

Airports of Thailand Pcl (AOT TB) - SELL

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Analyst Meeting**Key takeaways from the analyst meeting**

- **KPD asked AOT for a talk on the possible termination of...**
- **...duty-free concession contracts at all of AOT's airports.**
- **AOT will take 2 months to seek out solutions.**
- **All of the possible solutions is negative for AOT in our view.**
- We joined AOT's analyst meeting yesterday and felt that the messages were quite negative.
- AOT confirmed that King Power Duty Free (KPD) submitted a letter to AOT requesting for a discussion on the possible termination of duty-free concession contracts at Suvarnabhumi, Don Mueang, Phuket, Chiang Mai, and Hat Yai Airports. The purpose of the discussion is to get solutions for KPD to 1) be able to continue its duty-free business, 2) reach other settlements, and/or 3) terminate its contracts. AOT will set up a working group and third-party consultants for studying possible solution options and it plans to reach the conclusion within 60 days.
- AOT didn't provide any guidance or possible solutions but we believe there are not much choices which are either lowering its minimum guaranteed amount, getting only revenue sharing without minimum guaranteed amount, or terminating the contracts to get new operators. All of the choices in our view will be negative for AOT as they will hit its earnings.
- AOT and the Civil Aviation Authority of Thailand plans to conclude the study of the new PSC structure before AOT will ask the government for the PSC hike in September.
- We have yet to factor this risk directly into our earnings forecasts, but we reflect it in our DCF calculation by removing Bt62bn from our future cash flow estimate for AOT. This amount assumes a 27% cut to King Power's minimum guaranteed payments for its both duty-free and commercial space management concession contracts to the amount that the lowest bidders offered when AOT opened the bids in 2019. (see our report, "End of the runway", on 14 May 2025). Note that if we factor the 27% lower minimum guaranteed revenue from King Power in our earnings forecasts, our earnings would fall by 15% to Bt17bn (from Bt20bn) in FY26F and Bt18bn (from Bt21bn) in FY27F.
- As the risk is still high, we maintain our SELL call.

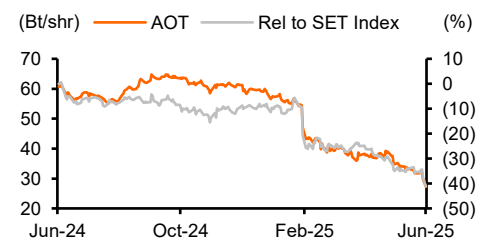
Key Valuations

Y/E Sep (Bt m)	2024A	2025F	2026F	2027F
Revenue	67,121	67,274	70,819	74,559
Net profit	19,182	18,150	19,518	21,024
Norm net profit	19,515	18,150	19,518	21,024
Norm EPS (Bt)	1.4	1.3	1.4	1.5
Norm EPS gr (%)	111.0	(7.0)	7.5	7.7
Norm PE (x)	19.9	21.4	19.9	18.5
EV/EBITDA (x)	9.7	9.8	9.1	8.4
P/BV (x)	3.1	3.0	2.8	2.6
Div. yield (%)	2.9	2.8	3.0	3.2
ROE (%)	16.6	14.2	14.4	14.6
Net D/E (%)	(13.4)	(16.9)	(20.6)	(23.1)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	27.25
Target price (Bt)	30.00
Market cap (US\$ m)	11,985
Avg daily turnover (US\$ m)	43.3
12M H/L price (Bt)	64.75/27.25

Price Performance

Source: Bloomberg