

Botum Sakor Energy Company Limited

Credit Rating

Issuer Credit Rating	khA
Outlook	Stable
Bond Credit Rating	khA

Bond Information

Total Size	USD 600 million (three tranches)
First tranche	USD 200 million
Settlement	Monthly interest & principal bullet payment at maturity
Maturity	1 – 3 years
Type	Plain infrastructure bond
Seniority	Senior, Unsecured Bond
Coupon Rate	1 year: 7.00%, 2 years: 7.25%, 3 years: 7.50%

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Key Rating Rationale

We initiate the credit coverage of Botum Sakor Energy Company Limited (henceforth “BSE” or “the Company”) with an Issuer Credit Rating (ICR) of “**khA**” (National Scale) which indicates in the Cambodian context a “*Strong capacity to meet financial commitments but somewhat susceptible to adverse changes in circumstances and economic environment*”.

The Issuer Credit Rating itself has two components: a Stand-Alone Credit Profile (SACP) and an External Support Factor (ESF). The SACP analyses the credit profile of BSE from the perspective of its construction risks and operation risks. In its own right, BSE’s SACP rating of “**khBBB**” indicates a “Low Risk” profile.

The ESF is generated either by related party such as parent company or a holding company (Group Support), or by government-related entities (Country Support). In the case of BSE, the ESF is “Strong” because Royal Group, the 100%-owner of BSE, could mobilize the support of group companies. Hence the ICR is upgraded by one notch to “**khA**”.

BSE plans to issue the “Royal Group Botum Sakor Infrastructure Bond” (henceforth “The Bonds”) for a total amount of USD600mn in three tranches. The purpose of the Bonds is to finance the construction and development of a 900 MW natural gas-fired power plant (“The Project”). Upon completion, the Project will constitute a key element of the Kingdom of Cambodia’s energy policy.

The Recovery Scoring of the Bonds is supported by the positive cash flow available for the debt service and by the contractual provisions in the Power Purchase Agreement ensuring the Bonds are repaid in full. With the expected recovery of 75% - 100% (adjusting for time delays) in case of default, the Bond Credit Rating is maintained at the same level as the Issuer Credit Rating “**khA**” (National Scale).

The Bonds are expected to list on the Cambodia Securities Dealing Platform (CSD Platform) permitted by the SERC.

Outlook

As is typical in Project Finance, there is no track record to base forecasts on. We can only rely on BSE’s earnings and cash flows projections which seem reasonable to us. Hence the initial outlook is “Stable” subject to construction milestones being reached and operations performing as expected.

In our view, the main risk lies in the refinancing needs of the Project. Indeed, the present USD 200mn bond issuance is not sufficient to cover the construction cost estimated at USD1,195.3mn. Refinancing should be feasible but remains subject to the economic environment in Cambodia and in the global markets.



Botum Sakor Energy Company Limited's Summary

Overview

BSE is a special purpose vehicle (SPV), was set up specifically to operate a 900MW natural gas-fired power plant in Koh Kong Province, in the Kingdom of Cambodia (henceforth “the Project”). The Project is sponsored by Royal Group Investments Company Limited., (henceforth “RGI” or the “Sponsor”), 100%-owned by *Neak Oknha Kith Meng*, Chairman of Royal Group, a local conglomerate. BSE will engage primarily in electric power generation. The analysis of its credit rating is undertaken under the RAC Methodology for Project Finance (henceforth “the Methodology”).

Under the Methodology, the Stand-Alone Credit Profile of a project is broken down into two phases: the Construction Phase and the Operation Phase. The risks of the Construction Phase are associated with the non-completion of the project itself. While in the Operation Phase, the main risk is that the anticipated performance might not be achieved, thus endangering the repayment of debts.

The main contracts are fairly typical for Project Finance with a long-dated asset generating stable cash flows that can support substantial leverage. At the present time, the land lease agreement is a perpetual 50-year lease provided through a “Contribution in Kind”. The final version of the supply contract was signed on March 5th, 2025, and as of February 2026, the construction reached a 35% completion level. The Project’s status Qualification Investment Project (QIP) was approved in April 2025. The LNG importation and storage license was granted in 2025.

Meanwhile, the Operation Phase risks have been further reduced by Royal Government of Cambodia (RGC) guarantees and performance assurance backed by monetary compensation. The financial projections are underpinned by the performance expectations (the Operation & Maintenance contract “O&M” will be done through the tender process) that bear less uncertainty. The bond’s coupon rates are 7.00% p.a. (for the one-year bond), 7.25% p.a. (for the two-year bond) and 7.50% p.a. (for the three-year bond) respectively.

Performance

The technology and processes are mature for a natural gas-fired power plant and present a moderate risk profile. The Sponsor has strong experiences in the development, financing and construction of Power Plants, like Lower Sesan II Hydropower Plant (400MW), and Solar Power Plant (200MW), which is currently under construction. On the revenue side, the Power Purchase Agreement (PPA) with Electricité du Cambodge (EDC) ensures visibility and stability, and is backed by the Royal Government of Cambodia (RGC). On the expense side, the main uncertainty is the cost of the operation and maintenance contract (O&M) which will determine the operational performance.

Note: This credit rating report applies exclusively to the first tranche of the bond amounting to USD200mn. The remaining tranches are contingent upon the satisfaction of terms and conditions that have yet to be issued and therefore fall outside the scope of this report.



Rating Definition

Issuer Credit Rating – National Scale			
National Rating	Definition		
khAAA	Extremely Strong Capacity to meet financial commitments	1	Very low risk
khAA	Very strong capacity to meet financial commitments	2	
khA	Strong capacity to meet financial commitments but somewhat susceptible to adverse changes in circumstances and economic environment	3	Low risk
khBBB	Adequate capacity to meet financial commitments but more susceptible to adverse changes in circumstances and economic environment	4	
khBB	Adequate capacity to meet financial commitment but more vulnerable to adverse changes in circumstances and economic environment	5	Moderate risk
khB	Adequate capacity to meet financial commitments but more likely to be affected by adverse changes in circumstances and economic environment	6	
khCCC	Capacity to meet financial commitments dependent on favorable business, financial and economic conditions	7	High risk
khCC	Weak capacity to meet financial commitments	8	
khC	Unlikely to be able to meet financial commitments	9	Very high risk
khD	In default partially or for all financial commitments	10	

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