

VGI Global Media Pcl (VGI TB) - SELL, Price Bt1.11 , TP Bt1.70

Results Comment

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Lower-than-expected 3QFY26 profit

- VGI reported a normalized profit of Bt83m in 3QFY26 (VGI's fiscal year ends in March), down 73% y-y but up 9% q-q. Its earnings were lower than what we had expected. A significant drop in earnings y-y was mainly due to lower media revenue, higher SG&A expenses and lower equity income. Its earnings growth q-q was due to the seasonal effect.
- As its 9MFY26 earnings make up only 28% of our full-year forecast, we see a significant downside risk to our earnings estimates.
- As the current share price is now below our TP, we are placing our call under review. Despite this, we remain concerned about: 1) the unclear business direction following the expiry of its space management contract for the Core Green Line stations in December 2029, and 2) the uncertainty around future investments for its Bt21 bn cash on hand.

- VGI's total revenue fell by 11% y-y in 3QFY26 due to:
 - 1) a fall in media revenue (44% of total sales) by 20% y-y mainly due to lower media revenue capacity after an end of the selling agent contract for media on BTS columns.
 - 2) a fall in digital service revenue (34%) by 3% y-y due to lower revenue from project management.
 - 3) a fall in distribution revenue (22%) by 2% y-y due to lower revenue from Turtle.
- Its gross margin declined to 36% in 3QFY26 from 39% in 3QFY25, mainly due to operating leverage effects.
- Its SG&A expenses rose by 8% y-y due to higher marketing expenses in Rabbit Group and media management fee while its equity income dropped by 32% y-y due to loss contribution from Jaymart.

| Income Statement (consolidated) | | | | | | Income Statement 9M as | | | | | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------|-----------|-------------|-------------|--------------|--------------|
| Yr-end Mar (Bt m) | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | (Bt m) | q-q% | y-y% | % FY26F | FY26F | FY27F |
| Revenue | 1,446 | 1,228 | 1,115 | 1,123 | 1,284 | Revenue | 14 | (11) | 64 | 5,539 | 5,897 |
| Gross profit | 564 | 425 | 401 | 380 | 462 | Gross profit | 22 | (18) | 62 | 2,002 | 2,177 |
| SG&A | 516 | 561 | 515 | 550 | 558 | SG&A | 2 | 8 | 78 | 2,077 | 2,182 |
| Operating profit | 48 | (136) | (114) | (170) | (96) | Operating profit | na | na | 503 | (75) | (5) |
| EBITDA | 188 | (5) | 17 | (25) | 49 | EBITDA | na | (74) | 10 | 422 | 491 |
| Other income | 184 | 149 | 118 | 111 | 117 | Other income | 5 | (36) | 80 | 432 | 423 |
| Other expense | 0 | 0 | 0 | 0 | 0 | Other expense | | | | | |
| Interest expense | 11 | 5 | 5 | 9 | 10 | Interest expense | 6 | (9) | 119 | 20 | 25 |
| Profit before tax | 221 | 8 | (1) | (67) | 11 | Profit before tax | na | (95) | (17) | 337 | 394 |
| Income tax | 50 | 12 | 33 | 26 | 46 | Income tax | 75 | (8) | 77 | 135 | 157 |
| Equity & invest. income | 104 | 6 | 28 | 110 | 70 | Equity & invest. income | (36) | (32) | 63 | 330 | 370 |
| Minority interests | 33 | 50 | 44 | 60 | 47 | Minority interests | (22) | 44 | 89 | 170 | 163 |
| Extraordinary items | 0 | 0 | 7 | 2 | 0 | Extraordinary items | | | | | |
| Net profit | 308 | 53 | 45 | 79 | 83 | Net profit | 6 | (73) | 29 | 702 | 769 |
| Normalized profit | 308 | 53 | 38 | 76 | 83 | Normalized profit | 9 | (73) | 28 | 702 | 769 |
| EPS (Bt) | 0.015 | 0.003 | 0.002 | 0.004 | 0.004 | EPS (Bt) | 6 | (74) | 28 | 0.04 | 0.04 |
| Normalized EPS (Bt) | 0.015 | 0.003 | 0.002 | 0.004 | 0.004 | Normalized EPS (Bt) | 9 | (74) | 27 | 0.04 | 0.04 |
| Balance Sheet (consolidated) | | | | | | Financial Ratios | | | | | |
| Yr-end Mar (Bt m) | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | (%) | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 |
| Cash & ST investment | 21,739 | 21,395 | 20,966 | 21,439 | 21,315 | Sales growth | 8.6 | (3.7) | (7.4) | (16.2) | (11.2) |
| A/C receivable | 1,392 | 1,146 | 1,146 | 1,049 | 1,164 | Operating profit growth | na | na | na | na | na |
| Inventory | 174 | 159 | 172 | 198 | 180 | EBITDA growth | na | na | (75) | na | (74) |
| Other current assets | 2,024 | 2,132 | 2,139 | 2,169 | 2,201 | Norm profit growth | na | 66 | (39) | (2) | (73) |
| Investment | 6,188 | 6,152 | 6,124 | 12,491 | 12,413 | Norm EPS growth | na | (7) | (66) | (48) | (74) |
| Fixed assets | 1,453 | 1,441 | 1,418 | 1,367 | 1,301 | Gross margin | 39.0 | 34.6 | 35.9 | 33.8 | 36.0 |
| Other assets | 7,913 | 7,242 | 7,407 | 3,046 | 2,819 | Operating margin | 3.3 | (11.1) | (10.2) | (15.1) | (7.5) |
| Total assets | 40,883 | 39,666 | 39,372 | 41,759 | 41,392 | EBITDA margin | 13.0 | (0.4) | 1.5 | (2.2) | 3.8 |
| S-T debt | 0 | 0 | 0 | 100 | 100 | Norm net margin | 21.3 | 4.3 | 3.4 | 6.8 | 6.5 |
| A/C payable | 742 | 704 | 654 | 633 | 579 | D/E (x) | - | - | - | 0.0 | 0.0 |
| Other current liabilities | 1,613 | 1,638 | 1,800 | 1,841 | 1,692 | Net D/E (x) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) |
| L-T debt | 0 | 0 | 0 | 0 | 0 | Interest coverage (x) | 17.8 | (0.9) | 3.7 | (2.7) | 5.1 |
| Other liabilities | 577 | 570 | 561 | 917 | 938 | Interest rate | na | na | na | 72.9 | 38.5 |
| Minority interest | 2,007 | 1,950 | 1,900 | 1,843 | 1,669 | Effective tax rate | na | na | na | na | na |
| Shareholders' equity | 35,944 | 34,804 | 34,459 | 36,424 | 36,414 | ROA | 3.5 | 0.5 | 0.4 | 0.8 | 0.8 |
| Working capital | 824 | 601 | 664 | 614 | 765 | ROE | 4.2 | 0.6 | 0.4 | 0.9 | 0.9 |
| Total debt | 0 | 0 | 0 | 100 | 100 | | | | | | |
| Net debt | (21,739) | (21,395) | (20,966) | (21,339) | (21,215) | | | | | | |

Sources: Company data, Thanachart estimates

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