BUY (Unchanged)

Change in Numbers

TP: Bt 83.00 (From: Bt 69.00)

Upside : 23.4%

18 APRIL 2022

Thanachart Securities

Airports of Thailand Pcl (AOT TB)

The best reopening play

With 90% of its revenue linked to passenger numbers and 70% of costs fixed, AOT is the most direct and highest operating-leverage play on the Thai tourism turnaround story. Also, with a 2.7x higher minimum guarantee from the new duty-free concession, we forecast record-high earnings in FY24F. Reaffirm BUY with our new TP of Bt83.

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The most direct play on a tourism turnaround

We reiterate our BUY rating on AOT. ***First***, we believe the government is going forward with a full reopening to foreign tourism within 2Q22F. ***Second***, AOT is the most direct play that runs the biggest airports in Thailand and has 90% of its total revenue linked to passenger numbers. ***Third,*** it is also the highest operating leverage play as 70% of its total costs are fixed. ***Fourth,*** AOT's net debt-to-equity (D/E) ratio is only 0.2x despite facing the COVID-19 crisis over the past two years, and we expect it to turn net cash in FY24F (ending September 2024F). ***Finally,*** we forecast its earnings to reach a record high in FY24F despite our assumption of tourist arrivals reaching 90% of the 2019 level, as the minimum guarantee in the new duty-free concession is 2.7x higher than in the old concession.

Raising TP to Bt83

Although we lower our passenger number assumptions for FY22-24F to reflect the Russia-Ukraine conflict and a delay in China's border reopening, tourist behavior globally despite the pandemic makes us believe we were too bearish in our long-term assumptions. We had assumed tourist arrivals to grow only organically after the numbers reached the 2019 level. Exhibits 1-3 show our new assumptions of higher long-term growth. Our new assumptions result in earnings forecast cuts in the near term but higher earnings in the long term, and thus, we lift our DCF-based TP to Bt83 (from Bt69), with a rollover to FY23F as the base year.

Post-COVID-19 earnings base

AOT awarded the new duty-free concession in FY19 to King Power, which agreed to pay a 2.7x higher minimum guarantee income per international passenger to AOT than in the old concession. However, due to the COVID-19 crisis, AOT has waived the minimum guarantee till March 2023. Based on our assumptions of international passenger numbers at 50% of the pre-COVID-19 level in FY23F, 90% in FY24F and 107% in FY25F, we forecast AOT's earnings to turn to profit of Bt4bn in FY23F, Bt27bn in FY24F (a new high) and Bt35bn in FY25F with ROE jumping from 4% in FY23F to 24-27% over FY24-25F.

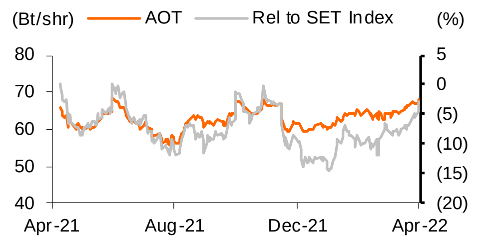
Airport City project in progress

AOT is now selecting private operators to invest and develop 563 acres of raw land around Suvarnabhumi Airport for airport-related projects, such as hotels, logistics parks, shopping malls and medical facilities. Although it should take at least four more years to develop, we are bullish on this project given Thailand's strong position in the global tourism industry. We estimate a potential upside of Bt1.3-2.4/share to our current TP.

COMPANY VALUATION

Y/E Sep (Bt m)	2021A	2022F	2023F	2024F
Sales	7,086	12,782	39,924	72,385
Net profit	(16,322)	(13,554)	4,109	26,864
Norm profit	(15,319)	(13,554)	4,109	26,864
Consensus NP	—	(8,463)	11,973	28,101
Diff frm cons (%)	—	*na*	*(65.7)*	*(4.4)*
Prev. Norm profit	—	(10,056)	11,727	30,924
Chg frm prev (%)	—	*na*	*(65.0)*	*(13.1)*
Norm EPS (Bt)	(1.1)	(0.9)	0.3	1.9
Norm EPS grw (%)	na	na	na	553.7
Norm PE (x)	na	na	233.8	35.8
EV/EBITDA (x)	na	na	45.1	19.0
P/BV (x)	8.6	9.7	9.4	8.1
Div yield (%)	0.0	0.0	0.3	1.7
ROE (%)	na	na	4.1	24.3
Net D/E (%)	(6.9)	16.2	16.5	(5.9)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 18-Apr-22 (Bt)	67.25
Market Cap (US$ m)	28,540.8
Listed Shares (m shares)	14,285.70
Free Float (%)	30.0
Avg Daily Turnover (US$ m)	55.7
12M Price H/L (Bt)	68.50/55.75
Sector	Transportation
Major Shareholder	Ministry of Finance 70%

Sources: Bloomberg, Company data, Thanachart estimates

The best reopening play

We lower our earnings forecasts for FY22-25F but raise it for FY26F onwards

Although we lower our earnings forecasts by 6-65% for FY23-25F as we cut our passenger number assumptions over FY23-25F to reflect our concerns on a protracted Russia-Ukraine conflict and a delay in China's border reopening, we lift our earnings forecasts by 5-12% for FY26F onwards as tourist behavior globally despite the pandemic makes us believe we were too bearish in our long-term passenger assumptions. Exhibits 1-3 show our new assumptions of higher long-term growth. In other words, we assume AOT's international passenger numbers to be at 9% of its FY19 level in FY22F, 50% in FY23F, 90% in FY24F and 107% in FY25F. Our long-term passenger numbers also seem to be in line with the International Air Transport Association (IATA)'s passenger forecasts (Exhibit 4) for the Asia-Pacific routes. Along with a rollover of the base year in our model to FY23F (AOT's fiscal year ends in September), we raise our DCF-based TP to Bt83 from Bt69 previously. We reiterate our BUY rating on AOT.

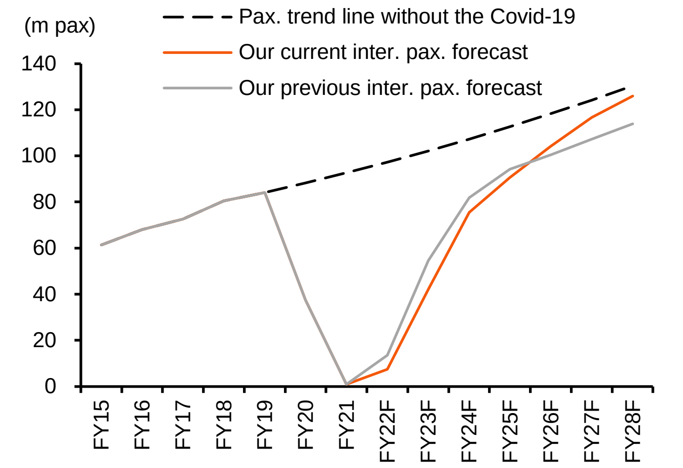
We lift our DCF-based TP to Bt83

Ex 1: Key Assumption Changes

	FY20	FY21	FY22F	FY23F	FY24F
International passengers (m pax.)					
New	37.5	1.0	7.5	42.0	75.5
Old			13.5	54.6	81.9
Change (%)			*(44.6)*	*(23.0)*	*(7.8)*
Domestic passengers (m pax.)					
New	35.2	19.1	30.1	46.3	57.8
Old			35.8	52.0	57.8
Change (pp)			*(16.1)*	*(11.1)*	-
Normalized earnings (Bt bn)					
New	5.4	(15.3)	(13.9)	4.1	26.9
Old			(10.0)	11.7	30.9
Change (pp)			*na*	*(65.0)*	*(13.1)*

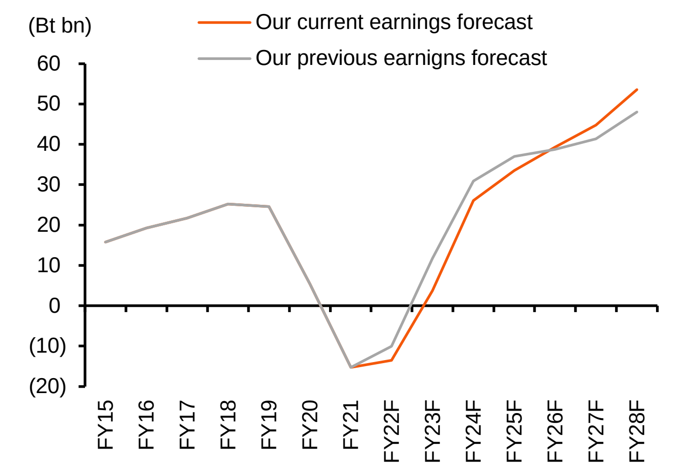
Source: Company data, Thanachart estimates

Ex 2: Our Current Inter. Pax. Forecasts Vs. Previous Ones



Sources: Company data, Thanachart estimates

Ex 3: Our Current Earnings Forecasts Vs. Previous Ones



Sources: Company data, Thanachart estimates

Ex 4: IATA's Passenger Forecasts

Share of 2019 (%)	2021	2022	2023	2024	2025
Industry-wide	47	83	94	103	111
International	27	69	82	92	101
Domestic	61	93	103	111	118
Asia Pacific	40	68	84	97	109
Europe	40	86	96	105	111
North America	56	94	102	107	112

Source: IATA as of March 2022

AOT is now among our country top picks given…

…1) a recovery of the tourism industry…

AOT is now on our country top pick list as:

First, the government has continued to ease the COVID-19 restrictions with a full-scale reopening plan for June 2022. Although some COVID-19 restrictions and state quarantine requirements are still in place, AOT's international passenger numbers have started to recover since November 2021.

Ex 5: Thailand's Entry Requirements

Measure	Mar-22	Apr-22	Plans in May-22	Plans in Jun-22
1. Registration	Thailand Pass	Thailand Pass	Thailand Pass	canceled
2. 72 hours before the arrival day	RT-PCR test	canceled	canceled	canceled
3. On the arrival day				
3.1 Test & Go	RT-PCR test	RT-PCR test	Prof. ATK	Prof. ATK
3.2 Sandbox	RT-PCR test	RT-PCR test	Prof. ATK	Prof. ATK
3.3 Quarantine	RT-PCR test	RT-PCR test	RT-PCR test	RT-PCR test
4. Five days after the arrival day				
4.1 Test & Go	Self-ATK	Self-ATK	canceled	canceled
4.2 Sandbox	Self-ATK	Self-ATK	canceled	canceled
4.3 Quarantine	RT-PCR test	RT-PCR test	RT-PCR test	RT-PCR test

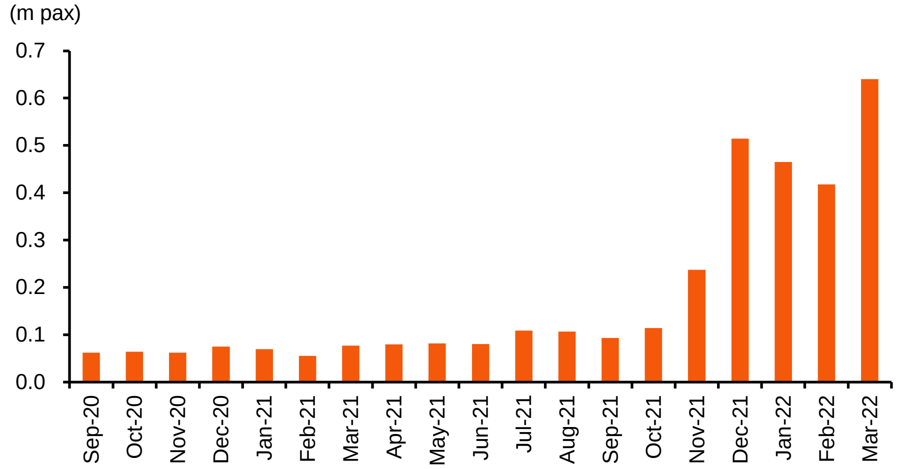
Sources: Naewna Newspaper, Thanachart compilation

Note: * Test & Go program for fully-vaccinated tourists who want to travel all over Thailand

* Sandbox program for fully-vaccinated tourists who want to stay 5 days in sandbox areas

* Quarantine program for unvaccinated tourists and quarantine period is cut from 10 days to 5 days in April

Ex 6: AOT's Monthly International Passengers

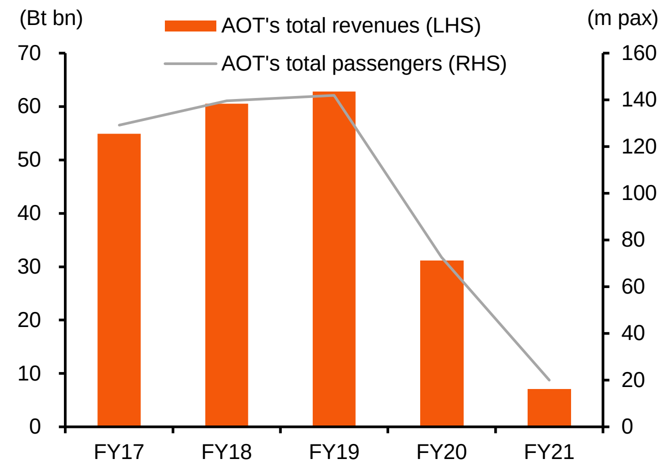


Source: Company data

...2) it is the most direct and highest leverage play

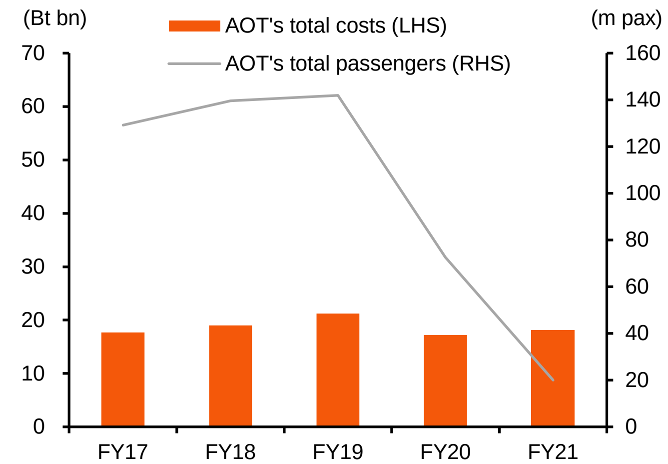
Second, it is the most direct and highest operating leverage play on the turnaround of Thailand's huge tourism industry given 90% of its total revenue is linked to passenger numbers and 70% of its total costs are fixed, mainly from employee and depreciation expenses.

Ex 7: AOT's Total Revenues Vs. Total Passengers



Source: Company data

Ex 8: AOT's Total Costs Vs. Total Passengers



Source: Company data

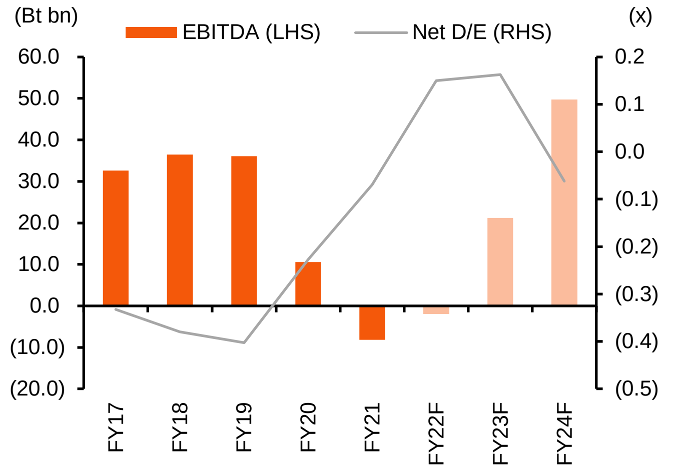
...3) it is a cash cow...

Third, it is also a cash cow. Despite being hit by the COVID-19 crisis for the past two consecutive years, we forecast its net D/E ratio to be only 0.2x in FY22-23F before it returns to a net cash position in FY24F.

...4) its new earnings base...

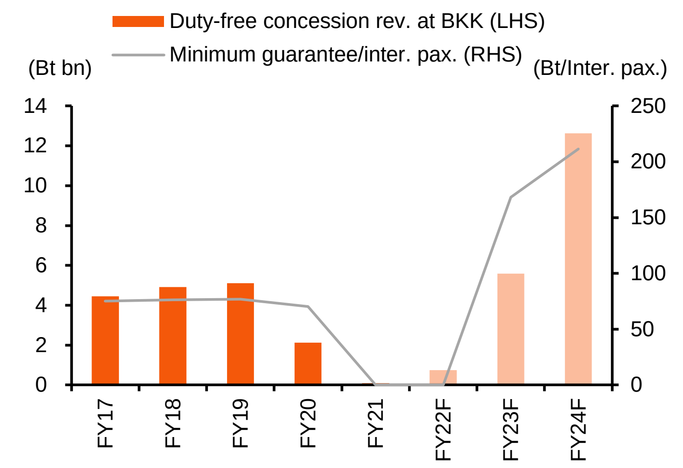
Fourth, despite our assumption of AOT's international passenger numbers in FY24F at 90% of the FY19 level, we forecast its earnings in FY24F to reach a record high due to the re-collection of the minimum guaranteed amount. AOT awarded the new duty-free concession in FY19 to King Power, which agreed to pay a 2.7x higher minimum guaranteed amount per international passenger to AOT than the amount it offered in the old concession. Unfortunately, the COVID-19 crisis has caused AOT to waive the collection of the minimum guaranteed income. However, the waiver will end in March 2023, and we forecast the average minimum guaranteed income to be Bt168 per international passenger in FY23 and Bt211 in FY24 versus Bt77 in FY19.

Ex 9: AOT's EBITDA Vs. Net D/E Ratio



Sources: Company data, Thanachart estimates

Ex 10: Duty-free Minimum Guarantee Per Inter. Pax.



Sources: Company data, Thanachart estimates

...and 5) potential upside from the Airport City project

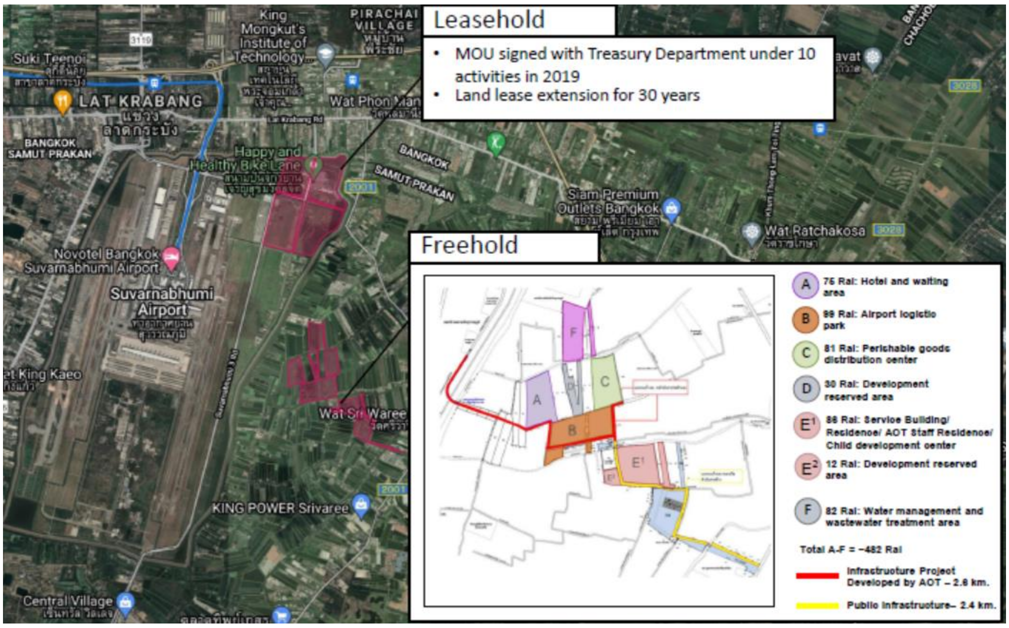
Finally, we also see potential upside from the Airport City project. AOT is now selecting property developers to proceed with airport-related projects on its 563 acres of undeveloped land in and around Suvarnabhumi Airport. The projects include air cargo warehouses, distribution centres, hotels, shopping malls, recreation facilities, exhibition halls, residences, and sports and medical facilities. We do not expect AOT's investment costs to be high as it plans to invest in only utilities and facilities, while the property developers would invest in the projects and share revenue with AOT. If 75% of the total undeveloped land is used for the Airport City project and rental income is at Bt500-1,000/sqm/month, we estimate an additional Bt1.3-2.4 per share of potential upside to our current TP.

Ex 11: Sensitivity Analysis Of Our TP To The Airport City Project

Airport City Project	Total raw land (sqm)	75% Being developed (sqm)	Rent/month (Bt/sqm/month)	Total revenue (Bt m/year)	Revenue sharing (%)	Revenue to AOT (Bt m/year)	After tax earnings (Bt m/year)	Addition to TP (Bt/share)
Scenario 1: Bt500/sqm. rent	2,278,380	1,708,785	500	10,253	15	1,538	1,230	1.3
Scenario 2: 20% higher rent	2,278,380	1,708,785	600	12,303	15	1,846	1,476	1.5
Scenario 3: 40% higher rent	2,278,380	1,708,785	700	14,354	15	2,153	1,723	1.8
Scenario 4: 60% higher rent	2,278,380	1,708,785	800	16,404	15	2,461	1,969	2.0
Scenario 5: 80% higher rent	2,278,380	1,708,785	900	18,455	15	2,768	2,215	2.2
Scenario 6: 100% higher rent	2,278,380	1,708,785	1,000	20,505	15	3,076	2,461	2.4

Sources: Company data, Thanachart estimates

Ex 12: Airport City Project



Source: Company data

Ex 13: 12-month DCF-based TP Calculation, Using A Base Year Of FY23F

(Bt m)	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F	Terminal value
EBITDA excl. depreciation from right of use	19,122	47,712	57,207	64,960	73,365	86,287	93,488	107,445	115,118	123,380	132,280	—
Free cash flow	83	32,929	31,550	25,147	18,462	33,065	48,559	78,571	85,120	91,776	98,940	2,464,589
PV of free cash flow	83	28,639	25,255	18,691	12,741	21,183	28,885	43,396	41,974	41,829	41,688	648,109

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.9
WACC (%)	7.2
Terminal growth (%)	2.0
Enterprise value - add investments	,194,194
Net debt (FY22F)	16,135
Minority interest	988
Equity value	1,177,071
# of shares (m)	14,286
Equity value/share (Bt)	**83**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 14: Valuation Comparison With Regional Peers

			EPS growth		—— PE ——		— P/BV —		EV/EBITDA		— Div yield —	
Name	BBG code	Country	22F	23F	22F	23F	22F	23F	22F	23F	22F	23F
			(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(%)	(%)
Beijing Capital Int'l	694 HK	China	42.4	na	na	51.3	0.9	0.9	na	10.4	0.0	0.9
Shenzhen Airport Co	000089 CH	China	na	215.7	85.9	27.1	1.2	1.2	18.7	14.3	0.5	1.0
Xiamen Int'l Airport	600897 CH	China	16.3	86.6	24.9	13.4	1.2	1.3	5.5	5.6	3.4	5.7
Shanghai Int'l Airport	600009 CH	China	na	na	na	38.7	3.5	3.3	79.2	22.3	2.6	3.3
Fraport Frankfurt Airport	FRA GR	Germany	80.6	116.6	34.4	15.3	1.2	1.1	14.3	11.2	0.1	1.4
Japan Airport Terminal	9706 JP	Japan	43.6	100.0	na	na	3.4	3.3	na	22.7	0.0	0.2
Grupo Aeroportuario	ASURB MM	Mexico	23.7	12.8	16.8	14.9	3.0	2.8	10.6	9.6	3.7	3.9
SATS Ltd	SATS SP	Singapore	na	259.5	149.7	41.3	3.1	3.0	35.2	20.1	0.0	1.7
Airports of Thailand*	AOT TB	Thailand	na	na	na	233.8	9.7	9.4	na	45.1	0.0	0.3
Average			**41.3**	**131.9**	**62.3**	**54.5**	**3.0**	**2.9**	**27.3**	**17.9**	**1.1**	**2.0**

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS

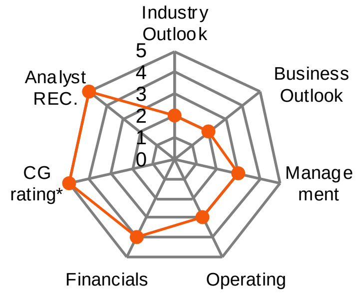
Based on 18 Apr 2022 closing prices

COMPANY DESCRIPTION

The Airports of Thailand (AOT) was corporatized from a state enterprise and is Thailand's leading airport business operator. AOT is responsible for six international airports: Don Mueang, Phuket, Chiang Mai, Had Yai, Chiang Rai and Suvarnabhumi, all of which accommodate both domestic and international flights. With commercial operations beginning on 28 September 2006, Suvarnabhumi serves as the main airport and can accommodate up to 45m passengers and 3m tonnes of cargo a year. Within a single hour, the airport can operate up to 76 flights.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	**5**
Strong	**4**
Good	**3**
Fair	**2**
Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- AOT is an airport monopoly.
- As a state enterprise, the company's operations and finances receive support from the government.

W — Weakness

- AOT has little revenue diversity so its quarterly earnings are volatile and follow the different tourism seasons.
- Unclear direction due to changes in government policies have caused AOT to miss out on the chance of benefiting fully from Thailand's strong tourism industry.

O — Opportunity

- Thailand is a very popular destination for tourists.
- Strong economic growth in the Asia-Pacific is boosting the tourism industry in the region.
- The Thai healthcare industry is also spurring medical tourism to Thailand.

T — Threat

- Airport competition is fierce. Many airports in Asia are reducing fees to attract airlines.
- Disease outbreaks present a threat to the industry.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	70.59	83.00	18%
Norm profit 22F (Bt m)	(8,463)	(13,554)	na
Norm profit 23F (Bt m)	11,973	4,109	-66%
Consensus REC	**BUY: 18**	**HOLD: 5**	**SELL: 3**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our FY22-23F earnings are significantly below the Bloomberg consensus estimates, which we attribute to us having factored in a slower passenger recovery.
- However, our DCF-based TP is 18% higher than the Street's number, likely as we are much more bullish on AOT's long-term earnings growth prospects.

Sources: Bloomberg consensus, Thanachart forecasts

RISKS TO OUR INVESTMENT CASE

- Thailand's tourism industry depends on the global economy and there is no doubt that tourism would be negatively affected by any global economic volatility.
- If the COVID-19 outbreak worsens, it may have a significant impact on our passenger growth forecasts.
- The possibility of political interference and corruption is also of concern. As a state enterprise, AOT's major investments still have to be approved by the cabinet. Hence, any delays in getting cabinet approval would have a negative impact on AOT's earnings streams.

Source: Thanachart

We expect AOT's EBITDA to turn positive in FY23F…

…and jump to Bt50bn in FY24F…

…driven by a passenger recovery and higher duty-free concession revenue

Despite facing the COVID-19 crisis for two consecutive years, AOT was still in a net cash position in 1QFY22

INCOME STATEMENT

FY ending Sep (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	31,179	7,086	12,782	39,924	72,385
Cost of sales	17,194	18,186	20,907	22,826	24,760
Gross profit	**13,985**	**(11,100)**	**(8,125)**	**17,098**	**47,625**
% gross margin	44.9%	-156.7%	-63.6%	42.8%	65.8%
Selling & administration expenses	8,870	6,099	6,391	8,783	10,858
Operating profit	**5,115**	**(17,199)**	**(14,516)**	**8,314**	**36,767**
% operating margin	16.4%	-242.7%	-113.6%	20.8%	50.8%
Depreciation & amortization	5,441	9,027	11,674	13,369	13,491
EBITDA	**10,556**	**(8,172)**	**(2,842)**	**21,683**	**50,258**
% EBITDA margin	33.9%	-115.3%	-22.2%	54.3%	69.4%
Non-operating income	1,951	630	543	550	588
Non-operating expenses	0	0	0	0	0
Interest expense	(646)	(2,973)	(3,081)	(3,377)	(3,138)
Pre-tax profit	**6,419**	**(19,542)**	**(17,055)**	**5,488**	**34,216**
Income tax	1,038	(4,173)	(3,411)	1,098	6,843
After-tax profit	**5,381**	**(15,369)**	**(13,644)**	**4,390**	**27,373**
% net margin	17.3%	-216.9%	-106.7%	11.0%	37.8%
Shares in affiliates' Earnings	(0)	(0)	0	0	0
Minority interests	22	50	90	(281)	(509)
Extraordinary items	(1,083)	(1,003)	0	0	0
NET PROFIT	**4,321**	**(16,322)**	**(13,554)**	**4,109**	**26,864**
Normalized profit	**5,403**	**(15,319)**	**(13,554)**	**4,109**	**26,864**
EPS (Bt)	0.3	(1.1)	(0.9)	0.3	1.9
Normalized EPS (Bt)	0.4	(1.1)	(0.9)	0.3	1.9

BALANCE SHEET

FY ending Sep (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	50,491	21,499	27,319	24,915	39,725
Cash & cash equivalent	43,558	17,103	20,000	20,000	35,000
Account receivables	3,225	3,637	6,560	4,156	3,966
Inventories	0	0	0	0	0
Others	3,709	759	759	759	759
Investments & loans	648	6	6	6	6
Net fixed assets	110,130	112,157	118,967	128,434	125,919
Other assets	12,290	61,424	58,555	55,694	52,848
Total assets	**173,559**	**195,086**	**204,847**	**209,049**	**218,498**
LIABILITIES:					
Current liabilities:	15,333	13,610	23,946	24,725	22,404
Account payables	1,809	930	1,069	1,563	2,374
Bank overdraft & ST loans	0	27	0	0	0
Current LT debt	2,848	3,159	12,355	12,646	9,520
Others current liabilities	10,677	9,495	10,522	10,516	10,510
Total LT debt	**8,245**	**6,080**	**23,780**	**24,339**	**18,323**
Others LT liabilities	6,949	61,974	57,343	57,049	56,755
Total liabilities	**30,527**	**81,664**	**105,069**	**106,114**	**97,482**
Minority interest	796	1,078	988	1,269	1,778
Preferreds shares	0	0	0	0	0
Paid-up capital	14,286	14,286	14,286	14,286	14,286
Share premium	12,568	12,568	12,568	12,568	12,568
Warrants	0	0	0	0	0
Surplus	500	837	837	837	837
Retained earnings	**114,882**	**84,653**	**71,100**	**73,976**	**91,548**
Shareholders' equity	142,236	112,344	98,790	101,667	119,238
Liabilities & equity	**173,559**	**195,086**	**204,847**	**209,049**	**218,498**

Sources: Company data, Thanachart estimates

Given COVID-19, we expect AOT's airport expansions to be delayed by two more years

CASH FLOW STATEMENT

FY ending Sep (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	6,419	(19,542)	(17,055)	5,488	34,216
Tax paid	(1,038)	4,173	3,411	(1,098)	(6,843)
Depreciation & amortization	5,441	9,027	11,674	13,369	13,491
Chg In w orking capital	656	(1,290)	(2,784)	2,898	1,001
Chg In other CA & CL / minorities	(12,961)	4,573	3,427	2,274	2,160
Cash flow from operations	**(1,483)**	**(3,058)**	**(1,327)**	**22,931**	**44,025**
Capex	(11,502)	(11,055)	(15,915)	(20,275)	(8,430)
Right of use	0	(35,809)	300	300	300
ST loans & investments	0	0	0	0	0
LT loans & investments	440	642	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,361)	38,397	(7,031)	(2,574)	(2,460)
Cash flow from investments	**(12,423)**	**(7,825)**	**(22,646)**	**(22,549)**	**(10,590)**
Debt financing	(2,462)	(2,001)	26,869	850	(9,143)
Capital increase	0	0	0	0	0
Dividends paid	(14,999)	(2,714)	0	(1,233)	(9,292)
Warrants & other surplus	(985)	(10,856)	0	0	0
Cash flow from financing	**(18,446)**	**(15,571)**	**26,869**	**(382)**	**(18,435)**
Free cash flow	**(12,984)**	**(14,113)**	**(17,242)**	**2,656**	**35,595**

VALUATION

FY ending Sep	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	177.8	na	na	233.8	35.8
Normalized PE - at target price (x)	219.4	na	na	288.5	44.1
PE (x)	222.4	na	na	233.8	35.8
PE - at target price (x)	274.4	na	na	288.5	44.1
EV/EBITDA (x)	87.9	na	na	45.1	19.0
EV/EBITDA - at target price (x)	109.3	na	na	55.5	23.5
P/BV (x)	6.8	8.6	9.7	9.4	8.1
P/BV - at target price (x)	8.3	10.6	12.0	11.7	9.9
P/CFO (x)	(648.0)	(314.1)	(724.1)	41.9	21.8
Price/sales (x)	30.8	135.6	75.2	24.1	13.3
Dividend yield (%)	0.3	0.0	0.0	0.3	1.7
FCF Yield (%)	(1.4)	(1.5)	(1.8)	0.3	3.7
(Bt)					
Normalized EPS	0.4	(1.1)	(0.9)	0.3	1.9
EPS	0.3	(1.1)	(0.9)	0.3	1.9
DPS	0.2	0.0	0.0	0.2	1.1
BV/share	10.0	7.9	6.9	7.1	8.3
CFO/share	(0.1)	(0.2)	(0.1)	1.6	3.1
FCF/share	(0.9)	(1.0)	(1.2)	0.2	2.5

Sources: Company data, Thanachart estimates

We do not expect AOT to face any financial difficulties…

…given its potential strong recovery in FY23F and current low gearing

FINANCIAL RATIOS

FY ending Sep	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(50.3)	(77.3)	80.4	212.3	81.3
Net profit (%)	(82.7)	na	na	na	553.7
EPS (%)	(82.7)	na	na	na	553.7
Normalized profit (%)	(78.0)	na	na	na	553.7
Normalized EPS (%)	(78.0)	na	na	na	553.7
Dividend payout ratio (%)	62.8	0.0	0.0	60.0	60.0
Operating performance					
Gross margin (%)	44.9	(156.7)	(63.6)	42.8	65.8
Operating margin (%)	16.4	(242.7)	(113.6)	20.8	50.8
EBITDA margin (%)	33.9	(115.3)	(22.2)	54.3	69.4
Net margin (%)	17.3	(216.9)	(106.7)	11.0	37.8
D/E (incl. minor) (x)	0.1	0.1	0.4	0.4	0.2
Net D/E (incl. minor) (x)	(0.2)	(0.1)	0.2	0.2	(0.1)
Interest coverage - EBIT (x)	7.9	na	na	2.5	11.7
Interest coverage - EBITDA (x)	16.3	na	na	6.4	16.0
ROA - using norm profit (%)	2.9	na	na	2.0	12.6
ROE - using norm profit (%)	3.6	na	na	4.1	24.3
DuPont					
ROE - using after tax profit (%)	3.6	na	na	4.4	24.8
- asset turnover (x)	0.2	0.0	0.1	0.2	0.3
- operating margin (%)	22.7	na	na	22.2	51.6
- leverage (x)	1.3	1.4	1.9	2.1	1.9
- interest burden (%)	90.9	117.9	122.0	61.9	91.6
- tax burden (%)	83.8	na	na	80.0	80.0
WACC (%)	7.2	7.2	7.2	7.2	7.2
ROIC (%)	4.7	(15.7)	(11.1)	5.8	24.8
NOPAT (Bt m)	4,288	(17,199)	(11,613)	6,652	29,414
invested capital (Bt m)	109,771	104,506	114,925	118,652	112,081

Sources: Company data, Thanachart estimates

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