SENA DEVELOPMENT PLC

No. 109/2025
3 July 2025

CORPORATES

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

Last Review Date: 31/01/25

Company Rating History:

Date	Rating	Outlook/Alert
28/06/24	BBB-	Stable
31/05/22	BBB	Negative
08/03/22	BBB	Alert Negative
21/02/19	BBB	Stable
11/11/14	BBB-	Stable

Contacts:

Bundit Pommata
bundit@trisrating.com

Auyporn Vachirakanjanaporn
auyporn@trisrating.com

Jutamas Bunyawanichkul
jutamas_b@trisrating.com

Suchada Pantu, Ph.D.
suchada@trisrating.com

RATIONALE

TRIS Rating affirms the company rating on SENA Development PLC (SENA) at "BBB-", with a "stable" outlook and downgrades the ratings on its senior unsecured debentures to "BB+" from "BBB-". The downgrade is triggered by a rise in the company's priority debt ratio to a level exceeding our 50% threshold, suggesting senior unsecured creditors may be significantly disadvantaged relative to priority debt holders with respect to claims against the company's assets.

The ratings reflect our expectation of growth in the company's reported revenue and earnings following the consolidation of joint-venture (JV) performance, along with its sustained market position. They also factor in an anticipated decline in profit margins, high financial leverage, and tight but manageable liquidity. The ratings also take into account the ongoing challenges of persistently high household debt and elevated mortgage rejection rates, which continue to weigh on housing demand. However, the downward trend in interest rates, the recent relaxation of loan-to-value (LTV) regulations, and reduced transaction fees are expected to partially support demand in the low- to mid-priced housing segments over the next 12 months.

KEY RATING CONSIDERATIONS

Greater control over JV operations enhances flexibility and enlarges revenue and earnings base

In July 2024, SENA and its JV partner, Hankyu Hanshin Properties Corps. (Hankyu), agreed to develop all new projects (starting from the 38th JV project) under a single entity, Sena HHP Co., Ltd. (SENA HHP). SENA owns 51% of SENA HHP, with Hankyu owning the rest. Hankyu also provides a 100% corporate guarantee for SENA HHP's working capital financing, which helps reduce interest costs compared with previous JVs. Additionally, no presales conditions or asset pledges are required for loan withdrawals for projects developed under SENA HHP.

Furthermore, both parties have agreed to amend the JV agreements, granting the chairman nominated by SENA a casting vote. This adjustment is anticipated to enhance the flexibility of SENA in response to rapidly changing operating environments. This in turn should strengthen SENA's control over JV operations. Given this greater control, SENA has consolidated the operating performance of all JVs since 25 December 2024.

Looking ahead, SENA's revenue and earnings base is likely to expand over the forecast period. Revenues are anticipated to rise to approximately THB7-THB9 billion annually in 2025-2026 and reach THB10 billion by 2027, up from an annual range of THB3-THB4 billion over the past four years. Residential sales are projected to contribute around 90% of total revenue. We also anticipate an improvement in EBITDA, rising to THB1.6-THB2.2 billion per year, compared with THB1.1-THB1.5 billion in recent years. These projections are partly underpinned by SENA's backlog of THB7.6 billion as of 31 March 2025.

Sustained market position, but lower profit margins

We expect SENA to retain its market presence and competitive position in the residential property sector over the next three years. In 2024, amid intense competition and subdued market sentiment, the company's presales declined by 15% year-on-year (y-o-y) to THB8.2 billion. However, presales rebounded sharply in the first quarter of 2025 (1Q25), reaching THB3.8 billion, nearly half of the full-year figure for 2024. To drive this recovery, SENA accepted lower profit margins on certain existing projects. In addition, the company retained its potential homebuyers through the LivNex Rent-to-Own program and expanded its international customer base via sales through agents. Notably, around 30% of 1Q25 presales came from these two channels.

Our baseline forecast lowers SENA's projected gross profit margin to 32%-33% for 2025-2027, down from the 34%-45% range seen over the past four years. This revision reflects heightened competition in the residential property market and a shift in the company's revenue structure. Previously, management fees from JV projects, typically carrying higher margins than residential sales, contributed 25%-30% of total revenue. With the consolidation of JVs, residential sales have become the sole major source of revenue, resulting in a lower overall margin. We also expect SENA to manage its selling, general, and administrative (SG&A) expenses at 17%-18% of total revenue. As a result, we project an EBITDA margin of 21%-22% over the forecast period.

Gradual improvement in leverage and cash flow protection

Following a surge in new project launches and land acquisition in 2023, SENA's debt to capitalization ratio rose to 59%. However, a slowdown in project launches and land purchases since 2024 has helped reduce the company's financial leverage, bringing the ratio down to 56% in 2024-1Q25. Despite this improvement, SENA's fund from operation (FFO) to debt ratio remained relatively low, pressured by intense market competition and high interest costs.

Under our base-case scenario, we assume SENA will launch new residential projects worth approximately THB19 billion during 2025-2027. Around three-fourths of these projects will be condominium projects. Land acquisition is projected at THB300 million in 2025, rising to THB1.5 billion annually in 2026 and 2027. Based on these assumptions, SENA's debt to capitalization ratio is expected to remain at 56% this year, improving to 50%-55% over 2026-2027. Meanwhile, the FFO to debt ratio is projected to gradually recover, reaching 4% by 2027.

The financial covenants on SENA's debentures and bank loans require the company's interest-bearing debt to equity (IBD/E) ratio to remain below 2.5 times and its total liability to total equity (D/E) ratio to remain below 1.75 times. As of March 2025, these ratios stood at 1.3 times and 1.4 times, respectively. SENA should be able to remain in compliance with the financial covenants over the next 12 to 18 months.

Tight but manageable liquidity

We assess SENA's liquidity as tight but manageable over the next 12 months. As of March 2025, SENA's sources of funds consisted of THB919 million cash on hand plus THB4.3 billion undrawn unconditional committed credit facilities from banks. FFO is projected to reach approximately THB140 million in 2025. In addition, SENA holds unencumbered land banks and unsold finished units in debt-free projects valued with a book value of THB4.5 billion, which could be used as collateral for new loans if necessary. We estimate that the company's total sources of funds would cover around 70%–80% of its maturing debt obligations over the next 12 months, assuming a certain level of LTV lending conditions.

On the other hand, SENA's maturing debt obligations over the next 12 months amount to THB10.8 billion. This includes THB4.4 billion debentures, THB3.9 billion short-term loans, THB2.4 billion long-term project loans, and THB0.1 billion lease liabilities. SENA plans to refinance the maturing debentures through a combination of new debenture issuances and bank loans. The short-term loans, primarily used for working capital and as bridging loans for land purchases, are expected to be either rolled over or converted into long-term project loans. Project loans are generally repaid using cash generated from residential unit transfers.

Debt structure

As of March 2025, SENA's consolidated debt, excluding lease liabilities, was THB22 billion. The company's priority debt, including secured debts at the company and total debts of its subsidiaries, was THB12.9 billion. This translates to a priority debt to total debt ratio of 59%. As its priority debt ratio exceeds the 50% threshold outlined in TRIS Rating's "Issue Rating Criteria", we assess that SENA's senior unsecured creditors could be significantly disadvantaged to its priority debt holders with respect to claims against the company's assets. Thus, the issue ratings on its senior unsecured debentures are downgraded to one notch below the company rating.

BASE-CASE ASSUMPTIONS

TRIS Rating's base-case assumptions for SENA's operations in 2025-2027 are as follows:

- New residential project launches worth THB6-THB7 billion per annum.
- Budget for land acquisition totaling THB3.3 billion over 2025-2027.
- Total operating revenue to hover around THB7-THB9 billion in 2025-2026 and reach THB10 billion in 2027.
- EBITDA to range between THB1.6-THB2.2 billion, with an EBITDA margin of 21%-22%.

RATING OUTLOOK

The “stable” outlook reflects our expectation that SENA will deliver operating performance aligning with our targets, while its financial profile will not materially weaken from the current level.

RATING SENSITIVITIES

A downward revision of SENA’s ratings and/or outlook could occur if its operating performance and/or financial position weaken beyond our expectations, particularly if the debt to capitalization ratio consistently exceeds 60%. Conversely, a credit upside may be considered if SENA achieves a significant and sustained improvement in both operational and financial metrics, such as maintaining the debt to capitalization ratio around 55% and improving the FFO to debt ratio above 7.5%.

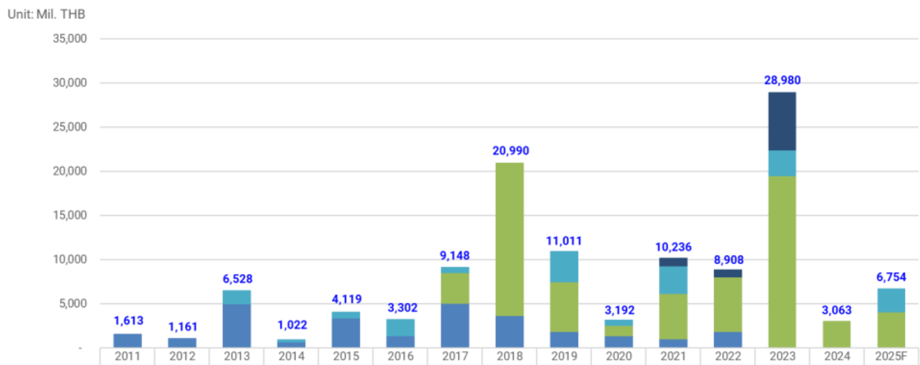
COMPANY OVERVIEW

SENA was established by Mr. Theerawat Thanyalakphark in 1993 and listed on the Stock Exchange of Thailand (SET) in 2009. As of March 2025, the Thanyalakphark family continued to be the company’s largest shareholder, owning a 56.7% stake. SENA focuses on the residential property development business. Its products cover condominiums, single-detached houses (SDH), twin houses, townhouses, and commercial units. SENA’s products mainly target the middle- to low-income segments, with selling prices of below THB4 million per unit for condominiums and below THB8 million per unit for landed properties. Its products comprise condominium projects, sold under the “PITI”, “The Niche Pride”, “The Niche Mono”, “The Niche ID”, “Flexi”, “The Kith”, “SENA Kith”, “Cozi” and “SENA Eco Town” brands; and landed property projects under the “Sena Park Grand”, “Sena Grand Home”, “Sena Ville”, “Viva”, “Sena Shophouse”, “Sena Avenue”, and “Sena Town” brands.

Since 25 December 2024, SENA has amended its JV agreements, granting the company control over key management and operational decisions. As a result, the investment—previously classified as a JV—has been reclassified as a subsidiary. Following this consolidation, the majority of the company’s revenue, approximately 60%, comes from the condominium segment. Landed property projects account for around 25%, while rental and service income make up roughly 10%. Revenues from other sources, including solar energy and car dealership businesses, remain minimal.

KEY OPERATING PERFORMANCE

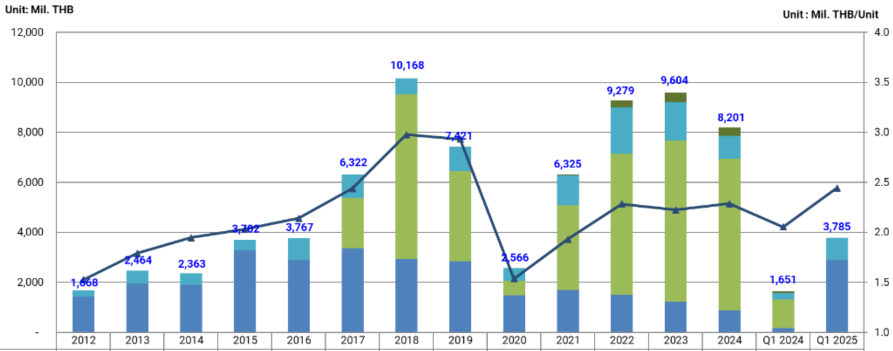
Chart 1: New Project Launches



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F
Housing - JV											975	879	6,632	-	
Housing - SENA			1,544	346	744	1,990	669		3,573	642	3,119	-	2,926	-	2,704
Condominium - JV							3,440	17,330	5,625	1,194	5,134	6,181	19,421	3,063	4,050
Condominium - SENA	1,613	1,161	4,984	676	3,375	1,312	5,039	3,660	1,813	1,357	1,007	1,848	-	-	-

Source: SENA

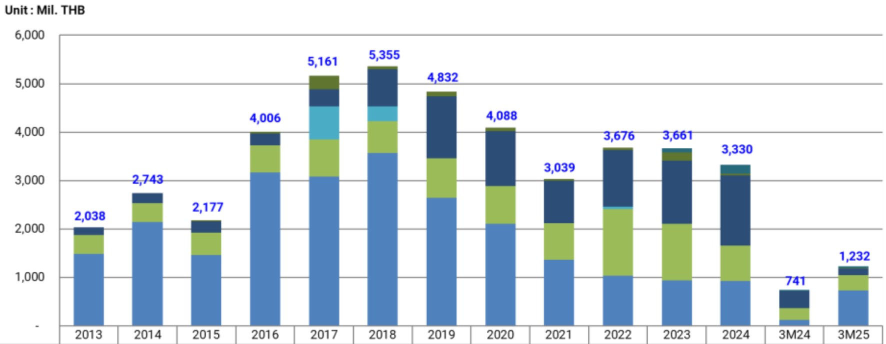
Chart 2: Presales



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q1 2024	Q1 2025
Housing - JV										54	281	394	342	91	
Housing - SENA	238	512	460	423	871	947	660	960	495	1,188	1,848	1,532	908	241	896
Condominium - JV						2,014	6,578	3,623	595	3,395	5,635	6,436	6,076	1,146	
Condominium - SENA	1,430	1,952	1,903	3,280	2,896	3,361	2,930	2,838	1,475	1,689	1,515	1,242	875	173	2,889
Avg. Price	1.5	1.8	1.9	2.0	2.1	2.4	3.0	2.9	1.5	1.9	2.3	2.2	2.3	2.1	2.4

Source: SENA

Chart 3: Revenue from Sales and Service Breakdown



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	3M24	3M25
Car Dealership											85	188	19	36
Solar Business			22	37	278	55	98	68	46	41	170	29	7	11
Rental and Services	161	209	225	238	347	767	1,273	1,132	871	1,171	1,297	1,450	350	137
Land Sales					684	307		0.4		49				
Housing	393	395	469	557	770	661	812	775	762	1,382	1,174	735	247	311
Condominium	1,484	2,139	1,462	3,174	3,081	3,566	2,649	2,113	1,359	1,034	936	927	118	736

Source: SENA

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025		-------------Year Ended 31 December --------- 2024 ***	2023	2022	2021
Total operating revenues	1,348		3,600	3,807	3,948	3,152
Earnings before interest and taxes (EBIT)	339		1,026	1,154	1,334	1,216
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	354		1,134	1,276	1,531	1,304
Funds from operations (FFO)	(0)		(96)	577	936	841
Adjusted interest expense	306		1,122	659	504	371
Real estate development investments	32,898		33,788	11,980	11,212	8,286
Total assets	41,439		40,994	25,491	23,363	18,620
Adjusted debt	21,302		21,217	14,729	12,564	10,931
Adjusted equity	17,113		17,008	10,267	9,953	7,802
Adjusted Ratios						
EBITDA margin (%)	26.3		31.5	33.5	38.8	41.4
Pretax return on permanent capital (%)	3.3	**	3.1	4.4	5.9	6.2
EBITDA interest coverage (times)	1.2		1.0	1.9	3.0	3.5
Debt to EBITDA (times)	17.5	**	18.7	11.5	8.2	8.4
FFO to debt (%)	(0.6)	**	(0.5)	3.9	7.4	7.7
Debt to capitalization (%)	55.5		55.5	58.9	55.8	58.4

* *Consolidated financial statements*
** *Annualized with trailing 12 months*
*** *The company has consolidated JV's financial statements since 25 December 2024*

RELATED CRITERIA

- Issue Rating Criteria, 26 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

Sena Development PLC (SENA)

Company Rating:	BBB-
Issue Ratings:	
SENA259A: THB1,530 million senior unsecured debentures due 2025	BB+
SENA261A: THB895 million senior unsecured debentures due 2026	BB+
SENA262A: THB2,000 million senior unsecured debentures due 2026	BB+
SENA274A: THB1,000 million senior unsecured debentures due 2027	BB+
SENA279A: THB1,500 million senior unsecured debentures due 2027	BB+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.
Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000