

ITALIAN-THAI DEVELOPMENT PLC

No. 24/2024
15 March 2024

CORPORATES

Company Rating:	BB-
Issue Ratings:	
Senior unsecured	B+
CreditAlert:	Negative

Last Review Date: 04/03/24

Company Rating History:

Date	Rating	Outlook/Alert
12/01/24	BB+	Alert Negative
15/12/23	BB+	Negative
10/04/23	BBB-	Negative
08/04/21	BBB-	Stable
19/01/21	BBB-	Alert Negative
30/09/13	BBB-	Stable
27/08/12	BB+	Negative
02/07/12	BB+	Alert Negative
08/06/12	BBB-	Negative
06/05/11	BBB	Stable
30/04/09	BBB+	Negative
13/09/07	BBB+	Stable
11/01/07	A-	Negative
23/11/05	A-	Stable

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RATIONALE

TRIS Rating downgrades the company rating on Italian-Thai Development PLC (ITD) and the ratings on its senior unsecured debentures to “BB-” and “B+” from “BB+” and “BB”, respectively. At the same time, we maintain the “negative” CreditAlert on its ratings. The downgrades reflect heightened concerns over ITD’s liquidity amidst delayed payments to subcontractors on certain construction projects. The “negative” CreditAlert reflects a possible negative change in the ratings and/or outlook in the near term.

In TRIS Rating’s view, increasing working capital requirements and limited support from bank creditors further exacerbate ITD’s liquidity strain. As of September 2023, the company had account receivables, unbilled receivables, and inventories totaling around THB52 billion, while its account payables and advance received from customers amounted to around THB50 billion.

As ITD’s 2023 financial statements are yet to be released, the company’s latest financial position remains unknown. There is a high probability that the company’s investments could be written down, thereby exerting pressure on its financial risk profile. Furthermore, ITD’s plan to divest its investments remains uncertain.

CREDIT ALERT

The “negative” CreditAlert reflects the company’s worsening liquidity strain and a possible negative change in the ratings and/or outlook in the near term. We will resolve the CreditAlert when the company releases its full-year financial statements and we have conducted a comprehensive assessment of ITD’s business and financial positions.

COMPANY OVERVIEW

ITD was established in 1958 by Dr. Chaijudh Karnasuta and Mr. Giorgio Berlingieri, an Italian naval architect. The company was listed on the Stock Exchange of Thailand (SET) in 1994. ITD’s business comprises three main areas: domestic construction, overseas construction, and long-term investments. ITD faced difficulties during the 1997 financial crisis. Subsequent restructuring completed in 2002 diluted the ownership stake of the Karnasuta Family from 64% to 48%. The family owned a 24% stake as of March 2023.

The company is engaged in a broad range of civil construction work, ranging from constructing buildings, industrial plants, pipelines, railways, expressways, airports, seaports, power plants, hydro-electric dams, and mines. In all, domestic projects comprise 60%-70% of the company’s total revenue annually while overseas projects make up the rest. Engineering and construction (E&C) projects undertaken by its India-based subsidiary, ITD Cementation India, make up most of the revenue from overseas projects.

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.

RELATED CRITERIA

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

Italian-Thai Development PLC (ITD)

Company Rating:	BB-
Issue Ratings:	
ITD24DB _{RS} : THB1,215 million senior unsecured debentures due 2026	B+
ITD254A _{RS} : THB6,000 million senior unsecured debentures due 2027	B+
ITD266A _{RS} : THB2,785 million senior unsecured debentures due 2028	B+
CreditAlert:	Negative

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