

# CHAYO GROUP CHAYO TB

THAILAND / ASSET MANAGEMENT COMPANIES

## BUY

UNCHANGED

## Small but solid

- We expect CHAYO to deliver 2022 net profit growth of 52%. 4Q21 should be solid from stronger NPL and loan business performance.
- Potential JV with bank(s) to manage NPLs – first deal might be announced in Feb-22 depending on the BoT's policy and approval.
- BUY maintained; lower GGM-based TP to THB16.6 from THB18.8.

TARGET PRICE	THB16.60
CLOSE	THB12.90
UP/DOWNSIDE	+28.7%
PRIOR TP	THB18.80
CHANGE IN TP	-11.7%
TP vs CONSENSUS	+2.7%

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	195	281	447	582
Net profit	155	231	351	453
EPS (THB)	0.22	0.24	0.33	0.39
vs Consensus (%)	-	(3.2)	(4.3)	-
Core net profit	155	231	351	453
Core EPS (THB)	0.22	0.24	0.33	0.39
Chg. In EPS est. (%)	-	(5.4)	(7.4)	(9.0)
EPS growth (%)	22.7	12.1	36.6	17.2
Core P/E (x)	59.6	53.2	38.9	33.2
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/book (x)	8.2	4.7	3.4	2.7
ROE (%)	14.7	12.4	10.6	9.4
ROA (%)	6.7	6.1	6.5	6.7

## Robust outlook set to continue

We hosted our Financial Investment Conference for institutional investors on 18 Jan-22 with three of CHAYO's top executives in attendance. Management affirmed that CHAYO will deliver outstanding performance in 2022, driven by 1) its asset management business via stronger cash collection following the economic recovery and higher NPL acquisitions, with a target to purchase THB3b in NPLs; 2) a surge in its loan portfolio thanks to its client and product base expansion, with a loan volume target of THB1b in 2022 from our 2021E of cTHB0.3m; and 3) the recovery of its debt collection business as banks might resume debt collection.

## Potential JVs with banks

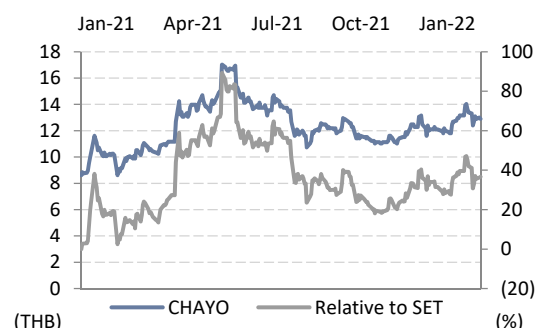
According to management, CHAYO is in the process to discuss setting up asset management JVs with two banks to manage the potential influx of NPLs; one is a commercial bank and the other is a government bank. CHAYO expects the commercial bank JV to be completed in Feb-22, depending on the policy and approval from the BoT. We think if the JV deal is a success, it could be a catalyst to drive CHAYO's share price and provide an upside risk to our current net profit forecasts.

## Stronger NPL and loan businesses lead to solid 4Q21E net profit

We expect CHAYO to post a 4Q21 net profit of THB61m (+69% y-y, -14% q-q). We estimate that the strong growth y-y in its net profit would come from a rise in its NPL and NPA cash collection to THB127m (+47% y-y, -32% q-q) following its strategy to increase its unsecured NPL portfolio and sell NPAs on a regular basis to generate recurring revenue. On top of that, we expect CHAYO's loan portfolio to surge to THB334m (+448% y-y, +172% q-q) due to its aggressive product and client base expansion. Its 4Q21 net profit might decline q-q thanks to lower NPA sales. We expect 4Q21 pre-tax profit from the NPA side of THB26m vs THB54m in 3Q21.

## Maintain BUY with lower 2022 GGM-based TP to THB16.6

We lower our 2021-23 net profit forecasts by 8%/10%/11% to mainly reflect the lower expected NPL acquisitions in 2021. We maintain our BUY call as we expect CHAYO to experience remarkable net profit growth, with 2022E net profit growth of 52%. We believe its smaller asset size than its peers gives it greater operational flexibility.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.5	15.9	52.1
Relative to country (%)	6.3	14.8	38.3
Mkt cap (USD m)	394		
3m avg. daily turnover (USD m)	2.9		
Free float (%)	21		
Major shareholder	Yasasin Family (37%)		
12m high/low (THB)	17.61/7.80		
Issued shares (m)	979		

Sources: Bloomberg consensus; FSSIA estimates



**Yuvarart Suwanumphai**

yuvarart.suw@fssia.com  
+66 2611 3554

## 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 52% in 2022 supported by stronger cash collection, more aggressive distressed asset acquisitions from its JV and efficient cost control.

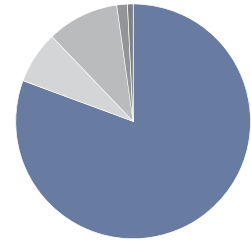
## Company profile

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](http://www.chayo555.com)

## Principal activities (revenue, 2020)

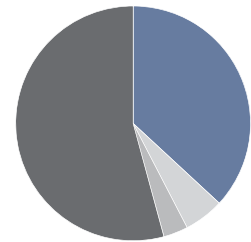
- NPLs management - 80.6 %
- NPAs management - 7.2 %
- Debt collection - 9.9 %
- Loan business - 1.5 %
- Other income - 0.8 %



Source: Chayo Group

## Major shareholders

- Yasasin Family - 36.9 %
- Sereewattana Family - 5.5 %
- Rithnarong Boonmeechot - 3.4 %
- Others - 54.2 %



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;
- 3) AMC JVs with banks.

## 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
Feb 2022	4Q21 results announcement

## Key assumptions

	2021E (THB m)	2022E (THB m)	2023E (THB m)
<b>Norm profit (THB m)</b>	<b>231</b>	<b>351</b>	<b>453</b>
<i>Norm profit growth (%)</i>	49	52	29
<b>Cash collection (THB m)</b>	<b>511</b>	<b>677</b>	<b>840</b>
<i>Cash collection ratio (%)</i>	21.5	18.4	18.0
<b>NPL and NPA purchases (THB m)</b>	<b>1,360</b>	<b>1,559</b>	<b>796</b>
<i>NPL and NPA purchase growth (%)</i>	113	15	(49)
<b>Cost to income (%)</b>	<b>33.0</b>	<b>36.5</b>	<b>34.0</b>

Source: FSSIA estimates

## Earnings sensitivity

		----- 2021E -----		
<b>Cash collection ratio</b>	<b>±50bp</b>	<b>17.9</b>	<b>18.4</b>	<b>18.9</b>
<i>% change in net profit</i>		(3.9)	-	3.9
<b>Cost to income</b>	<b>±1ppt</b>	<b>35.5</b>	<b>36.5</b>	<b>37.5</b>
<i>% change in net profit</i>		(3.0)	-	3.0

Source: FSSIA estimates

## Robust outlook set to continue

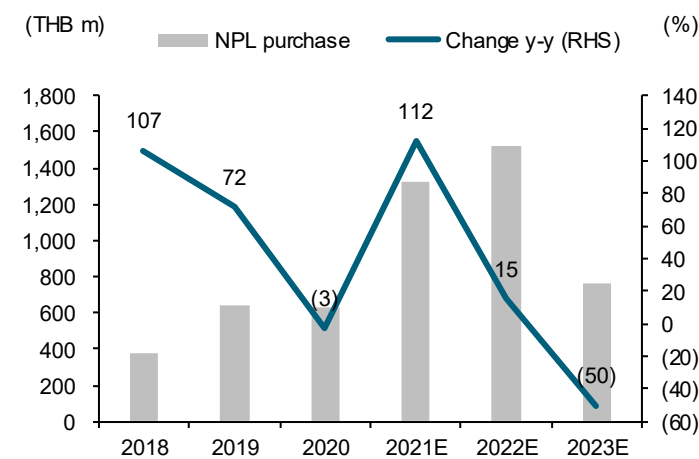
We hosted our Financial Investment Conference for institutional investors on 18 Jan-22 with three of CHAYO’s top executives: Mr. Suksan Yasasin, CEO; Mr.Kitti Tungsiwong, deputy CEO; and Mr. Nottapol Thipchatchawanwong, CFO. Management affirmed that CHAYO will deliver outstanding performance in 2022, driven by its asset management business, a surge in its loan portfolio, and the recovery of its debt collection business. On top of that, CHAYO might set up AMC JVs with banks.

### #1 Asset management business: Higher distressed asset purchases and potential JV with banks

In 2022, CHAYO itself is aiming to purchase non-performing loans (NPLs) worth THB1.5b-1.8b, consisting of 70% secured NPLs and the rest unsecured NPLs. CHAYO’s JV, which was set up in May-21 with eight partners, is also slated to purchase another THB1.2b-1.5b in secured NPLs in 2022. Accordingly, in 2022 CHAYO plans to acquire NPLs worth THB3b from cTHB1.3b in 2021.

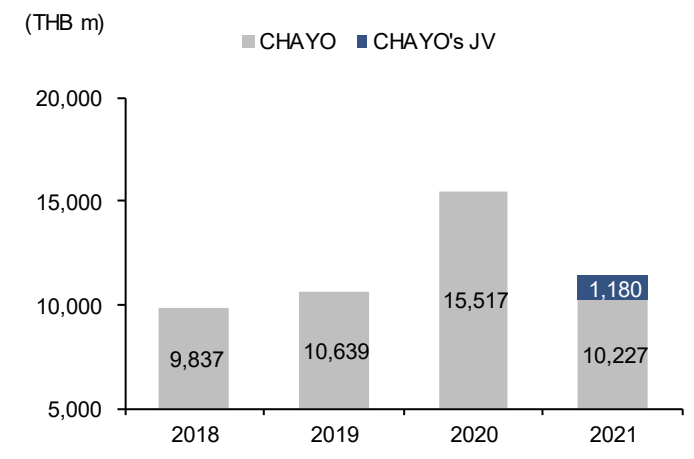
However, our NPL acquisition assumption is more conservative than the company’s guidance, with expected NPL purchases of THB1.6b in 2022. Based on our sensitivity analysis, for every THB500m increase in its NPL purchases, all else being equal, there would be a c3% upside to our current 2022 net profit forecast.

Exhibit 1: NPL acquisitions by cost



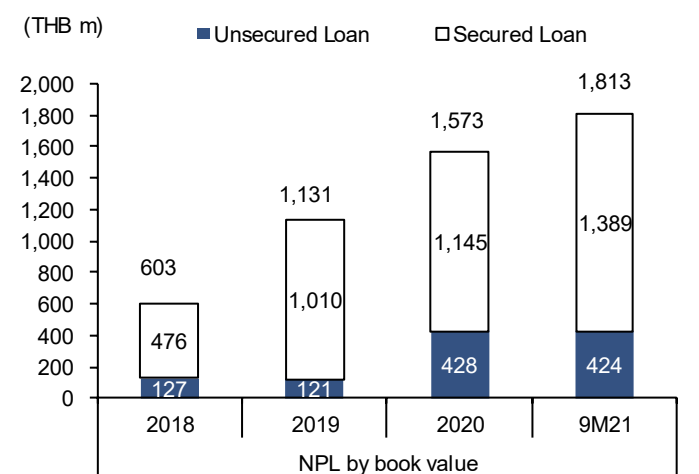
Sources: CHAYO; FSSIA estimates

Exhibit 2: NPL acquisitions by claim value



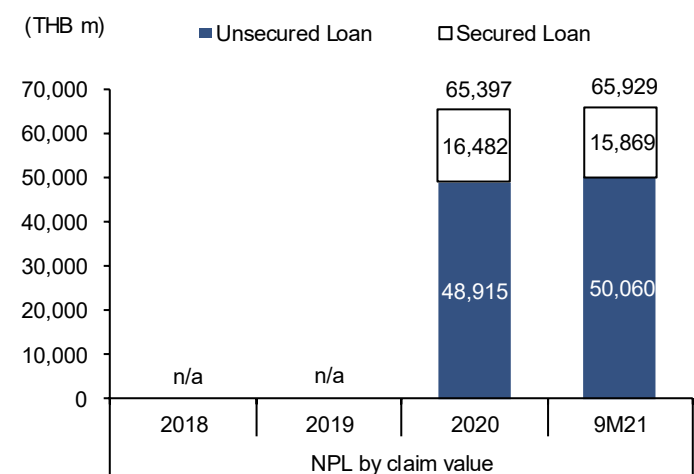
Sources: CHAYO; FSSIA compilation

Exhibit 3: Outstanding NPL portfolio by cost as of 9M21



Sources: CHAYO; FSSIA's compilation

Exhibit 4: Outstanding NPL portfolio by claim as of 9M21



Sources: CHAYO; FSSIA's compilation

On top of that, the Bank of Thailand (BoT) is likely to allow the establishment of JVs between banks and asset management companies (AMCs) to solve the potential influx of NPLs from the Covid pandemic (as mentioned in [“Thailand Diversified Financials - JVs between banks and AMCs on the table again”](#), dated 20 Dec-21). According to management, CHAYO is in the process to discuss setting up asset management JVs with two banks to manage the potential influx of NPLs; one is a commercial bank and the other is a government bank. CHAYO expects the commercial bank JV to be completed in Feb-22, depending on the policy and approval from the BoT.

We think if the JV deal is a success, it could be a catalyst to drive CHAYO’s share price and provide an upside risk to our current net profit forecasts.

Regarding the non-performing asset (NPA) side, CHAYO aims to make NPA sales revenue its recurring income. Management expects to close at least two big-size NPA plots, with a total value of at least THB100m.

**#2 Loan business: Aggressive loan portfolio expansion**

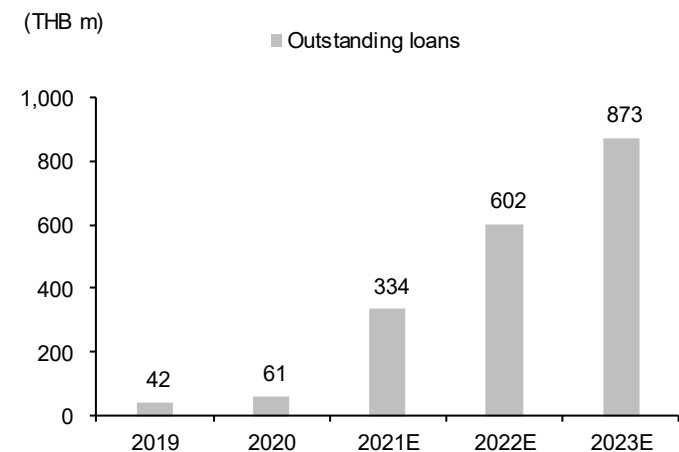
CHAYO expects its loan portfolio to reach THB1b in 2022 from THB0.3m in 2021, driven by its client and product base expansion.

CHAYO will focus on student and factory workers in the provinces. It introduced four new products last year, including 1) gadget (COM7 (COM7 TB, not rated) ’s products) hire purchase loans for students; 2) electric appliance hire purchase loans in some provinces in the eastern part of Thailand; 3) nano finance; and 4) employee welfare loans. It plans to expand these products this year. Management intends to spin-off its loan business and list it on the SET sometime in 2023-24.

Our loan expansion assumption is more conservative than the company, with an expected loan volume of THB602m in 2022. We expect revenue from the lending business to gradually become more important to the company.

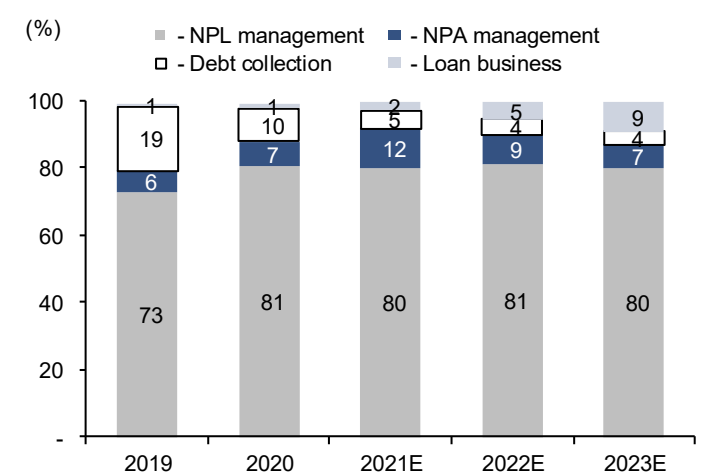
Based on our sensitivity analysis, for every THB100m increase in its loan volume, all else being equal, there would be a c2% upside to our current 2022 net profit forecast.

**Exhibit 5: Loan portfolio**



Sources: CHAYO; FSSIA estimates

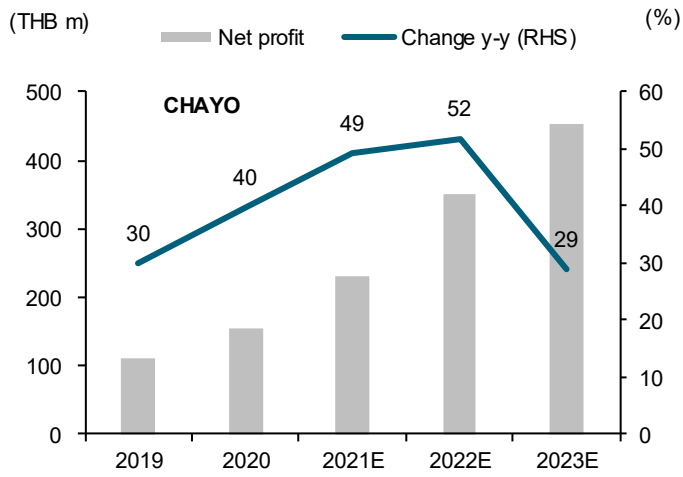
**Exhibit 6: Revenue structure**



Sources: CHAYO; FSSIA estimates

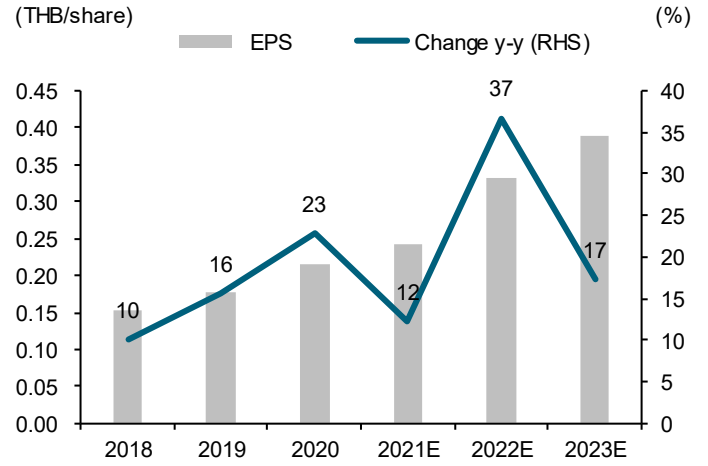
Accordingly, we expect CHAYO to experience remarkable net profit growth, with 2022E net profit growth of 52% (its EPS would increase at slower pace of 37% y-y thanks to the dilution from the warrant), supported by stronger cash collection, more aggressive distressed asset acquisitions and efficient cost control.

**Exhibit 7: Net profit growth**



Sources: CHAYO; FSSIA estimates

**Exhibit 8: EPS growth**



Sources: CHAYO; FSSIA estimates

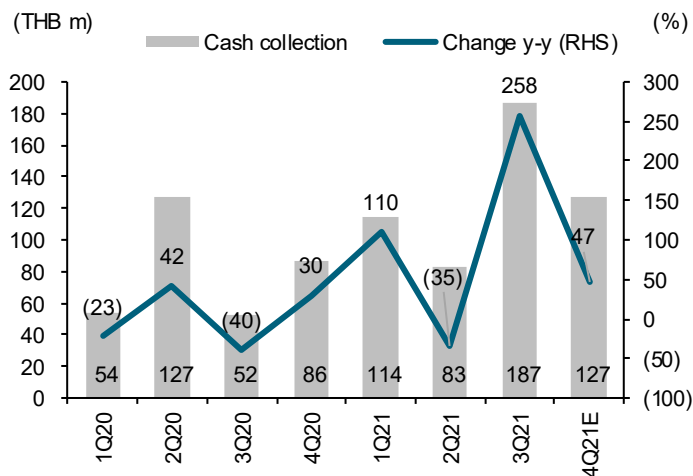
## Stronger NPL and loan businesses lead to solid 4Q21E net profit

We expect CHAYO to post a 4Q21 net profit of THB61m (+69% y-y, -14% q-q). We estimate that the strong growth y-y in its net profit would come from a rise in its NPL and NPA cash collection to THB127m (+47% y-y, -32% q-q) following its strategy to increase its unsecured NPL portfolio and sell NPAs on a regular basis to generate recurring revenue. On top of that, we expect CHAYO's lending business (5% of total revenue) to increase significantly, with a projected loan portfolio of THB334m (+448% y-y, +172% q-q) due to its aggressive product and client base expansion. Its 4Q21 net profit might decline q-q thanks to lower NPA sales. We expect 4Q21 pre-tax profit from the NPA side of THB26m vs THB54m in 3Q21. We have minimal concerns about this as quarterly NPA sales might fluctuate.

### Key highlights

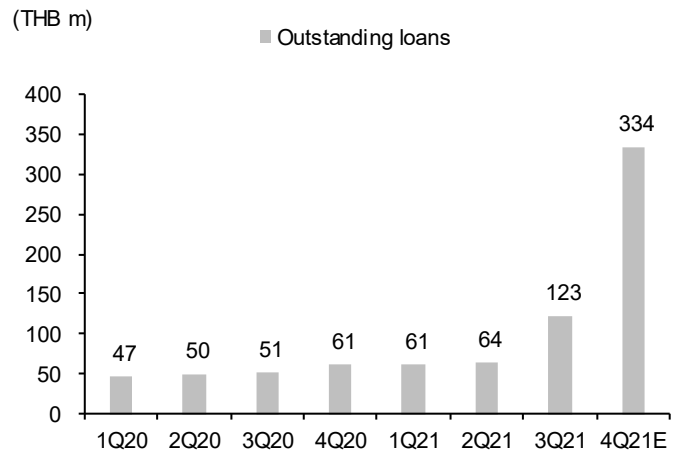
- We expect CHAYO's NPL cash collection in 4Q21 to minimally increase q-q to THB71m. The ability of clients to repay loans slightly improved following the lockdown easing. Also, the company sold a small to medium-value NPA of cTHB56m. However, the value of the NPA sold was lower than that of the NPA sold in 3Q21 at THB121m. Thus, we expect total cash collection of THB127m (+47% y-y, -32% q-q) in 4Q21.
- According to management, CHAYO accelerated its NPL acquisitions in 4Q21. Also, CHAYO's JV started to purchased NPLs in Dec-21. Thus, we expect total NPL and NPA acquisitions of THB1b in 4Q21 from THB4m in 9M21.
- We expect its outstanding loan portfolio to be at THB334m in 4Q21 vs THB123m in 3Q21. CHAYO aggressively lent to the small SME and retail segments.

Exhibit 9: NPL and NPA cash collection



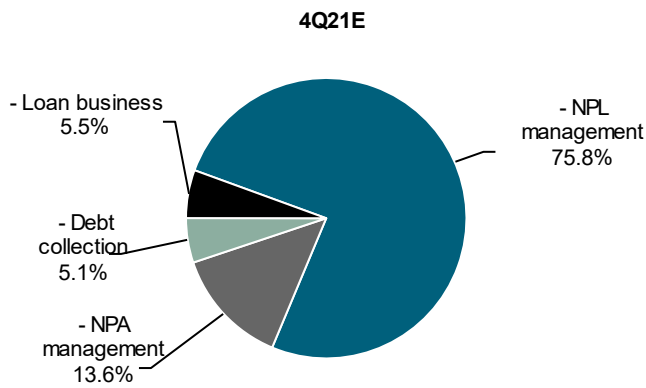
Sources: CHAYO; FSSIA estimates

Exhibit 10: Aggressive 2H21E loan expansion



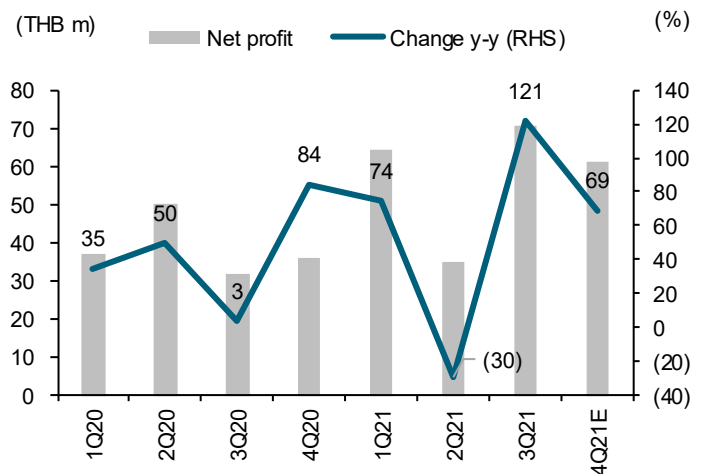
Sources: CHAYO; FSSIA estimates

Exhibit 11: 4Q21E revenue breakdown



Sources: CHAYO; FSSIA estimates

Exhibit 12: Quarterly net profit



Sources: CHAYO; FSSIA estimates

Exhibit 13: CHAYO – 4Q21 earnings forecast

	4Q20 (THB m)	3Q21 (THB m)	4Q21E (THB m)	---- Change ----		2021E (THB m)	Change (y-y %)	4Q21E comments
				(y-y %)	(q-q %)			
<b>Interest income</b>								
- Interest income from NPLs	112	162	146	31	(10)	615	47	
- Interest income from loan	2	3	11	385	258	18	(57)	Higher NII from the surge in its loan portfolio
<b>Total interest income</b>	<b>114</b>	<b>165</b>	<b>157</b>	<b>38</b>	<b>(5)</b>	<b>632</b>	<b>49</b>	
Interest expense	20	25	21	5	(16)	96	83	
Net interest income	94	140	136	45	(3)	536	44	
<b>Non-interest income</b>								
- Gain on properties for sale	13	54	26	99	(51)	89	139	Slower NPA sales
- Service income from debt collection	12	9	10	(17)	9	41	(20)	
- Others	3	2	1	(48)	(25)	8	8	
<b>Total non-interest income</b>	<b>28</b>	<b>65</b>	<b>38</b>	<b>35</b>	<b>(42)</b>	<b>138</b>	<b>44</b>	
Total operating income	122	205	174	43	(15)	674	44	
Operating expenses	51	57	61	20	6	222	20	
<b>Pre-provision operating profit</b>	<b>71</b>	<b>148</b>	<b>113</b>	<b>59</b>	<b>(23)</b>	<b>451</b>	<b>60</b>	
Expected credit loss	26	58	38	48	(34)	171	96	
Operating profit	45	90	75	65	(16)	281	44	
Income tax expenses	9	19	15	62	(20)	49	21	
Profit before minority interests	36	71	60	66	(15)	231	50	
Minority	0	0	(1)	nm	nm	0		
<b>Normalised profit</b>	<b>36</b>	<b>71</b>	<b>61</b>	<b>69</b>	<b>(14)</b>	<b>231</b>	<b>49</b>	
Extra items	0	0	0	nm	nm	0		
<b>Net profit</b>	<b>36</b>	<b>71</b>	<b>61</b>	<b>69</b>	<b>(14)</b>	<b>231</b>	<b>49</b>	
<b>Key financial highlights</b>								
Gross NPL (THB m)	1,572	1,813	2,777	77	53	2,777	77	
Gross NPA (THB m)	188	354	397	111	12	397	111	
NPL & NPA purchase (THB m)	425	12	1,015	139	8,445	1,360	113	
NPL & NPA cash collection (THB m)	86	187	127	47	(32)	511	60	
Cash collection/NPL & NPA (%)	22.2	34.0	19.1			21.5		
<b>Key financial ratios</b>								
Liabilities/equity (x)	1.5	0.4	0.4			0.4		
Interest-bearing debt/equity (x)	1.4	0.2	0.3			0.3		
ROA (%)	5.9	6.0	5.1			6.1		
ROE (%)	13.1	11.8	9.7			12.4		
Cost of funds (%)	6.4	9.8	7.1			7.0		
Cost to income (%)	41.6	27.9	35.0			33.0		

Sources: CHAYO; FSSIA's estimates

## Net profit and target price revisions

We lower our 2021-23 net profit forecasts by 8%/10/11% to mainly reflect the lower expected NPL acquisitions in 2021 by 20%, resulting in lower interest income in 2021-23.

### Exhibit 14: Change of key assumptions

	-----2021E-----			-----2022E-----			-----2023E-----		
	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
<b>Interest income</b>	<b>642</b>	<b>632</b>	<b>(1.6)</b>	<b>971</b>	<b>877</b>	<b>(9.7)</b>	<b>1,249</b>	<b>1,129</b>	<b>(9.6)</b>
Interest expense	87	96	11.2	111	106	(4.5)	141	95	(32.9)
<b>Net interest income</b>	<b>556</b>	<b>536</b>	<b>(3.5)</b>	<b>860</b>	<b>771</b>	<b>(10.4)</b>	<b>1,108</b>	<b>1,034</b>	<b>(6.6)</b>
<b>Non-interest income</b>	<b>151</b>	<b>138</b>	<b>(8.6)</b>	<b>207</b>	<b>143</b>	<b>(31.0)</b>	<b>240</b>	<b>143</b>	<b>(40.3)</b>
Total operating income	706	674	(4.6)	1,067	914	(14.4)	1,348	1,178	(12.6)
<b>Operating expense</b>	<b>250</b>	<b>222</b>	<b>(11.1)</b>	<b>375</b>	<b>334</b>	<b>(11.1)</b>	<b>450</b>	<b>400</b>	<b>(11.1)</b>
<b>Pre-operating profit before tax</b>	<b>456</b>	<b>451</b>	<b>(1.1)</b>	<b>692</b>	<b>580</b>	<b>(16.2)</b>	<b>897</b>	<b>777</b>	<b>(13.4)</b>
Expected credit loss	121	171	41.3	142	134	(6.2)	178	195	9.4
Taxes expenses	67	49	(26.8)	110	89	(18.7)	144	116	(19.0)
Minority interest	17	0		51	6		66	13	
<b>Norm. profit</b>	<b>251</b>	<b>231</b>	<b>(7.8)</b>	<b>388</b>	<b>351</b>	<b>(9.5)</b>	<b>509</b>	<b>453</b>	<b>(10.9)</b>
Extraordinary items	0	0		0	0		0	0	
<b>Net profit</b>	<b>251</b>	<b>231</b>	<b>(7.8)</b>	<b>388</b>	<b>351</b>	<b>(9.5)</b>	<b>509</b>	<b>453</b>	<b>(10.9)</b>
EPS (THB)	0.26	0.24	(5.4)	0.36	0.33	(7.4)	0.43	0.39	(9.0)
<b>Key statistic and ratio</b>									
<b>Leverage ratios (x)</b>									
Liabilities / equity	0.62	0.37		0.59	0.28		0.54	0.17	
Interest-bearing debt / equity	0.59	0.34		0.57	0.25		0.52	0.15	
<b>Profitability ratio (%)</b>									
Cost of funds	4.75	7.00		4.75	8.80		4.80	8.50	
Cost to income	35.4	33.0		35.2	36.5		33.4	34.0	
<b>Specific data for business</b>									
NPL and NPA purchases (THB m)	1,701	1,360	(20.1)	1,195	1,559	30.5	840	796	(5.2)
NPL and NPA cash collection (THB m)	458	511	11.5	686	677	(1.3)	877	840	(4.2)
Cash collection to gross NPLs and NPAs (%)	17.8	21.5		17.4	18.4		17.8	18.0	
<b>Change y-y (%)</b>									
Core profit (y-y %)	62.4	49.7		54.7	51.8		31.0	29.0	
NPL and NPA purchases (y-y %)	166.8	113.2		(29.8)	14.6		(29.7)	(48.9)	
NPL and NPA cash collection (y-y %)	43.4	59.9		49.7	32.4		27.8	24.1	

Sources: CHAYO; FSSIA estimates

We decrease our GGM-based TP to THB16.6 from THB18.8, as we 1) lower our EPS forecast, leading to a lower book value; and 2) reduce our target 2022 P/BV from 5.3x to 4.4x to reflect our ROE target decline to 11.8% from 12.5%.

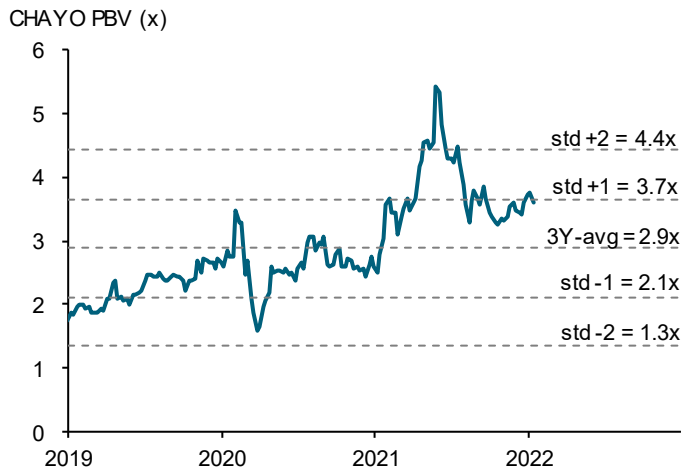
### Exhibit 15: CHAYO – GGM-derived target price

Target price	THB 16.6 (from THB18.8)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3 (unchanged)
Market risk premium (%)	8 (unchanged)
Cost to equity (%)	10.0 (unchanged)
Long term growth (%)	9.4 (unchanged)
ROE target (%)	11.8 (from 12.5)
Target PBV (x)	4.4 (from 5.3)
Risk to TP	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

Source: FSSIA estimates

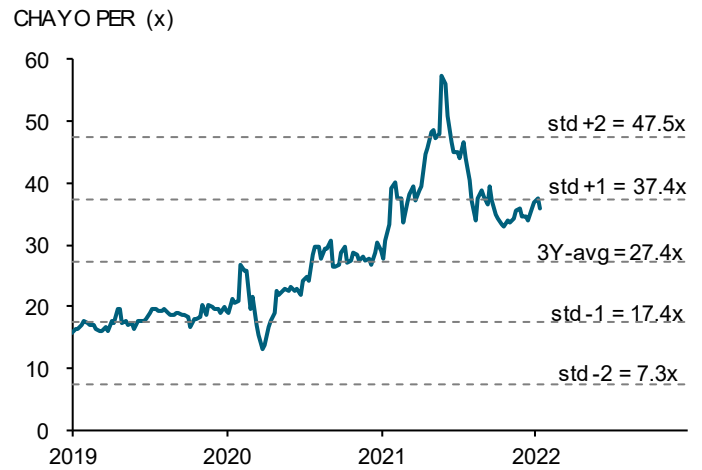


Exhibit 16: CHAYO – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 17: CHAYO – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Diversified financial companies under coverage

Company	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		---- P/E ----		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
<b>Diversified financials</b>						<b>24,401</b>	<b>12.5</b>	<b>22.2</b>	<b>26.9</b>	<b>22.0</b>	<b>1.9</b>	<b>2.2</b>	<b>18.4</b>	<b>17.9</b>	<b>4.4</b>	<b>3.4</b>
<b>Unsecured-loan lender</b>						<b>6,017</b>	<b>14.4</b>	<b>13.1</b>	<b>21.8</b>	<b>19.2</b>	<b>1.9</b>	<b>2.1</b>	<b>24.0</b>	<b>23.4</b>	<b>4.9</b>	<b>4.3</b>
Aeon Thana Sinsap (TH)	AEONTS TB	HOLD	185.50	204.00	10	1,401	7.5	13.9	11.7	10.3	2.7	2.8	21.5	21.1	2.3	2.0
Krungthai Card	KTC TB	HOLD	59.25	52.00	(12)	4,616	15.4	13.0	24.8	22.0	1.7	1.9	24.8	24.1	5.7	4.9
<b>Auto-title lender</b>						<b>9,602</b>	<b>6.0</b>	<b>22.7</b>	<b>23.5</b>	<b>19.1</b>	<b>1.2</b>	<b>1.5</b>	<b>20.4</b>	<b>20.7</b>	<b>4.2</b>	<b>3.6</b>
Muangthai Capital	MTC TB	BUY	59.00	69.00	17	3,779	(0.5)	24.6	24.1	19.4	0.6	0.8	22.7	23.4	5.0	4.1
Srisawad Corp	SAWAD TB	BUY	65.25	80.00	23	2,707	4.2	20.6	18.9	15.6	2.8	3.2	20.2	22.0	3.6	3.3
Saksiam Leasing	SAK TB	BUY	9.10	11.00	21	576	(19.5)	39.1	32.1	23.1	0.9	1.3	12.6	15.9	3.9	3.5
Ngern Tid Lor	TIDLOR TB	BUY	36.25	43.00	19	2,540	23.8	17.8	25.5	21.7	0.6	0.7	18.9	16.4	3.7	3.3
<b>Truck lender</b>						<b>2,155</b>	<b>14.1</b>	<b>8.5</b>	<b>28.6</b>	<b>26.4</b>	<b>1.8</b>	<b>2.4</b>	<b>13.2</b>	<b>12.2</b>	<b>3.3</b>	<b>2.4</b>
Micro Leasing	MICRO TB	BUY	7.55	10.70	42	213	23.1	33.5	34.7	26.0	0.9	0.8	10.8	13.2	3.6	3.3
Singer Thailand	SINGER TB	BUY	48.50	51.00	5	1,188	24.8	2.4	35.7	34.8	1.1	1.7	13.0	9.8	4.0	2.6
Ratchthani Leasing	THANI TB	BUY	4.40	4.80	9	753	(30.2)	19.8	15.7	13.1	3.2	3.8	14.2	15.8	2.1	2.0
<b>Asset management</b>						<b>5,027</b>	<b>16.0</b>	<b>33.2</b>	<b>42.8</b>	<b>32.2</b>	<b>1.8</b>	<b>2.4</b>	<b>13.3</b>	<b>11.2</b>	<b>5.4</b>	<b>2.9</b>
Bangkok Commercial AM	BAM TB	BUY	20.20	25.50	26	1,973	23.0	41.5	28.8	20.4	2.9	4.2	5.2	6.9	1.4	1.4
Chayo Group	CHAYO TB	BUY	12.90	16.60	29	394	12.1	36.6	53.2	38.9	0.0	0.0	12.4	10.6	4.7	3.4
JMT Network Services	JMT TB	BUY	64.25	70.00	9	2,660	13.6	29.5	51.7	39.9	1.2	1.5	19.5	14.5	8.5	3.9
<b>Other</b>						<b>1,291</b>	<b>8.1</b>	<b>11.6</b>	<b>10.4</b>	<b>9.3</b>	<b>7.4</b>	<b>7.4</b>	<b>6.4</b>	<b>6.8</b>	<b>0.6</b>	<b>0.6</b>
Thanachart Capital	TCAP TB	HOLD	40.75	35.00	(14)	1,291	8.1	11.6	10.4	9.3	7.4	7.4	6.4	6.8	0.6	0.6
<b>HP motorcycle</b>						<b>310</b>	<b>55.9</b>	<b>33.4</b>	<b>32.6</b>	<b>24.4</b>	<b>0.5</b>	<b>0.6</b>	<b>17.4</b>	<b>19.8</b>	<b>5.3</b>	<b>4.5</b>
Next Capital	NCAP TB	BUY	11.40	16.80	47	310	55.9	33.4	32.6	24.4	0.5	0.6	17.4	19.8	5.3	4.5

Share prices as of 18 Jan 2022  
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	632	877	1,129
Interest expense	(9)	(53)	(96)	(106)	(95)
Net interest income	225	372	536	771	1,034
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	84	96	138	143	143
Non interest income	84	96	138	143	143
Total income	309	467	674	914	1,178
Staff costs	-	-	-	-	-
Other operating costs	(169)	(185)	(222)	(334)	(400)
Operating costs	(169)	(185)	(222)	(334)	(400)
Pre provision operating profit	140	282	451	580	777
Provision for bad and doubtful debt	0	(87)	(171)	(134)	(195)
Other provisions	-	-	-	-	-
Operating profit	140	195	281	447	582
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	281	447	582
Tax	(29)	(41)	(49)	(89)	(116)
Profit after tax	111	155	231	357	466
Minority interests	0	1	0	(6)	(13)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	111	155	231	351	453
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	111	155	231	351	453
<b>Per share (THB)</b>					
Recurring EPS *	0.18	0.22	0.24	0.33	0.39
Reported EPS	0.18	0.22	0.24	0.33	0.39
DPS	0.04	0.01	0.00	0.00	0.00
<b>Growth</b>					
Net interest income (%)	6.9	65.6	44.2	43.8	34.2
Non interest income (%)	62.9	13.4	44.0	3.9	0.1
Pre provision operating profit (%)	28.1	101.5	60.0	28.5	34.0
Operating profit (%)	28.1	39.4	43.8	59.2	30.3
Reported net profit (%)	30.0	39.7	49.2	51.8	29.0
Recurring EPS (%)	15.5	22.7	12.1	36.6	17.2
Reported EPS (%)	15.5	22.7	12.1	36.6	17.2
<b>Income Breakdown</b>					
Net interest income (%)	72.7	79.6	79.6	84.3	87.8
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	27.3	20.4	20.4	15.7	12.2
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.01	4.91	7.00	8.80	8.50
Net interest spread (%)	(3.01)	(4.91)	(7.00)	(8.80)	(8.50)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	54.7	39.6	33.0	36.5	34.0
Cost/assets(%)	12.7	8.0	5.9	6.1	5.8
Effective tax rate (%)	20.7	20.8	17.5	20.0	20.0
Dividend payout on recurring profit (%)	21.6	2.6	0.9	0.6	0.5
ROE (%)	12.8	14.7	12.4	10.6	9.4
ROE - COE (%)	2.0	3.9	1.6	(0.2)	(1.4)
ROA (%)	8.4	6.7	6.1	6.5	6.7
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	2,691	3,985	4,497
Total provisions	(9)	(90)	(261)	(395)	(590)
interest in suspense	0	210	350	438	495
<b>Net customer loans</b>	<b>1,122</b>	<b>1,693</b>	<b>2,779</b>	<b>4,029</b>	<b>4,402</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	101	2	2	2	3
Cash & equivalents	360	708	1,117	1,017	1,552
Other interesting assets	145	328	719	1,049	1,425
Tangible fixed assets	31	33	34	36	38
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	66	47	95	125	151
<b>Total assets</b>	<b>1,825</b>	<b>2,811</b>	<b>4,746</b>	<b>6,258</b>	<b>7,571</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	575	1,570	1,178	1,237	989
Non interest bearing liabilities	247	94	103	114	125
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>823</b>	<b>1,664</b>	<b>1,281</b>	<b>1,350</b>	<b>1,114</b>
Share capital	315	353	516	571	624
Reserves	672	778	2,079	3,461	4,944
<b>Total equity</b>	<b>987</b>	<b>1,130</b>	<b>2,595</b>	<b>4,032</b>	<b>5,568</b>
Minority interests	15	16	870	876	889
<b>Total liabilities &amp; equity</b>	<b>1,825</b>	<b>2,811</b>	<b>4,746</b>	<b>6,258</b>	<b>7,571</b>
<b>Supplementary items</b>					
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	1,374	1,207	1,113
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
<b>Per share (THB)</b>					
Book value per share	1.57	1.58	2.72	3.80	4.78
Tangible book value per share	1.57	1.58	2.72	3.80	4.78
<b>Growth</b>					
Gross customer loans	87.5	39.0	71.1	48.1	12.8
Average interest earning assets	-	-	-	-	-
Total asset (%)	120.2	54.0	68.8	31.9	21.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	54.1	40.2	54.7	64.4	73.5
Tangible equity/assets (%)	54.1	40.2	54.7	64.4	73.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	0.8	5.7	9.7	8.8	13.1
Total provisions/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	73.2	59.6	53.2	38.9	33.2
Recurring P/E @ target price (x) *	94.2	76.7	68.4	50.1	42.7
Reported P/E (x)	73.2	59.6	53.2	38.9	33.2
Dividend yield (%)	0.3	0.0	0.0	0.0	0.0
Price/book (x)	8.2	8.2	4.7	3.4	2.7
Price/tangible book (x)	8.2	8.2	4.7	3.4	2.7
Price/tangible book @ target price (x)	10.6	10.5	6.1	4.4	3.5

\* 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	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)

**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 Suwanumphai 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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 12.90	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 185.50	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 59.25	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 59.00	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 65.25	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.
Saksiam Leasing	SAK TB	THB 9.10	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 36.25	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 7.55	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 48.50	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 4.40	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 20.20	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 64.25	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 40.75	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 11.40	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

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 18-Jan-2022 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.