

# BANGCHAK CORPORATION PLC

No. 1/2023  
19 January 2023

## CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Hybrid	BBB+
CreditAlert:	Negative

Last Review Date: 27/10/22

### Company Rating History:

Date	Rating	Outlook/Alert
27/10/22	A	Stable
09/12/20	A-	Stable
11/06/20	A	Negative
04/11/15	A	Stable
26/12/12	A-	Stable
06/07/12	A-	Alert Negative
12/10/10	A-	Stable
05/11/09	BBB+	Positive
05/11/08	BBB+	Stable

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## RATIONALE

TRIS Rating places CreditAlert with a “negative” implication on all ratings on Bangchak Corporation PLC (BCP). These include the company rating on BCP, as well as the ratings on its senior unsecured debentures and subordinated capital debentures.

The CreditAlert follows BCP’s announcement of its intention to acquire 65.99% of the existing shares of ESSO (Thailand) PLC from ExxonMobil Asia Holdings Pte. Ltd. This transaction is expected to be completed in the second half of this year, subject to the approval of BCP’s shareholders and the fulfillment of conditions precedent stipulated in the Share Purchase Agreement between the two parties. BCP also intends to conduct a tender offer for the remaining shares after the transaction. We expect BCP to spend THB20-THB30 billion on the acquisition.

The CreditAlert indicates uncertainties surrounding the potential impact of the takeover on BCP’s creditworthiness. This is particularly the case for its financial profile after the acquisition, which largely depends on the final amount of incremental debt raised. BCP plans to finance the proposed acquisition mostly via debt depending on BCP’s cash position at that time. At the end of September 2022, Bangchak Group had cash and cash equivalent on hand of THB40.3 billion. Given the size of the transaction and BCP’s financing plan, we expect its financial leverage to be significantly heightened from our previous base-case forecast. Moreover, we also expect the acquisition to heighten BCP’s sensitivity to the volatility of oil prices. However, we recognize the transaction’s potential upside to BCP’s business risk profile. From a strategic standpoint, the acquisition has the potential to solidify BCP’s competitive position, including the enhanced refinery capacities, improved logistics and distribution networks, and an enlarged network of retail service stations. We view BCP’s financial strengths post-acquisition as potentially being restored through the benefits from integration and optimization.

We aim to remove the CreditAlert around the closing of the transaction after we gain a clearer picture of BCP’s post-acquisition credit profile. Our assessment will focus on the potential impact on business strategies, group structure, concrete integration plans, synergies, and long-term capital structure. We will closely monitor developments related to the transaction and take appropriate rating actions accordingly.

## RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

**Bangchak Corporation PLC (BCP)**

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
BCP238A: THB400 million senior unsecured debentures due 2023	A
BCP23NA: THB2,000 million senior unsecured debentures due 2023	A
BCP244A: THB3,500 million senior unsecured debentures due 2024	A
BCP258A: THB600 million senior unsecured debentures due 2025	A
BCP258B: THB4,500 million senior unsecured debentures due 2025	A
BCP260A: THB3,000 million senior unsecured debentures due 2026	A
BCP26NA: THB1,000 million senior unsecured debentures due 2026	A
BCP273A: THB2,000 million senior unsecured debentures due 2027	A
BCP275A: THB500 million senior unsecured debentures due 2027	A
BCP278A: THB2,000 million senior unsecured debentures due 2027	A
BCP28DA: THB7,000 million senior unsecured debentures due 2028	A
BCP29NA: THB1,400 million senior unsecured debentures due 2029	A
BCP303A: THB1,000 million senior unsecured debentures due 2030	A
BCP305A: THB4,500 million senior unsecured debentures due 2030	A
BCP31NA: THB2,600 million senior unsecured debentures due 2031	A
BCP328A: THB3,500 million senior unsecured debentures due 2032	A
BCP19PA: THB10,000 million subordinated capital debentures	BBB+
<b>CreditAlert:</b>	Negative

**TRIS Rating Co., Ltd.**

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