

# TOYOTA LEASING (THAILAND) CO., LTD.

No. 8/2014

7 February 2014

**Issue Rating:** AAA

**Outlook:** Stable

**New Issue Rating:** AAA

**Rating History:**

Date	Company	Issue (Secured/ Unsecured)
27/10/10	-	AAA, T1+ (Sta)/-
12/03/10	-	AAA (Sta)/-
12/01/06	-	AAA, T1+ (Sta)/-
07/10/04	-	AAA (Sta)/-

**Contacts:**

 Taweekok Jiamsakunthum  
 taweekok@trisrating.com

 Saowanit Woradit  
 saowanit@trisrating.com

 Raithiwa Naruemol  
 raithiwa@trisrating.com

**WWW.TRISRATING.COM**
**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 ratings of guaranteed debentures under the short-term debenture programs No. 1/2556 and No. 2/2556 at "T1+". At the same time, TRIS Rating assigns the rating to the proposed issue of up to Bt8,000 million in guaranteed debentures under the Bt60,000 million medium-term debenture program at "AAA".

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 at "AA-" by Standard & Poor's and at "Aa3" by Moody's Investors Service (Moody's), with short-term issue ratings at "A-1+" by Standard and Poor's and at "P-1" by Moody's.

TMC's performance has improved continuously since FY2013 (April 2012-March 2013), after several years of weak results. The improvement was driven by TMC's marketing efforts and cost reduction efforts. The depreciation of yen since late 2012 also helped improve TMC's financial performance in FY2014. TMC reported it sold 4.468 million units for the first half of FY2014, down slightly from the 4.516 million units it sold in the first half of FY2013. However, TMC's operating income was 1,255.4 billion yen for the first half of FY2014, almost double the 693.7 billion yen in operating income reported for the same period in FY2013. Net income also improved. Net income was 1,000.6 billion yen in the first half of FY2014, compared with 548.2 billion yen in the same six-month of FY2013. TMC's market position and competitive position remain strong, supported by its broad product lines, wide geographic market coverage, technological leadership, and its 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 Dutch law and is unconditional and irrevocable. The guarantee provides 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

*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.

transfer monies or to convert foreign currency to the Registrar or debentureholders to pay debt obligations; (2) causing the transfer of 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 TLT’s ultimate parent, TMC. TMC is rated at “AA-” by Standard and Poor’s and “Aa3” by Moody’s. The rating outlooks are “stable”. TMC’s current company rating of “AA-” assigned by Standard and Poor’s and “Aa3” by Moody’s still reflect TMC’s relatively strong credit profile, when compared with the “AAA” national scale rating in TRIS Rating’s database of rated companies in Thailand.

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

### Issue Ratings:

Bt60,000 million guaranteed debentures under medium-term debenture program:

- TLT145A: Bt1,500 million guaranteed debentures due 2014	AAA
- TLT146A: Bt2,000 million guaranteed debentures due 2014	AAA
- TLT149A: Bt1,050 million guaranteed debentures due 2014	AAA
- TLT14DA: Bt3,000 million guaranteed debentures due 2014	AAA
- TLT155A: Bt5,400 million guaranteed debentures due 2015	AAA
- TLT158A: Bt4,750 million guaranteed debentures due 2015	AAA
- TLT15NA: Bt1,115 million guaranteed debentures due 2015	AAA
- TLT162A: Bt4,000 million guaranteed debentures due 2016	AAA
- TLT165A: Bt600 million guaranteed debentures due 2016	AAA
- TLT168A: Bt2,050 million guaranteed debentures due 2016	AAA
- TLT16NA: Bt1,185 million guaranteed debentures due 2016	AAA
- Up to Bt8,000 million guaranteed debentures due within 2019	AAA
Bt40,000 million guaranteed debentures under short-term debenture program No. 1/2556	T1+
Bt40,000 million guaranteed debentures under short-term debenture program No. 2/2556	T1+

### Rating Outlook:

Stable

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

Unit: Million yen

	Apr-Sep 2013	----- Fiscal Year Ended 31 March -----			
		2013	2012	2011	2010
Net revenues	12,537,485	22,064,192	18,583,653	18,993,688	18,950,973
- Sales of automotive products	11,872,003	20,914,150	17,511,916	17,820,520	17,724,729
- Financing operations	665,482	1,150,042	1,071,737	1,173,168	1,226,244
Gross profit	2,165,577	2,903,581	1,715,998	1,834,737	1,753,233
Operating income	1,255,475	1,320,888	355,627	468,279	147,516
Gross interest expense	9,738	22,967	22,922	29,318	33,409
Funds from operations (FFO)	2,093,508	2,163,911	1,293,199	1,421,890	1,746,215
Total assets	38,246,709	35,483,317	30,650,965	29,818,166	30,349,287
Total debts	15,201,644	14,131,780	12,005,546	12,401,056	12,513,406
Total liabilities	24,231,660	22,710,461	19,584,487	18,898,142	19,418,844
Minorities interest	644,993	624,821	516,217	587,653	570,720
Shareholders' equity	13,370,056	12,148,035	10,550,261	10,332,371	10,359,723
Operating income before depreciation and amortization as a % of net revenues	18.83	11.00	7.66	8.65	8.24
Pretax return on permanent capital (%)	4.76 **	5.69	1.80	2.47	1.10
Total debt/capitalization (%)	52.03	52.53	52.04	53.18	53.38
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	250.73	109.99	64.85	59.82	50.02
FFO/total debt (%)	13.77 **	15.31	10.77	11.47	13.95

\* Consolidated financial statements

\*\* Non-annualized

**TRIS Rating Co., Ltd.**

Tel: 0-2231-3011 ext 500 / Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand [www.trisrating.com](http://www.trisrating.com)

© Copyright 2014, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [http://www.trisrating.com/en/rating\\_information/rating\\_criteria.html](http://www.trisrating.com/en/rating_information/rating_criteria.html).