

SANSIRI PLC

No. 129/2022
15 December 2022

CORPORATES

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

Last Review Date: 16/09/22

Company Rating History:

Date	Rating	Outlook/Alert
30/04/21	BBB+	Stable
01/04/20	BBB+	Negative
12/05/14	BBB+	Stable
10/05/13	BBB+	Positive
05/02/10	BBB+	Stable
19/03/09	BBB	Positive
12/07/04	BBB	Stable
08/10/03	BBB	-

Contacts:

Preeyaporn Kosakarn

preeyaporn@trisrating.com

Hattayanee Pitakpatapee

hattayanee@trisrating.com

Auyporn Vachirakanjanaporn

auyporn@trisrating.com

Bundit Pommata

bundit@trisrating.com

Jutamas Bunyawanichkul

jutamas_b@trisrating.com

Suchada Pantu, Ph.D.

suchada@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Sansiri PLC (SIRI) and the ratings on its existing senior unsecured debentures at “BBB+”, with a “stable” rating outlook. We also affirm the ratings on SIRI’s subordinated capital debentures (hybrid debentures) at “BBB-”. At the same time, we assign the rating of “BBB+” to SIRI’s proposed issue of up to THB6 billion in senior unsecured debentures due within 4 years and 6 months. The proceeds from the new debentures will be used for SIRI’s debt repayment and working capital.

The ratings on SIRI and its debentures reflect the company’s diverse product portfolio, its strong market position in both the landed property and condominium segments, and its high level of financial leverage. The ratings also reflect our concerns over the relatively high household debt level and rising inflation. These will likely drive up development and finance costs as well as impact homebuyers’ purchasing power in the short to medium term.

For the first nine months of 2022, SIRI’s net presales increased by around 40% year-on-year (y-o-y) to THB28.6 billion thanks mainly to stronger presales of its landed property projects. The company reported total operating revenue of THB21.7 billion during the first nine months of 2022, 2% lower than the same period last year. Nonetheless, we view that SIRI’s operating results for the remainder of 2022 should remain in accordance with our expectation as we believe the company will deliver its backlog as planned. As of September 2022, SIRI’s backlog stood at THB23.2 billion, comprising THB20.1 billion in backlog of its own projects and THB3.0 billion in backlog under joint ventures (JVs). We expect SIRI to deliver a backlog worth THB10.0 billion in 2022, THB10.2 billion in 2023, and the rest in 2024.

Our base-case scenario projects SIRI’s total operating revenue to be around THB32-THB35 billion per annum during 2022-2024. Revenue from residential property sales will likely remain the key contributor, accounting for around 90% of SIRI’s total operating revenue over the forecast period. We project SIRI’s earning before interest, tax, depreciation and amortization (EBITDA) to range from THB7.0-THB7.5 billion annually and the EBITDA margin to stay around 22% in 2022-2024. For the first nine months of 2022, the company’s EBITDA was THB5.2 billion, and its EBITDA margin was around 24%.

We expect SIRI’s financial leverage to remain high over the forecast period. Our base-case forecast is for SIRI’s debt to capitalization ratio (including proportionated debts from joint ventures) to stay around 63%-65% and its funds from operations (FFO) to total debt ratio to stay in the 5%-10% range during 2022-2024. As of September 2022, SIRI’s total consolidated debt was THB77.5 billion. SIRI’s priority debt, including total consolidated secured debts and unsecured debts at its subsidiaries, was THB21.9 billion. These translate to a priority debt to total consolidated debt ratio of 28%.

We assess SIRI’s liquidity to remain relatively tight but manageable over the next 12 months. As of September 2022, SIRI’s uses of funds comprised debts due over the next 12 months totaling THB29.0 billion, capital expenditures of around THB400 million in 2023, and a dividend payout ratio of around 50%. SIRI’s sources of funds consisted of THB3.0 billion in cash and THB10.7 billion of undrawn unconditional committed credit facilities from banks. FFO is forecast to reach THB4.2 billion in 2023. Also, SIRI had unencumbered land at the book value of

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THB17.8 billion and remaining finished units in its own debt-free projects with selling prices of THB1.1 billion, which can be pledged as collaterals for additional liquidity if needed.

RATING OUTLOOK

The “stable” outlook reflects our expectation that SIRI will be able to deliver its operating performance and sustain its financial profile as targeted. We expect SIRI will keep its debt to capitalization ratio below 66% and its FFO to total debt ratio in the 5%-10% range over the forecast period. We also anticipate SIRI will retain its pretax return on permanent capital ratio (ROPC) ratio above 5%.

RATING SENSITIVITIES

The ratings and/or outlook could be revised downward should SIRI’s operating results and/or financial position significantly deteriorate from our expectation. Conversely, an upward revision would materialize if SIRI’s financial profile improves to the levels attained by its higher-rated peers, such that the debt to capitalization ratio remains below 55% and the FFO to total debt ratio soars to 10%-15% on a sustained basis.

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

Sansiri PLC (SIRI)

Company Rating:	BBB+
Issue Ratings:	
SIRI231A: THB4,000 million senior unsecured debentures due 2023	BBB+
SIRI236A: THB4,000 million senior unsecured debentures due 2023	BBB+
SIRI243A: THB498 million senior unsecured debentures due 2024	BBB+
SIRI247A: THB2,000 million senior unsecured debentures due 2024	BBB+
SIRI240A: THB3,600 million senior unsecured debentures due 2024	BBB+
SIRI24DA: THB800 million senior unsecured debentures due 2024	BBB+
SIRI24DB: THB500 million senior unsecured debentures due 2024	BBB+
SIRI252A: THB6,000 million senior unsecured debentures due 2025	BBB+
SIRI252B: THB100 million senior unsecured debentures due 2025	BBB+
SIRI259A: THB2,408.48 million senior unsecured debentures due 2025	BBB+
SIRI263A: THB5,000 million senior unsecured debentures due 2026	BBB+
SIRI26DA: THB200 million senior unsecured debentures due 2026	BBB+
SIRI267A: THB1,000 million senior unsecured debentures due 2026	BBB+
SIRI267B: THB2,000 million senior unsecured debentures due 2026	BBB+
SIRI269A: THB2,095.6 million senior unsecured debentures due 2026	BBB+
SIRI279A: THB2,495.92 million senior unsecured debentures due 2027	BBB+
SIRI20PA: THB3,000 million subordinated capital debentures (hybrid debentures)	BBB-
THB2,050 million subordinated capital debentures (hybrid debentures)	BBB-
Up to THB6,000 million senior unsecured debentures due within 4 years and 6 months	BBB+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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