

Airports Of Thailand (AOT TB) - BUY, Price Bt72.50, TP Bt85.00**Results Comment**

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

Lower-than-expected 3QFY22 loss

- AOT reported a normalized loss of Bt2.4bn in 3QFY22 (AOT's fiscal year ends September) vs. a Bt4bn loss in 3QFY21 and a Bt3.4bn loss in 2QFY22. The loss was lower than what we had expected. Including Bt285m gain on forex and sales of assets and Bt100m loss on derivatives and impairment of assets, AOT reported a net loss of Bt2.2bn in 3QFY22.
- Given its high operating leverage, we expect AOT to continue to report a lower loss in 4QFY22F as its passengers recovered to 35% of the FY19 level in July vs. 21% in 3QFY22 and 7% in 2QFY22.
- AOT is in our top country pick list as **1)** it is the most direct and highest operating-leverage play on the tourism recovery, **2)** we expect its earnings to turn around next year and reach a record high in FY24F, driven by a passenger recovery and 2.4x higher minimum guaranteed duty-free revenue and **3)** we see a potential upside to our TP from the Airport City project.
- AOT's total revenues increased 180% y-y in 3QFY22, driven by higher passenger service charges by 622% y-y (dorm. pax. make up 69% of the FY19 level and inter. pax. make up 21% of the FY19 level), higher landing and parking charges by 76% y-y, and higher concession revenue by 231% y-y.
- Its total operating expenses rose by 12% y-y in 3QFY22 mainly due to higher personnel expenses by 13% y-y, higher depreciation expenses by 4% y-y, and higher repair and state property rental expenses by 44% y-y.
- Its SG&A expenses also increased 28% y-y following higher revenues.

Income Statement						Income Statement					
Yr-end Sep (Bt m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	(Bt m)	q-q%	y-y%	9M as % 2022F	FY22F	FY23F
Revenue	1,667	1,465	2,327	3,017	4,666	Revenue	55	180	67	14,870	42,465
Gross profit	(2,683)	(3,618)	(2,300)	(1,667)	(224)	Gross profit	na	na	84	(5,016)	19,537
SG&A	1,576	1,441	1,648	1,700	2,017	SG&A	19	28	71	7,584	9,342
Operating profit	(4,259)	(5,059)	(3,948)	(3,366)	(2,241)	Operating profit	na	na	76	(12,600)	10,195
EBITDA	(2,168)	(2,381)	(1,655)	(1,183)	(57)	EBITDA	na	na	313	(926)	23,564
Other income	117	177	73	129	36	Other income	(72)	(69)	61	393	500
Other expense	0	0	0	0	0	Other expense					
Interest expense	740	742	739	734	730	Interest expense	(1)	(1)	73	3,023	3,284
Profit before tax	(4,882)	(5,624)	(4,613)	(3,972)	(2,935)	Profit before tax	na	na	76	(15,229)	7,411
Income tax	(885)	(1,421)	(1,090)	(749)	(549)	Income tax	na	na	78	(3,046)	1,482
Equity & invest. income	(0)	(0)	(0)	(0)	(0)	Equity & invest. income					
Minority interests	33	2	32	(130)	(6)	Minority interests	na	na	(100)	105	(299)
Extraordinary items	(114)	(956)	(780)	77	185	Extraordinary items	141	na	na	0	0
Net profit	(4,078)	(5,157)	(4,272)	(3,276)	(2,207)	Net profit	na	na	81	(12,079)	5,630
Normalized profit	(3,965)	(4,201)	(3,491)	(3,353)	(2,392)	Normalized profit	na	na	76	(12,079)	5,630
EPS (Bt)	(0.29)	(0.36)	(0.30)	(0.23)	(0.15)	EPS (Bt)	na	na	81	(0.85)	0.39
Normalized EPS (Bt)	(0.28)	(0.29)	(0.24)	(0.23)	(0.17)	Normalized EPS (Bt)	na	na	76	(0.85)	0.39

Balance Sheet						Financial Ratios					
Yr-end Sep (Bt m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	(%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
Cash & ST investment	22,038	17,103	8,719	6,625	4,574	Sales grow th	26.3	(20.9)	6.9	69.7	180.0
A/C receivable	3,479	3,637	4,150	3,870	3,860	Operating profit grow th	na	na	na	na	na
Inventory	0	307	356	387	359	EBITDA grow th	na	na	na	na	na
Other current assets	777	452	307	376	440	Norm profit grow th	na	na	na	na	na
Investment	1	6	6	6	6	Norm EPS grow th	na	na	na	na	na
Fixed assets	110,352	112,157	111,831	111,681	112,656	Gross margin	(161.0)	(246.9)	(98.8)	(55.2)	(4.8)
Other assets	60,588	61,424	60,093	59,565	59,237	Operating margin	(255.5)	(345.3)	(169.6)	(111.6)	(48.0)
Total assets	197,235	195,086	185,462	182,510	181,131	EBITDA margin	(130.1)	(162.5)	(71.1)	(39.2)	(1.2)
S-T debt	3,332	3,186	3,170	3,100	2,971	Norm net margin	(237.9)	(286.7)	(150.0)	(111.1)	(51.3)
A/C payable	797	930	757	585	872	D/E (x)	0.1	0.1	0.1	0.1	0.1
Other current liabilities	6,720	9,495	5,880	6,300	6,728	Net D/E (x)	(0.1)	(0.1)	(0.0)	0.0	0.0
L-T debt	6,341	6,080	5,254	4,452	3,713	Interest coverage (x)	(3)	(3)	(2)	(2)	(0)
Other liabilities	61,578	61,974	61,364	62,172	63,085	Interest rate	30.2	31.3	33.4	36.8	41.0
Minority interest	998	1,078	1,046	1,182	1,188	Effective tax rate	18.1	25.3	23.6	18.9	18.7
Shareholders' equity	117,470	112,344	107,990	104,720	102,575	ROA	(8.0)	(8.6)	(7.3)	(7.3)	(5.3)
Working capital	2,682	3,014	3,749	3,671	3,348	ROE	(13.3)	(14.6)	(12.7)	(12.6)	(9.2)
Total debt	9,673	9,266	8,424	7,552	6,684						
Net debt	(12,364)	(7,838)	(294)	926	2,110						

Sources: Company data, Thanachart estimates

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