

# CP ALL PLC

 No. 20/2021  
 8 March 2021

## CORPORATES

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

**Last Review Date:** 11/02/21

**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 THB21.9 billion senior unsecured debentures. The assigned issue rating replaces the previously assigned issue rating on the proposed issue of up to Bt20.0 billion announced on 11 February 2021 as the company decides to increase the size of debentures issue. The proceeds from the newly issued 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. CPALL’s operating revenue declined by 4.3% year-on-year (y-o-y) to THB546.2 billion, compared with the growth rates of 8%-11% over the past few years. Earnings before interest, taxes, depreciation, and amortization (EBITDA) decreased by 7.1% y-o-y to THB48.6 billion. The EBITDA margin was 8.9% in 2020, down from 9.2%-9.5% during the past few years.

CPALL’s capital structure has weakened significantly, after incorporating its debt-funded acquisition of Tesco Stores (Thailand) Limited and Tesco Stores (Malaysia) Sdn. Bhd. Total debt to capitalization ratio rose to 75.3% in 2020 from 67.5% in 2019, while the adjusted debt to EBITDA increased to 5.7 times from 3.5 times in 2019. 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

The ratings and/or outlook on CPALL could be revised upward should the company significantly 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.

**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.

## 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 21,900 million senior unsecured debentures due within 15 years	A+
<b>Rating Outlook:</b>	Stable

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