

# CP ALL PLC

No. 13/2021  
11 February 2021

## CORPORATES

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
Senior unsecured	A+
<b>Outlook:</b>	Stable

Last Review Date: 08/12/20

### 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) and the ratings on its outstanding senior unsecured debentures at “A+” with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “A+” to CPALL’s proposed issue of up to THB20 billion in senior unsecured debentures. The proceeds from the new debentures will be used to refinance its outstanding debts.

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 cash-base nature of its business, the strength of its nationwide store network, and its well-established support facilities.

CPALL’s operating results have been impacted by the COVID-19 fallout with a significant drop in revenue and weaker profit margin from its 7-Eleven stores. During the first nine months of 2020, CPALL’s operating revenue declined by 3.2% year-on-year (y-o-y) to THB409.2 billion, compared with the growth rates of 8%-11% over the past few years. Earnings before interest, taxes, depreciation, and amortization (EBITDA) decreased by 5.9% y-o-y to THB36.2 billion. The EBITDA margin was 8.8% in the first nine months of 2020, down from 9.2%-9.5% during the past few years.

CPALL’s capital structure has weakened. Total debt to capitalization ratio rose from 67.5% in 2019 to 70% at the end of September 2020. This ratio is projected to increase to around 76% after incorporating its debt-funded acquisition of a 40% stake in Tesco Stores (Thailand) Ltd. and Tesco Stores (Malaysia) Sdn. Bhd. Nevertheless, the company’s debt servicing metrics and liquidity buffer are still at levels commensurate with the assigned ratings.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that CPALL will be able to maintain its market position and competitive edge and continue to deliver sound financial results in the foreseeable future.

## RATING SENSITIVITIES

CPALL’s ratings and/or outlook could be revised upward should the company noticeably improve its capital structure and cash flow protection, so that the ratio of adjusted debt to EBITDA falls below 5 times for a sustained period. On the contrary, the ratings and/or outlook could be revised downward if the operating performance is weaker than expected or there are sizable debt-funded investments that result in further weakening of capital structure and debt serviceability.

## RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

## CP All PLC (CPALL)

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
CPALL221A: THB5,000 million senior unsecured debentures due 2022	A+
CPALL22NA: THB9,000 million senior unsecured debentures due 2022	A+
CPALL233B: THB6,000 million senior unsecured debentures due 2023	A+
CPALL256B: THB13,200 million senior unsecured debentures due 2025	A+
CPALL271A: THB2,466 million senior unsecured debentures due 2027	A+
CPALL275A: THB1,698.7 million senior unsecured debentures due 2027	A+
CPALL27NA: THB9,000 million senior unsecured debentures due 2027	A+
CPALL291A: THB1,920 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+
CPALL325A: THB3,632 million senior unsecured debentures due 2032	A+
CPALL359A: THB3,450 million senior unsecured debentures due 2035	A+
Up to THB 20,000 million senior unsecured debentures due within 15 years	A+
<b>Rating Outlook:</b>	Stable

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