

23 NOVEMBER 2020

THAILAND / ASSET MANAGEMENT COMPANIES

# CHAYO GROUP CHAYO TB

## BUY

  
UNCHANGED

TARGET PRICE	THB9.70
CLOSE	THB7.75
UP/DOWNSIDE	+25.2%
PRIOR TP	THB9.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+8.3%

## เล็กแต่ดี

### ผู้บริหารให้แนวโน้มเป็นบวกเล็กน้อย

เมื่อวันที่ 19 พ.ย. เราจัดประชุมให้นักลงทุนสถาบันพบกับ 3 ผู้บริหารหลักของ CHAYO ประกอบด้วยคุณสุสันต์ ยศสินธุ์ ประธานเจ้าหน้าที่บริหาร คุณกิตติ ตั้งศรีวงศ์ รองประธานเจ้าหน้าที่บริหาร และคุณณฐพล ทิพชัชวาลวงศ์ ประธานเจ้าหน้าที่บริหารสายบัญชีการเงิน ผู้บริหารคาดว่าจะการเก็บชำระหนี้ของบริษัทจะดีขึ้นในปีหน้าจากการขายสินทรัพย์หรือการขาย (NPA) และสินเชื่อที่ไม่ก่อให้เกิดรายได้ (NPL) ที่มากขึ้น นอกจากนี้ บริษัทฯ ยังคาดว่าจะสรุปการลงทุนในกิจการร่วมทุน (JV) ได้ภายในปีนี้

### การเก็บชำระหนี้ดีขึ้นจากการขาย NPA และ NPL ที่เพิ่มขึ้นในปี 2021

CHAYO ซื้อ NPAs และ NPLs เป็นจำนวนมากอย่างต่อเนื่องนับตั้งแต่ปี 2018 โดยปกติ บริษัทฯ ใช้เวลา 2-3 ปีในการขาย NPA/NPL ดังนั้นผู้บริหารจึงคาดว่าจะการขาย NPA/NPL จะเพิ่มขึ้นในปี 2021 นอกจากนี้ผู้บริหารยังคาดว่าจะการซื้อ NPA/NPL ที่ตัดจำหน่ายแล้วเพิ่มจำนวน ซึ่งปัจจุบันอยู่ที่ 25.7 พัน ลบ. จะสร้างรายได้เพิ่มขึ้น โดยอยู่ที่ประมาณ 80 ลบ. ในปี 2021 การขายสินทรัพย์ด้วยคุณภาพที่เพิ่มขึ้น พร้อมกับเงินสดที่ได้จากพอร์ต NPA/NPL ที่ตัดจำหน่ายแล้วเพิ่มจำนวนควรมีส่วนช่วยเพิ่มการเก็บชำระหนี้ของบริษัทฯ ในปีหน้า

### อาจมี Upside จาก JV

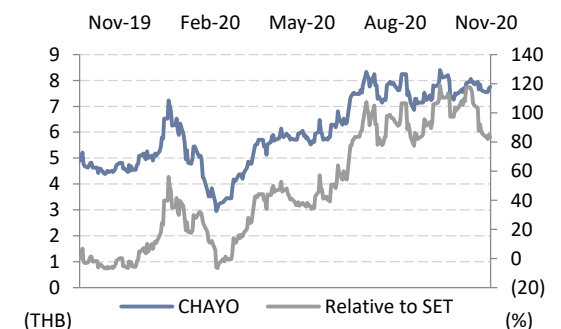
CHAYO มีข้อจำกัดสำคัญในการขยายธุรกิจจากแหล่งเงินทุนที่มีจำกัด แม้ว่าอัตราส่วนหนี้สินต่อทุนของบริษัทฯ ในปัจจุบันที่ 0.81x ยังต่ำกว่า Debt Covenant ที่ 1.7x ธนาคารก็ไม่มีแนวโน้มที่จะปล่อยสินเชื่อให้กับ CHAYO เนื่องจากยังเป็นบริษัทขนาดเล็ก ดังนั้น CHAYO จึงได้จัดตั้ง JV เพื่อปลดล็อกข้อจำกัดในด้านเงินทุน ซึ่งหุ้นส่วน (ซึ่งยังไม่ระบุจำนวน) จะเป็นผู้สนับสนุนแหล่งเงินทุน ในทางกลับกัน CHAYO จะให้ประสบการณ์ในการดำเนินงานที่มีมาอย่างยาวนานกับธุรกิจ พร้อมกับพนักงานที่มากประสบการณ์และระบบการเก็บชำระหนี้ที่เชื่อถือได้ JV ดังกล่าวยังมีแผนซื้อหนี้ด้วยคุณภาพที่มีหลักประกันอีก 1 พัน ลบ. ในปี 2021 เพิ่มจาก CHAYO ซึ่งก็มีแผนซื้อหนี้ จำนวน 1 พัน ลบ. ผู้บริหารมองว่าการลงทุนดังกล่าวจะสรุปได้ภายในปีนี้

### คงคำแนะนำซื้อที่ราคาเป้าหมาย 9.7 บาท

เราคงคำแนะนำซื้อ CHAYO ที่ราคาเป้าหมาย 9.7 บาท เนื่องจากเราเชื่อว่าบริษัทฯ มีข้อได้เปรียบที่เห็นได้ชัดเหนือคู่แข่ง ประกอบด้วย 1) พอร์ตสินทรัพย์ด้วยคุณภาพสูงผสมทั้งที่มีและไม่มีหลักประกัน โดยพอร์ตที่มีความสมดุลยดีดังกล่าวควรให้การเติบโตที่ยั่งยืนได้ในระยะยาว; และ 2) ขนาดสินทรัพย์ที่เล็กกว่าเพื่อนจะให้ความยืดหยุ่นในการดำเนินงานที่สูงกว่า อย่างไรก็ตาม เราเห็นว่าราคาหุ้นของ CHAYO อาจเคลื่อนไหวในระดับที่ต่ำกว่าตลาด เนื่องจากวัคซีน COVID-19 อาจทำให้ตลาดหุ้นไปซบหน้าราคาถูก ซึ่งอาจได้อานิสงส์จากวัคซีน

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	140	196	277	353
Net profit	111	156	221	282
EPS (THB)	0.18	0.21	0.27	0.30
vs Consensus (%)	-	(7.5)	(10.6)	-
Core net profit	111	156	221	282
Core EPS (THB)	0.18	0.21	0.27	0.30
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	15.5	16.7	31.9	12.3
Core P/E (x)	44.0	37.7	28.6	25.4
Dividend yield (%)	0.5	0.0	0.0	0.0
Price/book (x)	4.9	3.7	2.9	2.3
ROE (%)	12.8	12.0	11.7	10.6
ROA (%)	8.4	6.8	6.7	6.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.3	7.1	62.2
Relative to country (%)	(10.0)	(0.1)	86.5
Mkt cap (USD m)	180		
3m avg. daily turnover (USD m)	2.4		
Free float (%)	21		
Major shareholder	Yasasin Family (57%)		
12m high/low (THB)	8.70/2.80		
Issued shares (m)	0		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 พฤศจิกายน 2020

## Investment thesis

CHAYO is the smallest AMC, in terms of assets, among the AMCs under our coverage. However, the small asset size doesn't diminish the attractiveness of the company, in our view. In contrast, we believe its small asset size allows CHAYO greater operational agility. Furthermore, its unique and well-balanced hybrid portfolio, that includes unsecured and secured distressed assets, should provide sustainable growth for CHAYO in both the short and long term.

We expect CHAYO to enter a substantial growth phase, beginning with the second highest core profit growth out of the AMCs under coverage of 36% CAGR from 2020 to 2022, with a large increase of 42% y-y in 2021. We, therefore, rank CHAYO as our second preferred stock in the AMC sector.

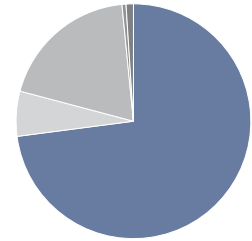
## Company profile

CHAYO provides services relating to debt collection, managing non-performing assets from purchases, transferring secured and non-secured non-performing assets from financial institutions and credit facility companies, providing call centre services, loans, and selling goods and/or providing services.

[www.chayo555.com](http://www.chayo555.com)

## Principal activities (revenue, 2019)

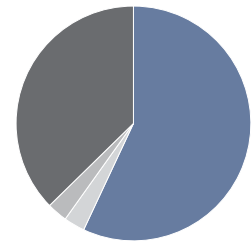
- NPLs management - 72.9 %
- NPAs management - 6.2 %
- Debt collection - 19.3 %
- Loan business - 0.6 %
- Other income - 1.0 %



Source: Chayo Group

## Major shareholders

- Yasasin Family - 57.0 %
- Piboon Sereevattana - 2.9 %
- Ritthirong Boonmechai - 2.8 %
- Others - 37.3 %



Source: Chayo Group

## Catalyst

Potential catalysts to drive CHAYO's share price include 1) obtaining permission from the Thailand Stock Exchange to move its trading to the SET from the MAI; 2) being rated by TRIS Rating (not listed); and 3) a sale of big value assets in the range of THB100m-150m.

## Risk to our call

Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

## Event calendar

Date	Event
Mid-Feb 2021	4Q20/2020 results announcement

## Key assumptions

	2020E (THB m)	2021E (THB m)	2022E (THB m)
Norm profit	156	221	282
<i>Norm profit growth (%)</i>	40.9	41.5	27.5
Cash collection	347	453	547
<i>Cash collection ratio (%)</i>	21.3	17.6	14.7
NPL + NPA purchases	917	1,188	1,422
<i>NPL + NPA purchase growth (%)</i>	39.0	29.5	19.7

Source: FSSIA estimates

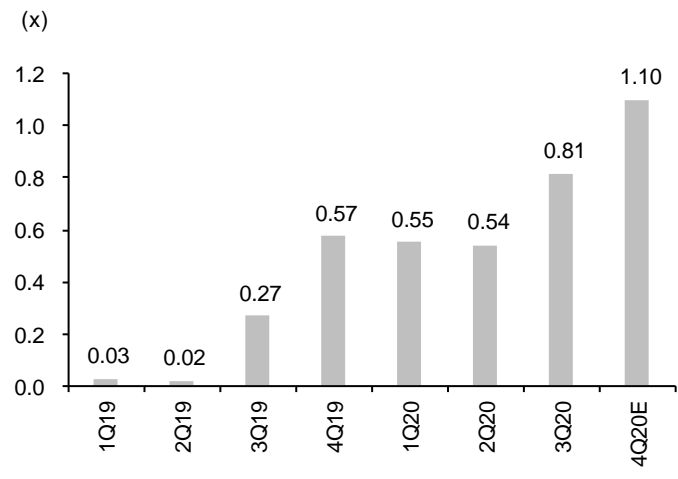
## Earnings sensitivity

		----- 2021E -----		
Cash collection ratio	±50bp	17.1	17.57	18.1
% change in net profit		(3.9)	-	3.9
Cost to income	±1ppt	33.2	34.2	35.2
% change in net profit		(3.0)	-	3.0

Source: FSSIA estimates

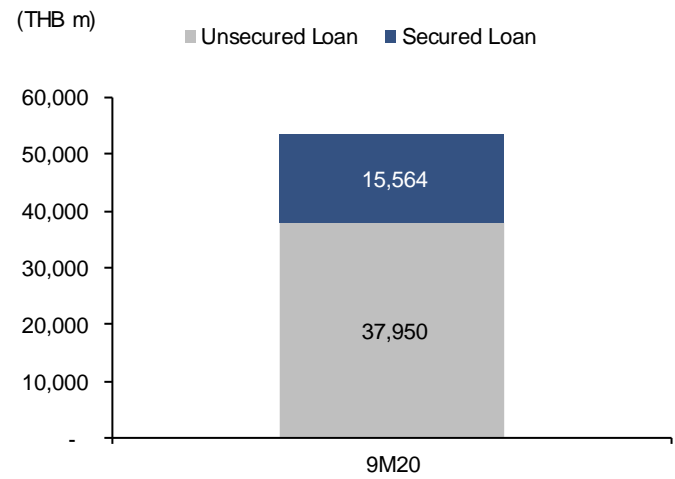


Exhibit 1: Interest bearing debt to equity ratio (IBD/E ratio)



Sources: CHAYO; FSSIA estimates

Exhibit 2: 9M20 portfolio structure by claim value



Sources: CHAYO; FSSIA's compilation

## Financial Statements

### Chayo Group

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	213	234	441	564	720
Interest expense	(3)	(9)	(47)	(72)	(95)
Net interest income	210	225	394	492	625
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	52	84	64	79	87
Non interest income	52	84	64	79	87
Total income	262	309	458	571	712
Staff costs	-	-	-	-	-
Other operating costs	(152)	(169)	(177)	(195)	(214)
Operating costs	(152)	(169)	(177)	(195)	(214)
Pre provision operating profit	109	140	281	376	497
Provision for bad and doubtful debt	0	0	(85)	(99)	(144)
Other provisions	-	-	-	-	-
Operating profit	109	140	196	277	353
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	109	140	196	277	353
Tax	(24)	(29)	(39)	(55)	(71)
Profit after tax	85	111	156	221	282
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	85	111	156	221	282
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	85	111	156	221	282
<b>Per share (THB)</b>					
Recurring EPS *	0.15	0.18	0.21	0.27	0.30
Reported EPS	0.15	0.18	0.21	0.27	0.30
DPS	0.11	0.04	0.00	0.00	0.00
<b>Growth</b>					
Net interest income (%)	30.6	6.9	75.5	24.9	27.0
Non interest income (%)	16.1	62.9	(23.9)	23.0	10.0
Pre provision operating profit (%)	25.9	28.1	100.6	33.8	32.3
Operating profit (%)	25.9	28.1	39.7	41.5	27.5
Reported net profit (%)	46.7	30.0	40.9	41.5	27.5
Recurring EPS (%)	10.0	15.5	16.7	31.9	12.3
Reported EPS (%)	10.0	15.5	16.7	31.9	12.3
<b>Income Breakdown</b>					
Net interest income (%)	80.2	72.7	86.0	86.2	87.8
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	19.8	27.3	14.0	13.8	12.2
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	6.97	3.01	6.30	6.25	6.25
Net interest spread (%)	(6.97)	(3.01)	(6.30)	(6.25)	(6.25)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	58.2	54.7	38.7	34.2	30.1
Cost/assets(%)	24.5	12.7	7.7	5.9	4.8
Effective tax rate (%)	21.8	20.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	72.1	21.6	1.1	0.7	0.6
ROE (%)	15.8	12.8	12.0	11.7	10.6
ROE - COE (%)	5.0	2.0	1.2	0.9	(0.2)
ROA (%)	13.7	8.4	6.8	6.7	6.3
RORWA (%)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Chayo Group; FSSIA estimates

## Financial Statements

### Chayo Group

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	603	1,131	1,962	2,996	4,225
Total provisions	(9)	(9)	(95)	(194)	(338)
interest in suspense	0	0	157	240	338
<b>Net customer loans</b>	<b>594</b>	<b>1,122</b>	<b>2,025</b>	<b>3,042</b>	<b>4,225</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	101	101	101	101
Cash & equivalents	149	360	368	334	344
Other interesting assets	14	145	178	205	235
Tangible fixed assets	34	31	32	34	36
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	38	66	98	135	179
<b>Total assets</b>	<b>829</b>	<b>1,825</b>	<b>2,802</b>	<b>3,851</b>	<b>5,120</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	31	575	921	1,381	1,657
Non interest bearing liabilities	34	247	272	299	329
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>66</b>	<b>823</b>	<b>1,193</b>	<b>1,680</b>	<b>1,986</b>
Share capital	280	315	469	496	551
Reserves	468	672	1,141	1,674	2,582
<b>Total equity</b>	<b>748</b>	<b>987</b>	<b>1,609</b>	<b>2,170</b>	<b>3,133</b>
Minority interests	15	15	0	0	0
<b>Total liabilities &amp; equity</b>	<b>829</b>	<b>1,825</b>	<b>2,802</b>	<b>3,851</b>	<b>5,120</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	41	303	748	1,151	1,519
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
<b>Per share (THB)</b>					
Book value per share	1.34	1.57	2.12	2.66	3.38
Tangible book value per share	1.34	1.57	2.12	2.66	3.38
<b>Growth</b>					
Gross customer loans	114.0	87.5	73.5	52.7	41.0
Average interest earning assets	-	-	-	-	-
Total asset (%)	99.4	120.2	53.6	37.4	33.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	90.3	54.1	57.4	56.4	61.2
Tangible equity/assets (%)	90.3	54.1	57.4	56.4	61.2
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	1.5	0.8	4.8	4.6	8.0
Total provisions/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	50.8	44.0	37.7	28.6	25.4
Recurring P/E @ target price (x) *	63.6	55.0	47.2	35.8	31.8
Reported P/E (x)	50.8	44.0	37.7	28.6	25.4
Dividend yield (%)	1.4	0.5	0.0	0.0	0.0
Price/book (x)	5.8	4.9	3.7	2.9	2.3
Price/tangible book (x)	5.8	4.9	3.7	2.9	2.3
Price/tangible book @ target price (x)	7.3	6.2	4.6	3.6	2.9

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGC	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIUK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range		Number of Logo					Description			
90-100							Excellent			
80-89							Very Good			
70-79							Good			
60-69							Satisfactory			
50-59							Pass			
Less than 50		No logo given					-			

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAH	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

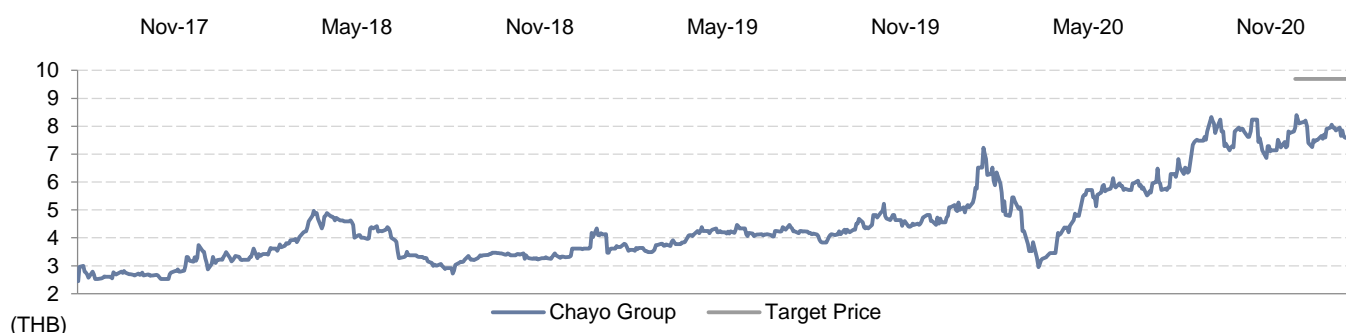
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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#### History of change in investment rating and/or target price

#### Chayo Group (CHAYO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	9.70	-	-	-	-	-	-

Yuvanart Suwanumphai Started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 7.75	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 20-Nov-2020 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.