GLOBAL POWER SYNERGY PLC

No. 104/2025
30 June 2025

CORPORATES

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

Last Review Date: 31/05/24

Company Rating History:

Date	Rating	Outlook/Alert
04/10/21	AA+	Stable
01/10/19	AA-	Stable

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RATIONALE

TRIS Rating affirms the company rating on Global Power Synergy PLC (GPSC) at "AA+" and the ratings on its existing senior unsecured debentures at "AA+". The rating outlook is "stable".

The company rating on GPSC incorporates a two-notch uplift from GPSC's stand-alone credit profile (SACP) as we maintain our assessment of GPSC's group status as a "strategically important" subsidiary of PTT PLC (PTT, rated "AAA/Stable" *). GPSC's SACP remains at "aa-".

The SACP reflects the company's strong position in Thailand's power sector, with a sizable power portfolio. The SACP also recognizes GPSC's highly reliable cash generation, underpinned by long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT, rated "AAA/Stable") and the PTT Group. However, the SACP is tempered by the mounting pressure on earnings, primarily due to expiring EGAT PPAs.

KEY RATING CONSIDERATIONS

Large and well-diversified power portfolio

GPSC's robust business profile is supported by its large and well-diversified power portfolio. As of March 2025, GPSC's net operating capacity stood at 7,240 megawatts (MW), when measured in proportion to its ownership in the power plants. This capacity is projected to grow substantially, reaching 14,144 MW by 2030, given the company's ambitious investment plans. The current operating portfolio's composition shows that conventional power plants, primarily fueled by natural gas, account for 48% of the operating capacity, with renewable power contributing 41%. Aligned with the PTT Group's strategy, GPSC is actively increasing the mix of renewable power, aiming for renewables to comprise over half of its future capacity. Despite this strategic shift, conventional power plants will generate the majority of its earnings over the next few years.

GPSC has diversified pool of power assets across different sites. The company operates over 40 power projects across various sites in Thailand and internationally. GPSC's solid track record encompasses diverse power generation from large conventional to small renewable plants, underlining its resilient and comprehensive portfolio.

Reliable cash generation

GPSC's cash generation is highly predictable, primarily due to its long-term PPAs. These agreements provide stable revenue from EGAT and trusted industrial users (around half of which are in PTT Group). Under the independent power producer (IPP) scheme, GPSC operates six power plants. Their 25-30-year PPAs with EGAT ensure that GPSC benefits from reliable earnings, given the take-or-pay contract structure.

GPSC also has a sizable portfolio of small power producer (SPP) cogeneration plants. SPPs sell to both EGAT and industrial users. EGAT commits to dispatch at least 80% of contracted capacity. EGAT PPAs include a gas price pass-through mechanism, reducing fuel price risk. Meanwhile, electricity sales to industrial users involve higher risks with respect to volume and fuel price. GPSC's SPPs sell power to industrial users at a discount to Provincial Electricity

* *The company rating assigned to PTT is based on public information, which TRIS Rating believes provides a sufficient basis for the assessment of credit profile of PTT. The rating is assigned without participation from PTT.*

Authority's (PEA) large general service tariffs. In the absence of cost pass-through, SPPs could face softened margins, which would most likely occur from government policy to control electricity tariffs that lead to material mismatches between actual fuel prices and the fuel adjustment charge (Ft). To mitigate this risk, GPSC aims to change the tariff for industrial users to link it with gas prices at the time of contract renewals. This strategic shift will bolster GPSC's ability to pass through fuel costs and maintain consistent earnings.

Pressure on earnings from expiring PPAs

We anticipate a contraction in GPSC's earnings in coming years due to the reduction in contracted capacity with EGAT. Notably, the Sriracha Power Plant's 25-year PPA for 700 MW is set to expire in the third quarter of 2025. In the recent past, PPAs of various SPPs under Glow Energy PLC (GLOW) also expired, some of which were substituted by smaller contracted capacity under replacement programs. Looking further ahead, the long-term PPA of IPP under GLOW will expire in 2028. While GPSC is likely to expand contracted capacity through new renewable projects, we view they may not fully compensate for the imminent decline of earnings from retiring conventional power plants.

For now, we expect GPSC's capacity growth will largely hinge on new renewable projects developed under Avaada Energy Private Ltd. (AEPL), its major affiliate. While AEPL has sizable projects committed to develop and commission in the years ahead, we do not anticipate GPSC to obtain meaningful dividends from AEPL in the next few years. At this pace, we forecast GPSC's EBITDA to arrive at THB20 billion in 2025 and gradually decline to THB18 billion in 2027. This rests on our assumption of normalized gas prices, together with the full effect of expiring EGAT PPAs.

Lower CAPEX and divestments supporting financial position

During 2025-2027, we expect GPSC to have a lower level of capital expenditure (CAPEX) and investments compared to our previous forecast. This is primarily due to the significant postponement of the Energy Recovery Unit (ERU) project, a 250-MW petroleum pitch-fueled power plant essential for supporting Thai Oil PLC's (TOP) Clean Fuel Project (CFP). From a total project cost of around USD757 million, GPSC has already paid USD96 million. The remaining USD661 million will be paid once the project is ready to commence operation, which is now expected in the first quarter of 2029. However, the final project cost and timeline are subject to finalization with TOP.

Despite our anticipation of GPSC going ahead with the ERU project, we now do not factor in the remaining investment commitment in our forecast horizon as we need to have greater clarity regarding GPSC's future plan for the project. In all, we assume GPSC to spend a combined amount of THB17.1 billion in CAPEX and investments during 2025-2027. We expect GPSC to fund a sizable portion of capital spending through its internal cash flow.

GPSC recently announced a divestment of its 3.03% stake in AEPL to obtain proceeds of around USD79 million. This transaction is anticipated to be completed by the third quarter of 2025. Earlier, GPSC approved the sale of its 40% stake in Thai Solar Renewable Co., Ltd. (TSR), which is expected to be completed by 2025. These strategic moves align with GPSC's broader objectives of restructuring its portfolio to support the future expansion of renewable energy and to realize investment returns. We incorporate these transactions into our baseline forecast.

We view GPSC's lower capital spending and the divestments to moderately strengthen its financial position. In our base case forecast, we project GPSC's net debt to successively decrease to THB84.8 billion in 2027 from THB108.8 billion in 2024. We forecast the debt to EBITDA ratio to stay below 5 times over 2025-2027 while the debt to capitalization ratio to decrease to approximately 40% by 2027.

Strategically important subsidiary of PTT

We maintain our view that GPSC is a strategically important subsidiary of PTT, despite its current small earnings contribution to the group. PTT and its subsidiaries hold a 75% ownership stake in GPSC. We expect GPSC to continue as PTT Group's primary vehicle for its energy transition strategy, encompassing renewable power, energy storage, energy management systems, and emerging clean energy forms like hydrogen and small modular reactor (SMR) technology. Furthermore, GPSC is integral to the group's day-to-day operations, providing essential electricity supply to other companies under PTT Group. We expect GPSC will continue to benefit from parental financial support through intercompany loan facilities, as well as extended credit terms for gas supply if needed. On top of that, we expect GPSC to receive parental support in times of financial distress.

Ample liquidity cushion

We assess GPSC as having an ample liquidity cushion over the next 12 months. As of March 2025, GPSC had cash on hand of nearly THB21 billion. We view its pile of cash plus expected funds from operations (FFO) to enable the company to comfortably meet its loan and debenture obligations maturing in the following 12 months of THB11 billion. Meanwhile, its investment needs should be supported by its strong cash generation.

Debt structure

As of March 2025, GPSC's consolidated debt (excluding lease liabilities) stood at THB121.7 billion. Of this, priority debt, comprising all borrowings incurred by its operating subsidiaries, amounted to THB14.5 billion, leading to a priority debt to total debt ratio of around 12%.

BASE-CASE ASSUMPTIONS

TRIS Rating's assumptions for GPSC's performance during 2025-2027 are as follows:

- Total electricity sales to range between 18,000-18,300 gigawatts-hour (GWh) per year.
- Steam sales to be around 13.9-14.1 million tonnes per year.
- Gas price to average around THB320 per million British thermal units (MMBTU)
- EBITDA margin to range between 21%-22%.
- Net CAPEXs and investments to be THB13.3 billion.
- Dividend payout of THB2.5 billion per year.

RATING OUTLOOK

The "stable" outlook reflects our view that GPSC's power plants will continue to operate steadily under long-term offtake contracts and generate strong cash flow. It also incorporates the company's ability to internally fund a significant portion of its capital spending over the forecast horizon. As such, its key credit metrics should align with our expectation. Also, we expect GPSC's role as a strategically important subsidiary of PTT to remain intact.

RATING SENSITIVITIES

A downward revision to the ratings on GPSC may arise if the SACP is lowered by more than one notch, or if GPSC's strategic importance to PTT diminishes, or the credit profile of PTT weakens. Although unlikely, we could upgrade the ratings upon a substantially stronger SACP or heightened strategic relevance to PTT.

The chance of us revising its SACP upward is remote as we believe GPSC's earnings are trending downward in the next few years. However, we may consider an upgrade if GPSC could materially enhance its earnings without weakening other credit metrics. In contrast, we may lower the SACP if GPSC's operating performance considerably misses our expectations, or if the company becomes more aggressive and undertakes significant debt-funded expansion. In such a scenario, we would expect the debt to EBITDA ratio to remain elevated at around 6-7 times without any clear trend of reduction.

COMPANY OVERVIEW

GPSC, the flagship power company of the PTT Group, was founded on 20 January 2013 through the amalgamation of PTT Utility Co., Ltd. (PTTUT) and Independent Power (Thailand) Co., Ltd. (IPT). Following its establishment, GPSC gradually bought shares in power plants from other companies in the PTT Group.

GPSC was listed on the Stock Exchange of Thailand (SET) in 2015. As of March 2025, the PTT Group held approximately 75.2% of the company's total shares, with the remainder held by the public. Shareholdings under the PTT Group consist of 47.3% held by PTT, 10% held by PTT Global Chemical PLC (GC), 10% held by TOP, and 8% held by Siam Management Holding Co., Ltd. (SMH).

On 14 March 2019, GPSC acquired a 69.11% stake in GLOW from ENGIE Global Developments B.V. (ENGIE). This strategic acquisition significantly boosted GPSC's total power capacity to 5,026 MW from 2,256 MW by adding GLOW's 2,771 MW portfolio and expanding its presence in industrial areas. GPSC now holds a 99.8% stake in GLOW.

In the third quarter of 2021, GPSC acquired a 41.6% stake in AEPL, increasing to 42.9% by January 2022. As of May 2025, GPSC accepted an offer to sell 3.03% to Avaada Ventures Private Ltd. (AVPL), which will reduce its holding to 39.9%.

As of March 2025, GPSC had a net operating capacity of 7,240 MW, when measured in proportion to its ownership in the power plants. Gas-fired power plants accounted for the largest proportion of 3,452 MW, or 48% of total operating capacity, followed by renewable power plants (2,975 MW, 41%) and coal-fired power plants (814 MW, 11%).

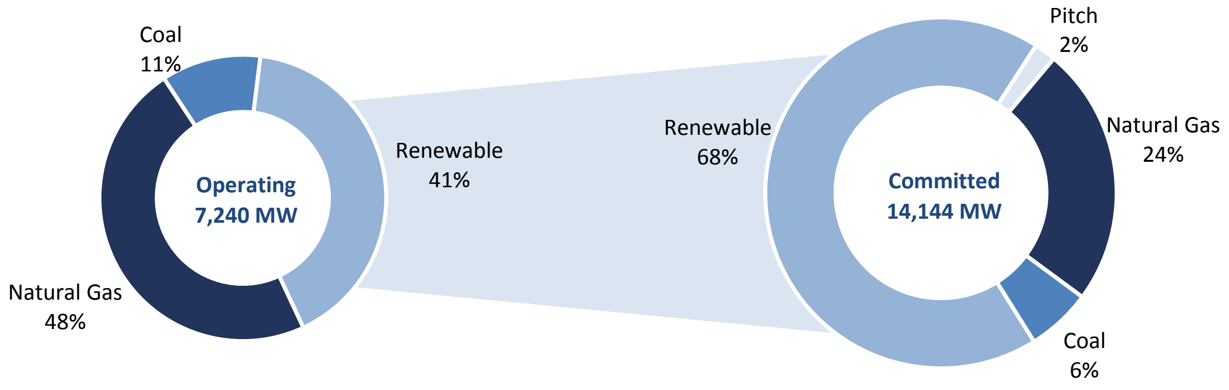
The company has six power plants under the IPP scheme with a combined capacity of 2,440 MW. The company also has 22 cogeneration power plants under the SPP scheme with a combined capacity of 2,249 MW. Most of the power plants are strategically located in industrial estates in Rayong Province. The remaining equity capacity is spread among power plants under the very small power producer (VSPP) scheme and overseas renewable power plants.

Geographically, Thai-based power plants contribute 61% of its net operating capacity, with those in India accounting for 30%, and the remaining 9% spread across Laos and Taiwan.

KEY OPERATING PERFORMANCE

Chart 1: GPSC's Net Operating Capacity (Capacity in Proportion to GPSC's Ownership)

Operating (Q1/25)	Committed (2030)



Source: GPSC

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025	--------------Year Ended 31 December ----------			
		2024	2023	2022	2021
Total operating revenues	21,756	91,062	91,404	124,180	75,958
Earnings before interest and taxes (EBIT)	2,772	10,510	9,834	3,617	10,958
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	5,408	22,150	20,371	13,129	20,235
Funds from operations (FFO)	3,799	15,159	13,605	8,048	14,760
Adjusted interest expense	1,380	5,923	5,469	4,368	3,927
Capital expenditures	429	3,840	7,712	5,500	4,442
Total assets	280,094	288,136	285,889	288,810	270,796
Adjusted debt	104,941	108,782	118,144	117,612	95,845
Adjusted equity	120,076	119,142	118,739	115,100	117,748
Adjusted Ratios					
EBITDA margin (%)	24.4	23.9	21.9	10.5	26.3
Pretax return on permanent capital (%)	4.1 **	4.2	3.9	1.5	4.9
EBITDA interest coverage (times)	3.9	3.7	3.7	3.0	5.2
Debt to EBITDA (times)	4.8 **	4.9	5.8	9.0	4.7
FFO to debt (%)	14.4 **	13.9	11.5	6.8	15.4
Debt to capitalization (%)	46.6	47.7	49.9	50.5	44.9

* *Consolidated financial statements*
** *Annualized with trailing 12 months*

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Global Power Synergy PLC (GPSC)

Company Rating:	AA+
Issue Ratings:	
GPSC258A: THB1,500 million senior unsecured debentures due 2025	AA+
GPSC26NA: THB6,000 million senior unsecured debentures due 2026	AA+
GPSC273A: THB1,000 million senior unsecured debentures due 2027	AA+
GPSC276A: THB3,000 million senior unsecured debentures due 2027	AA+
GPSC283A: THB6,000 million senior unsecured debentures due 2028	AA+
GPSC29NA: THB8,000 million senior unsecured debentures due 2029	AA+
GPSC306A: THB1,000 million senior unsecured debentures due 2030	AA+
GPSC308A: THB1,000 million senior unsecured debentures due 2030	AA+
GPSC313A: THB4,500 million senior unsecured debentures due 2031	AA+
GPSC31NA: THB7,500 million senior unsecured debentures due 2031	AA+
GPSC326A: THB3,000 million senior unsecured debentures due 2032	AA+
GPSC333A: THB2,300 million senior unsecured debentures due 2033	AA+
GPSC34NA: THB6,500 million senior unsecured debentures due 2034	AA+
GPSC354A: THB3,000 million senior unsecured debentures due 2035	AA+
GPSC358A: THB2,500 million senior unsecured debentures due 2035	AA+
GPSC363A: THB1,200 million senior unsecured debentures due 2036	AA+
GPSC376A: THB4,000 million senior unsecured debentures due 2037	AA+
Rating Outlook:	Stable

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