

COMPANY UPDATE

BTS Group Holdings (BTS TB)

Pink Line And Yellow Lines To Remain Key Drags yoy

BTS reported a 2QFY25 net loss of Bt456m, up from Bt382m in 1QFY25, but down from a net profit of Bt257m in 2QFY24. The key pressures were losses from the Pink and Yellow Lines. Although we expect qoq lower loss contributions from both lines, operations are likely to remain weak yoy. We still project unexciting earnings catalysts and an unattractive valuation. Maintain HOLD. Target price: Bt4.79.

WHAT'S NEW

- **Restructuring completion.** BTS Group Holdings (BTS) completed the the rights offering (RO) transaction with total proceeds of Bt13.2b where Bt7.1b were used for a voluntary tender offer (VTO) for Rabbit Holding (RABBIT) and Roctec Global (ROCTEC). The remaining Bt6.1b will be used for debt repayment and working capital.
- **Management firmly believes it will receive operation and maintenance (O&M).** Based on payment schedule, Bangkok Metropolitan Administration (BMA) and Krungthep Thanakom (KT) must repay the Bt14b debt to BTS by 22 Jan 25.
- **Deleveraging the gearing ratio.** Adjusted net debt to equity (adjusted net D/E) for 2QFY25 improved to 2.36x, down from 2.50x as of end-FY24. The adjusted net D/E is expected at 1.83x, including RO proceeds from the capital increase transaction.

STOCK IMPACT

- **Qoq improvement in Pink and Yellow Lines ridership.** Based on our channel check, average ridership of the Yellow and Pink Lines increased to 41,000 and 59,353 trips/day respectively, up 26.9% and 15.6% qoq in 2QFY25. The ridership for both lines has been improving mom since early-1QFY25 (Apr 24). Management expects the Pink and Yellow Lines to break even in 2027-28 while we expect them to break even in 2031 and 2033, respectively.

KEY FINANCIALS

Year to 31 Mar (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	18,311	18,175	14,921	15,531	16,582
EBITDA	3,056	2,208	1,736	3,029	3,819
Operating profit	2,089	899	(141)	716	1,266
Net profit (rep./act.)	1,836	(5,241)	(1,477)	502	1,495
Net profit (adj.)	2,078	275	(1,477)	502	1,495
EPS (Bt)	0.1	0.0	(0.1)	0.0	9.9
PE (x)	41.4	312.8	n.a.	171.3	0.5
P/B (x)	1.1	1.4	1.4	1.4	0.0
EV/EBITDA (x)	81.2	112.4	143.0	81.9	65.0
Dividend yield (%)	6.4	3.3	(1.7)	0.6	1.8
Net margin (%)	10.0	(28.8)	(9.9)	3.2	9.0
Net debt/(cash) to equity (%)	283.1	374.9	328.8	316.9	300.8
Interest cover (x)	0.8	0.4	0.3	0.5	0.6
ROE (%)	3.1	(10.2)	(3.2)	1.1	3.2
Consensus net profit	-	-	143	777	1,608
UOBKH/Consensus (x)	-	-	(10.33)	0.65	0.93

Source: BTS Group Holdings, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt4.84
Target Price	Bt4.79
Upside	-1.1%
(Previous TP)	Bt4.47)

COMPANY DESCRIPTION

BTS Group Holdings is a multi-industry conglomerate specialised in mass transit business, especially rail transport, media, digital services and property businesses seeking to amplify value from data integration and cross-business synergies.

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	BTS TB
Shares issued (m):	13,167.6
Market cap (Btm):	79,005.8
Market cap (US\$m):	2,284.6
3-mth avg daily t'over (US\$m):	14.9

Price Performance (%)

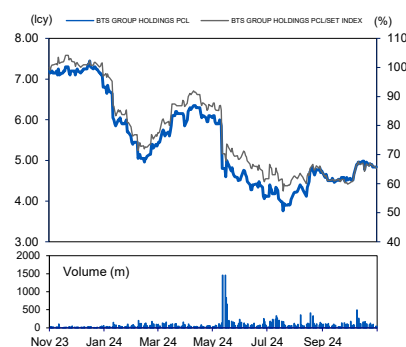
52-week high/low	Bt7.45/Bt3.72			
1mth	3mth	6mth	1yr	YTD
7.1	19.8	(20.7)	(34.1)	(33.2)

Major Shareholders

	%
Kanjanapas Group	31.60
THAI NVDR COMPANY LIMITED	8.38
UBS AG SINGAPORE BRANCH	5.95

FY25 NAV/Share (Bt)	3.45
FY25 Net Debt/Share (Bt)	11.34

PRICE CHART



Source: Bloomberg

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2QFY25 RESULTS

Year to 31 Mar (Btm)	2QFY25	2QFY24	1QFY25	yoy % chg	qoq % chg
Sales	3,972	3,981	3,654	0%	9%
Gross Profit	1,288	1,316	1,012	-2%	27%
EBITDA	227	784	211	-71%	8%
Pre-tax Profit	(208)	778	(141)	NA	NA
Net Profit	(456)	257	(382)	NA	NA
Ratio (%)					
Gross Margin (%)	32.4%	33.1%	27.7%		
EBITDA Margin (%)	5.7%	19.7%	5.8%		
Net Margin (%)	-11.5%	6.5%	-10.5%		

Source: BTS Group Holdings, UOB Kay Hian

- Result recap.** BTS reported 2QFY25 net loss of Bt456m, up from 1QFY25 of Bt382m, but turning from a net profit of Bt257m in 2QFY24. 2QFY25 operating revenue came in flattish yoy but grew 6.1% qoq. Construction revenue dropped, mainly due to lower contracting revenue of the Pink Line yoy, but offset by the improvement in the Pink and Yellow Lines farebox revenues. 2QFY25 gross profit margin came in at 32.4%, down from 33.1% in 2QFY24, but increasing from 29.4% in 1QFY25.

EARNINGS REVISION/RISK

- Forecast revised.** We revise our FY25-26 earnings downward mainly due to the lower-than-expected Yellow Line ridership, but to be offset by the better-than-expected Pink Line in medium to long term.

EARNINGS REVISION

(Btm)	2025F			2026F		
	Old	New	Chg %	Old	New	Chg %
Sales	14,999	14,921	-0.5%	15,659	15,531	-0.8%
Net Profit	49	(1,477)	-3117.4%	1,183	502	-57.6%
Core Profit	49	(1,477)	-3117.4%	1,183	502	-57.6%

Source: BTS, UOB Kay Hian

VALUATION/RECOMMENDATION

- Maintain HOLD with a higher SOTP-based target price of Bt4.79.** Although we expect a narrowing loss for BTS for qoq earnings, we maintain our HOLD rating on BTS as we still see a lack of share price catalysts and unattractive valuation.

SHARE PRICE CATALYST

- a) Yellow Line ridership and pass-through ridership from other monorail lines, and b) better associate and JV performance.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

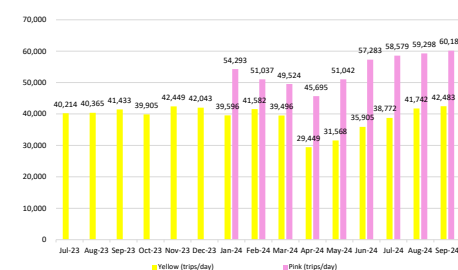
CG Report: 5
SET ESG Rating: AA
Environmental
- Net zero. BEM aims to be a carbon neutral and net zero company by 2050 and 2065 respectively. It is committed to developing the business sustainably and growing according to the sustainable development framework, in order to comply with Sustainable Development Goals (SDGs).
Social
- The company emphasises business operations with social responsibility in every operation by treating every stakeholder with respect for human rights as a basis. It emphasises fair and equal treatment of workers, and strictly complies with relevant laws.
Governance
- Good governance practices. BTS is committed to operating its business in accordance with good corporate governance policy and management excellence. BTS received the "Excellent" rating on good corporate governance from the Thai Institute of Directors (IOD).

SOTP-BASED VALUATION

Business(es)	Value (Btm)	Note
Mass Transit - Green Line O&M	57,905	DCF, WACC 5.2%
Mass Transit - BTSGIF	17,153	DCF, WACC 6.4%
Mass Transit - Pink Line	15,295	DCF, WACC 4.9%
Mass Transit - Yellow Line	15,168	DCF, WACC 4.9%
MIX Business (Media)	14,239	Based on VG's Fair value
Thanulux PCL	4,491	Market Price
RABBIT Holdings	15,063	BV
Roctec Global	709	BV
Intercity Motorways	5,274	DCF, WACC 5.0%
- Adjusted Net Debt	(82,260)	
Total Value	63,038	
number of shares (m)	13,168	
Fair Value (Bt)	4.79	

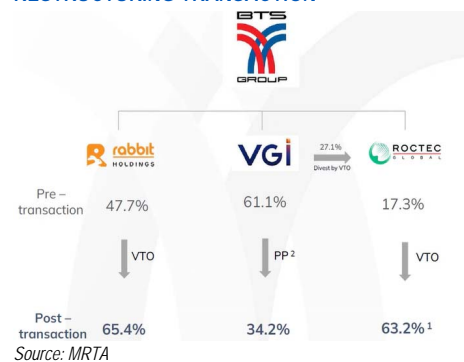
Source: BTS, UOB Kay Hian

AVERAGE DAILY RIDERSHIP OF YELLOW AND PINK LINES



Source: MRTA

NEW SHAREHOLDING AFTER THE RESTRUCTURING TRANSACTION



PROFIT & LOSS

Year to 31 Mar (Btm)	2024	2025F	2026F	2027F
Net turnover	18,175	14,921	15,531	16,582
EBITDA	2,208	1,736	3,029	3,819
Deprec. & amort.	1,309	1,877	2,313	2,553
EBIT	899	(141)	716	1,266
Total other non-operating income	1,645	5,759	5,764	5,768
Associate contributions	(2,063)	84	691	1,299
Net interest income/(expense)	(6,008)	(6,741)	(6,408)	(5,962)
Pre-tax profit	(5,526)	(1,039)	762	2,371
Tax	(1,707)	(1,299)	(953)	(1,423)
Minorities	1,992	861	693	547
Net profit	(5,241)	(1,477)	502	1,495
Net profit (adj.)	275	(1,477)	502	1,495

CASH FLOW

Year to 31 Mar (Btm)	2024	2025F	2026F	2027F
Operating	(14,911)	28,043	5,967	8,274
Pre-tax profit	(5,526)	(1,039)	762	2,371
Tax	(1,707)	(1,299)	(953)	(1,423)
Deprec. & amort.	1,309	1,877	2,313	2,553
Associates	2,063	(84)	(691)	(1,299)
Working capital changes	(7,033)	26,182	3,060	3,374
Non-cash items	109	2,238	95	99
Other operating cashflows	(4,126)	168	1,381	2,599
Investing	2,884	(3,906)	(563)	(3,234)
Capex (growth)	(6,207)	(5,123)	(638)	(2,823)
Investments	71,354	71,473	72,190	73,506
Others	(62,264)	(70,257)	(72,115)	(73,917)
Financing	10,066	(6,714)	(15,843)	(12,182)
Dividend payments	(2,097)	1,108	(377)	(1,122)
Issue of shares	0	0	0	0
Proceeds from borrowings	13,814	0	0	0
Loan repayment	0	(7,822)	(15,466)	(11,060)
Others/interest paid	(1,651)	0	0	0
Net cash inflow (outflow)	(1,962)	17,422	(10,439)	(7,141)
Beginning cash & cash equivalent	13,885	11,923	29,345	18,907
Ending cash & cash equivalent	11,923	29,345	18,907	11,765

BALANCE SHEET

Year to 31 Mar (Btm)	2024	2025F	2026F	2027F
Fixed assets	71,440	74,685	73,011	73,281
Other LT assets	152,935	154,919	152,980	151,326
Cash/ST investment	11,923	29,345	18,907	11,765
Other current assets	35,784	5,468	5,694	5,851
Total assets	272,082	264,417	250,592	242,223
ST debt	42,042	31,676	27,276	33,284
Other current liabilities	9,713	9,558	10,155	10,679
LT debt	144,386	146,929	135,863	118,795
Other LT liabilities	9,549	11,007	11,928	12,969
Shareholders' equity	46,542	45,396	45,519	46,645
Minority interest	19,851	19,851	19,851	19,851
Total liabilities & equity	272,082	264,417	250,592	242,223

KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	12.2	11.6	19.5	23.0
Pre-tax margin	(30.4)	(7.0)	4.9	14.3
Net margin	(28.8)	(9.9)	3.2	9.0
ROA	(1.9)	(0.6)	0.2	0.6
ROE	(10.2)	(3.2)	1.1	3.2
Growth				
Turnover	(0.7)	(17.9)	4.1	6.8
EBITDA	(27.7)	(21.4)	74.5	26.1
Pre-tax profit	n.a.	n.a.	n.a.	211.0
Net profit	n.a.	n.a.	n.a.	197.8
Net profit (adj.)	(86.8)	n.a.	n.a.	197.8
EPS	(86.8)	n.a.	n.a.	34,857.1
Leverage				
Debt to total capital	73.7	73.2	71.4	69.6
Debt to equity	400.6	393.4	358.4	326.0
Net debt/(cash) to equity	374.9	328.8	316.9	300.8
Interest cover (x)	0.4	0.3	0.5	0.6

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