

12 JANUARY 2021

THAILAND / DIVERSIFIED FINANCIALS

# MUANGTHAI CAPITAL MTC TB

## BUY

UNCHANGED

TARGET PRICE	THB78.00
CLOSE	THB64.75
UP/DOWNSIDE	+20.5%
PRIOR TP	THB70.00
CHANGE IN TP	+11.4%
TP vs CONSENSUS	+21.2%

## Time to outperform

### สินเชื่อบริษัทรถยนต์โตต่อเนื่อง แต่สงครามราคากำลังจะมา

แม้ว่า Fast Money (FM; not listed) จะกำลังพยายามขยายพอร์ตสินเชื่อของบริษัท อย่างไรก็ตาม แรงเป็น 2 หมื่นลบ. ในปี 2021 จาก 6 พัน ลบ. ในปี 2020 (ซึ่งหมายความว่าบริษัท จะต้องได้สินเชื่อเชื่อบริษัทรถยนต์ 0.7-0.8 ล้านสัญญาในมุมมองของเรา) แต่เรายังเชื่อว่า MTC ยังมีโอกาสเพิ่มพอร์ตสินเชื่อเชื่อบริษัทรถยนต์ของบริษัทอีกมาก โดยเราคาดว่ายังมีรถมอเตอร์ไซด์อีกมากกว่า 7 ล้านคันที่สามารถใช้เป็นหลักประกันสำหรับสินเชื่อบริษัทรถยนต์ อย่างไรก็ตาม การแข่งขันในอุตสาหกรรมสินเชื่อเชื่อบริษัทรถยนต์มีแนวโน้มที่จะเพิ่มมากขึ้น ซึ่งจะก่อให้เกิดการแข่งขันด้านราคาอย่างรุนแรง โดย FM เป็นคนแรกที่ประกาศสงครามนี้เมื่อบริษัท ประกาศลดอัตราดอกเบี้ยต่ำกว่า 18% ตั้งแต่ มี.ค. 21 เทียบกับค่าเฉลี่ยในตลาดที่ 24% ในปัจจุบัน หลังความเคลื่อนไหวดังกล่าว MTC ตอบโต้ในทันทีโดยประกาศลดอัตราดอกเบี้ยสำหรับสินเชื่อบริษัทรถยนต์จากรายงานต้นและรถยนต์ในเดือน ธ.ค. 20 จาก 21% และ 19% เหลือ 17% และ 16.6% ตามลำดับ

### ย้ายสู่ตลาดที่ให้ผลตอบแทนสูงขึ้นอย่างสินเชื่อเช่าซื้อรถมอเตอร์ไซด์

MTC ได้เพิ่มสัดส่วนสินเชื่อเช่าซื้อรถมอเตอร์ไซด์ของบริษัท ซึ่งให้ผลตอบแทนสูงกว่าที่ 24% เราเชื่อว่า MTC จะสามารถเจาะตลาดดังกล่าวได้สำเร็จจาก 1) ความต้องการรถมอเตอร์ไซด์ใหม่ที่อยู่ในระดับสูง; และ 2) กลยุทธ์ทางการตลาดอันเป็นเอกลักษณ์และผลิตภัณฑ์อันโดดเด่น เราคาดว่าสินเชื่อเช่าซื้อรถมอเตอร์ไซด์ดังกล่าวของบริษัท จะเพิ่มจาก 354 ลบ. ในปี 2020E เป็น 3.7 พัน ลบ. ในปี 2021 คิดเป็น 4.2% ของสินเชื่อทั้งหมด (เทียบกับ 0.5% ในปี 2020E) ดังนั้นเราจึงคาดว่า MTC จะรายงานอัตราการเติบโตของสินเชื่อที่ดีถึง 23% ในปี 2021 นอกจากนี้การเพิ่มของสินเชื่อเช่าซื้อรถมอเตอร์ไซด์จะช่วยบรรเทาผลกระทบจากสงครามราคาในตลาดสินเชื่อเชื่อบริษัทรถยนต์ เพราะฉะนั้นเราจึงคาดว่าผลตอบแทนสินเชื่อของบริษัท จะลดลงเพียงเล็กน้อยจาก 21.3% ในปี 2020E เหลือ 20.95% ในปี 2021

### คาดการณ์กำไรสุทธิโตต่อเนื่องในช่วง 4Q20

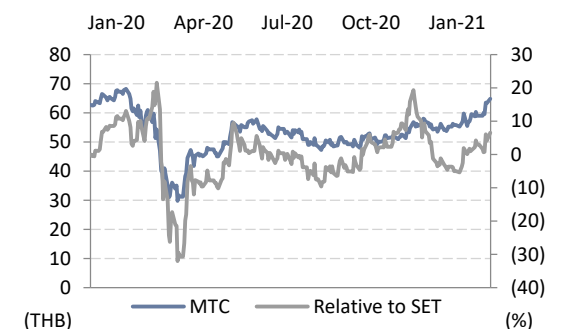
เราคาดว่า MTC จะรายงานกำไรสุทธิสูงเป็นประวัติการณ์ในช่วง 4Q20 โดยอยู่ที่ 1.4 พัน ลบ. (+24% y-y, +4% q-q) อัตราการเติบโตที่ดีดังกล่าวจะมาจาก 1) อัตราการเติบโตของสินเชื่อที่อยู่ในระดับสูง (17% y-y, 5% q-q); และ 2) ECL ที่ลดลง y-y จากการบริหารคุณภาพสินทรัพย์ที่มีประสิทธิภาพ ปัจจุบันบวกดังกล่าวอาจสามารถชดเชยผลกระทบจากกลยุทธ์อัตราดอกเบี้ยที่ต่ำลงเพื่อแข่งขันกับ FM

### คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 78 บาท

นับตั้งแต่ FM ออกประกาศเมื่อวันที่ 17 พ.ย. 20 ราคาหุ้นของ MTC มีการเคลื่อนไหวต่ำกว่า SAWAD และกลุ่มธุรกิจการเงินอย่างเห็นได้ชัด เราเชื่อว่าตลาดกังวลเกี่ยวกับความสามารถในการทำกำไรของ MTC มากเกินไป จากสมมติฐานอัตราการเติบโตของกำไรสุทธิในปี 2021 ของเราที่ 19% y-y เราเชื่อว่า MTC จะปรับตัวได้ดีกว่าในปีนี้ และทำให้เราคงเลือก MTC เป็นหุ้นเด่นของเรา เราปรับเพิ่มประมาณการกำไรสุทธิของเราในปี 2020-22 ขึ้น 8.1%/3.7%/0.9% เพื่อสะท้อนการควบคุมต้นทุนและคุณภาพสินทรัพย์ที่มีประสิทธิภาพของบริษัท พร้อมกับผลกระทบจากการแข่งขันที่เข้มข้นมากขึ้นอาจมีต่อสินเชื่อเชื่อบริษัทรถยนต์

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	5,293	6,540	7,759	9,398
Net profit	4,238	5,244	6,230	7,547
EPS (THB)	2.00	2.47	2.94	3.56
vs Consensus (%)	-	1.3	5.3	9.5
Core net profit	4,237	5,244	6,230	7,547
Core EPS (THB)	2.00	2.47	2.94	3.56
Chg. In EPS est. (%)	-	8.1	3.7	0.9
EPS growth (%)	14.1	23.7	18.8	21.1
Core P/E (x)	32.4	26.2	22.0	18.2
Dividend yield (%)	0.5	0.6	0.7	0.8
Price/book (x)	8.6	6.7	5.3	4.3
ROE (%)	30.0	28.8	27.0	26.1
ROA (%)	7.6	7.6	7.3	7.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	16.1	26.3	4.9
Relative to country (%)	12.1	4.2	7.9
Mkt cap (USD m)	4,555		
3m avg. daily turnover (USD m)	21.1		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	69.25/29.50		
Issued shares (m)	2,120		

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 12 มกราคม 2021

## Investment thesis

MTC offers an attractive investment option in Thailand's finance-related sector, in our view. We believe that business prospects for secured consumer loans remain solid. The demand for fast cash is less volatile in varying economic conditions, though spending purposes may differ. Although prolonged economic weakness has been reflected in sluggish loan demand for commercial banks, there has been an increase in short-term funding for the consumption of essentials and living expenditures. However, loan demand is likely to rise for discretionary spending when the economy turns. With one of MTC's key clientele group being farmers and those in the agricultural sector, falling agricultural prices and low farm incomes should also lead to an increase in loan demand. Operationally, MTC has long experience and strong management expertise in auto-title loans, reflecting its ability to drive growth and contain asset quality.

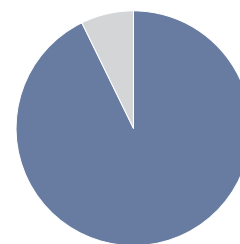
## Company profile

MTC has provided lending services since 1992, focusing on motorcycle title loans, and commands the highest market share in Thailand. The company has also expanded its business to personal and other title loans, such as car, agricultural and land title loans.

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

## Principal activities (revenue, 2019)

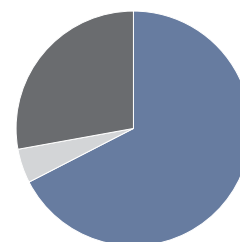
- Net interest income - 92.8 %
- Non-interest income - 7.2 %



Source: Muangthai Capital

## Major shareholders

- Petaumpai Family - 67.5 %
- Thai NVDR Co., Ltd. - 4.7 %
- Others - 27.8 %



Source: Muangthai Capital

## Catalyst

Potential share price catalysts for MTC include:

- Strong growth of its new business, hire purchases for motorcycles;
- Higher interest rate charges for FM than MTC's current rate;
- Policy rate cuts.

## Risk to our call

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.

## Event calendar

Date	Event
15 Feb 2021	GDP 4Q20/2020 announcement
16 Feb 2021	2020 results announcement

## Key assumptions

Year to Dec	2020E	2021E	2022E
	(%)	(%)	(%)
Net profit (THB m)	5,244	6,230	7,547
Net profit growth	23.7	18.8	21.1
NIM	18.53	18.19	17.84
Loan growth	17.2	23.0	22.0
Fee growth	(1.1)	10.0	10.0
Non-NII growth*	(4.7)	9.6	9.7
Credit cost (bps)	34	40	50
Cost to income*	47.6	46.8	45.5

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

Year to Dec		2021E		
Loan growth	±2ppt	21.0	23.0	25.0
% change in net profit		(1.9)	-	1.9
NIM (%)	±5bp	18.14	18.19	18.24
% change in net profit		(0.5)	-	0.5
Credit cost (bps)	±10bp	30	40	50
% change in net profit		0.5	-	(0.5)

Source: FSSIA estimates

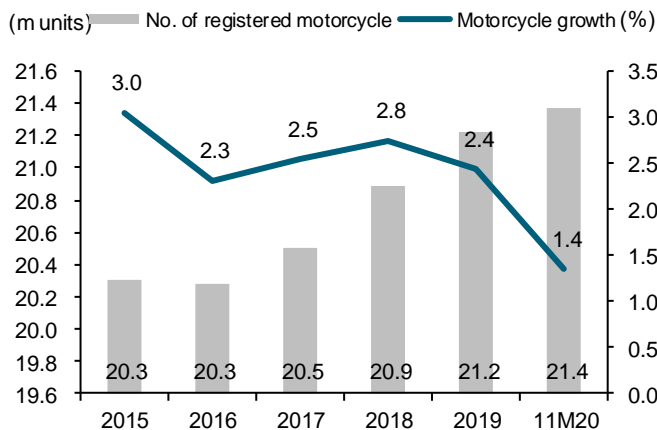


## Motorcycle title loans continue to grow but a price war is coming

We believe that Srisawad Corporation (SAWAD TB, BUY, TP THB72) being partnered with the Government Savings Bank (GSB, not listed) – under Fast Money (FM; not listed) – will have a limited impact on MTC's motorcycle title loan expansion in 2021-22. Although FM is trying to aggressively expand its 2021 loan portfolio to THB20b from THB6b in 2020 – meaning it must secure 0.7-0.8 million motorcycle title loan contracts, in our view – we believe there is more room for MTC to increase its motorcycle title loan portfolio. Currently, there are c21 million registered motorcycles in Thailand. MTC, the motorcycle title loan industry's market leader, presently has c2 million motorcycles in its portfolio. Conservatively assuming that around 50% of the registered motorbikes are still under instalment plans, we estimate that there are still more than 7 million motorbikes that can be used as collateral for loans.

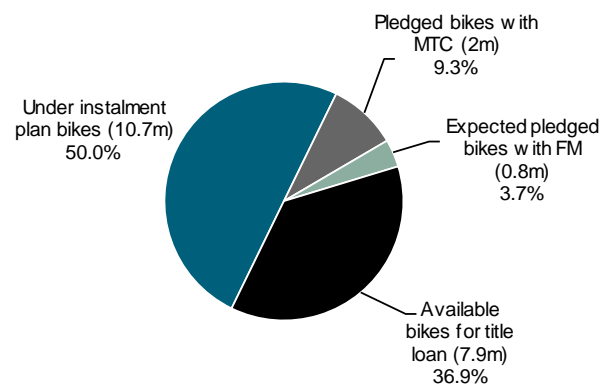
Moreover, we see title loans as akin to revolving loans for unbanked Thai people. 70% of MTC's clients are repeat customer. Therefore, MTC could continue to expand its portfolio by lending to its existing customers.

**Exhibit 1: Registered motorcycles**



Sources: Department of Land Transport; FSSIA's compilation

**Exhibit 2: Estimated number of motorcycles available for title loans based on 11M20 registered motorcycles**



Source: FSSIA's estimates

However, the motorcycle title loan industry will likely become more competitive, in our view, since the major loan providers might need to snatch market share from small local operators to expand their portfolios, while in previous years each firm could potentially grow its portfolio without being highly competitive.

In addition, we expect that the more intense competition could lead to a severe price war. FM fired the first salvo in Nov-20 when it announced its lower interest rate charge of less than 18% from Mar-21 vs the current market average of 24%. MTC promptly responded by reducing its motorbike and car title loan interest rates in Dec-20 from 21% and 19% to 17% and 16.6%, respectively.

As a result, we think that the major operators are less likely to increase their interest rate charges from now on.

## Exhibit 3: Peer business comparisons

	Muangthai Capital MTC TB	Srisawad Corporation SAWAD TB	Saksiam Leasing SAK TB	Ngern Tid Lor Not listed
Portfolio size (THB b) as of 3Q20	67.2	39.2	6.4	48.7
<b>Key lending business</b>	<b>Auto title loans</b>	<b>Auto/Land title loans</b>	<b>Auto title loans</b>	<b>Auto title loans</b>
Key servicing area	Nationwide	Nationwide	North/Northeast/Central	Nationwide
Number of branches (no.)	4,798	4,660	519	1,060
Key type of autos for lending	2nd hand	2nd hand	2nd hand	2nd hand
Proportion of retail customers (%)	Mostly	Mostly	Mostly	Mostly
Maximum instalment period (no.)	60	60	60	60
<b>Profitability ratio - as of 3Q20</b>				
Yield (%)	21.8	20.2	25.2	17.4
Net yield on portfolio (%)	8.2	12.4	9.9	6.7
<b>Asset quality ratio - as of 3Q20</b>				
NPL ratio (%)	1.0	4.5	2.6	1.2
Coverage ratio (%)	199	67	107	470

Source: FSSIA's compilation

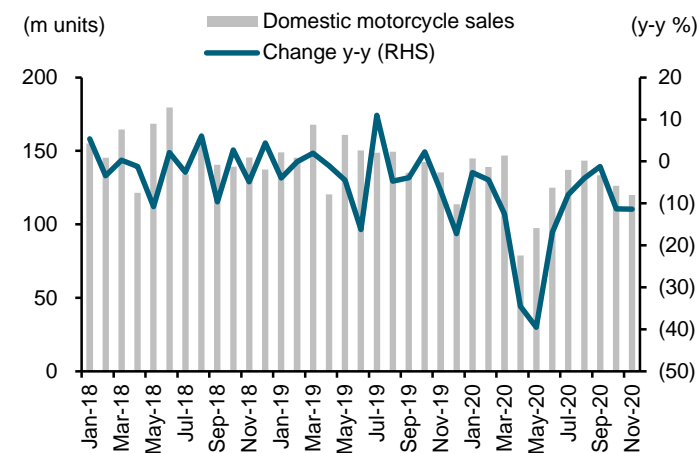
## Moving to a higher yield market: motorcycle hire purchase loans

Due to the tight competition in the motorcycle title loan industry, MTC has altered its strategy by increasing its exposure to a higher loan yield market: motorcycle hire purchase loans. We believe MTC will be able to penetrate this market successfully, owing to 1) the strong demand for new motorcycles, especially in rural areas; and 2) its unique marketing strategy and outstanding products.

### 1) The strong demand for new motorcycles

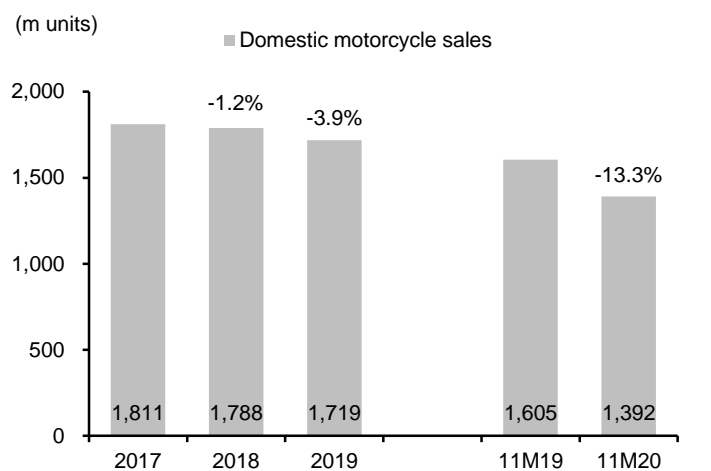
Motorcycles are prevalent in Thailand because they are 1) relatively cheap to own and operate; 2) usually less regulated (in terms of licensing and insurance); and 3) often faster than other modes of transport on very congested roads. Moreover, the COVID-19 pandemic has spurred the food delivery industry, which normally use motorcycles for transport. Accordingly, we believe that the demand for motorcycles is on the rise.

**Exhibit 4: The recovery of domestic motorcycle sales post national lockdown**



Sources: The Federation of Thai Industries; FSSIA's compilation

**Exhibit 5: Domestic motorcycle sales are normally c1.7–1.8 million units per year**



Sources: The Federation of Thai Industries; FSSIA's compilation

### 2) Unique marketing strategy and outstanding products

MTC is currently offering motorcycle hire purchase loans for its existing motorcycle title loans. We believe this strategy will not only reduce competition with its peers, but also allow MTC to control its asset quality.

Moreover, MTC's products are outstanding, above market standards, with a significantly lower interest rate of 24% and longer loan durations which allow for lower monthly instalments. We view the lower monthly instalments as more suitable for lower income borrowers' cash flows, which should help MTC have better asset quality than its peers.

**Exhibit 6: MTC's motorcycle hire purchase loan characteristics vs the market standard**

	MTC	Peers
Yearly interest rate charge - EIR basis (%)	24%	over 30%
Loan duration (years)	3 - 4	2
Monthly instalment (THB)	1,500 - 2,000	3,500 - 4,000
Loan-to-value (%)	100%	90 - 100%

Sources: MTC; FSSIA's compilation

**Exhibit 7: Assumptions for MTC's motorcycle hire purchase loans**

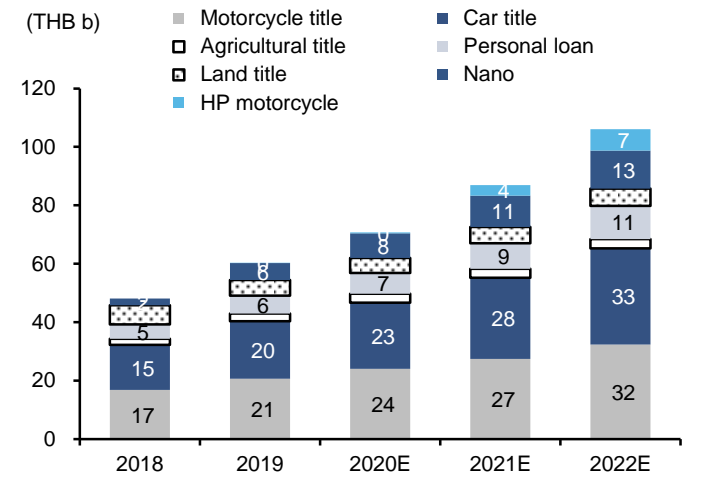
Details	Assumptions
- Average ticket size (THB)	50,000
- Yearly interest rate charge (%)	24
- No. of new motorcycle loans/month/branch	1
- No. of branches at the end of 2020	4,984

Note: Assuming a 600 branch increase every year

Source: FSSIA estimates

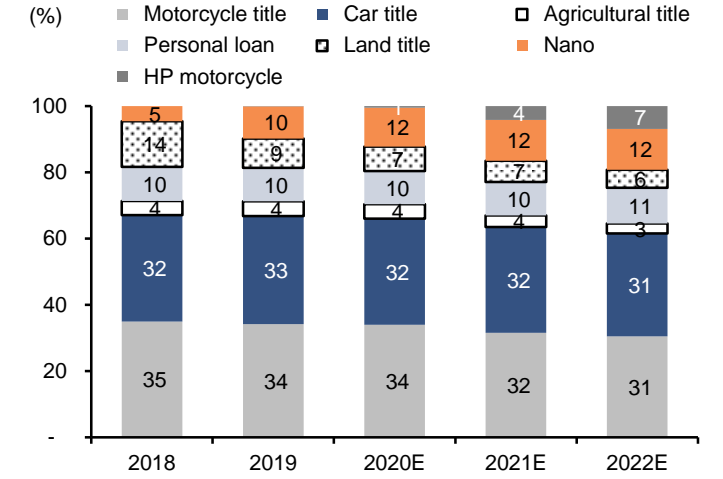
We expect its outstanding motorcycle hire purchase loans to surge from THB354m in 2020E to THB3.7b in 2021 and THB7.4b in 2022. Motorcycle hire purchase loans will likely play an important role in MTC's loan growth, rising from a 0.5% proportion of the company's total loans in 2020E to 4.2% in 2021E and 6.9% in 2022E.

**Exhibit 8: MTC's outstanding loans**



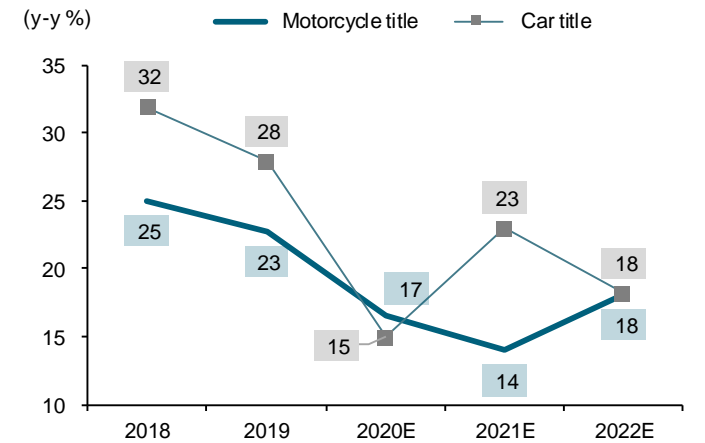
Sources: MTC; FSSIA estimates

**Exhibit 9: Proportion of outstanding loans**



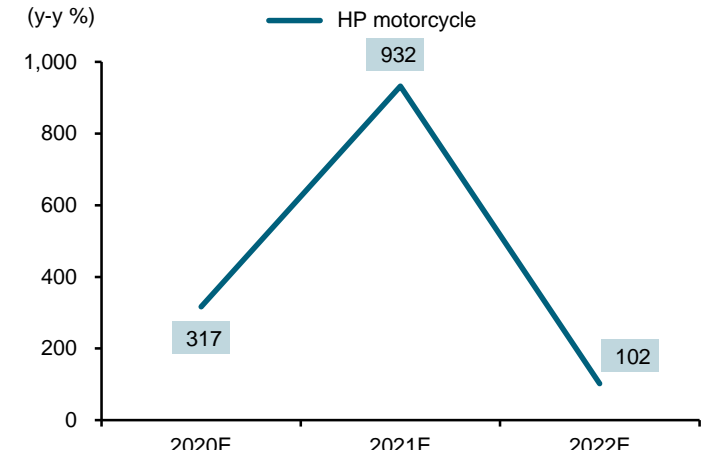
Sources: MTC; FSSIA estimates

**Exhibit 10: Slower motorcycle title loan growth...**



Sources: MTC; FSSIA estimates

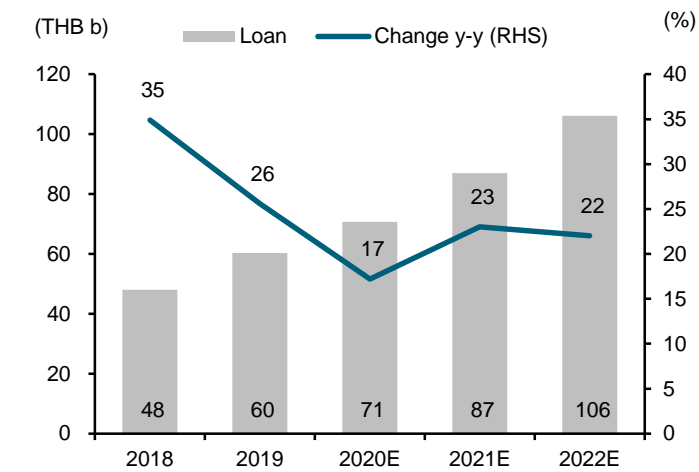
**Exhibit 11: ...should be offset by outstanding motorcycle hire purchase loan growth**



Sources: MTC; FSSIA estimates

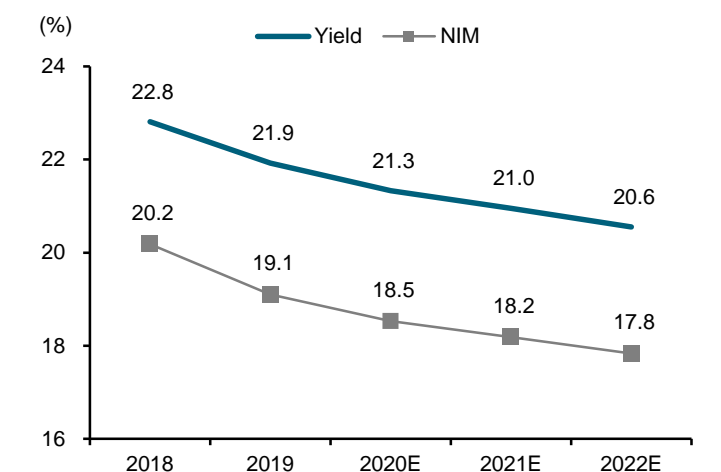
A significant increase in motorcycle hire purchase loans would reduce the impact of slower motorcycle title loan growth completely. Thus, we expect MTC to deliver 2021-22 loan growth at a rate of 23% and 22%, respectively. Moreover, a surge in motorcycle hire purchase loans would alleviate the effect of a motorcycle title loan price war. Hence, we expect its loan yield to moderately decline from 21.3% in 2020E to 20.95% in 2021E and 20.55% in 2022E.

Exhibit 12: Total loan growth



Sources: MTC; FSSIA estimates

Exhibit 13: Yield on loans



Sources: MTC; FSSIA estimates

## The impact of a lower interest rate to contend with FM

If FM offers a lower interest rate to its clients than MTC's current rate, thus resulting in a further rate cut by MTC, we estimate that every 1% decline in interest rate charge for motorcycle and car title loans would lead to a 2% downside to our 2021E net profit.

**Exhibit 14: Sensitivity analysis of MTC's 2021E net profit – our base case is for a 16.6% car title loan yield with motorcycle loan yield at 17%**

	FSSIA estimate	Sensitivity to every 1% decline in yield			
	(%)	(%)	(%)	(%)	(%)
Yield on motorcycle title loans	17.0	16.0	15.0	14.0	13.0
Yield on car title loans	16.6	15.6	14.6	13.6	12.6
2021E net profit (THB m)	6,230	6,104	5,980	5,858	5,739
% diff from FSSIA estimate		(2.0)	(4.0)	(6.0)	(7.9)

Source: FSSIA's estimates

## Expect strong net profit growth to continue in 4Q20

We project MTC to post a record high 4Q20 net profit of THB1,400m (+24% y-y, +4% q-q). The strong growth would come from solid loan growth at 17% y-y, 5% q-q due to the continued need for grassroots loans and a continuation of its branch expansion to 4,984 branches from 4,798 in 3Q20. Moreover, we believe MTC's net profit growth will also be helped by a y-y expected credit loss (ECL) decline thanks to its effective asset quality management. We forecast MTC's non-performing loans (NPLs) in 4Q20 to slightly increase by 5% q-q, implying an NPL ratio of 1.0%.

The two positive factors mentioned above could entirely offset the impact from the lower interest rate strategy MTC has taken to ward off its competitors. MTC has reduced its motorcycle and car title loan interest rates since Dec-20 from 21% and 19% to 17% and 16.6%, respectively. This has led to a drop in its 4Q20E NIM to 18.7% vs 18.9% in 3Q20 and 19.1% in 4Q19.



## Exhibit 15: MTC – summary of 4Q20E earnings preview

Year-end Dec 31	4Q19 (THB m)	3Q20 (THB m)	4Q20E (THB m)	----- Change ----- (y-y %) (q-q %)		2020E (THB m)	2021E (THB m)	Change (y-y %)	Comments
Net interest income	2,822	3,088	3,218	14	4	12,143	14,340	18	Increase y-y, q-q from a rise in loan volume
Non-interest income	207	182	199	(4)	9	770	844	10	
Operating income	3,030	3,270	3,417	13	5	12,913	15,184	18	
Operating expenses	1,500	1,533	1,602	7	5	6,148	7,110	16	
<b>PPOP before tax*</b>	<b>1,530</b>	<b>1,736</b>	<b>1,814</b>	<b>19</b>	<b>4</b>	<b>6,765</b>	<b>8,074</b>	<b>19</b>	
Expected credit loss	132	52	86	(35)	66	225	315	40	Significant decline y-y due to good asset quality control and the implementation of TFRS 9
Income tax	267	344	328	23	(5)	1,296	1,528	18	
Minority interest	0	0	0			0	0		
<b>Normalised profit</b>	<b>1,131</b>	<b>1,340</b>	<b>1,400</b>	<b>24</b>	<b>4</b>	<b>5,244</b>	<b>6,230</b>	<b>19</b>	
Extraordinary items	0	0	0			0	0		
<b>Net profit</b>	<b>1,131</b>	<b>1,340</b>	<b>1,400</b>	<b>24</b>	<b>4</b>	<b>5,244</b>	<b>6,230</b>	<b>19</b>	BBG consensus forecasts THB1,379m for 4Q20
EPS (THB)	0.53	0.63	0.66	24	4	2.47	2.94	19	
<b>Asset quality ratio</b>				<b>(ppt)</b>	<b>(ppt)</b>			<b>(ppt)</b>	
NPLs (THB m)	621	674	708	14**	5**	708	885	25	
NPLs / loans (%)	1.03	1.00	1.00	(0.03)	(0.00)	1.00	1.02	0	
Loan loss reserve / NPLs (%)	276	199	182	(94)	(17)	182	152	(30)	
Credit cost (bp)	90	32	50	(40)	18	34	40	6	
<b>Profitability ratio (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	
Cost to income ratio	49.5	46.9	46.9	(2.6)	0.0	47.6	46.8	(0.8)	
Average yield	22.0	21.8	21.5	(0.5)	(0.3)	21.3	21.0		
Cost of funds	3.9	3.6	3.7	(0.2)	0.0	3.7	3.6		
Net interest margin (NIM)	19.1	18.9	18.7	(0.5)	(0.3)	18.5	18.2		Lower interest rate strategy
Non-interest income / total income	6.8	5.6	5.8	(1.0)	0.3	39.2	41.2	2.0	
<b>Loan growth (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	
Year-to-date	25.6	11.4	17.2						
y-y	25.6	16.5	17.2			17.2	23.0	6	
q-q	4.6	6.1	5.2						

\*Including share of profits from associates; \*\* NPLs change by %

Sources: MTC; FSSIA estimates

## Net profit and target price revisions

We increase our 2020 net profit forecast by 8.1% due to the better-than-expected operating and credit cost controls that have led to lower projected OPEX and ECL. These should offset the company's slower loan growth, in our view.

We also slightly revise up our net profit forecasts for 2021-22 by 3.7%/0.9% to reflect the continued cost controls together with its more aggressive motorcycle hire purchase loan expansion. The key changes in our assumptions are 1) credit cost; 2) OPEX; 3) loan growth; and 4) yield on loans.

1) We revise down our 2021-22 credit cost assumptions from 110 bps/105 bps to 40 bps/50 bps due to its prudent loan approval process and follow-up debt collection capabilities, leading to stronger asset quality.

2) We revise down our OPEX assumptions in 2021-22 by 6.1%/8.4% due to the company's efficient operating cost management.

3) We revise down our loan growth assumption in 2021 to 23% from 25% to reflect the slower estimated growth of its motorcycle title loans.

4) We revise down our 2021-22 yield on loan assumptions to 21.0%/20.6% from 21.7%/21.7% to reflect the lower interest rate strategy for its motorcycle and car title loans, which should be partially alleviated by an increase the proportion of higher yield motorcycle hire purchase loans.

## Exhibit 16: Key changes in assumptions

	2019 (THB m)	2020E			2021E			2022E		
		Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	10,353	12,294	12,143	(1.2)	15,079	14,340	(4.9)	18,486	17,220	(6.8)
Non-interest income*	808	863	770	(10.8)	900	844	(6.2)	935	926	(1.0)
Operating income	11,161	13,157	12,913	(1.9)	15,979	15,184	(5.0)	19,421	18,146	(6.6)
Operating expenses	5,314	6,295	6,148	(2.3)	7,573	7,110	(6.1)	9,026	8,265	(8.4)
<b>PPOP before tax*</b>	<b>5,847</b>	<b>6,862</b>	<b>6,765</b>	<b>(1.4)</b>	<b>8,406</b>	<b>8,074</b>	<b>(3.9)</b>	<b>10,396</b>	<b>9,881</b>	<b>(5.0)</b>
Expected credit loss (Reversal)	554	796	225	(71.8)	896	315	(64.8)	1,045	483	(53.8)
Tax expenses	1,056	1,213	1,296	6.9	1,502	1,528	1.8	1,870	1,851	(1.0)
Minority interest	-	0	-		0	-		0	-	
<b>Normalised profit</b>	<b>4,237</b>	<b>4,852</b>	<b>5,244</b>	<b>8.1</b>	<b>6,008</b>	<b>6,230</b>	<b>3.7</b>	<b>7,480</b>	<b>7,547</b>	<b>0.9</b>
Extraordinary items	-	0	-		0	-		0	-	
<b>Net profit</b>	<b>4,237</b>	<b>4,852</b>	<b>5,244</b>	<b>8.1</b>	<b>6,008</b>	<b>6,230</b>	<b>3.7</b>	<b>7,480</b>	<b>7,547</b>	<b>0.9</b>
EPS (THB)	2.00	2.29	2.47	8.1	2.83	2.94	3.7	3.53	3.56	0.9
Normalised EPS (THB)	2.00	2.29	2.47	8.1	2.83	2.94	3.7	3.53	3.56	0.9
<b>Key statistics and ratios</b>										
<b>Asset quality ratio</b>										
Gross NPLs	621	1,025	708	(31.0)	1,538	885	(42.5)	1,769	1,018	(42.5)
Gross NPLs/Loans (%)	1.03	1.4	1.00		1.7	1.0		1.6	1.0	
Loan loss reserve/NPLs (%)	276	190	182		173	152		185	143	
Credit cost (bp)	102	120	34		110	40		105	50	
<b>Profitability ratio (%)</b>										
Cost to income ratio*	47.6	47.8	47.6		47.4	46.8		46.5	45.5	
Average yield	21.9	21.7	21.3		21.7	21.0		21.7	20.6	
Cost of funds	3.84	4.14	3.72		3.96	3.61		3.96	3.62	
Net interest margin (NIM)	19.1	18.5	18.5		18.5	18.2		18.6	17.8	
<b>% change</b>										
Loan growth (y-y %)	25.6	20.0	17.2		25.0	23.0		20.0	22.0	

\*Including share of profits from associates

Source: FSSIA estimates

We revise up our GGM-based TP to THB78 from THB70, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2021E P/BV from 5.9x to 6.4x to reflect our cost of equity reduction to 10.8% from 11.1%.

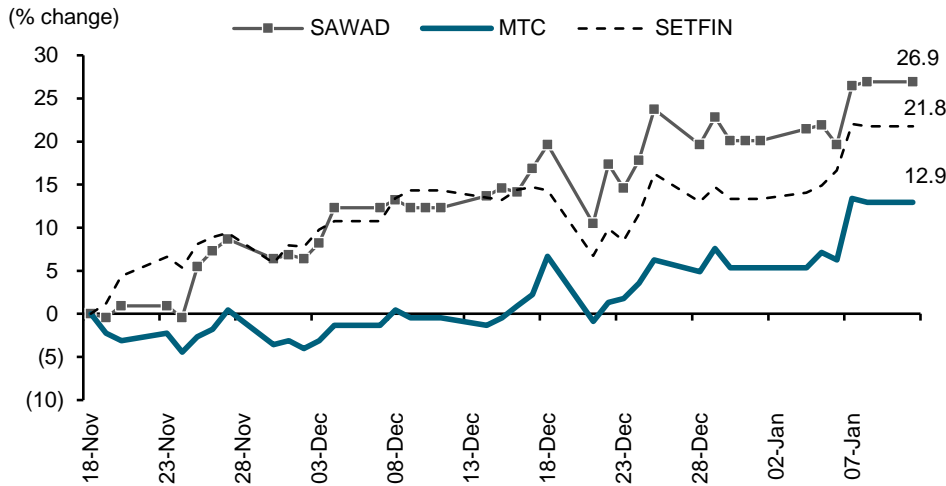
## Exhibit 17: MTC – GGM-derived target price

Target price	THB78 (from THB70)
Recommendation	BUY
Risk-free rate (%)	3 (Unchanged)
Market risk premium (%)	8 (Unchanged)
Cost to equity (%)	10.8 (from 11.1)
Terminal growth (%)	8 (Unchanged)
ROE target (%)	26.4 (from 26.3)
Risk to TP	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.

Source: FSSIA estimates

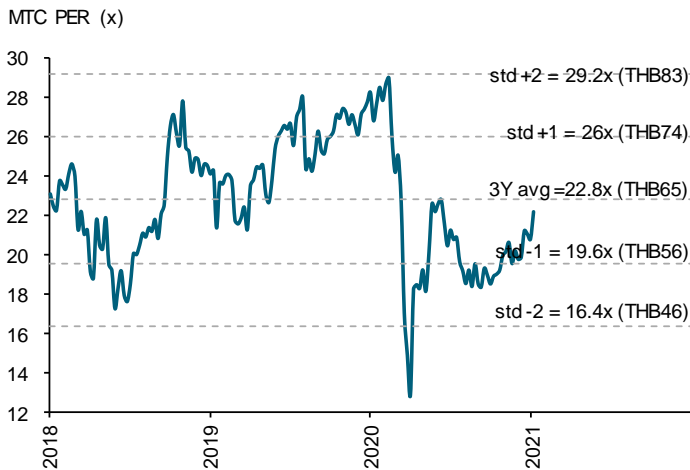
Since the announcement of the partnership between SAWAD and GSB on 17 Nov 20, MTC's share price has noticeably underperformed SAWAD and the finance sector, with its current return at +13% vs SAWAD's +27% and the finance sector's +22%. We believe the market has over-penalised MTC's profitability. With our 2021E net profit growth of 19% y-y, we believe MTC will outperform this year, and therefore maintain it as our top pick.

**Exhibit 18: Price performance of MTC, SAWAD and the finance sector after the partnership announcement between SAWAD and GSB**



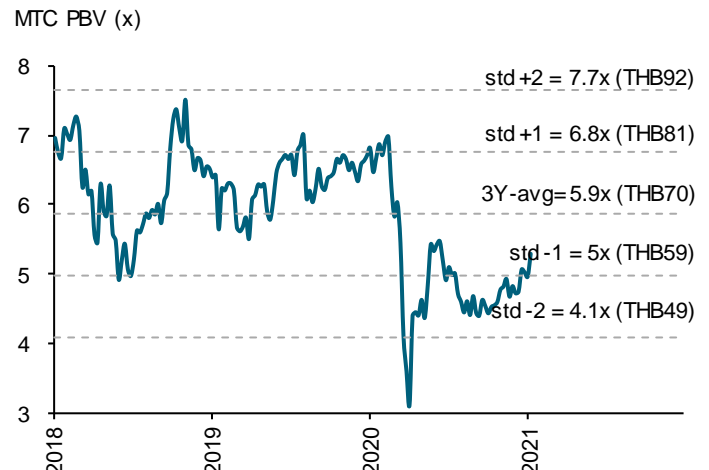
Sources: Bloomberg; FSSIA's compilation

**Exhibit 19: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 20: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 21: Peers comparison**

		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	200.00	230.00	15	(17.7)	22.8	15.3	12.4	2.0	2.4	17.3	21.7	2.9	2.5
Krungthai Card	KTC TB	HOLD	79.00	44.00	(44)	(2.1)	12.5	37.7	33.5	1.1	1.2	25.4	24.6	8.9	7.7
Micro Leasing	MICRO TB	BUY	5.00	7.50	50	15.2	13.1	27.4	24.2	1.8	1.2	9.8	10.6	2.2	2.5
Muangthai Capital	MTC TB	BUY	64.75	78.00	20	23.7	18.8	26.2	22.0	0.6	0.7	28.8	27.0	6.7	5.3
Singer Thailand	SINGER TB	HOLD	26.50	28.00	6	136.2	16.3	24.4	21.0	1.9	2.0	16.8	17.9	3.7	3.4
Srisawad Corp	SAWAD TB	BUY	70.50	72.00	2	16.6	21.0	21.3	17.6	0.2	0.3	21.5	21.2	4.2	3.4
Ratchthani Leasing	THANI TB	BUY	4.20	4.30	2	(18.4)	(11.1)	9.9	11.1	4.0	4.5	20.5	19.0	1.7	2.0
Coverage						4.3	16.5	24.9	21.4	1.0	1.2	22.6	22.8	5.3	4.5

Prices as of 11 Jan 2021;

Source: Bloomberg; FSSIA estimates

## Financial Statements

### Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	9,544	11,880	13,978	16,517	19,839
Interest expense	(1,100)	(1,527)	(1,835)	(2,177)	(2,619)
Net interest income	8,444	10,353	12,143	14,340	17,220
Net fees & commission	796	723	715	787	865
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	76	85	55	58	60
Non interest income	872	808	770	844	926
Total income	9,316	11,161	12,913	15,184	18,146
Staff costs	(2,228)	(3,009)	(3,851)	(4,698)	(5,732)
Other operating costs	(1,875)	(2,306)	(2,297)	(2,412)	(2,533)
Operating costs	(4,103)	(5,314)	(6,148)	(7,110)	(8,265)
Pre provision operating profit	5,213	5,847	6,765	8,074	9,881
Provision for bad and doubtful debt	(586)	(554)	(225)	(315)	(483)
Other provisions	-	-	-	-	-
Operating profit	4,627	5,293	6,540	7,759	9,398
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	4,627	5,293	6,540	7,759	9,398
Tax	(913)	(1,056)	(1,296)	(1,528)	(1,851)
Profit after tax	3,713	4,238	5,244	6,230	7,547
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,713	4,238	5,244	6,230	7,547
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,713	4,237	5,244	6,230	7,547
<b>Per share (THB)</b>					
Recurring EPS *	1.75	2.00	2.47	2.94	3.56
Reported EPS	1.75	2.00	2.47	2.94	3.56
DPS	0.26	0.30	0.37	0.44	0.53
<b>Growth</b>					
Net interest income (%)	37.9	22.6	17.3	18.1	20.1
Non interest income (%)	29.0	(7.3)	(4.7)	9.6	9.7
Pre provision operating profit (%)	37.7	12.2	15.7	19.4	22.4
Operating profit (%)	49.0	14.4	23.6	18.6	21.1
Reported net profit (%)	48.5	14.1	23.7	18.8	21.1
Recurring EPS (%)	48.5	14.1	23.7	18.8	21.1
Reported EPS (%)	48.5	14.1	23.7	18.8	21.1
<b>Income Breakdown</b>					
Net interest income (%)	90.6	92.8	94.0	94.4	94.9
Net fees & commission (%)	8.5	6.5	5.5	5.2	4.8
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.8	0.8	0.4	0.4	0.3
<b>Operating performance</b>					
Gross interest yield (%)	22.81	21.92	21.33	20.95	20.55
Cost of funds (%)	3.52	3.84	3.72	3.61	3.62
Net interest spread (%)	19.29	18.08	17.61	17.34	16.93
Net interest margin (%)	20.2	19.1	18.5	18.2	17.8
Cost/income(%)	44.0	47.6	47.6	46.8	45.5
Cost/assets(%)	9.5	9.6	8.9	8.3	8.0
Effective tax rate (%)	19.7	19.9	19.8	19.7	19.7
Dividend payout on recurring profit (%)	14.8	15.0	15.0	15.0	15.0
ROE (%)	34.9	30.0	28.8	27.0	26.1
ROE - COE (%)	24.1	19.2	18.0	16.2	15.3
ROA (%)	8.6	7.6	7.6	7.3	7.3
RORWA (%)	-	-	-	-	-

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

Sources: Muangthai Capital; FSSIA estimates

## Financial Statements

### Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	48,047	60,338	70,710	86,974	106,108
Total provisions	(1,499)	(1,715)	(1,289)	(1,343)	(1,455)
interest in suspense	0	0	0	0	0
<b>Net customer loans</b>	<b>46,548</b>	<b>58,623</b>	<b>69,422</b>	<b>85,630</b>	<b>104,653</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	880	783	653	736	279
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,269	1,778	2,353	2,588	2,847
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	449	687	4,348	4,697	5,063
<b>Total assets</b>	<b>49,146</b>	<b>61,872</b>	<b>76,775</b>	<b>93,652</b>	<b>112,842</b>
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	35,460	44,136	54,495	65,983	78,662
Non interest bearing liabilities	1,387	1,764	1,852	1,944	2,042
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>36,847</b>	<b>45,900</b>	<b>56,347</b>	<b>67,928</b>	<b>80,704</b>
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	10,193	13,863	18,320	23,616	30,031
<b>Total equity</b>	<b>12,313</b>	<b>15,983</b>	<b>20,440</b>	<b>25,736</b>	<b>32,151</b>
Minority interests	(14)	(12)	(12)	(12)	(12)
<b>Total liabilities &amp; equity</b>	<b>49,146</b>	<b>61,872</b>	<b>76,775</b>	<b>93,652</b>	<b>112,842</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	41,835	54,193	65,524	78,842	96,541
Average interest bearing liabilities	31,280	39,798	49,316	60,239	72,323
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)	540	621	708	885	1,018
<b>Per share (THB)</b>					
Book value per share	5.81	7.54	9.64	12.14	15.17
Tangible book value per share	5.81	7.54	9.64	12.14	15.17
<b>Growth</b>					
Gross customer loans	34.9	25.6	17.2	23.0	22.0
Average interest earning assets	41.4	29.5	20.9	20.3	22.4
Total asset (%)	33.0	25.9	24.1	22.0	20.5
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	25.1	25.8	26.6	27.5	28.5
Tangible equity/assets (%)	25.1	25.8	26.6	27.5	28.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	22.4	15.1	13.9	25.0	15.0
NPL/gross loans (%)	1.1	1.0	1.0	1.0	1.0
Total provisions/gross loans (%)	3.1	2.8	1.8	1.3	1.4
Total provisions/NPL (%)	277.7	275.9	182.1	151.8	142.9
<b>Valuation</b>					
Recurring P/E (x) *	37.0	32.4	26.2	22.0	18.2
Recurring P/E @ target price (x) *	44.5	39.0	31.5	26.5	21.9
Reported P/E (x)	37.0	32.4	26.2	22.0	18.2
Dividend yield (%)	0.4	0.5	0.6	0.7	0.8
Price/book (x)	11.1	8.6	6.7	5.3	4.3
Price/tangible book (x)	11.1	8.6	6.7	5.3	4.3
Price/tangible book @ target price (x)	13.4	10.3	8.1	6.4	5.1

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

Sources: Muangthai Capital; 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	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	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.

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 64.75	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.
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 79.00	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 5.00	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.
Singer Thailand	SINGER TB	THB 26.50	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 risks are 1) effective asset quality control; and 2) a sooner-than-expected rating upgrade from TRIS.
Srisawad Corp	SAWAD TB	THB 70.50	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 4.20	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 11-Jan-2021 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.