

AMATA B.GRIMM POWER 3 LTD.

No. 8/2025
20 February 2025

CORPORATES

Company Rating: A-
Outlook: Stable

Last Review Date: 31/01/24

Company Rating History:		
Date	Rating	Outlook/Alert
28/02/17	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on Amata B.Grimm Power 3 Ltd. (ABP3) at “A-” with a “stable” outlook. The company rating incorporates ABP3’s stand-alone credit profile (SACP) of “a-” and its status as a “strategic” subsidiary of B.Grimm Power PLC (BGRIM, rated “A/Stable”).

The SACP reflects ABP3’s reliable cash flow which is secured by a long-term power purchase agreement (PPA) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”). Furthermore, the SACP takes into account the strong operating performance of ABP3’s cogeneration power plant. Nevertheless, the SACP is constrained by the inherent risk of reliance on a single operating asset.

KEY RATING CONSIDERATIONS

Reliable cash flow from long-term PPA with EGAT

ABP3’s revenue stream benefits from a long-term PPA with EGAT. Sales to EGAT typically account for 60%-70% of total revenue, providing a substantial and stable source of cash flow. We expect EGAT to remain a primary source of ABP3’s cash generation.

ABP3’s 25-year PPA with EGAT provides reliable cash flow, mitigating market risk. The “take-or-pay” structure guarantees payment even if EGAT dispatches less than the contracted amount. The PPA’s tariff formula further stabilizes cash flow by mitigating fuel price and exchange rate volatility. Fuel costs are passed through to EGAT under the energy payment (EP). In addition, the counterparty risk is minimal.

Offtake agreements with industrial customers

While ABP3 benefits from the PPA with EGAT, ABP3 also has multi-year PPAs and steam purchase agreements (SPAs) with creditworthy industrial users in the Amata City (Chonburi) Industrial Estate (ACCIE). Sales to these industrial customers are subject to fuel price risk, and sales volume depends on demand driven by industrial activity.

ABP3 sells electricity to these customers at a discount to the tariffs charged by Provincial Electricity Authority (PEA) to large general service customers. These tariffs include a fuel adjustment charge (Ft) to reflect fuel price changes. However, the Ft adjustment is subject to a time lag and regulatory discretion regarding timing and magnitude. Significant mismatches between fuel prices and the Ft adjustment could negatively impact ABP3’s earnings.

Robust performance anticipated to continue

We expect ABP3’s power plant to continue delivering strong performance, aided by BGRIM’s expertise in the operation and maintenance of cogeneration power plants.

ABP3 has performed in accordance with operational expectations under the PPA since its commencement. For the first nine months of 2024, the plant’s availability factor was 98%. The heat rate was 7,526 British thermal units/kilowatt-hour (BTU/kWh), below the borderline of 8,000 BTU/kWh as required under the PPA with EGAT. Regarding energy efficiency, ABP3’s plant achieved the primary energy saving (PES) expectation and received an additional tariff of THB0.36/kWh from EGAT as a fuel-saving (FS) payment.

In our base case scenario, we project the plant’s availability factor to be 90% in 2025, given its scheduled major overhaul. The availability factor is forecast to remain above 95% thereafter. The average plant heat rate is projected to be below 8,000 BTU/kWh. We also project that ABP3 will achieve PES throughout the forecast period of 2024-2027.

Leverage level on a downward trend

We expect ABP3’s stable cash generation to continue. We do not anticipate any debt increments in the absence of new investments. Taking into account maintenance capital expenditures and the scheduled repayment of inter-company loans, we anticipate ABP3’s leverage level to continue decreasing.

In our base-case projection, we assume a slimmer profit margin for electricity sales to industrial customers, following the recent Ft downward adjustment to THB0.37 per kWh from an average of THB0.40 per kWh in 2024. We forecast ABP3’s EBITDA to range from THB640-THB927 million per year during 2024-2027. The debt to EBITDA ratio is forecast to gradually decline to below 1.0 times, and the debt to capitalization ratio to fall below 20% by 2027.

Single operating asset

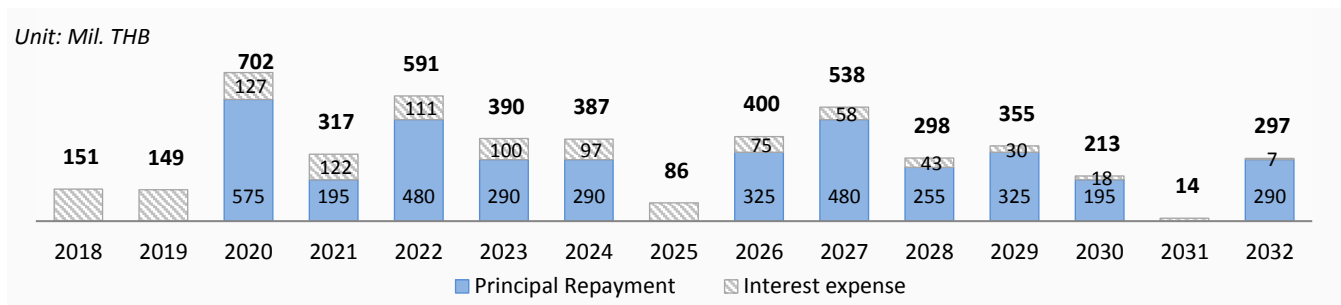
ABP3’s reliance on a single asset is the key constraint on the SACP. This lack of operational diversification weakens its business risk profile compared to larger and more diversified power companies, making the company’s earnings susceptible to material adverse effects arising from unforeseen events, such as prolonged outages or damage to critical components. However, the proven operating history and supportive long-term service agreement (LTSA) mitigate the risk of these events impacting earnings.

Satisfactory debt service capability

In April 2017, ABP3 borrowed an inter-company loan of THB3.7 billion from Amata B.Grimm Power SPV 1 Ltd. (ABPSPV). The proceeds were used to refinance an outstanding bank project loan. The repayment schedule of the inter-company loan matches the maturity of the bonds issued by ABPSPV. ABP3’s debt service obligations vary significantly from year to year. Debt services range from THB14 million to THB702 million per year during 2018-2032 with no principal repayments called for in 2018, 2019, 2025, and 2031. The first principal repayment was made in April 2020. We expect ABP3 to manage its liquidity needs and reserve cash for the years in which large principal repayments are scheduled to be made.

As of September 2024, ABP3 had cash on hand of THB557 million. We view the available cash combined with the forecast EBITDA should comfortably meet the scheduled debt services of THB86-THB538 million per year during 2025-2027.

Chart 1: Debt Service Schedule of ABP3’s Inter-company Loans



Sources: ABP3 and TRIS Rating’s estimates

Guarantee obligation for ABPSPV’s debentures

ABP3 is one of the guarantors of the guaranteed debentures issued by ABPSPV, alongside Amata B.Grimm Power (Rayong) 1 Ltd. (ABPR1) and Amata B.Grimm Power (Rayong) 2 Ltd. (ABPR2). The guarantors jointly and severally provide unconditional and irrevocable guarantees on all amounts due under the debentures, including the principal amount of up to THB11.5 billion, accrued interest, and associated expenses.

Strategic subsidiary under BGRIM Group

ABP3 is one of 22 cogeneration power plants under BGRIM Group. As of September 2024, ABP3’s installed capacity accounted for 5% of total capacity of BGRIM’s gas-fired cogeneration power plants. In terms of cash flow contribution, ABP3’s EBITDA represents approximately 4%-6% of the group’s total EBITDA. Despite its small revenue contribution, we view ABP3 as a strategic subsidiary of BGRIM. In our view, the cogeneration power plants are the centerpiece of BGRIM’s power portfolio, representing 72% of BGRIM’s total power generation capacity.

BGRIM has five cogeneration power plants in ACCIE, including ABP3. We consider ABP3 important to BGRIM's management of operating efficiency across its ACCIE power plants. Therefore, we expect ABP3 would obtain parental support in a distress scenario.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for ABP3's operations during 2024-2027:

- Plant availability factor to be in the range of 90%-97%.
- PPA with EGAT to be 90 megawatts (MW)
- PPAs with industrial customers to be 42.1 MW, and steam purchase agreements with industrial customers to be 13 tonnes/hour.
- Annual electricity sales to be 866-934 gigawatt-hours (GWh) and annual steam sales to be 97-107 kilotonnes.
- Total capital expenditures to be THB108 million.
- Inter-company loan repayments to be made according to the repayment schedule of the guaranteed debentures issued by ABPSPV.

RATING OUTLOOK

The "stable" rating outlook reflects our expectation that ABP3 will maintain its strong operational performance and generate reliable cash flows. The company's earnings and leverage levels will remain in line with our forecasts.

RATING SENSITIVITIES

An upward revision of ABP3's SACP is unlikely. Conversely, a sustained deterioration in ABP3's operating performance, resulting in a material weakening of its debt service capacity, could lead to a downgrade of the SACP. Negative pressure on the SACP could also emerge in a scenario of demand for payment with respect to the guarantee obligation.

According to TRIS Rating's "Group Rating Methodology", a material change in the rating on BGRIM or in the linkage between ABP3 and BGRIM could also impact the company rating on ABP3.

COMPANY OVERVIEW

ABP3 was established in 2010 to own and operate a cogeneration power plant under the Small Power Producer (SPP) scheme. ABP3 owns and operates a combined cycle cogeneration power plant, which commenced commercial operations on 1 October 2012. Located in Amata City (Chonburi) Industrial Estate (ACCIE), Chonburi Province, the power plant has an installed capacity of 132.5 MW plus 30 tonnes per hour of steam.

The company sells electricity to EGAT, with contracted capacity of 90 megawatts (MW). The company holds a 25-year PPA, which is on a "take-or-pay" basis. EGAT is obliged to dispatch at least 80% of the contracted capacity, based on plant operating hours.

ABP3 also sells electricity and steam to industrial customers in ACCIE. As of September 2024, the company held multi-year off-take agreements covering 42.1 MW of electricity and 13 tonnes per hour of steam. Each industrial customer is obliged to purchase the minimum amount of electricity and/or steam as agreed in its respective agreement.

ABP3's combined cycle cogeneration power plant employs proven technology from Siemens. The Siemens SGT 800 gas turbine has a proven track record, with more than 100 units sold worldwide since 1997. ABP3's power plant comprises two gas turbine units with bypass stacks, two heat recovery steam generators, and one steam turbine. The gas turbines and the steam turbine are all made by Siemens.

ABP3 has entered into an LTSA with Siemens. Under the agreement, Siemens provides maintenance services, including spare parts and performance upgrades, for the gas turbine units. The collaboration between Siemens and BGRIM helps ensure the reliability of the turbines and keeps maintenance costs under control. ABP3 also has a 25-year gas supply contract with PTT PLC and a long-term water supply agreement with AMATA Water Co., Ltd. Moreover, the company has a contract with PEA to purchase backup power in the event of an emergency.

As of December 2024, BGRIM directly and indirectly owned a 60.7% stake in ABP3. The remaining shares were held by Summit Sunrise Energy Co., Ltd. of the Sumitomo Group (SSEC -- 18%), and Amata Corporation PLC (AMATA -- 18.3%).

The ultimate major shareholder, BGRIM, was established in 1993 as a holding company for the power business under the conglomerate of the BGRIM Group. BGRIM generates and sells electricity and steam through its subsidiaries and affiliates. As of November 2024, BGRIM had installed capacity of 4,071 MW in operation.

KEY OPERATING PERFORMANCE
Table 1: Plant Performance Statistics of ABP3

Plant Performance	Unit	9M-24	2023	2022	2021	2020	2019
Net output energy ¹	GWhe ²	727.2	975.5	835.1	949.4	924.4	969.8
Plant heat rate	BTU/kWh	7,526	7,507	7,554	7,496	7,499	7,439
Primary energy saving factor	%	18.1	15.4	14.9	15.4	15.1	15.7
Availability	%	98.2	99.2	84.0	96.7	97.8	96.0
Planned outage	%	0.0	0.0	13.4	0.0	0.4	3.2
Unplanned outage	%	1.8	0.8	2.6	3.3	1.8	0.9

Remarks: ¹ Net output of electricity and steam

² Gigawatt-hour equivalent

Source: ABP3

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2023	2022	2021	2020	2019
Total operating revenues	3,979	4,066	3,041	2,815	3,074
Earnings before interest and taxes (EBIT)	645	175	601	584	525
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	846	378	802	821	759
Funds from operations (FFO)	636	229	585	658	604
Adjusted interest expense	103	115	122	128	150
Capital expenditures	5	25	9	8	17
Total assets	4,533	4,646	5,044	5,203	5,917
Adjusted debt	1,465	2,155	2,222	2,398	2,594
Adjusted equity	1,966	1,747	1,749	1,808	1,637
Adjusted Ratios					
EBITDA margin (%)	21.3	9.3	26.4	29.2	24.7
Pretax return on permanent capital (%)	15.3	3.9	12.3	11.2	9.8
EBITDA interest coverage (times)	8.2	3.3	6.6	6.4	5.1
Debt to EBITDA (times)	1.7	5.7	2.8	2.9	3.4
FFO to debt (%)	43.4	10.6	26.4	27.4	23.3
Debt to capitalization (%)	42.7	55.2	56.0	57.0	61.3

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

Amata B.Grimm Power 3 Ltd. (ABP3)

Company Rating:	A-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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