

Bangkok Exp. & Metro (BEM TB) - BUY, Price Bt8.95, TP Bt10.50**Results Comment**

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Strong 2Q earnings recovery in line

- BEM reported normalized earnings of Bt634m in 2Q22, up 216% y-y and 89% q-q. The results were in line with what we had expected. 6M22 earnings make up 47% of our full-year earnings forecast.
- We expect BEM to continue to report a strong earnings recovery in 3Q22F due to a continued traffic volume and ridership recovery and dividend income from TTW.
- We maintain our BUY rating on BEM as 1) we expect its earnings to recover strongly in 2022-23F, driven by a recovery in traffic volume and ridership and 2) we see BEM as the potential winner for the West Orange Line project which is now under the bidding process and we expect the bidding result announcement in early 4Q22.
- BEM's total revenue increased by 36% y-y in 2Q22. Its revenue from the expressway business in 2Q22 grew 38% y-y (its traffic volume growth of 33% y-y to 84% of its 2019 level) while its revenue from the rail business rose 39% y-y (its ridership growth of 94% y-y to 76% of its 2019 level). Its commercial development revenue also increased 4% y-y following the ridership recovery.
- Despite higher repair and maintenance expenses, a strong revenue recovery allowed BEM's gross margin to improve to 37% in 2Q22 vs. 28% in 1Q21. Its SG&A expenses also rose by 8% y-y following higher revenue.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	2,403	2,153	3,060	3,094	3,261	Revenue	5	36	48	13,318	15,763
Gross profit	680	617	1,287	1,189	1,210	Gross profit	2	78	44	5,465	6,857
SG&A	283	264	298	264	304	SG&A	15	8	43	1,332	1,419
Operating profit	396	352	989	925	906	Operating profit	(2)	129	44	4,133	5,438
EBITDA	649	569	1,324	1,251	1,281	EBITDA	2	97	46	5,541	7,002
Other income	339	279	63	65	383	Other income	492	13	62	726	755
Other expense	0	0	0	0	0	Other expense					
Interest expense	549	549	556	570	583	Interest expense	2	6	51	2,257	2,328
Profit before tax	186	82	496	419	706	Profit before tax	68	280	43	2,602	3,866
Income tax	(15)	(27)	100	83	72	Income tax	(13)	na	30	520	773
Equity & invest. income	0	0	0	0	0	Equity & invest. income					
Minority interests	(0)	0	(0)	(0)	(0)	Minority interests	na	na	3	(1)	(1)
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	200	108	396	336	634	Net profit	89	216	47	2,080	3,091
Normalized profit	200	108	396	336	634	Normalized profit	89	216	47	2,080	3,091
EPS (Bt)	0.01	0.01	0.03	0.02	0.04	EPS (Bt)	89	216	47	0.14	0.20
Normalized EPS (Bt)	0.01	0.01	0.03	0.02	0.04	Normalized EPS (Bt)	89	216	47	0.14	0.20

Balance Sheet						Financial Ratios					
(consolidated)						2021					
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22	(%)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash & ST investment	2,385	1,678	1,897	2,432	1,844	Sales growth	(3.5)	(39.7)	(15.8)	(0.5)	35.7
A/C receivable	437	425	473	489	517	Operating profit growth	21.0	(71.5)	(14.4)	10.1	128.5
Inventory	0	0	0	0	0	EBITDA growth	13.3	(64.8)	(14.3)	7.5	97.3
Other current assets	2,132	2,199	2,170	2,066	2,087	Norm profit growth	31.7	(86.8)	(30.5)	10.1	216.3
Investment	16,886	16,671	15,910	15,763	16,097	Norm EPS growth	31.7	(86.8)	(30.5)	10.1	216.3
Fixed assets	76,941	77,223	77,289	77,254	77,039	Gross margin	28.3	28.6	42.1	38.4	37.1
Other assets	16,852	17,062	17,349	17,678	17,891	Operating margin	16.5	16.4	32.3	29.9	27.8
Total assets	115,632	115,258	115,088	115,682	115,474	EBITDA margin	27.0	26.4	43.3	40.4	39.3
S-T debt	5,134	7,014	8,544	7,351	13,159	Norm net margin	8.3	5.0	12.9	10.9	19.4
A/C payable	1,766	1,878	1,492	1,966	1,525	D/E (x)	1.9	1.9	1.9	1.8	1.9
Other current liabilities	574	567	609	652	604	Net D/E (x)	1.8	1.8	1.8	1.8	1.8
L-T debt	66,008	63,929	62,763	63,345	58,042	Interest coverage (x)	1.2	1.0	2.4	2.2	2.2
Other liabilities	4,401	4,002	3,982	4,131	4,303	Interest rate	3.1	3.1	3.1	3.2	3.3
Minority interest	2	2	2	2	2	Effective tax rate	(8.0)	(32.9)	20.1	19.8	10.2
Shareholders' equity	37,748	37,866	37,697	38,235	37,840	ROA	0.7	0.4	1.4	1.2	2.2
Working capital	(1,329)	(1,453)	(1,019)	(1,477)	(1,008)	ROE	2.1	1.1	4.2	3.5	6.7
Total debt	71,142	70,942	71,307	70,697	71,200						
Net debt	68,757	69,265	69,410	68,265	69,356						

Sources: Company data, Thanachart estimates

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