

SIAM PIWAT CO., LTD.

No. 120/2025
23 July 2025

CORPORATES

Company Rating: A
Issue Rating:
Hybrid: BBB+
Outlook: Stable

Last Review Date: 10/07/24

Company Rating History:

Date	Rating	Outlook/Alert
10/07/24	A	Stable
30/06/22	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on Siam Piwat Co., Ltd. (SPW) at “A”, with a “stable” rating outlook. We also affirm the rating on SPW’s subordinated capital debentures (hybrid debentures) at “BBB+”. The rating on SPW’s hybrid debentures is two notches below the company rating. This rating differential reflects the subordinated nature of the hybrid debentures and the option of the issuer to defer coupons on a cumulative basis.

The ratings reflect the company’s solid market position in the retail property sector, stable cash flow from contract-based rental and service income, and adequate liquidity position. The ratings take into account our expectation of a temporary dip in the company’s operating performance in 2025, primarily due to ongoing renovations, followed by recovery and growth over the remaining forecast period. However, the ratings are partially constrained by the company’s portfolio concentration, with the majority of assets located within the Bangkok Metropolitan Area (BMA).

KEY RATING CONSIDERATIONS

Competitive market presence supported by prime assets

We expect the company to maintain a strong market position in the retail property sector over the next three years, supported by its portfolio of high-quality assets in prime locations. SPW owns three shopping centers and one office building in the Siam Square area, a shopping center and a mixed-use development on Charoennakorn Road, and a premium outlet near Suvarnabhumi Airport. These properties benefit from excellent accessibility via the skytrain mass transit system and are popular destinations for both Thai shoppers and international tourists.

The company’s properties feature well-established anchor tenants, including luxury boutiques, international fashion brands, large multipurpose halls, and cinemas, which continue to draw high foot traffic. As a result, SPW has consistently achieved a strong occupancy rate (OR) of around 90% over the past five years, along with robust rental rates.

Looking ahead, we believe the company’s ongoing focus on aligning its tenant mix and offerings with evolving consumer preferences, its strong positioning as a tourist destination, and its gradual geographic diversification will support long-term resilience and competitive positioning. However, we view the company’s high asset concentration in the BMA as a factor constraining the ratings. This geographical concentration increases SPW’s exposure to operational disruptions.

Predictable cash flows from contract-based income

The company’s stable cash flow from contract-based rental and service income remains a key strength supporting its credit profile. In our view, fixed-rent contracts provide predictable and steady income, while revenue-sharing contracts offer upside potential during favorable market conditions. However, the latter also carries the risk of reduced income if tenant performance weakens. This downside is partially offset by minimum guaranteed rent provisions embedded in the contracts.

Currently, approximately 40% of the company’s occupied area is leased under revenue-sharing arrangements, with the remainder under fixed-rate contracts. The share of revenue-sharing contracts has steadily increased in

recent years as part of a strategic shift, particularly involving the conversion of certain long-term leases to revenue-sharing agreements during the ongoing renovation of Siam Paragon. We believe this growing emphasis on revenue-sharing contracts will enhance the company's revenue and earnings growth prospects over the next few years.

Renovation and tourism trends to affect 2025 performance, with growth to resume thereafter

The company's operating performance is expected to be temporarily impacted in 2025, primarily due to ongoing renovations at its flagship properties and a slowdown in the tourism sector. In 2025, the company is continuing renovation activities at Siam Paragon and ICONSIAM as part of its asset enhancement strategy, requiring the temporary closure of certain areas within the properties. Additionally, the 4.7% year-over-year (y-o-y) decline in tourist arrivals during the first half of 2025 has affected rental income, particularly under revenue-sharing arrangements. As a result, operating revenue is projected to decline slightly in 2025. However, we project a steady recovery following the completion of renovations and a rebound in the tourism industry. From 2026 onward, operating revenue is expected to grow at an annual rate of approximately 5%, reaching around THB15 billion by 2027.

Under our base-case scenario, the company's portfolio OR is projected to remain high, in the 95%-97% range. While the average rental rate (ARR) may see a slight dip in 2025, it is expected to increase by 4%-5% per year during 2026-2027. Rental and service income is forecast to reach around THB11 billion by 2027. Retail sales revenue is projected to decline in 2025, followed by recovery, growing by 3%-4% annually in 2026-2027. We expect retail sales revenue to remain within the THB1.9-THB2.0 billion range over the forecast period. In terms of profitability, we expect EBITDA to remain above THB5 billion throughout the forecast period, supported by an expected EBITDA margin of 37%-38%. By 2027, EBITDA is forecast to reach approximately THB5.7 billion.

In 2024, the company reported a 6% y-o-y increase in total operating revenue, reaching THB13.9 billion. This growth was driven by strong foot traffic from both domestic and international visitors, as well as continued efforts to optimize product offerings in its retail trading business. EBITDA also improved, rising to THB5.5 billion in 2024 from THB4.9 billion in 2023, with an EBITDA margin of 39%.

Moderate financial leverage driven by strategic investments

We expect the company's financial leverage to stay largely at the current level in 2025-2026, primarily due to its planned expansion into Phuket and continued renovation activities in 2025. The company's adjusted debt to EBITDA ratio is projected to stay around 5 times during 2025-2026, before gradually declining to approximately 4.6 times by 2027 as operational performance improves. Under our base-case scenario, capital expenditure is projected to amount to THB6.8 billion over the forecast period. These capital outlays include spending on renovations, ongoing maintenance, and new investments related to the company's expansion plans. We estimate the total investment for the Phuket development will be approximately THB4 billion, to be deployed over the 2025-2028 period.

The financial covenants on SPW's senior unsecured debentures require the company's interest-bearing debt to total equity (IBD/E) ratio to remain below 2.5 times and its EBITDA to interest expense ratio to remain above 3 times. As of December 2024, the ratios were 1.1 times and 4.7 times, respectively. We believe the company will remain in compliance with the financial covenants over the next 12 to 18 months.

Adequate liquidity

We assess SPW's liquidity as adequate over the next 12 months. At the end of December 2024, the company's sources of liquidity included cash on hand and deposits of THB5.7 billion and undrawn credit facilities from banks of THB3.8 billion. We forecast its funds from operations (FFO) in 2025 to be THB3.5 billion.

At the end of December 2024, the company had maturing debts over the next 12 months totaling THB1.2 billion, comprising THB0.3 billion in short-term borrowings, THB0.7 billion in long-term loans, and THB0.2 billion in lease liabilities. The company is likely to spend THB2.8 billion on capital expenditures and dividend payments in 2025.

Debt structure

As of December 2024, SPW's total debt, excluding lease liabilities, stood at approximately THB27 billion. Most of this was secured long-term project financing from financial institutions. The ratio of secured debt to the fair value of total assets was 14%, well below the 35% threshold set by TRIS Rating's "Rating Methodology for Real Estate for Rent Companies."

BASE-CASE ASSUMPTIONS

TRIS Rating's assumptions for SPW's operations during 2025-2027 are as follows:

- Rental and service income from commercial properties to range from THB10.0-THB11.0 billion per annum.
- Revenue from retail sales to stay around THB1.9-THB2.0 billion per annum.

- EBITDA margin to stay around 37%-38%.
- Capital expenditures to total around THB7 billion over the next three years.

RATING OUTLOOK

The “stable” outlook reflects our expectation that the company’s operating performance and financial profile will remain in line with our forecast. We also expect the company to maintain its solid market position in the retail property business.

RATING SENSITIVITIES

An upward revision is unlikely in the near term. The ratings and/or outlook could be revised upward if the company’s earnings enlarge and the debt to EBITDA ratio stays below 3 times on a sustained basis.

Conversely, the ratings and/or outlook could be revised downward if the company’s operating performance falls short of expectations or the company undertakes any aggressive debt-funded investments that materially weaken its financial profile, resulting in a debt to EBITDA ratio higher than 6 times.

COMPANY OVERVIEW

SPW is one of the leading retail property developers in Thailand. The company established its retail property business in 1973 with the opening of its first shopping center, Siam Center. SPW subsequently entered the retail business in 1997 when it opened its first specialty store, LoFt. As of December 2024, SPW’s largest shareholder was MBK PLC.

SPW’s property portfolio totals approximately 500,000 square meters (sq.m.). The company owns and operates four shopping centers, one outlet, one office building, and one mixed-use project. Its properties include the Siam Center and Siam Discovery shopping centers and an office building, Siam Piwat Tower. Siam Paragon shopping center was established as a joint venture (JV) between SPW and The Mall Group. Three shopping centers are located in the Siam Square area, the heart of Bangkok’s shopping district. In late 2018, the company opened the ICONSIAM project with its partner, the CP Group. The project consists of two retail buildings and two condominium buildings located on the Chao Phraya riverfront on Charoennakorn Road. SPW manages the retail space while the CP Group is responsible for the condominium projects. In June 2020, the company opened the new luxury Siam Premium Outlet, located near Suvarnabhumi Airport. This outlet was undertaken as a JV between SPW and Simon Property Group Inc., the largest premium outlet operator in the world. In January 2023, the company opened a new mixed-use project, ICS, located on the opposite site of ICONSIAM, in partnership with the CP Group. The project includes a retail zone, office space, and a hotel.

As a retailer, SPW offers a variety of products, including home decor, men’s and women’s apparel, plus accessories. Also, SPW holds a 49% stake in Siam Paragon Retail Co., Ltd., which operates the Paragon department store. In 2024, rental and service income from its shopping centers constituted 82% of total revenue. The remainder came from the retail business.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	13,927	13,079	10,733	6,740	7,272
Earnings before interest and taxes (EBIT)	3,262	2,682	2,484	(118)	596
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	5,469	4,939	4,750	1,959	2,629
Funds from operations (FFO)	3,824	3,238	3,295	613	1,157
Adjusted interest expense	1,414	1,463	1,209	1,194	1,319
Capital expenditures	1,641	1,130	3,882	1,917	3,070
Total assets	55,359	55,008	57,136	54,664	52,380
Adjusted debt	26,428	28,241	29,079	30,943	29,402
Adjusted equity	19,302	17,928	17,208	14,339	14,735
Adjusted Ratios					
EBITDA margin (%)	39.3	37.8	44.3	29.1	36.1
Pretax return on permanent capital (%)	6.3	5.1	4.8	(0.2)	1.3
EBITDA interest coverage (times)	3.9	3.4	3.9	1.6	2.0
Debt to EBITDA (times)	4.8	5.7	6.1	15.8	11.2
FFO to debt (%)	14.5	11.5	11.3	2.0	3.9
Debt to capitalization (%)	57.8	61.2	62.8	68.3	66.6

* Consolidated financial statements

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Hybrid Securities: Equity Content and Credit Rating Criteria , 20 December 2024
- Rating Methodology for Real Estate for Rent Companies, 16 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Siam Piwat Co., Ltd. (SPW)

Company Rating:	A
Issue Rating:	
SPW22PA: THB4,000 million subordinated capital debentures	BBB+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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