

# TPI POLENE PLC

No. 128/2023  
31 October 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
02/10/12	BBB+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on TPI Polene PLC (TPIPL) and the ratings on its outstanding senior unsecured debentures at “A-”, with a “stable” outlook. At the same time, TRIS Rating assigns a rating of “A-” to TPIPL’s proposed issue of up to THB6 billion senior unsecured debentures. The company intends to use the proceeds for refinancing maturing debt.

The ratings continue to reflect TPIPL’s strong position in the domestic cement market, its leading position in the ethylene vinyl acetate (EVA) market, reliable cash flows from its power business, and the benefits gained from business diversification. Conversely, 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.

The slowdown in major economies including Thailand and high energy costs put great pressure on TPIPL’s profit margins. For the first half of 2023, the company’s earnings before interest, taxes, depreciation, and amortization (EBITDA) declined to THB5.1 billion, a 31% year-on-year (y-o-y) drop. Its debt to EBITDA ratio increased to 5.9 times in the first half of 2023, from 4.7 times in 2022. Looking forward, we expect the company’s cost-saving measures including a fuel-transformation program which will ultimately substitute coal with municipal solid waste derived (MSW-derived) fuel in its existing power plants to help improve earnings and bring down financial leverage.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that TPIPL will continue to deliver satisfactory performance. The company’s numerous cost-reduction measures, including the coal replacement program, should help lower its operating costs, offsetting an earnings decline from the expiration of power plant tariff adders.

## RATING SENSITIVITIES

A rating upside is unlikely in the near term. However, a rating upside could occur if the company’s financial profile improves significantly. Conversely, the ratings and/or outlook could be revised downward if TPIPL’s financial profile deteriorates significantly, possibly due to weaker-than-expected performance and/or excessive debt-funded investments, such that the debt/EBITDA ratio stays above 6 times for a prolonged period. A large equity loss from pending legal claims is another risk factor for negative rating actions.

## 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 PLC (TPIPL)**

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
TPIPL241A: THB4,000 million senior unsecured debentures due 2024	A-
TPIPL244A: THB4,127 million senior unsecured debentures due 2024	A-
TPIPL24NA: THB3,515.3 million senior unsecured debentures due 2024	A-
TPIPL251A: THB2,888 million senior unsecured debentures due 2025	A-
TPIPL256A: THB4,000 million senior unsecured debentures due 2025	A-
TPIPL25NA: THB3,410.7 million senior unsecured debentures due 2025	A-
TPIPL264A: THB4,000 million senior unsecured debentures due 2026	A-
TPIPL269A: THB4,000million senior unsecured debentures due 2026	A-
TPIPL26NA: THB2,532.8million senior unsecured debentures due 2026	A-
TPIPL272A: THB2,042.2million senior unsecured debentures due 2027	A-
TPIPL276A: THB3,745million senior unsecured debentures due 2027	A-
TPIPL27NA: THB2,994million senior unsecured debentures due 2027	A-
TPIPL283A: THB5,000million senior unsecured debentures due 2028	A-
Up to THB6,000 million senior unsecured debentures due within 7 years	A-
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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