

SC ASSET CORPORATION PLC

No. 187/2025
31 October 2025

CORPORATES

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

Last Review Date: 16/06/25

Company Rating History:		
Date	Rating	Outlook/Alert
04/08/11	BBB+	Stable

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RATIONALE

TRIS Rating affirms the company rating on SC Asset Corporation PLC (SC) and the ratings on SC’s senior unsecured debentures at “BBB+” with a “stable” rating outlook. The ratings reflect SC’s strong competitive position in the mid- to high-priced segments of the residential property market and manageable liquidity position. The ratings are weighed down by the company’s elevated financial leverage and weakening cash flow protection, stemming from its aggressive expansion in both residential property and recurring income businesses.

The ratings also take into consideration the impacts of persistently high household debt levels and elevated mortgage rejection rates, both of which continue to dampen housing demand. However, the downward trend in interest rates, the easing of loan-to-value (LTV) regulations, and reductions in transaction-related fees are expected to provide some support for demand in the low- to mid-priced housing segments over the next 12 months.

KEY RATING CONSIDERATIONS

Performance expected to recover to normal levels from 2026 onward

Amid unfavorable economic conditions and weak housing demand, SC’s operating performance in 2024 and the first half of 2025 (1H25) fell below our earlier expectations. The company’s total operating revenue declined by 17% year-on-year (y-o-y) to THB20.3 billion in 2024. Revenue in 1H25 dropped by 8% y-o-y to THB8 billion, achieving about one-third of our previous full-year forecast. Nonetheless, revenue rebounded sharply in the second quarter of 2025 to THB7.8 billion from THB2.7 billion in the first quarter, driven by a strong recovery of landed property sales. The company’s gross profit margin improved in 1H25, rising to 33% from 29% in 2024. However, due to its fixed operating costs, SC’s EBITDA fell by 34% y-o-y to THB3 billion in 2024, while EBITDA in 1H25 declined by 12% y-o-y, reaching about one-third of our earlier full-year projection.

Looking ahead, SC’s total revenue is expected to pick up in the second half of 2025. Revenue for the full year is projected to decline by only 5% y-o-y before recovering to the THB22-THB24 billion range in 2026-2027. EBITDA is expected to soften to THB2.8 billion in 2025 but rebound to THB4.0-THB4.8 billion in 2026-2027. Over the next three years, we forecast a gross profit margin to remain in the 30%-32% range, while the EBITDA margin is expected to hold at around 15% in 2025 and strengthen to 17%-20% in 2026-2027.

As of June 2025, the company reported a total backlog of THB19.6 billion, with approximately 80% stemming from its own projects and the remainder from joint ventures (JVs). We expect SC to deliver around THB8 billion of this backlog during the rest of 2025, followed by THB3 billion in 2026 and THB6 billion in 2027, with the remaining balance scheduled for transfer in 2028. Additionally, the company held completed inventory valued at around THB20 billion, which can be immediately recognized as revenue or share profit upon sale.

Strong market foothold in the mid- to high-priced segments

We view SC as having a strong market presence, particularly in the mid- to high-priced residential segments with unit prices above THB10 million. From 2024 through 1H25, the company’s residential sales ranked fourth among 22 property developers rated by TRIS Rating, capturing a market share of 8%-10%.

Over the past five years, more than 70% of SC's total revenue has consistently come from mid- to high-priced residential properties, reflecting its solid competitive standing in these segments.

SC has also broadened its portfolio to include more affordable residential products priced between THB3-THB6 million per unit, which have received favorable market feedback. Since 2022, the company has launched condominium projects under new brands named "Reference" and "COBE", targeting younger professionals and first-time homebuyers. In our view, this strategic move into the lower-end market segment should support revenue growth and enhance diversification over the medium term. However, given the high mortgage rejection rates in this price range, SC will need to maintain stringent customer screening and credit assessment procedures to mitigate sales risk.

Expansion into recurring income businesses to reduce earnings volatility

SC is actively expanding its rental property portfolio as part of its strategy to strengthen earnings stability and diversify income streams. The company aims to increase recurring income by growing its investments in hotels, warehouses, and apartments, thereby reducing its exposure to the cyclical nature of the residential property market. SC aims to raise the net profit contribution from rental assets to over 20% of total net profit within the next five years. At present, SC's rental property portfolio comprises six office buildings, one hotel, and two warehouses in Thailand, as well as four apartment buildings in the United States (US). These assets collectively generate THB1.0-THB1.1 billion in rental income and THB600-THB650 million in EBITDA annually, accounting for around 5% of total revenue and 12%-15% of total EBITDA. More than half of the rental income and earnings is derived from four office buildings: "Shinawatra Towers 1, 2, and 3", and "SC Tower".

To manage funding requirements, SC plans to expand its hospitality and warehouse portfolios primarily through JVs. In the hospitality segment, SC and its partners recently launched two new hotels -- "KROMO" on Sukhumvit 29 and "THE STANDARD Pattaya" -- in September and October 2025, respectively. The company also plans to commence development of the "voco Bangkok Siam" hotel later this year. The combined project cost for these three hotels will total around THB6 billion. In the warehouse segment, SC aims to expand its total leasable area to 340,000 square meters (sq.m.) by 2028 through six JV projects, with a total estimated cost of around THB7 billion.

For its US investments, SC has earmarked USD100 million to acquire apartment properties, with USD24.5 million remaining as of June 2025 to be deployed over 2026-2027. These assets are intended for eventual sale, enabling the company to realize capital gains after an appropriate holding period.

Expected improvement in financial leverage and cash flow protection

Following a surge in new residential project launches, extensive land acquisitions, and substantial investments in rental assets over the past three years, SC's debt to capitalization ratio (including proportionate debt from JVs) increased to 58%-59% in 2023-1H25, up from 48% in 2021. The higher leverage, coupled with weaker earnings, also caused the fund from operation (FFO) to debt ratio to decline to about 2% in 2024-1H25, compared with above 5% in previous years.

To address this, SC plans to implement a deleveraging strategy by selling partial stakes in some of its existing projects to JV partners by late 2025 and undertaking new condominium and rental property developments through JVs. As a result, the company's debt to capitalization ratio is expected to improve to 57% by the end of 2025 and gradually decline to 55% in 2026-2027. Meanwhile, the FFO to debt ratio is projected to remain below 5% this year but rise above 5% from 2026 onward.

Under our base-case scenario, we assume SC will launch landed property projects valued at THB15-THB20 billion per year in 2025-2027. Condominium project launches through JVs are expected to total THB10 billion in 2025, THB17 billion in 2026, and THB6 billion in 2027. We estimate SC's land acquisition budget for its own projects at THB2 billion in 2025 and THB5 billion per annum in 2026-2027. Our forecast also includes capital expenditures (CAPEX) of around THB1.3 billion over the next three years for SC's own rental properties and new business ventures, along with equity injections of approximately THB2 billion per year (SC's share) into JVs in residential, hospitality, and industrial rental property projects.

Manageable liquidity

We assess SC's liquidity position as manageable. As of June 2025, the company's liquidity sources comprised THB2.3 billion cash on hand and THB9.5 billion undrawn committed credit facilities. We forecast SC's FFO to be around THB2 billion over the next 12 months. In addition, the company holds unencumbered land banks and investment properties with a combined book value of THB2.6 billion, along with remaining finished units and land plots in debt-free residential projects worth approximately THB22 billion. These assets can be pledged as collateral to secure additional bank financing if needed.

Over the next 12 months, SC will have debt maturities totaling THB17.3 billion, comprising THB6.4 billion project loans, THB5.7 billion debentures, and THB5.2 billion short-term loans. The project loans are expected to be repaid with proceeds from the transfer of completed residential units to customers. SC typically refinances most of its maturing debentures through new issuances, while the short-term loans, mainly used for working capital and as bridge financing for land acquisitions, are expected to be converted into project loans thereafter. In addition, SC plans to allocate THB2.3 billion for

CAPEX related to office building renovations and investments in JVs, rental properties, and new business ventures over the next 12 months. Dividend payments are projected at 40% of net profit.

The company's financial covenants on bank loans and debentures require it to maintain an interest-bearing debt to equity ratio below 2 times. As of June 2025, the ratio stood at 1.5 times. We expect SC to remain in compliance with this covenant over the next 12 months.

Debt structure

As of June 2025, SC's consolidated debt, excluding lease liabilities, totaled THB35 billion. Of this amount, THB10 billion was priority debt, comprising secured debt held by SC and all borrowings undertaken by its subsidiaries. The priority debt to total debt ratio was 29%.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for SC's operations in 2025-2027:

- New landed property project launches of THB15-THB20 billion per annum.
- New condominium project launches through JVs of THB10 billion in 2025, THB17 billion in 2026, and THB6 billion in 2027.
- Budget for land acquisition for its own projects of around THB2 billion in 2025 and around THB5 billion per annum in 2026-2027.
- CAPEX for its own rental properties and future businesses of THB1.3 billion over a three-year period.
- Annual investments through JVs (in SC's share) in residential property, hospitality, and warehouse for rent businesses of around THB2 billion.
- Total operating revenue to drop by 5% y-o-y in 2025, before reviving to THB22-THB24 billion annually in 2026-2027.
- EBITDA margin to hold at 15% in 2025, but to improve to 17%-20% in 2026-2027.

RATING OUTLOOK

The "stable" outlook reflects our expectation that SC will sustain its competitive position and deliver operating performance in line with our base-case forecast. We expect the FFO to debt ratio to improve above 5% starting in 2026. Despite its aggressive business expansion plans, we expect SC to keep its debt to capitalization ratio within the 55%-60% range over the next three years.

RATING SENSITIVITIES

We may lower SC's ratings and/or outlook if its operating results or financial profile weaken relative to our base-case forecast, leading to a debt to capitalization ratio above 60% and/or an FFO to debt ratio below 5% for a prolonged period. Conversely, an upward scenario could be considered if SC's revenue and earnings bases enlarge while the FFO to debt ratio improves to 10%-15% and the debt to capitalization ratio remains within the 50%-55% range on a sustained basis.

COMPANY OVERVIEW

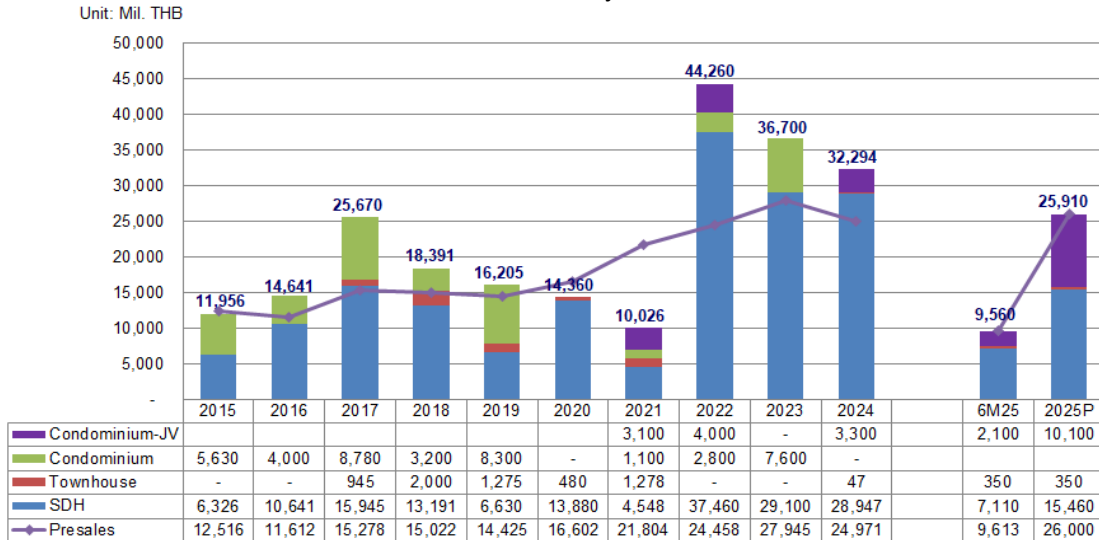
SC is a property developer established in 1989. The Shinawatra family took over the company in 1995 and entered the rental property segment by developing Shinawatra Tower 3. In 2003, SC was reorganized to focus on residential property development. The company was listed on the Stock Exchange of Thailand (SET) in 2003. The Shinawatra family continues to be the company's major shareholder, with a 60% stake as of August 2025.

SC focuses on the mid- to high-income segments in the Bangkok Metropolitan Area (BMA). Its products comprise single detached houses (SDH), townhouses (TH), home offices, and condominiums. The SDH projects are sold under the brands of "SONLE", "Connoisseur", "95E1", "Granada", "Grand Bangkok Boulevard", "The Gentry", "Bangkok Boulevard", "Venue", "Pave", and "V Compound", with prices ranging from around THB4-THB400 million per unit. TH projects are sold under the "Matter" and "Verve" brands, with selling prices of THB2-THB12 million per unit. SC also offers a home office under the "Headquarters" and "Work Place" brands, with prices from THB8-THB50 million per unit. SC has five condominium brands: "The Crest", "Centric", "Reference", "Cobe", and "Chambers". Projects under The Crest brand offer units with selling prices of THB200,000-THB250,000 per sq.m., Centric and Reference projects offer selling prices of THB130,000-THB200,000 per sq.m., while Cobe and Chambers projects target the lower-income segment with selling prices of THB100,000-THB130,000 per sq.m. SC also targets the luxury condominium segment with selling prices above THB250,000 per sq.m. under the signature brands: "Saladaeng One", "BEATNIQ", "28 Chidlom", "SCOPE Langsuan", and "SCOPE Thonglor".

SC's revenue base has remained at around THB20-THB24 billion per annum in the past three years. The residential property development segment has been the company's primary source of revenue, constituting about 95% of total revenue during 2020-2024. Revenue from the rental and service income segment comprised about 5%.

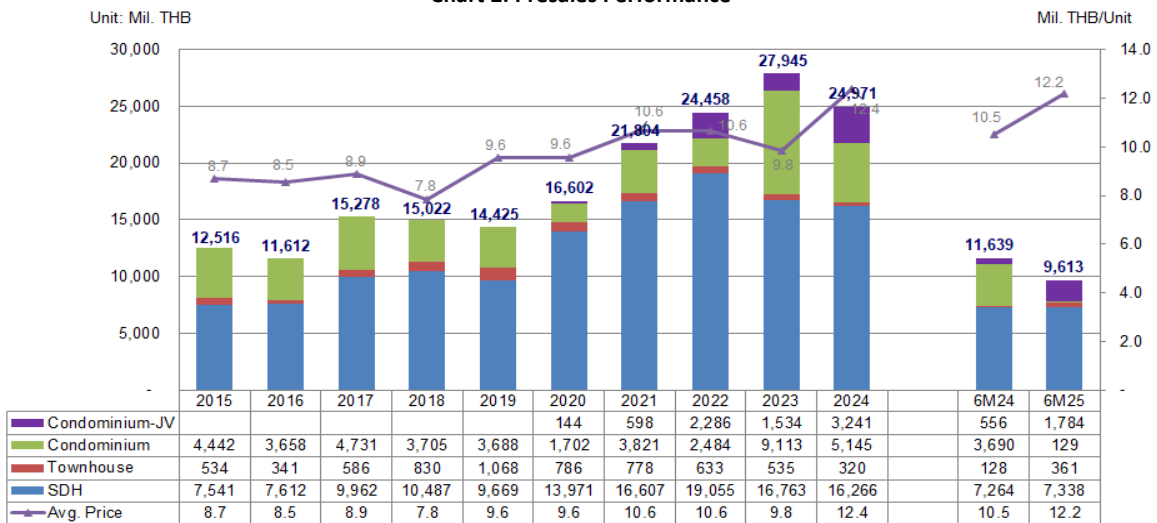
KEY OPERATING PERFORMANCE

Chart 1: Residential Project Launches



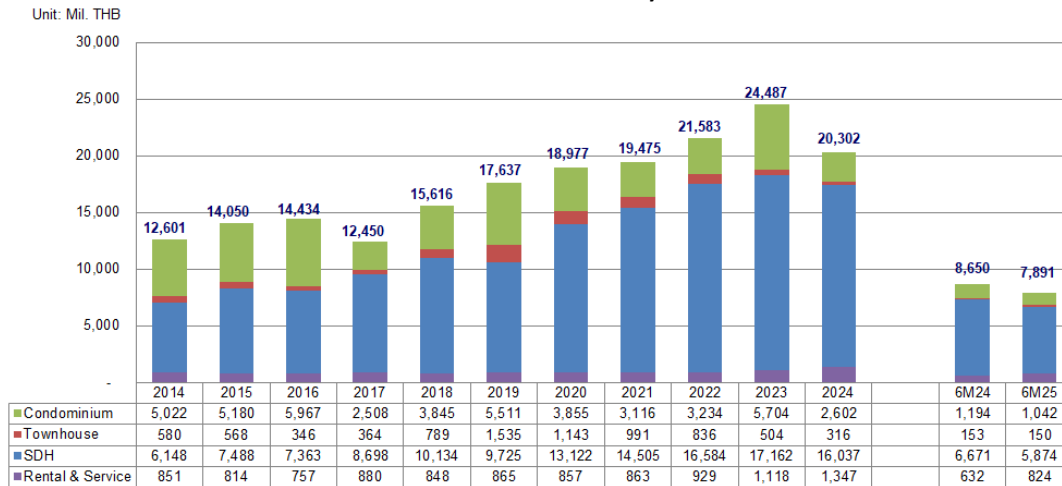
Source: SC

Chart 2: Presales Performance



Source: SC

Chart 3: Revenue Breakdown by Product



Source: SC

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Jun 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	7,969	20,349	24,570	21,678	19,507
Earnings before interest and taxes (EBIT)	1,132	2,938	4,438	3,964	3,223
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,227	3,007	4,587	4,079	3,390
Funds from operations (FFO)	266	857	2,761	2,610	2,089
Adjusted interest expense	807	1,852	1,252	835	747
Real estate development investments	49,699	48,919	46,477	42,858	33,462
Total assets	69,617	67,258	63,888	57,401	49,754
Adjusted debt	34,739	33,750	32,431	26,960	18,920
Adjusted equity	24,072	24,095	23,252	21,709	20,054
Adjusted Ratios					
EBITDA margin (%)	15.4	14.8	18.7	18.8	17.4
Pretax return on permanent capital (%)	4.5 **	5.0	8.2	8.3	7.6
EBITDA interest coverage (times)	1.5	1.6	3.7	4.9	4.5
Debt to EBITDA (times)	12.2 **	11.2	7.1	6.6	5.6
FFO to debt (%)	1.9 **	2.5	8.5	9.7	11.0
Debt to capitalization (%)	59.1	58.3	58.2	55.4	48.5

* 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

SC Asset Corporation PLC (SC)

Company Rating:	BBB+
Issue Ratings:	
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+
SC287A: THB200 million senior unsecured debentures due 2028	BBB+
SC287B: THB1,310 million senior unsecured debentures due 2028	BBB+
SC297A: THB990 million senior unsecured debentures due 2029	BBB+
Rating Outlook:	Stable

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