

BTS

BTS Group Holdings

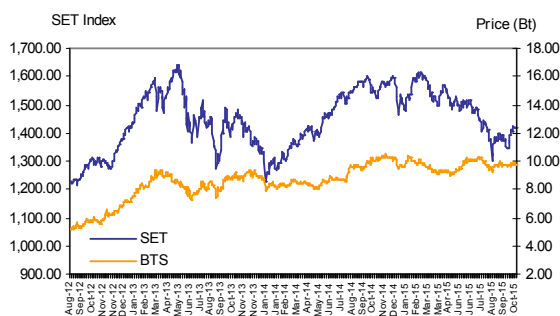
Current	Previous	Close	17 TP	Exp Return	Support	Resistance	Anti-corrupt	CGR 2014
HOLD	BUY	9.70	10.10	+ 4.1%	9.6 - 9.4	9.9 - 10.1	Declared	▲▲▲▲▲

Consolidated earnings - Ended March				
BT (mn)	2014	2015	2016E	2017E
Normalized earnings	1,626	2,424	2,359	2,526
Net profit	12,597	2,944	4,845	2,526
Normalized EPS (Bt)	0.14	0.20	0.20	0.21
Reported EPS (Bt)	1.06	0.25	0.41	0.21
% Norm EPS growth	583.2	-76.6	64.6	-47.9
Dividend (Bt)	0.60	0.51	0.67	0.11
BV/share (Bt)	5.0	4.4	4.1	4.3
EV/EBITDA (x)	36.0	37.4	42.8	39.9
PER (x)	71.1	47.7	49.0	45.8
PER (x) - normalized	9.2	39.3	23.9	45.8
PBV (x)	1.9	2.2	2.3	2.3
Dividend yield (%)	6.9	5.3	6.9	1.1
YE No. of shares (million)	11,914	11,919	11,919	11,919
No. of share - full dilution	11,914	11,919	11,919	11,919
Par (Bt)	4.0	4.0	4.0	4.0

Source: Company data, FSS estimates

Share data	
Close (22/10/2015)	9.70
SET Index	1,416.14
Foreign limit/actual (%)	49.00/13.75
Paid-up shares (million)	11,929.35
Free float (%)	57.30
Market cap (Bt mn)	115,714.69
Avg daily T/O (Bt mn) (2015 YTD)	321.89
Hi, lo, avg (Bt) (2015 YTD)	10.40, 8.95, 9.73

Source: Setsmarts



Source: SET

Analyst: Jitra Amornthum
 Register No.: 014530
Assistant Analyst : Tirada Kulsuppaisarn
 Tel.: +662 646 9966
 email: jitra.a@fnsyrus.com
 www.fnsyrus.com

Decrease fiscal 2016-2017E net profit to factor in slow media business

Our forecast calls for BTS's fiscal 2Q16 net profit to come in weak at Bt443mn (-85% Q-Q, -30% Y-Y). After which, we have revised down our fiscal 2016-2017E net profit by 5% on average to factor in negative impact from its media business which recovers slower than expected. To elaborate, we have cut our growth estimate for the company's media business, while maintaining our forecast for the rest. Given that, we slash our revenues forecast by 7% on average to Bt5.9bn in fiscal 2016 and Bt6.4bn in fiscal 2017. Moreover, we have cut our net profit estimate to Bt4.8bn in this fiscal year and to Bt2.5bn in the next fiscal year. We have rolled over to our fiscal 2017 TP of Bt10.1, which has included value of the South Green Line Train project. Finally, we retain our HOLD rating on BTS to receive DPS of Bt0.67, the last fixed dividend, implying annualized dividend yield of 6.9%.

Expect fiscal 2Q16 net profit to tumble both Q-Q and Y-Y

Our forecast calls for BTS's fiscal 2Q16 net profit (calendar: July - September 2015) to sharply decrease 85% Q-Q and 30% Y-Y to Bt443mn. Such losses are likely to be attributed to two factors. First is absence of extra gain in fiscal 1Q16. Second is negative impact from its media business (i.e. VGI) which grows slower than expected after the unit terminated its modern trade media business, probably causing its revenues for the quarter to fall 5% Q-Q and 34% Y-Y.

Revise down fiscal 2016-2017E net profit by 5% on average

We have decreased our fiscal 2016-2017E net profit (calendar: April 2015 - March 2017) by 5% on average. After which, it is now equal to about Bt4.8bn and Bt2.5bn, respectively. Such downward revision reflects negative impact from BTS's media business which accounts for 46% of its total revenues in fiscal 2015 (calendar: April 2014 - March 2015) after the economy looks set to recover slower than expected in the second half of this year. To elaborate, we have decreased our fiscal 2016E revenue from its transit, office and other media to +4% Y-Y, +25% Y-Y, and +275% Y-Y, respectively, while maintaining our estimate for revenue from the remaining entities. As a result, BTS's revenues estimates are also slashed by 7% on average to Bt5.9bn in fiscal 2016 and Bt6.4bn in 2017.

Roll over to fiscal 2017 TP of Bt10.1; maintain HOLD rating

We have rolled over to our fiscal 2017 TP (calendar: April 2016 - March 2017) of Bt10.1. It has included value of the South Green Line Train project because we expect BTS to be able to realize revenue from such project in fiscal 2018. Finally, we retain our HOLD rating on BTS to receive DPS of Bt0.67 from fiscal 2016 performance, the last fixed dividend, implying annualized dividend yield of 6.9%.

2Q16 Earnings Preview (Jul - Sep 15)

(Bt mn)	2Q16E	1Q16	%Q-Q	2Q15	%Y-Y
Revenues	1,206	1,330	-9.3	1,654	-27.1
Operating Cost	569	651	-12.5	866	-34.3
Gross profit	637	679	-6.2	788	-19.2
SG&A	241	327	-26.3	457	-47.2
Interest expense	84	80	5.1	112	-24.8
Normalized earnings	443	484	-8.4	565	-21.5
Net profit	443	3,016	-85.3	633	-30.0
Gross margin (%)	52.8	51.1	1.7	47.7	5.2
Norm earnings margin (%)	36.7	36.4	0.4	34.1	2.6
Net profit margin (%)	36.7	226.8	-190.1	38.3	-1.5

Source: FSS Research

Income Statement (Consolidated) - Ended March					
(Bt mn)	2013	2014	2015	2016E	2017E
Revenue	10,376	7,920	6,378	5,902	6,355
Cost of sales	5,317	4,148	3,163	2,906	3,151
Gross profit	5,058	3,772	3,215	2,995	3,204
SG&A	1,727	1,668	1,563	1,345	1,448
Operating profit	3,331	2,104	1,652	1,651	1,756
Other income	195	1,572	1,507	1,283	1,381
EBIT	3,526	3,676	3,159	2,934	3,137
EBITDA	4,571	5,021	4,721	4,191	4,448
Interest charge	1,248	628	403	253	245
Tax on income	1,248	1,095	660	686	735
Earnings after tax	1,030	2,565	2,820	2,744	2,939
Minority Interests	209	939	396	386	413
Norm profit	822	1,626	2,424	2,359	2,526
Extraordinary items	897	10,971	520	2,486	0
Net profit	1,719	12,597	2,944	4,845	2,526

Cash Flow Statement (Consolidated) - Ended March					
(Bt mn)	2013	2014	2015	2016E	2017E
Net profit	1,719	12,598	2,944	4,845	2,526
Depreciation etc.	249	372	320	411	115
Change in working capital	-41,672	19,751	11,022	3,370	350
Other adjustments	0	0	0	0	0
Cash flow from operation	-39,704	32,720	14,286	8,625	2,991
Capital expenditures	1,379	-1,396	1,496	4,041	8
Others	42,330	-23,352	-3,348	-10,416	250
Cash flow from investing	43,710	-24,748	-1,852	-6,375	258
Free cash flow	4,006	7,972	12,434	2,250	3,249
Net borrowings	-5,580	-3,763	-505	-367	-302
Equity capital raised	7,826	3,230	20	0	0
Dividend paid	0	-7,137	-6,048	-8,000	-1,263
Others	-4,194	4,904	-4,549	354	458
Cash flow from financing	-1,948	-2,765	-11,082	-8,012	-1,106
Net Change in cash	2,058	5,207	1,352	-5,762	2,142

Balance Sheet (Consolidated) - Ended March					
(Bt mn)	2013	2014	2015	2016E	2017E
Cash	3,513	8,669	10,112	4,054	6,188
Current investment	994	23,496	6,371	6,371	6,371
Accounts receivable	971	1,088	1,239	896	965
Inventory	0	0	0	0	0
Other current asset	46,842	4,090	8,281	3,704	3,704
Total current assets	52,321	37,343	26,003	15,026	17,229
Investment	3,566	24,127	26,510	36,656	36,406
PPE	6,941	7,738	5,776	1,620	1,505
Other assets	4,432	7,503	8,523	8,793	8,793
Total Assets	67,260	76,711	66,811	62,095	63,932
Short-term loans	1117	20	530	0	0
Account payable	1,948	2,222	1,851	1,641	1,780
Current maturities	4,791	4,363	2,177	1,785	1,952
Other current liabilities	1,083	1,952	2,237	1,820	1,933
Total current liabilities	8,939	8,557	6,795	5,246	5,665
Long-term debt	6,850	3,087	2,582	2,215	1,913
Other LT liabilities	1,142	5,525	5,422	5,390	5,436
Total non-cu	7,991	8,612	8,004	7,606	7,349
Total liabilities	16,930	17,169	14,799	12,852	13,014
Registered capital	47,946	63,653	63,653	63,652	63,652
Paid-up capital	44,427	47,657	47,677	47,677	47,677
Share Premium	1,486.1	1,797.2	1,807.6	1,807.6	1,807.6
Legal reserve	1751	2760	2937	3179	3306
Retained earnings	-3,633	818	-2,462	-5,860	-4,723
Others	4398	4653	769	769	769
Minority Interest	1902	1856	1284	1670	2083
Shareholders' equity	50,330	59,542	52,012	49,243	50,918

Important Ratios (Consolidated) - Ended March					
	2013	2014	2015	2016E	2017E
Growth (%)					
Sales	34.4	-23.7	-19.5	-7.5	7.7
EBITDA	2.3	-21.2	-6.8	-9.5	5.4
Net profit	-18.4	632.9	-76.6	64.6	-47.9
Norm profit	-10.3	98.0	49.0	-2.7	7.1
Profitability Ratios (%)					
Gross profit margin	48.8	47.6	50.4	50.8	50.4
EBITDA margin	42.2	43.6	50.4	49.3	48.3
EBIT margin	34.0	54.1	60.9	62.4	61.7
Norm profit margin	16.6	159.1	46.2	82.1	39.7
Net profit margin	7.9	20.5	38.0	40.0	39.7
Normalized ROA	1.2	2.3	3.4	3.7	4.0
Normalized ROE	1.9	3.0	4.3	4.7	5.0
Normalized ROCE	6.0	6.3	6.5	6.5	6.7
Risk (x)					
D/E	0.3	0.1	0.1	0.1	0.1
Net D/E	0.2	0.0	Cash	Cash	Cash
Net debt/EBITDA	2.1	Cash	Cash	Cash	Cash
Per share data (Bt)					
Reported EPS	0.15	1.06	0.25	0.41	0.21
Norm EPS	0.07	0.14	0.20	0.20	0.21
EBITDA	0.39	0.29	0.27	0.24	0.26
Book value	4.53	5.00	4.36	4.13	4.27
Dividend	0.00	0.60	0.51	0.67	0.11
Par (Bt)	4.00	4.00	4.00	4.00	4.00
Valuations (x)					
P/E	62.7	9.2	39.3	23.9	45.8
Norm P/E	131.1	71.1	47.7	49.0	45.8
P/BV	2.1	1.9	2.2	2.3	2.3
EV/EBITDA	27.7	36.0	37.4	42.8	39.9
Dividend Yield	0.0	6.9	5.3	6.9	1.1

Source: Company data, FSS research

Finansia Syrus Securities Public Company Limited
Head Office

999/9 The offices at Central World
18th, 25th Fl.,
Rama 1 Rd., Patumwan,
Bangkok

Alma Link

9th, 14th, 15th Fl.,
Alma Link Building 25
Soi Chidlom, Ploenchit, Lumpini,
Patumwan, Bangkok

Amarin Tower

496-502 Amarin Tower
20th Floor, Pleonchit,
Lumpini, Pathumwan,
Bangkok

Thaisummit Tower

1768 Thaisammit Tower Building,
5nd, 31th Floor, New Petchburi
Road, Bangkapi, Huaykwang,
Bangkok

Pinklao 1

7/129-221 Central Pinklao Office
Building, Room 1404, 14th Fl.,
Baromratchonnanee Road,
Arunamarin, Bangkoknoi, Bangkok

Bangkapi

3105 N Mark Building, 3rd Floor,
Room A3 R02, Ladprao Road,
Klongjan, Bangkapi, Bangkok

Italthai Tower

2034/52 Italthai Tower,
11st Floor, Unit 11-07/01,
New Petchburi Road, Bangkapi,
Huaykwang, Bangkok

Bangna

1093 Tower 1 Office, 19th Floor,
Room 1093/105 Moo 12,
Bangna-Trad Road, Bangna,
Bangkok

Sindhorn 1

130-132 Sindhorn Building 1,
2nd Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 2

130-132 Sindhorn Building 3,
24th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 3

130-132 Sindhorn Building 3,
19th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Ladprao

555 Rasa Tower 2, 11st Floor,
Unit 1106, Phaholyothin Road,
Chatuchak, Bangkok

Prachachuen

105/1 B Building, 4th Floor,
Thessabansongkhrao Road,
Ladyao, Jutujak, Bangkok

Rang sit

1/832 Phaholyothin 60
Kukod, Lumlookka
Pratumtanee

Thaisummit Tower

1768 Thaisammit Tower Building,
2nd Floor, New Petchburi Road,
Bangkapi, Huaykwang,
Bangkok

Rattanatibet

68/127 Moo 8 Rattanatibet Road,
Tumbon Banggrasor,
Aumphoe Muang,
Nonthaburi

Sriracha

135/99 (G fl.) Sukumvit Road,
Tumbon Sriracha
Aumphoe Sriracha, Chonburi

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 3

4/6, 2 fl., ICBC Bank Tower
Khang Meung Road,
Tumbon Nai Meung,
Aumphoe Meung Khonkaen,
Khonkaen

Udonthani

104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Chiangmai

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 3

Maliplace Building 32/4 moo 2
1 fl., B1-1, B1-2 room
Tumbon Maehia
Chiangmai

Chiangrai

353/15 Moo 4,
Tumbon Rimkok
Aumphoe Muang, Cheangrai

Measai

119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Nakornratchasima

1242/2 A3 room, 7 fl.,
The Mall Ratchasima
Mittraphap rood Tumbon Nai Muang
Aumphoe Muang Nakornratchasima
Nakornratchasima

Samutsakorn

1045/16-17 Vichienchodok,
Tumbon Mhachai, Aumphoe
Meungsamutsakorn, Samutsakorn

Nakornpathom

28/16-17 Yingpao Road,
Tumbon Sanamjan,
Aumphoe Muang, Nakornpathom

Phuket

22/18 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,

Hatyai 1

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2rd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Hatyai 2

106 Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2rd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Krabi

223/20 Mharaj Road,
Tumbon Paknam,
Aumphoe Meung, Krabi

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Pattane

Aumphoe Meung, Phuket
300/69-70 Moo 4,
Tumbon Ruramirae,
Aumphoe Meung, Pattane

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

This report has been prepared by Finansia Syrus Securities Public Company Limited (FSS). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved. This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSS. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2014

Score Range	Rating	Description
100-90		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
<50	no logo given	n/a

IOD (IOD Disclaimer)

The Corporate Governance Report (CGR) of Thai listed Companies is based on a survey and assessment of information which companies listed on the Stock Exchange of Thailand and the Market for Alternative Investment ("**listed companies**") disclose to the public. The CGR is a presentation of information from the perspective of outsiders on the standards of corporate governance of listed companies. It is not any assessment of the actual practices of the listed companies, and the CGR does not use any non-public information. The CGR is not therefore an endorsement of the practices of the listed companies. It is not a recommendation for investment in any securities of any listed companies or any recommendation whatsoever. Investors should exercise their own judgment to analyze and consider any information relating to the listed companies presented in this CGR report. No representation or warranty is made by the Institute of Directors or any of its personnel as to the completeness or accuracy of the CGR report or the information used.

Anti-corruption Progress Indicator

Level 5	Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4	Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3	Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes
Level 2	Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1	Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
*	Insufficient or not clearly defined policy	
**	Data not available / no policy	

Anti-corruption Progress Indicator 2014 from Thaipat Institute (as of July 27, 2015)