

# BCPG PLC

No. 54/2021  
20 July 2021

## CORPORATES

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

**Last Review Date:** 21/04/21

### Company Rating History:

Date	Rating	Outlook/Alert
21/04/21	A-	Stable

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## RATIONALE

TRIS Rating affirms the company rating of BCPG PLC (BCPG) at “A-” with a “stable” rating outlook. At the same time, TRIS Rating assigns the rating of “A-” to BCPG’s proposed issue of up to THB10 billion in senior unsecured debentures. The proceeds from the new debentures will be used mainly for refinancing its secured loans.

The ratings reflect BCPG’s revenue stability from its well diversified power-generating assets, and the expected support from its parent, Bangchak Corporation PLC (BCP, rated “A-/Stable” by TRIS Rating). Contrarily, the ratings are constrained by BCPG’s execution risks associated with projects under development, and rising country risk from its overseas investments. We also expect that BCPG’s financial leverage will remain elevated over the course of ongoing expansions.

The company rating on BCPG also mirrors our view that BCPG is a core subsidiary of BCP. It incorporates a one-notch uplift from BCPG’s stand-alone credit profile (“bbb+”) to the same level as the rating on BCP. We expect BCPG will maintain its group status in the foreseeable future.

For the first three months of 2021, BCPG’s revenue increased by 18.1% year-on-year (y-o-y) to THB1.05 billion. The higher revenue reflects the full contribution from its hydropower generating assets in the Lao People’s Democratic Republic (Lao PDR). The company’s earnings before interest, taxes, depreciation, and amortization (EBITDA) were THB853 million. As of March 2021, the company’s debt to EBITDA ratio was 3.9 times. We forecast the ratio will rise to about 8 times towards the end of 2021 before dropping to 6-7 times during 2022-2023.

On a consolidated basis, BCPG reported THB26 billion of debt as of March 2021. Of the total, approximately THB22 billion were considered priority debt, comprising secured debt owed by BCPG (THB14.5 billion) and all debts owed by its subsidiaries (THB7.5 billion). In effect, the ratio of priority debt was about 85%. However, we expect the priority debt ratio will drop to about 45% after the issuance of new debentures as BCPG will use the proceeds from the new debentures mainly to repay its secured debt. On that basis, we rate the proposed issue at the same level as the company rating.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that BCPG will be able to maintain its satisfactory operating performance. The construction and development of projects are expected to be completed as planned. In addition, we also expect BCPG’s financial leverage and cash flow against debt obligations will be at the levels in line with our forecasts over the course of its expansion investments.

## RATING SENSITIVITIES

A credit upside would develop if the company could generate sizeable cash flow that materially reduces its financial leverage. On the contrary, the ratings and/or outlook could be revised downward if BCPG’s operating performance significantly falls short of our expectation, or the financial profile deteriorates considerably due to weakened operating performance or a huge increase of debt to finance its growth strategy.

**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.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

According to TRIS Rating's "Group Rating Methodology", based on its "core" subsidiary status, the ratings on BCPG will move in tandem with the rating on BCP. Hence, any change in the rating on BCP will result in the same change to the ratings on BCPG.

#### RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Group Rating Methodology, 13 January 2021
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

#### BCPG PLC (BCPG)

<b>Company Rating:</b>	A-
<b>Issue Rating:</b>	
Up to THB10,000 million senior unsecured debentures due within 12 years	A-
<b>Rating Outlook:</b>	Stable

#### TRIS Rating Co., Ltd.

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