

YOMA STRATEGIC HOLDINGS LTD.

No. 3/2019
9 January 2019

CORPORATES

Issue Rating:

Guaranteed

AAA

Outlook:

Stable

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RATIONALE

TRIS Rating assigns the rating of “AAA” on guaranteed bonds of Yoma Strategic Holdings Ltd. (YSH). The bonds are guaranteed by Credit Guarantee and Investment Facility (CGIF: rated “AAA/Stable” by TRIS Rating), a trust fund of the Asian Development Bank (ADB). The issue rating reflects the credit worthiness of CGIF as the guarantor of the guaranteed bonds.

KEY RATING CONSIDERATIONS

The rating of YSH’s guaranteed bonds reflects the rating of CGIF. Under the terms of the guarantee, CGIF provides an irrevocable and unconditional guarantee to cover 100% 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 guarantor.

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

- CGIF is entitled to determine whether to make the payment in full (accelerated basis) 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, CGIF will not 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 2) the bondholders’ representative does not deliver the demand for payment within a pre-specified period.

- The bondholders might not receive the payment 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.

RATING OUTLOOK

The rating and outlook for YSH’s guaranteed bonds solely reflect the creditworthiness of its guarantor, CGIF.

RATING SENSITIVITIES

The rating of YSH’s guaranteed bonds may change if the rating of its guarantor, CGIF, changes.

COMPANY OVERVIEW

YSH was listed on the Mainboard of the Singapore Exchange in 2006. Initially a real-estate developer, the company has expanded through organic growth, joint ventures and strategic partnerships into a diversified conglomerate in Myanmar. Non-real estate businesses include consumer, automotive and heavy equipment, and financial services businesses, which altogether contributed around 60% of revenue in fiscal year 2018 (FY2018: 31 March 2018). Since 2014, YSH has set its new strategic focus on consolidating its position in these sectors and will continue to build dominant nationwide platforms in each of its core business units.

CGIF was founded in 2010 under the initiative of 10 ASEAN countries, together with China, Japan, Korea, and the ADB. 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.

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 * 2018	-----Year Ended 31 December -----			
		2017	2016	2015	2014
Income on investment	9.2	12.5	10.4	9.4	8.8
Income from guarantee	4.1	8.4	7.7	4.8	1.3
Other revenue**	0.5	0.1	1.1	0.8	0.5
Total revenue	13.8	21.0	19.2	14.8	10.1
Net income from operations	8.5	10.7	10.8	8.2	3.6
Total assets	930.1	779.1	772.0	751.6	740.5
Total liabilities	37.1	39.9	44.5	29.0	24.0
Shareholders' equity	893.0	739.2	727.5	722.6	716.5

* Not annualised and unaudited

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

RELATED CRITERIA

- Rating Methodology – Corporate, 31 October 2007

Yoma Strategic Holdings Ltd. (YSH)

Issue Rating:

Up to Bt2,300 million guaranteed bonds due within 5 years

AAA

Rating Outlook:

Stable

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