

# AMATA B.GRIMM POWER (RAYONG) 2 LTD.

No. 10/2025  
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) 2 Ltd. (ABPR2) at “A-” with a “stable” outlook. The company rating incorporates ABPR2’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 reliability of ABPR2’s cash flow, backed by a long-term power purchase agreement (PPA) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”). The SACP also takes into account the sound operating history of ABPR2’s cogeneration power plant. Nevertheless, the SACP remains constrained by the inherent risk of reliance on a single operating asset.

## KEY RATING CONSIDERATIONS

### Reliable earnings predicated on long-term PPA with EGAT

The long term PPA with EGAT provides a stable and significant revenue stream to ABPR2. EGAT sales contributed about 70%-80% of total revenue, which are expected to remain the primary source of cash generation.

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

### Offtake agreements with industrial customers

In addition to the EGAT PPA, ABPR2 also sells electricity and steam to industrial customers in the Amata City (Rayong) Industrial Estate (ACRIE) under multi-year contracts. Sales to industrial customers are subject to fuel price risk and fluctuations in demand based on industrial activity levels.

ABPR2 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 ABPR2’s earnings.

### Risks arising from declining demand among industrial customers

One of ABPR2'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 ABPR2'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 ABPR2 will experience a reduction in demand. In anticipation of this potential shift, ABPR2 has proactively begun the process of identifying and pursuing new industrial clients, such as data center business, 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.

### Solid performance likely to continue

We expect ABPR2’s power plant to continue delivering robust performance, supported by BGRIM’s expertise in the operation and maintenance of cogeneration power plants.

ABPR2 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 91.2%. The heat rate was 7,486 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 high and exceed 90% even in the year that the company carries out major overhaul. The average plant heat rate is forecast to be lower than 8,000 BTU/kWh. We also project that ABPR2 will achieve PES throughout the forecast period of 2024-2027.

### Financial leverage trending down

ABPR2’s stable cash flow is expected to support deleveraging, given that the company does not have new investments. Taking into account maintenance capital expenditures and the scheduled repayment of inter-company loans, ABPR2’s leverage level is projected to gradually decrease.

In our base-case projection, we project 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 ABPR2’s EBITDA to range from THB481-THB742 million per year during 2024-2027. The debt to EBITDA ratio is forecast to hover around 1-2 times, while the debt to capitalization ratio to expected to fall below 25% by 2027.

### Single operating asset

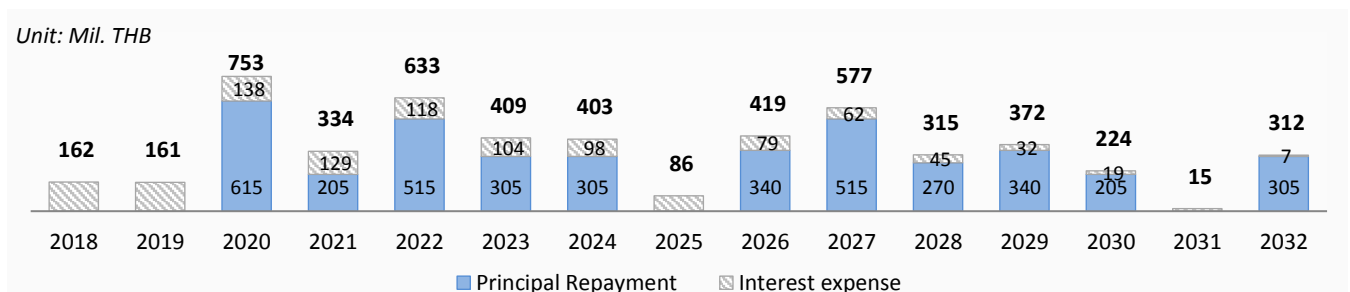
ABPR2’s SACP is primarily constrained by its single-asset operation. This lack of operational diversification weakens the company’s business risk profile compared to larger and more diversified power companies, making the company’s earnings susceptible to material adverse effects arising from unforeseen events, such as prolonged outages or damage to critical components. However, the established operating history and the supporting long-term service agreement (LTSA) mitigate the risk of such events impacting earnings.

### Satisfactory debt service capability

In April 2017, ABPR2 borrowed an inter-company loan of THB3.92 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. ABPR2’s debt service obligations vary significantly from year to year. Debt services will range from THB15 million to THB753 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 ABPR2 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, ABPR2 had cash on hand of THB443 million. We view the available cash combined with the forecast EBITDA should enable the company to adequately meet the scheduled debt services of THB86-THB577 million per year during 2025-2027.

**Chart 1: Debt Service Schedule of ABPR2’s Inter-company Loans**



Sources: ABPR2 and TRIS Rating’s estimates

### Guarantee obligation for ABPSPV’s debentures

ABPR2 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) 1 Ltd. (ABPR1). 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

ABPR2 is one of 22 cogeneration power plants under BGRIM Group. As of September 2024, ABPR2's installed capacity accounted for 4% of total capacity of BGRIM's gas-fired cogeneration power plants. In terms of cash flow contribution, ABPR2's EBITDA represents approximately 5%-7% of the group's total EBITDA. Despite its small revenue contribution, we view ABPR2 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 ABPR2. We consider ABPR2 important to BGRIM's management of operating efficiency across its ACRIE power plants. Therefore, we expect ABPR2 would receive parental support in a distress scenario.

## BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for ABPR2's operations during 2024-2027:

- Plant availability factor to be about 91% in 2024 and 2027, and to be 98.5% in 2025 and 2026.
- PPA with EGAT to be 90 megawatts (MW).
- PPAs with industrial customers to be 9.5-24 MW.
- Steam purchase agreements with industrial customers to be 6-14 tonnes/hour.
- Annual electricity sales to be 687-799 gigawatt-hours (GWh) and annual steam sales to be about 34-86 kilotonnes.
- Total capital expenditures to be THB154 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 ABPR2 will maintain its strong operational performance and render reliable cash flows. The company's earnings and leverage level will remain in line with our forecast.

## RATING SENSITIVITIES

We are unlikely to raise the SACP. Conversely, we could lower the SACP due to a sustained deterioration in ABPR2's operating performance, which substantially erode its debt service capability. Negative pressure on the SACP could also occur 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 rating on BGRIM or in the linkage between ABPR2 and BGRIM could also impact the company rating on ABPR2.

## COMPANY OVERVIEW

ABPR2 was established in 2011 to own and operate a cogeneration power plant under the Small Power Producer SPP scheme. Located in ACRIE, Rayong Province, the power plant of ABPR2 has an installed capacity of 124.4 MW plus 30 tonnes per hour of steam.

ABPR2 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.

ABPR2 also has multi-year off-take agreements with an industrial customer in ACRIE. As of September 2024, ABPR2 held combined contracts of 24 MW of electricity and 14 tonnes per hour of steam. The contracts with the customer in the industrial estate specify the minimum amounts of electricity and/or steam the customer is obligated to purchase. ABPR2's plant commenced commercial operations on 21 June 2013.

ABPR2'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. ABPR2'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.

ABPR2 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. ABPR2 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 the 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 ABPR2. 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 ABPR2**

Plant Performance	Unit	9M-24	2023	2022	2021	2020	2019
Net output energy <sup>1</sup>	GWhe <sup>2</sup>	605.2	839.2	795.8	832.0	759.2	838.0
Plant heat rate	BTU/kWh	7,486	7,496	7,536	7,478	7,546	7,508
Primary energy saving factor	%	14.3	14.4	14.1	14.9	14.4	14.4
Availability	%	91.2	99.0	99.0	99.9	92.4	96.5
Planned outage	%	8.7	0.0	0.7	0.0	6.2	2.8
Unplanned outage	%	0.1	1.0	0.3	0.1	1.4	0.8

Remarks: <sup>1</sup> Net output of electricity and steam

<sup>2</sup> Gigawatt-hour equivalent

Source: ABPR2

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2023	2022	2021	2020	2019
Total operating revenues	3,470	3,806	2,700	2,348	2,731
Earnings before interest and taxes (EBIT)	614	466	568	397	506
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	807	660	762	626	737
Funds from operations (FFO)	645	502	602	485	575
Adjusted interest expense	111	123	131	138	161
Capital expenditures	11	4	17	22	8
Total assets	4,498	4,639	5,059	5,053	5,989
Adjusted debt	1,559	2,113	2,280	2,557	2,555
Adjusted equity	1,910	1,720	1,670	1,551	1,549
<b>Adjusted Ratios</b>					
EBITDA margin (%)	23.2	17.3	28.2	26.7	27.0
Pretax return on permanent capital (%)	14.3	10.2	11.7	7.6	9.2
EBITDA interest coverage (times)	7.3	5.4	5.8	4.5	4.6
Debt to EBITDA (times)	1.9	3.2	3.0	4.1	3.5
FFO to debt (%)	41.4	23.8	26.4	19.0	22.5
Debt to capitalization (%)	44.9	55.1	57.7	62.2	62.3

## 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

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**Amata B.Grimm Power (Rayong) 2 Ltd. (ABPR2)**

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<b>Company Rating:</b>	A-
<b>Rating Outlook:</b>	Stable

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**TRIS Rating Co., Ltd.**

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