



### COVID-19 hurts passenger base

1Q21 profit was B305m, falling 46%yoy. Due to COVID-19 wave two, expressway traffic volume and MRT passenger volume fell 13%yoy and 35%yoy. Buy for rebound after the COVID-19 situation improves. BEM is still laggard from peers.

### 1Q21 profit falls due to COVID-19 wave two

1Q21 profit was B305m, falling 40%qoq and 46%yoy. As a result of COVID-19 infection starting in late-2020, total revenue fell 14%qoq and 18%yoy. Expressway traffic volume was 972,600 trips/day (down 14%qoq and 13%yoy), while MRT Blue Line passenger volume was 213,700 trips/day (down 27%qoq and 35%yoy). Gross margin rose to 37% from 34% in 1Q20 due to lower expressway depreciation cost.

### Cut forecast on COVID-19 impact

As a result of COVID-19, we revise down earnings forecast 34%, cutting revenue assumption from expressway and MRT businesses by 18% and 14%, respectively. 2Q21 profit is expected to drop further from 1Q21 due to stricter COVID-19 control, but then a rebound is expected in 2H21.

### BUY for rebound after COVID-19 subsides

New fair value is B9.50. 2Q21 profit would not be strong, but then BEM's businesses would rebound from 3Q21 thanks to vaccine distribution. After declining continuously, this is a good entry point.

#### Key Financial Forecast

Ending Dec 31	2019	2020	2021F	2022F	2023F
Net Profit	5,435	2,051	2,199	3,614	3,835
Normalized Profit	2,965	2,051	2,199	3,614	3,835
EPS (B)	0.36	0.13	0.14	0.24	0.25
PER (x)	21.2	56.3	52.5	31.9	30.1
DPS (B)	0.15	0.09	0.09	0.15	0.16
Dividend Yield (%)	2.0	1.2	1.2	2.0	2.2
PBV (x)	3.0	3.0	3.0	2.8	2.7
EV/EBITDA (x)	13.88	28.54	27.83	21.70	20.98
ROE (%)	14.6	5.3	5.7	9.1	9.2

Source: ASPS Research

# BEM

Rec.:

**BUY**



Current Price (B):	7.55
Target Price (B):	9.50
Upside:	25.8%
Dividend Yield:	1.2%
Total Return:	27.0%
Market Cap. (Million B)	115,401

#### Technical Chart



#### ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2021F	0.14	0.18	-22%
2022F	0.24	0.27	-11%

Source: ASPS and IAA consensus

**CG Score : 5 = Excellent**  
**Anti-corruption Progress Indic.**  
 = na.

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### Earnings Results by Quarter

Million B	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	%QoQ	%YoY	2019	2020	%YoY
Expressway Fare Revenue	2,609	2,591	2,300	1,506	2,148	2,192	1,873	-14.5%	-18.5%	10,302	8,145	-20.9%
MRT Fare & Operating Revenue	1,266	1,383	1,293	815	1,210	1,201	1,023	-14.8%	-20.9%	5,022	4,520	-10.0%
Commercial Development Revenue	199	228	204	167	214	239	215	-10.2%	5.5%	783	825	5.4%
Cost of Expressway Service	1,530	1,544	1,209	584	647	688	614	-10.7%	-49.2%	6,040	3,128	-48.2%
Cost of MRT Service	1,008	1,183	1,233	1,185	1,328	1,220	1,288	5.6%	4.5%	4,060	4,965	22.3%
Cost of Commercial Development	54	60	53	52	51	70	54	-22.1%	2.3%	210	226	7.5%
Gross Profit	1,480	1,415	1,302	668	1,546	1,546	1,154	-25.4%	-11.4%	5,797	5,063	-12.7%
SG&A	303	389	305	340	310	391	314	-19.7%	3.0%	1,336	1,347	0.8%
Operating Profit	1,177	1,026	997	328	1,237	1,155	840	-27.3%	-15.7%	4,460	3,716	-16.7%
Other Income	358	102	91	345	294	102	74	-27.6%	-18.9%	4,297	833	-80.6%
Normalized Profit	916	518	505	152	822	570	305	-46.4%	-39.5%	2,965	2,048	-30.9%
Net Profit	937	521	508	152	822	570	305	-46.4%	-39.8%	5,435	2,051	-62.3%
EPS (B)	0.06	0.03	0.03	0.01	0.05	0.04	0.02	-46.4%	-39.8%	0.36	0.13	-62.3%
SG&A/Sales	7.4%	9.3%	8.0%	13.7%	8.7%	10.8%	10.1%					
Gross Margin	36.3%	33.7%	34.3%	26.8%	43.3%	42.6%	37.1%					
Net Profit Margin	23.0%	12.4%	13.4%	6.1%	23.0%	15.7%	9.8%					

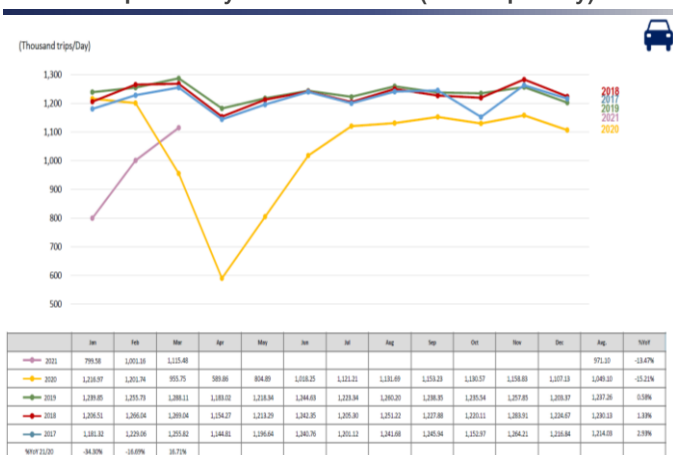
Source: ASPS Research

### Forecast Revision

(Million B)	New		Old		Change	
	21F	22F	21F	22F	21F	22F
<b>Forecast</b>						
Net Profit	2199	3614	3,344	4,498	-34.2%	-19.7%
EPS (B)	0.14	0.24	0.22	0.29	-34.2%	-19.7%
Fair Value (B)	9.50		10.20		-6.9%	
<b>Assumption</b>						
Total Revenue	14,478	16,912	16,027	18,095	-15.5%	-9.7%
Revenue from Expressway	8,500	9,594	9,734	10,645	-18.4%	-12.7%
Revenue from MRT	5,106	6,272	5,421	6,404	-14.0%	-5.8%
Gross Margin	38.5%	43.6%	43.6%	46.8%	-5.1%	-3.2%

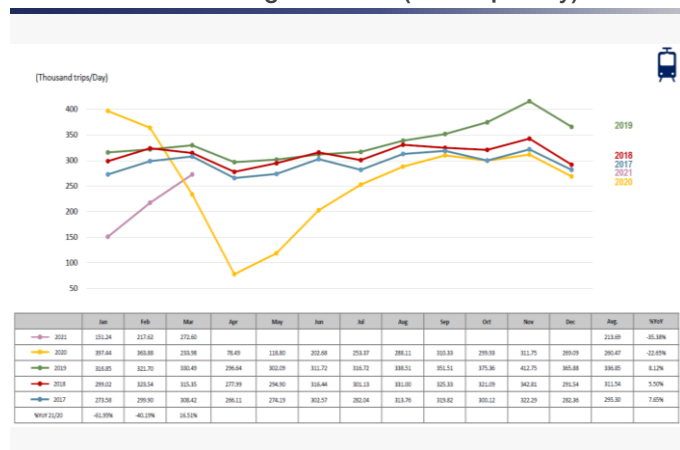
Source: ASPS Research

### Expressway Traffic Volume ('000 trips/day)



Source: BEM

### MRT Passenger Volume ('000 trips/day)



Source: BEM

### Key Risk

1. MRT passenger volume and expressway traffic volume may miss forecast, while MRT and expressway fares may not be raised as planned, pressuring BEM's revenue.
2. Unexpected external factors (e.g. pandemic, natural disaster, serious accident, earthquake, terrorism attack, and unrest) may force BEM to halt service and hurt BEM's revenue.

Source: ASPS Research

### 2021-2023F Earnings Forecast

#### Statement of Income (Million B)

End 31 Dec	2020	2021F	2022F	2023F
Revenue	13,489	14,478	16,912	18,073
Cost of service	8,427	8,901	9,535	10,360
<b>Gross profit</b>	<b>5,063</b>	<b>5,577</b>	<b>7,377</b>	<b>7,713</b>
SG&A	1,347	1,430	1,529	1,636
Interest expense	2,113	2,347	2,339	2,314
Other expense	-	-	-	-
Other income	833	897	912	927
Shared profit from equity method	0	0	0	0
Earnings before tax	2,437	2,696	4,422	4,691
Income tax	382	485	796	844
Normalized profit	2,051	2,199	3,614	3,835
Extraordinary items	0	0	0	0
<b>Normalized profit</b>	<b>2,051</b>	<b>2,199</b>	<b>3,614</b>	<b>3,835</b>
<b>Net profit</b>	<b>2,051</b>	<b>2,199</b>	<b>3,614</b>	<b>3,835</b>
EPS	0.18	0.27	0.37	0.43
Revenue growth	-16%	7%	17%	7%
Net profit growth	-62%	7%	64%	6%
Gross profit margin	38%	39%	44%	43%
Net profit margin	15%	15%	21%	21%

#### Statement of Income (Million B)

Quarterly	2Q20	3Q20	4Q20	1Q21
Revenue	2,489	3,572	3,632	3,111
Cost of service	1,821	2,026	2,086	1,957
<b>Gross profit</b>	<b>668</b>	<b>1,546</b>	<b>1,546</b>	<b>1,154</b>
SG&A	340	310	391	314
Interest expense	548	560	549	532
Other income	345	294	102	74
Shared profit from equity method	0	0	0	0
Earnings before tax	124	971	708	382
Income tax	(29)	148	140	76
Normalized profit	709	916	518	505
Minority interest	1	2	(2)	1
Extraordinary items	0	0	0	0
<b>Net profit</b>	<b>152</b>	<b>822</b>	<b>570</b>	<b>305</b>
Revenue growth (%yoy)	-36%	-12%	-14%	-18%
Gross profit growth (%yoy)	-52%	4%	9%	-11%
Net profit growth (%yoy)	-95%	-12%	9%	-40%

#### Financial Ratio

End 31 Dec	2020	2021F	2022F	2023F
Current Ratio (x)	0.4	0.2	0.1	0.1
Quick ratio (x)	0.4	0.2	0.1	0.1
Account receivable turnover (x)	24.6	30.3	30.3	30.3
Inventory turnover (x)	-	-	-	-
Account payable turnover (x)	4.8	5.3	5.3	5.3
D/E Ratio (x)	2.0	1.9	1.9	1.9
Net gearing	1.8	1.8	1.7	1.7
ROAA (%)	2%	2%	3%	3%
ROAE (%)	5%	6%	9%	9%

Source: ASPS Research

### 2021-2023F Earnings Forecast

#### Cash Flow Statement (Million B)

Year ended 31 Dec	2020	2021F	2022F	2023F
<b>Cash flow from operating activities</b>				
Net profit	2,051	2,199	3,614	3,835
Adjustment	-	-	-	-
Depreciation & amortization	1,858	1,570	1,817	1,975
Unrealized Fx gain/loss	-	-	-	-
Others	2,423	763	1,510	1,354
Increase / Decrease in operation activities	(981)	(123)	(82)	(2)
Net cash flow from operating activities	5,351	4,408	6,858	7,161
<b>Cash flow from investing activities</b>				
Increase / Decrease in investment	1,158	0	0	0
Increase / Decrease in fixed assets	(50)	(50)	(50)	(50)
Increase / Decrease in intangible assets	(5,502)	(2,565)	(5,065)	(5,065)
Others	670	497	512	527
Net cash flow from investing activities	(3,724)	(2,118)	(4,603)	(4,588)
<b>Cash flow from financing activities</b>				
Increase / Decrease in loans	2,756	231	1,508	808
Increase / Decrease in capital & share premium	-	-	-	-
Others	(2,097)	(2,325)	(2,636)	(2,636)
Dividend payment	(1,376)	(1,381)	(1,889)	(2,421)
Net cash flow from financing activities	(717)	(3,476)	(3,017)	(4,249)
<b>Increase / Decrease in net cash</b>	<b>910</b>	<b>(1,185)</b>	<b>(762)</b>	<b>(1,675)</b>

#### Balance Sheet (Million B)

Year ended 31 Dec	2020	2021F	2022F	2023F
Cash and cash equivalent	1,614	674	113	(1,350)
Trade receivables	549	478	558	596
Inventory	0	0	0	0
Other current assets	1,007	1,007	1,007	1,007
Net PP&E & concession rights	84,733	88,362	93,701	99,009
Other non-current assets	16,081	16,242	16,404	16,568
<b>Total assets</b>	<b>113,616</b>	<b>114,789</b>	<b>118,184</b>	<b>120,609</b>
Trade payables	1,745	1,674	1,793	1,948
Short-term (one-year) liabilities	11,360	16,692	26,392	35,892
Other liabilities	629	643	684	729
Long-term loans & bonds	57,728	52,627	44,435	35,743
<b>Total liabilities</b>	<b>75,582</b>	<b>75,756</b>	<b>77,424</b>	<b>78,432</b>
Paid-up share capital	15,285	15,285	15,285	15,285
Share premium	5,817	5,817	5,817	5,817
Retained earnings	17,037	17,769	19,494	20,908
<b>Total shareholders' equities</b>	<b>38,034</b>	<b>39,033</b>	<b>40,760</b>	<b>42,177</b>
<b>Total liabilities &amp; shareholders' equities</b>	<b>113,616</b>	<b>114,789</b>	<b>118,184</b>	<b>120,609</b>

#### Assumption

Year ended 31 Dec	2020	2021F	2022F	2023F
Expressway traffic volume (trips/day)	1,051,976	988,411	1,092,128	1,119,873
Expressway traffic volume growth (%)	-15%	-6%	10%	3%
MRT passenger volume (trips/day)	260,650	330,309	427,583	480,058
MRT passenger volume growth (%)	-23%	27%	29%	12%

Source: ASPS Research