

# TPI POLENE PLC

No. 81/2024  
25 September 2024

## CORPORATES

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

**Last Review Date:** 14/08/24

### Company Rating History:

Date	Rating	Outlook/Alert
24/02/23	A-	Stable
04/10/22	BBB+	Positive
25/03/20	BBB+	Stable
10/04/19	BBB+	Positive
02/10/12	BBB+	Stable

### Contacts:

Rapeepol Mahapant

rapeepol@trisrating.com

Supasith Tiensuksai, CFA

supasith@trisrating.com

Parat Mahuttano

parat@trisrating.com

Sermwit Sriyotha

sermwit@trisrating.com



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## RATIONALE

TRIS Rating assigns a rating of “A-” to TPI Polene PLC (TPIPL)’s proposed issue of up to THB14 billion senior unsecured debentures, with a tenor of up to seven years. The newly assigned issue rating replaces the issue rating previously assigned on 14 August 2024 following the company’s request to increase the debenture issue size to “up to THB14 billion” from “up to THB10 billion”. The proceeds from the new debentures will be used for short-term and long-term debt refinancing. At the same time, we affirm the company rating on TPIPL and the ratings on its outstanding senior unsecured debentures at “A-”. The rating outlook remains “stable”.

The ratings continue to reflect TPIPL’s competitive strength in the domestic cement market, its leading position in the ethylene vinyl acetate (EVA) market, reliable cash flows from its power business, and the benefits gained from business diversification. Conversely, the ratings are held back by the gradual phase-out of additional tariffs (adder), the pre-investment spending associated with the Special Economic Zone (SEZ) project, as well as a rise in the company’s debt load during its plant improvement and business expansion.

In the first half of 2024, TPIPL’s earnings were slightly below our forecast, with an EBITDA of THB4.9 billion. This was due to a slowdown in construction activities, soften spreads on specialty grade EVA products, and a decrease in the fuel adjustment charge (Ft). Financial profile was also pressured by increased leverage, resulting from the company’s substantial investments for future cost savings, pushing its debt to EBITDA ratio to 7.2 times (annualized with trailing 12 months). We expect the debt to EBITDA ratio to decline and stabilize below 6 times after the expenditures fall and cost-saving benefits materialize in 2025.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that TPIPL’s operating performance will remain satisfactory, supported by its several cost saving measures. Lost earnings from the expiration of power plant tariff adders from 2025 onward should be offset by the lower fuel costs of electricity generation and cement production.

## RATING SENSITIVITIES

The prospect of a rating upside is limited in the near term. Conversely, the ratings and/or outlook could be revised downward if TPIPL fails to lower its financial leverage, with a debt to EBITDA ratio persistently staying above 6 times without signs of reduction. This could result from weaker-than-expected performance and/or excessive debt-funded investments. A large equity loss from pending legal claims is another risk factor that could lead to negative rating actions.

## 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
- Issue Rating Criteria, 15 June 2021

## TPI Polene PLC (TPIPL)

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
TPIPL24NA: THB3,515.3 million senior unsecured debentures due 2024	A-
TPIPL251A: THB2,888 million senior unsecured debentures due 2025	A-
TPIPL256A: THB4,000 million senior unsecured debentures due 2025	A-
TPIPL25NA: THB3,410.7 million senior unsecured debentures due 2025	A-
TPIPL264A: THB4,000 million senior unsecured debentures due 2026	A-
TPIPL269A: THB4,000 million senior unsecured debentures due 2026	A-
TPIPL26NA: THB2,532.8 million senior unsecured debentures due 2026	A-
TPIPL272A: THB2,042.2 million senior unsecured debentures due 2027	A-
TPIPL274A: THB3,215.8 million senior unsecured debentures due 2027	A-
TPIPL276A: THB3,745 million senior unsecured debentures due 2027	A-
TPIPL27NA: THB2,994 million senior unsecured debentures due 2027	A-
TPIPL283A: THB5,000 million senior unsecured debentures due 2028	A-
TPIPL286A: THB4,719.4 million senior unsecured debentures due 2028	A-
Up to THB14,000 million senior unsecured debentures due within 7 years	A-
<b>Rating Outlook:</b>	Stable

### TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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