

BANGKOK EXPRESSWAY AND METRO PLC

No. 27/2023

23 February 2023

CORPORATES

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

Last Review Date: 25/08/22

Company Rating History:

Date	Rating	Outlook/Alert
01/04/21	A-	Stable
28/05/20	A	Negative
05/04/16	A	Stable

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RATIONALE

TRIS Rating affirms the company rating on Bangkok Expressway and Metro PLC (BEM) and the issue ratings on BEM's outstanding senior unsecured debentures at "A-". At the same time, we assign the rating of "A-" to BEM's proposed issue of up to THB5.5 billion and an additional greenshoe portion of up to THB1 billion senior unsecured debentures. The rating outlook remains "stable". The proceeds from the new debentures will be used primarily to refinance its debt coming due.

The ratings continue to reflect BEM's strong business profile, supported by a portfolio of quality concessional assets, steady operating cash flow from its expressway operation, and the growth prospects of the mass rapid transit (MRT) operation. The ratings also reflect BEM's high leverage. BEM's ratings could be pressured by potential new investments in both MRT and expressway businesses which could further heighten its financial leverage and weaken the financial metrics due to the front-loaded investment required.

BEM's expressway and MRT operations have shown continuous recovery. In 2022, average daily traffic volume on the expressway network grew 23% year-on-year (y-o-y) to 1.04 million trips, and average daily toll revenue grew 27% y-o-y to THB23.49 million. The momentum continued in January 2023 with average daily traffic volume reaching 1.10 million trips and average daily toll revenue at THB25.15 million.

MRT's performance has improved significantly along with the lifting of COVID-19 restrictions and the country's reopening for tourism. In 2022, average daily ridership on MRT rose to 270,566 trips, compared with 146,656 trips in 2021. Average daily revenue was THB7.38 million in 2022, up from THB4.09 million in the previous year. In January 2023, BEM reported average daily ridership on MRT at 373,989 trips, and average daily revenue at THB10.17 million.

BEM reported THB14.1 billion in core revenue in 2022, in line with our projections. Earnings before interest, taxes, depreciation, and amortization (EBITDA) was THB4 billion, slightly weaker than our forecast due to a weaker operating profit margin. However, we expect profitability to improve accordingly as the MRT Blue Line ridership continues to grow, allowing BEM to better leverage its operating cost. Adjusted debt was THB63.7 billion and adjusted debt to EBITDA ratio was 15.7 times at the end of 2022. The new investment in the MRT Orange Line could negatively impact BEM's financial metrics considering the front-loaded nature of the concession investment. We will assess the impact on BEM's financial profile once the concessionary contract is signed and we have further information on the investment size and funding structure.

RATING OUTLOOK

The "stable" outlook reflects our expectation that BEM's business profile will remain strong with operating cash flows from both the expressway and mass transit businesses as well as the level of debt in accordance with our baseline forecast.

RATING SENSITIVITIES

The ratings could be revised upward if BEM's operating performance and financial metrics improve substantially such that the adjusted debt to EBITDA ratio remains below 7 times for a sustained period. The ratings could come under downward pressure if BEM's financial metrics are materially weaker than our expected levels either from prolonged deteriorating operating performance or a sizable debt-funded investment such that its adjusted debt to EBITDA ratio stays considerably above 10 times over a sustained period.

RELATED CRITERIA

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

Bangkok Expressway and Metro PLC (BEM)

Company Rating:	A-
Issue Ratings:	
BEM234A: THB3,500 million senior unsecured debentures due 2023	A-
BEM236A: THB2,000 million senior unsecured debentures due 2023	A-
BEM244A: THB2,000 million senior unsecured debentures due 2024	A-
BEM245A: THB2,000 million senior unsecured debentures due 2024	A-
BEM246A: THB1,000 million senior unsecured debentures due 2024	A-
BEM249A: THB3,000 million senior unsecured debentures due 2024	A-
BEM254A: THB3,500 million senior unsecured debentures due 2025	A-
BEM259A: THB1,000 million senior unsecured debentures due 2025	A-
BEM250A: THB2,500 million senior unsecured debentures due 2025	A-
BEM264A: THB2,000 million senior unsecured debentures due 2026	A-
BEM265A: THB1,000 million senior unsecured debentures due 2026	A-
BEM266A: THB3,335 million senior unsecured debentures due 2026	A-
BEM279A: THB1,500 million senior unsecured debentures due 2027	A-
BEM270A: THB3,000 million senior unsecured debentures due 2027	A-
BEM284A: THB1,000 million senior unsecured debentures due 2028	A-
BEM286A: THB2,750 million senior unsecured debentures due 2028	A-
BEM286B: THB500 million senior unsecured debentures due 2028	A-
BEM295A: THB1,000 million senior unsecured debentures due 2029	A-
BEM306A: THB1,300 million senior unsecured debentures due 2030	A-
BEM314A: THB1,000 million senior unsecured debentures due 2031	A-
BEM326A: THB700 million senior unsecured debentures due 2032	A-
BEM329A: THB1,000 million senior unsecured debentures due 2032	A-
BEM349A: THB1,000 million senior unsecured debentures due 2034	A-
Up to THB5,500 million senior unsecured debentures and additional greenshoe portion of up to THB1,000 million due within 12 years	A-
Rating Outlook:	Stable

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