

# THAI UNION FROZEN PRODUCTS PLC

No. 5/2014

23 December 2014

<b>Company Rating:</b>	AA-
<b>Issue Rating:</b>	
Senior unsecured	AA-
<b>CreditAlert Designation:</b>	Developing

## Company Rating History:

Date	Rating	Outlook/Alert
08/01/13	AA-	Stable
14/01/11	A+	Stable
29/07/10	A+	Alert Developing
17/05/07	A+	Stable
30/08/06	A+	Stable

## Contacts:

Nauwarut Temwattanangkul  
 nauwarut@trisrating.com

Jutatip Chitphromphan  
 jutatip@trisrating.com

Rungrat Suntornpagasit  
 rungrat@trisrating.com

Wiyada Pratoomsuwan, CFA  
 wiyada@trisrating.com

**WWW.TRISRATING.COM**

## Rating Rationale

TRIS Rating places the company and senior unsecured debenture ratings of Thai Union Frozen Products PLC (TUF) on CreditAlert with “developing” implication. The rating action follows the announcement of TUF on 19 December 2014 to acquire 100% of interest in Bumble Bee Holdco S.C.A. (Bumble Bee) for a total of US\$1,510 million (or Bt49,801 million at Bt32.981 for US\$1). However, this transaction will be subject to certain condition precedents, including clearances under the US antitrust law. The process could take up 6-12 months. The acquisition is expected to be completed in the second half of 2015.

Bumble Bee, a leading packaged seafood operator in North America, is the second largest tuna player in the US and one of the leading players of shelf-stable seafood in Canada. Bumble Bee is a well-known consumer brand. Tuna comprised about 52% of total sales. In addition to tuna products, the company produces and markets shelf-stable salmon, sardines, clams, and other specialty seafood products. Almost 90% of Bumble Bee’s revenues came from its brands, such as Bumble Bee, Clover Leaf, Brunswick, and Snow’s brand names. Bumble Bee’s key production sites are located in the United States (US), Canada, Fiji, Colombia, Mauritius, China, and Thailand. The company is owned by Lion/Big Catch Cayman L.P., a private equity fund. Bumble Bee’s sales were US\$985 million in the last 12 months ended September 2014. The adjusted earnings before interest, tax, depreciation, and amortization (EBITDA) were reported at US\$144 million during the same period. Bumble Bee’s EBITDA margin is healthy, ranging from 11.9%-14.6% during 2011 through the first nine months of 2014 while TUF’s EBITDA margin was 6.9%-9.9% over the same period.

The acquisition of Bumble Bee is in line with TUF’s long-term strategy to focus on branded seafood products. If the post-merger integration of TUF and Bumble Bee is successful, TUF’s business will shift towards more high-margin branded products. Branded products will account for about 52% of TUF’s sales after the merger, compared with about 42% currently. In addition, TUF will have a stronger market position in North America after the merger. However, the sizable investment needed to purchase Bumble Bee could weaken TUF’s financial profile if the acquisition is funded entirely with new debt. A detailed funding plan for the merger has not been finalized.

TRIS Rating expects to resolve the CreditAlert after major condition precedents of the deal are fulfilled and a thorough analysis of TUF’s business strategy and financial arrangement have been conducted. A rating confirmation would be likely if TUF demonstrates the capability to generate higher profitability, and manage its leverage consistent with the company’s policy. A downgrade could occur should the financial profile emerge weaker than expected and longer period is needed to repair the debt service capability.

**Thai Union Frozen Products PLC (TUF)****Company Rating:** AA-**Issue Ratings:**

TUF167A: Bt1,950 million senior unsecured debentures due 2016	AA-
TUF172A: Bt2,500 million senior unsecured debentures due 2017	AA-
TUF192A: Bt3,150 million senior unsecured debentures due 2019	AA-
TUF212A: Bt1,550 million senior unsecured debentures due 2021	AA-
TUF217A: Bt1,500 million senior unsecured debentures due 2021	AA-
TUF242A: Bt1,050 million senior unsecured debentures due 2024	AA-

**CREDITALERTDESIGNATION:** Developing