

BTS Group Holdings Pcl (BTS TB) - BUY, Price Bt9.75, TP Bt13.00 | Results Comment

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

2QFY22 results in line

- BTS reported a normalized profit of Bt317m in 2QFY22, down 44% y-y and 61% q-q. The results were in line with what we had expected. A fall in earnings year on year and quarter on quarter was due to lower non-core construction revenue and negative equity income.
- Including Bt244m gain on financial instruments and Bt16m gain on sales of investments, BTS reported its net profit of Bt576m in 2QFY22. Its 1HFY22 earnings makes up 48% of our full-year earnings forecast
- We maintain a BUY on BTS for long-term investment as 1) we expect a recovery of its core earnings from the mass transit business next year (even though the core earnings will be weighted down by lower non-core construction revenue) and 2) we factor in BTS to be able to extend its concession for 30 years.
- Total revenue dropped by 38% y-y in 2QFY22 as:
 - 1) Revenue from the mass-transit business dropped 44% y-y as construction revenue was down by 54% y-y while O&M revenue was up by 20% y-y.
 - 2) Revenue from the media business rose by 30% y-y as a 39% y-y fall in OOH media sales was offset by a 157% y-y rise in digital sales due to higher insurance commission fees, lead generation and the consolidation of Fanslink.
 - 3) Revenue from the property business decreased by 59% y-y due to lower construction revenue from its 51%-owned HHT Construction.
- Its gross margin improved to 24% in 2QFY22 from 17% in 1QFY21 due to lower low-margin construction revenue.
- Share of loss was at Bt236m in 2QFY22 from Bt242m in 1QFY21 due to loss contribution from BTSGIF.

Income Statement (consolidated)						Income Statement 6M as					
Yr-end Mar (Bt m)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	8,967	8,779	7,619	7,842	5,589	Revenue	(29)	(38)	56	24,185	11,058
Gross profit	1,520	1,610	1,925	1,571	1,356	Gross profit	(14)	(11)	56	5,215	4,306
SG&A	542	604	838	681	621	SG&A	(9)	14	49	2,660	2,765
Operating profit	978	1,006	1,087	890	736	Operating profit	(17)	(25)	64	2,555	1,541
EBITDA	1,193	1,229	1,268	1,127	945	EBITDA	(16)	(21)	58	3,563	3,135
Other income	885	1,043	813	1,032	1,015	Other income	(2)	15	53	3,873	3,639
Other expense	0	0	0	0	0	Other expense					
Interest expense	609	655	673	722	838	Interest expense	16	38	57	2,728	3,318
Profit before tax	1,254	1,394	1,228	1,201	913	Profit before tax	(24)	(27)	57	3,700	1,861
Income tax	394	746	515	323	336	Income tax	4	(15)	89	740	372
Equity & invest. income	(242)	277	(304)	(19)	(236)	Equity & invest. income	na	na	353	(72)	714
Minority interests	(56)	(447)	(255)	(56)	(24)	Minority interests	na	na	15	(539)	(247)
Extraordinary items	203	1,208	1,528	580	259	Extraordinary items					
Net profit	765	1,686	1,682	1,383	576	Net profit	(58)	(25)	83	2,349	1,956
Normalized profit	562	478	154	803	317	Normalized profit	(61)	(44)	48	2,349	1,956
EPS (Bt)	0.06	0.13	0.13	0.11	0.04	EPS (Bt)	(58)	(25)	83	0.18	0.15
Normalized EPS (Bt)	0.04	0.04	0.01	0.06	0.02	Normalized EPS (Bt)	(61)	(44)	48	0.18	0.15

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Mar (Bt m)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22		2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Cash & ST investment	6,922	7,912	6,717	10,248	10,297	Sales grow th	(11.7)	(8.6)	(0.7)	(19.7)	(37.7)
A/C receivable	881	2,989	957	866	1,013	Operating profit grow th	6.1	(7.3)	159.2	13.3	(24.8)
Inventory	602	602	621	602	996	EBITDA grow th	1.0	(8.9)	105.5	15.1	(20.8)
Other current assets	3,713	4,263	5,862	9,581	4,999	Norm profit grow th	(46.7)	(64.7)	5.4	81.7	(43.6)
Investment	33,731	34,230	34,127	39,595	39,367	Norm EPS grow th	(49.1)	(64.7)	5.4	81.7	(43.6)
Fixed assets	48,329	56,416	55,448	59,275	63,278	Gross margin	17.0	18.3	25.3	20.0	24.3
Other assets	91,728	99,562	108,329	105,084	108,898	Operating margin	10.9	11.5	14.3	11.4	13.2
Total assets	185,906	205,974	212,062	225,250	228,847	EBITDA margin	13.3	14.0	16.6	14.4	16.9
S-T debt	23,362	21,221	22,813	32,121	32,259	Norm net margin	6.3	5.4	2.0	10.2	5.7
A/C payable	7,398	6,647	5,804	6,685	6,136	D/E (x)	1.6	1.5	1.5	1.6	1.7
Other current liabilities	2,233	3,169	3,642	3,703	2,443	Net D/E (x)	1.5	1.4	1.4	1.5	1.6
L-T debt	75,620	87,084	90,650	92,883	97,696	Interest coverage (x)	2.0	1.9	1.9	1.6	1.1
Other liabilities	14,381	14,839	13,116	13,811	13,500	Interest rate	2.6	2.5	2.4	2.4	2.6
Minority interest	11,845	14,980	15,876	15,537	17,144	Effective tax rate	31.4	53.5	42.0	26.9	36.8
Shareholders' equity	51,067	58,034	60,162	60,511	59,669	ROA	1.2	1.0	0.3	1.5	0.6
Working capital	(5,915)	(3,056)	(4,226)	(5,217)	(4,128)	ROE	4.4	3.5	1.0	5.3	2.1
Total debt	98,982	108,305	113,463	125,004	129,955						
Net debt	92,060	100,393	106,746	114,756	119,658						

Sources: Company data, Thanachart estimates

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