

SANSIRI PLC

No. 75/2025
13 May 2025

CORPORATES

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

Last Review Date: 06/02/25

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	-

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RATIONALE

TRIS Rating affirms the company rating on Sansiri PLC (SIRI) and the ratings on SIRI's 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-".

The ratings on SIRI and its debentures reflect the company's leading market presence in both the landed property and condominium segments, underpinned by well-established brand recognition and a diversified product portfolio. The company is also expected to deliver steady operating performance over the forecast period. However, the ratings are constrained by the company's high financial leverage, resulting from aggressive investments in residential property and other businesses. The ratings also factor in the negative effects of elevated household debt and a high mortgage rejection rate, which continue to weigh down housing demand. However, the downward trend in interest rates, the recent relaxation of loan-to-value (LTV) regulations, together with the reduction in transfer and mortgage registration fees for homes priced up to THB7 million, are expected to boost demand in low-to medium-priced housing segment over the next 12 months.

The ratings on SIRI's hybrid debentures are two notches below the company rating. This rating differential reflects the subordinated nature of the hybrid debentures and the option for the issuer to defer coupons on a cumulative basis. Currently, only one tranche of its outstanding hybrid debentures (SIRI20PA) receives 50% equity content, while the other tranche has 0% equity content in our leverage ratio calculation, as it was issued to a single investor. The THB5 billion hybrid debentures to be issued in June 2025 will also receive 50% equity content.

KEY RATING CONSIDERATIONS

Strong market foothold, supported by well-recognized brands and diversified product offerings

We expect SIRI to sustain its strong market position and competitive edge in Thailand's residential property sector over the next three years. The company has consistently been ranked among the top five publicly listed residential developers in the country. Over the past five years, SIRI has achieved annual residential unit transfers (including those from joint venture (JV) projects) ranging from THB32-THB44 billion. This performance reflects a market share of 12%-16% among the 24 property developers rated by TRIS Rating.

SIRI's competitive advantage is driven by its strong brand recognition and diverse product portfolio. Its well-established presence across both the landed property and condominium segments is evidenced by the favorable market reception of its ongoing and newly launched projects. This strong brand equity has supported the company's revenue growth while preserving decent profitability. SIRI's gross profit margin has been in the range of 33%-36% in 2021-2024, in line with the industry average.

SIRI also derives advantages from its well-diversified product portfolio, which encompasses a wide range of property types and pricing tiers. Its offerings span single-detached houses (SDH), semi-detached houses (Semi-DH), townhouses, and condominiums, catering to the premium, mid-range, and affordable segments.

As of March 2025, SIRI operated 91 active landed property projects, including four joint ventures, and 49 condominium projects, of which eight were joint ventures. The total unsold inventory was valued at THB93 billion, with landed properties representing 69% of this amount, while the remainder was attributable to condominiums.

Steady operating results to continue

Our base-case scenario anticipates that SIRI will maintain solid operating performance across both landed property and condominium segments over the next three years. Despite subdued demand in the residential property market and challenging economic conditions, we project that SIRI will generate total operating revenue of approximately THB38-THB39 billion per year in 2025-2026, rising to THB43 billion in 2027 based on its planned delivery of a sizable backlog of condominiums. Revenue from landed property is expected to remain steady at THB22-THB23 billion annually, similar to the levels seen over the past three years.

These projections assume that SIRI will continue to launch new landed property projects (including joint ventures) worth THB30-THB32 billion per year and new condominium projects (including joint ventures) worth THB15-THB20 billion annually over 2025-2027. Additionally, we expect the company to deliver its existing backlog as scheduled. As of March 2025, SIRI's backlog stood at THB20.6 billion, with nearly 90% attributable to its own projects and the remainder from joint ventures.

Amid heightened competition in the property market, we have reduced our gross profit margin forecast for SIRI to around 32% in 2025-2027, down from the 33%-36% range observed over the past three years. However, the company is also anticipated to improve cost efficiency, reducing its selling, general, and administrative (SG&A) expenses to 18%-19% of total revenue, compared to the three-year average of 20% in 2022-2024. Consequently, we anticipate that SIRI's EBITDA margin will slightly decline to 24%-25%, from the 25%-28% recorded over the past three years. SIRI's EBITDA is expected to be THB9-THB10 billion annually from 2025 to 2027. Its funds from operations (FFO) is forecasted at THB4-THB5 billion in 2025-2026, rising to around THB6.5 billion in 2027 driven by the anticipated improvement in operating performance from several condominium transfers scheduled for 2027, along with reduced leverage and lower interest expenses

Leverage remains high but improvement is expected

SIRI's financial leverage remained relatively high in 2023-2024, primarily driven by the significant volume of new project launches in the past three years and land acquisitions in 2021-2023. The level of real estate developments for sale rose to over THB100 billion during the past two years, up from THB80-THB90 billion in 2019-2022, representing approximately 5 times the cost of real estate sales. Adjusted net debt elevated to around THB90 billion in 2023-2024, compared to THB60-THB70 billion in prior years. As a result, the debt to capitalization ratio edged up to 66%-67% in 2023-2024, slightly higher than our target of 65%. Nonetheless, the ratio of FFO to debt remained above 5%, consistent with our threshold.

Looking ahead, we expect SIRI's financial leverage to gradually improve to a level aligned with our target. The debt to capitalization ratio is projected to decline below 65% starting in 2025, while the FFO to debt ratio is expected to remain within the 5%-10% range in 2025-2027. Our forecast is based on the assumption that SIRI will launch new residential projects worth THB52 billion in 2025 and THB45 billion annually in 2026-2027, with approximately three-fourths developed under SIRI's own portfolio and the remainder through joint ventures. The land acquisition budget for owned projects will be only THB2 billion in 2025, before increasing to THB10 billion annually in 2026-2027. In addition, our forecast includes capital expenditure (CAPEX) of around THB300-THB400 million per annum over the next three years for asset maintenance and other investments.

The financial covenants on SIRI's bank loans and debentures require the company's interest-bearing debt to equity ratio (excluding lease liabilities and land avals) to remain below 2.5 times. As of December 2024, the ratio was 1.6 times. We believe that SIRI should comfortably comply with the financial covenants over the next 12 to 18 months.

Manageable liquidity

We assess SIRI's liquidity to be manageable over the next 12 months. As of December 2024, SIRI's sources of liquidity consisted of THB5 billion cash and short-term investments plus THB10.3 billion undrawn committed credit facilities from banks. FFO is projected at THB4.4 billion in 2025. SIRI also had unencumbered land banks at a book value of THB19.2 billion and remaining finished units in its own debt-free projects with selling prices totaling THB7 billion, which can be pledged as collateral for new loans if needed.

On the other hand, SIRI's maturing debts over the next 12 months will amount to THB41.6 billion. This includes THB15.2 billion debentures, THB10.8 billion long-term project loans, THB9.6 billion short-term promissory notes (P/Ns), THB5.9 billion bills of exchange (B/Es), and THB0.1 billion lease liabilities. SIRI has already refinanced the debentures maturing in the first quarter of 2025 through the issuance of new debentures totaling THB7 billion in January 2025. The company intends to refinance the remaining maturing debentures with new debenture issuances. We expect the long-term project loans to be repaid using cash generated from residential unit transfers. The P/Ns and B/Es, primarily used for working capital and as bridging loans for land acquisitions, are expected to be either rolled over or converted to long-term project loans thereafter.

SIRI's use of funds also includes CAPEX of around THB300-THB400 million in 2025 and dividend payments equivalent to 50% of net profit.

Debt structure

As of December 2024, SIRI's consolidated debt, including the full amount of hybrid debentures but excluding lease liabilities, amounted to THB92.5 billion. The priority debt stood at THB32.2 billion, comprising the secured debts of the company and the total debts of its subsidiaries. This results in a priority debt to total debt ratio of 35%.

BASE-CASE ASSUMPTIONS

The key assumptions in TRIS Rating's base-case forecast for SIRI's operations in 2025-2027 are as follows:

- New residential project launches (including JVs) to be worth THB52 billion in 2025 and THB45 billion per annum in 2026-2027
- Land acquisition budget for its own projects of THB2 billion in 2025 and THB10 billion per annum in 2026-2027
- Total operating revenue to remain in the THB38-THB39 billion range in 2025-2026, before reaching THB43 billion in 2027
- EBITDA margin to hover around 24%-25%

RATING OUTLOOK

The "stable" outlook reflects our expectation that SIRI will be able to achieve operating performance and sustain its financial profile in line with our targets.

RATING SENSITIVITIES

A downward revision of SIRI's ratings and/or outlook could occur if its operating results and/or financial position deteriorate significantly from our expectations. In particular, this would be the case if the debt to capitalization ratio remains above 65% and the FFO to debt ratio stays below 5% on an extended basis.

On the other hand, a credit upside could be considered if SIRI's financial profile strengthens to levels comparable with those of higher-rated peers. This would require the debt to capitalization ratio to stay below 55% and the FFO to debt ratio to improve to the 10%-15% range on a sustained basis.

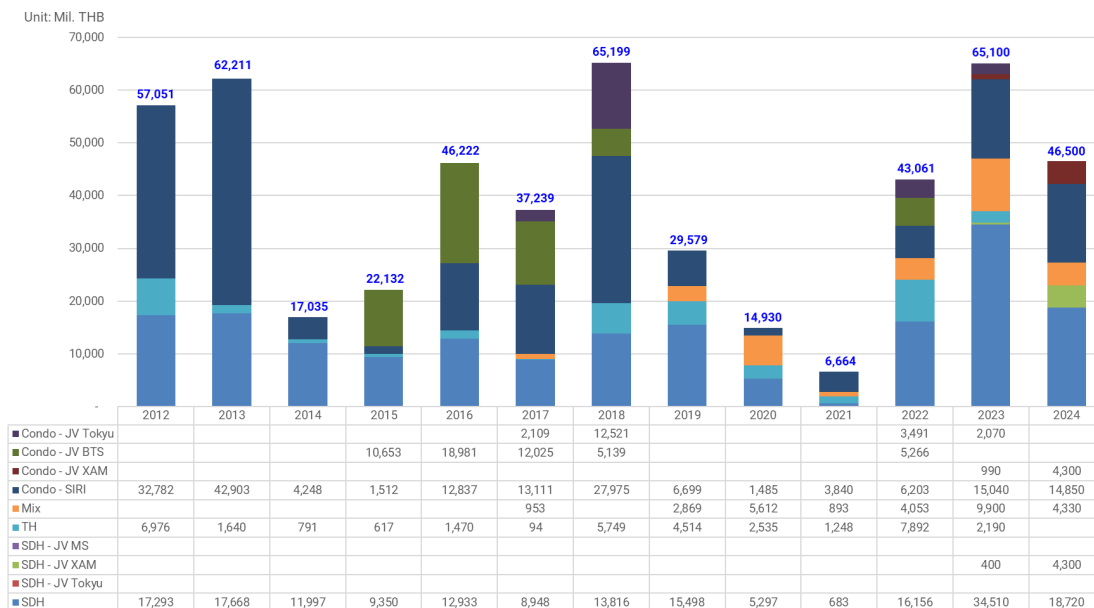
COMPANY OVERVIEW

SIRI was established in 1984 by the Chutrakul Family and listed on the Stock Exchange of Thailand (SET) in 1996. SIRI offers landed property and condominium units covering the low- to high-end segments. Its landed property units include single-detached houses (SDHs), Semi-DHs, and townhouses, with prices ranging from THB4 million to THB150 million per unit. Its condominium units are priced from THB40,000 to THB500,000 per square meter (sq.m.). As of March 2025, landed properties accounted for 64% of SIRI's total project value, while condominiums accounted for the rest.

Over the past five years, SIRI has consistently derived approximately 90% of its total revenue from revenues from sales of real estate, primarily driven by SDH and condominium products. The revenue contribution from business management through JV projects has declined to a range of 2%-5% during this period, down from 11%-15% in 2017-2019. Additionally, revenue generated from business management services provided by Plus Property Co., Ltd. has accounted for 3%-4% of total revenue from sales and services for the past several years. The revenue contribution from hotel operations, hotel management, and other businesses has remained negligible.

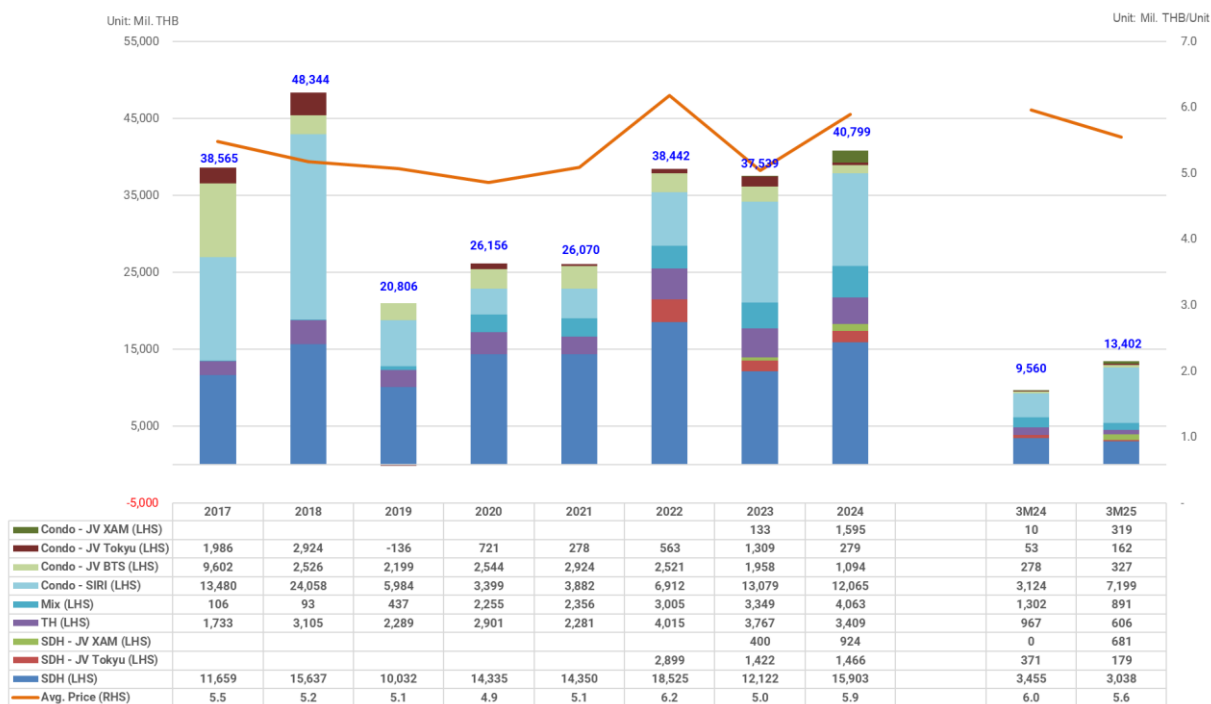
KEY OPERATING PERFORMANCE

Chart 1: New Project Launches

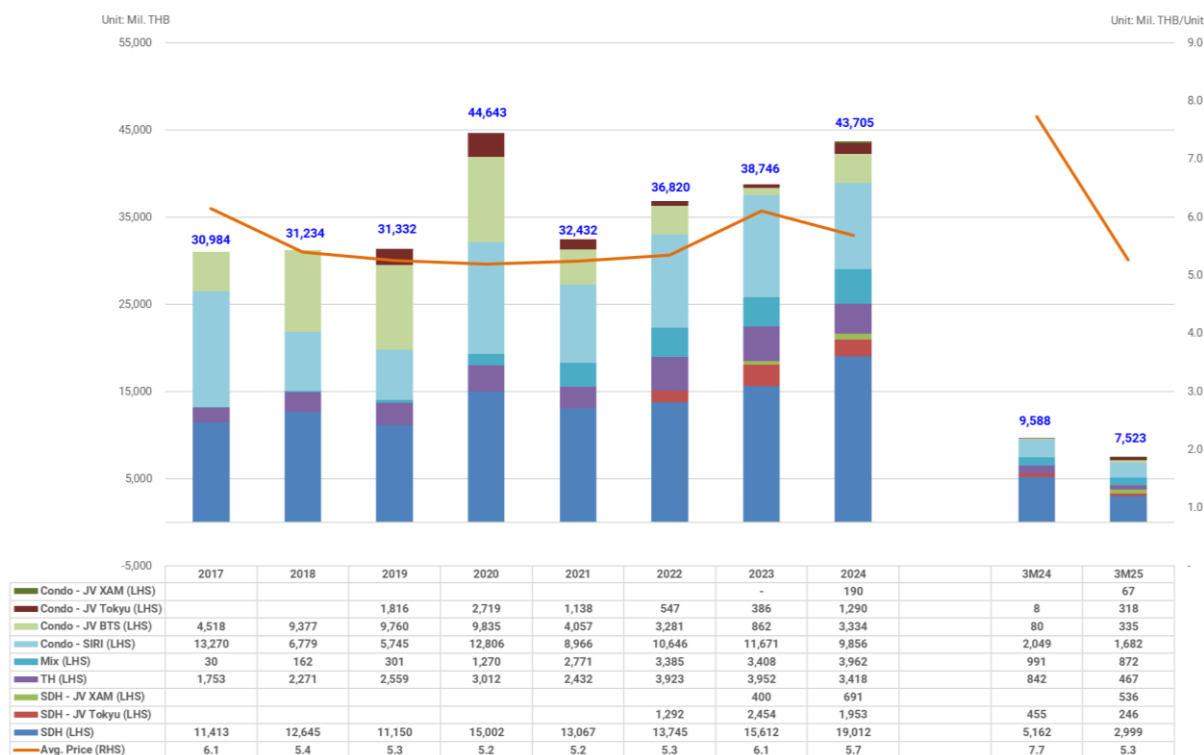


Source: SIRI

Chart 2: Presales



Source: SIRI

Chart 3: Transfers


Source: SIRI

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	38,703	37,230	34,735	29,557	34,603
Earnings before interest and taxes (EBIT)	9,139	9,344	7,845	5,594	5,528
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	9,941	10,264	8,707	6,417	6,370
Funds from operations (FFO)	5,062	5,058	4,764	3,071	3,356
Adjusted interest expense	3,606	3,572	2,754	2,534	2,377
Real estate development investments	111,432	107,614	93,211	85,608	83,691
Total assets	149,399	147,303	127,451	116,632	112,632
Adjusted debt	89,862	90,439	73,925	68,600	62,491
Adjusted equity	45,440	43,858	40,491	37,417	35,647
Adjusted Ratios					
EBITDA margin (%)	25.7	27.6	25.1	21.7	18.4
Pretax return on permanent capital (%)	6.6	7.3	7.0	5.3	5.4
EBITDA interest coverage (times)	2.8	2.9	3.2	2.5	2.7
Debt to EBITDA (times)	9.0	8.8	8.5	10.7	9.8
FFO to debt (%)	5.6	5.6	6.4	4.5	5.4
Debt to capitalization (%)	66.4	67.3	64.6	64.7	63.7

* Consolidated financial statements

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Hybrid Securities: Equity Content and Credit Rating Criteria , 20 December 2024
- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Sansiri PLC (SIRI)

Company Rating:	BBB+
Issue Ratings:	
SIRI259A: THB2,408.48 million senior unsecured debentures due 2025	BBB+
SIRI25DC: THB2,500 million senior unsecured debentures due 2025	BBB+
SIRI25DA: THB3,639.21 million senior unsecured debentures due 2025	BBB+
SIRI261A: THB500 million senior unsecured debentures due 2026	BBB+
SIRI263A: THB5,000 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+
SIRI267C: THB3,379.97 million senior unsecured debentures due 2026	BBB+
SIRI269A: THB2,095.6 million senior unsecured debentures due 2026	BBB+
SIRI26DA: THB200 million senior unsecured debentures due 2026	BBB+
SIRI271A: THB1,985.74 million senior unsecured debentures due 2027	BBB+
SIRI273A: THB4,000 million senior unsecured debentures due 2027	BBB+
SIRI273B: THB1,000 million senior unsecured debentures due 2027	BBB+
SIRI276A: THB2,360.79 million senior unsecured debentures due 2027	BBB+
SIRI277A: THB2,620.03 million senior unsecured debentures due 2027	BBB+
SIRI279A: THB2,495.92 million senior unsecured debentures due 2027	BBB+
SIRI281A: THB2,615.83 million senior unsecured debentures due 2028	BBB+
SIRI291A: THB2,398.43 million senior unsecured debentures due 2029	BBB+
SIRI20PA: THB3,000 million subordinated capital debentures (hybrid debentures)	BBB-
THB2,050 million subordinated capital debentures (hybrid debentures)	BBB-
Up to THB5,000 million subordinated capital debentures (hybrid debentures)	BBB-
Rating Outlook:	Stable

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