

EGAT INTERNATIONAL CO., LTD

No. 152/2025
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CORPORATES

Company Rating: AAA
Outlook: Stable

Last Review Date: 05/09/24

Company Rating History:

Date	Rating	Outlook/Alert
16/09/15	AAA	Stable

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RATIONALE

TRIS Rating affirms the company rating on EGAT International Co., Ltd. (EGATi) at “AAA” with a “stable” rating outlook. The rating reflects the company’s status as a core subsidiary of Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”) based on its important role as the investment arm of EGAT for power and energy-related businesses abroad, the high degree of integration with the parent, and very high likelihood of EGATi receiving extraordinary parental support in times of stress.

KEY RATING CONSIDERATIONS

Core subsidiary of EGAT

We assess EGATi as a core subsidiary of EGAT, functioning as the parent’s international investment arm. Although EGATi currently contributes minimally to earnings, its strategic importance to EGAT is high. This is reflected in EGAT’s 99.9% ownership stake, their shared reputation, and the clear alignment of EGATi’s objectives with EGAT’s long-term strategic objectives.

EGATi’s operational focus is on representing EGAT in overseas ventures, particularly through participation in government-to-government (G-to-G) projects. This strategy is critical to advancing national energy security and delivering long-term investment returns for EGAT. Both entities are state-owned enterprises, maintaining close ties with the government and contributing to national energy development.

Highly integrated with EGAT

EGATi’s governance structure reflects a high degree of integration with EGAT, which exercises direct control by appointing the majority of EGATi’s board members and senior executives. EGAT also maintains direct influence over EGATi’s strategic direction, financial policies, and investment decisions. Additionally, all investment proposals approved by EGATi’s board must be reviewed and approved by EGAT before being submitted to the Ministry of Energy for final endorsement.

We assess the likelihood of extraordinary government support for EGATi channeled through EGAT, as very high, given EGATi’s critical role in advancing EGAT’s long-term international expansion strategy. This assessment is substantiated by EGAT’s financial commitment of THB17 billion in equity funding specifically allocated to support EGATi’s investment portfolio. As of March 2025, EGATi has received THB11.8 billion in capital injections, with the remaining funds reserved for upcoming investment projects.

Indonesian coal mining remains main source of cash flow

EGATi’s investment portfolio continues to be dominated by the operating performance in PT Adaro Indonesia (Adaro), a major coal mining operator in Indonesia. Over the recent years, Adaro has consistently served as a reliable source of cash flow, contributing over 95% of total dividend incomes. The investment return from Adaro remains favorable with high dividend payouts. In 2024, EGATi received THB3.47 billion in dividends, followed by THB1.46 billion in the first quarter of 2025, primarily from Adaro.

However, EGATi’s heavy reliance on a single dividend source introduces significant concentration risk. This exposes EGATi to the inherent volatility of the coal industry, including price fluctuations, market cyclicity, and

regulatory uncertainties in Indonesia, all of which pose potential threats to its future revenue stability.

As of March 2025, EGATi's equity investment totaled THB11.3 billion, with Adaro representing the largest portion of 73.5%. The remaining portfolio comprised investments in the Nam Ngiep 1 hydro power project (23%) located in the Lao People's Democratic Republic (Lao PDR) and the Hou Ju Energy Technology Corporation (HKE) (3.5%), which is an investment company in floating solar power generation and battery energy storage system service in Taiwan.

Maintaining cash inflows from new coal-fired power plants

We expect EGATi to initiate strategic investment in 2026 by acquiring a 25% equity stake in a large-scale coal-fired power plant in Vietnam. The investment has received approval from the Ministry of Energy and is expected to complete the transaction within 2026. The plant has already commenced full commercial operations, allowing EGATi to realize immediate dividend income upon transaction completion.

We anticipate that incremental cash flows from this coal-fired power plant will materially offset the projected decline in dividend income from Adaro, stemming from lower global coal prices and a normalized dividend payout.

In our base-case scenario, we project EGATi's total annual dividend income to remain in the range of THB1.7-THB2.2 billion over the next three years. This projection assumes a cash flow contribution from Adaro and the new coal-fired power plant being approximately 60% and 40%, respectively. No dividend income is expected from the Nam Ngiep 1 project due to the expiration of its waiver period that previously allowed dividend payment. Meanwhile, we expect the HKE project to remain loss-making.

Move towards hydro power in the Lao PDR

We expect EGATi's investment portfolio to gradually move toward a more sustainable and diversified model. In the near-to-medium term, the company is likely to maintain its emphasis on investing in power generation projects in neighboring countries, particularly hydropower plants. These investments align with the energy cooperation framework between Thailand and the Lao PDR. Between 2025 and 2029, EGATi aims to increase imported power generation capacity by approximately 200 megawatts (MW). In parallel, EGATi continues to explore opportunities beyond traditional power generation, especially sectors that support future energy demand. These include energy-related transportation, liquefied natural gas (LNG), small modular reactors (SMRs), and hydrogen fuel.

Debt-free profile and ample liquidity help support future investments

EGATi maintains a strong financial profile, characterized by a substantial cash reserve and a debt-free capital structure. Its committed capital expenditure of THB8.6 billion for the 2025-2027 period is considered moderate and expected to have minimal impact on its balance sheet. This committed spending is mainly earmarked for an investment in a new coal-fired power plant and equity obligations in Adaro. With cash on hand of THB14 billion as of March 2025, EGATi possesses ample liquidity to fund these initiatives. Consequently, we project its debt to EBITDA ratio to remain well below 1.0 time over the foreseeable future.

We see the prospect of a substantial increase in capital spending as EGATi is actively exploring new projects. However, we believe its strong cash position to be sufficient to fund these initiatives without materially affecting its financial profile.

BASE-CASE ASSUMPTIONS

Key assumptions in TRIS Rating's base-case forecast for 2025-2027 are as follows:

- EGATi's share of profits from Adaro, Nam Ngiep 1, HKE and a new coal-fired power plant to be around THB2.0-THB3.0 billion per year.
- Dividend income to be about THB1.7-THB2.2 billion per year.
- Capital spending to be about THB8.6 billion.

RATING OUTLOOK

The "stable" rating outlook on EGATi reflects the rating outlook on EGAT. This rests on our expectation that EGATi's status as a core subsidiary of EGAT will remain intact.

RATING SENSITIVITIES

The rating and outlook on EGATi will follow those on EGAT, reflecting EGATi's status as a core subsidiary. Although very unlikely, a downgrade scenario could materialize if we lower the rating on EGAT, or if EGATi's strategic importance to EGAT diminishes, or if there is a perceived reduction in the likelihood of extraordinary support from EGAT.

COMPANY OVERVIEW

EGATi was founded by a cabinet resolution dated 30 October 2007. Its initial objective was to serve as EGAT's representative in G-to-G power projects in neighboring countries. The company was formally established in December 2007, with a registered capital of THB50 million. EGATi is wholly owned by EGAT. EGAT received approval from the Ministry of Energy to inject THB17 billion in equity into EGATi for the purpose of making investments abroad.

EGATi's investment portfolio currently comprises hydropower projects in the Lao PDR, floating solar plants and batter energy storage projects in Taiwan, and a coal mine in Indonesia. As of June 2025, the aggregate capacity of the company's power projects is 325 MW, while its equity capacity was 93 MW. EGATi has a policy of holding a 25%-40% interest in each project. The Nam Ngiep 1 project commenced commercial operations in September 2019. The floating solar projects in Taiwan began commercial operations in 2021-2022. The company acquired shares in Indonesian coal mining in 2016.

KEY OPERATING PERFORMANCE

Table 1: EGATi's Portfolio as of 30 Jun 2025

Project Name	Location	Plant Type	Project Capacity (MW)	EGATi's Holding (%)	EGATi's Capacity (MW)	PPA Terms (Years)	COD
Power Generation Projects							
1. Nam Ngiep 1	Lao PDR	Hydro power	287	30.00	86	27	Sep 2019
2. Hou Ju Energy Technology Corporation	Taiwan	Solar	38	18.75	7	20	2021-2022
Total			325		93		

Company	Location	Business Type	EGATi's Holding (%)	EGATi's Investment (Mil.THB)
Other Investments				
1. PT Adaro Indonesia	Indonesia	Coal mining	11.53	11,603
2. Hou Ju Energy Technology Corporation	Taiwan	Battery storage	25.00	420
Total				12,023

Source: EGATi

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

		-----Year Ended 31 December -----			
	Jan-Mar 2025	2024	2023	2022	2021
Total operating revenues	3	11	12	13	11
Earnings before interest and taxes (EBIT)	615	2,533	3,076	6,337	1,741
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,577	4,957	2,870	6,405	29
Funds from operations (FFO)	1,270	4,504	2,282	5,306	(323)
Adjusted interest expense	0	1	0	0	0
Capital expenditures	0	5	1	10	41
Total assets	25,565	25,276	24,553	23,253	20,221
Adjusted debt	0	0	0	0	0
Adjusted equity	23,246	23,050	21,747	19,707	14,682
Adjusted Ratios					
EBITDA margin (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Pretax return on permanent capital (%)	9.1 **	11.3	14.8	36.8	12.7
EBITDA interest coverage (times)	n.m.	n.m.	n.m.	n.m.	n.m.
Debt to EBITDA (times)	0.0 **	0.0	0.0	0.0	0.0
FFO to debt (%)	n.m. **	n.m.	n.m.	n.m.	n.m.
Debt to capitalization (%)	0.0	0.0	0.0	0.0	0.0

* Equity-method

** Annualized with trailing 12 months

n.m. Not meaningful

RELATED CRITERIA

- Group Rating Methodology, 25 August 2025
- Rating Methodology for Government-related Entities, 27 October 2023
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

EGAT International Co., Ltd. (EGATi)

Company Rating:	AAA
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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