

CP ALL PLC

No. 96/2023
4 September 2023

CORPORATES

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

Last Review Date: 05/07/23

Company Rating History:

Date	Rating	Outlook/Alert
05/07/23	A+	Positive
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 outstanding 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 THB13 billion senior unsecured debentures due within 12 years. The proceeds from the new debentures will be used to refinance its outstanding debts. The rating outlook remains "positive".

The ratings continue to reflect CPALL's strong business profile, underpinned by its nationwide store network, and well-established support facilities. CPALL's competitive edges are also strengthened by its subsidiaries with leading positions in the food wholesale and grocery retail markets. However, the ratings are weighed by intense competition in the retail industry as well as the threat of secular changes in consumer behavior toward online shopping.

CPALL's operating results were in line with our expectations, thanks to satisfactory sales growth from the convenience store and wholesale businesses. For the first half of 2023, the company's operating revenue grew by 9.7% year-on-year (y-o-y) to THB453.8 billion. Earnings before interest, taxes, depreciation, and amortization (EBITDA) stood at THB38.7 billion, a 9.4% increase y-o-y. The ratio of adjusted net debt to EBITDA was 5.3 times in the first half of 2023, improving substantially from 8 times in 2021.

Going forward, we expect CPALL's operating performance to improve steadily on the back of the post-Coronavirus Disease 2019 (COVID-19) recovery and better product mix, as well as its strategies to focus on omni-channels, taking advantage of the full market coverage and synergies from the integration of its subsidiaries. However, profitability is expected to come under pressure in 2023 owing to high inflation and the sizable expenses relating to investments in the omni-channels of its subsidiaries. We project CPALL's EBITDA to stay in the THB78-THB93 billion range in 2023-2025. The debt to EBITDA ratio is likely to hover around 5 times in 2023 and stay in the 4.3-4.6 times range during 2024-2025, with the debt to capitalization ratio to fall below 57%.

The financial covenant on CPALL's debenture obligations requires the company's net interest-bearing debt to equity ratio to stay below 2.0 times. As of June 2023, the ratio was 1.0 times. We believe the company should have no problem complying with the financial covenant over the forecast period.

RATING OUTLOOK

The "positive" outlook reflects a significant improvement in CPALL's financial profile, supported by improving operating performance and a less leveraged capital structure. We view CPALL as being able to sustain its leading position and competitive edges, as well as continuing to deliver sound financial results. We expect its high level of cash generation to continue providing sufficient financial strength to support its future expansion plans.

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 SENSITIVITIES

The ratings could be revised upward should the company further improve its capital structure and cash flow protection such that the adjusted debt to EBITDA ratio falls below 5 times over a sustained period. Conversely, we could lower the ratings if we believe the company has the tendency to increase and sustain its financial leverage to the extent that the adjusted debt to EBITDA ratio exceeds 8 times for a prolonged period.

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- 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+
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+
CPALL272A: THB3,500 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+
CPALL302A: THB3,930 million senior unsecured debentures due 2030	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+
CPALL352A: THB4,570 million senior unsecured debentures due 2035	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 THB13,000 million senior unsecured debentures due within 12 years	A+
Rating Outlook:	Positive

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