

Airports of Thailand Pcl (AOT TB) - SELL

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News Update

Potential PSC hikes

- **CAAT expect a Bt100 hike for both inter. and dorm. pax.**
 - **This could increase our earnings by 28% in 2026F.**
 - **Despite that, the share price looks priced in good news...**
 - **...while valuation looks stretched at 29x PE. SELL.**
- The Civil Aviation Authority of Thailand (CAAT) said yesterday that it is planning to propose the Civil Aviation Board for an increase in AOT's passenger service charge (PSCs) from Bt730 per international passenger to Bt830 and Bt130 per domestic passenger to Bt230. It also expects the new PSCs to be effective in October this year.
 - The processes for the PSCs hikes are that 1) both AOT and CAAT conduct their own studies on appropriate PSCs. 2) AOT discusses with CAAT to finalize the new PSCs. 3) CAAT proposes the new PSCs to the Civil Aviation Board which is chaired by the Transport Minister and includes stakeholders such as airline representatives. 4) The Board approves the new PSCs. 5) The Board submits the new PSCs to the Cabinet for acknowledgment.
 - According to AOT, CAAT's proposed PSC hikes, as reported in the news, may be based on its own study. However, AOT's study is still ongoing and the result is expected in October. Then, AOT and CAAT will discuss to finalize the new PSCs and propose them to the Civil Aviation Board. Therefore, CAAT's plan for the new PSCs to take effect in October looks to be too soon.
 - Currently, we have yet to factor in any PSC hikes. However, based on our scenario analysis, every Bt100 hike in the international PSC will increase AOT's earnings by Bt2.7bn while every 100 hike in the domestic PSC will increase AOT's earnings by Bt1.8bn. Thus, If AOT increases both international and domestic PSCs by Bt100 each, our earnings will increase by 28% to Bt20bn in 2026F from Bt15.6bn at present.
 - Given the potential hikes in PSCs, we have to put our earnings forecast and TP under review. However, we maintain our SELL call as **1)** we believe good news has already been priced into the share price which recovered by 47% from its low this year, **2)** Even at Bt20bn earnings in 2026F, valuation still looks stretched with the share trading at a PE multiple of 29x, and **3)** the negotiation with King Power on the minimum guarantee revision remains uncertain.

Key Valuations

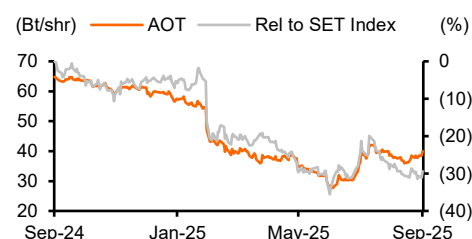
Y/E Sep (Bt m)	2024A	2025F	2026F	2027F
Revenue	67,121	66,650	64,520	67,902
Net profit	19,182	17,965	15,643	16,978
Norm net profit	19,515	17,965	15,643	16,978
Norm EPS (Bt)	1.4	1.3	1.1	1.2
Norm EPS gr (%)	111.0	(7.9)	(12.9)	8.5
Norm PE (x)	29.3	31.8	36.5	33.7
EV/EBITDA (x)	14.4	14.9	15.8	14.7
P/BV (x)	4.6	4.4	4.2	4.0
Div. yield (%)	2.0	1.9	1.6	1.8
ROE (%)	16.6	14.1	11.7	12.1
Net D/E (%)	(13.4)	(16.8)	(19.5)	(21.1)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	40.00
Target price (Bt)	24.00
Market cap (US\$ m)	18,025
Avg daily turnover (US\$ m)	42.3
12M H/L price (Bt)	64.75/27.25

Price Performance



Source: Bloomberg