

**BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt4.32, TP Bt5.10****Results Comment**

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**Weaker-than-expected 4Q results**

- BTSGIF reported normalized earnings of Bt356m in 4QFY22 (Jan-Mar 2022), down 12% y-y and 6% q-q. The results were lower than what we had expected due to the Omicron outbreak to slow a ridership recovery.
- Including a Bt6.1bn loss from changes in fair value of investments in the "net revenue purchase and transfer agreement" (NRTA), BTSGIF reported a net loss of Bt5.7bn in 4QFY22.
- We assume BTSGIF's ridership at 85% of the pre-Covid FY20 level (202m trips) in FY23F while the ridership recovery looks to be slow (8m trips in April 2022), so we see a downside risk to our forecast this year.
- However, we maintain our BUY call as 1) bad news looks already priced into the unit price, 2) we still expect the ridership recovery to turn around its earnings this year and 3) dividend IRR is high at 10% when held to the concession's end.
- Income from investment in the NRTA decreased 12% y-y in 4QFY22. Its farebox revenue from the core Green Line fell by 7% y-y (ridership dropped by 16% y-y while the average fare grew 11% y-y due to no more discounted monthly ticket sales).
- Its operating and maintenance costs decreased 2% y-y mainly due to lower capital expenditure and maintenance expenses.
- The new fair value of investment in NRTA decreased to Bt38.7bn as of 31 March 2022 vs. Bt44.8bn as of 31 December 2021 due to the reappraisal to reflect the impacts from the new COVID-19 wave, weak economic conditions, the delay of fare increase, the delay of the opening of various train lines, etc. Its NAV as of 31 March 2022 was at Bt39.4bn, equivalent to Bt6.7981 per unit.
- As the fund had retained deficits, so distributable payout for 4Q22 of Bt0.062/unit will be paid in form of capital return.

Income Statement						Income Statement					
Yr-end Mar (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	(Bt m)	q-q%	y-y%	12M as		
									% 2022F	2022A	2023F
NET SALES	425	166	10	392	375	Revenue	(4)	(12)	69	943	3,910
<b>GROSS PROFIT</b>	<b>425</b>	<b>166</b>	<b>10</b>	<b>392</b>	<b>375</b>	<b>Gross profit</b>	<b>(4)</b>	<b>(12)</b>	<b>69</b>	<b>943</b>	<b>3,910</b>
SG&A	16	17	14	14	17	SG&A	24	9	181	62	70
Operating profit	409	149	(4)	378	358	Operating profit	(5)	(12)	66	881	3,839
<b>EBITDA</b>	<b>409</b>	<b>149</b>	<b>(4)</b>	<b>378</b>	<b>358</b>	<b>EBITDA</b>	<b>(5)</b>	<b>(12)</b>	<b>66</b>	<b>881</b>	<b>3,839</b>
Other income	1	1	0	1	1	Other income	36	1	40	2	6
Other expense	(3)	(3)	(3)	(1)	(2)	Other expense	na	na	148	(8)	(16)
Interest expense						Interest expense					
<b>Profit before tax</b>	<b>407</b>	<b>147</b>	<b>(6)</b>	<b>378</b>	<b>356</b>	<b>Profit before tax</b>	<b>(6)</b>	<b>(12)</b>	<b>66</b>	<b>875</b>	<b>3,830</b>
Income tax						Income tax					
Equity & invest. income						Equity & invest. income					
Minority interests						Minority interests					
Extraordinary items	(5,642)	(90)	349	(250)	(6,060)	Extraordinary items	na	na	672	(6,051)	(2,238)
<b>Net Investment Income</b>	<b>(5,235)</b>	<b>57</b>	<b>343</b>	<b>128</b>	<b>(5,704)</b>	<b>Net profit</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>(5,175)</b>	<b>1,592</b>
<b>Norm Net Invest. Income</b>	<b>407</b>	<b>147</b>	<b>(6)</b>	<b>378</b>	<b>356</b>	<b>Normalized profit</b>	<b>(6)</b>	<b>(12)</b>	<b>66</b>	<b>875</b>	<b>3,830</b>
EPS (Bt)	(0.90)	0.01	0.06	0.02	(0.99)	EPS (Bt)	na	na	na	(0.89)	0.28
Normalized EPS (Bt)	0.07	0.03	(0.00)	0.07	0.06	Normalized EPS (Bt)	(6)	(12)	66	0.15	0.66

  

Balance Sheet						Financial Ratios					
Yr-end Mar (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	(%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Cash & equivalent	68	49	27	57	17	Sales grow th	(56.6)	17.5	(98.7)	(51.3)	(11.7)
S-T investments						EBITDA grow th	(57.5)	22.0	na	(52.1)	(12.5)
A/C receivable	13	120	0	55	32	Net income grow th	na	(93.5)	(50.3)	na	na
Other						Norm income grow th	(57.7)	19.6	na	(52.1)	(12.5)
Investment & Loans	45,395	45,025	45,470	45,509	39,330	Norm EPS grow th	(57.7)	19.6	na	(52.1)	(12.5)
Fixed assets						Gross margin	100.0	100.0	100.0	100.0	100.0
Other assets						Operating margin	96.3	89.9	(41.1)	96.4	95.4
<b>Total assets</b>	<b>45,479</b>	<b>45,197</b>	<b>45,500</b>	<b>45,623</b>	<b>39,383</b>	EBITDA margin	96.3	89.9	(41.1)	96.4	95.4
S-T debt						Norm net margin	95.9	88.7	(65.3)	96.4	95.0
A/C payable						D/E (x)	-	-	-	-	-
Other current liabilities	12	12	14	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	3.4	1.3	(0.1)	3.3	3.4
<b>Net Assets</b>	<b>45,322</b>	<b>45,096</b>	<b>45,439</b>	<b>45,567</b>	<b>39,348</b>	ROE	3.4	1.3	(0.1)	3.3	3.4
<b>Net debt</b>	<b>(68)</b>	<b>(49)</b>	<b>(27)</b>	<b>(57)</b>	<b>(17)</b>						
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788						

Sources: Company data, Thanachart estimates

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