

CP ALL PLC

No. 26/2022
15 March 2022

CORPORATES

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

Last Review Date: 25/08/21

Company Rating History:

Date	Rating	Outlook/Alert
08/12/20	A+	Stable
13/03/20	AA-	Alert Negative
10/07/19	AA-	Stable
09/10/17	A+	Stable

Contacts:

Nauwarut Temwattanangkul

nauwarut@trisrating.com

Sarinthorn Sosukpaibul

sarinthorn@trisrating.com

Wajee Pitakpaibulkij

wajee@trisrating.com

Sasiporn Vajarodaya

sasiporn@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on CP All PLC (CPALL) and the ratings on its senior unsecured debentures at “A+”, and subordinated capital debentures (hybrid debentures) at “A-”, with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “A+” to CPALL’s proposed issue of up to THB8 billion in senior unsecured debentures. The proceeds from the new debentures will be used to refinance its outstanding debts and for working capital needs.

The ratings continue to reflect CPALL’s strong business profile, underpinned by its market position as the dominant operator of convenience stores in Thailand, the cash-based nature of its business, the strength of its nationwide store network, and its well-established support facilities.

CPALL’s full-year 2021 results have been impacted materially by the financial consolidation of C.P. Retail Development Co., Ltd. (CPRD) and the operation of “Lotus’s” retail stores in Thailand and Malaysia. CPALL’s financial leverage increased substantially as a result of the consolidation. The adjusted net debt increased to around THB393 billion at the end of 2021 from THB279 billion in 2020, while the adjusted debt to EBITDA increased to 8.1 times in 2021 from 5.7 times in 2020.

We have revised our projection to incorporate the consolidation of CPRD and planned capital expenditures of the “Lotus’s” stores. CPALL’s operating revenue is projected to increase by 36.1% year-on-year (y-o-y) to THB797 billion in 2022 and THB843-THB892 billion in 2023-2024. Earnings before interest, taxes, depreciation, and amortization (EBITDA) is forecast to increase by 18.2% y-o-y to THB57.3 billion in 2022, before climbing to THB61-THB64 billion in 2023-2024. Debt to EBITDA ratio is projected to hover around 6.7 times in 2022 before gradually improve to 6.0 times in 2024.

We assess CPALL’s liquidity to be manageable over the next 12 months. At the end of December 2021, CPALL had cash on hand of THB92.3 billion. We forecast the company’s funds from operations (FFO) to be around THB36 billion in 2022. Cash on hand plus FFO should be sufficient to cover both debt repayments of approximately THB47 billion and capital spending of around THB29 billion.

The financial covenant on CPALL’s debentures obligations requires the company’s net interest-bearing debt to equity ratio (excluding lease liability) to remain below 2 times. As of December 2021, CPALL’s net interest-bearing debt to equity ratio was 0.9 times. We expect the company will remain in compliance with this covenant over the forecast period.

RATING OUTLOOK

The “stable” outlook reflects TRIS Rating’s expectation that CPALL will sustain its leading position and competitive edge and continue to deliver sound financial results. We expect its high level of cash balance and stable cash flow will continue to provide sufficient financial strength to support its future expansion plans.

RATING SENSITIVITIES

CPALL's ratings and/or outlook could be revised upward should the company materially improve its capital structure and cash flow protection. However, the ratings and/or outlook would be revised downward if the operating performance is materially weaker than expected or there are sizable debt-funded investments, that are expected to result in material weakening of capital structure and debt serviceability such that the ratio of adjusted debt to EBITDA exceeds 8 times for a sustained period.

RELATED CRITERIA

- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021
- Rating Methodology – Corporate, 26 July 2019

CP All PLC (CPALL)

Company Rating:	A+
Issue Ratings:	
CPALL22NA: THB9,000 million senior unsecured debentures due 2022	A+
CPALL233B: THB6,000 million senior unsecured debentures due 2023	A+
CPALL236A: THB3,000 million senior unsecured debentures due 2023	A+
CPALL246A: THB3,000 million senior unsecured debentures due 2024	A+
CPALL256B: THB13,200 million senior unsecured debentures due 2025	A+
CPALL256C: THB6,500 million senior unsecured debentures due 2025	A+
CPALL263B: THB10,000 million senior unsecured debentures due 2026	A+
CPALL266A: THB17,773 million senior unsecured debentures due 2026	A+
CPALL271A: THB2,466 million senior unsecured debentures due 2027	A+
CPALL275A: THB1,698.7 million senior unsecured debentures due 2027	A+
CPALL27NA: THB9,000 million senior unsecured debentures due 2027	A+
CPALL283B: THB6,800 million senior unsecured debentures due 2028	A+
CPALL286A: THB7,376 million senior unsecured debentures due 2028	A+
CPALL291A: THB1,920 million senior unsecured debentures due 2029	A+
CPALL305A: THB2,169.3 million senior unsecured debentures due 2030	A+
CPALL305B: THB2,350 million senior unsecured debentures due 2030	A+
CPALL311A: THB5,614 million senior unsecured debentures due 2031	A+
CPALL313A: THB3,600 million senior unsecured debentures due 2031	A+
CPALL316A: THB21,351 million senior unsecured debentures due 2031	A+
CPALL325A: THB3,632 million senior unsecured debentures due 2032	A+
CPALL336A: THB7,000 million senior unsecured debentures due 2033	A+
CPALL359A: THB3,450 million senior unsecured debentures due 2035	A+
CPALL363A: THB1,500 million senior unsecured debentures due 2036	A+
CPALL21PA: THB10,000 million subordinated capital debentures	A-
Up to THB8,000 million senior unsecured debentures due within 5 years	A+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2022, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria