

# EASTERN POWER GROUP PLC

No. 11/2024  
2 December 2024

## CORPORATES

Company Rating: B  
CreditAlert: Negative

Last Review Date: 10/09/24

### Company Rating History:

Date	Rating	Outlook/Alert
10/09/24	BB-	Alert Negative
14/08/24	BB	Negative
09/08/23	BB+	Negative
07/12/22	BBB-	Negative
07/12/18	BBB-	Stable
01/12/15	BBB	Stable

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## RATIONALE

TRIS Rating downgrades the company rating on Eastern Power Group PLC (EP) to “B” from “BB-”. The downgrade reflects the continued erosion of its liquidity position and the heightening risk of EP’s failure to meet its debt obligations. At the same time, we maintain our CreditAlert with a “negative” implication we have placed on the rating. This reflects the ongoing uncertainty surrounding EP’s ability to seek sufficient liquidity to cover its near-term debt obligations, including interest payments with respect to its debentures. We believe the company will likely need to extend the maturity dates of most of its debt obligations. EP’s debt structure is concentrated, with debentures being the primary funding source. About THB3 billion debentures mature within the next 12 months.

We view the prolonged operating cash flow deficits continue to diminish EP’s liquidity. In the third quarter of 2024, EP had reached an agreement with a bank to amend the conditions of its long-term loan facilities, whereby EP is exempt from principal repayments for a six-month period while the company will service only interests during the period. After that, EP shall repay the loan principals according to the original condition and repay all outstanding obligations at the maturity dates. As of September 2024, the respective bank loans were THB96.4 million outstanding. This amended term of the loan facilities has provided EP with some short-term liquidity relief. EP also has a related-party transaction that needs extension to preserve its liquidity.

In addition, EP has recently announced to convene a meeting of debenture holders to approve an extension of the maturity date of its THB367.9 million debenture coming due on 27 December 2024, by offering an increase in the interest rate. A failure to obtain this approval could potentially lead to a payment default.

As of September 2024, EP had consolidated cash of merely THB20.2 million, against short-term and long-term debts coming due in the following 12 months totaling THB4.3 billion. EP’s cash generation remains very weak, given its low earnings base. We expect EP’s operating cash flow deficits to persist. Hence, we believe EP will likely need to extend the maturity dates of most of its debt obligations while a significant revival in liquidity hinges on its asset disposal plan and the first drawdown of a wind farm project loan.

EP has announced to sell its two Vietnam-based wind power projects. However, the divestment transaction will materialize only after the projects become commercially operational. We do not expect these projects will commence soon, given the long-pending required permits. Moreover, the final proceeds from the sale are subject to the finalized tariffs earned by the projects. Meanwhile, EP is striving to drawdown a project loan of its operating wind farm in Vietnam, of which regulatory requirements need to be fulfilled.

We maintain our CreditAlert with a “negative” implication to reflect the uncertain outcome of the upcoming debenture holders meeting, and the risk of a payment default if EP fails to obtain the necessary approval for maturity extension. EP also needs to pay interest for about THB50 million related to its outstanding debentures in December 2024 while the sources of liquidity remain unclear.

The “negative” CreditAlert means that a further downgrade of the rating may arise if we assess a significantly increased probability of EP’s inability to service interest or failure to extend debt maturity to prevent a default within the next 12 months. We could downgrade the rating to “C” if we anticipate a default is about to occur, or to “D” if the company misses an interest or principal payment. We could remove the CreditAlert if we see the company has sufficient liquidity to meet its near-term debt obligations.

At the end of September 2024, EP had consolidated debt of THB4.7 billion (excluding lease liabilities), most of which comprised unsecured debentures at the company level, with an outstanding amount of THB3.4 billion. The ratio of priority debt to total debt was 27%.

#### RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

#### Eastern Power Group PLC (EP)

<b>Company Rating:</b>	B
<b>CreditAlert:</b>	Negative

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