

SAMART AVIATION SOLUTIONS

THAILAND / TRANSPORT & LOGISTICS

SAV TB

BUY

UNCHANGED

TARGET PRICE	THB25.00
CLOSE	THB18.30
UP/DOWNSIDE	+36.6%
PRIOR TP	THB26.00
CHANGE IN TP	-3.8%
TP vs CONSENSUS	+3.1%

Smooth flying in 1Q24

- Expect net profit to triple and hit a new post-pandemic high of THB93m in 1Q24 (vs THB31m in 1Q23).
- AirAsia Cambodia will start operation in May 2024 and could significantly increase Cambodia's domestic flight volume.
- Maintain BUY with a 2024 DCF-derived TP of THB25/shr.

Expect 1Q24 total flight volume to grow 10% y-y

International landing and take-off volumes should grow 15-20% y-y (50-55% of pre-Covid) due to higher tourist arrivals in Cambodia. Overflight volume should increase by 5-10% y-y (90-95% of pre-Covid), led by higher tourist arrivals in Vietnam. Revenue should soar by 15-20% y-y due to higher flight volume and positive currency translation (after THB depreciated against USD). Overall, we expect core profit without withholding tax (WHT) to jump 36% y-y to THB108m. SAV should book WHT of THB14-16m in 1Q24 (vs THB47m in 1Q23), leading earnings to surge 204% to THB93m.

AirAsia Cambodia to boost domestic traffic demand

AirAsia Cambodia will start domestic flight operations on 2 May 2024 with two A320 aircraft. It will operate up to 8 daily flights between Phnom Penh, Siem Reap, and Sihanoukville. For SAV, domestic landing and take-off is the slowest recovery segment as it has recovered to only 40% of its pre-Covid level in 2023. We estimate AirAsia Cambodia would lift domestic flight volume by 80-90%, given that Cambodia Angkor Air is the sole domestic operator in Cambodia right now, with only two daily flights between Phnom Penh and Siem Reap and one daily flight between Sihanoukville and Siem Reap, according to [FlightGlobal](#).

Expect 2024 core profit to jump by 56%

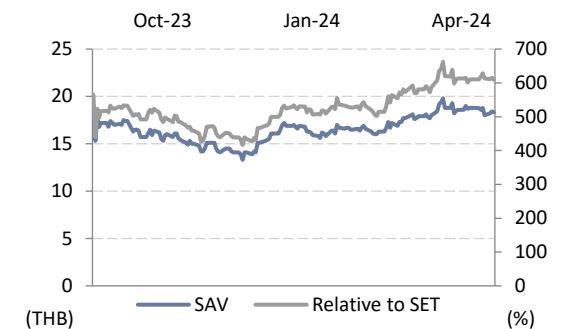
We forecast 2024 core profit to surge by 56% to THB436m, driven by a 20% increase in flight volume to 111k flights (83% of pre-Covid flights of 134k). In addition, interest expenses should significantly reduce from THB69m in 2023 to only THB2-4m after SAV repaid its long-term loan with IPO proceeds. We expect flight volume to reach pre-Covid in 2025, leading core profit to jump to THB568m, surpassing pre-Covid profit of THB499m.

Revise down core profit

We decreased our 2024-26E core profit without WHT by 2-12% to reflect a slower-than-expected recovery in landing and take-off volume. We also increased our WHT expenses assumption to THB60-65m per year (from THB20-24 per year) as we believe SAV would bring more cash from CATS (an operating company in Cambodia) to prepare for new investment in air navigation services in Laos, which may have development by 2Q24. We derived a new 2024E DCF-TP of THB25/shr.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,644	1,857	2,215	2,475
Net profit	272	436	570	675
EPS (THB)	0.42	0.68	0.89	1.05
vs Consensus (%)	-	(13.4)	(11.9)	(2.8)
EBITDA	579	706	892	1,029
Recurring net profit	280	436	570	675
Core EPS (THB)	0.44	0.68	0.89	1.05
Chg. In EPS est. (%)	nm	(20.0)	(18.1)	nm
EPS growth (%)	33.8	55.8	30.6	18.5
Core P/E (x)	41.8	26.9	20.6	17.4
Dividend yield (%)	4.1	2.2	2.9	3.5
EV/EBITDA (x)	19.6	15.8	12.0	10.0
Price/book (x)	9.2	7.4	5.8	5.0
Net debt/Equity (%)	(27.4)	(37.5)	(49.5)	(59.4)
ROE (%)	34.7	30.5	31.6	30.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.7	13.0	n/a
Relative to country (%)	3.2	14.6	n/a
Mkt cap (USD m)			316
3m avg. daily turnover (USD m)			1.6
Free float (%)			25
Major shareholder	Samart U-trans Co., Ltd. (60%)		
12m high/low (THB)	19.80/13.00		
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 flight volume to surpass its pre-Covid level by 2025, 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.

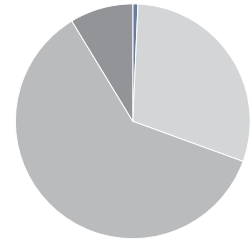
Company profile

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, 2023)

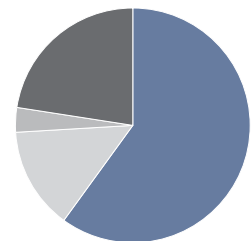
- Landing and Take-off - Domestic - 0.7 %
- Landing and Take-off - International - 29.9 %
- Overflight - 60.7 %
- Concession income - 8.7 %



Source: Samart Aviation Solutions

Major shareholders

- Samart U-trans Co., Ltd. - 60.0 %
- Samart Inter-holding Ltd. - 14.1 %
- Mrs. Charunee Chinwongvorakul - 3.4 %
- Others - 22.6 %



Source: Samart Aviation Solutions

Catalysts

Key potential growth drivers include 1) a faster recovery in flight volume in line with 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
May 2024	1Q24 results announcement

Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Domestic flight volume growth	10.0	59.1	30.0
International flight volume growth	17.8	33.3	12.0
Overflight volume growth	21.1	9.5	8.0
Total flight growth	19.5	18.4	10.9
THB/USD	36.00	36.00	36.00

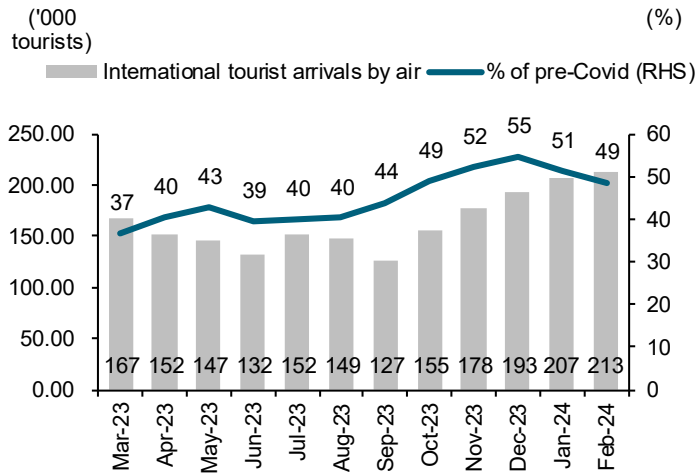
Source: FSSIA estimates

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.

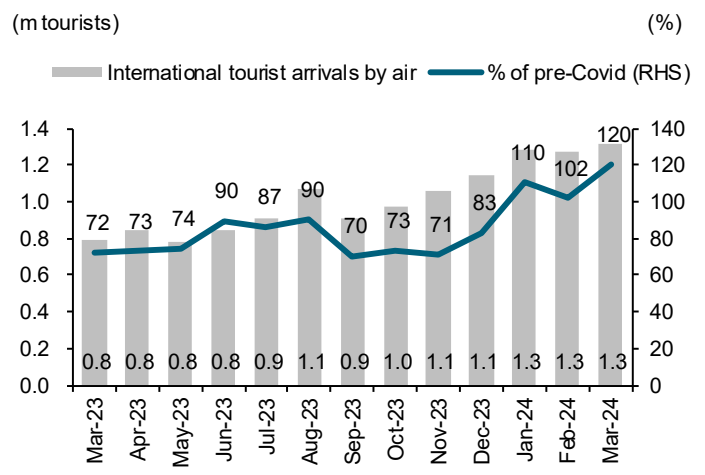
Source: FSSIA estimates

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



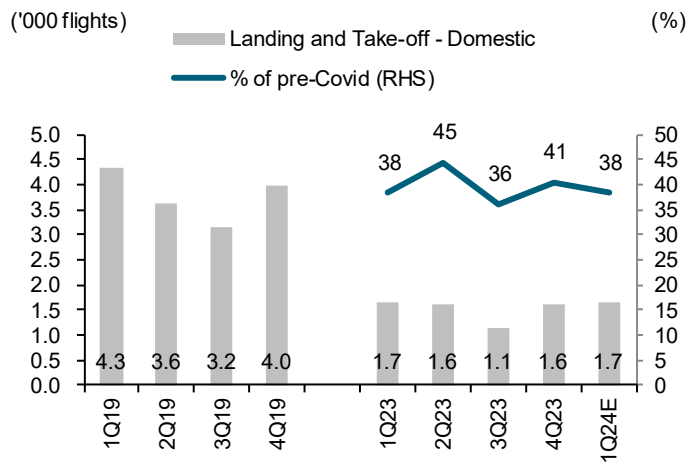
Note: Excludes tourist arrivals by land and sea
Sources: Cambodia's Ministry of Tourism

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



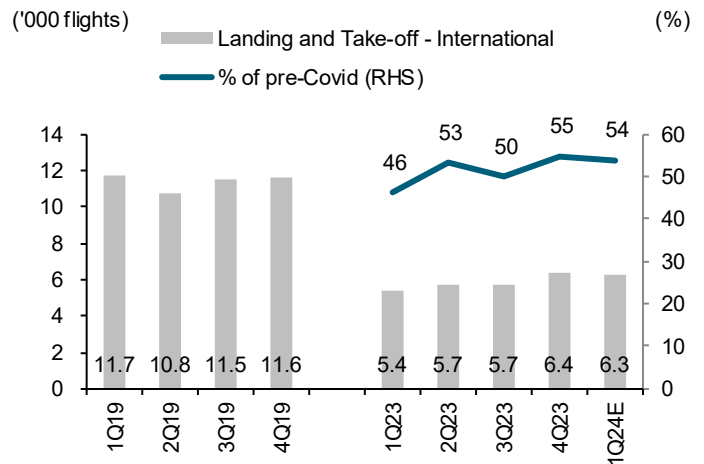
Note: Excludes tourist arrivals by land and sea
Sources: Vietnam National Administration of Tourism, Ministry of Culture, Sports & Tourism

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



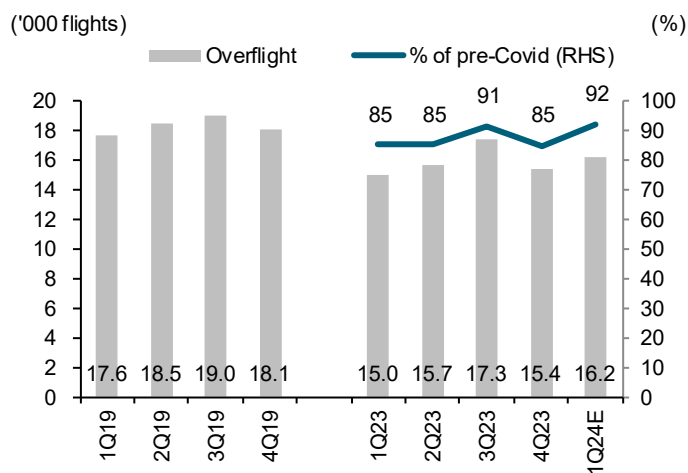
Sources: SAV; FSSIA estimates

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



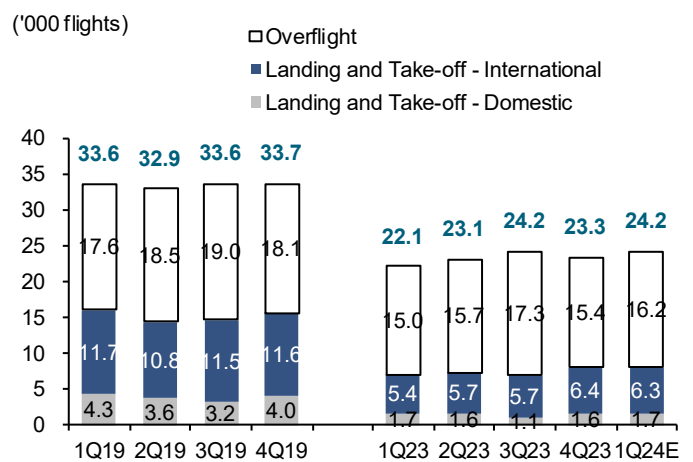
Sources: SAV; FSSIA estimates

Exhibit 5: Overflight volume, quarterly



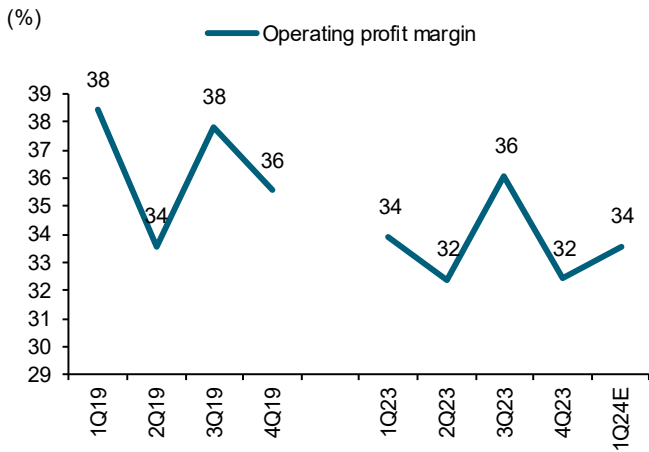
Sources: SAV; FSSIA estimates

Exhibit 6: Total flight volume, quarterly



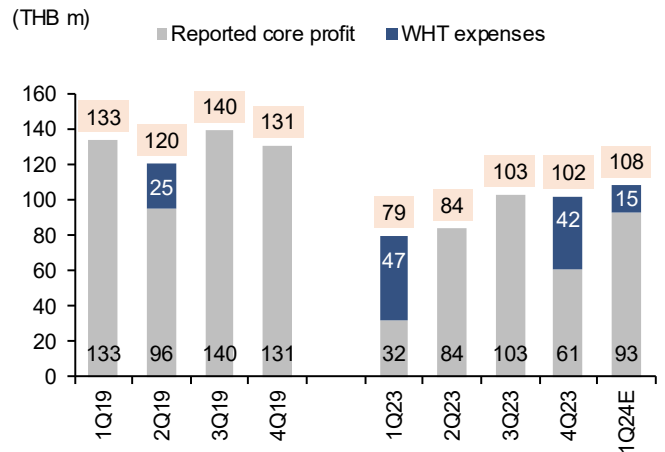
Sources: SAV; FSSIA estimates

Exhibit 7: Operating profit margin



Sources: SAV; FSSIA estimates

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



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

Exhibit 9: Flight schedule of AirAsia Cambodia

Route	Flight No	Departure	Arrival	Frequency
Phnom Penh - Siem Reap	KT 102	7:40	8:30	Daily
Siem Reap - Sihanoukville	KT 212	9:15	10:15	
Sihanoukville - Siem Reap	KT 213	10:50	11:50	
Siem Reap - Phnom Penh	KT 103	12:35	13:30	
Phnom Penh - Siem Reap	KT 104	15:50	16:40	
Siem Reap - Sihanoukville	KT 214	17:15	18:15	
Sihanoukville - Siem Reap	KT 215	18:50	19:50	
Siem Reap - Phnom Penh	KT 105	20:35	21:35	

Source: [AirAsia](https://www.airasia.com)

Exhibit 10: SAV - 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	341	368	401	534	404	(24)	18	1,857	13
- Service income	341	368	401	391	404	3	18		
- Concession revenue	0	0	0	143	0				
COGS (Incl. depreciation)	(164)	(176)	(187)	(338)	(197)	(42)	21	(941)	9
Gross Profit	177	192	214	196	206	5	16	916	18
SG&A	(66)	(65)	(67)	(67)	(69)	4	5	(280)	6
Operating Profit	112	127	146	129	138	6	23	636	24
Other income	8	4	7	3	3	0	(68)	14	(36)
Other expenses	(49)	(2)	(2)	(44)	(17)	(61)	(66)	(68)	(29)
Withholding tax (WHT)	(47)	0	0	(42)	(15)	(64)	(68)	(60)	(32)
Other	(2)	(2)	(2)	(3)	(2)	(22)	(13)	(8)	0
Interest expense	(24)	(21)	(20)	(4)	(2)	(51)	(92)	(2)	(98)
Pretax profit	47	109	131	84	121	45	160	580	57
Income Tax	(14)	(25)	(28)	(23)	(28)	21	97	(144)	59
Associates	0	0	0	0	0			0	
Minority interest	0	0	0	0	0			0	
Core profit	32	84	103	61	93	53	187	436	56
Core profit without WHT	79	84	103	102	108	6	36	496	35
Extraordinaries, GW & FX	(2)	(0)	(12)	6	0			0	
FX gain/loss	(2)	(1)	(12)	6				0	
Others	0	1	(1)	0				0	
Reported net profit	31	83	91	67	93	40	204	436	61
Shares out (end Q, m)	640	640	640	640	640	0	0	640	0
Core EPS	0.05	0.13	0.16	0.09	0.15	53	187	0.68	56
EPS	0.05	0.13	0.14	0.10	0.15	40	204	0.68	61
COGS (Excl. depreciation)	(145)	(163)	(172)	(321)	(180)	(44)	24	(872)	9
Depreciation	(19)	(14)	(15)	(17)	(17)	(2)	(9)	(70)	8
EBITDA	139	145	168	149	157	5	13	446	(27)

Key ratios			(ppt)	(ppt)	(ppt)				
Gross margin (%)	52	52	53	50	51	1	(1)	49	2
SG&A/Revenue (%)	19	18	17	17	35	18	16	30	(1)
EBITDA margin (%)	41	39	42	38	39	1	(2)	69	3
Net profit margin (%)	9	23	23	17	23	6	14	(5)	3
Operating stats									
Landing and Take-off - Domestic ('000 flight)	1.7	1.6	1.1	1.6	1.7			6.6	
Landing and Take-off - International ('000 flights)	5.4	5.7	5.7	6.4	6.3			27.4	
Overflight ('000 flights)	15.0	15.7	17.3	15.4	16.2			76.8	
Total ('000 flights)	22.1	23.1	24.2	23.3	24.2			110.8	

Sources: SAV; FSSIA estimates

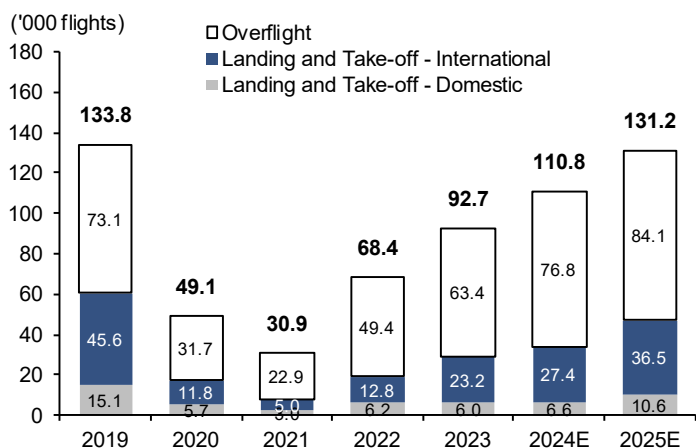
Exhibit 11: Forecast revisions

	----- Previous -----			----- Current -----			----- Change (%) -----		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Landing and Take-off - Domestic ('000 flights)	6.6	10.6	13.7	9.1	15.1	15.8	(26.7)	(30.0)	(13.3)
Landing and Take-off - International ('000 flights)	27.4	36.5	40.9	36.5	50.2	53.2	(25.0)	(27.3)	(23.2)
Overflight ('000 flights)	76.8	84.1	90.8	79.7	84.1	88.0	(3.7)	0.0	3.2
Revenue (THB b)	1.9	2.2	2.5	2.0	2.4	2.5	(8.0)	(8.1)	(1.0)
WHT expenses (THB m)	60	65	65	20	23	24	200	183	171
EBITDA margin (%)	38.0	40.3	41.6	41.4	42.6	43.1	(3.4)	(2.4)	(1.5)
Core profit without WHT (THB b)	496	635	740	565	719	754	(12.2)	(11.7)	(1.9)
Core profit (THB b)	436	570	675	545	696	730	(20.0)	(18.1)	(7.6)

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

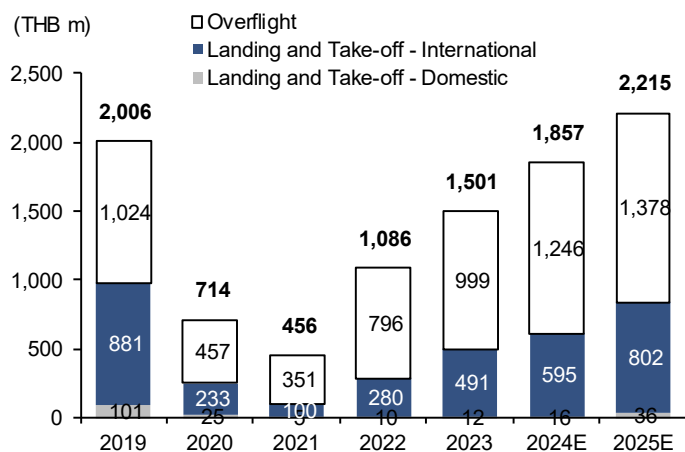
Sources: SAV; FSSIA estimates

Exhibit 12: Flight volume forecast



Sources: SAV; FSSIA estimates

Exhibit 13: Revenue forecast



Note: Excludes concession revenue
Sources: SAV; FSSIA estimates

Exhibit 14: 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			
Cost of equity, Ke		8.7	Net cost of debt, Kd		4.8
Weight applied		100.0	Weight applied		0.0
WACC		8.2			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		15.4	24.1	WACC 8.6%, Risk free rate 3%, Risk premium 8%	
Terminal value		0.0	0.0	Terminal growth 2.5%	
Cash & liquid assets		0.6	0.9	At end-2024E	
Investments		0.0	0.0	At end-2024E	
Debt		0.0	0.0	At end-2024E	
Minorities		0.0	0.0	At end-2024E	
Residual ordinary equity		16.0	25.0		

Source: FSSIA estimates

Exhibit 15: Airport sector peer comparisons as of 24 Apr 2024

Company	BBG	Rec	--- Share price ---		Market cap (USD m)	3Y EPS CAGR (%)	----- PE -----			---- ROE ----		---- PBV ----		----- EV/ EBITDA -----		
			Current (THB)	Target (THB)			24E (x)	25E (x)	26E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)	26E (x)
Thailand																
Airports of Thailand**	AOT TB	BUY	64.75	75.00	24,991	55	47.5	33.2	32.4	16.2	20.0	7.1	6.2	41.4	24.8	19.3
Malaysia																
Malaysia Airports	MAHB MK	n/a	10.00	NR	3,492	22	41	22	19	5.8	9.7	2.3	2.2	9.9	7.6	7.6
China																
Beijing Capital Intl -A	694 HK	n/a	2.43	NR	1,421	(139)	n/a	98	15	(7.9)	0.2	0.7	0.7	50.2	10.9	10.9
Hainan Meilan Intl	357 HK	n/a	7.32	NR	442	(223)	n/a	12	6	0.3	6.4	0.7	0.7	5.0	4.2	4.2
Shanghai Intl Airport-A	600009 CH	n/a	36.48	NR	12,528	49	95	29	22	2.3	6.7	2.2	2.1	28	16.3	16.3
Guangzhou Baiyun Intl	600004 CH	n/a	10.31	NR	3,367	(204)	50.5	18.4	15.0	2.5	7.1	1.4	1.3	10.3	7.5	7.5
Shenzhen Airport -A	000089 CH	n/a	6.80	NR	1,925	223	42	30.5	20.4	3.7	4.3	1.3	1.2	14	12.7	12.7
Xiamen Int Airport -A	600897 CH	n/a	13.80	NR	794	(422)	15	12.2	9	9.5	11.4	1.4	1.3	5.5	4.6	4.6
Australia																
Auckland Intl Airport**	AIA AU	n/a	7.21	NR	6,938	n/a	82	41.8	38.2	1.7	3.2	1.4	1.4	34.7	22.5	22.5
Japan																
Japan Airport Termi***	9706 JP	n/a	5,500	NR	3,306	(261)	n/a	10.4	27.4	3.3	10.4	3.3	3.2	33	11.3	11.3
Average					59,205	161	53.4	30.7	20.3	3.7	7.9	2.2	2.0	23.2	12.2	11.7

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

Exhibit 16: ANSP peer comparisons as of 24 Apr 2024

Company	BBG	Rec	--- Share price ---		Market Cap (USD m)	3Y EPS CAGR (%)	----- PE -----			---- ROE ----		---- PBV ----		----- EV/ EBITDA -----		
			Current (THB)	Target (THB)			24E (x)	25E (x)	26E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)	26E (x)
Thailand																
Smart Aviation Solutions	SAV TB	BUY	18.30	25.00	316	34	26.9	20.6	17.4	30.5	31.6	7.4	5.8	15.8	12.0	10.0
Italy																
Enav SpA	ENAV IM	NR	3.85	NR	2,224	3	19.2	16.5	14.9	9.2	10.5	1.7	1.7	8.3	7.6	7.6
Average					2,540	25	23.0	18.5	16.1	19.8	21.0	4.6	3.8	12.0	9.8	8.8

Sources: Bloomberg; FSSIA estimates

Financial Statements

Samart Aviation Solutions

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,218	1,644	1,857	2,215	2,475
Cost of goods sold	(688)	(866)	(941)	(1,107)	(1,221)
Gross profit	530	779	916	1,109	1,254
Other operating income	-	-	-	-	-
Operating costs	(237)	(264)	(280)	(291)	(303)
Operating EBITDA	361	579	706	892	1,029
Depreciation	(68)	(64)	(70)	(75)	(78)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	293	515	636	818	951
Net financing costs	(54)	(148)	(60)	(65)	(58)
Associates	-	-	-	-	-
Recurring non-operating income	2	3	4	4	4
Non-recurring items	11	(8)	0	0	0
Profit before tax	253	362	580	757	897
Tax	(54)	(90)	(144)	(188)	(223)
Profit after tax	200	272	436	570	675
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	200	272	436	570	675
Non-recurring items & goodwill (net)	(11)	8	0	0	0
Recurring net profit	188	280	436	570	675
Per share (THB)					
Recurring EPS *	0.33	0.44	0.68	0.89	1.05
Reported EPS	0.35	0.42	0.68	0.89	1.05
DPS	0.00	0.75	0.41	0.53	0.63
Diluted shares (used to calculate per share data)	576	640	640	640	640
Growth					
Revenue (%)	167.2	35.0	12.9	19.3	11.7
Operating EBITDA (%)	1,770.3	60.2	21.9	26.4	15.4
Operating EBIT (%)	nm	75.6	23.5	28.6	16.4
Recurring EPS (%)	nm	33.8	55.8	30.6	18.5
Reported EPS (%)	nm	22.5	60.6	30.6	18.5
Operating performance					
Gross margin inc. depreciation (%)	43.5	47.4	49.3	50.0	50.7
Gross margin exc. depreciation (%)	49.1	51.3	53.1	53.4	53.8
Operating EBITDA margin (%)	29.7	35.2	38.0	40.3	41.6
Operating EBIT margin (%)	24.1	31.3	34.2	36.9	38.4
Net margin (%)	15.5	17.0	23.5	25.7	27.3
Effective tax rate (%)	17.7	10.0	0.0	12.0	12.0
Dividend payout on recurring profit (%)	-	171.5	60.0	60.0	60.0
Interest cover (X)	5.5	3.5	10.7	12.7	16.3
Inventory days	-	-	-	-	-
Debtor days	34.9	36.4	31.9	26.3	23.1
Creditor days	78.1	91.4	96.6	92.8	95.8
Operating ROIC (%)	18.3	37.5	59.7	64.7	76.4
ROIC (%)	16.0	34.4	60.1	65.0	76.8
ROE (%)	78.1	34.7	30.5	31.6	30.9
ROA (%)	12.1	20.0	25.2	27.2	26.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Landing and Take-off - Domestic	10	12	16	36	65
Landing and Take-off - International	280	491	595	802	907
Overflight	796	999	1,246	1,378	1,503
Concession income	131	143	0	0	0

Sources: Samart Aviation Solutions; FSSIA estimates

Financial Statements

Smart Aviation Solutions

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	188	280	436	570	675
Depreciation	68	64	70	75	78
Associates & minorities	0	0	0	0	0
Other non-cash items	7	97	68	73	73
Change in working capital	(165)	536	28	57	41
Cash flow from operations	99	977	602	774	867
Capex - maintenance	-	-	-	-	-
Capex - new investment	(144)	(193)	(162)	(162)	(54)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	18	0	(68)	(73)	(73)
Cash flow from investing	(126)	(193)	(230)	(235)	(127)
Dividends paid	0	(480)	(128)	(134)	(342)
Equity finance	(2)	1,145	0	0	0
Debt finance	239	(1,259)	(170)	0	0
Other financing cash flows	0	(9)	0	0	0
Cash flow from financing	236	(603)	(298)	(134)	(342)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	210	182	73	405	398
Free cash flow to firm (FCFF)	29.35	853.81	372.93	538.99	739.38
Free cash flow to equity (FCFE)	212.49	(483.45)	200.90	538.99	739.38

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	0.05	1.33	0.58	0.84	1.16
FCFE per share	0.33	(0.76)	0.31	0.84	1.16
Recurring cash flow per share	0.46	0.69	0.90	1.12	1.29

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	2,006	2,188	2,350	2,512	2,566
Less: Accumulated depreciation	(999)	(1,052)	(1,122)	(1,197)	(1,274)
Tangible fixed assets (net)	1,007	1,136	1,228	1,316	1,292
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	240	0	0	0	0
Cash & equivalents	339	520	593	999	1,396
A/C receivable	165	163	161	158	155
Inventories	0	0	0	0	0
Other current assets	496	62	70	83	93
Current assets	1,000	745	824	1,240	1,645
Other assets	2	0	0	0	0
Total assets	2,249	1,881	2,052	2,556	2,936
Common equity	339	1,276	1,584	2,020	2,353
Minorities etc.	0	0	0	0	0
Total shareholders' equity	339	1,276	1,584	2,020	2,353
Long term debt	1,171	170	0	0	0
Other long-term liabilities	252	107	107	107	107
Long-term liabilities	1,423	277	107	107	107
A/C payable	180	221	240	285	315
Short term debt	259	0	0	0	0
Other current liabilities	48	108	121	145	162
Current liabilities	487	328	362	429	477
Total liabilities and shareholders' equity	2,249	1,881	2,052	2,556	2,936
Net working capital	433	(104)	(131)	(188)	(229)
Invested capital	1,682	1,032	1,097	1,128	1,063

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	0.59	1.99	2.47	3.16	3.68
Tangible book value per share	0.59	1.99	2.47	3.16	3.68

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	321.5	(27.4)	(37.5)	(49.5)	(59.4)
Net debt/total assets (%)	48.5	(18.6)	(28.9)	(39.1)	(47.6)
Current ratio (x)	2.1	2.3	2.3	2.9	3.4
CF interest cover (x)	7.6	(1.0)	7.1	11.9	14.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	56.0	41.8	26.9	20.6	17.4
Recurring P/E @ target price (x) *	76.5	57.2	36.7	28.1	23.7
Reported P/E (x)	52.8	43.1	26.9	20.6	17.4
Dividend yield (%)	-	4.1	2.2	2.9	3.5
Price/book (x)	31.1	9.2	7.4	5.8	5.0
Price/tangible book (x)	31.1	9.2	7.4	5.8	5.0
EV/EBITDA (x) **	32.2	19.6	15.8	12.0	10.0
EV/EBITDA @ target price (x) **	42.9	27.0	21.8	16.8	14.2
EV/invested capital (x)	6.9	11.0	10.1	9.5	9.7

* 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

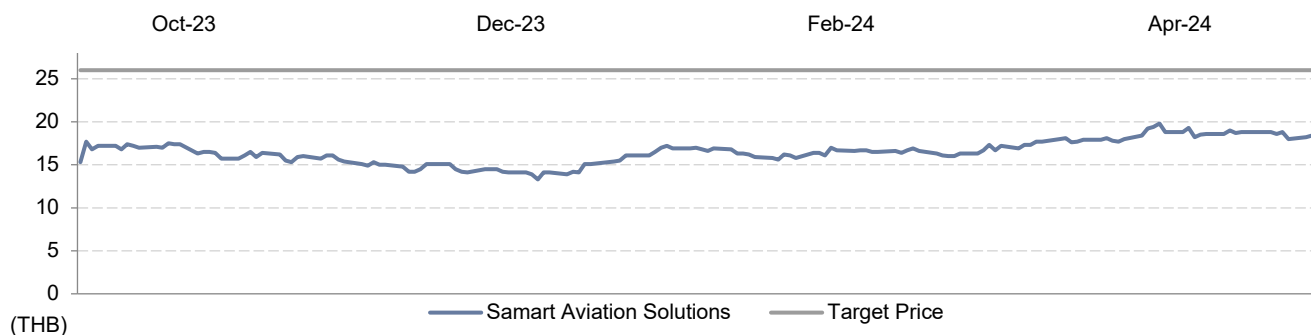
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History of change in investment rating and/or target price

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

Company	Ticker	Price	Rating	Valuation & Risks
Smart Aviation Solutions	SAV TB	THB 18.30	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.

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 24-Apr-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.