

Press Release

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TRIS Rating Sees the Amalgamation between “CPAXT” and “LOTUSS” to Have No Impact on the Ratings on “CPALL”, “CPAXT”, and “LOTUSS”

TRIS Rating views the amalgamation between CP Aextra PLC (CPAXT) and Ek-Chai Distribution System Co., Ltd. (LOTUSS) to have no impact on the group status assessment and the ratings on CP All PLC (CPALL), CPAXT, and LOTUSS.

On 14 February 2024, CPALL and CPAXT announced a business restructuring plan that involves the entire business transfer (EBT) of Lotus’s Stores (Thailand) Co., Ltd. (Lotus’s Thailand) to CPAXT. Lotus’s Thailand will transfer the shares that it holds in LOTUSS to CPAXT.

After the completion of EBT, Lotus’s Thailand will be liquidated and dissolved, while CPAXT will proceed to amalgamate with LOTUSS. CPAXT and LOTUSS will be merged into a new legal entity that will assume all assets, liabilities, rights, duties, and responsibilities of CPAXT and LOTUSS. The amalgamation is expected to be completed by the fourth quarter of 2024.

We view the reorganization will have no impact on the financial risk profile of CPALL, CPAXT, and LOTUSS, since CPAXT currently indirectly holds 99.99% stakes in LOTUSS. Thus, our assessment of the group status of CPAXT and LOTUSS as CPALL’s core subsidiaries remains unchanged. Our assessment is based on their vital roles in cementing the group’s leading position in wholesale and grocery retail businesses, together with their significant earnings contribution to CPALL.

The new legal entity would be the market leader in wholesale and grocery retail businesses. TRIS Rating views that the overall operations will benefit from the reorganization with expected improvement in operating efficiency and synergy.

CPALL is rated “A+” by TRIS Rating. CPALL’s senior secured debentures and its senior unsecured debentures are rated at “A+”, while its subordinated capital debentures (hybrid debentures) are rated at “A-”. The rating outlook is “positive”.

CPAXT and LOTUSS are assessed as core subsidiaries of CPALL. The company ratings on CPAXT and LOTUSS and their senior unsecured debentures are rated “A+”, with a “positive” rating outlook.

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