RATCHABURI ELECTRICITY GENERATING CO., LTD.

No. 28/2013 25 April 2013

Company Rating: AA+

Outlook: Stable

New Issue Rating: -

Rating History:

Date	Company	Issue (Secured/ Unsecured)
04/03/11	AA/Sta	-/AA
30/06/05	AA/Sta	AA/-
15/06/05	AA/Sta	-
12/07/04	AA-/Sta	-
26/06/03	AA-	-

Contacts:
Sermwit Sriyotha
sermwit@trisrating.com

Rungrat Suntornpagasit
rungrat@trisrating.com

Thiranart Napapruekchart
thiranart@ trisrating.com

Nopalak Rakthum
nopalak@trisrating.com

Wiyada Pratoomsuwan, CFA
wiyada@trisrating.com

WWW.TRISRATING.COM

Rating Rationale

TRIS Rating upgrades the company and issue ratings of Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) to “AA+” from “AA”. The upgrade is based on the company’s demonstrated ability to provide better-than-expected operating performance and its strengthened cash flow protection. The ratings continue to reflect RATCHGEN’s stable cash flows generated under the long-term power purchase agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT), well-structured and state-of-the-art Ratchaburi power plant, as well as the company’s proven record of power plant management.

RATCHGEN is a wholly-owned subsidiary of Ratchaburi Electricity Generating Holding PLC (RATCH), which is 45% owned by EGAT. RATCHGEN is the largest Independent Power Producer (IPP) in Thailand. Its power plant consists of two thermal units and three combined cycle gas turbine (CCGT) units, with total installed capacity of 3,645 megawatts (MW), representing 11% of Thailand’s total installed capacity at the end of 2012. RATCHGEN sells electricity to EGAT under 25-year PPAs and buys gas from PTT PLC under a 25-year gas sale agreement (GSA).

In 2012, the operating statistics of the RATCHGEN power plant were impressive. The CCGT units continued to outperform the targets, reaching an average plant availability level of 90.0% and a heat rate of 7,241 BTU/kWh. The thermal units could maintain an average availability level as high as 97.0% with a heat rate of 10,196 BTU/kWh. The dispatch levels for both the thermal and CCGT units in 2012 were 31.7% and 71.9%, respectively. These dispatch levels were higher than the levels achieved in 2011: 28.1% for the thermal units and 65.9% for the CCGT units. Although the dispatch level is lower than in the past, it have had little impact on the company’s net profit since net profit is driven mainly by the revenue RATCHGEN receives from Availability Payment (AP).

RATCHGEN’s electricity sales in 2012 increased by 25.7% to Bt51,794 million while its net profit increased by 18.9% to Bt4,867 million. The increase in net profit resulted from a lower corporate income tax rate, higher AP revenue as dictated in the PPAs, and some gain from Energy Payment (EP) revenue, as the plant’s efficiency level exceeded the target set in the PPAs. In 2012, RATCHGEN’s cash flow protection continued to improve, with earnings before interest, tax, depreciation, and amortization (EBITDA) stabilizing at approximately Bt9,000 million, compared with the declining debt from Bt22,831 million at the end of 2008 to Bt14,700 million at the end of 2012. The EBITDA interest coverage ratio improved from 7.5 times in 2008 to 16.9 times in 2012. The ratio of funds from operation (FFO) to total debt also rose, increasing from 36.2% in 2008 to 49.8% in 2012. The total debt to capitalization ratio improved from 51.6% at the end of 2008 to 40.0% in 2011 and 2012, in accordance with the debt repayment schedule. The last tranche of RATCHGEN’s outstanding debentures will mature in March 2015, 10 years before the end of the first PPA.

Rating Outlook

The “stable” outlook reflects TRIS Rating’s expectation that RATCHGEN will continue to maintain the plant availability and operating performance levels in line with the targets set in the PPAs and will generate reliable revenues throughout the life of the PPA, ending 2025-2027.

Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN)

Company Rating:	AA+
Issue Ratings:	
RG136A: Bt970.4 million senior debentures due 2013	AA+
RG139A: Bt1,006.8 million senior debentures due 2013	AA+
RG13DA: Bt1,006.8 million senior debentures due 2013	AA+
RG143A: Bt1,210.6 million senior debentures due 2014	AA+
RG146A: Bt1,271.3 million senior debentures due 2014	AA+
RG149A: Bt1,557.6 million senior debentures due 2014	AA+
RG14DA: Bt921.9 million senior debentures due 2014	AA+
RG153A: Bt721.4 million senior debentures due 2015	AA+
Rating Outlook:	Stable

Performance Statistics of Ratchaburi Power Plant

	Unit	2012 (Target)	2012 (Actual)	2011	2010	2009
Thermal Units						
Net electrical output	GWh	2,953	3,882	3,113	4,351	1,788
Dispatch factor	%	25.0	31.7	28.1	35.9	16.4
EAF* avg. 12 months	%	97.1	97.0	87.8	96.0	87.2
Plant heat rate	BTU/kWh	10,219	10,196	10,060	10,116	10,123
Dependable capacity	MW	1,440	1,440	1,440	1,440	1,440
Planned outage	Hours	-	-	1,920	-	1,920
Forced outage	Hours		8	71	648	15
Maintenance outage	Hours	496.0	441	150	-	23
CCGT Units						
Net electrical output	GWh	10,787	11,415	10,467	12,322	10,536
Dispatch factor	%	70.0	71.9	65.9	77.1	68.5
EAF avg. 12 months	%	89.8	90.0	90.1	90.8	87.4
Plant heat rate	BTU/kWh	7,281	7,241	7,222	7,208	7,214
Dependable capacity	MW	2,011	2,011	2,011	2,011	2,011
Planned outage	Hours	1,968	1,734	1,622	1,545	2,262
Forced outage	Hours		172	224	3	8
Maintenance outage	Hours	2,292	1,726	699	208	233

* *Equivalent Availability Factor (EAF)*

Financial Statistics and Key Financial Ratios

Unit: Bt million

	---------------------------- Year Ended 31 December --------------------------				
	2012	**2011**	**2010**	**2009**	**2008**
Sales	51,794	41,205	42,104	35,313	42,183
Gross interest expense	554	603	677	861	1,295
Net income from operations	4,867	4,092	3,816	5,014	5,489
Funds from operations (FFO)	7,326	6,687	6,529	7,834	8,265
Earnings before interest, tax, depreciation, and amortization (EBITDA)	9,364	9,123	8,434	9,527	9,766
Capital expenditures	19	18	11	59	244
Total assets	42,956	41,802	45,141	47,451	51,072
Total debt	14,700	13,240	16,860	19,640	22,831
Shareholders' equity	20,795	20,670	21,089	20,699	21,377
Operating income before depreciation and amortization as % of sales	17.8	21.7	19.8	26.5	22.7
Pretax return on permanent capital (%)	19.8	18.3	14.7	15.8	15.2
EBITDA interest coverage (times)	16.9	15.1	12.5	11.1	7.5
FFO/total debt (%)	49.8	50.5	38.7	39.9	36.2
Total debt/capitalization (%)	41.4	39.0	44.4	48.7	51.6
Cash available for debt service	8,403	8,090	10,008	9,544	8,686
Total debt service	4,217	4,252	3,501	4,094	4,910
Total debt service coverage ratio (DSCR) (times)	2.0	1.9	2.9	2.3	1.8

TRIS Rating Co., Ltd.
Tel: 0-2231-3011 ext 500 / Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand www.trisrating.com