

MUANGTHAI CAPITAL  
THAILAND / DIVERSIFIED FINANCIALS

## MTC TB

BUY

UNCHANGED

## สินเชื่อโตดีแต่หนี้ด้อยคุณภาพเพิ่มขึ้น

- กำไร 1Q22 สูงกว่าคาดที่ 1.4 พัน ลบ. จากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่ลดลง
- ค่างาไรสุทธิ 2Q22 จะเพิ่มขึ้น y-y และ q-q แต่หนี้ด้อยคุณภาพเป็นปัจจัยสำคัญที่ต้องจับตา

## ผลประกอบการ 1Q22 สูงเกินคาด แต่มีความกังวลบางประการเกี่ยวกับหนี้ด้อยคุณภาพ

MTC รายงานกำไรสุทธิ 1Q22 สูงเกินคาด โดยอยู่ที่ 1.4 พัน ลบ. (ทรงตัว y-y, +25% q-q) กำไรดังกล่าวสูงกว่าที่ตลาดและเรคาดจากสำรองที่ลดลง กำไรจากการดำเนินงานก่อนสำรอง (PPOP) ใกล้เคียงกับประมาณการของเรา ผลประกอบการของ MTC ใน 1Q22 มีทั้งดีและเสีย ในด้านดีปริมาณสินเชื่อเพิ่ม 7.4% q-q (34.1% y-y) นอกจากนี้อัตราส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวม (Cost to income ratio) ยังลดลงเหลือ 50.5% แม้จะมีการขยายสาขาเชิงรุก ในด้านลบ ประเด็นแรกที่น่ากังวลที่สุดอยู่ที่หนี้ด้อยคุณภาพที่เพิ่มขึ้น 28% q-q จากการสิ้นสุดของโครงการพักชำระหนี้ พร้อมสัดส่วนสำรองต่อหนี้ด้อยคุณภาพที่ต่ำเป็นประวัติการณ์ที่ 113% ข้อสองผลตอบแทนสินเชื่อยังปรับตัวลดลงต่อเนื่องเป็น 18.0% เทียบกับ 18.5% ใน 4Q21 จากการปรับราคาสินเชื่อทะเบียนสินทรัพย์ที่ให้ผลตอบแทนสูงและจำนวนวันที่ลดลง

## มุมมองเป็นกลางจากการประชุมนักวิเคราะห์

ในที่ประชุมนักวิเคราะห์ครั้งล่าสุด MTC ยังยืนยันเป้าหมายการเติบโตของสินเชื่อปี 2022 ไว้ที่ 30% y-y บริษัทฯ คาดว่าส่วนต่างดอกเบี้ยผ่านจุดต่ำสุดใน 1Q22 และผลตอบแทนสินเชื่อจะค่อย ๆ เพิ่มขึ้นตั้งแต่ 2Q22 MTC เชื่อมั่นว่าบริษัทฯ จะสามารถควบคุมต้นทุนการเงินได้ ต้นทุนของหุ้นกู้ที่กำลังจะต่อใหม่ในช่วง 2H22 (ประมาณ 9.8 พัน ลบ.) น่าจะต่ำกว่าต้นทุนในปัจจุบัน ในขณะที่ MTC เลือกที่จะคงระดับผลตอบแทนสินเชื่อไว้ แต่ถ้าต้นทุนการเงินเพิ่มขึ้น บริษัทฯ อาจหันกลับมาพิจารณาประเด็นการเพิ่มของผลตอบแทนสินเชื่อใหม่ เพื่อแก้ปัญหาคุณภาพสินทรัพย์ที่เสื่อมลง MTC จะปรับกระบวนการอนุมัติสินเชื่อเข้าซื้อรถมอเตอร์ไซค์ให้เข้มงวดมากขึ้น นอกจากนี้บริษัทฯ ยังจะเร่งกระบวนการตัดจำหน่ายของพอร์ตรวม บริษัทฯ คงเป้าสัดส่วนหนี้ด้อยคุณภาพปี 2022 ไว้ที่ <2% พร้อมคาดต้นทุนสินเชื่อไว้ที่ 100 bps (ต่ำกว่าเป้าเดิมที่ 120-150 bps) เรามีมุมมองเป็นกลางเกี่ยวกับเป้าหมายทั้งหมดดังกล่าว

## คุณภาพสินทรัพย์เป็นประเด็นสำคัญที่ต้องจับตา

เรคาดว่ากำไรของ MTC จะปรับตัวดีขึ้นเล็กน้อย y-y และ q-q ใน 2Q22 จากสินเชื่อที่โตดีขึ้นต่อเนื่อง เราขอขอบคุณการขยายสินเชื่อเชิงรุกของบริษัทฯ อย่างไรก็ตามเรายังคงกังวลเกี่ยวกับการเสื่อมของคุณภาพสินทรัพย์ เพราะฉะนั้นเราจึงคงประมาณการต้นทุนความเสี่ยงในการปล่อยสินเชื่อปี 2022 ไว้ที่ 146 bps ในกรณีนี้ MTC สามารถแก้ปัญหาคุณภาพสินทรัพย์ได้อย่างมีประสิทธิภาพ เราอาจปรับสมมติฐานต้นทุนความเสี่ยงในการปล่อยสินเชื่อ โดยต้นทุนความเสี่ยงในการปล่อยสินเชื่อที่ลดลงทุก ๆ 10 bps ในขณะที่ปัจจัยอื่นคงที่ จะให้ Upside 1.6% ต่อประมาณการกำไรปี 2022 ของเรา

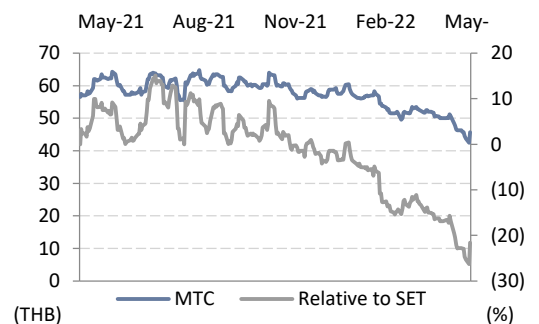
## คงแนะนำซื้อที่ราคาเป้าหมาย 55 บาท (GGM)

เรคาดว่าราคาหุ้น MTC ที่ปรับตัวได้ต่ำกว่าเพื่อนไปเมื่อเร็ว ๆ นี้ (ซื้อขายที่เพียง 17.9x ของค่า 2022E P/E) ได้สะท้อนคุณภาพสินทรัพย์ที่อ่อนแอไปแล้วบางส่วน ประโยชน์ของการขยายสินเชื่อเชิงรุกน่าจะแสดงให้เห็นได้อย่างชัดเจนในช่วง 2H22 ปัจจัยดังกล่าวน่าจะช่วยชดเชยการเพิ่มของสำรองจากหนี้ด้อยคุณภาพที่เพิ่มขึ้นได้ ด้วยเหตุดังกล่าวเรายังคงคำแนะนำซื้อ

TARGET PRICE	THB55.00
CLOSE	THB45.75
UP/DOWNSIDE	+20.2%
PRIOR TP	THB55.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-12.0%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	6,201	6,772	8,507	10,175
Net profit	4,945	5,404	6,780	8,140
EPS (THB)	2.33	2.55	3.20	3.84
vs Consensus (%)	-	(10.4)	(7.9)	(10.2)
Core net profit	4,945	5,404	6,780	8,140
Core EPS (THB)	2.33	2.55	3.20	3.84
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(5.2)	9.3	25.5	20.1
Core P/E (x)	19.6	17.9	14.3	11.9
Dividend yield (%)	0.8	0.8	1.0	1.3
Price/book (x)	3.9	3.3	2.8	2.3
ROE (%)	21.7	19.9	21.0	21.0
ROA (%)	5.6	4.9	5.0	5.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.9)	(21.5)	(26.8)
Relative to country (%)	(6.3)	(17.6)	(28.4)
Mkt cap (USD m)	2,807		
3m avg. daily turnover (USD m)	13.3		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	65.50/42.25		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

MTC is the largest listed non-bank personal and auto title loan service provider in Thailand. We believe that the business prospects for secured consumer loans remain solid. The demand for fast cash is less volatile in varying economic conditions, though spending purposes may differ. Operationally, MTC has long experience and strong management expertise, reflecting its ability to drive growth and contain asset quality.

We think the recent underperformance in MTC's share price (trading at only 17.9x 2022E P/E) vs peers has partly priced-in the poor asset quality. The benefits of its aggressive balance sheet should clearly manifest in 2H22. This should offset the increase in its provisions due to the increase in its NPLs. Thus, we maintain our BUY call.

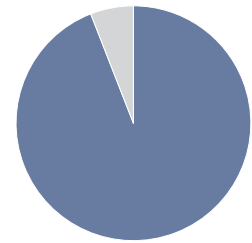
### Company profile

MTC has provided lending services since 1992, focusing on motorcycle title loans, and commands the highest market share in Thailand. The company has also expanded its business to personal and other title loans such as car, agricultural and land title loans.

[www.muangthaicap.com](http://www.muangthaicap.com)

### Principal activities (revenue, 2021)

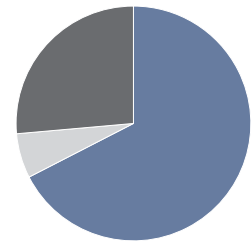
- Net interest income - 94.1 %
- Non-interest income - 5.9 %



Source: Muangthai Capital

### Major shareholders

- Petaumpai Family - 67.5 %
- Thai NVDR Co., Ltd. - 6.2 %
- Others - 26.4 %



Source: Muangthai Capital

### Catalysts

Potential share price catalysts for MTC include:

1. Strong growth in its new businesses: hire purchase loans for motorcycles and "Buy Now Pay Later";
2. The end of low rate charges for motorbike title loans;
3. Better cost control.

### 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
Mid-Aug 2022	2Q22 results announcement

### Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	5,404	6,780	8,140
Net profit growth	9.3	25.5	20.1
NIM	15.19	15.39	15.38
Loan growth	26.0	20.0	20.0
Non-NII growth	(24.7)	9.6	3.9
Credit cost (bp)	146	160	165
Cost to income	49.4	48.0	47.5

Source: FSSIA estimates

### Earnings sensitivity

Year to Dec	----- 2022E -----			
	±2ppt	24.0	26.0	28.0
Loan growth				
% change in net profit		(2.1)	-	2.1
NIM (%)	±5bp	15.14	15.19	15.24
% change in net profit		(0.6)	-	0.6
Credit cost (bps)	±10bp	136	146	156
% change in net profit		1.6	-	(1.6)

Source: FSSIA estimates



## 1Q22 results beat, but some concerns over NPLs

MTC's 1Q22 net profit surprised at THB1,376m (flat y-y, +25% q-q), beating the Bloomberg consensus and our expectation by 14% and 18%, respectively, due to lower provisions. Meanwhile, its PPOP was in line with our forecast. MTC's 1Q22 performance was a mixed bag. On the positive side, its loan volume surged by 7.4% q-q (34.1% y-y) following a rise in all loan types. Its new business, BNPL portfolio, accounted for 1% of its total loan portfolio (cTHB1b). Also, with its aggressive branch expansion to 6,166 branches from 5,799 branches in 4Q21, its cost to income ratio declined to 50.5% in 1Q22 from 55.8% in 4Q21. As for the negatives, first and most concerning is the 28% q-q surge in its NPLs in 1Q22, with a record low coverage ratio of 113%. The NPL deterioration came from the end of the debt forbearance program. Although MTC offered comprehensive debt restructuring – under the blue scheme – to its clients at around 7% of total loans, there were some clients who were not able to repay their debts. Second, its loan yield continued to decline to 18.0% in 1Q22 vs 18.5% in 4Q21 due to the repricing of high-yield title loans and the lower number of days in 1Q22. Its 1Q22 net profit accounts for 25% of our 2022 net profit forecast.

### 1Q22 key highlights

- NII increased by 18% y-y and 5% q-q following a rise in its loan volume of 34.1% y-y and 7.4% q-q. The increase in loan volume was able to offset a decline in its loan yield.
- Its loan yield fell by 50 bps q-q to 18.0% due to 1) a seasonal drop from a lower number of days in 1Q22 vs 4Q21, resulting in lower EIR; and 2) the repricing of high-yield motorcycle title loans before the interest rate cut in 1Q21.
- Its cost of funds declined to 3.2% in 1Q22 from 3.4% in 4Q21 due to a higher mix of short-term borrowing.
- Its non-NII dropped 40% y-y from the negative impact from the new debt collection fee measures.
- Its NPLs rose 28% q-q, implying an NPL ratio of 1.65% in 1Q22 from 1.39% in 4Q21 due to the end of the forbearance program.

### Exhibit 1: MTC – 1Q22 results summary

Year-end Dec 31	1Q21	4Q21	1Q22	----- Change -----		2022E	Change	1Q22 comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	
Net interest income	3,108	3,495	3,682	18	5	15,759	21	
Non-interest income	272	151	163	(40)	7	620	(25)	
<b>Operating income</b>	<b>3,381</b>	<b>3,647</b>	<b>3,844</b>	<b>14</b>	<b>5</b>	<b>16,380</b>	<b>18</b>	
Operating expenses	1,491	2,036	1,943	30	(5)	8,093	16	
<b>PPOP before tax</b>	<b>1,889</b>	<b>1,611</b>	<b>1,902</b>	<b>1</b>	<b>18</b>	<b>8,286</b>	<b>20</b>	
Expected credit loss	156	244	169	9	(31)	1,515	108	
Income tax	360	268	357	(1)	33	1,368	9	
Minority interest	0	0	0			0		
<b>Normalised profit</b>	<b>1,374</b>	<b>1,100</b>	<b>1,376</b>	<b>0</b>	<b>25</b>	<b>5,404</b>	<b>9</b>	
Extraordinary items	0	0	0			0		
<b>Net profit</b>	<b>1,374</b>	<b>1,100</b>	<b>1,376</b>	<b>0</b>	<b>25</b>	<b>5,404</b>	<b>9</b>	<b>Beat the BBG consensus by 14%</b>
EPS (THB)	0.65	0.52	0.65	0	25	2.55	9	
<b>Asset quality ratio</b>								
NPLs (THB m)	709	1,276	1,630	130	28	1,850	45	
NPLs / Loans (%)	0.96	1.39	1.65			1.60		
Loan loss reserve/NPLs (%)	185	144	113			143		
Credit cost (bps)	86	110	71			146		
<b>Profitability ratio (%)</b>								
Cost to income ratio	44.1	55.8	50.5			49.4		
Average yield	19.8	18.5	18.0			18.0		
Cost of fund	3.5	3.4	3.2			3.6		
Net interest margin (NIM)	17.2	15.8	15.5			15.2		
Non-interest income / total income	8.1	4.2	4.2			39.4		
<b>Loan growth (%)</b>								
y-y	17.3	29.4	34.1			26.0		
q-q	3.6	8.1	7.4					

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Sources: MTC; FSSIA estimates

## Neutral view from analyst meeting

At its 1Q22 post-results meeting, MTC reaffirmed its 2022 loan growth target of 30% y-y due to strong demand from clients. Management has limited concerns over competition. The company expects its NIM to bottom out in 1Q22. The gradual increase in loan yield should start from 2Q22. Meanwhile, MTC has a strong conviction that it can control its cost of funds. The cost of renewing debentures in 2H22 (around THB9.8b) should be lower than its existing cost of funds. Due to the efficient cost of funds control, MTC prefers to maintain its loan yield level. But, if its cost of funds rises, the increase in its loan yield might be back under consideration. As for its asset quality, the rise in NPLs in 1Q22 came mainly from motorcycle hire purchase (MHP). To solve this, MTC will tighten its credit approval process for MHP. Also, the company will change its write-off policy for the overall portfolio to be faster. Management maintains its 2022 NPL ratio target of <2%. MTC expects its 2022 credit cost should be 100 bps (lower than its initial target of 120-150 bps). Regarding its new product called “Buy Now Pay Later” (BNPL), MTC has still provided limited information.

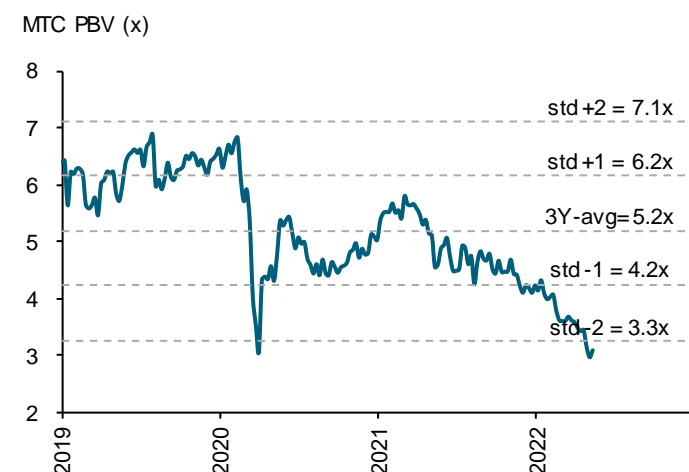
We have a neutral view from the analyst meeting. We like its strategy to grow its balance sheet aggressively. But, a deterioration in its asset quality is still our concern. We believe its NPLs will continue to increase. Thus, we maintain our 2022E credit cost of 146 bps. In the case that MTC can solve its asset quality effectively, we may revisit our credit cost assumption. For every 10 bps decrease in credit cost, all else being equal, there would be a 1.6% upside to our 2022E bottom line.

### Exhibit 2: 2022 financial targets

	2021	----- 2022E -----		
	Actual	MTC#1	MTC#2	FSSIA
	(%)	(%)	(%)	(%)
Loan growth	29.4	30	30	26.0
Yield	18.7	flat	flat	18.0
Cost of funds	3.4	up 10-15 bps	up 10-15 bps	3.6
Cost to income ratio	50.1	48	48	49.4
Credit cost (bps)	89.5	120-150	100	146.0
Coverage ratio	143.6	130-140	120-130	143.4
NPL ratio	1.39	<2	<2	1.6

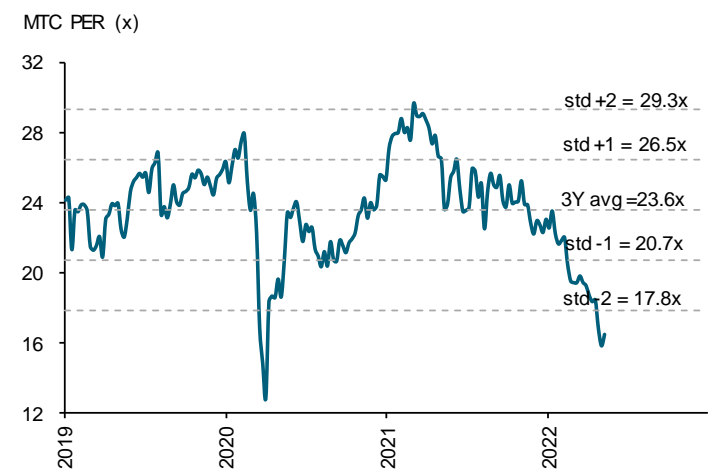
Sources: MTC; FSSIA estimates

### Exhibit 3: MTC – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

### Exhibit 4: MTC – prospective P/E band



Sources: Bloomberg; FSSIA estimates

**Exhibit 5: Key valuations of diversified financials 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)
<b>Diversified financials</b>						<b>22,567</b>	<b>16.7</b>	<b>22.0</b>	<b>23.4</b>	<b>18.6</b>	<b>16.2</b>	<b>16.9</b>	<b>3.3</b>	<b>2.9</b>
<b>Unsecured-loan lender</b>						<b>5,664</b>	<b>15.0</b>	<b>9.0</b>	<b>18.8</b>	<b>17.3</b>	<b>23.3</b>	<b>22.1</b>	<b>4.2</b>	<b>3.6</b>
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	184.50	204.00	11	1,335	27.1	7.4	10.2	9.5	21.0	19.5	2.0	1.7
Krungthai Card	KTC TB	REDUCE	58.00	52.00	(10)	4,329	11.2	9.5	21.5	19.6	24.1	22.9	4.8	4.2
<b>Auto-title lender</b>						<b>8,026</b>	<b>14.2</b>	<b>23.0</b>	<b>18.8</b>	<b>15.2</b>	<b>18.1</b>	<b>19.3</b>	<b>3.1</b>	<b>2.7</b>
Muangthai Capital	MTC TB	BUY	45.75	55.00	20	2,807	9.3	25.5	17.9	14.3	19.9	21.0	3.3	2.8
Srisawad Corp	SAWAD TB	BUY	51.00	68.00	33	2,027	10.0	20.5	13.8	11.5	19.3	21.1	2.6	2.3
Saksiam Leasing	SAK TB	BUY	8.45	12.00	42	513	38.5	25.9	21.0	16.7	16.2	18.1	3.2	2.8
Ngern Tid Lor	TIDLOR TB	BUY	35.25	43.00	22	2,548	18.6	20.1	21.1	17.6	16.1	16.9	3.2	2.8
<b>Truck lender</b>						<b>2,154</b>	<b>12.1</b>	<b>27.3</b>	<b>27.0</b>	<b>20.7</b>	<b>11.1</b>	<b>12.9</b>	<b>2.5</b>	<b>2.4</b>
Micro Leasing	MICRO TB	BUY	6.80	10.70	57	184	45.1	26.8	23.4	18.4	13.2	15.0	3.0	2.6
Singer Thailand *	SINGER TB	BUY	53.50	74.00	38	1,265	7.7	35.1	35.5	26.3	8.1	10.5	2.8	2.7
Ratchthani Leasing	THANI TB	BUY	4.30	4.80	12	705	11.5	13.6	12.8	11.2	15.9	16.7	2.0	1.8
<b>Asset management</b>						<b>5,328</b>	<b>27.8</b>	<b>36.0</b>	<b>37.2</b>	<b>27.0</b>	<b>9.8</b>	<b>11.7</b>	<b>3.6</b>	<b>3.1</b>
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.30	25.50	39	1,712	23.2	26.6	18.5	14.6	7.5	8.6	1.4	1.2
Chayo Group	CHAYO TB	BUY	12.40	16.60	34	375	44.4	17.2	37.4	31.9	10.6	9.4	3.3	2.6
JMT Network Services	JMT TB	BUY	78.00	80.00	3	3,240	28.3	43.1	47.1	32.9	11.0	13.6	4.8	4.2
Knight Club Capital Asset Mngt.	KCC TB	BUY	7.25	5.10	(30)	130	3.0	51.5	61.7	40.7	7.9	8.6	3.8	3.2
<b>Other</b>						<b>1,207</b>	<b>4.1</b>	<b>8.5</b>	<b>7.6</b>	<b>7.0</b>	<b>8.0</b>	<b>8.2</b>	<b>0.6</b>	<b>0.6</b>
Thanachart Capital	TCAP TB	HOLD	39.75	42.00	6	1,207	4.1	8.5	7.6	7.0	8.0	8.2	0.6	0.6
<b>Hire purchase motorcycle</b>						<b>190</b>	<b>1.3</b>	<b>(2.6)</b>	<b>20.9</b>	<b>21.4</b>	<b>11.3</b>	<b>8.6</b>	<b>2.0</b>	<b>1.7</b>
Next Capital	NCAP TB	BUY	7.30	10.30	41	190	1.3	(2.6)	20.9	21.4	11.3	8.6	2.0	1.7

Share prices as of 10 May 2022

\* SINGER's target price is 2023 GGM-based

Source: FSSIA estimates

## Financial Statements

### Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	13,962	15,195	18,675	23,287	28,403
Interest expense	(1,817)	(2,127)	(2,915)	(3,705)	(4,913)
Net interest income	12,145	13,068	15,759	19,582	23,489
Net fees & commission	726	769	577	634	658
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	45	55	44	46	48
Non interest income	771	824	620	680	707
Total income	12,916	13,891	16,380	20,262	24,196
Staff costs	(3,676)	(4,272)	(5,404)	(6,693)	(8,232)
Other operating costs	(2,469)	(2,689)	(2,689)	(3,026)	(3,269)
Operating costs	(6,144)	(6,961)	(8,093)	(9,719)	(11,501)
Pre provision operating profit	6,771	6,930	8,286	10,543	12,695
Provision for bad and doubtful debt	(255)	(728)	(1,515)	(2,036)	(2,520)
Other provisions	-	-	-	-	-
Operating profit	6,517	6,201	6,772	8,507	10,175
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	6,517	6,201	6,772	8,507	10,175
Tax	(1,303)	(1,257)	(1,368)	(1,727)	(2,035)
Profit after tax	5,214	4,945	5,404	6,780	8,140
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,214	4,945	5,404	6,780	8,140
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,214	4,945	5,404	6,780	8,140
<b>Per share (THB)</b>					
Recurring EPS *	2.46	2.33	2.55	3.20	3.84
Reported EPS	2.46	2.33	2.55	3.20	3.84
DPS	0.37	0.37	0.38	0.48	0.58
<b>Growth</b>					
Net interest income (%)	17.3	7.6	20.6	24.3	20.0
Non interest income (%)	(4.6)	6.8	(24.7)	9.6	3.9
Pre provision operating profit (%)	15.8	2.3	19.6	27.2	20.4
Operating profit (%)	23.1	(4.8)	9.2	25.6	19.6
Reported net profit (%)	23.0	(5.2)	9.3	25.5	20.1
Recurring EPS (%)	23.0	(5.2)	9.3	25.5	20.1
Reported EPS (%)	23.0	(5.2)	9.3	25.5	20.1
<b>Income Breakdown</b>					
Net interest income (%)	94.0	94.1	96.2	96.6	97.1
Net fees & commission (%)	5.6	5.5	3.5	3.1	2.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.3	0.4	0.3	0.2	0.2
<b>Operating performance</b>					
Gross interest yield (%)	21.27	18.67	18.00	18.30	18.60
Cost of funds (%)	3.71	3.43	3.63	3.74	4.17
Net interest spread (%)	17.56	15.24	14.37	14.56	14.43
Net interest margin (%)	18.5	16.1	15.2	15.4	15.4
Cost/income(%)	47.6	50.1	49.4	48.0	47.5
Cost/assets(%)	8.8	7.9	7.3	7.2	7.2
Effective tax rate (%)	20.0	20.3	20.2	20.3	20.0
Dividend payout on recurring profit (%)	15.0	15.9	15.0	15.0	15.0
ROE (%)	28.4	21.7	19.9	21.0	21.0
ROE - COE (%)	17.6	10.9	9.1	10.2	10.2
ROA (%)	7.5	5.6	4.9	5.0	5.1
RORWA (%)	-	-	-	-	-

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates



## Financial Statements

### Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	70,968	91,812	115,684	138,820	166,584
Total provisions	(1,328)	(1,832)	(2,652)	(3,578)	(4,765)
interest in suspense	0	0	0	0	0
<b>Net customer loans</b>	<b>69,640</b>	<b>89,981</b>	<b>113,031</b>	<b>135,242</b>	<b>161,820</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,378	1,306	2,344	3,274	2,521
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,928	2,054	2,187	2,329	2,481
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	4,275	5,049	5,293	5,716	6,486
<b>Total assets</b>	<b>77,222</b>	<b>98,390</b>	<b>122,855</b>	<b>146,562</b>	<b>173,307</b>
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	53,699	70,457	90,176	107,959	127,615
Non interest bearing liabilities	2,841	3,064	3,218	3,378	3,547
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>56,540</b>	<b>73,521</b>	<b>93,394</b>	<b>111,337</b>	<b>131,163</b>
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	18,567	22,749	27,342	33,105	40,024
<b>Total equity</b>	<b>20,687</b>	<b>24,869</b>	<b>29,462</b>	<b>35,225</b>	<b>42,144</b>
Minority interests	(5)	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>77,222</b>	<b>98,390</b>	<b>122,855</b>	<b>146,562</b>	<b>173,307</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	65,653	81,390	103,748	127,252	152,702
Average interest bearing liabilities	48,931	62,078	80,317	99,067	117,787
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)	747	1,276	1,850	2,498	3,247
<b>Per share (THB)</b>					
Book value per share	9.76	11.73	13.90	16.62	19.88
Tangible book value per share	9.76	11.73	13.90	16.62	19.88
<b>Growth</b>					
Gross customer loans	17.6	29.4	26.0	20.0	20.0
Average interest earning assets	21.1	24.0	27.5	22.7	20.0
Total asset (%)	24.8	27.4	24.9	19.3	18.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	26.8	25.3	24.0	24.0	24.3
Tangible equity/assets (%)	26.8	25.3	24.0	24.0	24.3
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	20.3	70.7	45.0	35.0	30.0
NPL/gross loans (%)	1.1	1.4	1.6	1.8	1.9
Total provisions/gross loans (%)	1.9	2.0	2.3	2.1	2.9
Total provisions/NPL (%)	177.6	143.6	143.4	143.3	146.7
<b>Valuation</b>					
Recurring P/E (x) *	18.6	19.6	17.9	14.3	11.9
Recurring P/E @ target price (x) *	22.4	23.6	21.6	17.2	14.3
Reported P/E (x)	18.6	19.6	17.9	14.3	11.9
Dividend yield (%)	0.8	0.8	0.8	1.0	1.3
Price/book (x)	4.7	3.9	3.3	2.8	2.3
Price/tangible book (x)	4.7	3.9	3.3	2.8	2.3
Price/tangible book @ target price (x)	5.6	4.7	4.0	3.3	2.8

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	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

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\* 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)

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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 45.75	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 184.50	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 58.00	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.
Srisawad Corp	SAWAD TB	THB 51.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 8.45	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 35.25	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 6.80	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 53.50	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.30	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 18.30	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 12.40	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 78.00	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.
Knight Club Capital Asset Management	KCC TB	THB 7.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection due to the slow economic recovery; and 2) lower-than-expected bad debt acquisition.
Thanachart Capital	TCAP TB	THB 39.75	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 7.30	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 10-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.