

Airports of Thailand Pcl (AOT TB) - BUY

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Analyst Meeting**AOT's analyst meeting**

- **AOT sees the pax. recovery to continue to drive earnings.**
- **It targets 70m inter. pax. this year or 83% of the FY19 level.**
- **The plan for PSC hikes will take time.**
- **It is the best play on the tourism recovery in our view.**

We joined AOT's analyst meeting and key takeaways are as the following.

- AOT's passenger service charges and landing and parking charges increased 13% q-q and 10% q-q, respectively, in 1QFY24, driven by a rise in its international passenger by 13% q-q and domestic passengers by 12% q-q.
- However, its concession revenue fell by 2% q-q in 1QFY24. This was because there was Bt349m one-time concession revenue being booked in 4QFY23 from the adjustment of the difference between AOT's estimated passengers in 1Q-3Q23F and the actual ones. Taking out this one-time revenue, AOT's concession revenue would increase 5% q-q.
- AOT saw its international passenger recovery to continue in January and February 2024. Thanks to the government's free visa measures. It also targets the international passengers at 70m in FY24F (vs. 54m in FY23 and our forecast of 71m). This would drive its earnings for the rest of the year.
- AOT estimates its capex at Bt10-11bn this year mostly for the third runway which is planned to complete in July 2024. For the new projects, 1) Suvarnabhumi Airport's Bt8bn East Expansion is under the design process and planned to construct in 2024-26F, 2) Don Mueang Airport's Bt37bn phase 3 is also under the design process and planned to construct in 2025-2030F, 3) the transfer of the government's three airports to AOT is still under the processes to get the commercial airport licenses, and 4) the new green-field Phang Nga and Lamphun airports are under the feasibility studies and AOT expect them to take time for the conclusions.
- AOT's plan to increase the PSCs is also under the study by the third party and it expects a year to get the results.
- AOT is our top country pick as it is the most direct and highest operating leverage play on Thailand's strong tourism recovery with a record high earnings in FY25F driven by its passengers recovery back to the pre-Covid FY19 level and a rise in its concession revenue from the new duty-free concession.

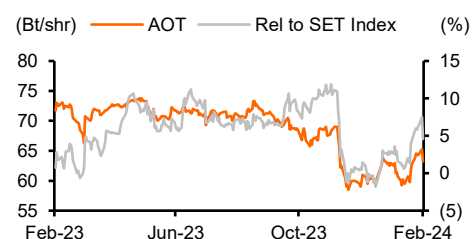
Key Valuations

Y/E Sep (Bt m)	2023	2024F	2025F	2026F
Revenue	48,141	71,831	79,690	86,089
Net profit	8,791	23,395	28,216	31,909
Norm net profit	9,247	23,395	28,216	31,909
Norm EPS (Bt)	0.6	1.6	2.0	2.2
Norm EPS gr (%)	na	153.0	20.6	13.1
Norm PE (x)	97.7	38.6	32.0	28.3
EV/EBITDA (x)	38.9	21.1	17.8	15.9
P/BV (x)	8.2	7.3	6.6	6.0
Div. yield (%)	0.6	1.6	1.9	2.1
ROE (%)	8.7	19.9	21.6	22.2
Net D/E (%)	(0.2)	(1.6)	(18.8)	(20.1)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	63.25
Target price (Bt)	75.00
Market cap (US\$ m)	25,299
Avg daily turnover (US\$ m)	47.6
12M H/L price (Bt)	73.75/58.50

Price Performance

Source: Bloomberg

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