

WHA UTILITIES AND POWER PLC

No. 4/2020
24 January 2020

CORPORATES

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Negative

Last Review Date: 27/09/19

Company Rating History:

Date	Rating	Outlook/Alert
27/09/19	A-	Negative
03/04/18	A-	Stable

Contacts:

Suchana Chantadisai

suchana@trisrating.com

Nauwarut Temwattanangkul

nauwarut@trisrating.com

Parat Mahuttano

parat@trisrating.com

Sasiporn Vajarodaya

sasiporn@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on WHA Utilities and Power PLC (WHAUP) and the ratings on WHAUP's outstanding senior unsecured debentures at "A-". The rating outlook is "negative". At the same time, TRIS Rating assigns the "A-" rating to WHAUP's proposed issue of up to Bt3 billion in senior unsecured debentures. The company intends to use the proceeds from the new debenture issuance to refinance existing debts and/or to support general corporate purposes.

WHAUP is a core subsidiary of WHA Corporation PLC (WHA), Thailand's leading developer of industrial estates and a fully integrated logistics provider. Currently, WHA holds around 72% interest in WHAUP and has a significant influence over the strategies and financial policy decisions made by WHAUP.

Therefore, based on TRIS Rating's "Group Rating Methodology", the company rating on WHAUP is equal to the company rating on WHA. The ratings also reflect WHAUP's position as the sole utility service provider to a number of large industrial estates in Thailand and neighboring countries, recurring income from its investment in the power segment, and its strong financial profile.

For the first nine months of 2019, WHAUP's total operating revenue and net profit were Bt1.5 billion and Bt1.7 billion, respectively. Earnings before interest, tax, depreciation, and amortization as a percentage of sales (EBITDA margin) was at 66%. WHAUP has a moderately leveraged capital structure; the debt to capitalization ratio slightly increased to 40%, from 37% as of year-end 2018.

During 2019-2021, we expect WHAUP's revenue to grow by 9%-14% due to additional demand from petrochemical and power projects. We forecast the EBITDA margin to be above 70%, and annual capital expenditures and investments to total Bt1.9-Bt2.8 billion. Thus, the debt to capitalization ratio should hold at around 40%.

RATING OUTLOOK

The "negative" outlook reflects the outlook revision on WHA, according to TRIS Rating's Group Rating Methodology. TRIS Rating expects the business model and the level of integration between WHA and WHAUP will remain unchanged.

RATING SENSITIVITIES

As a core subsidiary of WHA, the ratings on WHAUP are tied to WHA's credit profile. Any change in WHA's credit rating, or relationship with WHA, will affect WHAUP's ratings accordingly.

RELATED CRITERIA

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

WHA Utilities and Power PLC (WHAUP)

Company Rating:	A-
Issue Ratings:	
WHAUP208A: Bt3,200 million senior unsecured debentures due 2020	A-
WHAUP208B: Bt800 million senior unsecured debentures due 2020	A-
WHAUP216A: Bt2,390 million senior unsecured debentures due 2021	A-
WHAUP236A: Bt1,290 million senior unsecured debentures due 2023	A-
WHAUP256A: Bt1,320 million senior unsecured debentures due 2025	A-
Up to Bt3,000 million senior unsecured debentures due within 10 years	A-
Rating Outlook:	Negative

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

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