

MUANGTHAI CAPITAL  
THAILAND / DIVERSIFIED FINANCIALS

## MTC TB

HOLD

## มุมมองเชิงลบจากที่ประชุมนักวิเคราะห์

- เรามีมุมมองเชิงลบจากที่ประชุมนักวิเคราะห์ของ MTC เนื่องจากเราคิดว่ากลยุทธ์ของบริษัท ที่มุ่งขยายพอร์ตสินเชื่อเพียงอย่างเดียวเมื่อเทียบกับกลยุทธ์ปรับผลตอบแทนตามความเสี่ยงอย่างเหมาะสมจะกระทบผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) ในที่สุด
- เราเชื่อว่าคุณภาพสินทรัพย์และกำไรของ MTC ยังไม่แตะจุดต่ำสุด ด้วยเหตุดังกล่าวเรายังคงคำแนะนำถือ

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB39.00 |
| CLOSE           | THB34.75 |
| UP/DOWNSIDE     | +12.2%   |
| TP vs CONSENSUS | -19.1%   |

## KEY STOCK DATA

| YE Dec (THB m)     | 2021  | 2022E | 2023E  | 2024E  |
|--------------------|-------|-------|--------|--------|
| Operating profit   | 6,201 | 6,417 | 7,338  | 8,914  |
| Net profit         | 4,945 | 5,134 | 5,885  | 7,113  |
| EPS (THB)          | 2.33  | 2.42  | 2.78   | 3.36   |
| vs Consensus (%)   | -     | (6.5) | (11.5) | (10.9) |
| Core net profit    | 4,945 | 5,134 | 5,885  | 7,113  |
| Core EPS (THB)     | 2.33  | 2.42  | 2.78   | 3.36   |
| EPS growth (%)     | (5.2) | 3.8   | 14.6   | 20.9   |
| Core P/E (x)       | 14.9  | 14.3  | 12.5   | 10.4   |
| Dividend yield (%) | 1.1   | 1.0   | 1.2    | 1.4    |
| Price/book (x)     | 3.0   | 2.5   | 2.2    | 1.8    |
| ROE (%)            | 21.7  | 19.0  | 18.5   | 19.1   |
| ROA (%)            | 5.6   | 4.6   | 4.3    | 4.4    |

## ประชุมหลังผลประกอบการ 3Q22

MTC จัดประชุมนักวิเคราะห์หลังผลประกอบการ 3Q22 เมื่อวันที่ 10 พ.ย. 2022 เรามีมุมมองเชิงลบจากที่ประชุมดังกล่าวจากประเด็นคุณภาพสินทรัพย์และกลยุทธ์การเติบโตของบริษัท

## การขยายพอร์ตสินเชื่อมีความสำคัญสูงสุด

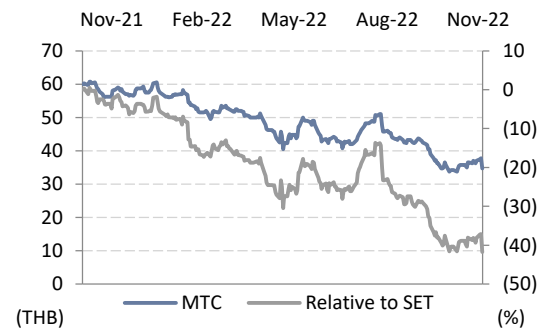
ในระยะยาว MTC ระบุว่ากลยุทธ์ของบริษัท จะมุ่งเน้นไปที่การขยายสินเชื่อ บริษัท ต้องการเพิ่มฐานลูกค้าเพื่อเพิ่มศักยภาพในการขายผลิตภัณฑ์เพิ่มในอนาคต โดยจะยอมเสียสละคุณภาพสินทรัพย์และอัตรากำไรเพื่อการเติบโตของสินเชื่อ บริษัท คาดตัวเลขการเติบโตของสินเชื่อที่ 20% ต่อปีในช่วงปี 2023-24 ผู้บริหารยืนยันว่าที่อัตราการเติบโตของสินเชื่อที่ 15-20% ต่อปีบริษัท จะยังไม่ต้องเพิ่มทุนแน่ ๆ อย่างน้อยในอีก 4-5 ปีข้างหน้า นอกจากนี้สัดส่วนหนี้สินต่อทุนน่าจะยังไม่ถึง 4x ในด้านคุณภาพสินทรัพย์ หนี้ด้อยคุณภาพ (NPL) น่าจะเพิ่มต่อเนื่อง (แต่ในระดับที่ลดลง) อย่างน้อยในอีก 2 ไตรมาสข้างหน้า โดยสัดส่วน NPL อาจแตะ 3% ในปี 2023 MTC ตั้งเป้าต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ไว้ที่ 300 bps พร้อมสัดส่วนสำรองต่อหนี้ด้อยคุณภาพ (Coverage ratio) ที่ประมาณ 100% ในปี 2023 ในด้านอัตราดอกเบี้ยที่คิดกับลูกค้า ถ้ากำไรสุทธิไม่ถึงเป้า บริษัท อาจเพิ่มอัตราดอกเบี้ยดังกล่าวอย่างไรก็ดีบริษัท มองว่าประเด็นดังกล่าวไม่ใช่เรื่องที่สำคัญที่สุด

## ผลตอบแทนที่เพิ่มไม่พอกับความเสี่ยงน่าจะกระทบ ROE

เราไม่ชอบกลยุทธ์ในการเลือกขยายพอร์ตสินเชื่อเพียงอย่างเดียวแทนกลยุทธ์การปรับผลตอบแทนตามความเสี่ยงอย่างเหมาะสม แม้ว่าบริษัท อาจรายงานสินเชื่อโตในเกณฑ์ดี ปัจจัยดังกล่าวจะถูกหักจากการตั้งสำรองเพิ่มขึ้น ซึ่งน่าจะกระทบกำไรสุทธิและ ROE ในที่สุด ปัจจุบันเราคาด Credit cost ในปี 2023/24 ไว้ที่ 250/240 bps เทียบกับเป้าของบริษัท ที่ 300 bps ในปี 2023 ถ้า MTC ไม่สามารถควบคุมคุณภาพสินทรัพย์ได้ ปัจจัยดังกล่าวจะทำให้ Downside ต่อประมาณการกำไรสุทธิของเรา ถ้าสมมติให้ปัจจัยอื่นคงที่ Credit cost ที่เพิ่มทุก ๆ 10 bps จะทำให้ Downside 1.8% ต่อประมาณการกำไรสุทธิในปี 2023 ของเรา

## คำแนะนำถือที่ราคาเป้าหมายปี 2023 ที่ 39 บาท

เราคงแนะนำถือที่ราคาเป้าหมายปี 2023 เดิมที่ 39 บาท (GGM) เราคิดว่าปัจจุบันยังไม่ใช่เวลาที่ที่ดีที่สุดสำหรับการลงทุนใน MTC เนื่องจากเราเชื่อว่าคุณภาพสินทรัพย์และกำไรยังไม่แตะจุดต่ำสุด เราอาจหันมามอง MTC เป็นบวกมากขึ้นถ้า 1) บริษัท เพิ่มอัตราดอกเบี้ยที่คิดกับลูกค้าเพื่อสะท้อนพอร์ตสินเชื่อที่มีความเสี่ยงสูงขึ้น; และ/หรือ 2) บริษัท สามารถแก้ปัญหา NPL ได้



| Share price performance        | 1 Month                | 3 Month | 12 Month |
|--------------------------------|------------------------|---------|----------|
| Absolute (%)                   | (2.8)                  | (31.9)  | (45.1)   |
| Relative to country (%)        | (5.4)                  | (32.0)  | (44.7)   |
| Mkt cap (USD m)                | 1,997                  |         |          |
| 3m avg. daily turnover (USD m) | 14.2                   |         |          |
| Free float (%)                 | 21                     |         |          |
| Major shareholder              | Petaumpai Family (67%) |         |          |
| 12m high/low (THB)             | 63.50/32.50            |         |          |
| Issued shares (m)              | 2,120                  |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 10 พฤศจิกายน 2022

**Exhibit 1: Diversified financial companies under coverage – summary of key valuations**

|                                 | 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>18,371</b> | <b>8.0</b>    | <b>19.2</b>   | <b>21.3</b>   | <b>17.3</b> | <b>15.7</b>   | <b>16.1</b> | <b>2.9</b>    | <b>2.5</b> |
| <b>Unsecured-loan lender</b>    |           |        |                   |        |      | <b>5,164</b>  | <b>19.6</b>   | <b>7.9</b>    | <b>17.9</b>   | <b>16.6</b> | <b>24.5</b>   | <b>22.9</b> | <b>4.2</b>    | <b>3.6</b> |
| Aeon Thana Sinsap (Thailand)    | AEONTS TB | HOLD   | 158.50            | 188.00 | 19   | 1,074         | 19.0          | 7.0           | 9.4           | 8.8         | 19.8          | 18.5        | 1.7           | 1.5        |
| Krungthai Card                  | KTC TB    | BUY    | 58.50             | 65.00  | 11   | 4,089         | 19.8          | 8.1           | 20.2          | 18.6        | 25.8          | 24.1        | 4.8           | 4.2        |
| <b>Auto-title lender</b>        |           |        |                   |        |      | <b>5,684</b>  | <b>5.4</b>    | <b>16.1</b>   | <b>15.0</b>   | <b>12.9</b> | <b>17.1</b>   | <b>17.6</b> | <b>2.4</b>    | <b>2.1</b> |
| Muangthai Capital               | MTC TB    | HOLD   | 34.75             | 39.00  | 12   | 1,997         | 3.8           | 14.6          | 14.3          | 12.5        | 19.0          | 18.5        | 2.5           | 2.2        |
| Srisawad Corp                   | SAWAD TB  | BUY    | 41.75             | 62.00  | 49   | 1,554         | 0.8           | 19.3          | 12.4          | 10.4        | 17.8          | 19.4        | 2.1           | 1.9        |
| Saksiam Leasing                 | SAK TB    | BUY    | 6.85              | 9.70   | 42   | 389           | 23.1          | 26.3          | 19.2          | 15.2        | 14.5          | 16.4        | 2.7           | 2.4        |
| Ngern Tid Lor                   | TIDLOR TB | BUY    | 25.75             | 32.00  | 24   | 1,743         | 7.2           | 12.6          | 17.0          | 15.1        | 15.0          | 15.3        | 2.5           | 2.2        |
| <b>Truck lender</b>             |           |        |                   |        |      | <b>2,072</b>  | <b>(0.3)</b>  | <b>27.6</b>   | <b>22.0</b>   | <b>16.9</b> | <b>10.0</b>   | <b>11.6</b> | <b>1.9</b>    | <b>1.8</b> |
| Micro Leasing                   | MICRO TB  | HOLD   | 4.44              | 4.00   | (10) | 113           | (39.1)        | 39.1          | 36.3          | 26.1        | 5.7           | 7.6         | 2.0           | 1.9        |
| Singer Thailand                 | SINGER TB | BUY    | 34.25             | 59.00  | 72   | 1,297         | (4.1)         | 35.2          | 25.5          | 18.9        | 7.2           | 9.4         | 1.8           | 1.7        |
| Ratchthani Leasing              | THANI TB  | BUY    | 4.32              | 5.20   | 20   | 663           | 13.8          | 10.7          | 12.6          | 11.4        | 16.2          | 16.7        | 2.0           | 1.8        |
| <b>Asset management</b>         |           |        |                   |        |      | <b>4,186</b>  | <b>4.7</b>    | <b>37.6</b>   | <b>37.4</b>   | <b>26.5</b> | <b>8.2</b>    | <b>10.2</b> | <b>3.0</b>    | <b>2.8</b> |
| Bangkok Commercial Asset Mngt.  | BAM TB    | BUY    | 15.20             | 20.00  | 32   | 1,332         | 5.2           | 21.0          | 18.0          | 14.8        | 6.4           | 7.2         | 1.1           | 1.0        |
| Chayo Group                     | CHAYO TB  | BUY    | 8.00              | 10.60  | 33   | 231           | (1.6)         | 25.9          | 35.7          | 28.4        | 9.6           | 8.0         | 3.2           | 1.7        |
| JMT Network Services            | JMT TB    | BUY    | 63.25             | 84.00  | 33   | 2,502         | 2.7           | 48.4          | 47.7          | 32.2        | 8.9           | 12.0        | 3.9           | 3.8        |
| Knight Club Capital Asset Mngt. | KCC TB    | HOLD   | 7.15              | 7.10   | (1)  | 120           | 53.1          | 21.9          | 41.0          | 33.6        | 11.7          | 10.1        | 3.7           | 3.1        |
| <b>Other</b>                    |           |        |                   |        |      | <b>1,151</b>  | <b>4.1</b>    | <b>8.5</b>    | <b>7.7</b>    | <b>7.1</b>  | <b>8.0</b>    | <b>8.2</b>  | <b>0.6</b>    | <b>0.6</b> |
| Thanachart Capital              | TCAP TB   | HOLD   | 40.50             | 43.00  | 6    | 1,151         | 4.1           | 8.5           | 7.7           | 7.1         | 8.0           | 8.2         | 0.6           | 0.6        |
| <b>Hire purchase motorcycle</b> |           |        |                   |        |      | <b>113</b>    | <b>(70.5)</b> | <b>(28.1)</b> | <b>30.4</b>   | <b>42.2</b> | <b>3.8</b>    | <b>2.4</b>  | <b>1.0</b>    | <b>1.0</b> |
| Next Capital                    | NCAP TB   | REDUCE | 3.10              | 2.50   | (19) | 113           | (70.5)        | (28.1)        | 30.4          | 42.2        | 3.8           | 2.4         | 1.0           | 1.0        |

Share prices as of 9 Nov 2022  
 Sources: Bloomberg; 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  | 19,005  | 23,633   | 28,359   |
| Interest expense                        | (1,817) | (2,127) | (2,680) | (3,811)  | (4,723)  |
| Net interest income                     | 12,145  | 13,068  | 16,326  | 19,822   | 23,636   |
| Net fees & commission                   | 726     | 769     | 769     | 807      | 848      |
| Foreign exchange trading income         | -       | -       | -       | -        | -        |
| Securities trading income               | -       | -       | -       | -        | -        |
| Dividend income                         | 0       | 0       | 0       | 0        | 0        |
| Other income                            | 45      | 55      | 68      | 72       | 75       |
| Non interest income                     | 771     | 824     | 837     | 879      | 923      |
| Total income                            | 12,916  | 13,891  | 17,163  | 20,701   | 24,559   |
| Staff costs                             | (3,676) | (4,272) | (5,596) | (7,275)  | (9,094)  |
| Other operating costs                   | (2,469) | (2,689) | (2,509) | (2,805)  | (3,086)  |
| Operating costs                         | (6,144) | (6,961) | (8,106) | (10,081) | (12,180) |
| Pre provision operating profit          | 6,771   | 6,930   | 9,057   | 10,620   | 12,380   |
| Provision for bad and doubtful debt     | (255)   | (728)   | (2,640) | (3,282)  | (3,466)  |
| Other provisions                        | -       | -       | -       | -        | -        |
| Operating profit                        | 6,517   | 6,201   | 6,417   | 7,338    | 8,914    |
| 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   | 6,417   | 7,338    | 8,914    |
| Tax                                     | (1,303) | (1,257) | (1,283) | (1,453)  | (1,801)  |
| Profit after tax                        | 5,214   | 4,945   | 5,134   | 5,885    | 7,113    |
| Minority interests                      | 0       | 0       | 0       | 0        | 0        |
| Preferred dividends                     | -       | -       | -       | -        | -        |
| Other items                             | -       | -       | -       | -        | -        |
| Reported net profit                     | 5,214   | 4,945   | 5,134   | 5,885    | 7,113    |
| Non recurring items & goodwill (net)    | -       | -       | 0       | 0        | 0        |
| Recurring net profit                    | 5,214   | 4,945   | 5,134   | 5,885    | 7,113    |
| <b>Per share (THB)</b>                  |         |         |         |          |          |
| Recurring EPS *                         | 2.46    | 2.33    | 2.42    | 2.78     | 3.36     |
| Reported EPS                            | 2.46    | 2.33    | 2.42    | 2.78     | 3.36     |
| DPS                                     | 0.37    | 0.37    | 0.36    | 0.42     | 0.50     |
| <b>Growth</b>                           |         |         |         |          |          |
| Net interest income (%)                 | 17.3    | 7.6     | 24.9    | 21.4     | 19.2     |
| Non interest income (%)                 | (4.6)   | 6.8     | 1.7     | 5.0      | 5.0      |
| Pre provision operating profit (%)      | 15.8    | 2.3     | 30.7    | 17.3     | 16.6     |
| Operating profit (%)                    | 23.1    | (4.8)   | 3.5     | 14.3     | 21.5     |
| Reported net profit (%)                 | 23.0    | (5.2)   | 3.8     | 14.6     | 20.9     |
| Recurring EPS (%)                       | 23.0    | (5.2)   | 3.8     | 14.6     | 20.9     |
| Reported EPS (%)                        | 23.0    | (5.2)   | 3.8     | 14.6     | 20.9     |
| <b>Income Breakdown</b>                 |         |         |         |          |          |
| Net interest income (%)                 | 94.0    | 94.1    | 95.1    | 95.8     | 96.2     |
| Net fees & commission (%)               | 5.6     | 5.5     | 4.5     | 3.9      | 3.5      |
| Foreign exchange trading income (%)     | -       | -       | -       | -        | -        |
| Securities trading income (%)           | -       | -       | -       | -        | -        |
| Dividend income (%)                     | -       | -       | -       | -        | -        |
| Other income (%)                        | 0.3     | 0.4     | 0.4     | 0.3      | 0.3      |
| <b>Operating performance</b>            |         |         |         |          |          |
| Gross interest yield (%)                | 21.27   | 18.67   | 18.00   | 18.00    | 18.00    |
| Cost of funds (%)                       | 3.71    | 3.43    | 3.27    | 3.70     | 3.85     |
| Net interest spread (%)                 | 17.56   | 15.24   | 14.73   | 14.30    | 14.15    |
| Net interest margin (%)                 | 18.5    | 16.1    | 15.5    | 15.1     | 15.0     |
| Cost/income(%)                          | 47.6    | 50.1    | 47.2    | 48.7     | 49.6     |
| Cost/assets(%)                          | 8.8     | 7.9     | 7.2     | 7.3      | 7.5      |
| Effective tax rate (%)                  | 20.0    | 20.3    | 20.0    | 19.8     | 20.2     |
| Dividend payout on recurring profit (%) | 15.0    | 15.9    | 15.0    | 15.0     | 15.0     |
| ROE (%)                                 | 28.4    | 21.7    | 19.0    | 18.5     | 19.1     |
| ROE - COE (%)                           | 17.6    | 10.9    | 8.2     | 7.7      | 8.3      |
| ROA (%)                                 | 7.5     | 5.6     | 4.6     | 4.3      | 4.4      |
| 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        | 119,356        | 143,227        | 171,873        |
| Total provisions                       | (1,328)       | (1,832)       | (3,218)        | (5,068)        | (6,816)        |
| interest in suspense                   | 0             | 0             | 0              | 0              | 0              |
| <b>Net customer loans</b>              | <b>69,640</b> | <b>89,981</b> | <b>116,138</b> | <b>138,159</b> | <b>165,057</b> |
| Bank loans                             | -             | -             | -              | -              | -              |
| Government securities                  | -             | -             | -              | -              | -              |
| Trading securities                     | -             | -             | -              | -              | -              |
| Investment securities                  | 0             | 0             | 0              | 0              | 0              |
| Cash & equivalents                     | 1,378         | 1,306         | 2,240          | 3,926          | 2,563          |
| 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         | 5,320          | 5,748          | 6,522          |
| <b>Total assets</b>                    | <b>77,222</b> | <b>98,390</b> | <b>125,885</b> | <b>150,163</b> | <b>176,623</b> |
| Customer deposits                      | 0             | 0             | 0              | 0              | 0              |
| Bank deposits                          | -             | -             | -              | -              | -              |
| Other interest bearing liabilities     | 53,699        | 70,457        | 93,435         | 112,550        | 132,795        |
| 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>96,653</b>  | <b>115,928</b> | <b>136,342</b> |
| Share capital                          | 2,120         | 2,120         | 2,120          | 2,120          | 2,120          |
| Reserves                               | 18,567        | 22,749        | 27,112         | 32,115         | 38,161         |
| <b>Total equity</b>                    | <b>20,687</b> | <b>24,869</b> | <b>29,232</b>  | <b>34,235</b>  | <b>40,281</b>  |
| Minority interests                     | (5)           | 0             | 0              | 0              | 0              |
| <b>Total liabilities &amp; equity</b>  | <b>77,222</b> | <b>98,390</b> | <b>125,885</b> | <b>150,163</b> | <b>176,623</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        | 105,584        | 131,292        | 157,550        |
| Average interest bearing liabilities   | 48,931        | 62,078        | 81,946         | 102,993        | 122,672        |
| 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         | 3,190          | 4,466          | 5,805          |
| <b>Per share (THB)</b>                 |               |               |                |                |                |
| Book value per share                   | 9.76          | 11.73         | 13.79          | 16.15          | 19.00          |
| Tangible book value per share          | 9.76          | 11.73         | 13.79          | 16.15          | 19.00          |
| <b>Growth</b>                          |               |               |                |                |                |
| Gross customer loans                   | 17.6          | 29.4          | 30.0           | 20.0           | 20.0           |
| Average interest earning assets        | 21.1          | 24.0          | 29.7           | 24.3           | 20.0           |
| Total asset (%)                        | 24.8          | 27.4          | 27.9           | 19.3           | 17.6           |
| 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          | 23.2           | 22.8           | 22.8           |
| Tangible equity/assets (%)             | 26.8          | 25.3          | 23.2           | 22.8           | 22.8           |
| RWA/assets (%)                         | -             | -             | -              | -              | -              |
| Tier 1 CAR (%)                         | -             | -             | -              | -              | -              |
| Total CAR (%)                          | -             | -             | -              | -              | -              |
| <b>Asset Quality</b>                   |               |               |                |                |                |
| Change in NPL (%)                      | 20.3          | 70.7          | 150.0          | 40.0           | 30.0           |
| NPL/gross loans (%)                    | 1.1           | 1.4           | 2.7            | 3.1            | 3.4            |
| Total provisions/gross loans (%)       | 1.9           | 2.0           | 2.7            | 2.9            | 4.0            |
| Total provisions/NPL (%)               | 177.6         | 143.6         | 100.9          | 113.5          | 117.4          |
| <b>Valuation</b>                       |               |               |                |                |                |
| Recurring P/E (x) *                    | 14.1          | 14.9          | 14.3           | 12.5           | 10.4           |
| Recurring P/E @ target price (x) *     | 15.9          | 16.7          | 16.1           | 14.0           | 11.6           |
| Reported P/E (x)                       | 14.1          | 14.9          | 14.3           | 12.5           | 10.4           |
| Dividend yield (%)                     | 1.1           | 1.1           | 1.0            | 1.2            | 1.4            |
| Price/book (x)                         | 3.6           | 3.0           | 2.5            | 2.2            | 1.8            |
| Price/tangible book (x)                | 3.6           | 3.0           | 2.5            | 2.2            | 1.8            |
| Price/tangible book @ target price (x) | 4.0           | 3.3           | 2.8            | 2.4            | 2.1            |

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

Sources: Muangthai Capital; 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   | DRS    | 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   | PPPM  | 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   | 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   | TIPIP | WIN   |      |
| B52                            | CCP   | F&D   | JAK    | M-CHAI | PAF  | SABUY  | STARK | TPLAS | WORK  |      |
| BEAUTY                         | CGD   | FMT   | JR     | MCS    | PF   | SF     | STC   | TPOLY | WPH   |      |

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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.

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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

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    | WIJK   |
| 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)  |

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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

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

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| Company                         | Ticker    | Price      | Rating | Valuation & Risks  |
|---------------------------------|-----------|------------|--------|--|
| Muangthai Capital               | MTC TB    | THB 34.75  | HOLD   | 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. Upside risks to our TP include 1) a better asset quality control; and 2) an increase interest rate charge to clients.                                      |
| Aeon Thana Sinsap (Thailand)    | AEONTS TB | THB 158.50 | 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.   |
| Srisawad Corp                   | SAWAD TB  | THB 41.75  | 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.  |
| Saksiam Leasing                 | SAK TB    | THB 6.85   | 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 25.75  | BUY    | Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.   |
| Micro Leasing                   | MICRO TB  | THB 4.44   | 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 |
| Singer Thailand                 | SINGER TB | THB 34.25  | 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 4.32   | 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 15.20  | 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 8.00   | 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 63.25  | 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 Mngt. | KCC TB    | THB 7.15   | HOLD   | Upside risks to our GGM-based TP include 1) higher NPL acquisitions; and 2) higher corporate NPL settlements. 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 40.50  | HOLD   | An upside risk to our GGM-based target price is a 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 3.10   | REDUCE | Upside risks to our TP include 1) strong demand for motorcycles; and 2) a lower commission paid to dealers.  |

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 09-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.