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THAILAND / FINANCE & SECURITIES

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3Q24 surprised to the downside

- THANI รายงานกำไรสุทธิ 3Q24 ที่นำผิดหวังจากต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่สูงเกินคาด
- เราปรับลดประมาณการกำไรสุทธิปี 2024-26 ของเราส่วนมากเพื่อรวมสมมติฐานคุณภาพสินทรัพย์และ Credit cost ที่อ่อนตัวลง
- เราคงคำแนะนำถือหลังปรับลดราคาเป้าหมายปี 2025 เป็น 1.78 บาท

| | |
|-----------------|---------|
| TARGET PRICE | THB1.78 |
| CLOSE | THB1.96 |
| UP/DOWNSIDE | -9.2% |
| PRIOR TP | THB2.00 |
| CHANGE IN TP | -11.0% |
| TP vs CONSENSUS | -15.4% |

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|--------|--------|--------|--------|
| Operating profit | 1,641 | 1,184 | 1,386 | 1,490 |
| Net profit | 1,287 | 947 | 1,109 | 1,192 |
| EPS (THB) | 0.23 | 0.16 | 0.18 | 0.19 |
| vs Consensus (%) | - | (17.1) | (13.5) | (16.7) |
| Recurring net profit | 1,287 | 947 | 1,109 | 1,192 |
| Core EPS (THB) | 0.23 | 0.16 | 0.18 | 0.19 |
| Chg. In EPS est. (%) | - | (15.1) | (10.9) | (11.2) |
| EPS growth (%) | (26.6) | (31.1) | 13.6 | 7.5 |
| Core P/E (x) | 8.6 | 12.5 | 11.0 | 10.2 |
| Dividend yield (%) | 1.0 | 4.4 | 5.0 | 5.4 |
| Price/book (x) | 0.9 | 0.9 | 0.9 | 0.8 |
| ROE (%) | 10.3 | 7.2 | 8.0 | 8.3 |
| ROA (%) | 2.4 | 1.8 | 2.2 | 2.3 |

ECL ที่สูงขึ้นกดดันกำไร 3Q24

THANI รายงานกำไรสุทธิ 3Q24 ต่ำกว่าคาดโดยอยู่ที่เพียง 80 ลบ. ลดลงแรงถึง 68.7% q-q และ 68.1% y-y กำไรดังกล่าวต่ำกว่าที่เราและตลาดคาด 69% ส่วนมากจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่สูงกว่าคาด กำไรก่อนหักสำรอง (PPOP) อยู่ที่ 508 ลบ. ลดลง 15.1% q-q และ 21.6% y-y สินเชื่อหดตัว 3.4% q-q, 10.5% y-y, และ 8.7% YTD ลดลงเป็นไตรมาสที่ 5 ติดต่อกันเนื่องจากบริษัท ยังคงนโยบายการปล่อยสินเชื่อด้วยความระมัดระวังจากแนวโน้มอุตสาหกรรมเชิงลบซึ่งทำให้รายได้ดอกเบี้ยสุทธิ (NII) ออกมาที่ 533 ลบ. (-1.0% q-q, -14.0% y-y) ในขณะที่รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (non-NII) อยู่ที่ 203 ลบ. (-10.5% q-q, -13.9% y-y) พึ่งเห็นผลจากการปล่อยสินเชื่อใหม่ทีลดลง ค่าใช้จ่ายในการดำเนินงานรวมอยู่ที่ 228 ลบ. (+36.9% q-q, +9.7% y-y) พร้อมสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ (CIR) ที่ 30.9% ทั้งนี้กำไรสุทธิ 9M24 อยู่ที่ 678 ลบ. ลดลง 39.8% y-y และคิดเป็น 72% ของประมาณการทั้งปีของเรา

คุณภาพสินทรัพย์ที่เสื่อมลงส่งสัญญาณถึงแรงกดดันต่อเนื่อง

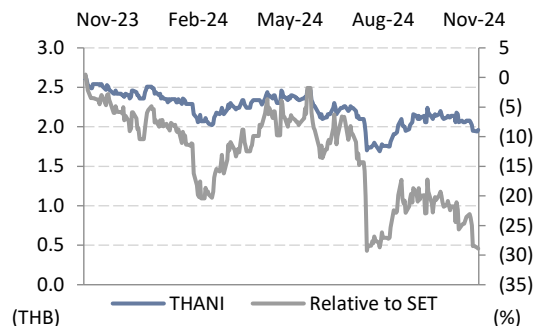
แม้ว่าบริษัทจะมีความพยายามอย่างต่อเนื่องในการบริหารหนี้เสียเชิงรุก คุณภาพสินทรัพย์ยังอ่อนตัวกว่าคาดโดยมีสัดส่วนหนี้ต่อคุณภาพเพิ่มสูงเป็น 3.80% จาก 3.41% ใน 2Q24 สูงกว่าที่เราคาดไว้ที่ 3.53% นอกจากนี้สินเชื่อชั้นที่ 2 ยังเพิ่มเป็น 13.9% จาก 13.4% ใน 2Q24 ซึ่งส่งสัญญาณถึงแรงกดดันต่อคุณภาพสินทรัพย์อย่างต่อเนื่อง นอกจากนี้ Credit cost ยังเพิ่มเป็น 3.21% จาก 2.03% ใน 2Q24 และสูงกว่าประมาณการของเราที่ 2.15% อย่างไรก็ตามสัดส่วนสำรองหนี้ต่อคุณภาพ (Coverage ratio) กลับเพิ่มเป็น 93% จาก 92% ใน 2Q24 ซึ่งสะท้อนถึงการปรับแบบจำลอง ECL ของบริษัท เพื่อสะท้อนถึงความเสี่ยงการตกชั้นของลูกหนี้ที่สูงขึ้น

ลดประมาณการกำไรสุทธิปี 2024-26 เพิ่มเพื่อสะท้อน Credit cost ที่สูงขึ้น

เราปรับลดประมาณการกำไรสุทธิปี 2024-26 ของเราลงอีก 11-15% ส่วนมากเพื่อสะท้อนสมมติฐาน Credit cost ที่สูงขึ้นเป็น 175bp-210bp จาก 150bp-170bp ก่อนหน้า นอกจากนี้เรายังตั้งสมมติฐาน CIR ในปี 2024-26 สูงขึ้นเป็น 26-27% จาก 24% เพื่อสะท้อนค่าใช้จ่ายทางกฎหมายจากการยึดหลักทรัพย์ค้ำประกัน เราคาดว่ากำไรสุทธิ 2024 จะลดลง 26% y-y ก่อนฟื้นตัวโดยมีอัตราการเติบโตเฉลี่ยอยู่ที่ 12% CAGR ในปี 2025-26 จากแนวโน้มคุณภาพสินทรัพย์ที่ค่อย ๆ ฟื้นตัวขึ้น

คงคำแนะนำถือหลังปรับลดราคาเป้าหมายเป็น 1.78 บาท

เราคงคำแนะนำถือ THANI หลังปรับลดราคาเป้าหมายปี 2025 ของเราเป็น 1.78 บาท (GGM) อ้างอิง P/BV ที่ 0.79x ด้วยสมมติฐาน LT ROE ที่ลดลงเป็น 8.7% (จาก 9.2%) และ COE ที่ 10.0% โดยราคาหุ้นปัจจุบันไม่มี Upside ขณะที่คาดว่า THANI จะให้ผลตอบแทนในรูปเงินปันผลในปี 2024-26 อยู่ที่ 4-5% ต่อปี โดยอ้างอิงอัตราการจ่ายเงินปันผลที่ 55%



| | | | |
|--------------------------------|--------------------------------|---------|----------|
| Share price performance | 1 Month | 3 Month | 12 Month |
| Absolute (%) | (6.7) | 14.6 | (25.7) |
| Relative to country (%) | (9.0) | (1.4) | (28.8) |
| Mkt cap (USD m) | 363 | | |
| 3m avg. daily turnover (USD m) | 0.6 | | |
| Free float (%) | 41 | | |
| Major shareholder | Thanachart SPV1 Co., LTD (57%) | | |
| 12m high/low (THB) | 2.76/1.67 | | |
| Issued shares (m) | 5,663 | | |

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

Fundamental Investment Analyst on Securities; License no. 014530
jitra.a@fssia.com, +66 2646 9966

Maeta Cherdsatirakul

Research Assistant

Investment thesis

We have a HOLD recommendation for THANI due to:

- We have a soft outlook for the hire-purchase truck industry, as companies' asset quality should not unwind rapidly over a backdrop of delayed government spending, soft export/import performance, and declining farm income.
- Regarding THANI's unfavorable landscape, we expect it to focus on proactive asset quality management, while the new lending volume is likely to decline sharply y-y, pressuring loan growth and revenue performance. Therefore, our projections suggest a 2024 bottom-line contraction of 26% y-y before a recovery in 2025-26 at an average of 12% CAGR.
- Our GGM-based 2025 TP of THB1.78, implying a P/BV ratio of 0.79x (LT ROE 8.7%, COE 10.0%), offers limited upside to the current share price.

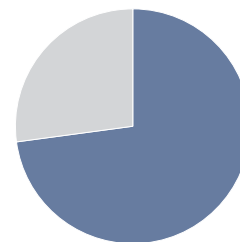
Company profile

Main businesses of the company are hire purchase loans, targeting new and used trucks, and financial leasing, as well as services related to its core businesses.

www.ratchthani.com

Principal activities (revenue, 2023)

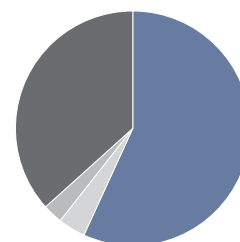
- Net interest income - 72.9 %
- Non-interest income - 27.1 %



Source: Ratchthani Leasing

Major shareholders

- Thanachart SPV1 Co., LTD - 56.8 %
- Thanachart Capital PCL - 3.8 %
- C.S.B. DRUG FACTORY CO.,LTD. - 2.7 %
- Others - 36.7 %



Source: Ratchthani Leasing

Catalysts

1. Better-than-expected new loan bookings and loan growth.
2. Better-than-expected improvement in asset quality.
3. Lower-than-expected credit cost and losses on NPA sales.
4. Increases in the average price of trucks.

Risks to our call

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

Event calendar

| Date | Event |
|--------------|---------------------------|
| Mid-Nov 2024 | 3Q24 Opportunity Day |
| Feb 2025 | 4Q24 results announcement |

Key assumptions

| | 2024E (THB m) | 2025E (THB m) | 2026E (THB m) |
|----------------------|------------------|------------------|------------------|
| Net profit | 947 | 1,109 | 1,192 |
| Growth (y-y %) | (26.4) | 17.1 | 7.5 |
| Loan receivables | 47,358 | 49,919 | 52,661 |
| Growth (y-y %) | (12.4) | 5.4 | 5.5 |
| Cost-to-income (%) | 26.0 | 26.8 | 27.0 |
| Credit cost (bp) | 210 | 180 | 175 |
| Interest spreads (%) | 3.45 | 3.54 | 3.52 |

Source: FSSIA estimates

Earnings sensitivity

| | | 2025E | | |
|------------------------|-------|-------|------|-------|
| Loan growth (%) | ±1ppt | 4.4 | 5.4 | 6.4 |
| % change in net profit | | (0.8) | - | 0.8 |
| Interest spreads (%) | ±5bp | 3.49 | 3.54 | 3.59 |
| % change in net profit | | (2.1) | - | 2.1 |
| Credit cost (bp) | ±10bp | 170 | 180 | 190 |
| % change in net profit | | 3.5 | - | (3.5) |

Source: FSSIA estimates

3Q24 credit costs surged higher than expected

THANI surprised the market negatively with a 3Q24 net profit of just THB80m, a sharp decline of 68.7% q-q and 68.1% y-y. This fell 69% below our estimate and the Bloomberg consensus, primarily due to higher-than-anticipated ECL expenses.

Highlights

(-) Loans and revenue: 3Q24 loans contracted by 3.4% q-q, 10.5% y-y, and 8.7% YTD, marking the fifth consecutive quarter of loan contraction, as the company maintained a cautious lending stance due to its bearish outlook on the industry. Consequently, 3Q24 NII came in at THB533m (down 1.0% q-q and 14.0% y-y), with non-NII at THB203m (down 10.5% q-q and 13.9% y-y) – both impacted by lower loan disbursements. The loan spread decreased by 12bp q-q to 3.34%, primarily due to a 17bp increase in funding costs to 3.26%, as the company repaid a portion of its borrowings during the quarter.

(-) OPEX and CIR: 3Q24 OPEX totaled THB228m, rising by 36.9% q-q and 9.7% y-y. Despite a decline in lending commissions due to a lower underwriting rate for new loans, overall expenses increased from the rise in legal costs related to the firm's repossession activities. The 3Q24 CIR was at 30.9%, while 9M24 CIR was at 25.3%, above our full-year forecast of 24.4%.

(-) Asset quality: Despite ongoing efforts to proactively manage bad debt, THANI's asset quality fell short in the quarter, with the NPL ratio rising sharply to 3.80% from 3.41% in 2Q24, exceeding our forecast of 3.53%. Stage 2 loans also increased to 13.9% from 13.4% in 2Q24, signaling continued pressure on asset quality. Most of this deterioration remained concentrated in the HP truck segment (c70% of total loans), while the quality of the luxury car segment (c20%) remained stable. Additionally, 3Q24 credit costs surged to 3.21%, up from 2.03% in 2Q24 and surpassing our estimate of 2.15%. However, the coverage ratio rose to 93% from 92% in 2Q24, reflecting the firm's adjustments to its ECL model to account for risks associated with a higher PD.

Exhibit 1: THANI – 3Q24 operating summary

| | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | ----- Change ----- | | 9M24 | 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 | 924 | 913 | 885 | 847 | 829 | (2.1) | (10.3) | 2,561 | (7.1) | 76 | 3,368 | (8.2) |
| Interest expense | 304 | 319 | 316 | 308 | 296 | (4.1) | (2.7) | 920 | 7.8 | 75 | 1,226 | 4.6 |
| Net interest income | 620 | 594 | 569 | 539 | 533 | (1.0) | (14.0) | 1,641 | (13.7) | 77 | 2,143 | (14.2) |
| Non-interest income | 236 | 191 | 227 | 227 | 203 | (10.5) | (13.9) | 656 | (11.2) | 73 | 899 | (3.3) |
| Operating income | 856 | 785 | 795 | 765 | 736 | (3.8) | (14.0) | 2,297 | (13.0) | 76 | 3,041 | (11.2) |
| Operating expenses | 208 | 175 | 187 | 166 | 228 | 36.9 | 9.7 | 581 | 3.5 | 73 | 792 | 7.5 |
| Pre-provisioning operating profit | 648 | 610 | 608 | 599 | 508 | (15.1) | (21.6) | 1,716 | (17.5) | 76 | 2,249 | (16.4) |
| Expected credit loss | 340 | 386 | 177 | 263 | 404 | 53.7 | 18.8 | 843 | 27.4 | 79 | 1,065 | 1.6 |
| Income tax | 58 | 63 | 88 | 82 | 25 | (69.4) | (56.9) | 195 | (33.2) | 82 | 237 | (33.2) |
| Net profit | 250 | 161 | 343 | 255 | 80 | (68.7) | (68.1) | 678 | (39.8) | 72 | 947 | (26.4) |
| EPS (THB) | 0.04 | 0.03 | 0.06 | 0.04 | 0.01 | (68.7) | (70.2) | 0.11 | (43.0) | 72 | 0.16 | (31.1) |
| Key balance sheet items | | | | | | | | | | | | |
| Gross loans | 55,163 | 54,061 | 52,178 | 51,096 | 49,369 | (3.4) | (10.5) | 49,369 | (10.5) | | 47,358 | (12.4) |
| Interest bearing debt | 42,140 | 41,742 | 41,773 | 37,958 | 34,638 | (8.7) | (17.8) | 34,638 | (17.8) | | 34,999 | (16.2) |
| Leverage ratios | (x) | (x) | (x) | (x) | (x) | | | (x) | | | (x) | |
| D/E | 3.4 | 3.4 | 3.3 | 3.0 | 2.7 | | | 2.7 | | | 2.7 | |
| IBD/E | 3.4 | 3.3 | 3.2 | 2.9 | 2.6 | | | 2.6 | | | 2.6 | |
| Asset quality ratio | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | | (%) | |
| Gross NPL (THB m) | 1,506 | 1,726 | 1,719 | 1,741 | 1,874 | 7.6 | 24.4 | 1,874 | 24.4 | | 1,853 | 7.3 |
| NPL / TL | 2.73 | 3.19 | 3.29 | 3.41 | 3.80 | | | 3.80 | | | 3.91 | |
| LLR | 1,542 | 1,678 | 1,642 | 1,609 | 1,739 | 8.1 | 12.8 | 1,739 | 12.8 | | 1,678 | 0.0 |
| Coverage ratio | 102 | 97 | 95 | 92 | 93 | | | 93 | | | 91 | |
| Credit cost | 2.46 | 2.83 | 1.33 | 2.03 | 3.21 | | | 2.15 | | | 2.10 | |
| Profitability ratios | (%) | (%) | (%) | (%) | (%) | | | (%) | | | (%) | |
| Cost-to-income ratio | 24.27 | 22.34 | 23.49 | 21.75 | 30.95 | | | 25.30 | | | 26.05 | |
| Average loan yield | 6.69 | 6.69 | 6.66 | 6.56 | 6.60 | | | 6.53 | | | 6.64 | |
| Cost of funds | 2.86 | 3.04 | 3.03 | 3.09 | 3.26 | | | 3.20 | | | 3.19 | |
| Loan yield spreads | 3.83 | 3.65 | 3.64 | 3.47 | 3.34 | | | 3.34 | | | 3.45 | |
| Net interest margins (NIM) | 4.54 | 4.39 | 4.19 | 4.08 | 4.27 | | | 4.23 | | | 4.21 | |
| Non-NII / Revenue | 27.54 | 24.30 | 28.48 | 29.62 | 27.56 | | | 28.57 | | | 29.55 | |
| Loan growth | (%) | (%) | (%) | (%) | (%) | | | (%) | | | (%) | |
| q-q | (0.3) | (2.0) | (3.5) | (2.1) | (3.4) | | | | | | | |
| y-y | 3.9 | 0.7 | (4.7) | (7.6) | (10.5) | | | (10.5) | | | (12.4) | |
| YTD | 2.8 | 0.7 | (3.5) | (5.5) | (8.7) | | | (8.7) | | | | |

Sources: THANI; FSSIA estimates

Exhibit 2: THANI – Staged loans and ECL

| | 2022 | 2023 | 1Q24 | 2Q24 | 3Q24 | 2022 | 2023 | 1Q24 | 2Q24 | 3Q24 |
|--------------------------|---------|---------|---------|---------|---------|-------|-------|-------|-------|-------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (%) | (%) | (%) | (%) | (%) |
| Staged loans | | | | | | | | | | |
| Stage 1 | 46,181 | 45,527 | 43,651 | 42,524 | 40,609 | 86.1 | 84.2 | 83.7 | 83.2 | 82.3 |
| Stage 2 | 6,132 | 6,808 | 6,807 | 6,831 | 6,887 | 11.4 | 12.6 | 13.0 | 13.4 | 13.9 |
| Stage 3 | 1,347 | 1,726 | 1,719 | 1,741 | 1,874 | 2.5 | 3.2 | 3.3 | 3.4 | 3.8 |
| Total | 53,660 | 54,061 | 52,178 | 51,096 | 49,369 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Allowance for ECL | | | | | | | | | | |
| Stage 1 | 289 | 254 | 235 | 227 | 226 | 0.6 | 0.6 | 0.5 | 0.5 | 0.6 |
| Stage 2 | 845 | 855 | 833 | 798 | 846 | 13.8 | 12.6 | 12.2 | 11.7 | 12.3 |
| Stage 3 | 424 | 568 | 574 | 585 | 667 | 31.5 | 32.9 | 33.4 | 33.6 | 35.6 |
| Total | 1,558 | 1,678 | 1,642 | 1,609 | 1,739 | 2.9 | 3.1 | 3.1 | 3.1 | 3.5 |
| | (%) | (%) | (%) | (%) | (%) | | | | | |
| NPL / TL | 2.5 | 3.2 | 3.3 | 3.4 | 3.8 | | | | | |
| NPL + Stage 2 loans / TL | 13.9 | 15.8 | 16.3 | 16.8 | 17.7 | | | | | |
| LLR / NPL | 116 | 97 | 95 | 92 | 93 | | | | | |
| LLR / (NPL + Stage 2) | 21 | 20 | 19 | 19 | 20 | | | | | |

Sources: THANI; FSSIA's compilation

Exhibit 3: 2024-26E earnings revisions

| | New | | | Previous | | | Change | | |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|---------------|---------------|
| | 2024E (THB m) | 2025E (THB m) | 2026E (THB m) | 2024E (THB m) | 2025E (THB m) | 2026E (THB m) | 2024E (%) | 2025E (%) | 2026E (%) |
| Net profit | 947 | 1,109 | 1,192 | 1,116 | 1,244 | 1,342 | (15.1) | (10.9) | (11.2) |
| Growth (y-y %) | (26.4) | 17.1 | 7.5 | (13.3) | 11.5 | 7.9 | | | |
| Loan receivables | 47,358 | 49,919 | 52,661 | 49,870 | 52,518 | 55,341 | (5.0) | (4.9) | (4.8) |
| Growth (y-y %) | (12.4) | 5.4 | 5.5 | (7.8) | 5.3 | 5.4 | | | |
| Cost-to-income (%) | 26.0 | 26.8 | 27.0 | 24.4 | 24.2 | 24.1 | | | |
| Loan yield (%) | 6.64 | 6.75 | 6.76 | 6.55 | 6.84 | 6.85 | | | |
| Cost of funds (%) | 3.19 | 3.22 | 3.25 | 3.21 | 3.29 | 3.32 | | | |
| Loan spread (%) | 3.45 | 3.54 | 3.52 | 3.34 | 3.55 | 3.53 | | | |
| NPL ratio (%) | 3.91 | 3.37 | 3.19 | 3.50 | 3.37 | 3.25 | | | |
| Coverage ratio (%) | 91 | 91 | 96 | 93 | 98 | 99 | | | |
| Credit cost (%) | 210 | 180 | 175 | 170 | 160 | 150 | | | |

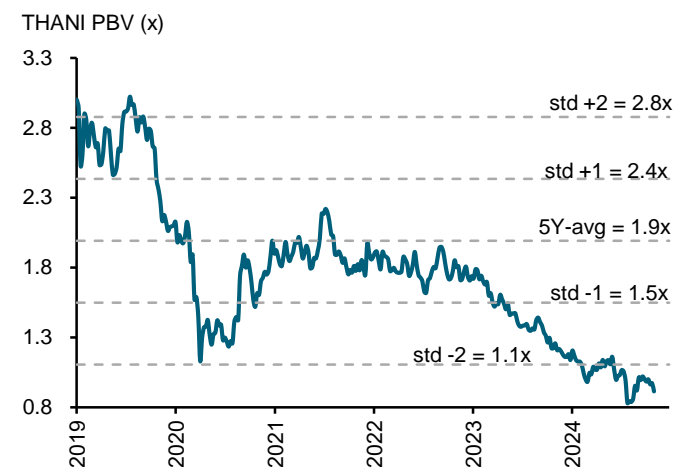
Source: FSSIA estimates

Exhibit 4: THANI – GGM-based 2025 TP

| | New (%) | Previous (%) |
|-------------------------|-------------|-----------------|
| Sustainable ROE | 8.7 | 9.2 |
| Terminal growth | 3.9 | 4.1 |
| Risk-free | 3.0 | 3.0 |
| Expected market return | 8.0 | 8.0 |
| Market risk premium | 5.0 | 5.0 |
| Cost of equity | 10.0 | 10.0 |
| Beta | 1.4 | 1.4 |
| Target PBV (x) | 0.79 | 0.87 |
| Fair price (THB) | 1.78 | 2.00 |

Source: FSSIA estimates

Exhibit 6: THANI – one-year prospective P/BV band



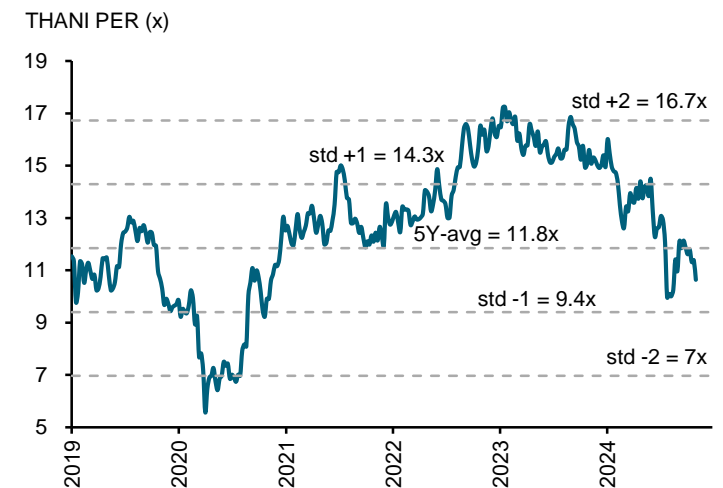
Sources: Bloomberg; FSSIA estimates

Exhibit 5: Share price performance of non-banks under coverage, as of 5 November 2024

| | Price performance | | | | |
|-----------------|-------------------|-------------|---------------|---------------|---------------|
| | 1M (%) | 3M (%) | 6M (%) | 1Y (%) | YTD (%) |
| TIDLOR TB | (5.2) | 11.5 | (23.3) | (18.9) | (24.0) |
| MTC TB | 3.6 | 23.5 | 11.1 | 25.0 | 11.1 |
| SAWAD TB | 0.6 | 42.7 | 14.8 | (0.2) | 13.4 |
| SAK TB | 10.0 | 7.7 | 7.7 | 26.8 | 27.4 |
| AEONTS TB | 0.0 | 27.2 | (12.4) | (11.0) | (13.8) |
| KTC TB | 0.0 | 23.2 | 10.4 | 3.2 | 9.8 |
| ASK TB | (9.2) | 8.2 | (28.3) | (40.8) | (40.2) |
| THANI TB | (15.2) | 5.3 | (22.6) | (34.3) | (24.7) |
| JMT TB | 12.1 | 90.2 | (7.2) | (42.5) | (23.9) |
| BAM TB | (17.4) | 20.6 | (16.0) | (12.1) | (6.7) |
| CHAYO TB | (11.7) | 38.3 | (24.2) | (44.2) | (39.1) |
| SETFIN | (0.5) | 25.7 | (3.9) | (10.4) | (8.2) |
| SET | 2.6 | 16.3 | 8.1 | 4.5 | 4.6 |

Source: Bloomberg

Exhibit 7: THANI – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peer comparisons, as of 5 November 2024

| Company name | BBG code | Rec | Share price (LCY) | Target price (LCY) | Up side (%) | ----- PE ----- 24E (x) 25E (x) | ----- PBV ----- 24E (x) 25E (x) | ----- ROE ----- 24E (%) 25E (%) | ----- Div yld ----- 24E (x) 25E (x) |
|--------------------------------|-----------|------|-------------------|--------------------|-------------|--------------------------------------|---------------------------------------|---------------------------------------|---|
| Auto title | | | | | | | | | |
| Muangthai Capital | MTC TB | BUY | 50.75 | 62.00 | 22.2 | 17.1 13.2 | 2.9 2.4 | 18.1 19.7 | 0.5 0.7 |
| Srisawad Corp | SAWAD TB | HOLD | 42.25 | 37.00 | (12.4) | 12.2 10.9 | 1.9 1.7 | 17.0 16.2 | 0.3 0.9 |
| Ngern Tid Lor | TIDLOR TB | HOLD | 17.10 | 17.64 | 3.2 | 11.3 9.7 | 1.6 1.4 | 14.5 15.1 | 2.7 3.1 |
| Saksiam Leasing | SAK TB | BUY | 5.40 | 5.28 | (2.2) | 13.6 11.9 | 1.8 1.7 | 13.7 14.4 | 3.1 3.5 |
| Unsecured finance | | | | | | | | | |
| AEON Thana Sinsap (Thailand) | AEONTS TB | HOLD | 136.50 | 142.00 | 4.0 | 11.5 10.6 | 1.3 1.2 | 11.7 11.9 | 3.7 4.0 |
| Krungthai Card | KTC TB | HOLD | 48.00 | 44.00 | (8.3) | 16.6 15.6 | 3.1 2.8 | 19.8 18.9 | 2.7 2.9 |
| Hire-purchase truck | | | | | | | | | |
| Asia Sermkij Leasing | ASK TB | HOLD | 11.80 | 11.00 | (6.8) | 14.0 11.0 | 0.6 0.6 | 4.2 5.3 | 3.6 4.5 |
| Ratchthani Leasing | THANI TB | HOLD | 1.96 | 1.78 | (9.2) | 12.5 11.0 | 0.9 0.9 | 7.2 8.0 | 4.4 5.0 |
| AMCs | | | | | | | | | |
| Bangkok Commercial Asset Mgmt. | BAM TB | HOLD | 7.75 | 9.00 | 16.1 | 18.6 15.6 | 0.6 0.6 | 3.1 3.6 | 4.3 5.1 |
| JMT Network services | JMT TB | HOLD | 19.70 | 11.00 | (44.2) | 17.6 14.5 | 1.1 1.0 | 6.1 7.2 | 3.4 4.1 |
| Chayo Group | CHAYO TB | BUY | 3.32 | 4.00 | 20.5 | 13.4 7.9 | 1.0 0.9 | 7.9 11.8 | 2.0 1.9 |
| Average | | | | | | 14.4 12.0 | 1.5 1.4 | 11.2 12.0 | 2.8 3.3 |

The Chairman of The Board of Directors of Finansia 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 | 3,368 | 3,285 | 3,470 |
| Interest expense | (926) | (1,172) | (1,226) | (1,146) | (1,209) |
| Net interest income | 2,585 | 2,496 | 2,143 | 2,139 | 2,261 |
| 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 | 3,041 | 3,091 | 3,269 |
| Staff costs | (666) | (623) | (673) | (707) | (752) |
| Other operating costs | (108) | (114) | (119) | (123) | (129) |
| Operating costs | (774) | (737) | (792) | (829) | (881) |
| Pre provision operating profit | 2,744 | 2,689 | 2,249 | 2,262 | 2,387 |
| Expected credit loss | (555) | (1,048) | (1,065) | (875) | (898) |
| Other provisions | - | - | - | - | - |
| Operating profit | 2,189 | 1,641 | 1,184 | 1,386 | 1,490 |
| 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 | 1,184 | 1,386 | 1,490 |
| Tax | (436) | (354) | (237) | (277) | (298) |
| Profit after tax | 1,753 | 1,287 | 947 | 1,109 | 1,192 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 1,753 | 1,287 | 947 | 1,109 | 1,192 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 1,753 | 1,287 | 947 | 1,109 | 1,192 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.31 | 0.23 | 0.16 | 0.18 | 0.19 |
| Reported EPS | 0.31 | 0.23 | 0.16 | 0.18 | 0.19 |
| DPS | 0.17 | 0.02 | 0.09 | 0.10 | 0.11 |
| Growth | | | | | |
| Net interest income (%) | 2.7 | (3.4) | (14.2) | (0.1) | 5.7 |
| Non interest income (%) | 17.1 | (0.3) | (3.3) | 5.9 | 5.9 |
| Pre provision operating profit (%) | 0.6 | (2.0) | (16.4) | 0.6 | 5.6 |
| Operating profit (%) | 2.2 | (25.0) | (27.8) | 17.1 | 7.5 |
| Reported net profit (%) | 2.5 | (26.6) | (26.4) | 17.1 | 7.5 |
| Recurring EPS (%) | 2.5 | (26.6) | (31.1) | 13.6 | 7.5 |
| Reported EPS (%) | 2.5 | (26.6) | (31.1) | 13.6 | 7.5 |
| Income Breakdown | | | | | |
| Net interest income (%) | 73.5 | 72.9 | 70.5 | 69.2 | 69.2 |
| Net fees & commission (%) | 13.3 | 12.8 | 13.4 | 14.1 | 14.3 |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 13.2 | 14.3 | 16.1 | 16.7 | 16.6 |
| Operating performance | | | | | |
| Gross interest yield (%) | 6.94 | 6.88 | 6.61 | 6.73 | 6.81 |
| Cost of funds (%) | 2.40 | 2.85 | 3.19 | 3.22 | 3.25 |
| Net interest spread (%) | 4.54 | 4.03 | 3.42 | 3.51 | 3.56 |
| Net interest margin (%) | 5.1 | 4.7 | 4.2 | 4.4 | 4.4 |
| Cost/income(%) | 22.0 | 21.5 | 26.0 | 26.8 | 27.0 |
| Cost/assets(%) | 1.5 | 1.3 | 1.5 | 1.6 | 1.7 |
| 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 | 7.2 | 8.0 | 8.3 |
| ROE - COE (%) | 4.7 | 0.3 | (2.7) | (1.9) | (1.7) |
| ROA (%) | 3.4 | 2.4 | 1.8 | 2.2 | 2.3 |
| 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 | 52,543 | 55,363 | 58,375 |
| Allowance for expected credit loss | (1,558) | (1,678) | (1,678) | (1,532) | (1,609) |
| interest in suspense | (6,113) | (5,966) | (5,185) | (5,443) | (5,715) |
| Net customer loans | 52,100 | 52,380 | 45,680 | 48,388 | 51,052 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 652 | 1,434 | 2,243 | 1,215 | 1,085 |
| Other interesting assets | - | - | - | - | - |
| Tangible fixed assets | 380 | 576 | 490 | 420 | 410 |
| 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 | 49,369 | 51,180 | 53,869 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 40,593 | 41,742 | 34,999 | 36,203 | 38,289 |
| Non interest bearing liabilities | 955 | 833 | 851 | 870 | 890 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 41,548 | 42,575 | 35,850 | 37,073 | 39,180 |
| Share capital | 5,663 | 5,663 | 6,229 | 6,229 | 6,229 |
| Reserves | 6,698 | 7,022 | 7,290 | 7,878 | 8,460 |
| Total equity | 12,361 | 12,685 | 13,519 | 14,107 | 14,689 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 53,909 | 55,260 | 49,369 | 51,180 | 53,869 |
| Supplementary items | | | | | |
| Risk weighted assets (RWA) | n/a | n/a | n/a | n/a | n/a |
| Average interest earning assets | 50,614 | 53,351 | 50,937 | 48,832 | 50,942 |
| Average interest bearing liabilities | 38,555 | 41,168 | 38,371 | 35,601 | 37,246 |
| 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 | 50,709 | 48,639 | 51,290 |
| Per share (THB) | | | | | |
| Book value per share | 2.18 | 2.24 | 2.17 | 2.26 | 2.36 |
| Tangible book value per share | 2.17 | 2.23 | 2.16 | 2.26 | 2.35 |
| Growth | | | | | |
| Gross customer loans | 9.1 | 0.4 | (12.5) | 5.4 | 5.4 |
| Average interest earning assets | 5.2 | 5.4 | (4.5) | (4.1) | 4.3 |
| Total asset (%) | 9.5 | 2.5 | (10.7) | 3.7 | 5.3 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 22.9 | 23.0 | 27.4 | 27.6 | 27.3 |
| Tangible equity/assets (%) | 22.8 | 22.9 | 27.3 | 27.5 | 27.2 |
| RWA/assets (%) | - | - | - | - | - |
| CET 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality (FSSIA's calculation) | | | | | |
| Change in NPL (%) | 5.8 | 4.5 | (5.9) | (4.1) | 5.5 |
| NPL/gross loans (%) | 86.2 | 89.7 | 96.5 | 87.9 | 87.9 |
| Allowance for ECL/gross loans (%) | 2.6 | 2.8 | 3.2 | 2.8 | 2.8 |
| Allowance for ECL/NPL (%) | 3.0 | 3.1 | 3.3 | 3.1 | 3.1 |
| Valuation | | | | | |
| Recurring P/E (x) * | 6.3 | 8.6 | 12.5 | 11.0 | 10.2 |
| Recurring P/E @ target price (x) * | 5.8 | 7.8 | 11.4 | 10.0 | 9.3 |
| Reported P/E (x) | 6.3 | 8.6 | 12.5 | 11.0 | 10.2 |
| Dividend yield (%) | 8.7 | 1.0 | 4.4 | 5.0 | 5.4 |
| Price/book (x) | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 |
| Price/tangible book (x) | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 |
| Price/tangible book @ target price (x) | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ratchthani Leasing; FSSIA estimates

Ratchthani Leasing PCL (THANI TB)

FSSIA ESG rating


55.07 /100

Exhibit 9: 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 10: 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 11: 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 12: 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 Sustainalytics | The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i> | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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></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 |
| 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 | | | | | | | | | | | | | | | | | | | |
| 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

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|-----------|------------|--------|---|
| Ratchthani Leasing | THANI TB | THB 1.96 | 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 50.75 | BUY | Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. |
| Ngern Tid Lor | TIDLOR TB | THB 17.10 | HOLD | Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yields and credit costs; 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 more favorable economic situations. |
| Krungthai Card | KTC TB | THB 48.00 | 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. |
| Aeon Thana Sinsap (Thailand) | AEONTS TB | THB 136.50 | 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. |
| Srisawad Corp | SAWAD TB | THB 42.25 | 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. |
| Saksiam Leasing | SAK TB | THB 5.40 | 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. |
| Asia Sermkij Leasing PCL | ASK TB | THB 11.80 | 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) 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 7.75 | 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. 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. |
| JMT Network Services | JMT TB | THB 19.70 | 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. |
| Chayo Group | CHAYO TB | THB 3.32 | 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 05-Nov-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.