

# ALPHA CAPITAL PARTNERS GROUP PLC

No. 74/2025  
9 May 2025

## FINANCIAL INSTITUTIONS

**Company Rating:** BB+  
**Outlook:** Stable

**Last Review Date:** 07/05/24

**Company Rating History:**

Date	Rating	Outlook/Alert
09/05/23	BB+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Alpha Capital Partners Group PLC (ACPG) at “BB+” with a “stable” outlook. The rating is underpinned by its established track record in the distressed asset management sector, conservative financial leverage, prudent risk management practices, and moderate earnings capacity.

The rating is partly tempered by the company’s moderate operational scale, its concentrated and restricted funding sources, and moderate liquidity profile. The rating also incorporates the inherent risks associated with uncertain cashflows and asset concentration risks.

## KEY RATING CONSIDERATIONS

### Financial leverage remains low

ACPG’s capital and leverage position is assessed as ‘very strong’ based on projections of a consistently low debt-to-equity ratio, averaged at 0.90 times for 2025-2027, driven by reduced borrowing needs. This is due to its cautious non-performing loan (NPL) acquisition strategy in response to economic weakness and property sector challenges that could make cash collections and asset disposals more difficult.

We now project annual distressed asset investment at THB1.2 billion, down from THB2.5-THB3.5 billion previously, which should be adequately supported by expected annual cash collections of THB1.3-THB1.4 billion through 2027. Consequently, the company’s deferred Stock Exchange of Thailand (SET) initial public offering (IPO) amid weak capital market conditions should not impact operations.

### Gradual earnings recovery despite challenges

ACPG’s earnings capacity has weakened in recent years, aligning with industry trends, but we maintain our ‘moderate’ earnings assessment based on projected improvement. ACPG’s return on average assets (ROAA) dropped significantly to 1.14% in 2024 from 3.45% in 2023 as net income fell to THB78 million from THB215 million. This was due to weaker cash collections and higher provisions for a specific NPL portfolio requiring cash flow revisions.

The collection challenges stemmed from economic sluggishness and tightened bank mortgage lending, which hindered both customer debt servicing abilities and non-performing asset (NPA) disposals. However, we project ROAA will gradually recover to approximately 2% by 2026-2027, driven by increased collections from newly acquired distressed assets and enhanced cash collection strategies, including extended restructured loan tenors, diversified NPA disposal channels with strategic discounts, and effective cost control measures.

We forecast cash collections to grow from THB1.2 billion in 2024 to THB1.4 billion by 2027, with cash collection to average assets stabilizing at 17%-18%. Simultaneously, operating expenses as a percentage of gross revenue is projected to fall from 45% in 2023 to 37% by 2027.

### Market position anchored by consistent asset acquisitions

ACPG maintains a ‘moderate’ business position as a mid-tier player in Thailand’s distressed asset management industry. As of 2024, the company retained its ranking as the sixth largest asset management company (AMC) in

Thailand, with a stable market share of 2.3%, up slightly from 2.2% in 2022. ACPG's total assets reached THB7.2 billion against the industry's THB305.8 billion, with gross managed assets of THB5.5 billion comprising NPLs of THB3.8 billion (excluding accrued interest) and NPAs of THB1.7 billion.

The company has demonstrated decent and consistent asset growth momentum with an 11.4% three-year CAGR for 2022-2024, reflecting positive changes following shifts in shareholding structure since 2022. While ACPG plans continued asset investments through 2025-2027, it will proceed at a more measured pace than in recent years.

ACPG's competitive position is further strengthened by its experienced management team, established relationships with commercial banks, and robust operational and data management systems. Notably, the company's cash collection performance has shown greater stability compared to industry peers.

#### **Limited funding, manageable liquidity**

ACPG maintains a 'moderate' funding and liquidity position despite constrained and undiversified funding sources. The company accesses capital markets through bond issuances for long-term funding while managing liquidity through limited bank credit facilities. Though ACPG can borrow from major shareholders and related parties, this option is less stable and more expensive.

As of year-end 2024, ACPG's debt obligations totalled THB3.0 billion, comprising THB1.7 billion in debentures, THB862 million in long-term loans from other parties, and THB463 million in bank credit facilities. With approximately THB1.0 billion maturing within 12 months, the company plans to meet these obligations through cash collections from NPL and NPA management, NPA sales proceeds, and new bond issuances. ACPG is also pursuing additional credit facilities from financial institutions to diversify its funding sources.

We anticipate ACPG's liquidity will remain manageable as its operational cash flow should adequately support liquidity requirements and debt repayments.

#### **Strong risk framework with asset concentration challenges**

ACPG's 'moderate' risk position stems from a strong risk management framework offset by asset concentration challenges. The company leverages a robust database and operational systems established during its 1998 founding as GE Capital's NPL management unit. Comprehensive data and experienced personnel effectively support distressed asset valuation, pricing, and disposal.

While the top 20 NPLs decreased from 54% of the portfolio in 2022 to 36% in 2024, the two largest exposures still account for approximately 28%, creating potential liquidity challenges if their liquidation extends. The remaining NPLs are smaller with good diversification across property types and locations. In response to the property sector downturn and sluggish economy, ACPG has adopted a more selective acquisition strategy, focusing on smaller, retail-based NPLs.

#### **BASE-CASE ASSUMPTIONS**

TRIS Rating's base-case assumptions for 2025-2027 are:

- New NPL investments of THB1.2 billion per year.
- Total cash collection to average assets ratio at around 17%-18%.
- Funding cost at about 7.5%-8.0%.
- Operating expenses to total income ratio at around 40%.

#### **RATING OUTLOOK**

The "stable" outlook reflects our expectation that ACPG will continue to maintain its strong capital position and gradually improve its financial performance and funding profile.

#### **RATING SENSITIVITIES**

A rating and/or outlook upgrade could occur if the company is able to recover its financial performance, improve its funding profile, while maintain prudent financial leverage on a sustained basis.

The rating and/or outlook could be revised downward if the company's financial leverage increases significantly or its financial performance is weaker than our base case scenario for a prolonged period.

## COMPANY OVERVIEW

ACPG was established on 4 October 2021 with a registered capital of THB5 million as a holding company to combine two distressed asset management companies (DAMC), namely Alpha Capital Asset Management Company (ALPHA) and Wireless Asset Management Company (WAMC). Its subsidiaries were licensed by the Bank of Thailand (BOT) to operate asset management business. The principal activities of the company and its subsidiaries are managing substandard assets purchased or transferred from financial institutions and other AMCs, as well as debt management and debt collection.

ACPG is one of the largest private AMCs in Thailand, with a focus on secured NPLs. ACPG's core business is distressed asset management which includes NPLs, acquired from financial institutions, and NPAs, mainly transferred from NPLs. ACPG's business is counter-cyclical in nature, acquiring large amounts of distressed assets during economic downturns and turning those assets into high-margin income during economic upcycles. The business is capital intensive due to an average payback period of five to seven years.

The major shareholders of the company are Pacific Investment Management (Mauritius) Ltd. (51% shareholding) and 9 Basil Pte. Ltd. (9 Basil). Pacific Investment Management (Mauritius) is 100% owned by Ares SSG Capital Management Ltd. (SSG), which is an Asia-Pacific asset management subsidiary of Ares Management Corp. (ARES), a leading global alternative investment fund.

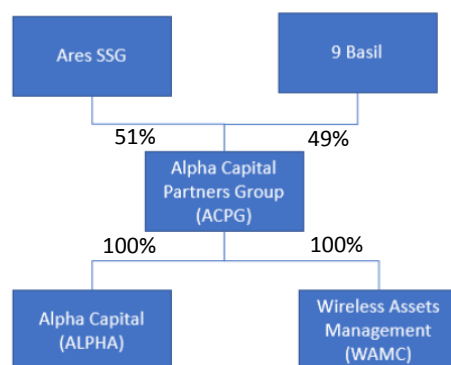
ALPHA was reestablished in 2008 as GE Capital's new NPL platform along with the Ratanarak Group. GE Capital and Goldman Sachs Group Inc. formed a joint venture in 1998 to acquire and manage distressed assets under an entity called Bangkok Capital Alliance Co., Ltd. (BCA) and Alpha Capital AMC (previous entity of ALPHA). In 2016, SSG acquired 100% shares of ALPHA from GE Capital. In 2019, SSG formed a strategic partnership with 9 Basil which came in as a 49% shareholder.

WAMC was established in 2017 as a joint venture between Lone Star Funds and SSG Capital Holdings Ltd. In 2021, SSG and 9 Basil acquired ownership in WAMC from Lone Star Funds with SSG and 9 Basil holding 51% and 49% shares, respectively.

In the fourth quarter of 2021 (4Q2021), ACPG increased its share capital to THB1.2 billion by issuing 119.07 million shares at par value of THB10 to acquire ALPHA through a share swap. In 2Q2022, ACPG increased its share capital to THB3.1 billion by issuing 190.22 million shares at a par value of THB10 to acquire WAMC through a share swap. In 3Q2022, ACPG increased its capital to THB3.5 billion by issuing 37.29 million new shares at a par value of THB10. The group restructuring was completed in 2022 with ACPG holding 100% shares in ALPHA and WAMC.

## KEY OPERATING PERFORMANCE

**Picture 1: ACPG's Ownerships in Subsidiaries**



Source: ACPG

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS**

Unit: Mil. THB

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total assets	7,185	6,554	5,920	5,191	1,451
Total managed assets	5,963	5,524	4,533	3,940	879
Loan purchased – net	4,241	3,490	2,502	2,453	587
Properties foreclosed – net	1,722	2,035	2,030	1,488	292
Total borrowings	2,995	2,286	2,313	3,373	-
Short-term borrowings	831	793	1,593	-	-
Long-term borrowings	2,164	1,494	720	2,680	-
Shareholder's equity	3,765	3,688	3,470	1,622	1,391
Total revenue	692	758	852	585	396
Interest expenses	207	176	166	108	1
Operating expenses	308	305	321	221	166
Earnings before interest and taxes (EBIT)	299	458	416	120	138
Net income	78	215	203	7	138

Unit: %

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
<b>Profitability</b>					
Operating income/average assets	7.06	9.34	12.35	14.36	27.96
Operating income/total income	70.07	76.81	80.49	81.51	99.86
Operating profit/average assets	2.57	4.45	6.58	7.70	16.26
Earnings before taxes/average assets	1.34	4.53	4.50	0.35	9.70
Return on average assets	1.14	3.45	3.65	0.20	9.78
Return on average equity	2.09	6.01	7.96	0.45	10.48
<b>Capitalization</b>					
Debt/equity (times)	0.91	0.78	0.71	2.20	0.04
Shareholders' equity/total managed assets	63.14	66.76	76.56	41.17	158.22
<b>Funding and Liquidity</b>					
Short-term borrowings/total liabilities	24.29	27.65	65.02	-	-
Total managed assets/total assets	83.00	84.29	76.56	75.91	60.59
<b>Operating Efficiency</b>					
Operating expenses/operating income	63.56	52.31	46.74	46.37	41.84
Non-performing loan (NPL) cash collection to net NPL	12.25	19.67	35.45	17.14	19.43
Non-performing asset (NPA) cash collection to net NPA	37.93	40.04	30.33	22.31	73.53

**RELATED CRITERIA**

- Financial Institution Rating Methodology, 24 November 2023

## Alpha Capital Partners Group PLC (ACPG)

<b>Company Rating:</b>	BB+
<b>Rating Outlook:</b>	Stable

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