

B. GRIMM POWER PLC

No. 68/2018

21 September 2018

CORPORATES

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

Company Rating History:

Date	Rating	Outlook/Alert
09/04/18	A	Stable

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RATIONALE

TRIS Rating affirms the company rating on B. Grimm Power PLC (BGRIM) at "A". At the same time, TRIS Rating assigns a rating of "A-" to BGRIM's proposed issue of up to Bt10,000 million in senior unsecured debentures. The assigned issue rating is one notch below the company rating, reflecting the structural subordination of the proposed debentures compared with the debt obligations at the operating subsidiaries. The proceeds from the proposed debentures will be used to repay maturing bonds, refinance existing loans and bonds, and refinance outstanding project loans of BGRIM's subsidiaries.

The ratings reflect the company's position as one of the leading private power producers in Thailand, its well-diversified portfolio of cogeneration power units under the Small Power Producer (SPP) scheme, and reliable cash flows from long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT) and reputable clients. The ratings also reflect BGRIM's proven record of operating gas-fired combined cycle cogeneration units and its growth opportunities. These strengths are partially offset by its highly leveraged balance sheet as a result of its growth strategy.

In the first six months of 2018, BGRIM's revenue increased by 8.62% year-on-year to Bt16.96 billion. The increase was mainly due to the Commercial Operation Date (COD) of two new cogeneration power plants, namely Amata B.Grimm Power (Rayong) 3 Ltd. (ABPR3) on 1 February 2018 and Amata B.Grimm Power (Rayong) 4 Ltd. (ABPR4) on 1 June 2018.

At the end of June 2018, BGRIM's total debt was Bt57.41 billion with a debt to capitalization ratio of 68.91%.

RATING OUTLOOK

The "stable" outlook reflects the expectations that the power plant operations will stay on track as planned, the new projects will boost EBITDA (earnings before interest, taxes, depreciation, and amortization), and a steady capital structure.

RATING SENSITIVITIES

A rating upgrade could occur if BGRIM's financial profile is significantly better than expected. A rating downside may occur if there is a significant drop in performance of the power plants or if the capital structure weakens significantly due to large-scale debt-funded investments.

B. Grimm Power PLC (BGRIM)

Company Rating:	A
Issue Rating:	
Up to Bt10,000 million senior unsecured debentures due within 12 years	A-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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