

Siam DR Company Limited

Issue Rating:

BCP141A: Bt4,000 million depository receipts on The Bangchak Petroleum PLC's subordinated convertible debentures due 2014 AA

Rating Outlook:

Stable

Rating History:

12 Jul 2004
28 Jan 2004

Company Rating

-
-

Issue Rating

Secured	Unsecured
AA/Stable	-
AA	-

Transaction Summary

Issuer	: Siam DR Co., Ltd. (SIAMDR)
Legal Structure	: SIAMDR was established specifically to issue depository receipts linked to the underlying securities issued by the underlying issuer
Underlying Issuer	: The Bangchak Petroleum PLC (BCP)
Underlying Securities	: BCP's subordinated convertible debentures
Securities Rated	: Bt4,000 million depository receipts on BCP's subordinated convertible debentures (BCP141A) due 2014 -- issued to purchase the subordinated convertible debentures from the underlying issuer
Securities Structure	: Depository receipts linked to underlying securities
Credit Support	: Principal protection for security of BCP141A is provided by the Ministry of Finance (MOF)
Registrar	: Thailand Securities Depository Co., Ltd.

Rating Rationale

TRIS Rating affirms the "AA" rating for Bt4,000 million in depository receipts on The Bangchak Petroleum PLC's (BCP) subordinated convertible debentures (BCP141A) issued by Siam DR Co., Ltd. (SIAMDR). The rating reflects the credit support, in terms of principal protection, provided by the Ministry of Finance (MOF) to buy back the issue at the original offering price should BCP be unable to make the scheduled payments on time. The rating also reflects the additional security elements embedded in the transaction structure and the credit quality of the underlying issuer, BCP. BCP is assigned the rating at "BBB+" with "positive" outlook by TRIS Rating. BCP's rating reflects the satisfactory refinery operations, strengthened balance sheet, and integration and support from PTT PLC (PTT). The fluctuations in oil prices and gross refining margins as well as declining demand for refined petroleum products are also included in the consideration of BCP's credit quality. (For the full rating rationale and the profile of BCP, please refer to TRIS Rating's CreditNews announcement no. 664, dated 5 November 2009.)

Rating Outlook

The “stable” outlook for SIAMDR’s depository receipts on BCP’s convertible debentures is derived from the principal protection provided by the MOF and the credit quality of BCP.

Transaction Overview

Issuer:

SIAMDR, which is owned by the Stock Exchange of Thailand (SET), was established and organized as a company to issue the depository receipts of Bt4,000 million in subordinated convertible debentures (BCP 141A) and Bt3,000 million in common shares (BCP-DR1). SIAMDR used the proceeds from BCP141A and BCP-DR1 to simultaneously purchase subordinated convertible debentures and common shares issued by BCP in early 2004.

Securities Rated:

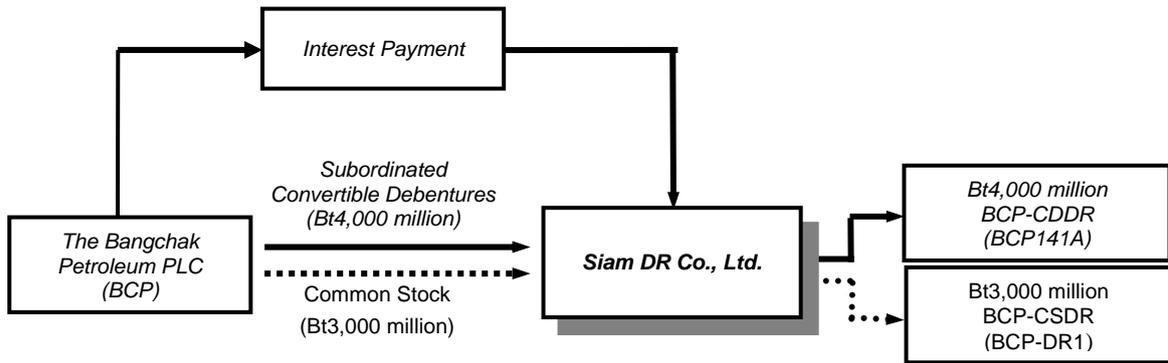
BCP141A was issued by SIAMDR as a depository receipt. The depository receipt is defined as a security by the Securities and Exchange Commission (SEC). To conform with SEC regulations, BCP141A is backed by the payments from the subordinated convertible debentures to SIAMDR. The holders of

BCP141A have rights linked to the rights provided to BCP’s subordinated convertible debentureholders, including interest on the principal and interest payments, as well as voting rights on behalf of SIAMDR.

Credit Support:

The holders of BCP141A receive principal protection from the MOF. The holders have the right to sell BCP141A back to the MOF at the original offering price before its maturity date under these conditions: if BCP defaults on the interest payments for the subordinated convertible debentures; if BCP’s shareholders resolve to liquidate or appoint a liquidator; or if the court appoints a receiver. In addition, at maturity, the debentureholders have the right to sell BCP141A back to the MOF at the original offering price if they do not wish to convert the depository receipts into subordinated convertible debentures that would then automatically be converted into common shares.

Chart 1: Transaction Structure



Source: TRIS Rating

Rating Symbols and Definitions

TRIS Rating uses eight letter rating symbols for announcing medium- and long-term credit ratings. The ratings range from AAA, the highest rating, to D, the lowest rating. The medium- and long-term debt instrument covers the period of time from one year up. The definitions are:

- AAA** The highest rating, indicating a company or a debt instrument with smallest degree of credit risk. The company has extremely strong capacity to pay interest and repay principal on time, and is unlikely to be affected by adverse changes in business, economic or other external conditions.
- AA** The rating indicates a company or a debt instrument with a very low degree of credit risk. The company has very strong capacity to pay interest and repay principal on time, but is somewhat more susceptible to the adverse changes in business, economic, or other external conditions than AAA rating.
- A** The rating indicates a company or a debt instrument with a low credit risk. The company has strong capacity to pay interest and repay principal on time, but is more susceptible to adverse changes in business, economic or other external conditions than debt in higher-rated categories.
- BBB** The rating indicates a company or a debt instrument with moderate credit risk. The company has adequate capacity to pay interest and repay principal on time, but is more vulnerable to adverse changes in business, economic or other external conditions and is more likely to have a weakened capacity to pay interest and repay principal than debt in higher-rated categories.
- BB** The rating indicates a company or a debt instrument with a high credit risk. The company has less than moderate capacity to pay interest and repay principal on time, and can be significantly affected by adverse changes in business, economic or other external conditions, leading to inadequate capacity to pay interest and repay principal.
- B** The rating indicates a company or a debt instrument with a very high credit risk. The company has low capacity to pay interest and repay principal on time. Adverse changes in business, economic or other external conditions could lead to inability or unwillingness to pay interest and repay principal.
- C** The rating indicates a company or a debt instrument with the highest risk of default. The company has a significant inability to pay interest and repay principal on time, and is dependent upon favourable business, economic or other external conditions to meet its obligations.
- D** The rating for a company or a debt instrument for which payment is in default.

The ratings from AA to C may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within a rating category.

TRIS Rating's short-term ratings focus entirely on the likelihood of default and do not focus on recovery in the event of default. Each of TRIS Rating's short-term rating covers the period of not more than one year. The symbols and definitions for short-term ratings are as follows:

- T1** Issuer has strong market position, wide margin of financial protection, appropriate liquidity and other measures of superior investor protection. Issuer designated with a "+" has a higher degree of these protections.
- T2** Issuer has secure market position, sound financial fundamentals and satisfactory ability to repay short-term obligations.
- T3** Issuer has acceptable capacity for meeting its short-term obligations.
- T4** Issuer has weak capacity for meeting its short-term obligations.
- D** The rating for an issuer for which payment is in default.

All ratings assigned by TRIS Rating are local currency ratings; they reflect the Thai issuers' ability to service their debt obligations, excluding the risk of convertibility of the Thai baht payments into foreign currencies.

TRIS Rating also assigns a "**Rating Outlook**" that reflects the potential direction of a credit rating over the medium to long term. In formulating the outlook, TRIS Rating will consider the prospects for the rated company's industry, as well as business conditions that might have an impact on the fundamental creditworthiness of the company. The rating outlook will be announced in conjunction with the credit rating. In most cases, the outlook of each debt obligation is equal to the outlook assigned to the issuer or the obligor. The categories for "*Rating Outlook*" are as follows:

- Positive** The rating may be raised.
- Stable** The rating is not likely to change.
- Negative** The rating may be lowered.
- Developing** The rating may be raised, lowered or remain unchanged.

TRIS Rating may announce a "**CreditAlert**" as a part of its monitoring process of a publicly announced credit rating when there is a significant event that TRIS Rating considers to potentially exerting a substantial impact on business or financial profiles of the rated entity. Due to an insufficient data or incomplete developments of the event, such as merger, new investment, capital restructuring, and etc., current credit rating remains unchanged. The announcement aims to forewarn investors to take a more cautious stance in investment decision against debt instruments of the rated entity. CreditAlert report consists of a "Rational" indicating warning reasons, a "CreditAlert Designation", and a current credit rating. Rating Outlook is withheld in the announcement.

CreditAlert Designation illustrates a short-term rating outlook indicative of the characteristics of impacts on the credit rating in one of the three directions (1) *Positive* (2) *Negative* and (3) *Developing*.

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