

17 AUGUST 2021

THAILAND / DIVERSIFIED FINANCIALS

SRISAWAD CORP SAWAD TB

BUY
UNCHANGED

TARGET PRICE	THB86.00
CLOSE	THB64.25
UP/DOWNSIDE	+33.9%
PRIOR TP	THB108.00
CHANGE IN TP	-20.4%
TP vs CONSENSUS	+2.2%

ผลประกอบการจะดีขึ้นในปี 2022

ผลประกอบการ 2Q21 ออกมาตามคาด

SAWAD รายงานกำไรจากการดำเนินงาน 2Q21 อยู่ที่ 1,106 ลบ. (+13 y-y, -6% q-q) ตามที่ตลาดคาด เราเห็นปัจจัยบวก 2 ประการประกอบด้วย: 1) รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิเพิ่มตามค่านายหน้าขายประกันและค่าธรรมเนียมการให้บริการการปล่อยสินเชื่อที่สูงขึ้นจาก Fast Money (FM, not listed); และ 2) ค่าใช้จ่ายในการดำเนินงานที่ประหยัดได้จากกรปรับพนักงานบางส่วนไปทำงานภายใต้ FM อย่างไรก็ตามกำไรที่ปรับแล้วเพิ่มขึ้นเพียง 1.8% q-q จากกลยุทธ์ในการปล่อยสินเชื่ออย่างระมัดระวัง นอกจากนี้หนี้ต่อคุณภาพ (NPL) ยังเพิ่มขึ้น 5% q-q คิดเป็นอัตราส่วนหนี้ต่อคุณภาพที่ 4.7% โดย SAWAD กลับรายการ ECL อย่างต่อเนื่องทำให้อัตราส่วนสำรองหนี้เสียต่อสินเชื่อลดลงเหลือ 3.2% เทียบกับ 3.4% ใน 1Q21 หมายเหตุส่วนแบ่งกำไรจาก FM อยู่ที่ 4 ลบ. ใน 2Q21

ผลประกอบการจะไม่โดดเด่นใน 2H21

ใน 2H21 ผลประกอบการอาจไม่โดดเด่น โดยเราคาดว่ากำไรสุทธิ 3Q21 จะเพิ่มเล็กน้อย q-q (และค่อนข้างทรงตัว y-y) เนื่องจากเราเชื่อว่าปริมาณสินเชื่อจะเพิ่มเล็กน้อยต่อเนื่องใน 2H21 จากข้อมูลของผู้บริหาร SAWAD ยังคงปล่อยสินเชื่อด้วยความระมัดระวัง โดยเฉพาะอย่างยิ่งสินเชื่อเงินที่คืนจากปัญหาโรคระบาดที่ยื้อเยื้อ ปัจจุบัน SAWAD วางแผนเพิ่มรายได้ค่าธรรมเนียมทดแทน โดยเรามองว่าจะขับเคลื่อนมาจากรายได้ค่าธรรมเนียม 2 ประเภท คือ 1) ค่าธรรมเนียมการให้บริการปล่อยสินเชื่อจาก FM; และ 2) ค่านายหน้าขายประกัน อย่างไรก็ตามรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิมีแนวโน้มที่จะโดดเด่นในปี 2022 ซึ่งจะช่วยให้กำไรสุทธิโตในอัตราที่สูงขึ้นในปีดังกล่าว

ปรับประมาณการกำไรและลดระดับการประเมินมูลค่า

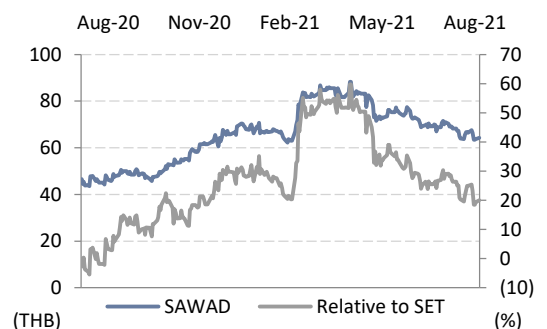
เราปรับลดประมาณการกำไรสุทธิปี 2021-23 ลง 14%/16%/14% เพื่อสะท้อน 1) รายได้ค่าธรรมเนียมที่ลดลงจากข้อกำหนดในด้านค่าธรรมเนียมติดตามหนี้ใหม่; 2) อัตราการเติบโตของสินเชื่อที่ลดลง; และ 3) ผลตอบแทนสินเชื่อที่ลดลงเนื่องจากสินเชื่อที่มีผลตอบแทนที่สูงกว่าอย่างเช่นสินเชื่อเงินที่คืนในอัตราที่ต่ำลง เราปรับลดราคาเป้าหมายปี 2022 เป็น 86 บาท (GGM) ตามการปรับลดประมาณการกำไรและค่า 2022 P/BV เป้าหมายที่ลดลงเหลือ 4.3x จาก 5.0x เราเชื่อว่าระดับการประเมินมูลค่าที่สูงกว่าปกติของผู้ประกอบการสินเชื่อที่ระมัดระวังจะลดลงจากการแข่งขันด้านราคาที่สูงขึ้นต่อเนื่อง ซึ่งจะช่วยให้แนวโน้มอัตราความสามารถในการทำกำไรลดลงและแนวโน้มการเติบโตของกำไรอยู่ในระดับที่น่าพอใจน้อยลง

ปัจจัยถ่วงแค้นชั่วคราว คงคำแนะนำซื้อสำหรับการลงทุนระยะยาว

ราคาหุ้นอาจถูกถ่วงในระลอกสั้นจากผลประกอบการ 2H21 ที่คาดว่าจะไม่โดดเด่นและการแข่งขันที่รุนแรง เราคงคำแนะนำซื้อสำหรับการลงทุนในระยะยาว เนื่องจากเราเชื่อว่ารูปแบบการทำธุรกิจที่มีการกระจายความเสี่ยงสูงกว่าน่าจะทำให้บริษัทฯ รอดพ้นจากความเปลี่ยนแปลงในอุตสาหกรรมสินเชื่อที่ระมัดระวัง

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	5,983	6,334	7,263	8,755
Net profit	4,508	5,005	5,723	6,932
EPS (THB)	3.32	3.69	4.22	5.11
vs Consensus (%)	-	(4.4)	(2.9)	0.4
Core net profit	4,508	4,827	5,723	6,932
Core EPS (THB)	3.32	3.56	4.22	5.11
Chg. In EPS est. (%)	-	(14.7)	(15.6)	(14.1)
EPS growth (%)	17.2	7.1	18.6	21.1
Core P/E (x)	19.3	18.1	15.2	12.6
Dividend yield (%)	2.8	2.9	3.3	4.0
Price/book (x)	3.9	3.6	3.2	2.8
ROE (%)	22.3	20.7	22.1	23.9
ROA (%)	9.8	9.5	10.0	10.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.5)	(10.1)	38.2
Relative to country (%)	(7.0)	(9.1)	19.2
Mkt cap (USD m)	2,640		
3m avg. daily turnover (USD m)	23.4		
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



Yuvanart Suwanumphai

yuvanart.suw@fssia.com
+66 2611 3554

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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 17 สิงหาคม 2021

Investment thesis

SAWAD has a solid market position as the third largest lender in the title loan market. We expect its market position to remain relatively strong over the next few years, as it 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) and not consolidating the JV to its financial statement.

SAWAD's share price might be burdened in the short term from its unremarkable 2H21E performance and the fierce competition. We maintain BUY for long-term investment, as we believe its more diversified business model should allow it to survive the disruption in the auto title loan industry

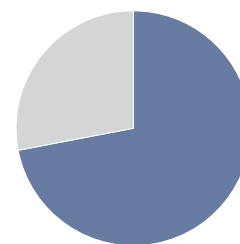
Company profile

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

www.meebaanmeerod.com

Principal activities (revenue, 2020)

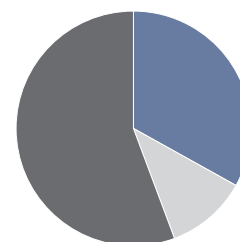
- Net interest income - 72.0 %
- Non-interest income - 28.0 %



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;
- Stronger credit demand;
- The success of Srisawad Capital'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 Nov 2021	3Q21 results announcement

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	5,005	5,723	6,932
Net profit growth	11.0	14.3	21.1
NIM	16.37	18.19	18.46
Loan growth	(6.0)	25.0	18.0
Fee growth	26.0	20.0	6.0
Non-NII growth	12.6	13.4	8.0
Credit cost (bp)	(25)	130	140
Cost to income	34.0	30.3	28.4

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

	----- 2021E -----			
	±2ppt	(8.0)	(6.0)	(4.0)
Loan growth				
% change in net profit		(1.0)	-	1.0
NIM (%)	±5bp	16.32	16.37	16.42
% change in net profit		(0.4)	-	0.4
Credit cost (bp)	±10bp	(35.0)	(25.0)	(15.0)
% change in net profit		0.3	-	(0.3)

Source: FSSIA estimates

In-line 2Q21 performance

SAWAD reported a 2Q21 core profit of THB1,106m (+13 y-y, -6% q-q), which was in line with Bloomberg's consensus forecast. We see two positives: 1) a rise in its Non-NII following an increase in insurance commission fees and debt servicing fees from FM; and 2) OPEX savings from relocating some of its staff to work under FM. However, its loan volume only slightly increased by 1.8% q-q due to its conservative lending strategy. Additionally, its non-performing loans (NPLs) went up 5% q-q in 2Q21, implying an NPL ratio of 4.7%. SAWAD continued to reverse its expected credit loss (ECL), resulting in a lower LLR/loan at 3.2% vs 3.4% in 1Q21. Note that the share of profits from FM was THB4m in 2Q21.

2Q21 key highlights

- Total loan volume increased minimally by 1.8% q-q, driven by its new motorcycle hire purchases (+43% q-q to THB4.2b) and its car title loans. Regarding the motorbike title loans, which were booked at FM, the company did not provide loan volume details. According to management, SAWAD was able to achieve its loan volume target. The company is maintaining its 2021 outstanding loan target for FM at THB20b.
- Its loan yield was at 20.1% in 2Q21, a decline from 21.3% in 1Q21 due to the impact of the deconsolidation of FM at the end of 1Q21. Excluding this impact, its loan yield slightly declined q-q. We think it could be dragged down by 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.
- Non-NII increased substantially by 48% y-y, 22% q-q. The company received debt servicing fees from FM. Also, the company was able to increase its insurance commissions due to the expansion of its client base from GSB.
- There was an ECL reversal of THB48m due to the decline in the loan volume of Srisawad Finance (BFIT TB, not rated).

Exhibit 1: SAWAD – summary of 2Q21 earnings

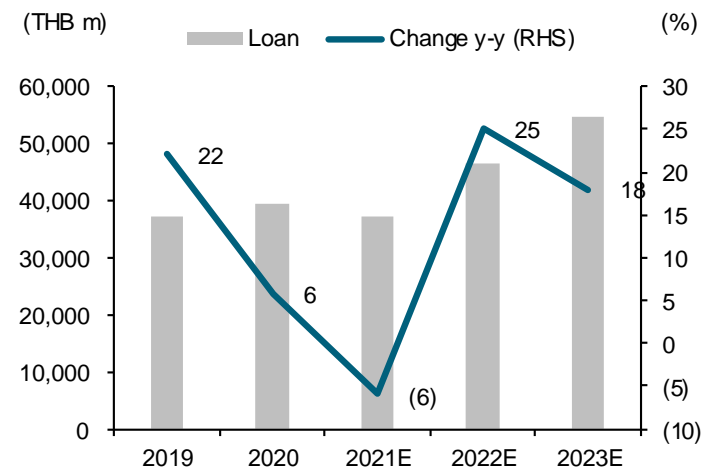
Year-end Dec 31	2Q20		1Q21		2Q21			1H21			2021E	Change	2Q21 Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%21E	(THB m)	(y-y %)			
Net interest income	1,839	1,682	1,415	(23)	(16)	3,096	(16)	49	6,266	(14)			
Non-interest income*	564	682	835	48	22	1,518	20	48	3,182	13			
Operating income*	2,403	2,364	2,250	(6)	(5)	4,614	(7)	49	9,448	(6)			
Operating expenses	988	916	793	(20)	(13)	1,709	(14)	53	3,210	(15)			
PPOP before tax	1,414	1,448	1,457	3	1	2,905	(2)	47	6,239	(1)			
Expected credit loss	74	(174)	(48)	(165)	(72)	(222)	(183)	232	(96)	(130)			
Income tax	269	378	315	17	(17)	693	29	55	1,267	6			
Minority interest	88	61	84	(5)	37	145	60		240	(15)			
Normalised profit	982	1,183	1,106	13	(6)	2,289	14	47	4,827	7			
Extraordinary items	0	178	0			178			178				
Net profit	982	1,361	1,106	13	(19)	2,467	22	49	5,005	11	In line with BBG consensus		
EPS (THB)	0.72	0.99	0.81	13	(19)	2	21	49	3.69	11			
Asset quality ratio (%)	(%)	(%)	(%)						(%)				
NPLs (THB m)	1,627	1,465	1,532	(6)	5				1,776	20			
NPLs / loans	4.23	4.58	4.70						4.79				
Loan loss reserve/NPLs	93	75	69						62				
Credit cost (bps)	77	(195)	(59)						(25)				
Profitability ratio (%)	(%)	(%)	(%)						(%)				
Cost to income ratio	41.1	38.8	35.2						34.0				
Average yield	21.3	21.3	20.1						18.7				
Cost of funds	3.5	3.4	3.5						3.5				
Net interest margin (NIM)	19.0	18.8	17.5						16.4				
Non-int inc / total income	23.5	28.9	37.1						40.3				
Loan growth (%)	(%)	(%)	(%)						(%)				
y-y	15.9	(17.5)	(15.4)						(6.0)		Declined due to the deconsolidation of FM		
q-q	(0.7)	(18.9)	1.8										

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

Conservative loan growth, more focused on fee income

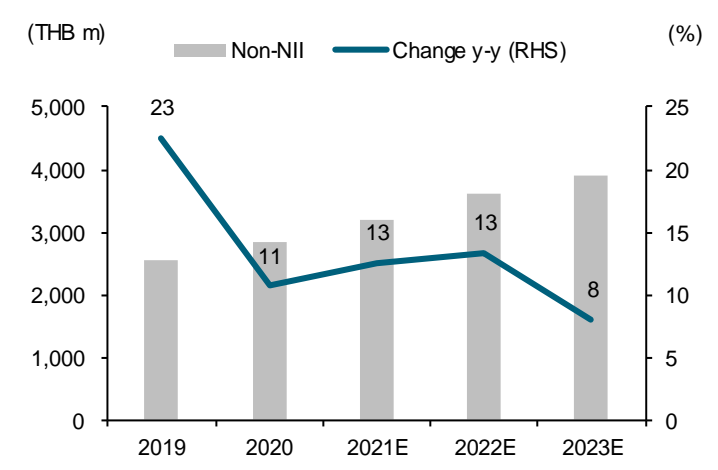
SAWAD's loan volume in 2Q21 increased at the slowest pace among its peers at 1.8% q-q vs Muangthai Capital (MTC TB, BUY, TP THB67) at 8.5% q-q and Ngern Tid Lor (TIDLOR TB, BUY, TP THB47) at 2.7% q-q. Although its motorcycle hire purchases, which are operated under Srisawad Capital (SCAP, not listed), increased strongly at 43% q-q to THB4.2b in 2Q21, its total loan volume was dragged down by a drop in land title loans (42% of total loan portfolio). According to management, SAWAD is expanding its land title loans conservatively due to the prolonged pandemic, especially in red-zone areas. Moreover, it is also limiting the loan-to-value of vehicle title loans at c40% vs the c50% pre-Covid level. The company intends to lend more aggressively once the pandemic abates. We, therefore, believe that its loan volume will continue to minimally increase in 2H21.

Exhibit 2: Loan growth



Sources: SAWAD; FSSIA's estimates

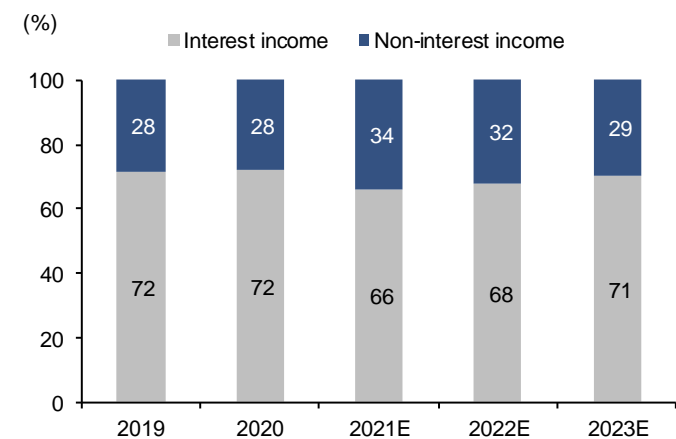
Exhibit 3: Non-NII growth



Sources: SAWAD; FSSIA's estimates

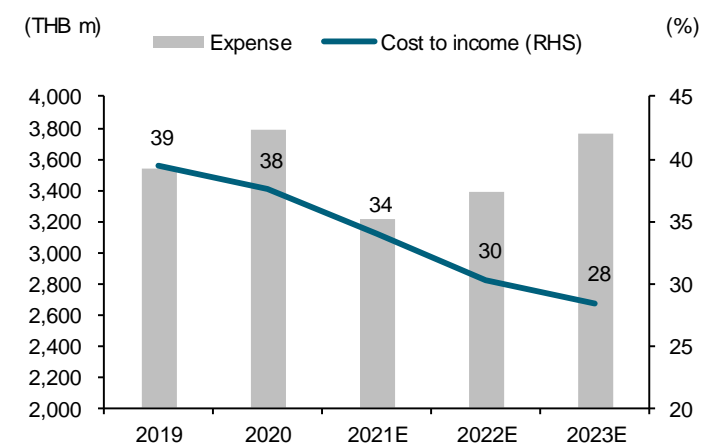
Currently, SAWAD plans to focus on accelerating its fee income. In our view, the two main catalysts would be 1) debt servicing fees from FM; and 2) insurance brokerage commission fees. Although FM would contribute very thin profits to SAWAD due to the low loan yield, the company could charge a significant amount of debt servicing fees. Moreover, we think SAWAD could expand its insurance business to FM's clients. Thus, we expect to see impressive growth in its insurance commissions. Regarding debt collection fees, we think this will continue to decline over time due to the new restrictions on collection fees. However, this could be offset by a surge in its debt servicing fees and insurance brokerage fees. Thus, we expect the company to deliver solid fee income growth.

Exhibit 4: Revenue structure



Sources: SAWAD; FSSIA estimates

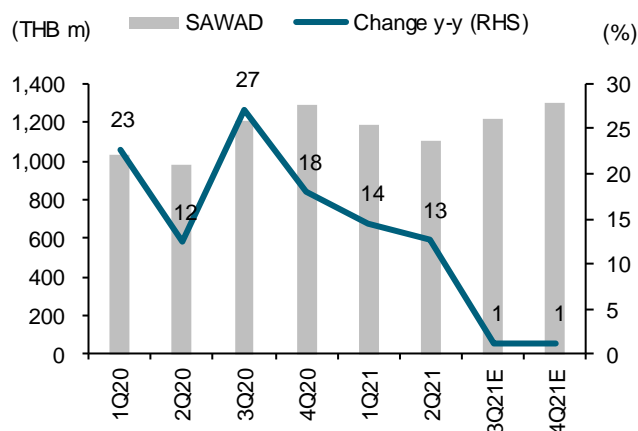
Exhibit 5: OPEX and cost to income



Sources: SAWAD; FSSIA estimates

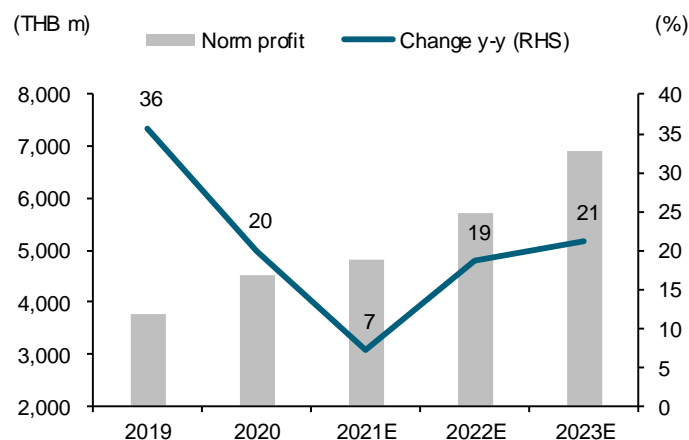
In 2H21, its performance might be unremarkable. We expect its 3Q21 net profit to slightly increase q-q (relatively stable y-y), supported by 1) a rise in its debt servicing fees and insurance commissions; and 2) a continued drop in its OPEX. We think SAWAD will continue to relocate some of its staff to work under FM. Stronger net profit growth should be seen in 2022, in our view.

Exhibit 6: SAWAD's quarterly normalised profit momentum



Sources: SAWAD; FSSIA's estimates

Exhibit 7: SAWAD's yearly normalised profit momentum



Sources: SAWAD; FSSIA's estimates

New restrictions on debt collection fees

On 13 Aug-21, new restrictions on debt collection fees were published in the Government Gazette. When debtors who have accumulated overdue debts of >THB1,000 default on payments, lenders may charge debt collection fees, including 1) <THB50/debt collection cycle for one period of overdue debt; and 2) <THB100 for more than one period. For vehicle hire purchases or leasing contracts for which debtors have more than one instalment overdue, lenders can charge visiting area fees of <THB400/time. The restrictions will take effect on 12 Sep-21. We think the new structure for debt collection fees will apply to all loan types. However, only hire purchases, leasing, auto title loans, credit cards and personal loans for the retail segment normally charge collection fees. Collection fees for the SME and corporate segments normally depend on the agreement between the borrower and lender.

Exhibit 8: New restrictions on debt collection fees

Details	Fee (THB / debt collection cycle)	Note
One period of overdue debt	<50	
More than one period of overdue debt	<100	
Visiting area	<400	For vehicle hire purchases or leasing contracts which debtors have more than one instalment overdue

Note that fees can be charged to only the debtors who have accumulated overdue debts >THB1,000

Sources: Government Gazette; FSSIA's compilation

Currently, SAWAD's debt collection fees and visiting area fees are over the new restrictions. However, since the Covid outbreak last year, the company has waived some fees for its clients. According to management, the collection fees will account for c5-6% of total income in 2021. We expect SAWAD to be one of the most impacted by these new restrictions among the non-banks under our coverage.

Exhibit 9: Current debt collection fees for hire purchases, credit cards and personal loans, and loan classification of ten non-banks under our coverage

	Debt collection fee (THB / period)				Loan classification (%)		
	Auto title	Hire purchases	Credit cards	Personal loans	Stage 1	Stage 2	Stage 3
Unsecured-loan lender							
AEONTS	No service	na.	100	100	90.8	3.5	5.7
KTC	Visiting area fee 300	No service	100	100	81.6	16.5	0.0
Auto-title lender							
MTC	Motorcycle 99/Car 199	99	No service	89	93.5	5.4	1.1
SAWAD	1) debt collection fee 100-300*	New motorcycle HP; 200 for debt collection and	No service	100	76.8	18.6	4.6
	2) By staff 500-5,000*	visiting area fee <1,000					
	*For motorcycle, car and land						
SAK	No fee charge		No service	No fee charge	94.6	3.2	2.1
TIDLOR	1) Motorcycle 100 and 200 depends on overdue period/Car 200	na.	No service		77.2	21.2	1.6
	2) Outsourcing; charge the actual costs						
	3) Visiting areas; motorcycle 1,000-2,000/Car 3,000-6,000						
Truck lender							
MICRO	No service	Charge only penalty fee no debt collection fee	No service		81.5	14.7	3.7
SINGER	50-60% of its portfolios are small SME, thus, fee depends on agreement	Minimal fee charge, no specific details	No service		82.5	13.4	4.1
THANI	na.	Overdue 1 period 321	No service		85.4	11.1	3.5
		Overdue 2 period 535					
		Cancel contract 2,889					
		Outsourcing; according to the actual expenses incurred					
Hire purchase motorcycle							
NCAP	No service	200	No service	No service	94.5	4.1	1.4

Sources: Company data; the Bank of Thailand; FSSIA estimates

Exhibit 10: Summary of impact from new collection restrictions

Impact	Company	% negative impact on 2022 bottom line	Note
No impact	BAM, SAK		
Indirect impact	JMT, CHAYO		
Limited impact	All banks, especially big banks		
	AEONTS, KTC, SINGER	2-3%	
Moderate impact	MTC	3-5%	
	NCAP	3-5%	
	TIDLOR	4-6%*	*Before earnings revisions
	MICRO	4-6%	MICRO does not charge fees, but this impact is based on its tighter margin as it cannot pass all visiting area costs to its clients.
	THANI	4-6%	This impact is based on its tighter margin as it cannot pass visiting area costs to its clients.
Most impacted	SAWAD	8-10%	

Source: FSSIA estimates

Earnings revisions and valuation de-rating

We lower our core profit forecasts for 2021-23 by 15%/16%/14% to reflect 1) the lower fee income due to the new restrictions on debt collection fees; 2) the slower loan growth due to the prolonged Covid outbreak; and 3) the lower loan yield due to the slower growth of loans with higher yields like land title loans.

Exhibit 11: 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	7,263	7,795	6,266	(19.6)	9,259	7,588	(18.1)	11,098	9,328	(16.0)
Non-interest income*	2,827	3,541	3,182	(10.1)	3,985	3,607	(9.5)	4,341	3,896	(10.3)
Operating income*	10,090	11,336	9,448	(16.7)	13,244	11,195	(15.5)	15,439	13,223	(14.4)
Operating expenses	3,787	3,340	3,210	(3.9)	3,704	3,389	(8.5)	4,152	3,761	(9.4)
PPOP before tax*	6,304	7,996	6,239	(22.0)	9,540	7,806	(18.2)	11,288	9,462	(16.2)
Expected credit loss (Reversal)	321	621	(96)	(115.4)	764	542	(29.0)	896	707	(21.0)
Tax expenses	1,192	1,475	1,267	(14.1)	1,755	1,380	(21.4)	2,078	1,663	(20.0)
Minority interest	283	240	240		240	160		240	160	
Normalised profit	4,508	5,660	4,827	(14.7)	6,781	5,723	(15.6)	8,074	6,932	(14.1)
Extraordinary items	-	178	178		0	-		0	-	
Net profit	4,508	5,838	5,005	(14.3)	6,781	5,723	(15.6)	8,074	6,932	(14.1)
EPS (THB)	3.32	4.30	3.69	(14.3)	5.00	4.22	(15.6)	5.9	5.11	(14.1)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	1,480	1,850	1,776	(4.0)	2,220	2,131	(4.0)	2,553	2,451	(4.0)
Gross NPLs / Loans (%)	3.75	4.3	4.8		4.3	4.6		4.3	4.48	
Loan loss reserve/NPLs (%)	89	88	62		91	69		98.1	73	
Credit cost (bps)	84	150	(25)		160	130		160	140	
Profitability ratio (%)										
Cost to income ratio*	37.5	29.5	34.0		28.0	30.3		26.9	28.4	
Average yield	21.3	21.0	18.7		21.5	20.5		22.0	20.7	
Cost of funds	3.62	3.50	3.45		3.55	3.45		3.6	3.5	
Net interest margin (NIM)	18.9	18.8	16.4		19.4	18.2		19.8	18.5	
Loan growth (%)										
y-y	5.8	10.0	(6.0)		20.0	25.0		15.0	18.0	

*Including share of profits from associates

Sources: SAWAD; FSSIA estimates

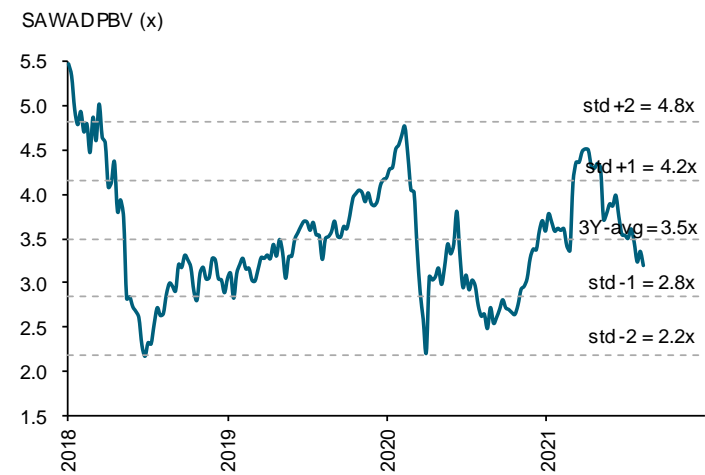
We revise down our 2022 GGM-based TP to THB86 from THB108, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2022 P/BV to 4.3x from 5.0x as a result of our lower average long-term ROE target of 23% from 25.2%; our lower long-term growth to 7.9% from 8.0%; and 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 12: SAWAD – GGM-derived target price

Target price (THB)	86 (from 108)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.5 (from 11.4)
Terminal growth (%)	7.9 (from 8.0)
ROE target (%)	23.0 (from 25.2)
Target PBV (x)	4.3 (from 5.0)
Implied PE (x)	20.4 (from 21.6)
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.

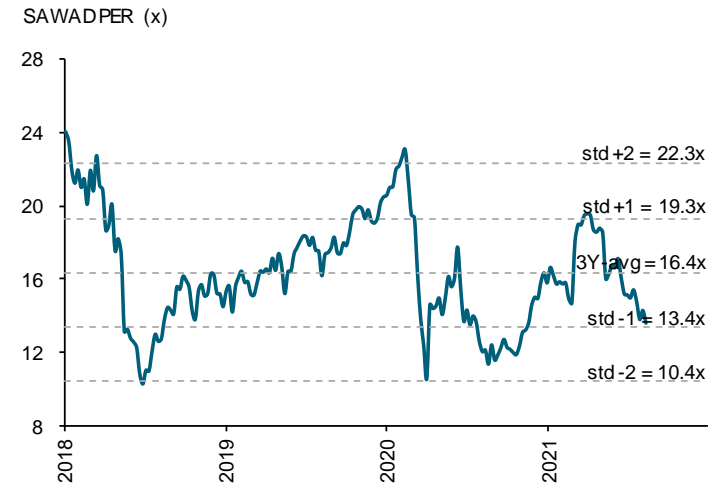
Source: FSSIA estimates

Exhibit 13: SAWAD – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: SAWAD – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Thailand diversified financials – peers comparison

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		--- P/E ---		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
Unsecured-loan lender						5,782	23.8	15.0	17.3	15.0	25.6	25.0	4.1	3.5
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	172.00	274.00	59	1,287	20.9	14.3	9.6	8.4	24.0	23.2	2.1	1.8
Krungthai Card	KTC TB	HOLD	58.25	73.00	25	4,495	25.8	15.4	22.4	19.4	26.9	26.3	5.5	4.7
Auto-title lender						9,257	6.5	21.4	21.9	18.0	20.6	20.7	4.0	3.5
Muangthai Capital	MTC TB	BUY	55.75	67.00	20	3,537	3.1	23.5	22.0	17.8	23.4	23.8	4.7	3.9
Srisawad Corp	SAWAD TB	BUY	64.25	86.00	34	2,640	7.1	18.6	18.1	15.2	20.7	22.1	3.6	3.2
Saksiam Leasing	SAK TB	BUY	8.15	12.20	50	511	(17.3)	40.0	28.0	20.0	12.9	16.3	3.5	3.1
Ngern Tid Lor	TIDLOR TB	BUY	37.00	47.00	27	2,568	22.0	19.5	26.4	22.1	18.7	16.4	3.8	3.4
Truck lender						1,557	(9.4)	19.6	19.2	16.1	16.2	17.5	2.9	2.7
Micro Leasing	MICRO TB	BUY	7.50	10.70	43	210	23.1	33.5	34.4	25.8	10.8	13.2	3.6	3.2
Singer Thailand	SINGER TB	BUY	41.00	53.00	29	611	26.1	29.2	29.9	23.1	19.8	21.0	5.1	4.4
Ratchthani Leasing	THANI TB	BUY	4.34	5.20	20	736	(20.9)	15.8	13.6	11.8	16.0	17.0	2.1	1.9
Other						1,043	8.1	11.6	8.5	7.6	6.4	6.8	0.5	0.5
Thanachart Capital	TCAP TB	HOLD	33.25	35.00	5	1,043	8.1	11.6	8.5	7.6	6.4	6.8	0.5	0.5
Hire purchase motorcycle						321	55.9	33.4	34.0	25.5	17.4	19.8	5.5	4.7
Next Capital	NCAP TB	BUY	11.90	16.80	41	321	55.9	33.4	34.0	25.5	17.4	19.8	5.5	4.7

Share prices as of 16 Aug 2021

Sources: Bloomberg; FSSIA estimates

Financial Statements

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	7,239	8,166	7,156	8,552	10,459
Interest expense	(828)	(903)	(890)	(965)	(1,131)
Net interest income	6,411	7,263	6,266	7,588	9,328
Net fees & commission	1,936	1,315	1,657	1,988	2,108
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	3	2	0	0	0
Other income	615	1,510	1,525	1,619	1,788
Non interest income	2,554	2,827	3,182	3,607	3,896
Total income	8,965	10,090	9,448	11,195	13,223
Staff costs	(1,785)	(1,869)	(1,177)	(1,154)	(1,269)
Other operating costs	(1,747)	(1,918)	(2,032)	(2,235)	(2,492)
Operating costs	(3,532)	(3,787)	(3,210)	(3,389)	(3,761)
Pre provision operating profit	5,433	6,304	6,239	7,806	9,462
Provision for bad and doubtful debt	(552)	(321)	96	(542)	(707)
Other provisions	-	-	-	-	-
Operating profit	4,881	5,983	6,334	7,263	8,755
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	6,512	7,263	8,755
Tax	(952)	(1,192)	(1,267)	(1,380)	(1,663)
Profit after tax	3,929	4,791	5,245	5,883	7,092
Minority interests	(172)	(283)	(240)	(160)	(160)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,756	4,508	5,005	5,723	6,932
Non recurring items & goodwill (net)	-	-	(178)	0	0
Recurring net profit	3,756	4,508	4,827	5,723	6,932
Per share (THB)					
Recurring EPS *	2.83	3.32	3.56	4.22	5.11
Reported EPS	2.90	3.32	3.69	4.22	5.11
DPS	1.43	1.80	1.84	2.11	2.55
Growth					
Net interest income (%)	26.3	13.3	(13.7)	21.1	22.9
Non interest income (%)	22.5	10.7	12.6	13.4	8.0
Pre provision operating profit (%)	32.1	16.0	(1.0)	25.1	21.2
Operating profit (%)	31.0	22.6	5.9	14.7	20.5
Reported net profit (%)	35.7	20.0	11.0	14.3	21.1
Recurring EPS (%)	17.5	17.2	7.1	18.6	21.1
Reported EPS (%)	17.6	14.5	11.0	14.3	21.1
Income Breakdown					
Net interest income (%)	71.5	72.0	66.3	67.8	70.5
Net fees & commission (%)	21.6	13.0	17.5	17.8	15.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.0	0.0	-	-	-
Other income (%)	6.9	15.0	16.1	14.5	13.5
Operating performance					
Gross interest yield (%)	21.34	21.28	18.70	20.50	20.70
Cost of funds (%)	3.45	3.62	3.45	3.45	3.50
Net interest spread (%)	17.89	17.66	15.25	17.05	17.20
Net interest margin (%)	18.9	18.9	16.4	18.2	18.5
Cost/income(%)	39.4	37.5	34.0	30.3	28.4
Cost/assets(%)	8.3	7.8	6.0	5.8	5.6
Effective tax rate (%)	19.5	19.9	19.5	19.0	19.0
Dividend payout on recurring profit (%)	50.3	54.2	51.8	50.0	50.0
ROE (%)	24.8	22.3	20.7	22.1	23.9
ROE - COE (%)	14.0	11.5	9.9	11.3	13.1
ROA (%)	9.3	9.8	9.5	10.0	10.6
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	37,083	46,353	54,697
Total provisions	(813)	(1,312)	(1,105)	(1,462)	(1,786)
interest in suspense	3	206	185	232	273
Net customer loans	36,485	38,344	36,163	45,123	53,184
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	551	0	0	0	0
Cash & equivalents	1,649	1,838	2,029	1,638	1,160
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	15,641	14,879	15,051
Total assets	45,462	52,007	55,049	62,779	70,466
Customer deposits	6,348	5,234	2,617	2,617	2,617
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	17,518	20,731	23,004	27,684	31,709
Non interest bearing liabilities	1,403	1,972	2,958	3,106	3,262
Hybrid Capital	-	-	-	-	-
Total liabilities	25,270	27,937	28,580	33,408	37,588
Share capital	1,336	1,373	1,373	1,373	1,373
Reserves	17,052	20,712	23,072	25,933	29,399
Total equity	18,388	22,085	24,445	27,306	30,772
Minority interests	1,803	1,985	2,025	2,065	2,107
Total liabilities & equity	45,462	52,007	55,049	62,779	70,466
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	33,930	38,372	38,266	41,718	50,525
Average interest bearing liabilities	23,974	24,916	25,793	27,961	32,314
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	1,776	2,131	2,451
Per share (THB)					
Book value per share	14.19	16.27	18.01	20.11	22.67
Tangible book value per share	14.19	16.27	18.01	20.11	22.67
Growth					
Gross customer loans	22.0	5.8	(6.0)	25.0	18.0
Average interest earning assets	24.8	13.1	(0.3)	9.0	21.1
Total asset (%)	15.9	14.4	5.8	14.0	12.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(12.8)	(17.6)	(50.0)	-	-
Leverage & capital measures					
Customer loan/deposits (%)	574.7	732.6	1,381.8	1,724.2	2,032.2
Equity/assets (%)	40.4	42.5	44.4	43.5	43.7
Tangible equity/assets (%)	40.4	42.5	44.4	43.5	43.7
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	26.7	3.6	20.0	20.0	15.0
NPL/gross loans (%)	3.8	3.8	4.8	4.6	4.5
Total provisions/gross loans (%)	2.2	3.3	3.0	2.7	3.3
Total provisions/NPL (%)	56.9	88.7	62.2	68.6	72.9
Valuation					
Recurring P/E (x) *	22.7	19.3	18.1	15.2	12.6
Recurring P/E @ target price (x) *	30.3	25.9	24.2	20.4	16.8
Reported P/E (x)	22.2	19.3	17.4	15.2	12.6
Dividend yield (%)	2.2	2.8	2.9	3.3	4.0
Price/book (x)	4.5	3.9	3.6	3.2	2.8
Price/tangible book (x)	4.5	3.9	3.6	3.2	2.8
Price/tangible book @ target price (x)	6.1	5.3	4.8	4.3	3.8

* 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	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:

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 Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 64.25	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 172.00	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 58.25	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.
Muangthai Capital	MTC TB	THB 55.75	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.
Saksiam Leasing	SAK TB	THB 8.15	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.
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 7.50	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 41.00	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 4.34	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 33.25	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 11.90	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 16-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.