Bangkok Expressway and Metro (BEM TB)

Management's Comments Have Strengthened Our Positive View

Highlights

- We came away from the analyst meeting (17 Nov 26) with a more positive view on BEM's earnings outlook. The common fare scheme is expected to benefit BEM more than we had previously anticipated, and drive a double-digit earnings growth in 2027. This implies a 5% upside to our current 2027 earnings forecast.
- Maintain BUY with a target price of Bt8.50, based on DCF (WACC: 4.4%, terminal growth: 0%).

Analysis

- **Positive comments from management.** We came away from the analyst meeting (17 Nov 26) with a more positive view on Bangkok Expressway and Metro (BEM).
- **Common fare scheme offers greater benefits than expected.** Management is confident that the common fare scheme, which caps fares at Bt17-45 across all metro lines, will be implemented as scheduled in Jan 27. Key updates are: a) the government will directly compensate passengers for fares exceeding Bt45, reducing the effective travel cost for passengers, b) the lower commuting costs are expected to encourage more passengers to use the MRT system, boosting ridership, and c) the BEM concession agreement will remain unaffected, allowing BEM to retain the incremental revenue from higher ridership rather than sharing it with the government, as the market had previously expected. The government expects the scheme to increase ridership by 20-30%, while management believes a 20% increase in ridership is achievable. Under our base-case scenario, assuming MRT Blue Line ridership increases by 20% in 2027, we expect 2027 earnings to grow by 13% yoy, implying 5% upside to our current earnings forecast.
- **MRT Purple Line maintenance cost savings.** BEM has shifted Purple Line train maintenance from outsourcing to in-house operations, which should generate cost savings from 2H26 onwards. In addition, BEM will recognise one-off gains from reversing excess maintenance provisions, as actual maintenance expenses in 2026 were lower than the provisions previously set aside. BEM recognised a Bt40m reversal in 3Q26, with a further Bt100m reversal expected in the future.

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: BEM, Bloomberg, UOB Kay Hian

Analyst(s)

Tanapon Cholkadidamrongkul
tanapon.c@uobkh.co.th
+662 090 3359

BUY (Maintained)

Share Price	Bt6.54
Target Price	Bt8.50
Upside	30.00%

Stock Data

Sector	Industrials
Bloomberg ticker	BEM TB
Shares issued (m)	15,285.0
Market cap (Btm)	99,960.0
Market cap (US$m)	2,880.0
3-mth avg daily t'over (US$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

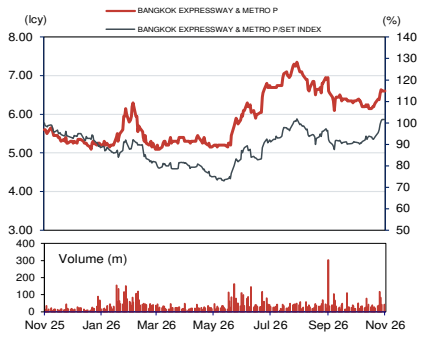
Major Shareholders (%)

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.

Impact From Common Fare Scheme

Scenario Analysis	Best-case	Base-case	Worst-case
Assumption			
2027 Ridership - MRT Blue-line	564,012	520,626	451,210
yoy growth	30%	20%	4%
Impact to 2027 earnings			
2027 net profit	4,818	4,605	4,393
yoy growth	18%	13%	8%
UOBKH estimates	4,388	4,388	4,388
2027 Earnings Upside (%)	**10%**	**5%**	**0%**

Source: BEM, UOB Kay Hian

Essential

- **Double-digit earnings growth in 4Q26.** Expressway traffic and metro ridership declined by 1.9% yoy and 6.6% yoy respectively, in Oct 26, following the floods in Bangkok. However, both traffic and ridership returned to normal levels in Nov 26. Moreover, continued cost savings from insourcing maintenance activities previously outsourced to third parties, together with a recovery in the commercial development business following a 3Q26 bottoming-out, should support flat yoy core earnings in 4Q26. Management attributed the latter improvement to better internal operations. In addition, an extraordinary pre-tax gain of Bt300m from the sale of land in 4Q26 is expected to drive double-digit yoy net profit growth.

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 23.6x EV/EBITDA, in line with peers, despite its more favourable outlook. Its share price has declined by around since Aug 26, while fundamentals remain unchanged, offering 30% upside to our target price. We remain positive on BEM's short- to medium-term outlook.

Earnings Revision/Risk

- **No earnings revision.** 9M26 accounts for 77% of our 2026 earnings forecast (vs 9M25: 78%)

Share Price Catalyst

- The common fare scheme is expected to boost BEM's ridership in 2027.

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.

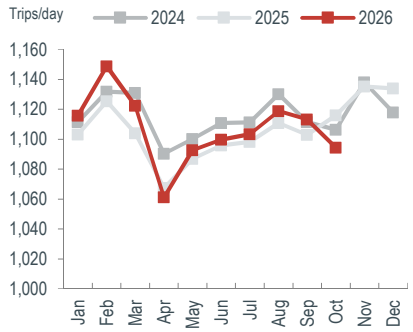
Social

- 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

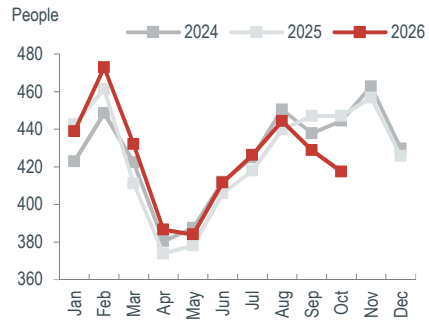
- Good governance practices. BEM is committed to operating its business in accordance with good corporate governance policy and management excellence. BEM received the "Excellent" rating on good corporate governance from the Thai Institute of Directors (IOD).

Average Daily Traffic Volume ('000)



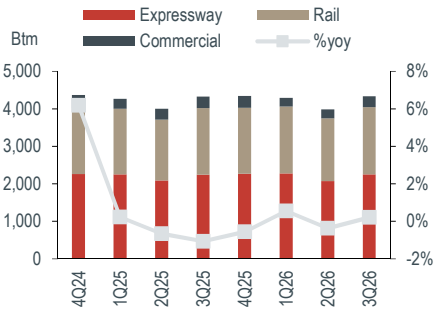
Source: BEM, UOB Kay Hian

Average Daily Ridership ('000)



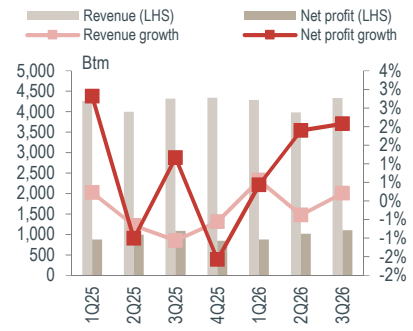
Source: BEM, UOB Kay Hian

Revenue Contribution



Source: BEM, UOB Kay Hian

Quarterly Performance



Source: BEM, 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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