

# B.GRIMM POWER PLC

No. 69/2024  
2 August 2024

## CORPORATES

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

Last Review Date: 30/04/24

### Company Rating History:

Date	Rating	Outlook/Alert
09/04/18	A	Stable

### Contacts:

Narongchai Ponsirichusopol  
narongchai@trisrating.com

Rapeepol Mahapant  
rapeepol@trisrating.com

Parat Mahuttano  
parat@trisrating.com

Monthian Chantarklam  
monthian@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating assigns a rating of “A-” to B.Grimm Power PLC’s (BGRIM) proposed issue of up to THB6 billion senior unsecured debentures due within 10 years. BGRIM intends to use the proceeds from the debenture issuance for new investments and debt refinancing. At the same time, we affirm the company rating on BGRIM at “A”. Also, we affirm the ratings on its existing senior unsecured debentures at “A-” and its subordinated capital debentures at “BBB+”. The rating outlook remains “stable”.

The ratings reflect BGRIM’s predictable cash flow underpinned by long-term power purchase agreements (PPAs) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”) under the small power producer (SPP) scheme and a consistency of strong performances of BGRIM’s cogeneration power plants. The ratings also factor in the company’s large and well-diversified power portfolio. However, the ratings remain constrained by BGRIM’s hefty debt load and considerable interest burden as a result of its ongoing investments. The ratings also consider execution risks of overseas projects.

For the first three months of 2024, BGRIM’s revenues were THB14.2 billion, marking a 10% decline from THB15.8 billion year-on-year (y-o-y). This contraction was primarily attributable to a decrease in electricity selling prices stemming from lower gas prices and a downward adjustment in the fuel adjustment charge (Ft). Over the period, BGRIM sold electricity of 3,743 gigawatt-hour (GWh), a 12% increase from 3,335 GWh y-o-y. The primary driver behind this growth is attributed to the full-period operation of three new SPP power plants that commenced commercial operations (COD) in 2023. As a result, BGRIM arrived at THB4.2 billion in EBITDA. The debt to EBITDA ratio (annualized with trailing 12 months) declined to 6.3 times, from 6.6 times in 2023. In all, BGRIM’s financial performance remains aligned with our forecast.

As of March 2024, BGRIM had consolidated debt (excluding lease liabilities) of THB127.6 billion, inclusive of the subordinated capital debentures of THB15.9 billion. BGRIM’s priority debt totaled THB76.7 billion, comprising secured debt owed by BGRIM and all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 60%, suggesting that BGRIM’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 BGRIM’s power plants will continue to perform well and deliver strong cash flows. The new power projects will be developed as planned, without significant delay or cost overrun. We also expect the company to adopt prudent financial policy while pursuing its growth strategy, such that its cash generation against debt obligations aligns with our forecast.

## RATING SENSITIVITIES

We could consider raising the ratings if we see BGRIM’s level of cash flow against debt obligations is significantly enhanced. Contrarily, we could take a negative action on the ratings if BGRIM’s operating performance falls markedly

short of our expectation. In addition, we could also downgrade the ratings if BGRIM's capital structure materially deteriorates due to aggressive debt-financed investments.

#### 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
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

#### B.Grimm Power PLC (BGRIM)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
BGRIM255A: THB4,200 million senior unsecured debentures due 2025	A-
BGRIM255B: THB300 million senior unsecured debentures due 2025	A-
BGRIM267A: THB3,000 million senior unsecured debentures due 2026	A-
BGRIM275A: THB3,000 million senior unsecured debentures due 2027	A-
BGRIM280A: THB5,000 million senior unsecured debentures due 2028	A-
BGRIM295A: THB2,150 million senior unsecured debentures due 2029	A-
BGRIM317A: THB7,000 million senior unsecured debentures due 2031	A-
BGRIM325A: THB2,550 million senior unsecured debentures due 2032	A-
BGRIM19PA: THB8,000 million subordinated capital debentures	BBB+
BGRIM23PA: THB8,000 million subordinated capital debentures	BBB+
Up to THB6,000 million senior unsecured debentures due within 10 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

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