

PTTEP TREASURY CENTER CO., LTD.

No. 38/2023
21 March 2023

CORPORATES

Issue Ratings:

Guaranteed AAA

Outlook: Stable

Last Review Date: 14/03/22

Issue Rating History:

Date	Rating	Outlook/Alert
24/05/19	AAA	Stable

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RATIONALE

TRIS Rating affirms the rating of “AAA” on the outstanding guaranteed debentures issued by PTTEP Treasury Center Co., Ltd. (PTTEPTC) with a “stable” outlook. The company’s debentures are fully guaranteed by PTT Exploration and Production PLC (PTTEP), its parent company.

PTTEP is rated “AAA” with a “stable” outlook. The issue rating on PTTEPTC’s guaranteed debentures reflects the creditworthiness of PTTEP as the guarantor of the debentures.

KEY RATING CONSIDERATIONS

Unconditional, irrevocable guarantee

The rating on PTTEPTC’s guaranteed debentures is equal to the rating on PTTEP. Under the guarantee terms, PTTEP provides an irrevocable and unconditional guarantee to cover all amounts due under the terms of the debentures up to a specified amount, including the principal, any accrued interest, and related expenses. For the existing guaranteed issues, the guarantee coverage is 112.5% of the face amount for the debentures with a tenor of up to five years, and 150% of the face amount for the debentures with a tenor exceeding five years.

The guaranteed debentures are ranked *pari-passu* with all other present and future unsecured and unsubordinated indebtedness of PTTEP. The guarantee agreement is governed by the laws of the Kingdom of Thailand.

Credit strength of guarantor

PTTEP’s creditworthiness reflects its leading position in the petroleum exploration and production (E&P) industry in Thailand, its low market risk due to the long-term gas sale agreements with PTT PLC (PTT), low production cost, conservative financial policy, and strong financial profile.

PTTEP is a core subsidiary of PTT. PTT owns 65.3% of the shares of PTTEP. Both PTT and PTTEP are state-owned enterprises under the Thai law.

The Treasury Center of PTTEP Group

PTTEPTC is a subsidiary set up on 27 May 2015 by PTTEP with the objective of functioning as the Treasury Center for PTTEP and its subsidiaries/affiliates. PTTEPTC manages liquidity for the PTTEP Group of companies through cash pooling and intercompany loans. PTTEPTC also sources funding for the group.

RATING OUTLOOK

The “stable” outlook reflects the creditworthiness of the guarantor, PTTEP. TRIS Rating expects that PTTEP will be able to maintain its leading position in the E&P industry in Thailand and its strong credit profile.

RATING SENSITIVITIES

The ratings on PTTEPTC's guaranteed debentures may change if the rating on its guarantor changes.

COMPANY OVERVIEW

PTTEPTC was established on 27 May 2015 by PTTEP, to serve as a financial center for PTTEP and its affiliated companies. PTTEP owns, directly and indirectly, all shares of PTTEPTC.

PTTEPTC acts as a financial management company and financial advisor for PTTEP and its affiliates. Its main role is managing the liquidity and funding structure for the group. PTTEPTC's main source of revenue is interest income from intercompany loans.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

PTT Exploration and Production PLC (PTTEP) Guarantor

Unit: Mil. USD

	-----Year Ended 31 December -----				
	2022	2021	2020	2019	2018
Total operating revenues	9,617	6,956	5,173	6,218	5,361
Earnings before interest and taxes (EBIT)	4,600	2,548	1,653	2,492	2,100
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	7,049	5,001	3,796	4,643	3,975
Funds from operations (FFO)	5,184	3,518	2,922	3,666	2,965
Adjusted interest expense	244	218	271	300	277
Capital expenditures	1,892	1,661	1,215	1,208	1,154
Total assets	25,168	23,445	22,493	22,201	19,484
Adjusted debt	3,495	4,491	3,833	4,057	1,364
Adjusted equity	13,515	12,272	11,643	11,654	11,428
Adjusted Ratios					
EBITDA margin (%)	73.30	71.90	73.40	74.66	74.14
Pretax return on permanent capital (%)	23.07	13.21	8.68	14.04	12.44
EBITDA interest coverage (times)	28.91	22.90	13.99	15.48	14.36
Debt to EBITDA (times)	0.50	0.90	1.01	0.87	0.34
FFO to debt (%)	148.32	78.34	76.25	90.37	217.42
Debt to capitalization (%)	20.55	26.79	24.77	25.82	10.66

* Consolidated financial statements

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

PTTEP Treasury Center Co., Ltd. (PTTEPTC)

Issue Ratings:

PTTEPT274A: THB5,000 million guaranteed debentures due 2027	AAA
PTTEPT294A: THB1,000 million guaranteed debentures due 2029	AAA
PTTEPT324A: THB6,000 million guaranteed debentures due 2032	AAA

Rating Outlook:Stable

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