

## Press Release

### **Signing Ceremony of the Relationship Agreement between TRIS Rating and Standard & Poor's and TRIS Rating's Annual 2012 Seminar on AEC and the Effect on Thai Business**



On 28 February 2012, TRIS Rating Co., Ltd. (TRIS Rating) held the signing ceremony for the relationship agreement between TRIS Rating and Standard & Poor's. TRIS Rating's delegates for the ceremony were Prof. Dr. Somchai Richupan and Dr. Santi Kiranand, the company's Chairman and President of TRIS Rating, respectively. Meanwhile, delegates from Standard & Poor's were Mr. Yu-Tsung Chang, Executive Managing Director and Head of Asia-Pacific, and Mr. Surinder D Kathpalia, Managing Director and ASEAN Head of Standard and Poor's.

The signing ceremony between TRIS Rating and Standard & Poor's officially opened a new chapter of the relationship between both rating agencies since Standard & Poor's purchased shares of TRIS Corporation, TRIS Rating's parent company, in late 2011. In addition, the ceremony marks a renewal of partnership between both agencies since 1996 when Standard & Poor's had provided TRIS Rating with technical supports during the first three years of its foundation (1993-1996). TRIS Rating was previously known as Thai Rating and Information Service Co., Ltd. (TRIS). TRIS was founded in 1993 and separated the credit rating services to TRIS Rating in 2002.

The business partnership between TRIS Rating and Standard & Poor's will involve technical collaborations and supports for the ratings of structured finance instruments, as well as advancing credit rating services into a broader market. In addition, the partnership is in line with the direction of the capital market development in Thailand under the framework of the ASEAN Economic Community (AEC) to be implemented in 2015.

After the signing ceremony, TRIS Rating held its annual 2012 seminar entitled "AEC and the Effect on Thai Business", taking an occasion to celebrate 19 years of credit rating services. The seminar opened with Prof. Dr. Somchai giving his remark, followed by Dr. Vorapol Socratyanurak, Secretary General of the Securities and Exchange Commission of Thailand, addressing on "AEC and the Development of Capital Market in Thailand". After that, Mr. Kim Eng Tan, Senior Director, Standard &

Poor's Sovereign Ratings (Asia Pacific), gave his presentation on "S&P's Outlook for Thailand's Sovereign Rating".

The seminar concluded with a lively discussion on "AEC and Effect on Thai Business", featuring three distinguished panelists including Dr. Twatchai Yongkittikul, Secretary General of the Thai Bankers' Association, Mr. Korrakod Padungjitt, Deputy Secretary General of the Federation of Thai Industries, and Dr. Santi Kiranand, TRIS Rating's President. The panelists had discussed and exchanged opinions on what would be the impacts and implications on the business and financial sectors when AEC takes effect in 2015, as well as how operators in various segments had adapted and should have prepared themselves.

Dr. Santi said that TRIS Rating currently rated 115 firms in various sectors, including industrial, agriculture, services, and financial sectors. He further commented that most of the rated companies should not be immediately impacted from the AEC implementation in 2015. This is because TRIS Rating's clients are mostly large corporations with strong competitive edges. Several firms had already expanded their production bases and markets overseas. A number of them operated businesses in regions far beyond ASEAN.

Dr. Santi added that rated companies with strong financial profiles and competitive edges should be able to capture greater business opportunities following market liberalization in the ASEAN region. On the other hand, Dr. Santi cautioned that smaller operators with weaker financial profiles could face rising challenges from higher competition from foreign firms, as well as retaining resources from being diverted to stronger rivals.

"Several TRIS Rating's clients had already adjusted their business models to welcome AEC", Dr. Santi said. There had been several corporate mergers in banking, securities, and hospital industries. In addition, several firms in the retail sector began to expand their customer bases and products overseas.

As a rating agency, we look at business strategies and impacts on debt levels and financial liquidity, Dr. Santi said. Mergers of connected businesses will help increase size and diversity. However, to determine the impacts on the credit ratings in several instances, strategies that could strengthen a company's business profile in the longer run might have to be weighed against rising debt levels and falling liquidity in the short to medium term.

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