

NATIONAL POWER SUPPLY PLC

No. 13/2020
11 March 2020

CORPORATES

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

Last Review Date: 05/08/19

Company Rating History:

Date	Rating	Outlook/Alert
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-". At the same time, TRIS Rating assigns the rating of "BBB-" to NPS's proposed issue of up to Bt5 billion in senior unsecured debentures. The proceeds from the new debentures will mainly be used to repay its coming due debentures and prepay part of its existing debentures.

The "BBB-" ratings still reflect the reliable cash flows from the company's long-term Power Purchase Agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT) under the Small Power Producer (SPP) scheme and the long-term contracts with Double A (1991) PLC (DA). The ratings are partially offset by NPS's high debt to capitalization ratio, refinancing risk to redeem debentures coming due in 2020-2021, and the ongoing group restructuring. NPS's ratings are influenced by the company rating on DA, which has the same ultimate shareholder, according to TRIS Rating's group rating methodology.

NPS's financial performance is in line with our forecast. For 2019, NPS's earnings before interest, tax, depreciation and amortization (EBITDA) increased by 13.6% to Bt4.5 billion. The company's adjusted debt was Bt16.6 billion at the end of 2019, declining from Bt19.1 billion at the end of 2018. The ratio of debt to EBITDA improved to 3.7 times at the end of 2019 from 4.8 times at the end of 2018.

TRIS Rating expects NPS will manage its liquidity prudently for repayment of the debentures coming due in July and September 2020. Debentures worth about Bt600 million will come due in July 2020 and about Bt3 billion in September 2020. NPS plans to use part of the proceeds from the proposed debentures to repay bonds due in September 2020 and the rest will be used to call part of the debentures maturing in 2021. For the debentures due in July 2020, the company plans to use cash flow from operations as a source of repayment.

RATING OUTLOOK

The "stable" outlook reflects our expectation that NPS's power plants can maintain their operating performance and generate reliable cash flow after implementing an improvement program.

RATING SENSITIVITIES

The reliability of the power plants and operating cash flow are positive factors for the ratings. In contrast, the negative credit factors could be deterioration in operating performance or a weaker capital structure. NPS's ratings are also influenced by the company rating on DA, which has the same ultimate shareholder.

RELATED CRITERIA

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

National Power Supply PLC (NPS)

Company Rating:	BBB-
Issue Ratings:	
NPS209A: Bt3,013.4 million senior unsecured debentures due 2020	BBB-
NPS218A: Bt5,000 million senior unsecured debentures due 2021	BBB-
Up to Bt5,000 million senior unsecured debentures due within 10 years	BBB-
Rating Outlook:	Stable

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