RATCH Group PLC

Corporate | Regulated Utilities 28 August 2026

Issuer Credit Rating: AA+/Stable

Issue Ratings:

Senior Unsecured: AA+/Stable

Rating Action

TRIS Rating affirms the issuer credit 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 a growing presence across the Asia-Pacific (APAC) region. However, the SACP is constrained by elevated investment spending and a gradual shift in RATCH's earnings mix. Earnings are increasingly derived from dividends received from equity investments and overseas assets, which generally offer lower cash flow predictability and reduce the financial headroom commensurate with the current SACP. Meanwhile, we view the consolidation of Hin Kong Power (HKP) as supportive of earnings stability, with no material impact on RATCH's financial risk profile.

Key Rating Considerations

Strategically important subsidiary of EGAT

We view RATCH as a strategically important subsidiary of EGAT and expect it to remain a key vehicle for EGAT's expanding presence in the power sector. Our assessment is supported by EGAT's 45% ownership stake, its dominant influence over RATCH's strategic direction, and longstanding commercial relationships between the two entities. The consolidation of HKP further reinforces RATCH's role as EGAT's holding arm for strategically important power assets and underscores its importance to Thailand's energy security. We expect EGAT to maintain its strategic commitment to RATCH over the foreseeable future. Accordingly, we assess a high likelihood that RATCH would receive extraordinary support from EGAT in the event of financial distress.

HKP consolidation supports earnings quality and scale

The consolidation of HKP from October 2025 strengthens RATCH's earnings profile by increasing its base of recurring and consolidated cash flows. Although RATCH's ownership interest remains unchanged, the consolidation reflects greater control over HKP's operations and financial management. We expect HKP to increase RATCH's revenues to THB40-THB45 billion per annum and lift core EBITDA (excluding dividends received) to THB10-THB12 billion per annum over 2026-2028.

The transaction also reinforces RATCH's role as EGAT's investment vehicle for gas-fired power assets. In addition, we assume HKP's project-level debt to EBITDA ratio of about 4.4-5.0 times over 2026-2028, below RATCH's consolidated level. This provides modest support to the group's overall financial profile.

Diversified APAC portfolio supports business strength

RATCH is one of the largest private power producers in Thailand, with a diversified portfolio across power technologies, geographies, and customer groups. Around 70% of its attributable operating capacity is contracted under long-term power purchase agreements (PPAs) with EGAT, the Provincial Electricity Authority (PEA, rated "AAA/Stable"), or Indonesia's PT PLN (Persero) (PLN), supporting cashflow visibility and limiting counterparty risk.

Over the past five years, RATCH's growth strategy has increasingly focused on overseas investment. As of June 2026, the company had approximately 3.9 gigawatts (GW) of attributable operating capacity outside Thailand and a further 1.4 GW under development across the APAC region. Australia remains its largest overseas market, where most revenues are backed by direct PPAs with local utilities and industrial customers. This limits its exposure to demand risk in the Australian merchant market. In Indonesia, RATCH holds a 31.3% stake as of August 2026 in the Paiton Energy power plant, which continues to contribute strong dividends. We assume base-line annual dividend receipts from Paiton will average around THB1.5-THB1.6 billion over 2026-2028.

In our view, RATCH's diversified portfolio strengthens its earnings resilience and reduces reliance on any single market or asset. However, the company's growing overseas exposure also introduces greater operational, regulatory, market, and counterparty risks than its traditional domestic portfolio. Although mitigated by diversification benefits, these risks have become an increasingly important consideration in our assessment of RATCH's credit profile.

Evolving earnings mix increases sensitivity

We expect RATCH to maintain a broadly stable earnings base over 2026-2028 despite the progressive expiration of Ratchaburi Electricity Generating Co., Ltd.'s (RATCHGEN) PPAs in 2025 and 2027. We forecast annual EBITDA of around THB14.6-THB15.2 billion in 2026, broadly in line with the 2025 level, before increasing gradually to around THB15.5-THB16.0 billion over 2027-2028. This reflects contributions from recently completed and new projects that largely offset the decline in RATCHGEN earnings.

Earnings growth will be supported by the expansion of RATCH's overseas renewable energy portfolio, particularly in Australia, with projects scheduled to commence commercial operations from 2027 onwards. On this basis, we expect RATCH's Australian portfolio to increase its annual revenue contribution to about THB9-THB10 billion by 2027. Additional growth should come from PPA-backed solar projects scheduled to commence commercial operations in 2028, as well as data center-related projects in Thailand.

Nonetheless, RATCH's dividend receipts from equity investments are likely to remain meaningful, contributing around THB4.1-THB4.6 billion annually, or approximately 27%-30% of EBITDA over the forecast period. While these investments support earnings diversification, the associated cash flows are generally less visible and less controllable than those generated from consolidated operations. In our view, RATCH will need to maintain more prudent credit metrics than in the past to preserve adequate headroom for the current SACP.

Elevated leverage remains key constraint on SACP

RATCH's financial leverage remains elevated on the back of continued capacity additions. We forecast the company's debt to EBITDA ratio to decline to around 6.0 times in 2026 from 6.3 times in 2025, benefiting from a full-year earnings contribution from HKP. We note that the 2025 ratio is temporarily inflated because it incorporates a full consolidation of HKP's project debt but only a quarter contribution to EBITDA.

We expect leverage reduction to be gradual, with the debt to EBITDA ratio declining to around 5.4-5.7 times over 2027-2028, as the company continues to pursue expansion projects. We estimate RATCH's net investment spending at THB13-THB16 billion over the forecast horizon, primarily for five upcoming solar projects under the "RE Big Lot Phase 2" program, with a combined capacity of 298 MW and scheduled to commence commercial operations by 2028. The remainder will fund maintenance capital expenditure and overseas renewable projects.

Although earnings growth should partly offset these investments, we expect leverage to remain at the weaker end of the range commensurate with the current SACP, limiting the buffer to absorb adverse operating or financial stress.

Manageable liquidity

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

As of June 2026, RATCH's liquidity sources comprised about THB13 billion in cash on hand and about THB9 billion in short-term investments, along with around THB10 billion in undrawn credit facilities. We forecast funds from operations (FFO) over the next 12 months at around THB9-THB10 billion. Against these sources of liquidity, RATCH has debt maturities totaling THB29 billion over the same period, together with committed capital expenditure and equity investments of THB5 billion. We expect the combined liquidity sources to be sufficient to meet all funding requirements.

In addition, we believe the company retains sufficient refinancing capacity, underpinned by its strong banking relationships and solid track record of bond issuances.

Debt Structure

As of June 2026, RATCH's consolidated interest-bearing debt stood at THB111 billion, comprising THB49.7 billion in secured debt and about THB4.5 billion in unsecured debt at the subsidiary level. As a result, the priority debt to total debt ratio increased to about 49%, from around 36% at the end of June 2025, mainly due to the consolidation of about THB23 billion of secured project debt at HKP. At this level, the ratio now stands just below our 50% notch-down threshold, leaving only a limited cushion against downward pressure on the issue rating.

Nonetheless, we expect RATCH to maintain the ratio below 50%. In our view, the company's financial policy and funding plan should help contain structural subordination risk.

Base-Case Assumptions

Key assumptions in TRIS Rating's base-case forecast for 2026-2028 are as follows:

- HKP to contribute EBITDA of THB4.2-THB4.4 billion per annum on average to RATCH.
- Overseas renewable projects in the pipeline to commence commercial operations from 2027 onwards.
- Dividend receipts from equity investments of around THB4.1-THB4.6 billion per annum.
- Net investment outlay—covering capital expenditure and equity investments—to total THB13-THB16 billion.

Rating Outlook

The "Stable" outlook reflects our expectation that RATCH will generate satisfactory cash flow from operations in line with our forecasts, while achieving the expected returns from its investments. We also expect the company's investment outlay and financial leverage to remain aligned with our base-case projections, with the debt to EBITDA ratio remaining below 6 times. Furthermore, we expect RATCH to remain a strategically important subsidiary of EGAT.

Rating Sensitivities

We could downgrade the ratings on RATCH if its SACP is lowered by more than one notch, or if we assess 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 an upward revision of the SACP as unlikely over the next 12-18 months. Conversely, downward pressure on the SACP could emerge if RATCH's operating performance and/or credit metrics deteriorate from our base-case scenario.

Company Overview

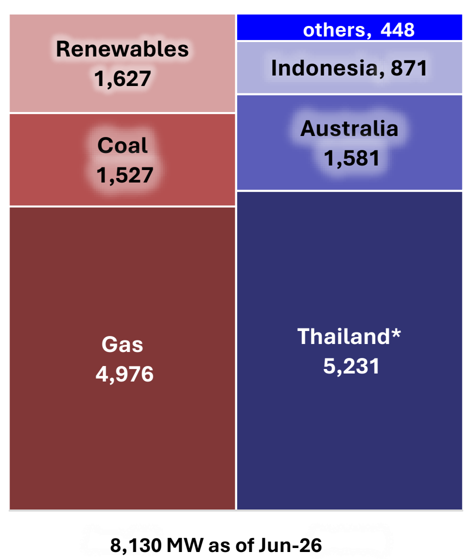
RATCH is a leading power producer in Thailand, operating as a holding company focused on investments in power and infrastructure projects. EGAT has been a major shareholder of RATCH since its founding in 2000, holding a 45% stake and exerting a dominant influence over the company's business direction through its board of directors. Half of RATCH's directors and all of its investment committee members are EGAT representatives.

As of June 2026, the company had a total attributable power capacity of 9.7 GW, comprising 8.1 GW in operation and 1.6 GW in the pipeline. Its operating portfolio spans gas-fired, coal-fired, hydro, and renewable power plants, with about 70% of overall operating capacity secured under PPAs with EGAT, PEA, or PLN. The company has expanded across APAC—notably in Australia, Indonesia, Vietnam, Laos, and the Philippines—with Australia representing its largest overseas exposure. The majority of its operating capacity in Australia is contracted under direct PPAs with local utilities and industrial customers, while other overseas assets are backed by contracts with major utilities such as PLN in Indonesia, EDL in Laos, and EVN in Vietnam.

Since 2022, RATCH has invested continuously to offset its retiring RATCHGEN PPAs over 2025-2027, while advancing its strategic goals of diversification and energy transition. Key investments over this period include the equity stake in the Paiton Energy power plant and the NEXIF Energy portfolio. Looking ahead, the company maintains a clear renewable energy pipeline, spanning PPA-backed solar projects in Thailand, wind farms in Australia, and other projects across Southeast Asia.

Key Operating Performance

Chart 1: RATCH's Total Installed Capacity in Operation 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 2026	2025	2024	2023	2022
Total operating revenues	22,724	28,119	34,210	44,985	75,210
Earnings before interest and taxes (EBIT)	5,639	10,890	11,652	9,856	9,062
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	8,190	15,070	15,462	14,179	12,544
Funds from operations (FFO)	5,708	10,067	9,931	9,196	8,860
Adjusted interest expense	2,300	4,332	4,472	4,485	3,022
Capital expenditures	301	1,450	2,055	3,065	2,386
Total assets	245,655	238,004	214,337	213,479	229,578
Adjusted debt	93,600	94,467	78,765	61,016	62,490
Adjusted equity	114,421	107,646	106,374	107,133	107,403
Adjusted Ratios					
EBITDA margin (%)	33.9	49.3	42.9	30.2	16.0
Pretax return on permanent capital (%) **	5.1	5.2	5.9	4.9	5.2
EBITDA interest coverage (times)	3.6	3.5	3.5	3.2	4.2
Debt to EBITDA (times) **	5.6	6.3	5.1	4.3	5.0
FFO to debt (%) **	12.5	10.7	12.6	15.1	14.2
Debt to capitalization (%)	45	46.7	42.5	36.3	36.8

* *Consolidated financial statements*

** *Trailing 12 months*

Related Criteria

- Corporate Rating Methodology, 29 December 2025
- Key Financial Ratios and Adjustments for Corporate Issuers, 7 November 2025
- Group Rating Methodology, 25 August 2025
- Issue Rating Criteria, 26 December 2024

RATCH Group PLC (RATCH)

Issuer Credit Rating:	**AA+**
Issue Ratings:	
RATCH304A: THB3,500 million senior unsecured debentures due 2030	AA+
RATCH30NA: THB1,500 million senior unsecured debentures due 2030	AA+
RATCH35NA: THB4,000 million senior unsecured debentures due 2035	AA+
Rating Outlook:	**Stable**

Rating History

Last Review Date: 30 March 2026

Date	Rating	Outlook/Alert
05-Aug-21	AA+	Stable
10-Apr-15	AAA	Stable
25-Apr-13	AA+	Stable
09-Feb-11	AA	Stable
15-Jun-05	AA-	Stable
12-Jul-04	A+	Stable
26-Jun-03	A+	-

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