Absolute Clean Energy PLC

Corporate | Regulated Utilities 31 August 2026

Issuer Credit Rating: BBB+/Stable

Rating Action

TRIS Rating affirms the issuer credit rating on Absolute Clean Energy PLC (ACE) at "BBB+" with a "Stable" outlook.

The rating continues to reflect ACE's reliable cash flow, backed by long-term power purchase agreements (PPAs) with state-owned utilities, together with the sound operating record of its power plants. The rating also incorporates ACE's continued growth trajectory on the back of its sizable development pipeline. However, these strengths are partially offset by rising leverage stemming from the company's material investment program and the execution risks associated with its expansion plans.

Key Rating Considerations

Long-term PPAs underpin reliable cash flow generation

The rating on ACE mainly reflects the steady cash flow generated by its power portfolio. Most of ACE's output is sold under long-term PPAs to state-owned utilities, namely the Provincial Electricity Authority (PEA, rated "AAA/Stable") and the Electricity Generating Authority of Thailand (EGAT, rated "AAA/Stable"). This minimizes counterparty risk and gives ACE a highly visible and long-dated revenue stream.

ACE's biomass power plants sell electricity to PEA and EGAT under a combination of fixed, inflation-linked, and premium feed-in-tariff (FiT), although the premium tariff has now expired for almost all projects. The gas-fired cogeneration plant holds a 25-year PPA with EGAT for 90 megawatts (MW). The PPA carries a take-or-pay obligation on at least 80% of contracted capacity and pass-through adjustments for fuel prices and exchange rates. The newly commissioned solar farms carry 25-year PPAs with PEA at a fixed FiT of THB2.17 per kilowatt-hour (kWh). In our view, these contractual arrangements mitigate ACE's exposure to demand risk and fuel-price volatility.

New solar projects add capacity and diversification

ACE has meaningfully expanded and diversified its power portfolio over the past year, driven mainly by the commissioning of new solar projects. As of June 2026, the company operated 47 power projects with a net operating capacity of 467 MW on an ownership basis, up from 351 MW a year earlier. The additional capacity broadened ACE's fuel mix, with solar power becoming the largest segment by installed capacity at 43%, followed by biomass at 25% and the remainder from gas-fired cogeneration and municipal solid waste (MSW) power projects.

Despite the larger share of solar capacity, biomass power plants remained the company's main earnings contributor given their higher operating hours and dispatch levels. For the first six months of 2026, biomass power accounted for 44% of ACE's gross profit, while solar power's contribution rose to 21%, from 9% year-on-year (y-o-y). In our view, the growing contribution from solar power enhances the diversity and stability of ACE's cash flow, while the biomass segment continues to anchor the company's earnings base, though it remains exposed to feedstock supply risk. For the first six months of 2026, ACE's revenue rose to THB3.4 billion from THB3.3 billion a year earlier, driven mainly by the new solar projects but partly offset by the expiry of PPAs at a few biomass plants in 2025. EBITDA grew 23% y-o-y to THB1.3 billion.

Strong operating track record across the portfolio

The sound and consistent performance of ACE's power plants further reinforces its reliable cash flow. In 2025, the biomass power portfolio maintained a high average availability factor of about 95%, and most of the plants were able to dispatch electricity almost close to full capacity when available. This reflects the steady reliability and utilization of ACE's biomass fleet, which continues to form the backbone of the company's earnings.

The gas-fired cogeneration plant also delivered a solid operating record, with an average availability factor of 98% in 2025. The plant consistently achieved a heat rate below the contractual term of 7,950 British thermal units per kilowatt-hour (BTU/kWh), underscoring its sound energy efficiency. Meanwhile, ACE's two MSW power plants continued to deliver dependable performance, with availability factors of 85%-92%, while the newly added solar farms generated broadly in line with expected capacity factors. In our view, the consistent operating performance across ACE's portfolio supports the predictability of its cash flow.

Expansion plans carry significant execution risks

ACE continues to enlarge its power portfolio through a number of projects under development. Among these, the company's biomass expansion program remains the most significant source of execution risks. The company plans to bring nine biomass power plants on stream by November 2027, requiring the simultaneous development of multiple projects over a relatively short period. Timely execution is critical because these projects must commence operations within the required timeframe. Failure to do so could leave development costs stranded and weaken ACE's credit metrics. In addition, the projects will need to gain and maintain acceptance from local communities, while the company will also need to secure additional biomass fuel supplies as new plants enter operation.

ACE is also advancing several other renewable energy projects. The company plans to commission one MSW project in 2026 and another in 2027. In addition, ACE is developing three solar projects under the Solar Big Lot program for commercial operation by 2027, as well as a group of solar rooftop projects scheduled to enter operation by 2026. While these projects contribute to the company's growth prospects and portfolio diversification, ACE remains exposed to potential construction delays and cost overruns given the scale of its concurrent development activities.

Leverage to rise during expansion

ACE's substantial capital spending is expected to increase its financial leverage over the near-to-intermediate term. In our base case, we assume ACE will successfully develop and commission all projects currently in its pipeline broadly as planned and within budget. Under this assumption, the company is expected to incur net capital expenditure of roughly THB12.1 billion over 2026-2029, most of which is earmarked for biomass power plants during 2026-2027. With that, we expect its net debt to peak at THB15.2 billion in 2027, up from THB6.4 billion as of June 2026.

We project ACE's EBITDA to stay in the range of THB2.5-THB2.9 billion per year during 2026-2027, before rising to about THB3.8 billion in 2028 as the new projects begin contributing a full period of operation. Consequently, we expect the debt to EBITDA ratio to remain above 5 times during 2026-2027, then decline to below 4 times from 2028 as incremental cash flow from the new projects materializes. The debt to capitalization ratio is expected to stay above 40% over 2026-2028 before falling to 37% in 2029. Despite the near-term increase, we view the rise in leverage as transitory and consistent with the company's investment phase, particularly as the additional debt is expected to support future earnings growth.

Manageable liquidity

We assess ACE's liquidity as manageable. As of June 2026, the company held cash and cash equivalents of approximately THB1.6 billion. Over the next 12 months, we expect ACE to generate funds from operations (FFO) of around THB2.1 billion. These sources should be sufficient to cover debt repayments of about THB1.3 billion coming due over the same period. However, we project ACE to invest approximately THB5.9 billion in its committed projects during the next 12 months. We expect the company to secure the required project financing to support these investments.

Debt structure

As of June 2026, ACE reported consolidated debt of about THB7.7 billion, excluding lease liabilities. Of this amount, THB7.6 billion was held at the subsidiary level and classified as priority debt. With a priority debt to total debt ratio of around 98%, ACE's unsecured creditors are significantly disadvantaged relative to priority debt holders with respect to claims against the company's assets.

Base-case Assumptions

The key assumptions underpinning our base case for ACE's operations during 2026-2029 include:

- Average availability factor
  - Biomass ~ 94%
  - MSW ~ 92%
  - Cogeneration ~ 97%
- Average dispatch factor
  - Biomass ~ 96%
  - MSW ~ 97%
  - Cogeneration ~ 80%
- Average capacity factor for solar power projects to hover around 13%.
- Net capital expenditures to add up to THB12.1 billion.
- ACE to obtain project loans for all new projects.

Rating Outlook

The "Stable" outlook reflects our expectation that ACE will sustain the steady performance of its operating assets and deliver predictable cash flow as forecast. The outlook also assumes that the company will execute its development pipeline broadly as planned, with projects commencing operations on track and on budget. As a result, ACE's credit metrics should remain in line with our base-case projections.

Rating Sensitivities

Given ACE's rising financial leverage and the development risks associated with its development pipeline, a rating upgrade is unlikely over the near term. Over the longer term, an upgrade could be considered if ACE strengthens its EBITDA and keeps its net debt to EBITDA ratio sustainably below 4 times. This could occur from the successful development and commissioning of the new projects.

On the other hand, downward pressure on the rating could arise if ACE's existing power assets perform materially below our expectations, or if the company fails to execute its expansion plans as anticipated. As a result, cash flow generation and credit metrics may fall considerably short of our base-case projections. The rating could also come under pressure from aggressive debt-funded acquisitions that erode ACE's financial risk profile. We could downgrade the rating if the company's debt to EBITDA ratio rises above 6 times without a clear path to deleveraging.

Company Overview

ACE was established in December 2015 as a holding company to invest in the power generation business and was listed on the Stock Exchange of Thailand (SET) in November 2019. As of June 2026, the Songmetta family remained the major shareholder of the company, with a stake of about 82.5%. The company focuses on clean and renewable energy, with a long-standing emphasis on biomass power generation, and operates across multiple regions in Thailand.

ACE's development began with a 9.9-MW biomass power plant in Chonburi in 2012. The company subsequently expanded its biomass portfolio to nine plants totaling 89 MW by 2019, and in 2020 it acquired three additional biomass plants from Ua Withya PLC. ACE also moved into waste-to-energy, commissioning its first MSW power plant in Khon Kaen in 2016, followed by a second MSW plant in 2020, and later broadened its portfolio further with a 20-MW hybrid biomass-solar plant in Kamphaeng Phet in 2024. By June 2026, ACE owned and operated 47 power projects with a total net capacity of 467 MW on an ownership basis. The company is now developing a range of new projects spanning biomass, MSW, and solar.

Key Operating Performance

ACE's Net Operating Power Portfolio (End of Jun 2026)

Project Type	Number of Projects	Installed MW	Contracted MW	COD	Off-taker	Tariff Scheme
Biomass	12	118.4	96.0	2012-2021	PEA	FiT + FiT (V) + FiT (P)
Hybrid (Biomass & Solar)	1	20.0	13.3	Apr-24	EGAT	FiT + FiT (V)
SPP Cogeneration (Gas)	1	114.3	90.0	Feb-17	EGAT	CP + EP + FS
MSW	2	12.0	8.9	2016-2020	PEA	TOU + Ft + Adder or FiT + FiT (V) + FiT (P)
Solar Rooftop	16	15.7	15.7	2018-2025	IU	TOU + Ft with discount
Solar Farm	15	186.5	92.7	2024-2026	PEA	FiT
	47	**466.9**	**316.6**			

COD = Commercial operation date
FiT (V) = Feed-in-tariff (Variable)
FiT (P) = Feed-in-tariff (Premium)
MSW = Municipal solid waste
IU = Industrial user
CP = Capacity payment
EP = Energy payment
FS = Fuel saving payment
Source: ACE

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Financial Statistics and Key Financial Ratios*

Unit: Mil. THB

		-------- Year Ended 31 December --------			
	Jan-Jun 2026	2025	2024	2023	2022
Total operating revenues	3,375	6,564	6,462	6,603	6,931
Earnings before interest and taxes (EBIT)	820	1,244	1,193	1,326	1,524
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,321	2,226	2,065	2,138	2,254
Funds from operations (FFO)	1,121	1,763	1,707	1,886	2,084
Adjusted interest expense	134	332	304	207	132
Capital expenditures	700	987	5,009	1,771	1,814
Total assets	25,965	25,654	25,114	21,737	20,071
Adjusted debt	6,358	6,674	7,195	4,119	4,265
Adjusted equity	17,026	16,532	16,161	15,303	14,185
Adjusted Ratios					
EBITDA margin (%)	38.8	33.6	31.8	32.1	32.5
Pretax return on permanent capital (%)**	6.0	5.1	5.3	6.6	8.1
EBITDA interest coverage (times)	9.9	6.7	6.8	10.3	17.0
Debt to EBITDA (times) **	2.6	3.0	3.5	1.9	1.9
FFO to debt (%)**	32.1	26.4	23.7	45.8	48.9
Debt to capitalization (%)	27.2	28.8	30.8	21.2	23.1

* *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

Absolute Clean Energy PLC (ACE)

Issuer Credit Rating:	**BBB+**
Rating Outlook:	**Stable**

Rating History

Last Review Date: 21 August 2025

Date	Rating	Outlook/Alert
11-Oct-21	BBB+	Stable

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