

AEON THANA SINSAP (THAILAND)

THAILAND / FINANCE & SECURITIES

AEONTS TB

HOLD

UNCHANGED

3QFY23 results at first glance

| | |
|-----------------|-----------|
| TARGET PRICE | THB169.00 |
| CLOSE | THB156.00 |
| UP/DOWNSIDE | +8.3% |
| TP vs CONSENSUS | -5.9% |

3QFY23 results in line with our estimates and BBG consensus

AEONTS reported a 3QFY23 net profit of THB706m, dropping by 16.1% q-q and 36.0% y-y. 3QFY23 PPOP also decreased by 8.3% q-q and 15.9% y-y to THB2.78b, mainly dragged by a reduction in gains on sales of written-off account receivables, of which no gains booking in this quarter compared to THB167m in 2QFY23. Higher-than-expected operating expenses were offset by lower-than-expected ECL and interest expenses, bringing the 3QFY23 cost-to-income ratio to 39.1% from 36.5% in 2QFY23. 9MFY23 net profit increased to THB2.17b, dropping by 30.6% y-y and accounting for 70% of our full-year forecast.

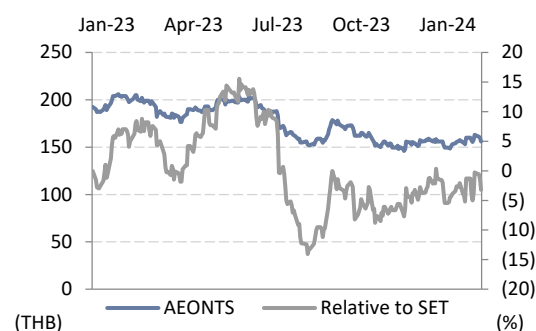
Highlights

- (-) **Net interest income** edged down q-q and decreased by 4.4% y-y due mainly to its tightening credit policy, which led to a decline in loans since the beginning of FY23. 3QFY23 interest spread dropped by 12bp to 16.70% despite a much better-than-expected cost of funds reduction of 30 bp to 3.12% (9MFY23 was 3.20%) due primarily to the rising short-term funding proportion (12% from 7% in 2QFY23), mainly from bank loans.
- (-) **Loans** delivered unimpressive growth with a slight decrease on a q-q basis and 1.3% y-y. Hire-purchase receivables (7% of totals) were the only segment that could perform very well since 1QFY23. However, personal loans (47%) and credit card receivables (46%), the main contributors, were sluggish during the same period. 9MFY23 loans were relatively flat YTD and much lower than our estimate of 4.5% y-y.
- (-) **Asset quality:** The 3QFY23 NPL ratio was better than expected, finishing at 6.24%, rising from 6.19% in 2QFY23 due mainly to its aggressive write-off of personal loans before the Bank of Thailand (BoT)'s debt assistance measures expired at end-2023. 3QFY23 credit cost was also lower than expected, decreasing to 8.10% from 8.31% in 2QFY23. However, this level was still abnormally high to tackle the proactive debt write-offs, bringing the coverage ratio to be lower than expected at 162% from 174% in 2QFY23.
- (+) **4QFY23 outlook:** We expect 4QFY23 net profit to hiccup during the spending season. The aforementioned 4QFY23 loan outlook and the government stimulus project of domestic consumption should bode well for AEONTS' net profit in 4QFY23.

We reiterate our HOLD call at the current price given anticipated headwinds continuing throughout FY24 in terms of limited business growth to protect its asset quality and stricter credit card business regulations. Our FY24 GGM-based TP of THB169 implies a P/BV of 1.60x.

KEY STOCK DATA

| YE Feb (THB m) | 2022 | 2023E | 2024E | 2025E |
|----------------------|-------|--------|-------|-------|
| Operating profit | 4,950 | 4,022 | 4,338 | 4,618 |
| Net profit | 3,815 | 3,113 | 3,360 | 3,578 |
| EPS (THB) | 15.26 | 12.45 | 13.44 | 14.31 |
| vs Consensus (%) | - | 0.0 | (7.7) | (1.8) |
| Recurring net profit | 3,815 | 3,113 | 3,360 | 3,578 |
| Core EPS (THB) | 15.26 | 12.45 | 13.44 | 14.31 |
| EPS growth (%) | 7.4 | (18.4) | 7.9 | 6.5 |
| Core P/E (x) | 10.2 | 12.5 | 11.6 | 10.9 |
| Dividend yield (%) | 3.5 | 3.5 | 4.0 | 4.5 |
| Price/book (x) | 1.7 | 1.6 | 1.5 | 1.4 |
| ROE (%) | 17.9 | 13.1 | 13.2 | 13.1 |
| ROA (%) | 4.3 | 3.3 | 3.4 | 3.4 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-------------------------------------|---------|----------|
| Absolute (%) | 4.3 | 1.3 | (17.7) |
| Relative to country (%) | 2.3 | 4.7 | (1.5) |
| Mkt cap (USD m) | 1,112 | | |
| 3m avg. daily turnover (USD m) | 0.6 | | |
| Free float (%) | 41 | | |
| Major shareholder | AEON Financial Service Co Ltd (32%) | | |
| 12m high/low (THB) | 208.00/145.00 | | |
| Issued shares (m) | 250 | | |

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman Of The Board of
 Finansia Syrus Securities PCL is
 also AEONTS's Director.

- (-) **Net interest income** edged down q-q and decreased by 4.4% y-y due mainly to its tightening credit policy, which led to a decline in loans since the beginning of FY23. 3QFY23 interest spread dropped by 12bp to 16.70% despite a much better-than-expected cost of funds reduction of 30 bp to 3.12% (9MFY23 was 3.20%) due primarily to the rising short-term funding proportion (12% from 7% in 2QFY23), mainly from bank loans. 9MFY23 interest spread was 16.77%, dipping by 430bp y-y, pressured by decreasing yield on loans in every segment (hire purchase, personal loans, and credit card) and the rising cost of funds in tandem with market interest rate.
- (-) **Loans** delivered unimpressive growth with a slight decrease on a q-q basis and 1.3% y-y. Hire-purchase receivables (7% of totals) were the only segment that could perform very well since 1QFY23. However, personal loans (47%) and credit card receivables (46%), the main contributors, were sluggish during the same period, dragged by 1) AEONTS' credit tightening policy to protect the asset quality and 2) its aggressive debt write-off, mainly in the personal and credit card loan segments. 9MFY23 loans were relatively flat YTD and much lower than our estimate of 4.5% y-y. However, we maintain our loan forecast that 4QFY23 would be the peak spending season with some pent-up demand from the government stimulus project, Easy E-receipt, from 1 Jan - 15 Feb 2024, where taxpayers can submit an electronic tax invoice to gain a limited tax rebate.
- (-) **Asset quality:** The 3QFY23 NPL ratio was better than expected, finishing at 6.24%, rising from 6.19% in 2QFY23 due mainly to its aggressive write-off of personal loans before the Bank of Thailand (BoT) 's debt assistance measures expired at end-2023. Stage 2 loans still showed an increasing trend following AEONTS' policy to let the poor asset quality flow to stage 3 in order to speed up the writing-off process. 3QFY23 credit cost was also lower than expected, decreasing to 8.10% from 8.31% in 2QFY23. However, this level was still abnormally high to tackle the proactive debt write-offs, bringing the coverage ratio to be lower than expected at 162% from 174% in 2QFY23.
- (+) **4QFY23 outlook:** We expect 4QFY23 net profit to hiccup during the spending season. The aforementioned 4QFY23 loan outlook and the government stimulus project of domestic consumption should bode well for AEONTS' net profit in 4QFY23. We retain our FY23 net profit forecast of THB3.11b, the lowest in the past six years, decreasing by 18.4% y-y, mainly dragged by rising interest expenses and credit costs.

Exhibit 1: 3QFY23 results summary

| AEONTS | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | ----- Change ----- | | 9MFY23 | Change | % of | FY2023E | Change |
|------------------------------|--------------|------------|------------|------------|------------|--------------------|---------------|--------------|---------------|-----------|--------------|----------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y%) | 23E | (THB m) | (%) |
| Interest income | 4,803 | 4,786 | 4,726 | 4,770 | 4,650 | (2.5) | (3.2) | 14,145 | (0.9) | 73 | 19,338 | 1.48 |
| Interest expense | 476 | 523 | 527 | 574 | 511 | (11.0) | 7.5 | 1,612 | 16.8 | 71 | 2,269 | 19.20 |
| Net interest income | 4,328 | 4,263 | 4,199 | 4,196 | 4,139 | (1.4) | (4.4) | 12,533 | (2.8) | 73 | 17,068 | (0.48) |
| Non-interest income | 1,016 | 766 | 734 | 907 | 755 | (16.7) | (25.7) | 2,395 | (4.6) | 74 | 3,230 | (1.43) |
| Operating income | 5,344 | 5,029 | 4,932 | 5,102 | 4,894 | (4.1) | (8.4) | 14,928 | (3.1) | 74 | 20,298 | (0.63) |
| Operating expenses | 2,039 | 2,155 | 2,033 | 2,071 | 2,114 | 2.1 | 3.7 | 6,219 | 2.6 | 75 | 8,310 | 2.38 |
| PPOP | 3,305 | 2,874 | 2,899 | 3,031 | 2,780 | (8.3) | (15.9) | 8,710 | (6.7) | 73 | 11,988 | (2.62) |
| Expected credit loss | 1,884 | 1,964 | 2,094 | 1,949 | 1,899 | (2.5) | 0.8 | 5,942 | 12.1 | 75 | 7,951 | 9.48 |
| Profit before tax | 1,421 | 909 | 805 | 1,082 | 881 | (18.6) | (38.0) | 2,768 | (31.5) | 69 | 4,022 | (18.74) |
| Income tax expense | 286 | 181 | 161 | 218 | 171 | (21.9) | (40.3) | 550 | (32.5) | 68 | 809 | (18.74) |
| Net profit | 1,104 | 693 | 617 | 842 | 706 | (16.1) | (36.0) | 2,165 | (30.6) | 70 | 3,113 | (18.41) |
| EPS (THB) | 4.42 | 2.77 | 2.47 | 3.37 | 2.82 | (16.1) | (36.0) | 8.66 | (30.6) | 70 | 12.45 | (18.41) |
| Key balance sheet highlights | | | | | | | | | | | | |
| NPL | 5,340 | 5,340 | 5,541 | 5,810 | 5,854 | 0.7 | 9.6 | 5,854 | 9.63 | | 6,381 | 19.48 |
| Loan - gross | 95,026 | 93,864 | 93,721 | 93,886 | 93,814 | (0.1) | (1.3) | 93,814 | (1.28) | | 98,163 | 4.50 |
| Interest bearing debt | 68,556 | 67,057 | 64,701 | 65,621 | 65,624 | 0.0 | (4.3) | 65,624 | (4.28) | | 68,087 | 1.54 |
| Leverage ratio | (x) | (x) | (x) | (x) | (x) | | | (x) | | | (x) | |
| IBD/E (x) | 3.15 | 2.94 | 2.77 | 2.78 | 2.77 | | | 2.77 | | | 2.77 | |
| D/E (x) | 3.39 | 3.15 | 3.02 | 2.99 | 2.95 | | | 2.95 | | | 2.98 | |
| Asset quality ratio | (%) | (%) | (%) | (%) | (%) | | | (%) | | | (%) | |
| Gross NPLs (THB m) | 5,340 | 5,340 | 5,541 | 5,810 | 5,854 | 0.7 | 9.6 | 5,854 | 9.6 | | 6,381 | 19.48 |
| NPL ratio | 5.61 | 5.69 | 5.91 | 6.19 | 6.24 | | | 6.24 | | | 6.50 | 0.81 |
| Coverage ratio - LLR/ NPLs | 196 | 190 | 184 | 174 | 162 | | | 162 | | | 165 | (25.07) |
| Credit cost | 7.98 | 8.32 | 8.93 | 8.31 | 8.10 | | | 8.39 | | | 8.10 | 0.37 |
| LLR/TL | 11.01 | 10.78 | 10.87 | 10.73 | 10.10 | | | 10.10 | | | 10.69 | |
| Profitability ratios | (%) | (%) | (%) | (%) | (%) | | | (%) | | | (%) | |
| Cost-to-income ratio | 35.04 | 37.10 | 37.16 | 36.46 | 39.11 | | | 37.56 | | | 36.82 | 0.47 |
| Yield on loans | 20.34 | 20.27 | 20.15 | 20.34 | 19.82 | | | 19.97 | | | 20.13 | (0.47) |
| Cost of funds | 2.75 | 3.09 | 3.20 | 3.52 | 3.12 | | | 3.20 | | | 3.40 | 0.51 |
| Spreads | 17.59 | 17.18 | 16.95 | 16.82 | 16.70 | | | 16.77 | | | 16.73 | (0.98) |
| Net interest margin (NIM) | 18.33 | 18.05 | 17.91 | 17.89 | 17.64 | | | 17.70 | | | 17.77 | (0.78) |
| ROE | 20.40 | 12.44 | 10.70 | 14.34 | 11.93 | | | 12.70 | | | 13.14 | |
| ROA | 4.61 | 2.90 | 2.61 | 3.56 | 2.98 | | | 3.03 | | | 3.22 | |
| Loan growth | (%) | (%) | (%) | (%) | (%) | | | (%) | | | (%) | |
| Loan growth q-q | 1.21 | (1.22) | (0.15) | 0.18 | (0.08) | | | | | | | |
| y-y | 6.24 | 3.25 | 1.17 | (0.01) | (1.28) | | | (1.28) | | | 4.50 | |
| YTD | 4.53 | 3.25 | (0.15) | 0.02 | (0.05) | | | (0.05) | | | | |

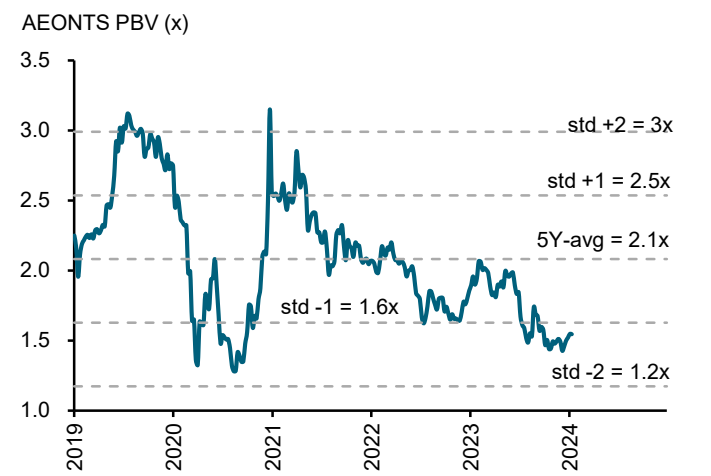
Sources: AEONTS; FSSIA estimates

Exhibit 2: Staged loans and ECL

| | FY2020 (THB m) | FY2021 (THB m) | FY2022 (THB m) | 3QFY23 (THB m) | FY2020 (%) | FY2021 (%) | FY2022 (%) | 3QFY23 (%) |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|---------------|---------------|---------------|
| Loans and accrued interest | | | | | % Staged loans | | | |
| Stage 1 | 79,447 | 82,899 | 85,032 | 84,135 | 90.9 | 91.1 | 90.5 | 89.6 |
| Stage 2 | 2,944 | 3,702 | 3,565 | 3,906 | 3.4 | 4.1 | 3.8 | 4.2 |
| Stage 3 | 5,042 | 4,427 | 5,340 | 5,854 | 5.8 | 4.9 | 5.7 | 6.2 |
| Total | 87,433 | 91,028 | 93,937 | 93,894 | 100.0 | 100.0 | 100.0 | 100.0 |
| Expected credit loss (ECL) | | | | | % ECL to staged loans | | | |
| Stage 1 | 5,969 | 5,564 | 4,398 | 3,538 | 7.5 | 6.7 | 5.2 | 4.2 |
| Stage 2 | 1,579 | 1,917 | 1,658 | 1,614 | 53.6 | 51.8 | 46.5 | 41.3 |
| Stage 3 | 4,045 | 3,470 | 4,069 | 4,335 | 80.2 | 78.4 | 76.2 | 74.1 |
| Total | 11,593 | 10,951 | 10,125 | 9,488 | 13.3 | 12.0 | 10.8 | 10.1 |
| LLR / Loans | | | | | (%) | | | |
| Stage 1 | 7.51 | 6.71 | 5.17 | 4.21 | | | | |
| Stage 2 | 53.63 | 51.80 | 46.51 | 41.33 | | | | |
| Stage 3 | 80.23 | 78.38 | 76.20 | 74.06 | | | | |
| Total | 13.26 | 12.03 | 10.78 | 10.10 | | | | |
| (%) | | | | | | | | |
| NPL / TL | 5.77 | 4.86 | 5.69 | 6.23 | | | | |
| LLR / NPL | 230 | 247 | 190 | 162 | | | | |
| NPLs + stage 2 loans/ total loans | 9.13 | 8.93 | 9.48 | 10.39 | | | | |
| LLR/(NPLs + stage 2 loans) | 145 | 135 | 114 | 97 | | | | |

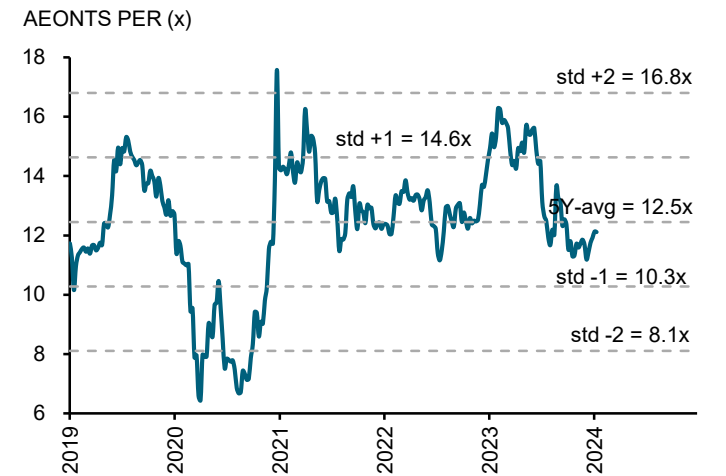
Sources: AEONTS; FSSIA's compilation

Exhibit 3: AEONTS – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 4: AEONTS – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: GGM-based 2024 TP

| Gordon growth model | |
|---------------------|-------------|
| Sustainable ROE | 13.5% |
| g | 3.0% |
| ROE-g | 10.50% |
| Beta | 1.09 |
| Risk free rate | 3.0% |
| Risk premium | 6.0% |
| COE | 9.55% |
| COE-g | 6.55% |
| ROE-g/COE-g | 1.60 |

Source: FSSIA estimates

Exhibit 6: Share price performance of Non-bank companies under coverage, as of 11 January 2024

| | Price performance | | | | |
|-----------|-------------------|---------|---------|---------|--------|
| | 1M | 3M | 6M | 1Y | YTD |
| | (%) | (%) | (%) | (%) | (%) |
| AEONTS TB | 4.36 | (0.32) | (6.33) | (17.07) | (2.81) |
| KTC TB | (2.20) | (4.30) | (3.78) | (24.26) | 2.30 |
| MTC TB | 6.86 | 26.35 | 31.69 | 16.15 | 3.89 |
| SAWAD TB | (1.19) | (6.74) | (7.26) | (21.70) | 2.47 |
| TIDLOR TB | 4.46 | 13.59 | 4.93 | (13.69) | 4.00 |
| JMT TB | (2.75) | (30.26) | (19.70) | (61.87) | 3.92 |
| BAM TB | 3.09 | (13.47) | (18.14) | (48.46) | 2.45 |
| SETFIN | 2.43 | (2.59) | (2.54) | (29.22) | 2.44 |
| SET | 2.74 | (2.70) | (5.33) | (16.35) | (0.30) |

Source: Bloomberg

Exhibit 7: Peer comparisons, as of 11 January 2024

| Company name | BBG code | Rec | Share price (LCY) | Target price (LCY) | Up side (%) | PE | | PBV | | ROE | | Div yld | |
|------------------------------|-----------|------|-------------------|--------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|
| | | | | | | 23E (x) | 24E (x) | 23E (x) | 24E (x) | 23E (%) | 24E (%) | 23E (x) | 24E (x) |
| AEON Thana Sinsap (Thailand) | AEONTS TB | HOLD | 156.00 | 169.00 | 8 | 12.5 | 11.6 | 1.6 | 1.5 | 13.1 | 13.2 | 3.5 | 4.0 |
| Krungthai Card | KTC TB | HOLD | 44.25 | 49.00 | 11 | 15.7 | 14.4 | 3.2 | 2.8 | 21.7 | 20.7 | 2.5 | 2.6 |
| Muangthai Capital | MTC TB | BUY | 46.25 | 44.00 | (5) | 20.5 | 16.0 | 3.1 | 2.6 | 15.6 | 17.7 | 0.7 | 0.9 |
| Srisawad Corp | SAWAD TB | BUY | 41.50 | 54.00 | 30 | 10.7 | 9.0 | 2.0 | 1.8 | 19.7 | 20.7 | 4.3 | 4.8 |
| Ngern Tid Lor | TIDLOR TB | BUY | 23.70 | 28.00 | 18 | 17.4 | 14.4 | 2.3 | 2.1 | 14.2 | 15.2 | 1.1 | 1.4 |
| Average | | | | | | 15.4 | 13.1 | 2.4 | 2.1 | 16.9 | 17.5 | 2.4 | 2.7 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

| Profit and Loss (THB m) Year Ending Feb | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------|---------|---------|---------|---------|
| Interest Income | 17,903 | 19,055 | 19,338 | 20,519 | 21,911 |
| Interest expense | (1,745) | (1,904) | (2,269) | (2,480) | (2,709) |
| Net interest income | 16,158 | 17,151 | 17,068 | 18,039 | 19,203 |
| Net fees & commission | 2,635 | 3,015 | 2,966 | 3,048 | 3,081 |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | - | - | - | - | - |
| Other income | 254 | 261 | 264 | 267 | 269 |
| Non interest income | 2,888 | 3,277 | 3,230 | 3,314 | 3,350 |
| Total income | 19,047 | 20,428 | 20,298 | 21,353 | 22,553 |
| Staff costs | (7,671) | (7,962) | (8,124) | (8,580) | (9,094) |
| Other operating costs | (172) | (253) | (200) | (200) | (209) |
| Operating costs | (7,844) | (8,215) | (8,325) | (8,780) | (9,304) |
| Pre provision operating profit | 11,203 | 12,213 | 11,973 | 12,574 | 13,249 |
| Expected credit loss | (6,629) | (7,263) | (7,951) | (8,236) | (8,631) |
| Other provisions | - | - | - | - | - |
| Operating profit | 4,574 | 4,950 | 4,022 | 4,338 | 4,618 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | - | - | - | - | - |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 4,574 | 4,950 | 4,022 | 4,338 | 4,618 |
| Tax | (1,000) | (996) | (809) | (873) | (929) |
| Profit after tax | 3,574 | 3,954 | 3,213 | 3,465 | 3,689 |
| Non-controlling interest | (21) | (139) | (100) | (105) | (110) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 3,553 | 3,815 | 3,113 | 3,360 | 3,578 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 3,553 | 3,815 | 3,113 | 3,360 | 3,578 |
| Per share (THB) | | | | | |
| Recurring EPS * | 14.21 | 15.26 | 12.45 | 13.44 | 14.31 |
| Reported EPS | 14.21 | 15.26 | 12.45 | 13.44 | 14.31 |
| DPS | 5.15 | 5.50 | 5.50 | 6.25 | 7.00 |
| Growth | | | | | |
| Net interest income (%) | (2.0) | 6.1 | (0.5) | 5.7 | 6.5 |
| Non interest income (%) | 6.4 | 13.4 | (1.4) | 2.6 | 1.1 |
| Pre provision operating profit (%) | 2.9 | 9.0 | (2.0) | 5.0 | 5.4 |
| Operating profit (%) | (2.1) | 8.2 | (18.7) | 7.9 | 6.4 |
| Reported net profit (%) | (4.4) | 7.4 | (18.4) | 7.9 | 6.5 |
| Recurring EPS (%) | (4.4) | 7.4 | (18.4) | 7.9 | 6.5 |
| Reported EPS (%) | (4.4) | 7.4 | (18.4) | 7.9 | 6.5 |
| Income Breakdown | | | | | |
| Net interest income (%) | 84.8 | 84.0 | 84.1 | 84.5 | 85.1 |
| Net fees & commission (%) | 13.8 | 14.8 | 14.6 | 14.3 | 13.7 |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 1.3 | 1.3 | 1.3 | 1.2 | 1.2 |
| Operating performance | | | | | |
| Gross interest yield (%) | - | - | - | - | - |
| Cost of funds (%) | - | - | - | - | - |
| Net interest spread (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net interest margin (%) | - | - | - | - | - |
| Cost/income(%) | 41.2 | 40.2 | 41.0 | 41.1 | 41.3 |
| Cost/assets(%) | 8.8 | 8.8 | 8.6 | 8.6 | 8.5 |
| Effective tax rate (%) | 20.2 | 20.5 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 36.2 | 36.0 | 44.2 | 46.5 | 48.9 |
| ROE (%) | 19.2 | 17.9 | 13.1 | 13.2 | 13.1 |
| ROE - COE (%) | 9.7 | 8.3 | 3.6 | 3.7 | 3.6 |
| ROA (%) | 4.0 | 4.3 | 3.3 | 3.4 | 3.4 |
| RORWA (%) | - | - | - | - | - |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

| Balance Sheet (THB m) Year Ending Feb | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|---------------|---------------|---------------|----------------|----------------|
| Gross customer loans | 91,555 | 94,462 | 98,904 | 105,059 | 111,516 |
| Allowance for expected credit loss | (10,951) | (10,125) | (10,498) | (9,595) | (9,320) |
| interest in suspense | (644) | (598) | (810) | (881) | (925) |
| Net customer loans | 79,959 | 83,739 | 87,597 | 94,583 | 101,271 |
| Bank loans | 44 | 218 | 173 | 208 | 249 |
| Government securities | 0 | 0 | 0 | 0 | 0 |
| Trading securities | - | - | - | - | - |
| Investment securities | - | - | - | - | - |
| Cash & equivalents | 4,236 | 3,816 | 3,029 | 3,146 | 3,008 |
| Other interesting assets | 117 | 73 | 73 | 73 | 73 |
| Tangible fixed assets | - | - | - | - | - |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Goodwill | - | - | - | - | - |
| Other intangible assets | 1,531 | 1,816 | 1,539 | 1,392 | 1,275 |
| Other assets | 4,438 | 5,400 | 5,934 | 6,208 | 6,526 |
| Total assets | 90,469 | 95,207 | 98,344 | 105,610 | 112,402 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 66,127 | 67,057 | 68,087 | 73,306 | 78,002 |
| Non interest bearing liabilities | 4,078 | 4,802 | 5,128 | 5,319 | 5,522 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 70,205 | 71,859 | 73,215 | 78,625 | 83,525 |
| Share capital | - | - | - | - | - |
| Reserves | 19,161 | 22,093 | 23,822 | 25,620 | 27,448 |
| Total equity | 19,889 | 22,821 | 24,550 | 26,348 | 28,176 |
| Non-controlling interest | 375 | 527 | 579 | 637 | 701 |
| Total liabilities & equity | 90,469 | 95,207 | 98,344 | 105,610 | 112,402 |
| Supplementary items | | | | | |
| Risk weighted assets (RWA) | - | - | - | - | - |
| Average interest earning assets | - | - | - | - | - |
| Average interest bearing liabilities | - | - | - | - | - |
| CET 1 capital | - | - | - | - | - |
| Total capital | 0 | 0 | 0 | 0 | 0 |
| Gross non performing loans (NPL) | - | - | - | - | - |
| Per share (THB) | | | | | |
| Book value per share | 79.55 | 91.29 | 98.20 | 105.39 | 112.71 |
| Tangible book value per share | - | - | - | - | - |
| Growth | | | | | |
| Gross customer loans | 3.9 | 3.2 | 4.7 | 6.2 | 6.1 |
| Average interest earning assets | - | - | - | - | - |
| Total asset (%) | 3.5 | 5.2 | 3.3 | 7.4 | 6.4 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 22.0 | 24.0 | 25.0 | 24.9 | 25.1 |
| Tangible equity/assets (%) | 20.3 | 22.1 | 23.4 | 23.6 | 23.9 |
| RWA/assets (%) | - | - | - | - | - |
| CET 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality (FSSIA's calculation) | | | | | |
| Change in NPL (%) | - | - | - | - | - |
| NPL/gross loans (%) | - | - | - | - | - |
| Allowance for ECL/gross loans (%) | 12.0 | 10.7 | 10.6 | 9.1 | 8.4 |
| Allowance for ECL/NPL (%) | - | - | - | - | - |
| Valuation | | | | | |
| Recurring P/E (x) * | 11.0 | 10.2 | 12.5 | 11.6 | 10.9 |
| Recurring P/E @ target price (x) * | 11.9 | 11.1 | 13.6 | 12.6 | 11.8 |
| Reported P/E (x) | 11.0 | 10.2 | 12.5 | 11.6 | 10.9 |
| Dividend yield (%) | 3.3 | 3.5 | 3.5 | 4.0 | 4.5 |
| Price/book (x) | 2.0 | 1.7 | 1.6 | 1.5 | 1.4 |
| Price/tangible book (x) | - | - | - | - | - |
| Price/tangible book @ target price (x) | - | - | - | - | - |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

AEON Thana Sinsap (Thailand) (AEONTS TB)

FSSIA ESG rating

★★

33.86 /100

Exhibit 8: FSSIA ESG score implication

| Rating | Score | Implication |
|--------|------------------|--|
| ★★★★★ | >79-100 | Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability. |
| ★★★★☆ | >59-79 | A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers. |
| ★★★☆☆ | >39-59 | Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually. |
| ★★☆☆☆ | >19-39 | Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable. |
| ★☆☆☆☆ | 1-19 | The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC. |

Source: FSSIA estimates

Exhibit 9: ESG – peer comparison

| | FSSIA ESG score | Domestic ratings | | | | | | Global ratings | | | | | | Bloomberg | |
|----------|-----------------|------------------|----------|------|----------|-----------|-----------|----------------------|----------|------|---------|-----------|------------|-----------|------------------|
| | | DJSI | SET THSI | THSI | CG score | AGM level | Thai CAC | Morningstar ESG risk | ESG Book | MSCI | Moody's | Refinitiv | S&P Global | ESG score | Disclosure score |
| SET100 | 69.20 | 5.34 | 4.40 | 4.40 | 4.76 | 4.65 | 3.84 | Medium | 51.76 | BBB | 20.87 | 58.72 | 63.91 | 3.72 | 28.17 |
| Coverage | 67.12 | 5.11 | 4.15 | 4.17 | 4.83 | 4.71 | 3.53 | Medium | 52.04 | BB | 16.97 | 56.85 | 62.09 | 3.40 | 31.94 |
| AEONTS | 33.86 | -- | -- | -- | 4.00 | 3.00 | -- | Medium | 40.10 | BBB | -- | 27.64 | 17.00 | -- | -- |
| BAM | 55.19 | -- | Y | Y | 5.00 | 4.00 | Certified | Medium | 47.11 | B | -- | 49.29 | 14.00 | 2.88 | 51.77 |
| JMT | 35.60 | -- | -- | -- | 4.00 | 5.00 | Declared | Medium | -- | BBB | -- | 12.70 | 13.00 | -- | 39.90 |
| KTC | 71.80 | -- | Y | Y | 5.00 | 5.00 | Certified | Low | 57.22 | A | -- | 64.48 | 59.00 | 4.96 | 57.09 |
| SAWAD | 46.52 | -- | Y | Y | 4.00 | 5.00 | -- | Medium | 43.97 | BB | -- | 20.18 | 13.00 | 1.93 | 40.04 |

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 10: ESG disclosure from the company's one report

| FY ending Dec 31 | | FY 2022 | | FY ending Dec 31 | | FY 2022 | |
|---|--|----------|--|--|--|-------------------|--|
| Environmental | | | | Governance | | | |
| Climate change policy | | -- | | Board size / Independent directors (ID) / Female | | 12 / 4 / 2 | |
| Climate change opportunities discussed | | -- | | No. of board meetings for the year / % attendance | | 12 / 98.61% | |
| GHG scope 2 location-based policy | | Yes | | Company conducts board evaluations | | Yes | |
| Biodiversity policy | | -- | | Number of non-executive directors on board | | 2 | |
| Energy efficiency policy | | Yes | | Director share ownership guidelines | | No | |
| Electricity used | | Yes | | Board age limit | | No | |
| Fuel used - crude oil/diesel | | -- | | Age of the youngest / oldest director | | 61 / 75 | |
| Waste reduction policy | | Yes | | Number of executives / female | | 11 / 3 | |
| Water policy | | Yes | | Executive share ownership guidelines | | No | |
| Water consumption | | 1,133.13 | | Size of audit committee / ID | | 3 / 3 | |
| Social | | | | Audit committee meetings | | 10 | |
| Human rights policy | | Yes | | Audit committee meeting attendance (%) | | 100 | |
| Policy against child labor | | -- | | Size of compensation committee | | -- | |
| Quality assurance and recall policy | | Yes | | Number of compensation committee meetings | | -- | |
| Consumer data protection policy | | Yes | | Compensation committee meeting attendance (%) | | -- | |
| Equal opportunity policy | | Yes | | Size of nomination committee / ID | | -- | |
| Gender pay gap breakout | | -- | | Number of nomination committee meetings | | -- | |
| Pct women in workforce | | Yes | | Nomination committee meeting attendance (%) | | -- | |
| Business ethics policy | | Yes | | Board compensation (THB m) | | 24.21 | |
| Anti-bribery ethics policy | | Yes | | Auditor fee (THB m) | | 7.59 | |
| Health and safety policy | | Yes | | <i>(Deloitte Touche Tohmatsu Jaiyos Audit Company Limited)</i> | | | |
| Lost time incident rate - employees | | -- | | | | | |
| Training policy | | Yes | | | | | |
| Fair remuneration policy | | Yes | | | | | |
| Number of employees - CSR | | -- | | | | | |
| Total hours spent by firm - employee training | | 324 | | | | | |
| Social supply chain management | | -- | | | | | |

Source: FSSIA's compilation

Disclaimer for ESG scoring

| ESG score | Methodology | Rating | | | | | | | | | | |
|---|--|---|--|--------|--------|------|--------|------|-------|-------|-------|-----|
| The Dow Jones Sustainability Indices (DJSI) By S&P Global | The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion. | Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe. | | | | | | | | | | |
| Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET) | THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years. | To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks. | | | | | | | | | | |
| CG Score by Thai Institute of Directors Association (Thai IOD) | An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations. | Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%). | | | | | | | | | | |
| AGM level By Thai Investors Association (TIA) with support from the SEC | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i> | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79. | | | | | | | | | | |
| Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC) | The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i> | The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements. | | | | | | | | | | |
| Morningstar Sustainalytics | The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i> | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table> | NEGL | Low | Medium | High | Severe | 0-10 | 10-20 | 20-30 | 30-40 | 40+ |
| NEGL | Low | Medium | High | Severe | | | | | | | | |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | |
| ESG Book | The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis. | The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance. | | | | | | | | | | |
| MSCI | MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;"> AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428 </td> <td style="vertical-align: top; padding-left: 10px;"> Leader: leading its industry in managing the most significant ESG risks and opportunities Average: a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers Laggard: lagging its industry based on its high exposure and failure to manage significant ESG risks </td> </tr> </table> | AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428 | Leader: leading its industry in managing the most significant ESG risks and opportunities Average: a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers Laggard: lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | |
| AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428 | Leader: leading its industry in managing the most significant ESG risks and opportunities Average: a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers Laggard: lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | | | |
| Moody's ESG solutions | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term. | | | | | | | | | | | |
| Refinitiv ESG rating | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i> | | | | | | | | | | | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | | | | | | | | | | | |
| Bloomberg | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. | | | | | | | | | | |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. | | | | | | | | | | |

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) **"CG Score"**; 2) **"AGM Level"**; 3) **"Thai CAC"**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

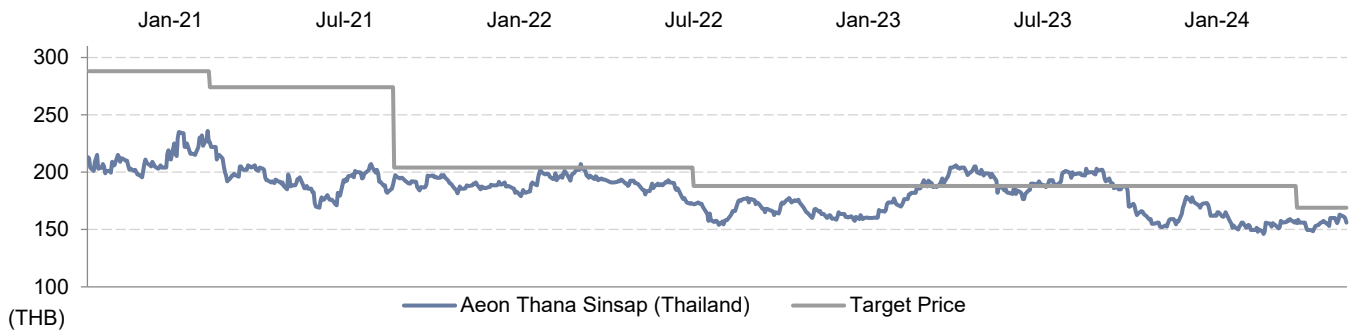
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Aeon Thana Sinsap (Thailand) (AEONTS TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 13-Jan-2021 | BUY | 288.00 | 05-Oct-2021 | HOLD | 204.00 | 28-Nov-2023 | HOLD | 169.00 |
| 28-Apr-2021 | BUY | 274.00 | 22-Jun-2022 | HOLD | 188.00 | | | |

Usanee Liurut, CISA started covering this stock from 28-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Krungthai Card (KTC TB)



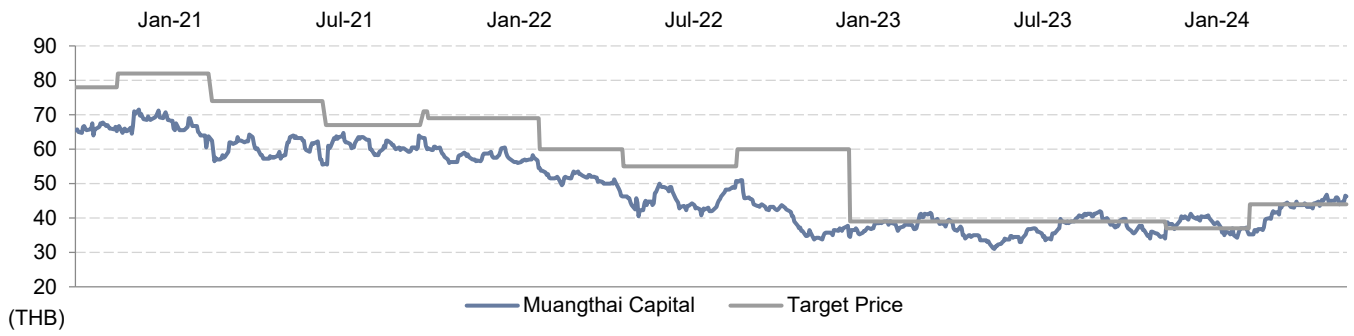
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 19-Jan-2021 | REDUCE | 50.00 | 11-Apr-2022 | REDUCE | 52.00 | 28-Nov-2023 | HOLD | 49.00 |
| 19-Jul-2021 | HOLD | 73.00 | 22-Jun-2022 | HOLD | 60.00 | | | |
| 18-Oct-2021 | HOLD | 52.00 | 12-Oct-2022 | BUY | 65.00 | | | |

Usanee Liurut, CISA started covering this stock from 28-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Muangthai Capital (MTC TB)



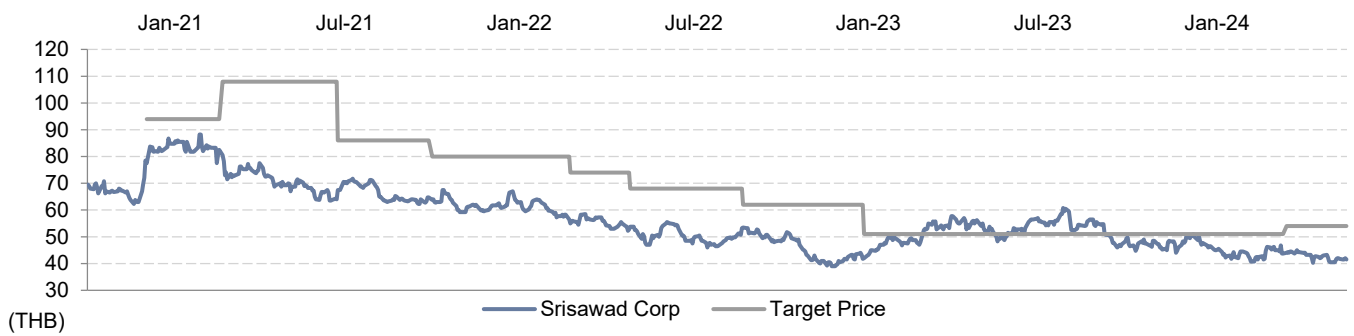
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 12-Jan-2021 | BUY | 78.00 | 05-Nov-2021 | BUY | 71.00 | 04-Aug-2022 | BUY | 60.00 |
| 17-Feb-2021 | BUY | 82.00 | 11-Nov-2021 | BUY | 69.00 | 09-Nov-2022 | HOLD | 39.00 |
| 07-May-2021 | BUY | 74.00 | 15-Feb-2022 | BUY | 60.00 | 08-Aug-2023 | HOLD | 37.00 |
| 13-Aug-2021 | BUY | 67.00 | 28-Apr-2022 | BUY | 55.00 | 19-Oct-2023 | BUY | 44.00 |

Usanee Liurut, CISA started covering this stock from 08-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

Srisawad Corp (SAWAD TB)



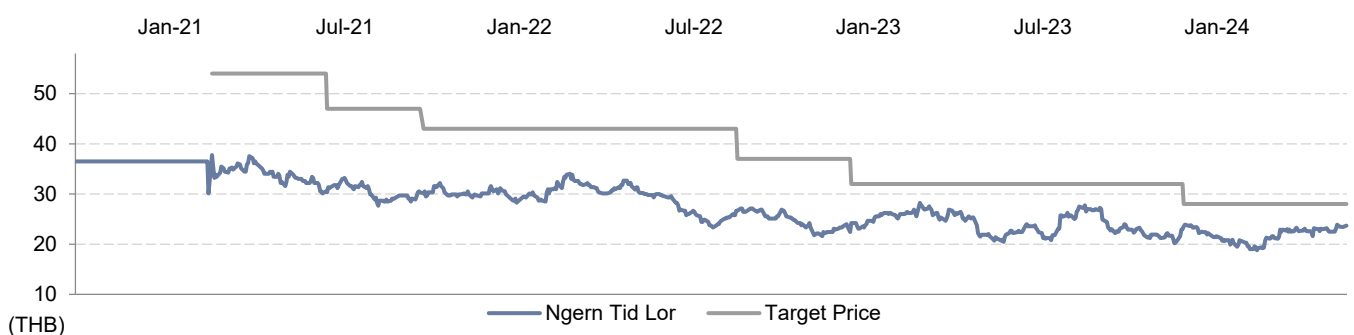
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 04-Mar-2021 | BUY | 94.00 | 05-Nov-2021 | BUY | 80.00 | 04-Aug-2022 | BUY | 62.00 |
| 07-May-2021 | BUY | 108.00 | 07-Mar-2022 | BUY | 74.00 | 17-Nov-2022 | BUY | 51.00 |
| 17-Aug-2021 | BUY | 86.00 | 28-Apr-2022 | BUY | 68.00 | 17-Nov-2023 | BUY | 54.00 |

Usanee Liurut, CISA started covering this stock from 17-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Ngern Tid Lor (TIDLOR TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 07-May-2021 | BUY | 54.00 | 05-Nov-2021 | BUY | 43.00 | 10-Nov-2022 | BUY | 32.00 |
| 16-Aug-2021 | BUY | 47.00 | 04-Aug-2022 | BUY | 37.00 | 23-Aug-2023 | BUY | 28.00 |

Usanee Liurut, CISA started covering this stock from 23-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|------------------------------|-----------|------------|--------|---|
| Aeon Thana Sinsap (Thailand) | AEONTS TB | THB 156.00 | HOLD | Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds. |
| Krungthai Card | KTC TB | THB 44.25 | HOLD | Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds. |
| Muangthai Capital | MTC TB | THB 46.25 | 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 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 23.70 | 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 X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators. |

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.

All share prices are as at market close on 11-Jan-2024 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.