

# XAYABURI POWER CO., LTD.

No. 102/2023

11 September 2023

## CORPORATES

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
Senior unsecured	BBB+
<b>Outlook:</b>	Stable

**Last Review Date:** 27/12/22

### Company Rating History:

Date	Rating	Outlook/Alert
29/03/22	A-	Stable

### Contacts:

Narongchai Ponsirichusopol  
narongchai@trisrating.com

Pravit Chaichamnapai, CFA  
pravit@trisrating.com

Parat Mahuttano  
parat@trisrating.com

Monthian Chantarklam  
monthian@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on Xayaburi Power Co., Ltd. (XPCL) at “A-” and affirms the ratings on its existing senior unsecured debentures at “BBB+”, with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “BBB+” to XPCL’s proposed issue of up to THB5 billion senior unsecured debentures, with a tenor of up to five years and six months. The issue ratings’ one-notch below the company rating reflect XPCL’s high level of secured debt which leads to significant subordination risk for the company’s senior unsecured creditors. XPCL will use the proceeds from the new debenture issuance to refinance its existing debts.

The ratings reflect the reliable cash flow from XPCL’s long-term power purchase agreement (PPA) with the Electricity Generating Authority of Thailand (EGAT, rated “AAA/stable”). The ratings also consider the prudent contractual framework of the PPA and competitive cost of electricity generation. However, the ratings are tempered by the uncertainty of water flow, XPCL’s high financial leverage, and the substantial interest burden. The ratings also take into consideration the country risk of the Lao People’s Democratic Republic (Lao PDR).

In the first half of 2023, XPCL had revenue of THB5.1 billion, a 28% decline from THB7.1 billion year-on-year (y-o-y). XPCL’s earnings before interest, taxes, depreciation, and amortization (EBITDA) were THB4.7 billion, a 28% drop y-o-y. The decrease in revenue and EBITDA was mainly stemmed from lower water inflow. In the first half of 2023, average monthly water inflow was 1,979 cubic meters per second (cms), down from 2,969 cms y-o-y. The debt to EBITDA ratio was 6.9 times (annualized with trailing 12 months).

XPCL’s earnings remained immensely pressured by its high interest expenses, due to rising interest rates. In effect, XPCL had net loss of THB464 million in the first half of 2023. Funds from operations (FFO) totaled THB1.7 billion, a drop-off from THB4.0 billion y-o-y. The FFO to debt ratio was around 8%. We expect XPCL’s operating performance will rebound in the second half of the year, given the expected higher volume of water flow in wet season.

At the end of June 2023, XPCL’s total debt, excluding lease liabilities, totaled THB97.7 billion, of which THB71.8 billion was secured debt. The secured debt to total debt ratio was 74%, suggesting that XPCL’s unsecured creditors are significantly disadvantaged to the secured lenders with respect to claims against the company’s assets. Therefore, we rate XPCL’s senior unsecured debentures one notch below the company rating.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that XPCL’s power plant will perform smoothly and deliver stable cash flow over the long term, leading to a steady decline in financial leverage.

## RATING SENSITIVITIES

A rating upgrade is unlikely in the near term, considering the current level of financial leverage. However, over a longer horizon, credit upside could develop if XPCL continues to generate strong cash flow while the cash flow against

leverage level significantly improves on a sustained basis. A downward rating pressure could occur if XPCL's operating performance is consistently below expectation, resulting in material deterioration in cash generation against debt obligations.

#### RELATED CRITERIA

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

#### Xayaburi Power Co., Ltd. (XPCL)

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
XPCL257A: THB4,031 million senior unsecured debentures due 2025	BBB+
XPCL267A: THB1,258 million senior unsecured debentures due 2026	BBB+
XPCL277A: THB3,106 million senior unsecured debentures due 2027	BBB+
Up to THB5,000 million senior unsecured debentures due within 5 years and 6 months	BBB+
<b>Rating Outlook:</b>	Stable

#### TRIS Rating Co., Ltd.

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

© Copyright 2023, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [www.trisrating.com/rating-information/rating-criteria](http://www.trisrating.com/rating-information/rating-criteria)