

13 AUGUST 2021

THAILAND / DIVERSIFIED FINANCIALS

SAKSIA LEASING SAK TB

BUY
UNCHANGED

TARGET PRICE	THB12.20
CLOSE	THB8.60
UP/DOWNSIDE	+41.9%
PRIOR TP	THB15.20
CHANGE IN TP	-19.7%
TP vs CONSENSUS	+5.2%

แนวโน้มดี ระดับการประเมินมูลค่าน่าสนใจ

การขยายสาขาทำให้ผลประกอบการอ่อนแอใน 2Q21

SAK รายงานกำไรสุทธิ 2Q21 ที่ 137 ลบ. (-8% y-y, +16% q-q) ผลประกอบการอ่อนแอจากค่าใช้จ่ายในการดำเนินงานที่ปรับตัวขึ้นจากการเน้นเปิดสาขาในช่วง 1H21 บริษัทฯ ได้เปิด 200 สาขาใหม่ได้ตามเป้า ทำให้มีสาขารวม 719 สาขา อย่างไรก็ตามรายได้จากการดำเนินงานเพิ่มในระดับสูงโดยได้ปัจจัยผลักดันจาก 1) ปริมาณสินเชื่อที่เพิ่มในระดับสูงหลังหมดข้อจำกัดในด้านแหล่งเงินทุนจากการเสนอขายหุ้นแก่สาธารณชนเป็นครั้งแรก; และ 2) ผลตอบแทนสินเชื่อที่เพิ่มเล็กน้อยและต้นทุนการเงินที่ลดลง ทำให้ส่วนต่างดอกเบี้ยเพิ่มสูงขึ้น แม้ว่าการแข่งขันระหว่าง 3 ผู้เล่นหลักจะรุนแรง SAK ยังสามารถรักษาผลตอบแทนของบริษัทฯ ไว้ได้ เราเห็นว่าความสามารถดังกล่าวเกิดจากความสัมพันธ์ที่ดีกับลูกค้า โดยเฉพาะอย่างยิ่งในกลุ่มการเกษตร ในด้านคุณภาพสินทรัพย์ หนี้ต่ออัตรภาพ (NPL) เพิ่มในระดับปานกลางที่ 12% q-q เรายังมีความกังวลเพียงเล็กน้อยในเรื่องดังกล่าวเนื่องจากเป็นเรื่องปกติในช่วงการขยายธุรกิจอย่างรวดเร็ว

ช่วง 2H21 ที่ดีขึ้นอยู่ข้างหน้า

จากการกลับมาแพร่ระบาดของไวรัส Covid-19 เราเห็นว่า SAK อาจปล่อยสินเชื่อใหม่ด้วยความระมัดระวัง ทำให้เราคาดว่าสินเชื่อจะโตในอัตราที่ลดลงใน 2H21 เมื่อเทียบกับ 2Q21 โดยเฉพาะอย่างยิ่งใน 3Q21 อย่างไรก็ตามเราคิดว่าค่าใช้จ่ายในการดำเนินงานจะลดลงอย่างมีนัยสำคัญหลังการขยายเครือข่ายสินเชื่อลดลง ทำให้เราเชื่อว่ากำไรสุทธิจะกลับมาเพิ่ม y-y และ q-q ใน 3Q-4Q21

ปรับประมาณการกำไรและลดระดับการประเมินมูลค่า

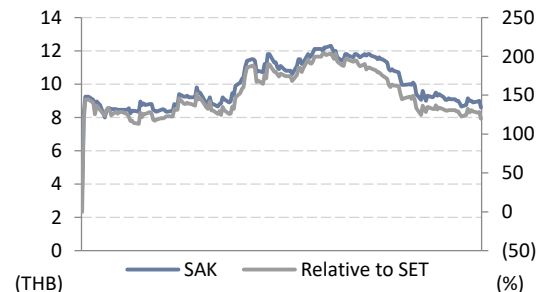
เราปรับลดประมาณการกำไรสุทธิปี 2021-23 ลง 11%/15%/12% ตามลำดับเพื่อสะท้อน 1) การเติบโตของสินเชื่อที่ลดลงจากปัญหาการแพร่ระบาด Covid ที่ยืดเยื้อ; และ 2) ผลตอบแทนสินเชื่อที่ลดลงเล็กน้อย เนื่องจากเราเชื่อว่าในระยะกลางถึงยาว SAK อาจได้รับผลกระทบเล็กน้อยจากการแข่งขันที่รุนแรงในอุตสาหกรรมสินเชื่อทะเบียนรถยนต์ เราปรับลดราคาเป้าหมายปี 2022 ลงเหลือ 12.2 บาท (GGM) ตามการปรับลดประมาณการกำไรและค่า 2022 P/BV เป้าหมายที่ลดลงเหลือ 4.6x จาก 5.6x เราเชื่อว่าระดับการประเมินมูลค่าที่สูงกว่าปกติของผู้ประกอบการสินเชื่อทะเบียนรถยนต์น่าจะปรับลดลงจากการแข่งขันที่รุนแรงต่อเนื่อง ซึ่งจะทำให้อัตราความสามารถในการทำกำไรลดลงและแนวโน้มการเติบโตของกำไรอยู่ในระดับที่น่าพอใจน้อยลง

คงคำแนะนำซื้อที่ราคาเป้าหมาย 12.2 บาท (GGM)

เราคิดว่าในระยะสั้นราคาหุ้นของ SAK อาจได้รับแรงกดดันจากความกังวลเกี่ยวกับการแข่งขันที่รุนแรงในกลุ่มฯ และการแพร่ระบาด Covid ที่ยืดเยื้อ อย่างไรก็ตามเราคิดว่า SAK จะยังรายงานผลประกอบการที่ดีตั้งแต่ 3Q21 เป็นต้นไป นอกจากนี้ระดับการประเมินมูลค่าของหุ้นยังดูน่าสนใจ โดยมีการซื้อขายที่ 3.3x ของค่า 2022E P/BV ในปัจจุบันเทียบกับระดับสูงสุดในอดีตที่ 5.0x ดังนั้นเราจึงคงคำแนะนำซื้อ

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	700	761	1,065	1,345
Net profit	562	610	854	1,079
EPS (THB)	0.35	0.29	0.41	0.51
vs Consensus (%)	-	(6.5)	(3.5)	(1.9)
Core net profit	562	610	854	1,079
Core EPS (THB)	0.35	0.29	0.41	0.51
Chg. In EPS est. (%)	-	(11.3)	(14.7)	(11.9)
EPS growth (%)	51.7	(17.3)	40.0	26.3
Core P/E (x)	24.4	29.5	21.1	16.7
Dividend yield (%)	1.6	1.0	1.4	1.8
Price/book (x)	3.0	3.7	3.3	2.9
ROE (%)	15.4	12.9	16.3	18.3
ROA (%)	7.1	6.7	8.1	8.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.5)	(28.9)	n/a
Relative to country (%)	(6.4)	(26.8)	n/a
Mkt cap (USD m)			541
3m avg. daily turnover (USD m)			3.4
Free float (%)			21
Major shareholder		Boonsalee Family (67%)	
12m high/low (THB)			12.80/6.75
Issued shares (m)			935

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 13 สิงหาคม 2021

Investment thesis

Saksiam Leasing is the third largest non-bank personal and auto title loan service provider in Thailand, with more than 34 years of experience in the debt collection and retail finance businesses.

We think that in the short term, SAK's share price might be pressured by the concern over the tight competition in the sector and the prolonged Covid pandemic. However, we think SAK could still deliver solid performance starting from 3Q21. Moreover, its valuation looks attractive, currently trading at 3.3x 2022E P/BV vs its peak level of 5.0x. We, therefore, maintain our BUY call.

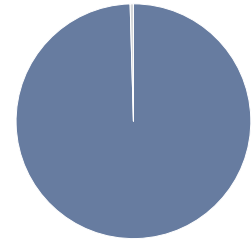
Company profile

Saksiam Leasing is the third largest non-bank personal and auto title loan service provider listed on the SET, with a focus on the north, northeast, central, and western regions of Thailand. The company has four product categories: 1) auto title loans under BoT regulations; 2) personal loans under BoT regulations; 3) nano finance; and 4) other financial products, such as hire purchase.

www.saksiam.com

Principal activities (revenue, 2020)

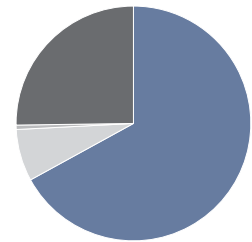
- Net interest income - 99.5 %
- Non-interest income - 0.5 %



Source: Saksiam Leasing

Major shareholders

- Boonsalee Family - 67.0 %
- Bualuang Asset Management - 7.2 %
- Mr. Aiyawatt Srivaddhanaprabha - 0.6 %
- Others - 25.2 %



Source: Saksiam Leasing

Catalysts

Potential share price catalysts for SAK include:

- Stronger loan growth;
- Faster network expansion;
- Policy rate cuts.

Risks to our call

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.

Event calendar

Date	Event
Mid Nov-21	3Q21 results announcement

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	610	854	1,079
Net profit growth	8.6	40.0	26.3
NIM	22.26	21.45	21.09
Loan growth	33.0	27.0	25.0
Credit cost (bp)	80	85	85
Cost to income*	51.6	45.8	44.6

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

Year to Dec	----- 2021E -----			
	±2ppt	31.0	33.0	35.0
Loan growth				
% change in net profit		(1.9)	-	1.9
NIM (%)	±5bp	22.21	22.26	22.31
% change in net profit		(0.5)	-	0.5
Credit cost (bps)	±10bp	70.0	80.0	90.0
% change in net profit		0.5	-	(0.5)

Source: FSSIA estimates

Front-loaded branch expansion led to soft 2Q21 performance

SAK delivered a 2Q21 net profit of THB137m (-8% y-y, +16% q-q). Its soft performance came from an OPEX surge from its front-loaded network expansion. It has already opened 200 new branches, as per its target, leading to a total of 719 branches. However, its operating income increased strongly, driven by 1) a solid rise in its loan volume after unlocking its source of funding post IPO; and 2) a slight increase in its loan yield and a lower cost of funds, resulting in a rise in its NIM. Amid the tight competition among the top three players, SAK was able to maintain its yield. We think this is because it has a strong relationship with its clients, especially in the agriculture segment. Regarding its asset quality, its NPLs moderately rose by 12% q-q. We have little concern over this as it is usual during a rapid business expansion.

2Q21 key highlights

- SAK posted outstanding loan growth of 12% q-q in 2Q21 as a result of it unlocking its source of funds post IPO and its more aggressive branch expansion. Moreover, 2Q is the high season for SAK's lending business as most of its clients are agriculturists. The cultivation season in Thailand is in the second and third quarters.
- Its loan yield slightly increased to 23.9% vs 23.4% in 1Q21. It was not necessary for the company to reduce its yield in order to compete with its peers.
- Its OPEX surged by 21% y-y, 9% q-q due to its strategy of front-loading its branch expansion in 1H21.

Exhibit 1: SAK – summary of 2Q21 earnings

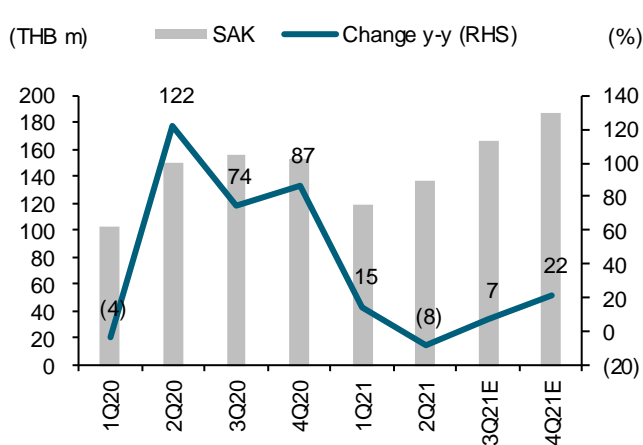
Year-end Dec 31	2Q20	1Q21	2Q21			1H21			2021E	Change	2Q21 Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%21E	(THB m)	(y-y %)	
Net interest income	368	368	417	13	13	784	6	47	1,685	14	
Non-interest income*	1	3	3	206	(4)	7	123	52	13	89	
Operating income*	369	371	420	14	13	791	6	47	1,698	15	
Operating expenses	196	218	238	21	9	456	13	52	876	11	
PPOP before tax	173	153	183	6	20	335	(2)	41	821	18	
Expected credit loss	(13)	5	12	na.	138	17	na.	28	61	na.	
Income tax	37	29	34	(8)	16	63	2	42	151	9	
Minority interest	0	0	0			0			0		
Normalised profit	149	119	137	(8)	16	256	1	42	610	9	
Extraordinary items	0	0	0			0			0		
Net profit	149	119	137	(8)	16	256	1	42	610	9	
EPS (THB)	0.10	0.06	0.07	(32)	16	0.12	(25)	42	0.29	(17)	
Asset quality ratio (%)											
NPLs (THB m)	208	149	167	(20)	12				208	45	
NPLs / loans	3.4	2.2	2.1						2.4		
Loan loss reserve/NPLs	99	110	104						101		
Credit cost (bps)	na.	29	64						80		
Profitability ratio (%)											
Cost to income ratio	na.	58.8	56.5						51.6		
Average yield	na.	23.4	23.9						23.8		
Cost of funds	na.	3.0	2.7						2.8		Used money from IPO to repay loans
Net interest margin (NIM)	na.	22.0	22.8						22.3		
Non-int inc / total income	0.3	0.9	0.8						0.7		
Loan growth (%)											
y-y	na.	na.	25								
q-q	na.	7	12						33		

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

Stronger 2H21 lies ahead

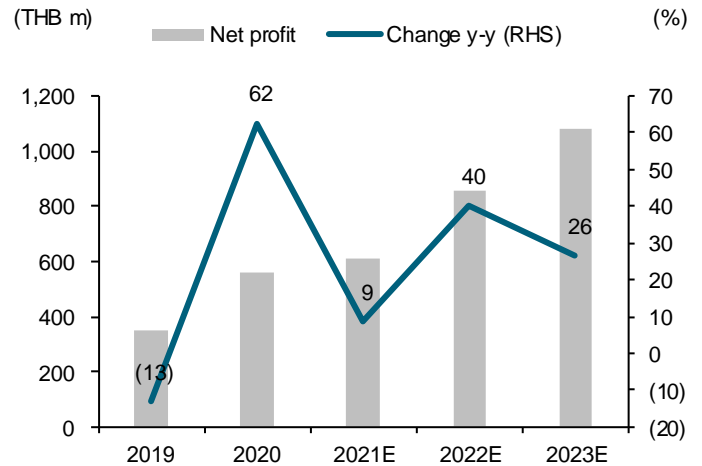
Due to the resurgence of Covid-19, SAK might conservatively lend new loans, in our view. Thus, we expect slower loan growth in 2H21 vs 2Q21, especially in 3Q21. However, we think its OPEX will significantly decline after the completion of its network expansion. This leads us to believe that its net profit will turn to increase y-y and q-q in 3Q-4Q21.

Exhibit 2: Quarterly earnings momentum



Sources: SAK; FSSIA's estimates

Exhibit 3: Yearly earnings momentum

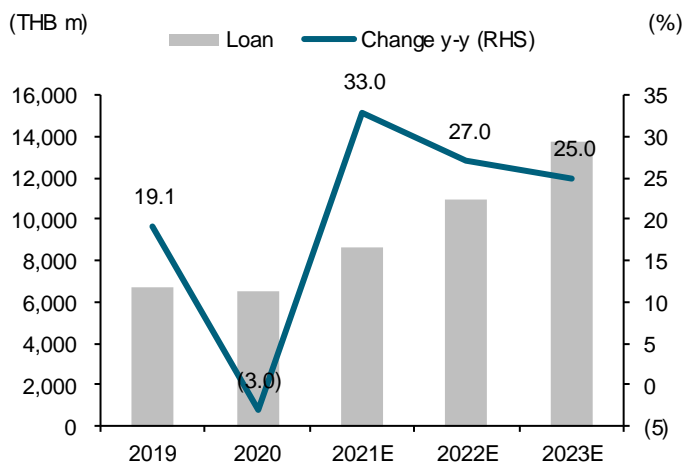


Sources: SAK; FSSIA's estimates

In 2022, we forecast SAK to post outstanding net profit growth of 40% y-y. We think the potential solid loan growth of 33% y-y in 2021 would continue to generate strong interest revenue. Moreover, we expect that the company will be able to reach its target of a 200-branch increase next year. The increase in coverage areas would allow SAK to increase its penetration rate as well. Thus, we expect 2022 loan growth of 27% y-y.

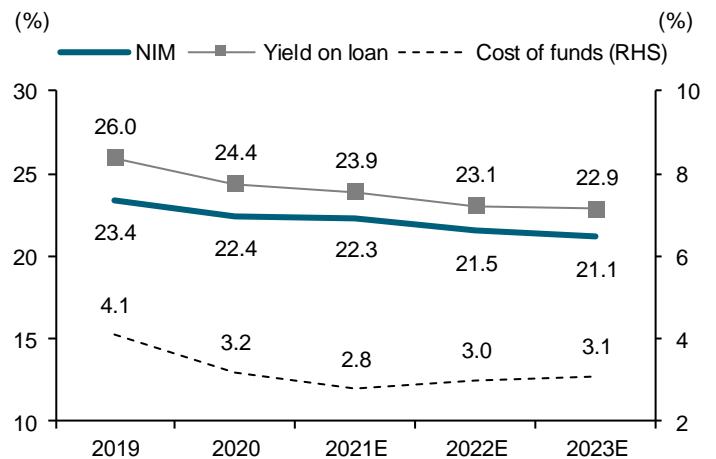
Regarding its loan yield, we think it would slightly decline over the next two to three years, from 24.4% in 2020 to 22.9% in 2023. It could be dragged down by 1) the repricing of its higher yield portfolio, which was lent before the interest rate cap mandate by the Bank of Thailand came into effect in Aug-20, resulting in a lower yield; and 2) the tight competition in the auto title loan industry. However, we believe that SAK is in a better position than its top three peers – Muangthai Capital (MTC TB, BUY, TP THB67), Srisawad Corporation (SAWAD TB, BUY, TP THB108), and Ngen Tid Lor (TIDLOR TB, BUY, TP THB54) – due to its relatively small portfolio, leading to a lower demand for new loans to grow its credit portfolio.

Exhibit 4: SAK's loan growth



Sources: SAK; FSSIA's estimates

Exhibit 5: SAK's loan yield, cost of funds, and NIM



Sources: SAK; FSSIA's estimates

Earnings revisions and valuation de-rating

We lower our net profit forecasts for 2021-23 by 11%/15%/12% to reflect 1) the slower loan growth due to the prolonged Covid outbreak; and 2) a slight decline in its loan yield, as we believe that in the medium to long term SAK might have a slight impact from the tight competition in the auto title loan industry.

Exhibit 6: Key changes in assumptions

	-----2021E-----				-----2022E-----			-----2023E-----		
	2020 (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	1,476	1,730	1,685	(2.6)	2,248	2,104	(6.4)	2,784	2,604	(6.5)
Non-interest income*	7	9	13	48.5	9	14	50.2	10	14	50.2
Operating income*	1,482	1,739	1,698	(2.4)	2,257	2,118	(6.2)	2,794	2,618	(6.3)
Operating expenses	788	840	876	4.4	929	969	4.3	1,167	1,168	0.0
PPOP before tax*	695	899	821	(8.6)	1,328	1,149	(13.5)	1,627	1,450	(10.8)
Expected credit loss (Reversal)	(6)	50	61	21.5	86	83	(3.5)	109	105	(3.3)
Tax expenses	138	161	151	(6.6)	240	211	(12.0)	293	266	(9.1)
Minority interest	-	0	-		0	-		0	-	
Normalised profit	562	688	610	(11.3)	1,002	854	(14.7)	1,225	1,079	(11.9)
Extraordinary items	-	0	-		0	-		0	-	
Net profit	562	688	610	(11.3)	1,002	854	(14.7)	1,225	1,079	(11.9)
EPS (THB)	0.35	0.33	0.29	(11.3)	0.48	0.41	(14.7)	0.6	0.51	(11.9)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	143	172	208	20.8	206	270	30.9	248	324	30.9
Gross NPLs / Loans (%)	2.2	1.9	2.4		1.8	2.5		1.7	2.4	
Loan loss reserve/NPLs (%)	113	111	101		117	102		124	105	
Credit cost (bps)	(9)	65	80		85	85		84	85	
Profitability ratio (%)										
Cost to income ratio*	53.1	48.3	51.6		41.2	45.8		41.8	44.6	
Average yield	24.4	24.3	23.8		23.8	23.0		23.4	22.8	
Cost of funds	3.20	3.10	2.80		3.20	3.00		3.3	3.1	
Net interest margin (NIM)	22.4	22.6	22.3		22.1	21.5		21.6	21.1	
Loan growth (%)										
y-y	(3.0)	36.0	33.0		30.0	27.0		25.0	25.0	

*Including share of profits from associates

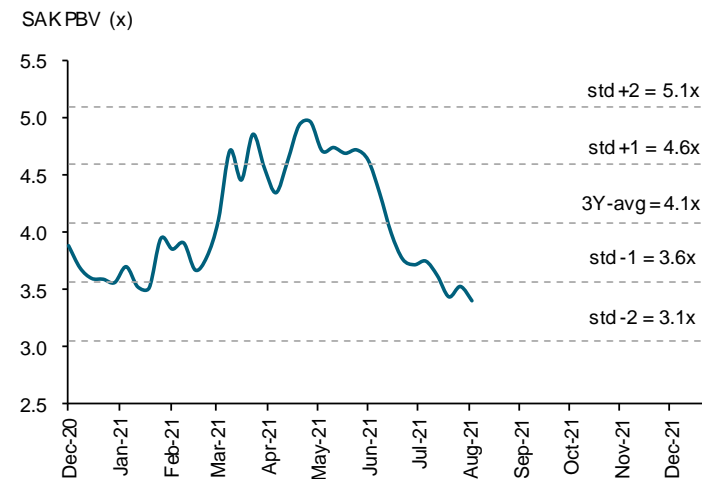
Sources: SAK; FSSIA estimates

We revise down our 2022 GGM-based TP to THB12.2 from THB15.2, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2022 P/BV to 4.6x from 5.6x as a result of our lower average long-term ROE target of 18.0% from 18.7%; our lower long-term growth to 9.8% from 9.9%; and our higher cost of equity assumption. We believe that auto title loan operators' premium valuations should de-rate due to the continued fierce price competition, leading to a lower profitability margin and a less satisfactory earnings growth outlook.

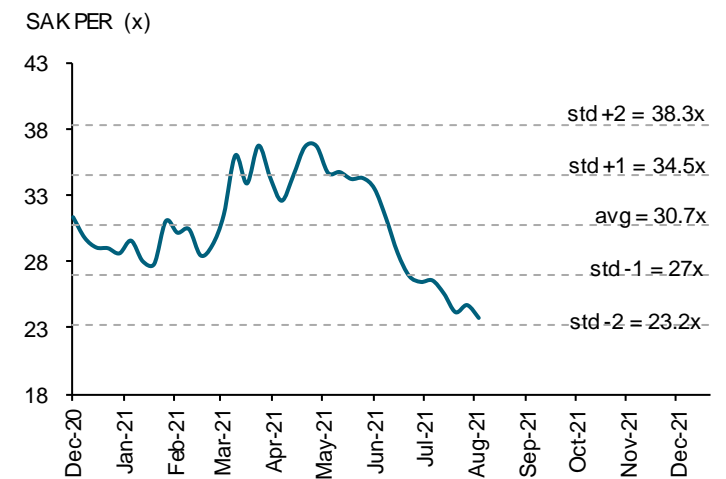
Exhibit 7: SAK – GGM-derived target price

Target price (THB)	12.2 (from 15.2)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.6 (from 11.5)
Terminal growth (%)	9.8 (from 9.9)
ROE target (%)	18.0 (from 18.7)
Target PBV (x)	4.6 (from 5.6)
Implied PE (x)	29.9 (from 31.8)
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 8: SAK – prospective P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 9: SAK – prospective P/E band

Sources: Bloomberg; FSSIA estimates

Exhibit 10: Thailand diversified financials – peers comparison

	BBG	Rec	---Share price---		Up	Market	EPS growth		--- P/E ---		--- ROE ---		--- PBV ---	
	code		Current	Target	side	Cap	21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Diversified financials						21,127	13.4	20.2	19.2	16.0	14.9	15.8	2.6	2.4
Unsecured-loan lender						5,804	23.8	15.0	17.3	15.1	25.6	25.0	4.1	3.5
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	176.00	274.00	56	1,320	20.9	14.3	9.9	8.6	24.0	23.2	2.2	1.9
Krungthai Card	KTC TB	HOLD	58.00	73.00	26	4,485	25.8	15.4	22.3	19.3	26.9	26.3	5.5	4.7
Auto-title lender						9,353	13.8	23.5	20.7	16.7	22.0	22.3	4.0	3.5
Muangthai Capital	MTC TB	BUY	57.00	74.00	30	3,624	3.1	23.5	22.5	18.2	23.4	23.8	4.8	4.0
Srisawad Corp	SAWAD TB	BUY	63.50	108.00	70	2,615	25.5	19.8	15.2	12.7	24.0	25.1	3.4	3.0
Saksiam Leasing	SAK TB	BUY	8.60	12.20	42	541	(17.3)	40.0	29.5	21.1	12.9	16.3	3.7	3.3
Ngern Tid Lor	TIDLOR TB	BUY	37.00	54.00	46	2,573	26.8	27.4	25.4	20.0	19.8	18.6	3.9	3.4
Truck lender						1,570	(8.5)	20.0	19.2	16.0	16.3	17.7	2.9	2.7
Micro Leasing	MICRO TB	BUY	7.90	12.40	57	222	39.5	36.3	32.0	23.5	12.2	15.0	3.7	3.3
Singer Thailand	SINGER TB	BUY	40.50	53.00	31	605	26.1	29.2	29.5	22.8	19.8	21.0	5.1	4.3
Ratchthani Leasing	THANI TB	BUY	4.38	5.20	19	744	(20.9)	15.8	13.8	11.9	16.0	17.0	2.1	1.9
Other						1,038	8.1	11.6	8.4	7.5	6.4	6.8	0.5	0.5
Thanachart Capital	TCAP TB	HOLD	33.00	35.00	6	1,038	8.1	11.6	8.4	7.5	6.4	6.8	0.5	0.5
Hire purchase motorcycle						335	55.9	33.4	35.5	26.6	17.4	19.8	5.7	4.9
Next Capital	NCAP TB	BUY	12.40	16.80	35	335	55.9	33.4	35.5	26.6	17.4	19.8	5.7	4.9

Share prices as of 11 Aug 2021

Sources: Bloomberg; FSSIA estimates

Financial Statements

Saksiam Leasing

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	1,575	1,607	1,801	2,256	2,815
Interest expense	(159)	(131)	(116)	(152)	(211)
Net interest income	1,416	1,476	1,685	2,104	2,604
Net fees & commission	25	2	6	7	7
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	4	5	6	7	7
Non interest income	29	7	13	14	14
Total income	1,446	1,482	1,698	2,118	2,618
Staff costs	-	-	-	-	-
Other operating costs	(899)	(788)	(876)	(969)	(1,168)
Operating costs	(899)	(788)	(876)	(969)	(1,168)
Pre provision operating profit	547	695	821	1,149	1,450
Provision for bad and doubtful debt	(115)	6	(61)	(83)	(105)
Other provisions	-	-	-	-	-
Operating profit	432	700	761	1,065	1,345
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	432	700	761	1,065	1,345
Tax	(86)	(138)	(151)	(211)	(266)
Profit after tax	346	562	610	854	1,079
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	346	562	610	854	1,079
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	346	562	610	854	1,079
Per share (THB)					
Recurring EPS *	0.23	0.35	0.29	0.41	0.51
Reported EPS	0.23	0.35	0.29	0.41	0.51
DPS	0.00	0.14	0.09	0.12	0.15
Growth					
Net interest income (%)	57.3	4.2	14.2	24.9	23.7
Non interest income (%)	(88.0)	(77.2)	89.1	7.5	5.0
Pre provision operating profit (%)	0.7	27.0	18.3	39.8	26.3
Operating profit (%)	(12.8)	62.3	8.7	40.0	26.3
Reported net profit (%)	(13.2)	62.4	8.6	40.0	26.3
Recurring EPS (%)	-	51.7	(17.3)	40.0	26.3
Reported EPS (%)	-	51.7	(17.3)	40.0	26.3
Income Breakdown					
Net interest income (%)	98.0	99.5	99.3	99.4	99.5
Net fees & commission (%)	1.7	0.1	0.4	0.3	0.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.3	0.3	0.4	0.3	0.3
Operating performance					
Gross interest yield (%)	25.56	24.35	23.80	23.00	22.80
Cost of funds (%)	4.10	3.20	2.80	3.00	3.10
Net interest spread (%)	21.46	21.15	21.00	20.00	19.70
Net interest margin (%)	23.0	22.4	22.3	21.5	21.1
Cost/income(%)	62.2	53.1	51.6	45.8	44.6
Cost/assets(%)	13.7	9.9	9.6	9.2	9.0
Effective tax rate (%)	19.8	19.8	19.8	19.8	19.8
Dividend payout on recurring profit (%)	-	39.4	30.0	30.0	30.0
ROE (%)	14.1	15.4	12.9	16.3	18.3
ROE - COE (%)	3.3	4.6	2.1	5.5	7.5
ROA (%)	5.3	7.1	6.7	8.1	8.3
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Saksiam Leasing; FSSIA estimates

Financial Statements

Saksiam Leasing

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	6,700	6,497	8,640	10,973	13,717
Total provisions	(188)	(162)	(210)	(277)	(341)
interest in suspense	125	72	104	132	165
Net customer loans	6,637	6,406	8,534	10,828	13,541
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	1,600	80	8	8
Cash & equivalents	253	307	314	300	167
Other interesting assets	-	-	-	-	-
Tangible fixed assets	171	113	125	137	151
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	96	352	334	366	403
Total assets	7,158	8,778	9,387	11,639	14,269
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	4,132	4,072	4,234	5,877	7,741
Non interest bearing liabilities	250	198	218	229	240
Hybrid Capital	-	-	-	-	-
Total liabilities	4,382	4,270	4,451	6,106	7,981
Share capital	1,550	2,096	2,096	2,096	2,096
Reserves	1,226	2,412	2,839	3,437	4,193
Total equity	2,776	4,508	4,935	5,533	6,289
Minority interests	0	0	0	0	0
Total liabilities & equity	7,158	8,778	9,387	11,639	14,269
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	6,162	6,598	7,568	9,807	12,345
Average interest bearing liabilities	3,871	4,102	4,153	5,055	6,809
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)	97	143	208	270	324
Per share (THB)					
Book value per share	1.86	2.83	2.35	2.64	3.00
Tangible book value per share	1.86	2.83	2.35	2.64	3.00
Growth					
Gross customer loans	19.1	(3.0)	33.0	27.0	25.0
Average interest earning assets	30.9	7.1	14.7	29.6	25.9
Total asset (%)	20.8	22.6	6.9	24.0	22.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	38.8	51.4	52.6	47.5	44.1
Tangible equity/assets (%)	38.8	51.4	52.6	47.5	44.1
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	90.5	48.1	45.0	30.0	20.0
NPL/gross loans (%)	1.4	2.2	2.4	2.5	2.4
Total provisions/gross loans (%)	2.8	2.5	2.4	2.0	2.5
Total provisions/NPL (%)	194.3	113.3	101.0	102.5	105.1
Valuation					
Recurring P/E (x) *	37.0	24.4	29.5	21.1	16.7
Recurring P/E @ target price (x) *	52.5	34.6	41.9	29.9	23.7
Reported P/E (x)	37.0	24.4	29.5	21.1	16.7
Dividend yield (%)	-	1.6	1.0	1.4	1.8
Price/book (x)	4.6	3.0	3.7	3.3	2.9
Price/tangible book (x)	4.6	3.0	3.7	3.3	2.9
Price/tangible book @ target price (x)	6.5	4.3	5.2	4.6	4.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Saksiam Leasing; 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	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	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Saksiam Leasing	SAK TB	THB 8.60	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.
Muangthai Capital	MTC TB	THB 57.00	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 176.00	BUY	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.
Krungthai Card	KTC TB	THB 58.00	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected KTBL growth; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Srisawad Corp	SAWAD TB	THB 63.50	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.
Ngern Tid Lor	TIDLOR TB	THB 37.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank; 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 7.90	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.
Singer Thailand	SINGER TB	THB 40.50	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.
Ratchthani Leasing	THANI TB	THB 4.38	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.
Thanachart Capital	TCAP TB	THB 33.00	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.
Next Capital	NCAP TB	THB 12.40	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 11-Aug-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.