

BTS Group Holdings Pcl (BTS TB) - BUY, Price Bt4.90, TP Bt5.50**Results Comment**

Saksid Phadthanarak | Email: saksid.pha@thanachartsec.co.th

Higher-than-expected 2QFY25 loss

- BTS reported a normalized loss of Bt391m in 2QFY25 (fiscal year ends in March) from a normalized loss of Bt294m in 2QFY24 and Bt78m in 1QFY25. The loss was mainly due to high interest expenses and the loss contribution from the Pink and Yellow Lines. We thus see a downside risk to our earnings forecast.
- Including a Bt64m loss on financial instruments, it reported a net loss of Bt456m in 2QFY25.
- Even though we have a BUY call on BTS as we expect its earnings already bottoming out while 36% fall in the share price from its peak this year looks priced in bad news, we see no need to rush into the stock as there is still a risk from BTS's restructuring plan and capital increase with an 18% EPS dilution which we have yet to factor them into our TP.
- BTS's total revenue was flat y-y in 2QFY25 mainly due to:
 - 1) a 6% y-y decrease in the mass-transit revenue (63% of total) as a 3% y-y increase in O&M revenue and a 144% y-y rise in the farebox revenue from the Pink and Yellow Lines were offset by a 55% fall in construction revenue from the completion of the Pink and Yellow Lines,
 - 2) a 10% y-y increase in the media revenue (33% of total) mainly due to VGI's media revenue growth following the out-of-home ad spending growth.
- Its gross margin slightly fall to 32% in 2QFY25 vs. 33% in 2QFY24. Its interest expenses increased by 13% y-y due to the recognition of interest expenses from the Pink & Yellow Lines.
- Its equity income turned to negative Bt92m. Despite no loss contribution from KEX, it recognized lower share of profit from BTSGIF and TNL and higher share of loss from RABBIT.

Income Statement (consolidated)						Income Statement 6M as					
Yr-end Mar (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(Bt m)	q-q%	y-y%	% 2025F	FY25F	FY26F
Revenue	3,981	5,148	3,887	3,744	3,972	Revenue	6	(0)	49	15,693	16,559
Gross profit	1,329	1,449	1,155	1,102	1,288	Gross profit	17	(3)	52	4,597	5,495
SG&A	1,111	1,336	1,187	954	1,161	SG&A	22	4	44	4,786	4,885
Operating profit	218	113	(32)	149	128	Operating profit	(14)	(41)	(146)	(189)	610
EBITDA	509	451	401	529	529	EBITDA	(0)	4	90	1,175	2,524
Other income	1,519	1,724	1,466	1,512	1,473	Other income	(3)	(3)	57	5,226	2,594
Other expense	0	0	0	0	0	Other expense					
Interest expense	1,459	1,581	1,782	1,697	1,653	Interest expense	(3)	13	49	6,814	4,593
Profit before tax	277	256	(348)	(36)	(52)	Profit before tax	na	na	5	(1,777)	(1,389)
Income tax	478	453	243	471	485	Income tax	3	2	na	0	56
Equity & invest. income	(50)	(980)	(68)	199	(92)	Equity & invest. income	na	na	11	996	1,194
Minority interests	(43)	361	369	230	238	Minority interests	4	na	94	500	528
Extraordinary items	551	(3,946)	326	(304)	(64)	Extraordinary items					
Net profit	257	(4,762)	36	(382)	(456)	Net profit	na	na	na	(281)	278
Normalized profit	(294)	(816)	(290)	(78)	(391)	Normalized profit	na	na	na	(281)	278
EPS (Bt)	0.02	(0.36)	0.00	(0.03)	(0.03)	EPS (Bt)	na	na	na	(0.02)	0.02
Normalized EPS (Bt)	(0.02)	(0.06)	(0.02)	(0.01)	(0.03)	Normalized EPS (Bt)	na	na	na	(0.02)	0.02

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Mar (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Cash & ST investment	11,666	12,306	11,143	19,269	9,477	Sales grow th	(13.1)	9.0	(22.4)	(27.4)	(0.2)
A/C receivable	1,291	1,531	1,446	1,376	1,444	Operating profit grow th	(64.4)	(73.9)	na	(66.3)	(41.3)
Inventory	848	805	837	818	839	EBITDA grow th	(40.6)	(34.8)	(37.5)	(23.1)	3.9
Other current assets	9,377	33,525	34,281	21,342	22,351	Norm profit grow th	na	na	na	na	na
Investment	49,711	43,122	41,044	40,685	41,594	Norm EPS grow th	na	na	na	na	na
Fixed assets	80,003	81,706	82,672	83,396	84,526	Gross margin	33.4	28.1	29.7	29.4	32.4
Other assets	123,042	100,556	100,658	90,594	90,686	Operating margin	5.5	2.2	(0.8)	4.0	3.2
Total assets	275,938	273,550	272,082	257,480	250,916	EBITDA margin	12.8	8.8	10.3	14.1	13.3
S-T debt	45,251	42,476	41,026	30,796	23,393	Norm net margin	(7.4)	(15.8)	(7.5)	(2.1)	(9.9)
A/C payable	5,208	5,203	5,575	4,706	4,685	D/E (x)	2.4	2.8	2.8	2.7	2.6
Other current liabilities	2,842	4,564	5,097	3,270	4,825	Net D/E (x)	2.2	2.6	2.6	2.4	2.4
L-T debt	135,563	143,744	143,332	143,517	142,741	Interest coverage (x)	0.3	0.3	0.2	0.3	0.3
Other liabilities	10,719	10,241	10,658	10,116	10,978	Interest rate	3.3	3.4	3.8	3.8	3.9
Minority interest	22,913	20,379	19,851	19,477	19,396	Effective tax rate	172.3	176.7	(69.9)	(1,297.7)	(940.1)
Shareholders' equity	53,441	46,943	46,542	45,599	44,899	ROA	(0.4)	(1.2)	(0.4)	(0.1)	(0.6)
Working capital	(3,070)	(2,867)	(3,291)	(2,513)	(2,402)	ROE	(2.2)	(6.5)	(2.5)	(0.7)	(3.5)
Total debt	180,814	186,220	184,359	174,312	166,134						
Net debt	169,148	173,914	173,216	155,043	156,658						

Sources: Company data, Thanachart estimates

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