

RATCHTHANI LEASING
THAILAND / FINANCE & SECURITIES

THANI TB

HOLD
UNCHANGED

2Q24 results at first glance

TARGET PRICE	THB2.28
CLOSE	THB1.77
UP/DOWNSIDE	+28.8%
TP vs CONSENSUS	-9.2%

ผลประกอบการ 2Q24 ต่ำกว่าคาด

THANI รายงานกำไรสุทธิ 2Q24 ที่นำมิดหวังโดยอยู่ที่ 255 ลบ. ลดลง 25.8% q-q และ 40.1% y-y ตัวเลขดังกล่าวต่ำกว่าที่เราและตลาดคาด 20% และ 14% ตามลำดับ กำไรมีปัจจัยถ่วงสำคัญจากค่าใช้จ่ายผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่สูงเกินคาดที่ 263 ลบ. เทียบกับที่เราคาดที่ 208 ลบ. อย่างไรก็ตามกำไรก่อนหักสำรองที่ 599 ลบ. (-1.6% q-q, -11.8% y-y) ยังใกล้เคียงคาด จากเงื่อนไขการปล่อยสินเชื่อที่เข้มงวดของ THANI ทำให้สินเชื่อหดตัวมากกว่าคาดโดยลดลง 2.1% q-q, 7.6% y-y, และ 5.5% YTD โดยยอดปล่อยสินเชื่อใหม่อยู่ที่ประมาณ 4.7 พัน ลบ. ลดลงประมาณ 30% y-y (จากการคำนวณของ FSSIA)

จากกำไรสุทธิ 1H24 ซึ่งคิดเป็น 44% ของประมาณการกำไรสุทธิปี 2024 ของเรา เราคงประมาณการกำไรสุทธิปี 2024-26 ของเราและคงมุมมองเชิงลบต่ออุตสาหกรรมเช่าซื้อรถบรรทุกเนื่องจากสภาวะเศรษฐกิจที่มีความท้าทายจะกดดันคุณภาพสินทรัพย์อย่างต่อเนื่อง ดังนั้นเรายังคงคำแนะนำที่ราคาเป้าหมาย 2.28 บาท (GGM) คิดเป็นค่า P/BV ที่ 1.02x (LT COE 10.1%, COE 10.0%)

Highlights

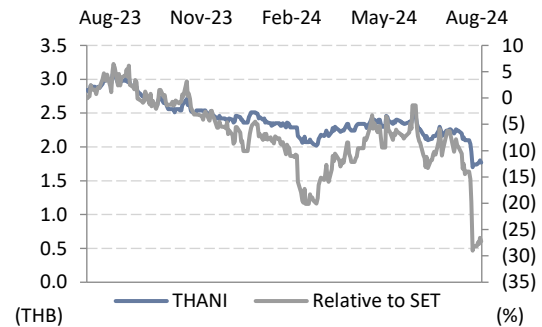
(-) คุณภาพสินทรัพย์: ในภาพรวมคุณภาพสินทรัพย์ยังคงเสื่อมอย่างต่อเนืองใน 2Q24 และอ่อนแอกว่าที่คาด สัดส่วนหนี้ต่อคุณภาพเพิ่มขึ้น 3.41% จาก 3.29% ใน 1Q24 สูงกว่าคาดจากฐานสินเชื่อที่หดตัวและหนี้ต่อคุณภาพที่สูงขึ้น 1.3% q-q และ 18.4% y-y สัดส่วนของหนี้ชั้นที่ 2 เพิ่มขึ้น 13.4% จาก 13.0% ใน 1Q24 ทั้งจากสินเชื่อเช่าซื้อและสินเชื่อทะเบียนสินทรัพย์ซึ่งส่งสัญญาณถึงปัจจัยกดดันในด้านคุณภาพสินทรัพย์ที่ยังแกไม่ตก ต้นทุนความเสี่ยงในการปล่อยสินเชื่อใน 2Q24 สูงกว่าคาดโดยอยู่ที่ 2.03% (เรคาดไว้ที่ 1.60%) เพื่อรับมือกับการตัดจำหน่ายหนี้เสียแต่ไม่มากพอที่จะรักษาสัดส่วนสำรองต่อหนี้ต่อคุณภาพซึ่งลดลงเล็กน้อยเป็น 92% จาก 95% ใน 1Q24 ในช่วง 1H24 ต้นทุนความเสี่ยงในการปล่อยสินเชื่ออยู่ที่ 1.65% สูงกว่าที่เราคาดไว้ในปี 2024 ที่ 1.60% อยู่เล็กน้อย

(-) รายได้ดอกเบี้ยสุทธิและรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ: ใน 2Q24 รายได้ดอกเบี้ยสุทธิหดตัว 5.3% q-q และ 14.9% y-y สอดคล้องกับแนวโน้มการหดตัวของสินเชื่อและต้นทุนในการกู้ยืมที่สูงขึ้น ทั้งนี้ Loan spread ที่ 3.47% ในไตรมาสนี้ลดลง 17 bp q-q รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิไม่สดใสโดยออกมาตรงตัว q-q และโตในระดับปานกลางที่ 2.0% y-y หลังปริมาณสินเชื่อหดตัว

(+) ค่าใช้จ่ายในการดำเนินงาน: ใน 2Q24 ค่าใช้จ่ายในการดำเนินงานออกมาต่ำกว่าคาดจากผลขาดทุนจากสินทรัพย์ต่อคุณภาพที่ลดลง เนื่องจากราคาตลาดของรถบรรทุกมือสองที่ทรงตัวแต่อยู่ในระดับต่ำ THANI กลับรายการขาดทุนเป็นจำนวน 5 ลบ. เทียบกับผลขาดทุน 28 ลบ. ใน 1Q24 ซึ่งทำให้สัดส่วนต้นทุนต่อรายได้ (CIR) อยู่ที่ 21.8% ลดลงจาก 23.5% ใน 1Q24 ในช่วง 1H24 ค่า CIR อยู่ที่ 22.6% ยังใกล้เคียงกับที่เราคาดไว้ในปี 2024

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,641	1,680	1,782	1,899
Net profit	1,287	1,344	1,425	1,519
EPS (THB)	0.23	0.22	0.23	0.24
vs Consensus (%)	-	3.8	(8.0)	(9.1)
Recurring net profit	1,287	1,344	1,425	1,519
Core EPS (THB)	0.23	0.22	0.23	0.24
EPS growth (%)	(26.6)	(2.2)	2.9	6.6
Core P/E (x)	7.8	8.0	7.7	7.3
Dividend yield (%)	1.1	6.9	7.1	7.6
Price/book (x)	0.8	0.8	0.8	0.7
ROE (%)	10.3	10.1	10.0	10.1
ROA (%)	2.4	2.5	2.6	2.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(21.0)	(24.4)	(38.8)
Relative to country (%)	(22.5)	(21.5)	(27.7)
Mkt cap (USD m)	312		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	41		
Major shareholder	Thanachart SPV1 Co., LTD (57%)		
12m high/low (THB)	3.15/1.70		
Issued shares (m)	5,663		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: THANI – 2Q24 operating summary

	2Q23	3Q23	4Q23	1Q24	2Q24	---- Change ----		1H24	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	2024E	(THB m)	(y-y %)
Interest income	920	924	913	885	847	(4.3)	(8.0)	1,732	(5.4)	48	3,624	(1.2)
Interest expense	287	304	319	316	308	(2.4)	7.3	624	13.7	50	1,257	7.3
Net interest income	633	620	594	569	539	(5.3)	(14.9)	1,107	(13.6)	47	2,366	(5.2)
Non-interest income	222	236	191	227	227	0.1	2.0	453	(9.9)	50	899	(3.3)
Operating income	855	856	785	795	765	(3.8)	(10.5)	1,561	(12.6)	48	3,265	(4.7)
Operating expenses	176	208	175	187	166	(10.9)	(5.7)	353	(0.1)	48	737	-
Pre-provisioning operating profit	679	648	610	608	599	(1.6)	(11.8)	1,207	(15.6)	48	2,529	(6.0)
Expected credit loss	140	340	386	177	263	48.3	87.2	440	36.5	52	848	(19.0)
Income tax	114	58	63	88	82	(7.5)	(28.1)	170	(27.3)	51	336	(5.2)
Net profit	425	250	161	343	255	(25.8)	(40.1)	598	(31.7)	44	1,344	4.4
EPS (THB)	0.08	0.04	0.03	0.06	0.04	(32.6)	(45.6)	0.10	(27.8)	46	0.22	(2.2)
Key balance sheet items												
Gross loans	55,322	55,163	54,061	52,178	51,096	(2.1)	(7.6)	51,096	(7.6)		51,989	(3.8)
Interest bearing debt	42,841	42,140	41,742	41,773	37,958	(9.1)	(11.4)	37,958	(11.4)		38,567	(7.6)
Leverage ratios	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
D/E	3.6	3.4	3.4	3.3	3.0			3.0			2.8	
IBD/E	3.5	3.4	3.3	3.2	2.9			2.9			2.8	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)		(%)	(%)
Gross NPL (THB m)	1,470	1,506	1,726	1,719	1,741	1.3	18.4	1,741	18.4		1,691	(2.0)
NPL / TL	2.66	2.73	3.19	3.29	3.41			3.41			3.25	
LLR	1,507	1,542	1,678	1,642	1,609	(2.0)	6.8	1,609	6.8		1,572	(6.3)
Coverage ratio	103	102	97	95	92			92			93	
Credit cost	1.02	2.46	2.83	1.33	2.03			1.65			1.60	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	20.63	24.27	22.34	23.49	21.75			22.64			22.56	
Average loan yield	6.69	6.69	6.69	6.66	6.56			6.51			6.83	
Cost of funds	2.74	2.86	3.04	3.03	3.09			3.09			3.13	
Loan yield spreads	3.95	3.83	3.65	3.64	3.47			3.42			3.70	
Net interest margins (NIM)	4.65	4.54	4.39	4.19	4.08			4.18			4.47	
Non-NII / Revenue	25.98	27.54	24.30	28.48	29.62			29.04			27.52	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	1.1	(0.3)	(2.0)	(3.5)	(2.1)							
y-y	6.0	3.9	0.7	(4.7)	(7.6)			(7.6)			(3.8)	
YTD	3.1	2.8	0.7	(3.5)	(5.5)			(5.5)				

Sources: THANI; FSSIA estimates

Exhibit 2: THANI – Staged loans and ECL

	2022	2023	1Q24	2Q24	2022	2023	1Q24	2Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Staged loans								
Stage 1	46,181	45,527	43,651	42,224	86.1	84.2	83.7	83.2
Stage 2	6,132	6,808	6,807	6,831	11.4	12.6	13.0	13.4
Stage 3	1,347	1,726	1,719	1,741	2.5	3.2	3.3	3.4
Total	53,660	54,061	52,178	51,096	100.0	100.0	100.0	100.0
Allowance for ECL								
Stage 1	289	254	235	227	0.6	0.6	0.5	0.5
Stage 2	845	855	833	798	13.8	12.6	12.2	11.7
Stage 3	424	568	574	585	31.5	32.9	33.4	33.6
Total	1,558	1,678	1,642	1,609	2.9	3.1	3.1	3.1
LLR/ Loans	(%)	(%)	(%)	(%)				
Stage 1	0.6	0.6	0.5	0.5				
Stage 2	13.8	12.6	12.2	11.7				
Stage 3	31.5	32.9	33.4	33.6				
Total	2.9	3.1	3.1	3.2				
	(%)	(%)	(%)	(%)				
NPL / TL	2.5	3.2	3.3	3.4				
NPL vs. Stage 2 loans / TL	13.9	15.8	16.3	16.9				
LLR / NPL	116	97	95	92				
LLR / (NPL vs. Stage 2)	21	20	19	19				

Sources: THANI; FSSIA's compilation

Exhibit 3: THANI – GGM-based 2024 TP

	2024E (%)
Sustainable ROE	10.1
Terminal growth	4.5
Risk-free	3.0
Expected market return	8.0
Market risk premium	5.0
Cost of equity	10.0
Beta	1.4
Target PBV (x)	1.02
Fair price (THB)	2.28

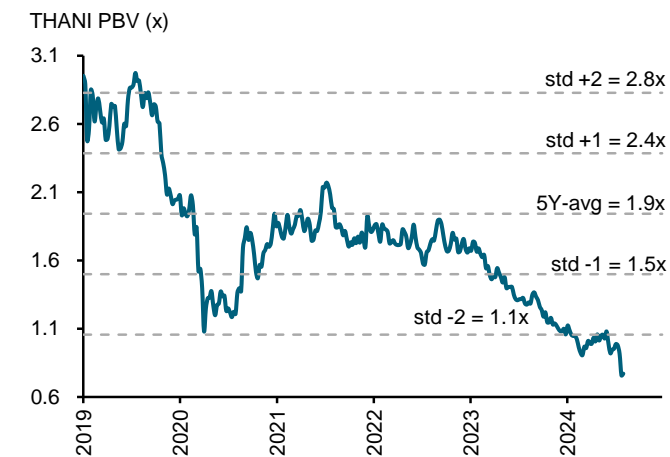
Source: FSSIA estimates

Exhibit 4: Share price performance of non-banks under coverage, as of 2 August 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	(15.7)	(27.4)	(26.8)	(23.7)	(28.1)
MTC TB	(3.4)	(6.1)	(4.5)	22.5	(6.1)
SAWAD TB	(9.4)	(14.1)	(13.0)	(24.0)	(15.1)
AEONTS TB	(10.0)	(25.7)	(24.3)	(23.0)	(26.9)
KTC TB	1.9	(9.2)	(10.3)	(14.2)	(9.8)
SAK TB	(1.9)	5.7	24.4	10.6	25.0
ASK TB	(17.6)	(32.5)	(44.0)	(52.9)	(43.7)
THANI TB	(21.7)	(23.0)	(22.7)	(38.0)	(25.1)
JMT TB	(15.0)	(45.9)	(47.2)	(69.3)	(55.7)
BAM TB	(8.8)	(25.4)	(17.2)	(36.9)	(17.2)
CHAYO TB	(20.6)	(36.5)	(46.5)	(61.2)	(49.0)
SETFIN	(7.9)	(19.9)	(21.3)	(27.5)	(23.4)
SET	0.1	(4.1)	(5.1)	(14.2)	(7.3)

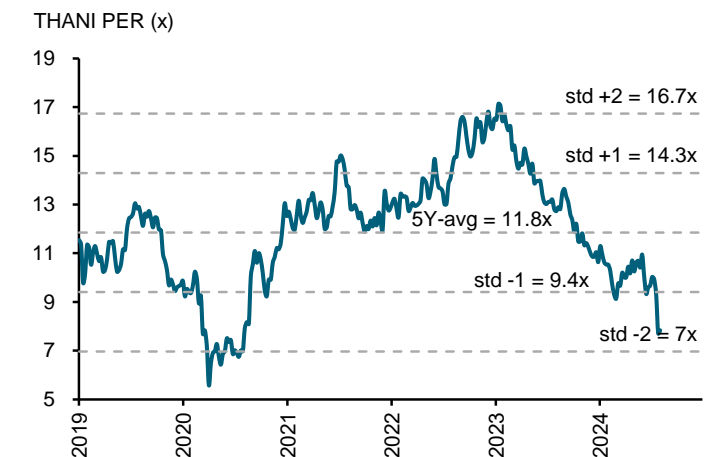
Source: Bloomberg

Exhibit 5: THANI – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: THANI – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peers comparison, as of 2 August 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)
Auto title													
Muangthai Capital	MTC TB	BUY	42.25	50.00	18.3	14.2	11.4	2.4	2.0	18.1	19.0	0.6	0.8
Srisawad Corp	SAWAD TB	HOLD	31.25	40.00	28.0	8.7	7.7	1.5	1.3	18.4	18.2	1.2	1.3
Ngern Tid Lor	TIDLOR TB	BUY	15.60	21.00	34.6	9.7	8.2	1.4	1.2	15.4	16.2	3.1	3.7
Saksiam Leasing	SAK TB	HOLD	5.20	5.28	1.6	13.1	11.5	1.7	1.6	13.7	14.4	3.2	3.7
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	117.00	145.00	23.9	9.0	8.5	1.1	1.0	12.8	12.6	4.7	5.0
Krungthai Card	KTC TB	HOLD	39.25	40.00	1.9	13.2	12.7	2.5	2.3	20.3	19.0	3.4	3.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	REDUCE	11.20	10.70	(4.5)	10.0	7.9	0.6	0.5	5.5	6.9	5.0	6.3
Ratchthani Leasing	THANI TB	HOLD	1.77	2.28	28.8	8.0	7.7	0.8	0.8	10.1	10.0	6.9	7.1
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.75	8.75	29.6	12.3	11.5	0.5	0.5	4.1	4.3	5.5	5.7
JMT Network services	JMT TB	HOLD	11.30	17.00	50.4	10.1	8.3	0.6	0.6	6.1	7.2	6.0	7.2
Chayo Group	CHAYO TB	HOLD	2.78	3.00	7.9	10.9	7.0	0.8	0.7	8.1	11.1	2.4	2.1
Average						10.8	9.3	1.3	1.1	12.1	12.6	3.8	4.2

The Chairman of The Board of Directors of Finasia Syrus Securities PCL is also AEONTS's Director

Sources: Bloomberg; FSSIA estimates

Financial Statements

Ratchthani Leasing

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	3,511	3,668	3,624	3,673	3,911
Interest expense	(926)	(1,172)	(1,257)	(1,280)	(1,375)
Net interest income	2,585	2,496	2,366	2,393	2,536
Net fees & commission	469	439	408	436	467
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	464	491	491	515	541
Non interest income	933	929	899	952	1,008
Total income	3,518	3,426	3,265	3,345	3,544
Staff costs	(666)	(623)	(623)	(642)	(667)
Other operating costs	(108)	(114)	(114)	(117)	(123)
Operating costs	(774)	(737)	(737)	(759)	(790)
Pre provision operating profit	2,744	2,689	2,529	2,586	2,754
Expected credit loss	(555)	(1,048)	(848)	(804)	(855)
Other provisions	-	-	-	-	-
Operating profit	2,189	1,641	1,680	1,782	1,899
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	2,189	1,641	1,680	1,782	1,899
Tax	(436)	(354)	(336)	(356)	(380)
Profit after tax	1,753	1,287	1,344	1,425	1,519
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,753	1,287	1,344	1,425	1,519
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,753	1,287	1,344	1,425	1,519
Per share (THB)					
Recurring EPS *	0.31	0.23	0.22	0.23	0.24
Reported EPS	0.31	0.23	0.22	0.23	0.24
DPS	0.17	0.02	0.12	0.13	0.13
Growth					
Net interest income (%)	2.7	(3.4)	(5.2)	1.1	6.0
Non interest income (%)	17.1	(0.3)	(3.3)	5.9	5.9
Pre provision operating profit (%)	0.6	(2.0)	(6.0)	2.3	6.5
Operating profit (%)	2.2	(25.0)	2.4	6.0	6.6
Reported net profit (%)	2.5	(26.6)	4.4	6.0	6.6
Recurring EPS (%)	2.5	(26.6)	(2.2)	2.9	6.6
Reported EPS (%)	2.5	(26.6)	(2.2)	2.9	6.6
Income Breakdown					
Net interest income (%)	73.5	72.9	72.5	71.5	71.6
Net fees & commission (%)	13.3	12.8	12.5	13.0	13.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	13.2	14.3	15.0	15.4	15.3
Operating performance					
Gross interest yield (%)	6.94	6.88	6.85	6.83	6.83
Cost of funds (%)	2.40	2.85	3.13	3.19	3.20
Net interest spread (%)	4.54	4.03	3.72	3.64	3.63
Net interest margin (%)	5.1	4.7	4.5	4.5	4.4
Cost/income(%)	22.0	21.5	22.6	22.7	22.3
Cost/assets(%)	1.5	1.3	1.4	1.4	1.3
Effective tax rate (%)	19.9	21.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	54.9	8.8	55.0	55.0	55.0
ROE (%)	14.7	10.3	10.1	10.0	10.1
ROE - COE (%)	4.7	0.3	0.2	0.0	0.2
ROA (%)	3.4	2.4	2.5	2.6	2.6
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ratchthani Leasing; FSSIA estimates

Financial Statements

Ratchthani Leasing

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	59,772	60,023	57,713	61,318	65,179
Allowance for expected credit loss	(1,558)	(1,678)	(1,572)	(1,625)	(1,682)
interest in suspense	(6,113)	(5,966)	(5,723)	(6,065)	(6,427)
Net customer loans	52,100	52,380	50,418	53,627	57,069
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	652	1,434	1,449	1,891	1,755
Other interesting assets	-	-	-	-	-
Tangible fixed assets	380	576	510	445	438
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	50	49	49	49	49
Other assets	726	817	907	1,108	1,274
Total assets	53,909	55,260	53,334	57,121	60,585
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	40,593	41,742	38,567	41,649	44,358
Non interest bearing liabilities	955	833	851	870	890
Hybrid Capital	-	-	-	-	-
Total liabilities	41,548	42,575	39,418	42,519	45,248
Share capital	5,663	5,663	6,229	6,229	6,229
Reserves	6,698	7,022	7,686	8,372	9,108
Total equity	12,361	12,685	13,916	14,602	15,337
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	53,909	55,260	53,334	57,121	60,585
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	50,614	53,351	52,908	53,762	57,244
Average interest bearing liabilities	38,555	41,168	40,154	40,108	43,003
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)	51,528	53,860	53,025	53,621	57,002
Per share (THB)					
Book value per share	2.18	2.24	2.23	2.34	2.46
Tangible book value per share	2.17	2.23	2.23	2.34	2.45
Growth					
Gross customer loans	9.1	0.4	(3.9)	6.2	6.3
Average interest earning assets	5.2	5.4	(0.8)	1.6	6.5
Total asset (%)	9.5	2.5	(3.5)	7.1	6.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	22.9	23.0	26.1	25.6	25.3
Tangible equity/assets (%)	22.8	22.9	26.0	25.5	25.2
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	5.8	4.5	(1.6)	1.1	6.3
NPL/gross loans (%)	2.5	3.2	3.3	3.1	3.0
Allowance for ECL/gross loans (%)	2.9	3.1	3.0	2.9	2.69
Allowance for ECL/NPL (%)	115.7	97.2	92.9	94.6	96.3
Valuation					
Recurring P/E (x) *	5.7	7.8	8.0	7.7	7.3
Recurring P/E @ target price (x) *	7.4	10.0	10.3	10.0	9.3
Reported P/E (x)	5.7	7.8	8.0	7.7	7.3
Dividend yield (%)	9.6	1.1	6.9	7.1	7.6
Price/book (x)	0.8	0.8	0.8	0.8	0.7
Price/tangible book (x)	0.8	0.8	0.8	0.8	0.7
Price/tangible book @ target price (x)	1.0	1.0	1.0	1.0	0.9

Sources: Ratchthani Leasing; FSSIA estimates

Ratchthani Leasing PCL (THANI TB)

FSSIA ESG rating

55.07 /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
ASK	25.25	--	--	--	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
THANI	55.07	--	Y	Y	5.00	5.00	Certified	Medium	41.07	B	--	53.43	23.00	2.29	41.91
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.23	3.10
BESG environmental pillar score	3.25	3.80
BESG social pillar score	1.24	2.51
BESG governance pillar score	3.87	3.92
ESG disclosure score	42.22	42.56
Environmental disclosure score	25.28	25.28
Social disclosure score	20.13	21.16
Governance disclosure score	81.10	81.10
Environmental		
Emissions reduction initiatives	Yes	Yes
Climate change policy	Yes	Yes
Climate change opportunities discussed	No	No
Risks of climate change discussed	No	No
GHG scope 1	—	—
GHG scope 2 location-based	0	0
GHG Scope 3	—	—
Carbon per unit of production	—	—
Biodiversity policy	No	No
Energy efficiency policy	Yes	Yes
Total energy consumption	—	—
Renewable energy use	—	—
Electricity used	1	1
Fuel used - natural gas	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No
Waste reduction policy	Yes	Yes
Hazardous waste	—	—
Total waste	0	0
Waste recycled	—	—
Waste sent to landfills	—	—
Environmental supply chain management	Yes	Yes
Water policy	Yes	Yes
Water consumption	4	4
Social		
Human rights policy	Yes	Yes
Policy against child labor	No	No
Quality assurance and recall policy	No	No
Consumer data protection policy	No	Yes
Equal opportunity policy	Yes	Yes
Gender pay gap breakout	No	No
Pct women in workforce	55	55
Pct disabled in workforce	0	0
Business ethics policy	Yes	Yes
Anti-bribery ethics policy	Yes	Yes
Health and safety policy	Yes	Yes
Lost time incident rate - employees	0	0
Total recordable incident rate - employees	0	0
Training policy	No	No
Fair remuneration policy	No	No
Number of employees – CSR	465	482
Employee turnover pct	—	—
Total hours spent by firm - employee training	1,339	2,993
Social supply chain management	Yes	Yes
Governance		
Board size	12	12
No. of independent directors (ID)	5	5
No. of women on board	2	2
No. of non-executive directors on board	10	10
Company conducts board evaluations	Yes	Yes
No. of board meetings for the year	6	6
Board meeting attendance pct	100	100
Board duration (years)	3	3
Director share ownership guidelines	No	No
Age of the youngest director	45	46
Age of the oldest director	83	77
No. of executives / company managers	6	6
No. of female executives	1	1
Executive share ownership guidelines	No	No
Size of audit committee	5	5
No. of ID on audit committee	5	5
Audit committee meetings	4	4
Audit meeting attendance %	100	100
Size of compensation committee	3	3
No. of ID on compensation committee	2	2
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
Size of nomination committee	3	3
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
Sustainability governance		
Verification type	No	No

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 Sustainability	The Sustainability's 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="padding-right: 10px;">AAA</td> <td>8.571-10.000</td> <td style="padding-right: 10px;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>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> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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> </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

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Company	Ticker	Price	Rating	Valuation & Risks
Ratchthani Leasing	THANI TB	THB 1.77	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) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) a downtrend in the policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Muangthai Capital	MTC TB	THB 42.25	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 31.25	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.
Ngern Tid Lor	TIDLOR TB	THB 15.60	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.
Saksiam Leasing	SAK TB	THB 5.20	HOLD	Upside risks to our GGM-derived TP include 1) loan expansion following the broad-based economic recovery 2) a reduction in cost of funds due mainly to the downward interest rate trend and 3) an accelerated decrease in credit costs owing to the rise in consumers purchasing power. Downside risks 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 117.00	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 39.25	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.
Asia Sermkij Leasing PCL	ASK TB	THB 11.20	REDUCE	Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Bangkok Commercial Asset Mngt.	BAM TB	THB 6.75	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.
JMT Network Services	JMT TB	THB 11.30	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
Chayo Group	CHAYO TB	THB 2.78	HOLD	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. Upside risks include 1) better-than-expected cash collection performance and lower pressure from ECL, 2) stronger-than-expected loan growth, and 3) better cost control than expected.

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 02-Aug-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.