

BANGKOK EXPRESSWAY AND METRO PLC

No. 27/2019

1 April 2019

CORPORATES

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

Last Review Date: 15/06/18

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". At the same time, TRIS Rating assigns a rating of "A" to BEM's proposed issue of up to Bt5,000 million in senior unsecured debentures. The proceeds from the new debentures will be used to refinance debts coming due.

The ratings continue to reflect BEM's strong business profile, supported by steady operating cash flow and the growth prospects in the mass rapid transit (MRT) segment. The ratings are weighed down by rising leverage from potential sizable investments in its pipeline.

The ratings also take into account the progress of expressway concession extensions. On 18 March 2019, BEM received shareholders' approval to settle all disputes persisting with the Expressway Authority of Thailand (EXAT) by means of expressway concession extensions including the Second Stage Expressway (SES) -- Sectors A, B, C, and D, plus the Bang Pa-in-Pak Kret Expressway (Sector C+). As part of the agreement with EXAT, BEM has to invest Bt31.5 billion to improve the SES Expressway. However, the agreement is subject to the Council of Ministers approval.

BEM's operating performance in 2018 remained sound and in line with TRIS Rating's expectation. In 2018, daily traffic volume grew 1.3% year-on-year (y-o-y), averaging 1.23 million trips per day, and daily toll revenue grew 2.2% y-o-y, averaging Bt27.87 million per day. For the first two months of 2019, daily traffic volume grew 1% y-o-y, averaging 1.25 million trips per day, and daily toll revenue grew 1.6% y-o-y, averaging Bt28.34 million per day.

In 2018, average daily ridership on MRT was up by 5.5% y-o-y to 311,538 trips and daily revenue grew by 7.2%, averaging Bt7.63 million. For the first two months of 2019, average daily ridership rose by 2.7% y-o-y to 319,154 trips, and daily revenue grew by 3%, averaging Bt8.08 million.

In 2018, BEM reported a 3% growth in revenue y-o-y to Bt15.6 billion. Adjusted debt to capitalization was 59.2%, the adjusted debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) was 6.2 times, and the adjusted ratio of funds from operations (FFO) to debt was 11.1%.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that BEM will maintain its strong operating performance, steady cash flows, and an acceptable degree 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 will 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

- Key Financial Ratios and Adjustments, 5 September 2018
- Rating Methodology – Corporate, 31 October 2007

Bangkok Expressway and Metro PLC (BEM)

Company Rating:	A
Issue Ratings:	
BEM196A: Bt5,000 million senior unsecured debentures due 2019	A
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
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
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
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
Up to Bt5,000 million senior unsecured debentures due within 10 years	A
Rating Outlook:	Stable

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