15 AUGUST 2024

EQUITY RESEARCH - RESULTS FLASH

ASIA SERMKIJ LEASING ASK TB

THAILAND / FINANCE & SECURITIES

REDUCE

UNCHANGED

TARGET PRICE	THB10.70
CLOSE	THB10.10
UP/DOWNSIDE	+5.9%
TP vs CONSENSUS	-16.5%

2Q24 results at first glance

กำไรต่ำกว่าคาดจาก ECL ที่สูงกว่าคาด

ASK รายงานกำไรสุทธิ 2Q24 ที่น่าผิดหวังโดยอยู่ที่ 82 ลบ. ต่ำกว่าที่เราและตลาดตลาด 15% และ 19% ตามลำดับส่วนมากจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่สูงเกินคาด ทั้งนี้กำไรดังกล่าวหดตัวแรงถึง 52.6% q-q และ 75.5% y-y กำไรก่อนหักสำรองใกล้เคียงคาดโดยอยู่ที่ 764 ลบ. ลดลง 1.1% q-q และ 9.1% y-y ในภาพรวมผลประกอบการ 2Q24 ได้รับผลกระทบจากการดำเนินงานปกติที่ชะลอตัวจากสินเชื่อที่หดตัวตามนโยบายการปล่อยสินเชื่อที่เข้มงวดมากยิ่งขึ้นและคุณภาพสินทรัพย์ที่แย่ลง

กำไรสุทธิ 1H24 อยู่ที่เพียง 256 ลบ. ลดลง 65.3% และคิดเป็นเพียง 44% ของประมาณการทั้งปีของเรา เราคาดว่าผลประกอบการที่น่าผิดหวังใน 2Q24 จะสร้างกระทบเชิงลบให้แก่ราคาหุ้นในระยะสั้น เรากำลังปรับประมาณการกำไรสุทธิปี 2024-26 ของเราเนื่องจากเราเห็น Downside ประมาณ 10-15% ซึ่งสะท้อนโอกาสที่ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) จะปรับขึ้น เราคงคำแนะนำ REDUCE เนื่องจากยังมีความกังวลเกี่ยวกับคุณภาพสินทรัพย์ในกลุ่มผู้ให้สินเชื่อเช่าซื้อรถบรรทุกซึ่งได้รับผลกระทบอย่างรุนแรงจากการชะลอตัวของเศรษฐกิจมหภาค ราคาเป้าหมายของเราในปี 2024 ที่ 10.70 บาท (GGM) มี Upside จำกัดเมื่อเทียบกับราคาหุ้นในปัจจุบัน

Highlights

(-) คุณภาพสินทรัพย์: ใน 2Q24 คุณภาพสินทรัพย์เสื่อมอย่างมีนัยสำคัญและมากกว่าคาด แม้ว่า ASK จะตัดจำหน่ายสินเชื่อเชิงรุก สัดส่วนหนี้ด้อยคุณภาพยังปรับขึ้นมากกว่าคาดเป็น 6.10% จาก 5.17% ใน 1Q24 การก่อตัวของหนี้ด้อยคุณภาพใหม่เพิ่มเป็น 761 ลบ. จาก 503 ลบ. ใน 1Q24 (จากการคำนวนของ FSSIA) แม้ว่า Credit cost จะเพิ่มอย่างเห็นได้ชัดเป็น 3.55% จาก 2.94% ใน 1Q24 สัดส่วนสำรองต่อหนี้ด้อยคุณภาพ (Coverage ratio) ยังคงลดลงเป็น 57% จาก 61% ใน 1Q24 นอกจากนี้สัดส่วนของสินเชื่อขั้นที่ 2 ยังเพิ่มต่อเนื่องเป็น 10.6% จาก 9.6% ใน 1Q24 ซึ่งชี้ให้เห็นว่าคุณภาพสินทรัพย์จะเสื่อมเพิ่มอีกในอนาคต

ผลขาดทุนจากการด้อยค่าของสินทรัพย์ด้อยคุณภาพเพิ่มเป็น 335 ลบ. เทียบกับ 298 ลบ. ใน 1Q24 จากความพยายามในการเร่งยึดและขายสินทรัพย์เพื่อลดอัตราการสูญเสียต่อหน่วย โดยมูลค่าสุทธิของสินทรัพย์ด้อยคุณภาพเพิ่มเป็น 1.95พัน ลบ. จาก 1.75พัน ลบ. ใน 1Q24

(-) รายได้ดอกเบี้ยสุทธิ (NII) และรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII): NII อยู่ที่ 906 ลบ. ลดลง 1.8% q-q และ 4.0% y-y ส่วนมากจากสินเชื่อที่หดตัว 1.6% q-q แต่เติบโตเล็กน้อยที่ 2.2% y-y ในขณะเดียวกัน Loan spread อยู่ที่ 4.35% ยังทรงตัว q-q แต่ลดลง 45 bp y-y ส่วนมากจากต้นทุนในการกู้ยืมที่สูงขึ้น ในช่วง 1H24 Loan spread อยู่ที่ 4.47% สูงกว่าที่เราคาดในปี 2024 ที่ 4.19%

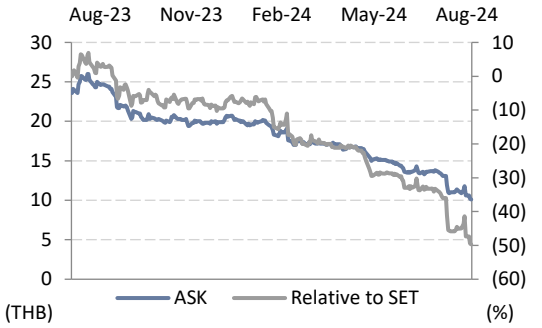
ใน 2Q24 Non-NII อยู่ที่ 171 ลบ. (-9.6% q-q, -26.8% y-y) จากค่าธรรมเนียมสินเชื่อและค่านายหน้าจากการขายประกันที่ลดลงเนื่องจากธุรกิจชะลอตัว

แม้ว่า Loan spread จะสูงกว่าคาดในช่วง 1H24 เราคาดว่าปัจจัยดังกล่าวจะไม่เพิ่ม Upside และไม่ลด Downside ให้แก่ประมาณการของเราเนื่องจากปัจจัยดังกล่าวจะชดเชยกับ Non-NII ที่คิดเป็นเพียง 40% ของประมาณการปี 2024 ของเรา

(0) ค่าใช้จ่ายในการดำเนินงาน (OPEX): ใน 2Q24 OPEX อยู่ที่ 313 ลบ. ลดลง 7.8% q-q และ 7.1% y-y จากค่า Commission ที่ลดลงตามการลดลงของกิจกรรมการปล่อยสินเชื่อใหม่ อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ (CIR) อยู่ที่ 29.1% ทรงตัว q-q ในขณะที่ CIR ในช่วง 1H24 อยู่ที่ 29.8% ยังต่ำกว่าประมาณการปี 2024 ของเราที่ 30.1%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,529	736	930	1,122
Net profit	1,219	589	744	897
EPS (THB)	2.31	1.12	1.41	1.70
vs Consensus (%)	-	(2.6)	(1.6)	(7.0)
Recurring net profit	1,219	589	744	897
Core EPS (THB)	2.31	1.12	1.41	1.70
EPS growth (%)	(19.4)	(51.7)	26.4	20.6
Core P/E (x)	4.4	9.1	7.2	5.9
Dividend yield (%)	11.5	5.5	7.0	8.4
Price/book (x)	0.5	0.5	0.5	0.5
ROE (%)	11.7	5.5	6.9	7.9
ROA (%)	1.7	0.8	1.0	1.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(26.8)	(34.0)	(58.1)
Relative to country (%)	(24.6)	(29.7)	(50.2)

Mkt cap (USD m)	153
3m avg. daily turnover (USD m)	0.2
Free float (%)	40
Major shareholder	Chailease Holding Co Ltd (48%)
12m high/low (THB)	26.50/9.80
Issued shares (m)	528

Sources: Bloomberg consensus; FSSIA estimates

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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 15 สิงหาคม 2024

Exhibit 1: ASK – 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 %)	24E	(THB m)	(y-y %)
Interest income	1,403	1,436	1,485	1,474	1,464	*(0.7)*	*4.3*	2,938	*7.4*	*50*	5,835	*3.1*
Interest expense	459	504	538	552	558	*1.1*	*21.4*	1,109	*27.9*	*48*	2,318	*21.4*
Net interest income	944	932	947	923	906	*(1.8)*	*(4.0)*	1,829	*(2.2)*	*52*	3,518	*(6.2)*
Non-interest income	233	210	185	189	171	*(9.6)*	*(26.8)*	360	*(19.4)*	*41*	869	*3.4*
Operating income	1,178	1,142	1,132	1,112	1,077	*(3.1)*	*(8.5)*	2,189	*(5.5)*	*50*	4,387	*(4.4)*
Operating expenses	337	318	307	340	313	*(7.8)*	*(7.1)*	653	*(0.7)*	*49*	1,321	*3.1*
Pre-provisioning operating profit	841	824	825	772	764	*(1.1)*	*(9.1)*	1,536	*(7.4)*	*50*	3,066	*(7.3)*
Expected credit loss	419	426	621	554	667	*20.3*	*58.9*	1,221	*66.6*	*52*	2,330	*31.0*
Income tax	84	81	43	44	15	*(66.8)*	*(82.7)*	59	*(68.5)*	*40*	147	*(52.5)*
Net profit	**337**	**318**	**161**	**174**	**82**	***(52.6)***	***(75.5)***	**256**	***(65.3)***	***44***	**589**	***(51.7)***
EPS (THB)	0.64	0.60	0.31	0.33	0.16	*(52.6)*	*(75.5)*	0.49	*(65.3)*	*44*	1.12	*(51.7)*
Key balance sheet items												
Gross loans	72,929	74,567	75,182	75,736	74,538	*(1.6)*	*2.2*	74,538	*2.2*		73,770	*(1.9)*
Interest bearing debt	62,209	64,104	64,190	64,973	64,694	*(0.4)*	*4.0*	64,694	*4.0*		63,047	*(1.8)*
Leverage ratios	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
D/E	6.3	6.3	6.3	6.2	6.5			6.5			6.2	
IBD/E	6.1	6.1	6.0	6.0	6.3			6.3			5.9	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	*(%)*	*(%)*	(%)	*(%)*		(%)	*(%)*
Gross NPL (THB m)	2,916	3,089	3,539	3,918	4,549	*10.7*	*50.1*	4,549	*56.0*		4,787	*35.3*
NPL / TL	4.00	4.14	4.71	5.17	6.10			6.10			6.49	
LLR	1,879	1,956	2,205	2,380	2,584	*7.9*	*35.8*	2,584	*37.5*		2,541	*15.2*
Coverage ratio	64	63	62	61	57			57			53	
Credit cost	2.35	2.31	3.32	2.94	3.55			3.31			3.13	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	28.63	27.81	27.09	30.55	29.08			29.82			30.11	
Average loan yield	7.86	7.79	7.93	7.82	7.79			7.97			7.83	
Cost of funds	3.05	3.19	3.36	3.42	3.44			3.50			3.64	
Loan yield spreads	4.80	4.60	4.58	4.40	4.35			4.47			4.19	
Net interest margins (NIM)	5.37	5.14	5.15	5.00	4.94			5.06			4.83	
Non-NII / Revenue	19.82	18.37	16.36	16.99	15.86			16.43			19.82	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	4.3	2.2	0.8	0.7	(1.6)							
y-y	16.5	14.3	11.2	8.3	2.2			2.2			(1.9)	
YTD	7.9	10.3	11.2	0.7	(0.9)			(0.9)				

Sources: ASK; FSSIA estimates

Exhibit 2: Staged loans and ECL

	2022 (THB m)	2023 (THB m)	1Q24 (THB m)	2Q24 (THB m)	2022 (%)	2023 (%)	1Q24 (%)	2Q24 (%)
Staged loans								
Stage 1	60,667	65,205	64,614	62,153	89.7	86.6	85.2	83.3
Stage 2	4,591	6,514	7,279	7,911	6.8	8.7	9.6	10.6
Stage 3	2,347	3,539	3,918	4,549	3.5	4.7	5.2	6.1
Total	67,605	75,257	75,811	74,614	100.0	100.0	100.0	100.0
Allowance for ECL								
Stage 1	566	528	505	494	0.9	0.8	0.8	0.8
Stage 2	500	766	863	912	10.9	11.8	11.9	11.5
Stage 3	696	912	1,012	1,178	29.7	25.8	25.8	25.9
Total	1,761	2,205	2,380	2,584	2.6	2.9	3.1	3.5
LLR/ Loans	(%)	(%)	(%)	(%)				
Stage 1	0.9	0.8	0.8	0.8				
Stage 2	10.9	11.8	11.9	11.5				
Stage 3	29.7	25.8	25.8	25.9				
Total	2.6	2.9	3.1	3.5				
	(%)	(%)	(%)	(%)				
NPL / TL	3.5	4.7	5.2	6.1				
NPL vs Stage 2 loans / TL	10.3	13.4	14.8	16.7				
LLR / NPL	75	62	61	57				
LLR / (NPL vs Stage 2)	25	22	21	21				

Sources: ASK; FSSIA's compilation

Exhibit 3: GGM-based 2024 TP

	2024E (%)
Sustainable ROE	6.8
Terminal growth	3.4
Risk-free	3.0
Expected market return	8.0
Market risk premium	5.0
Cost of equity	9.8
Beta	1.4
Target PBV (x)	**0.53**
Fair price (THB)	**10.70**

Sources: FSSIA estimates

Exhibit 4: Share price performance of non-banks under coverage, as of 14 August 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	(24.0)	(36.7)	(39.0)	(34.3)	(38.7)
MTC TB	(2.4)	(12.1)	(10.6)	6.0	(11.1)
SAWAD TB	(25.7)	(27.6)	(21.8)	(34.2)	(23.3)
AEONTS TB	(5.6)	(30.2)	(27.2)	(29.9)	(31.3)
KTC TB	0.6	(9.8)	(9.3)	(15.7)	(10.3)
SAK TB	(15.2)	(8.4)	(2.1)	(6.5)	10.1
ASK TB	**(28.3)**	**(35.0)**	**(48.4)**	**(58.9)**	**(51.0)**
THANI TB	(20.9)	(26.3)	(24.0)	(38.7)	(26.4)
JMT TB	(3.8)	(27.4)	(46.6)	(70.8)	(50.2)
BAM TB	(11.6)	(25.3)	(20.2)	(37.5)	(20.2)
CHAYO TB	(23.1)	(32.3)	(51.9)	(65.6)	(52.3)
SETFIN	**(11.4)**	**(23.1)**	**(26.2)**	**(33.8)**	**(27.7)**
SET	**(3.0)**	**(6.0)**	**(7.2)**	**(15.3)**	**(9.1)**

Sources: Bloomberg

Financial Statements

Asia Sermkij Leasing PCL

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	4,863	5,658	5,835	5,956	6,280
Interest expense	(1,336)	(1,910)	(2,318)	(2,390)	(2,529)
Net interest income	3,527	3,748	3,518	3,566	3,752
Net fees & commission	638	658	628	657	688
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	123	183	241	266	292
Non interest income	761	841	869	923	980
Total income	4,288	4,589	4,387	4,489	4,732
Staff costs	(772)	(908)	(953)	(1,049)	(1,153)
Other operating costs	(355)	(373)	(367)	(383)	(400)
Operating costs	(1,127)	(1,281)	(1,321)	(1,432)	(1,554)
Pre provision operating profit	3,161	3,308	3,066	3,057	3,178
Expected credit loss	(1,265)	(1,779)	(2,330)	(2,126)	(2,057)
Other provisions	-	-	-	-	-
Operating profit	1,896	1,529	736	930	1,122
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	1,896	1,529	736	930	1,122
Tax	(384)	(310)	(147)	(186)	(224)
Profit after tax	1,512	1,219	589	744	897
Non-controlling interest	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,512	1,219	589	744	897
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,512	1,219	589	744	897
Per share (THB)					
Recurring EPS *	2.86	2.31	1.12	1.41	1.70
Reported EPS	2.86	2.31	1.12	1.41	1.70
DPS	1.14	1.16	0.56	0.70	0.85
Growth					
Net interest income (%)	27.4	6.3	(6.2)	1.4	5.2
Non interest income (%)	25.5	10.5	3.4	6.1	6.2
Pre provision operating profit (%)	35.9	4.6	(7.3)	(0.3)	4.0
Operating profit (%)	25.6	(19.4)	(51.9)	26.4	20.6
Reported net profit (%)	25.7	(19.4)	(51.7)	26.4	20.6
Recurring EPS (%)	25.7	(19.4)	(51.7)	26.4	20.6
Reported EPS (%)	25.7	(19.4)	(51.7)	26.4	20.6
Income Breakdown					
Net interest income (%)	82.3	81.7	80.2	79.4	79.3
Net fees & commission (%)	14.9	14.3	14.3	14.6	14.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	2.9	4.0	5.5	5.9	6.2
Operating performance					
Gross interest yield (%)	8.00	8.06	8.01	8.07	8.08
Cost of funds (%)	2.65	3.17	3.64	3.70	3.74
Net interest spread (%)	5.35	4.89	4.37	4.37	4.34
Net interest margin (%)	5.8	5.3	4.8	4.8	4.8
Cost/income(%)	26.3	27.9	30.1	31.9	32.8
Cost/assets(%)	1.8	1.7	1.7	1.8	1.9
Effective tax rate (%)	20.3	20.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	39.8	50.2	50.0	50.0	50.0
ROE (%)	15.5	11.7	5.5	6.9	7.9
ROE - COE (%)	5.8	1.9	(4.2)	(2.9)	(1.8)
ROA (%)	2.4	1.7	0.8	1.0	1.1
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Asia Sermkij Leasing PCL ; FSSIA estimates

Financial Statements

Asia Sermkij Leasing PCL

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	67,538	75,182	73,770	77,659	81,759
Allowance for expected credit loss	(1,761)	(2,205)	(2,541)	(2,654)	(2,814)
interest in suspense	68	75	82	89	96
Net customer loans	**65,844**	**73,052**	**71,311**	**75,093**	**79,040**
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	747	666	616	572	730
Other interesting assets	0	0	0	0	0
Tangible fixed assets	743	2,048	2,656	2,285	1,947
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	61	45	46	47	47
Other assets	1,753	1,718	1,744	1,770	1,796
Total assets	**69,149**	**77,529**	**76,373**	**79,766**	**83,561**
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	56,169	64,190	63,047	65,981	69,239
Non interest bearing liabilities	2,725	2,681	2,691	2,701	2,712
Hybrid Capital	-	-	-	-	-
Total liabilities	**58,894**	**66,870**	**65,738**	**68,682**	**71,951**
Share capital	2,639	2,639	2,639	2,639	2,639
Reserves	7,615	8,019	7,996	8,446	8,971
Total equity	**10,255**	**10,659**	**10,635**	**11,085**	**11,610**
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	**69,149**	**77,529**	**76,373**	**79,766**	**83,561**
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	60,803	70,155	72,823	73,796	77,718
Average interest bearing liabilities	50,364	60,179	63,618	64,514	67,610
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)	2,347	3,539	4,787	4,834	4,742
Per share (THB)					
Book value per share	19.43	20.19	20.15	21.00	22.00
Tangible book value per share	19.31	20.11	20.06	20.91	21.91
Growth					
Gross customer loans	21.3	11.3	(1.9)	5.3	5.3
Average interest earning assets	22.9	15.4	3.8	1.3	5.3
Total asset (%)	22.0	12.1	(1.5)	4.4	4.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	14.8	13.7	13.9	13.9	13.9
Tangible equity/assets (%)	14.7	13.7	13.9	13.8	13.8
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	55.6	50.8	35.3	1.0	(1.9)
NPL/gross loans (%)	3.5	4.7	6.5	6.2	5.8
Allowance for ECL/gross loans (%)	2.6	2.9	3.4	3.4	3.4
Allowance for ECL/NPL (%)	75.0	62.3	53.1	54.9	59.3

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	3.5	4.4	9.1	7.2	5.9
Recurring P/E @ target price (x) *	3.7	4.6	9.6	7.6	6.3
Reported P/E (x)	3.5	4.4	9.1	7.2	5.9
Dividend yield (%)	11.3	11.5	5.5	7.0	8.4
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.6	0.5	0.5	0.5	0.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Asia Sermkij Leasing PCL ; FSSIA estimates

Asia Sermkij Leasing PCL (ASK TB)

FSSIA ESG rating

★★

Exhibit 5: FSSIA ESG score implication

25.25 /100

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 6: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	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	--	--	--	--	--	--	--
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
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
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 7: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	Yes
Water consumption	3,557
Social	
Human rights policy	Yes
Policy against child labor	--
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	53.64
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	--
Total hours spent by firm - employee training	--
Social supply chain management	--

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	**12 / 5 / 2**
No. of board meetings for the year / % attendance	7 / 90.48%
Company conducts board evaluations	Yes
Number of non-executive directors on board	11
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	50 / 75
Number of executives / female	7 / 0
Executive share ownership guidelines	No
Size of audit committee / ID	**4 / 4**
Audit committee meetings	4
Audit committee meeting attendance (%)	100
Size of compensation committee	**-- / --**
Number of compensation committee meetings	--
Compensation committee meeting attendance (%)	--
Size of nomination committee / ID	**-- / --**
Number of nomination committee meetings	--
Nomination committee meeting attendance (%)	--
Board compensation (THB m)	7.02
Auditor fee (THB m)	4.40
(EY OFFICE LIMITED)	

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%). (*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.)*	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. *(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.)*	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. NEGL: 0-10 · Low: 10-20 · Medium: 20-30 · High: 30-40 · Severe: 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. **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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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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Company	Ticker	Price	Rating	Valuation & Risks
Asia Sermkij Leasing PCL	ASK TB	THB 10.10	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 6.50	BUY	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.
Saksiam Leasing	SAK TB	THB 4.42	BUY	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.
Srisawad Corp	SAWAD TB	THB 28.00	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 13.20	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 include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense.
Ngern Tid Lor	TIDLOR TB	THB 13.50	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators. Upside risks are 1) lower-than-expected credit costs from better asset quality management; and 2) higher-than-expected loan and insurance premium growth from the positive effects of a more favorable economic situation.
Ratchthani Leasing	THANI TB	THB 1.75	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 40.25	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 110.50	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 39.00	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.
Chayo Group	CHAYO TB	THB 2.70	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 14-Aug-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.