

SC ASSET CORPORATION PLC

No. 61/2025
16 June 2025

CORPORATES

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

Last Review Date: 16/12/24

Company Rating History:

Date	Rating	Outlook/Alert
04/08/11	BBB+	Stable

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RATIONALE

TRIS Rating assigns a rating of “BBB+” to SC Asset Corporation PLC’s (SC) proposed issue of up to THB2.5 billion senior unsecured debentures due within four years. The proceeds from the new debentures are intended to be used to repay some of the company’s existing loans and/or fund its working capital. At the same time, we affirm the company rating on SC and the ratings on its outstanding senior unsecured debentures at “BBB+” with a “stable” rating outlook.

The ratings reflect SC’s strong position in the mid- to high-income segments of the residential property market and its resilient operational performance. However, the ratings are constrained by the company’s high financial leverage, driven by its aggressive project launches and expansion into recurring income assets. The ratings also take into account the ongoing challenges of elevated household debt and high mortgage rejection rates, both of which continue to dampen housing demand. Nevertheless, factors such as the downward trend in interest rates, the recent relaxation of loan-to-value (LTV) rules, and reductions in transaction fees are expected to support residential market demand over the next 12 months.

SC’s operating performance in the first quarter of 2025 (1Q25) fell short of our expectations, reflecting subdued housing demand and weak market sentiment. During the quarter, its revenue declined by 33% year-on-year (y-o-y) to THB2.7 billion, while EBITDA dropped by 30% y-o-y to THB360 million. These represented only 10%-12% of our full-year targets. Nevertheless, we expect SC’s performance to improve over the remainder of this year, supported by the scheduled transfer of backlog as well as sales from both existing and newly launched projects.

Our base-case scenario projects that SC’s total operating revenue will increase to THB22-THB25 billion annually in 2025-2026, up from THB21 billion in 2024. We expect SC’s EBITDA to range from THB4.0-THB4.5 billion per year in 2025-2026, with an EBITDA margin of 17%-18%. Its future revenue and earnings will be partly secured by the existing backlog. As of March 2025, SC had a backlog in its own projects valued at THB14.8 billion, with THB7.3 billion scheduled for transfer in 2025, THB6.1 billion in 2026, and THB1.4 billion in 2027. In addition, condominium projects under joint ventures (JVs) had a combined backlog of THB4.1 billion, with THB0.7 billion expected to be transferred this year and the majority of the remainder in 2027-2028.

Given our expectation of SC’s improving operating performance as well as its strategy of developing new condominium and rental property projects through JVs, we anticipate that the company’s debt to capitalization ratio will remain in our target range of 55%-60%. Additionally, the fund from operation (FFO) to debt ratio is expected to recover to a level above 5% in 2025-2026, from around 3% in 2024-1Q25.

We assess SC’s liquidity position as manageable over the next 12 months. As of March 2025, the company had liquidity sources comprising THB1.6 billion cash on hand and THB8.7 billion undrawn committed credit facilities. We project SC’s FFO to be around THB2.1 billion over the next 12 months. In addition, the company holds unencumbered land banks and investment properties valued at around THB2.3 billion. This is in addition to remaining finished units in debt-free residential projects totaling THB24 billion. All of these can be pledged as collateral to secure additional bank loans if necessary.

SC has THB15.9 billion in debt maturing over the next 12 months, consisting of THB5.3 billion short-term loans, THB4.9 billion project loans, and THB5.7 billion debentures. The short-term loans, primarily used for working capital and as bridging finance for land acquisitions, are expected to be gradually converted into project loans. The project loans will be repaid by using proceeds from the transfer of completed residential units to customers. Most of the maturing debentures are expected to be refinanced through new debenture issuances.

The financial covenants on SC's bank loans and debentures require maintenance of its interest-bearing debt to equity ratio below 2 times. As of March 2025, the ratio was 1.5 times. SC's priority debt to total debt ratio at the end of March 2025 was 30%.

RATING OUTLOOK

The "stable" outlook reflects our expectation that SC will maintain its competitive position and financial profile in the medium term. Despite its aggressive business expansion plan, we expect SC to gradually improve its FFO to debt ratio to a level above 5% and keep its debt to capitalization ratio in the 55%-60% range over the next three years.

RATING SENSITIVITIES

We could revise the ratings and/or outlook downward should its operating performance or financial profile deteriorate significantly from the current levels, causing its debt to capitalization ratio to rise above 60% and FFO to debt ratio to drop below 5% for an extended period. Conversely, we could revise the ratings upward if its revenue base grows as targeted while the FFO to debt ratio improves to around 10%-15% and the debt to capitalization ratio stays around 50%-55% on a sustainable basis.

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

SC Asset Corporation PLC (SC)

Company Rating:	BBB+
Issue Ratings:	
SC257A: THB2,000 million senior unsecured debentures due 2025	BBB+
SC257B: THB1,500 million senior unsecured debentures due 2025	BBB+
SC261A: THB920 million senior unsecured debentures due 2026	BBB+
SC261B: THB1,250 million senior unsecured debentures due 2026	BBB+
SC267A: THB1,300 million senior unsecured debentures due 2026	BBB+
SC267B: THB1,100 million senior unsecured debentures due 2026	BBB+
SC260A: THB1,500 million senior unsecured debentures due 2026	BBB+
SC271A: THB1,280 million senior unsecured debentures due 2027	BBB+
SC271B: THB1,250 million senior unsecured debentures due 2027	BBB+
SC277A: THB700 million senior unsecured debentures due 2027	BBB+
SC277B: THB1,800 million senior unsecured debentures due 2027	BBB+
SC281A: THB2,400 million senior unsecured debentures due 2028	BBB+
Up to THB2,500 million senior unsecured debentures due within 4 years	BBB+
Rating Outlook:	Stable

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