

GULF ENERGY DEVELOPMENT PLC

No. 3/2021
26 April 2021

CORPORATES

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| Company Rating: | A |
| Issue Ratings: | |
| Senior unsecured | A- |
| CreditAlert: | Negative |

Last Review Date: 19/01/21

Company Rating History:

| Date | Rating | Outlook/Alert |
|----------|--------|---------------|
| 25/12/18 | A | Stable |

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RATIONALE

TRIS Rating places CreditAlert with a “negative” implication on the company rating on Gulf Energy Development PLC (GULF) and the ratings on its senior unsecured debentures. The CreditAlert follows GULF’s announcement of its tender offer for the entire ordinary shares of Intouch Holdings PLC (INTUCH). Given the size of the transaction and that the intended acquisition will likely be funded mostly by debt, the tender offer raises our concerns over a potential material deterioration in GULF’s financial profile and its compliance with a financial covenant on its debentures.

On 19 April 2021, GULF announced its intention to acquire all the ordinary shares of INTUCH at THB65 per share through a conditional voluntary tender offer and/or through trading on the Stock Exchange of Thailand (SET) or any other means. GULF will have to pay up to approximately THB169 billion in the case of acquiring all the existing shares. As of 16 April 2021, GULF already held a stake of 18.93% in INTUCH. Singtel Global Investment Pte held the largest stake of about 21% in INTUCH.

If the tender offer results in GULF holding a stake that enables it to control 50% or more of the voting rights in INTUCH, GULF will be obliged to make a tender offer for all the ordinary shares of ADVANC and Thaicom PLC (THCOM), according to the Chain Principle. The offering price for the shares of ADVANC, based on the Chain Principle, is THB122.86 per unit, significantly lower than the current market price of ADVANC’s shares. Therefore, GULF does not expect any shareholders of ADVANC to sell their stake to GULF.

GULF will proceed with the intended tender offer only if the conditions precedent are fully satisfied. The major conditions include an approval from the shareholders’ meeting of GULF, tentatively scheduled on 25 June 2021, and an approval from the Securities and Exchange Commission (SEC). GULF expects to be granted a waiver on the requirement to make a tender offer for all the ordinary shares of THCOM.

The transaction size of the tender offer for INTUCH should be up to THB169 billion and possibly increase to about THB500 billion if including ADVANC. The total purchase will depend on the market response to the tender offer. GULF expects the tender offer for INTUCH to be completed in early August 2021.

We will resolve the CreditAlert once the transaction is completed and we have thoroughly assessed the full impact of the acquisition on GULF’s credit profile.

RELATED CRITERIA

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

Gulf Energy Development PLC (GULF)

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|---|----------|
| Company Rating: | A |
| Issue Ratings: | |
| GULF221A: THB2,000 million senior unsecured debentures due 2022 | A- |
| GULF238A: THB4,500 million senior unsecured debentures due 2023 | A- |
| GULF241A: THB2,500 million senior unsecured debentures due 2024 | A- |
| GULF258A: THB2,500 million senior unsecured debentures due 2025 | A- |
| GULF261A: THB2,000 million senior unsecured debentures due 2026 | A- |
| GULF278A: THB2,000 million senior unsecured debentures due 2027 | A- |
| GULF291A: THB1,000 million senior unsecured debentures due 2029 | A- |
| GULF308A: THB1,000 million senior unsecured debentures due 2030 | A- |
| CreditAlert: | Negative |

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