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News for Investors

Announcement No. 600

20 February 2009

Ratchaburi Electricity Generating Holding Public Company Limited

Company Rating:

AA-

Rating Outlook:

Stable

Rating History:

Company Rating

Issue Rating

Secured Unsecured

15 Jun 2005

AA-/Stable

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12 Jul 2004

A+/Stable

-

-

26 Jun 2003

A+

-

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Rating Rationale

TRIS Rating affirms the company rating of Ratchaburi Electricity Generating Holding PLC (RATCH) at “AA-”. The rating reflects the strong and reliable streams of dividends paid by its Independent Power Producer (IPP) subsidiaries -- Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) and Tri Energy Co., Ltd. (TECO), a power plant portfolio of good quality, and a conservative investment policy. The rating also takes into consideration investment plans to develop hydroelectric power projects in Laos and power plants in Thailand. Declining demand for electricity in 2009-2010 will result in a one- to two-year delay from the original schedules of many power projects.

RATCH was established in 2000 as a holding company to purchase the Ratchaburi power plant from the Electricity Generating Authority of Thailand (EGAT). As of September 2008, EGAT held a 45% stake in RATCH, followed by the BANPU Group (14.99%), and the Social Security Office (4.92%). Currently, RATCH’s power portfolio comprised five power plants with total electricity generating capacity of 4,501 megawatts (MW). As of December 2008, RATCH’s investments in power plants totaled Bt23,348 million.

In 2008, RATCH received dividend income of Bt5,359 million mainly from the two power plants of its subsidiaries -- RATCHGEN and TECO. RATCHGEN continues to be the major contributor, constituting 84% of RATCH’s total capacity and generating 93% of RATCH’s dividend income. Ratchaburi Power Co., Ltd. (RPCL), another IPP project in the RATCH portfolio, successfully started commercial operation in 2008. With a net profit since the first year of operation, RPCL is expected to provide a dividend of approximately Bt300-Bt400 million per year to RATCH, starting from 2010 onwards.

RATCH’s investment policy has been conservative. All power plants in its portfolio have long-term power purchase agreements (PPAs) with EGAT. Because both GDP and electricity consumption were lower than expectation in 2008, the National Energy Policy Council (NEPC) has recently revised the Power Development Plan 2008-2021 (Revision II) to reflect lower demand for electricity. The revision includes a one-year delay in power purchases from IPP projects and a two-year delay in power purchases from Laos.

Rating Outlook

The “stable” outlook reflects the expectation that RATCH will receive reliable dividend income from RATCHGEN and its power plant investments. With Bt5,000-Bt6,000 million in dividends received per annum, RATCH should be able to fund most of its investments with internal cash flow.

For subscription information, contact

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