

THAI BEVERAGE PLC

No. 114/2022
1 November 2022

CORPORATES

Company Rating:	AA
Issue Ratings:	
Senior unsecured	AA
Outlook:	Stable

Last Review Date: 06/10/22

Company Rating History:

Date	Rating	Outlook/Alert
02/02/18	AA	Stable
20/12/17	AA+	Alert Negative
04/10/16	AA+	Stable
05/10/15	AA	Stable
28/05/13	AA-	Stable
20/07/12	AA	Alert Negative
04/03/10	AA	Stable
09/01/07	AA-	Stable
17/01/06	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Thai Beverage PLC (ThaiBev) and the ratings on ThaiBev's outstanding senior unsecured debentures at "AA". At the same time, TRIS Rating assigns the rating of "AA" to ThaiBev's proposed issue of up to THB15 billion in senior unsecured debentures. The rating outlook remains "stable". The new issue rating replaces the issue rating previously assigned on 6 October 2022, following ThaiBev's request to change the issue size from the previously announced size of THB12 billion. The proceeds from the new debentures will be used for debt refinancing.

The ratings reflect ThaiBev's dominant position in regional beverage markets, supported by its strong brands and extensive distribution network, and resilient cash generation. The ratings also take into consideration the company's strong commitment to deleveraging. However, the ratings are constrained by the company's high financial leverage, intense competition, regulatory constraints, and frequent excise tax hikes in the Thai alcoholic beverage industry.

In the first half of fiscal year (FY) 2022, its total revenue increased by 8.9% to THB143.4 billion due mainly to a strong recovery in the beer business, especially in Vietnam, while the spirits business remained resilient. The company's earnings before interest, taxes, depreciation, and amortization (EBITDA) margin hovered around 19.3% during FY2021 through the first half of FY2022. Meanwhile, ThaiBev's EBITDA increased by 6.2% year-on-year (y-o-y) to THB27.6 billion in the first half of FY2022.

As of March 2022, ThaiBev's total interest-bearing debt of THB205 billion included priority debt of THB34 billion. The priority debt comprised unsecured debts at the subsidiary level. The company's priority debt to total debt ratio was 17%.

RATING OUTLOOK

The "stable" outlook reflects our expectation that ThaiBev will be on track to bring down its financial leverage from its strong cash generation. We expect the company to maintain its dominant position in the domestic market and the regional markets outside Thailand.

RATING SENSITIVITIES

ThaiBev's ratings and/or outlook could be revised upward, should the adjusted debt to EBITDA ratio fall below 2 times on a sustained basis. On the contrary, the ratings and/or outlook could be revised downward if we believe that ThaiBev is unable to attain its deleveraging target and its net debt to EBITDA ratio stays above 3.5 times for a prolonged period.

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

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

Thai Beverage PLC (ThaiBev)

Company Rating:	AA
Issue Ratings:	
TBEV233A: THB10,000 million senior unsecured debentures due 2023	AA
TBEV243A: THB11,300 million senior unsecured debentures due 2024	AA
TBEV244A: THB8,000 million senior unsecured debentures due 2024	AA
TBEV253A: THB9,300 million senior unsecured debentures due 2025	AA
TBEV283A: THB14,500 million senior unsecured debentures due 2028	AA
TBEV293A: THB10,100 million senior unsecured debentures due 2029	AA
Up to THB15,000 million senior unsecured debentures due within 10 years	AA
Rating Outlook:	Stable

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