

28 APRIL 2021

THAILAND / DIVERSIFIED FINANCIALS

AEON THANA SINSAP (THAILAND)

BUY

UNCHANGED

AEONTS TB

TARGET PRICE	THB274.00
CLOSE	THB236.00
UP/DOWNSIDE	+16.1%
PRIOR TP	THB288.00
CHANGE IN TP	-4.9%
TP vs CONSENSUS	+16.2%

ประโยชน์จาก ECL จะช่วยหนุนการเติบโต

ผลประกอบการ 4QFY20 สูงเกินคาด

AEONTS รายงานกำไรสุทธิ 4QFY20 (ธ.ค. - ก.พ.) ที่ 1.18 พัน ลบ. (+12% y-y, +17% q-q) โดยได้แรงหนุนจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่ลดลง เราเชื่อว่า AEONTS จะสามารถรายงานผลประกอบการที่ดีต่อเนื่อง โดยน่าจะรายงานกำไรสุทธิโต 21% y-y ในปี FY21 และ 16% CAGR ในช่วงปี FY21-23 โดยได้แรงหนุนจาก 1) การลดลงของ ECL; และ 2) การนำระบบดิจิทัลมาใช้

ได้ประโยชน์จากการกลับสำรอง

ในที่ประชุมนักวิเคราะห์ครั้งล่าสุด แม้ว่า NPL จะเพิ่ม 26% q-q (เนื่องจาก AEONTS ไม่ได้ใช้เกณฑ์การผ่อนคลายนโยบายทางบัญชีอันเนื่องมาจากการจัดชั้นหนี้) แต่ผู้บริหารมั่นใจกับคุณภาพสินทรัพย์ของบริษัท เนื่องจากความสามารถในการชำระหนี้ของลูกค้าของบริษัทฯ ยังมีแนวโน้มดีขึ้น AEONTS จะใช้มาตรฐานทางบัญชีที่ผ่อนคลายน้อยกว่าเก่าและปรับเกณฑ์ในการตัดหนี้สูญให้สอดคล้องกับสถานการณ์ในปัจจุบันมากยิ่งขึ้น ทำให้บริษัทฯ คาดว่าสัดส่วน NPL ในประเทศไทยจะค่อย ๆ ลดลงใน 1QFY21 นอกจากนี้ บริษัทฯ ยังมีสำรอง NPL มากเพียงพอ โดยมีสัดส่วนสำรองต่อหนี้ต่อคุณภาพอยู่ที่ 230% ซึ่งเป็น Management Overlay อีก 500 ลบ. ดังนั้นเราจึงขม่อมองของเราที่ว่า AEONTS ยังสามารถเก็บเกี่ยวประโยชน์จากสำรองส่วนเกินเพื่อสนับสนุนการเติบโตของกำไรในปีนี้

รายได้มีแนวโน้มโตดีใน FY22-23E

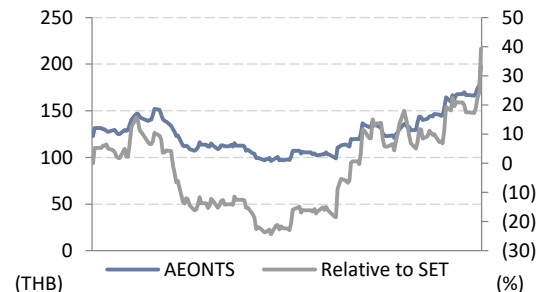
ผู้บริหารมีมุมมองที่ระมัดระวังต่อการเติบโตของสินเชื่อในปี FY21 จากปัญหาการแพร่ระบาดของ Covid ในรอบที่ 3 การหาลูกค้าใหม่อาจยากยิ่งขึ้น อย่างไรก็ตามบริษัทฯ จะมุ่งเน้นในด้านแพลตฟอร์มดิจิทัลให้มากยิ่งขึ้นเพื่อสนับสนุนการเติบโตในระยะยาว Rabbit Cash ซึ่งเป็นกิจการร่วมค้าระหว่าง AEONTS BTS Group Holdings (BTS TB, BUY, TP THB11.20) และ Humanica (HUMAN TB, NR) จะให้บริการสินเชื่อผ่านแพลตฟอร์มดิจิทัลของบริษัทฯ นอกจากนี้ AEONTS ยังจะให้สินเชื่อดิจิทัลด้วยตนเอง โดยมีขนาดสินเชื่อที่เล็กและระยะเวลาการปล่อยกู้ที่สั้นกว่าของ Rabbit Cash สินเชื่อดังกล่าวมีกำหนดเปิดตัวในปีนี้นอกจากนี้บริษัทฯ จะขยายประกันผ่านแพลตฟอร์มดิจิทัล ซึ่งอาจช่วยเพิ่มรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิในระยะยาว ดังนั้นเราจึงเชื่อว่า AEONTS อาจรายงานรายได้เพิ่มเพียงเล็กน้อยในปี FY21 อย่างไรก็ตามเราคาดว่าจะเห็นการเติบโตที่ดีขึ้นในปี FY22-23

มีมุมมองเป็นบวกน้อยลง แต่ยังคงแนะนำซื้อ

เราปรับลดประมาณการกำไรต่อหุ้นในปี FY21-22 ลง 5.3%/5.7% และปรับลดราคาเป้าหมายของเราลงเหลือ 274 บาท แม้ว่ามุมมองต่อ AEONTS จะเป็นบวกน้อยลงจากรายได้ที่อาจโตชะลอลง เรายังคงแนะนำซื้อจากผลตอบแทนต่อส่วนผู้ถือหุ้นปี FY21E ที่คาดว่าจะสูงที่สุดในรอบ 6 ปีที่ 24% และการประเมินมูลค่าที่อยู่ในระดับต่ำ

KEY STOCK DATA

YE Feb (THB m)	2020	2021E	2022E	2023E
Operating profit	4,673	5,757	6,634	7,496
Net profit	3,690	4,461	5,100	5,765
EPS (THB)	14.76	17.85	20.40	23.06
vs Consensus (%)	-	19.2	22.4	37.1
Core net profit	3,690	4,461	5,100	5,765
Core EPS (THB)	14.76	17.85	20.40	23.06
Chg. In EPS est. (%)	-	(5.3)	(5.7)	-
EPS growth (%)	(7.2)	20.9	14.3	13.0
Core P/E (x)	16.0	13.2	11.6	10.2
Dividend yield (%)	1.9	2.3	2.6	2.9
Price/book (x)	3.5	2.9	2.5	2.1
ROE (%)	19.5	24.0	23.2	22.4
ROA (%)	4.0	5.1	5.5	5.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.8	15.1	104.3
Relative to country (%)	13.0	10.6	66.1
Mkt cap (USD m)	1,880		
3m avg. daily turnover (USD m)	15.0		
Free float (%)	21		
Major shareholder	AEON Group (44%)		
12m high/low (THB)	276.00/95.75		
Issued shares (m)	250		

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman Of The Board of Finasia Syrus Securities PCL is also AEONTS's Director.

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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 28 เมษายน 2021

Investment thesis

AEONTS is one of Thailand's largest non-bank consumer finance companies, with expertise in unsecured lending. Its market share in the credit card and personal loan segments appears sustainable, and has ranged between 9-11% in recent years.

AEONTS' strengths are a nationwide branch network and well-established risk management practices, together with support from its Japan-based parent.

We expect its FY21 net profit to surge by 21% y-y, vs a drop of 7% y-y in FY20, due to an expected credit loss (ECL) reduction, an increase in loan volume and a lower cost to income ratio. Moreover, we believe there is room for its share price to re-rate due to its FY21E ROE, which could be the strongest in the past six years at 24%. Therefore, we maintain our BUY call.

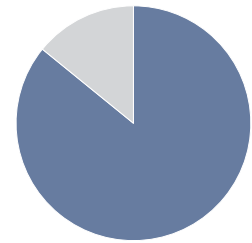
Company profile

The company's business is providing a variety of retail finance services, including credit cards, personal loans, hire-purchase loans and others.

www.aeon.co.th

Principal activities (revenue, 2020)

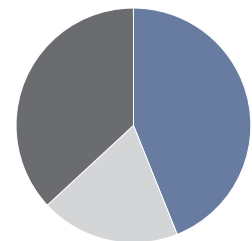
- Net interest income - 85.9 %
- Non-interest income - 14.1 %



Source: Aeon Thana Sinsap (Thailand)

Major shareholders

- AEON Group - 43.9 %
- ACS Capital Corporation - 19.2 %
- Others - 36.9 %



Source: Aeon Thana Sinsap (Thailand)

Catalysts

Potential share price catalysts for AEONTS include: 1) lower credit cost from better-than-expected non-performing loans; and 2) the recovery of personal loan growth.

Risks to our call

Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.

Event calendar

Date	Event
July 2021	1QFY21 results announcement

Key assumptions

Year to Feb	FY21E	FY22E	FY23E
	(%)	(%)	(%)
Net profit (THB m)	4,461	5,100	5,765
Net profit growth	20.9	14.3	13.0
NIM	18.28	18.46	18.64
Loan growth	7.4	10.5	9.7
Fee growth	15.0	3.8	3.8
Non-NII growth*	8.8	2.1	4.2
Credit cost (bps)	600	620	635
Cost to income	42.7	40.0	38.5

*Including share of profits from associates
Source: FSSIA estimates

Earnings sensitivity

Year to Feb	FY21E			
	±2ppt	5.4	7.4	9.4
Loan growth				
% change in net profit		(3)	-	3
NIM (%)	±5bp	18.23	18.28	18.33
% change in net profit		(1.4)	-	1.4
Credit cost (bps)	±10bp	590	600	610
% change in net profit		1.3	-	(1.3)

Source: FSSIA estimates

4QFY20 results beat expectations

AEONTS reported a 4QFY20 (Dec-Feb) net profit of THB1,184m (+12% y-y, +17% q-q), which was higher than Bloomberg’s consensus estimate by 30% due to the lower-than-expected ECL. There were three positive factors to drive its bottom line. Firstly, its ECL dropped by 53% y-y, 34% q-q. We believe AEONTS started to harvest its excess loan loss reserve, which it overtly set aside a special cushion of in 1QFY20. Secondly, the company was able to control its cost of funds effectively. Lastly, its OPEX fell by 8% y-y, supported by good cost control measures along with a greater utilisation of its digital platform.

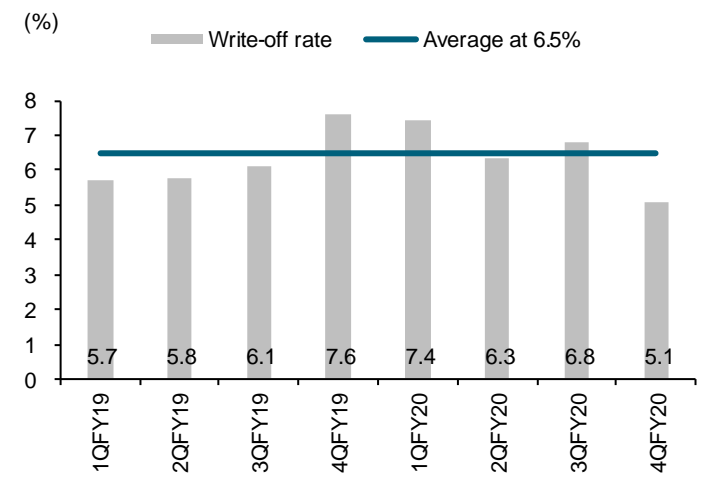
These three positive factors were able to entirely offset a 1.2% q-q decline in loan growth and a drop in loan yield.

Regarding its asset quality, according to the company, the debt repayment ability of its clients was in an improving trend in 4QFY20. However, its non-performing loans (NPLs) increased significantly by 26% q-q, implying an NPL ratio of 5.8% vs 4.5% in 3QFY20, as AEONTS did not apply the lenient accounting standard on debt classifications. This means that although its NPL customers were able to service debts, they were frozen at the NPL stage. Moreover, AEONTS was not able to write-off NPL clients who were still able to repay their loans. Therefore, its write-off rate last quarter was only at 5.1% vs its average rate of 6.5%.

FY20 net profit was THB3,690m, declining by 7% y-y, mainly dragged down by 1) a lower NIM owing to the seven-month impact of the lower interest rate ceiling; and 2) a decline in loan growth due to the tightening credit standard.

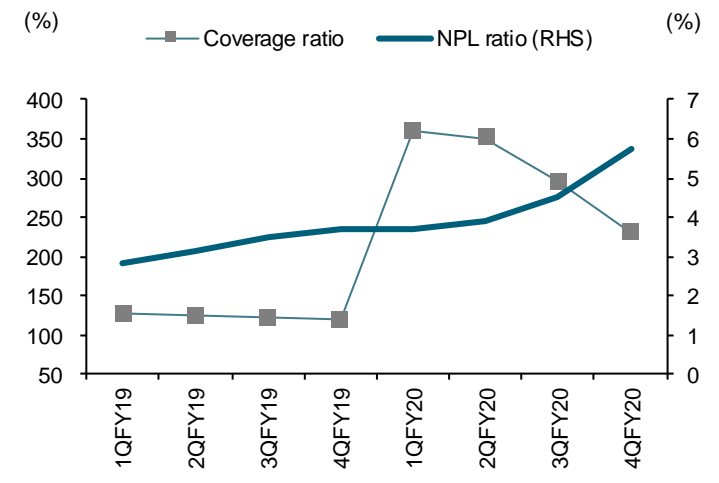
The 2HFY20 dividend payment was THB2.65 per share, implying a dividend yield of 1.1% – the XD is on 12 May-21.

Exhibit 1: The 4QFY20 write-off rate dropped below its average rate



Sources: AEONTS; FSSIA's compilation

Exhibit 2: NPL ratio vs coverage ratio



Sources: AEONTS; FSSIA's compilation

Exhibit 3: AEONTS – 4QFY20/FY20 results summary

Year-end Feb	4QFY19	3QFY20	4QFY20	----- Change -----		FY19	FY20	Change	4QFY20 Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(THB m)	(y-y %)	
Net interest income	4,636	3,878	3,897	(16)	0	18,139	16,491	(9)	
Non-interest income	966	856	639	(34)	(25)	2,940	2,689	(9)	
Operating income*	5,602	4,734	4,536	(19)	(4)	21,079	19,180	(9)	
Operating expenses	2,360	2,056	2,162	(8)	5	9,289	8,323	(10)	Efficient cost control
PPOP before tax*	3,241	2,678	2,374	(27)	(11)	11,790	10,857	(8)	
Expected credit loss	1,872	1,345	883	(53)	(34)	6,646	6,210	(7)	
Income tax	271	297	231	(15)	(22)	1,024	967	(6)	
Minority interest	43	26	77	80	194	145	(10)	(107)	
Normalised profit	1,056	1,009	1,184	12	17	3,975	3,690	(7)	
Extraordinary items	0	0	0			0	0		
Net profit	1,056	1,009	1,184	12	17	3,975	3,690	(7)	
EPS (THB)	4.22	4.04	4.73	12	17	15.90	14.76	(7)	
Asset quality ratio	(%)	(%)	(%)			(%)	(%)		
NPLs (THB m)	3,316	3,992	5,042	52	26	3,316	5,042	52	AEONTS did not apply the lenient accounting standard on debt classifications
NPLs / Loans	3.68	4.51	5.77			3.67	5.77		
Loan loss reserve / NPLs	119	296	230			119	230		
Credit cost (bp)	832	610	402			769	699		
Profitability ratio	(%)	(%)	(%)			(%)	(%)		
Cost to income ratio	42.1	43.4	47.7			44.1	43.4		
Average yield	23.1	19.9	19.8			23.6	20.9		
Cost of fund	3.3	3.2	2.9			3.3	3.2		
Net interest margin (NIM)	20.6	17.6	17.7			21.0	18.5		
Non-interest income / total income	17.2	18.1	14.1			13.9	14.0		
Loan growth	(%)	(%)	(%)			(%)	(%)		
y-y	9.4	(1.5)	(3.1)			9.4	(3.1)		
q-q	0.5	0.6	(1.2)						

*Including share of profits from associates;

Sources: AEONTS; FSSIA estimates

EPS and TP revisions

We slightly revise down our EPS forecasts for FY21-22 by 5.3%/5.7%. We lower our FY21 loan growth assumption to 7.4% vs our previous assumption of 15.4% to reflect the impact of the resurgence of Covid, resulting in a more cautious view on credit growth.

Exhibit 4: Key changes in assumptions

YE - Feb	FY20	FY21E			FY22E			FY23E
	Actual	Old	New	Change	Old	New	Change	New
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)
Net interest income	16,491	17,390	16,579	(4.7)	19,313	18,257	(5.5)	20,286
Non-interest income	2,689	2,969	2,925	(1.5)	3,032	2,986	(1.5)	3,112
Operating income	19,180	20,359	19,504	(4.2)	22,345	21,244	(4.9)	23,398
Operating expenses	8,323	8,255	8,332	0.9	8,671	8,507	(1.9)	9,020
PPOP before tax	10,857	12,104	11,171	(7.7)	13,674	12,737	(6.9)	14,379
Expected credit loss	6,210	6,054	5,441	(10.1)	6,671	6,131	(8.1)	6,912
Tax expenses	967	1,210	1,146	(5.3)	1,401	1,321	(5.7)	1,493
Minority interest	(10)	130	123	(5.3)	196	185		209
Normalized profit	3,690	4,710	4,461	(5.3)	5,406	5,100	(5.7)	5,765
Extraordinary items	-	0	-		0	-		-
Net profit	3,690	4,710	4,461	(5.3)	5,406	5,100	(5.7)	5,765
EPS (THB)	14.76	18.84	17.85	(5.3)	21.62	20.40	(5.7)	23.06
Asset quality ratio								
Gross NPLs (%)	5,042	4,271	5,042	18.1	4,484	5,294	18.1	5,559
Gross NPLs / Loans (%)	5.8	4.2	5.4		4.1	5.1		4.88
Loan loss reserve/NPLs (%)	230	237	217		216	201		197
Credit cost (bps)	699	643	600		635	620		635
Profitability ratio								
Cost to income ratio (%)	43.4	40.5	42.7		38.8	40.0		38.5
Average yield (%)	20.9	20.7	20.4		20.5	20.5		20.8
Cost of fund (%)	3.2	3.2	3.0		3.2	3.1		3.2
Net interest margin (NIM) (%)	18.6	18.2	18.3		18.4	18.5		18.6
% growth								
Loan growth (y-y %)	(3.1)	15.4	7.4		8.2	10.5		9.7

*Including share of profits from associates

Sources: AEONTS; FSSIA estimates

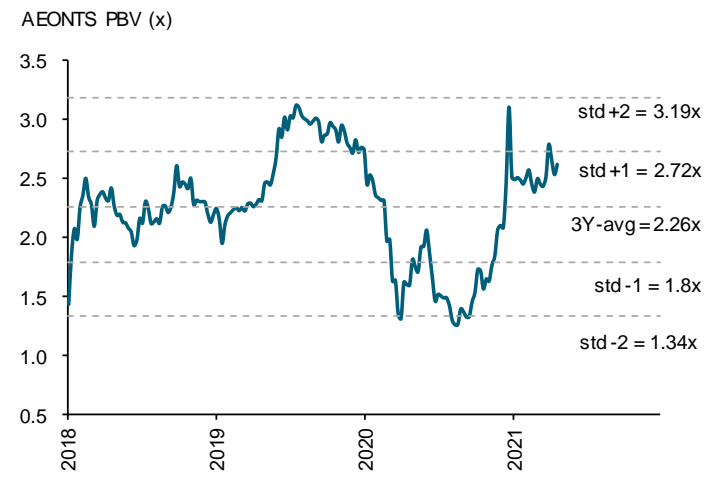
We revise down our GGM-based TP from THB288 to THB274, as we 1) lower our EPS forecasts, leading to a lower book value; and 2) revise up our target FY21E P/BV from 3.6x to 3.4x as a result of our lower average long-term ROE target of 22.5% from 22.8%.

Exhibit 5: GGM-derived target price

Target price (THB)	274.0 (from 288.0)
Recommendation	BUY
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	10.2 (unchanged)
Terminal growth (%)	5.2 (from 5.3)
ROE target (%)	22.5 (from 22.8)
Risk to TP	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.

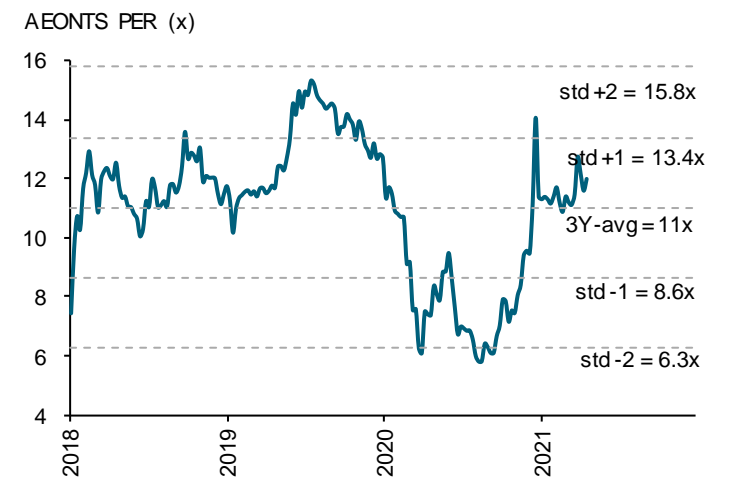
Source: FSSIA estimates

Exhibit 6: AEONTS – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: AEONTS – rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2019	2020	2021E	2022E	2023E
Interest Income	20,348	18,587	18,462	20,285	22,586
Interest expense	(2,209)	(2,096)	(1,883)	(2,027)	(2,299)
Net interest income	18,139	16,491	16,579	18,257	20,286
Net fees & commission	268	246	283	293	305
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	531	510	536	563	591
Other income	2,154	1,959	2,133	2,158	2,246
Non interest income	2,953	2,715	2,952	3,014	3,141
Total income	21,091	19,206	19,530	21,272	23,428
Staff costs	(9,091)	(8,144)	(8,144)	(8,307)	(8,805)
Other operating costs	(198)	(180)	(189)	(200)	(215)
Operating costs	(9,289)	(8,323)	(8,332)	(8,507)	(9,020)
Pre provision operating profit	11,802	10,882	11,198	12,765	14,408
Provision for bad and doubtful debt	(6,646)	(6,210)	(5,441)	(6,131)	(6,912)
Other provisions	-	-	-	-	-
Operating profit	5,156	4,673	5,757	6,634	7,496
Recurring non operating income	(13)	(25)	(27)	(28)	(29)
Associates	(13)	(25)	(27)	(28)	(29)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	5,143	4,647	5,730	6,606	7,467
Tax	(1,024)	(967)	(1,146)	(1,321)	(1,493)
Profit after tax	4,120	3,680	4,584	5,285	5,974
Minority interests	(145)	10	(123)	(185)	(209)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,975	3,690	4,461	5,100	5,765
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,975	3,690	4,461	5,100	5,765
Per share (THB)					
Recurring EPS *	15.90	14.76	17.85	20.40	23.06
Reported EPS	15.90	14.76	17.85	20.40	23.06
DPS	5.00	4.50	5.35	6.12	6.92
Growth					
Net interest income (%)	10.1	(9.1)	0.5	10.1	11.1
Non interest income (%)	47.8	(8.1)	8.7	2.1	4.2
Pre provision operating profit (%)	21.5	(7.8)	2.9	14.0	12.9
Operating profit (%)	16.4	(9.4)	23.2	15.2	13.0
Reported net profit (%)	13.4	(7.2)	20.9	14.3	13.0
Recurring EPS (%)	13.4	(7.2)	20.9	14.3	13.0
Reported EPS (%)	13.4	(7.2)	20.9	14.3	13.0
Income Breakdown					
Net interest income (%)	86.0	85.9	84.9	85.8	86.6
Net fees & commission (%)	1.3	1.3	1.4	1.4	1.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	2.5	2.7	2.7	2.6	2.5
Other income (%)	10.2	10.2	10.9	10.1	9.6
Operating performance					
Gross interest yield (%)	23.56	20.92	20.36	20.51	20.75
Cost of funds (%)	3.32	3.18	3.00	3.05	3.19
Net interest spread (%)	20.24	17.74	17.36	17.46	17.56
Net interest margin (%)	21.0	18.6	18.3	18.5	18.6
Cost/income(%)	44.0	43.3	42.7	40.0	38.5
Cost/assets(%)	10.2	9.1	9.3	8.8	8.5
Effective tax rate (%)	19.9	20.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	31.4	30.5	30.0	30.0	30.0
ROE (%)	20.5	19.5	24.0	23.2	22.4
ROE - COE (%)	9.7	8.7	13.2	12.4	11.6
ROA (%)	4.5	4.0	5.1	5.5	5.6
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2019	2020	2021E	2022E	2023E
Gross customer loans	90,231	87,432	93,930	103,831	113,854
Total provisions	(3,961)	(11,593)	(10,929)	(10,622)	(10,930)
interest in suspense	0	0	0	0	0
Net customer loans	86,270	75,839	83,002	93,209	102,925
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	4,994	5,105	4,328	4,271	3,381
Other interesting assets	-	-	-	-	-
Tangible fixed assets	885	793	711	637	571
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	3,247	5,651	3,282	4,217	4,100
Total assets	95,396	87,389	91,323	102,335	110,976
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	69,259	62,626	62,940	69,985	74,175
Non interest bearing liabilities	5,012	7,383	7,752	8,139	8,546
Hybrid Capital	-	-	-	-	-
Total liabilities	74,271	70,009	70,691	78,124	82,722
Share capital	250	250	250	250	250
Reserves	20,478	16,808	19,931	23,501	27,536
Total equity	20,728	17,058	20,181	23,751	27,786
Minority interests	397	322	451	460	469
Total liabilities & equity	95,396	87,389	91,323	102,335	110,976
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	86,371	88,832	90,681	98,880	108,843
Average interest bearing liabilities	66,458	65,942	62,783	66,462	72,080
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)	3,316	5,042	5,042	5,294	5,559
Per share (THB)					
Book value per share	82.91	68.23	80.72	95.00	111.14
Tangible book value per share	82.91	68.23	80.72	95.00	111.14
Growth					
Gross customer loans	9.4	(3.1)	7.4	10.5	9.7
Average interest earning assets	9.1	2.8	2.1	9.0	10.1
Total asset (%)	9.5	(8.4)	4.5	12.1	8.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	21.7	19.5	22.1	23.2	25.0
Tangible equity/assets (%)	21.7	19.5	22.1	23.2	25.0
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	45.3	52.1	-	5.0	5.0
NPL/gross loans (%)	3.7	5.8	5.4	5.1	4.9
Total provisions/gross loans (%)	4.4	13.3	11.6	9.3	9.6
Total provisions/NPL (%)	119.5	229.9	216.7	200.6	196.6
Valuation					
Recurring P/E (x) *	14.8	16.0	13.2	11.6	10.2
Recurring P/E @ target price (x) *	17.2	18.6	15.4	13.4	11.9
Reported P/E (x)	14.8	16.0	13.2	11.6	10.2
Dividend yield (%)	2.1	1.9	2.3	2.6	2.9
Price/book (x)	2.8	3.5	2.9	2.5	2.1
Price/tangible book (x)	2.8	3.5	2.9	2.5	2.1
Price/tangible book @ target price (x)	3.3	4.0	3.4	2.9	2.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); 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

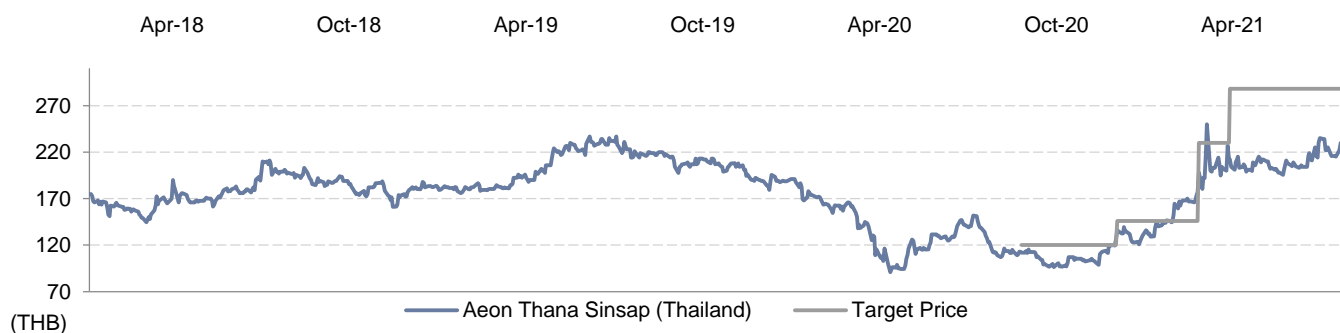
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Aeon Thana Sinsap (Thailand) (AEONTS TB)



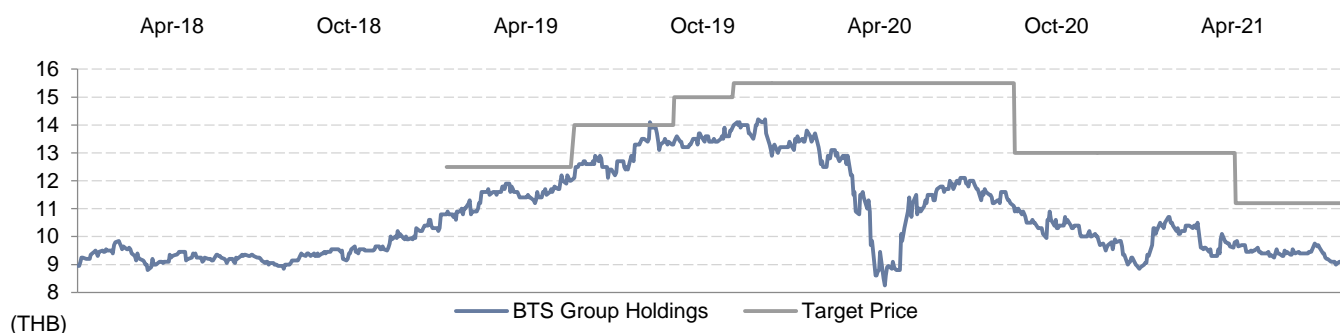
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	HOLD	120.00	07-Oct-2020	BUY	146.00	13-Jan-2021	BUY	288.00
21-Sep-2020	BUY	120.00	17-Dec-2020	BUY	230.00			

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

Price and TP are in local currency

Source: FSSIA estimates

BTS Group Holdings (BTS TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Mar-2019	BUY	12.50	15-Nov-2019	BUY	15.50	18-Nov-2020	BUY	13.00
01-Jul-2019	BUY	14.00	02-Apr-2020	BUY	15.50	19-Jan-2021	BUY	11.20
25-Sep-2019	BUY	15.00	13-Jul-2020	BUY	13.00			

Naruedom Mujjalinkool started covering this stock from 13-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 236.00	BUY	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.
BTS Group Holdings	BTS TB	THB 8.85	BUY	The key downside risks to our SOTP-based TP include a slower-than-expected recovery of the Thai economic outlook and the company not being able to win new mass transit projects.

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 27-Apr-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.