

# EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PLC

No. 36/2022

8 April 2022

## CORPORATES

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
Senior unsecured	A+
<b>Outlook:</b>	Negative

**Last Review Date:** 25/02/22

### Company Rating History:

Date	Rating	Outlook/Alert
25/02/22	A+	Negative
23/01/08	A+	Stable
20/09/07	A+	Alert Developing
12/07/04	A+	Stable
29/06/04	A+	-

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## RATIONALE

TRIS Rating affirms the company rating on Eastern Water Resources Development and Management PLC (EASTW) and the ratings on its outstanding senior unsecured debentures at “A+” with a “negative” outlook. At the same time, we assign the rating of “A+” to EASTW’s proposed issue of THB2.8 billion in senior unsecured debentures. The proceeds from the new debentures are intended to refinance its maturing debt.

The “negative” outlook reflects the risk that EASTW may lose its monopolistic status as the sole raw water provider in the Eastern Economic Corridor (EEC) if the company is not awarded a new contract to lease existing water pipelines from the Treasury Department when the lease contract expires in December 2023.

In 2021, the Treasury Department announced the selection of a company to lease its water distribution pipelines in the EEC area. The selection process was undertaken twice, in August and September 2021, with a new private operator being selected. On 14 March 2022, The State Property Committee approved the selection result and awarded the contract to a new winning operator. However, EASTW filed a complaint to the court to revoke the second selection and petitioned the court to consider temporary protection during judgement. Currently, the case is under consideration of the Central Administrative Court.

In 2021, EASTW’s financial performance remained in line with our base-case forecast. Total operating revenue and earnings before interest, tax, depreciation, and amortization (EBITDA) were THB4.6 billion and THB2.4 billion, respectively. The debt to capitalization ratio was 47% and adjusted net debt to EBITDA was 4.2 times.

## RATING OUTLOOK

The “negative” outlook reflects the risk that EASTW may lose its monopolistic status as the sole raw water provider in the EEC if the company is not awarded a new contract to lease existing water pipelines from the Treasury Department when the lease contract expires in December 2023.

## RATING SENSITIVITIES

A rating downgrade could occur if EASTW is not awarded a new contract to operate its core water pipelines leased from the Treasury Department. The outlook could return to “stable” if EASTW can secure a new contract to operate the existing water pipelines or if the company can sustain its operating performance and maintain a healthy balance sheet.

**RELATED CRITERIA**

- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021
- Rating Methodology – Corporate, 26 July 2019

**Eastern Water Resources Development and Management PLC (EASTW)**

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
EASTW226A: THB1,200 million senior unsecured debentures due 2022	A+
EASTW256A: THB1,200 million senior unsecured debentures due 2025	A+
Up to THB2,800 million senior unsecured debentures due within 10 years	A+
<b>Rating Outlook:</b>	Negative

**TRIS Rating Co., Ltd.**

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