

10 NOVEMBER 2021

THAILAND / DIVERSIFIED FINANCIALS

## NEXT CAPITAL NCAP TB

BUY  
UNCHANGED

|                 |           |
|-----------------|-----------|
| TARGET PRICE    | THB16.80  |
| CLOSE           | THB9.05   |
| UP/DOWNSIDE     | +85.6%    |
| PRIOR TP        | THB16.80  |
| CHANGE IN TP    | UNCHANGED |
| TP vs CONSENSUS | +12.2%    |

## รอดความชัดเจนในด้านระเบียบข้อบังคับ

## ผลประกอบการ 3Q21 ดีตามคาด

NCAP รายงานกำไรสุทธิ 3Q21 ในระดับที่ดี โดยอยู่ที่ 74 ลบ. (+8% y-y, -1% q-q) จาก 1) สินเชื่อที่โตอย่างมีนัยสำคัญถึง 26% y-y และ 9% q-q; และ 2) รายได้ค่าธรรมเนียมที่เพิ่มขึ้นตามปริมาณสินเชื่อที่สูงขึ้น แม้ว่ายอดขายรถยนต์ไฮบริดจะลดลง 20% y-y ใน 3Q21 จากปัญหาขาดแคลนชิป NCAP สามารถได้ส่วนแบ่งตลาดเพิ่มจากผู้เล่นในประเทศและผู้เล่นขนาดใหญ่จากการขยายธุรกิจตามยุทธศาสตร์ในด้านพื้นที่ให้บริการและการผสมผสานเทคโนโลยีเข้ากับการดำเนินงานและกระบวนการอนุมัติสินเชื่อในระดับที่สูงขึ้น ซึ่งทำให้ปริมาณสินเชื่อใหม่รายเดือนและระดับสูงเป็นประวัติการณ์ในเดือน ก.ย. 21 สินเชื่อต่อคุณภาพ (NPL) เพิ่มเป็น 78 ลบ. จาก 60 ลบ. ใน 2Q21 เราคิดว่าตัวเลขที่เพิ่มขึ้นเกิดจากช่วงการขยายธุรกิจอย่างรวดเร็ว นอกจากนี้สัดส่วนสำรองต่อหนี้ต่อคุณภาพ (Coverage Ratio) ยังอยู่ในระดับสูงถึง 366% ซึ่งทำให้เรารู้สึกสบายใจกับคุณภาพสินทรัพย์ของบริษัทฯ

## เพดานอัตราดอกเบี้ยที่ 15% ไม่น่าเป็นไปได้ แต่ยังไม่มียุทธศาสตร์ที่ชัดเจน

การทำประชาพิจารณ์เกี่ยวกับข้อบังคับใหม่สำหรับสัญญาเช่าซื้อ (HP) ที่จัดโดยสำนักงานคณะกรรมการคุ้มครองผู้บริโภคสิ้นสุดลงเมื่อวันที่ 7 พ.ย. 21 เราคงมุมมองของเราที่ว่าการลดเพดานอัตราดอกเบี้ยไปอยู่ที่ 15% ไม่สมเหตุสมผล เนื่องจากความเสี่ยงของสินเชื่อภายใต้สัญญาเช่าซื้อในกลุ่มรายย่อยที่มีรายได้ต่ำมีค่อนข้างสูง นอกจากนี้ในระหว่างการรับฟังความคิดเห็นในวันที่ 20 ต.ค. 21 สปท. สมาคมธุรกิจเช่าซื้อไทย และผู้ให้บริการสินเชื่อเช่าซื้อรายอื่น ๆ เห็นพ้องต้องกันว่าเพดานอัตราดอกเบี้ยที่ 15% อาจทำลายระบบสินเชื่อและการผลิตรถยนต์ในประเทศไทย ด้วยเหตุผลดังกล่าวเราเชื่อว่าเพดานอัตราดอกเบี้ยที่ 15% ไม่น่าจะเกิดขึ้น เราคิดว่าเพดานอัตราดอกเบี้ยที่เหมาะสมน่าจะอยู่ที่ 25-30% เมื่อพิจารณาจากเพดานอัตราดอกเบี้ยอ้างอิงสำหรับสินเชื่อประเภทอื่น ๆ เช่น สินเชื่อทะเบียนรถยนต์ที่ 24% และนาโนไฟแนนซ์ที่ 33% อย่างไรก็ตามยังไม่ประกาศอย่างเป็นทางการในเรื่องดังกล่าว

## ราคาสะท้อนข่าวร้ายไปแล้วบางส่วน แต่...

เราคิดว่าราคาหุ้นของ NCAP ที่ลดลงประมาณ 20% หลังเริ่มกระบวนการประชาพิจารณ์ได้สะท้อนผลกระทบเชิงลบจากความเป็นไปได้ในเรื่องเพดานอัตราดอกเบี้ยไปแล้วบางส่วน จากการวิเคราะห์ของเรา ผลตอบแทนสินเชื่อที่ลดลงทุก ๆ 1% โดยสมมติให้ตัวแปรอื่นคงที่ อาจให้ความเสี่ยงขาด 10% ต่อประมาณการกำไรสุทธิของเราในปัจจุบัน หมายเหตุสมมติฐานผลตอบแทนสินเชื่อของเราในปัจจุบัน (หักค่านายหน้าให้แก่วัสดุจำหน่าย) สำหรับ NCAP อยู่ที่ประมาณ 32.4%

## ... ราคาหุ้นมีแนวโน้มได้รับแรงกดดันต่อเนื่อง

แม้ว่า NCAP มีระดับการประเมินมูลค่าที่น่าสนใจ โดยหุ้นมีการซื้อขายที่ 19.4x ของค่า 2022E P/E และ 3.5x ของค่า 2022E P/BV เราคิดว่าราคาหุ้นยังจะได้รับแรงกดดันจนกว่าจะมีการประกาศนโยบายอย่างชัดเจน ด้วยเหตุผลดังกล่าวเราแนะนำให้นักลงทุนใช้วิธีรอดู

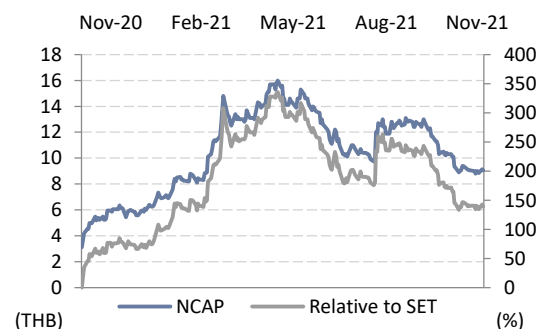


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## KEY STOCK DATA

| YE Dec (THB m)       | 2020 | 2021E | 2022E | 2023E |
|----------------------|------|-------|-------|-------|
| Operating profit     | 253  | 392   | 523   | 657   |
| Net profit           | 202  | 315   | 420   | 528   |
| EPS (THB)            | 0.22 | 0.35  | 0.47  | 0.59  |
| vs Consensus (%)     | -    | 2.9   | 6.8   | 11.3  |
| Core net profit      | 202  | 315   | 420   | 528   |
| Core EPS (THB)       | 0.22 | 0.35  | 0.47  | 0.59  |
| Chg. In EPS est. (%) | -    | -     | -     | -     |
| EPS growth (%)       | -    | 55.9  | 33.4  | 25.8  |
| Core P/E (x)         | 40.4 | 25.9  | 19.4  | 15.4  |
| Dividend yield (%)   | -    | 0.6   | 0.8   | 1.0   |
| Price/book (x)       | 4.9  | 4.2   | 3.5   | 3.0   |
| ROE (%)              | 14.8 | 17.4  | 19.8  | 20.9  |
| ROA (%)              | 4.6  | 6.3   | 6.8   | 6.5   |



| Share price performance        | 1 Month | 3 Month        | 12 Month   |
|--------------------------------|---------|----------------|------------|
| Absolute (%)                   | (12.1)  | (27.6)         | 195.8      |
| Relative to country (%)        | (11.7)  | (31.7)         | 133.1      |
| Mkt cap (USD m)                |         |                | 249        |
| 3m avg. daily turnover (USD m) |         |                | 2.8        |
| Free float (%)                 |         |                | 34         |
| Major shareholder              |         | COM7 PCL (34%) |            |
| 12m high/low (THB)             |         |                | 16.40/2.92 |
| Issued shares (m)              |         |                | 900        |

Sources: Bloomberg consensus; FSSIA estimates

## Investment thesis

NCAP is transitioning from local motorcycle captive financing to more fully equipped hire purchase lending in Thailand. It is aiming to compete for market share from both local and big operators, with the support of its major shareholders, COM7 (COM7 TB, not rated) and Synnex (Thailand) (SYNEX TB, not rated) and its new highly experienced management. We expect NCAP to deliver outstanding net profit growth at a 38% three-year CAGR from 2020-23, mainly supported by its total outstanding loan volume more than doubling from THB4b in 2020 to an estimated THB9b in 2023.

However, due to the uncertainty regarding HP regulations, we think its share price will continue to be pressured until a clear policy is announced. We recommend investors to wait and see.

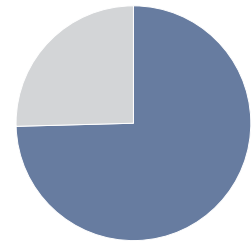
## Company profile

Next Capital was founded in 2004 by Mitsui Corporation. Currently, its major shareholders are COM7 (not rated) and SYNEX (not rated). The company specialises in providing hire purchase loans for new motorcycles. Loan durations are 3-4 years. Its main customers are underbanked/unbanked people.

[www.nextcapital.co.th](http://www.nextcapital.co.th)

## Principal activities (revenue, 2020)

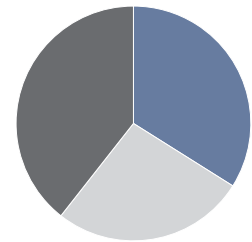
- Net interest income - 74.6 %
- Non-interest income - 25.4 %



Source: Next Capital

## Major shareholders

- COM7 PCL - 33.9 %
- Synnex (Thailand) - 26.7 %
- Others - 39.4 %



Source: Next Capital

## Catalysts

Potential share price catalysts for NCAP include: 1) the expansion into new businesses, e.g. personal loans and motorcycle title loans; and 2) clearer synergies with its major shareholders.

## Risks to our call

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.

## Event calendar

| Date          | Event                     |
|---------------|---------------------------|
| Late Feb 2022 | 4Q21 results announcement |

## Key assumptions

|                       | 2021E | 2022E | 2023E |
|-----------------------|-------|-------|-------|
|                       | (%)   | (%)   | (%)   |
| Net profit (THB m)    | 315   | 420   | 528   |
| Net profit growth (%) | 55.9  | 33.4  | 25.8  |
| NIM (%)               | 20.20 | 20.09 | 19.76 |
| Loan growth (%)       | 30.0  | 35.0  | 30.0  |
| Fee growth (%)        | 15.0  | 10.0  | 8.0   |
| Non-NII growth (%)*   | 36.5  | 10.0  | 9.3   |
| Credit cost (bp)      | 820   | 780   | 770   |
| Cost to income (%)*   | 40.1  | 38.2  | 36.7  |

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

|                        |       | 2021E |       |       |
|------------------------|-------|-------|-------|-------|
| Loan growth            | ±2ppt | 28.0  | 30.0  | 32.0  |
| % change in net profit |       | (2.0) | -     | 2.0   |
| NIM (%)                | ±5bp  | 20.15 | 20.20 | 20.25 |
| % change in net profit |       | (0.6) | -     | 0.6   |
| Credit cost (bp)       | ±10bp | 810   | 820   | 830   |
| % change in net profit |       | (1.2) | -     | 1.2   |
|                        |       |       |       |       |
|                        |       |       |       |       |

Source: FSSIA estimates



## Robust 3Q21 performance as expected

NCAP reported a solid 3Q21 net profit of THB74m (+8% y-y, -1% q-q), which was in line with our expectation. The outstanding 3Q21 net profit growth came mainly from 1) significant loan growth of 26% y-y and 9% q-q; and 2) an increase in its fee income following the higher loan volume. Although motorcycle sales declined 20% y-y in 3Q21 vs an increase of 19% y-y in 6M21 due to the chip supply shortage, NCAP was able to gain more market share from both local and big players thanks to the strategic expansion of its service areas and a deeper integration of technology in its operations and credit underwriting process. Thus, its new lending volume hit a monthly record high in Sep-21. Its NPLs increased to THB78m from THB60m in 2Q21. We think this is the result of a rapid business expansion phase. On top of that, its coverage ratio remained at a high level of 366%. Accordingly, we are comfortable with its asset quality.

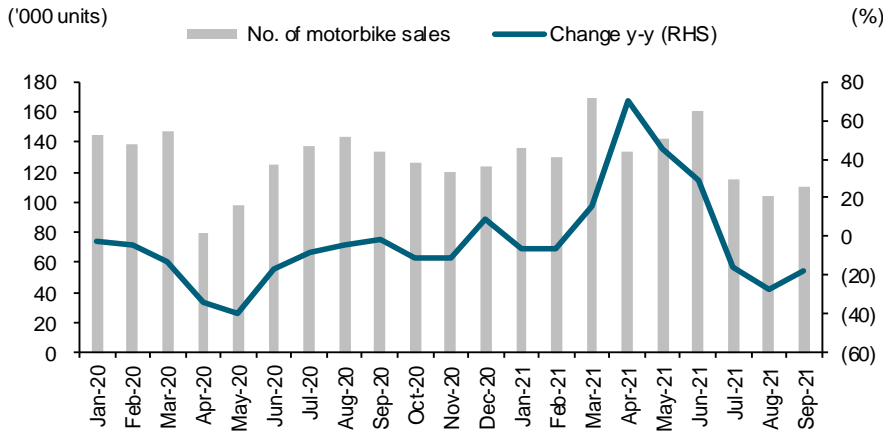
### Exhibit 1: NCAP – summary of 3Q21 results

| Year-end Dec 31                | 3Q20       | 2Q21       | 3Q21       |           | 9M21       |            | 2021E     |           | 3Q21 comments |           |                                  |
|--------------------------------|------------|------------|------------|-----------|------------|------------|-----------|-----------|---------------|-----------|----------------------------------|
|                                | (THB m)    | (THB m)    | (THB m)    | (y-y %)   | (q-q %)    | (THB m)    | (y-y %)   | %21E      | (THB m)       | (y-y %)   |                                  |
| Net interest income            | 188        | 223        | 238        | 27        | 7          | 666        | 17        | 72        | 922           | 20        |                                  |
| Non-interest income*           | 74         | 79         | 88         | 18        | 11         | 249        | 33        | 70        | 357           | 36        |                                  |
| <b>Operating income*</b>       | <b>262</b> | <b>302</b> | <b>326</b> | <b>24</b> | <b>8</b>   | <b>915</b> | <b>21</b> | <b>72</b> | <b>1,279</b>  | <b>24</b> |                                  |
| Operating expenses             | 100        | 123        | 136        | 35        | 10         | 378        | 31        | 74        | 512           | 29        |                                  |
| <b>PPOP before tax*</b>        | <b>162</b> | <b>179</b> | <b>190</b> | <b>18</b> | <b>6</b>   | <b>537</b> | <b>14</b> | <b>70</b> | <b>767</b>    | <b>21</b> |                                  |
| Expected credit loss           | 77         | 87         | 98         | 27        | 13         | 258        | (12)      | 69        | 374           | (1)       |                                  |
| Income tax                     | 16         | 18         | 19         | 16        | 6          | 56         | 50        | 72        | 78            | 53        |                                  |
| Minority interest              | 0          | 0          | (0)        |           |            | (0)        | n/a       |           | 0             |           |                                  |
| <b>Normalised profit</b>       | <b>68</b>  | <b>75</b>  | <b>74</b>  | <b>8</b>  | <b>(1)</b> | <b>223</b> | <b>61</b> | <b>71</b> | <b>315</b>    | <b>56</b> |                                  |
| Extraordinary items            | 0          | 0          | 0          |           |            | 0          |           |           | 0             |           |                                  |
| <b>Net profit</b>              | <b>68</b>  | <b>75</b>  | <b>74</b>  | <b>8</b>  | <b>(1)</b> | <b>223</b> | <b>61</b> | <b>71</b> | <b>315</b>    | <b>56</b> | <b>In line with our forecast</b> |
| EPS (THB)                      | 0.11       | 0.08       | 0.08       | (28)      | (1)        | 0.25       | 7         | 71        | 0.35          | 13        |                                  |
| <b>Asset quality ratio (%)</b> |            |            |            |           |            |            |           |           |               |           |                                  |
| NPLs (THB m)                   | 76         | 60         | 78         | 3         | 31         |            |           |           | 84            | 30        |                                  |
| NPLs/Loans                     | 1.96       | 1.33       | 1.59       |           |            |            |           |           | 1.63          |           |                                  |
| LLR/NPLs                       | 300        | 433        | 366        |           |            |            |           |           | 321           |           |                                  |
| Credit cost (bps)              | 805        | 801        | 835        |           |            |            |           |           | 820           |           |                                  |
| <b>Profitability ratio (%)</b> |            |            |            |           |            |            |           |           |               |           |                                  |
| Cost to income ratio*          | 38.3       | 40.7       | 41.6       |           |            |            |           |           | 40.1          |           |                                  |
| Average yield                  | 22.4       | 22.8       | 22.3       |           |            |            |           |           | 22.5          |           |                                  |
| Cost of fund                   | 4.2        | 3.9        | 3.7        |           |            |            |           |           | 3.6           |           |                                  |
| NIM                            | 19.6       | 20.6       | 20.3       |           |            |            |           |           | 20.2          |           |                                  |
| Non-int inc/total income       | 28.4       | 26.2       | 27.0       |           |            |            |           |           | 27.9          |           |                                  |
| <b>Loan growth (%)</b>         |            |            |            |           |            |            |           |           |               |           |                                  |
| y-y                            | Na.        | 18.6       | 26.0       |           |            |            |           |           | 30.0          |           |                                  |
| q-q                            | 2.7        | 8.2        | 9.0        |           |            |            |           |           |               |           | Gained more market share         |

\*Including share of profits from associates

Sources: NCAP; FSSIA estimates

**Exhibit 2: Monthly domestic motorbike sales**



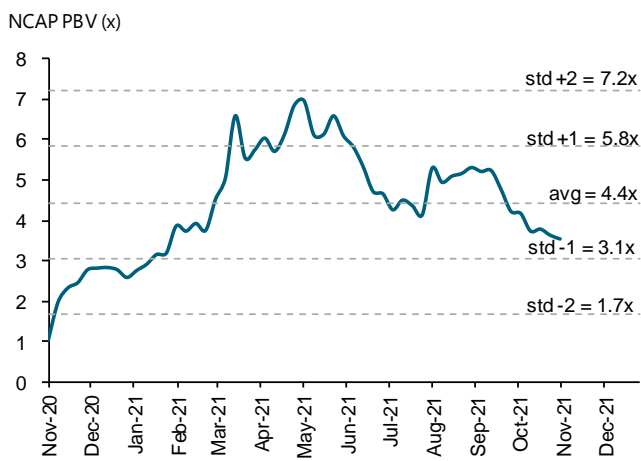
Sources: The Federation of Thai Industries; FSSIA's compilation

**Exhibit 3: NCAP's credit lines and interest rate charges**

| Motorbike type | Cubic centimetres (CC) | Credit line (THB k/unit) | Interest rate (EIR) (% pa) |
|----------------|------------------------|--------------------------|----------------------------|
| Small bike     | 110-149                | 30-60                    | c35                        |
| Top small bike | 150-249                | 80-1000                  | c35                        |
| Medium bike    | 250-600                | 100-200                  | c11-17                     |
| Big bike       | 700+                   | more than 200            | c11-17                     |

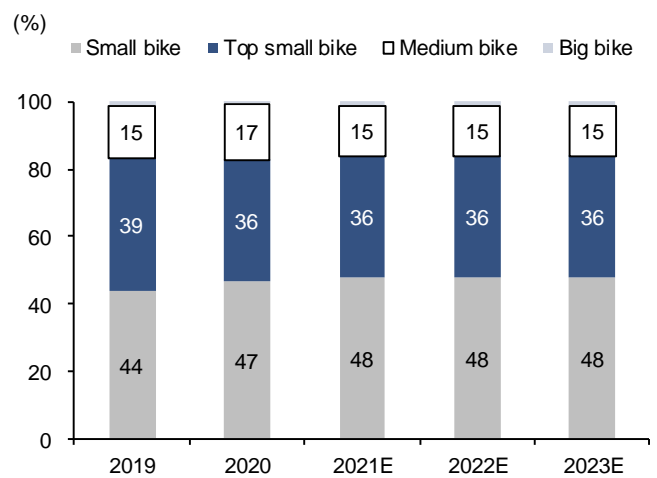
Sources: NCAP; FSSIA estimates

**Exhibit 5: NCAP – prospective P/BV band**



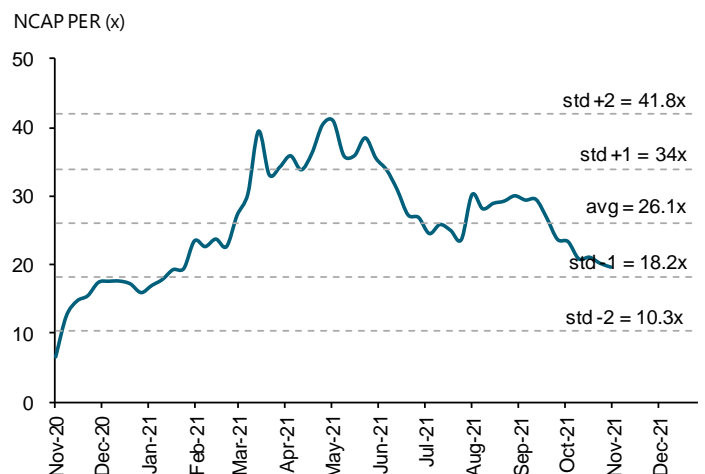
Sources: Bloomberg; FSSIA estimates

**Exhibit 4: NCAP's loan breakdown by motorcycle type**



Sources: NCAP; FSSIA estimates

**Exhibit 6: NCAP – prospective P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Key valuations of diversified financials under coverage**

| Coverage | BBG  | Rec | ---Share price--- |        | Up   | Market  | EPS growth |      | --- P/E --- |      | -- DivYld -- |     | --- ROE --- |      | --- PBV --- |     |
|----------|------|-----|-------------------|--------|------|---------|------------|------|-------------|------|--------------|-----|-------------|------|-------------|-----|
|          | code |     | Current           | Target | side | Cap     | 21E        | 22E  | 21E         | 22E  | 21E          | 22E | 21E         | 22E  | 21E         | 22E |
|          |      |     | (THB)             | (THB)  | (%)  | (USD m) | (%)        | (%)  | (x)         | (x)  | (%)          | (%) | (%)         | (%)  | (x)         | (x) |
|          |      |     |                   |        |      | 11,839  | 9.6        | 21.6 | 26.2        | 23.9 | 19.7         | 1.4 | 1.6         | 19.8 | 20.0        | 4.1 |

|                          |           |     |       |       |    |              |             |             |             |             |            |            |             |             |            |            |
|--------------------------|-----------|-----|-------|-------|----|--------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|
| <b>Auto-title lender</b> |           |     |       |       |    | <b>9,942</b> | <b>7.7</b>  | <b>23.4</b> | <b>23.8</b> | <b>19.3</b> | <b>1.2</b> | <b>1.5</b> | <b>20.8</b> | <b>21.1</b> | <b>4.3</b> | <b>3.7</b> |
| Muangthai Capital        | MTC TB    | BUY | 63.25 | 71.00 | 12 | 4,092        | 3.1         | 26.6        | 25.0        | 19.7        | 0.6        | 0.8        | 23.4        | 24.3        | 5.3        | 4.4        |
| Srisawad Corp            | SAWAD TB  | BUY | 64.00 | 80.00 | 25 | 2,682        | 4.2         | 20.6        | 18.5        | 15.3        | 2.8        | 3.3        | 20.2        | 22.0        | 3.6        | 3.2        |
| Saksiam Leasing          | SAK TB    | BUY | 8.60  | 11.00 | 28 | 550          | (19.5)      | 39.1        | 30.3        | 21.8        | 1.0        | 1.4        | 12.6        | 15.9        | 3.7        | 3.3        |
| Ngern Tid Lor            | TIDLOR TB | BUY | 37.00 | 43.00 | 16 | 2,618        | 23.8        | 17.8        | 26.1        | 22.1        | 0.6        | 0.7        | 18.9        | 16.4        | 3.8        | 3.4        |
| <b>Truck lender</b>      |           |     |       |       |    | <b>1,649</b> | <b>13.4</b> | <b>10.6</b> | <b>24.3</b> | <b>22.0</b> | <b>2.3</b> | <b>2.8</b> | <b>14.0</b> | <b>13.4</b> | <b>2.9</b> | <b>2.3</b> |
| Micro Leasing            | MICRO TB  | BUY | 7.75  | 10.70 | 38 | 221          | 23.1        | 33.5        | 35.6        | 26.6        | 0.8        | 0.8        | 10.8        | 13.2        | 3.7        | 3.3        |
| Singer Thailand          | SINGER TB | BUY | 43.75 | 51.00 | 17 | 698          | 24.8        | 2.4         | 32.2        | 31.4        | 1.2        | 1.9        | 13.0        | 9.8         | 3.6        | 2.3        |
| Ratchthani Leasing       | THANI TB  | BUY | 4.22  | 5.20  | 23 | 729          | (20.9)      | 15.8        | 13.3        | 11.5        | 3.8        | 4.4        | 16.0        | 17.0        | 2.0        | 1.9        |
| <b>HP motorcycle</b>     |           |     |       |       |    | <b>249</b>   | <b>55.9</b> | <b>33.4</b> | <b>25.9</b> | <b>19.4</b> | <b>0.6</b> | <b>0.8</b> | <b>17.4</b> | <b>19.8</b> | <b>4.2</b> | <b>3.5</b> |
| Next Capital             | NCAP TB   | BUY | 9.05  | 16.80 | 86 | 249          | 55.9        | 33.4        | 25.9        | 19.4        | 0.6        | 0.8        | 17.4        | 19.8        | 4.2        | 3.5        |

Share prices as of 9 Nov 2021

Source: FSSIA estimates

## Financial Statements

### Next Capital

| Profit and Loss (THB m) Year Ending Dec | 2019  | 2020  | 2021E | 2022E | 2023E |
|---|-------|-------|-------|-------|-------|
| Interest Income                         | 882   | 880   | 1,027 | 1,358 | 1,787 |
| Interest expense                        | (123) | (114) | (105) | (140) | (203) |
| Net interest income                     | 759   | 766   | 922   | 1,218 | 1,583 |
| Net fees & commission                   | 64    | 101   | 116   | 128   | 138   |
| Foreign exchange trading income         | -     | -     | -     | -     | -     |
| Securities trading income               | -     | -     | -     | -     | -     |
| Dividend income                         | 0     | 0     | 0     | 0     | 0     |
| Other income                            | 69    | 160   | 241   | 265   | 291   |
| Non interest income                     | 132   | 261   | 357   | 392   | 429   |
| Total income                            | 892   | 1,028 | 1,279 | 1,611 | 2,012 |
| Staff costs                             | (362) | (396) | (512) | (615) | (738) |
| Other operating costs                   | -     | -     | -     | -     | -     |
| Operating costs                         | (362) | (396) | (512) | (615) | (738) |
| Pre provision operating profit          | 530   | 631   | 767   | 996   | 1,274 |
| Provision for bad and doubtful debt     | (368) | (379) | (374) | (473) | (617) |
| Other provisions                        | -     | -     | -     | -     | -     |
| Operating profit                        | 162   | 253   | 392   | 523   | 657   |
| Recurring non operating income          | 0     | 0     | 0     | 0     | 0     |
| Associates                              | 0     | 0     | 0     | 0     | 0     |
| Goodwill amortization                   | -     | -     | -     | -     | -     |
| Non recurring items                     | 0     | 0     | 0     | 0     | 0     |
| Profit before tax                       | 162   | 253   | 392   | 523   | 657   |
| Tax                                     | (35)  | (51)  | (78)  | (103) | (130) |
| Profit after tax                        | 126   | 202   | 315   | 420   | 528   |
| Minority interests                      | 0     | 0     | 0     | 0     | 0     |
| Preferred dividends                     | -     | -     | -     | -     | -     |
| Other items                             | -     | -     | -     | -     | -     |
| Reported net profit                     | 126   | 202   | 315   | 420   | 528   |
| Non recurring items & goodwill (net)    | -     | -     | 0     | 0     | 0     |
| Recurring net profit                    | 126   | 202   | 315   | 420   | 528   |
| <b>Per share (THB)</b>                  |       |       |       |       |       |
| Recurring EPS *                         | -     | 0.22  | 0.35  | 0.47  | 0.59  |
| Reported EPS                            | -     | 0.22  | 0.35  | 0.47  | 0.59  |
| DPS                                     | 0.00  | 0.00  | 0.05  | 0.07  | 0.09  |
| <b>Growth</b>                           |       |       |       |       |       |
| Net interest income (%)                 | 22.2  | 0.9   | 20.3  | 32.1  | 30.0  |
| Non interest income (%)                 | 18.3  | 97.6  | 36.5  | 10.0  | 9.3   |
| Pre provision operating profit (%)      | 29.3  | 19.2  | 21.4  | 29.9  | 28.0  |
| Operating profit (%)                    | 39.8  | 56.3  | 55.2  | 33.3  | 25.8  |
| Reported net profit (%)                 | 40.4  | 59.8  | 55.9  | 33.4  | 25.8  |
| Recurring EPS (%)                       | -     | -     | 55.9  | 33.4  | 25.8  |
| Reported EPS (%)                        | -     | -     | 55.9  | 33.4  | 25.8  |
| <b>Income Breakdown</b>                 |       |       |       |       |       |
| Net interest income (%)                 | 85.2  | 74.6  | 72.1  | 75.6  | 78.7  |
| Net fees & commission (%)               | 7.1   | 9.8   | 9.1   | 7.9   | 6.8   |
| Foreign exchange trading income (%)     | -     | -     | -     | -     | -     |
| Securities trading income (%)           | -     | -     | -     | -     | -     |
| Dividend income (%)                     | -     | -     | -     | -     | -     |
| Other income (%)                        | 7.7   | 15.6  | 18.8  | 16.4  | 14.5  |
| <b>Operating performance</b>            |       |       |       |       |       |
| Gross interest yield (%)                | 23.18 | 21.90 | 22.50 | 22.40 | 22.30 |
| Cost of funds (%)                       | 4.57  | 4.04  | 3.60  | 3.70  | 3.80  |
| Net interest spread (%)                 | 18.61 | 17.86 | 18.90 | 18.70 | 18.50 |
| Net interest margin (%)                 | 20.0  | 19.1  | 20.2  | 20.1  | 19.8  |
| Cost/income(%)                          | 40.6  | 38.6  | 40.1  | 38.2  | 36.7  |
| Cost/assets(%)                          | 9.6   | 9.2   | 10.3  | 10.0  | 9.1   |
| Effective tax rate (%)                  | 21.9  | 20.1  | 19.8  | 19.7  | 19.7  |
| Dividend payout on recurring profit (%) | -     | -     | 15.0  | 15.0  | 15.0  |
| ROE (%)                                 | 12.8  | 14.8  | 17.4  | 19.8  | 20.9  |
| ROE - COE (%)                           | 2.0   | 4.0   | 6.6   | 9.0   | 10.1  |
| ROA (%)                                 | 3.3   | 4.6   | 6.3   | 6.8   | 6.5   |
| RORWA (%)                               | -     | -     | -     | -     | -     |

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Next Capital; FSSIA estimates

## Financial Statements

### Next Capital

| Balance Sheet (THB m) Year Ending Dec  | 2019         | 2020         | 2021E        | 2022E        | 2023E        |
|--|--------------|--------------|--------------|--------------|--------------|
| Gross customer loans                   | 4,067        | 3,970        | 5,161        | 6,967        | 9,057        |
| Total provisions                       | (229)        | (230)        | (269)        | (324)        | (398)        |
| interest in suspense                   | 0            | 0            | 0            | 0            | 0            |
| <b>Net customer loans</b>              | <b>3,838</b> | <b>3,740</b> | <b>4,892</b> | <b>6,643</b> | <b>8,660</b> |
| Bank loans                             | -            | -            | -            | -            | -            |
| Government securities                  | -            | -            | -            | -            | -            |
| Trading securities                     | -            | -            | -            | -            | -            |
| Investment securities                  | 0            | 0            | 0            | 0            | 0            |
| Cash & equivalents                     | 7            | 698          | 129          | 135          | 241          |
| Other interesting assets               | -            | -            | -            | -            | -            |
| Tangible fixed assets                  | 31           | 21           | 23           | 24           | 26           |
| Associates                             | -            | -            | -            | -            | -            |
| Goodwill                               | -            | -            | -            | -            | -            |
| Other intangible assets                | -            | -            | -            | -            | -            |
| Other assets                           | 123          | 198          | 209          | 247          | 292          |
| <b>Total assets</b>                    | <b>3,998</b> | <b>4,657</b> | <b>5,252</b> | <b>7,049</b> | <b>9,219</b> |
| Customer deposits                      | 1,570        | 250          | 263          | 276          | 289          |
| Bank deposits                          | -            | -            | -            | -            | -            |
| Other interest bearing liabilities     | 1,300        | 2,504        | 2,808        | 4,223        | 5,918        |
| Non interest bearing liabilities       | 153          | 227          | 238          | 250          | 262          |
| Hybrid Capital                         | -            | -            | -            | -            | -            |
| <b>Total liabilities</b>               | <b>3,023</b> | <b>2,980</b> | <b>3,309</b> | <b>4,748</b> | <b>6,469</b> |
| Share capital                          | 300          | 450          | 450          | 450          | 450          |
| Reserves                               | 753          | 1,226        | 1,494        | 1,850        | 2,299        |
| <b>Total equity</b>                    | <b>1,053</b> | <b>1,676</b> | <b>1,944</b> | <b>2,300</b> | <b>2,749</b> |
| Minority interests                     | 0            | 0            | 0            | 0            | 0            |
| <b>Total liabilities &amp; equity</b>  | <b>4,076</b> | <b>4,657</b> | <b>5,252</b> | <b>7,049</b> | <b>9,219</b> |
| <b>Supplementary items</b>             |              |              |              |              |              |
| Risk weighted assets (RWA)             | n/a          | n/a          | n/a          | n/a          | n/a          |
| Average interest earning assets        | 3,805        | 4,018        | 4,565        | 6,064        | 8,012        |
| Average interest bearing liabilities   | 2,685        | 2,812        | 2,912        | 3,785        | 5,353        |
| Tier 1 capital                         | n/a          | n/a          | n/a          | n/a          | n/a          |
| Total capital                          | 0            | 0            | 0            | 0            | 0            |
| Gross non performing loans (NPL)       | 97           | 65           | 84           | 109          | 136          |
| <b>Per share (THB)</b>                 |              |              |              |              |              |
| Book value per share                   | -            | 1.86         | 2.16         | 2.56         | 3.05         |
| Tangible book value per share          | -            | 1.86         | 2.16         | 2.56         | 3.05         |
| <b>Growth</b>                          |              |              |              |              |              |
| Gross customer loans                   | 14.8         | (2.4)        | 30.0         | 35.0         | 30.0         |
| Average interest earning assets        | 26.3         | 5.6          | 13.6         | 32.8         | 32.1         |
| Total asset (%)                        | 12.1         | 16.5         | 12.8         | 34.2         | 30.8         |
| Risk weighted assets (%)               | -            | -            | -            | -            | -            |
| Customer deposits (%)                  | 96.3         | (84.1)       | 5.0          | 5.0          | 5.0          |
| <b>Leverage &amp; capital measures</b> |              |              |              |              |              |
| Customer loan/deposits (%)             | 244.4        | 1,495.9      | 1,863.5      | 2,410.2      | 2,992.2      |
| Equity/assets (%)                      | 26.3         | 36.0         | 37.0         | 32.6         | 29.8         |
| Tangible equity/assets (%)             | 26.3         | 36.0         | 37.0         | 32.6         | 29.8         |
| RWA/assets (%)                         | -            | -            | -            | -            | -            |
| Tier 1 CAR (%)                         | -            | -            | -            | -            | -            |
| Total CAR (%)                          | -            | -            | -            | -            | -            |
| <b>Asset Quality</b>                   |              |              |              |              |              |
| Change in NPL (%)                      | 82.3         | (33.3)       | 30.0         | 30.0         | 25.0         |
| NPL/gross loans (%)                    | 2.4          | 1.6          | 1.6          | 1.6          | 1.5          |
| Total provisions/gross loans (%)       | 5.6          | 5.8          | 5.2          | 3.6          | 4.4          |
| Total provisions/NPL (%)               | 236.8        | 356.7        | 320.7        | 297.1        | 291.6        |
| <b>Valuation</b>                       |              |              |              |              |              |
| Recurring P/E (x) *                    | -            | 40.4         | 25.9         | 19.4         | 15.4         |
| Recurring P/E @ target price (x) *     | -            | 74.9         | 48.1         | 36.0         | 28.6         |
| Reported P/E (x)                       | -            | 40.4         | 25.9         | 19.4         | 15.4         |
| Dividend yield (%)                     | -            | -            | 0.6          | 0.8          | 1.0          |
| Price/book (x)                         | -            | 4.9          | 4.2          | 3.5          | 3.0          |
| Price/tangible book (x)                | -            | 4.9          | 4.2          | 3.5          | 3.0          |
| Price/tangible book @ target price (x) | -            | 9.0          | 7.8          | 6.6          | 5.5          |

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Next Capital; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL |        |        |       |       |       |        |        |        |        |       |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|
| AAV             | ADVANC | AF     | AIRA  | AKP   | AKR   | ALT    | AMA    | AMATA  | AMATAV | ANAN  |
| AOT             | AP     | ARIP   | ARROW | ASP   | BAFS  | BANPU  | BAY    | BCP    | BCPG   | BDMS  |
| BEC             | BEM    | BGRIM  | BIZ   | BKI   | BLA   | BOL    | BPP    | BRR    | BTS    | BWG   |
| CENTEL          | CFRESH | CHEWA  | CHO   | CIMBT | CK    | CKP    | CM     | CNT    | COL    | COMAN |
| COTTO           | CPALL  | CPF    | CPI   | CPN   | CSS   | DELTA  | DEMCO  | DRT    | DTAC   | DTC   |
| DV8             | EA     | EASTW  | ECF   | ECL   | EGCO  | EPG    | ETE    | FNS    | FPI    | FPT   |
| FSMART          | GBX    | GC     | GCAP  | GEL   | GFPT  | GGC    | GPSC   | GRAMMY | GUNKUL | HANA  |
| HARN            | HMPRO  | ICC    | ICI   | III   | ILINK | INTUCH | IRPC   | IVL    | JKN    | JSP   |
| JWD             | K      | KBANK  | KCE   | KKP   | KSL   | KTB    | KTC    | LANNA  | LH     | LHFG  |
| LIT             | LPN    | MAKRO  | MALEE | MBK   | MBKET | MC     | MCOT   | METCO  | MFEC   | MINT  |
| MONO            | MOONG  | MSC    | MTC   | NCH   | NCL   | NEP    | NKI    | NOBLE  | NSI    | NVD   |
| NYT             | OISHI  | ORI    | OTO   | PAP   | PAP   | PCSGH  | PDJ    | PG     | PHOL   | PLANB |
| 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   | 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   | TPIPP  | 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    | 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)  |

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

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

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### ANALYST(S) CERTIFICATION

#### Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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| Company            | Ticker    | Price     | Rating | Valuation & Risks  |
|--------------------|-----------|-----------|--------|--|
| Next Capital       | NCAP TB   | THB 9.05  | 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.  |
| Muangthai Capital  | MTC TB    | THB 63.25 | 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 and the Office of Consumer Protection Board.                                    |
| Srisawad Corp      | SAWAD 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.                                    |
| Saksiam Leasing    | SAK TB    | THB 8.60  | BUY    | Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (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 and Auto X (subsidiary of SCB); 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 7.75  | 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 43.75 | 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.   |

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

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All share prices are as at market close on 09-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.