

RATCH GROUP PLC

No. 77/2020
1 October 2020

CORPORATES

Company Rating:	AAA
Issue Rating:	
Senior unsecured	AAA
Outlook:	Stable

Last Review Date: 24/07/20

Company Rating History:

Date	Rating	Outlook/Alert
10/04/15	AAA	Stable
25/04/13	AA+	Stable
09/02/11	AA	Stable
15/06/05	AA-	Stable
12/07/04	A+	Stable
26/06/03	A+	-

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RATIONALE

TRIS Rating affirms the company rating on RATCH Group PLC (RATCH) at “AAA”, with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “AAA” to RATCH’s proposed issue of up to THB8 billion in senior unsecured debentures. The proceeds from the proposed debentures will be used to refinance its existing debt and for business expansion in renewable projects.

The ratings continue to reflect RATCH’s leading position as the largest private power producer in Thailand and its diversified power portfolio. The ratings also take into consideration highly predictable cash flows from long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT, rated “AAA” by TRIS Rating), and the close relationship between RATCH and EGAT.

For the first half of 2020, RATCH’s performance was in line with our expectations. Earnings before interest, tax, depreciation, and amortization (EBITDA) was THB4.8 billion. The debt to EBITDA ratio was 3.2 times (annualized with trailing 12 months) and the debt to capitalization ratio was 33%.

RATING OUTLOOK

The “stable” outlook reflects our expectation that RATCH will continue to receive reliable cash flows from its power assets secured by long-term PPAs. We expect RATCH’s debt to EBITDA ratio to stay in the range of 3-4 times over the next three years.

RATING SENSITIVITIES

The ratings could be downgraded if RATCH’s financial leverage increases due to large scale, debt-funded acquisitions, causing the debt to EBITDA ratio to increase above 4 times for an extended period.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015

RATCH Group PLC (RATCH)

Company Rating:	AAA
Issue Rating:	
Up to THB8,000 million senior unsecured debentures due within 15 years	AAA
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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