North East Rubber PLC

Corporate | Commodity Trading 15 September 2026

Issuer Credit Rating: BBB-/Stable

Issue Ratings:

Guaranteed: AAA/Stable

Senior Unsecured: BBB-/Stable

Rating Action

TRIS Rating assigns a rating of "BBB-" to North East Rubber PLC's (NER) proposed issue of up to THB1.8 billion senior unsecured debentures due within four years. The assigned issue rating supersedes the rating on the previously proposed up to THB1 billion issue due within four years, announced on 20 August 2026, following a company request. The company intends to use proceeds from the proposed debenture issue for funding working capital requirements. We also affirm the issuer credit rating on NER and the ratings on its outstanding senior unsecured debentures at "BBB-" with a "Stable" outlook. At the same time, we affirm the rating on NER's debentures guaranteed by the Credit Guarantee and Investment Facility (CGIF) at "AAA". The rating reflects our rating on CGIF (rated "AAA/Stable") as the guarantor.

NER reported total operating revenue of THB14.4 billion in the first six months of 2026 (6M26), representing an 11.9% year-on-year (y-o-y) decline, while EBITDA was THB1.1 billion, resulting in an EBITDA margin of 7.4%. Overall, the company's operating performance was slightly below our expectations, primarily due to elevated raw material costs. Raw material prices rose by approximately 30%-40% from the beginning of 2026 and are expected to remain high throughout the year. Given the company's use of the weighted average cost method, the higher raw material costs were reflected in production costs immediately, while selling prices adjusted with a lag due to the nature of its sales contracts. As a result, gross profit margins and EBITDA came under pressure during the period. We expect profitability to improve in the second half of 2026 as selling prices increasingly reflect the higher raw material costs.

NER's leverage exceeded our forecast in 6M26, with debt to EBITDA rising to 5.1 times, driven by higher working capital needs, seasonal inventory buildup, and elevated raw material prices. However, we expect leverage to improve in the second half of 2026 as operating performance recovers and working capital normalizes, bringing debt to EBITDA below the 5.0 times downgrade trigger. NER has also postponed its planned THB2.0 billion new plant investment, originally scheduled for 2026, pending greater clarity on geopolitical trade tariffs and the potential impact of El Niño on natural rubber supply.

We assess NER's liquidity position over the next 12 months as manageable. Sources of funds should be adequate to meet the company's funding requirements, while short-term borrowings used for working capital are expected to be rolled over.

The key financial covenant on NER's debentures requires the company to maintain a net debt to equity ratio below 2.5 times. The ratio was 1.1 times as of June 2026.

As of June 2026, the company's total outstanding debt, excluding financial leases, was THB10.9 billion, of which about THB4.7 billion was priority debt. This translates to a priority debt to total debt ratio of 43%.

Rating Outlook

The "Stable" outlook reflects our expectation that NER will maintain its competitive position in the NR industry, a manageable liquidity position, and a balance sheet strong enough to withstand the effects of volatile rubber prices.

The outlook on NER's guaranteed debentures solely reflects the credit condition of its guarantor, CGIF.

Rating Sensitivities

We could upgrade the ratings if NER's EBITDA rises above THB2.5 billion and its debt to EBITDA ratio remains below 2.5 times on a sustained basis. However, a rating downgrade scenario could emerge if NER's debt to EBITDA ratio rises above 5 times on an extended basis. Failure to achieve performance as projected in our base-case forecast, possibly due to weakening consumer demand, challenges in sourcing raw materials, or escalating competition could also impact the ratings.

The rating on NER's guaranteed debentures may change if the rating on its guarantor, CGIF, changes.

Related Criteria

- Corporate Rating Methodology, 29 December 2025
- Key Financial Ratios and Adjustments for Corporate Issuers, 7 November 2025
- Issue Rating Criteria, 26 December 2024

North East Rubber PLC (NER)

Issuer Credit Rating:	**BBB-**
Issue Ratings:	
NER291A: THB1,122.4 million senior unsecured debentures due 2029	BBB-
NER311A: THB1,344.6 million senior unsecured debentures due 2031	BBB-
Up to THB1,800 million senior unsecured debentures due within 4 years	BBB-
Rating Outlook:	**Stable**
Guaranteed Issue Rating:	
NER29DA: THB1,500 million guaranteed debentures due 2029	**AAA/Stable**

Rating History

Last Review Date: 20 August 2026

Date	Rating	Outlook/Alert
15-Jun-21	BBB-	Stable
14-Sep-20	BB+	Stable

Contacts:

Yanisa Sawatdipong | yanisa@trisrating.com
Sasiporn Vajarodaya | sasiporn@trisrating.com

No. 259/2026

TRIS Rating Co., Ltd.

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