

NGERN TID LOR TIDLOR TB

THAILAND / FINANCE & SECURITIES

BUY

FROM HOLD

High profit growth for pursuit

- We are more positive on TIDLOR on the back of its attractive valuation.
- We expect TIDLOR to post a 2024-26 net profit CAGR of 14% from the lending and insurance brokerage businesses.
- Upgrade to BUY from Hold with a new 2025 TP of THB20.50.

TARGET PRICE	THB20.50
CLOSE	THB16.90
UP/DOWNSIDE	+21.3%
PRIOR TP	THB17.64
CHANGE IN TP	+16.2%
TP vs CONSENSUS	+2.5%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	4,744	5,206	6,170	7,062
Net profit	3,790	4,165	4,936	5,650
EPS (THB)	1.40	1.43	1.69	1.94
vs Consensus (%)	-	(2.1)	(0.4)	(1.5)
Recurring net profit	3,790	4,165	4,936	5,650
Core EPS (THB)	1.40	1.43	1.69	1.94
Chg. In EPS est. (%)	4.0	(5.2)	(3.6)	(5.2)
EPS growth (%)	(6.3)	1.9	18.5	14.5
Core P/E (x)	12.0	11.8	10.0	8.7
Dividend yield (%)	2.4	3.4	1.5	1.7
Price/book (x)	1.7	1.5	1.4	1.2
ROE (%)	14.1	13.7	14.6	14.9
ROA (%)	4.1	3.9	4.2	4.3

More attractive valuation

We are more positive on TIDLOR on the back of its attractive valuation at 1.3x 2025E P/BV, which is much cheaper than SAWAD's 1.6x. We are positive TIDLOR is able to command a higher loan yield from customers and generate strong income from the non-life insurance brokerage business, and thus should provide better profitability even if the overall asset quality is uncertain. We expect TIDLOR to post a 2024-26 net profit CAGR of 14% on the back of strong revenue generation from the lending and insurance brokerage businesses. We expect TIDLOR's ROE to slightly increase from 13.7% in 2024 to 14.5% in 2026.

Higher yield adjustment and good revenue growth

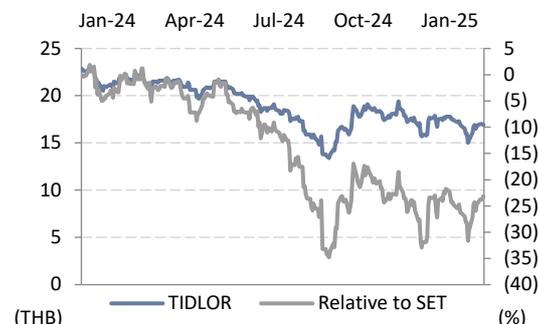
We are positive on TIDLOR's higher yield adjustment for new customers by 30-35bp since 4Q23. At that time, the adjustment for TIDLOR aimed to reflect higher default risk and higher funding costs. This loan yield adjustment should eventually be positive for TIDLOR's profitability in 2024-26, we believe. With contributions from both the lending business (via loan growth) and the insurance brokerage business, we expect operating revenue growth of 13% pa for 2024-26.

Asset quality remains uncertain

Nonetheless, we are cautious on TIDLOR's asset quality. This is because the NPL ratio and NPL formation rate have not peaked yet, in our view. Our key area of concern is commercial truck loans (17% of total loans). We expect TIDLOR's credit cost to be at 3.6-3.9% in 2024-26, which is more conservative than its guidance range of 3.0-3.35%. This high credit cost would allow TIDLOR to manage its NPL ratio below 2% over the same period.

Upgrade to BUY with a new 2025 TP of THB20.50

We upgrade TIDLOR to a BUY rating from Hold with a new GGM-based 2025 TP of THB20.50 (from THB17.64) as we roll over our TP to end-2025. We have cut our 2024-26 forecast by c4-5% mainly due to a more conservative loan yield forecast, but this is partially offset by an improving cost-to-income ratio. This note marks the transfer of coverage to Nathapol Pongsukcharoenkul from Usanee Liurut, CISA.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.1)	(6.6)	(24.1)
Relative to country (%)	(1.1)	(1.8)	(21.2)
Mkt cap (USD m)	1,437		
3m avg. daily turnover (USD m)	8.1		
Free float (%)	21		
Major shareholder	Bank of Ayudhya (30%)		
12m high/low (THB)	23.63/12.50		
Issued shares (m)	2,914		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

- We are more positive on TIDLOR on the back of its cheap valuation. We are positive that TIDLOR is able to command a higher loan yield from customers and generate strong income from the non-life insurance brokerage business, and thus should provide better profitability even if the overall asset quality is uncertain.
- We are positive on the restructuring, as there would no longer be a dilution impact on TIDLOR's EPS and ROE. We see no impact on TIDLOR's overall business operations and financial performance on a consolidated basis after restructuring.
- We expect TIDLOR to post a 2024-26 net profit CAGR of 14% on strong revenue generation from the lending and insurance brokerage businesses. We expect TIDLOR's ROE to slightly increase from 13.7% in 2024 to 14.5% in 2026.

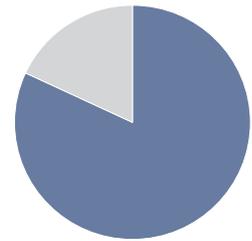
Company profile

TIDLOR, founded in October 2006, is a non-bank financial services provider and an operator of technology-enabled, inclusive financial services. The company offers a full suite of vehicle title loans (motorcycles, cars, pickup trucks and tractors), hire-purchase financing for used trucks, and insurance brokerages services under the brand "Ngern Tid Lor".

www.ngerntidlor.com

Principal activities (revenue, 2023)

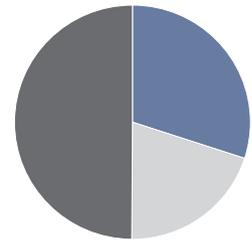
- Net interest income - 81.9 %
- Non-interest income - 18.1 %



Source: Ngern Tid Lor

Major shareholders

- Bank of Ayudhya - 30.0 %
- Siam Asia Credit Access PTE Ltd - 20.1 %
- Others - 49.9 %



Source: Ngern Tid Lor

Catalysts

- 1) Government stimulus acceleration to upcountry households;
- 2) A stronger-than-expected improvement in asset quality;
- 3) OPEX control and lower cost-to-income ratio;
- 4) Strong expansion in insurance brokerage business.

Risks to our call

Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; 2) tighter supervision from related regulators; 3) intense competition in auto title loan and insurance brokerage market; and 4) lower support from major shareholders.

Event calendar

Date	Event
Feb 2025	2024 results announcement
By 2Q-3Q25	Tender Offer for TIDLOR's restructuring plan

Key assumptions

Key assumptions (%)	2024E	2025E	2026E
Loan growth	10.39	10.67	10.30
NIM	15.68	15.92	16.02
Cost-to-income ratio	53.70	53.67	52.74
Credit cost	3.88	3.60	3.62
NPL ratio	1.91	1.88	1.77
ROE	13.74	14.36	14.49
Insurance premium growth	18.20	12.00	10.00

Source: FSSIA estimates

Earnings sensitivity

		-----2025E-----		
Loan growth (%)	±2ppt	8.67	10.67	12.67
% change in net profit		(1.8)		1.8
NIM (%)	±10bp	15.82	15.92	16.02
% change in net profit		(2.3)	-	2.3
Cost-to-income ratio (%)	±1ppt	52.67	53.67	54.67
% change in net profit		4.5	-	(4.5)
Credit cost (bp)	±10bp	350	360	370
% change in net profit		2.3	-	(2.3)

Source: FSSIA estimates

High profit growth for pursuit

Upgrade to BUY with a new 2025 TP of THB20.50

This note marks the transfer of coverage of TIDLOR to Nathapol Pongsukcharoenkul from Usanee Liurut, CISA. We upgrade TIDLOR to a BUY rating from Hold with a new GGM-based 2025 TP of THB20.50.

We are more positive on TIDLOR on the back of its attractive valuation at 1.3x 2025E P/BV, which is much cheaper than SAWAD's 1.6x. We are positive TIDLOR is able to command a higher loan yield from customers and generate strong income from the non-life insurance brokerage business, and thus should provide better profitability even if the overall asset quality is uncertain.

We have cut our 2024-26 forecast by c4-5% mainly due to a more conservative loan yield forecast, but this is partially offset by an improving cost-to-income ratio. We are conservative in assuming that TIDLOR's overall yield should be around 18.0-18.3% in 2024-26. Note that TIDLOR has adjusted its yield higher for new customers by 30-35bp since 4Q23. Meanwhile, we expect TIDLOR's funding cost to be at 3.3-3.4% in 2024-26 thanks to its stable credit rating of A from TRIS rating. Sensitivity-wise, an increase in NIM by 10bp would boost TIDLOR's 2025E net profit by 2.3%, all else being equal.

We expect loan growth for TIDLOR of 10% pa during 2024-26 on the back of multi-channel loan disbursement and consistent loan demand among upcountry households. For the insurance brokerage business, we expect non-life insurance premiums as well as commission revenue to increase by 13.4% pa during 2024-26. With strong income growth from both the lending and insurance brokerage businesses vs lower OPEX growth of 11% pa during 2024-26E, we expect a lower cost-to-income ratio from 54.9% in 2023 to 53.7% in 2024 and down to 52.7% in 2026.

Nonetheless, we are cautious on TIDLOR's asset quality. This is because the NPL ratio and NPL formation rate have not peaked yet, in our view. Our key area of concern is commercial truck loans. We expect TIDLOR's credit cost to be at 3.6-3.9% in 2024-26, which is more conservative than its guidance range of 3.0-3.35%.

As a result, we expect TIDLOR to post a 2024-26 net profit CAGR of 14% on the back of strong revenue generation from the lending and insurance brokerage businesses. We expect TIDLOR's ROE to slightly increase from 13.7% in 2024 to 14.5% in 2026.

After our earnings revisions, we derive a new GGM-based 2025 TP of THB20.50 (from THB17.64 previously) as we roll over our TP base to end-2025. Our new TP of THB20.50 implies 1.6x 2025E P/BV (COE of 10.2%, ROE of 14%).

Exhibit 1: 2024-26 earnings revisions

	----- Revised forecast -----			----- Previous forecast -----			----- Change -----		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Net interest income	16,078	18,043	20,059	19,295	21,771	24,542	-16.7%	-17.1%	-18.3%
Non-interest income	3,758	4,071	4,487	3,983	4,700	5,546	-5.6%	-13.4%	-19.1%
PPOP	9,184	10,246	11,600	9,371	10,649	12,115	-2.0%	-3.8%	-4.3%
Loan loss provisions	3,978	4,076	4,538	3,879	4,249	4,665	2.6%	-4.1%	-2.7%
Net profit	4,165	4,936	5,650	4,393	5,120	5,960	-5.2%	-3.6%	-5.2%
Key ratio							(ppt)	(ppt)	(ppt)
NIM (%)	15.68	15.92	16.02	16.50	16.50	16.50	(0.82)	(0.58)	(0.48)
Cost to income (%)	53.70	53.67	52.74	55.00	55.00	55.00	(1.30)	(1.33)	(2.26)
ROA (%)	3.95	4.22	4.33	4.10	4.30	4.50	(0.15)	(0.08)	(0.17)
ROE (%)	13.74	14.36	14.49	14.50	15.10	15.70	(0.76)	(0.74)	(1.21)
Credit cost (%)	3.88	3.60	3.62	3.80	3.70	3.61	0.08	(0.10)	0.01
Loan growth (%)	10.39	10.67	10.30	12.55	12.44	12.54	(2.16)	(1.77)	(2.24)
Net profit growth (%)	9.88	18.51	14.46	15.91	16.55	16.41	(6.03)	1.97	(1.95)

Source: FSSIA estimates

Exhibit 2: TIDLOR – GGM-based 2025 TP

Gordon Growth Model (GGM)	
Risk free rate	3.00%
Risk premium	6.00%
Beta	1.20
Cost of Equity	10.20%
Sustainable ROE	14.00%
Cost of Equity	10.20%
Medium-term growth (g)	4.00%
Derived P/BV multiple (x)	1.61
2025E BVPS (THB)	12.54
Derived Target Price (THB)	20.50

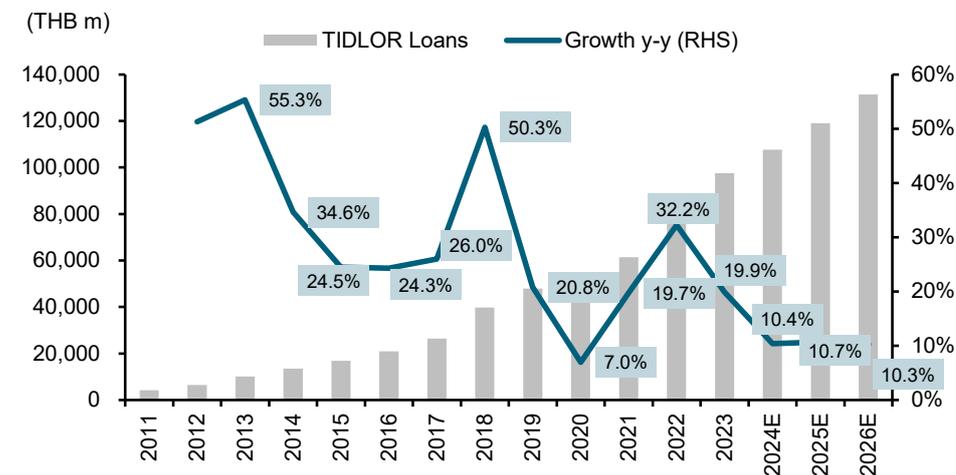
Source: FSSIA estimates

Exhibit 3: Share price performance of non-banks under coverage; as of 30 December 2024

	Price performance			
	1M (%)	3M (%)	6M (%)	1Y (%)
SAWAD TB	1.8	(1.2)	26.5	10.7
MTC TB	(3.5)	(2.0)	11.6	4.3
TIDLOR TB	(4.5)	(6.1)	(6.1)	(23.7)
SAK TB	(6.9)	(3.2)	(6.9)	12.6
KTC TB	7.0	3.6	24.2	13.0
AEONTS TB	8.0	(8.6)	2.4	(18.7)
ASK TB	(4.6)	(23.7)	(22.6)	(49.0)
THANI TB	(6.4)	(25.9)	(28.6)	(34.3)
BAM TB	(10.3)	(36.1)	(16.4)	(27.4)
JMT TB	(5.7)	2.2	45.6	(32.6)
CHAYO TB	(2.7)	(25.3)	(11.6)	(48.2)
SETFIN	(1.2)	(7.2)	7.0	(14.5)
SET	(2.6)	(3.5)	8.7	(2.3)

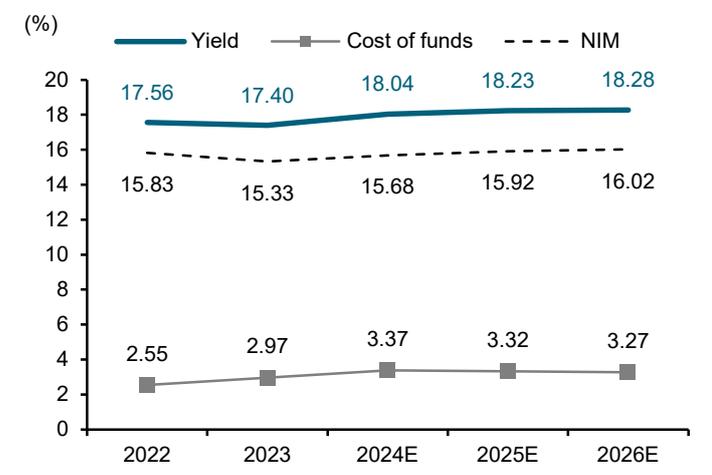
Source: Bloomberg

Exhibit 4: TIDLOR's loan growth



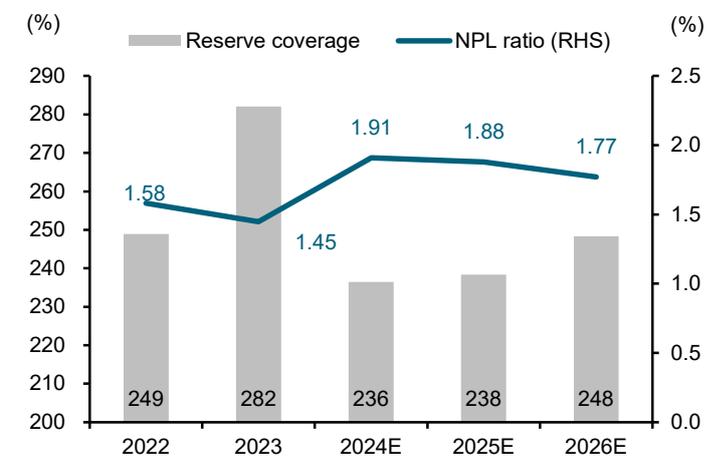
Sources: TIDLOR, FSSIA estimates

Exhibit 5: Yield, cost of funds and NIM



Sources: TIDLOR, FSSIA estimates

Exhibit 6: NPL ratio and NPL coverage ratio



Sources: TIDLOR, FSSIA estimates

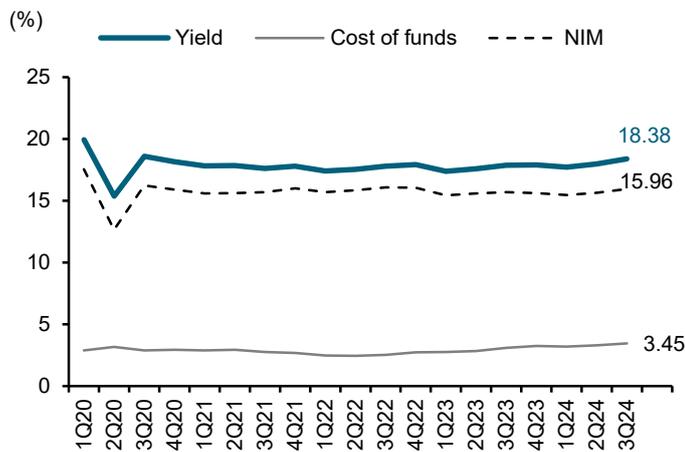
Higher yield adjustment is key support for profitability

We are positive on TIDLOR’s higher yield adjustment for new customers by 30-35bp since 4Q23. At that time, the adjustment for TIDLOR aimed to reflect higher default risk and higher funding costs. This loan yield adjustment should eventually be positive for TIDLOR’s profitability in 2024-26, we believe. Note that TIDLOR is the only major auto title loan (ATL) operator that is able to adjust the loan yield for customers higher, while SAWAD and MTC cannot.

In addition, in December 2023, TIDLOR introduced a new loan disbursement feature via its mobile application, complementing loan disbursements via traditional branches and its revolving TIDLOR cash cards. We believe this should provide more flexibility to customers with 24/7 services, as well as lower its disbursement costs. Eventually, loan disbursements through multiple channels could stabilize TIDLOR’s balance of loans with revolving-debt arrangements rather than amortized-term loans.

With both of TIDLOR’s initiatives, the average loan yield for TIDLOR has increased from 17.89% in 4Q23 to 18.38% in 3Q24. For 2024-26, we expect TIDLOR’s average yield to be c18.0-18.3% vs 17.4% in 2023.

Exhibit 7: TIDLOR’s quarterly loan yield, cost of funds and NIM



Sources: TIDLOR, FSSIA’s compilation

Exhibit 8: Apart from loan disbursement at branches, TIDLOR also has cards and a mobile app for withdrawal



Source: TIDLOR

As loans disbursed via its revolving cash card and mobile app can be tracked, we believe this will enhance TIDLOR’s risk management – i.e. via digital data tracking with predictive behavioral machine learning for both repayment and loan cash-out patterns.

On the other hand, for the funding side, TIDLOR maintains a diversified and duration-matched funding strategy in order to reduce funding cost volatility. In addition, TIDLOR’s funding is now balanced with a 50/50 proportion between bank loans and debentures. We are not concerned about TIDLOR’s funding and roll-over risk, as there is a credit line of THB24b available as of 3Q24 from its major shareholder, the Bank of Ayudhya, as well as domestic and international institutions.

For the debenture market, TIDLOR has maintained an A (stable) rating from TRIS Rating since May 2021. This strong rating provides TIDLOR with a competitive advantage on lower cost of debentures compared to peers’ ratings of BBB and BBB+. With an expected lower interest rate trend in 2025, we expect TIDLOR’s average funding cost to be benign and gradually lower from 3.37% in 2024E to 3.32% and 3.27% in 2025-26E, respectively.

Exhibit 9: Debenture maturity timeline

TRIS Rating	AA-	A- (Fitch)	BBB+	BBB+	A	A-	A (Fitch)	A-
Unit: THB m	KTC	AEONTS	SAWAD	MTC	TIDLOR	BAM	ASK	THANI
2025	11,500	1,000	15,985	31,558	19,400	13,119	11,046	9,093
2026	12,330	1,700	12,107	22,656	12,035	12,770	6,845	9,600
2027	7,732	0	5,546	14,897	7,300	13,145	5,617	8,351
2028	3,315	0	5,760	6,933	1,565	6,153	2,299	1,000
2029	5,930	0	696	0	0	7,025	685	0
2030	1,000	0	0	0	0	5,300	0	0
2031	500	0	0	0	0	3,500	0	0
2032	0	0	0	0	0	2,140	0	0
2033	0	0	0	0	0	3,434	0	0
2034	0	0	0	0	0	2,374	0	0
2035	0	0	0	0	0	0	0	0
Sum	42,307	2,700	40,092	76,045	40,300	68,960	26,492	28,044

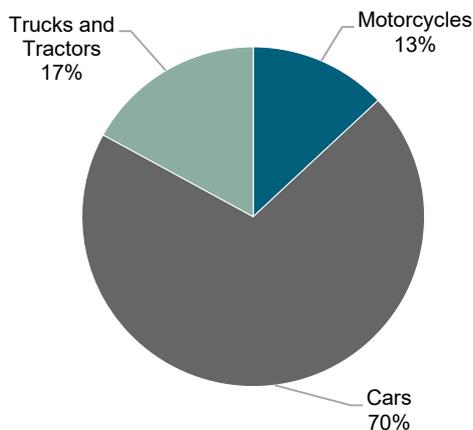
Sources: ThaiBMA, FSSIA's compilation

Asset quality – remains uncertain

Overall asset quality conditions for TIDLOR remain uncertain, in our view, on the back of a credit cost above 3%, a higher NPL formation rate trend, especially in the truck loan segment that has struggled for more than two years, and a higher proportion of delinquent loans.

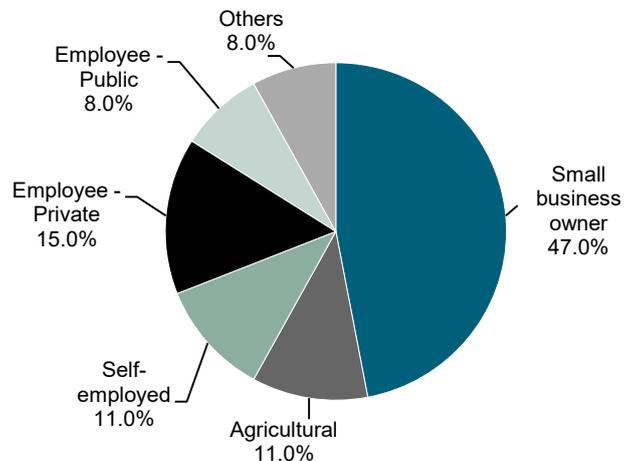
The majority of TIDLOR's loans is auto title loans (ATL) backed by 4-wheeled cars and pickup trucks at 70% proportion of total loans in 3Q24, followed by ATL backed by commercial trucks and tractors at 17%, which are mostly small business owners. During the Covid-19 outbreak in 2020-22, TIDLOR's truck loan segment was severely hit due to slow demand for logistics services during that period, dragging down the segments' debt serviceability.

Exhibit 10: TIDLOR's loan breakdown



Sources: TIDLOR, FSSIA's compilation

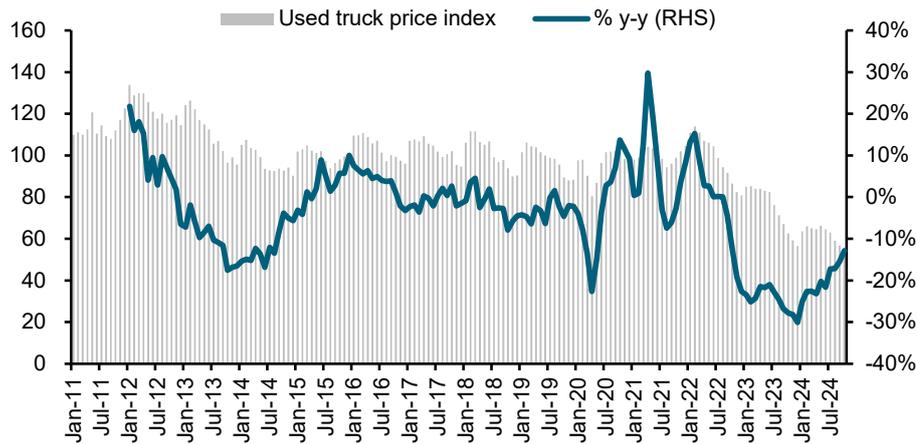
Exhibit 11: TIDLOR's customer profile (2023)



Sources: TIDLOR, FSSIA's compilation

In addition, during 2023, used truck prices had dropped by 30% y-y, according to the Bank of Thailand (BoT) and Union Auction. This was mainly due to the excess supply of used trucks amid a partial recovery in demand. The excess supply of trucks was a consequence of the high repossession rates among truck hire-purchase lenders following a surge in NPLs in this segment. As of October 2024, used truck prices were down by 13% y-y, which is improving from the bottom of the 30% y-y drop.

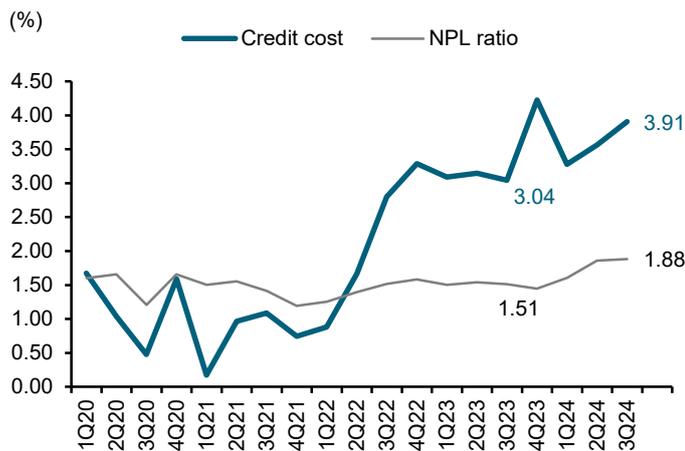
Exhibit 12: Used truck price index dropped by 13% y-y in Oct 2024, improved from 30% y-y drop



Sources: Bank of Thailand (BoT), Union Auction, FSSIA's compilation

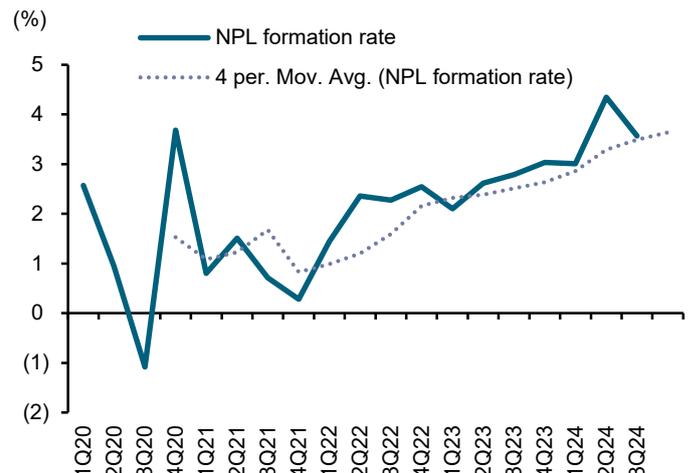
Given the slow improvement in debt serviceability and high loss given default (LGD) in the truck segment following the sharp drop in used truck prices, TIDLOR has been facing a high credit cost burden in its effort to manage and clean up its NPLs in this segment since 3Q22.

Exhibit 13: Credit cost and NPL ratio – elevated since 3Q22



Sources: TIDLOR, FSSIA's compilation

Exhibit 14: NPL formation rate and trendline (4-period moving average) – still in an uptrend



Sources: TIDLOR, FSSIA's compilation

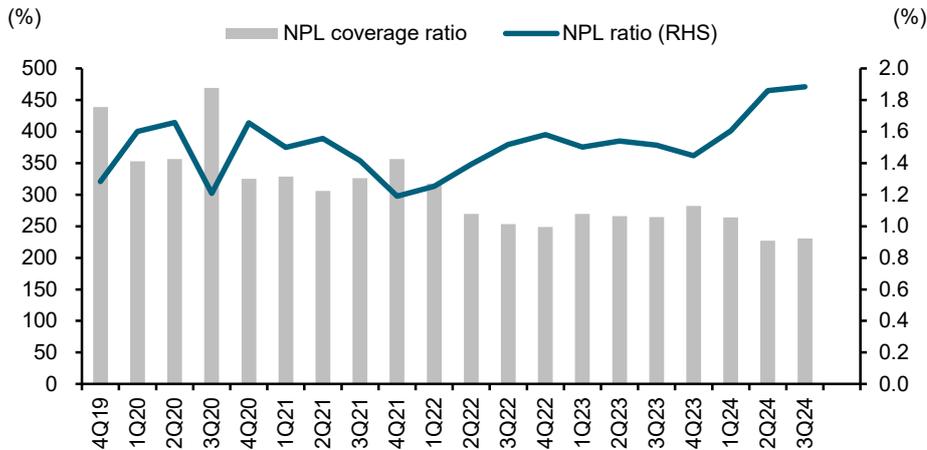
Our calculation for TIDLOR NPL formation rate (see Exhibit 14) suggests a continued rising trendline despite two years of NPL cleanup via active write-offs, which caused high credit costs of more than 3%. Thus, we believe TIDLOR's asset quality is not well under control yet. The NPL ratio in 3Q24 was at 1.88%, which is the new high in the past five years vs the company's NPL target of up to 2%. We would turn more positive on TIDLOR's asset quality if the NPL ratio peaks along with a stabilized trend in the NPL formation rate.

The positive factors to improve debt serviceability and asset quality in the truck segment, in our view, are:

- Acceleration of FY25E government budget disbursement, especially for public construction projects in upcountry areas, which should enhance logistic demands;
- Improved domestic consumption and tourism activities that could eventually boost demand for logistics of consumer products;
- Continued improvement in used truck prices.

- Meanwhile, we see the consumption stimulus measures from the government like the THB10,000 cash disbursement as positive for end-consumers and small loan ticket sizes like motorcycle and 4-wheeled loans rather than for truck loans, which are mostly business owners.

Exhibit 15: TIDLOR’s NPL ratio has not peaked yet

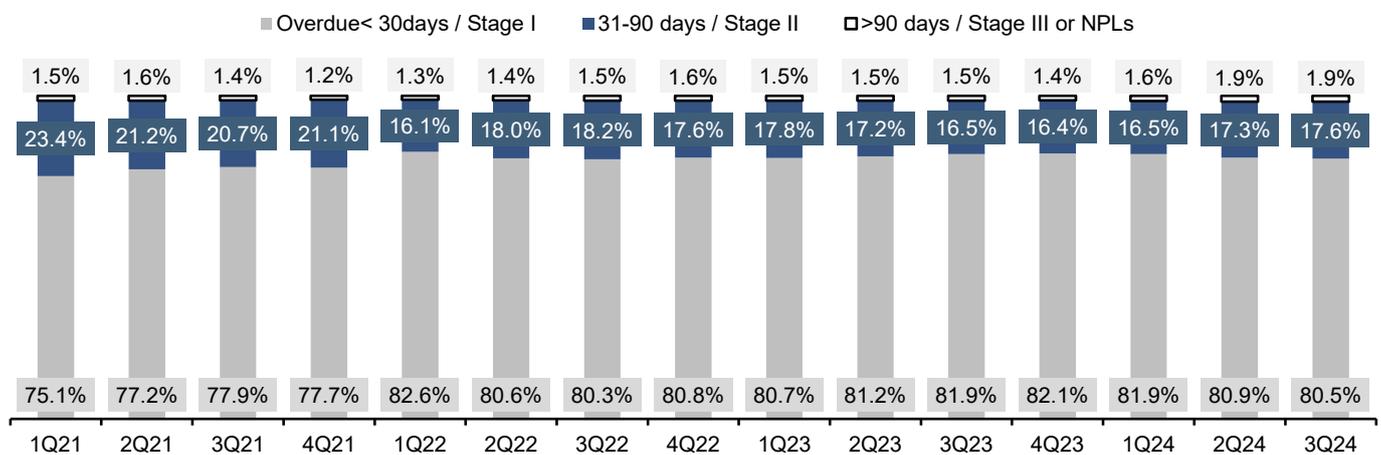


Sources: TIDLOR, FSSIA’s compilation

According to TIDLOR’s 3Q24 analyst meeting, management has guided for lower credit costs in 4Q24 to the low-3% range vs 3.9% in 3Q24 on the back of an expected lower NPL formation rate following new lending tightening in the past few quarters. However, TIDLOR did not guide for the NPL write-off trend, which has caused high credit costs and should eventually pressure TIDLOR’s profitability.

Note that TIDLOR recorded NPL write-offs worth THB899m in 3Q24, which is the new high level and much higher compared to THB696m in 4Q23 and THB365m in 4Q22.

Exhibit 16: TIDLOR’s loans by stage – higher proportion of delinquent loans or stage II loans

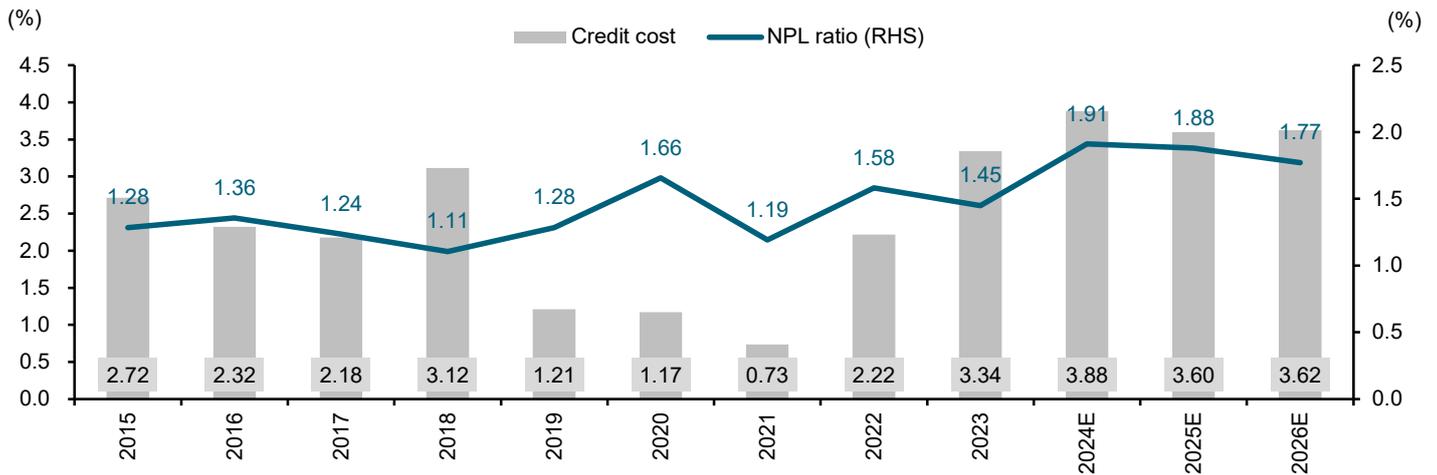


Sources: TIDLOR, FSSIA’s compilation

Another uncertain factor for TIDLOR’s asset quality, in our view, is the higher proportion of loans under stage II or delinquent loans that are overdue by 31-90 days to 17.6% of total loans in 3Q24 vs 16.4% in 4Q23. This implies there are more vulnerable loans that could fall into NPLs and push credit costs higher.

In summary, with many uncertain factors, especially the trend of NPL write-offs for the truck segment and the high proportion of stage II loans, we now conservatively expect TIDLOR’s credit costs to be at 3.6-3.9% for 2024-26 vs the company’s guidance of 3.0-3.35% in order to reflect the high burden to clean up its balance sheet via active NPL write-offs. This should eventually lead to an NPL ratio for TIDLOR below 2%, which is in line with the company’s target.

Exhibit 17: Expect high credit costs for TIDLOR in 2024-26 in order to manage the NPL ratio below 2%



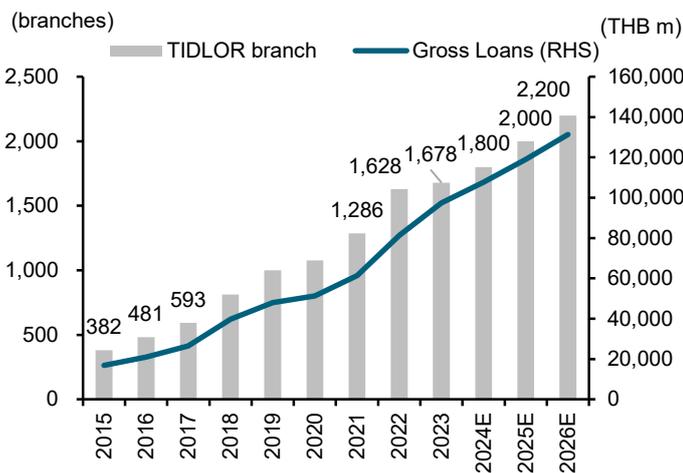
Sources: TIDLOR, FSSIA estimates

Strong revenue growth from lending and insurance brokerage

In 2024-26, we expect TIDLOR to expand c200 new branches per year. TIDLOR’s expansion strategy may be different compared to MTC’s 600 new branches and SAWAD’s 400 per year. Nonetheless, TIDLOR has a competitive advantage in multi-channels beyond physical branches, including TIDLOR revolving cash cards (717,000 cards as of 3Q24), its mobile application, partnership with Bank of Ayudhya (530 branches), and 530 used truck dealers.

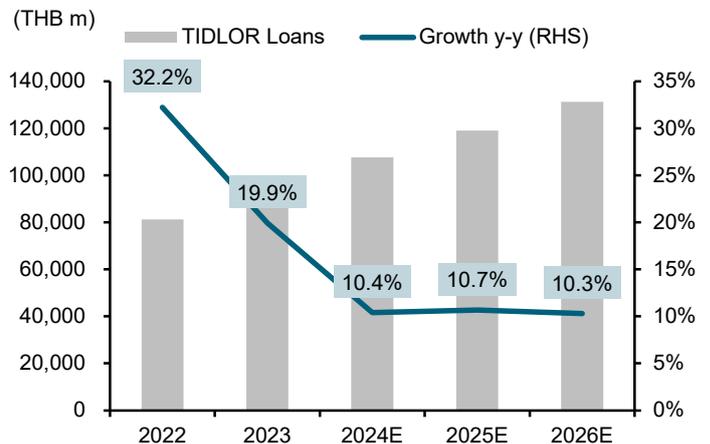
In addition, TIDLOR’s management sees continued demand for loans in upcountry areas from switching from loan sharks (excessive interest at 60%+ per year) to auto title loans (16-24% interest rates) with cheaper interest rates and proper customer protection.

Exhibit 18: TIDLOR’s loans and branch network



Sources: TIDLOR, FSSIA estimates

Exhibit 19: TIDLOR’s loan growth



Sources: TIDLOR, FSSIA estimates

We now project TIDLOR’s loan growth to be at 10% pa during 2024-26 on the back of loan disbursement via not only its physical branch network of up to 2,200 branches by 2026E but also multi-channels (TIDLOR revolving cash cards, mobile application, partnership with Bank of Ayudhya and used truck dealers, etc.). Nonetheless, our projected growth in 2024-26 is slower than 2022-23 mainly due to its prudent new loan underwriting policy after the severe impact from the truck loan segment earlier.

Exhibit 20: TIDLOR's products and services



Source: TIDLOR

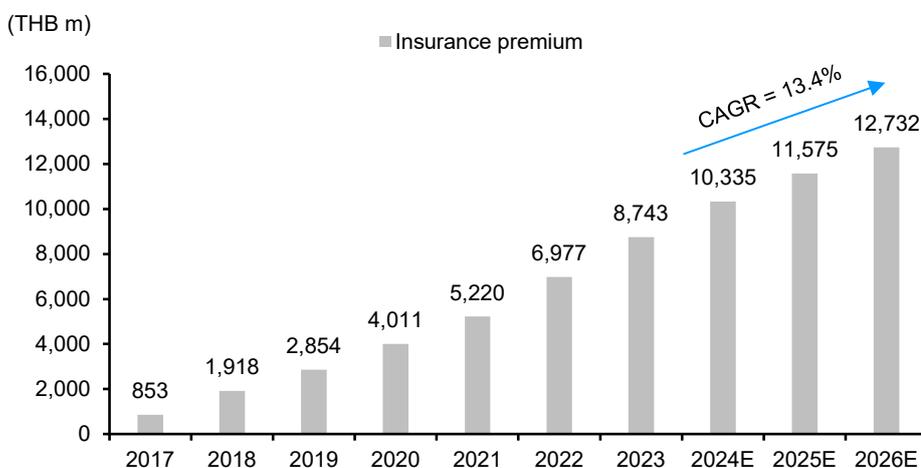
Apart from the lending business, TIDLOR also has an insurance brokerage business that generates commission income (as non-NII) following sales of insurance premiums. For 2023 and 9M24, commission income from the insurance brokerage contributed 10% of TIDLOR's operating income.

TIDLOR disclosed that, for 2023 as well as 9M24, around 90% of voluntary motor insurance policies via TIDLOR were sold to non-loan customers, i.e. not cross-selling and are a new customer base. In addition, more than 50% of premiums sold were first-class motor insurance with comprehensive protection coverage. Note that the price of the first-class motor insurance policy is typically 2-3x compared to the price of second- and third-class insurance. The key success factors for TIDLOR's brokerage business, in our view, include the variety of insurance partners (up to 15 insurers), affordability with an under 0% cash installment program for 10 months, and licensed staff.

Going forward, TIDLOR is maintaining its focus on the insurance brokerage business via traditional channels (branches and telesales) and TIDLOR's Insurtech platforms, namely "Areegator" and "HeyGoody".

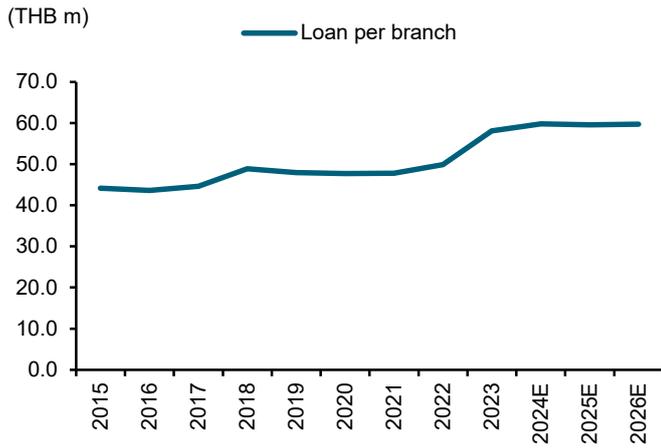
We now expect non-life insurance premiums as well as commission income via TIDLOR's brokerage business to have a CAGR of 13.4% for 2024-26. This growth projection is quite strong compared to the industry's premium growth of 1% y-y in 2023 and 9M24 (source: The Office of Insurance Commission or OIC).

Exhibit 21: Insurance premiums via TIDLOR's brokerage business



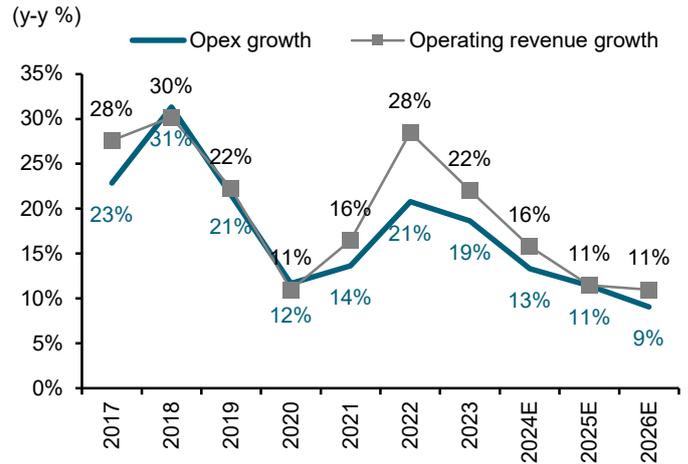
Sources: TIDLOR, FSSIA estimates

Exhibit 22: TIDLOR's loans per branch



Sources: TIDLOR, FSSIA estimates

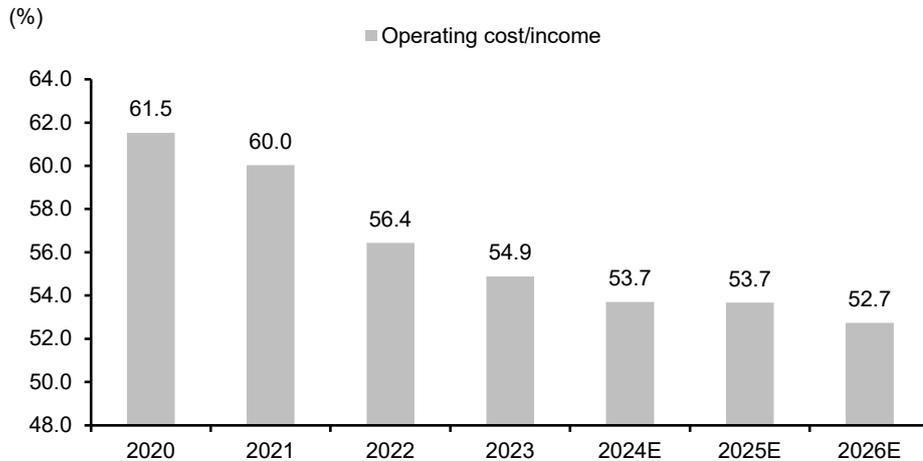
Exhibit 23: Expect TIDLOR's revenue growth to outperform OPEX growth



Sources: TIDLOR, FSSIA estimates

With growth contributions from both the lending business (via loan growth) and insurance brokerage business, we expect operating revenue growth of 13% pa for 2024-26. Compared to OPEX growth projected at 11% pa during the same period, we expect TIDLOR's cost-to-income to improve to 53.7% in 2024 and 52.7% in 2026 vs 54.9% in 2023. Note that the OPEX growth, in our view, would mainly come from IT investment, marketing expenses and personnel expenses rather than from branch expansions.

Exhibit 24: Cost-to-income ratio – likely to improve to 52.7% by 2026



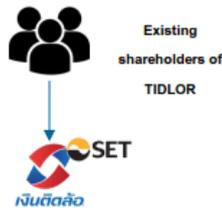
Sources: TIDLOR, FSSIA estimates

Restructuring progress, interim dividend & ROE projection at 14% for 2024-26

In May 2024, TIDLOR announced a restructuring plan whereby the current listed entity will become the “Holding Company”. According to the restructuring plan, the holding company will have two major subsidiaries:

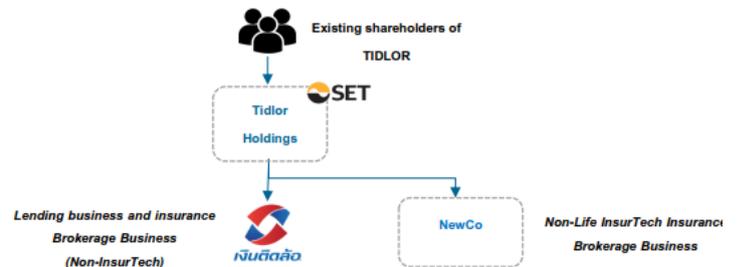
- Lending and traditional insurance brokerage;
- Insurtech insurance brokerage (namely Areegator and Heygoody).

Exhibit 25: TIDLOR group’s shareholding structure: pre-restructuring plan



Sources: TIDLOR, Stock Exchange of Thailand (SET)

Exhibit 26: Post-restructuring plan



Note: The Company will transfer the Non-Life InsurTech Insurance Brokerage Business to NewCo after the ordinary shares of Tidor Holdings have been listed on the SET.

Sources: TIDLOR, Stock Exchange of Thailand (SET)

The rationale behind TIDLOR’s restructuring includes:

- To foster and enhance efficiency for the future growth of both TIDLOR’s lending and insurance brokerage business (via traditional and Insurtech channels);
- To remove the limitations under the Foreign Business Act (FBA).

Currently, TIDLOR is subject to the FBA because its largest major shareholders, Bank of Ayudhya (BAY) and Siam Asia Credit Access (SACA), are classified as foreign entities. The FBA has a requirement that foreign entities must maintain their ratio of loans to paid up capital at below 7x.

Exhibit 27: TIDLOR’s major shareholders as of 15 May 2024

No.	Shareholders	No. of shares	% holding
1	BANK OF AYUDHYA PUBLIC COMPANY LTD. (BAY)	874,078,998	30.00
2	SIAM ASIA CREDIT ACCESS PTE. LTD. (SACA)	472,914,456	16.23
3	Thai NVDR Company Limited	190,009,681	6.52
4	9 BASIL PTE. LTD.	101,680,769	3.49
5	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	58,139,475	2.00
6	TISCO MASTER POOLED REGISTERED PROVIDENT FUND	27,767,530	0.95
7	N.C.B.TRUST LIMITED- NORGES BANK 37	25,200,000	0.86
8	STATE STREET EUROPE LIMITED	19,757,641	0.68
9	THE BANK OF NEW YORK MELLON	15,512,114	0.53
10	Krungsri Dividend Stock Fund	11,426,105	0.39
	Others	1,117,015,521	38.35
	Grand Total	2,913,502,290	100.00

Sources: TIDLOR

TIDLOR achieved strong loan growth at a CAGR of 24% over 2021-23, and given the limitation under the FBA, it was forced to issue stock dividends during that period to increase its paid-up capital in order to maintain a loan-to-paid-up capital ratio at below 7x. Consequently, the stock dividend diluted both the EPS and ROE outlook for TIDLOR.

Under its new structure, with TIDLOR as a holding company for investments and not a lending company, it will no longer be subject to the FBA and the 7x ratio limitation.

In our view, we believe this restructuring plan would reduce investors' confusion over TIDLOR's dividend payments (with the likelihood of no stock dividends in the future after the removal of the limitations under the FBA) as well as its EPS and ROE trajectory in the future.

Overall, we are positive on this restructuring as there would no longer be a dilution impact on TIDLOR's EPS and ROE in the future. This plan could also help TIDLOR to expand its businesses better with no ratio restriction, especially the lending business. We see no impact on TIDLOR's overall business operations and financial performance on a consolidated basis after restructuring.

Regarding the timeline, the holding company will propose to launch a Tender Offer to acquire its existing listed shares on the Stock Exchange of Thailand (SET) within 2025, i.e. swap 1 existing share for 1 holding company share. The company's ticker will remain as TIDLOR after the restructuring. We expect the Tender Offer to be around 2Q-3Q25, which would be delayed from the initial date in 4Q24E, due to pending approval from related regulators including the BoT, the Securities and Exchange Commission (SEC), the OIC and the Ministry of Commerce.

We suggest that TIDLOR shareholders accept the Tender Offer, i.e. swap 1 existing share for 1 holding company share. Otherwise, there would be no liquidity in the market after the delisting of existing shares to be replaced by shares in the holding company in 2H25E.

Exhibit 28: TIDLOR's restructuring timeline – as of Dec 2024



Source: TIDLOR

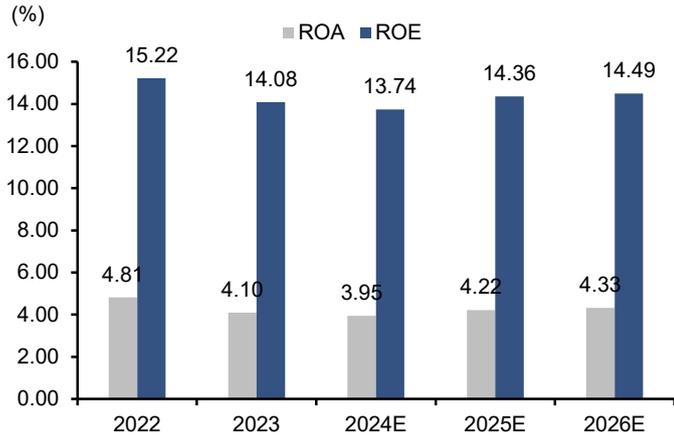
On 19 December 2024, TIDLOR approved the payment of an interim DPS of THB0.438 for 9M24 operations. This implies a 40% dividend payout ratio. The ex-dividend date will be 3 January 2025.

We are slightly positive and surprised by this interim DPS announcement. In our view, we believe this announcement would help investors' confidence after TIDLOR is delisted from the SET50 index and has no rating for the SETESG index.

According to our discussion with TIDLOR, the interim DPS announcement is due to the delay of restructuring progress (moved to 2025E). TIDLOR believes that the completion of the restructuring progress might be the same period of the annual general meeting and annual dividend announcement (Mar-Apr 2025). This interim DPS announcement should avoid such a timing conflict, and thus this would be a one-time event. In addition, the 40% payout ratio for this time is not a promise or guaranteed level for the holding company after the restructuring going forward. We currently assume a 15% payout ratio for TIDLOR during 2025-26.

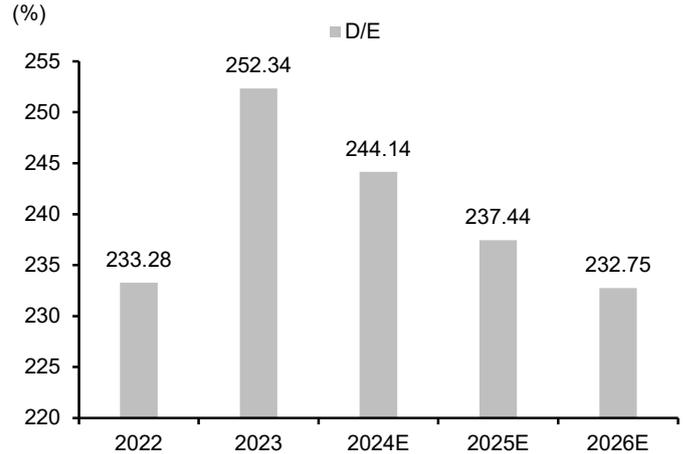
Eventually, with the expectation of no dilution impact from the stock dividend after restructuring and consistent revenue growth, we expect TIDLOR's ROE to be 14.4-14.5% in 2025-26, which would be slightly improved from 13.7-14.0 in 2023-24E.

Exhibit 29: ROA and ROE



Sources: TIDLOR, FSSIA estimates

Exhibit 30: D/E ratio



Sources: TIDLOR, FSSIA estimates

3Q24 results review – high credit cost and mute loan growth q-q

TIDLOR reported a 3Q24 net profit of THB991m, down 1.6% y-y and 9.2% q-q, 8% below FSSIA's forecast and 6% below the Bloomberg consensus, mainly due to a higher-than-expected credit cost at 3.91% and mute loan growth q-q.

TIDLOR's overall asset quality in 3Q24 remained uncertain, in our view, especially the truck segment. The loan proportion under stage II (delinquent loans) was higher q-q from 17.3% to 17.6% in 3Q24.

TIDLOR reported an NPL ratio of 1.88% in 3Q24 (+2bp q-q) and a high NPL formation rate of c357bp vs its 5-year average of 210bp. TIDLOR's 9M24 net profit came in at 76.5% of FSSIA's full-year forecast.

Exhibit 31: TIDLOR – 3Q24 operating summary

Profit and loss	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change	2024E	% of 24E
	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	(THB m)	(%)				
Interest income	4,000	4,233	4,374	4,566	4,727	18.2	3.5	13,667	20.8	18,494	73.9
Interest expense	484	537	557	590	623	28.8	5.6	1,770	35.6	2,416	73.3
Net interest income	3,517	3,696	3,818	3,976	4,104	16.7	3.2	11,897	18.9	16,078	74.0
Non-interest income	834	1,030	935	898	884	6.0	(1.7)	2,717	13.3	3,758	72.3
Non-interest expenses	2,409	2,602	2,569	2,604	2,742	13.8	5.3	7,915	16.4	10,653	74.3
Pre-provision profits	1,941	2,124	2,183	2,270	2,245	15.6	(1.1)	6,699	19.5	9,184	72.9
Provisioning expense	681	1,000	809	905	1,005	47.5	10.9	2,719	36.9	3,978	68.4
Profit before tax	1,260	1,124	1,374	1,365	1,241	(1.6)	(9.1)	3,980	9.9	5,206	76.4
Tax expense	253	223	270	274	250	(1.3)	(8.6)	793	8.6	1,041	76.2
Net profit	1,007	901	1,104	1,091	991	(1.6)	(9.2)	3,186	10.3	4,165	76.5
EPS (THB)	0.37	0.33	0.39	0.38	0.34	(8.8)	(10.8)	1.11	1.2	1.43	77.9

Balance sheet	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		2024E
Unit: THB m	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)
Cash and equivalent	1,354	1,656	2,870	1,432	3,166	133.9	121.0	2,158
Gross Loans	91,888	97,457	100,133	103,042	102,700	11.8	(0.3)	107,583
Other current assets	1,204	1,431	1,156	1,397	1,269	5.4	(9.2)	1,864
Investments	213	213	213	213	213	0.0	0.0	0
Fixed assets - net	1,688	1,623	1,675	1,723	1,698	0.6	(1.5)	1,962
Other non-current assets	508	196	396	117	118	(76.7)	1.2	196
Total assets	94,522	100,148	103,825	105,294	106,550	12.7	1.2	110,866
Short term borrowings	4,199	6,643	3,250	7,064	850	(79.8)	(88.0)	7,521
Long term borrowings	59,638	61,571	67,399	64,923	71,552	20.0	10.2	67,514
Total liabilities	66,957	71,724	74,317	75,440	75,736	13.1	0.4	78,650
Total shareholder's equity	27,565	28,424	29,508	29,854	30,814	11.8	3.2	32,215
BVPS (THB)	9.81	10.12	10.50	10.25	10.58	7.8	3.2	11.06

Key drivers and ratios	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change	2024E
	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)
Gross loans (THB m)	91,888	97,457	100,133	103,042	102,700	11.8%	-0.3%	102,700	11.77	107,583
Yield on loans	17.87	17.89	17.71	17.98	18.38	0.51	0.40	18.02	0.41	18.04
Cost of funds	3.11	3.25	3.21	3.31	3.45	0.34	0.14	3.32	0.42	3.37
Net interest margin	15.71	15.62	15.46	15.65	15.96	0.25	0.30	15.69	0.11	15.68
Cost-to-income ratio	55.38	55.06	54.06	53.42	54.98	(0.39)	1.57	54.15	(0.63)	53.70
Credit cost	3.04	4.22	3.28	3.57	3.91	0.86	0.34	3.58	0.49	3.88
NPL ratio	1.51	1.45	1.60	1.86	1.88	0.37	0.02	1.88	0.37	1.91
NPL coverage	264.44	282.07	264.10	227.31	230.57	(33.87)	3.26	230.57	(33.87)	236.48
ROE	14.88	12.88	15.25	14.71	13.06	(1.82)	(1.65)	14.34	(0.21)	13.74
Debt to equity	242.91	252.34	251.85	252.70	245.78	2.88	(6.92)	245.78	2.88	244.14

Sources: TIDLOR, FSSIA's estimates

Outlook

Going forward, we believe the asset quality issues for TIDLOR's truck loans (17% of total loans) could be prolonged for at least the next two quarters due to 1) weak logistic demand following subdued consumption and private investment activities; 2) diesel prices rising from THB30 per liter in 1Q24 to THB33 per liter currently, which should hamper debt serviceability; and 3) falling used truck prices y-y. All of this would cause a large amount of NPL write-offs and high credit costs for TIDLOR in 4Q24-2Q25E, we believe.

In addition, we expect higher OPEX q-q from seasonal OPEX booking (annual bonuses, incentives, marketing expenses, etc.) that would pressure 4Q24E net profit.

Highlights

(-) Loan growth: TIDLOR posted 3Q24 loan growth of 11.8% y-y and -0.3% q-q, which was lower than FSSIA's forecast. We believe the miss in loan growth was mainly due to conservative new lending from TIDLOR to customers in order to protect asset quality and historically high NPL write-offs worth THB900m in 3Q24 (implying a 3.5% charge-off rate to total loans).

(+) NIM: NIM was at 15.96% in 3Q24 (+30bp q-q) on the back of an increase in the loan yield (+40bp q-q to 18.38%). We believe the higher loan yield q-q was due to repricing the loan yield for new loan contracts. Funding costs were at 3.45% (+14 bp q-q).

(+) Insurance brokerage: Income from the insurance brokerage business grew strongly by 18% y-y thanks to the physical branch network as well as online platforms (Areegator and Heygoody).

(-) OPEX: The cost-to-income ratio was at 55% in 3Q24 which was higher than FSSIA's estimate. TIDLOR's branch network reached 1,747 branches as of 3Q24 (+69 YTD, +24 q-q). At the operating level, TIDLOR's 3Q24 pre-provisioning operating profit (PPOP) was at THB2.25b (+15.6% y-y, -1.1% q-q), below FSSIA's estimate.

Exhibit 32: TIDLOR – loan staging and loan loss reserve (LLR)

	2022	2023	1Q24	2Q24	3Q24	2022	2023	1Q24	2Q24	3Q24
Loans	(THB m)	% total loans								
Stage I (normal loans)	65,700	80,023	82,054	83,333	82,687	80.85	82.11	81.94	80.87	80.51
Stage II (delinquent loans)	14,280	16,022	16,473	17,792	18,078	17.57	16.44	16.45	17.27	17.60
Stage III (non-performing loans, NPLs)	1,285	1,412	1,607	1,916	1,935	1.58	1.45	1.60	1.86	1.88
Total loans	81,265	97,457	100,133	103,042	102,700	100.00	100.00	100.00	100.00	100.00
Loan loss reserve: LLR	(THB m)	% LLR to Loans								
Stage I	1,075	1,390	1,524	1,616	1,715	1.6	1.7	1.9	1.9	2.1
Stage II	1,311	1,604	1,654	1,691	1,789	9.2	10.0	10.0	9.5	9.9
Stage III	813	988	1,066	1,049	957	63.2	70.0	66.3	54.8	49.5
Total loans	3,199	3,981	4,244	4,356	4,461	3.9	4.1	4.2	4.2	4.3
LLR / Loans	(%)	(%)	(%)	(%)	(%)					
Stage I (normal loans)	1.6	1.7	1.9	1.9	2.1					
Stage II (delinquent loans)	9.2	10.0	10.0	9.5	9.9					
Stage III (non-performing loans, NPLs)	63.2	70.0	66.3	54.8	49.5					
Total loans	3.9	4.1	4.2	4.2	4.3					
Key ratios	(%)	(%)	(%)	(%)	(%)					
NPL to Total loans	1.58	1.45	1.60	1.86	1.88					
(NPL + Stage II) to Total loans	19.15	17.89	18.06	19.13	19.49					
LLR / NPL (NPL coverage ratio)	248.90	282.07	264.10	227.31	230.57					
LLR / (NPL + Stage II)	20.55	22.84	23.47	22.10	22.29					

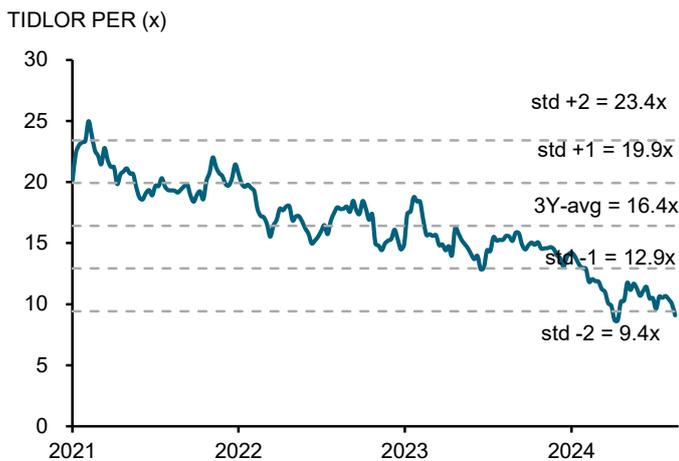
Sources: TIDLOR, FSSIA's compilation

(-) Asset quality: The overall asset quality for TIDLOR in 3Q24 was not in a good shape, in our view, with loans under stage II higher q-q from 17.3% of total loans in 2Q24 to 17.6% in 3Q24, mainly due to the truck segment. The NPL ratio was at 1.88% in 3Q24 (+2 bp q-q) vs the company’s target of less than 2%.

The 3Q24 NPL formation rate was at 357bp, which was lower from the five-year peak of 434bp in 2Q24, but higher than the five-year average (2019-23) of 210bp. This implies TIDLOR’s asset quality remains volatile.

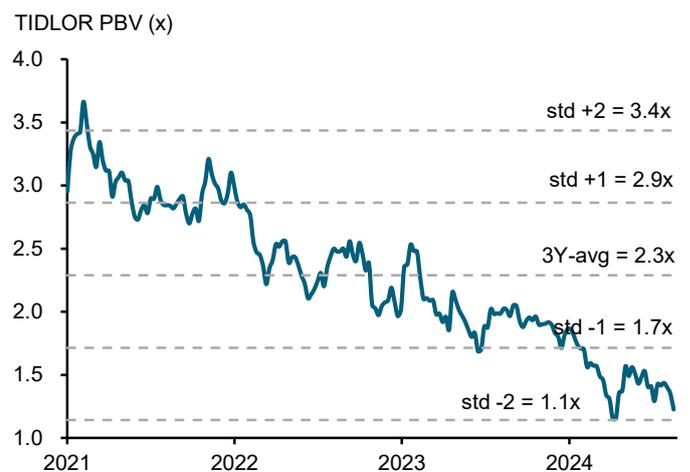
The 3Q24 credit cost was at 3.91%, which was considerably high vs the company’s target of 3.6-3.7% for 2024 (9M24: 360bp). The reason behind the high credit cost was the THB900m in NPL write-offs for the truck segment in the quarter. We believe the NPL write-off trend for TIDLOR should be high for at least the next three quarters due to problems in the truck segment. The NPL coverage ratio improved q-q to 231% (2Q24: 227%).

Exhibit 33: TIDLOR – one-year prospective P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 34: TIDLOR – one-year prospective P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 35: Peers comparison, as of 2 January 2025

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	46.75	62.00	32.6	15.8	12.2	2.6	2.2	18.1	19.7	0.6	0.7
Srisawad Corp	SAWAD TB	HOLD	41.00	37.00	(9.8)	11.9	10.6	1.9	1.6	17.0	16.2	0.3	0.9
Ngern Tid Lor	TIDLOR TB	BUY	16.90	20.50	21.3	11.8	10.0	1.5	1.4	13.7	14.6	3.4	1.5
Saksiam Leasing	SAK TB	BUY	4.78	5.28	10.5	12.1	10.6	1.6	1.5	13.7	14.4	3.5	4.0
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	123.50	142.00	15.0	10.4	9.6	1.2	1.1	11.7	11.9	4.0	4.4
Krungthai Card	KTC TB	HOLD	50.00	43.00	(14.0)	17.2	17.2	3.2	2.9	19.8	17.9	2.6	2.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	10.10	11.00	8.9	12.0	9.4	0.5	0.5	4.2	5.3	4.2	5.3
Ratchthani Leasing	THANI TB	HOLD	1.51	1.78	17.9	9.6	8.5	0.7	0.7	7.2	8.0	5.7	6.5
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.10	9.00	47.5	14.7	12.3	0.5	0.4	3.1	3.6	5.4	6.5
JMT Network services	JMT TB	HOLD	18.00	17.00	(5.6)	15.8	13.0	1.0	0.9	6.2	7.4	3.8	4.6
Chayo Group	CHAYO TB	BUY	2.82	4.00	41.8	11.4	6.7	0.8	0.7	7.9	11.8	2.3	2.2
Average						13.0	10.9	1.4	1.3	11.1	11.9	3.3	3.6

The Chairman of The Board of Directors of Finansia Syrus Securities PCL is also AEONTS's Director.
Sources: Bloomberg, FSSIA estimates

Financial Statements

Ngern Tid Lor

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	12,532	15,545	18,494	20,659	22,880
Interest expense	(1,235)	(1,842)	(2,416)	(2,616)	(2,821)
Net interest income	11,297	13,703	16,078	18,043	20,059
Net fees & commission	2,710	3,380	3,707	4,015	4,424
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	32	47	51	57	63
Non interest income	2,742	3,427	3,758	4,071	4,487
Total income	14,039	17,130	19,837	22,115	24,546
Staff costs	(7,923)	(9,401)	(10,653)	(11,868)	(12,946)
Other operating costs	-	-	-	-	-
Operating costs	(7,923)	(9,401)	(10,653)	(11,868)	(12,946)
Pre provision operating profit	6,116	7,729	9,184	10,246	11,600
Expected credit loss	(1,583)	(2,986)	(3,978)	(4,076)	(4,538)
Other provisions	-	-	-	-	-
Operating profit	4,533	4,744	5,206	6,170	7,062
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	4,533	4,744	5,206	6,170	7,062
Tax	(893)	(953)	(1,041)	(1,234)	(1,412)
Profit after tax	3,640	3,790	4,165	4,936	5,650
Non-controlling interest	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	3,640	3,790	4,165	4,936	5,650
Non recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	3,640	3,790	4,165	4,936	5,650
Per share (THB)					
Recurring EPS *	1.50	1.40	1.43	1.69	1.94
Reported EPS	1.50	1.40	1.43	1.69	1.94
DPS	0.75	0.41	0.57	0.25	0.29
Growth					
Net interest income (%)	29.8	21.3	17.3	12.2	11.2
Non interest income (%)	23.4	25.0	9.7	8.3	10.2
Pre provision operating profit (%)	40.0	26.4	18.8	11.6	13.2
Operating profit (%)	14.7	4.6	9.7	18.5	14.5
Reported net profit (%)	14.9	4.1	9.9	18.5	14.5
Recurring EPS (%)	6.2	(6.3)	1.9	18.5	14.5
Reported EPS (%)	6.2	(6.3)	1.9	18.5	14.5
Income Breakdown					
Net interest income (%)	80.5	80.0	81.1	81.6	81.7
Net fees & commission (%)	19.3	19.7	18.7	18.2	18.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.2	0.3	0.3	0.3	0.3
Operating performance					
Gross interest yield (%)	17.56	17.40	18.04	18.23	18.28
Cost of funds (%)	2.55	2.97	3.37	3.32	3.27
Net interest spread (%)	15.01	14.43	14.67	14.91	15.01
Net interest margin (%)	15.8	15.3	15.7	15.9	16.0
Cost/income(%)	56.4	54.9	53.7	53.7	52.7
Cost/assets(%)	10.5	10.2	10.1	10.1	9.9
Effective tax rate (%)	19.7	20.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	50.4	29.0	40.0	15.0	15.0
ROE (%)	15.2	14.1	13.7	14.6	14.9
ROE - COE (%)	5.0	3.9	3.5	4.4	4.7
ROA (%)	4.8	4.1	3.9	4.2	4.3
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngern Tid Lor; FSSIA estimates

Financial Statements

Ngern Tid Lor

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	81,265	97,457	107,583	119,067	131,330
Allowance for expected credit loss interest in suspense	(3,199)	(3,981)	(4,859)	(5,336)	(5,773)
Net customer loans	78,067	93,475	102,723	113,731	125,557
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	2,191	1,656	2,158	2,381	2,632
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,686	1,623	1,962	2,706	4,786
Associates	0	213	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	551	546	785	866	957
Other assets	1,510	1,627	2,060	2,273	2,513
Total assets	84,727	100,148	110,866	123,255	137,880
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	55,749	68,214	75,035	82,539	89,967
Non interest bearing liabilities	3,556	3,510	3,615	5,231	7,518
Hybrid Capital	-	-	-	-	-
Total liabilities	59,305	71,724	78,650	87,770	97,485
Share capital	9,240	10,395	10,780	10,780	10,780
Reserves	16,182	18,028	21,435	24,705	29,615
Total equity	25,422	28,424	32,215	35,486	40,395
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	84,727	100,148	110,866	123,255	137,880
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	71,362	89,361	102,520	113,325	125,198
Average interest bearing liabilities	48,467	61,982	71,625	78,787	86,253
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)	1,285	1,412	2,055	2,238	2,325
Per share (THB)					
Book value per share	10.18	10.12	11.06	12.18	13.86
Tangible book value per share	9.96	9.92	10.79	11.88	13.54
Growth					
Gross customer loans	32.2	19.9	10.4	10.7	10.3
Average interest earning assets	26.5	25.2	14.7	10.5	10.5
Total asset (%)	27.4	18.2	10.7	11.2	11.9
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	30.0	28.4	29.1	28.8	29.3
Tangible equity/assets (%)	29.4	27.8	28.4	28.1	28.6
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	75.5	9.8	45.6	8.9	3.8
NPL/gross loans (%)	1.6	1.4	1.9	1.9	1.8
Allowance for ECL/gross loans (%)	3.9	4.1	4.5	4.5	4.4
Allowance for ECL/NPL (%)	248.9	282.1	236.5	238.4	248.4
Valuation					
Recurring P/E (x) *	11.3	12.0	11.8	10.0	8.7
Recurring P/E @ target price (x) *	13.7	14.6	14.3	12.1	10.6
Reported P/E (x)	11.3	12.0	11.8	10.0	8.7
Dividend yield (%)	4.5	2.4	3.4	1.5	1.7
Price/book (x)	1.7	1.7	1.5	1.4	1.2
Price/tangible book (x)	1.7	1.7	1.6	1.4	1.2
Price/tangible book @ target price (x)	2.1	2.1	1.9	1.7	1.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngern Tid Lor; FSSIA estimates

Ngern Tid Lor PCL (TIDLOR TB)

FSSIA ESG rating

★★

30.91 /100

Exhibit 36: 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 37: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
MTC	59.64	--	Y	AAA	5.00	4.00	Certified	Medium	47.15	AA	--	62.28	40.00	--	--
SAK	39.73	--	Y	A	5.00	4.00	Certified	--	--	--	--	44.31	16.00	2.13	45.88
SAWAD	57.03	--	Y	AA	5.00	4.00	Declared	Medium	63.22	BBB	--	27.77	19.00	3.51	47.89
TIDLOR	30.91	--	--	--	--	4.00	Certified	Medium	--	--	--	43.52	19.00	1.90	39.47
TK	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 38: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	1.61	1.76	1.90
BESG environmental pillar score	0.00	0.45	0.25
BESG social pillar score	1.00	1.05	1.17
BESG governance pillar score	3.67	3.82	4.19
ESG disclosure score	30.71	39.12	39.47
Environmental disclosure score	1.75	18.48	18.82
Social disclosure score	6.59	15.11	21.13
Governance disclosure score	83.59	83.59	78.33
Environmental			
Emissions reduction initiatives	No	No	No
Climate change policy	No	No	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	No	No	No
GHG scope 1	—	2	3
GHG scope 2 location-based	—	5	6
GHG Scope 3	—	1	1
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	Yes	Yes	Yes
Total energy consumption	—	19	21
Renewable energy use	—	—	—
Electricity used	—	9	10
Fuel used - natural gas	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 39: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	Yes
Hazardous waste	—	0	0
Total waste	—	0	0
Waste recycled	—	—	—
Waste sent to landfills	—	—	—
Environmental supply chain management	No	No	No
Water policy	Yes	Yes	Yes
Water consumption	—	21	—
Social			
Human rights policy	No	No	No
Policy against child labor	No	No	No
Quality assurance and recall policy	No	No	Yes
Consumer data protection policy	Yes	Yes	Yes
Equal opportunity policy	No	No	Yes
Gender pay gap breakout	No	No	No
Pct women in workforce	—	74	73
Pct disabled in workforce	—	—	—
Business ethics policy	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	No	No	Yes
Lost time incident rate - employees	—	0	0
Total recordable incident rate - employees	—	—	—
Training policy	No	No	No
Fair remuneration policy	No	No	No
Number of employees – CSR	—	6,654	7,141
Employee turnover pct	—	—	15
Total hours spent by firm - employee training	—	309,979	205,724
Social supply chain management	No	No	No
Governance			
Board size	12	12	11
No. of independent directors (ID)	4	4	4
No. of women on board	1	1	2
No. of non-executive directors on board	11	11	10
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	14	13	12
Board meeting attendance pct	96	92	92
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	30	36	42
Age of the oldest director	61	62	62
No. of executives / company managers	9	9	9
No. of female executives	5	5	5
Executive share ownership guidelines	No	No	No
Size of audit committee	3	3	3
No. of ID on audit committee	3	3	3
Audit committee meetings	4	4	4
Audit meeting attendance %	100	100	100
Size of compensation committee	5	5	5
No. of ID on compensation committee	1	1	1
No. of compensation committee meetings	6	7	6
Compensation meeting attendance %	97	97	—
Size of nomination committee	5	5	5
No. of nomination committee meetings	6	7	6
Nomination meeting attendance %	97	97	100
Sustainability governance			
Verification type	No	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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-top: 10px;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

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Nathapol Pongsukcharoenkul FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Ngern Tid Lor	TIDLOR TB	THB 16.90	BUY	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; 2) tighter supervision from related regulators; 3) intense competition in auto title loan and insurance brokerage market; and 4) lower support from major shareholders.
Muangthai Capital	MTC TB	THB 46.75	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. Upside risks are 1) positive developments in asset quality which could bring down its credit costs; and 2) a decreasing market interest rate, which could alleviate its cost of funds burden.
Srisawad Corp	SAWAD TB	THB 41.00	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.
Saksiam Leasing	SAK TB	THB 4.78	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 123.50	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 50.00	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.
Asia Sermkij Leasing PCL	ASK TB	THB 10.10	HOLD	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. 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.
Ratchthani Leasing	THANI TB	THB 1.51	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 6.10	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.
JMT Network Services	JMT TB	THB 18.00	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 2.82	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 02-Jan-2025 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.