

GLOBAL POWER SYNERGY PLC

No. 33/2023
10 March 2023

CORPORATES

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

Last Review Date: 03/11/22

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 the ratings on GPSC's existing senior unsecured debentures at "AA+" with a "stable" rating outlook. At the same time, TRIS Rating assigns the rating of "AA+" to GPSC's proposed issue of up to THB3 billion in senior unsecured debentures. GPSC will use the proceeds from the new debentures to support its working capital, refinance existing debts, and invest in new projects.

The company rating on GPSC 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).

GPSC's SACP continues to reflect the company's position as the leading private power producer in Thailand, with highly predictable cash flows from its long-term power purchase agreements (PPA) with the Electricity Generating Authority of Thailand (EGAT) and the PTT Group. The SACP takes into consideration the increase in financial leverage during the expansion phase, and factors in the steep rise in fuel prices which will likely pressure the company's earnings.

In 2022, GPSC's revenue was THB126.9 billion, a 65% increase from THB76.8 billion in 2021. Earnings before interest, taxes, depreciation, and amortization (EBITDA) was THB14.4 billion in 2022, a 29% decrease from THB20.2 billion in 2021. The lower profitability was mainly due to the surge in gas prices in 2022 while a fuel adjustment charge, or Ft, did not keep pace with the rise in fuel cost. As a result, the debt to EBITDA ratio rose to 8.2 times, from 4.8 times in 2021.

For the first four months of 2023, Ft for the large electricity users has been adjusted to THB1.5492 per kWh. We expect GPSC's earnings in 2023 to improve following the recent Ft upward adjustments. The debt to EBITDA ratio will likely decline to about 5-6 times in 2023.

At the end of December 2022, GPSC's consolidated debt was THB129 billion. GPSC's priority debt was debt owed by GPSC's subsidiaries worth THB16.6 billion. These translate to a priority debt to total debt ratio of about 13%.

RATING OUTLOOK

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

RATING SENSITIVITIES

An upward revision on SACP would develop if the company could materially reduce its financial leverage on a sustained basis. A downward revision on SACP 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.

Any material 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+
GPSC358A: THB2,500 million senior unsecured debentures due 2035	AA+
GPSC376A: THB4,000 million senior unsecured debentures due 2037	AA+
Up to THB3,000 million senior unsecured debentures due within 15 years	AA+
Rating Outlook:	Stable

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