EGAT International Co. Ltd.

December 14, 2023

Credit Highlights

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Overview

Key strengths	Key risks
Core subsidiary of Electricity Generating Authority of Thailand (EGAT), with timely government support likely via the parent in extraordinary circumstances.	Increased debt levels due to electricity tariff subsidies provided during 2021-2022, while recovery timeline and mechanism remain unclear.
Benefits from EGAT's dominant position in power generation and status as the sole transmission services provider in Thailand.	EGAT's smaller size relative to other regional utilities that have a dominant presence in the market.
Stable regulatory environment given transparent tariff-setting procedure and a long track record.	Exposure to EGAT's fuel and customer concentration risks.

EGAT International Co. Ltd. (EGATi) to remain a core member of the EGAT group. We view EGATi as an extension of EGAT. The company operates as the investment arm for its parent EGAT on behalf of the Thai government. All of EGATi's management, operations, capital expenditure (capex) funding, and investments are largely approved by EGAT, Thailand's Ministry of Finance, Ministry of Energy (MOE), and cabinet. The rating on EGATi therefore reflects our assessment of EGAT's credit profile. We believe EGATi benefits from an extremely high likelihood of extraordinary support from the Thai government if needed. The government supports EGATi via equity infusions from EGAT or the cabinet-approved budget for EGATi.

We expect EGAT to maintain its strong link with the Thai government and keep its essential role as the country's sole transmission services provider and dominant power generator. We believe the Thai government has satisfactory oversight of EGAT and would provide timely support to help the company deliver on its public service obligation of providing a stable electricity supply. EGAT is a wholly owned government entity with active government involvement via the MOE in terms of supervision, strategy, operations, funding, and financial management. Under the Electricity Generating Authority of Thailand Act, the government is obligated to cover any deficiencies in EGAT's cash flows, including debt repayments and interest expenses. The government's obligation to prevent a financial crisis reinforces our expectation of continued majority ownership by the government.

Our assessment of EGAT's stand-alone credit profile (SACP) partly depends on the new government's energy price policies. It also involves clarity over the recovery timeline and mechanism of accrued revenues from electric energy sales according to automatic tariff adjustment (or "accrued Ft revenue"). Under our base-case scenario, the company's ratio of funds from operations (FFO) to debt will recover to 22.3% in 2023, compared with 19.9% in 2022. This is mainly because EGAT has started to collect accrued Ft revenues this year that it was not able to collect in 2021-2022 due to the government's measures to subsidize electricity bills. Accrued Ft revenues amounted to Thai baht (THB) 150 billion as of December 2022, and have been gradually declining over the course of 2023 with partial collection of the amounts due. We estimate the accrued Ft revenue will come down to THB117 billion by end-2023, which indicates EGAT will be reimbursed around THB33 billion in 2023.

We forecast the ratio of FFO to debt will further recover to 27% in 2024 and about 32% in 2025, given EGAT plans to gradually receive accumulated Ft revenues over the next two years. While EGAT projects it will fully recover the amount by 2025, our base case scenario takes a more conservative approach, assuming the full collection to happen by end-2026.

EGAT's financial ratios in the forecast years will be highly dependent on the energy price policies under the new government. Key to our assessment of EGAT's credit profile will be the ability to receive adequate and timely recovery of the actual changes in fuel prices, with limited cash flow volatility.

The energy price policies of the new government will be a key watch point for a fully supportive regulatory framework in Thailand. Under the new government, the electricity tariff for September to December 2023 was lowered to THB3.99/unit, from the originally approved THB4.45/unit. With this tariff revision, EGAT forecasts its full recovery of accrued Ft revenue to be delayed until the end of 2025, from previously forecasted April 2025.

While Thailand's electricity tariff mechanism is designed to allow full and timely pass-through of fuel and power purchase costs, EGAT has faced cash flow pressure from the soaring fuel prices during 2021-2022 because it was not able to charge a tariff that fully passes through the higher costs. Yet, we believe that the partial recovery of accrued Ft revenue amounting to THB45 billion in the first half of 2023 demonstrates the company's ability to recover its dues.

Ongoing discussions about electricity tariff are opaque but are likely to involve the government, Energy Regulatory Commission (ERC), EGAT, PTT Public Co. Ltd. and public consultation. EGAT’s debt and payback period will be under consideration. On Nov. 29, 2023, the commission announced that power tariffs for January to April 2024 is set at THB4.68/unit, which reflects a 17% increase from the current rate of THB3.99/unit. However, it’s unclear if this will be the final tariff hike approved by ERC due to the government’s concerns over the consumer burden. The ERC is slated to meet again in January 2024 to discuss the government’s decision, and it is unclear whether the commission will agree to suspend the increase or if it will propose a smaller hike.

Given the lack of a sufficient track record under the new administration, the electricity tariffs announced for the upcoming periods will be a key watch point for our assessment of a fully supportive regulatory framework in Thailand. Any signs that the government will not compensate EGAT subsequently, or the government’s intervention will be more frequent, permanent, or larger in scale may lead us to reassess our view on the regulatory framework for the country.

Outlook

The stable outlook on EGATi mirrors that on the sovereign rating on Thailand. It also reflects our expectation that EGATi will remain a core member of the EGAT group and continue to receive support from the Thai government through EGAT over the next 12-18 months.

The outlook also reflects our expectation that EGAT will continue to benefit from ongoing and extraordinary government support.

Downside scenario

We could lower the rating on EGATi if we see signs that the company's ties with its parent are loosening, or if our assessment of government support for EGATi is lower, both of which we view as unlikely for the next 12-24 months.

We may also lower the rating on EGATi if we downgrade EGAT, which could happen if we lower the sovereign credit rating on Thailand.

We could lower the rating on EGAT if its SACP falls to 'b+' which we consider highly unlikely, given its current SACP is in the investment-grade range.

We may lower our assessment of EGAT's SACP by one notch if:

- The entity departs significantly from its role as Thailand's sole transmission network provider and dominant electricity generator under the "enhanced sole buyer" model, which could weaken our assessment of EGAT's business operations and quality of earnings;
- Thailand's regulatory framework has any significant adverse change; or
- EGAT's cash flow adequacy deteriorates substantially, with the ratio of FFO to debt falling below 23%.

Upside scenario

We could raise the rating on EGATi if we raise the foreign currency long-term sovereign credit rating on Thailand and the SACP on EGAT remains at least 'bb-'.

An upgrade is contingent on EGAT maintaining strong ties with the government and continuing to benefit from an extremely high likelihood of extraordinary support from the government in case of financial distress.

Our Base-Case Scenario

Assumptions

- Thailand's real GDP to grow 2.5%-4.2% in 2023-2025, supporting electricity demand.
- EGAT's revenue to fall around 11% in 2023, primarily driven by lower fuel prices, before rebounding by 5%-7% over the next two years, given our expectations of increased fuel costs (mainly gas) and steady growth in electricity demand.
- Adjusted EBITDA margins to recover to 20% in 2023, before stabilizing at 18%-19% in 2024-2025.
- Capex to be generally based on the power generation target of the Power Development Plan (PDP). We estimate capex of THB39 billion–THB46 billion per annum in 2023 and 2024, increasing to about THB65 billion-THB70 billion in 2025.
- Higher dividend payout of 90% of PBT in 2023, given a significantly lower payout in 2022, but this should come down to 60% of profit before tax in 2024, largely in line with historical payout ratios. This puts dividends at about THB38 billion in 2023 and THB26 billion in 2024, based on our estimates.

Key metrics

Electricity Generating Authority of Thailand--Forecast summary

Period ending	**Dec-31-2020**	**Dec-31-2021**	**Dec-31-2022**	**Dec-31-2023**	**Dec-31-2024**	**Dec-31-2025**
(Mil. THB)	2020a	2021a	2022a	2023e	2024f	2025f
Revenue	510,707	557,314	800,403	715,277	766,529	802,474
EBITDA (reported)	101,373	119,937	127,791	134,155	135,093	136,005
Plus/(less): Other	3,694	4,849	10,869	8,393	8,393	8,393
EBITDA	105,067	124,786	138,660	142,548	143,486	144,398
Less: Cash interest paid	(34,614)	(35,260)	(40,022)	(42,685)	(42,807)	(43,140)
Less: Cash taxes paid	(463)	(404)	(1,907)	(948)	(908)	(901)
Funds from operations (FFO)	69,990	89,122	96,731	98,915	99,771	100,358
Cash flow from operations (CFO)	63,520	53,089	(29,338)	133,932	143,023	144,484
Capital expenditure (capex)	49,260	40,346	51,523	45,585	39,233	67,846
Free operating cash flow (FOCF)	14,260	12,743	(80,861)	88,347	103,789	76,638
Dividends	19,975	21,649	7,408	37,966	25,947	24,864
Discretionary cash flow (DCF)	(5,715)	(8,906)	(88,269)	50,382	77,843	51,774
Debt (reported)	137,444	161,387	285,754	320,130	305,076	272,918
Plus: Lease liabilities debt	229,742	252,615	262,821	262,821	262,821	262,821
Plus: Pension and other postretirement debt	11,749	12,752	10,889	10,889	10,889	10,889
Less: Accessible cash and liquid Investments	(59,074)	(57,512)	(75,858)	(152,259)	(212,184)	(239,729)
Plus/(less): Other	2,861	2,529	2,425	2,425	2,425	2,425
Debt	322,722	371,772	486,031	444,005	369,027	309,324
Equity	488,141	509,004	549,178	557,649	576,200	595,462
Adjusted ratios						

Electricity Generating Authority of Thailand--Forecast summary

Debt/EBITDA (x)	3.1	3.0	3.5	3.1	2.6	2.1
FFO/debt (%)	21.7	24.0	19.9	22.3	27.0	32.4
CFO/debt (%)	19.7	14.3	(6.0)	30.2	38.8	46.7
FOCF/debt (%)	4.4	3.4	(16.6)	19.9	28.1	24.8
Annual revenue growth (%)	(8.9)	9.1	43.6	(10.6)	7.2	4.7
EBITDA margin (%)	20.6	22.4	17.3	19.9	18.7	18.0
Return on capital (%)	8.1	9.4	9.3	8.8	9.0	9.4
Return on total assets (%)	6.6	7.6	7.4	6.7	6.4	6.4

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. THB -- Thai baht

EBITDA margins to recover with stabilizing fuel costs. The tariff framework in Thailand incorporates a fuel price adjustment every four months, allowing EGAT to pass on increases in fuel costs to its consumers. We expect EBITDA margins for EGAT to improve in 2023 to about 20% from 17.3% in 2022, owing to the decline in fuel costs during 2023. In our view, the margins will stabilize to 18%-19% in 2024-2025 since we do not expect any significant capacity additions and timely recovery of fuel costs.

EGAT's cash flows to recover with the recovery of accrued Ft revenue. We believe that subsidy measures were temporary and EGAT will ultimately be able to recover the lost cash flows over time, given the strong regulatory framework and long track record of transparent tariff setting procedure, with full cost pass through and assured returns. We also forecast the recovery of accrued Ft revenue of THB33 billion in 2023 and THB35 billion-THB40 billion annually in 2024-2026. Our base-case scenario assumes the full collection by end-2026.

Company Description

EGATi is the sole energy and power investment platform for international expansion under EGAT. EGAT is wholly owned by the Thai government and is the sole electricity transmission service provider and the largest electricity generator in the country.

Peer Comparison

We consider Perusahaan Perseroan (Persero) Perusahaan Listrik Negara (PLN) PT, Tenaga Nasional Bhd. (TNB) and NTPC Ltd. as EGAT's peers within the regulated utilities space. Similar to EGAT, the peers have dominant market positions in their respective countries.

EGAT is significantly smaller than NTPC and PLN in terms of generation capacity. While it is comparable to TNB which has 23.29 gigawatts (GW) of capacity as of June. 30, 2023, we believe TNB has better diversity due to its distribution business and diverse customer base comprising of residential, commercial, and industrial customers. PLN depends on subsidies and compensation payments from the government. NTPC also faces additional risk of weaker counterparties, even though its collection record has been satisfactory.

In our view, the regulatory framework differs for the regulated peers. Both Thailand and India benefit from stable and established regulatory frameworks with formula-based tariff adjustments and the presence of an independent regulator. In contrast, Indonesia's regulatory framework is weaker due to ad-hoc tariff adjustments and continuing dependence on subsidies, in the absence of an independent regulator. Malaysia's record of semi-annual tariff adjustment is improving, but such adjustments still require cabinet approval.

EGAT's leverage is lower than that of its peers. Moreover, PLN heavily depends on subsidies and compensation payments from government. NTPC faces additional risk of weaker counterparties, even though its collection record has been satisfactory.

Electricity Generating Authority of Thailand--Peer Comparisons

	Electricity Generating Authority of Thailand	Perusahaan Perseroan (Persero) Perusahaan Listrik Negara PT	Tenaga Nasional Bhd.	NTPC Ltd.
Foreign currency issuer credit rating	BBB+/Stable/--	BBB/Stable/--	BBB+/Stable/--	BBB-/Stable/--
Local currency issuer credit rating	BBB+/Stable/--	BBB/Stable/--	BBB+/Stable/--	BBB-/Stable/--
Period	Annual	Annual	Annual	Annual
Period ending	12/31/2022	12/31/2022	12/31/2022	3/31/2023
Mil.	$	$	$	$
Revenue	23,154	28,232	16,709	21,457
EBITDA	4,011	8,959	4,796	5,984
Funds from operations (FFO)	2,798	6,244	3,509	3,630
Cash interest paid	1,158	2,602	1,051	1,805
Operating cash flow (OCF)	(849)	6,930	1,146	3,143
Capital expenditure	1,491	4,139	1,891	3,022
Free operating cash flow (FOCF)	(2,339)	2,791	(746)	121.1
Discretionary cash flow (DCF)	(2,553)	2,743	(1,247)	(762)
Cash and short-term investments	2,926	3,330	2,878	269
Gross available cash	2,926	3,330	2,878	268.8
Debt	14,060	43,086	22,004	27,031
Equity	15,887	63,453	13,919	18,382
EBITDA margin (%)	17.3	31.7	28.7	27.9
Return on capital (%)	9.3	5.3	7.0	10.0
EBITDA interest coverage (x)	3.4	2.8	4.0	3.5
FFO cash interest coverage (x)	3.4	3.4	4.3	3.0
Debt/EBITDA (x)	3.5	4.8	4.6	4.5
FFO/debt (%)	19.9	14.5	15.9	13.4
OCF/debt (%)	(6.0)	16.1	5.2	11.6
FOCF/debt (%)	(16.6)	6.5	(3.4)	0.4
DCF/debt (%)	(18.2)	6.4	(5.7)	(2.8)

Business Risk

EGAT will maintain its dominant position in Thailand's power generation. The company is the largest power producer in Thailand with installed generating capacity of about 16.9 GW, representing about 34.5% of the country's total generation capacity. It is significantly larger than other power producers Ratch Group Public Co. Ltd. (7.9 GW capacity) and Global Power Synergy Public Co. Ltd. (6.4 GW capacity) in the country.

We expect EGAT to maintain its strong market position with the Enhanced Single Buyer model in Thailand, which positions the company as the sole purchaser of electricity from other generators, to supplement its own supply. It is also the sole transmission service provider in the country.

New government policies will be key to a fully supportive regulatory framework. EGAT has benefitted from transparent and stable regulations in the past. We believe the pandemic-related subsidies from the government were temporary, and further intervention on electricity tariffs by the government will be a key risk to our assessment of Thailand's fully supportive regulatory framework. Given the reduction of electricity tariff for the period of September 2023-December 2023 under the new government (to THB3.99/unit, from the originally approved THB4.45/unit), its energy price policies will be a key watch point.

As the regulator reviews power tariffs every four months to adjust for uncontrollable costs including fuel costs, the electricity tariff for the period of January to April 2024 is already under discussion. While the ERC had recently announced power tariff hike of 17% at THB4.68/unit for the period, we will await the final outcome. The ERC is due to meet again in January 2024 to discuss the government's decision. Given limited track record of tariff adjustments under the new government, we will closely monitor the electricity tariffs announced the upcoming periods.

Until 2021, EGAT has benefitted from a tariff mechanism that allows for timely pass-through of changes in fuel and power purchase costs, limiting the company's exposure to fluctuations in fuel prices. The base rate component of the tariff, which is adjusted every three to five years, allows for recovery on capital spending, expected fuel and power purchase costs, and other operating expenses, with a reasonable return on investment. However, the implementation of tariff revisions is not automatic and requires approval of a government-appointed review committee.

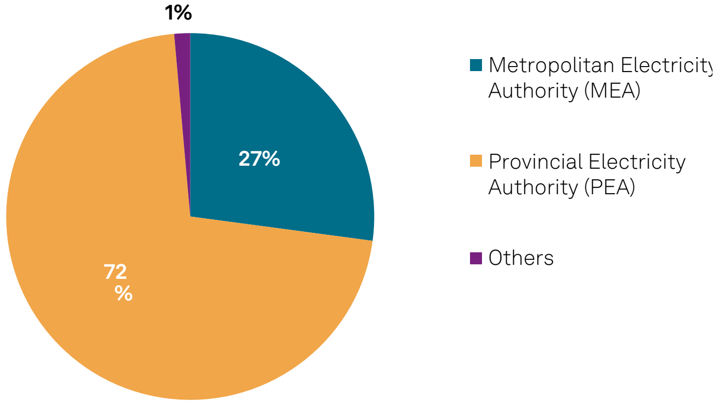
The Energy Regulatory Commission regulates electricity tariffs in Thailand. Significant changes to the regulatory framework are unlikely, given the commission's established tariff-setting philosophy. We expect the regulator to remain generally supportive of utilities in Thailand, which supports steady cash flows for these utilities.

EGAT faces fuel and customer concentration risks. The company is dependent on natural gas as a fuel source (over 50% of total capacity), given gas-fired power plants are considered as sources of baseload power in Thailand. Nonetheless, with declining domestic and imported gas supply, there has been increasing policy measures by the Thai government to encourage imports of liquefied natural gas (LNG). Given the phased approval of the National Energy Policy Council's natural gas market liberalization roadmap in 2021, we expect EGAT to continue to incorporate LNG in its long-term fuel mix. In addition, increasing investments in renewables will add to EGAT's fuel-mix diversity, in line with Thailand's PDP to reduce the use of fossil fuels over the long term.

EGAT is also exposed to customer-concentration risks as nearly all its electricity is sold to the Metropolitan Electricity Authority (MEA) and Provincial Electricity Authority (PEA), with a marginal amount sold to direct consumers. The record is good for timely payments from the state-owned distribution companies. We expect both authorities to maintain a trend of timely payments to EGAT.

EGAT faces significant customer-concentration risk

As of Dec. 31, 2022.

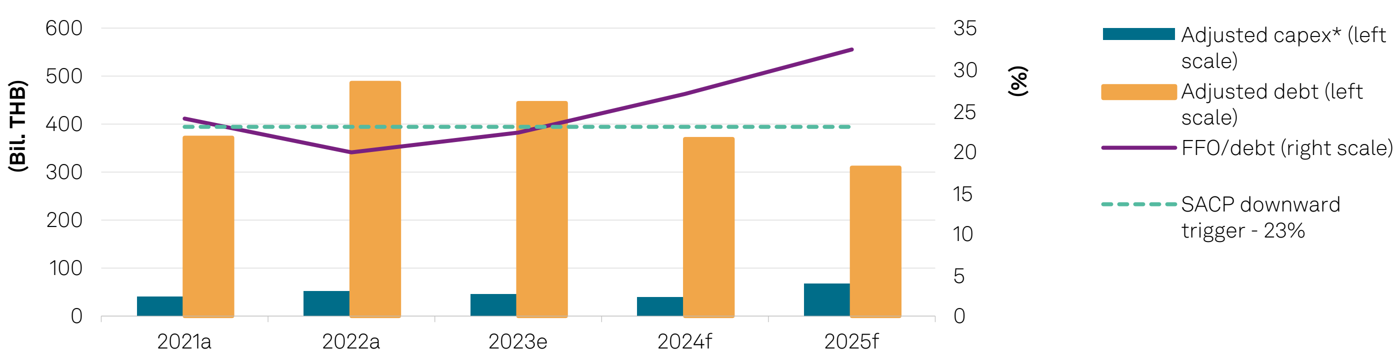


Source--EGAT.

Financial Risk

Post pandemic recovery in accrued Ft revenues will drive the overall financial profile of EGAT. Our base case assumes that ERC will gradually adjust tariffs to reflect the actual fuel costs, such that EGAT will recover the full amount of shortfall over time. EGAT has started to collect accrued Ft revenues from this year. As such, we forecast EGAT’s adjusted FFO to debt ratio will recover to 22.3% in 2023 and 27%-32% in 2024-2025, compared with 19.9% in 2022.

EGAT's leverage to recover after 2023 supported by improving cash flows and moderate capex plans



*Capex includes investments and equity injections into associates and subsidiaries. FFO--Funds from operations. THB--Thai baht. a--Actual. e--Estimate. f--Forecast. Source--S&P Global Ratings.

EGAT's healthy cash flows and moderate investment pipeline should support its earnings profile. As EGAT invests in generation and transmission assets in line with the country's PDP targets, we expect EGAT's total spending to be at around THB150 billion over 2023-2025. This also includes our expectations of equity injections toward joint ventures and associates over the next few years, largely to support overseas projects in which EGAT has stakes. We have moderated our estimates for capex because some of its investment plans for generation and transmission projects have been delayed to start in fiscal 2025, compared with the original schedule of fiscal 2024. In our opinion, EGAT can adequately manage project-execution risks given its track record. That said, cash flows will be hurt if capacity additions are not executed in a timely manner.

Debt maturities

Electricity Generating Authority of Thailand--Debt Maturities*

Debt due in	Amount (Mil. THB)
Within 1 year	52,526
More than 1 year and up to 5 years	139,444
More than 5 years	93,784
Total debt	285,754

*As of Dec. 31, 2022. THB--Thai baht.

Electricity Generating Authority of Thailand --Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
Reporting period	2018a	2019a	2020a	2021a	2022a
Display currency (mil.)	THB	THB	THB	THB	THB
Revenues	524,768	560,446	510,707	557,314	800,403
EBITDA	123,228	118,050	105,067	124,786	138,660
Funds from operations (FFO)	82,742	80,672	69,990	89,122	96,731
Interest expense	39,554	36,884	35,369	35,862	40,425
Cash interest paid	39,101	36,537	34,614	35,260	40,022
Operating cash flow (OCF)	83,428	68,902	63,520	53,089	(29,338)
Capital expenditure	57,992	52,159	49,260	40,346	51,523
Free operating cash flow (FOCF)	25,435	16,742	14,260	12,743	(80,861)
Discretionary cash flow (DCF)	3,198	(9,477)	(5,715)	(8,906)	(88,269)
Cash and short-term investments	113,278	89,690	78,765	76,682	101,144
Gross available cash	113,278	89,690	78,765	76,682	101,144
Debt	329,199	322,618	322,722	371,772	486,031
Common equity	452,445	474,654	488,141	509,004	549,178
Adjusted ratios					
EBITDA margin (%)	23.5	21.1	20.6	22.4	17.3
Return on capital (%)	11.5	10	8.1	9.4	9.3
EBITDA interest coverage (x)	3.1	3.2	3	3.5	3.4
FFO cash interest coverage (x)	3.1	3.2	3	3.5	3.4
Debt/EBITDA (x)	2.7	2.7	3.1	3.0	3.5
FFO/debt (%)	25.1	25	21.7	24.0	19.9

Electricity Generating Authority of Thailand --Financial Summary

OCF/debt (%)	25.3	21.4	19.7	14.3	(6)
FOCF/debt (%)	7.7	5.2	4.4	3.4	(16.6)
DCF/debt (%)	1	(2.9)	(1.8)	(2.4)	(18.2)

Reconciliation Of Electricity Generating Authority of Thailand Reported Amounts With S&P Global Adjusted Amounts (Mil. THB)

	Debt	Shareholder equity	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Capital expenditure
Financial year	Dec-31-2022							
Company reported amounts	285,754	485,696	127,791	74,251	39,162	138,660	1,541	28,960
Cash taxes paid	--	--	--	--	--	(1,907)	--	--
Cash interest paid	--	--	--	--	--	(39,150)	--	--
Reported lease liabilities	262,821	--	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	10,889	--	393	393	391	--	--	--
Accessible cash and liquid investments	(75,858)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	872	(872)	(872)	(872)
Dividends received from equity investments	--	--	10,476	--	--	--	--	--
Asset-retirement obligations	2,425	--	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	14,557	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(28,276)	--
Noncontrolling interest/minority interest	--	63,482	--	--	--	--	--	--
Working capital: Other	--	--	--	--	--	--	(1,731)	--
Capital expenditure: Other	--	--	--	--	--	--	--	23,435
Total adjustments	200,277	63,482	10,869	14,950	1,263	(41,929)	(30,879)	22,563
S&P Global Ratings adjusted	**Debt**	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Operating cash flow**	**Capital expenditure**
	486,031	549,178	138,660	89,201	40,425	96,731	(29,338)	51,523

Liquidity

In our view, EGATi's liquidity and funding are dependent on EGAT. We assess EGAT's liquidity as strong and forecast that the company's sources of funds will cover its needs by more than 1.5x over the 12 months to June 30, 2024, and by more than 1.0x over the subsequent 12 months. We believe net sources would be sufficient to cover uses even if EGAT's EBITDA declines by 30%. In addition, EGAT benefits from generally prudent risk management, well-established relationships with banks, and a generally high standing in credit markets through domestic bond issuances.

Principal liquidity sources

- Cash and cash equivalents of about THB151.8 billion as of June 30, 2023.
- Cash flow from operations of about THB153.9 billion over the 12 months ending June 30, 2024.
- Bond issuances of THB11.5 billion raised during August-September 2023.

Principal liquidity uses

- Debt maturities of about THB68 billion over the 12 months ending June 30, 2024.
- Capex of about THB29 billion and equity injections into EGAT's associates and subsidiaries of THB25.3 billion, over the 12 months ending June 30, 2024.
- Dividend payout of about THB30 billion-THB35 billion over the next 12 months.

Environmental, Social, And Governance

ESG factors have no material influence on our credit rating analysis of EGAT International Co. Ltd. (EGATi). We view EGATi's ESG risks as an extension of its parent EGAT.

Group Influence

We assess EGATi as a core member of the EGAT Group. We view EGATi as an extension of EGAT, given it operates as the international investment arm of EGAT on behalf of the Thai government. EGATi is wholly owned by EGAT, with 99.99% shareholding.

All EGATi's management, operations, capex funding, and investments are largely approved by EGAT, Thailand's Ministry of Finance, MOE, and cabinet. The government has an approved budget for EGATi to facilitate strategic international investments over the next few years. EGATi receives such funding support in the form of equity injection from the government via EGAT. EGAT also has strong supervision and oversight over EGATi through its representation on the board of directors and financial management.

Government Influence

We believe EGATi has an extremely high likelihood of receiving timely extraordinary support from the Thailand government via EGAT.

EGAT has a very important role in Thailand's power sector. It implements the country's energy policies and plays an essential role in maintaining the electricity generation capacity and supply, ensuring the security and stability of power in Thailand. EGAT is the largest power producer in the country directly owning about 34.5% of the country's total installed capacity. It is also the sole purchaser of electricity from other generators and transmission service provider in Thailand. EGAT has a policy to maintain at least 50% of total generating capacity in Thailand, both directly and indirectly via equity stakes in subsidiaries.

EGAT is integral to the Thai government, being a wholly owned government entity with active government involvement via the MOE in terms of supervision, strategy, operations, funding and financial management. Under the Electricity Generating Authority of Thailand Act, the government is obligated to cover deficiencies in EGAT's cash flows, including debt repayments and interest expenses. The Thai government's obligation to prevent a financial crisis reinforces our expectation of continued majority ownership by the government.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
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Ratings Detail (as of December 14, 2023)*	
EGAT International Co. Ltd.	
Issuer Credit Rating	BBB+/Stable/--
Issuer Credit Ratings History	
15-Apr-2020	BBB+/Stable/--
11-Dec-2019	BBB+/Positive/--
20-Dec-2018	BBB+/Stable/--
Related Entities	
Ratch Group Public Co. Ltd.	
Issuer Credit Rating	BBB-/Stable/--
Senior Unsecured	BBB-
RH International (Singapore) Corp. Pte. Ltd.	

Ratings Detail (as of December 14, 2023)*

Senior Unsecured	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.