

**BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt3.20, TP Bt3.80****Results Comment**

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**Weak 2QFY25 earnings in line**

- BTSGIF reported a normalized profit of Bt1.1bn in 2QFY25 (Jul-Sep 2024), down 12% y-y but up 10% q-q. The earnings were in line with what we had expected. The earnings fall y-y was mainly due to higher maintenance costs from rolling stock refurbishment expenses while the earnings growth q-q was due to higher ridership.
- With the Bt790m decrease in the non-cash fair value of investments in the "net revenue purchase and transfer agreement" (NRTA), BTSGIF reported a net profit of Bt271m in 2QFY25.
- Despite its amortizing bond feature where the value is amortized over the Core Green Line's concession life and becomes zero at the concession's end in December 2029, we maintain our BUY call as we project the total capital return to unitholders to be Bt4.7/unit in FY25-30F if investors buy BTSGIF and hold it until maturity, which implies a return of 7.8% a year on average.
- Income from investment in the NRTA fell by 12% y-y in 2QFY25 as its farebox revenue from the core Green Line rose by 4% y-y. An increase in the ridership by 6% y-y in 2QFY25 was partly offset by a fall in the average fare by 3% y-y due to promotional monthly fare packages.
- Its operating and maintenance costs in 2QFY25 increased by 35% y-y mainly due to a rise in the maintenance costs by 178% y-y from rolling stock refurbishment expenses. This was despite a fall in employee expenses by 4% y-y and utilities expenses by 10% y-y.
- As the fund had retained deficits, distributable payout for 2QFY25 of Bt0.195/unit will be paid in form of capital return.
- The shortening concession period caused its NAV to fall to Bt29bn as of 30 Sep 2024, equivalent to Bt5.0091 per unit (vs. our forecast of Bt3.8).

Income Statement					
Yr-end Mar (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
NET SALES	1,217	1,249	1,184	967	1,068
<b>GROSS PROFIT</b>	<b>1,217</b>	<b>1,249</b>	<b>1,184</b>	<b>967</b>	<b>1,068</b>
SG&A	12	13	15	13	10
Operating profit	1,204	1,236	1,168	954	1,059
<b>EBITDA</b>	<b>1,204</b>	<b>1,236</b>	<b>1,168</b>	<b>954</b>	<b>1,059</b>
Other income	6	7	8	8	8
Other expense	(5)	(1)	(4)	(1)	(5)
Interest expense					
<b>Profit before tax</b>	<b>1,205</b>	<b>1,242</b>	<b>1,172</b>	<b>961</b>	<b>1,061</b>
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	(1,430)	(1,190)	(6,880)	(550)	(790)
<b>Net Investment Income</b>	<b>(225)</b>	<b>52</b>	<b>(5,708)</b>	<b>411</b>	<b>271</b>
<b>Norm Net Invest. Income</b>	<b>1,205</b>	<b>1,242</b>	<b>1,172</b>	<b>961</b>	<b>1,061</b>
EPS (Bt)	(0.04)	0.01	(0.99)	0.07	0.05
Normalized EPS (Bt)	0.21	0.21	0.20	0.17	0.18

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2025F	FY25F	FY26F
Revenue	11	(12)	48	4,252	4,485
<b>Gross profit</b>	<b>11</b>	<b>(12)</b>	<b>48</b>	<b>4,252</b>	<b>4,485</b>
SG&A	(23)	(21)	44	51	54
Operating profit	11	(12)	48	4,200	4,431
<b>EBITDA</b>	<b>11</b>	<b>(12)</b>	<b>48</b>	<b>4,200</b>	<b>4,431</b>
Other income	(3)	28	416	4	4
Other expense	na	na	60	(11)	(11)
Interest expense					
<b>Profit before tax</b>	<b>10</b>	<b>(12)</b>	<b>48</b>	<b>4,194</b>	<b>4,423</b>
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	na	na	17	(7,812)	(6,254)
<b>Net profit</b>	<b>(34)</b>	<b>na</b>	<b>(19)</b>	<b>(3,618)</b>	<b>(1,830)</b>
<b>Normalized profit</b>	<b>10</b>	<b>(12)</b>	<b>48</b>	<b>4,194</b>	<b>4,423</b>
EPS (Bt)	(34)	na	(19)	(0.63)	(0.32)
Normalized EPS (Bt)	10	(12)	48	0.72	0.76

Balance Sheet					
Yr-end Mar (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Cash & equivalent	59	131	43	51	94
S-T investments					
A/C receivable	198	257	270	352	
Other					
Investment & Loans	38,156	36,961	30,081	29,359	28,938
Fixed assets					
Other assets					
<b>Total assets</b>	<b>38,415</b>	<b>37,350</b>	<b>30,399</b>	<b>29,765</b>	<b>29,034</b>
S-T debt					
A/C payable					31
Other current liabilities	2	2	2	2	2
L-T debt					
Other liabilities					
Minority interest					
<b>Net Assets</b>	<b>38,401</b>	<b>37,249</b>	<b>30,384</b>	<b>29,752</b>	<b>28,993</b>
<b>Net debt</b>	<b>(59)</b>	<b>(131)</b>	<b>(43)</b>	<b>(51)</b>	<b>(94)</b>
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788

Financial Ratios					
(%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Sales grow th	41.4	32.0	11.0	(7.1)	(12.2)
EBITDA grow th	42.0	32.3	10.8	(6.9)	(12.1)
Net income grow th	na	(95.7)	na	(46.6)	na
Norm income grow th	42.1	32.8	11.2	(6.7)	(11.9)
Norm EPS grow th	42.1	32.8	11.2	(6.7)	(11.9)
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	99.0	99.0	98.7	98.7	99.1
EBITDA margin	99.0	99.0	98.7	98.7	99.1
Norm net margin	99.0	99.4	99.0	99.4	99.3
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Interest coverage (x)	na	na	na	na	na
Effective tax rate	-	-	-	-	-
ROA	12.3	13.1	13.8	12.8	14.4
ROE	12.3	13.1	13.9	12.8	14.5

Sources: Company data, Thanachart estimates

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