

B.GRIMM POWER PLC

No. 59/2025
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CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A-
Hybrid	BBB+
Outlook:	Stable

Last Review Date: 05/09/24

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” and the ratings on BGRIM’s senior unsecured debentures at “A-”. Also, we affirm the ratings on its subordinated capital debentures at “BBB+”. The rating outlook remains “stable”.

At the same time, we assign a rating of “A-” to BGRIM’s proposed issue of up to THB4.5 billion senior unsecured debentures, plus additional greenshoe portion of THB2 billion. The tenor is up to 10 years. BGRIM intends to use the proceeds from the new debentures issuance to refinance its existing debts and invest in new projects.

The ratings reflect BGRIM’s reliability of cash generation from its sizable and well-diversified power portfolio. The ratings factor in strong operational record of cogeneration power plants, the centerpiece of BGRIM’s earnings. Conversely, the ratings remain constrained by BGRIM’s heavy debt load and immense interest burden as a result of its committed investments. The ratings also consider execution risks of its overseas projects.

KEY RATING CONSIDERATIONS

A wealth of power portfolio

BGRIM’s strong business profile is built from the reliable cash generation from its sizable and well-diversified portfolio of power assets across numerous sites. As of March 2025, the company had more than 60 operating projects in Thailand and abroad, with a net capacity of 2,667 megawatts (MW) when measured in proportion to BGRIM’s ownership of the plants. Of which, the 22 gas-fired power plants remain the key component with net capacity of 1,798 MW, making up around 67%. The remaining portion was contributed from renewable power projects in Thailand and other countries.

BGRIM sells electricity to state utilities and credible private companies. In 2024, Electricity Generating Authority of Thailand (EGAT) remained BGRIM’s largest power purchaser, contributing approximately 64% of total revenues. Electricity and steam sales to local industrial users accounted for around 26%, with the remaining portion originating from its renewable power projects both domestically and internationally.

Cogeneration power remains key earnings base

We anticipate the cogeneration power plants operating under the small power producer (SPP) scheme to continue supportive of BGRIM’s earnings base. BGRIM’s cogeneration power plants generally contribute around 90% of total revenues.

BGRIM’s SPPs render consistent cash flow, underpinned by long-term power purchase agreements (PPAs) with EGAT and credible industrial users. The PPAs with EGAT considerably mitigate demand and fuel price risks, given EGAT’s committed minimum dispatchment and fuel cost pass-through.

The cogeneration power plants also maintain PPAs and Steam Purchase Agreements (SPAs) with industrial customers, typically spanning five to 15 years. Despite the minimum offtake commitments, the actual sales volumes of power and steam are dependent on the industrial activities. In the context of current macroeconomic risks induced by the trade tension, we see downside

risks of industrial sales volume. Also, the prolonged uncertainty could preclude BGRIM from adding industrial customers.

In the absence of cost pass-through, BGRIM could face softness in margin, which could most likely occur from the government's policy to control electricity tariff that leads to material discrepancies between actual fuel prices and the fuel adjustment charge (Ft). We do not foresee such a scenario in our base-case forecast, given the normalized gas prices.

Sound operational record of cogeneration power

BGRIM possesses substantial expertise in the development and operation of gas-fired combined-cycle cogeneration power plants, which are characterized by high availability and minimal unplanned downtime. These plants consistently meet the heat rate criteria outlined in their PPAs with EGAT. In 2024, the actual availability factors of BGRIM's cogeneration power plants ranged from 91% to 100%, surpassing the PPA targets. Most cogeneration power plants continue to achieve heat rates better than those specified in the PPAs.

However, some cogeneration power plants experienced heat rates exceeding PPA specifications. This was primarily attributed to underutilization due to the remaining idle capacity. We expect that the heat rate for these plants will progressively improve in anticipation of BGRIM's gradual addition of industrial customers.

Extensive project development underway

By 2030, BGRIM aims to significantly expand its gross installed capacity to 10,000 MW, a substantial increase from 4,108 MW in March 2025, with over 50% of this future capacity expected to be generated from renewable energy sources. The developing projects are located in both Thailand and overseas. In Thailand, BGRIM has won new power projects under the state renewable power bidding (phases 1 and 2), with a combined gross contracted capacity of 329 MW. These projects are scheduled to become operational during 2026-2030.

For overseas, BGRIM is developing several new projects spreading across Asia-Pacific, Europe, and the Middle East, with vast majority of investments in South Korea. BGRIM's key project in South Korea is the sizable 365-MW offshore wind farm, which BGRIM anticipates will partially commence operation in 2025 and achieve full operational capacity in 2026. Despite the low country risk, we anticipate more complex project execution due mainly to relatively higher construction risks typically associated with offshore wind power. Significant construction delays or cost overruns could threaten the project's viability. We anticipate BGRIM will further grow its overseas presence in order to meet its growth ambitions. In our view, overseas investments carry execution risks, largely stemming from differences in regulations, market environments, and contract profiles.

Debts and interest expenses to remain elevated

We anticipate BGRIM's financial leverage to remain elevated over the next few years due to its committed investments and growth ambitions. The company has already injected upfront funds in the form of loans to support some developing projects. These loans are expected to be converted into equity injections as the projects progress. Consequently, our base case projection assumes net capital expenditures and investments of up to THB19 billion during 2025 and 2027. In effect, BGRIM's adjusted net debt is forecast to remain in the THB97-104 billion range over the forecast period.

In our base-case projection, we forecast BGRIM's EBITDA to gradually increase from THB14.3 billion in 2025 to THB16.3 billion in 2027. This forecast is based on our assumption that BGRIM will be successful in securing new PPAs with industrial customers and that its new renewable power projects will commence operation as scheduled.

We project the debt to EBITDA ratio to stay around 6-7 times and the debt to capitalization ratio to stay in 66%-70% range during 2025-2027. Given the consistently high level of debt, we anticipate that interest expenses will continue to dent the company's earnings. With that, we project BGRIM's funds from operations (FFO) to range between THB7.7-THB9.5 billion annually, and the FFO to debt ratio to range at 7%-10% over the forecast period.

Adequate liquidity

We assess BGRIM's liquidity position as adequate. As of December 2024, the company had cash and undrawn credit facilities, totaling approximately THB 37.6 billion. We also forecast FFO of about THB7.7 billion. These sources of liquidity should comfortably cover the THB23.2 billion in debts maturing in 2025. Moreover, we believe BGRIM's strong business profile will maintain its accessibility to credit markets.

Debt structure

As of December 2024, BGRIM's consolidated debt (excluding lease liabilities) amounted to THB131.7 billion, inclusive of subordinated capital debentures of THB16 billion. The company's priority debt totaled THB73.7 billion, including secured debt owed by BGRIM and all borrowings incurred by its operating subsidiaries. This leads to the priority debt to total debt ratio of 56%, indicating that BGRIM's unsecured creditors are significantly disadvantaged to the company's priority debt holders regarding claims on the company's assets.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for BGRIM's operations during 2025-2027:

- Electricity sales of cogeneration power plants to be 13,480-14,130 gigawatt-hours (GWh) per year.
- Steam sales to range 0.97-1 million tonnes per year.
- Capacity factor of renewable power plants to be:
 - Solar power : 15%-17%
 - Wind power : 28%-31%
 - Hydropower : 35%-58%.
- Net capital expenditures and investments to add up to THB19.1 billion.

RATING OUTLOOK

The "stable" outlook reflects our view that BGRIM's consistent performance and cash generation will support its committed investments. This embeds our expectation of successful progression of BGRIM's new power projects according to schedules without significant cost overruns. Furthermore, we also expect BGRIM's net spending and earnings will align with our estimates, resulting in its cash flow and leverage in line with our baseline forecast.

RATING SENSITIVITIES

A rating upgrade would require BGRIM to materially strengthen its cash generation relative to its debt obligations. Conversely, we could lower the ratings if BGRIM's cash flow against debt obligations is significantly lower than our forecast. This could occur if BGRIM's power projects underperform, or the company pursues more aggressive debt-financed acquisitive growth, or from a combination of these reasons.

COMPANY OVERVIEW

BGRIM was established in 1993 as a holding company for the power business under the conglomerate of the B.Grimm Group. BGRIM generates and sells electricity and steam through its subsidiaries and affiliates. BGRIM was listed on the Stock Exchange of Thailand (SET) on 19 July 2017. As of December 2024, BGRIM's major shareholders were Mr. Harald Link and the B.Grimm Group, with a combined 68.3% stake. The rest of the company's shares are publicly owned.

BGRIM has extensive experience in developing and operating gas-fired combined-cycle cogeneration power plants. BGRIM was awarded its first SPP contract through a subsidiary, Amata B.Grimm Power 1 Ltd. (ABP1), in 1996. ABP1 commenced operation in 1998. BGRIM expanded into renewable business in 2015.

As of March 2025, BGRIM had a gross operating capacity of 4,108 MW or net capacity of 2,667 MW when measured in proportion to BGRIM's ownership of the plants. BGRIM's gas-fired cogeneration power plants under SPP scheme represented 67% of total net capacity. The remaining was contributed from renewable projects in Thailand and other countries, including Vietnam, Cambodia, the Philippines, Malaysia, South Korea, the U.S., and the Lao People's Democratic Republic (Lao PDR).

BGRIM sells electricity mainly to EGAT and a number of Thai industrial users. BGRIM also holds PPAs with Provincial Electricity Authority (PEA), Metropolitan Electricity Authority (MEA), Electricite du Laos (EDL), Vietnam Electricity (EVN), Electricite du Cambodge (EDC), Korea Electric Power Corporation (KEPCO), and industrial users in Vietnam and the Philippines.

Most of BGRIM's cogeneration power plants employ proven technologies from reputable suppliers, such as Siemens and GE Power (GE). The cogeneration power plants have long-term service agreements (LTSAs) to ensure the reliability of the turbines and keep maintenance costs under control. BGRIM's cogeneration power plants hold gas supply contracts (GSAs) with PTT PLC (PTT) for 21-25 years. The terms of the GSAs usually match the terms of the PPAs with EGAT.

In 2024, BGRIM achieved EBITDA of THB14.7 billion, marking a 4.5% increase year-over-year. This was primarily driven by the full-year operational contribution of three cogeneration power plants that began operating in 2023, alongside the acquisition of a new hydropower plant in 2024. The company's debt to EBITDA ratio stood at 7.4 times, while its debt to capitalization ratio was 71.3%.

KEY OPERATING PERFORMANCE

Table 1: Power Plants' Key Operating Performance

Plant Performance	Unit	2024	2023	2022	2021	2020
Gas-fired SPP power plants						
Net output energy ¹	GWhe ¹	13,651	12,766	12,368	13,272	12,719
Plant heat rate ²	BTU/kWh	7,620	7,565	7,746	7,865	7,895
Availability factor ²	%	96.5	97.5	96.9	96.7	97.7
Solar power plants						
Net output energy ³	GWh	888	878	866	962	1,164
Hydro power plants						
Net output energy ³	GWh	192	179	197	181	166
Wind power plants						
Net output energy ³	GWh	45	44	40	16	-

Source: BGRIM

Notes: 1) Net output of electricity and steam equivalent (GWh equivalent – GWhe)
 2) Values are average across all operating plants.
 3) Excluding output energy from associates and joint venture companies

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	55,924	57,200	62,485	46,701	44,111
Earnings before interest and taxes (EBIT)	8,983	8,722	4,680	8,017	7,147
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	14,665	14,039	9,928	13,183	12,830
Funds from operations (FFO)	8,241	7,784	4,829	8,813	8,996
Adjusted interest expense	5,806	5,818	4,943	3,987	3,523
Capital expenditures	4,523	7,922	11,852	11,436	16,721
Total assets	180,901	177,046	170,651	149,198	130,696
Adjusted debt	108,448	92,623	91,291	74,877	64,759
Adjusted equity	43,718	44,763	38,192	36,840	35,328
Adjusted Ratios					
EBITDA margin (%)	26.2	24.5	15.9	28.2	29.1
Pretax return on permanent capital (%)	5.3	5.3	3.1	6.2	6.4
EBITDA interest coverage (times)	2.5	2.4	2.0	3.3	3.6
Debt to EBITDA (times)	7.4	6.6	9.2	5.7	5.0
FFO to debt (%)	7.6	8.4	5.3	11.8	13.9
Debt to capitalization (%)	71.3	67.4	70.5	67.0	64.7

* Consolidated financial statements

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Hybrid Securities: Equity Content and Credit Rating Criteria , 20 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

B.Grimm Power PLC (BGRIM)

Company Rating:	A
Issue Ratings:	
BGRIM255A: THB4,200 million senior unsecured debentures due 2025	A-
BGRIM255B: THB300 million senior unsecured debentures due 2025	A-
BGRIM267A: THB3,000 million senior unsecured debentures due 2026	A-
BGRIM275A: THB3,000 million senior unsecured debentures due 2027	A-
BGRIM279A: THB2,800 million senior unsecured debentures due 2027	A-
BGRIM280A: THB5,000 million senior unsecured debentures due 2028	A-
BGRIM295A: THB2,150 million senior unsecured debentures due 2029	A-
BGRIM317A: THB7,000 million senior unsecured debentures due 2031	A-
BGRIM325A: THB2,550 million senior unsecured debentures due 2032	A-
BGRIM349A: THB1,400 million senior unsecured debentures due 2034	A-
BGRIM23PA: THB8,000 million subordinated capital debentures	BBB+
BGRIM24PA: THB8,000 million subordinated capital debentures	BBB+
Up to THB4,500 million senior unsecured debentures and additional greenshoe portion of up to THB2,000 million due within 10 years	A-
Rating Outlook:	Stable

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