Ratch Pathana Energy PLC

Corporate | Regulated Utilities

13 May 2026

Issuer Credit Rating: BBB+/Stable

Issue Ratings:

Senior Unsecured: BBB+/Stable

Rating Action

TRIS Rating downgrades the issuer credit rating on Ratch Pathana Energy PLC (SCG) and the ratings on SCG's senior unsecured debentures to "BBB+" from "A-". The rating outlook is "Stable". We also lower SCG's stand-alone credit profile (SACP) to "bbb" from "bbb+".

The downgrade of the SACP reflects our downward revision of SCG's business risk profile, as market risks have proven to be greater than previously anticipated. We expect challenging market conditions and sustained margin pressure to continue weighing on operating performance, leading to a deterioration in credit metrics relative to our previous projections.

Despite these factors, the current SACP continues to factor in a degree of cash flow visibility, underpinned by long-term power purchase agreements (PPAs) with creditworthy major counterparties—Electricity Generating Authority of Thailand (EGAT, rated "AAA/Stable") and Saha Pathana Inter-Holding PLC (SPI, rated "A+/Stable"). However, the SACP also incorporates our expectation of rising financial leverage stemming from its sizable investment commitments.

We continue to assess SCG as a "strategic" subsidiary of RATCH Group PLC (RATCH, rated "AA+/Stable"). Consequently, SCG's ratings incorporate a one-notch uplift from its SACP.

Key Rating Considerations

Heightened earnings volatility

We view SCG's business risk profile as weakened since the company's earnings profile has become more volatile following its increased reliance on the industrial users (IU) segment. After the downsizing of the new small power producer (SPP) PPA with EGAT to 30 megawatts (MW), electricity sales to industrial customers increased to about 42% of total revenue in 2025, from around 32% during 2021-2023. However, the IU segment underperformed our expectations, limiting its ability to offset lower sales to EGAT. Earnings were further pressured by suboptimal heat-rate efficiency at the Sriracha cogeneration plants—where further optimization has become increasingly difficult without stronger IU demand growth—and by a constrained fuel tariff (Ft) pass-through mechanism, with the average Ft rate declining to THB0.2405 per kWh in 2025 from THB0.3972 per kWh in 2024.

Against this backdrop, SCG's operating performance weakened materially in 2025, resulting in a deterioration of its credit metrics. EBITDA declined to THB421 million in 2025 from THB573 million in 2024, driving the debt to EBITDA ratio to 10 times. This deterioration occurred even before any investment spending on the "RE Big Lot Phase 2" solar projects, which have been deferred beyond our previous projection. Earnings in 2025 was further reduced by a one-off net impact of THB64 million related to PTT PLC's retrospective gas cost true-up.

Nevertheless, SCG continues to benefit from a relatively stable core revenue base. PPA-backed electricity sales to EGAT and the Provincial Electricity Authority (PEA, rated "AAA/Stable") accounted for about 40% of total revenue in 2025, providing a degree of cash flow visibility and partially mitigating volatility arising from the IU segment.

Challenging market conditions to weigh on profitability

We forecast SCG's existing-business EBITDA at THB420-THB520 million per year over 2026-2028, excluding contributions from the "RE Big Lot" solar pipeline, amid persistently challenging market conditions. We expect domestic manufacturing activity to remain suppressed, driven by global trade uncertainties, industrial overcapacity in China, and soft domestic consumption. Consequently, our base-case scenario assumes conservative IU electricity volume growth, with only a 4% cumulative increase from 2025 to 2028.

Profitability is expected to remain under pressure due to delayed cost recovery. Contrary to our earlier expectation of a gradual improvement in the cost pass-through mechanism, we now expect government measures following the ongoing energy crisis to continue limiting Ft adjustments through 2026-2028. As a result, margins from IU electricity sales are likely to remain constrained.

Renewable expansion pipeline supports medium-term earnings growth

We project SCG's EBITDA to recover to around THB680-THB750 million by 2028, supported by the commercial commencement of five new solar power projects under the "RE Big Lot Phase 2" program. Once fully operational in the fourth quarter of 2028, these projects are expected to generate an annual EBITDA of approximately THB1 billion. Successful and timely execution would be supportive of SCG's business profile through a larger operating scale, higher-quality and more predictable cash flow, and improved business diversification.

SCG has secured PPAs for four out of the six awarded solar projects—with total contracted capacity of 325 MW. Our base-case assumes the first five projects will begin investment and construction in 2027, with commercial operations starting in the second half of 2028. Upon completion, SCG's earnings profile is expected to strengthen, supported by a higher proportion of predictable cash flows from PPA-backed sales to EGAT and PEA.

Furthermore, SCG possesses upside potential from expanding its IU customer base, which is not incorporated into our base-case assumptions. The company is targeting new technology-based customers with strong and stable electricity demand. Securing such demand would help SCG optimize its heat rates and achieve a more efficient load factor. SCG holds the exclusive right to distribute electricity to users within the Saha Group's Sriracha Industrial Park through SPI. Supported by the park's strategic location and adequate infrastructure, SCG has over 50 MW of available reserve capacity to accommodate new customers, without requiring additional capital expenditure.

Rising leverage in 2027-2028

We expect SCG's leverage to increase significantly during its major investment cycle, with total debt rising to around THB12 billion by the end of 2028. This surge is driven by sizable capital expenditure of about THB10 billion for the "RE Big Lot Phase 2" projects, heavily concentrated in 2028. Under our assumption of 70%-75% debt funding, the company's debt to EBITDA ratio is projected to temporarily exceed 15 times in 2028, with the debt to capitalization ratio increasing to above 70%, reflecting a financial risk profile weaker than we previously anticipated. This peak leverage reflects the full debt load from the new projects being incurred, while earnings from the new projects will only be recognized in the fourth quarter of the year. Once the projects are fully operational, we expect the debt to EBITDA ratio to normalize to around 8-9 times.

Our base case also assumes equity injection from its existing shareholders. This equity injection will be critical for the company to maintain compliance with its debenture financial covenant, which requires maintaining a net debt to equity ratio below 3.0 times throughout the investment period.

Adequate liquidity

We assess SCG as having an adequate liquidity profile. At the end of 2025, the company's liquidity sources comprised cash on hand of THB382 million and undrawn uncommitted bank credit facilities totaling THB1.3 billion. We forecast SCG's funds from operations (FFO) over the following 12 months to be THB350-THB400 million. These combined sources should sufficiently cover its scheduled obligations, which include around THB1.27 billion in loans maturing within the following 12 months, and THB200-THB300 million in capital expenditures. Given its access to the credit market, including banks within its parent's banking network, SCG is expected to roll over its short-term borrowings.

Debt structure

At the end of 2025, SCG's priority debt totaled THB78 million. This figure comprises both secured and unsecured debt held at the subsidiary level, accounting for about 2% of SCG's total debt.

Looking forward, the priority debt ratio could rise significantly and potentially exceed 50% during 2027-2028, driven by investment outlays for the new solar projects. These investments are expected to be funded by secured project-level borrowings, which will include operating asset collateral as security. Should the priority debt ratio exceed our threshold, we may apply a notching adjustment to the issue ratings relative to the company rating. However, we believe the company will manage its funding structure to keep the priority debt ratio within our threshold.

Strategic subsidiary of RATCH

We view SCG as a strategic subsidiary of RATCH. SCG became a subsidiary of RATCH in December 2021, and RATCH currently holds a 51.7% interest in the company. Since 2022, SCG has received support from financial institutions within RATCH's network. SCG has also adopted a financial policy aligned with RATCH's policy. RATCH has expressed its intention to provide continued financial support to SCG, if needed.

RATCH positions SCG as a flagship company for investing in small- and medium-sized power projects, particularly those focused on renewable energy. RATCH's senior executives are members of SCG's board of directors. Furthermore, SCG's top management are appointed by RATCH. Given the current investment opportunities in solar energy, which align with RATCH's decarbonization objectives, we believe RATCH will play a significant role in supporting the funding plan for SCG.

Base-case Assumptions

Key assumptions in our base-case forecast for SCG's operations during 2026-2028 are as follows:

- Overall heat rates of about 7,900-8,000 British thermal unit per kilowatt-hour (BTU/kWh) for the cogeneration plants in Sriracha.
- Electricity sales to industrial customers in the Sriracha Industrial Park to increase by 4% over 2026-2028.
- Availability factors to average around 97% for the SPP Replacement Cogeneration unit.
- Availability factors of 96%-97% for the two biomass power plants.
- Total capital expenditures for maintenance and expansion in the solar business totaling about THB10-THB11 billion.
- SCG to raise cash from equity issuance to maintain compliance with debenture financial covenant.
- The five new solar power projects to commence operations in the second half of 2028.

Rating Outlook

The "Stable" outlook reflects our expectation that SCG will perform in line with our forecast. We also expect the company to carefully manage its funding plan for the new solar power projects to maintain compliance with its debenture financial covenant—keeping the net debt to equity ratio below 3.0 times especially during the investment period.

Rating Sensitivities

A revision to the ratings on SCG is subject to any change in its SACP, its strategic relevance to RATCH, or the overall credit profile of RATCH.

The SACP could improve once the new solar projects become operational, assuming execution proceeds as expected. This would support a more resilient EBITDA base exceeding THB1 billion and help mitigate volatility from IU electricity sales. Alternatively, an upward revision could result from improvement in credit metrics, with the debt to EBITDA ratio consistently below 6 times.

Conversely, the SACP could weaken if debt funding for new investments is higher than expected, such as in the absence of capital injections. A lower SACP could also result from factors that undermine project viability, including significant cost overruns or delays in commercial operations. Material underperformance—stemming from pressure on spark spreads or a significant shortfall in electricity demand growth from industrial users—could also weigh on the SACP.

Company Overview

SCG was established in 1999 to own and operate a cogeneration power plant to supply EGAT. The company was listed on the Stock Exchange of Thailand (SET) in 2004. As of May 2025, RATCH held a 51.7% interest in SCG, followed by SPI (12.2%), S&J International Enterprises PLC (9.6%), and I.C.C. International PLC (4.6%).

On 19 April 2024, SCG commenced operations of a new 80-MW cogeneration plant, supplying electricity to EGAT under a 25-year, 30-MW PPA—replacing a 90-MW PPA that expired on the same day. The PPA with EGAT helps mitigate market risk, as EGAT is obligated to off-take electricity production from this SPP Replacement project. Furthermore, the pass-through mechanism for fuel costs and exchange rates specified in the PPA helps stabilize earnings under this agreement.

The plant uses natural gas as its primary fuel under a long-term gas supply agreement with PTT PLC. SCG also supplies electricity and steam to industrial users within Saha Group’s Sriracha Industrial Park. The company’s total cogeneration installed capacity at the Sriracha Industrial Park now stands at 154 MW of electricity and 110 tonnes of steam per hour.

Regarding its the renewable business, SCG operates two very small power producer (VSPP) biomass power plants in Lamphun and Kamphaeng Phet with a total installed capacity of 17.1 MW and a total contracted capacity of 15 MW with PEA under the FiT structure. The company also provides solar rooftop solutions to private customers, leveraging its network within Sriracha Industrial Park and the PRINC Hospital Group. In addition, SCG has a strong project pipeline in solar power, including six prospective PPA projects with EGAT totaling 325 MW in contracted capacity, with scheduled commercial operation dates (SCODs) between 2028 and 2030.

Key Operating Performance

Table 1: Plant Performance Statistics

	Unit	2025	2024	2023	2022
Gas-fired cogeneration plants					
Net output energy [1]	GWhe	656	749	1,002	1,050
Proportion of energy supplied to IU	%	62	56	42	42
Availability factor – SPP Replacement	%	97	97	n.a.	n.a.
Biomass VSPP plants					
SGN – net output energy [1]	GWhe	83	85	83	82
SGN – availability factor	%	96	95	95	95
SGF – net output energy	GWh	58	56	54	58
SGF – availability factor	%	97	95	91	97

Remarks: 1) Net output of electricity and steam in the unit of GWhe (GWh equivalence)

Source: SCG

Financial Statistics and Key Financial Ratios*

Unit: Mil. THB

	-------------------Year Ended 31 December -----------------				
	2025	2024	2023	2022	2021
Total operating revenues	3,136	3,613	5,111	5,763	4,233
Earnings before interest and taxes (EBIT)	(66)	3	204	(190)	81
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	421	573	733	383	690
Funds from operations (FFO)	247	373	553	271	575
Adjusted interest expense	168	196	179	110	109
Capital expenditures	141	504	2,009	1,350	279
Total assets	7,976	8,430	9,941	8,521	7,592
Adjusted debt	4,193	4,338	4,289	3,028	2,008
Adjusted equity	3,197	3,437	3,734	3,693	3,980
Adjusted Ratios					
EBITDA margin (%)	13.4	15.9	14.3	6.7	16.3
Pretax return on permanent capital (%)	(0.8)	0.0	2.4	(2.6)	1.2
EBITDA interest coverage (times)	2.5	2.9	4.1	3.5	6.3
Debt to EBITDA (times)	10.0	7.6	5.8	7.9	2.9
FFO to debt (%)	5.9	8.6	12.9	9.0	28.6
Debt to capitalization (%)	56.7	55.8	53.5	45.0	33.5

* *Consolidated financial statements*

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 Pathana Energy PLC (SCG)

Issuer Credit Rating:	**BBB+**
Issue Ratings:	
SCG299A: THB550 million senior unsecured debentures due 2029	BBB+
SCG329A: THB1,400 million senior unsecured debentures due 2032	BBB+
Rating Outlook:	**Stable**

Rating History

Last Review Date: 07 May 2025

Date	Rating	Outlook/Alert
07-May-25	A-	Stable
17-Jun-22	A	Stable

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