

5 NOVEMBER 2021

THAILAND / ASSET MANAGEMENT COMPANIES

CHAYO GROUP CHAYO TB

BUY

UNCHANGED

TARGET PRICE	THB18.80
CLOSE	THB11.70
UP/DOWNSIDE	+60.7%
PRIOR TP	THB18.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+14.1%

Getting back on track

Record high net profit expected in 3Q21

We expect CHAYO to post a record high 3Q21 net profit of THB68m (+113% y-y, +95% q-q), driven mainly by the NPA business. According to management, the company was able to sell a big-value NPA, valued at more than THB100m. We expect pre-tax profit from the NPA side of THB50m. The solid NPA business should outweigh the softening NPL business. The company was not able to complete any NPL deals in 3Q21 due to the two-month closure of the LED. Also, the cash collection from unsecured NPLs should be lower q-q due to the Covid-19 pandemic. Regarding other businesses (c8% of total revenue), we see a gradual improvement in revenue due mainly to its lending business.

Strong NPA sales to outweigh soft NPL business in 3Q21

We expect CHAYO's NPL cash collection in 3Q21 to be relatively stable q-q at THB50m. The ability of some clients to repay loans slightly deteriorated due to the lockdown impact. However, the company sold a big-value NPA. Thus, we expect strong total cash collection of THB161m (+209% y-y, +95% q-q).

More aggressive loan business expansion

CHAYO's lending business revenue accounted for 1% of its total revenue, with its outstanding loan portfolio at THB64m as of 2Q21. Management said it expanded this business more aggressively in 3Q21, with expected outstanding loans of more than THB130m. It intends to lend secured loans to the small SME segment, with a 15% interest rate charge and less than 50% loan-to-value. The average ticket size would be cTHB20m. In the longer run, the company aims to have an IPO for this business. However, we read this as neutral in the short term. We think the revenue contribution from this business will still be small at less than 5% next year.

Maintain BUY with 2022 GGM-based TP of THB18.8

After a 35% drop in its share price from its peak in May 2021 due to the disappointing 2Q and prolonged Covid outbreak, we think its valuation looks interesting, trading at 0.8x 2022E PEG. We also believe CHAYO has distinct advantages over its competitors. These include 1) a hybrid portfolio of unsecured and secured distressed assets – a well-balanced portfolio that should provide sustainable growth in the long term; and 2) a smaller asset size than its peers, giving it greater operational flexibility.

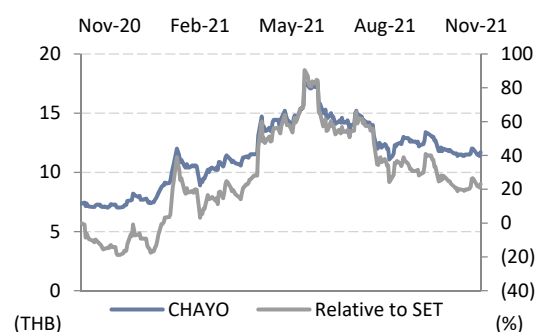


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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	195	335	550	719
Net profit	155	251	388	509
EPS (THB)	0.22	0.26	0.36	0.43
vs Consensus (%)	-	6.1	2.9	16.2
Core net profit	155	251	388	509
Core EPS (THB)	0.22	0.26	0.36	0.43
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	22.7	18.5	39.6	19.4
Core P/E (x)	54.1	45.6	32.7	27.4
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/book (x)	7.4	4.1	3.3	2.6
ROE (%)	14.7	12.8	11.7	10.9
ROA (%)	6.7	6.3	6.8	6.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.7)	(6.4)	57.0
Relative to country (%)	(2.4)	(11.0)	18.0
Mkt cap (USD m)	337		
3m avg. daily turnover (USD m)	2.3		
Free float (%)	21		
Major shareholder	Yasasin Family (48%)		
12m high/low (THB)	18.20/6.84		
Issued shares (m)	0		

Sources: Bloomberg consensus; FSSIA estimates

Investment thesis

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

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

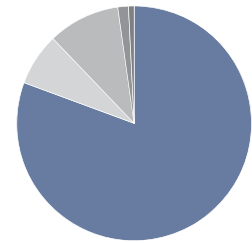
Company profile

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

www.chayo555.com

Principal activities (revenue, 2020)

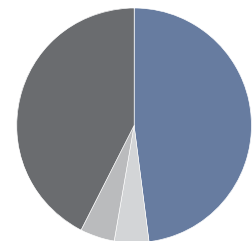
- NPLs management - 80.6 %
- NPAs management - 7.2 %
- Debt collection - 9.9 %
- Loan business - 1.5 %
- Other income - 0.8 %



Source: Chayo Group

Major shareholders

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



Source: Chayo Group

Catalysts

Potential catalysts to drive CHAYO's share price include:

- 1) The significant purchase of non-performing loans (NPLs);
- 2) The sale of big-value assets in the range of THB100m-150m.

Risks to our call

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

Event calendar

Date	Event
Mid Nov 2021	3Q21 results announcement

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

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

Source: FSSIA estimates

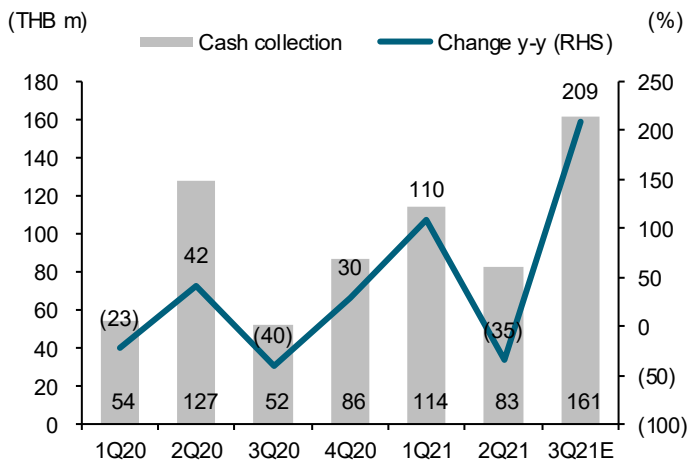
Record high 3Q21 net profit expected

We expect CHAYO to post a record high 3Q21 net profit of THB68m (+113% y-y, +95% q-q), driven mainly by the non-performing asset (NPA) business. According to management, the company was able to sell a big-value NPA, valued at more than THB100m. We expect pre-tax profit from the NPA side of THB50m. The solid NPA business should outweigh the softening non-performing loan (NPL) business, both secured and unsecured NPLs. The company was not able to complete any NPL deals in 3Q21 due to the two-month closure of the Legal Execution Department (LED). Also, the cash collection from unsecured NPLs should be lower q-q due to the weaker repayment ability of clients affected by the Covid-19 pandemic. Regarding other businesses (c8% of total revenue), we see a gradual improvement in revenue due mainly to its lending business.

Key highlights

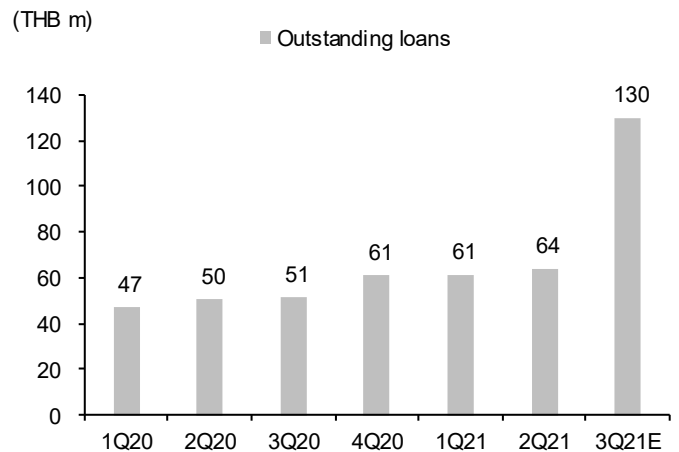
- We expect CHAYO’s NPL cash collection in 3Q21 to be relatively stable q-q at THB50m. The ability of some clients to repay loans slightly deteriorated due to the lockdown impact. However, the company sold a big-value NPA. Thus, we expect strong total cash collection of THB161m (+209% y-y, +95% q-q).
- According to its reported NPL acquisitions in 3Q21, CHAYO purchased only secured NPLs for a total claim value of THB229m in 3Q21 vs THB653m in 2Q21. The company aims to acquire NPLs more aggressively in 4Q21. Its 2021 total NPL acquisition target (CHAYO and CHAYO JV) is THB2b-2.5b vs our current forecast of THB1.7b. Its 9M21E NPLs should amount to cTHB500m. Thus, we see a slight to moderate downside risk to its NPL purchases. However, if the company can increase its NPL purchases early next year, we see no material downside to our bottom-line forecasts.
- We expect its outstanding loan portfolio to be at THB130m in 3Q21 vs THB64m in 2Q21. CHAYO aggressively lent to the small SME segment.

Exhibit 1: Expect highest cash collection in 3Q21



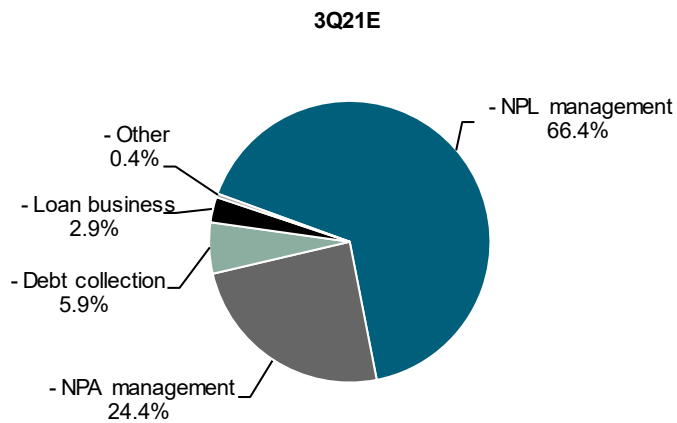
Sources: CHAYO; FSSIA estimates

Exhibit 2: Aggressive loan expansion in 3Q21



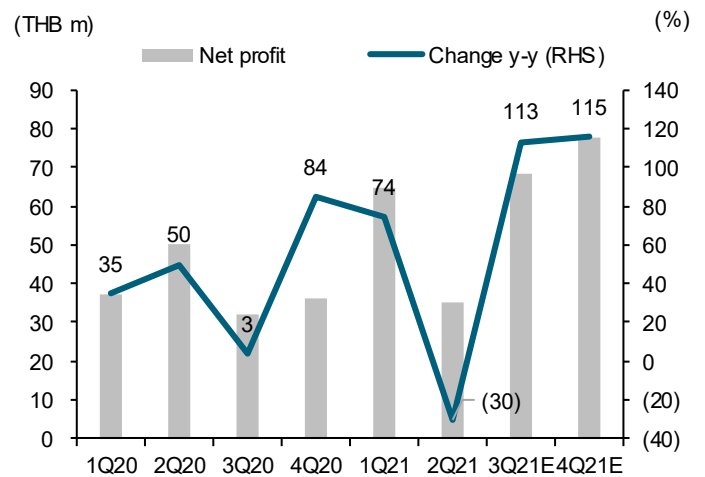
Sources: CHAYO; FSSIA estimates

Exhibit 3: 3Q21E revenue breakdown



Sources: CHAYO; FSSIA estimates

Exhibit 4: Quarterly net profit



Sources: CHAYO; FSSIA estimates

Exhibit 5: CHAYO – 3Q21E results preview

	3Q20	2Q21	3Q21E			9M21E			2021E	3Q21E Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	%21E	(THB m)	
Interest income										
- Interest income from NPLs	105	144	136	30	(6)	442	45	72	617	
Total interest income	106	146	142	34	(3)	452	46	70	642	
Interest expense	13	25	17	27	(32)	68	107	79	87	
Net interest income	93	121	125	34	3	384	38	69	556	
Non-interest income										
- Gain on properties for sale	0	9	50	na	461	59	145	84	70	Big-value NPA sale
- Service income from debt collection services	12	10	12	(3)	15	34	(13)	56	61	
- Others	3	1	1	(71)	(46)	5	16	26	19	
Total non-interest income	15	21	63	322	204	98	45	65	151	
Total operating income	108	141	188	74	33	483	40	68	706	
Operating expenses	46	54	55	20	3	160	18	64	250	
Pre provision operating profit	62	88	132	114	51	323	53	71	456	
Expected credit loss	21	54	47	129	(12)	122	99	101	121	
Operating profit	41	34	85	107	149	201	34	60	335	
Income tax expenses	10	(1)	17	79	nm	33	5	49	67	
Profit before minority interest	32	35	68	115	94	168	42	63	268	
Minority	(0)	0	0	nm	nm	1	nm	nm	17	
Normalised profit	32	35	68	113	95	168	41	67	251	
Extra items	0	0	0	nm	nm	0	nm	nm	0	
Net profit	32	35	68	113	95	168	41	67	251	
Key financial highlights										
Gross NPL outstanding	1,232	1,833	1,882	53	3				3,182	
Gross NPA outstanding	122	399	445	265	11				200	
NPL & NPA purchases	181	392	110	(39)	(72)				1,701	
NPL & NPA cash collection	52	83	161	209	95	358	53	78	458	Slow NPL sales activities, but strong NPA business
Cash collection/NPL & NPA (%)	16.5	16.1	28.3						17.8	
Key financial ratio										
Liabilities / equity (x)	0.9	0.5	0.3						0.6	
Interest-bearing debt/equity (x)	0.8	0.4	0.3						0.6	
ROA (%)	6.7	3.5	5.9						5.9	
ROE (%)	11.9	6.8	9.3						12.8	
Cost of funds (%)	7.3	8.6	6.5						4.8	
Cost to income (%)	42.7	37.9	29.4						35.4	

Sources: CHAYO; FSSIA estimates

Exhibit 6: NPL acquisition summary, 2018-19

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

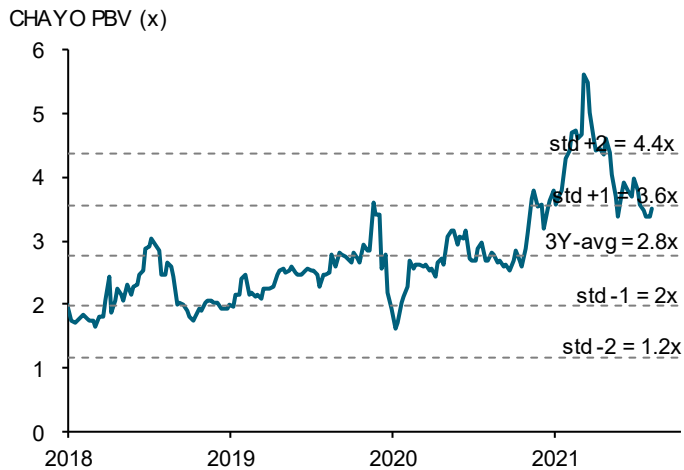
Sources: CHAYO; FSSIA's compilation

Exhibit 7: NPL acquisition summary, 2020-21 to date

No.	Winning date	Claim value (THB m)	Collateral
2020			
1	23-Apr-20	46	Land & Building - Sukhumvit
2	23-Apr-20	63	Land & Building - Sukhumvit
3	8-Jun-20	147	Land & Building - Samrong Nuea
4	23-Jun-20	293	Land & Building - Pathumthani
5	7-Jul-20	158	Land & Building - Samuthprakan
6	24-Aug-20	320	Unsecured loan (motorcycle)
7	27-Aug-20	149	Land & Building - Chiangrai
8	28-Aug-20	1,580	Unsecured loan (motorcycle)
9	18-Sep-20	6	Single detached house - Watcharaphol
10	24-Sep-20	126	Land & Building - Chatuchak
11	28-Sep-20	58	Land & Building - Donmuang
12	7-Oct-20	66	Single detached house - Bangkok
13	27-Oct-20	51	Land & Building - Chonburi
14	30-Oct-20	369	Land Chachangsao and Rayong
15	13-Nov-20	979	Unsecured loans (motorcycles)
16	20-Nov-20	3,692	Unsecured loans (cars)
17	16-Nov-20	646	Land & Building - Pathum Thani and Chatujak
18	16-Nov-20	316	Land & Building - Minburi
19	16-Nov-20	162	Land & Building - Chiang Mai
20	23-Dec-20	6,289	Unsecured loans
Sub-total		15,517	
2021			
1	9-Feb-21	22	Land & Building - Chiang Mai
2	17-Mar-21	1,364	Unsecured loan (loss on sales)
3	23-Mar-21	241	Land & Building - Chiang Mai & Chiang Rai
4	29-Mar-21	61	Motorcycle, P-loan and Nanofinance
5	27-May-21	65	Land & Building - Charansanitwong
6	25-May-21	123	Vacant land at Sriracha and Phuket
7	10-Jun-21	465	Land & Building - southern part
8	29-Sep-21	229	Apartment in Samutprakarn and land in Petchburi
Sub-total		2,571	

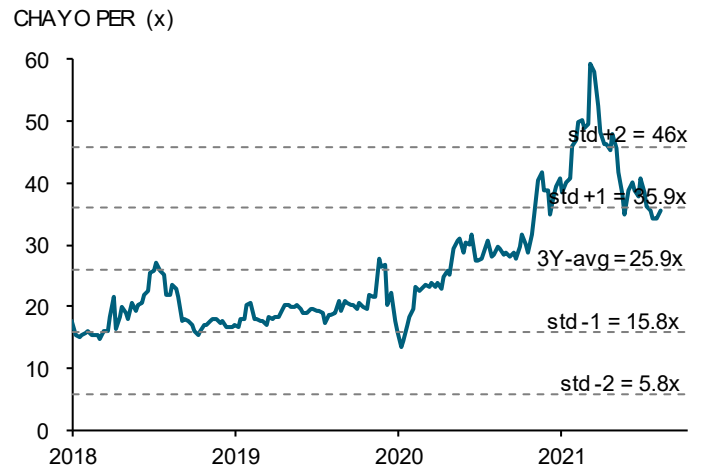
Sources: CHAYO; FSSIA's compilation

Exhibit 8: CHAYO – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 9: CHAYO – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 10: 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)
Diversified financials						22,451	11.6	21.9	24.3	19.9	18.9	18.6	4.1	3.3
Unsecured-loan lenders						5,967	14.3	13.1	21.4	19.0	24.0	23.4	4.8	4.2
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	197.00	204.00	4	1,474	7.5	13.9	12.4	10.9	21.5	21.1	2.5	2.1
Krungthai Card	KTC TB	HOLD	58.25	52.00	(11)	4,494	15.4	13.0	24.4	21.6	24.8	24.1	5.6	4.9
Auto-title lenders						9,804	7.8	23.4	23.9	19.4	20.8	21.2	4.4	3.8
Muangthai Capital	MTC TB	BUY	64.00	71.00	11	4,059	3.1	26.6	25.2	19.9	23.4	24.3	5.4	4.4
Srisawad Corp	SAWAD TB	BUY	64.75	80.00	24	2,660	4.2	20.6	18.7	15.5	20.2	22.0	3.6	3.2
Saksiam Leasing	SAK TB	BUY	8.25	11.00	33	517	(19.5)	39.1	29.1	20.9	12.6	15.9	3.5	3.1
Ngern Tid Lor	TIDLOR TB	BUY	37.00	43.00	16	2,567	23.8	17.8	26.1	22.1	18.9	16.4	3.8	3.4
Truck lenders						1,543	12.1	11.8	22.7	20.3	14.1	13.6	2.8	2.2
Micro Leasing	MICRO TB	BUY	7.85	10.70	36	220	23.1	33.5	36.0	27.0	10.8	13.2	3.8	3.4
Singer Thailand	SINGER TB	BUY	39.50	51.00	29	608	24.8	2.4	29.1	28.4	13.0	9.8	3.2	2.1
Ratchthani Leasing	THANI TB	BUY	4.22	5.20	23	715	(20.9)	15.8	13.3	11.5	16.0	17.0	2.0	1.9
Asset management						3,774	14.1	32.8	34.6	26.1	11.6	10.1	3.7	2.2
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.90	22.00	16	1,828	20.9	35.8	27.5	20.2	5.1	6.5	1.3	1.3
Chayo Group	CHAYO TB	BUY	11.70	18.80	61	337	18.5	39.6	45.6	32.7	12.8	11.7	4.1	3.3
JMT Network Services	JMT TB	BUY	47.75	57.00	19	1,609	7.8	29.1	40.5	31.4	18.7	13.9	6.4	2.9
Other						1,122	8.1	11.6	9.1	8.2	6.4	6.8	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	35.75	35.00	(2)	1,122	8.1	11.6	9.1	8.2	6.4	6.8	0.6	0.5
Hire purchase motorcycle						242	55.9	33.4	25.8	19.3	17.4	19.8	4.2	3.5
Next Capital	NCAP TB	BUY	9.00	16.80	87	242	55.9	33.4	25.8	19.3	17.4	19.8	4.2	3.5

Share prices as of 4 Nov 2021

Sources: Bloomberg; FSSIA estimates

Financial Statements

Chayo Group

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

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	1,131	1,573	3,182	4,311	5,076
Total provisions	(9)	(90)	(211)	(354)	(532)
interest in suspense	0	210	414	474	558
Net customer loans	1,122	1,693	3,384	4,431	5,103
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	101	2	944	1,321	1,850
Cash & equivalents	360	708	765	893	1,856
Other interesting assets	145	328	431	512	623
Tangible fixed assets	31	33	34	36	38
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	66	47	113	147	193
Total assets	1,825	2,811	5,672	7,340	9,662
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	575	1,570	2,073	2,612	3,265
Non interest bearing liabilities	247	94	103	114	125
Hybrid Capital	-	-	-	-	-
Total liabilities	823	1,664	2,176	2,725	3,390
Share capital	315	353	516	571	624
Reserves	672	778	2,280	3,292	4,831
Total equity	987	1,130	2,796	3,863	5,455
Minority interests	15	16	700	751	818
Total liabilities & equity	1,825	2,811	5,672	7,340	9,662
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	303	1,073	1,822	2,342	2,938
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	1.57	1.58	2.86	3.56	4.58
Tangible book value per share	1.57	1.58	2.86	3.56	4.58
Growth					
Gross customer loans	87.5	39.0	102.3	35.5	17.8
Average interest earning assets	-	-	-	-	-
Total asset (%)	120.2	54.0	101.8	29.4	31.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	54.1	40.2	49.3	52.6	56.5
Tangible equity/assets (%)	54.1	40.2	49.3	52.6	56.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	0.8	5.7	6.6	7.0	10.5
Total provisions/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	66.4	54.1	45.6	32.7	27.4
Recurring P/E @ target price (x) *	106.7	86.9	73.3	52.5	44.0
Reported P/E (x)	66.4	54.1	45.6	32.7	27.4
Dividend yield (%)	0.3	0.0	0.0	0.0	0.0
Price/book (x)	7.5	7.4	4.1	3.3	2.6
Price/tangible book (x)	7.5	7.4	4.1	3.3	2.6
Price/tangible book @ target price (x)	12.0	11.9	6.6	5.3	4.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	AMANAH	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	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	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
Chayo Group	CHAYO TB	THB 11.70	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 197.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 58.25	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected growth for KTB Leasing; 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 64.00	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 and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 64.75	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 and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 8.25	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 7.85	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 39.50	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 18.90	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.
JMT Network Services	JMT TB	THB 47.75	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 35.75	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 9.00	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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 04-Nov-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.