

# B.GRIMM POWER PLC

No. 78/2024

5 September 2024

## CORPORATES

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
Senior unsecured	A-
Hybrid	BBB+
<b>Outlook:</b>	Stable

**Last Review Date:** 02/08/24

### Company Rating History:

Date	Rating	Outlook/Alert
09/04/18	A	Stable

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## RATIONALE

TRIS Rating assigns a rating of “BBB+” to B.Grimm Power PLC’s (BGRIM) proposed issuance of up to THB8 billion subordinated capital debentures. BGRIM intends to use the proceeds from the debentures to replace its existing subordinated capital debentures, which have first call date in November 2024. This is consistent with the stipulated replacement capital covenant (RCC) clause under the terms and conditions of the existing subordinated capital debentures.

The assigned issue rating of two notches below the company rating reflects the subordinated nature of the hybrid debentures and the option of the issuer to defer coupon payments on a cumulative basis. The proposed hybrid debentures have characteristics that meet the criteria for the treatment of “intermediate” equity content under our “Hybrid Securities Rating Criteria”. As such, we will treat 50% of the amount of the hybrid debentures as equity and the other 50% as debt when we assess BGRIM’s financial risk profile.

At the same time, we affirm the company rating on BGRIM at “A”. We also affirm the ratings on its senior unsecured debentures at “A-” and its subordinated capital debentures at “BBB+”. The rating outlook remains “stable”.

The ratings reflect BGRIM’s predictable cash flow driven by long-term power purchase agreements (PPAs) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”) under the small power producer (SPP) scheme and a consistency of strong performances of BGRIM’s cogeneration power plants. The ratings also factor in the company’s large and well-diversified power portfolio. However, the ratings remain constrained by BGRIM’s substantial debt load and considerable interest burden as a result of its ongoing investments. The ratings also consider execution risks of overseas projects.

BGRIM’s revenues for the first half of 2024 declined by 9% year-on-year (y-o-y) to THB27.9 billion, primarily due to lower electricity and steam selling prices driven by decreased gas prices and a downward adjustment in the fuel adjustment charge (Ft). Despite this, electricity sales increased by 10.4% to 7,576 gigawatt-hour (GWh), primarily driven by the full-year operation of three new SPP power plants that commenced commercial operations in 2023. As a result, BGRIM achieved an EBITDA of THB8.3 billion, and a debt to EBITDA ratio (annualized with trailing 12 months) of 6.6 times. Overall, BGRIM’s financial performance aligns with our forecast.

As of June 2024, BGRIM had consolidated debt (excluding lease liabilities) of THB126.7 billion, inclusive of THB15.9 billion in subordinated capital debentures. BGRIM’s priority debt totaled THB74 billion, comprising secured debt owed by BGRIM and all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 58%, suggesting that BGRIM’s unsecured creditors are significantly disadvantaged to the priority debt holders with respect to claims against the company’s assets.

## RATING OUTLOOK

The “stable” outlook reflects our expectations that BGRIM’s power plants will continue to operate efficiently and generate strong cash flows, and the new power projects will be developed as planned, without significant delay or cost overrun. Moreover, we expect BGRIM to maintain a prudent financial policy

**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.

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while pursuing its growth strategy, such that its cash generation against debt obligations aligns with our forecast.

#### RATING SENSITIVITIES

We could consider raising the ratings if we see BGRIM's level of cash flow against debt obligations is significantly enhanced. Conversely, a negative rating action may occur if the BGRIM's operating performance falls substantially below our expectations, or its capital structure deteriorates materially due to aggressive debt-financed investments.

#### 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
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

#### B.Grimm Power PLC (BGRIM)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
BGRIM255A: THB4,200 million senior unsecured debentures due 2025	A-
BGRIM255B: THB300 million senior unsecured debentures due 2025	A-
BGRIM267A: THB3,000 million senior unsecured debentures due 2026	A-
BGRIM275A: THB3,000 million senior unsecured debentures due 2027	A-
BGRIM280A: THB5,000 million senior unsecured debentures due 2028	A-
BGRIM295A: THB2,150 million senior unsecured debentures due 2029	A-
BGRIM317A: THB7,000 million senior unsecured debentures due 2031	A-
BGRIM325A: THB2,550 million senior unsecured debentures due 2032	A-
BGRIM19PA: THB8,000 million subordinated capital debentures	BBB+
BGRIM23PA: THB8,000 million subordinated capital debentures	BBB+
Up to THB6,000 million senior unsecured debentures due within 10 years	A-
Up to THB8,000 million subordinated capital debentures	BBB+
<b>Rating Outlook:</b>	Stable

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