

# UAC GLOBAL PLC

No. 79/2025  
22 May 2025

## CORPORATES

**Company Rating:** BBB-  
**Outlook:** Stable

**Last Review Date:** 17/05/24

### Company Rating History:

| Date     | Rating | Outlook/Alert |
|----------|--------|---------------|
| 17/05/24 | BBB-   | Negative      |
| 05/05/22 | BBB-   | Stable        |

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## RATIONALE

TRIS Rating revises the rating outlook on UAC Global PLC (UAC) to “stable” from “negative” and affirms the company rating at “BBB-”. The outlook revision follows our expectation of a significant reduction in UAC’s financial leverage.

The rating reflects UAC’s position as a competitive chemicals and equipment trader in Thailand, alongside its prudent financial policy with low gearing. However, the rating is held back by the company’s small business scale, high dependence on major customers and suppliers, as well as the underperformance and risks associated with its energy projects.

## KEY RATING CONSIDERATIONS

### Significant debt reduction, low leverage policy

The revised outlook reflects our expectation of UAC’s lower debt loads. The total proceeds of THB847 million from the recent sale of its entire stake in a key associated company, BBGI Biodiesel Co., Ltd. (BBGI-BI), plus cash dividends, should support UAC’s deleveraging plan.

Looking ahead, we believe UAC will maintain low gearing, which is an essential factor in upholding the rating. With annual capital expenditure and investments of THB50-THB100 million, we forecast its debt to EBITDA ratio will remain in the 1-2 times range while funds from operations (FFO) to debt ratio is likely to exceed 40% during 2025-2027. The debt to capitalization ratio should stay below 20%, lower than the 30%-40% range in past years.

### Competitive strengths in trading business

UAC’s strengths in trading chemicals and equipment continue to support the rating. Our base-case projection expects this core business will generate THB1.5-THB1.6 billion annually during 2025-2027, making up about 80% of total revenue.

We believe UAC will remain competitive and profitable based on its operating track record, strong customer relationships, and technical expertise. The company is an authorized distributor for global suppliers, serving multiple refineries and petrochemical companies in Thailand. Its products are highly regarded alongside strong technical support, which is an important element behind customer retention.

### High dependence on major customers and suppliers

The trading business heavily relies on key suppliers and customers. In the past three years, the company has sourced nearly 70% of its products from the top five suppliers and sold over 30% to the top five customers. The loss of one or two suppliers or customers could significantly affect its operations.

UAC’s established relationships with key suppliers and customers alleviate concerns about overreliance, as evidenced by the consistent renewal of supply contracts and the stability of its customer base. These customers, predominantly from the oil and gas, petrochemicals, and utility sectors, tend to avoid changing suppliers due to the associated costs.

### Underperformance and risks associated with energy projects

UAC’s key existing energy projects have delivered unsatisfactory operating results in recent years, resulting in a significant impairment of THB158 million in 2024. The Petroleum Production Plant (PPP) and two gas-fired power plants

in Sukhothai Province have run at low utilization rates due to insufficient associated gas from PTT Exploration and Production PLC (PTTEP). As the inherent resource risk is likely to persist, we expect the performance of this pool of assets to remain weak.

For the investments in biogas power, the Mae Tang power plant has not met performance targets, while the Phu Pha Man power plant has experienced delays in full commercial operations. Similarly, we view UAC's biogas power assets to remain exposed to high operational risk and fuel supply uncertainty. We expect earnings from these biogas power plants will remain immaterial over the next three years.

At the same time, we recognize the potential of the L10/43 and L11/43 petroleum production projects. We expect these projects will likely perform satisfactorily with positive cash flows, despite UAC's lack of proven operating record and uncertain petroleum reserves.

Our base-case forecast estimates that the mentioned energy and petroleum projects, along with the other two small solar rooftops projects, will bring in THB340-THB400 million in annual revenue over the next three years.

#### **Success of overseas RDF projects to be proven**

UAC has initiated its international expansion with two waste management projects in the Lao PDR and Indonesia. Both will produce refuse derived fuel (RDF) by using municipal solid waste as raw material and supply it mainly to cement producers. The first project in the Lao PDR has not yet delivered satisfactory operating results and needs further fine-tuning. The second project in Indonesia has encountered completion delays and is now scheduled to commence operations in the second half of 2025. As a result, the success of both projects remains to be seen.

We view UAC's absence of an established history in RDF production as notable challenges. Also, these projects have exposed the company to country and regulatory risks, as well as currency convertibility risks. Nevertheless, we view the associated risks as tolerable given the projects' small scale. Our forecast estimates that both overseas projects will generate a total annual revenue of less than THB100 million over the next three years.

#### **Smaller earnings base**

Looking ahead, we expect UAC to have a smaller earnings base. The divestment of its BBGI-BI stake is expected to cut annual dividend income by THB40-THB50 million. Also, the heightened economic risk from the ongoing trade tensions threatens to squeeze the profit margins of the core trading business. While we expect the energy and petroleum business performance to improve, their earnings contribution should remain small.

Our base-case scenario projects UAC's EBITDA to range between THB220-THB300 million annually for the forecast period of 2025-2027, down from our previous estimate of over THB300 million. Total operating revenue will likely be around THB2 billion annually. In our view, the smaller earnings base limits investment capability and leads to less resilience to unforeseen adverse business conditions. Any large new investments may lead to a surge in debt relative to EBITDA generated from its existing assets.

#### **Sufficient liquidity**

We assess UAC's liquidity to be adequate over the next 12 months. As of March 2025, the company's cash amounted to about THB1 billion, while debt obligations due within the next 12 months totaled THB672 million, including THB500 million debentures. The company intends to repay the maturing debentures with cash on hand.

#### **Debt structure**

As of March 2025, UAC's consolidated debt, excluding lease liabilities, totaled THB817 million. Of this, THB317 million was priority debt, comprising secured debt owed by UAC and all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was 39%.

#### **BASE-CASE ASSUMPTIONS**

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

- Total operating revenue to stay around THB2 billion per annum.
- Overall gross margin to stay around 18%-21%.
- Capital expenditure and investments to be THB100 million in 2025, and THB50 million annually in 2026-2027.

## RATING OUTLOOK

The "stable" outlook reflects our expectation that UAC's trading business will continue to be the primary driver of its performance and the energy projects currently in development will commence operations as planned, delivering satisfactory outcomes. Also, the company will maintain its discipline in capital spending and maintain low financial leverage.

## RATING SENSITIVITIES

We view the chance of a rating upgrade as remote. Conversely, a rating downside may arise if UAC's earnings fall significantly below our baseline forecast or the company adopts an aggressive investment policy, leading to a material deterioration in credit metrics. An indication of this would be a sustained debt to EBITDA ratio above 2 times.

## COMPANY OVERVIEW

UAC was founded in 1995 by the Jivacate family as a supplier of chemicals and equipment mainly for the oil refinery and upstream petrochemicals industries. The company later expanded into the energy and chemical businesses and received a concession to produce petroleum. UAC was listed on the Market for Alternative Investment (MAI) in 2010 and moved to the Stock Exchange of Thailand (SET) in February 2020. As of February 2025, the Jivacate family was the major shareholder, holding approximately 56.2% of UAC.

The trading business accounted for the majority (83%) of UAC's total revenue in 2024, followed by the energy and petroleum business (17%). The trading business serves companies in oil and gas, petrochemicals, and utility sectors. UAC imports a host of chemical products, such as adsorbent and molecular sieve products, and filtration products. The company is an authorized distributor of global manufacturers, including Honeywell, and PALL Corporation.

In the energy and petroleum segment, UAC's PPP produces several petroleum products including liquefied petroleum gas (LPG), natural gas liquids, and methane. The company also holds a long-term concession to produce petroleum near its PPP. With respect to power production, UAC's aggregate installed capacity was 16.1 megawatts (MW) as of March 2025. UAC's power projects include two biogas power plants using Napier grass as the major raw material, two gas-fired power plants, two small solar rooftop projects, and one waste-to-energy (WTE) project. Apart from the domestic projects, UAC owns two RDF production projects located in the Lao PDR and Indonesia.

## KEY OPERATING PERFORMANCE

**Table 1: Revenue Breakdown**

Unit: %

| Business                        | 2021         | 2022         | 2023         | 2024         | Jan-Mar 2025 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Trading                         | 66           | 84           | 84           | 83           | 80           |
| Chemicals                       | 23           | -            | -            | -            | -            |
| Energy and Petroleum            | 11           | 16           | 16           | 17           | 20           |
| <b>Total</b>                    | <b>100</b>   | <b>100</b>   | <b>100</b>   | <b>100</b>   | <b>100</b>   |
| <b>Total revenue (mil. THB)</b> | <b>1,466</b> | <b>1,281</b> | <b>1,590</b> | <b>2,189</b> | <b>476</b>   |

Source: UAC

**Table 2: Current Power Project Portfolio**

| Project                          | Held by UAC | Installed Capacity (MW) | Contracted Capacity (MW) | Tariff     |
|----------------------------------|-------------|-------------------------|--------------------------|------------|
| <b>Solar Rooftop</b>             |             |                         |                          |            |
| VBD                              | 99%         | 0.75                    | 0.75                     | FiT        |
| SHT                              | 100%        | 0.92                    | 1.00                     | FiT        |
| <b>Sub total - Solar Rooftop</b> |             | <b>1.67</b>             | <b>1.75</b>              |            |
| <b>Gas</b>                       |             |                         |                          |            |
| STA                              | 100%        | 3.90                    | 3.60                     | TOU        |
| PDT                              | 100%        | 3.00                    | 2.62                     | TOU        |
| <b>Sub total - Gas</b>           |             | <b>6.90</b>             | <b>6.22</b>              |            |
| <b>Biogas</b>                    |             |                         |                          |            |
| MT2                              | 100%        | 1.50                    | 1.00                     | FiT        |
| PPM                              | 45%         | 3.00                    | 3.00                     | FiT        |
| <b>Sub total - Biogas</b>        |             | <b>4.50</b>             | <b>4.00</b>              | <b>FiT</b> |
| <b>Waste</b>                     |             |                         |                          |            |
| ODIN                             | 10%         | 3.00                    | 2.45                     | FiT        |
| <b>Sub total - Waste</b>         |             | <b>3.00</b>             | <b>2.45</b>              | <b>FiT</b> |
| <b>Grand total</b>               |             | <b>16.07</b>            | <b>14.42</b>             |            |

Source: UAC

VBD : Von Bundit  
SHT : Sahathai Steel Pipe  
MT2 : Mae Taeng 2  
ODIN : Odin

STA : Sao Thian-A  
PDT : Pra Du Thao  
PPM : Phu Pha Man

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

|  | Jan-Mar 2025 | -----Year Ended 31 December ----- |       |       |       |
|--|--------------|-----------------------------------|-------|-------|-------|
|  |              | 2024                              | 2023  | 2022  | 2021  |
| Total operating revenues   | 485          | 2,215                             | 1,633 | 1,325 | 1,521 |
| Earnings before interest and taxes (EBIT)                                | 67           | 256                               | 208   | 110   | 292   |
| Earnings before interest, taxes, depreciation, and amortization (EBITDA) | 96           | 742                               | 268   | 146   | 416   |
| Funds from operations (FFO)  | 62           | 575                               | 172   | 90    | 356   |
| Adjusted interest expense  | 12           | 50                                | 45    | 41    | 49    |
| Capital expenditures   | 18           | 254                               | 91    | 86    | 43    |
| Total assets   | 3,511        | 3,591                             | 3,638 | 3,547 | 3,217 |
| Adjusted debt  | 226          | 370                               | 766   | 1,190 | 945   |
| Adjusted equity  | 1,820        | 1,782                             | 1,856 | 1,725 | 1,771 |
| <b>Adjusted Ratios</b>   |              |                                   |       |       |       |
| EBITDA margin (%)  | 19.7         | 33.5                              | 16.4  | 11.0  | 27.4  |
| Pretax return on permanent capital (%)                                   | 7.2 **       | 8.4                               | 6.8   | 3.8   | 10.5  |
| EBITDA interest coverage (times)   | 7.7          | 15.0                              | 6.0   | 3.6   | 8.5   |
| Debt to EBITDA (times)   | 0.3 **       | 0.5                               | 2.9   | 8.2   | 2.3   |
| FFO to debt (%)  | 254.5 **     | 155.3                             | 22.5  | 7.6   | 37.7  |
| Debt to capitalization (%)   | 11.0         | 17.2                              | 29.2  | 40.8  | 34.8  |

\* Consolidated financial statements

\*\* Adjusted with trailing 12 months

## RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

## UAC Global PLC (UAC)

|                 |        |
|-----------------|--------|
| Company Rating: | BBB-   |
| Rating Outlook: | Stable |

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