

TOYOTA LEASING (THAILAND) CO., LTD.

No. 44/2023
20 April 2023

FINANCIAL INSTITUTIONS

Issue Ratings:

Guaranteed	AAA
Short-term guaranteed	T1+
Outlook:	Stable

Last Review Date: 08/09/22

Issue Rating History:

Date	Rating	Outlook/Alert
07/10/04	AAA	Stable

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RATIONALE

TRIS Rating affirms the ratings on Toyota Leasing (Thailand) Co., Ltd.'s (TLT or Issuer) guaranteed debentures, issued under its THB60 billion Medium-term Debenture Program, at "AAA", as well as the ratings on TLT's long- and short-term guaranteed debentures, issued under its THB130 billion Thai Baht Debentures Programme in the year 2018, THB130 billion Thai Baht Debentures Programme in the year 2020, and THB130 billion Thai Baht Debentures Programme in the year 2022 at "AAA" and "T1+".

TRIS Rating also assigns the ratings on TLT's proposed issue of up to THB5 billion long- and short-term guaranteed debentures due within five years under the Digital Infrastructure Project (DIF), at "AAA" and "T1+".

All rated debentures of TLT are guaranteed by Toyota Motor Finance (Netherlands) B.V. (TMF or Guarantor). TMF is a wholly-owned subsidiary of Toyota Financial Services Corporation (TFS), which is in turn wholly owned by Toyota Motor Corporation (TMC), the ultimate parent company in Japan. All three companies, TMF, TFS, and TMC, are rated "A+" with a "stable" outlook, and their short-term issue ratings are rated "A-1+" by S&P Global Ratings.

We believe TMC will maintain its solid market position in the automotive industry, backed by its broad product line-up, global market coverage, and technological leadership. TMC has sustained a global market share in auto sales of about 12% over the past few years. The company reported sales of 8.23 million units in the fiscal year 2022 (FY2022: April 2021-March 2022), increasing by 8% year-on-year (y-o-y). Sales for the first nine months of FY2023 (April-December 2022) also rose by 6% y-o-y to 6.4 million units. This was driven by stronger demand in the global auto industry due to economic recovery.

We expect TMC will maintain its strong earnings performance over the next few years through ongoing cost-reduction efforts and by continuously launching new vehicle models. TMC's operating income improved to JPY3.0 trillion in FY2022, up by 36% from JPY2.2 trillion in FY2021 due to a gradual recovery in vehicle sales and the company's cost-reduction strategy. However, operating income for the first nine months of FY2023 was JPY2.1 trillion, dropping by 17% from the same period of FY2022. This was mainly due to the effects of foreign exchange rates and rising raw material prices.

TMC has maintained conservative financial policies and low level of financial risk. It has a solid liquidity profile with significant net cash position, considerable reserves of cash, and high-quality liquid assets. TMC also has diversified funding sources domestically and internationally including bank loans, bonds, and commercial papers (CPs).

The ratings on TLT's short- and long-term debentures reflect the unconditional and irrevocable guarantee provided by TMF, whose rating is based on the credit strength of TMC. Under this guarantee structure, TMC has provided a Credit Support Agreement (CSA) to TFS, which has in turn, provided a CSA to TMF. Under the terms of the CSA, TMC will provide sufficient liquidity for the obligations of bonds, debentures, and CPs of both subsidiaries, TFS and TMF. TMC will also provide sufficient liquidity for TMF's guarantee obligations.

The guarantee is governed by Dutch law and is unconditional and irrevocable. The guarantee covers punctual payments to the debentureholders of all sums payable by TLT. For the guaranteed debentures, the obligations of TMF rank at least pari passu with all other present and future unsecured and unsubordinated indebtedness of TMF. The guarantee cannot be amended or terminated without the consent of both the debentureholders' representatives and the Guarantor, TMF.

The Guarantor will not be under any obligation to make payment for the Issuer's failure to pay as a result of any of the following actions:

(1) by any Thai government agency: (i) interruption of payment by causing Issuer to be unable to transfer monies or to convert foreign currency to the Registrar or debentureholders to pay debt obligations; (ii) causing the transfer of majority shareholding in, or control over, the Issuer to a third-party not associated with the Toyota Group; (iii) expropriation or nationalization of at least 10% of the net value of hire purchase receivables of the Issuer and its subsidiaries; and (iv) expropriation or nationalization that has the effect of preventing the Issuer and its subsidiaries from carrying on business.

(2) by any Sanction Authority: if the Guarantor is prevented to pay under any trade, economic or financial sanction laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanction Authority.

TRIS Rating believes it is highly unlikely that any of the above events would occur.

BASECASE ASSUMPTIONS

- TMC's ratings assigned by S&P Global Ratings will be maintained.
- There will be no change to the unconditional and irrevocable guarantee by TMF on TLT's debentures.

RATING OUTLOOK

The "stable" outlook reflects the creditworthiness of TMF, TLT's Guarantor. TMF's credit profile reflects the creditworthiness of the ultimate parent, TMC. TMC's current international-scale company rating of "A+/Stable" assigned by S&P Global Ratings continues to reflect TMC's credit strengths.

RATING SENSITIVITIES

The ratings and/or outlook on TLT's guaranteed debentures could be revised downward in the event of a significant weakening in TMC's creditworthiness.

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021
- Nonbank Financial Institution Methodology, 17 February 2020
- Rating Methodology – Corporate, 26 July 2019

Toyota Leasing (Thailand) Co., Ltd. (TLT)

Issue Ratings:

THB60,000 million guaranteed debentures under Medium-term Debenture Program:

- TLT235A: THB1,500 million guaranteed debentures due 2023	AAA
- TLT240A: THB3,500 million guaranteed debentures due 2024	AAA
- TLT255A: THB1,000 million guaranteed debentures due 2025	AAA

THB130,000 million guaranteed debentures under Thai Baht Debentures Programme in the year 2018:

Long-term guaranteed debentures	AAA
- TLT237A: THB2,100 million guaranteed debentures due 2023	AAA
Short-term guaranteed debentures	T1+

THB130,000 million guaranteed debentures under Thai Baht Debentures Programme in the year 2020:

Long-term guaranteed debentures	AAA
- TLT234A: THB3,000 million guaranteed debentures due 2023	AAA
- TLT235B: THB2,000 million guaranteed debentures due 2023	AAA
- TLT23NA: THB2,200 million guaranteed debentures due 2023	AAA
- TLT23NB: THB1,000 million guaranteed debentures due 2023	AAA
- TLT242A: THB1,800 million guaranteed debentures due 2024	AAA
- TLT243A: THB3,000 million guaranteed debentures due 2024	AAA
- TLT245A: THB2,910 million guaranteed debentures due 2024	AAA
- TLT248A: THB2,600 million guaranteed debentures due 2024	AAA
- TLT24NA: THB3,000 million guaranteed debentures due 2024	AAA
- TLT253A: THB1,500 million guaranteed debentures due 2025	AAA
- TLT255B: THB2,900 million guaranteed debentures due 2025	AAA
- TLT256A: THB2,580 million guaranteed debentures due 2025	AAA
- TLT258A: THB1,200 million guaranteed debentures due 2025	AAA
- TLT258B: THB2,000 million guaranteed debentures due 2025	AAA
- TLT263A: THB1,500 million guaranteed debentures due 2026	AAA
- TLT265A: THB2,900 million guaranteed debentures due 2026	AAA
- TLT285A: THB1,290 million guaranteed debentures due 2028	AAA
Short-term guaranteed debentures	T1+

THB130,000 million guaranteed debentures under Thai Baht Debentures Programme in the year 2022:

Long-term guaranteed debentures	AAA
- TLT24DA: THB1,400 million guaranteed debentures due 2024	AAA
- TLT252A: THB3,297 million guaranteed debentures due 2025	AAA
- TLT25DA: THB5,100 million guaranteed debentures due 2025	AAA
- TLT262A: THB3,568 million guaranteed debentures due 2026	AAA
Short-term guaranteed debentures	T1+

Up to THB5,000 million guaranteed debentures due within 5 years under Digital Infrastructure Project (DIF):

Long-term guarantee debentures	AAA
Short-term guarantee debentures	T1+

Rating Outlook:

Stable

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