

# ENERGY ABSOLUTE PLC

No. 39/2025  
1 April 2025

## CORPORATES

<b>Company Rating:</b>	BB+
<b>Issue Ratings:</b>	
Senior unsecured	BB+
Senior secured	BB+
<b>Outlook:</b>	Negative

**Last Review Date:** 15/07/24

### Company Rating History:

Date	Rating	Outlook/Alert
15/07/24	BB+	Alert Negative
12/06/24	BBB+	Negative
27/07/23	A-	Negative
24/04/23	A-	Stable
10/05/19	A	Stable
09/04/18	A-	Stable
02/06/16	BBB+	Stable

### Contacts:

Pravit Chaichamnapai, CFA  
pravit@trisrating.com

Narongchai Ponsirichusopol  
narongchai@trisrating.com

Parat Mahuttano  
parat@trisrating.com

Sermwit Sriyotha  
sermwit@trisrating.com



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## RATIONALE

TRIS Rating removes the CreditAlert with a “negative” implication placed on Energy Absolute PLC (EA) and replaces it with a “negative” outlook. At the same time, we affirm the company rating and the ratings on all outstanding debentures at “BB+”. The “negative” outlook reflects uncertainties surrounding EA’s debt repayment plan and ongoing liquidity concerns over the next one to two years.

The ratings continue to reflect EA’s declining cash flows from its power portfolio, its high financial leverage, and challenges in restoring its electric vehicle (EV) and battery businesses.

## KEY RATING CONSIDERATIONS

### Uncertainties surrounding debt repayments in the next one to two years

EA’s liquidity position remains strained due to uncertainties surrounding its debt repayment plans. The company has approximately THB17.3 billion in debt payment obligations due this year, including THB7.45 billion debentures, THB7.77 billion bank loans and about THB2.1 billion interest payments. Although EA raised THB7.4 billion through a capital increase in January 2025 and, in absence of any asset divestment, continues to generate EBITDA of around THB7.0-THB7.5 billion, these funds remain insufficient to fully cover the debt maturing in 2025.

To address its liquidity shortfall, EA is pursuing various debt management strategies, including issuing new debentures and negotiating with banks for refinancing loans. The company also plans to divest its power project, EA Solar Phitsanulok (ESP), with expected net proceeds of THB4 billion. The transaction is targeted for completion in mid-2025. However, the outcome remains uncertain, contingent on due diligence by potential buyer.

### Significant challenges in revitalizing EV and battery business

EA’s EV and battery business has deteriorated significantly, marked by a substantial drop in EV sales and considerable losses in 2024. The company recorded a substantial asset impairment and discontinued operations at both EV assembly and battery production factories, highlighting the substantial operational challenges in this sector.

The company’s core turnaround strategy focuses on forming joint ventures (JVs) with Chinese partners to enhance production capabilities by leveraging their technological and cost advantages. Such JVs should require less capital expenditure. The company plans to establish two JVs, one with China’s largest special vehicle manufacturer, and another with Chinese leading battery manufacturer to produce lithium-ion batteries for battery energy storage systems and EVs. The JV formations are expected to be completed within this year.

Additionally, EA is working on re-establishing its presence in Thailand’s E-bus and E-tractor market. Its subsidiary, NEX Point PLC (NEX), has appointed a new management team to boost EV sales and convert slow-moving inventory into cash to improve its liquidity position.

In our view, the success of these business turnaround plans remains uncertain due to several major challenges, including regaining credibility, intense

competition in the Thai EV market from Chinese manufacturers, rapid technological changes, and uncertain economic conditions.

### **Cash flows from power business, although reliable, are declining**

We anticipate EA's EBITDA to decline over the next three years, primarily due to the expiration of the additional tariff (adder) on its power plants. Additionally, our base-case scenario assumes the ESP power project will be successfully divested by mid-2025, while the EV and battery business will continue to incur moderate losses.

EA's EBITDA is projected to gradually decrease from approximately THB6.0-THB6.5 billion per annum in 2025 to THB4.5 billion in 2027. Despite this decline, the power business will remain the primary source of cash flow to support overall debt repayments during the turnaround of the other businesses. The downside risk to EBITDA includes the potential for further provisions of EV-related accounts receivable, inventory or hire-purchase loans granted to Thai Smile Bus Co., Ltd.

Looking forward, EA's power portfolio will continue to be the primary source of income, supporting the company's overall operations over the next two to three years. Cash flows generated from EA's power portfolio are relatively stable and predictable due to the reliable performance and low operational risks. Additionally, its long-term power purchase agreements with the Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authority (PEA), covering a total generating capacity of 664 megawatts (MW), provide highly certain amounts of cash inflow with low counterparty risk.

### **Leverage to remain elevated**

We anticipate that EA's leverage will remain elevated over the next 2-3 years. Considering its limited liquidity, capital expenditures are likely to stay below THB1.0 billion per year. New power projects will probably be developed through joint ventures to minimize funding requirements. Although deleveraging initiatives and scheduled debt repayments should alleviate EA's debt burden, a significant decline in cash flow from its power portfolio is expected to keep its debt to EBITDA ratio at around 6-8 times during the forecast period.

### **Debt structure**

At the end of December 2024, EA's total outstanding debt, excluding lease liabilities, was THB57.9 billion, of which about THB31.4 billion was priority debt. Although, the priority debt ratio was 54.2%, we expect the ratio will decrease to below 50% after payments for two secured debentures are made in May 2025.

### **BASE-CASE ASSUMPTIONS**

Key assumptions in TRIS Rating's base-case forecast during 2025-2027 are as follows:

- Estimated power output at 1,400-1,450 gigawatt-hour (GWh).
- Revenue to drop in a range of THB13-THB15 billion per annum.
- Revenue from EV business of about THB1.5-THB2.0 billion per annum.
- EBITDA margin to range 35%-45%.
- Capital expenditures (CAPEX) to stay below THB1 billion per annum.
- No dividend payment.

### **RATING OUTLOOK**

The "negative" outlook reflects our concerns over EA's liquidity as the company still has substantial amounts of debt maturing over the next one to two years. An easing of the liquidity strain hinges on asset divestment and negotiations for bank loan refinancing.

The outlook also embeds our view of the uncertainty surrounding EA's ability to reinvigorate its ailing EV and battery business to generate cash flow as well as the outcome of new debt management plans.

### **RATING SENSITIVITIES**

We could lower the ratings if we see a deteriorating liquidity position. This could occur following EA's failure to carry out the planned divestment or an inability to secure sufficient funding sources to meet maturing debt repayments. The downgrade scenario could also develop if the EV and battery business continues to weigh upon EA's financial performance.

Conversely, a revision of the outlook to "stable" may occur if the company successfully manages its liquidity as planned and its operating performance aligns with our forecasts.

## COMPANY OVERVIEW

EA is a holding company, primarily investing in solar and wind power plants. Established in 2006, the company was previously known as Suntech Palm Oil Ltd., a biodiesel manufacturer, before changing its name to Energy Absolute PLC in 2008. In late 2012, EA expanded into the renewable energy business through the development of solar and wind power projects. The company was listed on the Market for Alternative Investment (MAI) in 2013 and was moved to the Stock Exchange of Thailand (SET) in January 2017.

EA's power business has a total contracted capacity of 664 MW, comprising four solar power projects (278 MW) and two wind power projects (386 MW). All of the power plants are in commercial operation. The company is expanding its scope of investment into the energy storage business and developing a framework to support its emerging EV business. EA's EV business includes manufacturing of battery, production and distribution of E-cars and E-buses, E-ferry transport services, and EV charging stations.

## KEY OPERATING PERFORMANCE

**Table 1: Revenue Breakdown by Business**

Business	Revenue (Mil. THB)				Revenue Mix (%)			
	2021	2022	2023	2024	2021	2022	2023	2024
Biodiesel	8,225	7,422	5,647	3,735	40%	27%	19%	20%
Power	10,933	11,182	12,729	10,630	53%	41%	42%	57%
EV and mass transportation	1,782	6,789	11,377	2,600	9%	31%	37%	14%
Battery	568	2,748	4,709	1,385	3%	10%	15%	7%
Other business	200	304	814	1,260	1%	1%	3%	7%
Less: Inter-segment revenue	(1,537)	(3,091)	(5,202)	(1,483)	(7%)	(11%)	(17%)	(8%)
<b>Sales revenue</b>	<b>20,173</b>	<b>25,354</b>	<b>30,074</b>	<b>18,127</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>
Other revenue	384	354	333	395	2%	1%	1%	2%
<b>Total revenue</b>	<b>20,558</b>	<b>25,708</b>	<b>30,407</b>	<b>18,522</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: EA

**Table 2: Core Power Portfolio as of Dec 2024**

Project	Type	Hold (%)	Status	Contracted Capacity (MW)	Tariff Scheme	Commercial Operating Date
<b>Thailand</b>						
ESLO	Solar	100	Operating	8	THB8 adder	Oct-12
ESN	Solar	100	Operating	90	THB6.5 adder	Dec-13
ESL	Solar	100	Operating	90	THB6.5 adder	Feb-15
ESP	Solar	100	Operating	90	THB6.5 adder	Apr-16
Hadkanghan	Wind	100	Operating	126	THB3.5 adder	Jun-17
Hanuman	Wind	100	Operating	260	THB3.5 adder	Apr-19
				<b>664</b>		

Source: EA

**Table 3: EA's Power Outputs from Core Projects**

Project	2020	2021	2022	2023	2024
<b>Revenue (Mil. THB)</b>					
Solar power	6,050	6,070	6,732	7,023	5,448
Wind power	4,543	4,863	4,432	5,692	5,182
<b>Total</b>	<b>10,593</b>	<b>10,933</b>	<b>11,164</b>	<b>12,715</b>	<b>10,630</b>
<b>Power output (Mil. kWh)</b>					
Solar power	621	629	660	667	663
Wind power	733	794	660	791	765
<b>Total</b>	<b>1,354</b>	<b>1,423</b>	<b>1,319</b>	<b>1,458</b>	<b>1,428</b>
<b>Average tariff (THB/kWh)</b>					
Solar power	9.74	9.65	10.21	10.53	8.22
Wind power	6.20	6.08	6.72	7.19	6.77

Source: EA

Table 4: EA's EV Sales

Types of EV	Units			
	2021	2022	2023	2024
E-bus	112	1,077	1,656	201
E-tractor and others		83	608	202
<b>Total</b>	<b>112</b>	<b>1,160</b>	<b>2,264</b>	<b>403</b>

Source: EA

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

	-----Year Ended 31 December-----				
	2024	2023	2022	2021	2020
Total operating revenues	18,256	30,146	25,416	20,197	17,109
Earnings before interest and taxes (EBIT)	(1,960)	9,464	6,869	6,992	6,606
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,720	12,882	10,336	9,748	9,397
Funds from operations (FFO)	(263)	10,248	8,733	8,288	7,730
Adjusted interest expense	2,699	2,297	1,426	1,421	1,646
Capital expenditures	1,363	4,738	2,587	6,025	7,247
Total assets	96,205	114,229	103,364	85,476	78,484
Adjusted debt	61,624	64,484	51,670	43,902	44,104
Adjusted equity	30,136	44,010	41,304	35,102	29,627
<b>Adjusted Ratios</b>					
EBITDA margin (%)	14.9	42.7	40.7	48.3	54.9
Pretax return on permanent capital (%)	(1.9)	9.1	7.7	8.8	9.0
EBITDA interest coverage (times)	1.0	5.6	7.2	6.9	5.7
Debt to EBITDA (times)	22.7	5.0	5.0	4.5	4.7
FFO to debt (%)	(0.4)	15.9	16.9	18.9	17.5
Debt to capitalization (%)	67.2	59.4	55.6	55.6	59.8

\* Consolidated financial statement

## RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

**Energy Absolute PLC (EA)**

<b>Company Rating:</b>	BB+
<b>Issue Ratings:</b>	
EA248ARs: THB1,500 million senior secured debentures due 2025	BB+
EA249ARs: THB4,000 million senior secured debentures due 2025	BB+
EA257A: THB700 million senior unsecured debentures due 2025	BB+
EA259A: THB1,250 million senior unsecured debentures due 2025	BB+
EA261A: THB1,150 million senior unsecured debentures due 2026	BB+
EA269A: THB3,095.7 million senior unsecured debentures due 2026	BB+
EA260A: THB3,000 million senior unsecured debentures due 2026	BB+
EA279A: THB750 million senior unsecured debentures due 2027	BB+
EA281A: THB2,000 million senior unsecured debentures due 2028	BB+
EA289A: THB2,770.3 million senior unsecured debentures due 2028	BB+
EA297A: THB2,000 million senior unsecured debentures due 2029	BB+
EA298A: THB2,000 million senior unsecured debentures due 2029	BB+
EA299A: THB1,400 million senior unsecured debentures due 2029	BB+
EA301A: THB1,000 million senior unsecured debentures due 2030	BB+
EA329A: THB1,700 million senior unsecured debentures due 2032	BB+
EA331A: THB2,850 million senior unsecured debentures due 2033	BB+
<b>Rating Outlook:</b>	Negative

**TRIS Rating Co., Ltd.**

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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