

9 MARCH 2021

THAILAND / ASSET MANAGEMENT COMPANIES

CHAYO GROUP CHAYO TB

BUY
UNCHANGED

TARGET PRICE	THB15.00
CLOSE	THB10.90
UP/DOWNSIDE	+37.6%
PRIOR TP	THB9.70
CHANGE IN TP	+54.6%
TP vs CONSENSUS	+42.4%

การเติบโตแบบก้าวกระโดดรอบใหม่

กำไรสุทธิจะโตดี

เราคาดว่า CHAYO จะรายงานกำไรจากการดำเนินงานได้อย่างเห็นได้ชัด พร้อมกำไรสุทธิที่โตสูงถึง 62% ในปี 2021 และ 47% CAGR ในช่วงปี 2020-22 โดยได้แรงหนุนจากการรับชำระหนี้ (cash collection) ที่ดีขึ้น การซื้อหนี้ด้วยคุณภาพในจำนวนที่มากขึ้นของกิจการร่วมค้า และการควบคุมต้นทุนอย่างมีประสิทธิภาพ

ตั้งกิจการร่วมค้าเพื่อหนุนการเติบโตในอัตราที่สูงมากยิ่งขึ้น

CHAYO ได้จัดตั้งกิจการร่วมค้าเพื่อลดข้อจำกัดในด้านเงินทุน บริษัทฯ วางแผนถือหุ้น 55% ในขณะที่หุ้นส่วนจะถือหุ้นส่วนที่เหลืออีก 45% กิจการดังกล่าวจะซื้อเฉพาะสินทรัพย์ด้วยคุณภาพที่มีหลักทรัพย์ค้ำประกัน ในขณะที่ CHAYO จะซื้อสินทรัพย์ด้วยคุณภาพทั้งแบบที่มีหลักทรัพย์และไม่มีหลักทรัพย์ค้ำประกัน CHAYO ตั้งงบสำหรับการซื้อหนี้ด้วยคุณภาพไว้ที่ 1 พัน ลบ. ในขณะที่กิจการร่วมค้ามีแผนซื้ออีก 1 พัน ลบ. ในปี 2021 จากข้อมูลของผู้บริหารบริษัทฯ จะประกาศร่วมทุนภายใน 1Q21 เราคาดว่าบริษัทที่จะเข้ามาเป็นหุ้นส่วนอาจจะเป็น Com7 Public Company (COM7 TB, NR) หรือบริษัทอสังหาริมทรัพย์พัฒนาโรงแรม บริษัทไอทีที่เราเชื่อว่าหุ้นส่วนของบริษัทฯ จะไม่ให้แก่เงินทุนแต่จะนำมาซึ่งประโยชน์ทางธุรกิจ โดยการเข้าหุ้นกับ COM7 จะทำให้ CHAYO มีฐานลูกค้าที่ใหญ่ขึ้นในการขยายธุรกิจสินเชื่อ นอกจากนี้เรายังมองว่า CHAYO จะสามารถนำเสนอบริการตามเก็บหนี้แก่ COM7 หรือ Next Capital (NCAP TB, NR) หาก CHAYO ร่วมหุ้นกับบริษัทอสังหาริมทรัพย์ บริษัทพัฒนาโรงแรม เรามองว่าการร่วมหุ้นดังกล่าวจะทำให้บริษัทฯ สามารถจัดการด้วยคุณภาพที่เป็นอสังหาริมทรัพย์ได้อย่างมีประสิทธิภาพ หาก CHAYO จับมือกับบริษัทไอที การร่วมหุ้นดังกล่าวอาจช่วยลดอัตราส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวมของบริษัทฯ

การรับชำระหนี้ดีขึ้น

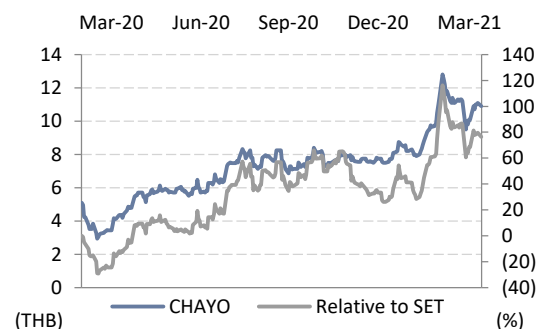
เราคาดว่า cash collection ของ CHAYO จะโตดีขึ้น โดยอยู่ที่ 43% ในปี 2021 และ 40% CAGR ในปี 2021-23 โดยได้แรงหนุนจาก 1) การเพิ่มของพอร์ต Amortised จาก 28 พัน ลบ. ในปี 2020 เป็น 31 พัน ลบ. ในปี 2021; 2) การฟื้นตัวของเศรษฐกิจ ซึ่งจะทำให้บริษัทฯ สามารถปิดบัญชี NPL/NPA แปลงใหญ่ได้; และ 3) การซื้อสินทรัพย์ด้วยคุณภาพในจำนวนที่มากขึ้น หลังการที่ซื้อสินเชื่อที่ไม่ก่อให้เกิดรายได้จำนวนมากแล้วในปี 2020 และจากเป้าการซื้อสินเชื่อที่ไม่ก่อให้เกิดรายได้เชิงรุกของบริษัทฯ ในปี 2021

คำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 15 บาท (GGM)

เราเพิ่มประมาณการกำไรสุทธิปี 2021-22 ขึ้น 13%/38% ตามลำดับส่วนมากเพื่อสะท้อนการรวมกิจการร่วมค้าและการซื้อหนี้ที่ไม่ก่อให้เกิดรายได้ที่สูงเกินคาดในปี 2020 นอกจากนี้เรายังปรับเพิ่มราคาเป้าหมายเป็น 15 บาท (GGM) ราคาดังกล่าวคิดเป็นค่า 2021E P/E ที่ 49x เรามองว่าค่า P/E ที่สูงดังกล่าวสมเหตุสมผลเมื่อพิจารณาจากกำไรจากการดำเนินงานที่คาดว่าจะสูงขึ้น หุ้นส่วนทางธุรกิจที่ดียิ่งขึ้น และแนวโน้มขาขึ้นของผลตอบแทนจากส่วนผู้ถือหุ้น

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	195	335	550	707
Net profit	155	251	388	499
EPS (THB)	0.22	0.31	0.42	0.71
vs Consensus (%)	-	11.5	33.3	102.9
Core net profit	155	251	388	499
Core EPS (THB)	0.22	0.31	0.42	0.71
Chg. In EPS est. (%)	-	13.4	37.6	-
EPS growth (%)	24.8	39.9	36.3	68.7
Core P/E (x)	49.6	35.4	26.0	15.4
Dividend yield (%)	0.1	0.0	0.0	0.0
Price/book (x)	6.8	4.3	3.2	2.1
ROE (%)	14.7	15.7	15.0	14.8
ROA (%)	6.7	6.9	7.6	7.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.7)	44.4	105.2
Relative to country (%)	(4.4)	38.3	81.4
Mkt cap (USD m)			250
3m avg. daily turnover (USD m)			3.6
Free float (%)			21
Major shareholder			Yasasin Family (48%)
12m high/low (THB)			12.80/2.80
Issued shares (m)			0

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 9 มีนาคม 2021

Investment thesis

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

We expect that CHAYO will enter a substantial growth phase, with remarkable core profit growth of 62% in 2021 supported by stronger cash collection, more aggressive distressed asset acquisitions from its JV and efficient cost control.

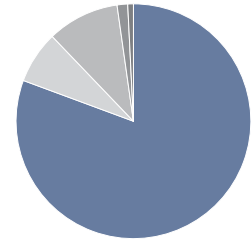
Company profile

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

www.chayo555.com

Principal activities (revenue, 2020)

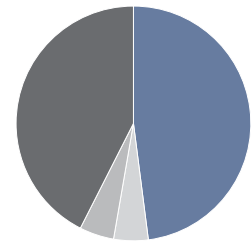
- NPL management - 80.6 %
- NPA management - 7.2 %
- Debt collection - 9.9 %
- Loan business - 1.5 %
- Other income - 0.8 %



Source: Chayo Group

Major shareholders

- Yasasin Family - 48.0 %
- Sura Kanittaweekul - 4.8 %
- Pongsak Thammathataree - 4.8 %
- Others - 42.5 %



Source: Chayo Group

Catalyst

Potential catalysts to drive CHAYO's share price include:

- 1) The announcement of its joint venture deal;
- 2) Being rated by TRIS Rating;
- 3) The sale of big-value assets in the range of THB100m-150m.

Risk to our call

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

Event calendar

Date	Event
Mid-May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)
Norm profit (THB m)	251.0	388.4	499.3
<i>Norm profit growth (%)</i>	62	55	29
Cash collection (THB m)	458.2	685.8	878.2
<i>Cash collection ratio (%)</i>	17.8	17.4	17.9
NPL and NPA purchases (THB m)	1,701	1,195	840
<i>NPL and NPA purchase growth (%)</i>	167	(30)	(30)
Cost to income (%)	35.4	35.2	33.7

Source: FSSIA estimates

Earnings sensitivity

		----- 2021E -----		
Cash collection ratio	±50bp	17.3	17.8	18.3
<i>% change in net profit</i>		(3.9)	-	3.9
Cost to income	±1ppt	34.4	35.4	36.4
<i>% change in net profit</i>		(3.0)	-	3.0

Source: FSSIA estimates

Setting up a JV to support accelerated growth

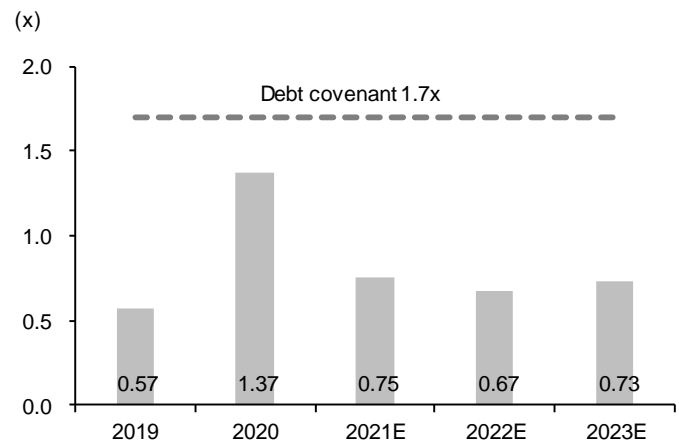
During the expected flood of non-performing loans (NPLs) in 2021-22, most asset management companies (AMCs), both listed and non-listed, intend to expand their portfolios aggressively. CHAYO, which is the smallest AMC listed on the Thai stock market, also plans to significantly increase its NPL and non-performing asset (NPA) acquisitions. However, the main constraint for CHAYO's business expansion is its limited source of funds. Its debt covenant ratio is at 1.7x IBD/E, while its IBD/E in 2020 was 1.37x after its THB800m debenture issuance in 4Q20. CHAYO has, therefore, established a JV company to unlock its limited funding.

Exhibit 1: AMC peers by asset size

AMCs	----- As of 2018 -----		As of 2020
	Total assets	% market share	Total assets
	(THB m)	(%)	(THB m)
BAM	107,653	47.3	132,070
SAM	43,056	18.9	
IAM	24,551	10.8	
Mahanakorn AMC	9,742	4.3	
Sinnsuptawee Asset Management	6,649	2.9	
LSF AMC	4,371	1.9	
SWP AMC	3,811	1.7	
J AMC (JMT's subsidiary)	3,512	1.5	14,270
Krungsri Ayudhya AMC	3,481	1.5	
Rachakarn Asset Management	2,819	1.2	
Alpha Capital Asset Management	1,525	0.7	
NFS AMC	1,035	0.5	
CHAYO	665	0.3	2,811

Sources: IPSOS, FSSIA's compilation

Exhibit 2: Quarterly IBD/E (x) of CHAYO

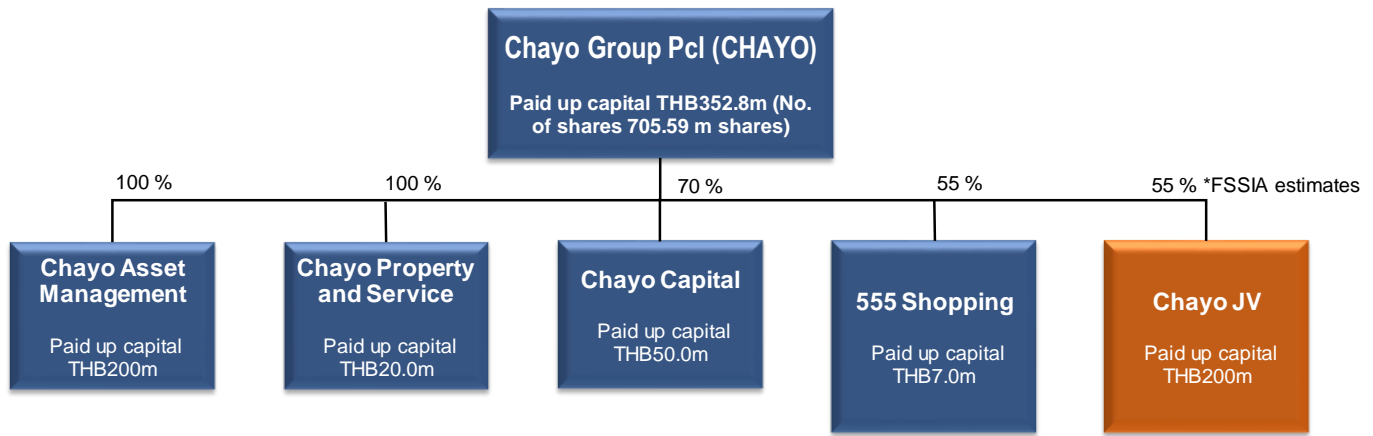


Sources: CHAYO; FSSIA estimates

JV business structure

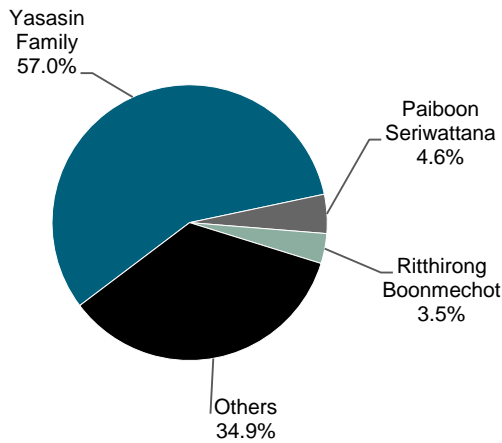
According to management, the JV could have THB200m in total registered capital. CHAYO intends to hold 50-55% of the JV with an equity investment of THB110m, while the total investment in the JV will be cTHB1.8b in 2021. It is waiting for the Bank of Thailand (BoT) to approve the AMC license, and operations are likely to begin in 2Q21. CHAYO JV will acquire only secured distressed assets while CHAYO will purchase both secured and unsecured distressed assets. CHAYO's budget for the purchase of distressed assets is THB1b, while the JV plans to purchase another THB1b in 2021. The asset value per ticket acquired by the JV would be bigger than CHAYO itself.

Exhibit 3: CHAYO’s holding structure



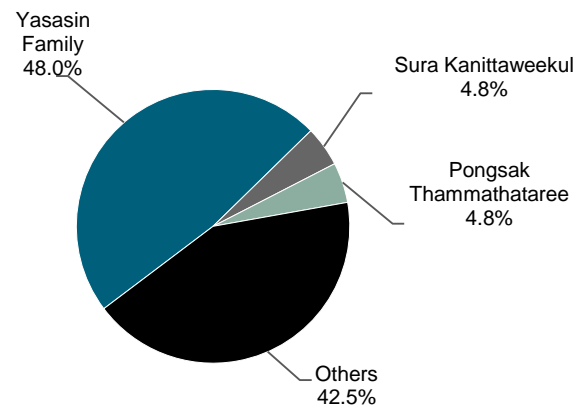
Sources: CHAYO; FSSIA’s compilation

Exhibit 4: CHAYO’s shareholder structure before selling shares to COM7’s shareholders



Sources: SET; FSSIA’s compilation

Exhibit 5: CHAYO’s shareholder structure after selling shares to COM7’s shareholders



Sources: CHAYO; FSSIA’s compilation

Potential partner(s)

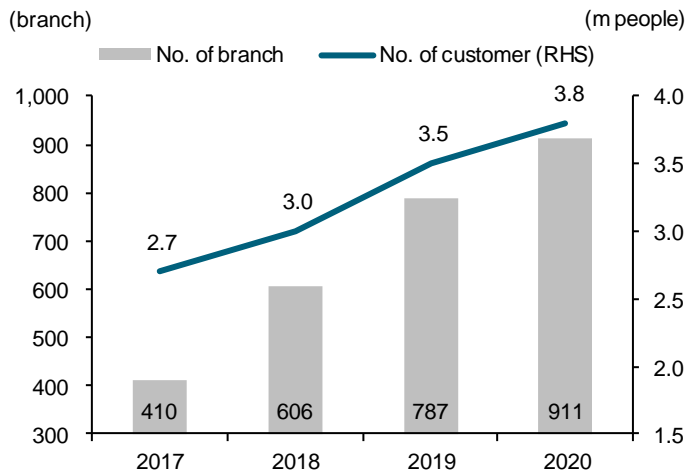
At first, we expect that its partner(s) (the number has not yet been determined) will support only the source of funding. In return, CHAYO will provide its long operating experience in the business, along with its experienced staff and reliable debt collection systems.

Nevertheless, after the sale of 9.5% of paid-up capital by Mr. Suksan Yasasin (a major shareholder of CHAYO) to COM7’s major shareholders, namely Mr. Sura Khanittaweekul (4.75%) and Dr. Pongsak Thammathataree (4.75%), we think that there is a good possibility that COM7 might be one of CHAYO’s partners. In our view, this implies that CHAYO JV’s partners would not only provide a source of funding, but also have business synergies.

1) The benefits from partnering with COM7

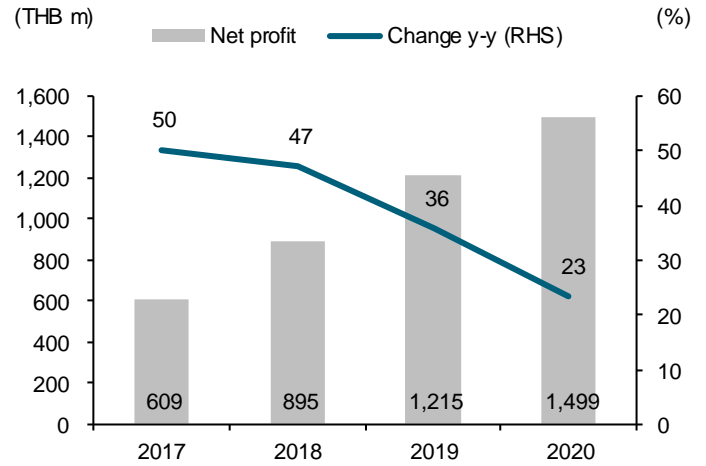
COM7 is the largest IT chain store in terms of branches. COM7 distributes IT products such as laptops, desktop computers, mobile phones, tablets, and related accessories, and provides product repair services via its branches which are retail stores in leading department stores, shopping malls, and hypermarkets. Currently, COM7 has 911 branches covering Bangkok and rural provinces, with a 3.8 million customer base. COM7 was listed on the Stock Exchange of Thailand in 2015. Its bottom line has been increasing and it consistently records new highs. In 2020, its net profit surged by 23% y-y. One of the key success factors for COM7 is its management team, in our view.

Exhibit 6: COM7 – no. of branches and customers



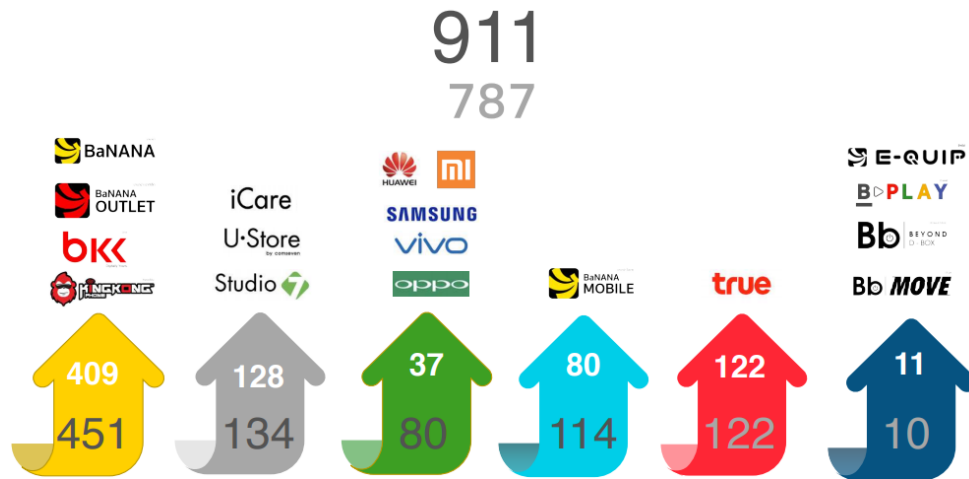
Sources: COM7; FSSIA's compilation

Exhibit 7: COM7 – net profit



Sources: COM7; FSSIA's compilation

Exhibit 8: COM7's branch expansion in 2020

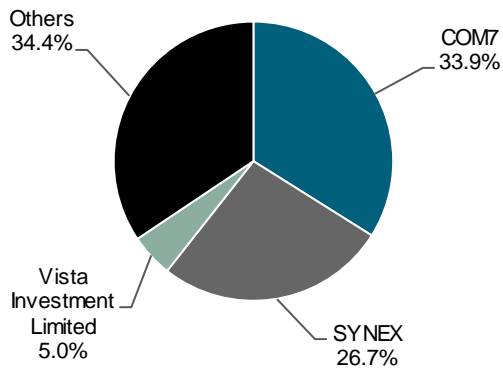


Source: COM7

Moreover, COM7 is presently the major shareholder (34% holding) of NCAP. NCAP offers new and used motorcycle hire purchases in Thailand.

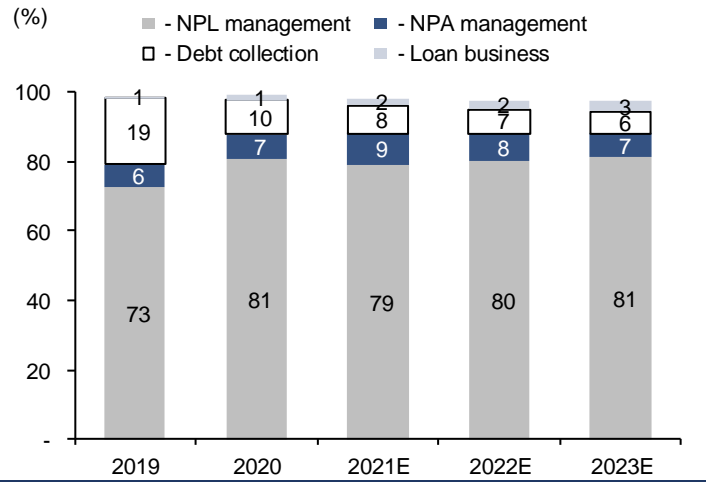
We think partnering with COM7 would allow CHAYO to have a larger customer base to expand its loan business. CHAYO's loan portfolio was THB61m in 2020, accounting for 1% of total revenue contributions. Furthermore, we think that CHAYO could offer debt collection services (10% of total revenue) for both COM7 and NCAP.

Exhibit 9: NCAP – shareholder structure



Sources: NCAP; FSSIA's compilation

Exhibit 10: CHAYO – revenue structure



Sources: CHAYO; FSSIA estimates

Besides COM7, we think management might study its peers' experience, along with the related pitfalls, in order to find a partner(s) that will be able to bolster its position against competitors.

Exhibit 11: CHAYO's weaknesses

Weaknesses	Solution	Status
1. Limited source of funds	Setting up a JV, capital increase	Done
2. Limited channels to sell its distressed assets	Partnering with experts in land and building management	None
3. Limited IT implementation	Partnering with experts in IT systems	None

Source: FSSIA estimates

2) Property developers

Another of CHAYO's limitations, apart from its capital, is that if its portfolio is enlarged, we think it will make managing both collection and asset sales more difficult. In order to rapidly discharge its inventory and increase its profit margin, it is possible that CHAYO would find a partner(s) which has expertise in land and building management, such as property developers and hotel operators.

We have listed the potential property developers and hotel operators listed on the SET in the table below:

Exhibit 12: Property developers

BBG	Company name	Example projects	Market capitalisation (THB m)
Top tier			
ANAN	Ananda Development	Ashton, Ideo, Elio, Unio	6,533
AP	AP (Thailand)	The Address, Rhythm, The Palazzo	24,695
LH	Land and Houses	The Bangkok, The Room, Ladawan, Nanthawan	95,000
LPN	L.P.N. Development	Lumpini	7,024
PSH	Pruksa Holding	Plum condo	29,326
QH	Quality Houses	CASA, Prukpirom, Laddarom, Vararom	25,715
SC	SC Asset	Centric, The Crest, Bangkok Boulevard	12,297
SIRI	Sansiri	The Line, The Base, Setthasiri, Narasiri	12,931
SPALI	Supalai	Supalai Icon Sathorn, Supalai Oriental Sukhumvit 39	43,076
Mid - Small tier			
LALIN	Lalin Property	Levo, Lio, Lanceo	8,649
MJD	Major Development	Marque, Maru, Equinox	1,420
NOBLE	Noble Development	Nue, Around, Revolve	10,818
NUSA	Nusasari	Nusa, Movenpick	2,904
ORI	Origin Property	Knightsbridge, Origin, Kensington, Britannia	18,764
PF	Property Perfect	Metro, Modi, Perfect Masterpiece	3,814
S	Singha Estate	The Esse, Santiburi	12,542
SENA	Sena Development	Piti, Niche, The Kith	5,765
FPT	Frasers Property	Golden Land	30,383
AQ	AQ Estate	AQ, Krisda, Garden	853
ESTAR	Eastern Star Real Estate	Estara, Velana, Quintara	2,360
EVER	Ever Land	My Home, My Resort, Ever City	894
GLAND	Grand Canal Land	Belle	15,860
MK	M.K. Real Estate Development	Chuanchern	3,383
PRECHA	Preecha Group	Preecha, PG	269
PRIN	Prinsiri	Zerene, Zelle	2,367
RICHY	Richy Place 2002	The Rich	955
RML	Raimon Land	The Lofts, The Estelle, The River	2,587
SA	Siamese Asset	Siamese, Wyndham	7,725

Sources: SETSMART; FSSIA's compilation

Exhibit 13: Hotel operators

BBG	Company name	Example projects	Market capitalisation (THB m)
Top tier			
CENTEL	Central Plaza Hotel	Centara, Centra	45,900
ERW	The Erawan Group	Hop Inn, Grand Hyatt Erawan	10,725
MINT	Minor International	Anantara, AVANI	158,344
AWC	Asset World Corp	Le Meridien, Banyan Tree, Marriot	160,000
Mid - Small tier			
LRH	Laguna Resorts & Hotels	Laguna, Cassia	4,959
GRAND	Grande Asset Hotels and Property	The Westin, Sheraton	2,025
SHR	S Hotels and Resorts	Santiburi, Saili, Hard Rock	11,140
VRANDA	Veranda Resort	Veranda	4,959

Sources: SETSMART; FSSIA's compilation

Due to its small asset size, we think that its partner(s) would be in the small to mid-tier of property developers or hotel operators rather than among the top tier players. This kind of cooperation has already occurred in Thailand recently. Noble Development (NOBLE TB, NR), one of the major property developers in Thailand, invested 20% of the paid-up share capital of SWP Asset Management (SWP, not listed), which engages in the business of NPL and NPA management and is a subsidiary of Srisawad Corporation (SAWAD TB, BUY, TP THB94). The companies should be mutually benefit from this deal, in our view. SWP can find distressed assets at a reasonable price while NOBLE can utilise its real estate expertise to manage and turn the distressed assets around.

3) IT firms

We think CHAYO is still behind its peers, especially JMT Network Services (JMT TB, BUY, TP THB52), in terms of digital implementation. JMT has effectively managed its service costs by integrating more technology from the Jay Mart (JMART TB, NR) group into its debt collection process. JMT's cost to income has continuously declined to 48% in 2020 from c55-60% in 2018-19. Thus, we think it is possible that CHAYO's partner(s) could be an IT firm.

Expect a surge in the JV's profits in 2022

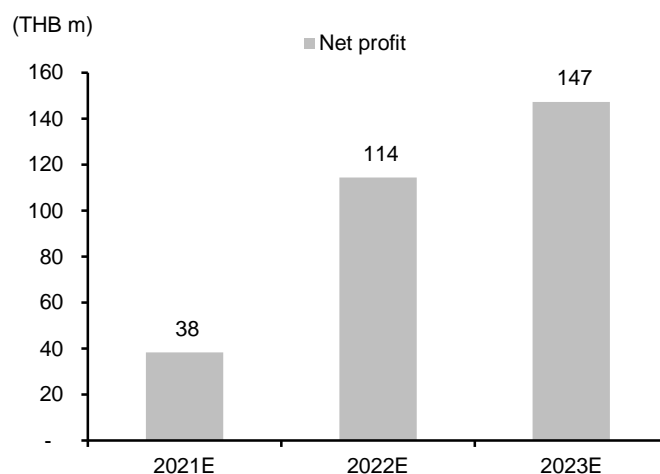
We expect the JV start operating immediately after receiving a license from the BoT and project that it will purchase secured NPLs amounting to THB800m in 2021. According to the TFRS9 accounting standard, the JV could realise revenue after its purchase. However, we expect that the JV will receive a lump sum amount once the assets are sold in late 2022. Consequently, the JV's net profit could be small at around THB38m in 2021, with earnings increasing noticeably starting from 2022.

Exhibit 14: JV assumptions in 2021

Items	Assumptions
Shareholder structure	55% - CHAYO
	45% - Partner (s)
NPL purchases (THB m)	800

Sources: CHAYO; FSSIA estimates

Exhibit 15: Expected net profit of JV



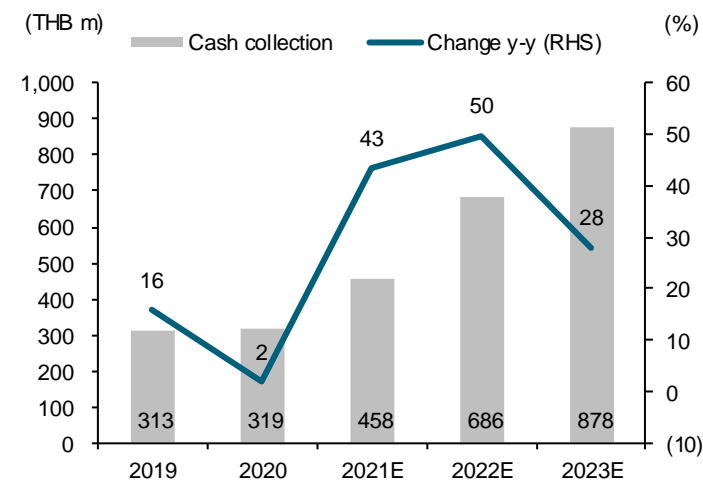
Sources: CHAYO; FSSIA estimates

Stronger cash collection

During the COVID pandemic in 2020, CHAYO's NPL and NPA cash collection was still able to increase slightly by 2% y-y due to its hybrid distressed asset portfolio, including unsecured distressed assets (UDA) and secured distressed assets (SDA). CHAYO's UDA can provide a recurring cash flow. Especially during the slow recovery period for the economy, we believe its unsecured asset portfolio will outperform its secured portfolio. This is because the smaller ticket size allows customers to more easily service their debt.

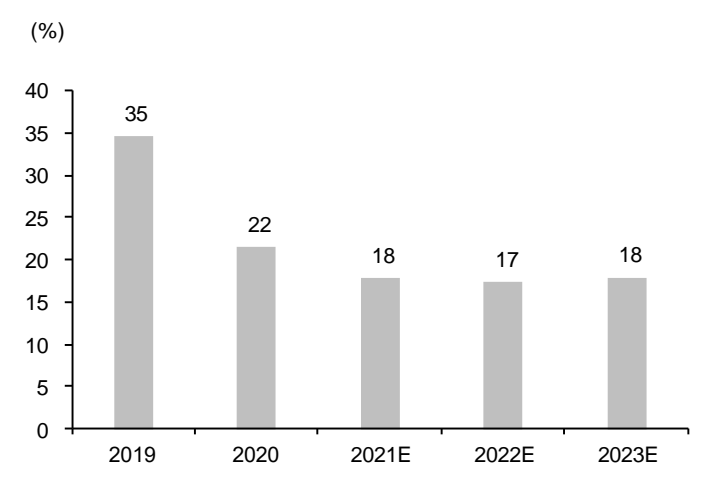
We project that CHAYO will deliver stronger cash collection growth at 43% in 2021 with a 40% 3-yr 2021-23 CAGR, supported by 1) an increase in its fully amortised portfolio; 2) an economic recovery, leading to the settlement of large NPL/NPA backlogs; and 3) more aggressive distressed asset acquisitions.

Exhibit 16: Yearly cash collection



Sources: CHAYO; FSSIA estimates

Exhibit 17: Cash collection ratio

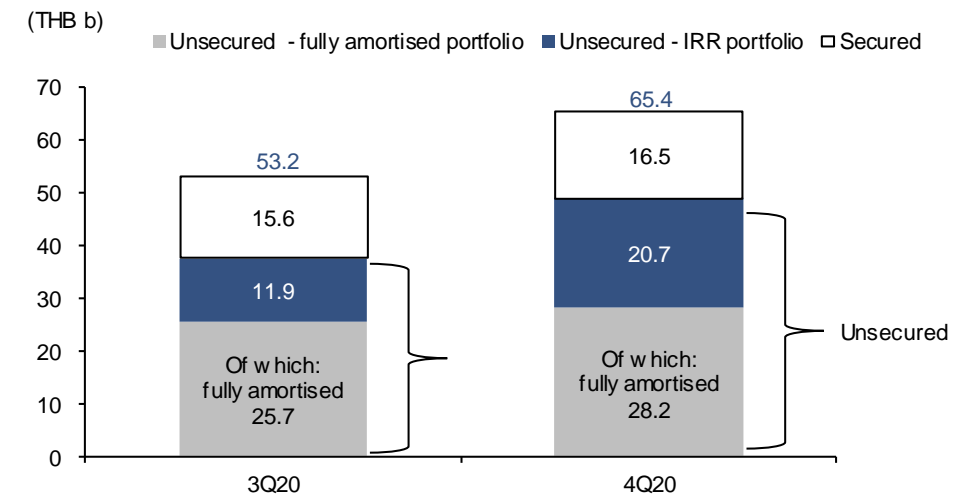


Sources: CHAYO; FSSIA estimates

An increase in its fully amortised portfolio

CHAYO actively acquired distressed assets in 2014-15. We believe that some of these have been fully amortised. Thus, we expect that its fully amortised portfolio will increase by THB3b to THB31b in 2021. We estimate that the revenue from this portfolio will amount to THB80m in 2021. A rise in its fully amortised portfolio volume would not only lead to a revenue upsurge, but also higher profitability, as the cash collection from that portfolio can be recorded as 100% revenue.

Exhibit 18: Breakdown of outstanding distressed assets



Source: CHAYO; FSSIA's compilation

The settlement of large NPL/NPA backlogs

According to management, the company has some large NPL/NPA backlogs (valued at >THB100m/piece) which its debtors declined to settle last year because they wanted to keep their liquidity. We think that these backlogs could be settled this year due to the anticipated recovery of the economy.

Exhibit 19: NPL summary

2018				2019				2020			
No	Winning date	Claim value	Collateral	No	Winning date	Claim amount	Collateral	No	Winning date	Claim amount	Collateral
		(THB m)				(THB m)				(THB m)	
				B/F	Already reported	199					
1	9-Feb	138	Vacant Land - beach side, Rayong	1	31-May	61	Land & Building - Ladprao	1	23-Apr	46	Land & Building - Sukhumvit
2	10-May	7,952	Clean loan	2	7-Jun	184	Land & Building - Samsen	2	23-Apr	63	Land & Building - Sukhumvit
3	16-May	346	Land & Building - Klongtoey, Bangkok	3	10-Jun	5	Land & Building - Taerange	3	8-Jun	147	Land & Building - Samrong Nuea
4	13-Jun	90	Land & Building - Chaengwattana, Bangkok	4	10-Jun	708	Land & Building - Minburi	4	23-Jun	293	Land & Building - Pathumthani
5	20-Jun	136	Land & Building - Ngamwongwan, Bangkok	5	14-Jun	384	Land & Building - Nonthaburi	5	7-Jul	158	Land & Building - Samuthprakan
6	13-Jul	27	Land & Building - Rayong	6	24-Oct	1	Land & Building - Sriracha	6	24-Aug	320	Unsecured loan (motorcycle)
7	26-Jul	20	Land & Building - Watcharaphol	7	22-Oct	51	Land & Building - Watcharaphol	7	27-Aug	149	Land & Building - Chiangrai
8	26-Jul	31	Land & Building - Nonthaburi	8	1-Nov	3	Land & Building - Chonburi	8	28-Aug	1,580	Unsecured loan (motorcycle)
9	9-Aug	24	Land & Building - Lumlookka	9	15-Nov	704	Vacant Land - Salaya, Nakornphathom	9	18-Sep	6	Single detached house - Watcharaphol
10	16-Aug	73	Land & Building - Chonburi	10	20-Nov	6,966	Vacant Land - Pangnga	10	24-Sep	126	Land & Building - Chatuchak
11	17-Aug	17	Land & Building - Huaykwang	11	20-Nov	1,275	Unsecured land	11	28-Sep	58	Land & Building - Donmuang
12	5-Sep	31	Vacant land - Rayong	12	11-Dec	14	Land & Building - Pakkret	12	7-Oct	66	Single detached house - Bangkapi
13	5-Sep	41	Land & Building - Samutprakarn	13	11-Dec	17	Land & Building - Bangchak	13	27-Oct	51	Land & Building - Chonburi
14	6-Sep	35	Land & Building - Sukhumvit	14	13-Dec	44	Land & Building - Phakhanong	14	30-Oct	369	Land Chachangsao and Rayong
15	14-Sep	60	Land & Building - Ramindra	15	18-Dec	8	Land & Building - Ladplakhao	15	13-Nov	979	Unsecured loans (motorcycles)
16	19-Sep	189	Land & Building (Mortgage loan or Housing loan)	16	18-Dec	9	Land & Building - Bangvak	16	20-Nov	3,692	Unsecured loans (cars)
17	18-Oct	47	Land & Building - Bangbuathong	17	25-Dec	8	Land & Building - Thepharak	17	16-Nov	646	Land & Building - Pathum Thani and Chatujak
18	18-Oct	12	Land & Building - Dusit					18	16-Nov	316	Land & Building - Minburi
19	19-Oct	42	Vacant Land - Pakkret					19	16-Nov	162	Land & Building - Chiang Mai
20	24-Oct	64	Vacant Land - Bangbhor					20	23-Dec	6,289	Unsecured loans
21	26-Oct	105	Vacant Land - Pakkret								
22	7-Nov	86	Land & Building - Bangkhae								
23	9-Nov	34	Land & Building - Pravhet								
24	12-Nov	174	Land & Building - Chatuchak								
25	25-Dec	20	Land & Building - Bangsue								
26	25-Dec	46	Land & Building - Ramindra								
	2018 =	9,837			2019 =	10,639			2020 =	15,517	

Sources: CHAYO; FSSIA's compilation

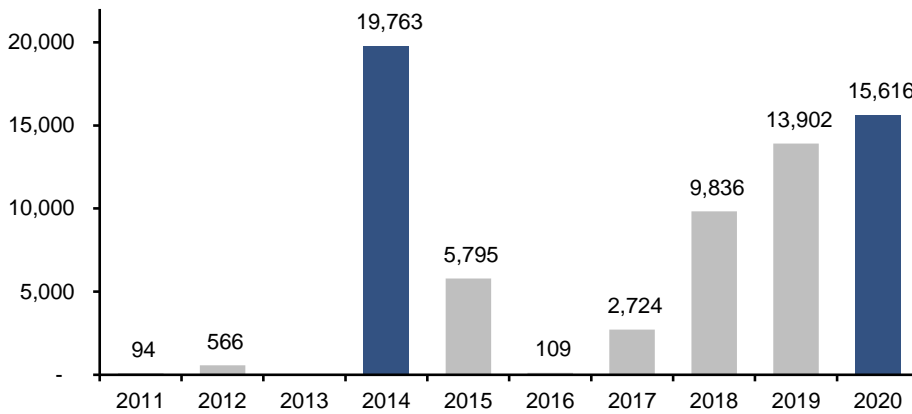
Aggressive distressed asset acquisitions in 4Q20

CHAYO acquired distressed assets more aggressively in 4Q20, with an acquisition budget of THB417m vs THB208m in 9M20. Hence, its total acquisition claim value was THB15.6b in 2020, the second highest claim value since the business' inception. The proportion of its 2020 acquisitions was 17% secured and 83% unsecured. Additionally, the company still has proactive distressed asset acquisitions planned for 2021, with a budget of THB1b for CHAYO and another THB1b for the JV.

Its accumulated outstanding portfolio in terms of claim value/appraisal value was THB65.4b in 2020 – 75% UDA vs 25% SDA. Meanwhile, its 2020 portfolio in terms of book value was THB1.6b – 63% SDA vs 27% UDA.

Exhibit 20: Outstanding claim value of distressed asset acquisition

(THB m)

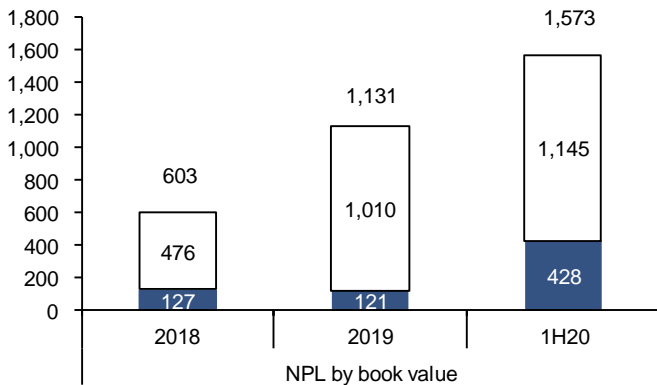


Sources: CHAYO; FSSIA's compilation

Exhibit 21: NPL acquisitions by cost

(THB m)

■ Unsecured Loan □ Secured Loan



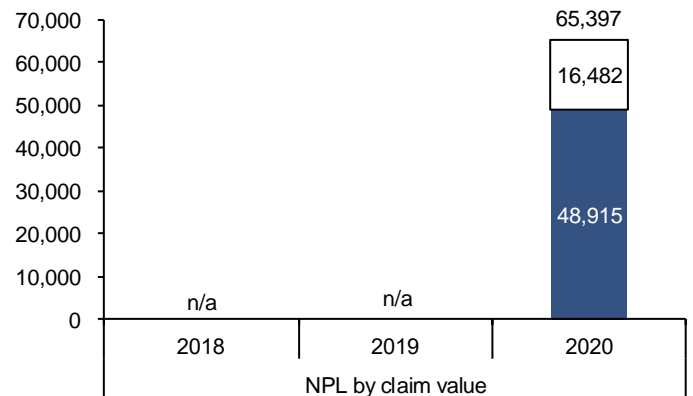
NPL by book value

Sources: CHAYO; FSSIA's compilation

Exhibit 22: NPL acquisitions by claim

(THB m)

■ Unsecured Loan □ Secured Loan



NPL by claim value

Sources: CHAYO; FSSIA's compilation

Normally, it would take three to four months for the company to start collecting money from its distressed assets from the point of their acquisition. The payback period for UDA is around three years on average. While, for SDA, CHAYO's strategy is to sell the distressed assets instead of restructuring the loans, therefore, there would be a little cash collection during the first three years and CHAYO would receive a lump sum amount once the assets are sold.

Hence, we believe that CHAYO would start to benefit from its aggressive UDA expansion from 2Q21 onward. Furthermore, the lump sum cash collection from its SDA could possibly start from 2022.

Net profit and target price revisions

We increase our 2021-22 net profit forecast by 13%/38%, mainly to reflect the incorporation of the JV and the higher-than-expected distressed asset acquisitions (DAA) in 2020. The key changes in our assumptions are for 1) DAA; 2) cash collection ratio; and 3) cost of funds.

- 1) We revise up our 2021-22 DAA assumptions by 1%/25% to incorporate the JV's DAA and the more aggressive DAA plan for CHAYO itself.
- 2) We revise up our cash collection ratio assumptions in 2021-22 to 17.8%/17.4% from 17.6%/14.7% on the expectation of the settlement of some of the large NPL/NPA backlogs and an increase in its fully amortised portfolio.
- 3) We revise down our cost of fund assumptions in 2021-22 from 6.25%/6.25% to 4.75%/4.75% due to the company's better-than-expected cost of fund management.

Exhibit 23: Change of key assumptions

	2020	2021E			2022E			2023E
	Actual (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	New (THB m)
Interest income	425	564	642	13.9	720	971	34.9	1,236
Interest expense	53	72	87	20.3	95	111	17.2	141
Net interest income	372	492	556	13.0	625	860	37.6	1,095
Non-interest income	96	79	151	90.8	87	207	138.9	240
Total operating income	467	571	706	23.8	712	1,067	50.0	1,335
Operating expense	185	195	250	28.3	214	375	75.0	450
Pre-operating profit before tax	282	376	456	21.4	497	692	39.2	885
Expected credit loss	87	99	121	21.9	144	142	(1.4)	178
Tax expenses	41	55	67	21.2	71	110	55.9	141
Minority interest	0		17			51		66
Norm. profit	155	221	251	13.4	282	388	37.6	499
Extraordinary items	0	0	0		0	0		0
Net profit	155	221	251	13.4	282	388	37.6	499
EPS (THB)	0.22	0.27	0.31	13.4	0.30	0.42	37.6	0.71
Key statistics and ratios								
Leverage ratios (x)								
Liabilities/equity	1.45	0.77	0.79		0.63	0.70		0.76
Interest-bearing debt/equity	1.37	0.64	0.75		0.53	0.67		0.73
Profitability ratio								
Cost of funds (%)	4.91	6.25	4.75		6.25	4.75		4.80
Cost to income (%)	39.6	34.2	35.4		30.1	35.2		33.7
Specific data for business								
NPL and NPA purchases (THB m)	638	1,188	1,701	43.3	1,422	1,195	(16.0)	840
NPL and NPA cash collection (THB m)	319	453	458	1.2	547	686	25.3	878
Cash collection to gross NPLs and NPAs (%)	21.5	17.6	17.8		14.7	17.4		17.9
Change y-y								
Core profit (y-y %)	39.2	41.5	62.4		27.5	54.7		28.5
NPL and NPA purchases (y-y %)	(3.3)	29.5	166.8		19.7	(29.8)		(29.7)
NPL and NPA cash collection (y-y %)	1.9	30.5	43.4		20.8	49.7		28.0

Sources: CHAYO; FSSIA's estimates

We revise up our GGM-based TP to THB15 from THB9.7, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2021E P/BV from 3.7x to 5.9x to reflect our ROE increase to 15% from 11.6%. Our TP of THB15 implies a 49x 2021E P/E. Its high P/E, in our view, is justified by the expected core profit surge, the stronger business partnership and the uptrend of its ROE. Take MTC's

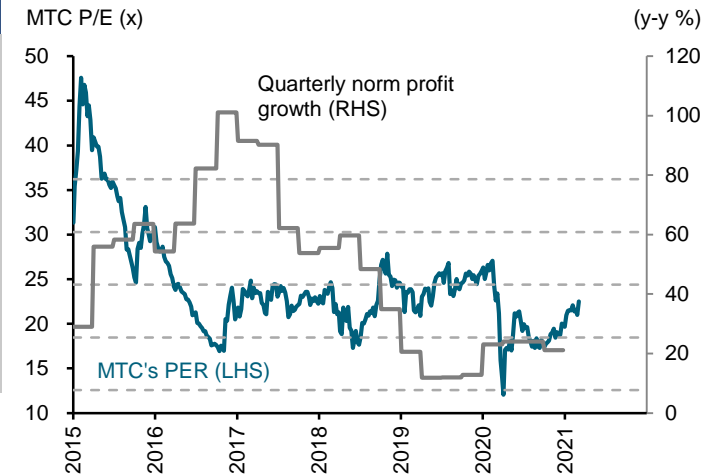
share price as an example: in 2015 it was trading at nearly 50x P/E, with earnings growth between 50-60% y-y.

Exhibit 24: CHAYO – GGM-derived target price

Target price	THB 15.0 (from 9.7)
Recommendation	BUY
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.6 (unchanged)
Terminal growth (%)	11.0 (from 7.9)
ROE target (%)	15.0 (from 11.6)
Implied PE (x)	49
Risk to TP	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

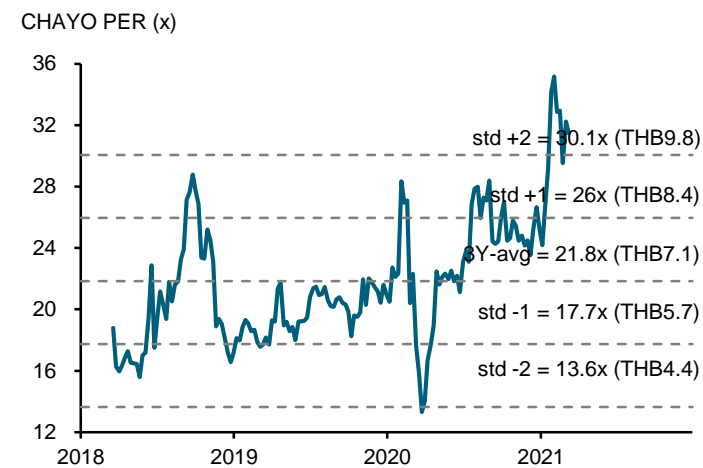
Source: FSSIA estimates

Exhibit 25: MTC – rolling one-year forward P/E band and quarterly norm profit change y-y



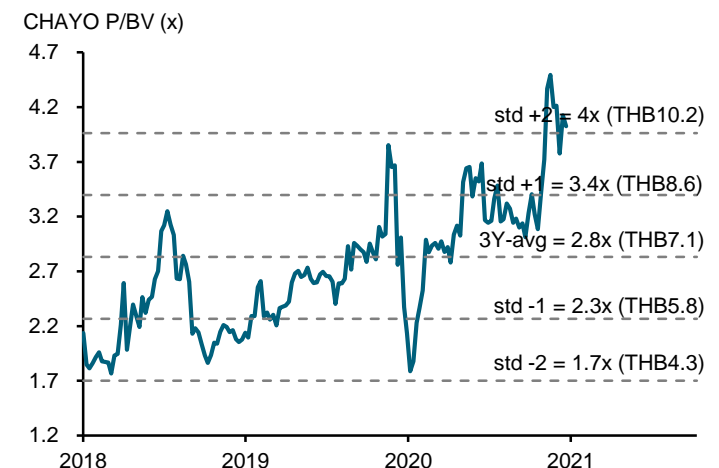
Sources: Bloomberg; FSSIA estimates

Exhibit 26: CHAYO - rolling one-year forward P/E band



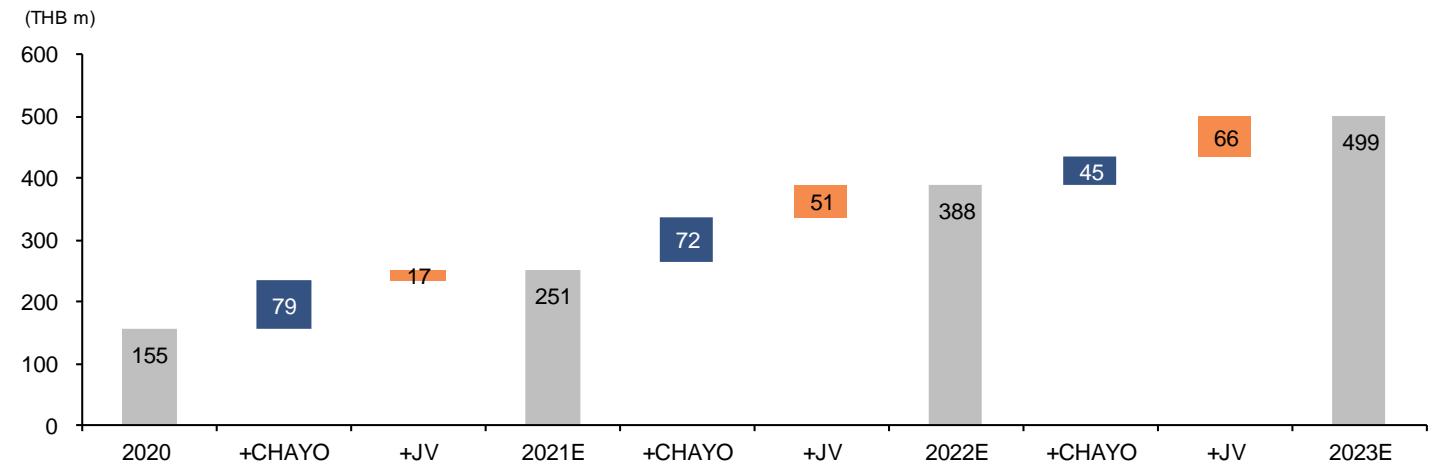
Sources: Bloomberg; FSSIA estimates

Exhibit 27: CHAYO - rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 28: CHAYO's 2021-23E net profit and JV contributions



Source: FSSIA's estimates

Further preparations for exponential growth

Apart from setting up a JV, CHAYO has also prepared for its exponential growth phase by issuing warrants and dividend stocks.

The company announced its (not over)* 35% capital increase (CI) from THB463.05m to THB624.75m, adding THB161.70m, or 323.40m shares, in new registered capital for:

- 1) +6.7% CI for a stock dividend of (not over) 61.74**m shares at a THB0.5 par value on 15 existing shares to one new dividend share (15:1), implying a THB0.033/share dividend value;
- 2) +1.6% CI (not over) 14.70m shares** to reserve for the exercise of CHAYO-W1
- 3) +26.7% CI for the 2-year CHAYO warrant 2 (CHAYO-W2) of 125.44m shares to 246.96 m shares**, issuance date on 23 Jun 2021 and exercise price of THB10.25.

*Depends on the exercise of CHAYO-W1, of which there are 210 million warrants outstanding

**The final amount will be announced by 7 Apr, after the end of the fourth CHAYO-W1 exercise date on 31 Mar.

Exhibit 29: Peers comparison of AMCs under coverage and MTC as of 8 Mar 2021

	BBG	Rec	---Share price---		Up (down)	Market Cap.	EPS growth		---- PE ----		-- DivYld --		--- ROE ---		---- PBV ---	
			Current (THB)	Target (THB)			side (%)	21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (%)	22E (%)	21E (x)
Bangkok Commercial	BAM TB	BUY	21.10	24.00	14	2,215	51.5	34.3	22.3	16.6	3.6	4.8	8.0	10.1	1.7	1.7
Chayo Group	CHAYO TB	BUY	10.90	15.00	38	250	39.9	36.3	35.4	26.0	0.0	0.0	15.7	15.0	4.3	3.2
JMT Network	JMT TB	BUY	45.25	52.00	15	1,464	28.7	27.8	33.5	26.2	1.9	2.2	21.3	19.2	6.0	4.1
AMC coverage						3,929	41.9	31.0	26.4	20.2	2.7	3.4	10.3	12.1	2.5	2.3
Muangthai Capital	MTC TB	BUY	71.50	82.00	15	4,924	22.1	23.3	23.8	19.3	0.6	0.8	27.2	26.7	5.8	4.6

Sources: Bloomberg; FSSIA estimates

Financial Statements

Chayo Group

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	234	425	642	971	1,236
Interest expense	(9)	(53)	(87)	(111)	(141)
Net interest income	225	372	556	860	1,095
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	84	96	151	207	240
Non interest income	84	96	151	207	240
Total income	309	467	706	1,067	1,335
Staff costs	-	-	-	-	-
Other operating costs	(169)	(185)	(250)	(375)	(450)
Operating costs	(169)	(185)	(250)	(375)	(450)
Pre provision operating profit	140	282	456	692	885
Provision for bad and doubtful debt	0	(87)	(121)	(142)	(178)
Other provisions	-	-	-	-	-
Operating profit	140	195	335	550	707
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	140	195	335	550	707
Tax	(29)	(41)	(67)	(110)	(141)
Profit after tax	111	155	268	440	566
Minority interests	0	1	(17)	(51)	(66)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	111	155	251	388	499
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	111	155	251	388	499
Per share (THB)					
Recurring EPS *	0.18	0.22	0.31	0.42	0.71
Reported EPS	0.18	0.22	0.31	0.42	0.71
DPS	0.04	0.01	0.00	0.00	0.00
Growth					
Net interest income (%)	6.9	65.6	49.5	54.7	27.4
Non interest income (%)	62.9	13.4	57.5	37.8	15.7
Pre provision operating profit (%)	28.1	101.5	61.7	51.7	27.9
Operating profit (%)	28.1	39.4	71.9	64.0	28.6
Reported net profit (%)	30.0	39.7	61.8	54.7	28.5
Recurring EPS (%)	15.5	24.8	39.9	36.3	68.7
Reported EPS (%)	15.5	24.8	39.9	36.3	68.7
Income Breakdown					
Net interest income (%)	72.7	79.6	78.7	80.6	82.0
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	27.3	20.4	21.3	19.4	18.0
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.01	4.91	4.75	4.75	4.80
Net interest spread (%)	(3.01)	(4.91)	(4.75)	(4.75)	(4.80)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	54.7	39.6	35.4	35.2	33.7
Cost/assets(%)	12.7	8.0	6.5	6.5	6.2
Effective tax rate (%)	20.7	20.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	21.6	2.6	0.8	0.5	0.4
ROE (%)	12.8	14.7	15.7	15.0	14.8
ROE - COE (%)	2.0	3.9	4.9	4.2	4.0
ROA (%)	8.4	6.7	6.9	7.6	7.8
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	1,131	1,573	3,182	4,311	5,064
Total provisions	(9)	(90)	(211)	(354)	(532)
interest in suspense	0	210	414	474	557
Net customer loans	1,122	1,693	3,384	4,431	5,089
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	101	2	944	1,321	1,850
Cash & equivalents	360	708	45	173	77
Other interesting assets	145	328	431	512	623
Tangible fixed assets	31	33	34	36	38
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	66	47	99	132	157
Total assets	1,825	2,811	4,937	6,606	7,833
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	575	1,570	2,073	2,612	3,265
Non interest bearing liabilities	247	94	103	114	125
Hybrid Capital	-	-	-	-	-
Total liabilities	823	1,664	2,176	2,725	3,390
Share capital	315	353	408	463	463
Reserves	672	778	1,653	2,666	3,163
Total equity	987	1,130	2,061	3,129	3,626
Minority interests	15	16	700	751	818
Total liabilities & equity	1,825	2,811	4,937	6,606	7,833
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	303	1,073	1,822	2,342	2,938
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	1.57	1.60	2.53	3.38	5.14
Tangible book value per share	1.57	1.60	2.53	3.38	5.14
Growth					
Gross customer loans	87.5	39.0	102.3	35.5	17.5
Average interest earning assets	-	-	-	-	-
Total asset (%)	120.2	54.0	75.7	33.8	18.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	54.1	40.2	41.7	47.4	46.3
Tangible equity/assets (%)	54.1	40.2	41.7	47.4	46.3
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	0.8	5.7	6.6	7.0	10.5
Total provisions/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	61.8	49.6	35.4	26.0	15.4
Recurring P/E @ target price (x) *	85.1	68.2	48.7	35.8	21.2
Reported P/E (x)	61.8	49.6	35.4	26.0	15.4
Dividend yield (%)	0.3	0.1	0.0	0.0	0.0
Price/book (x)	7.0	6.8	4.3	3.2	2.1
Price/tangible book (x)	7.0	6.8	4.3	3.2	2.1
Price/tangible book @ target price (x)	9.6	9.4	5.9	4.4	2.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

Disclaimer:

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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

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History of change in investment rating and/or target price

Chayo Group (CHAYO TB)



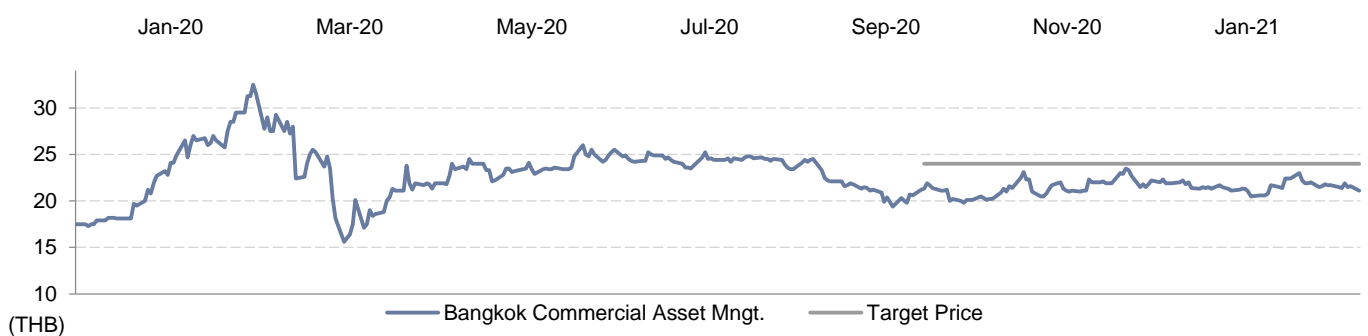
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	9.70	-	-	-	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Commercial Asset Mngt. (BAM TB)



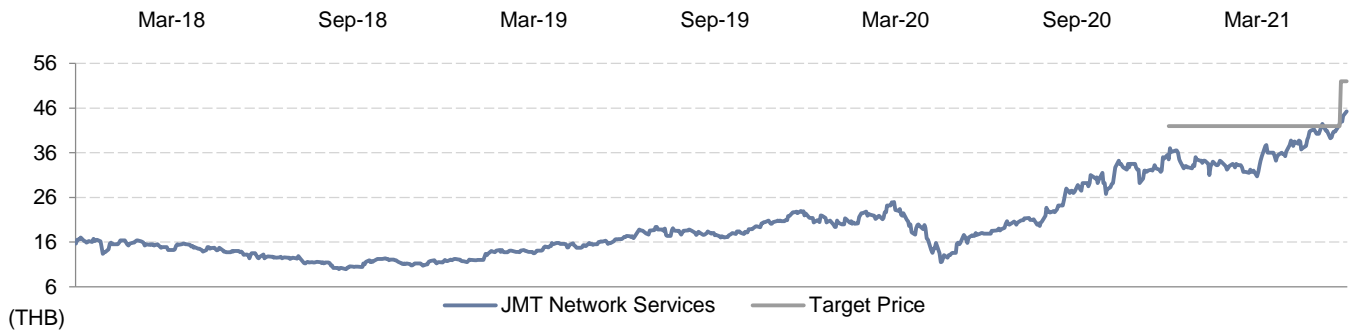
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	24.00	-	-	-	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

JMT Network Services (JMT TB)



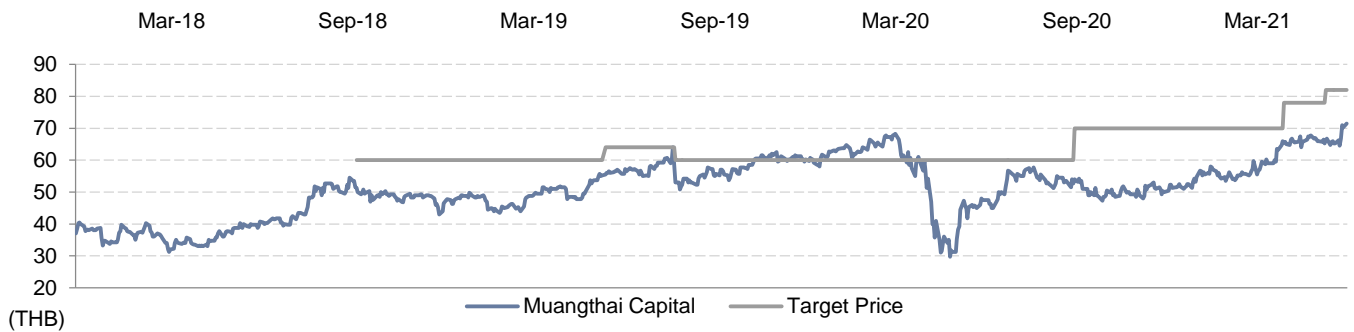
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	42.00	23-Nov-2020	BUY	42.00	02-Mar-2021	BUY	52.00

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

Price and TP are in local currency

Source: FSSIA estimates

Muangthai Capital (MTC TB)



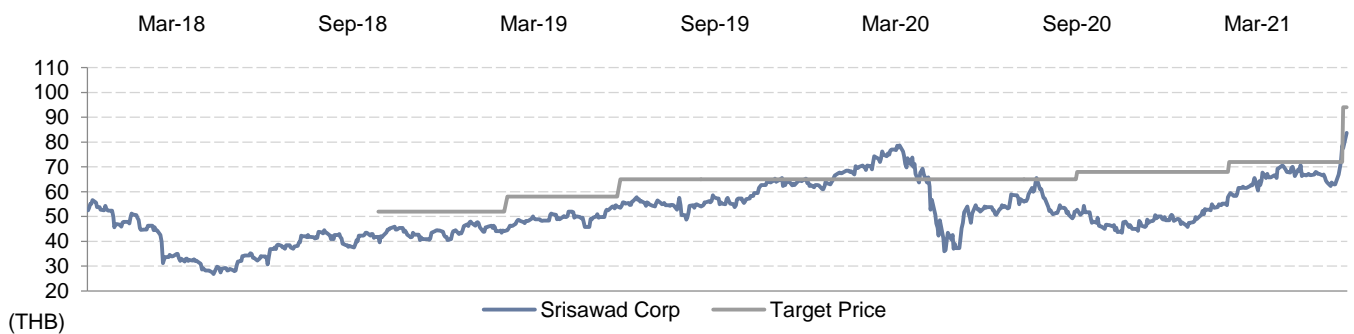
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Nov-2018	BUY	60.00	02-Apr-2020	HOLD	60.00	13-Aug-2020	BUY	70.00
10-Jun-2019	BUY	64.00	16-Jul-2020	BUY	70.00	12-Jan-2021	BUY	78.00
09-Aug-2019	HOLD	60.00	31-Jul-2020	BUY	70.00	17-Feb-2021	BUY	82.00

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Srisawad Corp (SAWAD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Nov-2018	BUY	52.00	20-Nov-2019	HOLD	65.00	03-Aug-2020	BUY	68.00
11-Mar-2019	BUY	58.00	02-Apr-2020	HOLD	65.00	25-Nov-2020	BUY	72.00
17-Jun-2019	BUY	65.00	16-Jul-2020	BUY	68.00	04-Mar-2021	BUY	94.00

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 10.90	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Bangkok Commercial Asset Mngt.	BAM TB	THB 21.10	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
JMT Network Services	JMT TB	THB 45.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Muangthai Capital	MTC TB	THB 71.50	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 83.75	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.

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 Finasia Syrus Securities Public Company Limited

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

All share prices are as at market close on 08-Mar-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.