

AMATA B.GRIMM POWER (RAYONG) 1 LTD.

No. 9/2025
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 (Rayong) 1 Ltd. (ABPR1) at “A-” with a “stable” outlook. The company rating incorporates ABPR1’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 the reliable cash flow of ABPR1 which is supported by a long-term power purchase agreement (PPA) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”). The SACP also considers the strong operating record of ABPR1’s cogeneration plant. However, the SACP is constrained by the risk of single-asset dependence.

KEY RATING CONSIDERATIONS

Reliable earnings predicated on long-term PPA with EGAT

The stable cash flow of ABPR1 is anchored by a long-term PPA with EGAT. Sales to EGAT, representing 70%-80% of total revenue, provide a substantial and stable foundation for cash flow, and this is expected to continue.

The 25-year PPA with EGAT mitigates market risk through its “take-or-pay” structure, which ensures payment even if EGAT dispatches less than the contracted amount. The PPA’s tariff formula also incorporates a fuel cost pass-through mechanism, further stabilizing cash flow by mitigating fuel price and exchange rate volatility. Furthermore, counterparty risk is assessed to be minimal.

Offtake agreements with industrial customers

While ABPR1 benefits from the PPA with EGAT, ABPR1 also serves industrial customers in the Amata City (Rayong) Industrial Estate (ACRIE) through multi-year PPAs and steam purchase agreements (SPAs). Sales to these industrial customers are subject to fuel price risk, as demand depends on industrial activity.

ABPR1 sells electricity to 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 ABPR1’s earnings.

Risks arising from declining demand among industrial customers

One of ABPR1’s industrial customers is planning a partial shift towards self-sufficiency, intending to meet some of its electricity and steam requirements through a new solar rooftop installation and a dedicated boiler. These self-supply projects are anticipated to come online gradually, beginning in the latter half of 2025. This development has the potential to impact ABPR1’s sales of electricity and steam to its industrial customer base. While the exact magnitude of the change remains to be seen, it is expected that ABPR1 will experience a reduction in demand. In anticipation of this potential shift, ABPR1 has proactively begun the process of identifying and pursuing new industrial clients, such as data center businesses, to compensate for the anticipated decrease in sales. The company is working to secure new business opportunities that will ensure continued growth and stability, despite the changing energy landscape.

Strong performance likely to continue

We expect ABPR1’s power plant to continue delivering robust performance due to BGRIM’s expertise in the operation and maintenance of cogeneration power plants.

ABPR1 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 96%. The heat rate was 7,488 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, the 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 projection, we project the plant’s availability factor to remain above 95%, with a minimum availability factor of 90% during major overhaul years. The average plant heat rate is forecast to be lower than 8,000 BTU/kWh. We also project that ABPR1 will achieve PES throughout the forecast period of 2024-2027.

Decreasing leverage

ABPR1’s reliable cash generation is expected to support deleveraging, given the lack of new investment needs. Taking into account maintenance capital expenditures and the scheduled repayment of inter-company loans, ABPR1’s leverage level is projected to gradually decrease.

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 ABPR1’s EBITDA to range from THB539-THB787 million per year during 2024-2027. The debt to EBITDA ratio is forecast to hover around 1-1.5 times. We expect the debt to capitalization ratio to fall below 25% by 2027.

Single operating asset

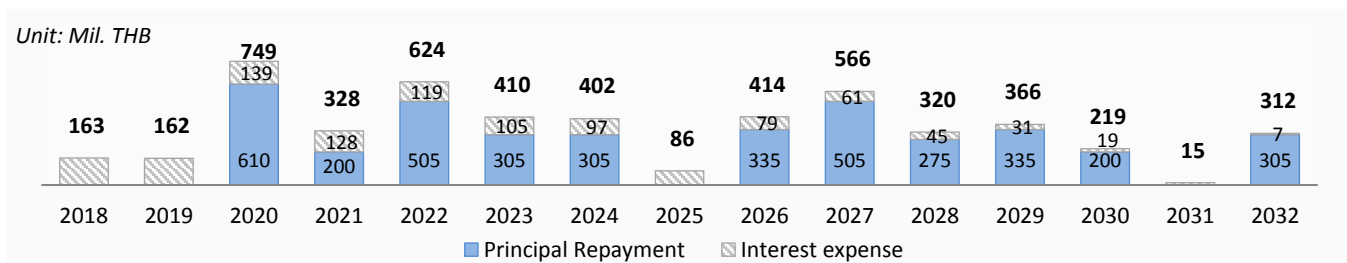
ABPR1’s reliance on a single asset is the key constraint on the SACP. This lack of operational diversification weakens the company’s business risk profile compared to larger and more diversified power companies, making the company’s earnings susceptible to material adverse effects arising from unforeseen 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, ABPR1 borrowed an inter-company loan of THB3.88 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. ABPR1’s debt service obligations vary significantly from year to year. Debt services range from THB15 million to THB749 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 ABPR1 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, ABPR1 had cash on hand of THB508 million. We view the available cash, combined with the forecast EBITDA should be ample to cover the scheduled debt services of THB86-THB566 million per year during 2025-2027.

Chart 1: Debt Service Schedule of ABPR1’s Inter-company Loans



Sources: ABPR1 and TRIS Rating’s estimates

Guarantee obligation for ABPSPV’s debentures

ABPR1 is one of the guarantors of the guaranteed debentures issued by ABPSPV, alongside Amata B.Grimm Power 3 Ltd. (ABP3) 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

ABPR1 is one of 22 cogeneration power plants under BGRIM Group. As of September 2024, ABPR1's installed capacity accounted for 4% of total capacity of BGRIM's gas-fired cogeneration power plants. In terms of cash flow contribution, ABPR1's EBITDA represents approximately 5%-6% of the group's total EBITDA. Despite its small revenue contribution, we view ABPR1 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 ACRIE, including ABPR1. We consider ABPR1 important to BGRIM's management of operating efficiency across its ACRIE power plants. Therefore, we expect ABPR1 would receive parental support in a distress scenario.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for ABPR1's operations during 2024-2027:

- Plant availability factor to be in the range of 90%-98%.
- PPA with EGAT to be 90 megawatts (MW).
- PPAs with industrial customers to be about 26-34 MW.
- Steam purchase agreements with industrial customers to be about 6-14 tonnes/hour.
- Annual electricity sales to be 754-861 gigawatt-hours (GWh) and annual steam sales to be about 39-99 kilotonnes.
- Total capital expenditures to be THB313 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 ABPR1 will sustain its strong operational efficiency and generate reliable cash flows. The company's earnings and leverage levels will remain in line with our forecasts.

RATING SENSITIVITIES

We are unlikely to raise the SACP. Conversely, we could lower the SACP if ABPR1's performance falls significantly short of our expectations, which considerably weakening its debt service capability. Negative pressure on the SACP could also develop following a substantial increase in debt upon demand for payment with respect to the guaranteed obligation.

According to TRIS Rating's "Group Rating Methodology", a material change in the rating on BGRIM or in the linkage between ABPR1 and BGRIM could also impact the company rating on ABPR1.

COMPANY OVERVIEW

ABPR1 was established in 2011 to own and operate a cogeneration power plant under the Small Power Producer (SPP) scheme. Located in ACRIE, Rayong Province, ABPR1's power plant commenced commercial operations on 1 November 2013. The power plant has an installed capacity of 123.3 MW plus 30 tonnes per hour of steam.

ABPR1 has a 25-year PPA with EGAT, covering 90 MW. The PPA is on a "take-or-pay" basis. EGAT is obliged to dispatch at least 80% of the contracted capacity, based on plant operating hours.

ABPR1 also sells electricity and steam to industrial customers in ACRIE. As of September 2024, the company held multi-year offtake agreements covering 34.8 MW of electricity and 14 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.

ABPR1'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. ABPR1'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.

ABPR1 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. ABPR1 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 held a 61.7% stake in ABPR1. The remaining shares were held by Sunrise Energy Co., Ltd. of the Sumitomo Group (SSEC -- 18.6%), and Amata Corporation PLC (AMATA --16.6%).

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 ABPR1

Plant Performance	Unit	9M-24	2023	2022	2021	2020	2019
Net output energy ¹	GWhe ²	618.7	749.5	775.4	790.0	764.1	789.0
Plant heat rate	BTU/kWh	7,488	7,508	7,564	7,546	7,574	7,525
Primary energy saving factor	%	15.1	14.7	14.6	14.1	14.0	14.4
Availability	%	95.7	89.3	99.1	100.0	93.4	96.1
Planned outage	%	3.6	0.0	0.7	0.0	6.3	0.8
Unplanned outage	%	0.6	10.7	0.2	0.0	0.3	3.1

Remarks: ¹ Net output of electricity and steam

² Gigawatt-hour equivalent

Source: ABPR1

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2023	2022	2021	2020	2019
Total operating revenues	3,424	3,912	2,704	2,360	2,571
Earnings before interest and taxes (EBIT)	484	379	509	374	442
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	674	569	698	596	662
Funds from operations (FFO)	524	424	557	455	492
Adjusted interest expense	112	124	132	139	162
Capital expenditures	1	11	7	58	2
Total assets	4,299	4,646	5,008	5,011	5,873
Adjusted debt	1,633	2,250	2,461	2,798	2,841
Adjusted equity	1,716	1,710	1,645	1,497	1,467
Adjusted Ratios					
EBITDA margin (%)	19.7	14.5	25.8	25.2	25.7
Pretax return on permanent capital (%)	11.6	8.3	10.6	7.3	8.2
EBITDA interest coverage (times)	6.0	4.6	5.3	4.3	4.1
Debt to EBITDA (times)	2.4	4.0	3.5	4.7	4.3
FFO to debt (%)	32.1	18.8	22.7	16.3	17.3
Debt to capitalization (%)	48.7	56.8	59.9	65.1	65.9

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 (Rayong) 1 Ltd. (ABPR1)

Company Rating:	A-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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