

TOYOTA LEASING (THAILAND) CO., LTD.

No. 50/2017

26 July 2017

Issue Ratings:

Guaranteed AAA
Short-term guaranteed T1+

Outlook: Stable

Issue Ratings History:

Date	Rating	Outlook/Alert
27/10/10	AAA, T1+	Stable
12/03/10	AAA	Stable
12/01/06	AAA, T1+	Stable
07/10/04	AAA	Stable

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Rating Rationale

TRIS Rating affirms the ratings of Toyota Leasing (Thailand) Co., Ltd.'s (TLT or Issuer) guaranteed debentures, issued under its Bt60,000 million medium-term debenture program, at "AAA". TRIS Rating also affirms the rating of TLT's guaranteed debentures under the short-term debenture program No. 1/2559 at "T1+". At the same time, TRIS Rating assigns the rating to TLT's proposed issue of up to Bt6,000 million in guaranteed debentures under the medium-term debenture program at "AAA" and the proposed issue of up to Bt20,000 million in guaranteed debentures under the short-term debenture program No. 1/2560 at "T1+".

Both the short- and medium-term debentures of TLT are guaranteed by Toyota Motor Finance (Netherlands) B.V., (TMF or Guarantor). TMF is a wholly-owned subsidiary of Toyota Financial Service Corporation (TFS), which is 100% held by Toyota Motor Corporation (TMC), the ultimate parent company. All three companies, TMF, TFS, and TMC, are rated "AA-" by S&P Global Ratings and "Aa3" by Moody's Investors Service (Moody's), with short-term issue ratings at "A-1+" by S&P Global Ratings and at "P-1" by Moody's.

TMC reported that it sold 8.971 million units of car in fiscal year 2017 (FY2017: April 2016-March 2017), increasing by 3.3% from the level of 8.681 million units it sold in FY2016. TMC's financial performance has improved over the past few years, supported by the ongoing cost reduction efforts and recovery of auto demand in the United States (US). However, net income slightly dropped to 1,831 billion yen for FY2017, a decrease of 20.8% from the same period of FY2016, due mainly to the effects of fluctuation in foreign exchange rates. TMC's market and competitive positions remain strong, supported by its broad product lines, wide geographic market coverage, technological leadership, and low level of financial risk.

The ratings of TLT's short- and medium-term debentures reflect the unconditional and irrevocable guarantee given 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 commercial papers of both subsidiaries, TFS and TMF. TMC will also provide sufficient liquidity for TMF's guarantee obligations. The guarantee is governed by the Dutch law and is unconditional and irrevocable. The guarantee provides a punctual payment for the debentureholders of all sums payable by TLT. For the guarantee of the medium-term 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 by any Thai government agency: (1) interruption of payment by causing Issuer to be unable to transfer monies or to convert foreign currency to the Registrar or

CreditUpdate reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

CreditUpdates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

debentureholders to pay debt obligations; (2) causing the transfer of the majority shareholding in, or control over, the Issuer to a third-party not associated with the Toyota Group; (3) expropriation or nationalization of at least 10% of the net value of hire purchase receivables of the Issuer and its subsidiaries; and (4) expropriation or nationalization that has the effect of preventing the Issuer and its subsidiaries from carrying on business. TRIS Rating believes that the above events are highly unlikely to occur.

Rating Outlook

The “stable” outlook reflects the creditworthiness of TMF or TLT’s Guarantor. TMF’s credit profile is reflected by the creditworthiness of the ultimate parent, TMC. TMC’s current international scale company ratings of “AA-/Stable” assigned by S&P Global Ratings and “Aa3/Stable” by Moody’s still reflect TMC’s relatively strong credit profile when compared with a “AAA” rating, the highest national scale rating, based on TRIS Rating’s database of the rated companies in Thailand. The ratings and/or outlook for TLT’s guaranteed debentures could be revised should there be any changes in TMC’s creditworthiness.

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

Issue Ratings:

Bt60,000 million guaranteed debentures under medium-term debenture program:	
- TLT17NA: Bt2,000 million guaranteed debentures due 2017	AAA
- TLT184B: Bt3,500 million guaranteed debentures due 2018	AAA
- TLT188B: Bt3,100 million guaranteed debentures due 2018	AAA
- TLT192B: Bt3,500 million guaranteed debentures due 2019	AAA
- TLT194A: Bt5,000 million guaranteed debentures due 2019	AAA
- TLT198B: Bt8,000 million guaranteed debentures due 2019	AAA
- TLT19NA: Bt2,280 million guaranteed debentures due 2019	AAA
- TLT202A: Bt4,500 million guaranteed debentures due 2020	AAA
- TLT204A: Bt3,000 million guaranteed debentures due 2020	AAA
- TLT205A: Bt3,300 million guaranteed debentures due 2020	AAA
- TLT20NA: Bt1,120 million guaranteed debentures due 2020	AAA
- TLT212A: Bt3,200 million guaranteed debentures due 2021	AAA
- Up to Bt6,000 million guaranteed debentures due within 4 years	AAA
Bt80,000 million guaranteed debentures under short-term debenture program No. 1/2559	T1+
Up to Bt20,000 million guaranteed debentures under short-term debenture program No. 1/2560	T1+
Rating Outlook:	Stable

Financial Statistics and Key Financial Ratios*
Toyota Motor Corporation (TMC)

Unit: Million yen

	Fiscal Year Ended 31 March				
	2017	2016	2015	2014	2013
Net revenues	27,597,193	28,403,118	27,234,521	25,691,911	22,064,192
- Sales of automotive products	25,813,496	26,549,111	25,612,836	24,312,644	20,914,150
- Financing operations	1,783,697	1,854,007	1,621,685	1,379,267	1,150,042
Gross profit	4,270,461	5,093,025	4,696,474	4,324,399	2,903,581
Operating income	1,994,372	2,853,971	2,750,564	2,292,112	1,320,888
Gross interest expense	29,353	35,403	22,871	19,630	22,967
Funds from operations (FFO)	3,078,332	3,894,045	3,364,005	2,941,494	2,163,911
Total assets	48,750,186	47,427,597	47,729,830	41,437,473	35,483,317
Total debts	19,155,727	18,293,153	18,977,887	16,327,393	14,131,780
Total liabilities	30,081,233	29,339,411	30,082,501	26,218,486	22,710,461
Minorities interest	668,264	861,472	859,198	749,839	624,821
Shareholders' equity	17,514,812	16,746,935	16,788,131	14,469,148	12,148,035
Operating income before depreciation and amortization as a % of net revenues	13.06	15.77	15.27	13.79	11.00
Pretax return on permanent capital (%)	5.98	8.34	8.30	8.25	5.69
Total debt/capitalization (%)	51.30	50.95	51.82	51.76	52.53
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	129.48	131.35	185.24	186.52	109.99
FFO/total debt (%)	16.07	21.29	17.73	18.02	15.31

* Consolidated financial statements

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