

BTS GROUP HOLDINGS PLC

No. 23/2022
10 March 2022

CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Outlook:	Negative

Last Review Date: 27/05/21

Company Rating History:

Date	Rating	Outlook/Alert
28/05/20	A	Negative
17/05/16	A	Stable

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RATIONALE

TRIS Rating affirms the company rating on BTS Group Holdings PLC (BTS) and the ratings on BTS's outstanding senior unsecured debentures at "A", with a "negative" outlook. At the same time, TRIS Rating assigns a "A" rating to BTS's proposed issue of up to THB12 billion in senior unsecured debentures. The proceeds from the new debentures will be used for debt repayment. The "negative" outlook reflects the likelihood of a significant rise in BTS's financial leverage as a result of potential investment in a new mass transit concession by its core subsidiary, Bangkok Mass Transit System PLC (BTSC).

The ratings continue to reflect the company's strong business profile based on the steady service income from its mass transit train operation, sizable cash flow received from its 33.33% investment in BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF), and its entrenched position in the media business. The ratings, however, are constrained by a potential surge in its financial leverage to fund several potential investments.

In the first nine months of fiscal year (FY) 2022 (April 2021-December 2021), BTS's revenue (excluding revenue from installation and construction services and train procurement service) increased by 33% to THB8.2 billion. The rise was mainly due to the increase in revenue from operating and maintenance (O&M) services and the consolidation of Fanslink Communication Co., Ltd. BTS's earnings before interest, taxes, depreciation, and amortization (EBITDA) also increased by 3% to THB6.7 billion in the first nine months of FY2022. BTS's debt to EBITDA ratio, inclusive of debts to finance account receivable from Bangkok Metropolitan Administration (BMA), rose to 10.2 times in the first nine months of FY2022. While the debt to EBITDA ratio, adjusted for account receivable from the BMA in the calculation of debt, was at 6 times. However, the company is attempting to bring down the debt to EBITDA ratio to below 5 times by raising fresh capital in a subsidiary and selling some of its investments.

As of December 2021, BTS's total interest-bearing debt of THB91 billion included the THB25 billion priority debt. This priority debt was unsecured debt at the subsidiary level. As its priority debt ratio is 27.5%, below the threshold of 50%, we view that BTS's unsecured creditors are not significantly disadvantaged with respect to claims against the company's operating assets.

RATING OUTLOOK

The "negative" outlook reflects the likelihood of a significant rise in BTS's financial leverage from new investments that may not be commensurate with current ratings.

RATING SENSITIVITIES

The prospect for a rating upgrade is unlikely over the next few years as we expect the company's leverage will remain high. The ratings could be revised downward if the adjusted net debt to EBITDA ratio stays over 5 times on a sustained basis.

RELATED CRITERIA

- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021
- Rating Methodology – Corporate, 26 July 2019

BTS Group Holdings PLC (BTS)

Company Rating:	A
Issue Ratings:	
BTSG225A: THB1,300 million senior unsecured debentures due 2022	A
BTSG22NA: THB500 million senior unsecured debentures due 2022	A
BTSG22DA: THB1,500 million senior unsecured debentures due 2022	A
BTSG239A: THB1,290 million senior unsecured debentures due 2023	A
BTSG23NA: THB4,000 million senior unsecured debentures due 2023	A
BTSG245A: THB3,000 million senior unsecured debentures due 2024	A
BTSG247A: THB1,500 million senior unsecured debentures due 2024	A
BTSG25NA: THB1,500 million senior unsecured debentures due 2025	A
BTSG265A: THB2,700 million senior unsecured debentures due 2026	A
BTSG267A: THB3,500 million senior unsecured debentures due 2026	A
BTSG27NA: THB2,000 million senior unsecured debentures due 2027	A
BTSG27DA: THB2,000 million senior unsecured debentures due 2027	A
BTSG289A: THB4,660 million senior unsecured debentures due 2028	A
BTSG295A: THB5,000 million senior unsecured debentures due 2029	A
BTSG29DA: THB2,000 million senior unsecured debentures due 2029	A
BTSG30NA: THB600 million senior unsecured debentures due 2030	A
BTSG317A: THB8,000 million senior unsecured debentures due 2031	A
Up to THB12,000 million senior unsecured debentures due within 10 years	A
Rating Outlook:	Negative

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