Bangkok Expressway and Metro (BEM TB)

3Q26: Results In Line, Reaching A Record High

Highlights

- BEM's 3Q26 net profit reached a record high of Bt1.1b, +5% yoy, in line with our and consensus estimates.
- Expressway traffic and MRT ridership began to recover in the second half of Oct 26. Our forecast for 7% yoy earnings growth in 4Q26 remains achievable.
- The share price has declined since Aug 26, while fundamentals remain unchanged. We remain positive on BEM's short- to medium-term outlook.
- Maintain BUY with a target price of Bt8.50.

3Q26 Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26	yoy	qoq	2025	2026F	yoy
Revenue	4,319	3,982	4,327	0.2%	8.7%	16,916	17,016	0.6%
Gross Profit	1,920	1,663	1,944	1.3%	16.9%	7,458	7,500	0.6%
EBITDA	2,180	1,905	2,234	2.5%	17.3%	8,511	8,704	2.3%
Interest expenses	(570)	(512)	(507)	-10.9%	-0.8%	(2,277)	(2,174)	-4.5%
Income tax	(215)	(174)	(229)	6.2%	31.6%	(808)	(842)	4.2%
Net Profit	**1,079**	**1,012**	**1,134**	**5.0%**	**12.0%**	**3,781**	**3,917**	**3.6%**
Gross Margin (%)	44.4%	41.8%	44.9%	0.5%	7.5%	44.1%	44.1%	0.0%
Net Margin (%)	25.0%	25.4%	26.2%	1.2%	3.1%	22.4%	23.0%	0.7%
Average Daily Traffic ('000)	1,107	1,091	1,115	0.7%	2.2%	1,107	1,114	0.7%
Average Daily Ridership ('000)	435	394	433	-0.4%	10.0%	425	434	2.0%

Source: Bangkok Expressway and Metro, UOB Kay Hian

Analysis

- **Results in line.** Bangkok Expressway and Metro's (BEM) 3Q26 net profit reached a record high of Bt1.1b (+5% yoy, +12% qoq), in line with our and consensus estimates, mainly supported by lower financial costs and strong rail business. Revenue remained flat yoy, while gross profit increased 1%. By segment, rail was the key growth contributor, with gross profit rising 34% yoy, supported by higher Purple Line O&M revenue and lower maintenance costs. Expressway gross profit declined 4% yoy due to higher amortisation and maintenance-related expenses, while commercial development gross profit fell 6% yoy. In terms of profitability, gross profit margin improved 40bps yoy, while the SG&A-to-revenue increased 28bps to 7.2%. As a result, EBIT remained broadly flat yoy, with lower financial costs providing the key support to net profit growth.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	17,003.6	16,915.8	17,016.2	17,877.4	18,681.0
EBITDA	8,344.9	8,510.6	8,704.2	9,184.1	9,574.5
Operating profit	6,245.9	6,191.1	6,264.8	6,675.8	7,029.7
Net profit (rep./act.)	3,768.0	3,780.8	3,917.4	4,080.4	4,388.4
Net profit (adj.)	3,768.0	3,780.8	3,917.4	4,080.4	4,388.4
EPS	0.2	0.2	0.3	0.3	0.3
PE (x)	25.2	25.1	24.2	23.2	21.6
P/B (x)	2.6	2.6	2.4	2.4	2.2
EV/EBITDA (x)	21.5	24.0	24.4	23.6	22.6
Dividend yield (%)	2.3	2.4	2.4	2.5	2.6
Net margin (%)	22.2	22.4	23.0	22.8	23.5
Net debt/(cash) to equity(%)	232.0	296.8	305.7	302.1	287.5
Interest cover (x)	3.4	3.7	4.0	3.8	4.0
ROE (%)	10.2	10.1	10.3	10.5	11.0
Consensus net profit	n.a	n.a	3,928.6	4,111.9	4,439.4
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Bangkok Expressway and Metro, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt6.30
Target Price	Bt8.50
Upside	34.92%

Stock Data

Sector	Industrials
Bloomberg ticker	BEM TB
Shares issued (m)	15,285.0
Market cap (Btm)	96,295.5
Market cap (US$m)	2,783.8
3-mth avg daily t'over (US$m)	7.9

Price Performance (%)

52-week high/low				Bt7.4/Bt5.1
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(1.6)	(9.4)	18.9	10.5	17.8

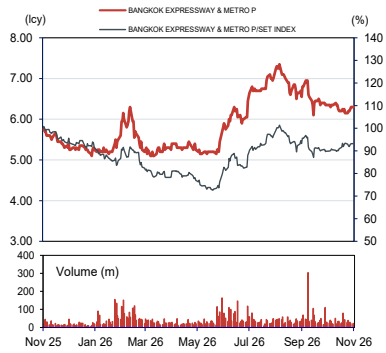
Major Shareholders (%)

CH. Karnchang	42.26
Mass Rapid Transit Authority Of Thailand	8.22
Krung Thai Bank	5.33
Thai NVDR	3.16

Balance Sheet Metrics

FY26 NAV/Share (Bt)	2.5
FY26 Net Debt/Share (Bt)	7.7

Price Chart



Source: Bloomberg

Company Description

BEM is an operator of expressway and train services in Bangkok and suburban areas under the concessions of the Expressway Authority of Thailand and the Mass Rapid Transit Authority of Thailand.

Essential

- **4Q26 earnings are expected to remain resilient despite weak October performance.** In Oct 26, expressway traffic and toll revenue declined by 1.9% and 2.1% yoy, respectively, mainly due to temporary disruptions from flooding in Bangkok during the first half of the month. Meanwhile, MRT Blue Line ridership and fare revenue dropped by 6.6% and 6.8% yoy, respectively, due to temporary station closures, work-from-home policies and school holidays. However, both expressway traffic and MRT ridership began to recover in the second half of Oct 26, suggesting that the weakness was largely temporary. Our forecast for 7% yoy earnings growth in 4Q26 remains achievable, supported by: a) the normalisation of traffic and ridership following the temporary flood-related disruption in October, b) the reversal of maintenance costs for the MRT Purple Line, and c) lower interest expenses.
- **Brighter outlook in 2027.** BEM is a key beneficiary of the common ticket scheme. On 3 Nov 26, the Cabinet approved a Bt5,807m budget from the FY27 central budget for the scheme, which will cap fares at Bt17-45 per trip and allow passengers to transfer between rail lines without paying an additional entry fee. The scheme will run from 1 Jan to 31 Dec 27. We have not yet incorporated its impact into our earnings forecasts, based on the preliminary assumption that BEM will share 50% of incremental passenger revenue with the government. Every 10% increase in ridership would contribute 3% upside to our 2027 earnings forecast.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt8.50,** based on DCF valuation with a 4.4% WACC and 0% terminal growth. The stock currently trades at 24x EV/EBITDA, in line with peers, despite its more favourable outlook. The share price has declined by around 14% since Aug 26, while fundamentals remain unchanged, offering 35% upside to our target price. We remain positive on BEM's short- to medium-term outlook.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- Cost-cutting initiatives will save Bt100m a year and contribute 2% of earnings.

Environment, Social, Governance (ESG) Updates

CG Report: 5, SET ESG Rating: AAA

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 to be sustainable and grow according to Sustainable Development Goals.

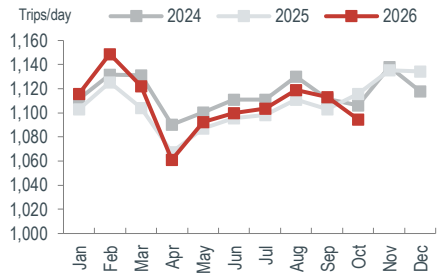
Social

- The company emphasises business operations with social responsibility in every operation by treating every stakeholder with respect for human rights as a basis, emphasises fair and equal treatment of workers, and complies with relevant laws

Governance

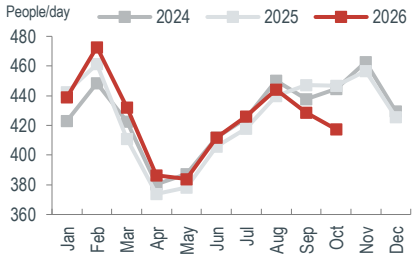
- Good governance practices. BEM is committed to operating its business in accordance with good corporate governance policy and management excellence. BEM received the “Excellent” rating on good corporate governance from the Thai Institute of Directors (IOD).

Average Daily Traffic Volume



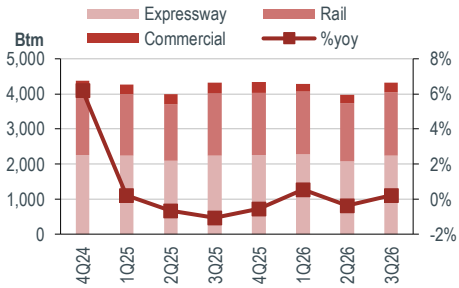
Source: Bangkok Expressway and Metro, UOB Kay Hian

Average Daily Ridership



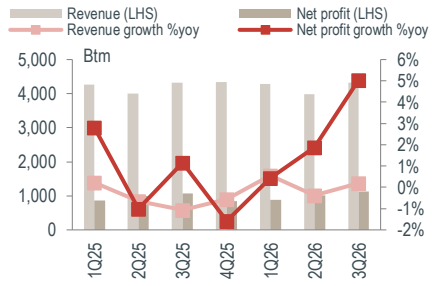
Source: Bangkok Expressway and Metro, UOB Kay Hian

Revenue Contribution



Source: Bangkok Expressway and Metro, UOB Kay Hian

Quarterly Performance



Source: Bangkok Expressway and Metro, UOB Kay Hian

Sensitivity Analysis

Key Assumptions	Change	EPS Impact
Expressway - average daily traffic	+1.0%	+1.4%
Metro - Blue Line ridership	+1.0%	+0.3%
Commercial - revenue growth	+1.0pp	+0.1%

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**16,916**	**17,016**	**17,877**	**18,681**
EBITDA	8,511	8,704	9,184	9,574
Deprec. & amort.	2,320	2,439	2,508	2,545
EBIT	6,191	6,265	6,676	7,030
Total other non-operating income	675	673	681	689
Associate contributions	0	0	0	0
Net interest income/(expense)	(2,277)	(2,174)	(2,390)	(2,367)
Pre-tax profit	**4,589**	**4,763**	**4,967**	**5,352**
Tax	(808)	(842)	(883)	(959)
Minorities	0	(4)	(4)	(4)
Net profit	**3,781**	**3,917**	**4,080**	**4,388**
Net profit (adj.)	3,781	3,917	4,080	4,388

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	91,791	88,736	86,429	84,096
Other LT assets	44,064	50,896	61,433	58,675
Cash/ST investment	2,592	2,837	2,969	2,185
Other current assets	22,064	27,549	25,554	32,353
Total assets	**160,510**	**170,018**	**176,385**	**177,308**
ST debt	36,565	38,106	50,056	42,856
Other current liabilities	5,768	5,068	5,716	5,759
LT debt	75,864	82,795	74,745	80,795
Other LT liabilities	5,310	5,416	5,525	5,635
Shareholders' equity	37,001	38,626	40,333	42,248
Minority interest	2	6	10	14
Total liabilities & equity	**160,510**	**170,018**	**176,385**	**177,308**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**(11,090)**	**175**	**9,237**	**181**
Pre-tax profit	4,589	4,763	4,967	5,352
Tax	(808)	(842)	(883)	(959)
Deprec. & amort.	2,320	2,439	2,508	2,545
Associates	0	0	0	0
Working capital changes	(17,741)	(6,214)	2,614	(6,788)
Non-cash items	(48)	29	30	31
Other operating cashflows	599	0	0	0
Investing	**(9,376)**	**(6,110)**	**(10,631)**	**2,657**
Capex (growth)	(10,422)	615	(201)	(212)
Investments	1,097	(187)	(190)	(194)
Others	(50)	(6,539)	(10,239)	3,063
Financing	**22,928**	**6,180**	**1,526**	**(3,623)**
Dividend payments	(2,293)	(2,293)	(2,374)	(2,473)
Issue of shares	0	0	0	0
Proceeds from borrowings	25,221	8,472	3,900	0
Loan repayment	0	0	0	(1,150)
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	**2,463**	**245**	**132**	**(784)**
Beginning cash & cash equivalent	**1,672**	**1,919**	**2,164**	**2,296**
Ending cash & cash equivalent	**4,135**	**2,164**	**2,296**	**1,512**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	50.3	51.2	51.4	51.2
Pre-tax margin	27.1	28.0	27.8	28.6
Net margin	22.4	23.0	22.8	23.5
ROA	2.8	2.8	2.8	3.0
ROE	10.1	10.3	10.5	11.0
Growth				
Turnover	3.3	3.9	9.2	14.1
EBITDA	9.2	11.7	17.9	22.9
Pre-tax profit	8.9	13.0	17.8	27.0
Net profit	8.7	12.6	17.3	26.2
Net profit (adj.)	0.3	3.6	4.2	7.6
EPS	8.7	12.6	17.3	26.2
Leverage				
Debt to total capital	303.8	313.0	309.4	292.6
Debt to equity	303.8	313.0	309.4	292.7
Net debt/(cash) to equity	296.8	305.7	302.1	287.5
Interest cover	3.7	4.0	3.8	4.0

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