Bangkok Expressway and Metro (BEM TB)

Top Land Transportation Stock With Record-High Earnings Expected

Highlights

- We are confident that the delivery and commercial opening schedules of the MRT Orange Line will be met.
- BEM is a key beneficiary of the common fare scheme, with every 10% increase in ridership expected to lift our 2027 earnings forecast by 3%.
- 3Q26 earnings are expected to reach a new all-time high, with even stronger momentum in 4Q26.
- Maintain BUY with a target price of Bt8.50. BEM is currently trading at 24x EV/EBITDA, in line with peers, but earnings are more promising.

Analysis

- **MRT Orange Line to drive long-term ridership growth.** We visited the Bozankaya factory, which manufactures trains for the MRT Orange Line. Based on our assessment, we are confident that the project remains on track and that the delivery and opening schedules will be met. The first train is expected to be delivered to Bangkok in Nov 26, with commercial operations scheduled to commence in Jan 28. Once operational, the MRT Orange Line East phase is expected to generate additional feeder traffic to the MRT Blue Line at Thailand Cultural Centre station. Under our base-case scenario, assuming 50% of Orange Line East phase passengers transfer to the Blue Line, we estimate that Blue Line ridership in 2028 could be 10% higher than our current forecast.
- **Prime beneficiary of the common fare scheme.** Under the government's proposed common fare scheme, scheduled to take effect on 1 Jan 27, passengers will be able to travel across all Metro lines with an initial fare capped at Bt17.00 and a maximum fare of Bt45.00 per trip. We believe Bangkok Expressway and Metro (BEM) will benefit from higher ridership. The scheme is currently undergoing negotiations on the revenue-sharing arrangements, under which operators will return a portion of their additional fare revenue to the government. The scheme is also seeking Cabinet approval to allocate Bt5.85b from the 2027 central budget, comprising fare compensation for eight Metro lines and fees for transferring fare refunds to passengers. Every 10% increase in ridership is expected to boost our 2027 earnings forecast by 3% and our target price by Bt0.35.

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	3,928.7	4,117.6	4,414.3
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	Bt6.20
Target Price	Bt8.50
Upside	37.10%

Stock Data

Sector	Land Transportation
Bloomberg ticker	BEM TB
Shares issued (m)	14,977.9
Market cap (Btm)	92,862.8
Market cap (US$m)	2,756.2
3-mth avg daily t'over (US$m)	7.8

Price Performance (%)

52-week high/low				Bt6.3/Bt4.7
1mth	3mth	6mth	1yr	YTD
1.6	(7.5)	17.0	20.4	15.9

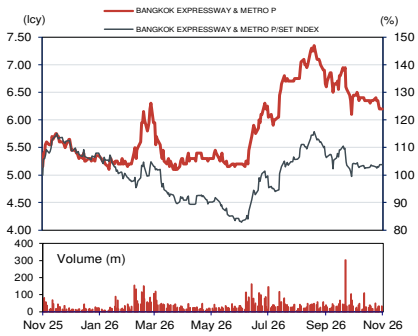
Major Shareholders (%)

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

- **3Q26 earnings expected to reach a historical high.** 3Q26 earnings expected to reach a new all-time high, with strong momentum continuing into 4Q26. We expect 3Q26 net profit of Bt1.10b (+3% yoy and +9% qoq), marking a new all-time high. Earnings growth is expected to be driven by: a) improved performance from the expressway business, b) reversal of maintenance expenses of MRT Purple lines, and c) lower finance costs. These positive factors will be partly offset by: a) softer MRT Blue Line ridership due to flooding in Bangkok, and b) lower commercial development revenue. Overall, we expect BEM's earnings momentum to remain strong in 3Q26.

3Q26 Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	yoy	qoq	2025	2026F	yoy
Revenue	4,319	3,982	4,313	-0.1%	8.3%	16,916	17,016	0.6%
Gross Profit	1,920	1,663	1,918	-0.1%	15.3%	7,458	7,500	0.6%
EBIT	1,620	1,344	1,599	-1.3%	19.0%	6,191	6,265	1.2%
Interest expenses	(570)	(512)	(506)	-11.1%	-1.0%	(2,277)	(2,174)	-4.5%
Income tax	(215)	(174)	(222)	2.9%	27.4%	(808)	(842)	4.2%
Net Profit	**1,079**	**1,012**	**1,107**	**2.6%**	**9.4%**	**3,781**	**3,917**	**3.6%**
Gross Margin	44.4%	41.8%	44.5%	0.0pp	6.5pp	44.1%	44.1%	0.0%
Net Margin	25.0%	25.4%	25.7%	0.7pp	1.0pp	22.4%	23.0%	0.7%
Daily Traffic (000)	1,107	1,090	1,114	0.7%	2.2%	1,107	1,114	0.7%
Daily Ridership (000)	434.8	393.9	433.2	-0.4%	10.0%	425	434	2.0%

Source: Bangkok Expressway and Metro, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt8.50,** based on DCF with a 4.4% WACC and 0% terminal growth. The stock currently trades at 24x EV/EBITDA, in line with peers, despite its more promising outlook.

Peers

Peers	EPS growth(%)	EV/EBITDA(x)	P/E(x)	P/B(x)	Dividend Yield(%)	ROE(%)
BEM TB	4.0	24.1	22.8	2.4	2.5	10.2
BTS TB	(44.3)	46.9	n.a.	0.5	0.2	(2.0)
DMT TB	-3.3	6.16	13.6	1.7	7.2	11.9
Average	**(14.5)**	**25.7**	**18.2**	**1.5**	**3.3**	**6.7**

Source: Bloomberg, UOB Kay Hian

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

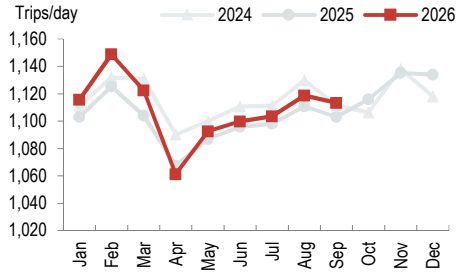
- Good governance practices. BEM is committed to operating its business in accordance with good corporate governance policy and management excellence. BEM received the "Excellent" rating on good corporate governance from the Thai Institute of Directors (IOD).

New MRT Orange Line Train



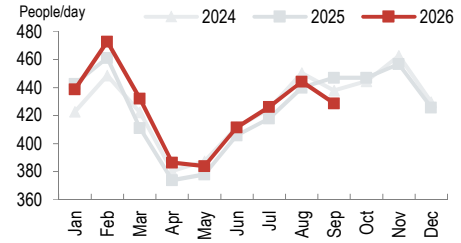
Source: Bangkok Expressway and Metro, UOB Kay Hian

Expressway - Average Daily Traffic



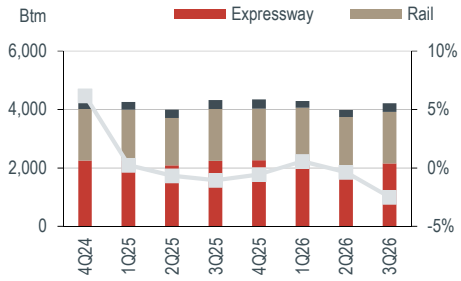
Source: Bangkok Expressway and Metro, UOB Kay Hian

Metro – Average Daily Ridership



Source: Bangkok Expressway and Metro, UOB Kay Hian

Revenue Contribution



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: Bangkok Expressway and Metro, 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	(0.5)	0.6	5.1	4.5
EBITDA	2.0	2.3	5.5	4.3
Pre-tax profit	0.2	3.8	4.3	7.7
Net profit	0.3	3.6	4.2	7.5
Net profit (adj.)	0.3	3.6	4.2	7.6
EPS	0.3	3.6	4.2	7.5
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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