

CENTRAL PLAZA HOTEL PLC

No. 89/2024

28 October 2024

CORPORATES

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

Last Review Date: 31/07/24

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 assigns a rating of “A-” to Central Plaza Hotel PLC’s (CENTEL) proposed issue of up to THB1 billion senior unsecured debentures. The company rating and the ratings on CENTEL’s existing senior unsecured debentures remain unchanged at “A-”, while the rating outlook remains “stable”. CENTEL intends to use the proceeds from the new debentures to refinance its maturing 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 of the hotel industry and its susceptibility to event risk, as well as the intensely competitive QSR industry. The ratings also take into account the company’s substantial capital spending plan on new hotels and extensive property renovations. We expect that strong earnings growth should keep the company’s leverage ratio contained over the coming years.

For the first six months of 2024, CENTEL’s operating performance was in line with our expectations. The company reported total revenue of THB12 billion and EBITDA of THB3.2 billion. The hotel business remained robust, with a 20% year-on-year (y-o-y) increase in revenue per available room (RevPAR), reaching THB4,075 per room per night for the period. This strong RevPAR growth was primarily driven by solid operations in Thailand and the addition of a new hotel in Osaka, Japan, which opened in July 2023. The company’s QSR operations remained resilient, despite pressure from weak consumer sentiment in Thailand. Same-store sales grew by 1% y-o-y, largely supported by key brands, including “KFC”, “Mister Donut”, “Auntie’s Anne”, and “Ootoya”.

CENTEL’s adjusted debt to EBITDA ratio was 4.2 times (annualized based on the trailing 12 months) for the six months of 2024. Incorporating CENTEL’s capital expenditure plans, we project the leverage ratio to be around 5 times in 2024 before declining to 4.0-4.5 times during 2025-2026 when its investments gradually generate operating cash flow.

RATING OUTLOOK

The “stable” outlook reflects our expectation that the company will maintain its market strength and deliver solid operating results across both its hotel and QSR businesses.

RATING SENSITIVITIES

A rating upside could happen if CENTEL’s business and financial profile consistently improve such 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 projections due to weaker-than-expected operating results and/or larger-than-projected debt-funded investments.

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.

Central Plaza Hotel PLC (CENTEL)

Company Rating:	A-
Issue Ratings:	
CENTEL24OA: THB600 million senior unsecured debentures due 2024	A-
CENTEL25NA: THB1,500 million senior unsecured debentures due 2025	A-
CENTEL266A: THB1,500 million senior unsecured debentures due 2026	A-
CENTEL269A: THB500 million senior unsecured debentures due 2026	A-
Up to THB1,000 million senior unsecured debentures due within 5 years	A-
Rating Outlook:	Stable

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