

EGAT International Co. Ltd.

December 11, 2024

Credit Highlights

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.	Further government intervention in electricity tariffs reduces regulatory independence and prolongs the recovery of accrued revenue from electric energy sales according to the automatic tariff adjustment (accrued Ft revenue).
Benefits from EGAT's dominant position in power generation and status as the sole transmission services provider in Thailand.	EGAT is smaller than other regional utilities, which have a dominant presence in their markets.
Supportive regulations underpin predictable cash flows.	Exposure to EGAT's fuel and customer concentration risks.

EGAT International Co. Ltd. (EGATi) will 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 will 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.

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Thailand's electricity regulatory framework remains broadly supportive, albeit with delays in the recovery of accrued Ft revenues. While the country's electricity tariff mechanism is designed to allow the full and timely passthrough of fuel and power purchase costs, the government has retained some relief measures from the pandemic. It has lowered or capped electricity tariffs in the three years since September 2021 to alleviate the burden on consumers.

The prolonged periods for the full recovery of accrued Ft revenue led us to reassess our view on the electricity regulatory framework. In our view, Thai regulations are now more comparable to those in Malaysia where the utilities are exposed to socio-political risks. This is notwithstanding the full passthrough of actual fuel and generation costs, with a time lag. The Thai and Malaysian framework is weaker than a fully supportive, stable, and established regulatory framework with automatic and timely formula-based tariff adjustments and the presence of an independent regulator, such as in India.

We believe EGAT's partial recovery of accrued Ft revenue amounting to Thai baht (THB) 50 billion in 2023 and THB15 billion in the first half of 2024 demonstrates the company's continued ability to recover its dues. Our base case assumes a delay in the recovery till end-2027, from our previous expectation of end-2026. This reflects political pressure and government measures in the past one to two years to control tariffs. Our new expectation also represents a one-year delay from EGAT's own expectation.

EGAT faced cash flow pressure from soaring fuel prices in 2021-2022 when it was not able to charge a tariff that fully passed on the higher costs. Although the company started to collect accrued Ft revenues from mid-2023 after the regulator approved a higher fuel adjustment charge despite lower fuel costs, political interventions constantly delayed the recovery timeline.

EGAT's financial metrics will improve over the next two to three years. This is on the back of a recovery of accrued Ft revenues and lower power purchase agreement (PPA) debt adjustments.

We project a ratio of funds from operations (FFO) to debt of 34% for 2024, up from 23% in 2023. EGAT will likely continue to recover accrued Ft revenues which it could not collect in 2021-2022 due to government measures to subsidize electricity tariffs.

We forecast the ratio will further recover to 44% in 2025 and about 52% in 2026 on the back of EGAT's expectation that it will gradually receive accumulated Ft revenues. Fuel cost fluctuations and energy price policies under the new cabinet since September 2024 will be key swing factors to our base case.

Accrued Ft revenues amounted to about THB100 billion as of December 2023 and have been declining in 2024 with partial collection of the amounts due. As a result, such revenues dropped to THB85 billion as of June 2024. We estimate further drops to THB75 billion by end-2024 and THB25 billion annually in 2025-2027.

We have higher confidence that EGAT will be able to recover its costs related to its PPA debt. This is given the company's long track record and the transparent mechanism for such a recovery, albeit with a delay. As such, we see reduced risks related to these PPA liabilities.

We reduce the PPA lease liabilities that EGAT disclosed in its balance sheet by applying a risk factor of 50% when calculating adjusted debt. This lowers the company's adjusted debt by about THB130 billion (50% of reported PPA lease liabilities) as well as EBITDA by THB25 billion (50% of PPA lease-related interest and depreciation costs).

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 benefit from ongoing and extraordinary support from the Thai government.

On a stand-alone basis, we expect EGAT to continue to benefit from timely cost recoveries, including the recovery of the accrued Ft revenues, such that it will generate an FFO-to-debt ratio of 43% and ratio of discretionary cash flow (DCF) to debt of 9% during 2024-2026, on average.

Downside scenario

We could lower the rating on EGATi if we see signs of a loosening of the company's ties with its parent, or if our assessment of government support for EGATi is lower, both of which we view as unlikely in 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 our assessment of its stand-alone credit profile (SACP) falls to 'b+', which we consider highly unlikely, given its current credit quality 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 the 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 changes; 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, at the current level of extraordinary government support, we were to raise the foreign currency long-term sovereign credit rating on Thailand and EGAT's SACP remains at least at 'bb-'.

We could also raise the rating on EGATi if the credit quality of EGAT improves by one notch. This can happen if EGAT's cash flows strengthen such that the ratio of DCF to debt is above 11% on a sustainable basis.

Our Base-Case Scenario

Assumptions
<ul style="list-style-type: none">• Thailand's real GDP to grow 2.8%-3.1% annually in 2024-2026, supporting electricity demand.• EGAT's revenue to drop by about 8% in 2024, reflecting lower fuel prices this year. Revenue to further drop by about 2% in 2025 and about 1% in 2026 as fuel (mainly gas) prices remain stable.

- Steady adjusted EBITDA margins of 18%-20% in 2024-2026.
- Capex to be generally based on the power generation target of the Power Development Plan. We estimate capex of about THB46 billion in 2024, THB30 billion in 2025, and THB60 billion in 2026.
- We incorporated THB20billion-THB45 billion of annual equity injections, based on the government's past record. This reflects the possible materialization of major generation and transmission investments pending Cabinet approval.
- Dividend payout of 60%-62% of profits before tax in 2024-2026, in line with historical ratios. This implies dividends of THB24 billion-THB33 billion annually in 2024-2026.

Key metrics

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. THB)	2022a	2023a	2024e	2025f	2026f
Revenue	807,151	742,661	686,230	674,161	669,861
EBITDA (reported)	128,230	139,746	116,409	121,451	126,338
Plus/(less): Other	10,869	6,203	7,026	6,526	6,026
EBITDA	139,099	145,949	123,435	127,977	132,364
Less: Cash interest paid	(40,022)	(43,594)	(27,569)	(26,496)	(26,675)
Less: Cash taxes paid	(1,907)	(958)	(2,120)	(2,663)	(2,878)
Funds from operations (FFO)	97,170	101,397	93,746	98,818	102,811
Cash flow from operations (CFO)	(28,895)	134,919	112,132	125,735	129,932
Capital expenditure (capex)	51,966	34,555	90,081	54,325	78,650
Free operating cash flow (FOCF)	(80,861)	100,364	22,051	71,410	51,282
Dividends	7,408	29,332	33,448	24,185	32,602
Discretionary cash flow (DCF)	(88,269)	71,032	(11,397)	47,225	18,681
Debt (reported)	285,754	283,148	242,242	212,778	183,314
Plus: Lease liabilities debt	262,821	266,599	135,965	140,044	144,246
Plus: Pension and other postretirement debt	10,889	10,907	10,907	10,907	10,907
Less: Accessible cash and liquid Investments	(75,858)	(125,142)	(118,782)	(143,188)	(142,380)
Plus/(less): Other	2,771	2,886	2,886	2,886	2,886
Debt	486,377	438,399	273,219	223,428	198,973
Equity	549,583	568,684	586,124	625,859	662,340
Adjusted ratios					
Debt/EBITDA (x)	3.5	3.0	2.2	1.7	1.5
FFO/debt (%)	20.0	23.1	34.3	44.2	51.7
FOCF/debt (%)	(16.6)	22.9	8.1	32.0	25.8
DCF/debt (%)	(18.1)	16.2	(4.2)	21.1	9.4
Annual revenue growth (%)	44.8	(8.0)	(7.6)	(1.8)	(0.6)
EBITDA margin (%)	17.2	19.7	18.0	19.0	19.8
Return on capital (%)	9.4	9.4	9.5	10.8	11.4

EGAT’s cash flow will remain steady over the next three years with the recovery of accrued Ft revenue. We believe the subsidy measures were temporary and EGAT will ultimately recover lost cash flow over time. This is given the supportive regulatory framework and transparent tariff setting procedure, which allows full cost passthrough and assured returns, albeit with delays. We forecast the recovery of accrued Ft revenue of THB25 billion annually in 2024-2027. Our base case assumes full collection by end-2027.

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.

In our view, the key difference lies in the regulatory framework. India benefits from stable and established regulatory frameworks with formula-based tariff adjustments and the presence of an independent regulator. While Thailand had a long track record similar to India’s regulatory system, tariff interventions by the government in the past three years led us to reassess the regulatory framework as weaker than India.

We now consider regulatory risks for EGAT to be more comparable with those of TNB. TNB benefits from predictable regulated base tariffs that enable it to recover costs, capex, and taxes, with a return on capital. The company can pass through actual uncontrollable fuel and generation costs, albeit with a six-month lag. However, such a mechanism is not automatic and requires government approval, exposing TNB to socio-political risks.

Indonesia’s regulatory framework is weaker than that of Thailand or Malaysia. This is due to ad-hoc tariff adjustments and a continual dependence on subsidies in the absence of an independent regulator.

EGAT is much smaller than NTPC in terms of generation capacity. But the company has monopoly in the transmission business. NTPC has exposure only to the generation business. While EGAT’s generation capacity of 16.3 gigawatts (GW) as of September 2024 was comparable to TNB's 21.3 GW as of June 2024, we believe TNB has better diversity. This is due to TNB's distribution business and diverse customer base comprising residential, commercial, and industrial customers.

EGAT's leverage is lower than that of peers. PLN depends on subsidies and compensation payments to make up for tariff shortfalls while NTPC has collection risk due to the structural weakness of state electric utilities in India. These factors can affect the cash flow of the two peers. Timely subsidy payments on a monthly basis and a track record of quarterly receipt of compensation income strengthen the cash flow visibility of PLN.

Electricity Generating Authority of Thailand--Peer Comparisons

Electricity Generating Authority of Thailand	Perusahaan Perseroan (Persero) PT	Tenaga Nasional Bhd.	NTPC Ltd.
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Electricity Generating Authority of Thailand--Peer Comparisons

	Perusahaan Listrik Negara			
Foreign currency issuer credit rating	BBB+/Stable/--	BBB/Stable/--	A-/Stable/--	BBB-/Positive/--
Local currency issuer credit rating	BBB+/Stable /--	BBB/Stable/--	A-/Stable/--	BBB-/Positive/--
Period	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2024-03-31
Mil.	\$	\$	\$	\$
Revenue	21,603.3	31,680.0	13,878.4	21,423.7
EBITDA	4,245.5	9,548.5	4,064.0	6,021.6
Funds from operations (FFO)	2,949.5	5,550.3	2,766.4	3,634.5
Interest	1,297.3	4,276.5	1,188.5	1,866.9
Cash interest paid	1,268.1	3,861.2	1,094.0	1,900.1
Operating cash flow (OCF)	3,924.7	6,173.6	6,086.0	3,071.7
Capital expenditure	1,005.2	4,598.5	2,197.5	3,698.5
Free operating cash flow (FOCF)	2,919.5	1,575.1	3,888.5	(626.8)
Discretionary cash flow (DCF)	2,066.2	1,432.5	3,335.3	(1,517.3)
Cash and short-term investments	4,853.7	3,694.2	4,417.0	474.7
Debt	12,752.6	47,849.4	18,215.9	28,373.8
Equity	16,542.4	66,016.0	13,315.4	19,818.0
EBITDA margin (%)	19.7	30.1	29.3	28.1
Return on capital (%)	9.4	5.3	5.6	10.1
EBITDA interest coverage (x)	3.3	2.2	3.4	3.2
FFO cash interest coverage (x)	3.3	2.4	3.5	2.9
Debt/EBITDA (x)	3.0	5.0	4.5	4.7
FFO/debt (%)	23.1	11.6	15.2	12.8
OCF/debt (%)	30.8	12.9	33.4	10.8
FOCF/debt (%)	22.9	3.3	21.3	(2.2)
DCF/debt (%)	16.2	3.0	18.3	(5.3)

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 16.3 GW, representing about 32% of the country's total generation capacity as of September 2024. It is significantly larger than the other power producers, Ratch Group Public Co. Ltd. (9.1 GW capacity) and Global Power Synergy Public Co. Ltd. (6.9 GW capacity), in the country.

We expect EGAT to maintain its strong market position with the enhanced single buyer model in Thailand. This positions the company as the sole purchaser of electricity from other generators, to supplement its own supply. The company is also the sole transmission service provider in the country.

The **regulatory framework in Thailand remains supportive, despite delays in the recovery of accrued Ft revenues**. We believe EGAT still benefits from broadly transparent and stable regulations. Until 2021, EGAT benefited from a tariff mechanism that allowed for the timely passthrough of changes in fuel and power purchase costs. This limited the company's exposure to fluctuations in fuel prices.

The base rate component of the tariff is adjusted every three to five years and allows for the recovery of capital spending, fuel, and power purchase costs, and other operating expenses, with a reasonable return on investment. However, implementation of tariff revisions is not automatic and requires the approval of a government-appointed review committee.

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

Persistent government intervention in tariff setting in recent years has weakened the regulatory framework of Thailand, in our view. The intervention has protracted the recovery period for the full collection of accrued Ft revenue and reduced the regulatory independence of ERC.

Electricity tariff for the whole of 2024 is capped at THB4.18 per unit, below the originally approved THB4.68 for the January to April 2024 period. This followed downward revisions of tariffs for the September to December 2023 period, to THB3.99 per unit from the originally approved THB4.45.

As the regulator reviews power tariffs every four months to adjust for uncontrollable costs including fuel costs, it is already in discussions for the electricity tariff for the January to April 2025 period. While the ERC has yet to announce the official tariff for this period, Thailand's energy minister has said the tariff could dip to THB4.15 per unit from the current THB4.18.

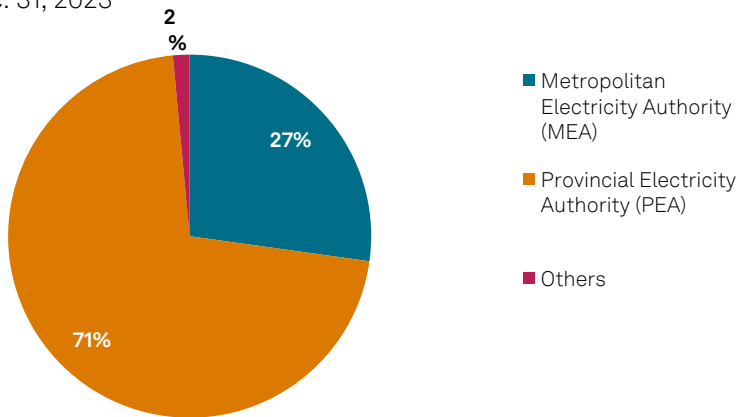
EGAT faces fuel and customer concentration risks. The company depends on natural gas as a fuel source (over 50% of total capacity), given gas-fired power plants are considered as sources of baseload power in Thailand. Nonetheless, with declining domestic and imported gas supply, the Thai government has been rolling out policy measures to encourage the import 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 Power Development Plan to reduce the use of fossil fuels over the long term.

EGAT is also exposed to customer-concentration risks because it sells nearly all its electricity to the Metropolitan Electricity Authority and Provincial Electricity Authority. The company only sells a marginal amount to direct consumers. The record is good for timely payments from the state-owned distribution companies. We expect both authorities to maintain timely payments to EGAT.

EGAT faces significant customer concentration risk

As of Dec. 31, 2023



Source: EGAT, S&P Global Ratings.

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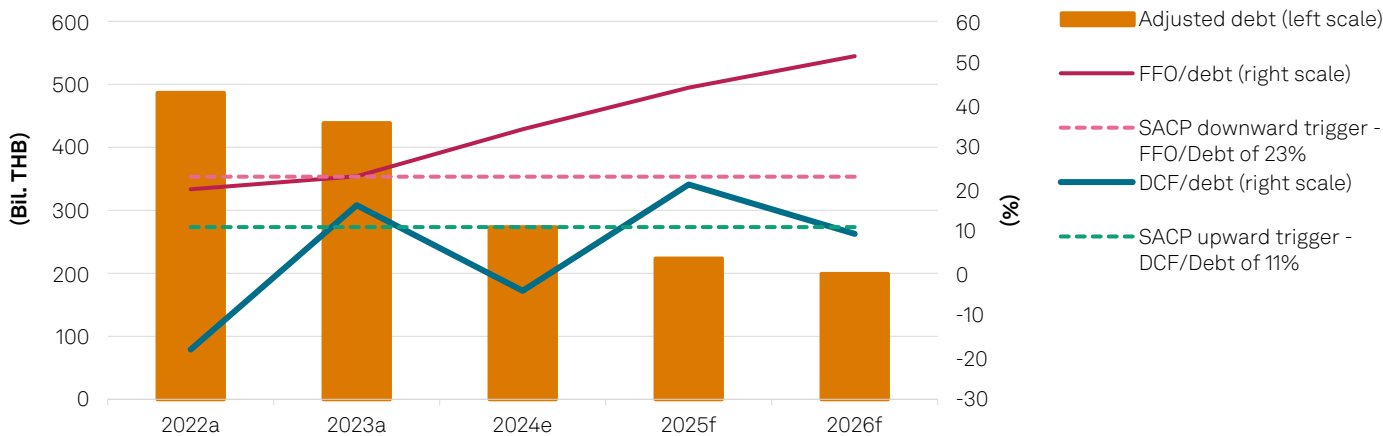
Financial Risk

The post-pandemic recovery of accrued Ft revenue together with lower PPA debt adjustments will drive the overall financial profile of EGAT. Our base case assumes ERC will gradually adjust tariffs to reflect the actual fuel costs and a higher fuel adjustment charge such that EGAT will recover the full amount of the shortfall over time, albeit over a prolonged period.

EGAT started to collect accrued Ft revenues from 2023. Together with our lower PPA lease liabilities adjustments, this will improve EGAT's credit metrics over the next three years. We forecast our adjusted FFO-to-debt ratio will recover to 34% in 2024 and 44%-52% in 2025-2026, from 23% in 2023. Fuel cost fluctuations and energy price policies under the new cabinet will be key swing factors for our forecasts.

EGAT's leverage to improve over the next three years

Supported by lower PPA debt adjustment and recovery of accrued Ft revenues



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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 Power

Development Plan targets, we expect EGAT's total spending to be around THB225 billion over 2024-2026. 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. While elevated, these investments should continue to drive capacity growth and support earnings growth over the next three years. 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	40,906
More than 1 year and up to 5 years	117,856
More than 5 years	124,386
Total debt	283,148

*As of Dec. 31, 2023. THB--Thai baht.

Electricity Generating Authority of Thailand --Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	THB	THB	THB	THB	THB
Revenues	560,446.1	510,707.0	557,314.0	807,151.0	742,661.0
EBITDA	118,050.4	105,067.0	124,786.0	139,099.0	145,949.0
Funds from operations (FFO)	80,672.3	69,990.0	89,122.0	97,170.0	101,397.0
Interest expense	36,884.3	35,369.0	35,862.0	40,425.0	44,598.0
Cash interest paid	36,536.6	34,614.0	35,260.0	40,022.0	43,594.0
Operating cash flow (OCF)	68,901.6	63,520.0	53,089.0	(28,895.0)	134,919.0
Capital expenditure	52,159.3	49,260.0	40,346.0	51,966.0	34,555.0
Free operating cash flow (FOCF)	16,742.3	14,260.0	12,743.0	(80,861.0)	100,364.0
Discretionary cash flow (DCF)	(9,477.3)	(5,715.0)	(8,906.0)	(88,269.0)	71,032.0
Cash and short-term investments	89,690.3	78,765.0	76,682.0	101,144.0	166,856.0
Gross available cash	89,690.3	78,765.0	76,682.0	101,144.0	166,856.0
Debt	322,617.5	322,722.0	372,132.9	486,377.0	438,398.6
Common equity	474,653.6	488,141.0	509,004.0	549,583.0	568,684.0
Adjusted ratios					
EBITDA margin (%)	21.1	20.6	22.4	17.2	19.7
Return on capital (%)	10.0	8.1	9.4	9.4	9.4
EBITDA interest coverage (x)	3.2	3.0	3.5	3.4	3.3
FFO cash interest coverage (x)	3.2	3.0	3.5	3.4	3.3
Debt/EBITDA (x)	2.7	3.1	3.0	3.5	3.0
FFO/debt (%)	25.0	21.7	23.9	20.0	23.1

Electricity Generating Authority of Thailand --Financial Summary

OCF/debt (%)	21.4	19.7	14.3	(5.9)	30.8
FOCF/debt (%)	5.2	4.4	3.4	(16.6)	22.9
DCF/debt (%)	(2.9)	(1.8)	(2.4)	(18.1)	16.2

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, 2023							
Company reported amounts	283,148.0	504,952.0	139,746.0	83,113.0	43,378.0	145,949.0	182,001.0	31,598.0
Cash taxes paid	--	--	--	--	--	(958.0)	--	--
Cash interest paid	--	--	--	--	--	(42,883.0)	--	--
Reported lease liabilities	266,599.0	--	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	10,907.2	--	526.0	526.0	509.0	--	--	--
Accessible cash and liquid investments	(125,142.0)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	711.0	(711.0)	(711.0)	(711.0)
Dividends received from equity investments	--	--	5,677.0	--	--	--	--	--
Asset-retirement obligations	2,886.4	--	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	12,327.0	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(35,307.0)	--
Noncontrolling interest/minority interest	--	63,732.0	--	--	--	--	--	--
Working capital: Other	--	--	--	--	--	--	(11,064.0)	--
Capital expenditure: Other	--	--	--	--	--	--	--	3,668.0
Total adjustments	155,250.6	63,732.0	6,203.0	12,853.0	1,220.0	(44,552.0)	(47,082.0)	2,957.0
S&P Global Ratings adjusted	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Capital expenditure
	438,398.6	568,684.0	145,949.0	95,966.0	44,598.0	101,397.0	134,919.0	34,555.0

Liquidity

In our view, EGAT'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, 2025, 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	Principal liquidity uses
<ul style="list-style-type: none">• Cash and cash equivalents of about THB111 billion as of June 30, 2024.• Cash flow from operations of about THB133 billion over the 12 months ending June 30, 2025.	<ul style="list-style-type: none">• Debt maturities of about THB47 billion over the 12 months ending June 30, 2025.• Capex of about THB73 billion over the 12 months ending June 30, 2025.• Dividend payout of about THB29 billion over the next 12 months.

Environmental, Social, And Governance

Environmental, social, and governance factors have no material influence on our credit rating analysis of 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 a 99.99% shareholding.

All of 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 injections 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 32% 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

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- Thailand, Aug. 5, 2024
- South And Southeast Asia Infrastructure: All Clear For Takeoff, Jul. 24, 2024
- Industry Credit Outlook Update Asia-Pacific: Utilities, Jul. 18, 2024

Ratings Detail (as of December 11, 2024)*

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.	
Senior Unsecured	BBB-

Ratings Detail (as of December 11, 2024)*

*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.

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