

BTS GROUP HOLDINGS PLC

No. 52/2024
21 June 2024

CORPORATES

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 24/05/24

Company Rating History:

Date	Rating	Outlook/Alert
24/05/24	BBB+	Stable
24/05/23	A-	Stable
28/05/20	A	Negative
17/05/16	A	Stable

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RATIONALE

TRIS Rating assigns a “BBB+” rating to BTS Group Holdings PLC (BTS)’s proposed issue of up to THB10 billion senior unsecured debentures. The proceeds from the new debentures are intended to be used for debt refinancing. At the same time, TRIS Rating affirms the company rating on BTS and the ratings on BTS’s outstanding senior unsecured debentures at “BBB+”, with a “stable” outlook.

The ratings continue to reflect the company’s strong business profile as characterized by steady service income generated from long-term contracts for operating and maintenance (O&M) services, sizable cash flow from its 33.33% investment in the BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF), and a well-established position in the advertising media business. The ratings, however, are constrained by its high financial leverage stemming from various investments made over recent years.

In fiscal year (FY) 2024 (April 2023 - March 2024), BTS’s revenue (excluding revenue from installation and construction services and train procurement services) increased by 6% to THB13.4 billion. The rise was supported by the increase in O&M income and the continued recovery of its media business. BTS’s EBITDA, however, decreased by 2% to THB6.6 billion in FY2024 due mainly to the weaker margin in MOVE business. BTS’s debt to EBITDA ratio (excluding debt for civil works on the Pink and Yellow monorail train lines) was around 21 times as of the end of FY2024. We expect the company’s debt to EBITDA ratio to gradually decrease to around 13 times in FY2027, as we expect Bangkok Metropolitan Administration (BMA) to gradually pay down the outstanding O&M service fees owed to BTS in FY2025-FY2026. In addition, its operating performance is expected to gradually improve in tandem with the ramp-up of ridership on the Pink and Yellow lines.

As of March 2024, BTS’s total interest-bearing debt of THB145 billion (excluding debt for civil works on the Pink and Yellow lines) included priority debt of THB36 billion. The priority debt comprised secured debts and unsecured debts at the subsidiary level. The company’s priority debt to total debt ratio was 25%.

RATING OUTLOOK

The “stable” outlook reflects our expectation that the company’s operating performance will continue to improve in line with our projection, driven by growing contracted O&M fee revenue, the recovering media business, and gradually improving performances of the Pink and Yellow Line operations. The outlook also reflects our assumption that BMA will pay down the outstanding debt owed to the company over the next two years.

RATING SENSITIVITIES

A rating upgrade could occur if the adjusted net debt to EBITDA ratio declines below 11 times on a sustained basis. This could result from a substantially improved operating performance or a significant reduction in debt. Conversely, the ratings could be revised downward if the company’s financial profile deteriorates from our projection, which could be caused by weaker-than-expected ramp-up in operating performance or the company undertaking larger-than-expected debt-funded investments.

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

BTS Group Holdings PLC (BTS)

Company Rating:	BBB+
Issue Ratings:	
BTSG247A: THB1,500 million senior unsecured debentures due 2024	BBB+
BTSG249A: THB600 million senior unsecured debentures due 2024	BBB+
BTSG24NA: THB1,591 million senior unsecured debentures due 2024	BBB+
BTSG24NB: THB4,091.2 million senior unsecured debentures due 2024	BBB+
BTSG255A: THB700 million senior unsecured debentures due 2025	BBB+
BTSG25NA: THB1,500 million senior unsecured debentures due 2025	BBB+
BTSG25NB: THB6,474.4 million senior unsecured debentures due 2025	BBB+
BTSG265A: THB2,700 million senior unsecured debentures due 2026	BBB+
BTSG267A: THB3,500 million senior unsecured debentures due 2026	BBB+
BTSG275A: THB2,800 million senior unsecured debentures due 2027	BBB+
BTSG275B: THB1,853.9 million senior unsecured debentures due 2027	BBB+
BTSG275C: THB4,951.8 million senior unsecured debentures due 2027	BBB+
BTSG27NA: THB2,000 million senior unsecured debentures due 2027	BBB+
BTSG27DA: THB2,000 million senior unsecured debentures due 2027	BBB+
BTSG289A: THB4,660 million senior unsecured debentures due 2028	BBB+
BTSG28NA: THB5,386.6 million senior unsecured debentures due 2028	BBB+
BTSG295A: THB5,000 million senior unsecured debentures due 2029	BBB+
BTSG295B: THB3,800 million senior unsecured debentures due 2029	BBB+
BTSG29DA: THB2,000 million senior unsecured debentures due 2029	BBB+
BTSG305A: THB1,941.1 million senior unsecured debentures due 2030	BBB+
BTSG305B: THB1,716.8 million senior unsecured debentures due 2030	BBB+
BTSG30NA: THB600 million senior unsecured debentures due 2030	BBB+
BTSG317A: THB8,000 million senior unsecured debentures due 2031	BBB+
BTSG325A: THB3,700 million senior unsecured debentures due 2032	BBB+
BTSG32NA: THB1,614 million senior unsecured debentures due 2032	BBB+
BTSG32NB: THB2,240.2 million senior unsecured debentures due 2032	BBB+
BTSG33NA: THB1,238.5 million senior unsecured debentures due 2033	BBB+
BTSG35NA: THB1,957.6 million senior unsecured debentures due 2035	BBB+
Up to THB10,000 million senior unsecured debentures due within 5 years	BBB+
Rating Outlook:	Stable

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