

20 MAY 2021

THAILAND / DIVERSIFIED FINANCIALS

SRISAWAD CORP SAWAD TB

BUY
UNCHANGED

TARGET PRICE	THB108.00
CLOSE	THB73.00
UP/DOWNSIDE	+47.9%
PRIOR TP	THB108.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+31.7%

เจ็บบรรยากาศ ประโยชน์ระยะยาว

มุมมองที่เป็นกลางจากการประชุมนักวิเคราะห์

ในที่ประชุมนักวิเคราะห์เมื่อวันที่ 19 พ.ค. ผู้บริหารได้ให้ข้อมูลเพิ่มเติมเกี่ยวกับธุรกิจใหม่ของบริษัท ประกอบด้วยสินเชื่อบุคคลประเภทไม่มีหลักทรัพย์ค้ำประกัน (UPL) และสินเชื่อเช่าซื้อรถมอเตอร์ไซด์ใหม่ (MHP) ซึ่งจะดำเนินงานภายใต้ SCAP (บริษัทย่อย) ในปี 2021 ผู้บริหารคาดว่าจะปล่อย UPL จำนวน 2.5 พัน ลบ. และ MHP จำนวน 5 พัน ลบ. เกี่ยวกับ Fast Money (FM; กิจการร่วมค้ากับ GSB) บริษัท ยืนยันว่า FM จะบรรลุเป้าหมายการปล่อยสินเชื่อใหม่ที่ 5 พัน ลบ. ภายในเดือน มิ.ย. 21 และ 13 พัน ลบ. ภายในปี 2021 จากข้อมูลของผู้บริหารแม้ว่าจะคิดอัตราดอกเบี้ยต่ำที่สุดในอุตสาหกรรม โดยมีอัตราดอกเบี้ยพิเศษที่ 11% FM น่าจะยังสามารถทำกำไรได้ นอกจากธุรกิจหลักอย่างสินเชื่อแล้ว SAWAD จะขยายไปยังธุรกิจประกันภัยให้มากขึ้น บริษัทฯ ตั้งเป้าหมายประกันให้แก่ลูกค้าที่ไม่ได้ใช้บริการสินเชื่อและคาดว่าจะธุรกิจดังกล่าวจะเป็นหนึ่งในปัจจัยหนุนการเติบโตสำคัญในอนาคต เรามองข้อมูลดังกล่าวเป็นกลางในภาพรวม

คาดผลประกอบการทรงตัวใน 2Q21 ก่อนดีขึ้นในช่วง 2H21

เราคาดว่า SAWAD จะรายงานกำไรจากการดำเนินงาน 2Q21 ทรงตัว q-q แต่ดีขึ้น y-y รายได้อาจอ่อนแอต่อเนื่อง อย่างไรก็ตาม SAWAD จะย้ายพนักงานมีประสบการณ์บางส่วนไปทำงานที่ FM ซึ่งจะช่วยให้ค่าใช้จ่ายในการดำเนินงานลดลง นอกจากนี้เรายังคาดว่าจะต้นทุนสินเชื่อจะลดลงกว่าระดับปกติ จากข้อมูลของผู้บริหาร บริษัทฯ ยังกลับสำรวจได้อีกมาก เราคาดว่า SAWAD จะรายงานผลประกอบการที่ดีขึ้นในช่วง 2H21 โดยได้ปัจจัยหนุนจากค่าใช้จ่ายในการดำเนินงานที่ลดลงอย่างมีนัยสำคัญ ปริมาณสินเชื่อที่สูงขึ้น รายได้ค่าธรรมเนียมที่สูงขึ้นอย่างมีนัยสำคัญจากธุรกิจประกันภัย FM และค่าเบี้ยปรับ

การเติบโตของสินเชื่อของ FM เป็นประเด็นสำคัญที่ต้องจับตาในระยะสั้น

เราคิดว่าตลาดมีความกังวลเกี่ยวกับความสามารถของ FM ในการบรรลุเป้าหมายการเติบโตของสินเชื่อที่อยู่ในระดับสูง ซึ่งทำให้ราคาหุ้นปรับตัวลดลงอย่างมีนัยสำคัญในช่วง 2 อาทิตย์ที่ผ่านมา ดังนั้นเราจึงเชื่อว่าประเด็นสำคัญที่ต้องจับตาในอีก 1 - 2 เดือนข้างหน้าจึงอยู่ที่พอร์ตของ FM หลังบริษัทฯ ปรับลดผลตอบแทนสินเชื่อเพื่อให้ได้ส่วนแบ่งตลาดเพิ่มขึ้น ถ้าพอร์ตฯ โตขึ้นตามที่คาด จะทำให้รายได้ค่าธรรมเนียมของ SAWAD เพิ่มขึ้นอย่างมีนัยสำคัญ ปัจจัยดังกล่าวจึงอาจมีส่วนช่วยผลักดันหรือกดดันราคาหุ้นได้ แต่หากไม่สามารถเติบโตพอร์ตสินเชื่อได้ตามเป้าหมาย ก็จะเป็นปัจจัยกดดันราคาหุ้น

มีปัจจัยถ่วงระยะสั้น คงคำแนะนำซื้อเพื่อการลงทุนระยะยาว

ราคาหุ้นของ SAWAD อาจมีปัจจัยถ่วงระยะสั้นจากความเสี่ยงในด้านการปฏิบัติให้เป็นไปตามเป้าหมายและการแข่งขันที่รุนแรงในตลาด MTL เราคงคำแนะนำซื้อเพื่อการลงทุนระยะยาวเนื่องจากเราเชื่อว่ารูปแบบการทำธุรกิจที่มีการกระจายความเสี่ยงมากยิ่งขึ้นควรทำให้บริษัทฯ รอดพ้นจากการเปลี่ยนแปลงอย่างรุนแรงในอุตสาหกรรมสินเชื่อทะเบียนรถ อันอาจนำมาซึ่งการเติบโตของกำไรสุทธิและผลตอบแทนต่อส่วนผู้ถือหุ้นที่สูงขึ้นในระยะยาว

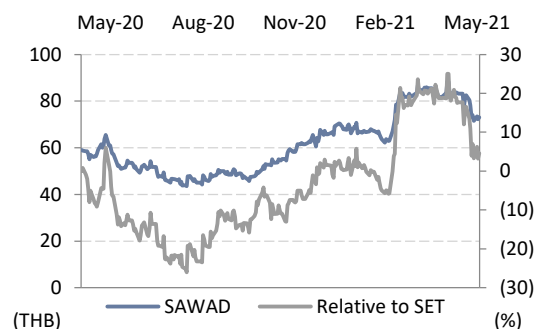


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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	5,983	7,375	8,776	10,392
Net profit	4,508	5,838	6,781	8,074
EPS (THB)	3.32	4.30	5.00	5.95
vs Consensus (%)	-	9.4	12.0	15.9
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)	22.0	17.5	14.6	12.3
Dividend yield (%)	2.5	2.7	3.1	3.7
Price/book (x)	4.5	3.9	3.4	3.0
ROE (%)	22.3	24.0	25.1	26.0
ROA (%)	9.8	11.0	11.8	12.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(12.6)	14.5	36.4
Relative to country (%)	(11.9)	10.0	14.4
Mkt cap (USD m)			3,187
3m avg. daily turnover (USD m)			52.2
Free float (%)			67
Major shareholder			Kaewbootta Family (33%)
12m high/low (THB)			94.25/42.75
Issued shares (m)			1,373

Sources: Bloomberg consensus; FSSIA estimates

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 the Government Savings Bank (GSB, not listed) and not consolidating the JV to its financial statement.

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

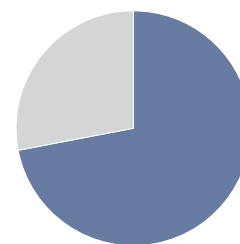
Company profile

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.

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Principal activities (revenue, 2020)

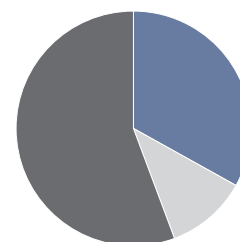
- Net interest income - 72.0 %
- Non-interest income - 28.0 %



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
Mid-Aug 2021	2Q21 results announcement

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	5,838	6,781	8,074
Net profit growth	29.5	16.2	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

	±2ppt	2021E		
		8.0	10.0	12.0
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

Neutral view from analyst meeting

At its analyst meeting on 19 May, management provided more details regarding its new businesses: UPL and new MHP loans. These will be operated under Srisawad Capital (SCAP). Management expects 2021 UPL of THB2.5b and THB5b for MHP. Regarding FM, the company affirmed that it would reach its new loan volume target of THB5b within Jun-21, and THB13b within 2021. Currently, FM charges the lowest interest rate in the industry at 11% p.a. This promotional rate for motorbike title loans (MTL) is being offered to all customers, both those refinancing and new faces. However, the rate charge will increase to 18% if customers miss the company's conditions, e.g. repay their debts late. The promotional rate will remain in effect until the end of Jun-21. Despite charging the lowest interest rate in the industry at 11%, FM should still make some profit, according to management.

Exhibit 1: 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 (%)	60-80%
Ticket size (THB)	50,000
Channel	Motorcycle dealers

Sources: SAWAD; FSSIA's estimates

Exhibit 2: SCAP's unsecured personal loan characteristics

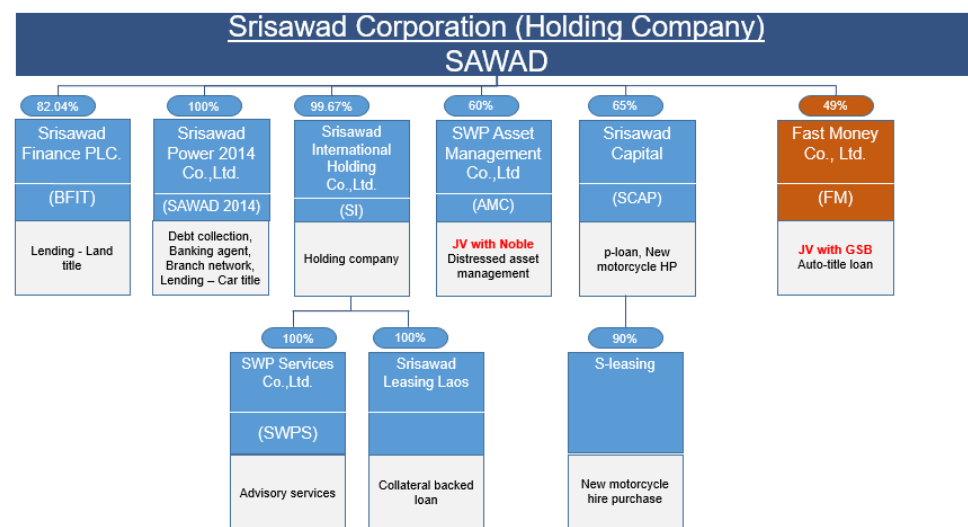
SCAP	
Type of unsecured p-loan	- Traditional monthly instalment - Cash card
Yearly interest rate charge - EIR basis (%)	Up to 25%
Target clients	Middle income/office workers
	Its target clients' profile would be between KTC and AEONTS' clients

Sources: SAWAD; FSSIA's estimates

Apart from its lending business, SAWAD will expand its insurance business more aggressively. It aims to sell insurance to non-captive clients. Regarding its lower coverage ratio than peers, management does not have any concerns, as most of its portfolios are collateralized. There is more room to reverse provisions in the following quarters of this year, according to management.

Regarding its OPEX, SAWAD's cost structure starting from 2Q21 will significantly change, as it will relocate some of its experienced staff to work under FM. This would result in a substantially lower cost to income ratio. We read the overall message from the analyst meeting as neutral.

Exhibit 3: SAWAD's organisational structure



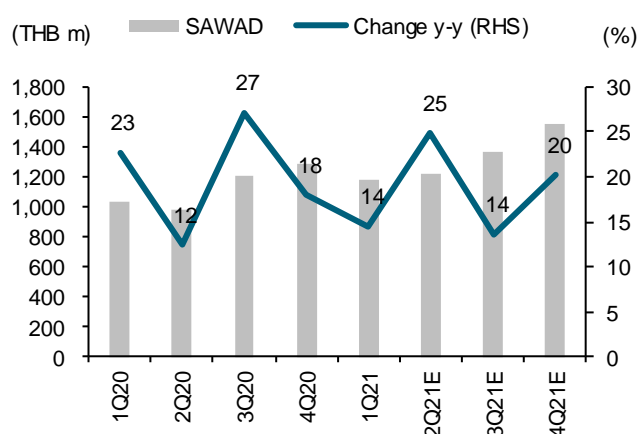
Sources: SAWAD; FSSIA's compilation

Flat performance expected in 2Q21, stronger quarters in 2H21

We think SAWAD's 2Q21 core profit will be flat q-q but up y-y. Its loan volume could remain stable q-q and its loan yield might further slip by a small margin. Accordingly, we project its revenue to continue to be soft in 2Q21. However, SAWAD will relocate some of its experienced staff to work at FM, resulting in lower OPEX. Moreover, we expect its credit cost to be lower than its normal level. According to management, there is more room to reverse provisions.

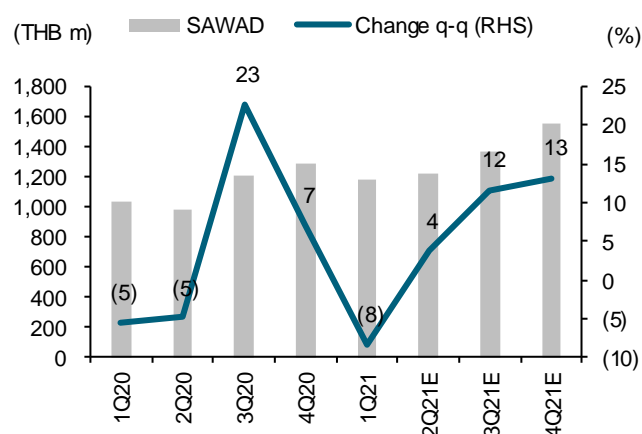
We expect its top line to increase strongly in 2H21 and forecast its loan volume to rise, driven by MHP and land title loans. SAWAD plans to lend more aggressively after the reopening of business activities once Covid subsides. Moreover, we expect its Non-NII to increase robustly, supported by insurance commissions, the referral and debt collection fees from FM, and the penalties from its default debts. Regarding its cost side, we expect its OPEX to decline continuously. Moreover, we think SAWAD will set aside lower provisions. We, therefore, expect SAWAD to deliver solid performance in 2H21.

Exhibit 4: SAWAD's core earnings momentum – y-y growth



Sources: SAWAD; FSSIA estimates

Exhibit 5: SAWAD's core earnings momentum – q-q growth



Sources: SAWAD; FSSIA estimates

Weak top line, offset by ECL reversal

SAWAD reported a 1Q21 core profit of THB1,183m (+14% y-y, -8% q-q). Although its core profit was slightly higher than our expectation by 8% due to the reversal of its expected credit loss (ECL), its top line softened from both NII and Non-NII. The key event was FM's financial statement being deconsolidated to SAWAD's financial statement starting from 22 Mar-21. This resulted in a significant change in its financial statement, including:

1. A significant drop in loan volume by 19% q-q in 1Q21 (FM's outstanding loans were around THB7b, according to our estimate);
2. A surge in its non-performing loan (NPL) ratio to 4.6% in 1Q21 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 booked a THB178m (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) for THB156m (net of tax) was booked through its equity.

Apart from the deconsolidation of FM, its 1Q21 loan portfolio was relatively the same as in 4Q20. Its yield on loans also declined due to the ceiling rate cut impact. Therefore, its NII was soft y-y and q-q. Moreover, its Non-NII declined y-y and q-q in 1Q21. We think this came from a softening in its insurance commissions from the abnormally high 4Q20, along with softer fee income y-y due to a temporary reduction in collection fees to ease customers' burdens during the Covid-19 crisis. Its weak top line was completely offset by a huge amount of ECL reversal. SAWAD was able to release its provisions as BFIT had already booked full provisions for NPLs. Due to the ECL reversal and the increase in its NPLs, its coverage ratio declined to 75% in 1Q21 vs 89% in 4Q20 and 78% for its last 3-year average. Management stated that SAWAD is comfortable with this level of coverage ratio.

Exhibit 6: SAWAD – summary of 1Q21 earnings

Year-end Dec 31	1Q20	4Q20	----- 1Q21 -----			2020	2021E	Change	1Q21 Comments
	(THBm)	(THBm)	(THBm)	(y-y %)	(q-q %)	(THBm)	(THBm)	(y-y %)	
Net interest income	1,858	1,836	1,682	(9)	(8)	7,263	7,795	7	
Non-interest income	701	829	682	(3)	(18)	2,827	3,541	25	
Operating income*	2,559	2,665	2,364	(8)	(11)	10,090	11,336	12	
Operating expenses	995	841	916	(8)	9	3,787	3,340	(12)	One-time cost from transaction fee
PPOP before tax*	1,564	1,824	1,448	(7)	(21)	6,304	7,996	27	
Expected credit loss	194	150	(174)	(190)	(216)	321	621	94	
Tax	270	337	378	40	12	1,192	1,475	24	
Minority interest	68	47	61	(10)	29	283	240	(15)	
Normalised profit	1,033	1,289	1,183	14	(8)	4,508	5,660	26	
Extraordinary items	0	0	178			0	178		
Net profit	1,033	1,289	1,361	32	6	4,508	5,838	29	8% above our expectation
Asset quality ratio (%)									
Gross NPLs (THB m)	2,080	1,480	1,465	(30)	(1)	1,480	1,850	25	
NPL ratio	5.37	3.75	4.58			3.75	4.26		
Coverage ratio	73	89	75			89	88		
Credit cost (bp)	204	152	(195)			84	150		
Profitability ratio (%)									
Cost to income ratio	38.9	31.6	38.8			37.5	29.5		
Average yield	21.9	21.0	21.3			21.3	21.0		
Cost of funds	3.7	3.4	3.4			3.6	3.5		
NIM	19.5	18.7	18.8			18.9	18.8		
Non-int inc/total income	27.4	31.1	28.9			38.4	40.3		
Loan growth (%)									
y-y	21.2	5.8	(17.5)			5.8	10.0		
q-q	4.0	0.6	(18.9)						Mainly from deconsolidation of FM

*Including share of profits from associates;
Sources: SAWAD; 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	178	0	0
Profit before tax	4,881	5,983	7,553	8,776	10,392
Tax	(952)	(1,192)	(1,475)	(1,755)	(2,078)
Profit after tax	3,929	4,791	6,078	7,021	8,314
Minority interests	(172)	(283)	(240)	(240)	(240)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,756	4,508	5,838	6,781	8,074
Non recurring items & goodwill (net)	-	-	(178)	0	0
Recurring net profit	3,756	4,508	5,660	6,781	8,074
Per share (THB)					
Recurring EPS *	2.83	3.32	4.17	5.00	5.95
Reported EPS	2.90	3.32	4.30	5.00	5.95
DPS	1.43	1.80	1.94	2.25	2.68
Growth					
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	29.5	16.2	19.1
Recurring EPS (%)	17.5	17.2	25.5	19.8	19.1
Reported EPS (%)	17.6	14.5	29.5	16.2	19.1
Income Breakdown					
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
Operating performance					
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	19.5	20.0	20.0
Dividend payout on recurring profit (%)	50.3	54.2	46.4	45.0	45.0
ROE (%)	24.8	22.3	24.0	25.1	26.0
ROE - COE (%)	14.0	11.5	13.2	14.3	15.2
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
Net customer loans	36,485	38,344	41,982	50,305	57,679
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	551	0	0	0	0
Cash & equivalents	1,649	1,838	230	249	1,673
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	11,474	12,341	14,005
Total assets	45,462	52,007	54,902	64,034	74,428
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	-	-	-	-	-
Total liabilities	25,270	27,937	27,725	33,086	38,999
Share capital	1,336	1,373	1,373	1,373	1,373
Reserves	17,052	20,712	23,780	27,509	31,950
Total equity	18,388	22,085	25,153	28,882	33,323
Minority interests	1,803	1,985	2,025	2,065	2,107
Total liabilities & equity	45,462	52,007	54,902	64,034	74,428
Supplementary items					
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
Per share (THB)					
Book value per share	14.19	16.27	18.53	21.28	24.55
Tangible book value per share	14.19	16.27	18.53	21.28	24.55
Growth					
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)	-	-	-
Leverage & capital measures					
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 (%)	-	-	-	-	-
Asset Quality					
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
Valuation					
Recurring P/E (x) *	25.8	22.0	17.5	14.6	12.3
Recurring P/E @ target price (x) *	38.1	32.5	25.9	21.6	18.2
Reported P/E (x)	25.2	22.0	17.0	14.6	12.3
Dividend yield (%)	2.0	2.5	2.7	3.1	3.7
Price/book (x)	5.1	4.5	3.9	3.4	3.0
Price/tangible book (x)	5.1	4.5	3.9	3.4	3.0
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	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

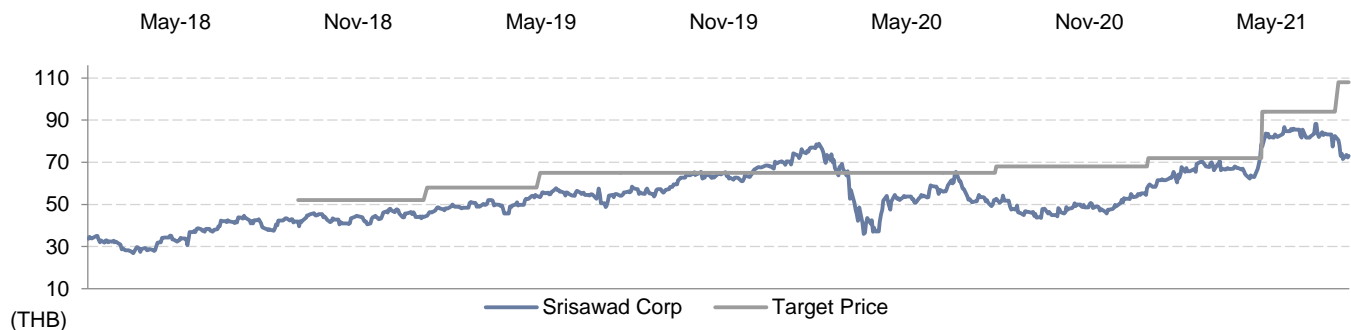
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Srisawad Corp (SAWAD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Nov-2018	BUY	52.00	02-Apr-2020	HOLD	65.00	04-Mar-2021	BUY	94.00
11-Mar-2019	BUY	58.00	16-Jul-2020	BUY	68.00	07-May-2021	BUY	108.00
17-Jun-2019	BUY	65.00	03-Aug-2020	BUY	68.00			
20-Nov-2019	HOLD	65.00	25-Nov-2020	BUY	72.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 73.00	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.

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 19-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.