

VGI Global Media Pcl (VGI TB) - SELL, Price Bt2.52 , TP Bt 1.37**Results Comment**

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

Higher-than-expected 2QFY25 results

- VGI reported normalized earnings of Bt78m in 2QFY25 (VGI's fiscal year ends in March), up 24% q-q and vs. a normalized loss of Bt371m in 2QFY24. The results were better than what we had expected due to lower-than-expected SG&A expenses. We thus see an upside to our earnings forecast.
- However, we maintain our SELL call on VGI as **1)** a recovery of its profitable OOH media business was still slow, **2)** the media business' profit was weighed down by losses from its other businesses, e.g. Fanslink and Super Turtle, **3)** valuation is expensive at a PE of 192x in FY25F, and **4)** this valuation has even yet to include a 44% EPS dilution from its capital increase via private placement.
- VGI's total revenue grew by 24% y-y in 2QFY25 given;
 - 1) An increase in its OOH media revenue (45% of total revenue) by 28% y-y as its utilization rate rose to 52% in 2QFY25 vs. 44% in 2QFY24.
 - 2) An increase in its digital service revenue (31% of total revenue) by 12% y-y due to higher interest income which grew along with the increase in outstanding loan from digital lending business (RCash).
 - 3) An increase in its distribution revenue (24% of total revenue) by 33% y-y due to higher revenue from the retail business (Turtle).
- Its gross margin improved to 31% in 2QFY25 from 27% in 2QFY24. Its SG&A expenses fell by 3% y-y due to lower marketing and employee expenses.
- Its equity income was positive at Bt64m in 2QFY25 mainly due to no more loss contribution from KEX.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Mar (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(Bt m)	q-q%	y-y%	% FY25F	FY25F	FY26F
Revenue	1,083	1,331	1,275	1,204	1,341	Revenue	11	24	45	5,660	6,388
Gross profit	288	470	345	408	413	Gross profit	1	43	40	2,031	2,456
SG&A	538	609	666	471	524	SG&A	11	(3)	40	2,490	2,683
Operating profit	(250)	(139)	(321)	(63)	(111)	Operating profit	na	na	38	(459)	(227)
EBITDA	(134)	(10)	(188)	69	31	EBITDA	(54)	na	120	84	364
Other income	47	102	53	70	58	Other income	(17)	25	49	259	331
Other expense	0	0	0	0	0	Other expense					
Interest expense	6	7	10	6	6	Interest expense	(2)	2	53	22	27
Profit before tax	(209)	(44)	(278)	1	(58)	Profit before tax	na	na	26	(222)	77
Income tax	19	30	(270)	31	(11)	Income tax	na	na	na	0	15
Equity & invest. income	(99)	(266)	(95)	55	64	Equity & invest. income	17	na	50	239	263
Minority interests	(44)	106	134	38	62	Minority interests	64	na	76	130	(12)
Extraordinary items	537	(3,105)	19	0	0	Extraordinary items	na	na	na	0	0
Net profit	166	(3,339)	51	63	78	Net profit	24	(53)	96	147	313
Normalized profit	(371)	(234)	32	63	78	Normalized profit	24	na	96	147	313
EPS (Bt)	0.01	(0.30)	0.00	0.01	0.01	EPS (Bt)	24	(53)	96	0.01	0.03
Normalized EPS (Bt)	(0.03)	(0.02)	0.00	0.01	0.01	Normalized EPS (Bt)	24	na	96	0.01	0.03

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Mar (Bt m)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Cash & ST investment	7,013	5,143	6,619	6,155	6,276	Sales grow th	(11.4)	(3.1)	1.9	7.2	23.7
A/C receivable	1,307	1,525	1,395	1,451	1,179	Operating profit grow th	na	na	na	na	na
Inventory	251	208	202	247	190	EBITDA grow th	na	na	na	na	na
Other current assets	1,305	1,434	1,721	1,721	2,753	Norm profit grow th	na	na	na	na	na
Investment	12,979	9,741	8,304	8,353	8,318	Norm EPS grow th	na	na	na	na	na
Fixed assets	1,519	1,565	1,570	1,532	1,481	Gross margin	26.6	35.3	27.0	33.9	30.8
Other assets	8,413	8,838	8,590	8,231	8,637	Operating margin	(23.0)	(10.5)	(25.2)	(5.2)	(8.3)
Total assets	32,788	28,454	28,401	27,691	28,834	EBITDA margin	(12.3)	(0.7)	(14.8)	5.7	2.3
S-T debt	0	0	0	0	0	Norm net margin	(34.2)	(17.6)	2.5	5.2	5.8
A/C payable	712	709	803	834	742	D/E (x)	-	-	-	-	-
Other current liabilities	1,446	1,561	1,528	1,526	2,403	Net D/E (x)	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)
L-T debt	0	0	0	0	0	Interest coverage (x)	(23.8)	(1.4)	(18.7)	11.8	5.5
Other liabilities	862	951	936	774	580	Interest rate	na	na	na	na	na
Minority interest	2,517	1,888	1,846	1,808	1,949	Effective tax rate	(9.0)	(68.1)	97.3	2,590.6	18.3
Shareholders' equity	27,250	23,344	23,288	22,748	23,159	ROA	(4.5)	(3.1)	0.4	0.9	1.1
Working capital	846	1,024	793	864	627	ROE	(5.4)	(3.7)	0.5	1.1	1.4
Total debt	0	0	0	0	0						
Net debt	(7,013)	(5,143)	(6,619)	(6,155)	(6,276)						

Sources: Company data, Thanachart estimates

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