

WHA UTILITIES AND POWER PLC

No. 60/2023
25 May 2023

CORPORATES

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

Last Review Date: 12/01/23

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 THB3.5 billion senior unsecured debentures due within five years. The company intends to use the proceeds from the new debenture issuance to refinance its existing debts and to fund its working capital.

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 the 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 elevated fuel prices which have pressured WHAUP’s earnings.

WHAUP’s performance in 2022 and the first quarter of 2023 was in line with our base-case forecast. In 2022, total operating revenue and earnings before interest, tax, depreciation, and amortization (EBITDA) were THB2.5 billion and THB1.4 billion, respectively, achieving 100% of our forecast for the year.

For the first quarter of 2023, total operating revenue and EBITDA (excluding dividends received from the power business) were THB633 million and THB250 million, respectively, achieving approximately 25% of our full-year forecast. The adjusted net debt to EBITDA ratio was around 9.5 times for both 2022 and the first quarter of 2023 (annualized based on the trailing 12 months). However, we expect the ratio to improve to 8 times or below from 2023 onward in line with the decline in fuel prices.

According to the key financial covenant on its debentures, WHAUP must maintain its net interest-bearing debt to equity ratio below 2.5 times. The ratio was 1.0 times as of December 2022 and March 2023.

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 scenario could emerge if the company’s profitability and earnings fall significantly short of our expectations. Any overly aggressive, debt-funded investments that

elevate 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:	
WHAUP236A: THB1,290 million senior unsecured debentures due 2023	A-
WHAUP237A: THB1,500 million senior unsecured debentures due 2023	A-
WHAUP241A: THB1,000 million senior unsecured debentures due 2024	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 THB3,500 million senior unsecured debentures due within 5 years	A-
Rating Outlook:	Stable

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