

Intouch Holdings Pcl (INTUCH TB) - BUY, Price Bt73.75, TP Bt66

Results Comment

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3Q21 profit in-line

- INTUCH reported 3Q21's normalized profit (excluding Bt206m FX gain) at Bt2.46bn, down 4% y-y and 10% q-q due to higher shared FX loss from AIS Group. Stripping off accounting items, performances of its two core subsidiaries (satellite and telecom business) were stable y-y and q-q, in-line with our expectation.
- Telecom business:** Shared profit from AIS Group dropped 2% y-y and 9% q-q to Bt2.58bn in 3Q21 due to a higher FX loss. Normalized profit of AIS was flat y-y and q-q as the company could grow both its mobile and fixed broadband revenues, despite Covid-19 lockdown, to offset higher costs from new spectrum licenses and network expansion.
- Satellite business:** Shared profit from Thaicom improved strongly to Bt60m in 3Q21 (vs. Bt17m loss in 2Q21 and Bt31m profit in 3Q20), from a one-off occasional service revenue this quarter. Declining satellite demand and new regulations in domestic market remain its key operational risks.
- InVent portfolio:** Total investment value in startup companies rose to Bt1.16bn as of end-3Q21, from Bt975m at end-2020. This was due to few of those companies recorded gains from their new funding rounds (Ookbee, Shopback, and Ninjavan).
- Given no excitement from its reported earnings this quarter while its share price is now trading at 2% above its holding NAV in ADVANC (vs. 15-25% discount range during 2016-20), we expect its share price weakness continues after an irregular surge earlier this year.

Income Statement (unconsolidated)						Income Statement (unconsolidated)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	9M as % 2021F	2021F	2022F
Revenue	924	828	788	796	935	Revenue	18	1	75	3,360	3,094
Gross profit	178	293	138	146	270	Gross profit	86	52	61	904	771
SG&A	269	367	290	314	347	SG&A	11	29	82	1,159	1,107
Operating profit	(91)	(74)	(151)	(168)	(77)	Operating profit	na	na	156	(255)	(336)
EBITDA	259	195	192	176	224	EBITDA	28	(14)	55	1,082	1,024
Other income	127	(26)	103	106	168	Other income	59	32	161	235	217
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	49	41	41	40	48	Interest expense	18	(2)	96	134	134
Profit before tax	(13)	(141)	(89)	(103)	44	Profit before tax	na	na	96	(154)	(254)
Income tax	14	(101)	6	22	13	Income tax	(42)	(6)	na	0	0
Equity & invest. income	2,636	2,879	2,672	2,843	2,511	Equity & invest. income	(12)	(5)	77	10,418	11,702
Minority interests	(46)	153	(68)	23	(87)	Minority interests	na	na	(79)	166	239
Extraordinary items	97	(326)	151	71	206	Extraordinary items	191	113	na	0	0
Net profit	2,661	2,666	2,661	2,813	2,662	Net profit	(5)	0	78	10,430	11,687
Normalized profit	2,564	2,991	2,509	2,742	2,456	Normalized profit	(10)	(4)	74	10,430	11,687
EPS (Bt)	0.83	0.83	0.83	0.88	0.83	EPS (Bt)	(5)	0	78	3.25	3.65
Normalized EPS (Bt)	0.80	0.93	0.78	0.86	0.77	Normalized EPS (Bt)	(10)	(4)	74	3.25	3.65

Balance Sheet (unconsolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	10,036	10,112	10,198	10,732	10,700	Sales grow th	(24.4)	(22.5)	(20.3)	(14.2)	1.2
A/C receivable	2,366	1,961	1,966	1,783	1,983	Operating profit grow th	na	na	na	na	na
Inventory	45	55	84	88	36	EBITDA grow th	(26.9)	(15.8)	(18.2)	(53.9)	(13.5)
Other current assets	922	889	5,378	915	1,062	Norm profit grow th	(23.8)	7.6	0.3	6.2	(4.2)
Investment	29,921	33,662	32,127	35,032	33,578	Norm EPS grow th	(23.8)	7.6	0.3	6.2	(4.2)
Fixed assets	3,840	3,667	3,362	3,080	2,846	Gross margin	19.2	35.4	17.6	18.3	28.9
Other assets	3,434	2,290	2,207	2,156	3,450	Operating margin	(9.9)	(8.9)	(19.2)	(21.1)	(8.2)
Total assets	50,565	52,637	55,322	53,787	53,654	EBITDA margin	28.1	23.6	24.3	22.1	24.0
S-T debt	402	2,581	2,598	2,607	2,631	Norm net margin	277.5	361.4	318.3	344.7	262.6
A/C payable	1,146	756	653	679	819	D/E (x)	0.1	0.1	0.1	0.1	0.1
Other current liabilities	3,030	3,106	7,664	3,297	3,128	Net D/E (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
L-T debt	3,626	1,344	1,204	1,232	1,089	Interest coverage (x)	5.3	4.7	4.7	4.4	4.7
Other liabilities	636	708	695	685	1,876	Interest rate	4.7	4.2	4.2	4.2	5.1
Minority interest	6,263	6,077	6,010	5,988	6,079	Effective tax rate	(106.2)	71.3	(6.4)	(21.5)	28.9
Shareholders' equity	35,462	38,064	36,497	39,299	38,033	ROA	20.0	23.2	18.6	20.1	18.3
Working capital	1,265	1,260	1,396	1,192	1,200	ROE	28.5	32.5	26.9	28.9	25.4
Total debt	4,028	3,925	3,801	3,839	3,719						
Net debt	(6,008)	(6,187)	(6,397)	(6,894)	(6,980)						

Sources: Company data, Thanachart estimates

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