

SRISAWAD CAPITAL 1969 PLC

No. 123/2023
18 October 2023

FINANCIAL INSTITUTIONS

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 09/06/23

Company Rating History:

Date	Rating	Outlook/Alert
28/06/19	BBB+	Stable
10/07/18	BBB	Stable

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RATIONALE

TRIS Rating affirms the company rating on Srisawad Capital 1969 PLC (SCAP) and the ratings on its outstanding senior unsecured debentures at “BBB+” with a “stable” outlook. At the same time, TRIS Rating assigns a rating of “BBB+” to SCAP’s proposed issue of up to THB5 billion senior unsecured debentures due within five years. The company intends to use the proceeds of the debentures for debt refinancing and for funding its loan portfolio expansion.

The ratings on SCAP is equivalent to the company rating on Srisawad Corporation PLC (SAWAD, rated “BBB+/stable”). This largely reflects the company’s status as a core member of SAWAD with its role as a major asset and revenue contributor, and the group’s growth engine as well as the continuous support we expect it to receive from SAWAD.

SAWAD has majority control in SCAP through a 72% shareholding. SCAP’s business strategy and risk management policies are controlled mainly by SAWAD. The board of directors include four representatives from SAWAD of a total eight board members, including the chair.

The company enables the group to provide comprehensive products and services. SCAP’s flagship product is its motorcycle hire purchase (HP) loans operated by its two subsidiaries, S Leasing Co., Ltd. (SLS, 90%-owned) and Cathay Leasing Co., Ltd. (CTL, 100%-owned). SCAP also provides unsecured personal loans to selective customer segment. These complements SAWAD’s existing title loans business.

SCAP’s operation is also highly integrated with that of SAWAD. The company uses SAWAD’s branches for debt collection and as regional hubs for new motorcycle HP loan underwriting and processing. SCAP acts as a key growth engine for the SAWAD Group with a target for new loans booking of about THB20 billion and outstanding loans of THB30 billion in 2023. SCAP’s rapid expansion, strong financial performances, and significant revenue contribution to the group also reinforce its status as a core subsidiary of the group.

As of June 2023, SCAP’s loan portfolio stood at THB30.4 billion, accounting for 35% of SAWAD’s total consolidated loans. By the end of the second quarter of 2023 (2Q23), the company’s loan book had risen by 44% year-to-date, following a strong increase in new loans. In the first half of 2023 (1H23), SCAP reported revenue of THB3.3 billion, representing 39% of SAWAD’s consolidated revenue. Net income in 1H23 was THB706 million, accounting for 28% of SAWAD’s total consolidated net profits. As some of the new motorcycle loans matures, the non-performing loan (NPL) ratio rose to 2.45% at the end of June 2023 from 1.85% at the end of 2022 and from 2.33% at the end of March 2023. We anticipate NPLs to gradually rise as new motorcycle loans mature over the next few years.

RATING OUTLOOK

The “stable” outlook reflects our expectation that SCAP will maintain its status as a core subsidiary of SAWAD and continue to receive strong supports from its parent company.

RATING SENSITIVITIES

As a core subsidiary of SAWAD, the ratings and outlook on SCAP move in tandem with those on SAWAD. The ratings can be revised downward if TRIS Rating views SCAP's group status as having weakened materially or there are signs of reduced support from the parent company.

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Issue Rating Criteria, 15 June 2021

Srisawad Capital 1969 PLC (SCAP)

Company Rating:	BBB+
Issue Ratings:	
SCAP252A: THB913.5 million senior unsecured debentures due 2025	BBB+
SCAP268A: THB1,059.9 million senior unsecured debentures due 2026	BBB+
Up to THB5,000 million senior unsecured debentures due within 5 years	BBB+
Rating Outlook:	Stable

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