

Airports Of Thailand (AOT TB) - SELL, Price Bt40.00, TP Bt24.00**Results Comment**

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

Weak 3Q earnings in line

- AOT reported a normalized profit of Bt3.7bn in 3QFY25 (AOT's fiscal year ends September), down 20% y-y and 39% q-q. The earnings were in line with what we had expected. A fall in the earnings fall was due to a drop in revenue but a rise in operating expenses. 9MFY25 earnings make up 84% of our full-year forecast.
- 4Q are normally the low tourism seasons and its international pax. fell by 7% y-y in July, so we expect its earnings to still fall y-y and q-q.
- We have a SELL call on AOT given our concerns on **1)** Thailand's tourist arrivals growth due to intense competition attracting tourists from other Asian countries and the Chinese government's policy to promote domestic tourism, **2)** King Power's negotiation to lower its minimum guarantees, and **3)** expensive valuation at a 32x PE in FY25F.
- AOT's revenues fell by 6% y-y in 3QFY25 given;
 - lower passenger service charges by 5% y-y (dorm. pax. grew by 5% y-y but inter. pax. fell by 4% y-y)
 - lower landing and parking charges by 3% y-y (dorm. flights grew by 9% y-y but inter. flights fell by 1% y-y)
 - lower concession revenues by 11% y-y mainly due to reclamation of some commercial and duty-free areas.
- Its total costs increased by 8% y-y in 3QFY25 mainly due to higher repair and depreciation expenses, causing its gross margin to fall to 50% in 3QFY25 vs. 57% in 3QFY24.
- Other income increased by 104% y-y mainly due to higher interest income from default debts.

Income Statement						Income Statement					
Yr-end Sep (Bt m)						9M as					
	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	(Bt m)	q-q%	y-y%	% 2025F	FY25F	FY26F
Revenue	16,405	16,774	17,664	18,708	15,343	Revenue	(18)	(6)	78	66,650	64,520
Gross profit	9,341	9,248	10,382	11,187	7,735	Gross profit	(31)	(17)	79	37,162	34,228
SG&A	3,041	3,236	3,000	3,158	3,034	SG&A	(4)	(0)	73	12,663	12,904
Operating profit	6,299	6,013	7,382	8,030	4,701	Operating profit	(41)	(25)	82	24,499	21,324
EBITDA	9,171	8,916	10,370	11,012	7,708	EBITDA	(30)	(16)	79	36,959	34,421
Other income	228	213	218	337	457	Other income	36	100	88	1,144	1,279
Other expense	0	0	0	0	0	Other expense					
Interest expense	682	672	627	635	626	Interest expense	(1)	(8)	77	2,461	2,348
Profit before tax	5,845	5,554	6,973	7,732	4,531	Profit before tax	(41)	(22)	83	23,181	20,255
Income tax	1,175	1,076	1,415	1,567	831	Income tax	(47)	(29)	82	4,636	4,051
Equity & invest. income	(0)	(0)	1	0	(2)	Equity & invest. income					
Minority interests	(55)	(98)	(167)	(173)	(30)	Minority interests	na	na	64	(580)	(561)
Extraordinary items	(52)	(108)	(47)	(938)	196	Extraordinary items	na	na	na	0	0
Net profit	4,563	4,272	5,344	5,053	3,865	Net profit	(24)	(15)	79	17,965	15,643
Normalized profit	4,615	4,380	5,391	5,992	3,669	Normalized profit	(39)	(20)	84	17,965	15,643
EPS (Bt)	0.32	0.30	0.37	0.35	0.27	EPS (Bt)	(24)	(15)	79	1.26	1.10
Normalized EPS (Bt)	0.32	0.31	0.38	0.42	0.26	Normalized EPS (Bt)	(39)	(20)	84	1.26	1.10

Balance Sheet						Financial Ratios					
Yr-end Sep (Bt m)						3QFY24 4QFY24 1QFY25 2QFY25 3QFY25					
Cash & ST investment	9,853	18,541	15,621	10,563	15,249	Sales growth	26.6	9.2	12.5	2.6	(6.5)
A/C receivable	16,039	10,767	9,362	9,545	12,873	Operating profit growth	30.0	16.8	12.8	(1.7)	(25.4)
Inventory	302	399	600	605	625	EBITDA growth	30.7	19.5	10.8	0.3	(15.9)
Other current assets	332	518	520	549	363	Norm profit growth	41.9	20.4	16.1	2.0	(20.5)
Investment	37	52	53	88	86	Norm EPS growth	41.9	20.4	16.1	2.0	(20.5)
Fixed assets	124,676	126,123	125,896	125,214	125,381	Gross margin	56.9	55.1	58.8	59.8	50.4
Other assets	47,301	49,750	51,815	51,896	49,098	Operating margin	38.4	35.8	41.8	42.9	30.6
Total assets	198,541	206,150	203,867	198,460	203,676	EBITDA margin	55.9	53.2	58.7	58.9	50.2
S-T debt	1,032	815	659	777	655	Norm net margin	28.1	26.1	30.5	32.0	23.9
A/C payable	890	7,175	991	6,641	7,035	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	17,883	15,373	17,720	12,900	13,790	Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
L-T debt	1,078	835	794	627	623	Interest coverage (x)	13	13	17	17	12
Other liabilities	55,590	55,553	52,109	52,115	52,298	Interest rate	70.0	143.0	161.6	177.9	186.8
Minority interest	2,066	2,166	2,128	2,288	2,318	Effective tax rate	20.1	19.4	20.3	20.3	18.3
Shareholders' equity	120,001	124,233	129,466	123,112	126,957	ROA	9.4	8.7	10.5	11.9	7.3
Working capital	15,451	3,991	8,971	3,509	6,464	ROE	15.7	14.3	17.0	19.0	11.7
Total debt	2,110	1,650	1,453	1,403	1,279						
Net debt	(7,743)	(16,891)	(14,167)	(9,159)	(13,971)						

Sources: Company data, Thanachart estimates

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