Digital Telecom. Infra. Fund (DIF TB) - BUY, Price Bt12.5, TP Bt15

Results Comment

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Stable profit in 2Q21, in-line

- DIF reported a normalized investment income at Bt3.2bn in 2Q21, stable y-y and q-q and is in-line with our forecast.
- Total revenue at Bt3.7bn was flat y-y and q-q given no change to its fixed long-term rental contracts.
- SG&A-to-sales ratio was maintained at 2.0%.
- Interest expenses increased 6% q-q to Bt442m in 2Q21, due to a slight increase of local interest rates. However, it was still 5% lower than last year when interest rates were higher, while DIF also had repaid some debts during the year.
- We maintain our BUY on DIF, seeing its dividend yield is highly attractive at over 8%.

Income Statement					
Yr-end Dec (Bt m)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
NET SALES	3,672	3,672	3,675	3,681	3,681
GROSS PROFIT	**3,672**	**3,672**	**3,675**	**3,681**	**3,681**
SG&A	74	77	75	75	74
Operating profit	3,598	3,595	3,600	3,606	3,607
EBITDA	**3,598**	**3,595**	**3,600**	**3,606**	**3,607**
Other income	4	6	4	4	4
Other expense	11	11	10	10	(10)
Interest expense	464	444	500	418	442
Profit before tax	**3,127**	**3,146**	**3,094**	**3,181**	**3,159**
Income tax	1	0	0	0	0
Equity & invest. income					
Minority interests					
Extraordinary items	(283)	(287)	1,819	(224)	(216)
Net Investment Income	**2,844**	**2,858**	**4,913**	**2,957**	**2,943**
Norm Net Invest. Income	**3,127**	**3,145**	**3,094**	**3,181**	**3,159**
EPS (Bt)	0.27	0.27	0.46	0.28	0.28
Normalized EPS (Bt)	0.29	0.30	0.29	0.30	0.30
NAV (Bt)					

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	0	0	50	14,670	14,726
Gross profit	**0**	**0**	**50**	**14,670**	**14,726**
SG&A	(2)	0		308	315
Operating profit	0	0	50	14,362	14,411
EBITDA	**0**	**0**	**50**	**14,362**	**14,411**
Other income	2	(7)	90	8	3
Other expense	na	na	(0)	42	43
Interest expense	6	(5)	49	1,759	1,682
Profit before tax	**(1)**	**1**	**50**	**12,569**	**12,689**
Income tax	(44)	(55)	44	2	2
Equity & invest. income					
Minority interests					
Extraordinary items	na	na			
Net profit	**(0)**	**4**	**47**	**12,567**	**12,687**
Normalized profit	**(1)**	**1**	**50**	**12,567**	**12,687**
EPS (Bt)	(0)	4	47	1.18	1.19
Normalized EPS (Bt)	(1)	1	51	1.18	1.19

Balance Sheet					
Yr-end Dec (Bt m)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Cash & equivalent	3,738	2,678	4,034	2,262	452
S-T investments		1,499			
A/C receivable	2,849	2,973	3,092	3,196	3,297
Other					
Investment & Loans	212,885	212,604	215,752	217,209	218,733
Fixed assets					
Other assets					
Total assets	**225,306**	**219,868**	**222,984**	**222,772**	**222,587**
S-T debt	13,141	12,987	12,832	12,663	12,494
A/C payable	332	497	663	166	332
Other current liabilities	8,283	2,474	3,853	3,870	3,899
L-T debt	27,750	27,768	27,586	27,604	27,426
Other liabilities					
Minority interest					
Net Assets	**172,206**	**172,289**	**174,427**	**174,609**	**174,778**
Net debt	37,154	38,077	36,384	38,005	39,469
Avg outstanding units (shrs)	10,632	10,632	10,632	10,632	10,632

Financial Ratios					
(%)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Sales growth	9.4	5.5	0.3	0.3	0.3
EBITDA growth	9.4	5.4	0.4	0.3	0.3
Net income growth	14.8	11.1	(31.3)	5.2	3.5
Norm income growth	13.2	10.7	1.2	4.6	1.0
Norm EPS growth	2.6	0.4	1.2	4.6	1.0
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	98.0	97.9	98.0	98.0	98.0
EBITDA margin	98.0	97.9	98.0	98.0	98.0
Norm net margin	85.2	85.7	84.2	86.4	85.8
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	7.8	8.1	7.2	8.6	8.2
Effective tax rate	0.0	0.0	0.0	0.0	0.0
ROA	5.6	5.7	5.6	5.7	5.7
ROE	7.3	7.3	7.1	7.3	7.2

Sources: Company data, Thanachart estimates

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