

# BANGKOK EXPRESSWAY AND METRO PLC

No. 26/2020  
29 April 2020

## CORPORATES

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
Senior unsecured	A
<b>Outlook:</b>	Stable

**Last Review Date:** 30/05/19

### Company Rating History:

Date	Rating	Outlook/Alert
05/04/16	A	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Bangkok Expressway and Metro PLC (BEM) and its senior unsecured debenture ratings at “A” with a “stable” outlook. At the same time, TRIS Rating assigns a rating of “A” on BEM’s proposed issue of up to Bt3 billion in senior unsecured debentures. The proceeds from the new debentures will be used for refinancing its debt coming due.

The ratings continue to reflect BEM’s strong business profile, supported by strong and steady operating cash flow from its expressway business and growth prospects in the mass rapid transit (MRT) operation. The extensions of the expressway concessions until 2035 support BEM’s credit profile as it helps secure predictable cash flow in the long term. The ratings are weighed down by the company’s high leverage, reflecting the capital intensive nature of its business. TRIS Rating views the negative impacts from COVID-19 on expressway traffic and MRT ridership to be temporary and BEM’s long term business position remains intact.

BEM’s operating performance in 2019 was in line with TRIS Rating’s expectation. In 2019, daily expressway traffic volume grew slightly by 0.6% year-on-year (y-o-y), averaging 1.24 million trips per day and daily toll revenue grew by 1.3% y-o-y, averaging Bt28.23 million per day. However, for the first quarter of 2020, the government lockdown measures attempting to contain the COVID-19 outbreak resulted in a sharp drop in both traffic volume and revenue. Daily traffic volume declined by 11% y-o-y, averaging 1.12 million trips per day, and daily toll revenue declined by 11.8% y-o-y, averaging Bt25.31 million per day.

For the MRT business, the extension of the MRT Blue Line supported strong growth in ridership and revenue. In 2019, average daily ridership on MRT rose by 8.2% y-o-y to 337 thousand trips and daily revenue increased by 10%, averaging Bt8.67 million. For the first three months of 2020, ridership and revenue growth remain positive despite a drastic drop in ridership in March 2020 from the lockdown measures. Average daily ridership grew by 2.4% y-o-y to 331 thousand trips, and daily revenue rose by 7.8%, averaging Bt8.82 million.

In 2019, BEM reported Bt16.1 billion in revenue, up by 3% y-o-y. Earnings before interest, taxes, depreciation, and amortization (EBITDA) was Bt8 billion, declining by 5% y-o-y, due mainly to higher operating expenses related to the opening of the MRT Blue Line extension. The adjusted debt to EBITDA was 7 times, and the adjusted ratio of funds from operations (FFO) to debt was 8%. Adjusted debt to capitalization was 59%. We expect BEM’s earnings and cash flow protection to weaken from the COVID-19 impact. However, we believe that BEM’s expressway and MRT businesses will recover when the outbreak situation eases and the lockdown measures are lifted.

## RATING OUTLOOK

The “stable” outlook reflects TRIS Rating’s expectation that BEM will maintain its strong operating performance, steady cash flows, and an acceptable level of leverage.

## RATING SENSITIVITIES

BEM's credit upside is limited, given the large debt-funded investments planned over the next few years. A credit downgrade could be triggered if the company's financial profile is materially weaker than TRIS Rating's expectation, either from deteriorating operating performance or a large debt-funded investment.

## RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

## Bangkok Expressway and Metro PLC (BEM)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
BEM200A: Bt2,500 million senior unsecured debentures due 2020	A
BEM214A: Bt3,000 million senior unsecured debentures due 2021	A
BEM216A: Bt1,615 million senior unsecured debentures due 2021	A
BEM225A: Bt1,000 million senior unsecured debentures due 2022	A
BEM229A: Bt2,000 million senior unsecured debentures due 2022	A
BEM234A: Bt3,500 million senior unsecured debentures due 2023	A
BEM236A: Bt2,000 million senior unsecured debentures due 2023	A
BEM245A: Bt2,000 million senior unsecured debentures due 2024	A
BEM249A: Bt3,000 million senior unsecured debentures due 2024	A
BEM254A: Bt3,500 million senior unsecured debentures due 2025	A
BEM250A: Bt2,500 million senior unsecured debentures due 2025	A
BEM265A: Bt1,000 million senior unsecured debentures due 2026	A
BEM266A: Bt3,335 million senior unsecured debentures due 2026	A
BEM270A: Bt3,000 million senior unsecured debentures due 2027	A
BEM286A: Bt2,750 million senior unsecured debentures due 2028	A
BEM286B: Bt500 million senior unsecured debentures due 2028	A
BEM295A: Bt1,000 million senior unsecured debentures due 2029	A
Up to Bt3,000 million senior unsecured debentures due within 12 years	A
<b>Rating Outlook:</b>	Stable

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