BTS Group Holdings Pcl (BTS TB) - HOLD, Price Bt3.38, TP Bt5.10 | Results Comment

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

Turn a loss again

- BTS reported a normalized loss of Bt174m in 1QFY26 (fiscal year ends in March) from a normalized loss of Bt37m in 1QFY25 and a normalized profit of Bt236m in 4QFY25. The results were weaker than what we had expected. Its loss was mainly due to higher SG& interest, and tax expenses but lower equity income.
- The unexpected loss cause us to put our earnings forecast and TP under review.
- Even though the management believe that the government's Bt20 flat fare electric train policy scheduled on 1 October 2025 would help to increase total system ridership by 30-40% and lead to greater eyeballs for its 34%-owned VGI's advertising media, we have a HOLD call on BTS as its valuation is not attractive with the share trading at 63/42x PEs in FY26-27F.
- BTS's total revenue grew 53% y-y in 1QFY26 mainly due to;
  1) a 20% y-y growth in the mass transit revenue (46% of total) given a 5% y-y rise in O&M revenue, a 28% y-y rise in the farebox revenue from the Pink and Yellow Lines, and a 110% y-y rise in construction revenue from construction of the Pink Line extension.
  2) a 5% y-y fall in the media revenue (19%) given a decline in revenue from the media an distribution business.
  3) a 643% y-y rise in the other revenue (35%) due to the consolidation of RABBIT and ROCTEC.
- Its gross margin improved to 34% in 1QFY26 vs. 29% in 1QFY25 mainly due to consolidation of RABBIT and ROCTEC.
- Its equity income in 1QFY26 fell by 62% y-y mainly due to lower profit contribution from JMART and SINGER.

Income Statement					(consolidated)
Yr-end Mar (Bt m)	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**
Revenue	3,744	3,972	5,475	5,821	5,715
Gross profit	**1,102**	**1,288**	**1,676**	**2,117**	**1,968**
SG&A	921	1,161	1,669	1,384	1,484
Operating profit	182	128	7	733	483
EBITDA	**562**	**529**	**981**	**1,164**	**1,210**
Other income	1,512	1,473	1,852	1,527	1,498
Other expense	0	0	0	0	0
Interest expense	1,697	1,653	1,797	1,790	1,856
Profit before tax	**(3)**	**(52)**	**62**	**470**	**126**
Income tax	471	485	481	507	597
Equity & invest. income	208	(92)	213	126	78
Minority interests	230	238	39	147	219
Extraordinary items	(337)	(64)	3,209	(330)	(55)
Net profit	**(374)**	**(456)**	**3,042**	**(95)**	**(230)**
Normalized profit	**(37)**	**(391)**	**(167)**	**236**	**(174)**
EPS (Bt)	(0.03)	(0.03)	0.23	(0.01)	(0.01)
Normalized EPS (Bt)	(0.00)	(0.03)	(0.01)	0.01	(0.01)

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**FY26F**	**FY27F**
Revenue	(2)	53	30	18,759	19,193
Gross profit	**(7)**	**79**	**32**	**6,210**	**6,212**
SG&A	7	61	27	5,440	5,470
Operating profit	(34)	166	63	770	742
EBITDA	**4**	**115**	**36**	**3,383**	**4,115**
Other income	(2)	(1)	31	4,810	4,596
Other expense					
Interest expense	4	9	31	6,005	5,222
Profit before tax	**(73)**	**na**	**na**	**(425)**	**116**
Income tax	18	27	na	0	261
Equity & invest. income	(38)	(62)	11	724	875
Minority interests	49	(5)	39	561	574
Extraordinary items					
Net profit	**na**	**na**	**na**	**860**	**1,304**
Normalized profit	**na**	**na**	**na**	**860**	**1,304**
EPS (Bt)	na	na	na	0.05	0.08
Normalized EPS (Bt)	na	na	na	0.05	0.08

Balance Sheet					(consolidated)
Yr-end Mar (Bt m)	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**
Cash & ST investment	19,269	9,477	47,299	38,573	31,494
A/C receivable	1,376	1,444	2,273	1,965	1,949
Inventory	818	839	2,739	1,852	2,022
Other current assets	21,342	22,351	12,148	11,074	11,186
Investment	40,685	41,594	32,274	35,341	34,848
Fixed assets	83,396	84,526	120,748	126,843	131,690
Other assets	90,594	90,686	108,949	106,290	109,203
Total assets	**257,480**	**250,916**	**326,430**	**321,938**	**322,393**
S-T debt	30,796	23,393	36,269	24,769	27,509
A/C payable	4,706	4,685	6,568	7,072	6,888
Other current liabilities	3,270	4,825	6,479	5,639	6,675
L-T debt	143,517	142,741	144,702	154,980	153,380
Other liabilities	10,116	10,978	23,971	23,708	24,486
Minority interest	19,477	19,396	48,899	47,625	46,976
Shareholders' equity	**45,599**	**44,899**	**59,541**	**58,145**	**56,480**
Working capital	(2,513)	(2,402)	(1,555)	(3,254)	(2,917)
Total debt	174,312	166,134	180,972	179,749	180,889
Net debt	**155,043**	**156,658**	**133,673**	**141,177**	**149,394**

Financial Ratios					
(%)	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**
Sales growth	(27.4)	(0.2)	6.4	49.8	52.6
Operating profit growth	(58.8)	(41.3)	(93.9)	na	166.2
EBITDA growth	(18.3)	3.9	117.4	185.9	115.4
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	29.4	32.4	30.6	36.4	34.4
Operating margin	4.8	3.2	0.1	12.6	8.5
EBITDA margin	15.0	13.3	17.9	20.0	21.2
Norm net margin	(1.0)	(9.9)	(3.1)	4.0	(3.0)
D/E (x)	2.7	2.6	1.7	1.7	1.7
Net D/E (x)	2.4	2.4	1.2	1.3	1.4
Interest coverage (x)	0.3	0.3	0.5	0.7	0.7
Interest rate	3.8	3.9	4.1	4.0	4.1
Effective tax rate	na	(940.1)	773.6	107.8	474.4
ROA	(0.1)	(0.6)	(0.2)	0.3	(0.2)
ROE	(0.3)	(3.5)	(1.3)	1.6	(1.2)

Sources: Company data, Thanachart estimates

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