

SAMART TELCOMS PLC

No. 73/2025
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
01/04/11	BBB+	Stable

Contacts:

Sarinthorn Sosukpaibul
sarinthorn@trisrating.com

Chanaporn Pinphithak
chanaporn@trisrating.com

Wajee Pitakpaibulkij
wajee@trisrating.com

Pramuansap Phonprasert
pramuansap@trisrating.com



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RATIONALE

TRIS Rating upgrades the company rating on Samart Telcoms PLC (SAMTEL) to “BBB+” from “BBB”. The rating action follows the upward revision of the group credit profile (GCP) of SAMART Corporation PLC (SAMART) to “BBB+” from “BBB”. The revision reflects SAMART Group’s strengthened earnings base and improved leveraged capital structure. The rating outlook is revised to “stable” from “positive”.

The rating on SAMTEL is primarily based on its group status as a core subsidiary within SAMART Group. According to our "Group Rating Methodology", we view SAMTEL as a core entity of SAMART and therefore equate the company rating on SAMTEL to that on SAMART.

KEY RATING CONSIDERATIONS

Core subsidiary of SAMART

We continue to assess SAMTEL as a “core subsidiary” of SAMART, based on their strong operational integration, strategic and financial alignment, as well as linkage of reputation. As of March 2025, SAMART held a 70% equity stake in SAMTEL, with both entities operating under an integrated management structure and aligned strategic direction.

As the flagship entity within the SAMART Group, SAMTEL delivers a broad range of information and communication technology (ICT) solutions and digital innovations, primarily serving government agencies and state enterprises. SAMTEL’s operation is significant for the Group’s overall performance, contributing about 40%-60% of SAMART’s consolidated revenue and EBITDA over the past five years.

We anticipate SAMTEL to remain the primary contributor of revenue and EBITDA for the SAMART Group. Given its integral role within the group and strong intercompany linkages, we also believe SAMTEL will continue to be a key component of SAMART’s long-term ICT strategy.

Strong market position in the ICT solutions and services market

SAMTEL is one of the market leaders in ICT solutions and outsourcing services in Thailand. It has long-standing relationships with public sector clients and strategic business partners. Its extensive experience and proven track record in executing the public sector projects are key strengths for the Group’s competitiveness in securing new projects.

In 2024, SAMTEL generated THB4.2 billion in revenue and THB628 million of EBITDA. At the end of 2024, the company held a project backlog valued at THB5.2 billion, which will translate to around THB2.4 billion of revenue in 2025, THB1.1 billion in 2026, with the remainder recognized between 2027-2029.

We expect SAMTEL to sustain its strong competitive advantage through ongoing digital initiatives, technological advancements, and the continued expansion of its service and project portfolio. Backed by a solid market position and proven execution capabilities, we expect SAMTEL to remain competitive in its core markets.

Growing recurring income helps mitigate volatility

SAMTEL’s operating performance remains inherently volatile due to its reliance on project-based revenue. Over the past five years, revenue from turnkey

projects has fluctuated between THB1.9-THB3.2 billion, accounting for roughly 45%-60% of total revenue. This dependency on project wins presents ongoing challenges of consistently securing new projects, which can lead to earnings variability.

However, the company has aimed at expanding its recurring service-based income, to stabilize its earnings. In 2024, its recurring income increased to about THB2.3 billion from THB2.0 billion in 2023, driven primarily by long-term maintenance contracts. This shift in revenue composition has enhanced profitability and mitigated earnings volatility, supporting a more resilient financial foundation over the long term.

Manageable liquidity

We assess SAMTEL's liquidity to be manageable over the next 12 months. Sources of funds include THB819 million in cash on hand as of December 2024, with available credit facilities of around THB2.2 billion. We project its funds from operations (FFO) over the next 12 months to be around THB625 million.

Uses of funds in 2025 will include scheduled debt repayments and capital expenditures. As of December 2024, the company had nearly THB600 million in outstanding short-term bank loans, most of which are project loans. These project loans are expected to be repaid upon project completion. Furthermore, we expect the company to spend about THB400 million on capital expenditure in 2025. However, if new growth initiatives require additional investment, we anticipate SAMTEL will be able to secure project loans by leveraging its consistent execution track record and the credit quality of its project owners.

Debt profile

As most of SAMTEL's debts are short-term and project loans, cash inflows from project execution are largely conditionally assigned to project lenders. As a result, we view that SAMTEL's unsecured creditors could be significantly disadvantaged to the company's secured project lenders with respect to claims against the company's assets.

BASE-CASE ASSUMPTIONS

- TRIS Rating's base-case assumption is that SAMTEL will remain a core subsidiary of SAMART.

RATING OUTLOOK

The "stable" rating outlook on SAMTEL is based on the rating outlook we assigned to SAMART.

RATING SENSITIVITIES

The rating on SAMTEL could be revised upward or downward in accordance to changes in the rating on SAMART. The rating could also be revised if in our view SAMTEL's status in the SAMART Group changes.

COMPANY OVERVIEW

SAMTEL was founded by the Vilailuck family in 1986. The company operates an integrated telecommunication network and an ICT service business. As of March 2025, the company was 70% owned by SAMART, a holding company investing in telecommunication and communication networks and providing engineering services.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December-----				
	2024	2023	2022	2021	2020
Total operating revenues	4,191	4,514	5,006	4,604	5,459
Earnings before interest and taxes (EBIT)	105	95	177	114	(147)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	628	556	594	500	860
Funds from operations (FFO)	586	473	521	447	781
Adjusted interest expense	33	74	69	51	77
Capital expenditures	501	311	505	613	557
Total assets	6,515	7,657	7,471	7,144	6,972
Adjusted debt	31	877	1,264	1,637	1,225
Adjusted equity	3,624	3,548	3,563	3,371	3,304
Adjusted Ratios					
EBITDA margin (%)	15.0	12.3	11.9	10.9	15.8
Pretax return on permanent capital (%)	2.1	1.8	3.3	2.1	(2.3)
EBITDA interest coverage (times)	19.3	7.5	8.6	9.8	11.2
Debt to EBITDA (times)	0.0	1.6	2.1	3.3	1.4
FFO to debt (%)	1,882.3	53.9	41.2	27.3	63.8
Debt to capitalization (%)	0.9	19.8	26.2	32.7	27.0

* Consolidated financial statements

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Samart Telcoms PLC (SAMTEL)

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

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