Airports Of Thailand (AOT TB) - BUY, Price Bt56.75, TP Bt69.00

Results Comment

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3QFY21 loss was slightly higher than expected

- AOT reported a normalized loss of Bt4bn in 3QFY21 (AOT's fiscal year ends September) vs. a loss of Bt3bn in 3QFY20 and a loss of Bt3.7bn in 2QFY20. The loss was slightly higher than what we had expected. Higher loss year on year was mainly because of the implementation of the IFRS 16 accounting method while higher loss quarter on quarter was due to lower passenger number and higher SG&A expenses.
- Its 9MFY21 losses make up 80% of our full-year loss forecast. We then see a slight downside risk to our forecast this year. However, we are now concerned on the continued Covid-19 pandemic through the year end. If that is the case, there could be a downside risk to our loss forecast in FY22F.
- Despite that, we still rate AOT as a BUY for long-term investment as: 1) a fall in the share price looks priced in bad news and 2) once the Covid-19 subsides, which we assume in 1Q22, we expect its strong earnings turnaround in FY23F.
- AOT's total revenues in 3QFY21 increased 26% y-y due to higher total pax. number by 127% y-y but it fell by 6% q-q due to the third wave of Covid-19 causing a drop in domestic pax. by 85% y-y.
- Its total operating expenses increased by 13% y-y in 3QFY21 mainly due to higher personnel expenses by 121% y-y as there was reversal of accrued employee bonus in 2Q20 while depreciation expenses increased by 57% y-y due to the implementation of the IFRS 16.
- Its SG&A expenses in 3QFY21 dropped by 11% y-y due to lower utility and outsourcing expenses while interest expenses increased by 379% y-y due to the IFRS 16.
- Key risk: The continued tourist arrival ban and global economic volatility present a major risk to our earnings forecast.

Income Statement				Concession revenue	
Yr-end Sep (Bt m)	**3QFY20**	**4QFY20**	**1QFY21**	**2QFY21**	**3QFY21**
Revenue	1,319	1,853	2,176	1,778	1,667
Gross profit	**(2,229)**	**(1,917)**	**(2,264)**	**(2,536)**	**(2,683)**
SG&A	1,761	1,665	1,597	1,485	1,576
Operating profit	(3,991)	(3,582)	(3,861)	(4,020)	(4,259)
EBITDA	**(2,658)**	**(2,200)**	**(1,710)**	**(1,913)**	**(2,168)**
Other income	387	163	212	125	117
Other expense	0	0	0	0	0
Interest expense	155	148	748	743	740
Profit before tax	**(3,758)**	**(3,567)**	**(4,397)**	**(4,639)**	**(4,882)**
Income tax	(761)	(973)	(945)	(923)	(885)
Equity & invest. income	(0)	(0)	(0)	(0)	(0)
Minority interests	27	9	9	6	33
Extraordinary items	36	(1,143)	1	66	(114)
Net profit	**(2,934)**	**(3,728)**	**(3,442)**	**(3,644)**	**(4,078)**
Normalized profit	**(2,970)**	**(2,585)**	**(3,443)**	**(3,710)**	**(3,965)**
EPS (Bt)	(0.21)	(0.26)	(0.24)	(0.26)	(0.29)
Normalized EPS (Bt)	(0.21)	(0.18)	(0.24)	(0.26)	(0.28)

Income Statement			9M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	(6)	26	69	8,161	23,607
Gross profit	**na**	**na**	**na**	**(9,496)**	**2,151**
SG&A	6	(11)	76	6,121	7,554
Operating profit	na	na	na	(15,617)	(5,403)
EBITDA	**na**	**na**	**na**	**(6,971)**	**5,231**
Other income	(6)	(70)	47	958	770
Other expense					
Interest expense	(0)	379	79	2,823	2,897
Profit before tax	**na**	**na**	**na**	**(17,482)**	**(7,530)**
Income tax	na	na	na	(3,496)	(1,506)
Equity & invest. income					
Minority interests	447	20	825	6	(17)
Extraordinary items	na	na	na	0	0
Net profit	**na**	**na**	**na**	**(13,979)**	**(6,041)**
Normalized profit	**na**	**na**	**na**	**(13,979)**	**(6,041)**
EPS (Bt)	na	na	na	(0.98)	(0.42)
Normalized EPS (Bt)	na	na	na	(0.98)	(0.42)

Balance Sheet				Concession revenue	
Yr-end Sep (Bt m)	**3QFY20**	**4QFY20**	**1QFY21**	**2QFY21**	**3QFY21**
Cash & ST investment	53,083	43,558	33,416	26,117	22,038
A/C receivable	2,535	3,225	3,897	4,109	3,479
Inventory	0	0	0	0	0
Other current assets	1,999	3,709	2,843	721	777
Investment	862	722	1,030	1	1
Fixed assets	107,831	110,130	110,387	110,301	110,352
Other assets	11,766	12,215	56,039	59,225	60,588
Total assets	**178,077**	**173,559**	**207,613**	**200,475**	**197,235**
S-T debt	2,758	2,848	3,540	3,206	3,332
A/C payable	590	1,809	733	1,017	797
Other current liabilities	12,081	10,677	7,259	6,287	6,720
L-T debt	8,649	8,245	7,455	6,757	6,341
Other liabilities	6,485	6,949	59,748	60,649	61,578
Minority interest	805	796	1,032	1,030	998
Shareholders' equity	**146,708**	**142,236**	**127,847**	**121,529**	**117,470**
Working capital	1,945	1,417	3,164	3,093	2,682
Total debt	11,407	11,093	10,995	9,963	9,673
Net debt	**(41,676)**	**(32,465)**	**(22,422)**	**(16,154)**	**(12,364)**

Financial Ratios					
(%)	**3QFY20**	**4QFY20**	**1QFY21**	**2QFY21**	**3QFY21**
Sales growth	(91.3)	(87.8)	(86.5)	(85.1)	26.3
Operating profit growth	na	na	na	na	na
EBITDA growth	na	na	na	na	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	(168.9)	(103.4)	(104.0)	(142.7)	(161.0)
Operating margin	(302.4)	(193.3)	(177.4)	(226.2)	(255.5)
EBITDA margin	(201.4)	(118.8)	(78.6)	(107.6)	(130.1)
Norm net margin	(225.1)	(139.5)	(158.2)	(208.7)	(237.9)
D/E (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (x)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)
Interest coverage (x)	(17)	(15)	(2)	(3)	(3)
Interest rate	5.2	5.3	27.1	28.4	30.2
Effective tax rate	20.3	27.3	21.5	19.9	18.1
ROA	(6.5)	(5.9)	(7.2)	(7.3)	(8.0)
ROE	(8.0)	(7.2)	(10.2)	(11.9)	(13.3)

Sources: Company data, Thanachart estimates

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