



**Ratchaburi Electricity Generating Co.,Ltd.**

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**Investor Presentation**

4 March 2011

# Disclaimer



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This presentation provides a brief summary of this transaction structure, including terms and conditions of the Debentures and is not intended to provide basis for any investment decision nor as the substitution for the analysis and investigation of potential investors. Potential investors are advised to make their own decisions and analysis and should not consider this presentation as recommendations to buy the Debentures.

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## Section I

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# Executive Summary



# Executive Summary



- Ratchaburi Electricity Generating Co., Ltd. (RATCHGEN) is the largest private power generating company in Thailand with a total capacity of 3,645 MW (12% of the country's total capacity), all of which are contracted to sell to EGAT Plc. (EGAT).
- The project was developed by the EGAT and transferred to RATCHGEN during Y2000-2002.
- The project structure and contractual arrangement was very well designed to secure stable cash flow and pass on most of the project risks to the contractual counterparties. As a result, RATCHGEN is considered one of the most risk-protected power projects in Thailand.
- The credit standings of RATCHGEN is strongly established from the credit standings of EGAT, which is considered as at top-tier state enterprise, due to an involvement of EGAT in the project as (i) a 45% major shareholder (via Ratchaburi Electricity Generating Holding Plc.) (ii) a sole power purchaser who provides stable cash flow to RATCHGEN and (iii) an operator who manages all the plant's operational performance.
- "AA" rating by TRIS reflects a stable cash flow from its long-term PPA with EGAT, as well as a confidence in long term debt service capability of the company.
- RATCHGEN has planned to refinance the existing debt which aims to create financial cost saving as well as financial flexibility to the company.

## Section II

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# Company Profile



# Company Background



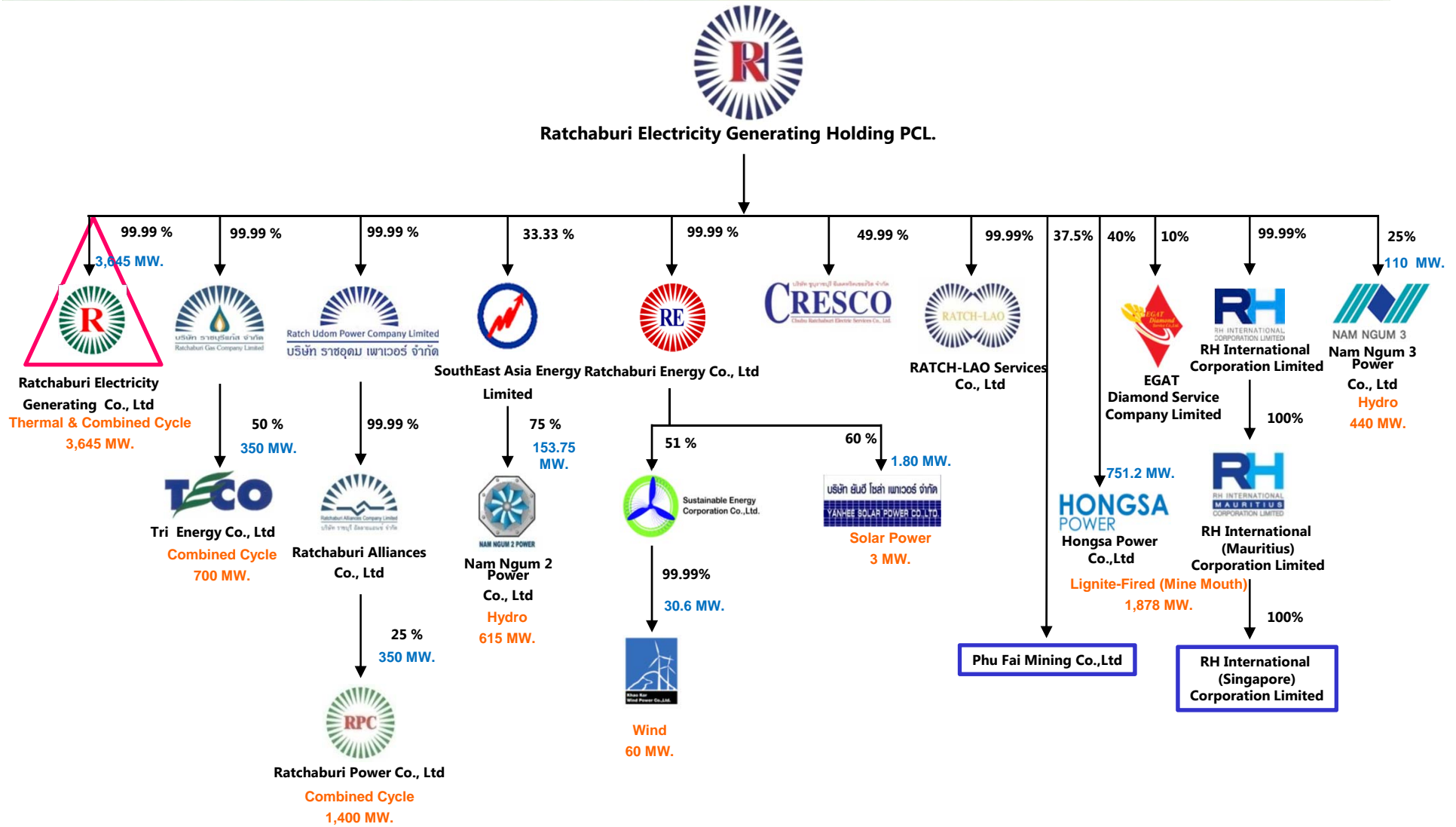
- The largest private power generating company in Thailand established in Y2000.
- The power plant is located in Ratchaburi Province on an area of 2,158 rai covering 3 districts
- RATCHGEN has total installed capacity of 3,645 MW, built with world-class equipments and international accepted standard technology (see the table below)
- It comprises of 5 generating units under two types of power plant ;

Type of Plant	Primary/Back-up Fuel	Technology	No. of Units	Capacity/Unit	Total Capacity
Thermal	Gas/Fuel Oil	Mitsubishi	2	735 MW	1,470 MW
Combined-Cycle	Gas/Diesel Oil	GE Frame 9FA+e	3	725 MW	2,175 MW
<b>Total</b>			<b>5</b>		<b>3,645 MW</b>

- All of the electricity output will be sold to EGAT under the long-term **Power Purchase Agreement (PPA)** which will be partly ended in Y2025 and Y2027.
- The primary fuel, natural gas, has been supplied by PTT from the Yadana and Yetagun fields in Myanmar under 25-year **Gas Sales Agreement (GSA)** in line with PPA.
- The plant's operation and maintenance has been performed by EGAT based on the **Operation and Maintenance Agreement (OMA)**. The skilled, experienced personnel of EGAT to the task ensures the plant's long-term effectiveness.



# Company Structure



As at November 2010



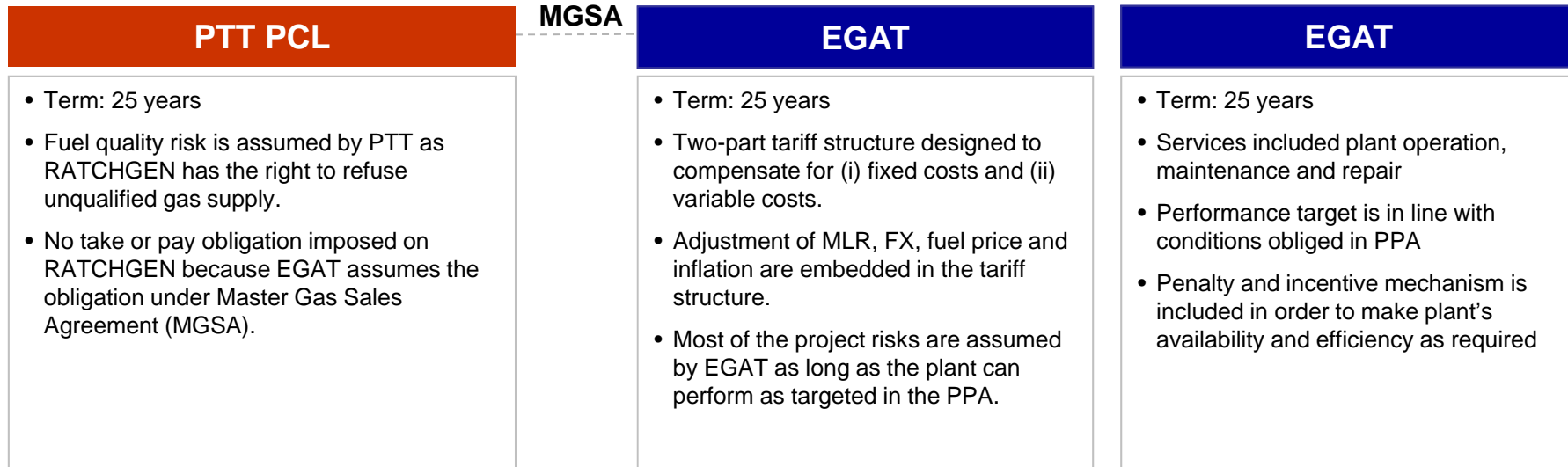
# RATCHGEN Project Diagram



**Gas Sales Agreement  
(GSA)**

**Power Purchase Agreement  
(PPA)**

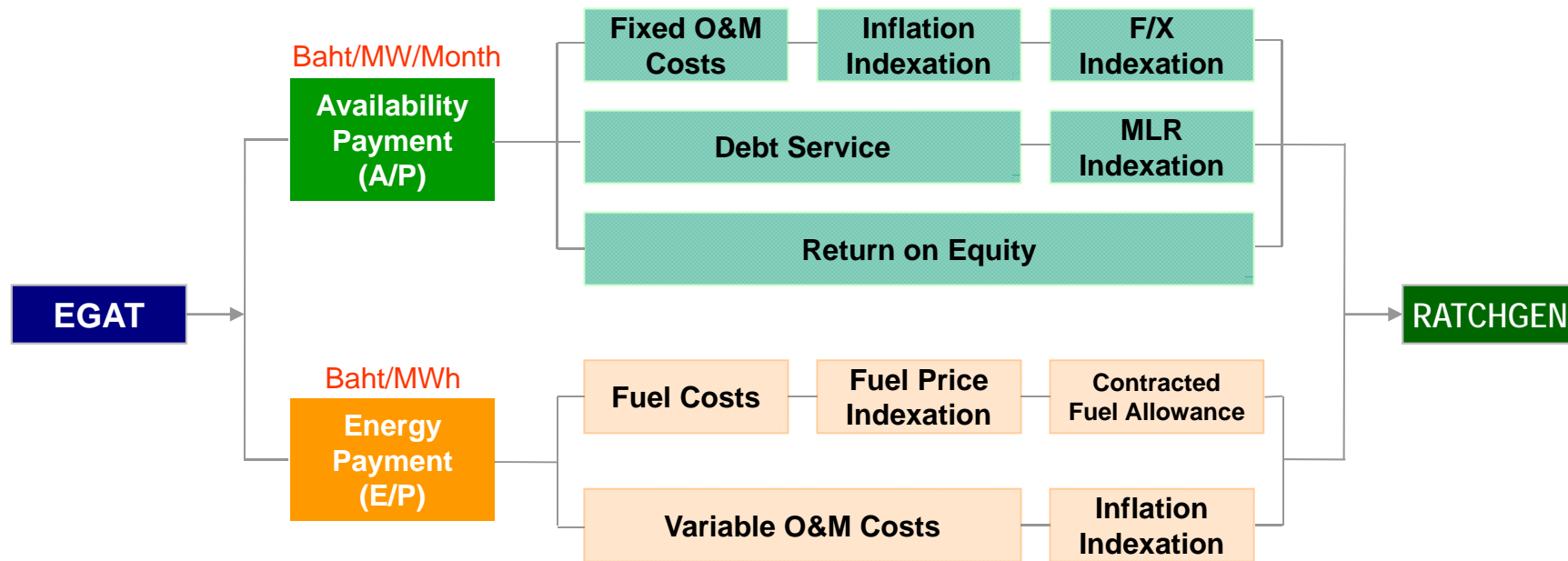
**Operation & Maintenance  
Agreement (OMA)**



*Remarks: MGSA = Master Gas Sales Agreement*



# Two-Part Tariff with Cost Plus Structure



The tariff provides a mechanism of cost passed through from RATCHGEN to EGAT as long as the plant performs as promised in PPA

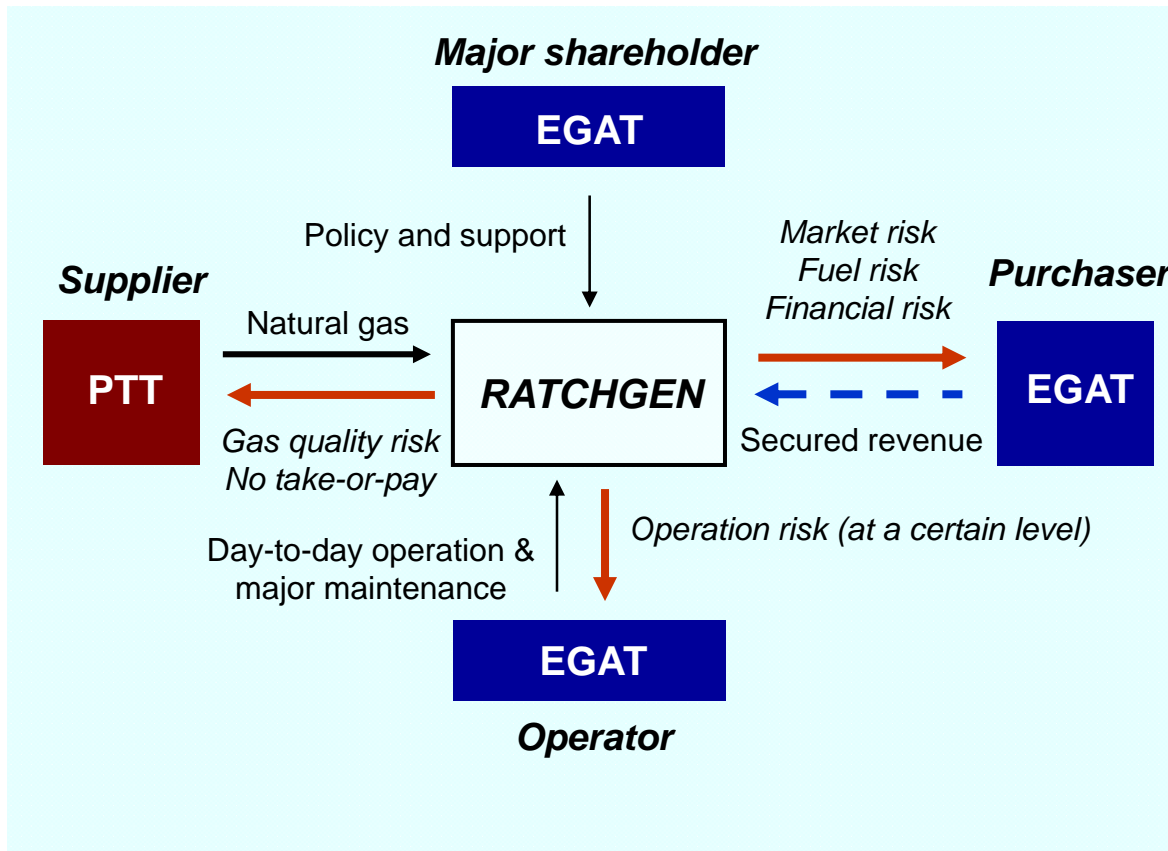
## Part I: Availability Payment

- A compensation for making capacity available to EGAT, regardless of actual electricity generation.
- The tariff is designed to cover the plant's fixed cost associated with both (i) financing and (ii) operation and maintenance.
- Bonus and penalty is subject to the actual plant availability performance and its targeted in PPA.
- **EGAT will continue to pay this tariff regardless of its actual dispatch of electricity**

## Part II: Energy Payment

- A compensation for electricity generated and delivered to EGAT
- The tariff is designed to cover the plant's variable cost associated with production, operation and maintenance cost
- **EGAT will pay this tariff only when the electricity is dispatched from RATCHGEN**

# Risk Mitigated by A Well-Designed Contractual Arrangement



- RATCHGEN cash flow is secured by the credit standings of EGAT and PTT, under the long-term contractual arrangement.
  - EGAT as a sole purchaser who assumes most of the project risk especially market risk, fuel supply risk, financial risk;
  - EGAT as an operator whose capability ensured by its long experience and high expertise in the business;
  - PTT as a major supplier.
- This strong and long-term linkage of RATCHGEN, EGAT and PTT has established an implicit transfer of their high credit standings to RATCHGEN.



***“ RATCHGEN operates its power plants with determination to cherish the environment for the best living quality of the neighborhood ”***

## ISO 14001

- Obtained ISO 14001 since 31<sup>st</sup> July 2003
- The ISO 14001 is a standard widely accepted by the environmental industry here and abroad while also being recognized as an efficient and constructive tool to monitor the power plant's operation and compliance with the management and control procedures of environmental impacts resulted from its operation.

## OHSAS 18001 : 2007

- Obtained OHSAS 18001 in December 2010
- OHSAS 18001 is the internationally recognized assessment specification for occupational health and safety management systems.

## Environmental Impact Assessment (EIA)

- Primarily focus on pollution prevention policy
- Periodically measure various environmental parameters such as exhausted gas, wasted water, noise level, etc.
- Formulate an environment assessment report to the Department of Natural Resources and Environmental Policy and Planning every 6 months

## Past Actual Result

- Every environmental parameters are always within the range that is required by law

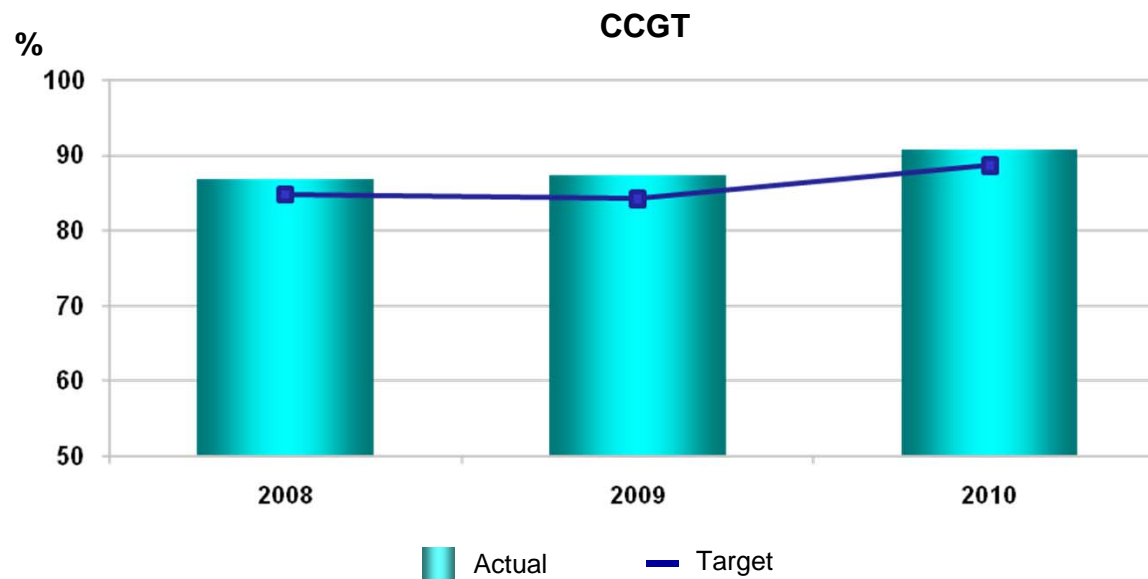
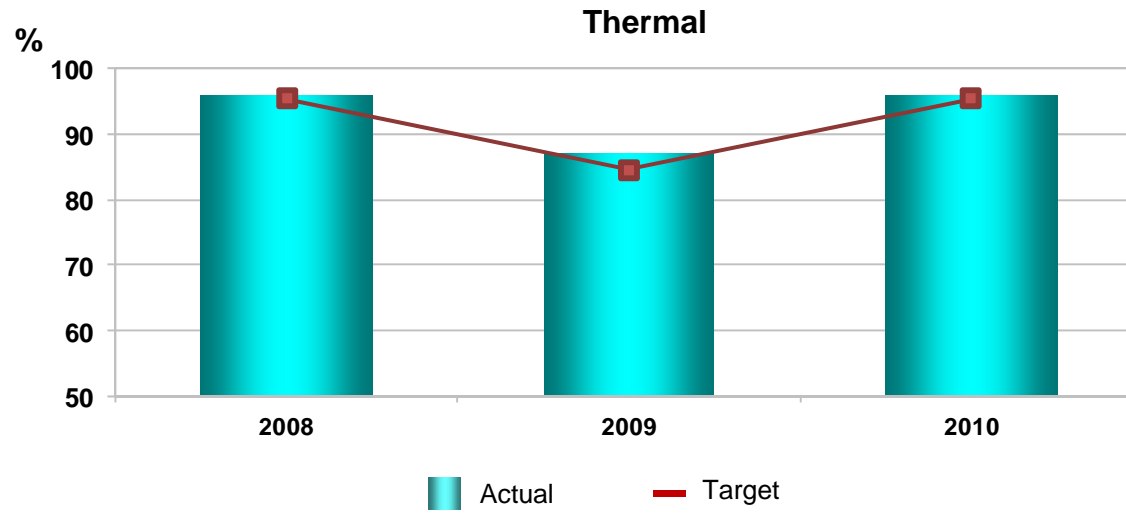
## Section III

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# Historical Performance



# Operational Performance – High Equivalent Availability Factor (%)

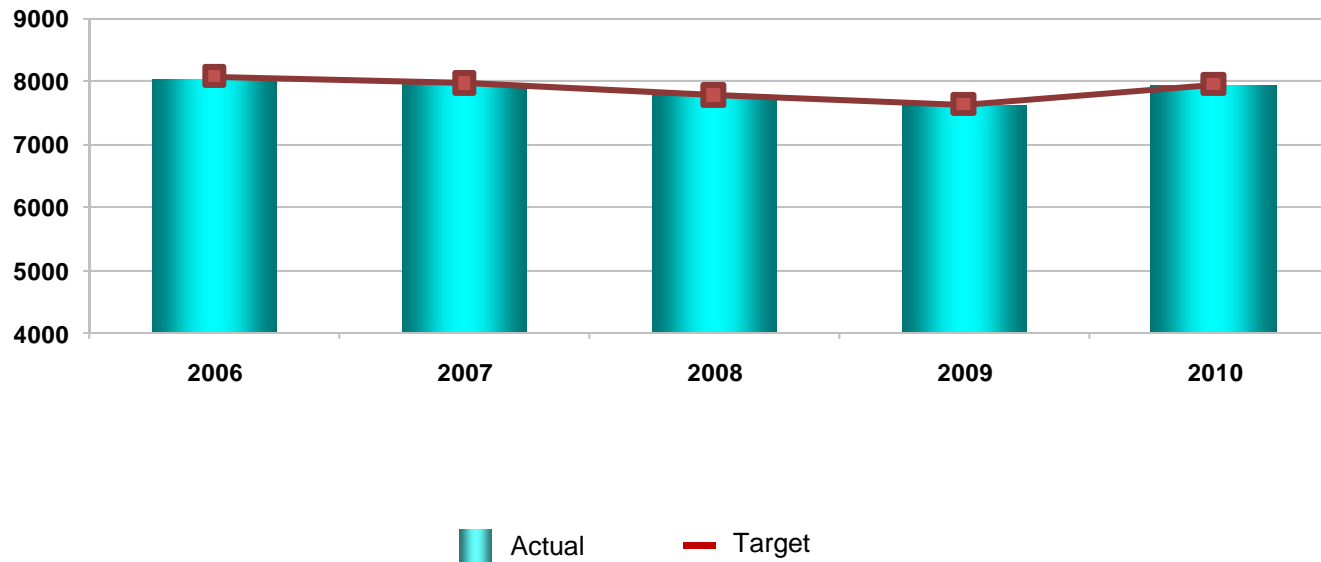


# Operational Performance – Acceptable Heat Rate(BTU/KwH)



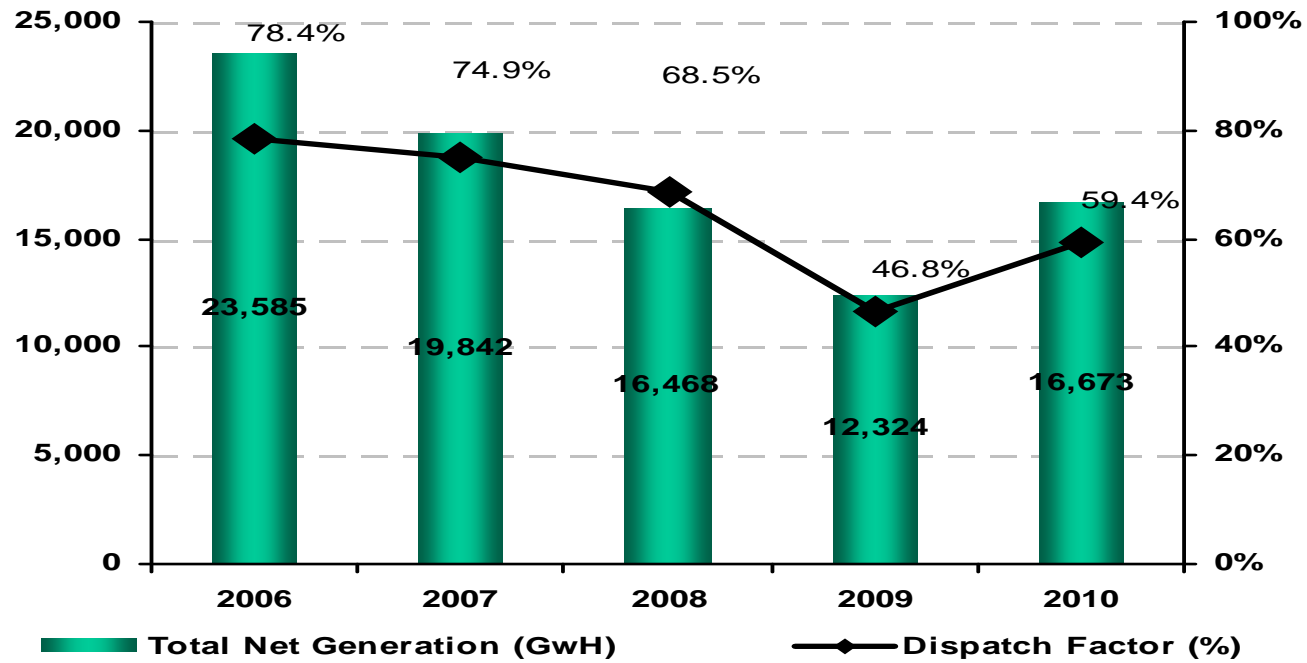
### Thermal & CCGT Plant (Composite Heat Rate)

BTU/KwH





# Operational Performance – Total Net Generation & Dispatch Factor

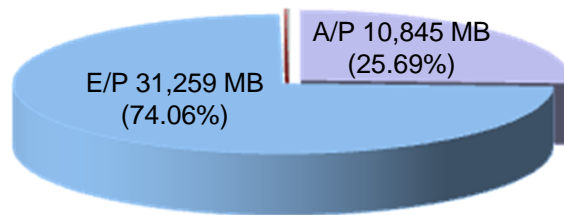




# Financial Performance: Revenues & Expenses Structure

## Revenues Breakdown Y2010

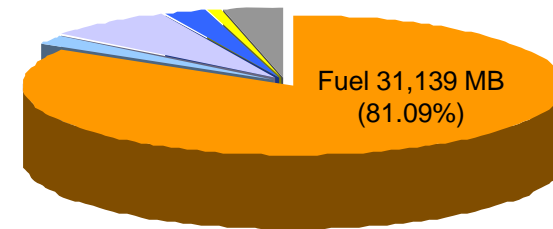
Total revenues = 42,207 MB



A/P	25.69%
E/P	74.06%
Interest Income	0.07%
Other Income	0.17%

## Expenses Breakdown Y2010

Total expenses = 38,399 MB



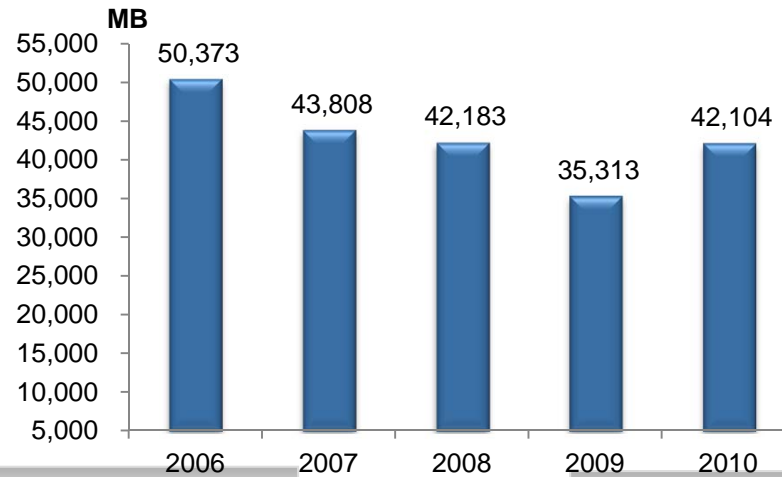
Fuel	81.09%	O&M	2.54%
Depreciation	6.89%	Other COS	3.57%
SG&A	0.83%	Interest Expense	1.76%
Income Tax	3.31%		

Remark: Fuel cost is accounted for 73.78% of total revenues

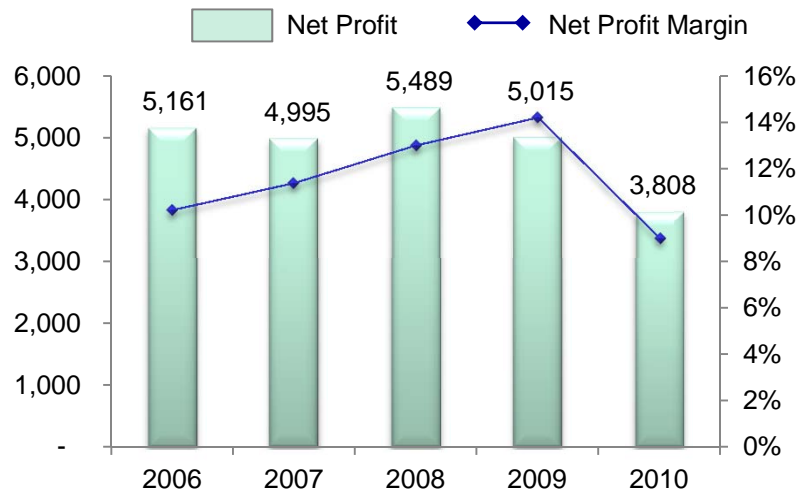


# Financial Performance: Stable Cash flows from Operation

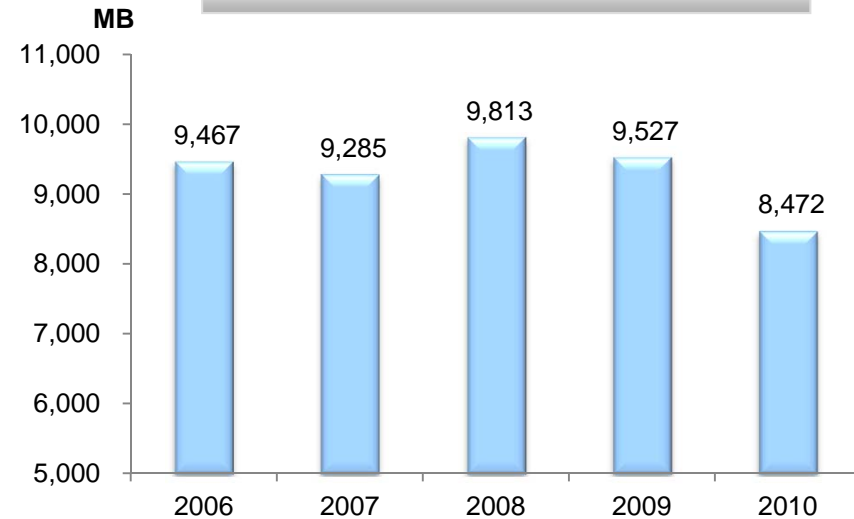
### Sales Revenue



### Net Profit



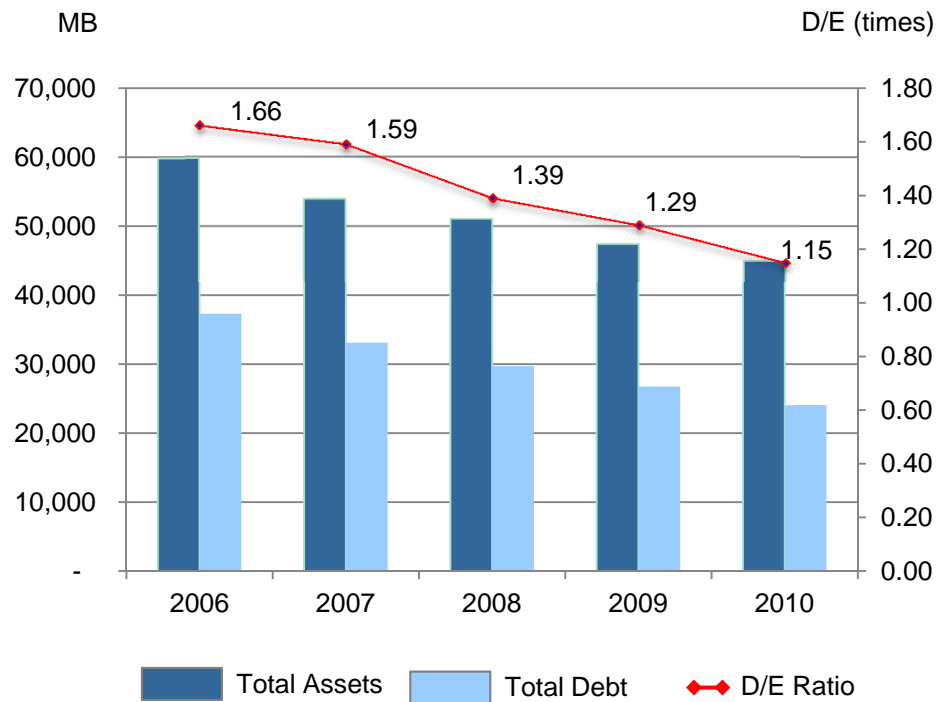
### EBITDA



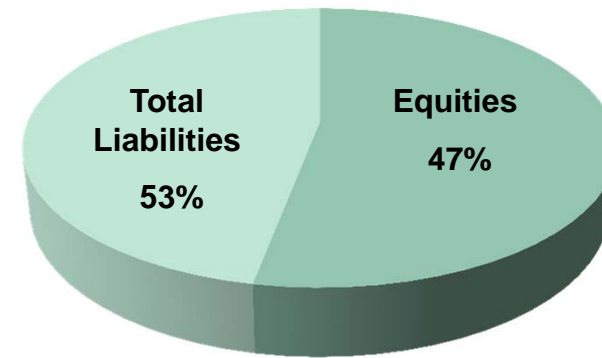


# Financial Performance: Gradual Deleveraging

## Debt to Equity Ratio



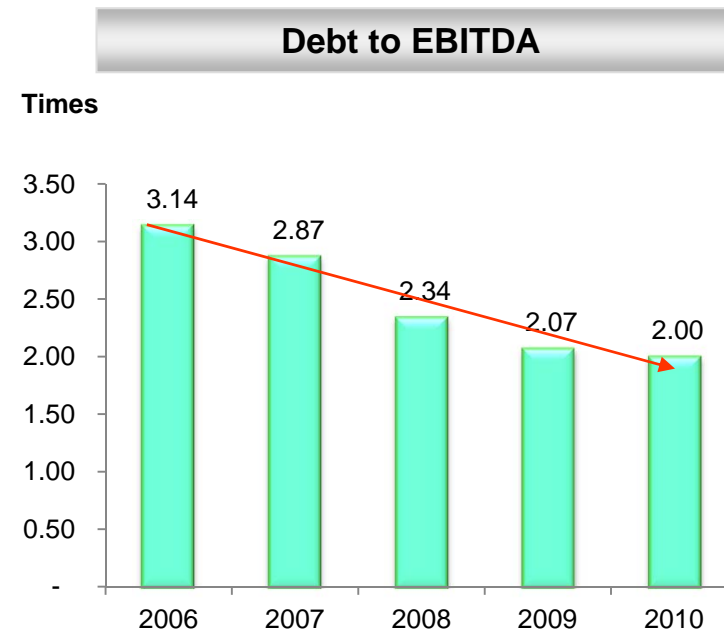
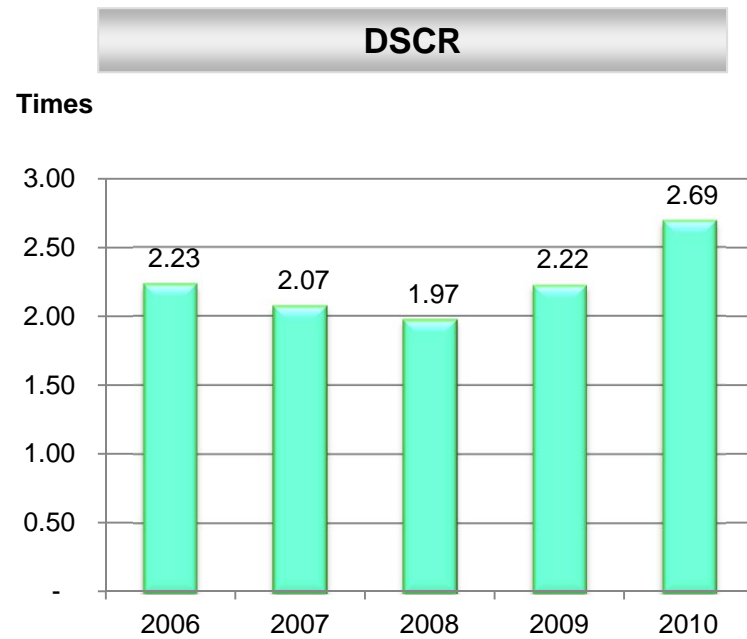
## Capital Structure as of 31 December 2010



Total Liabilities	24,050	MB
Total Shareholder's Equity	<u>20,957</u>	MB
Total Assets	<u>45,007</u>	MB



## Financial Performance: Strong Debt Service Ability



## Section IV

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# Debentures Offering



## Indicative Terms & Conditions



Issuer	: Ratchaburi Electricity Generating Company Limited
Issuer Rating	: AA by TRIS Rating
Type	: Senior and Unsecured Debentures
Objective	: To refinance the existing debt
Placement	: Private Placement to Institutional and HNW Investors
Tenor	: 1.25 - 4 years
Total Issue Size	: THB 12,354.40 million
Coupon Payment	: Semi-annually
Principal Repayment	: Bullet at maturity
Sole Bookrunner & Underwriter	: The Siam Commercial Bank PCL.
Registrar	: The Siam Commercial Bank PCL.
Listing	: Thai Bond Market Association (ThaiBMA)
Financial Covenants	: Debt to EBITDA ratio not exceed 6 times Debt Service Coverage Ratio (DSCR) not less than 1.1 times



## Indicative Timeframe



March 2011						
SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Issue rating announcement : 4 Mar 11  
Bookbuilding date : 24 Mar 11  
Subscription period : 29-30 Mar 11  
Issue date : 31 Mar 11

## Section V

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# Key Investment Highlights



## Key Investment Highlights



- The largest private power generating company with a state-of-art technology
- Very low project risk from well-designed contractual arrangement
- Superior credit of the project counterparties (EGAT and PTT)
- Secured revenue with cost-plus and indexation structure
- Solid group of shareholders, as well as long experience in the power sector and proven record of power plants management
- Average DSCR of 2.29 times in the past 3 years and consistently strong operational performance



**“AA” rating by TRIS**

