

AIRPORTS OF THAILAND

AOT TB

THAILAND / TRANSPORT & LOGISTICS

BUY

UNCHANGED

นักท่องเที่ยวชาวจีนฟื้นตัวอย่างรวดเร็ว

- AOT รายงานกำไรปกติ 1QFY24 (ต.ค. - ธ.ค. 2023) อยู่ที่ 4.6พัน ลบ. (เทียบกับ 3.6 พัน ลบ. ใน 4QFY23) ต่ำกว่าคาดจากค่าเสื่อมที่สูงกว่าคาด
- กำไรจะมี Momentum ดีต่อเนื่องใน 2QFY24 โดยตัวเลขนักท่องเที่ยวขาเข้าที่เพิ่มขึ้นทุก ๆ 1 ล้านคนจะทำให้กำไรปกติปี FY24E เพิ่มขึ้นได้ 5%
- คงคำแนะนำซื้อที่ราคาเป้าหมายปี FY24 ที่ 75 บาท (DCF)

TARGET PRICE	THB75.00
CLOSE	THB63.25
UP/DOWNSIDE	+18.6%
PRIOR TP	THB76.00
CHANGE IN TP	-1.3%
TP vs CONSENSUS	-0.9%

KEY STOCK DATA

YE Sep (THB m)	2023	2024E	2025E	2026E
Revenue	48,141	64,796	75,755	84,648
Net profit	8,791	19,480	27,869	34,177
EPS (THB)	0.62	1.36	1.95	2.39
vs Consensus (%)	-	97.4	22.7	15.5
EBITDA	23,230	38,037	48,460	56,808
Recurring net profit	9,247	19,480	27,869	34,177
Core EPS (THB)	0.65	1.36	1.95	2.39
Chg. In EPS est. (%)	-	(7.8)	(4.1)	(2.5)
EPS growth (%)	nm	110.7	43.1	22.6
Core P/E (x)	97.7	46.4	32.4	26.4
Dividend yield (%)	-	0.9	1.4	1.7
EV/EBITDA (x)	41.4	24.8	19.3	16.3
Price/book (x)	8.2	7.0	6.1	5.3
Net debt/Equity (%)	49.4	30.0	19.4	10.2
ROE (%)	8.7	16.2	20.0	21.4

กำไรปกติ 1QFY24 โต 28% q-q เป็น 4.6พัน ลบ.

กำไรปกติ 1QFY24 ต่ำกว่าที่ตลาดคาด 9% ส่วนมากจากค่าเสื่อมของ SAT-1 Terminal ที่สูงกว่าคาดและค่าใช้จ่ายด้านบุคลากร เมื่อรวมผลขาดทุนจำนวน 88 ลบ. จากการด้อยค่าของสินทรัพย์ กำไรสุทธิอยู่ที่ 4.6พัน ลบ. ในขณะที่รายได้โต 2% q-q เนื่องจากปริมาณผู้โดยสารทั้งในและต่างประเทศปรับตัวดีขึ้นเป็น 79% และ 83% ของระดับก่อนโควิด (เทียบกับ 80% และ 73% ใน 4QFY23) ซึ่งทำให้รายได้ค่าธรรมเนียมการใช้สนามบิน (PSC) โต 13% q-q รายได้ค่าสัมปทานกระโดดเพิ่ม 140% y-y แต่ลดลง 2% q-q จากการปรับสัญญาสัมปทานใน 4QFY23 ค่าใช้จ่ายเพิ่ม 20% y-y ส่วนมากจากค่าใช้จ่ายบุคลากรหลังบริษัทย่อย (AOTGA และ AOT Aviation Security) รับพนักงานเพิ่ม นอกจากนี้ค่าเสื่อมยังปรับขึ้น 22% q-q และ 27% y-y จาก SAT-1 Terminal ซึ่งเปิดให้บริการเมื่อวันที่ 28 ก.ย. อัตรากำไรจากการดำเนินงานปรับตัวดีขึ้นเป็น 42% (เทียบกับ 34% ใน 4QFY23) จากรายได้ที่โตดีและโบนัสประจำปีที่ยังคงอยู่ใน 4QFY23 ที่หายไป

คาดการณ์กำไรโต 20-30% q-q ใน 2QFY24

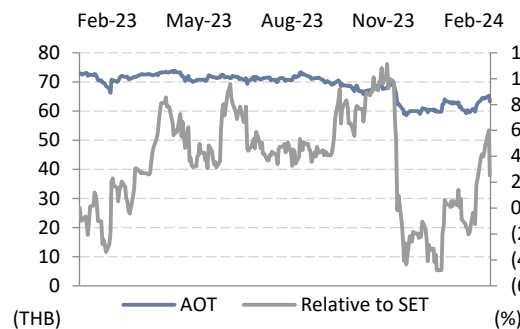
กำไรจะมี Momentum ที่ดีต่อเนื่องใน 2QFY24 (ม.ค. - มี.ค.) โดยได้ปัจจัยหนุนจากปริมาณผู้โดยสารต่างประเทศที่ฟื้นตัวดีโดยแตะ 82% ของระดับก่อนโควิดในเดือน ม.ค. และ 85% ในช่วงวันที่ 1-10 ก.พ. ตัวเลขดังกล่าวได้แรงหนุนจากตัวเลขนักท่องเที่ยวจีนรายสัปดาห์ซึ่งทำสถิติสูงสุดใหม่ 5 อาทิตย์ติดต่อกันที่ 125,000 คน/วันในช่วงวันที่ 5-11 ก.พ. ซึ่งเป็นระดับก่อนโควิด ด้วยเหตุดังกล่าวเราคาดว่ากำไรปกติจะกระโดดเพิ่มเป็น 5.6-6.0พัน ลบ. ใน 2QFY24

Upside จากตัวเลขนักท่องเที่ยวขาเข้าที่อยู่ในเกณฑ์ดีโดยเฉพาะชาวจีน

ถ้าแนวโน้มการฟื้นตัวดีต่อเนื่องหลังตรุษจีน เราคาดว่าตัวเลขประมาณการนักท่องเที่ยวขาเข้าชาวจีนในปี 2024 ของเราจะมี Upside จากตัวเลขปัจจุบันที่ 6 ล้าน (55% ของระดับก่อนโควิด) โดยอาจเพิ่มเป็น 8 ล้านซึ่งจะดันตัวเลขนักท่องเที่ยวขาเข้ารวมเป็น 37 ล้านจากตัวเลขปัจจุบันที่ 35 ล้าน ทั้งนี้การวิเคราะห์ความเป็นไปได้ของเราชี้ให้เห็นว่าตัวเลขนักท่องเที่ยวขาเข้าที่เพิ่มทุก ๆ 1 ล้านจะทำให้กำไรปกติของ AOT ในปี FY24 เพิ่มขึ้น 5%

ปรับลดประมาณการกำไรพร้อมโอกาสในการสะสมหุ้น

เราปรับลดประมาณการกำไรปกติปี FY24-26 ลง 3-8% เพื่อสะท้อนค่าเสื่อมที่สูงขึ้นของ SAT-1 (จาก 1.2พัน ลบ./ปีในประมาณการก่อนหน้านี้เป็น 2.4พัน ลบ.) และค่าเสื่อมของโครงการทางวิ่งเส้นที่ 3 ซึ่งมีกำหนดเปิดใช้ในเดือน ก.ค. 24 (0.6พัน ลบ./ปี) ซึ่งทำให้ได้ราคาเป้าหมายปี FY24 ที่ 75 บาท (DCF) AOT มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจโดยอยู่ที่ 32x ของค่า FY25E P/E (เทียบกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 44x) เราเชื่อว่าราคาหุ้นได้สะท้อนข่าวร้ายไปแล้วและแนะนำให้นักลงทุนสะสม AOT เพื่อจับกระแสการท่องเที่ยวไทยที่อยู่ในเกณฑ์ดีในปี 2024



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.4	(6.6)	(13.1)
Relative to country (%)	2.0	(7.0)	4.0
Mkt cap (USD m)	25,298		
3m avg. daily turnover (USD m)	58.9		
Free float (%)	30		
Major shareholder	Ministry of Finance (70%)		
12m high/low (THB)	74.25/58.00		
Issued shares (m)	14,285.70		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Fundamental Investment Analyst on Securities; License no. 080523
teerapol.udo@fssia.com, +66 2646 9969The Chairman of The Audit Committee and
Independent Director of Finansia Syrus Securities
PCL is also AOT's Chairman of Board of Directors.

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 14 กุมภาพันธ์ 2024

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 82% of the pre-Covid level in Jan-24. 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.

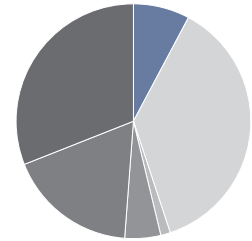
Company profile

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)

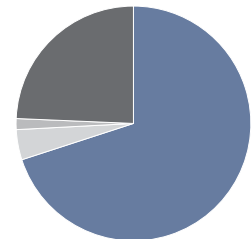
- Landing & parking - 7.8 %
- Passenger service - 37.1 %
- Aircraft service - 1.3 %
- Property rents - 4.9 %
- Service revenue - 17.8 %
- Concession revenue - 31.0 %



Source: Airports of Thailand

Major shareholders

- Ministry of Finance - 70.0 %
- Thai NVDR - 4.2 %
- South East Asia UK - 1.5 %
- Others - 24.3 %



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
May 2024	2QFY24 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

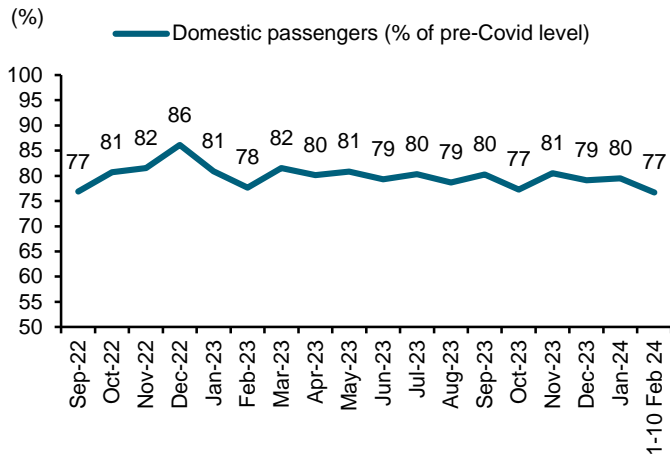
Source: FSSIA estimates

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.

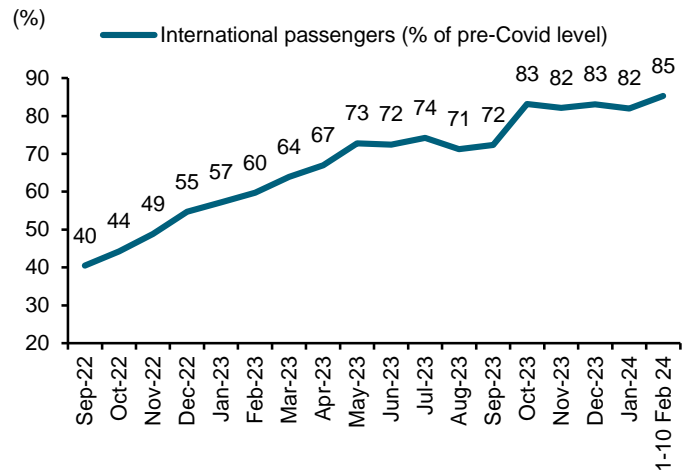
Source: FSSIA estimates

Exhibit 1: Domestic passenger volume vs pre-Covid level



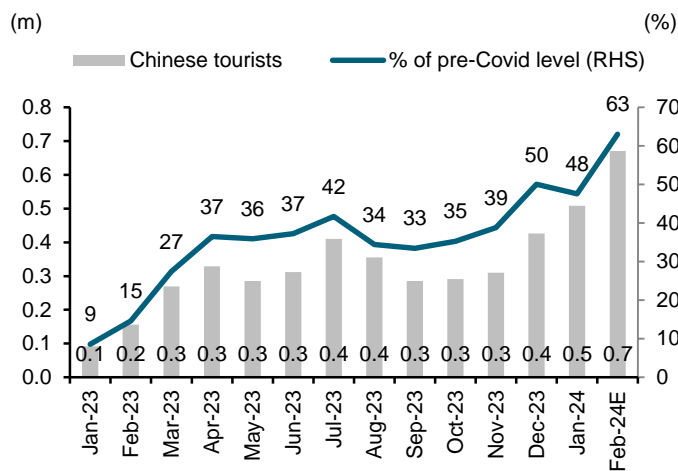
Source: AOT

Exhibit 2: International passenger volume vs pre-Covid level



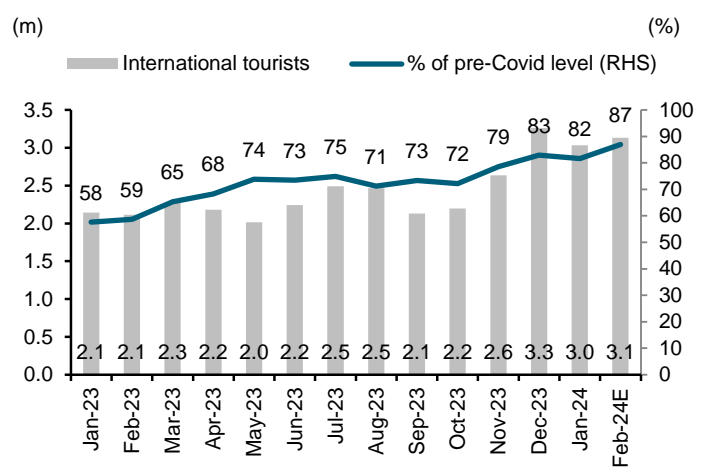
Source: AOT

Exhibit 3: Inbound Chinese tourist arrivals, monthly



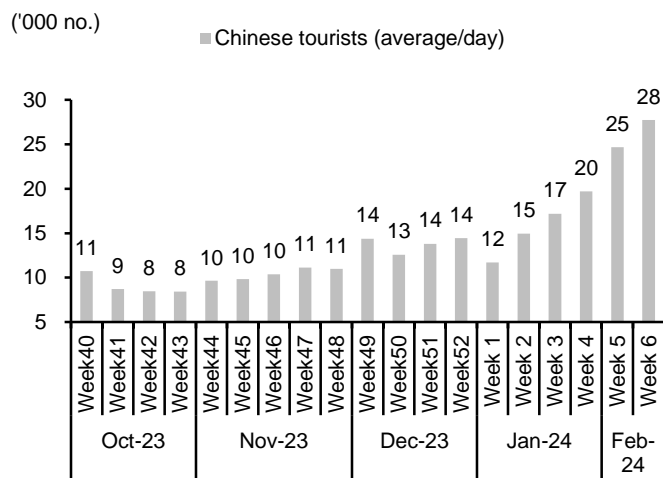
Source: Ministry of Tourism and Sports; FSSIA estimate

Exhibit 4: Inbound total tourist arrivals, monthly



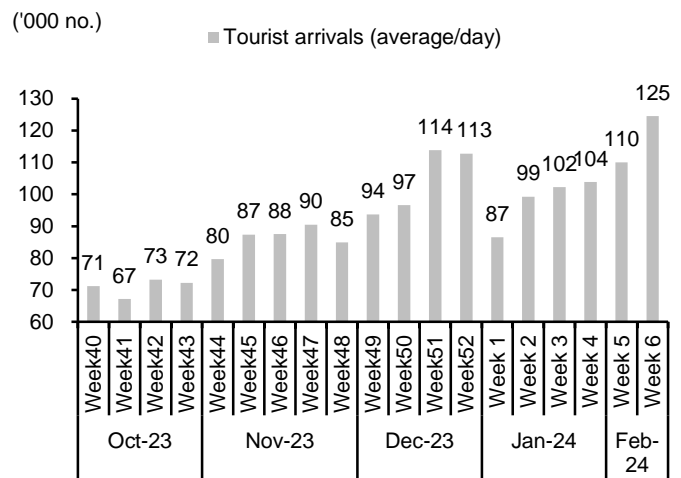
Source: Ministry of Tourism and Sports; FSSIA estimate

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

Exhibit 7: 1QFY24 results review

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	Change		FY24E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	8,824	11,001	12,954	15,362	15,708	2	78	64,796	35
Expense (Incl. depreciation)	(7,533)	(7,927)	(8,107)	(10,214)	(9,165)	(10)	22	(38,309)	13
Operating profit	1,291	3,074	4,847	5,148	6,543	27	407	26,487	84
Net other income	43	68	90	69	48	(31)	10	433	60
Interest income	5	5	7	7	15	114	202	38	60
Interest expense	(728)	(723)	(719)	(720)	(692)	(4)	(5)	(2,817)	(3)
Pretax profit	611	2,423	4,226	4,503	5,913	31	868	24,140	105
Income tax	(116)	(432)	(822)	(865)	(1,148)	33	894	(4,345)	94
Associates	(0)	(0)	(0)	(0)	(0)	73	256	(0)	
Minority interest	(59)	(71)	(151)	0	(119)	nm	101	(314)	12
Core profit	436	1,920	3,253	3,639	4,645	28	966	19,480	111
Extraordinaries	(70)	(65)	(141)	(161)	(81)			0	(100)
Forex gain/(loss)	(15)	8	99	(100)	(14)			0	(100)
Derivative gain/(loss)	(8)	(2)	(55)	54	13				
Reported net profit	343	1,861	3,156	3,432	4,563	33	1,231	19,480	122
Shares (end Q, m)	14,286	14,286	14,286	14,286	14,286	0	0	14,286	0
Core EPS (THB)	0.03	0.13	0.23	0.25	0.33	28	966	1.36	111
EPS (THB)	0.02	0.13	0.22	0.24	0.32	33	1,231	1.36	122
Expenses (excl. depreciation)	(5,310)	(5,761)	(5,937)	(7,903)	(6,346)	(20)	20	(26,759)	7
Depreciation	(2,223)	(2,166)	(2,170)	(2,311)	(2,819)	22	27	(11,550)	30
EBITDA	3,514	5,239	7,017	7,459	9,361	26	166	38,037	64
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)
Operating profit margin	15	28	37	34	42	8	27	41	11
EBITDA margin	40	48	54	49	60	11	20	59	10
Net profit margin	4	17	24	22	29	7	25	30	12
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
International pax growth	1,168	817	243	102	54				
Domestic pax growth	99	68	17	7	(0)				
Total pax growth	233	196	85	48	25				

Sources: AOT; FSSIA estimates

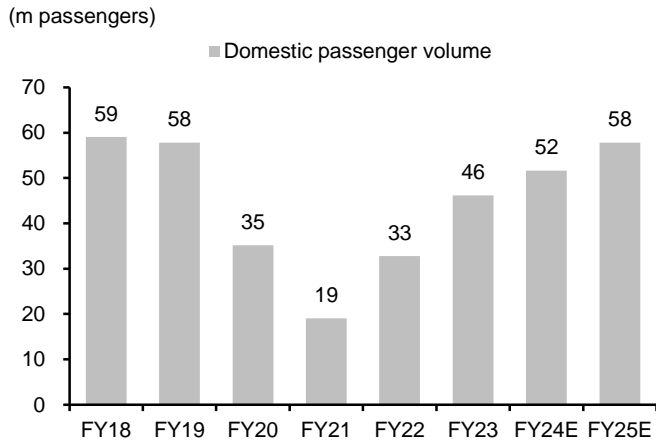
Exhibit 8: Forecast revisions

	Previous			Current			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
International Pax (m)	71.3	84.0	90.8	71.3	84.0	90.8	0.0	0.0	0.0
Domestic Pax (m)	51.7	57.8	61.3	51.7	57.8	61.3	0.0	0.0	0.0
Total Pax (m)	123.0	141.9	152.1	123.0	141.9	152.1	0.0	0.0	0.0
Revenue (THB b)	65.7	76.4	85.1	64.8	75.8	84.6	(1.3)	(0.8)	(0.6)
Operating profit margin (%)	43.4	49.9	53.9	40.9	48.4	52.9	(2.5)	(1.5)	(1.0)
Core profit (THB b)	21.1	29.1	35.1	19.5	27.9	34.2	(7.8)	(4.1)	(2.5)

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

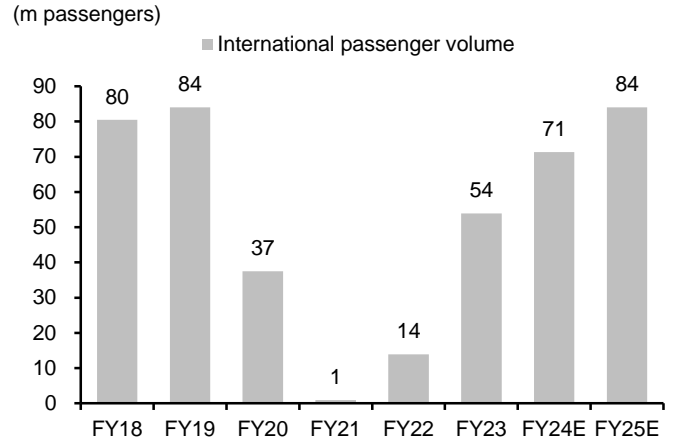
Source: FSSIA estimates

Exhibit 9: Domestic passenger volume



Source: AOT; FSSIA estimates

Exhibit 10: International passenger volume



Source: AOT; FSSIA estimates

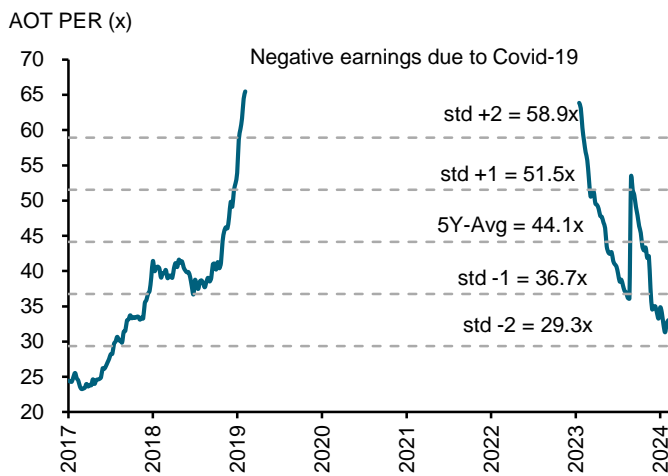
Exhibit 11: DCF/SoTP valuation

Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.9	Net cost of debt, Kd	2.8
Cost of equity, Ke	10.2	Weight applied	30.0
Weight applied	70.0		
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	667.3	46.7	WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3%
Cash & liquid assets	67.4	4.7	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	1,071.8	75.0	

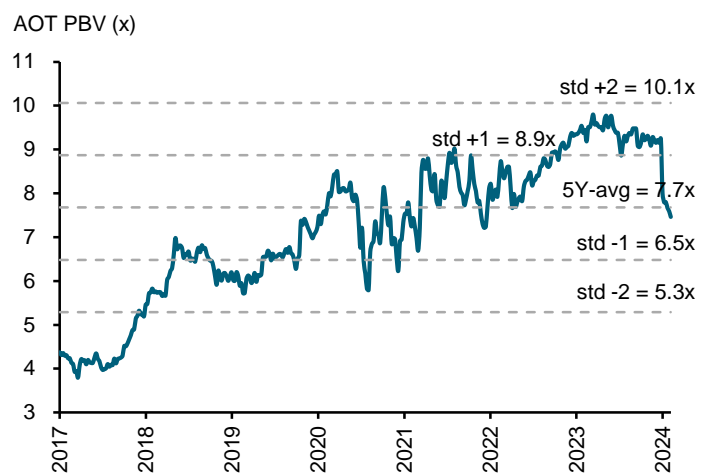
Source: FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 13 Feb 2024

Company	BBG	Rec	--- Share price ---		Market cap	3Y EPS CAGR	----- PE -----			--- ROE ---		--- PBV ----		---- EV/ EBITDA ----		
			Current (THB)	Target (THB)			23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)	25E (x)
Thailand																
Airports of Thailand*+	AOT TB	BUY	63.25	75.00	25,298	(240)	97.7	46.4	32.4	8.7	16.2	8.2	7.0	41.4	24.8	19.3
Malaysia																
Malaysia Airports	MAHB MK	n/a	7.90	NR	2,773	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	2.38	NR	1,406	(146)	n/a	27	7	(8.0)	3.3	0.7	0.6	45.0	8.8	8.8
Hainan Meilan Intl	357 HK	n/a	6.21	NR	425	(234)	60	7	4	2.2	9.3	0.7	0.6	7.5	5.0	5.0
Shanghai Intl Airport-A	600009 CH	n/a	35.30	NR	12,211	(199)	93	27	19	2.2	7.7	2.2	2.0	27	16.0	16.0
Guangzhou Baiyun Intl	600004 CH	n/a	10.19	NR	3,353	(206)	48.8	17.7	14.7	2.7	7.3	1.4	1.3	10.3	7.2	7.2
Shenzhen Airport -A	000089 CH	n/a	6.70	NR	1,910	(171)	42	31.3	22.8	3.4	3.9	1.2	1.2	14	12.7	12.7
Xiamen Int Airport -A	600897 CH	n/a	12.62	NR	731	(429)	13	10.4	8	10.5	12.2	1.3	1.2	4.5	3.8	3.8
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.62	NR	7,279	n/a	84	42.9	38.6	1.7	3.4	1.5	1.4	34.3	21.7	21.7
Japan																
Japan Airport Termi***	9706 JP	n/a	5,653	NR	3,501	(259)	n/a	8.4	30.1	3.4	8.4	3.4	3.3	33	11.7	11.7
Average					58,886	(236)	58.9	23.6	19.2	3.3	8.2	2.2	2.0	22.6	11.9	11.3

*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	64,796	75,755	84,648
Cost of goods sold	(26,891)	(33,782)	(38,309)	(39,124)	(39,840)
Gross profit	(10,331)	14,359	26,487	36,630	44,808
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
Operating EBITDA	(1,400)	23,230	38,037	48,460	56,808
Depreciation	(8,932)	(8,870)	(11,550)	(11,830)	(12,000)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(10,331)	14,359	26,487	36,630	44,808
Net financing costs	(2,882)	(2,867)	(2,780)	(2,252)	(2,080)
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	24,140	34,833	43,197
Tax	2,888	(2,235)	(4,345)	(6,618)	(8,639)
Profit after tax	(10,976)	9,072	19,795	28,215	34,557
Minority interests	(112)	(281)	(314)	(346)	(380)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(11,088)	8,791	19,480	27,869	34,177
Non-recurring items & goodwill (net)	915	457	0	0	0
Recurring net profit	(10,173)	9,247	19,480	27,869	34,177
Per share (THB)					
Recurring EPS *	(0.71)	0.65	1.36	1.95	2.39
Reported EPS	(0.78)	0.62	1.36	1.95	2.39
DPS	0.00	0.00	0.60	0.90	1.10
Diluted shares (used to calculate per share data)	14,286	14,286	14,286	14,286	14,286
Growth					
Revenue (%)	133.7	190.7	34.6	16.9	11.7
Operating EBITDA (%)	nm	nm	63.7	27.4	17.2
Operating EBIT (%)	nm	nm	84.5	38.3	22.3
Recurring EPS (%)	nm	nm	110.7	43.1	22.6
Reported EPS (%)	nm	nm	121.6	43.1	22.6
Operating performance					
Gross margin inc. depreciation (%)	(62.4)	29.8	40.9	48.4	52.9
Gross margin exc. depreciation (%)	(8.5)	48.3	58.7	64.0	67.1
Operating EBITDA margin (%)	(8.5)	48.3	58.7	64.0	67.1
Operating EBIT margin (%)	(62.4)	29.8	40.9	48.4	52.9
Net margin (%)	(61.4)	19.2	30.1	36.8	40.4
Effective tax rate (%)	22.3	19.0	18.0	19.0	20.0
Dividend payout on recurring profit (%)	-	-	44.0	46.1	46.0
Interest cover (X)	(3.5)	5.1	9.7	16.5	21.8
Inventory days	6.5	4.6	4.0	4.1	4.1
Debtor days	81.8	60.5	92.4	108.4	105.2
Creditor days	20.2	23.0	29.5	30.3	30.3
Operating ROIC (%)	(5.2)	7.5	13.4	17.5	20.0
ROIC (%)	(4.5)	6.9	12.4	16.2	18.6
ROE (%)	(9.5)	8.7	16.2	20.0	21.4
ROA (%)	(4.1)	6.2	9.6	11.0	12.5
* 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	19,480	27,869	34,177
Depreciation	8,932	8,870	11,550	11,830	12,000
Associates & minorities	-	-	-	-	-
Other non-cash items	(1,943)	2,906	314	346	380
Change in working capital	8,846	(5,892)	(4,574)	(1,304)	2,024
Cash flow from operations	5,662	15,132	26,771	38,741	48,581
Capex - maintenance	(8,182)	(12,546)	(11,000)	(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)	(11,000)	(20,000)	(24,000)
Dividends paid	(8)	(18)	0	(8,571)	(12,857)
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	(14,571)	(18,857)
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	61,329	4,169	5,724
Free cash flow to firm (FCFF)	404.45	5,198.87	18,588.81	21,412.27	27,106.52
Free cash flow to equity (FCFE)	(4,673.07)	2,311.55	61,329.45	12,740.82	18,581.07
Per share (THB)					
FCFF per share	0.03	0.36	1.30	1.50	1.90
FCFE per share	(0.33)	0.16	4.29	0.89	1.30
Recurring cash flow per share	(0.22)	1.47	2.19	2.80	3.26
Balance Sheet (THB m) Year Ending Sep					
Tangible fixed assets (gross)	290,774	302,942	313,942	333,942	357,942
Less: Accumulated depreciation	(133,776)	(142,269)	(153,819)	(165,649)	(177,649)
Tangible fixed assets (net)	156,998	160,673	160,123	168,292	180,292
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	67,420	71,590	77,314
A/C receivable	3,785	12,184	20,607	24,395	24,395
Inventories	338	285	306	312	319
Other current assets	556	454	611	714	798
Current assets	8,476	19,014	88,945	97,012	102,826
Other assets	17,645	14,952	14,952	14,952	14,952
Total assets	183,813	195,611	264,992	281,228	299,042
Common equity	101,324	110,465	129,945	149,242	170,562
Minorities etc.	1,195	1,713	2,028	2,374	2,754
Total shareholders' equity	102,519	112,178	131,973	151,616	173,316
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	2,241	2,286	2,332
Short term debt	3,566	10,011	6,197	6,197	6,197
Other current liabilities	9,873	11,195	15,068	17,616	19,685
Current liabilities	14,495	23,293	23,506	26,099	28,213
Total liabilities and shareholders' equity	183,813	195,611	264,992	281,228	299,042
Net working capital	(6,251)	(358)	4,215	5,519	3,496
Invested capital	169,086	176,239	180,262	189,736	199,712
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	7.09	7.73	9.10	10.45	11.94
Tangible book value per share	7.09	7.73	9.10	10.45	11.94
Financial strength					
Net debt/equity (%)	56.3	49.4	30.0	19.4	10.2
Net debt/total assets (%)	31.4	28.3	14.9	10.5	5.9
Current ratio (x)	0.6	0.8	3.8	3.7	3.6
CF interest cover (x)	(0.6)	1.8	23.1	6.7	9.9
Valuation					
Recurring P/E (x) *	(88.8)	97.7	46.4	32.4	26.4
Recurring P/E @ target price (x) *	(105.3)	115.9	55.0	38.4	31.3
Reported P/E (x)	(81.5)	102.8	46.4	32.4	26.4
Dividend yield (%)	-	-	0.9	1.4	1.7
Price/book (x)	8.9	8.2	7.0	6.1	5.3
Price/tangible book (x)	8.9	8.2	7.0	6.1	5.3
EV/EBITDA (x) **	(687.7)	41.4	24.8	19.3	16.3
EV/EBITDA @ target price (x) **	(807.6)	48.6	29.3	22.8	19.2
EV/invested capital (x)	5.7	5.5	5.2	4.9	4.6
* 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 15: 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 16: 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 17: 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 18: 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 Sustainability	The Sustainability's 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"> <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"> <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	
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																			
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

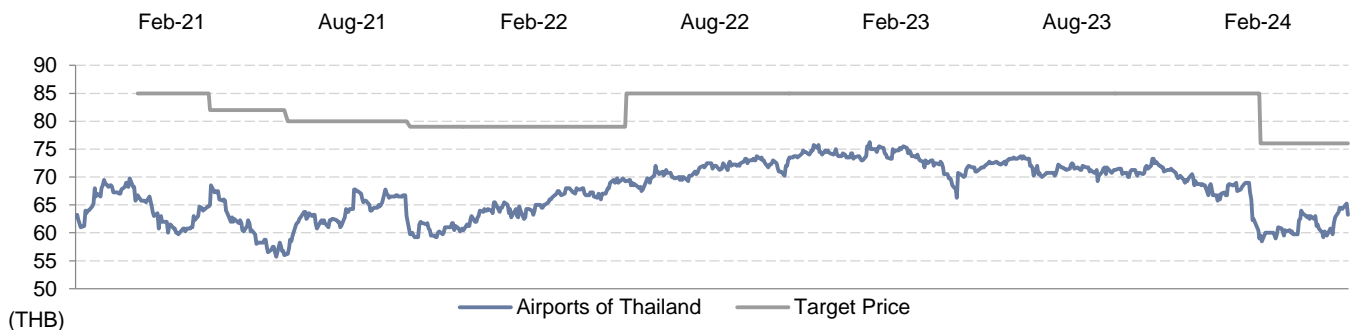
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

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

History of change in investment rating and/or target price

Airports of Thailand (AOT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Apr-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
Airports of Thailand	AOT TB	THB 63.25	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 13-Feb-2024 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.