

METROPOLITAN ELECTRICITY AUTHORITY

No. 134/2025
15 August 2025

CORPORATES

Issuer Rating: AAA
Outlook: Stable

Last Review Date: 19/08/24

Issuer Rating History:		
Date	Rating	Outlook/Alert
09/07/20	AAA	Stable

Contacts:

Pravit Chaichamnapai, CFA

pravat@trisrating.com

Tern Thitinuang, CFA

tern@trisrating.com

Parat Mahuttano

parat@trisrating.com

Sermwit Sriyotha

sermwit@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the issuer rating on Metropolitan Electricity Authority (MEA) at “AAA” with a “stable” outlook. The rating reflects MEA’s integral linkage with the government and its critical role as a state-owned enterprise (SOE) responsible for distributing electricity in Thailand’s metropolitan areas. The rating also considers the robust demand in its service areas, reliable cash flow underpinned by the cost-plus tariff structure, solid financial profile, and disciplined financial policy.

KEY RATING CONSIDERATIONS

Integral linkage with the government

We assess MEA as being integrally linked to the Thai government. MEA is a SOE established under the MEA Act B.E. 2501, under the full control of the government via the Ministry of Finance. Its operation is under the supervision of the Ministry of Interior. The government’s strong influence over MEA’s business and financial strategies is evident from its authority to appoint board members and the governor.

We hold the view that the likelihood of MEA receiving timely and sufficient extraordinary support from the government is near certain. Such support would be extended to cover operating expenses and debt obligations in the event of income shortfalls, as stipulated in the aforementioned Act.

Critical role in distributing power in metropolitan areas

MEA’s credit profile reflects its essential role as the sole electricity distributor to the retail market in Thailand’s metropolitan area. The service area, covering Bangkok, Samut Prakan, and Nonthaburi, represents the country’s most densely populated and economically critical region. Electricity distribution in the remaining 74 provinces is under the responsibility of Provincial Electricity Authority (PEA, rated “AAA/Stable”).

MEA plays a critical role in maintaining the reliability of the power system in its service areas, which account for approximately 26%-27% of Thailand’s total electricity consumption. MEA sources nearly all of its electricity from the Electricity Generating Authority of Thailand (EGAT, rated “AAA/Stable”). In addition, MEA is responsible for formulating strategic plans that align with national policies to improve the country’s electricity supply systems.

As of 2024, MEA’s service coverage spanned approximately 3,192 square kilometers. During the year, it distributed 56,584 gigawatt-hours (GWh) of electricity, surpassing the pre-pandemic level in 2019. MEA recorded around THB246 billion in revenue.

Robust electricity demand in metropolitan areas

MEA’s power distribution business has benefited from rising electricity consumption and high per capita usage, driven by urban density. The large and diversified customer base in the metropolitan areas further supports the stability of MEA’s revenue streams.

Over the past decade, MEA has demonstrated steady growth in electricity sales, with an average annual growth rate of 1.6%. The customer base has expanded at an average annual growth rate of 2.4%, totaling around 4.33 million customers in 2024.

However, in the first half of 2025, MEA distributed 26,925 GWh of electricity, marking a 6.1% year-on-year (y-o-y) decrease. The contraction was primarily due to a reduction in residential electricity consumption, attributed to lower average temperatures compared with the previous year. Additionally, sluggish economic activities contributed to weaker electricity demand across several business sectors.

Stable earnings from cost-plus tariff structure

MEA operates under a regulated tariff structure designed to ensure that electricity tariffs yield adequate returns on investment and provide sufficient funding for its operations. This framework is governed by the Energy Regulatory Commission (ERC). MEA has consistently maintained a stable margin between electricity tariffs and procurement costs, ranging from THB1.01 to THB1.03 per kilowatt-hour (kWh). This stable profitability enables MEA to operate efficiently while maintaining reliable electricity distribution across its service areas.

Nonetheless, MEA is required to distribute surplus earnings to relevant parties in accordance with the ERC's provisions. Due to its stronger profitability, MEA is obliged to allocate a portion of its earnings to support the operations of PEA. Any remaining surplus, referred to as "clawback," is set to transfer to the ERC to fund government initiatives. During 2020 and 2024, MEA distributed approximately THB16-THB19 billion annually in surplus earnings for both obligations.

Gradual sales decline expected due to Ft drop

We anticipate a decline in MEA's sales over the next three years, primarily driven by a projected downward trend in the Fuel Adjustment Charge (Ft). This reduction is expected to result from lower energy costs and government initiatives aimed at easing electricity expenses for the public. In 2025, we forecast MEA's electricity sales to decrease by approximately 3%-4%, followed by a modest recovery with annual growth of 1.5%-2.0%.

Under our base-case scenario, we project a decline in MEA's revenue from THB230 billion in 2025 to THB225 billion in 2027. MEA is also expected to provide financial support to PEA and contribute to the clawback mechanism, amounting to THB18-THB19 billion annually. MEA's annual EBITDA is estimated to remain in the range of THB23-THB24 billion, with its EBITDA margin hovering around 10%-11%.

Strong financial profile

We view MEA's solid cash flow and moderate capital expenditure as key factors supporting its robust financial position over the next three years. Based on approved investment plans and historical spending records, we estimate MEA's annual capital expenditure of THB24-THB26 billion during 2025-2028. MEA's solid EBITDA is anticipated to provide a buffer against any significant deterioration in its credit metrics. Over the next three years, MEA's debt to EBITDA ratio is projected to rise gradually to 3.0-3.5 times. Its debt to equity ratio is expected to remain within a healthy range of 0.7-0.8 times.

Disciplined financial policy with sizable sinking fund for bond payments

MEA adopts a prudent financial approach, abiding by a well-defined policy. The policy sets clear targets of maintaining a debt to equity ratio within 1.5 times, a self-financing ratio of not less than 25%, and a debt service coverage ratio of not less than 1.5 times.

MEA has demonstrated disciplined liquidity management, supported by a prudent cash reserve policy. MEA has set up a sinking fund, allocated for bond redemptions for the next three to four years. Furthermore, MEA allocates deposits for specific purposes such as an electricity usage guarantee, employee gratuity funds, and for the clawback.

BASE-CASE ASSUMPTIONS

Key assumptions underpinning our base case for MEA's 2025-2027 operations include:

- Revenue to drop by 3%-4% in 2025 and to grow by 1.5%-2.0% per annum during 2026-2027.
- Spread between electricity tariff and electricity cost of about THB1.01-THB1.02 per kWh.
- Total annual capital expenditure to range from THB24-THB25 billion.
- Remittances to the government equivalent to 45% of net profit.

RATING OUTLOOK

The "stable" outlook reflects our expectation that MEA's crucial role in distributing electricity will remain unchanged. We assess a very high likelihood that MEA will receive timely and sufficient extraordinary government support in case of financial distress.

RATING SENSITIVITIES

Although unlikely, we could downgrade the rating if there are changes in the government's policy that weaken MEA's status or its role in electricity distribution.

ORGANIZATION OVERVIEW

MEA is a state enterprise under the supervision of the Ministry of Interior, established in 1958 under the MEA Act B.E. 2501. MEA is responsible for electricity distribution in three provinces: Bangkok, Nonthaburi, and Samut Prakan. The organization's area of responsibility covers 3,192 square kilometers. In 2024, about 4.33 million users were connected to its distribution network.

The bulk of electricity consumption in 2024 came from large general service users (32% of total electricity sales), followed by small and medium general service users (30%), and residential users (32%). The remainder (6%) came from specific business service users, government institutions, non-profit organizations, and others.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	55,633	247,404	257,472	223,421	187,475
Earnings before interest and taxes (EBIT)	2,987	12,197	12,346	11,859	6,628
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	5,761	23,245	22,850	22,011	16,118
Funds from operations (FFO)	5,288	20,562	20,171	19,511	13,768
Adjusted interest expense	473	2,683	2,679	2,500	2,350
Capital expenditures	3,398	18,707	19,758	18,493	18,480
Total assets	296,604	292,319	279,825	269,537	246,051
Adjusted debt	55,562	54,638	51,219	44,790	43,787
Adjusted equity	115,814	114,442	109,698	104,926	100,536
Adjusted Ratios					
EBITDA margin (%)	10.4	9.4	8.9	9.9	8.6
Pretax return on permanent capital (%)	5.5 **	6.0	6.3	6.5	3.9
EBITDA interest coverage (times)	12.2	8.7	8.5	8.8	6.9
Debt to EBITDA (times)	2.5 **	2.4	2.2	2.0	2.7
FFO to debt (%)	35.5 **	37.6	39.4	43.6	31.4
Debt to capitalization (%)	32.4	32.3	31.8	29.9	30.3

* Consolidated financial statements

** Annualized with the trailing 12 months

RELATED CRITERIA

- 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

Metropolitan Electricity Authority (MEA)

Issuer Rating:	AAA
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2025, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria