB)	Target (THB)			(USD m)	(%)	23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)
Thailand																
Airports of Thailand*+	AOT TB	BUY	60.00	76.00	24,378	(242)	92.7	40.6	30.0	8.7	17.5	7.8	6.5	40.0	22.9	18.1
Malaysia																
Malaysia Airports	MAHB MK	n/a	7.08	NR	2,528	80	30	16	14	5.9	10.0	1.6	1.6	7.5	6.2	6.2
China																
Beijing Capital Intl -A	694 HK	n/a	2.72	NR	1,594	(158)	n/a	16	7	(7.2)	5.7	0.7	0.7	38.6	7.7	7.7
Hainan Meilan Intl	357 HK	n/a	6.57	NR	398	(241)	33	6	4	1.9	8.7	0.6	0.6	7.3	4.9	4.9
Shanghai Intl Airport-A	600009 CH	n/a	33.99	NR	11,827	(209)	65	19	14	3.1	10.0	2.1	1.9	24	12.2	12.2
Guangzhou Baiyun Intl	600004 CH	n/a	10.37	NR	3,432	(208)	48.2	16.8	13.8	2.9	7.8	1.4	1.3	10.2	6.9	6.9
Shenzhen Airport -A	000089 CH	n/a	6.70	NR	1,921	(172)	56	30.0	20.9	2.8	4.1	1.3	1.2	15	12.6	12.6
Xiamen Int Airport -A	600897 CH	n/a	12.99	NR	757	(427)	13	10.7	10	10.5	12.2	1.3	1.3	4.7	4.0	4.0
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.65	NR	7,453	n/a	85	43.3	38.8	1.7	3.3	1.5	1.4	34.5	21.9	21.9
Japan																
Japan Airport Termi***	9706 JP	n/a	6,506	NR	4,209	(248)	n/a	8.0	34.5	3.9	8.0	3.9	3.8	38	14.6	14.6
Average					58,498	(235)	52.8	20.7	18.8	3.4	8.7	2.2	2.0	21.9	11.4	10.9

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

Exhibit 21: ANSP peer comparisons as of 7 Dec 2023

Company	BBG	Rec	--- Share price ---		Market Cap	3Y EPS CAGR	----- PE -----			---- ROE ----		--- PBV ---		---- EV/ EBITDA ----		
			Current (THB)	Target (THB)			(USD m)	(%)	23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)
Thailand																
Smart Aviation Solutions	SAV TB	BUY	14.20	26.00	258	49	30.3	16.7	13.1	35.0	36.6	6.6	5.7	14.3	10.3	7.9
Italy																
Enav SpA	ENAV IM	NR	3.28	NR	1,919	6	16.6	14.9	13.3	8.9	9.7	1.5	1.4	7.0	6.6	6.6
Average					2,177	36	23.4	15.8	13.2	21.9	23.2	4.0	3.6	10.6	8.5	7.3

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					
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					
Recurring P/E (x) *	(119.5)	43.4	30.3	16.7	13.1
Recurring P/E @ target price (x) *	(218.8)	79.5	55.5	30.6	23.9
Reported P/E (x)	(110.2)	41.0	30.3	16.7	13.1
Dividend yield (%)	-	-	7.4	3.6	4.6
Price/book (x)	57.3	24.1	6.6	5.7	4.3
Price/tangible book (x)	57.3	24.1	6.6	5.7	4.3
EV/EBITDA (x) **	739.8	25.6	14.3	10.3	7.9
EV/EBITDA @ target price (x) **	1,283.9	44.4	26.7	19.4	15.3
EV/invested capital (x)	6.8	5.5	6.8	6.5	6.1
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Samart Aviation Solutions; FSSIA estimates

Smart Aviation Solutions PCL (SAV TB)

FSSIA ESG rating

★

10 /100

Exhibit 22: 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.

Source: FSSIA estimates

Exhibit 23: 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	23.75	--	--	Y	4.00	4.00	--	High	--	--	--	--	16.00	--	--
SAV	10.00	--	--	--	--	--	--	--	--	--	--	--	--	--	--
THAI	13.61	--	--	--	--	--	--	--	--	--	--	41.07	10.00	--	44.51

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 24: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	--
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	Yes
Water consumption	--
Social	
Human rights policy	Yes
Policy against child labor	--
Quality assurance and recall policy	--
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	Yes
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	--
Total hours spent by firm - employee training	--
Social supply chain management	Yes

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	9 / 3 / 1
No. of board meetings for the year / % attendance	2 / 100%
Company conducts board evaluations	Yes
Number of non-executive directors on board	4
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	53 / 72
Number of executives / female	5 / 1
Executive share ownership guidelines	No
Size of audit committee / ID	3 / 3
Audit committee meetings	1
Audit committee meeting attendance (%)	100
Size of compensation committee	3 / 3
Number of compensation committee meetings	1
Compensation committee meeting attendance (%)	100
Size of nomination committee / ID	3 / 3
Number of nomination committee meetings	1
Nomination committee meeting attendance (%)	100
Board compensation (THB m)	1.3
Auditor fee (THB m)	2.1
<i>(EY Office Limited)</i>	

Source: 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%). (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.)	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. (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.)	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. 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.	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+										
NEGL	Low	Medium	High	Severe																		
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="width: 100%;"> <tr> <td style="text-align: center;">AAA</td> <td style="text-align: center;">8.571-10.000</td> <td rowspan="3" style="text-align: center;">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: center;">AA</td> <td style="text-align: center;">7.143-8.570</td> </tr> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">5.714-7.142</td> </tr> <tr> <td style="text-align: center;">BBB</td> <td style="text-align: center;">4.286-5.713</td> <td rowspan="3" style="text-align: center;">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: center;">BB</td> <td style="text-align: center;">2.857-4.285</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">1.429-2.856</td> </tr> <tr> <td style="text-align: center;">CCC</td> <td style="text-align: center;">0.000-1.428</td> <td rowspan="1" style="text-align: center;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)																					
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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

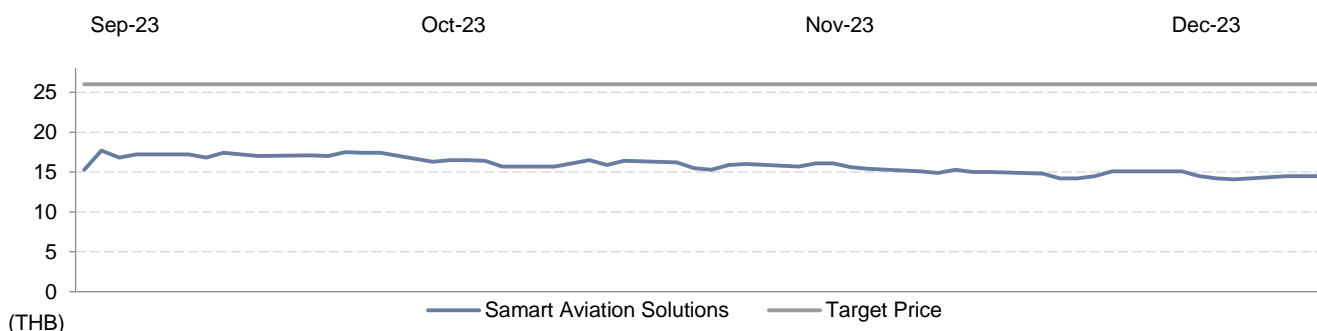
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

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	29-Nov-2023	BUY	76.00

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 14.20	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 60.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.

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 07-Dec-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.