

RS Public Co Ltd (RS TB) - BUY, Price Bt14.40, TP Bt20.00**Results Comment**

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Strong profit rebound in 2Q23, miss us

- RS reported profit of Bt93m in 2Q23, rebounding strongly from zero in 1Q23 and 429% y-y. Key driver was media business.
- Media business (65% of total revenue): revenue increased 47% y-y and 50% q-q to Bt506m in 2Q23. Gross margin was 50.9% in 2Q23, up from 39.0% in 1Q23 and 31.8% in 2Q22. Key drivers were improving news content, centralization of media sales, higher content sales revenue and rising concerts revenue.
- Commerce business (35% of total revenue): revenue dropped 15% y-y and q-q to Bt335m. This was due to the change in business model of RS Connect (direct sales business) to build customer base through subscription model while RS Mall experienced the slowdown of telesales channel of RS Mall platform. Gross margin was 64.6% in 2Q23 vs. 68.1% in 1Q23 and 66.1% in 2Q22.
- 6M23 profit accounted for 20% of our full-year forecast. We see downside risk to our profit forecast.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	828	947	914	813	965	Revenue	19	17	43	4,119	4,290
Gross profit	400	514	428	432	537	Gross profit	24	34	48	2,016	2,136
SG&A	374	401	416	408	395	SG&A	(3)	6	51	1,580	1,508
Operating profit	26	113	12	24	142	Operating profit	481	456	38	436	628
EBITDA	202	298	190	170	280	EBITDA	65	38	41	1,087	1,481
Other income	4	5	4	10	5	Other income	(46)	15	90	16	17
Other expense	1	0	2	1	0	Other expense	(90)	(90)	35	4	5
Interest expense	23	28	32	38	42	Interest expense	12	82	70	114	115
Profit before tax	5	90	(17)	(5)	104	Profit before tax	na	1,866	30	334	526
Income tax	1	17	12	2	21	Income tax	994	3,105	34	67	105
Equity & invest. income	9	6	8	3	9	Equity & invest. income	173	(1)	6	205	218
Minority interests	4	3	9	4	0	Minority interests	(90)	(90)	na	0	0
Extraordinary items	(4)	0	0	92	0	Extraordinary items	na	na	na	0	0
Net profit	13	82	(13)	92	93	Net profit	1	609	39	472	638
Normalized profit	18	82	(13)	(0)	93	Normalized profit	na	429	20	472	638
EPS (Bt)	0.01	0.08	(0.01)	0.09	0.10	EPS (Bt)	1	609	39	0.49	0.66
Normalized EPS (Bt)	0.02	0.08	(0.01)	(0.00)	0.10	Normalized EPS (Bt)	na	429	20	0.49	0.66

Balance Sheet						Financial Ratios					
(consolidated)						2022					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	174	114	115	107	142	Sales grow th	(16.6)	11.0	24.2	(3.7)	16.5
A/C receivable	764	737	743	703	1,097	Operating profit grow th	(60.6)	na	na	(61.0)	455.8
Inventory	258	310	300	284	247	EBITDA grow th	(5.8)	152.7	647.9	(23.1)	38.2
Other current assets	131	79	81	80	76	Norm profit grow th	(67.3)	na	na	na	428.7
Investment	1,070	1,076	1,084	802	811	Norm EPS grow th	(67.3)	na	na	na	428.7
Fixed assets	536	521	507	487	469	Gross margin	48.3	54.3	46.9	53.1	55.7
Other assets	4,361	4,526	4,662	5,033	5,314	Operating margin	3.1	12.0	1.3	3.0	14.7
Total assets	7,294	7,363	7,492	7,496	8,156	EBITDA margin	24.5	31.5	20.8	20.9	29.0
S-T debt	1,826	1,793	2,081	1,997	2,276	Norm net margin	2.1	8.6	(1.4)	(0.0)	9.6
A/C payable	1,020	1,039	963	988	1,354	D/E (x)	1.9	1.8	1.9	1.4	1.5
Other current liabilities	208	205	225	226	225	Net D/E (x)	1.8	1.7	1.9	1.4	1.4
L-T debt	1,790	1,753	1,716	1,282	1,230	Interest coverage (x)	8.7	10.7	5.9	4.5	6.6
Other liabilities	580	577	518	730	717	Interest rate	3.2	3.1	3.5	4.3	5.0
Minority interest	0	(3)	(12)	(15)	(16)	Effective tax rate	12.3	19.0	(67.9)	(37.1)	20.1
Shareholders' equity	1,871	2,000	2,001	2,288	2,369	ROA	1.1	4.5	(0.7)	(0.0)	4.7
Working capital	2	8	81	(1)	(10)	ROE	3.4	16.9	(2.5)	(0.0)	15.9
Total debt	3,615	3,546	3,796	3,279	3,506						
Net debt	3,442	3,431	3,682	3,171	3,364						

Sources: Company data, Thanachart estimates

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