

## AIRPORTS OF THAILAND

THAILAND / TRANSPORT &amp; LOGISTICS

## AOT TB

BUY

UNCHANGED

## Overhang removed, ready to take off

- Lower minimum guarantee (MG) from cessation of inbound duty-free shops; to impact FY25E core profit by 6%.
- Expect 3QFY24 core profit to grow 44% y-y to THB4.7b.
- Maintain BUY with a lower FY24 DCF-based TP of THB65/shr. Share price has reflected all negative news.

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB65.00 |
| CLOSE           | THB56.50 |
| UP/DOWNSIDE     | +15.0%   |
| PRIOR TP        | THB70.00 |
| CHANGE IN TP    | -7.1%    |
| TP vs CONSENSUS | -5.8%    |

## KEY STOCK DATA

| YE Sep (THB m)       | 2023   | 2024E  | 2025E  | 2026E  |
|----------------------|--------|--------|--------|--------|
| Revenue              | 48,141 | 65,584 | 74,203 | 82,510 |
| Net profit           | 8,791  | 19,192 | 25,172 | 30,768 |
| EPS (THB)            | 0.62   | 1.34   | 1.76   | 2.15   |
| vs Consensus (%)     | -      | (6.9)  | (1.0)  | 2.3    |
| EBITDA               | 23,230 | 37,685 | 45,132 | 52,567 |
| Recurring net profit | 9,247  | 19,192 | 25,172 | 30,768 |
| Core EPS (THB)       | 0.65   | 1.34   | 1.76   | 2.15   |
| Chg. In EPS est. (%) | -      | (0.3)  | (6.2)  | (7.0)  |
| EPS growth (%)       | nm     | 107.5  | 31.2   | 22.2   |
| Core P/E (x)         | 87.3   | 42.1   | 32.1   | 26.2   |
| Dividend yield (%)   | -      | 1.1    | 1.4    | 1.8    |
| EV/EBITDA (x)        | 37.2   | 22.5   | 18.7   | 15.8   |
| Price/book (x)       | 7.3    | 6.2    | 5.5    | 4.9    |
| Net debt/Equity (%)  | 49.4   | 30.2   | 22.0   | 13.7   |
| ROE (%)              | 8.7    | 16.0   | 18.2   | 19.7   |

## Inbound duty-free shop area to be reclaimed by AOT

According to the Cabinet resolution to revoke tax exemptions for duty-free items purchased by inbound travelers, AOT recently announced the cessation of inbound duty-free shops at six airports. As a result, the inbound duty-free shop areas, altogether comprising 2,251 sqm at six airports, are to be reclaimed by AOT effective from 1 Aug 2024. The reclaimed areas will be developed to improve airport service quality. As a result, the rental fee and minimum guarantee (MG) of King Power's concessionaire contracts should decrease by THB1.7b in FY25. Thus, we revise down our FY25 core profit assumption by 6% to THB25.2b.

## 3QFY24 international passengers recovered to 90% of pre-Covid

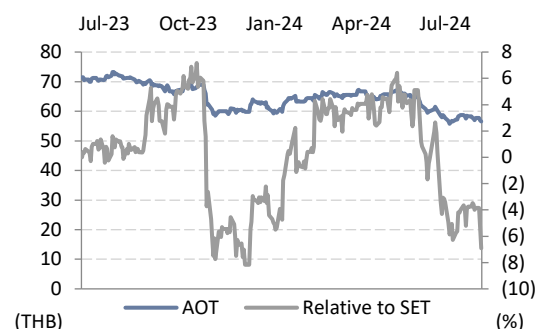
Passenger volume grew by 16% y-y in 3QFY24 (Apr-Jun), driven by a 28% y-y higher international passenger volume (accounting for 90% of pre-Covid). We estimate passenger service charge (PSC) revenue to grow by 33% y-y in 3QFY24 thanks to the strong international passenger volume and the increase in PSC by THB30 per passenger. Concession revenue should jump by 35-40% y-y in the quarter and exceed pre-Covid by 30-35% due to the MG from King Power's contracts. Overall, we expect revenue to increase by 27% y-y and expenses to increase by 21% y-y, leading core profit to surge by 44% y-y to THB4.7b in 3QFY24.

## Expect FY25 core profit to grow by 31% to THB25.2b

Despite the lower MG from King Power of THB2.8b in FY25 from AOT's last two resolutions (the reclamation of commercial areas and the cessation of inbound duty-free shops), we still expect AOT to deliver strong core profit growth of 31% y-y to THB25.2b in FY25, driven by a 15% higher passenger volume (142m in 2025E vs 123m in 2024E).

## Revising down profit; all overhangs are removed

We trim FY25-26E core profit by 6-7% to reflect the cessation of inbound duty-free shops, and derive a new FY24 DCF-TP of THB65/shr. AOT trades at an attractive valuation of 32x FY25E P/E. We believe the share price has reflected all the negative news, and key catalysts are PSC collection for transit/transfer passengers and more concession contracts such as third operators of ground handling cargo at Suvarnabhumi Airport.



| Share price performance        | 1 Month                   | 3 Month | 12 Month |
|--------------------------------|---------------------------|---------|----------|
| Absolute (%)                   | (2.2)                     | (13.4)  | (21.0)   |
| Relative to country (%)        | (3.6)                     | (10.3)  | (6.9)    |
| Mkt cap (USD m)                | 22,653                    |         |          |
| 3m avg. daily turnover (USD m) | 38.1                      |         |          |
| Free float (%)                 | 30                        |         |          |
| Major shareholder              | Ministry of Finance (70%) |         |          |
| 12m high/low (THB)             | 73.50/55.50               |         |          |
| Issued shares (m)              | 14,285.70                 |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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

|  |   |
|--|---|
| <div><div>Investment thesis</div><p>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 89% of the pre-Covid level in Jun-24. The momentum should continue in 2024-25, led by Chinese tourists.</p><p>AOT has been 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 by 2028, under our baseline case.</p><p>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.</p><div>Company profile</div><p>AOT is the operator and developer of the six international airports in Thailand (BKK, DMK, HKT, CNX, HDY and CEI).</p><p><a href="http://www.airportthai.co.th">www.airportthai.co.th</a></p></div> | <div><div>Principal activities (revenue, 2023)</div><div><div><div>Landing &amp; parking - 7.8 %</div><div>Passenger service - 37.1 %</div><div>Aircraft service - 1.3 %</div><div>Property rents - 4.9 %</div><div>Service revenue - 17.8 %</div><div>Concession revenue - 31.0 %</div></div></div><div>Source: Airports of Thailand</div></div> <div><div>Major shareholders</div><div><div><div>Ministry of Finance - 70.0 %</div><div>Thai NVDR - 4.2 %</div><div>South East Asia UK - 1.5 %</div><div>Others - 24.3 %</div></div></div><div>Source: Airports of Thailand</div></div> |
|--|---|

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                       |
|----------|-----------------------------|
| Aug 2024 | 3QFY24 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             | 53.8  | 7.6   | 19.1  |

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: Summary of concession contracts

| Concession contract                     | Holder         | Revenue sharing<br>(%) | MG<br>(THB b) | Term                | Note   | MG under sharing<br>per head<br>(THB per passenger) | Passenger<br>volume to<br>receive MG as<br>proposed<br>(m) |
|---|----------------|------------------------|---------------|---------------------|--|---|--|
| <b>BKK</b>                              |                |                        |               |                     |  |   |  |
| Duty-free                               | King Power     | 20                     | 12.4          | Sep 2020 - Mar 2033 | MG revised down from THB15.4b from reclamation of commercial areas and cessation of inbound duty-free / Extended from 2032 to 2033       | 372 <sup>1)</sup>                                   | 33 <sup>1)</sup>   |
| Commercial activities                   | King Power     | 15                     | 5.8           | Sep 2020 - Mar 2033 | Extended from 2032 to 2033   | 72 <sup>2)</sup>                                    | 81 <sup>2)</sup>   |
| <b>Regional airport (HKT, CNX, HDY)</b> |                |                        |               |                     |  |   |  |
| Duty-free                               | King Power     | 20                     | 1.7           | Sep 2020 - Mar 2033 | MG revised down from THB2.3b from reclamation of commercial areas at HKT and cessation of inbound duty-free / Extended from 2032 to 2033 | 185 <sup>1)</sup>                                   | 9 <sup>1)</sup>  |
| <b>DMK</b>                              |                |                        |               |                     |  |   |  |
| Duty-free                               | King Power     | 20                     | 1.4           | Oct 2022- Mar 2033  | MG revised down from THB1.5b from cessation of inbound duty-free   |   |  |
| Commercial activities T1                | King Power     | 15                     | 0.2           | Oct 2018- Sep 2027  |  |   |  |
| Commercial activities T2                | The Mall Group | 15                     | 0.4           | Oct 2012 - Sep 2024 | Extended from 2022 to 2024   |   |  |
| <b>Pick-up counter</b>                  |                |                        |               |                     |  |   |  |
| BKK                                     | King Power     | 3                      | 0.3           | Sep 2020 - Dec 2030 |  |   |  |
| DMK                                     | King Power     | 3                      | 0.2           | Oct 2022 - Dec 2032 |  |   |  |
| HKT                                     | King Power     | 3                      | 0.1           | Sep 2021- Mar 2032  |  |   |  |
| <b>Total</b>                            |                |                        | <b>22.4</b>   |                     |  |   |  |

Note: 1) outbound international passengers only; 2) total passengers

Sources: AOT; FSSIA's compilation

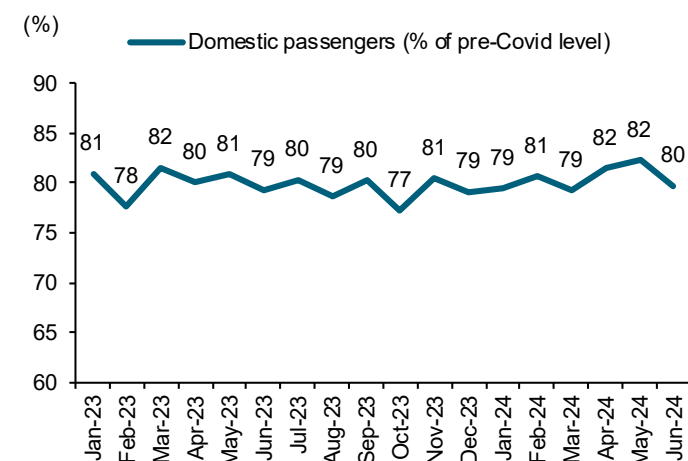
## Exhibit 2: Forecast revisions

|                             | 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)             | 64.5     | 74.5  | 83.3  | 65.6    | 74.2  | 82.5  | 1.6        | (0.4) | (0.9) |
| Operating profit margin (%) | 40.6     | 47.5  | 52.2  | 39.8    | 44.9  | 49.2  | (0.8)      | (2.6) | (3.0) |
| Core profit (THB b)         | 19.3     | 26.8  | 33.1  | 19.2    | 25.2  | 30.8  | (0.3)      | (6.2) | (7.0) |

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

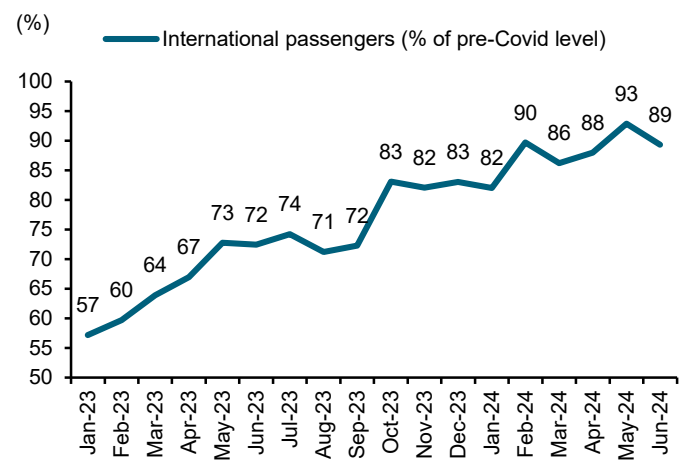
Source: FSSIA estimates

## Exhibit 3: Domestic passenger volume vs pre-Covid level

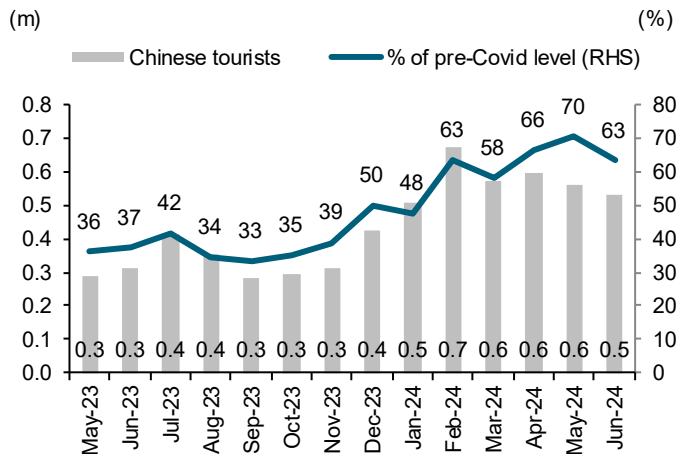


Source: AOT

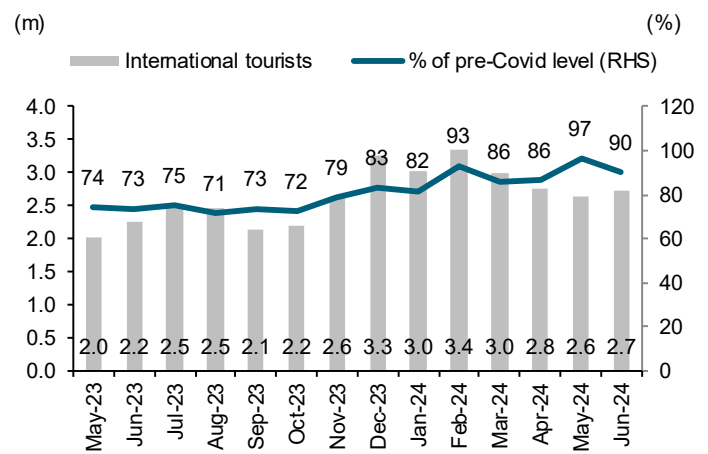
## Exhibit 4: International passenger volume vs pre-Covid level



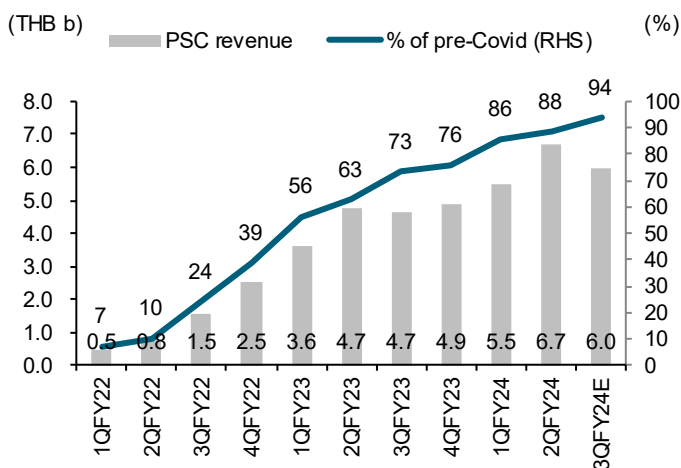
Source: AOT

**Exhibit 5: Inbound Chinese tourist arrivals, monthly**

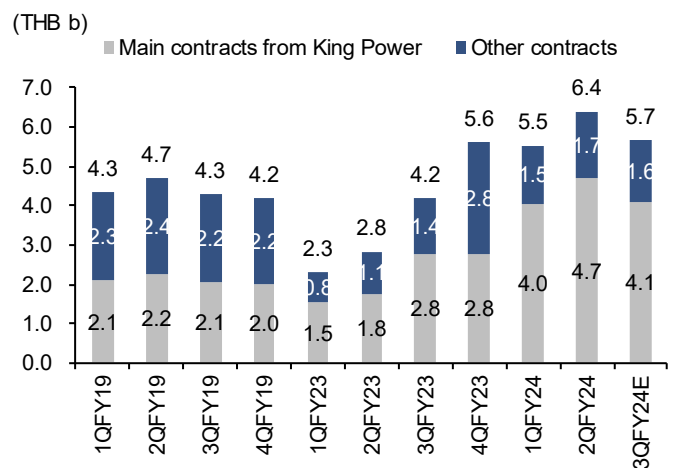
Sources: Ministry of Tourism and Sports; FSSIA estimates

**Exhibit 6: Inbound total tourist arrivals, monthly**

Sources: Ministry of Tourism and Sports; FSSIA estimates

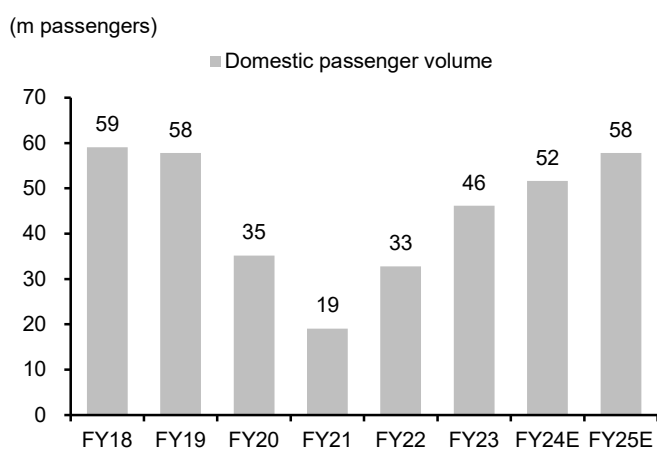
**Exhibit 7: Passenger service charge (PSC) revenue**

Sources: AOT; FSSIA estimates

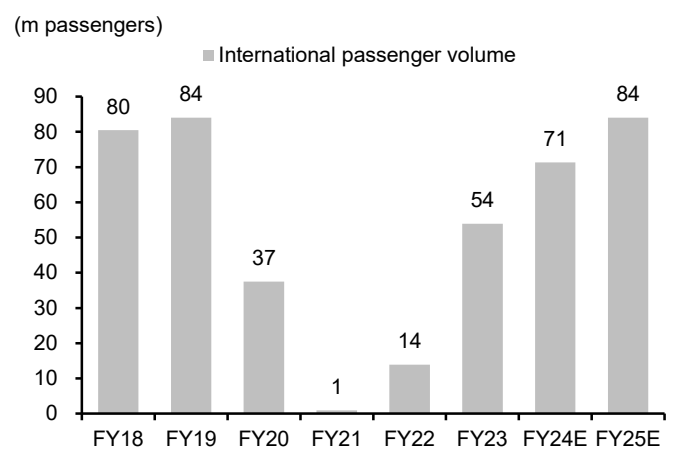
**Exhibit 8: Concession revenue**

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

Sources: AOT; FSSIA estimates

**Exhibit 9: Domestic passenger volume**

Source: AOT; FSSIA estimates

**Exhibit 10: International passenger volume**

Source: AOT; FSSIA estimates

## Exhibit 11: AOT – 3QFY24 results preview

|                               | 3QFY23         | 4QFY23         | 1QFY24         | 2QFY24         | 3QFY24E        | ----- Change ----- |              | FY24E         | Change     |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|------------|
|                               | (THB m)        | (THB m)        | (THB m)        | (THB m)        | (THB m)        | (q-q %)            | (y-y %)      | (THB m)       | (y-y %)    |
| Sales                         | 12,954         | 15,362         | 15,708         | 18,234         | 16,437         | (10)               | 27           | 65,584        | 36         |
| Expense (incl. depreciation)  | (8,107)        | (10,214)       | (9,165)        | (10,066)       | (9,777)        | (3)                | 21           | (39,449)      | 17         |
| <b>Operating profit</b>       | <b>4,847</b>   | <b>5,148</b>   | <b>6,543</b>   | <b>8,168</b>   | <b>6,660</b>   | <b>(18)</b>        | <b>37</b>    | <b>26,135</b> | <b>82</b>  |
| Net other income              | 90             | 69             | 48             | 97             | 97             | 0                  | 7            | 433           | 60         |
| Interest income               | 7              | 7              | 15             | 12             | 12             | 0                  | 62           | 38            | 60         |
| Interest expense              | (719)          | (720)          | (692)          | (710)          | (710)          | 0                  | (1)          | (2,817)       | (3)        |
| <b>Pretax profit</b>          | <b>4,226</b>   | <b>4,503</b>   | <b>5,913</b>   | <b>7,567</b>   | <b>6,058</b>   | <b>(20)</b>        | <b>43</b>    | <b>23,788</b> | <b>102</b> |
| Income tax                    | (822)          | (865)          | (1,148)        | (1,504)        | (1,212)        | (19)               | 47           | (4,282)       | 92         |
| Associates                    | (0)            | (0)            | (0)            | (0)            | 0              |                    |              | (0)           |            |
| Minority interest             | (151)          | 0              | (119)          | (188)          | (166)          | (12)               | 10           | (314)         | 12         |
| <b>Core profit</b>            | <b>3,253</b>   | <b>3,639</b>   | <b>4,645</b>   | <b>5,875</b>   | <b>4,681</b>   | <b>(20)</b>        | <b>44</b>    | <b>19,192</b> | <b>108</b> |
| Extraordinaries               | (141)          | (161)          | (81)           | (62)           | 0              |                    |              |               |            |
| Forex gain/(loss)             | 99             | (100)          | (14)           | (84)           | 0              |                    |              |               |            |
| Derivative gain/(loss)        | (55)           | 54             | 13             | 56             | 0              |                    |              |               |            |
| <b>Reported net profit</b>    | <b>3,156</b>   | <b>3,432</b>   | <b>4,563</b>   | <b>5,785</b>   | <b>4,681</b>   | <b>(19)</b>        | <b>48</b>    | <b>19,192</b> | <b>118</b> |
| Shares (end Q, m)             | 14,286         | 14,286         | 14,286         | 14,286         | 14,286         | 0                  | 0            | 14,286        | 0          |
| <b>Core EPS (THB)</b>         | <b>0.23</b>    | <b>0.25</b>    | <b>0.33</b>    | <b>0.41</b>    | <b>0.33</b>    | <b>(20)</b>        | <b>44</b>    | <b>1.34</b>   | <b>108</b> |
| <b>EPS (THB)</b>              | <b>0.22</b>    | <b>0.24</b>    | <b>0.32</b>    | <b>0.40</b>    | <b>0.33</b>    | <b>(19)</b>        | <b>48</b>    | <b>1.34</b>   | <b>118</b> |
| Expenses (excl. depreciation) | (5,937)        | (7,903)        | (6,346)        | (7,256)        | (6,938)        | (4)                | 17           | (27,899)      | 12         |
| Depreciation                  | (2,170)        | (2,311)        | (2,819)        | (2,810)        | (2,838)        | 1                  | 31           | (11,550)      | 30         |
| EBITDA                        | 7,017          | 7,459          | 9,361          | 10,979         | 9,498          | (13)               | 35           | 37,685        | 62         |
| <b>Key ratios</b>             | <b>(%)</b>     | <b>(%)</b>     | <b>(%)</b>     | <b>(%)</b>     | <b>(%)</b>     | <b>(ppt)</b>       | <b>(ppt)</b> | <b>(%)</b>    | <b>(%)</b> |
| Operating profit margin       | 37             | 34             | 42             | 45             | 41             | (4)                | 3            | 40            | 10         |
| EBITDA margin                 | 54             | 49             | 60             | 60             | 58             | (2)                | 4            | 57            | 9          |
| Net profit margin             | 24             | 22             | 29             | 32             | 28             | (3)                | 4            | 29            | 11         |
| <b>Operating stats</b>        | <b>(y-y %)</b> | <b>(y-y %)</b> | <b>(y-y %)</b> | <b>(y-y %)</b> | <b>(y-y %)</b> |                    |              |               |            |
| International pax growth      | 243            | 102            | 54             | 43             | 28             |                    |              |               |            |
| Domestic pax growth           | 17             | 7              | (0)            | (0)            | 1              |                    |              |               |            |
| Total pax growth              | 85             | 48             | 25             | 22             | 16             |                    |              |               |            |

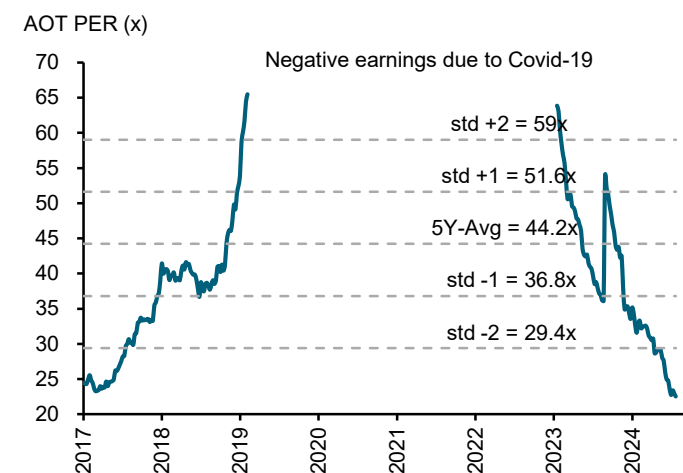
Sources: AOT; FSSIA estimates

## Exhibit 12: DCF/SoTP valuation

| Cost of equity assumptions                             | (%)            | Cost of debt assumptions | (%)   |
|--|----------------|--------------------------|---|
| Risk-free rate   | 3.0            | Pre-tax cost of debt     | 3.5   |
| Market risk premium                                    | 8.0            | Marginal tax rate        | 20.0  |
| Stock beta   | 0.9            |                          |   |
| Cost of equity, Ke                                     | 10.2           | Net cost of debt, Kd     | 2.8   |
| Weight applied   | 70.0           | Weight applied           | 30.0  |
| WACC   | 8.0            |                          |   |
| <b>SOTP valuation</b>                                  | <b>(THB b)</b> | <b>(THB/share)</b>       | <b>Comments</b>   |
| Duty-free and commercial activity concession contracts | 386.2          | 27.0                     | WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3% |
| Core business  | 583.7          | 40.9                     | WACC 8%, risk-free rate 3%, risk premium 8%, terminal growth 3% |
| Cash & liquid assets                                   | 67.3           | 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  |
| <b>Residual ordinary equity</b>                        | <b>929.1</b>   | <b>65.0</b>              |   |

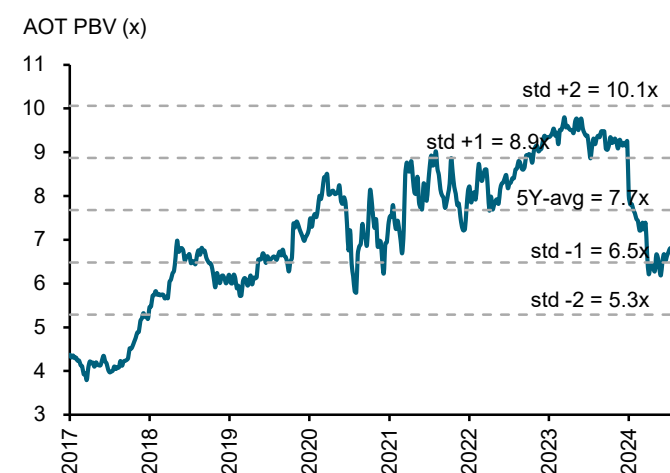
Source: FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Peer comparisons as of 31 July 2024

| Company                 | BBG       | Rec | --- Share price --- |                 | Market cap<br>(USD m) | 3Y EPS<br>CAGR (%) | ----- PE ----- |            |            | --- ROE --- |            | --- PBV --- |            | --- EV/ EBITDA --- |            |            |
|-------------------------|-----------|-----|---------------------|-----------------|-----------------------|--------------------|----------------|------------|------------|-------------|------------|-------------|------------|--------------------|------------|------------|
|                         |           |     | Current<br>(THB)    | Target<br>(THB) |                       |                    | 24E<br>(x)     | 25E<br>(x) | 26E<br>(x) | 24E<br>(%)  | 25E<br>(%) | 24E<br>(x)  | 25E<br>(x) | 24E<br>(x)         | 25E<br>(x) | 26E<br>(x) |
| Thailand                |           |     |                     |                 |                       |                    |                |            |            |             |            |             |            |                    |            |            |
| Airports of Thailand**  | AOT TB    | BUY | 56.50               | 65.00           | 22,653                | 49                 | 42.1           | 32.1       | 26.2       | 16.0        | 18.2       | 6.2         | 5.5        | 22.5               | 18.7       | 15.8       |
| Malaysia                |           |     |                     |                 |                       |                    |                |            |            |             |            |             |            |                    |            |            |
| Malaysia Airports       | MAHB MK   | n/a | 10.24               | NR              | 3,723                 | 26                 | 42             | 21         | 18         | 5.8         | 10.3       | 2.3         | 2.2        | 10.2               | 7.7        | 7.7        |
| China                   |           |     |                     |                 |                       |                    |                |            |            |             |            |             |            |                    |            |            |
| Beijing Capital Intl -A | 694 HK    | n/a | 2.60                | NR              | 1,524                 | (139)              | n/a            | 134        | 18         | (7.9)       | (1.4)      | 0.7         | 0.7        | 52.0               | 12.8       | 12.8       |
| Hainan Meilan Intl      | 357 HK    | n/a | 7.65                | NR              | 463                   | (180)              | n/a            | 44         | 11         | 0.3         | 3.0        | 0.7         | 0.8        | 5.2                | 4.5        | 4.5        |
| Shanghai Intl Airport-A | 600009 CH | n/a | 34.58               | NR              | 11,914                | 35                 | 90             | 37         | 26         | 2.3         | 5.6        | 2.1         | 2.0        | 26                 | 16.9       | 16.9       |
| Guangzhou Baiyun Intl   | 600004 CH | n/a | 9.63                | NR              | 3,155                 | 35                 | 47.2           | 22.2       | 17.8       | 2.5         | 5.6        | 1.3         | 1.2        | 9.2                | 7.3        | 7.3        |
| Shenzhen Airport -A     | 000089 CH | n/a | 6.56                | NR              | 1,863                 | 216                | 40             | 30.9       | 20.7       | 3.7         | 4.0        | 1.2         | 1.2        | 14                 | 13.3       | 13.3       |
| Xiamen Int Airport -A   | 600897 CH | n/a | 13.20               | NR              | 762                   | 16                 | 15             | 11.4       | 10         | 9.5         | 11.2       | 1.4         | 1.2        | 4.9                | 4.1        | 4.1        |
| Australia               |           |     |                     |                 |                       |                    |                |            |            |             |            |             |            |                    |            |            |
| Auckland Intl Airport** | AIA AU    | n/a | 6.80                | NR              | 6,540                 | n/a                | 78             | 39.7       | 37.5       | 1.7         | 3.2        | 1.4         | 1.3        | 33.1               | 21.7       | 21.7       |
| Japan                   |           |     |                     |                 |                       |                    |                |            |            |             |            |             |            |                    |            |            |
| Japan Airport Termi***  | 9706 JP   | n/a | 5,501               | NR              | 3,406                 | (8)                | n/a            | 10.4       | 29.9       | 3.3         | 10.4       | 3.3         | 3.2        | 33                 | 11.4       | 11.4       |
| Average                 |           |     |                     |                 | 56,003                | 21                 | 50.6           | 38.2       | 21.5       | 3.7         | 7.0        | 2.1         | 1.9        | 21.1               | 11.8       | 11.6       |

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

\* Fiscal year-end is 30 September; \*\* Fiscal year-end is 30 June; \*\*\* Fiscal year-end is 31 March

Sources: Bloomberg consensus; +FSSIA estimates

## Financial Statements

### Airports of Thailand

| Profit and Loss (THB m) Year Ending Sep           | 2022            | 2023          | 2024E         | 2025E         | 2026E         |
|---|-----------------|---------------|---------------|---------------|---------------|
| Revenue   | 16,560          | 48,141        | 65,584        | 74,203        | 82,510        |
| Cost of goods sold                                | (26,891)        | (33,782)      | (39,449)      | (40,901)      | (41,943)      |
| <b>Gross profit</b>                               | <b>(10,331)</b> | <b>14,359</b> | <b>26,135</b> | <b>33,302</b> | <b>40,567</b> |
| Other operating income                            | -               | -             | -             | -             | -             |
| Operating costs                                   | 0               | 0             | 0             | 0             | 0             |
| <b>Operating EBITDA</b>                           | <b>(1,400)</b>  | <b>23,230</b> | <b>37,685</b> | <b>45,132</b> | <b>52,567</b> |
| Depreciation                                      | (8,932)         | (8,870)       | (11,550)      | (11,830)      | (12,000)      |
| Goodwill amortisation                             | -               | -             | -             | -             | -             |
| <b>Operating EBIT</b>                             | <b>(10,331)</b> | <b>14,359</b> | <b>26,135</b> | <b>33,302</b> | <b>40,567</b> |
| Net financing costs                               | (2,882)         | (2,867)       | (2,780)       | (2,253)       | (2,100)       |
| Associates  | 0               | 0             | 0             | 0             | 0             |
| Recurring non-operating income                    | 265             | 271           | 433           | 454           | 468           |
| Non-recurring items                               | (915)           | (457)         | 0             | 0             | 0             |
| <b>Profit before tax</b>                          | <b>(13,864)</b> | <b>11,307</b> | <b>23,788</b> | <b>31,504</b> | <b>38,935</b> |
| Tax   | 2,888           | (2,235)       | (4,282)       | (5,986)       | (7,787)       |
| <b>Profit after tax</b>                           | <b>(10,976)</b> | <b>9,072</b>  | <b>19,506</b> | <b>25,518</b> | <b>31,148</b> |
| Minority interests                                | (112)           | (281)         | (314)         | (346)         | (380)         |
| Preferred dividends                               | -               | -             | -             | -             | -             |
| Other items                                       | -               | -             | -             | -             | -             |
| <b>Reported net profit</b>                        | <b>(11,088)</b> | <b>8,791</b>  | <b>19,192</b> | <b>25,172</b> | <b>30,768</b> |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>915</b>      | <b>457</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>Recurring net profit</b>                       | <b>(10,173)</b> | <b>9,247</b>  | <b>19,192</b> | <b>25,172</b> | <b>30,768</b> |
| <b>Per share (THB)</b>                            |                 |               |               |               |               |
| Recurring EPS *                                   | (0.71)          | 0.65          | 1.34          | 1.76          | 2.15          |
| Reported EPS                                      | (0.78)          | 0.62          | 1.34          | 1.76          | 2.15          |
| DPS   | 0.00            | 0.00          | 0.60          | 0.80          | 1.00          |
| Diluted shares (used to calculate per share data) | 14,286          | 14,286        | 14,286        | 14,286        | 14,286        |
| <b>Growth</b>                                     |                 |               |               |               |               |
| Revenue (%)                                       | 133.7           | 190.7         | 36.2          | 13.1          | 11.2          |
| Operating EBITDA (%)                              | nm              | nm            | 62.2          | 19.8          | 16.5          |
| Operating EBIT (%)                                | nm              | nm            | 82.0          | 27.4          | 21.8          |
| Recurring EPS (%)                                 | nm              | nm            | 107.5         | 31.2          | 22.2          |
| Reported EPS (%)                                  | nm              | nm            | 118.3         | 31.2          | 22.2          |
| <b>Operating performance</b>                      |                 |               |               |               |               |
| Gross margin inc. depreciation (%)                | (62.4)          | 29.8          | 39.8          | 44.9          | 49.2          |
| Gross margin exc. depreciation (%)                | (8.5)           | 48.3          | 57.5          | 60.8          | 63.7          |
| Operating EBITDA margin (%)                       | (8.5)           | 48.3          | 57.5          | 60.8          | 63.7          |
| Operating EBIT margin (%)                         | (62.4)          | 29.8          | 39.8          | 44.9          | 49.2          |
| Net margin (%)                                    | (61.4)          | 19.2          | 29.3          | 33.9          | 37.3          |
| Effective tax rate (%)                            | 22.3            | 19.0          | 18.0          | 19.0          | 20.0          |
| Dividend payout on recurring profit (%)           | -               | -             | 44.7          | 45.4          | 46.4          |
| Interest cover (X)                                | (3.5)           | 5.1           | 9.6           | 15.0          | 19.5          |
| Inventory days                                    | 6.5             | 4.6           | 4.0           | 4.1           | 4.1           |
| Debtor days                                       | 81.8            | 60.5          | 91.5          | 111.0         | 108.0         |
| Creditor days                                     | 20.2            | 23.0          | 28.9          | 30.0          | 30.1          |
| Operating ROIC (%)                                | (5.2)           | 7.5           | 13.2          | 16.0          | 18.1          |
| ROIC (%)  | (4.5)           | 6.9           | 12.2          | 14.8          | 16.8          |
| ROE (%)   | (9.5)           | 8.7           | 16.0          | 18.2          | 19.7          |
| ROA (%)   | (4.1)           | 6.2           | 9.5           | 10.1          | 11.5          |

\* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m) | 2022  | 2023   | 2024E  | 2025E  | 2026E  |
|-----------------------------|-------|--------|--------|--------|--------|
| 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  | 2,477  | 2,527  |

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           | 19,192          | 25,172          | 30,768          |
| 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)         | (4,418)         | (1,702)         | 1,916           |
| <b>Cash flow from operations</b>  | <b>5,662</b>   | <b>15,132</b>   | <b>26,639</b>   | <b>35,646</b>   | <b>45,065</b>   |
| 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)   | -              | -               | -               | -               | -               |
| <b>Cash flow from investing</b>   | <b>(8,187)</b> | <b>(12,823)</b> | <b>(11,000)</b> | <b>(20,000)</b> | <b>(24,000)</b> |
| Dividends paid  | (8)            | (18)            | 0               | (8,571)         | (11,429)        |
| 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               |
| <b>Cash flow from financing</b>   | <b>(2,156)</b> | <b>(15)</b>     | <b>45,558</b>   | <b>(14,571)</b> | <b>(17,429)</b> |
| Non-recurring cash flows  | -              | -               | -               | -               | -               |
| Other adjustments   | 0              | 0               | 0               | 0               | 0               |
| <b>Net other adjustments</b>  | <b>0</b>       | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Movement in cash</b>   | <b>(4,681)</b> | <b>2,293</b>    | <b>61,197</b>   | <b>1,075</b>    | <b>3,636</b>    |
| Free cash flow to firm (FCFF)   | 404.45         | 5,198.87        | 18,456.03       | 18,317.57       | 23,590.21       |
| Free cash flow to equity (FCFE)   | (4,673.07)     | 2,311.55        | 61,196.68       | 9,646.12        | 15,064.76       |
| <b>Per share (THB)</b>  |                |                 |                 |                 |                 |
| FCFF per share  | 0.03           | 0.36            | 1.29            | 1.28            | 1.65            |
| FCFE per share  | (0.33)         | 0.16            | 4.28            | 0.68            | 1.05            |
| Recurring cash flow per share   | (0.22)         | 1.47            | 2.17            | 2.61            | 3.02            |
| <b>Balance Sheet (THB m) Year Ending Sep</b>  |                |                 |                 |                 |                 |
| 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)       |
| <b>Tangible fixed assets (net)</b>  | <b>156,998</b> | <b>160,673</b>  | <b>160,123</b>  | <b>168,292</b>  | <b>180,292</b>  |
| <b>Intangible fixed assets (net)</b>  | <b>0</b>       | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| Long-term financial assets  | -              | -               | -               | -               | -               |
| Invest. in associates & subsidiaries  | 694            | 972             | 972             | 972             | 972             |
| Cash & equivalents  | 3,798          | 6,091           | 67,288          | 68,362          | 71,999          |
| A/C receivable  | 3,785          | 12,184          | 20,710          | 24,420          | 24,420          |
| Inventories   | 338            | 285             | 319             | 333             | 343             |
| Other current assets  | 556            | 454             | 618             | 700             | 778             |
| <b>Current assets</b>   | <b>8,476</b>   | <b>19,014</b>   | <b>88,935</b>   | <b>93,815</b>   | <b>97,539</b>   |
| Other assets  | 17,645         | 14,952          | 14,952          | 14,952          | 14,952          |
| <b>Total assets</b>   | <b>183,813</b> | <b>195,611</b>  | <b>264,982</b>  | <b>278,031</b>  | <b>293,756</b>  |
| Common equity   | 101,324        | 110,465         | 129,657         | 146,258         | 165,597         |
| Minorities etc.   | 1,195          | 1,713           | 2,028           | 2,374           | 2,754           |
| <b>Total shareholders' equity</b>   | <b>102,519</b> | <b>112,178</b>  | <b>131,684</b>  | <b>148,631</b>  | <b>168,351</b>  |
| 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           |
| <b>Long-term liabilities</b>  | <b>66,799</b>  | <b>60,140</b>   | <b>109,513</b>  | <b>103,513</b>  | <b>97,513</b>   |
| A/C payable   | 1,056          | 2,086           | 2,337           | 2,435           | 2,508           |
| Short term debt   | 3,566          | 10,011          | 6,197           | 6,197           | 6,197           |
| Other current liabilities   | 9,873          | 11,195          | 15,251          | 17,256          | 19,187          |
| <b>Current liabilities</b>  | <b>14,495</b>  | <b>23,293</b>   | <b>23,785</b>   | <b>25,887</b>   | <b>27,892</b>   |
| <b>Total liabilities and shareholders' equity</b>   | <b>183,813</b> | <b>195,611</b>  | <b>264,982</b>  | <b>278,031</b>  | <b>293,756</b>  |
| Net working capital   | (6,251)        | (358)           | 4,060           | 5,762           | 3,845           |
| Invested capital  | 169,086        | 176,239         | 180,106         | 189,978         | 200,062         |
| * Includes convertibles and preferred stock which is being treated as debt  |                |                 |                 |                 |                 |
| <b>Per share (THB)</b>  |                |                 |                 |                 |                 |
| Book value per share  | 7.09           | 7.73            | 9.08            | 10.24           | 11.59           |
| Tangible book value per share   | 7.09           | 7.73            | 9.08            | 10.24           | 11.59           |
| <b>Financial strength</b>   |                |                 |                 |                 |                 |
| Net debt/equity (%)   | 56.3           | 49.4            | 30.2            | 22.0            | 13.7            |
| Net debt/total assets (%)   | 31.4           | 28.3            | 15.0            | 11.8            | 7.8             |
| Current ratio (x)   | 0.6            | 0.8             | 3.7             | 3.6             | 3.5             |
| CF interest cover (x)   | (0.6)          | 1.8             | 23.0            | 5.3             | 8.2             |
| <b>Valuation</b>  |                |                 |                 |                 |                 |
| <b>Recurring P/E (x) *</b>  | <b>(79.3)</b>  | <b>87.3</b>     | <b>42.1</b>     | <b>32.1</b>     | <b>26.2</b>     |
| <b>Recurring P/E @ target price (x) *</b>   | <b>(91.3)</b>  | <b>100.4</b>    | <b>48.4</b>     | <b>36.9</b>     | <b>30.2</b>     |
| Reported P/E (x)  | (72.8)         | 91.8            | 42.1            | 32.1            | 26.2            |
| Dividend yield (%)  | -              | -               | 1.1             | 1.4             | 1.8             |
| Price/book (x)  | 8.0            | 7.3             | 6.2             | 5.5             | 4.9             |
| Price/tangible book (x)   | 8.0            | 7.3             | 6.2             | 5.5             | 4.9             |
| EV/EBITDA (x) **  | (618.8)        | 37.2            | 22.5            | 18.7            | 15.8            |
| EV/EBITDA @ target price (x) **   | (705.6)        | 42.4            | 25.7            | 21.4            | 18.2            |
| EV/invested capital (x)   | 5.1            | 4.9             | 4.7             | 4.4             | 4.2             |
| * 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

★★★★

Exhibit 16: FSSIA ESG score implication

77.96 /100

| 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 17: 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 18: 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 19: 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     |
| <b>Social</b>                                 |           |           |           |           |           |           |           |           |
| 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       |
| <b>Governance</b>                             |           |           |           |           |           |           |           |           |
| <b>Board size</b>                             | <b>14</b> | <b>12</b> | <b>15</b> | <b>15</b> | <b>13</b> | <b>14</b> | <b>15</b> | <b>15</b> |
| <b>No. of independent directors (ID)</b>      | <b>7</b>  | <b>7</b>  | <b>12</b> | <b>11</b> | <b>8</b>  | <b>9</b>  | <b>11</b> | <b>10</b> |
| 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        |
| <b>No. of executives / company managers</b>   | <b>21</b> | <b>21</b> | <b>21</b> | <b>21</b> | <b>20</b> | <b>16</b> | <b>16</b> | <b>16</b> |
| No. of female executives                      | 7         | 7         | 7         | 7         | 6         | 2         | 2         | 2         |
| Executive share ownership guidelines          | No        | No        | No        | No        | No        | No        | No        | No        |
| <b>Size of audit committee</b>                | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  |
| 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       |
| <b>Size of compensation committee</b>         | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  |
| 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       |
| <b>Size of nomination committee</b>           | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  | <b>3</b>  |
| No. of nomination committee meetings          | 3         | 3         | 2         | 2         | 3         | 4         | 4         | 2         |
| Nomination meeting attendance %               | 100       | 88        | 100       | 100       | 100       | 94        | 100       | 100       |
| <b>Sustainability governance</b>              |           |           |           |           |           |           |           |           |
| 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 <b>THSI inclusion</b> , 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.<br><b>SETTHSI Index</b> 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&amp;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.<br><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 &amp; 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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="2">Average:</td><td rowspan="2">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><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table> |   | AAA   | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | AA     | 7.143-8.570 | A     | 5.714-7.142 | BBB   | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | BB | 2.857-4.285 | B | 1.429-2.856 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | CCC | 0.000-1.428 |
| 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  | Laggard:  | lagging its industry based on its high exposure and failure to manage significant ESG risks                                   |              |         |   |        |             |       |             |       |             |          |   |    |             |   |             |          |   |     |             |
| CCC   | 0.000-1.428  |   |   |              |         |   |        |             |       |             |       |             |          |   |    |             |   |             |          |   |     |             |
| 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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

Airports of Thailand (AOT TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 13-Aug-2021 | BUY    | 80.00        | 02-Jun-2022 | BUY    | 85.00        | 14-Feb-2024 | BUY    | 75.00        |
| 26-Nov-2021 | BUY    | 79.00        | 29-Nov-2023 | BUY    | 76.00        | 25-Jun-2024 | BUY    | 70.00        |

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 56.50 | 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 31-Jul-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.