

# UNIQUE ENGINEERING AND CONSTRUCTION PLC

No. 32/2025  
21 March 2025

## CORPORATES

**Company Rating:** BBB-  
**Issue Ratings:**  
Senior unsecured BB+  
**Outlook:** Stable

**Last Review Date:** 14/06/24

### Company Rating History:

Date	Rating	Outlook/Alert
12/04/23	BBB	Negative
16/03/22	BBB	Stable
01/04/21	BBB+	Negative
25/06/18	BBB+	Stable

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## RATIONALE

TRIS Rating downgrades the company rating on Unique Engineering and Construction PLC (UNIQ) to “BBB-” from “BBB” with a “stable” rating outlook. At the same time, TRIS Rating assigns a rating of “BB+” to UNIQ’s proposed issuance of up to THB1.5 billion senior unsecured debentures due within three years. The issue rating is one notch below the company rating due to the subordination of UNIQ’s senior unsecured debentures, as most of its debts are secured. Proceeds from the issuance will be used to partially repay maturing debentures of around THB2.4 billion in July 2025.

The rating downgrade reflects UNIQ’s higher-than-expected financial leverage, driven by the substantial funding requirements for its working capital. Given its persistently elevated accounts receivable (A/R) and unbilled receivables, UNIQ’s debt to EBITDA ratio is likely to remain above 8 times over the next two to three years.

The ratings continue to reflect the company’s strong competitive position in executing large public infrastructure projects while also factoring in the cyclical nature of the engineering and construction (E&C) industry and its heavy reliance on a few major projects.

## KEY RATING CONSIDERATIONS

### Higher-than-expected financial leverage

UNIQ’s financial leverage has remained elevated, with its debt to EBITDA ratio exceeding 8 times since 2022. This primarily stems from a substantial increase in A/R and unbilled receivables. Delays in government budget disbursements and lengthy project acceptance procedures have driven A/R and unbilled receivables to THB29.9 billion as of 2024, up from THB25.5 billion in 2022. Consequently, UNIQ’s debt has continued to rise, reaching around THB24 billion in 2024, compared to THB21.7 billion in 2022. The high debt burden has also resulted in increased interest expenses, straining its profitability and debt service capacity.

Looking ahead, UNIQ’s financial leverage will still largely depend on its ability to reduce A/R and unbilled receivables. We expect the company to gradually lower A/R and unbilled receivables to around THB24.5–THB26.5 billion, with turnover days ranging between 840–1,075 days during 2025–2027. The debt to EBITDA ratio is projected to remain elevated at 8.2–9.5 times, while the EBITDA interest coverage ratio is expected to be around 1.6–1.8 times over the same period. However, with a significant portion of its backlog still tied to government projects, challenges in managing receivables are likely to persist.

A potential upside lies in UNIQ’s legal victory in the Red Line railway project case. If the company receives the anticipated payments of around THB7 billion as of 31 December 2024 from the State Railway of Thailand (SRT), it could significantly reduce A/R, unbilled receivables, and outstanding debt. However, the timing of these payments remains uncertain, making it unclear when this benefit will materialize.

### Strong in public infrastructure, but high project concentration

TRIS Rating expects UNIQ to maintain its position as a leading contractor in public infrastructure projects, supported by its strong track record in executing large-scale developments. Over the past four years, the company has secured

major construction projects worth roughly THB74 billion. Its backlog peaked at THB62 billion in 2022 before declining to THB52 billion in 2023 and THB43 billion in 2024. This reflects the limited number of large-scale project tenders in recent years. However, UNIQ's existing backlog remains sufficient to support a steady revenue stream of THB9-THB10 billion per year during 2025-2027.

Despite its sizable backlog, UNIQ's backlog remains highly concentrated in a few large-scale projects. As of 31 December 2024, its largest project alone accounted for 42% of the backlog, while the top four projects collectively represented 90%. This high concentration exposes the company to significant operational risks, as delays or disruptions in just one or two key projects could materially impact its financial performance. We expect high project concentration to persist over the forecast period, given the nature of public infrastructure contracts. Such agreements often involve multi-year execution timelines and a limited number of large-scale tenders.

### **Profitability to remain volatile**

Over the past five years, UNIQ's gross profit margin has ranged from 10% to 22%, while its EBITDA margin has fluctuated between 12% and 24%. The company's profitability remains volatile due to the cyclical nature and competitive pressures of the E&C industry. Rising construction material and labor costs, coupled with intense competition, continue to weigh on operating margins. Also, managing large-scale public infrastructure projects comes with considerable challenges, such as project delays, cost overruns, modifications to master plans, and necessary remedial work. The company has had to recognize the additional costs at the final stages of several construction projects in the past few years, further pressuring profitability.

Looking ahead, UNIQ's gross profit margin is expected to stay within the 18%–19% range from 2025-2027, supported by contributions from high-margin projects. The EBITDA margin is anticipated to remain above 20% over the next three years, driven by effective cost management strategies. These include centralized cost control, a flexible subcontractor-based cost structure, and enhanced efficiency from investments in new equipment, which could help lower workforce requirements.

### **Tight liquidity**

We assess UNIQ's liquidity as tight over the next 12 months due to its significant debt obligations. The company faces maturities totaling THB17.9 billion comprising THB15.4 billion short-term loans, primarily in promissory notes (P/N), THB2.4 billion debentures, and THB0.1 billion in lease liabilities.

The repayment of short-term loans remains relatively flexible, as banks typically extend or roll over these facilities to align with project timelines. These loans are expected to be repaid using proceeds from project owners. UNIQ plans to cover its maturing lease liabilities through funds from operations (FFO), while debentures are expected to be partially refinanced through new issuance and cash on hand. As of year-end 2024, UNIQ held THB1.8 billion in cash on hand and had access to an undrawn corporate loan facility of around THB0.8 billion. We expect FFO to be around THB0.7 billion in 2025.

A key financial covenant on UNIQ's debentures requires the net interest-bearing debt (IBD) to equity ratio to stay below 3.5 times. The company met this key financial covenant, with the ratio of about 2.5 times at the end of 2024. We believe the company will remain compliant with the financial covenant over the forecast period.

### **Debt structure**

At the end of December 2024, UNIQ's total debt stood at around THB23.4 billion. Priority debt, including secured debt at the company and its subsidiaries, was around THB15.4 billion. This translates to a priority debt to total debt ratio of 66%. Thus, in our view, UNIQ's unsecured creditors are significantly disadvantaged to its priority debt holders with respect to the priority of claims against the company's assets.

### **BASE-CASE ASSUMPTIONS**

- UNIQ to report revenue of THB9-THB10 billion per annum during 2025-2027.
- UNIQ to secure new construction contracts of around THB5 billion per annum during 2025-2027.
- Gross profit margin to stay around 18%-19% during 2025-2027.
- EBITDA margin to stay around 21% during 2025-2027.
- Total capital spending to range around THB400-THB800 million per year.
- Days of A/R and unbilled receivables to stay in the range of 840-1,075 days during 2025-2027.

### **RATING OUTLOOK**

The "stable" outlook reflects the expectation that UNIQ will maintain its competitive edge in public work construction. Its profitability and leverage should be in line with our forecast.

**RATING SENSITIVITIES**

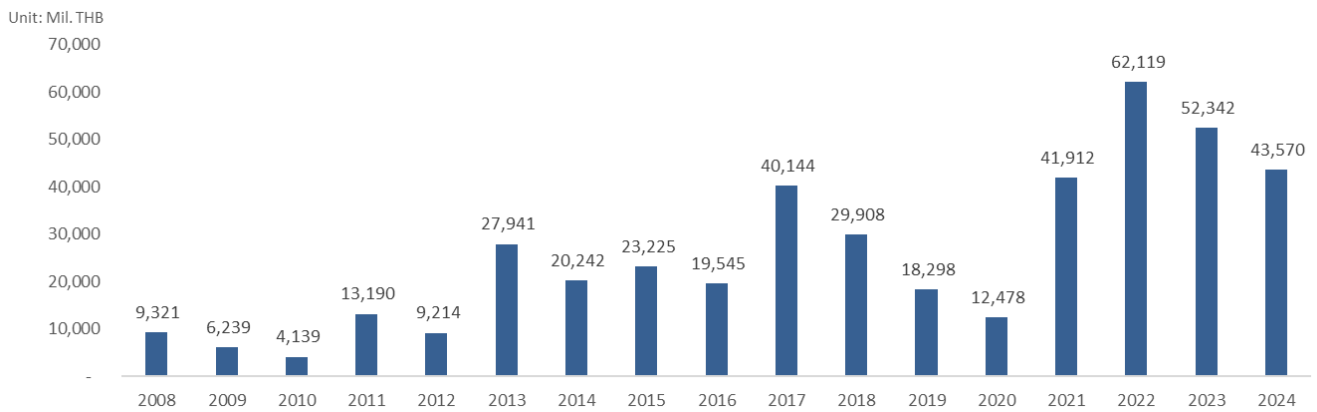
UNIQ’s credit ratings could be revised upward if the company’s financial performance significantly exceeds our targets and effectively reduces A/R and unbilled receivables, resulting in a sustained debt to EBITDA ratio below 7 times. Conversely, the ratings and/or outlook could be revised downward if UNIQ’s operating performance and financial leverage decline from expected levels.

**COMPANY OVERVIEW**

UNIQ was founded in 1994 by Mr. Prasong Suwittanachai and listed on the SET in 2007. The Suwittanachai Family remains the major shareholder, holding around 36% of the company’s shares as of December 2024. The company is an E&C contractor, providing an extensive range of turnkey construction and related services for fundamental infrastructure such as roads, bridges, underpasses, highways, underground infrastructures, as well as mass transit systems and stations. It focuses on public sector projects in Thailand such as electric trains, double-track railways, and roads.

**KEY OPERATING PERFORMANCE**

**Chart 1: Backlog**



Source: UNIQ

Table 1: Existing Backlog of Key Projects

No	Project	Project Owner	Contract Value (Mil. THB)	Realized Revenue (Mil. THB)	Backlog (Mil. THB)	Progress of Work (%)	Project's Share of Total Backlog (%)
1	Double Track Project : Banphai-Nakhonphanom Contract 2	SRT	28,306	9,813	18,493	35%	42%
2	Purple Line Project Contract 4: Memorial Bridge - Dao Khanong Section	MRTA	14,982	7,705	7,277	51%	17%
3	High Speed Rail Contract 4 - 2 : Civil Works (Don Mueang-Nava Nakorn)	SRT	10,570	2,822	7,748	27%	18%
4	High Speed Rail Contract 4 - 6 : Civil Works (Phrakeaw - Saraburi)	SRT	9,429	3,920	5,509	42%	13%
5	Cable conversion for Purple Line: Contract 4	MEA	1,481	-	1,481	0%	3%
6	Other projects	-	53,160	50,098	3,062	94%	7%
<b>Total</b>			<b>117,928</b>	<b>74,358</b>	<b>43,570</b>		

Source: UNIQ

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	10,448	10,430	10,388	10,993	10,891
Earnings before interest and taxes (EBIT)	1,619	1,433	290	846	1,113
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,502	2,303	1,271	2,118	2,286
Funds from operations (FFO)	1,050	1,022	144	1,246	1,387
Adjusted interest expense	1,354	1,211	993	824	792
Capital expenditures	797	193	331	77	3,334
Total assets	46,552	45,571	45,043	41,362	33,563
Adjusted debt	20,803	18,687	16,422	15,190	14,827
Adjusted equity	8,356	8,241	8,120	8,059	8,045
<b>Adjusted Ratios</b>					
EBITDA margin (%)	23.9	22.1	12.2	19.3	21.0
Pretax return on permanent capital (%)	5.1	4.7	1.0	3.3	5.1
EBITDA interest coverage (times)	1.8	1.9	1.3	2.6	2.9
Debt to EBITDA (times)	8.3	8.1	12.9	7.2	6.5
FFO to debt (%)	5.0	5.5	0.9	8.2	9.4
Debt to capitalization (%)	71.3	69.4	66.9	65.3	64.8

\* Consolidated financial statements

## RELATED CRITERIA

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

**Unique Engineering and Construction PLC (UNIQ)**

<b>Company Rating:</b>	BBB-
<b>Issue Ratings:</b>	
UNIQ257A: THB2,440.1 million senior unsecured debentures due 2025	BB+
UNIQ262A: THB3,000 million senior unsecured debentures due 2026	BB+
UNIQ267A: THB1,441.5 million senior unsecured debentures due 2026	BB+
UNIQ279A: THB1,168.4 million senior unsecured debentures due 2027	BB+
Up to THB1,500 million senior unsecured debentures due within 3 years	BB+
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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