Airports Of Thailand (AOT TB) - SELL, Price Bt41.00, TP Bt32.00

Results Comment

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Stronger-than-expected 4QFY25 profit

- AOT reported a normalized profit of Bt4bn in 4QFY25, down 8% y-y but up 10% q-q. The profit was stronger than what we had expected. The decline y-y was mainly driven by lower passenger service charges while the growth q-q was due to lower personnel expenses.
- Personnel expenses declined by 13% y-y and 15% q-q in 4QFY25, so we are investigating the factors behind this reduction.
- We maintain our SELL call on AOT given our concerns over 1) a sluggish tourism recovery pressured by a stronger baht, rising competition, and China's policy on domestic travel, 2) the benefit from the PSC increase to partly be diluted by King Power's reduced minimum guarantee, and 3) demanding valuation at 31x FY26F PE.
- AOT's revenues fell by 6% y-y in 4QFY25 given;
  1) a 7% y-y drop in passenger service charges from higher domestic (+5% y-y) but lower international pax. (-5% y-y)
  2) a 5% y-y increase in landing and parking charges from higher domestic (+8%) but lower international (-4%) flights
  3) a 1% y-y fall in concession revenues as AOT recorded King Power's minimum guaranteed revenue.
- Its total costs decreased by 1% y-y in 4QFY25 mainly due to lower personnel expenses, causing its gross margin to fall to 53% in 4QFY25 vs. 55% in 4QFY24.
- Other income increased by 106% y-y mainly due to higher interest income from default debts.

Income Statement				Concession revenue	
Yr-end Sep (Bt m)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue	16,774	17,664	18,708	15,343	15,766
Gross profit	**9,248**	**10,382**	**11,187**	**7,735**	**8,327**
SG&A	3,236	3,000	3,158	3,034	3,087
Operating profit	6,013	7,382	8,030	4,701	5,240
EBITDA	**8,916**	**10,370**	**11,012**	**7,708**	**8,304**
Other income	213	218	337	437	439
Other expense	0	0	0	0	0
Interest expense	672	627	635	626	627
Profit before tax	**5,554**	**6,973**	**7,732**	**4,511**	**5,052**
Income tax	1,076	1,415	1,567	831	974
Equity & invest. income	(0)	1	0	(2)	(2)
Minority interests	(98)	(167)	(173)	(30)	(59)
Extraordinary items	(108)	(47)	(938)	216	(155)
Net profit	**4,272**	**5,344**	**5,053**	**3,865**	**3,863**
Normalized profit	**4,380**	**5,391**	**5,992**	**3,649**	**4,018**
EPS (Bt)	0.30	0.37	0.35	0.27	0.27
Normalized EPS (Bt)	0.31	0.38	0.42	0.26	0.28

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2025F	FY25	FY26F
Revenue	3	(6)	101	67,481	70,043
Gross profit	**8**	**(10)**	**102**	**37,632**	**39,056**
SG&A	2	(5)	99	12,280	12,958
Operating profit	11	(13)	103	25,352	26,098
EBITDA	**8**	**(7)**	**101**	**37,395**	**39,194**
Other income	1	106	125	1,431	1,306
Other expense					
Interest expense	0	(7)	102	2,515	2,348
Profit before tax	**12**	**(9)**	**104**	**24,268**	**25,056**
Income tax	17	(9)	103	4,787	5,011
Equity & invest. income	na	na	na	(3)	0
Minority interests	na	na	74	(429)	(608)
Extraordinary items	na	na	na	(924)	0
Net profit	**(0)**	**(10)**	**100**	**18,125**	**19,437**
Normalized profit	**10**	**(8)**	**106**	**19,050**	**19,437**
EPS (Bt)	(0)	(10)	100	1.27	1.36
Normalized EPS (Bt)	10	(8)	106	1.33	1.36

Balance Sheet				Concession revenue	
Yr-end Sep (Bt m)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Cash & ST investment	18,541	15,621	10,563	15,249	19,466
A/C receivable	10,767	9,362	9,545	12,873	16,594
Inventory	399	600	605	625	714
Other current assets	518	520	549	363	557
Investment	52	53	88	86	85
Fixed assets	126,123	125,896	125,214	125,381	124,281
Other assets	49,750	51,815	51,896	49,098	48,236
Total assets	**206,150**	**203,867**	**198,460**	**203,676**	**209,932**
S-T debt	815	659	777	655	623
A/C payable	7,175	991	6,641	7,035	8,072
Other current liabilities	15,373	17,720	12,900	13,790	15,891
L-T debt	835	794	627	623	399
Other liabilities	55,553	52,109	52,115	52,298	52,107
Minority interest	2,166	2,128	2,288	2,318	1,943
Shareholders' equity	**124,233**	**129,466**	**123,112**	**126,957**	**130,898**
Working capital	3,991	8,971	3,509	6,464	9,236
Total debt	1,650	1,453	1,403	1,279	1,023
Net debt	**(16,891)**	**(14,167)**	**(9,159)**	**(13,971)**	**(18,443)**

Financial Ratios					
(%)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Sales growth	9.2	12.5	2.6	(6.5)	(6.0)
Operating profit growth	16.8	12.8	(1.7)	(25.4)	(12.9)
EBITDA growth	19.5	10.8	0.3	(15.9)	(6.9)
Norm profit growth	20.4	16.1	2.0	(20.9)	(8.3)
Norm EPS growth	20.4	16.1	2.0	(20.9)	(8.3)
Gross margin	55.1	58.8	59.8	50.4	52.8
Operating margin	35.8	41.8	42.9	30.6	33.2
EBITDA margin	53.2	58.7	58.9	50.2	52.7
Norm net margin	26.1	30.5	32.0	23.8	25.5
D/E (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage (x)	13	17	17	12	13
Interest rate	143.0	161.6	177.9	186.8	217.9
Effective tax rate	19.4	20.3	20.3	18.4	19.3
ROA	8.7	10.5	11.9	7.3	7.8
ROE	14.3	17.0	19.0	11.7	12.5

Sources: Company data, Thanachart estimates

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