BTS Group Holdings Pcl (BTS TB) - HOLD, Price Bt2.62, TP Bt5.10

Results Comment

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Unexpected huge 2QFY26 loss

- BTS reported a normalized loss of Bt871m in 2QFY26 (fiscal year ends in March) from a normalized loss of Bt256m in 2QFY25 and Bt174m in 1QFY26. The loss was higher than what we had expected. Its loss was mainly due to higher SG&A, interest, and tax expenses.
- Given the higher-than-expected loss, we see a downside risk to our earnings forecast. We thus put our earnings forecast and TP under review.
- We have a HOLD call on BTS. Even though we expect its O&M business to continue to deliver a growth, we are concerned on ***1)*** continued losses from its 75%-owned Pink and Yellow Lines, ***2)*** weak profits and unclear business direction from its 34%-owned VGI, and ***3)*** unclear plans for its new investments.
- BTS's total revenue grew 44% y-y in 2QFY26 as:
  1) mass transit revenue (40% of total) was down 5% y-y. O&M and farebox grew 5% and 11%, but there was no construction revenue this quarter (vs. Bt334m in 2QFY25) after the Pink Line extension finished.
  2) media revenue (19% of total) fell 14% y-y due to weaker sales across media, digital services, and distribution.
  3) other revenue (35% of total) surged 1,231% y-y due to the consolidation of RABBIT and ROCTEC.
- The consolidation of RABBIT and ROCTEC caused its gross margin to improve to 34% in 2QFY26 vs. 32% in 1QFY25 but SG&A expenses also increased by 51% y-y.
- Its equity income rose by 2,344% y-y due to the reclassification of PLANB and RABBIT as an associate and subsidiary companies and higher profit contribution from JMART

Income Statement					(consolidated)
Yr-end Mar (Bt m)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Revenue	3,972	5,475	5,821	5,715	5,707
Gross profit	**1,288**	**1,676**	**2,117**	**1,968**	**1,950**
SG&A	1,126	1,669	1,418	1,484	1,705
Operating profit	162	7	699	483	245
EBITDA	**563**	**981**	**1,130**	**1,210**	**1,103**
Other income	1,473	1,852	1,527	1,498	1,275
Other expense	0	0	0	0	28
Interest expense	1,653	1,797	1,790	1,856	2,045
Profit before tax	**(17)**	**62**	**436**	**126**	**(553)**
Income tax	485	481	507	597	646
Equity & invest. income	9	213	25	78	210
Minority interests	238	39	147	219	118
Extraordinary items	(99)	3,209	(395)	(55)	973
Net profit	**(355)**	**3,042**	**(295)**	**(230)**	**102**
Normalized profit	**(256)**	**(167)**	**100**	**(174)**	**(871)**
EPS (Bt)	(0.03)	0.23	(0.02)	(0.01)	0.01
Normalized EPS (Bt)	(0.02)	(0.01)	0.01	(0.01)	(0.05)

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	FY26F	FY27F
Revenue	(0)	44	61	18,759	19,193
Gross profit	**(1)**	**51**	**63**	**6,210**	**6,212**
SG&A	15	51	59	5,440	5,470
Operating profit	(49)	51	95	770	742
EBITDA	**(9)**	**96**	**68**	**3,383**	**4,115**
Other income	(15)	(13)	58	4,810	4,596
Other expense					
Interest expense	10	24	65	6,005	5,222
Profit before tax	**na**	**na**	**101**	**(425)**	**116**
Income tax	8	33	na	0	261
Equity & invest. income	170	2,344	40	724	875
Minority interests	(46)	(50)	60	561	574
Extraordinary items					
Net profit	**na**	**na**	**(15)**	**860**	**1,304**
Normalized profit	**na**	**na**	**(121)**	**860**	**1,304**
EPS (Bt)	na	na	(15)	0.05	0.08
Normalized EPS (Bt)	na	na	(121)	0.05	0.08

Balance Sheet					(consolidated)
Yr-end Mar (Bt m)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Cash & ST investment	9,477	47,299	38,573	31,494	20,129
A/C receivable	1,444	2,273	1,965	1,949	1,808
Inventory	839	2,739	1,852	2,022	2,272
Other current assets	22,351	12,148	11,074	11,186	60,377
Investment	41,594	32,274	35,341	34,848	40,556
Fixed assets	84,526	120,748	126,843	131,690	131,200
Other assets	90,686	108,949	106,290	109,203	70,741
Total assets	**250,916**	**326,430**	**321,938**	**322,393**	**327,084**
S-T debt	23,393	36,269	24,769	27,509	36,522
A/C payable	4,685	6,568	7,072	6,888	6,778
Other current liabilities	4,825	6,479	5,639	6,675	7,592
L-T debt	142,741	144,702	154,980	153,380	155,513
Other liabilities	10,978	23,971	23,708	24,486	16,583
Minority interest	19,396	48,899	47,625	46,976	46,495
Shareholders' equity	**44,899**	**59,541**	**58,145**	**56,480**	**57,601**
Working capital	(2,402)	(1,555)	(3,254)	(2,917)	(2,697)
Total debt	166,134	180,972	179,749	180,889	192,036
Net debt	**156,658**	**133,673**	**141,177**	**149,394**	**171,906**

Financial Ratios					
(%)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sales growth	(0.2)	6.4	49.8	52.6	43.7
Operating profit growth	(25.6)	(93.9)	na	166.2	51.3
EBITDA growth	10.6	117.4	177.5	115.4	95.9
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	32.4	30.6	36.4	34.4	34.2
Operating margin	4.1	0.1	12.0	8.5	4.3
EBITDA margin	14.2	17.9	19.4	21.2	19.3
Norm net margin	(6.4)	(3.1)	1.7	(3.0)	(15.3)
D/E (x)	2.6	1.7	1.7	1.7	1.8
Net D/E (x)	2.4	1.2	1.3	1.4	1.7
Interest coverage (x)	0.3	0.5	0.6	0.7	0.5
Interest rate	3.9	4.1	4.0	4.1	4.4
Effective tax rate	na	na	na	na	na
ROA	(0.4)	(0.2)	0.1	(0.2)	(1.1)
ROE	(2.3)	(1.3)	0.7	(1.2)	(6.1)

Sources: Company data, Thanachart estimates

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