

BANPU PLC

No. 32/2019
9 May 2019

CORPORATES

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

Last Review Date : 25/12/18

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 its senior unsecured debentures at "A+". At the same time, TRIS Rating assigns the rating of "A+" to BANPU's proposed issue of up to Bt6,000 million in senior unsecured debentures and the additional greenshoe portion of up to Bt4,000 million. The proceeds from the new debentures will be used for refinancing its existing debts, working capital, and its investments.

The ratings continue to reflect the company's leading position in the coal industry in the Asia-Pacific region, diverse customer base and geographic diversification of coal reserves, reliable stream of income from the power segment, and its strategic move to be an integrated energy company. However, the ratings are partially offset by the cyclical nature of coal prices, slowdown in demand for coal driven in part by efforts to reduce emissions worldwide, as well as uncertainties concerning coal-related policies implemented by the Chinese government.

In 2018, BANPU's revenue increased by 21% to US\$3,481 million, mainly due to an increase in coal sales volume and coal price. In 2018, the average selling price of coal increased by 11% to US\$78.8 per tonne, while the coal sales volume increased by 4% to 38.03 million tonnes. The company's earnings before interest, tax, depreciation and amortization (EBITDA) was US\$982 million slightly better than our forecast of US\$800-US\$900 million per year.

The capital structure remained at a satisfactory level. At the end of 2018, the company's adjusted debt was US\$3,572 million with a debt to capitalization ratio of 52.9%.

RATING OUTLOOK

The "stable" outlook reflects the expectation that BANPU will maintain its leading position in the coal industry. Dividends from the steady and stable power segment will provide some cushion for the company. Good liquidity, underpinned by BANPU's financial discipline, prudent cash management, plus financial flexibility, will help BANPU weather the volatility in the market conditions.

RATING SENSITIVITIES

An upside for BANPU's ratings may occur if the company could improve its financial profile significantly or exhibit more earnings stability. A rating downgrade will emerge if coal prices tumble and cash flow substantially weakens below expectation. Any debt-funded investments, which could worsen the capital structure and deteriorate cash flow protection for an extended period, would be another factor supporting a downgrade.

RELATED CRITERIA

- Key Financial Ratios and Adjustments, 5 September 2018
- Rating Methodology – Corporate, 31 October 2007

Banpu PLC (BANPU)

Company Rating:	A+
Issue Ratings:	
BANPU195A: Bt2,850 million senior unsecured debentures due 2019	A+
BANPU207A: Bt2,300 million senior unsecured debentures due 2020	A+
BANPU207B: Bt3,000 million senior unsecured debentures due 2020	A+
BANPU214A: Bt4,000 million senior unsecured debentures due 2021	A+
BANPU225A: Bt3,000 million senior unsecured debentures due 2022	A+
BANPU234A: Bt3,500 million senior unsecured debentures due 2023	A+
BANPU247A: Bt5,000 million senior unsecured debentures due 2024	A+
BANPU257A: Bt2,100 million senior unsecured debentures due 2025	A+
BANPU264A: Bt2,000 million senior unsecured debentures due 2026	A+
BANPU274A: Bt10,000 million senior unsecured debentures due 2027	A+
BANPU234B: US\$150 million senior unsecured debentures due 2023	A+
BANPU288A: US\$50 million senior unsecured debentures due 2028	A+
Up to Bt6,000 million senior unsecured debentures and additional greenshoe portion of up to Bt4,000 million due within 10 years	A+
Rating Outlook:	Stable

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