

RS Public Co Ltd (RS TB) - HOLD, Price Bt5.90, TP Bt6.50**Results Comment**

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Big normalized loss in 3Q24

- RS reported net profit of Bt189m in 3Q24. Excluding gain on music asset sales to a JV RS UMG of Bt586m, RS's normalized loss would be Bt397m in 3Q24. This was much weaker than we have anticipated with our full-year profit forecast of Bt341m.
- Key draggers were falling total revenue (-37% y-y, -20% q-q), falling gross margin and rising SG&A expenses.
- Entertainment business (50% of total revenue): revenue growth was -51% y-y and -26% q-q due to weak advertising demand and lower concerts and content licensing. Gross margin was 0.8% in 3Q24 vs. 24.4% in 2Q24 and 42.3% in 3Q23.
- Commerce business (50% of total revenue): overall segment revenue growth was -13% y-y and q-q. Gross margin was 56.9% in 3Q24 vs. 67.9% in 2Q24 and 61.9% in 3Q23.
- Despite falling revenue base, SG&A expenses rose 14% y-y and 20% q-q due to new product launch expense and business restructuring expense. RS is working to reduce administrative expenses by restructuring and eliminating redundant operations to enhance cost efficiency.

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	1,019	854	703	800	640	Revenue	(20)	(37)	50	4,319	4,297
Gross profit	503	323	293	356	186	Gross profit	(48)	(63)	34	2,426	2,373
SG&A	433	444	415	411	492	SG&A	20	14	70	1,883	1,935
Operating profit	70	(121)	(121)	(55)	(306)	Operating profit	na	na	na	543	438
EBITDA	213	39	13	75	(161)	EBITDA	na	na	na	1,280	1,235
Other income	4	4	13	38	15	Other income	(59)	252	307	22	21
Other expense	14	2	13	2	11	Other expense	539	(21)	123	21	21
Interest expense	51	47	49	51	53	Interest expense	2	2	99	155	102
Profit before tax	9	(166)	(169)	(70)	(354)	Profit before tax	na	na	na	389	337
Income tax	3	9	(28)	(23)	54	Income tax	na	1,715	3	78	67
Equity & invest. income	9	10	10	10	5	Equity & invest. income	(46)	(46)	72	35	57
Minority interests	10	2	1	3	6	Minority interests	157	(36)	(193)	(5)	(6)
Extraordinary items	1,157	191	0	(12)	586	Extraordinary items	na	(49)	na	0	0
Net profit	1,182	28	(130)	(47)	189	Net profit	na	(84)	4	341	321
Normalized profit	25	(163)	(130)	(35)	(397)	Normalized profit	na	na	na	341	321
EPS (Bt)	1.22	0.03	(0.13)	(0.05)	0.19	EPS (Bt)	na	(84)	4	0.32	0.30
Normalized EPS (Bt)	0.03	(0.17)	(0.13)	(0.04)	(0.41)	Normalized EPS (Bt)	na	na	na	0.32	0.30

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	685	310	402	290	306	Sales grow th	7.7	(6.6)	(13.6)	(17.1)	(37.2)
A/C receivable	1,093	501	548	726	486	Operating profit grow th	(38.4)	na	na	na	na
Inventory	207	178	186	207	201	EBITDA grow th	(28.6)	(79.2)	(92.1)	(73.2)	na
Other current assets	463	60	71	85	78	Norm profit grow th	(69.3)	na	na	na	na
Investment	827	837	847	857	842	Norm EPS grow th	(69.3)	na	na	na	na
Fixed assets	468	447	426	413	384	Gross margin	49.4	37.9	41.8	44.6	29.1
Other assets	5,672	5,698	5,687	5,800	5,987	Operating margin	6.8	(14.2)	(17.2)	(6.8)	(47.8)
Total assets	9,417	8,031	8,168	8,378	8,283	EBITDA margin	20.9	4.6	1.8	9.4	(25.2)
S-T debt	1,727	1,750	2,138	2,419	2,009	Norm net margin	2.5	(19.1)	(18.5)	(4.4)	(61.9)
A/C payable	1,257	711	708	806	762	D/E (x)	0.9	1.1	1.2	1.3	1.1
Other current liabilities	480	340	337	312	342	Net D/E (x)	0.7	1.0	1.1	1.2	1.0
L-T debt	1,524	1,451	1,351	1,251	1,333	Interest coverage (x)	4.1	0.8	0.3	1.5	(3.1)
Other liabilities	843	793	780	761	696	Interest rate	6.1	5.8	5.8	5.8	6.0
Minority interest	34	59	59	81	75	Effective tax rate	34.7	(5.7)	16.7	33.3	(15.2)
Shareholders' equity	3,552	2,926	2,796	2,749	3,066	ROA	1.1	(7.5)	(6.4)	(1.7)	(19.0)
Working capital	43	(32)	27	127	(75)	ROE	3.4	(20.1)	(18.2)	(5.0)	(54.5)
Total debt	3,251	3,202	3,489	3,669	3,342						
Net debt	2,565	2,892	3,088	3,379	3,036						

Sources: Company data, Thanachart estimates

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