

# BOONTHAVORN CERAMIC 2000 CO., LTD.

No. 168/2019  
15 October 2019

## CORPORATES

### Issue Rating:

Guaranteed AA+

Outlook: Stable

Last Review Date: 09/11/18

### Issue Rating History:

Date	Rating	Outlook/Alert
09/11/18	AA+	Stable

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## RATIONALE

TRIS Rating affirms the rating of “AA+” on guaranteed bonds of Boonthavorn Ceramic 2000 Co., Ltd. (BTV Ceramic 2000). The bonds are guaranteed by Kasikorn Bank PLC (KBank: rated “BBB+/Stable” by S&P Global Ratings) and Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF: rated “AAA/Stable” by TRIS Rating). The issue rating reflects the credit worthiness of KBank and CGIF as the guarantors of the guaranteed bonds.

## KEY RATING CONSIDERATIONS

The rating of BTV Ceramic 2000’s guaranteed bonds reflects the ratings of KBank and CGIF. Under the terms of the guarantee, KBank and CGIF each provide an irrevocable and unconditional guarantee to cover 50% of the principal and interest payments for the guaranteed bonds. The guarantee obligations rank at least pari passu with all other present and future unsecured and unsubordinated indebtedness of the guarantors.

The rating of the guaranteed bonds also takes into account the following conditions:

- The guarantors are entitled to determine either to make the payment in full (accelerated basis) or in accordance with the original payment schedule at any time after the occurrence of an Issuer Event of Default (as defined in the Guarantee Agreement) or the receipt of a Demand (as defined in the Guarantee Agreement). However, KBank and CGIF will no longer have obligations to make payments, amongst other terms and conditions of the bonds, under the following conditions: 1) the bondholders’ representative, at its discretion, so decides to accelerate the bonds other than pursuant to a CGIF Non-Payment Event or KBank Non-Payment Event; 2) the issuer chooses to accelerate the bonds at its instigation; or 3) the bondholders’ representative does not deliver the demand for payment within a pre-specified period.

- The bondholders might not receive the payment portion guaranteed by CGIF in Thai baht if CGIF determines that it is impossible or impracticable and that reasonable efforts have been made to obtain Thai baht. In such an event, CGIF may make an equivalent payment in US dollars or such other currencies as it may determine. However, TRIS Rating views the likelihood of such risk as very low. TRIS Rating also holds the view that there is no such risk for the payment portion guaranteed by KBank, as its main functional currency is Thai baht.

## RATING OUTLOOK

The rating and outlook for BTV Ceramic 2000’s guaranteed bonds solely reflect the creditworthiness of its guarantors, KBank and CGIF.

## RATING SENSITIVITIES

The rating of BTV Ceramic 2000’s guaranteed bonds may change if the ratings of any of its guarantors, KBank or CGIF, change.

## COMPANY OVERVIEW

BTV Ceramic 2000 is a company 99.8% owned by Boonthavorn Group Co., Ltd. The company has the following key subsidiaries: Boonthavorn Lighting Center Co., Ltd. (70%), Boonthavorn Training Center and Skill Development Co., Ltd.

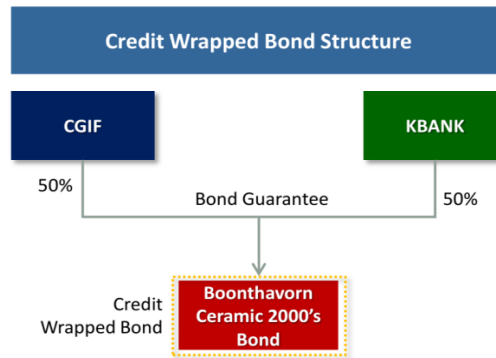
(23%) and Boonthavorn Development Co., Ltd. (15%).

BTV Ceramic 2000 sells and distributes ceramic tiles, bathroom products, lighting, kitchen appliances and home furniture. Most products are sourced from domestic manufacturers that produce products under various brands, including COTTO, TOTO and SOSUCO, etc. Other products are sourced from overseas through related companies. The company also owns and operates Boonthavorn’s Ratchadaphisek branch, the group’s largest branch by revenue.

CGIF was founded in 2010 under the initiative of 10 ASEAN countries, together with China, Japan, Korea, and the Asian Development Bank. CGIF’s main objective is to provide credit guarantees which allow eligible issuers to access regional local currency bond markets. Issuers can thus avoid currency and maturity mismatches by issuing bonds within the region. ADB is the trustee of CGIF. It holds in trust all of CGIF’s capital and is responsible for managing that capital. CGIF finances its operations solely from capital contributions. It is not allowed to borrow from any source, except for cash management purposes.

KBank was founded in 1945, by Mr. Choti Lamsam and other co-founders, as a commercial bank. Initially, the bank focused on retail segments, especially Thai farmers. In 1976, the bank was listed on the Stock Exchange of Thailand (SET). Currently, the bank diversifies into corporate customers, SME customers, and retail customers, with total assets of Bt3,256 billion, ranked 2<sup>nd</sup> among Thai commercial banks. As of June 2019, SME loans comprised 34% of KBank’s outstanding loans; 36% and 26% were corporate loans and retail loans, respectively. The bank’s other businesses include transaction banking, securities trading, securities brokerage, fund management, leasing, and insurance, etc.

Based on the guarantee structure, KBank and CGIF each guarantees 50% of the principal and interest payments for the guaranteed bonds.



## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

### The Guarantor Credit Guarantee and Investment Facility (CGIF), a trust fund of the Asian Development Bank (ADB)

Unit: US\$ million

	Jan-Jun 2019	-----Year Ended 31 December -----			
		*	2018	2017	2016
Interest income	12.2	19.7	12.5	10.4	9.4
Guarantee income	6.4	8.7	8.4	7.7	4.8
Other revenue**	1.3	1.1	0.1	1.1	0.8
Total revenue	19.9	29.5	21.0	19.2	14.8
Net income from operations	12.2	15.1	10.7	10.8	8.2
Total assets	1,148.2	957.8	779.1	772.0	751.6
Total liabilities	56.4	46.8	39.9	44.5	29.0
Shareholders' equity	1,092.1	911.0	739.2	727.5	722.6

\* Not annualised and unaudited

\*\* Including realised gain (loss) from securities, fair value changes from derivatives and miscellaneous income

**The Guarantor**  
**Kasikorn Bank (KBank)\***

Unit: Bt million

	Jan-Jun 2019	-----Year Ended 31 December -----			
		2018	2017	2016	2015
Assets	3,256,294	3,155,091	2,900,841	2,843,278	2,555,305
Deposits	2,004,953	1,995,001	1,878,672	1,794,835	1,705,379
Loan	1,933,232	1,914,073	1,802,783	1,697,581	1,609,887
NPL gross	76,370	74,400	69,674	65,087	49,490
NPL net	47,664	41,431	38,570	33,553	24,586
Reserve	120,625	119,485	103,435	85,212	64,317
Interest income	64,588	123,922	119,337	115,873	114,354
Interest expense	13,566	25,384	25,176	26,195	29,341
Non-interest income	25,875	56,945	62,695	63,725	62,503
Other operating expenses (non-interest expense)	33,752	68,348	66,372	63,854	66,656
EBPT	43,145	87,135	90,484	89,548	80,859
Net profit	19,973	38,459	34,338	40,174	39,474

Unit: %

	Jan-Jun 2019	-----Year Ended 31 December -----			
		2018	2017	2016	2015
<b>Performance ratio</b>					
ROA	1.25	1.27	1.20	1.49	1.60
ROE	10.35	10.61	10.24	13.23	14.54
NIM	3.3	3.4	3.4	3.5	3.7
Efficiency ratio	43.9	44.0	42.3	41.6	45.2
<b>Asset quality ratio</b>					
NPL gross/loan	3.4	3.3	3.3	3.3	2.7
NPL net/loan	2.2	1.9	1.9	1.7	1.4
Reserve/NPL gross	158.0	160.6	148.5	130.9	130.0
<b>Capital</b>					
CAR	18.6	18.3	18.0	18.8	18.0
Tier-1	16.2	15.9	15.7	15.2	14.5

\* Based on data provided on KBank's website ([www.kasikornbank.com](http://www.kasikornbank.com)).

**RELATED CRITERIA**

- Rating Methodology – Corporate, 26 July 2019

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**Boonthavorn Ceramic 2000 Co., Ltd. (BTV)**

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**Issue Rating:**

BTV23DA: Bt2,000 million guaranteed bonds due 2023

AA+

**Rating Outlook:**

Stable

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**TRIS Rating Co., Ltd.**

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