

Airports Of Thailand (AOT TB) - BUY, Price Bt66.50, TP Bt69.00**Results Comment**

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Higher-than-expected 4QFY21 loss

- AOT reported a normalized loss of Bt4.2bn in 4QFY21 (AOT's fiscal year ends September) vs. a loss of Bt2.6bn in 4QFY20 and a loss of Bt4bn in 3QFY21. The loss was higher than what we had expected. Higher loss year on year was mainly because of higher depreciation expenses due to the IFRS 16 accounting method while higher loss quarter on quarter was due to the booking of retroactive depreciation expenses.
- Even though we see a downside risk to our loss forecast in FY22F, AOT is still our top sector pick as 1) AOT remains the most direct and highest operating-leverage play on the Thai tourism industry, 2) despite assuming 85% of the pre-COVID-FY19 passengers, we forecast its earnings recovery back to the FY19 level given a jump in its nonaeronautical revenue from the new duty-free concession contracts and 3) we see a potential upside to our TP from the implementation of the Airport City project.
- AOT's total revenues decreased 21% y-y in 4QFY21 due to a fall in its total passengers by 87% y-y (mainly from domestic passengers which dropped by 91% y-y) given the COVID-19 lockdown measures.
- Its total operating expenses rose by 35% y-y in 4QFY21 mainly due to higher depreciation expenses by 94% y-y from the implementation of the IFRS 16.
- Its SG&A expenses dropped by 13% y-y in 4QFY21 due to lower utility and outsourcing expenses while interest expenses increased by 402% y-y due to the IFRS 16.
- Key risk: The slow tourist arrival recovery and global economic volatility present a major risk to our earnings forecast.

Income Statement						Income Statement					
Concession revenue						12M as					
Yr-end Sep (Bt m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,853	2,176	1,778	1,667	1,465	Revenue	(12)	(21)	87	7,086	23,607
Gross profit	(1,917)	(2,264)	(2,536)	(2,683)	(3,618)	Gross profit	na	na	na	(11,100)	2,151
SG&A	1,665	1,597	1,485	1,576	1,441	SG&A	(9)	(13)	100	6,099	7,554
Operating profit	(3,582)	(3,861)	(4,020)	(4,259)	(5,059)	Operating profit	na	na	na	(17,199)	(5,403)
EBITDA	(2,200)	(1,710)	(1,913)	(2,168)	(2,381)	EBITDA	na	na	na	(8,172)	5,231
Other income	163	212	125	117	177	Other income	51	9	66	630	770
Other expense	0	0	0	0	0	Other expense					
Interest expense	148	748	743	740	742	Interest expense	0	402	105	2,973	2,897
Profit before tax	(3,567)	(4,397)	(4,639)	(4,882)	(5,624)	Profit before tax	na	na	na	(19,542)	(7,530)
Income tax	(973)	(945)	(923)	(885)	(1,421)	Income tax	na	na	na	(4,173)	(1,506)
Equity & invest. income	(0)	(0)	(0)	(0)	(0)	Equity & invest. income					
Minority interests	9	9	6	33	2	Minority interests	(94)	(77)	860	50	(17)
Extraordinary items	(1,143)	1	66	(114)	(956)	Extraordinary items	na	na	na	(1,003)	0
Net profit	(3,728)	(3,442)	(3,644)	(4,078)	(5,157)	Net profit	na	na	na	(16,322)	(6,041)
Normalized profit	(2,585)	(3,443)	(3,710)	(3,965)	(4,201)	Normalized profit	na	na	na	(15,319)	(6,041)
EPS (Bt)	(0.26)	(0.24)	(0.26)	(0.29)	(0.36)	EPS (Bt)	na	na	na	(1.14)	(0.42)
Normalized EPS (Bt)	(0.18)	(0.24)	(0.26)	(0.28)	(0.29)	Normalized EPS (Bt)	na	na	na	(1.07)	(0.42)
Balance Sheet						Financial Ratios					
Concession revenue						%					
Yr-end Sep (Bt m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21		4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Cash & ST investment	43,558	33,416	26,117	22,038	17,103	Sales growth	(87.8)	(86.5)	(85.1)	26.3	(20.9)
A/C receivable	3,225	3,897	4,109	3,479	3,637	Operating profit growth	na	na	na	na	na
Inventory	0	0	0	0	0	EBITDA growth	na	na	na	na	na
Other current assets	3,709	2,843	721	777	759	Norm profit growth	na	na	na	na	na
Investment	722	1,030	1	1	6	Norm EPS growth	na	na	na	na	na
Fixed assets	110,130	110,387	110,301	110,352	112,157	Gross margin	(103.4)	(104.0)	(142.7)	(161.0)	(246.9)
Other assets	12,215	56,039	59,225	60,588	61,424	Operating margin	(193.3)	(177.4)	(226.2)	(255.5)	(345.3)
Total assets	173,559	207,613	200,475	197,235	195,086	EBITDA margin	(118.8)	(78.6)	(107.6)	(130.1)	(162.5)
S-T debt	2,848	3,540	3,206	3,332	3,186	Norm net margin	(139.5)	(158.2)	(208.7)	(237.9)	(286.7)
A/C payable	1,809	733	1,017	797	930	D/E (x)	0.1	0.1	0.1	0.1	0.1
Other current liabilities	10,677	7,259	6,287	6,720	9,495	Net D/E (x)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
L-T debt	8,245	7,455	6,757	6,341	6,080	Interest coverage (x)	(15)	(2)	(3)	(3)	(3)
Other liabilities	6,949	59,748	60,649	61,578	61,974	Interest rate	5.3	27.1	28.4	30.2	31.3
Minority interest	796	1,032	1,030	998	1,078	Effective tax rate	27.3	21.5	19.9	18.1	25.3
Shareholders' equity	142,236	127,847	121,529	117,470	112,344	ROA	(5.9)	(7.2)	(7.3)	(8.0)	(8.6)
Working capital	1,417	3,164	3,093	2,682	2,707	ROE	(7.2)	(10.2)	(11.9)	(13.3)	(14.6)
Total debt	11,093	10,995	9,963	9,673	9,266						
Net debt	(32,465)	(22,422)	(16,154)	(12,364)	(7,838)						

Sources: Company data, Thanachart estimates

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