

COMPANY UPDATE

Airports of Thailand (AOT TB)

Winter Is Coming

The tone was slightly positive at AOT's analyst meeting on its 4QFY24 earnings. The reported net profit of Bt4.27b in 4QFY24 (+24.5% yoy, -6.4% qoq) is quite weak due to seasonally higher-than-expected expenses. The announcement of area reclamation is a slight negative but is being outweighed by the positives of the progress of the PSC increase and the great outlook for the upcoming winter flight schedule. Maintain BUY. Target price: Bt70.00.

WHAT'S NEW

- **Slight positive from analyst meeting.** The tone was slightly positive at Airports of Thailand's (AOT) analyst meeting. 4QFY24 earnings were weak, caused by spikes in several expenses. The key talks were mainly on the latest announcement of the area reclamation for the construction of East Expansion at Suvarnabhumi Airport (BKK).
- **Latest area reclamation for East Expansion.** There was another announcement on a commercial area reclamation from King Power Suvarnabhumi (KPS) for the East Expansion construction at BKK. Around 1,250sqm has been reclaimed by AOT which is approximately 5% of KPS' total commercial area at BKK. The area reclaimed is under the Master Contract, where the concession fee to be paid to AOT is based on a minimum guarantee per passenger. The reduction of KPS' commercial area will translate into a 5% decrease in minimum guarantee per head which KPS will pay to AOT. Throughout the construction of East Expansion which runs until the end of 2027, we estimate the impact of this reclamation on AOT's earnings to be less than 1% per year.
- Based on our sensitivity check, AOT will need only 150,000-180,000 international passengers to compensate for the reduction in concession fee from this reclamation. AOT's management also confirmed that there will be no more area reclamation in the future. On the flip side, once the construction of East Expansion is completed, AOT will gain an additional commercial area in the East Expansion that is five times the size of the area being reclaimed. Once KPS decides to take up those additional commercial areas, the concession fee that AOT will receive would increase accordingly.

KEY FINANCIALS

Year to 30 Sep (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	48,141	67,121	73,964	82,731	86,712
EBITDA	26,100	41,777	50,666	56,687	59,432
Operating profit	17,230	30,373	39,154	45,688	48,057
Net profit (rep./act.)	8,791	19,182	26,426	31,347	33,236
Net profit (adj.)	8,791	19,182	26,426	31,347	33,236
EPS (Bt)	0.6	1.3	1.8	2.2	2.3
PE (x)	99.5	45.6	33.1	27.9	26.3
P/B (x)	7.9	7.0	6.3	5.6	5.1
EV/EBITDA (x)	34.4	21.5	17.7	15.8	15.1
Dividend yield (%)	0.6	1.3	1.8	2.1	2.3
Net margin (%)	18.3	28.6	35.7	37.9	38.3
Net debt/(cash) to equity (%)	46.0	26.0	14.6	7.2	5.1
Interest cover (x)	9.1	15.7	17.2	19.3	21.5
ROE (%)	8.3	16.3	20.0	21.2	20.4
Consensus net profit (Btm)	-	-	23,931	27,891	34,258
UOBKH/Consensus (x)	-	-	1.10	1.12	0.97

Source: Airports of Thailand, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt61.25
Target Price	Bt70.00
Upside	+14.3%

COMPANY DESCRIPTION

AOT operates 6 of the 38 airports in Thailand, but collectively these 6 airports account for 83% of the total pax throughput

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	AOT TB
Shares issued (m):	14,285.7
Market cap (Btm):	874,999.1
Market cap (US\$m):	25,359.4
3-mth avg daily t'over (US\$m):	35.4

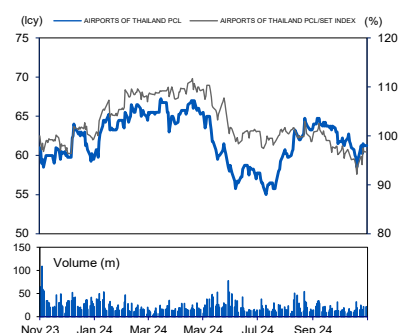
Price Performance (%)

52-week high/low	Bt67.50/Bt55.00			
1mth	3mth	6mth	1yr	YTD
(0.4)	2.5	(6.1)	(2.0)	2.5

Major Shareholders

	%
Finance Ministry	70.0
Thai NVDR Co Ltd	4.1
FY25 NAV/Share (Bt)	9.79
FY25 Net Debt/Share (Bt)	1.43

PRICE CHART



Source: Bloomberg

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4QFY24 RESULTS

Year to 31 Sep (Btm)	4Q23	3Q24	4Q24	yoy (%)	qoq (%)
Aero revenue	6,308	7,831	7,732	22.6	(1.3)
Non-aero revenue	9,054	8,574	9,042	(0.1)	5.5
Total revenue	15,362	16,405	16,774	9.2	2.3
Operating EBIT	6,074	7,153	7,089	16.7	(0.9)
Operating EBITDA	8,384	10,025	9,992	19.2	(0.3)
Core profit	3,597	4,605	4,358	21.1	(5.4)
Net profit	3,432	4,563	4,272	24.5	(6.4)
Percent	4Q23	3Q24	4Q24	yoy (ppts)	qoq (ppts)
EBIT margin	39.5	43.6	42.3	2.7	(1.3)
EBITDA margin	54.6	61.1	59.6	5.0	(1.5)
Core profit margin	23.4	28.1	26.0	2.6	(2.1)
Net profit margin	22.3	27.8	25.5	3.1	(2.3)

Source: AOT, UOB Kay Hian

STOCK IMPACT

- 4QFY24 earnings below expectations.** AOT reported a 4QFY24 earnings of Bt4.27b (+24.5% yoy, -6.4% qoq), below our and consensus forecasts. The main reason for the miss is due to higher-than-expected repair and maintenance expenses as well as other expenses. Top-line came in at Bt16.7b (+9.2% yoy, +2.3% qoq), mainly driven by a strong growth from international passenger arrivals. According to AOT, the spike in some expenses in 4QFY24 is considered normal as it is subjected to seasonality. EBITDA margins fell qoq to 59.6% as a result of being pressured by high costs.
- Update on PSC, transit and transfer fees.** AOT submitted the results of its study on operational costs to the Civil Aviation Authority of Thailand (CAAT) to support its request for an increase in the passenger service charge (PSC) and the introduction of transit fees. The approval process from CAAT should reach a conclusion by Jul 25. AOT is confident that it will at least receive approval to collect the transit fee, as there are currently no charges for these transits, despite associated expenses
- 1QFY25 outlook.** The winter flight schedule is seeing a strong yoy growth of 23.3%, contributed by a robust growth from international passengers (+30.6% yoy) and decent growth from domestic passengers (+11.6% yoy). AOT has also begun utilising technology at BKK to enhance passenger throughput by installing automated immigration gates and introducing an automated baggage drop system. This will improve BKK's capacity by up to 80m per year once the construction of East Expansion is complete.

VALUATION/RECOMMENDATION

- Maintain BUY with a target price of Bt70.00.** Our valuation is based on 2025 EV/EBITDA of 20x, 1SD above its historical pre-COVID-19 trading level. We have a positive outlook on AOT due to: a) its strong long-term growth fundamentals, and b) the materialisation of the PSC increase and the initiation of transit fee collection.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5
SET ESG Rating: A

Environmental

- Increased efficiency of energy consumption.** Design, construct, and operate airport and related facilities to maximise efficiency in resource utilisation.

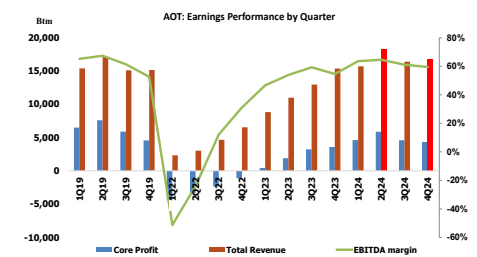
Social

- Established an Aerodrome Safety Policy.** Enhancing aerodrome safety manager and operational standards while giving responsibility to management from all levels for airport safety.
- Provides safety training.** Organising sessions to train and ensure that AOT personnel are equipped with the knowledge to comply with the Aerodrome Safety Policy.

Governance

- Board operates under corporate governance principles** and relevant laws regulations and guidelines on good corporate governance recommended by the Stock Exchange of Thailand and the Securities and Exchange Commission.

QUARTERLY EARNINGS PERFORMANCE



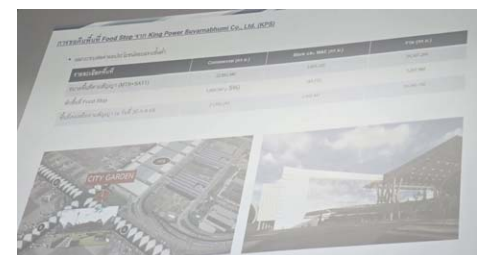
Source: AOT, UOB Kay Hian

FOREIGN TOURIST ARRIVALS FORECAST



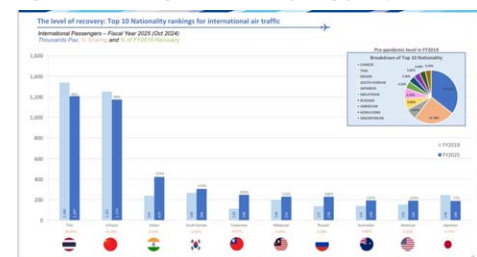
Source: AOT, UOB Kay Hian

EAST EXPANSION AREA RECLAMATION



Source: AOT, UOB Kay Hian

TOP INTERNATIONAL TRAFFIC IN OCT 24



Source: AOT, UOB Kay Hian

PROFIT & LOSS

Year to 30 Sep (Btm)	2024	2025F	2026F	2027F
Net turnover	67,121	73,964	82,731	86,712
EBITDA	41,777	50,666	56,687	59,432
Deprec. & amort.	11,404	11,511	10,999	11,375
EBIT	30,373	39,154	45,688	48,057
Total other non-operating income	(3,170)	(2,912)	(3,258)	(3,414)
Associate contributions	(1)	0	0	0
Net interest income/(expense)	(2,656)	(2,943)	(2,930)	(2,762)
Pre-tax profit	24,545	33,298	39,500	41,880
Tax	(4,903)	(6,660)	(7,900)	(8,376)
Minorities	(460)	(213)	(253)	(268)
Net profit	19,182	26,426	31,347	33,236
Net profit (adj.)	19,182	26,426	31,347	33,236

BALANCE SHEET

Year to 30 Sep (Btm)	2024	2025F	2026F	2027F
Fixed assets	162,171	172,326	178,472	185,062
Other LT assets	13,755	17,741	18,655	19,815
Cash/ST investment	18,487	35,051	44,304	44,003
Other current assets	11,737	5,112	5,717	5,992
Total assets	206,150	230,229	247,149	254,873
ST debt	2,329	2,834	2,834	737
Other current liabilities	19,768	22,317	24,259	19,582
LT debt	48,515	52,592	52,592	51,869
Other LT liabilities	7,873	8,920	9,366	9,834
Shareholders' equity	124,233	139,923	155,467	169,950
Minority interest	2,166	2,379	2,632	2,900
Total liabilities & equity	204,884	228,964	247,149	254,873

CASH FLOW

Year to 30 Sep (Btm)	2024	2025F	2026F	2027F
Operating	35,854	44,314	41,949	45,052
Pre-tax profit	24,545	33,298	39,500	41,880
Tax	(4,903)	(6,660)	(7,900)	(8,376)
Deprec. & amort.	11,404	11,511	10,999	11,375
Working capital changes	(560)	12,351	(385)	394
Non-cash items	5,368	(6,187)	(265)	(222)
Other operating cashflows	(1)	0	0	0
Investing	(18,160)	(14,453)	(17,145)	(18,497)
Capex (growth)	(16,989)	(15,163)	(16,960)	(17,776)
Investment	2,884	1,680	1,785	2,365
Others	(4,055)	(971)	(1,971)	(3,085)
Financing	(11,061)	(5,941)	(15,550)	(21,304)
Dividend payments	(5,143)	(11,286)	(15,855)	(18,808)
Issue of shares	0	0	0	0
Proceeds from borrowings	(6,098)	4,582	0	(2,819)
Others/interest paid	180	763	305	323
Net cash inflow (outflow)	6,633	23,920	9,254	5,252
Beginning cash & cash equivalent	6,091	18,487	35,051	44,304
Changes due to forex impact	5,762	(7,357)	0	(5,553)
Ending cash & cash equivalent	18,487	35,051	44,304	44,003

KEY METRICS

Year to 30 Sep (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	62.2	68.5	68.5	68.5
Pre-tax margin	36.6	45.0	47.7	48.3
Net margin	28.6	35.7	37.9	38.3
ROA	9.5	12.1	13.1	13.2
ROE	16.3	20.0	21.2	20.4
Growth				
Turnover	39.4	10.2	11.9	4.8
EBITDA	60.1	21.3	11.9	4.8
Pre-tax profit	117.1	35.7	18.6	6.0
Net profit	118.2	37.8	18.6	6.0
Net profit (adj.)	118.2	37.8	18.6	6.0
EPS	118.2	37.8	18.6	6.0
Leverage				
Debt to total capital	28.7	28.0	26.0	23.3
Debt to equity	40.9	39.6	35.7	31.0
Net debt/(cash) to equity	26.0	14.6	7.2	5.1
Interest cover (x)	15.7	17.2	19.3	21.5

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