

GLOBAL POWER SYNERGY PLC

No. 48/2022
28 April 2022

CORPORATES

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

Last Review Date: 04/10/21

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) and its existing senior unsecured debentures at “AA+”, with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “AA+” to GPSC’s proposed issue of up to THB15 billion senior unsecured debentures. GPSC will use the proceeds from the new debentures to refinance existing debts and invest in new projects.

GPSC’s stand-alone credit profile (SACP) of “aa-” reflects the company’s position as the leading private power producer in Thailand and the highly predictable cash flow from its long-term power purchase agreements (PPA) with the Electricity Generating Authority of Thailand (EGAT) and the PTT Group. The SACP also takes into consideration GPSC’s massive expansion into renewable energy which is expected to result in significantly elevated debt levels during the next several years.

The “AA+” ratings on GPSC and its debentures incorporates a two-notch uplift from GPSC’s SACP to reflect GPSC’s status as a strategically important subsidiary of PTT.

In 2021, GPSC’s revenue was THB76.8 billion, a 7% increase from THB71.8 billion in 2020. However, earnings before interest, taxes, depreciation, and amortization (EBITDA) lowered to THB20.2 billion in 2021 from THB23 billion in 2020. We expect the rise of gas and coal prices since late 2021 will put pressure on GPSC’s earnings in 2022.

Driven by a strong revival of demand and the ongoing Russia-Ukraine conflict, natural gas and coal prices continued to rise in the first four months of 2022. As a result, GPSC’s earnings will likely be strained by elevated fuel costs in 2022 before recovering from 2023 onwards.

As of December 2021, GPSC’s consolidated debt totaled THB110 billion, of which THB18 billion was considered priority debt, comprising all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 16%.

RATING OUTLOOK

The “stable” outlook reflects our expectation that GPSC’s power plants will continue to run smoothly and generate stable cash flow as forecast. We also expect the company to maintain its financial discipline while pursuing its growth strategy in renewable energy.

RATING SENSITIVITIES

A rating upgrade is limited over the next 12-18 months. A stand-alone credit downside could occur if GPSC’s cash flow from operation is materially lower than expected or if the capital structure weakens significantly due to excessive debt-funded investments. Any change in the credit profile of PTT or any change in the linkage between GPSC and PTT could also impact GPSC’s ratings.

RELATED CRITERIA

- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021
- Group Rating Methodology, 13 January 2021
- Rating Methodology – Corporate, 26 July 2019

Global Power Synergy PLC (GPSC)

Company Rating:	AA+
Issue Ratings:	
GPSC22NA: THB2,000 million senior unsecured debentures due 2022	AA+
GPSC24NA: THB5,000 million senior unsecured debentures due 2024	AA+
GPSC258A: THB1,500 million senior unsecured debentures due 2025	AA+
GPSC26NA: THB6,000 million senior unsecured debentures due 2026	AA+
GPSC29NA: THB8,000 million senior unsecured debentures due 2029	AA+
GPSC308A: THB1,000 million senior unsecured debentures due 2030	AA+
GPSC31NA: THB7,500 million senior unsecured debentures due 2031	AA+
GPSC34NA: THB6,500 million senior unsecured debentures due 2034	AA+
GPSC358A: THB2,500 million senior unsecured debentures due 2035	AA+
Up to THB15,000 million senior unsecured debentures due within 20 years	AA+
Rating Outlook:	Stable

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