

Press Release

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TRIS Rating Views the Announced Tender Offer and Share Swap Transactions Have No Immediate Impact on ThaiBev's Ratings

TRIS Rating assesses that the transactions announced by Thai Beverage PLC (ThaiBev), which include a tender offer for all remaining shares of Sermasuk PLC (SSC) and a proposed share swap with TCC Assets Ltd. (TCCAL), will not have an immediate impact on the ratings we assigned to ThaiBev. We anticipate that upon the closing of transactions, ThaiBev's earnings will increase while its current financial leverage profile will still be maintained, which will be supporting its current company and issue ratings of "AA" with a "stable" outlook.

On 3 July 2024, ThaiBev announced a tender offer for the remaining 93.94 million shares of SSC, representing approximately 35.3% of SSC's total shares. The transaction value of this tender offer amounts to THB5.9 billion. Furthermore, on 18 July 2024, ThaiBev announced a proposed share swap involving the transfer of its entire 28.78% shareholding in Frasers Property Ltd. (FPL) to TCCAL. In exchange, TCCAL will transfer a 41.30% shareholding in Fraser and Neave Ltd. (F&N) to ThaiBev. This proposed share swap will require no cash outlay from ThaiBev. Upon completion of the share swap, ThaiBev's shareholding in F&N will increase to 69.6% of F&N's total shares. Consequently, ThaiBev will fully integrate F&N's financial results into its consolidated financial statements. F&N is a leading food and beverage company based in Singapore, operating in three main segments: non-alcoholic beverages, dairies, and printing. About 40% of F&N's revenue is derived from sales in Malaysia, 31% from Thailand, 20% from Singapore, and the remainder from other countries.

Upon completion of the two transactions, we project the company's consolidated revenue and EBITDA to increase by 15%-20% while the adjusted debt to EBITDA ratio will slightly decline but remain within a similar range. Additionally, the F&N transaction could help diversify the company's earnings across geographies and product lines, which were previously predominantly concentrated in alcoholic beverages in Thailand and Vietnam. The company also expects synergies in terms of increasing its revenue through bundling and cross-selling with F&N, while reducing redundancy costs.

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