

MAJOR CINEPLEX GROUP PLC

No. 97/2022
5 September 2022

CORPORATES

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Stable

Last Review Date: 04/01/22

Company Rating History:

Date	Rating	Outlook/Alert
04/01/22	A-	Stable
17/06/20	A	Negative
08/12/16	A	Stable
25/03/09	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on Major Cineplex Group PLC (MAJOR) and the rating on MAJOR's outstanding senior unsecured debentures at "A-", with a "stable" outlook. At the same time, TRIS Rating assigns a "A-" rating to MAJOR's proposed issue of up to THB1 billion in senior unsecured debentures. The proceeds from the new debentures will be used for debt repayment.

The ratings continue to reflect the company's leading position in the Thai movie exhibition industry, the prime locations of its properties throughout the country, and its unique position in the advertising media segment. These strengths are partially offset by susceptibility to several uncontrollable factors, such as the number of films released, film popularity, and increased competition from the proliferation of entertainment alternatives.

In the first six months of 2022, MAJOR's revenue jumped by 105% to THB3.0 billion. This significant rise was due to the resumption of cinema operations in late 2021 and more blockbuster film releases. MAJOR's earnings before interest, taxes, depreciation, and amortization (EBITDA) also increased, rising by 93% to THB1.1 billion in the first six months of 2022. MAJOR's debt to EBITDA ratio improved to 5.3 times in the first six months of 2022.

As of June 2022, MAJOR had no priority debt.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that MAJOR's operating results will gradually recover from 2022 onwards, possibly with some hiccups along the way, and that the company will manage its liquidity prudently.

RATING SENSITIVITIES

A rating downside may occur if the company depletes its liquidity quicker than expected, or if we see structural changes in the movie release window or consumer behavior that could fundamentally impair its long-term profitability. On the other hand, the rating or outlook could be revised upward once there are clear signs of revival in the company's operating performance close to pre-Coronavirus Disease 2019 (COVID-19) levels, with the adjusted net debt to EBITDA ratio remaining well below 3 times on a sustained basis.

RELATED CRITERIA

- Corporate Rating Methodology , 15 July 2022
- Key Financial Ratio 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.

Major Cineplex Group PLC (MAJOR)

Company Rating:	A-
Issue Ratings:	
MAJOR229A: THB1,000 million senior unsecured debentures due 2022	A-
Up to THB1,000 million senior unsecured debentures due within 5 years	A-
Rating Outlook:	Stable

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