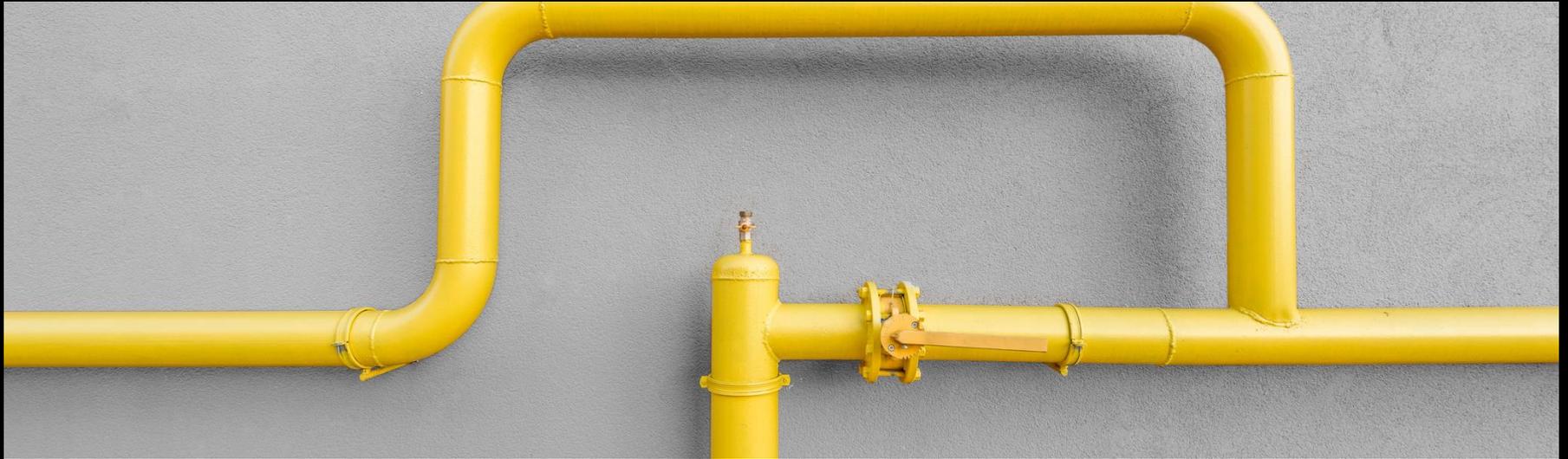


Thai Corporate Credit Overview

Xavier Jean
Senior Director
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**Debt to keep growing despite better operating
conditions**

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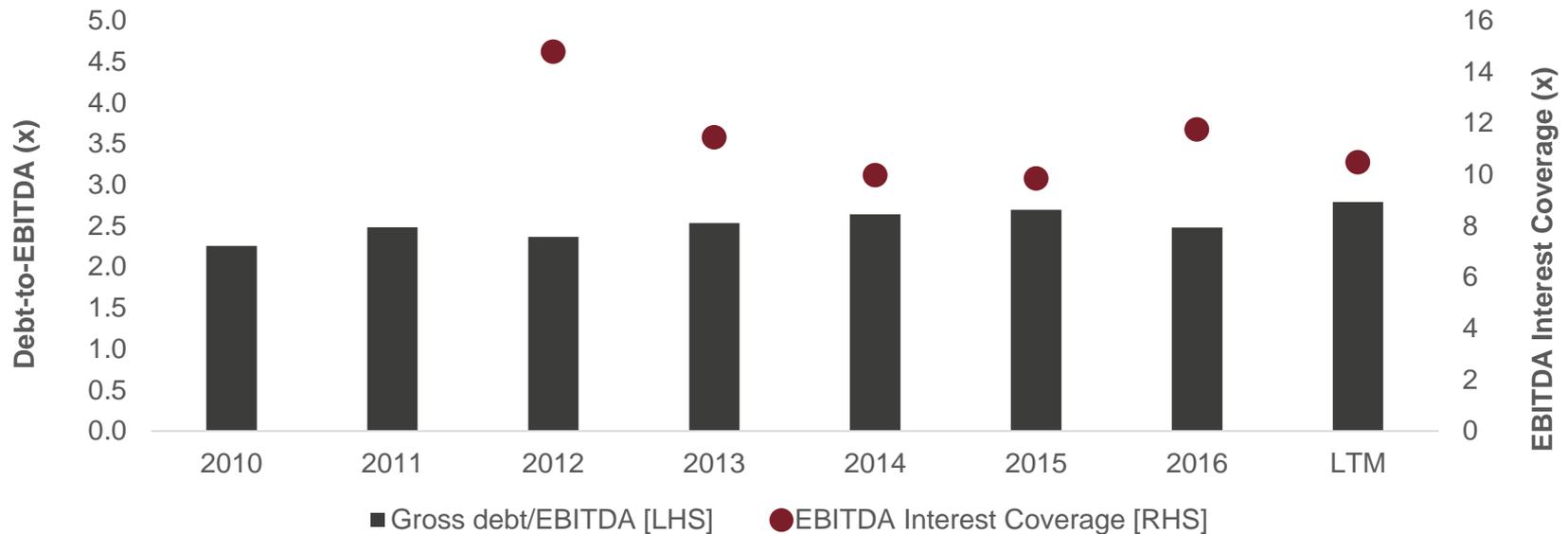
Key Take-Aways For The Thai Corporate Sector

- ➊ Overall leverage appears manageable going into 2018
- ➋ Operating conditions to improve a little...
- ➌ .. But absolute debt is still going up on spending, dividends
- ➍ Acquisitions will test financial discipline
- ➎ Liquidity buffers remain adequate despite a high share of short-term debt

Credit State Of The Corporate Sector In Thailand

Modest pick-up in leverage, but high credit polarization

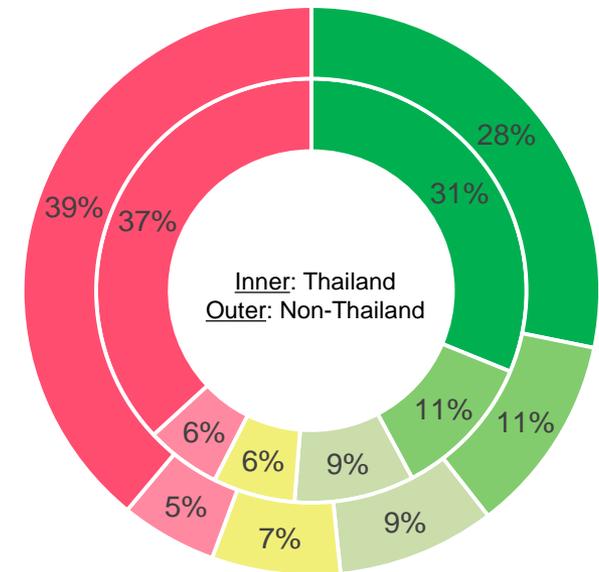
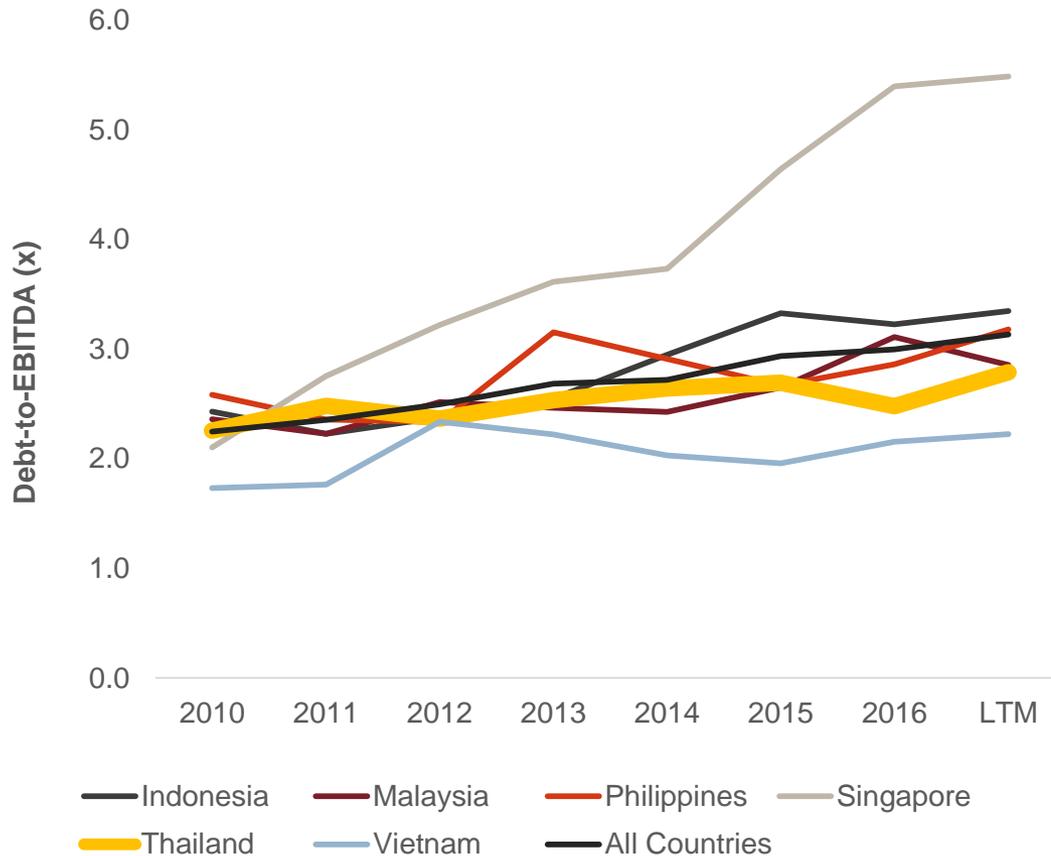
Debt/EBITDA <1x	33%	36%	33%	31%	30%	30%	32%	31%
Debt/EBITDA >5x	25%	28%	30%	31%	35%	34%	35%	37%



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 600 listed companies in Thailand for which relevant data was available. Median ratios. Debt = gross reported short-term + long-term financial debt; EBITDA is earnings before interest, taxes, depreciation, and amortization. EBITDA interest coverage is EBITDA divided by interest expense on the financial debt. Figures are reported.

Corporate Leverage Is Broadly In Line With Regional Peers

More measured debt growth but similar credit polarization



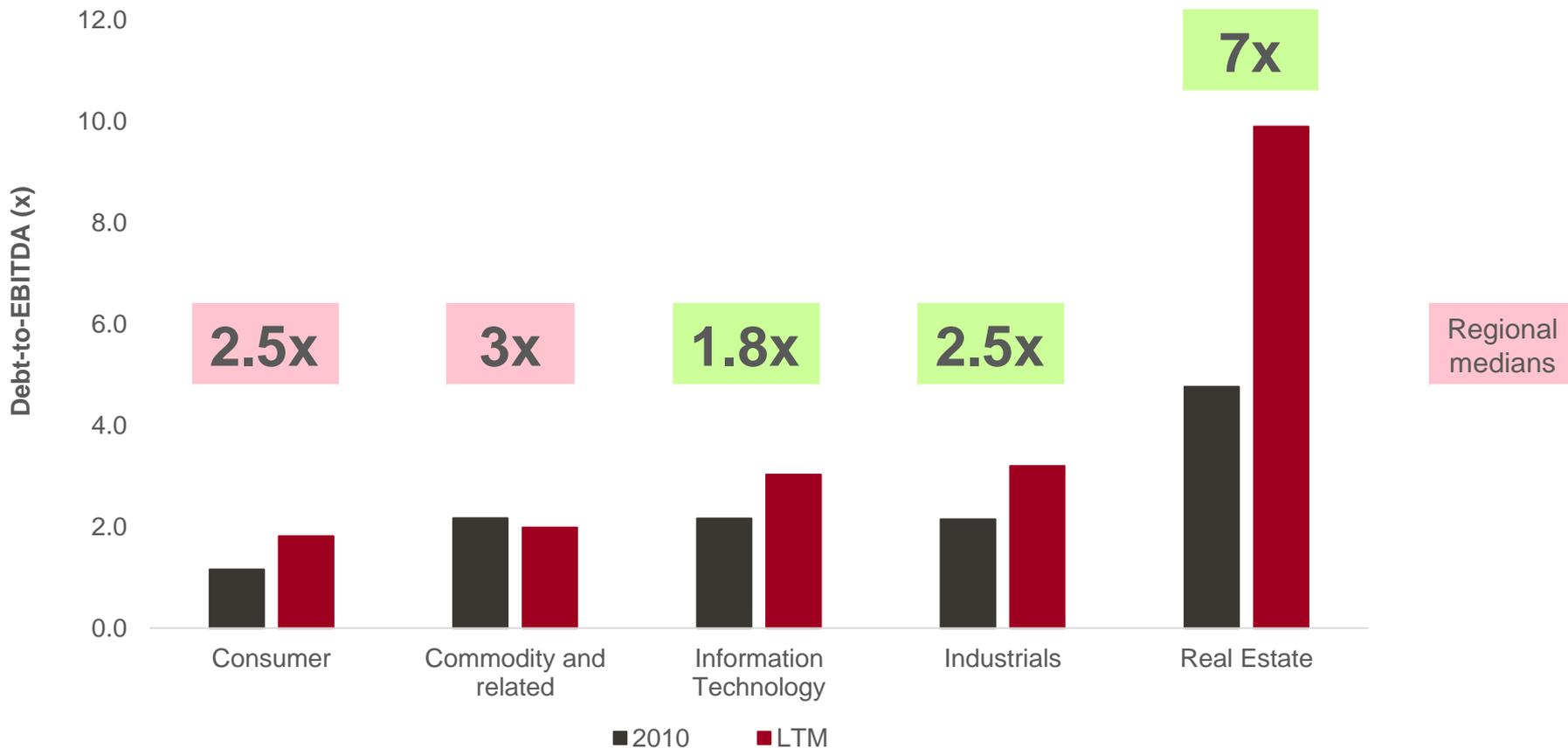
Occurrence of Debt-to-EBITDA levels

■ <1x ■ 1x-2x ■ 2x-3x ■ 3x-4x ■ 4x-5x ■ >5x

Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. Median ratios. Debt = gross reported short-term + long-term financial debt; EBITDA is earnings before interest, taxes, depreciation, and amortization. Figures are reported.

Real Estate Stands Out For Its Leverage Domestically

Leverage in the other Thai sectors are broadly similar to regional peers



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. Median ratios. Debt = gross reported short-term + long-term financial debt; EBITDA is earnings before interest, taxes, depreciation, and amortization. Figures are reported.

Net Debt And Leverage Are Set To Increase

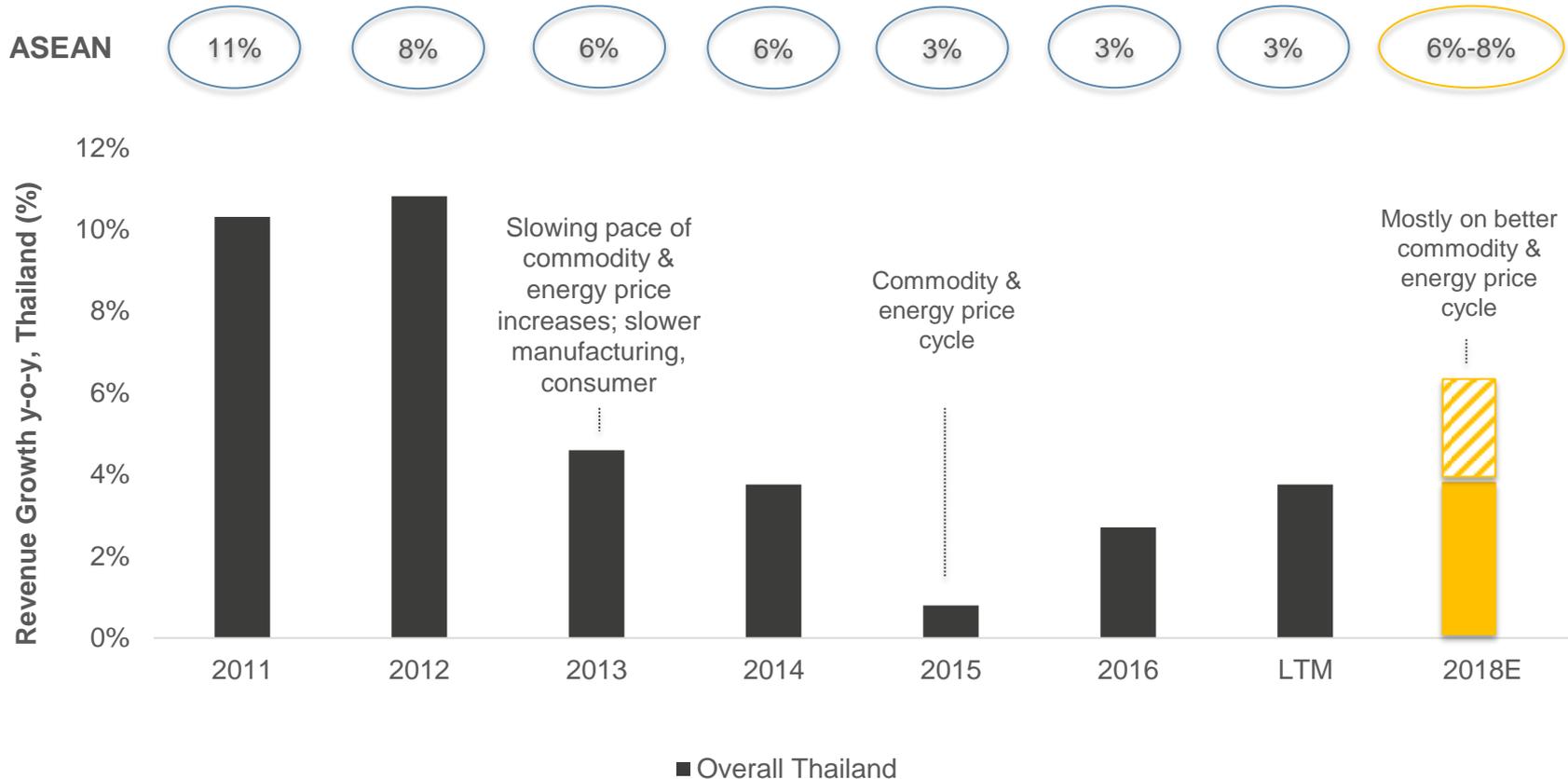
A structural funding gap remains in the region, including in Thailand

2018 Projections	ASEAN	Thailand
Operating cash flows	= / +	= / +
Capital spending	= / +	= / +
Acquisitions	=	= / +
Dividends	= / +	= / +
Funding gap	+	+

Source: S&P Global Ratings estimates for aggregated financial items.

Outlook For Revenue Growth, Cash Flows Marginally Better

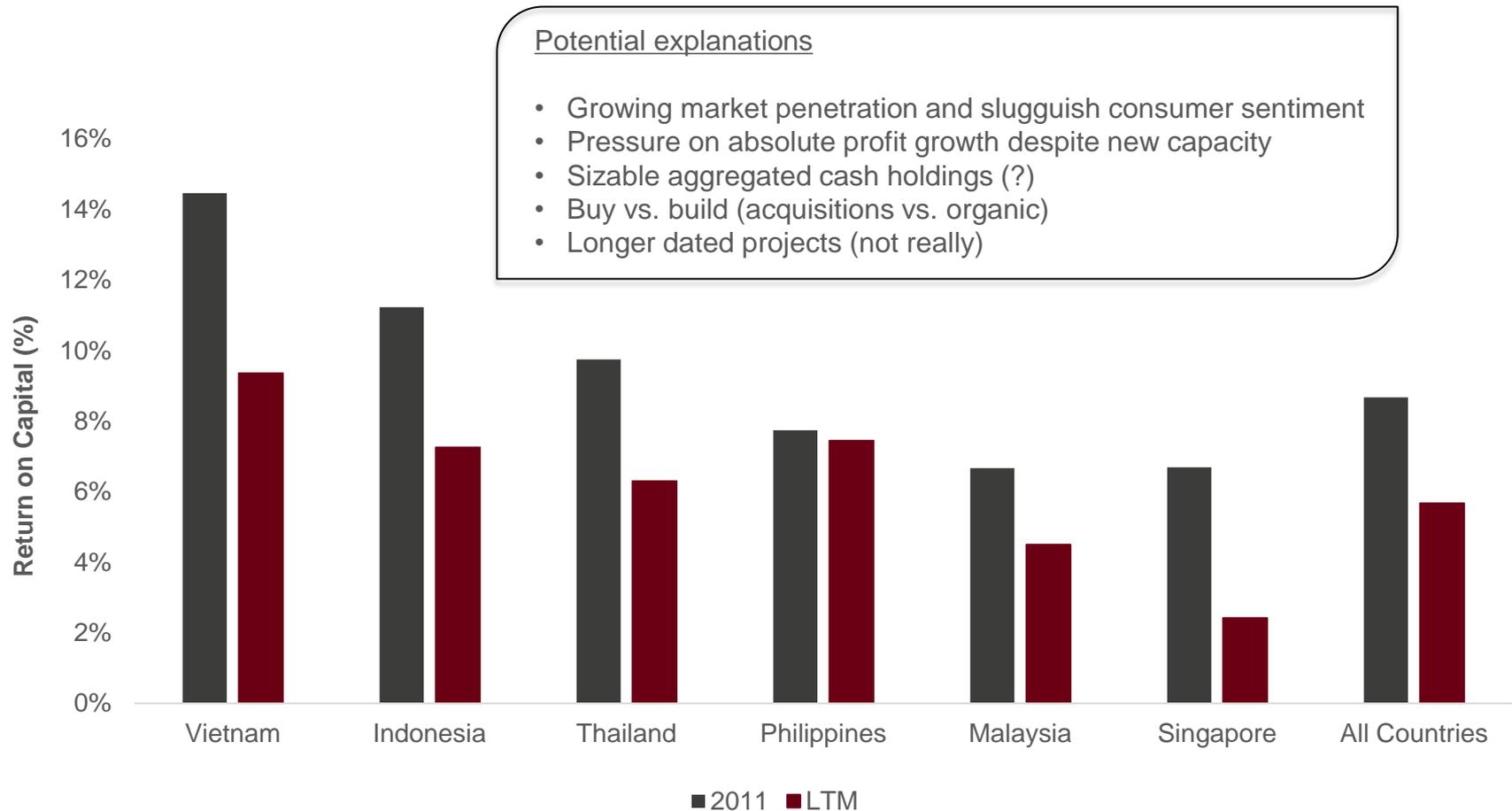
But unlikely to go back to the heydays of the early decade



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 600 listed companies in total in Thailand for which relevant data was available. Median ratios. Debt = gross reported short-term + long-term financial debt; EBITDA is earnings before interest, taxes, depreciation, and amortization. Figures are reported.

Past Investments Aren't Generating that Extra Profit Yet...

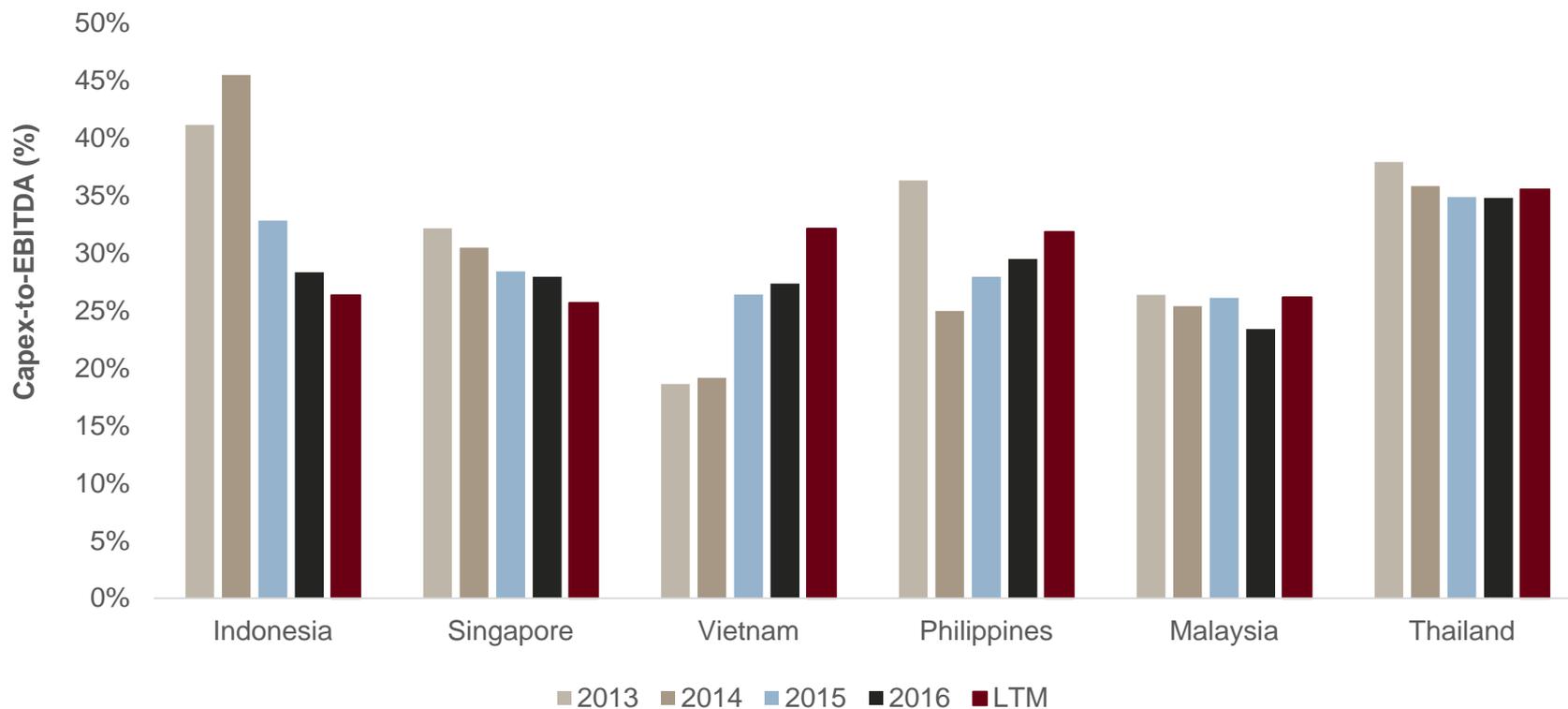
So debt reduction with cash flow from past capex is unlikely to be material



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. Median ratios. Return on capital is defined as EBIT (earnings before interest and taxes) divided by average capital (financial debt + equity). Figures are reported.

Thai Companies Continue To Be High Spenders

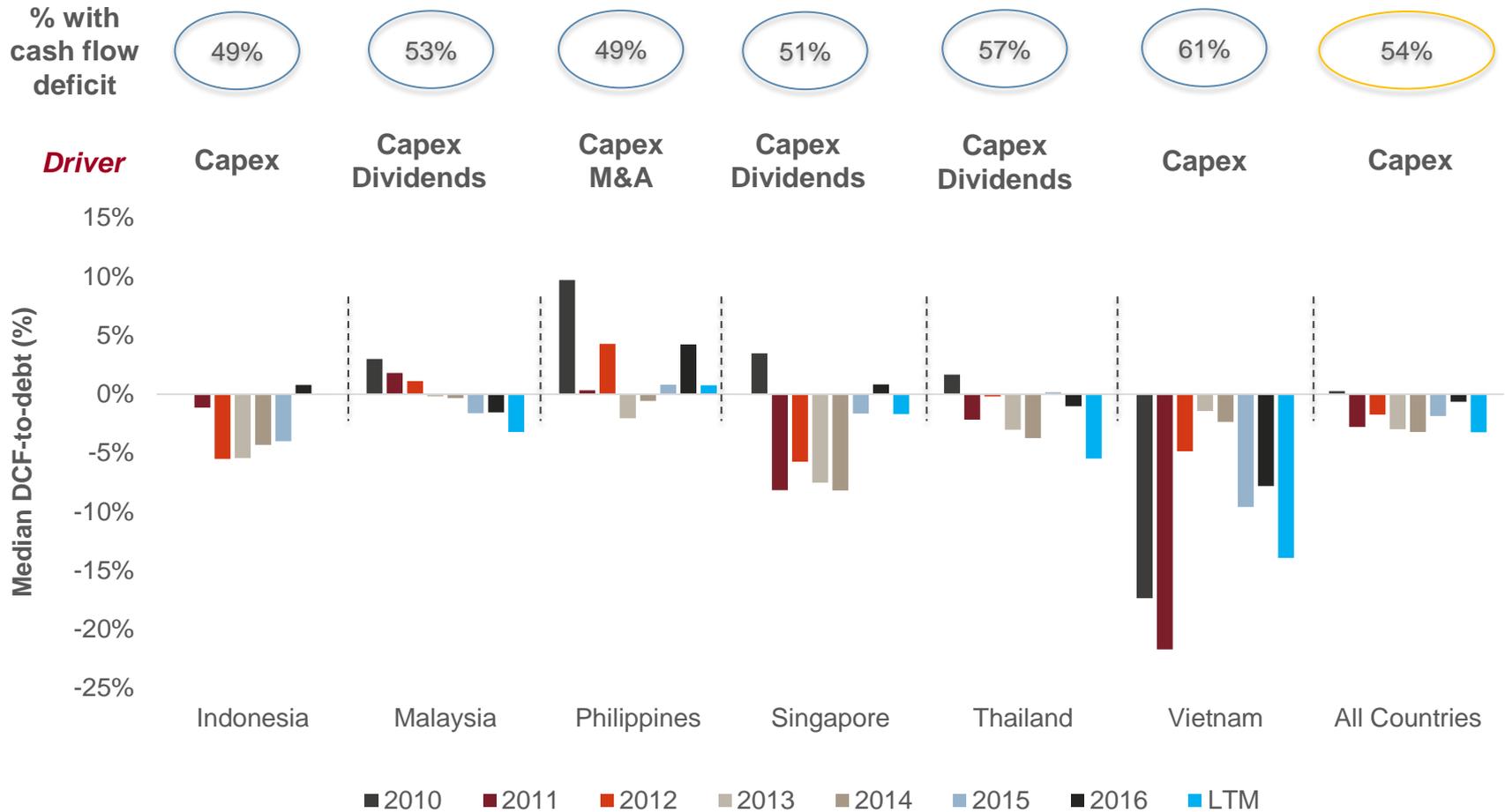
Spending stayed steady even during the slowdown of the past few years



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. Ratio computed as reported capex divided by reported EBITDA. Median ratios. Figures are reported.

Cash Inflows Still Do Not Cover Cash Outflows

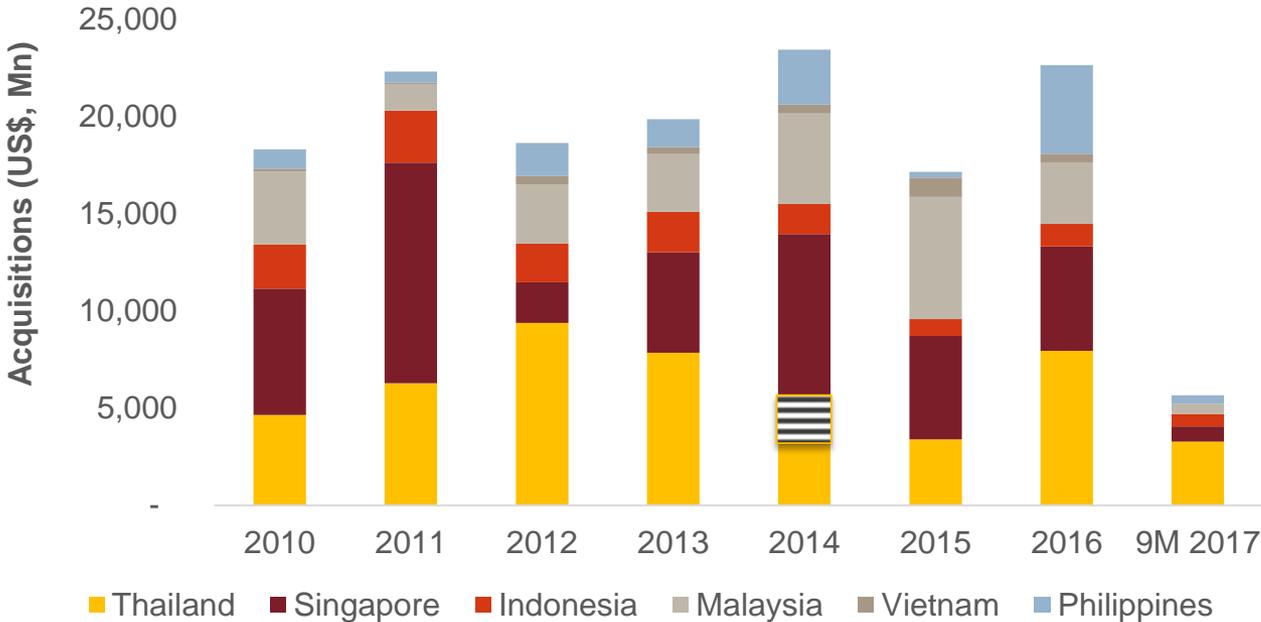
So Thai companies will continue to rely on cash, debt, to keep growing



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. DCF = discretionary cash flows = operating cash flows – capital spending – dividends. Debt is gross reported debt. Median ratios.

M&A Activity Could Pick-Up Amid Better Operating Conditions

This will test financial discipline as funding channels remain open



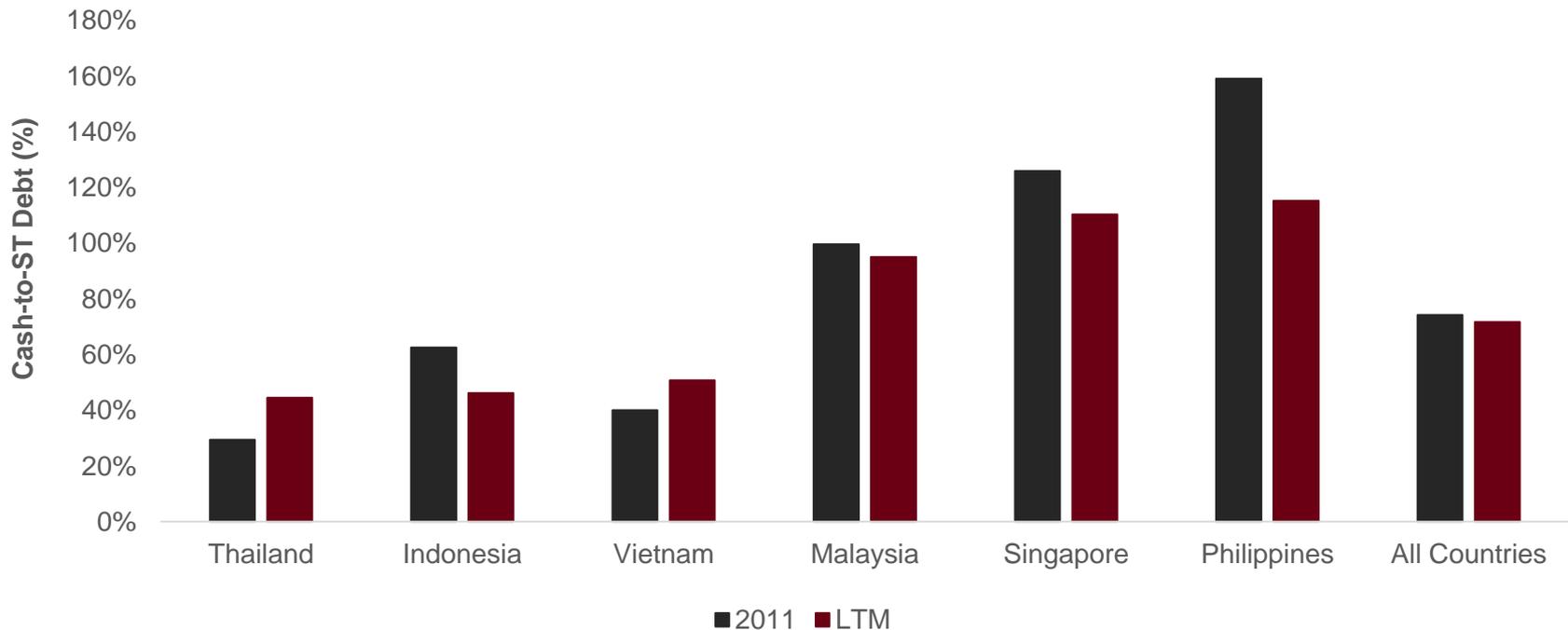
Country	Top 50 Acquisitions	Top 100 Acquisitions
Thailand	20 (40%)	32 (32%)
Singapore	15 (30%)	28 (28%)
Malaysia	7 (14%)	17 (17%)
Philippines	5 (10%)	14 (14%)
Indonesia	2 (4%)	7 (7%)
Vietnam	1 (2%)	2 (2%)

Source: S&P Global Ratings computations from S&P CapitalIQ. Includes acquisition date nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. Data excludes a number of companies incorporated in Asia but whose operations are predominantly in either China, Europe or the USA. Figures are reported. Table includes the country of the company originating the acquisition, data from S&P CapitalIQ.

Thai Companies' Liquidity Is A Little Thinner Than Peers

But near-term cash flow outlook is sound, funding venues ample

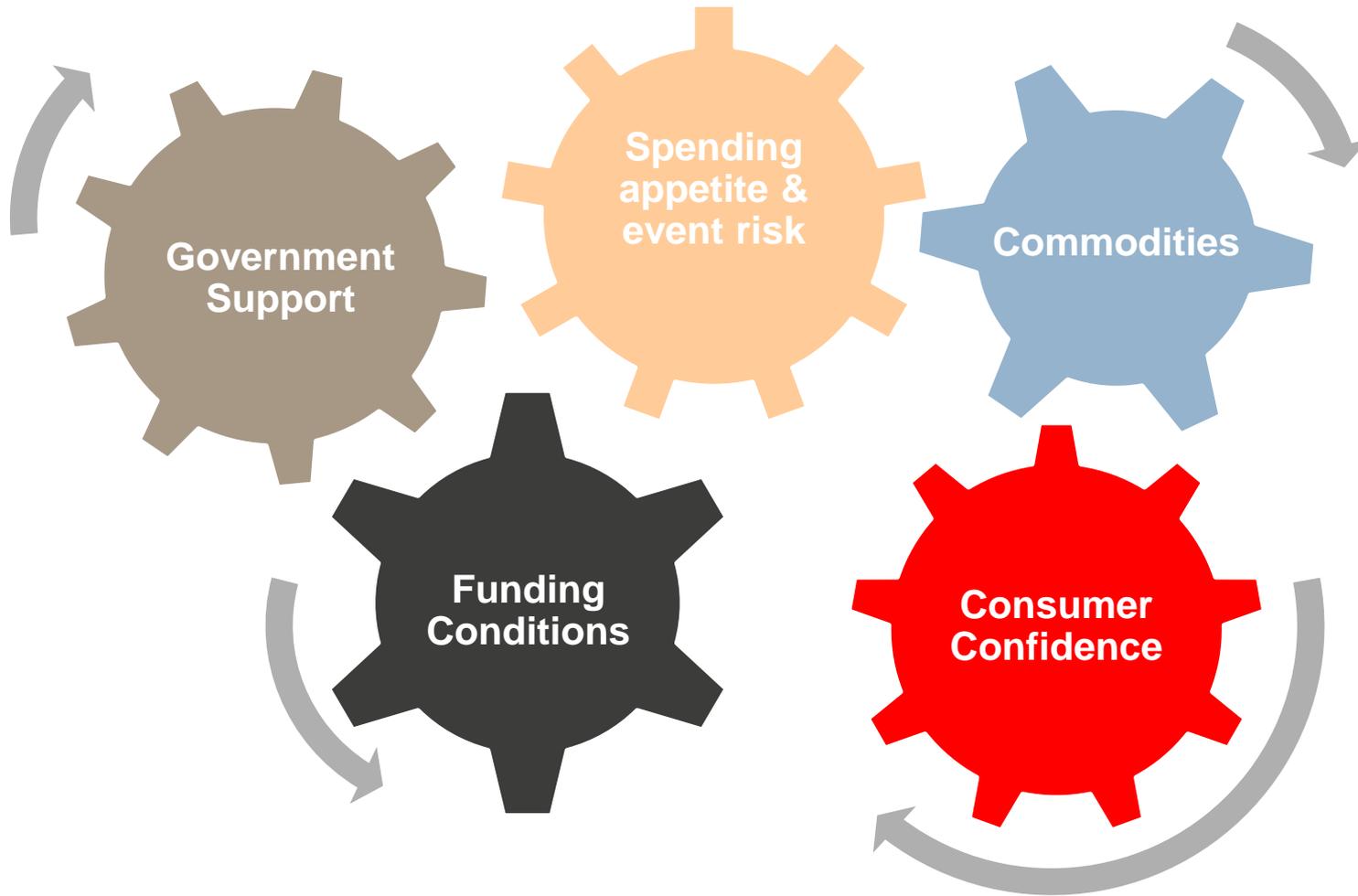
ST Debt /
LT Debt
(LTM)



Source: S&P Global Ratings computations from S&P CapitalIQ. Includes nearly 2,400 listed companies in total in Thailand, Singapore, Vietnam, Philippines, Malaysia, Indonesia for which relevant data was available. Cash includes short-term equivalent. Short-term debt includes current portion of long-term debt. Debt is gross reported debt. Median ratios.

To Conclude

Several potential weak links could rapidly erode credit conditions



Thank you



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