

# LANNA RESOURCES PLC

No. 36/2025  
4 April 2025

## CORPORATES

**Company Rating:** A-  
**Outlook:** Stable

**Last Review Date:** 22/10/24

### Company Rating History:

Date	Rating	Outlook/Alert
28/08/24	A-	Alert Developing
09/12/21	A-	Stable

### Contacts:

Pravit Chaichamnapai, CFA

pravit@trisrating.com

Tern Thitinuang, CFA

tern@trisrating.com

Parat Mahuttano

parat@trisrating.com

Sermwit Sriyotha

sermwit@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating removes the CreditAlert with a “Developing” implication placed on Lanna Resources PLC (LANNA) and replaces it with a “stable” outlook. At the same time, we affirm the company rating on LANNA at “A-”. LANNA’s stand-alone credit profile (SACP) remains at “a-”.

The SACP continues to be supported by the company’s established operations in the coal mining business in Indonesia, its low-cost mining operations, and low-debt financial profile. However, the SACP is constrained by the limited growth potential and regulatory risks associated with mining operations in Indonesia.

We have assessed LANNA as a strategic subsidiary of Siam City Cement PLC (SCCC), given SCCC’s majority holding of 61.44% in LANNA. This allows SCCC to influence business direction through the board of directors and oversee LANNA’s financial policies.

In our view, LANNA is one of the key coal suppliers for SCCC, with coal being a primary fuel used in the cement production process. Although SCCC is pursuing decarbonization goals and attempting to substitute coal with alternative fuels, coal cannot be entirely replaced. LANNA is a long-term supplier of coal from Indonesia to SCCC, representing approximately 20%–25% of SCCC’s total coal consumption. We believe LANNA will support SCCC in securing sufficient supplies of coal to ensure cement production stability.

However, we recognize LANNA’s operational separation and low reputational linkage with SCCC. Given the company’s established expertise in coal mining and procurement from Indonesia, we believe that LANNA will continue to operate its core business independently. Nevertheless, we assess SCCC as having incentive to support LANNA under some circumstances.

We expect LANNA to generate THB2.5-THB3.5 billion per year in EBITDA over the next three years. The company’s low leverage status should continue, based on the absence of large investments in the foreseeable future, with the debt to EBITDA ratio remaining below 1.5 times and the funds from operations (FFO) to debt ratio exceeding 60%.

## RATING OUTLOOK

The “stable” outlook reflects the expectation that LANNA will perform in line with our forecast. LANNA’s coal mining operation in Indonesia will remain its core business, while no material investments are planned that would alter its financial profile significantly. In addition, LANNA’s strategic relevance to SCCC will remain unchanged.

## RATING SENSITIVITIES

The potential for a rating upgrade on LANNA’s SACP is limited in the near term, given the expected long-term decline in coal consumption and LANNA’s small business scale compared to higher-rated peers. A downgrade of its SACP could occur if LANNA’s financial position deteriorates beyond our expectations. This may result from considerable debt-funded investments or substantial cash dividends or financial transfers to its parent company.

Based on our “Group Rating Methodology”, the company rating on LANNA could be upgraded if we see a strengthening of SCCC’s credit profile.

Conversely, the rating could be downgraded if we lower LANNA's SACP or if SCCC's credit profile materially weakens.

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**RELATED CRITERIA**

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- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

**Lanna Resources PLC (LANNA)**

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<b>Company Rating:</b>	A-
<b>Rating Outlook:</b>	Stable

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**TRIS Rating Co., Ltd.**

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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