

SRISAWAD CORP

SAWAD TB

THAILAND / DIVERSIFIED FINANCIALS

BUY

UNCHANGED

New move, no short-term impact

- SAWAD plans to return BFIT's license and restructure its group business to increase flexibility and support SCAP's aggressive expansion strategy. We have a neutral view on this deal in the S-T.

TARGET PRICE	THB68.00
CLOSE	THB52.50
UP/DOWNSIDE	+29.5%
PRIOR TP	THB68.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-3.9%

BFIT to return its license ahead of group business restructuring

On 3 May-22, SAWAD announced 1) the return of the finance license of Srisawad Finance (BFIT TB; not rated); and 2) a group business restructuring plan using BFIT to enter a share swap transaction with Srisawad Capital (SCAP). These transactions are non-cash deals and will occur under the conditional approval of SAWAD and BFIT's shareholders pending the BoT's approval of the return of BFIT's license. SAWAD currently holds a 100% stake in Srisawad Power 2014 (S2014; not listed), 81.64% in BFIT, and 65% in SCAP. Upon completion, SAWAD will hold 100% in S2014 and 72.05% in BFIT (to be renamed SCAP 1969). The deal is expected to be done within 3Q22.

SCAP to aggressively expand its portfolio

At its analyst meeting, SAWAD stated the rationale of the deal: 1) BFIT's license is no longer a benefit to SAWAD and holding this license would lock SAWAD out of expanding into other businesses in the future due to the more stringent control by the BoT; and 2) SCAP targets aggressively expanding its portfolio. Thus, SCAP should be able to self-fund by an indirect listing on the SET via a share swap with BFIT. SCAP's 2021 net profit was THB325m with a net loan portfolio as of 2021 of THB5.3b. SAWAD expects SCAP 1969's 2022 net profit to reach THB800m, with an aggressive new lending volume target of THB11.3b. Our current assumptions are more conservative as we believe motorcycle hire purchase is very competitive. We expect SCAP 1969's new lending would be THB8b in 2022, resulting in an expected 2022 net profit of THB600m. Regarding land title loans, although this currently originates at S2014, SAWAD reaffirmed that S2014 can continue to charge the same high yield as at BFIT (BFIT loans are normally higher than the legal 15% cap) as it runs under special loan contracts.

Limited short-term impact on SAWAD

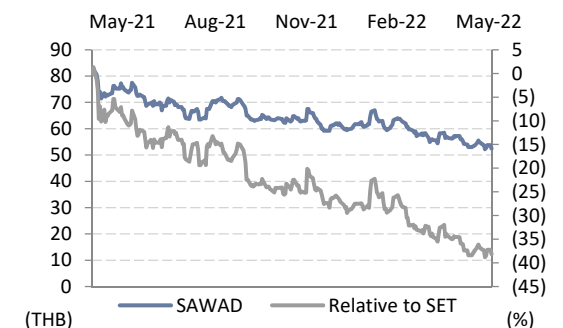
We read this deal as neutral as we see a limited impact on SAWAD's bottom line this year. Therefore, we maintain our current forecasts. Long term, the increased shareholding in SCAP 1969 to 72% from 65% in SCAP should allow SAWAD to enjoy a higher net profit.

Maintain BUY with GGM-based TP at THB68

We maintain our BUY call with a TP of THB68. The period to accumulate SAWAD would be late 2Q22 to early 3Q22 ahead of the more robust recovery in 2H22, in our view. In the short term, we think its share price might be pressured by the slow earnings recovery in 1H22.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	6,241	6,296	7,529	8,659
Net profit	4,722	5,000	6,026	6,894
EPS (THB)	3.48	3.68	4.44	5.20
vs Consensus (%)	-	(3.5)	0.8	3.3
Core net profit	4,544	5,000	6,026	6,894
Core EPS (THB)	3.35	3.68	4.44	5.20
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	0.8	10.0	20.5	17.2
Core P/E (x)	15.7	14.3	11.8	10.1
Dividend yield (%)	3.3	3.5	4.2	0.5
Price/book (x)	2.9	2.6	2.4	1.9
ROE (%)	19.4	19.3	21.1	20.7
ROA (%)	9.5	9.8	10.6	10.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.3)	(17.0)	(36.9)
Relative to country (%)	(5.6)	(16.2)	(39.6)
Mkt cap (USD m)	2,088		
3m avg. daily turnover (USD m)	14.3		
Free float (%)	66		
Major shareholder	Kaewbootta Family (34%)		
12m high/low (THB)	84.25/52.00		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates


Yuvarart Suwanumphai

 yuvarart.suw@fssia.com
 +66 2611 3554

Investment thesis

SAWAD has a solid market position as the third largest lender in the title loan market. We expect its market position to remain relatively strong over the next few years, as it plans to continuously expand its loan portfolio.

Additionally, SAWAD has transformed its business from a grassroots lending operator into a one-stop financial services provider. Moreover, the company is accelerating its ROE by accelerating its high yield lending business and insurance brokerage business.

We maintain our BUY call as we believe it should survive the disruption in the auto title loan industry due to its more diversified business model.

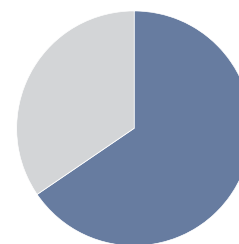
Company profile

SAWAD provides loan services to retail customers under the brand "Srisawad Ngern Sod Tun Jai". Its business operations can be classified into four main categories: 1) secured loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) asset management; and 4) debt collection services.

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Principal activities (revenue, 2021)

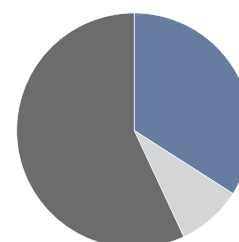
- Net interest income - 65.5 %
- Non-interest income - 34.5 %



Source: Srisawad Corp

Major shareholders

- Kaewbootta Family - 34.1 %
- Thai NVDR - 9.0 %
- Others - 57.0 %



Source: Srisawad Corp

Catalysts

Potential share price catalysts for SAWAD include:

- The synergy between SAWAD and Government Savings Bank;
- The success of its home appliance hire purchase business;
- The initiation of new businesses.

Risks to our call

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.

Event calendar

Date	Event
12 May 2022	1Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	5,000	6,026	6,894
Net profit growth	5.9	20.5	14.4
NIM	18.26	18.60	18.86
Loan growth	18.0	18.0	18.0
Non-NII growth	11.4	11.0	8.0
Credit cost (bp)	65	80	110
Cost to income	36.3	34.4	33.7

Source: FSSIA estimates

Earnings sensitivity

		2022E		
		16.0	18.0	20.0
Loan growth	±2ppt	16.0	18.0	20.0
% change in net profit		(1.0)	-	1.0
NIM (%)	±5bp	18.21	18.26	18.31
% change in net profit		(0.5)	-	0.5
Credit cost (bp)	±10bp	55.0	65.0	75.0
% change in net profit		(0.6)	-	0.6

Source: FSSIA estimates

Returning BFIT's license and the group restructuring

On 3 May-22, SAWAD announced 1) the return of BFIT's finance license; and 2) its group business restructuring plan using BFIT to enter a share swap transaction with SCAP. These transactions will occur under the conditional approval of SAWAD and BFIT's shareholders and with the Bank of Thailand (BoT)'s approval of the return of BFIT's license. The deal is expected to be done within 3Q22.

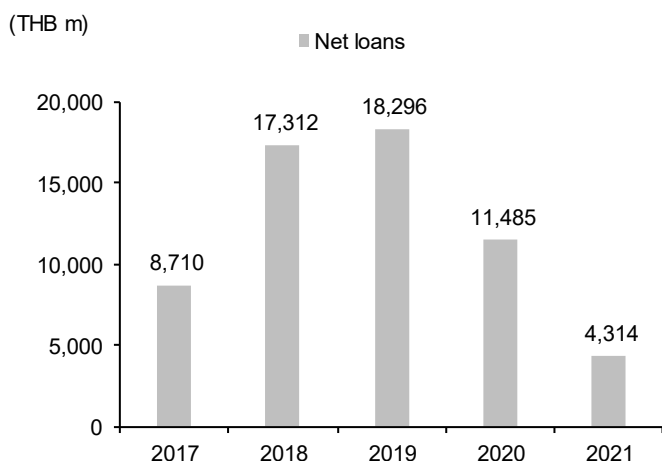
1) The return of BFIT's license

SAWAD acquired BFIT in 2017. The company currently holds an 81.64% stake in BFIT. BFIT has a finance license from the BoT which covers four financial business types, including 1) commercial finance; 2) finance for development; 3) finance for distribution and consumption; and 4) finance for housing.

In our view, BFIT's license allowed SAWAD to charge a higher yield than its peers in the auto title and land title lending business during 2017-18. However, since the BoT began regulating the auto title lending business in 2019, BFIT has been unable to charge a higher yield than its peers. On top of that, the BoT has implemented more stringent supervision on both auto title loans and land title loans since the first wave of Covid-19. As a result, SAWAD changed its strategy to originate auto title and land title loans at its 100%-owned subsidiary S2014. Thus, BFIT's net loan portfolio declined to THB4.3b in 2021 from the peak level of THB18.3b in 2019. Presently, most of S2014's auto title loans yield below the rate cap at 24%. Regarding land title loans, although this currently originates at S2014, SAWAD reaffirmed that S2014 can continue to charge the same high yield as at BFIT (BFIT loans are normally higher than the legal 15% cap) as it runs under special loan contracts.

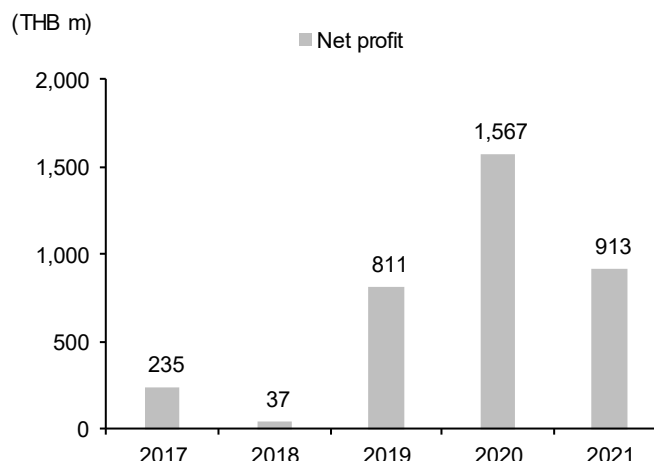
After the return of its license is completed, most of BFIT's current portfolio will be gradually run down while some of the lending contracts having a long expiration date will be moved to become part of S2014's portfolio.

Exhibit 1: BFIT's lending portfolio



Sources: BFIT; FSSIA's compilation

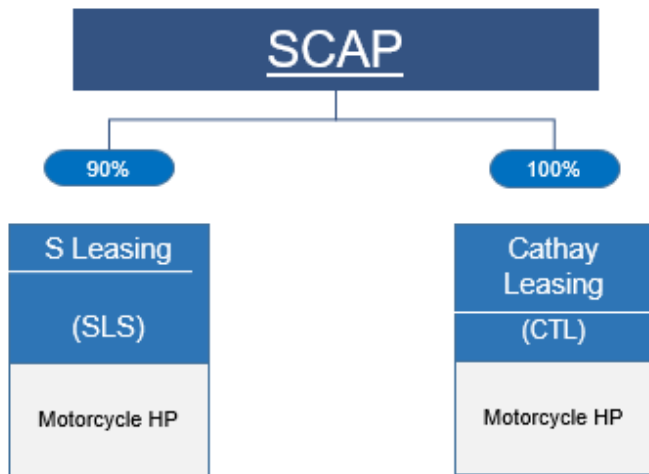
Exhibit 2: BFIT's net profit



Sources: BFIT; FSSIA's compilation

2) Share swap between BFIT and SCAP

Parallel with the return of BFIT's license, SAWAD will also restructure its group business. To recap, SAWAD currently holds a 100% stake in S2014, 81.64% in BFIT, and 65% in SCAP. Regarding SCAP's background, it offers motorcycle hire purchase (loan yields of 30-40%) and personal loans (loan yields of 20-25%) for clients with a monthly salary over THB30k. SCAP has a 90% stake in S Leasing (SLS; not listed) and 100% in Cathay Leasing (CTL; not listed), with both of its subsidiaries offering motorcycle hire purchase loans to clients with different dealers. Most of the dealers under SLS are major-sized dealers, while the smaller-sized dealers are under CTL. SCAP is presently 65% held by SAWAD; 10% is held by Mr. Wichit Payuhanaveechai (SCAP's CEO); and the remaining 25% is held by nine other shareholders.

Exhibit 3: SCAP's organisational structure

Sources: SAWAD; FSSIA's compilation

Exhibit 4: SCAP's shareholding structure

Name	No. of shareholding (m share)	% shareholding (%)
1 SAWAD	39	65
2 Mr. Wichit	6	10
3 Other 9 shareholders	15	25
Total	60	100

Sources: SAWAD; FSSIA's compilation

Exhibit 5: SCAP's motorcycle hire purchase loan characteristics

	SCAP
Yearly interest rate charge - EIR basis (%)	30-40
Loan duration (years)	2-3
Monthly instalment (THB)	3,500 - 4,000
Loan-to-value (%)	90 - 100
Ticket size (THB)	50,000
Channel	Motorcycle dealers

Sources: SAWAD; FSSIA estimates

Exhibit 6: SCAP's unsecured personal loan characteristics

	SCAP
Type of unsecured p-loan	- Traditional monthly instalment - Cash card
Loan duration (years)	5-6
Yearly interest rate charge - EIR basis (%)	Up to 26
Target clients	- Middle income/office workers - Its target clients' profile would be between KTC and AEONTS' clients

Sources: SAWAD; FSSIA estimates

SAWAD will sell its 39m shares in SCAP for THB300/share (worth THB11.7b) to BFIT, and the remaining SCAP shareholders will also sell their 21m shares (worth THB6.3b) at the same price. In return, BFIT will issue a total of 750m private placement (PP) new shares at THB24/share to SAWAD (487.5m shares), Mr. Wichit (75m shares) and other SCAP shareholders (187.5m shares). This implies that SAWAD appraised the value of SCAP at THB18b.

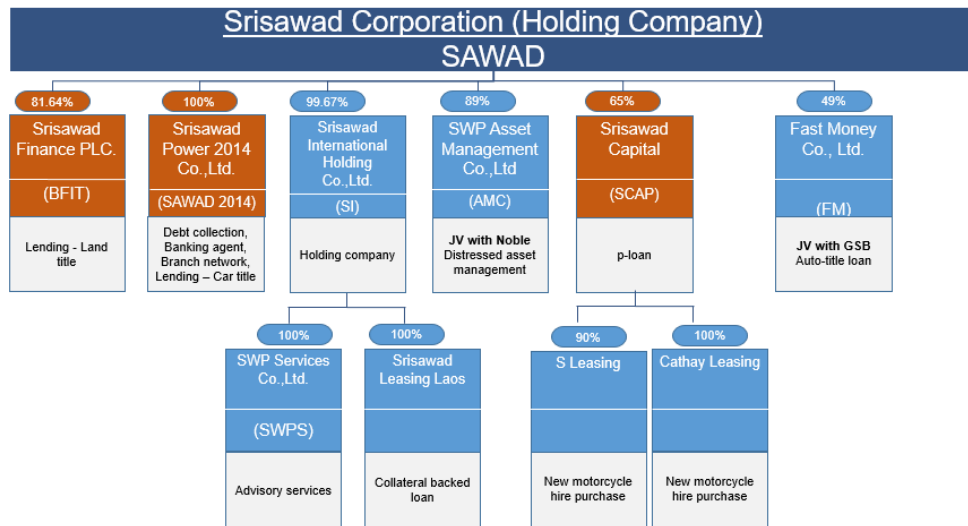
Exhibit 7: Comparing BFIT's shareholder structure before PP vs SCAP 1969's shareholder structure after PP

Name	BFIT's shareholder structure before PP		PP shares to SCAP's shareholders No. of shares held (m shares)	SCAP 1969's shareholder structure after PP	
	No. of shares held (m shares)	% shareholding (%)		No. of shares held (m shares)	% shareholding (%)
SAWAD	450.0	81.6	487.5	937.5	72.1
Minority of BFIT	101.2	18.4	-	101.2	7.8
Mr. Wichit	-	-	75.0	75.0	5.8
Other 9 shareholders	-	-	187.5	187.5	14.4
Total	551.2	100.0	750.0	1,301.2	100.0

Sources: Company data; FSSIA's compilation

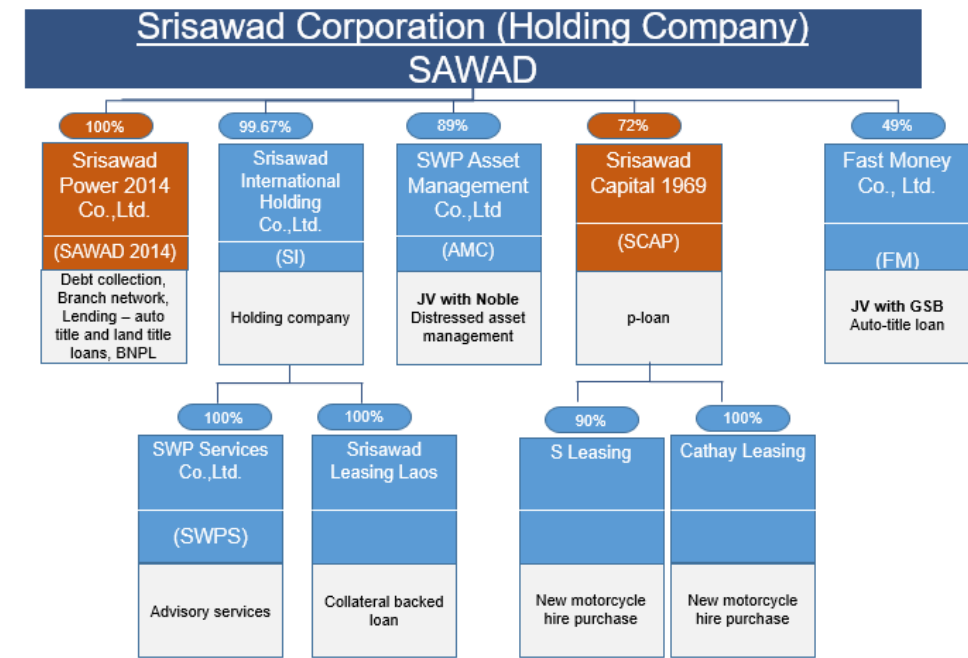
Once the deal is done, SCAP will be dissolved. BFIT will change its company name to SCAP 1969 and begin running SCAP’s existing businesses, including motorcycle hire purchase and personal loans. SCAP 1969’s major shareholders will be 72.05% SAWAD and 5.8% Mr. Wichit Payuhanaveechai. This is a non-cash transaction deal. The major agreement related to the share swap includes 1) a management lockup with Mr. Wichit Payuhanaveechai continuing to manage SCAP until its dissolution and running SCAP 1969 as CEO for at least five years, and 2) a voluntary new PP share lockup for three years. After that, SAWAD’s new organisational structure will include a 100% stake in S2014 and 72.05% in BFIT (aka SCAP 1969). SAWAD’s structure before and after the deal is explained in Exhibits 8 and 9.

Exhibit 8: SAWAD’s current organisational structure



Source: SAWAD

Exhibit 9: SAWAD’s new organisational structure



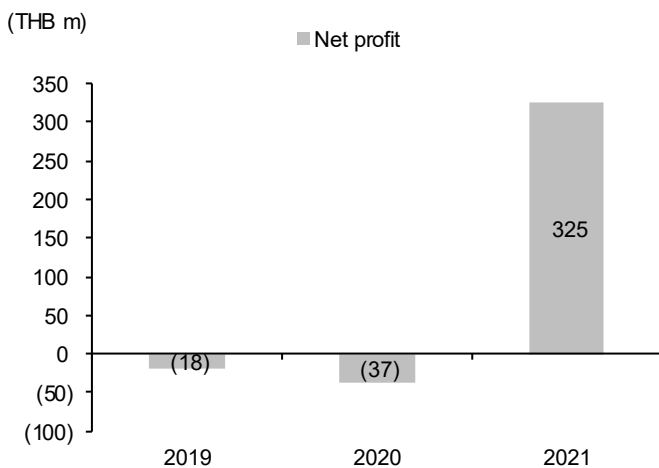
Sources: SAWAD; FSSIA’s expectation

SCAP will aggressively expand its portfolio

At its analyst meeting, SAWAD stated that the motivating factors behind the deal are 1) BFIT's license is no longer a benefit to SAWAD and continuing to hold it would lock SAWAD out of expansion into other businesses in the future due to the more stringent controls imposed by the BoT. Thus, returning BFIT's license is the best option for SAWAD; and 2) SAWAD's preference that SCAP's plans for aggressively expanding its portfolio be self-funded via an indirect listing on the SET via a share swap with BFIT rather than an IPO itself.

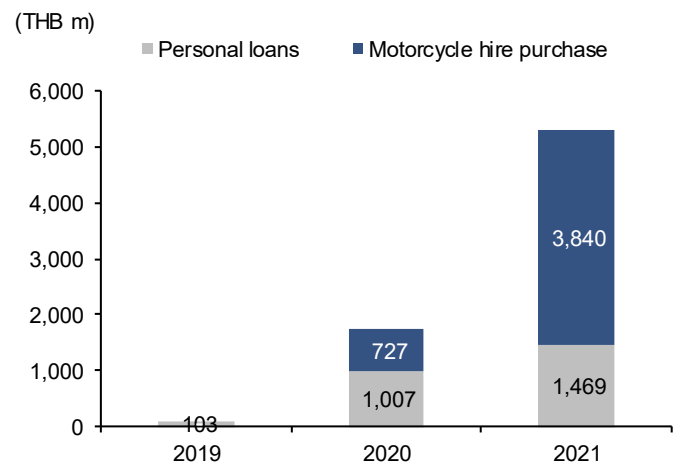
SCAP's 2021 net profit was THB325m with a net loan portfolio as of 2021 of THB5.3b (personal loans THB1.5b and motorcycle hire purchase loans THB3.8b). SCAP's 2021 net yield on its portfolio was 9.2%. SAWAD expects SCAP 1969's 2022 net profit to hit THB800m. In 3M22, SCAP's new loan volume reached THB2.5b. SAWAD targets SCAP 1969's new lending volume to hit THB11.3b. Based on our calculation, in the case that SCAP 1969 can achieve its new lending target, its portfolio should reach THB13b in 2022. Also, in the future, SAWAD expects SCAP 1969's profit margin to increase due to greater economies of scale.

Exhibit 10: SCAP's net profit



Sources: SAWAD; FSSIA's compilation

Exhibit 11: SCAP's net loans



Sources: SAWAD; FSSIA's compilation

Exhibit 12: SCAP's profit and loss statement and financial highlights

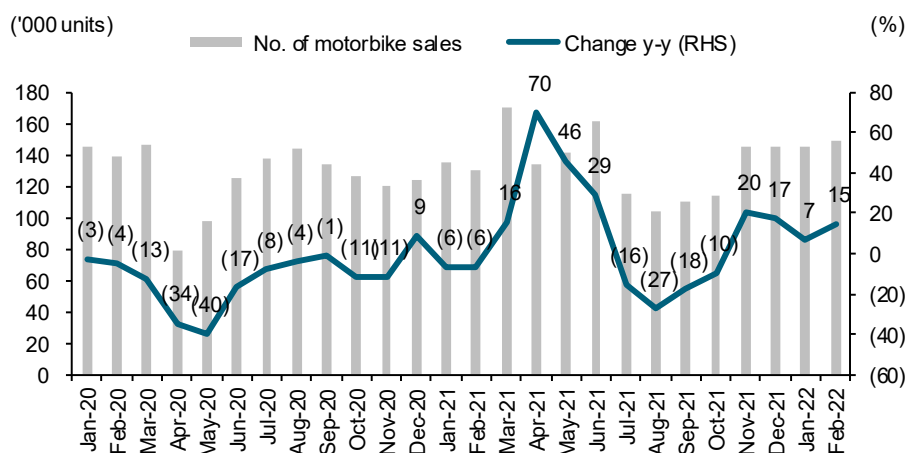
Profit and loss	2019 (THB m)	2020 (THB m)	2021 (THB m)
Interest income and fee income	1	132	1,139
Total income	1	149	1,218
Operating expenses	18	136	489
Expected credit loss	1	26	196
Profit before interest and tax	(18)	(13)	533
Interest expenses	0	24	147
Tax	-	-	61
Net profit	(18)	(37)	325

Ratio	2019 (%)	2020 (%)	2021 (%)
NIM (including interest income and fee income)	n/a	11.8	28.2
Cost of funds	n/a	2.8	4.3
Cost to income ratio	n/a	91	40
Net yield on portfolio	n/a	(4.0)	9.2
Credit cost - based on net loans (bps)	n/a	283	557

Sources: SAWAD; FSSIA's compilation

Our current assumptions are more conservative than those of SAWAD as we believe motorcycle hire purchase is very competitive due to the aggressive expansion of existing players and the newcomers. Also, we think the new motorbike sales in 2M22 might be higher than that the motorbike sales per month for the rest of 2022, as we think there is some pent-up demand from the supply shortage during late-2021.

Exhibit 13: Motorbike sales per month



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

We expect SCAP 1969's new lending would be THB8b in 2022, implying a 2022 outstanding net loan portfolio of THB10b. With the assumption of a net yield on portfolio of 8.1%, we come up with SCAP's 1969 net profit totalling THB600m in 2022.

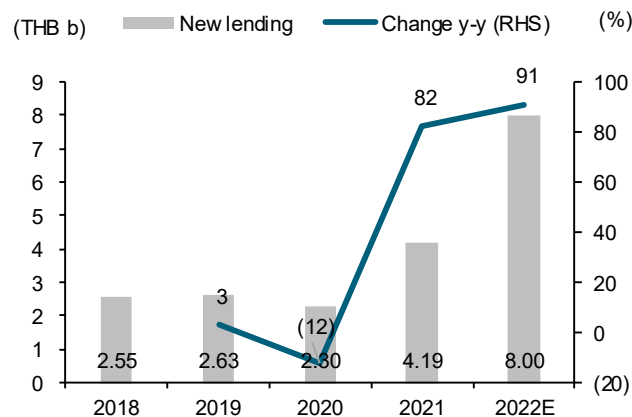
Our logic is based on Next Capital (NCAP; BUY; TP THB10.3)'s 2022 expansion plan. It expects that 2022 new lending would increase by more than double from THB4.2b in 2021. NCAP is a good representative for a company that expands its loan portfolio aggressively, we think.

Exhibit 14: Comparing SAWAD and FSSIA's assumptions for SCAP 1969's performance in 2022

	SAWAD (THB m)	FSSIA (THB m)
New lending	11,314	8,000
2022 net profit	800	600
Net yield on port (%)	8.6	8.1

Sources: SAWAD; FSSIA estimates

Exhibit 15: NCAP's new lending and loans outstanding



Sources: NCAP; FSSIA estimates

Exhibit 16: Summary of NCAP's financial highlights

	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022E (%)	2023E (%)	2024E (%)
NIM* (including interest income and fee income)	22.9	21.6	21.6	22.0	20.6	19.6	18.5
Cost of funds	4.2	4.6	4.0	3.2	3.4	3.5	3.4
Cost to income ratio	44.1	40.6	38.6	41.4	38.9	37.1	36.4
Net yield on portfolio	3.0	3.3	5.0	6.4	5.8	5.1	4.6
Credit cost - based on net loans (bps)	1,027	1,022	999	790	791	796	780

*We currently assume the new motorbike hire purchase rate cap by the Office of the Consumer Protection Board is 28%.

Sources: NCAP; FSSIA estimates

Financial Statements

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	8,166	6,855	7,413	8,877	10,731
Interest expense	(903)	(791)	(713)	(825)	(1,094)
Net interest income	7,263	6,065	6,701	8,052	9,637
Net fees & commission	1,315	1,516	1,713	1,919	2,072
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	2	1	0	0	0
Other income	1,510	1,681	1,849	2,034	2,196
Non interest income	2,827	3,198	3,562	3,953	4,269
Total income	10,090	9,262	10,263	12,005	13,905
Staff costs	(1,869)	(1,479)	(1,587)	(1,745)	(1,990)
Other operating costs	(1,918)	(1,997)	(2,141)	(2,385)	(2,695)
Operating costs	(3,787)	(3,476)	(3,728)	(4,130)	(4,684)
Pre provision operating profit	6,304	5,786	6,535	7,875	9,221
Provision for bad and doubtful debt	(321)	455	(239)	(346)	(562)
Other provisions	-	-	-	-	-
Operating profit	5,983	6,241	6,296	7,529	8,659
Recurring non operating income	0	(29)	11	69	78
Associates	0	(29)	11	69	78
Goodwill amortization	-	-	-	-	-
Non recurring items	0	178	0	0	0
Profit before tax	5,983	6,390	6,308	7,598	8,737
Tax	(1,192)	(1,352)	(1,196)	(1,461)	(1,732)
Profit after tax	4,791	5,038	5,111	6,137	7,006
Minority interests	(283)	(316)	(112)	(112)	(112)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,508	4,722	5,000	6,026	6,894
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,508	4,544	5,000	6,026	6,894
Per share (THB)					
Recurring EPS *	3.32	3.35	3.68	4.44	5.20
Reported EPS	3.32	3.48	3.68	4.44	5.20
DPS	1.80	1.74	1.84	2.22	0.26
Growth					
Net interest income (%)	13.3	(16.5)	10.5	20.2	19.7
Non interest income (%)	10.7	13.1	11.4	11.0	8.0
Pre provision operating profit (%)	16.0	(8.2)	12.9	20.5	17.1
Operating profit (%)	22.6	4.3	0.9	19.6	15.0
Reported net profit (%)	20.0	4.7	5.9	20.5	14.4
Recurring EPS (%)	17.2	0.8	10.0	20.5	17.2
Reported EPS (%)	14.5	4.7	5.9	20.5	17.2
Income Breakdown					
Net interest income (%)	72.0	65.5	65.3	67.1	69.3
Net fees & commission (%)	13.0	16.4	16.7	16.0	14.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.0	0.0	-	-	-
Other income (%)	15.0	18.1	18.0	16.9	15.8
Operating performance					
Gross interest yield (%)	21.28	18.75	20.20	20.50	21.00
Cost of funds (%)	3.62	3.51	3.55	3.65	4.10
Net interest spread (%)	17.66	15.24	16.65	16.85	16.90
Net interest margin (%)	18.9	16.6	18.3	18.6	18.9
Cost/income(%)	37.5	37.5	36.3	34.4	33.7
Cost/assets(%)	7.8	6.8	7.1	7.1	7.0
Effective tax rate (%)	19.9	21.2	19.0	19.2	19.8
Dividend payout on recurring profit (%)	54.2	52.0	50.0	50.0	5.0
ROE (%)	22.3	19.4	19.3	21.1	20.7
ROE - COE (%)	11.5	8.6	8.5	10.3	9.9
ROA (%)	9.8	9.5	9.8	10.6	10.4
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Financial Statements

Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	39,450	33,668	39,729	46,880	55,318
Total provisions	(1,312)	(736)	(974)	(1,180)	(1,576)
interest in suspense	206	386	199	234	277
Net customer loans	38,344	33,318	38,953	45,934	54,019
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,838	2,689	1,219	90	1,943
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,306	1,334	1,367	1,408	1,456
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	10,519	12,626	13,280	13,852	15,683
Total assets	52,007	49,967	54,819	61,285	73,100
Customer deposits	5,234	170	170	170	178
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	20,731	18,967	20,838	24,023	29,001
Non interest bearing liabilities	1,972	3,855	4,433	4,655	4,888
Hybrid Capital	-	-	-	-	-
Total liabilities	27,937	22,992	25,441	28,848	34,067
Share capital	1,373	1,373	1,373	1,373	1,373
Reserves	20,712	23,325	25,682	28,694	35,244
Total equity	22,085	24,698	27,055	30,068	36,617
Minority interests	1,985	2,277	2,323	2,369	2,417
Total liabilities & equity	52,007	49,967	54,819	61,285	73,100
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	38,372	36,559	36,698	43,304	51,099
Average interest bearing liabilities	24,916	22,551	20,072	22,600	26,686
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)	1,480	1,249	1,473	1,842	2,302
Per share (THB)					
Book value per share	16.27	18.19	19.93	22.15	27.63
Tangible book value per share	16.27	18.19	19.93	22.15	27.63
Growth					
Gross customer loans	5.8	(14.7)	18.0	18.0	18.0
Average interest earning assets	13.1	(4.7)	0.4	18.0	18.0
Total asset (%)	14.4	(3.9)	9.7	11.8	19.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(17.6)	(96.8)	-	-	5.0
Leverage & capital measures					
Customer loan/deposits (%)	732.6	19,610.5	22,927.0	27,035.9	30,280.2
Equity/assets (%)	42.5	49.4	49.4	49.1	50.1
Tangible equity/assets (%)	42.5	49.4	49.4	49.1	50.1
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	3.6	(15.6)	18.0	25.0	25.0
NPL/gross loans (%)	3.8	3.7	3.7	3.9	4.2
Total provisions/gross loans (%)	3.3	2.2	2.5	2.1	2.8
Total provisions/NPL (%)	88.7	58.9	66.1	64.1	68.5
Valuation					
Recurring P/E (x) *	15.8	15.7	14.3	11.8	10.1
Recurring P/E @ target price (x) *	20.5	20.3	18.5	15.3	13.1
Reported P/E (x)	15.8	15.1	14.3	11.8	10.1
Dividend yield (%)	3.4	3.3	3.5	4.2	0.5
Price/book (x)	3.2	2.9	2.6	2.4	1.9
Price/tangible book (x)	3.2	2.9	2.6	2.4	1.9
Price/tangible book @ target price (x)	4.2	3.7	3.4	3.1	2.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; 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	MITISB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

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

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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

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

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

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

Anti-corruption Progress Indicator 2020

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

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

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

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

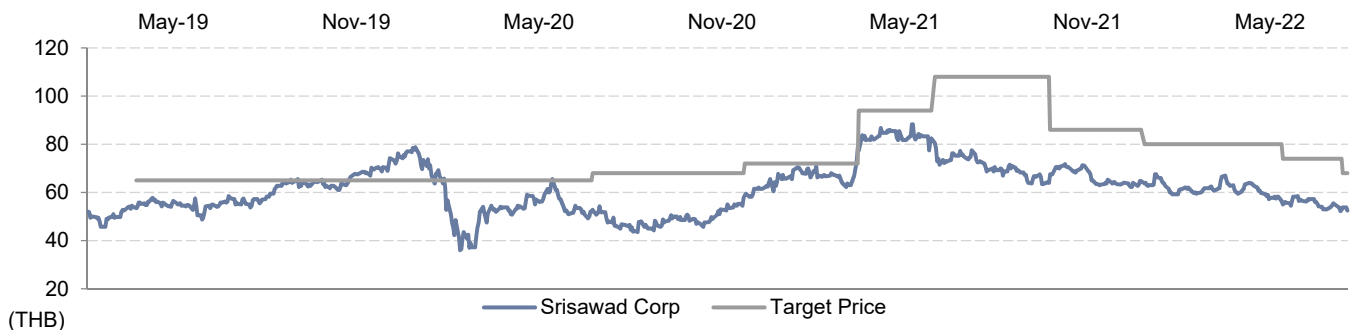
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Srisawad Corp (SAWAD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Jun-2019	BUY	65.00	04-Mar-2021	BUY	94.00	07-Mar-2022	BUY	74.00
20-Nov-2019	HOLD	65.00	07-May-2021	BUY	108.00	28-Apr-2022	BUY	68.00
16-Jul-2020	BUY	68.00	17-Aug-2021	BUY	86.00			
25-Nov-2020	BUY	72.00	05-Nov-2021	BUY	80.00			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Next Capital (NCAP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Aug-2021	BUY	13.50	15-Mar-2022	BUY	10.30	-	-	-

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
Srisawad Corp	SAWAD TB	THB 52.50	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.
Next Capital	NCAP TB	THB 7.70	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 03-May-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.