BTS Group Holdings Pcl (BTS TB) - HOLD, Price Bt2.08, TP Bt2.50

Results Comment

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Higher-than-expected 1QFY27 loss

- BTS reported a normalized loss of Bt728m in 1QFY27 (fiscal year ending in March), vs. losses of Bt165m in 1QFY26 and Bt755m in 4QFY26, worse than our expectation. The loss was mainly due to sustained high SG&A and interest expenses. Including a Bt340m forex gain, it reported a net loss of Bt388m in 1QFY27.
- We expect BTS to continue to report losses in FY27-28F, mainly due to 1) continued losses from its 75%-owned Pink and Yellow Lines, 2) weak profitability in its media and property businesses, and 3) sustained high SG&A and interest expenses.
- However, the weak earnings outlook appears to be priced into the share price, which has been under pressure for the past six years. We thus maintain our HOLD rating.
- BTS's total revenue grew 5% y-y in 1QFY27 driven by;

  1) 12% y-y drop in move (mass transit) revenue (38% of total), as O&M and farebox revenues grew 3% and 5%, respectively, while no construction revenue was recognized following completion of the Pink Line extension.

  2) 4% y-y increase in mix (media) revenue (19% of total) as as advertising revenue was flat y-y, while digital service and distribution revenue grew 7% and 10% y-y.

  3) 26% y-y increase in match (other) revenue (43% of total), due to higher revenue from RABBIT and ROCTEC.
- Gross margin remained at 35%, while SG&A expenses rose 31% y-y due to the consolidation of RABBIT and ROCTEC. Other income fell 26% y-y on lower interest income, while equity income surged 302% y-y, driven by profit contributions from PLANB and SINGER and no loss contribution from KM.

Income Statement					(consolidated)
Yr-end Mar (Bt m)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Revenue	5,715	5,707	5,967	5,655	6,017
Gross profit	**1,968**	**1,950**	**1,968**	**2,141**	**2,108**
SG&A	1,484	1,705	1,807	2,284	1,944
Operating profit	483	245	161	(143)	164
EBITDA	**1,210**	**1,103**	**1,025**	**825**	**1,012**
Other income	1,533	1,275	1,174	885	1,134
Other expense	26	28	6	18	19
Interest expense	1,856	2,045	1,982	1,826	1,923
Profit before tax	**135**	**(553)**	**(653)**	**(1,103)**	**(643)**
Income tax	597	646	251	471	506
Equity & invest. income	78	210	(207)	124	313
Minority interests	219	118	312	695	107
Extraordinary items	(64)	973	(160)	688	340
Net profit	**(230)**	**102**	**(958)**	**(67)**	**(388)**
Normalized profit	**(165)**	**(871)**	**(797)**	**(755)**	**(728)**
EPS (Bt)	(0.01)	0.01	(0.06)	(0.00)	(0.02)
Normalized EPS (Bt)	(0.01)	(0.05)	(0.05)	(0.05)	(0.05)

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2027F	2027F	2028F
Revenue	6	5	24	25,489	25,793
Gross profit	**(2)**	**7**	24	**8,954**	**9,054**
SG&A	(15)	31	25	7,647	7,609
Operating profit	na	(66)	13	1,308	1,445
EBITDA	**23**	**(16)**	19	**5,253**	**5,515**
Other income	28	(26)	25	4,544	4,017
Other expense	1	(28)	na	0	0
Interest expense	5	4	26	7,379	6,431
Profit before tax	**na**	**na**	42	**(1,527)**	**(969)**
Income tax	7	(15)	26	1,955	1,900
Equity & invest. income	152	302	70	449	547
Minority interests	(85)	(51)	11	992	1,003
Extraordinary items	na	na	na	0	0
Net profit	**na**	**na**	19	**(2,041)**	**(1,318)**
Normalized profit	**na**	**na**	36	**(2,041)**	**(1,318)**
EPS (Bt)	na	na	19	(0.13)	(0.08)
Normalized EPS (Bt)	na	na	36	(0.13)	(0.08)

Balance Sheet					(consolidated)
Yr-end Mar (Bt m)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Cash & ST investment	31,494	20,129	55,351	49,570	49,079
A/C receivable	1,949	1,808	1,930	1,946	1,914
Inventory	2,022	2,272	2,050	2,449	2,514
Other current assets	11,186	60,377	12,991	18,443	16,318
Investment	34,848	40,556	39,089	37,076	36,927
Fixed assets	131,690	131,200	138,396	140,421	140,845
Other assets	109,203	70,741	71,931	72,301	72,745
Total assets	**322,393**	**327,084**	**321,737**	**322,206**	**320,341**
S-T debt	27,509	36,522	31,740	43,697	52,735
A/C payable	6,888	6,778	6,003	6,262	6,249
Other current liabilities	6,675	7,592	5,281	5,811	5,056
L-T debt	153,380	155,513	155,766	144,808	135,037
Other liabilities	24,486	16,583	23,350	21,531	21,608
Minority interest	46,976	46,495	42,293	41,706	41,454
Shareholders' equity	**56,480**	**57,601**	**57,303**	**58,392**	**58,203**
Working capital	(2,917)	(2,697)	(2,024)	(1,867)	(1,820)
Total debt	180,889	192,036	187,506	188,504	187,772
Net debt	**149,394**	**171,906**	**132,155**	**138,935**	**138,693**

Financial Ratios					
(%)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Sales growth	52.6	43.7	12.5	(2.5)	5.3
Operating profit growth	166.2	51.3	(19.9)	na	(66.1)
EBITDA growth	115.4	95.9	(12.7)	(29.4)	(16.3)
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	34.4	34.2	33.0	37.9	35.0
Operating margin	8.5	4.3	2.7	(2.5)	2.7
EBITDA margin	21.2	19.3	17.2	14.6	16.8
Norm net margin	(2.9)	(15.3)	(13.4)	(13.3)	(12.1)
D/E (x)	1.7	1.8	1.9	1.9	1.9
Net D/E (x)	1.4	1.7	1.3	1.4	1.4
Interest coverage (x)	0.7	0.5	0.5	0.5	0.5
Interest rate	4.1	4.4	4.2	3.9	4.1
Effective tax rate	443.1	(116.8)	(38.4)	(42.7)	(78.7)
ROA	(0.2)	(1.1)	(1.0)	(0.9)	(0.9)
ROE	(1.2)	(6.1)	(5.6)	(5.2)	(5.0)

Sources: Company data, ttb wealth estimates

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