8 APRIL 2025

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - TRANSFER OF COVERAGE

ASIA SERMKIJ LEASING ASK TB

THAILAND / FINANCE & SECURITIES

มีความท้าทายเพิ่มเติมรออยู่ในปี 2025

- เราคาดว่ารายได้ของ ASK จะเผชิญแรงกดดันและต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) จะทรงตัวในระดับสูง ในขณะที่ผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) มีปัจจัยกดดันให้ลดลงจาก PPO
- เราคาดว่ากำไรสุทธิปี 2025 จะลดลงประมาณ 45% y-y จากความท้าทายที่มีในอนาคต
- เราปรับลดคำแนะนำ ASK เป็น REDUCE ที่ราคาเป้าหมาย 5.60 บาท

คาดสินเชื่อจะโตติดลบต่อในปี 2025

หลังการรายงานผลประกอบการ 4Q24 ที่น่าผิดหวังเราคาดว่าสินเชื่อจะยังโตติดลบต่อในปี 2025 แม้ว่าผู้บริหารจะให้เป้าหมายการเติบโตของสินเชื่อที่ 5.0% y-y ในขณะที่การฟื้นตัวของเศรษฐกิจไทยอาจช่วยบรรเทาผลกระทบได้บางส่วน เราคาดว่า ASK จะยังจำเป็นต้องปล่อยสินเชื่อด้วยความระมัดระวังเนื่องจากความไม่แน่นอนจากนโยบายการค้าของโดนัลด์ ทรัมป์อาจกระทบต่อเศรษฐกิจไทยในภาพรวม จากเหตุผลดังกล่าวเราคาดว่าสินเชื่อจะโตติดลบประมาณ 5.6% y-y ใน 2025 นับว่าเป็นการฟื้นตัวจากที่เคยติดลบ 8.6% ในปี 2024 แต่จะยังอยู่ในแดนลบ ดังนั้นเราจึงคาดว่ารายได้ในปี 2025 จะลดลงต่อเนื่องอีกประมาณ 7% y-y ในขณะที่เราคาดว่า ROE จะลดลง 150bp เป็นประมาณ 1.7%

คาดแนวโน้มต้นทุนความเสี่ยงในการปล่อยสินเชื่อบวกกับผลขาดทุนจากการขายสินทรัพย์ด้อยคุณภาพอยู่ในเทรนด์ขาขึ้น

แม้ว่าดัชนีราคารถบรรทุกมือสองของ ธปท. จะฟื้นตัวต่อเนื่องโดยสูงขึ้น 2.1% y-y ในเดือน ม.ค. 25 เราคาดว่าแนวโน้มเศรษฐกิจมหภาคที่ไม่แน่นอน ประกอบกับปัจจัยกดดันในด้านอุปทานรถบรรทุกและสัดส่วนหนี้ด้อยคุณภาพที่อยู่ในระดับสูง จะกดดันต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) รวมถึงผลขาดทุนจากการขายสินทรัพย์ด้อยคุณภาพอย่างต่อเนื่อง โดยจะทำให้ตัวเลขดังกล่าวทรงตัวในระดับสูง ทั้งนี้เราคาดว่า Credit cost และผลขาดทุนจากการขายสินทรัพย์ด้อยคุณภาพจะยังทรงตัวในระดับสูงที่ประมาณ 4.00% ในปี 2025 เทียบกับ 3.46% ณ สิ้นปี 2024 ในขณะเดียวกันเราคาดว่าสัดส่วนหนี้ด้อยคุณภาพ (NPL ratio) จะยังทรงตัวในระดับสูงใกล้ 8.5% ในปีนี้

คาดการเพิ่มทุนจะกดดันกำไรต่อหุ้นและ ROE ให้ลดลง

เราคาดว่ากำไรต่อหุ้นและ ROE จะลดลงจากการเพิ่มทุน Preferential public offering (PPO) ที่จะเกิดขึ้นใน 2Q25 การออก PPO ดังกล่าวจะมีอัตราการจองอยู่ที่ 3:1 ในราคาเสนอขายที่ 7.0 บาท จากการรับประกันการซื้อหุ้นที่ไม่ได้รับการจองทั้งหมดของผู้ถือหุ้นรายใหญ่ (Chailease group) เราคาดว่าหุ้นจะได้รับการจองเต็ม 100% ซึ่งจะทำให้จำนวนหุ้นของ ASK เพิ่ม 33% เป็น 704 ล้านหุ้นภายในสิ้นปี 2025 ดังนั้นเราจึงคาดว่ากำไรต่อหุ้นจะลดลงประมาณ 17% ในปี 2025 และอีกประมาณ 14% ในปี 2026 ในส่วนของ ROE เราปรับลดประมาณการของเราลงเหลือ 1.68%/3.01%/4.49% ในปี 2025/26/27 ตามลำดับ.

ปรับลดคำแนะนำ ASK เป็น REDUCE

เราปรับลดคำแนะนำสำหรับ ASK เป็น REDUCE หลังพิจารณาถึงความไม่แน่นอนเพิ่มเติมในระดับมหภาครวมถึงกำไรต่อหุ้นและ ROE ที่มีแนวโน้มลดลง แม้ว่า Valuation จะอยู่ในระดับต่ำหลัง ASK มีการซื้อขายใกล้กับระดับ -2SD P/BV เรายังเห็นว่า ROE ยังคงมี Downside เพิ่มเติม ราคาเป้าหมายปี 2025 ของเราอยู่ที่ 5.60 บาท (GGM) เทียบเท่า 0.34x P/BV (ROE ที่ 4.8%, COE ที่ 12.73%) ทั้งนี้บทวิเคราะห์ฉบับนี้ปัจจุบันจัดทำโดยคุณณฐพล พงษ์สุขเจริญกุล

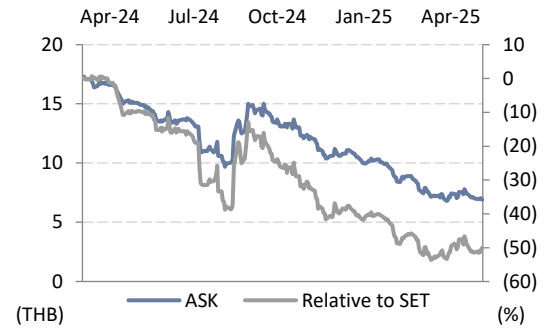
REDUCE

FROM HOLD

TARGET PRICE	THB5.60
CLOSE	THB6.90
UP/DOWNSIDE	-18.8%
PRIOR TP	THB11.00
CHANGE IN TP	-49.1%
TP vs CONSENSUS	-27.6%

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Operating profit	418	229	442	679
Net profit	332	183	352	541
EPS (THB)	0.63	0.30	0.50	0.77
vs Consensus (%)	-	(52.8)	(51.2)	(34.2)
Recurring net profit	332	183	352	541
Core EPS (THB)	0.63	0.30	0.50	0.77
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(72.8)	(52.8)	68.6	53.6
Core P/E (x)	11.0	23.3	13.8	9.0
Dividend yield (%)	4.6	2.2	3.6	5.6
Price/book (x)	0.4	0.4	0.4	0.4
ROE (%)	3.2	1.7	3.0	4.5
ROA (%)	0.4	0.3	0.5	0.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.7	(31.7)	(59.4)
Relative to country (%)	5.4	(15.9)	(50.4)

Mkt cap (USD m)	106
3m avg. daily turnover (USD m)	0.2
Free float (%)	40
Major shareholder	Chailease Holding Co Ltd (48%)
12m high/low (THB)	17.40/6.75
Issued shares (m)	528

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 8 เมษายน 2025

Investment thesis

We have a REDUCE call for ASK over factors including:

1) Negative loan growth to drag revenue throughout 2025. We expect its loan portfolio to contract similar to 2024 at c5.6%, and as a result revenue is projected to decline by c7.0% y-y.
2) Credit cost should continue exerting pressure on bottom-line profits. We project credit cost plus loss from NPA sales to stay elevated at c4.0% in 2025 due to macro uncertainties and the used truck supply overhang.
3) We expect ASK's ROE and EPS to be pressured further by the planned PPO. 2025 EPS is expected to dilute by c16%, while we revise our ROE projection to 1.66%/2.99%/4.51% in 2025/26/27, respectively.

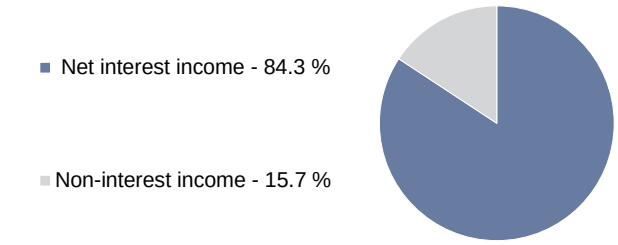
We downgrade ASK to a REDUCE call on a TP of THB5.60 implying a target P/BV ratio of 0.34x (sustainable ROE of 4.8% and COE of 12.73%).

Company profile

Main businesses of the company are hire purchase loans, targeting new and used trucks, and financial leasing, as well as services related to its core businesses.

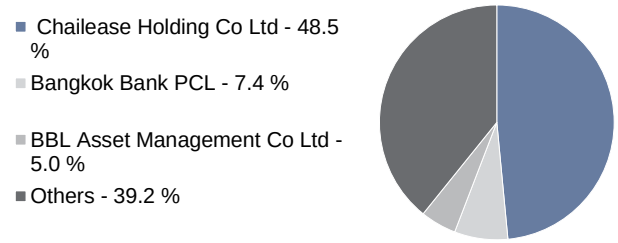
www.ask.co.th

Principal activities (revenue, 2024)



Source: Asia Sermkij Leasing

Major shareholders



Source: Asia Sermkij Leasing

Catalysts

1. Better-than-expected loan disbursement and loan portfolio growth.
2. Better-than-expected improvement in credit cost and asset quality.
3. Lower-than-expected cost of funds.

Risks to our call

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.

Event calendar

Date	Event
22 April 2025	XR date

Key assumptions

	2025E (THB m)	2026E (THB m)	2027E (THB m)
Net profit	**183**	**352**	**541**
Growth (y-y %)	*-44.91%*	*92.73%*	*53.55%*
Loan receivables	**64,882**	**64,882**	**67,119**
Growth (y-y %)	*-5.62%*	*0.00%*	*3.45%*
Cost-to-income (%)	**29.47%**	**29.64%**	**29.62%**
Credit cost (%)	**4.02%**	**3.53%**	**3.15%**
Cost of funds (%)	**3.60%**	**3.57%**	**3.56%**

Source: FSSIA estimates

Earnings sensitivity

		2025E		
Loan growth (%)	**±1ppt**	**-6.62%**	**-5.62%**	**-4.62%**
% change in net profit		*(3.2)*	*-*	*3.2*
Cost-to-income	**±10bp**	**29.37%**	**29.47%**	**29.57%**
% change in net profit		*1.9*	*-*	*(1.9)*
Total credit cost	**±10bp**	**392**	**402**	**412**
% change in net profit		*33.4*	*-*	*(33.4)*
Cost of funds	**±10bp**	**350**	**360**	**370**
% change in net profit		*29.6*	*-*	*(29.6)*

Source: FSSIA estimates

More challenges ahead in 2025

Downgrade ASK to a REDUCE call

We remain concerned about ASK's performance in 2025, as revenue faces pressure from expected negative loan growth, while asset quality challenges could further strain profitability. Additionally, dilutions from the increase in the number of shares due to a preferential public offering (PPO) will further weigh on key performance metrics such as EPS and ROE. Although financing pressure may ease with debt retirements and the Bank of Thailand's decision to cut the benchmark interest rate, we believe that this may not be sufficient enough to offset the negative aspects.

We downgrade ASK to a REDUCE call from Hold, taking the abovementioned factors into account, despite ASK currently trading at a P/BV ratio of 0.38x (which represents a level near -2SD of its 5Y average). We anticipate ROE improving from 3.16% in 2024 to 4.5% by 2027; however, it remains significantly below the five-year average of approximately 12%.

Our GGM-based 2025 TP is THB5.60, referencing a derived P/BV of 0.34x (sustainable ROE of 4.8% and COE of 12.73%).

Exhibit 1: ASK – GGM TP 2025

Target price calculation based on Gordon Growth Model (GGM)			
Sustainable ROE	4.83%	**Cost of Equity (COE) calculation**	
COE	12.73%	Risk Free Rate	3%
Sustainable Growth	0.80%	Market Risk Premium	7%
Derived P/BV	0.34	Equity Beta (x)	1.39
		COE	12.73%
2025E BVPS	16.60		
Target Price (THB)	**5.60**		

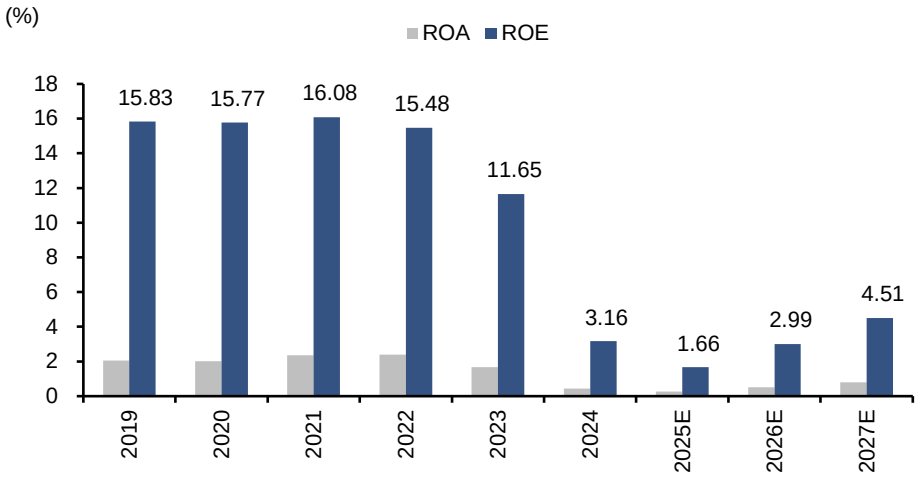
Source: FSSIA estimates

Exhibit 2: ASK's target price sensitivity

	Growth rate assumption				
ROE	0.60%	0.70%	0.80%	0.90%	1.00%
3.83%	4.43	4.32	4.22	4.12	4.01
4.33%	5.11	5.01	4.92	4.82	4.72
4.83%	5.79	5.70	5.61	5.52	5.43
5.33%	6.48	6.39	6.31	6.22	6.13
5.83%	7.16	7.08	7.00	6.92	6.84

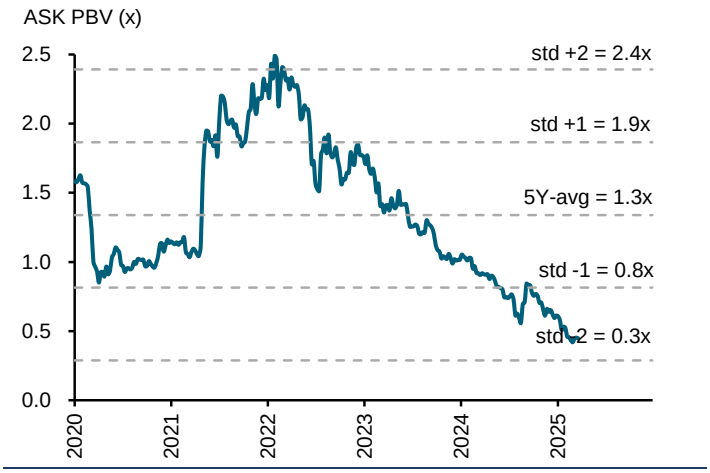
Source: FSSIA estimates

Exhibit 3: ROE and ROA, 2019-27E



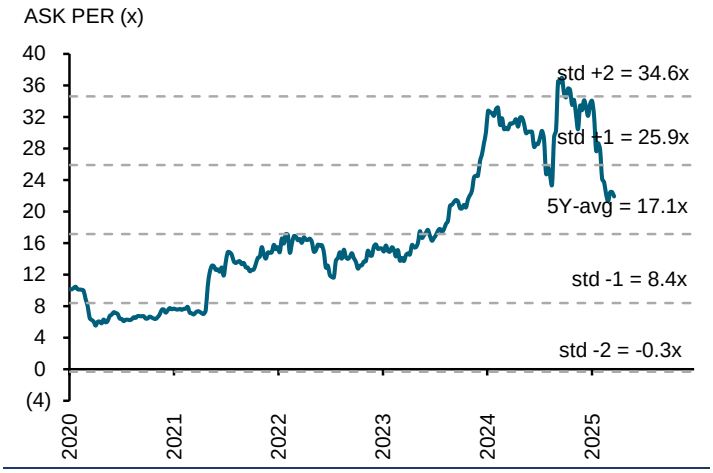
Sources: ASK; FSSIA estimates

Exhibit 4: ASK – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: ASK– one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Peers financial comparison, as of 4 April 2025

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	*Up side (%)*	----- PE ----- 25E (x)	26E (x)	----- PBV ----- 25E (x)	26E (x)	----- ROE ----- 25E (%)	26E (%)	--- Div yld --- 25E (x)	26E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	42.25	56.00	*32.5*	12.6	10.8	2.1	1.8	17.6	17.6	1.2	1.4
Srisawad Corp	SAWAD TB	HOLD	29.50	36.00	*22.0*	8.5	7.9	1.2	1.0	14.7	13.8	1.2	1.3
Ngern Tid Lor	TIDLOR TB	BUY	15.40	20.50	*33.1*	9.1	7.8	1.3	1.2	15.3	15.8	1.6	1.9
Saksiam Leasing	SAK TB	BUY	3.88	5.28	*36.1*	8.6	7.6	1.2	1.1	14.4	15.0	4.9	5.5
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	103.50	142.00	*37.2*	8.0	7.4	0.9	0.9	11.9	12.1	5.3	5.7
Krungthai Card	KTC TB	HOLD	46.75	43.00	*(8.0)*	16.1	14.2	2.7	2.5	17.9	18.3	2.8	3.2
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	REDUCE	6.90	5.60	*(18.8)*	23.3	13.8	0.4	0.4	1.7	3.0	2.2	3.6
Ratchthani Leasing	THANI TB	HOLD	1.68	1.78	*6.0*	9.4	8.8	0.7	0.7	8.0	8.3	5.8	6.3
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.20	9.00	*45.2*	12.5	11.0	0.5	0.4	3.6	4.1	6.4	7.3
JMT Network services	JMT TB	HOLD	12.50	17.00	*36.0*	9.0	8.2	0.7	0.6	7.4	7.8	6.6	7.3
Chayo Group	CHAYO TB	BUY	2.10	4.00	*90.5*	5.0	4.2	0.5	0.5	11.8	12.1	3.0	3.5
Average						**11.1**	**9.2**	**1.1**	**1.0**	**11.3**	**11.6**	**3.7**	**4.3**

Sources: Bloomberg; FSSIA estimates

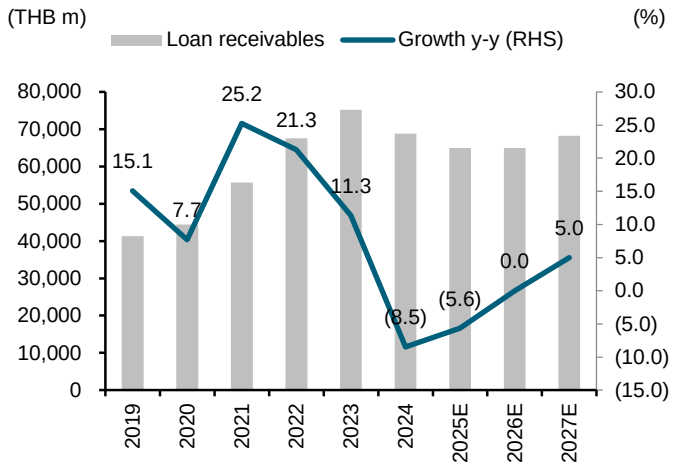
Negative loan growth to extend through 2025

Given the disbursement and loan portfolio contraction in 2024 at 36% and 8.6%, respectively, going forward we expect a similar trend in 2025 along with some added uncertainties from US trade policies, as ASK continues its effort to tackle the ongoing asset quality issue.

We see contractions coming about through ASK's decision to tighten its lending standards, due to increasing payment delinquency. On the asset quality side, the deterioration brought around a high level of credit cost plus loss from NPA sales at 3.46% (+31bp y-y and +2bp q-q) in 2024 year-end. The NPL ratio also rose to 7%, whereas stage 2 loans (delinquent loans) to total loans reached 11.6%, the highest level in many quarters (see Exhibit 9). Meanwhile, the coverage ratio stood at only 56% on the back of heightened allowance for loan loss.

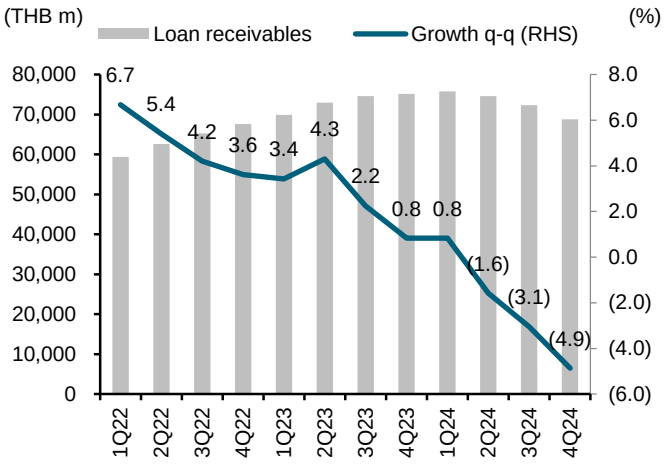
Although Thailand's economic landscape in 2024 was not favorable for the industry through multiple fronts such as the delayed 2024 governmental budget, flat capital formation growth, price competition, and skyrocketing used truck supplies, ASK was not without fault. Between FY2020 and FY2023, ASK's total loan portfolio grew at a 19% CAGR, driven by a surge in truck demand during the early post-COVID recovery, where this growth was fueled by an aggressive loan origination strategy targeting a lower-quality customer segment. Despite some success early on, where net profits grew by 12% CAGR within the same period, the unanticipated slump in the Thai economy had really turned the strategy into a burden rather than an advantage for ASK in 2024.

Exhibit 7: ASK's loan receivables , 2019-27E



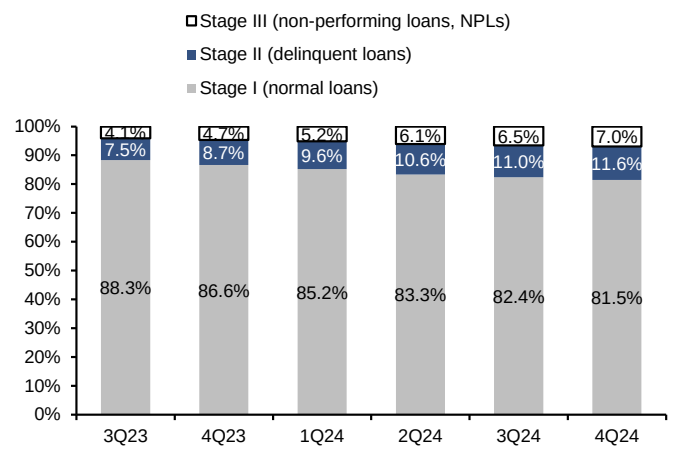
Sources: ASK; FSSIA estimates

Exhibit 8: ASK's loan receivables, 1Q22-4Q24



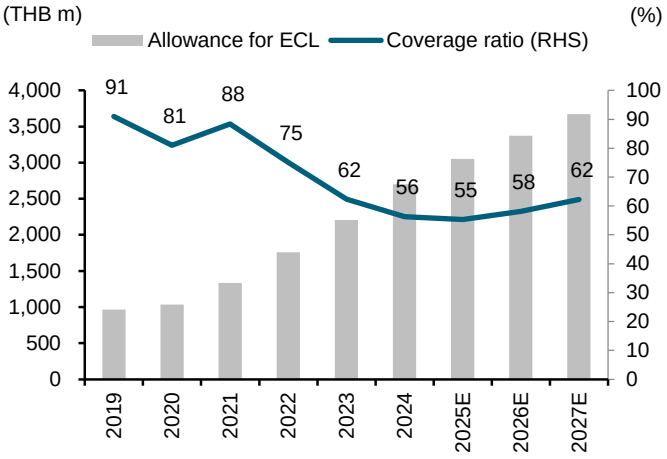
Sources: ASK; FSSIA estimates

Exhibit 9: ASK's total loan portfolio breakdown by stage, last six quarters



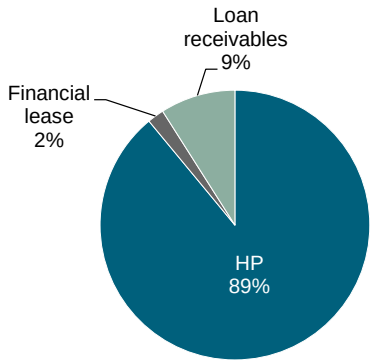
Sources: ASK; FSSIA estimates

Exhibit 10: Allowance for loan loss and coverage ratio, 2019-27E



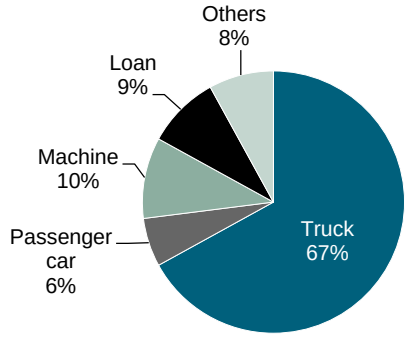
Sources: ASK; FSSIA estimates

Exhibit 11: Portfolio breakdown by product, as of 2024



Sources: ASK; FSSIA estimates

Exhibit 12: Portfolio breakdown by collateral, as of 2024



Sources: ASK; FSSIA estimates

On the macroeconomic front, while the contraction in ASK's loan portfolio could decelerate through some recovery in the Thai economy, the ambiguity surrounding US trade policies remains a key risk to monitor.

The National Economic and Social Development Council (NESDC) has projected that Thailand's GDP will expand by 2.8% (a median of the forecast range of 2.3-3.3%) in 2025. This implies only a modest increase from an expansion of 2.5% seen in 2024, despite optimism surrounding a rebound in capital formation growth this year (forecast at 3.6% compared to 0% growth in 2024).

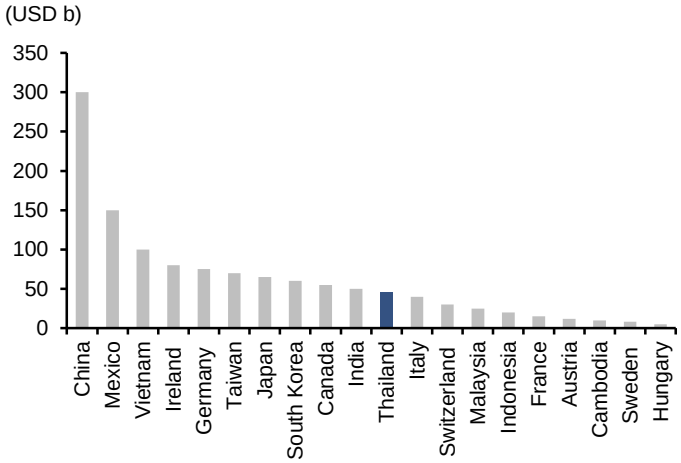
One of the major factors tampering growth in the 2025 forecast is the US trade policies. As it is now apparent that Trump's 2.0 tariffs on China cover a much broader range of Chinese exports whilst being significantly tougher than those in Trump 1.0, we expect a negative impact on Thailand's GDP growth through 1) less demand for production chain exports; 2) Chinese goods dumping; and 3) increased competition in ASEAN markets. Not to mention the recently announced reciprocal tariffs on Thai exports at 37%, effective on 9 April, as Thailand is amongst countries with a trade surplus against the US, alongside China, Canada, and Mexico (see Exhibit 14).

Exhibit 13: Thailand's 2025 economic projection

Indicators	2022	2023	2024	2025 Projection (as of 17 Feb 2025)
GDP Growth Rate (CVM, %)	2.6	2	2.5	2.3 - 3.3
Consumer Spending Growth (CVM, %)	6.2	6.9	4.4	3.6
Total Investment Growth (CVM, %)	2.2	1.2	0	3.6
Government Spending Growth (CVM, %)	0.1	(4.7)	2.5	1.3
Export Growth Rate (Value, %)	5.4	(1.5)	5.8	3.5
Import Growth Rate (Value, %)	13.8	(3.8)	6.8	3.5
Net Export Contribution to GDP Growth (%)	(3.5)	1.5	2.3	2.5
Inflation Rate (%)	6.1	1.2	0.4	0.5 - 1.5
GDP Deflator (%)	4.7	1.3	0.9	1

Source: NESDC

Exhibit 14: Countries with the highest trade surplus against the US in 2024 – Thailand at risk



Source: NESDC

We also believe that the recent earthquake in Thailand will have a negative impact on hire-purchase truck operators like ASK. While post-earthquake recovery may drive some pent-up demand, we anticipate lower construction activity for condominiums and other high-rise projects in 2025. Additionally, planned construction in 2Q25 could face delays, affecting demand for truck logistics.

In turn, we anticipate the gross loan portfolio to contract further by c5.6%, with revenue declining by c7% in 2025 as a consequence.

In terms of ASK's view, management has set disbursement growth and loan growth targets at 5.0% for 2025. Despite the upbeat guidance, management still foresees a loan contraction in 1H25 and has cited that growth could come in the latter half of the year. Contributions to loan growth will stem from improvements in sales efficiency for second-hand trucks, through adjustments made in the sales channel mix, and upticks in solar and personal loans, in ASK's view. While some recovery can be expected from the disappointing 2024 performance, we remain skeptical on management's targets on the back of Thailand's and the global economic outlook. Management also set targets for the 2025 NPL ratio at 5%, credit cost (excluding losses from NPA sales) at 2%, and the cost-to-income ratio at 30%.

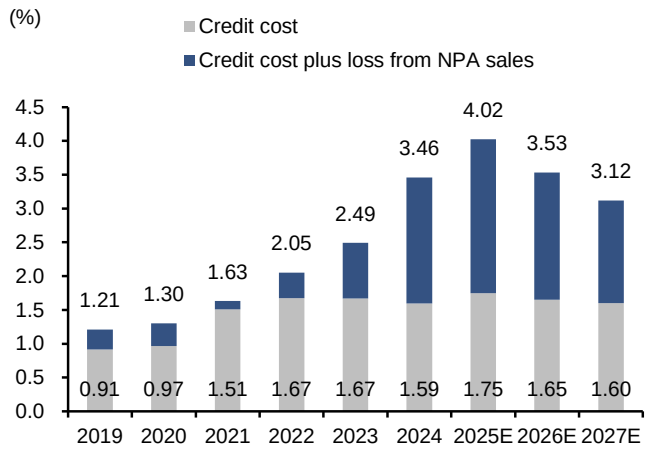
Upward trend in credit cost plus loss from NPA sale

A key reason for ASK's poor performance in 2024, in our view, was the surge in credit cost plus loss from NPA sales. While credit cost appeared to have eased to 1.59% in 2024, the loss from NPA sales has been accelerating, pushing credit cost plus loss from NPA sales to 3.46%.

Looking ahead, while a modest recovery in Thailand's economy could help lower credit cost plus loss from NPA sales, we expect credit cost plus loss from NPA sales to remain high at c4.0% in 2025 vs 3.46% in 2024 from 1) added uncertainties from the Trump administration's tariff policies; 2) elevated diesel price; 3) ongoing truck supply overhang; and 4) ASK's NPL cleanup effort.

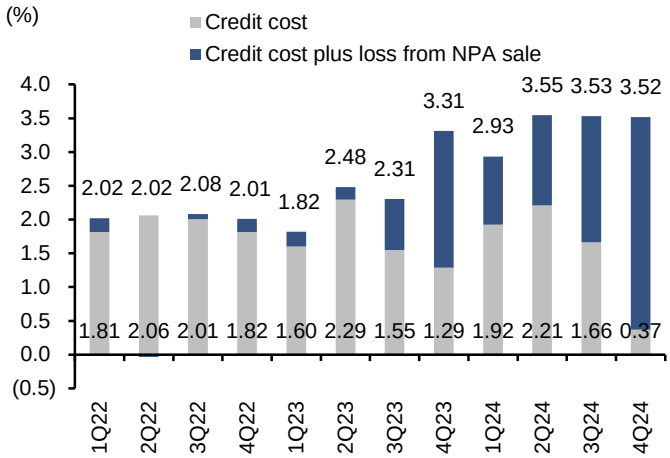
Uncertainties surrounding Trump's tariff policies, as outlined above, could further amplify downside risks to the Thai economy. We expect ASK's customers may face growing challenges in debt servicing, as price cuts driven by weak demand for logistics further erode margins.

Exhibit 15: Credit cost, 2019-27E



Sources: ASK; FSSIA estimates

Exhibit 16: Credit cost, 1Q22-4Q24



Sources: ASK; FSSIA estimates

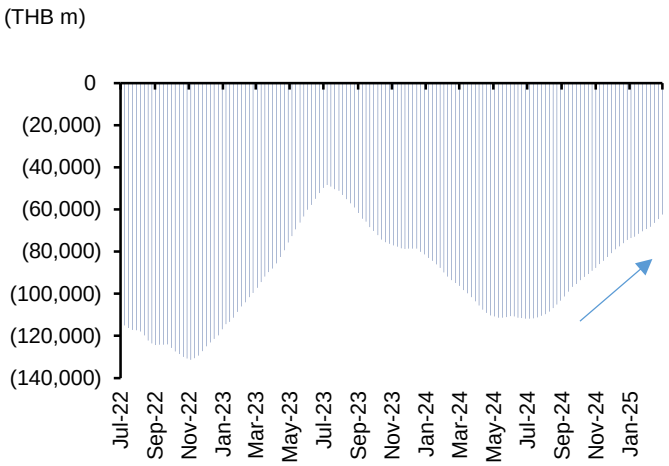
Elevated diesel price

The diesel price, which is the main cost for truck logistic operators, remains elevated at THB32.44 per liter (up approximately 8% y-y as of Apr 2025), which could further pressure debt-servicing capacity. However, given the recent improvement in the Oil Fund's deficit since mid-2024, there is a potential for easing fuel cost pressures, particularly if the Oil Fuel Fund Office (OFFO) opts to adjust the oil fund margin to help alleviate the burden on the public.

Exhibit 17: Thailand's diesel price, 2019-25YTD

Source: OFFO

Exhibit 18: OFFO Oil Fund balance from 2Q22 – fund's deficit has been decreasing continuously from mid-2024



Source: OFFO

Truck supply overhang

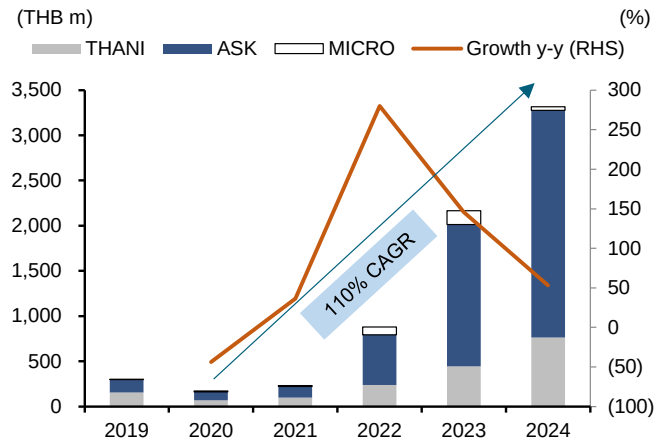
Additionally, the oversupply of used trucks remains a significant concern, in our view. Between 2020 and 2024, truck hire-purchase operators saw a sharp rise in asset foreclosures, growing at a CAGR of approximately 110% p.a. (see Exhibit 19), which in turn contributed to a steep decline in used truck prices over the period. While foreclosure asset growth has shown signs of deceleration on a quarterly basis, it remained elevated at over 10% q-q as of 4Q24.

On the demand side, truck sales data from the Thailand Automotive Institute indicates that 2024 marked the weakest year in the past five years, including the COVID-19 period. Meanwhile, early data for 2025 paints a bleaker picture, with January truck sales plunging around 37% y-y (see Exhibit 22).

Looking ahead, we believe that weak demand coupled with a saturated used truck market, driven by elevated repossessions among hire-purchase operators, could result in substantial losses from NPA sales, similar to those seen in prior periods, as sluggish economic growth persists into 2025.

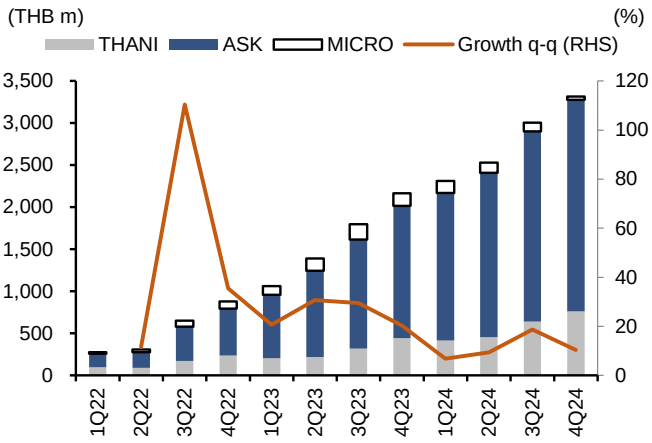
As for the unexpected bounce in the used truck price index that began around mid-2024 (see Exhibit 21). We believe this increase is likely temporary and does not indicate a sustainable recovery in used truck prices, given the still-rising sector's asset foreclosure value and the fact that export volumes only picked up toward 4Q24, likely in anticipation of potential Trump-era tariffs. After Trump-era tariffs take place in 2Q-3Q25E, we believe used truck prices in 3Q-4Q25 will be under pressure again from export-import logistics. The remaining hope/upside risk for improving used truck prices, in our view, is stronger domestic demand for consumer products, public investment, and infrastructure projects.

Exhibit 19: Aggregate asset foreclosure value, 2019-24



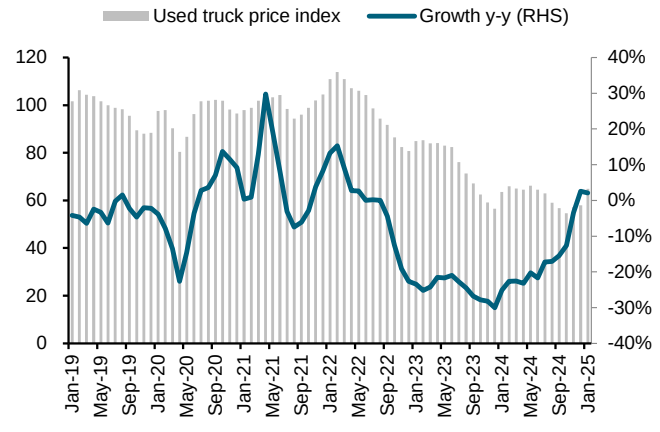
Sources: ASK; THANI; MICRO; FSSIA estimates

Exhibit 20: Aggregate asset foreclosure value, 1Q22-4Q24



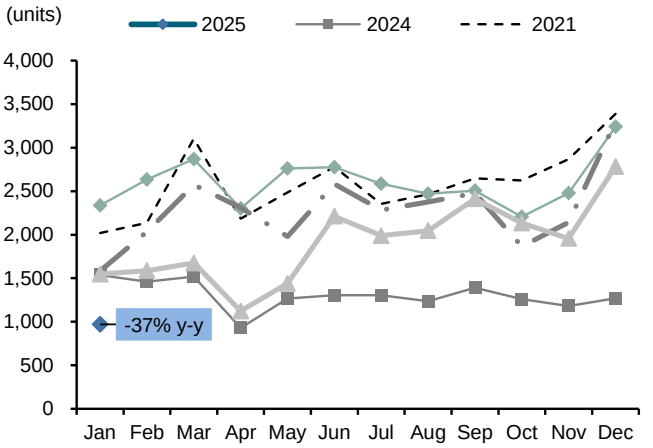
Sources: ASK; THANI; MICRO; FSSIA estimates

Exhibit 21: Used truck price index – expect temporary rebound until 2Q25



Sources: : BoT; FSSIA estimates

Exhibit 22: Truck sales unit record, 2020-25YTD – Jan-25 truck sales were down 37% y-y



Sources: Thailand Automotive Institute; FSSIA estimates

NPL ratio could rise to 8.50% despite cleanup efforts

With the NPL ratio remaining elevated at 7% in 2024, we anticipate ASK's credit cost to rise again to 1.75% in 2025 from 1.60% in 2024 as the company initiates its NPL cleanup efforts, aiming for a reduced NPL ratio toward 5% within 2025, as outlined in the 4Q24 analyst meeting in February 2025.

In our view, reducing the NPL ratio to 5% by 2025 would require either a negative NPL formation rate (i.e. successful debt restructuring) or extremely high credit costs driven by large NPL write-offs. However, we think achieving this target will be highly challenging due to:

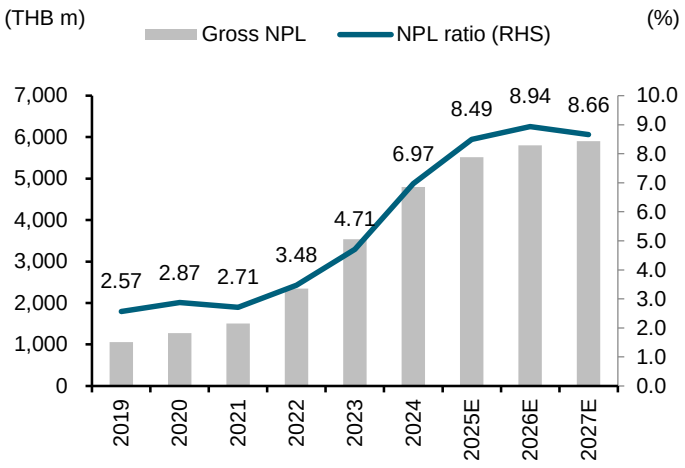
1) a persistently high NPL formation rate, as historical trends show a stable NPL formation rate at c2.50% (see Exhibit 26);

2) the necessity of significant write-offs can lead to loss-making from high credit costs;

3) the expected contraction in ASK's loan portfolio, which would lower the base and create upward pressure on the NPL ratio.

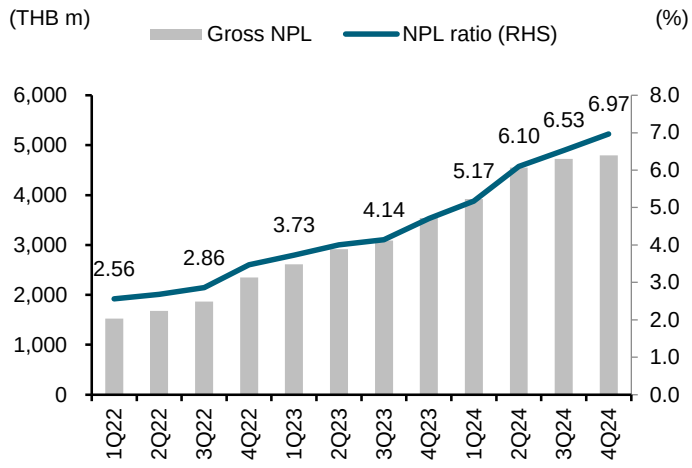
Altogether, we anticipate an extended period of NPL cleanup. This would create upward pressure on credit cost, keeping it higher for longer while delaying it from reaching its peak. Regarding the NPL ratio, we anticipate an increase to 8.5% in 2025 from 7.0% in 2024.

Exhibit 23: Gross NPLs and NPL ratio, 2019-27E



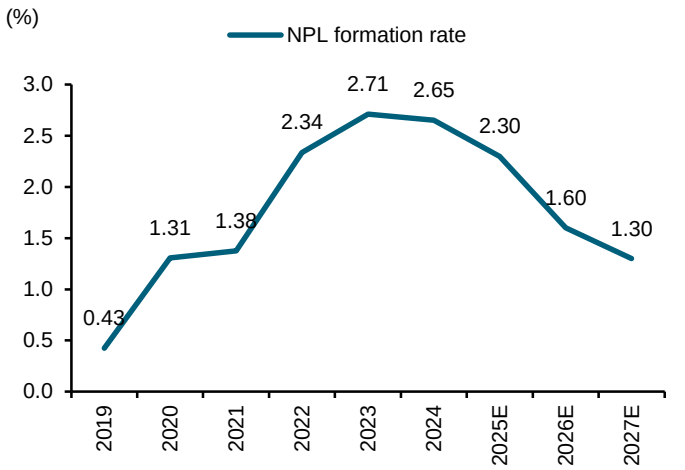
Sources: ASK; FSSIA estimates

Exhibit 24: Gross NPLs and NPL ratio, 1Q22-4Q24



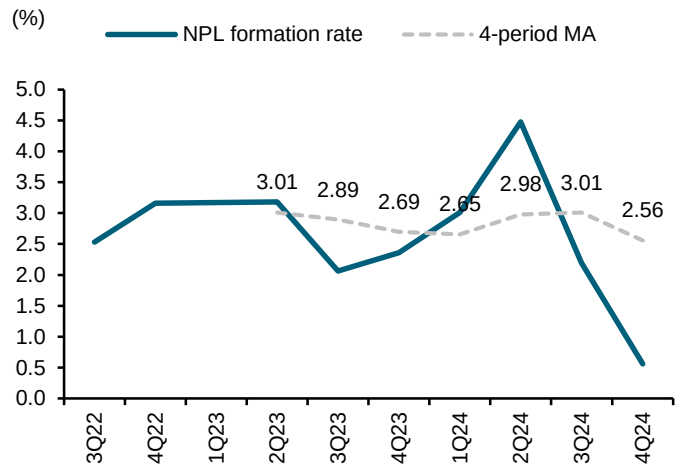
Sources: ASK; FSSIA estimates

Exhibit 25: NPL formation, 2019-24



Sources: ASK; FSSIA estimates

Exhibit 26: NPL formation, 3Q22-4Q24



Sources: ASK; FSSIA estimates

Planned PPO to pressure EPS and ROE

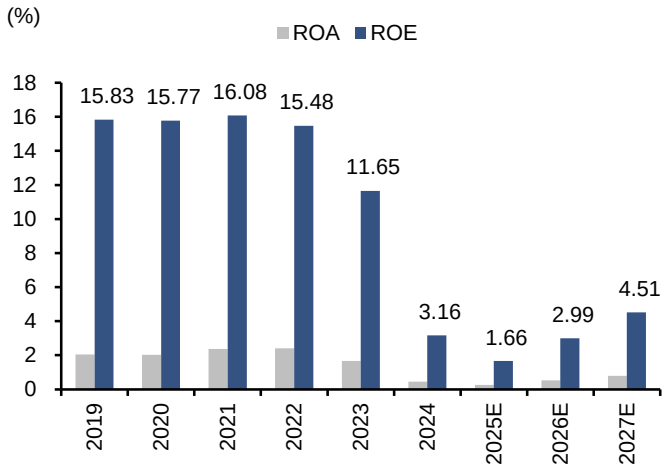
Dilutions in EPS and ROE will yet be another headwind facing ASK in 2025, in our view, following the board of directors' approval to increase registered capital via a Preferential Public Offering (PPO) in 2Q25.

The PPO will have a subscription ratio of 3:1 at an offering price of THB7.0 for all stocks. With respect to the objective of the PPO, formal documents submitted to the SET indicate that the primary goals are to secure working capital and fund new loans for customers. Meanwhile, in the 4Q24 analyst meeting, management denied any liquidity issues and cited the reason being that the Chailease group aims to demonstrate full support and instill confidence in ASK's debtholders through the PPO. Given that the current state of the industry is not conductive for loan growth, we believe that the PPO may only support the share price on the back of the THB7.0 offering price and lower the debt-to-equity ratio. Consequently, we expect the D/E ratio to decline sharply to approximately 4.60x in 2025, driven by the PPO and reduced need for leverage due to stricter lending criteria.

Once fully subscribed, the PPO will issue c176m additional shares (33% of the total number of shares), while raising ASK's equity by cTHB1,232m. In the event that the PPO is undersubscribed, the Chailease group as the major shareholder is willing to subscribe instead, regardless of the prevailing share price during the payment period. The shareholder structure following the PPO will remain unchanged if all shareholders subscribe to their allocated shares. However, in the event of full non-subscription by other shareholders, we expect that the Chailease group's ownership of ASK could increase up to approximately 63% from the current holding of around 50%.

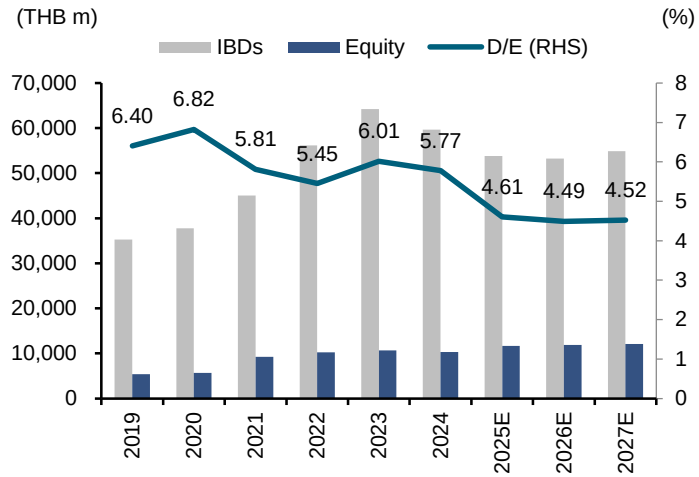
Accordingly, we foresee a c17% EPS dilution in 2025 followed by c14% in 2026. This results from the weighted average number of shares increasing to 616m by the end of 2025 and 704m by the end of 2026. We have also revised our ROE projection down by 10bp for 2025, 35bp for 2026, and 51bp for 2027 to 1.66%, 2.99%, and 4.51%, respectively.

Exhibit 27: ROE and ROA, 2019-27E



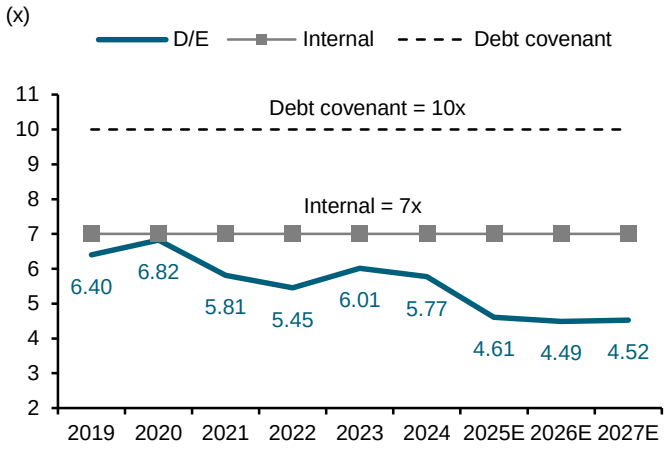
Sources: ASK; FSSIA estimates

Exhibit 28: Liabilities, equity, and D/E, 2019-27E



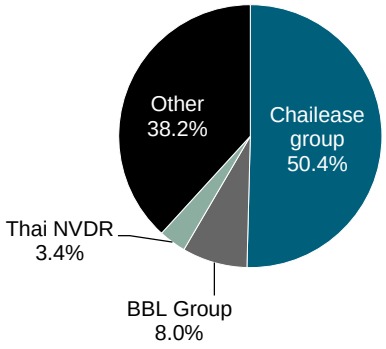
Sources: ASK; FSSIA estimates

Exhibit 29: Debt covenant, internal covenant, and D/E, 2019-27E



Sources: ASK; FSSIA estimates

Exhibit 30: ASK's current shareholding structure – undersubscription of the PPO could bring Chailease group ownership up to c63%, we believe



Sources: ASK; FSSIA estimates

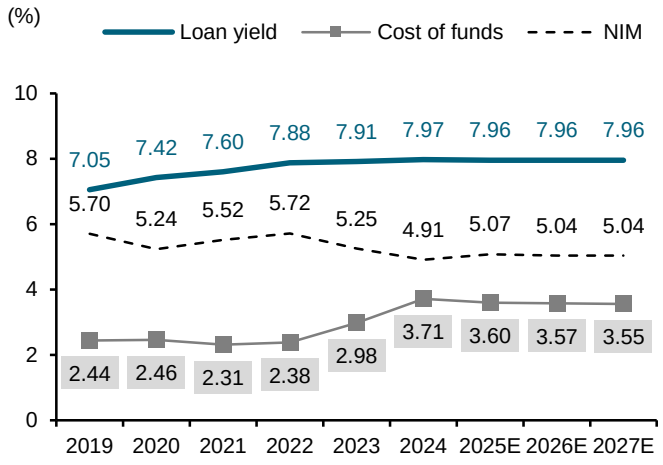
Interest expenses to improve from debt retiring and BoT rate cut

We expect some savings on interest expenses from 1) ASK's effort aimed at using loan repayment cash to retire maturing debentures in 1H25; and 2) the Bank of Thailand's 0.25% rate cut decision in the latest MPC meeting in February 2025.

During the 4Q24 analyst meeting, management had provided some guidance on fulfilling the company's 2025 debt obligations. ASK has a total debt of cTHB23b maturing in 2025, consisting of approximately THB11b in debentures and THB12b in bank loans. Bank loans are expected to be refinanced and extended as usual. Debentures maturing in 1H25 are likely to be retired using excess cash, while those in 2H25 will be rolled over. Management also stated that they would favor using bank loans as their main source of funds for potential portfolio expansion in 2H25, all of which has already been arranged. Management also provided guidance for funding costs to be close to 3.5%, lower than that in 2024 year-end, in keeping with the declining interest rate environment. They also expect no re-rating of credit in the near term given the weak 4Q24 performance.

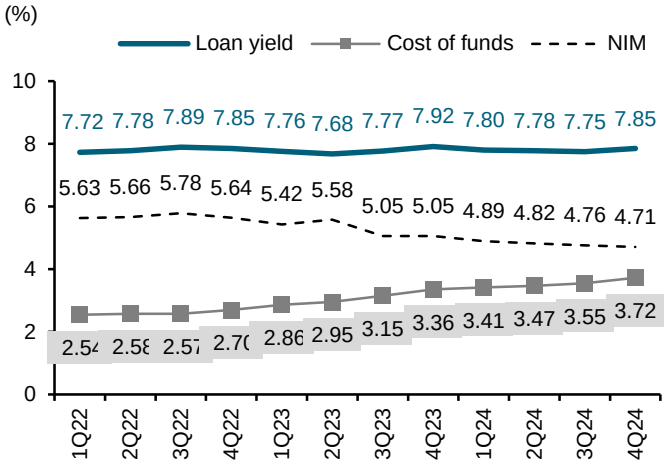
We expect around three debentures to be retired in 1H25, totaling cTHB5,100m in issued size. All of which would save ASK cTHB160m in interest expenses in 2025 (assuming new debenture CoF of 3.75%). This is feasible due to the stricter lending criteria, as ASK is expected to maintain a monthly excess cash balance of approximately THB1,200-1,500 million, albeit at the expense of a shrinking loan portfolio. We also see additional savings for debts planned to be rolled over from the lower interest rate. Overall, we expect the cost of funds in 2025 to decline to approximately 3.57% from 3.71% in 2024, implying savings of around 15 basis points.

Exhibit 31: Yield, cost of funds, and NIM, 2019-27E



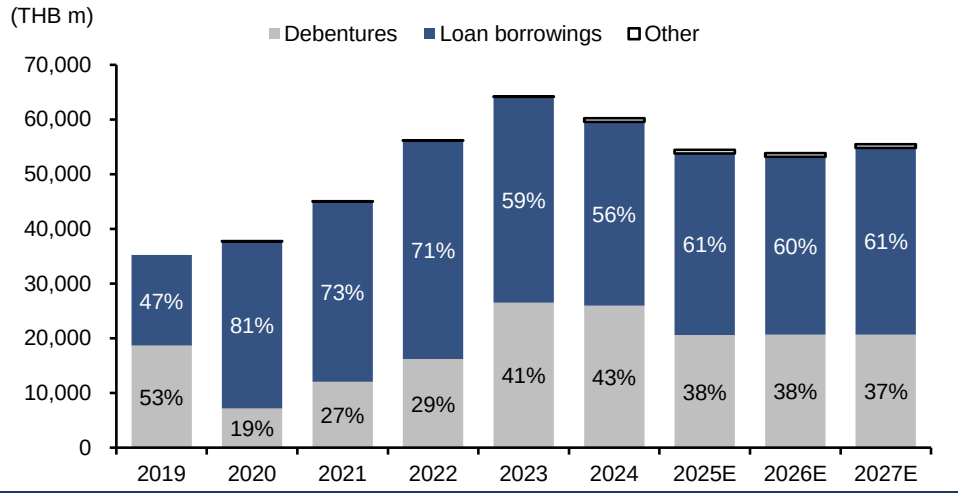
Sources: ASK; FSSIA estimates

Exhibit 32: Yield, cost of funds, and NIM, 1Q22-4Q24



Sources: ASK; FSSIA estimates

Exhibit 33: ASK funding source breakdown, 2019-27E



Sources: ASK; FSSIA estimates

Exhibit 34: Debenture timeline

	AA- (TRIS)	A- (Fitch)	A- (Fitch)	A- (Fitch)	A (TRIS)	A- (TRIS)	A (Fitch)	A- (TRIS)
	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 estimates

A disappointing 4Q24 performance

For 4Q24, ASK reported a net profit of only THB17m, a steep plunge of 90% y-y and 71% q-q, officially marking 4Q24 as ASK's worst quarter since its IPO in 2005. While multiple factors can be blamed for the fall in net profit, the main contributor was the decline in interest income (-6.7% y-y and -2.7% q-q), as the recent contraction in ASK's total loan portfolio started to take effect.

For the full year, ASK's net profit was reported at THB332m, a significant downturn of 73% y-y. Where a high level of credit cost (including losses from NPA sales) had eroded net profit, bringing it back to levels seen in 2011.

Highlights

(-) Loan growth: In 4Q24, ASK's gross loan portfolio contracted by 4.9% q-q and 8.6% y-y, more than our estimate. The decline in loans stemmed from ASK's strategy to tighten its lending standards starting in 2Q24, given the asset quality deterioration and sluggish economic outlook.

(-) Cost of funds: Cost of funds increased sharply to 3.72% (+0.17bp q-q and +0.37bp y-y) on the back of new funding from its foreign parent company, we believe.

(-) Credit cost: Credit cost plus loss from NPA sales stood at 3.61% in the quarter, up marginally by 2bp q-q but over 31bp y-y. We believe the surge in credit cost y-y can be attributed to an increase in losses from NPA sales (THB1,331m in 2024 vs THB54m in 2023).

(-) Asset quality: For 2024 year-end, ASK's NPL ratio stood at 7.0%, a staggering increase of 44bp q-q and 227bp y-y. This was partly contributed to by the decline in loans of -4.9% q-q and -8.6% y-y. On the other hand, quarterly NPL formation dropped substantially to 0.56%, showing the first sign of recovery in asset quality.

Exhibit 35: ASK - 4Q24 results summary

	4Q23	1Q24	2Q24	3Q24	4Q24	---------- Change ----------		2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(q-q %)*	*(y-y %)*	(THB m)	*(y-y %)*
Interest income	1,485	1,474	1,464	1,424	1,385	*-2.7%*	*-6.7%*	5,748	*1.6%*
Interest expense	(538)	(552)	(558)	(549)	(555)	*1.0%*	*3.1%*	(2,213)	*15.9%*
Net interest income	947	923	906	875	830	*-5.1%*	*-12.3%*	3,534	*-5.7%*
Non-interest income	185	189	171	152	149	*-1.7%*	*-19.6%*	660	*-21.5%*
Operating income	1,132	1,112	1,077	1,027	980	*-4.6%*	*-13.5%*	4,195	*-8.6%*
Operating expenses	(307)	(340)	(313)	(301)	(332)	*10.3%*	*8.4%*	(1,286)	*0.4%*
PPOP	825	772	764	726	647	*-10.8%*	*-21.6%*	2,909	*-12.1%*
Expected credit loss	(621)	(554)	(667)	(649)	(621)	*-4.3%*	*0.0%*	(2,490)	*40.0%*
Income tax	(43)	(44)	(15)	(18)	(10)	*-45.4%*	*-77.2%*	(86)	*-72.1%*
Net profit	162	174	82	59	17	*-71.5%*	*-89.6%*	332	*-72.8%*
EPS (THB)	0.31	0.33	0.16	0.11	0.03	*-71.5%*	*-89.6%*	0.63	*-72.8%*
Key balance sheet items	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(q-q %)*	*(y-y %)*	(THB m)	*(y-y %)*
Gross loans	75,257	75,811	74,614	72,338	68,823	*-4.9%*	*-8.6%*	68,823	*-9%*
Interest bearing debt	64,190	64,973	64,695	62,188	60,254	*-3.1%*	*-6.1%*	60,254	*-6%*
Gross NPL	3,539	3,918	4,549	4,725	4,797	*1.5%*	*35.6%*	4,797	*36%*
Leverage ratio	(x)	(x)	(x)	(x)	(x)	*(ppt, q-q)*	*(ppt, y-y)*	(x)	*(ppt, y-y)*
D/E	6.9	6.8	7.0	6.7	6.4	*(0.33)*	*(0.45)*	5.8	*(0.25)*
Asset quality ratios	(%)	(%)	(%)	(%)	(%)	*(ppt, q-q)*	*(ppt, y-y)*	(%)	*(ppt, y-y)*
NPL ratio	4.70%	5.17%	6.10%	6.53%	6.97%	*0.44*	*2.27*	7.0%	*2.27*
Coverage ratio	62.3%	60.7%	56.8%	56.4%	56.3%	*(0.04)*	*(6.00)*	56.3%	*(6.00)*
Credit cost	3.30%	2.92%	3.57%	3.59%	3.61%	*0.02*	*0.31*	3.5%	*1.09*
Profitability ratios	(%)	(%)	(%)	(%)	(%)	*(ppt, q-q)*	*(ppt, y-y)*	(%)	*(ppt, y-y)*
Yield on recievables	7.92%	7.80%	7.78%	7.75%	7.85%	*0.10*	*(0.07)*	8.0%	*0.06*
Cost of funds	3.36%	3.41%	3.47%	3.55%	3.72%	*0.17*	*0.37*	3.7%	*0.74*
Net interest margins (NIM)	5.05%	4.89%	4.82%	4.76%	4.71%	*(0.06)*	*(0.35)*	4.9%	*(0.34)*
Cost-to-income ratio	27.08%	30.55%	29.08%	29.33%	33.92%	*4.58*	*6.83*	30.7%	*2.74*

Sources: ASK; FSSIA estimates

Financial Statements

Asia Sermkij Leasing

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Interest Income	5,658	5,748	5,327	5,173	5,302
Interest expense	(1,910)	(2,213)	(1,934)	(1,901)	(1,948)
Net interest income	3,748	3,534	3,393	3,272	3,354
Net fees & commission	658	412	418	406	416
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	183	248	218	212	217
Non interest income	841	660	636	618	633
Total income	4,589	4,195	4,029	3,890	3,988
Staff costs	(908)	(993)	(896)	(870)	(892)
Other operating costs	(373)	(293)	(291)	(283)	(290)
Operating costs	(1,281)	(1,286)	(1,188)	(1,153)	(1,182)
Pre provision operating profit	3,308	2,909	2,842	2,737	2,806
Expected credit loss	(1,779)	(2,490)	(2,613)	(2,295)	(2,127)
Other provisions	-	-	-	-	-
Operating profit	1,529	418	229	442	679
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	1,529	418	229	442	679
Tax	(310)	(86)	(47)	(90)	(138)
Profit after tax	1,219	332	183	352	541
Non-controlling interest	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,219	332	183	352	541
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,219	332	183	352	541
Per share (THB)					
Recurring EPS *	2.31	0.63	0.30	0.50	0.77
Reported EPS	2.31	0.63	0.30	0.50	0.77
DPS	1.16	0.32	0.15	0.25	0.38
Growth					
Net interest income (%)	6.3	(5.7)	(4.0)	(3.6)	2.5
Non interest income (%)	10.5	(21.5)	(3.6)	(2.9)	2.5
Pre provision operating profit (%)	4.6	(12.1)	(2.3)	(3.7)	2.5
Operating profit (%)	(19.4)	(72.6)	(45.2)	92.7	53.6
Reported net profit (%)	(19.4)	(72.8)	(44.9)	92.7	53.6
Recurring EPS (%)	(19.4)	(72.8)	(52.8)	68.6	53.6
Reported EPS (%)	(19.4)	(72.8)	(52.8)	68.6	53.6
Income Breakdown					
Net interest income (%)	81.7	84.3	84.2	84.1	84.1
Net fees & commission (%)	14.3	9.8	10.4	10.4	10.4
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	4.0	5.9	5.4	5.4	5.4
Operating performance					
Gross interest yield (%)	8.06	8.16	8.18	8.18	8.20
Cost of funds (%)	3.17	3.56	3.37	3.51	3.56
Net interest spread (%)	4.89	4.60	4.81	4.67	4.64
Net interest margin (%)	5.3	5.0	5.2	5.2	5.2
Cost/income(%)	27.9	30.7	29.5	29.6	29.6
Cost/assets(%)	1.7	1.7	1.7	1.7	1.7
Effective tax rate (%)	20.3	20.7	20.3	20.3	20.3
Dividend payout on recurring profit (%)	50.2	50.9	50.0	50.0	50.0
ROE (%)	11.7	3.2	1.7	3.0	4.5
ROE - COE (%)	(1.1)	(9.6)	(11.1)	(9.7)	(8.2)
ROA (%)	1.7	0.4	0.3	0.5	0.8
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Asia Sermkij Leasing; FSSIA estimates

Financial Statements

Asia Sermkij Leasing

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Gross customer loans	75,257	68,823	64,950	64,950	68,197
Allowance for expected credit loss	(2,205)	(2,702)	(3,053)	(3,374)	(3,672)
interest in suspense	-	-	-	-	-
Net customer loans	**73,052**	**66,121**	**61,897**	**61,576**	**64,525**
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	666	1,042	1,227	1,803	1,409
Other interesting assets	0	0	0	0	-
Tangible fixed assets	2,048	3,421	3,058	2,388	1,727
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,763	2,104	2,055	2,063	2,073
Total assets	**77,529**	**72,688**	**68,237**	**67,829**	**69,735**
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	64,190	60,254	54,456	53,862	55,485
Non interest bearing liabilities	2,681	2,109	2,097	2,108	2,119
Hybrid Capital	-	-	-	-	-
Total liabilities	**66,870**	**62,363**	**56,554**	**55,970**	**57,605**
Share capital	2,639	2,639	3,869	3,869	3,869
Reserves	8,019	7,686	7,814	7,991	8,261
Total equity	**10,659**	**10,325**	**11,683**	**11,860**	**12,130**
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	**77,529**	**72,688**	**68,237**	**67,829**	**69,735**
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	70,155	70,440	65,144	63,252	64,656
Average interest bearing liabilities	60,179	62,222	57,355	54,159	54,674
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	3,539	4,797	5,516	5,805	5,904
Per share (THB)					
Book value per share	20.19	19.55	16.60	16.85	17.23
Tangible book value per share	20.19	19.55	16.60	16.85	17.23
Growth					
Gross customer loans	11.4	(8.6)	(5.6)	-	5.0
Average interest earning assets	15.4	0.4	(7.5)	(2.9)	2.2
Total asset (%)	12.1	(6.2)	(6.1)	(0.6)	2.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	13.7	14.2	17.1	17.5	17.4
Tangible equity/assets (%)	13.7	14.2	17.1	17.5	17.4
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	50.8	35.6	15.0	5.2	1.7
NPL/gross loans (%)	4.7	7.0	8.5	8.9	8.7
Allowance for ECL/gross loans (%)	2.9	3.9	4.7	5.2	5.4
Allowance for ECL/NPL (%)	62.3	56.3	55.3	58.1	62.2

Valuation	2023	2024	2025E	2026E	2027E
Recurring P/E (x) *	3.0	11.0	23.3	13.8	9.0
Recurring P/E @ target price (x) *	2.4	8.9	18.9	11.2	7.3
Reported P/E (x)	3.0	11.0	23.3	13.8	9.0
Dividend yield (%)	16.8	4.6	2.2	3.6	5.6
Price/book (x)	0.3	0.4	0.4	0.4	0.4
Price/tangible book (x)	0.3	0.4	0.4	0.4	0.4
Price/tangible book @ target price (x)	0.3	0.3	0.3	0.3	0.3
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Asia Sermkij Leasing; FSSIA estimates

Asia Sermkij Leasing PCL (ASK TB)

FSSIA ESG rating

★★

25.25 /100

Exhibit 4: 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.

Source: FSSIA estimates

Exhibit 5: 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	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
ASK	25.25	--	--	--	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 6: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	Yes
Water consumption	3,557
Social	
Human rights policy	Yes
Policy against child labor	--
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	53.64
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	--
Total hours spent by firm - employee training	--
Social supply chain management	--

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	**12 / 5 / 2**
No. of board meetings for the year / % attendance	7 / 90.48%
Company conducts board evaluations	Yes
Number of non-executive directors on board	11
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	50 / 75
Number of executives / female	7 / 0
Executive share ownership guidelines	No
Size of audit committee / ID	**4 / 4**
Audit committee meetings	4
Audit committee meeting attendance (%)	100
Size of compensation committee	**-- / --**
Number of compensation committee meetings	--
Compensation committee meeting attendance (%)	--
Size of nomination committee / ID	**-- / --**
Number of nomination committee meetings	--
Nomination committee meeting attendance (%)	--
Board compensation (THB m)	7.02
Auditor fee (THB m)	4.40
(EY OFFICE LIMITED)	

Source: 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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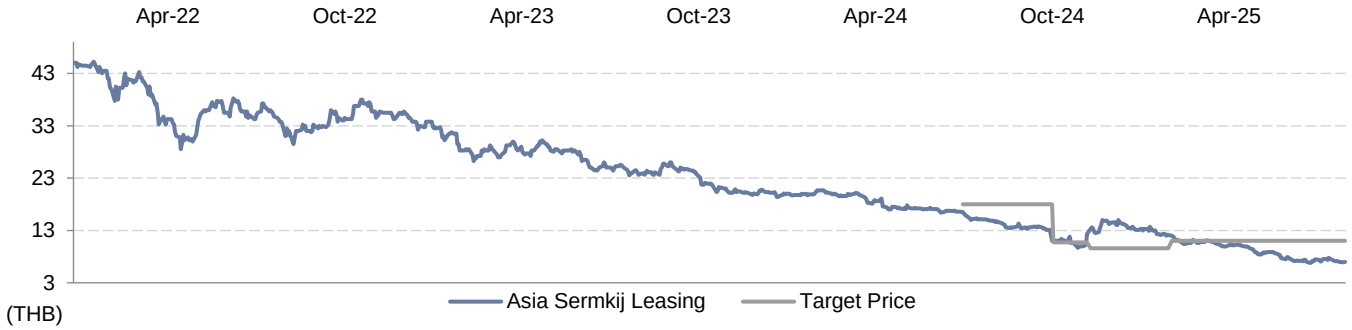
History of change in investment rating and/or target price

Asia Sermkij Leasing (ASK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-May-2024	HOLD	18.00	23-Aug-2024	HOLD	9.60	-	-	-
24-Jul-2024	REDUCE	10.70	01-Nov-2024	HOLD	11.00			

Nathapol Pongsukcharoenkul started covering this stock from 08-Apr-2025

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Asia Sermkij Leasing	ASK TB	THB 6.90	REDUCE	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.

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 04-Apr-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.