

MICRO LEASING MICRO TB

THAILAND / DIVERSIFIED FINANCIALS

HOLD

UNCHANGED

TARGET PRICE	THB4.00
CLOSE	THB4.38
UP/DOWNSIDE	-8.7%
PRIOR TP	THB5.50
CHANGE IN TP	-27.3%
TP vs CONSENSUS	-20.8%

Unattractive on poor asset quality

- We expect a weak 3Q22 net profit of THB13m (-67% y-y, -29% q-q), dragged down by poor asset quality.
- MICRO should continue to perform poorly in 4Q22-1H23. We expect its quarterly net profit to resume its normal rate in 2H23 onward.
- We lower 2022-24E net profit by 38-39%; maintain HOLD call.

Expect feeble 3Q22 net profit

We have a negative view on MICRO's 3Q22 net profit, which we expect to be weak at THB13m (-67% y-y, -29% q-q), pressured by a significant increase in its expected credit loss (ECL) and OPEX. Its 9M22 net profit should account for 73% of our 2022 forecast.

NPLs and OPEX to be key drags on 3Q22 performance

We see two main factors that should drag down MICRO's 3Q performance. First, we expect a significant increase in its ECL by 94% y-y and 18% q-q, following a continued substantial increase in NPLs by 13% q-q, implying an NPL ratio of 4.88% in 3Q22 from 4.58% in 2Q22. Second, we forecast a noticeable rise in OPEX by 70% y-y and 6% q-q due mainly to debt collection expenses from a high asset deterioration rate and OPEX from its new subsidiary – Micro Plus Leasing. As for loan acquisitions, we believe MICRO has selectively lent new loans to control asset quality. Accordingly, we expect its loan volume to increase at a slower rate of 6% q-q in 3Q22 compared with 10% q-q in 2Q22.

Quarterly net profit should get back on track in 2H23

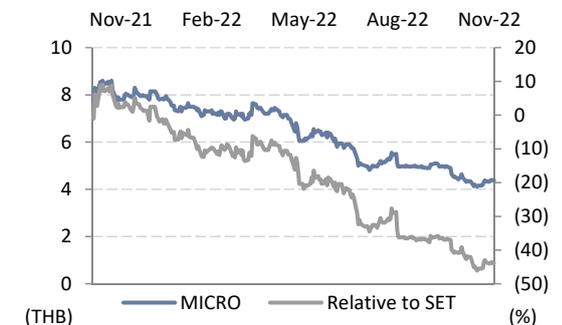
We think it will take at least one to two quarters for MICRO to solve its asset quality problem, resulting in an elevated provisioning setup. On top of that, we expect Micro Plus to deliver a red bottom line until 1H23 from high OPEX and elevated ECL following the start of business. Hence, we think MICRO will continue to perform poorly in 4Q22-1H23. Its quarterly net profit should get back on track at around THB45m-50m per quarter in 2H23.

Maintain HOLD with a new 2023 GGM-based TP of THB4.0

We cut our net profit forecasts for 2022-24 by 39%/39%/38% to mainly reflect a rise in ECL and higher projected OPEX. We derive a new 2023 GGM-based TP of THB4.0. Although we expect MICRO to perform poorly in the coming quarters, we believe the 46% YTD slump in its share price compared to the SET's 2% drop has already reflected the potentially weak performance. Thus, we maintain our HOLD call. We think a good time to come back to MICRO should be in 1Q23 or 2Q23.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	227	126	207	283
Net profit	187	114	159	215
EPS (THB)	0.20	0.12	0.17	0.23
vs Consensus (%)	-	(23.6)	(29.2)	(22.0)
Core net profit	187	114	159	215
Core EPS (THB)	0.20	0.12	0.17	0.23
Chg. In EPS est. (%)	-	(39.3)	(39.3)	(38.2)
EPS growth (%)	13.3	(39.1)	39.1	35.3
Core P/E (x)	21.8	35.9	25.8	19.1
Dividend yield (%)	1.8	0.6	0.8	1.6
Price/book (x)	2.1	2.0	1.9	1.8
ROE (%)	9.9	5.7	7.6	9.6
ROA (%)	5.5	2.2	2.8	3.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.2)	(21.1)	(44.2)
Relative to country (%)	(5.0)	(22.3)	(44.2)
Mkt cap (USD m)			110
3m avg. daily turnover (USD m)			0.2
Free float (%)			21
Major shareholder		Auchyawat Family (58%)	
12m high/low (THB)			8.85/4.06
Issued shares (m)			935

Sources: Bloomberg consensus; FSSIA estimates


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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 39%/39%/38% to mainly reflect a rise in ECL and higher projected OPEX. We derive a new 2023 GGM-based TP of THB4.0. Although we expect MICRO to perform poorly in the coming quarters, we believe the 46% YTD slump in its share price compared to the SET's 2% drop has already reflected the potentially weak performance. Thus, we maintain our HOLD call. We think a good time to come back to MICRO should be in 1Q23 or 2Q23.

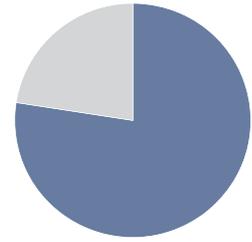
Company profile

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)

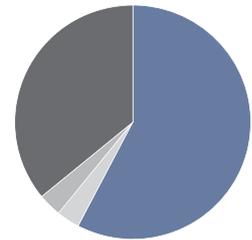
- Net interest income - 77.4 %
- Non-interest income - 22.6 %



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
14 November 2022	3Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	114	159	215
Net profit growth	(39.1)	39.1	35.3
NIM	12.46	12.14	12.01
Loan growth	35.0	25.0	25.0
Fee growth	25.0	33.0	28.0
Non-NII growth	23.0	31.6	27.3
Credit cost (bps)	670	590	590
Cost to income	40.4	39.7	37.3

Source: FSSIA estimates

Earnings sensitivity

Year to Dec		2022E		
		33.0	35.0	37.0
Loan growth	±2ppt	33.0	35.0	37.0
% change in net profit		(1.3)	-	1.3
NIM (%)	±5bp	12.41	12.46	12.51
% change in net profit		(2.3)	-	2.3
Credit cost (bps)	±10bp	660.0	670.0	680.0
% change in net profit		2.0	-	(2.0)

Source: FSSIA estimates

NPLs and OPEX should lead to weak 3Q22 performance

We expect MICRO to deliver a feeble net profit in 3Q22 at THB13m (-67% y-y, -29% q-q), due largely to 1) an ECL increase by 94% y-y and 18% q-q, following a continued substantial increase in NPLs by 13% q-q, implying an NPL ratio of 4.88% from 4.58% in 2Q22; and 2) a noticeable rise in OPEX by 70% y-y and 6% q-q due mainly to debt collection expenses from a high asset deterioration rate and OPEX from its new subsidiary – Micro Plus Leasing. As for loan acquisitions, we believe MICRO has selectively lent new loans to control asset quality. Accordingly, we expect its loan volume to increase at a slower rate of 6% q-q in 3Q22 compared with 10% q-q in 2Q22.

3Q22E key highlights

- We expect MICRO to post loan growth of 42% y-y and 6% q-q, which is lower than its potential growth rate as the company wants to control its asset quality.
- Its NIM might decline to 12.1% from 12.3% in 2Q22 as the company lent more towards newer truck models, which command a lower yield than older trucks. The higher cost of funds following the policy rate uptrend would also have an impact.
- Cost to income might rise to 44.1% in 3Q22 from 32.6% in 3Q21 from debt collection expenses and OPEX from Micro Plus Leasing.

Exhibit 1: MICRO – summary of 3Q22 earnings preview

Year-end Dec 31	3Q21	2Q22	3Q22E		9M22E			2022E	Change	3Q22E comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%22E	(THB m)	
Net interest income	114	134	142	25	6	403	27	73	556	26
Non-interest income	32	41	40	28	(2)	119	27	75	158	23
Operating income	145	175	182	26	4	522	27	73	714	25
Operating expenses	47	76	80	70	6	216	59	75	289	55
PPOP before tax	98	99	102	4	3	306	11	72	425	11
Expected credit loss	47	77	91	94	18	208	98	70	299	92
Income tax	11	5	2	(78)	(57)	22	(22)	86	25	(37)
Minority interest	0	(3)	(5)			(8)			(13)	
Normalised profit	40	19	13	(67)	(29)	84	(41)	73	114	(39)
Extraordinary items	0	0	0			0			0	
Net profit	40	19	13	(67)	(29)	84	(41)	73	114	(39)
EPS (THB)	0.04	0.02	0.01	(67)	(29)	0.09	(41)	73	0.12	(39)
Asset quality ratio (%)										
NPLs (THB m)	118	208	235	100	13				251	90
NPLs / loans	3.48	4.58	4.88						4.89	
Loan loss reserve/NPLs	117	98	101						102	
Credit cost (bps)	577	713	780						670	
Profitability ratio (%)										
Cost to income ratio	32.6	43.6	44.1						40.4	
Average yield	16.0	15.5	15.5						15.5	
Cost of funds (COF)	4.8	5.6	5.8						5.5	
Net interest margin (NIM)	13.9	12.3	12.1						12.5	
Non-int inc / total income	21.7	23.5	22.1						22.1	
Loan growth (%)										
y-y	49.7	45.1	42.4						35.0	
q-q	8.0	10.0	6.0							

Sources: MICRO; FSSIA estimates

Earnings and target price revisions

We cut our net profit forecasts for 2022-24 by 39%/39%/38% to reflect 1) our higher credit cost assumptions from 525/500/485 bps to 670/590/590 bps during 2022-24, as we expect that MICRO's NPLs might increase at a higher rate due to the high inflation environment; 2) the increased OPEX pressure by 13%/21%/21% in 2022-24E from higher debt collection fees and Micro Plus' related expenses; and 3) our higher cost of fund assumptions from 5.2%/5.4%/5.5% to 5.5%/5.7%/5.7% in 2022-24 to reflect the expected policy rate hikes.

Exhibit 2: Key changes in assumptions

	2022E			2023E			2024E			
	2021 (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	441	555	556	0.2	686	700	2.0	844	865	2.5
Non-interest income	128	165	158	(4.2)	217	208	(4.1)	276	264	(4.1)
Operating income	569	720	714	(0.8)	903	908	0.5	1,120	1,130	0.9
Operating expenses	186	255	289	13.1	298	361	20.9	349	422	20.9
PPOP before tax	383	465	425	(8.5)	605	547	(9.5)	771	708	(8.2)
Expected credit loss (Reversal)	156	229	299	30.4	278	340	22.5	337	425	26.3
Tax expenses	40	47	25	(46.3)	65	41	(36.8)	87	57	(34.9)
Minority interest	-	0	(13)		0	7		-	11	
Normalised profit	187	188	114	(39.3)	262	159	(39.3)	347	215	(38.2)
Extraordinary items	-	0	-		0	-		-	-	
Net profit	187	188	114	(39.3)	262	159	(39.3)	347	215	(38.2)
EPS (THB)	0.20	0.20	0.12	(39.3)	0.3	0.17	(39.3)	0.37	0.23	(38.2)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	132	204	251	22.9	245	313	28.0	294	391	33.3
Gross NPLs / Loans (%)	3.5	4.13	4.89		3.97	4.89		3.81	4.89	
Loan loss reserve/NPLs (%)	123	103	102		109	119		192	132	
Credit cost (bps)	491	525	670		500	590		485	590	
Profitability ratio (%)										
Cost to income ratio	32.7	35.4	40.4		33.0	39.7		31.2	37.3	
Average yield	15.9	15.65	15.50		15.75	15.65		15.75	15.75	
Cost of funds	4.59	5.20	5.50		5.35	5.70		5.45	5.70	
Net interest margin (NIM)	13.9	12.71	12.46		12.36	12.14		12.17	12.01	
Loan growth (%)										
y-y	49.3	30.0	35.0		25.0	25.0		25.0	25.0	

Sources: MICRO; FSSIA estimates

We lower our 2023 GGM-based TP to THB4.0, down from our previous TP of THB5.5, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2023 P/BV to 1.7x from 2.2x, as we lower our ROE and terminal growth estimates. We maintain our HOLD rating.

Exhibit 3: MICRO – GGM-derived target price

Target price (THB)	4.0 (from 5.5)
Recommendation	HOLD (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost of equity (%)	10.6 (unchanged)
Terminal growth (%)	8.7 (from 10.3)
ROE target (%)	12.0 (from 13.0)
Target PBV (x)	1.7 (from 2.2)

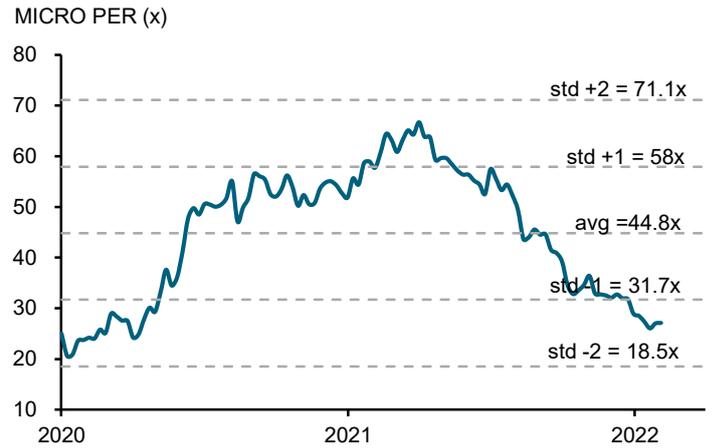
Source: FSSIA estimates

Exhibit 4: MICRO – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: MICRO – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Peers comparison as of 4 November 2022

	BBG code	Rec	--- Share price ---		Up (down) side (%)	Market Cap (USD m)	EPS growth		--- P/E ---		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)
Diversified financials						18,506	9.6	21.2	21.5	17.1	15.9	16.5	2.9	2.6
Unsecured-loan lender						5,109	19.6	7.9	17.9	16.6	24.5	22.9	4.2	3.6
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	160.50	188.00	17	1,073	19.0	7.0	9.5	8.9	19.8	18.5	1.8	1.5
Krungthai Card	KTC TB	BUY	58.50	65.00	11	4,035	19.8	8.1	20.2	18.6	25.8	24.1	4.8	4.2
Auto-title lender						5,806	10.4	20.3	14.8	12.3	18.0	19.0	2.5	2.1
Muangthai Capital	MTC TB	BUY	37.00	60.00	62	2,099	14.3	23.0	13.9	11.3	20.7	21.3	2.6	2.2
Srisawad Corp	SAWAD TB	BUY	42.50	62.00	46	1,561	0.8	19.3	12.6	10.6	17.8	19.4	2.1	2.0
Saksiam Leasing	SAK TB	BUY	6.70	9.70	45	376	23.1	26.3	18.8	14.9	14.5	16.4	2.6	2.3
Ngern Tid Lor	TIDLOR TB	BUY	26.50	37.00	40	1,771	11.4	16.9	16.9	14.4	15.6	16.3	2.5	2.2
Truck lender						2,125	(0.4)	27.9	23.1	17.7	9.9	11.5	1.9	1.8
Micro Leasing	MICRO TB	HOLD	4.38	4.00	(9)	110	(39.1)	39.1	35.9	25.8	5.7	7.6	2.0	1.9
Singer Thailand	SINGER TB	BUY	36.50	59.00	62	1,363	(4.1)	35.2	27.2	20.1	7.2	9.4	1.9	1.9
Ratchthani Leasing	THANI TB	BUY	4.30	5.20	21	651	13.8	10.7	12.5	11.3	16.2	16.7	2.0	1.8

Sources: FSSIA estimates

Financial Statements

Micro Leasing

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	356	504	691	902	1,135
Interest expense	(48)	(63)	(136)	(202)	(270)
Net interest income	308	441	556	700	865
Net fees & commission	78	120	150	199	255
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	20	9	8	9	9
Non interest income	98	128	158	208	264
Total income	406	569	714	908	1,130
Staff costs	(153)	(186)	(289)	(361)	(422)
Other operating costs	-	-	-	-	-
Operating costs	(153)	(186)	(289)	(361)	(422)
Pre provision operating profit	253	383	425	547	708
Provision for bad and doubtful debt	(77)	(156)	(299)	(340)	(425)
Other provisions	-	-	-	-	-
Operating profit	176	227	126	207	283
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	126	207	283
Tax	(41)	(40)	(25)	(41)	(57)
Profit after tax	135	187	101	165	226
Minority interests	0	0	13	(7)	(11)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	135	187	114	159	215
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	135	187	114	159	215
Per share (THB)					
Recurring EPS *	0.18	0.20	0.12	0.17	0.23
Reported EPS	0.18	0.20	0.12	0.17	0.23
DPS	0.07	0.08	0.02	0.03	0.07
Growth					
Net interest income (%)	26.5	43.2	26.1	25.9	23.7
Non interest income (%)	104.8	30.5	23.0	31.6	27.3
Pre provision operating profit (%)	56.6	51.2	11.0	28.7	29.4
Operating profit (%)	27.0	29.1	(44.4)	63.7	36.7
Reported net profit (%)	21.9	38.8	(39.1)	39.1	35.3
Recurring EPS (%)	11.8	13.3	(39.1)	39.1	35.3
Reported EPS (%)	11.8	13.3	(39.1)	39.1	35.3
Income Breakdown					
Net interest income (%)	75.8	77.4	77.9	77.1	76.6
Net fees & commission (%)	19.2	21.1	21.0	22.0	22.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	5.0	1.5	1.1	0.9	0.8
Operating performance					
Gross interest yield (%)	15.53	15.90	15.50	15.65	15.75
Cost of funds (%)	5.30	4.59	5.50	5.70	5.70
Net interest spread (%)	10.23	11.31	10.00	9.95	10.05
Net interest margin (%)	13.4	13.9	12.5	12.1	12.0
Cost/income(%)	37.6	32.7	40.4	39.7	37.3
Cost/assets(%)	6.3	5.5	6.2	6.1	5.8
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	5.7	7.6	9.6
ROE - COE (%)	(1.5)	(0.9)	(5.1)	(3.2)	(1.2)
ROA (%)	5.5	5.5	2.2	2.8	3.1
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	5,124	6,406	8,007
Total provisions	(98)	(162)	(256)	(372)	(517)
interest in suspense	0	0	0	0	0
Net customer loans	2,444	3,634	4,869	6,034	7,490
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	128	142	101	88	59
Other interesting assets	-	-	-	-	-
Tangible fixed assets	7	11	19	32	53
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	176	248	335	410	417
Total assets	2,755	4,034	5,323	6,563	8,019
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	823	1,929	3,002	4,100	5,359
Non interest bearing liabilities	109	147	293	308	354
Hybrid Capital	-	-	-	-	-
Total liabilities	932	2,076	3,295	4,408	5,714
Share capital	935	935	935	935	935
Reserves	888	1,023	1,093	1,220	1,370
Total equity	1,823	1,958	2,028	2,155	2,305
Minority interests	0	0	0	0	0
Total liabilities & equity	2,755	4,034	5,323	6,563	8,019
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	2,289	3,169	4,460	5,765	7,206
Average interest bearing liabilities	905	1,376	2,465	3,551	4,730
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	251	313	391
Per share (THB)					
Book value per share	2.39	2.09	2.17	2.30	2.47
Tangible book value per share	2.39	2.09	2.17	2.30	2.47
Growth					
Gross customer loans	24.8	49.3	35.0	25.0	25.0
Average interest earning assets	29.4	38.4	40.7	29.3	25.0
Total asset (%)	30.1	46.4	31.9	23.3	22.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	66.2	48.5	38.1	32.8	28.7
Tangible equity/assets (%)	66.2	48.5	38.1	32.8	28.7
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	6.6	35.8	90.0	25.0	25.0
NPL/gross loans (%)	3.8	3.5	4.9	4.9	4.9
Total provisions/gross loans (%)	3.9	4.3	5.0	4.6	6.5
Total provisions/NPL (%)	100.9	122.9	102.1	118.7	132.0
Valuation					
Recurring P/E (x) *	24.8	21.8	35.9	25.8	19.1
Recurring P/E @ target price (x) *	22.6	20.0	32.7	23.5	17.4
Reported P/E (x)	24.8	21.8	35.9	25.8	19.1
Dividend yield (%)	1.5	1.8	0.6	0.8	1.6
Price/book (x)	1.8	2.1	2.0	1.9	1.8
Price/tangible book (x)	1.8	2.1	2.0	1.9	1.8
Price/tangible book @ target price (x)	1.7	1.9	1.8	1.7	1.6

* 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	BDMS	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	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	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	PPP	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	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	WIK
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	TIPIP	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	SEAOIL	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

Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Micro Leasing	MICRO TB	THB 4.38	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 160.50	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 58.50	BUY	Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 37.00	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 42.50	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 6.70	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 26.50	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 36.50	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.

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

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All share prices are as at market close on 04-Nov-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.