

**BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt4.48, TP Bt5.30****Results Comment**

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**Slightly lower-than-expected 1QFY22 results**

- BTSGIF reported normalized earnings of Bt147m in 1QFY22 (Apr-Jun 2021), up 20% y-y but down 64% q-q. The results were slightly lower than what we had expected. An earnings growth year on year was due to a ridership recovery from the first wave of Covid-19 while earnings drop quarter on quarter was due to the impact of the third wave of Covid-19.
- Including a Bt90m loss from changes in fair value of investments in the "net revenue purchase and transfer agreement" (NRTA) due to the impact of the new wave of Covid-19, BTSGIF reported a net profit of Bt57m in 1QFY22.
- We assume a further fall in BTSGIF's earnings in 2QFY22 as its ridership in July fell further to 3.4m trips due to the Bangkok lockdown from the average 5.4m trips/month in 1QFY22. As we still assume a ridership recovery in 3QFY22 (Oct - Dec 2021), we maintain our earnings forecast. Then, our BUY rating is for the expected IRR of 10% If investors hold the units until its maturity in FY30.
- Income from investment in the NRTA increased by 18% y-y in 1QFY22. Despite a drop in farebox revenue from the core Green Line by 11% y-y (ridership dropped by 12% y-y while the average fare grew by 1% y-y), the operating and maintenance costs decreased by 21% y-y mainly due to lower employee and SG&A expenses and a drop in capital expenditures.
- The new fair value of investment in NRTA decreased to Bt44.7bn as of 30 June 2021 vs. Bt44.8bn as of 31 March 2021. Its NAV as of 30 June 2021 was at Bt45.1bn, equivalent to Bt7.7912 per unit.
- Even though the fund announced not to pay the distribution in form of the capital return in this quarter, it had cash from the operation of around Bt0.025 per unit. That amount will be accumulated with the next payment.

Income Statement						Income Statement					
Yr-end Mar (Bt m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
NET SALES	141	737	805	425	166	Revenue	(61)	18	11	1,580	3,754
<b>GROSS PROFIT</b>	<b>141</b>	<b>737</b>	<b>805</b>	<b>425</b>	<b>166</b>	<b>Gross profit</b>	<b>(61)</b>	<b>18</b>	<b>11</b>	<b>1,580</b>	<b>3,754</b>
SG&A	19	16	16	16	17	SG&A	6	(12)	42	39	68
Operating profit	122	721	789	409	149	Operating profit	(63)	22	10	1,540	3,686
<b>EBITDA</b>	<b>122</b>	<b>721</b>	<b>789</b>	<b>409</b>	<b>149</b>	<b>EBITDA</b>	<b>(63)</b>	<b>22</b>	<b>10</b>	<b>1,540</b>	<b>3,686</b>
Other income	2	1	1	1	1	Other income	(32)	(72)	9	6	6
Other expense	(1)	(3)	(1)	(3)	(3)	Other expense	na	na	41	(6)	(15)
Interest expense						Interest expense					
<b>Profit before tax</b>	<b>123</b>	<b>718</b>	<b>789</b>	<b>407</b>	<b>147</b>	<b>Profit before tax</b>	<b>(64)</b>	<b>20</b>	<b>10</b>	<b>1,540</b>	<b>3,677</b>
Income tax						Income tax					
Equity & invest. income						Equity & invest. income					
Minority interests						Minority interests					
Extraordinary items	763	(27)	(2,966)	(5,642)	(90)	Extraordinary items	na	na	7	(1,250)	(2,750)
<b>Net Investment Income</b>	<b>886</b>	<b>691</b>	<b>(2,176)</b>	<b>(5,235)</b>	<b>57</b>	<b>Net profit</b>	<b>na</b>	<b>(94)</b>	<b>20</b>	<b>290</b>	<b>927</b>
<b>Norm Net Invest. Income</b>	<b>123</b>	<b>718</b>	<b>789</b>	<b>407</b>	<b>147</b>	<b>Normalized profit</b>	<b>(64)</b>	<b>20</b>	<b>10</b>	<b>1,540</b>	<b>3,677</b>
EPS (Bt)	0.15	0.12	(0.38)	(0.90)	0.01	EPS (Bt)	na	(94)	20	0.05	0.16
Normalized EPS (Bt)	0.02	0.12	0.14	0.07	0.03	Normalized EPS (Bt)	(64)	20	10	0.27	0.64

  

Balance Sheet						Financial Ratios					
Yr-end Mar (Bt m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	(%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Cash & equivalent	61	76	111	68	49	Sales grow th	(88.2)	(45.3)	(36.6)	(56.6)	17.5
S-T investments						EBITDA grow th	(89.6)	(45.8)	(37.0)	(57.5)	22.0
A/C receivable	48	91	183	13	120	Net income grow th	0.1	(31.7)	na	na	(93.5)
Other						Norm income grow th	(89.6)	(45.9)	(37.2)	(57.7)	19.6
Investment & Loans	53,495	54,159	51,075	45,395	45,025	Norm EPS grow th	(89.6)	(45.9)	(37.2)	(57.7)	19.6
Fixed assets						Gross margin	100.0	100.0	100.0	100.0	100.0
Other assets						Operating margin	86.6	97.8	98.0	96.3	89.9
<b>Total assets</b>	<b>53,607</b>	<b>54,329</b>	<b>51,369</b>	<b>45,479</b>	<b>45,197</b>	EBITDA margin	86.6	97.8	98.0	96.3	89.9
S-T debt						Norm net margin	87.2	97.4	98.1	95.9	88.7
A/C payable						D/E (x)	-	-	-	-	-
Other current liabilities	5	5	8	12	12	Net D/E (x)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
L-T debt						Interest coverage (x)	na	na	na	na	na
Other liabilities						Effective tax rate	-	-	-	-	-
Minority interest						ROA	0.9	5.3	6.0	3.4	1.3
<b>Net Assets</b>	<b>53,542</b>	<b>54,232</b>	<b>51,281</b>	<b>45,322</b>	<b>45,096</b>	ROE	0.9	5.3	6.0	3.4	1.3
<b>Net debt</b>	<b>(61)</b>	<b>(76)</b>	<b>(111)</b>	<b>(68)</b>	<b>(49)</b>						
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788						

Sources: Company data, Thanachart estimates

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