

BANPU PLC

No. 79/2022

1 August 2022

CORPORATES

Company Rating:	A+
Issue Ratings:	
Senior unsecured	A+
Outlook:	Stable

Last Review Date: 19/01/22

Company Rating History:

Date	Rating	Outlook/Alert
26/12/14	A+	Stable
29/11/13	AA-	Negative
15/12/10	AA-	Stable
06/07/10	AA-	Alert Developing
26/06/08	AA-	Stable
07/11/05	A+	Stable
28/07/05	A	Positive
12/07/04	A	Stable
14/01/03	A	-
22/03/01	A-	-

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RATIONALE

TRIS Rating affirms the company rating on Banpu PLC (BANPU) and the ratings on BANPU's senior unsecured debentures at "A+" with a "stable" outlook. At the same time, TRIS Rating assigns the rating of "A+" to BANPU's proposed issue of up to THB6 billion and an additional greenshoe portion of up to THB4 billion senior unsecured debentures. The proceeds from the new debentures are intended to be used for refinancing its existing debts and for its working capital.

The ratings continue to reflect the company's leading position in the coal industry in the Asia-Pacific region, reliable stream of income from its power business, and the strategic move towards an integrated green energy company. The ratings take into consideration coal price volatility and factor in the prospect of declining coal demand over the long term, driven in part by global efforts to reduce carbon emissions.

For the first three months of 2022, BANPU's performance was better than our forecast due to a spike in coal and natural gas prices during the first quarter of 2022. BANPU's earnings before interest, taxes, depreciation, and amortization (EBITDA) was USD433 million, rising by 63% year-on-year (y-o-y). The ratio of debt to EBITDA improved to 3.6 times (annualized with trailing 12 months) from 4.5 times at the end of 2021. The stronger-than-expected performance plus cash received of USD347.5 million from divesting investment in Sunseap Group Pte. Ltd. (Sunseap) should support BANPU's planned capital structure. In early July 2022, BANPU completed the acquisition of shale gas assets, worth USD750 million, in the US and invested about USD150 million in a healthcare fund in the US. The new shale gas assets are expected to immediately generate about USD150-USD180 million in EBITDA per year to BANPU.

As of March 2022, BANPU's consolidated debt was about USD6.1 billion. BANPU's priority debt consisted of USD439 million in secured debts and USD770 million in senior debts owed by BANPU's subsidiaries. The ratio of priority debt to total debt was about 20.1% at the end of March 2022.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that BANPU will maintain its leading position in the coal industry. Dividends from the steady power business and greater contribution from the gas business will provide some cushion against the volatility in the coal business. We also view that BANPU's financial discipline and prudent cash management to maintain adequate liquidity will help it weather the volatility in market conditions.

RATING SENSITIVITIES

A rating upside could occur if the company improved its financial profile significantly or exhibited greater earnings stability. A rating downgrade could occur if BANPU's performance materially deviated from our forecast, possibly from coal prices and gas prices that fall significantly short of the expected levels. Any additional debt-funded investments, which significantly weaken the capital structure and cash flow protection for an extended period, could be another factor leading to a downgrade.

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

Banpu PLC (BANPU)

Company Rating:	A+
Issue Ratings:	
BANPU234A: THB3,500 million senior unsecured debentures due 2023	A+
BANPU247A: THB5,000 million senior unsecured debentures due 2024	A+
BANPU248A: THB2,000 million senior unsecured debentures due 2024	A+
BANPU251A: THB2,000 million senior unsecured debentures due 2025	A+
BANPU257A: THB2,100 million senior unsecured debentures due 2025	A+
BANPU264A: THB2,000 million senior unsecured debentures due 2026	A+
BANPU268A: THB3,945 million senior unsecured debentures due 2026	A+
BANPU274A: THB10,000 million senior unsecured debentures due 2027	A+
BANPU281A: THB1,000 million senior unsecured debentures due 2028	A+
BANPU282A: THB2,000 million senior unsecured debentures due 2028	A+
BANPU288B: THB4,010 million senior unsecured debentures due 2028	A+
BANPU295A: THB10,000 million senior unsecured debentures due 2029	A+
BANPU301A: THB2,000 million senior unsecured debentures due 2030	A+
BANPU312A: THB3,670 million senior unsecured debentures due 2031	A+
BANPU318A: THB6,045 million senior unsecured debentures due 2031	A+
BANPU321A: THB3,000 million senior unsecured debentures due 2032	A+
BANPU341A: THB4,000 million senior unsecured debentures due 2034	A+
BANPU234B: USD150 million senior unsecured debentures due 2023	A+
BANPU288A: USD50 million senior unsecured debentures due 2028	A+
Up to THB6,000 million senior unsecured debentures and additional greenshoe portion of up to THB4,000 million due within 12 years	A+
Rating Outlook:	Stable

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