

BERLI JUCKER PLC

No. 30/2024
2 April 2024

CORPORATES

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

Last Review Date: 22/08/23

Company Rating History:

Date	Rating	Outlook/Alert
16/08/21	A	Stable
09/08/19	A+	Negative
08/08/16	A+	Stable
17/02/16	A+	Alert Developing
25/11/14	A+	Stable
13/08/14	A+	Alert Developing
15/06/07	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Berli Jucker PLC (BJC) and the ratings on BJC's outstanding senior unsecured debentures at "A", with a "stable" rating outlook. At the same time, TRIS Rating assigns a rating of "A" to the proposed issue of up to THB9 billion senior unsecured debentures and an additional greenshoe portion of up to THB5 billion, with a tenor of up to 10 years. The company intends to use proceeds from the new debenture issuance for debt refinancing, funding investments, and/or for working capital needs.

The ratings reflect BJC's strong market positions in its core businesses, diverse income sources, and broad market coverage. The ratings also factor in BJC's high leverage, intense competition in the retail and consumer product industries, as well as challenges from rising commodity prices and operating expenses.

BJC's operating performance, particularly in the modern trade business through Big C Supercenter PLC (BIGC) has continued to improve. Furthermore, sales growth in the healthcare and technical supply business helped drive BJC's overall performance.

BJC's operating performance in 2023 were in line with our expectations. The company reported THB167.9 billion of total operating revenue and THB21.2 billion of adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA). While EBITDA margin still faced pressure due to increased costs of key raw materials, along with higher selling and administrative expenses.

BJC's leverage remains high, with adjusted debt of THB165.5 billion as of December 2023. The debt to EBITDA ratio, annualized with the trailing 12 months, stood at 7.8 times.

We assess BJC's liquidity as sufficient over the next 12 months. The company's primary funding sources include THB5 billion of cash and cash equivalents as of December 2023, with undrawn bank facilities totaling THB70.6 billion, as well as nearly THB15 billion of funds from operations (FFO). The primary uses of funds will be towards the capital expenditures and the repayment of debentures and bank loans of nearly THB30 billion maturing in 2024. Our projections forecast a gradual decline in the adjusted debt to EBITDA ratio to around 6.5 times by 2025, while the FFO to adjusted net debt ratio should remain in the 9%-10% range during 2024-2025.

As of December 2023, BJC's priority debt ratio was below our 50% threshold. We therefore rate BJC's senior unsecured debentures at the same level as the company rating.

RATING OUTLOOK

The "stable" outlook embeds our expectation that BJC will maintain its strong market position in its key businesses. We also expect BJC to deliver improved operating results. The company's financial leverage ratio should gradually decline over the medium term, with its debt to EBITDA ratio remaining at the forecast level.

RATING SENSITIVITIES

The ratings and/or outlook could be revised downward if BJC's operating performance is significantly worse than forecast, or if the company undertakes sizable debt-funded investments and/or acquisitions that result in the debt to EBITDA ratio staying over 8 times for an extended period. A rating upgrade scenario could develop if there is significant improvement in cash flow protection and a substantial reduction in financial leverage, leading to a drop in the debt to EBITDA ratio to below 5 times.

RELATED CRITERIA

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

Berli Jucker PLC (BJC)

Company Rating:	A
Issue Ratings:	
BJC246A: THB12,256.6 million senior unsecured debentures due 2024	A
BJC249A: THB7,000 million senior unsecured debentures due 2024	A
BJC253A: THB1,000 million senior unsecured debentures due 2025	A
BJC259A: THB3,000 million senior unsecured debentures due 2025	A
BJC269A: THB20,000 million senior unsecured debentures due 2026	A
BJC271A: TH5,000 million senior unsecured debentures due 2027	A
BJC272A: THB2,000 million senior unsecured debentures due 2027	A
BJC273B: THB3,000 million senior unsecured debentures due 2027	A
BJC279A: THB1,000 million senior unsecured debentures due 2027	A
BJC283A: THB7,000 million senior unsecured debentures due 2028	A
BJC293A: THB5,000 million senior unsecured debentures due 2029	A
BJC299A: THB7,000 million senior unsecured debentures due 2029	A
BJC303A: THB3,000 million senior unsecured debentures due 2030	A
BJC306A: THB4,003.4 million senior unsecured debentures due 2030	A
Up to THB9,000 million senior unsecured debentures and additional greenshoe portion of up to THB5,000 million due within 10 years	A
Rating Outlook:	Stable

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