

NATIONAL POWER SUPPLY PLC

No. 1/2023
4 January 2023

CORPORATES

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 25/08/22

Company Rating History:

Date	Rating	Outlook/Alert
20/08/21	BBB+	Stable
28/08/20	BBB	Stable
16/11/17	BBB-	Stable
28/11/16	BBB	Negative
08/01/10	BBB	Stable
21/07/05	BBB+	Stable

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RATIONALE

TRIS Rating affirms the company rating on National Power Supply PLC (NPS) and the ratings on NPS's outstanding senior unsecured debentures at "BBB+", with a "stable" rating outlook. At the same time, TRIS Rating assigns the rating of "BBB+" to NPS's proposed issue of up to THB3.5 billion in senior unsecured debentures. The company will use the proceeds from the new debentures to refinance its existing debentures and to fund its working capital.

For the first nine months of 2022, the company's financial performance was pressured by unusually high coal prices. The company's earnings before interest, taxes, depreciation, and amortization (EBITDA) were at THB1.4 billion, declined by 60% year-on-year (y-o-y). However, we expect its earnings to improve from an increase in fuel adjustment charge (Ft) in the fourth quarter of 2022. The Ft will increase to THB0.9343 per unit in the fourth quarter of 2022 from THB0.4766 per unit in the third quarter, adding about THB200 million to NPS's EBITDA. The debt to EBITDA ratio will likely improve to about 6-8 times by the end of 2022. The ratio is forecast to improve to around 3-4 times over 2023-2024, reflecting our view on coal prices to normalize to about USD150-USD100 per tonne in 2023-2024 while the Ft to remain at THB0.9343 per unit or higher.

As of September 2022, NPS reported total debt of THB19.2 billion, including priority debt of THB131 million in unsecured debt owed by NPS's subsidiary. NPS's priority debt to total debt ratio was about 0.7% as of September 2022.

RATING OUTLOOK

The "stable" outlook reflects our expectation that NPS's power plants can maintain their performances and generate reliable cash flows as planned. TRIS Rating also expects NPS will be able to replace the expiring power purchase agreements (PPAs) of Electricity Generating Authority of Thailand (EGAT) with PPAs signed with industrial users in the medium to long term.

RATING SENSITIVITIES

The prospect of a rating upgrade is limited over the next 12-18 months. In contrast, rating downgrade pressure could develop if there is a material deterioration in the company's financial and/or operating performance, as well as any large debt-funded investment that brings about a weaker-than-expected financial profile.

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

National Power Supply PLC (NPS)

Company Rating:	BBB+
Issue Ratings:	
NPS242A: THB1,383.7 million senior unsecured debentures due 2024	BBB+
NPS24NA: THB1,250 million senior unsecured debentures due 2024	BBB+
NPS258A: THB2,298.2 million senior unsecured debentures due 2025	BBB+
NPS265A: THB2,000 million senior unsecured debentures due 2026	BBB+
NPS265B: THB1,000 million senior unsecured debentures due 2026	BBB+
NPS273A: THB2,250 million senior unsecured debentures due 2027	BBB+
NPS27NA: THB1,500 million senior unsecured debentures due 2027	BBB+
NPS28NA: THB2,800 million senior unsecured debentures due 2028	BBB+
NPS295A: THB2,500 million senior unsecured debentures due 2029	BBB+
Up to THB3,500 million senior unsecured debentures due within 10 years	BBB+
Rating Outlook:	Stable

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