

# BANGCHAK CORPORATION PLC

No. 50/2024  
18 June 2024

## CORPORATES

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

Last Review Date: 28/09/23

### Company Rating History:

Date	Rating	Outlook/Alert
31/08/23	A	Stable
19/01/23	A	Alert Negative
27/10/22	A	Stable
09/12/20	A-	Stable
11/06/20	A	Negative
04/11/15	A	Stable
26/12/12	A-	Stable
06/07/12	A-	Alert Negative
12/10/10	A-	Stable
05/11/09	BBB+	Positive
05/11/08	BBB+	Stable

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## RATIONALE

TRIS Rating assigns a rating of “A” to Bangchak Corporation PLC (BCP)’s proposed issue of up to THB10 billion senior unsecured debentures due within 15 years. BCP intends to use the proceeds from the debentures issuance for refinancing existing debt and working capital needs. At the same time, TRIS Rating affirms the company rating on BCP and the ratings on its outstanding senior unsecured debentures at “A”. TRIS Rating also affirms the rating on BCP’s subordinated capital debentures at “BBB+”. The rating outlook is “stable”.

The ratings continue to reflect BCP’s strengthened competitive position underpinned by its takeover of Bangchak Sriracha PLC (BSRC, previously ESSO (Thailand) PLC) last year. The ratings recognize the post-acquisition synergies seen in the greater assets’ utilization. The ratings also embed an expectation of continuing improvement in operating efficiencies. Conversely, the ratings are constrained by BCP’s heightened susceptibility to volatile petroleum prices, as well as its sizable investment plans.

For the first three months of 2024, BCP’s EBITDA increased by 29% year-on-year (y-o-y) to THB14.6 billion. The increase was driven by the 23% growth in oil and gas sales volume of its natural resources segment operated by OKEA ASA (OKEA), and the consolidation of BSRC. The group’s refinery business performed in line with our expectation with an overall refinery crude run of 271.7 thousand barrels per day (KBD), comprising 121.4 KBD from Phra Khanong refinery and 150.3 KBD from Sriracha refinery. The overall operating gross refinery margin (GRM) was normalized to USD6.08 per barrel as expected.

As of March 2024, BCP’s debt to EBITDA ratio (annualized with trailing 12 months) was 3.3 times, an improvement from 3.5 times at the end of 2023. We hold the view that BCP’s debt to EBITDA ratio is likely to range between 3.0-3.5 times over 2024-2025.

As of March 2024, BCP’s consolidated debt was THB138.7 billion (including subordinated capital debentures). BCP’s priority debt totaled THB76.9 billion, entirely comprising debt owed by its subsidiaries. The ratio of priority debt to total debt was about 55%, which exceeds our threshold of 50%. That said, we consider the subordination risk to be mitigated as BCP owns operating assets which generate significant earnings and cash flow to its consolidated financial performance. We also expect BCP to reduce its priority debt ratio to below 50% in the near term.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that BCP will materialize the expected synergies of the BSRC acquisition. This should significantly strengthen the company’s competitive position, and its financial performance likely to be in line with our base-case forecast.

## RATING SENSITIVITIES

We could raise the ratings on BCP if the company achieves earnings materially higher than we expect, while its financial leverage declines considerably. Conversely, we could take a negative action on the ratings if we see material deterioration in BCP’s financial risk profile. This could happen if BCP’s operating

performance significantly falls short of our estimates, or if the company pursues aggressive debt-financed investments or acquisitions.

#### RELATED CRITERIA

- 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

#### Bangchak Corporation PLC (BCP)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
BCP258A: THB600 million senior unsecured debentures due 2025	A
BCP258B: THB4,500 million senior unsecured debentures due 2025	A
BCP260A: THB3,000 million senior unsecured debentures due 2026	A
BCP26NA: THB1,000 million senior unsecured debentures due 2026	A
BCP26NB: THB3,000 million senior unsecured debentures due 2026	A
BCP273A: THB2,000 million senior unsecured debentures due 2027	A
BCP275A: THB500 million senior unsecured debentures due 2027	A
BCP278A: THB2,000 million senior unsecured debentures due 2027	A
BCP28DA: THB7,000 million senior unsecured debentures due 2028	A
BCP29NA: THB1,400 million senior unsecured debentures due 2029	A
BCP303A: THB1,000 million senior unsecured debentures due 2030	A
BCP305A: THB4,500 million senior unsecured debentures due 2030	A
BCP31NA: THB2,600 million senior unsecured debentures due 2031	A
BCP328A: THB3,500 million senior unsecured debentures due 2032	A
BCP19PA: THB10,000 million subordinated capital debentures	BBB+
Up to THB10,000 million senior unsecured debentures due within 15 years	A
<b>Rating Outlook:</b>	Stable

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