

EDL-GENERATION PUBLIC COMPANY

No. 40/2021

4 June 2021

CORPORATES

Company Rating:	BBB-
Issue Ratings:	
Senior unsecured	BBB-
Outlook:	Negative

Last Review Date: 14/05/21

Company Rating History:

Date	Rating	Outlook/Alert
14/05/21	BBB-	Negative
15/05/20	BBB	Negative
28/06/19	BBB	Stable
12/06/17	BBB+	Negative
15/10/14	BBB+	Stable

Contacts:

Sermwit Sriyotha

sermwit@trisrating.com

Pravit Chaichamnapai, CFA

pravit@trisrating.com

Parat Mahuttano

parat@trisrating.com

Wiyada Pratoomsuwan, CFA

wiyada@trisrating.com



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RATIONALE

TRIS Rating affirms the company rating on EDL-Generation Public Company (EDL-Gen) and the ratings on its outstanding senior unsecured debentures at “BBB-” with a “negative” outlook. At the same time, TRIS Rating assigns the rating of “BBB-” to EDL-Gen’s proposed issue of up to THB4 billion and an additional greenshoe portion of up to THB2 billion senior unsecured debentures. The proceeds from the new debentures will be used for refinancing its coming due debentures and for its working capital.

The “BBB-” ratings reflect our views on EDL-Gen’s status as a core subsidiary of Electricite du Laos (EDL) as well as its status as a state-owned enterprise of the Lao PDR and the critical roles it plays in the Lao PDR’s electricity industry. EDL is a state-owned enterprise, 100% owned by the government of the Lao PDR. EDL’s credit profile is linked to the sovereign rating on the Lao PDR.

EDL-Gen’s stand-alone credit profile (SACP) of “bbb-” reflects its strong market position in the Lao PDR’s electricity generation industry, acceptable operating performance, and its well-diversified portfolio. However, EDL-Gen’s SACP is constrained by the weakening financial position of EDL who is the sole purchaser of the electricity produced by EDL-Gen’s wholly-owned power plants.

For the first three months of 2021, EDL-Gen recorded revenue from electricity sales of LAK216.1 billion, a decline by 2.8% year-on-year (y-o-y). However, the company’s earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by 78% y-o-y to LAK328.5 billion for the first three months of 2021. The increase in EBITDA was mainly due to the dividend incomes of LAK154.5 billion from Independent Power Plant (IPP) projects during the first three months of 2021, while there was no dividend income during the first three months of 2020.

At the end of March 2021, the company’s adjusted debt was LAK14.8 trillion, with the debt to capitalization ratio of 61.4%. The debt to EBITDA ratio of 11.7 times (annualized with trailing 12 months) for the first three months of 2021 was an improved level from that 2020.

RATING OUTLOOK

The “negative” outlook reflects the outlook of the sovereign rating on the Lao PDR. TRIS Rating expects that the business model and the level of integration between EDL and EDL-Gen will remain unchanged, and that EDL will continue holding a majority interest in EDL-Gen and receiving full support from the government of the Lao PDR.

RATING SENSITIVITIES

A change in the sovereign rating or outlook on the Lao PDR will impact the ratings or outlook on EDL-Gen. The ratings on EDL-Gen are driven by the credit sovereign rating profile of the Lao PDR.

RELATED CRITERIA

- Group Rating Methodology, 13 January 2021
- Government-Related Entities Rating Methodology, 30 July 2020
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

EDL-Generation Public Company (EDL-Gen)

Company Rating:	BBB-
Issue Ratings:	
EDLGEN217A: THB3,810.3 million senior unsecured debentures due 2021	BBB-
EDLGEN21DA: THB2,000 million senior unsecured debentures due 2021	BBB-
EDLGEN227A: THB1,085.5 million senior unsecured debentures due 2022	BBB-
EDLGEN237A: THB4,078.1 million senior unsecured debentures due 2023	BBB-
EDLGEN239A: USD51 million senior unsecured debentures due 2023	BBB-
EDLGEN247A: THB1,660.7 million senior unsecured debentures due 2024	BBB-
EDLGEN24DA: THB3,000 million senior unsecured debentures due 2024	BBB-
EDLGEN257A: THB1,443.1 million senior unsecured debentures due 2025	BBB-
EDLGEN269A: USD166 million senior unsecured debentures due 2026	BBB-
EDLGEN287A: THB1,897.9 million senior unsecured debentures due 2028	BBB-
EDLGEN289A: USD95 million senior unsecured debentures due 2028	BBB-
EDLGEN307A: THB809.8 million senior unsecured debentures due 2030	BBB-
EDLGEN311A: THB1,093.4 million senior unsecured debentures due 2031	BBB-
EDLGEN337A: THB1,621.2 million senior unsecured debentures due 2033	BBB-
Up to THB4,000 million senior unsecured debentures and additional greenshoe portion of up to THB2,000 million due within 5 years	BBB-
Rating Outlook:	Negative

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

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