

BUY (Unchanged)

Change in Numbers

TP: Bt 11.80 (From: Bt 11.00)

Upside : 32.6%

20 APRIL 2023

Bangkok Exp. & Metro (BEM TB)

The Orange Line is on

Most legal cases against the Orange Line bidding have been exhausted and we now factor a project value of Bt0.8/share into our BEM model. We raise our TP to Bt11.8 and reaffirm our BUY call on BEM for its 17% three-year earnings CAGR in 2023-25F.



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Raising our TP to Bt11.8

BEM won the Bt139bn Orange Line project in September 2022 but cabinet approval for the contract signing was delayed due to court cases. BTS Group Pcl (BTS TB, Bt7.6, BUY), another Orange Line bidder, filed lawsuits (see Exhibit 1) against the regulator, the Mass Rapid Transit Authority of Thailand (MRTA), claiming the MRTA's bidding processes were unlawful and unfair. Most of the lawsuits have now been finalized in favor of the MRTA. BEM expects the contract signing by year-end. Under the 30-year Public-Private Partnership contract, BEM will **1)** run the east part of the project from 2027, **2)** construct the west part, and **3)** run the west part from 2030. Out of the Bt139bn, Bt92bn will be subsidized by the MRTA while the rest will be funded by BEM via loans and cash flow. Factoring in the project with our 8% IRR assumption, we raise our SOTP-derived DCF-based 12-month TP (2023F based year) to Bt11.8/share (from Bt11.0) and we reaffirm our BUY call on shares of BEM.

17% three-year earnings CAGR

We forecast BEM's earnings growth at 34% y-y this year to reach a record high of Bt3.3bn (112% of the 2019 level), and grow further by 13/6% y-y in 2024-25F, driven by **1)** its traffic volume recovery to 95/100/101% of 2019's level in 2023-25F (vs. 90% in 1Q23 and 84% in 2022), **2)** ridership growth to 120/139/147% of the 2019 level (vs. 118% in 1Q23 and 80% in 2022), and **3)** operating leverage benefits. This is despite a fall in its dividend income to Bt343m-429m in 2023-25F (vs. Bt552m in 2022) given a drop in earnings of its 18%-owned TTW Pcl (TTW TB, Bt8.65, SELL) and 17%-owned CK Power Pcl (CKP TB, Bt4.0, BUY).

Two more high-potential projects

BEM also expects to operate two more high-potential projects, the Bt35bn double-deck expressway and Bt25bn operation & maintenance work for the South Purple Line Extension, as they are expansions of its existing projects. The double-deck expressway is now under EIA study, while civil construction for the South Purple Line is underway. We have already assumed BEM gets the double-deck expressway deal in 2025F, allowing it to extend its expressway concession for 15 more years while we have yet to factor in the Purple Line Extension.

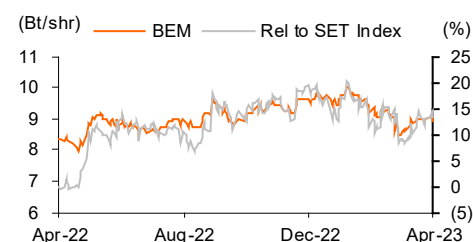
High gearing is not a concern to us

We are not concerned about BEM's net D/E ratio of 1.6x this year (vs. its debt covenant ratio of 2.5x) since **1)** given the government's infrastructure projects, BEM should easily be able to find funding sources, **2)** some investments will be subsidized by the government, **3)** the investment period will be spread out over four to six years, and **4)** we expect BEM to generate EBITDA of Bt7bn-10bn a year.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	14,029	16,551	17,795	18,448
Net profit	2,436	3,271	3,695	3,924
Norm profit	2,436	3,271	3,695	3,924
Consensus NP	—	3,735	4,368	4,287
Diff frm cons (%)	—	(12.4)	(15.4)	(8.5)
Prev. Norm profit	—	3,264	3,692	3,918
Chg frm prev (%)	—	0.2	0.1	0.1
Norm EPS (Bt)	0.2	0.2	0.2	0.3
Norm EPS grw (%)	141.2	34.3	12.9	6.2
Norm PE (x)	55.8	41.6	36.8	34.7
EV/EBITDA (x)	33.9	27.7	23.9	22.4
P/BV (x)	3.7	3.4	3.2	3.0
Div yield (%)	0.4	0.6	0.7	0.7
ROE (%)	6.5	8.5	9.0	8.9
Net D/E (%)	181.7	156.8	134.7	127.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 20-Apr-23 (Bt)	8.90
Market Cap (US\$ m)	3,956.3
Listed Shares (m shares)	15,285.0
Free Float (%)	53.7
Avg Daily Turnover (US\$ m)	14.1
12M Price H/L (Bt)	10.00/7.95
Sector	Transportation
Major Shareholder	CK Pcl 32.4%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P9

Raising our TP to Bt11.8/share

Factoring in the Orange Line project, our TP is raised to Bt11.8

Even though the Mass Rapid Transit Authority of Thailand (MRTA) announced that Bangkok Expressway and Metro Pcl (BEM) was the lowest bidder for the West Orange Line project in September 2022, the contract signing was delayed because of lawsuits between BTS Group Pcl (BTS TB, Bt7.6, BUY) and the MRTA claiming unfair bidding competition (see Exhibit 1). However, as most of the lawsuits have been dismissed by the courts, we now assume BEM signs the contract by year-end. Factoring in the project with an 8% IRR, we lift our SOTP-derived DCF-based 12-month TP (2023F based year) to Bt11.8/share from Bt11.0 and reaffirm our BUY call on shares of BEM.

Ex 1: BTS's Major Lawsuits Against MRTA

Lawsuits	Court's ruling
1) (Black Case No. 2280/2563) BTS sued the MRTA and its bidding committee in the Central Administrative Court for unlawfully changing the terms of the first TOR and claimed compensation.	- The Supreme Court ruled in favor of the MRTA and its bidding committee, saying that that they were empowered by the PPP Act to change the TOR for the bidding.
2) (Black Case No. 580/2564) BTS sued the MRTA and its bidding committee in the Central Administrative Court for unlawfully cancelling the first round of the bid.	- The Supreme Court ruled in favor of the MRTA and its bidding committee saying that they were empowered by the PPP Act to cancel the first round of the bid.
3) (Black Case No. ๑๗.30/2564) BTS filed a lawsuit with the Central Criminal Court for Corruption and Misconduct Cases against the MRTA's bidding committee for illegally amending the terms of the first TOR and cancelling the first round of the bid.	- The Central Criminal Court ruled in favor of the MRTA's bidding committee, saying that that they were empowered by the PPP Act to change the TOR and cancel the bid. BTS is appealing the ruling.
4) (Black Case No. 1646/2565) BTS sued the MRTA and its bidding committee in the Central Administrative Court for preventing BTS from participating in the second round of the bid.	- The case is now under court consideration.

Sources: Company data, BTS Group, Thanachart compilation

Out of Bt139bn investment cost, Bt92bn will be subsidized by the MRTA

Under the 30-year Public-Private Partnership contract with MRTA, BEM has to **1)** install the mechanical and electrical (M&E) system for the east part of the Orange Line, **2)** construct the civil work and install the M&E system for the west part of the Orange Line, and **3)** operate the trains for the whole Orange Line network. The total investment cost is Bt139bn, out of which Bt92bn will be subsidized by MRTA for the civil work and the rest will be funded by BEM. In return, BEM has the exclusive right to collect passenger fares and earn income from commercial developments on the project.

Ex 2: Details of The Orange Line Project

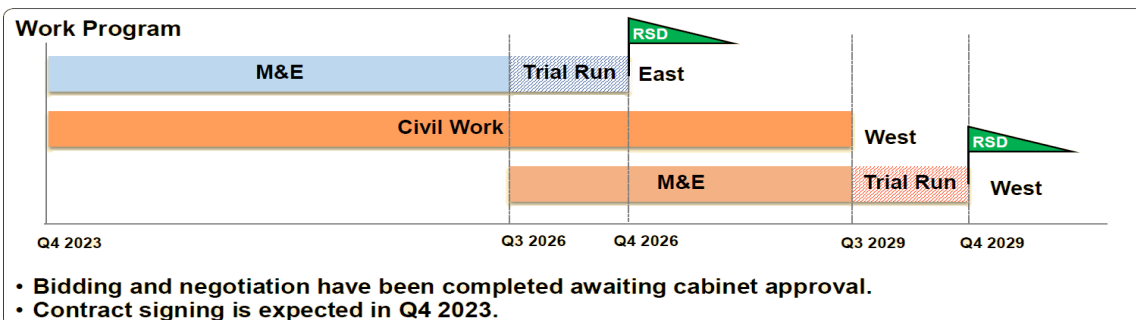


	ORL (West) Bang Khun Non - Thailand Cultural Centre	ORL (East) Thailand Cultural Center - Suwinthawong
Distance	13.4 km	22.5 km
Stations	11 underground stations	10 underground and 7 elevated stations
Concession type	PPP Net Cost 30 year from RSD of ORL East	
Estimated ridership	120,000 - 450,000 trips/day	
Expected RSD	2029	2026
Fare rate	20 - 62 baht (adjusted with CPI every 2 years)	

Source: Company data

Ex 3: Bidding Results of The Orange Line Project

	MRTA's Initial Requirements	Final Negotiation With BEM
Subsidization by MRTA for civil work	Bt91,792m	Bt91,500m
Remuneration to MRTA	Bt687m	Bt10,000m + Sharing when IRR > 9.75%
Fare Rate	20 – 62 baht	17 - 44 baht (first 10 years)



Source: Company data

17% three-year earnings CAGR

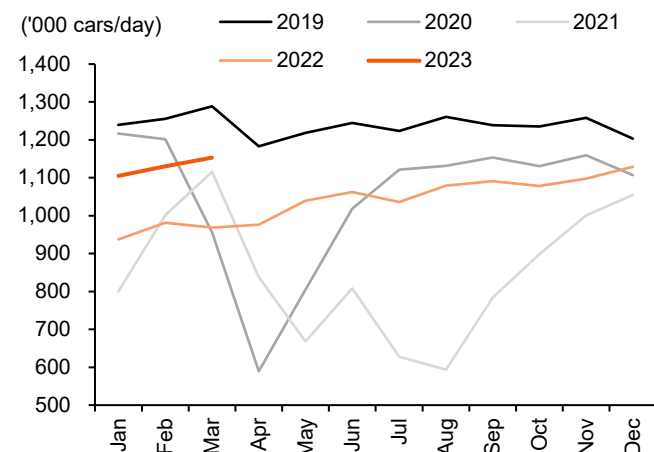
We estimate a 17% earnings CAGR in 2023-25F, driven by...

...a traffic volume recovery...

We estimate BEM's normalized earnings growth at 34/13/6% y-y in 2023-25F, driven by the following assumptions:

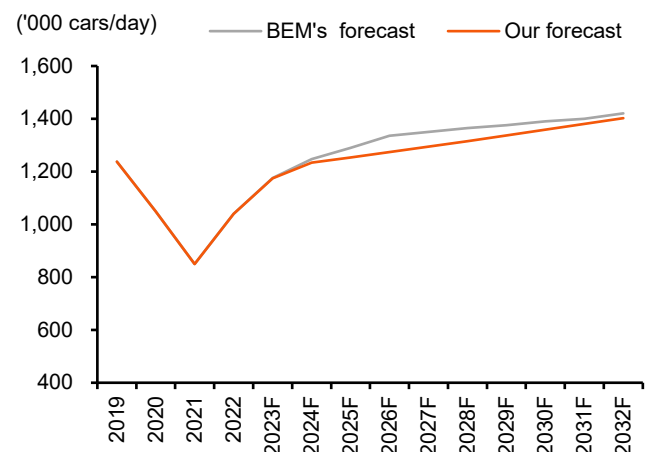
First, we assume its traffic volume recovers to 95/100/101% of the pre-COVID 2019 level in 2023-25F, compared to 90% in 1Q23 and 84% in 2022.

Ex 4: BEM's Traffic Volume



Source: Company data

Ex 5: BEM's Traffic Volume Forecasts Vs. Our Forecasts

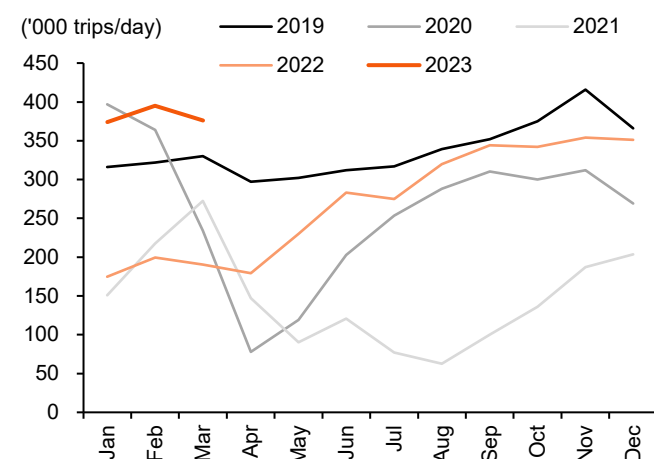


Sources: Company data, Thanachart estimates

...strong ridership growth...

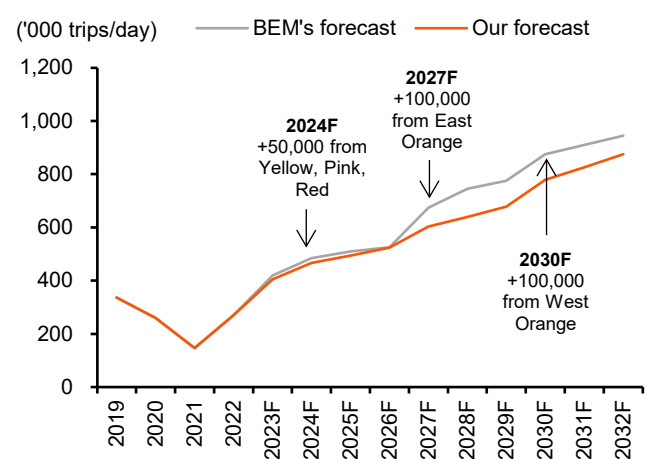
Second, we expect its ridership to reach 120/139/147% of the pre-COVID 2019 level in 2023-25F, compared with 118% in 1Q23 and 80% in 2022.

Ex 6: BEM's Ridership



Source: Company data

Ex 7: BEM's Ridership Forecasts Vs. Our Forecasts



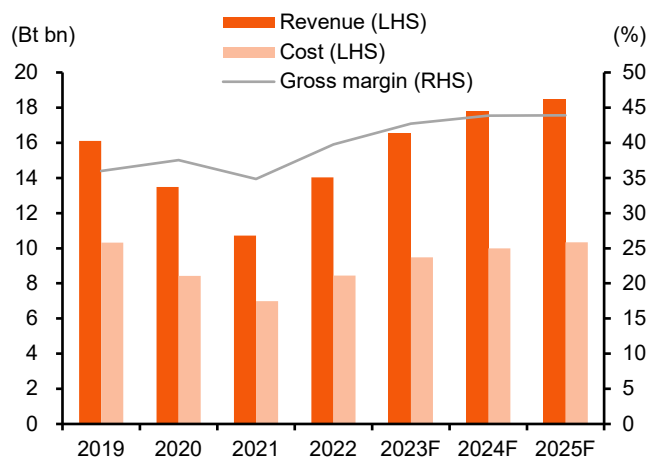
Sources: Company data, Thanachart estimates

...operating leverage benefits

Third, we estimate operating leverage benefits to drive its gross margin to 43-44% in 2023-25F, compared with 40% in 2022.

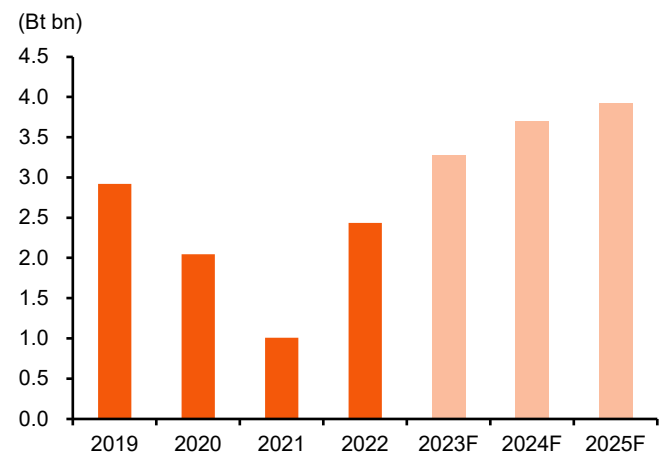
Finally, we project a fall in its dividend income to Bt343m-429m in 2023-25F from Bt552m in 2022 as we forecast a fall in its 18%-owned TTW Pcl's (TTW TB, Bt8.65, SELL) earnings due to the end of its concession at the Pathum Thani Water Co., Ltd. (PTW) plant and 17%-owned CK Power Pcl's (CKP TB, Bt4.0, BUY) earnings because of a drop in electricity output due to lower water flow.

Ex 8: BEM's Revenues, Costs, And Gross Margin



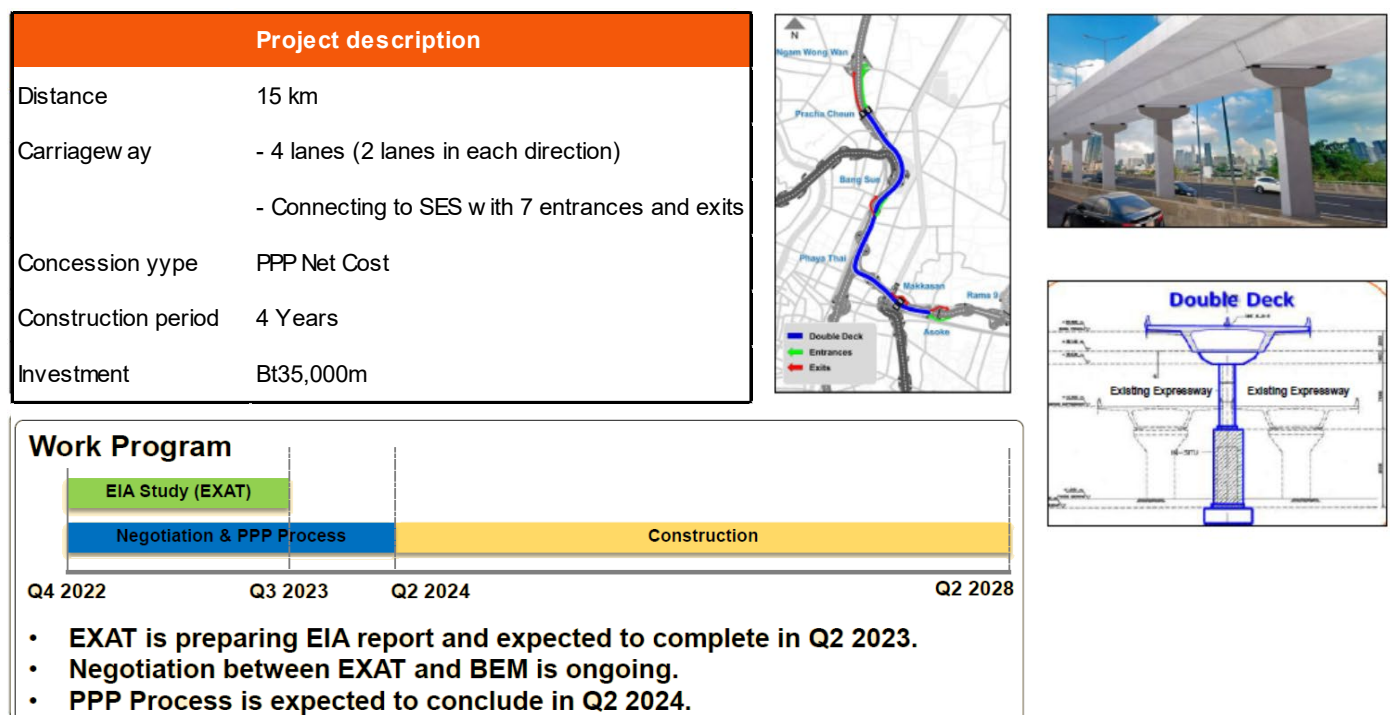
Sources: Company data, Thanachart estimates

Ex 9: BEM's Normalized Earnings



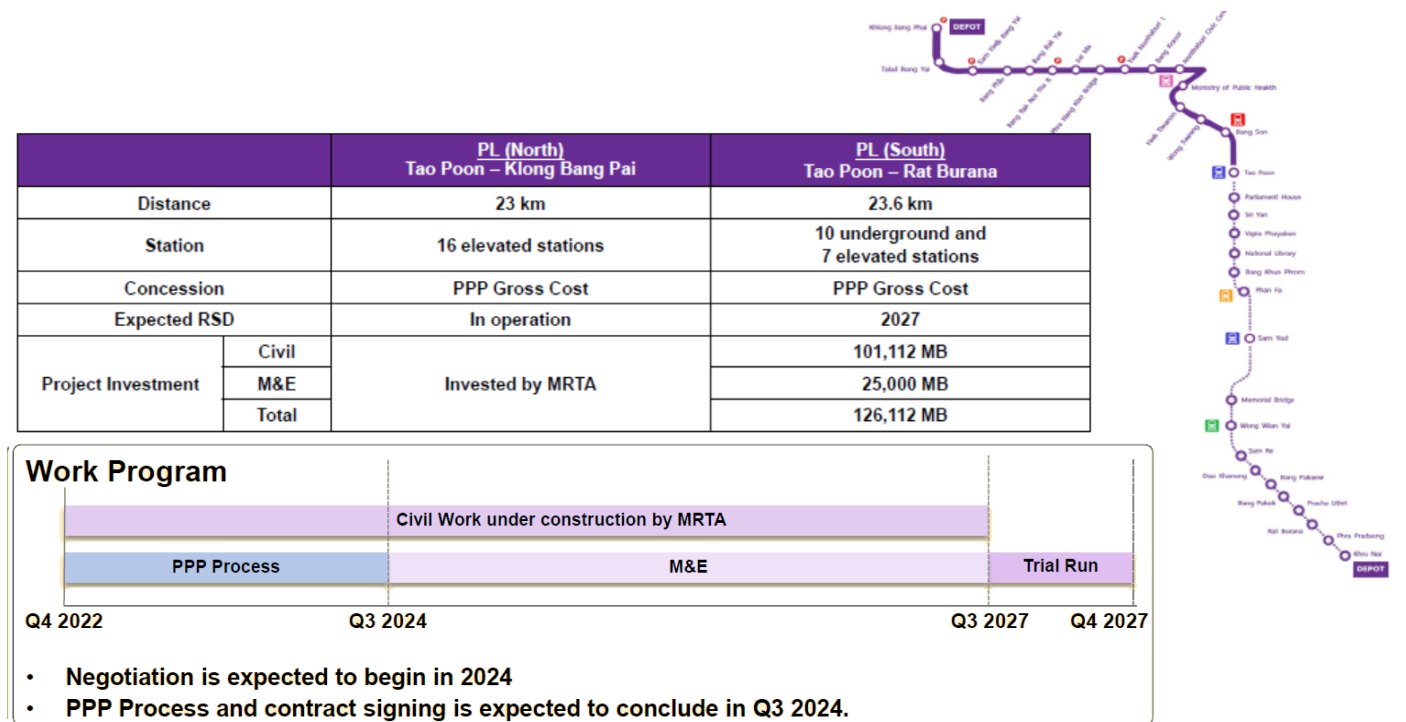
Sources: Company data, Thanachart estimates

Ex 10: Future Project: Double-deck Expressway



Source: Company data

Ex 11: Future Project: Purple Line Extension



Source: Company data

Ex 12: Our SOTP-derived DCF-based Valuation Of BEM

Sum-of-the-parts	% holding	(Bt m)
Enterprise value		221,894
Orange Line project		6,294
Investment equity value		13,819
TTW	18.47%	6,264
CKP	16.82%	7,555
Total enterprise value		242,006
(Less) Net debt (as at end-2022)		(62,449)
(Less) Minority interest		(2)
Total equity value		179,555
# of shares (fully diluted) (m shares)		15,285
Sum-of-the-parts		11.8

Source: Thanachart estimates

Valuation Comparison

Ex 13: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div Yield —	
			23F (%)	24F (%)	23F (x)	24F (x)	23F (x)	24F (x)	23F (x)	24F (x)	23F (%)	24F (%)
Guangshen Railway	601333 CH	China	na	237.4	na	31.3	0.7	0.7	9.0	7.2	0.9	1.8
Central Japan Railway	9022 JP	Japan	na	45.9	18.0	12.3	0.9	0.8	10.9	8.7	0.8	0.8
Keisei Electric Railway	9009 JP	Japan	na	21.2	29.6	24.4	2.0	1.9	29.4	22.6	0.4	0.4
MTR Corp Ltd	66 HK	Hong Kong	10.1	79.7	22.1	12.3	1.3	1.2	17.7	13.2	3.5	3.6
Jungfraubahn Holding	JFN SW	Switzerland	na	9.1	20.1	18.4	1.4	1.3	10.4	9.7	2.4	2.2
Jiangsu Expressway	177 HK	China	26.3	14.6	7.4	6.5	1.0	0.9	9.9	9.2	6.9	7.2
Shenzhen Expressway	548 HK	China	na	7.3	5.5	5.2	0.7	0.6	8.9	8.4	9.5	9.8
Zhejiang Expressway	576 HK	China	46.1	7.8	5.2	4.8	0.8	0.7	3.6	3.6	6.7	7.1
Anhui Expressway	995 HK	China	na	10.2	6.5	5.9	0.9	0.9	5.2	4.9	9.7	10.7
Jasa Marga Persero	JSMR IJ	Indonesia	na	28.0	11.1	8.6	0.9	0.9	7.4	6.5	2.4	1.9
Bangkok Express & Metro	BEM TB*	Thailand	34.3	12.9	41.6	36.8	3.4	3.2	27.7	23.9	0.6	0.7
BTS Group Holdings	BTS TB*	Thailand	(26.1)	(6.0)	49.2	52.3	1.6	1.6	58.5	33.8	1.2	1.1
Average			18.1	39.0	19.7	18.2	1.3	1.2	16.6	12.6	3.8	3.9

Source: Bloomberg

Note: * Thanachart estimates , using Thanachart normalized EPS

** BTS's FY22 financial year ends in March 2022. Its first forecast year is FY23F.

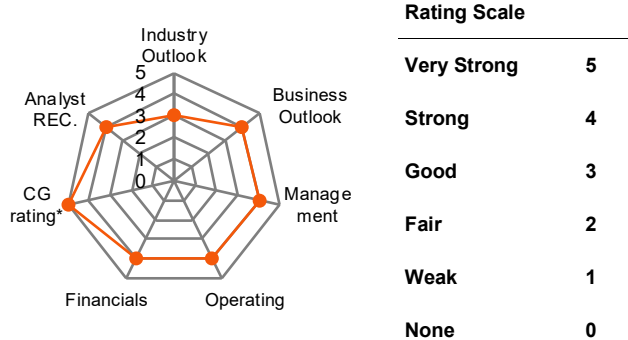
Based on 20-Apr-23 closing prices

COMPANY DESCRIPTION

Bangkok Expressway and Metro Pcl is the amalgamated company between Bangkok Expressway (BECL TB) and Bangkok Metro (BMCL TB). It operates expressway and mass-transit projects in Thailand under build-transfer-operate concession contracts from the Expressway Authority of Thailand and the State Railway of Thailand.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Awards

THANACHART'S SWOT ANALYSIS

S — Strength

- BEM's expressways and subway go through the center of Bangkok, with secure traffic volume and ridership growth.
- Its businesses generate secure and stable cash flows.

O — Opportunity

- The extensions of BEM's networks would help to feed passengers and cars into its systems.
- The government's infrastructure investments will likely create opportunities for BEM to grow.
- There are only two private companies operating mass-transit projects in Thailand at present.

W — Weakness

- BEM's revenue-generating market is limited to Bangkok.
- Its businesses are under concession contracts, thereby leading to continuity risk.

T — Threat

- The government has intervened in the past in BEM's toll and fare rate revisions even though there's a concession contract.
- Delays to the government's infrastructure investments.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	10.91	11.80	8%
Norm profit 23F (Bt m)	3,735	3,271	-12%
Norm profit 24F (Bt m)	4,368	3,695	-15%
Consensus REC	BUY: 16	HOLD: 3	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F earnings are 12-15% below the Bloomberg consensus numbers, which we attribute to us being more conservative on BEM's traffic volume and ridership recovery.
- However, our TP is 8% higher than the consensus number, likely due to us factoring the Orange Line project into our model.

Sources: Bloomberg consensus, Thanachart forecasts

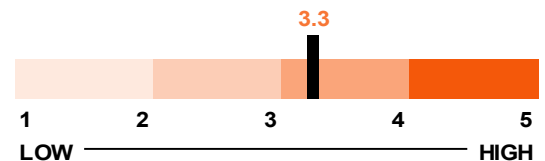
RISKS TO OUR INVESTMENT CASE

- A re-emergence of COVID-19 could again put BEM's traffic volume and ridership under pressure, leading to downside risk to our earnings forecasts.
- Continued higher electricity costs present another risk to our earnings forecasts.
- Government intervention in its toll and fare rate hikes could pose another downside risk to our earnings estimates.

Source: Thanachart

Bangkok Expressway and Metro (BEM) holds concessions granted by the government to operate the Si Rat and Udon Ratthaya expressways and the Blue and Purple line mass-transit networks. Our ESG score for BEM is relatively high at 3.3 given its eco-friendly public transport systems. It also assigns importance to ESG issues with measurements in many areas.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BEM	YES	YES	-	B	51.25	42.82	14.01	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" in the following back page.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- While BEM's expressways do not create high levels of greenhouse gases (GHG) by themselves, its two mass-transit projects are electric lines. BEM also assigns importance to other ESG issues with achievement targets.
- BEM has installed solar cells and replaced fluorescent bulbs with LED bulbs at its control centers, depots, and stations, resulting in around 15% lower electricity consumption in 2021.
- It uses automatic toll collection lanes which result in expressway users saving travel time and fuel, thereby reducing traffic congestion and air pollution. It monitors ambient air quality and noise levels around its expressway and mass-transit areas to make sure that they do not exceed the standard under the National Environment Board's notifications.
- BEM has obtained certifications of the ISO 14001 Environmental Management System and the National Green Office Award at the "Good Level".

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- BEM believes it strictly complies with laws and human rights principles to treat all employees with fairness and ensure a safe working environment.
- In 2021, it provided training courses for its staff with an average of 37 hours per person per year, compared to its target of 30 hours. Given its prevention and safety control measures, it had just seven work-related accidents on its expressways without leading to the loss of life of any staff and only two work-related accidents for its metro service.
- It has obtained certifications of the ISO 9001 Quality Management System and ISO 45001 Occupational Health and Safety Management System.
- BEM's CSR activities have been organized via many activities such as the MRT Children's Day, Computer for Children, and the Healthy Journey with BEM projects.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- The board of directors (BOD) comprises 16 individuals which we consider an appropriate level for the size and scope of its business. Of the 16 members, six are independent directors and four are women. However, the chairman is not an independent director.
- BEM has nominated EY Company Limited as the auditor of the group.
- It was rated with the "Excellent CG Scoring" by the Thai Institute of Directors Association and selected as one of 146 listed companies on the Thailand Sustainability Investment 2021 by the SET.
- BEM has developed the Geographic Information System, Advanced Traffic Management System, and EMV Toll Payment System to keep expressway service standards at an appropriate level.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	10,727	14,029	16,551	17,795	18,448
Cost of sales	6,990	8,447	9,478	9,991	10,345
Gross profit	3,737	5,582	7,073	7,804	8,103
% gross margin	34.8%	39.8%	42.7%	43.9%	43.9%
Selling & administration expenses	1,160	1,160	1,324	1,424	1,476
Operating profit	2,577	4,423	5,749	6,380	6,627
% operating margin	24.0%	31.5%	34.7%	35.9%	35.9%
Depreciation & amortization	1,129	1,589	1,408	1,706	2,050
EBITDA	3,706	6,012	7,157	8,086	8,677
% EBITDA margin	34.5%	42.9%	43.2%	45.4%	47.0%
Non-operating income	755	772	702	541	526
Non-operating expenses	0	0	0	0	0
Interest expense	(2,187)	(2,361)	(2,362)	(2,303)	(2,249)
Pre-tax profit	1,145	2,834	4,089	4,618	4,905
Income tax	134	398	818	924	981
After-tax profit	1,011	2,436	3,271	3,695	3,924
% net margin	9.4%	17.4%	19.8%	20.8%	21.3%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(1)	(0)	(0)	(0)	(0)
Extraordinary items	0	0	0	0	0
NET PROFIT	1,010	2,436	3,271	3,695	3,924
Normalized profit	1,010	2,436	3,271	3,695	3,924
EPS (Bt)	0.1	0.2	0.2	0.2	0.3
Normalized EPS (Bt)	0.1	0.2	0.2	0.2	0.3

We expect record-high earnings this year

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	4,541	5,566	4,811	5,027	5,140
Cash & cash equivalent	1,897	2,735	1,947	1,947	1,947
Account receivables	473	648	764	822	852
Inventories	0	0	0	0	0
Others	2,170	2,183	2,100	2,258	2,341
Investments & loans	16,030	13,539	13,539	13,539	13,539
Net fixed assets	77,289	77,106	76,998	76,592	81,842
Other assets	17,228	17,918	16,468	15,018	13,568
Total assets	115,088	114,128	111,816	110,175	114,088
LIABILITIES:					
Current liabilities:	10,645	12,092	12,486	11,872	12,102
Account payables	1,492	1,763	1,978	2,085	2,159
Bank overdraft & ST loans	2,000	0	0	0	0
Current LT debt	6,544	9,673	9,659	8,913	9,000
Others current liabilities	609	656	848	875	943
Total LT debt	62,667	60,768	54,737	50,505	51,000
Others LT liabilities	4,077	4,005	4,758	5,139	5,355
Total liabilities	77,390	76,865	71,980	67,516	68,458
Minority interest	2	2	2	2	2
Preferreds shares	0	0	0	0	0
Paid-up capital	15,285	15,285	15,285	15,285	15,285
Share premium	5,817	5,817	5,817	5,817	5,817
Warrants	0	0	0	0	0
Surplus	(101)	(1,820)	(1,820)	(1,820)	(1,820)
Retained earnings	16,697	17,980	20,551	23,375	26,347
Shareholders' equity	37,697	37,262	39,834	42,658	45,629
Liabilities & equity	115,088	114,128	111,816	110,175	114,088

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	1,145	2,834	4,089	4,618	4,905
Tax paid	(148)	(414)	(801)	(929)	(976)
Depreciation & amortization	1,129	1,589	1,408	1,706	2,050
Chg In working capital	(177)	96	99	50	44
Chg In other CA & CL / minorities	(98)	51	259	(126)	(19)
Cash flow from operations	1,851	4,156	5,054	5,318	6,003
Capex	(2,033)	(1,406)	(1,300)	(1,300)	(7,300)
Right of use	(53)	(32)	(50)	(50)	(50)
ST loans & investments	0	0	0	0	0
LT loans & investments	(69)	2,491	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(993)	(730)	2,253	1,881	1,717
Cash flow from investments	(3,148)	323	903	531	(5,633)
Debt financing	2,123	(770)	(6,045)	(4,978)	582
Capital increase	0	0	0	0	0
Dividends paid	(1,529)	(1,223)	(700)	(871)	(952)
Warrants & other surplus	224	(1,649)	0	0	0
Cash flow from financing	819	(3,641)	(6,745)	(5,849)	(370)
Free cash flow	(181)	2,750	3,754	4,018	(1,297)

Capex rise in 2025F is because we assume BEM starts to invest in the double-deck expressway

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	134.7	55.8	41.6	36.8	34.7
Normalized PE - at target price (x)	178.6	74.0	55.1	48.8	46.0
PE (x)	134.7	55.8	41.6	36.8	34.7
PE - at target price (x)	178.6	74.0	55.1	48.8	46.0
EV/EBITDA (x)	55.4	33.9	27.7	23.9	22.4
EV/EBITDA - at target price (x)	67.4	41.3	33.9	29.4	27.5
P/BV (x)	3.6	3.7	3.4	3.2	3.0
P/BV - at target price (x)	4.8	4.8	4.5	4.2	4.0
P/CFO (x)	73.5	32.7	26.9	25.6	22.7
Price/sales (x)	12.7	9.7	8.2	7.6	7.4
Dividend yield (%)	0.9	0.4	0.6	0.7	0.7
FCF Yield (%)	(0.1)	2.0	2.8	3.0	(1.0)
(Bt)					
Normalized EPS	0.1	0.2	0.2	0.2	0.3
EPS	0.1	0.2	0.2	0.2	0.3
DPS	0.1	0.0	0.1	0.1	0.1
BV/share	2.5	2.4	2.6	2.8	3.0
CFO/share	0.1	0.3	0.3	0.3	0.4
FCF/share	(0.0)	0.2	0.2	0.3	(0.1)

Sources: Company data, Thanachart estimates

We believe BEM deserves a premium valuation given its strong earnings recovery and many potential projects

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	(20.5)	30.8	18.0	7.5	3.7
Net profit (%)	(50.8)	141.2	34.3	12.9	6.2
EPS (%)	(50.8)	141.2	34.3	12.9	6.2
Normalized profit (%)	(50.7)	141.2	34.3	12.9	6.2
Normalized EPS (%)	(50.7)	141.2	34.3	12.9	6.2
Dividend payout ratio (%)	121.1	23.9	25.0	25.0	25.0
Operating performance					
Gross margin (%)	34.8	39.8	42.7	43.9	43.9
Operating margin (%)	24.0	31.5	34.7	35.9	35.9
EBITDA margin (%)	34.5	42.9	43.2	45.4	47.0
Net margin (%)	9.4	17.4	19.8	20.8	21.3
D/E (incl. minor) (x)	1.9	1.9	1.6	1.4	1.3
Net D/E (incl. minor) (x)	1.8	1.8	1.6	1.3	1.3
Interest coverage - EBIT (x)	1.2	1.9	2.4	2.8	2.9
Interest coverage - EBITDA (x)	1.7	2.5	3.0	3.5	3.9
ROA - using norm profit (%)	0.9	2.1	2.9	3.3	3.5
ROE - using norm profit (%)	2.7	6.5	8.5	9.0	8.9
DuPont					
ROE - using after tax profit (%)	2.7	6.5	8.5	9.0	8.9
- asset turnover (x)	0.1	0.1	0.1	0.2	0.2
- operating margin (%)	31.1	37.0	39.0	38.9	38.8
- leverage (x)	3.0	3.1	2.9	2.7	2.5
- interest burden (%)	34.4	54.6	63.4	66.7	68.6
- tax burden (%)	88.3	86.0	80.0	80.0	80.0
WACC (%)	#N/A	5.7	5.7	5.7	5.7
ROIC (%)	2.2	3.6	4.4	5.0	5.3
NOPAT (Bt m)	2,276	3,802	4,599	5,104	5,302
invested capital (Bt m)	107,011	104,968	102,283	100,128	103,682

Sources: Company data, Thanachart estimates

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As a result, SET has created the SETTHSI for the purpose of indicating the price of these sustainable companies that pass the market capital size and liquidity criteria.

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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