

7 MAY 2021

THAILAND / DIVERSIFIED FINANCIALS

## SRISAWAD CORP SAWAD TB

BUY

UNCHANGED

TARGET PRICE	THB108.00
CLOSE	THB80.75
UP/DOWNSIDE	+33.7%
PRIOR TP	THB94.00
CHANGE IN TP	+14.9%
TP vs CONSENSUS	+32.8%

## ผู้ให้บริการทางการเงินครบวงจร

ค่ากำไรยังไม่เด่นใน 1Q21 แต่ไตรมาสที่ดีกว่ากำลังจะมาถึง

เราคาดว่า SAWAD จะรายงานกำไรสุทธิจากการดำเนินงานที่ยังไม่เด่นใน 1Q21 โดยอยู่ที่ 1.11 พัน ลบ. (+8% y-y, -14% q-q) โดยการเปลี่ยนแปลงอย่างมีนัยสำคัญในไตรมาสที่ 1 คือ จะไม่ได้รับงบการเงินของ Fast Money (FM; กิจการร่วมค้ากับ GSB) เข้ามาในงบการเงินรวมของ SAWAD ซึ่งจะทำให้ปริมาณสินเชื่อลดลงอย่างมีนัยสำคัญและสัดส่วนหนี้ต่อคุณภาพเพิ่มอย่างเห็นได้ชัด อย่างไรก็ตามเราไม่ได้กังวลเกี่ยวกับผลประกอบการที่ไม่โดดเด่นใน 1Q21 มากนักเนื่องจากเราคาดว่าประโยชน์ของการเป็นพันธมิตรกับ GSB ทั้งในแง่ของรายได้และค่าใช้จ่ายจะค่อย ๆ ออกผลในช่วงไตรมาสที่เหลือของปีนี้

## แปลงโฉมเป็นผู้ให้บริการทางการเงินครบวงจร

SAWAD ได้เปลี่ยนแปลงธุรกิจจากผู้ประกอบการสินเชื่อในระดับรากหญ้าสู่ผู้ให้บริการทางการเงินครบวงจรโดย 1) ขยายเข้าสู่ธุรกิจ AMC และนายหน้าประกันภัย; 2) เข้าหุ้นกับ GSB เพื่อให้บริการสินเชื่อทะเบียนรถมอเตอร์ไซด์อัตราดอกเบี้ยต่ำ; และ 3) เพิ่มฐานลูกค้าเป้าหมายสู่ผู้มีรายได้ปานกลางให้มากยิ่งขึ้นภายใต้ Srisawad Capital (SCAP) ด้วยการบริหารอย่างมืออาชีพของคุณวิจิต พยุหนาวิชัย โดย SCAP จะดำเนิน 2 ธุรกิจหลัก: 1) สินเชื่อเช่าซื้อรถมอเตอร์ไซด์ใหม่; และ 2) สินเชื่อบุคคลแบบไม่หลักทรัพย์ค่าประกัน เรามองว่า SCAP เป็นปัจจัยบวกที่ดีไปที่จะผลักดันราคาหุ้นของ SAWAD และการเติบโตของกำไรในอีก 1-2 ปีข้างหน้า เราเชื่อว่าในปัจจุบันตลาดยังมองข้ามโอกาสในการเติบโตของ SCAP

## ไล่ตามผลตอบแทนจากส่วนผู้ถือหุ้นของบริษัทในกลุ่ม

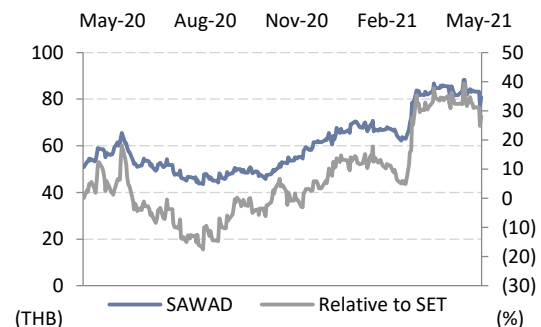
โดยปกติราคาหุ้นของ SAWAD จะมีการซื้อขายที่ระดับการประเมินมูลค่าต่ำกว่าเมื่อเทียบกับคู่แข่งโดยตรง อย่าง MTC จากผลตอบแทนต่อส่วนผู้ถือหุ้นที่ต่ำกว่าอย่างมีนัยสำคัญเป็นหลัก อย่างไรก็ตามเราคาดว่าแนวโน้มดังกล่าวอาจเปลี่ยนไป SAWAD กำลังเร่งอัตราผลตอบแทนต่อส่วนผู้ถือหุ้นผ่านการเจรจาอย่างชาญฉลาดและโครงสร้างทางการเงินที่ดีโดยเข้าหุ้นกับ GSB และไม่รวมกิจการร่วมค้าดังกล่าวไว้ในงบการเงินของบริษัทฯ ข้อตกลงดังกล่าวควรทำให้ SAWAD มีอัตราความสามารถในการทำกำไรและผลตอบแทนต่อส่วนผู้ถือหุ้นที่สูงขึ้น เราคาดว่าผลตอบแทนต่อส่วนผู้ถือหุ้นอาจเท่ากับของ MTC ที่ 25% ในปี 2022 นอกจากนี้เราคาดว่าผลตอบแทนต่อส่วนผู้ถือหุ้นของบริษัทฯ จะเพิ่มต่อเนื่องในอีก 1-2 ปีข้างหน้า ในขณะที่ผลตอบแทนต่อส่วนผู้ถือหุ้นของ MTC อาจลดลง

## ธุรกิจที่หลากหลายมากยิ่งขึ้นนำมาซึ่งระดับการประเมินมูลค่าที่สูงขึ้น

เราแนะนำ SAWAD เป็นหนึ่งในหุ้นเด่นของเราและปรับราคาเป้าหมายไปในปี 2022 มาอยู่ที่ 108 บาท (GGM) ราคาเป้าหมายดังกล่าวคิดเป็น 5.1x ของค่า 2022E P/BV พร้อมอัตราผลตอบแทนต่อส่วนผู้ถือหุ้นปี 2022E ที่ 25.1% เป้า P/BV ดังกล่าวสูงกว่าของ MTC ที่ 5.0x อยู่เล็กน้อย เราเชื่อว่า SAWAD สมควรมีระดับการประเมินมูลค่าสูงขึ้นโดยมีเหตุผลจากแนวโน้มผลตอบแทนต่อส่วนผู้ถือหุ้นที่กำลังเพิ่มขึ้น ธุรกิจที่มีความหลากหลายมากยิ่งขึ้นเพื่อให้พ้นจากการรบกวนในธุรกิจสินเชื่อทะเบียนรถ และประโยชน์ที่อาจได้จากการได้รับการสนับสนุนจาก GSB

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	5,983	7,375	8,776	10,392
Net profit	4,508	5,898	6,781	8,074
EPS (THB)	3.32	4.34	5.00	5.95
vs Consensus (%)	-	9.9	11.5	15.3
Core net profit	4,508	5,660	6,781	8,074
Core EPS (THB)	3.32	4.17	5.00	5.95
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	17.2	25.5	19.8	19.1
Core P/E (x)	24.3	19.4	16.2	13.6
Dividend yield (%)	2.2	2.4	2.8	3.3
Price/book (x)	5.0	4.4	3.8	3.3
ROE (%)	22.3	23.9	25.1	25.9
ROA (%)	9.8	11.0	11.8	12.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.6)	21.0	53.8
Relative to country (%)	(6.5)	15.2	23.1
Mkt cap (USD m)	3,546		
3m avg. daily turnover (USD m)	45.8		
Free float (%)	67		
Major shareholder	Kaewboota Family (33%)		
12m high/low (THB)	94.25/42.75		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com

+66 2611 3554

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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 7 พฤษภาคม 2021

## Investment thesis

SAWAD has a solid market position as the third largest lender in the title loan market. We expect the company's market position to remain relatively strong over the next few years, as the company plans to continuously expand its loan portfolio by opening approximately 300 new branches per year.

Additionally, SAWAD has transformed its business from a grassroots lending operator into a one-stop financial service provider. Moreover, the company is accelerating its ROE via its astute deal-making and solid financial structure by partnering with GSB and not consolidating the JV to its financial statement.

Hence, we maintain SAWAD as one of our top picks.

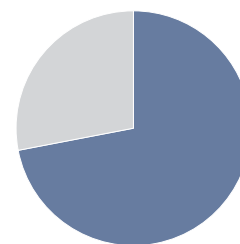
## Company profile

SAWAD provides loan services to retail customers under the brand "Srisawad Ngern Sod Tun Jai". Its business operations can be classified into four main categories: 1) secured loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) asset management; and 4) debt collection services.

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

## Principal activities (revenue, 2020)

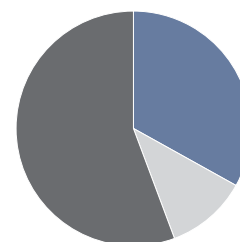
- Net interest income - 72.0 %
- Non-interest income - 28.0 %



Source: Srisawad Corp

## Major shareholders

- Kaewbootta Family - 33.1 %
- Thai NVDR - 11.2 %
- Others - 55.7 %



Source: Srisawad Corp

## Catalysts

Potential share price catalysts for SAWAD include:

- The synergy between SAWAD and the Government Savings Bank (GSB);
- Stronger credit demand;
- The success of SCAP's business.

## Risks to our call

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.

## Event calendar

Date	Event
14 May 2021	1Q21 results announcement

## Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	5,898	6,781	8,074
Net profit growth	30.8	15.0	19.1
NIM	18.82	19.40	19.83
Loan growth	10.0	20.0	15.0
Fee growth	50.0	18.0	7.0
Non-NII growth	25.3	12.5	8.9
Credit cost (bp)	150	160	160
Cost to income	29.5	28.0	26.9

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

----- 2021E -----				
Loan growth	±2ppt	8.0	10.0	12.0
% change in net profit		(1.0)	-	1.0
NIM (%)	±5bp	18.77	18.82	18.87
% change in net profit		(0.4)	-	0.4
Credit cost (bp)	±10bp	140.0	150.0	160.0
% change in net profit		0.3	-	(0.3)

Source: FSSIA estimates



## Soft start in 1Q21, stronger quarter to come

FM's financial statement is not being consolidated to SAWAD's financial statement starting from 25 Mar-21. This will result in a significant change in its financial statement, potentially including:

1. A significant drop in loan volume by 18% q-q (FM's outstanding loan was around THB7b);
2. A surge in its non-performing loan (NPL) ratio to 4.8% vs 3.8% in 4Q20, as 1) FM's NPL ratio is normally lower than SAWAD's average; and 2) an NPL rise at Srisawad Finance (BFIT TB; not rated);
3. SAWAD will book a THB161m (net of tax) special gain from selling FM to GSB. However, the gain from selling SWP Asset Management (SWP; not listed) to Noble Development (NOBLE TB; not rated) will not be booked through its consolidated financial statement.

**Preview:** We expect SAWAD to deliver a 1Q21 core profit of THB1,114m (+8% y-y, -14% q-q). SAWAD should have been able to continue controlling its OPEX effectively. Also, provisions should be lower y-y, q-q due to the reversal of provisions from BFIT from the reduction of its loans. These positive factors should minimise the lower Non-NII q-q due to the abnormally high insurance brokerage fee in 4Q20. Regarding its loan volume, without the impact of FM, we expect that its loan portfolio should be relatively the same as in 4Q20. Its net profit could come in at THB1,275m (special gain from selling FM worth THB161m).

The potentially significant drop in its loan portfolio and a rise in its NPL ratio that we project in 1Q21 might mislead the market. However, we are not overly concerned about the weak 1Q21E results as we expect the benefits of the GSB partnership, both in terms of income and expenses, to gradually come to fruition in the remaining quarters of the year.

### Exhibit 1: SAWAD – 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	1,858	1,836	1,687	(9)	(8)	7,263	7,795	7	
Non-interest income	701	829	721	3	(13)	2,827	3,541	25	Drop q-q due to the abnormally high insurance brokerage fee in 4Q20
<b>Operating income*</b>	<b>2,559</b>	<b>2,665</b>	<b>2,408</b>	<b>(6)</b>	<b>(10)</b>	<b>10,090</b>	<b>11,336</b>	<b>12</b>	
Operating expenses	995	841	846	(15)	1	3,787	3,340	(12)	Effective cost control
<b>PPOP before tax*</b>	<b>1,564</b>	<b>1,824</b>	<b>1,562</b>	<b>(0)</b>	<b>(14)</b>	<b>6,304</b>	<b>7,996</b>	<b>27</b>	
<b>Expected credit loss</b>	<b>194</b>	<b>150</b>	<b>108</b>	<b>(45)</b>	<b>(28)</b>	<b>321</b>	<b>621</b>	<b>94</b>	
Tax	270	337	276	2	(18)	1,192	1,475	24	
Minority interest	68	47	64	(6)	35	283	240	(15)	
<b>Normalised profit</b>	<b>1,033</b>	<b>1,289</b>	<b>1,114</b>	<b>8</b>	<b>(14)</b>	<b>4,508</b>	<b>5,660</b>	<b>26</b>	
Extraordinary items	0	0	161			0	238		
<b>Net profit</b>	<b>1,033</b>	<b>1,289</b>	<b>1,275</b>	<b>23</b>	<b>(1)</b>	<b>4,508</b>	<b>5,898</b>	<b>31</b>	
<b>Asset quality ratio (%)</b>									
Gross NPLs (THB m)	2,080	1,480	1,554	(25)	5	1,480	1,850	25	
NPL ratio	5.37	3.75	4.80			3.75	4.26		
Coverage ratio	73	89	86			89	88		
Credit cost (bp)	204	152	120			84	150		
<b>Profitability ratio (%)</b>		(%)	(%)			(%)	(%)		
Cost to income ratio	38.9	31.6	35.1			35.4	34.1		
Average yield	21.9	21.0	21.0			21.3	21.0		
Cost of funds	3.7	3.4	3.2			3.6	3.5		
NIM	19.5	18.7	17.6			18.9	18.8		
Non-int inc/total income	27.4	31.1	29.9			38.4	40.3		
<b>Loan growth (%)</b>									
y-y	21.2	5.8	(16.6)			5.8	10.0		
q-q	4.0	0.6	(18.0)						Mainly from FM

\*Including share of profits from associates;

Sources: SAWAD; FSSIA estimates

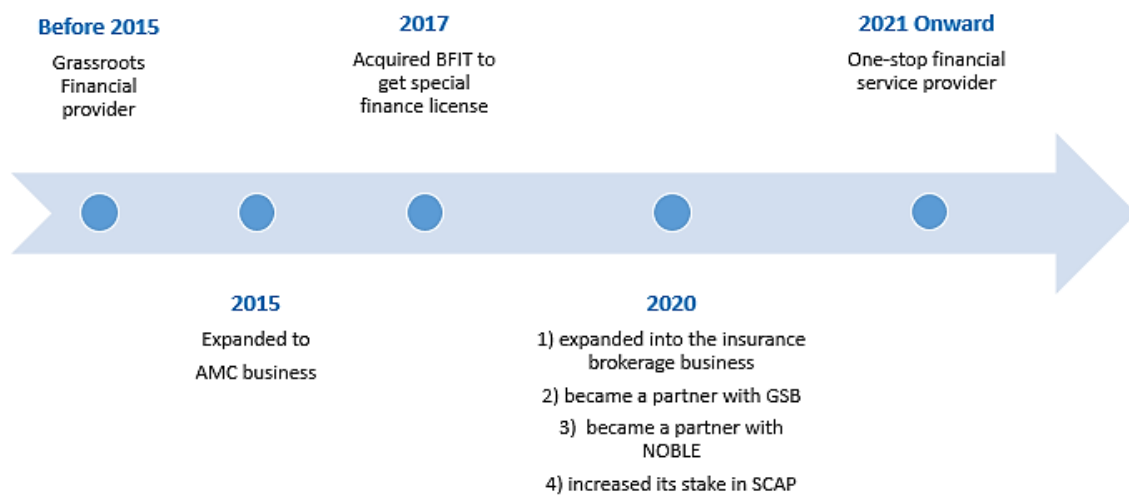
## Transforming into a one-stop financial service provider

SAWAD originated primarily as a microfinancial service provider to low-income and no-credit profile customers. However, thanks to the continuing fierce competition and the risk of regulations, SAWAD has gradually transformed its business. Eventually, we believe SAWAD will have the full range of financial products for the grassroots and medium-income segments.

It utilised its expertise in land appraisal to operate as an asset management company (AMC) in 2015. However, this business has still not generated significant positive benefits to its bottom line.

Two years later, it acquired BFIT. BFIT has a special finance license that allows it to provide its auto and land title loans, charging higher interest rates than its peers. However, due to the tight competition, SAWAD currently cannot charge interest at a much higher rate than its competitors.

### Exhibit 2: SAWAD's business transformation milestones



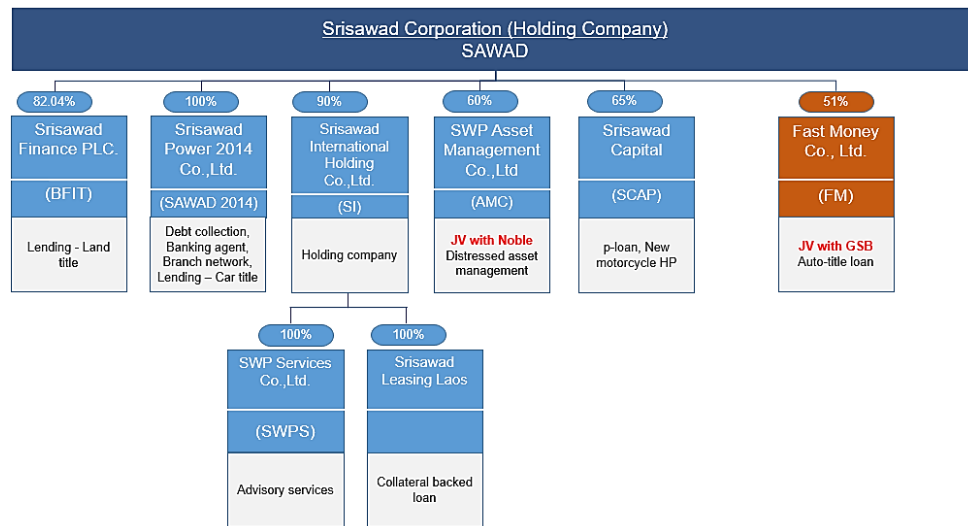
Sources: SAWAD; FSSIA's compilation

In 2020, SAWAD expanded into the insurance brokerage business by partnering with two highly experienced insurance companies in Thailand: Generali Thailand (not listed) and Chubb Samaggi Insurance (not listed). We believe this is a good strategy to diversify its source of revenue. This should be a key driver for its profitability margin in the future, as selling insurance through its branches across the country has no additional cost, meaning that SAWAD could utilise its staff and networks more effectively.

The company, then, has partnered with GSB to provide motorbike title loans (MTL). We see potential benefits for SAWAD from partnering with GSB: 1) this deal allows SAWAD to expand its customer base into a new under-penetrated segment, such as GSB's 3 million financial service customers; 2) it can help SAWAD ward off its competitors and expand its business; 3) expanding its credit portfolio would help minimise the downside regulatory risk from the interest rate ceiling limit; 4) SAWAD can save costs from the relocation of some of its highly experienced staff to work under the JV.

Apart from partnering with GSB, SAWAD has also partnered with NOBLE to accelerate its AMC business. We think it would take one to two years for the benefits of this deal to kick in.

Moreover, the company has increased its stake in SCAP to 65% from 5% previously. The other 35% in SCAP is held by the group of SCAP's MD, Mr. Vichit Payuhanaveechai.

**Exhibit 3: SAWAD's expected organisational structure**

Source: FSSIA's expectation

After a rally in its share price from partnering with GSB, we see SCAP as the next catalyst to drive its share price and bottom-line growth in the next one to two years. We believe that the market, presently, overlooks SCAP.

Currently, SCAP will run two main businesses, including: 1) new motorcycle hire purchase loans; and 2) unsecured personal loans targeting middle-income earners, including the traditional method of monthly instalment personal loans and cash cards. SCAP is now requesting a cash card license from the Bank of Thailand.

SCAP will be operated by professional executives. Mr. Vichit Payuhanaveechai, SCAP's managing director, has more than 30 years of experience in the finance field and has outstanding achievements from various leading financial organisations, i.e. SUMMIT Capital Leasing – one of the leaders in motorbike hire purchase loans – the Bank of Ayudhya, HSBC, etc. With his vision and experience, we believe that SCAP will be successful in its business operations.

**Exhibit 4: SCAP's motorcycle hire purchase loan characteristics**

SCAP	
Yearly interest rate charge - EIR basis (%)	30-35%
Loan duration (years)	2-3 yrs
Monthly instalment (THB)	3,500 - 4,000
Loan-to-value (%)	90 - 100%
Ticket size (THB)	50,000
Channel	Motorcycle dealers

Sources: SAWAD; FSSIA's estimates

**Exhibit 5: SCAP's unsecured personal loan characteristics**

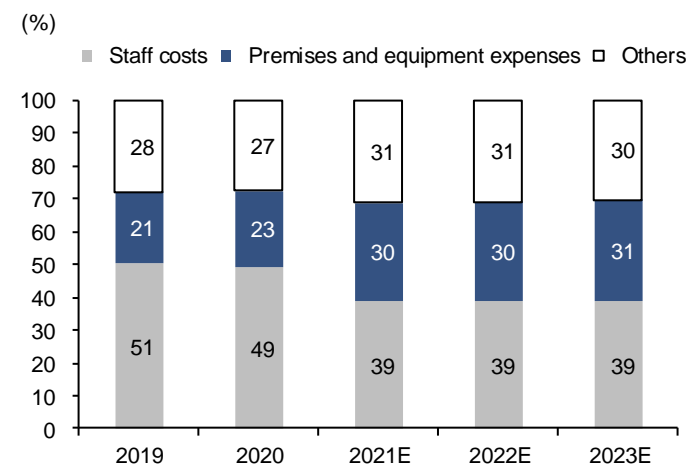
SCAP	
Type of unsecured p-loan	- Traditional monthly instalment - Cash card
Yearly interest rate charge - EIR basis (%)	Up to 26%
Target clients	Middle income/office workers
	Its target clients' profile would be between KTC and AEONTS's clients

Sources: SAWAD; FSSIA's estimates

## Chasing its peer's ROE

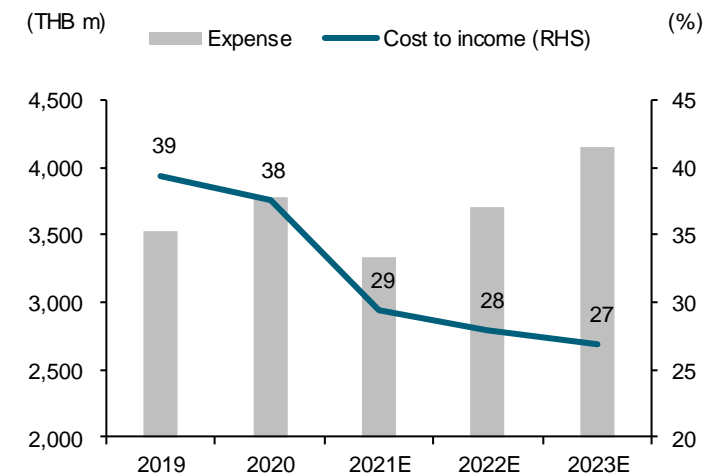
SAWAD's share price normally trades at a discounted valuation vs its direct competitor, Muangthai Capital (MTC TB, BUY, TP THB74), thanks mainly to its significantly lower ROE and lower potential growth rate. However, we think this trend could change. SAWAD is accelerating its ROE via its astute deal-making and solid financial structure. After selling 49% of FM to GSB, SAWAD will not consolidate FM's performance. We see three benefits from not consolidating FM. First, SAWAD's loan yield will not be impacted by the lower interest rate charge of FM. Second, SAWAD's OPEX should decrease significantly due to the relocation of some of its highly experienced staff to work under the JV to support the operation, as the JV has a small number of employees. Lastly, this would allow SAWAD to have less debt and higher fee cash flows. Therefore, SAWAD should be able to maintain its moderate dividend payout ratio in the longer term. This financial structure would allow SAWAD to have a higher profitability margin and ROE. We expect that its ROE could equal MTC's at 25% in 2022.

**Exhibit 6: SAWAD's cost structure**



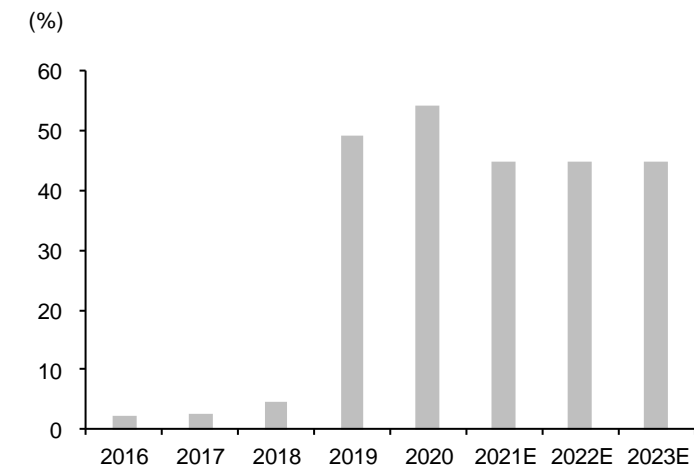
Sources: SAWAD; FSSIA estimates

**Exhibit 7: SAWAD's cost to income**



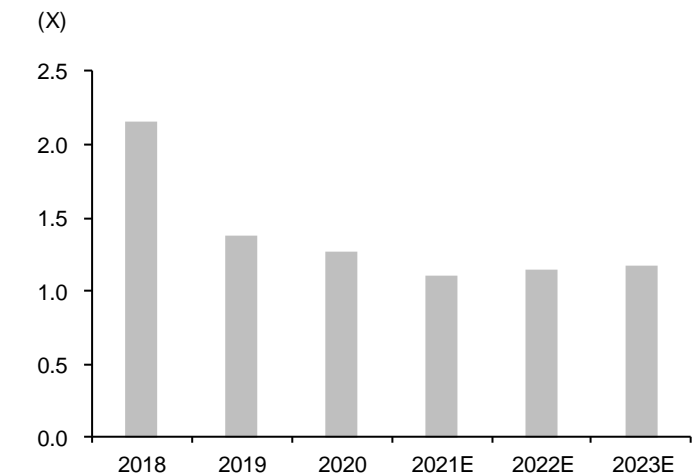
Sources: SAWAD; FSSIA estimates

**Exhibit 8: SAWAD's dividend payout ratio**



Sources: SAWAD; FSSIA estimates

**Exhibit 9: SAWAD's D/E ratio**



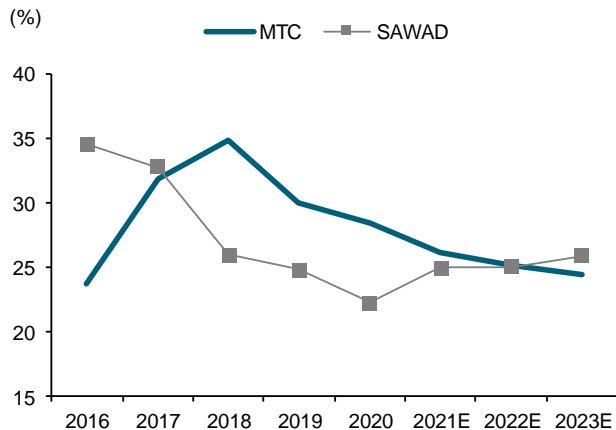
Sources: SAWAD; FSSIA estimates



## Valuation and target price

We maintain SAWAD as one of our top picks and roll forward our GGM-based TP to 2022 to derive a new TP of THB108 (11.4% cost of equity, 18% LTG). Our target price implies a 5.1x 2022E P/BV with 2022E ROE of 25.1%. This target P/BV is slightly higher than that of MTC at 5.0x. We believe SAWAD deserves a higher valuation, justified by the increasing trend of its ROE, more diversified business to survive the disruption in the auto title loan industry, and the potential benefits from being supported by GSB.

Exhibit 10: Expected ROE of SAWAD vs MTC



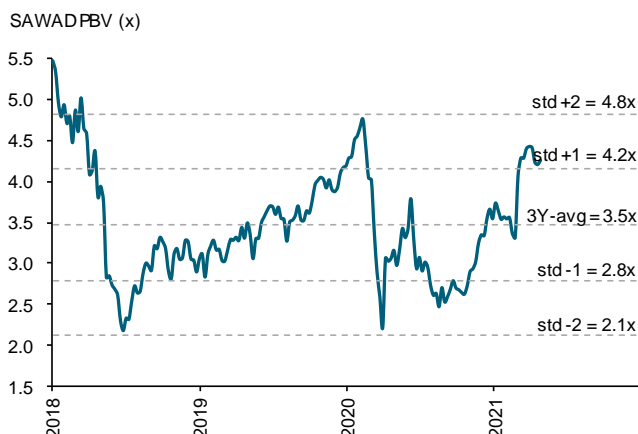
Source: FSSIA estimates

Exhibit 11: SAWAD – GGM-derived target price

Target price (THB)	108 (from 94)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.4 (unchanged)
Terminal growth (%)	8.0 (unchanged)
ROE target (%)	25.2 (from 25.0)
Target PBV (x)	5.08 (from 5.05)
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.

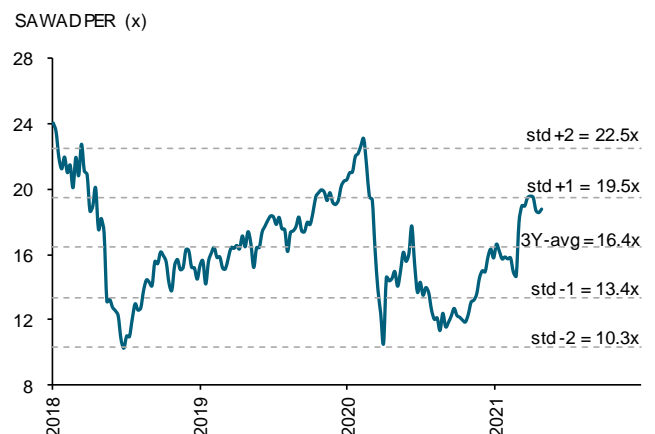
Source: FSSIA estimates

Exhibit 12: SAWAD – one-year rolling prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: SAWAD – one-year rolling prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Thailand diversified financials - peers comparison

Company	BBG	Rec	---Share price ---		Up (down)	Market	EPS growth		--- PE ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current	Target	side	Cap	21E	22E	21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(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

### Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	7,239	8,166	8,699	10,263	12,315
Interest expense	(828)	(903)	(903)	(1,004)	(1,217)
Net interest income	6,411	7,263	7,795	9,259	11,098
Net fees & commission	1,936	1,315	1,972	2,328	2,490
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	3	2	0	0	0
Other income	615	1,510	1,569	1,658	1,851
Non interest income	2,554	2,827	3,541	3,985	4,341
Total income	8,965	10,090	11,336	13,244	15,439
Staff costs	(1,785)	(1,869)	(1,308)	(1,439)	(1,626)
Other operating costs	(1,747)	(1,918)	(2,032)	(2,265)	(2,526)
Operating costs	(3,532)	(3,787)	(3,340)	(3,704)	(4,152)
Pre provision operating profit	5,433	6,304	7,996	9,540	11,288
Provision for bad and doubtful debt	(552)	(321)	(621)	(764)	(896)
Other provisions	-	-	-	-	-
Operating profit	4,881	5,983	7,375	8,776	10,392
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	238	0	0
Profit before tax	4,881	5,983	7,613	8,776	10,392
Tax	(952)	(1,192)	(1,475)	(1,755)	(2,078)
Profit after tax	3,929	4,791	6,138	7,021	8,314
Minority interests	(172)	(283)	(240)	(240)	(240)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,756	4,508	5,898	6,781	8,074
Non recurring items & goodwill (net)	-	-	(238)	0	0
Recurring net profit	3,756	4,508	5,660	6,781	8,074
<b>Per share (THB)</b>					
Recurring EPS *	2.83	3.32	4.17	5.00	5.95
Reported EPS	2.90	3.32	4.34	5.00	5.95
DPS	1.43	1.80	1.96	2.25	2.68
<b>Growth</b>					
Net interest income (%)	26.3	13.3	7.3	18.8	19.9
Non interest income (%)	22.5	10.7	25.3	12.5	8.9
Pre provision operating profit (%)	32.1	16.0	26.8	19.3	18.3
Operating profit (%)	31.0	22.6	23.3	19.0	18.4
Reported net profit (%)	35.7	20.0	30.8	15.0	19.1
Recurring EPS (%)	17.5	17.2	25.5	19.8	19.1
Reported EPS (%)	17.6	14.5	30.8	15.0	19.1
<b>Income Breakdown</b>					
Net interest income (%)	71.5	72.0	68.8	69.9	71.9
Net fees & commission (%)	21.6	13.0	17.4	17.6	16.1
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.0	0.0	-	-	-
Other income (%)	6.9	15.0	13.8	12.5	12.0
<b>Operating performance</b>					
Gross interest yield (%)	21.34	21.28	21.00	21.50	22.00
Cost of funds (%)	3.45	3.62	3.50	3.55	3.60
Net interest spread (%)	17.89	17.66	17.50	17.95	18.40
Net interest margin (%)	18.9	18.9	18.8	19.4	19.8
Cost/income(%)	39.4	37.5	29.5	28.0	26.9
Cost/assets(%)	8.3	7.8	6.2	6.2	6.0
Effective tax rate (%)	19.5	19.9	19.4	20.0	20.0
Dividend payout on recurring profit (%)	50.3	54.2	46.9	45.0	45.0
ROE (%)	24.8	22.3	23.9	25.1	25.9
ROE - COE (%)	14.0	11.5	13.1	14.3	15.1
ROA (%)	9.3	9.8	11.0	11.8	12.0
RORWA (%)	-	-	-	-	-

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

Sources: Srisawad Corp; FSSIA estimates

## Financial Statements

### Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	37,294	39,450	43,395	52,074	59,885
Total provisions	(813)	(1,312)	(1,630)	(2,029)	(2,505)
interest in suspense	3	206	217	260	299
<b>Net customer loans</b>	<b>36,485</b>	<b>38,344</b>	<b>41,982</b>	<b>50,305</b>	<b>57,679</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	551	0	0	0	0
Cash & equivalents	1,649	1,838	262	282	1,705
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,411	1,306	1,216	1,139	1,072
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	5,366	10,519	11,475	12,341	14,005
<b>Total assets</b>	<b>45,462</b>	<b>52,007</b>	<b>54,936</b>	<b>64,067</b>	<b>74,462</b>
Customer deposits	6,348	5,234	5,234	5,234	5,234
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	17,518	20,731	20,420	25,678	31,482
Non interest bearing liabilities	1,403	1,972	2,071	2,174	2,283
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>25,270</b>	<b>27,937</b>	<b>27,725</b>	<b>33,086</b>	<b>38,999</b>
Share capital	1,336	1,373	1,373	1,373	1,373
Reserves	17,052	20,712	23,813	27,542	31,983
<b>Total equity</b>	<b>18,388</b>	<b>22,085</b>	<b>25,186</b>	<b>28,916</b>	<b>33,356</b>
Minority interests	1,803	1,985	2,025	2,065	2,107
<b>Total liabilities &amp; equity</b>	<b>45,462</b>	<b>52,007</b>	<b>54,936</b>	<b>64,067</b>	<b>74,462</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	33,930	38,372	41,422	47,734	55,979
Average interest bearing liabilities	23,974	24,916	25,810	28,283	33,814
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)	1,429	1,480	1,850	2,220	2,553
<b>Per share (THB)</b>					
Book value per share	14.19	16.27	18.55	21.30	24.57
Tangible book value per share	14.19	16.27	18.55	21.30	24.57
<b>Growth</b>					
Gross customer loans	22.0	5.8	10.0	20.0	15.0
Average interest earning assets	24.8	13.1	7.9	15.2	17.3
Total asset (%)	15.9	14.4	5.6	16.6	16.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(12.8)	(17.6)	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	574.7	732.6	802.1	961.1	1,102.0
Equity/assets (%)	40.4	42.5	45.8	45.1	44.8
Tangible equity/assets (%)	40.4	42.5	45.8	45.1	44.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	26.7	3.6	25.0	20.0	15.0
NPL/gross loans (%)	3.8	3.8	4.3	4.3	4.3
Total provisions/gross loans (%)	2.2	3.3	3.8	3.4	4.2
Total provisions/NPL (%)	56.9	88.7	88.1	91.4	98.1
<b>Valuation</b>					
Recurring P/E (x) *	28.5	24.3	19.4	16.2	13.6
Recurring P/E @ target price (x) *	38.1	32.5	25.9	21.6	18.2
Reported P/E (x)	27.9	24.3	18.6	16.2	13.6
Dividend yield (%)	1.8	2.2	2.4	2.8	3.3
Price/book (x)	5.7	5.0	4.4	3.8	3.3
Price/tangible book (x)	5.7	5.0	4.4	3.8	3.3
Price/tangible book @ target price (x)	7.6	6.6	5.8	5.1	4.4

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

Sources: Srisawad Corp; 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	MITSI	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	WIK	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	SEAOL	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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
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.
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.
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.
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.
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 06-May-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.