BUY	(Unchanged)	TP: Bt 75.00	(From: Bt 65.00)
Change in Numbers		Upside : 13.2%	

Airports of Thailand Pcl (AOT TB)

Against all odds

SAKSID PHADTHANANARAK
662-779-9119
saksid.pha@ttbwealth.co.th

Despite weak tourist arrivals, the Iran war, and a lower duty-free minimum guarantee under the revised FY26 contract, AOT's earnings are still set to reach a new high. Following 7-9% p.a. earnings upgrades for FY26-28F, we reiterate our BUY rating on AOT with a TP of Bt75.

Raising our TP to Bt75; reiterating BUY

We reiterate our BUY rating on AOT as one of our top country picks. ***First,*** we raise our earnings by 7-9% for FY26-28F and our DCF-based 12-month TP (FY27F base year ending September 2027) to Bt75.0 (from Bt65.0) due to better-than-expected cost controls and higher-than-expected concession revenue in 1H26. ***Second,*** despite the weak tourism outlook, the Iran war, and a lower duty-free minimum guarantee under the revised contract in October 2025, we expect AOT's earnings to grow 7% y-y in FY26F and surpass its FY19 level in FY27F, with growth of 61/13/10% y-y in FY27F-29F, driven by a 53% increase in the international passenger service charge (PSC), cost-control measures, and a recovery in tourist arrivals. ***Third,*** we also estimate ROE to reach a record high of 22% in FY27F, vs. 15% in FY26F and 17% in FY19. ***Lastly,*** King Power's Bt9bn debt repayment to AOT last month should ease market concerns about King Power's financial position.

New earnings base and new growth initiatives

Despite only 1% y-y international passenger number growth and a 37% fall in the duty-free minimum guarantee rate under the revised contract, we still project 7% y-y earnings growth for AOT in FY26F, driven by effective cost controls that keep employee expenses flat and a 53% increase in the international PSC effective 20 June 2026. With the full-year PSC impact and international passenger growth of 6/5/4% y-y in FY27-29F, we expect earnings to reach record highs, growing 61/13/10% y-y. AOT is also pursuing income initiatives, including hiking landing and parking fees, restarting inbound duty-free shops, appointing its 49%-owned AOT Ground Aviation Services (AOTGA, not listed) as the third ground-handling and cargo operator at Suvarnabhumi Airport, and developing airport city projects. We leave these initiatives as upside.

A bigger cash cow

With EBITDA rising from Bt38bn in FY26F to Bt52-61bn in FY27-29F and King Power's Bt9bn debt repayment in July, we estimate AOT's cash balance to more than double from Bt20bn in FY25 to Bt43bn in FY26F and quadruple to Bt81bn by FY29F. We therefore expect AOT to remain net cash throughout its Bt253bn capex cycle in FY26-35F, which aims to expand capacity from 116m to 211m passengers by 2035F.

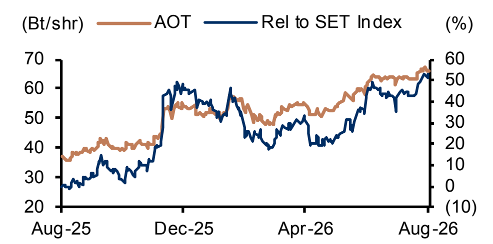
Tourist arrivals still 20% below 2019 peak

Even though AOT's international passengers grew only 1% y-y in 9M FY26, they outperformed Thailand's tourist arrivals, which declined 5% y-y in 7M26. We project 32m tourist arrivals this year, still 20% below the 2019 peak of 40m. However, AOT's earnings should still reach a new high despite the low tourist base and rise further as tourism recovers.

COMPANY VALUATION

Y/E Sep (Bt m)	2025A	2026F	2027F	2028F
Sales	67,136	68,253	83,923	88,885
Net profit	18,125	20,038	32,176	36,457
Consensus NP	—	19,647	29,388	32,139
Diff frm cons (%)	—	*2.0*	*9.5*	*13.4*
Norm profit	18,705	20,038	32,176	36,457
Prev. Norm profit	—	18,452	30,096	33,980
Chg frm prev (%)	—	*8.6*	*6.9*	*7.3*
Norm EPS (Bt)	1.31	1.40	2.25	2.55
Norm EPS grw (%)	(4.2)	7.1	60.6	13.3
Norm PE (x)	50.6	47.2	29.4	26.0
EV/EBITDA (x)	25.0	23.8	17.0	15.4
P/BV (x)	7.2	6.8	6.1	5.5
Div yield (%)	1.2	1.3	2.0	2.3
ROE (%)	14.7	14.8	21.8	22.3
Net D/E (%)	(13.9)	(29.8)	(38.0)	(44.1)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 25-Aug-26 (Bt)	66.25
Market Cap (US$ m)	28,913.6
Listed Shares (m shares)	14,285.7
Free Float (%)	30.0
Avg. Daily Turnover (US$ m)	60.2
12M Price H/L (Bt)	67.00/36.00
Sector	Transportation
Major Shareholder	Ministry of Finance 70%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report P8

This report is prepared by ttb wealth securities. Please contact our salesperson for authorisation. Please see the important notice on the back page

Raising our TP to Bt75

We raise our earnings for AOT by 7-9% in FY26-28F and our TP to Bt75

Airports of Thailand Pcl's (AOT TB) stronger-than-expected 3Q FY26 earnings lead us to raise our FY26–28F earnings estimates by 7-9% (AOT's fiscal year ends in September) and our DCF-based 12-month TP (FY27F base year) to Bt75.0/share from Bt65.0 previously, reflecting changes to the following assumptions:

First, we cut our employee expense estimates by 7-9% for FY26-28F to reflect management's efforts to control operating costs. Tighter overhead spending drove employee expenses down 13% y-y in 2Q26 and outsourcing expenses down 7% y-y.

Second, we raise our concession revenue estimates by 4-5% for FY26-28F, mainly to reflect a 5% increase in the duty-free minimum guarantee rate per outbound international passenger, effective in April 2026. Under the revised duty-free concession contract in October 2025, the minimum guarantee rate was cut 37% y-y to Bt233 per outbound international passenger but increases by 5% annually from April 2026 onward.

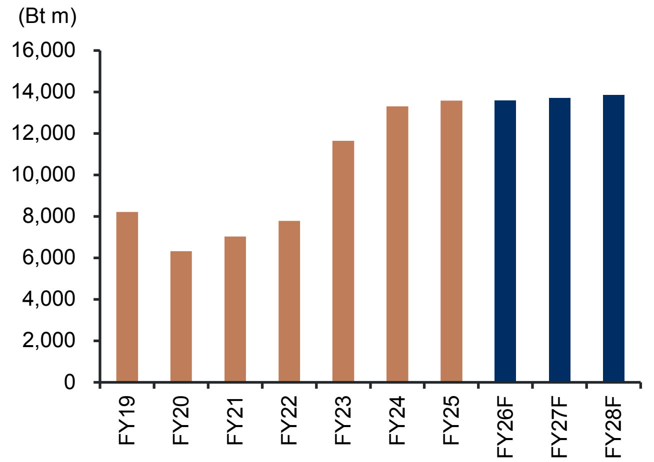
Third, these changes raise our gross margin assumptions by 2ppt to 56-65% in FY26-28F.

Ex 1: Key Assumption Changes

	FY23	FY24	FY25	FY26F	FY27F	FY28F
Employee expenses (Bt m)						
- New	11,639	13,296	13,584	13,584	13,720	13,857
- Old				14,549	14,840	15,136
- Change (%)				*(6.6)*	*(7.5)*	*(8.5)*
Concession revenue (Bt m)						
- New	14,920	23,121	22,154	18,880	20,369	21,841
- Old				18,066	19,501	20,922
- Change (%)				*4.5*	*4.4*	*4.4*
Gross margin (%)						
- New	52.1	58.0	55.5	56.2	63.1	64.8
- Old				54.4	61.5	63.2
- Change (ppt)				*1.8*	*1.6*	*1.6*
Normalized profit (Bt m)						
- New	9,247	19,515	18,705	20,038	32,176	36,457
- Old				18,452	30,096	33,980
- Change (%)				*8.6*	*6.9*	*7.3*

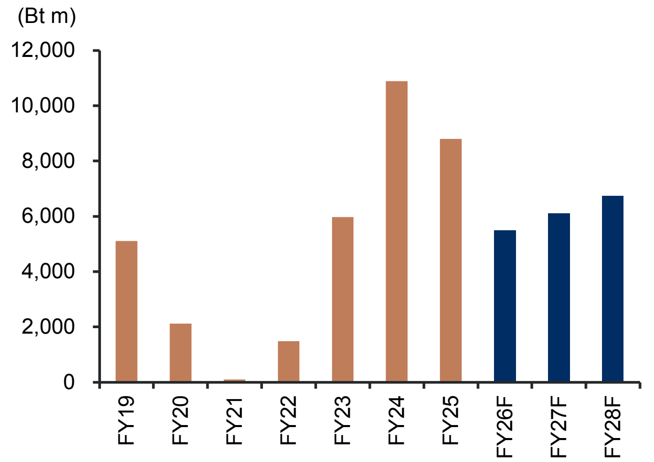
Sources: Company data, ttb wealth estimates

Ex 2: AOT's Employee Expenses



Sources: Company data, ttb wealth estimates

Ex 3: AOT's Duty-free Revenue At Suvarnabhumi Airport



Sources: Company data, ttb wealth estimates

Against all odds

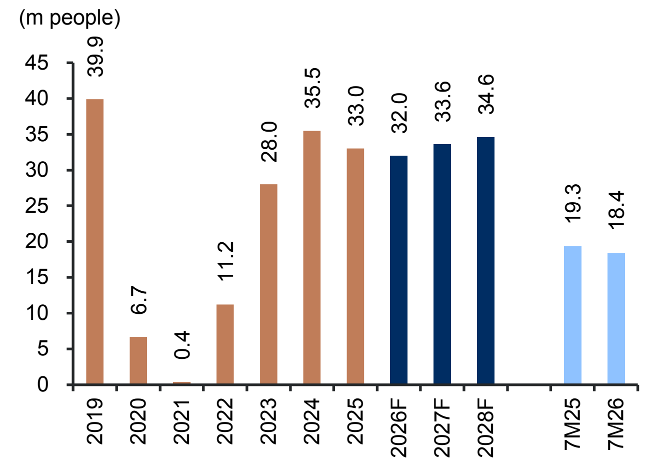
AOT is a country top pick…

We reiterate our BUY rating on AOT as one of our top country picks.

…given its position as one of the best Thailand tourism recovery plays…

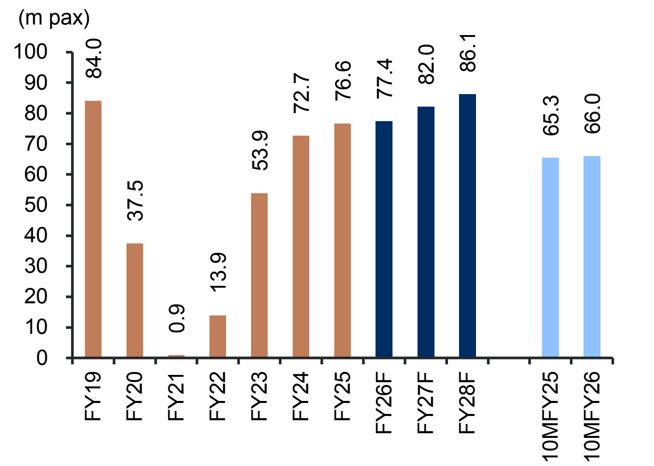
First, we see AOT as one of the best plays on Thailand's tourism recovery. Despite tourist arrivals declining for two consecutive years, by 7% y-y in 2025 due to safety concerns and regional tourism competition and 5% y-y in 7M26 due to the Middle East conflict, AOT's international passengers still grew 6% y-y in FY25 and 1% y-y in 10MFY26, driven by growth in Thai international passengers. We estimate tourist arrivals at 32m this year, down 3% y-y and 20% below the 2019 peak of 40m, before recovering 5% y-y to 34m in 2027F and 3% y-y to 35m in 2028F. As AOT's international passenger growth typically outpaces tourist arrivals, supported by continued growth in Thai travelers, we project its international passenger growth at 1/6/5/4% y-y in FY26–29F.

Ex 4: Thailand's Tourist Arrivals



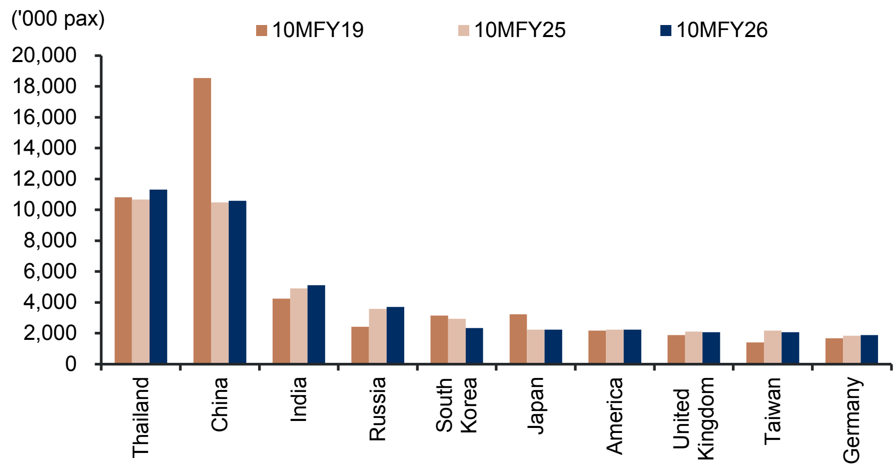
Sources: Company data, ttb wealth estimates

Ex 5: AOT's International Passengers



Sources: Company data, ttb wealth estimates

Ex 6: AOT's Top 10 International Passenger Markets In 10MFY26

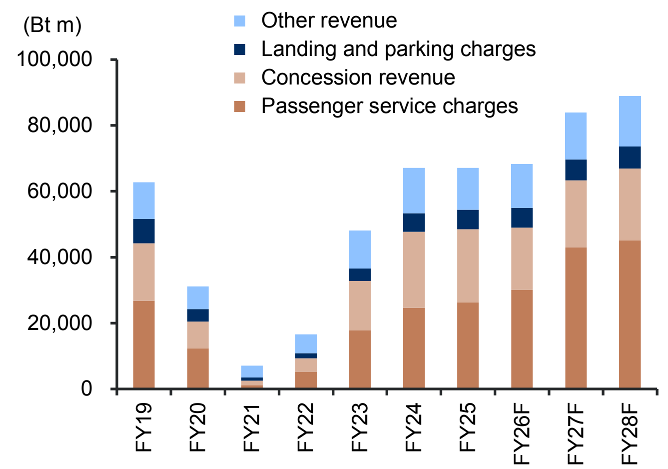


Source: Company data

...resilient earnings growth despite headwinds...

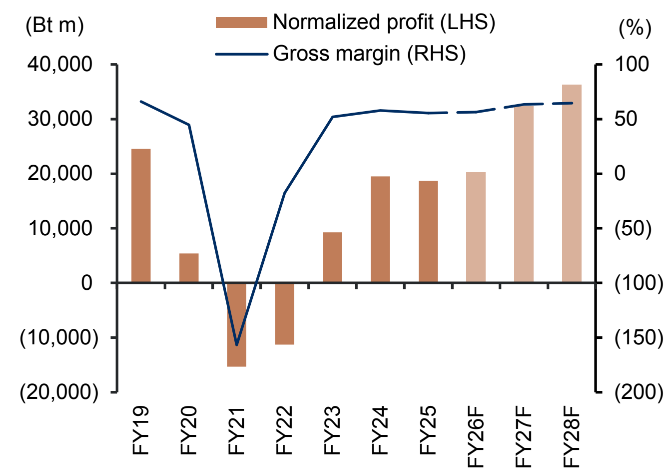
Second, despite weak tourist arrivals and a 37% fall in the duty-free minimum guarantee rate under the revised concession contract in October 2025, we still estimate AOT to deliver 7% y-y earnings growth in FY26F, driven by effective cost controls that keep employee expenses flat and a 53% increase in the international passenger service charge (PSC), effective from 20 June 2026. The full-year impact of the international PSC hike and a recovery in international passenger volumes should drive earnings higher, reaching record highs, with growth of 61/13/10% y-y in FY27–29F.

Ex 7: AOT's Revenue Breakdown



Sources: Company data, ttb wealth estimates

Ex 8: AOT's Gross Margin And Earnings

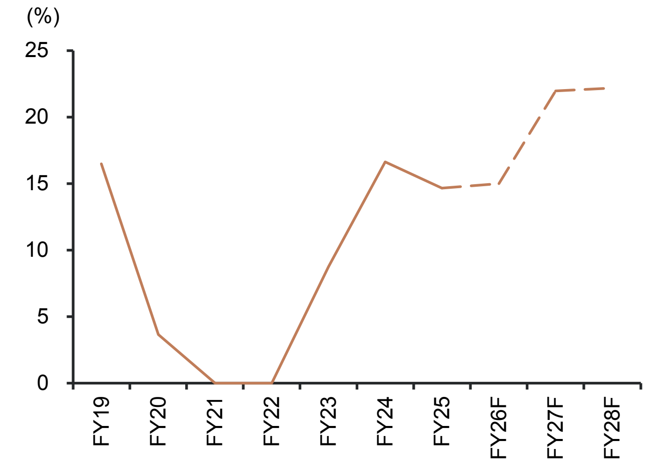


Sources: Company data, ttb wealth estimates

...record-high profitability...

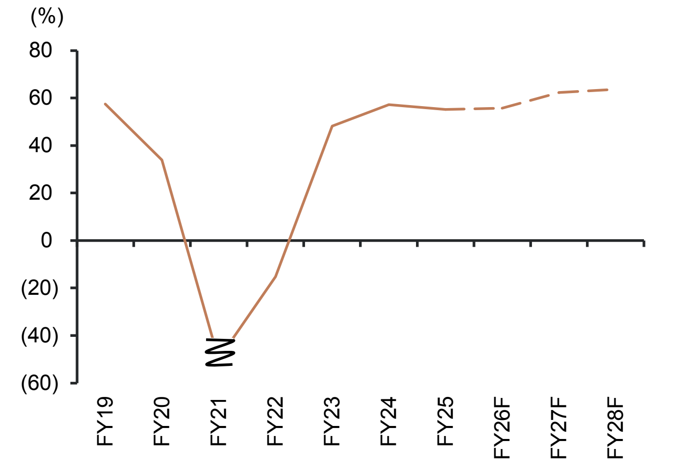
Third, we also estimate AOT's profitability to reach a record high with ROE rising to 22% in FY27F, vs. 15% in FY26F and 17% in FY19, and EBITDA margin increasing to 62% in FY27F, vs. 56% in FY26F and 58% in FY19.

Ex 9: AOT's ROE



Sources: Company data, ttb wealth estimates

Ex 10: AOT's EBITDA Margin



Sources: Company data, ttb wealth estimates

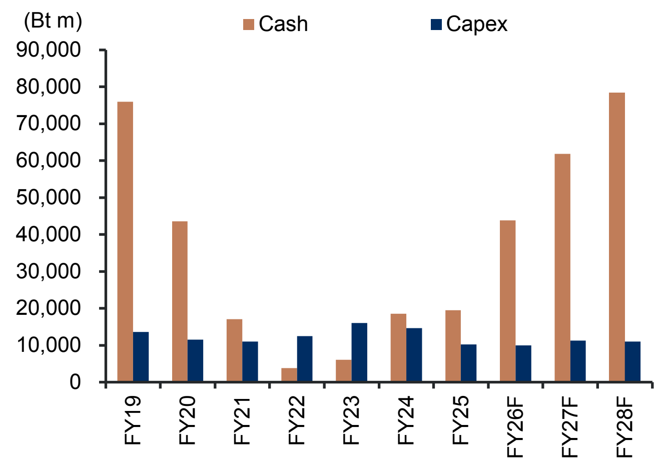
...easing King Power concerns...

Fourth, King Power's Bt9bn debt repayment last month should ease market concerns over its financial constraints and ability to repay AOT. During COVID-19, King Power, AOT's duty-free concessionaire, faced financial difficulties and sought a lower minimum guarantee from AOT. In addition, AOT allowed it to defer payments. As a result, AOT's accounts receivable rose from Bt4bn in FY22 to Bt17bn in FY25. With these deferred payments due this year, we expect accounts receivable to fall to Bt6bn in FY26F.

...much stronger cash flow, and...

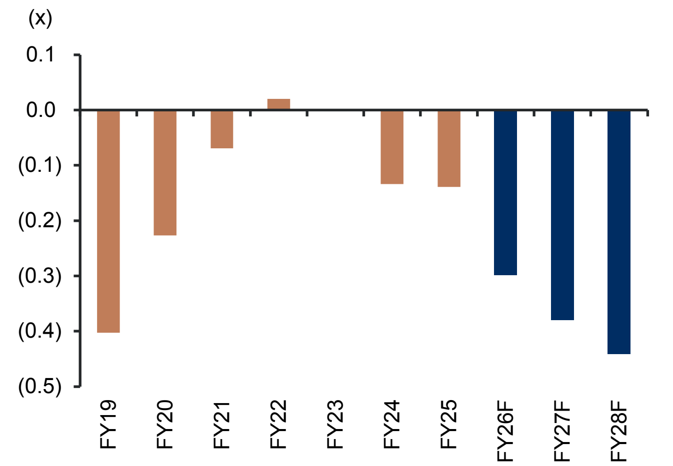
Fifth, with record-high profitability and King Power's debt repayment, we estimate AOT's cash balance to more than double from Bt20bn in FY25 to Bt43bn in FY26F and quadruple to Bt81bn by FY29F. This should more than offset its Bt253bn capex plan for FY26–35F, which aims to expand capacity from 116m to 211m passengers by 2035F, allowing AOT to remain in a net cash position.

Ex 11: AOT's Cash And Capex



Sources: Company data, ttb wealth estimates

Ex 12: AOT's Net D/E Ratio



Sources: Company data, ttb wealth estimates

…many potential projects

Finally, AOT is also pursuing several income-enhancing initiatives, including increases in landing and parking fees, the resumption of inbound duty-free operations, the appointment of its 49%-owned AOT Ground Aviation Services (AOTGA, not listed) as the third ground-handling and cargo operator at Suvarnabhumi Airport, and the development of airport city projects. We have yet to factor in these projects, leaving them as potential upside.

We believe AOT deserves a further valuation re-rating

Given the above factors, we believe AOT deserves a further valuation re-rating. The stock trades at 29x FY27F PE, vs. 60% y-y earnings growth and its 10-year historical average of 40.5x (excluding October 2019–September 2023).

Ex 13: 12-month DCF-based TP Calculation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	Terminal value
EBITDA	52,277	56,570	60,530	64,749	69,241	76,207	80,671	85,434	100,482	106,408	112,553	130,466	—
Free cash flow	32,909	36,270	23,993	10,671	6,231	28,384	32,801	56,346	70,564	72,367	74,039	87,534	2,171,047
PV of free cash flow	32,819	30,952	18,914	7,771	4,192	17,637	18,827	29,878	34,565	32,739	30,943	33,795	563,783

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.8
WACC (%)	8.3
Terminal growth (%)	2.0
Enterprise value - add investments	1,031,231
Net debt	(42,209)
Minority interest	2,379
Equity value	1,071,062
# of shares (m)	14,286
Target price/share (Bt)	**75**

Sources: Company data, ttb wealth estimates

Valuation Comparison

Ex 14: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	Div yield 26F (%)	Div yield 27F (%)
Beijing Capital Int'l	694 HK	China	na	332.9	109.5	25.0	0.5	0.5	8.6	7.7	0.0	0.0
Shanghai Int'l Airport	600009 CH	China	22.5	16.7	22.5	19.3	1.3	1.3	10.7	9.5	2.3	2.7
Fraport Frankfurt Airport	FRA GR	Germany	(30.0)	6.4	19.6	18.4	1.1	1.0	11.7	10.7	1.7	2.6
Japan Airport Terminal	9706 JP	Japan	(9.4)	2.0	20.6	20.2	2.4	2.3	8.6	8.4	1.6	1.7
SATS Ltd	SATS SP	Singapore	16.0	16.5	18.7	16.0	2.0	1.9	8.0	7.4	1.8	2.2
Airports Corp of Vietnam	ACV VN	Vietnam	(14.1)	(23.4)	14.5	18.9	1.9	1.7	8.2	7.2	0.0	0.0
Airports of Thailand*	AOT TB	Thailand	7.1	60.6	47.2	29.4	6.8	6.1	23.8	17.0	1.3	2.0
Average			**(1.3)**	**58.8**	**36.1**	**21.0**	**2.3**	**2.1**	**11.4**	**9.7**	**1.2**	**1.6**

Source: Bloomberg

Note: * ttb wealth estimates using normalized EPS

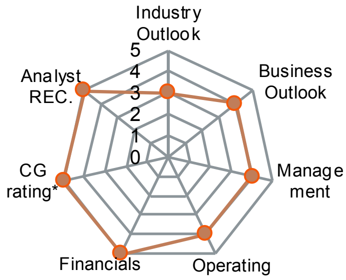
Based on 25 August 2026 closing prices

COMPANY DESCRIPTION

The Airports of Thailand Pcl (AOT) was corporatized from a state enterprise, and it is Thailand's leading airport business operator. AOT is responsible for six international airports: Don Mueang, Phuket, Chiang Mai, Hat Yai, Chiang Rai, and Suvarnabhumi, all of which accommodate domestic and international flights. Passenger service charges and landing & parking charges account for around 50% of its total revenue, while the rest comes from non-aeronautical business, such as concession and service revenues.

Source: ttb wealth

COMPANY RATING



Rating Scale

Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: ttb wealth; *CG Rating

TTB WEALTH'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 and only few operators contribute significant earnings. Thus, its concentration risk is high.
- 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.
- Economic growth in the Asia-Pacific would boost the tourism industry in the region, and the Thai healthcare industry is also spurring medical tourism to Thailand.

T — Threat

- Airport competition is fierce, while the governments in many countries have policies to stimulate domestic travel.
- Natural disasters, political tensions, and war present threats to the tourism industry.

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	67.35	75.00	11%
Norm profit 26F (Bt m)	19,647	20,038	2%
Norm profit 27F (Bt m)	29,388	32,176	9%
Consensus REC	**BUY: 17**	**HOLD: 10**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our FY27F earnings are 9% higher than the Bloomberg consensus estimate, which we attribute to us having a more aggressive passenger growth assumption.
- Our DCF-based TP is 11% higher than the Street, following our higher earnings forecast.

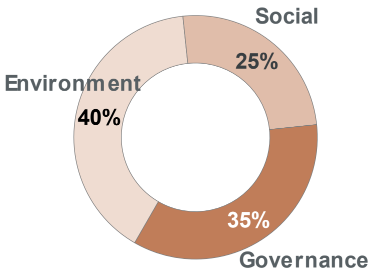
Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

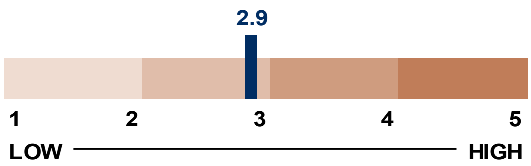
- Weaker-than-expected Thailand tourist arrivals, as well as inbound and outbound Thai traveler growth, would represent the key downside risk to our earnings forecasts.
- A longer-than-expected Middle East conflict could also negatively impact global travel demand, which would in turn weigh on AOT's earnings stream.
- Lower-than-expected tourist spending would put AOT's concessionaires, including King Power, under pressure, and AOT may have to offer them some relief measures, which could also represent a downside risk to our earnings projections.

Source: ttb wealth

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
AOT	YES	AA	YES	2.93	A	52.04	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

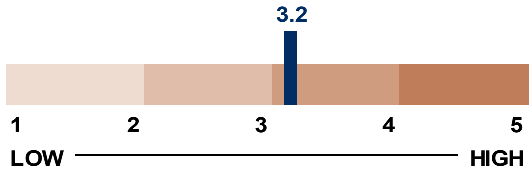
ESG Summary

- AOT is a state-owned enterprise responsible for managing and operating the country’s six major airports. We assign AOT a moderate ESG score of 2.9, with Social (S) receiving the highest score, followed by Environmental (E) and Governance (G). AOT isn’t a play on ESG in our view.
- Its E score is decent at 3.2 due to its strict compliance with various international standards and its strong commitment to environmental issues. Although airports consume a lot of electricity, AOT doesn’t emit large amounts of greenhouse gases (GHGs).
- AOT’s S score is also decent at 3.3, as it conducts business according to the Aerodrome Safety Policy and uses the ICAO’s Safety Management System. It implements occupational health and safety procedures in accordance with ISO 45001:2018 and information technology and communications security procedures in accordance with ISO/IEC 27001:2013.
- We assign a low G score of 2.4 to AOT. While its business model is solid, serving as Thailand’s primary gateway with a dominant market share of over 80% of the country’s air traffic, it faces concentration and regulatory risks, as well as a weak board structure. Frequent revisions to King Power’s duty-free concession contracts, including approvals to delay payments, have introduced operational and financial uncertainties for the company, in our view.

Sector: Services | Transportation & Logistics

We assign AOT a decent E score of 3.2, reflecting its strict compliance with various international standards. AOT also has strict environmental policies and practices for GHG emission management, air quality, water, and waste management.

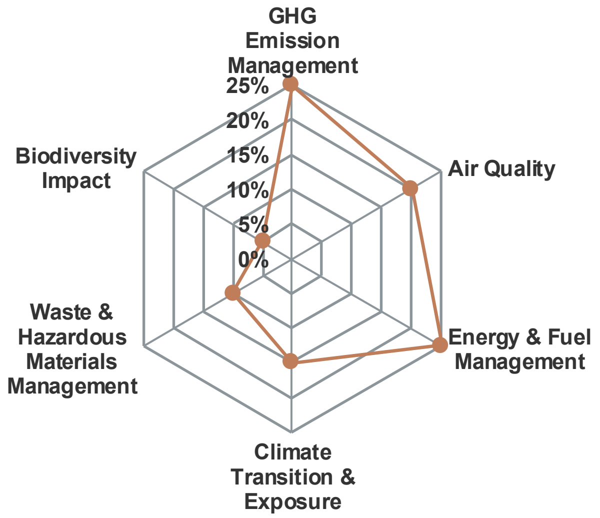
Environment (E) Rating



ENVIRONMENT

- **Air Quality**
- **Biodiversity Impact**
- **Climate Transition & Exposure**
- **Energy & Fuel Management**
- **GHG Emission Management**
- **Waste & Hazardous Materials Management**

SCALE WEIGHTING



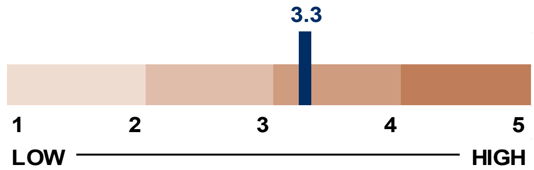
Our Comments

- We rate the Environmental (E) score for Airports of Thailand (AOT) at a decent level of 3.2, reflecting its strong commitment to environmental stewardship and strict compliance with international standards, as well as relevant laws and regulatory requirements.
- Its policies and guidelines for environmental management are in line with international standards, including the United Nations' Sustainable Development Goals (SDGs), the Corporate Sustainability Assessment (CSA) in the Dow Jones Sustainability Index (DJSI), and the SET ESG Rating assessment. AOT aims to achieve net-zero GHG emissions by 2044, faster than the country's targets of carbon neutrality by 2050 and net-zero GHG emissions by 2065.
- Its GHG management plans are accredited by the Airport Carbon Accreditation (ACA) of the Airports Council International (ACI). Out of its six airports, five were certified ACA level 3 Optimization, and one was at level 2 Reduction. Its operations don't emit large amounts of GHGs. In FY24, despite business growth, its total GHG emissions for Scope 1 and 2 were 290,954 tCo2e, up only 1% y-y (FY25 data is not available yet). The Air Quality Monitoring System (AQM) also tracks, inspects, and surveils air quality covering internal and external areas.
- AOT targets to procure at least 50% of electricity from renewable energy sources in the next 10 years and 100% in the next 20 years. In 2025, despite business growth, its total electricity consumption increased by 1% y-y to 604m kWh. It installed 4.4MW of solar rooftop panels at Suvarnabhumi Airport and plans to install an additional 33MW. For the other five airports, the feasibility and suitability of installation are being studied. Other projects include replacing traditional lighting with energy-efficient LED systems, enhancing the efficiency of chiller systems, transitioning airport vehicles to electric vehicles, etc.
- AOT has conducted water management and wastewater treatment at Suvarnabhumi Airport with ISO14001:2015-certified contractors. In 2025, total water withdrawal was down by 5% y-y to 9.2m cubic meters while 324,631 cubic meters of water were reused.
- While solid waste is recycled by private entities, hazardous and infectious waste is collected and disposed of in compliance with legal and sanitation standards. In FY25, despite business growth, its total waste decreased by 8% y-y to 52,890 tonnes.

Sources: ttb wealth, Company data

We assign AOT a decent S score of 3.3, reflecting its strong compliance with international safety and security standards, service quality improvement initiatives, effective human capital management, and stakeholder engagement framework.

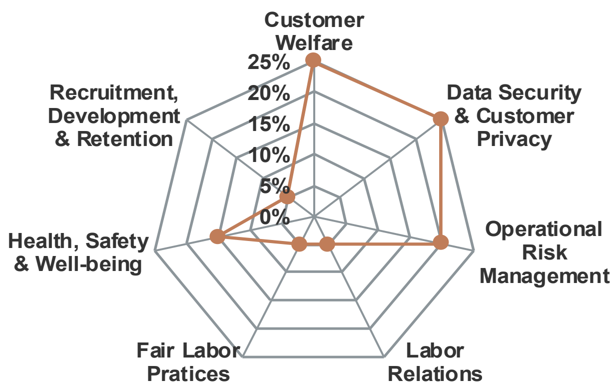
Social (S) Rating



SOCIAL

- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Fair Labor Practices**
- **Health, Safety & Well-being**
- **Labor Relations**
- **Operational Risk Management**
- **Recruitment, Development & Retention**

SCALE WEIGHTING



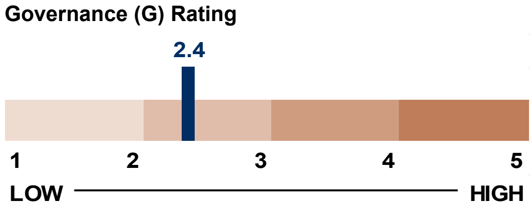
Our Comments

- We also assign a decent social (S) score of 3.3 to AOT, supported by strict safety and security standards, continuous service improvement, and stakeholder engagement.
- In FY24, 100% of its operational areas, business partners and direct contractors, subsidiaries and joint ventures underwent a Human Rights Due Diligence (HRDD) workshop in alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs), and it applied the results as a guiding framework for the implementation of its HRDD processes in FY25.
- In FY25, overall customer satisfaction with AOT's various services among all three customer groups (airlines, tenants, and airport users) was at a "satisfied" level (scores of 3 and above out of 5). In line with the goal of achieving zero accidents for passengers and all stakeholders, AOT also had no large-scale, continuous major incidents in FY25 that shut down all operations. It has dealt with individual issues, such as a temporary global check-in system failure and the aftermath of an earthquake, and resumed normal operations quickly.
- AOT has developed a risk management plan for the security and safety of data and information technology systems in accordance with the Personal Data Protection Act (PDPA) B.E. 2562 (2019). It has also implemented its Cybersecurity Incident Response Plan, along with the Cyber Threat Detection and Monitoring Measure (Detect) and the Cyber Incident Response Measure (Response).
- Besides strict requirements of the Civil Aviation Authority of Thailand (CAAT), AOT has developed its risk management systems in line with international standards, including the International Civil Aviation Organization's (ICAO) Safety Management System, the guidelines of the Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management Integrating with Strategy and Performance: COSO – ERM 2017, and business continuity management framework according to the International Organization for Standardization: ISO 22301: 2019.
- AOT carries out occupational health and safety procedures in accordance with ISO 45001:2018 standards and uses information technology and communications safety procedures in accordance with ISO/IEC 27001:2013. In 2025, AOT recorded a total of eight lost-time injury cases among employees and a lost-time injury frequency rate (LTIFR) of 0.28 persons per 1m man-hours worked.

Sources: ttb wealth, Company data

Sector: Services | Transportation & Logistics

We assign AOT a low G score of 2.4. Despite a strong business model and its strategic role as Thailand's primary gateway, AOT faces concentration and regulatory risks, as well as a weak board structure.



GOVERNANCE & SUSTAINABILITY

- **Audit committee**
- **Board Structure**
- **Business Model and Innovation**
- **Ethics & Compliance**
- **Leadership and Governance**
- **Remuneration**
- **Risk Committee**

SCALE WEIGHTING

Our Comments

- We assign AOT a low G score of 2.4. Despite its strong business model as Thailand's primary gateway, its regulatory and concentration risks are high.
- AOT demonstrates strong business sustainability, mainly due to its strategic role as the primary gateway to Thailand's tourism industry. Its market position is dominant, with its airports accounting for over 80% of the country's air traffic.
- However, it faces a high concentration risk due to limited revenue diversity. A significant portion of its earnings comes from a few major operators, making the company vulnerable to operational disruptions or financial difficulties affecting these key contributors.
- AOT is also exposed to regulatory and political risks. For example, recent government policy changes aimed at boosting domestic consumption led to AOT reclaiming arrivals duty-free shopping areas and suspending duty-free shop operations. This intervention has affected the management and utilization of its commercial spaces, as well as concession revenue and overall earnings.
- Another recent case involves frequent revisions to King Power's duty-free concession contracts and permissions for it to delay payments. These in our view have introduced operational and financial uncertainties for AOT.
- The board chair is not independent while, out of the 15 members on the board of directors, only seven are independent, which falls short of the ideal two-thirds ratio recommended for effective governance in protecting minority shareholder interests. Gender diversity is also limited, with only three female directors.
- However, on the positive side, AOT has audit, nomination, remuneration, corporate governance, and risk management committees with independent chairs.

Sources: ttb wealth, Company data

We expect earnings growth of 61/13% y-y in FY27F-28F, driven by…

… passenger growth, an international PSC hike, cost control measures, and operating leverage benefits

AOT is a strong cash-generating company

INCOME STATEMENT

FY ending Sep (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	67,121	67,136	68,253	83,923	88,885
Cost of sales	28,178	29,850	29,925	30,996	31,314
Gross profit	**38,943**	**37,287**	**38,328**	**52,927**	**57,571**
% gross margin	58.0%	55.5%	56.2%	63.1%	64.8%
Selling & administration expenses	11,920	12,280	12,286	12,588	12,888
Operating profit	**27,023**	**25,007**	**26,042**	**40,339**	**44,683**
% operating margin	40.3%	37.2%	38.2%	48.1%	50.3%
Depreciation & amortization	11,404	12,042	11,970	11,938	11,887
EBITDA	**38,427**	**37,050**	**38,012**	**52,277**	**56,570**
% EBITDA margin	57.3%	55.2%	55.7%	62.3%	63.6%
Non-operating income	613	1,431	1,851	2,683	3,379
Non-operating expenses	0	0	0	0	0
Interest expense	(2,757)	(2,515)	(2,301)	(2,132)	(1,782)
Pre-tax profit	**24,879**	**23,923**	**25,593**	**40,890**	**46,280**
Income tax	4,903	4,787	5,119	8,178	9,256
After-tax profit	**19,976**	**19,136**	**20,474**	**32,712**	**37,024**
% net margin	29.8%	28.5%	30.0%	39.0%	41.7%
Shares in affiliates' Earnings	(1)	(3)	0	0	0
Minority interests	(460)	(429)	(436)	(536)	(568)
Extraordinary items	(333)	(579)	0	0	0
NET PROFIT	**19,182**	**18,125**	**20,038**	**32,176**	**36,457**
Normalized profit	**19,515**	**18,705**	**20,038**	**32,176**	**36,457**
EPS (Bt)	1.34	1.27	1.40	2.25	2.55
Normalized EPS (Bt)	1.37	1.31	1.40	2.25	2.55

BALANCE SHEET

FY ending Sep (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	30,224	37,330	49,980	68,069	85,259
Cash & cash equivalent	18,541	19,466	43,100	61,050	77,900
Account receivables	10,767	16,594	5,610	5,748	6,088
Inventories	0	0	0	0	0
Others	916	1,271	1,271	1,271	1,271
Investments & loans	52	85	85	85	85
Net fixed assets	126,123	124,281	122,311	121,623	120,786
Other assets	49,750	48,236	43,722	41,809	40,269
Total assets	**206,150**	**209,932**	**216,098**	**231,586**	**246,398**
LIABILITIES:					
Current liabilities:	23,363	24,586	24,202	24,353	24,141
Account payables	1,767	2,154	2,460	2,548	2,574
Bank overdraft & ST loans	198	224	401	346	287
Current LT debt	617	399	196	127	53
Others current liabilities	20,781	21,809	21,145	21,333	21,227
Total LT debt	**835**	**399**	**294**	**296**	**298**
Others LT liabilities	55,553	52,107	50,084	48,371	46,959
Total liabilities	**79,751**	**77,091**	**74,580**	**73,020**	**71,398**
Minority interest	2,166	1,943	2,379	2,914	3,482
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	498	323	323	323	323
Retained earnings	**96,881**	**103,722**	**111,963**	**128,475**	**144,342**
Shareholders' equity	124,233	130,898	139,139	155,651	171,518
Liabilities & equity	**206,150**	**209,932**	**216,098**	**231,586**	**246,398**

Sources: Company data, ttb wealth estimates

We assume capex of Bt253bn over the next 10 years for capacity expansion

CASH FLOW STATEMENT

FY ending Sep (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	24,879	23,923	25,593	40,890	46,280
Tax paid	(3,638)	(4,488)	(5,244)	(7,754)	(9,195)
Depreciation & amortization	11,404	12,042	11,970	11,938	11,887
Chg In w orking capital	1,098	(5,441)	11,290	(50)	(314)
Chg In other CA & CL / minorities	2,244	(308)	(538)	(236)	(364)
Cash flow from operations	**35,988**	**25,728**	**43,070**	**44,787**	**48,295**
Capex	(14,651)	(10,200)	(10,000)	(11,250)	(11,050)
Right of use	3,160	3,339	2,838	2,412	2,051
ST loans & investments	0	0	0	0	0
LT loans & investments	(39)	(32)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(2,270)	(5,579)	(345)	(2,213)	(1,724)
Cash flow from investments	**(13,800)**	**(12,473)**	**(7,507)**	**(11,051)**	**(10,724)**
Debt financing	(4,327)	(871)	(131)	(122)	(131)
Capital increase	0	0	0	0	0
Dividends paid	(5,151)	(11,959)	(11,797)	(15,664)	(20,590)
Warrants & other surplus	(263)	499	0	0	0
Cash flow from financing	**(9,742)**	**(12,331)**	**(11,928)**	**(15,786)**	**(20,721)**
Free cash flow	**22,187**	**13,255**	**35,563**	**33,736**	**37,571**

VALUATION

FY ending Sep	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	48.5	50.6	47.2	29.4	26.0
Normalized PE - at target price (x)	54.9	57.3	53.5	33.3	29.4
PE (x)	49.3	52.2	47.2	29.4	26.0
PE - at target price (x)	55.9	59.1	53.5	33.3	29.4
EV/EBITDA (x)	24.2	25.0	23.8	17.0	15.4
EV/EBITDA - at target price (x)	27.4	28.4	27.1	19.3	17.6
P/BV (x)	7.6	7.2	6.8	6.1	5.5
P/BV - at target price (x)	8.6	8.2	7.7	6.9	6.2
P/CFO (x)	26.3	36.8	22.0	21.1	19.6
Price/sales (x)	14.1	14.1	13.9	11.3	10.6
Dividend yield (%)	1.2	1.2	1.3	2.0	2.3
FCF Yield (%)	2.3	1.4	3.8	3.6	4.0
(Bt)					
Normalized EPS	1.37	1.31	1.40	2.25	2.55
EPS	1.34	1.27	1.40	2.25	2.55
DPS	0.79	0.81	0.84	1.35	1.53
BV/share	8.70	9.16	9.74	10.90	12.01
CFO/share	2.52	1.80	3.01	3.14	3.38
FCF/share	1.55	0.93	2.49	2.36	2.63

Sources: Company data, ttb wealth estimates

AOT's balance sheet is solid with a net cash position…

…while its profitability is high with an ROE of 22% in FY27-28F

FINANCIAL RATIOS

FY ending Sep	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	39.4	0.0	1.7	23.0	5.9
Net profit (%)	118.2	(5.5)	10.6	60.6	13.3
EPS (%)	118.2	(5.5)	10.6	60.6	13.3
Normalized profit (%)	111.0	(4.2)	7.1	60.6	13.3
Normalized EPS (%)	111.0	(4.2)	7.1	60.6	13.3
Dividend payout ratio (%)	58.8	63.8	60.0	60.0	60.0
Operating performance					
Gross margin (%)	58.0	55.5	56.2	63.1	64.8
Operating margin (%)	40.3	37.2	38.2	48.1	50.3
EBITDA margin (%)	57.3	55.2	55.7	62.3	63.6
Net margin (%)	29.8	28.5	30.0	39.0	41.7
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.1)	(0.1)	(0.3)	(0.4)	(0.4)
Interest coverage - EBIT (x)	9.8	9.9	11.3	18.9	25.1
Interest coverage - EBITDA (x)	13.9	14.7	16.5	24.5	31.8
ROA - using norm profit (%)	9.7	9.0	9.4	14.4	15.3
ROE - using norm profit (%)	16.6	14.7	14.8	21.8	22.3
DuPont					
ROE - using after tax profit (%)	17.0	15.0	15.2	22.2	22.6
- asset turnover (x)	0.3	0.3	0.3	0.4	0.4
- operating margin (%)	41.2	39.4	40.9	51.3	54.1
- leverage (x)	1.7	1.6	1.6	1.5	1.5
- interest burden (%)	90.0	90.5	91.8	95.0	96.3
- tax burden (%)	80.3	80.0	80.0	80.0	80.0
WACC (%)	8.3	8.3	8.3	8.3	8.3
ROIC (%)	19.7	18.6	18.5	33.3	37.5
NOPAT (Bt m)	21,697	20,003	20,834	32,271	35,746
invested capital (Bt m)	107,342	112,455	96,931	95,370	94,256

Sources: Company data, ttb wealth estimates

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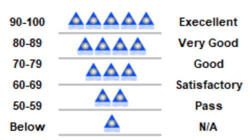

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ttb wealth securities public company limited.

Research Team
18 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: research@ttbwealth.co.th

Pimpaka Nichgaroon, CFA
Head of Research, Strategy
pimpaka.nic@ttbwealth.co.th

Nuttapop Prasitsuksant
Food & Beverage, Telecom, Utilities
nuttapop.pra@ttbwealth.co.th

Rawisara Suwanumphai
Bank, Finance
rawisara.suw@ttbwealth.co.th

Yupapan Polpornprasert
Energy, Petrochemical
yupapan.pol@ttbwealth.co.th

Sittichet Rungrassameephat
Analyst, Retail Market Strategy
sittichet.run@ttbwealth.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
adisak.phu@ttbwealth.co.th

Pattadol Bunnak
Electronics, Retail, Shipping
pattadol.bun@ttbwealth.co.th

Saksid Phadthananarak
Construction, Transportation
saksid.pha@ttbwealth.co.th

Chod Reankittiwat, CFA
Assistant Analyst
chod.rea@ttbwealth.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market Strategy
thaloengsak.kuc@ttbwealth.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
pattarawan.wan@ttbwealth.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Property, REITs
rata.lim@ttbwealth.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
siriporn.aru@ttbwealth.co.th

Nariporn Klangpremchitt, CISA
Analyst, Retail Market Strategy
nariporn.kla@ttbwealth.co.th

Witchanan Tambamroong
Technical Analyst
witchanan.tam@ttbwealth.co.th