

MICRO LEASING MICRO TB

THAILAND / DIVERSIFIED FINANCIALS

HOLD

FROM BUY

ปัจจัยลบบดบังการเติบโต

- คาดกำไรสุทธิ 2Q22 จะอยู่ในระดับอ่อนแอที่ 27 ลบ. จากหนี้ด้วยคุณภาพและค่าใช้จ่ายดำเนินงาน
- หนี้ด้วยคุณภาพน่าจะลดกำไรสุทธิในไตรมาสต่อ ๆ ไปอย่างต่อเนื่อง
- ปรับลดประมาณการกำไรสุทธิปี 2022-24 ลง 31%/24%/14% และปรับราคาเป้าหมายไปในปี 2023 ที่ 5.5 บาท ปรับลดคำแนะนำเป็นถือเนื่องจากเราคิดว่ากำไรสุทธิน่าจะยังไม่กลับมาโตจนกว่าจะถึง 4Q22

TARGET PRICE	THB5.50
CLOSE	THB4.98
UP/DOWNSIDE	+10.4%
PRIOR TP	THB10.70
CHANGE IN TP	-48.6%
TP vs CONSENSUS	-43.1%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	227	235	327	434
Net profit	187	188	262	347
EPS (THB)	0.20	0.20	0.28	0.37
vs Consensus (%)	-	(22.2)	(19.3)	28.9
Core net profit	187	188	262	347
Core EPS (THB)	0.20	0.20	0.28	0.37
Chg. In EPS est. (%)	-	(30.8)	(24.1)	(13.9)
EPS growth (%)	13.3	0.4	39.0	32.8
Core P/E (x)	24.8	24.7	17.8	13.4
Dividend yield (%)	1.5	0.8	1.1	2.2
Price/book (x)	2.4	2.2	2.0	1.8
ROE (%)	9.9	9.3	11.9	14.4
ROA (%)	5.5	4.1	4.5	4.9

หนี้ด้วยคุณภาพและค่าใช้จ่ายดำเนินงานน่าจะนำมาซึ่งผลประกอบการที่อ่อนแอใน 2Q22

MICRO น่าจะรายงานกำไรสุทธิที่อ่อนแอใน 2Q22 โดยคาดว่าจะอยู่ที่ 27 ลบ. (-46% y-y, -47% q-q) จาก 1) ผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่เพิ่มอย่างมีนัยสำคัญถึง 51% y-y และ 64% q-q ตามหนี้ด้วยคุณภาพที่เพิ่มเป็นจำนวนมากถึง 40% q-q คิดเป็นสัดส่วนหนี้ด้วยคุณภาพที่ 4.96% จาก 3.85% ใน 1Q22; และ 2) ค่าใช้จ่ายดำเนินงานที่เพิ่มอย่างเห็นได้ชัดถึง 63% y-y และ 24% q-q ส่วนมากจากการขยายสาขา การจัดตั้งบริษัทย่อยใหม่ (Micro Plus Leasing) และค่าใช้จ่ายในการติดตามหนี้ เราเห็นว่าปัจจัยลบน่าจะบดบังรายได้จากการดำเนินงานที่โตได้ถึง 21% y-y และ 5% q-q เราคาดว่าปริมาณสินเชื่อจะเพิ่ม 43% y-y และ 9% q-q จากความต้องการรถบรรทุกมือสองที่เพิ่มขึ้นและส่วนแบ่งตลาดที่เพิ่มขึ้น

ราคาพลังงานที่อยู่ในระดับสูง เงินเฟ้อที่กำลังปรับตัวสูงขึ้นทำให้เกิดการเสื่อมของสินทรัพย์

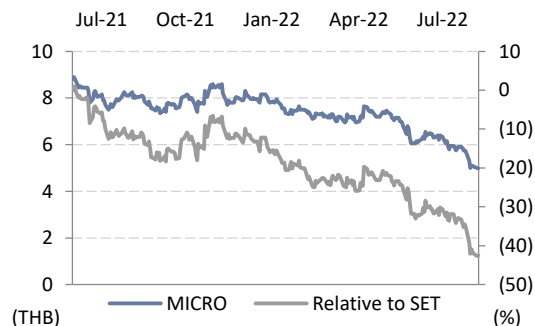
จากการมุ่งเน้นไปในตลาดรายย่อย เราคิดว่า MICRO จะได้รับผลกระทบเชิงลบมากกว่าจากราคาพลังงานและเงินเฟ้อที่อยู่ในระดับสูง เนื่องจากลูกหนี้ของ MICRO ต้องรอ 3 ถึง 6 เดือนก่อนที่จะสามารถส่งผ่านภาระต้นทุนพลังงานที่อยู่ในระดับสูงให้แก่ลูกค้า เราคิดว่าปัจจัยดังกล่าวจะชะลอความสามารถของลูกหนี้ในการชำระหนี้ ซึ่งจะทำให้หนี้ด้วยคุณภาพกระโดดเพิ่ม 40% q-q ใน 2Q22 นอกจากนี้ตัวเลขรายได้ยังเพิ่มเป็น 160 ล้านบาทในไตรมาสที่ 2 จากเวลาที่ต้องใช้อย่างน้อย 6 เดือนในการจัดการกับหนี้ด้วยคุณภาพจนเป็นที่ยุติ เราคิดว่าผลกำไรของ MICRO จะถูกฉุดจากสำรองที่อยู่ในระดับสูงจนถึงสิ้นปี 2022

คาด Micro Plus จะขาดทุนจนถึงช่วง 1H23

ในเดือน มี.ค. 22 MICRO ได้จัดตั้งกิจการร่วมค้า Micro Plus Leasing ซึ่งประกอบธุรกิจสินเชื่อเช่าซื้อรถจักรยานยนต์ใหม่ ณ สิ้น 2Q22 พอร์ตสินเชื่อของ Micro Plus อยู่ที่ 70 ล้านบาท แม้ว่าเราจะชอบกลยุทธ์ในการกระจายความเสี่ยงของพอร์ตและฐานลูกค้าของบริษัท เราคิดว่า Micro Plus อาจสร้างผลขาดทุนตั้งแต่ 2Q22 จนถึง 1H23 จากค่าใช้จ่ายดำเนินงานในช่วงเริ่มต้น

ปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมายปี 2023 ที่ 5.5 บาท (GGM)

เราปรับลดประมาณการกำไรสุทธิปี 2022-24 ลง 31%/24%/14% ส่วนมากเพื่อสะท้อน ECL และค่าใช้จ่ายดำเนินงานที่สูงขึ้น เราปรับราคาเป้าหมายไปในปี 2023 ที่ 5.5 บาท (คิดเป็นค่า 2023E P/E ที่ 20x) และปรับลดคำแนะนำเป็นถือ เนื่องจากเราคิดว่า MICRO จะรายงานกำไรสุทธิที่อ่อนแอจนถึง 4Q22 จาก ECL และค่าใช้จ่ายดำเนินงานที่สูงขึ้น เราคิดว่าผลประกอบการของบริษัท น่าจะกลับมาดีใน 1Q23 เมื่อถึงตอนนั้น เราอาจกลับมาให้ความสนใจ MICRO อีกครั้ง



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(21.6)	(30.8)	(45.3)
Relative to country (%)	(17.2)	(25.1)	(45.2)
Mkt cap (USD m)	128		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	21		
Major shareholder	Auchyawat Family (58%)		
12m high/low (THB)	9.20/4.96		
Issued shares (m)	935		

Sources: Bloomberg consensus; FSSIA estimates



Yuvarant Suwanumchai

yuvarant.suw@fssia.com

+66 2611 3554

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 14 กรกฎาคม 2022

Investment thesis

Micro Leasing (MICRO) is a specialist second-hand truck lender in Thailand, with more than 26 years of experience in the business.

We cut our net profit forecasts for 2022-24 by 31%/24%/14% to mainly reflect its higher ECL and OPEX. We roll forward to 2023 our TP of THB5.5 (implying 2023E P/E of 20x) and downgrade our recommendation to HOLD as we expect MICRO to deliver unimpressive net profit until 4Q22 due to a rise in ECL and OPEX. Its performance should get back on track in 1Q23. At that time, we might put it back in our basket.

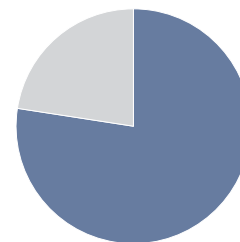
Company profile

Micro Leasing was founded in November 1994. The company specialises in loans for second-hand 6- to 12-wheel trucks made by the top three brands in Thailand: Isuzu, Hino and Fuso. It lends under a hire-purchase agreement with a 70-85% loan-to-value and with loan durations of 4-5 years.

www.microleasingplc.com

Principal activities (revenue, 2021)

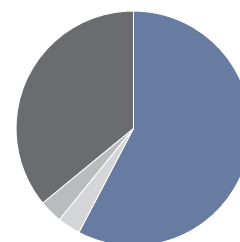
- Net interest income - 77.4 %
- Non-interest income - 22.6 %



Source: Micro Leasing

Major shareholders

- Auchyawat Family - 57.7 %
- Sataporn Ngamrueangpong - 3.2 %
- Kaitipong Termkunanon - 3.2 %
- Others - 36.0 %



Source: Micro Leasing

Catalysts

Potential share price catalysts for MICRO include: 1) higher loan growth due to gaining more market share from local peers; and 2) efficient asset quality control

Risks to our call

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) higher-than-expected policy rate hikes. Upside risks include 1) efficient asset quality control; and 2) the faster ramping up of its new businesses, including new motorcycle hire purchase loans, truck title loans, and insurance brokerage

Event calendar

Date	Event
8 Aug 2022	2Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	188	262	347
Net profit growth	0.4	39.0	32.8
NIM	12.71	12.36	12.17
Loan growth	30.0	25.0	25.0
Fee growth	30.0	33.0	28.0
Non-NII growth	28.3	31.5	27.2
Credit cost (bps)	525	500	485
Cost to income	35.4	33.0	31.2

Source: FSSIA estimates

Earnings sensitivity

Year to Dec	2022E			
Loan growth	±2ppt	28.0	30.0	32.0
% change in net profit		(1.3)	-	1.3
NIM (%)	±5bp	12.66	12.71	12.76
% change in net profit		(2.3)	-	2.3
Credit cost (bps)	±10bp	515.0	525.0	535.0
% change in net profit		2.0	-	(2.0)

Source: FSSIA estimates

NPLs and OPEX led to a weak 2Q22 performance

MICRO delivered a feeble net profit in 2Q22 at THB27m (-46% y-y, -47% q-q), dragged down by 1) a significant increase in its expected credit loss (ECL) by 51% y-y, 64% q-q, following a substantial increase in its NPLs by 40% q-q, implying an NPL ratio of 4.96% from 3.85% in 1Q22; and 2) a noticeable rise in its OPEX by 63% y-y, 24% q-q due mainly to its branch expansion, the setting up of a new subsidiary, Micro Plus Leasing, and debt collection expenses. Such negative factors completely drowned out its strong operating income growth of 21% y-y, 5% q-q, in our view. We expect MICRO's loan volume to surge 43% y-y, 9% q-q, due to higher demand for used trucks and from gaining more market share from smaller local competitors.

2Q22 key highlights

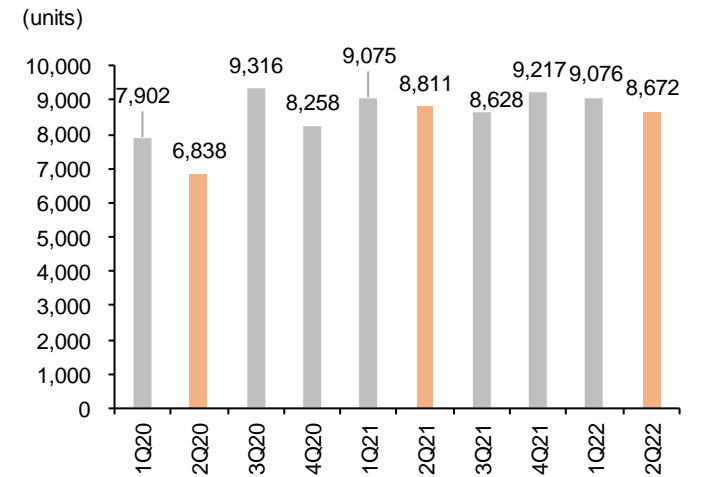
- We expect MICRO to post outstanding loan growth of 43% y-y and 9% q-q due to the high demand for used trucks. According to the Department of Land Transport, the number of registered used trucks in 2Q22 was at 8.7k units, slightly below 1Q22 by 1.6%, but still at a high level. Moreover, we believe MICRO was able to successfully compete for market share with local competitors due to its branch expansion.
- Its NIM might decline to 12.4% from 12.9% in 1Q22 as the company lent more towards newer truck models, which command a lower yield than older trucks.
- Cost to income might rise to 42.7% in 2Q22 from 31.8% in 2Q21 from its six-branch expansion, the setting up of Micro Plus Leasing, and debt collection expenses.

Exhibit 1: MICRO – summary of 2Q22 earnings preview

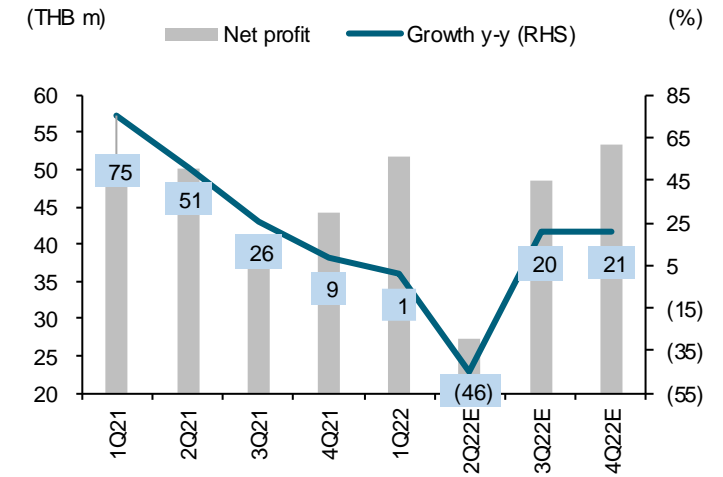
Year-end Dec 31	2Q21	1Q22	2Q22E			1H22E			2022E	Change	2Q22E Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	106	128	133	26	4	261	28	47	555	26	
Non-interest income*	37	37	40	8	7	77	17	47	165	28	
Operating income*	143	165	173	21	5	338	26	47	720	26	
Operating expenses	45	60	74	63	24	134	50	52	255	37	
PPOP before tax	97	105	99	2	(6)	204	13	44	465	21	
Expected credit loss	43	39	65	51	64	104	68	45	229	47	
Income tax	4	14	7	63	(48)	21	24	45	47	18	
Minority interest	0	0	0			0			0		
Normalised profit	50	52	27	(46)	(47)	79	(22)	42	188	0	
Extraordinary items	0	0	0			0			0		
Net profit	50	52	27	(46)	(47)	79	(22)	42	188	0	
EPS (THB)	0.05	0.06	0.03	(46)	(47)	0.08	(22)	42	0.20	0	
Asset quality ratio (%)											
NPLs (THB m)	117	159	222	90	40				204	55	
NPLs / loans	3.74	3.85	4.96						4.13		
Loan loss reserve/NPLs	98	109	95						103		
Credit cost (bps)	573	397	600						525		
Profitability ratio (%)											
Cost to income ratio	31.8	36.2	42.7						35.4		
Average yield	16.0	15.6	15.5						15.7		
Cost of funds (COF)	4.6	5.2	5.5						5.2		
Net interest margin (NIM)	14.2	12.9	12.4						12.7		
Non-int inc / total income	25.7	22.6	23.0						22.9		
Loan growth (%)											
y-y	46.4	45.6	43.0						30.0		
q-q	10.4	8.8	9.0								

*Including share of profits from associates

Sources: MICRO; FSSIA estimates

Exhibit 2: The number of registered used trucks

Sources: Department of Land Transport; FSSIA's estimates

Exhibit 3: MICRO's quarterly net profit

Sources: MICRO; FSSIA's estimates

Micro Plus should have a green bottom line in 2022

In Mar-22, MICRO established a JV, "Micro Plus Leasing", which will operate a new motorcycle hire purchase (HP) business with registered capital of THB400m. MICRO holds a 51% stake; Mr. Thammasak (co-founder of MICRO)'s group holds 30%; and Mr. Thaveephol's group holds 19%. Mr. Thaveephol has expertise in the motorcycle HP industry with more than 20 years of experience.

As of 2Q22, Micro Plus' loan portfolio was worth THB70m. We like the strategy to expand to motorbike HP as this should benefit MICRO in terms of diversification into a higher-yielding portfolio and client base, while enhancing long-term growth. However, due to the front-loaded OPEX, it should generate a loss from 2Q22 to 1H23, we think.

Earnings and target price revisions

We cut our net profit forecasts for 2022-24 by 31%/24%/14% to reflect 1) our higher credit cost assumptions from 419/400/400 bps to 525/500/485 bps during 2022-24, as we expect that its NPLs might increase at a higher rate due to the high energy prices; 2) the increased OPEX pressure by 11%/11%/13% in 2022-24 from higher debt collection fees and MICRO Plus' related expenses; and 3) the higher cost of funds from 5.1%/5.2%/5.3% to 5.2%/5.4%/5.5% in 2022-24 to reflect expected policy rate hikes.

To recap, FSSIA expects the policy rate to rise 50 bps in 2022 and another 50 bps in 1H23, lifting Thailand's policy rate up to 1% in 2022 and 1.5% in 2023.

Exhibit 4: Key changes in assumptions

	-----2022E-----				-----2023E-----			-----2024E-----		
	2021	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	441	587	555	(5.5)	694	686	(1.0)	808	844	4.5
Non-interest income	128	165	165	(0.1)	217	217	0.0	276	276	0.0
Operating income	569	752	720	(4.3)	910	903	(0.8)	1,084	1,120	3.4
Operating expenses	186	229	255	11.4	268	298	11.4	308	349	13.3
PPOP before tax*	383	523	465	(11.2)	642	605	(5.9)	776	771	(0.6)
Expected credit loss (Reversal)	156	183	229	25.2	222	278	25.0	278	337	21.3
Tax expenses	40	68	47	(30.8)	76	65	(13.5)	95	87	(8.2)
Minority interest	-	-	-		0	-		-	-	
Normalised profit	187	272	188	(30.8)	345	262	(24.1)	403	347	(13.9)
Extraordinary items	-	-	-		0	-		-	-	
Net profit	187	272	188	(30.8)	345	262	(24.1)	403	347	(13.9)
EPS (THB)	0.20	0.29	0.20	(30.6)	0.4	0.28	(24.1)	0.43	0.37	(13.9)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	132	177	204	15.2	212	245	15.4	254	294	15.4
Gross NPLs / Loans (%)	3.5	3.6	4.1		3.4	3.97		3.30	3.81	
Loan loss reserve/NPLs (%)	123	115	103		120.9	109		195	192	
Credit cost (bps)	491	419	525		400	500		400	485	
Profitability ratio (%)										
Cost to income ratio*	32.7	30.5	35.4		29.4	33.0		28.4	31.2	
Average yield	15.9	15.8	15.7		15.8	15.8		15.8	15.8	
Cost of funds	4.59	5.1	5.2		5.2	5.4		5.3	5.5	
Net interest margin (NIM)	13.9	13.4	12.7		12.5	12.4		12.4	12.2	
Loan growth (%)										
y-y	49.3	30.0	30.0		25.0	25.0		25.0	25.0	

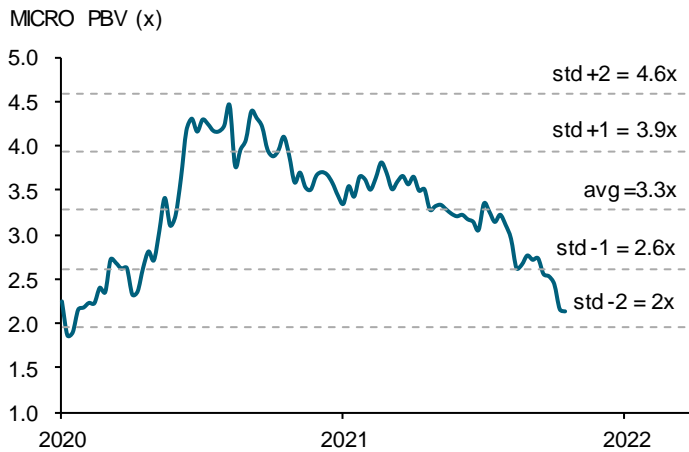
Sources: MICRO; FSSIA estimates

We roll over our valuations to 2023 and derive a new GGM-based TP of THB5.5, down from our previous TP of THB10.4, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2023E P/BV to 2.2x from 4.6x 2022E P/BV, as we lower our ROE and terminal growth estimates.

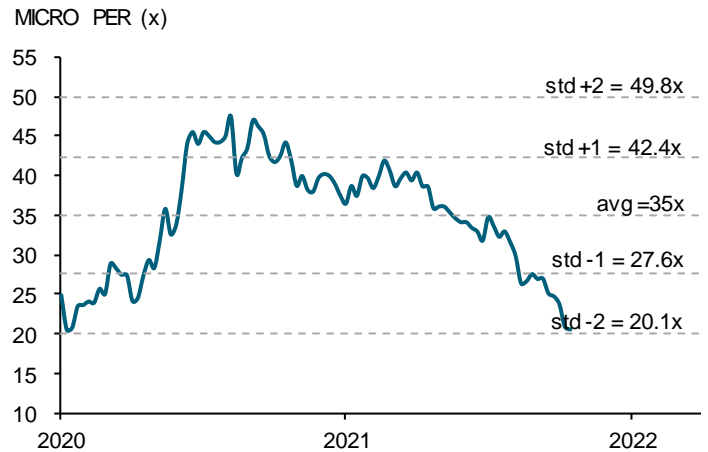
Exhibit 5: MICRO – GGM-derived target price

Target price (THB)	5.5 (from 10.4)
Recommendation	HOLD (from BUY)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost of equity (%)	11.1 (unchanged)
Terminal growth (%)	10.3 (from 10.8)
ROE target (%)	12.0 (from 13.5)
Target PBV (x)	2.2 (from 4.6)
Implied PE (x)	20 (from 37)

Source: FSSIA estimates

Exhibit 6: MICRO – prospective P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 7: MICRO – prospective P/E band

Sources: Bloomberg; FSSIA estimates

Exhibit 8: Thailand diversified financials – peers comparison

	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)
Unsecured-loan lender						4,942	12.9	7.3	17.7	16.5	23.1	21.6	3.9	3.4
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	157.50	188.00	19	1,086	19.0	7.0	9.3	8.7	19.8	18.5	1.7	1.5
Krungthai Card	KTC TB	HOLD	54.25	60.00	11	3,857	11.2	7.4	20.1	18.7	24.1	22.5	4.5	4.0
Auto-title lender						6,447	11.5	22.7	15.7	12.8	18.4	19.6	2.7	2.3
Muangthai Capital	MTC TB	BUY	42.00	55.00	31	2,455	9.3	25.5	16.5	13.1	19.9	21.0	3.0	2.5
Srisawad Corp	SAWAD TB	BUY	46.50	68.00	46	1,761	10.0	20.5	12.6	10.5	19.3	21.1	2.3	2.1
Saksiam Leasing	SAK TB	BUY	6.75	12.00	78	390	38.5	25.9	16.8	13.3	16.2	18.1	2.6	2.3
Ngern Tid Lor	TIDLOR TB	BUY	26.75	43.00	61	1,842	10.1	20.3	17.2	14.3	15.9	16.5	2.5	2.2
Truck lender						1,554	8.6	27.0	19.2	14.8	11.2	13.0	1.9	1.8
Micro Leasing	MICRO TB	HOLD	4.98	5.50	10	128	0.4	39.0	24.7	17.8	9.3	11.9	2.2	2.0
Singer Thailand	SINGER TB	BUY	36.25	74.00	104	819	7.7	35.1	24.0	17.8	8.1	10.5	1.9	1.8
Ratchthani Leasing	THANI TB	BUY	3.88	4.80	24	606	11.5	13.6	11.5	10.1	15.9	16.7	1.8	1.6
Other						1,084	4.1	8.5	7.1	6.6	8.0	8.2	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	37.50	42.00	12	1,084	4.1	8.5	7.1	6.6	8.0	8.2	0.6	0.5
Hire purchase motorcycle						163	(9.5)	(4.0)	14.0	14.6	10.1	7.6	1.2	1.0
Next Capital	NCAP TB	HOLD	4.38	7.60	74	163	(9.5)	(4.0)	14.0	14.6	10.1	7.6	1.2	1.0

Share prices as of 12 Jul 2022

Sources: Bloomberg; FSSIA estimates

Financial Statements

Micro Leasing

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	356	504	683	874	1,093
Interest expense	(48)	(63)	(128)	(188)	(249)
Net interest income	308	441	555	686	844
Net fees & commission	78	120	156	207	265
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	20	9	9	9	10
Non interest income	98	128	165	217	276
Total income	406	569	720	903	1,120
Staff costs	(153)	(186)	(255)	(298)	(349)
Other operating costs	-	-	-	-	-
Operating costs	(153)	(186)	(255)	(298)	(349)
Pre provision operating profit	253	383	465	605	771
Provision for bad and doubtful debt	(77)	(156)	(229)	(278)	(337)
Other provisions	-	-	-	-	-
Operating profit	176	227	235	327	434
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	176	227	235	327	434
Tax	(41)	(40)	(47)	(65)	(87)
Profit after tax	135	187	188	262	347
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	135	187	188	262	347
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	135	187	188	262	347
Per share (THB)					
Recurring EPS *	0.18	0.20	0.20	0.28	0.37
Reported EPS	0.18	0.20	0.20	0.28	0.37
DPS	0.07	0.08	0.04	0.06	0.11
Growth					
Net interest income (%)	26.5	43.2	25.9	23.7	23.0
Non interest income (%)	104.8	30.5	28.3	31.5	27.2
Pre provision operating profit (%)	56.6	51.2	21.3	30.2	27.5
Operating profit (%)	27.0	29.1	3.5	39.0	32.8
Reported net profit (%)	21.9	38.8	0.4	39.0	32.8
Recurring EPS (%)	11.8	13.3	0.4	39.0	32.8
Reported EPS (%)	11.8	13.3	0.4	39.0	32.8
Income Breakdown					
Net interest income (%)	75.8	77.4	77.1	76.0	75.4
Net fees & commission (%)	19.2	21.1	21.7	23.0	23.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	5.0	1.5	1.2	1.0	0.9
Operating performance					
Gross interest yield (%)	15.53	15.90	15.65	15.75	15.75
Cost of funds (%)	5.30	4.59	5.20	5.35	5.45
Net interest spread (%)	10.23	11.31	10.45	10.40	10.30
Net interest margin (%)	13.4	13.9	12.7	12.4	12.2
Cost/income(%)	37.6	32.7	35.4	33.0	31.2
Cost/assets(%)	6.3	5.5	5.5	5.1	4.9
Effective tax rate (%)	23.3	17.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	38.1	38.4	20.0	20.0	30.0
ROE (%)	9.3	9.9	9.3	11.9	14.4
ROE - COE (%)	(1.5)	(0.9)	(1.5)	1.1	3.6
ROA (%)	5.5	5.5	4.1	4.5	4.9
RORWA (%)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Micro Leasing; FSSIA estimates

Financial Statements

Micro Leasing

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	2,542	3,796	4,935	6,168	7,710
Total provisions	(98)	(162)	(211)	(266)	(564)
interest in suspense	0	0	0	0	0
Net customer loans	2,444	3,634	4,724	5,903	7,147
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	128	142	179	135	134
Other interesting assets	-	-	-	-	-
Tangible fixed assets	7	11	19	32	53
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	176	248	330	405	485
Total assets	2,755	4,034	5,252	6,474	7,819
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	823	1,929	3,011	4,015	5,109
Non interest bearing liabilities	109	147	154	162	170
Hybrid Capital	-	-	-	-	-
Total liabilities	932	2,076	3,165	4,177	5,279
Share capital	935	935	935	935	935
Reserves	888	1,023	1,152	1,362	1,605
Total equity	1,823	1,958	2,087	2,297	2,540
Minority interests	0	0	0	0	0
Total liabilities & equity	2,755	4,034	5,252	6,474	7,819
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	2,289	3,169	4,365	5,551	6,939
Average interest bearing liabilities	905	1,376	2,470	3,513	4,562
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)	97	132	204	245	294
Per share (THB)					
Book value per share	2.39	2.09	2.23	2.46	2.72
Tangible book value per share	2.39	2.09	2.23	2.46	2.72
Growth					
Gross customer loans	24.8	49.3	30.0	25.0	25.0
Average interest earning assets	29.4	38.4	37.8	27.2	25.0
Total asset (%)	30.1	46.4	30.2	23.3	20.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	66.2	48.5	39.7	35.5	32.5
Tangible equity/assets (%)	66.2	48.5	39.7	35.5	32.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	6.6	35.8	54.6	20.0	20.0
NPL/gross loans (%)	3.8	3.5	4.1	4.0	3.8
Total provisions/gross loans (%)	3.9	4.3	4.3	3.4	7.3
Total provisions/NPL (%)	100.9	122.9	103.3	108.6	192.1
Valuation					
Recurring P/E (x) *	28.1	24.8	24.7	17.8	13.4
Recurring P/E @ target price (x) *	31.1	27.4	27.3	19.6	14.8
Reported P/E (x)	28.1	24.8	24.7	17.8	13.4
Dividend yield (%)	1.4	1.5	0.8	1.1	2.2
Price/book (x)	2.1	2.4	2.2	2.0	1.8
Price/tangible book (x)	2.1	2.4	2.2	2.0	1.8
Price/tangible book @ target price (x)	2.3	2.6	2.5	2.2	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Micro Leasing; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDM5	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: 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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Micro Leasing	MICRO TB	THB 4.98	HOLD	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) higher-than-expected policy rate hikes. Upside risks include 1) efficient asset quality control; and 2) the faster ramping up of its new businesses, including new motorcycle hire purchase loans, truck title loans, and insurance brokerage
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 157.50	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 54.25	HOLD	Upside risks to our GGM-derived TP include: 1) stronger-than-expected cost of funds controlling; and 2) better-than-expected bad debt recovery. Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 42.00	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.
Srisawad Corp	SAWAD TB	THB 46.50	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.
Saksiam Leasing	SAK TB	THB 6.75	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 26.75	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.
Singer Thailand	SINGER TB	THB 36.25	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 3.88	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.
Thanachart Capital	TCAP TB	THB 37.50	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 4.38	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown; 2) deteriorating asset quality; and 3) tighter competition from new players. Upside risks to our TP include 1) strong demand for motorcycles; and 2) a higher rate cap than our base-case assumption of 28% p.a.

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 12-Jul-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.