

SAMART AVIATION SOLUTIONS

THAILAND / TRANSPORT & LOGISTICS

SAV TB

BUY

UNCHANGED

TARGET PRICE	THB26.00
CLOSE	THB16.70
UP/DOWNSIDE	+55.7%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

Starting the year with several upsides

- Expect core profit without WHT to grow by 60% y-y to THB108m, driven by a larger flight volume and lower interest expenses.
- Expect inbound tourist arrivals to Cambodia and Vietnam to reach pre-Covid level, leading our 2024E core profit to grow by 90%.
- Maintain BUY with a 2024 DCF-derived TP of THB26/shr.

Expect 4Q23 revenue to grow by 11% y-y (78% of pre-Covid)

Landing and take-off flight volumes in 4Q23 should grow by 15-20% q-q (50-55% of pre-Covid) thanks to the strong tourism season in Cambodia. The overflight volume should drop by 10-15% q-q (80-85% of pre-Covid), mainly due to Vietnam's low tourism season. Interest expenses should be wiped out after SAV repays its long-term loan with IPO proceeds. Depreciation should slightly rise by THB4m-5m q-q after New Siem Reap Airport starts operating. Overall, we expect 4Q23 revenue to grow 11% y-y and core profit without WHT to rise 60% y-y and 5% q-q to THB108m, equal to 82% of pre-Covid. However, SAV should book WHT of THB38m-42m, leading to a 4Q23 net profit of THB68m (+4% y-y, -25% q-q).

Positive tourism industry outlook in Cambodia and Vietnam

Tourist arrivals in Cambodia recovered to 5.4m in 2023 (82% of pre-Covid). According to Cambodia's Ministry of Tourism, the numbers are expected to reach 7.0m in 2024, exceeding pre-Covid by 6%. However, tourist arrivals by air recovered at a slower pace of c40-45% of pre-Covid in 2023. Thus, we forecast the international landing and take-off flight volume to recover to 80% in 2024. Similarly, Vietnam's National Authority of Tourism also expects inbound tourist arrivals to Vietnam to reach the pre-Covid level at 18.0m in 2024 from 12.6m in 2023. Thus, we forecast the overflight volume to exceed pre-Covid by 8-10% in 2024.

Tariff increase and opportunity in Laos are potential upsides

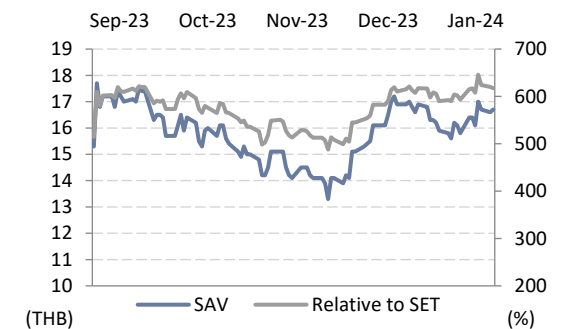
We expect core profit to surge 90% to THB545m in 2024 on 35% growth in total flight volume, and account for 94% of pre-Covid. Upsides are 1) a proposal to raise tariffs by 5-7%, which should lift 2024-25E core profit by 5-9%, assuming an effective date in Jun-24; and 2) opportunity in Laos' air navigation services, which had a larger revenue size than Cambodia (USD120m for Laos vs USD65m for Cambodia as of 2019). SAV is negotiating with the Laos government and expects to finalize in 1Q24.

Promising outlook, while share price is still below IPO price

We maintain our 2024-25 core profit forecast and our DCF-TP of THB26/shr. SAV is trading at an attractive valuation of 20x 2024E P/E. Strong 2024 earnings growth and the potential upsides mentioned above would be catalysts to bring the share price back to its IPO at THB19/shr.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,218	1,523	2,020	2,411
Net profit	200	287	545	696
EPS (THB)	0.35	0.45	0.85	1.09
vs Consensus (%)	-	(4.3)	-	-
EBITDA	362	595	836	1,028
Recurring net profit	188	287	545	696
Core EPS (THB)	0.33	0.45	0.85	1.09
Chg. In EPS est. (%)	-	(4.2)	0.0	0.0
EPS growth (%)	nm	37.3	89.6	27.7
Core P/E (x)	51.1	37.2	19.6	15.4
Dividend yield (%)	-	6.3	3.1	3.9
EV/EBITDA (x)	29.6	17.5	12.2	9.4
Price/book (x)	28.4	7.8	6.7	5.1
Net debt/Equity (%)	321.5	(21.9)	(32.4)	(47.7)
ROE (%)	78.2	33.8	36.9	37.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.2)	6.4	n/a
Relative to country (%)	1.0	7.9	n/a
Mkt cap (USD m)	300		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	25		
Major shareholder	Samart U-trans Co., Ltd. (60%)		
12m high/low (THB)	19.10/13.00		
Issued shares (m)	640.00		

Sources: Bloomberg consensus; FSSIA estimates



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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.

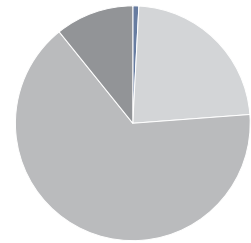
Company profile

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)

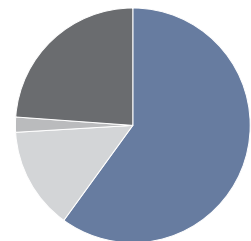
- Landing and Take-off - Domestic - 0.8 %
- Landing and Take-off - International - 23.0 %
- Overflight - 65.4 %
- Concession income - 10.8 %



Source: Smart 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: Smart 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	(5.0)	54.7	66.7
International flight volume growth	84.2	54.3	37.5
Overflight volume growth	27.7	26.4	5.5
Total flight growth	35.3	35.3	19.2
THB/USD	35.00	34.00	34.00

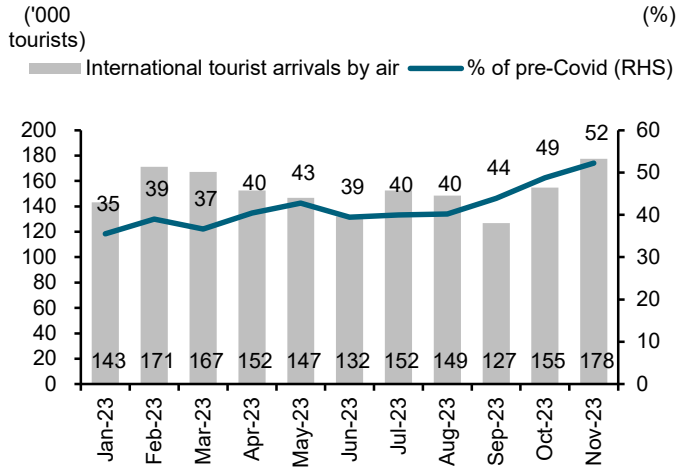
Source: FSSIA estimates

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.

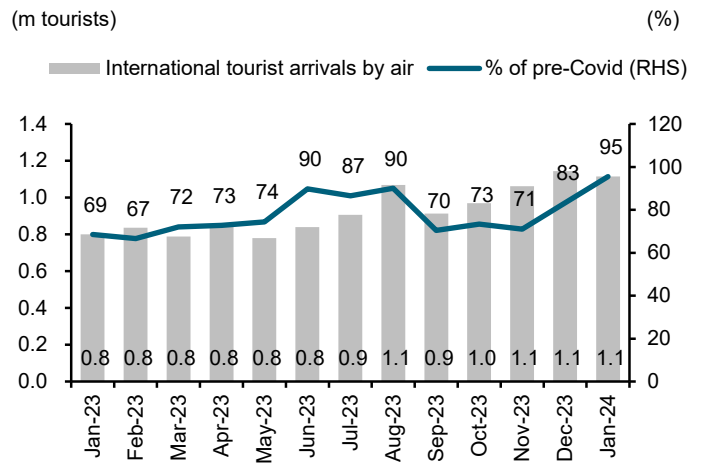
Source: FSSIA estimates

Exhibit 1: Cambodia's international tourist arrivals by air recovery trend



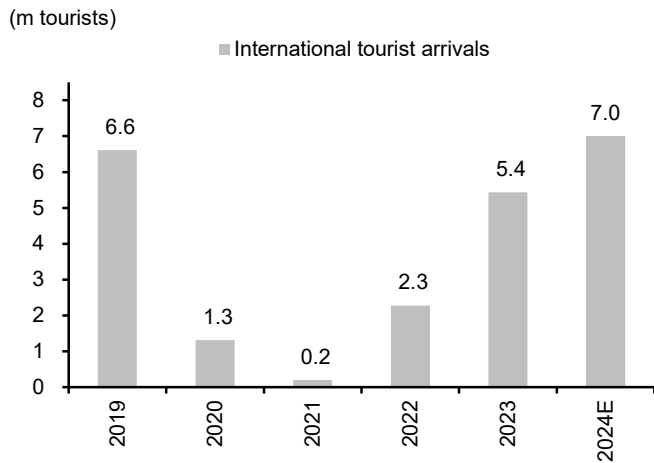
Note: Excludes tourist arrivals by land and sea
Sources: Cambodia's Ministry of Tourism

Exhibit 2: Vietnam's international tourist arrivals by air recovery trend



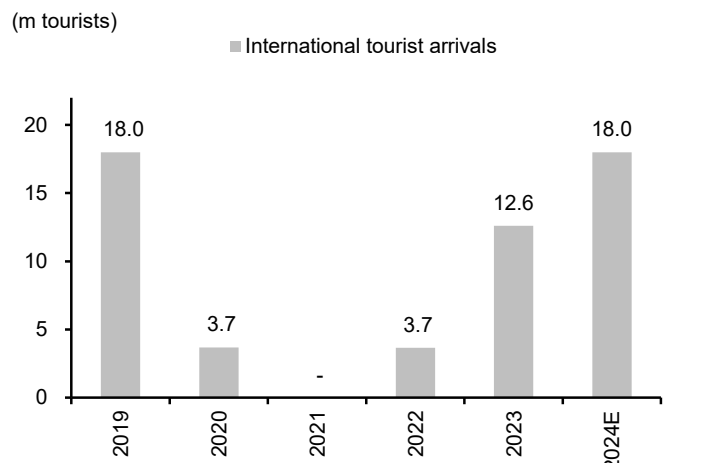
Note: Excludes tourist arrivals by land and sea
Sources: Vietnam National Administration of Tourism, Ministry of Culture, Sports & Tourism

Exhibit 3: Cambodia's international tourist arrivals, yearly



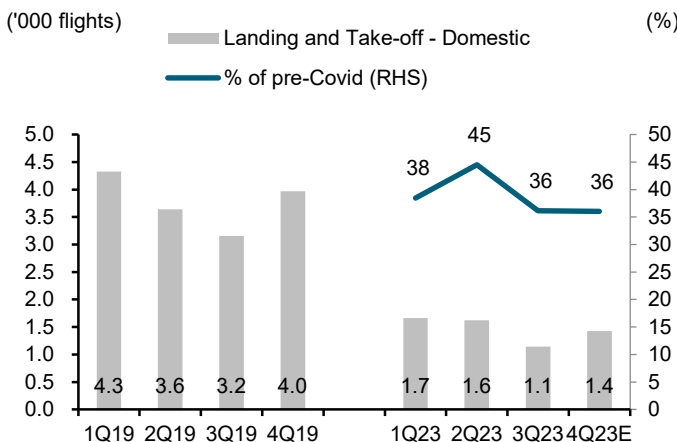
Sources: Cambodia's Ministry of Tourism

Exhibit 4: Vietnam's international tourist arrivals, yearly



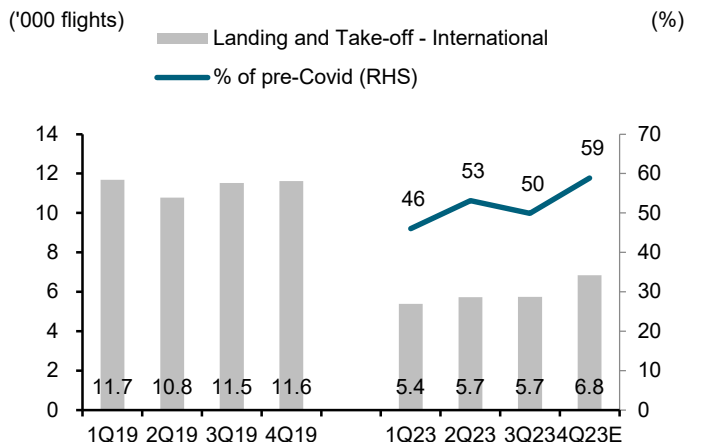
Sources: Vietnam National Administration of Tourism, Ministry of Culture, Sports & Tourism

Exhibit 5: Domestic landing and take-off volumes, quarterly



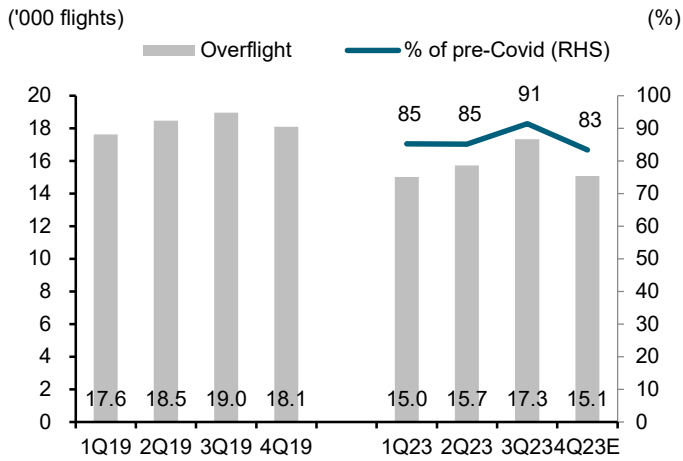
Sources: SAV; FSSIA estimates

Exhibit 6: International landing and take-off volumes, quarterly



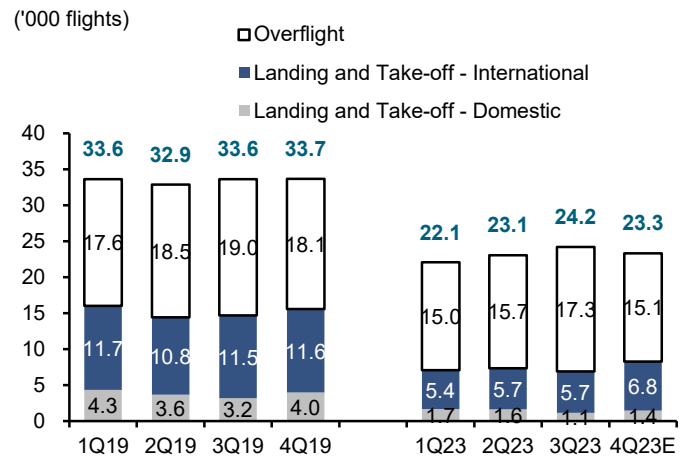
Sources: SAV; FSSIA estimates

Exhibit 7: Overflight volume, quarterly



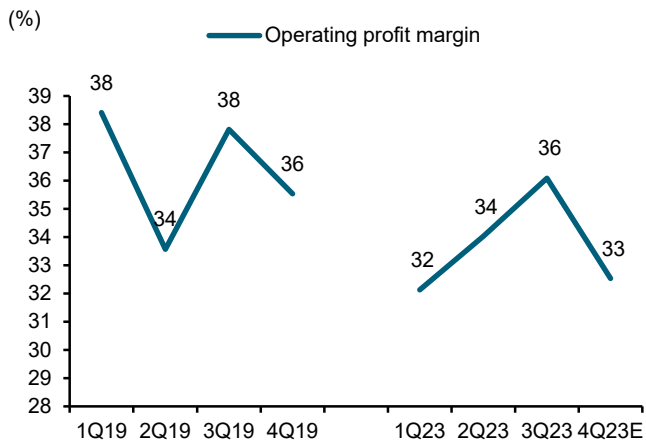
Sources: SAV; FSSIA estimates

Exhibit 8: Total flight volume, quarterly



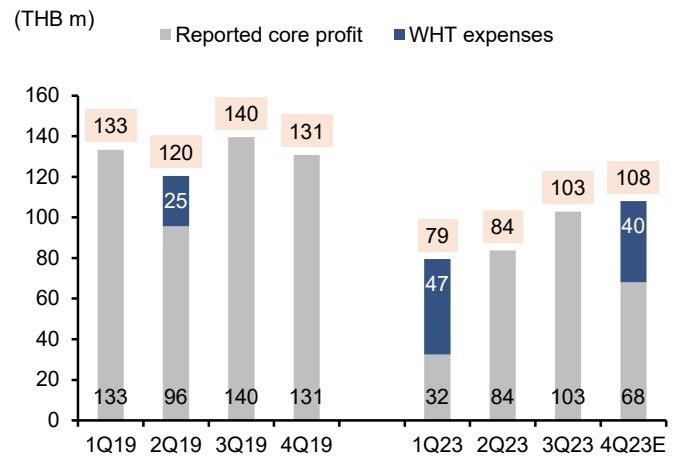
Sources: SAV; FSSIA estimates

Exhibit 9: Operating profit margin



Sources: SAV; FSSIA estimates

Exhibit 10: Core profit without withholding tax (WHT) expenses



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

Exhibit 11: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	----- 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	351	341	368	401	388	(3)	11	1,218	1,523	25
COGS (Incl. depreciation)	(180)	(164)	(176)	(187)	(191)	2	6	(688)	(737)	7
Gross profit	171	177	192	214	198	(7)	16	530	786	48
SG&A	(76)	(66)	(65)	(67)	(68)	2	(10)	(237)	(267)	13
Operating profit	95	112	127	146	129	(12)	36	293	520	77
Other income	6	8	4	7	2	(71)	(68)	12	13	8
Other expenses	7	(49)	(2)	(2)	(43)			(7)	(94)	
Withholding tax (WHT)	0	(47)	0	0	(40)			0	(87)	
Other	7	(2)	(2)	(2)	(3)			(7)	(7)	
Interest expense	(21)	(24)	(21)	(20)	0			(56)	(64)	15
Pretax profit	87	47	109	131	88	(33)	2	242	374	54
Income Tax	(20)	(14)	(25)	(28)	(20)	(28)	4	(54)	(86)	61
Associates	0	0	0	0	0			0	0	n/a
Minority interest	0	0	0	0	0			0	0	n/a
Core profit	67	32	84	103	68	(34)	1	188	287	53
Core profit without WHT	67	79	84	103	108	5	60			
Extraordinaries, GW & FX	(2)	(2)	(0)	(12)	0			11	0	
FX gain/loss	(2)	(2)	(1)	(12)				(0)	0	
Others	0	0	1	(1)				12	0	
Reported net profit	65	31	83	91	68	(25)	4	200	287	44
Shares out (end Q, m)	640	640	640	641	641	0	0	576	640	11
Core EPS	0.11	0.05	0.13	0.16	0.11	(34)	1	0.33	0.45	37
EPS	0.10	0.05	0.13	0.14	0.11	(25)	4	0.35	0.45	30
COGS (Excl. depreciation)	(166)	(145)	(163)	(172)	(172)	(0)	4	(626)	(672)	7
Depreciation	(15)	(19)	(14)	(15)	(19)	27	29	(62)	(66)	7
EBITDA	116	139	145	168	150	(11)	30	631	607	(4)
Key ratios						(ppt)	(ppt)			(ppt)
Gross margin (%)	49	52	52	53	51	(2)	2	44	52	8
SG&A/Revenue (%)	42	40	37	36	36	0	(6)	34	36	2
EBITDA margin (%)	33	41	39	42	39	(3)	6	55	66	11
Net profit margin (%)	19	9	23	23	18	(5)	(1)	(5)	(5)	0
Operating stats										
Landing and Take-off - Domestic ('000 flight)	n/a	1.7	1.6	1.1	1.4			6.2	5.9	
Landing and Take-off - International ('000 flights)	n/a	5.4	5.7	5.7	6.8			12.8	23.7	
Overflight ('000 flights)	n/a	15.0	15.7	17.3	15.1			49.4	63.1	
Total ('000 flights)	n/a	22.1	23.1	24.2	23.3			68.4	92.6	

Sources: SAV; FSSIA estimates

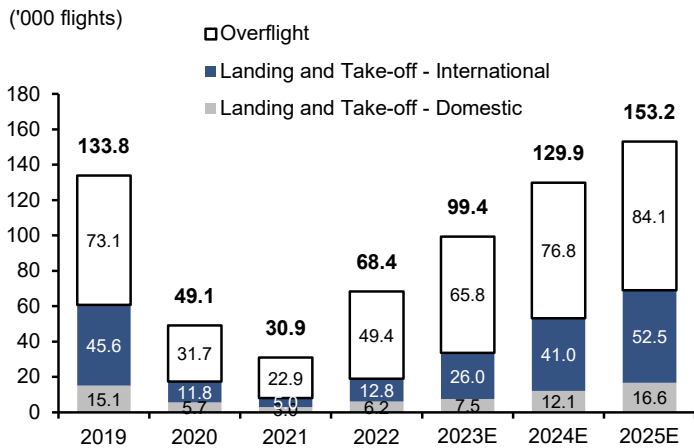
Exhibit 12: Forecast revisions

	----- Previous -----			----- Current -----			----- Change (%) -----		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Landing and Take-off - Domestic ('000 flights)	7.5	12.1	16.6	5.9	9.1	15.1	(22.4)	(25.0)	(9.1)
Landing and Take-off - International ('000 flights)	26.0	41.0	52.5	23.7	36.5	50.2	(9.0)	(11.1)	(4.3)
Overflight ('000 flights)	65.8	76.8	84.1	63.1	79.7	84.1	(4.2)	3.8	0.0
Revenue (THB b)	1.6	2.1	2.5	1.5	2.0	2.4	(7.0)	(3.9)	(3.4)
EBITDA margin (%)	37.2	39.6	41.0	39.1	41.4	42.6	1.8	1.8	1.6
Core profit (THB b)	300	545	696	287	545	696	(4.2)	0.0	0.0

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

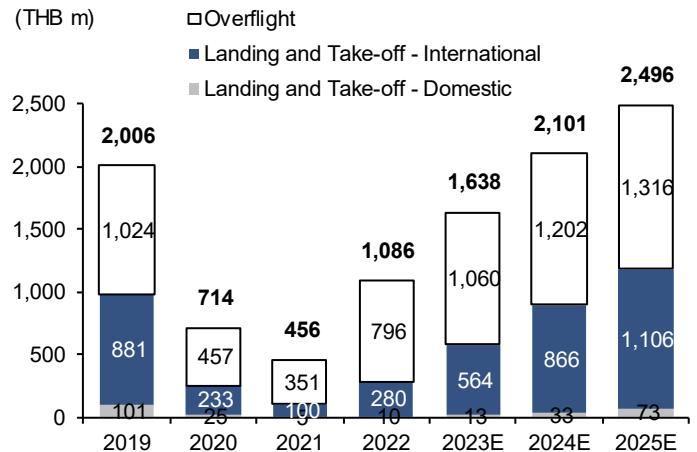
Sources: SAV; FSSIA estimates

Exhibit 13: Flight volume forecast



Sources: SAV; FSSIA estimates

Exhibit 14: Revenue forecast



Note: Excludes concession revenue
Sources: SAV; FSSIA estimates

Exhibit 15: DCF-derived TP

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		6.0
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		0.7	Net cost of debt, Kd		4.8
Cost of equity, Ke		8.7	Weight applied		0.0
Weight applied		100.0			
WACC		8.7			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	15.9	24.8	WACC 8.7%, Risk-free rate 3%, Risk premium 8%
Terminal value	0.0	0.0	Terminal growth 3%
Cash & liquid assets	0.5	0.8	At end-2024E
Investments	0.2	0.4	At end-2024E
Debt	0.0	0.0	At end-2024E
Minorities	0.0	0.0	At end-2024E
Residual ordinary equity	16.6	26.0	

Source: FSSIA estimates

Exhibit 16: Airport sector peer comparisons as of 6 Feb 2024

Company	BBG	Rec	--- Share price ---		Market cap (USD m)	3Y EPS CAGR (%)	----- PE -----			---- ROE ----		--- PBV ---		---- EV/ EBITDA ----		
			Current	Target			23E	24E	25E	23E	24E	23E	24E	23E	24E	25E
			(THB)	(THB)			(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)	(x)
Thailand																
Airports of Thailand**	AOT TB	BUY	64.50	76.00	25,447	(242)	99.6	43.6	30.0	8.7	17.5	8.3	7.0	40.0	22.9	18.1
Malaysia																
Malaysia Airports	MAHB MK	n/a	7.95	NR	2,782	80	33	18	16	5.7	10.3	1.8	1.7	8.3	6.8	6.8
China																
Beijing Capital Intl -A	694 HK	n/a	2.29	NR	1,340	(146)	n/a	26	7	(8.5)	3.3	0.6	0.6	43.9	8.6	8.6
Hainan Meilan Intl	357 HK	n/a	6.10	NR	369	(234)	49	6	4	1.9	8.7	0.6	0.5	7.0	4.7	4.7
Shanghai Intl Airport-A	600009 CH	n/a	34.27	NR	11,861	(200)	90	25	18	2.2	7.7	2.1	2.0	26	15.1	15.1
Guangzhou Baiyun Intl	600004 CH	n/a	9.74	NR	3,206	(206)	47.3	16.9	14.0	2.7	7.3	1.3	1.2	9.9	6.9	6.9
Shenzhen Airport -A	000089 CH	n/a	6.33	NR	1,806	(171)	40	29.6	21.5	3.4	3.9	1.2	1.1	14	12.3	12.3
Xiamen Int Airport -A	600897 CH	n/a	11.88	NR	689	(429)	12	9.8	7	10.5	12.2	1.2	1.1	4.1	3.5	3.5
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.94	NR	7,607	n/a	89	45.1	40.6	1.7	3.4	1.5	1.5	35.8	22.7	22.7
Japan																
Japan Airport Termi***	9706 JP	n/a	5,878	NR	3,682	(250)	n/a	8.1	31.3	3.6	8.1	3.6	3.4	35	13.3	13.3
Average					58,790	(235)	57.5	22.8	18.8	3.2	8.2	2.2	2.0	22.4	11.7	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 17: ANSP peer comparisons as of 6 Feb 2024

Company	BBG	Rec	--- Share price ---		Market Cap (USD m)	3Y EPS CAGR (%)	----- PE -----			---- ROE ----		--- PBV ---		---- EV/ EBITDA ----		
			Current	Target			23E	24E	25E	23E	24E	23E	24E	23E	24E	25E
			(THB)	(THB)			(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)	(x)
Thailand																
Smart Aviation Solutions	SAV TB	BUY	16.70	26.00	300	49	37.2	19.6	15.4	33.8	36.9	7.8	6.7	17.5	12.2	9.4
Italy																
Enav SpA	ENAV IM	NR	3.48	NR	2,030	6	17.3	15.6	13.9	9.2	10.1	1.6	1.6	7.4	7.0	7.0
Average					2,329	36	27.3	17.6	14.6	21.5	23.5	4.7	4.1	12.4	9.6	8.2

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	1,523	2,020	2,411
Cost of goods sold	(324)	(695)	(747)	(997)	(1,190)
Gross profit	131	523	776	1,023	1,222
Other operating income	-	-	-	-	-
Operating costs	(189)	(230)	(257)	(267)	(280)
Operating EBITDA	12	362	595	836	1,028
Depreciation	(70)	(68)	(76)	(81)	(87)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(57)	293	520	755	942
Net financing costs	(35)	(54)	(148)	(33)	(20)
Associates	-	-	-	-	-
Recurring non-operating income	3	2	3	3	3
Non-recurring items	(6)	11	0	0	0
Profit before tax	(95)	253	374	724	925
Tax	20	(54)	(86)	(180)	(229)
Profit after tax	(74)	200	287	545	696
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(74)	200	287	545	696
Non-recurring items & goodwill (net)	6	(11)	0	0	0
Recurring net profit	(68)	188	287	545	696
Per share (THB)					
Recurring EPS *	(0.12)	0.33	0.45	0.85	1.09
Reported EPS	(0.13)	0.35	0.45	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	25.1	32.6	19.4
Operating EBITDA (%)	(89.3)	2,794.6	64.6	40.5	22.9
Operating EBIT (%)	nm	nm	77.2	45.4	24.7
Recurring EPS (%)	nm	nm	37.3	89.6	27.7
Reported EPS (%)	nm	nm	29.5	89.6	27.7
Operating performance					
Gross margin inc. depreciation (%)	28.8	43.0	50.9	50.6	50.7
Gross margin exc. depreciation (%)	44.2	48.6	55.9	54.7	54.3
Operating EBITDA margin (%)	2.7	29.7	39.1	41.4	42.6
Operating EBIT margin (%)	(12.6)	24.1	34.1	37.4	39.0
Net margin (%)	(15.0)	15.5	18.9	27.0	28.9
Effective tax rate (%)	2.2	17.7	10.0	0.0	12.0
Dividend payout on recurring profit (%)	-	-	233.9	60.0	60.0
Interest cover (X)	(1.6)	5.5	3.5	22.7	48.4
Inventory days	-	-	-	-	-
Debtor days	55.3	34.9	39.6	29.9	25.0
Creditor days	113.0	77.2	96.0	81.5	86.0
Operating ROIC (%)	(5.0)	18.3	37.2	70.0	75.9
ROIC (%)	(4.1)	16.0	31.3	57.4	62.4
ROE (%)	(40.0)	78.2	33.8	36.9	37.9
ROA (%)	(2.2)	12.1	20.5	28.9	29.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Landing and Take-off - Domestic	5	10	9	23	61
Landing and Take-off - International	100	280	508	762	1,047
Overflight	351	796	1,006	1,235	1,303
Concession income	-	131	0	0	0

Sources: Smart Aviation Solutions; FSSIA estimates

Financial Statements

Smart Aviation Solutions

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(68)	188	287	545	696
Depreciation	70	68	76	81	87
Associates & minorities	7	7	10	10	10
Other non-cash items	0	0	84	29	17
Change in working capital	(80)	(165)	442	64	49
Cash flow from operations	(72)	99	900	729	858
Capex - maintenance	-	-	-	-	-
Capex - new investment	(124)	(144)	(153)	(153)	(153)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(23)	18	(94)	(39)	(27)
Cash flow from investing	(147)	(126)	(247)	(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	(40)	217	479
Free cash flow to firm (FCFF)	(187.39)	29.35	717.22	536.59	678.14
Free cash flow to equity (FCFE)	(98.48)	212.81	(776.33)	536.59	678.14

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(0.29)	0.05	1.12	0.84	1.06
FCFE per share	(0.15)	0.33	(1.21)	0.84	1.06
Recurring cash flow per share	0.01	0.46	0.71	1.04	1.27

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)	(1,075)	(1,156)	(1,243)
Tangible fixed assets (net)	932	1,007	1,084	1,156	1,222
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	298	515	994
A/C receivable	67	165	165	165	165
Inventories	0	0	0	0	0
Other current assets	305	496	59	78	93
Current assets	501	1,000	522	758	1,252
Other assets	0	2	2	2	2
Total assets	1,597	2,249	1,848	2,156	2,716
Common equity	143	339	1,362	1,587	2,084
Minorities etc.	0	0	0	0	0
Total shareholders' equity	143	339	1,362	1,587	2,084
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	173	236	284
Short term debt	0	259	0	0	0
Other current liabilities	20	48	61	80	96
Current liabilities	104	487	234	316	380
Total liabilities and shareholders' equity	1,597	2,249	1,848	2,156	2,716
Net working capital	268	433	(10)	(73)	(122)
Invested capital	1,363	1,682	1,316	1,324	1,342

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	0.25	0.59	2.13	2.48	3.26
Tangible book value per share	0.25	0.59	2.13	2.48	3.26

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	743.0	321.5	(21.9)	(32.4)	(47.7)
Net debt/total assets (%)	66.5	48.5	(16.1)	(23.9)	(36.6)
Current ratio (x)	4.8	2.1	2.2	2.4	3.3
CF interest cover (x)	1.7	7.6	(3.2)	21.7	43.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(140.6)	51.1	37.2	19.6	15.4
Recurring P/E @ target price (x) *	(218.8)	79.5	57.9	30.5	23.9
Reported P/E (x)	(129.6)	48.2	37.2	19.6	15.4
Dividend yield (%)	-	-	6.3	3.1	3.9
Price/book (x)	67.3	28.4	7.8	6.7	5.1
Price/tangible book (x)	67.3	28.4	7.8	6.7	5.1
EV/EBITDA (x) **	855.1	29.6	17.5	12.2	9.4
EV/EBITDA @ target price (x) **	1,283.9	44.4	27.5	19.3	15.2
EV/invested capital (x)	7.8	6.4	7.9	7.7	7.2

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

Sources: Smart Aviation Solutions; FSSIA estimates

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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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 rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">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>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

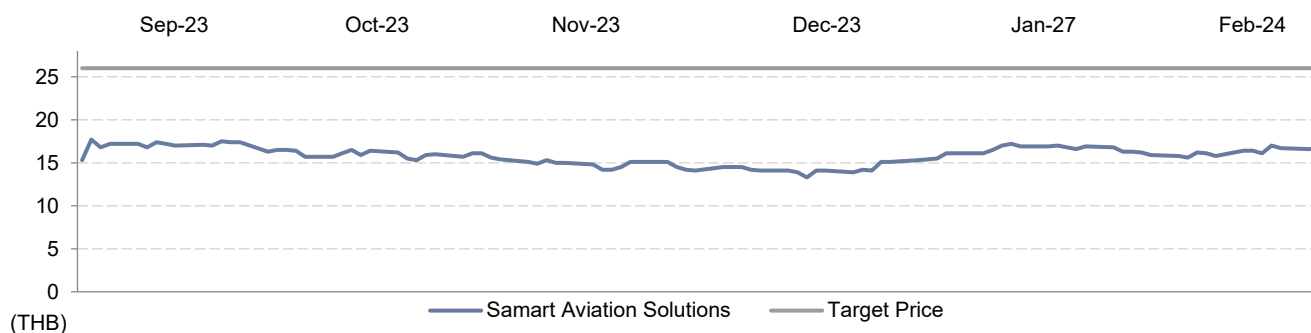
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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



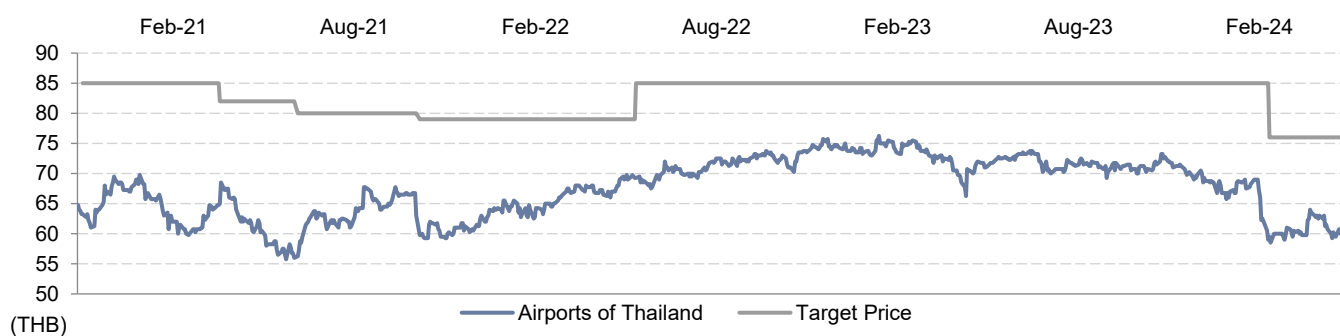
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Sep-2023	BUY	26.00	-	-	-	-	-	-

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 16.70	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 64.50	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 06-Feb-2024 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.