# VGI Global Media Pcl (VGI TB) - SELL, Price Bt0.99, TP U.R.

Results Comment

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## 1QFY27 recovery, but still Weak

- VGI reported a normalized profit of Bt84m in 1QFY27, up 136% y-y and from a loss of Bt68m, but below our expectation. The growth was mainly due to higher equity income. Including a Bt86m reversal of allowance for expected credit losses, Bt37m management fee income, and a Bt55m gain from investment sales, VGI's net profit was Bt261m in 1QFY27.
- We expect VGI's earnings to recover on revenue growth and improved gross margins. However, the recovery is slower than expected, with 1QFY27 earnings accounting for only 11% of our full-year forecast. We therefore see downside risk to our earnings estimates. As the share price is now below our TP, we place our TP under review.
- We maintain our SELL call on VGI as: 1) its core business direction remains uncertain following the expiry of its space management contract for the Core Green Line stations in December 2029, and 2) despite Bt21bn cash on hand or Bt1.04/share, the use of cash remains unclear.
- VGI's total revenue grew 2% y-y in 1QFY27 due to;

  1) 2% y-y fall in media revenue (39% of total) due to weak economy leading to lower utilization rate of 49% vs. 51% in 1QFY26.

  2) 8% y-y increase in digital service revenue (38% of total) due to higher insurance commission and lead generation revenue from Rcare, and interest income from Rcash.

  3) 2% y-y increase in distribution revenue (23% of total) as higher revenue from RBytes (formerly Fanslink) more than offset lower revenue from Turtle.
- Gross margin sustained at 36% in 1QFY27 but SG&A expenses rose 9% y-y due to higher marketing expenses and media management fees. Equity income grew 325% y-y due to higher profit contribution from PLANB (following the reclassification of the investment as equity income) and JMART.

| **Income Statement** | | | | | (consolidated) |
|---|---|---|---|---|---|
| **Yr-end Mar (Bt m)** | **1QFY26** | **2QFY26** | **3QFY26** | **4QFY26** | **1QFY27** |
| Revenue | 1,115 | 1,123 | 1,284 | 1,123 | 1,140 |
| **Gross profit** | **401** | **380** | **462** | **352** | **413** |
| SG&A | 517 | 550 | 558 | 601 | 564 |
| Operating profit | (117) | (170) | (96) | (248) | (150) |
| **EBITDA** | **15** | **(25)** | **49** | **(107)** | **(9)** |
| Other income | 118 | 111 | 117 | 95 | 108 |
| Other expense | 0 | 0 | 0 | 0 | 0 |
| Interest expense | 5 | 9 | 10 | 9 | 9 |
| **Profit before tax** | **(3)** | **(67)** | **11** | **(163)** | **(52)** |
| Income tax | 33 | 26 | 46 | 3 | 14 |
| Equity & invest. income | 28 | 110 | 70 | (15) | 118 |
| Minority interests | 44 | 60 | 47 | 113 | 31 |
| Extraordinary items | 9 | 2 | 0 | (1,202) | 177 |
| **Net profit** | **45** | **79** | **83** | **(1,270)** | **261** |
| **Normalized profit** | **36** | **76** | **83** | **(68)** | **84** |
| EPS (Bt) | 0.002 | 0.004 | 0.004 | (0.060) | 0.012 |
| Normalized EPS (Bt) | 0.002 | 0.004 | 0.004 | (0.003) | 0.004 |

| **Income Statement** | | | 3M as | | |
|---|---|---|---|---|---|
| **(Bt m)** | **q-q%** | **y-y%** | **% FY27F** | **FY27F** | **FY28F** |
| Revenue | 2 | 2 | 23 | 4,973 | 5,304 |
| **Gross profit** | **17** | **3** | **23** | **1,795** | **1,884** |
| SG&A | (6) | 9 | 25 | 2,238 | 2,360 |
| Operating profit | na | na | 34 | (443) | (477) |
| **EBITDA** | **na** | **na** | **(7)** | **123** | **93** |
| Other income | 14 | (9) | 16 | 681 | 712 |
| Other expense | | | | | |
| Interest expense | (6) | 93 | 22 | 39 | 47 |
| **Profit before tax** | **na** | **na** | **(26)** | **198** | **189** |
| Income tax | 440 | (58) | 34 | 40 | 38 |
| Equity & invest. income | na | 325 | 36 | 330 | 370 |
| Minority interests | (72) | (29) | 12 | 268 | 271 |
| Extraordinary items | | | | | |
| **Net profit** | **na** | **484** | **35** | **756** | **792** |
| **Normalized profit** | **na** | **136** | **11** | **756** | **792** |
| EPS (Bt) | na | 454 | 33 | 0.04 | 0.04 |
| Normalized EPS (Bt) | na | 124 | 11 | 0.04 | 0.04 |

| **Balance Sheet** | | | | | (consolidated) |
|---|---|---|---|---|---|
| **Yr-end Mar (Bt m)** | **1QFY26** | **2QFY26** | **3QFY26** | **4QFY26** | **1QFY27** |
| Cash & ST investment | 20,966 | 21,439 | 21,315 | 21,111 | 20,843 |
| A/C receivable | 1,146 | 1,049 | 1,164 | 1,032 | 1,281 |
| Inventory | 172 | 198 | 180 | 153 | 224 |
| Other current assets | 2,139 | 2,169 | 2,201 | 2,385 | 2,480 |
| Investment | 6,124 | 12,491 | 12,413 | 11,433 | 11,531 |
| Fixed assets | 1,418 | 1,367 | 1,301 | 1,210 | 1,142 |
| Other assets | 7,407 | 3,046 | 2,819 | 2,539 | 2,786 |
| **Total assets** | **39,372** | **41,759** | **41,392** | **39,862** | **40,288** |
| S-T debt | 0 | 100 | 100 | 100 | 0 |
| A/C payable | 654 | 633 | 579 | 609 | 783 |
| Other current liabilities | 1,800 | 1,841 | 1,692 | 1,592 | 1,626 |
| L-T debt | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 561 | 917 | 938 | 906 | 898 |
| Minority interest | 1,900 | 1,843 | 1,669 | 1,556 | 1,616 |
| **Shareholders' equity** | **34,459** | **36,424** | **36,414** | **35,100** | **35,364** |
| Working capital | 664 | 614 | 765 | 575 | 722 |
| Total debt | 0 | 100 | 100 | 100 | 0 |
| **Net debt** | **(20,966)** | **(21,339)** | **(21,215)** | **(21,011)** | **(20,843)** |

| **Financial Ratios** | | | | | |
|---|---|---|---|---|---|
| **(%)** | **1QFY26** | **2QFY26** | **3QFY26** | **4QFY26** | **1QFY27** |
| Sales growth | (7.4) | (16.2) | (11.2) | (8.5) | 2.3 |
| Operating profit growth | na | na | na | na | na |
| EBITDA growth | (79) | na | (74) | na | na |
| Norm profit growth | (43) | (2) | (73) | na | 136 |
| Norm EPS growth | (68) | (48) | (74) | na | 124 |
| Gross margin | 35.9 | 33.8 | 36.0 | 31.4 | 36.3 |
| Operating margin | (10.5) | (15.1) | (7.5) | (22.1) | (13.2) |
| EBITDA margin | 1.3 | (2.2) | 3.8 | (9.5) | (0.8) |
| Norm net margin | 3.2 | 6.8 | 6.5 | (6.0) | 7.4 |
| D/E (x) | - | 0.0 | 0.0 | 0.0 | - |
| Net D/E (x) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) |
| Interest coverage (x) | 3.2 | (2.7) | 5.1 | (11.3) | (1.0) |
| Interest rate | na | 72.9 | 38.5 | 37.7 | 70.5 |
| Effective tax rate | na | na | na | na | na |
| ROA | 0.4 | 0.8 | 0.8 | (0.7) | 0.8 |
| ROE | 0.4 | 0.9 | 0.9 | (0.8) | 1.0 |

Sources: Company data, ttb wealth estimates

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