

EDL-GENERATION PUBLIC COMPANY

No. 47/2019

28 June 2019

CORPORATES

Company Rating:	BBB
Issue Ratings:	
Senior unsecured	BBB
Outlook:	Stable

Last Review Date: 23/05/19

Company Rating History:

Date	Rating	Outlook/Alert
12/06/17	BBB+	Negative
15/10/14	BBB+	Stable

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RATIONALE

TRIS Rating downgrades the company rating on EDL-Generation Public Company (EDL-Gen) and the ratings on EDL-Gen's senior unsecured debentures to "BBB/Stable" from "BBB+/Negative". The downgrade follows TRIS Rating's sovereign rating action on the Lao People's Democratic Republic (Lao PDR), revising the sovereign rating on the Lao PDR to "BBB/Stable" from "BBB+/Negative" on 28 June 2019.

The "BBB" ratings continue to reflect our view on EDL-Gen as a government-related entity based on its shareholding structure and operational integration with Electricite du Laos (EDL), its major shareholder and the sole purchaser of the electricity it produces. EDL is a state-owned enterprise, controlled by the government of the Lao PDR. As a result, EDL's credit profile is underpinned by the sovereign rating on the Lao PDR.

RATING OUTLOOK

The "stable" outlook reflects the outlook for the sovereign rating on the Lao PDR. TRIS Rating expects that the business model and the level of integration between EDL and EDL-Gen will remain unchanged. We expect EDL to continue holding a majority stake in EDL-Gen and receiving support from the Lao government.

RATING SENSITIVITIES

The upside and downside scenarios for EDL-Gen's ratings are primarily tied to a change in the sovereign rating on the Lao PDR. EDL-Gen's credit profile fully reflects that of EDL and the Lao government.

COMPANY OVERVIEW

EDL-Gen was founded in 2010 and was listed on the Lao Securities Exchange (LSX) in 2011. The incorporation of EDL-Gen was part of the restructuring of the power sector in the Lao PDR, which called for EDL-Gen to purchase the current and future power generating assets from EDL. Prior to the establishment of EDL-Gen, EDL has been the sole vertically-integrated electricity supplier, dominating all aspects of electricity supply in the Lao PDR, from electricity generation, transmission lines, and the distribution of electricity to end-users.

EDL had also owned stakes in several independent power producers (IPP) operating in the Lao PDR. Notwithstanding the transfer of its electricity generating assets to EDL-Gen, EDL remains the single buyer of electricity in the Lao PDR and the dominant electricity distributor. EDL owns almost all of the power grid in the Lao PDR.

As of March 2019, EDL held a 75% stake in EDL-Gen. EDL-Gen owns and operates hydropower assets developed by EDL. EDL-Gen also invests in the IPP hydropower projects previously held by EDL. Each of EDL-Gen's power generating asset operates under a power purchase agreement (PPA) for a 30-year concession.

As of 31 March 2019, EDL-Gen's aggregate equity electricity generating capacity was 1,152 megawatts (MW), divided into 619 MW from its wholly-owned 10 hydropower plants and 533 MW from its equity investments in seven IPPs and

one solar power project.

RELATED CRITERIA

- Key Financial Ratios and Adjustments, 5 September 2018
- Rating Methodology – Government-Related-Entity, 6 June 2017
- Group Rating Methodology, 10 July 2015
- Sovereign Credit Rating, 8 October 2013
- Rating Methodology – Corporate, 31 October 2007

EDL-Generation Public Company (EDL-Gen)

Company Rating:	BBB
Issue Ratings:	
EDLGEN19DA: Bt1,500 million senior unsecured debentures due 2019	BBB
EDLGEN21DA: Bt2,000 million senior unsecured debentures due 2021	BBB
EDLGEN24DA: Bt3,000 million senior unsecured debentures due 2024	BBB
EDLGEN257A: Bt1,443.1 million senior unsecured debentures due 2025	BBB
EDLGEN237A: Bt4,078.1 million senior unsecured debentures due 2023	BBB
EDLGEN217A: Bt3,810.1 million senior unsecured debentures due 2021	BBB
EDLGEN287A: Bt1,897.9 million senior unsecured debentures due 2028	BBB
EDLGEN307A: Bt809.8 million senior unsecured debentures due 2030	BBB
EDLGEN337A: Bt1,621.2 million senior unsecured debentures due 2033	BBB
EDLGEN247A: Bt1,660.7 million senior unsecured debentures due 2024	BBB
EDLGEN311A: Bt1,093.4 million senior unsecured debentures due 2031	BBB
EDLGEN227A: Bt1,085.5 million senior unsecured debentures due 2022	BBB
EDLGEN239A: US\$51 million senior unsecured debentures due 2023	BBB
EDLGEN269A: US\$166 million senior unsecured debentures due 2026	BBB
EDLGEN289A: US\$95 million senior unsecured debentures due 2028	BBB
Rating Outlook:	Stable

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