

Bangkok Exp. & Metro (BEM TB) - BUY, Price Bt7.70, TP Bt11.00**Results Comment**

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Decent 3Q24 earnings in line

- BEM reported normalized earnings of Bt1.1bn in 3Q24, up 10% y-y and 6% q-q. The results were in line with what we had expected. The decent earnings growth was mainly due to a continued recovery of its traffic volume and ridership and operating leverage benefits.
- We expect BEM's 4Q24F earnings to grow y-y due to its ridership growth but drop q-q due to no dividend income from TTW.
- We maintain our BUY call on BEM given 1) a continued recovery of its ridership and traffic volume to drive its earnings to a record high and 2) besides the Orange Line project, BEM still has many potential projects, e.g. the South Purple Line and double-deck expressway in the next few years.
- BEM's total revenue increased by 4% y-y in 3Q24. Its revenue from the expressway business grew by 1% y-y (its traffic volume was flat y-y or 90% of its 2019 level) while its revenue from the rail business rose by 8% y-y (its ridership increased by 7% y-y or 130% of its 2019 level). Its commercial development revenue also increased by 10% y-y following the ridership growth.
- Its gross margin improved to 44% in 3Q24 vs. 43% in 3Q23 mainly due to its operating leverage benefits. Its SG&A expenses rose by 5% y-y following its revenue growth.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	4,182	4,186	4,249	4,023	4,365	Revenue	8	4	72	17,590	18,239
Gross profit	1,791	1,938	1,892	1,705	1,939	Gross profit	14	8	72	7,712	8,009
SG&A	297	321	291	316	311	SG&A	(2)	5	75	1,231	1,277
Operating profit	1,495	1,616	1,601	1,389	1,628	Operating profit	17	9	71	6,481	6,732
EBITDA	2,007	2,127	2,112	1,889	2,158	EBITDA	14	8	73	8,465	9,021
Other income	266	58	61	392	268	Other income	(32)	1	110	657	659
Other expense	0	0	0	0	0	Other expense					
Interest expense	602	596	601	611	615	Interest expense	1	2	73	2,509	2,448
Profit before tax	1,158	1,079	1,062	1,170	1,281	Profit before tax	9	11	76	4,629	4,943
Income tax	188	220	214	167	214	Income tax	28	14	64	926	989
Equity & invest. income	0	0	0	0	0	Equity & invest. income					
Minority interests	(0)	(0)	0	(0)	0	Minority interests					
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	970	859	847	1,003	1,067	Net profit	6	10	79	3,703	3,955
Normalized profit	970	859	847	1,003	1,067	Normalized profit	6	10	79	3,703	3,955
EPS (Bt)	0.06	0.06	0.06	0.07	0.07	EPS (Bt)	6	10	79	0.24	0.26
Normalized EPS (Bt)	0.06	0.06	0.06	0.07	0.07	Normalized EPS (Bt)	6	10	79	0.24	0.26

Balance Sheet						Financial Ratios					
(consolidated)						3Q23					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	2,085	2,070	6,441	2,336	2,203	Sales grow th	11.9	6.4	3.7	3.0	4.4
A/C receivable	680	897	912	737	668	Operating profit grow th	9.4	31.9	9.8	10.9	8.9
Inventory	0	0	0	0	0	EBITDA grow th	11.7	26.4	9.0	10.0	7.5
Other current assets	2,704	2,280	2,137	2,140	2,219	Norm profit grow th	12.4	42.4	13.1	11.4	10.0
Investment	11,899	11,802	12,980	12,641	12,601	Norm EPS grow th	12.4	42.4	13.1	11.4	10.0
Fixed assets	76,442	76,323	76,236	76,079	80,220	Gross margin	42.8	46.3	44.5	42.4	44.4
Other assets	19,040	19,123	19,608	19,916	30,434	Operating margin	35.7	38.6	37.7	34.5	37.3
Total assets	112,850	112,496	118,313	113,850	128,345	EBITDA margin	48.0	50.8	49.7	47.0	49.4
S-T debt	12,828	13,246	13,257	14,268	13,079	Norm net margin	23.2	20.5	19.9	24.9	24.4
A/C payable	2,091	1,615	2,068	1,969	2,684	D/E (x)	1.9	1.8	1.9	1.9	2.3
Other current liabilities	654	705	738	707	929	Net D/E (x)	1.8	1.8	1.7	1.9	2.2
L-T debt	56,366	55,057	58,890	55,803	70,187	Interest coverage (x)	3.3	3.6	3.5	3.1	3.5
Other liabilities	4,205	4,208	4,635	4,653	4,914	Interest rate	3.5	3.5	3.4	3.4	3.2
Minority interest	2	2	2	2	2	Effective tax rate	16.2	20.4	20.2	14.3	16.7
Shareholders' equity	36,705	37,663	38,723	36,449	36,551	ROA	3.5	3.0	2.9	3.5	3.5
Working capital	(1,410)	(718)	(1,156)	(1,233)	(2,015)	ROE	10.7	9.2	8.9	10.7	11.7
Total debt	69,193	68,303	72,147	70,071	83,265						
Net debt	67,109	66,233	65,707	67,734	81,062						

Sources: Company data, Thanachart estimates

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