

# BETTER WORLD GREEN PLC

No. 6/2023  
18 April 2023

## CORPORATES

Company Rating: BBB-  
CreditAlert: Negative

Last Review Date: 31/10/22

### Company Rating History:

Date	Rating	Outlook/Alert
31/10/22	BBB-	Stable

### Contacts:

Tern Thitinuang, CFA

tern@trisrating.com

Narongchai Ponsirichusopol

narongchai@trisrating.com

Parat Mahuttano

parat@trisrating.com

Monthian Chantarklam

monthian@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating places CreditAlert with a “negative” implication on the company rating on Better World Green PLC (BWG), reflecting our expectation of a material deterioration in BWG’s financial risk profile arising from significant committed investments.

The CreditAlert follows the announcement on 7 April 2023 made by Earth Tech Environment PLC (ETC), BWG’s subsidiary, that it has won 10 new industrial waste-to-energy (WTE) projects with an aggregate capacity of 80 megawatts (MW). The number of awarded projects far exceeds our previous assumption of just four new WTE projects. ETC is scheduled to sign the new Power Purchase Agreements (PPAs) by October 2023, and is obliged to commence commercial operations of all the projects by 2026. As a result, ETC is expected to incur major capital expenditures in the near term. In addition, BWG will need to invest in expansion of Solid Recovered Fuel (SRF) production to support a multiple-fold increase in intra-group WTE fuel consumption.

Our preliminary estimate of the group’s total investment is at least THB17.0 billion during 2024-2026, far above our previous assumption. This comprises the total WTE development costs of THB15.0-THB16.0 billion, plus THB2.0-THB2.5 billion for the construction of additional SRF facilities. BWG is in the process of finalizing the financing plan, which includes highly geared financing structures for each project company. The group will likely finance the investments primarily through debt.

In our view, the committed investments represent a very aggressive move by BWG, considering the size of its existing operations with THB8.6 billion in total assets as of year-end 2022. We expect a material deterioration in BWG’s financial risk profile over the course of project development unless the company is able to structure a more prudent financing scheme. We also anticipate heightened project development risks, considering that the group will need to manage the development of as many as 10 projects simultaneously.

Notwithstanding the likelihood of mounting financial leverage, we do recognize potential improvements in BWG’s business profile, together with heightened and more diversified earnings upon the commencement of commercial operations of the new WTE projects. The company could also benefit from economies of scale from developing the 10 WTE projects at the same time.

We aim to resolve the CreditAlert after BWG has concluded its financing plan for both the new industrial WTE projects and the new SRF facilities. We will assess the impact on BWG’s capital structure once we have sufficient information, including the funding structure, deleveraging plan, and strategies to ensure successful developments.

## RELATED CRITERIA

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

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**Better World Green PLC (BWG)**

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**Company Rating:**

BBB-

**CreditAlert:**

Negative

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**TRIS Rating Co., Ltd.**

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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