

ปัจจัยบวกในปี 2025-26

- เราคาดว่า MTC จะมีปัจจัยบวกประกอบด้วยต้นทุนที่ลดลง คุณภาพสินทรัพย์ที่ดีขึ้น และสินเชื่อที่โตในระดับสูง
- ดังนั้นเราจึงคาดว่า MTC จะรายงานกำไรสุทธิปี 2024-26 โต 22.5% CAGR
- คงคำแนะนำซื้อและเลือก MTC เป็นหุ้นเด่นที่ราคาเป้าหมายปี 2025 ใหม่ที่ 60 บาท

คงแนวโน้มเชิงบวกพร้อมคาดการณ์เติบโตของกำไรสุทธิในช่วงปี 2024-26 ที่ 22.5%

เราคาดว่า MTC จะมีปัจจัยบวกประกอบด้วย 1) โอกาสที่ต้นทุนในการกู้ยืมจะลดลงหลัง Fitch Ratings ปรับอันดับความน่าเชื่อถือของบริษัทฯ ขึ้นจาก BBB+ เป็น A- (ไทย); 2) คุณภาพสินทรัพย์ที่อยู่ในเกณฑ์ดี; 3) การได้รับประโยชน์จากการอัดฉีดสภาพคล่องสู่เศรษฐกิจในระดับจังหวัดที่สูงขึ้นผ่านมาตรการกระตุ้นเศรษฐกิจของรัฐบาลที่คาดว่าจะเกิดขึ้นในปี 2025 และ 4) สินเชื่อที่คาดว่าจะโตได้ถึง 13.2% ต่อปีในปี 2024-26 พร้อมประโยชน์จากขนาดการดำเนินงานที่คาดว่าจะใหญ่ขึ้นซึ่งทำให้เราคาดว่า MTC จะรายงานกำไรสุทธิปี 2024-26 โต 22.5% CAGR

ต้นทุนเงินกู้ใหม่ที่ลดลงจากอันดับความน่าเชื่อถือ A- (ไทย)

MTC มีหุ้นกู้มูลค่า 31.6 พัน ลบ. (25% ของเงินกู้รวม) ที่จะครบกำหนดในปี 2025 ซึ่งมีอัตราดอกเบี้ยอยู่ที่ 4.2-4.8% ในขณะที่หุ้นกู้ก่อนสุดท้ายของบริษัทฯ ในเดือน ต.ค. 2024 ซึ่งมีอันดับความน่าเชื่อถือใหม่ A- (ไทย) มีอัตราดอกเบี้ยอยู่ที่ 3.5-4.0% ด้วยเหตุผลดังกล่าวการออกหุ้นกู้รอบใหม่อาจประหยัดอัตราดอกเบี้ยได้ประมาณ 80-130bp ดังนั้นเราจึงคาดว่า MTC จะได้รับผลกระทบเชิงบวกเพิ่มขึ้นจากหุ้นกู้ที่ได้รับการจัดอันดับความน่าเชื่อถือใหม่พร้อมต้นทุนเงินกู้เฉลี่ยที่ลดลงตั้งแต่ไตรมาส 2Q25 เป็นอย่างเร็ว ทั้งนี้เราคาดว่าต้นทุนในการกู้ยืมเฉลี่ยได้พุ่งแตะระดับสูงสุดที่ 4.3% ในปี 2024 ก่อนจะลดลงเหลือ 3.8-3.9% ในปี 2025-26

คุณภาพสินทรัพย์น่าจะปรับตัวดีขึ้นต่อเนื่อง

หลังคุณภาพสินทรัพย์ปรับตัวดีขึ้นในปี 2023-24 ตามด้วยนโยบายปล่อยสินเชื่อใหม่ที่รอบคอบมากยิ่งขึ้นโดยมุ่งเน้นไปที่สินเชื่อประเภทมีหลักทรัพย์ค้ำประกันมากขึ้น เราคงมุมมองเชิงบวกของเราต่อแนวโน้มคุณภาพสินทรัพย์ของ MTC ในปี 2025-26 นอกจากนี้เรายังคาดว่าจะพบว่า บริษัทฯ จะเป็นผู้ได้รับประโยชน์รายใหญ่จากการอัดฉีดสภาพคล่องสู่เศรษฐกิจระดับจังหวัดให้มากขึ้นผ่านมาตรการกระตุ้นเศรษฐกิจของรัฐบาลซึ่งคาดว่าจะเกิดขึ้นในปี 2025 ปัจจุบันเราคาดต้นทุนความเสี่ยงในการปล่อยสินเชื่ออยู่ที่ 3.0% ในปี 2024 (ลดลงจาก 3.67% ในปี 2023) และน่าจะค่อย ๆ ลดลงเหลือ 2.8-2.9% ในปี 2025-26 สมมติฐานต้นทุนความเสี่ยงในการปล่อยสินเชื่อที่ลดลงสอดคล้องกับสัดส่วนหนี้ต่อคุณภาพที่คาดว่าจะลดลงเหลือ 2.9% ในปี 2024 (จาก 3.1% ในปี 2023) และ 2.7-2.8% ในปี 2025-26

คงคำแนะนำซื้อและยังเลือก MTC เป็นหุ้นเด่นที่ราคาเป้าหมายปี 2025 ที่ 60 บาท

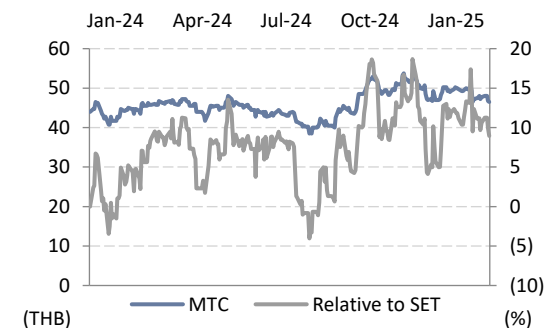
เราคงคำแนะนำซื้อและยังเลือก MTC เป็นหุ้นเด่นที่ราคาเป้าหมายปี 2025 ใหม่ที่ 60 บาท จาก 62 บาท (GGM) เราปรับลดประมาณการปี 2024-26 ของเราลงประมาณ 5-6% ส่วนมากเพื่อสะท้อนสมมติฐานผลตอบแทนสินเชื่อที่ลดลงและต้นทุนความเสี่ยงในการปล่อยสินเชื่อที่สูงขึ้นเล็กน้อย

บทวิเคราะห์ฉบับนี้จัดทำโดยคุณณฐพล พงษ์สุขเจริญกุลจากเดิมโดยคุณอนุชนีย์ ลิ่วรัตน์ (CISA)

TARGET PRICE	THB60.00
CLOSE	THB46.50
UP/DOWNSIDE	+29.0%
PRIOR TP	THB62.00
CHANGE IN TP	-3.2%
TP vs CONSENSUS	+6.7%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	6,126	7,468	9,653	11,264
Net profit	4,906	5,975	7,723	9,011
EPS (THB)	2.31	2.82	3.64	4.25
vs Consensus (%)	-	1.9	9.4	7.1
Recurring net profit	4,906	5,975	7,723	9,011
Core EPS (THB)	2.31	2.82	3.64	4.25
Chg. In EPS est. (%)	0.0	(5.0)	(5.1)	(5.8)
EPS growth (%)	(3.7)	21.8	29.3	16.7
Core P/E (x)	20.1	16.5	12.8	10.9
Dividend yield (%)	0.5	0.9	1.2	1.4
Price/book (x)	3.1	2.6	2.2	1.9
ROE (%)	16.1	17.2	18.9	18.7
ROA (%)	3.5	3.7	4.2	4.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.5)	(3.6)	1.1
Relative to country (%)	(2.8)	0.4	4.4
Mkt cap (USD m)	2,861		
3m avg. daily turnover (USD m)	8.9		
Free float (%)	20		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	54.00/37.50		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We maintain our top BUY rating for MTC, supported by the positive outlook on its profitability as follows:

- Lower funding costs in 2025-26E thanks to the better credit rating of 'A- (tha)' by Fitch Ratings compared to 'BBB+' by TRIS previously. In addition, the lower market interest rate will also support MTC's funding cost reduction.
- An ongoing decline in the NPL ratio and credit costs after MTC's proactive balance sheet cleanup and prudent new loan underwriting since 2023.
- We expect a net profit CAGR (2024-26E) of 22.5%, reflecting MTC's highest profit growth expected among Thai diversified finance companies under our coverage. The key drivers include a loan growth CAGR of 13.2%, higher branch efficiency, economies of scale with a lower cost-to-income ratio and lower credit costs following benign asset quality.

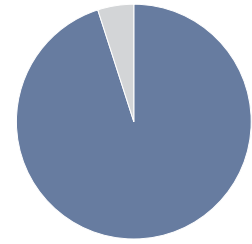
Company profile

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

www.muangthaicap.com

Principal activities (revenue, 2023)

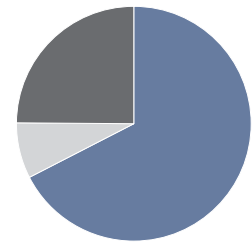
- Net interest income - 95.0 %
- Non-interest income - 5.0 %



Source: Muangthai Capital

Major shareholders

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



Source: Muangthai Capital

Catalysts

- Government stimulus acceleration to upcountry households;
- A stronger-than-expected improvement in asset quality;
- Better-than-expected OPEX control;
- Increase in loan yield to customers.

Risks to our call

Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.

Event calendar

Date	Event
Feb 2025	2024 results announcement

Key assumptions

Key assumptions (%)	2024E	2025E	2026E
Loan growth	15.09	13.84	10.60
NIM	14.31	14.71	14.79
Cost-to-income ratio	47.92	45.62	44.55
Credit cost	2.97	2.88	2.86
NPL ratio	2.90	2.80	2.76
ROE	17.23	18.90	18.70

Source: FSSIA estimates

Earnings sensitivity

-----2025E-----				
Loan growth (%)	±2ppt	11.84	13.84	15.84
% change in net profit		(1.8)		1.8
NIM (%)	±10bp	14.61	14.71	14.81
% change in net profit		(2.3)	-	2.3
Cost-to-income ratio (%)	±1ppt	44.62	45.62	46.62
% change in net profit		3.5	-	(3.5)
Credit cost (bp)	±10bp	278	288	298
% change in net profit		2.3	-	(2.3)

Source: FSSIA estimates

Positive catalysts lined up in 2025-26

Maintain positive outlook with 2024-26E net profit CAGR of 22.5%

This note marks the transfer of coverage of MTC to Nathapol Pongsukcharoenkul from Usanee Liurut, CISA. We maintain our top BUY rating for MTC with a new GGM-based 2025 TP of THB60.

Overall, we foresee positive catalysts for MTC including 1) room to reduce funding costs after the credit rating upgrade from BBB+ to A- (tha) by Fitch Thailand; 2) the good shape of MTC's asset quality; 3) benefitting from a higher liquidity injection to the provincial economy by government stimulus measures expected in 2025; and 4) strong loan growth of 13.2% pa during 2024-26E, with larger economies of scale projected.

We have cut our 2024-26 forecast by c5-6% mainly due to a more conservative loan yield forecast and a slightly higher credit cost assumption. We are conservative in assuming that MTC's overall yield should be maintained at around 17.6-17.7% in 2024-26. Currently, MTC's management is maintaining the policy of offering a competitive yield to customers (c16-18%) with no increase in loan yield. This helps MTC gain consistent loan growth and market share in the auto title lending sector, in our view. We foresee an upside risk of a rising loan yield to 18-20%, which is in line with MTC's yield during 2020-22. Sensitivity-wise, an increase in NIM by 10bp would boost MTC's 2025E net profit by 2.3%, all else being equal.

Meanwhile, we expect declining credit costs to 2.86-2.97% for 2024-26 from 3.67% in 2023. In our view, this implies the strong improvement of MTC's asset quality after the NPL peak in 2Q23, its proactive NPL write-offs and benefitting from a higher liquidity injection into the provincial economy by government stimulus measures (e.g. cash handout program, farm income subsidy, cost of living reduction program, etc.).

We expect MTC to record high loan growth of 13.2% CAGR during 2024-26 on the back of a network expansion to 9,000 branches by 2026E (3Q24: 8,031, 4Q23: 7,537) and improved branch efficiency via higher average loans per branch). As a result, we expect MTC to post a 2024-26 net profit CAGR of 22.5%. This CAGR is the highest among the diversified finance companies under our coverage.

After our earnings revisions, we trim our GGM-based 2025 TP to THB60 (from THB62 previously, which implies 2.86x 2025E P/BV (COE of 10.2%, ROE of 18%)). We expect MTC's ROE to increase to c17-19% in 2024-26 from 16.1% in 2023.

With a higher ROE trajectory, positive catalysts and strong net profit growth, we recommend BUY for MTC and maintain it as our top pick for Thai diversified finance companies under our coverage.

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	22,057	25,942	29,240	27,968	32,908	38,011	-21.1%	-21.2%	-23.1%
Non-interest income	1,082	1,138	1,266	958	996	1,036	12.9%	14.3%	22.2%
PPOP	12,050	14,727	16,917	12,641	15,188	17,591	-4.7%	-3.0%	-3.8%
Loan loss provisions	4,581	5,074	5,653	3,875	4,011	4,632	18.2%	26.5%	22.0%
Net profit	5,975	7,723	9,011	6,292	8,142	9,568	-5.0%	-5.1%	-5.8%
Key ratio							(ppt)	(ppt)	(ppt)
NIM (%)	14.31	14.71	14.79	14.70	15.10	15.20	(0.39)	(0.39)	(0.41)
Cost to income (%)	47.92	45.62	44.55	46.90	46.90	46.90	1.02	(1.28)	(2.35)
ROA (%)	3.70	4.17	4.34	3.90	4.30	4.30	(0.20)	(0.13)	0.04
ROE (%)	17.23	18.90	18.70	18.10	19.70	19.30	(0.87)	(0.80)	(0.60)
Credit cost (%)	2.97	2.88	2.86	3.08	2.75	2.67	(0.11)	0.13	0.19
Loan growth (%)	15.09	13.84	10.60	19.55	16.58	14.68	(4.46)	(2.74)	(4.08)
Net profit growth (%)	21.77	29.25	16.68	28.25	29.40	17.51	(6.48)	(0.15)	(0.83)

Source: FSSIA estimates

Exhibit 2: MTC – GGM-based 2025 TP

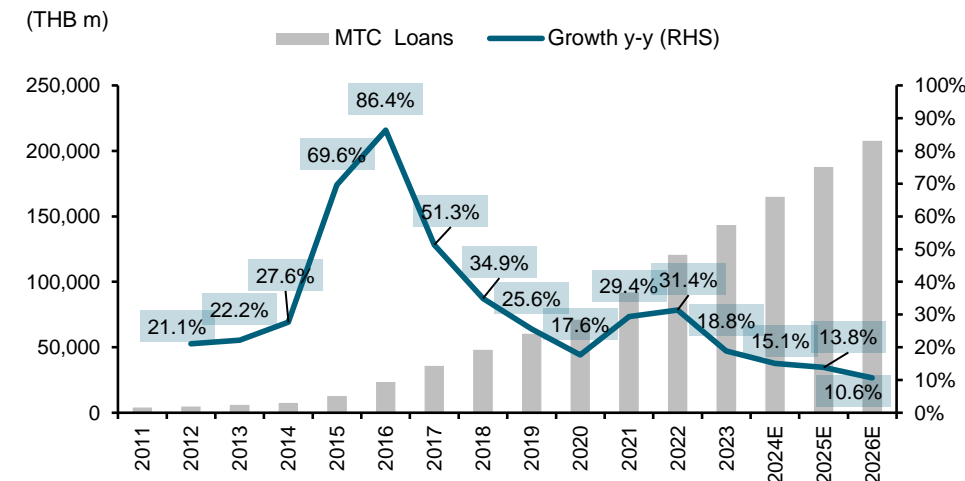
Gordon Growth Model (GGM)	
Risk free rate	3.00%
Risk premium	6.00%
Beta	1.20
Cost of Equity	10.20%
Sustainable ROE	18.00%
Cost of Equity	10.20%
Medium-term growth (g)	6.00%
Derived P/BV multiple (x)	2.86
2025E BVPS (THB)	17.66
Derived target price (THB)	60.00

Source: FSSIA estimates

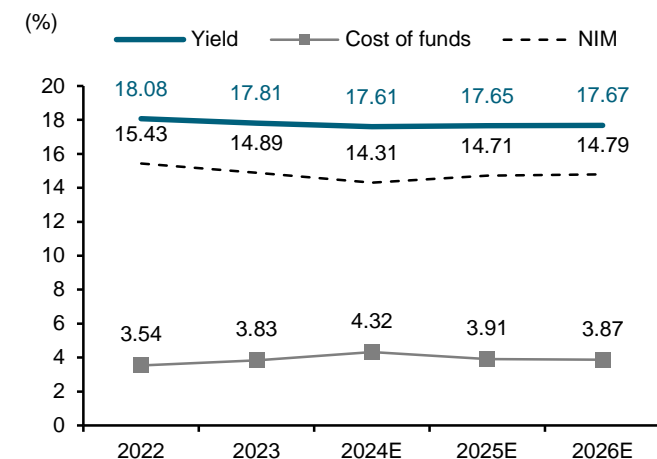
Exhibit 3: Share price performance of non-banks under coverage; as of 30 December 2024

	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)

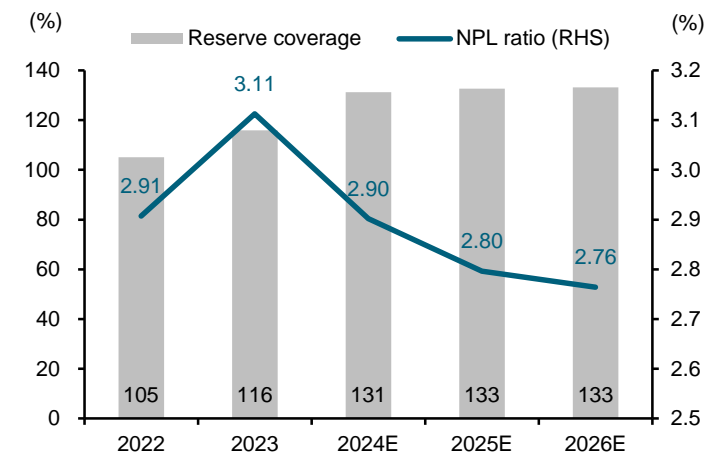
Source: Bloomberg

Exhibit 4: MTC's loan growth


Sources: MTC, FSSIA estimates

Exhibit 5: Yield, cost of funds and NIM


Sources: MTC, FSSIA estimates

Exhibit 6: NPL ratio and NPL coverage ratio


Sources: MTC, FSSIA estimates

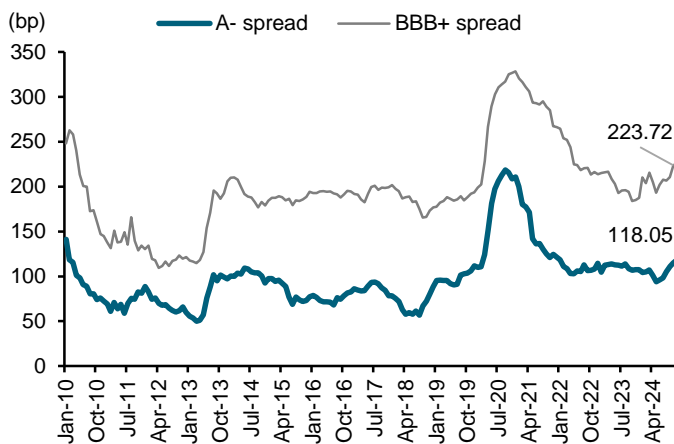
Favorable cost of new funding with A- (tha) rating

Fitch Ratings assigned MTC's first credit rating on 12 September 2024 with an international long-term issuer default (IDR) of BB and a local national long-term rating in THB of A- (tha) with a 'Stable' outlook.

We believe the BB international IDR for MTC will support the issuance of USD-denominated unsecured debentures and social bonds in the future. Eventually, the international IDR should diversify MTC's funding to global sources from domestic sources only, thus supporting MTC's loan growth trajectory. In addition, the international rating aligns with MTC's mission of being a global microfinance operator.

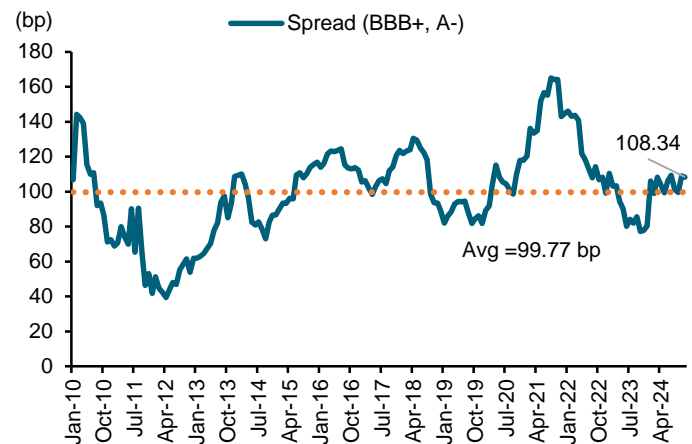
Meanwhile, for the local rating from Fitch of A- (tha), we see this new rating as positive for MTC compared to the BBB+ rating from TRIS previously. This is because the spread between A- and BBB+ is c100bp on average (see Exhibit 8). This means MTC's new debentures from 4Q24 onward with an A- (tha) rating will have a lower interest rate of c80-100bp compared to the BBB+ series.

Exhibit 7: Thai corporate bond spread: A- vs BBB+



Sources: ThaiBMA, FSSIA's compilation

Exhibit 8: Spread between BBB+ and A- corporate rating; c100bp on average



Sources: ThaiBMA, FSSIA's compilation

Exhibit 9: Debenture maturity timeline – THB31.6b of MTC's debentures will mature in 2025 and be rolled over with an expected lower interest rate

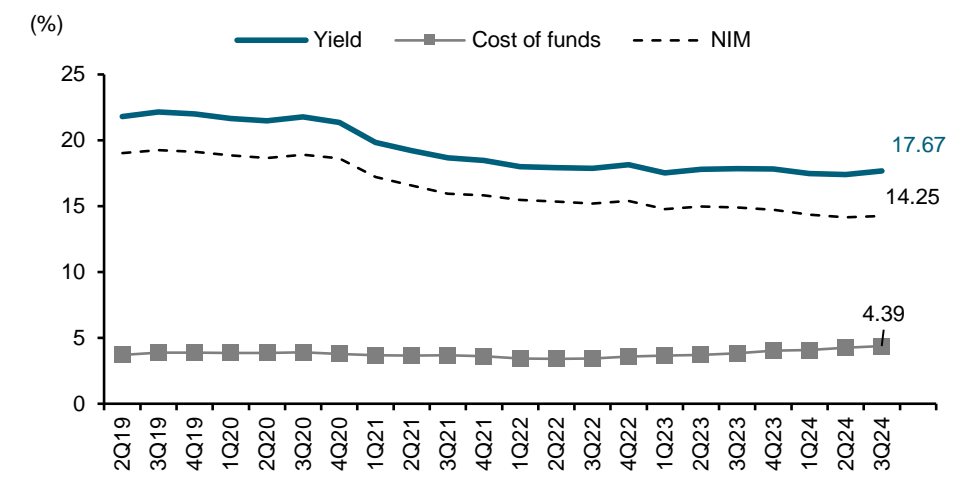
TRIS Rating	AA-	A- (Fitch)	BBB+	BBB+	A	A-	A (Fitch)	A-
Unit: THB m	KTC	AEONTS	SAWAD	MTC	TIDLO	BAM	ASK	THANI
2024	0	0	2,879	0	0	500	0	500
2025	11,500	1,000	15,985	31,558	19,400	13,119	11,046	9,093
2026	12,330	1,700	12,107	22,656	12,035	12,770	6,845	9,600
2027	7,732	0	5,546	14,897	7,300	13,145	5,617	8,351
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
Sum	42,307	2,700	42,971	76,045	40,300	69,460	26,492	28,544

Sources: ThaiBMA, FSSIA's compilation

According to data from the Thai Bond Market Association or ThaiBMA (see the above exhibit), there are THB31.6b worth of MTC's debentures (equivalent to 25% of MTC's total funding) that will mature in 2025 with an interest rate of 4.2-4.8%. Meanwhile, MTC's latest debentures in October 2024 with a new A- (tha) rating were quoted at 3.5-4.0%. That said, MTC's new debenture issuance could provide interest rate savings of c80-130bp, depending on tenor. Thus, we expect the positive impact from MTC's newly rated debentures with lower average funding costs to be more obvious from 2Q25, at the earliest. We expect MTC's average funding cost to peak at 4.3% in 2024 before declining to 3.8-3.9% in 2025-26.

On the other hand, MTC’s management maintains a competitive yield pricing strategy in order to gain loan growth and market share in the auto title lending market. Thus, the major upside risk to MTC’s NIM, in the short term, would mainly come from the improvement in the average funding cost after the issuance of new debentures with the new A- (tha) rating. We would have an even more positive view of MTC if the company were able to adjust its loan yield to customers. Note that MTC now offers loan yields to its customers of c16-18% vs its peers’ range of 18-22%.

Exhibit 10: MTC’s quarterly loan yield, cost of funds and NIM

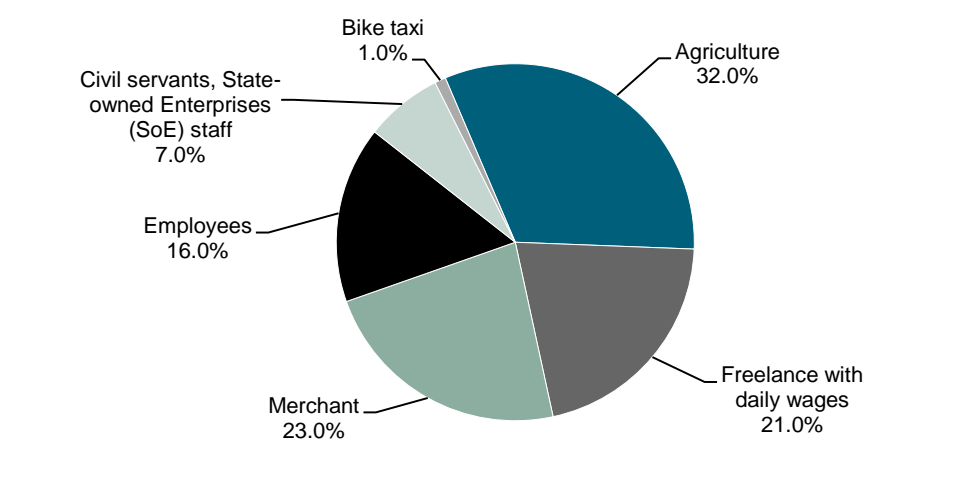


Note: MTC has maintained a competitive yield pricing strategy since 2021. Apart from lower cost of funds, the adjustment of the loan yield would provide another major upside risk, in our view.
Sources: MTC, FSSIA’s compilation

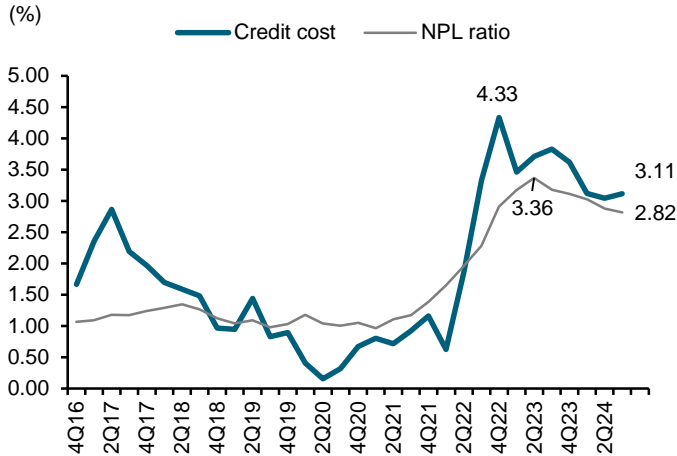
Improving asset quality to continue

After the peak NPL ratio for MTC in 2Q23 at 3.36%, credit costs have gradually lowered, which has also supported its net profit. The lower NPL ratio is partly due to the active NPL write-offs from its balance sheet since 2022. In addition, the lower NPL ratio is also due to the recovery of debt serviceability among MTC’s customers via 1) government stimulus measures to provincial areas (THB10,000 cash handout in September 2024, the acceleration of the FY24 budget disbursement, etc.); and 2) the improvement of farm income by 9.1% y-y and 6.5% y-y in 2Q-3Q24, respectively (sources: Bank of Thailand or BOT, the Office of Agricultural Economics).

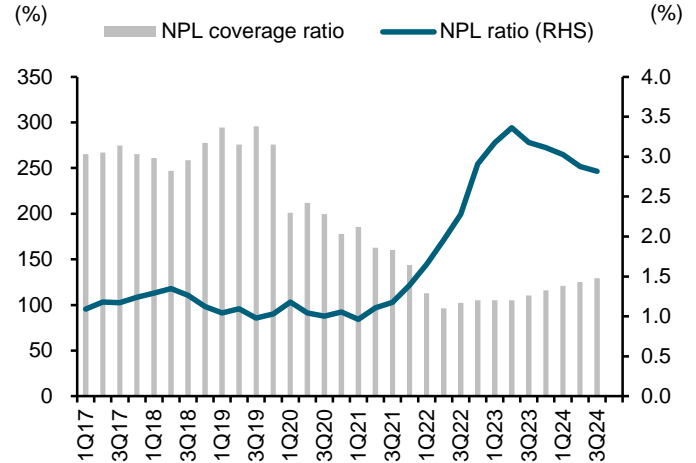
Exhibit 11: MTC’s customer profile (2023)



Sources: MTC, FSSIA’s compilation

Exhibit 12: Credit cost and NPL ratio – improving trend after peak of NPL ratio in 3Q23

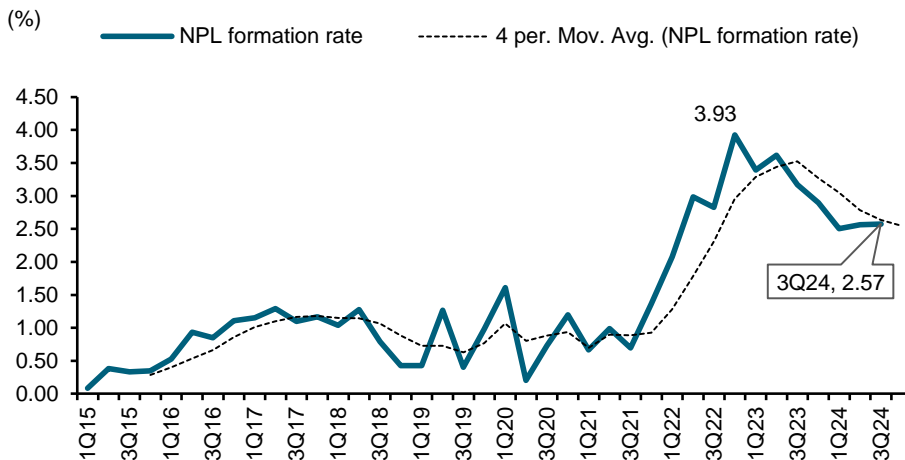
Sources: MTC, FSSIA's compilation

Exhibit 13: NPL coverage ratio has been increasing, reaching 130% as of 3Q24

Sources: MTC, FSSIA's compilation

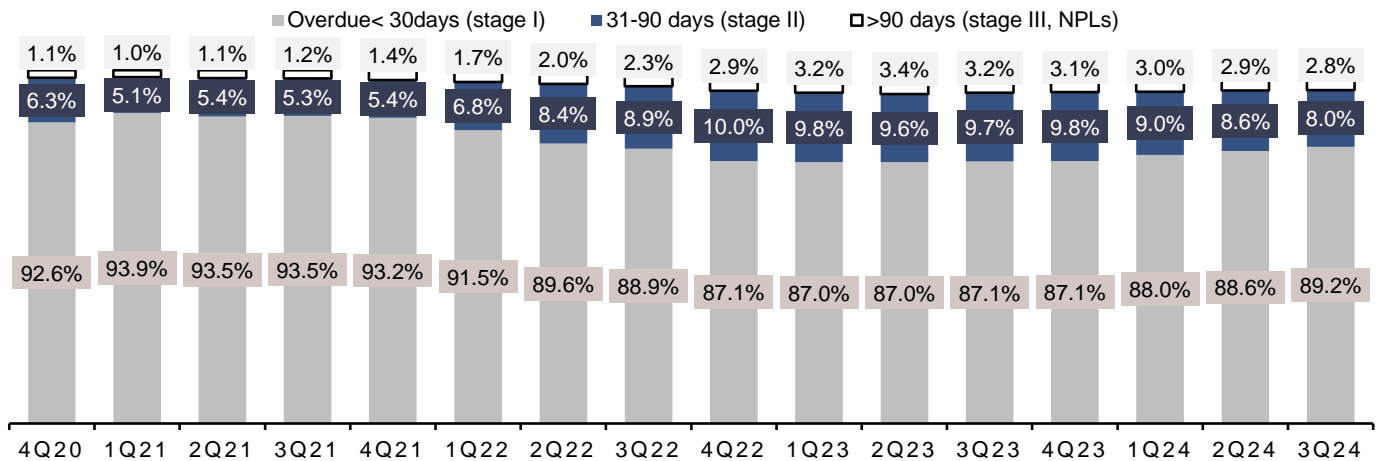
Note that the majority of MTC's customers are in the agricultural sector (32% of total customers) and freelance with daily wages (21%).

As of 3Q24, the NPL ratio was at 2.8% (vs peak of 3.36%) and credit costs were at 3.11% (vs peak of 4.33%). We have also seen a deceleration in MTC's NPL formation rate to 2.57% in 3Q24 from the peak of 3.93%, with a lower trendline ahead. Lastly, there has been a lower proportion of stage II loans (underperforming loans) and stage III loans (NPLs) for three consecutive quarters since 1Q24. All of these factors indicate the positive outlook of MTC' asset quality, in our view.

Exhibit 14: MTC's NPL formation rate and trendline (4-period moving average)

Sources: MTC, FSSIA's compilation

Exhibit 15: MTC's loans by stage – lower proportion of stage II loans (underperforming loans) and stage III loans (NPLs) for three consecutive quarters since 1Q24

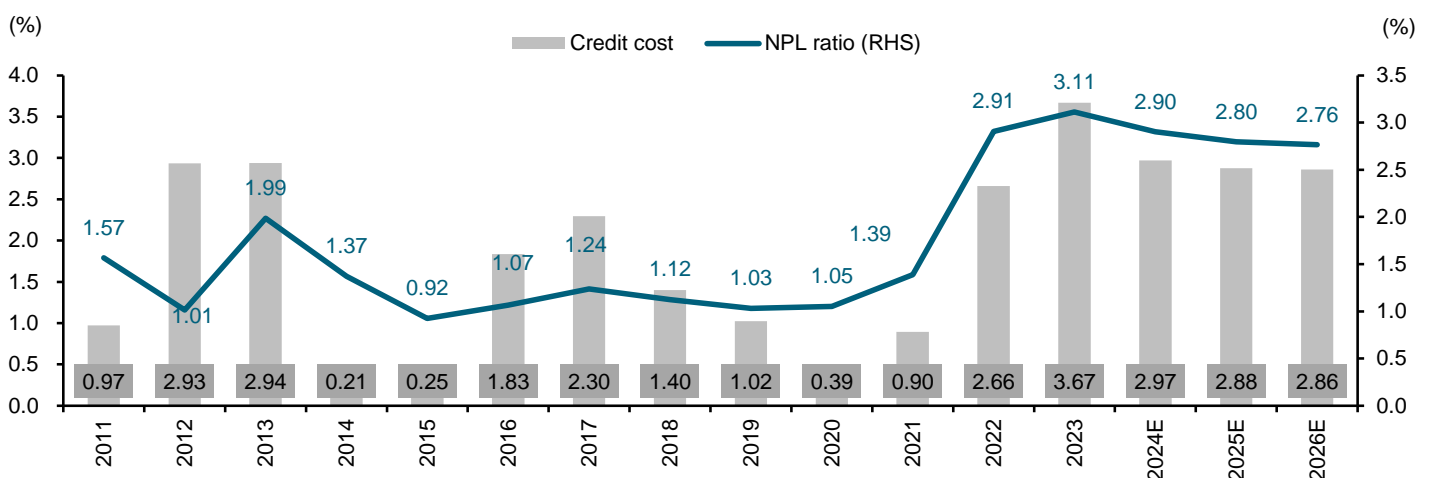


Sources: MTC, FSSIA's compilations

After an improvement in asset quality in 2023-24 and a more prudent new underwriting policy with a focus on more secured loans, we maintain our positive view of MTC's asset quality outlook in 2025-26. In addition, we expect that MTC will be a major beneficiary of the higher liquidity injection into the provincial economy by government stimulus measures expected in 2025 (e.g. the next phase of THB10,000 cash handout, farm income subsidy, measures for cost-of-living reduction, acceleration of local budget disbursement, etc.). We regard the potential increase in the national minimum wage to THB400/day (tentative in 2025 according to Labor Minister Phiphat Ratchakitprakarn) from THB350/day currently as another positive factor for debt serviceability among MTC's customers, as 21% of MTC's customers rely on daily wages. Note that the increase in the minimum wage is subject to the outcome of tripartite negotiations between labor unions, business entrepreneurs and the government.

We now forecast a credit cost of 3.0% in 2024 (lower from 3.67% in 2023), which should gradually decline to 2.8-2.9% in 2025-26. The lower credit cost forecast is in tandem with a lower projected NPL ratio of 2.9% in 2024 (from 3.1% in 2023), reducing to 2.7-2.8% in 2025-26E vs MTC's long-term NPL ratio target of 2.5%. Based on our sensitivity analysis, every 10bp decrease in credit cost would translate into a 2.3% rise in 2025E net profit, all else being equal.

Exhibit 16: MTC's credit cost and NPL ratio – gradually lower in 2024-26E



Sources: MTC, FSSIA estimates

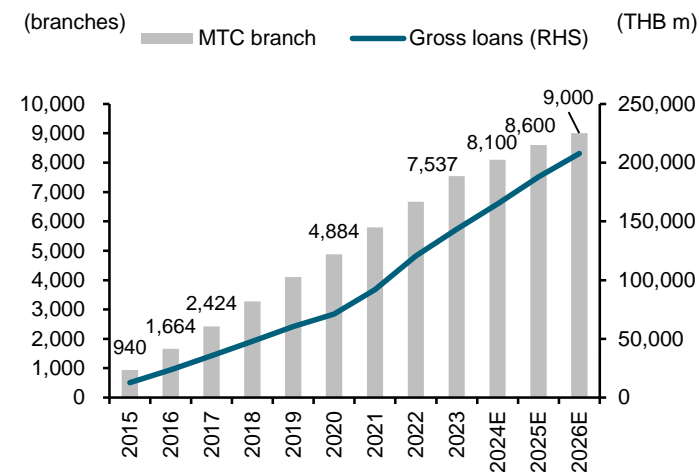
Strong loan growth with potentially larger economies of scale

Since 2015, MTC has expanded at least 600 new branches every year. As a result, the consistently aggressive branch expansion has pushed MTC's strong loan growth over the past 10 years with a CAGR of 36.3%. As of September 2024, there are 8,031 MTC branches nationwide.

In addition, since 2021, MTC's loan growth has outperformed the percentage growth of the number of branches significantly. In our view, this could imply the strong efficiency of loan generation within existing branches via a larger customer base as well as larger average loan ticket sizes. The average loan amount per branch per year was at THB19.84m (as of 3Q24) vs THB14.7m in 2014.

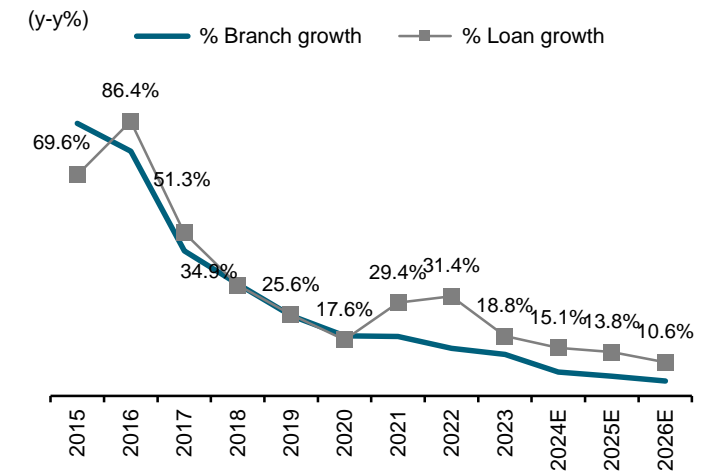
According to MTC's management, the company still sees consistent demand for loans in upcountry areas from switching from loan sharks (excessive interest rates at 60%+ per year) to auto title loans (16-24% interest rates) with cheaper interest rates and proper customer protection. Thus, MTC targets loan growth of c10-15% pa during 2024-26. Meanwhile, MTC regards 9,000 branches as the next key milestone for the company.

Exhibit 17: MTC branches and loans



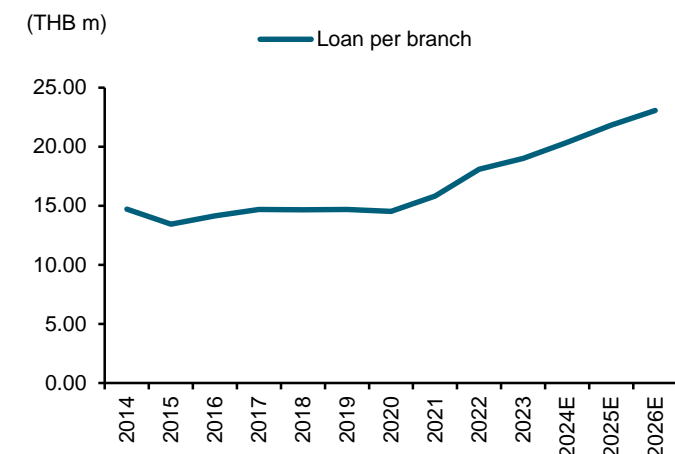
Sources: MTC, FSSIA estimates

Exhibit 18: % loan growth vs branch growth



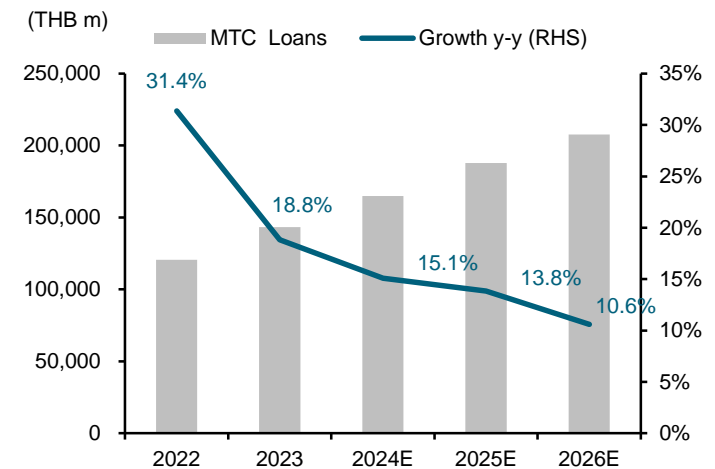
Sources: MTC, FSSIA estimates

Exhibit 19: MTC's average loan amount per branch – rising trend



Sources: MTC, FSSIA estimates

Exhibit 20: MTC's loans and % growth



Sources: MTC, FSSIA estimates

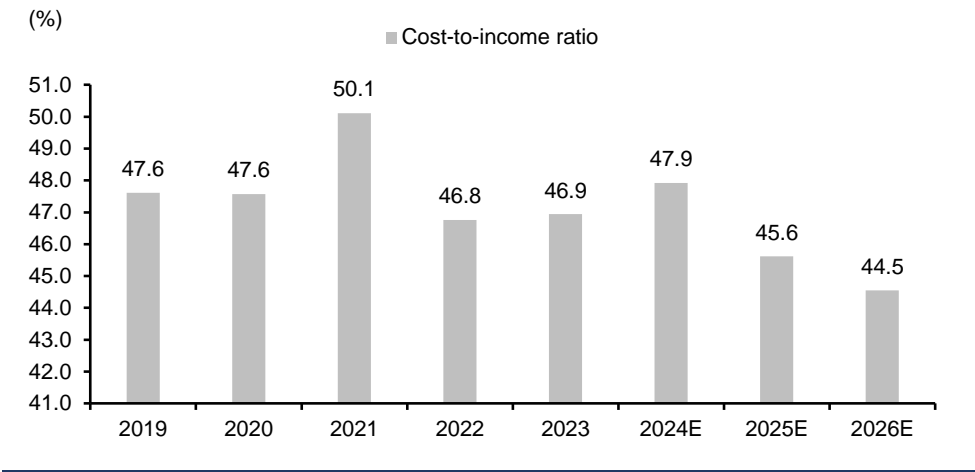
We now project MTC's loan growth to be at 13.2% pa during 2024-26 on the back of the consistent network expansion to up to 9,000 branches in 2026E, improving branch efficiency (from both a larger customer base and ticket sizes) and the adoption of the mobile application.

Meanwhile, we expect a slower branch expansion rate at 6.1% pa in 2024-26 vs 32% during 2014-23. We see the target of 9,000 branches for MTC in 2026 as the optimal point for a branch network nationwide. This is because:

- There are 7,255 sub-districts in Thailand’s provincial areas plus 180 sub-districts in Bangkok. This implies that there is at least one MTC branch in every sub-district in Thailand. Thus, the coverage area for MTC is well secured nationwide, in our view, in order to serve customers’ demand for loans.
- Compared to other auto title loan operators as of 3Q24, MTC’s network of 8,031 branches is much larger than SAWAD’s 5,622 branches and TIDLOR’s 1,747. Thus, MTC’s branch network should have a strong advantage compared to other operators who are not able to match MTC’s branch numbers, in our view.

The slower branch expansion in 2024-26E could imply slower new branch staff recruitment and thus slower OPEX growth as well. With consistent loan growth vs a slower branch expansion pace and OPEX growth, we expect that MTC’s economies of scale should be improving over 2024-26 via a lower cost-to-income ratio during the period. We now expect a lower cost-to-income ratio from 47.9% in 2024E to 45.6% and 44.5% in 2025-26E, respectively.

Exhibit 21: Expect lower cost-to-income ratio in 2024-26 after reaching 9,000 branches by 2026E



Sources: MTC, FSSIA estimates

Exhibit 22: MTC’s branch format – the new branch will be a sub-branch and service center with low capex



Source: MTC

3Q24 results review – improving balance sheet

MTC reported a 3Q24 net profit of THB1.49b (+16.0% y-y, +3.2% q-q), in line with FSSIA's estimate and the Bloomberg consensus forecast. On the positive side, MTC's overall asset quality in 3Q24 saw an improvement across the board, in our view, with a lower proportion of loans under stage II (delinquent loans) and stage III (NPLs) q-q. MTC reported an NPL ratio at 2.82% in 3Q24 (-6bp q-q) and a stable NPL formation rate q-q at c257bp vs the peak of 393bp in 4Q23. MTC's 9M24 net profit came in at 72% of FSSIA's full-year forecast.

Exhibit 23: MTC – 3Q24 operating summary

Profit and loss	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change	2024E	% of 24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	(THB m)	(%)
Interest income	6,063	6,287	6,353	6,580	6,937	14.4	5.4	19,870	15.4	27,140	73.2
Interest expense	1,004	1,096	1,130	1,227	1,343	33.7	9.4	3,701	34.1	5,083	72.8
Net interest income	5,059	5,191	5,223	5,353	5,594	10.6	4.5	16,170	11.9	22,057	73.3
Non-interest income	236	269	278	252	233	(1.6)	(7.7)	762	0.7	1,082	70.4
Non-interest expenses	2,391	2,496	2,630	2,660	2,734	14.3	2.8	8,024	11.4	11,089	72.4
Pre-provision profits	2,904	2,963	2,870	2,945	3,093	6.5	5.0	8,908	11.3	12,050	73.9
Provisioning expense	1,300	1,276	1,134	1,150	1,222	(6.0)	6.3	3,506	(1.7)	4,581	76.5
Profit before tax	1,605	1,687	1,736	1,796	1,871	16.6	4.2	5,402	21.7	7,468	72.3
Tax expense	320	336	347	351	380	18.7	8.0	1,078	21.9	1,494	72.1
Net profit	1,285	1,351	1,389	1,444	1,491	16.0	3.2	4,325	21.6	5,975	72.4
EPS (THB)	0.61	0.64	0.66	0.68	0.70	16.0	3.2	2.04	21.6	2.82	72.4

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	2,801	2,822	1,671	2,268	8,039	187.0	254.5	2,968	
Gross Loans	138,742	143,318	147,587	154,672	159,323	14.8	3.0	164,952	
Other current assets	552	731	552	601	545	(1.3)	(9.3)	1,484	
Investments	0	0	0	0	0	n.a.	n.a.	0	
Fixed assets - net	6,925	7,012	7,211	7,306	7,311	5.6	0.1	7,421	
Other non-current assets	218	224	228	324	227	4.1	(29.9)	742	
Total assets	145,506	150,156	153,163	160,916	171,006	17.5	6.3	172,919	
Short term borrowings	8,698	12,691	13,522	12,998	9,509	9.3	(26.8)	12,496	
Long term borrowings	98,783	97,173	98,238	105,515	116,468	17.9	10.4	112,749	
Total liabilities	114,864	118,239	119,872	126,563	135,338	17.8	6.9	135,473	
Total shareholder's equity	30,642	31,917	33,291	34,353	35,669	16.4	3.8	37,446	
BVPS (THB)	14.45	15.06	15.70	16.20	16.82	16.4	3.8	17.66	

Key drivers and ratios	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change	2024E
	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)
Gross loans (THB m)	138,742	143,318	147,587	154,672	159,323	14.80%	3.00%	159,323	14.83	164,952
Yield on loans	17.86	17.83	17.47	17.42	17.67	(0.19)	0.26	17.52	(0.21)	17.61
Cost of funds	3.84	4.03	4.08	4.26	4.39	0.55	0.13	4.25	0.51	4.32
Net interest margin	14.90	14.72	14.36	14.17	14.25	(0.65)	(0.08)		(0.63)	14.31
Cost-to-income ratio	45.15	45.72	47.82	47.45	46.92	1.77	(0.53)	47.40	(0.04)	47.92
Credit cost	3.83	3.62	3.12	3.04	3.11	(0.71)	0.07	3.09	(0.58)	2.97
NPL ratio	3.18	3.11	3.03	2.88	2.82	(0.36)	(0.06)	2.82	(0.36)	2.90
NPL coverage	110.27	115.86	120.86	125.01	129.52	19.24	4.51	129.52	19.24	131.20
ROE	17.13	17.28	17.05	17.08	17.04	(0.09)	(0.04)	17.05	1.15	17.23
Debt to equity	374.86	370.46	360.07	368.42	379.43	4.58	11.01	379.43	4.58	361.78

Sources: MTC, FSSIA's estimates

Highlights

(-) Loan growth: MTC posted 3Q24 loan growth of 14.8% y-y and 3.0% q-q, which was slightly lower than FSSIA's forecast. We believe the miss in loan growth was mainly due to loan repayment among MTC's customers in the last week of September 2024, which was the first week of the THB10,000 cash handout program from the government. Nonetheless, the slow loan growth could imply improving asset quality. Overall, auto title loans remained the key loan growth driver for MTC.

(+) NIM: NIM was at 14.25% in 3Q24 (+8bp q-q) on the back of an increase in loan yield (+26bp q-q to 17.67%). We believe the higher loan yield q-q was due to 1) more days in 3Q vs 2Q; and 2) better asset quality with a lower proportion of non-performing loans and delinquent loans. Funding costs were at 4.39% (+13bp q-q) from issuing USD social bonds in the quarter. Nonetheless, with the rating upgrade from BBB+ to A- (tha) by Fitch Ratings recently, we expect the positive impact on MTC's funding costs will be obvious in 1Q25 at the earliest, as the savings from BBB+ to A- are c80-100bp, on average.

(+) OPEX: The cost-to-income ratio was at 46.9% in 3Q24 with a strong contribution from NII. MTC's branch network reached 8,031 as of 3Q24 (+494 YTD, +51 q-q). At the operating level, MTC's 3Q24 pre-provisioning operating profit (PPOP) was at THB3.09b (+6.5% y-y, +5.0% q-q), in line with FSSIA's estimates.

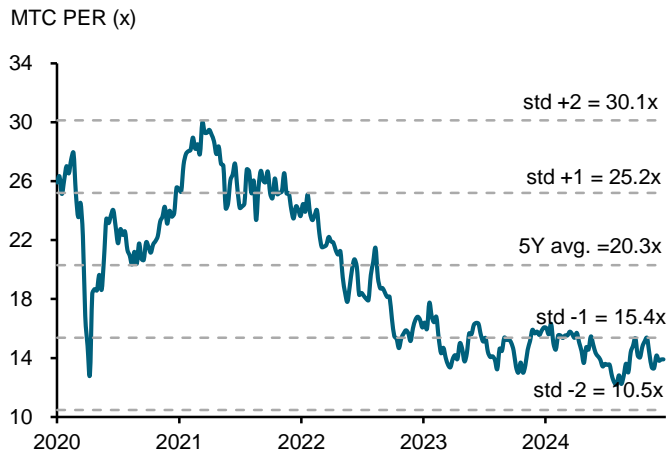
(+) Asset quality: Overall, the asset quality for MTC improved in 3Q24, in our view, with loans under stage II falling q-q for three consecutive quarters from 9.76% of total loans in 4Q23 to 8.56% in 2Q24 and 8.01% in 3Q24. The NPL ratio was at 2.82% in 3Q24 (-6bp q-q) vs the peak of 3.36% in 2Q23. With more liquidity disbursement into upcountry households from the new government, we believe the overall asset quality for MTC has room to improve further q-q.

Exhibit 24: MTC – loan staging and loan loss reserve (LLR)

	2022	2023	1Q24	2Q24	3Q24	2022	2023	1Q24	2Q24	3Q24
Loans	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	% total loans				
Stage I (normal loans)	105,097	124,874	129,909	136,981	142,074	87.14	87.13	88.02	88.56	89.17
Stage II (delinquent loans)	12,009	13,983	13,211	13,242	12,762	9.96	9.76	8.95	8.56	8.01
Stage III (non-performing loans, NPLs)	3,507	4,461	4,467	4,449	4,488	2.91	3.11	3.03	2.88	2.82
Total loans	120,613	143,318	147,587	154,672	159,323	100.00	100.00	100.00	100.00	100.00
Loan loss reserve: LLR	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	% LLR to Loans				
Stage I	767	1,225	1,490	1,613	1,741	0.7	1.0	1.1	1.2	1.2
Stage II	682	1,115	1,078	1,077	1,078	5.7	8.0	8.2	8.1	8.4
Stage III	2,237	2,829	2,831	2,871	2,993	63.8	63.4	63.4	64.5	66.7
Total loans	3,686	5,169	5,399	5,562	5,812	3.1	3.6	3.7	3.6	3.6
LLR / Loans	(%)	(%)	(%)	(%)	(%)					
Stage I (normal loans)	0.7	1.0	1.1	1.2	1.2					
Stage II (delinquent loans)	5.7	8.0	8.2	8.1	8.4					
Stage III (non-performing loans, NPLs)	63.8	63.4	63.4	64.5	66.7					
Total loans	3.1	3.6	3.7	3.6	3.6					
Key ratio	(%)	(%)	(%)	(%)	(%)					
NPL to Total loans	2.91	3.11	3.03	2.88	2.82					
(NPL + Stage II) to Total loans	12.86	12.87	11.98	11.44	10.83					
LLR / NPL (NPL coverage ratio)	105.11	115.86	120.86	125.01	129.52					
LLR / (NPL + Stage II)	23.75	28.02	30.54	31.44	33.69					

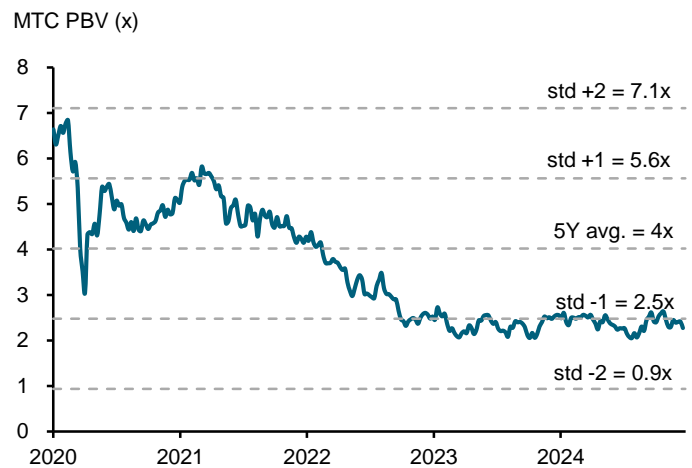
Sources: MTC, FSSIA's compilation

Exhibit 25: MTC – one-year prospective P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 26: MTC – one-year prospective P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 27: Peers comparison, as of 3 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	46.50	60.00	29.0	16.5	12.8	2.6	2.2	17.2	18.9	0.9	1.2
Srisawad Corp	SAWAD TB	HOLD	40.00	37.00	(7.5)	11.6	10.4	1.8	1.6	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	BUY	16.80	20.50	22.0	11.8	9.9	1.5	1.4	13.7	14.6	3.4	1.5
Saksiam Leasing	SAK TB	BUY	4.76	5.28	10.9	12.0	10.5	1.6	1.5	13.7	14.4	3.5	4.0
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	125.50	142.00	13.1	10.6	9.7	1.2	1.1	11.7	11.9	4.0	4.3
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	1.49	1.78	19.5	9.5	8.4	0.7	0.7	7.2	8.0	5.8	6.6
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.15	9.00	46.3	14.8	12.4	0.5	0.4	3.1	3.6	5.4	6.5
JMT Network services	JMT TB	HOLD	18.30	17.00	(7.1)	16.1	13.2	1.0	1.0	6.2	7.4	3.7	4.5
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	11.0	1.4	1.3	11.1	11.8	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

Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	19,199	23,500	27,140	31,137	34,946
Interest expense	(2,813)	(3,857)	(5,083)	(5,195)	(5,706)
Net interest income	16,386	19,644	22,057	25,942	29,240
Net fees & commission	792	921	1,082	1,138	1,266
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	78	105	0	0	0
Non interest income	869	1,026	1,082	1,138	1,266
Total income	17,255	20,669	23,138	27,080	30,506
Staff costs	(8,069)	(9,702)	(11,089)	(12,353)	(13,589)
Other operating costs	-	-	-	-	-
Operating costs	(8,069)	(9,702)	(11,089)	(12,353)	(13,589)
Pre provision operating profit	9,187	10,967	12,050	14,727	16,917
Expected credit loss	(2,827)	(4,841)	(4,581)	(5,074)	(5,653)
Other provisions	-	-	-	-	-
Operating profit	6,360	6,126	7,468	9,653	11,264
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	6,360	6,126	7,468	9,653	11,264
Tax	(1,267)	(1,220)	(1,494)	(1,931)	(2,253)
Profit after tax	5,093	4,906	5,975	7,723	9,011
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	5,093	4,906	5,975	7,723	9,011
Non recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	5,093	4,906	5,975	7,723	9,011
Per share (THB)					
Recurring EPS *	2.40	2.31	2.82	3.64	4.25
Reported EPS	2.40	2.31	2.82	3.64	4.25
DPS	0.95	0.21	0.42	0.55	0.64
Growth					
Net interest income (%)	25.4	19.9	12.3	17.6	12.7
Non interest income (%)	5.6	18.0	5.5	5.2	11.3
Pre provision operating profit (%)	32.6	19.4	9.9	22.2	14.9
Operating profit (%)	2.6	(3.7)	21.9	29.3	16.7
Reported net profit (%)	3.0	(3.7)	21.8	29.3	16.7
Recurring EPS (%)	3.0	(3.7)	21.8	29.3	16.7
Reported EPS (%)	3.0	(3.7)	21.8	29.3	16.7
Income Breakdown					
Net interest income (%)	95.0	95.0	95.3	95.8	95.8
Net fees & commission (%)	4.6	4.5	4.7	4.2	4.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.5	0.5	-	-	-
Operating performance					
Gross interest yield (%)	18.08	17.81	17.61	17.65	17.67
Cost of funds (%)	3.54	3.83	4.32	3.91	3.87
Net interest spread (%)	14.54	13.98	13.29	13.74	13.80
Net interest margin (%)	15.4	14.9	14.3	14.7	14.8
Cost/income(%)	46.8	46.9	47.9	45.6	44.5
Cost/assets(%)	7.1	7.0	6.9	6.7	6.5
Effective tax rate (%)	19.9	19.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	39.5	9.1	15.0	15.0	15.0
ROE (%)	18.9	16.1	17.2	18.9	18.7
ROE - COE (%)	8.7	5.9	7.0	8.7	8.5
ROA (%)	4.5	3.5	3.7	4.2	4.3
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements

Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	120,613	143,318	164,952	187,776	207,678
Allowance for expected credit loss	(3,686)	(5,169)	(6,280)	(6,967)	(7,642)
interest in suspense	-	-	-	-	-
Net customer loans	116,928	138,149	158,672	180,809	200,036
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	3,213	2,822	2,968	3,395	3,808
Other interesting assets	-	-	-	-	-
Tangible fixed assets	6,423	7,012	7,421	8,487	9,521
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	47	65	148	170	190
Other assets	628	955	2,226	2,546	2,856
Total assets	128,066	150,156	172,919	197,104	218,317
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	91,727	109,864	125,245	140,274	154,302
Non interest bearing liabilities	7,249	8,375	10,228	12,557	11,890
Hybrid Capital	-	-	-	-	-
Total liabilities	98,976	118,239	135,473	152,831	166,191
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	26,971	29,797	35,326	42,153	50,005
Total equity	29,091	31,917	37,446	44,273	52,125
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	128,066	150,156	172,919	197,104	218,317
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	106,213	131,966	154,135	176,364	197,727
Average interest bearing liabilities	79,521	100,795	117,555	132,760	147,288
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	3,507	4,461	4,787	5,251	5,741
Per share (THB)					
Book value per share	13.72	15.06	17.66	20.88	24.59
Tangible book value per share	13.70	15.02	17.59	20.80	24.50
Growth					
Gross customer loans	31.4	18.8	15.1	13.8	10.6
Average interest earning assets	30.5	24.2	16.8	14.4	12.1
Total asset (%)	30.2	17.2	15.2	14.0	10.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	22.7	21.3	21.7	22.5	23.9
Tangible equity/assets (%)	22.7	21.2	21.6	22.4	23.8
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	174.8	27.2	7.3	9.7	9.3
NPL/gross loans (%)	2.9	3.1	2.9	2.8	2.8
Allowance for ECL/gross loans (%)	3.1	3.6	3.8	3.7	3.7
Allowance for ECL/NPL (%)	105.1	115.9	131.2	132.7	133.1
Valuation					
Recurring P/E (x) *	19.4	20.1	16.5	12.8	10.9
Recurring P/E @ target price (x) *	25.0	25.9	21.3	16.5	14.1
Reported P/E (x)	19.4	20.1	16.5	12.8	10.9
Dividend yield (%)	2.0	0.5	0.9	1.2	1.4
Price/book (x)	3.4	3.1	2.6	2.2	1.9
Price/tangible book (x)	3.4	3.1	2.6	2.2	1.9
Price/tangible book @ target price (x)	4.4	4.0	3.4	2.9	2.4

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Muangthai Capital PCL (MTC TB)

FSSIA ESG rating



59.64 /100

Exhibit 28: 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 29: 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](https://www.settrade.com); FSSIA's compilation

Exhibit 30: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	1.51	2.07	2.16	2.39	4.00	3.27	2.59	—
BESG environmental pillar score	0.00	0.00	0.00	0.12	0.02	0.03	0.03	—
BESG social pillar score	0.58	1.37	1.37	1.69	4.57	3.27	2.10	—
BESG governance pillar score	4.41	4.57	4.91	4.95	4.95	4.82	4.83	—
ESG disclosure score	32.18	32.89	35.76	39.62	44.88	50.20	57.75	—
Environmental disclosure score	0.00	0.00	0.33	7.28	15.22	32.74	36.12	—
Social disclosure score	15.84	17.41	25.70	30.35	31.92	30.35	49.67	—
Governance disclosure score	80.52	81.10	81.10	81.10	87.36	87.36	87.36	—
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	Yes
Climate change policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	—	—	—	2	7	6	8	10
GHG scope 2 location-based	—	—	—	—	16	18	21	24
GHG Scope 3	—	—	—	—	1	1	1	1
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	Yes
Energy efficiency policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	9	55	36	69	83
Renewable energy use	—	—	—	—	—	0	0	—
Electricity used	—	—	—	—	32	36	42	49
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 31: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	Yes	Yes	Yes
Water policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	987	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	Yes	Yes
Pct women in workforce	—	—	—	—	11	11	10	10
Pct disabled in workforce	—	0	0	0	0	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	0	0
Total recordable incident rate - employees	—	—	—	1	1	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	4,185	5,893	7,660	9,576	10,328	11,460	13,005	14,873
Employee turnover pct	—	—	—	—	—	—	29	12
Total hours spent by firm - employee training	—	—	70,395	60,328	34,082	34,036	78,030	164,495
Social supply chain management	No	No	No	No	No	No	Yes	Yes
Governance								
Board size	7	7	7	8	8	7	7	7
No. of independent directors (ID)	5	5	5	5	5	4	4	4
No. of women on board	2	3	3	3	3	3	3	3
No. of non-executive directors on board	5	5	5	6	6	5	5	5
Company conducts board evaluations	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	7	7	6	9	8	8	7
Board meeting attendance pct	100	96	100	94	96	100	100	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	57	58	59	36	39	40	41	42
Age of the oldest director	68	69	70	71	72	73	74	75
No. of executives / company managers	12	12	13	13	12	13	13	13
No. of female executives	3	3	3	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	4	4	4	4	7	4
Audit meeting attendance %	100	92	100	92	100	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	3	3	3	3	3	2	2	2
No. of compensation committee meetings	1	2	2	2	2	3	2	2
Compensation meeting attendance %	100	83	100	83	83	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	1	2	2	2	2	1	2	2
Nomination meeting attendance %	100	83	100	83	83	100	100	100
Sustainability governance								
Verification type	No	No	No	No	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
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><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
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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

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Nathapol Pongsukcharoenkul FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 46.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 40.00	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.
Ngern Tid Lor	TIDLOR TB	THB 16.80	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.
Saksiam Leasing	SAK TB	THB 4.76	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 125.50	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 1.49	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 6.15	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 18.30	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Chayo Group	CHAYO TB	THB 2.82	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 03-Jan-2025 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.