

# LEASE IT PLC

No. 133/2025  
8 August 2025

## FINANCIAL INSTITUTIONS

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

**Last Review Date:** 27/09/24

### Company Rating History:

Date	Rating	Outlook/Alert
29/09/23	BB-	Stable
30/09/22	BB	Negative
23/09/21	BB+	Stable
23/11/20	BBB-	Negative
12/11/19	BBB-	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Lease IT PLC (LIT) at “BB-” with a “stable” outlook. The rating reflects the company’s weak business and risk position displayed by modest loan portfolio with limited diversification and a high level of non-performing loans (NPLs).

The rating is also weighed down by the company’s negative operating performance over the past four years as well as its moderate funding and liquidity position. The rating on the company reflects its very strong capital position and recent positive developments in operating performance and asset quality.

However, despite the strong capital, the rating could face downward pressure if asset quality, revenues, or operating performance shows no sign of further recovery.

## KEY RATING CONSIDERATIONS

### Performance improvement expected to continue

TRIS Rating believes that LIT has already passed its most challenging period, marked by the four consecutive years of net losses due to weak asset quality and portfolio shrinkage. We anticipate a turnaround with net profit gradually improving in 2025-2027.

LIT started reporting a small profit in the fourth quarter of 2024 (4Q24) following major write-offs of NPLS and high expected credit loss (ECL) provisions in 3Q24. The recovery in 4Q24 was driven by improved revenues as the company started to expand into low-risk products (factoring and short-term project finance) and higher-yielding installment account receivables under the “Ulite” brand. In 1Q25, its total revenue rose by 55.6% year-on-year (y-o-y), thanks to the well-controlled asset quality of new loans since the beginning of 2024.

Our expectation of continued improvement is based on the company’s strategic, a gradual expansion into government-related lending as government budget disbursements normalize. This business focus coupled with disciplined management of asset quality, should help strengthen the company’s revenue streams and foster a sustained recovery momentum.

### Improved asset quality of new lending despite economic challenges

Although the company’s business remains largely exposed to the high-risk small and medium enterprise (SME) segment, its focus on core factoring products and selective short-term, small ticket size project finance lending, combined with improved underwriting policies has helped reduce NPLs in recent years. This is evidenced by a lower NPL ratio among new loan bookings.

Despite such encouraging developments, the sustainability of LIT’s profit improvement remains uncertain due to Thailand’s weak economic conditions that could impact the company’s SME customers. In addition, we remain watchful about the quality of Ulite product over the long term as the company has accelerated its growth over the past few quarters.

### Risk position remains weak but improving

We still assess LIT’s risk position as “weak” as the NPL ratio remains extremely high even though there have been signs of improvement. The high NPL ratio

stems primarily from aggressive expansion in government-related project finance loans for SMEs booked during 2018-2021. These loans were severely impacted by the COVID-19 pandemic and delayed government budget disbursements.

The company's NPL ratio was 58.1% at the end of March 2024, compared with a peak of 65% at the end of 2023. The decrease was mainly due to large NPL write-offs in 3Q24. We project the company's NPL ratio will decline to about 30% by 2027, driven by further write-offs and debt collections.

#### **Delayed recovery in NPL collections**

In 2024, the company's NPL recoveries were slower than expected, with collections of THB54 million. The resolution of legacy NPLs has been delayed due to economic weakness and legal uncertainties. We believe NPLs collection could be further delayed from the company's target given the ongoing economic headwinds. Faster recovery of NPLs would enable the company to reinvest proceeds into business expansion, thereby accelerating its overall recovery. Meanwhile, the company anticipates annual write-offs of legacy NPLs in the range of THB80–THB90 million.

#### **Strong capital base**

LIT's capital position, assessed as "very strong", continues to be a key factor supporting its credit profile. The risk-adjusted capital (RAC) ratio declined to 38.2% as of March 2025, down from 54.6% at the end of 2023 despite steady loan portfolio contraction over the years. The RAC ratio decline was mainly due to net losses and large write-offs in 2024.

Over the next three years, we expect the company to maintain a very strong capital position, with the RAC ratio staying above 30%. This expectation is based on our assumption that the company's loan portfolio will remain relatively stable, supported by improved profitability and a business turnaround.

#### **Weak business position**

LIT's business position remains "weak" and continues to constrain its rating. This is due to its limited market presence and concentrated customer base. As of March 2025, the company's outstanding loans stood at THB1.45 billion, down from a peak of THB2.7 billion in 2020. Given the challenging market conditions, especially for SMEs, and limited funding access, the company is expected to remain selective, limiting the scope for business expansion in the medium term.

#### **Moderate funding and liquidity**

We assess LIT's funding and liquidity as "moderate", reflecting the company's limited funding access. LIT mainly relies on the debt capital markets, with THB300 million in outstanding debentures and THB130 million in bills of exchange as of March 2025. The company has secured a THB65 million credit line from a financial institution, backed by a guarantee from its parent company, SVOA PLC (SVOA).

Nevertheless, we believe the company will still be able to manage its liquidity needs for an upcoming debenture repayment in February 2026 through a planned new bond issuance in 4Q25. Should this fail, LIT can rely on customer loan repayments, which are expected to generate approximately THB400 million in cash inflows within three months.

#### **BASE-CASE ASSUMPTIONS**

TRIS Rating's base-case assumptions for LIT's operations during 2025-2027:

- Outstanding loans to remain flat in 2025-2027.
- RAC ratio to stay above 30%.
- Overall asset yield of 8% in 2025, slowly increasing to 12% by 2027.
- Credit cost of around 1%-2% per annum.
- Operating expenses to total income at 60% in 2025, declining to 45% by 2027.

#### **RATING OUTLOOK**

The "stable" outlook reflects the expectation that the asset quality of LIT's new loans will continue to be well controlled while capital remains very strong, and liquidity risk is well managed over the next 12 months.

#### **RATING SENSITIVITIES**

The rating and/or outlook upside hinges on the company's ability to turnaround its business with stable sources of revenue and a material improvement of asset quality, while maintaining the RAC ratio at a level substantially above 25% and liquidity risk is well managed.

The rating and/or outlook could be revised downward if there are no indications of improved asset quality or a recovery in revenue and earnings, if the RAC ratio falls below 25% on a sustained basis, or there is sign of heightened liquidity risk.

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**COMPANY OVERVIEW**

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LIT was established in 2006 as Lease IT Co., Ltd., 99.99% owned by SVOA. LIT was initially established as a financial arm to provide the leasing and hire purchase of SVOA's products to its customers. The company also provided factoring services to help SVOA's customers manage working capital. In 2009-2010, the company started to diversify its business outside of SVOA's circle of customers and introduced other products such as trade finance, bid bond, and project back-up finance. In 2015-2016, the company introduced two more new products -- letter of credit (L/C) and supply chain finance.

On 25 March 2014, LIT became a public company under the name "Lease IT PLC". The company was subsequently listed on the Market for Alternative Investment (MAI), with THB200 million in registered and paid-up capital. In 2017, the company offered to sell warrants (LIT-W1) to the company's existing shareholders by way of a rights issue, totaling 160 million units of warrants at an offering price of THB2.50. The issue of the warrants enabled the company to increase its equity by THB400 million.

In May 2018, the company established "LIT Service Management Co., Ltd." with registered capital of THB5 million. The company's principal business operations are providing data information and credit analysis services for LIT. The subsidiary was established to segregate the roles between credit analysis and underwriting/approval.

In October 2020, LIT set up a new subsidiary "Ulite Digital Co., Ltd." (Ulite) with THB10 million registered capital. Ulite provides short-term financing under the buy-now-pay-later concept. The financing products are generally for electrical appliances.

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\***

Unit: Mil. THB

	Jan-Mar 2025	----- Year Ended 31 December -----			
		2024	2023	2022	2021
Total assets	1,075	989	1,424	2,017	2,157
Total loans	1,446	1,358	1,719	1,946	2,386
Allowance for expected credit loss	659	655	729	663	537
Short-term debts	431	58	302	447	715
Long-term debts	12	310	58	402	404
Shareholders' equity	544	541	991	1,108	940
Net interest income	19	46	31	49	129
Expected credit loss	4	401	105	127	237
Non-interest income	15	35	41	58	115
Operating expenses	26	95	97	103	126
Earnings before taxes	4	(415)	(130)	(123)	(119)
Net income	3	(450)	(118)	(100)	(95)

\* Consolidated financial statement

Unit: %

	Jan-Mar 2025	----- Year Ended 31 December -----			
		2024	2023	2022	2021
<b>Profitability</b>					
Net-interest income/average assets	7.53 **	3.82	1.82	2.33	5.39
Non-interest income/average assets	5.73 **	2.92	2.38	2.79	4.78
Operating expenses/total income	61.15	84.32	88.30	65.93	37.97
Operating profit/average assets	1.55 **	(34.38)	(7.55)	(5.91)	(4.97)
Earnings before taxes/average risk-weighted assets	1.25 **	(28.03)	(6.75)	(4.73)	(3.50)
Return on average assets	1.25 **	(37.28)	(6.83)	(4.79)	(3.98)
Return on average equity	2.37 **	(58.74)	(11.21)	(9.77)	(9.48)
<b>Asset Quality</b>					
Non-performing loans/total loans	58.06	62.46	65.01	54.62	29.45
Expected credit loss/average loans	1.26 **	26.09	5.74	5.87	9.37
Allowance for expected credit loss/non-performing loans	78.51	77.26	65.21	62.38	76.38
<b>Capitalization</b>					
Risk-adjusted capital ratio	38.21	42.09	54.57	50.36	31.14
Debt to equity (times)	0.98	0.83	0.44	0.82	1.30
<b>Liquidity</b>					
Stable funding ratio	286.11	437.42	212.52	263.76	216.77
Liquidity coverage measure (times)	0.16	1.18	0.30	1.06	0.10
Short-term debts/total liabilities	81.21	12.84	69.67	49.15	58.74

\* Consolidated financial statement

\*\* Annualized

**RELATED CRITERIA**

- Financial Institution Rating Methodology, 25 September 2024

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**Lease IT PLC (LIT)**

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**Company Rating:**

**BB-**

**Rating Outlook:**

**Stable**

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**TRIS Rating Co., Ltd.**

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