

BANGKOK EXPRESSWAY AND METRO PLC

No. 88/2025
29 May 2025

CORPORATES

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 26/07/24

Company Rating History:

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

Contacts:

Chanaporn Pinphithak
chanaporn@trisrating.com

Tulyawat Chatkam
tulyawatc@trisrating.com

Parat Mahuttano
parat@trisrating.com

Pramuansap Phonprasert
pramuansap@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating downgrades the company rating on Bangkok Expressway and Metro PLC (BEM) and the ratings on BEM's outstanding senior unsecured debentures to "BBB+" from "A-". The rating outlook is "stable".

The rating actions reflect our view that BEM's financial leverage will be weaker than previously anticipated due to the procurement of additional rolling stocks and system improvements of the MRT Blue Line and higher-than projected investments in the mass rapid transit (MRT) Orange Line. The ratings continue to reflect BEM's strong business profile, supported by its portfolio of high-quality concessional assets, strong and steady operating cash flow from its expressway operation, and the growth prospects of the MRT operation.

KEY RATING CONSIDERATIONS

Weaker-than-expected financial metrics

BEM's financial leverage is anticipated to increase substantially, exceeding our previous forecasts over the next few years due to higher-than-expected capital expenditures and slower earnings growth. Our baseline projection estimates that BEM's adjusted debt to EBITDA (subtracted by annual remuneration) ratio will rise to around 18 times in 2025 and remain above 20 times during 2026-2028. This significant increase in the leverage ratio exceeds our threshold for the "A-" rating.

We expect the leverage ratio to improve to mid-teen levels by 2029 and to below 10 times by 2030, as BEM completes remuneration payments of the MRT Blue Line to the Mass Rapid Transit Authority of Thailand (MRTA), which will significantly enhance the company's EBITDA.

BEM started investing in the MRT Orange Line in July 2024, covering civil works, mechanical and electrical (M&E) systems, and rolling stocks. The company plans to finance this project primarily through debt funding. However, all debts related to the civil work investment will be excluded from the company's adjusted debt calculation as they are fully subsidized by the MRTA. The total investment cost in the M&E system and rolling stocks from 2024-2030 is estimated at around THB33.4 billion, which is higher than our previous projection. Also, BEM is undertaking investments in 21 additional rolling stocks and system improvements for the MRT Blue Line, with a total investment cost of THB7.3 billion. This is in addition to our previous assumption on capital expenditures.

Investment in Double Deck Expressway

Another potential investment is the Double Deck Expressway, which is not included in our base-case forecast. The project requires a total investment of around THB35 billion over 4-5 years. While this investment promises consistent and reliable long-term cash flows from expressway operations, it will place a burden on BEM's balance sheet. Currently, the project is under consideration by relevant authorities and the timing of the investment remains uncertain. We view BEM as having some headroom for a temporary increase in leverage at the current ratings. However, we expect the company to manage its funding plan prudently should the investment timing of this project coincides with the ongoing investments to avoid a surge in financial leverage.

Moderate MRT ridership growth

We expect the ridership of the MRT Blue Line to continue its growth, albeit at a more moderate rate. Our base-case forecast projects average daily ridership on the MRT Blue Line at 440,000-490,000 trips during 2025-2027. This growth is anticipated to be driven by its essential role as one of Bangkok's main modes of transportation, along with the expansion of economic and tourism activities, and the development of new landmarks such as the One Bangkok Project and the Dusit Central Park Project. We project a significant increase in ridership once the East section of the MRT Orange Line becomes operational, which will feed additional passengers to the MRT Blue Line system.

For the expressway business, considering the continued adoption of hybrid work models and the expansion of mass transit networks, we project the average daily traffic volume to remain steady, ranging between 1.10-1.16 million trips during 2025-2027.

MRT remuneration squeezes earnings

While the growth in MRT Blue Line ridership and resilient toll traffic will contribute to BEM's revenue growth, the higher remuneration payable under the MRT Blue Line concession agreement will squeeze BEM's earnings.

During 2025-2027, we forecast BEM's revenue to reach THB17.3-THB18.7 billion and normal operating EBITDA of THB9.5-THB10.5 billion per annum. However, the EBITDA will be constrained by the annual remuneration payment BEM committed to pay to the MRTA until 2029. The remuneration amount increases annually, estimated at THB5-THB5.6 billion per annum during the forecast period. We categorize the entire payment to MRTA as operating costs. Consequently, we forecast BEM's EBITDA margin to range between 25%-26% during the forecast period, translating into EBITDA of THB4.5-THB4.9 billion annually. Funds from operations (FFO) are projected to be around THB1.5-THB1.7 billion annually.

Strong business profile

BEM's business profile remains strong, supported by its portfolio of high-quality concession assets, including expressways and mass transit systems. Both sectors benefit from significant barriers to entry, with only a limited number of operators in Thailand possessing the expertise and capital required to undertake the construction and operation of expressways or mass transit rails.

The company's business strength is also supported by a track record of steady and stable earnings in expressway operations, thanks to the strategic location of the Second Stage Expressway (SES) which is connected to the First Stage Expressway (FES). The extension of the SES and the Bang Pa-in-Pak Kret Expressway (Sector C+) concessions will help BEM secure steady cash flows over the long term.

BEM's growth prospects are also aligned with government policies to promote an integrated mass transit network. BEM is well positioned to capitalize on the opportunities as an experienced and well-equipped operator. Additionally, the strategic advantage of the MRT Blue Line, functioning as a circle line, enhances its ability to attract passengers from other rail mass transit lines. Moreover, the MRT Orange Line, which connects the eastern and western regions of Bangkok, is poised to bolster BEM's long-term growth potential.

Manageable liquidity

We assess BEM's liquidity to be manageable over the next 12 months. The main sources of funds include cash and cash equivalents amounting to THB1.8 billion as of the end of March 2025 and FFO estimated at around THB1.7 billion. Primary uses of funds consist of scheduled debt repayments totaling around THB15.8 billion and dividend payments of THB2.2 billion. Most of the debts due are expected to be refinanced. BEM's capital expenditures of around THB10 billion, primarily for investment in the MRT Orange Line and rolling stock for the MRT Blue Line, are mainly supported by credit facilities from banks. Also, BEM has financial flexibility through its equity investments in TTW PLC and CK Power PLC. The combined market value of these two investments was THB10.2 billion as of 28 May 2025.

The main financial covenants on its debt obligations require the maintenance of BEM's interest-bearing debt to equity ratio below 2.5 times, and a debt service coverage ratio of more than 1 times. As of March 2025, the ratio was 1.97 times and 2.96 times, respectively.

Debt structure

As of March 2025, BEM's debts consisted of THB14.1 billion of priority debt out of its total interest-bearing debt of THB74.2 billion (excluding the THB16.3 billion debts of the MRT Purple Line and the MRT Orange Line civil work since they are backed by agreements with the MRTA which stipulate repayment obligations of the MRTA), translating into a priority debt ratio of 19%.

BASE-CASE ASSUMPTIONS

TRIS Rating's base-case assumptions for BEM's operations in 2025-2027 are as follows:

- Revenue to be THB17.3-THB18.7 billion per annum.
- EBITDA of THB4.5-THB4.9 billion annually (normal operating EBITDA before subtracting annual remuneration of THB9.5-THB10.5 billion).
- Total capital expenditures of THB28-THB29 billion.

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 the mass transit businesses as well as leverage levels aligned with our baseline forecast.

RATING SENSITIVITIES

A rating upgrade is unlikely in the near term considering BEM's financial leverage that is likely to sustain at high levels over the next few years. Conversely, a rating downgrade could occur if BEM's financial metrics significantly fall short of our expectations, which may result from persistently weak operational performance and/or significant debt-funded investments.

COMPANY OVERVIEW

BEM was established on 30 December 2015 through the amalgamation of Bangkok Expressway PLC (BECL) and Bangkok Metro PLC (BMCL). BEM was listed on the Stock Exchange of Thailand (SET) on 5 January 2016. As of March 2025, BEM's major shareholder was CH. Karnchang PLC (CK) with 37.9% of outstanding shares.

BEM has three main lines of business: constructing and operating expressways, providing mass rapid transit service, and engaging in commercial development related to its expressway and mass transit networks. In 2024, BEM reported revenue of THB17 billion, of which 53% came from the expressway segment, 40% from the mass transit segment, and 7% from the commercial development segment.

BEM built and operates the elevated Si Rat Expressway (SES), the Udon Ratthaya Expressway (Sector C+), and the Sirat - Outer Ring Road Expressway (SOE). All the expressways are operated under 30-year Build-Transfer-Operate (BTO) concessions awarded by the Expressway Authority of Thailand (EXAT). Due to the contract amendment in February 2020, the concessions for SES Sector A, B, C, D, and Sector C+ have been extended to expire in October 2035, while the concession for SOE will still expire in December 2042.

In March 2017, BEM entered into a new MRT Blue Line concession agreement with the MRTA. The new MRT Blue Line concession covers the MRT Initial Blue Line Project (Hua Lamphong - Bang Sue Section) which has been operated since 2004 and the MRT Blue Line Extension Project (Hua Lamphong - Bang Khae Section and Bang Sue - Tha Phra Section) which became fully operational in March 2020. The new concession will end in 2050. The MRT Blue Line concession is on a Public-Private Partnership (PPP) Net Cost agreement basis with BEM holding the rights to collect farebox revenue, undertake commercial development activities, and bear the risk of ridership.

The MRT Orange Line project: Bang Khun Non - Min Buri (Suwinthawong) section was awarded to the company under a PPP Net Cost contract following a Cabinet resolution on 16 July 2024, with the agreement signed on 18 July 2024. The contract is divided into two phases. In Phase I (Design and Build), for the East section (Thailand Cultural Centre - Yaek Rom Klao), BEM is responsible for the design, manufacturing, procurement, installation, and testing of M&E systems, to be completed within 3 years and 6 months from the Notice to Proceed date. For the West section (Bang Khun Non - Thailand Cultural Centre), the scope of works includes the design and construction of the civil works and the design, manufacturing, procurement, installation, and testing of M&E systems, over a 6-year period from the Notice to Proceed date. The MRTA will subsidize the civil works for the West section of up to THB 96,012 million. Phase II (Operation) covers a 30-year term starting from the East section's revenue service date, during which the company will operate and maintain the system, bear all investment and operating costs, retain fare and commercial revenues, and assume the ridership risk.

BEM also operates the MRT Chalong Ratchadham Line (Purple Line) under a 30-year concession on a PPP Gross Cost scheme basis. Under this type of basis, the MRTA paid for all the civil works while BEM advanced the investment in the M&E systems and the rolling stock. The MRTA gradually repays the cost of the M&E equipment to BEM in 10 years after BEM delivered and transferred ownership of the M&E equipment to the MRTA. BEM provides operation and maintenance (O&M) services to the MRTA until the concession ends in 2043. In return, BEM receives service revenue on a cost-plus basis. BEM does not take the risk of ridership under the Gross Cost scheme basis.

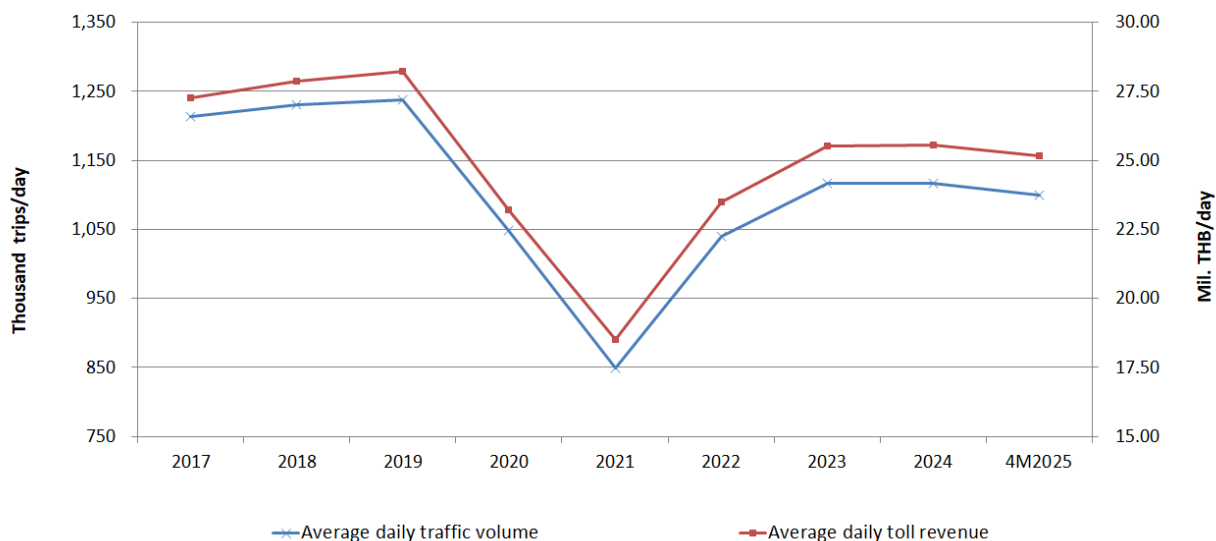
KEY OPERATING PERFORMANCE

Table 1: Revenue Breakdown

Revenue (Unit: THB mil)	2017	2018	2019	2020	2021	2022	2023	2024	3M2025
Toll road	9,957	10,174	10,302	8,145	6,450	8,192	8,919	8,941	2,245
Mass Transit	4,521	4,736	5,022	4,520	3,454	4,917	6,339	6,830	1,749
Commercial development	675	705	783	825	822	921	1,117	1,233	265
Total	15,153	15,615	16,107	13,490	10,726	14,030	16,375	17,004	4,259
Contribution	2017	2018	2019	2020	2021	2022	2023	2024	3M2025
Toll road	66%	65%	64%	60%	60%	58%	54%	53%	53%
Mass Transit	30%	30%	31%	34%	32%	35%	39%	40%	41%
Commercial development	4%	5%	5%	6%	8%	7%	7%	7%	6%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Change (y-o-y)	2017	2018	2019	2020	2021	2022	2023	2024	3M2025
Toll road	7%	2%	1%	-21%	-21%	27%	9%	0%	-2%
Mass Transit	40%	5%	6%	-10%	-24%	42%	29%	8%	4%
Commercial development	18%	4%	11%	5%	0%	12%	21%	10%	0%
Total	16%	3%	3%	-16%	-20%	31%	17%	4%	0%

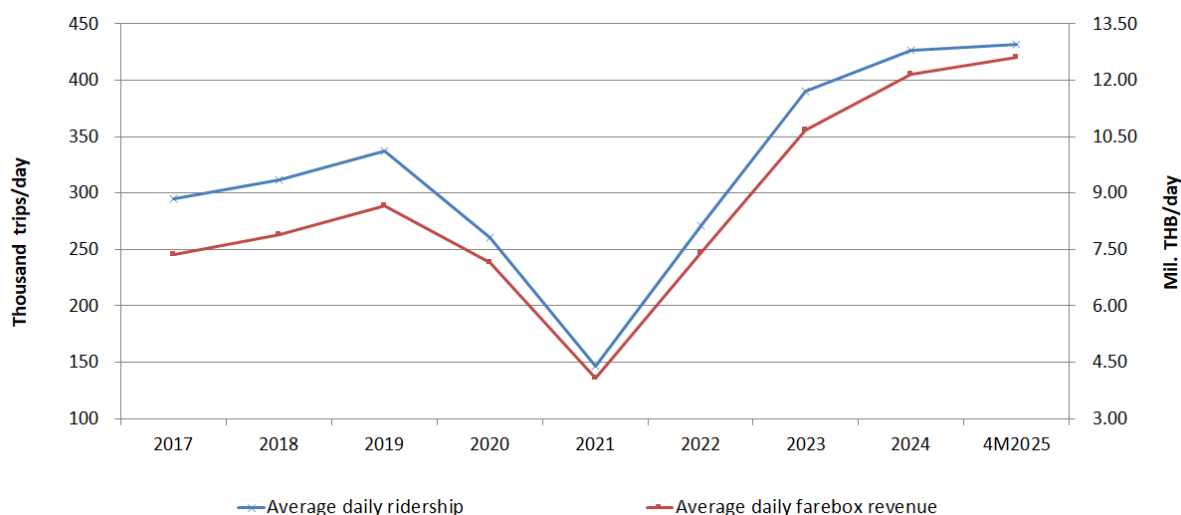
Source: BEM

Chart 1: Average Daily Traffic Volume and Toll Revenue



Source: BEM

Chart 2: Average Daily Ridership and Farebox Revenue



Source: BEM

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	Jan-Mar 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	4,269	17,042	16,401	14,063	10,762
Earnings before interest and taxes (EBIT)*	547	3,327	3,543	2,456	669
Earnings before interest, taxes, depreciation, and amortization (EBITDA)*	1,098	5,425	5,511	4,046	1,798
Funds from operations (FFO)	451	2,690	3,206	1,836	(228)
Adjusted interest expense	567	2,369	2,260	2,163	1,962
Capital expenditures	1,561	8,015	1,183	1,308	2,108
Total assets	136,278	132,773	112,496	114,128	115,088
Adjusted debt	73,301	73,030	63,560	63,679	63,575
Adjusted equity	36,404	36,560	37,664	37,264	37,699
Adjusted Ratios					
EBITDA margin (%)	25.7	31.8	33.6	28.8	16.7
Pretax return on permanent capital (%)	2.7**	3.1	3.4	2.4	0.7
EBITDA interest coverage (times)	1.9	2.3	2.4	1.9	0.9
Debt to EBITDA (times)	14.3**	13.5	11.5	15.7	35.4
FFO to debt (%)	3.3**	3.7	5.0	2.9	(0.4)
Debt to capitalization (%)	66.8	66.6	62.8	63.1	62.8

* Subtracted by annual remuneration

** Annualized from the trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Bangkok Expressway and Metro PLC (BEM)

Company Rating:	BBB+
Issue Ratings:	
BEM259A: THB1,000 million senior unsecured debentures due 2025	BBB+
BEM250A: THB2,500 million senior unsecured debentures due 2025	BBB+
BEM264A: THB2,000 million senior unsecured debentures due 2026	BBB+
BEM264B: THB1,800 million senior unsecured debentures due 2026	BBB+
BEM265A: THB1,000 million senior unsecured debentures due 2026	BBB+
BEM266A: THB3,335 million senior unsecured debentures due 2026	BBB+
BEM272A: THB1,000 million senior unsecured debentures due 2027	BBB+
BEM279A: THB1,500 million senior unsecured debentures due 2027	BBB+
BEM279B: THB2,500 million senior unsecured debentures due 2027	BBB+
BEM270A: THB3,000 million senior unsecured debentures due 2027	BBB+
BEM284A: THB1,000 million senior unsecured debentures due 2028	BBB+
BEM284B: THB300 million senior unsecured debentures due 2028	BBB+
BEM286A: THB2,750 million senior unsecured debentures due 2028	BBB+
BEM286B: THB500 million senior unsecured debentures due 2028	BBB+
BEM292A: THB1,500 million senior unsecured debentures due 2029	BBB+
BEM295A: THB1,000 million senior unsecured debentures due 2029	BBB+
BEM299A: THB3,400 million senior unsecured debentures due 2029	BBB+
BEM306A: THB1,300 million senior unsecured debentures due 2030	BBB+
BEM312A: THB1,000 million senior unsecured debentures due 2031	BBB+
BEM314A: THB1,000 million senior unsecured debentures due 2031	BBB+
BEM326A: THB700 million senior unsecured debentures due 2032	BBB+
BEM329A: THB1,000 million senior unsecured debentures due 2032	BBB+
BEM334A: THB3,400 million senior unsecured debentures due 2033	BBB+
BEM342A: THB1,000 million senior unsecured debentures due 2034	BBB+
BEM349A: THB1,000 million senior unsecured debentures due 2034	BBB+
BEM349B: THB600 million senior unsecured debentures due 2034	BBB+
BEM354A: THB1,000 million senior unsecured debentures due 2035	BBB+
BEM362A: THB500 million senior unsecured debentures due 2036	BBB+
BEM369A: THB500 million senior unsecured debentures due 2036	BBB+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2025, 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