

23 DECEMBER 2020

THAILAND / DIVERSIFIED FINANCIALS

MICRO LEASING MICRO TB

BUY

TARGET PRICE THB7.50
CLOSE THB5.40
UP/DOWNSIDE +38.9%
TP vs CONSENSUS +120.6%

โตอย่างก้าวกระโดด

คาดการณ์กำไรสุทธิจะเพิ่ม 39% ในปี 2021 และ 32% CAGR ในช่วง 2020-22

เราคาดว่า MICRO จะรายงานกำไรสุทธิโต 39% ในปี 2021 และ 32% CAGR ในช่วง 2020-22 เนื่องจากเราคาดว่า 1) สินเชื่อจะโตสูงถึง 30% ในปี 2021 และ 26% CAGR ในช่วง 2020-2022; 2) interest and fee NIM จะเพิ่มเป็น 17.6%/17.2% ในปี 2021-22; 3) อัตราส่วนสำรองต่อสินเชื่อเฉลี่ย (Credit Cost) จะลดลงเหลือ 230/230 bps ในปี 2021-22 เทียบกับ 238 bps ในปี 2020E จากการบริหารคุณภาพสินทรัพย์ที่ดีขึ้น; และ 4) อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้รวมจะลดลงเหลือ 38.1%/36.0% ในปี 2021-22 เทียบกับ 40.1% ในปี 2020E จากขนาดการดำเนินงานที่ใหญ่ขึ้น

คาดการณ์ยอดขายสินเชื่อจะโตในปี 2020-22

เราคาดว่า MICRO จะรายงานสินเชื่อโตดี โดยคาดว่าจะอยู่ที่ 30% Y-Y ในปี 2021 และ 26% Y-Y CAGR ในช่วงปี 2020-22 เนื่องจากเราคาดว่าบริษัท จะแย่งชิงส่วนแบ่งตลาดได้เพิ่มจากผู้ประกอบการขนาดเล็ก MICRO รายงานสินเชื่อใหม่รวมอยู่ที่ประมาณ 800 ลบ. ในช่วง 9M20 คิดเป็น 4.9% ของตลาดรถบรรทุกมือสองรวม จากข้อมูลของผู้บริหาร MICRO ผู้ประกอบการรายใหญ่มีส่วนแบ่งตลาดสินเชื่อใหม่อยู่ที่ 30% ในขณะที่อีก 65% กระจายในกลุ่มผู้ประกอบการขนาดเล็กในประเทศ หลังบริษัท ได้แก้ไขข้อจำกัดในด้านเงินทุนด้วยการเสนอขายหุ้นให้กับประชาชนทั่วไปเป็นครั้งแรก (IPO) เราเชื่อว่า MICRO มีข้อได้เปรียบเหนือคู่แข่งรายใหญ่และคู่แข่งในประเทศเนื่องจาก 1) บริษัท มีกระบวนการอนุมัติที่รวดเร็วกว่าเมื่อเทียบกับคู่แข่งรายใหญ่; 2) บริษัท คิดอัตราดอกเบี้ยที่ต่ำกว่าเมื่อเทียบกับผู้ประกอบการรายย่อย; และ 3) บริษัท มีแผนขยายสาขาเพื่อให้บริการที่ดีขึ้นแก่ผู้ประกอบการเดินรถและนายหน้า นอกจากบริษัท จะได้ส่วนแบ่งตลาดเพิ่มขึ้นแล้ว MICRO ควรได้ประโยชน์จากความต้องการรถบรรทุกมือสองที่กำลังพุ่งสูงขึ้น ในช่วงแนวโน้มเศรษฐกิจอ่อนแอ ลูกค้ามีแนวโน้มเลือกรถบรรทุกมือสองเนื่องจากราคารถใหม่กับรถมือสองแตกต่างกันมาก

แนวโน้มขาขึ้นของ Interest and fee NIM

เราคาดว่า Interest and fee NIM ของ MICRO จะเพิ่มเป็น 17.6%/17.2% ในปี 2021-22 เทียบกับ 17.0% ในปี 2020E โดยได้แรงหนุนจาก 1) ดอกเบี้ยรับที่คงที่เนื่องจากเป็นตลาดเฉพาะกลุ่มและการแข่งขันไม่สูงเหมือนสินเชื่อทะเบียนรถมอเตอร์ไซด์; 2) การเพิ่มของค่าธรรมเนียมรับจากยอดขายผลิตภัณฑ์มูลค่าสูงที่เพิ่มขึ้น เช่น ประกันรถยนต์ชั้นหนึ่ง; และ 3) ต้นทุนการเงินที่ลดลงหลัง IPO

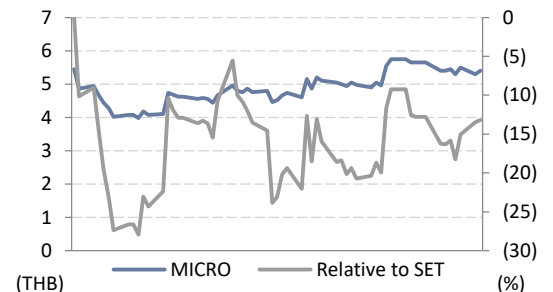
การประเมินมูลค่าในระดับที่สูงกว่าปกติสมเหตุสมผลจากอัตราการเติบโตที่สูง

เราเริ่มรายงาน MICRO ด้วยคำแนะนำซื้อที่ราคาเป้าหมายที่ 7.5 บาท (GGM, 11% cost of equity, 10.6% LT growth) ราคาเป้าหมายของเราเท่ากับ 2021E P/E ที่ 36x จากอัตราการเติบโตของกำไรสุทธิที่ 39.4% ในปี 2021E เทียบกับราคาเป้าหมายของ THANI ที่เท่ากับ 2021E P/E ที่ 11.4x จากอัตราการเติบโตของกำไรสุทธิที่ 13.5% ในปี 2021E เราชอบ MICRO มากกว่า THANI และเชื่อว่า MICRO สมควรได้รับการประเมินมูลค่าในระดับที่สูงกว่าปกติ โดยมีเหตุผลสนับสนุนจากแนวโน้มการเติบโตที่โดดเด่นของบริษัท

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	139	178	244	321
Net profit	111	138	193	253
EPS (THB)	0.16	0.18	0.21	0.27
vs Consensus (%)	-	20.0	10.5	12.5
Core net profit	111	138	193	253
Core EPS (THB)	0.16	0.18	0.21	0.27
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	5.5	15.2	13.1	31.4
Core P/E (x)	34.1	29.6	26.2	19.9
Dividend yield (%)	-	1.4	1.1	1.0
Price/book (x)	3.5	2.9	2.7	2.4
ROE (%)	10.8	9.8	10.6	12.7
ROA (%)	6.1	5.6	6.4	6.8

Share price performance since listing on 1 Oct 2020



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.8)	n/a	n/a
Relative to country (%)	(14.3)	n/a	n/a
Mkt cap (USD m)	167		
3m avg. daily turnover (USD m)	n/a		
Free float (%)	21		
Major shareholder	Auchyawat family (57%)		
12m high/low (THB)	6.15/3.74		
Issued shares (m)	935		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com
+66 2611 3554

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้เป็นผลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 ธันวาคม 2020

Investment thesis

Micro Leasing (MICRO) is a specialist second-hand truck lender in Thailand, with more than 26-years of experience in the business.

We expect MICRO to deliver outstanding net profit growth at 39% in 2021 at a 32% three-year 2020-22 CAGR, backed up by 1) remarkable loan growth; 2) a larger interest and fee NIM; 3) a lower credit cost; and 4) a lower cost to income ratio.

We believe MICRO deserves a premium valuation, justified by its outstanding growth outlook. Hence, we initiate coverage with a BUY rating.

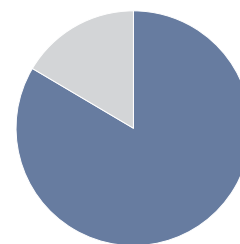
Company profile

Micro Leasing was founded in November 1994. The company specializes in providing second-hand 6- to 12-wheel truck loans for the top three brands in Thailand; Isuzu, Hino and Fuso. It lends under a hire-purchase agreement with a 70-85% loan-to-value and with loan durations of 4-5 years.

www.microleasingplc.com

Principal activities (revenue, 2019)

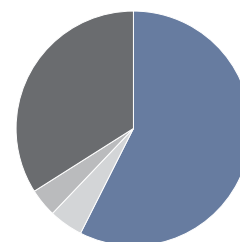
- Net interest income - 83.5 %
- Non-interest income - 16.5 %



Source: Micro Leasing

Major shareholders

- Auchyawat family - 57.4 %
- Termkunanon family - 4.7 %
- Jirothanapass family - 3.9 %
- Others - 34.0 %



Source: Micro Leasing

Catalyst

Potential share price catalysts for MICRO include: 1) higher loan growth due to gaining more market share from local peers; and 2) better-than-expected fee income.

Risk to our call

Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.

Event calendar

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

Key assumptions

Year to Dec	2020E	2021E	2022E
	(%)	(%)	(%)
Net profit (THB m)	138	193	253
Net profit growth	24.8	39.4	31.4
NIM	13.66	14.08	13.97
Loan growth	19.1	30.0	30.0
Fee growth	85.0	30.0	20.0
Non-NII growth*	71.0	27.8	18.9
Credit cost (bps)	238	230	230
Cost to income	40.1	38.1	36.0

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

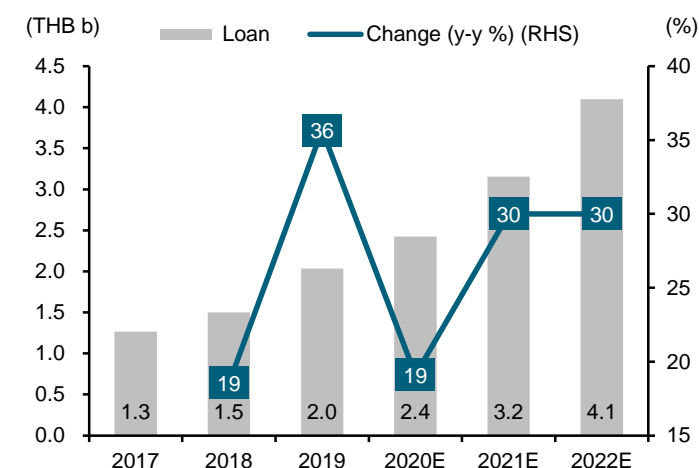
Year to Dec		2021E		
Loan growth	±2ppt	28.0	30.0	32.0
% change in net profit		(1.3)	-	1.3
NIM (%)	±5bp	14.03	14.08	14.13
% change in net profit		(0.8)	-	0.8
Credit cost (bps)	±10bp	220.0	230.0	240.0
% change in net profit		1.1	-	(1.1)

Source: FSSIA estimates

Notable loan growth in 2020-22 at the least

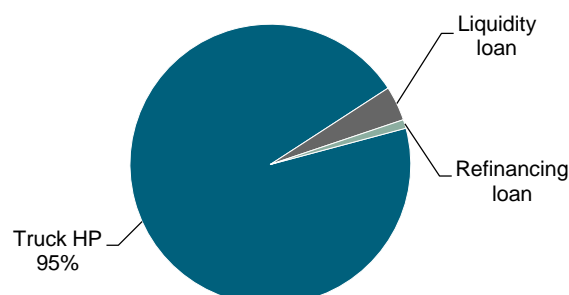
We expect MICRO to experience remarkable credit growth for at least the next three years, with 2021 and three-year 2020-22 CAGR loan growth that we project at 30% y-y and 26% y-y, respectively. This is based on 1) the company gaining more market share from small players; and 2) higher second-hand truck demand due to the weak economic outlook.

Exhibit 1: 2020-22E outstanding loan growth



Sources: MICRO; FSSIA estimates

Exhibit 2: 9M20 loan portfolio breakdown

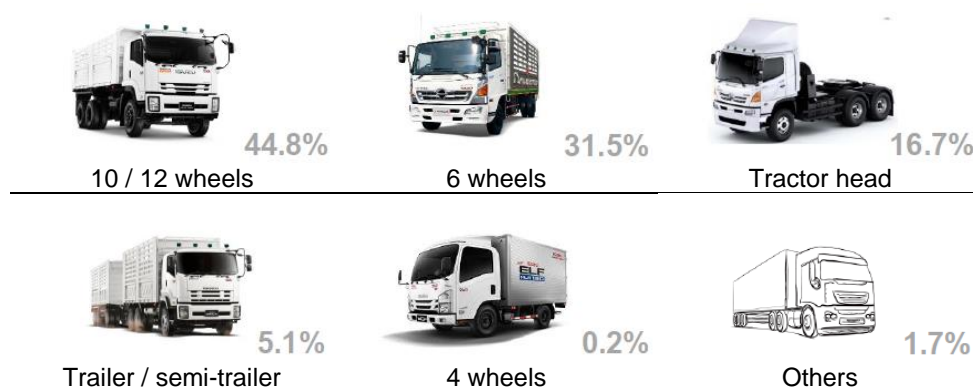


Sources: MICRO; FSSIA's compilation

Specialist in used car loans for over 26 years

MICRO specializes in providing loans for second-hand 6- to 12-wheel trucks, with c66% of its portfolio comprised of trucks aged between 6-15 years. The company focuses on the top three truck brands in Thailand, which are Isuzu, Hino and Fuso. It offers loans under hire-purchase contracts, with a loan-to-value (LTV) of 70-85%. Its average loan ticket size is THB800k per contract, with loan durations of around 4-5 years.

Exhibit 3: 76% of MICRO's portfolio consists of 6- to 12-wheel trucks (as of 3Q20)



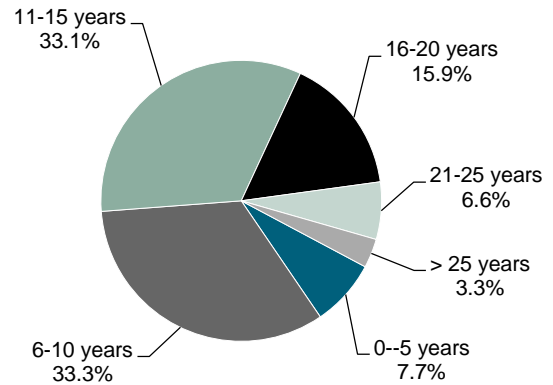
Source: MICRO

Exhibit 4: Main characteristics of MICRO's loans

Characteristic	Value
HP portfolio size (THB m)	THB 2,260.6m
No. of contracts	4,182
No. of customers	> 3,400
Interest rate	8-15% flat rate
Instalment period	4-5 years
Loan-to-value (LTV)	70-85%
HP per contract	THB 300,000-1,200,000
HP per contract – average	THB 800,000

Source: MICRO

Exhibit 5: 9M20 new loans classified by truck age



Source: MICRO

Holding only a 5% market share; poised for rapid growth

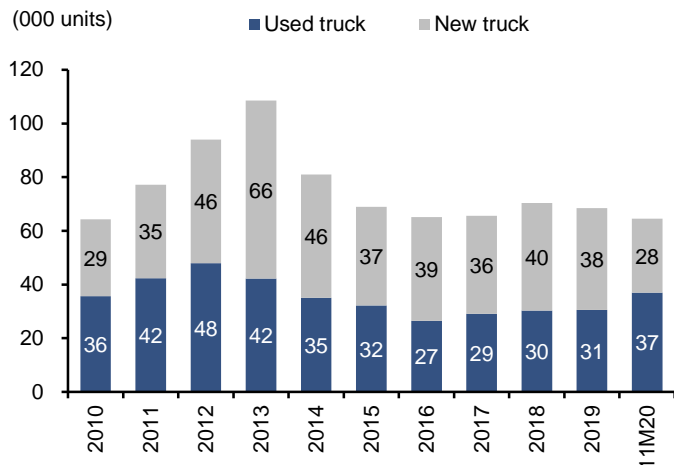
There are two major second-hand truck lending operators listed on Thailand's stock market – Ratchthani Leasing (THANI TB, BUY, TP THB4.3) and Asia Sermkij Leasing (ASK TB; not rated). As of 3Q20, THANI's outstanding loan portfolio was at THB49.4b, with its used truck portfolio accounting for 19%, or THB9.4b. Meanwhile, ASK's outstanding loan portfolio was at THB43.2b, with its used truck portfolio accounting for 18%, or THB7.8b. MICRO's portfolio is relatively small compared to its listed peers. As of 3Q20, its outstanding portfolio was only at THB2.3b.

Exhibit 6: Peers comparison

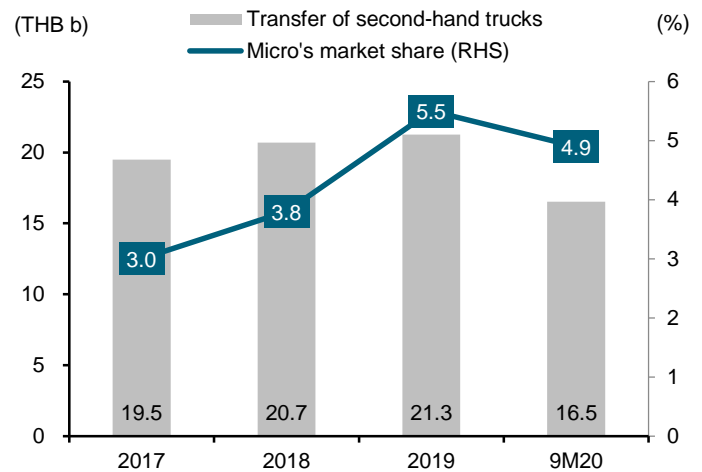
Company name	Micro Leasing	Asia Sermkij Leasing	Ratchthani Leasing	Srisawad Corporation	Muangthai Capital
Bloomberg code	MICRO TB	ASK TB	THANI TB	SAWAD TB	MTC TB
Portfolio size (THB b) at end-3Q20	2.3	43.2	49.4	39.2	67.2
Key lending business	Hire purchase	Hire purchase	Hire purchase	Auto-title loans	Auto-title loans
Key servicing area	Central	Nationwide	North/Northeast	Nationwide	Nationwide
Number of branches (no.)	12	16	10	4,660	4,798
Type of autos for lending	2nd hand	1st/2nd hand	1st/2nd hand	2nd hand	2nd hand
Proportion of 2nd hand autos (%)	100	25	30	~ 100	~ 100
Proportion of commercial vehicles (%)	100	60	65	n.a.	n.a.
Proportion of retail customers (%)	90	57	56	Mostly	Mostly
Maximum instalment period (no.)	60	60	60	48	48
Yield (%) as of 3Q20	16.2	7.5	6.9	20.2	21.8
Cost of funds (%) as of 3Q20	4.6	2.6	2.6	3.5	3.6
NPL ratio (%) as of 3Q20	5.0	2.6	5.4	4.5	1.0
Net yield on portfolio (%)	5.8	2.1	3.8	12.4	8.2

Sources: Company data; FSSIA's compilation

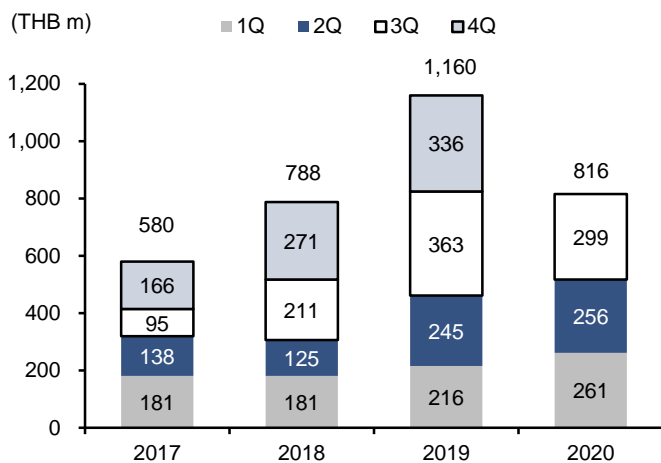
MICRO's new loan total was cTHB800m in 9M20; equal to 4.9% of the total used truck market share (market value per year cTHB20-21b). According to MICRO's management, the major players have a new loan market share of 30%, with 65% of the market fragmented amongst small local competitors.

Exhibit 7: Total units of registered trucks

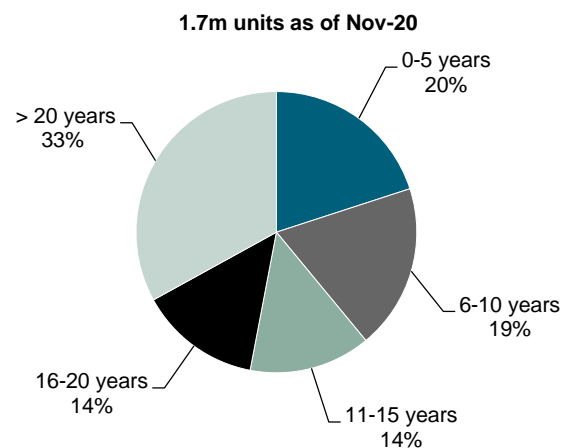
Sources: Department of Land Transport; MICRO; FSSIA's compilation

Exhibit 8: MICRO's new lending vs the transferred value of used trucks

Sources: Department of Land Transport; MICRO; FSSIA's calculation

Exhibit 9: MICRO's new loans

Sources: MICRO; FSSIA's compilation

Exhibit 10: Accumulated registered trucks by truck age (totalling 1.7 million trucks) as of Nov 2020

Sources: Department of Land Transport; MICRO; FSSIA's compilation

Hence, we believe that after unlocking its source of funding from its IPO, MICRO's loans should grow rapidly from gaining more market share from the small local competitors, supported by 1) its faster loan approval process vs the major players; 2) lower interest rate charges vs the local players; and 3) its branch expansion plan to provide better service for tent operators and agents.

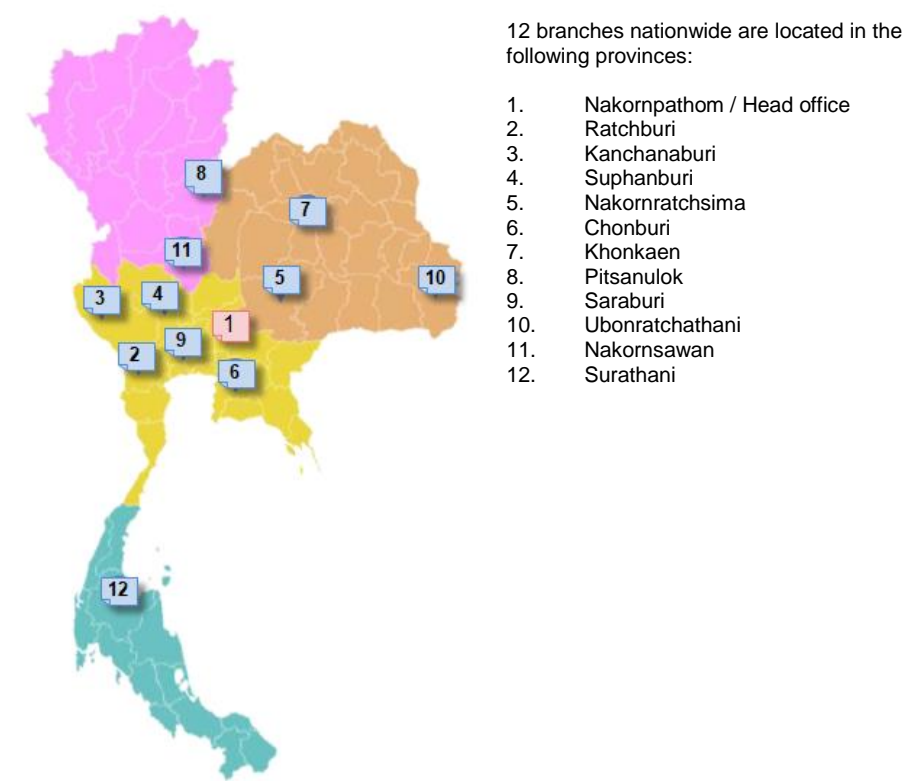
1) Faster loan approval process

MICRO has an advantage over the big players in terms of its credit approval speed – 3-5 days for MICRO vs 5-7 days for the big players – due to the decentralization of its credit approval process. District managers can approve loan amounts that do not exceed THB2.5m. Moreover, the company has also implemented a digital platform, i.e. a mobile application to help its staff collect customers' data more effectively.

2) Lower interest rate charges

After its IPO, MICRO is able to access a more diverse source of funds, i.e. bank loans and debentures. Therefore, it should have a lower cost of funds than its local peers, leading to lower interest rate charges.

Exhibit 11: MICRO’s twelve existing branch locations



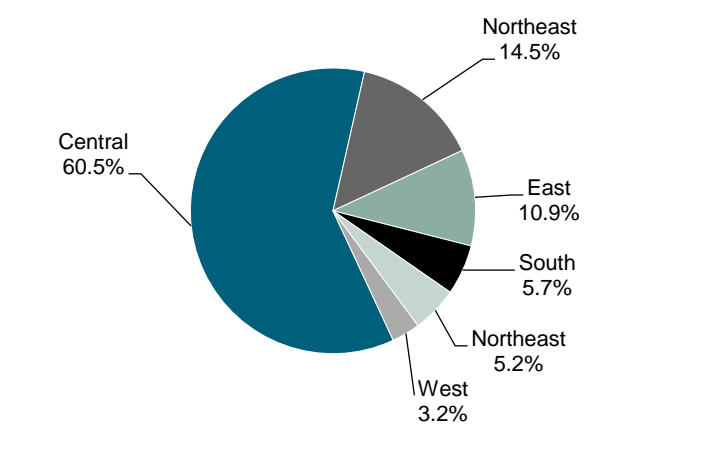
Source: MICRO

3) MICRO’s branch expansion plan

MICRO currently has 12 branches, most of which are located in the central area of Thailand. It plans to establish four more branches in 2021 to provide better service and a faster credit approval process for tent operators, which is its most important lending channel. There are 370 tent operators in MICRO’s network, with 200 active tent operators on its list. The company expects to increase the number of serviced tent operators to more than 400 following its branch expansion.

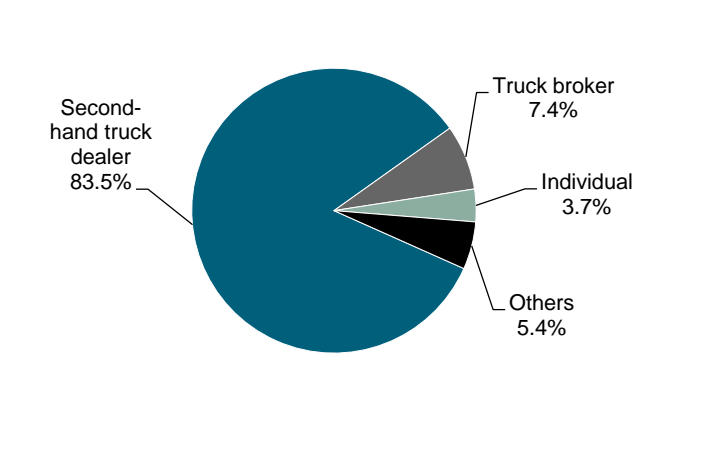
Moreover, the company also uses agents to expand its loans. At present, the company works with 100 agents. Its branch expansion should also benefit the agent channel, in our view.

Exhibit 12: Loans by region



Sources: MICRO; FSSIA’s compilation

Exhibit 13: New customers by sales channel – 6M20



Sources: MICRO; FSSIA’s compilation

Higher demand for used trucks; benefitting from the logistics segment

According to MICRO and ASK’s management, clients are likely to prefer second-hand trucks during the bleak economic outlook due to the significant price difference between new and used trucks.

Moreover, we believe MICRO will benefit from having 54% of its client base in the logistics segment, due to the boom in e-commerce and online sales in Thailand.

Exhibit 14: Customer segment breakdown

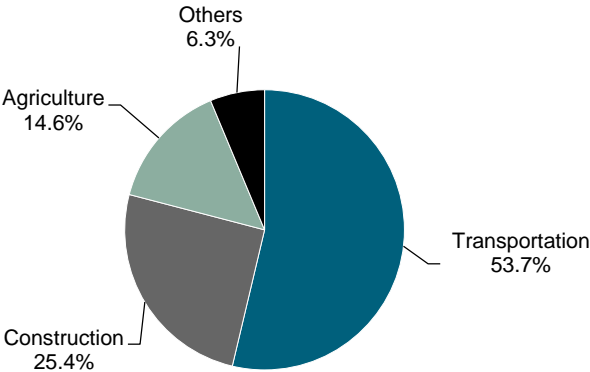
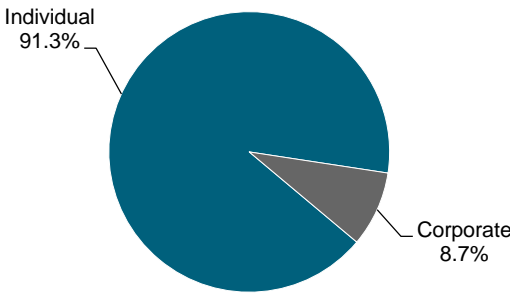


Exhibit 15: New lending by customer base



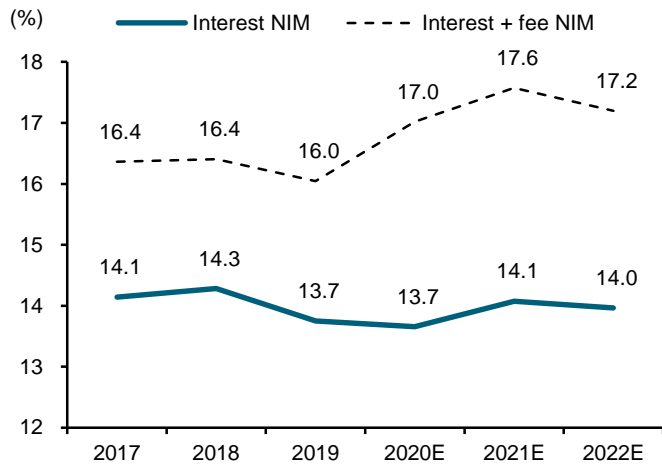
Note: Some truck-transport activities include the delivery of paper, labour, auto parts, electronic appliances, fertiliser, plastic pellets, frozen foods, consumer goods, animal feed, etc.
Sources: MICRO; FSSIA’s compilation

Sources: MICRO; FSSIA’s compilation

An uptrend in its interest and fee NIM

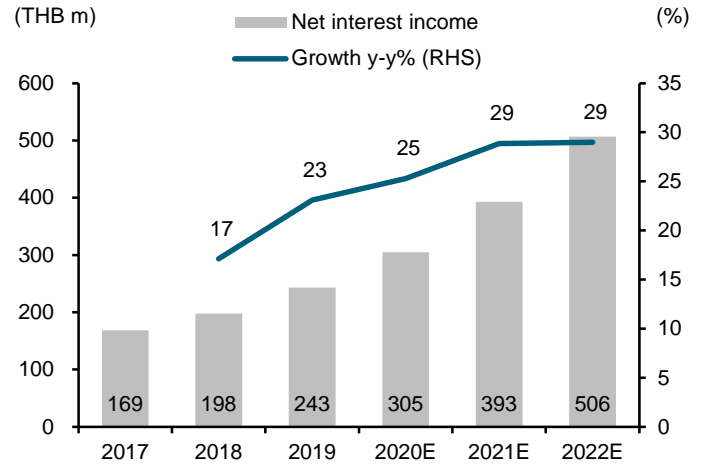
We expect MICRO's interest and fee NIM to increase to 17.6% in 2021 vs 17.0% in 2020E and 16.0% in 2019, supported by 1) a stable interest yield on loans due to being in a niche market not subject to intense competition like motorcycle title loans; 2) a rise in fee yields due to rising sales of higher value products, such as comprehensive car insurance; and 3) a lower cost of funds post-IPO.

Exhibit 16: Interest NIM vs interest + fee NIM



Sources: MICRO; FSSIA estimates

Exhibit 17: Net interest income growth

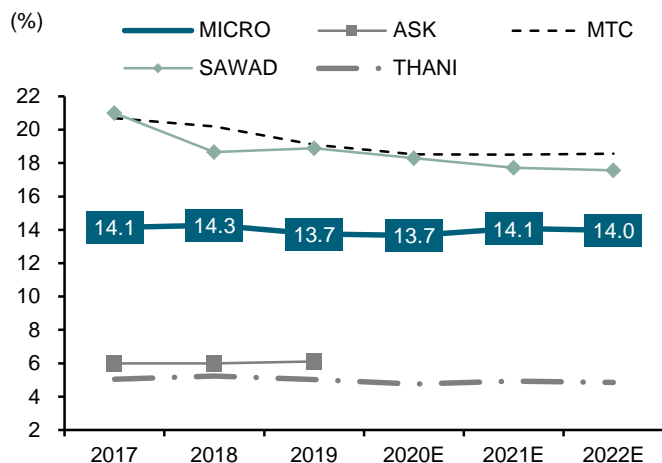


Sources: MICRO; FSSIA estimates

Stable interest on loans

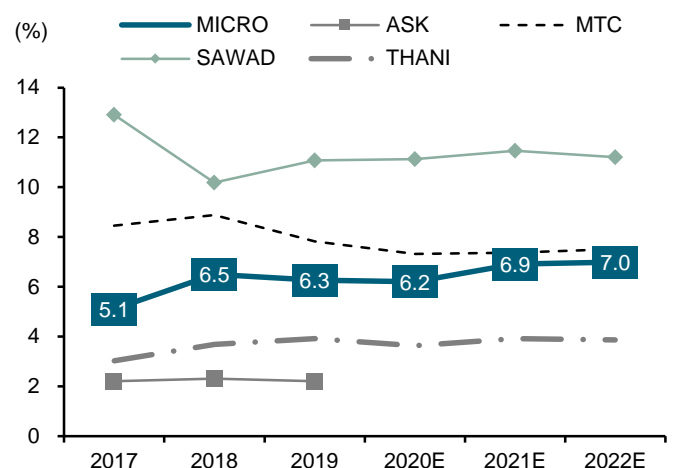
The company charges a flat interest rate in the range of 8-15%, or a 14-27% effective interest rate, depending on the age of the collateral. Its 2019 interest yield on loans was at 15.95%. We forecast its yield on loans to be stable at c15.85-15.90% in 2020-22, as MICRO operates in a niche market with far less competition than others, like motorcycle title loans.

Exhibit 18: MICRO's NIM vs peers



Sources: Company data; FSSIA estimates

Exhibit 19: MICRO's net yield on portfolio vs peers



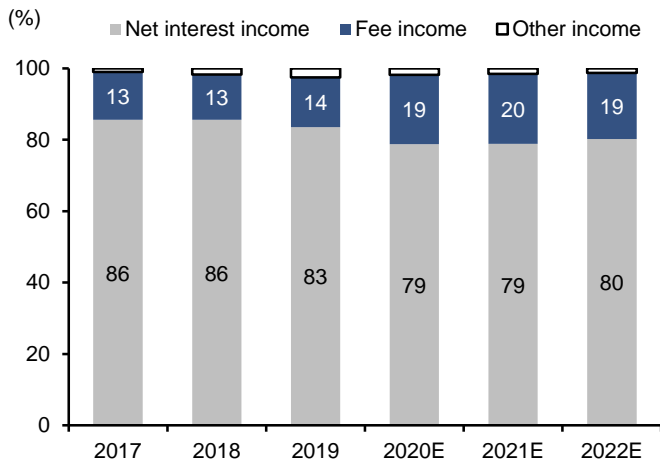
Sources: Company data; FSSIA estimates; Bloomberg

Higher fee income

In 2017-19, MICRO's fee income contributed c13-14% of its total revenue. The company has changed its strategy to increase its sales proportion of higher value products like full comprehensive car insurance since 2019. We, therefore, expect fee revenue contributions to increase to c19-20% in 2020-22. We believe this is a good strategy to diversify its source of revenue. This should be a key driver for its profitability margin in the near future, as selling higher value insurance products has

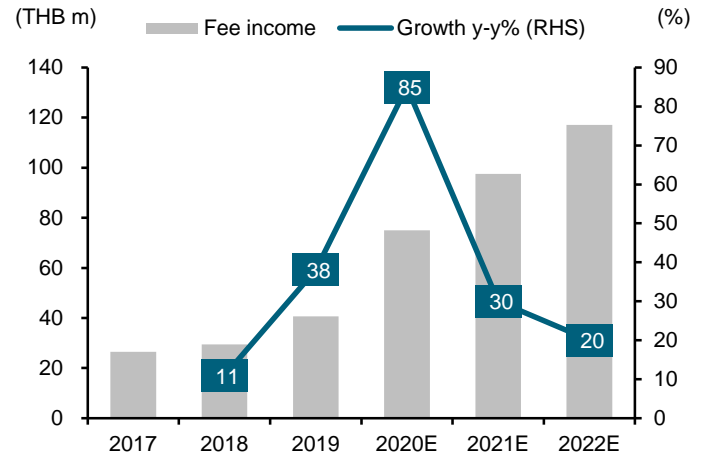
no additional cost, meaning that MICRO would be able to utilize its staff and networks more effectively.

Exhibit 20: Higher fee revenue contributions



Sources: MICRO; FSSIA estimates

Exhibit 21: Fee income growth

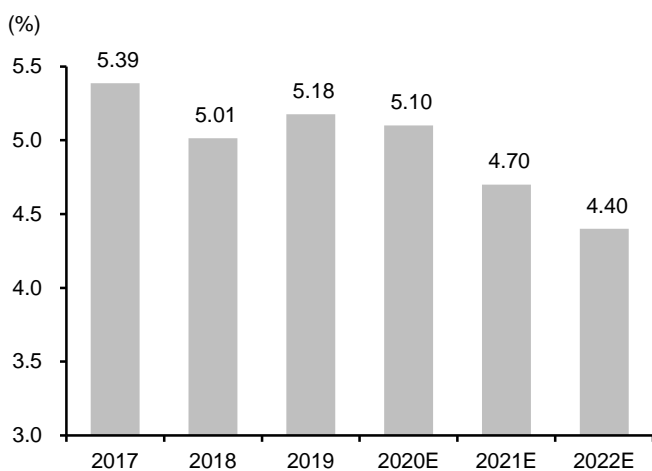


Sources: MICRO; FSSIA estimates

Lower cost of funds post-IPO

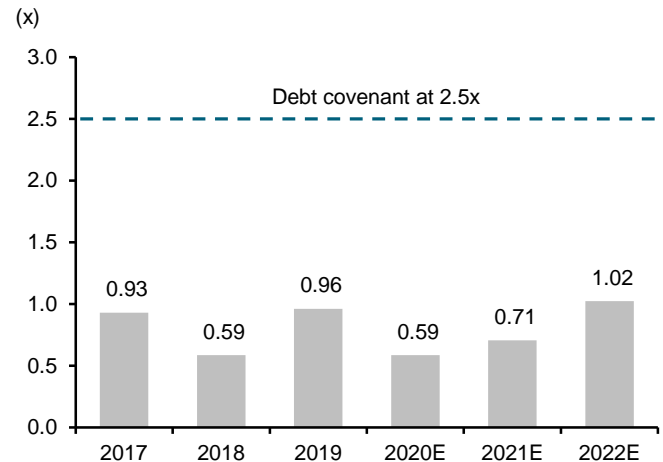
Pre-IPO, MICRO's major source of funding was related party loans, with interest rates of 5-6%. Its IPO has opened the door to replace those high cost of fund loans with cheaper options, such as long-term bank loans and debentures. We, therefore, forecast its cost of funds to drop to 4.7%/4.4% in 2021-22 vs 5.1% in 2020E.

Exhibit 22: Cost of funds



Sources: MICRO; FSSIA estimates

Exhibit 23: D/E ratio

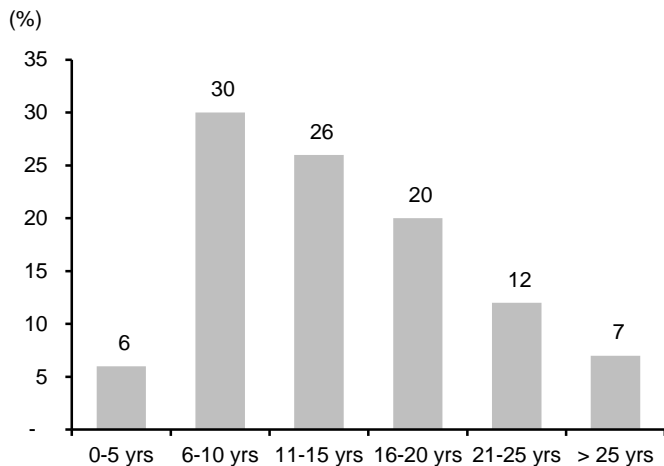


Sources: MICRO; FSSIA estimates

Decent asset quality

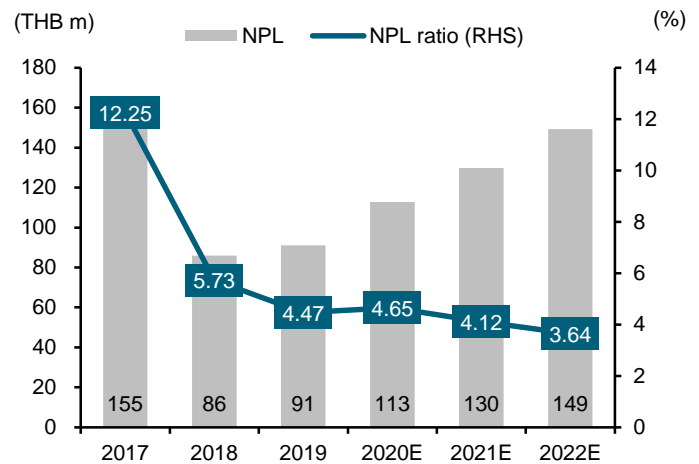
Although MICRO focuses on riskier loans for used trucks aged 6-15 years, unlike THANI and ASK which focus on loans for used trucks under the age of 5 years, we believe MICRO will be able to maintain its asset quality close to the industry's standard (c3-5% non-performing loan (NPL) ratio). Our assumption is based on 1) MICRO's long experience, with more than 47 years selling truck parts and more than 26 years specializing in second-hand truck lending, leading to precise used-truck appraisals; 2) most of its debtors are in the retail segment, which has been better able to adapt to the negative effects of COVID-19 than the fleet segment; and 3) its standardized credit approval system by implementing a credit scoring method to evaluate customers' risk profiles.

Exhibit 24: Outstanding loans by collateral age



Sources: MICRO; FSSIA's compilation

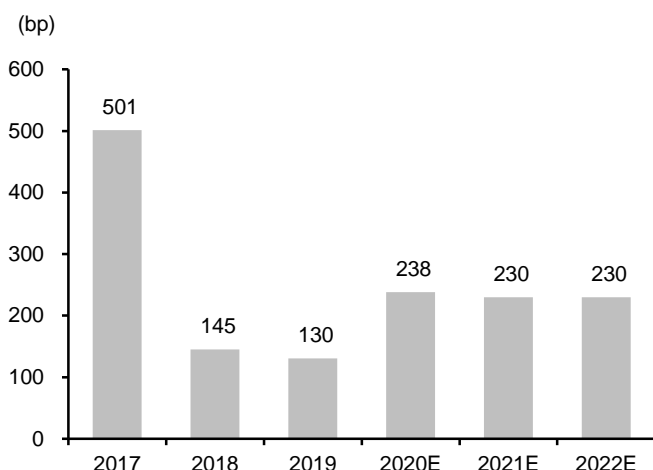
Exhibit 25: NPLs and NPL ratio



Sources: MICRO; FSSIA estimates

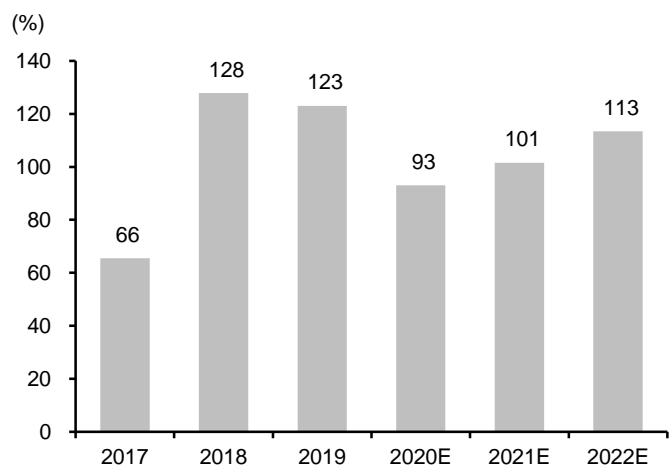
In 3Q20, its NPL ratio surged to 5% vs 2.7% in 2Q20 and 4.7% in 1Q20, due mainly to some clients cross-defaulting (the effect of TFRS 9). Management believes that some NPLs will be resolved in 4Q20. Consequently, we project MICRO's NPL ratio to decline to 4.1% and 3.6% in 2021-22, respectively. In the same way, we expect its credit cost to decline from 238 bps in 2020 to 230/230 bps in 2021-22.

Exhibit 26: Credit cost



Sources: MICRO; FSSIA estimates

Exhibit 27: Coverage ratio

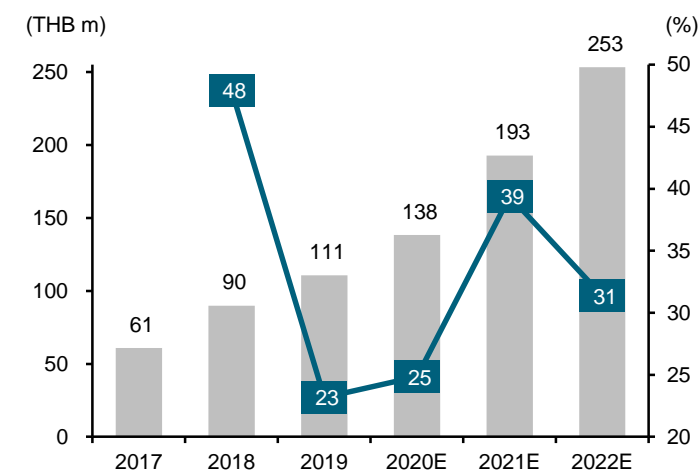


Sources: MICRO; FSSIA estimates

Net profit to surge 39% in 2021 at a 32% 3-yr 2020-22 CAGR

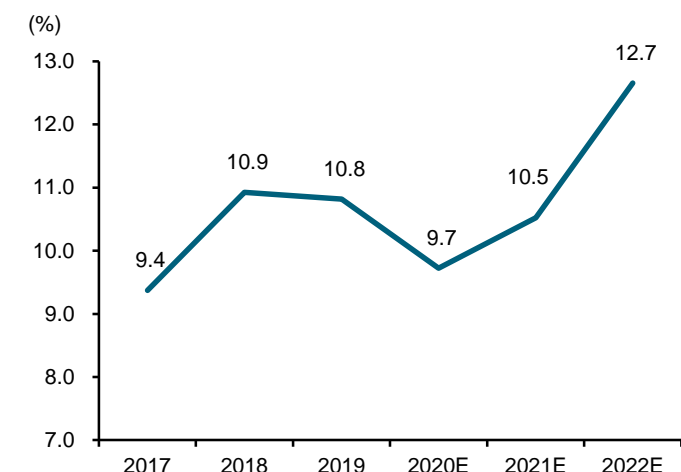
We expect MICRO to deliver outstanding net profit growth at 39% in 2021 at a 32% three-year 2020-22 CAGR, backed up by 1) remarkable 2021E loan growth of 30% with a 26% three-year 2020-22 CAGR, thanks mainly to gaining more market share from small players; 2) an increase in its 2021-22E interest and fee NIM to 17.6%/17.2% due to having a stable loan yield, higher fee incomes and a lower cost of funds after its IPO; 3) a lower 2021-22E credit cost to 230/230 bps vs 238 bps in 2020E, owing to better asset quality management; and 4) a lower 2021-22E cost to income ratio at 38.1%/36.0% vs 40.1% in 2020E, owing to the economies of scale.

Exhibit 28: Profit growth



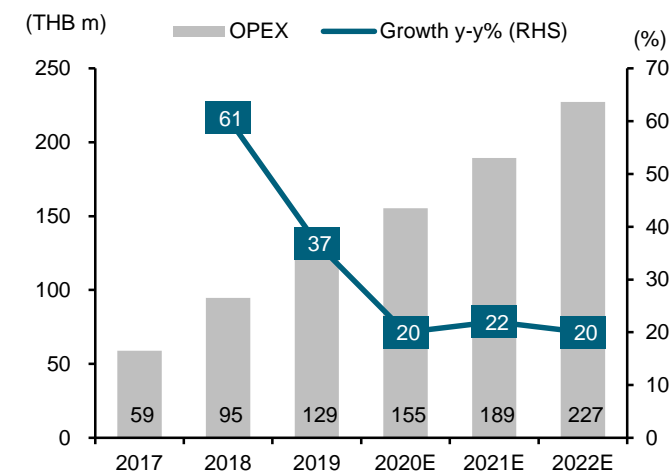
Sources: MICRO; FSSIA estimates

Exhibit 29: ROE could climb to 10.5% in 2021



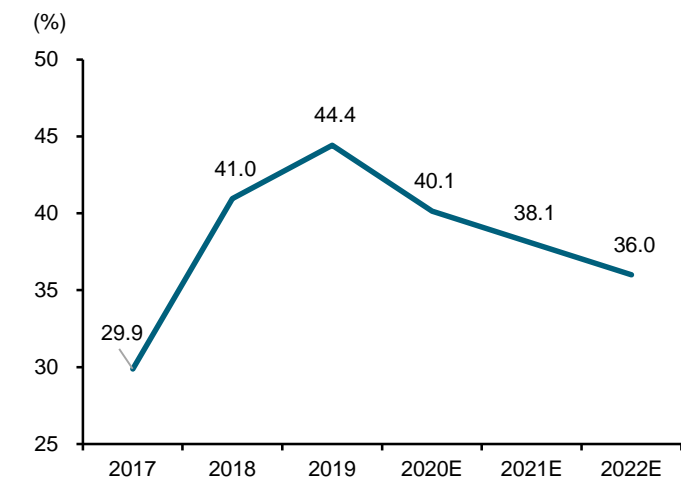
Sources: MICRO; FSSIA estimates

Exhibit 30: OPEX growth



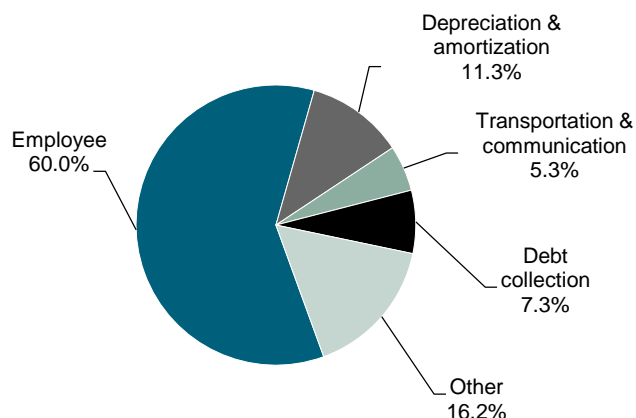
Sources: MICRO; FSSIA estimates

Exhibit 31: Cost to income



Sources: MICRO; FSSIA estimates

Exhibit 32: Cost structure



Source: MICRO

Exhibit 33: FSSIA's 2022 forecast vs MICRO's target

	FSSIA	MICRO
Loans (THB m)	4,099	5,000
No. of branches	20	20
NPL ratio (%)	3.64	3.00

Sources: MICRO; FSSIA's estimates

Expect strong 4Q20 performance

We estimate that MICRO will post a 4Q20 net profit of THB44m (+32% y-y, +36% q-q). The expected outstanding net profit growth would mainly come from 1) significant loan growth at 19% y-y, 7.3% q-q, due to higher used truck demand and from gaining more market share from smaller local competitors; 2) an increase in its fee income from its strategy of selling more high value insurance contracts; and 3) a decline in ECL due to an improvement in its asset quality.

Exhibit 34: MICRO – summary of 4Q20E earnings preview

Year end Dec 31	4Q19	3Q20	4Q20E			2020E	2021E	4Q20E Comments	
	(THBm)	(THBm)	(THBm)	(y-y %)	(q-q %)	(THBm)	(THBm)	(y-y %)	
Net interest income	67	77	84	26	9	305	393	29	Increase y-y, q-q from a rise in loan volume and a larger NIM
Non-interest income	15	24	25	63	5	82	105	28	
Operating income*	82	101	109	33	8	387	498	29	
Operating expenses	33	40	43	30	7	155	189	22	
PPOP before tax*	49	61	66	35	9	232	308	33	
Expected credit loss	8	21	12	50	(44)	53	64	21	
Tax	8	8	11	30	37	40	51	28	
Minority interest	0	0	0			0	0		
Normalised profit	33	32	44	32	36	138	193	39	
Extraordinary items	0	0	0			0	0		
Net profit	33	32	44	32	36	138	193	39	
EPS (THB)	0.05	0.03	0.05	(1)	5	0.18	0.21	13	
Asset quality ratio	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Gross NPLs (THB m)	n.a.	113	113	n.a.	0	113	130	15	
NPL ratio (%)	n.a.	4.99	4.65	n.a.	(0.34)	4.65	4.12	(1)	
Coverage ratio (%)	n.a.	87	93	n.a.	6	93	101	8	
Credit cost (bps)	n.a.	382	200	n.a.	(182)	238	230	(8)	
Profitability ratio	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Cost to income ratio (%)	40.0	39.5	39.1	(0.9)	(0.4)	40.1	38.1	(2.1)	
Average yield (%)	16.6	16.2	16.3	(0.4)	0.0	15.9	15.9	0.1	
Cost of funds (%)	6.2	4.6	4.5	(1.7)	(0.1)	5.1	4.7	(0.4)	Decline y-y, q-q from using money from its IPO to repay the high cost of funds
NIM (%)	6.8	5.8	7.4	0.7	1.6	13.7	14.1	0.7	
Non-int inc/total income	18.7	23.7	23.0	4.3	(0.7)	21.2	21.1	(0.1)	
Loan growth	(%)	(%)	(%)			(%)	(%)	(ppt)	
Year-to-date	n.a.	11.0	19.1						
y-y	n.a.	22.0	19.1			19.1	30.0	10.9	
q-q	n.a.	5.6	7.3						

*Including share of profits from associates;

Sources: MICRO; FSSIA estimates

Valuation and TP

We initiate our coverage of MICRO with a BUY rating and a GGM-based target price of THB7.5 (11% cost of equity, 10.6% LT growth). Our target price implies a 36x 2021E P/E with 39.4% 2021E net profit growth vs THANI's 11.4x 2021E P/E with 13.5% 2021E net profit growth. We prefer MICRO to THANI and believe that MICRO deserves a premium valuation, justified by its outstanding growth outlook.

Exhibit 35: MICRO – GGM-derived target price

Target price (THB)	7.5
Recommendation	BUY
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Cost to equity (%)	11.0
Terminal growth (%)	10.6
ROE target (%)	12.0
Target PBV (x)	3.7
Implied PE (x)	36.4
Implied PEG (x)	0.9
Risk to TP	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.

Source: FSSIA estimates

Exhibit 36: Key valuations of companies under coverage as of 22 December 2020

Rec			---Share price---		Up (down)	- EPS growth -		---- PE ----		-- DivYld --		---- ROE ----		--- PBV ---	
			Current	Target	side	20E	21E	20E	21E	20E	21E	20E	21E	20E	21E
			(THB)	(THB)	(%)	(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Aeon Thana Sinsap	AEONTS TB	BUY	192.50	230.00	19	(17.7)	22.8	14.7	12.0	2.0	2.5	17.3	21.7	2.8	2.4
Krungthai Card	KTC TB	HOLD	54.25	44.00	(19)	(2.1)	12.5	25.9	23.0	1.6	1.8	25.4	24.6	6.1	5.3
Micro Leasing	MICRO TB	BUY	5.40	7.50	39	15.2	13.1	29.6	26.2	1.4	1.1	9.7	10.5	2.9	2.7
Muangthai Capital	MTC TB	BUY	56.75	70.00	23	14.5	23.8	24.8	20.0	0.6	0.7	26.9	26.5	6.0	4.8
Srisawad Corp	SAWAD TB	BUY	64.25	72.00	12	16.6	21.0	19.4	16.1	0.3	0.3	21.5	21.2	3.8	3.1
Ratchthani Leasing	THANI TB	BUY	3.94	4.30	9	(18.4)	(11.1)	9.3	10.4	4.3	4.8	20.5	19.0	1.6	1.9
Coverage						1.1	17.5	20.8	17.7	1.2	1.4	22.3	22.8	4.4	3.7

Source: FSSIA estimates

Corporate Governance - MICRO

Board structure

Number of Independent Directors (ID)	4 of 11
Percentage of IDs on the board	36.3%
ID participation/attendance at board meetings	95% in 2019 and 100% in 1H20
ID participation in audit/remuneration committees	3 of 3 in in audit and 2 of 3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Three years each term, not more than three terms or nine years

Source: MICRO's prospectus

Additional comments: None

Audit Practices

Auditor	EY Office Limited
Length of service	Since 2016
Reporting incidents	None
Fee track record	n/a
Policy on change of audit firm	No

Source: MICRO's prospectus

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB 3.2m in 2019 and THB 1.73m in 1H20 vs net profit in 2019 of THB111m and in 1H20 of THB62m
Changes/stability in senior management	n/a
Incidents of termination of senior management	n/a
Track record on insider sales	n/a

Source: MICRO's prospectus

Additional comments: The company was just listed on the SET on 1 Oct 2020

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually and EGM when necessary
Related party transactions	In accordance with SEC regulations
Voting issues - policies, incidents of rejected proposals	None

Source: MICRO's prospectus

Additional comments: None

Financial Statements

Micro Leasing

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	225	282	354	444	578
Interest expense	(28)	(39)	(49)	(51)	(72)
Net interest income	198	243	305	393	506
Net fees & commission	29	41	75	98	117
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	4	7	7	7	8
Non interest income	33	48	82	105	125
Total income	231	291	387	498	631
Staff costs	(95)	(129)	(155)	(189)	(227)
Other operating costs	-	-	-	-	-
Operating costs	(95)	(129)	(155)	(189)	(227)
Pre provision operating profit	136	162	232	308	404
Provision for bad and doubtful debt	(20)	(23)	(53)	(64)	(83)
Other provisions	-	-	-	-	-
Operating profit	116	139	178	244	321
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	116	139	178	244	321
Tax	(26)	(28)	(40)	(51)	(67)
Profit after tax	90	111	138	193	253
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	90	111	138	193	253
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	90	111	138	193	253
Per share (THB)					
Recurring EPS *	0.15	0.16	0.18	0.21	0.27
Reported EPS	0.15	0.16	0.18	0.21	0.27
DPS	0.00	0.00	0.07	0.06	0.05
Growth					
Net interest income (%)	17.1	23.1	25.3	28.9	29.0
Non interest income (%)	17.4	44.1	71.0	27.8	18.9
Pre provision operating profit (%)	(1.3)	18.7	43.1	33.1	31.1
Operating profit (%)	48.3	19.4	28.6	36.7	31.4
Reported net profit (%)	47.9	23.2	24.8	39.4	31.4
Recurring EPS (%)	23.4	5.5	15.2	13.1	31.4
Reported EPS (%)	23.4	5.5	15.2	13.1	31.4
Income Breakdown					
Net interest income (%)	85.6	83.5	78.8	78.9	80.2
Net fees & commission (%)	12.7	13.9	19.4	19.6	18.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	1.7	2.6	1.8	1.5	1.2
Operating performance					
Gross interest yield (%)	16.28	15.95	15.85	15.90	15.95
Cost of funds (%)	5.01	5.18	5.10	4.70	4.40
Net interest spread (%)	11.27	10.77	10.75	11.20	11.55
Net interest margin (%)	14.3	13.7	13.7	14.1	14.0
Cost/income(%)	41.0	44.4	40.1	38.1	36.0
Cost/assets(%)	6.6	7.1	6.3	6.3	6.1
Effective tax rate (%)	22.6	20.2	22.5	21.0	21.0
Dividend payout on recurring profit (%)	-	-	40.0	30.0	20.0
ROE (%)	10.9	10.8	9.8	10.6	12.7
ROE - COE (%)	0.1	0.0	(1.0)	(0.2)	1.9
ROA (%)	6.3	6.1	5.6	6.4	6.8
RORWA (%)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Micro Leasing; FSSIA estimates

Financial Statements

Micro Leasing

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	1,501	2,037	2,426	3,153	4,099
Total provisions	(110)	(112)	(105)	(132)	(169)
interest in suspense	0	0	0	0	0
Net customer loans	1,391	1,925	2,321	3,021	3,930
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	52	46	329	71	24
Other interesting assets	-	-	-	-	-
Tangible fixed assets	34	4	4	4	5
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	60	143	135	132	282
Total assets	1,537	2,118	2,789	3,230	4,241
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	520	986	932	1,233	2,036
Non interest bearing liabilities	48	52	105	110	115
Hybrid Capital	-	-	-	-	-
Total liabilities	568	1,038	1,037	1,343	2,151
Share capital	700	700	935	935	935
Reserves	269	380	817	952	1,155
Total equity	969	1,080	1,752	1,887	2,090
Minority interests	0	0	0	0	0
Total liabilities & equity	1,537	2,118	2,789	3,230	4,241
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	1,384	1,769	2,231	2,789	3,626
Average interest bearing liabilities	553	753	959	1,083	1,634
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)	86	91	113	130	149
Per share (THB)					
Book value per share	1.62	1.54	1.87	2.02	2.23
Tangible book value per share	1.62	1.54	1.87	2.02	2.23
Growth					
Gross customer loans	18.6	35.7	19.1	30.0	30.0
Average interest earning assets	16.0	27.8	26.1	25.0	30.0
Total asset (%)	17.4	37.8	31.7	15.8	31.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	63.0	51.0	62.8	58.4	49.3
Tangible equity/assets (%)	63.0	51.0	62.8	58.4	49.3
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	(44.6)	5.9	24.0	15.0	15.0
NPL/gross loans (%)	5.7	4.5	4.7	4.1	3.6
Total provisions/gross loans (%)	7.3	5.5	4.3	3.2	4.1
Total provisions/NPL (%)	127.9	123.0	93.1	101.5	113.4
Valuation					
Recurring P/E (x) *	36.0	34.1	29.6	26.2	19.9
Recurring P/E @ target price (x) *	50.0	47.4	41.1	36.4	27.7
Reported P/E (x)	36.0	34.1	29.6	26.2	19.9
Dividend yield (%)	-	-	1.4	1.1	1.0
Price/book (x)	3.3	3.5	2.9	2.7	2.4
Price/tangible book (x)	3.3	3.5	2.9	2.7	2.4
Price/tangible book @ target price (x)	4.6	4.9	4.0	3.7	3.4

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Micro Leasing; 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	AMANAH
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	DDC	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	SMPG	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
WIIK	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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Micro Leasing	MICRO TB	THB 5.40	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Krungthai Card	KTC TB	THB 54.25	HOLD	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is a better-than-expected bad debt recovery.
Muangthai Capital	MTC TB	THB 56.75	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Srisawad Corp	SAWAD TB	THB 64.25	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand.
Ratchthani Leasing	THANI TB	THB 3.94	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 192.50	BUY	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.