

# NEXT CAPITAL NCAP TB

## THAILAND / DIVERSIFIED FINANCIALS

# BUY

**UNCHANGED**

## กำไรสุทธิดี แต่มีปัญหาด้านกฎระเบียบ

- กำไรสุทธิ 4Q21 สูงเป็นประวัติการณ์ที่ 88 ลบ. จากสินเชื่อที่โตดี
- ยังเห็นความไม่แน่นอนในด้านกฎระเบียบ
- คงแนะนำซื้อแต่แนะนำให้รอความชัดเจนในด้านกฎระเบียบ

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

### กำไรสุทธิ 4Q21 สูงเป็นประวัติการณ์จากสินเชื่อที่โตดี

NCAP รายงานกำไรสุทธิ 4Q21 สูงเป็นประวัติการณ์ที่ 88 ลบ. (+40% y-y, +20% q-q) จาก 1) สินเชื่อที่โตอย่างมีนัยสำคัญถึง 46% y-y และ 18% q-q; และ 2) รายได้ค่าธรรมเนียมที่สูงขึ้นตามปริมาณสินเชื่อ ใน 4Q21 ยอดขายรถมอเตอร์ไซด์ในประเทศไทยเพิ่ม 9% y-y และ 23% q-q จากความต้องการรถมอเตอร์ไซด์ที่สูงขึ้นและสถานการณ์ขาดแคลนชิปที่ปรับตัวดีขึ้น โดย NCAP สามารถเกาะกระแสความต้องการในอุตสาหกรรมดังกล่าว นอกจากนี้บริษัทฯ ยังได้ส่วนแบ่งตลาดเพิ่มจากคู่แข่งในท้องถิ่นและขนาดใหญ่จากการขยายพื้นที่ให้บริการและการบูรณาการเทคโนโลยีเข้าสู่กระบวนการดำเนินงานและอนุมัติสินเชื่อให้มากยิ่งขึ้น แม้ว่าสินเชื่อจะโตในระดับสูง NCAP ยังรายงานคุณภาพสินทรัพย์ที่ดีมากโดยมี NPL ratio ที่เพียง 1.3%

### เพดานอัตราดอกเบี้ยไม่น่าจะอยู่ที่ 20% แต่ยังไม่เห็นนโยบายที่ชัดเจน

ร่างที่สองของเพดานอัตราดอกเบี้ยสำหรับสินเชื่อเช่าซื้อรถมอเตอร์ไซด์ (MHP) ที่อาจเกิดขึ้นใหม่จาก OCPB ระบุว่าอัตราดอกเบี้ยจะต้องไม่เกิน 20% เรายังมองว่าการปรับเพดานอัตราดอกเบี้ยลงเหลือ 20% ไม่สมเหตุผล เนื่องจากเงินกู้ภายใต้สัญญาสินเชื่อเช่าซื้อในกลุ่มรายย่อยที่มีรายได้ต่ำมีความเสี่ยงค่อนข้างสูง นอกจากนี้ในช่วงการทำประชาพิจารณ์เมื่อวันที่ 16 ธ.ค. 21 ธปท. สมาคมสินเชื่อเช่าซื้อไทย และผู้ประกอบการสินเชื่อเช่าซื้อรายอื่น ๆ ต่างเห็นพ้องต้องกันว่าเพดานอัตราดอกเบี้ยที่ 20% อาจทำลายระบบสินเชื่อและการผลิตรถยนต์ในประเทศไทย เราคิดว่าเพดานอัตราดอกเบี้ยที่เหมาะสมน่าจะอยู่ที่ 25-30% อย่างไรก็ตามเรายังไม่มีการประกาศอย่างเป็นทางการเกี่ยวกับกฎระเบียบใหม่ดังกล่าว

### ข่าวร้ายส่วนมากสะท้อนในราคาแล้วแต่...

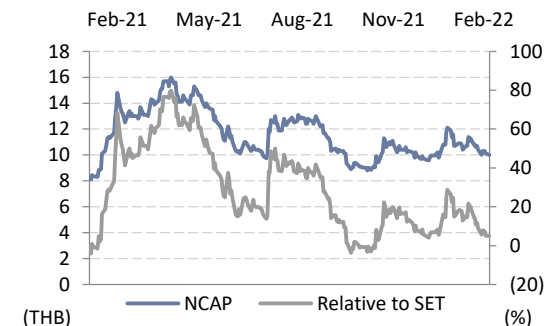
เราคิดว่าราคาหุ้นของ NCAP ที่ปรับตัวต่ำกว่าตลาดแม้ว่าผลประกอบการจะโดดเด่นหลังเริ่มกระบวนการทำประชาพิจารณ์มาตั้งแต่เดือน ต.ค. 21 ได้สะท้อนผลกระทบเชิงลบส่วนมากจากเพดานอัตราดอกเบี้ยที่อาจเกิดขึ้นไปแล้ว จากการวิเคราะห์ของเรา ถ้าสมมติให้ปัจจัยอื่นคงที่ อัตราผลตอบแทนสินเชื่อที่ลดลงทุก ๆ 1% อาจให้ความเสี่ยงขาลง 10% ต่อประมาณการกำไรสุทธิปัจจุบันของเรา หมายเหตุสมมติฐานผลตอบแทนสินเชื่อเฉลี่ยในปัจจุบันของเรา (ไม่รวมค่านายหน้า) ให้แก่ตัวแทนจำหน่าย สำหรับ NCAP อยู่ที่ประมาณ 30.9% จากอายุของ MHP ที่อยู่ระหว่าง 2 ถึง 3 ปี ถ้าเพดานอัตราดอกเบี้ยอยู่ที่ 20% และ 25% ความเสี่ยงขาลงสูงสุดเมื่อเทียบกับประมาณการปี 2022 ของเราจะอยู่ที่ประมาณ 40% และ 20% ตามลำดับ ถ้า NCAP สามารถควบคุมค่าใช้จ่ายในการดำเนินงานให้มีประสิทธิภาพมากขึ้นและสามารถต่อรองค่านายหน้าให้จ่ายให้แก่ตัวแทนจำหน่ายได้ ความเสี่ยงขาลงน่าจะลดลงได้

### ... ราคาหุ้นน่าจะเจอแรงกดดันต่อเนื่อง

แม้ว่าระดับการประเมินมูลค่าของ NCAP น่าสนใจ โดยมีการซื้อขายที่ 21.4x ของค่า 2022E P/E เราคิดว่าราคาหุ้นน่าจะเจอแรงกดดันจนกว่าจะมีการประกาศนโยบายอย่างชัดเจน ด้วยเหตุผลดังกล่าวเราแนะนำให้นักลงทุนใช้วิธีรอดู

## 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



**Yuvanart Suwanumphai**

yuvanart.suw@fssia.com  
+66 2611 3554

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 22 กุมภาพันธ์ 2022

## 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.

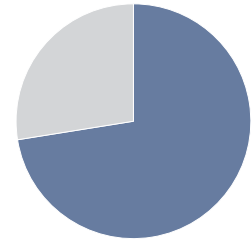
## Company profile

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

## Principal activities (revenue, 2021)

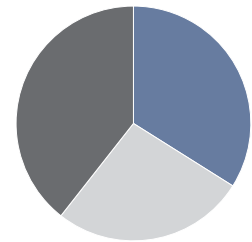
- Net interest income - 72.5 %
- Non-interest income - 27.5 %



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.

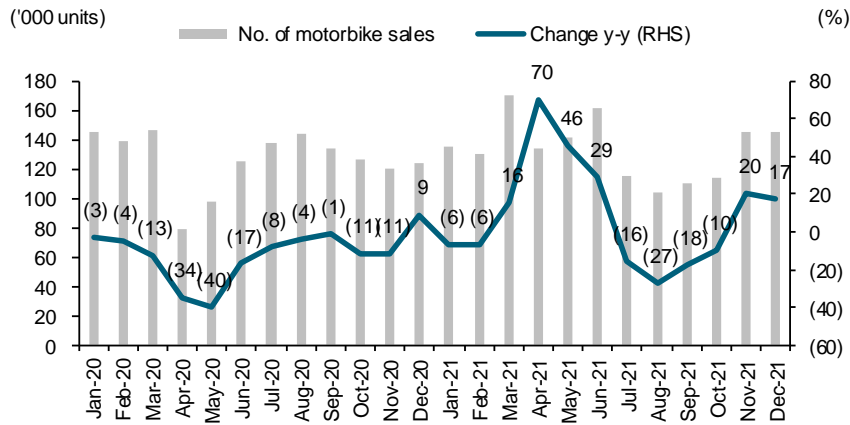
### Exhibit 1: NCAP – 2021/4Q21 results summary

| 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           | Fee income increased following the loan growth                                |
| <b>Operating income</b>            | <b>268</b> | <b>326</b> | <b>369</b> | <b>38</b>          | <b>13</b>    | <b>1,285</b>     | <b>25</b>    |   |
| Operating expenses                 | 108        | 136        | 154        | 42                 | 13           | 532              | 34           |   |
| <b>PPOP before tax*</b>            | <b>160</b> | <b>190</b> | <b>215</b> | <b>35</b>          | <b>13</b>    | <b>753</b>       | <b>19</b>    |   |
| 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                |              |   |
| <b>Normalised profit</b>           | <b>63</b>  | <b>74</b>  | <b>88</b>  | <b>40</b>          | <b>20</b>    | <b>311</b>       | <b>54</b>    |   |
| Extraordinary items                | 0          | 0          | 0          |                    |              | 0                |              |   |
| <b>Net profit</b>                  | <b>63</b>  | <b>74</b>  | <b>88</b>  | <b>40</b>          | <b>20</b>    | <b>311</b>       | <b>54</b>    |   |
| EPS (THB)                          | 0.07       | 0.08       | 0.10       | 40                 | 20           | 0.35             | 13           |   |
| <b>Asset quality ratio</b>         | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(ppt)</b>       | <b>(ppt)</b> | <b>(%)</b>       | <b>(ppt)</b> |   |
| 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)        |   |
| <b>Profitability ratio</b>         | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(ppt)</b>       | <b>(ppt)</b> | <b>(%)</b>       | <b>(ppt)</b> |   |
| 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          |   |
| <b>Loan growth</b>                 | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> |                    |              | <b>(%)</b>       |              |   |
| y-y                                | (2.4)      | 26.0       | 45.5       |                    |              | 45.5             |              |   |
| q-q                                | 2.2        | 9.0        | 18.0       |                    |              |                  |              | Strong motorcycle loan demand and competing for market share from competitors |

\*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   |   | 16  | 33                          | 36                                 | 36 (amount < THB50k)<br>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.                                |  |
| Maximum credit line*    | LTV depends on lenders and borrowers                           | LTV depends on lenders and borrowers   | 1.5x for monthly income < THB30k<br>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;<br>3x for monthly income of THB30-50k;<br>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 |  |
| Service area            | Nationwide   | Nationwide   | Nationwide   |   | Nationwide  | Nationwide                  | Provincial                         |  |
| Regulator               | BoT  | OCPB   | BoT  |   | BoT   | BoT                         | 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   |
| <b>Per share (THB)</b>                  |       |       |       |       |       |
| 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  |
| <b>Growth</b>                           |       |       |       |       |       |
| 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  |
| <b>Income Breakdown</b>                 |       |       |       |       |       |
| 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  |
| <b>Operating performance</b>            |       |       |       |       |       |
| 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             |
| <b>Net customer loans</b>              | <b>3,740</b> | <b>5,464</b> | <b>7,353</b> | <b>9,560</b>  | <b>11,977</b> |
| 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           |
| <b>Total assets</b>                    | <b>4,657</b> | <b>5,831</b> | <b>7,859</b> | <b>10,240</b> | <b>12,911</b> |
| 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                         | -            | -            | -            | -             | -             |
| <b>Total liabilities</b>               | <b>2,980</b> | <b>3,823</b> | <b>5,493</b> | <b>7,426</b>  | <b>9,568</b>  |
| Share capital                          | 450          | 450          | 450          | 450           | 450           |
| Reserves                               | 1,226        | 1,548        | 1,905        | 2,354         | 2,882         |
| <b>Total equity</b>                    | <b>1,676</b> | <b>1,998</b> | <b>2,355</b> | <b>2,804</b>  | <b>3,332</b>  |
| Minority interests                     | 0            | 10           | 10           | 10            | 11            |
| <b>Total liabilities &amp; equity</b>  | <b>4,657</b> | <b>5,831</b> | <b>7,859</b> | <b>10,240</b> | <b>12,911</b> |
| <b>Supplementary items</b>             |              |              |              |               |               |
| 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           |
| <b>Per share (THB)</b>                 |              |              |              |               |               |
| 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          |
| <b>Growth</b>                          |              |              |              |               |               |
| 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           |
| <b>Leverage &amp; capital measures</b> |              |              |              |               |               |
| 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 (%)                          | -            | -            | -            | -             | -             |
| <b>Asset Quality</b>                   |              |              |              |               |               |
| 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         |
| <b>Valuation</b>                       |              |              |              |               |               |
| 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    | 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   | TSC    | TSR    | TSTE   | TSTH   | TTA    |
| TTCL            | TTW    | TU     | TVD   | TVI   | TVO   | TWPC   | U      | UAC    | UBIS   | UV     |
| VGI             | VIH    | WACOAL | WAVE  | WHA   | WHAUP | WICE   | WINNER | TRUE   |        |        |

| VERY GOOD LEVEL |         |        |       |        |       |        |        |        |        |       |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S              | ABM     | ACE    | ACG   | ADB    | AEC   | AEONTS | AGE    | AH     | AHC    | AIT   |
| ALLA            | AMANAHA | AMARIN | APCO  | APCS   | APURE | AQUA   | ASAP   | ASEFA  | ASIA   | ASIAN |
| ASIMAR          | ASK     | ASN    | ATP30 | AUCT   | AWC   | AYUD   | B      | BA     | BAM    | BBL   |
| BFIT            | BGC     | BJC    | BJCHI | BROOK  | BTW   | CBG    | CEN    | CGH    | CHARAN | CHAYO |
| CHG             | CHOTI   | CHOW   | CI    | CIG    | CMC   | COLOR  | COM7   | CPL    | CRC    | CRD   |
| CSC             | CSP     | CWT    | DCC   | DCON   | DDD   | DOD    | DOHOME | EASON  | EE     | ERW   |
| ESTAR           | FE      | FLOYD  | FN    | FORTH  | FSS   | FTE    | FVC    | GENCO  | GJS    | GL    |
| GLAND           | GLOBAL  | GLOCON | GPI   | GULF   | GYT   | HPT    | HTC    | ICN    | IFS    | ILM   |
| IMH             | INET    | INSURE | IRC   | IRCP   | IT    | ITD    | ITEL   | J      | JAS    | JCK   |
| JCKH            | JMART   | JMT    | KBS   | KCAR   | KGI   | KIAT   | KOOL   | KTIS   | KWC    | KWM   |
| L&E             | LALIN   | LDC    | LHK   | LOXLEY | LPH   | LRH    | LST    | M      | MACO   | MAJOR |
| MBAX            | MEGA    | META   | MFC   | MGT    | MILL  | MITSIB | MK     | MODERN | MTI    | MVP   |
| NETBAY          | NEX     | NINE   | NTV   | NWR    | OCC   | OGC    | OSP    | PATO   | PB     | PDG   |
| PDI             | PICO    | PIMO   | PJW   | PL     | PM    | PPP    | PRIN   | PRINC  | PSTC   | PT    |
| QLT             | RCL     | RICHY  | RML   | RPC    | RWI   | S11    | SALEE  | SAMCO  | SANKO  | SAPPE |
| SAWAD           | SCI     | SCP    | SE    | SEG    | SFP   | SGF    | SHR    | SIAM   | SINGER | SKE   |
| SKR             | SKY     | SMIT   | SMT   | SNP    | SPA   | SPC    | SPCG   | SR     | SRICHA | SSC   |
| SSF             | STANLY  | STI    | STPI  | SUC    | SUN   | SYNEX  | T      | TAE    | TAKUNI | TBSP  |
| TCC             | TCMC    | TEAM   | TEAMG | TFG    | TIGER | TITLE  | TKN    | TKS    | TM     | TMC   |
| TMD             | TMI     | TMT    | TNITY | TNP    | TNR   | TOG    | TPA    | TPAC   | TPCORP | TPOLY |
| TPS             | TRITN   | TRT    | TRU   | TSE    | TVT   | TWP    | UEC    | UMI    | UOBKH  | UP    |
| UPF             | UPOIC   | UT     | UTP   | UWC    | VL    | VNT    | VPO    | WIJK   | WP     | XO    |
| YUASA           | ZEN     | ZIGA   | ZMICO |        |       |        |        |        |        |       |

| GOOD LEVEL |      |        |        |       |        |       |       |        |        |       |
|------------|------|--------|--------|-------|--------|-------|-------|--------|--------|-------|
| 7UP        | A    | ABICO  | AJ     | ALL   | ALUCON | AMC   | APP   | ARIN   | AS     | AU    |
| B52        | BC   | BCH    | BEAUTY | BGT   | BH     | BIG   | BKD   | BLAND  | BM     | BR    |
| BROCK      | BSBM | BSM    | BTNC   | CAZ   | CCP    | CGD   | CITY  | CMAN   | CMO    | CMR   |
| CPT        | CPW  | CRANE  | CSR    | D     | EKH    | EP    | ESSO  | FMT    | GIFT   | GREEN |
| GSC        | GTB  | HTECH  | HUMAN  | IHL   | INOX   | INSET | IP    | JTS    | JUBILE | KASET |
| KCM        | KKC  | KUMWEL | KUN    | KWG   | KYE    | LEE   | MATCH | MATI   | M-CHAI | MCS   |
| MDX        | MJD  | MM     | MORE   | NC    | NDR    | NER   | NFC   | NNCL   | NPK    | NUSA  |
| OCEAN      | PAF  | PF     | PK     | PLE   | PMTA   | POST  | PPM   | PRAKIT | PRECHA | PRIME |
| PROUD      | PTL  | RBF    | RCI    | RJH   | ROJNA  | RP    | RPH   | RSP    | SF     | SFLEX |
| SGP        | SISB | SKN    | SLP    | SMART | SOLAR  | SPG   | SQ    | SSP    | STARK  | STC   |
| SUPER      | SVOA | TC     | TCCC   | THMUI | TIW    | TNH   | TOPP  | TPCH   | TIPIP  | TPLAS |
| TTI        | TYCN | UKEM   | UMS    | VCOM  | VRANDA | WIN   | WORK  | WPH    |        |       |

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

| CERTIFIED |        |        |        |       |        |        |        |        |        |        |
|-----------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| 2S        | ADVANC | AI     | AIE    | AIRA  | AKP    | AMA    | AMANAH | AP     | AQUA   | ARROW  |
| ASK       | ASP    | AYUD   | B      | BAFS  | BANPU  | BAY    | BBL    | BCH    | BCP    | BCPG   |
| BGC       | BGRIM  | BJCHI  | BKI    | BLA   | BPP    | BROOK  | BRR    | BSBM   | BTS    | BWG    |
| CEN       | CENTEL | CFRESH | CGH    | CHEWA | CHOTI  | CHOW   | CIG    | CIMBT  | CM     | CMC    |
| COL       | COM7   | CPALL  | CPF    | CPI   | CPN    | CSC    | DCC    | DELTA  | DEMCO  | DIMET  |
| DRT       | DTAC   | DTC    | EASTW  | ECL   | EGCO   | FE     | FNS    | FPI    | FPT    | FSS    |
| FTE       | GBX    | GC     | GCAP   | GEL   | GFPT   | GGC    | GJS    | GPSC   | GSTEEL | GUNKUL |
| HANA      | HARN   | HMPRO  | HTC    | ICC   | ICHI   | IFS    | INET   | INSURE | INTUCH | IRPC   |
| ITEL      | IVL    | K      | KASET  | KBANK | KBS    | KCAR   | KCE    | KGI    | KKP    | KSL    |
| KTB       | KTC    | KWC    | L&E    | LANNA | LHFG   | LHK    | LPN    | LRH    | M      | MAKRO  |
| MALEE     | MBAX   | MBK    | MBKET  | MC    | MCOT   | MFC    | MFEC   | MINT   | MONO   | MOONG  |
| MPG       | MSC    | MTC    | MTI    | NBC   | NEP    | NINE   | NKI    | NMG    | NNCL   | NSI    |
| NWR       | OCC    | OCEAN  | OGC    | ORI   | PAP    | PATO   | PB     | PCSGH  | PDG    | PDI    |
| PDJ       | PE     | PG     | PHOL   | PL    | PLANB  | PLANET | PLAT   | PM     | PPP    | PPPM   |
| PPS       | PREB   | PRG    | PRINC  | PRM   | PSH    | PSL    | PSTC   | PT     | PTG    | PTT    |
| PTTEP     | PTTGC  | PYLON  | Q-CON  | QH    | QLT    | QTC    | RATCH  | RML    | RWI    | S & J  |
| SABINA    | SAT    | SC     | SCB    | SCC   | SCCC   | SCG    | SCN    | SEAOIL | SE-ED  | SELIC  |
| SENA      | SGP    | SIRI   | SITHAI | SMIT  | SMK    | SMPC   | SNC    | SNP    | SORKON | SPACK  |
| SPC       | SPI    | SPRC   | SRICHA | SSF   | SSSC   | SST    | STA    | SUSCO  | SVI    | SYNTEC |
| TAE       | TAKUNI | TASCO  | TBSP   | TCAP  | TCMC   | TFG    | TFI    | TFMAMA | THANI  | THCOM  |
| THIP      | THRE   | THREL  | TIP    | TIPCO | TISCO  | TKT    | TTB    | TMD    | TMILL  | TMT    |
| TNITY     | TNL    | TNP    | TNR    | TOG   | TOP    | TPA    | TPCORP | TPP    | TRU    | TSC    |
| TSTH      | TTCL   | TU     | TVD    | TVI   | TVO    | TWPC   | U      | UBIS   | UEC    | UKEM   |
| UOBKH     | UWC    | VGI    | VIH    | VNT   | WACOAL | WHA    | WHAUP  | WICE   | WIJK   | XO     |
| ZEN       | TRUE   |        |        |       |        |        |        |        |        |        |

| DECLARED |       |       |        |        |       |        |       |       |       |        |
|----------|-------|-------|--------|--------|-------|--------|-------|-------|-------|--------|
| 7UP      | ABICO | AF    | ALT    | AMARIN | AMATA | AMATAV | ANAN  | APURE | B52   | BKD    |
| BM       | BROCK | BUI   | CHO    | CI     | COTTO | DDD    | EA    | EFORL | EP    | ERW    |
| ESTAR    | ETE   | EVER  | FSMART | GPI    | ILINK | IRC    | J     | JKN   | JMART | JMT    |
| JSP      | JTS   | KWG   | LDC    | MAJOR  | META  | NCL    | NOBLE | NOK   | PK    | PLE    |
| ROJNA    | SAAM  | SAPPE | SCI    | SE     | SHANG | SINGER | SKR   | SPALI | SSP   | STANLY |
| SUPER    | SYNEX | THAI  | TKS    | TOPP   | TRITN | TTA    | UPF   | UV    | WIN   | ZIGA   |

| Level     |   |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared  | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)  |

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

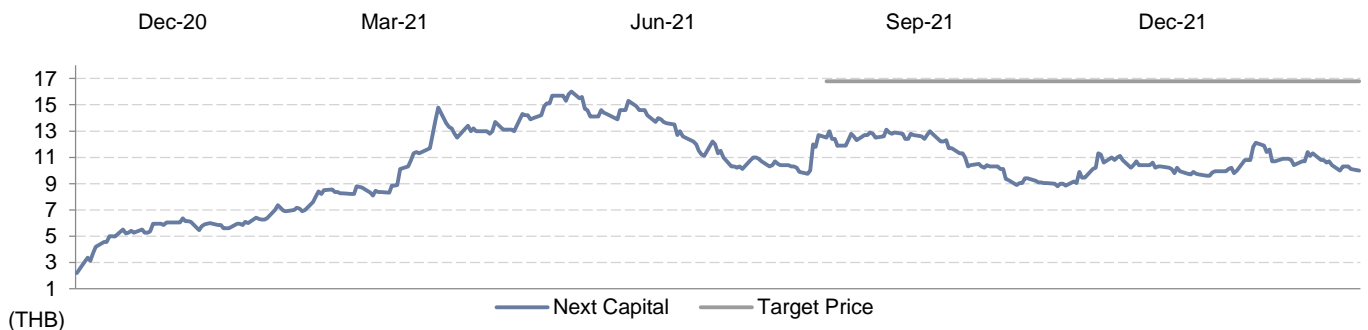
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

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 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.