Airports of Thailand Pcl (AOT TB) - BUY

Analyst Meeting

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Messages from the analyst meeting

- **AOT expect a gradual passenger recovery next year and…**
- **…it expects a recovery back to the FY19 level in FY24F.**
- **There is a concern on the supply constraints.**
- **We see AOT as one of the best plays for a tourism recovery.**

- We joined AOT's meeting this morning. The management is not very optimistic on the country reopening as it expects the passengers to take at least 2 years to recover back to the FY19 level.
- AOT expects its total passenger recovery to 44% of its FY19 level next year, 82% in FY23 and 101% in FY24. As the break-even level is estimated at 50% of the total passengers in FY19 (45:55 domestic: international passengers), AOT should still make a loss in FY22F (we forecast a Bt6bn loss).
- The management is still concerned on;
  1) supply side. How many airlines and operators in the airports can resume their operations?
  2) demand side. How fast will passengers recover? AOT expect a gradual passenger recovery as AOT expect not many Chinese tourists (26% of the total tourists) to travel aboard next year.
  3) supply constraints. Even if passengers recover fast, AOT doesn't expect airlines to be able to resume its full capacity to serve demand as the COVID crisis has caused many airlines to face financial difficulties.
- AOT has yet to decide whether or not it will extend the assistance measures for operators in the airports, including King Power. The measures will expire in March 2022 and AOT needs to see how fast the passengers will recover and how many operators will survive without the assistance measures before it will make a decision.
- The airport city project is in progress and AOT will start to select operators to invest in its raw land around Suvarnabhumi Airport by end of this year.
- Even though AOT management is not very optimistic, a recovery is in expectation. We like AOT for long-term core holding as;
  1) it is the most direct and high operating leverage play once the Thai tourism recovers.
  2) we expect a strong earning turnaround in 2023F driven by not only a passenger recovery but also a rise in duty-free concession revenue from the re-implementation of the minimum guarantee.
  3) we like the airport city project and we see it as a potential upside to our TP.

Key Valuations

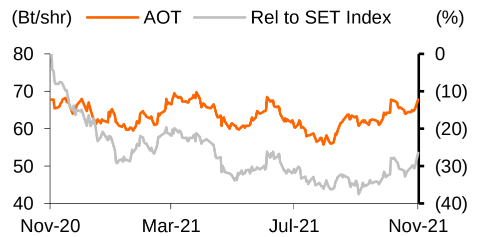
Y/E Sep (Bt m)	2020	2021F	2022F	2023F
Revenue	31,179	8,161	23,607	66,430
Net profit	4,321	(13,979)	(6,041)	23,518
Norm net profit	5,403	(13,979)	(6,041)	23,518
Norm EPS (Bt)	0.4	(1.0)	(0.4)	1.6
Norm EPS gr (%)	(78.0)	na	na	na
Norm PE (x)	179.1	na	na	41.2
EV/EBITDA (x)	91.7	na	185.0	22.5
P/BV (x)	6.8	7.4	7.4	6.5
Div. yield (%)	0.3	0.0	0.0	1.5
ROE (%)	3.6	na	na	16.8
Net D/E (%)	(22.7)	(11.0)	(1.3)	(4.8)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	67.75
Target price (Bt)	69.00
Market cap (US$ m)	28,083
Avg daily turnover (US$ m)	51.8
12M H/L price (Bt)	69.75/55.75

Price Performance



Source: Bloomberg

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