

NEXT CAPITAL NCAP TB

THAILAND / DIVERSIFIED FINANCIALS

BUY

UNCHANGED

Solid NP, but regulation turbulence

- Record high 4Q21 NP of THB88m on solid loan growth.
- Regulation uncertainty still looms.
- Maintain BUY call but recommend waiting for regulation clarity.

TARGET PRICE	THB16.80
CLOSE	THB10.00
UP/DOWNSIDE	+68.0%
PRIOR TP	THB16.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.2%

Record high 4Q21 net profit on robust loan growth

NCAP reported a record high 4Q21 net profit of THB88m (+40% y-y, +20% q-q), backed by 1) significant loan growth of 46% y-y and 18% q-q; and 2) an increase in its fee income following the higher loan volume. Motorcycle sales in Thailand rose 9% y-y and 23% q-q in 4Q21 due to stronger demand for motorbikes and an improvement in the chip shortage situation. NCAP was able to ride the industry's demand. It also gained more market share from local and big players thanks to the expansion of its service areas and a deeper integration of technology in its operations and credit underwriting process. Amid the solid loan growth, NCAP reported a very healthy asset quality with an NPL ratio of 1.3%.

Unlikely to cap interest rate at 20%, but still no clear policy

The second draft of the potential new rate cap on motorbike hire purchase (MHP) loans from the OCPB states that the rate would be capped at 20%. We reiterate our view that a reduced rate charge capped at 20% is unreasonable, as the risk of lending under HP contract to the low-income retail segment is quite high. On top of that, during the hearing on 16 Dec-21, BoT, Thai HP Association, and other HP operators agreed that a cap rate at 20% might destroy the lending system and car production in Thailand. We think a reasonable cap rate would be 25-30%. However, no official announcement on new restrictions has been made.

Bad news mostly priced in, but...

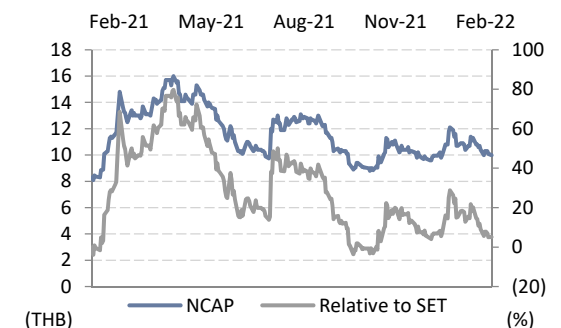
We think that the underperformance of NCAP's share price, despite its outstanding performance after the start of the public hearing process since Oct-21, has mostly priced in the negative impact from a potential rate cap. Based on our analysis, every 1% drop in its loan yield, ceteris paribus, could result in a 10% downside risk to our current net profit forecasts. Note that our current average loan yield assumption (excluding commissions to dealers) for NCAP is c30.9%. With the 2 to 3-year duration of MHP, in the case of a rate cap at 20% and 25% there would be maximum downside risk to our 2022 forecast of c40% and c20%, respectively. If NCAP can control its OPEX more effectively and bargain for the commissions paid to dealers, the downside risks should be lower.

... Its price will likely continue to be pressured

Although NCAP's valuation is attractive, trading at 21.4x 2022E P/E, we think its share price will still be pressured until a clear policy is announced. We recommend a wait-and-see approach.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	389	525	660	776
Net profit	311	420	528	621
EPS (THB)	0.35	0.47	0.59	0.69
vs Consensus (%)	-	6.8	11.3	-
Core net profit	311	420	528	621
Core EPS (THB)	0.35	0.47	0.59	0.69
Chg. In EPS est. (%)	-	0.0	0.0	-
EPS growth (%)	54.1	35.1	25.7	17.7
Core P/E (x)	28.9	21.4	17.0	14.5
Dividend yield (%)	-	0.7	0.9	1.0
Price/book (x)	4.5	3.8	3.2	2.7
ROE (%)	16.9	19.3	20.5	20.2
ROA (%)	5.9	6.1	5.8	5.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.5)	(5.7)	14.9
Relative to country (%)	(8.8)	(8.4)	1.8
Mkt cap (USD m)	280		
3m avg. daily turnover (USD m)	2.0		
Free float (%)	34		
Major shareholder	COM7 PCL (34%)		
12m high/low (THB)	16.40/7.90		
Issued shares (m)	900		

Sources: Bloomberg consensus; FSSIA estimates


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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 26% three-year CAGR from 2021-24, mainly supported by its total outstanding loan volume more than doubling from THB5.5b in 2020 to an estimated THB12.7b in 2024.

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

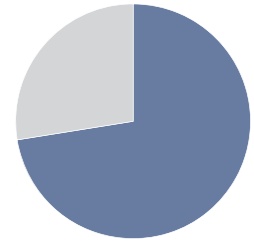
Company profile

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

Principal activities (revenue, 2021)

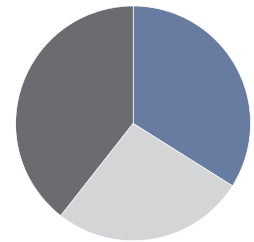
- Net interest income - 72.5 %
- Non-interest income - 27.5 %



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) clear regulations on MHP; 2) expansion into new businesses, e.g. personal loans and motorcycle title loans; and 3) 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
28 Feb 2022	Opportunity day

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	420	528	621
Net profit growth (%)	35.1	25.7	17.7
NIM (%)	18.72	18.25	17.95
Loan growth (%)	35.0	30.0	25.0
Fee growth (%)	35.0	22.0	15.0
Non-NII growth (%)*	20.2	15.5	9.8
Credit cost (bp)	770	770	770
Cost to income (%)*	38.2	36.5	36.0

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2022E		
Loan growth	±2ppt	33.0	35.0	37.0
% change in net profit		(2.0)	-	2.0
NIM (%)	±5bp	18.67	18.72	18.77
% change in net profit		(0.6)	-	0.6
Credit cost (bp)	±10bp	760	770	780
% change in net profit		(1.2)	-	1.2

Source: FSSIA estimates

Record high 4Q21 net profit on robust loan growth

NCAP reported a record high 4Q21 net profit of THB88m (+40% y-y, +20% q-q). The outstanding 4Q21 net profit growth came mainly from 1) significant loan growth of 46% y-y and 18% q-q; and 2) an increase in its fee income following the higher loan volume. Motorcycle sales in Thailand increased by 9% y-y and 23% q-q in 4Q21 due to stronger demand for motorbikes and an improvement in the chip supply shortage. NCAP was able to ride the industry's demand. It also gained 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. Amid the solid loan growth, NCAP reported a very healthy asset quality. Its non-performing loans (NPLs) were relatively stable q-q, with an NPL ratio of 1.34%. On top of that, its coverage ratio jumped to 402%.

NCAP's 2021 net profit came in at THB311b, up 54% y-y on the back of 1) skyrocketing loan growth due mainly to gaining more market share; 2) strong fee income growth following a rise in loan volume; and 3) healthy asset quality leading to lower provisions.

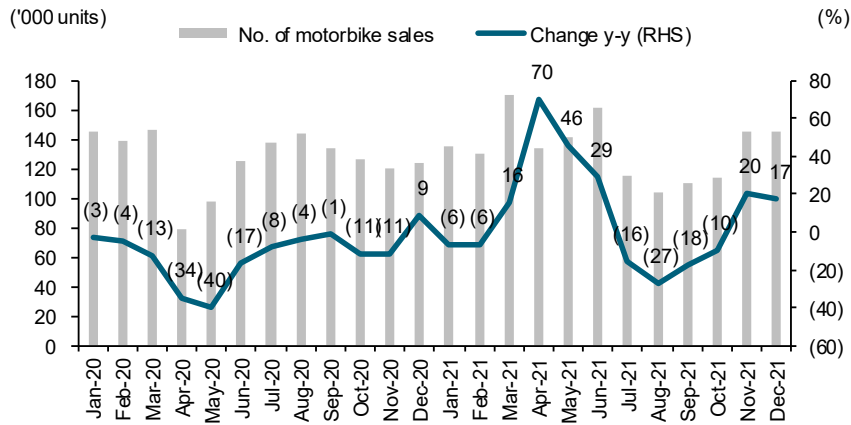
Exhibit 1: NCAP – 2021/4Q21 results summary

Year-end Dec 31	4Q20	3Q21	4Q21	----- Change -----		----- 2021 -----		Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	
Net interest income	195	238	265	36	11	931	21	Solid loan growth
Non-interest income	73	88	104	43	18	354	35	
Operating income	268	326	369	38	13	1,285	25	Fee income increased following the loan growth
Operating expenses	108	136	154	42	13	532	34	
PPOP before tax*	160	190	215	35	13	753	19	
Expected credit loss	84	98	105	26	7	363	(4)	
Income tax	14	19	22	66	19	78	54	
Minority interest	0	(0)	(0)			0		
Normalised profit	63	74	88	40	20	311	54	
Extraordinary items	0	0	0			0		
Net profit	63	74	88	40	20	311	54	
EPS (THB)	0.07	0.08	0.10	40	20	0.35	13	
Asset quality ratio	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	
NPLs (THB m)	65	78	78	21	(0)	78	21	
NPLs / Loans	1.63	1.59	1.34	(0.28)	(0.24)	1.35	(0.28)	
Loan loss reserve/NPLs	357	366	402	46	36	402	46	
Credit cost (bps)	852	835	787	(65)	(48)	746	(197)	
Profitability ratio	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	
Cost to income ratio	40.3	41.6	41.6	1.3	0.1	41.4	2.8	
Average yield	22.6	22.3	21.9	(0.7)	(0.4)	21.1	(0.8)	
Cost of fund	3.9	3.7	3.6	(0.3)	(0.1)	3.2	(0.8)	
Net interest margin (NIM)	19.9	20.3	19.9	(0.0)	(0.4)	19.1	0.0	
Non-interest income / total income	27.2	27.0	28.2	1.0	1.2	27.5	2.1	
Loan growth	(%)	(%)	(%)			(%)		
y-y	(2.4)	26.0	45.5			45.5		Strong motorcycle loan demand and competing for market share from competitors
q-q	2.2	9.0	18.0					

*Including share of profits from associates

Sources: NCAP; FSSIA's compilation

Exhibit 2: Motorcycle sales in Thailand



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

Unlikely to cap interest rate at 20%, but still no clear policy

The second draft of the potential new rate cap on MHP loans from the Office of the Consumer Protection Board (OCPB) states that the rate would be capped at 20%. We reiterate our view that a reduced rate charge capped at 20% is unreasonable, as the risk of lending under HP contract to the low-income retail segment is quite high. On top of that, during the hearing on 16 Dec-21, the Bank of Thailand, Thai Hire-Purchase Association, and other HP operators agreed that a cap rate at 20% might destroy the lending system and car production in Thailand. Furthermore, we followed up with management from both banks and non-banks, which said that after discussions with the OCPB they expect that the rate cap should be higher than 20%. As such, we believe the cap rate at 20% is unlikely to happen. We think a reasonable cap rate would be 25-30%, based on the reference rate caps for other loan types, e.g. auto title loans at 24% and nano finance at 33%. However, there has still been no official announcement regarding the new restrictions.

Exhibit 3: Current regulations on each retail loan type

	Auto title loans	HP loans	----- Personal loans -----		Credit cards	Nano finance	----- Pico finance ----	
			Normal p-loans	Digital loans			Pico	Pico plus
Minimum monthly income	-	-	-	-	THB15k	-	-	-
Interest rate cap (%)	24	No cap	25	25	16	33	36	36 (amount < THB50k) 28 (amount ≥ THB50k)
Market rate (%)	15-22	New motorcycle 30-45; new car 4-6; used car 7-12; new truck 6-8; used truck 9-18; home appliance 22-24	20-25	na.	16	na.	na.	na.
Maximum credit line*	LTV depends on lenders and borrowers	LTV depends on lenders and borrowers	1.5x for monthly income < THB30k 5x for monthly income ≥ THB30k	Credit lines of up to THB20k and repayment terms not over 6 months	1.5x for monthly income of THB15-30k; 3x for monthly income of THB30-50k; 5x for monthly income of ≥ THB50k	THB100k	THB50k	THB100k
Conditions/type of loan	Using vehicles as collateral, no transfer of auto registration	Ownership of collateral belongs to the lessor until the ownership is transferred to lessee when the instalments are paid off	Multipurpose, Unsecured	Online lending using other factors, e.g. bill payment behaviour for underwriting process, Multipurpose, Unsecured	Multipurpose, Unsecured	Business related, Unsecured	Multipurpose, Secured or Unsecured	Multipurpose, Secured or Unsecured
Service area	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Provincial	Provincial
Regulator	BoT	OCPB	BoT	BoT	BoT	BoT	MoF	MoF

*Excluding relaxed criteria from Covid pandemic

Relaxed criteria for: 1) Personal loans: BoT allows no limit for lenders to 2022, an increase in credit lines up to 2x income for THB30k income customers to 2022; 2) Digital loans: increase credit lines up to THB40k and repayment terms to 12 months

BoT = the Bank of Thailand; MoF = Ministry of Finance; OCPB = Office of the Consumer Protection Board; Source: FSSIA's compilation

Financial Statements

Next Capital

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	880	1,028	1,419	1,857	2,350
Interest expense	(114)	(97)	(148)	(220)	(302)
Net interest income	766	931	1,271	1,637	2,048
Net fees & commission	101	144	194	237	272
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	160	210	231	254	267
Non interest income	261	354	425	491	539
Total income	1,028	1,285	1,696	2,127	2,586
Staff costs	(396)	(532)	(648)	(777)	(932)
Other operating costs	-	-	-	-	-
Operating costs	(396)	(532)	(648)	(777)	(932)
Pre provision operating profit	631	753	1,048	1,350	1,655
Provision for bad and doubtful debt	(379)	(363)	(523)	(691)	(878)
Other provisions	-	-	-	-	-
Operating profit	253	389	525	660	776
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	253	389	525	660	776
Tax	(51)	(78)	(105)	(132)	(155)
Profit after tax	202	311	420	528	621
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	202	311	420	528	621
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	202	311	420	528	621
Per share (THB)					
Recurring EPS *	0.22	0.35	0.47	0.59	0.69
Reported EPS	0.22	0.35	0.47	0.59	0.69
DPS	0.00	0.00	0.07	0.09	0.10
Growth					
Net interest income (%)	0.9	21.5	36.5	28.8	25.1
Non interest income (%)	97.6	35.3	20.2	15.5	9.8
Pre provision operating profit (%)	19.2	19.2	39.2	28.9	22.5
Operating profit (%)	56.3	54.1	34.8	25.7	17.7
Reported net profit (%)	59.8	54.1	35.1	25.7	17.7
Recurring EPS (%)	-	54.1	35.1	25.7	17.7
Reported EPS (%)	-	54.1	35.1	25.7	17.7
Income Breakdown					
Net interest income (%)	74.6	72.5	74.9	76.9	79.2
Net fees & commission (%)	9.8	11.2	11.4	11.1	10.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	15.6	16.3	13.6	11.9	10.3
Operating performance					
Gross interest yield (%)	21.90	21.10	20.90	20.70	20.60
Cost of funds (%)	4.04	3.19	3.55	3.70	3.80
Net interest spread (%)	17.86	17.91	17.35	17.00	16.80
Net interest margin (%)	19.1	19.1	18.7	18.3	18.0
Cost/income(%)	38.6	41.4	38.2	36.5	36.0
Cost/assets(%)	9.2	10.1	9.5	8.6	8.0
Effective tax rate (%)	20.1	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	15.0	15.0	15.0
ROE (%)	14.8	16.9	19.3	20.5	20.2
ROE - COE (%)	4.0	6.1	8.5	9.7	9.4
ROA (%)	4.6	5.9	6.1	5.8	5.4
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Next Capital; FSSIA estimates

Financial Statements

Next Capital

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	3,970	5,777	7,799	10,139	12,674
Total provisions	(230)	(314)	(446)	(579)	(697)
interest in suspense	0	0	0	0	0
Net customer loans	3,740	5,464	7,353	9,560	11,977
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	698	75	186	245	306
Other interesting assets	-	-	-	-	-
Tangible fixed assets	21	37	70	136	273
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	198	255	250	300	355
Total assets	4,657	5,831	7,859	10,240	12,911
Customer deposits	250	785	824	865	909
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	2,504	2,553	4,160	6,026	8,098
Non interest bearing liabilities	227	485	509	535	562
Hybrid Capital	-	-	-	-	-
Total liabilities	2,980	3,823	5,493	7,426	9,568
Share capital	450	450	450	450	450
Reserves	1,226	1,548	1,905	2,354	2,882
Total equity	1,676	1,998	2,355	2,804	3,332
Minority interests	0	10	10	10	11
Total liabilities & equity	4,657	5,831	7,859	10,240	12,911
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	4,018	4,874	6,788	8,969	11,406
Average interest bearing liabilities	2,812	3,046	4,161	5,938	7,949
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)	65	78	105	142	178
Per share (THB)					
Book value per share	1.86	2.22	2.62	3.12	3.70
Tangible book value per share	1.86	2.22	2.62	3.12	3.70
Growth					
Gross customer loans	(2.4)	45.5	35.0	30.0	25.0
Average interest earning assets	5.6	21.3	39.3	32.1	27.2
Total asset (%)	16.5	25.2	34.8	30.3	26.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(84.1)	214.0	5.0	5.0	5.0
Leverage & capital measures					
Customer loan/deposits (%)	1,495.9	696.0	892.1	1,104.6	1,317.9
Equity/assets (%)	36.0	34.3	30.0	27.4	25.8
Tangible equity/assets (%)	36.0	34.3	30.0	27.4	25.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	(33.3)	20.8	35.0	35.0	25.0
NPL/gross loans (%)	1.6	1.3	1.3	1.4	1.4
Total provisions/gross loans (%)	5.8	5.4	5.7	4.6	5.5
Total provisions/NPL (%)	356.7	402.2	424.0	407.7	392.5
Valuation					
Recurring P/E (x) *	44.6	28.9	21.4	17.0	14.5
Recurring P/E @ target price (x) *	74.9	48.6	36.0	28.6	24.3
Reported P/E (x)	44.6	28.9	21.4	17.0	14.5
Dividend yield (%)	-	-	0.7	0.9	1.0
Price/book (x)	5.4	4.5	3.8	3.2	2.7
Price/tangible book (x)	5.4	4.5	3.8	3.2	2.7
Price/tangible book @ target price (x)	9.0	7.6	6.4	5.4	4.5

* 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	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	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.

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History of change in investment rating and/or target price

Next Capital (NCAP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Aug-2021	BUY	16.80	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 06-Aug-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Next Capital	NCAP TB	THB 10.00	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 21-Feb-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.