

SAKSAM LEASING SAK TB

THAILAND / DIVERSIFIED FINANCIALS

BUY

UNCHANGED

TARGET PRICE	THB8.40
CLOSE	THB6.65
UP/DOWNSIDE	+26.3%
PRIOR TP	THB9.70
CHANGE IN TP	-13.4%
TP vs CONSENSUS	+4.3%

Stronger outlook in 4Q22

- SAK reported a 3Q22 net profit of THB171m (+3% y-y, +3% q-q).
- We expect its net profit to rise y-y and q-q in 4Q22, driven by a rise in its NII and a lower cost to income ratio.
- We cut our 2022-24 net profit forecasts by 6-9% and cut our 2023 GGM-based TP to THB8.4 from THB9.7. We maintain our BUY recommendation.

3Q22 net profit in line with the Bloomberg consensus forecast

SAK reported a 3Q22 net profit of THB171m (+3% y-y, +3% q-q), which was in line with the Bloomberg consensus expectation. Its 9M22 net profit accounts for 71% of our 2022 net profit forecast.

3Q22 performance was a mixed bag

There was mixed performance in this quarter, in our view. On the positive side, its loan yield increased slightly by 2 bps q-q to 23.5% from a rise in high-yield loans. However, we see three main negatives. First, its NPLs increased continuously by 9% q-q, implying an NPL ratio of 2.6%, up from 2.5% in 2Q22, due to the end of the debt forbearance program and high inflation. Hence, SAK set a higher credit cost at 172 bps in 3Q22, up from 155 bps in 2Q22. Second, its loan volume rose at only a moderate rate of 25% y-y and 5% q-q (slower than that of the big players), as we think the company selectively lent to good-quality clients. Third, its cost to income rose to 54% from 53.5% in 2Q22 from its branch expansion. As of 9M22, SAK opened 209 branches, reaching its 2022 target. Regarding the drone business, the revenue contribution was still very small and still lagged behind the company's target.

Expect net profit to rise y-y and q-q in 4Q22

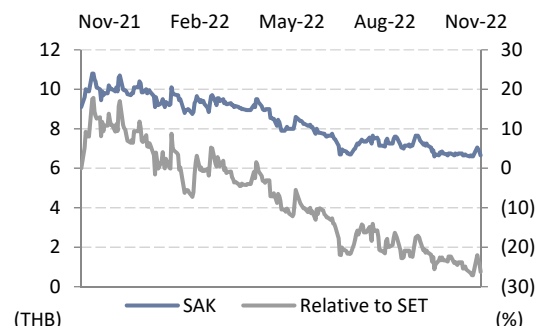
We expect SAK's 4Q22 net profit to increase y-y and q-q, driven by 1) a rise in its NII due to an increase in loan volume and a maintained NIM; and 2) a lower cost to income ratio as the company has archived its branch expansion target. These positives should offset an elevated credit cost, as we think its NPLs should continue to increase.

Maintain BUY, but cut 2023 GGM-based TP to THB8.4

We lower our net profit forecasts for 2022/23/24 by 6%/9%/9% to mainly reflect 1) the potentially slower loan growth, as we think the company will conservatively lend new loans to prevent asset quality problems; and 2) our higher OPEX estimates due to a rise in its staff costs and branch expansion. We cut our 2023 GGM-based TP to THB8.4 from THB9.7 and reiterate our BUY call. We think SAK should deliver stronger net profit growth in 4Q22 and 2023, driven mainly by moderate loan growth and the economies of scale.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	758	878	1,076	1,313
Net profit	608	702	861	1,051
EPS (THB)	0.29	0.33	0.41	0.50
vs Consensus (%)	-	(2.4)	(2.8)	(1.6)
Core net profit	608	702	861	1,051
Core EPS (THB)	0.29	0.33	0.41	0.50
Chg. In EPS est. (%)	-	(6.1)	(8.9)	(8.6)
EPS growth (%)	(17.7)	15.6	22.6	22.0
Core P/E (x)	22.9	19.9	16.2	13.3
Dividend yield (%)	1.7	1.5	1.9	2.3
Price/book (x)	2.8	2.6	2.3	2.1
ROE (%)	12.9	13.7	15.1	16.5
ROA (%)	6.6	6.6	6.5	6.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.7)	(7.0)	(26.1)
Relative to country (%)	(3.7)	(7.1)	(25.6)
Mkt cap (USD m)	378		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	21		
Major shareholder	Boonsalee Family (67%)		
12m high/low (THB)	11.00/6.50		
Issued shares (m)	935		

Sources: Bloomberg consensus; FSSIA estimates



Rawisara Suwanumchai

rawisara.suw@fssia.com
+66 2611 3554

Investment thesis

Saksiam Leasing is the third largest non-bank personal and auto title loan service provider in Thailand, with more than 34 years of experience in the debt collection and retail finance businesses.

We lower our net profit forecasts for 2022/23/24 by 6%/9%/9% to mainly reflect 1) the potentially slower loan growth, as we think the company will conservatively lend new loans to prevent asset quality problems; and 2) our higher OPEX estimates due to a rise in its staff costs and branch expansion. We cut our 2023 GGM-based TP to THB8.4 from THB9.7 and reiterate our BUY call. We think SAK should deliver stronger net profit growth in 4Q22 and 2023, driven mainly by moderate loan growth and the economies of scale.

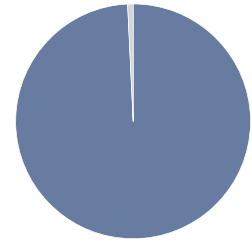
Company profile

Saksiam Leasing is the third largest non-bank personal and auto title loan service provider listed on the SET, with a focus on the north, northeast, central, and western regions of Thailand. The company has four product categories: 1) auto title loans under BoT regulations; 2) personal loans under BoT regulations; 3) nano finance; and 4) other financial products, such as hire purchase.

www.saksiam.com

Principal activities (revenue, 2021)

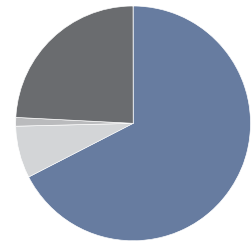
- Net interest income - 99.2 %
- Non-interest income - 0.8 %



Source: Saksiam Leasing

Major shareholders

- Boonsalee Family - 67.5 %
- Bualuang Asset Management - 7.2 %
- Mr. Noppachai Nopsuwanwong - 1.2 %
- Others - 24.2 %



Source: Saksiam Leasing

Catalysts

Potential share price catalysts for SAK include:

- Stronger loan growth;
- Improvements in its drone project.

Risks to our call

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.

Event calendar

Date	Event
End-February 2023	4Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	702	861	1,051
Net profit growth	15.6	22.6	22.0
NIM	21.65	21.25	20.66
Loan growth	25.0	23.0	22.0
Credit cost (bp)	165	180	180
Cost to income	52.0	50.8	49.4

Source: FSSIA estimates

Earnings sensitivity

Year to Dec		2022E		
		21.0	23.0	25.0
Loan growth	±2ppt	21.0	23.0	25.0
% change in net profit		(1.9)	-	1.9
NIM (%)	±5bp	21.20	21.25	21.30
% change in net profit		(0.5)	-	0.5
Credit cost (bps)	±10bp	170.0	180.0	190.0
% change in net profit		1.0	-	(1.0)

Source: FSSIA estimates

NPLs and OPEX led to slow 3Q22 net profit growth

SAK reported a 3Q22 net profit of THB171m (+3% y-y, +3% q-q), which was in line with the Bloomberg consensus expectation. There was mixed performance in this quarter, in our view. On the positive side, its loan yield increased slightly by 2 bps q-q to 23.5% from a rise in high-yield loans. However, we see three main negatives. First, its NPLs increased continuously by 9% q-q, implying an NPL ratio of 2.6%, up from 2.5% in 2Q22, due to the end of the debt forbearance program and high inflation. Hence, SAK set a higher credit cost at 172 bps in 3Q22, up from 155 bps in 2Q22. Second, its loan volume rose at only a moderate rate of 25% y-y and 5% q-q (slower than that of the big players), as we think the company selectively lent to good-quality clients. Third, its cost to income rose to 54% from 53.5% in 2Q22 from its branch expansion. As of 9M22, SAK opened 209 branches, reaching its 2022 target. Regarding the drone business, the revenue contribution was still very small and still lagged behind the company's target.

Exhibit 1: SAK – summary of 3Q22 operations

Year-end Dec 31	3Q21	2Q22	3Q22			9M22			2022E		Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	461	520	553	20	6	1,562	25	73	2,146	24	
Non-interest income	3	7	8	203	15	20	113	83	24	82	
Operating income	464	527	561	21	7	1,582	26	73	2,170	24	
Operating expenses	232	282	303	31	8	844	23	75	1,129	22	
PPOP before tax	232	245	258	11	5	738	30	71	1,041	27	
Expected credit loss	25	37	44	78	18	110	167	67	164	157	
Income tax	41	42	43	5	3	127	22	72	176	16	
Minority interest	0	0	(0)	-	-	(0)	-	-	0		
Normalised profit	166	166	171	3	3	502	19	71	702	16	
Extraordinary items	0	0	0	-	-	0	-	-	0		
Net profit	166	166	171	3	3	502	19	71	702	16	In line with the BBG consensus
EPS (THB)	0.08	0.08	0.08	3	3	0.24	19	71	0.33	16	
Asset quality ratio (%)											
NPLs (THB m)	183	253	275	50	9				305	60	
NPLs / Loans	2.19	2.54	2.63						2.77		
Loan loss reserve/NPLs	107	105	105						105		
Credit cost (bps)	123	155	172						165		
Profitability ratio (%)											
Cost to income ratio	49.9	53.5	54.0						52.0		
Average yield	24.2	23.3	23.5						23.4		
Cost of fund	2.8	3.1	3.2						3.3		
Net interest margin (NIM)	22.9	21.8	21.8						21.6		
Non-interest income / total income	0.6	1.4	1.5						39.7		
Loan growth (%)											
y-y	31.1	28.0	25.2						25.0		
q-q	7.3	8.0	4.9								

Sources: SAK; FSSIA estimates

Earnings and target price revisions

We lower our net profit forecasts for 2022/23/24 by 6%/9%/9% to mainly reflect 1) the potentially slower loan growth in 2022/23 from 30%/25% y-y to 25%/23% y-y, as we think the company will conservatively lend new loans to prevent asset quality problems; and 2) our higher OPEX estimates by 5%/3%/3% in 2022/23/24 following a rise in its staff cost and branch expansion.

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	1,731	2,196	2,146	(2.3)	2,736	2,610	(4.6)	3,287	3,107	(5.5)
Non-interest income	13	13	24	81.7	15	25	67.2	17	26	53.3
Operating income	1,744	2,209	2,170	(1.8)	2,751	2,635	(4.2)	3,304	3,133	(5.2)
Operating expenses	922	1,071	1,129	5.4	1,303	1,338	2.7	1,509	1,549	2.6
PPOP before tax	822	1,138	1,041	(8.5)	1,448	1,297	(10.4)	1,795	1,584	(11.7)
Expected credit loss (Reversal)	64	203	164	(19.3)	271	221	(18.3)	358	271	(24.3)
Tax expenses	151	187	176	(6.1)	233	215	(7.7)	287	263	(8.6)
Minority interest	-	0	-		0	-		-	-	
Normalised profit	608	748	702	(6.1)	945	861	(8.9)	1,150	1,051	(8.6)
Extraordinary items	-	0	-		0	-		-	-	
Net profit	608	748	702	(6.1)	945	861	(8.9)	1,150	1,051	(8.6)
EPS (THB)	0.29	0.36	0.33	(6.1)	0.5	0.41	(8.9)	0.55	0.50	(8.6)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	191	277	305	10.3	332	382	14.9	415	477	14.9
Gross NPLs / Loans (%)	2.2	2.4	2.8		2.3	2.8		2.38	2.89	
Loan loss reserve/NPLs (%)	109	130	105		170	119		197	126	
Credit cost (bps)	83	200	165		210	180		225	180	
Profitability ratio (%)										
Cost to income ratio	52.9	48.5	52.0		47.3	50.8		45.7	49.4	
Average yield	24.0	23.20	23.40		23.10	23.30		22.80	22.90	
Cost of funds	2.46	2.95	3.30		3.30	3.45		3.55	3.55	
Net interest margin (NIM)	22.6	21.67	21.65		21.23	21.25		20.68	20.66	
Loan growth (%)										
y-y	35.6	30.0	25.0		25.0	23.0		22.0	22.0	

Sources: SAK; FSSIA estimates

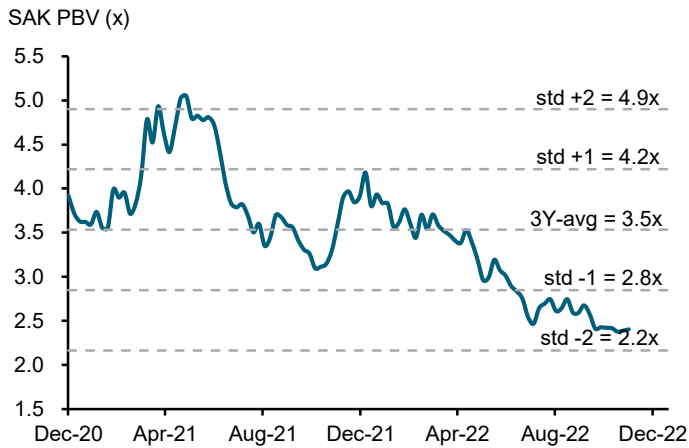
We lower our 2023 GGM-based TP to THB8.4, down from our previous TP of THB9.7, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2023 P/BV to 2.9x from 3.3x, as we lower our ROE and terminal growth estimates to reflect our downward earnings revision and increase our cost of equity assumptions to reflect the higher risks from its asset quality. We maintain our BUY recommendation.

Exhibit 3: SAK – GGM-derived target price

Target price (THB)	8.4 (from 9.7)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.6 (from 11.5)
Terminal growth (%)	9.1 (from 9.3)
ROE target (%)	16.7 (from 17.0)
Target PBV (x)	2.9 (from 3.3)

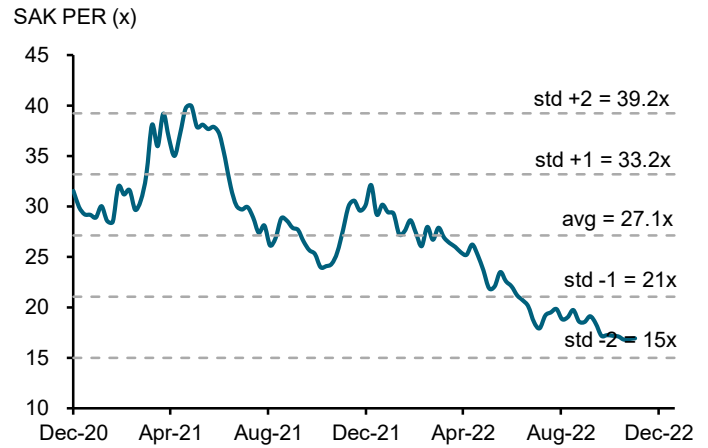
Source: FSSIA estimates

Exhibit 4: SAK – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: SAK – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Diversified financial companies under coverage – summary of key valuations

	BBG code	Rec	--- Share price ---		Up 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						18,450	7.8	19.4	21.8	17.6	15.6	16.0	2.9	2.6
Unsecured-loan lender						5,157	19.6	7.9	17.9	16.6	24.5	22.9	4.2	3.6
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	157.50	188.00	19	1,068	19.0	7.0	9.3	8.7	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
Auto-title lender						5,615	4.8	15.8	14.8	12.8	17.1	17.5	2.4	2.1
Muangthai Capital	MTC TB	HOLD	34.50	39.00	13	1,983	3.8	14.6	14.2	12.4	19.0	18.5	2.5	2.1
Srisawad Corp	SAWAD TB	BUY	41.50	62.00	49	1,545	0.8	19.3	12.3	10.3	17.8	19.4	2.1	1.9
Saksiam Leasing	SAK TB	BUY	6.65	8.40	26	378	15.6	22.6	19.9	16.2	13.7	15.1	2.6	2.3
Ngern Tid Lor	TIDLOR TB	BUY	25.25	32.00	27	1,710	7.2	12.6	16.7	14.8	15.0	15.3	2.4	2.1
Truck lender						2,149	(0.4)	27.9	23.1	17.7	9.9	11.5	1.9	1.8
Micro Leasing	MICRO TB	HOLD	4.36	4.00	(8)	111	(39.1)	39.1	35.7	25.7	5.7	7.6	2.0	1.9
Singer Thailand	SINGER TB	BUY	36.50	59.00	62	1,382	(4.1)	35.2	27.2	20.1	7.2	9.4	1.9	1.9
Ratchthani Leasing	THANI TB	BUY	4.28	5.20	21	657	13.8	10.7	12.5	11.3	16.2	16.7	2.0	1.8
Asset management						4,249	4.7	37.9	38.6	27.2	8.2	10.2	3.1	2.9
Bangkok Commercial Asset Mngt.	BAM TB	BUY	15.00	20.00	33	1,314	5.2	21.0	17.7	14.7	6.4	7.2	1.1	1.0
Chayo Group	CHAYO TB	BUY	7.90	10.60	34	228	(1.6)	25.9	35.3	28.0	9.6	8.0	3.2	1.7
JMT Network Services	JMT TB	BUY	65.25	84.00	29	2,581	2.7	48.4	49.2	33.2	8.9	12.0	4.1	3.9
Knight Club Capital Asset Mngt.	KCC TB	HOLD	7.45	7.10	(5)	125	53.1	21.9	42.7	35.0	11.7	10.1	3.9	3.2
Other						1,166	4.1	8.5	7.8	7.2	8.0	8.2	0.6	0.6
Thanachart Capital	TCAP TB	HOLD	41.00	43.00	5	1,166	4.1	8.5	7.8	7.2	8.0	8.2	0.6	0.6
Hire purchase motorcycle						113	(70.5)	(28.1)	30.2	41.9	3.8	2.4	1.0	1.0
Next Capital	NCAP TB	REDUCE	3.08	2.50	(19)	113	(70.5)	(28.1)	30.2	41.9	3.8	2.4	1.0	1.0

Share prices as of 10 Nov 2022;

Sources: Bloomberg; FSSIA estimates

Financial Statements

Saksiam Leasing

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	1,607	1,834	2,320	2,862	3,444
Interest expense	(131)	(104)	(174)	(252)	(337)
Net interest income	1,476	1,731	2,146	2,610	3,107
Net fees & commission	2	5	9	9	10
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	5	8	15	16	17
Non interest income	7	13	24	25	26
Total income	1,482	1,744	2,170	2,635	3,133
Staff costs	-	-	-	-	-
Other operating costs	(788)	(922)	(1,129)	(1,338)	(1,549)
Operating costs	(788)	(922)	(1,129)	(1,338)	(1,549)
Pre provision operating profit	695	822	1,041	1,297	1,584
Provision for bad and doubtful debt	6	(64)	(164)	(221)	(271)
Other provisions	-	-	-	-	-
Operating profit	700	758	878	1,076	1,313
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	700	758	878	1,076	1,313
Tax	(138)	(151)	(176)	(215)	(263)
Profit after tax	562	608	702	861	1,051
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	562	608	702	861	1,051
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	562	608	702	861	1,051
Per share (THB)					
Recurring EPS *	0.35	0.29	0.33	0.41	0.50
Reported EPS	0.35	0.29	0.33	0.41	0.50
DPS	0.18	0.12	0.10	0.12	0.15
Growth					
Net interest income (%)	4.2	17.3	24.0	21.6	19.1
Non interest income (%)	(77.2)	96.0	82.4	5.0	5.0
Pre provision operating profit (%)	27.0	18.3	26.7	24.6	22.1
Operating profit (%)	62.3	8.3	15.7	22.6	22.0
Reported net profit (%)	62.4	8.1	15.6	22.6	22.0
Recurring EPS (%)	51.7	(17.7)	15.6	22.6	22.0
Reported EPS (%)	51.7	(17.7)	15.6	22.6	22.0
Income Breakdown					
Net interest income (%)	99.5	99.2	98.9	99.0	99.2
Net fees & commission (%)	0.1	0.3	0.4	0.4	0.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.3	0.5	0.7	0.6	0.5
Operating performance					
Gross interest yield (%)	24.35	23.97	23.40	23.30	22.90
Cost of funds (%)	3.20	2.46	3.30	3.45	3.55
Net interest spread (%)	21.15	21.51	20.10	19.85	19.35
Net interest margin (%)	22.4	22.6	21.6	21.2	20.7
Cost/income(%)	53.1	52.9	52.0	50.8	49.4
Cost/assets(%)	9.9	10.1	10.6	10.1	9.6
Effective tax rate (%)	19.8	19.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	52.2	40.0	30.0	30.0	30.0
ROE (%)	15.4	12.9	13.7	15.1	16.5
ROE - COE (%)	4.6	2.1	2.9	4.3	5.7
ROA (%)	7.1	6.6	6.6	6.5	6.5
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Saksiam Leasing; FSSIA estimates

Financial Statements

Saksiam Leasing

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	6,497	8,812	11,015	13,548	16,529
Total provisions	(162)	(208)	(322)	(455)	(602)
interest in suspense	72	81	132	163	198
Net customer loans	6,406	8,685	10,825	13,256	16,126
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	1,600	0	0	0	0
Cash & equivalents	307	307	496	887	711
Other interesting assets	-	-	-	-	-
Tangible fixed assets	113	129	148	169	194
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	352	407	384	423	571
Total assets	8,778	9,530	11,853	14,736	17,602
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	4,072	4,354	6,173	8,438	10,554
Non interest bearing liabilities	198	269	282	296	311
Hybrid Capital	-	-	-	-	-
Total liabilities	4,270	4,623	6,455	8,735	10,865
Share capital	2,096	2,096	2,096	2,096	2,096
Reserves	2,412	2,796	3,287	3,890	4,625
Total equity	4,508	4,892	5,383	5,986	6,721
Minority interests	0	15	15	16	16
Total liabilities & equity	8,778	9,530	11,853	14,736	17,602
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	6,598	7,654	9,913	12,282	15,039
Average interest bearing liabilities	4,102	4,213	5,263	7,306	9,496
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)	143	191	305	382	477
Per share (THB)					
Book value per share	2.83	2.33	2.57	2.86	3.21
Tangible book value per share	2.83	2.33	2.57	2.86	3.21
Growth					
Gross customer loans	(3.0)	35.6	25.0	23.0	22.0
Average interest earning assets	7.1	16.0	29.5	23.9	22.4
Total asset (%)	22.6	8.6	24.4	24.3	19.5
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	51.4	51.3	45.4	40.6	38.2
Tangible equity/assets (%)	51.4	51.3	45.4	40.6	38.2
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	48.1	33.2	60.0	25.0	25.0
NPL/gross loans (%)	2.2	2.2	2.8	2.8	2.9
Total provisions/gross loans (%)	2.5	2.4	2.9	2.8	3.6
Total provisions/NPL (%)	113.3	108.9	105.4	119.2	126.1
Valuation					
Recurring P/E (x) *	18.9	22.9	19.9	16.2	13.3
Recurring P/E @ target price (x) *	23.9	29.0	25.1	20.5	16.8
Reported P/E (x)	18.9	22.9	19.9	16.2	13.3
Dividend yield (%)	2.8	1.7	1.5	1.9	2.3
Price/book (x)	2.4	2.8	2.6	2.3	2.1
Price/tangible book (x)	2.4	2.8	2.6	2.3	2.1
Price/tangible book @ target price (x)	3.0	3.6	3.3	2.9	2.6

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Saksiam 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	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	

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	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)

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

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
Saksiam Leasing	SAK TB	THB 6.65	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.
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 58.50	BUY	Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 34.50	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.
Srisawad Corp	SAWAD TB	THB 41.50	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.
Ngern Tid Lor	TIDLOR TB	THB 25.25	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 4.36	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 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 4.28	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 15.00	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 7.90	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 65.25	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 7.45	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 41.00	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 3.08	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 10-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.