Airports of Thailand (AOT TB)

Site Visit At Phuket International Airport

Highlights

- We visited the Phuket International Airport, operated by AOT, and saw several promising factors that will drive the earnings growth of AOT.
- The Phuket International Airport is now the most crowded and most utilised airport in Thailand. Capacity expansion will start in 2028 which will accompany the increase in international passengers at Phuket.
- We see the recent increase of the PSC charge as a key success in driving the long-term growth of AOT. Maintain BUY with a target price of Bt80.00.

Analysis

- **Strong growth potential of Phuket International Airport.** We visited the Phuket International Airport (HKT) operated by Airports of Thailand (AOT). HKT is one of AOT's busiest airports, contributing around 14% of AOT's passenger traffic. HKT served around 17.3m passengers in FY25, which exceeded its capacity by 38%. The current bottleneck is the limited area in the terminals. Hence, AOT will proceed with the HKT Phase 2 expansion plan which is the expansion of the international terminal as Phuket remains one of the most attractive tourist destinations in Thailand. AOT will focus on the growth of foreign passenger numbers at HKT, which contribute 63% of the total passengers at HKT.
- **Main obstacle for expansion at HKT is geography.** HKT is surrounded by the sea and rock mountains, which limits the available space for terminal expansion. The expansion of the international terminal will increase the capacity up to 18.0m passengers annually from 12.5m currently. Construction will begin in 2028 and finish by 2031. There is only one runway at HKT which has a capacity of 25 flights per hour and AOT cannot build additional runways due to the limited space available.
- **To avoid a potential bottleneck from the single runway, AOT has planned HKT expansion Plan B.** Plan B will move the localiser, an antenna which improves the accuracy of plane landing, increasing the flight capacity to 30 flights per hour. Furthermore, AOT could increase the size of the runway, which will allow bigger planes, such as the Boeing 787 and Airbus 380 that carry more passengers, to land at HKT. In addition, AOT is tentatively aiming to expand the domestic terminal with Plan B as well.

Key Financials

Year to 30 Sep (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	67,121	66,679	70,261	84,825	89,853
EBITDA	41,777	40,286	42,086	55,140	58,229
Operating profit	30,373	28,244	30,565	43,501	45,870
Net profit (rep./act.)	19,182	18,125	19,368	28,956	31,263
Net profit (adj.)	19,182	18,125	19,368	28,956	31,263
EPS (Bt)	1.3	1.3	1.4	2.0	2.2
PE (x)	39.5	41.8	39.1	26.1	24.2
P/B (x)	6.1	5.8	5.4	4.8	4.4
EV/EBITDA (x)	21.8	22.6	21.6	16.5	15.6
Dividend yield (%)	1.5	1.5	1.5	2.3	2.5
Net margin (%)	28.6	27.2	27.6	34.1	34.8
Net debt/(cash) to equity (%)	26.0	20.5	12.3	5.8	3.7
Interest cover (x)	15.7	23.6	16.1	21.1	31.0
ROE (%)	16.3	14.2	14.3	19.5	19.1
Consensus net profit (Btm)	-	-	21,991	29,078	31,256
UOBKH/Consensus (x)	-	-	0.88	1.00	1.00

Source: AOT, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	Bt62.25
Target Price	Bt80.00
Upside	+28.5%

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Stock Data

GICS sector	Industrials
Bloomberg ticker:	AOT TB
Shares issued (m):	14,285.7
Market cap (Btm):	889,284.8
Market cap (US$m):	26,643.6
3-mth avg daily t'over (US$m):	52.2

Price Performance (%)

52-week high/low: Bt62.50/Bt29.50

1mth	3mth	6mth	1yr	YTD
15.3	22.7	14.7	94.5	17.5

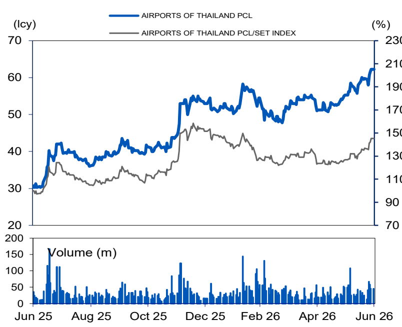
Major Shareholders

Major Shareholders	%
Ministry of Finance	70.00
THAI NVDR Co Ltd	4.10

Balance Sheet Metrics

FY26 NAV/Share (Bt)	9.76
FY26 Net Debt/ Share (Bt)	1.21

Price Chart



Source: Bloomberg

Company Description

AOT operates six of the 38 airports in Thailand, but collectively these six airports account for 83% of the total pax throughput. As the leading airport operator in the country, AOT manages domestic and international services, providing the main aviation hub at Suvarnabhumi Airport.

- **Long-term investment projects will be executed in phases.** AOT expects passenger growth to continue exceeding available capacity even after the East Expansion is completed, which will raise annual capacity to 65m-70m passengers. Therefore, AOT has divided the South Terminal development into three phases, with the first two phases focusing mainly on passenger terminals and prioritised to increase capacity to 95m passengers within seven years, allowing partial renovation of the main terminal. Similarly, the Don Mueang expansion will be split into five phases, prioritising the construction of Terminal 3 to support international passengers. These adjustments will extend the investment timeline, enabling AOT to fund projects without additional borrowings and save around Bt5b in annual financial expenses.
- **East Expansion update.** AOT submitted the revised East Expansion project at BKK to the cabinet for approval following adjustments to the project details. The project capex is estimated at Bt13b and will increase BKK's annual passenger capacity to 65m. Once approved, the bidding process will commence, with contractor appointment expected by end-26 and construction scheduled over four years thereafter. In addition to capacity expansion, the project will improve passenger processing efficiency and provide additional commercial space to support future concession revenue growth.
- **New PSC rate is now active, contributing to the growth of international passenger revenue.** The Civil Aviation Authority of Thailand (CAAT) previously approved an increase in the passenger service charge (PSC), with AOT announcing that the new rate would be effective on 20 Jun 26. We see PSC as a key earnings growth driver for 2027, once the new PSC rate has been in effect for the whole year. Furthermore, the PSC increase will boost AOT's cash flows and its huge capex spending for future expansions. Despite the war, AOT's ytd passenger numbers are still growing 2.2% yoy. The magnitude of the drop in international passenger arrivals has been mild in Jun 26. Given that the war situation has stabilised and the oil price is normalising, ticket prices are now coming down. Hence, we should see improvement in the number of international passenger arrivals that will be subject to the new PSC rate.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt80.00.** Our valuation is based on the FY26 EV/EBITDA of 27x, 1 SD above the 10-year mean (excluding COVID years). We remain bullish on AOT despite short-term headwinds from the war. We remain optimistic about AOT's growth prospect and expect to see improvement in passenger inflow as the war situation has now stabilised.

Environment, Social, Governance (ESG) Updates

Environmental

- **Increased efficiency of energy consumption.** Design, construct, and operate airports and related facilities to maximise efficiency in resource utilisation.

Social

- **Established an Aerodrome Safety Policy.** Enhancing aerodrome safety management and operational standards while giving responsibility to management from all levels for airport safety.
- **Provides safety training.** Organises sessions to train and ensure that AOT personnel are equipped with the knowledge to comply with the Safety Policy.

Governance

- **Board operates under corporate governance principles** and relevant laws, regulations and guidelines on good corporate governance recommended by the Stock Exchange of Thailand and the Securities and Exchange Commission.

HKT International Terminal

Source: AOT, UOB Kay Hian

BKK Expansion Plan

Source: AOT

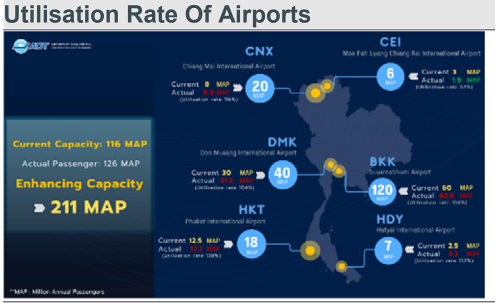
HKT Expansion Plan

Source: AOT

Single Runway At HKT

Source: AOT, UOB Kay Hian

Utilisation Rate Of Airports



Source: AOT

Profit & Loss

Year to 30 Sep (Btm)	2025	2026F	2027F	2028F
Net turnover	66,679	70,261	84,825	89,853
EBITDA	40,286	42,086	55,140	58,229
Deprec. & amort.	12,042	11,521	11,639	12,359
EBIT	28,244	30,565	43,501	45,870
Total other non-operating income	(3,197)	(3,118)	(3,764)	(3,909)
Associate contributions	(3)	0	0	0
Net interest income/(expense)	(1,704)	(2,616)	(2,614)	(1,881)
Pre-tax profit	23,341	24,831	37,123	40,080
Tax	(4,787)	(4,966)	(7,425)	(8,016)
Minorities	(429)	(497)	(742)	(802)
Net profit	18,125	19,368	28,956	31,263
Net profit (adj.)	18,125	19,368	28,956	31,263

Balance Sheet

Year to 30 Sep (Btm)	2025	2026F	2027F	2028F
Fixed assets	158,971	165,304	174,213	183,611
Other LT assets	13,632	17,666	19,698	20,404
Cash/ST investment	19,401	38,207	43,454	33,119
Other current assets	17,929	4,938	5,903	6,255
Total assets	209,932	226,116	243,268	243,389
ST debt	1,740	2,834	737	737
Other current liabilities	21,255	24,803	26,359	24,334
LT debt	44,520	52,592	51,869	38,774
Other LT liabilities	7,986	9,366	9,834	10,325
Shareholders' equity	130,898	139,473	156,863	170,810
Minority interest	1,943	2,439	3,182	3,983
Total liabilities & equity	208,341	231,506	248,844	248,965

Cash Flow

Year to 30 Sep (Btm)	2025	2026F	2027F	2028F
Operating	25,689	45,009	40,369	44,370
Pre-tax profit	23,341	24,831	37,123	40,080
Tax	(4,787)	(4,966)	(7,425)	(8,016)
Deprec. & amort.	12,042	11,521	11,639	12,359
Working capital changes	(4,256)	19,758	(166)	700
Non-cash items	(651)	(6,136)	(802)	(754)
Other operating cashflows	(3)	0	0	0
Investing	(17,968)	(14,295)	(21,295)	(21,758)
Capex (growth)	(16,140)	(16,863)	(20,358)	(21,565)
Investment	2,444	1,419	2,342	2,402
Others	(4,272)	1,148	(3,279)	(2,595)
Financing	(16,268)	(1,131)	(13,642)	(29,609)
Dividend payments	(11,286)	(11,571)	(11,621)	(17,374)
Proceeds from borrowings	(4,584)	9,166	(2,819)	(13,095)
Loan repayment	0	0	0	0
Others/interest paid	(399)	1,274	797	859
Net cash inflow (outflow)	(8,547)	29,582	5,432	(6,997)
Beginning cash & cash equivalent	18,487	18,880	38,207	43,454
Changes due to forex impact	9,461	(10,255)	(185)	(3,339)
Ending cash & cash equivalent	19,401	38,207	43,454	33,119

Key Metrics

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	60.4	59.9	65.0	64.8
Pre-tax margin	35.0	35.3	43.8	44.6
Net margin	27.2	27.6	34.1	34.8
ROA	8.7	8.9	12.3	12.8
ROE	14.2	14.3	19.5	19.1
Growth				
Turnover	(0.7)	5.4	20.7	5.9
EBITDA	(3.6)	4.5	31.0	5.6
Pre-tax profit	(4.9)	6.4	49.5	8.0
Net profit	(5.5)	6.9	49.5	8.0
Net profit (adj.)	(5.5)	6.9	49.5	8.0
EPS	(5.5)	6.9	49.5	8.0
Leverage				
Debt to total capital	25.8	28.1	24.7	18.4
Debt to equity	35.3	39.7	33.5	23.1
Net debt/(cash) to equity	20.5	12.3	5.8	3.7
Interest cover (x)	23.6	16.1	21.1	31.0