

# PRINSIRI PLC

No. 36/2025  
31 March 2025

## CORPORATES

<b>Company Rating:</b>	BBB-
<b>Issue Ratings:</b>	
Senior unsecured	BBB-
<b>Outlook:</b>	Negative

**Last Review Date:** 27/01/25

### 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 revises the rating outlook on Prinsiri PLC (PRIN) to “negative” from “stable”. At the same time, we affirm the company rating on PRIN and the ratings on its existing senior unsecured debentures at “BBB-”.

The “negative” outlook reflects PRIN’s weaker-than-expected operating performance and rising financial leverage.

The ratings continue to reflect PRIN’s modest business scale, high financial leverage, and tight but manageable liquidity. The ratings also factor in the negative effects of elevated household debt levels and a high mortgage rejection rate. However, the downward trend in interest rates and the recent easing of loan-to-value (LTV) regulations are expected to somewhat improve demand in the residential property market. We view that the impact of the recent earthquake on PRIN is likely to be relatively less significant, as its portfolio primarily focuses on landed properties, unlike high-rise condominium developers.

## KEY RATING CONSIDERATIONS

### Operating results fell short of expectations

PRIN’s operating performance in 2024 was below our expectations. The company’s total operating revenue amounted to THB2 billion, achieving approximately 80% of our previous forecast. PRIN’s EBITDA for 2024 reached about two-thirds of our prior target, while funds from operations (FFO) turned negative. This underperformance was primarily attributed to weak market sentiment in the residential property sector, high mortgage rejection rates from banks, especially in the medium- to low-income segments, and rising funding costs.

Moreover, intense competition among leading developers continues to exert pressure on PRIN’s profitability. The gross profit margin declined to 34% in 2024, falling short of our previous target of 37%, but slightly exceeding the industry average. Additionally, the company’s relatively high fixed operating costs resulted in the EBITDA margin declining to 20% in 2024, in line with the industry average but below the earlier target of 25%.

### Revenue and earnings outlooks remain challenging

Looking ahead, we expect that PRIN’s operating performance will continue to face challenges due to slowing economic growth and lingering high household debt levels. However, the Bank of Thailand’s (BOT) recent temporary relaxation of LTV regulations may potentially boost the company’s sales from the second half of this year onwards.

Under TRIS Rating’s base case, PRIN’s total operating revenue is projected to recover to THB2.5-THB2.7 billion annually in 2025-2027. Approximately 50%-55% of this revenue is expected to come from townhouses (TH), 30%-35% from single-detached houses (SDH), with the remainder derived from condominiums and rental income. The gross profit margin is expected to sustain at around 34%. EBITDA is expected to rebound to THB500-THB600 million, representing an EBITDA margin of 22%-23%. PRIN’s FFO should increase to THB180 million this year and is anticipated to return to the THB200-THB300 million range in 2026-2027. However, failure to improve performance as targeted could result in a further negative rating action.

## Elevated financial leverage

PRIN's significant land purchases over the past several years caused its debt to capitalization ratio to rise steadily to 52% in 2024 from 41% in 2020, slightly exceeding our threshold of 50%. Additionally, weaker-than-expected operating performance has caused its FFO to debt ratio to drop below our threshold of 5% for the two consecutive years.

To reduce its financial leverage, PRIN plans to curb its budget for land acquisitions to around THB640 million for the 2025-2027 period, significantly lower than the THB400-THB500 million spent annually in 2023-2024. Given the current land banks in its portfolio, the company should be able to launch new projects worth around THB3 billion per annum over the next three years. Additionally, in an effort to strengthen its capital base, the company will not pay any dividends this year. Given the expected improvements in operating performance coupled with the debt reduction plan, PRIN's FFO to debt ratio is expected to recover from negative territory in 2024 to approach 5% in 2025 and improve to above 5% from 2026 onwards while its debt to capitalization ratio is projected to decline to below 50% by the end of 2025.

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 December 2024 were 1.1 times and 1.3 times, respectively. We believe the company should have no difficulty complying with the financial covenants over the next 12 months.

## Tight but manageable liquidity

We assess PRIN's liquidity to be tight but manageable over the next 12 months. As of December 2024, PRIN's maturing debts within the next 12 months totaled THB2 billion, comprising THB1.5 billion in debentures, THB292 million in long-term project loans, and THB184 million in short-term loans. We estimate that PRIN's net working capital outflow for land acquisitions and construction will amount to approximately THB1 billion in 2025.

At the end of December 2024, PRIN's liquidity sources included THB78 million in cash on hand and THB88 million in undrawn unconditional committed credit facilities. We forecast PRIN's FFO to be THB180 million in 2025. The company is currently in the process of securing additional bank credit facilities of approximately THB400 million and has committed credit facilities of about THB200 million from its owner. Additionally, PRIN holds unencumbered land banks valued at THB1.3 billion at cost, which can be pledged as collateral for new credit facilities if needed.

PRIN typically refinances matured debentures through new issuances and converts matured promissory notes (P/Ns) into long-term project loans thereafter. Project loans are normally repaid with the proceeds from the underlying projects' unit transfers.

## Debt structure

At the end of December 2024, PRIN's total consolidated debt was THB5.9 billion. Priority debt, including secured debts at the company and all borrowings undertaken by its subsidiaries, amounted to THB2.3 billion. These translate to a priority debt to total consolidated debt ratio of 38%.

## BASE-CASE ASSUMPTIONS

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

- New project launches of around THB3 billion per annum.
- The allocated budget for land acquisition includes THB140 million in 2025 and THB500 million in 2027.
- Total operating revenues to range from THB2.5-THB2.7 billion per annum.
- Gross profit margin of at least 34% and EBITDA margin to hover around 22%-23%.

## RATING OUTLOOK

The "negative" outlook reflects PRIN's recent underperformance and the ongoing challenges facing the company's revenue and earnings recovery, amidst unfavorable market conditions and heightened competition.

## RATING SENSITIVITIES

A downgrade could occur if PRIN's operating results and/or financial profile deviate from our base-case forecast. Conversely, the rating outlook could be revised to "stable" if PRIN successfully revives its operating performance in line with our targets and strengthens its financial position, with a debt to capitalization ratio below 50% and an FFO to debt ratio exceeding 5%.

## COMPANY OVERVIEW

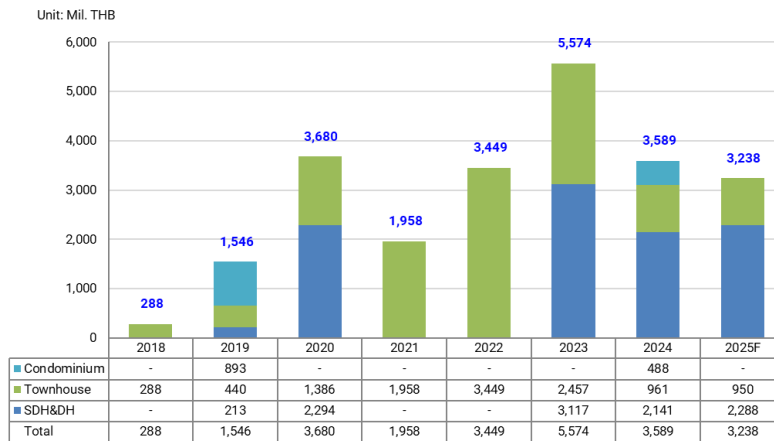
PRIN was established by the Kovitchindachai Family in 2000 and listed on the Stock Exchange of Thailand (SET) in 2005. The Kovitchindachai Family has been the company's major shareholder since its inception, owning a 38% stake as of December

2024. PRIN focuses on developing low-rise housing projects and targets the middle- to low-income segment in the Greater Bangkok Area. The company offers a wide range of residential property products, including SDHs, semi-DHs, THs, and low-rise condominiums. Most of its products have average selling prices in the THB2-THB6 million per unit range.

As of December 2024, PRIN had 44 active projects. The value of unsold units (both built and un-built units) was THB14.7 billion, comprising SDHs and semi-DHs (51%), THs (39%), and condominiums (9%). PRIN's revenue mainly stemmed from landed property projects, contributing around 90% of total revenue in 2024.

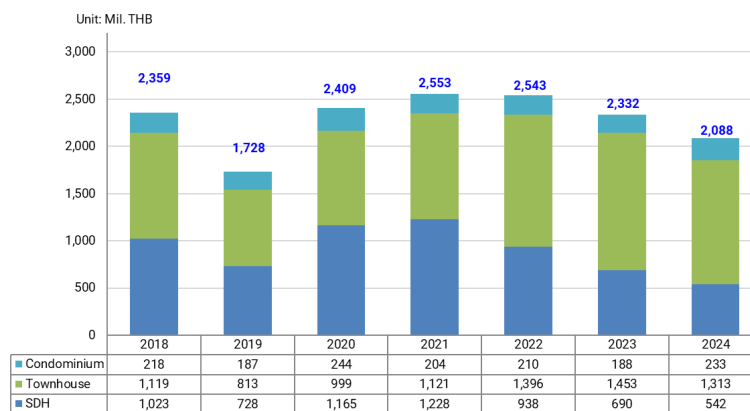
**KEY OPERATING PERFORMANCE**

**Chart 1: New Project Launches**



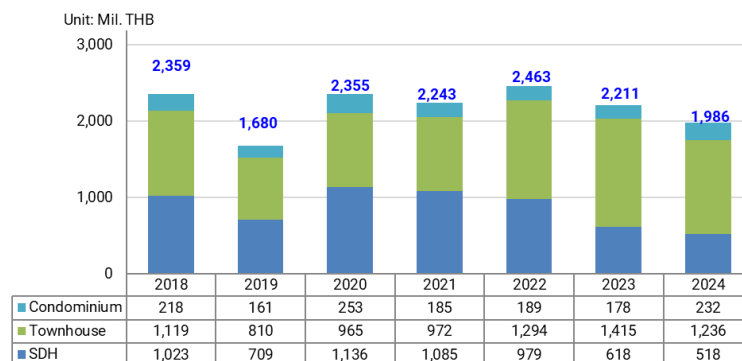
Source: PRIN

**Chart 2: Presales**



Source: PRIN

**Chart 3: Transfers**



Source: PRIN

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\***

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	2,022	2,247	2,500	2,279	2,390
Earnings before interest and taxes (EBIT)	351	565	760	551	581
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	407	619	817	610	639
Funds from operations (FFO)	(6)	258	449	327	346
Adjusted interest expense	370	293	265	208	200
Real estate development investments	11,075	10,720	9,880	8,564	7,458
Total assets	12,387	12,307	11,582	11,304	9,243
Adjusted debt	5,732	5,556	4,829	4,034	3,193
Adjusted equity	5,392	5,284	5,154	4,852	4,634
<b>Adjusted Ratios</b>					
EBITDA margin (%)	20.1	27.5	32.7	26.7	26.7
Pretax return on permanent capital (%)	3.1	5.2	7.4	6.0	7.0
EBITDA interest coverage (times)	1.1	2.1	3.1	2.9	3.2
Debt to EBITDA (times)	14.1	9.0	5.9	6.6	5.0
FFO to debt (%)	(0.1)	4.7	9.3	8.1	10.9
Debt to capitalization (%)	51.5	51.3	48.4	45.4	40.8

\* Consolidated financial statements

**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:**

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-
PRIN276A: THB214.2 million senior unsecured debentures due 2027	BBB-
PRIN279A: THB397 million senior unsecured debentures due 2027	BBB-
PRIN283A: THB402.2 million senior unsecured debentures due 2028	BBB-

**Rating Outlook:** Negative

**TRIS Rating Co., Ltd.**

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