

AMATA B.GRIMM POWER SPV1 LTD.

No. 9/2019
11 January 2019

CORPORATES

Issue Ratings:

Guaranteed	A-
Outlook:	Stable

Last Review Date: 09/01/18

Company Rating History:

Date	Rating	Outlook/Alert
29/03/17	A-	Stable

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RATIONALE

TRIS Rating affirms the ratings of "A-" on the guaranteed debentures of Amata B.Grimm Power SPV1 Ltd. (ABPSPV). The debentures are jointly and severally guaranteed by three power generation companies: Amata B.Grimm Power 3 Ltd. (ABP3), Amata B.Grimm Power (Rayong) 1 Ltd. (ABPR1), and Amata B.Grimm Power (Rayong) 2 Ltd. (ABPR2). ABP3, ABPR1, and ABPR2 are rated "A-" by TRIS Rating. The issue ratings of ABPSPV reflect the creditworthiness of ABP3, ABPR1, and ABPR2.

KEY RATING CONSIDERATIONS

Issue ratings reflect the guarantors' credit profiles

The ratings on ABPSPV's guaranteed bonds are equalized with the ratings of its guarantors, ABP3, ABPR1, and ABPR2. Under the terms of the guarantee, the guarantors will jointly and severally provide unconditional and irrevocable guarantees on all amounts due under the debentures, including the principal amount of up to Bt11,500 million, plus any interest accrued thereon, plus other related expenses.

Strong fundamentals of the guarantors

The ratings of the guarantors (ABP3, ABPR1, and ABPR2) reflect the stable cash flows they receive from long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT) under the Small Power Producer (SPP) scheme. Each power plant uses proven technology, and their parent company, B.Grimm Power PLC (BGRIM), also has extensive experience as a generator of electric power.

ABP3 was established in 2010 to own and operate a cogeneration power plant under the SPP scheme. The plant is located in the Amata Nakorn Industrial Estate (ANIE), Chonburi province. The power plant has an installed capacity of 132.5 megawatts (MW), plus 30 tonnes per hour of steam. ABP3 holds a 25-year power purchase agreement (PPA) with EGAT, covering 90 MW and long-term off-take agreements with industrial customers to sell 46 MW of electricity and 13 tonnes per hour of steam.

ABPR1 was established in 2011 to own and operate a cogeneration power plant under the SPP scheme. The plant is located in the Amata City Industrial Estate (ACIE), Rayong province. The power plant has an installed capacity of 123.3 MW, plus 30 tonnes per hour of steam. ABPR1 holds a 25-year PPA with EGAT, covering 90 MW and long-term off-take agreements with industrial customers to sell 17 MW of electricity and 14 tonnes per hour of steam.

ABPR2 was established in 2011 to own and operate a cogeneration power plant under the SPP scheme. The plant is located in the ACIE, Rayong province. The power plant has an installed capacity of 124.4 MW, plus 30 tonnes per hour of steam. ABPR2 holds a 25-year PPA with EGAT, covering 90 MW and long-term off-take agreements with industrial customers to sell 24 MW of electricity and 14 tonnes per hour of steam.

BASE-CASE ASSUMPTIONS

- During 2018-2021, we assume the average availability factor of each guarantor based on each of their maintenance plan. The minimum average availability factor will stay above 92%.
- We assume the contracted capacity of each guarantor is the same as the current data as follows;
 - Each guarantor has PPAs with EGAT of 90 MW.
 - ABP3 has PPAs with industrial customers of 46 MW and the Steam Purchase Agreements (SPAs) of 13 tonnes/hour.
 - ABPR1 has PPAs with industrial customers of 17 MW and SPAs of 14 tonnes/hour.
 - ABPR2 has PPAs with industrial customers of 24 MW and SPAs of 14 tonnes/hour.
- Each guarantor will generate earnings before interest, taxes, depreciation, and amortization (EBITDA) of approximately Bt580-Bt840 million per year.
- Each guarantor will have maintenance CAPEX of Bt10-Bt99 million per year.

RATING OUTLOOK

The “stable” outlook reflects the creditworthiness of ABP3, ABPR1, and ABPR2 as well as TRIS Rating’s expectation that these three companies will maintain smooth operations. The three companies are each forecast to generate Bt580-Bt840 million in EBITDA per year.

RATING SENSITIVITIES

The issue ratings on ABPSPV’s guaranteed bonds may change if the ratings of any of its guarantors, ABP3, ABPR1, and ABPR2, change.

COMPANY OVERVIEW

ABPSPV was incorporated in 2011 with paid-up capital of Bt2 million as a vehicle to issue debt securities for the three power producers which BGRIM owns. ABPSPV is owned by ABP3, ABPR1, and ABPR2, each with an equal stake of 33.33%. ABPSPV was created with one objective to issue guaranteed debentures of up to Bt11,500 million in 2017. The proceeds from the debentures were lent to ABP3, ABPR1, and ABPR2 so that each company could refinance outstanding project loan and get some working capital. ABPSPV operates no business. Thus, the cash needed to repay the debenture holders will come from the interest and principal repayments received from ABP3, ABPR1, and ABPR2. ABPSPV has inter-company loan agreements with each power generation company. The repayment schedules of the inter-company loans match the repayments due to the debenture holders.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS OF THE GUARANTORS

Table 1: Amata B.Grimm Power 3 Ltd. (ABP3)

Unit: Bt million

	-----Year Ended 31 December -----			
	2017	2016	2015	2014
Total operating revenues	2,825	2,739	3,160	3,346
Operating income	814	721	724	735
Earnings before interest and taxes (EBIT)	576	486	481	533
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	811	721	723	735
Funds from operations (FFO)	638	539	363	478
Adjusted interest expense	172	180	361	257
Capital expenditures	9	13	12	62
Total assets	5,730	5,241	5,429	6,032
Adjusted debt	2,496	3,039	3,336	3,154
Adjusted equity	1,615	1,482	1,438	1,717

Table 2: Amata B.Grimm Power (Rayong) 1 Ltd. (ABPR1)
Unit: Bt million

	-----Year Ended 31 December -----			
	2017	2016	2015	2014
Total operating revenues	2,552	2,626	2,939	2,731
Operating income	731	741	750	605
Earnings before interest and taxes (EBIT)	513	533	542	431
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	729	747	754	605
Funds from operations (FFO)	519	532	399	365
Adjusted interest expense	211	215	354	240
Capital expenditures	19	59	115	482
Total assets	5,852	5,407	5,573	5,652
Adjusted debt	2,761	2,991	3,221	3,254
Adjusted equity	1,463	1,341	1,333	1,376

Table 3: Amata B.Grimm Power (Rayong) 2 Ltd. (ABPR2)
Unit: Bt million

	-----Year Ended 31 December -----			
	2017	2016	2015	2014
Total operating revenues	2,598	2,406	2,848	3,005
Operating income	788	659	733	718
Earnings before interest and taxes (EBIT)	561	430	502	522
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	790	659	729	718
Funds from operations (FFO)	575	459	369	475
Adjusted interest expense	216	201	360	242
Capital expenditures	4	2	7	72
Total assets	5,898	5,511	5,757	5,857
Adjusted debt	2,891	3,043	3,385	3,495
Adjusted equity	1,512	1,378	1,429	1,487

RELATED CRITERIA

- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015
- Rating Methodology – Corporate, 31 October 2007

Amata B.Grimm Power SPV1 Ltd. (ABPSPV)

Issue Ratings:

ABPSPV204A: Bt1,800 million guaranteed debentures due 2020	A-
ABPSPV214A: Bt600 million guaranteed debentures due 2021	A-
ABPSPV224A: Bt1,500 million guaranteed debentures due 2022	A-
ABPSPV234A: Bt900 million guaranteed debentures due 2023	A-
ABPSPV244A: Bt900 million guaranteed debentures due 2024	A-
ABPSPV264A: Bt1,000 million guaranteed debentures due 2026	A-
ABPSPV274A: Bt1,500 million guaranteed debentures due 2027	A-
ABPSPV284A: Bt800 million guaranteed debentures due 2028	A-
ABPSPV294A: Bt1,000 million guaranteed debentures due 2029	A-
ABPSPV304A: Bt600 million guaranteed debentures due 2030	A-
ABPSPV324A: Bt900 million guaranteed debentures due 2032	A-
Rating Outlook:	Stable

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