

Solar United Network Pte. Ltd. (SUNP)

Corporate rating

i-BBB+/Stable

Rated Issues

SUN Energy Green Bond Year 2022

i-BBB+

“Debt securities with an *i*-BBB have an adequate level of certainty to honor the financial obligations. However, this certainty is more likely to diminish in the future than with the higher rating categories.”

The plus sign (+) indicates that the rating given is closer to the rating scale above it.

Rating Period

July 20, 2022 – August 1, 2023

Rating History

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Kredit Rating Indonesia assigns ‘*i*-BBB+’ rating to Proposed SUN Energy Green Bond Year 2022 totaling USD 80 million.

Kredit Rating Indonesia (KRI) assigns a Company Rating of ‘*i*-BBB+’ for Solar United Network Pte. Ltd. (SUNP or the Company) with “stable” outlook. At the same time, KRI also assigns ‘*i*-BBB+’ to SUN Energy Green Bond Year 2022 totaling USD80 million. The ratings reflect company’s aggressive capital structure and weak profitability. However, strong growth potential from its subsidiaries is also considered in its ratings.

SUNP is holding company of Solar United Network Thailand I Limited (SUNTH1/*i*-BBB+), Solar United Network Thailand II Limited (SUNTH2/*i*-BBB+) and PT Energi Mitra Investama (EMI/*i*-BBB-). Through these companies’ subsidiaries, SUNP focuses on Commercial & Industrial solar energy development. The Company recorded USD6.5 million of revenue and USD90.9 million of assets in 2021. Outside existing projects in Thailand and Indonesia, SUNP has actively expanded its projects to Australia, Vietnam and Taiwan.

KRI evaluates SUNP’s rating based on the credit quality of SUNTH1, SUNTH2 and EMI’s main subsidiaries, which are Nakhon Ratchasima Solar Company Limited (NRS/*i*-BBB+), Chiang Rai Solar Company Limited (CRS/*i*-BBB+), and PT Surya Utama Nuansa (SUN/*i*-BBB-). The credit profile of NRS and CRS are the main anchor of SUNP’s credit rating as the largest revenue contributor of SUNP.

NRS and CRS are solar energy developer based in Nakhon Ratchasima and Chiang Rai, Thailand. In the last 10 years, NRS and CRS provide electricity and distribute to Provincial Electricity Authority (PEA) under long term power purchase agreement (PPA). Under this PPA, the PEA agreed to purchase electricity from NRS and CRS with the maximum capacity of 6 and 8 megawatts, respectively. NRS and CRS recorded high EBITDA margin of 92% and 93% respectively, mainly due to tariff incentive from the government of Thailand. The tariff incentive applies only for 10 years which will end in 2022 for NRS and in 2023 for CRS which will decrease its EBITDA margin to around 30-35%.

SUNP plans to issue SUN Energy Green Bond totaling USD 80 million. Based on second party opinion from Moody’s ESG Solution, the bond is aligned with core components of ICMA’s Green Bond Principles 2021. KRI is of the view that SUNP has an aggressive capital structure. As of 1H2022, the company’s DER stood at alarming level of 4.6x (2021:1.1x). The capital injection from existing shareholders and potential investors is essential to improve the leverage level. SUNP projects capital injection of USD110.7 million in 2022 which will improve the projected DER to 3.5x.

The ratings could be raised if SUNP could improve its profitability and operating cashflow. However, the rating could be lowered if the Company failed to receive capital injection which could jeopardize its leverage position.

SUNP Financial Results Highlights (Consolidated)

For the year ended	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (USD, Mn)	90.9	58.1
Total Debt (USD, Mn)	47.1	53.0
Total Equity (USD, Mn)	41.4	3.2
Total Revenue (USD, Mn)	6.5	0.0
Net Income (USD, Mn)	-1.8	-0.06
Net Profit Margin (%)	-27.7	NM
Debt to Equity Ratio (X)	1.1	16.6
Debt to Asset (X)	0.5	0.9
Return on Asset (%)	-2.0	-0.2
Return on Equity (%)	-4.4	-3.1

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