

ประหยัลดต้นทุนในการกู้ยืมได้ลดลง

- MTC อาจประหยัลดต้นทุนในการกู้ยืมเฉลี่ยในปี 2025 ได้น้อยกว่าที่คาดไว้ในขั้นต้นเนื่องจากบริษัท จะขยายระยะเวลาในการกู้ยืมให้ยาวขึ้น
- คุณภาพสินทรัพย์น่าจะดีต่อเนื่องพร้อมลดต้นทุนความเสี่ยงในการปล่อยสินเชื่อในระดับต่ำเพียง 2.8% ในปี 2025
- คงคำแนะนำซื้อและเลือก MTC เป็นหุ้นเด่นที่ราคาเป้าหมายปี 2025 ใหม่ที่ 56 บาท

ประเด็นเก็บตกสำคัญจากที่ประชุมนักวิเคราะห์ของ MTC

เราได้ประเด็นเก็บตกสำคัญจากที่ประชุมนักวิเคราะห์หลังผลประกอบการ 4Q24 ของ MTC (20 ก.พ.) ประกอบด้วย: 1) การประหยัลดต้นทุนในการกู้ยืมเฉลี่ยที่น้อยกว่าคาดเนื่องจาก MTC จะขยายระยะเวลาในการกู้ยืมเฉลี่ยเป็น 3.5 ปี; 2) คุณภาพสินทรัพย์ที่ดีจากการปรับปรุงประสิทธิภาพพนักงานและมาตรการกระตุ้นเศรษฐกิจของรัฐในปัจจุบัน; และ 3) ประมาณการเติบโตของสินเชื่อในระดับสูงที่ 13% y-y ในปี 2025 พร้อมสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ที่คาดว่าจะลดลง

ระยะเวลาในการกู้ยืมที่ยาวขึ้นจะทำให้ประหยัลดต้นทุนในการกู้ยืมได้น้อยลง

แม้ว่า Fitch Thailand จะปรับอันดับความน่าเชื่อถือเป็นระดับ A- rating MTC จะขยายระยะเวลาในการกู้ยืมเฉลี่ยเป็น 3.5 ปีซึ่งยาวกว่าอายุเงินกู้เฉลี่ยที่ 2.5 ปี ทั้งนี้บริษัท ให้เหตุผลว่าเพื่อต้องการหาแหล่งเงินทุนสำหรับการขยายธุรกิจและลดภาระในการออกหุ้นกู้ใหม่เพื่อทดแทนของเก่าหลังตลาดมีความผันผวนในปี 2024 จากทิศทางดังกล่าวเราคาดในขั้นต้นว่า MTC จะประหยัลดต้นทุนในการกู้ยืมปี 2025 ได้น้อยกว่าค่าเฉลี่ย 40bp y-y ที่คาดไว้เดิมอยู่มาก บริษัท ให้เป้าประมาณการว่าต้นทุนในการกู้ยืมเฉลี่ยในช่วง 1H25 น่าจะอยู่ที่ประมาณ 4.6% (ระดับเดียวกันกับใน 4Q24) ก่อนค่อย ๆ ลดลงในช่วง 2H25 ตามอัตราดอกเบี้ยนโยบายที่ลดลง

คุณภาพสินทรัพย์น่าจะดีต่อเนื่อง

ในด้านบวกคุณภาพสินทรัพย์รวมยังอยู่ในเกณฑ์ดี จนถึงปัจจุบันสถานการณ์ในเดือน ม.ค. และ ก.พ. 25 ก่อนช่วงเหมือนใน 4Q24 โดยมีประสิทธิภาพของพนักงานเก็บเงินที่สูงขึ้นและผลบวกจากมาตรการกระตุ้นเศรษฐกิจของรัฐบาล (การแจกเงินสด 10,000 บาท มาตรการอุดหนุนรายได้เกษตรกร ฯลฯ) เป็นปัจจัยหนุนสำคัญ ทั้งนี้ MTC ตั้งเป้าสัดส่วนหนี้ต่อคุณภาพในปี 2025 อยู่ที่ 2.7% และต้นทุนความเสี่ยงในการปล่อยสินเชื่อที่ 2.8% ใกล้เคียงกับที่เราคาด

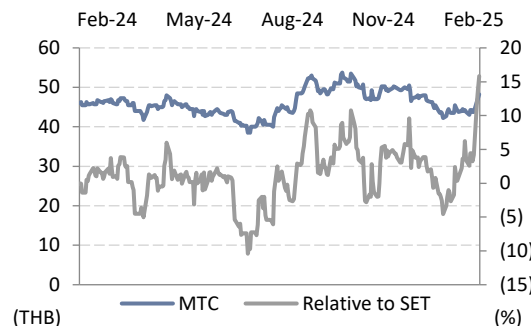
ปรับลดประมาณการกำไรของเรา 7-8% คงคำแนะนำซื้อและเลือกเป็นหุ้นเด่นที่ราคา

เราคงคำแนะนำซื้อและเลือก MTC เป็นหุ้นเด่นที่ราคาเป้าหมายปี 2025 ใหม่ที่ 56 บาท (GGM) จากเดิมที่ 60 บาท เราปรับลดประมาณการกำไรปี 2025-26 ของเราลง 7-8% จากการประหยัลดต้นทุนในการกู้ยืมเฉลี่ยที่ต่ำกว่าคาด ปัจจุบันเราคาดว่า MTC จะมีต้นทุนในการกู้ยืมเฉลี่ยที่ 4.34% ในปี 2025 เทียบกับ 4.39% ในปี 2024 อย่างไรก็ตามเราคาดว่าผลลบจะชดเชยได้จากแนวโน้มคุณภาพสินทรัพย์ที่เอื้ออำนวยและต้นทุนความเสี่ยงในการปล่อยสินเชื่อที่คาดว่าจะอยู่ที่ประมาณ 2.8% ในปี 2025-26 จากสินเชื่อที่ต่อเนื่อง ประสิทธิภาพในการดำเนินงานที่ดีขึ้น และคุณภาพสินทรัพย์ที่เอื้ออำนวย เราคาดว่า MTC จะรายงานกำไรสุทธิในช่วงปี 2025-27 ได้ 16% CAGR

TARGET PRICE	THB56.00
CLOSE	THB48.25
UP/DOWNSIDE	+16.1%
PRIOR TP	THB60.00
CHANGE IN TP	-6.7%
TP vs CONSENSUS	+1.7%

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Operating profit	7,328	8,854	10,371	11,445
Net profit	5,867	7,083	8,297	9,156
EPS (THB)	2.77	3.34	3.91	4.32
vs Consensus (%)	-	20.8	18.4	10.5
Recurring net profit	5,867	7,083	8,297	9,156
Core EPS (THB)	2.77	3.34	3.91	4.32
Chg. In EPS est. (%)	-	(7.3)	(8.1)	(11.3)
EPS growth (%)	19.6	20.7	17.1	10.4
Core P/E (x)	17.4	14.4	12.3	11.2
Dividend yield (%)	0.5	1.0	1.2	1.3
Price/book (x)	2.8	2.4	2.0	1.7
ROE (%)	17.0	17.6	17.6	16.7
ROA (%)	3.7	3.9	4.1	4.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.2	2.1	9.0
Relative to country (%)	21.3	18.1	19.8
Mkt cap (USD m)	3,036		
3m avg. daily turnover (USD m)	7.1		
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:

- Benign funding conditions in 2025-26E thanks to the better credit rating of 'A- (tha)' by Fitch Ratings compared to 'BBB+' by TRIS previously.
- 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 (2025-27E) of 16.0%, reflecting MTC's highest profit growth expected among Thai diversified finance companies under our coverage. The key drivers include a loan growth CAGR of 10.9%, higher branch efficiency, economies of scale with a lower cost-to-income ratio and lower credit costs following benign asset quality.

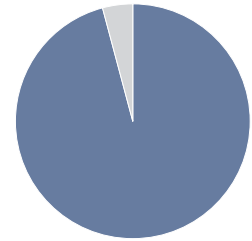
Company profile

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, 2024)

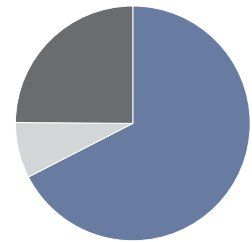
- Net interest income - 95.8 %
- Non-interest income - 4.2 %



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
May 2025	1Q25 results announcement

Key assumptions

Key assumptions (%)	2025E	2026E	2027E
Loan growth	12.94	10.50	9.18
NIM	14.26	14.31	14.34
Cost-to-income ratio	47.00	45.59	44.91
Credit cost	2.78	2.77	2.86
NPL ratio	2.77	2.73	2.73
ROE	17.61	17.61	16.74

Source: FSSIA estimates

Earnings sensitivity

		2025E		
Loan growth (%)	±2ppt	10.94	12.94	14.94
% change in net profit		(1.8)		1.8
NIM (%)	±10bp	14.16	14.26	14.36
% change in net profit		(2.5)	-	2.5
Cost-to-income ratio (%)	±1ppt	46.00	47.00	48.00
% change in net profit		3.7	-	(3.7)
Credit cost (bp)	±10bp	268	278	288
% change in net profit		2.5	-	(2.5)

Source: FSSIA estimates

Smaller funding cost savings

Longer funding duration will lead to smaller funding cost savings

We attended MTC's 4Q24 analyst meeting today (20 Feb). Overall, we have negative feedback from the meeting as the savings on funding costs will be lower than our initial expectation. The benign asset quality may help, but likely cannot offset the impact from the funding cost, we believe.

Despite being upgraded to an A- rating by Fitch Thailand, MTC will extend the average funding duration to 3.5 years, which is longer than the average loan duration of 2.5 years. According to MTC's deputy managing director Mr. Parithad Petaumpai, the rationale behind the longer funding duration is to secure funding sources for MTC's business growth and reduce the burden on MTC's debenture rollover after the market turbulence in 2024.

MTC also disclosed that the company has no plan to raise USD-denominated debentures in the near term. Note that MTC raised social bonds for offshore investors totaling USD335m in 3Q24 with an interest rate of 6.875% under a BB international rating by Fitch Global Rating. The interest rate is considerably high, in our view. Nonetheless, the USD-denominated social bonds will support MTC's mission of being a world-class microfinance operator from Thailand and MTC's new funding source beyond domestic funding.

With this direction, our initial expectation of savings for MTC's average funding cost by 40bp y-y in 2025E will be much lower. MTC provided guidance that the average funding cost in 1H25 would be around 4.6% (same level as 4Q24) before gradually subsiding in 2H25 following the lower policy interest rate.

On the other hand, MTC maintains a competitive yield pricing stance for customers with no change in pricing policy in the near future. This will limit the NIM expansion and MTC's profitability outlook in the near term, we believe.

Intact asset quality to continue

On the positive side, MTC sees its overall asset quality remaining intact. So far, the situation in Jan and Feb-25 is roughly the same as in 4Q24. Higher efficiency among collection staff and the positive impact from government stimulus measures (THB10,000 cash handout, farm income subsidy, etc.) are key supports. MTC targets a 2025 NPL ratio at 2.7% and credit cost at 2.8%, which is in line with our expectation.

For the new forbearance program by the Bank of Thailand "You Fight We Help", MTC expects that c100,000 customers will be in this program out of the 3.6 million total customer base for MTC (or 2.7% of total customers). In addition, MTC expects the impact on its financial performance to be minimal and manageable.

High loan growth and operating efficiency to pursue

MTC targets up to 15% y-y loan growth for 2025, which is in line with our projection of 13% growth y-y. Such loan growth in 2025E would be driven by 1) 600 new branches to 8,772 (from 8,172 branches in Dec-24); 2) higher internal efficiency with higher loans per branch from THB19.7m in 2024 and THB18.4m in 2023. In terms of products, the key focus for MTC remains secured loans (motorcycle title, auto title, and land title loans) rather than unsecured loans.

With higher loan efficiency at the branch level, aggregate operating efficiency will be another focus for MTC. Management believes it is possible that the cost-to-income ratio could decline from 47.4% in 2024 to 45% in the next 2 to 3 years. This is in line with our forecast, with a cost-to-income ratio at 45-47% in 2025-27E vs 47.4% in 2024.

Lower forecast by 7-8% for 2025-26, lower TP to THB56

We maintain our top BUY rating for MTC with a new GGM-based 2025 TP of THB56 (lower from THB60). We have cut our 2025-26 earnings forecast by 7-8% on lower-than-expected average funding cost savings. We now expect MTC's average funding cost to be at 4.34% in 2025 vs 4.39% in 2024. Our new projection implies only 5bp funding cost savings y-y in 2025E vs our initial expectation of savings of 40bp y-y. Nonetheless, we expect the negative impact to be partially offset by the benign asset quality outlook with credit costs at c2.8% in 2025-26E. With continued loan growth, better operating efficiency and benign asset quality, we expect MTC to post a 2025-27 net profit CAGR of 16%.

Exhibit 1: 2025-26 earnings revisions

	--- Revised forecast ---		--- Previous forecast ---		----- Change -----	
	2025E (THB m)	2026E (THB m)	2025E (THB m)	2026E (THB m)	2025E (%)	2026E (%)
Net Interest Income	24,936	27,944	25,942	29,240	-3.9%	-4.4%
Non-Interest Income	954	1,056	1,138	1,266	-16.2%	-16.6%
PPOP	13,721	15,780	14,727	16,917	-6.8%	-6.7%
Loan loss provisions	4,867	5,410	5,074	5,653	-4.1%	-4.3%
Net profit	7,083	8,297	7,641	9,024	-7.3%	-8.1%
Key ratios					(ppt)	(ppt)
NIM (%)	14.26	14.31	14.71	14.79	(0.45)	(0.47)
Cost to income (%)	47.00	45.59	45.62	44.55	1.39	1.04
ROA (%)	3.89	4.07	4.17	4.34	(0.29)	(0.27)
ROE (%)	17.61	17.61	18.90	18.70	(1.29)	(1.09)
Credit cost (%)	2.78	2.77	2.88	2.86	(0.09)	(0.09)
Loan growth (%)	12.94	10.50	13.84	10.60	(0.90)	(0.10)
Net profit growth (%)	20.73	17.13	29.25	16.68	(8.53)	0.45

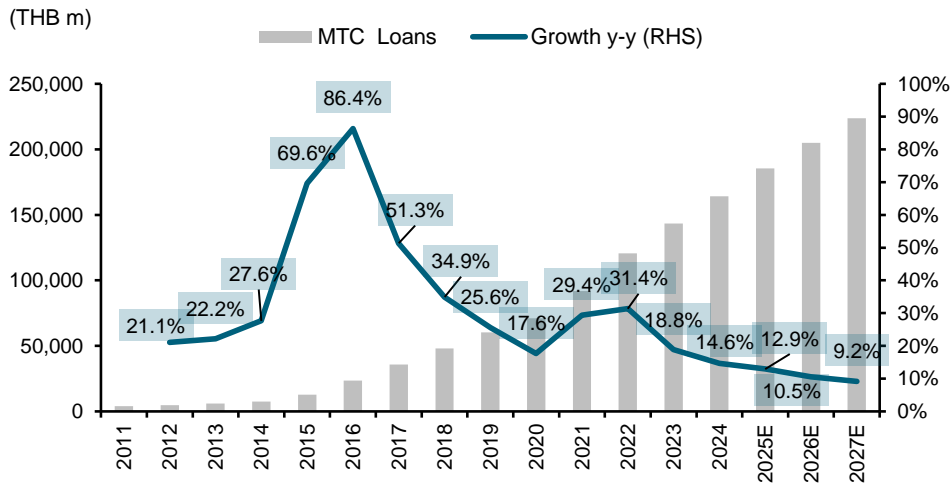
Source: FSSIA estimates

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	17.50%
Cost of Equity	10.20%
Medium-term growth (g)	6.00%
Derived P/BV multiple (x)	2.74
2025E BVPS (THB)	20.52
Derived target price (THB)	56.00

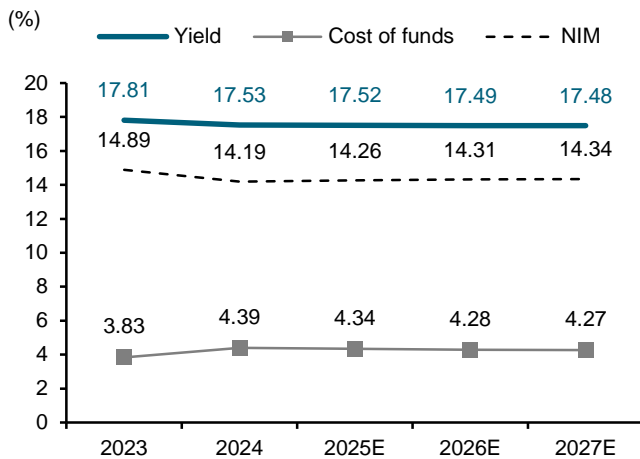
Source: FSSIA estimates

Exhibit 3: MTC's loan growth



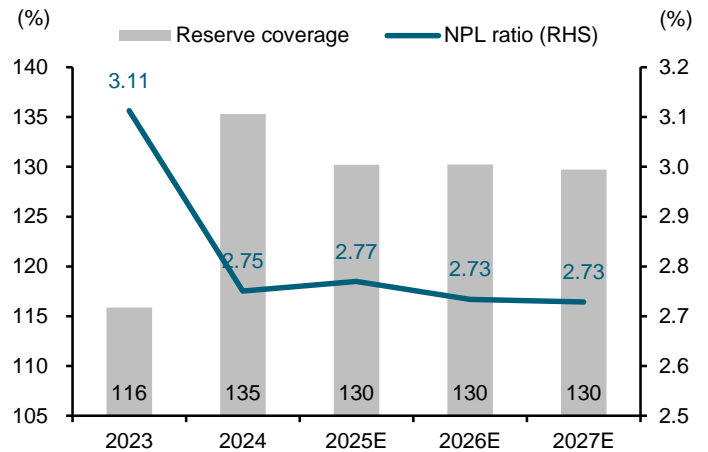
Sources: MTC, FSSIA estimates

Exhibit 4: Yield, cost of funds and NIM



Sources: MTC, FSSIA estimates

Exhibit 5: NPL ratio and NPL coverage ratio

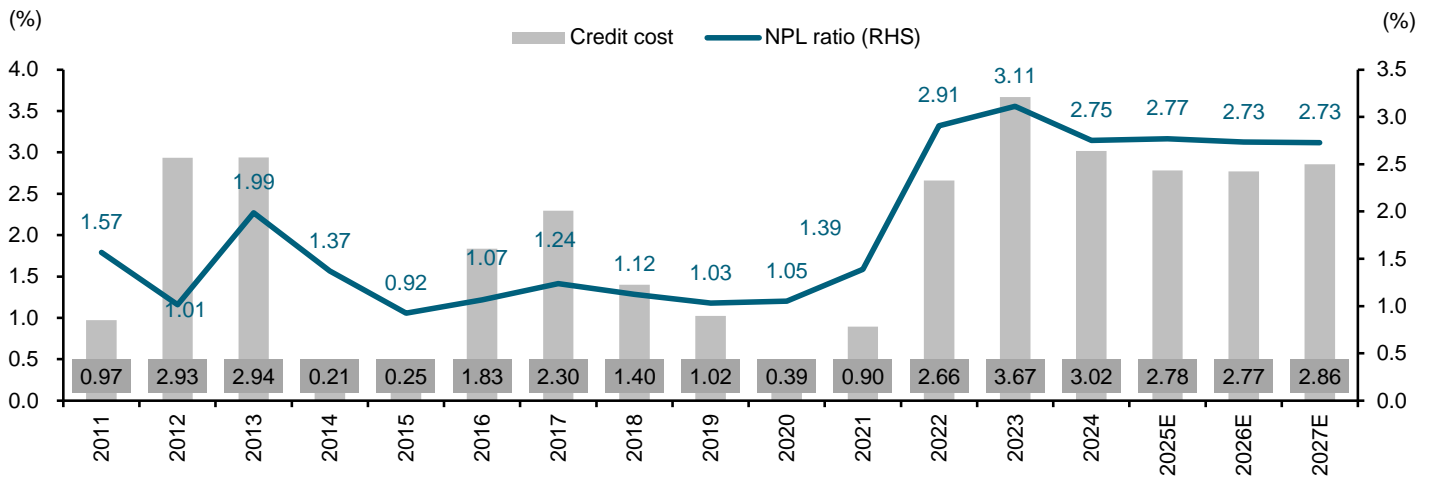


Sources: MTC, FSSIA estimates

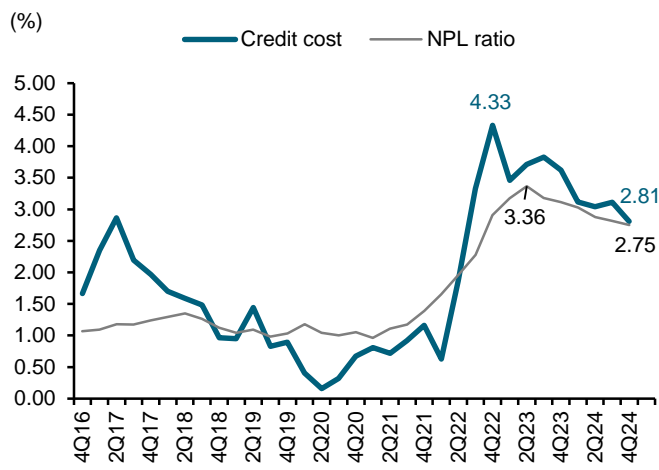
Exhibit 6: Debenture maturity timeline

	AA- (TRIS)	A- (Fitch)	A- (Fitch)	A- (Fitch)	A (TRIS)	A- (TRIS)	A (Fitch)	A- (TRIS)
Unit: THB m	KTC	AEONTS	SAWAD	MTC	TIDLOR	BAM	ASK	THANI
2025	11,500	1,000	15,985	27,658	18,400	11,274	10,396	6,093
2026	12,330	1,700	13,120	22,656	12,035	12,770	6,845	9,600
2027	7,732	0	6,505	14,897	7,300	13,145	5,617	8,351
2028	3,315	0	6,787	9,304	1,565	6,153	2,299	2,000
2029	5,930	0	696	0	0	7,025	685	0
2030	1,000	0	0	1,166	0	5,300	0	0
2031	500	0	0	0	0	3,500	0	0
2032	0	0	0	1,463	0	2,140	0	0
2033	0	0	0	0	0	3,434	0	0
2034	0	0	0	0	0	2,374	0	0
2035	0	0	0	0	0	0	0	0
Sum	42,307	2,700	43,092	77,145	39,300	67,115	25,842	26,044

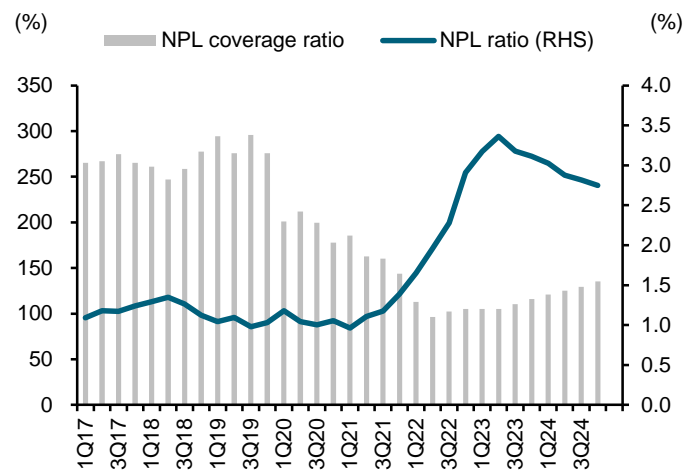
Sources: ThaiBMA, FSSIA's compilation

Exhibit 7: MTC's credit cost and NPL ratio – gradually lower in 2025-27E from peak in 2023


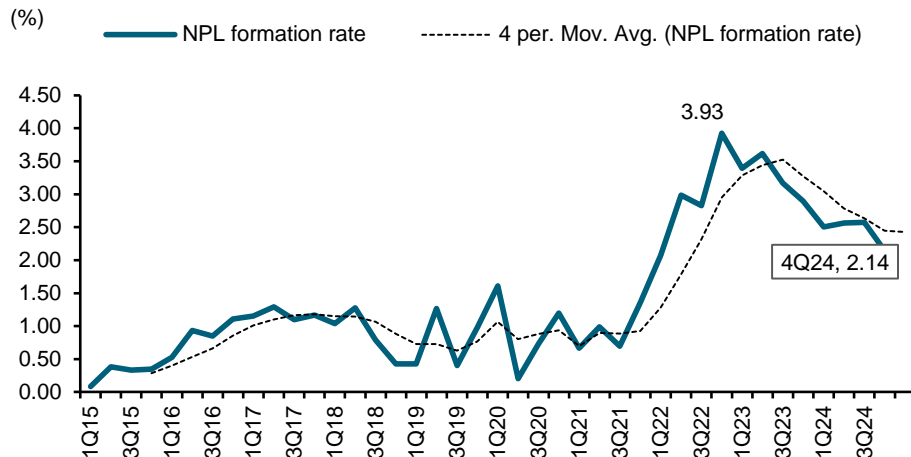
Sources: MTC, FSSIA estimates

Exhibit 8: Credit cost and NPL ratio – improving trend


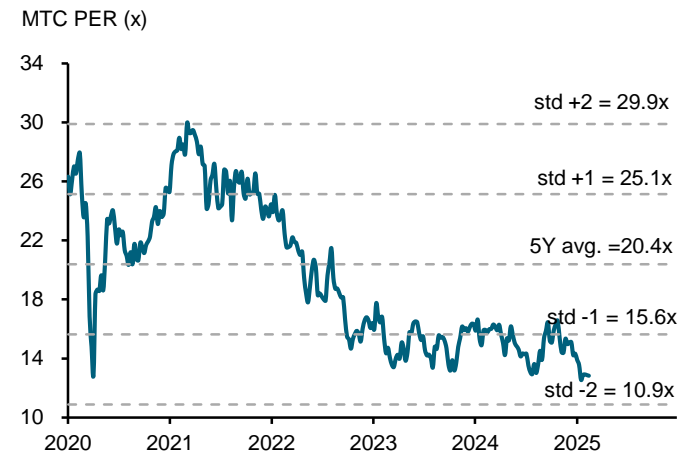
Sources: MTC, FSSIA's compilation

Exhibit 9: NPL coverage ratio has been increasing, reaching 130% as of 4Q24


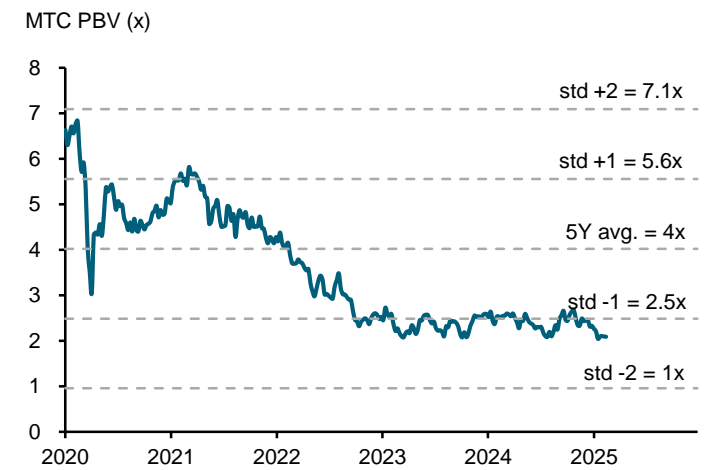
Sources: MTC, FSSIA's compilation

Exhibit 10: MTC's NPL formation rate and trendline (4-period moving average)


Sources: MTC, FSSIA's compilation

Exhibit 11: MTC – one-year prospective P/E band


Sources: Bloomberg, FSSIA estimates

Exhibit 12: MTC – one-year prospective P/BV band


Sources: Bloomberg, FSSIA estimates

Exhibit 13: Peers comparison, as of 19 February 2025

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	---- PE ----		---- PBV ----		---- ROE ----		---- Div yld ----	
						24 (x)	25E (x)	24 (x)	25E (x)	24 (%)	25E (%)	24 (x)	25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	48.25	56.00	16.1	17.4	14.4	2.8	2.4	17.0	17.6	0.5	1.0
Srisawad Corp	SAWAD TB	HOLD	40.00	45.50	13.8	11.8	10.8	1.8	1.6	16.6	15.5	0.8	0.9
Ngern Tid Lor	TIDLOR TB	BUY	18.20	20.50	12.6	12.4	10.8	1.7	1.6	14.4	15.3	3.2	1.4
Saksiam Leasing	SAK TB	BUY	4.56	5.28	15.8	11.5	10.1	1.5	1.4	13.7	14.4	3.6	4.2
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	112.00	142.00	26.8	9.5	8.7	1.1	1.0	11.7	11.9	4.5	4.9
Krungthai Card	KTC TB	HOLD	51.75	43.00	(16.9)	17.9	17.8	3.4	3.0	19.8	17.9	2.5	2.5
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	7.25	11.00	51.7	8.6	6.8	0.4	0.4	4.2	5.3	5.8	7.4
Ratchthani Leasing	THANI TB	HOLD	1.58	1.78	12.7	10.1	8.9	0.7	0.7	7.2	8.0	5.5	6.2
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.45	9.00	39.5	15.5	13.0	0.5	0.5	3.1	3.6	5.2	6.2
JMT Network services	JMT TB	HOLD	14.20	17.00	19.7	12.5	10.3	0.8	0.7	6.2	7.4	4.8	5.9
Chayo Group	CHAYO TB	BUY	2.50	4.00	60.0	10.1	5.9	0.8	0.7	7.9	11.8	2.6	2.5
Average						12.5	10.7	1.4	1.3	11.1	11.7	3.6	3.9

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	2023	2024	2025E	2026E	2027E
Interest Income	23,500	26,956	30,628	34,146	37,479
Interest expense	(3,857)	(5,142)	(5,692)	(6,202)	(6,741)
Net interest income	19,644	21,814	24,936	27,944	30,738
Net fees & commission	921	781	954	1,056	1,152
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	105	165	0	0	0
Non interest income	1,026	946	954	1,056	1,152
Total income	20,669	22,760	25,890	29,000	31,890
Staff costs	(9,702)	(10,790)	(12,169)	(13,220)	(14,321)
Other operating costs	-	-	-	-	-
Operating costs	(9,702)	(10,790)	(12,169)	(13,220)	(14,321)
Pre provision operating profit	10,967	11,970	13,721	15,780	17,568
Expected credit loss	(4,841)	(4,642)	(4,867)	(5,410)	(6,124)
Other provisions	-	-	-	-	-
Operating profit	6,126	7,328	8,854	10,371	11,445
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	6,126	7,328	8,854	10,371	11,445
Tax	(1,220)	(1,461)	(1,771)	(2,074)	(2,289)
Profit after tax	4,906	5,867	7,083	8,297	9,156
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	4,906	5,867	7,083	8,297	9,156
Non recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	4,906	5,867	7,083	8,297	9,156
Per share (THB)					
Recurring EPS *	2.31	2.77	3.34	3.91	4.32
Reported EPS	2.31	2.77	3.34	3.91	4.32
DPS	0.21	0.25	0.50	0.59	0.65
Growth					
Net interest income (%)	19.9	11.1	14.3	12.1	10.0
Non interest income (%)	18.0	(7.8)	0.9	10.7	9.1
Pre provision operating profit (%)	19.4	9.1	14.6	15.0	11.3
Operating profit (%)	(3.7)	19.6	20.8	17.1	10.4
Reported net profit (%)	(3.7)	19.6	20.7	17.1	10.4
Recurring EPS (%)	(3.7)	19.6	20.7	17.1	10.4
Reported EPS (%)	(3.7)	19.6	20.7	17.1	10.4
Income Breakdown					
Net interest income (%)	95.0	95.8	96.3	96.4	96.4
Net fees & commission (%)	4.5	3.4	3.7	3.6	3.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.5	0.7	-	-	-
Operating performance					
Gross interest yield (%)	17.81	17.53	17.52	17.49	17.48
Cost of funds (%)	3.83	4.39	4.34	4.28	4.27
Net interest spread (%)	13.98	13.14	13.18	13.21	13.21
Net interest margin (%)	14.9	14.2	14.3	14.3	14.3
Cost/income(%)	46.9	47.4	47.0	45.6	44.9
Cost/assets(%)	7.0	6.7	6.7	6.5	6.3
Effective tax rate (%)	19.9	19.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	9.1	9.0	15.0	15.0	15.0
ROE (%)	16.1	17.0	17.6	17.6	16.7
ROE - COE (%)	5.9	6.8	7.4	7.4	6.5
ROA (%)	3.5	3.7	3.9	4.1	4.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements

Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Gross customer loans	143,318	164,242	185,495	204,977	223,803
Allowance for expected credit loss	(5,169)	(6,112)	(6,689)	(7,298)	(7,922)
interest in suspense	-	-	-	-	-
Net customer loans	138,149	158,130	178,806	197,679	215,881
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	2,822	3,126	3,369	3,765	4,136
Other interesting assets	-	-	-	-	-
Tangible fixed assets	7,012	7,339	8,423	9,412	14,475
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	65	80	168	188	207
Other assets	955	757	1,179	1,318	1,447
Total assets	150,156	170,846	193,631	214,244	238,213
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	109,864	124,323	137,999	151,798	163,942
Non interest bearing liabilities	8,375	9,570	12,126	11,705	15,619
Hybrid Capital	-	-	-	-	-
Total liabilities	118,239	133,893	150,124	163,503	179,561
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	29,797	34,833	41,387	48,621	56,532
Total equity	31,917	36,953	43,507	50,741	58,652
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	150,156	170,846	193,631	214,244	238,213
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	131,966	153,780	174,868	195,236	214,390
Average interest bearing liabilities	100,795	117,094	131,161	144,898	157,870
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)	4,461	4,517	5,137	5,603	6,106
Per share (THB)					
Book value per share	15.06	17.43	20.52	23.93	27.67
Tangible book value per share	15.02	17.39	20.44	23.85	27.57
Growth					
Gross customer loans	18.8	14.6	12.9	10.5	9.2
Average interest earning assets	24.2	16.5	13.7	11.6	9.8
Total asset (%)	17.2	13.8	13.3	10.6	11.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	21.3	21.6	22.5	23.7	24.6
Tangible equity/assets (%)	21.2	21.6	22.4	23.6	24.5
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	27.2	1.3	13.7	9.1	9.0
NPL/gross loans (%)	3.1	2.8	2.8	2.7	2.7
Allowance for ECL/gross loans (%)	3.6	3.7	3.6	3.6	3.5
Allowance for ECL/NPL (%)	115.9	135.3	130.2	130.2	129.7
Valuation					
Recurring P/E (x) *	20.8	17.4	14.4	12.3	11.2
Recurring P/E @ target price (x) *	24.2	20.2	16.8	14.3	13.0
Reported P/E (x)	20.8	17.4	14.4	12.3	11.2
Dividend yield (%)	0.4	0.5	1.0	1.2	1.3
Price/book (x)	3.2	2.8	2.4	2.0	1.7
Price/tangible book (x)	3.2	2.8	2.4	2.0	1.8
Price/tangible book @ target price (x)	3.7	3.2	2.7	2.3	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Muangthai Capital PCL (MTC TB)

FSSIA ESG rating



59.64 /100

Exhibit 14: 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 15: 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 16: 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 17: 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
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																		
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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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Nathapol Pongsukcharoenkul FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 48.25	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
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 18.20	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 4.56	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 112.00	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 51.75	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 7.25	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 1.58	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 6.45	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 14.20	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Chayo Group	CHAYO TB	THB 2.50	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 19-Feb-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.