

SAHAKOL EQUIPMENT PLC

No. 14/2025
28 May 2025

CORPORATES

Company Rating: BB
CreditAlert: Negative

Last Review Date: 29/04/25

Company Rating History:

Date	Rating	Outlook/Alert
29/04/25	BBB-	Negative
11/06/21	BBB-	Stable
22/06/20	BBB-	Negative
08/06/18	BBB-	Stable

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RATIONALE

TRIS Rating downgrades the company rating on Sahakol Equipment PLC (SQ) to “BB” from “BBB-”. At the same time, we place the rating on CreditAlert with a “negative” implication. This follows the company’s request to extend the maturity of a THB550 million debenture (SQ256A) by up to three years and seek exemption from certain obligations under the terms and conditions.

The rating downgrade reflects SQ’s tightened liquidity position and heightened refinancing risk for its upcoming debt obligations. Additionally, the CreditAlert with a “negative” implication reflects the uncertainty surrounding the outcome of the upcoming debenture holders’ meeting on 6 June 2025. If the company fails to obtain the necessary approvals from debenture holders and does not secure alternative funding sources, the rating could face a multi-notch downgrade.

SQ attempted to refinance the maturing debenture through internal cash flow and a new debenture issuance; however, due to unfavorable bond market conditions, it was unable to raise the full amount needed. In addition, a previously planned bank loan did not materialize. These developments prompted the company to request a maturity extension for the debenture.

Looking ahead, we expect SQ to face heightened refinancing risk given the unfavorable bond market conditions and reservations among certain banks over lending to coal-related businesses in view of environmental concerns. Moreover, most of the company’s debts are secured, and the majority of its assets have already been pledged as collateral to bank creditors, leaving limited capacity for additional asset-backed financing.

As of 31 March 2025, SQ’s total consolidated debt, excluding lease liabilities, amounted to around THB4.9 billion, with THB2.6 billion of secured debt. The priority debt to total debt ratio was around 53%, exceeding our 50% threshold. Thus, we consider SQ’s unsecured creditors to be significantly disadvantaged to its priority debt holders with respect to the priority of claims against the company’s assets.

TRIS Rating expects to resolve the “negative” CreditAlert once the debenture holders’ meeting has been concluded and there is more clarity over the company’s plan to address its upcoming debt payment obligations.

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Corporate Rating Methodology, 15 July 2022

Sahakol Equipment PLC (SQ)

Company Rating:	BB
CreditAlert:	Negative

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