

**BTS Rail Mass Transit (BTSGIF TB) - BUY, Price Bt3.54, TP Bt4.60****Results Comment**

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**3QFY24 earnings in line**

- BTSGIF reported a normalized profit of Bt1.2bn in 3QFY24 (Oct-Dec 2023), up 33% y-y and 3% q-q. The earnings were in line with what we had expected.
- Including a Bt1.2bn non-cash loss from changes in fair value of investments in the "net revenue purchase and transfer agreement" (NRTA), BTSGIF reported a net profit of Bt52m in 3QFY24.
- We expect BTSGIF's normalized earnings to continue to grow in 4QFY24F following its ridership recovery.
- We maintain our BUY call on BTSGIF given 1) a recovery of its normalized cash earnings following the ridership improvement and 2) dividend IRR of 13% when held to the concession's end in 2029, implying a yield of around 9.3% a year during 2HFY24-30F.
- Income from investment in the NRTA increased 32% y-y in 3QFY24 as its farebox revenue from the core Green Line rose by 15% y-y led by the increase in ridership by 8% y-y while the average fare increased by 5% y-y while its operating and maintenance costs decreased by 16% y-y mainly due to lower selling expenses from data analytics and marketing services fee, lower maintenance expenses and lower utilities expenses.
- The fair value of investment in NRTA decreased to Bt35.8bn as of 31 Dec. 2023 vs. Bt36.9bn as of 30 Sep. 2023 due to the decrease in the remaining period of its rights in net revenues under the concession agreement and the increase in discount rate. Its NAV as of 31 Dec. 2023 was at Bt37.2bn, equivalent to Bt6.4355 per unit.
- As the fund had retained deficits, so distributable payout for 3QFY24 of Bt0.2/unit will be paid in form of capital return.

Income Statement					
Yr-end Mar (Bt m)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
NET SALES	946	1,067	1,040	1,217	1,249
<b>GROSS PROFIT</b>	<b>946</b>	<b>1,067</b>	<b>1,040</b>	<b>1,217</b>	<b>1,249</b>
SG&A	12	12	15	12	13
Operating profit	934	1,055	1,025	1,204	1,236
<b>EBITDA</b>	<b>934</b>	<b>1,055</b>	<b>1,025</b>	<b>1,204</b>	<b>1,236</b>
Other income	2	4	6	6	7
Other expense	(1)	(4)	(1)	(5)	(1)
Interest expense					
<b>Profit before tax</b>	<b>935</b>	<b>1,054</b>	<b>1,029</b>	<b>1,205</b>	<b>1,242</b>
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	260	860	(260)	(1,430)	(1,190)
<b>Net Investment Income</b>	<b>1,195</b>	<b>1,914</b>	<b>769</b>	<b>(225)</b>	<b>52</b>
<b>Norm Net Invest. Income</b>	<b>935</b>	<b>1,054</b>	<b>1,029</b>	<b>1,205</b>	<b>1,242</b>
EPS (Bt)	0.21	0.33	0.13	(0.04)	0.01
Normalized EPS (Bt)	0.16	0.18	0.18	0.21	0.21

Balance Sheet					
Yr-end Mar (Bt m)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Cash & equivalent	46	53	64	59	131
S-T investments					
A/C receivable	63	37	135	198	257
Other					
Investment & Loans	38,859	39,851	39,461	38,156	36,961
Fixed assets					
Other assets					
<b>Total assets</b>	<b>38,968</b>	<b>39,947</b>	<b>39,664</b>	<b>38,415</b>	<b>37,350</b>
S-T debt					
A/C payable					
Other current liabilities	2	2	2	2	2
L-T debt					
Other liabilities					
Minority interest					
<b>Net Assets</b>	<b>38,958</b>	<b>39,935</b>	<b>39,651</b>	<b>38,401</b>	<b>37,249</b>
<b>Net debt</b>	<b>(46)</b>	<b>(53)</b>	<b>(64)</b>	<b>(59)</b>	<b>(131)</b>
Avg outstanding units (shrs)	5,788	5,788	5,788	5,788	5,788

Sources: Company data, Thanachart estimates

Income Statement		6M as			
(Bt m)	q-q%	y-y%	% 2024F	FY24F	FY25F
Revenue	3	32	76	4,620	5,390
<b>Gross profit</b>	<b>3</b>	<b>32</b>	<b>76</b>	<b>4,620</b>	<b>5,390</b>
SG&A	5	6	48	83	97
Operating profit	3	32	76	4,537	5,293
<b>EBITDA</b>	<b>3</b>	<b>32</b>	<b>76</b>	<b>4,537</b>	<b>5,293</b>
Other income	17	220	443	4	4
Other expense	na	na	51	(15)	(18)
Interest expense					
<b>Profit before tax</b>	<b>3</b>	<b>33</b>	<b>77</b>	<b>4,526</b>	<b>5,279</b>
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	na	na	na	(110)	(1,458)
<b>Net profit</b>	<b>na</b>	<b>(96)</b>	<b>13</b>	<b>4,416</b>	<b>3,821</b>
<b>Normalized profit</b>	<b>3</b>	<b>33</b>	<b>77</b>	<b>4,526</b>	<b>5,279</b>
EPS (Bt)	na	(96)	13	0.76	0.66
Normalized EPS (Bt)	3	33	77	0.78	0.91

Financial Ratios					
(%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Sales grow th	141.5	184.5	78.7	41.4	32.0
EBITDA grow th	147.2	194.9	80.8	42.0	32.3
Net income grow th	834.7	na	na	na	(95.7)
Norm income grow th	147.5	196.0	83.0	42.1	32.8
Norm EPS grow th	147.5	196.0	83.0	42.1	32.8
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	98.7	98.9	98.5	99.0	99.0
EBITDA margin	98.7	98.9	98.5	99.0	99.0
Norm net margin	98.8	98.8	99.0	99.0	99.4
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Interest coverage (x)	na	na	na	na	na
Effective tax rate	-	-	-	-	-
ROA	9.6	10.7	10.3	12.3	13.1
ROE	9.6	10.7	10.3	12.3	13.1

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