

Media Release:

# Sinyi Realty Inc. Ratings Affirmed At 'twA/twA-1'; Liquidity Revised To Adequate From Strong; Outlook Remains Stable

March 25, 2025

## Rating Action Overview

- **Sinyi Realty Inc.** is the largest home broker in Taiwan. The company generated EBITDA of new Taiwan dollar (NT\$) 2.55 billion in 2024.
- Sinyi's liquidity buffer could remain narrow over the coming year. This is based on our expectation of the company's higher capital expenditure and investment needs tied to its construction businesses in Taiwan and Malaysia over the period.
- We therefore revised our liquidity assessment on Sinyi to adequate from strong.
- At the same time, we affirmed our 'twA' long-term and 'twA-1' short-term issuer credit ratings on the company.
- The rating outlook is stable to reflect the likelihood that Sinyi's domestic housing brokerage business will maintain relatively resilient operating performance despite lingering uncertainty over the housing market.

## Rating Action Rationale

**The rating affirmation reflects Sinyi's leading market position and larger home brokerage network in Taiwan.** This is supported by Sinyi's well-established brand name, strong operating efficiency, and relatively conservative financial discipline. The company could leverage its talent management system to maintain a good operating performance over the next one to two years.

Several factors partly offset these rating strengths. These include Sinyi's high-risk residential property development business and volatile discretionary cash flow due to its exposure to the property development segment. However, we acknowledge Sinyi's management team has a proven track record of maintaining discipline over its high financial leverage. We also forecast Sinyi will adopt a prudent financial strategy that includes tightening its cash dividend payout ratio to weather against increasing debt leverage.

**Higher capital spending to support property projects in Malaysia could reduce the liquidity buffer.** We forecast Sinyi's ratio of liquidity sources to uses will be 2.03x over the 12 months ending December 2025 due to a likely increase in capital spending. The company's liquidity sources will still exceed liquidity uses even if its EBITDA drops by 15%. We believe Sinyi has a generally high standing in the domestic credit market. In addition, the company has strong

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banking relationships, as indicated by the low interest rates on its debts. None of Sinyi's debts carry financial covenants.

### Outlook

The stable rating outlook reflects our view that Sinyi's housing brokerage business in Taiwan could sustain relatively resilient operating performance despite lingering uncertainty over the direction of the domestic housing market. In our view, the company's sustainable operating performance from its core business company should help support a moderate financial buffer for the credit ratings over the next one to two years. This is despite a likely rise in debt due to working capital outflow and increased capital spending to support development projects in Taiwan and Malaysia over the period.

#### Downside scenario

We could lower the long-term rating over the next 24 months if:

- The ratio of debt to EBITDA remains above 2.5x on a sustainable basis. The possible scenarios for this include an aggressive growth strategy in property development that results in continuous large working capital outflow related to land acquisitions and property construction; and/or
- EBITDA margin drops consistently below 15%, possibly due to heavy losses on property development projects or a severe downturn in Taiwan's housing market if interest rates rise; or
- The EBITDA contribution of Sinyi's property development business increases to more than 30% of consolidated EBITDA on a weighted average basis through the development cycle, which would indicate a material increase in business risk.

#### Upside scenario

We may raise the rating if:

- Sinyi continues to grow its brand equity, business scale, and market leadership in the pre-owned house brokerage market, which results in material and sustainable growth in profitability; and
- We see limited exposure to the riskier property development business and at the same time a sustained conservative financial policy that would keep the ratio of debt to EBITDA sustainably below 1.5x.

### Rating Score Snapshot

Sinyi Realty Inc.		
	To	From
Issuer Credit Rating	twA/Stable/twA-1	twA/Stable/twA-1
Business risk	Fair	Fair
Country risk	Intermediate	Intermediate
Industry risk	Intermediate	Intermediate
Competitive risk	Fair	Fair
Financial risk	Intermediate	Intermediate
Cash flow/Leverage	Intermediate	Intermediate
Anchor	twA-	twA-
Modifiers		
Diversification/portfolio effect	Neutral (no impact)	Neutral (no impact)
Capital structure	Positive (+1 notch)	Positive (+1 notch)
Financial policy	Neutral (no impact)	Neutral (no impact)
Liquidity	Adequate (no impact)	Strong (no impact)
Management and governance	Neutral (no impact)	Neutral (no impact)
Comparable ratings analysis	Neutral (no impact)	Neutral (no impact)
Stand-alone credit profile	twA	twA

## Related Criteria & Research

### Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - April 04, 2024
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Principles Of Credit Ratings - February 16, 2011

### Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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## Ratings List

### Ratings Affirmed

Sinyi Realty Inc.	
Issuer Credit Rating	twA/Stable/twA-1

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.taiwanratings.com](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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