TRIS RATING
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CreditNews ข่าวเครดิต

PRIME ROAD POWER PLC

No. 103/2025
30 June 2025

CORPORATES

Company Rating:	BB-
CreditAlert:	Negative

Last Review Date: 21/02/25

Company Rating History:

Date	Rating	Outlook/Alert
21/02/25	BB	Alert Negative
13/06/24	BB+	Stable
08/06/23	BBB-	Negative
30/07/21	BBB-	Stable

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RATIONALE

TRIS Rating downgrades the company rating on Prime Road Power PLC (PRIME) to “BB-” from “BB”. The rating downgrade reflects our view of PRIME’s deteriorating business prospects, given the need to dispose of additional power assets. In our view, PRIME’s planned asset disposals to address the tight liquidity situation would erode its cash flow base and reduce diversity. At the same time, we maintain our CreditAlert with a “negative” implication we have placed on the rating to reflect the ongoing uncertainty surrounding PRIME’s ability to secure sufficient funds to meet its near-term debt maturities, including partial repayment obligations for the extended debentures in July and December 2025.

The rating reflects PRIME’s very weak liquidity position, high level of financial leverage, as well as the risks associated with its investment in Cambodia and the underperforming non-power businesses. The rating continues to be supported by cash generation from the company’s solar power portfolio, backed by long-term power purchase agreements (PPAs).

KEY RATING CONSIDERATIONS

Weakening earnings base prospect

We see a likelihood of a contraction in PRIME’s revenue and earnings base, driven by escalating liquidity constraints that necessitate the disposal of a significant portion of the company’s power assets. Although PRIME has already divested a pool of its Taiwan-based solar power projects, collection of the proceeds is experiencing significant delays and carries some uncertainties. Therefore, our base-case forecast incorporates additional divestments of domestic solar power projects with a total capacity of 33 megawatts (MW) to meet the redemptions of debentures due in July and December 2025.

Based on these assumptions, PRIME’s total operating revenue could shrink to THB700-THB900 million per annum during 2025-2027, from the range of THB1.2-THB1.6 billion annually in recent years. The company is expected to achieve annual EBITDA of THB200-THB300 million, but high interest burdens will likely keep its funds from operations (FFO) at a very low level. Our forecast excludes two large solar projects in Taiwan as both are in the early stages of development. We note that our baseline forecast carries a degree of uncertainty, given PRIME’s evolving liquidity and divestment plans.

Looking ahead, we anticipate that PRIME’s smaller scale of business will lead to a weaker cushion against unforeseen headwinds and a limited investment capacity. The company will likely need to seek business partners for any large investments. PRIME might need to sell more assets beyond the aforementioned projects to cover debentures due in 2026, which could further downsize its power portfolio.

Heightened business risk profile

The stable cash flow from PRIME's power generation business remains the key credit support. Solar power projects carry long-term power purchase agreements (PPAs) and generally involve low operational risks with predictable outputs and minimal demand risks.

Given PRIME’s evolving business dynamics, we assess PRIME to have a heightening business risk profile. The divestment of power assets in Taiwan and Thailand is likely to reduce exposure to low-risk investments while increasing exposure to higher-risk investments such as the company's power project in Cambodia and non-power businesses in Thailand.

The 60-MW Cambodian National Solar Park is PRIME's largest single power project. Looking forward, the EBITDA contribution from this project may rise to over half of the company's total EBITDA, from about 30% at present. Investing in Cambodia entails higher risks including country-specific and regulatory challenges, along with the creditworthiness of the state-run Electricity of Cambodia (EDC) as a purchaser of electricity. The involvement of the Asian Development Bank (ADB) partly mitigates the associated risks.

We expect PRIME's non-power businesses will continue to weigh on its credit profile. Trading solar-related equipment and installing solar rooftops entail higher risks, while yielding lower and more volatile profit margins, compared to the power generation business. Performance in these segments is influenced by various uncontrollable factors including market competition. Our baseline forecast projects annual revenues from the non-power businesses of THB300-THB400 million during 2025-2027, with a low single-digit gross margin. At this level, these businesses are likely to continue dragging down PRIME's overall earnings.

We believe PRIME's ability to continue as a going concern depends largely on the progress of asset disposals to reduce debt and improve liquidity.

Elevated liquidity pressure

PRIME is facing heightening liquidity pressure as a raft of bond maturities approaches while its ability to access credit markets keeps weakening. We evaluate PRIME's liquidity position as notably weak, given its insufficient operating cash flow to cover maturing debt. As of March 2025, the company had a total of THB1.8 billion in maturing debt in the following 12 months. This included THB1.4 billion in debentures maturing in July 2025, December 2025, and March 2026. Cash and estimated FFO for the next 12 months add up to a mere THB200 million.

With that, the primary source of repayment should come from additional sales of assets as mentioned above. However, the timeline for these transactions and the amounts that will be realized are uncertain, presenting a significant liquidity risk. The receipt of proceeds from its Taiwanese asset divestment has been delayed. Our base-case forecast assumes PRIME will receive THB345 million from pending receivables this year. Any further delay will exacerbate PRIME's liquidity position. We do not expect the company to raise equity to cover the shortfall.

Highly leveraged

We expect PRIME's financial leverage to remain high. The divestiture of operating power assets should concurrently reduce outstanding debt and operational cash flow. Consequently, the debt level against cash generation should remain unchanged. Our base-case forecast projects a low investment expenditure of about THB200 million annually during 2025-2027. On the contrary, we assume the company will carry out the additional divestments of solar power projects in Thailand and receive about THB700 million in cash in the coming months. We expect PRIME's weak credit metrics to persist, with a sustained debt to EBITDA ratio of 10 times over 2026-2027 while the FFO to debt ratio will remain at a very low level.

A financial covenant on the debentures requires PRIME to maintain its net interest-bearing debt to equity ratio below 3 times. Additionally, its subsidiaries are required to maintain debt service coverage and interest-bearing debt to equity ratios. We expect PRIME and its subsidiaries will remain compliant with the debt covenants for the next 12-18 months.

Debt structure

As of March 2025, PRIME's consolidated debt, excluding lease liabilities, was THB4.2 billion. The priority debt totaled THB2.1 billion, comprising all borrowings incurred by its operating subsidiaries. The priority debt to total debt ratio was about 50%, suggesting that PRIME's unsecured creditors are exposed to subordination risk.

BASE-CASE ASSUMPTIONS

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

- Total operating revenue to range from THB700-THB900 million per annum.
- EBITDA margin to range from 25%-35%.
- Annual capital expenditure to be about THB200 million.
- No significant spending on uncommitted large projects.
- Divestment plan to be realized, resulting in an additional THB700 million in cash in 2025.

CREDIT ALERT

The CreditAlert with a "negative" implication signifies escalating liquidity pressure and uncertainty surrounding PRIME's ability to secure sufficient funds to meet its near-term debt obligations in a timely manner. A further downgrade of the rating may arise if we see continued deterioration in PRIME's liquidity position, or if the company's asset divestment does not progress as planned, or if it fails to secure sufficient funds to meet its maturing debt obligations. We could downgrade the rating by multiple notches in the event of a distressed exchange offer or an imminent default scenario.

We could remove the CreditAlert if we see progress in the execution of PRIME's planned divestments with a concrete timeline of proceeds from asset sales or if we see other solid funding plans that materially ease the company's liquidity position. We will continue to monitor the progress of PRIME's funding status.

NOTE ON CREDITALERT

CreditAlert is part of TRIS Rating's monitoring of a rating when a significant event may impact the rating assigned to the issuer or the issue. Such event may include mergers and acquisitions, asset investments or divestments, and group or capital restructuring. The assigned credit rating remains unchanged due to insufficient data or uncertain developments, preventing a full assessment of the impact. CreditAlert carries one of the following designations to indicate the potential direction of a rating: 'Positive', 'Negative', and 'Developing'.

COMPANY OVERVIEW

PRIME is a renewable power producer in Thailand. Formerly named Food Capital PLC, the company started transforming from its legacy property and restaurant businesses to renewable power generation after being taken over by the Prime Road Group. As a result, the company was renamed Prime Road Power PLC in July 2019 and became a listed company on the Stock Exchange of Thailand (SET) in October 2019.

The power business continues to be the centerpiece of PRIME's operations, with a total capacity of 207 MW. About 184 MW of this was operational, as of March 2025. The company has expanded into solar-related equipment trading and solar rooftop installation but still focused on power production.

KEY OPERATING PERFORMANCE

Table 1: Revenue Breakdown

Unit: Mil. THB

Sources of Revenue	2021	2022	2023	2024	Jan-Mar 2025
Power	368	437	728	791	148
Solar rooftop installation	146	254	580	278	97
Solar-related equipment trading	54	425	302	134	9
Total revenue	**568**	**1,115**	**1,611**	**1,203**	**254**

Source: PRIME

Table 2: Solar Power Project Portfolio (as of March 2025)

Country	Gross Contracted Capacity (MW)	Equity Contracted Capacity (MWe)	Tariff
Solar Projects			
Thailand	73.0	22.6	Adder: THB8
Thailand	40.6	36.7	FiT: THB4.12-THB5.66
Thailand	15.7	15.7	FiT: THB2.1679
Thailand	15.2	15.2	Agreed Prices
Taiwan	2.0	2.0	FiT: NTD4.4678
Cambodia	60.0	60.0	FiT: 3.877 US cents
Grand total	**206.5**	**152.2**	

Source: PRIME

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025		------------Year Ended 31 December ---------- 2024	2023	2022	2021
Total operating revenues	281		1,231	1,648	1,129	573
Earnings before interest and taxes (EBIT)	59		205	196	348	348
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	108		533	386	345	577
Funds from operations (FFO)	28		172	23	149	459
Adjusted interest expense	67		335	338	188	114
Capital expenditures	123		605	1,049	1,700	962
Total assets	7,285		7,468	9,238	10,491	6,450
Adjusted debt	3,974		3,954	5,461	4,759	2,485
Adjusted equity	2,038		2,073	2,348	3,252	3,086
Adjusted Ratios						
EBITDA margin (%)	38.3		43.3	23.4	30.6	100.7
Pretax return on permanent capital (%)	1.6	**	2.7	2.2	4.5	6.3
EBITDA interest coverage (times)	1.6		1.6	1.1	1.8	5.1
Debt to EBITDA (times)	8.5	**	7.4	14.1	13.8	4.3
FFO to debt (%)	3.0	**	4.3	0.4	3.1	18.5
Debt to capitalization (%)	66.1		65.6	69.9	59.4	44.6

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

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022

Prime Road Power PLC (PRIME)

Company Rating:	BB-
CreditAlert:	Negative

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