

BTS GROUP HOLDINGS PLC

No. 75/2020
29 September 2020

CORPORATES

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

Last Review Date: 28/05/20

Company Rating History:

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

Contacts:

Pramuansap Phonprasert
pramuansap@trisrating.com

Chanaporn Pinphithak
chanaporn@trisrating.com

Parat Mahuttano
parat@trisrating.com

Sauwarot Jirachaipithak
sauwarot@trisrating.com



WWW.TRISRATING.COM

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". At the same time, TRIS Rating assigns the rating of "A" to BTS's proposed issue of up to THB8.6 billion in senior unsecured debentures. The proceeds from the new debentures will be used to repay outstanding debts and for investments.

The ratings continue to reflect the company's strong business profile based on steady service income from the mass transit train operation, stable dividend income 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 financial leverage to fund potential investment in a new mass transit concession by its core subsidiary, Bangkok Mass Transit System PLC (BTSC).

In the first quarter of fiscal year (FY) 2021 (April 2020-March 2021), BTS's revenue (excluding revenue from installation and construction services and train procurement service) declined by 2.7% to THB1.9 billion. The drop was mainly due to the substantial decrease in revenue from the media business as affected by the Coronavirus Disease 2019 (COVID-19) pandemic. However, BTS's earnings before interest, tax, depreciation, and amortization (EBITDA) increased by 11.7% to THB2.4 billion in the first quarter of FY2021 due to the higher operating and maintenance (O&M) services income and higher net gain from installation and construction services and train procurement service. Meanwhile, BTS's debt to capitalization ratio stood around 48% during FY2020 to the first quarter of FY2021.

RATING OUTLOOK

The "negative" outlook reflects the high probability of a significant rise in BTS's financial leverage from new investments which could lead to a material deterioration in credit metrics to a degree that may not commensurate with current ratings.

RATING SENSITIVITIES

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. A material deterioration in the company's financial profile could be caused by debt-funded investments or a significant drop in operating performance.

RELATED CRITERIA

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

BTS Group Holdings PLC (BTS)

Company Rating:	A
Issue Ratings:	
BTS20DA: THB1,500 million senior unsecured debentures due 2020	A
BTS22DA: THB1,500 million senior unsecured debentures due 2022	A
BTS27DA: THB2,000 million senior unsecured debentures due 2027	A
BTS29DA: THB2,000 million senior unsecured debentures due 2029	A
BTS239A: THB1,290 million senior unsecured debentures due 2023	A
BTS289A: THB4,660 million senior unsecured debentures due 2028	A
BTS245A: THB3,000 million senior unsecured debentures due 2024	A
BTS265A: THB2,700 million senior unsecured debentures due 2026	A
BTS295A: THB5,000 million senior unsecured debentures due 2029	A
BTS215A: THB1,000 million senior unsecured debentures due 2021	A
BTS225A: THB1,300 million senior unsecured debentures due 2022	A
Up to THB8,600 million senior unsecured debentures due within 10 years	A
Rating Outlook:	Negative

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

© Copyright 2020, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria