

CENTRAL PLAZA HOTEL PLC

No. 54/2023
11 May 2023

CORPORATES

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Stable

Last Review Date: 14/07/22

Company Rating History:

Date	Rating	Outlook/Alert
14/07/22	A-	Stable
27/07/21	A-	Negative
31/07/20	A	Negative
27/03/20	A	Alert Negative
09/08/13	A	Stable
28/07/11	A-	Stable
03/07/09	A-	Negative
21/10/04	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on Central Plaza Hotel PLC (CENTEL) and the ratings on CENTEL's existing senior unsecured debentures at "A-", with a "stable" rating outlook. At the same time, we assign the rating of "A-" to CENTEL's proposed issue of up to THB1 billion and an additional greenshoe portion of up to THB500 million senior unsecured debentures. The proceeds from the new debentures will be used to refinance its existing debts.

The ratings continue to reflect CENTEL's strong market position in its hotel and quick service restaurant (QSR) businesses in Thailand. These strengths are weighed down by the cyclical nature and susceptibility to global and local events of the hotel industry and intense competition in the QSR industry.

In 2022, CENTEL's operating performance exceeded our expectations, thanks to a strong rebound in its luxury hotel segment in Thailand. CENTEL reported a total of THB17.9 billion in revenue, compared with THB21.1 billion in 2019. Revenue from the hotel business recovered to over 70% of pre-pandemic levels while revenue from QSR was approaching pre-pandemic levels. Earnings before interest, tax, depreciation, and amortization (EBITDA) stood at THB4.4 billion, in line with the top-line recovery. With improved operating results, adjusted debt to EBITDA ratio declined to 4.4 times in 2022, from 9.6 times in 2021. Going forward, we expect ongoing recovery in the hotel segment supported by solid tourism demand in Thailand and the Maldives following China's reopening. Also, we expect to see growth in the QSR business driven by both same-store-sales and outlet expansion. However, the sticky high inflation in major economies and global economic slowdown could pose threats to the recovery prospects.

RATING OUTLOOK

The "stable" outlook reflects our expectation that the company will maintain its market positions in both hotel and QSR businesses with continued improvement in operating performance post pandemic.

RATING SENSITIVITIES

A rating upside could occur if CENTEL's business and financial profile consistently improve so that the adjusted debt to EBITDA ratio stays well below 3.5 times on a sustained basis. A rating downgrade could occur if CENTEL's financial metrics are materially weaker than our projection due to sluggish business recovery and/or a sizable debt-funded investment.

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

Central Plaza Hotel PLC (CENTEL)

Company Rating:	A-
Issue Ratings:	
CENTEL239A: THB1,000 million senior unsecured debentures due 2023	A-
CENTEL240A: THB600 million senior unsecured debentures due 2024	A-
CENTEL269A: THB500 million senior unsecured debentures due 2026	A-
Up to THB1,000 million senior unsecured debentures and additional greenshoe portion of up to THB500 million due within 3 years	A-
Rating Outlook:	Stable

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