

# CK POWER PLC

No. 106/2022  
29 September 2022

## CORPORATES

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

**Last Review Date:** 24/03/22

### Company Rating History:

Date	Rating	Outlook/Alert
02/05/18	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 CK Power PLC (CKP) at "A" and affirms the ratings on CKP's existing senior unsecured debentures at "A-", with a "stable" outlook. At the same time, TRIS Rating assigns the rating of "A-" to CKP's proposed issue of up to THB1 billion in senior unsecured debentures, due within 10 years. CKP will use the proceeds from the new debentures for debt refinancing.

The issue ratings' one notch below the company rating reflects the structural subordination of the debentures, relative to the loans extended to CKP's operating subsidiaries. The ratings reflect the reliability of cash flow from its power portfolio, backed by long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT; rated "AAA/Stable" by TRIS Rating) and its track record of sound operations. The ratings also embed our expectation of a gradual decline in CKP's financial leverage. Conversely, the ratings are tempered by the hydrology risk and the country risk of the Lao People's Democratic Republic (Lao PDR).

In the first six months of 2022, CKP's revenue was THB5 billion, 19% up year-on (y-o-y) from THB4.2 billion in the same period of 2021. This was mainly from a robust 49% increase in revenues from electricity and steam sales of two gas-fired cogeneration power plants, driven by a steep increase in gas prices. Meanwhile, revenue from electricity sales of Nam Ngum 2 Hydroelectric Power Project was 18.1% lower from the same period of 2021 due to the conservative water management to ensure water sufficiency for electricity production during the dry season. In the first half of 2022, CKP's earnings before interest, taxes, depreciation, and amortization (EBITDA) were THB1.7 billion, a 17% decrease y-o-y. The debt to EBITDA ratio (annualized on trailing 12 months) was 6 times, compared with 5.5 times at the end of 2021. However, we project the ratio will decline towards the end of the year. This is based on our expectation that the hydropower project will deliver a better performance in the second half of the year.

At the end of June 2022, CKP's consolidated debt totaled THB30.6 billion, of which THB18.1 billion was considered priority debt, comprising all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 59%, suggesting that CKP's unsecured creditors are significantly disadvantaged to the priority debt holders with respect to claims against the company's assets. Based on the significant subordination risk, we rate CKP's senior unsecured debentures one notch below the company rating.

## RATING OUTLOOK

The "stable" outlook reflects our expectation that CKP's power plants will perform in line with their respective guidance. As such, we expect CKP will continue receiving stable cash flows from its investments. We expect CKP's financial leverage will steadily decline while its cash flow against debt obligations will be in line with our forecast.

## RATING SENSITIVITIES

The prospect of a rating upgrade is limited over the next 12-18 months. Contrarily, a downward revision to the ratings could emerge if the performances of the company's operating power plants significantly fall short of estimates. This could occur from prolonged low levels of water inflow for its hydropower plant. Any large debt-funded investment that significantly weakens the company's financial profile could also trigger a rating downgrade.

## 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

## CK Power PLC (CKP)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
CKP22NA: THB1,000 million senior unsecured debentures due 2022	A-
CKP23NA: THB1,500 million senior unsecured debentures due 2023	A-
CKP245A: THB1,500 million senior unsecured debentures due 2024	A-
CKP265A: THB1,000 million senior unsecured debentures due 2026	A-
CKP27NA: THB1,500 million senior unsecured debentures due 2027	A-
CKP285A: THB1,500 million senior unsecured debentures due 2028	A-
CKP286A: THB2,500 million senior unsecured debentures due 2028	A-
CKP310A: THB2,000 million senior unsecured debentures due 2031	A-
Up to THB1,000 million senior unsecured debentures due within 10 years	A-
<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 2022, 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)