MAJOR DEVELOPMENT PLC

No. 111/2025
4 July 2025

CORPORATES

Company Rating:	BB-
Outlook:	Negative

Last Review Date: 03/04/25

Company Rating History:

Date	Rating	Outlook/Alert
03/04/25	BB	Alert Negative
27/07/22	BB	Stable
09/07/21	BB+	Negative
02/08/18	BB+	Stable

Contacts:

Auyporn Vachirakanjanaporn
auyporn@trisrating.com

Preeyaporn Kosakarn
preeyaporn@trisrating.com

Jutamas Bunyawanichkul
jutamas_b@trisrating.com

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

WWW.TRISRATING.COM

RATIONALE

TRIS Rating downgrades the company rating on Major Development PLC (MJD) to “BB-” from “BB” and replaces the “negative” CreditAlert with a “negative” rating outlook. The rating downgrade reflects MJD’s weaker operating performance and higher financial leverage than targeted. The “negative” outlook indicates that MJD’s operating performance may continue to deteriorate, and its liquidity risk might heighten due to the prevailing credit and bond market conditions. With weak demand and intense competition in the condominium and landed property markets, this challenging trend is likely to persist in the coming years.

The rating continues to reflect MJD’s relatively volatile operating performance, which results from inconsistent project launches, its product concentration in the premium residential market, and high leverage. In addition, although MJD holds a strong position in the premium condominium segment, the impact of the recent 7.7-magnitude earthquake in Myanmar may lead to delays in sales and unit transfers over the next 6-12 months.

KEY RATING CONSIDERATIONS

Weaker-than-expected operating performance

MJD’s operating performance fell short of our expectations. Revenues for 2024 and the first quarter of 2025 come to THB2.4 billion and THB440 million, respectively, achieving only 85% and 10% of our previous projections. The company’s modest revenue base, combined with high selling and administrative expenses, led to an EBITDA margin ranging from just 8%-11%, well below our 15% target. As a result, MJD reported a net loss of THB299 million in 2024, exceeding our projected loss of THB116 million. The company posted a further net loss of THB103 million in the first quarter of 2025.

Looking ahead, MJD’s operating performance is likely to remain under pressure over the next two to three years. Sales of its landed property projects have been significantly lower than anticipated while condominium backlog worth around THB2.2 billion, which is scheduled for transfer, could be delayed or canceled amid concerns over the recent earthquake. Meanwhile, the backlog from joint-venture (JV) projects totaled THB8.2 billion, with scheduled transfers of THB3.7 billion in 2027 and THB4.5 billion in 2029, respectively.

Given the limited number of existing projects available for sale, we forecast revenue from the company’s residential property business to drop below THB2 billion per annum during 2025-2027. Revenue from the hotel and office segments, despite improving, is expected to sustain at around THB500-THB550 million annually during 2025-2027.

Landed property sales remain below target

MJD’s strategy to diversify its portfolio towards more landed property projects presents certain challenges. The company is targeting the high-priced and luxury housing segments, where demand is limited and competition is increasing as several developers aim to boost sales in this segment due to concerns over high household debt and bank rejection rates in the lower-priced housing segment.

MJD’s presales of landed property amounted to around THB700-THB800 million annually in 2022-2023, with virtually no presales recorded in 2024. The company has also encountered construction issues, resulting in delays in property transfers over recent years. Given the company's limited experience and the intense competition from major property developers, we do not anticipate significant growth in housing sales over the next two to three years. According to TRIS Rating's base-case projections, we expect MJD's revenue from landed property projects to remain around THB500-THB600 million per annum over the next three years.

Strong position in the premium condominium segment

MJD's brands are established in the high-end condominium segment. Its condominium projects, developed under brands such as Muniq, M Series, Maru, Metris, and Maestro, have prices ranging from THB120,000 to THB350,000 per square meter (sq.m.) and are accepted among both domestic and foreign buyers. In our view, MJD's competitive edge derived from its recognized product quality, prime locations, and functional unit sizes. Most of the company's projects are situated in downtown areas near mass transit lines. Presales of its four new condominium projects, launched under joint ventures in 2024, achieved almost 60% of the total launch value, with foreign presales representing almost 50% of total presales in 2024.

As the company primarily targets the premium condominium segment, its project cancellation and mortgage rejection rates are relatively low compared to its rated peers. However, the recent earthquake may impact MJD's sales and condominium transfers over the next 6-12 months. In 2025, only the Metris District Ladprao project is scheduled for completion and transfer, in the second half of the year, with a backlog valued at THB2 billion. Consequently, any cancellations or delays resulting from damage assessments and inspections could affect MJD's revenue recognition for 2025. Since no projects will be completed in 2026, MJD will have to rely on sales of remaining finished units and landed properties. As of March 2025, remaining finished condominium units were valued at THB605 million while remaining housing units available for sale amounted to THB6.4 billion.

Elevated financial leverage

MJD's financial leverage remains elevated. The company's debt to capitalization ratio, including 51% of the debt of the JVs, rose to 73.5% in 2024 and further to 74.7% at the end of March 2025, exceeding TRIS Rating's threshold of 70%. Meanwhile, the ratio of its funds from operations (FFO) to debt stood at a negative 5%-6% during the same period. The persistently sluggish sales in several housing projects, along with the ongoing construction of JV condominium developments, are expected to keep MJD's debt to capitalization ratio at a high level. To address this, the company plans to reduce capital intensity by co-developing new projects with partners and divesting certain rental assets to lower its leverage. Nonetheless, we expect the company's debt to capitalization ratio to remain above 70% over the next three years.

Our base case assumes the company will launch two new housing projects under JVs worth THB3.5 billion in 2025 and two JV condominium projects valued at THB10-THB11 billion in 2026. The company has already secured land plots for these developments, and no further land acquisitions are planned for its wholly owned projects. Under the company's loan covenants, MJD must keep its net interest-bearing debt (IBD) to equity ratio below 3.5 times. As of March 2025, the ratio stood at 2.8 times and is expected to rise to around 3.0 times in 2027. We expect the company to manage its financial profile prudently to ensure continued compliance with these covenants.

Tightening liquidity

MJD's liquidity is tight. As of March 2025, MJD had THB5,648 million in debt due in the next 12 months, comprising THB3,958 million in debentures, THB1,617 million in long-term loans and project loans, and THB73 million in short-term loans. However, as of the end of March 2025, the company had only THB548 million in cash on hand. MJD plans to repay project loans with cash from the transfers of property units, while its maturing debentures will be refinanced with new secured debenture issuances. The new bond issuances will be backed by assets freed up from its bank loans worth around THB1.5-THB1.6 billion. In addition, the company may divest some fixed assets to help support its liquidity (if necessary).

Debt structure

As of March 2025, MJD's consolidated debt, excluding lease liabilities, amounted to THB12.4 billion. The company's priority debt, including secured debts at the company and total debts of its subsidiaries, was THB8.5 billion. The priority debt to total debt ratio was 68%, exceeding our 50% threshold. Thus, we consider MJD's unsecured creditors to be significantly disadvantaged to its priority debt holders with respect to the priority of claims against the company's assets.

BASE-CASE ASSUMPTIONS

- Launches of two JV housing projects worth THB3.5 billion in 2025, followed by two JV condominium projects valued at THB10-THB11 billion in 2026.
- Revenues to decline from THB2.7 billion in 2025 to THB1.7 billion in 2027.
- EBITDA margin to stay in the 8%-12% range.
- No budget for land acquisitions for its own projects during 2025-2027.

RATING OUTLOOK

The "negative" outlook reflects MJD's ongoing weak operating performance and increased liquidity risk. Considering the current operating environment and the company's modest backlog, MJD's operating performance is expected to remain under pressure and could potentially deteriorate further over the forecast period.

RATING SENSITIVITIES

The outlook could be revised to "stable" if the company demonstrates improved operating performance, leading to a debt to capitalization ratio below 70% and alleviated liquidity concerns. Conversely, the rating and/or outlook could be downgraded if MJD's operating performance and financial leverage worsen further from our base-case assumptions.

COMPANY OVERVIEW

MJD was established in 1999 by the Poolvoralaks family. The company became public in December 2005 and was listed on the Stock Exchange of Thailand (SET) in November 2007. After the initial public offering (IPO), the Poolvoralaks family continued to be MJD's largest shareholder. As of April 2025, the Poolvoralaks family held a 51% stake in the company.

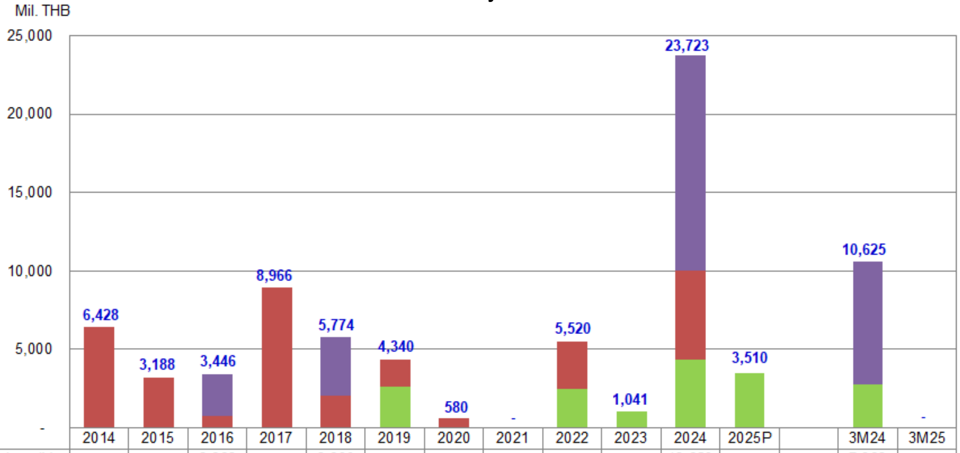
MJD focuses on the high-end condominium segment. Selling prices across the portfolio are in the range of THB4-THB10 million per unit. Its major brands comprise the M Series and the Maestro. The M Series projects are high-rise condominiums located near mass transit lines. The Maestro projects are low-rise condominiums on smaller land plots in good locations. The company also has signature projects targeting the super-luxury segment.

In 2013, the company began partnering with private equity funds to develop condominium projects. As of March 2025, it had five joint venture condominium projects with a combined value of THB16 billion. In 2017, MJD launched two new condominium brands, comprising Metris, with prices ranging from THB4-THB6 million per unit, and Maru, with prices ranging from THB6-THB8 million per unit, to capture the lower-priced segment. In addition, the company launched housing projects under the Malton and Mavista brands in 2019.

MJD has expanded its business to generate more recurring income. The company developed three hotels, Marrakesh Hua Hin Resort and Spa in 2011, Centra Maris Resort Jomtien in 2016, and Maven Stylish Hotel Hua Hin in 2020. MJD commenced operation of its first office building, Major Tower Thonglor 10, in 2015. The second office building, Major Tower Rama 9-Ramkumhang, commenced operation in 2020. These rental assets generate revenue of around THB500-THB550 million per annum.

KEY OPERATING PERFORMANCE

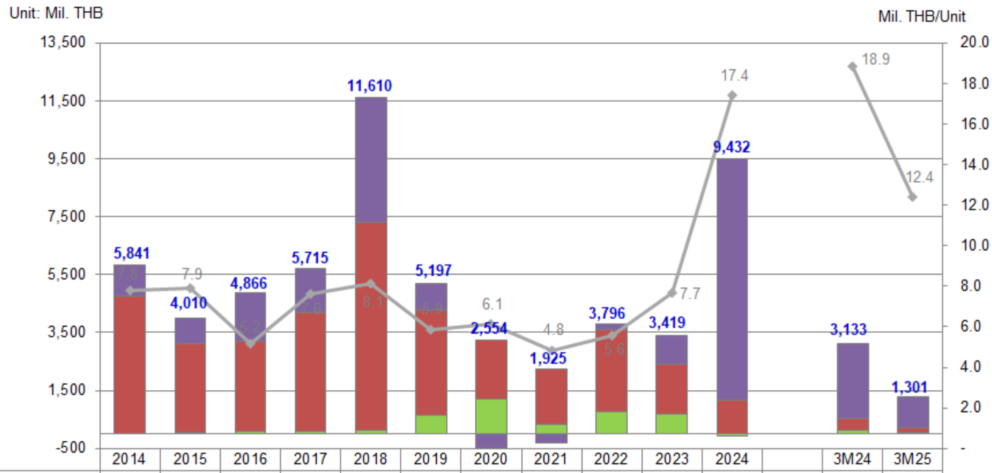
Chart 1: Residential Project Launches



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025P		3M24	3M25
Condominium-JV	-	-	2,663	-	3,690	-			-	-	13,659	-		7,863	-
Condominium-MJD	6,428	3,188	783	8,966	2,084	1,712	580	-	3,057	-	5,698	-		-	-
Housing	-	-	-	-	-	2,628			2,463	1,041	4,366	3,510		2,762	-

Source: MJD

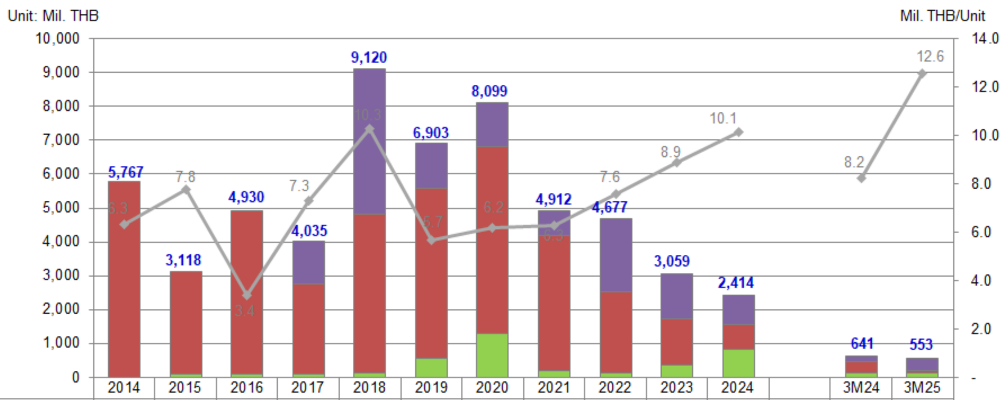
Chart 2: Presales Performance



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		3M24	3M25
Condominium-JV	1,075	882	1,677	1,513	4,299	907	-670	-299	197	1,016	8,334		2,619	1,109
Condominium-MJD	4,757	3,069	3,083	4,119	7,170	3,632	2,016	1,890	2,823	1,721	1,157		399	148
Housing	8	60	105	84	141	657	1,208	334	776	682	-59		114	44
Avg. Price	7.8	7.9	5.2	7.6	8.1	5.9	6.1	4.8	5.6	7.7	17.4		18.9	12.4

Source: MJD

Chart 3: Transfer Performance



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		3M24	3M25
Condominium-JV				1,279	4,288	1,316	1,274	713	2,159	1,323	867		181	363
Condominium-MJD	5,767	3,026	4,824	2,672	4,691	5,017	5,529	4,019	2,398	1,369	736		320	63
Housing		92	105	84	141	569	1,296	180	121	366	811		140	127
Avg. Price	6.3	7.8	3.4	7.3	10.3	5.7	6.2	6.3	7.6	8.9	10.1		8.2	12.6

Source: MJD

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025	------------Year Ended 31 December ----------- 2024	2023	2022	2021
Total operating revenues	440	2,459	2,217	2,847	4,404
Earnings before interest and taxes (EBIT)	29	110	92	111	388
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	51	203	193	219	511
Funds from operations (FFO)	(187)	(669)	(630)	(470)	(208)
Adjusted interest expense	230	861	802	650	693
Real estate development investments	10,444	10,352	10,119	6,677	7,030
Total assets	18,066	17,678	17,368	16,467	15,967
Adjusted debt	12,607	12,098	11,225	9,498	9,648
Adjusted equity	4,266	4,369	4,642	4,960	5,310
Adjusted Ratios					
EBITDA margin (%)	11.5	8.3	8.7	7.7	11.6
Pretax return on permanent capital (%)	0.6 **	0.7	0.6	0.7	2.4
EBITDA interest coverage (times)	0.2	0.2	0.2	0.3	0.7
Debt to EBITDA (times)	66.6 **	59.5	58.3	43.4	18.9
FFO to debt (%)	(5.6) **	(5.5)	(5.6)	(4.9)	(2.2)
Debt to capitalization (%)	74.7	73.5	70.7	65.7	64.5

* *Consolidated financial statements*
** *Annualized with trailing 12 months*

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

Major Development PLC (MJD)

Company Rating:	BB-
Rating Outlook:	Negative

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