ELECTRICITY GENERATING PLC

No. 122/2025
31 July 2025

CORPORATES

Company Rating:	AA
Issue Ratings:	
Senior unsecured	AA
Outlook:	Stable

Last Review Date: 12/07/24

Company Rating History:

Date	Rating	Outlook/Alert
12/07/24	AA	Stable
23/09/22	AA+	Negative
08/10/21	AA+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Electricity Generating PLC (EGCO) at "AA" and the ratings on its senior unsecured debentures at "AA". The rating outlook remains "stable".

The company rating on EGCO incorporates a one-notch uplift from its stand-alone credit profile (SACP), which remains at "aa-". We continue to view the company as a strategic affiliate of Electricity Generating Authority of Thailand (EGAT, rated "AAA/Stable") and see a likelihood of EGCO receiving support from EGAT in times of financial distress.

The SACP reflects EGCO's strong market standing as one of the largest power producers, with an extensive and diversified power portfolio. The SACP also factors in the company's steady cash flows from power plant investments, backed by long-term power purchase agreements (PPAs) with creditworthy off-takers. Conversely, these strengths are tempered by a strain on earnings and the risks related to certain overseas investment projects.

KEY RATING CONSIDERATIONS

Strong market position with sizeable power portfolio

EGCO is regarded as a top domestic power producer, supported by its proven track record in developing and operating a diverse portfolio of conventional and renewable energy power plants. With its extensive experience as Thailand's first independent power producer (IPP), the company has delivered consistent operational performance for several years.

EGCO's large and diverse 6.7-gigawatt (GW) power portfolio across locations and fuel types not only helps stabilize earnings but also supports investment capabilities. The company recently sold its US gas-fired power plant and Australia-based wind farm, raising THB7.2 billion, which was reinvested in new projects, without taking on additional debt.

EGCO has recently expanded its portfolio into complementary power-related businesses, including infrastructure in Indonesia through a joint investment with its partner in PT Chandra Daya Investasi (CDI), which encompasses ownership of 147-megawatt (MW) gas-fired power plants, water supply systems, as well as tank and jetty facilities. However, we anticipate EGCO will continue to prioritize its core focus on power generation.

Stable cash flow, backed by long-term PPAs

The ratings on EGCO are primarily supported by steady cash flows from power plants, with 70% of equity capacity secured under long-term PPAs (15-30 years). We consider the counterparty risks low due to PPAs with credible off-takers such as EGAT, which accounts for about half of its aggregate equity capacity. We view the EGAT PPAs as continuing to support EGCO's strong earnings base, aided by a take-or-pay contract structure, minimum dispatchment commitments, and a fuel cost pass-through mechanism.

Currently, EGCO's main investments are conventional plants that carry low demand and fuel price risks. We expect the company to scale up its renewable power mix, aiming to secure fixed prices and costs to maintain cash flow stability. This includes 307 MW of solar power from the latest round of bidding.

Earnings strain

Like our previous forecast, we expect EGCO's earnings base to decline from 2025 onwards, due mainly to the original PPA expiration of the Quezon coal-fired power plant (QPL) in the Philippines. Although QPL has recently secured a new PPA, the sales capacity was cut to 400 MW, from 460 MW, with lower returns, resulting in a significant decrease in project EBITDA. The original PPA expired in May 2025, and operations under the new 15-year PPA will likely start in late 2025.

Accordingly, our base-case forecast projects EGCO's total operating revenue to slide to THB30-THB40 billion per year over 2025-2027. Annual EBITDA is projected to decrease from an average of THB20 billion in recent years to THB14-THB16 billion over the forecast period, with about half coming from dividends from affiliates. Funds from operations (FFO) are estimated at THB9-THB10 billion annually.

We believe the earnings pressure will necessitate EGCO adding power capacity, with new investments providing returns consistent with their respective risk profiles. The company has carried out a series of asset recycling measures to preserve its financial status. Yet, we see challenges in materially enhancing earnings from such a strategy.

Overseas investment risks

We expect EGCO to focus on acquisitions, with a growing presence in overseas markets. However, certain overseas investments are subject to heightened risks from country-specific factors, counterparties, and market competition. In countries like the US, EGCO sells electricity in wholesale markets through competitive bidding. Demand variability, power plant supply, and fuel cost fluctuations tend to increase earnings volatility. Currently, the company's US investments make up about 12% of assets, with some projects relying on long-term agreements with reliable off-takers to stabilize profits, including the newly acquired Pinnacle II Portfolio - a solar and wind farm with a combined capacity of 251 MW under fixed-price PPAs.

Looking ahead, we expect EGCO will expand via joint ventures with creditworthy partners, receiving returns in the form of a share of profits and dividends. We forecast dividend income will make up roughly 50% of its EBITDA over the next three years. Greater dependence on dividends from affiliates may reduce earnings stability.

Financial leverage on the rise

EGCO's financial leverage will likely increase, reflecting a reduction in earnings base. We assume EGCO will spend a total of THB30 billion over 2025-2027 on acquiring new projects without any asset divestments in our base case. We estimate the company's debt to EBITDA ratio will reach 5-6 times, rising from the current level of about 3 times. The debt to capitalization ratio is projected to remain at around 40%, indicating a moderately leveraged capital structure. The forecast credit metrics remain commensurate with the current ratings.

Strategic affiliate of EGAT

We assess EGCO as a strategic affiliate of EGAT, based on their significant linkage and shared history. Since inception, EGAT has continued as the principal shareholder in EGCO with a 25.4% holding, exerting considerable influence over the company's business strategy and financial policies. Typically, EGCO's president is chosen from among EGAT's senior management, with five of the 15 members of EGCO's board of directors appointed by EGAT. The linkage between the two entities is further reinforced by long-term contractual arrangements in electricity supply and ongoing business collaboration. Additionally, EGAT spearheads certain investment initiatives, particularly government-to-government projects. Given this close relationship, we believe that EGCO would receive support from EGAT should a distressed scenario arise. Therefore, the company rating incorporates a one-notch uplift from EGCO's SACP.

Solid liquidity position

EGCO maintains robust liquidity, holding THB49.8 billion in cash and marketable securities and THB7.9 billion in undrawn short-term credit facilities as of March 2025. These sources of cash should meet its debt obligations of approximately THB5 billion due over the following 12 months. We expect EGCO's strong cash generation and ability to access credit markets to adequately support its capital spending.

Debt structure

As of March 2025, EGCO's consolidated debt, excluding lease liabilities, was about THB118 billion. Of this total, THB20 billion was considered priority debt. The priority debt to total debt ratio was 17%.

BASE-CASE ASSUMPTIONS

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

- Total operating revenue to stay in the THB30-THB40 billion per annum range.
- EBITDA margin to be 40%-45%.
- Dividend income received from affiliates to range from THB7-THB9 billion per annum.
- Capital spending to total THB30 billion.
- Annual dividend payment of THB6.5 per share.

RATING OUTLOOK

The "stable" outlook indicates our expectation of EGCO's consistent performance due to reliable power plant operations. Also, we expect the company to maintain a prudent financial policy while pursuing growth, causing its financial profile to stay in line with our forecasts. Additionally, we expect EGCO's role as a strategic affiliate of EGAT to remain intact.

RATING SENSITIVITIES

We could upgrade the ratings upon a higher SACP or heightened strategic relevance to EGAT. We view the latter as unlikely. Conversely, a rating downgrade could occur if we lower the SACP, or if EGCO's strategic importance to EGAT diminishes.

An upward revision of EGCO's SACP could arise if earnings significantly exceed our forecast and the debt to EBITDA ratio remains well below 5 times. This could most likely occur from a capital increase and/or divesting parts of its power assets.

Conversely, we may consider lowering the SACP should the company's business risk profile deteriorate. This could result from significant investments in power projects within more competitive market environments or in higher-risk businesses, leading to increased earnings volatility. A lower SACP may also occur from a deterioration of the company's financial risk profile, possibly due to significant debt-financed investments without a compensating increase in its cash flow, causing the debt to EBITDA ratio to remain at 6-7 times without signs of subsequent reduction.

COMPANY OVERVIEW

EGCO was founded by EGAT in 1992 under the government's privatization scheme. Initially, EGAT held a 100% ownership in EGCO, which was subsequently diluted to about 48% when EGCO was listed on the Stock Exchange of Thailand (SET) in 1995.

As of March 2025, EGAT remained a major shareholder, with a 25.4% stake in EGCO, followed by TEPDIA Generating B.V. (TEPDIA), which held 23.9%. TEPDIA is owned by three major shareholders including 1) a joint venture (JV) between Tokyo Electric Power Group and Chubu Electric Power Group, 2) Mitsubishi Corporation, and 3) Kyushu Electric Power.

EGCO is a holding company in the power business, operating through subsidiaries and affiliates, and offers operation and maintenance services to other power plants. As of June 2025, the total equity capacity of its power projects was 6.7 GW, comprising about 80% conventional power fueled by natural gas and coal, based on equity capacity, with the remaining 20% consisting of renewable energy including hydropower, wind, solar, biomass, and fuel cells. The project locations include Thailand (44% of the total equity capacity), the US (20%), South Korea (14%), the Lao People's Democratic Republic (Lao PDR) (10%), the Philippines (9%), Taiwan (2%), and Indonesia (1%).

EGCO has diversified into oil pipeline transport, industrial estates, liquefied natural gas (LNG) shipping, and innovations, though these remain minor compared with its core business.

KEY OPERATING PERFORMANCE

Table 1: EGCO's Power Project Portfolio (as of Jun 2025)

Project	Location	Plant Type	Holding (%)	EGCO Contracted Capacity (MWe)
Conventional - IPP (Domestic)				
1. KN4	Nakorn Si Thammarat	CCGT	100	930
2. GPG (KK2)	Saraburi	CCGT	50	734
3. BLCP	Rayong	Coal-fired	50	673
Conventional - SPP (Domestic)				
4. EGCO Cogen Replacement	Rayong	Cogen	80	59
5. KLU	Pathum Thani	Cogen	100	102
6. BPU	Ratchaburi	Cogen	100	215
Renewable (Domestic)				
7. NED	Lopburi	Solar	67	42
8. SPP 2-5 (4 projects)	Saraburi, Si Saket, Ubon Ratchathani	Solar	100	30
9. GYG	Yala	Biomass	50	10
10. GPS	Chai Nat, Nakhon Sawan, Phetchabun	Solar	60	16
11. TWF	Chaiyaphum	Wind	100	7
12. CWF	Chaiyaphum	Wind	100	80
13. Solarco	Nakhon Pathom, Suphan Buri	Solar	49	28
Conventional (Overseas)				
14. QPL	Philippines	Coal-fired	100	400
15. SBPL	Philippines	Coal-fired	49	223
16. Paju	South Korea	CCGT	49	893
17. Linden Cogen	US	CCGT	28	272
18. Compass	US	CCGT	50	652
19. CDI	Indonesia	CCGT	30	44
Renewable (Overseas)				
20. NTPC	Lao PDR	Hydro	35	375
21. XPCL	Lao PDR	Hydro	13	160
22. NT1PC	Lao PDR	Hydro	25	161
23. Gangdong	South Korea	Fuel cells	49	10
24. Yunlin	Taiwan	Wind	27	170
25. APEX	US	Solar, Wind	17	267
26. Pinnacle II	US	Solar, Wind	49	123
Grand Total				**6,676**

Source: EGCO

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

			--------------Year Ended 31 December ---------			
	Jan-Mar 2025		2024	2023	2022	2021
Total operating revenues	9,496		40,936	51,119	61,233	37,963
Earnings before interest and taxes (EBIT)	3,157		17,159	9,121	10,675	15,430
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	5,125		25,281	20,931	18,312	18,788
Funds from operations (FFO)	2,743		18,050	14,969	13,153	14,256
Adjusted interest expense	1,334		6,148	4,932	4,039	3,714
Capital expenditures	45		753	1,489	1,560	704
Total assets	239,023		241,063	243,233	254,043	241,932
Adjusted debt	74,818		84,454	90,072	78,791	92,204
Adjusted equity	107,020		104,640	105,226	120,797	114,037
Adjusted Ratios						
EBITDA margin (%)	53.0		61.1	40.4	29.4	48.6
Pretax return on permanent capital (%)	7.1	**	7.3	3.8	4.5	7.2
EBITDA interest coverage (times)	3.8		4.1	4.2	4.5	5.1
Debt to EBITDA (times)	2.9	**	3.3	4.3	4.3	4.9
FFO to debt (%)	23.7	**	21.4	16.6	16.7	15.5
Debt to capitalization (%)	41.1		44.7	46.1	39.5	44.7

* *Consolidated financial statements*
** *Annualized with trailing 12 months*

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Electricity Generating PLC (EGCO)

Company Rating:	AA
Issue Ratings:	
EGCO26NA: THB1,000 million senior unsecured debentures due 2026	AA
EGCO28NA: THB700 million senior unsecured debentures due 2028	AA
EGCO30NA: THB500 million senior unsecured debentures due 2030	AA
EGCO33NA: THB1,000 million senior unsecured debentures due 2033	AA
EGCO38NA: THB3,800 million senior unsecured debentures due 2038	AA
Rating Outlook:	Stable

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