

WHA UTILITIES AND POWER PLC

No. 5/2023
12 January 2023

CORPORATES

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Stable

Last Review Date: 22/11/22

Company Rating History:

Date	Rating	Outlook/Alert
27/10/21	A-	Stable
27/09/19	A-	Negative
03/04/18	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on WHA Utilities and Power PLC (WHAUP) and the ratings on its outstanding senior unsecured debentures at “A-” with a “stable” rating outlook. At the same time, TRIS Rating assigns the “A-” rating to WHAUP’s proposed issue of up to THB1.0 billion in senior unsecured debentures due within one year. The company intends to use the proceeds from the new debenture issuance to refinance its existing debts.

The ratings reflect WHAUP’s status as a core subsidiary of WHA Corporation PLC (WHA) according to TRIS Rating’s “Group Rating Methodology”. WHA is rated “A-/stable”.

We also assess WHAUP’s stand-alone credit profile (SACP) at “a-”. The SACP reflects WHAUP’s position as the sole utility service provider for all of WHA’s industrial estates in Thailand and neighboring countries as well as recurring income from its investments in the power business. However, WHAUP’s business profile is constrained by the underperformance of its utility assets in Vietnam and the steep rise in fuel prices which will likely pressure WHAUP’s earnings.

WHAUP’s revenues are expected to increase by 12% in 2022 and 5%-10% per year in 2023-2024. Earnings before interest, taxes, depreciation, and amortization (EBITDA) (including dividends received from the power business) are projected to be THB1.4 billion in 2022, gradually reaching THB2.1 billion in 2024.

For the first nine months of 2022, WHAUP’s performance was in line with our expectation. The company’s revenue and EBITDA, excluding gain on foreign exchange, were THB1.8 billion and THB1.0 billion, achieving 75% of our full-year forecast. The net debt to EBITDA ratio and the funds from operations (FFO) to debt ratio were 7 times and 10%, respectively (annualized based on trailing 12 months).

The key financial covenant on its debentures requires the company to maintain a net interest-bearing debt to equity ratio below 2.5 times. The ratio was 1.0 times as of September 2022. The company should have no problems complying with the financial covenant over the next 12 to 18 months.

RATING OUTLOOK

The “stable” outlook mirrors the outlook on WHA. We expect the business model and the level of integration between WHA and WHAUP to remain unchanged.

RATING SENSITIVITIES

As a core subsidiary of WHA, the ratings on WHAUP are tied to the rating on WHA. Any change in the rating on WHA, or WHAUP’s group status, will affect the ratings on WHAUP accordingly.

An upward revision of WHAUP’s SACP could occur if the company can materially enlarge cash generation and profitability while maintaining a strong balance sheet on a sustained basis. On the other hand, a downward revision could emerge if its profitability and earnings fall significantly short of our expectations. Any overly aggressive, debt-funded investments that elevate

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the company's net debt to EBITDA ratio to a level of 8 times or above for an extended period could also lead to a downward revision.

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

WHA Utilities and Power PLC (WHAUP)

Company Rating:	A-
Issue Ratings:	
WHAUP231A: THB1,000 million senior unsecured debentures due 2023	A-
WHAUP236A: THB1,290 million senior unsecured debentures due 2023	A-
WHAUP237A: THB1,500 million senior unsecured debentures due 2023	A-
WHAUP247A: THB1,300 million senior unsecured debentures due 2024	A-
WHAUP24DA: THB750 million senior unsecured debentures due 2024	A-
WHAUP256A: THB1,320 million senior unsecured debentures due 2025	A-
WHAUP256B: THB1,800 million senior unsecured debentures due 2025	A-
WHAUP267A: THB700 million senior unsecured debentures due 2026	A-
WHAUP276A: THB1,000 million senior unsecured debentures due 2027	A-
WHAUP27DA: THB750 million senior unsecured debentures due 2027	A-
WHAUP302A: THB1,500 million senior unsecured debentures due 2030	A-
Up to THB1,000 million senior unsecured debentures due within 1 year	A-
Rating Outlook:	Stable

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