

# NATIONAL POWER SUPPLY PLC

No. 90/2021

21 October 2021

## CORPORATES

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

**Last Review Date:** 20/08/21

### Company Rating History:

Date	Rating	Outlook/Alert
20/08/21	BBB+	Stable
28/08/20	BBB	Stable
16/11/17	BBB-	Stable
28/11/16	BBB	Negative
08/01/10	BBB	Stable
21/07/05	BBB+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on National Power Supply PLC (NPS) and the ratings on NPS's outstanding senior unsecured debentures at "BBB+" with a "stable" rating outlook. At the same time, TRIS Rating assigns the rating of "BBB+" to NPS's proposed issue of up to THB2.8 billion in senior unsecured debentures.

The "BBB+" ratings continue to reflect NPS's reliable cash flows from long-term Power Purchase Agreements (PPAs) under the Small Power Producer (SPP) scheme with the Electricity Generating Authority of Thailand (EGAT) and Double A (1991) PLC (DA). The ratings are partly constrained by the ongoing group restructuring.

As part of the group restructuring, NPS plans to use the proceeds from the new debentures to acquire utilities companies worth about THB5 billion. The target companies are debt-free and in operation. NPS expects the new assets to add earnings before interest, taxes, depreciation, and amortization (EBITDA) of about THB500-THB600 million per year to NPS. As NPS plans to raise debt by end of 2021, while the contribution from the target companies will be realized starting in 2022, we project NPS's debt to EBITDA ratio to go up to 3.5-4.5 times at the end of 2021, higher than our previous forecast of around 3 times. However, we expect the ratio will improve to hover around 3 times during 2022-2023, after the full benefits from the acquisition are realized.

As of June 2021, NPS reported total debt of THB17.7 billion, which is all unsecured debt. The company's subsidiaries prepaid all debts in the first half of 2021. As a result, NPS did not have any priority debt as of the end of June 2021.

## RATING OUTLOOK

The "stable" outlook reflects our expectation that NPS's power plants will maintain their performance and generate stable cash flow as planned. We also expect NPS to smoothly replace expiring EGAT PPAs with new PPAs with industrial users in the medium to long term.

## RATING SENSITIVITIES

The prospect of a rating upgrade is limited over the next 12-18 months. In contrast, rating downgrade pressure could develop should there be material deterioration in the company's operating performance, as well as any huge debt-funded investment that brings about a weaker-than-expected financial profile.

## RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

**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.

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## National Power Supply PLC (NPS)

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
NPS242A: THB1,383.7 million senior unsecured debentures due 2024	BBB+
NPS24NA: THB1,250 million senior unsecured debentures due 2024	BBB+
NPS258A: THB2,298.2 million senior unsecured debentures due 2025	BBB+
NPS265A: THB2,000 million senior unsecured debentures due 2026	BBB+
NPS273A: THB2,250 million senior unsecured debentures due 2027	BBB+
Up to THB2,800 million senior unsecured debentures due within 10 years	BBB+
<b>Rating Outlook:</b>	Stable

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