

AIRPORTS OF THAILAND

AOT TB

THAILAND / TRANSPORT & LOGISTICS

BUY

UNCHANGED

พร้อมทะยานขึ้นหลังหมดปัจจัยกดดัน

- การรับประกันรายได้ขั้นต่ำ (MG) ที่ลดลงจากการยกเลิกฐานปลอดภาษีสำหรับเที่ยวบินขาเข้าจะกระทบประมาณการกำไรปกติปี FY25 อยู่ 6%
- คาดการณ์กำไรปกติ 3QFY24 จะโต 44% y-y เป็น 4.7 พัน ลบ.
- คงคำแนะนำซื้อหลังลดราคาเป้าหมายปี FY24 ลงเหลือ 65 บาท (DCF) ราคาหุ้นสะท้อนข่าวร้ายไปหมดแล้ว

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

AOT จะเรียกคืนพื้นที่ฐานปลอดภาษีสำหรับเที่ยวบินขาเข้า

หลัง ครม. มีมติให้ยกเลิกการยกเว้นภาษีสำหรับการซื้อสินค้าปลอดภาษีของนักเดินทางขาเข้าไปเมื่อเร็ว ๆ นี้ AOT ได้ประกาศยกเลิกฐานปลอดภาษีสำหรับเที่ยวบินขาเข้าใน 6 สนามบินซึ่งมีผลให้ AOT ต้องเรียกคืนพื้นที่ฐานปลอดภาษีสำหรับเที่ยวบินขาเข้ารวม 2,251 ตอม. ใน 6 สนามบินตั้งแต่วันที่ 1 ส.ค. 2024 โดยบริษัทฯ จะพัฒนาพื้นที่เรียกคืนเพื่อปรับปรุงคุณภาพการบริการของสนามบิน นอกจากนี้ค่าเช่าและการรับประกันรายได้ขั้นต่ำ (MG) ในสัญญาสัมปทานของ King Power ก็น่าจะลดลง 1.7 พัน ลบ. ใน FY25 ดังนั้นเราจึงปรับลดประมาณการกำไรปกติปี FY25 ของเราลง 6% เป็น 25.2 พัน ลบ.

ผู้โดยสารต่างประเทศใน 3QFY24 พุ่งตัวเป็น 90% ของระดับก่อนโควิด

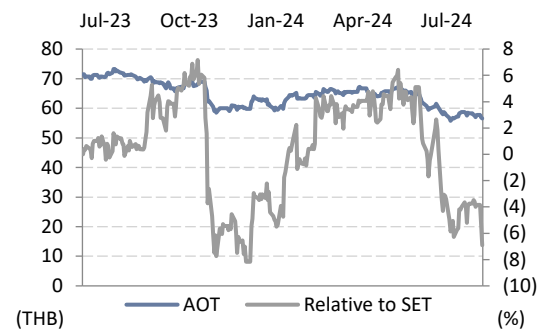
ปริมาณผู้โดยสารโต 16% y-y ใน 3QFY24 (เม.ย. - มิ.ย.) โดยได้ปัจจัยผลักดันจากปริมาณผู้โดยสารต่างประเทศที่สูงขึ้น 28% y-y (90% ของระดับก่อนโควิด) เราคาดว่ารายได้ค่าบริการผู้โดยสารขาออก (PSC) จะโต 33% y-y ใน 3QFY24 จากปริมาณผู้โดยสารต่างประเทศที่อยู่ในเกณฑ์ดีและค่า PSC ที่ปรับขึ้น 30 บาทต่อหัว รายได้สัมปทานน่าจะกระโดดเพิ่ม 35-40% y-y ในไตรมาสนี้และสูงกว่าระดับก่อนโควิด 30-35% จากการรับประกันรายได้ขั้นต่ำจากสัญญาของ King Power ในภาพรวมเราคาดว่ารายได้จะเพิ่ม 27% y-y และค่าใช้จ่ายจะเพิ่ม 21% y-y ซึ่งจะทำให้กำไรปกติเพิ่ม 44% y-y เป็น 4.7 พัน ลบ. ใน 3QFY24

คาดการณ์กำไรปกติ FY25 จะโต 31% เป็น 25.2 พัน ลบ.

แม้ว่าการรับประกันรายได้ขั้นต่ำจาก King Power จะลดลงไป 2.8 พัน ลบ. ใน FY25 จากมติ 2 ครั้งล่าสุดของ AOT (การเรียกคืนพื้นที่เชิงพาณิชย์และการยกเลิกฐานปลอดภาษีสำหรับเที่ยวบินขาเข้า) เราจึงคาดว่า AOT จะรายงานกำไรปกติโตที่ 31% y-y เป็น 25.2 พัน ลบ. ใน FY25 โดยได้ปัจจัยผลักดันจากปริมาณผู้โดยสารต่างประเทศที่สูงขึ้น 15% (142 ล้านในปี 2025E เทียบกับ 123 ล้านในปี 2024E)

ปรับลดประมาณการกำไรหลังปัจจัยกดดันทั้งหมดหายไป

เราปรับลดประมาณการกำไรปกติปี FY25-26 ลง 6-7% เพื่อสะท้อนการยกเลิกฐานปลอดภาษีสำหรับเที่ยวบินขาเข้าและได้ราคาเป้าหมายปี FY24 ใหม่ที่ 65 บาท (DCF) AOT มีการซื้อขายโดยมีระดับการประเมินมูลค่าที่น่าสนใจที่ 32x FY25E P/E เราเชื่อว่าราคาหุ้นได้สะท้อนข่าวร้ายทั้งหมดไปแล้วและมีปัจจัยบวกสำคัญอยู่ที่การเก็บค่า PSC สำหรับผู้โดยสารถ่ายและเปลี่ยนเครื่องรวมถึงสัญญาสัมปทานที่เพิ่มขึ้น อาทิเช่น ผู้ให้บริการภาคพื้นดินรายที่ 3 ที่สนามบินสุวรรณภูมิ



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

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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 1 สิงหาคม 2024

<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><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>www.airportthai.co.th</p></div></div>	<div><div>Principal activities (revenue, 2023)</div><div><div><div><div>Landing & 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></div></div><div>Source: Airports of Thailand</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></div></div><div>Source: Airports of Thailand</div></div>
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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 (%)	MG (THB b)	Term	Note	MG under sharing per head (THB per passenger)	Passenger volume to receive MG as proposed (m)
BKK							
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 ¹⁾	33 ¹⁾
Commercial activities	King Power	15	5.8	Sep 2020 - Mar 2033	Extended from 2032 to 2033	72 ²⁾	81 ²⁾
Regional airport (HKT, CNX, HDY)							
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 ¹⁾	9 ¹⁾
DMK							
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		
Pick-up counter							
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			
Total			22.4				

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

Sources: AOT; FSSIA's compilation

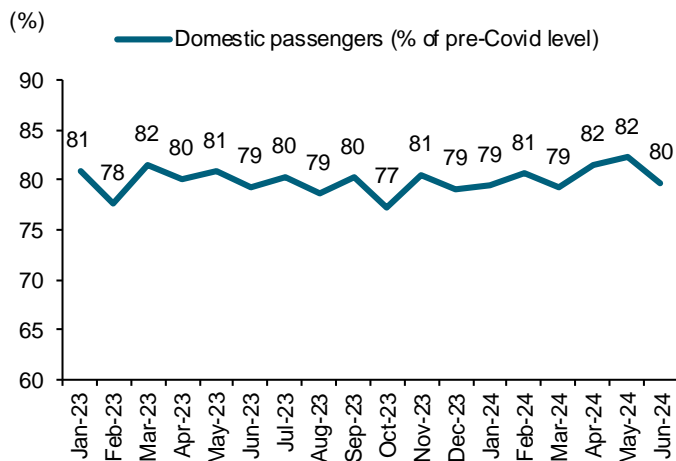
Exhibit 2: Forecast revisions

	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

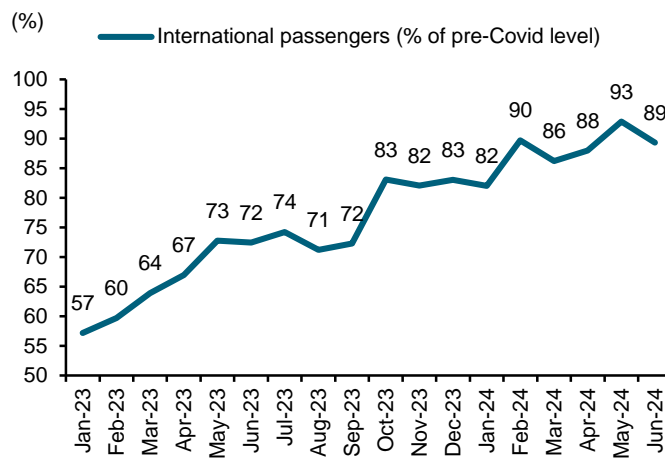
Source: FSSIA estimates

Exhibit 3: Domestic passenger volume vs pre-Covid level

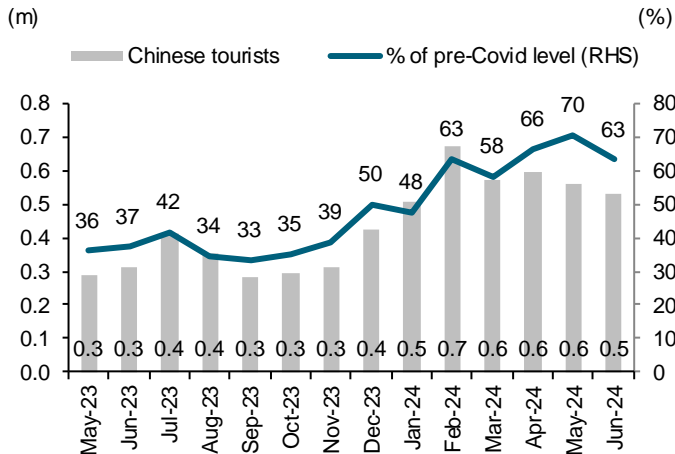


Source: AOT

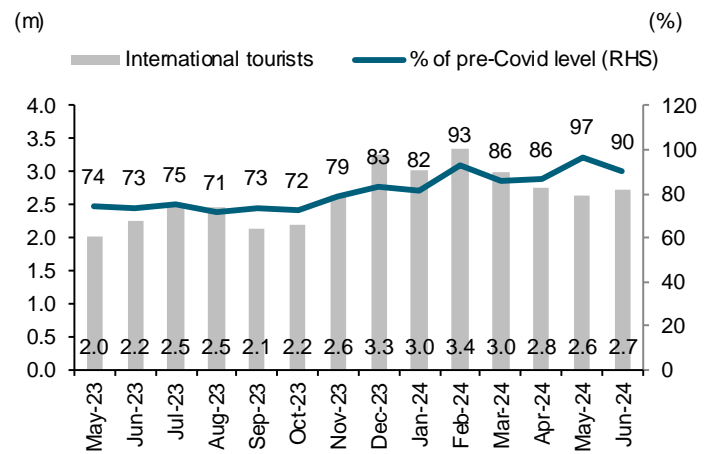
Exhibit 4: International passenger volume vs pre-Covid level



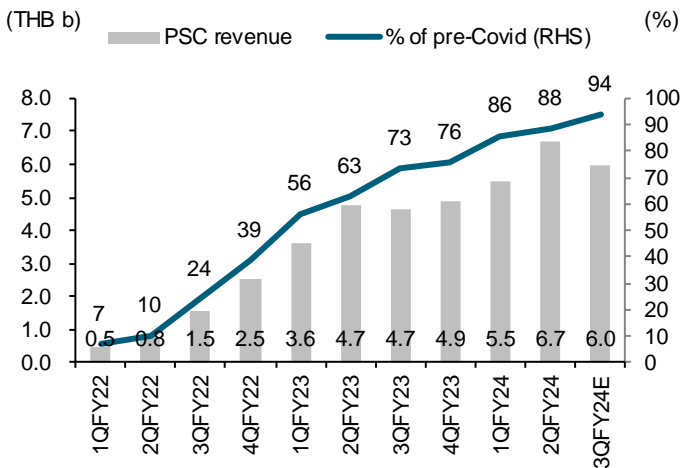
Source: AOT

Exhibit 5: Inbound Chinese tourist arrivals, monthly

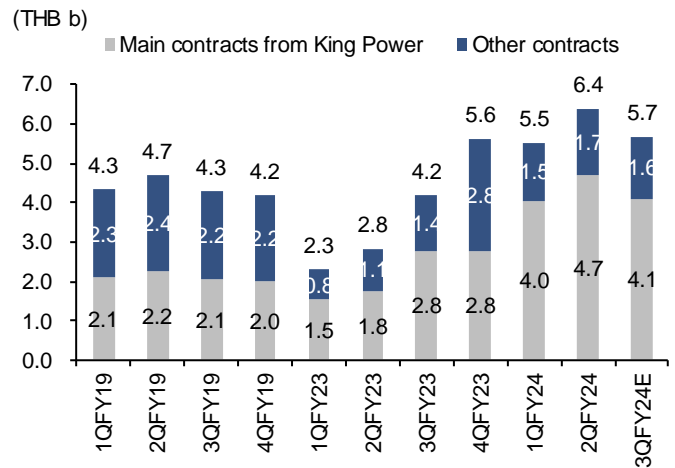
Sources: Ministry of Tourism and Sports; FSSIA estimates

Exhibit 6: Inbound total tourist arrivals, monthly

Sources: Ministry of Tourism and Sports; FSSIA estimates

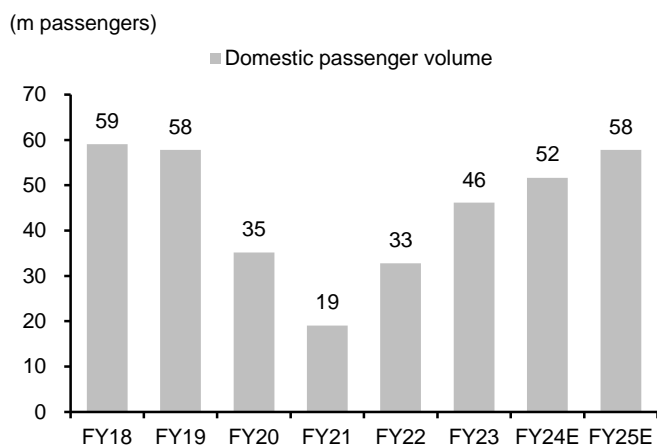
Exhibit 7: Passenger service charge (PSC) revenue

Sources: AOT; FSSIA estimates

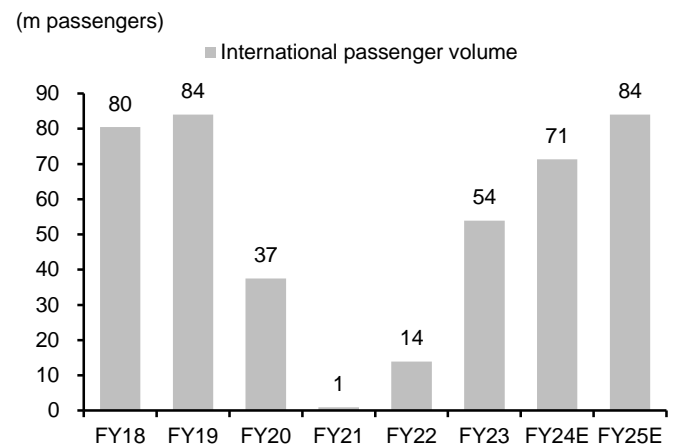
Exhibit 8: Concession revenue

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
Operating profit	4,847	5,148	6,543	8,168	6,660	(18)	37	26,135	82
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)
Pretax profit	4,226	4,503	5,913	7,567	6,058	(20)	43	23,788	102
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
Core profit	3,253	3,639	4,645	5,875	4,681	(20)	44	19,192	108
Extraordinaries	(141)	(161)	(81)	(62)	0				
Forex gain/(loss)	99	(100)	(14)	(84)	0				
Derivative gain/(loss)	(55)	54	13	56	0				
Reported net profit	3,156	3,432	4,563	5,785	4,681	(19)	48	19,192	118
Shares (end Q, m)	14,286	14,286	14,286	14,286	14,286	0	0	14,286	0
Core EPS (THB)	0.23	0.25	0.33	0.41	0.33	(20)	44	1.34	108
EPS (THB)	0.22	0.24	0.32	0.40	0.33	(19)	48	1.34	118
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
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)
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
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
International pax growth	243	102	54	43	28				
Domestic pax growth	17	7	(0)	(0)	1				
Total pax growth	85	48	25	22	16				

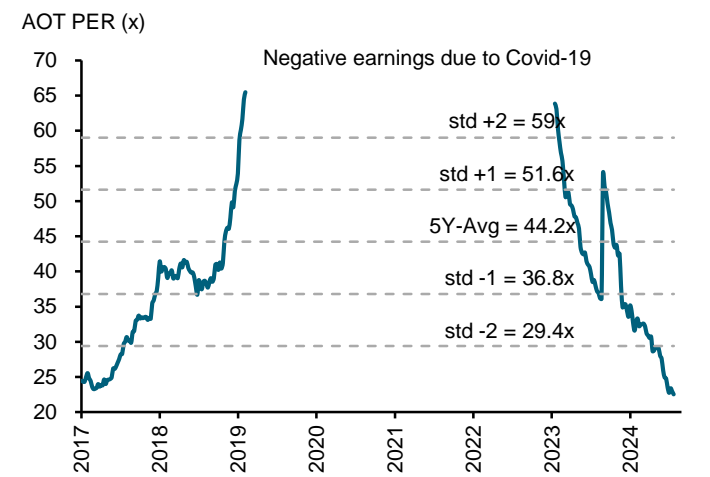
Sources: AOT; FSSIA estimates

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		
SOTP valuation	(THB b)	(THB/share)	Comments
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
Residual ordinary equity	929.1	65.0	

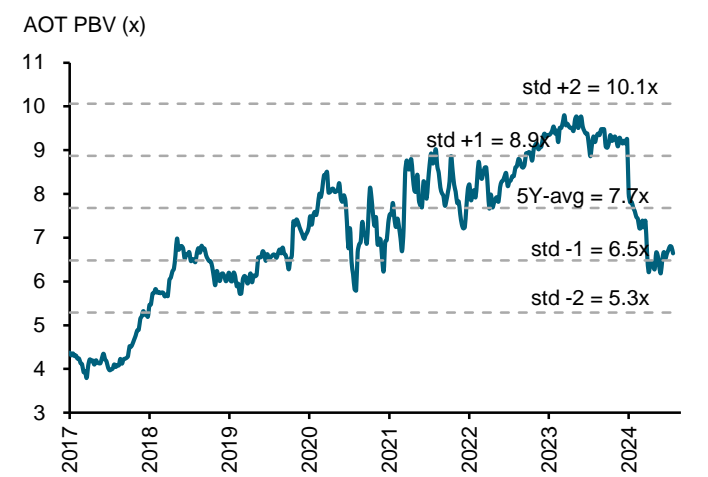
Source: FSSIA estimates

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 (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	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)
Gross profit	(10,331)	14,359	26,135	33,302	40,567
Other operating income	-	-	-	-	-
Operating costs	0	0	0	0	0
Operating EBITDA	(1,400)	23,230	37,685	45,132	52,567
Depreciation	(8,932)	(8,870)	(11,550)	(11,830)	(12,000)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(10,331)	14,359	26,135	33,302	40,567
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
Profit before tax	(13,864)	11,307	23,788	31,504	38,935
Tax	2,888	(2,235)	(4,282)	(5,986)	(7,787)
Profit after tax	(10,976)	9,072	19,506	25,518	31,148
Minority interests	(112)	(281)	(314)	(346)	(380)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(11,088)	8,791	19,192	25,172	30,768
Non-recurring items & goodwill (net)	915	457	0	0	0
Recurring net profit	(10,173)	9,247	19,192	25,172	30,768
Per share (THB)					
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
Growth					
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
Operating performance					
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
Cash flow from operations	5,662	15,132	26,639	35,646	45,065
Capex - maintenance	(8,182)	(12,546)	(11,000)	(20,000)	(24,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(5)	(278)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(8,187)	(12,823)	(11,000)	(20,000)	(24,000)
Dividends paid	(8)	(18)	0	(8,571)	(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
Cash flow from financing	(2,156)	(15)	45,558	(14,571)	(17,429)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(4,681)	2,293	61,197	1,075	3,636
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
Per share (THB)					
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
Balance Sheet (THB m) Year Ending Sep					
Tangible fixed assets (gross)	290,774	302,942	313,942	333,942	357,942
Less: Accumulated depreciation	(133,776)	(142,269)	(153,819)	(165,649)	(177,649)
Tangible fixed assets (net)	156,998	160,673	160,123	168,292	180,292
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	694	972	972	972	972
Cash & equivalents	3,798	6,091	67,288	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
Current assets	8,476	19,014	88,935	93,815	97,539
Other assets	17,645	14,952	14,952	14,952	14,952
Total assets	183,813	195,611	264,982	278,031	293,756
Common equity	101,324	110,465	129,657	146,258	165,597
Minorities etc.	1,195	1,713	2,028	2,374	2,754
Total shareholders' equity	102,519	112,178	131,684	148,631	168,351
Long term debt	57,991	51,464	100,837	94,837	88,837
Other long-term liabilities	8,808	8,676	8,676	8,676	8,676
Long-term liabilities	66,799	60,140	109,513	103,513	97,513
A/C payable	1,056	2,086	2,337	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
Current liabilities	14,495	23,293	23,785	25,887	27,892
Total liabilities and shareholders' equity	183,813	195,611	264,982	278,031	293,756
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					
Per share (THB)					
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
Financial strength					
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
Valuation					
Recurring P/E (x) *	(79.3)	87.3	42.1	32.1	26.2
Recurring P/E @ target price (x) *	(91.3)	100.4	48.4	36.9	30.2
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


77.96 /100

Exhibit 16: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 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](https://www.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
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	39	38	40	40	40	40	40	40
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	6,043	6,726	7,230	7,718	8,117	8,769	8,176	7,919
Employee turnover pct	3	3	2	1	1	2	2	2
Total hours spent by firm - employee training	236,402	278,056	214,370	337,035	169,206	63,867	59,834	74,225
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	14	12	15	15	13	14	15	15
No. of independent directors (ID)	7	7	12	11	8	9	11	10
No. of women on board	2	2	2	2	2	3	5	5
No. of non-executive directors on board	14	11	14	14	12	13	14	14
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	15	15	14	14	15	14	15	13
Board meeting attendance pct	92	94	95	98	96	96	98	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	44	44	45	47	48	49	44	45
Age of the oldest director	64	62	63	64	64	64	62	63
No. of executives / company managers	21	21	21	21	20	16	16	16
No. of female executives	7	7	7	7	6	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	12	12	12	12	12	12	12	15
Audit meeting attendance %	97	97	97	100	92	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	2	3	3	2	2	2	2
No. of compensation committee meetings	1	2	3	2	3	3	2	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	3	3	2	2	3	4	4	2
Nomination meeting attendance %	100	88	100	100	100	94	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitys	The Sustainabilitys' 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><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
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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

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History of change in investment rating and/or target price

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.