

Credit Rating Report for Tianjin Infrastructure Construction & Investment Group Co., Ltd.'s 2019-3 Medium-term Notes

Ratings

Long-term credit rating of the issuer: AAA

Credit rating of the medium-term notes (MTN): AAA

Rating outlook: Stable

MTN overview:

Scale of this MTN: CNY 2 billion

Maturity of this MTN: 3 years for Product 1

5 years for Product 2

Debt servicing method: Annual interest payment,

repayment of principal at maturity

Use of proceeds: To repay the existing debt

Date of rating: May 20, 2019

Financial data

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Item	2016	2017	2018	March 2019
Cash assets (CNY 100mn)	251.45	294.58	376.85	473.96
Total assets (CNY 100mn)	7151.40	7434.26	7602.33	7826.43
Owners' equity (CNY 100mn)	2352.53	2487.65	2589.20	2598.17
Short-term liabilities (CNY 100mn)	464.50	778.09	726.88	541.67
Long-term liabilities (CNY 100mn)	3426.66	3141.62	3299.16	3598.57
Total liabilities (CNY 100mn)	3891.16	3919.71	4026.04	4140.25
Revenue (CNY 100mn)	142.47	142.40	154.47	35.29
Total profit (CNY 100mn)	23.30	24.27	25.54	2.64
EBITDA (CNY 100mn)	63.69	67.55	93.84	
Net cash flow from operating activities (CNY 100mn)	-5.09	48.15	30.55	13.23
Receivables/total assets (%)	6.41	6.29	4.85	5.05
Operating profit margin (%)	17.17	20.44	23.55	21.62
ROE (%)	0.76	0.77	0.77	
Debt-to-asset ratio (%)	67.10	66.54	65.94	66.80
Total debt capitalization ratio (%)	62.32	61.18	60.86	61.44
Current ratio (%)	288.03	213.05	191.54	239.66
Operating cash flow-to-current liabilities ratio (%)	-0.65	4.49	2.70	
Total liabilities/EBITDA (x)	61.09	58.03	42.90	

Note: Financial data from January to March 2019 are unaudited.

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Rationale

Tianiin Infrastructure Construction Investment Group Co., Ltd. (the "Company" or "Tianjin Infrastructure Investment Group") is a wholly state-owned firm incorporated with the Tianjin municipal government's permission. It is the largest infrastructure construction company in the city. In the recent years, the Company has continued receiving substantial financial support from external sources, and its road & bridge and water businesses have been developing well. In the meantime, China Lianhe Credit Rating Co., Ltd ("Lianhe Ratings") notes that the Company's overall profitability is weak and it is facing some financing pressures due to its large debt level and a large number of projects under construction.

Going forward, with the completion of its investment projects, the Company's revenue and profit are set to further increase, and its ability to generate cash flows from operating activities will further improve. Though large-scale investment spending will lead to higher debt pressure, the Company has a strong ability to repay debts, given the long-term stable support it enjoys from external sources. Lianhe Ratings' rating outlook for the Company is stable.

Based on an overall assessment of its longterm credit profile and its ability to repay this MTN, Lianhe Ratings concludes that the Company has a very strong ability to repay this MTN, with a very low default risk.

Strengths

 Tianjin is one of the four municipalities directly administered by China's central government. As the city rapidly develops, the Tianjin government is set to further ramp up infrastructure construction activities to make



- it a better city. The Company enjoys favorable industrial policies and regional economic environment.
- It enjoys strong support from the Tianjin municipal government and has advantages over its peers in operating in the region.
- 3. The Company operates a wide range of businesses with large-scale operations, which provides a solid foundation for its sustainable growth.

Concerns

- 1. The Company's revenue is still relatively small compared to its assets, and its overall profitability is weak.
- It has a large number of projects under construction and these projects have a long construction cycle, pointing to demand for fiscal and external financing.
- 3. Payment collection from government repurchase projects the Company has undertaken such as expressways is poor.
- 4. The Company is under pressure to repay debts in the short term, given its large debt level.



