3 MARCH 2025

EQUITY RESEARCH - COMPANY REPORT

SRISAWAD CORP SAWAD TB

THAILAND / FINANCE & SECURITIES

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

Continued headwinds on ROE

- We maintain our view that SAWAD's ROE is still facing headwinds from stock dividends to push D/E down and lower loan yields.
- SAWAD reported a poor 4Q24 net profit of THB1.23b (-3% y-y, -6% q-q), mainly from a lower loan yield.
- Maintain HOLD with a new TP of THB36 (1.42x 2025E P/BV).

Controlling D/E ratio and liquidity but ROE dilution

After SAWAD's 4Q24 analyst meeting (28 Feb), we maintain our view that its ROE is still facing headwinds. SAWAD is prioritizing a reduction in its D/E ratio to 1.7x from 2.0x (vs 2.2x in Dec-24) rather than ROE. Based on our projection, the stock dividend option may last until 2026. We now expect that SAWAD's ROE could be below 15% in 2025 to 2026, if there is no improvement in the loan yield. Management reiterated that SAWAD has no issue with liquidity and funding. SAWAD disclosed that the loan contraction q-q in 4Q24 was a result of accumulating cash flow for creditors and debenture holders first rather than loan growth.

Poor 4Q24 performance

SAWAD reported a poor 4Q24 net profit of THB1.23b (-3% y-y, -6% q-q). This was 9% below our estimate. The ROE of 15.07% in 4Q24 was the lowest ROE level in the past 10 years. The key misses, in our view, include 1) loan contraction by 3% q-q vs our forecast of improving q-q; 2) lower-than-expected loan yield and NIM; 3) lower-than-expected loan-related fees; and 4) a higher loss from auto repossessions q-q.

Lower earnings forecast by 6-8% for 2025-26

We have cut our 2025-26E earnings by 6-8% on the back of a lower loan growth forecast of c.7-8% pa in 2025-26 and lower-than-expected loan yield generation. We now expect SAWAD's average loan yield to be at 18.4% in 2025, down from 20.66% and 18.95% in 2023-24, respectively. The pressure on SAWAD's loan yield, in our view, should come from 1) higher competition in the asset title loan industry; and 2) the maturity of high-yield motorcycle HP loans with yields of more than 30% before the introduction of the ceiling rate at 23% since January 2023.

Maintain HOLD with a new TP of THB36 from lower ROE

We cut our GGM-based 2025 TP to THB36 from THB45.50 as we are de-rating the target P/BV multiple to 1.42x from 1.77x previously. The multiple de-rating is a result of our lower ROE projection to 13.2% from 15% previously. With poor loan growth, NIM contraction and a stock dividend option in order to control the D/E ratio, we expect SAWAD to post a 2025-27 net profit CAGR of 7.2% and ROE of 13-14% in the same period, which is much lower than 18.6% and 16.5% in 2023-24, respectively.

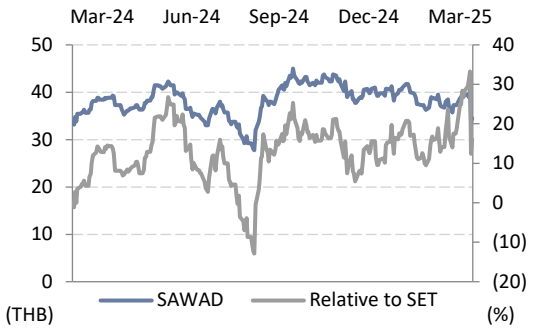
HOLD

UNCHANGED

TARGET PRICE	THB36.00
CLOSE	THB34.50
UP/DOWNSIDE	+4.3%
PRIOR TP	THB45.50
CHANGE IN TP	-20.9%
TP vs CONSENSUS	-13.5%

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Operating profit	6,631	6,903	7,434	8,193
Net profit	5,052	5,246	5,650	6,226
EPS (THB)	3.34	3.47	3.74	4.12
vs Consensus (%)	-	0.5	0.5	(1.2)
Recurring net profit	5,052	5,246	5,650	6,226
Core EPS (THB)	3.34	3.47	3.74	4.12
Chg. In EPS est. (%)	-	(5.9)	(8.4)	-
EPS growth (%)	(8.2)	3.8	7.7	10.2
Core P/E (x)	10.3	9.9	9.2	8.4
Dividend yield (%)	0.4	1.0	1.1	1.2
Price/book (x)	1.6	1.4	1.2	1.1
ROE (%)	16.5	14.7	13.8	13.5
ROA (%)	4.8	4.9	5.0	5.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.8)	(15.3)	(0.1)
Relative to country (%)	1.8	0.4	13.7

Mkt cap (USD m)	1,525
3m avg. daily turnover (USD m)	6.3
Free float (%)	45
Major shareholder	Kaewbootta Family (28%)
12m high/low (THB)	45.50/27.25
Issued shares (m)	1,510

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

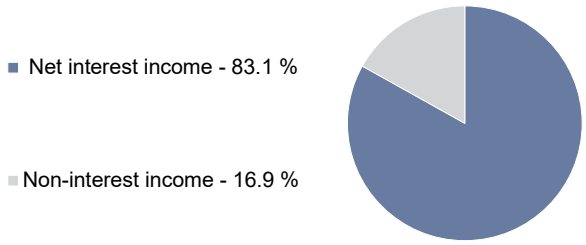
- We have a neutral view of SAWAD's outlook despite a gradual improvement in asset quality after the active balance sheet cleanup process in 1H23. This is because the cleanup process has resulted in mute loan growth in 2024, which could be prolonged to 2025-26.
- We expect lower average loan yields for SAWAD in 2025-26. This is due to the maturity of the high-yield loan segment, especially motorcycle hire-purchase (HP), and high competition in the asset title loan (ATL) business.
- Slow loan growth, NIM contraction and stock dividends could pressure SAWAD's ROE down to 14% by 2026, in our view.
- We expect a 2025-27 net profit CAGR of 7.2% for SAWAD.

Company profile

SAWAD provides loan services to retail customers. Its business operations can be classified into four main categories: 1) auto title loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) motorcycle hire-purchase; and 4) asset management.

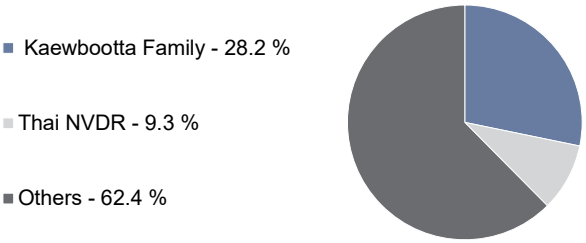
www.meebaanmeerod.com

Principal activities (revenue, 2024)



Source: Srisawad Corp

Major shareholders



Source: Srisawad Corp

Catalysts

- Government stimulus acceleration to upcountry households;
- Better-than-expected NIM and non-NII;
- A stronger-than-expected improvement in asset quality and credit cost;
- Growth potential from new business.

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. 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.

Event calendar

Date	Event
May 2025	1Q25 results announcement

Key assumptions

Key assumptions (%)	2025E	2026E	2027E
Loan growth	7.61	7.04	7.03
NIM	15.28	15.32	15.41
Cost-to-income ratio	51.12	50.13	48.76
Credit cost	2.00	2.21	2.22
NPL ratio	3.75	3.90	3.90
ROE	14.68	13.82	13.45

Source: FSSIA estimates

Earnings sensitivity

		2025E		
Loan growth (%)	**±2ppt**	5.61	**7.61**	9.61
% change in net profit		*(1.7)*		*1.7*
NIM (%)	**±10bp**	15.18	**15.28**	15.38
% change in net profit		*(1.8)*	**-**	*1.8*
Cost-to-income ratio (%)	**±1ppt**	50.12	**51.12**	52.12
% change in net profit		*3.4*	**-**	*(3.4)*
Credit cost (bp)	**±10bp**	190	**200**	210
% change in net profit		*1.8*	**-**	*(1.8)*

Source: FSSIA estimates

Continued headwinds on ROE

Lower forecast by 6-8% for 2025-26; cut TP to THB36 on lower ROE projection

After the poor 4Q24 performance with the lowest ROE level in 10 years, we maintain our HOLD rating for SAWAD with a new GGM-based 2025 TP of THB36 (from THB45.50). SAWAD remains our least-preferred name among Thai auto title lenders.

We have cut our 2025-26 earnings forecast by 6-8% on the back of a lower loan growth forecast of c.7-8% pa in 2025-26 and lower-than-expected loan yield generation.

We now expect SAWAD's average loan yield to be at 18.4% in 2025, down from 20.66% and 18.95% in 2023-24, respectively. The pressure on SAWAD's loan yield, in our view, should come from 1) higher competition in the asset title loan industry; and 2) the maturity of high-yield motorcycle HP loans with yields of more than 30% before the introduction of the ceiling rate at 23% since January 2023.

On the other hand, we expect SAWAD's average cost of funds to decrease y-y to 4.39% in 2025 from 4.48% in 2024, supported by the new A- credit rating by Fitch Thailand with savings from new debenture issuances. Nonetheless, the savings in funding costs cannot offset the headwinds from the persistently lower loan yield, in our view. Sensitivity-wise, a decrease in NIM by 10bp would drag SAWAD's 2025E net profit by 1.8%, all else being equal.

Overall, the asset quality outlook for SAWAD should be controllable, in our view, following the active NPL write-offs since 2Q23.We expect the NPL ratio to be around 3.7-3.9% for 2025-27, which is in line with SAWAD's 10-year historical NPL average of 4.0%.

With poor loan growth, NIM contraction and a stock dividend option in order to control the D/E ratio, we expect SAWAD to post a 2025-27 net profit CAGR of 7.2% and ROE of 13-14% in the same period, which is much lower than 18.6% and 16.5% in 2023-24, respectively.

We cut our GGM-based 2025 TP to THB36 from THB45.50 as we are de-rating the target P/BV multiple to 1.42x from 1.77x previously. The multiple de-rating is a result of our lower ROE projection to 13.2% from 15% previously.

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	14,780	15,908	16,178	18,026	*-8.6%*	*-11.7%*
Non-Interest Income	3,304	3,593	3,460	3,796	*-4.5%*	*-5.4%*
PPOP	8,839	9,725	9,616	10,815	*-8.1%*	*-10.1%*
Loan loss provisions	1,936	2,291	2,282	2,698	*-15.1%*	*-15.1%*
Net profit	**5,246**	**5,650**	**5,574**	**6,169**	***-5.9%***	***-8.4%***
Key ratios					***(ppt)***	***(ppt)***
NIM (%)	15.28	15.32	15.48	15.54	*(0.20)*	*(0.22)*
Cost to income (%)	51.12	50.13	51.03	50.44	*0.09*	*(0.32)*
ROA (%)	4.69	4.71	4.65	4.65	*0.04*	*0.06*
ROE (%)	14.68	13.82	15.50	14.94	*(0.82)*	*(1.12)*
Credit cost (%)	2.00	2.21	2.18	2.33	*(0.18)*	*(0.12)*
Loan growth (%)	7.61	7.04	11.42	10.60	*(3.80)*	*(3.56)*
Net profit growth (%)	3.85	7.70	8.79	10.67	*(4.94)*	*(2.97)*

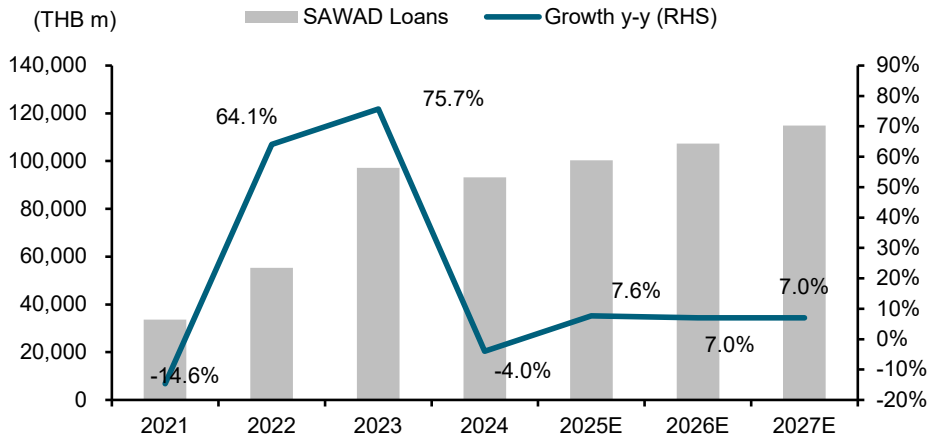
Source: FSSIA estimates

Exhibit 2: SAWAD – 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	13.20%
Cost of Equity	10.20%
Medium-term growth (g)	3.00%
Derived P/BV multiple (x)	**1.42**
2025E BVPS (THB)	25.37
Derived target price (THB)	**36.00**

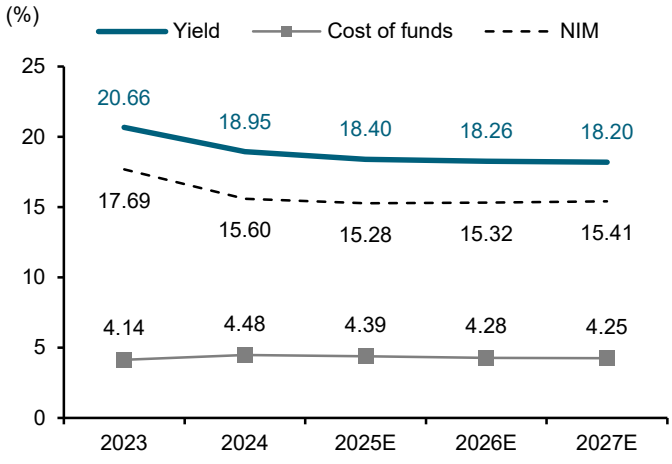
Source: FSSIA estimates

Exhibit 3: SAWAD's loan growth



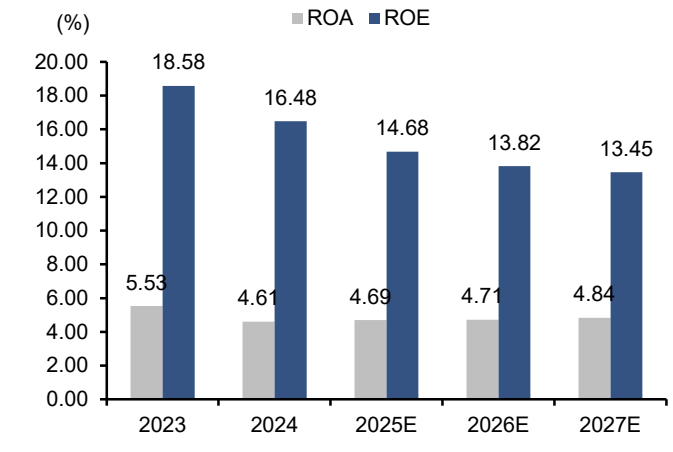
Key milestones:
2021: Deconsolidation of 'Fast Money' or FM subsidiary to Government Savings Bank (GSB) under JV agreement
2022: Aggressive expansion of motorcycle HP business
2023: Purchase and reconsolidation of FM after end of JV agreement with GSB
Sources: SAWAD, FSSIA estimates

Exhibit 4: Yield, cost of funds and NIM – yield is the major drag for SAWAD



Sources: SAWAD, FSSIA estimates

Exhibit 5: Downtrend of ROE – could be below 15% in 2025-27E



Sources: SAWAD, FSSIA estimates

Key takeaways from 4Q24 analyst meeting

After SAWAD's 4Q24 analyst meeting (28 Feb), we maintain our view that SAWAD's ROE is still facing headwinds. SAWAD continues to prioritize a reduction in its D/E ratio down to 1.7x from 2.0x (vs 2.2x in Dec-24) rather than ROE. Based on our projection, the stock dividend option may last up until 2026. We now expect that SAWAD's ROE could be below 15% in 2025 to 2026, if there is no improvement in the loan yield.

Management reiterated that SAWAD has no issue with liquidity and funding. SAWAD disclosed that the loan contraction q-q in 4Q24 was a result of accumulating cash flow for creditors and debenture holders first rather than loan growth.

Nonetheless, with the new A- rating and benign funding conditions from both debentures and the loan market since Dec-24, SAWAD is resuming loan growth with a target of 10% to 15% for 2025. We conservatively expect it to be at the lower bound on the back of the conservative loan-to-value or LTV stance at 35% to 40%. In detail, we expect the key driver for SAWAD's loan growth to mainly come from asset title loans (land, pickup trucks, motorcycles), while motorcycle HP could be flat or contract y-y.

Many questions in the meeting focused on loan yield and ROE. For the lower loan yield, SAWAD argued that it was a result of loan contraction q-q in 3Q and 4Q24. Once loan growth resumes in 1Q-2Q25, SAWAD expects an improvement of the average loan yield in 2Q to 3Q25. However, we believe the lower loan yield was a result of the high-yield loans maturing, with a contraction from both asset title loans and the motorcycle HP business and ongoing competition in asset title loans with low LTV vs peers' c50% LTV.

There are not many questions about SAWAD's asset quality. SAWAD targets an NPL ratio of 3% to 4% in 2025, which is in line with our forecast of 3.7%, and a credit cost of 2.0% (also in line).

The loss on sales in 4Q24 was mainly from asset title loans (ATL), not from motorcycle HP.

(-) SAWAD – 4Q24 results review

SAWAD reported a poor 4Q24 net profit of THB1.23b (-3% y-y, -6% q-q). This was 9% below our estimate and 10% below the Bloomberg consensus. The ROE of 15.07% in 4Q24 was the lowest ROE level in the past 10 years.

(-) The key misses, in our view, include:

- loan contraction by 4% y-y and 3% q-q vs our forecast of improving q-q;
- lower-than-expected loan yield and NIM;
- lower-than-expected non-NII from loan-related fees; and
- higher loss from auto repossessions q-q.

(+) Meanwhile, credit cost was at 1.7%, better than our forecast of 2.0%, which partially offset the negative impacts mentioned above.

(0) Overall asset quality looks stable, in our view. The NPL ratio was at 3.58% in 4Q24, in line with our forecast. Meanwhile, the proportion of loans under stage II (delinquent loans) was at 10.6% of total loans and the NPL formation rate was at 1.8%; both numbers are roughly stable q-q.

For full-year 2024, SAWAD reported a net profit of THB5.05b, flat y-y from a lower loan yield, loan contraction and costs from auto repossessions, but was offset by a lower credit cost.

(-) SAWAD has announced a stock dividend at a 10:1 ratio and a small cash DPS of THB0.04, with the XD date on 8 May. The stock dividend decision was in line with our expectation, as SAWAD had to control its debt-to-equity to 2.2x in Dec-24 from 2.8x in Dec-23. ROE was down to 16.5% in 2024 from 18.6% in 2023.

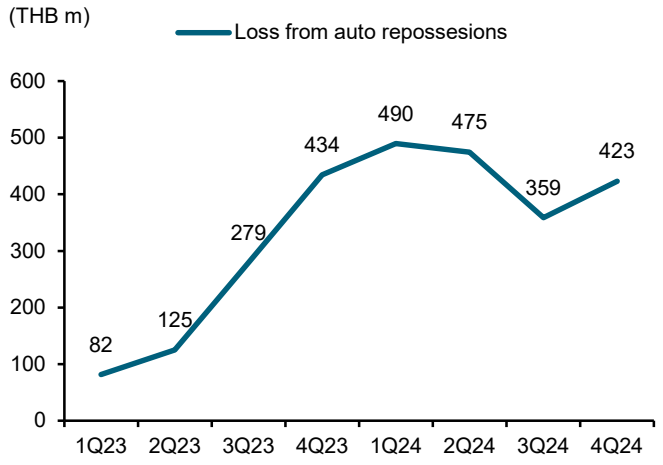
Exhibit 6: SAWAD – 4Q24 operating summary

Profit and loss	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	--------- Change ---------		12M24	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)
Interest income	4,647	4,546	4,595	4,662	4,478	4,292	(5.6)	(4.1)	18,027	14.5
Interest expense	690	749	789	793	813	786	4.9	(3.3)	3,181	40.4
Net interest income	**3,956**	**3,797**	**3,806**	**3,869**	**3,665**	**3,507**	**(7.6)**	**(4.3)**	**14,846**	**10.2**
Non-interest income	605	767	818	666	796	740	(3.5)	(7.0)	3,019	(4.8)
Non-interest expenses	2,447	2,281	2,492	2,325	2,280	2,225	(2.4)	(2.4)	9,322	12.6
Pre-provision profits	**2,115**	**2,283**	**2,131**	**2,210**	**2,181**	**2,022**	**(11.4)**	**(7.3)**	**8,544**	**2.1**
Provisioning expense	316	664	486	537	488	402	(39.4)	(17.5)	1,913	8.5
Profit before tax	1,800	1,619	1,645	1,673	1,693	1,620	0.0	(4.3)	6,631	0.4
Tax expense	375	333	367	352	328	338	1.7	3.3	1,385	0.7
Net profit	**1,387**	**1,265**	**1,261**	**1,265**	**1,301**	**1,225**	**(3.1)**	**(5.8)**	**5,052**	**1.0**

Key drivers and ratios	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	--------- Change ---------		12M24	Change
% unless stated otherwise	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(THB m)	(ppt)
Gross loans (THB m)	92,565	97,109	98,666	98,929	96,157	93,198	(4.0)	(3.1)	93,198	(4.03)
Yield on loans	20.69	19.17	18.78	18.88	18.36	18.13	(1.04)	(0.23)	18.54	(1.15)
Cost of funds	4.04	4.17	4.20	4.20	4.48	4.57	0.40	0.09	4.36	0.55
Net interest margin	17.62	16.01	15.55	15.66	15.03	14.81	(1.20)	(0.21)	15.26	(1.66)
Cost-to-income ratio	53.63	49.97	53.90	51.28	51.11	52.39	2.42	1.28	52.17	2.61
Credit cost	1.41	2.80	1.99	2.17	2.00	1.70	(1.10)	(0.30)	1.96	(0.19)
NPL ratio	2.73	3.09	3.23	3.40	3.49	3.58	0.49	0.09	3.58	0.49
NPL coverage	50.22	53.55	55.60	59.82	61.10	59.53	5.99	(1.57)	59.53	5.99
ROE	21.14	18.36	17.50	16.82	16.62	15.07	(3.28)	(1.55)	16.50	(2.32)
Debt to equity	299.70	284.87	278.68	262.11	234.08	216.09	(68.78)	(17.99)	216.09	(68.78)

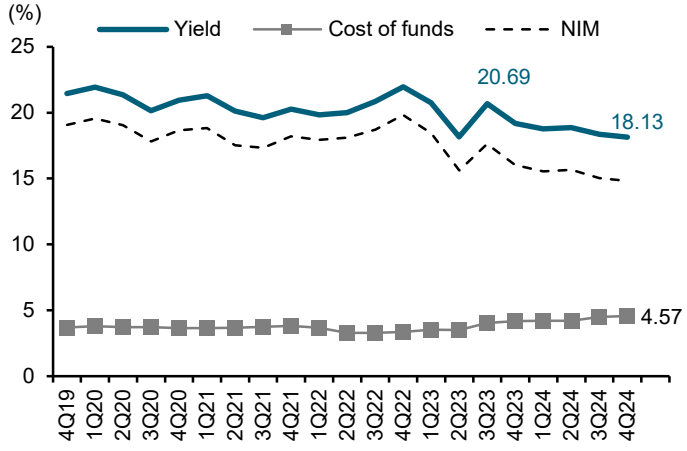
Sources: SAWAD, FSSIA compilation

Exhibit 7: SAWAD's loss from auto repossessions – surprising increase q-q in 4Q24



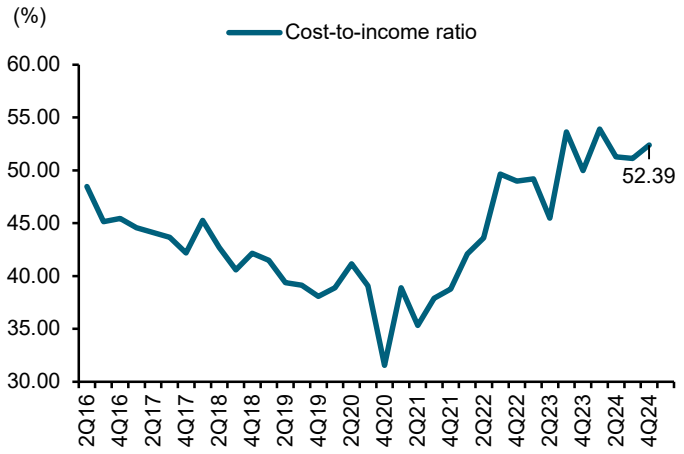
Sources: SAWAD, FSSIA compilation

Exhibit 8: Quarterly yield, cost of funds and NIM – NIM is mainly pressured by consistently lower loan yield



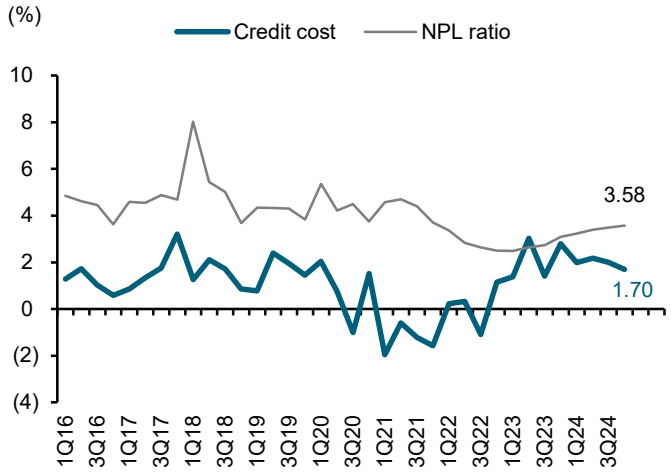
Sources: SAWAD, FSSIA compilation

Exhibit 9: Cost-to-income ratio – still above 50% in 4Q24 from poor revenue and high opex



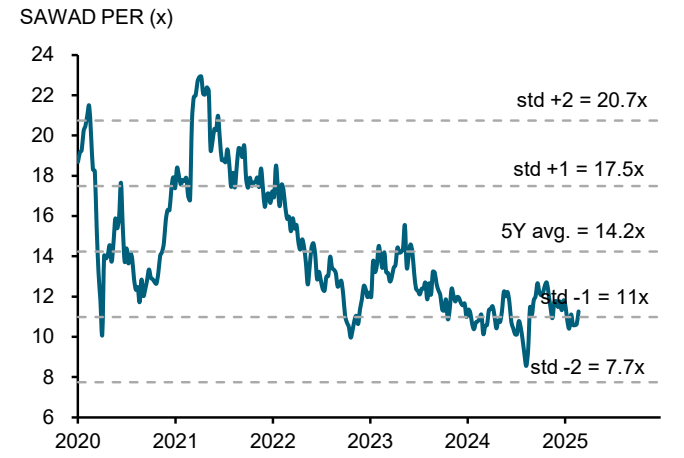
Sources: SAWAD, FSSIA compilation

Exhibit 10: NPL ratio and credit cost



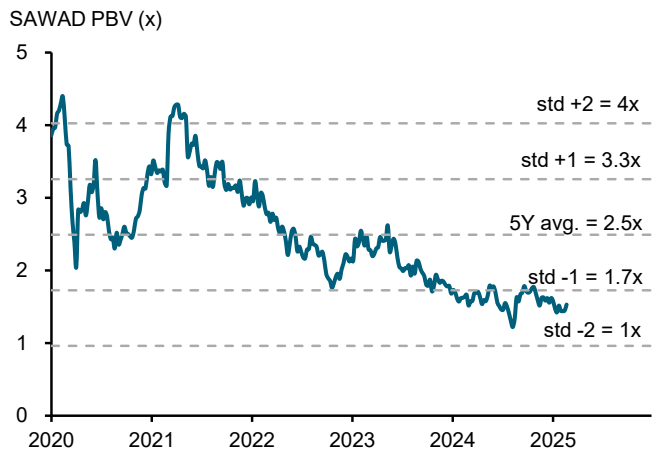
Sources: SAWAD, FSSIA compilation

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



Sources: Bloomberg, FSSIA estimates

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



Sources: Bloomberg, FSSIA estimates

Exhibit 13: Peers comparison, as of 28 February 2025

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	*Up side (%)*	----- PE ----- 24 (x)	25E (x)	----- PBV ----- 24 (x)	25E (x)	----- ROE ----- 24 (%)	25E (%)	---- Div yld ---- 24 (x)	25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	47.00	56.00	*19.1*	17.0	14.1	2.7	2.3	17.0	17.6	0.5	1.1
Srisawad Corp	SAWAD TB	HOLD	34.50	36.00	*4.3*	10.3	9.9	1.6	1.4	16.5	14.7	0.4	1.0
Ngern Tid Lor	TIDLOR TB	BUY	17.30	20.50	*18.5*	11.8	10.3	1.7	1.5	14.4	15.3	3.4	1.5
Saksiam Leasing	SAK TB	BUY	4.24	5.28	*24.6*	10.7	9.4	1.4	1.3	13.7	14.4	3.9	4.5
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	108.50	142.00	*30.9*	9.2	8.4	1.0	1.0	11.7	11.9	4.6	5.0
Krungthai Card	KTC TB	HOLD	49.50	43.00	*(13.1)*	17.1	17.1	3.2	2.9	19.8	17.9	2.6	2.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	7.00	11.00	*57.1*	8.3	6.5	0.4	0.3	4.2	5.3	6.0	7.6
Ratchthani Leasing	THANI TB	HOLD	1.65	1.78	*7.9*	10.5	9.3	0.8	0.7	7.2	8.0	5.2	5.9
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.35	9.00	*41.7*	15.3	12.8	0.5	0.5	3.1	3.6	5.2	6.3
JMT Network services	JMT TB	HOLD	11.90	17.00	*42.9*	10.5	8.6	0.6	0.6	6.2	7.4	5.7	7.0
Chayo Group	CHAYO TB	BUY	2.22	4.00	*80.2*	9.0	5.3	0.7	0.6	7.9	11.8	3.0	2.9
Average						**11.8**	**10.1**	**1.3**	**1.2**	**11.1**	**11.6**	**3.7**	**4.1**

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

Financial Statements

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Interest Income	15,744	18,027	17,801	18,959	20,226
Interest expense	(2,266)	(3,181)	(3,021)	(3,050)	(3,104)
Net interest income	13,478	14,846	14,780	15,908	17,122
Net fees & commission	3,171	3,019	3,303	3,592	3,687
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	0	1	1	1	1
Non interest income	3,171	3,019	3,304	3,593	3,688
Total income	16,648	17,865	18,084	19,501	20,809
Staff costs	(8,282)	(9,322)	(9,244)	(9,775)	(10,147)
Other operating costs	-	-	-	-	-
Operating costs	(8,282)	(9,322)	(9,244)	(9,775)	(10,147)
Pre provision operating profit	8,367	8,544	8,839	9,725	10,662
Expected credit loss	(1,763)	(1,913)	(1,936)	(2,291)	(2,470)
Other provisions	-	-	-	-	-
Operating profit	6,603	6,631	6,903	7,434	8,193
Recurring non operating income	26	0	0	0	0
Associates	26	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	6,629	6,631	6,903	7,434	8,193
Tax	(1,375)	(1,385)	(1,381)	(1,487)	(1,639)
Profit after tax	5,254	5,246	5,522	5,948	6,554
Non-controlling interest	(253)	(194)	(276)	(297)	(328)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	5,001	5,052	5,246	5,650	6,226
Non recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	5,001	5,052	5,246	5,650	6,226
Per share (THB)					
Recurring EPS *	3.64	3.34	3.47	3.74	4.12
Reported EPS	3.64	3.34	3.47	3.74	4.12
DPS	0.11	0.14	0.35	0.37	0.41
Growth					
Net interest income (%)	70.2	10.2	(0.4)	7.6	7.6
Non interest income (%)	(4.2)	(4.8)	9.4	8.7	2.6
Pre provision operating profit (%)	39.2	2.1	3.5	10.0	9.6
Operating profit (%)	11.3	0.4	4.1	7.7	10.2
Reported net profit (%)	11.7	1.0	3.8	7.7	10.2
Recurring EPS (%)	11.7	(8.2)	3.8	7.7	10.2
Reported EPS (%)	11.7	(8.2)	3.8	7.7	10.2
Income Breakdown					
Net interest income (%)	81.0	83.1	81.7	81.6	82.3
Net fees & commission (%)	19.0	16.9	18.3	18.4	17.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.0	0.0	0.0	0.0	0.0
Operating performance					
Gross interest yield (%)	20.66	18.95	18.40	18.26	18.20
Cost of funds (%)	4.14	4.48	4.39	4.28	4.25
Net interest spread (%)	16.52	14.47	14.01	13.98	13.95
Net interest margin (%)	17.7	15.6	15.3	15.3	15.4
Cost/income(%)	49.7	52.2	51.1	50.1	48.8
Cost/assets(%)	9.2	8.5	8.3	8.2	7.9
Effective tax rate (%)	20.7	20.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	3.1	4.2	10.0	10.0	10.0
ROE (%)	18.6	16.5	14.7	13.8	13.5
ROE - COE (%)	8.4	6.3	4.5	3.6	3.3
ROA (%)	5.8	4.8	4.9	5.0	5.1
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Financial Statements

Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Gross customer loans	97,109	93,198	100,293	107,358	114,907
Allowance for expected credit loss	(1,605)	(1,987)	(2,223)	(2,414)	(2,584)
interest in suspense	-	-	-	-	-
Net customer loans	**95,503**	**91,211**	**98,070**	**104,944**	**112,323**
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	68	82	0	0	0
Cash & equivalents	3,962	5,814	5,678	6,598	7,604
Other interesting assets	-	-	-	-	-
Tangible fixed assets	2,180	2,101	2,366	2,538	2,716
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	1,209	1,206	1,136	1,218	1,304
Other assets	5,230	4,547	5,489	5,887	6,301
Total assets	**111,465**	**107,909**	**115,673**	**124,140**	**133,224**
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	74,508	67,520	70,220	72,327	73,774
Non interest bearing liabilities	5,761	4,087	3,298	4,019	5,429
Hybrid Capital	-	-	-	-	-
Total liabilities	**80,268**	**71,607**	**73,518**	**76,346**	**79,203**
Share capital	1,373	1,510	1,510	1,510	1,510
Reserves	26,804	31,626	36,812	41,938	47,599
Total equity	**28,177**	**33,137**	**38,323**	**43,448**	**49,110**
Non-controlling interest	3,020	3,166	3,832	4,345	4,911
Total liabilities & equity	**111,465**	**107,909**	**115,673**	**124,140**	**133,224**
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	76,189	95,153	96,745	103,826	111,132
Average interest bearing liabilities	54,761	71,014	68,870	71,274	73,050
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)	-	-	-	-	-
Per share (THB)					
Book value per share	20.52	21.94	25.37	28.76	32.51
Tangible book value per share	19.64	21.14	24.62	27.96	31.65
Growth					
Gross customer loans	75.7	(4.0)	7.6	7.0	7.0
Average interest earning assets	71.3	24.9	1.7	7.3	7.0
Total asset (%)	60.4	(3.2)	7.2	7.3	7.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	25.3	30.7	33.1	35.0	36.9
Tangible equity/assets (%)	24.2	29.6	32.1	34.0	35.9
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	1.7	2.1	2.2	2.2	2.2
Allowance for ECL/NPL (%)	-	-	-	-	-

Valuation	2023	2024	2025E	2026E	2027E
Recurring P/E (x) *	9.5	10.3	9.9	9.2	8.4
Recurring P/E @ target price (x) *	9.9	10.8	10.4	9.6	8.7
Reported P/E (x)	9.5	10.3	9.9	9.2	8.4
Dividend yield (%)	0.3	0.4	1.0	1.1	1.2
Price/book (x)	1.7	1.6	1.4	1.2	1.1
Price/tangible book (x)	1.8	1.6	1.4	1.2	1.1
Price/tangible book @ target price (x)	1.8	1.7	1.5	1.3	1.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Srisawad Corp PCL (SAWAD TB)

FSSIA ESG rating

★★★

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

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 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	**1.77**	**1.67**	**1.70**	**1.93**	**1.77**	**1.90**	**2.21**	**3.51**
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	1.96	4.18
BESG social pillar score	0.87	0.74	0.87	1.07	1.07	1.27	1.39	3.41
BESG governance pillar score	4.66	4.62	4.39	4.77	4.09	4.12	3.98	3.45
ESG disclosure score	**28.37**	**28.51**	**29.45**	**29.45**	**29.45**	**38.34**	**47.34**	**47.89**
Environmental disclosure score	0.00	0.42	0.42	0.42	0.42	16.79	33.86	33.86
Social disclosure score	11.22	11.22	11.67	11.67	11.67	21.98	26.93	28.60
Governance disclosure score	73.72	73.72	76.10	76.10	76.10	76.10	81.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes	Yes	Yes
GHG scope 1	—	—	—	—	—	—	2	1
GHG scope 2 location-based	—	—	—	—	—	—	5	3
GHG Scope 3	—	—	—	—	—	—	0	0
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	11	6
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	2	1
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	No	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	0	0
Waste recycled	—	—	—	—	—	—	0	0
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	Yes	Yes	Yes
Water policy	No	No	No	No	No	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	0	0
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	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	No	No
Pct women in workforce	—	—	—	—	—	—	54	52
Pct disabled in workforce	—	—	—	—	—	—	1	1
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	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	10	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	Yes
Number of employees – CSR	5,590	6,137	7,016	8,907	7,580	6,808	11,512	9,994
Employee turnover pct	—	—	—	—	—	3	32	42
Total hours spent by firm - employee training	—	—	—	—	—	23,574	5,165	96,462
Social supply chain management	No	No	No	No	No	Yes	Yes	Yes
Governance								
Board size	**12**	**12**	**12**	**12**	**13**	**13**	**13**	**13**
No. of independent directors (ID)	**4**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
No. of women on board	2	1	1	1	1	1	1	1
No. of non-executive directors on board	9	9	9	9	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	14	13	13	12	13	10	13	13
Board meeting attendance pct	—	—	88	88	88	98	92	93
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	—	—	—	—	—	—	43	44
Age of the oldest director	—	—	—	—	—	—	76	77
No. of executives / company managers	**8**	**8**	**4**	**5**	**5**	**5**	**5**	**4**
No. of female executives	2	1	1	2	2	2	2	2
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	5	5	5	4	4	5	6	5
Audit meeting attendance %	100	100	93	100	100	100	100	100
Size of compensation committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of ID on compensation committee	3	2	2	2	2	2	2	2
No. of compensation committee meetings	2	4	2	3	3	3	3	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of nomination committee meetings	2	4	2	3	3	3	3	2
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **SETESG inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETESG Index** is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*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.)*	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. *(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.)*	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL: 0-10 / Low: 10-20 / Medium: 20-30 / High: 30-40 / Severe: 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. **AAA** 8.571-10.000 **AA** 7.143-8.570 **A** 5.714-7.142 **BBB** 4.286-5.713 **BB** 2.857-4.285 **B** 1.429-2.856 **CCC** 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 34.50	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.
Muangthai Capital	MTC TB	THB 47.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Ngern Tid Lor	TIDLOR TB	THB 17.30	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 4.24	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 108.50	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 49.50	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.
Asia Sermkij Leasing PCL	ASK TB	THB 7.00	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 1.65	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 fasterthan-expected decline in ECL expense.
Bangkok Commercial Asset Mngt.	BAM TB	THB 6.35	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 11.90	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 2.22	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 28-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.