

SAHA PATHANA INTER-HOLDING PLC

No. 24/2020
17 April 2020

CORPORATES

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

Last Review Date: 11/06/19

Company Rating History:

Date	Rating	Outlook/Alert
21/04/14	AA	Stable

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RATIONALE

TRIS Rating affirms the company rating on Saha Pathana Inter-Holding PLC (SPI) at "AA". At the same time, TRIS Rating assigns the rating of "AA" to SPI's proposed issue of up to Bt5 billion in senior unsecured debentures. The proceeds from the new debentures will be used to repay outstanding debts and for investments.

The ratings reflect SPI's position as one of the core holding companies of the Saha Group, its well-diversified investment portfolio of consumer products companies within the Saha Group, and strong business network. The ratings also take into consideration the company's stable dividend income, conservative business policies, and strong financial flexibility.

In 2019, total revenue (excluding dividend income and share of profit from associates) declined by 3% to Bt2.5 billion due to the lower utility income. However, SPI's earnings before interest, tax, depreciation, and amortization (EBITDA) increased by 16% to Bt1.6 billion in 2019 in tandem with higher dividend receipt from associated companies.

For 2020, TRIS Rating expects the pandemic of COVID-19 will negatively impact some of Saha Group's businesses, particularly the cosmetics and fashion segments. However, some segments like food and consumer products will be less affected or may even record favorable results during the partial close down of the country. Currently, 60% of SPI's EBITDA is derived from food and consumer products while 30% comes from fashion and cosmetics and 10% from other businesses.

SPI's balance sheet remains strong. As of December 2019, SPI's outstanding debt stood at Bt10 billion. SPI's debt to capitalization ratio has remained at around 25% during the past two years.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that the company will continue to receive reliable dividend payments from its investments in companies under the Saha Group. We expect SPI's diverse portfolio of consumer products and its strong financial position will help it weather the adverse economic conditions caused by the COVID-19 outbreak.

RATING SENSITIVITIES

A rating downside may occur if SPI's dividend income decreases substantially due to weaker operating results among the Saha Group's affiliates or if SPI makes an aggressive shift in its leverage policy. SPI's ratings could be upgraded, should the operating performances of the companies in the Saha Group improve substantially, which would in turn significantly enlarge SPI's cash flow.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

Saha Pathana Inter-Holding PLC (SPI)

Company Rating:	AA
Issue Rating:	
Up to Bt5,000 million senior unsecured debentures due within 10 years	AA
Rating Outlook:	Stable

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