

7 MAY 2021

THAILAND / DIVERSIFIED FINANCIALS

MUANGTHAI CAPITAL MTC TB

BUY

UNCHANGED

TARGET PRICE	THB74.00
CLOSE	THB62.25
UP/DOWNSIDE	+18.9%
PRIOR TP	THB82.00
CHANGE IN TP	-9.8%
TP vs CONSENSUS	+1.2%

รอกการกลับมาของเจ้าตลาด

คาดกำไร 1Q21 โตไม่เด่น รอแนวโน้มกำไรดีใน 4Q21

เราคาดว่า MTC จะรายงานกำไรสุทธิโตในระดับต่ำที่ 1.42 พัน ลบ. (+15% y-y, +4% q-q) ใน 1Q21 จากการหดตัวของส่วนต่างดอกเบี้ย โดยเราคาดว่ากำไรจะทำไ้แค่ทรงตัว q-q จากแรงกดดันด้านอัตราดอกเบี้ยที่เพิ่มสูงขึ้น ในความเห็นของเรากำไรของ MTC ควรกลับมาโตตามศักยภาพที่ประมาณ 18-20% y-y ใน 4Q21 จากการเติบโตอย่างมีนัยสำคัญของธุรกิจเช่าซื้อมอเตอร์ไซค์ใหม่เป็นหลัก

การป้องกันส่วนแบ่งการตลาดทำให้อัตรากำไรหดตัว

เพื่อป้องกันส่วนแบ่งการตลาดจาก Fast Money (กิจการร่วมค้าระหว่าง Government Savings Bank และ Srisawad Corporation) และรักษาตำแหน่งผู้ประกอบการที่คิดอัตราดอกเบี้ยต่ำที่สุด MTC ได้ปรับลดอัตราดอกเบี้ยสินเชื่อทะเบียนรถ (CTL) หนึ่งครั้งจาก 19% เหลือ 17% ในเดือน ธ.ค. 20 และสินเชื่อทะเบียนรถมอเตอร์ไซค์ (MTL) สองครั้งจาก 21% เป็น 18% ในเดือน ธ.ค. 20 และเป็น 15% ในเดือน เม.ย. 21 ผู้บริหารวางแผนให้อัตราดอกเบี้ย 15% เป็นระยะเวลา 3 เดือน อย่างไรก็ตามคู่แข่งยังคงอัตราดอกเบี้ยในระดับต่ำเกิน 3 เดือน เราคาดว่า MTC ก็จะช่วยขยายโครงการดังกล่าวออกไป ทำให้เราคาดว่าผลตอบแทนสินเชื่อของ MTC จะได้รับแรงกดดันมากขึ้นอย่างน้อยใน 2Q-3Q21

สินเชื่อเช่าซื้อรถมอเตอร์ไซค์ที่โตเร็วไม่มากพอที่จะชดเชยสงครามในธุรกิจ

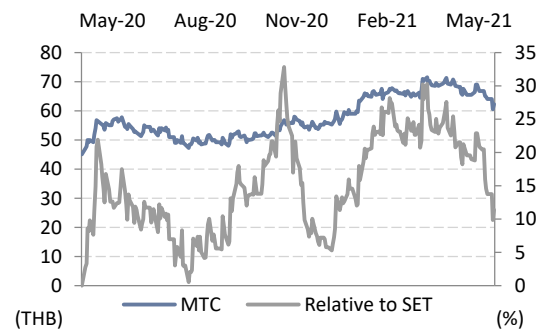
MTC กำลังพยายามลดผลกระทบของสงครามราคาในธุรกิจ MTL โดยเพิ่มสัดส่วนสินเชื่อเช่าซื้อมอเตอร์ไซค์ (MHP) ใหม่ MTC สามารถปล่อยเช่ารถมอเตอร์ไซค์ใหม่ 5,000 คันในเดือน ม.ค. 21 และอีก 5,000 คันในเดือน ก.พ. ซึ่งเพิ่มเป็น 8,800 คันในเดือน มี.ค. ดังนั้นสินเชื่อ MHP คงค้างใน 1Q21 น่าจะเพิ่มเป็น 900 ลบ. เทียบกับ 360 ลบ. ใน 4Q21 เราคาดว่าสินเชื่อ MHP จะคิดเป็น 6% ของสินเชื่อรวมภายในสิ้นปีนี้ แม้ว่าจะได้รับผลตอบแทนเพิ่มขึ้นจากสินเชื่อ MHP ที่โตเร็วดังกล่าว ส่วนแบ่งของสินเชื่อดังกล่าวก็ยังน้อยเกินไปที่จะชดเชยผลตอบแทนจากธุรกิจ MTL และ CTL ที่กำลังลดลง เราคาดว่าจำเป็นต้องใช้เวลาอย่างน้อย 2 ปี ก่อนที่การเพิ่มของพอร์ต MHP จะชดเชยการลดลงของผลตอบแทนสินเชื่อในประเภททะเบียนรถ

ปรับลดระดับการประเมินมูลค่า ยังไม่ใช้เวลามากของเจ้าตลาด

เราปรับลดประมาณการกำไรสุทธิปี 2021-23 ลง 4.5%/7.4%/9.1% แม้ว่าเรายังคงคำแนะนำซื้อสำหรับการลงทุนในระยะยาว แต่เราปรับลดและปรับราคาเป้าหมายไปในปี 2022 ทำให้ได้ราคาเป้าหมายใหม่ที่ 74 บาท (GGM) ราคาดังกล่าวคิดเป็น 5.0x ของค่า 2022E P/BV เทียบกับสมมติฐานก่อนหน้าที่ 6.7x เราเชื่อว่าระดับการประเมินมูลค่าของ MTC อาจลดลงไปอีก 3 เดือนข้างหน้าจากการแข่งขันที่สูงในธุรกิจ MTL การจดทะเบียนในตลาดหลักทรัพย์ของ TIDLOR เป็นอีกปัจจัยเสี่ยงสำคัญสำหรับราคาหุ้นของ MTC เนื่องจากกำไรของ TIDLOR มีศักยภาพในการเติบโตสูงกว่า โดยเราอาจกลับมาให้ความสนใจ MTC อีกครั้งใน 4Q21

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	6,517	7,575	9,047	10,861
Net profit	5,214	6,075	7,265	8,721
EPS (THB)	2.46	2.87	3.43	4.11
vs Consensus (%)	-	3.5	2.6	2.7
Core net profit	5,214	6,075	7,265	8,721
Core EPS (THB)	2.46	2.87	3.43	4.11
Chg. In EPS est. (%)	-	(4.5)	(7.4)	(9.1)
EPS growth (%)	23.0	16.5	19.6	20.1
Core P/E (x)	25.3	21.7	18.2	15.1
Dividend yield (%)	0.6	0.7	0.8	1.0
Price/book (x)	6.4	5.1	4.2	3.4
ROE (%)	28.4	26.1	25.3	24.6
ROA (%)	7.5	7.2	7.2	7.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.8)	(8.1)	34.6
Relative to country (%)	(9.7)	(12.5)	7.7
Mkt cap (USD m)	4,220		
3m avg. daily turnover (USD m)	23.8		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	73.75/44.25		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 7 พฤษภาคม 2021

Investment thesis

MTC is the largest listed non-bank personal and auto title loan service provider in Thailand. We believe that the business prospects for secured consumer loans remain solid. The demand for fast cash is less volatile in varying economic conditions, though spending purposes may differ. Operationally, MTC has long experience and strong management expertise, reflecting its ability to drive growth and contain asset quality.

However, we see a price wall in MTL, which is the key focus area for the company. MTC currently cut its MTL interest rate charge to 15% from 21% last year, pressuring its margin. We believe MTC's valuation could de-rate in the next three months due to the fierce competition in MTL. The listing of Ngern Tid Lor (TIDLOR) is another key risk factor to MTC's share price due to the higher potential earnings growth of TIDLOR. MTC may be back on our radar again in 4Q21.

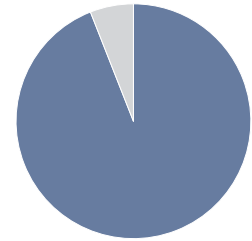
Company profile

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

www.muangthaicap.com

Principal activities (revenue, 2020)

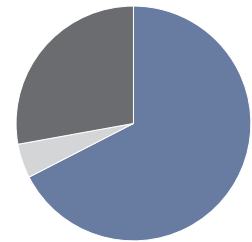
- Net interest income - 94.0 %
- Non-interest income - 6.0 %



Source: Muangthai Capital

Major shareholders

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



Source: Muangthai Capital

Catalysts

Potential share price catalysts for MTC include:

1. Strong growth in its new business, hire purchase loans for motorcycles;
2. The end of low-rate charges for MTL;
3. Better cost control.

Risks to our call

Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.

Event calendar

Date	Event
11 May 2021	1Q21 results announcement
13 May 2021	Analyst meeting

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	6,075	7,265	8,721
Net profit growth	16.5	19.6	20.1
NIM	17.84	17.69	17.89
Loan growth	20.0	22.0	22.0
Non-NII growth	9.7	9.7	7.8
Credit cost (bp)	85	90	110
Cost to income*	44.2	43.9	43.9

*Including share of profits from associates
Source: FSSIA estimates

Earnings sensitivity

Year to Dec	----- 2021E -----			
	±2ppt	18.0	20.0	22.0
Loan growth				
% change in net profit		(1.7)	-	1.7
NIM (%)	±5bp	17.79	17.84	17.89
% change in net profit		(0.5)	-	0.5
Credit cost (bps)	±10bp	75	85	95
% change in net profit		0.5	-	(0.5)

Source: FSSIA estimates

Soft start in 1Q21, strong earnings momentum in 4Q21

We expect MTC to deliver soft net profit growth of THB1,420m (+15% y-y, +4% q-q) in 1Q21. Its net profit will likely increase at a lower rate than its potential growth due mainly to a contraction in its NIM. To defend its market share from Fast Money (JV between Government Savings Bank and Srisawad Corporation) and maintain its position as the operator with the lowest interest rate charge, MTC reduced its CTL rate in Dec-20 from 19% to 17% and its MTL rate from 21% to 18%.

We project MTC to post only flat q-q earnings growth in 2Q21 due to the greater margin pressure, as the company again reduced its motorbike interest rate charge to 15% on 1 Apr-21. In our view, MTC's earnings growth should return to its potential growth rate of around 18-20% y-y in 4Q21, driven by 1) the significant growth of its new motorcycle hire purchase business, which has a higher yield than its average; and 2) the return of its MTL interest rate charge to 18%. According to MTC's management, the promotional rate of 15% will last for three months.

Exhibit 1: MTC – summary of 1Q21E earnings preview

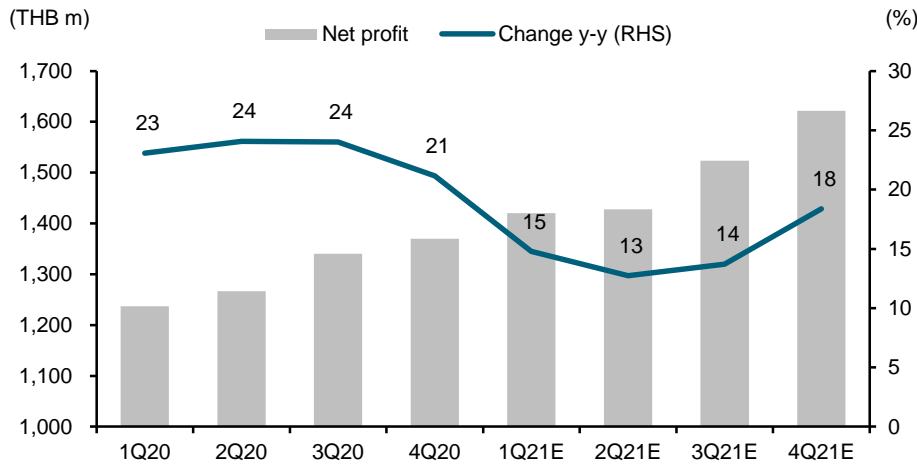
Year-end Dec 31	1Q20	4Q20	----- 1Q21E -----			2020	2021E	Change	1Q21E Comments
	(THBm)	(THBm)	(THBm)	(y-y %)	(q-q %)	(THBm)	(THBm)	(y-y %)	
Net interest income	2,900	3,219	3,281	13	2	12,145	13,924	15	
Non-interest income	208	201	189	(9)	(6)	771	846	10	
Operating income*	3,108	3,420	3,470	12	1	12,916	14,770	14	
Operating expenses	1,491	1,599	1,536	3	(4)	6,144	6,531	6	
PPOP before tax*	1,616	1,821	1,934	20	6	6,771	8,239	22	
Expected credit loss	62	116	172	176	48	255	664	160	
Tax	316	335	342	8	2	1,303	1,500	15	
Minority interest	0	0	0			0	0		
Normalised profit	1,237	1,370	1,420	15	4	5,214	6,075	17	
Extraordinary items	0	0	0			0	0		
Net profit	1,237	1,370	1,420	15	4	5,214	6,075	17	
EPS (THB)	0.58	0.65	0.67	15	4	2.46	2.87	17	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
Gross NPLs (THB m)	738	749	786	7	5	749	936	25	
NPL ratio	1.18	1.06	1.07			1.06	1.10	0	
Coverage ratio	201	177	167			177	172	(6)	
Credit cost (bp)	41	67	95			39	85	46	
Profitability ratio (%)	(%)	(%)	(%)			(%)	(%)		
Cost to income ratio	48.0	46.8	44.3			47.6	44.2		Lower CIR due to the slowdown in economic activities
Average yield	21.7	21.4	20.8			21.3	20.4		Significant decline q-q due to the quarterly full impact of the first rate-cut campaign
Cost of funds	3.7	3.5	3.5			3.7	3.5		
NIM **	18.9	18.6	18.1			18.5	17.8		
Non-int inc/total income	6.7	5.9	5.5			38.4	40.3		
Loan growth (%)	(%)	(%)	(%)			(%)	(%)		
y-y	23.9	17.6	17.8			17.6	20.0		
q-q	3.9	5.6	4.0						

Note: Change of items in percentage terms are represented in ppt change

*Including share of profits from associates; **Including fee income

Sources: MTC; FSSIA estimates

Exhibit 2: Quarterly earnings momentum

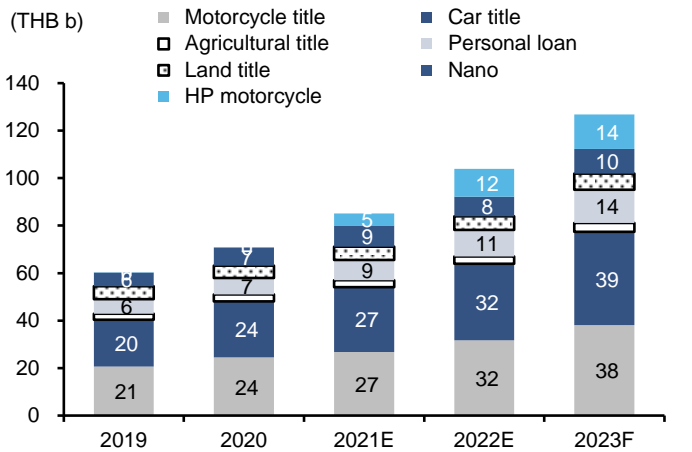


Source: FSSIA estimates

Fast-growing MHP not enough to offset the MTL price war

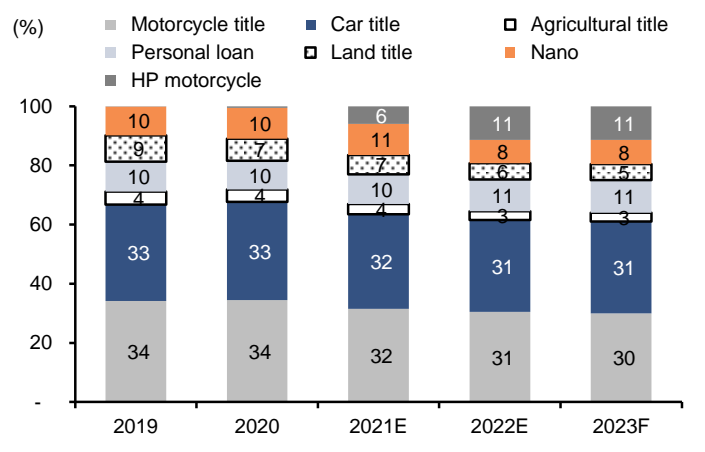
MTC is attempting to minimise the impact of the MTL price war by increasing its new motorcycle hire purchase (MHP) proportion. MTC was able to lend 5,000 new motorbikes in Jan-21, with another 5,000 in Feb increasing to 8,800 in Mar. Therefore, its 1Q21E MHP outstanding loans would increase to THB900m vs THB360m in 4Q21. We expect MHP loans to account for 6% of MTC’s total loans by the end of this year. Despite receiving a higher yield from this fast-growing segment, the contributions remain too small to offset the decreasing MTL and CTL yields. We forecast that it would take at least two years for increasing MHP portfolio to offset the decline in loan yield of the auto title segment.

Exhibit 3: MTC’s outstanding loans



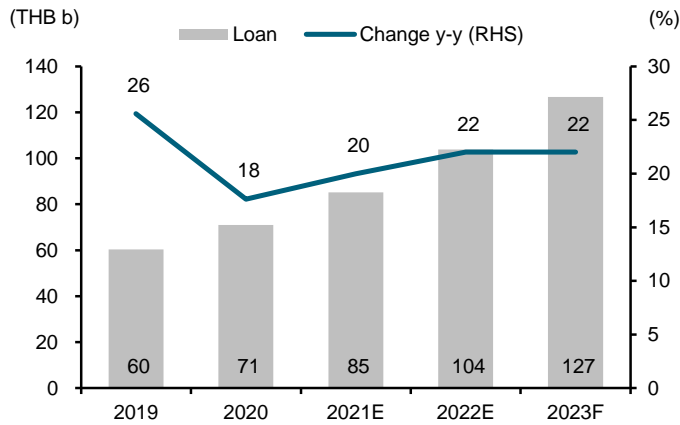
Sources: MTC; FSSIA estimates

Exhibit 4: Proportion of outstanding loans



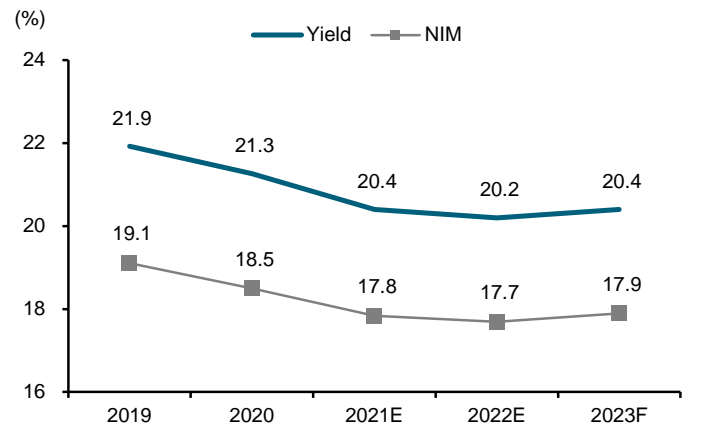
Sources: MTC; FSSIA estimates

Exhibit 5: Total loan growth



Sources: MTC; FSSIA estimates

Exhibit 6: Yield on loans



Sources: MTC; FSSIA estimates

Net profit and TP revisions

We lower our net profit forecasts for 2021-23 by 4.5%/7.4%/9.1% to reflect 1) the greater margin pressure from the MTL price war; and 2) the lower loan growth due to the more aggressive expansion of its rival.

Although we maintain our BUY call for long-term investment, we revise down and roll forward our GGM-based TP to 2022 to derive a new TP of THB74. Our TP implies a 5.0x 2022E P/BV vs our previous assumption of 6.7x. We believe MTC's valuation could de-rate (as mentioned in ["Thailand Diversified Financials - Will GSB reshape the auto title loan industry?"](#), dated 2 April 2021) at least in the next three months due to the fierce competition in MTL. The listing of TIDLOR is another key risk factor to MTC's share price due to the higher potential earnings growth of TIDLOR. MTC may be back on our radar again in 4Q21.

Exhibit 7: Key changes in assumptions

	-----2021E-----				-----2022E-----			-----2023E-----		
	2020	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	12,145	14,564	13,924	(4.4)	18,101	16,727	(7.6)	22,570	20,633	(8.6)
Non-interest income*	771	882	846	(4.1)	968	928	(4.1)	1,044	1,001	(4.1)
Operating income*	12,916	15,446	14,770	(4.4)	19,069	17,655	(7.4)	23,614	21,634	(8.4)
Operating expenses	6,144	6,867	6,531	(4.9)	8,389	7,757	(7.5)	10,295	9,505	(7.7)
PPOP before tax*	6,771	8,579	8,239	(4.0)	10,680	9,898	(7.3)	13,319	12,129	(8.9)
Expected credit loss (Reversal)	255	643	664	3.2	905	851	(6.0)	1,371	1,269	(7.5)
Tax expenses	1,303	1,571	1,500	(4.5)	1,926	1,782	(7.4)	2,354	2,140	(9.1)
Minority interest	-	0	-		0	-		0	-	
Normalised profit	5,214	6,365	6,075	(4.5)	7,849	7,265	(7.4)	9,594	8,721	(9.1)
Extraordinary items	-	0	-		0	-		0	-	
Net profit	5,214	6,365	6,075	(4.5)	7,849	7,265	(7.4)	9,594	8,721	(9.1)
EPS (THB)	2.46	3.00	2.87	(4.5)	3.70	3.43	(7.4)	4.5	4.11	(9.1)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	749	936	936	0.0	1,123	1,123	0.0	1,404	1,404	0.0
Gross NPLs / Loans (%)	1.06	1.0	1.1		1.0	1.1		1.0	1.1	
Loan loss reserve/NPLs (%)	177	167	172		161	163		167.2	167	
Credit cost (bps)	39	80	85		90	90		110	110	
Profitability ratio (%)										
Cost to income ratio*	47.6	44.5	44.2		44.0	43.9		43.6	43.9	
Average yield	21.3	20.8	20.4		20.7	20.2		20.8	20.4	
Cost of funds	3.7	3.6	3.5		3.6	3.5		3.7	3.5	
Net interest margin (NIM)	18.5	18.1	17.8		18.0	17.7		18.1	17.9	
Loan growth (%)										
y-y	17.6	26.5	20.0		24.0	22.0		24.0	22.0	

*Including share of profits from associates
Sources: MTC; FSSIA estimates

Exhibit 8: MTC – GGM-derived target price

Target price (THB)	74 (from 82)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.4 (from 10.8)
Terminal growth (%)	8 (unchanged)
ROE target (%)	25 (from 26.5)
Target PBV (x)	5.0 (from 6.7)
Implied PE (x)	21.6 (from 28.6)
Implied PEG (x)	1.1 (from 1.7)
Risk to TP	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the BoT; and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.

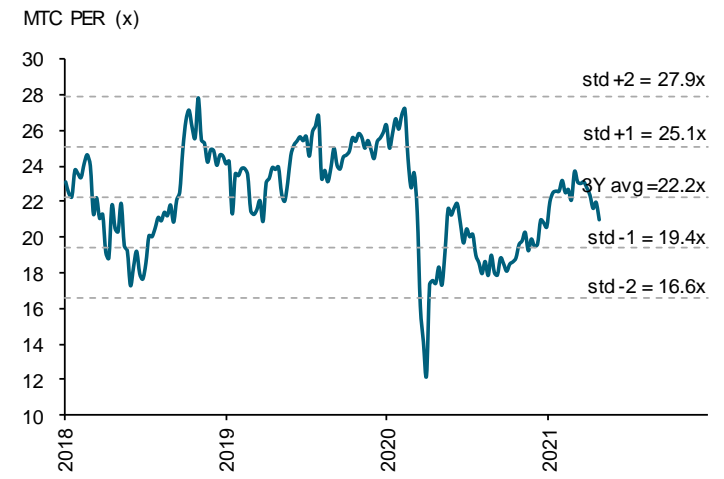
Source: FSSIA estimates

Exhibit 9: MTC – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: MTC – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Thailand diversified financials - peers comparison

Company	BBG	Rec	---Share price---		Up (down) side	Market Cap	EPS growth		--- PE ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(x)	(x)
Unsecured-loan						7,737	20.5	12.6	22.3	19.8	1.6	1.8	25.1	24.2	5.2	4.4
Aeon Thana Sinsap	AEONTS TB	BUY	215.00	274.00	27	1,719	20.9	14.3	12.0	10.5	2.5	2.8	24.0	23.2	2.7	2.3
Krungthai Card	KTC TB	REDUCE	73.00	50.00	(32)	6,019	20.2	11.4	29.4	26.4	1.4	1.6	26.0	24.9	7.1	6.1
Auto-title lender						11,292	19.6	22.4	22.3	18.2	1.2	1.4	23.0	22.9	4.5	3.9
Muangthai Capital	MTC TB	BUY	62.25	74.00	19	4,220	16.5	19.6	21.7	18.2	0.7	0.8	26.1	25.3	5.1	4.2
Srisawad Corp	SAWAD TB	BUY	80.75	108.00	34	3,546	25.5	19.8	19.4	16.2	2.4	2.8	23.9	25.1	4.4	3.8
Saksiam Leasing	SAK TB	BUY	12.20	15.20	25	818	(6.8)	45.6	37.2	25.5	0.8	1.2	14.5	18.8	5.1	4.5
Ngern Tid Lor	TIDLOR TB	BUY	36.50	54.00	48	2,709	26.8	27.4	25.1	19.7	0.6	0.8	19.8	18.6	3.9	3.4
Truck lender						1,695	4.2	19.1	17.1	14.3	2.5	2.9	18.5	19.8	3.0	2.6
Micro Leasing	MICRO TB	BUY	9.10	12.40	36	272	39.5	36.3	36.9	27.1	0.8	0.7	12.2	15.0	4.3	3.8
Singer Thailand	SINGER TB	BUY	40.75	50.00	23	645	30.6	31.5	28.7	21.8	0.9	1.2	21.3	22.9	5.6	4.4
Ratchthani Leasing	THANI TB	BUY	4.30	5.10	19	779	(6.2)	14.4	11.4	10.0	4.4	5.0	18.8	19.6	2.0	1.9
Other						1,157	8.1	11.6	8.8	7.9	8.7	8.7	6.3	6.8	0.5	0.5
Thanachart Capital	TCAP TB	HOLD	34.50	33.00	(4)	1,157	8.1	11.6	8.8	7.9	8.7	8.7	6.3	6.8	0.5	0.5
Coverage						21,882	17.0	17.6	20.1	17.1	1.9	2.1	17.5	18.0	3.3	2.9

Share prices as of 6 May 2021
Sources: Bloomberg; FSSIA estimates

Financial Statements

Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	11,880	13,962	15,925	19,095	23,526
Interest expense	(1,527)	(1,817)	(2,001)	(2,368)	(2,893)
Net interest income	10,353	12,145	13,924	16,727	20,633
Net fees & commission	723	726	799	879	949
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	85	45	47	49	52
Non interest income	808	771	846	928	1,001
Total income	11,161	12,916	14,770	17,655	21,634
Staff costs	(3,009)	(3,676)	(4,227)	(5,072)	(6,340)
Other operating costs	(2,306)	(2,469)	(2,304)	(2,685)	(3,165)
Operating costs	(5,314)	(6,144)	(6,531)	(7,757)	(9,505)
Pre provision operating profit	5,847	6,771	8,239	9,898	12,129
Provision for bad and doubtful debt	(554)	(255)	(664)	(851)	(1,269)
Other provisions	-	-	-	-	-
Operating profit	5,293	6,517	7,575	9,047	10,861
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	5,293	6,517	7,575	9,047	10,861
Tax	(1,056)	(1,303)	(1,500)	(1,782)	(2,140)
Profit after tax	4,237	5,214	6,075	7,265	8,721
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,237	5,214	6,075	7,265	8,721
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,237	5,214	6,075	7,265	8,721
Per share (THB)					
Recurring EPS *	2.00	2.46	2.87	3.43	4.11
Reported EPS	2.00	2.46	2.87	3.43	4.11
DPS	0.30	0.37	0.43	0.51	0.62
Growth					
Net interest income (%)	22.6	17.3	14.7	20.1	23.4
Non interest income (%)	(7.3)	(4.6)	9.7	9.7	7.8
Pre provision operating profit (%)	12.2	15.8	21.7	20.1	22.5
Operating profit (%)	14.4	23.1	16.2	19.4	20.1
Reported net profit (%)	14.1	23.0	16.5	19.6	20.1
Recurring EPS (%)	14.1	23.0	16.5	19.6	20.1
Reported EPS (%)	14.1	23.0	16.5	19.6	20.1
Income Breakdown					
Net interest income (%)	92.8	94.0	94.3	94.7	95.4
Net fees & commission (%)	6.5	5.6	5.4	5.0	4.4
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.8	0.3	0.3	0.3	0.2
Operating performance					
Gross interest yield (%)	21.92	21.27	20.40	20.20	20.40
Cost of funds (%)	3.83	3.71	3.45	3.45	3.50
Net interest spread (%)	18.09	17.56	16.95	16.75	16.90
Net interest margin (%)	19.1	18.5	17.8	17.7	17.9
Cost/income(%)	47.6	47.6	44.2	43.9	43.9
Cost/assets(%)	9.6	8.8	7.8	7.7	7.8
Effective tax rate (%)	19.9	20.0	19.8	19.7	19.7
Dividend payout on recurring profit (%)	15.0	15.0	15.0	15.0	15.0
ROE (%)	30.0	28.4	26.1	25.3	24.6
ROE - COE (%)	19.2	17.6	15.3	14.5	13.8
ROA (%)	7.6	7.5	7.2	7.2	7.2
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements

Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	60,338	70,968	85,162	103,897	126,754
Total provisions	(1,713)	(1,328)	(1,608)	(1,835)	(2,343)
interest in suspense	-	0	0	0	0
Net customer loans	58,624	69,640	83,553	102,062	124,411
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	783	1,378	915	460	426
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,778	1,928	2,121	2,333	2,567
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	687	4,275	4,563	4,917	5,320
Total assets	61,873	77,222	91,153	109,773	132,724
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	44,163	53,699	62,324	74,970	90,352
Non interest bearing liabilities	1,737	2,841	2,983	3,132	3,288
Hybrid Capital	-	-	-	-	-
Total liabilities	45,900	56,540	65,307	78,102	93,640
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	13,863	18,567	23,731	29,556	36,969
Total equity	15,983	20,687	25,851	31,676	39,089
Minority interests	(12)	(5)	(5)	(5)	(5)
Total liabilities & equity	61,872	77,222	91,153	109,773	132,724
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	54,193	65,653	78,065	94,529	115,326
Average interest bearing liabilities	39,811	48,931	58,012	68,647	82,661
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)	621	749	936	1,123	1,404
Per share (THB)					
Book value per share	7.54	9.76	12.19	14.94	18.44
Tangible book value per share	7.54	9.76	12.19	14.94	18.44
Growth					
Gross customer loans	25.6	17.6	20.0	22.0	22.0
Average interest earning assets	29.5	21.1	18.9	21.1	22.0
Total asset (%)	25.9	24.8	18.0	20.4	20.9
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	25.8	26.8	28.4	28.9	29.5
Tangible equity/assets (%)	25.8	26.8	28.4	28.9	29.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	15.1	20.5	25.0	20.0	25.0
NPL/gross loans (%)	1.0	1.1	1.1	1.1	1.1
Total provisions/gross loans (%)	2.8	1.9	1.9	1.4	1.8
Total provisions/NPL (%)	275.7	177.3	171.8	163.4	166.9
Valuation					
Recurring P/E (x) *	31.1	25.3	21.7	18.2	15.1
Recurring P/E @ target price (x) *	37.0	30.1	25.8	21.6	18.0
Reported P/E (x)	31.1	25.3	21.7	18.2	15.1
Dividend yield (%)	0.5	0.6	0.7	0.8	1.0
Price/book (x)	8.3	6.4	5.1	4.2	3.4
Price/tangible book (x)	8.3	6.4	5.1	4.2	3.4
Price/tangible book @ target price (x)	9.8	7.6	6.1	5.0	4.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; 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:

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* 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

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Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 62.25	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 215.00	BUY	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.
Krungthai Card	KTC TB	THB 73.00	REDUCE	Upside risks to our GGM-derived TP include 1) stronger-than-expected auto title loan growth; and 2) a better-than-expected bad debt recovery.
Singer Thailand	SINGER TB	THB 40.75	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.
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.
Srisawad Corp	SAWAD TB	THB 80.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand.
Saksiam Leasing	SAK TB	THB 12.20	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the BoT; and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Thanachart Capital	TCAP TB	THB 34.50	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Ratchthani Leasing	THANI TB	THB 4.30	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

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 6-May-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.