

# BERLI JUCKER PLC

No. 29/2020  
30 April 2020

## CORPORATES

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
Senior unsecured	A+
<b>Outlook:</b>	Negative

**Last Review Date:** 14/02/20

### Company Rating History:

Date	Rating	Outlook/Alert
09/08/19	A+	Negative
08/08/16	A+	Stable
17/02/16	A+	Alert Developing
25/11/14	A+	Stable
13/08/14	A+	Alert Developing
15/06/07	A+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Berli Jucker PLC (BJC) and the ratings on BJC's outstanding senior unsecured debentures at "A+" with a "negative" outlook. At the same time, TRIS Rating assigns the rating of "A+" to BJC's proposed issue of up to Bt18 billion in senior unsecured debentures. The proceeds from the new debentures will be used to refinance existing debts and/or for general corporate purposes.

The ratings reflect BJC's strong competitive positions in its core businesses, its diverse portfolio of businesses and sources of income, wide geographic coverage, and resilient operating results. However, the ratings are partly constrained by the company's high level of financial leverage and the intense competition its businesses are facing.

BJC's operating revenue and profitability for 2019 were in line with TRIS Rating's expectations. BJC's total operating revenue in 2019, including sales, rental income, and others, rose slightly by 1.2% to Bt173.9 billion. Revenue from sales was Bt158 billion, up by 1.2% year-on-year (y-o-y). Rental service income and others was about Bt15.9 billion. Earnings before interest, tax, depreciation, and amortization (EBITDA) remained strong at about Bt21.2 billion in 2019. The expansions of revenue and profits were driven mainly by strong growth in consumer products and a rise in revenue from technical products. Sales of Big C Supercenter PLC (BIGC) which is BJC's hypermarket retail company, grew by around 1.4%, driven by outlet expansion. BIGC's same-store sales in 2019 declined 2.6% y-o-y due to the slowdown in the domestic economy. Sales and profit from the packaging product business dropped as a result of the decreasing order of aluminum cans in the energy drinks segment.

For 2020, TRIS Rating expects the travel bans and movement restrictions imposed to contain the spread of the novel coronavirus (COVID-19) may affect BIGC's sales to some degree, particularly at stores located in tourist destinations. However, BJC's consumer products segment, particularly tissue-paper and personal care products, will be less affected or may even record favorable results during the lockdown of the country. Stocking up of food and consumer products and panic-buying behaviors among some customers amid the COVID-19 crisis may favor BIGC's same-store sales in the short term. On the rental income side, many tenants occupying BIGC's rental space are temporarily closing their stores during the lockdown. BIGC, as a landlord, intends to negotiate with its tenants to find the best solutions for both sides. We expect the closure of tenant stores may impact BIGC's rental income to some degree.

BJC's financial leverage remains at a considerably high level. As of December 2019, BJC's net reported debt stood at Bt151.4 billion, down from Bt153.8 billion as of December 2018. Funds from operations (FFO) in 2019 were about Bt16.4 billion. The ratio of adjusted net debt to EBITDA was 7.2 times. The ratio of FFO to net debt was 9.9% in 2019. We expect BJC to be able to manage its liquidity adequately in the medium term.

## RATING OUTLOOK

The "negative" outlook reflects the slow progress of BJC's deleveraging plan. The company's financial leverage has stayed persistently high since the BIGC acquisition in 2016.

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**RATING SENSITIVITIES**

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BJC's ratings could be downgraded if the company is unable to lower its leverage with the net debt to EBITDA ratio staying above 5 times by 2020. A downgrade could also be triggered by weakening market positions in key businesses, leading to weak sales growth and profit margins. Large debt-funded investments and/or acquisitions will be additional negative factors weighing on BJC's credit quality. The outlook could be revised back to "stable" if BJC is able to lower its leverage, with the net debt to EBITDA ratio held below 5 times.

**RELATED CRITERIA**

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

## Berli Jucker PLC (BJC)

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
BJC206A: Bt17,920 million senior unsecured debentures due 2020	A+
BJC213A: Bt300 million senior unsecured debentures due 2021	A+
BJC219A: Bt9,000 million senior unsecured debentures due 2021	A+
BJC21DA: Bt3,050 million senior unsecured debentures due 2021	A+
BJC223A: Bt2,500 million senior unsecured debentures due 2022	A+
BJC223B: Bt3,000 million senior unsecured debentures due 2022	A+
BJC233A: Bt5,000 million senior unsecured debentures due 2023	A+
BJC233B: Bt1,000 million senior unsecured debentures due 2023	A+
BJC239A: Bt3,000 million senior unsecured debentures due 2023	A+
BJC239B: Bt4,000 million senior unsecured debentures due 2023	A+
BJC23DA: Bt2,100 million senior unsecured debentures due 2023	A+
BJC243A: Bt4,000 million senior unsecured debentures due 2024	A+
BJC249A: Bt7,000 million senior unsecured debentures due 2024	A+
BJC253A: Bt1,000 million senior unsecured debentures due 2025	A+
BJC259A: Bt3,000 million senior unsecured debentures due 2025	A+
BJC25DA: Bt1,200 million senior unsecured debentures due 2025	A+
BJC269A: Bt20,000 million senior unsecured debentures due 2026	A+
BJC26DA: Bt3,730 million senior unsecured debentures due 2026	A+
BJC273A: Bt5,000 million senior unsecured debentures due 2027	A+
BJC273B: Bt3,000 million senior unsecured debentures due 2027	A+
BJC279A: Bt1,000 million senior unsecured debentures due 2027	A+
BJC283A: Bt7,000 million senior unsecured debentures due 2028	A+
BJC293A: Bt5,000 million senior unsecured debentures due 2029	A+
BJC299A: Bt7,000 million senior unsecured debentures due 2029	A+
BJC303A: Bt3,000 million senior unsecured debentures due 2030	A+
Up to Bt18,000 million senior unsecured debentures due within 12 years	A+
<b>Rating Outlook:</b>	Negative

### TRIS Rating Co., Ltd.

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