

DOUBLE A (1991) PLC

No. 130/2023
2 November 2023

CORPORATES

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

Last Review Date: 31/08/23

Company Rating History:

Date	Rating	Outlook/Alert
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

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RATIONALE

TRIS Rating affirms the company rating on Double A (1991) PLC (DA) and the ratings on DA's outstanding senior unsecured debentures at "BBB", with a "stable" outlook. At the same time, we assign the rating of "BBB" to DA's proposed issue of up to THB5 billion senior unsecured debentures. The newly assigned issue rating replaces the rating assigned to the proposed issue of up to THB2.5 billion announced on 31 August 2023 as the company intends to increase the debenture issue size. The proceeds from the new debentures will be used for debt repayment and/or investments and/or as working capital.

The ratings reflect DA's position as a leading printing & writing (P&W) paper producer in Thailand, the solid brand name of "Double A" products, and its fully integrated operations. These strengths are partially offset by the cyclicity of the pulp and paper industry and stagnant demand for P&W paper over the long term. The ratings also factor in the company's strategy to expand into the packaging paper industry.

DA recently reported a performance recovery as the problems with electricity supply were resolved. During the first half of 2023, the company's earnings before interest, taxes, depreciation, and amortization (EBITDA) rose to THB2.1 billion, a 58% year-on-year (y-o-y) growth. Its debt to EBITDA ratio improved to 2.9 times, down from about 4 times in 2022. Looking forward, we expect DA to keep the leverage ratio around 3.5 times. Liquidity should continue to be manageable. Debentures with prepayment options have helped the company to efficiently manage its liquidity.

As of 30 June 2023, DA's total debt, excluding lease liabilities, was reported at about THB13.4 billion, of which THB1.2 billion was classified as priority debt. As a result, the priority debt to total debt ratio was 8.9%, a level at which we view its unsecured creditors are not significantly disadvantaged to priority debt holders.

RATING OUTLOOK

The "stable" outlook reflects our expectation that DA will remain competitive in the P&W paper business, and that the company should perform in line with targets and keep its prudent investment policy as forecast.

RATING SENSITIVITIES

A rating upside could occur if DA's earnings and financial profile significantly beat our estimates. This could happen if its debt to EBITDA ratio remains around 3 times for a sustained period. Conversely, the ratings and/or outlook could be revised downward if the company's operating performance and/or financial profile deteriorate materially.

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.

Double A (1991) PLC (DA)

Company Rating:	BBB
Issue Ratings:	
DA240A: THB1,622.70 million senior unsecured debentures due 2024	BBB
DA252A: THB2,500.05 million senior unsecured debentures due 2025	BBB
DA261A: THB2,398.50 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
DA292A: THB1,355 million senior unsecured debentures due 2029	BBB
Up to THB5,000 million senior unsecured debentures due within 7 years	BBB
Rating Outlook:	Stable

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