

CP ALL PLC

No. 2/2020
13 March 2020

CORPORATES

Company Rating:	AA-
Issue Ratings:	
Senior unsecured	AA-
CreditAlert:	Negative

Last Review Date: 10/07/19

Company Rating History:

Date	Rating	Outlook/Alert
10/07/19	AA-	Stable
09/10/17	A+	Stable

Contacts:

Nauwarut Temwattanangkul

nauwarut@trisrating.com

Jutatip Chitphromphan

jutatip@trisrating.com

Sasiporn Vajarodaya

sasiporn@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating places CreditAlert with a “negative” implication on the company rating and all issue ratings on CP All PLC (CPALL), following CPALL’s announcement to acquire 40% of total issued shares in Tesco Stores (Thailand) Limited and Tesco Stores (Malaysia) Sdn. Bhd., collectively referred to as “Tesco Asia Group” which operates retail business under Tesco Lotus brand in Thailand and Tesco brand in Malaysia.

CPALL announced on 9 March 2020 that it has entered into an agreement to acquire up to 40% of the equity interest in the Tesco Asia Group. Simultaneously, the remaining interest in Tesco Asia Group will be acquired by Charoen Pokphand Holdings Co., Ltd. (40%) and Charoen Pokphand Foods PLC (20%). The acquisition cost for the 40% interest is approximately US\$3 billion (or equivalent to Bt96.0 billion), which CPALL intends to fund with 100% debt financing.

The transaction is subjected to conditions precedent which include the approval from the relevant regulators, the Office of Trade Competition Commission of Thailand, Ministry of Domestic Trade and Consumers Affairs of Malaysia, as well as the shareholders of Tesco PLC. CPALL expects to complete the transaction by end of 2020.

TRIS Rating views that the acquisition will strengthen CPALL’s position in the retail business through the acquired leading hypermarket stores in Thailand and Malaysia. However, we expect the debt funded acquisition, if successfully completed, will elevate CPALL’s leverage significantly and materially impact its financial risk profile. TRIS Rating estimates the transaction could raise CPALL’s total debt to capitalization ratio to around 75% from 68% in 2019.

TRIS Rating will resolve the CreditAlert once the acquisition transaction is completed and the impact from this transaction on CPALL’s creditworthiness has been thoroughly analyzed.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015

CP All PLC (CPALL)

Company Rating:	AA-
Issue Ratings:	
CPALL221A: Bt5,000 million senior unsecured debentures due 2022	AA-
CPALL22NA: Bt9,000 million senior unsecured debentures due 2022	AA-
CPALL271A: Bt2,466 million senior unsecured debentures due 2027	AA-
CPALL27NA: Bt9,000 million senior unsecured debentures due 2027	AA-
CPALL291A: Bt1,920 million senior unsecured debentures due 2029	AA-
CPALL311A: Bt5,614 million senior unsecured debentures due 2031	AA-
CREDITALERT:	Negative

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

© Copyright 2020, 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 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