

Airports Of Thailand (AOT TB) - BUY, Price Bt65.50, TP Bt69.00**Results Comment**

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1QFY22 loss in line

- AOT reported a normalized loss of Bt3.5bn in 1QFY22 (AOT's fiscal year ends September) vs. a loss of Bt3.4bn in 1QFY21 and a loss of Bt4.2bn in 4QFY21. The loss was in line with what we had expected.
- Including Bt120m discount on state property rental, Bt29m reversal of loss on impairment of assets, Bt300m loss on derivatives, and Bt955m provisions for litigation liabilities, AOT reported a net loss of Bt4.3bn in 1QFY22.
- AOT is still our top sector pick as **1)** AOT remains the most direct and highest operating-leverage play on a recovery of the Thai tourism industry, **2)** we forecast its record-high earnings in FY24F when its passengers recover to the pre-COVID-FY19 level given 3x higher minimum guaranteed revenue from the new duty-free concession and **3)** we see a potential upside to our TP from the implementation of the Airport City project.
- AOT's total revenues increased 7% y-y in 1QFY22. Despite a fall in its passenger service charges by 14% y-y (mainly due to a fall in domestic passengers by 43% y-y due to the Omicron effect), its landing and parking charges increased 14% y-y and concession revenue rose by 31% y-y due to the easing of restrictions on tourist arrivals.
- Its total operating expenses rose by 4% y-y in 1QFY22 mainly due to higher depreciation expenses by 7% y-y and employee expenses by 4% y-y.
- AOT set Bt995m provisions for litigation liabilities this quarter given the dispute regarding to the contract for management and transportation of logistic services in free zone area at Suvarnabhumi Airport.
- Key risk: The slow tourist arrival recovery and global economic volatility present a major risk to our earnings forecast.

Income Statement						Income Statement					
Yr-end Sep (Bt m)						3M as					
	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	2,176	1,778	1,667	1,465	2,327	Revenue	59	7	13	17,422	48,910
Gross profit	(2,264)	(2,536)	(2,683)	(3,618)	(2,300)	Gross profit	na	na	73	(3,137)	26,278
SG&A	1,597	1,485	1,576	1,441	1,648	SG&A	14	3	25	6,620	7,826
Operating profit	(3,861)	(4,020)	(4,259)	(5,059)	(3,948)	Operating profit	na	na	40	(9,757)	18,452
EBITDA	(1,710)	(1,913)	(2,168)	(2,381)	(1,655)	EBITDA	na	na	(86)	1,917	30,620
Other income	212	125	117	177	73	Other income	(59)	(65)	13	543	550
Other expense	0	0	0	0	0	Other expense					
Interest expense	748	743	740	742	739	Interest expense	(0)	(1)	21	3,508	3,914
Profit before tax	(4,397)	(4,639)	(4,882)	(5,624)	(4,613)	Profit before tax	na	na	36	(12,723)	15,088
Income tax	(945)	(923)	(885)	(1,421)	(1,090)	Income tax	na	na	43	(2,545)	3,018
Equity & invest. income	(0)	(0)	(0)	(0)	(0)	Equity & invest. income					
Minority interests	9	6	33	2	32	Minority interests	1,452	241	26	123	(344)
Extraordinary items	1	66	(114)	(956)	(780)	Extraordinary items	na	na	na	0	0
Net profit	(3,442)	(3,644)	(4,078)	(5,157)	(4,272)	Net profit	na	na	42	(10,056)	11,727
Normalized profit	(3,443)	(3,710)	(3,965)	(4,201)	(3,491)	Normalized profit	na	na	35	(10,056)	11,727
EPS (Bt)	(0.24)	(0.26)	(0.29)	(0.36)	(0.30)	EPS (Bt)	na	na	42	(0.70)	0.82
Normalized EPS (Bt)	(0.24)	(0.26)	(0.28)	(0.29)	(0.24)	Normalized EPS (Bt)	na	na	35	(0.70)	0.82
Balance Sheet						Financial Ratios					
Yr-end Sep (Bt m)						(%)					
	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22		1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Cash & ST investment	33,416	26,117	22,038	17,103	8,719	Sales growth	(86.5)	(85.1)	26.3	(20.9)	6.9
A/C receivable	3,897	4,109	3,479	3,637	4,150	Operating profit growth	na	na	na	na	na
Inventory	0	0	0	307	356	EBITDA growth	na	na	na	na	na
Other current assets	2,843	721	777	452	307	Norm profit growth	na	na	na	na	na
Investment	1,030	1	1	6	6	Norm EPS growth	na	na	na	na	na
Fixed assets	110,387	110,301	110,352	112,157	111,831	Gross margin	(104.0)	(142.7)	(161.0)	(246.9)	(98.8)
Other assets	56,039	59,225	60,588	61,424	60,093	Operating margin	(177.4)	(226.2)	(255.5)	(345.3)	(169.6)
Total assets	207,613	200,475	197,235	195,086	185,462	EBITDA margin	(78.6)	(107.6)	(130.1)	(162.5)	(71.1)
S-T debt	3,540	3,206	3,332	3,186	3,170	Norm net margin	(158.2)	(208.7)	(237.9)	(286.7)	(150.0)
A/C payable	733	1,017	797	930	757	D/E (x)	0.1	0.1	0.1	0.1	0.1
Other current liabilities	7,259	6,287	6,720	9,495	5,880	Net D/E (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.0)
L-T debt	7,455	6,757	6,341	6,080	5,254	Interest coverage (x)	(2)	(3)	(3)	(3)	(2)
Other liabilities	59,748	60,649	61,578	61,974	61,364	Interest rate	27.1	28.4	30.2	31.3	33.4
Minority interest	1,032	1,030	998	1,078	1,046	Effective tax rate	21.5	19.9	18.1	25.3	23.6
Shareholders' equity	127,847	121,529	117,470	112,344	107,990	ROA	(7.2)	(7.3)	(8.0)	(8.6)	(7.3)
Working capital	3,164	3,093	2,682	3,014	3,749	ROE	(10.2)	(11.9)	(13.3)	(14.6)	(12.7)
Total debt	10,995	9,963	9,673	9,266	8,424						
Net debt	(22,422)	(16,154)	(12,364)	(7,838)	(294)						

Sources: Company data, Thanachart estimates

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