

CP ALL PLC

No. 11/2023
24 January 2023

CORPORATES

Company Rating:	A+
Issue Ratings:	
Senior unsecured	A+
Secured	A+
Hybrid	A-
Outlook:	Stable

Last Review Date: 30/06/22

Company Rating History:

Date	Rating	Outlook/Alert
08/12/20	A+	Stable
13/03/20	AA-	Alert Negative
10/07/19	AA-	Stable
09/10/17	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on CP All PLC (CPALL), as well as the ratings on its senior secured debentures and senior unsecured debentures at "A+". TRIS Rating also affirms the ratings on CPALL's subordinated capital debentures (hybrid debentures) at "A-".

At the same time, TRIS Rating assigns the rating of "A+" to CPALL's proposed issue of up to THB12 billion in senior unsecured debentures due within 12 years. The proceeds from the new debentures will be used for debt refinancing and working capital needs. The rating outlook remains "stable".

The ratings continue to reflect CPALL's strong business profile, underpinned by its market position as the dominant operator of convenience stores in Thailand, the strength of its nationwide store network, and its well-established support facilities. CPALL's competitive edge is also reinforced by its subsidiaries, Siam Makro PLC (MAKRO), a leader in food wholesaling market, as well as Ek-Chai Distribution System Co., Ltd. (LOTUSS) and Lotus's Stores (Malaysia) Sdn. Bhd., the leading operator of hypermarkets under "Lotus's" brand in Thailand and Malaysia.

CPALL's operating results were in line with our expectation. For the first nine months of 2022, CPALL reported total operating revenue of THB627 billion, up by 56.4% year-on-year (y-o-y). Its earnings before interest, taxes, depreciation, and amortization (EBITDA) rose by 62.3% y-o-y to THB53.9 billion. The substantial increase in revenue and EBITDA was due to the consolidation of C.P. Retail Development Co., Ltd. (CPRD) and the operation of Lotus's stores in Thailand and Malaysia in October 2021, combined with a recovery in its retail and rental businesses.

Though CPALL's adjusted net debt increased to THB415.5 billion as of September 2022, up from THB279 billion in 2020, the debt to capitalization ratio improved to 59.5% as of September 2022, compared with 75.3% in 2020, due to the financial consolidation. The ratio of adjusted debt to EBITDA ratio slightly increased to 6 times, compared with 5.7 times in 2020.

Going forward, CPALL's operations will likely recover gradually following the revival of the tourism sector and the resumption of normal economic activities. Our projection forecasts its debt to EBITDA ratio to hover around 5.8 times in 2022 and improve to stay below 5 times in 2024. At the same time, the debt to capitalization ratio should hover around 58% during 2022-2024.

We assess CPALL's liquidity to be manageable over the next 12 months. At the end of September 2022, CPALL had cash on hand of THB45 billion. We forecast the company's funds from operations (FFO) to be around THB52 billion in 2023. We assess the company's cash on hand plus FFO as sufficient to cover scheduled debt repayments of approximately THB26 billion, and capital spending of around THB29 billion.

The financial covenant on CPALL's debentures requires the company's net interest-bearing debt to equity ratio (excluding lease liability) to remain below 2 times. As of September 2022, CPALL's net interest-bearing debt to equity ratio was 1 times. We expect the company will remain in compliance with this covenant over the forecast period.

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.

RATING OUTLOOK

The “stable” outlook reflects TRIS Rating’s expectation that CPALL will sustain its leading position and competitive edge and continue to deliver sound financial results. We expect its cash flow generation will continue to provide sufficient financial strength to support its future expansion plans.

RATING SENSITIVITIES

CPALL’s ratings could be revised upward should the company materially improve its capital structure and cash flow protection such that the adjusted debt to EBITDA ratio fall below 5 times for a sustained period.

On the contrary, the ratings would be revised downward if the operating performance of CPALL is materially weaker than expected or there are sizable debt-funded investments that are expected to result in material weakening of capital structure such that the adjusted debt to EBITDA ratio exceeds 8 times for a sustained period.

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

CP ALL PLC (CPALL)

Company Rating:	A+
Issue Ratings:	
CPALL230A: THB4,132 million senior secured debentures due 2023	A+
CPALL230B: THB10,990 million senior secured debentures due 2023	A+
CPALL243A: THB5,379.2 million senior secured debentures due 2024	A+
CPALL243B: THB9,934.5 million senior secured debentures due 2024	A+
CPALL248B: THB10,439 million senior secured debentures due 2024	A+
CPALL233A: THB937 million senior unsecured debentures due 2023	A+
CPALL233B: THB6,000 million senior unsecured debentures due 2023	A+
CPALL236A: THB3,000 million senior unsecured debentures due 2023	A+
CPALL238A: THB500 million senior unsecured debentures due 2023	A+
CPALL246A: THB3,000 million senior unsecured debentures due 2024	A+
CPALL256B: THB13,200 million senior unsecured debentures due 2025	A+
CPALL256C: THB6,500 million senior unsecured debentures due 2025	A+
CPALL263A: THB2,074 million senior unsecured debentures due 2026	A+
CPALL263B: THB10,000 million senior unsecured debentures due 2026	A+
CPALL266A: THB17,773 million senior unsecured debentures due 2026	A+
CPALL268A: THB748 million senior unsecured debentures due 2026	A+
CPALL271A: THB2,466 million senior unsecured debentures due 2027	A+
CPALL275A: THB1,698.7 million senior unsecured debentures due 2027	A+
CPALL275B: THB8,000 million senior unsecured debentures due 2027	A+
CPALL278A: THB3,000 million senior unsecured debentures due 2027	A+
CPALL278B: THB2,548.2 million senior unsecured debentures due 2027	A+
CPALL27NA: THB9,000 million senior unsecured debentures due 2027	A+
CPALL283A: THB2,607 million senior unsecured debentures due 2028	A+
CPALL283B: THB6,800 million senior unsecured debentures due 2028	A+
CPALL286A: THB7,376 million senior unsecured debentures due 2028	A+
CPALL288A: THB4,851 million senior unsecured debentures due 2028	A+
CPALL291A: THB1,920 million senior unsecured debentures due 2029	A+
CPALL293A: THB4,500 million senior unsecured debentures due 2029	A+

CPALL298A: THB9,738.6 million senior unsecured debentures due 2029	A+
CPALL305A: THB2,169.3 million senior unsecured debentures due 2030	A+
CPALL305B: THB2,350 million senior unsecured debentures due 2030	A+
CPALL311A: THB5,614 million senior unsecured debentures due 2031	A+
CPALL313A: THB3,600 million senior unsecured debentures due 2031	A+
CPALL316A: THB21,351 million senior unsecured debentures due 2031	A+
CPALL325A: THB3,632 million senior unsecured debentures due 2032	A+
CPALL328A: THB899.8 million senior unsecured debentures due 2032	A+
CPALL336A: THB7,000 million senior unsecured debentures due 2033	A+
CPALL359A: THB3,450 million senior unsecured debentures due 2035	A+
CPALL363A: THB1,500 million senior unsecured debentures due 2036	A+
CPALL378A: THB1,386.5 million senior unsecured debentures due 2037	A+
CPALL21PA: THB10,000 million subordinated capital debentures	A-
Up to THB12,000 million senior unsecured debentures due within 12 years	A+
Rating Outlook:	Stable

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