

SRISAWAD CAPITAL 1969 PLC

No. 96/2024
27 November 2024

FINANCIAL INSTITUTIONS

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

Last Review Date: 04/06/24

Company Rating History:

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

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RATIONALE

TRIS Rating assigns a rating of “BBB+” to Srisawad Capital 1969 PLC (SCAP)’s proposed issue of up to THB3 billion senior unsecured debentures due within five years. The company intends to use the proceeds of the debentures to refinance existing debt obligations and to fund expansion of the company’s loan portfolio.

At the same time, TRIS Rating affirms the company rating on SCAP and the ratings on its outstanding senior unsecured debentures at “BBB+” with a “stable” rating outlook.

The ratings on SCAP is equivalent to the company rating on Srisawad Corporation PLC (SAWAD, rated “BBB+/Stable”). This is largely attributable to the company’s group status as a core subsidiary of SAWAD, its significant contribution to the group’s assets and revenue, and the continuous support we expect it to receive from SAWAD.

SAWAD, as the majority shareholder with a 72% stake in SCAP, exercises significant influence over the company’s business strategy and risk management policies. Four of the eight board members, including the chair, are representatives of SAWAD.

The company enables the group to offer a comprehensive suite of products and services. The company’s flagship product is motorcycle hire purchase (HP) loans, provided through its two subsidiaries, S Leasing Co., Ltd. (SLS, 90%-owned) and Cathay Leasing Co., Ltd. (CTL, 100%-owned). Additionally, SCAP offers unsecured personal loans to selective customer segments, complementing SAWAD’s existing title loan business.

SCAP’s operation is also highly integrated with that of SAWAD. The company utilizes the group’s branch network for debt collection and as regional hubs for new motorcycle HP loan underwriting and processing. SCAP’s strong market position in new motorcycle hire purchase, coupled with its significant revenue and net profit contribution to the group, further reinforce its status as a core subsidiary.

As of September 2024, SCAP’s loan portfolio stood at THB33.0 billion, comprising 34% of SAWAD’s total consolidated loans. This proportion has remained relatively stable over the past six quarters. In the first nine months of 2024 (9M24), the company’s loan book declined by 3% year-to-date due to tighter underwriting criteria implemented to address asset quality concerns and lower risk adjusted returns. Despite this, SCAP still contributed significantly to SAWAD’s performance, accounting for 37% of consolidated revenue (THB5.95 billion) and 14% of net profit (THB545 million) in 9M24. The non-performing loan (NPL) ratio increased to 3.81% as of September 2024, up from 2.98% at the end of 2023 and 3.35% at the end of June 2024. We expect a gradual increase in NPLs in the coming quarters, albeit at a slower pace due to the tightened underwriting standards implemented since 2Q23.

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 support from its parent company.

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.

Credit Updates 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.

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+
SCAP252B: THB758.3 million senior unsecured debentures due 2025	BBB+
SCAP25NA: THB252.4 million senior unsecured debentures due 2025	BBB+
SCAP262A: THB681.4 million senior unsecured debentures due 2026	BBB+
SCAP266A: THB829.5 million senior unsecured debentures due 2026	BBB+
SCAP268A: THB1,059.9 million senior unsecured debentures due 2026	BBB+
SCAP26NA: THB666.5 million senior unsecured debentures due 2026	BBB+
SCAP272A: THB582.6 million senior unsecured debentures due 2027	BBB+
SCAP276A: THB779.5 million senior unsecured debentures due 2027	BBB+
SCAP282A: THB505.8 million senior unsecured debentures due 2028	BBB+
SCAP286A: THB668.5 million senior unsecured debentures due 2028	BBB+
Up to THB3,000 million senior unsecured debentures due within 5 years	BBB+
Rating Outlook:	Stable

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