

ENERGY ABSOLUTE PLC

No. 5/2024
15 July 2024

CORPORATES

Company Rating: BB+
Issue Ratings:
Senior unsecured BB+
CreditAlert: Negative

Last Review Date: 12/06/24

Company Rating History:

Date	Rating	Outlook/Alert
12/06/24	BBB+	Negative
27/07/23	A-	Negative
24/04/23	A-	Stable
10/05/19	A	Stable
09/04/18	A-	Stable
02/06/16	BBB+	Stable

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RATIONALE

TRIS Rating downgrades the company rating on Energy Absolute PLC (EA) and the ratings on its senior unsecured debentures to “BB+”, from “BBB+” with a “negative” outlook. The downgrade reflects heightened liquidity risk the company is likely to face in the near term and the corporate governance issue following the accusation by the Securities and Exchange Commission (SEC) against the company’s former CEO and his deputy of fraud.

At the same time, we place CreditAlert with a “negative” implication on all ratings on EA to reflect potential reassessment of EA’s business prospect and financial profile, due to the severe impact of the accused fraud on its creditability.

On 12 July 2024, the SEC accused Mr. Somphote Ahunai, the largest shareholder and CEO of EA, Mr. Amorn Saphaweekul, Deputy CEO, and Mr. Pornlert Techarattanopas of fraud related to the procurement of equipment from overseas and software for EA’s solar power projects during 2013 to 2015. The SEC has filed the case with the Department of Special Investigation (DSI) and the Anti-Money Laundering Office (AMLO) for further legal proceedings. The accused executives have been removed from all positions with the company.

TRIS Rating views that the corporate governance issue is likely to severely impact creditors’ and investors’ appetite on EA credit risk, leading to heightened refinancing risk of its near-maturing debenture obligations. We also view the removal of key management personnel could disrupt operations and hinder the recovery of its electric vehicle (EV) business, as well as potentially trigger breach of bank loan covenants on the retainment of key management.

As of March 2024, EA’s debt maturing in the next 12 months includes THB 5.5 billion of debentures maturing in August and September 2024, THB5.7 billion of long-term loans and THB8.4 billion of short-term borrowings. Its sources of funds include cash on hand and cash equivalent of THB2.2 billion, estimated funds from operations (FFO) over the next 12 months of THB7.6 billion, and undrawn credit lines of THB4.3 billion. Due to the uncertain market appetite on its new debenture issue, the company’s contingency plans heavily rely on bank financing which could also be a tough challenge given the perceived governance issue.

We aim to resolve the CreditAlert once EA has a clear repayment plan for its near-term debt obligations, and we arrive at a thorough assessment of the adverse impacts on the company’s business and financial profile. Further downgrades could occur due to factors such as an inability to secure sufficient funding sources or failure to obtain required covenant waivers from creditors, if necessary.

RELATED CRITERIA

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

Energy Absolute (EA)

Company Rating:	BB+
Issue Ratings:	
EA248A: THB1,500 million senior unsecured debentures due 2024	BB+
EA249A: THB4,000 million senior unsecured debentures due 2024	BB+
EA257A: THB700 million senior unsecured debentures due 2025	BB+
EA259A: THB1,250 million senior unsecured debentures due 2025	BB+
EA261A: THB1,150 million senior unsecured debentures due 2026	BB+
EA269A: THB3,095.7 million senior unsecured debentures due 2026	BB+
EA260A: THB3,000 million senior unsecured debentures due 2026	BB+
EA279A: THB750 million senior unsecured debentures due 2027	BB+
EA281A: THB2,000 million senior unsecured debentures due 2028	BB+
EA289A: THB2,770.3 million senior unsecured debentures due 2028	BB+
EA297A: THB2,000 million senior unsecured debentures due 2029	BB+
EA298A: THB2,000 million senior unsecured debentures due 2029	BB+
EA299A: THB1,400 million senior unsecured debentures due 2029	BB+
EA301A: THB1,000 million senior unsecured debentures due 2030	BB+
EA329A: THB1,700 million senior unsecured debentures due 2032	BB+
EA331A: THB2,850 million senior unsecured debentures due 2033	BB+
Up to THB5,500 million senior unsecured debentures due within 5 years	BB+
CreditAlert:	Negative

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