

Thailand Diversified Financials

ยังไม่ใช้เวลาของสินเชื่อประเภทไม่มีหลักทรัพย์ค้ำประกัน

- คาดกำไรปกติจะลดลง y-y ในอีก 2 ไตรมาสข้างหน้าจากสำรองที่อยู่ในระดับสูง
- ธุรกิจใหม่จะต้องใช้เวลาก่อนเร่งตัวขึ้น ในขณะที่ธุรกิจเดิมเผชิญความท้าทาย
- ขอบน้อยที่สุดในกลุ่มการเงิน; ไม่มีคำแนะนำซื้อ

คาดการณ์กำไรปกติจะลดลง y-y ในอีก 2 ไตรมาสข้างหน้า

เราคาดว่าผู้ประกอบการสินเชื่อประเภทไม่มีหลักทรัพย์ค้ำประกัน (ULO) จะรายงานกำไรปกติที่อ่อนแอใน 1Q22 (4QFY21 สำหรับ AEONTS) โดยจะลดลง 11% y-y (และเพิ่มเพียง 3% q-q) โดยจะได้รับแรงกดดันจากสำรองที่สูงขึ้น เราเห็นสินเชื่อที่เพิ่มขึ้นสำหรับทั้ง KTC และ AEONTS ตามการกลับมาของกิจกรรมทางธุรกิจและความเต็มใจปล่อยสินเชื่อที่สูงขึ้นหลังเศรษฐกิจทยอยฟื้นตัว อย่างไรก็ตามเราคิดว่าผู้ประกอบการจะต้องเสียสละกำไรโดยจัดสรรสำรองเพิ่มขึ้นในระยะแรกของการฟื้นตัวของเศรษฐกิจสินเชื่อ เราคาดว่าแนวโน้มดังกล่าวจะต่อเนื่องไปใน 2Q22 เพราะฉะนั้นกำไรปกติของ ULO น่าจะอ่อนแอต่อเนื่อง y-y ใน 2Q22 ในด้านคุณภาพสินทรัพย์ เราคาดว่าหนี้ต่อคุณภาพ (NPL) ของ ULO จะเพิ่มเล็กน้อยตามปริมาณสินเชื่อที่สูงขึ้น อย่างไรก็ตามเราเห็นว่าไม่มีสาเหตุที่ต้องกังวลแต่ประการใด

สินเชื่อประเภทไม่มีหลักทรัพย์ค้ำประกันเผชิญความท้าทายในปัจจุบัน ในขณะที่...

นับตั้งแต่มาตรการปิดเมืองเริ่มผ่อนคลายในเดือน ก.ย. 21 แนวโน้มการใช้จ่ายใช้สอยผ่านบัตรเครดิตก็ดีขึ้น อย่างไรก็ตามเราคิดว่าระดับการใช้จ่ายผ่านบัตรในปี 2022 น่าจะเพิ่มในระดับปานกลางเพียงประมาณ 8-10% y-y ซึ่งยังต่ำกว่าในปี 2019 เราเชื่อว่าความต้องการรับความเสี่ยงของผู้ประกอบการบัตรเครดิตยังคงต่ำกว่าก่อน Covid จากแรงกดดันในด้านอัตราค่าไถ่จากนโยบายเพดานอัตราดอกเบี้ย ในด้านสินเชื่อบุคคล เราเห็นการแข่งขันที่ดุเดือดขึ้นจากธนาคารจากเพดานอัตราดอกเบี้ยที่มีอยู่เราเชื่อว่าความเต็มใจของ ULO ในการปล่อยสินเชื่อจะลดลงจากสัดส่วนความเสี่ยงต่อผลตอบแทนที่ลดลง ในขณะที่ความต้องการรับความเสี่ยงของธนาคารในตลาดสินเชื่อบุคคลกำลังเพิ่มขึ้นจากช่องทางในการเข้าสู่ข้อมูลที่เพิ่มมากขึ้นจากช่องทางดิจิทัลซึ่งทำให้สามารถวิเคราะห์ข้อมูลความเสี่ยงของลูกค้าได้โดยละเอียด เราเห็นว่าการแข่งขันที่รุนแรงในตลาดสินเชื่อบุคคลอาจขัดขวางแนวโน้มการเติบโตในระยะยาวของ ULO

...ธุรกิจใหม่จะต้องใช้เวลาก่อนเร่งตัวขึ้น

จากแนวโน้มอุตสาหกรรมที่กำลังเปลี่ยนแปลง ในแง่ของอัตราค่าไถ่ที่ตึงตัวมากยิ่งขึ้นจากเพดานอัตราดอกเบี้ยและการแข่งขันที่รุนแรงมากยิ่งขึ้น เราเชื่อว่า ULO จะต้องปรับวิธีในการทำธุรกิจเพื่อสนับสนุนการเติบโตในระยะยาว ในปี 2022 KTC ตั้งเป้าหมายสินเชื่อที่เปย์นรยนต์เชิงรุก ในเดือน ต.ค. 21 AEONTS เปิดตัวสินเชื่อดิจิทัล อย่างไรก็ตามจากการอัปเดตข้อมูลล่าสุดของเราที่เห็นว่าการแข่งขันที่ดุเดือดขึ้นของทั้งสองบริษัทยังต่ำกว่าที่เราคาดว่า สำหรับ KTC เราคิดว่าอุปสรรคสำคัญอยู่ที่จำนวนสาขาที่มีน้อยและการขาดประสบการณ์โดยตรงในอุตสาหกรรม สำหรับ AEONTS ปัจจัยรบกวนสำคัญอยู่ที่วิธีในการควบคุมคุณภาพสินทรัพย์ เพราะฉะนั้นเราคิดว่าอาจใช้เวลาเพิ่มก่อนที่จะเริ่มสร้างกำไรอย่างมีนัยสำคัญ

ULO เป็นหุ้นที่เราชอบน้อยที่สุดในกลุ่มการเงิน

ในกลุ่มการเงินที่เราทำการศึกษา เราชอบ AMC และผู้ประกอบการสินเชื่อระยะมากกว่า ULO จากแนวโน้มการเติบโตของกำไรสุทธิปี 2022 ที่สูงกว่าที่ 52% สำหรับ AMC และ 32% สำหรับผู้ปล่อยสินเชื่อระยะ แต่ที่เพียง 17% สำหรับ ULO แม้ว่าเราจะไม่มีความแนะนำซื้อสำหรับหุ้นในกลุ่ม ULO เลยกก็ตาม เราชอบ AEONTS มากกว่า KTC จากระดับการประเมินมูลค่าที่ต่ำกว่า



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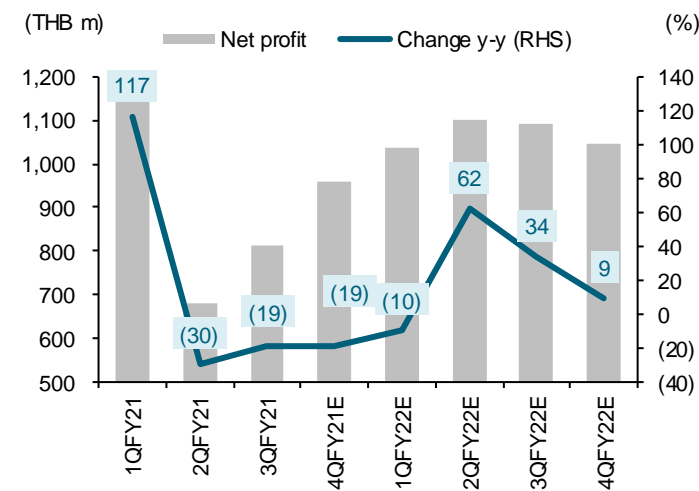
PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 11 เมษายน 2022

Expect soft y-y core profit growth in the next two quarters

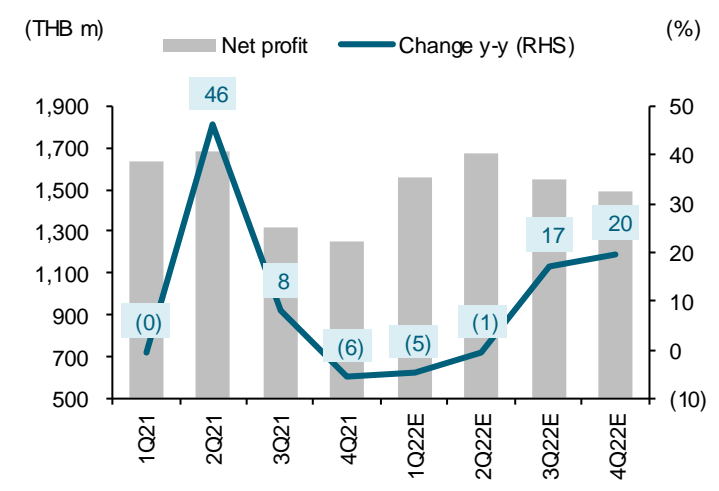
We expect ULOs to deliver a soft 1Q22 (4QFY21 for AEONTS) core profit of -11% y-y (+3% q-q), pressured by higher provisions. We see stronger loan growth for both KTC and AEONTS following the resumption of business activity and their higher willingness to lend due to the gradual pace of the economic recovery. However, we think they will have to sacrifice their bottom lines by setting higher provisions during the first phase of loan growth recovery. We expect this trend to continue in 2Q22. Thus, ULOs' core profit should continue to be soft y-y. Regarding asset quality, we expect a minimal rise in the non-performing loans (NPLs) of ULOs following the increase in loan volumes. There is no cause for alarm, in our view. As for the Ukraine crisis, according to ULOs' management, they currently do not see a significant impact. We believe ULOs will manage their asset quality effectively, and there should be no negative surprises from provisions. However, in the case of a further economic slowdown, ULOs might resume their risk-off mode which would affect revenue growth.

Exhibit 1: Quarterly net profit forecasts for AEONTS



Sources: Company data; FSSIA estimates

Exhibit 2: Quarterly net profit forecasts for KTC



Sources: Company data; FSSIA estimates

Exhibit 3: AEONTS – 4QFY21E results preview ending 28 Feb 2022

Year-end Feb 28	4QFY20	3QFY21	4QFY21E		FY20	FY21E		4QFY21E comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(THB m)	(y-y %)
Net interest income	3,897	4,122	4,231	9	3	16,491	16,171	(2)
Non-interest income*	639	664	713	12	7	2,689	2,822	5
Operating income*	4,536	4,786	4,945	9	3	19,180	18,993	(1)
Operating expenses	2,162	1,952	2,187	1	12	8,323	8,088	(3)
PPOP before tax*	2,374	2,834	2,758	16	(3)	10,857	10,905	0
Expected credit loss	883	1,780	1,538	74	(14)	6,210	5,770	(7)
Income tax	231	219	244	6	12	967	1,130	17
Minority interest	77	21	19	(75)	(8)	(10)	40	
Net profit	1,184	815	957	(19)	17	3,690	3,965	7
EPS (THB)	4.73	3.26	3.83	(19)	17	14.76	15.86	7
Asset quality ratio								
NPLs (THB m)	5,042	4,328	4,371	(13)	1	5,042	4,371	(13)
NPLs/Loans (%)	5.77	4.83	4.79			5.77	4.79	
LLR/NPLs (%)	230	255	253			230	253	
Credit cost (bps)	402	806	680			699	650	
Profitability ratio	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio*	47.7	40.8	44.2			43.4	42.6	
Average yield	19.8	20.6	20.7			20.9	20.3	
Cost of fund	2.9	2.6	2.6			3.2	2.9	
NIM	17.7	18.7	18.7			18.6	18.2	
Non-int inc/total income	14.1	13.9	14.4			14.0	14.9	
Loan growth	(%)	(%)	(%)			(%)	(%)	
y-y	(3.1)	1.2	4.5			(3.1)	4.5	
q-q	(1.2)	2.8	2.0					

A rise in loan volume following the easing of lockdown measures

*Including share of profits from associates

Sources: AEONTS; FSSIA estimates

Exhibit 4: KTC – 1Q22E results preview

Year-end Dec 31	1Q21	4Q21	1Q22E	Change		2021	2022E	Change	1Q22E comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(THB m)	(y-y %)	
Net interest income	3,034	3,048	3,122	3	2	12,198	13,133	8	
Non-interest income	1,994	2,122	2,127	7	0	7,838	8,522	9	
Operating income	5,027	5,170	5,249	4	2	20,036	21,655	8	
Operating expenses	1,779	1,923	1,817	2	(6)	7,326	7,480	2	
PPOP before tax	3,248	3,247	3,432	6	6	12,711	14,175	12	
Provision	1,187	1,460	1,491	26	2	5,084	5,388	6	
Income tax	412	290	369	(10)	27	1,467	1,757	20	
Minority interest	15	(124)	16			(90)	77		
Normalised profit	1,634	1,620	1,556	(5)	(4)	6,251	6,952	11	
Extraordinary items	0	(372)	0			(372)	0		
Net profit	1,634	1,248	1,556	(5)	25	5,879	6,952	18	
EPS (THB)	0.63	0.48	0.60	(5)	25	2.28	2.70	18	
Asset quality ratio									
Gross NPLs	1,661	3,317	3,383	104	2	3,317	3,516	6	
NPL ratios (%)	1.92	3.60	3.70			3.60	3.50		
LLR/NPLs (%)	442	292	321			292	229		
Credit cost (bp)	525	654	650			544	560		
Profitability ratio	(%)	(%)	(%)			(%)	(%)		
Cost to income ratio	35.4	37.2	34.6			36.6	34.5		
Average yield	14.9	15.2	15.1			14.5	14.9		
Cost of fund	2.6	2.6	2.6			2.5	2.6		
Net interest margin (NIM)	13.4	13.7	13.6			13.1	13.6		
Non-int inc/total income	39.7	41.1	40.5			39.1	39.4		
Loan growth	(%)	(%)	(%)			(%)	(%)		
y-y	5.9	(2.8)	6.0			(2.8)	9.1		
q-q	(8.8)	6.4	(0.6)						

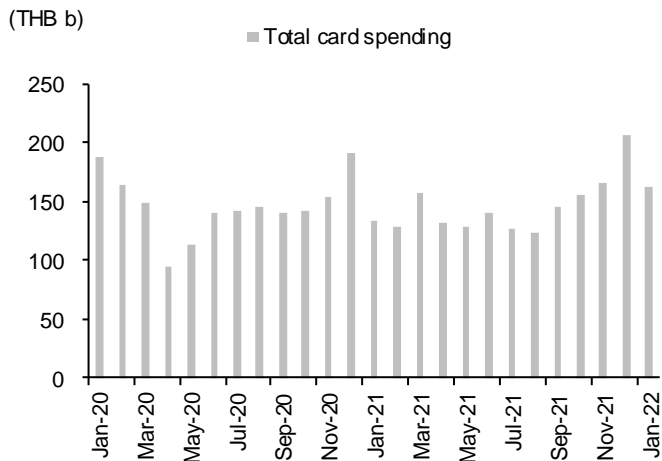
NPL ratio significantly increase y-y due to the consolidation of KTB Leasing

Sources: KTC; FSSIA's estimates

Credit card business – improving but not yet at pre-Covid levels

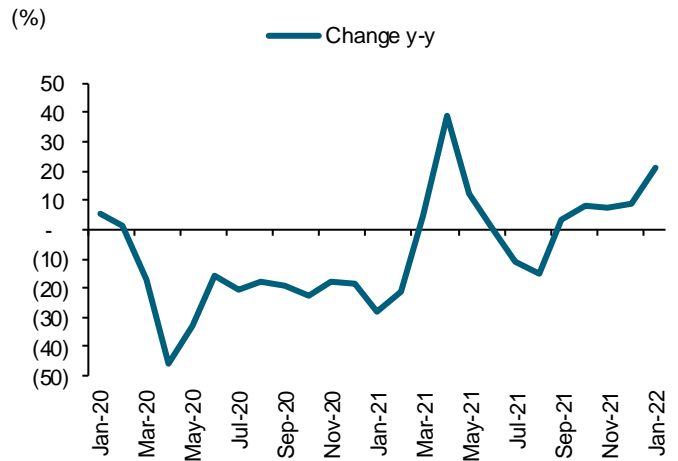
Total credit card spending decreased for two consecutive years in 2020-21 due to Covid-19 and the lockdown measures. After the lockdown easing began in Sep-21, there was an improving trend of credit card spending. We believe that Thai people are now more comfortable living with Covid. The increase in card spending should benefit credit card operators in terms of a rise in loan volumes and fee incomes.

Exhibit 5: Monthly total credit card spending



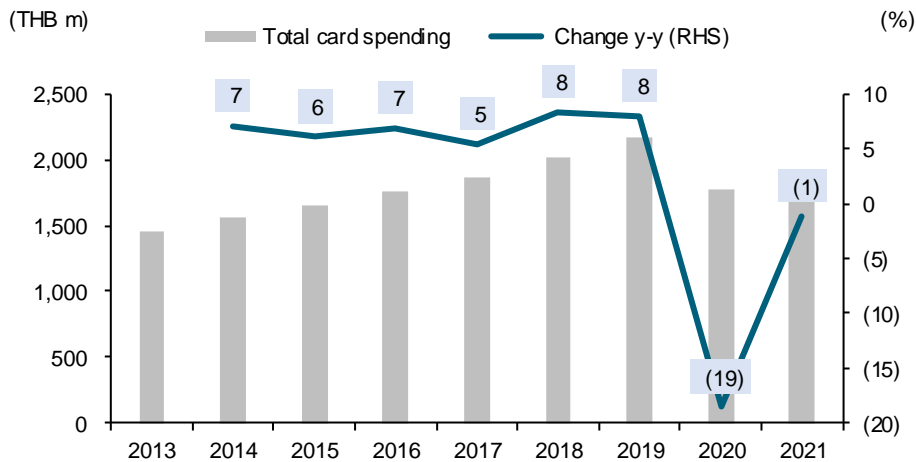
Sources: BoT; FSSIA's compilation

Exhibit 6: Monthly total credit card spending growth (y-y basis)



Sources: BoT; FSSIA's compilation

Exhibit 7: Yearly total credit card spending growth



Sources: BoT; FSSIA's compilation

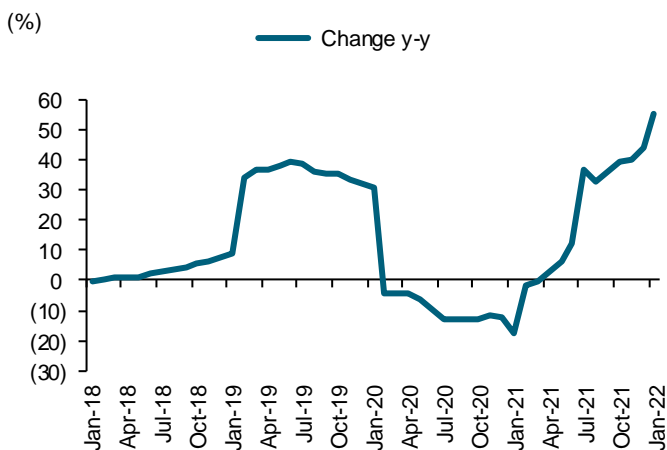
However, we think that the card spending level in 2022 should increase at only a moderate rate of c8-10% y-y, which is still lower than in 2019 (cTHB2,172b), and card spending exceeding the pre-Covid level should be seen in 2023. We believe credit card operators' risk appetites are still lower than before Covid due to margin pressure from the rate cap mandate of 16%, down from 18%, imposed by the Bank of Thailand (BoT) since Aug-20. Therefore, we expect both KTC and AEONTS to deliver only moderate recoveries in their NII in 2022.

Personal loan business faces tighter competition

With the ceiling rate cap for personal loans reduced from 28% p.a. to 25% p.a., we believe that the willingness of non-banks to lend new loans is lower due to their lower risk-reward ratio. Moreover, their clients' profiles have become weaker due to the Covid pandemic. Meanwhile, bank risk appetite in the personal loan segment is greater due to their increased access to data from digital channels that allows deeper analysis of their clients' risk profiles. As a result, personal loans by the banking sector have increased at a significant rate compared with non-bank players for many consecutive months. As of Jan-22, personal loans from bank operators contributed 53% of total personal loan growth vs 44% in Jan-18.

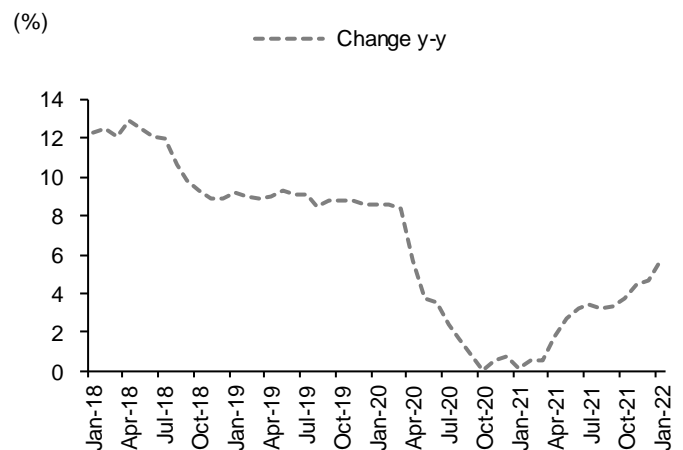
Apart from the intense competition from banks, there are many fintech companies and non-financial companies expanding into this segment. Although some of them may fail, we anticipate that this will result in more intense competition in the early stages of the entry of these companies. To maintain market share, existing personal loan operators might have to increase spending on promotional campaigns targeted at their clients, which should result in lower loan yields or higher OPEX.

Exhibit 8: Personal loan growth of banks



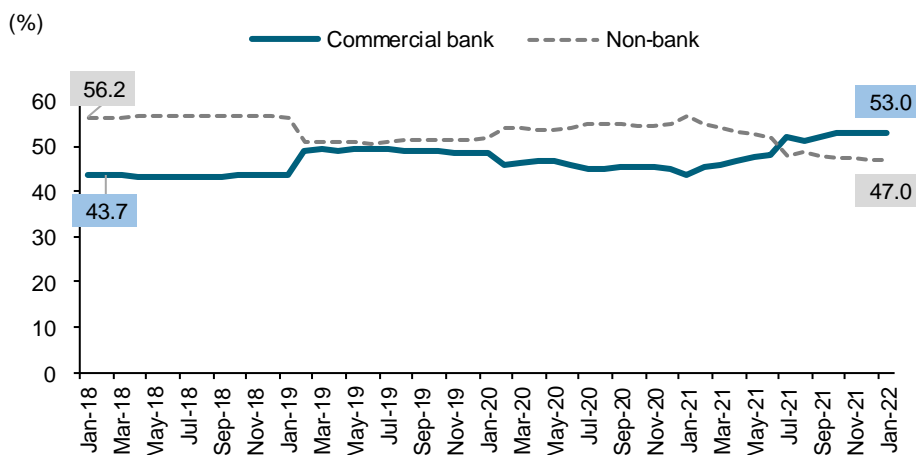
Sources: BoT; FSSIA's compilation

Exhibit 9: Personal loan growth of non-banks



Sources: BoT; FSSIA's compilation

Exhibit 10: Banks have gained more market share since Jul-21



Sources: BoT; FSSIA's compilation

New businesses will take time to ramp up

Due to the changing industry landscape – in terms of the margin squeeze from the ceiling rate cap and tighter competition – we believe ULOs need to adjust the way they do business in order to support their long-term growth. In 2022, KTC targets aggressively expanding its auto title loans to c10% of its total outstanding loan volume. It is also studying digital loans and the payment gateway business. In Oct-21, AEONTS launched digital loans, which use other data instead of relying solely on salary slips, e.g. utility bill payment behaviour, for its credit approval process. However, as our latest update with management indicates, the new businesses of both companies are not expanding well.

As for KTC, we think it will be difficult for KTC to ramp up its portfolio as auto title lending is very competitive. There are three big operators with a presence countrywide while KTC has only a few branches. Although KTC plans to use Krung Thai Bank (KTB TB, BUY, TP THB15.50)'s branches to reach its target customers upcountry, we think bank employees are unlikely to be as aggressive as those of non-bank operations. Also, even though KTC has innovative products like its cash card, its apparent inability to penetrate the customer base shows that KTC still lags behind Ngern Tid Lor (TIDLOR TB, BUY, TP THB43), which also has a cash card product. As a result, we think it will take more time to build coverage.

Exhibit 11: KTC's 2022 financial targets

	2021	----- 2022E -----	
	Actual	KTC's target	FSSIA
1. Total outstanding loan portfolio (THB m)	92,047	> 100,000	100,385
- Card spending (THB m)	195,727	220,000	215,300
- P-loan growth (y-y %)	(2.4)	7.0	7.0
- KTC P Berm new lending (THB m)	500*	11,500	3,500
2. NPL ratio (%)	3.6	< 3.6%	3.5
3. Net profit (THB m)	6,251**	> 6,251	6,952

* Auto title loans outstanding

** Separated level, consolidated net profit was at THB5,879m

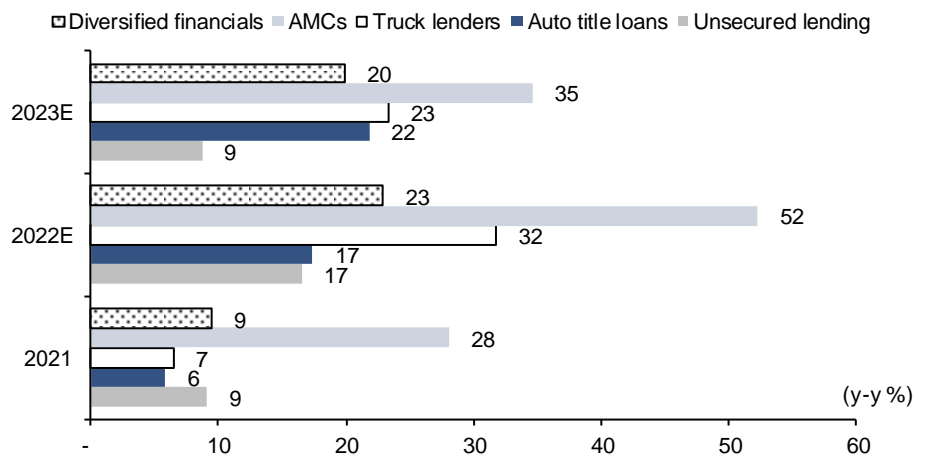
Sources: KTC; FSSIA estimates

Regarding AEONTS, it has expanded its customer base through digital loans since Oct-21. In the first phase, the ticket size will be cTHB8k, targeting 10,000 clients, which implies a THB80m-100m digital loan portfolio. The interest charge is 25%. Presently, its digital lending portfolio is still delivering sluggish growth. The main obstacle is asset quality, in our view. AEONTS sees high demand for digital lending, but it is still cautious in approving new loans as the company sees a higher rate of NPLs compared with its traditional personal loan lending process. As a result, it should take at least one year for this portfolio to post accelerated growth.

Prefer AEONTS to KTC

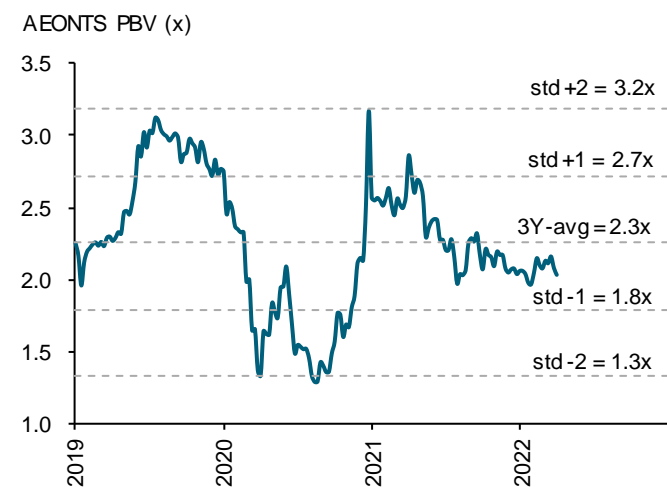
Among the diversified financials under our coverage, we prefer asset management companies (AMCs) and truck-related lenders over ULOs due to their higher 2022E net profit growth outlook at 52% for AMCs and 32% for truck-related lenders, compared to only 17% for ULOs. We believe it might take one to two years for their new businesses to generate significant profits to cover the loan yield reduction. Although we do not assign a BUY call for the ULO segment, we prefer AEONTS to KTC due to its cheaper valuation.

Exhibit 12: Net profit growth (y-y %) of diversified financials under our coverage



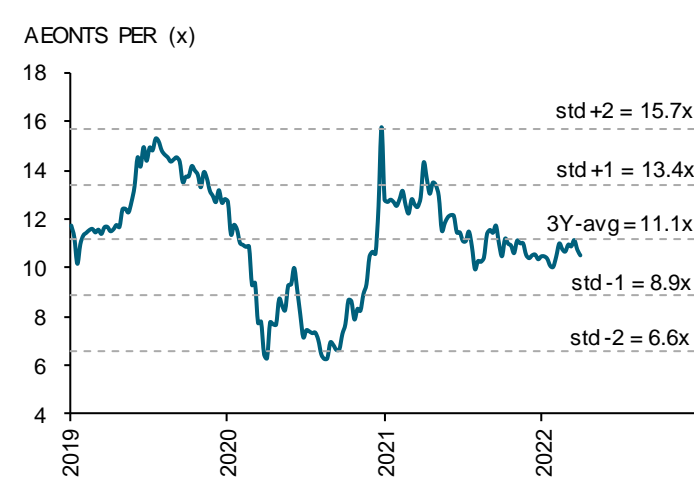
Source: FISSIA estimates

Exhibit 13: AEONTS – one-year prospective P/BV



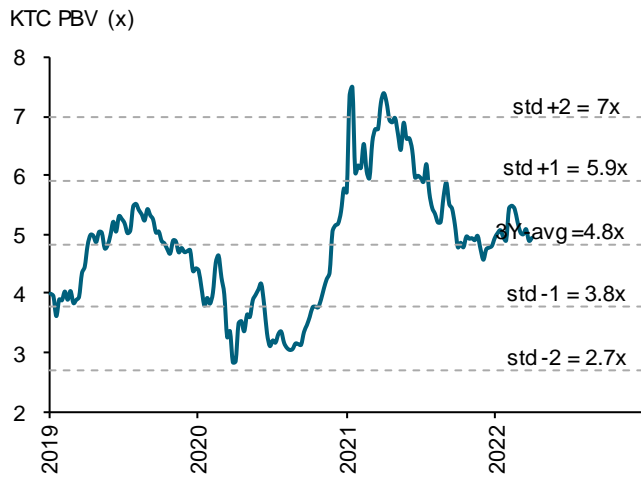
Sources: Bloomberg; FSSIA estimates

Exhibit 14: AEONTS – one-year prospective P/E



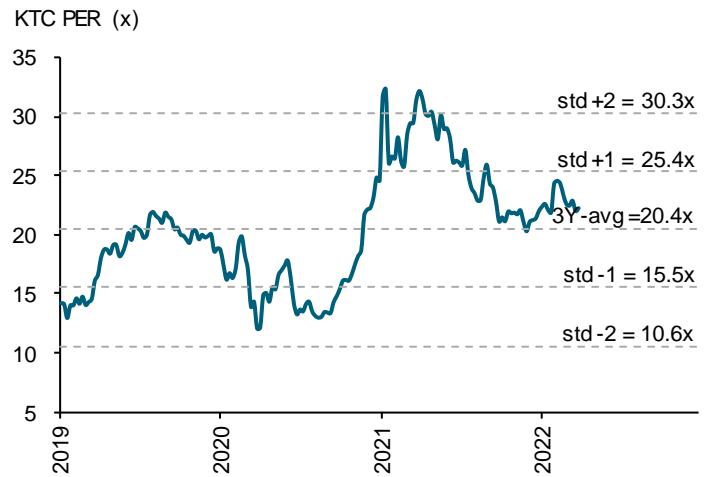
Sources: Bloomberg; FSSIA estimates

Exhibit 15: KTC – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 16: KTC – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Key valuations of companies under coverage

	BBG	Rec	--- Share price ---		Up	Market	EPS growth		---- P/E ----		--- ROE ---		--- PBV ---	
	code		Current	Target	side	Cap	22E	23E	22E	23E	22E	23E	22E	23E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Diversified financials						24,008	17.2	21.3	23.7	19.1	16.6	17.2	3.4	3.0
Unsecured loan lenders						6,080	11.9	9.0	19.7	18.0	23.4	22.2	4.3	3.8
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	193.00	204.00	6	1,436	13.9	7.4	10.7	9.9	21.1	19.6	2.1	1.8
Krungthai Card	KTC TB	REDUCE	60.50	52.00	(14)	4,644	11.2	9.5	22.4	20.5	24.1	22.9	5.0	4.4
Auto-title lenders						8,519	18.7	22.0	18.6	15.3	19.2	20.3	3.3	2.8
Muangthai Capital	MTC TB	BUY	50.75	60.00	18	3,203	17.6	24.6	18.5	14.8	21.4	22.3	3.7	3.0
Srisawad Corp	SAWAD TB	BUY	54.25	74.00	36	2,218	15.5	19.3	14.0	11.8	20.2	21.8	2.7	2.4
Saksiam Leasing	SAK TB	BUY	9.00	12.00	33	562	38.5	25.9	22.4	17.8	16.2	18.1	3.4	3.0
Ngern Tid Lor	TIDLOR TB	BUY	36.75	43.00	17	2,537	18.6	20.1	22.0	18.3	16.1	16.9	3.3	2.9
Truck lenders						2,227	9.8	27.6	27.8	21.2	11.0	12.9	2.6	2.4
Micro Leasing	MICRO TB	BUY	7.45	10.70	44	207	45.1	26.8	25.6	20.2	13.2	15.0	3.2	2.9
Singer Thailand	SINGER TB	BUY	54.75	62.00	13	1,322	14.2	35.1	36.3	26.9	8.1	10.5	2.9	2.8
Ratchthani Leasing	THANI TB	BUY	4.14	4.80	16	698	(9.0)	13.6	12.3	10.8	15.9	16.7	1.9	1.7
Asset management						5,569	27.6	35.6	37.7	27.4	9.8	11.6	3.6	3.1
Bangkok Commercial Asset Mngt.	BAM TB	BUY	20.10	25.50	27	1,934	23.2	26.6	20.3	16.0	7.5	8.6	1.5	1.3
Chayo Group	CHAYO TB	BUY	12.60	16.60	32	392	44.4	17.2	38.0	32.4	10.6	9.4	3.3	2.6
JMT Network Services	JMT TB	BUY	79.50	80.00	1	3,243	28.3	43.1	48.1	33.6	11.0	13.6	4.9	4.3
Other						1,342	4.1	8.5	8.2	7.5	8.0	8.2	0.6	0.6
Thanachart Capital	TCAP TB	HOLD	43.00	42.00	(2)	1,342	4.1	8.5	8.2	7.5	8.0	8.2	0.6	0.6
Hire purchase motorcycle						271	1.3	(2.6)	28.9	29.6	11.3	8.6	2.8	2.4
Next Capital	NCAP TB	BUY	10.10	12.80	27	271	1.3	(2.6)	28.9	29.6	11.3	8.6	2.8	2.4

Share prices as of 8 Apr 2022

Source: 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 Suwanumchai 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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Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 193.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 60.50	REDUCE	Upside risks to our GGM-derived TP include: 1) stronger-than-expected growth for KTB Leasing; and 2) better-than-expected bad debt recovery.
Muangthai Capital	MTC TB	THB 50.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 54.25	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 9.00	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 36.75	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 7.45	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 54.75	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.14	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 20.10	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.
Chayo Group	CHAYO TB	THB 12.60	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 79.50	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 43.00	HOLD	Upside risks to our GGM-based target price are the faster-than-expected net profit contribution from Thanachart Plus. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TTB and THANI.
Next Capital	NCAP TB	THB 10.10	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.
Krung Thai Bank	KTB TB	THB 13.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing digital programs; and 3) an increase in OPEX due to aggressive digital investment.

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 08-Apr-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.