

THAI BEVERAGE PLC

No. 15/2023
25 January 2023

CORPORATES

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

Last Review Date: 18/11/22

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 THB12 billion in 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, and 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 slightly above our expectation. In fiscal year (FY) 2022, its total revenue increased by 13.2% to THB273.1 billion due mainly to a strong recovery in the beer business, especially in Vietnam, while the spirits business remained resilient. The company's earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by 11.4% to THB50.6 billion in FY2022. The adjusted net debt to EBITDA also improved to 3.3 times in FY2022, compared with 4.2 times in FY2021. Meanwhile, ThaiBev's EBITDA margin slightly declined to 18.5% in FY2022, from 18.8% in FY2021.

As of September 2022, ThaiBev's total interest-bearing debt of THB208 billion included priority debt of THB29 billion. The priority debt comprised unsecured debts at subsidiary level. The company's priority debt to total debt ratio was 14%.

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 market and the regional markets outside Thailand.

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

Thai Beverage PLC (ThaiBev)

Company Rating:	AA
Issue Ratings:	
TBEV233A: THB10,000 million senior unsecured debentures due 2023	AA
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
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 THB12,000 million senior unsecured debentures due within 5 years	AA
Rating Outlook:	Stable

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