TRIS RATING
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RATCH GROUP PLC

No. 138/2025
22 August 2025

CORPORATES

Company Rating:	AA+
Issue Ratings:	
Senior unsecured	AA+
Outlook:	Stable

Last Review Date: 02/08/24

Rating History:

Date	Rating	Outlook/Alert
05/08/21	AA+	Stable
10/04/15	AAA	Stable
25/04/13	AA+	Stable
09/02/11	AA	Stable
15/06/05	AA-	Stable
12/07/04	A+	Stable
26/06/03	A+	-

Contacts:

Tern Thitinuang, CFA

tern@trisrating.com

Narongchai Ponsirichusopol

narongchai@trisrating.com

Parat Mahuttano

parat@trisrating.com

Sermwit Sriyotha

sermwit@trisrating.com

WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on RATCH Group PLC (RATCH) at "AA+" and the ratings on its senior unsecured debentures at "AA+" with a "stable" outlook. The "AA+" ratings incorporate a two-notch uplift from RATCH's stand-alone credit profile (SACP) of "aa-", reflecting our view of RATCH as a strategically important subsidiary of the Electricity Generating Authority of Thailand (EGAT, rated "AAA/Stable").

The SACP continues to reflect RATCH's position as a leading private power producer in Thailand, supported by a well-diversified power portfolio and ongoing expansion in the Asia-Pacific region. However, the SACP is tempered by ongoing capacity additions that will add strain to its financial risk profile. The SACP also takes into consideration the company's increasing reliance on dividends received from associated companies, and risks associated with overseas investments.

KEY RATING CONSIDERATIONS

Shifting toward more diversified cash flows

RATCH has made notable progress in diversifying its sources of earning through overseas expansion. The acquisition of a 36.26% stake in Paiton Energy in Indonesia in 2024 has added a reliable cash stream, underpinned by a take-or-pay power purchase agreement (PPA) with cost pass-through mechanisms. Approximately 60% of the plant's capacity is backed by a payment guarantee from the Government of Indonesia.

In our view, RATCH's portfolio is well-balanced across geographies, fuel types and customer bases. This should help support the company's earnings stability over the forecast period. The company's offshore assets also help cushion the impact of an earnings decline from Ratchaburi Electricity Generating Company Limited (RATCHGEN), whose PPAs will start expiring in October 2025 and completely end by 2027.

Increasing reliance on dividends received

Dividends received are becoming a more prominent component of RATCH's EBITDA, although there is less predictability in cash flow timing compared to fully consolidated operations. Dividends received contributed 15%-22% of RATCH's EBITDA in 2022-2023 and 31% in 2024. We expect dividends received to contribute about one-third of EBITDA in 2025-2027. The increase reflects a strategic shift, as most of RATCH's recent capacity additions—such as the Paiton plant in 2024 and Hin Kong Power Plants in 2024-2025—are held through equity investments rather than majority-controlled subsidiaries. As a result, earnings will increasingly depend on dividend flows from joint ventures and associates.

This growing reliance is not yet a major concern in our view, given the relatively predictable operations of RATCH's key dividend contributors. In 2025-2027, Paiton, Hongsa Power, Ratchaburi Power Company Limited (RPCL), and Hin Kong Power will account for most of RATCH's dividends received. These assets are fully operational and supported by strong off-takers, such as EGAT and the PT Perusahaan Listrik Negara (Persero) (PLN), a state-owned enterprise of Indonesia. In addition, they benefit from fuel cost pass-through mechanisms, which help mitigate exposure to market risk. Given their established operating track records, we believe those assets will distribute sustainable dividends received to RATCH.

Leading Thai power player, expanding across APAC

RATCH is one of the largest private power producers in Thailand, with a total attributable operating capacity of approximately 9.4 gigawatts (GW) as of June 2025, derived from both domestic and international assets. The company maintains a well-established presence in conventional power generation, while steadily expanding its footprint in renewable energy. Around 76% of the total operating capacity is secured under PPAs with either EGAT, the Provincial Electricity Authority (PEA, rated "AAA/Stable"), or Indonesia's PLN—with low counterparty risk.

In its overseas operations, RATCH holds the largest operational footprint among Thai power producers in the Asia-Pacific (APAC) region. As of June 2025, its attributable operating capacity in APAC stood at around 4.0 GW. Looking ahead, RATCH has approximately 1.4 GW of capacity under construction and development in the APAC region.

Australia remains RATCH's most significant overseas exposure, following the acquisition of NEXIF Energy's portfolio in 2022. Despite demand risks arising from the merchant market, most of RATCH's revenues there are stabilized through direct PPAs with local utilities and industrial customers. We forecast revenues from Australia-based assets to grow to around THB9 billion by 2027, driven by expansions in wind farms and battery storage projects. Despite more growth opportunities, overseas investment exposes RATCH to additional risks in our view, such as country-specific environments, counterparties, different contract structures, and more intense market competition.

Robust earnings supported by recent investments

In 2024, RATCH's EBITDA rose by 9% year-on-year (y-o-y) to THB15.5 billion, driven by the strong performance of its core power assets and new investment returns. Dividends received from Paiton Energy came in at about THB2.2 billion, while its Australian assets under the NEXIF Energy portfolio—including the Lincoln Gap 1 and 2 wind farms and the Snapper Point gas-fired power plant—contributed around THB3.0 billion in revenue. These figures underscore the growing importance of RATCH's overseas operations in its overall earnings base.

We forecast RATCH's EBITDA to moderate to THB12.3-THB13.8 billion per year in 2025-2026, before rebounding to THB14-THB15 billion in 2027. The rebound is expected to be supported by increased dividends received from Paiton Energy and Hongsa Power, as well as contributions from other new projects.

Ongoing investments keep debt level elevated

RATCH's financial leverage remains elevated due to continued capacity additions. We forecast a rise in the company's debt to EBITDA ratio from 5.1 times in 2024 to around 6.8 times in 2026, before easing below 6 times in 2027. The temporary increase in 2026 reflects lower EBITDA stemming from declining RATCHGEN earnings and reduced dividends received from equity investments.

We expect RATCH's capital expenditures and equity investment spending for 2025-2027 to total around THB25-THB27 billion, which include the upcoming five solar projects in the "RE Big Lot Phase 2" programme with total capacity of 298 megawatts (MW)—scheduled to commence operations between 2026 and 2028. Additional investments include a capital injection of THB1.4 billion in 2024 for the Hin Kong Power Plant, along with ongoing equity injections in the NEXIF pipeline and other projects totaling around THB10-THB11 billion over the period. The company's continued investment strategy is likely to keep its leverage high over the next three years, but this is expected to be offset by an EBITDA rebound in 2027.

Manageable liquidity

We assess RATCH's liquidity as manageable, to service debt obligations and to finance committed investments over the following 12 months.

As of June 2025, RATCH's sources of liquidity comprised about THB16 billion in cash and cash equivalents, plus around THB29 billion in undrawn credit facilities. We forecast RATCH's funds from operations (FFO) over the following 12 months to be about THB8-THB9 billion. We expect these combined liquidity sources to be sufficient to meet all funding requirements over the period. RATCH has debt maturities totaling THB25 billion over the same period. Additionally, the company has committed to capital expenditures and equity investments of THB9 billion. Meanwhile, we believe the company has sufficient refinancing capacity, considering its strong banking relationships and strong track record of bond issuances.

Debt structure

As of June 2025, RATCH's consolidated interest-bearing debt was THB91.3 billion. RATCH's priority debt consisted of THB28.3 billion in secured debts, plus about THB4.5 billion in unsecured debts owed by its subsidiaries. The priority debt to total debt ratio was about 36% at the end of June 2025. We expect the company to keep the ratio below 50% over the next three years.

Strategically important subsidiary of EGAT

We view RATCH as a strategically important subsidiary of EGAT, as we expect RATCH to remain a key vehicle for EGAT's expanding international presence. The company contributes to EGAT's strategic goals by delivering investment returns and gaining direct experience in international energy markets such as merchant power markets, and in new technologies.

EGAT has been a major shareholder of RATCH since it was founded in 2000, holding a 45% stake and having a dominant influence in setting RATCH's business directions via the company's board of directors. Half of RATCH's directors and all of its investment committee members are representatives of EGAT.

The linkage between the two entities is further reinforced by long-term contractual arrangements in electricity supply and ongoing business collaboration. We believe EGAT will maintain its shareholding in RATCH in the foreseeable future. With that, we assess a high likelihood of RATCH receiving extraordinary support from EGAT in the event of financial distress.

BASE-CASE ASSUMPTIONS

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

- Availability factor of about 90%-95% for RATCHGEN's power plants.
- Lincoln Gap 3 Wind Farm to commence commercial operations in late-2026 or early-2027.
- Dividend receipts from equity investments of around THB3.5 billion in 2025, gradually increasing to THB4.5-THB5.0 billion per year in 2027.
- Capital expenditure and equity investment spending to total THB25-THB27 billion.

RATING OUTLOOK

The "stable" outlook reflects our expectation that RATCH will generate satisfactory returns from its investments to offset the declining contribution from RATCHGEN. Its earnings and financial leverage are anticipated to remain aligned with our baseline forecasts. Moreover, we expect RATCH will continue to be a strategically important subsidiary of EGAT.

RATING SENSITIVITIES

We could downgrade the ratings on RATCH if the SACP is lowered by more than one notch, or if we determine that RATCH has become less strategically important to EGAT. Although unlikely, the ratings could also be lowered if we downgrade the rating on EGAT.

We view the likelihood of an upward revision of the SACP as unlikely over the next 12-18 months. Conversely, downward pressure on the SACP could develop if the company's financial leverage continues to rise, resulting in a debt to EBITDA ratio exceeding 7 times for an extended period. Other factors that could impact the ratings include weaker-than-expected returns on investments, or delays in the execution of key ongoing projects.

The company's business risk profile could weaken if it becomes more exposed to highly competitive markets. Additionally, large investments in countries with higher political or economic risks may also have a negative impact. These factors could eventually affect the SACP.

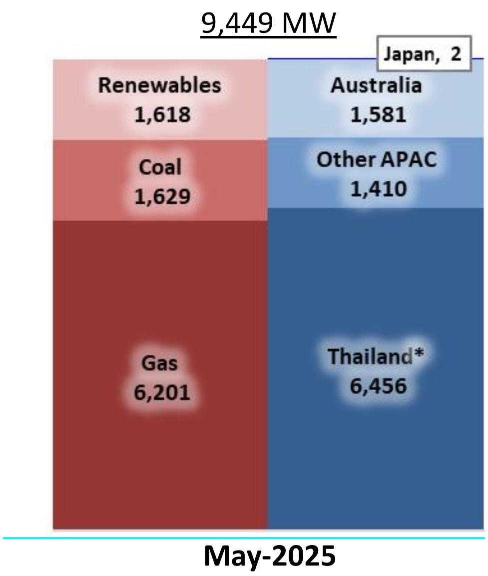
COMPANY OVERVIEW

RATCH is a leading power producer in Thailand, operating as a holding company focused on investments in power and infrastructure projects. EGAT remains its major shareholder with a 45% stake.

As of June 2025, the company had a total attributable power capacity of 11 GW, with 9.4 GW operational and 1.5 GW in the pipeline. Its operating portfolio includes gas-fired, coal-fired, hydro, and renewable power plants, with about 65% of overall operating capacity secured under PPAs with EGAT or PEA. The company has expanded across APAC, notably in Australia, Indonesia, Vietnam, Laos, and the Philippines. Australia represents the company's largest overseas exposure, following its acquisition of the NEXIF Energy portfolio in 2022. Around 16% of operating capacity is contracted under direct PPAs with Australian utilities and industrial customers. Other overseas assets are backed by contracts with major utilities such as PLN in Indonesia, EGAT, EDL in Laos, and EVN in Vietnam.

In 2024, RATCH acquired a 36% stake in the 2.0-GW Paiton Energy Power Plant Complex in Indonesia, adding approximately 742 MW in equity capacity to its conventional-fuel portfolio. The company also holds a 51% equity interest in the 1,400-MW Hin Kong Power Plant, which commenced phased commercial operations during 2024-2025. These investments, including the NEXIF Energy portfolio, support RATCH's strategic goals in diversification and energy transition.

Chart 1: RATCH's Total Installed Capacity by Ownership Share (MW)



** Including power plants in Lao PDR which hold PPAs with EGAT.*

Source: RATCH

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

			-----------Year Ended 31 December -----------			
	Jan-Jun 2025		2024	2023	2022	2021
Total operating revenues	11,912		34,210	44,985	75,210	37,949
Earnings before interest and taxes (EBIT)	5,632		11,652	9,856	9,062	9,291
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	6,655		15,462	14,179	12,544	10,265
Funds from operations (FFO)	4,084		9,931	9,196	8,860	8,106
Adjusted interest expense	2,038		4,472	4,485	3,022	1,947
Capital expenditures	642		2,055	3,065	2,386	1,894
Total assets	212,609		214,337	213,479	229,578	157,015
Adjusted debt	80,034		78,765	61,016	62,490	52,250
Adjusted equity	103,499		106,374	107,133	107,403	79,278
Adjusted Ratios						
EBITDA margin (%)	50.8		42.9	30.2	16.0	25.3
Pretax return on permanent capital (%)	5.3	**	5.9	4.9	5.2	7.6
EBITDA interest coverage (times)	3.3		3.5	3.2	4.2	5.3
Debt to EBITDA (times)	5.2	**	5.1	4.3	5.0	5.1
FFO to debt (%)	12.6	**	12.6	15.1	14.2	15.5
Debt to capitalization (%)	43.6		42.5	36.3	36.8	39.7

* *Consolidated financial statements*
** *Annualized with trailing 12 months*

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

RATCH Group PLC (RATCH)

Company Rating:	AA+
Issue Ratings:	
RATCH25NA: THB1,500 million senior unsecured debentures due 2025	AA+
RATCH30NA: THB1,500 million senior unsecured debentures due 2030	AA+
RATCH35NA: THB4,000 million senior unsecured debentures due 2035	AA+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.
Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000