

PRINSIRI PLC

No. 10/2025
27 January 2025

CORPORATES

Company Rating: BBB-
Issue Ratings:
Senior unsecured BBB-
Outlook: Stable

Last Review Date: 12/07/24

Company Rating History:

Date	Rating	Outlook/Alert
13/03/19	BBB-	Stable
21/02/18	BB+	Positive
17/03/16	BB+	Stable
03/07/15	BBB-	Alert Developing
29/10/14	BBB-	Negative
21/08/12	BBB-	Stable
24/11/11	BBB-	Negative
24/05/11	BBB-	Stable

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RATIONALE

TRIS Rating assigns a rating of “BBB-” to Prinsiri PLC (PRIN)’s proposed issue of up to THB800 million in senior unsecured debentures due within three years. The proceeds from the new debentures are intended to be used for debt repayments. At the same time, we affirm the company rating on PRIN and the ratings on its existing senior unsecured debentures at “BBB-”, with a “stable” outlook.

The ratings reflect the company’s modest business scale, tight but manageable liquidity, and moderately high financial leverage. The ratings also incorporate the negative impacts of higher bank rejection rates for mortgage loan applications, lingering high interest rates, and elevated household debt.

PRIN’s operating results for the first nine months of 2024 (9M24) were below our expectations. The company reported total operating revenue of THB1.4 billion, achieving around 60% of our full-year target. Its gross profit margin at 35% in 9M24 was slightly below expectations, while its selling, general, and administrative (SG&A) expenses aligned with projections. As a result, PRIN’s EBITDA came to only THB271 million in 9M24, or around 40% of our full-year target, with an EBITDA margin of 19%.

Looking ahead, PRIN’s revenue and earnings in the fourth quarter of 2024 (4Q24) are expected to show a slight improvement, driven by scheduled backlog transfers amounting to THB507 million and new sales from recently launched projects. Additionally, PRIN’s operating performance in 2025-2026 is expected to surpass the low point experienced in 2024. Our base-case scenario forecasts that PRIN’s revenue will recover to THB2.6-THB2.7 billion annually in 2025-2026, with EBITDA improving to THB600-THB700 million and an EBITDA margin of around 25%.

We anticipate a slight decrease in PRIN’s financial leverage as the company plans to reduce land acquisitions over the next few years and focus on developing its existing land plots. Consequently, we expect PRIN’s debt to capitalization ratio to fall below 50% in 2025-2026, from 52% as of September 2024. At the end of September 2024, PRIN’s total consolidated debt was THB6.7 billion. The company’s priority debt, including its own secured debts and total debts at its subsidiaries, was THB2.3 billion. This translates to a priority debt to total consolidated debt ratio of 35%.

We assess PRIN’s liquidity to be tight but manageable over the next 12 months. As of September 2024, PRIN’s maturing debts over the next 12 months amounted to THB2.3 billion, including THB1.7 billion of debentures, THB0.4 billion of long-term project loans, and THB0.2 billion of short-term loans. We estimate PRIN’s net working capital outflow for land and construction to total THB1.3 billion in 2025.

On the other hand, PRIN’s sources of liquidity included THB472 million cash on hand, THB335 million of investments in marketable securities, and THB60 million in undrawn unconditional committed credit facilities. We project the company’s funds from operations (FFO) to be around THB300 million in 2025. PRIN also has unencumbered land banks worth THB1.2 billion at cost, which can be pledged as collateral for new credit facilities, if needed. PRIN usually refinances its matured debentures with new debenture issuances and converts its matured promissory

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notes (P/N) to long-term project loans thereafter. Project loans are normally repaid with the proceeds from the underlying projects' unit transfers.

The financial covenants on PRIN's debt obligations require the company to keep its interest-bearing debt to equity (IBD/E) ratio below 2.5 times and the total liabilities to total equity (D/E) ratio below 2 times. The ratios at the end of September 2024 were 1.3 times and 1.5 times, respectively. We believe the company should have no difficulty complying with the financial covenants over the next 12 months.

RATING OUTLOOK

The "stable" outlook reflects our expectation that PRIN will be able to deliver operating performance and sustain its financial profile as per our targets. We expect PRIN's EBITDA margin to stay around 25% and debt to capitalization ratio to stay below 50%. We also expect the company's FFO to debt ratio to remain above 5% from 2025 onwards.

RATING SENSITIVITIES

A credit upward revision on PRIN is unlikely in the near term. Nonetheless, PRIN's ability to significantly enlarge its revenue and earnings base as well as maintain its financial profile at the current level could be a positive factor for the ratings and/or outlook. Conversely, the ratings and/or outlook could be revised downward if the company's operating performance and/or financial profile fall short of our base-case forecast with no signs of recovery.

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Prinsiri PLC (PRIN)

Company Rating:	BBB-
Issue Ratings:	
PRIN253A: THB416.2 million senior unsecured debentures due 2025	BBB-
PRIN258A: THB123.5 million senior unsecured debentures due 2025	BBB-
PRIN25DA: THB500 million senior unsecured debentures due 2025	BBB-
PRIN264A: THB317.3 million senior unsecured debentures due 2026	BBB-
PRIN267A: THB450 million senior unsecured debentures due 2026	BBB-
PRIN26OA: THB283.8 million senior unsecured debentures due 2026	BBB-
PRIN26NA: THB294.2 million senior unsecured debentures due 2026	BBB-
PRIN273A: THB403 million senior unsecured debentures due 2027	BBB-
PRIN279A: THB397 million senior unsecured debentures due 2027	BBB-
Up to THB800 million senior unsecured debentures due within 3 years	BBB-
Rating Outlook:	Stable

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