

IRPC PLC

No. 67/2025
2 May 2025

CORPORATES

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

Last Review Date: 03/02/25

Company Rating History:

Date	Rating	Outlook/Alert
24/06/24	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on IRPC PLC (IRPC) and the ratings on its senior unsecured debentures at “A-”, with a “stable” outlook.

The ratings reflect our view of IRPC as a strategically important subsidiary of PTT PLC (PTT, rated “AAA/Stable”). The company rating incorporates a three-notch uplift from its stand-alone credit profile (SACP) of “bbb-”.

The SACP considers IRPC’s large refinery complex with petrochemicals integration, the high utilization of its refining capacity, and operational ties with the PTT Group. However, the SACP remains constrained by its low level of cash generation against debt obligations, and high volatility in financial performance. Also, we anticipate IRPC’s credit metrics will remain pressured by prolonged cyclical trough in the petrochemical industry, plus increasing risks from the global trade tensions.

KEY RATING CONSIDERATIONS

A flagship petrochemical complex of PTT Group

The ratings on IRPC incorporate a three-notch uplift because of the likelihood of parental support. Our view of IRPC’s group status stems from its operational ties with the PTT Group. IRPC is one of PTT’s refining and petrochemical flagship subsidiaries. PTT purchases and supplies crude oil for all PTT Group’s refineries including IRPC, to benefit from economies of scale. In terms of distribution, substantial portions of refined petroleum products are sold to the PTT Group.

IRPC supports PTT’s missions in national energy security given its significant refining capacity in Thailand. PTT still provides intercompany loan facilities to IRPC as well as a credit extension for crude supply payment if needed. Based on the above assessment, we expect IRPC to receive strong parental support in times of stress.

PTT Group restructuring plans

PTT has announced its plans to seek strategic partners for all its refineries, including IRPC since late 2024. The move aims at refinery portfolio optimization, with enhanced business operations and the strengthened financial standing of its three refineries. This could potentially result in a reduction in PTT’s ownership of IRPC. PTT aims to complete the group restructuring by 2025. Despite PTT’s potential diluted stakes, we anticipate IRPC to remain a subsidiary of PTT while key business terms between the two will remain largely unchanged. That said, we will reassess the extent of parental support once the deal is completed.

Higher refinery run rate, but GRM normalizing

IRPC has completed the refinery upgrade or the Ultra Clean Fuel (UCF) project, enabling the company to produce Euro 5 Diesel and Jet A-1 fuel. Crude intake was consistently high and had an average of 201 thousand barrels per day (KBD) during April 2024 to February 2025. This level was higher than 192 KBD in 2023. The UCF project allows IRPC to enhance domestic oil sales volume, leading to improved margins. We anticipate IRPC’s refinery run rate will keep going at above 200 KBD, except for the major turnaround year.

* The company rating assigned to PTT is based on public information, which TRIS Rating believes provides a sufficient basis for the assessment of credit profile of PTT. The rating is assigned without participation from PTT.

Meanwhile, IRPC's market gross refinery margin (market GRM) fell from USD5.7 per barrel in 2023 to USD4.4 per barrel in 2024 and the same level of average USD4.4 per barrel during 2016-2021 before supply disruptions. This reduction was faster than our expectation.

Slightly improved petrochemical spreads, still narrow

In the petrochemical segment, IRPC's market product-to-feed margin (market PTF) marginally recovered to USD1.87 per barrel in 2024, from a rock bottom of USD1.24 per barrel in 2023. The market PTF is still far below the average of USD5.2 per barrel during 2016-2023.

The slight recovery was largely due to a 17% year-on-year (y-o-y) increase in the acrylonitrile-butadiene-styrene (ABS) spread over naphtha. The ABS spread increased because of much lower capacity addition while demand has been strongly driven by the growth of electric vehicles (EV) and smart electricals. We expect a strong ABS spread to continue over the next few years. Meanwhile, polypropylene (PP), IRPC's key product, still had a spread over naphtha of only USD368 per tonne in 2024 and remained flat from 2023, far below the average of USD571 per tonne during 2016-2023.

Highly volatile performance

We still see high volatility in IRPC's financial performance and key credit metrics to stem from high fluctuations in the refining and petrochemical industry. Historically, IRPC's EBITDA wildly fluctuated y-o-y. The company's EBITDA can undergo significant increases when it reports substantial net inventory gains, or when petrochemical spreads are cyclically strong or temporarily widened. Conversely, EBITDA can decline sharply due to inventory losses or narrower petrochemical margins. Consequently, IRPC's debt to EBITDA ratio varied significantly between 2.8-17.7 times from 2016-2024.

We view the tough operating environment facing IRPC's key businesses is likely to stay in the next few years. We expect the refining business to recover to some extent, but it will remain volatile due to high uncertainty in macroeconomic conditions and oil price trends. IRPC remains at risk of considerable inventory losses due to inventory devaluation caused by market instability.

At the same time, we anticipate IRPC's petrochemical segment to remain pressured by the prolonged cyclical trough, mainly characterized by lingering oversupply, new capacity additions, and fragile demand recovery. Also, we view the ongoing global trade tensions and the U.S.'s reciprocal tariffs could exacerbate the difficulties faced by the industry.

Lower CAPEX expected

IRPC has much smaller investment plans over the next few years. We expect IRPC's capital expenditure to total THB9.1 billion during 2025-2027, much lower than the THB25 billion over the past three years which it had heavily invested in the UCF project. We view IRPC's low capital spending as supportive of the ratings.

IRPC's business strategy is to expand through vertical integration and new value chains such as health & life science, advanced materials, and low carbon emission businesses. However, over the near term, we expect IRPC will focus on improving financial performance and pursue a prudent investment policy. IRPC also plans to minimize its operating cost and expenses, as well as monetize the unused assets.

Low level of cash generation against debt continues

Our base-case forecast assumes IRPC will remain on a recovery track. We expect the refining margin to show a slightly improving trend from the second half of 2025. Meanwhile, the petrochemical market is still in an oversupply condition. As such, we expect petrochemical spreads to gradually recover as demand is taking time to catch up with the supply glut. The macroeconomic risks also add uncertainty to the turnaround.

We project IRPC's market gross integrated margin (market GIM, a combination of market PTF and market GRM) to range between USD6.5-USD8 per barrel in 2025-2027. We expect IRPC's refinery to run at 202-206 KBD during 2025-2026 before dropping to 189 KBD in 2027 due to a major refinery turnaround.

Despite weak demand for petrochemical products, IRPC plans to maximize crude run and sell the higher yield of petrochemical feedstock (by-product of refinery) at negative price spreads. In our base-case forecast, we assume a Dubai crude oil price of around USD70 per barrel on average in 2025-2027. As a result, we forecast EBITDA to range between THB5.8-THB9.5 billion per year over the forecast period. We also project IRPC to arrive at the funds from operations (FFO) of THB3.0-THB7.2 billion per year.

The ratio of debt to EBITDA is projected to remain high at 11.2 times in 2025, before decreasing to about 6.1-6.4 times in 2026-2027. Meanwhile, the FFO to debt ratio is expected to remain below 5% in 2025 before increasing to 12%-13% in 2026-2027. We project the debt to capitalization ratio to be around 47%-50% over the forecast period.

Manageable liquidity

We assess IRPC's liquidity as manageable. IRPC had THB9.9 billion in cash as of December 2024. The company has undrawn credit facilities around THB18 billion, plus an estimated FFO of THB3 billion. These sources of liquidity should enable IRPC to meet the maturing debt obligations in 2025 of around THB16 billion. IRPC's liquidity is also supported by the occasional extensions of credit terms from PTT with respect to payment of crude oil. Given its accessibility to credit markets, we expect IRPC to continue issuing debentures to support its capital spending and debt refinancing.

Debt structure

At the end of December 2024, IRPC's consolidated debt (excluding lease liability) was about THB72 billion, with a negligible amount of priority debt.

BASE-CASE ASSUMPTIONS

The key assumptions underpinning our base case for 2025-2027 include:

- Dubai crude oil price to be at around USD70 per barrel on average.
- Refinery's crude run at about 202 KBD in 2025, 206 KBD in 2026, and 189 KBD in 2027.
- Market GIM to be around USD6.6 per barrel in 2025, and around USD7.8 per barrel in 2026-2027.
- Capital spending to total THB9.1 billion.

RATING OUTLOOK

The "stable" outlook reflects our expectation that IRPC will continue to improve its credit metrics, as measured by cash flow against debt obligations, in the context of gradual revival in its key businesses and modest capital spending. We also expect the linkage between IRPC and PTT will remain intact.

RATING SENSITIVITIES

A revision to the company rating on IRPC is subject to changes in its SACP and/or its strategic relevance to the PTT Group.

We could upgrade the SACP if we see material improvement in credit metrics, which could potentially result from solidified GIM and greater resilience to industry cyclicity. Conversely, we could lower the SACP if IRPC's performance falls considerably below our estimates, or the company pursues more aggressive debt-funded investments that lead to a significant deterioration in its financial profile.

According to TRIS Rating's "Group Rating Methodology", any material changes in the linkage between IRPC and PTT that change our view on the group status and degree of support from PTT, could also impact the rating uplift from the company's SACP.

COMPANY OVERVIEW

IRPC formerly known as Thai Petrochemical Industry PLC (TPI) was founded by Leophairatana family in 1978. TPI had been listed on the Stock Exchange of Thailand (SET) in 1995. The company suffered from the financial crisis in 1997 and entered rehabilitation in 2000. After the successful rehabilitation in 2006, PTT group has become the major shareholder of IRPC. PTT has direct and indirect 48% shareholding in IRPC.

IRPC owns and operates fully-integrated petrochemicals complex in Rayong. The company operates through three businesses segments: Petroleum, Petrochemical, Utilities and Others.

In 2024, IRPC generated THB282 billion in net sales revenue. The Petroleum and Petrochemical units were the primary contributors to sales revenue, accounting for 78.3% and 20.2% of total sales revenue, respectively.

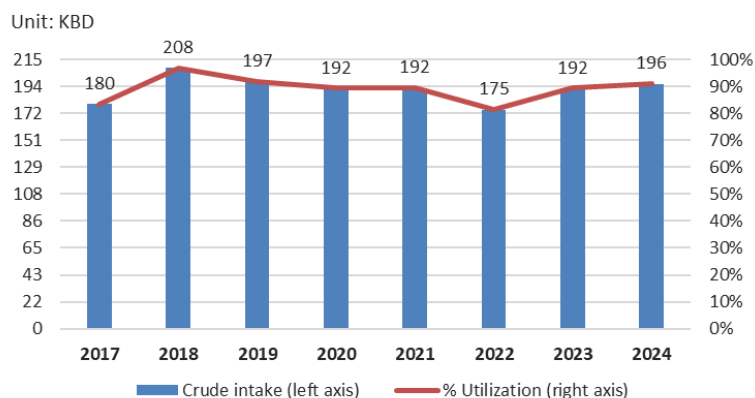
Petroleum business: IRPC's refinery has a total crude intake capacity of 215,000 barrels per day (bpd). Additionally, IRPC's Lube Base Oil plant has a total capacity of 320 kilotons per annum (KTA), and the associated asphalt plant has a total capacity of 600 KTA.

Petrochemical business: IRPC has upstream petrochemical products capacity both for olefins and aromatics chains. Olefins' main capacities consist of Ethylene (433 KTA), Propylene (732 KTA), and Butadiene (56 KTA). Aromatics' main capacities consist of Benzene (114 KTA), Toluene 132 (KTA), and Mixed Xylene 121 KTA. Upstream capacities are mostly used as feedstock for IRPC's downstream petrochemical plants both for polyolefins and polystyrenics. Polyolefins' main capacities consist of PP (775 KTA), High Density Polyethylene (HDPE, 140 KTA) while polystyrenics' main capacities consist of ABS (119 KTA), Styrene-acrylonitrile (105 KTA), Polystyrene (125 KTA), and Expandable Polystyrene (48 KTA).

Utilities and other businesses include generation and distribution of power and steam, as well as basic utilities such as wastewater management. IRPC has a cogeneration power plant with a total capacity of 307 megawatts (MW) for both internal usage and selling to external users. In addition, IRPC also provides Port and Tank services.

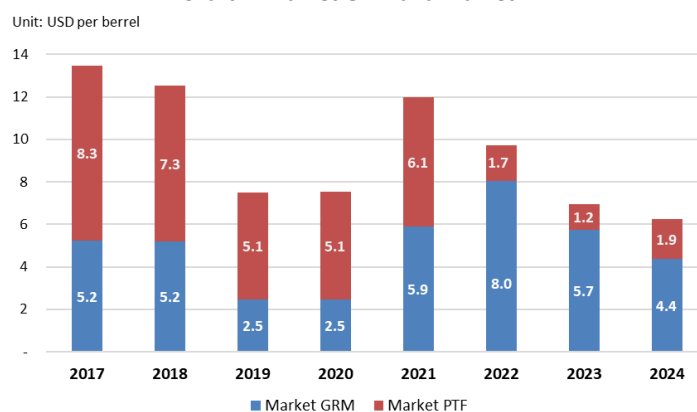
KEY OPERATING PERFORMANCE

Chart 1: Crude intake and % utilization



Source: IRPC

Chart 2: Market GRM and Market PTF



Source: IRPC

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	315,301	319,592	325,343	256,148	175,224
Earnings before interest and taxes (EBIT)	(3,618)	(1,508)	(3,805)	18,636	(4,163)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	5,180	7,034	4,146	26,641	4,715
Funds from operations (FFO)	2,313	4,402	2,026	24,019	2,660
Adjusted interest expense	2,815	2,591	2,088	1,850	2,039
Capital expenditures	4,453	12,069	8,899	3,061	3,666
Total assets	184,555	192,661	198,187	190,492	173,491
Adjusted debt	66,851	69,878	73,302	54,377	57,745
Adjusted equity	70,109	76,122	79,678	87,712	75,666
Adjusted Ratios					
EBITDA margin (%)	1.6	2.2	1.3	10.4	2.7
Pretax return on permanent capital (%)	(2.4)	(1.0)	(2.5)	12.6	(2.9)
EBITDA interest coverage (times)	1.8	2.7	2.0	14.4	2.3
Debt to EBITDA (times)	12.9	9.9	17.7	2.0	12.2
FFO to debt (%)	3.5	6.3	2.8	44.2	4.6
Debt to capitalization (%)	48.8	47.9	47.9	38.3	43.3

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

IRPC PLC (IRPC)

Company Rating:	A-
Issue Ratings:	
IRPC259A: THB4,000 million senior unsecured debentures due 2025	A-
IRPC265A: THB4,000 million senior unsecured debentures due 2026	A-
IRPC265B: THB500 million senior unsecured debentures due 2026	A-
IRPC265C: THB2,503 million senior unsecured debentures due 2026	A-
IRPC265D: THB700 million senior unsecured debentures due 2026	A-
IRPC275A: THB1,000 million senior unsecured debentures due 2027	A-
IRPC275B: THB6,000 million senior unsecured debentures due 2027	A-
IRPC281A: THB3,000 million senior unsecured debentures due 2028	A-
IRPC285A: THB2,000 million senior unsecured debentures due 2028	A-
IRPC285B: THB2,852.5 million senior unsecured debentures due 2028	A-
IRPC285C: THB900 million senior unsecured debentures due 2028	A-
IRPC293A: THB4,005.4 million senior unsecured debentures due 2029	A-
IRPC295A: THB750 million senior unsecured debentures due 2029	A-
IRPC303A: THB1,000 million senior unsecured debentures due 2030	A-
IRPC305A: THB2,803.5 million senior unsecured debentures due 2030	A-
IRPC305B: THB200 million senior unsecured debentures due 2030	A-
IRPC309A: THB1,300 million senior unsecured debentures due 2030	A-
IRPC313A: THB1,797.2 million senior unsecured debentures due 2031	A-
IRPC315A: THB2,000 million senior unsecured debentures due 2031	A-
IRPC323A: THB699.3 million senior unsecured debentures due 2032	A-
IRPC325A: THB1,500 million senior unsecured debentures due 2032	A-
IRPC335A: THB1,841 million senior unsecured debentures due 2033	A-
IRPC335B: THB200 million senior unsecured debentures due 2033	A-
IRPC343A: THB498.1 million senior unsecured debentures due 2034	A-
IRPC345A: THB2,250 million senior unsecured debentures due 2034	A-
IRPC359A: THB2,700 million senior unsecured debentures due 2035	A-
IRPC365A: THB2,000 million senior unsecured debentures due 2036	A-
Rating Outlook:	Stable

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