

Ratchaburi Electricity Generating Company Limited

Company Rating:	AA
Issue Rating:	
RG106A: Bt3,000 million senior secured debentures due 2010	AA
Rating Outlook:	Stable

Rating History:	Company Rating	Issue Rating	
		Secured	Unsecured
30 Jun 2005	AA/Stable	AA	-
15 Jun 2005	AA/Stable	-	-
12 Jul 2004	AA-/Stable	-	-
26 Jun 2003	AA-	-	-

Rating Rationale

TRIS Rating affirms the company rating of Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) and the rating of its senior secured debentures at “AA”. The ratings reflect RATCHGEN’s stable cash flow from the well-structured and state-of-the-art Ratchaburi power plant, long experience in the power sector, and its proven record of managing power plants. Declining demand for electricity may have no immediate impact on the company’s cash flow. However, a drop in demand will lower the dispatch level and expose the company to higher operational risk.

RATCHGEN is a wholly-owned subsidiary of Ratchaburi Electricity Generating Holding PLC (RATCH), which is 45% owned by the Electricity Generating Authority of Thailand (EGAT). RATCHGEN is the largest private power generating company in Thailand, with total installed capacity of 3,645 megawatts (MW), representing 12% of Thailand’s total installed capacity as of December 2008. EGAT has 25-year power purchase agreements (PPAs) with RATCHGEN, while PTT PLC has a 25-year gas sale agreement (GSA) with the company.

For the first nine months of 2008, the company’s combined cycle gas turbine units (CCGT) in the Ratchaburi power plant continued to outperform the target, reaching an average plant availability level of 89% and a dispatch level of 77%. For the thermal units, though they can maintain average availability as high as 92%, the dispatch level for the first nine months of 2008 declined to 52%. The drop was due to an insufficient supply of natural gas from PTT and weak demand for electricity throughout the country. Electricity sales in 2008 reached Bt42,183 million, net profit was Bt5,489 million. The debt service coverage ratio (DSCR), excluding changes in reserve accounts and working capital, was 2.0 times as of December 2008.

Rating Outlook

The “stable” outlook reflects TRIS Rating’s expectation that RATCHGEN will continue to receive stable cash flows from the Ratchaburi power plant. The power units of the plant are expected to maintain their operating performance in line with the PPA targets.

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