

BANPU PLC

No. 41/2021
9 June 2021

CORPORATES

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

Last Review Date: 15/02/21

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-	-

Contacts:

Sermwit Sriyotha
sermwit@trisrating.com

Pravit Chaichamnapai, CFA
pravit@trisrating.com

Parat Mahuttano
parat@trisrating.com

Wiyada Pratoomsuwan, CFA
wiyada@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Banpu PLC (BANPU) and the ratings on its outstanding senior unsecured debentures at “A+”. TRIS Rating also affirms the rating on BANPU’s proposed issues of up to THB4 billion subordinated capital debentures (hybrid debentures) and the additional greenshoe portion of up to THB2 billion, announced on 27 February 2020, at “A-”. The rating outlook remains “stable”.

At the same time, TRIS Rating assigns the rating of “A+” to BANPU’s proposed issue of up to THB7 billion and an additional greenshoe portion of up to THB3 billion in senior unsecured debentures. The proceeds from the new debentures will be used for refinancing its existing debts and for its working capital.

The ratings continue to reflect the company’s leading position in the coal industry in the Asia-Pacific region, reliable stream of income from its power business, and strategic move to focus more on green energy. The ratings take into consideration coal price volatility and factor in the slowdown in demand for coal in the long term, driven in part by efforts to reduce emissions worldwide.

For the first three months of 2021, the company’s operating revenue was USD742 million, increasing by 12% year-on-year (y-o-y). The higher revenues were mainly due to a higher coal and natural gas price, together with a contribution from Barnett Shale’s assets acquired in the fourth quarter of 2020. BANPU’s earnings before interest, taxes, depreciation, and amortization (EBITDA) also increased by 23% y-o-y to USD266 million for the first three months of 2021. The company’s debt to EBITDA ratio was 7.6 times for the first three months of 2021 improved from 8.6 times in 2020.

RATING OUTLOOK

The “stable” outlook reflects the expectation of TRIS Rating that BANPU will maintain its leading position in the coal industry. Dividends from the steady power business and greater contribution from the gas business will provide some cushion for the company. We expect the company’s financial discipline and prudent cash management should help it weather the volatile market conditions.

RATING SENSITIVITIES

An upside for BANPU’s ratings is limited over the next 12-18 months, but could occur if the company improved its financial profile significantly or exhibited greater earnings stability. A rating downgrade scenario could emerge if BANPU’s performance materially deviated from our forecast, possibly induced by the coal prices and gas prices falling significantly short of the expected levels. Any additional debt-funded investments, which significantly weaken the capital structure and cash flow protection for an extended period, could also be a factor leading to a rating downgrade.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Hybrid Securities Rating Criteria, 12 September 2018
- Key Financial Ratios and Adjustments, 5 September 2018

Banpu PLC (BANPU)

Company Rating:	A+
Issue Ratings:	
BANPU225A: THB3,000 million senior unsecured debentures due 2022	A+
BANPU234A: THB3,500 million senior unsecured debentures due 2023	A+
BANPU247A: THB5,000 million senior unsecured debentures due 2024	A+
BANPU257A: THB2,100 million senior unsecured debentures due 2025	A+
BANPU264A: THB2,000 million senior unsecured debentures due 2026	A+
BANPU274A: THB10,000 million senior unsecured debentures due 2027	A+
BANPU282A: THB2,000 million senior unsecured debentures due 2028	A+
BANPU295A: THB10,000 million senior unsecured debentures due 2029	A+
BANPU312A: THB3,670 million senior unsecured debentures due 2031	A+
BANPU234B: USD150 million senior unsecured debentures due 2023	A+
BANPU288A: USD50 million senior unsecured debentures due 2028	A+
Up to THB7,000 million senior unsecured debentures and additional greenshoe portion of up to THB3,000 million due within 10 years	A+
Up to THB4,000 million subordinated capital debentures (hybrid debentures) and additional greenshoe portion of up to THB2,000 million	A-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

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