

# TPI POLENE POWER PLC

No. 100/2023  
8 September 2023

## CORPORATES

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

**Last Review Date:** 24/02/23

### 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
17/09/18	BBB+	Stable

### Contacts:

Rapeepol Mahapant

rapeepol@trisrating.com

Supasith Tiensuksai, CFA

supasith@trisrating.com

Parat Mahuttano

parat@trisrating.com

Sermwit Sriyotha

sermwit@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on TPI Polene Power PLC (TPIPP) and the ratings on its outstanding senior unsecured debentures at “A-”, with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “A-” to TPIPP’s proposed issue of up to THB3 billion senior unsecured debentures. The proceeds from the new debentures will be used to refinance debentures coming due in December 2023.

We continue to assess TPIPP’s stand-alone credit profile (SACP) at “a”. The ratings on TPIPP is capped by the rating on TPI Polene PLC (TPIPL) (rated “A-/stable”). The rating cap reflects our assessment of TPIPP’s status as a “core” subsidiary of TPIPL, the close parent-subsidiary linkage, and the high level of business integration between the two entities.

TPIPP’s SACP mirrors the company’s reliable cash flows, backed by power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT), its competitive fuel costs, as well as cost reduction benefits from a fuel-transformation program (coal replacement) which will substitute coal with municipal solid waste derived (MSW-derived) fuel in its existing plants. However, the ratings are constrained by the gradual phase-out of additional tariffs (adder) and the investment risks associated with the Special Economic Zone (SEZ) project development.

TPIPP recently reported an earnings recovery, as forecast. The increased fuel adjustment charge (Ft) and improved plant efficiency boosted its earnings before interest, taxes, depreciation, and amortization (EBITDA) in the first half of 2023 to THB2.5 billion, a 12% year-on-year (y-o-y) growth. Leverage increased but remained in line with expectations. We maintain our estimate that the company’s debt to EBITDA ratio will stay in the range of 4-5 times during 2023-2025, compared with 4.2 times in the first half of 2023.

## RATING OUTLOOK

The “stable” outlook reflects the rating outlook on TPIPL. We expect TPIPP’s status as a core subsidiary of TPIPL to remain unchanged. We also expect TPIPP’s power plants to continue to perform satisfactorily, with an improvement in cash generation to offset the earnings impact from adder expirations.

## RATING SENSITIVITIES

Rating revisions on TPIPP are primarily tied to changes in the ratings on TPIPL.

An upward revision of TPIPP’s SACP is unlikely in the near term. Conversely, a downward revision of its SACP could occur if its operating performance is significantly worse than our forecast and/or the company engages in sizable debt-financed investments, which result in a material deterioration in the group’s financial profile.

## 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

**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.

**TPI Polene Power PLC (TPIPP)**

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
TPIPP23DA: THB3,000 million senior unsecured debentures due 2023	A-
TPIPP247A: THB4,000 million senior unsecured debentures due 2024	A-
TPIPP262A: THB4,523.6 million senior unsecured debentures due 2026	A-
TPIPP267A: THB3,000 million senior unsecured debentures due 2026	A-
TPIPP278A: THB4,695 million senior unsecured debentures due 2027	A-
TPIPP281A: THB3,000 million senior unsecured debentures due 2028	A-
Up to THB3,000 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

© Copyright 2023, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution, or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [www.trisrating.com/rating-information/rating-criteria](http://www.trisrating.com/rating-information/rating-criteria)