

BANPU PLC

No. 20/2024
8 March 2024

CORPORATES

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

Last Review Date: 22/12/23

Company Rating History:

Date	Rating	Outlook/Alert
26/12/14	A+	Stable
29/11/13	AA-	Negative
15/12/10	AA-	Stable
06/07/10	AA-	Alert Developing
26/06/08	AA-	Stable
07/11/05	A+	Stable
28/07/05	A	Positive
12/07/04	A	Stable
14/01/03	A	-
22/03/01	A-	-

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RATIONALE

TRIS Rating affirms the company rating on Banpu PLC (BANPU) and the ratings on BANPU's existing senior unsecured debentures at "A+" with a "stable" outlook. At the same time, TRIS Rating assigns the rating of "A+" to BANPU's proposed senior unsecured debentures of up to THB5 billion and an additional greenshoe portion of up to THB3 billion. The proceeds from the new debentures are intended for refinancing BANPU's existing debts and for its working capital.

The ratings continue to reflect the company's leading position in the Asia-Pacific coal industry, predictable cash flows from the power business, its transition investments toward a "greener" energy portfolio and energy technology businesses including battery value chain and decarbonization businesses. The ratings factor in the volatilities of coal and natural gas prices as well as declining demand for coal over the long term.

Although BANPU's earnings before interest, taxes, depreciation, and amortization (EBITDA) of USD1.2 billion was around 20% lower than our forecast in 2023, there was not a material effect on the company's overall credit profile. In 2023, the debt to EBITDA ratio of BANPU has normalized to 4.5 times, from 1.5 times in 2022, when coal and gas prices were abnormally high. In the last quarter of 2023, BANPU's shale gas operating performance continued to face challenging market conditions due to high inventory levels resulting from a warmer start to winter. BANPU's performance was also pressured by commodity prices, including electricity derivative losses. While gas prices may continue to pressure BANPU's operating performance in early 2024, we expect its gas business to gradually recover later this year and in 2025, partly due to rising export demand in the United States (US) shale gas market.

At the end of December 2023, BANPU's consolidated total debt was about USD6.5 billion. Its priority debt consisted of USD0.8 billion in secured debts and USD1.45 billion in senior unsecured debts, owed by BANPU's subsidiaries. The priority debt to total debt ratio was about 33% at the end of December 2023.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that BANPU will maintain its leading position in the coal industry. Dividends from the steady power business and recovery in the gas business will provide some cushion against the downside risk in the coal business. We also view BANPU's financial discipline and prudent liquidity management as helping it weather the volatility in market conditions.

RATING SENSITIVITIES

A rating upside potential is limited over the next 12-18 months. Conversely, a rating downgrade could occur if BANPU's performance materially deviates from our forecast, possibly from coal and gas prices falling significantly short of expected levels. Any additional debt-funded investments that significantly weaken its capital structure and cash flow protection for an extended period could also lead to a downgrade.

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.

RELATED CRITERIA

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

Banpu PLC (BANPU)

Company Rating:	A+
Issue Ratings:	
BANPU247A: THB5,000 million senior unsecured debentures due 2024	A+
BANPU248A: THB2,000 million senior unsecured debentures due 2024	A+
BANPU251A: THB2,000 million senior unsecured debentures due 2025	A+
BANPU257A: THB2,100 million senior unsecured debentures due 2025	A+
BANPU264A: THB2,000 million senior unsecured debentures due 2026	A+
BANPU268A: THB3,945 million senior unsecured debentures due 2026	A+
BANPU269A: THB4,000 million senior unsecured debentures due 2026	A+
BANPU274A: THB10,000 million senior unsecured debentures due 2027	A+
BANPU281A: THB1,000 million senior unsecured debentures due 2028	A+
BANPU282A: THB2,000 million senior unsecured debentures due 2028	A+
BANPU283A: THB3,226.8 million senior unsecured debentures due 2028	A+
BANPU288A: USD50 million senior unsecured debentures due 2028	A+
BANPU288B: THB4,010 million senior unsecured debentures due 2028	A+
BANPU295A: THB10,000 million senior unsecured debentures due 2029	A+
BANPU299A: THB1,860 million senior unsecured debentures due 2029	A+
BANPU301A: THB2,000 million senior unsecured debentures due 2030	A+
BANPU303A: THB1,531.4 million senior unsecured debentures due 2030	A+
BANPU312A: THB3,670 million senior unsecured debentures due 2031	A+
BANPU318A: THB6,045 million senior unsecured debentures due 2031	A+
BANPU321A: THB3,000 million senior unsecured debentures due 2032	A+
BANPU329A: THB3,240 million senior unsecured debentures due 2032	A+
BANPU333A: THB1,951.8 million senior unsecured debentures due 2033	A+
BANPU341A: THB4,000 million senior unsecured debentures due 2034	A+
BANPU383A: THB1,490 million senior unsecured debentures due 2038	A+
Up to THB5,000 million senior unsecured debentures and additional greenshoe portion of up to THB3,000 million due within 12 years	A+
Rating Outlook:	Stable

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