

BUY

UNCHANGED

TARGET PRICE	THB60.00
CLOSE	THB43.75
UP/DOWNSIDE	+37.1%
PRIOR TP	THB60.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+7.8%

คาดการณ์และคุณภาพสินทรัพย์ 4Q24 อยู่ในเกณฑ์ดี

- เราคาดว่า MTC จะรายงานกำไรสุทธิ 4Q24 อยู่ที่ 1.55 พัน ลบ. เพิ่มขึ้น 15% y-y และ 4% q-q ส่วนมากจากต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่ลดลงและสินเชื่อที่โตสูง
- เราคาดว่าคุณภาพสินทรัพย์มีแนวโน้มเป็นบวกต่อเนื่องใน 4Q24 จากสัดส่วนหนี้ต่อคุณภาพที่คาดว่าจะอยู่ที่ 2.84%
- คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2025 ที่ 60 บาทและเลือก MTC เป็นหุ้นเด่น

คาดการณ์กำไรสุทธิ 4Q24 อยู่ที่ 1.55 พัน ลบ.

เราคาดว่า MTC จะรายงานกำไรสุทธิ 4Q24 อยู่ที่ 1.55 พัน ลบ. (+15% y-y, +4% q-q) ตัวเลขที่เพิ่มขึ้นทั้ง y-y และ q-q น่าจะเกิดขึ้นส่วนมากจาก Credit cost ที่ลดลงตามคุณภาพสินทรัพย์ที่ปรับตัวดีขึ้นและสินเชื่อที่โต 15% y-y เราคาดว่าสัดส่วนหนี้ต่อคุณภาพจะยังเอื้ออำนวยที่ 2.84% ใน 4Q24 เทียบกับ 2.82% ใน 3Q24 และ 3.11% ใน 4Q23 ในขณะที่เราคาด Credit cost ที่ 3.01% ใน 4Q24 ปรับตัวดีขึ้นจาก 3.1% ใน 3Q24 และ 3.6% ใน 4Q23 ทั้งนี้เรามองว่าคุณภาพสินเชื่อที่ดีขึ้นน่าจะเกิดจากมาตรการเงินดิจิทัล 10,000 บาทของรัฐที่เกิดขึ้นตั้งแต่เดือน ก.ย. 24

คาดสินเชื่อโตดีที่ 15% y-y

ณ สิ้นไตรมาส 4Q24 MTC มีเครือข่ายสาขาอยู่ที่ 8,172 สาขา (+141 q-q, +635 y-y) ในขณะที่เราคาดว่าพอร์ตสินเชื่อรวมจะโต 15% y-y และ 3% q-q เป็น 164.6 พัน ลบ. ใน 4Q24 โดยปกติ 4Q จะเป็นฤดูกาลกู้ยืมในพื้นที่ชนบทของไทยเนื่องจากเป็นช่วงที่ต้องเตรียมเพาะปลูกและเพื่อใช้บริโภคในครัวเรือน ทั้งนี้เราคาดว่าผลิตภัณฑ์ที่จะช่วยผลักดันการเติบโตของสินเชื่อใน 4Q24 จะเป็นสินเชื่อทะเบียนรถจักรยานยนต์ สินเชื่อทะเบียนรถยนต์และสินเชื่อเงินสดที่ดิน เราคาดว่าส่วนต่างดอกเบี้ยใน 4Q24 จะอยู่ที่ 14.22% (-3bp q-q) ส่วนมากจากต้นทุนในการกู้ยืมเงินที่สูงขึ้นเล็กน้อย

แนวโน้มเชิงบวกของคุณภาพสินทรัพย์

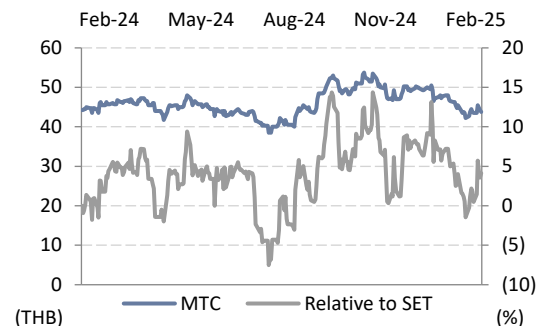
เราคาดว่าคุณภาพสินทรัพย์มีแนวโน้มเป็นบวกต่อเนื่องใน 4Q24 จากสัดส่วนหนี้ต่อคุณภาพที่คาดว่าจะอยู่ที่ 2.84% ทั้งนี้สัดส่วนหนี้ต่อคุณภาพได้แตะระดับสูงสุดที่ 3.36% ใน 2Q23 ในขณะที่เราคาดว่า Credit cost อยู่ที่ 3.01% ใน 4Q24 ปรับตัวดีขึ้นจาก 3.1% ใน 3Q24 และ 3.6% ใน 4Q23 เราคาดว่ามาตรการเพิ่มสภาพคล่องให้แก่ครัวเรือนในต่างจังหวัด (ผ่านเงินอุดหนุนรายได้เกษตรกร อาทิเช่น เงินดิจิทัล 10,000 บาทที่คาดว่าจะได้ในช่วง 1H25) จะสูงขึ้นซึ่งน่าจะเป็นประโยชน์ต่อบริษัทที่เน้นตลาดต่างจังหวัดอย่าง MTC จากความสามารถในการชำระหนี้และคุณภาพสินทรัพย์ที่ปรับตัวดีขึ้น

คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2025 ที่ 60 บาทและเลือกเป็นหุ้นเด่น

เราคงคำแนะนำซื้อที่ราคาเป้าหมายปี 2025 ของเราที่ 60 บาทและเลือก MTC เป็นหุ้นเด่นจากการประเมินมูลค่าด้วยวิธี GGM ซึ่งเทียบเท่า 2.86x P/BV บนสมมติฐาน LT-ROE ที่ 18.0% และ COE ที่ 10.2%

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 (%)	-	2.4	10.4	8.3
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. (%)	-	-	-	-
EPS growth (%)	(3.7)	21.8	29.3	16.7
Core P/E (x)	18.9	15.5	12.0	10.3
Dividend yield (%)	0.5	1.0	1.2	1.5
Price/book (x)	2.9	2.5	2.1	1.8
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 (%)	(8.9)	(13.8)	2.9
Relative to country (%)	(2.9)	(3.9)	6.9
Mkt cap (USD m)	2,753		
3m avg. daily turnover (USD m)	7.7		
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.

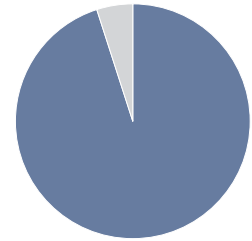
Company profile

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)

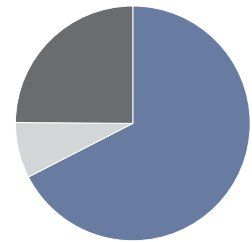
- Net interest income - 95.0 %
- Non-interest income - 5.0 %



Source: Muangthai Capital

Major shareholders

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



Source: Muangthai Capital

Catalysts

- 1) Government stimulus acceleration to upcountry households;
- 2) A stronger-than-expected improvement in asset quality;
- 3) Better-than-expected OPEX control;
- 4) 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	14.81	13.84	10.60
NIM	14.25	14.71	14.79
Cost-to-income ratio	47.39	45.62	44.55
Credit cost	3.07	2.88	2.86
NPL ratio	2.84	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

Good profit and good asset quality in 4Q24E

We expect MTC to report a 4Q24 net profit of THB1.55b, +15% y-y and +4% q-q. The higher net profit for both y-y and q-q in 4Q24E is mainly due to a lower credit cost following improving asset quality and loan growth of 15% y-y. We estimate the NPL ratio to remain benign at 2.84% in 4Q24 vs 2.82% in 3Q24 and 3.11% in 4Q23. Meanwhile, we expect MTC's credit cost to be at 3.01% in 4Q24, improving from 3.1% in 3Q24 and 3.6% in 4Q23. We see improving asset quality for MTC, thanks to the THB10,000 cash handout program from the government since Sep-24.

Meanwhile, we expect a higher cost-to-income ratio q-q in 4Q24 to 47.35% due to seasonally high OPEX, which includes branch expansion, staff incentives, IT investment, etc. As of 4Q24E, MTC's branch network reached 8,172 branches (+141 q-q, +635 y-y).

For the full year, we expect MTC's net profit to be cTHB5.9b, +20% y-y.

High loan growth estimated at 15% y-y

We estimate MTC's gross loans to grow 15% y-y and 3% q-q to THB164.6b in 4Q24. 4Q is usually the high borrowing season in rural Thailand as people are preparing for the cultivation of crops and to support household consumption. We also believe the service segment and self-employed individuals contributed to the demand for loans in 4Q24, as they have limited access to commercial banks.

The products leading MTC's loan growth in 4Q24E are motorcycle title loans, auto title loans and land title loans, in our view. Meanwhile, we believe MTC's unsecured loan products like personal loans and nanofinance loans have expanded at a minimal pace during 4Q24 as the company tries to control risk and loss given defaults for the whole of MTC's loan portfolio.

Slight increase q-q in funding cost

We expect the 4Q24 NIM to be at 14.22% (-3bp q-q), mainly from a slight increase in funding cost. We estimate MTC's average loan yield to be at 17.65% in 4Q24, slightly lower q-q by 2bp. We believe competition in the auto title loan industry is likely to ease because of less fierce competition, with a gradually higher yield adjustment from the low yield offered previously. This is reflected by MTC's average loan yield stabilizing at around 17-18% for 2024E.

Meanwhile, we estimate MTC's funding cost to be at 4.42% in 4Q24 (+2bp q-q), mainly due to the full-quarter impact of the higher cost from USD-denominated debentures in Sep-24, which was partially offset by its domestic debenture issuance with the new A- (tha) rating from Fitch Thailand since Oct-24.

For the quarterly basis, we expect the funding cost for MTC to peak around 2Q25 before gradually decreasing from the cheaper debenture issuance with the A- (tha) rating. Note that there are THB31.6b worth of MTC's debentures that will mature in 2025 (equivalent to 25% of MTC's total funding).

Positive outlook for asset quality

We expect the positive outlook for MTC's asset quality to continue in 4Q24 on the back of an expected NPL ratio of 2.84%, which is roughly stable q-q and lower than 3.11% in 4Q23. Note that the NPL ratio peak for MTC was at 3.36% in 2Q23.

Meanwhile, we expect MTC's credit cost to be at 3.01% in 4Q24, improving from 3.1% in 3Q24 and 3.6% in 4Q23. We see improving asset quality for MTC, thanks to the first phase of the THB10,000 cash handout program from the government in Sep-24. With the expectation of more liquidity stimulus measures for upcountry households like farm income subsidies – such as the second and third phase of the THB10,000 cash handout by 1H25E – we believe such measures should benefit upcountry-focused companies like MTC with improving debt serviceability and asset quality. The NPL coverage ratio for MTC should be at 132% in 4Q24 (improving q-q), recovering from 92% in 2022, which was the bottom of MTC's asset quality.

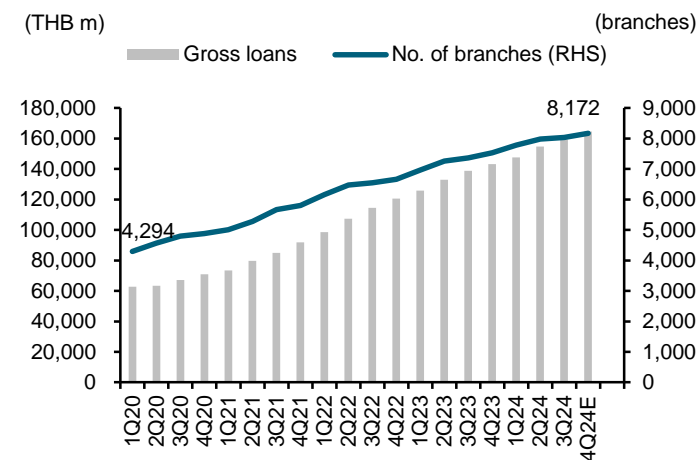
Exhibit 1: MTC – 4Q24E operating summary

Profit and loss	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		12M24E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)
Interest income	6,063	6,287	6,353	6,580	6,937	7,145	13.7	3.0	27,016	15.0
Interest expense	1,004	1,096	1,130	1,227	1,343	1,388	26.6	3.3	5,088	31.9
Net interest income	5,059	5,191	5,223	5,353	5,594	5,758	10.9	2.9	21,927	11.6
Non-interest income	236	269	278	252	233	250	(7.0)	7.5	1,012	(1.3)
Non-interest expenses	2,391	2,496	2,630	2,660	2,734	2,845	14.0	4.1	10,869	12.0
Pre-provision profits	2,904	2,963	2,870	2,945	3,093	3,163	6.7	2.3	12,071	10.1
Provisioning expense	1,300	1,276	1,134	1,150	1,222	1,220	(4.4)	(0.2)	4,726	(2.4)
Profit before tax	1,605	1,687	1,736	1,796	1,871	1,943	15.2	3.9	7,345	19.9
Tax expense	320	336	347	351	380	389	15.7	2.4	1,466	20.2
Net profit	1,285	1,351	1,389	1,444	1,491	1,554	15.0	4.2	5,879	19.8

Key drivers and ratios	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		12M24E	Change
% unless stated otherwise	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(THB m)	(ppt)
Gross loans (THB m)	138,742	143,318	147,587	154,672	159,323	164,550	14.8%	3.3%	164,550	14.81
Yield on loans	17.86	17.83	17.47	17.42	17.67	17.65	(0.18)	(0.02)	17.55	(0.20)
Cost of funds	3.84	4.03	4.08	4.26	4.39	4.42	0.38	0.02	4.29	0.48
Net interest margin	14.90	14.72	14.36	14.17	14.25	14.22	(0.50)	7.00	14.25	(0.59)
Cost-to-income ratio	45.15	45.72	47.82	47.45	46.92	47.35	1.63	0.43	47.39	0.38
Credit cost	3.83	3.62	3.12	3.04	3.11	3.01	(0.61)	(0.10)	3.07	(0.58)
NPL ratio	3.18	3.11	3.03	2.88	2.82	2.84	(0.27)	0.03	2.84	(0.27)
NPL coverage	110.27	115.86	120.86	125.01	129.52	132.05	16.19	2.54	132.05	16.19

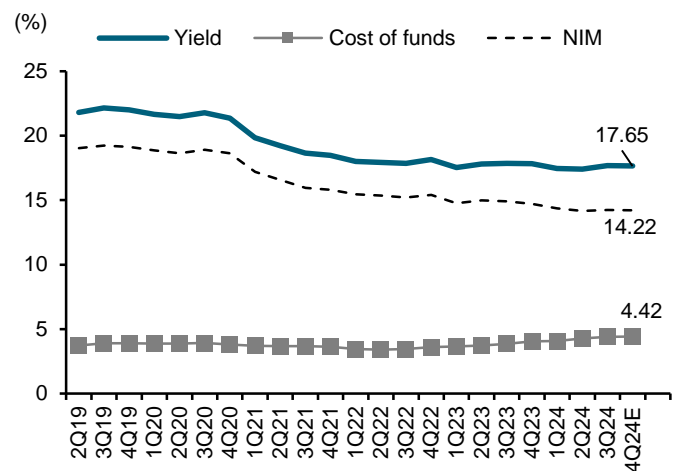
Sources: MTC, FSSIA estimates

Exhibit 2: MTC's loans and branch network



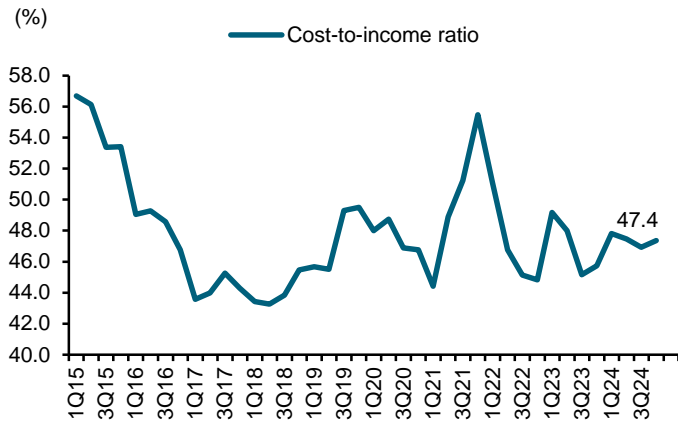
Sources: MTC, FSSIA estimates

Exhibit 3: Quarterly yield, cost of funds and NIM



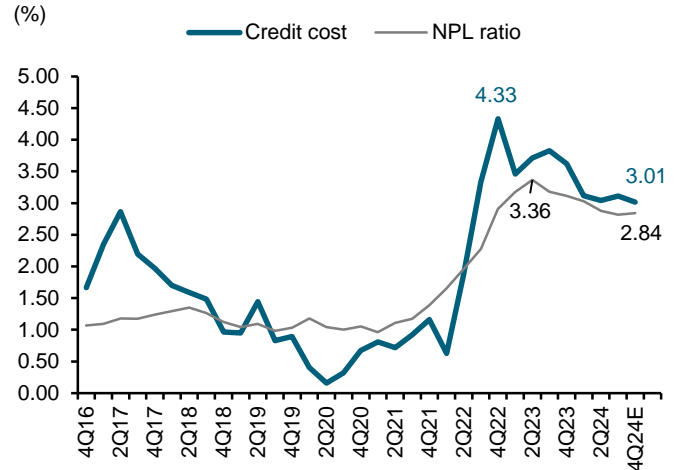
Sources: MTC, FSSIA estimates

Exhibit 4: Cost-to-income ratio – c47.4% in 4Q24E



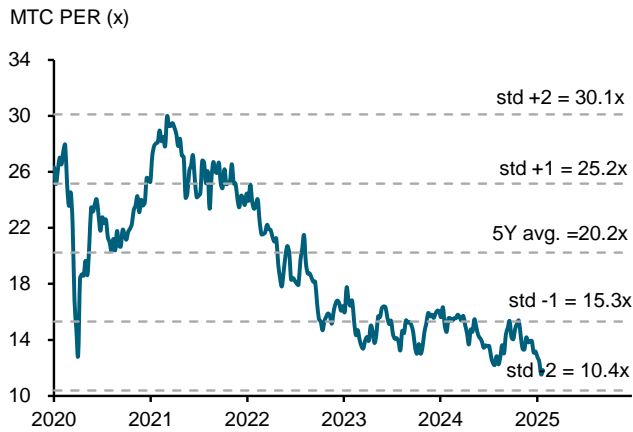
Sources: MTC, FSSIA estimates

Exhibit 5: NPL ratio and credit cost – peaks have passed



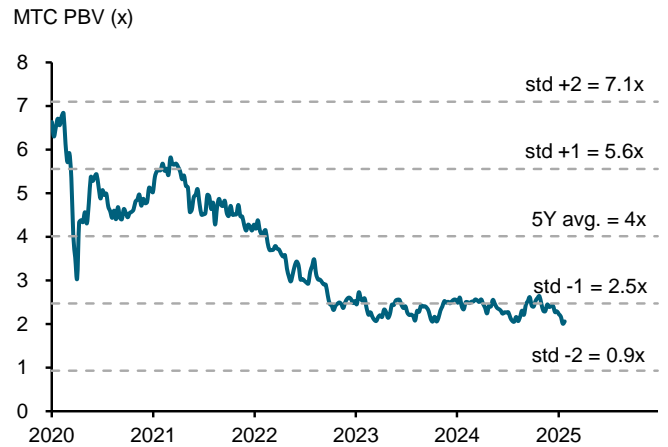
Sources: MTC, FSSIA estimates

Exhibit 6: MTC – one-year prospective P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 7: MTC – one-year prospective P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: Peers comparison, as of 31 January 2025

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE 24E (x)	PE 25E (x)	PBV 24E (x)	PBV 25E (x)	ROE 24E (%)	ROE 25E (%)	Div yld 24E (x)	Div yld 25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	43.75	60.00	37.1	15.5	12.0	2.5	2.1	17.2	18.9	1.0	1.2
Srisawad Corp	SAWAD TB	HOLD	37.00	45.50	23.0	10.9	10.0	1.7	1.5	16.6	15.5	0.9	1.0
Ngern Tid Lor	TIDLOR TB	BUY	16.60	20.50	23.5	11.6	9.8	1.5	1.4	13.7	14.6	3.4	1.5
Saksiam Leasing	SAK TB	BUY	4.20	5.28	25.7	10.6	9.3	1.4	1.3	13.7	14.4	4.0	4.5
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	116.00	142.00	22.4	9.8	9.0	1.1	1.0	11.7	11.9	4.3	4.7
Krungthai Card	KTC TB	HOLD	50.75	43.00	(15.3)	17.5	17.5	3.3	3.0	19.8	17.9	2.6	2.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	8.70	11.00	26.4	10.3	8.1	0.4	0.4	4.2	5.3	4.8	6.1
Ratchthani Leasing	THANI TB	HOLD	1.30	1.78	36.9	8.3	7.3	0.6	0.6	7.2	8.0	6.6	7.5
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	5.75	9.00	56.5	13.8	11.6	0.4	0.4	3.1	3.6	5.8	6.9
JMT Network services	JMT TB	HOLD	14.70	17.00	15.6	12.9	10.6	0.8	0.8	6.2	7.4	4.6	5.7
Chayo Group	CHAYO TB	BUY	2.38	4.00	68.1	9.6	5.6	0.7	0.6	7.9	11.8	2.8	2.7
Average						11.9	10.1	1.3	1.2	11.0	11.8	3.7	4.0

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) *	18.2	18.9	15.5	12.0	10.3
Recurring P/E @ target price (x) *	25.0	25.9	21.3	16.5	14.1
Reported P/E (x)	18.2	18.9	15.5	12.0	10.3
Dividend yield (%)	2.2	0.5	1.0	1.2	1.5
Price/book (x)	3.2	2.9	2.5	2.1	1.8
Price/tangible book (x)	3.2	2.9	2.5	2.1	1.8
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 9: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET 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 11: 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 12: 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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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 43.75	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.
Srisawad Corp	SAWAD TB	THB 37.00	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 16.60	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 4.20	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 116.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Krungthai Card	KTC TB	THB 50.75	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 8.70	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 1.30	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 5.75	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market.
JMT Network Services	JMT TB	THB 14.70	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Chayo Group	CHAYO TB	THB 2.38	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 31-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.