

HOLD

UNCHANGED

TARGET PRICE	THB43.00
CLOSE	THB45.50
UP/DOWNSIDE	-5.5%
PRIOR TP	THB43.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-10.5%

Low season to weaken 1Q24 profit

- We expect 1Q24 net profit to ease q-q, pressured mainly by higher seasonal OPEX.
- Continued proactive asset quality management aligning with the 2024 guidance is still eminent.
- Maintain our HOLD call and 2024 TP.

Low season and rising OPEX to pressure 1Q24 profit

We expect MTC's 1Q24 net profit to edge down by 0.9% q-q but significantly increase by 25.2% y-y to THB1.34b, accounting for 23% of our full-year net profit forecast. PPOP should also decrease by 1.2% q-q but jump by 20.4% y-y, due mainly to a low season for loan demand and increased operating expenses. Loans should stay on their growth path but at a lower magnitude of 2.5% q-q and 16.8% y-y amid softer demand. Title loans should remain the primary focus. The unsecured segment would expand cautiously, whereas motorcycle hire purchases could drop. The loan spread should decrease by 13bp to 14.06%, aligning with a higher cost of funds of 3.97%. In addition, we anticipate loan yields to plunge from fewer working days and increased secured loan focuses. Operating expenses should peak due to seasonality following a rise in personnel expenses from annual salary adjustments and incentives. It could accelerate the cost-to-income ratio to 47.1%.

Continued proactive asset quality management

MTC continued to demonstrate a proactive approach to asset quality management, debt write-offs, and sales, a strategy that aligns with its 2024 guidance. With that, we expect the 1Q24 NPL ratio to inch down to 3.13% from 3.15% at the end of 2023, aligning with its guidance of not exceeding 3.50%. Given a lower NPL ratio and credit cost, the 1Q24 coverage ratio should finish relatively stable q-q at 115.5%.

Maintain our 2024-26 forecast

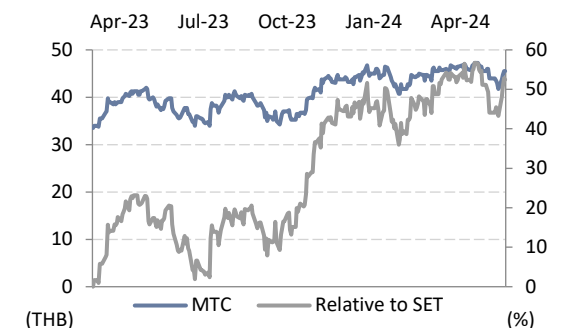
We retain our 2024-26E earnings, given that expected 1Q24 results broadly align with our estimate and its 2024 guidance. Key growth drivers to our solid 19.3%-CAGR profit growth forecast should include an average loan growth of 14.7-19.5% and a continually declining credit cost to our 2.97% estimate by 2026, which could offset a stable average loan spread assumption of 13.84-13.85%.

Maintain our HOLD call and 2024 TP

We reaffirm our HOLD rating. We view the current share price as fully valued since it exceeds our 2024 GGM-based TP of THB43, which implies a P/BV of 2.43x under an expected L-T ROE of 17.0% and COE of 10.1%.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	6,126	7,246	9,275	10,817
Net profit	4,906	5,796	7,420	8,653
EPS (THB)	2.31	2.73	3.50	4.08
vs Consensus (%)	-	0.9	6.1	2.4
Recurring net profit	4,906	5,796	7,420	8,653
Core EPS (THB)	2.31	2.73	3.50	4.08
Chg. In EPS est. (%)	-	0.0	0.0	0.0
EPS growth (%)	(3.7)	18.1	28.0	16.6
Core P/E (x)	19.7	16.6	13.0	11.1
Dividend yield (%)	0.5	0.5	0.7	0.8
Price/book (x)	3.0	2.6	2.2	1.9
ROE (%)	16.1	16.8	18.3	18.1
ROA (%)	3.5	3.6	3.9	3.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.5)	9.0	31.9
Relative to country (%)	0.1	9.9	48.9
Mkt cap (USD m)	2,605		
3m avg. daily turnover (USD m)	9.4		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	48.25/33.25		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We retain our HOLD call on MTC despite its asset quality improvement due to:

- We view MTC's share price as fully valued. It has already factored in the positive aspects of its proactive asset quality management and its growth story and exceeded our 2024 GGM-based TP of THB43, implying a P/BV of 2.43x under an expected L-T ROE of 17.0% and COE of 10.1%.
- However, we are optimistic about its competitive advantage as a leader in the title loans industry, with an expected 2024-26 loan growth of 14.7-19.1% (following its aggressive branch expansion) and an expected ROE of 16.8-18.3% (brought on by its cost control efficiency), higher compared to its peers, TIDLOR and SAWAD.

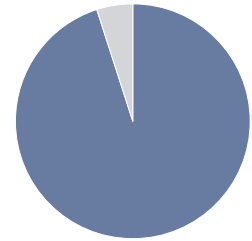
Company profile

MTC has provided lending services since 1992, focusing on motorcycle title loans, and commands the highest market share in Thailand. The company has also expanded its business to personal and other title loans such as car, agricultural and land title loans.

www.muangthaicap.com

Principal activities (revenue, 2023)

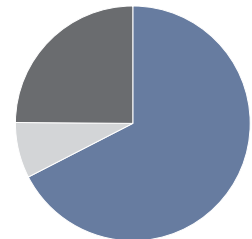
- Net interest income - 95.0 %
- Non-interest income - 5.0 %



Source: Muangthai Capital

Major shareholders

- Petaumpai Family - 67.5 %
- Thai NVDR Co., Ltd. - 7.7 %
- Others - 24.9 %



Source: Muangthai Capital

Catalysts

- 1) A faster-than-expected economic recovery in Thailand;
- 2) Government stimulus measures;
- 3) A stronger-than-expected improvement in asset quality;
- 4) Better-than-expected control over operating costs.

Risks to our call

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 are 1) positive developments in asset quality which could bring down its credit costs; and 2) a decreasing market interest rate, which could alleviate its cost of funds burden.

Event calendar

Date	Event
May 2024	Analyst meeting
Aug 2024	2Q24 result announcement

Key assumptions

Key assumptions	2024E	2025E	2026E
Loan growth	19.55	16.58	14.68
Interest spread	13.84	13.85	13.85
NPL ratio	3.10	3.00	3.00
Credit cost	3.48	3.05	2.97
Cost to income	46.94	46.94	46.94

Source: FSSIA estimates

Earnings sensitivity

		----- 2024E -----		
Loan growth	±2ppt	17.5	19.55	21.5
<i>% change in net profit</i>		<i>(1.3)</i>		<i>1.3</i>
Interest spread (%)	±5bp	13.79	13.84	13.89
<i>% change in net profit</i>		<i>(0.4)</i>		<i>0.4</i>
Credit cost (bp)	±10bp	3.38	3.48	3.58
<i>% change in net profit</i>		<i>2.1</i>		<i>(2.1)</i>

Source: FSSIA estimates

Exhibit 1: MTC – 1Q24E earnings preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	2024E	(THB m)	(y-y%)
Interest income	5,397	5,754	6,063	6,287	6,457	2.7	19.7	23	27,968	19.0
Interest expense	(848)	(909)	(1,004)	(1,096)	(1,145)	4.5	35.1	22	(5,240)	35.9
Net interest income	4,549	4,845	5,059	5,191	5,312	2.3	16.8	23	22,727	15.7
Fee and other income	233	287	236	269	225	(16.3)	(3.6)	21	1,096	6.8
Total income	4,783	5,132	5,295	5,459	5,537	1.4	15.8	23	23,823	15.3
Operating expenses	(2,352)	(2,463)	(2,391)	(2,496)	(2,610)	4.6	11.0	23	(11,182)	15.3
PPOP before taxes	2,431	2,669	2,904	2,963	2,927	(1.2)	20.4	23	12,641	15.3
Expected credit losses	(954)	(1,017)	(965)	(998)	(980)	(1.8)	2.7	22	(4,495)	14.3
Profit after ECL	1,477	1,653	1,939	1,965	1,947	(0.9)	31.9	24	8,146	15.8
Gain (loss) from car repossessed	(112)	(183)	(334)	(278)	(275)	(1.1)	146.6	31	(900)	(0.7)
Operating profit	1,365	1,469	1,605	1,687	1,672	(0.9)	22.5	23	7,246	18.3
Income tax	(295)	(269)	(320)	(336)	(333)	(0.9)	12.8	23	(1,449)	18.8
Net profit	1,070	1,200	1,285	1,351	1,340	(0.9)	25.2	23	5,796	18.1
EPS (THB)	0.50	0.57	0.61	0.64	0.63	(0.9)	25.2	23	2.73	18.1
Loans	124,201	131,257	137,081	141,559	145,073	2.5	16.8		165,408	19.5
Interest bearing debt	98,536	106,327	112,329	114,770	116,197	1.2	17.9		134,775	17.4
Key ratios	1Q23	2Q23	3Q23	4Q23	1Q24E				2024E	
	(%)	(%)	(%)	(%)	(%)				(%)	
Yield on loan	17.75	18.02	18.08	18.05	18.02				18.04	
Cost of funds	3.48	3.55	3.67	3.86	3.97				4.20	
Spread	14.26	14.47	14.40	14.19	14.06				13.84	
Cost to Income ratio	49.18	47.99	45.15	45.72	47.13				46.94	
Credit cost (included losses from car repossessed)	3.50	3.76	3.87	3.66	3.50				3.48	
NPL / Loan	3.21	3.41	3.22	3.15	3.13				3.10	
LLR / Loan	3.37	3.58	3.55	3.65	3.61				2.99	
Coverage ratio	105.0	105.1	110.3	115.9	115.5				115.4	
D/E (x)	3.4	3.7	3.7	3.7	3.6				3.7	
IDBE (x)	3.3	3.6	3.7	3.6	3.5				3.6	
S/T debt/total debt (x)	4.9	5.3	7.7	11.1	10.8				5.3	
Loan growth q-q	4.3	5.7	4.4	3.3	2.5					
Loan growth y-y	27.5	23.6	21.1	18.9	16.8				19.5	
Loan growth YTD	4.3	10.2	15.1	18.9	2.5					

Sources: MTC; FSSIA estimates

Exhibit 2: MTC – staged loans and ECL

MTC	2020	2021	2022	2023	2020	2021	2022	2023
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Loans and accrued interest					Staged loans % of total loans			
Stage 1	65,372	81,837	100,769	121,404	92.6	93.4	87.6	87.6
Stage 2	4,489	4,578	11,110	13,286	6.4	5.2	9.7	9.6
Stage 3	747	1,187	3,098	3,904	1.1	1.4	2.7	2.8
Total	70,607	87,602	114,977	138,594	100.0	100.0	100.0	100.0
Expected credit loss (ECL)					ECL % of stage loans			
Stage 1	538	709	704	1,162	0.8	0.9	0.7	1.0
Stage 2	307	349	581	995	6.8	7.6	5.2	7.5
Stage 3	481	729	2,022	2,512	64.4	61.4	65.3	64.3
Total	1,326	1,788	3,307	4,668	1.9	2.0	2.9	3.4
LLR / Loans					(%)			
Stage 1	0.8	0.9	0.7	1.0				
Stage 2	6.8	7.6	5.2	7.5				
Stage 3	64.4	61.4	65.3	64.3				
Total	1.9	2.0	2.9	3.4				
(%)					(%)			
NPL/ TL	1.1	1.4	2.7	2.8				
NPL vs. Stage 2 loans/ TL	7.4	6.6	12.4	12.4				
LLR / NPL	177.5	150.6	106.8	119.6				
LLR / (NPL vs. Stage 2 loans)	25.3	31.0	23.3	27.2				

Sources: MTC; FSSIA's compilation

Exhibit 3: GGM-based 2024 TP

Gordon Growth model	2024E
Sustainable ROE	17.0%
g	5.3%
ROE-g	11.7%
Beta	1.19
Risk free rate	3.0%
Risk premium	6.0%
COE	10.1%
COE-g	4.8%
ROE-g/COE-g (x)	2.43

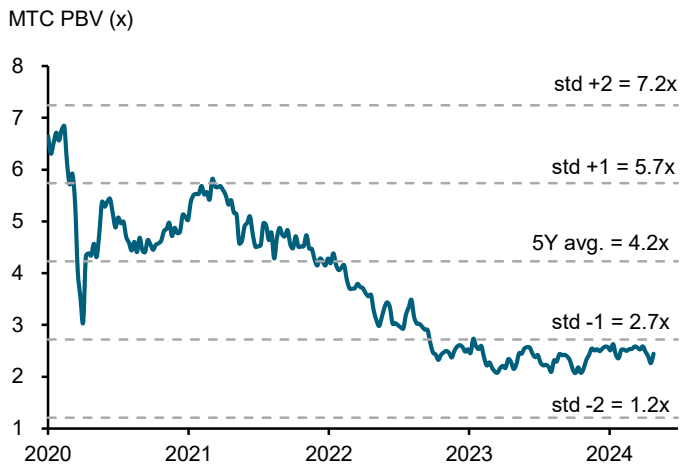
Source: FSSIA estimates

Exhibit 4: Share price performance of non-banks under coverage, as of 25 April 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(2.4)	(0.1)	15.3	1.3	(3.7)
MTC TB	(1.1)	8.4	25.7	30.2	0.6
SAWAD TB	(4.7)	6.5	(1.8)	(25.6)	0.6
AEONTS TB	10.5	7.3	9.8	(13.6)	1.6
KTC TB	(7.1)	(2.3)	(1.2)	(18.6)	(1.7)
JMT TB	(2.7)	(0.9)	(28.9)	(45.2)	(15.7)
BAM TB	1.0	27.5	15.3	(21.5)	25.2
CHAYO TB	(9.3)	(11.1)	(17.5)	(34.3)	(16.0)
SETFIN	(3.2)	0.7	0.3	(19.8)	(3.6)
SET	(1.1)	(0.4)	(0.7)	(11.8)	(3.8)

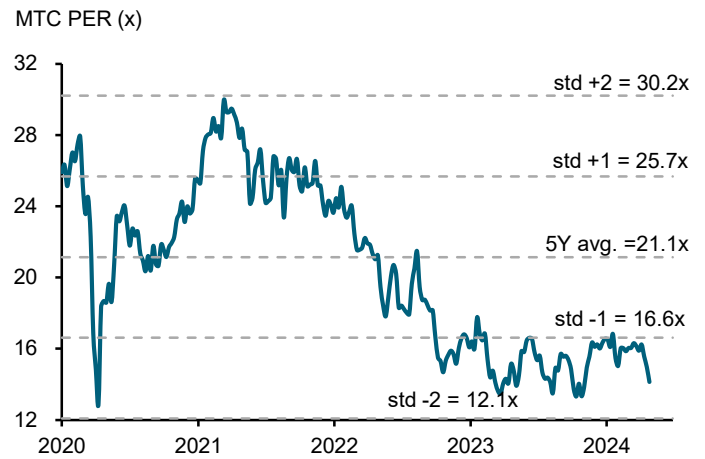
Source: Bloomberg

Exhibit 5: MTC – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: MTC – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peer comparisons, as of 25 April 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	----- PE -----		----- PBV -----		----- ROE -----		----- Div yld -----	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	163.00	170.00	4	12.6	11.8	1.5	1.4	12.8	12.6	3.4	3.6
Muangthai Capital	MTC TB	HOLD	45.50	43.00	(5)	16.6	13.0	2.6	2.2	16.8	18.3	0.5	0.7
Krungthai Card	KTC TB	HOLD	43.00	46.00	7	14.4	13.9	2.8	2.5	20.3	19.0	3.1	3.2
Srisawad Corp	SAWAD TB	HOLD	40.25	40.00	(1)	11.2	9.9	2.0	1.7	18.4	18.2	4.4	1.0
JMT Network services	JMT TB	HOLD	21.40	25.70	20	13.0	11.1	1.2	1.1	9.0	10.5	6.1	7.2
Ngern Tid Lor	TIDLOR TB	BUY	20.80	27.00	30	13.0	10.9	1.9	1.7	15.4	16.2	2.3	2.8
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	10.00	8.75	(13)	18.2	17.0	0.7	0.7	4.1	4.3	3.7	3.8
Chayo Group	CHAYO TB	BUY	4.60	6.00	30	13.1	11.3	1.4	1.2	11.1	11.3	1.1	1.3
Average						14.0	12.4	1.8	1.6	13.5	13.8	3.1	3.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	19,199	23,500	27,968	32,908	38,011
Interest expense	(2,813)	(3,857)	(5,240)	(6,102)	(6,990)
Net interest income	16,386	19,644	22,727	26,805	31,021
Net fees & commission	792	921	958	996	1,036
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	78	105	138	154	131
Non interest income	869	1,026	1,096	1,150	1,167
Total income	17,255	20,669	23,823	27,955	32,188
Staff costs	(8,069)	(9,702)	(11,182)	(13,122)	(15,109)
Other operating costs	-	-	-	-	-
Operating costs	(8,069)	(9,702)	(11,182)	(13,122)	(15,109)
Pre provision operating profit	9,187	10,967	12,641	14,833	17,079
Expected credit loss	(2,433)	(3,934)	(4,495)	(4,558)	(5,264)
Other provisions	(394)	(907)	(900)	(1,000)	(999)
Operating profit	6,360	6,126	7,246	9,275	10,817
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	6,360	6,126	7,246	9,275	10,817
Tax	(1,267)	(1,220)	(1,449)	(1,855)	(2,163)
Profit after tax	5,093	4,906	5,796	7,420	8,653
Non-controlling interest	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,093	4,906	5,796	7,420	8,653
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,093	4,906	5,796	7,420	8,653
Per share (THB)					
Recurring EPS *	2.40	2.31	2.73	3.50	4.08
Reported EPS	2.40	2.31	2.73	3.50	4.08
DPS	0.95	0.21	0.25	0.32	0.37
Growth					
Net interest income (%)	25.4	19.9	15.7	17.9	15.7
Non interest income (%)	3.1	18.0	6.8	5.0	1.5
Pre provision operating profit (%)	32.2	19.4	15.3	17.3	15.1
Operating profit (%)	2.6	(3.7)	18.3	28.0	16.6
Reported net profit (%)	3.0	(3.7)	18.1	28.0	16.6
Recurring EPS (%)	3.0	(3.7)	18.1	28.0	16.6
Reported EPS (%)	3.0	(3.7)	18.1	28.0	16.6
Income Breakdown					
Net interest income (%)	95.0	95.0	95.4	95.9	96.4
Net fees & commission (%)	4.6	4.5	4.0	3.6	3.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.5	0.5	0.6	0.6	0.4
Operating performance					
Gross interest yield (%)	18.30	18.03	18.04	18.05	18.05
Cost of funds (%)	3.36	3.66	4.20	4.20	4.20
Net interest spread (%)	14.94	14.37	13.84	13.85	13.85
Net interest margin (%)	15.6	15.1	14.7	14.7	14.7
Cost/income(%)	46.8	46.9	46.9	46.9	46.9
Cost/assets(%)	7.1	7.0	6.9	6.9	6.9
Effective tax rate (%)	19.9	19.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	39.5	9.1	9.1	9.1	9.1
ROE (%)	18.9	16.1	16.8	18.3	18.1
ROE - COE (%)	8.1	5.3	6.0	7.5	7.3
ROA (%)	4.5	3.5	3.6	3.9	3.9
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements

Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	119,084	141,559	168,453	196,190	224,908
Allowance for expected credit loss	(3,686)	(5,169)	(4,948)	(5,693)	(6,547)
interest in suspense	1,675	1,969	2,363	2,765	3,180
Net customer loans	117,073	138,359	165,868	193,262	221,541
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	3,213	2,822	851	652	768
Other interesting assets	-	-	-	-	-
Tangible fixed assets	2,037	2,134	2,348	2,582	2,840
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	5,743	6,841	7,411	8,473	9,699
Total assets	128,066	150,156	176,018	204,539	234,447
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	96,143	114,770	134,775	155,806	177,032
Non interest bearing liabilities	2,833	3,469	4,046	4,740	5,581
Hybrid Capital	-	-	-	-	-
Total liabilities	98,976	118,239	138,821	160,547	182,613
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	26,971	29,797	35,077	41,872	49,714
Total equity	29,091	31,917	37,197	43,992	51,834
Non-controlling interest	-	-	-	-	-
Total liabilities & equity	128,066	150,156	176,018	204,539	234,447
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	104,892	130,321	155,006	182,321	210,549
Average interest bearing liabilities	83,734	105,456	124,772	145,291	166,419
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	3,507	4,461	4,289	4,962	5,785
Per share (THB)					
Book value per share	13.72	15.06	17.55	20.75	24.45
Tangible book value per share	13.72	15.06	17.55	20.75	24.45
Growth					
Gross customer loans	31.3	18.9	19.0	16.5	14.6
Average interest earning assets	30.5	24.2	18.9	17.6	15.5
Total asset (%)	30.2	17.2	17.2	16.2	14.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	22.7	21.3	21.1	21.5	22.1
Tangible equity/assets (%)	22.7	21.3	21.1	21.5	22.1
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	174.8	27.2	(3.9)	15.7	16.6
NPL/gross loans (%)	2.9	3.2	2.5	2.5	2.6
Allowance for ECL/gross loans (%)	3.1	3.7	2.9	2.9	2.9
Allowance for ECL/NPL (%)	105.1	115.9	115.4	114.7	113.2
Valuation					
Recurring P/E (x) *	18.9	19.7	16.6	13.0	11.1
Recurring P/E @ target price (x) *	17.9	18.6	15.7	12.3	10.5
Reported P/E (x)	18.9	19.7	16.6	13.0	11.1
Dividend yield (%)	2.1	0.5	0.5	0.7	0.8
Price/book (x)	3.3	3.0	2.6	2.2	1.9
Price/tangible book (x)	3.3	3.0	2.6	2.2	1.9
Price/tangible book @ target price (x)	3.1	2.9	2.5	2.1	1.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Muangthai Capital PCL (MTC TB)

FSSIA ESG rating

★ ★ ★ ★

68.21 /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.

Sources: 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
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
TK	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
HENG	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
S11	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
NCAP	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.36	1.51	2.07	2.16	2.39	4.00	3.27	3.31
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.12	0.02	0.03	—
BESG social pillar score	0.37	0.58	1.37	1.37	1.69	4.57	3.27	—
BESG governance pillar score	4.42	4.41	4.57	4.91	4.95	4.95	4.82	—
ESG disclosure score	26.85	32.18	32.89	35.76	39.62	44.88	50.20	52.08
Environmental disclosure score	0.00	0.00	0.00	0.33	7.28	15.22	32.74	34.40
Social disclosure score	11.67	15.84	17.41	25.70	30.35	31.92	30.35	34.34
Governance disclosure score	68.72	80.52	81.10	81.10	81.10	87.36	87.36	87.36
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	Yes	Yes	Yes	Yes	Yes
GHG scope 1	—	—	—	—	2	7	6	8
GHG scope 2 location-based	—	—	—	—	—	16	18	21
GHG Scope 3	—	—	—	—	—	1	1	1
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	No	No	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	9	55	36	69
Renewable energy use	—	—	—	—	—	—	0	—
Electricity used	—	—	—	—	—	32	36	42
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	Yes	Yes
Water policy	No	No	No	No	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	987	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	Yes
Pct women in workforce	—	—	—	—	—	11	11	10
Pct disabled in workforce	—	—	0	0	0	0	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	0
Total recordable incident rate - employees	—	—	—	—	1	1	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	2,617	4,185	5,893	7,660	9,576	10,328	11,460	13,005
Employee turnover pct	—	—	—	—	—	—	—	29
Total hours spent by firm - employee training	—	—	—	70,395	60,328	34,082	34,036	78,030
Social supply chain management	No	No	No	No	No	No	No	Yes
Governance								
Board size	7	7	7	7	8	8	7	7
No. of independent directors (ID)	5	5	5	5	5	5	4	4
No. of women on board	2	2	3	3	3	3	3	3
No. of non-executive directors on board	5	5	5	5	6	6	5	5
Company conducts board evaluations	No	No	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	5	7	7	6	9	8	8
Board meeting attendance pct	100	100	96	100	94	96	100	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	56	57	58	59	36	39	40	41
Age of the oldest director	67	68	69	70	71	72	73	74
No. of executives / company managers	12	12	12	13	13	12	13	13
No. of female executives	3	3	3	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	4	4	4	4	4	7
Audit meeting attendance %	100	100	92	100	92	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	3	3	3	3	3	3	2	2
No. of compensation committee meetings	—	1	2	2	2	2	3	2
Compensation meeting attendance %	—	100	83	100	83	83	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	—	1	2	2	2	2	1	2
Nomination meeting attendance %	—	100	83	100	83	83	100	100
Sustainability governance								
Verification type	No	No	No	No	No	Yes	Yes	Yes

Sources: Bloomberg; 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. 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.	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="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 45.50	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 are 1) positive developments in asset quality which could bring down its credit costs; and 2) a decreasing market interest rate, which could alleviate its cost of funds burden.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 163.00	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 43.00	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.
Srisawad Corp	SAWAD TB	THB 40.25	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 include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
JMT Network Services	JMT TB	THB 21.40	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Ngern Tid Lor	TIDLOR TB	THB 20.80	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 10.00	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.
Chayo Group	CHAYO TB	THB 4.60	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

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 25-Apr-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.