

B.GRIMM BIP POWER 1 LTD.

No. 64/2025
30 April 2025

CORPORATES

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

Last Review Date: 30/04/24

Company Rating History:

Date	Rating	Outlook/Alert
25/04/18	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on B.Grimm BIP Power 1 Ltd. (BIP1) and the rating on its senior unsecured amortizing debentures rating at “A-”. The rating outlook remains “stable”. The company rating for BIP1 reflects its status as a “strategic” subsidiary of B.Grimm Power PLC (BGRIM, rated “A/Stable”). BIP1's stand-alone credit profile (SACP) remains at “a-”.

The SACP is underpinned by reliable earnings from BIP1's long-term power purchase agreement (PPA) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”) and its consistent strong operation record of its gas-fired combined-cycle cogeneration power plant. However, this SACP remains constrained by the company's single-asset operation.

KEY RATING CONSIDERATIONS

Reliable earnings backed by PPA with EGAT

BIP1's reliable earnings are primarily derived from its long-term PPA with EGAT, which remains its primary revenue source, representing about 90% of the total revenue.

This PPA ensures reliable cash flow, and its “take-or-pay” mechanism effectively mitigates market risk by obligating the order of electricity dispatch for at least 80% of the contracted amount, based on the power plant's availability. Furthermore, the PPA's tariff formula helps stabilize cash flow, incorporating fuel cost pass-through and exchange rate volatility mitigation. In addition, counterparty risk is minimal.

Electricity sales to industrial customer

In addition to its EGAT PPA, BIP1 also holds a PPA with an industrial customer in Bangkadi Industrial Park, with a contracted capacity of 14 megawatts (MW). This agreement requires the customer to purchase a minimum amount of electricity.

BIP1 sells electricity to the customer at rates discounted from Provincial Electricity Authority's (PEA) tariffs. While these tariffs typically include a fuel adjustment charge (Ft) to reflect changes in fuel prices, the implementation of Ft adjustments involves a time lag and depends on the authorities' discretion regarding timing and magnitude. Hence, BIP1 facing softness in margin could occur from material discrepancies between actual fuel prices and the Ft adjustment. We do not foresee such a scenario in our base-case forecast, given the normalized gas prices. Furthermore, the volume of electricity BIP1 sells is directly linked to the electricity demand of its customer.

Proven operational efficiency

BIP1's combined-cycle cogeneration plant employs proven technology, notably the GE-LM6000PD gas turbine from GE Power. While BIP1 maintains its own operation and maintenance teams for day-to-day tasks, BIP1 also benefits from BGRIM's extensive expertise in cogeneration power plant operation and maintenance. BIP1 has consistently achieved its PPA targets with EGAT since its commencement.

In 2024, the plant demonstrated a strong performance with a 95.3% availability factor and an efficient heat rate of 7,710 British thermal units per kilowatt-hour (BTU/kWh), below the EGAT PPA's 8,000 BTU/kWh threshold.

Additionally, BIP1's energy-efficient operation surpassed primary energy saving (PES) targets, resulting in a fuel-saving (FS) payment of THB0.36 per kWh from EGAT. Given this consistent strong performance, the likelihood of performance penalties or PPA termination is deemed very low.

Strong earnings to continue

BIP1's electricity sales in 2024 remained stable year-on-year at 701 gigawatt-hours (GWh). EBITDA came in at THB523 million, a 5.4% decrease from THB553 million in the previous year. This decrease in EBITDA is primarily attributed to maintenance expenses associated with scheduled maintenance activities. The debt to EBITDA ratio fell to 3.2 times, from 3.4 times in 2023.

In our base-case projection, we assume Ft adjustment will trend in a similar direction to gas prices, enabling BIP1 to maintain its profit margin from electricity sales to its industrial customer. We also expect BIP1's plant availability factor to be 98%-99% in 2025-2026 and decreasing to 93% in 2027 due to scheduled major maintenance. Consequently, we forecast BIP1's EBITDA to range from THB490-THB550 million per year during 2025-2027, with the debt to EBITDA ratio remaining around 3 times over the forecast period. The debt to capitalization ratio is expected to gradually reduce to 50% by 2027.

Single asset operation

The concentration of BIP1's operations in a single asset remains a constraint on the SACP. BIP1's business risk profile is notably higher compared to larger power companies with diversified generation assets. The absence of operational diversification means BIP1's earnings are more vulnerable to significant disruptions stemming from unforeseen incidents, such as prolonged outages or damage to essential equipment. However, we consider the probability of such events to be low, given BIP1's consistent operational history.

Debt structure

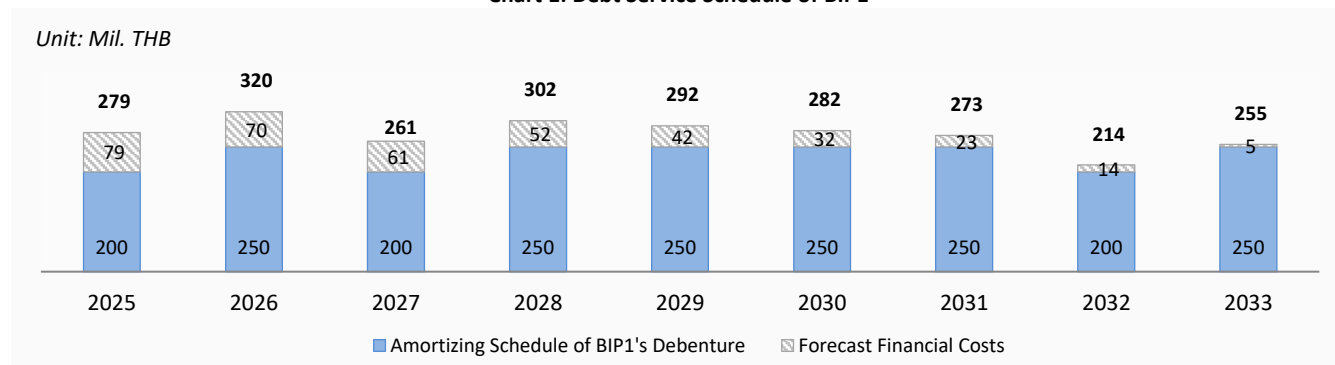
At the end of 2024, BIP1's total debt amounted to THB2.1 billion, without priority debt. BIP1's debt comprised only senior unsecured amortizing debentures.

Adequate debt service capability

We project BIP1 to generate sufficient cash flow to service its debt obligations. In May 2018, BIP1 issued THB3.35 billion worth of senior unsecured amortizing debentures. The proceeds were used to refinance all its outstanding project loans from banks. The debenture amortization schedule is designed to match the expected cash flows according to the PPA.

As of December 2024, BIP1 had THB489 million in cash. The available cash combined with the forecast EBITDA should be sufficient to cover the scheduled debt services of THB261-THB320 million per year during 2025-2027.

Chart 1: Debt Service Schedule of BIP1



Source: TRIS Rating's estimate

A strategic subsidiary under BGRIM Group

BIP1 is one of 22 cogeneration power plants within the BGRIM Group. As of March 2025, BIP1's installed capacity constituted 4% of BGRIM's total gas-fired cogeneration capacity and contributed roughly 4% to the group's total EBITDA. Despite its small revenue contribution, we view BIP1 is a strategic asset for BGRIM. Cogeneration plants form the centerpiece of BGRIM's power portfolio, making up about 67% of its net power generation capacity.

BGRIM has two cogeneration power plants in Bangkadi Industrial Park, including BIP1. We view BIP1 is important to BGRIM in managing overall operating efficiency of the group's power plants in the area. With that, we believe BGRIM has incentive to support BIP1 when needed.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for BIP1's operations during 2025-2027:

- The plant availability factor to be in the range of 93%-99%.
- PPA with EGAT to be 90 MW and PPA with industrial customer to be 14 MW.
- Annual electricity sales to be 684-726 GWh.
- Total capital expenditure of THB100 million.
- The repayment of amortized debentures to be made according to repayment schedule.

RATING OUTLOOK

The "stable" rating outlook reflects our expectation that BIP1 will continue to operate steadily and generate reliable cash flows. The company's earnings and leverage levels will remain in line with our forecasts. Furthermore, we expect the linkage between BIP1 and BGRIM to remain unchanged.

RATING SENSITIVITIES

A revision to the company rating on BIP1 is subject to material changes in the SACP, its strategic relevance to BGRIM, or credit profile of BGRIM.

We are unlikely to raise the SACP. Conversely, we could lower the SACP if BIP1's operating performance materially falls short of our forecast, or we see a significant deterioration in debt service capability.

COMPANY OVERVIEW

BIP1 was established in 2008 to own and operate a gas-fired combined-cycle cogeneration power plant under the Small Power Producer (SPP) scheme. The plant is located in Bangkadi Industrial Park, Pathum Thani Province. The power plant has an installed capacity of 114.6 MW plus 20 tonnes of steam per hour. BIP1 started commercial operation in April 2015. BIP1's shareholders are BGRIM (74%) and Nikornkij & Son (BIP Group) (26%).

BIP1's combined-cycle cogeneration plant utilizes proven combined-cycle natural gas-fired generation based on two gas turbine engines supplied by GE Power (GE), a leading manufacturer and supplier for power generation in global market. The GE-LM6000PD gas turbine made by GE has a proven track record. BIP1's plant is composed of two gas turbine units, two heat recovery steam generators (HRSGs) and one steam turbine. The steam turbine is made by Siemens.

KEY OPERATING PERFORMANCE

Table 1: Plant Performance Statistics of BIP1

Plant Performance	Unit	2024	2023	2022	2021	2020
Net output energy *	GWhe *	693.9	691.6	702.1	718.8	714.5
Plant heat rate	BTU/kWh	7,710	7,768	7,807	7,783	7,816
Primary energy saving factor	%	12.4	12.0	11.5	11.9	11.4
Availability	%	95.3	98.7	98.9	96.8	98.7
Planned outage	%	3.5	0.9	1.0	3.1	1.0
Unplanned outage	%	1.2	0.3	0.1	0.0	0.3

* Net output of electricity and steam (GWh equivalent – GWhe)

Source: BIP1

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	2,548	2,846	3,344	2,267	2,128
Earnings before interest and taxes (EBIT)	338	367	321	342	347
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	523	553	507	527	531
Funds from operations (FFO)	369	403	386	404	388
Adjusted interest expense	106	112	120	121	142
Capital expenditures	20	2	21	15	8
Total assets	3,887	4,047	4,405	4,596	4,685
Adjusted debt	1,680	1,907	2,056	2,187	2,332
Adjusted equity	1,507	1,391	1,489	1,510	1,470
Adjusted Ratios					
EBITDA margin (%)	20.5	19.4	15.2	23.2	24.9
Pretax return on permanent capital (%)	9.0	9.2	7.5	7.7	7.5
EBITDA interest coverage (times)	4.9	4.9	4.2	4.3	3.7
Debt to EBITDA (times)	3.2	3.4	4.1	4.2	4.4
FFO to debt (%)	22.0	21.1	18.8	18.5	16.6
Debt to capitalization (%)	52.7	57.8	58.0	59.2	61.3

RELATED CRITERIA

- Issue Rating Criteria, 26 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 BIP Power 1 Ltd. (BIP1)

Company Rating:	A-
Issue Rating:	
BIPA335A: THB2,100.05 million senior unsecured amortizing debentures due 2033	A-
Rating Outlook:	Stable

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