

SAMART CORPORATION PLC

No. 72/2025
9 May 2025

CORPORATES

Company Rating: BBB+
Outlook: Stable

Last Review Date: 17/04/24

Company Rating History:

Date	Rating	Outlook/Alert
17/04/24	BBB	Positive
28/04/22	BBB	Stable
24/03/20	BBB+	Stable
21/03/18	BBB+	Negative
20/04/15	BBB+	Stable

Contacts:

Sarinthorn Sosukpaibul
sarinthorn@trisrating.com

Chanaporn Pinphithak
chanaporn@trisrating.com

Wajee Pitakpaibulkij
wajee@trisrating.com

Pramuansap Phonprasert
pramuansap@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating upgrades the company rating on Samart Corporation PLC (SAMART) to “BBB+” from “BBB” and revises the rating outlook to “stable” from “positive”. The upgrade reflects SAMART’s improved financial profile, underpinned by its strengthened operating performance and a deleveraged capital structure. We expect the company to maintain its sound financial position over the next three years, supported by consistent earnings generation as well as prudent financial and investment management.

SAMART’s credit profile continues to reflect its position as one of the market leaders in Thailand’s information communication technology (ICT) business, a proven track record in executing large-scale public-sector projects, and an expansion of recurring revenue base. However, the rating is constrained by the intense competition in the ICT industry, and the inherent volatility and uncertainty associated with project-based revenue, particularly those tied to government budgets.

KEY RATING CONSIDERATIONS

Strengthened profitability

In 2024, SAMART delivered notable improvement in profitability, with EBITDA (excluding one-time expenses) rising to THB2.2 billion from THB1.5 billion in 2023, despite stable revenue at THB10 billion. This was largely due to enhanced operational performance across key subsidiaries and a shift in the revenue mix toward a higher-margin recurring income base. As a result, the EBITDA margin rose significantly to 21.3%, up from 14.5% in the prior year.

Looking ahead, we forecast annual revenue to reach THB10.5-THB11.5 billion during 2025-2027, underpinned by continued growth of revenue in air traffic control services and ICT solutions, along with stable revenue from the direct coding project, as well as improved operating performance in trunked radio businesses. EBITDA is projected to increase to THB2.2-THB2.4 billion, with an EBITDA margin of 21.0%-21.5%, reflecting the increasing weight of recurring income and the company’s disciplined approach to cost and expense control.

Strong utilities and transportations performance

Revenue from SAMART’s utilities and transportations business grew to THB5.5 billion in 2024, up from THB5.1 billion in 2023, fueled by recovery of Cambodia’s aviation, growth in power substation engineering business, and higher revenue from direct coding project. Over the forecast period, we project the revenue from the utilities and transportations business to range between THB5.0-THB5.5 billion per annum.

We expect continued recovery in international flights and passenger volumes over 2025-2027, driven by rising air travel demand, government initiatives to promote tourism and the launch of a new international airport in Cambodia. While international traffic is expected to rebound steadily, domestic flight volumes may take longer to return to pre-pandemic levels due to the slower recovery in local travel demand. Over 2025-2027, revenue from the air traffic control services is projected to be THB1.7-THB1.9 billion annually, with full recovery to pre-pandemic levels expected by 2028.

In parallel, we expect its revenue from the power substation engineering business to be supported by a THB1.8 billion project backlog as of December 2024 and the

ongoing acquisition of new projects. Furthermore, we anticipate consistent growth in direct coding revenue, driven by increased domestic beer consumption and extended product sales durations.

Increasing recurring income to fuel ICT Solutions profits

In 2024, revenue from the digital ICT solutions business, operated by its subsidiary, SMART Telecoms PLC (SAMTEL), declined by 7% year-on-year (y-o-y) to THB4.2 billion due to delays in government budget disbursements and a limited number of projects open for bidding. Despite the contraction in revenue, its profitability improved. The rise in profit was supported by a shift in revenue mix toward higher-margin recurring service-based income, which increased to 55% of SAMTEL's total revenue, from 46%. The EBITDA margin rose to 15.0% in 2024 from 12.3% in the previous year. SAMTEL ended the year 2024 with a project backlog valued at THB5.2 billion.

During 2025-2027, we expect revenue from the digital ICT solutions business to grow to THB5-THB5.5 billion annually, supported by strong project securing momentum. This includes about THB4 billion in new contracts signed in the first quarter of 2025, and a robust project pipeline. With continued public investment in Thailand's ICT infrastructure, and by leveraging its proven track record and established credibility in the sector, we expect the company to secure additional projects and further drive revenue growth.

Digital trunked radio business turns profitable on rising airtime revenue

The digital communications business achieved significant turnaround in 2024, with a substantial increase in EBITDA and return to net profitability after several years of losses. This recovery was primarily driven by strong growth in airtime revenue from the Digital Trunked Radio System (DTRS) project.

Airtime revenue grew to THB375 million in 2024, a notable increase from THB80 million in 2023, accounting for 58% of total revenue in the digital communications business. This growth was underpinned by an increase in the customer base to about 79,000 subscribers at the end of 2024, supported by key clients such as the Ministry of Interior (MOI) and the Provincial Electricity Authority (PEA). With airtime revenue providing a stable and recurring income stream that covers fixed costs, EBITDA for this business turned positive in 2024.

Looking ahead, we expect DTRS airtime revenue to remain the key growth driver and earnings contributor for the digital communications business. A further upside is anticipated from the strategic expansion of the customer base into public safety sectors, emergency medical services, and local government agencies, which should further enhance revenue stability and profitability.

Strong capital structure backed by lower leverage and improved cash flow

SAMART maintains a healthy capital structure, supported by reduced leverage and strengthened cash flow generation. As of December 2024, the company's adjusted debt declined to THB2.4 billion from THB5.0 billion at the end of 2023, primarily due to the repayment of bank loans and the early redemption of some maturing debentures. This deleveraging significantly improved SAMART's financial metrics, with the debt to EBITDA ratio declining to 1.1 times in 2024 from 3.4 times in the previous year, and the funds from operations (FFO) to debt ratio rising significantly to 70% from 16.1%.

Our base-case projection forecasts SAMART's financial leverage to remain at modest levels over 2025-2027, assuming total capital expenditure of about THB3.2 billion and no significant reliance on debt-funded investments. We expect the company's debt to EBITDA ratio to stay low, remaining below 1.5 times over the forecast period. However, if new growth initiatives in key business segments require additional investment, we expect the company to manage its liquidity and financial leverage prudently.

Manageable liquidity

We assess SAMART's liquidity to remain manageable over the next 12 months. As of December 2024, the company had THB3.2 billion in cash and cash equivalents, with undrawn bank facilities of about THB4.9 billion. FFO over the next 12 months is projected to reach nearly THB1.8 billion. These funds are expected to be used for its capital expenditure needs of around TH1.2 billion in 2025 as well as the scheduled repayment of THB2.7 billion in long-term debt and lease obligations maturing in 2025.

Debt structure

As of December 2024, around 61% of SAMART's debts were priority debts, including debts at subsidiary level and secured project financing loans at parent level. As the ratio exceeded our 50% priority debt threshold, we view SAMART's unsecured creditors as significantly disadvantaged to priority debt holders with respect to claims against the company's assets.

BASE CASE ASSUMPTIONS

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

- Revenue to range between THB10.5-THB11.5 billion per annum.
- EBITDA margin at 21.0%-21.5%.
- Capital spending to total about THB3.2 billion over the next three years.

RATING OUTLOOK

The "stable" outlook reflects our view of SAMART's ability to maintain its strong position and competitive edges in the ICT industry and continue to deliver consistently sound financial performance.

RATING SENSITIVITIES

The rating and/or outlook could be revised downward if SAMART's operating performance deteriorate significantly, or any debt-financed investments substantially weaken the company's balance sheet, with its debt to EBITDA ratio exceeding 3.5 times over an extended period. A rating upgrade is unlikely in the medium term.

COMPANY OVERVIEW

SAMART was founded by the Vilailuck family in 1950 and listed on the Stock Exchange of Thailand (SET) in 1993. At the end of March 2025, the Vilailuck family owned about 42% of SAMART's outstanding shares.

SAMART's core business comprises three lines of business. Subsidiaries take care of the different lines of business. SAMTEL oversees the digital ICT solutions segment. Samart Digital PLC (SDC) operates the digital communications segment. SAMART together with its non-listed subsidiaries, and Samart Aviation Solutions PLC (SAV) operate the utility and transportation businesses. On 9 December 2020, SAMART disposed of a 68% stake in One To One Contacts PLC (OTO), its contact center service subsidiary.

SAV wholly owns Cambodia Air Traffic Service Co., Ltd. (CATS), which is the sole service provider of air navigation services in Cambodia's airports and airspace. CATS has a 49-year concession (2002-2051) from the Cambodian government. SAMART spun off SAV and listed the company on the SET in September 2023. The company used the proceeds from the initial public offering (IPO) of its subsidiary mainly to repay existing debts and support working capital needs.

As of March 2025, SAMART directly held a stake of about 70% in SAMTEL and 78% of SDC. In 2024, SAMART's major revenue generator was the utility and transportation segment contributing 54% of total revenue, the digital ICT solutions segment (42%), and followed by the digital communications segment (6%).

KEY OPERATING PERFORMANCE

Table 1: Revenue Contribution by Segment

Business Line	2022		2023		2024	
	Mil. THB	%	Mil. THB	%	Mil. THB	%
Digital ICT solutions (SAMTEL)	4,947	55	4,489	44	4,183	42
Digital communications (SDC)	632	7	1,898	19	648	6
Utilities and transportations	4,259	47	5,053	50	5,457	54
Eliminations	(818)	(9)	(1,301)	(13)	(246)	(2)
Total	9,020	100	10,139	100	10,042	100

Source: SAMART

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	10,139	10,254	9,151	7,078	9,253
Earnings before interest and taxes (EBIT)	1,112	540	442	1	(28)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,158	1,487	1,250	641	1,332
Funds from operations (FFO)	1,649	806	684	219	849
Adjusted interest expense	343	546	505	392	414
Capital expenditures	604	636	1,241	1,023	2,254
Total assets	18,099	19,109	19,336	18,149	18,031
Adjusted debt	2,357	5,014	8,617	8,517	8,339
Adjusted equity	6,769	6,322	3,853	4,725	4,234
Adjusted Ratios					
EBITDA margin (%)	21.3	14.5	13.7	9.1	14.4
Pretax return on permanent capital (%)	8.5	3.8	3.0	0.0	(0.2)
EBITDA interest coverage (times)	6.3	2.7	2.5	1.6	3.2
Debt to EBITDA (times)	1.1	3.4	6.9	13.3	6.3
FFO to debt (%)	70.0	16.1	7.9	2.6	10.2
Debt to capitalization (%)	25.8	44.2	69.1	64.3	66.3

* Consolidated financial statements

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

Samart Corporation PLC (SAMART)

Company Rating:	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