

3 AUGUST 2021

THAILAND / ASSET MANAGEMENT COMPANIES

CHAYO GROUP CHAYO TB

BUY

UNCHANGED

TARGET PRICE	THB18.80
CLOSE	THB12.00
UP/DOWNSIDE	+56.7%
PRIOR TP	THB18.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.9%

สะดุดในระยะสั้น แนวโน้มดีขึ้นใน 2H21

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เราคาดว่า CHAYO จะรายงานกำไรสุทธิ 2Q21 ที่อ่อนตัวลงที่ 47 ลบ. (-5% y-y, -27% q-q) โดยคาดว่า การรับชำระหนี้หรือ cash collection (CC) จากสินเชื่อและสินทรัพย์ด้วยคุณภาพจะชะลอตัวลงเหลือ 101 ลบ. (-21% y-y, -12% q-q) เนื่องจากไม่มีการขาย NPL ที่มีหลักทรัพย์ค้ำประกันใน 2Q21 เทียบกับการขายที่ประมาณ 40 ลบ. ใน 1Q21 เนื่องจากกรมบังคับคดี (LED) งดให้บริการตามมาตรการปิดเมือง อย่างไรก็ตาม CC จาก NPL ที่มีหลักทรัพย์ค้ำประกันน่าจะดีต่อเนื่อง นอกจากนี้จากข้อมูลของผู้บริหาร บริษัทฯ ยังสามารถสรุปปิดการขาย NPA ขนาดกลาง (ประมาณ 30 ลบ.) ได้ด้วย

แนวโน้มดีขึ้นใน 2H21

เราคาดว่า CHAYO จะรายงานผลประกอบการที่ดีขึ้นใน 2H21 จากข้อมูลของผู้บริหาร บริษัทฯ จะปิดบัญชี NPA ขนาดใหญ่ประมาณ 100 ลบ. ใน 2H21 นอกจากนี้บริษัทฯ ยังจะซื้อ NPL ที่ไม่มีหลักทรัพย์ค้ำประกันเพิ่มอีกด้วย เราเชื่อว่า CC ของ NPL ที่ไม่มีหลักทรัพย์ค้ำประกันจะดีกว่าพวกที่มีหลักทรัพย์ค้ำประกัน โดยเฉพาะในช่วงเศรษฐกิจซบเซา เนื่องจากจำนวนหนี้ที่ต้องชำระที่น้อยกว่าจะทำให้ลูกค้าสามารถชำระหนี้ได้ง่ายกว่า นอกจากนี้เรายังคาดว่ากิจการร่วมค้าของบริษัทฯ จะเริ่มซื้อ NPL ใน 3Q21 จากเกณฑ์ TFRS9 การรับรู้รายได้สามารถเริ่มหลังการซื้อได้ในทันที ทำให้การซื้อดังกล่าวอาจเป็นประโยชน์ต่อกำไร ปัจจัยบวกดังกล่าวอาจช่วยชดเชยกิจกรรมการขาย NPL ที่ชะลอตัวจากการหยุดให้บริการอย่างต่อเนื่องของ LED

ขยายธุรกิจสินเชื่อเชิงรุกมากยิ่งขึ้น

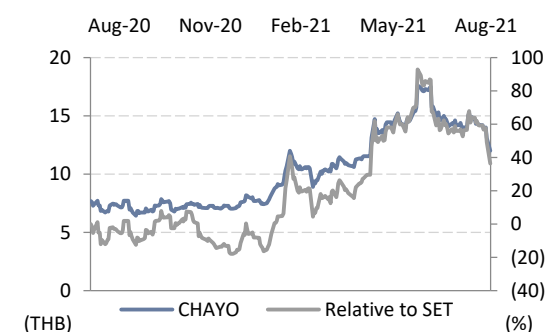
รายได้ธุรกิจสินเชื่อของ CHAYO คิดเป็นเพียง 1.4% ของรายได้รวม โดยมีพอร์ตสินเชื่อคงค้างอยู่ที่ 61 ลบ. ณ สิ้นไตรมาส 1Q21 ผู้บริหารกล่าวว่าบริษัทฯ จะบุกขยายธุรกิจให้มากยิ่งขึ้นใน 3Q21 โดยคาดว่าจะมีสินเชื่อคงค้างมากกว่า 120 ลบ. บริษัทฯ วางแผนปล่อยสินเชื่อแบบมีหลักทรัพย์ค้ำประกันให้แก่กลุ่ม SME ขนาดเล็ก โดยจะคิดอัตราดอกเบี้ยที่ 15% และให้อัตราส่วนสินเชื่อต่อมูลค่าสินทรัพย์ (LTV) ที่น้อยกว่า 50% ขนาดสินเชื่อเฉลี่ยจะอยู่ที่ประมาณ 20 ลบ. ในระยะยาวบริษัทฯ วางแผนเสนอขายหุ้นของธุรกิจนี้แก่ประชาชนทั่วไปเป็นครั้งแรก (IPO) อย่างไรก็ตาม เรามองว่าดังกล่าวเป็นกลาง เราเห็นว่าส่วนแบ่งรายได้จากธุรกิจนี้จะยังอยู่ในระดับต่ำที่น้อยกว่า 5% ในอีก 2 ปีข้างหน้า นอกจากนี้คุณภาพสินทรัพย์ยังเป็นประเด็นสำคัญที่ต้องจับตามองต่อไป

คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2022 ที่ 18.8 บาท (GGM)

เราคงคำแนะนำซื้อ เนื่องจากเราเชื่อว่า CHAYO มีข้อได้เปรียบอย่างชัดเจนเหนือคู่แข่ง ประกอบด้วย 1) พอร์ตสินเชื่อผสมระหว่างสินทรัพย์ด้วยคุณภาพที่มีและไม่มีหลักทรัพย์ค้ำประกัน ซึ่งเป็นพอร์ตที่สมดุลที่น่าจะให้การเติบโตอย่างยั่งยืนในระยะยาว; และ 2) ขนาดสินทรัพย์ที่เล็กกว่าคู่แข่ง ทำให้บริษัทฯ มีความยืดหยุ่นในการดำเนินงานสูงกว่า

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	195	335	550	719
Net profit	155	251	388	509
EPS (THB)	0.22	0.26	0.36	0.43
vs Consensus (%)	-	(11.3)	(5.3)	(8.5)
Core net profit	155	251	388	509
Core EPS (THB)	0.22	0.26	0.36	0.43
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	22.7	18.5	39.6	19.4
Core P/E (x)	55.5	46.8	33.5	28.1
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/book (x)	7.6	4.2	3.4	2.6
ROE (%)	14.7	12.8	11.7	10.9
ROA (%)	6.7	6.3	6.8	6.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.5)	(16.9)	63.9
Relative to country (%)	(12.5)	(13.7)	42.8
Mkt cap (USD m)			347
3m avg. daily turnover (USD m)			6.2
Free float (%)			21
Major shareholder		Yasasin Family (48%)	
12m high/low (THB)			18.20/6.29
Issued shares (m)			0

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 3 สิงหาคม 2021

Investment thesis

CHAYO is the smallest asset management company (AMC), in terms of assets, among the AMCs under our coverage. However, the small asset size doesn't diminish the attractiveness of the company, in our view. In contrast, we believe its small asset size allows CHAYO greater operational agility. Furthermore, its unique and well-balanced hybrid portfolio, that includes unsecured and secured distressed assets, should provide sustainable growth for CHAYO in both the short and long term.

We expect that CHAYO will enter a substantial growth phase, with remarkable core profit growth of 62% in 2021 supported by stronger cash collection, more aggressive distressed asset acquisitions from its JV and efficient cost control.

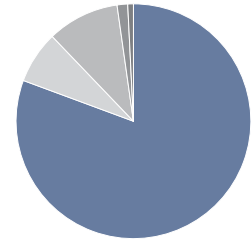
Company profile

CHAYO provides services relating to debt collection, managing non-performing assets from purchases, transferring secured and non-secured non-performing assets from financial institutions and credit facility companies, providing call centre services, loans, and selling goods and/or providing services.

www.chayo555.com

Principal activities (revenue, 2020)

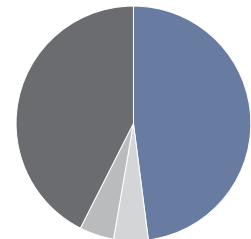
- NPLs management - 80.6 %
- NPAs management - 7.2 %
- Debt collection - 9.9 %
- Loan business - 1.5 %
- Other income - 0.8 %



Source: Chayo Group

Major shareholders

- Yasasin Family - 48.0 %
- Sura Kanittaweekul - 4.8 %
- Pongsak Thammathataree - 4.8 %
- Others - 42.5 %



Source: Chayo Group

Catalysts

Potential catalysts to drive CHAYO's share price include:

- 1) Being rated by TRIS Rating;
- 2) The sale of big-value assets in the range of THB100m-150m.

Risks to our call

Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

Event calendar

Date	Event
11 Aug-21	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)
Norm profit (THB m)	251.0	388.4	509.0
<i>Norm profit growth (%)</i>	62	55	31
Cash collection (THB m)	458.2	685.8	876.8
<i>Cash collection ratio (%)</i>	17.8	17.4	17.8
NPL and NPA purchases (THB m)	1,701	1,195	840
<i>NPL and NPA purchase growth (%)</i>	167	(30)	(30)
Cost to income (%)	35.4	35.2	33.4

Source: FSSIA estimates

Earnings sensitivity

		----- 2021E -----		
Cash collection ratio	±50bp	17.3	17.8	18.3
<i>% change in net profit</i>		(3.9)	-	3.9
Cost to income	±1ppt	34.4	35.4	36.4
<i>% change in net profit</i>		(3.0)	-	3.0

Source: FSSIA estimates

Short-term hiccup from slow NPL sales activities

We expect CHAYO to post a soft 2Q21 net profit of THB47m (-5% y-y, -27% q-q), with slow non-performing loan (NPL) and non-performing asset (NPA) CC of THB101m (-21% y-y, -12% q-q), as there were no secured NPL sales activities in 2Q21 vs cTHB40m in 1Q21 due to the closure of the LED. However, its CC from unsecured NPLs should continue to perform well, plus it was able to settle medium-sized NPA sales (cTHB30m), according to management.

Regarding its NPL acquisitions, CHAYO purchased only secured NPLs for a total claim value of THB653m in 2Q21, vs both secured and unsecured NPLs in 1Q21. The supply of unsecured NPLs was slower than in 1Q21, according to management. The company aims to acquire more unsecured NPLs in the remaining quarters in order to provide a greater recurring cash flow and revenue stream.

Exhibit 1: CHAYO – 2Q21E results preview

	2Q20	1Q21	2Q21E			1H21E			2021E	2Q21E Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	%21E	(THB m)	
Interest income										
- Interest income from NPLs	106	162	136	29	(16)	298	48	48	617	
Total interest income	107	165	138	29	(16)	303	48	47	642	
Interest expense	10	26	19	97	(26)	45	130	52	87	
Net interest income	98	139	119	22	(14)	258	39	46	556	
Non-interest income										
- Gain on properties for sale	20	0	10	(51)	nm	10	(58)	14	70	
- Service income from debt collection services	13	12	8	(41)	(32)	20	(27)	32	61	
- Others	1	3	1	(26)	(78)	4	100	19	19	
Total non-interest income	35	15	19	(46)	26	34	(37)	22	151	
Total operating income	132	154	138	4	(10)	291	22	41	706	
Operating expenses	47	51	56	19	10	107	20	43	250	
Pre provision operating profit	85	103	82	(4)	(20)	185	24	40	456	
Expected credit loss	23	21	23	(2)	6	44	8	36	121	
Operating profit	62	81	59	(5)	(27)	141	30	42	335	
Income tax expenses	12	17	12	(5)	(29)	28	30	42	67	
Profit before minority interest	50	65	47	(5)	(27)	112	29	42	268	
Minority	(0)	0	0	nm	nm	0	nm	nm	17	
Normalised profit	50	64	47	(5)	(27)	112	28	45	251	
Extra items	0	0	0	nm	nm	0	nm	nm	0	
Net profit	50	64	47	(5)	(27)	112	28	45	251	
Key financial highlights	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)		(THB m)	
Gross NPL outstanding	1,109	1,531	1,513	36	(1)	1,513			3,182	
Gross NPA outstanding	62	333	371	498	11	371			200	
NPL & NPA purchases	17	109	128	650	18	237	665		1,701	
NPL & NPA cash collection	127	114	101	(21)	(12)	215	18		458	Slow NPL sales activities
Cash collection/NPL & NPA (%)	42.5	25.2	21.5						17.8	
Key financial ratio										
Liabilities / equity (x)	0.6	0.9	0.4						0.6	Stronger capital base from the exercise of warrants
Interest-bearing debt/equity (x)	0.5	0.7	0.3						0.6	
ROA (%)	11.8	8.4	5.2						5.9	
ROE (%)	19.1	17.9	8.1						12.8	
Cost of funds (%)	6.7	7.5	7.3						4.8	
Cost to income (%)	35.5	33.1	40.6						35.4	

Sources: CHAYO; FSSIA estimates

Exhibit 2: NPL acquisition summary, 2018-19

No.	Winning date	Claim value (THB m)	Collateral
2018			
1	9-Feb-18	138	Vacant Land, next to the beach, Rayong
2	10-May-18	7,952	Clean loan
3	16-May-18	346	Land & Building - Klongtoey, Bangkok
4	13-Jun-18	90	Land & Building - Chaengwattana, Bangkok
5	20-Jun-18	136	Land & Building - Ngamwongwan, Bangkok
6	13-Jul-18	27	Land & Building - Rayong
7	26-Jul-18	20	Land & Building - Watcharaphol
8	26-Jul-18	31	Land & Building - Nonthaburi
9	9-Aug-18	24	Land & Building - Lumlookka
10	16-Aug-18	73	Land & Building - Chonburi
11	17-Aug-18	17	Land & Building - Huaykwang
12	5-Sep-18	31	Vacant land - Rayong
13	5-Sep-18	41	Land & Building - Samutprakarn
14	6-Sep-18	35	Land & Building - Sukhumvit
15	14-Sep-18	60	Land & Building - Ramindra
16	19-Sep-18	189	Land & Building (Mortgage loan or Housing loan)
17	18-Oct-18	47	Land & Building - Bangbuathong
18	18-Oct-18	12	Land & Building - Dusit
19	19-Oct-18	42	Vacant land - Pakkret
20	24-Oct-18	64	Vacant land - Bangbhor
21	26-Oct-18	105	Vacant land - Pakkret
22	7-Nov-18	86	Land & Building - Bangkhae
23	9-Nov-18	34	Land & Building - Pravhet
24	12-Nov-18	174	Land & Building - Chatuchak
25	25-Dec-18	20	Land & Building - Bangsue
26	25-Dec-18	46	Land & Building - Ramindra
Sub-total		9,837	
2019			
B/F	Already reported	199	
1	31-May-19	61	Land & Building - Ladprao
2	7-Jun-19	184	Land & Building - Samsen
3	10-Jun-19	5	Land & Building - Taerange
4	10-Jun-19	708	Land & Building - Minburi
5	14-Jun-19	384	Land & Building - Nonthaburi
6	24-Oct-19	1	Land & Building - Sriracha
7	22-Oct-19	51	Land & Building - Watcharaphol
8	1-Nov-19	3	Land & Building - Chonburi
9	15-Nov-19	704	Vacant land - Salaya, Nakornphathom
10	20-Nov-19	6,966	Vacant land - Pangnga
11	20-Nov-19	1,275	Unsecured land
12	11-Dec-19	14	Land & Building - Pakkret
13	11-Dec-19	17	Land & Building - Bangchak
14	13-Dec-19	44	Land & Building - Phakhanong
15	18-Dec-19	8	Land & Building - Ladplakhao
16	18-Dec-19	9	Land & Building - Bangvak
17	25-Dec-19	8	Land & Building - Thepharak
Sub-total		10,639	

Sources: CHAYO; FSSIA's compilation

Exhibit 3: NPL acquisition summary, 2020-21 to date

No.	Winning date	Claim value (THB m)	Collateral
2020			
1	23-Apr-20	46	Land & Building - Sukhumvit
2	23-Apr-20	63	Land & Building - Sukhumvit
3	8-Jun-20	147	Land & Building - Samrong Nuea
4	23-Jun-20	293	Land & Building - Pathumthani
5	7-Jul-20	158	Land & Building - Samuthprakan
6	24-Aug-20	320	Unsecured loan (motorcycle)
7	27-Aug-20	149	Land & Building - Chiangrai
8	28-Aug-20	1,580	Unsecured loan (motorcycle)
9	18-Sep-20	6	Single detached house - Watcharaphol
10	24-Sep-20	126	Land & Building - Chatuchak
11	28-Sep-20	58	Land & Building - Donmuang
12	7-Oct-20	66	Single detached house - Bangkokapi
13	27-Oct-20	51	Land & Building - Chonburi
14	30-Oct-20	369	Land Chachangsao and Rayong
15	13-Nov-20	979	Unsecured loans (motorcycles)
16	20-Nov-20	3,692	Unsecured loans (cars)
17	16-Nov-20	646	Land & Building - Pathum Thani and Chatujak
18	16-Nov-20	316	Land & Building - Minburi
19	16-Nov-20	162	Land & Building - Chiang Mai
20	23-Dec-20	6,289	Unsecured loans
Sub-total		15,517	
2021			
1	9-Feb-21	22	Land & Building - Chiang Mai
2	17-Mar-21	1,364	Unsecured loan (Loss on sales)
3	23-Mar-21	241	Land & Building - Chiang Mai & Chiang Rai
4	29-Mar-21	61	Motorcycle, P-loan and Nanofinance
5	27-May-21	65	Land & Building - Charansanitwong
6	25-May-21	123	Vacant land at Sriracha and Phuket
7	10-Jun-21	465	Land & Building - southern part
Sub-total		2,341	

Sources: CHAYO; FSSIA's compilation

Financial Statements

Chayo Group

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	234	425	642	971	1,249
Interest expense	(9)	(53)	(87)	(111)	(141)
Net interest income	225	372	556	860	1,108
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	84	96	151	207	240
Non interest income	84	96	151	207	240
Total income	309	467	706	1,067	1,348
Staff costs	-	-	-	-	-
Other operating costs	(169)	(185)	(250)	(375)	(450)
Operating costs	(169)	(185)	(250)	(375)	(450)
Pre provision operating profit	140	282	456	692	897
Provision for bad and doubtful debt	0	(87)	(121)	(142)	(178)
Other provisions	-	-	-	-	-
Operating profit	140	195	335	550	719
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	140	195	335	550	719
Tax	(29)	(41)	(67)	(110)	(144)
Profit after tax	111	155	268	440	575
Minority interests	0	1	(17)	(51)	(66)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	111	155	251	388	509
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	111	155	251	388	509
Per share (THB)					
Recurring EPS *	0.18	0.22	0.26	0.36	0.43
Reported EPS	0.18	0.22	0.26	0.36	0.43
DPS	0.04	0.01	0.00	0.00	0.00
Growth					
Net interest income (%)	6.9	65.6	49.5	54.7	28.8
Non interest income (%)	62.9	13.4	57.5	37.8	15.7
Pre provision operating profit (%)	28.1	101.5	61.7	51.7	29.7
Operating profit (%)	28.1	39.4	71.9	64.0	30.8
Reported net profit (%)	30.0	39.7	61.8	54.7	31.0
Recurring EPS (%)	15.5	22.7	18.5	39.6	19.4
Reported EPS (%)	15.5	22.7	18.5	39.6	19.4
Income Breakdown					
Net interest income (%)	72.7	79.6	78.7	80.6	82.2
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	27.3	20.4	21.3	19.4	17.8
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.01	4.91	4.75	4.75	4.80
Net interest spread (%)	(3.01)	(4.91)	(4.75)	(4.75)	(4.80)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	54.7	39.6	35.4	35.2	33.4
Cost/assets(%)	12.7	8.0	5.9	5.8	5.3
Effective tax rate (%)	20.7	20.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	21.6	2.6	0.8	0.5	0.4
ROE (%)	12.8	14.7	12.8	11.7	10.9
ROE - COE (%)	2.0	3.9	2.0	0.9	0.1
ROA (%)	8.4	6.7	6.3	6.8	6.8
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	1,131	1,573	3,182	4,311	5,076
Total provisions	(9)	(90)	(211)	(354)	(532)
interest in suspense	0	210	414	474	558
Net customer loans	1,122	1,693	3,384	4,431	5,103
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	101	2	944	1,321	1,850
Cash & equivalents	360	708	765	893	1,856
Other interesting assets	145	328	431	512	623
Tangible fixed assets	31	33	34	36	38
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	66	47	113	147	193
Total assets	1,825	2,811	5,672	7,340	9,662
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	575	1,570	2,073	2,612	3,265
Non interest bearing liabilities	247	94	103	114	125
Hybrid Capital	-	-	-	-	-
Total liabilities	823	1,664	2,176	2,725	3,390
Share capital	315	353	516	571	624
Reserves	672	778	2,280	3,292	4,831
Total equity	987	1,130	2,796	3,863	5,455
Minority interests	15	16	700	751	818
Total liabilities & equity	1,825	2,811	5,672	7,340	9,662
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	303	1,073	1,822	2,342	2,938
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)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	1.57	1.58	2.86	3.56	4.58
Tangible book value per share	1.57	1.58	2.86	3.56	4.58
Growth					
Gross customer loans	87.5	39.0	102.3	35.5	17.8
Average interest earning assets	-	-	-	-	-
Total asset (%)	120.2	54.0	101.8	29.4	31.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	54.1	40.2	49.3	52.6	56.5
Tangible equity/assets (%)	54.1	40.2	49.3	52.6	56.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	0.8	5.7	6.6	7.0	10.5
Total provisions/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	68.1	55.5	46.8	33.5	28.1
Recurring P/E @ target price (x) *	106.7	86.9	73.3	52.5	44.0
Reported P/E (x)	68.1	55.5	46.8	33.5	28.1
Dividend yield (%)	0.3	0.0	0.0	0.0	0.0
Price/book (x)	7.7	7.6	4.2	3.4	2.6
Price/tangible book (x)	7.7	7.6	4.2	3.4	2.6
Price/tangible book @ target price (x)	12.0	11.9	6.6	5.3	4.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; 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	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	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:

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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

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

Chayo Group (CHAYO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	9.70	09-Mar-2021	BUY	15.00	-	-	-
23-Nov-2020	BUY	9.70	12-May-2021	BUY	18.80			

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 12.00	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

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 2-Aug-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.