

# PRINSIRI PLC

No. 44/2022  
25 April 2022

## CORPORATES

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

Last Review Date: 25/03/22

### 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 affirms the company rating on Prinsiri PLC (PRIN) at “BBB-”, with a “stable” rating outlook. At the same time, TRIS Rating assigns the rating of “BBB-” to PRIN’s proposed issue of up to THB500 million in senior unsecured debentures due within three and a half years. The company plans to use the proceeds from the new debentures to refinance some of its existing debts and to fund business operation.

The ratings reflect PRIN’s relatively small revenue base, satisfactory profitability, rising financial leverage, and adequate liquidity. The rating also takes into consideration our concerns over relatively high household debt levels and rising inflation rates which could impact the purchasing power of homebuyers in the medium term.

PRIN’s operating revenues in 2021 declined by 5% year-on-year (y-o-y) to THB2.28 billion, mainly from the delay in new project launches and housing transfers to homebuyers. Despite the decline in revenue, the company achieved satisfactory profitability with an earnings before interest, taxes, depreciation, and amortization (EBITDA) margin in 2021 of 29%, up from 27% in 2020. This was mainly from its better construction cost control and low land cost in some housing projects.

Looking forward, we view its operating revenues to gradually increase as the company plans to launch more projects, worth around THB3.7-THB5 billion per annum over the next three years. The company recently launched one landed property project worth THB1.4 billion in March 2022. Presales during the first three months of 2022 increased by 24% (y-o-y) to THB610 million. We expect PRIN’s operating revenues to be around THB2.4 billion in 2022 and THB2.8-THB3.2 billion per annum in 2023-2024. Its EBITDA margin is forecast to hover around 24%. We expect PRIN to maintain its debt to capitalization ratio below 50% over the forecast period. As of December 2021, the ratio was 45%. The company had debts of THB5.27 billion, comprising THB190 million bills of exchange (B/Es), THB1.73 billion project loans, and THB3.35 billion debentures. PRIN’s priority debt to total debt ratio was 33%, less than our 50% threshold, thus we view PRIN’s unsecured creditors as not being significantly disadvantaged to its priority debt holders with respect to the priority of claims against the company’s assets.

The financial covenants on PRIN’s debt obligations require the company to keep both the 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 2021 were 1.1 times and 1.3 times, respectively. Thus, the company should comfortably comply with the financial covenant over the next 12 months.

We assess PRIN to have adequate liquidity to cover its debt repayments until the end of 2022. At the end of December 2021, its sources of liquidity included cash on hand of THB566 million, investments in a fixed income fund of THB931 million, and undrawn committed credit facilities of THB175 million. We expect FFO of around THB240 million over the next 12 months. PRIN also has unencumbered assets at cost worth THB2.62 billion, which can be pledged as collateral for new credit facilities. The company had debts of THB1.01 billion coming due in the next 12 months, comprising THB190 million B/Es, and THB821 million maturing debentures.

**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.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that PRIN will maintain its operating performance and financial position as targeted. We expect PRIN’s revenues to stay in the THB2.4-THB3.2 billion range with the EBITDA margin hovering around 24% during 2022-2024. We also expect the company to keep the debt to capitalization ratio below 50% and the FFO to debt ratio above 5% over the forecast period.

## RATING SENSITIVITIES

We could revise PRIN’s rating or outlook upward if the company can significantly enlarge its revenue and earnings base, while maintaining its financial profile at the current level. In contrast, we would revise the rating and/or outlook downward if its operating performance and/or financial profile deteriorate materially from our base-case forecast.

## RELATED CRITERIA

- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021
- Rating Methodology – Corporate, 26 July 2019

## Prinsiri PLC (PRIN)

<b>Company Rating:</b>	BBB-
<b>Issue Rating:</b>	
Up to THB500 million senior unsecured debentures due within 3 years 6 months	BBB-
<b>Rating Outlook:</b>	Stable

## TRIS Rating Co., Ltd.

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