

NATIONAL POWER SUPPLY

No. 142/2025
29 August 2025

CORPORATES

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 13/03/25

Rating History:

Date	Rating	Outlook/Alert
20/08/21	BBB+	Stable
28/08/20	BBB	Stable
16/11/17	BBB-	Stable
28/11/16	BBB	Negative
08/01/10	BBB	Stable
21/07/05	BBB+	Stable

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RATIONALE

TRIS Rating affirms the company rating on National Power Supply PLC (NPS) and the ratings on its senior unsecured debentures at “BBB+” with a “stable” outlook.

The ratings reflect NPS’s relatively predictable cash flow, underpinned by power purchase agreements (PPAs) with Double A (1991) PLC (DA, rated “BBB+/Stable”) and Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”). The ratings also incorporate our expectation that NPS will achieve its target to expand its industrial customer base to largely offset the decline in electricity sales to EGAT. However, the ratings remain constrained by the company’s sizable investment plans and ongoing intra-group restructuring activities.

KEY RATING CONSIDERATIONS

Stable financial performance despite EGAT PPA expiries

We view NPS as having undergone a smooth operational transition following the expiry of its total 221-megawatt (MW) PPAs with EGAT in 2024. Despite a decline in contracted capacity and an unplanned shutdown, NPS sustained an EBITDA of about THB3.9 billion for the year.

For the first half of 2025, the company’s EBITDA increased to THB2.2 billion, marking a 21% year-on-year (y-o-y) rise. The growth was primarily driven by higher electricity sales to industrial customers, which helped offset reduced electricity sales to EGAT. The end of PPAs allowed NPS to reallocate coal-fired generation capacity toward industrial customers, where margins are higher than those under EGAT’s tariff structure.

Electricity sales to industrial customers reached 2,105 gigawatt-hours (GWh) in 2024 (up 9% y-o-y) and continued to grow to 1,137 GWh in the first half of 2025 (up 15% y-o-y). The improved EBITDA also reflects better cost control in operations and maintenance, along with an enhanced overall spark spread—the difference between the price of electricity and fuel cost—which rose from THB1.76 per kilowatt-hour (kWh) in 2024 to THB1.90 per kWh in the first half of 2025.

In our base-case forecast for 2025–2027, we project average capacity sold to industrial customers, including DA, to grow to 380–390 MW in 2027, up from 308 MW in 2024. This is based on projected increase in electricity sales to industrial customers to 2,700–2,800 GWh in 2027, up from 2,105 GWh in 2024. We expect the increased sales to industrial customers to largely offset the projected decline in electricity sales to EGAT, which is anticipated to fall to around 400–450 GWh in 2027.

Expanding industrial customer base

NPS is actively expanding its industrial customer base by leveraging its multi-fuel power plants located in strategic sites within the 304 Industrial Park in Prachin Buri and Chachoengsao provinces. The company is targeting high-growth sectors such as printed circuit boards (PCB), electronic components, chemicals, food and beverage, and packaging—industries with rising demand for electricity and industrial water.

As of June 2025, contracted capacity with EGAT stood at 75 MW, all under the Feed-in Tariff (FiT) scheme. Revenue from EGAT PPAs accounted for

about 12% of total operating revenue in the first half of 2025, down from an average of 30% during 2021–2023. The remaining 75-MW EGAT PPA capacity is scheduled to fully expire by 2027.

While expansion of industrial customers is expected to partially offset the decline in EGAT sales, this segment carries earnings volatility since electricity sales depend on the production activities of each industrial customer, which generally vary with macroeconomic conditions.

Limited effectiveness of cost pass-through

We see potential volatility in NPS's spark spread due to a mismatch between its revenue structure and cost base. The electricity tariff charged to industrial customers is linked to the fuel adjustment charge (Ft), which is primarily influenced by natural gas and liquefied natural gas (LNG) prices. In contrast, NPS's electricity generation costs are mainly driven by imported coal, biomass, and black liquor. This disconnect can lead to margin pressure when fuel costs rise but Ft adjustments lag.

For 2025–2026, we expect the overall spark spread to improve to around THB1.85–THB1.90 per kilowatt-hour (kWh), supported by higher electricity tariffs to industrial customers—exceeding the rates under the expired total 180-MW PPAs with EGAT. However, we project average Ft to decline from THB0.21–THB0.24 per kWh in 2025–2026 to about THB0.11 per kWh in 2027, which will exert downward pressure on the spark spread. As a result, we forecast NPS's overall spark spread to narrow to around THB1.75 per kWh in 2027.

Consequently, we expect NPS's EBITDA to rise to around THB5.1 billion in 2026, driven by growth in industrial electricity sales. In 2027, we project EBITDA to decline slightly to around THB4.9 billion, reflecting the full expiration of EGAT PPAs and the anticipated narrowing of the spark spread.

High investment to keep debt elevated

We expect NPS's adjusted debt to gradually rise to about THB20 billion by the end of 2027 from THB18.4 billion at the end of 2024, due to a large investment plan. We forecast NPS to allocate THB12.0–THB13.0 billion toward capital expenditure and equity investments during 2025–2027. Key projects include the development of a 130-MW black liquor power plant with a total cost of about THB7.0–THB8.0 billion. Other investment spending will cover maintenance and efficiency upgrades, expansion of the industrial water supply network to meet rising demand, and equity contributions to the 560-MW Burapa Power Project.

We view these investments as consistent with the company's strategy to attract industrial customers seeking reliable industrial water, to supply electricity generated from biomass, and to invest in new power plant projects with PPAs from EGAT.

Disciplined capital structure to contain financial leverage rise

In 2024 the company demonstrated its commitment to improve its capital structure by refraining from paying dividends and raising equity of THB900 million. As a result, the debt to capitalization ratio declined from 70.8% at the end of 2023 to 64.1% as of June 2025.

Despite the financial strain posed by its investment pipeline, we expect disciplined capital structure management, together with growing EBITDA, to gradually reduce the debt to EBITDA ratio to around 3.9–4.2 times in 2026–2027, down from 4.8 times in 2024. This reflects our assumption that NPS's management will pursue their plan to withhold the company's dividend payouts until the company can raise funds through an initial public offering (IPO) of its subsidiary. In our base-case forecast, no dividend payouts are expected through 2027, allowing NPS to further reduce its debt to capitalization ratio toward 60%.

However, the company's ongoing intra-group restructuring poses potential risks. If not carefully managed, these activities could undermine NPS's financial stability by introducing uncertainties related to asset transfers and intercompany obligations.

Manageable liquidity

We assess NPS's liquidity to be manageable in the next 12 months. As of June 2025, NPS had cash and cash equivalents of about THB2.1 billion, alongside expected funds from operations (FFO) of around THB3.3 billion over the next 12 months. In addition, NPS had access to THB760 million in undrawn credit facilities and expected a loan repayment of THB1.1 billion from a related party.

These sources should be sufficient to partially meet the company's funding needs over the next 12 months, which include debt and debentures maturing for a total of THB4.9 billion, as well as committed investments in maintenance, efficiency improvements, industrial water capacity expansion, and equity contributions to the Burapa Power Project—amounting to approximately THB2.0 billion in total.

Apart from that, the company will need to secure additional funding for the 130-MW black-liquor power plant project, with an estimated capital spending of around THB4 billion over the next 12 months. We expect the company to proceed with the investment, subject to the availability of additional funding sources. We expect NPS to pursue new project financing, continuation of the available revolving credit facilities, and access to the debt capital market for rolling over maturing debentures. We also expect the company to continue to carry out early redemption of near-maturity debentures to maintain liquidity flexibility.

Debt structure

As of June 2025, NPS reported total debt of THB20.1 billion, made up mainly of senior unsecured debentures totalling THB18.1 billion. Its priority debt totalled THB2.0 billion, representing about 10% of total debt. The priority debt consists solely of secured debt held at its operating subsidiaries.

BASE-CASE ASSUMPTIONS

Key assumptions in TRIS Rating's base-case forecast for 2025–2027 are as follows:

- A plant availability factor of 80%–85%.
- Electricity sales to industrial customers, including DA, are expected to grow at a compound annual growth rate of 10%.
- Total capital expenditure and equity investments are projected to amount to around THB12–THB13 billion.
- No dividend payments throughout the forecast period.

RATING OUTLOOK

The “stable” outlook reflects our expectation that NPS will maintain stable power plant operations over the forecast period, while also continuing to grow its sales to industrial customers. We also expect the company to maintain its disciplined approach to investment and capital structure planning. These should sustain NPS's earnings and credit metrics that align with our base-case forecast.

RATING SENSITIVITIES

An upgrade of the ratings is unlikely over the next 12–18 months. In contrast, downward rating pressure could arise if the company's financial risk profile materially deviates from our base-case forecast. This could be due to weaker-than-expected operating performance, particularly if growth in demand from industrial customers falls short of projections. Other downside risks include substantial debt-funded investments that could impair the company's financial standing, or dividend distributions to shareholders that contradict our assumption.

COMPANY OVERVIEW

NPS was established in July 1995 and is a leading operator of biomass power plants in Thailand, supplying electricity to EGAT and serving the power demand of customers within the 304 Industrial Park in Prachin Buri and Chachoengsao provinces. The company's ultimate shareholder, Mr. Yothin Dumnernchanvanit, indirectly holds 99% of NPS's shares.

As of June 2025, NPS owned and operated nine biomass and coal-fired power plants with a combined capacity of 736 MW and 2,469 tonnes per hour of steam. Additionally, the company is expanding its portfolio to include floating solar power generation, reaching a total capacity of 110 MW as of June 2025. Since 2022, NPS has also invested in a biomass power plant in France, which has a capacity of 35 MW of electricity and 175 tonnes per hour of steam.

NPS has diversified into energy-related and supporting businesses. During 2021–2024, around 80% of the company's EBITDA, on average, was generated from the power and steam segment, with the remainder coming from industrial water and other businesses

KEY OPERATING PERFORMANCE

Table 1: NPS's EBITDA Breakdown

Segment	2021	2022	2023	2024	Jan-Jun 2025
Power and steam	90.4%	63.0%	82.0%	83.6%	82.0%
Industrial water	10.4%	17.7%	11.7%	8.6%	9.3%
Transportation and marine	-2.7%	7.6%	3.0%	2.2%	5.6%
Others	1.9%	11.8%	3.3%	5.6%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total EBITDA (mil. THB)		2,827	3,934	3,857	2,201

Source: NPS

Table 2: NPS's Plant Performance Statistics

Segment	2021	2022	2023	2024	Jan-Jun 2025
Net output (GWhe) *	3,954	3,824	3,624	3,347	1,598
Plant heat rate (Btu/kWhe)	13,230	13,262	13,606	13,125	12,778
Availability (%)	85.0	83.7	80.2	75.5	78.8
Forced outage (%)	6.7	7.7	8.9	11.4	4.6
Schedule & maintenance outage (%)	8.3	8.7	10.9	13.1	16.7

* Net output of power and steam

Source: NPS

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Jun 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	8,305	17,707	19,827	19,328	16,953
Earnings before interest and taxes (EBIT)	1,234	1,974	2,054	947	2,359
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,201	3,857	3,934	2,827	4,021
Funds from operations (FFO)	1,684	2,743	2,900	1,827	3,109
Adjusted interest expense	510	1,056	1,023	993	865
Capital expenditures	562	2,376	3,584	2,692	860
Total assets	33,510	32,130	32,246	34,437	32,279
Adjusted debt	18,806	18,443	19,542	19,504	14,172
Adjusted equity	10,529	9,654	8,055	10,934	11,322
Adjusted Ratios					
EBITDA margin (%)	26.5	21.8	19.8	14.6	23.7
Pretax return on permanent capital (%)	7.6 **	6.7	6.8	3.1	8.4
EBITDA interest coverage (times)	4.3	3.7	3.8	2.8	4.7
Debt to EBITDA (times)	4.4 **	4.8	5.0	6.9	3.5
FFO to debt (%)	16.7 **	14.9	14.8	9.4	21.9
Debt to capitalization (%)	64.1	65.6	70.8	64.1	55.6

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

National Power Supply PLC (NPS)

Company Rating:	BBB+
Issue Ratings:	
NPS265A: THB2,000 million senior unsecured debentures due 2026	BBB+
NPS265B: THB1,000 million senior unsecured debentures due 2026	BBB+
NPS273A: THB2,250 million senior unsecured debentures due 2027	BBB+
NPS27NA: THB1,500 million senior unsecured debentures due 2027	BBB+
NPS284A: THB500 million senior unsecured debentures due 2028	BBB+
NPS286A: THB761.9 million senior unsecured debentures due 2028	BBB+
NPS28NA: THB2,800 million senior unsecured debentures due 2028	BBB+
NPS295A: THB2,500 million senior unsecured debentures due 2029	BBB+
NPS304A: THB1,000 million senior unsecured debentures due 2030	BBB+
NPS306A: THB1,391.4 million senior unsecured debentures due 2030	BBB+
NPS324A: THB1,000 million senior unsecured debentures due 2032	BBB+
Rating Outlook:	Stable

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