

# SINGHA ESTATE PLC

No. 92/2024  
21 November 2024

## CORPORATES

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

**Last Review Date:** 25/04/24

### Company Rating History:

Date	Rating	Outlook/Alert
09/05/23	BBB+	Stable

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## RATIONALE

TRIS Rating revises the rating outlook on Singha Estate PLC (S) to “negative” from “stable” and affirms the company rating on S at “BBB+”. We also affirm the ratings on S’s existing senior unsecured debentures at “BBB”. At the same time, we assign a rating of “BBB” to S’s proposed issue of up to THB2 billion senior unsecured debentures due within three years. The proceeds from the new debentures will be used for debt repayment.

The “negative” outlook reflects weaker-than-expected operating performance in S’s residential business, which could result in a slower-than-expected decline in its financial leverage. This underperformance raises concerns about the company’s ability to reduce its leverage, measured by the debt to EBITDA ratio, to below 8 times by the end of 2025. If there is no clear sign of sustainable improvement in this metric, the ratings on S could be lowered.

The ratings continue to reflect the good quality of the company’s hotel portfolio, well-accepted residential brands, and recurring revenue streams from its commercial business. The ratings are, however, constrained by the cyclical nature of the hotel industry and the company’s limited track record in the real estate business.

The issue ratings are one notch below the company rating due to the subordination of the company’s senior unsecured debentures to its priority debt, in terms of the priority of claims against the company’s assets. As of September 2024, S’s priority debt to total debt ratio was 84%, exceeding the 50% threshold according to TRIS Rating’s “Issue Rating Criteria”.

S’s operating performance in the first nine months of 2024 was below our forecast. The company’s total revenue came in at THB11.6 billion, and EBITDA was THB2.7 billion, achieving 67% and 62% of our full-year forecast, respectively. This shortfall was primarily due to underperformance in the residential property segment, which generated THB2.6 billion in revenue, compared with our full-year forecast of THB5.3 billion. Conversely, revenue from the hotel business improved in line with our expectations. As a result, S’s financial leverage remained high, with a debt to EBITDA ratio of 9.5 times in the first nine months of 2024. Looking ahead, given the weaker-than-expected performance in the residential segment, the debt to EBITDA ratio could potentially remain above 8 times for a prolonged period, contrary to our forecast that it would decline to below 8 times by the end of 2025.

## RATING OUTLOOK

The “negative” outlook reflects S’s weaker-than-expected operating performance, particularly in the residential property business. This underperformance could potentially result in the company’s financial leverage, as measured by the debt to EBITDA ratio, remaining above our threshold of 8 times for a prolonged period.

## RATING SENSITIVITIES

The rating outlook could be revised to “stable” if the company’s operating performance and credit metrics improve such that its debt to EBITDA ratio declines to below 8 times and/or its funds from operations (FFO) to debt ratio

**CreditUpdate**, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

rises above 5%. A rating downgrade could occur if the company's operating performance is significantly weaker than expected or if the company makes more debt-financed investments than anticipated that cause the adjusted debt to EBITDA ratio to stay above 8 times and/or the FFO to adjusted debt ratio to remain below 5% for a prolonged period.

#### RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

#### Singha Estate PLC (S)

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
S268A: THB1,700 million senior unsecured debentures due 2026	BBB
S272A: THB1,000 million senior unsecured debentures due 2027	BBB
Up to THB2,000 million senior unsecured debentures due within 3 years	BBB
<b>Rating Outlook:</b>	Negative

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