

23 MARCH 2021

THAILAND / DIVERSIFIED FINANCIALS

# RATCHTHANI LEASING THANI TB

## BUY

UNCHANGED

TARGET PRICE	THB5.10
CLOSE	THB4.40
UP/DOWNSIDE	+15.9%
PRIOR TP	THB4.30
CHANGE IN TP	+18.6%
TP vs CONSENSUS	+11.5%

## การฟื้นตัวของยอดขายรถกระบะใหม่ในช่วง 2H21

### ความต้องการสินเชื่อและคุณภาพสินทรัพย์อาจพลิกมาเป็นขาขึ้นในปี 2021

เราคาดว่ากำไรสุทธิของ THANI ในปี 2021 จะเพิ่มขึ้น 15% y-y หลังลดลง 5% y-y ในปี 2020 เราคาดว่า THANI จะรายงานการเติบโตที่ดีในช่วง 2H21 โดยได้แรงหนุนจาก 1) การเพิ่มของความต้องการสินเชื่อสำหรับรถกระบะทั้งใหม่และเก่าตามการฟื้นตัวของเศรษฐกิจ; 2) การลดลงของผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) จากคุณภาพสินทรัพย์ที่อยู่ในระดับดี; และ 3) ต้นทุนทางการเงินที่ลดลงจากการเพิ่มของการกู้ยืมระยะสั้น

### การกลับมาของปริมาณสินเชื่อ

เราคาดว่าปริมาณสินเชื่อของ THANI จะเพิ่มขึ้น 10% y-y ในปี 2021 เทียบกับ -8% y-y ในปี 2020 โดยได้แรงหนุนจากการฟื้นตัวของความต้องการสำหรับรถกระบะใหม่ตามประมาณการฟื้นตัวของเศรษฐกิจและการเพิ่มอย่างต่อเนื่องของความต้องการสำหรับรถกระบะมือสอง ในปี 2020 ยอดขายรถกระบะในประเทศไทยอยู่ที่ประมาณ 23,000 คัน (-16% y-y) ผู้บริหารของ THANI ระบุว่าผู้ผลิตรถกระบะรายใหญ่ (Hino และ Isuzu) คาดว่ายอดขายรถกระบะใหม่ในปี 2021 จะฟื้นตัวสูงถึง 29,000 คัน (+27% y-y) โดยได้แรงหนุนจากความต้องการที่ค้างอยู่ และการกลับมาเปิดเศรษฐกิจเต็มตัว ทำให้เราคาดว่าความต้องการสินเชื่อจะเพิ่มอย่างเห็นได้ชัดในช่วง 2H21

### คุณภาพสินทรัพย์ดี คาดว่า ECL จะลดลง

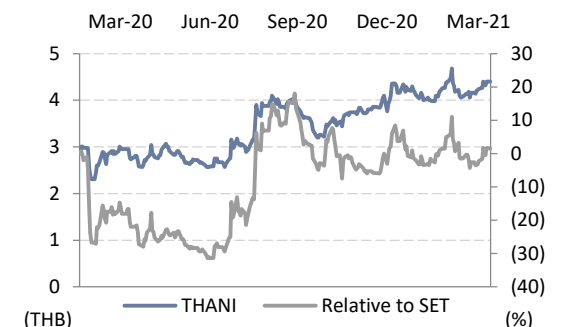
THANI เลือกบริหารคุณภาพสินทรัพย์ด้วยการโอนบัญชีลูกหนี้ NPL ที่มีค่าสังคาลแล้วจำนวน 930 ลบ. ไปเป็นสินทรัพย์ไม่หมุนเวียนในช่วง 4Q20 แทนการ write-off (เราเชื่อว่าบริษัทฯ เลือกวิธีดังกล่าวเนื่องจากประโยชน์ทางภาษี) ทำให้สัดส่วน NPL ที่บริษัทฯ รายงานหลังการโอนบัญชีลูกหนี้ตามกฎหมายอยู่ที่ 3.13% เทียบกับ 5.4% ในช่วง 3Q20 นอกจากนี้สัดส่วนสินเชื่อภายใต้มาตรการบรรเทาหนี้ต่อสินเชื่อค้างยังปรับตัวดีขึ้นเป็นประมาณ 2.1% ในช่วง 4Q20 เทียบกับที่เคยสูงสุดที่ 13.5% จากการกลับมาเปิดกิจกรรมทางธุรกิจ ผู้บริหารระบุว่า 80% ของลูกค้าของบริษัทฯ สามารถกลับมาชำระหนี้ได้ตามปกติ มีเพียง 20% ที่อาจต้องการความช่วยเหลือเพิ่มเติม เช่น การปรับโครงสร้างหนี้ ทำให้เราคาดว่าสัดส่วน NPL จะอยู่ที่ 3.2% ในปี 2021 พร้อมอัตราส่วนสำรองหนี้สงสัยจะสูญต่อสินเชื่อต่อคุณภาพ (Coverage Ratio) ที่ 83% เราเชื่อว่า Coverage Ratio ของ THANI ที่กว่า 80% ควรมากพอสำหรับ IFRS9 เนื่องจากพอร์ตของบริษัทฯ ส่วนมากประกอบด้วยสินเชื่อที่มีสินทรัพย์ค้ำประกัน จากคุณภาพสินทรัพย์ที่ดีและสำรองที่มากเพียงพอ เราคาดว่าอัตราส่วนค่าใช้จ่ายในการตั้งสำรองต่อสินเชื่อรวม (Credit Cost) ควรลดลงสู่ระดับปกติที่ 58 bps เทียบกับ 68 bps ในปี 2020

### คงแนะนำซื้อ แต่ไม่ได้เป็นหุ้นเด่นของเราในอีก 2-3 เดือนข้างหน้า

เราคงคำแนะนำซื้อหลังปรับประมาณการกำไรสุทธิปี 2022 ขึ้น 3% และราคาเป้าหมายขึ้นเป็น 5.1 จาก 4.3 บาท (GGM) เรามองว่าในปัจจุบันหุ้นมีการประเมินมูลค่าในระดับต่ำโดยมีค่า 2021E P/BV ที่ 2.1x ซึ่งยังต่ำกว่าค่าเฉลี่ยในอดีตที่ 2.3x อย่างไรก็ตาม เนื่องจากเราคาดว่ากำไรสุทธิของบริษัทฯ จะเริ่มปรับตัวขึ้นนับจากช่วง 2Q21 เป็นต้นไป THANI จึงไม่ใช่หนึ่งในหุ้นเด่นของเราในอีก 1-2 เดือนข้างหน้า

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	2,324	2,627	3,002	3,326
Net profit	1,860	2,138	2,446	2,660
EPS (THB)	0.40	0.38	0.43	0.47
vs Consensus (%)	-	9.8	9.7	13.3
Core net profit	1,860	2,138	2,446	2,660
Core EPS (THB)	0.40	0.38	0.43	0.47
Chg. In EPS est. (%)	-	0.0	3.1	-
EPS growth (%)	(22.6)	(6.2)	14.4	8.8
Core P/E (x)	10.9	11.7	10.2	9.4
Dividend yield (%)	3.9	4.3	4.9	5.3
Price/book (x)	2.3	2.1	1.9	1.7
ROE (%)	20.1	18.8	19.6	19.3
ROA (%)	3.7	4.2	4.4	4.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.3	11.7	34.0
Relative to country (%)	(1.6)	1.6	(3.5)
Mkt cap (USD m)	806		
3m avg. daily turnover (USD m)	8.5		
Free float (%)	21		
Major shareholder	THANACHART SPVI (59%)		
12m high/low (THB)	4.74/2.18		
Issued shares (m)	5,663		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 มีนาคม 2021

## Investment thesis

THANI has a longstanding and strong business position in hire purchase loans in niche markets, mainly for commercial trucks and luxury cars.

In 2020, THANI's loan volume dropped by 8% y-y due to the slower demand for new trucks. However, the major truck manufacturers expect 2021 new truck sales to recover to up to 29b units (+27% y-y), supported by pent-up demand and a full economic reopening. We expect that THANI would benefit from such a recovery, leading to a rise in its 2021 loan portfolio by 10% y-y. We, therefore, expect THANI's 2021 net profit to surge by 15% y-y after dropping 5% y-y in 2020.

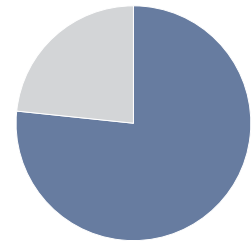
## Company profile

The company's main businesses are hire purchase loans, targeting new and used trucks, and financial leasing, as well as services related to its core businesses.

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

## Principal activities (revenue, 2020)

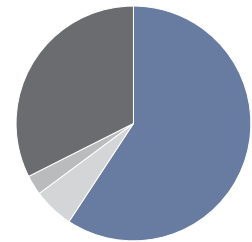
- Net interest income - 76.7 %
- Non-interest income - 23.3 %



Source: Ratchthani Leasing

## Major shareholders

- THANACHART SPVI - 59.3 %
- Raffles Nominees - 5.6 %
- Mr. Jaroensuk Kijitti - 2.7 %
- Others - 32.4 %



Source: Ratchthani Leasing

## Catalyst

Potential share price catalysts for THANI include:

1. Lower credit cost due to the effective management of its non-performing loans (NPL);
2. Strong private investment;
3. The growth of logistics activities which would push its loan growth.

## 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) changes in financial regulations from the Bank of Thailand.

## Event calendar

Date	Event
Mid-May 2021	1Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	2,138	2,446	2,660
Net profit growth	15.0	14.4	8.8
NIM	5.31	5.32	5.18
Loan growth	10.0	15.0	15.0
Fee growth	12.0	12.0	8.0
Non-NII growth*	9.7	8.0	6.3
Credit cost (bp)	58	53	53
Cost to income*	16.5	15.3	15.0

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

		2021E		
		±2ppt	8.0	10.0
Loan growth			8.0	10.0
% change in net profit			(1.2)	-
NIM (%)		±5bp	5.26	5.31
% change in net profit			(1.1)	-
Credit cost (bp)		±10bp	47.5	57.5
% change in net profit			1.0	-
				(1.0)

Source: FSSIA estimates

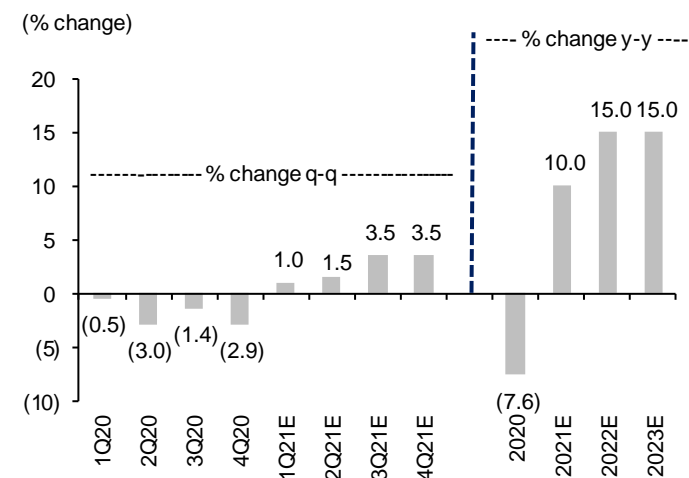


## The return of loan volume

We project THANI's 2021 loan volume to increase 10% y-y vs -8% y-y in 2020, backed by a demand recovery for new trucks on the back of the expected economic recovery and a continual increase in the demand for used trucks. In 2020, total domestic truck sales were c23k units (-16% y-y). THANI's management stated that the major truck manufacturers (Hino and Isuzu) expect 2021 new truck sales to recover to up to 29k units (+27% y-y), supported by pent-up demand and a full economic reopening.

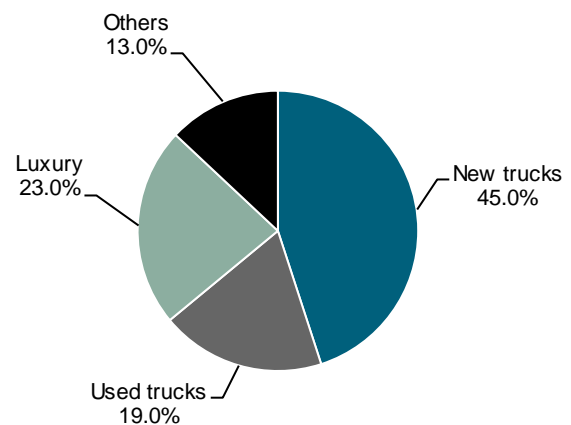
Stronger loan demand should be evident in 2H21, in our view. We forecast THANI's new lending amount to be THB1.8b (the same level as 4Q20) monthly in 1H21. Its new lending amount could take off to THB2.2b per month in 2H21 due to the higher consumer confidence that will doubtlessly follow domestic vaccinations. As a result, we project the overall new lending amount for THANI in 2021 to be around THB24b vs THB18b in 2020.

**Exhibit 1: Loan growth**



Sources: Company data; FSSIA estimates

**Exhibit 2: 2020 Loan breakdown**



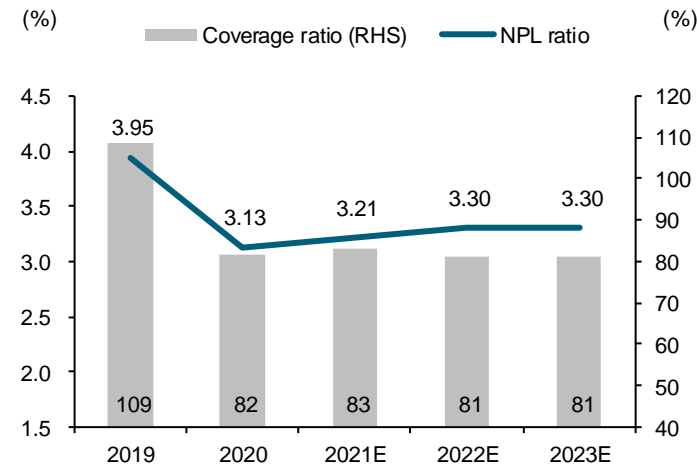
Source: Company data

## Decent asset quality, ECL is expected to decline

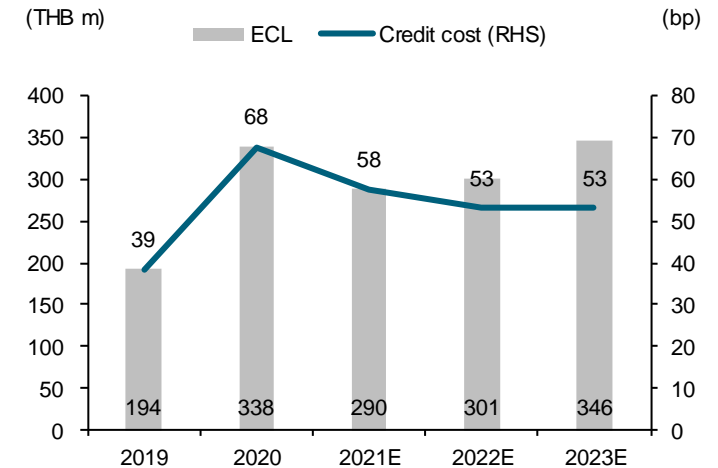
Instead of writing-off its NPLs, THANI managed its asset quality by transferring THB930m legal receivables with a court verdict (classified as NPLs) to non-current assets in 4Q20. We believe the company chose to do this because of the tax benefit. The reported NPL ratio after the transfer of legal receivables was 3.13% vs 5.4% in 3Q20.

Moreover, the forbearance to outstanding loans ratio improved to c2.1% in 4Q20 vs its peak of 13.5% due to the reopening of business activities. Management indicated that 80% of its clients have been able to resume normal payments. Only 20% may need further assistance like debt restructuring.

We, therefore, expect the NPL ratio to be 3.2% in 2021, with a coverage ratio of 83%. We believe an NPL coverage ratio for THANI at above 80% should be sufficient for IFRS9, as most of its portfolio consists of asset-backed loans. With decent asset quality and sufficient provisions, we project that its credit cost should decline to its normal level of 58 bps vs 68 bps in 2020.

**Exhibit 3: NPL ratio vs coverage ratio**

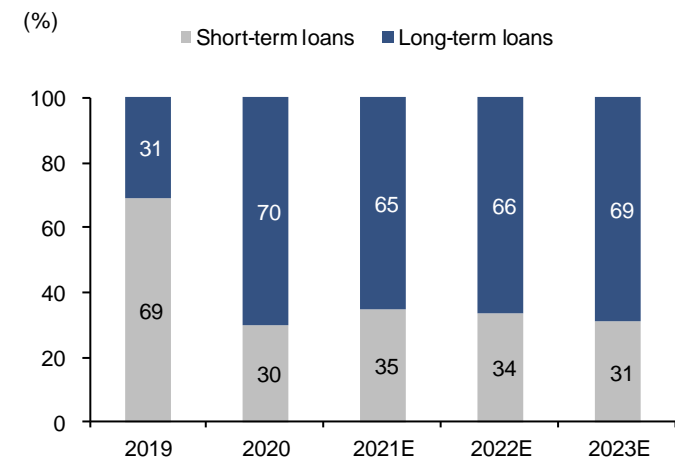
Sources: Company data; FSSIA estimates

**Exhibit 4: Credit cost and ECL**

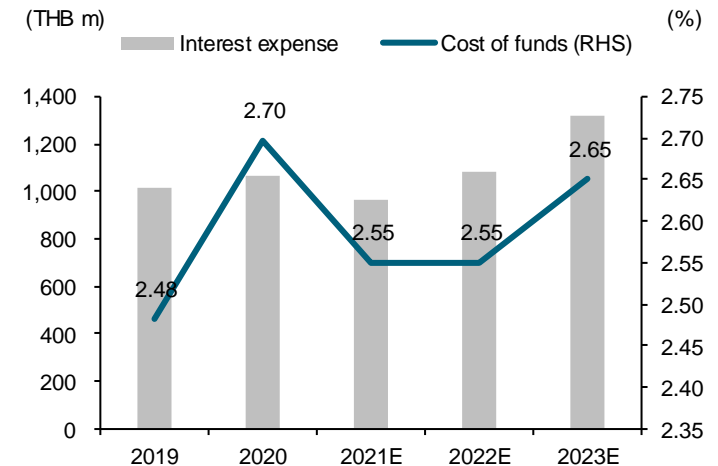
Sources: Company data; FSSIA estimates

**Lower cost of funding**

In 2020, THANI rebalanced its liability structure to support its business in the longer term by increasing its long-term borrowing, from 31% of total interest bearing debt in 2019 to 70%. Its cost of funds, thus, increased from 2.48% to 2.7%. We believe that in 2021 THANI will be able to take advantage of the adjusted financial structure by increasing its short-term loan portion by 5-10%. We forecast its cost of funds to decline to 2.55% in 2021.

**Exhibit 5: Funding structure**

Source: Company data

**Exhibit 6: Cost of funds**

Sources: Company data; FSSIA estimates

## Net profit and TP revisions

We maintain our 2021 net profit forecast (while fine-tuning some items) but revise up our 2022E net profit by 3% to reflect our 1) lower cost of fund assumption from 2.7% to 2.6% due to the higher estimated short-term borrowing proportion; and 2) lower OPEX assumption by 4.4% due to the company's efficient cost control.

### Exhibit 7: 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	2,452	2,693	2,673	(0.8)	2,975	3,015	1.3	3,378
Non-interest income*	747	818	819	0.1	870	885	1.7	941
Operating income*	3,199	3,511	3,492	(0.5)	3,846	3,901	1.4	4,319
Operating expenses	538	588	575	(2.2)	626	598	(4.4)	648
<b>PPOP before tax*</b>	<b>2,662</b>	<b>2,923</b>	<b>2,917</b>	<b>(0.2)</b>	<b>3,220</b>	<b>3,302</b>	<b>2.6</b>	<b>3,671</b>
Provision (Reversal)	338	300	290	(3.4)	307	301	(2.1)	346
Taxes expenses	464	485	489	0.7	539	555	3.1	665
Minority interest	0	0	-		0	-		-
<b>Normalized profit</b>	<b>1,860</b>	<b>2,138</b>	<b>2,138</b>	<b>0.0</b>	<b>2,374</b>	<b>2,446</b>	<b>3.1</b>	<b>2,660</b>
Extraordinary items	-	0	-		0	-		-
<b>Net profit</b>	<b>1,860</b>	<b>2,138</b>	<b>2,138</b>	<b>0.0</b>	<b>2,374</b>	<b>2,446</b>	<b>3.1</b>	<b>2,660</b>
<b>EPS (THB)</b>	<b>0.40</b>	<b>0.38</b>	<b>0.38</b>	<b>0.0</b>	<b>0.42</b>	<b>0.43</b>	<b>3.1</b>	<b>0.47</b>
<b>Key statistic and ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Asset quality ratio</b>								
Gross NPLs (THB m)	1,500	3,137	1,696	(46.0)	3,451	2,001	(42.0)	2,301
Gross NPLs / Loans	3.13	5.5	3.2		5.3	3.3		3.3
Loan loss reserve/NPLs	82	86	83		83	81		81
Credit cost (bp)	68	57	58		50	53		53
<b>Profitability ratio</b>								
Cost to income ratio	16.8	16.8	16.5		16.3	15.3		15.0
Average yield	6.9	7.2	7.2		7.0	7.2		7.2
Cost of funds	2.7	2.7	2.6		2.7	2.6		2.7
Net interest margin (NIM)	4.9	4.9	5.3		4.8	5.3		5.2
<b>% growth</b>								
Loan growth (y-y)	(7.6)	10.0	10.0		15.0	15.0		15.0

\*Including share of profits from associates

Source: FSSIA estimates

We revise up our GGM-based TP to THB5.1 from THB4.3 to reflect our higher long-term growth and lower cost of equity assumptions leading to a higher target 2021E P/BV of 2.4x from 2.1x.

### Exhibit 8: THANI – GGM-derived target price

Target price (THB)	THB 5.1 from 4.3
Recommendation	BUY
Risk-free rate (%)	3 (unchanged)
Market risk premium (%)	8 (unchanged)
Cost to equity (%)	12 (from 13)
Terminal growth (%)	7.1 (from 6.6)
ROE target (%)	19.2 (unchanged)
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) changes in financial regulations from the Bank of Thailand.

Source: FSSIA estimates



## Financial Statements

### Ratchthani Leasing

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	3,539	3,516	3,641	4,102	4,697
Interest expense	(1,011)	(1,063)	(968)	(1,086)	(1,320)
Net interest income	2,527	2,452	2,673	3,015	3,378
Net fees & commission	328	316	354	397	428
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	371	431	465	489	513
Non interest income	700	747	819	885	941
Total income	3,227	3,199	3,492	3,901	4,319
Staff costs	(177)	(188)	(201)	(209)	(220)
Other operating costs	(393)	(350)	(374)	(389)	(428)
Operating costs	(570)	(538)	(575)	(598)	(648)
Pre provision operating profit	2,657	2,662	2,917	3,302	3,671
Provision for bad and doubtful debt	(194)	(338)	(290)	(301)	(346)
Other provisions	-	-	-	-	-
Operating profit	2,463	2,324	2,627	3,002	3,326
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	2,463	2,324	2,627	3,002	3,326
Tax	(500)	(464)	(489)	(555)	(665)
Profit after tax	1,964	1,860	2,138	2,446	2,660
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,964	1,860	2,138	2,446	2,660
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,964	1,860	2,138	2,446	2,660
<b>Per share (THB)</b>					
Recurring EPS *	0.52	0.40	0.38	0.43	0.47
Reported EPS	0.52	0.40	0.38	0.43	0.47
DPS	0.32	0.17	0.19	0.22	0.23
<b>Growth</b>					
Net interest income (%)	8.4	(3.0)	9.0	12.8	12.0
Non interest income (%)	11.9	6.8	9.7	8.0	6.3
Pre provision operating profit (%)	8.3	0.2	9.6	13.2	11.2
Operating profit (%)	20.1	(5.7)	13.1	14.3	10.8
Reported net profit (%)	19.7	(5.3)	15.0	14.4	8.8
Recurring EPS (%)	(4.3)	(22.6)	(6.2)	14.4	8.8
Reported EPS (%)	(4.3)	(22.6)	(6.2)	14.4	8.8
<b>Income Breakdown</b>					
Net interest income (%)	78.3	76.7	76.5	77.3	78.2
Net fees & commission (%)	10.2	9.9	10.1	10.2	9.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	11.5	13.5	13.3	12.5	11.9
<b>Operating performance</b>					
Gross interest yield (%)	7.04	7.04	7.23	7.23	7.20
Cost of funds (%)	2.48	2.70	2.55	2.55	2.65
Net interest spread (%)	4.56	4.34	4.68	4.68	4.55
Net interest margin (%)	5.0	4.9	5.3	5.3	5.2
Cost/income(%)	17.7	16.8	16.5	15.3	15.0
Cost/assets(%)	1.2	1.1	1.1	1.1	1.0
Effective tax rate (%)	20.3	19.9	18.6	18.5	20.0
Dividend payout on recurring profit (%)	61.5	42.2	50.0	50.0	50.0
ROE (%)	26.4	20.1	18.8	19.6	19.3
ROE - COE (%)	15.6	9.3	8.0	8.8	8.5
ROA (%)	4.0	3.7	4.2	4.4	4.1
RORWA (%)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Ratchthani Leasing; FSSIA estimates



## Financial Statements

### Ratchthani Leasing

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	51,933	47,976	52,774	60,690	69,793
Total provisions	(2,225)	(1,228)	(1,412)	(1,622)	(1,863)
interest in suspense	0	0	0	0	0
<b>Net customer loans</b>	<b>49,709</b>	<b>46,748</b>	<b>51,361</b>	<b>59,068</b>	<b>67,930</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	429	1,044	131	435	469
Other interesting assets	-	-	-	-	-
Tangible fixed assets	251	147	96	69	53
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	492	579	627	581	826
<b>Total assets</b>	<b>50,881</b>	<b>48,518</b>	<b>52,215</b>	<b>60,153</b>	<b>69,279</b>
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	42,187	36,691	39,269	45,931	53,670
Non interest bearing liabilities	1,023	1,008	1,059	1,112	1,167
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>43,210</b>	<b>37,699</b>	<b>40,327</b>	<b>47,042</b>	<b>54,837</b>
Share capital	3,775	5,663	5,663	5,663	5,663
Reserves	3,896	5,156	6,225	7,448	8,778
<b>Total equity</b>	<b>7,671</b>	<b>10,819</b>	<b>11,888</b>	<b>13,111</b>	<b>14,441</b>
Minority interests	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>50,881</b>	<b>48,518</b>	<b>52,215</b>	<b>60,153</b>	<b>69,279</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	50,239	49,955	50,375	56,732	65,242
Average interest bearing liabilities	40,735	39,439	37,980	42,600	49,801
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)	2,049	1,500	1,696	2,001	2,301
<b>Per share (THB)</b>					
Book value per share	2.03	1.91	2.10	2.32	2.55
Tangible book value per share	2.03	1.91	2.10	2.32	2.55
<b>Growth</b>					
Gross customer loans	7.0	(7.6)	10.0	15.0	15.0
Average interest earning assets	12.9	(0.6)	0.8	12.6	15.0
Total asset (%)	7.0	(4.6)	7.6	15.2	15.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	15.1	22.3	22.8	21.8	20.8
Tangible equity/assets (%)	15.1	22.3	22.8	21.8	20.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	14.5	(26.8)	13.0	18.0	15.0
NPL/gross loans (%)	3.9	3.1	3.2	3.3	3.3
Total provisions/gross loans (%)	4.3	2.6	2.7	2.3	2.7
Total provisions/NPL (%)	108.6	81.9	83.3	81.1	81.0
<b>Valuation</b>					
Recurring P/E (x) *	8.5	10.9	11.7	10.2	9.4
Recurring P/E @ target price (x) *	9.8	12.7	13.5	11.8	10.9
Reported P/E (x)	8.5	10.9	11.7	10.2	9.4
Dividend yield (%)	7.3	3.9	4.3	4.9	5.3
Price/book (x)	2.2	2.3	2.1	1.9	1.7
Price/tangible book (x)	2.2	2.3	2.1	1.9	1.7
Price/tangible book @ target price (x)	2.5	2.7	2.4	2.2	2.0

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

Sources: Ratchthani 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	ICHI	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	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
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	WIIK	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	HL	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	AMANA	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

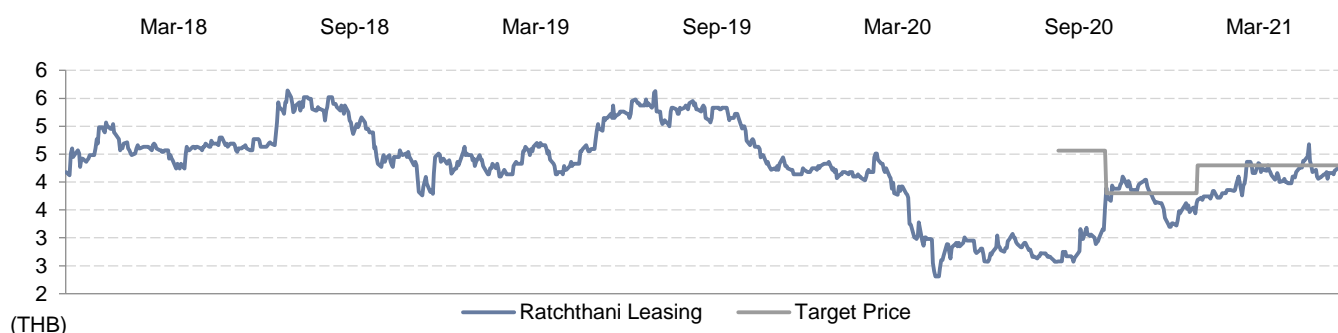
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#### History of change in investment rating and/or target price

#### 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

Company	Ticker	Price	Rating	Valuation & Risks
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.

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 22-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.