

# BOUND AND BEYOND PLC

No. 7/2025  
14 February 2025

## CORPORATES

**Company Rating:** BB  
**Outlook:** Stable

**Last Review Date:** 18/04/24

### Rating History:

Date	Rating	Outlook/Alert
18/04/24	BB	Alert Negative
07/02/23	BB	Stable
08/02/21	BB	Negative
08/01/20	BBB-	Negative
08/02/19	BBB-	Stable

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## RATIONALE

TRIS Rating removes the “CreditAlert” with a “negative” implication on Bound and Beyond PLC (BEYOND), and affirms the company rating at “BB” with a “stable” rating outlook. Given the company’s progress in managing the cadmium waste incident, we now anticipate no further significant negative repercussions and will continue close monitoring for any unexpected developments. The rating reflects the high quality of BEYOND’s hotel properties and its high but declining financial leverage. However, the rating is constrained by the company’s limited portfolio, consisting of only two hotels in a single location.

## KEY RATING CONSIDERATIONS

### Potential risk from cadmium waste incident seemingly contained

The risk to the company is currently considered more manageable, as no direct environmental or health impacts have been reported so far. BEYOND has cooperated with government directives, successfully reburialing the cadmium waste under official supervision. The initial reburial was completed in October 2024, with the pit closure finalized in December 2024.

Despite completion of remediation efforts, legal cases related to the incident remain ongoing and the potential for additional lawsuits exists. Also, this incident will likely impact the timeline of selling the land plot. We will continue to monitor legal developments, potential financial repercussions, and overall impact on BEYOND’s credit profile.

In May 2023, BEYOND entered into a cadmium waste sales agreement with J & B Metal Company Limited. As per the sales agreement, J & B Metal was solely responsible for the compliant transport and disposal of the waste. BEYOND obtained transport authorization from the Tak Provincial Industry Office, enabling the transfer of the waste from BEYOND’s Tak Province landfill to J & B Metal’s Samut Sakhon facility. However, J & B Metal failed to properly dispose of the waste, resulting in its discovery across multiple locations in April 2024. Consequently, the transport permit was retroactively revoked, and BEYOND, along with J & B Metal, was mandated to retrieve and rebury the waste at the original Tak Province site.

### Hotel performance expected to continue improving at moderate pace

BEYOND’s revenue increased by 16% to THB2.4 billion in the first nine months of 2024 (9M24), driven by continued improvements in hotel performance. Recovery in tourist arrivals to Thailand, reaching 35.5 million in 2024 (89% of pre-pandemic levels), compared to 28.1 million in 2023, has supported this positive trend. BEYOND’s hotel revenue per available room (RevPAR) increased by 19% year-on-year (y-o-y) during 9M24. Food and beverage (F&B) revenue also expanded by 13% y-o-y.

Going forward, hotel performance is expected to continue improving at moderate pace, given the company has already ramped up performance following the COVID-19 pandemic. Increased competition within the luxury hotel segment in Bangkok, due to new and planned hotel openings from 2024-2027, is also anticipated. Hence, RevPAR growth is projected at 23% in 2024, before dropping to 6%-7% annually in 2025-2026 and 3% in 2027. F&B revenue growth is forecast at 9% in 2024, followed by 1%-2% growth annually from 2025-2027. Planned investments in a new hotel and restaurant business

are expected to contribute to revenue streams starting in late 2025. BEYOND's total revenue is projected to reach THB3.5 billion in 2024 and THB3.6-THB4.3 billion annually in 2025-2027.

As hotel performance stabilizes, BEYOND's EBITDA margin is expected to expand from 19% in 2023 to 21% in 2024, and further to 22%-23% in subsequent years. The company's EBITDA is projected to increase to THB720 million in 2024 and THB810-THB980 million annually from 2025-2027, compared to THB570 million in 2023.

### **Good asset quality**

TRIS Rating views BEYOND's two hotel properties as high-quality assets, based on their newness, prime location, and distinctive architecture. The Four Seasons Hotel Bangkok at Chao Phraya River (FSH) and Capella Bangkok (CPH), opened in late 2020. Both are situated on the Chao Phraya riverfront, a competitive Bangkok location. These ultra-luxury hotels offer larger rooms than competitors (starting at 50 square meters (sq.m.) for FSH and 61 sq.m. for CPH). The hotels are managed by experienced hotel chains with well-known brands, ensuring operational expertise and consistent service, while also enhancing their appeal to international clientele.

FSH and CPH provide a combined 12 dining venues featuring diverse international cuisines, including the two Michelin-starred Cote by Mauro Colagreco (CPH) and the acclaimed BKK Social Club (FSH). Ample meeting and event spaces, totaling 3,401 sq.m. at FSH and 2,037 sq.m. at CPH, further enhance revenue-generating potential.

### **Reliant on limited hotel portfolio**

BEYOND's reliance on only two hotels, both located in the same area and targeting similar high-end luxury segment, is one of the key factors constraining our business risk assessment. The hotel industry is inherently susceptible to event-specific risks and uncontrollable factors, which can disproportionately impact a concentrated portfolio. Geographic diversification across various customer segments is a common strategy to mitigate these risks, providing stability and reducing dependence on a single location or market segment. A larger portfolio could also offer scale advantages, leveraging existing managerial capabilities and potentially achieving cost efficiencies.

BEYOND plans to add three to five hotels in Thai tourist destinations over the next five years. The company's new resort hotel is under construction, targeting a late 2025 opening. However, even with a new hotel outside Bangkok, the portfolio will remain relatively small and less diversified compared to peers. Also, expansion into the restaurant sector, both domestically and internationally, is planned. The overseas restaurant venture, in partnership with an experienced foreign operator, is slated for a second-quarter 2025 opening, with plans to bring a similar concept to Thailand. We view this overseas expansion as potentially adding uncertainty to the business risk profile at least in the near term. The diverse operating environments and the challenges of supervising international restaurant operations could pose risks. While the partnership with an experienced European operator mitigates some concerns, the ultimate success of these expansion efforts remains to be seen.

### **High but decreasing financial leverage**

BEYOND's financial leverage, as measured by debt to EBITDA, decreased to 6.9 times in 9M24, down from 8.3 times in 2023. This improvement reflects the continued recovery in hotel performance post-pandemic. Capital expenditures are projected at THB1.9 billion over 2025-2027, primarily for new hotel development, restaurant expansion, and maintenance. Our base-case forecast assumes no divestment of the Tak land plot due to ongoing cadmium waste complications. Adjusted debt is projected at THB4.7 billion in 2024, before rising to THB5.2-THB5.5 billion from 2025-2027. EBITDA improvement is expected to drive continued decline in the debt to EBITDA ratio, falling to around 6.4-6.5 times in 2024-2025 and around 5.6 times in 2026-2027.

Key financial covenants on BEYOND's debentures require the company to maintain an interest-bearing debt to equity ratio below 3.5 times. As of September 2024, the ratio was 0.88 times, in compliance with the financial covenants.

### **Debt structure**

As of September 2024, 100% of BEYOND's debt was priority debt, which included secured debt at the parent level and debt at the subsidiary level. Since its priority debt ratio exceeded the 50% threshold, according to TRIS Rating's "Issue Rating Criteria", we view BEYOND's unsecured creditors as being significantly disadvantaged in terms of claims against the company's assets.

### **Manageable liquidity with some refinancing risk in 2026**

BEYOND's sources of liquidity include cash and cash equivalents of around THB1.5 billion as of September 2024 and expected funds from operations (FFO) of around THB400 million in 2025. The uses of cash include expected capital expenditures of around THB720 million, long-term loans coming due of THB100 million, and bonds maturing of THB320

million in 2025. Also, a substantial hotel acquisition loan of THB2 billion comes due in 2026. TRIS Rating anticipates that BEYOND will need to refinance a significant portion of this loan to be able to carry out its investment plan.

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#### BASE-CASE ASSUMPTIONS

- Total revenue to reach around THB3.5 billion in 2024, increasing to THB3.6-THB4.3 billion per annum in 2025-2027.
- The company's EBITDA margin to increase to 21% in 2024 and 22%-23% in 2025-2027.
- Capital expenditure of around THB480-THB720 million per annum in 2025-2027.

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#### RATING OUTLOOK

The "stable" outlook reflects our expectation of continued improvement in BEYOND's operating performance, aligned with Thailand's tourism recovery, and that the cadmium incident will have no further significant negative repercussions on the company. Furthermore, we expect the company to be prudent in its liquidity management and investments in new projects.

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#### RATING SENSITIVITIES

A rating upgrade is unlikely in the near term due to uncertainties surrounding the cadmium waste incident and pending/potential legal cases. A rating downgrade could occur if BEYOND performs materially short of our forecasts and/or if there are higher-than-expected debt-funded investments that lead to the debt to EBITDA ratio approaching around 8 times. Negative rating pressure could also arise from inadequate liquidity to meet debt obligations, or if the cadmium incident results in consequences that negatively impact the company's business profile and/or financial leverage.

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#### COMPANY OVERVIEW

BEYOND (previously known as Padaeng Industry PLC - PDI) was founded in 1981 to engage in zinc mining and the production of high-grade zinc metal and value-added zinc alloys. The company's zinc business ceased operations completely in the first quarter of 2019. The company entered the renewable energy business by acquiring 13-megawatt (MW) Japanese solar farms and the 6.3-MW Mae Ramat Solar Farm in 2016. In 2017, the company acquired six operating solar projects with a total installed capacity of 30 MW from Symbior Element Pte. Ltd.

In 2021, BEYOND pivoted to the hotel business. The company sold all its solar power plants in Thailand and Japan and used the proceeds from the divestments to acquire stakes in two companies that hold the rights to use the assets, land, and related rights of two operating hotels, namely the Four Seasons Hotel Bangkok at Chao Phraya River and the Capella Bangkok. The company completed its investment with 100% stakes in both hotels in July 2022.

BEYOND is currently an investment holding company, focusing on the hotel and lifestyle businesses. Country Group Holdings PLC (CGH) is the major shareholder of BEYOND controlling a 39% stake as of September 2024. CGH has played several key roles in BEYOND's business transformation, from zinc mining and trading to renewable energy and hotel businesses. CGH has participated and recruited a new management team with extensive hospitality industry experience to support strategic planning and future investment.

## KEY OPERATING PERFORMANCE

Chart 1: BEYOND's Hotel Portfolio

Hotel	Location	No. of Room	No. of Restaurant	Meeting Space	Type of Ownership	Year Open
<b>In Operation</b>						
Four Seasons Hotel Bangkok at Chao Phraya River	Charoenkrung rd., Bangkok	299	8	3,401 sq.m.	Leasehold	2020
Capella Bangkok	Charoenkrung rd., Bangkok	101	5	2,037 sq.m.	Leasehold	2020

Source: BEYOND

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	Jan-Sep 2024	-----Year Ended 31 December -----			
		2023	2022	2021	2020
Total operating revenues	2,432	2,989	2,186	238	526
Earnings before interest and taxes (EBIT)	245	258	(131)	(192)	125
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	481	565	171	(133)	314
Funds from operations (FFO)	165	139	(233)	(211)	157
Adjusted interest expense	299	426	404	79	145
Capital expenditures	92	107	275	37	508
Total assets	13,243	13,615	13,346	14,106	8,381
Adjusted debt	4,657	4,714	5,345	4,583	1,046
Adjusted equity	6,229	6,300	6,103	6,412	4,782
<b>Adjusted Ratios</b>					
EBITDA margin (%)	19.8	18.9	7.8	(55.7)	59.7
Pretax return on permanent capital (%)	2.9	2.1	(1.1)	(1.9)	1.5
EBITDA interest coverage (times)	1.6	1.3	0.4	(1.7)	2.2
Debt to EBITDA (times)	6.9	8.3	31.2	(34.5)	3.3
FFO to debt (%)	5.4	3.0	(4.4)	(4.6)	15.1
Debt to capitalization (%)	42.8	42.8	46.7	41.7	17.9

## RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

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**Bound and Beyond PLC (BEYOND)**

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<b>Company Rating:</b>	BB
<b>Rating Outlook:</b>	Stable

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