Press Release

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TRIS Rating Views Extended Debenture Maturities to Ease Liquidity Pressure on "EA", but Risk Profile Remains Constrained

TRIS Rating views that the maturity extension of Energy Absolute PLC (EA)'s several debentures will not have an immediate impact on the assessment of its credit profile. In our view, EA has made meaningful progress in alleviating its near-term liquidity pressure. However, EA's financial risk profile remains constrained, dependent on the successful execution of bank refinancing and a recovery in its electric vehicle (EV) business to generate sufficient cash flow and reduce its debt burden.

Following a series of debenture holders' meetings, EA has reached agreements for five-year maturity extensions on 11 out of 14 tranches, representing THB18.7 billion of its THB25.7 billion outstanding debentures. The amended terms also include amortizing principal repayments, embedded call options, and a 0.5% increase in coupon rates from the original terms. We believe these amendments should significantly mitigate EA's short-term refinancing risk and enhance its liquidity cushion.

Nonetheless, TRIS Rating views the extended debenture maturities as only a partial solution to EA's broader liquidity challenges. To fully address its liquidity constraints, the company still needs to extend the maturities of the remaining three tranches. Additionally, EA needs to address its bank loan obligations, which currently represent almost half of the outstanding debt. In our view, it is crucial for the company to secure sufficient financial support from banks to refinance its existing loans with more accommodating repayment profiles. However, this remains uncertain, as the outcomes of the extended debenture terms have deviated from the initial proposals. The finalized structure will be a key determinant of EA's liquidity position and the availability of free cash flow for business recovery. We expect EA to conclude agreements with the remaining creditors by September 2025.

We assess EA's financial risk profile will remain constrained over the medium term. Declining cash flow and a high debt burden continue to weigh on the company's credit strength. As opposed to our previous expectation, EA has discontinued its plan to divest a power project to reduce debt. The recovery of EA's credit strength now hinges on its ability to restore investor and customer confidence and to generate sufficient incremental cash flow from its EV business to cover EV-related debt obligations.

We will continue to closely monitor EA's progress in securing bank refinancing, its negotiations with the remaining debenture holders, and the execution of its long-term strategic initiatives. These factors will be crucial in assessing the sustainability of EA's capital structure and overall credit profile. For now, we maintain our company rating on EA at "BB+" and the ratings on its senior unsecured debentures at "BB+", with a "negative" rating outlook.

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