

15 SEPTEMBER 2021

THAILAND / DIVERSIFIED FINANCIALS

AEON THANA SINSAP (THAILAND)

BUY

UNCHANGED

AEONTS TB

TARGET PRICE	THB274.00
CLOSE	THB202.00
UP/DOWNSIDE	+35.6%
PRIOR TP	THB274.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.9%

Preparing for take-off

Expect 2QFY21 net profit to slightly drop q-q but still rise y-y

We expect AEONTS to deliver a 2QFY21 (Jun to Aug-21) net profit of THB1.1b (+14% y-y, -4% q-q). We expect the q-q decline in its earnings to come from 1) a higher estimated credit cost to 700bps in 2QFY21 from 563bps in 1QFY21, as AEONTS has accelerated its write-off process; and 2) a slightly weaker NII due to the stable loan growth on the prolonged pandemic. However, we expect its 2QFY21 earnings to rise by 14% y-y, driven by a gain from NPL sales totalling THB310m and a slight decline in its provisions. These could totally offset the decline in its NIM as a result of the lower interest rate ceiling since Aug-20. 1HFY21E net profit accounts for 50% of our FY21 earnings forecast of THB4.5b.

Cleaning up its portfolio for stronger loan growth in 2HFY21

We like AEONTS' strategy to speed up its NPL sales in 2QFY21. Due to the lower NPL supply and an asset management newcomer, AEONTS was able to sell its NPLs at a good price, according to management. Thus, it could utilise the potential gain to set aside a special ECL to 1) cushion the impact from the prolonged pandemic; and 2) accelerate its write-off process. With its healthier balance sheet, we think AEONTS will aggressively increase its new lending in 2HFY21 once the economy reopens by increasing the credit limit to 2x for customers with salaries below THB30k per month. Accordingly, it could post stronger loan growth in 2HFY21 from the estimated -0.4% YTD currently. Also, its credit cost could reach its peak in 2QFY21 then decline in the following quarters.

Digital loans to be launched in Oct-21

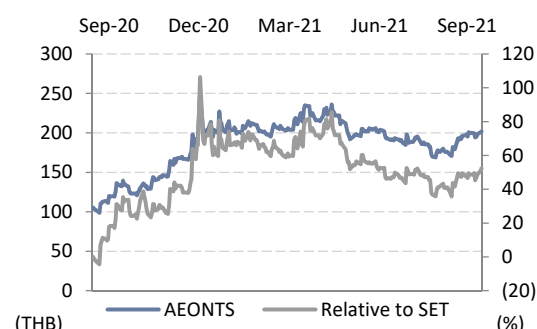
Due to the changing industry landscape, AEONTS plans to expand its customer base through digital loans. It will use other data, e.g. utility bill payment behaviour, for credit approvals. In the first phase, the ticket size will be cTHB8k, targeting 10,000 clients, which implies a THB80m-100m digital loan portfolio. The interest charge will be 25%. We expect that digital loans will play a more important role in the next couple of years. This would not only increase its loan growth but also reduce its OPEX.

Maintain BUY rating with GGM-based TP of THB274

The stock is trading at a cheap valuation of 2.5x FY21E P/BV and 11.3x FY21E P/E. We expect its ROE to shift from c20% in the past three years to c23% over FY21-23. Thus, we reiterate AEONTS as our top pick among unsecured loan operators with our GGM-based TP of THB274.

KEY STOCK DATA

YE Feb (THB m)	2020	2021E	2022E	2023E
Operating profit	4,673	5,757	6,634	7,496
Net profit	3,690	4,461	5,100	5,765
EPS (THB)	14.76	17.85	20.40	23.06
vs Consensus (%)	-	17.0	23.9	22.1
Core net profit	3,690	4,461	5,100	5,765
Core EPS (THB)	14.76	17.85	20.40	23.06
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(7.2)	20.9	14.3	13.0
Core P/E (x)	13.7	11.3	9.9	8.8
Dividend yield (%)	2.2	2.7	3.0	3.4
Price/book (x)	3.0	2.5	2.1	1.8
ROE (%)	19.5	24.0	23.2	22.4
ROA (%)	4.0	5.1	5.5	5.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.8	(0.5)	95.2
Relative to country (%)	8.0	0.1	52.9
Mkt cap (USD m)	1,533		
3m avg. daily turnover (USD m)	5.8		
Free float (%)	21		
Major shareholder	AEON Group (44%)		
12m high/low (THB)	276.00/97.25		
Issued shares (m)	250		

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman Of The Board of Finansia Syrus Securities PCL is also AEONTS's Director.

Investment thesis

AEONTS is one of Thailand's largest non-bank consumer finance companies, with expertise in unsecured lending. Its market share in the credit card and personal loan segments appears sustainable, and has ranged between 9-11% in recent years.

AEONTS' strengths are a nationwide branch network and well-established risk management practices, together with support from its Japan-based parent.

We expect its FY21 net profit to surge by 21% y-y, vs a drop of 7% y-y in FY20, due to an expected credit loss (ECL) reduction, an increase in its loan volume and a lower cost to income ratio. Moreover, we believe there is room for its share price to rerate due to its FY21E ROE, which could be the strongest in the past six years at 24%. Therefore, we maintain our BUY call.

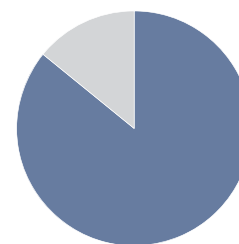
Company profile

The company's business is providing a variety of retail finance services, including credit cards, personal loans, hire-purchase loans and others.

www.aeon.co.th

Principal activities (revenue, 2020)

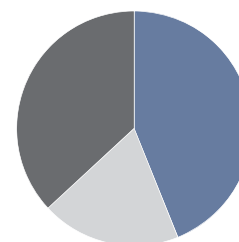
- Net interest income - 85.9 %
- Non-interest income - 14.1 %



Source: Aeon Thana Sinsap (Thailand)

Major shareholders

- AEON Group - 43.9 %
- ACS Capital Corporation - 19.2 %
- Others - 36.9 %



Source: Aeon Thana Sinsap (Thailand)

Catalysts

Potential share price catalysts for AEONTS include: 1) lower credit cost from better-than-expected non-performing loans; 2) the recovery of personal loan growth; and 3) a significant increase in its new business, digital loans.

Risks to our call

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.

Event calendar

Date	Event
Oct 2021	2QFY21 results announcement

Key assumptions

Year to Feb	FY21E (%)	FY22E (%)	FY23E (%)
Net profit (THB m)	4,461	5,100	5,765
Net profit growth	20.9	14.3	13.0
NIM	18.28	18.46	18.64
Loan growth	7.4	10.5	9.7
Fee growth	15.0	3.8	3.8
Non-NII growth*	8.8	2.1	4.2
Credit cost (bps)	600	620	635
Cost to income	42.7	40.0	38.5

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

Year to Feb		FY21E		
Loan growth	±2ppt	5.4	7.4	9.4
% change in net profit		(3)	-	3
NIM (%)	±5bp	18.23	18.28	18.33
% change in net profit		(1.4)	-	1.4
Credit cost (bps)	±10bp	590	600	610
% change in net profit		1.3	-	(1.3)

Source: FSSIA estimates

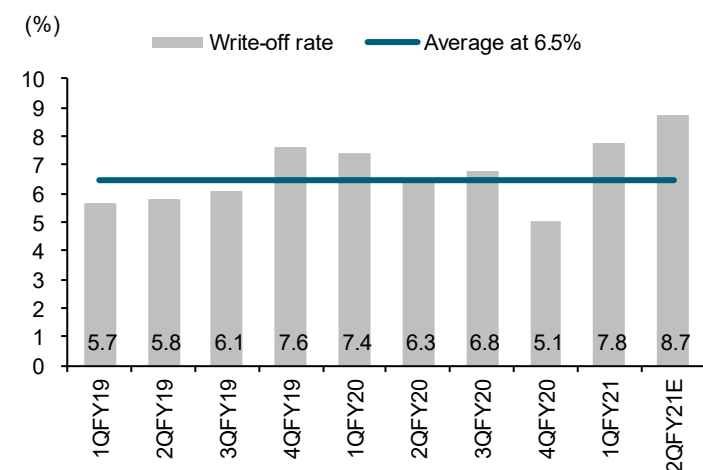
Expect 2QFY21 net profit to slightly drop q-q, but still rise y-y

We expect AEONTS to deliver a 2QFY21 (Jun to Aug-21) net profit of THB1.1b (+14% y-y, -4% q-q). We expect the decline in its earnings to come from 1) a projected higher credit cost to 700bps in 2QFY21 from 563bps in 1QFY21, as AEONTS has accelerated its write-off process; and 2) a slightly weaker NII due to the stable loan growth on the prolonged Covid pandemic. However, we expect its 2QFY21 earnings to rise by 14% y-y, driven by a gain from non-performing loan (NPL) sales totalling THB310m and a slight decline in its provisions. These could totally offset the decline in its NIM as a result of the lower interest rate ceiling since Aug-20. 1HFY21E net profit accounts for 50% of our FY21 earnings forecast of THB4.5b.

2QFY21E key highlights

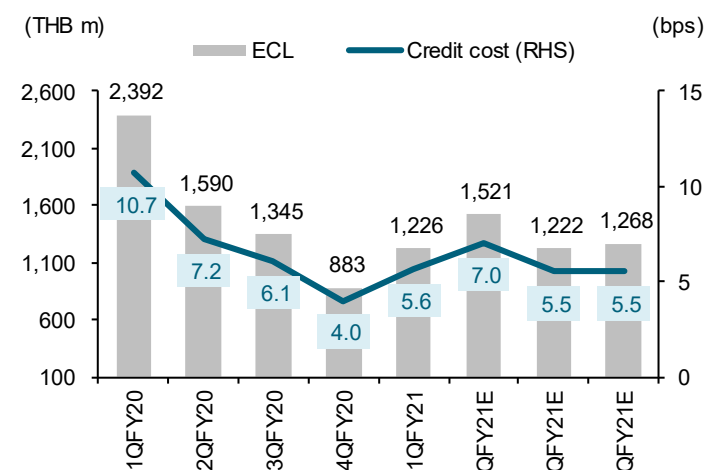
- We estimate its total loan volume to increase immaterially by 0.5% q-q. The company's new lending, personal loans in particular, improved significantly in Jun-21 as AEONTS gradually increased the credit limit to 2x for some customers with salaries below THB30k per month. However, in July to Aug-21, its new lending posted weaker performance due to the prolonged Covid pandemic. We think AEONTS will aggressively increase its new lending in 2HFY21 once the economy reopens by applying the 2x credit limit increase to more customers in the same sub-THB30k salary bracket.
- We expect its non-NII to rise strongly as AEONTS sold NPLs totalling THB3b in 2QFY21 (vs normal sales in 2H) at a very good price, as there was an asset management newcomer that auctioned its NPLs, according to management. Thus, we expect the company to book a THB310m gain from this sale. Moreover, its bad debt recovery could continue to increase y-y and q-q thanks to its efficient debt collection process.
- We estimate its 2QFY21 credit cost to be 700bps due to 1) an increase in its NPL write-off process; and 2) a special provision for the pandemic. This could be the peak credit cost for the year. We believe it would decline in the following quarters.
- We expect its NPLs to decline by 5% q-q, implying an NPL ratio of 5.4% vs 5.7% in 1QFY21, as we expect AEONTS will accelerate its write-off process. Although this would lead to a surge in its credit cost, this could be minimised by the potential gain from selling NPLs.
- For its international presence, we expect a loss from Cambodia due to the lockdown measures. Regarding Myanmar, since the coup, AEONTS has not been able to lend new loans there. As a result, its Myanmar portfolio has declined continuously to THB400m. According to management, the company might need to temporarily close its operations there. However, it has fully set aside provisions since 1QFY21. Accordingly, there would be no extra provisions for Myanmar.

Exhibit 1: Expected increase in its write-off rate



Source: FSSIA estimates

Exhibit 2: ECL and credit cost



Source: FSSIA estimates

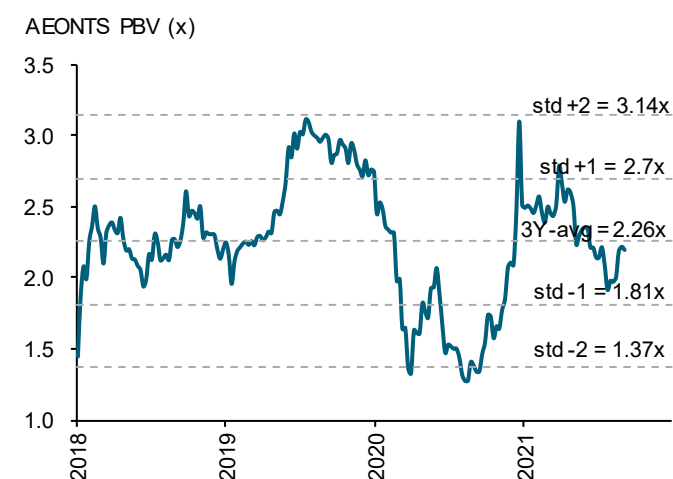
Exhibit 3: AEONTS - 2QFY21E/1HFY21E earnings preview ending 31 Aug 2021

Year-end Feb 28	2QFY20	1QFY21	2QFY21E			1HFY21E			FY21E		2QFY21E comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%21E	(THB m)	(y-y %)	
Net interest income	4,212	3,981	3,907	(7)	(2)	7,888	(9)	24	16,579	1	Interest rate ceiling and prolonged pandemic impacts
Non-interest income*	613	607	894	46	47	1,501	26	21	2,925	9	Strong bad debt recovery and Gain from NPL sales
Operating income*	4,825	4,588	4,801	(0)	5	9,389	(5)	24	19,504	2	
Operating expenses	2,019	1,923	1,922	(5)	(0)	3,844	(6)	23	8,332	0	
PPOP before tax*	2,805	2,665	2,880	3	8	5,545	(4)	24	11,171	3	
Expected credit loss	1,590	1,226	1,521	(4)	24	2,747	(31)	23	5,441	(12)	One-off ECL
Income tax	286	355	272	(5)	(24)	627	43	31	1,146	19	
Minority interest	(37)	(66)	(15)	(60)	(77)	(81)			123		
Normalised profit	966	1,149	1,102	14	(4)	2,252	50	26	4,461	21	
Extraordinary items											
Net profit	966	1,149	1,102	14	(4)	2,252	50	26	4,461	21	
EPS (THB)	3.87	4.60	4.41	14	(4)	9.01	50	26	17.85	21	
Asset quality ratio											
NPLs (THB m)	3,412	4,951	4,703	38	(5)				5,042	0	
NPLs/Loans (%)	3.88	5.71	5.40						5.37		
LLR/NPLs (%)	351	225	229						217		
Credit cost (bps)	721	563	700						600		
Profitability ratio (%)											
Cost to income ratio*	41.9	41.9	40.0						42.7		
Average yield	21.6	20.4	20.1						20.4		
Cost of fund	3.4	2.9	2.9						3.0		
NIM	19.1	18.3	18.0						18.3		
Non-int inc/total income	12.7	13.2	18.6						15.0		
Loan growth (%)											
y-y	1.0	(2.0)	(1.0)						7.4		
q-q	(0.5)	(0.8)	0.5								

*Including share of profits from associates

Sources: AEONTS; FSSIA estimates

Exhibit 4: AEONTS – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 5: AEONTS – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Key valuations of companies under coverage

	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)
Diversified financials						23,633	10.1	17.0	21.5	18.3	14.4	14.9	2.8	2.5
Unsecured-loan lender						6,504	23.8	15.0	19.2	16.7	25.6	25.0	4.5	3.9
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	202.00	274.00	36	1,533	20.9	14.3	11.3	9.9	24.0	23.2	2.5	2.1
Krungthai Card	KTC TB	HOLD	63.50	73.00	15	4,971	25.8	15.4	24.4	21.1	26.9	26.3	6.0	5.2
Auto-title lender						10,250	6.6	21.5	23.9	19.7	20.6	20.7	4.4	3.8
Muangthai Capital	MTC TB	BUY	63.00	67.00	6	4,055	3.1	23.5	24.9	20.1	23.4	23.8	5.3	4.4
Srisawad Corp	SAWAD TB	BUY	70.00	86.00	23	2,918	7.1	18.6	19.7	16.6	20.7	22.1	3.9	3.5
Saksiam Leasing	SAK TB	BUY	8.90	12.20	37	566	(17.3)	40.0	30.6	21.8	12.9	16.3	3.8	3.4
Ngern Tid Lor	TIDLOR TB	BUY	38.50	47.00	22	2,711	22.0	19.5	27.5	23.0	18.7	16.4	3.9	3.5
Truck lender						1,598	(10.3)	3.7	19.7	19.0	14.6	13.5	2.5	2.2
Micro Leasing	MICRO TB	BUY	8.10	10.70	32	230	23.1	33.5	37.2	27.9	10.8	13.2	3.9	3.5
Singer Thailand	SINGER TB	BUY	42.50	51.00	20	643	24.8	2.4	31.3	30.5	13.0	9.8	2.8	2.2
Ratchthani Leasing	THANI TB	BUY	4.22	5.20	23	726	(20.9)	15.8	13.3	11.5	16.0	17.0	2.0	1.9
Asset management						3,835	9.7	31.4	34.6	26.4	6.9	8.3	2.2	2.0
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.50	19.40	5	1,815	13.5	37.8	28.6	20.8	4.8	6.2	1.3	1.3
Chayo Group	CHAYO TB	BUY	12.70	18.80	48	368	18.5	39.6	49.5	35.5	12.8	11.7	4.4	3.6
JMT Network Services	JMT TB	BUY	48.75	57.00	17	1,652	7.8	29.1	41.4	32.0	18.7	13.9	6.5	3.0
Other						1,106	8.1	11.6	8.8	7.9	6.4	6.8	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	34.75	35.00	1	1,106	8.1	11.6	8.8	7.9	6.4	6.8	0.6	0.5
Hire purchase motorcycle						339	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	339	55.9	33.4	35.5	26.6	17.4	19.8	5.7	4.9

Share prices as of 14 Sep 2021

Source: FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2019	2020	2021E	2022E	2023E
Interest Income	20,348	18,587	18,462	20,285	22,586
Interest expense	(2,209)	(2,096)	(1,883)	(2,027)	(2,299)
Net interest income	18,139	16,491	16,579	18,257	20,286
Net fees & commission	268	246	283	293	305
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	531	510	536	563	591
Other income	2,154	1,959	2,133	2,158	2,246
Non interest income	2,953	2,715	2,952	3,014	3,141
Total income	21,091	19,206	19,530	21,272	23,428
Staff costs	(9,091)	(8,144)	(8,144)	(8,307)	(8,805)
Other operating costs	(198)	(180)	(189)	(200)	(215)
Operating costs	(9,289)	(8,323)	(8,332)	(8,507)	(9,020)
Pre provision operating profit	11,802	10,882	11,198	12,765	14,408
Provision for bad and doubtful debt	(6,646)	(6,210)	(5,441)	(6,131)	(6,912)
Other provisions	-	-	-	-	-
Operating profit	5,156	4,673	5,757	6,634	7,496
Recurring non operating income	(13)	(25)	(27)	(28)	(29)
Associates	(13)	(25)	(27)	(28)	(29)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	5,143	4,647	5,730	6,606	7,467
Tax	(1,024)	(967)	(1,146)	(1,321)	(1,493)
Profit after tax	4,120	3,680	4,584	5,285	5,974
Minority interests	(145)	10	(123)	(185)	(209)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,975	3,690	4,461	5,100	5,765
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,975	3,690	4,461	5,100	5,765
Per share (THB)					
Recurring EPS *	15.90	14.76	17.85	20.40	23.06
Reported EPS	15.90	14.76	17.85	20.40	23.06
DPS	5.00	4.50	5.35	6.12	6.92
Growth					
Net interest income (%)	10.1	(9.1)	0.5	10.1	11.1
Non interest income (%)	47.8	(8.1)	8.7	2.1	4.2
Pre provision operating profit (%)	21.5	(7.8)	2.9	14.0	12.9
Operating profit (%)	16.4	(9.4)	23.2	15.2	13.0
Reported net profit (%)	13.4	(7.2)	20.9	14.3	13.0
Recurring EPS (%)	13.4	(7.2)	20.9	14.3	13.0
Reported EPS (%)	13.4	(7.2)	20.9	14.3	13.0
Income Breakdown					
Net interest income (%)	86.0	85.9	84.9	85.8	86.6
Net fees & commission (%)	1.3	1.3	1.4	1.4	1.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	2.5	2.7	2.7	2.6	2.5
Other income (%)	10.2	10.2	10.9	10.1	9.6
Operating performance					
Gross interest yield (%)	23.56	20.92	20.36	20.51	20.75
Cost of funds (%)	3.32	3.18	3.00	3.05	3.19
Net interest spread (%)	20.24	17.74	17.36	17.46	17.56
Net interest margin (%)	21.0	18.6	18.3	18.5	18.6
Cost/income(%)	44.0	43.3	42.7	40.0	38.5
Cost/assets(%)	10.2	9.1	9.3	8.8	8.5
Effective tax rate (%)	19.9	20.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	31.4	30.5	30.0	30.0	30.0
ROE (%)	20.5	19.5	24.0	23.2	22.4
ROE - COE (%)	9.7	8.7	13.2	12.4	11.6
ROA (%)	4.5	4.0	5.1	5.5	5.6
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2019	2020	2021E	2022E	2023E
Gross customer loans	90,231	87,432	93,930	103,831	113,854
Total provisions	(3,961)	(11,593)	(10,929)	(10,622)	(10,930)
interest in suspense	0	0	0	0	0
Net customer loans	86,270	75,839	83,002	93,209	102,925
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	4,994	5,105	4,328	4,271	3,381
Other interesting assets	-	-	-	-	-
Tangible fixed assets	885	793	711	637	571
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	3,247	5,651	3,282	4,217	4,100
Total assets	95,396	87,389	91,323	102,335	110,976
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	69,259	62,626	62,940	69,985	74,175
Non interest bearing liabilities	5,012	7,383	7,752	8,139	8,546
Hybrid Capital	-	-	-	-	-
Total liabilities	74,271	70,009	70,691	78,124	82,722
Share capital	250	250	250	250	250
Reserves	20,478	16,808	19,931	23,501	27,536
Total equity	20,728	17,058	20,181	23,751	27,786
Minority interests	397	322	451	460	469
Total liabilities & equity	95,396	87,389	91,323	102,335	110,976
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	86,371	88,832	90,681	98,880	108,843
Average interest bearing liabilities	66,458	65,942	62,783	66,462	72,080
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)	3,316	5,042	5,042	5,294	5,559
Per share (THB)					
Book value per share	82.91	68.23	80.72	95.00	111.14
Tangible book value per share	82.91	68.23	80.72	95.00	111.14
Growth					
Gross customer loans	9.4	(3.1)	7.4	10.5	9.7
Average interest earning assets	9.1	2.8	2.1	9.0	10.1
Total asset (%)	9.5	(8.4)	4.5	12.1	8.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	21.7	19.5	22.1	23.2	25.0
Tangible equity/assets (%)	21.7	19.5	22.1	23.2	25.0
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	45.3	52.1	-	5.0	5.0
NPL/gross loans (%)	3.7	5.8	5.4	5.1	4.9
Total provisions/gross loans (%)	4.4	13.3	11.6	9.3	9.6
Total provisions/NPL (%)	119.5	229.9	216.7	200.6	196.6
Valuation					
Recurring P/E (x) *	12.7	13.7	11.3	9.9	8.8
Recurring P/E @ target price (x) *	17.2	18.6	15.4	13.4	11.9
Reported P/E (x)	12.7	13.7	11.3	9.9	8.8
Dividend yield (%)	2.5	2.2	2.7	3.0	3.4
Price/book (x)	2.4	3.0	2.5	2.1	1.8
Price/tangible book (x)	2.4	3.0	2.5	2.1	1.8
Price/tangible book @ target price (x)	3.3	4.0	3.4	2.9	2.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	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	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	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	WIIK	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

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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Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 202.00	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 63.50	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 63.00	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.
Srisawad Corp	SAWAD TB	THB 70.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand.
Saksiam Leasing	SAK TB	THB 8.90	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 38.50	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 8.10	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 42.50	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 4.22	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 18.50	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 12.70	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 48.75	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 34.75	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 Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 14-Sep-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.