

BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt3.72, TP Bt4.60**Results Comment**

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4QFY23 results in line

- BTSGIF reported a normalized profit of Bt1.1bn in 4QFY23 (Jan-Mar 2023), up 196% y-y and 13% q-q. The earnings were in line with what we had expected.
- Including a Bt860m gain from changes in fair value of investments in the "net revenue purchase and transfer agreement" (NRTA), BTSGIF reported a net profit of Bt1.9bn in 4QFY23.
- We expect BTSGIF's earnings to continue to recover. Its ridership was at 74% of the pre-Covid FY20 level in April 2023 vs. 43% in April 2022.
- We maintain our BUY call given 1) its earnings recovery following the ridership improvement and 2) dividend IRR of 14.6% when held to the concession's end in 2029, implying a yield of around 9% a year during FY24-30F.
- Income from investment in the NRTA increased 184% y-y in 4QFY23 as its farebox revenue from the core Green Line rose by 100% y-y led by the increase in ridership by 95% y-y while the average fare increased by 3% y-y. Its operating and maintenance costs increased 25% 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 Bt38.6bn as of 31 Mar. 2023 vs. Bt37.8bn as of 31 Dec. 2022 due to the upward adjustment of the forecasted cashflow. Its NAV as of 31 Mar. 2023 was at Bt39.9bn, equivalent to Bt6.8995 per unit.
- As the fund had retained deficits, so distributable payout for 4QFY23 of Bt0.182/unit will be paid in form of capital return.

Income Statement						Income Statement					
Yr-end Mar (Bt m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	(Bt m)	q-q%	y-y%	% 2023F	2023A	2024F
NET SALES	375	582	860	946	1,067	Revenue	13	184	102	3,455	4,647
GROSS PROFIT	375	582	860	946	1,067	Gross profit	13	184	102	3,455	4,647
SG&A	17	15	12	12	12	SG&A	(1)	(31)	60	51	84
Operating profit	358	567	848	934	1,055	Operating profit	13	195	103	3,404	4,564
EBITDA	358	567	848	934	1,055	EBITDA	13	195	103	3,404	4,564
Other income	1	1	1	2	4	Other income	64	328	286	7	4
Other expense	(2)	(5)	(1)	(1)	(4)	Other expense	na	na	39	(11)	(40)
Interest expense						Interest expense					
Profit before tax	356	563	848	935	1,054	Profit before tax	13	196	103	3,400	4,527
Income tax						Income tax					
Equity & invest. income						Equity & invest. income					
Minority interests						Minority interests					
Extraordinary items	(6,060)	(770)	(460)	260	860	Extraordinary items	231	na	7	(110)	(2,453)
Net Investment Income	(5,704)	(207)	388	1,195	1,914	Net profit	60	na	184	3,290	2,074
Norm Net Invest. Income	356	563	848	935	1,054	Normalized profit	13	196	103	3,400	4,527
EPS (Bt)	(0.99)	(0.04)	0.07	0.21	0.33	EPS (Bt)	60	na	184	0.57	0.36
Normalized EPS (Bt)	0.06	0.10	0.15	0.16	0.18	Normalized EPS (Bt)	13	196	103	0.59	0.78

Balance Sheet						Financial Ratios					
Yr-end Mar (Bt m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	(%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Cash & equivalent	17	15	96	46	53	Sales grow th	(11.7)	250.2	8,683.8	141.5	184.5
S-T investments						EBITDA grow th	(12.5)	279.3	na	147.2	194.9
A/C receivable	32	198	117	63	37	Net income grow th	na	na	13.0	834.7	na
Other						Norm income grow th	(12.5)	281.7	na	147.5	196.0
Investment & Loans	39,330	38,595	38,404	38,859	39,851	Norm EPS grow th	(12.5)	281.7	na	147.5	196.0
Fixed assets						Gross margin	100.0	100.0	100.0	100.0	100.0
Other assets						Operating margin	95.4	97.4	98.6	98.7	98.9
Total assets	39,383	38,810	38,619	38,968	39,947	EBITDA margin	95.4	97.4	98.6	98.7	98.9
S-T debt						Norm net margin	95.0	96.7	98.5	98.8	98.8
A/C payable						D/E (x)	-	-	-	-	-
Other current liabilities	12	12	2	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	3.4	5.8	8.8	9.6	10.7
Net Assets	39,348	38,781	38,608	38,958	39,935	ROE	3.4	5.8	8.8	9.6	10.7
Net debt	(17)	(15)	(96)	(46)	(53)						
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788						

Sources: Company data, Thanachart estimates

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