

# RATCHABURI ELECTRICITY GENERATING CO., LTD.

No. 130/2022  
3 August 2022

## CORPORATES

**Company Rating:** AA+  
**Outlook:** Stable

**Last Review Date:** 05/08/21

### Company Rating History:

Date	Rating	Outlook/Alert
05/08/21	AA+	Stable
10/04/15	AAA	Stable
25/04/13	AA+	Stable
15/06/05	AA	Stable
12/07/04	AA-	Stable
26/06/03	AA-	-

### Contacts:

Tern Thitnuang, CFA  
tern@trisrating.com

Pravit Chaichamnapai, CFA  
pravit@trisrating.com

Parat Mahuttano  
parat@trisrating.com

Sermwit Sriyotha  
sermwit@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) at “AA+”, with a “stable” rating outlook. The rating reflects RATCHGEN’s status as a “core” subsidiary of RATCH Group PLC (RATCH). RATCHGEN’s stand-alone credit profile (SACP) of “aaa” is capped by the “AA+” rating on RATCH.

RATCHGEN’s SACP continues to reflect the predictability of its cash flows generated under long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT), as well as the company’s proven record of managing power plants and its strong, debt-free balance sheet.

### KEY RATING CONSIDERATIONS

#### Highly predictable cash flows from long-term PPAs

RATCHGEN’s predictable cash generation is supported by its long-term PPAs with EGAT (rated “AAA/ Stable” by TRIS Rating). The PPAs largely mitigate the market risk of power production. RATCHGEN’s revenue depends mostly on power plant availability. EGAT is obliged to make Availability Payments (AP) to RATCHGEN as long as the company attains its availability targets, regardless of dispatching. Fuel price risk is mitigated as the PPAs enable RATCHGEN to pass through changes in fuel costs to EGAT based on the agreed plant heat rate.

We expect RATCHGEN’s stable cash generation to continue until 2027, when all the PPAs will have expired. The PPAs of the first two thermal power units (totaling 1,470 MW) will expire in 2025, while the PPAs of the three combined-cycle blocks (totaling 2,175 MW) will expire in 2027.

#### Proven operational track record

The “Ratchaburi” power plant has continued a track record of smooth operations stretching back over 20 years. The plant has consistently been able to meet the availability targets specified in the PPAs. During the last 10 years, the plant availability and plant efficiency figures have exceeded the targets set in the PPAs almost every year.

For the first three months of 2022, the overall availability factor of RATCHGEN’s power plants was 94.3%, better than the target of 89.0%. The plant efficiency metric also slightly outperformed the target. The overall plant heat rate was recorded at 7,189 British thermal units/kilowatt-hours (Btu/kWh), better than the target of 7,225 Btu/kWh.

#### No sizable investments ahead

During 2022-2024, we do not expect RATCHGEN to make any sizable investments. The 1,540-MW “Hin Kong” combined-cycle power project in Ratchaburi province will be developed by sister company, Hin Kong Power Co., Ltd., a joint venture between RATCH (51%) and Gulf Energy Development Public Company (49%).

#### Debt-free balance sheet

We expect RATCHGEN to maintain a strong balance sheet over the next three years. The company has been debt-free since March 2022, after the redemption of the last remaining THB2 billion outstanding debentures. We

expect RATCHGEN's debt to capitalization ratio to stay zero over the forecast period.

### **Abundant liquidity**

RATCHGEN's liquidity profile is very strong. At the end of March 2022, the company's main sources of funds comprised cash on hand of THB735 million. We forecast RATCHGEN's funds from operations (FFO) over the next 12 months to be around THB4.0-THB4.5 billion, and the company to have zero debt and no large investments other than routine maintenance expenditures of THB50-THB100 million per year, through to 2024.

### **A core subsidiary of RATCH**

TRIS Rating considers RATCHGEN as a core subsidiary of RATCH, in view of its investment structure and significant earnings contribution to RATCH. RATCHGEN is a wholly owned subsidiary of RATCH. It owns and operates the 3,645 MW Ratchaburi power plant, which accounted for about 49% of RATCH's total equity capacity as of June 2022. RATCHGEN contributed about 52% of RATCH's earnings before interest, taxes, depreciation, and amortization (EBITDA) in 2021.

### **BASE-CASE ASSUMPTIONS**

- EBITDA of about THB4.0-THB5.0 billion in 2022, before declining to THB2.0-THB3.0 billion per year during 2023-2024.
- Routine maintenance expenditures of THB50-THB100 million per year.

### **RATING OUTLOOK**

The "stable" outlook reflects our expectation that RATCHGEN will continue to meet the plant availability and efficiency targets set out in the PPAs, enabling it to generate predictable revenue streams throughout the lives of the PPAs.

### **RATING SENSITIVITIES**

Based on RATCHGEN's status as a core subsidiary of RATCH, the ratings on RATCHGEN will move in tandem with the rating on RATCH. Any change in the rating on RATCH will result in the same change to the ratings on RATCHGEN.

### **COMPANY OVERVIEW**

RATCHGEN is a wholly owned subsidiary of RATCH, which is rated "AA+" with a "stable" outlook by TRIS Rating. RATCHGEN is a core subsidiary of RATCH, set up to operate and invest in conventional power plants in Thailand.

As of 30 June 2022, RATCHGEN's total capacity was 3,645 MW, consisting of two thermal units (1,470 MW) and three combined cycle gas turbine (CCGT) units (2,175 MW). The plants account for about 8% of Thailand's total installed capacity.

**KEY OPERATING PERFORMANCE**

**Table 1: Performance Statistics of Ratchaburi Power Plant**

	Unit	Jan-Mar 22 (Target)	Jan-Mar 22 (Actual)	2021	2020	2019
<b>Ratchaburi Plant (Thermal Units)</b>						
Dispatch factor	%	-	33.4	6.3	-	-
EAF* avg. 12 months	%	96.6	99.4	89.1	97.2	82.3
Planned outage	Hours	-	-	877.5	-	2,736
Forced outage	Hours	144.8	12.0	74.0	-	-
Maintenance outage	Hours	144.8	12.0	74.0	-	-
<b>Ratchaburi Plant (CCGT Units)</b>						
Dispatch factor	%	70.7	78.4	72.3	74.3	84.6
EAF avg. 12 months	%	88.1	96.2	89.9	91.6	88.3
Planned outage	Hours	120.0	72.0	736.6	1,701	2,247
Forced outage	Hours	133.0	10.5	139.3	493	446
Maintenance outage	Hours	133.0	10.5	139.3	-	345
<b>Tri Energy Plant</b>						
Dispatch factor	%	-	-	-	-	7.9
EAF* avg. 12 months	%	-	-	-	99.4	97.4
Planned outage	Hours	-	-	-	-	208
Forced outage	Hours	-	-	-	-	-
Maintenance outage	Hours	-	-	-	24	-

\* Equivalent Availability Factor (EAF)

Source: RATCHGEN

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	Jan-Mar 2022	-----Year Ended 31 December -----			
		2021	2020	2019	2018
Total operating revenues	14,164	33,720	32,972	36,322	41,048
Earnings before interest and taxes (EBIT)	734	2,625	2,927	4,026	3,678
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,365	5,318	6,389	5,510	7,458
Funds from operations (FFO)	1,193	5,062	6,321	4,992	6,504
Adjusted interest expense	12	70	70	69	99
Capital expenditures	0	34	14	84	178
Total assets	30,834	33,750	30,865	31,711	31,351
Adjusted debt	0	0	0	0	3
Adjusted equity	24,721	24,516	25,013	24,630	24,288
<b>Adjusted Ratios</b>					
EBITDA margin (%)	9.64	15.77	19.38	15.17	18.17
Pretax return on permanent capital (%)	9.61 *	9.79	10.90	15.19	13.24
EBITDA interest coverage (times)	117.42	76.15	91.35	79.51	75.46
Debt to EBITDA (times)	0.00	0.00	0.00	0.00	0.00
FFO to debt (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Debt to capitalization (%)	0.00	0.00	0.00	0.00	0.01

\* Annualized with trailing 12 months

n.m. = Not measurable

## RELATED CRITERIA

- Corporate Rating Methodology , 15 July 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Group Rating Methodology, 13 January 2021

---

**Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN)**

---

<b>Company Rating:</b>	AA+
<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

© Copyright 2022, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [www.trisrating.com/rating-information/rating-criteria](http://www.trisrating.com/rating-information/rating-criteria)