

# PTT EXPLORATION AND PRODUCTION PLC

No. 71/2021

14 September 2021

## CORPORATES

<b>Company Rating:</b>	AAA
<b>Issue Ratings:</b>	
Senior unsecured	AAA
Hybrid	AA
<b>Outlook:</b>	Stable

Last Review Date: 17/03/21

### Company Rating History:

Date	Rating	Outlook/Alert
16/03/06	AAA	Stable
12/07/04	AA+	Positive
28/11/01	AA+	-
21/11/00	AA	-

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## RATIONALE

TRIS Rating affirms the company rating on PTT Exploration and Production PLC (PTTEP) and the ratings on PTTEP's senior unsecured debentures at "AAA" with a "stable" rating outlook. TRIS Rating also affirms the "AA" rating on PTTEP's subordinated capital debentures. At the same time, TRIS Rating assigns the rating of "AAA" to PTTEP's proposed issue of senior unsecured debentures under the THB15 billion Medium-term Note (MTN) Program in 2021.

PTTEP's stand-alone credit profile (SACP) of "aaa" continues to reflect the company's leading position in the petroleum exploration and production (E&P) industry in Thailand, as well as low market risk due to the long-term gas sale agreements with PTT PLC (PTT), low production cost, conservative financial policy, and strong financial profile. The ratings also incorporate PTTEP's status as a core subsidiary of PTT. Both PTT and PTTEP are state enterprise entities under the Thai law.

PTTEP's performance during the first six months of 2021 exceeded our expectation. The company's operating revenue increased by 23% year-on-year (y-o-y) to USD3.18 billion due to an increase in sales volume by 20% y-o-y to 413.2 thousand barrel of oil equivalent per day (KBOED) and an increase in average selling price by 3% y-o-y to USD41.3 per barrel. For the first half of 2021, PTTEP generated earnings before interest, taxes, depreciation and amortization (EBITDA) of about USD2.2 billion, accounting for about 60%-65% of our 2021 full-year projection. The company's debt to EBITDA ratio (annualized with trailing 12 months) stayed healthy at 1.5 times as of June 2021.

As of June 2021, PTTEP's consolidated debt totaled USD3.78 billion. PTTEP's priority debt, consisted of senior unsecured debts owed by PTTEP's subsidiaries was USD490 million. The ratio of its priority debt to total debt was about 13% at the end of June 2021.

## RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that PTTEP will maintain its operating performance and strong financial position amid challenging market conditions.

## RATING SENSITIVITIES

A stand-alone credit downside case may arise if crude oil prices stay below USD30 per barrel for a prolonged period or if PTTEP's financial leverage increases significantly due to any large debt-funded acquisitions. Any change in the credit profile of PTT or weaker linkage between PTTEP and PTT could also impact PTTEP's ratings.

## RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Hybrid Securities Rating Criteria, 28 June 2021
- Group Rating Methodology, 13 January 2021
- Government-Related Entities Rating Methodology, 30 July 2020
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

## PTT Exploration and Production PLC (PTTEP)

<b>Company Rating:</b>	AAA
<b>Issue Ratings:</b>	
PTTEP296A: THB11,400 million senior unsecured debentures due 2029	AAA
PTTEP12PA: THB5,000 million subordinated capital debentures	AA
Up to THB15,000 million senior unsecured debentures under the Medium-term Note Program in 2021	AAA
<b>Rating Outlook:</b>	Stable

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