

23 MARCH 2021

THAILAND / DIVERSIFIED FINANCIALS

MICRO LEASING MICRO TB

BUY

UNCHANGED

TARGET PRICE	THB12.40
CLOSE	THB9.10
UP/DOWNSIDE	+36.3%
PRIOR TP	THB7.50
CHANGE IN TP	+65.3%
TP vs CONSENSUS	+127.5%

From micro to macro

มุ่งเน้นการเติบโต ได้ส่วนแบ่งตลาดเพิ่มจากคู่แข่งในประเทศ

เราเห็นว่า MICRO เป็นบริษัทที่มุ่งเน้นในด้านการเติบโต บริษัทฯ วางแผนขยายพอร์ตสินเชื่อในอัตราที่สูงขึ้นหลังลดข้อจำกัดในด้านแหล่งเงินทุนผ่านการเสนอขายหุ้นต่อประชาชนทั่วไปเป็นครั้งแรก (IPO) โดยใช้ข้อได้เปรียบอันประกอบด้วย กระบวนการอนุมัติสินเชื่อที่เร็วกว่า อัตราดอกเบี้ยที่ต่ำกว่า และการขยายเครือข่ายในอัตราที่สูงขึ้นเพื่อให้ได้ส่วนแบ่งตลาดเพิ่มจากคู่แข่งในประเทศ ทำให้เราคาดว่าปริมาณสินเชื่อจะเพิ่มถึง 45% y-y ในปี 2021 นอกจากนี้เรายังเชื่ออีกว่า MICRO จะเจรจากับผู้ถือหุ้นของบริษัทฯ เพื่อให้ได้ต้นทุนทางการเงินที่ลดลง พร้อมให้ TRIS จัดชั้นความน่าเชื่อถือของบริษัทฯ เพื่อลดการพึ่งพาเงินกู้จากธนาคาร

เกาะกระแสความต้องการรถบรรทุกมือสองที่สูงขึ้น

เราเชื่อว่าลูกค้ามีแนวโน้มเลือกรถบรรทุกมือสองมากกว่ารถใหม่ในช่วงนี้เนื่องจากเศรษฐกิจมีแนวโน้มที่อ่อนแอ ในขณะที่รถใหม่และรถมือสองมีราคาที่แตกต่างกันอย่างมีนัยสำคัญ มากกว่า 95% ของพอร์ตสินเชื่อของ MICRO เป็นรถบรรทุกมือสอง ดังนั้นเราจึงมองว่าบริษัทฯ อาจเป็นหนึ่งในผู้ให้สินเชื่อรถบรรทุกที่ได้ประโยชน์สูงสุด โดยสามารถเกาะกระแสความต้องการรถบรรทุกมือสองที่สูงขึ้น นอกจากนี้ เรายังเชื่อด้วยว่า MICRO จะได้ประโยชน์จากการมีฐานลูกค้า 54% ในกลุ่มบริการขนส่ง ตามการเติบโตของยอดขายออนไลน์และอีคอมเมิร์ซในประเทศไทย

คุณภาพสินทรัพย์ที่แข็งแกร่ง

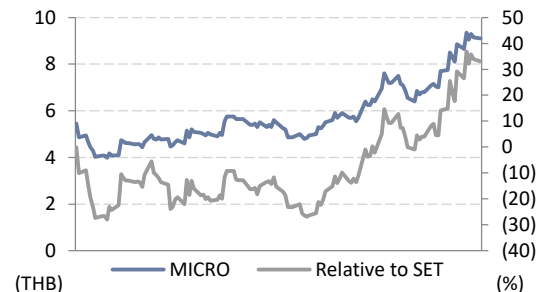
เราเชื่อว่า MICRO จะรายงานคุณภาพสินทรัพย์ที่แข็งแกร่ง โดยมีสัดส่วนหนี้ไม่ก่อให้เกิดรายได้ (NPL) ใกล้เคียงกับมาตรฐานของผู้ปล่อยรายใหญ่ในตลาด เนื่องจาก 1) ประสบการณ์ที่มีมายาวนานในการขายชิ้นส่วนรถบรรทุกมากกว่า 47 ปีและความเชี่ยวชาญในการปล่อยสินเชื่อรถบรรทุกมือสองมากกว่า 26 ปีทำให้สามารถประเมินราคารถบรรทุกมือสองได้อย่างแม่นยำ; 2) ลูกค้าส่วนมากอยู่ในกลุ่มลูกค้ารายย่อย ซึ่งสามารถปรับตัวรับมือผลกระทบของ COVID-19 ได้ดีกว่าตลาดรถ Fleet; และ 3) ระบบการอนุมัติสินเชื่อที่มีมาตรฐานโดยใช้วิธีให้คะแนนความน่าเชื่อถือในการประเมินความเสี่ยงของลูกค้า

เป็นผู้ให้สินเชื่อรถบรรทุกมือสองเพียงอย่างเดียว คงคำแนะนำซื้อ

เราปรับเพิ่มราคาเป้าหมายของเราเป็น 12.4 จาก 7.5 บาท (GGM) และประมาณการกำไรสุทธิปี 2021-22 ขึ้น 20%/24% เพื่อสะท้อนสมมติฐานการเติบโตของสินเชื่อที่ดีขึ้นและต้นทุนการเงินที่ลดลง เราคงคำแนะนำซื้อโดยมีเหตุผลจาก 1) ประมาณการเติบโตของกำไรสุทธิปี 2021 ที่โตเด่นถึง 71%; 2) ฐานะที่ดีในการได้ประโยชน์จากความต้องการรถบรรทุกมือสองที่เพิ่มขึ้น เนื่องจากบริษัทฯ เป็นผู้ให้สินเชื่อรถบรรทุกมือสองเพียงอย่างเดียว; และ 3) ความเป็นไปได้ของความเสียหายขึ้นจากรถบรรทุกใหม่ กล่าวคือ สินเชื่อทะเบียนรถบรรทุก

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	176	292	398	505
Net profit	135	231	315	399
EPS (THB)	0.18	0.25	0.34	0.43
vs Consensus (%)	-	26.9	36.0	50.9
Core net profit	135	231	315	399
Core EPS (THB)	0.18	0.25	0.34	0.43
Chg. In EPS est. (%)	-	19.7	24.2	-
EPS growth (%)	11.8	39.5	36.3	26.8
Core P/E (x)	51.4	36.9	27.0	21.3
Dividend yield (%)	0.7	0.8	0.7	0.9
Price/book (x)	3.8	4.3	3.8	3.3
ROE (%)	9.3	12.2	15.0	16.7
ROA (%)	5.5	7.0	7.0	7.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	42.2	68.5	n/a
Relative to country (%)	34.2	53.2	n/a
Mkt cap (USD m)	275		
3m avg. daily turnover (USD m)	2.4		
Free float (%)	21		
Major shareholder	Auchyawat family (57%)		
12m high/low (THB)	9.60/3.74		
Issued shares (m)	935		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

 yuvanart.suw@fssia.com
 +66 2611 3554

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

บทความนี้เผยแพร่จากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 มีนาคม 2021

Investment thesis

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

We expect MICRO to deliver outstanding net profit growth of 71% in 2021 at a 43% three-year 2021-23 CAGR, backed up by 1) remarkable loan growth; 2) a larger interest and fee NIM; 3) a lower credit cost; and 4) a lower cost to income ratio.

We believe MICRO deserves a premium valuation, justified by its outstanding growth outlook.

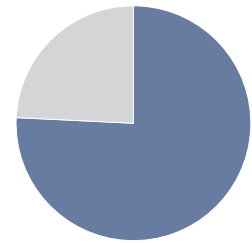
Company profile

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

www.microleasingplc.com

Principal activities (revenue, 2020)

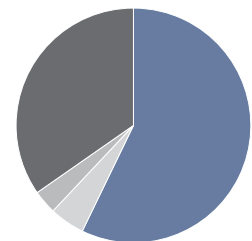
- Net interest income - 75.8 %
- Non-interest income - 24.2 %



Source: Micro Leasing

Major shareholders

- Auchyawat family - 57.2 %
- Sataporn Ngamrueangpong - 4.8 %
- Kaitipong Termkunanon - 3.3 %
- Others - 34.7 %



Source: Micro Leasing

Catalyst

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

Risk to our call

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

Event calendar

Date	Event
Mid-May 2021	1Q21 results announcement

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	231	315	399
Net profit growth	70.8	36.3	26.8
NIM	14.01	13.57	13.36
Loan growth	45.0	30.0	25.0
Fee growth	45.0	30.0	25.0
Non-NII growth*	28.3	27.4	23.3
Credit cost (bps)	270	270	270
Cost to income	33.1	30.4	29.2

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

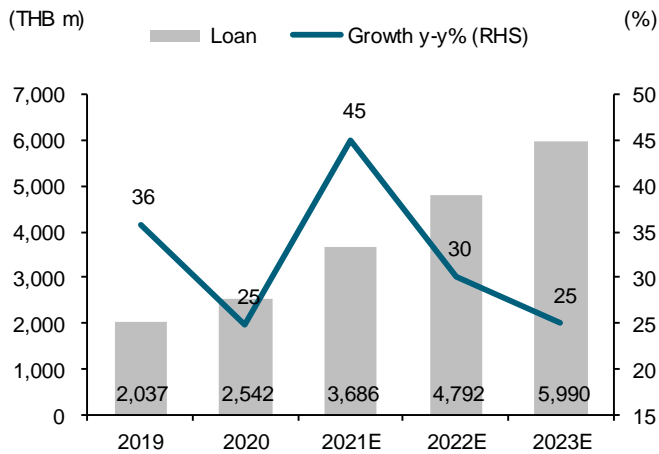
Year to Dec	2021E			
	±2ppt	43.0	45.0	47.0
Loan growth				
% change in net profit		(1.2)	-	1.2
NIM (%)	±5bp	13.96	14.01	14.06
% change in net profit		(0.8)	-	0.8
Credit cost (bps)	±10bp	260.0	270.0	280.0
% change in net profit		1.0	-	(1.0)

Source: FSSIA estimates

Remarkable loan growth

We expect MICRO to experience remarkable credit growth for at least the next three years, with 2021E loan growth of 45% and a three-year 2021-23 CAGR that we project at 33% y-y. This is based on 1) the company gaining more market share from small players; and 2) higher second-hand truck demand due to the weak economic outlook.

Exhibit 1: 2021-23E outstanding loan growth



Sources: MICRO; FSSIA estimates

Exhibit 2: Main characteristics of MICRO's loans

Characteristic	Value
HP portfolio size (THB m)	THB 2.5b
No. of customers	> 3,400
Interest rate	17-30% EIR
Instalment period	4-5 years
Loan-to-value (LTV)	70-85%
HP per contract	THB 300,000-1,200,000
HP per contract – average	THB 800,000

Sources: MICRO; FSSIA's compilation

Holding only a 5.8% market share; poised for rapid growth

There are two major second-hand truck lenders (under hire purchase contract) listed on Thailand's stock market – Ratchthani Leasing (THANI TB, BUY, TP THB5.1) and Asia Sermkij Leasing (ASK TB; not rated). As of 2020, THANI's outstanding loan portfolio amounted to THB48b, with its used truck portfolio accounting for 19%, or cTHB9b. Meanwhile, ASK's outstanding loan portfolio was THB44.5b, with its used truck portfolio accounting for 18%, or cTHB8b. MICRO's portfolio is relatively small compared to its listed peers. As of 2020, its outstanding portfolio was only THB2.5b.

Note that Singer Thailand (SINGER TB, BUY, TP THB50) offers truck title loans. As of 2020, SINGER's outstanding loan portfolio totalled THB6.6b, with its used truck title loan portfolio accounting for c30-40%, or cTHB2.6b.

Exhibit 3: Peers comparison at end-2020

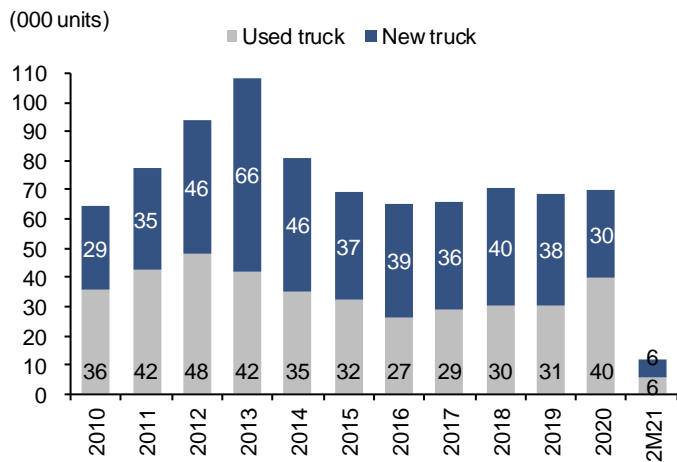
Company	Micro Leasing	Asia Sermkij Leasing	Ratchthani Leasing	Srisawad Corporation	Muangthai Capital	Saksiam Leasing	Singer Thailand	*Ngern Tid Lor
BBG	MICRO TB	ASK TB	THANI TB	SAWAD TB	MTC TB	SAK TB	SINGER TB	Not listed
Portfolio size (THB b)	2.5	44.5	48.0	39.4	71.0	6.5	6.6	48.7
Key lending business	Hire purchase	Hire purchase	Hire purchase	Auto/Land title loans	Auto title loans	Auto title loans	Auto title loans/ Hire purchase for home appliances	Auto title loans
Key servicing area	Central	Country-wide	North/Northeast	Nation-wide	Nation-wide	North/Northeast/Central	Nation-wide	Nation-wide
Branch (no.)	12	16	10	4,750	4,884	519	2,000 franchisees, 150 sales agents for C4C	1,060
Auto for lending	2nd hand	1st/2nd hand	1st/2nd hand	2nd hand	2nd hand	2nd hand	2nd hand/ 1st for hire purchase home appliances	2nd hand
Profitability ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Yield	15.5	7.5	7.0	21.3	21.3	24.4	19.1	19.6
Net yield	5.9	2.1	3.7	11.7	7.9	8.5	8.7	6.7
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
NPL ratio	3.8	2.7	3.1	3.8	1.1	2.2	4.4	1.2
Coverage ratio	101	77	82	89	177	113	98	470

*As of 3Q20

Sources: Company data; FSSIA's compilation

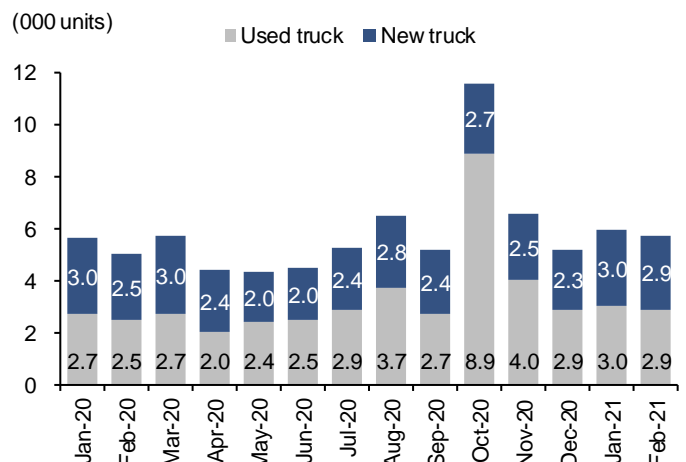
MICRO's new loan total was cTHB1.3b in 2020; equal to 5.8% of the total used truck market share (market value per year cTHB20-22b). According to MICRO's management, the major players have a new loan market share of 30%, with 65% of the market fragmented amongst small local competitors.

Exhibit 4: Total units of registered trucks – yearly



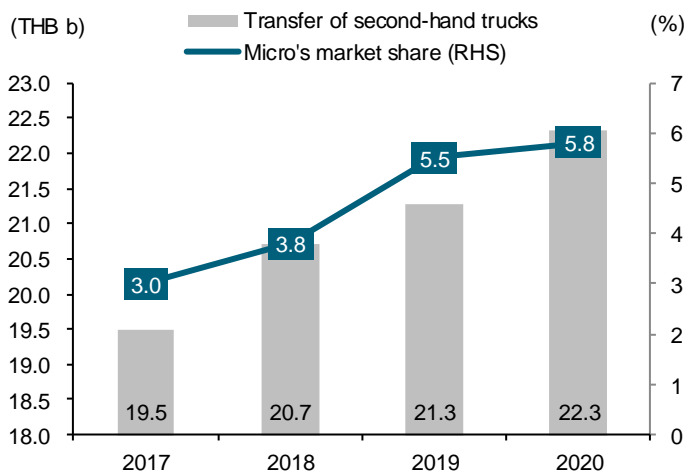
Note that there was an unusual 7,500 used truck transfer transaction from Kerry Express (KEX TB; not rated), which were converted from personal to transport vehicles in Oct and Nov 2020
Sources: Department of Land Transport; MICRO; FSSIA's compilation

Exhibit 5: Total units of registered trucks – monthly



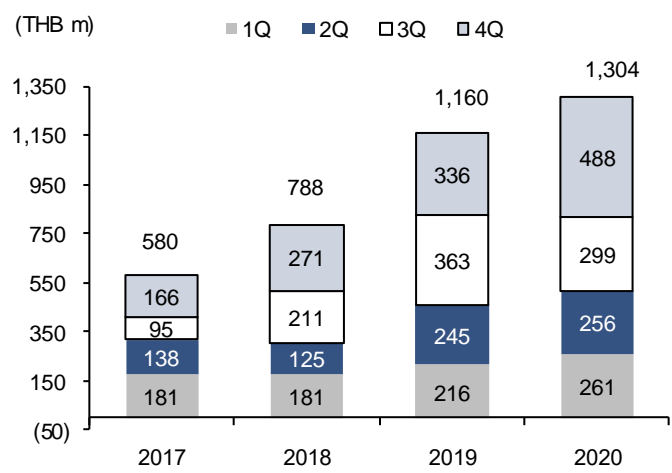
Sources: Department of Land Transport; MICRO; FSSIA's calculation

Exhibit 6: MICRO's new lending vs the transferred value of used trucks



Sources: MICRO; FSSIA's compilation

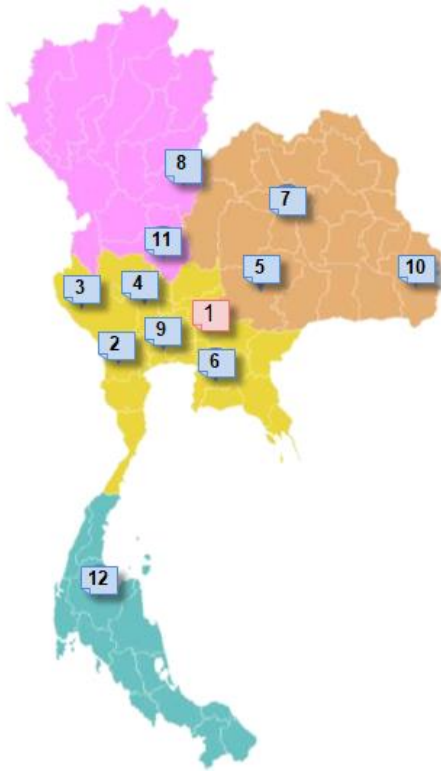
Exhibit 7: MICRO's new lending – quarterly



Sources: MICRO; FSSIA's compilation

Accordingly, we believe that after unlocking its source of funding from its IPO, MICRO's loans should grow rapidly from gaining more market share from small local competitors, supported by 1) its faster loan approval process – 3-5 days vs the major players' 5-7 days; 2) lower interest rate charges – 17-30% vs the local players' 30-35%; and 3) its branch expansion plan to provide better services for tent operators and agents.

Exhibit 8: MICRO's twelve existing branch locations



12 branches nationwide are located in the following provinces:

1. Nakornpathom / Head office
2. Ratchburi
3. Kanchanaburi
4. Suphanburi
5. Nakornratchsima
6. Chonburi
7. Khonkaen
8. Pitsanulok
9. Saraburi
10. Ubonratchathani
11. Nakornsawan
12. Surathani

4 new branches in 2021

13. Samut Prakan (1Q21)
14. Pathum Thani (1Q-2Q21)
- 15-16. Central, North or Northeast region (2Q-4Q21)

4 new branches in 2022

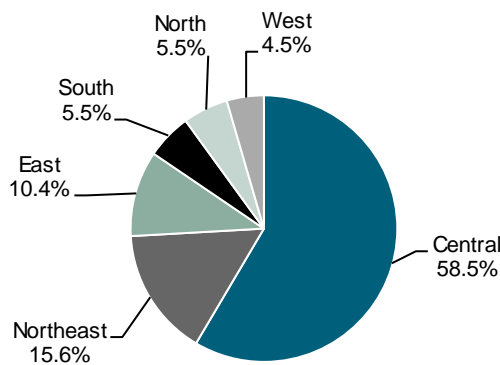
Source: MICRO

Branch expansion plan

MICRO currently has 12 branches, most of which are located in the central area of Thailand. It plans to establish four more branches in 2021 to provide better services and a faster credit approval process for tent operators, which are its most important lending channel. There are 390 tent operators in MICRO's network, with 240 active tent operators on its list. The company expects to increase the number of serviced tent operators to more than 400 following its branch expansion.

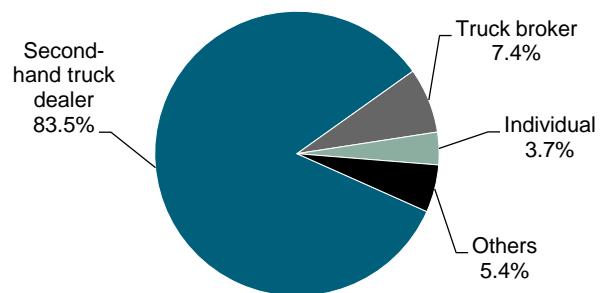
Moreover, the company also uses agents to expand its loans. At present, the company works with 120 agents. Its branch expansion should also benefit the agent channel, in our view.

Exhibit 9: Loans by region



Sources: MICRO; FSSIA's compilation

Exhibit 10: New customers by sales channel



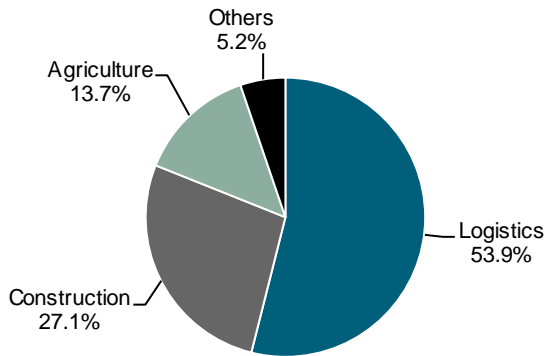
Sources: MICRO; FSSIA's compilation

Higher demand for used trucks; benefitting from the logistics segment

We believe that clients are likely to prefer second-hand trucks to new trucks during this period due to the bleak economic outlook, based on the significant price difference between new and used trucks.

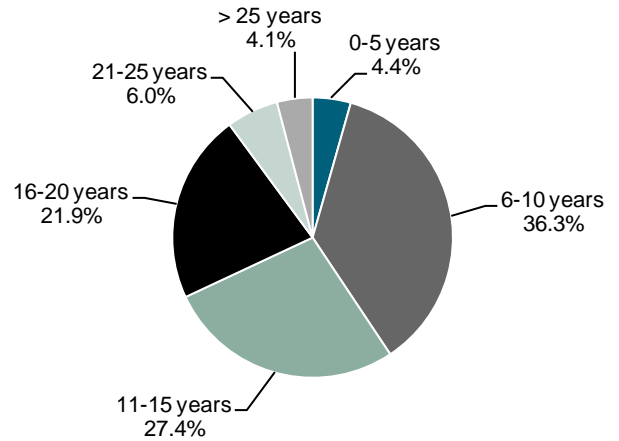
Moreover, we believe MICRO will benefit from having 54% of its client base in the logistics segment, due to the boom in e-commerce and online sales in Thailand.

Exhibit 11: Customer segment breakdown



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

Exhibit 12: 2020's new loan amount classified by vehicle age

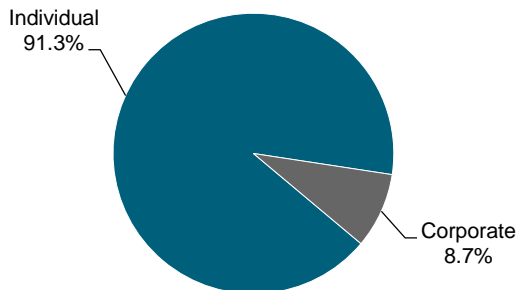


Sources: MICRO; FSSIA's compilation

Superior asset quality

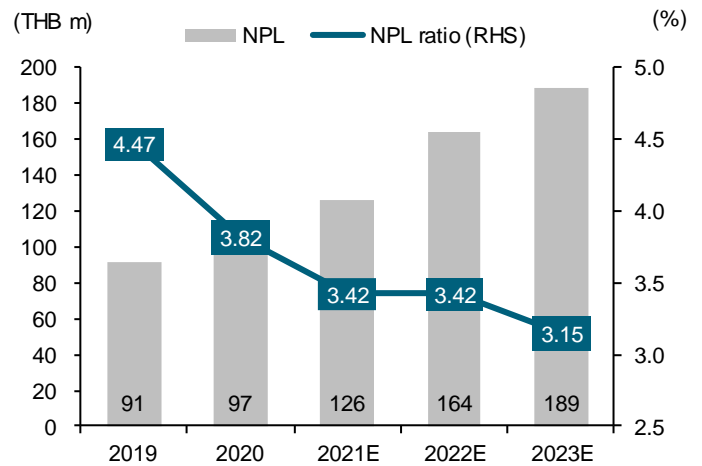
Although MICRO focuses on riskier loans for used trucks aged 6-15 years, unlike THANI and ASK which focus on loans for used trucks under the age of 5 years, we believe MICRO will deliver superior asset quality, with a non-performing loan (NPL) ratio close to the major players' standard.

Exhibit 13: New lending by customer base



Sources: MICRO; FSSIA's compilation

Exhibit 14: NPLs and NPL ratio

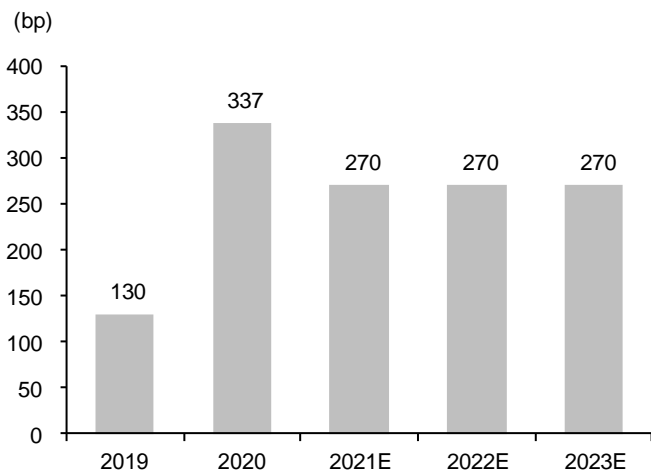


Sources: MICRO; FSSIA estimates

We believe the strong asset quality will stem from 1) MICRO's long experience, selling truck parts for more than 47 years and specializing in second-hand truck lending for more than 26 years, leading to precise used truck appraisals; 2) most of its debtors are in the retail segment, which has been better able to adapt to the negative effects of COVID-19 than the fleet segment; and 3) its standardised credit approval system by implementing a credit scoring method to evaluate customers' risk profiles.

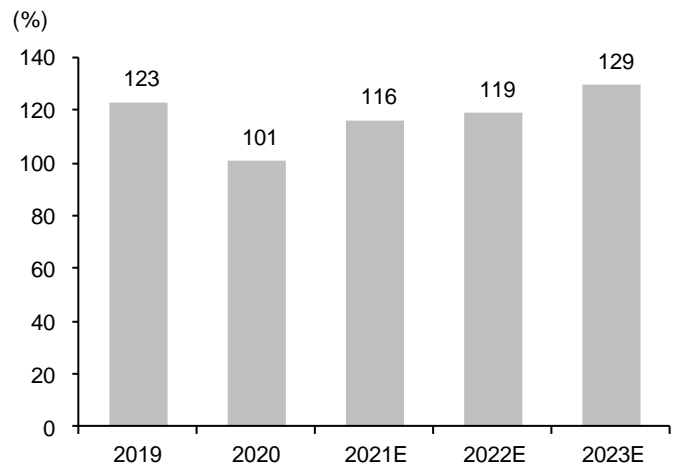
Consequently, we project MICRO's NPL ratio to decline to 3.4% in 2021 from 3.8% in 2020. In the same way, we expect its credit cost to decline from 337 bps in 2020 to 270 bps in 2021.

Exhibit 15: Credit cost



Sources: MICRO; FSSIA estimates

Exhibit 16: Coverage ratio

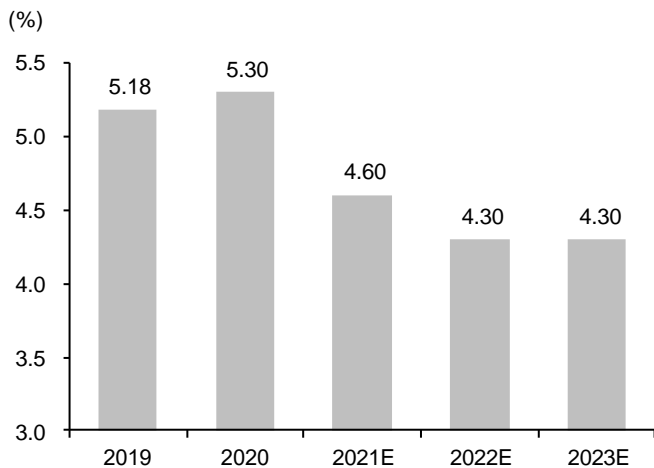


Sources: MICRO; FSSIA estimates

Lower cost of funds post-IPO

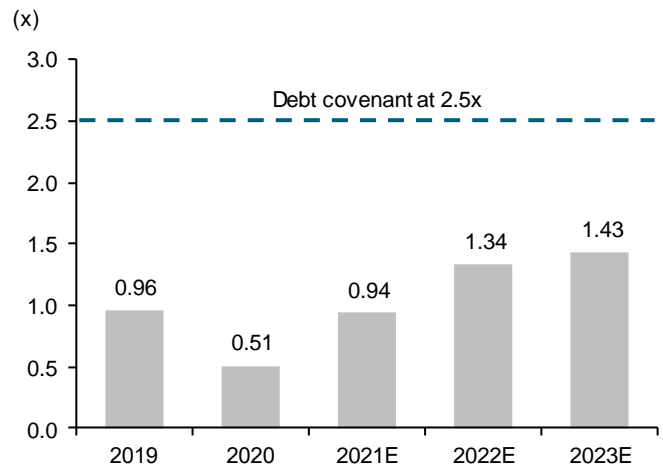
Pre-IPO, MICRO's major source of funding was related party loans, with interest rates of 5-6%. Its IPO has opened the door to replace those high-cost loans with cheaper options, such as long-term bank loans and debentures. MICRO has asked for a company rating from the TRIS rating agency, which management expects to receive in 2Q21. In our view, the company's rating would be BBB- to BBB, leading to an interest charge for debentures of c4.5-6%. We, therefore, forecast its cost of funds to drop to 4.6% in 2021 vs 5.3% in 2020.

Exhibit 17: Cost of funds



Sources: MICRO; FSSIA estimates

Exhibit 18: D/E ratio



Sources: MICRO; FSSIA estimates

Net profit and TP revisions

We revise up our 2021-2E net profit by 20%/24% to reflect our 1) higher 2021 loan growth assumption from 30% to 45% due to the greater market share that we estimate the company will gain from local competitors; and 2) lower cost of fund assumptions in 2021-22 from 4.7%/4.4% to 4.6%/4.3%.

Exhibit 19: Key changes in assumptions

	2020		2021E		2022E			2023E
	Actual	Old	New	Change	Old	New	Change	New
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)
Net interest income	308	393	436	11.1	506	575	13.6	720
Non-interest income*	98	105	126	20.2	125	161	28.8	198
Operating income*	406	498	563	13.0	631	736	16.6	919
Operating expenses	153	189	186	(1.7)	227	224	(1.7)	268
PPOP before tax*	253	308	376	22.1	404	513	26.9	650
Provision (Reversal)	77	64	84	31.0	83	114	37.2	146
Taxes expenses	41	51	61	19.7	67	84	24.2	106
Minority interest	-	0	-		0	-		-
Normalized profit	135	193	231	19.7	253	315	24.2	399
Extraordinary items	-	0	-		0	-		-
Net profit	135	193	231	19.7	253	315	24.2	399
EPS (THB)	0.18	0.21	0.25	19.7	0.27	0.34	24.2	0.43
Key statistic and ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Asset quality ratio								
Gross NPLs (THB m)	97	130	126	(2.8)	149	164	9.9	189
Gross NPLs / Loans	3.82	4.1	3.4		3.6	3.4		3.15
Loan loss reserve/NPLs	101	101	116		113	119		129
Credit cost (bp)	337	230	270		230	270		270
Profitability ratio								
Cost to income ratio	37.6	38.1	33.1		36.0	30.4		29.2
Average yield	15.5	15.9	15.9		16.0	15.9		15.9
Cost of funds	5.30	4.70	4.60		4.40	4.30		4.3
Net interest margin (NIM)	13.4	14.1	14.0		14.0	13.6		13.4
% growth								
Loan growth (y-y)	24.8	30.0	45.0		30.0	30.0		25.0

*Including share of profits from associates

Source: FSSIA estimates

We revise up our GGM-based TP to THB12.4 from THB7.5 to reflect our higher ROE and long-term growth assumptions, leading to a higher target 2021E P/BV of 5.9x from 3.7x. Our target price implies a 50x 2021E P/E with 71% 2021E net profit growth.

Exhibit 20: MICRO – GGM-derived target price

Target price (THB)	12.4 (from 7.5)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.0 (unchanged)
Terminal growth (%)	10.8 (from 10.6)
ROE target (%)	14.5 (from 12)
Target PBV (x)	5.9 (from 3.7)
Implied PE (x)	50 (from 36)
Risk to TP	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.

Source: FSSIA estimates

Financial Statements

Micro Leasing

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	282	356	495	674	857
Interest expense	(39)	(48)	(59)	(99)	(137)
Net interest income	243	308	436	575	720
Net fees & commission	41	78	113	147	184
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	7	20	13	14	15
Non interest income	48	98	126	161	198
Total income	291	406	563	736	919
Staff costs	(129)	(153)	(186)	(224)	(268)
Other operating costs	-	-	-	-	-
Operating costs	(129)	(153)	(186)	(224)	(268)
Pre provision operating profit	162	253	376	513	650
Provision for bad and doubtful debt	(23)	(77)	(84)	(114)	(146)
Other provisions	-	-	-	-	-
Operating profit	139	176	292	398	505
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	139	176	292	398	505
Tax	(28)	(41)	(61)	(84)	(106)
Profit after tax	111	135	231	315	399
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	111	135	231	315	399
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	111	135	231	315	399
Per share (THB)					
Recurring EPS *	0.16	0.18	0.25	0.34	0.43
Reported EPS	0.16	0.18	0.25	0.34	0.43
DPS	0.00	0.07	0.07	0.07	0.09
Growth					
Net interest income (%)	23.1	26.5	41.8	31.9	25.2
Non interest income (%)	44.1	104.8	28.3	27.4	23.3
Pre provision operating profit (%)	18.7	56.6	48.5	36.3	26.8
Operating profit (%)	19.4	27.0	65.8	36.3	26.8
Reported net profit (%)	23.2	21.9	70.8	36.3	26.8
Recurring EPS (%)	5.5	11.8	39.5	36.3	26.8
Reported EPS (%)	5.5	11.8	39.5	36.3	26.8
Income Breakdown					
Net interest income (%)	83.5	75.8	77.5	78.1	78.4
Net fees & commission (%)	13.9	19.2	20.1	20.0	20.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	2.6	5.0	2.4	1.9	1.6
Operating performance					
Gross interest yield (%)	15.95	15.53	15.90	15.90	15.90
Cost of funds (%)	5.18	5.30	4.60	4.30	4.30
Net interest spread (%)	10.77	10.23	11.30	11.60	11.60
Net interest margin (%)	13.7	13.4	14.0	13.6	13.4
Cost/income(%)	44.4	37.6	33.1	30.4	29.2
Cost/assets(%)	7.1	6.3	5.7	5.0	4.7
Effective tax rate (%)	20.2	23.3	21.0	21.0	21.0
Dividend payout on recurring profit (%)	-	38.1	30.0	20.0	20.0
ROE (%)	10.8	9.3	12.2	15.0	16.7
ROE - COE (%)	0.0	(1.5)	1.4	4.2	5.9
ROA (%)	6.1	5.5	7.0	7.0	7.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Micro Leasing; FSSIA estimates

Financial Statements

Micro Leasing

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,037	2,542	3,686	4,792	5,990
Total provisions	(112)	(98)	(147)	(195)	(244)
interest in suspense	0	0	0	0	0
Net customer loans	1,925	2,444	3,539	4,597	5,746
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	46	128	115	228	23
Other interesting assets	-	-	-	-	-
Tangible fixed assets	4	7	12	20	35
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	143	176	159	349	381
Total assets	2,118	2,755	3,825	5,194	6,185
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	986	823	1,738	2,850	3,516
Non interest bearing liabilities	52	109	115	120	126
Hybrid Capital	-	-	-	-	-
Total liabilities	1,038	932	1,853	2,970	3,642
Share capital	700	935	935	935	935
Reserves	380	888	1,037	1,289	1,608
Total equity	1,080	1,823	1,972	2,224	2,543
Minority interests	0	0	0	0	0
Total liabilities & equity	2,118	2,755	3,825	5,194	6,185
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	1,769	2,289	3,114	4,239	5,391
Average interest bearing liabilities	753	905	1,280	2,294	3,183
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)	91	97	126	164	189
Per share (THB)					
Book value per share	1.54	2.39	2.11	2.38	2.72
Tangible book value per share	1.54	2.39	2.11	2.38	2.72
Growth					
Gross customer loans	35.7	24.8	45.0	30.0	25.0
Average interest earning assets	27.8	29.4	36.0	36.1	27.2
Total asset (%)	37.8	30.1	38.8	35.8	19.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	51.0	66.2	51.6	42.8	41.1
Tangible equity/assets (%)	51.0	66.2	51.6	42.8	41.1
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	5.9	6.6	30.0	30.0	15.0
NPL/gross loans (%)	4.5	3.8	3.4	3.4	3.1
Total provisions/gross loans (%)	5.5	3.9	4.0	3.3	4.1
Total provisions/NPL (%)	123.0	100.9	116.2	118.8	129.4
Valuation					
Recurring P/E (x) *	57.5	51.4	36.9	27.0	21.3
Recurring P/E @ target price (x) *	78.3	70.1	50.2	36.9	29.1
Reported P/E (x)	57.5	51.4	36.9	27.0	21.3
Dividend yield (%)	-	0.7	0.8	0.7	0.9
Price/book (x)	5.9	3.8	4.3	3.8	3.3
Price/tangible book (x)	5.9	3.8	4.3	3.8	3.3
Price/tangible book @ target price (x)	8.0	5.2	5.9	5.2	4.6

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Micro Leasing; 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	SEAOIL	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:

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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)

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

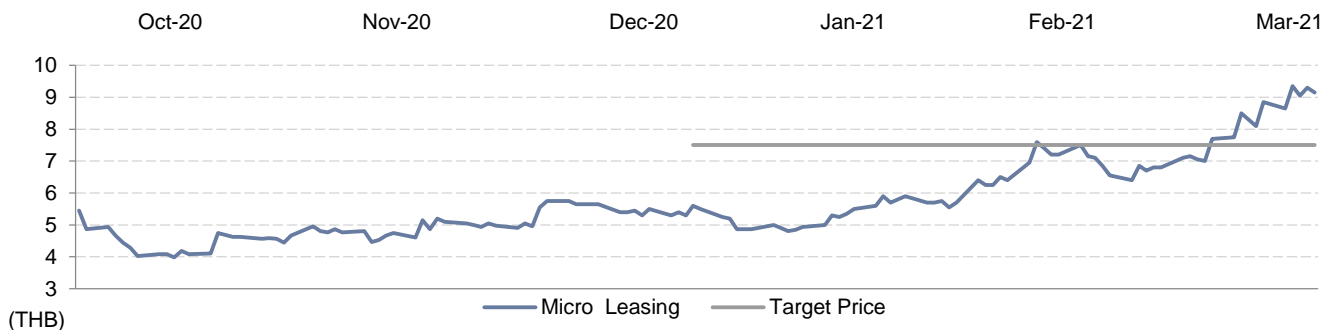
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Micro Leasing (MICRO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Dec-2020	BUY	7.50	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 23-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Ratchthani Leasing (THANI TB)



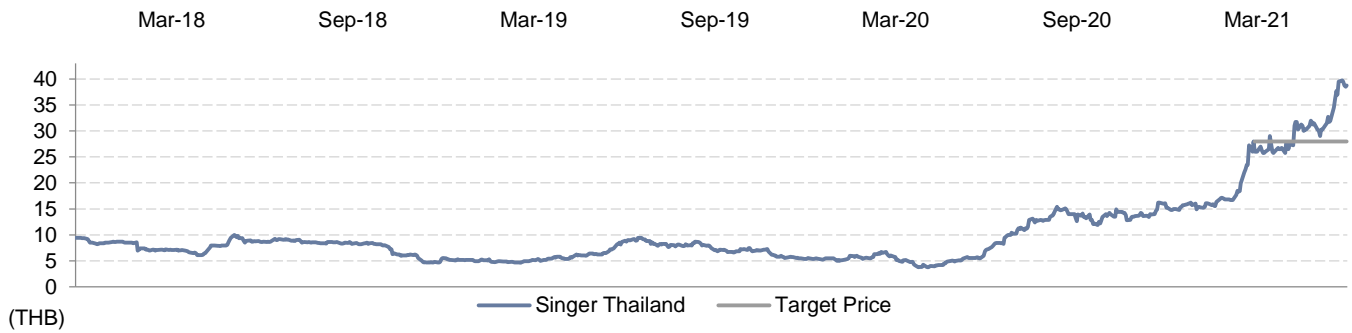
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	BUY	4.56	26-Aug-2020	BUY	3.80	12-Nov-2020	BUY	4.30

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

Price and TP are in local currency

Source: FSSIA estimates

Singer Thailand (SINGER TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	HOLD	28.00	23-Feb-2021	HOLD	28.00	23-Mar-2021	BUY	50.00

Yuvanart Suwanumphai started covering this stock from 29-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Micro Leasing	MICRO TB	THB 9.10	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.
Ratchthani Leasing	THANI TB	THB 4.40	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Singer Thailand	SINGER TB	THB 37.75	BUY	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.

Source: FSSIA estimates

Additional Disclosures

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

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

All share prices are as at market close on 22-Mar-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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