

DOUBLE A (1991) PLC

No. 141/2025
29 August 2025

CORPORATES

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

Last Review Date: 27/05/25

Company Rating History:

Date	Rating	Outlook/Alert
29/08/24	BBB	Positive
28/08/20	BBB	Stable
05/08/19	BBB-	Stable
25/11/16	BBB-	Negative
26/10/15	BBB-	Stable
12/09/13	BBB	Stable
21/08/12	BBB	Negative
16/05/08	BBB	Stable
09/11/07	BBB	Alert Developing
28/02/06	BBB	Stable
16/11/05	BBB	Alert Developing
20/10/04	BBB	Stable

Contacts:

Rapeepol Mahapant
rapeepol@trisrating.com

Tern Thitinuang, CFA
tern@trisrating.com

Parat Mahuttano
parat@trisrating.com

Sermwit Sriyotha
sermwit@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating upgrades the company rating on Double A (1991) PLC (DA) and the ratings on its outstanding senior unsecured debentures to “BBB+” from “BBB”. We also revise the rating outlook to “stable” from “positive”. The rating upgrade is attributed to DA’s strengthened credit metrics, following a steady decrease in its debt burden.

At the same time, we assign a rating of “BBB+” to DA’s proposed issue of up to THB3 billion senior unsecured debentures, with a tenor of up to 10 years. The proceeds are intended for repayment of maturing debt and/or use in business operations.

The ratings reflect DA’s strength as a top office paper producer worldwide, the strong “Double A” brand, and its fully integrated operations. These strengths are partly offset by long-term stagnation in paper demand and the inherent cyclicity of the pulp and paper industry.

KEY RATING CONSIDERATIONS

Strengthened credit metrics

In our view, DA has exhibited an improved financial profile, with strengthened credit metrics. As a result of satisfactory operating cash generation and disciplined financial management, DA’s adjusted debt declined steadily to THB9.1 billion as of June 2025, from the THB12-THB14 billion range in previous years. This deleveraging effort has enabled DA to sustain a debt to EBITDA ratio of below 3 times, meeting the threshold required for a rating upgrade.

Looking ahead, we expect DA to maintain its debt to EBITDA ratio within the range of 2-3 times and its funds from operations (FFO) to debt ratio between 25% and 35%. The debt to capitalization ratio is projected to remain in the 40%-50% range, compared with previous levels of above 60%. DA’s commitment to maintaining these conservative credit metrics underpins the rating upgrades.

Given current economic uncertainties, we believe the company will prioritize efficient working capital and cost management to uphold its cash generating ability and cost advantage. Our base-case forecast anticipates DA’s investment spending of about THB1 billion per annum during 2025-2027, primarily allocated to pulp production enhancements. Dividend payments are estimated at THB0.9-THB1.2 billion per annum.

Satisfactory performance maintained

We expect DA’s operations to remain satisfactory despite lower 2025 earnings, with forecast EBITDA and FFO bottoming out at THB3.3 billion and THB2.5 billion, respectively. Additional pulp supplies from a major producer are expected to lower pulp prices, which may subsequently impact both paper pricing and overall profit margins.

We forecast an earnings rebound next year, assuming pulp prices stabilize and market expansion goals are achieved. EBITDA is estimated to reach THB3.5-THB3.8 billion annually and FFO is projected at THB2.7-THB3.0 billion annually for 2026-2027.

We believe DA’s operating revenue will hold steady at THB23-THB24 billion annually from 2025 to 2027, as higher sales volumes balance lower paper and

pulp prices. Its EBITDA margin is estimated to remain satisfactory at 14.0%-15.5% during this period.

Strong competitiveness

We expect DA to maintain its status as a leading producer of cut-size paper with competitive cost advantages. The strong “Double A” brand recognition and established marketing channels have supported revenue growth and robust profit margins in recent years, even amid stagnant paper demand and fluctuations within the pulp and paper industry cycle. We believe the company will stick to its last-man standing strategy and continue to focus on cut-size paper over packaging paper.

DA’s cost advantage is derived from operational synergies achieved through the full integration of its paper production and pulp mills. Also, the company breeds its own eucalyptus trees and develops plantations to secure a reliable, cost-effective supply of pulp and woodchip for paper production. As of June 2025, it made an advance payment of THB1.6 billion for wood supplies, primarily with a related company, to secure raw materials availability.

Adequate liquidity

We assess DA’s liquidity position as adequate. As of June 2025, DA had THB5.2 billion debt coming due in the next 12 months, including THB2.4 billion debentures. Meanwhile, sources of liquidity included cash and marketable securities of about THB4 billion and unused credit facilities of THB1.5 billion. Inclusive of the new debenture issuance of THB3 billion in July 2025, sources of liquidity should cover all the maturing debts.

A key financial covenant on DA’s debentures requires the company’s net interest-bearing debt to equity ratio to stay below 2 times. The ratio as of 30 June 2025 was 0.9 times. We expect the company to remain compliant with this financial covenant for at least the next 12-18 months.

Debt structure

As of 30 June 2025, DA’s total debt excluding lease liabilities was reported at THB12.6 billion, of which THB1.3 billion was priority debt, translating to a priority debt to total debt ratio of 10.3%.

DA is heavily reliant on debenture financing, making up nearly 80% of its debt. To manage the rollover risk, the company has implemented a disciplined payment schedule and maintains healthy cash reserves. Furthermore, the inclusion of prepayment options in its debenture terms enhances its ability to manage liquidity effectively.

BASE-CASE ASSUMPTIONS

Key assumptions in TRIS Rating’s base-case forecast for 2025-2027 are as follows:

- Total operating revenue to stay in the THB23-THB24 billion per annum range.
- EBITDA margin to range from 14.0%-15.5%.
- Capital spending to be about THB1 billion per annum.
- Dividend payments to be THB0.9-THB1.2 billion per annum.

RATING OUTLOOK

The “stable” outlook reflects our expectation that DA will maintain its robust market position and deliver satisfactory operating performance while carrying on its conservative financial policy, which should result in its earnings and outstanding debt aligning with our forecast.

RATING SENSITIVITIES

A rating upgrade is unlikely in the near term. On the contrary, we may revise downward the outlook or the ratings if the company underperforms, engages in a more aggressive investment policy, distributes substantial dividends, or carries out any related party transactions that materially weakens its financial profile. Downward pressure could develop if we see the company’s debt to EBITDA ratio approaching 3.5 times.

COMPANY OVERVIEW

DA, founded by the Dumnernchanvanit family (Soon Hua Seng Group) in 1989 as a pulp and paper producer, was listed on the Stock Exchange of Thailand (SET) in 1995 and delisted on 17 April 2008. Mr. Yothin Dumnernchanvanit and affiliates held a 98.9% majority stake in the company, as of March 2025.

DA currently owns and operates four paper mills and two pulp mills, all of which are located in Tha Toom District, Prachinburi Province. The four paper mills have a total design capacity of 745,000 tonnes per annum (tpa), while the two pulp mills have a total design capacity of 427,000 tpa. The pulp and paper operations are fully integrated.

Paper sales represent 91% of DA's sales, with pulp accounting for 6%. Revenue from other products constitutes approximately 3%.

KEY OPERATING PERFORMANCE

Table 1: Revenue Breakdown

Unit: %

	2021	2022	2023	2024	Jan-Jun 2025
Revenue (mil. THB)	19,335	23,353	23,276	23,263	10,473
Paper	82	88	89	88	91
Pulp	16	9	7	9	6
Others	2	3	4	3	3
Total	100	100	100	100	100

Source: DA

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Jun 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	10,504	23,347	23,335	23,406	19,386
Earnings before interest and taxes (EBIT)	1,069	3,083	2,624	1,622	2,287
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,637	4,299	4,202	3,348	3,998
Funds from operations (FFO)	1,225	3,449	3,406	2,604	3,282
Adjusted interest expense	292	689	677	734	709
Capital expenditures	224	528	816	687	561
Total assets	26,532	25,794	26,946	25,873	24,388
Adjusted debt	9,092	9,810	11,562	13,539	12,628
Adjusted equity	9,778	10,219	9,403	7,720	7,145
Adjusted Ratios					
EBITDA margin (%)	15.6	18.4	18.0	14.3	20.6
Pretax return on permanent capital (%)	10.5 **	13.6	11.7	7.7	10.9
EBITDA interest coverage (times)	5.6	6.2	6.2	4.6	5.6
Debt to EBITDA (times)	2.5 **	2.3	2.8	4.0	3.2
FFO to debt (%)	31.1 **	35.2	29.5	19.2	26.0
Debt to capitalization (%)	48.2	49.0	55.1	63.7	63.9

* Consolidated financial statements

** Adjusted with trailing 12 months

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

Double A (1991) PLC (DA)

Company Rating:	BBB+
Issue Ratings:	
DA261A: THB2,393.5 million senior unsecured debentures due 2026	BBB+
DA268A: THB1,000 million senior unsecured debentures due 2026	BBB+
DA278A: THB2,643 million senior unsecured debentures due 2027	BBB+
DA284A: THB1,500 million senior unsecured debentures due 2028	BBB+
DA292A: THB1,355 million senior unsecured debentures due 2029	BBB+
DA307A: THB2,000 million senior unsecured debentures due 2030	BBB+
DA317A: THB1,000 million senior unsecured debentures due 2031	BBB+
DA327A: THB1,000 million senior unsecured debentures due 2032	BBB+
Up to THB3,000 million senior unsecured debentures due within 10 years	BBB+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2025, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria