Airports Of Thailand (AOT TB) - BUY, Price Bt66.00, TP Bt83.00

Results Comment

Saksid Phadthananarak | Email: saksid.pha@thanachartsec.co.th

2QFY22 loss in line

- AOT reported a normalized loss of Bt3.4bn in 2QFY22 (AOT's fiscal year ends September) vs. a loss of Bt3.7bn in 2QFY21 and a loss of Bt3.5bn in 1QFY22. These results were in line with what we had expected. Its 1HFY22 earnings make up 50% of our full-year forecast.
- Including Bt390m gain forex, Bt8m gain on sales of assets, Bt304m loss on derivatives, and Bt17m loss on impairment of assets, AOT reported a net loss of Bt3.3bn in 2QFY22.
- 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 earnings turnaround next year to a record high in FY24F, driven by not only its passenger recovery but also 3x higher minimum guaranteed revenue from the new duty-free concession and ***3)*** we see a potential upside to our TP from the Airport City project.
- AOT's total revenues increased 70% y-y in 2QFY22, driven by higher passenger service charges by 185% y-y (dorm. pax. make up 48% of the FY19 level and inter. pax. make up 7% of the FY19 level), higher landing and parking charges by 54% y-y, and higher concession revenue by 69% y-y.
- Its total operating expenses rose by 9% y-y in 2QFY22 mainly due to higher personnel expenses by 7% y-y, higher depreciation expenses by 4% y-y, and higher repair and state property rental expenses by 36% y-y.
- Its SG&A expenses also increased 15% y-y following higher revenues.

Income Statement				Concession revenue	
Yr-end Sep (Bt m)	**2QFY21**	**3QFY21**	**4QFY21**	**1QFY22**	**2QFY22**
Revenue	1,778	1,667	1,465	2,327	3,017
Gross profit	**(2,536)**	**(2,683)**	**(3,618)**	**(2,300)**	**(1,667)**
SG&A	1,485	1,576	1,441	1,648	1,700
Operating profit	(4,020)	(4,259)	(5,059)	(3,948)	(3,366)
EBITDA	**(1,913)**	**(2,168)**	**(2,381)**	**(1,655)**	**(1,183)**
Other income	125	117	177	73	129
Other expense	0	0	0	0	0
Interest expense	743	740	742	739	734
Profit before tax	**(4,639)**	**(4,882)**	**(5,624)**	**(4,613)**	**(3,972)**
Income tax	(923)	(885)	(1,421)	(1,090)	(749)
Equity & invest. income	(0)	(0)	(0)	(0)	(0)
Minority interests	6	33	2	32	(130)
Extraordinary items	66	(114)	(956)	(780)	77
Net profit	**(3,644)**	**(4,078)**	**(5,157)**	**(4,272)**	**(3,276)**
Normalized profit	**(3,710)**	**(3,965)**	**(4,201)**	**(3,491)**	**(3,353)**
EPS (Bt)	(0.26)	(0.29)	(0.36)	(0.30)	(0.23)
Normalized EPS (Bt)	(0.26)	(0.28)	(0.29)	(0.24)	(0.23)

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	30	70	42	12,782	39,924
Gross profit	**na**	**na**	**49**	**(8,125)**	**17,098**
SG&A	3	15	52	6,391	8,783
Operating profit	na	na	50	(14,516)	8,314
EBITDA	**na**	**na**	**100**	**(2,842)**	**21,683**
Other income	76	3	37	543	550
Other expense					
Interest expense	(1)	(1)	48	3,081	3,377
Profit before tax	**na**	**na**	**50**	**(17,055)**	**5,488**
Income tax	na	na	54	(3,411)	1,098
Equity & invest. income					
Minority interests	na	na	(110)	90	(281)
Extraordinary items	na	17	na	0	0
Net profit	**na**	**na**	**56**	**(13,554)**	**4,109**
Normalized profit	**na**	**na**	**50**	**(13,554)**	**4,109**
EPS (Bt)	na	na	56	(0.95)	0.29
Normalized EPS (Bt)	na	na	50	(0.95)	0.29

Balance Sheet				Concession revenue	
Yr-end Sep (Bt m)	**2QFY21**	**3QFY21**	**4QFY21**	**1QFY22**	**2QFY22**
Cash & ST investment	26,117	22,038	17,103	8,719	6,625
A/C receivable	4,109	3,479	3,637	4,150	3,870
Inventory	0	0	307	356	387
Other current assets	721	777	452	307	376
Investment	1	1	6	6	6
Fixed assets	110,301	110,352	112,157	111,831	111,681
Other assets	59,225	60,588	61,424	60,093	59,565
Total assets	**200,475**	**197,235**	**195,086**	**185,462**	**182,510**
S-T debt	3,206	3,332	3,186	3,170	3,100
A/C payable	1,017	797	930	757	585
Other current liabilities	6,287	6,720	9,495	5,880	6,300
L-T debt	6,757	6,341	6,080	5,254	4,452
Other liabilities	60,649	61,578	61,974	61,364	62,172
Minority interest	1,030	998	1,078	1,046	1,182
Shareholders' equity	**121,529**	**117,470**	**112,344**	**107,990**	**104,720**
Working capital	3,093	2,682	3,014	3,749	3,671
Total debt	9,963	9,673	9,266	8,424	7,552
Net debt	**(16,154)**	**(12,364)**	**(7,838)**	**(294)**	**926**

Financial Ratios					
(%)	**2QFY21**	**3QFY21**	**4QFY21**	**1QFY22**	**2QFY22**
Sales growth	(85.1)	26.3	(20.9)	6.9	69.7
Operating profit growth	na	na	na	na	na
EBITDA growth	na	na	na	na	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	(142.7)	(161.0)	(246.9)	(98.8)	(55.2)
Operating margin	(226.2)	(255.5)	(345.3)	(169.6)	(111.6)
EBITDA margin	(107.6)	(130.1)	(162.5)	(71.1)	(39.2)
Norm net margin	(208.7)	(237.9)	(286.7)	(150.0)	(111.1)
D/E (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.0)	0.0
Interest coverage (x)	(3)	(3)	(3)	(2)	(2)
Interest rate	28.4	30.2	31.3	33.4	36.8
Effective tax rate	19.9	18.1	25.3	23.6	18.9
ROA	(7.3)	(8.0)	(8.6)	(7.3)	(7.3)
ROE	(11.9)	(13.3)	(14.6)	(12.7)	(12.6)

Sources: Company data, Thanachart estimates

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