

## Press Release

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### **TRIS Rating Sees No Immediate Impact on MAJOR's Ratings in Relation to Divestment of SF's Shares**

TRIS Rating views the decision of MAJOR Cineplex Group PLC's (MAJOR) to divest all its shares in Siam Future Development PLC (SF) to have no immediate impact on the credit ratings assigned to MAJOR.

The Board of Directors of MAJOR recently announced that it had approved plans to enter into a Memorandum of Understanding (MOU) in relation to the sale of all of its 647,158,471 ordinary shares of SF, representing 30.36% of the total outstanding shares of the company, to Central Pattana PLC (CPN) at a price of THB12 per share. The transaction is subject to the approval of the Extraordinary General Meeting of shareholders of MAJOR in late August 2021 and the results of due diligence from CPN. The company plans to use the proceeds of the divestment to repay existing debts, as a reserve for future investments, and to pay extra dividends.

In TRIS Rating's view, the transaction will benefit MAJOR by strengthening the company's capital structure and liquidity position, which is important during periods of weak performance amid successive waves of the Coronavirus Disease 2019 (COVID-19) outbreaks. However, given the uncertainty of recovery and the use of the sale proceeds, we view that the ratings should remain unchanged for the time being.

The company's operating performance continues to suffer from successive waves of COVID-19 outbreaks. For 2021, we expect MAJOR's performance to recover more slowly than our previous projection due to the severity of the latest COVID-19 outbreak in Bangkok and the slow pace of vaccinations across the country. Although Hollywood film studios started to release blockbuster films in the second quarter of 2021, the company is forced to delay launching the movies in Thailand due to the severity of the outbreak. Nonetheless, we project that infections will have been largely brought under control by the end of 2021, based on the government's timeline to vaccinate the majority of the Thai population. The company's operating performance should gradually improve in 2022 and 2023. We project its revenues to decline to THB2.5 billion in 2021, then increase to THB5.9 billion in 2022 and THB9.8 billion in 2023. MAJOR's adjusted debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio is forecast to improve to 3.6 times in 2022 and 1.7 times in 2023 from 10.6 times in 2021.

MAJOR's ratings continue to reflect the company's leading position in the Thai movie exhibition industry, the prime locations of its properties throughout the country, and its unique position in the advertising media segment. These strengths are partially offset by exposure to several uncontrollable factors, such as the number of films released, film popularity, increased competition from the proliferation of entertainment alternatives, and pandemics.

MAJOR is rated "A" by TRIS Rating with a "negative" outlook on the company rating and its senior unsecured debenture ratings.

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