

29 DECEMBER 2020

THAILAND / DIVERSIFIED FINANCIALS

# SINGER THAILAND SINGER TB

## HOLD

TARGET PRICE	THB28.00
CLOSE	THB26.00
UP/DOWNSIDE	+7.7%
TP vs CONSENSUS	+55.6%

## The rosy road has been priced in

### เปลี่ยนสู่รูปแบบการเติบโตใหม่

หลัง SINGER ปรับปรุงกระบวนการทำงานที่ไม่มีประสิทธิภาพ ล้างพอร์ตสินเชื่อกฎหมายต่ำ และขยายสินเชื่อทะเบียนรถ บริษัทฯ ได้กลับมาทำกำไรอีกครั้งในปี 2019 เราคาดว่าแนวโน้มดังกล่าวจะต่อเนื่องไปในอนาคตโดยคาดว่าจะทำกำไรสุทธิจะโตในระดับสูงถึง 34%/33% ในปี 2021-22 ตามลำดับโดยได้ปัจจัยหนุนจาก 1) สินเชื่อที่คาดว่าจะโตสูงถึง 53% ในปี 2021 และ 37% ในปี 2022; 2) การเพิ่มของยอดขายสินค้าเครื่องใช้ไฟฟ้าและเครื่องใช้ในบ้านที่ 10% y-y ในช่วงปี 2021-22E; และ 3) อัตราค่าไถ่เริ่มต้นที่คงที่สำหรับสินค้าที่เครื่องใช้ไฟฟ้าและเครื่องใช้ในบ้านจากนโยบายในการให้ราคาที่สามารถแข่งขันได้กับผู้จัดการจำหน่าย

### สินเชื่อกำลังโตในระดับสูง

เราคาดว่า SINGER จะรายงานสินเชื่อโตในระดับสูงในปี 2021-22 ที่ 53% y-y และ 37% y-y ตามลำดับจากการขยายสินเชื่อจำหน่ายทะเบียนรถเชิงรุกเป็นหลัก SINGER เริ่มธุรกิจสินเชื่อจำหน่ายทะเบียนรถโดยพุ่งเป้าไปที่ตลาดรถบรรทุกในปี 2017 ภายใต้ชื่อ "รถทำเงิน" ปัจจุบันตะกร้าสินเชื่อของบริษัทฯ มีสินเชื่อทะเบียนรถ 49% หรือ 2.7 พัน ลบ. จากกลยุทธ์การตลาดอันเป็นเอกลักษณ์ของบริษัทฯ ในการนำเสนอบริการสินเชื่อ ณ ที่ทำงานของลูกค้า ซึ่งแตกต่างจากกลยุทธ์ในการขยายเครือข่ายไปทั่วประเทศของคู่แข่ง ทำให้เราเชื่อว่า SINGER สามารถเจาะตลาดใหม่ ๆ เช่น กลุ่ม Fleet รถบรรทุก โดย SINGER มีแผนนำธุรกิจการสินเชื่อ IPO ในปี 2022.

### งบดุลดีขึ้น แต่ยังคงจับตามดู

SINGER ได้ write-off หนี้ที่ไม่มีคุณภาพออกไปอย่างมีนัยสำคัญ โดยได้ปรับปรุงระบบการจัดเก็บเงินของบริษัทฯ ซึ่งทำให้หนี้ไม่ก่อให้เกิดรายได้ของบริษัทฯ ลดลงในภาพรวมจาก 20.3% ในปี 2016 เป็น 5.1% ในช่วง 9M20 นอกจากนี้การตั้งสำรองหนี้สูญที่เพิ่มขึ้นยังช่วยเสริมสร้างสัดส่วนสำรองต่อสินเชื่อต่อคุณภาพให้สูงขึ้นจาก 29% ในปี 2016 เป็น 100% ในช่วง 9M20 อย่างไรก็ตาม เรายังจำเป็นต้องจับตามดูคุณภาพสินทรัพย์ของบริษัทฯ อย่างใกล้ชิดเนื่องจากบริษัทฯ เปิดให้บริการสินเชื่อทะเบียนรถมาเพียง 3.5 ปีและสินเชื่อดังกล่าวโดยยังมีนัยสำคัญในช่วงปี 2019-20 เทียบกับอายุเฉลี่ยของสินเชื่อที่ 4-5 ปี ซึ่งหมายความว่าสินเชื่อดังกล่าวยังไม่เจอหนี้ต่อคุณภาพครบเต็มรอบ นอกจากนี้เราเห็นความเป็นไปได้ที่อัตราการผลิตชำระหนี้สินเชื่อเข้าซื้อจะเพิ่ม เนื่องจากมีสัญญาณว่าสินเชื่อ Stage 2 เพิ่มขึ้นในช่วง 9M20

### เริ่มรายงานด้วยคำแนะนำที่ราคาเป้าหมาย 28 บาท (GGM)

เราเริ่มรายงาน SINGER ด้วยราคาเป้าหมายที่ 28 บาท (GGM, 12.1% cost of equity, 9.6% LT growth) เราเห็นว่าราคาหุ้นที่พุ่งขึ้นเกือบ 4 เท่านับตั้งแต่ต้นปีจนถึงวันนี้ได้สะท้อนแนวโน้มผลประกอบการที่ดีของบริษัทฯ ไปเรียบร้อยแล้ว และทำให้เราให้คำแนะนำถือ SINGER

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	155	492	723	959
Net profit	166	440	589	781
EPS (THB)	0.46	1.08	1.26	1.56
vs Consensus (%)	-	4.9	16.7	34.5
Core net profit	166	440	589	781
Core EPS (THB)	0.46	1.08	1.26	1.56
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	nm	136.2	16.3	23.9
Core P/E (x)	56.6	24.0	20.6	16.6
Dividend yield (%)	0.4	1.7	1.9	2.4
Price/book (x)	4.5	4.2	3.5	3.0
ROE (%)	8.6	16.8	17.9	18.8
ROA (%)	3.0	5.8	5.4	5.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	59.5	89.8	377.1
Relative to country (%)	57.9	65.0	418.3
Mkt cap (USD m)			356
3m avg. daily turnover (USD m)			5.4
Free float (%)			21
Major shareholder	JAYMART Public Company (29%)		
12m high/low (THB)			29.25/3.62
Issued shares (m)			935

Sources: Bloomberg consensus; FSSIA estimates



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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 29 ธันวาคม 2020

## Investment thesis

SINGER is one of the major players in electrical and home appliance sales and providing instalment loans. It started its auto title loan business, focusing on trucks, in 2017 under the name "Rod Tum Ngern". We expect SINGER to deliver strong net profit growth of 34%/33% in 2021-22, respectively, supported by 1) remarkable 2021E loan growth of 53% and 37% in 2022E; 2) an increase in electrical and home appliance sales at 10% y-y during 2021-22E; and 3) a stable gross profit margin for its electrical and home appliances due to competitive dealer pricing policies.

However, the near 4x increase in its share price YTD has already priced this in, in our view. We, therefore, initiate our coverage of SINGER with a HOLD rating.

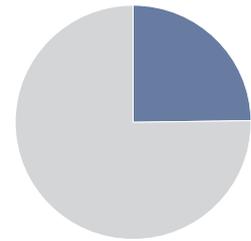
## Company profile

Singer Thailand PCL operates two business lines: 1) the distribution of various electrical products and appliances, together with commercial appliances under the "Singer" brand through its outlets and sales representatives; and 2) a loan provider. SINGER offers loans for more than 90% of its electrical products and appliances. SINGER entered into auto title loans in 2017, specializing in trucks for fleets.

[www.singerthai.co.th](http://www.singerthai.co.th)

## Principal activities (revenue, 2019)

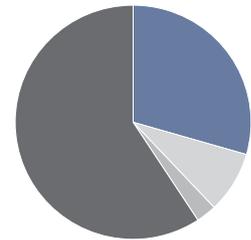
- Net interest income - 24.8 %
- Non-interest income - 75.2 %



Source: Singer Thailand

## Major shareholders

- JAYMART Public Company - 29.5 %
- Kara Family - 8.5 %
- Jittiporn Jantarach - 2.8 %
- Others - 59.3 %



Source: Singer Thailand

## Catalyst

Potential share price catalysts for SINGER include: 1) the spin-off of its lending business; 2) stronger-than-expected loan growth; and 3) a credit rating upgrade from the Thai Rating and Information Services (TRIS).

## Risk to our call

Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality. Upside risk are 1) effective asset quality control; and 2) a sooner-than-expected rating upgrade from TRIS.

## 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)	440	589	781
Net profit growth	165.2	33.9	32.6
NIM	15.6	14.9	14.4
Loan growth	70.1	52.8	37.1
Credit cost (bp)	300	400	450
Revenue from sales of goods growth	47.0	10.0	10.0
Gross margin	45.0	45.0	45.0
SG&A to revenue ratio	37.8	34.5	31.7

Source: FSSIA estimates

## Earnings sensitivity

Year to Dec	----- 2021E -----			
	±2ppt	50.8	52.8	54.8
Loan growth	±2ppt	50.8	52.8	54.8
% change in net profit		(1.4)	-	-
NIM (%)	±5bp	14.85	14.90	14.95
% change in net profit		(0.6)	-	0.6
Credit cost (bps)	±10bp	390.0	400.0	410.0
% change in net profit		0.5	-	(0.5)

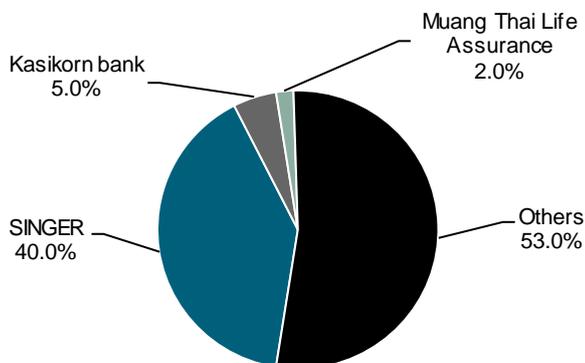
Source: FSSIA estimates



## Improved working processes led to higher profitability

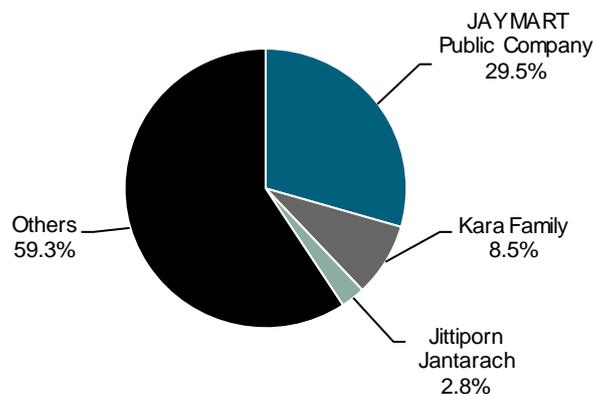
JAYMART Public Company (JMART TB, not rated) acquired 25% of SINGER in 2015. Since then, JMART has improved SINGER's operations by revamping inefficient working processes by linking the employee commission system with the debt collection system and changing the instalment payments process to a digital platform from a paper format.

**Exhibit 1: SINGER's shareholders as of 23/05/2015**



Sources: SETSMART; FSSIA's compilation

**Exhibit 2: SINGER's shareholders as of 14/10/2020**

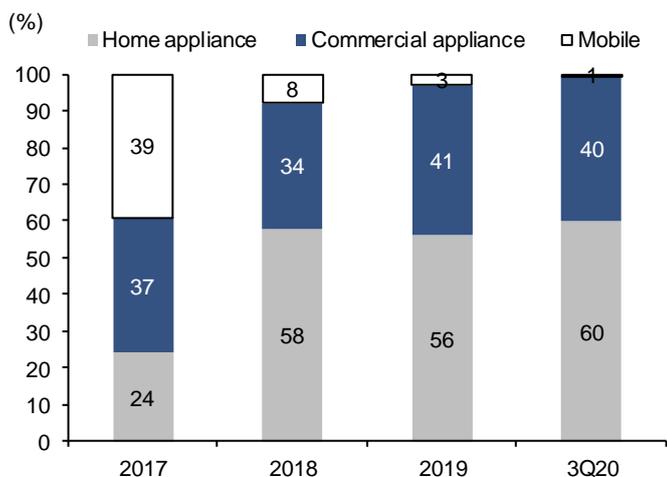


Sources: SETSMART; FSSIA's compilation

Moreover, JMART cleaned up the company's low-quality loan portfolio, especially the mobile phone segment, by noticeably increasing the write-off process, leading to large provisioning on bad debt lending for consumers, losses on repossession, and impairments on inactive inventory. As a result, SINGER faced net losses during 2017-18. SINGER has shifted its portfolio to place a greater focus on home appliances, e.g., washing machines, freezers, and air conditioners. Most importantly, in our view, SINGER has changed its business strategy to enter into auto title loans, specializing in truck title loans for SME business operators (fleet segment).

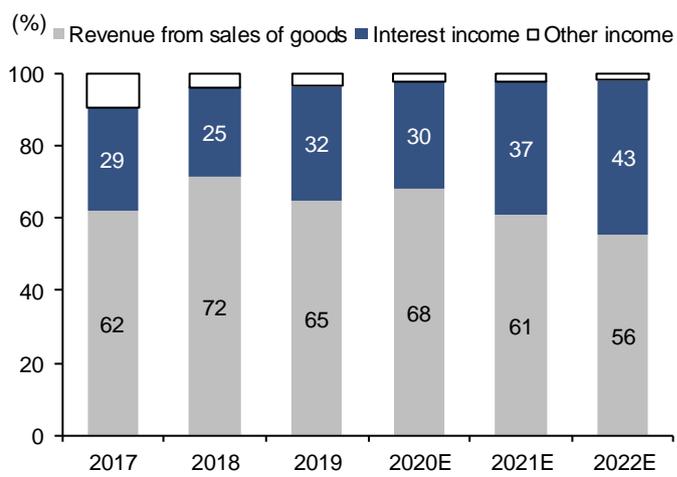
We believe the three changes mentioned above were the key drivers that enabled SINGER to become profitable again in 2019.

**Exhibit 3: A change in product mix of selling goods**



Sources: SINGER; FSSIA estimates

**Exhibit 4: Revenue structure**

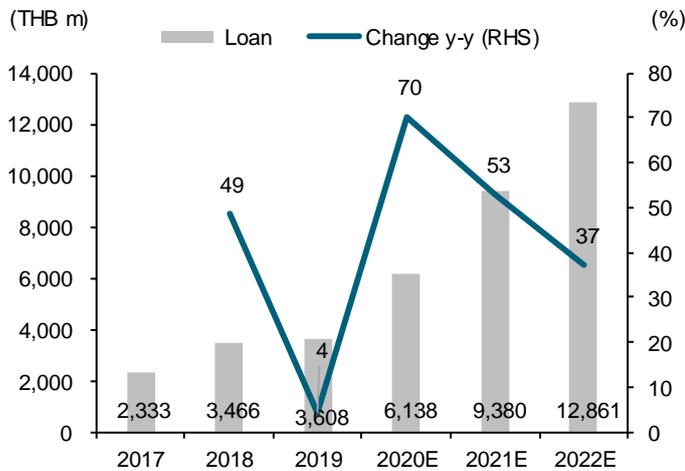


Sources: SINGER; FSSIA estimates

## Skyrocketing loan growth

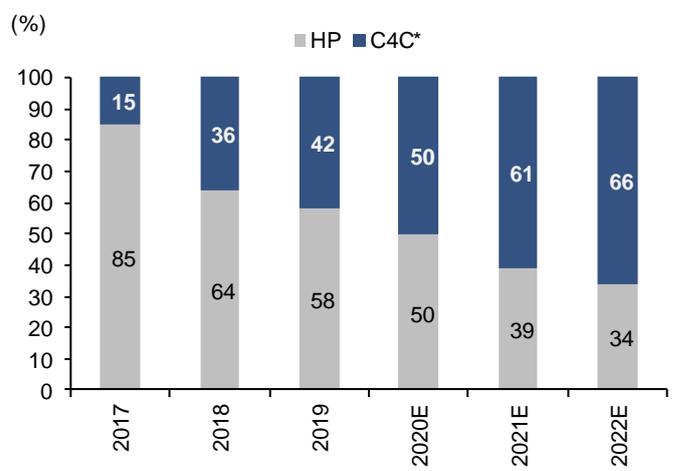
We expect SINGER to experience remarkable loan growth in 2021-22 at 53% y-y and 37% y-y, respectively, due to an aggressive auto title loan expansion together with moderate growth in its electrical and home appliance loans.

Exhibit 5: Loan growth



Sources: SINGER; FSSIA estimates

Exhibit 6: Loan breakdown



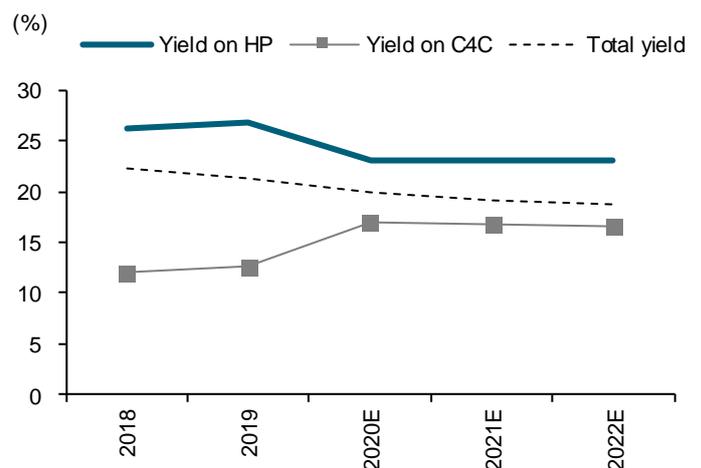
\*C4C = Car for cash  
Sources: SINGER; FSSIA estimates

Exhibit 7: Main characteristics of SINGER's loans

Characteristic	Value
<b>Electrical appliance portfolio</b>	
Portfolio size as of 3Q20	THB 2.8b
Average interest rate	23-24%
Instalment period	12-36 months
Loan-to-value (LTV)	90-95%
Average ticket size	THB 20,000-50,000
<b>Auto title portfolio (C4C)</b>	
Portfolio size as of 3Q20	THB 2.7b
Average interest rate	16-17%
Instalment period	48-60 months
Loan-to-value (LTV)	60-80%
Lending range	
- Large and medium size operators	THB3m-30m
- Retail	THB50k - THB3m

Source: SINGER

Exhibit 8: Loan yield by product



Sources: SINGER; FSSIA estimates

## Significant increase in auto title loans

SINGER started its auto title loan business in 2017 under the name "Rod Tum Ngern". At present, its loan portfolio is comprised of 49% auto title loans, or THB2.7b vs 36% at the end of 2018. The company plans to grow its auto title loans aggressively, especially truck title loans for the fleet segment. Hence, the proportion of its auto title loans should account for more than 60% in 2021, according to management.

We forecast SINGER's auto title loans to continue to increase substantially at 85% y-y and 48% y-y in 2021-22, respectively, vs 77% YTD as of 9M20, supported by 1) its unique marketing strategy to approach untapped clients; and 2) the expansion of the auto title loan market.

## 1) Unique marketing strategy to approach new client segments

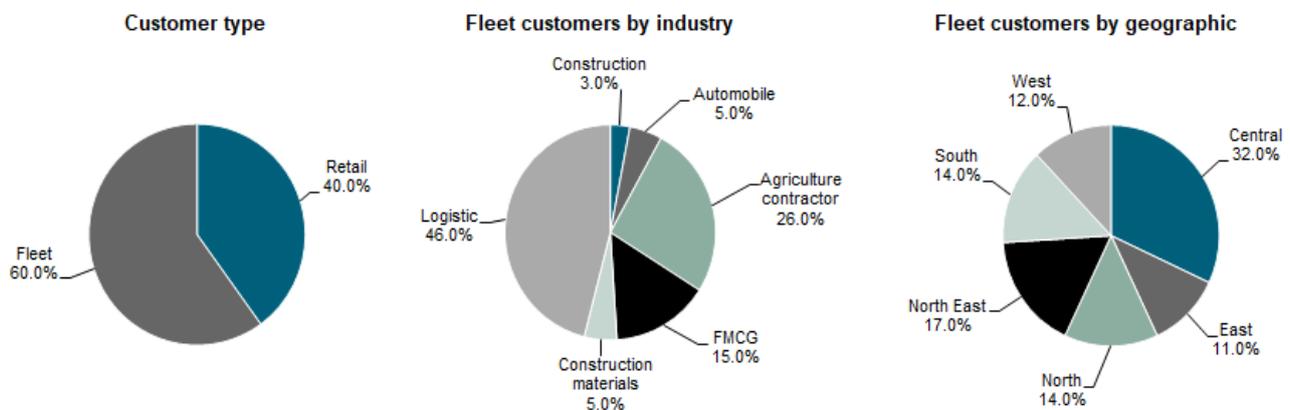
SINGER uses a push marketing strategy by offering credit services at the customer's workplace, which differs from its peers' strategy to expand their nationwide networks. We, therefore, believe SINGER could access untapped customer segments, such as SME business operators, who require credit services or loans that genuinely meet the needs of their small business activities. Currently, 60% of its portfolio is comprised of fleet customers.

### Exhibit 9: Peers comparison

Company name	Singer Thailand	Micro Leasing	Asia Sermkij	Ratchthani Leasing	Srisawad Corporation	Muangthai Capital
Bloomberg code	SINGER TB	MICRO TB	ASK TB	THANI TB	SAWAD TB	MTC TB
Portfolio size (THB b) at end-3Q20	5.5	2.3	43.2	49.4	39.2	67.2
Key lending business	Auto title loan/ Hire purchase	Hire purchase	Hire purchase	Hire purchase	Auto title loans	Auto title loans
Key servicing area	Nationwide	Central	Nationwide	North/Northeast	Nationwide	Nationwide
Number of branches (no.)	59	12	16	10	4,660	4,798
Type of autos for lending	2nd hand	2nd hand	1st/2nd hand	1st/2nd hand	2nd hand	2nd hand
Proportion of retail customers (%)	40	90	57	56	Mostly	Mostly
Maximum instalment period (no.)	60	60	60	60	48	48
Yield (%) as of 3Q20	20.7	16.2	7.5	6.9	20.2	21.8
Cost of funds (%) as of 3Q20	5.7	4.6	2.6	2.6	3.5	3.6
NPL ratio (%) as of 3Q20	5.1	5	2.6	5.4	4.5	1
Net yield on portfolio (%)	9.2	5.8	2.1	3.8	12.4	8.2

Sources: Company data; FSSIA's compilation

### Exhibit 10: Auto title loan customers profile



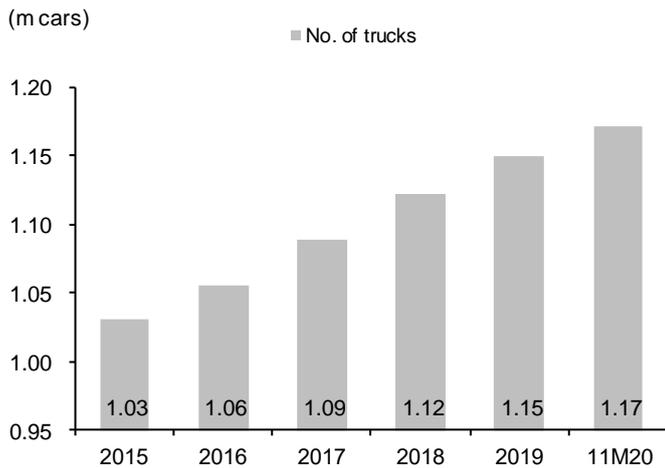
Sources: SINGER; FSSIA's compilation

## 2) The expansion of the auto title loan market

We believe there is more room to grow for Thailand's auto title loan business due to 1) the higher number of registered vehicles resulting in the use of vehicles as collateral in cases of monetary emergency; 2) the increase in emergency money demand over the next few years due to the bleak economic outlook; and 3) the switch from unsecured loans to collateral backed loans due to the tighter credit approval process for credit card and personal loans due to the cap on the interest rate ceiling mandated by the Bank of Thailand.

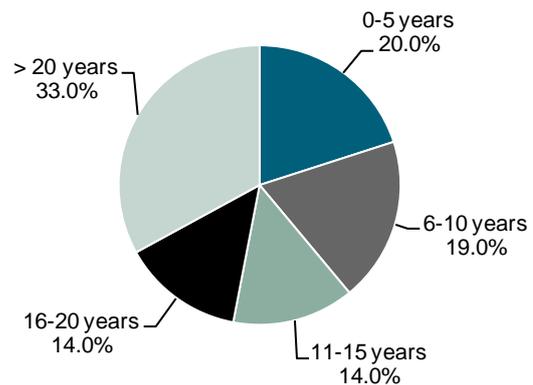
The most focused segment is the truck title loan segment. We forecast that SINGER needs to provide new loans for 5,600-7,000 trucks per year to achieve loan growth of 85% y-y and 48% y-y in 2021-22, respectively. These numbers are relatively small when compared to the total number of registered trucks at 1.17 million as of Nov 2020.

**Exhibit 11: No. of registered trucks**



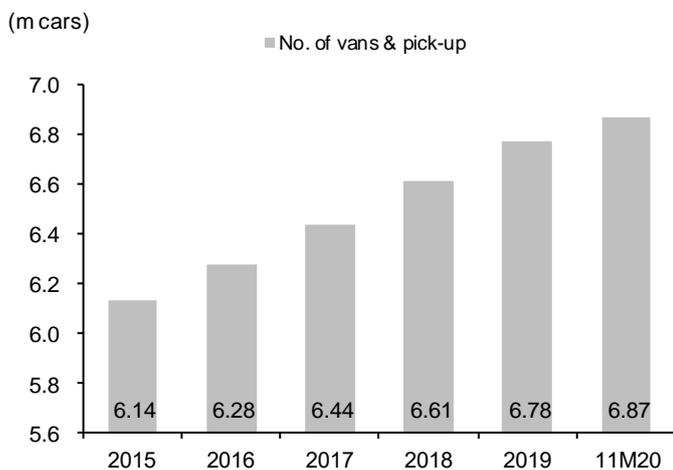
Sources: Department of Land Transport; FSSIA's compilation

**Exhibit 12: Accumulated registered trucks by truck age (totalling 1.17 million trucks) as of Nov 2020**



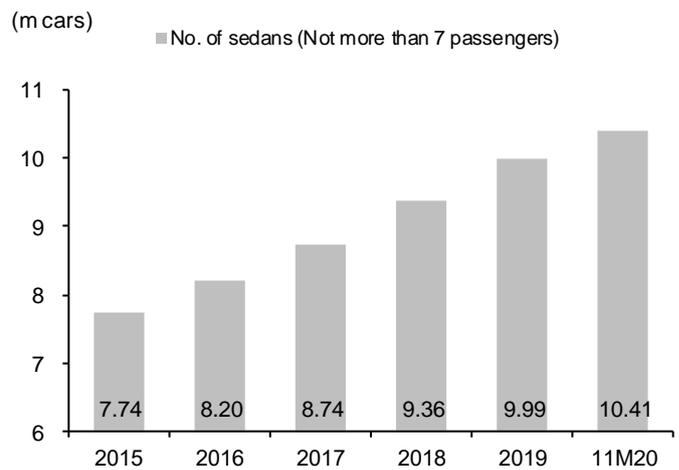
Sources: Department of Land Transport; FSSIA's compilation

**Exhibit 13: No. of registered vans & pick-ups**



Sources: Department of Land Transport; FSSIA's compilation

**Exhibit 14: No. of registered sedans**



Sources: Department of Land Transport; FSSIA's compilation

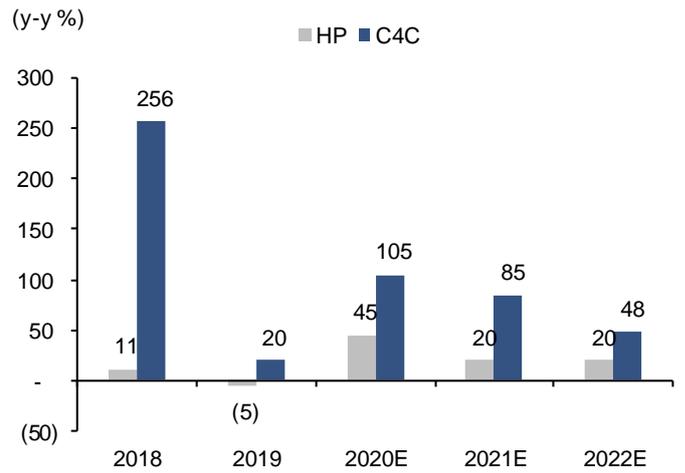
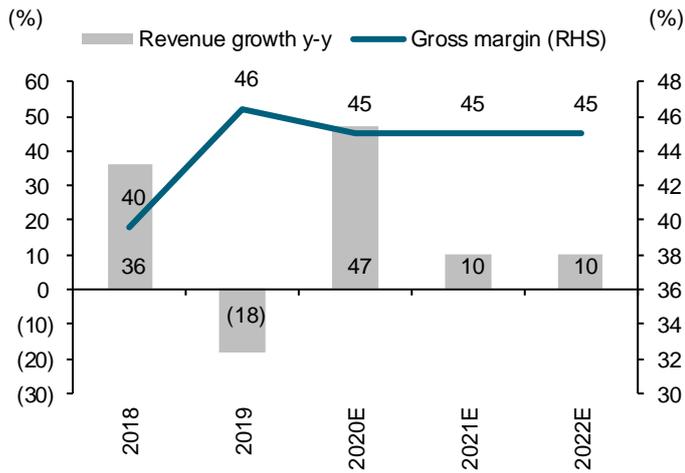
**Moderate electrical and home appliance loan growth**

One of SINGER's main businesses is selling electrical products and home appliances under the "Singer" brand to low- to middle-income retail customers who are unable to access banking services, i.e., credit card and personal loans. It books sales of goods at marked-up margins by around 40-45%. SINGER then offers instalment plans or hire-purchase (HP) contracts for periods of 12-36 months for the products it sells. Approximately 95% of its products are sold under the instalment sales service program.

We believe its electrical and home appliances sales will increase gradually by 10% y-y during 2021-22, backed up by 1) higher demand for home appliances in Thailand; 2) its strong branding; and 3) its nationwide branch and sales distribution networks. Therefore, we expect its HP loans for electrical products and home appliances to rise moderately by 20% y-y during 2021-22.

**Exhibit 15: Revenue growth of electrical and home appliance sales and gross margin**

**Exhibit 16: Loan growth by type**



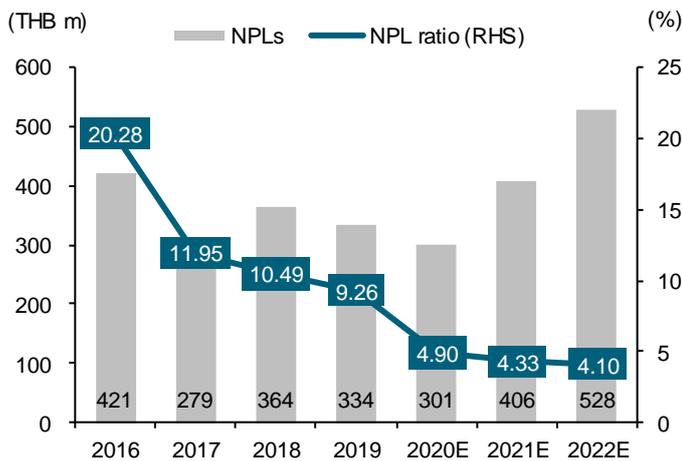
Sources: SINGER; FSSIA's compilation

Sources: SINGER; FSSIA's compilation

## Stronger balance sheet, but needs to be monitored

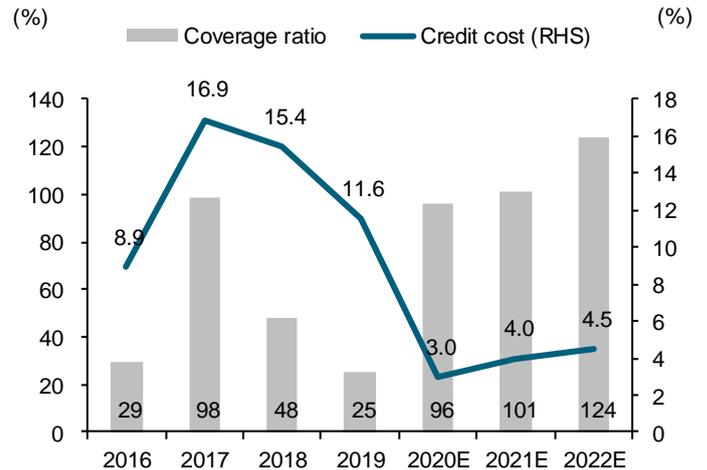
SINGER has written-off its past legacies significantly and improved its collection systems, leading to a reduction in the company's overall NPLs from 20.3% in 2016 to 5.1% in 9M20. The increased loan loss provisions together with the additional provision of THB339 million required under the first-day implementation of TFRS9 further strengthened its NPL coverage ratio from 29% in 2016 to 100% in 9M20. Its new business auto title loans also performed well. In 9M20, SINGER reported NPL and Stage 2 ratios of 0.5% and 5.8% vs 0.3% and 10.1% in 2017.

Exhibit 17: Total NPLs and NPL ratio



Sources: SINGER; FSSIA's compilation

Exhibit 18: Credit cost and coverage ratio

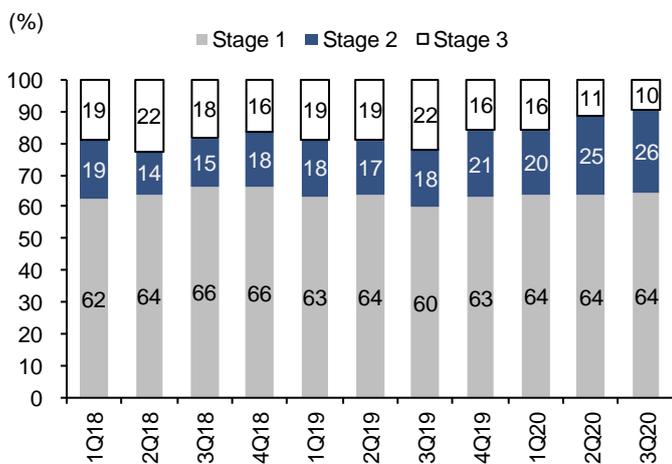


Sources: SINGER; FSSIA's compilation

Despite the improvement of its NPLs, we believe its asset quality needs to be closely monitored, as the company has lent only 3.5 years of vehicle title loans, and these loans have grown significantly in 2019-20 vs the average loan tenor of 4-5 years – meaning that there has not yet been a full NPL cycle, in our view. Additionally, we see a potential rise in the delinquency rate of its HP lending, as its Stage 2 loans and overdue payments have shown signs of increasing in 9M20.

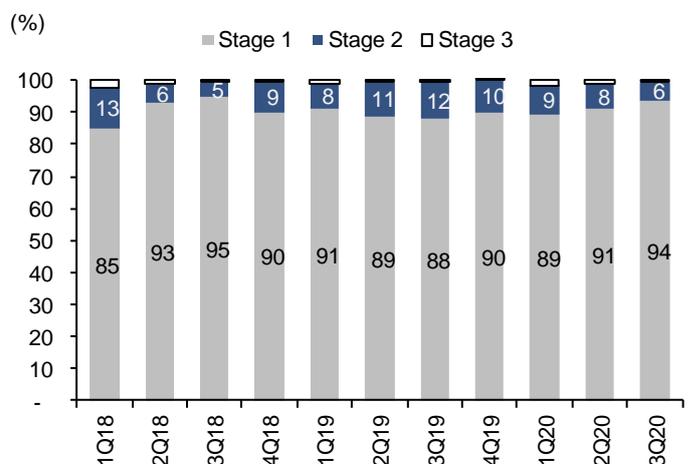
Therefore, we conservatively expect SINGER's NPL ratio to be in the range of 4.1-4.3% in 2021-22 vs the company's target of not over 4%, and we expect a moderate credit cost level at 4.0-4.5% in 2021-2022.

Exhibit 19: HP loans by stage



Sources: SINGER; FSSIA's compilation

Exhibit 20: Auto title loans by stage



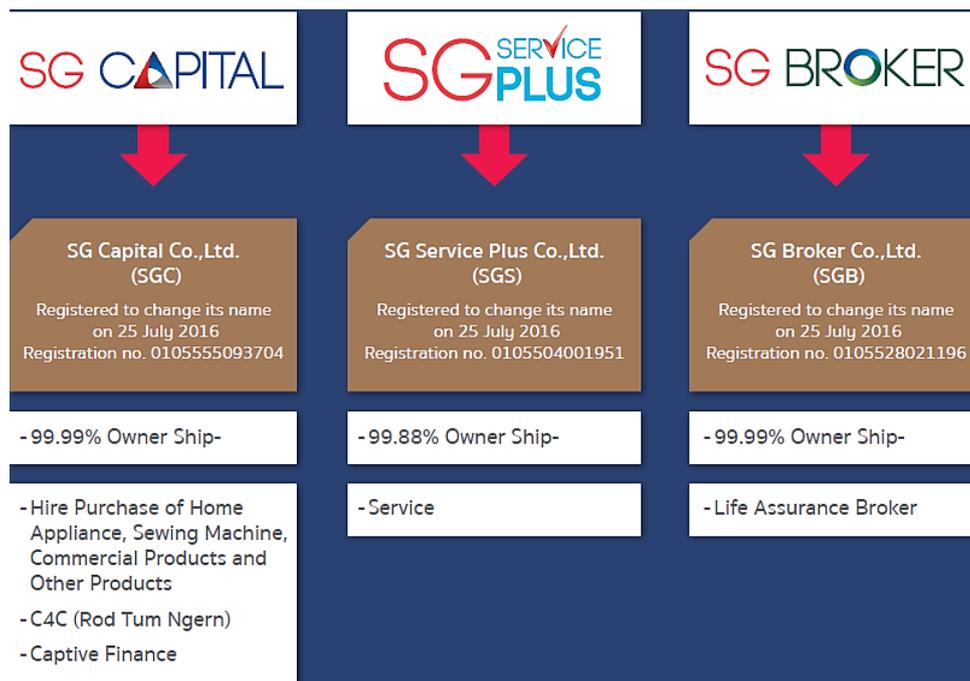
Sources: SINGER; FSSIA's compilation

## Plans to spin-off its loan business

At present, SINGER has three subsidiary companies:

- 1) SG Capital Co., Ltd. (SGC, not listed), which offers credit services to retail consumers and SME businesses with the following three loan products: HP loans for home appliances, auto title loans and captive finance for SMEs.
- 2) SG Service Plus Co., Ltd. (SGS, not listed), which operates after-sales services for the installation, repair, and maintenance of all types and brands of electrical appliances.
- 3) SG Broker Co., Ltd. (SGB, not listed), which operates as an agent in the direct selling of both life and non-life insurance policies, through the sales representatives of Singer Thailand Pcl, and its subsidiary companies.

### Exhibit 21: SINGER's subsidiaries



Source: SINGER

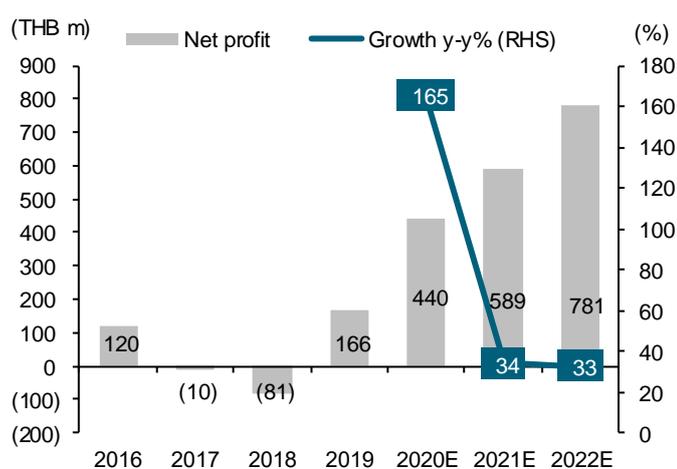
SINGER plans to grow its auto title loans aggressively, as mentioned above. It then plans to issue and IPO for SGC (possibly by selling 25% of its ownership) in 2022. We believe this would be a positive factor for SINGER's operation and share price, as 1) SGC would have a stronger capital base post-IPO to generate higher loan growth, potentially leading to an increase in its net profit; 2) SINGER would get new cash from the IPO to grow its existing businesses; and 3) this would possibly unlock the valuation of SGC, as micro-finance companies on the Thailand stock exchange are always traded at a premium valuation.

## Notable net profit growth

We expect SINGER to deliver outstanding net profit growth at 34% and 33% in 2021-22, respectively, backed up by 1) remarkable 2021E loan growth of 53% and 37% in 2021-22, respectively, thanks mainly to the solid growth of its auto title loans; 2) an increase in electrical and home appliance sales at 10% y-y during 2021-22E; and 3) a stable gross profit margin for its electrical products and home appliances due to competitive dealer pricing policies.

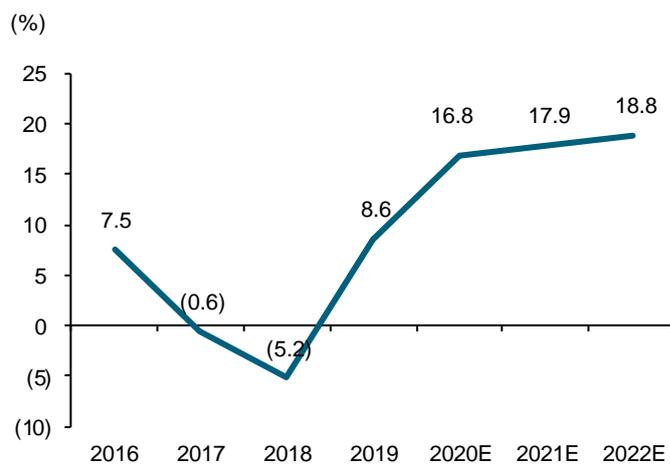
Note that SINGER's 2021-22E EPS would increase at a slower rate than its net profit at 16% y-y and 24% y-y, respectively, due to the exercise of SINGER-W1 and SINGER-W2. We assume that all of SINGER-W1 will be exercised in 2020. 50% of SINGER-W2 will be exercised at the end of 2021 and the rest of SINGER-W2 will be exercised at the end of 2022.

### Exhibit 22: Net profit growth



Sources: SINGER; FSSIA estimates

### Exhibit 23: ROE could climb to 17.9% in 2021



Sources: SINGER; FSSIA estimates

### Exhibit 24: SINGER's warrants

	SINGER W-1	SINGER W-2
Total warrants (m units)	65.75	65.75
Outstanding warrants (m units)	54.73	65.75
% of outstanding shares	13%	16%
Last exercise date	23-Apr-21	23-Apr-23
Exercise price (THB per share)	7.0	14.0
Exercise ratio (Warrant : Common stock)	1:1	1:1
Cash from conversion (THB m)	383	921

Sources: SINGER; FSSIA estimates

## Expect strong 4Q20 performance

We estimate that SINGER will post a record high 4Q20 net profit of THB122m (+194% y-y, +5% q-q). The expected outstanding net profit growth would mainly come from 1) significant loan growth of 71% y-y, 13% q-q, due to the company's continued aggressive expansion of its auto title loans; and 2) an increase in its electrical and home appliances sales.

### Exhibit 25: SINGER – summary of 4Q20E earnings preview

Year-end Dec 31	4Q19	3Q20	----- 4Q20E -----			2020E	2021E	Change	4Q20E Comments
	(THBm)	(THBm)	(THBm)	(y-y %)	(q-q %)	(THBm)	(THBm)	(y-y %)	
Net interest income	143	202	218	52	8	759	1,156	52	Increase y-y, q-q from a rise in loan volume
Non-interest income	517	584	628	22	8	2,446	2,720	11	Increase y-y, q-q from a rise in electrical and home appliances sales
<b>Operating income</b>	660	785	846	28	8	3,205	3,876	21	
Operating expenses	483	641	654	35	2	2,567	2,843	11	
<b>PPOP before tax</b>	177	145	192	8	33	638	1,033	62	
<b>Expected credit loss</b>	143	27	39	(72)	43	146	310	112	
Tax	(7)	1	31	nm.	3,459	52	134	159	
Minority interest	0	0	0			0	0		
<b>Normalised profit</b>	42	116	122	194	5	440	589	34	
Extraordinary items	0	0	0			0	0		
<b>Net profit</b>	42	116	122	194	5	440	589	34	
EPS (THB)	0.09	0.27	0.29	203	5	1.08	1.26	16	
<b>Asset quality ratio</b>	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Gross NPLs (THB m)	334	277	301	(10)	9	301	406	35	
NPL ratio	9.3	5.1	4.9	(4.4)	(0.2)	4.9	4.3	(1)	
Coverage ratio	25	100	96	71	(4)	96	101	5	
Credit cost (bp)	1,617	217	270	(1,347)	53	300	400	100	
<b>Profitability ratio</b>	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Cost to income ratio	73.2	81.6	77.3	4.1	(4.3)	80.1	73.3	(6.8)	
Average yield	21.5	20.7	19.7	(1.8)	(1.0)	20.1	19.4	(0.7)	
Cost of funds	6.1	5.7	5.6	(0.5)	(0.1)	5.3	5.3	0.0	
NIM	16.3	14.2	13.5	(2.7)	(0.7)	15.6	14.9	(0.7)	
Non-int inc/total income	78.3	74.3	74.2	(4.0)	(0.1)	76.3	70.2	(6.1)	
<b>Loan growth</b>	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Year-to-date	4	51	71	4	51				
y-y	4	59	71	4	59	70	53		
q-q	5	18	13	5	18				

Sources: SINGER; FSSIA estimates

## Valuation and TP

We initiate our coverage of SINGER with a GGM-based target price of THB28 (12.1% cost of equity, 9.6% LT growth). Our target price implies a 3.8x 2021E P/BV.

We believe the near 4x increase in its share price YTD has already reflected the expected strong earnings growth in 2021-22, together with our uptrend ROE forecast to 18.8% in 2022 vs 8.6% in 2019. We, therefore, assign a HOLD rating to SINGER.

### Exhibit 26: SINGER – GGM-derived target price

Target price (THB)	28.0
Recommendation	HOLD
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Cost to equity (%)	12.1
Terminal growth (%)	9.6
ROE target (%)	19.0
Risk to TP	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality. Upside risk are 1) effective asset quality control; and 2) a sooner-than-expected rating upgrade from TRIS.

Source: FSSIA estimates

### Exhibit 27: SINGER – financial statements

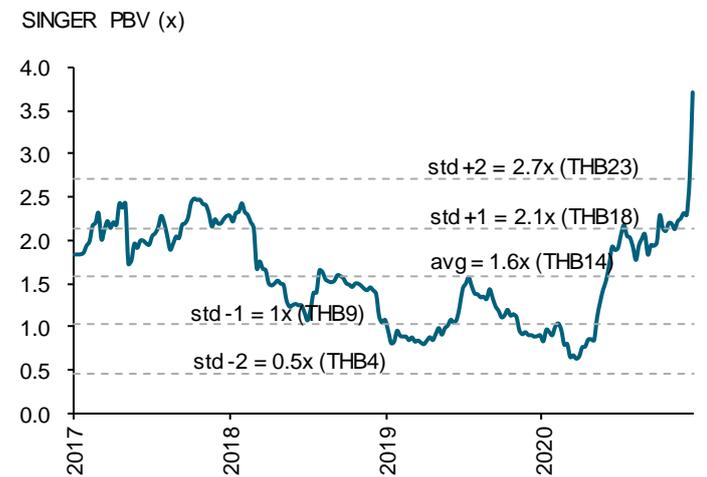
Year to Dec	2018	2019	2020E	2021E	2022E
Profit and loss statement	(THB m)				
Revenue from sales of goods	1,876	1,529	2,248	2,473	2,720
Cost of sales of goods	1,133	819	1,237	1,360	1,496
<b>Gross profit</b>	<b>743</b>	<b>710</b>	<b>1,012</b>	<b>1,113</b>	<b>1,224</b>
Interest income from hire-purchase contracts and loans	647	753	980	1,506	2,096
Interest expense	107	163	221	350	489
<b>Net interest income</b>	<b>540</b>	<b>590</b>	<b>759</b>	<b>1,156</b>	<b>1,606</b>
Revenue from rendering of services	99	78	68	79	85
Cost of rendering of services	86	65	96	68	73
<b>Net rendering services</b>	<b>13</b>	<b>13</b>	<b>(27)</b>	<b>11</b>	<b>12</b>
Other income	266	250	225	236	248
<b>Operating income</b>	<b>1,561</b>	<b>1,563</b>	<b>1,968</b>	<b>2,516</b>	<b>3,090</b>
Distribution costs	740	647	944	1,039	1,143
Administrative expenses	424	351	386	444	489
<b>Total operating expenses</b>	<b>1,164</b>	<b>998</b>	<b>1,331</b>	<b>1,483</b>	<b>1,631</b>
<b>PPOP (Pre provision operating profit)</b>	<b>397</b>	<b>565</b>	<b>638</b>	<b>1,033</b>	<b>1,459</b>
Expected credit loss	446	409	146	310	500
<b>Pretax profit</b>	<b>(49)</b>	<b>155</b>	<b>492</b>	<b>723</b>	<b>959</b>
Tax expense	31	(10)	52	134	177
Extra items	-	-	-	-	-
<b>Net profit</b>	<b>(81)</b>	<b>166</b>	<b>440</b>	<b>589</b>	<b>781</b>

Source: SINGER; FSSIA estimates

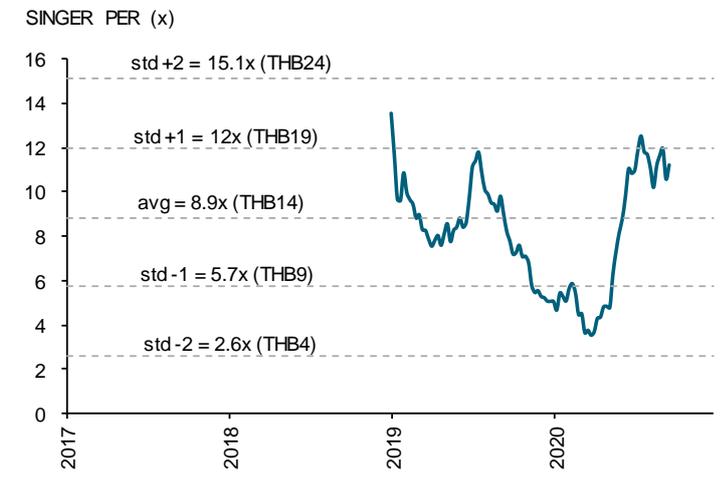
**Exhibit 28: Key financial highlights**

Year to Dec	2018	2019	2020E	2021E	2022E
<b>Change y-y</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Revenue from sales of goods	36.4	(18.5)	47.0	10.0	10.0
Net interest income	(0.1)	0.1	0.3	0.5	0.4
Norm profit	7.3	(3.1)	1.7	0.3	0.3
Net profit	727.8	(305.4)	165.2	33.9	32.6
Net EPS	7.3	(2.5)	1.4	0.2	0.2
Norm EPS	7.3	(2.5)	1.4	0.2	0.2
Loan	48.6	4.1	70.1	52.8	37.1
- HP	11.5	(5.0)	45.0	20.0	20.0
- C4C	256.0	20.0	105.0	85.0	48.0
NPL	30.4	(8.1)	(10.0)	35.0	30.0
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Gross margin	39.6	46.4	45.0	45.0	45.0
Operating margin	54.1	59.9	55.9	58.6	60.0
PPOP margin	13.7	21.6	18.1	24.1	28.3
Net profit margin	(2.8)	6.4	12.5	13.7	15.2
SG&A to revenue ratio	40.3	38.2	37.8	34.5	31.7
Loan yield	22.3	21.3	20.1	19.4	18.8
Cost of funds	5.3	5.8	5.3	5.3	5.3
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
NPL ratio	10.5	9.3	4.9	4.3	4.1
Coverage ratio	48.1	25.2	95.7	101.1	123.8
<b>Liquidity ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Debt/equity	2.3	1.5	2.2	2.4	2.6
Int. bearing debt/equity	1.8	1.2	1.9	2.1	2.3

Source: SINGER; FSSIA estimates

**Exhibit 29: SINGER – one-year forward rolling P/BV**

Sources: Bloomberg; FSSIA estimates

**Exhibit 30: SINGER – one-year forward rolling P/E**

Sources: Bloomberg; FSSIA estimates

## Exhibit 31: Key valuations of companies under coverage as of 28 December 2020

	Rec	---Share price---	Up (down)			Rec profit grth		- EPS growth -		---- PE ----		--- ROE ---		--- PBV ---	
			Current	Target	side	20E	21E	20E	21E	20E	21E	20E	21E	20E	21E
			(THB)	(THB)	(%)	(%)	(%)	(%)	(%)	(%)	(x)	(x)	(%)	(%)	(x)
Aeon Thana Sinsap	AEONTS TB	BUY	200.00	230.00	15	(17.7)	22.8	(17.7)	22.8	15.3	12.4	17.3	21.7	2.9	2.5
Krungthai Card	KTC TB	HOLD	57.75	44.00	(24)	(2.1)	12.5	(2.1)	12.5	27.5	24.5	25.4	24.6	6.5	5.6
Micro Leasing	MICRO TB	BUY	5.25	7.50	43	24.8	39.4	15.2	13.1	28.8	25.5	9.8	10.6	2.3	2.6
Muangthai Capital	MTC TB	BUY	58.75	70.00	19	14.5	23.8	14.5	23.8	25.7	20.7	26.9	26.5	6.2	4.9
Singer Thailand	SINGER TB	HOLD	26.00	28.00	8	165.2	33.9	136.2	16.3	24.0	20.6	16.8	17.9	4.2	3.5
Srisawad Corp	SAWAD TB	BUY	65.50	72.00	10	16.6	21.0	16.6	21.0	19.8	16.4	21.5	21.2	3.9	3.1
Ratchthani Leasing	THANI TB	BUY	4.36	4.30	(1)	(4.0)	13.5	(18.4)	(11.1)	10.3	11.5	20.5	19.0	1.8	2.1
<b>Coverage</b>						<b>3.2</b>	<b>19.4</b>	<b>2.2</b>	<b>17.3</b>	<b>21.8</b>	<b>18.6</b>	<b>22.2</b>	<b>22.7</b>	<b>4.5</b>	<b>3.9</b>

Source: FSSIA estimates

## Corporate Governance - SINGER

### Board structure

Number of Independent Directors (ID)	3 of 8
Percentage of IDs on the board	37.5%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	3 of 3 in audit and 2 of 3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Up to discretion of management due to the specific nature of the company's business

Source: SINGER, 2019's 56-1

Additional comments: None

### Audit Practices

Auditor	KPMG Phoomchai Audit Ltd.
Length of service	Since 2003
Reporting incidents	None
Fee track record	THB 5.94m in 2019
Policy on change of audit firm	No.

Source: SINGER, 2019's 56-1

Additional comments: None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB 3.18m vs net loss of THB75.4m in 2019
Changes/stability in senior management	CFO, Ms Peeraya Rodkorn, was appointed on 1 Jan 2019. CFO, Ms Busaba Kunsiritham, was appointed on 2 May 2019. Ms Siriphan Chuenban, Senior Accounting Division Manager, resigned on 1 Jul 2019, and the company appointed Ms Kanarat Ittipuvadol to be Accounting Division Manager.
Incidents of termination of senior management	None
Track record on insider sales	None

Source: SINGER, 2019's 56-1

Additional comments: None

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually and EGM when necessary e.g., seeking approval to issue and offer additional debentures. AGM in 2019 was attended by 120 shareholders and proxies holding a total of 212,498,743 shares equal to 52.93%, more than one-third of the paid-up shares of the company (401,505,235 shares) for constituting a quorum of the meeting.
Related party transactions	In accordance with SEC regulations
Voting issues - policies, incidents of rejected proposals	None

Source: SINGER, 2019's 56-1

Additional comments: None

## Financial Statements

### Singer Thailand

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	647	753	980	1,506	2,096
Interest expense	(107)	(163)	(221)	(350)	(489)
Net interest income	540	590	759	1,156	1,606
Net fees & commission	13	13	(27)	11	12
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	2,142	1,779	2,473	2,709	2,968
Non interest income	2,155	1,792	2,446	2,720	2,980
Total income	2,695	2,382	3,205	3,876	4,587
Staff costs	-	-	-	-	-
Other operating costs	(2,298)	(1,818)	(2,567)	(2,843)	(3,127)
Operating costs	(2,298)	(1,818)	(2,567)	(2,843)	(3,127)
Pre provision operating profit	397	565	638	1,033	1,459
Provision for bad and doubtful debt	(446)	(409)	(146)	(310)	(500)
Other provisions	-	-	-	-	-
Operating profit	(49)	155	492	723	959
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	(49)	155	492	723	959
Tax	(31)	10	(52)	(134)	(177)
Profit after tax	(81)	166	440	589	781
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(81)	166	440	589	781
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	(81)	166	440	589	781
<b>Per share (THB)</b>					
Recurring EPS *	(0.30)	0.46	1.08	1.26	1.56
Reported EPS	(0.30)	0.46	1.08	1.26	1.56
DPS	0.00	0.10	0.43	0.50	0.62
<b>Growth</b>					
Net interest income (%)	(9.1)	9.3	28.6	52.3	38.9
Non interest income (%)	34.7	(16.8)	36.5	11.2	9.6
Pre provision operating profit (%)	15.3	42.2	13.0	62.0	41.2
Operating profit (%)	nm	nm	216.3	47.1	32.6
Reported net profit (%)	nm	nm	165.2	33.9	32.6
Recurring EPS (%)	nm	nm	136.2	16.3	23.9
Reported EPS (%)	nm	nm	136.2	16.3	23.9
<b>Income Breakdown</b>					
Net interest income (%)	20.0	24.8	23.7	29.8	35.0
Net fees & commission (%)	0.5	0.5	(0.9)	0.3	0.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	79.5	74.7	77.2	69.9	64.7
<b>Operating performance</b>					
Gross interest yield (%)	22.33	21.30	20.11	19.41	18.84
Cost of funds (%)	5.26	5.78	5.30	5.30	5.30
Net interest spread (%)	17.07	15.52	14.81	14.11	13.54
Net interest margin (%)	18.6	16.7	15.6	14.9	14.4
Cost/income (%)	85.3	76.3	80.1	73.3	68.2
Cost/assets (%)	53.5	33.0	33.8	26.2	21.7
Effective tax rate (%)	(63.6)	(6.8)	10.5	18.5	18.5
Dividend payout on recurring profit (%)	-	21.8	40.0	40.0	40.0
ROE (%)	(5.2)	8.6	16.8	17.9	18.8
ROE - COE (%)	(16.0)	(2.2)	6.0	7.1	8.0
ROA (%)	(1.9)	3.0	5.8	5.4	5.4
RORWA (%)	-	-	-	-	-

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

Sources: Singer Thailand; FSSIA estimates

## Financial Statements

Singer Thailand

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	3,466	3,608	6,138	9,380	12,861
Total provisions	(175)	(84)	(288)	(410)	(654)
interest in suspense	4	4	15	23	32
<b>Net customer loans</b>	<b>3,294</b>	<b>3,528</b>	<b>5,866</b>	<b>8,993</b>	<b>12,240</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	2	321	639	671	705
Cash & equivalents	289	552	963	630	1,027
Other interesting assets	-	-	-	-	-
Tangible fixed assets	430	426	497	579	676
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,077	1,080	1,331	1,515	1,734
<b>Total assets</b>	<b>5,093</b>	<b>5,907</b>	<b>9,295</b>	<b>12,388</b>	<b>16,381</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	2,801	2,850	5,493	7,724	10,739
Non interest bearing liabilities	768	713	907	971	1,040
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>3,569</b>	<b>3,563</b>	<b>6,400</b>	<b>8,695</b>	<b>11,779</b>
Share capital	270	402	467	500	533
Reserves	1,254	1,942	2,428	3,193	4,068
<b>Total equity</b>	<b>1,524</b>	<b>2,344</b>	<b>2,896</b>	<b>3,693</b>	<b>4,601</b>
Minority interests	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>5,093</b>	<b>5,907</b>	<b>9,295</b>	<b>12,388</b>	<b>16,381</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	2,899	3,537	4,873	7,759	11,121
Average interest bearing liabilities	2,044	2,826	4,171	6,608	9,232
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)	364	334	301	406	528
<b>Per share (THB)</b>					
Book value per share	5.64	5.84	6.20	7.38	8.63
Tangible book value per share	5.64	5.84	6.20	7.38	8.63
<b>Growth</b>					
Gross customer loans	48.5	4.1	70.1	52.8	37.1
Average interest earning assets	31.6	22.0	37.8	59.2	43.3
Total asset (%)	45.5	16.0	57.4	33.3	32.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	29.9	39.7	31.2	29.8	28.1
Tangible equity/assets (%)	29.9	39.7	31.2	29.8	28.1
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	30.4	(8.1)	(10.0)	35.0	30.0
NPL/gross loans (%)	10.5	9.3	4.9	4.3	4.1
Total provisions/gross loans (%)	5.0	2.3	4.7	3.2	5.1
Total provisions/NPL (%)	48.1	25.2	95.7	101.1	123.8
<b>Valuation</b>					
Recurring P/E (x) *	(86.9)	56.6	24.0	20.6	16.6
Recurring P/E @ target price (x) *	(93.6)	61.0	25.8	22.2	17.9
Reported P/E (x)	(86.9)	56.6	24.0	20.6	16.6
Dividend yield (%)	-	0.4	1.7	1.9	2.4
Price/book (x)	4.6	4.5	4.2	3.5	3.0
Price/tangible book (x)	4.6	4.5	4.2	3.5	3.0
Price/tangible book @ target price (x)	5.0	4.8	4.5	3.8	3.2

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

Sources: Singer Thailand; 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	GGP	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	SEAOIL	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	CENDEL
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	KBS	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	PNR	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
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	AMANAHA	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)

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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

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### ANALYST(S) CERTIFICATION

#### Yuvanart Suwanumchai 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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Company	Ticker	Price	Rating	Valuation & Risks
Singer Thailand	SINGER TB	THB 26.00	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality. Upside risk are 1) effective asset quality control; and 2) a sooner-than-expected rating upgrade from TRIS.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 200.00	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.
Krungthai Card	KTC TB	THB 57.75	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.
Micro Leasing	MICRO TB	THB 5.25	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.
Muangthai Capital	MTC TB	THB 58.75	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 65.50	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 4.36	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.

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 28-Dec-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.