

Intouch Holdings Pcl (INTUCH TB) - HOLD, Price Bt77, TP Bt74.5

Results Comment

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

Weaker-than-expected 4Q21 profit

- INTUCH reported normalized profit (excluding an FX loss) at Bt2.67bn in 4Q21, down 11% y-y but up 9% q-q in a like-for-like basis. Key earnings contributions remained from ADVANC, which was 101% of the company's earnings.
- Full-year earnings at Bt10.4bn came in lower than our forecast due to a surge in admin expense, likely from the company's shareholding restructure process, and weaker-than-expected shared profit from ADVANC.
- Mobile business:** Full-year shared profit from AIS Group fell 2% y-y to Bt10.9bn in 2021, pressured by weak consumption and less mobility in the country as Covid-19 situation was more severe than in 2020, even ADVANC could well manage costs.
- Satellite business:** Consolidated profit from Thaicom dropped sharply 72% y-y due to an organic decline of satellite demand and its rental price in the region. Moreover, as its concession ended in September 2021, Thaicom operates at much lower profitability afterward. Thaicom is building up new services to retain its revenue base, but their sizes were still small.
- INTUCH announces a final dividend at Bt1.6/share with an XD date on 23 February and a payment date on 21 April 2022. Full-year dividend of Bt2.83/share implies 84% payout in 2021.
- We maintain our HOLD rating as we remain cautious on growth outlook in ADVANC, while we believe INTUCH's 3.5-4.0% dividend yield may look less attractive to investors given rising interest rate trend.

Income Statement (unconsolidated)						Income Statement (unconsolidated)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	828	788	796	935	804	Revenue	(14)	(3)	99	3,323	3,094
Gross profit	293	138	146	270	399	Gross profit	48	36	105	953	771
SG&A	367	290	314	347	319	SG&A	(8)	(13)	110	1,270	1,107
Operating profit	(74)	(151)	(168)	(77)	79	Operating profit	na	na	125	(317)	(336)
EBITDA	195	192	176	224	231	EBITDA	3	18	76	822	1,024
Other income	(26)	103	106	168	34	Other income	(80)	na	175	412	217
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	41	41	40	48	28	Interest expense	(41)	(32)	122	157	138
Profit before tax	(141)	(89)	(103)	44	85	Profit before tax	94	na	42	(63)	(258)
Income tax	(101)	6	22	13	50	Income tax	297	na	na	91	0
Equity & invest. income	2,879	2,672	2,843	2,511	2,595	Equity & invest. income	3	(10)	97	10,622	11,677
Minority interests	153	(68)	23	(87)	42	Minority interests	na	(73)	(54)	(89)	239
Extraordinary items	(326)	151	71	206	(59)	Extraordinary items	na	na	na	369	0
Net profit	2,666	2,661	2,813	2,662	2,612	Net profit	(2)	(2)	98	10,748	11,658
Normalized profit	2,991	2,509	2,742	2,456	2,672	Normalized profit	9	(11)	95	10,379	11,658
EPS (Bt)	0.83	0.83	0.88	0.83	0.81	EPS (Bt)	(2)	(2)	98	3.35	3.64
Normalized EPS (Bt)	0.93	0.78	0.86	0.77	0.83	Normalized EPS (Bt)	9	(11)	95	3.24	3.64

Balance Sheet (unconsolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	10,112	10,198	10,732	10,700	8,464	Sales growth	(22.5)	(20.3)	(14.2)	1.2	(2.9)
A/C receivable	1,961	1,966	1,783	1,983	2,173	Operating profit growth	na	na	na	na	na
Inventory	55	84	88	36	7	EBITDA growth	(15.8)	(18.2)	(53.9)	(13.5)	18.2
Other current assets	889	5,378	915	1,062	1,011	Norm profit growth	7.6	0.3	6.2	(4.2)	(10.7)
Investment	33,662	32,127	35,032	33,578	36,160	Norm EPS growth	7.6	0.3	6.2	(4.2)	(10.7)
Fixed assets	3,667	3,362	3,080	2,846	2,787	Gross margin	35.4	17.6	18.3	28.9	49.6
Other assets	2,290	2,207	2,156	3,450	3,381	Operating margin	(8.9)	(19.2)	(21.1)	(8.2)	9.8
Total assets	52,637	55,322	53,787	53,654	53,984	EBITDA margin	23.6	24.3	22.1	24.0	28.7
S-T debt	2,581	2,598	2,607	2,631	424	Norm net margin	361.4	318.3	344.7	262.6	332.2
A/C payable	756	653	679	819	861	D/E (x)	0.1	0.1	0.1	0.1	0.0
Other current liabilities	3,106	7,664	3,297	3,128	3,156	Net D/E (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)
L-T debt	1,344	1,204	1,232	1,089	1,073	Interest coverage (x)	4.7	4.7	4.4	4.7	8.2
Other liabilities	708	695	685	1,876	1,769	Interest rate	4.2	4.2	4.2	5.1	4.3
Minority interest	6,077	6,010	5,988	6,079	6,014	Effective tax rate	71.3	(6.4)	(21.5)	28.9	59.2
Shareholders' equity	38,064	36,497	39,299	38,033	40,687	ROA	23.2	18.6	20.1	18.3	19.9
Working capital	1,260	1,396	1,192	1,200	1,320	ROE	32.5	26.9	28.9	25.4	27.2
Total debt	3,925	3,801	3,839	3,719	1,498						
Net debt	(6,187)	(6,397)	(6,894)	(6,980)	(6,966)						

Sources: Company data, Thanachart estimates

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