

Muang Thai Capital

(MTC.BK/MTC TB)

Outperform Maintained

Price as of 14 Apr 2020	45.50
12M target price (Bt/shr)	49.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	8.9

Key messages

Assistance measures from the government and regulator such as 1) reclassification of TDR as normal, causing low LLP, 2) soft loan from GSB to offset cash flow shortfall from delaying and reducing repayments for troubled clients, and 3) Bt5,000 employment compensation, should ease pressure on MTC's asset quality for a while. The company's 1Q20F earnings should remain solid on increased emergency loan demand and manageable NPLs and credit cost. With resilient operation in 1Q20 and more challenges in 2Q20, the highly volatile market will provide a wider trading valuation range of PE 22-26x (or Bt49.00-58.00). We maintain a rating of Outperform.

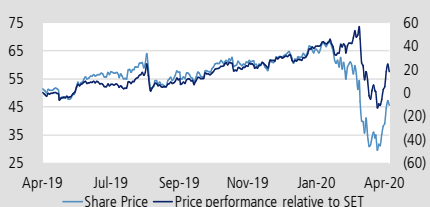
Trading data

Mkt cap (Btbn/US\$mn)	96.5/2,950		
Outstanding shares (mn)	2,120		
Foreign ownership (mn)	239		
3M avg. daily trading (mn)	13.19		
52-week trading range (Bt)	29.75/68.25		
Performance (%)	3M	6M	12M
Absolute	-26.8	-24.4	-11.2
Relative	-7.9	-1.7	18.2

Quarterly EPS

	1Q	2Q	3Q	4Q
2017	0.25	0.27	0.31	0.35
2018	0.39	0.43	0.46	0.47
2019	0.47	0.48	0.51	0.53

Share price chart



Source: SET

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Earnings growth manageable

Event

1Q20 earnings preview and outlook update

Impact

Less pressure on asset quality due to soft loan

Last week, MTC announced two debt assistance measures for debtors who have income shortfall due to the Covid-19 outbreak: 1) reducing installments by 30% for six months, and 2) delay of principle and interest payments for three months. On the other hand, MTC applied for the soft loan assistance program worth Bt80bn from Government Savings Bank (GSB) that the Ministry of Finance (MoF) has prepared for non-banks and leasing companies who have cash flow shortfalls during the launch of debt assistance measures to debtors. According to MTC's guidance, GSB will lend around 10% of the non-banks' outstanding loans, implying around Bt6bn for MTC. This soft loan will be an additional assistance measure that MTC will pass through to troubled debtors while it will also enable the company to prevent NPL risk.

Purely micro finance, diversified portfolio helps balance risk

Diversifying its customer base and focusing on micro finance lending with small ticket sizes will help MTC have less pressure from asset quality and interference by regulators, as its lending rate charged is below 28% (current EIR at 22.5%). A breakdown of its loans show motorcycle loan account for 34% (ticket size Bt15,000/acc) installment Bt1,000/month, car loans 33% (ticket size Bt70-80K, monthly installment Bt3-4K), and land for cash 9% (ticket size).

Forecast 1Q20F earnings of Bt1.2bn (+3% QoQ, +15% YoY)

Our earnings forecast factors in solid loan growth of 25%, stable margin, but huge provisioning expense. Given the sharp decline in the economy, we assume NPL inflow increasing 20% QoQ and 35% YoY, triggering a sharp rise in credit cost of 125bps (up from 90bps in 4Q19 and 92bps in 1Q19).

Maintain Outperform with TP-20F of Bt49.00 (PE 22x)

We assume loan growth of 20%, higher credit cost credit cost of 120bps (vs. 95bps in 2019), flat loan yield and margin. Meanwhile, assistance measures for debtors seem to impact cash flow, but are offset by relaxing of the provisioning policy and the soft loan from GSB. The highly volatile market will provide a wider trading valuation range of PE 22-26x (or Bt49.00-58.00). We maintain a rating of Outperform.

Risks

Liquidity crunch, NPL ratio >3% of loans, credit cost >120bps, no soft loan.

Key financials and valuations

	Dec-16A	Dec-17A	Dec-18A	Dec-19A	Dec-20F	Dec-21F
Pre-pro. profit (Bt mn)	2,144	3,785	5,213	5,847	6,864	8,211
Pretax profit (Bt mn)	1,812	3,106	4,627	5,293	5,996	7,170
Net income (Bt mn)	1,464	2,501	3,713	4,237	4,797	5,736
EPS (Bt)	0.69	1.18	1.75	2.00	2.26	2.71
DPS	0.10	0.18	0.26	0.30	0.35	0.50
EPS Growth (%)	77.5	70.8	48.5	14.1	13.2	19.6
Dividend Yield (%)	0.5	0.4	0.5	0.5	0.8	1.1
P/E (x)	31.4	37.3	27.7	30.1	19.7	16.4
P/BV (x)	6.9	10.4	8.4	8.0	4.6	3.9
ROAA (%)	7.8	8.1	8.6	7.6	7.7	7.0
ROAE (%)	23.7	32.0	35.0	30.0	29.3	25.9

Source: Company data, KGI Research

Less pressure on asset quality

Last week MTC announced assistance measures for debtors who have income shortfalls from the Covid-19 outbreak: 1) reducing installments by 30% for six months, and 2) suspending principle and interest payments for three months. These measures will be considered on a case by case basis and a tentative estimate is that 10% of the company's total customers will receive assistance. This assistance will reduce the company's cash flow by around Bt45-50mn a day or around Bt1bn a month. MTC has a credit line from banks of around Bt11bn and will apply for the soft loan assistance program from GSB (rate of 2%) that the MoF has prepared for non-banks and leasing companies (total budget of Bt80bn) who have cash flow shortfalls during the launch of debt assistance measures for debtors.

Soft loans to offset internal cash flow shortfall, and lower cost of funds

According to MTC's guidance, GSB will lend around 10% of non-banks' outstanding loans, implying soft loan assistance of Bt6bn for MTC. This soft loan will be an additional assistance measure that MTC will pass through to troubled debtors. On the other hand, the loan will enable the company to prevent NPL risk. Receiving a soft loan from GSB at a rate of 2% will help the company reduce interest expense from borrowing from banks that charge around 3-4%.

Purely micro finance with small ticket size

Breaking down MTC's loans, motorcycle loans account for 34% (ticket size Bt15,000/acc) installment Bt1,000/month), car loans account for 33% (ticket size Bt70-80K, monthly installment Bt3-4K), and land for cash 9% (ticket size the same as car). The company guided that land for cash is exposed to more NPL risk than other segments, while the NPL risk remains low for motorcycle, and moderate for car and agri-equipment. Furthermore, the company expects cash consumers receive from unemployment to be partly used to repay low ticket size lending and reduce NPL risk for this group of loans.

Lending focusing on small ticket sizes at monthly installment of Bt1,000 for motorcycles, Bt3,000-4,000 for car and land.

Figure1: Loan breakdown and ticket size

	Loans (Bt mn)	% breakdown	Ticket size (Bt/acc)	Monthly installment (Bt/month)
Motorcycle	20,606	34.2%	15,000	1,000
Car	19,685	32.7%	70,000-80,000	3,000-4,000
Agri. Equip	2,639	4.4%	n.a.	n.a.
Land	5,363	8.9%	70,000-80,000	3,000-4,000
P-Loan & Nano	11,942	19.8%	n.a.	n.a.

Source: Company data, KGI Research

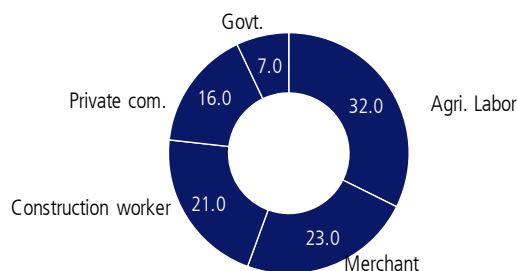
Unemployment compensation will lower NPL risk

According to a breakdown of MTC's customer profiles, we think around half may not be directly impacted by the Covid-19 outbreak (agriculture labor and daily construction workers and government staff), while customers working for private companies and merchants (39% combined) may be exposed to more NPL risk than others. However, these groups are eligible to receive unemployment compensation, which may help the company see less NPL risk as the compensation may be partly used to repay loans. All-in, around 20% of the company's customers are exposed to NPL risk.

Around 39% of customers exposed to unemployment risk, but government compensation will provide relief.

Figure 2: Customer profile

Percent



Source: Company data, KGI Research

Around 27% of borrowing funds have to be refinanced in 2020.

Already secured source of funding for re-financing

MTC is obliged to repay short-term paper and long-term debenture worth around Bt11bn (around 27% of total funding). On top of that, debenture due in 1Q20 is already settled and the company has prepared a credit line if the re-issuing of the debenture is unavailable. Most of the debentures will be due in 3Q20-4Q20 and the company guided that it may drawdown loans from banks if the bond market is volatile and causes the company to pay a higher coupon.

Debentures due mostly in 2H20 (coupon 3.8-4.2%).

Cost of refinancing is still lower

The coupons on the debentures due in 2020 range around 3.8%-4.2% (3-year term), and with a higher credit rating of BBB+ and lower interest rate cycle since 2019, re-financing the debentures should justify a coupon rate of around 3.5-3.6% (vs. current cost of funds of 4%).

Figure 3: Debts due in 2020

Bt mn	S-T paper	L-T debenture	Total
1Q20	-	-	-
2Q20	1,090	None	1,090
3Q20	350	2,957	3,307
4Q20	120	5,180	5,300
Total	1,560	8,137	9,697

Source: Thai BMA

Earnings preview – Solid growth as source for emergency loans
Forecast 1Q20F earnings of Bt1.2bn (+3% QoQ, +15% YoY)

Our forecast factors in solid loan growth of 25%, stable margin, but huge provisioning expense. The company guided that demand for loans has been substantial during the economic slowdown, which enables it to be selective in growing new loans. Meanwhile, yield on loans and margin are being maintained. However, given the sharp decline in the economy, we assume NPL inflow growing 20% QoQ and 35% YoY, triggering a sharp rise in credit cost to 125bps (up from 90bps in 4Q19 and 92bps in 1Q19).

Softer loan yield and soft loan support from government to be booked in 2Q20

The assistance measures for debtors affected by the Covid-19 outbreak seems to have little impact to yield and earnings. The impact may come in terms of short-term cash flow disruption from delay of principle and interest payments for 3-6 months. However, the company will balance the impact by applying for the soft loan program worth Bt80bn from GSB that the MoF has already prepared for non-banks and leasing companies who are short on cash flow. At this level, we price in the risk by assuming higher NPL and credit cost of nearly 60% in 2020.

Figure 4: MTC –Quarterly Income Statement

Bt mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20F	% chg		2019	2020F	% chg
										QoQ	YoY			
Income Statement (Bt mn)														
Interest income	2,140	2,314	2,478	2,612	2,665	2,862	3,105	3,248	3,398	4.6	27.5	11,880	13,918	17.2
Interest expense	230	258	293	319	331	363	408	425	438	2.9	32.1	1,527	1,762	15.4
Interest income - net	1,910	2,056	2,185	2,293	2,334	2,500	2,697	2,822	2,960	4.9	26.8	10,353	12,156	17.4
Operating expense	916	985	1,060	1,139	1,154	1,232	1,428	1,500	1,500	0.0	30.0	5,314	6,090	14.6
Operating profit	993	1,071	1,125	1,155	1,180	1,267	1,269	1,322	1,460	10.4	23.7	5,039	6,066	20.4
Provisioning expense	156	158	160	112	117	189	116	132	195	47.6	67.1	554	868	56.6
Loss on selling asset	3.6	0.4	-	(1.2)	-	-	-	-	-	-	-	-	-	-
Other income	208	222	233	208	193	209	200	207	185	10.8	4.0	808	723	10.5
Pre-tax profit	1,042	1,135	1,198	1,252	1,256	1,287	1,352	1,398	1,450	3.8	15.4	5,293	5,996	13.3
Income tax	208	223	233	250	251	266	272	267	290	8.7	15.6	1,056	1,199	13.6
Net profit	834	912	965	1,002	1,005	1,021	1,080	1,131	1,160	2.6	15.4	4,237	4,797	13.2
EPS (Bt)	0.39	0.43	0.46	0.47	0.47	0.48	0.51	0.53	0.55	2.6	15.4	2.0	2.26	13.2
Profitability (%)														
Loan yield	22.5%	22.3%	22.1%	21.7%	21.1%	21.1%	21.5%	21.6%	21.5%			21.3%	21.0%	
Loan yield + fee	24.6%	24.3%	24.0%	23.3%	22.5%	22.4%	22.8%	22.8%	22.7%			22.6%	22.1%	
Cost of funds	4.0%	3.9%	4.1%	4.1%	4.1%	4.0%	4.3%	4.3%	4.3%			4.2%	4.0%	
Loan spread	20.6%	20.4%	19.9%	19.3%	18.4%	18.4%	18.6%	18.5%	18.4%			18.5%	18.1%	
Cost-to-income ratio	39.3%	39.1%	39.5%	40.6%	40.6%	40.5%	43.4%	43.7%	41.9%			47.6%	47.3%	
Effective tax rate	20.0%	19.6%	19.4%	20.0%	20.0%	20.7%	20.1%	19.1%	20.0%			19.9%	20.0%	
ROAA	8.58%	8.59%	8.46%	8.16%	7.74%	7.32%	7.30%	7.31%	n.a.			7.4%	7.7%	
ROAE	34.1%	35.4%	34.2%	32.6%	30.2%	29.6%	29.1%	28.3%	n.a.			29.3%	29.3%	
Growth (%)														
Loan growth	46.4%	41.5%	38.5%	34.9%	33.1%	31.0%	28.7%	25.4%	25.0%					
Revenue growth	50%	44%	38%	30%	22%	21%	22%	22%	25%					
Operating expense growth	47%	40%	32%	32%	26%	25%	35%	32%	30%					
Operating income growth	48%	44%	40%	27%	19%	18%	13%	15%	24%					
LLP growth	7%	-20%	-5%	-33%	-25%	20%	-27%	18%	67%					
Other income growth	40%	34%	36%	9%	-7%	-6%	-14%	0%	-4%					
Net profit growth	55%	60%	48%	35%	21%	12%	12%	13%	15%					
Branch	2,638	2,889	3,178	3,279	3,444	3,739	3,961	4,107						
New branch	214	251	289	101	165	295	222	146	4,107					
Loan (Bt bn)	38.0	41.5	44.8	48.0	50.59	54.32	57.65	60.25	63.24					
Loan growth (yoy %)	46.4	41.5	38.5	34.9	33.1	31.0	28.7	25.4	25.0					
Asset quality														
NPL (Bt mn)	491	559	566	540	527	595	565	621	715					
NPL ratio (%)	1.29	1.35	1.26	1.12	1.04	1.10	0.98	1.03	1.13					
LLR/Loan (%)	3.37	3.33	3.27	3.12	3.06	3.02	2.90	2.84	2.85					
Credit cost (bps)	164	152	143	93	92	139	83	90	125					
NPL coverage (%)	261	247	259	278	294	276	296	276	252					
Loan by type of collateral (Bt bn)														
Motorcycle	13.8	12.2	5.9	16.8	17.2	18.3	19.5	20.6	n.a.					
Car	12.5	12.6	11.2	15.4	16.1	17.4	18.6	19.7	n.a.					
Land	5.3	5.0	4.1	6.6	3.2	5.2	5.3	5.4	n.a.					
Tractor	1.8	1.7	1.2	2.1	2.2	2.4	2.6	2.6	n.a.					
P-Loan	3.4	4.0	4.5	4.9	5.3	5.8	6.0	6.1	n.a.					
Nano	1.2	5.9	17.9	2.2	6.7	5.3	5.6	5.8	n.a.					
Total	38.0	41.5	44.8	48.0	50.6	54.3	57.6	60.3	n.a.					
Loan by type of collateral (%)														
Motorcycle	36.4	29.5	13.1	35.0	33.9	33.7	33.9	34.20	n.a.					
Car	32.8	30.4	25.1	32.0	31.8	32.0	32.3	32.67	n.a.					
Land	13.9	12.1	9.3	13.8	6.3	9.5	9.2	8.90	n.a.					
Tractor	4.8	4.1	2.6	4.3	4.3	4.4	4.5	4.38	n.a.					
P-Loan	9.0	9.7	10.0	10.3	10.5	10.6	10.4	10.13	n.a.					
Nano	3.2	14.3	39.9	4.6	13.2	9.8	9.8	9.69	n.a.					
Total	100	100	100	100	100	100	100	100	n.a.					

Source: KGI Research

Figure 5: Key assumptions

	2016	2017	2018	2019	2020F	2021F
No. of branch	1,664	2,424	3,279	4,107	4,707	5,307
New branch	724	760	855	828	600	600
Loan growth (%)	86.4	51.3	34.9	25.4	20.0	20.0
Net profit	1,464	2,501	3,713	4,237	4,797	5,736
NP growth	77%	71%	48%	14%	13%	20%
Loan outstanding (Bt mn)	23,541	35,623	48,047	60,253	72,303	86,764
LLR (Bt mn)	646	1,171	1,499	1,714	2,188	2,549
Loan - net (Bt mn)	22,896	34,452	46,548	58,539	70,115	84,215
Loan overdue >3M	251	441	540	621	1,808	1,735
% to total loan	1.1	1.2	1.1	1.0	2.5	2.0
Credit cost (bps)	141	191	122	92	120	120
NPL coverage	251	263	275	276	118	143
LLR/Loan	2.74	3.29	3.12	2.84	3.03	2.94
Loan yield (%)	22.2	23.0	22.8	21.9	21.0	22.0
Loan yield (+ other incomes) (%)	24.6	25.1	24.7	23.3	22.1	21.9
Cost of fund (%)	2.79	3.15	3.58	3.83	3.70	3.60
Loan spread (%)	19.4	19.8	19.2	18.1	17.3	18.4
Loan spread (+fee income) (%)	21.8	22.0	21.1	19.4	18.9	18.3
Other income/rev (%)	0.4	0.5	0.7	0.7	0.5	0.6
D/E (x)	2.50	2.90	2.81	2.76	2.50	2.54
Leverage ratio (asset/equity) (X)	3.65	4.13	4.00	3.87	3.66	3.69
Cost to income ratio (%)	44.5	40.2	39.7	42.2	42.0	41.9
Effective tax rate (%)	19.2	19.5	19.7	19.9	20.0	20.0
ROA (%)	7.8	8.1	8.6	7.6	7.7	7.0
ROE (%)	23.7	32.0	35.0	30.0	29.3	25.9

Source: Company data, KGI Research

Figure 6: Sensitivity of earnings with change in credit cost

Credit cost (bps)	Provisioning exp (Bt mn)	Net profit (Bt mn)	EPS (Bt/sh)
80	576	5,027	2.37
100	720	4,912	2.32
120	864	4,797	2.26
140	1008	4,682	2.21
160	1152	4,566	2.15
180	1296	4,451	2.10
200	1440	4,336	2.05

Source: Company data, KGI Research

Figure 7: Sensitivity of fair price with change in credit cost and PE

Credit cost (bps)	80	100	120	140	160	180	200
EPS (Bt/sh)	2.37	2.32	2.26	2.21	2.15	2.10	2.05
PE (x)	15.0	35.6	34.8	33.9	33.1	32.3	31.5
	17.5	7.38	7.55	7.73	7.92	8.12	8.33
	20.0	47.4	46.3	45.3	44.2	43.1	42.0
	22.5	53.4	52.1	50.9	49.7	48.5	47.2
	25.0	59.3	57.9	56.6	55.2	53.8	52.5
	27.5	65.2	63.7	62.2	60.7	59.2	57.7

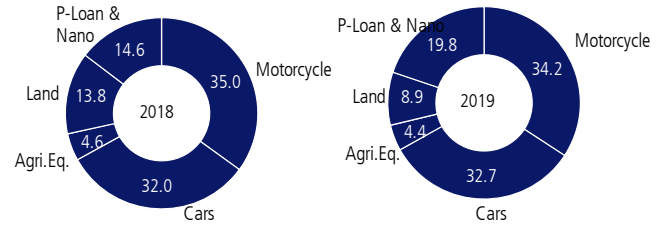
Source: Company data, KGI Research

Figure 8: Company profile

Muang Thai Capital (MTC) has provided lending services since 1992 focusing on motorcycle title loans, which it has the largest market share in Thailand. In addition, to meet customer need, the company has expanded to other loans such as all car title loans, personal loans, agricultural vehicle title loans, nano finance and land title loans. Moreover, the company has provided services of acting to facilitate for its customers.

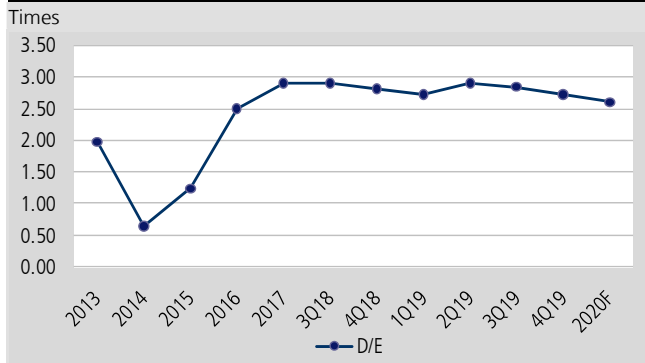
Source: Company data

Figure 9: Loan breakdown



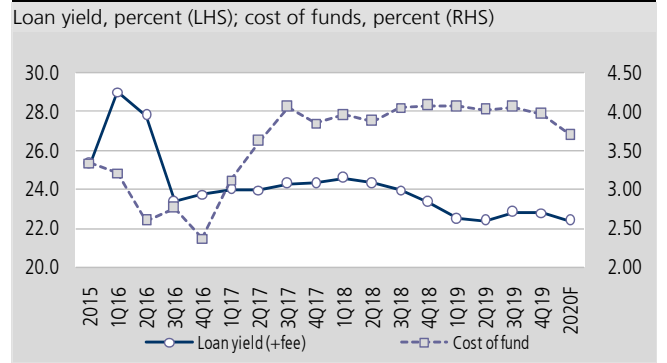
Source: Company data

Figure 10: D/E



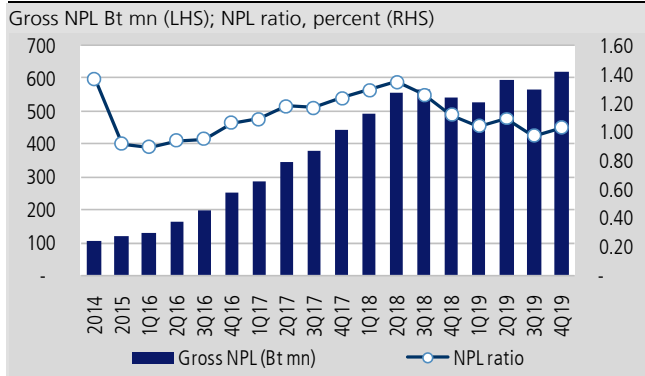
Source: Company data

Figure 11: Yield and funding cost



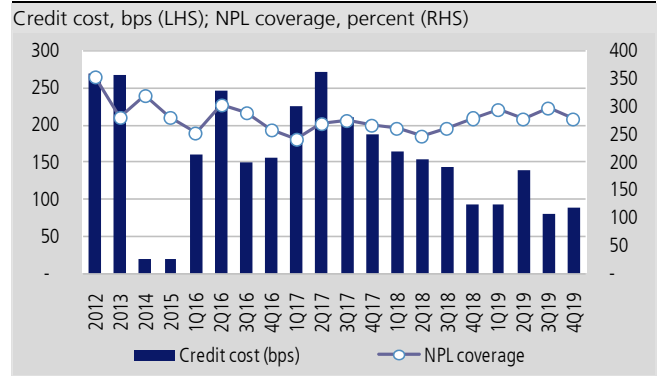
Source: Company data, KGI Research

Figure 12: NPL and NPL ratio



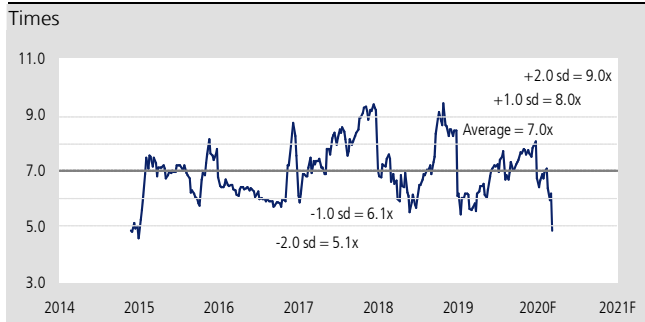
Source: Company data, KGI Research

Figure 13: Asset quality



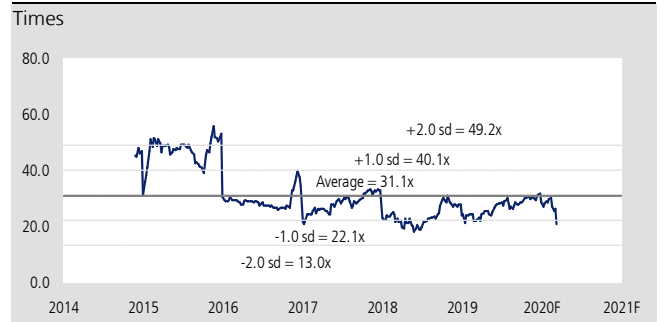
Source: Company data, KGI Research

Figure 14: PBV



Source: KGI Research

Figure 15: PE band



Source: KGI Research

Quarterly Income Statement

Bt mn	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	% chg		2018	2019	% chg
													QoQ	YoY			
Income Statement (Bt mn)																	
Interest income	1,415	1,600	1,796	1,984	2,140	2,314	2,478	2,612	2,665	2,862	3,105	3,248	4.6	24.3	9,544	11,880	24.5
Interest expense	122	149	189	213	230	258	293	319	331	363	408	425	4.3	33.3	1,100	1,527	38.7
Interest income - net	1,293	1,451	1,607	1,771	1,910	2,056	2,185	2,293	2,334	2,500	2,697	2,822	4.6	23.1	8,444	10,353	22.6
Operating expense	622	705	801	861	916	985	1,060	1,139	1,154	1,232	1,428	1,500	5.0	31.7	4,100	5,314	29.6
Operating profit	671	746	806	910	993	1,071	1,125	1,155	1,180	1,267	1,269	1,322	4.2	14.5	4,344	5,039	16.0
Provisioning expense	146	198	169	167	156	158	160	112	117	189	116	132	13.7	18.0	586	554	(5.5)
Loss on selling asset	6.0	5.4	4.4	7.9	3.6	0.4	-	(1.2)	-	-	-	-	-	-	3	-	-
Other income	148	165	172	191	208	222	233	208	193	209	200	207	3.9	(0.5)	872	808	(7.3)
Pre-tax profit	668	708	805	926	1,042	1,135	1,198	1,252	1,256	1,287	1,352	1,398	3.4	11.6	4,627	5,293	14.4
Income tax	131	137	154	183	208	223	233	250	251	266	272	267	(1.9)	6.7	913	1,056	15.6
Net profit	536	571	650	743	834	912	965	1,002	1,005	1,021	1,080	1,131	4.7	12.8	3,713	4,237	14.1
EPS (Bt)	0.25	0.27	0.31	0.35	0.39	0.43	0.46	0.47	0.47	0.48	0.51	0.53	4.7	12.8	1.8	2.0	14.1
Profitability (%)																	
Loan yield	21.8%	21.8%	22.2%	22.3%	22.5%	22.3%	22.1%	21.7%	21.1%	21.1%	21.5%	21.6%			22.2%	21.3%	
Loan yield + fee	24.0%	23.9%	24.3%	24.3%	24.6%	24.3%	24.0%	23.3%	22.5%	22.4%	22.8%	22.8%			24.0%	22.6%	
Cost of funds	3.1%	3.6%	4.1%	3.8%	4.0%	3.9%	4.1%	4.1%	4.1%	4.0%	4.3%	4.3%			4.0%	4.2%	
Loan spread	20.9%	20.3%	20.2%	20.5%	20.6%	20.4%	19.9%	19.3%	18.4%	18.4%	18.6%	18.5%			20.1%	18.5%	
Cost-to-income ratio	39.9%	40.2%	40.8%	39.8%	39.3%	39.1%	39.5%	40.6%	40.6%	40.5%	43.4%	43.7%			39.6%	42.1%	
Effective tax rate	19.7%	19.3%	19.2%	19.8%	20.0%	19.6%	19.4%	20.0%	20.0%	20.7%	20.1%	19.1%			19.7%	19.9%	
ROAA	8.00%	7.61%	7.81%	8.04%	8.58%	8.59%	8.46%	8.16%	7.74%	7.32%	7.30%	7.31%			8.4%	7.4%	
ROAE	29.7%	30.1%	31.6%	33.2%	34.1%	35.4%	34.2%	32.6%	30.2%	29.6%	29.1%	28.3%			34.1%	29.3%	
Growth (%)																	
Loan growth	79.6%	69.9%	57.6%	51.3%	46.4%	41.5%	38.5%	34.9%	33.1%	31.0%	28.7%	25.4%					
Revenue growth	81%	76%	64%	55%	50%	44%	38%	30%	22%	21%	22%	22%					
Operating expense growth	59%	55%	49%	43%	47%	40%	32%	32%	26%	25%	35%	32%					
Operating income growth	114%	102%	76%	60%	48%	44%	40%	27%	19%	18%	13%	15%					
LLP growth	154%	87%	120%	82%	7%	-20%	-5%	-33%	-25%	20%	-27%	18%					
Other income growth	54%	56%	44%	45%	40%	34%	36%	9%	-7%	-6%	-14%	0%					
Net profit growth	91%	90%	62%	54%	55%	60%	48%	35%	21%	12%	12%	13%					
Branch																	
Branch	1,874	2,046	2,294	2,424	2,638	2,889	3,178	3,279	3,444	3,739	3,961	4,107					
New branch	210	172	248	130	214	251	289	101	165	295	222	146			855	828	
Loan (Bt bn)	25.97	29.31	32.33	35.62	38.0	41.5	44.8	48.0	50.59	54.32	57.65	60.25	4.5	25.4			
Loan growth (yoy %)	79.6	69.9	57.6	51.3	46.4	41.5	38.5	34.9	33.1	31.0	28.7	25.4					
Asset quality																	
NPL (Bt mn)	284	346	379	441	491	559	566	540	527	595	565	621	10.0	15.1			
NPL ratio (%)	1.09	1.18	1.17	1.24	1.29	1.35	1.26	1.12	1.04	1.10	0.98	1.03					
LLR/Loan (%)	2.62	3.15	3.22	3.29	3.37	3.33	3.27	3.12	3.06	3.02	2.90	2.84					
Credit cost (bps)	224	270	209	188	164	152	143	93	92	139	83	90			138	101	
NPL coverage (%)	240	267	275	265	261	247	259	278	294	276	296	276					
Loan by type of collateral (Bt bn)																	
Motorcycle	10.9	11.8	12.6	13.4	13.8	12.2	5.9	16.8	17.2	18.3	19.5	20.6	5.4	22.6	16.8	20.6	22.6
Car	8.6	9.6	10.6	11.7	12.5	12.6	11.2	15.4	16.1	17.4	18.6	19.7	5.7	27.9	15.4	19.7	27.9
Land	3.3	4.1	4.5	4.9	5.3	5.0	4.1	6.6	3.2	5.2	5.3	5.4	1.6	-19.1	6.6	5.4	-19.1
Tractor	1.3	1.5	1.6	1.7	1.8	1.7	1.2	2.1	2.2	2.4	2.6	2.6	1.7	26.9	2.1	2.6	26.9
P-Loan	1.3	1.7	2.2	2.8	3.4	4.0	4.5	4.9	5.3	5.8	6.0	6.1	1.9	23.5	4.9	6.1	23.5
Nano	0.6	0.8	0.8	1.0	1.2	5.9	17.9	2.2	6.7	5.3	5.6	5.8	3.8	163.6	2.2	5.8	163.6
Total	26.0	29.3	32.3	35.6	38.0	41.5	44.8	48.0	50.6	54.3	57.6	60.3	4.5	25.4	48.0	60.3	25.4
Loan by type of collateral (%)																	
Motorcycle	41.9	40.1	38.9	38	36.4	29.5	13.1	35.0	33.9	33.7	33.9	34.20			35.0	34.2	
Car	33.0	32.7	32.6	33	32.8	30.4	25.1	32.0	31.8	32.0	32.3	32.67			32.0	32.7	
Land	12.8	13.8	13.9	14	13.9	12.1	9.3	13.8	6.3	9.5	9.2	8.90			13.8	8.9	
Tractor	4.9	5.0	5.1	5	4.8	4.1	2.6	4.3	4.3	4.4	4.5	4.38			4.3	4.4	
P-Loan	5.1	5.7	6.9	8	9.0	9.7	10.0	10.3	10.5	10.6	10.4	10.13			10.3	10.1	
Nano	2.3	2.6	2.6	3	3.2	14.3	39.9	4.6	13.2	9.8	9.8	9.69			4.6	9.7	
Total	100	100	100	100	100	100	100	100	100	100	100	100			100	100	

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2017	2018	2019	2020F	2021F
Total Assets	36,953	49,146	61,872	74,763	88,597
Cash	1,154	880	783	300	300
Loans & Acc. Int - net	21,988	28,605	34,929	48,424	58,186
Total current asset	23,308	29,677	35,922	48,975	58,800
Loan -net (>1yr)	12,464	17,943	23,693	23,879	27,378
PP&E	1,022	1,269	1,778	1,800	2,000
Others	159	258	478	109	419
Total Liabilities	28,010	36,847	45,900	57,556	67,550
S-T loan	9,384	7,625	5,955	13,540	16,057
L-T loans	16,619	24,438	29,467	40,388	47,361
Others	2,007	4,785	10,478	3,628	4,132
Shareholders' Equity	8,943	12,299	15,972	16,761	20,459
Common Stock	2,120	2,120	2,120	2,120	2,120
Capital Surplus	2,380	2,380	2,380	2,380	2,380
Retained Earnings	212	212	212	110	120
Supplementary					
NPLs	441	540	621	1,808	1,735
% to loan	1.2%	1.1%	1.0%	2.5%	2.0%
NPL coverage	265	278	276	121	147

Source: KGI Research

Profit & Loss

Year to 31 Dec (Bt mn)	2017	2018	2019	2020F	2021F
Interest income	6,795	9,544	11,880	14,117	17,338
Interest expense	673	1,100	1,527	1,819	2,131
Interest income - net	6,122	8,444	10,353	12,298	15,207
Operating expense	2,989	4,100	5,314	6,233	7,533
Operating profit	3,133	4,344	5,039	6,065	7,674
Other income	676	872	808	803	817
LLP	679	586	554	868	1,041
Pre-tax profit	3,106	4,627	5,293	5,996	7,436
Income tax	605	913	1,056	1,199	1,487
Net profit	2,501	3,713	4,237	4,797	5,949
EPS (Bt)	1.18	1.75	2.00	2.26	2.81

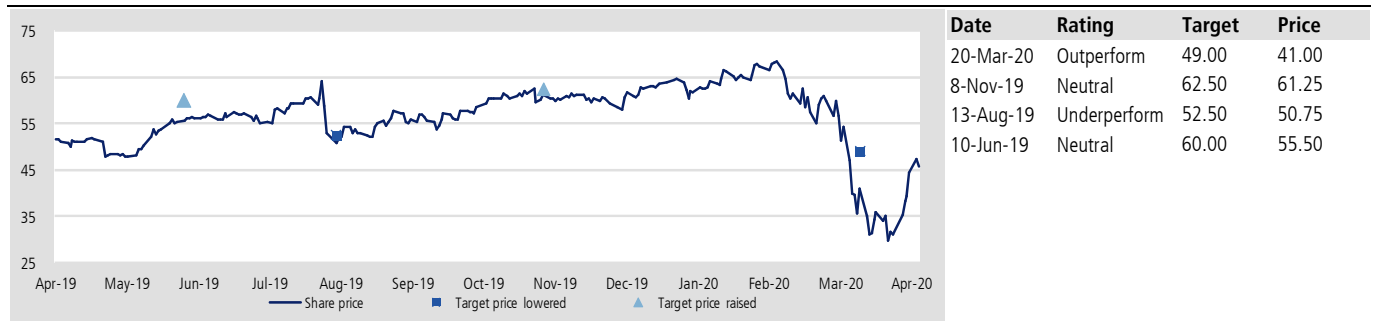
Source: KGI Research

Key Ratios

Year to 31 Dec	2017	2018	2019	2020F	2021F
Growth (YoY %)					
Loans and Accrued Int.	50.5	35.1	25.9	20.3	20.0
Borrowing fund	55.8	23.3	10.5	52.2	17.6
Total Assets	51.3	33.0	25.9	20.8	18.5
Total Equity	33.6	37.5	29.9	4.9	22.1
Growth (YoY %)					
Net Interest Income	65.8	37.9	22.6	18.8	23.7
Total revenue	67.1	39.4	21.8	17.6	21.7
Loan Loss Provision	104.8	13.7	5.5	56.6	20.0
Operating expense	50.6	37.2	29.6	17.3	20.9
Operating profit	83.6	38.6	16.0	20.4	26.5
Net Profit	70.8	48.5	14.1	13.2	24.0
EPS	70.8	48.5	14.1	13.2	24.0
Profitability (%)					
Yield on loans	22.97	22.81	21.94	21.30	22.00
Cost of Funds	3.15	3.58	3.83	3.70	3.60
Net Interest Margin	21.99	21.14	19.44	19.19	19.13
Cost/OP Income Ratio	40.2	39.7	42.2	42.0	42.0
ROAA	8.1	8.6	7.6	7.7	7.3
ROAE	32.0	35.0	30.0	33.0	32.0
Capital Adequacy					
Asset/equity (x)	4.1	4.0	3.9	4.5	4.3
D/E (x)	2.8	2.5	2.2	3.2	3.1
Asset Quality (%)					
NPLs Ratio	1.2%	1.1%	1.0%	2.5%	2.0%
NPL Coverage Ratio	265	278	276	121	147
LLR/Loans Ratio	4.65	5.65	6.65	7.65	8.65
EPS (fully diluted)	1.18	1.75	2.00	2.26	2.81
DPS	0.18	0.26	0.30	0.35	0.50
BVPS	4.2	5.8	7.5	7.9	9.7

Source: KGI Research

MTC – Recommendation & target price history



Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	HMPRO	HOME PRODUCT CENTER	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	INTUCH	SHIN CORPORATION	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	IRPC	IRPC	ROBINS	ROBINSON DEPARTMENT STORE
AP	ASIAN PROPERTY DEVELOPMENT	IVL	INDORAMA VENTURES	SAMART	SAMART CORPORATION
BANPU	BANPU	KBANK	KASIKORN BANK	SAMTEL	SAMART TELCOMS
BCP	THE BANGCHAK PETROLEUM	KCE	KCE ELECTRONICS	SCB	THE SIAM COMMERCIAL BANK
BTS	BTS GROUP HOLDINGS	KKP	KIATNAKIN BANK	SCC	THE SIAM CEMENT
CK	CH. KARNCHANG	KTB	KRUNG THAI BANK	SCCC	SIAM CITY CEMENT
CPF	CHAROEN POKPHAND FOODS	KTC	KRUNGTHAI CARD	SPALI	SUPALAI
CPN	CENTRAL PATTANA	LPN	L.P.N. DEVELOPMENT	SPRC	STAR PETROLEUM REFINING
DELTA	DELTA ELECTRONICS (THAILAND)	MINT	MINOR INTERNATIONAL	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DTAC	TOTAL ACCESS COMMUNICATION	MONO	MONO TECHNOLOGY	SVI	SVI
EASTW	EASTERN WATER RESOURCES DEVELOPMENT AND MANAGE	PLANB	PLAN B MEDIA	TCAP	THANACHART CAPITAL
EGCO	ELECTRICITY GENERATING	PSH	PRUKSA HOLDING	THCOM	THAICOM
GFPT	GFPT	PTT	PTT	TISCO	TISCO FINANCIAL GROUP
GPSC	GLOBAL POWER SYNERGY	PTTEP	PTT EXPLORATION AND PRODUCTION	TMB	TMB BANK
GUNKUL	GUNKUL ENGINEERING	PTTGC	PTT GLOBAL CHEMICAL	TOP	THAI OIL
HANA	HANA MICROELECTRONICS	PYLON	PYLON	TRUE	TRUE CORPORATION



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAWAD	SRISAWAD POWER 1979
AMATA	AMATA CORPORATION	GLOBAL	SIAM GLOBAL HOUSE	SCI	SCI ELECTRIC
BBL	BANGKOK BANK	GLOW	GLOW ENERGY	SCN	SCAN INTER
BCPG	BCPG	LH	LAND AND HOUSES	SEAFKO	SEAFKO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	MAJOR	MAJOR CINEPLEX GROUP	SIRI	SANSIRI
BEM	BANGKOK EXPRESSWAY AND METRO	MAKRO	SIAM MAKRO	SMT	STARS MICROELECTRONICS (THAILAND)
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MTLS	MUANGTHAI LEASING	TKN	TAOKAENOI FOOD & MARKETING
CKP	CK POWER	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
DCC	DYNASTY CERAMIC	RS	RS	TWPC	THAI WAH



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AMA	AMA MARINE	BPP	BANPU POWER	SQ	SAHAKOL EQUIPMENT
BA	BANGKOK AIRWAYS	CBG	CARABAO GROUP	TPCH	TPC POWER HOLDING
BCH	BANGKOK CHAIN HOSPITAL	LPH	LADPRAO GENERAL HOSPITAL		
BH	BUMRUNGRAD HOSPITAL	SAPPE	SAPPE		

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
BGRIM	B.GRIMM POWER	TOA	TOA PAINT (THAILAND)	WHAUP	WHA UTILITIES AND POWER
CPALL	CP ALL	UNIQ	UNIQUE ENGINEERING AND CONSTRUCTION	WORK	WORKPOINT ENTERTAINMENT
THAI	THAI AIRWAYS INTERNATIONAL	WHA	WHA CORPORATION		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERAWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENDEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SRI SAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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