

# EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PLC

No. 4/2023

11 January 2023

## CORPORATES

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

**Last Review Date:** 29/06/22

### Company Rating History:

Date	Rating	Outlook/Alert
29/06/22	A	Stable
25/02/22	A+	Negative
23/01/08	A+	Stable
20/09/07	A+	Alert Developing
12/07/04	A+	Stable
29/06/04	A+	-

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## RATIONALE

TRIS Rating affirms the company rating on Eastern Water Resources Development and Management PLC (EASTW) and the ratings on its outstanding senior unsecured debentures at “A” with a “stable” outlook. At the same time, we assign the rating of “A” to EASTW’s proposed issue of THB2.5 billion senior unsecured debentures. The proceeds from the new debentures are intended for the investment in new water pipelines.

The ratings continue to reflect EASTW’s position as a key raw water provider with comprehensive pipelines in the Eastern Economic Corridor (EEC), its stable cash flow, and strong profitability. The ratings also take into consideration rising capital expenditures to develop new water pipelines to replace the expired-lease pipelines by the end of 2023.

For the first nine months of 2022, EASTW’s performance was in line with our expectation. Total revenue and earnings before interest, taxes, depreciation, and amortization (EBITDA) were THB3.3 billion and THB1.8 billion, respectively. The adjusted net debt to EBITDA was 4.8 times (annualized based on trailing 12 months) and the funds from operations to adjusted net debt was 15.9% (annualized based on trailing 12 months).

We expect EASTW will be able to comply with its debenture covenants over the next 12 to 18 months. The debt-to-equity ratio (in accordance with terms in debenture’s prospectus) at the end of September 2022 was 1.1 times, below the debenture covenant of 2 times. The priority debt to total debt ratio was 6% as of 30 September 2022.

## RATING OUTLOOK

The “stable” outlook reflects the expectation that EASTW’s operations will remain resilient and continue to generate stable cash flow from existing customers.

## RATING SENSITIVITIES

A rating upside is unlikely in the near term. However, a downgrade could occur if EASTW’s operating performance falls significantly short of our expectations. This could occur if the company loses significant numbers of customers or is unable to build new water pipelines to replace the lease of Treasury Department pipelines within 2023.

## RELATED CRITERIA

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

**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.

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**Eastern Water Resources Development and Management PLC (EASTW)**

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
EASTW256A: THB1,200 million senior unsecured debentures due 2025	A
EASTW275A: THB850 million senior unsecured debentures due 2027	A
EASTW325A: THB750 million senior unsecured debentures due 2032	A
Up to THB2,500 million senior unsecured debentures due within 10 years	A
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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