

Digital Telecom. Infra. Fund (DIF TB) - HOLD, Price Bt9.95, TP Bt14.5 Results Comment

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Stable 2Q23 profit, in-line

- DIF reported Bt3.0bn normalized investment income in 2Q23, down slightly 3% y-y and 1% q-q. The weakness was mainly due to higher interest expense amid rising interest rate trend.
- Total revenue was stable at Bt3.56bn in 2Q23, down slightly 1% q-q likely on an expiration of some small rental contracts. It was flat y-y as we believe the slightly lower rental volume was offset by a minor rental price adjustment.
- Total operating cost declined 7% y-y (but flat q-q) to Bt79m, mainly from lower asset management and professional fees.
- Interest expense continued to rise, up 17% y-y and 3% q-q to Bt509m in 2Q23, given rising interest rates. Average interest cost increased to 5.4% in 2Q23, from 5.2% in 1Q23 and 4.4% in 2Q22.
- DIF announces Bt0.237/unit quarterly dividend from its 2Q23 performance. An indicated XD date is on 15 August with a dividend payment date on 7 September 2023.
- We believe DIF's unit price weakness has been due to its less attractiveness amid high interest rate environment globally. Having said that, its nearly 10% dividend yield now looks much more attractive in our view.

Income Statement						Income Statement					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	6M as % 2023F	2023F	2024F
Revenue	3,602	3,600	3,601	3,614	3,592	Revenue	(1)	(0)	50	14,510	14,571
Gross profit	3,602	3,600	3,601	3,614	3,592	Gross profit	(1)	(0)	50	14,510	14,571
SG&A	77	75	80	75	75	SG&A	0	(2)	48	313	319
Operating profit	3,525	3,525	3,521	3,539	3,517	Operating profit	(1)	(0)	50	14,197	14,252
EBITDA	3,525	3,525	3,521	3,539	3,517	EBITDA	(1)	(0)	50	14,197	14,252
Other income	4	5	7	7	11	Other income	43	142	84	21	20
Other expense	13	12	12	11	(15)	Other expense	na	na	(7)	48	49
Interest expense	434	425	476	496	509	Interest expense	3	17	61	1,650	1,646
Profit before tax	3,083	3,094	3,041	3,039	3,003	Profit before tax	(1)	(3)	48	12,521	12,578
Income tax	0	0	2	1	1	Income tax	13	202	56	3	3
Equity & invest. income						Equity & invest. income					
Minority interests						Minority interests					
Extraordinary items	(205)	(229)	(4,212)	(229)	(229)	Extraordinary items	na	na			
Net Investment Income	2,877	2,864	(1,174)	2,808	2,773	Net profit	(1)	(4)	45	12,517	12,575
Norm Net Invest. Income	3,082	3,093	3,039	3,038	3,002	Normalized profit	(1)	(3)	48	12,517	12,575
EPS (Bt)	0.27	0.27	(0.11)	0.26	0.26	EPS (Bt)	(1)	(4)	45	1.17	1.18
Normalized EPS (Bt)	0.29	0.29	0.29	0.29	0.28	Normalized EPS (Bt)	(1)	(3)	48	1.17	1.18
NAV (Bt)											

Balance Sheet						Financial Ratios					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & equivalent	3,024	2,892	4,409	4,321	3,284	Sales grow th	(2.2)	(2.2)	(2.2)	0.3	(0.3)
S-T investments						EBITDA grow th	(2.3)	(2.3)	(2.1)	0.3	(0.2)
A/C receivable	3,656	3,737	3,815	3,882	3,940	Net income grow th	(2.2)	(2.7)	na	(3.0)	(3.6)
Other						Norm income grow th	(2.4)	(2.7)	(3.6)	(2.6)	(2.6)
Investment & Loans	216,690	217,110	209,238	209,098	209,418	Norm EPS grow th	(2.4)	(2.7)	(3.6)	(2.6)	(2.6)
Fixed assets						Gross margin	100.0	100.0	100.0	100.0	100.0
Other assets						Operating margin	97.9	97.9	97.8	97.9	97.9
Total assets	223,427	223,788	217,502	217,340	216,677	EBITDA margin	97.9	97.9	97.8	97.9	97.9
S-T debt	11,789	11,606	11,422	11,222	11,023	Norm net margin	85.6	85.9	84.4	84.1	83.6
A/C payable	332	498	663	167	331	D/E (x)	0.2	0.2	0.2	0.2	0.2
Other current liabilities	3,917	3,942	1,962	2,123	2,134	Net D/E (x)	0.2	0.2	0.2	0.2	0.2
L-T debt	27,225	27,243	27,004	27,022	26,495	Interest coverage (x)	8.1	8.3	7.4	7.1	6.9
Other liabilities						Effective tax rate	0.0	0.0	0.1	0.0	0.0
Minority interest						ROA	5.5	5.5	5.5	5.6	5.5
Net Assets	176,449	176,549	172,611	172,725	172,894	ROE	7.0	7.0	7.0	7.0	6.9
Net debt	35,990	35,956	34,016	33,923	34,234						
Avg outstanding units (shrs)	10,632	10,632	10,632	10,632	10,632						

Sources: Company data, Thanachart estimates

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