

# RATCHABURI ELECTRICITY GENERATING CO., LTD.

No. 33/2014

30 April 2014

**Company Rating:** AA+

**Outlook:** Stable

**Rating History:**

Date	Company	Issue (Secured/ Unsecured)
25/04/13	AA+/Sta	-/AA+
04/03/11	AA/Sta	-/AA
30/06/05	AA/Sta	AA/-
15/06/05	AA/Sta	-
12/07/04	AA-/Sta	-
26/06/03	AA-	-

**Rating Rationale**

TRIS Rating affirms the company and issue ratings of Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) at "AA+". The ratings reflect RATCHGEN's stable cash flows generated under the long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT), well-structured and state-of-the-art Ratchaburi power plant, as well as the company's proven record of power plant management.

RATCHGEN is a wholly-owned subsidiary of Ratchaburi Electricity Generating Holding PLC (RATCH) which is rated "AA+" by TRIS Rating. RATCHGEN is the largest Independent Power Producer (IPP) in Thailand. Its power plant consists of two thermal units and three combined cycle gas turbine (CCGT) units, with total installed capacity of 3,645 megawatts (MW), representing 11% of Thailand's total installed capacity at the end of 2013. RATCHGEN sells electricity to EGAT under 25-year PPAs and buys natural gas from PTT PLC (PTT) under a 25-year gas sale agreement (GSA).

In 2013, the operating statistics of RATCHGEN's power plant were satisfactory. The thermal units had a major overhaul in 2013, which lowered the availability level from 97.0% in 2012 to 81.9% in 2013. However, this level was still in line with the PPA's target. The heat rate of thermal units was 10,359 BTU/kWh. The CCGT units continued to outperform the targets set in the PPA, reaching an average plant availability level of 88.3% and a heat rate of 7,246 BTU/kWh. The dispatch levels for both thermal and CCGT units in 2013 were 28.5% and 70.7%, respectively. These dispatch levels were lower than the levels in 2012 at 31.7% for thermal units and 71.9% for CCGT units. Lower dispatch level typically has little impact on the company's cash flows since RATCHGEN's earnings before interest, tax, depreciation and amortization (EBITDA) are mainly generated by Availability Payment (AP) revenue.

RATCHGEN's electricity sales in 2013 dropped by 7.4% to Bt47,945 million mainly due to lower Energy Payment Revenue (EP) from a decrease in electricity generation. The company's net profit dropped by a smaller percentage, at 2.1%, to Bt4,765 million, as profitability was mainly driven by AP revenue. In 2013, RATCHGEN's cash flow protection continued to improve, as total debt decreased from Bt14,700 million at the end of 2012 to Bt12,090 million at the end of 2013. The EBITDA interest coverage ratio improved from 16.9 times in 2012 to 18.2 times in 2013. The ratio of funds from operations (FFO) to total debt also rose from 49.9% in 2012 to 58.2% in 2013. The total debt to capitalization ratio improved from 41.4% at the end of 2012 to 36.7% at the end of 2013, in accordance with the debt repayment schedule. RATCHGEN is expected to pay down its last tranche of debentures, worth Bt721 million, in March 2015.

**Rating Outlook**

The "stable" outlook reflects TRIS Rating's expectation that RATCHGEN will continue to maintain the plant availability and operating performance in line with the PPA targets. TRIS Rating also expects RATCHGEN to generate a reliable stream of revenue throughout the life of the PPAs, ending from 2025-2027.

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## Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN)

**Company Rating:** AA+

### Issue Ratings:

RG146A: Bt1,271.3 million senior debentures due 2014 AA+

RG149A: Bt1,557.6 million senior debentures due 2014 AA+

RG14DA: Bt921.9 million senior debentures due 2014 AA+

RG153A: Bt721.4 million senior debentures due 2015 AA+

**Rating Outlook:** Stable

### Performance Statistics of Ratchaburi Power Plant

	Unit	2013 (Target)	2013 (Actual)	2012	2011	2010
<b>Thermal Units</b>						
Net electrical output	GWh	2,880	2,952	3,882	3,113	4,351
Dispatch factor	%	25.0	28.5	31.7	28.1	35.9
EAF* avg. 12 months	%	82.2	81.9	97.0	87.8	96.0
Plant heat rate	BTU/kWh	10,342	10,359	10,196	10,060	10,116
Dependable capacity	MW	1,440	1,440	1,440	1,440	1,440
Planned outage	Hours	2,736	2,737	-	1,920	-
Forced outage	Hours		10	8	71	648
Maintenance outage	Hours	370	428	441	150	-
<b>CCGT Units</b>						
Net electrical output	GWh	10,988	10,985	11,415	10,467	12,322
Dispatch factor	%	70.0	70.7	71.9	65.9	77.1
EAF avg. 12 months	%	87.5	88.3	90.0	90.1	90.8
Plant heat rate	BTU/kWh	7,304	7,246	7,241	7,222	7,208
Dependable capacity	MW	2,011	2,011	2,011	2,011	2,011
Planned outage	Hours	2,306	2,235	1,734	1,622	1,545
Forced outage	Hours		152	172	224	3
Maintenance outage	Hours	934	656	1,726	699	208

\* Equivalent Availability Factor (EAF)

## Financial Statistics and Key Financial Ratios

Unit: Bt million

	----- Year Ended 31 December -----				
	2013	2012	2011	2010	2009
Sales	47,945	51,794	41,205	42,104	35,313
Gross interest expense	485	554	603	677	861
Net income from operations	4,765	4,867	4,092	3,816	5,014
Funds from operations (FFO)	7,031	7,335	6,708	6,782	7,943
Earnings before interest, tax, depreciation, and amortization (EBITDA)	8,837	9,364	9,123	8,434	9,527
Capital expenditures	10	19	18	11	59
Total assets	40,466	42,956	41,802	45,141	47,451
Total debt	12,090	14,700	13,240	16,860	19,640
Shareholders' equity	20,814	20,795	20,670	21,089	20,699
Operating income before depreciation and amortization as % of sales	18.2	17.8	21.7	19.8	26.5
Pretax return on permanent capital (%)	18.9	19.8	18.3	14.7	15.8
EBITDA interest coverage (times)	18.2	16.9	15.1	12.5	11.1
FFO/total debt (%)	58.2	49.9	50.7	40.2	40.4
Total debt/capitalization (%)	36.7	41.4	39.0	44.4	48.7
Cash available for debt service	7,647	7,935	7,262	7,200	8,729
Total debt service	4,425	4,217	4,252	3,501	4,094
Total debt service coverage ratio (DSCR) (times)	1.7	1.9	1.7	2.1	2.1

### TRIS Rating Co., Ltd.

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