

RATING ACTION COMMENTARY

Fitch Affirms Thailand's EGAT at 'BBB+'; Outlook Negative

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Fitch Ratings - Hong Kong - 03 Dec 2025: Fitch Ratings has affirmed Electricity Generating Authority of Thailand's (EGAT) Long-Term Issuer Default Rating (IDR) and senior unsecured rating at 'BBB+'. The Outlook is Negative.

EGAT's Long-Term IDR is equalised with Thailand's (BBB+/Negative) given the government's 'Very Strong' incentives and responsibility to provide support due to the company's public service mandate. EGAT's Negative Outlook reflects the Outlook on the sovereign rating, because EGAT cannot be rated higher than the sovereign due to the government's strong control over the company, including the absence of a mechanism that limits the government's access to EGAT's cash or assets. This rating approach is in line with Fitch's *Government-Related Entities Rating Criteria*.

Nevertheless, Fitch recognises the government's record of managing EGAT's financial profile conservatively, which, together with the company's dominant market position and high revenue visibility from a stable and supportive regulatory framework, drive its standalone credit profile (SCP) of 'bbb+'.

KEY RATING DRIVERS

Government's Responsibility to Support: State decision-making and oversight of EGAT is 'Very Strong'. The state owns EGAT entirely, appoints its board and senior management, and directs its investments. The government's support record is 'Strong'. While support is infrequent due to EGAT's financial strength, we expect it will be forthcoming if needed due to EGAT's strategic importance to the power sector. Government support includes guarantees of up to THB85 billion of debt (2024: 31% of total debt), guaranteed regulatory returns and cost recovery.

Very Strong Support Incentives: EGAT's role in the preservation of government policy is 'Very Strong', as it accounts for around 33% of Thailand's power-generation capacity with a monopoly in transmission. EGAT buys power from most of the private generators. Only a few independent producers are allowed to sell directly to end-customers. A default by EGAT would pose a risk to Thailand's two state-owned distribution companies, Metropolitan Electricity Authority (MEA) and Provincial Electricity Authority (PEA), endangering the provision of essential services.

We regard EGAT, MEA and PEA as closely linked because regulations allow them to act as a single economic entity, with a mechanism for cross-compensation. We see 'Very Strong' contagion risk from an EGAT default on other government-related entities (GREs), as well as on Thailand. EGAT is considered a reference issuer in Thailand and is a significant borrower in the domestic public debt market where key GREs and the government are also active borrowers.

Faster Recovery of Accrued Revenue: Fitch expects faster recovery in accrued revenue from the government, with full recovery by end-2028 from the previous expectation of beyond 2028. This results from the government's efforts to balance supporting economic recovery by cutting electricity tariffs as fuel costs fall, and compensating EGAT for past losses when fuel costs were high. EGAT's accrued revenue and unbilled receivables fell to THB93 billion in 2024 (2023: THB125 billion). We expect a further reduction to below THB65 billion by end-2025.

Strong Revenue Visibility: The regulator reviews the power tariff every four months to adjust for costs beyond EGAT's control. The base tariff charged by power utilities is reviewed every three to five years. The base tariff aims to reflect the economic cost of electricity supply, secure the financial health and returns of government-owned power utilities and reduce differences in subsidies for various customers. We expect the regulator to limit sharp tariff changes, which can result in higher fuel costs not fully passed through to customers but recovered over time.

Strong Financial Profile: Fitch expects EGAT to maintain a solid financial position despite increasing capex in the medium term with EBITDA net leverage remaining comfortably below 4.0x, which supports its 'bbb+' SCP. This is underpinned by our expectations of steady demand growth and recovery in accrued revenue. We expect capex to pick up to over THB40 billion annually in 2025 and 2026 (2024: THB29 billion), focused on infrastructure upgrades and clean energy projects such as pumped storage hydropower and floating solar plants.

PEER ANALYSIS

PT Perusahaan Listrik Negara (Persero) (PLN, BBB/Stable) and Korea Electric Power Corporation (KEPCO, AA-/Stable) are similar to EGAT. Both peers are monopolies in their countries' electricity transmission and distribution sector and own and operate significant installed power-generation capacity. The peers' IDRs are also equalised with those of their respective sovereigns - Indonesia (BBB/Stable) and Korea (AA-/Stable) - under Fitch's GRE criteria.

We assess the likelihood of support for PLN as 'Very Strong'. PLN is wholly owned by the government, which appoints the board and senior management, and approves investments. Precedents of support are 'Very Strong' given regular and timely subsidy reimbursements, equity injections and government guarantee on about a fifth of PLN's debt. We believe the government's incentive to support PLN is also 'Very Strong' as PLN accounts for over 60% of Indonesia's generation and is the sole electricity wholesaler. A default would disrupt power supply nationwide as PLN would find it difficult to procure feedstock for generation and power from independent producers. Incentives to support are underpinned by 'Very Strong' contagion risk as we consider PLN a reference issuer in Indonesia.

The government's incentive to support KEPCO is assessed as 'Very Strong' because of its ownership of Korea's entire transmission and distribution network and its status as a major GRE borrower in domestic and international markets. The government's responsibility to support KEPCO is considered 'Strong' given only 51% ownership of the company, and 'Strong' precedents of support, including government-directed liquidity support from state banks.

EGAT's SCP of 'bbb+' is two notches higher than KEPCO's, as it has a stronger tariff review framework and stronger financial profile. EGAT's SCP is two notches higher than that of PLN, which reflects PLN's high reliance on government subsidies to support its financial profile.

FITCH'S KEY RATING-CASE ASSUMPTIONS

Key assumptions within our rating case for the issuer:

- Electricity demand to decrease by around 2% yoy in 2025, and to increase about 2% per year thereafter
- Energy adjustment charge to follow falling fuel costs, allowing EGAT to receive all accrued revenue balance by 2028

- Base tariff at on average around THB2.80/kWh in 2025-2028
- Annual capex of below THB45 billion in 2025-2026, rising to over THB60 billion in 2027 and over THB90 billion in 2028

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade in Thailand's sovereign rating

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- The Outlook is Negative, so we do not expect a rating upgrade. The Outlook would be revised to Stable if the Outlook on the sovereign is revised to Stable, provided the likelihood of support from the state remains strong.

For the sovereign rating of Thailand, the following sensitivities were outlined by Fitch in a Rating Action Commentary on 24 September 2025:

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Public Finances: Reduced confidence in the capacity to stabilise government debt/GDP over the medium term, for instance due to a lack of fiscal deficit reduction.
- Macroeconomic: A deterioration in medium-term growth prospects, for instance from heightened political disruption on a scale sufficient to affect tourism receipts.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Public Finances: Increased confidence in the government debt/GDP ratio stabilising over the medium term, for instance due to progress in fiscal consolidation.
- Macroeconomic: Improvement in economic growth prospects without a significant rise in non-financial private-sector debt.

LIQUIDITY AND DEBT STRUCTURE

EGAT's cash balance of THB159 billion at end-2024 was more than sufficient to cover its short-term debt of around THB41 billion in the next 12 months. Our expectations of

positive free cash flow of around THB39 billion for the next 12 months adds to EGAT's liquidity. We believe EGAT's solid liquidity profile is underpinned by its robust financial position and well-spread-out debt maturities, supported by long-dated bonds and diversified funding access, as well as close government linkages.

ISSUER PROFILE

EGAT is a vertically integrated utility in Thailand that is wholly owned by the state. It is a monopoly power transmission entity, and accounts for over 30% of the country's total installed generation capacity. The company is virtually the sole buyer of power domestically, with substantially all private gencos selling to EGAT, which in turn sells electricity to the two state distribution companies, MEA and PEA.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡

RATING ⚡

PRIOR ⚡

Electricity Generating
Authority of Thailand

LT IDR

BBB+ Rating Outlook Negative

BBB+ Rating
Outlook
Negative

Affirmed

senior unsecured

LT

BBB+

Affirmed

BBB+

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Country-Specific Treatment of Recovery Ratings Criteria \(pub. 04 Mar 2023\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 03 Aug 2024\)](#)
(including rating assumption sensitivity)

[Corporate Rating Criteria \(pub. 28 Jun 2025\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 28 Jun 2025\)](#)

[Government-Related Entities Rating Criteria \(pub. 19 Jul 2025\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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Electricity Generating Authority of Thailand

EU Endorsed, UK Endorsed

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