

BCPG PLC

No. 36/2024
26 April 2024

CORPORATES

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

Last Review Date: 31/08/23

Company Rating History:

Date	Rating	Outlook/Alert
31/08/23	A	Stable
19/01/23	A	Alert Negative
27/10/22	A	Stable
21/04/21	A-	Stable

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RATIONALE

TRIS Rating assigns a rating of “A” to BCPG PLC (BCPG)’s proposed issue of up to THB7 billion senior unsecured debentures due within 12 years, with an additional greenshoe portion of up to THB1 billion. BCPG intends to use the proceeds from the debenture issuance to invest in new projects, refinancing, and to support its working capital. At the same times, TRIS Rating affirms the company rating on BCPG and the ratings on its outstanding senior unsecured debentures at “A”. The rating outlook is “stable”.

BCPG’s stand-alone credit profile (SACP) remains at “bbb+”. The “A” rating incorporates a two-notch uplift from the SACP that reflects BCPG’s group status as a core subsidiary of Bangchak Corporation (BCP, rated “A/Stable”).

The SACP reflects BCPG’s stable earnings and its well-diversified power portfolio. Contrarily, the SACP is constrained by a potential rise in debt load due to accelerating investments, and execution risks related to projects under development.

In 2023, BCPG’s operating performance is in line with TRIS Rating’s expectation. BCPG’s revenue was THB5.1 billion, a 6% decrease from THB5.4 billion in the previous year. The decrease in revenue was mainly attributed to the lower tariff from solar projects in Thailand resulted from adder expiration. Earnings before interest, taxes, depreciation, and amortization (EBITDA) came in at THB4.1 billion. The debt to EBITDA ratio stood at 7.7 times. The debt to capitalization ratio was 51.7%.

Currently, BCPG is in the process of divesting a 117 megawatts (MW) solar power portfolio in Japan. The company expects this transaction to be completed in the second quarter of 2024. The proceeds from the divestiture are expected to be THB6.9 billion. We view this transaction as a part of BCPG’s portfolio rationalization with an aim to optimize its portfolio, reduce debt and sustain growth. With that, we expect the company’s debt to EBITDA ratio to stay around 7 times during 2024-2026.

At the end of 2023, BCPG’s consolidated debt was THB40.1 billion (excluding lease liabilities). BCPG’s priority debt comprised debt owed by BCPG’s subsidiaries worth THB10.3 billion. These translate to a priority debt to total debt ratio of about 26%.

RATING OUTLOOK

The “stable” outlook embeds our expectation that BCPG’s power plants will continue to perform in line with expectations. We also expect BCPG to earn satisfactory returns from the new investments. In addition, we expect BCPG’s financial leverage and cash generation against debt obligations will be in line with our forecasts over the course of its expansion. Moreover, we expect BCPG will remain a core subsidiary of BCP.

RATING SENSITIVITIES

According to TRIS Rating’s “Group Rating Methodology”, the company rating on BCPG will move in tandem with the company rating on BCP. Therefore, any change in the rating on BCP will result in the same change to the rating on BCPG. Additionally, we could downgrade the company rating on BCPG if we view the

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company's status within the Bangchak Group as having diminished due to factors such as weakening earnings, or a less important role in supporting the group's green business objectives.

We are unlikely to raise BCPG's SACP in the next 12-18 months. However, we could revise the SACP upward if the company could generate sizable cash flow that materially reduces its financial leverage. Conversely, we could lower the SACP if BCPG's operating performance is considerably below our expectation, or if the company carries out sizable debt-funded investments that materially push up its financial leverage.

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

BCPG PLC (BCPG)

Company Rating:	A
Issue Ratings:	
BCPG249A: THB2,000 million senior unsecured debentures due 2024	A
BCPG256A: THB1,146.70 million senior unsecured debentures due 2025	A
BCPG266A: THB1,612.50 million senior unsecured debentures due 2026	A
BCPG269A: THB1,000 million senior unsecured debentures due 2026	A
BCPG276A: THB2,253.40 million senior unsecured debentures due 2027	A
BCPG289A: THB1,000 million senior unsecured debentures due 2028	A
BCPG319A: THB4,000 million senior unsecured debentures due 2031	A
BCPG326A: THB353.60 million senior unsecured debentures due 2032	A
BCPG339A: THB4,000 million senior unsecured debentures due 2033	A
BCPG356A: THB2,825 million senior unsecured debentures due 2035	A
Up to THB7,000 million senior unsecured debentures with an additional greenshoe portion of up to THB1,000 million due within 12 years	A
Rating Outlook:	Stable

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