

**Airports Of Thailand (AOT TB) - SELL, Price Bt37.50, TP Bt30.00****Results Comment**

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

**Weak 2QFY25 earnings as expected**

- AOT reported a normalized profit of Bt5.2bn in 2QFY25 (AOT's fiscal year ends September), down 12% y-y and 4% q-q. The earnings were in line with what we had expected. The earnings fall was due to its weak sales and operating leverage impacts. 1HFY25 earnings make up 58% of our full-year forecast.
- 3Q are normally the low tourism seasons, so we expect its earnings to fall y-y and q-q. Its international passengers grew only 0.6% y-y in April 2025 or 89% of its FY19 level.
- We downgrade our call on AOT to SELL as **1)** we are concerned on Thailand's deteriorating tourist arrivals growth due to intense competition attracting tourists from other Asian countries and the Chinese government's policy to promote domestic tourism, **2)** we see a risk of lower minimum guarantees due to King Power's liquidity problems, and **3)** with only 3% EPS CAGR in FY25-27F, valuation at a 30x PE in FY25F is not attractive.
- AOT's revenues fell by 2% y-y in 2QFY25 given;
  - 1) higher passenger service charges by 14% y-y (dorm. pax. grew by 7% y-y in 2QFY25 and inter. pax. grew by 8% y-y)
  - 2) higher landing and parking charges by 6% y-y (dorm. flights grew by 10% y-y and inter. flights grew by 12% y-y)
  - 3) being offset by lower concession revenues by 19% y-y due to reclamation of some commercial and duty-free areas.
- Its total costs increased by 7% y-y in 2QFY25 mainly due to higher repair and depreciation expenses.
- This caused its gross margin to fall to 58% in 2QFY25 vs. 61% in 2QFY24.

Income Statement						Income Statement					
Yr-end Sep (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(Bt m)	q-q%	y-y%	6M as		
									% 2025F	FY25F	FY26F
Revenue	18,234	16,405	16,774	17,664	17,906	Revenue	1	(2)	53	67,274	70,819
<b>Gross profit</b>	<b>11,176</b>	<b>9,341</b>	<b>9,248</b>	<b>10,382</b>	<b>10,385</b>	<b>Gross profit</b>	<b>0</b>	<b>(7)</b>	<b>55</b>	<b>37,755</b>	<b>40,213</b>
SG&A	3,007	3,041	3,236	3,000	3,158	SG&A	5	5	48	12,782	13,700
Operating profit	8,168	6,299	6,013	7,382	7,228	Operating profit	(2)	(12)	59	24,973	26,513
<b>EBITDA</b>	<b>10,979</b>	<b>9,171</b>	<b>8,916</b>	<b>10,370</b>	<b>10,210</b>	<b>EBITDA</b>	<b>(2)</b>	<b>(7)</b>	<b>55</b>	<b>37,432</b>	<b>39,609</b>
Other income	109	228	213	218	337	Other income	55	210	60	928	1,026
Other expense	0	0	0	0	0	Other expense					
Interest expense	710	682	672	627	635	Interest expense	1	(11)	51	2,463	2,352
<b>Profit before tax</b>	<b>7,567</b>	<b>5,845</b>	<b>5,554</b>	<b>6,973</b>	<b>6,930</b>	<b>Profit before tax</b>	<b>(1)</b>	<b>(8)</b>	<b>59</b>	<b>23,437</b>	<b>25,187</b>
Income tax	1,504	1,175	1,076	1,415	1,567	Income tax	11	4	64	4,687	5,037
Equity & invest. income	(0)	(0)	(0)	1	0	Equity & invest. income			57	(600)	(632)
Minority interests	(188)	(55)	(98)	(167)	(173)	Minority interests	na	na	na	0	0
Extraordinary items	(90)	(52)	(108)	(47)	(136)	Extraordinary items	na	na	na	0	0
<b>Net profit</b>	<b>5,785</b>	<b>4,563</b>	<b>4,272</b>	<b>5,344</b>	<b>5,053</b>	<b>Net profit</b>	<b>(5)</b>	<b>(13)</b>	<b>57</b>	<b>18,150</b>	<b>19,518</b>
<b>Normalized profit</b>	<b>5,875</b>	<b>4,615</b>	<b>4,380</b>	<b>5,391</b>	<b>5,190</b>	<b>Normalized profit</b>	<b>(4)</b>	<b>(12)</b>	<b>58</b>	<b>18,150</b>	<b>19,518</b>
EPS (Bt)	0.40	0.32	0.30	0.37	0.35	EPS (Bt)	(5)	(13)	57	1.27	1.37
Normalized EPS (Bt)	0.41	0.32	0.31	0.38	0.36	Normalized EPS (Bt)	(4)	(12)	58	1.27	1.37

  

Balance Sheet						Financial Ratios					
Yr-end Sep (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Cash & ST investment	5,132	9,853	18,541	15,621	10,563	Sales grow th	65.8	26.6	9.2	12.5	(1.8)
A/C receivable	16,211	16,039	10,767	9,362	9,545	Operating profit grow th	165.7	30.0	16.8	12.8	(11.5)
Inventory	357	302	399	600	605	EBITDA grow th	109.5	30.7	19.5	10.8	(7.0)
Other current assets	708	332	518	520	549	Norm profit grow th	206.0	41.9	20.4	16.1	(11.7)
Investment	38	37	52	53	88	Norm EPS grow th	206.0	41.9	20.4	16.1	(11.7)
Fixed assets	124,176	124,676	126,123	125,896	125,214	Gross margin	61.3	56.9	55.1	58.8	58.0
Other assets	49,105	47,301	49,750	51,815	51,896	Operating margin	44.8	38.4	35.8	41.8	40.4
<b>Total assets</b>	<b>195,726</b>	<b>198,541</b>	<b>206,150</b>	<b>203,867</b>	<b>198,460</b>	EBITDA margin	60.2	55.9	53.2	58.7	57.0
S-T debt	4,443	1,032	815	659	777	Norm net margin	32.2	28.1	26.1	30.5	29.0
A/C payable	1,113	890	7,175	991	6,641	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	15,620	17,883	15,373	17,720	12,900	Net D/E (x)	0.0	(0.1)	(0.1)	(0.1)	(0.1)
L-T debt	1,250	1,078	835	794	627	Interest coverage (x)	15	13	13	17	16
Other liabilities	55,733	55,590	55,553	52,109	52,115	Interest rate	43.1	70.0	143.0	161.6	177.9
Minority interest	2,011	2,066	2,166	2,128	2,288	Effective tax rate	19.9	20.1	19.4	20.3	22.6
<b>Shareholders' equity</b>	<b>115,557</b>	<b>120,001</b>	<b>124,233</b>	<b>129,466</b>	<b>123,112</b>	ROA	12.0	9.4	8.7	10.5	10.3
Working capital	15,456	15,451	3,991	8,971	3,509	ROE	20.4	15.7	14.3	17.0	16.4
Total debt	5,693	2,110	1,650	1,453	1,403						
<b>Net debt</b>	<b>561</b>	<b>(7,743)</b>	<b>(16,891)</b>	<b>(14,167)</b>	<b>(9,159)</b>						

Sources: Company data, Thanachart estimates

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