

THAI BEVERAGE PLC

No. 63/2023
1 June 2023

CORPORATES

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

Last Review Date: 25/01/23

Company Rating History:

Date	Rating	Outlook/Alert
02/02/18	AA	Stable
20/12/17	AA+	Alert Negative
04/10/16	AA+	Stable
05/10/15	AA	Stable
28/05/13	AA-	Stable
20/07/12	AA	Alert Negative
04/03/10	AA	Stable
09/01/07	AA-	Stable
17/01/06	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Thai Beverage PLC (ThaiBev) and the ratings on ThaiBev's outstanding senior unsecured debentures at "AA", with a "stable" rating outlook. At the same time, TRIS Rating assigns the rating of "AA" to ThaiBev's proposed issue of up to THB10 billion senior unsecured debentures. The proceeds from the new debentures will be used for debt refinancing.

The ratings reflect ThaiBev's dominant position in the regional beverage markets, supported by its strong brands and extensive distribution network, as well as resilient cash generation. The ratings also take into consideration the company's strong commitment to deleveraging. However, the ratings are constrained by an intensely competitive environment, regulatory constraints, and frequent excise tax hikes in the Thai alcoholic beverage industry.

ThaiBev performed in line with our expectations. In the first half of fiscal year (FY) 2023, its total revenue increased by 3.9% to THB149 billion thanks to the recovery of economic activities in both Thailand and Vietnam after the pandemic subsided. However, the company's earnings before interest, taxes, depreciation, and amortization (EBITDA) declined by 3.1% to THB26.8 billion in the first half of FY2023, due to higher costs and increased marketing expenses. ThaiBev's EBITDA margin slightly declined to 18.0% in the first half of FY2023, from 18.5% in FY2022. Meanwhile, the adjusted net debt to EBITDA ratio remained around 3.3 times from FY2022 to the first half of FY2023.

As of March 2023, ThaiBev's total interest-bearing debt of THB204 billion included priority debt of THB26 billion. The priority debt comprised unsecured debts at subsidiary level. The company's priority debt to total debt ratio was 13%.

RATING OUTLOOK

The "stable" outlook reflects our expectation that ThaiBev will continue to deliver satisfactory operating performance and improving financial leverage. We expect the company to maintain its dominant position in the domestic and regional beverage markets.

RATING SENSITIVITIES

The ratings and/or outlook on ThaiBev could be revised upward, should the adjusted debt to EBITDA ratio fall below 2 times on a sustained basis. On the contrary, the ratings and/or outlook could be revised downward if ThaiBev's financial profile is materially weaker than our projection with its net debt to EBITDA ratio staying above 3.5 times for a prolonged period.

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

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.

Thai Beverage PLC (ThaiBev)

Company Rating:	AA
Issue Ratings:	
TBEV243A: THB11,300 million senior unsecured debentures due 2024	AA
TBEV244A: THB8,000 million senior unsecured debentures due 2024	AA
TBEV253A: THB9,300 million senior unsecured debentures due 2025	AA
TBEV25NA: THB3,395 million senior unsecured debentures due 2025	AA
TBEV279A: THB9,262 million senior unsecured debentures due 2027	AA
TBEV27NA: THB5,478 million senior unsecured debentures due 2027	AA
TBEV283A: THB14,500 million senior unsecured debentures due 2028	AA
TBEV293A: THB10,100 million senior unsecured debentures due 2029	AA
TBEV29NA: THB2,500 million senior unsecured debentures due 2029	AA
TBEV32NA: THB1,662 million senior unsecured debentures due 2032	AA
Up to THB10,000 million senior unsecured debentures due within 10 years	AA
Rating Outlook:	Stable

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