

**BTS Group Holdings Pcl (BTS TB) - BUY, Price Bt8.80, TP Bt13.00** | Results Comment

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**Higher-than-expected 4Q earnings**

- BTS reported a normalized profit of Bt571m in 4QFY22, down 54% y-y and 46% q-q. The results were higher than what we had expected. A significant fall in earnings year on year and quarter on quarter was due to lower construction revenue and negative equity income.
- Including Bt241m gain on sales of investments, gain on financial instruments, and reversal of provision, its net profit was Bt812m in 4QFY22, down 52% y-y.
- We maintain our BUY call on BTS. Even though We forecast a fall in its earnings in FY23F due to lower non-core non-cash construction revenue, we expect its core O&M revenue and media revenue growth. We also factor in BTS to be able to extend its concession for 30 years, boosting its long-term core value.
- Total revenue dropped by 38% y-y in 4QFY22 as:
  - 1) Revenue from the mass-transit business dropped 52% y-y as construction revenue was down by 69% y-y while O&M revenue was up by 7% y-y.
  - 2) Revenue from the media business rose by 87% y-y as the OOH media sales recovered by 40% y-y while the consolidation of Fanslink added Bt476m in revenue.
  - 3) Revenue from the property business increased by 20% y-y due to higher construction revenue from its 51%-owned HHT Construction.
- Its gross margin improved to 29% in 4QFY22 from 25% in 4QFY21 while SG&A expenses fell 21% y-y following a fall in revenue.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Mar (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	7,619	7,842	5,589	7,896	4,729	Revenue	(40)	(38)	108	26,056	11,058
<b>Gross profit</b>	<b>1,925</b>	<b>1,571</b>	<b>1,356</b>	<b>1,490</b>	<b>1,371</b>	<b>Gross profit</b>	<b>(8)</b>	<b>(29)</b>	<b>111</b>	<b>5,789</b>	<b>4,306</b>
SG&A	704	681	621	765	555	SG&A	(27)	(21)	99	2,622	2,765
Operating profit	1,221	890	736	725	816	Operating profit	13	(33)	124	3,167	1,541
<b>EBITDA</b>	<b>1,402</b>	<b>1,127</b>	<b>945</b>	<b>974</b>	<b>993</b>	<b>EBITDA</b>	<b>2</b>	<b>(29)</b>	<b>113</b>	<b>4,038</b>	<b>3,135</b>
Other income	851	1,032	1,015	1,161	996	Other income	(14)	17	109	4,204	3,639
Other expense	0	0	0	0	0	Other expense					
Interest expense	673	722	838	865	795	Interest expense	(8)	18	118	3,220	3,318
<b>Profit before tax</b>	<b>1,399</b>	<b>1,201</b>	<b>913</b>	<b>1,021</b>	<b>1,017</b>	<b>Profit before tax</b>	<b>(0)</b>	<b>(27)</b>	<b>112</b>	<b>4,152</b>	<b>1,861</b>
Income tax	(393)	323	336	270	285	Income tax	5	na	164	1,214	372
Equity & invest. income	(304)	(19)	(236)	311	(187)	Equity & invest. income	na	na	182	(131)	714
Minority interests	(255)	(56)	(24)	(3)	27	Minority interests	na	na	10	(55)	(247)
Extraordinary items	448	580	259	(5)	241	Extraordinary items	na	(46)	na	1,075	0
<b>Net profit</b>	<b>1,682</b>	<b>1,383</b>	<b>576</b>	<b>1,054</b>	<b>812</b>	<b>Net profit</b>	<b>(23)</b>	<b>(52)</b>	<b>163</b>	<b>3,826</b>	<b>1,956</b>
<b>Normalized profit</b>	<b>1,234</b>	<b>803</b>	<b>317</b>	<b>1,059</b>	<b>571</b>	<b>Normalized profit</b>	<b>(46)</b>	<b>(54)</b>	<b>117</b>	<b>2,751</b>	<b>1,956</b>
EPS (Bt)	0.13	0.11	0.04	0.08	0.06	EPS (Bt)	(23)	(52)	163	0.29	0.15
Normalized EPS (Bt)	0.09	0.06	0.02	0.08	0.04	Normalized EPS (Bt)	(46)	(54)	117	0.21	0.15

  

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Mar (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	(%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Cash & ST investment	6,717	10,248	10,297	6,805	5,115	Sales grow th	(0.7)	(19.7)	(37.7)	(10.1)	(37.9)
A/C receivable	957	866	1,013	1,598	1,095	Operating profit grow th	191.1	13.3	(24.8)	(27.6)	(33.2)
Inventory	621	602	996	953	977	EBITDA grow th	127.3	15.1	(20.8)	(20.5)	(29.2)
Other current assets	5,862	9,581	4,999	4,939	15,967	Norm profit grow th	743.7	81.7	(43.6)	177.5	(53.7)
Investment	34,127	39,595	39,367	49,384	49,511	Norm EPS grow th	743.7	81.7	(43.6)	177.5	(53.7)
Fixed assets	55,448	59,275	63,278	66,397	67,927	Gross margin	25.3	20.0	24.3	18.9	29.0
Other assets	108,343	105,084	108,898	113,565	115,275	Operating margin	16.0	11.4	13.2	9.2	17.3
<b>Total assets</b>	<b>212,076</b>	<b>225,250</b>	<b>228,847</b>	<b>243,641</b>	<b>255,867</b>	EBITDA margin	18.4	14.4	16.9	12.3	21.0
S-T debt	21,839	32,121	32,259	35,458	40,164	Norm net margin	16.2	10.2	5.7	13.4	12.1
A/C payable	5,815	6,685	6,136	4,908	4,498	D/E (x)	1.5	1.6	1.7	1.8	1.7
Other current liabilities	4,616	3,703	2,443	2,174	2,862	Net D/E (x)	1.4	1.5	1.6	1.7	1.7
L-T debt	90,650	92,883	97,696	107,866	110,319	Interest coverage (x)	2.1	1.6	1.1	1.1	1.2
Other liabilities	13,118	13,811	13,500	13,587	11,896	Interest rate	2.4	2.4	2.6	2.5	2.2
Minority interest	15,876	15,537	17,144	17,618	24,065	Effective tax rate	(28.1)	26.9	36.8	26.5	28.1
<b>Shareholders' equity</b>	<b>60,162</b>	<b>60,511</b>	<b>59,669</b>	<b>62,029</b>	<b>62,063</b>	ROA	2.4	1.5	0.6	1.8	0.9
Working capital	(4,236)	(5,217)	(4,128)	(2,358)	(2,426)	ROE	8.4	5.3	2.1	7.0	3.7
Total debt	112,489	125,004	129,955	143,324	150,483						
<b>Net debt</b>	<b>105,772</b>	<b>114,756</b>	<b>119,658</b>	<b>136,519</b>	<b>145,368</b>						

Sources: Company data, Thanachart estimates

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