

COMPANY RESULTS

Airports of Thailand (AOT TB)

3QFY23: Earnings Outlook Continues To Look Promising

AOT reported net profit and core profit of Bt3.2b (+243% yoy, +69% qoq), fuelled by the absence of a 50% discount for airline operators and the implementation of a new revenue collection method for concessionaires. Looking ahead, the earnings outlook remains promising, driven by travel demand, especially from Chinese tourists following the easing of visa requirements. Maintain BUY. Target price: Bt83.00.

3QFY23 RESULTS

Year to 31 Sep (Btm)	3Q22	2Q23	3Q23	yoy (%)	qoq (%)
Aero revenue	2,072	5,552	6,055	192.2	9.0
Non-aero revenue	2,594	5,449	6,900	166.0	26.6
Total revenue	4,666	11,001	12,954	177.6	17.8
Operating EBIT	(1,617)	3,765	5,507	440.6	46.2
Operating EBITDA	567	5,931	7,677	1,254.7	29.4
Core profit	(2,355)	1,908	3,233	237.3	69.4
Net profit	(2,207)	1,861	3,156	243.0	69.6
Percent	3Q22	2Q23	3Q23	yoy (ppts)	qoq (ppts)
EBIT margin	(34.7)	34.2	42.5	77.2	8.3
EBITDA margin	12.1	53.9	59.3	47.1	5.3
Core profit margin	(50.5)	17.3	25.0	75.4	7.6
Net profit margin	(47.3)	16.9	24.4	71.7	7.4

Source: AOT, UOB Kay Hian

RESULTS

- **2Q23 earnings were below our forecast but in line with market estimate.** Airports of Thailand (AOT) posted 3QFY23 (Apr-Jul 23) net profit and core profit of Bt3.2b (+243% yoy, +69% qoq), which were below our projection by 11% but in line with market estimate. 9M23 earnings accounted for 51% of our 2023 earnings forecast. The key miss was lower-than-expected concession revenue.
- **Total sales experienced a significant surge, attributed to the absence of COVID-19 support measures for all operators.** The company reported total sales of Bt13.0b (+178% yoy, +18% qoq), driven by the removal of the 50% discount for airline operators and lessees, as well as the implementation of a new revenue collection method for concessionaires.

KEY FINANCIALS

Year to 30 Sep (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	7,086	16,560	49,465	78,730	82,586
EBITDA	(6,605)	684	27,947	53,537	56,984
Operating profit	(15,632)	(8,248)	18,495	42,628	45,473
Net profit (rep./act.)	(16,322)	(11,088)	10,368	29,470	31,552
Net profit (adj.)	(16,322)	(11,088)	10,368	29,470	31,552
EPS (Bt)	(1.1)	(0.8)	0.7	2.1	2.2
PE (x)	n.m.	n.m.	98.2	34.5	32.3
P/B (x)	9.1	10.0	9.1	7.5	6.8
EV/EBITDA (x)	n.m.	1,569.0	38.4	20.1	18.8
Dividend yield (%)	0.0	0.0	0.6	1.7	1.9
Net margin (%)	(230.4)	(67.0)	21.0	37.4	38.2
Net debt/(cash) to equity (%)	49.7	58.3	48.6	29.9	21.4
Interest cover (x)	(2.4)	0.2	9.3	17.5	18.3
ROE (%)	n.a.	n.a.	9.7	23.9	22.2
Consensus net profit	-	-	11,047	28,068	33,968
UOBKH/Consensus (x)	-	-	0.94	1.05	0.93

Source: Airports of Thailand, Bloomberg, UOB Kay Hian
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Maintained)

Share Price	Bt71.25
Target Price	Bt83.00
Upside	+16.5%

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):	1,017,856.1
Market cap (US\$m):	29,026.0
3-mth avg daily t'over (US\$m):	38.3

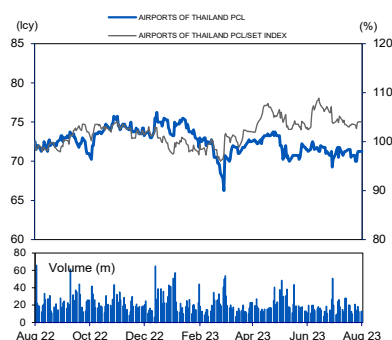
Price Performance (%)

52-week high/low	Bt76.25/Bt66.25
1mth	0.7
3mth	(3.1)
6mth	(2.4)
1yr	(1.7)
YTD	(5.0)

Major Shareholders

Finance Ministry	70.0
Thai NVDR Co Ltd	4.5
FY23 NAV/Share (Bt)	7.82
FY23 Net Debt/Share (Bt)	3.80

PRICE CHART



Source: Bloomberg

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KEY STATISTIC

Key Stats	3Q19	3Q22	4Q22	1Q23	2Q23	3Q23	yoy (%)	qoq (%)	To Pre-COVID
Inter Aircraft	119,488	36,315	50,443	66,829	79,117	84,563	132.9	6.9	71%
Domestic Aircraft	97,408	71,202	72,123	83,549	84,588	76,222	7.1	-9.9	78%
Total Aircraft	216,896	107,517	122,566	150,378	163,705	160,795	49.6	-1.8	74%
Inter PAX (m)	19.8	4.1	7.4	11.0	14.0	13.9	243.0	-0.3	71%
Domestic PAX (m)	13.7	9.4	9.9	12.0	12.5	11.0	16.9	-11.9	80%
Total PAX (m)	33.5	13.5	17.4	23.0	26.4	24.9	85.2	-5.7	74%

Source: AOT, UOB Kay Hian

- Aeronautical sales: Growth supported by the absence of a 50% discount for airline operators.** The sales for aeronautical operations improved both yoy and qoq, reaching Bt6.0b (+192% yoy, +9% qoq). This improvement was due to the removal of the 50% discount for airline operators, which contributed to higher landing and parking revenue. Despite the low season of travel, the number of aircraft movements remained robust (+50% yoy, -2% qoq), particularly in terms of inter-aircraft movements (+133% yoy, +7% qoq).
- Non-aeronautical sales: Growth supported by implementation of a new revenue collection method for concessionaires.** Non-aeronautical sales experienced substantial growth both yoy and qoq, reaching Bt6.9b (+166% yoy, +27% qoq), driven by the implementation of a new revenue collection method. This led to a doubling of spending per head, reaching Bt167 (+86% yoy, +56% qoq, +31% from 2QFY19).
- EBITDA margin expanded yoy and qoq.** EBITDA margin widened yoy and qoq to 59.3% (+47.1ppt yoy, +5.3ppt qoq), thanks to better operating leverage.

STOCK IMPACT

- 4QFY23 earnings expected to sustain growth.** We anticipate that 4QFY23 earnings will continue to increase both yoy and qoq, driven by higher international passenger numbers. Between 31 July and 6 Aug 23, Chinese travellers ranked as the highest visitors, which was the first week since the beginning of COVID-19, due to the easing of visa requirements by streamlining the documentation process. This change is expected to boost Chinese arrivals.

EARNINGS REVISION/RISK

- None.**

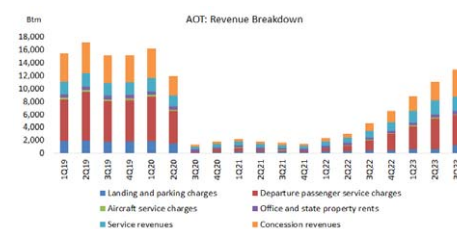
VALUATION/RECOMMENDATION

- Maintain BUY with a target price of Bt83.00.** Our valuation is based on EV/EBITDA multiple of 24.0x, at 1SD above its historical average. Our target price of Bt83.00 implies EV/EBITDA growth of 0.35x, which is an attractive valuation.

SHARE PRICE CATALYST

- Chinese tourists recovery after easing the group tour visa requirement.**

REVENUE BREAKDOWN



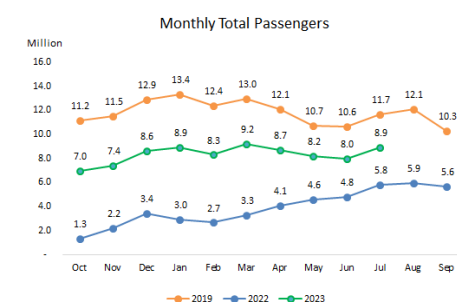
Source: AOT, UOB Kay Hian

EARNINGS PERFORMANCE BY QUARTER



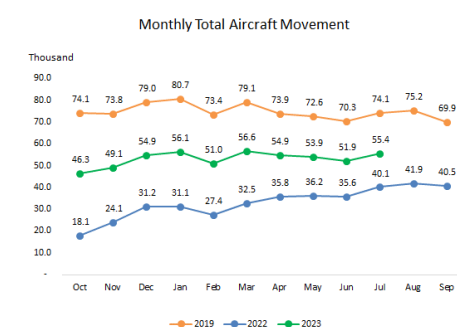
Source: AOT, UOB Kay Hian

MONTHLY TOTAL PASSENGERS



Source: AOT, UOB Kay Hian

MONTHLY TOTAL FLIGHTS



Source: AOT, UOB Kay Hian

PROFIT & LOSS

Year to 30 Sep (Btm)	2022	2023F	2024F	2025F
Net turnover	16,560	49,465	78,730	82,586
EBITDA	684	27,947	53,537	56,984
Deprec. & amort.	8,932	9,452	10,909	11,511
EBIT	(8,248)	18,495	42,628	45,473
Total other non-operating income	(2,934)	(2,325)	(2,441)	(2,593)
Associate contributions	0	0	0	0
Net interest income/(expense)	(2,882)	(3,013)	(3,053)	(3,121)
Pre-tax profit	(13,864)	13,158	37,134	39,759
Tax	2,888	(2,632)	(7,427)	(7,952)
Minorities	(112)	(158)	(238)	(254)
Net profit	(11,088)	10,368	29,470	31,552
Net profit (adj.)	(11,088)	10,368	29,470	31,552

CASH FLOW

Year to 30 Sep (Btm)	2022	2023F	2024F	2025F
Operating	(3,764)	27,183	40,150	43,050
Pre-tax profit	(13,864)	13,158	37,134	39,759
Tax	2,888	(2,632)	(7,427)	(7,952)
Deprec. & amort.	8,932	9,452	10,909	11,511
Working capital changes	165	3,604	9	(40)
Non-cash items	(1,885)	3,601	(475)	(228)
Other operating cashflows	n.a.	n.a.	n.a.	n.a.
Investing	(8,756)	(22,679)	(20,255)	(17,112)
Capex (growth)	(17,019)	(22,506)	(20,076)	(16,930)
Investments	8,702	(172)	(178)	(182)
Others	(438)	0	0	0
Financing	(1,056)	(3,696)	(6,033)	(18,054)
Dividend payments	(8)	0	(6,221)	(17,682)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,233)	(3,899)	(97)	(677)
Others/interest paid	185	203	285	304
Net cash inflow (outflow)	(13,576)	809	13,862	7,884
Beginning cash & cash equivalent	8,479	3,798	4,607	18,469
Changes due to forex impact	8,895	0	0	0
Ending cash & cash equivalent	3,798	4,607	18,469	26,353

BALANCE SHEET

Year to 30 Sep (Btm)	2022	2023F	2024F	2025F
Fixed assets	156,998	170,227	179,573	185,174
Other LT assets	18,339	16,044	18,208	18,807
Cash/ST investment	3,798	4,607	18,469	26,353
Other current assets	4,679	3,500	5,446	5,702
Total assets	183,813	194,377	221,696	236,035
ST debt	3,738	948	1,066	600
Other current liabilities	10,757	14,263	17,741	18,158
LT debt	59,094	57,985	57,770	57,559
Other LT liabilities	7,705	8,090	8,495	8,920
Shareholders' equity	101,324	111,737	135,034	148,954
Minority interest	1,195	1,353	1,590	1,845
Total liabilities & equity	183,813	194,377	221,696	236,035

KEY METRICS

Year to 30 Sep (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	4.1	56.5	68.0	69.0
Pre-tax margin	(83.7)	26.6	47.2	48.1
Net margin	(67.0)	21.0	37.4	38.2
ROA	n.a.	5.5	14.2	13.8
ROE	n.a.	9.7	23.9	22.2
Growth				
Turnover	133.7	198.7	59.2	4.9
EBITDA	n.a.	3,984.7	91.6	6.4
Pre-tax profit	n.a.	n.a.	182.2	7.1
Net profit	n.a.	n.a.	184.2	7.1
Net profit (adj.)	n.a.	n.a.	184.2	7.1
EPS	n.a.	n.a.	184.2	7.1
Leverage				
Debt to total capital	38.0	34.3	30.1	27.8
Debt to equity	62.0	52.7	43.6	39.0
Net debt/(cash) to equity	58.3	48.6	29.9	21.4
Interest cover (x)	0.2	9.3	17.5	18.3

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