

# THANACHART CAPITAL PLC

No. 85/2024  
4 October 2024

## FINANCIAL INSTITUTIONS

**Company Rating:** A  
**Issue Ratings:**  
Senior unsecured A  
**Outlook:** Stable

**Last Review Date:** 16/09/24

### Company Rating History:

Date	Rating	Outlook/Alert
10/04/20	A	Stable
14/03/19	A+	Alert Negative
16/01/12	A+	Stable
12/03/10	A	Positive
14/07/05	A	Stable

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## RATIONALE

TRIS Rating assigns a rating of “A” to Thanachart Capital PLC (TCAP) proposed issue of up to THB2 billion senior unsecured debentures maturing within three years. The company intends to use the proceeds from the new debentures to refinance TCAP’s outstanding debts.

At the same time, TRIS Rating affirms the company rating on Thanachart Capital PLC (TCAP) and the ratings on TCAP’s senior unsecured debentures at “A”, with a “stable” outlook.

The company rating is equivalent to the group credit profile (GCP) of Thanachart Group (TGROU), which factors in the weighted average stand-alone credit profile (SACP) of its key subsidiaries, including Ratchthani Leasing PLC (THANI), Thanachart Securities PLC (TNS), and Thanachart Insurance PLC (TNI).

The GCP incorporates a one-notch enhancement from the positive implication of investment diversification and the neutral effect of the double leverage ratio, which we expect to remain below the 120% threshold in the medium term.

The SACPs of TCAP’s key subsidiaries are bolstered by their strong market positions within their respective businesses. THANI is an industry leader in the hire purchase market for trucks and luxury cars. At the same time, TNS has strong franchise in the domestic institutional brokerage segment, while TNI secured the fifth position in the motor insurance based on direct premiums in 2023. Notably, TNI’s market share gradually increased from 4.8% in 2021 to 6.4% in 2023, primarily due to increased sales through broker and dealer channels, despite the slowdown in car sales.

In our view, TCAP’s earnings capacity remains robust, driven by the diversified sources of earnings from its subsidiaries and associated companies. The company’s consolidated financial performance improved moderately, with net profit increasing by 5.9% year-on-year (y-o-y) to THB4.0 billion in the first half of 2024 (1H24), compared to THB3.8 billion in 1H23.

TCAP’s double leverage at the end of June 2024 was 111%, relatively stable compared to 110% at the end of 2023. We expect the ratio to decline gradually below 110% over the next few years. A double leverage higher than 120% could result in a one-notch downward adjustment of GCP of Thanachart Group and hence TCAP’s company rating as well as the issue ratings on its senior unsecured debentures.

The issue ratings are adjusted down by one notch due to structural subordination given TCAP’s status as a non-operating holding company (NOHC). Nonetheless, the notching is offset by a one-notch uplift from its large investment in TMBThanachart Bank PLC (TTB) that consistently generates sizeable dividend income.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that TCAP’s key subsidiaries should maintain their SACPs, while TCAP maintains its strong liquidity position and double leverage of not more than 120%.

## RATING SENSITIVITIES

An upward rating revision is unlikely in the near term but could occur if there were an upgrade of the SACP of TCAP's key subsidiaries to the degree that the weighted average SACP is raised significantly higher.

Conversely, a rating downgrade could happen should there be a downgrade of the SACPs of TCAP's key subsidiaries that cause the weighted average SACP to fall materially lower. A downgrade could also occur if TCAP's short-term liquidity risk or refinancing risk increases significantly, or TCAP's double leverage increases above 120%. The issue ratings could also be downgraded should TCAP dilute its holding in TTB materially.

## RELATED CRITERIA

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

## Thanachart Capital PLC (TCAP)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
TCAP256A: THB3,100 million senior unsecured debentures due 2025	A
TCAP257A: THB1,400 million senior unsecured debentures due 2025	A
TCAP258A: THB900 million senior unsecured debentures due 2025	A
TCAP261A: THB1,100 million senior unsecured debentures due 2026	A
TCAP265A: THB1,000 million senior unsecured debentures due 2026	A
TCAP260A: THB1,690 million senior unsecured debentures due 2026	A
TCAP260B: THB640 million senior unsecured debentures due 2026	A
TCAP272A: THB1,500 million senior unsecured debentures due 2027	A
TCAP277A: THB800 million senior unsecured debentures due 2027	A
TCAP285A: THB1,000 million senior unsecured debentures due 2028	A
TCAP300A: THB800 million senior unsecured debentures due 2030	A
TCAP300B THB1,770 million senior unsecured debentures due 2030	A
TCAP315A THB1,500 million senior unsecured debentures due 2031	A
Up to THB2,000 million senior unsecured debentures due within 3 years	A
<b>Rating Outlook:</b>	Stable

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