

BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt3.88, TP Bt4.80**Results Comment**

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Higher-than-expected 3Q earnings

- BTSGIF reported a normalized profit of Bt935m in 3QFY23 (Oct-Dec 2022), up 147% y-y and 10% q-q. The earnings were stronger than what we had expected. 9MFY23 normalized profit makes up 88% of our full-year forecast.
- Including a Bt260m gain from changes in fair value of investments in the "net revenue purchase and transfer agreement" (NRTA), BTSGIF reported a net profit of Bt1.2bn in 3QFY23.
- We expect BTSGIF's earnings recovery to continue into 4QFY23F as its ridership sustained high at 15.7m trips in January 2023 or 75% of the pre-Covid FY20 level vs. 73% in 3QFY23.
- We maintain our BUY call given 1) its earnings recovery following the ridership improvement and 2) dividend IRR of 11.6% when held to the concession's end in 2029.
- Income from investment in the NRTA increased 142% y-y in 3QFY23 as its farebox revenue from the core Green Line rose by 94% y-y led by the increase in ridership by 97% y-y while the average fare decreased by 1.5% y-y. Its operating and maintenance costs increased 43% y-y mainly due to higher selling expenses from rabbit reward point cost, maintenance expense, and utility expense.
- The fair value of investment in NRTA increased to Bt37.8bn as of 31 Dec. 2022 vs. Bt37.5bn as of 30 Sep. 2022 due to the upward adjustment of the forecasted cashflow. Its NAV as of 30 Dec. 2022 was at Bt39bn, equivalent to Bt6.7308 per unit.
- As the fund had retained deficits, so distributable payout for 3QFY23 of Bt0.162/unit will be paid in form of capital return.

Income Statement						Income Statement					
Yr-end Mar (Bt m)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	(Bt m)	q-q%	y-y%	9M as % 2023F	FY23F	FY24F
NET SALES	392	375	582	860	946	Revenue	10	142	87	2,756	4,274
GROSS PROFIT	392	375	582	860	946	Gross profit	10	142	87	2,756	4,274
SG&A	14	17	15	12	12	SG&A	(0)	(13)	57	69	77
Operating profit	378	358	567	848	934	Operating profit	10	147	87	2,687	4,197
EBITDA	378	358	567	848	934	EBITDA	10	147	87	2,687	4,197
Other income	1	1	1	1	2	Other income	127	255	103	4	6
Other expense	(1)	(2)	(5)	(1)	(1)	Other expense	na	na	32	(24)	(37)
Interest expense						Interest expense					
Profit before tax	378	356	563	848	935	Profit before tax	10	147	88	2,667	4,166
Income tax						Income tax					
Equity & invest. income						Equity & invest. income					
Minority interests						Minority interests					
Extraordinary items	(250)	(6,060)	(770)	(460)	260	Extraordinary items	na	na	17	(5,746)	(5,457)
Net Investment Income	128	(5,704)	(207)	388	1,195	Net profit	208	835	na	(3,079)	(1,291)
Norm Net Invest. Income	378	356	563	848	935	Normalized profit	10	147	88	2,667	4,166
EPS (Bt)	0.02	(0.99)	(0.04)	0.07	0.21	EPS (Bt)	208	835	na	(0.53)	(0.22)
Normalized EPS (Bt)	0.07	0.06	0.10	0.15	0.16	Normalized EPS (Bt)	10	147	88	0.46	0.72

Balance Sheet						Financial Ratios					
Yr-end Mar (Bt m)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	(%)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Cash & equivalent	57	17	15	96	46	Sales grow th	(51.3)	(11.7)	250.2	8,683.8	141.5
S-T investments						EBITDA grow th	(52.1)	(12.5)	279.3	na	147.2
A/C receivable	55	32	198	117	63	Net income grow th	na	na	na	13.0	834.7
Other						Norm income grow th	(52.1)	(12.5)	281.7	na	147.5
Investment & Loans	45,509	39,330	38,595	38,404	38,859	Norm EPS grow th	(52.1)	(12.5)	281.7	na	147.5
Fixed assets						Gross margin	100.0	100.0	100.0	100.0	100.0
Other assets						Operating margin	96.4	95.4	97.4	98.6	98.7
Total assets	45,623	39,383	38,810	38,619	38,968	EBITDA margin	96.4	95.4	97.4	98.6	98.7
S-T debt						Norm net margin	96.4	95.0	96.7	98.5	98.8
A/C payable						D/E (x)	-	-	-	-	-
Other current liabilities	12	12	12	2	2	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	3.3	3.4	5.8	8.8	9.6
Net Assets	45,567	39,348	38,781	38,608	38,958	ROE	3.3	3.4	5.8	8.8	9.6
Net debt	(57)	(17)	(15)	(96)	(46)						
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788						

Sources: Company data, Thanachart estimates

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