

B.GRIMM BIP POWER 2 LTD.

No. 65/2025
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 2 Ltd. (BIP2) and the rating on its senior unsecured amortizing debentures rating at “A-”. The rating outlook remains “stable”. The company rating is based on BIP2’s position as a “strategic” subsidiary of B.Grimm Power PLC (BGRIM, rated “A/Stable”) and its stand-alone credit profile (SACP) of “a-”.

The SACP benefits from dependable earnings, underpinned by long-term power purchase agreement (PPA) with Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”) and the consistently strong performance of its gas-fired cogeneration power plant. However, the SACP is limited by the company’s operation of a single asset.

KEY RATING CONSIDERATIONS

Reliable earnings backed by PPA with EGAT

BIP2’s reliable earnings are predicated on its long-term PPA with EGAT. Electricity sales to EGAT remain the primary revenue source, contributing 80%-85% of its total revenue.

This PPA features a “take-or-pay” mechanism that effectively minimizes market risk by obligating EGAT to order at least 80% of the contracted electricity when the plant is operational. Additionally, the tariff structure within the PPA stabilizes cash flow by allowing BIP2 to pass fuel costs through to EGAT under the energy payment (EP), mitigating fuel price and exchange rate risks. The counterparty risk associated with EGAT is also considered minimal.

Electricity sales to industrial customers

As of March 2025, BIP2’s total contracted capacity from multiple PPAs with industrial clients in Bangkadi Industrial Park reached 27 megawatts (MW), which includes 2.7 MW of newly signed contracts. These agreements require the customers to purchase a minimum amount of electricity.

BIP2 sells electricity to large general service customers 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. Therefore, BIP2 could arrive at weakened margin in case of 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 BIP2 sells is directly linked to the electricity demand of its customer base.

Strong operational efficiency

BIP2’s combined-cycle cogeneration plant employs proven technology, notably the GE-LM6000PD gas turbine from GE Power. While BIP2 maintains its own operation and maintenance teams for day-to-day tasks, BIP2 also benefits from BGRIM’s extensive expertise in cogeneration power plant operation and maintenance. BIP2 has consistently achieved its PPA targets with EGAT since its commencement.

In 2024, the plant demonstrated a strong performance with a 97.8% availability factor and an efficient heat rate of 7,734 British thermal units per

kilowatt-hour (BTU/kWh), below the EGAT PPA's 7,950 BTU/kWh threshold. Additionally, BIP2'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.

Solid earnings to continue

In 2024, BIP2 maintained stable electricity sales year-on-year at 742 gigawatt-hours (GWh). However, EBITDA slightly decreased by 2.4% to THB708 million, from THB725 million in the previous year, primarily due to scheduled maintenance expenses. The debt to EBITDA ratio fell to 2.3 times, from 2.7 times in 2023.

In our base-case forecast, we assume Ft adjustment will trend in a similar direction to gas prices, enabling BIP2 to maintain its profit margin from electricity sales to industrial customers. We expect BIP2's plant availability factor to be 96%-98% in 2025-2027. We also expect BIP2 to begin dispatching electricity under the newly signed 2 MW PPA with an industrial customer. Consequently, we forecast BIP2's EBITDA to range from THB620-THB630 million per year during 2025-2027, with the debt to EBITDA ratio hovering around 2-3 times over the forecast period. The debt to capitalization ratio is expected to stay below 50%.

Single asset operation

BIP2's single asset operation continues to constrain the SACP, resulting in a higher business risk profile than companies with diverse power generation assets. This lack of diversification exposes BIP2's earnings to greater potential impact from significant disruptions like prolonged outages or equipment damage. However, BIP2's consistent operational history suggests a low probability of such events.

Debt structure

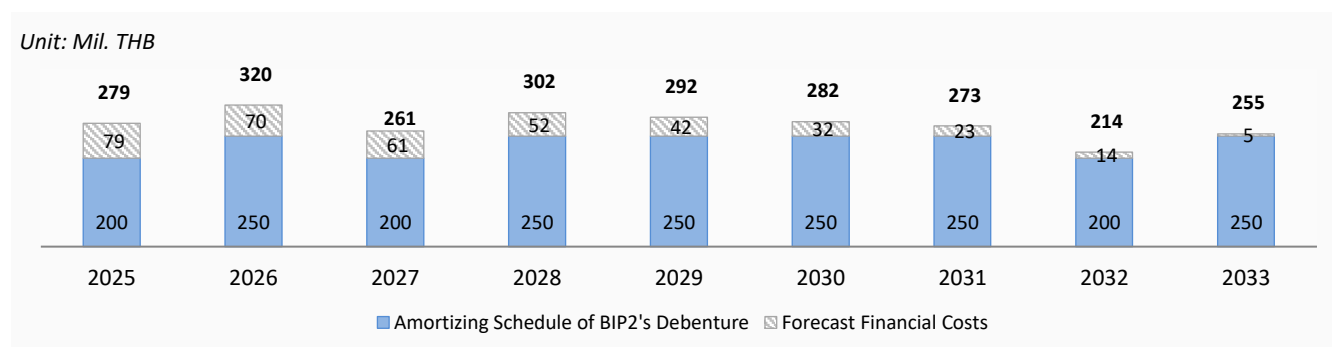
At the end of 2024, BIP2's total debt amounted to THB2.1 billion, comprising entirely of senior unsecured amortizing debentures. Hence, there was no priority debt.

Adequate debt service capability

We project BIP2 to generate sufficient cash flow to service its debt obligations. In May 2018, BIP2 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, BIP2 had cash of THB502 million. The available cash combined with the forecast EBITDA should be sufficient to cover the scheduled debt services of THB261-THB320 million per year in 2025-2027.

Chart 1: Debt Service Schedule of BIP2



Source: TRIS Rating's estimate

A strategic subsidiary under BGRIM Group

BIP2 is one of 22 cogeneration power plants within the BGRIM Group. As of March 2025, BIP2's installed capacity constituted 4% of BGRIM's total gas-fired cogeneration capacity and contributed roughly 5% to the group's total EBITDA. Despite its small revenue contribution, we believe BIP2 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 BIP2. We view BIP2 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 BIP2 when needed.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for BIP2's operations during 2025-2027:

- The plant availability factor to be in the range of 96%-98%.
- PPA with EGAT to be 90 MW and PPAs with industrial customers to be 27 MW.
- Annual electricity sales to be 735-749 GWh.
- Total capital expenditure of THB361 million.
- The repayment of amortized debentures to be made according to repayment schedule.

RATING OUTLOOK

The "stable" rating outlook rests on our expectation that BIP2 will sustain its sound operational performance and generate dependable cash flows. The company's earnings and leverage levels stay in line with our baseline forecast. Additionally, we expect the linkage between BIP2 and BGRIM to remain unchanged.

RATING SENSITIVITIES

A revision to the company rating on BIP2 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. On the other hand, we could lower SACP if BIP2's operating performance considerably falls short of our forecast or we see a significant deterioration in debt service capability.

COMPANY OVERVIEW

BIP2 was established in 2010 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. BIP2 started commercial operation in January 2016. BIP2's shareholders are BGRIM (74%) and Nikornkij & Son (BIP Group) (26%).

BIP2'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. BIP2'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 BIP2

Plant Performance	Unit	2024	2023	2022	2021	2020
Net output energy *	GWhe *	728.4	731.0	733.9	722.1	717.7
Plant heat rate	BTU/kWh	7,734	7,725	7,686	7,785	7,769
Primary energy saving factor	%	11.4	11.4	11.9	11.1	11.0
Availability	%	97.8	95.5	95.9	98.3	99.0
Planned outage	%	1.8	1.2	2.9	1.5	0.9
Unplanned outage	%	0.4	3.3	1.2	0.2	0.1

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

Source: BIP2

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	2,784	3,086	3,545	2,437	2,252
Earnings before interest and taxes (EBIT)	512	529	397	442	428
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	708	725	592	636	623
Funds from operations (FFO)	517	600	469	500	452
Adjusted interest expense	111	116	124	134	171
Capital expenditures	89	15	9	14	8
Total assets	4,108	4,184	4,600	4,725	4,827
Adjusted debt	1,658	1,966	2,074	2,222	2,384
Adjusted equity	1,730	1,539	1,672	1,638	1,611
Adjusted Ratios					
EBITDA margin (%)	25.4	23.5	16.7	26.1	27.7
Pretax return on permanent capital (%)	13.1	12.8	9.0	9.6	8.9
EBITDA interest coverage (times)	6.4	6.2	4.8	4.7	3.7
Debt to EBITDA (times)	2.3	2.7	3.5	3.5	3.8
FFO to debt (%)	31.1	30.5	22.6	22.5	18.9
Debt to capitalization (%)	49.0	56.1	55.4	57.6	59.7

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 2 Ltd. (BIP2)

Company Rating:	A-
Issue Rating:	
BIPB335A: THB2,100.05 million senior unsecured amortizing debentures due 2033	A-
Rating Outlook:	Stable

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