

AMATA CORPORATION PLC

No. 92/2022
29 August 2022

CORPORATES

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

Last Review Date: 27/07/22

Company Rating History:

Date	Rating	Outlook/Alert
01/07/20	A-	Stable
27/06/17	A	Stable

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RATIONALE

TRIS Rating affirms the company rating on Amata Corporation PLC (AMATA) and the ratings on AMATA's senior unsecured debentures at "A-", with a "stable" outlook. At the same time, TRIS Rating assigns the rating of "A-" to AMATA's proposed issue of up to THB2 billion in senior unsecured debentures. The proceeds from the new debentures will be used for debt refinancing and/or working capital needs and/or business expansions.

The ratings continue to reflect the company's proven record as one of the leading industrial estate developers in Thailand. The company's strengths are underpinned by its sizable base of recurring revenues from the sale of utility services and dividend income from its investments in several power plants. Nevertheless, the ratings are constrained by the volatile nature of industrial property markets, coupled with the country and regulatory risks associated with AMATA's overseas operations. The ratings also incorporate our concerns over ongoing geopolitical risks as well as the fragile economic recovery following the Coronavirus Disease 2019 (COVID-19) pandemic.

AMATA reported satisfactory operating results in the first half of 2022. Thanks to a sizable backlog in Thailand and rising contributions from Vietnam, the company's operating revenue increased by 54.6% year-on-year (y-o-y) to THB2.7 billion in the first half of 2022. Earnings before interest, taxes, depreciation and amortization (EBITDA) rose to THB2.3 billion in the first half of 2022, from THB1.2 billion during the same period of 2021. The ratio of adjusted net debt to EBITDA was 2.9 times in the first half of 2022, compared with 4.3 times in 2021.

Going forward, TRIS Rating expects AMATA's industrial land sales in Thailand and Vietnam to rebound following a post-COVID-19 economic recovery. We also expect the company to benefit from the relocation of production bases resulting from the United States-China trade tensions and the impact of supply chain disruptions.

Our base-case forecast projects AMATA's revenue to escalate by 17%-28% per annum to reach THB6.1-THB9.4 billion in 2022-2024, while earnings before interest, taxes, depreciation, and amortization (EBITDA) should hover around THB3.3-THB3.8 billion per year during the same period. However, the company has sizable investments including the development of several industrial estates in Thailand and overseas. The adjusted net debt to EBITDA ratio is forecast to be 3.7-5.3 times during the next three years, while total debt to capitalization should stay in the 37%-43% range during the same period.

The financial covenant on AMATA's debentures requires the company's interest-bearing debt to equity ratio to remain below 2.5 times. As of June 2022, the ratio was 0.6 times. We expect the company will remain in compliance with this covenant over the forecast period.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that AMATA will be able to maintain its leading position in the domestic industrial property industry. We expect recurring income from the utility services business, dividends from the power plants, and income from rental properties to provide a significant cushion against the adverse effects of an unfavorable economic environment.

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.

RATING SENSITIVITIES

The ratings could be upgraded if the company is able to lower its leverage, with the net debt to EBITDA ratio staying below 4 times on a sustained basis, as well as increase the revenue contribution from its Vietnam and/or other overseas operations. On the contrary, AMATA's ratings could be downgraded if the company's leverage rises to the extent that the adjusted net debt to EBITDA ratio remains above 8 times for an extended period.

RELATED CRITERIA

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

AMATA Corporation PLC (AMATA)

Company Rating:	A-
Issue Ratings:	
AMATA220A: THB2,000 million senior unsecured debentures due 2022	A-
AMATA230A: THB500 million senior unsecured debentures due 2023	A-
AMATA240A: THB2,000 million senior unsecured debentures due 2024	A-
AMATA258A: THB250 million senior unsecured debentures due 2025	A-
AMATA250A: THB1,000 million senior unsecured debentures due 2025	A-
AMATA270A: THB500 million senior unsecured debentures due 2027	A-
AMATA288A: THB750 million senior unsecured debentures due 2028	A-
Up to THB2,000 million senior unsecured debentures due within 3 years	A-
Rating Outlook:	Stable

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