BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt4.12, TP Bt4.80

Results Comment

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1QFY23 earnings in line

- BTSGIF reported normalized earnings of Bt563m in 1QFY23 (Apr-Jun 2022), up 282% y-y and 58% q-q. The results were in line with what we had expected. 1QFY23 profit makes up 21% of our full-year forecast.
- Including a Bt770m loss from changes in fair value of investments in the "net revenue purchase and transfer agreement" (NRTA), BTSGIF reported a net loss of Bt207m in 1QFY23.
- We expect BTSGIF's earnings to continue to recover in 2QFY23 as ridership rose to 12.2m trips in July 2022 or 58% of the pre-Covid FY20 level vs. 51% in Apr.-Jun. 2022.
- We maintain our BUY call as 1) we expect BTSGIF's earnings to continue to recover following the ridership recovery and 2) dividend IRR is attractive at 9.6% when held to the concession's end.
- Income from investment in the NRTA increased 250% y-y in 1QFY23 as its farebox revenue from the core Green Line rose by 103% y-y (ridership increased 89% y-y and the average fare grew 7% y-y due to the termination of the monthly pass cards) while its operating and maintenance costs increased 28% y-y mainly due to higher employee and selling expenses.
- The new fair value of investment in NRTA decreased to Bt38bn as of 30 Jun. 2022 vs. Bt38.7bn as of 31 Mar. 2022 due to the shortening period of its rights in net revenues under the concession agreement which will expire in 2029. Its NAV as of 30 Jun 2022 was at Bt38.8bn, equivalent to Bt6.7003 per unit.
- As the fund had retained deficits, so distributable payout for 4Q22 of Bt0.097/unit will be paid in form of capital return.

Income Statement					
Yr-end Mar (Bt m)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
NET SALES	166	10	392	375	582
GROSS PROFIT	**166**	**10**	**392**	**375**	**582**
SG&A	17	14	14	17	15
Operating profit	149	(4)	378	358	567
EBITDA	**149**	**(4)**	**378**	**358**	**567**
Other income	1	0	1	1	1
Other expense	(3)	(3)	(1)	(2)	(5)
Interest expense					
Profit before tax	**147**	**(6)**	**378**	**356**	**563**
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	(90)	349	(250)	(6,060)	(770)
Net Investment Income	**57**	**343**	**128**	**(5,704)**	**(207)**
Norm Net Invest. Income	**147**	**(6)**	**378**	**356**	**563**
EPS (Bt)	0.01	0.06	0.02	(0.99)	(0.04)
Normalized EPS (Bt)	0.03	(0.00)	0.07	0.06	0.10

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2023F	FY23F	FY24F
Revenue	55	250	21	2,756	4,274
Gross profit	**55**	**250**	**21**	**2,756**	**4,274**
SG&A	(13)	(10)	22	69	77
Operating profit	59	279	21	2,687	4,197
EBITDA	**59**	**279**	**21**	**2,687**	**4,197**
Other income	(18)	22	18	4	6
Other expense	na	na	21	(24)	(37)
Interest expense			-		
Profit before tax	**58**	**282**	**21**	**2,667**	**4,166**
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	na	na	13	(5,746)	(5,457)
Net profit	**na**	**na**	**7**	**(3,079)**	**(1,291)**
Normalized profit	**58**	**282**	**21**	**2,667**	**4,166**
EPS (Bt)	na	na	7	(0.53)	(0.22)
Normalized EPS (Bt)	58	282	21	0.46	0.72

Balance Sheet					
Yr-end Mar (Bt m)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Cash & equivalent	49	27	57	17	15
S-T investments					
A/C receivable	120	0	55	32	198
Other					
Investment & Loans	45,025	45,470	45,509	39,330	38,595
Fixed assets					
Other assets					
Total assets	**45,197**	**45,500**	**45,623**	**39,383**	**38,810**
S-T debt					
A/C payable					
Other current liabilities	12	14	12	12	12
L-T debt					
Other liabilities					
Minority interest					
Net Assets	**45,096**	**45,439**	**45,567**	**39,348**	**38,781**
Net debt	(49)	(27)	(57)	(17)	(15)
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788

Financial Ratios					
(%)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Sales growth	17.5	(98.7)	(51.3)	(11.7)	250.2
EBITDA growth	22.0	na	(52.1)	(12.5)	279.3
Net income growth	(93.5)	(50.3)	na	na	na
Norm income growth	19.6	na	(52.1)	(12.5)	281.7
Norm EPS growth	19.6	na	(52.1)	(12.5)	281.7
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	89.9	(41.1)	96.4	95.4	97.4
EBITDA margin	89.9	(41.1)	96.4	95.4	97.4
Norm net margin	88.7	(65.3)	96.4	95.0	96.7
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Interest coverage (x)	na	na	na	na	na
Effective tax rate	-	-	-	-	-
ROA	1.3	(0.1)	3.3	3.4	5.8
ROE	1.3	(0.1)	3.3	3.4	5.8

Sources: Company data, Thanachart estimates

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