

GLOBAL POWER SYNERGY PLC

No. 5/2024
16 January 2024

CORPORATES

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

Last Review Date: 26/05/23

Company Rating History:

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

Contacts:

Narongchai Ponsirichusopol
narongchai@trisrating.com

Pravit Chaichamnapai, CFA
pravit@trisrating.com

Parat Mahuttano
parat@trisrating.com

Monthian Chantarklam
monthian@trisrating.com



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RATIONALE

TRIS Rating affirms the company rating on Global Power Synergy PLC (GPSC) and the ratings on GPSC's existing senior unsecured debentures at "AA+" with a "stable" rating outlook. At the same time, TRIS Rating assigns a rating of "AA+" to GPSC's proposed issue of up to THB15 billion in senior unsecured debentures, with a tenor of up to 12 years. GPSC will use the proceeds from the new debentures issuance to support its working capital, refinance existing debts, and invest in new projects.

The company rating incorporates a two-notch uplift from GPSC's stand-alone credit profile (SACP) of "aa-", reflecting our view of GPSC's status as a strategically important subsidiary of PTT PLC (PTT).

The SACP reflects the company's position as a leading private power producer in Thailand, with highly predictable cash flows backed 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 partially weighed down by heavy debt load from business expansion in renewable energy.

GPSC's operating performance is in line with TRIS Rating's expectation. For the first nine months of 2023, GPSC's revenue was THB72.2 billion, a 19% decrease from THB89.3 billion in the same period of previous year. The decrease in revenue was mainly attributed to the lower energy payment from Sriracha Power Plant due to lower electricity dispatch order from EGAT. Besides, the company's GHECO-One Power Plant was instructed by EGAT for a reserve shutdown from March 2023 onward. However, earnings before interest, taxes, depreciation, and amortization (EBITDA) markedly rose by 54% year-on-year (y-o-y) to THB15.7 billion. This was mainly stemmed from reviving profitability of power plants under the Small Power Producer (SPP) scheme, as a result of rising fuel adjustment charge, or Ft. For the first nine months of 2023, the debt to EBITDA ratio (annualized with trailing 12 months) declined to around 6 times, from above 8 times in 2022.

As of September 2023, GPSC had consolidated debt (excluding lease liabilities) of THB127.7 billion. GPSC's priority debt totaled THB15.8 billion, comprising all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 12%.

RATING OUTLOOK

The "stable" outlook reflects our expectation that GPSC's power plants will continue to perform satisfactorily and deliver stable cash flows as forecast. We also expect the company to maintain financial discipline while pursuing its growth strategy.

RATING SENSITIVITIES

The prospect of an upward revision of the SACP is limited during the next several years. Conversely, a downward revision could occur if GPSC's operating performance significantly falls short of our expectation, or the financial profile deteriorates considerably due to excessive debt-funded investments.

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

Any change in the credit profile of PTT or any change in the linkage between GPSC and PTT could also impact the ratings on GPSC.

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

Global Power Synergy PLC (GPSC)

Company Rating:	AA+
Issue Ratings:	
GPSC24NA: THB5,000 million senior unsecured debentures due 2024	AA+
GPSC256A: THB1,000 million senior unsecured debentures due 2025	AA+
GPSC258A: THB1,500 million senior unsecured debentures due 2025	AA+
GPSC26NA: THB6,000 million senior unsecured debentures due 2026	AA+
GPSC276A: THB3,000 million senior unsecured debentures due 2027	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+
GPSC31NA: THB7,500 million senior unsecured debentures due 2031	AA+
GPSC326A: THB3,000 million senior unsecured debentures due 2032	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+
GPSC376A: THB4,000 million senior unsecured debentures due 2037	AA+
Up to THB15,000 million senior unsecured debentures due within 12 years	AA+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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

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