

# GULF ENERGY DEVELOPMENT PLC

No. 66/2024  
25 July 2024

## CORPORATES

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

**Last Review Date:** 14/03/24

### Company Rating History:

Date	Rating	Outlook/Alert
13/01/23	A+	Stable
26/08/21	A	Stable
26/04/21	A	Alert Negative
25/12/18	A	Stable

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## RATIONALE

TRIS Rating assigns a rating of “A” to Gulf Energy Development PLC’s (GULF) proposed issue of up to THB25 billion senior unsecured debentures, with a tenor of up to 10 years. GULF intends to use the proceeds from the new debentures for business expansion and/or debt repayment. At the same time, we affirm the company rating on GULF at “A+” and affirm the ratings on its existing senior unsecured debentures at “A”. The rating outlook remains “stable”.

The ratings continue to reflect GULF’s position as a leading power producer in Thailand, its well-diversified portfolio, its proven record of developing and operating power plants, and its highly predictable cash flows, backed by long-term power purchase agreements (PPAs) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”). However, these strengths are held back by risks associated with the company’s overseas investments and the anticipated rise in debt load during expansion. The ratings also take into consideration GULF’s recent announcement on its planned amalgamation with Intouch Holdings PLC (INTUCH). We view the amalgamation, expected to complete in the second quarter of 2025, as having no impact on the ratings.

GULF’s earnings results in the first quarter of 2024 remained in line with our forecast. The reliable cash generation from the company’s power projects kept its EBITDA at a satisfactory level of THB8.5 billion during the period. The debt to EBITDA ratio was 7.1 times (annualized with trailing 12 months).

The issue ratings’ single notch below the company rating reflects a significant subordination risk. As of March 2024, GULF’s consolidated debt, excluding lease liabilities, was about THB287 billion. Of this, THB146 billion was considered priority debt, comprising secured debt owed by GULF and all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 51%, suggesting that GULF’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 GULF’s power plants in operation will run smoothly and generate cash flows as planned, while the plants under construction will commence operations as scheduled. Also, the company’s growth strategy will not significantly weaken its financial profile.

We see GULF’s planned amalgamation have no impact on the ratings as we do not expect material changes in the business profile under the new company (NewCo) post-amalgamation. Also, we anticipate the credit metrics of NewCo should remain commensurate with the current ratings on GULF.

## RATING SENSITIVITIES

We are unlikely to raise the ratings in the near term, given GULF’s ongoing expansion plan. However, we could consider revising the ratings upward if GULF substantially deleverages or if we assess the amalgamation will result in much stronger credit metrics and business profile over the long term. Conversely, we could revise the ratings downward if its financial profile significantly weakens. This could result from aggressive debt-funded investments, considerable cost overruns, or material deterioration in cash generation. An indication of this would be a sustained debt to EBITDA ratio of above 8 times.

**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.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

## RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

## Gulf Energy Development PLC (GULF)

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
GULF249A: THB12,000 million senior unsecured debentures due 2024	A
GULF252A: THB10,000 million senior unsecured debentures due 2025	A
GULF258A: THB2,500 million senior unsecured debentures due 2025	A
GULF258B: THB7,000 million senior unsecured debentures due 2025	A
GULF261A: THB2,000 million senior unsecured debentures due 2026	A
GULF263A: THB4,100 million senior unsecured debentures due 2026	A
GULF263B: THB5,805 million senior unsecured debentures due 2026	A
GULF268A: THB2,200 million senior unsecured debentures due 2026	A
GULF268B: THB15,928.2 million senior unsecured debentures due 2026	A
GULF269A: THB6,000 million senior unsecured debentures due 2026	A
GULF272A: THB8,000 million senior unsecured debentures due 2027	A
GULF273A: THB4,400 million senior unsecured debentures due 2027	A
GULF274A: THB2,000 million senior unsecured debentures due 2027	A
GULF278A: THB2,000 million senior unsecured debentures due 2027	A
GULF278B: THB1,000 million senior unsecured debentures due 2027	A
GULF279A: THB3,664 million senior unsecured debentures due 2027	A
GULF283A: THB4,500 million senior unsecured debentures due 2028	A
GULF284A: THB4,528 million senior unsecured debentures due 2028	A
GULF289A: THB3,000 million senior unsecured debentures due 2028	A
GULF289B: THB1,500 million senior unsecured debentures due 2028	A
GULF291A: THB1,000 million senior unsecured debentures due 2029	A
GULF292A: THB1,000 million senior unsecured debentures due 2029	A
GULF294A: THB6,472 million senior unsecured debentures due 2029	A
GULF298A: THB800 million senior unsecured debentures due 2029	A
GULF298B: THB5,071.8 million senior unsecured debentures due 2029	A
GULF303A: THB3,500 million senior unsecured debentures due 2030	A
GULF308A: THB1,000 million senior unsecured debentures due 2030	A
GULF309A: THB3,031 million senior unsecured debentures due 2030	A
GULF314A: THB3,000 million senior unsecured debentures due 2031	A
GULF319A: THB9,000 million senior unsecured debentures due 2031	A
GULF322A: THB5,000 million senior unsecured debentures due 2032	A
GULF328A: THB3,000 million senior unsecured debentures due 2032	A
GULF333A: THB3,500 million senior unsecured debentures due 2033	A
GULF339A: THB1,000 million senior unsecured debentures due 2033	A
GULF344A: THB4,000 million senior unsecured debentures due 2034	A
Up to THB25,000 million senior unsecured debentures due within 10 years	A
<b>Rating Outlook:</b>	Stable

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