



Core business growing further in 2021

4Q20 loans are expected to grow further. Although auto title loan competition intensifies, MTC is ready for competition. It will focus on motorcycle leasing loans with higher interest rate. 2021 profit is expected to make another new high.

Fiercer competition but limited impact

4Q20 loans are still expected to grow further because loan demand would rise from 3Q20 during long holidays and harvesting season. MTC maintains 2020-2021 loan growth target at 20-25%yoy. SAWAD enters a joint investment with Government Savings Bank (GSB) to operate auto (car and motorcycle) title loan business with an interest rate of 18%, slightly lower than MTC's auto title loan business with 19-20% interest rate. Interest rate competition would mainly affect small-sized auto title loan players, while MTC is ready for this. MTC is advantageous as it has 4,800 branches that ensure convenient and fast service. In 2021, MTC will focus more on new motorcycle leasing loans with 22% interest rate to reduce impact from fierce competition in auto title loans.

Loans demand to grow further in 2021

We maintain forecast. MTC's net profit is estimated to grow 21.4%yoy in 2020 and 16.8%yoy in 2021, driven by 2020-2021 net loan growth of 15.3%yoy and 20.0%yoy.

2021 fair value is B70

2021 fair value is B70 (GMM, 26% average ROE), based on PBV of 5.9x. BUY for business growth potential in 2021.

Key Financial Forecast

Ending Dec 31	2018	2019	2020F	2021F	2022F
Net Profit	3,713	4,237	5,144	6,007	7,028
EPS (B)	1.75	2.00	2.43	2.83	3.32
EPS Growth (%)	48.5%	14.1%	21.4%	16.8%	17.0%
PER (x)	32.3	28.3	23.3	19.9	17.0
PBV (x)	9.7	7.5	5.8	4.7	3.8
Dividend Yields (%)	0.5%	0.5%	0.6%	0.8%	0.9%
ROE (%)	35.0%	30.0%	28.2%	26.0%	24.4%

Source: ASPS Research

MTC

Rec.:

BUY



Current Price (B):	56.00
Target Price (B):	70.00
Upside:	25.0%
Dividend Yield:	0.8%
Total Return:	25.8%
Market Cap. (Million B)	118,720

Technical Chart



ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2020F	2.43	2.36	3%
2021F	2.83	2.80	1%

Source: ASPS and IAA consensus

CG Score : 5 = Excellent
Anti-corruption Progress Indic. = na.

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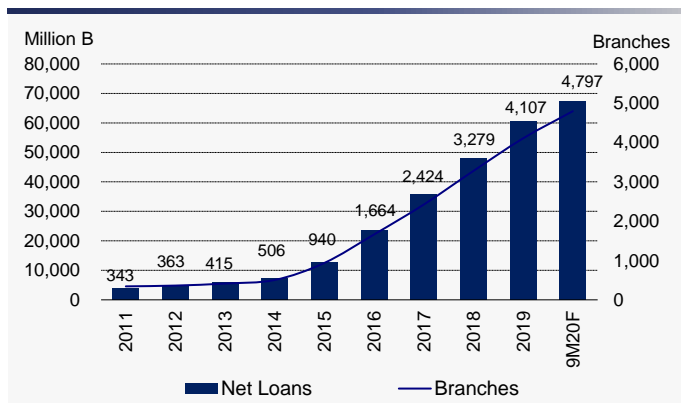
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Earnings Results by Quarter

Million B	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20F	%QoQ	%YoY	9M20F	9M19	%YoY
Interest Income	2,665	2,862	3,105	3,248	3,332	3,385	3,555	5.0%	14.5%	10,272	8,632	19.0%
Interest Expense	(331)	(363)	(408)	(425)	(433)	(447)	(467)	4.5%	14.6%	(1,347)	(1,101)	22.3%
Net Interest Income	2,334	2,500	2,697	2,822	2,900	2,938	3,088	5.1%	14.5%	8,925	7,531	18.5%
Bad Debt & Doubtful Account	(117)	(189)	(116)	(132)	(62)	(25)	(52)	110.9%	-55.2%	(139)	(422)	-67.1%
Net Interest Income after Bad Debt	2,217	2,310	2,581	2,690	2,837	2,913	3,036	4.2%	17.6%	8,786	7,109	23.6%
Other Income	193	209	200	207	208	180	182	0.8%	-8.9%	570	601	-5.1%
SG&A	(1,154)	(1,232)	(1,428)	(1,500)	(1,491)	(1,520)	(1,533)	0.9%	7.4%	(4,545)	(3,814)	19.2%
Earnings before Tax	1,256	1,287	1,352	1,398	1,554	1,573	1,684	7.0%	24.6%	4,812	3,895	23.5%
Income Tax	(251)	(266)	(272)	(267)	(316)	(307)	(344)	12.2%	26.7%	(968)	(789)	22.7%
Net Profit	1,005	1,021	1,080	1,131	1,237	1,267	1,340	5.8%	24.0%	3,844	3,107	23.7%
EPS (B)	0.47	0.48	0.51	0.53	0.58	0.60	0.63	5.8%	24.0%	1.81	1.47	23.7%
Loan Growth	5.3%	7.6%	6.0%	4.6%	3.9%	1.1%	6.1%			11.4%	20.1%	
Yields	21.59%	21.78%	22.13%	21.99%	21.64%	21.46%	21.76%			21.45%	21.75%	
Funding Cost	3.64%	3.72%	3.88%	3.89%	3.72%	3.60%	3.65%			3.73%	3.73%	
Spread	17.95%	18.06%	18.25%	18.09%	17.93%	17.86%	18.11%			17.72%	18.01%	
Cost to Income Ratio	45.7%	45.5%	49.3%	49.5%	48.0%	48.7%	46.9%			47.9%	46.9%	
NPL/TL	1.04%	1.09%	0.98%	1.03%	1.18%	1.04%	1.22%			1.22%	0.80%	
Credit Cost	0.95%	1.44%	0.83%	0.89%	0.40%	0.16%	0.32%			0.22%	0.83%	
LLR/NPL	294.3%	275.8%	295.8%	275.9%	201.0%	211.7%	188.0%			188.0%	295.8%	

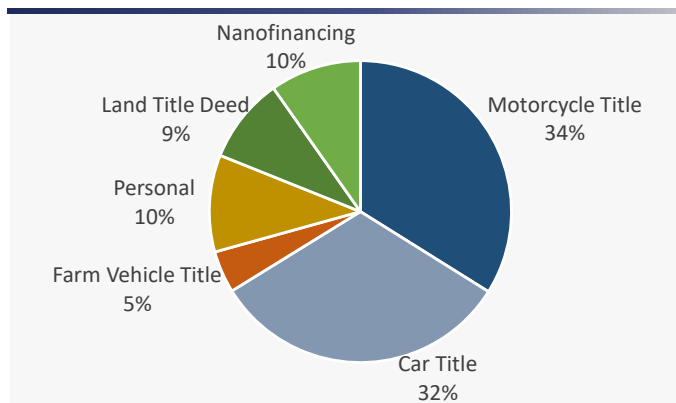
Source: Financial Statement / ASPS Research

Net Loans & Branches at End-2Q20



Source : SAWAD / ASPS Research

End-9M20 Loan Structure



Source : SAWAD / ASPS Research

Historical PBV Band



Source : Bloomberg

Key Risk

1. Net loan growth may be lower than expected, weakening income and net profit.
2. Asset quality may drop due to new NPL.
3. Interest rate may be raised.
4. The government's laws and regulations may affect MTC.

Source : ASPS Research

2020–2021F Earnings Forecast

Income Statement (Million B)				
Ended 31 Dec.	2019	2020F	2021F	2022F
Interest income	11,880	14,279	16,757	19,789
Interest expenses	(1,527)	(1,697)	(1,889)	(2,174)
Net interest income	10,353	12,583	14,868	17,615
Bad debt & doubtful account	(554)	(557)	(669)	(786)
Net interest income after bad debt	9,799	12,026	14,199	16,829
Other income	808	887	960	1,136
SG&A	(5,314)	(6,483)	(7,650)	(9,180)
Earnings before taxes	5,293	6,430	7,509	8,785
Income taxes	(1,056)	(1,286)	(1,502)	(1,757)
Net profit	4,237	5,144	6,007	7,028
EPS (B)	2.00	2.43	2.83	3.32
Normalized profit	4,792	5,701	6,676	7,814
Normalized EPS (B)	2.26	2.69	3.15	3.69
Quarterly Income Statement				
Ended 31 Dec.	4Q19	1Q20	2Q20	3Q20
Interest income	3,248	3,332	3,385	3,555
Interest expenses	(425)	(433)	(447)	(467)
Net interest income	2,822	2,900	2,938	3,088
Bad debt & doubtful account	(132)	(62)	(25)	(52)
Net interest income after bad debt	2,690	2,837	2,913	3,036
Other income	207	208	180	182
SG&A	(1,500)	(1,491)	(1,520)	(1,533)
Earnings before taxes	1,398	1,554	1,573	1,684
Income taxes	(267)	(316)	(307)	(344)
Net profit	1,131	1,237	1,267	1,340
EPS (B)	0.53	0.58	0.60	0.63
Normalized profit	1,263	1,237	1,267	1,340
Normalized EPS (B)	0.60	0.58	0.60	0.63
Credit cost	0.89%	0.40%	0.16%	0.32%
Financial Ratio				
Ended 31 Dec.	2019	2020F	2021F	2022F
Yield	21.94%	22.00%	21.90%	21.80%
Funding cost	3.83%	3.65%	3.55%	3.50%
Spread	18.11%	18.35%	18.35%	18.30%
NIM	19.08%	19.35%	19.41%	19.38%
Interest-bearing debt / Equity	2.77	2.38	2.24	2.09
Cost to income ratio	47.6%	48.1%	48.3%	49.0%
ROAA	30.0%	28.2%	26.0%	24.4%
ROAE	7.6%	7.7%	7.7%	7.5%

Source: ASPS Research

2020–2021F Earnings Forecast

Balance Sheet (Million B)				
Ended 31 Dec.	2019	2020F	2021F	2022F
Cash & bank deposits	783	978	1,211	1,722
Loans	59,545	68,337	82,005	96,356
Less Deferred interest income	867	1,307	1,570	1,846
Less Allowance for doubtful accounts	(1,715)	(1,936)	(2,223)	(2,611)
Net loans	58,697	67,708	81,352	95,590
Other assets	2,391	2,518	3,035	3,661
Total assets	61,872	71,204	85,599	100,972
Borrowings	44,183	48,780	57,658	66,579
Other liabilities	1,717	1,945	2,226	2,552
Total liabilities	45,900	50,725	59,884	69,131
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,592	2,592	2,592	2,592
Retained earnings	11,260	15,768	21,003	27,130
Shareholders' equity	15,972	20,479	25,715	31,841
Total liabilities and shareholders' equity	61,872	71,204	85,599	100,972

Quarterly Balance Statement				
Ended 31 Dec.	4Q19	1Q20	2Q20	3Q20
Cash & bank deposits	783	816	1,964	794
Loans	59,545	61,939	62,505	66,437
Less Deferred interest income	867	809	906	858
Less Allowance for doubtful accounts	(1,715)	(1,484)	(1,399)	(1,504)
Net loans	58,697	61,264	62,012	65,791
Other assets	2,391	5,933	6,107	6,316
Total assets	61,872	68,013	70,083	72,902
Borrowings	44,183	48,890	50,456	52,024
Other liabilities	1,717	1,784	1,656	1,564
Total liabilities	45,900	50,674	52,112	53,588
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,580	2,581	2,582	2,584
Retained earnings	11,271	12,639	13,269	14,609
Shareholders' equity	15,972	17,339	17,971	19,314
Total liabilities and shareholders' equity	61,872	68,013	70,083	72,902

Financial Assumption				
Ended 31 Dec.	2019	2020F	2021F	2022F
Loans growth	25.6%	15.3%	20.0%	17.5%
Net interest income growth	22.6%	21.5%	18.2%	18.5%
Other income growth	-7.3%	9.8%	8.2%	18.3%
Effective tax rate	19.9%	20.0%	20.0%	20.0%
NPL/TL	1.03%	1.10%	1.15%	1.15%
LLR/NPL	275.9%	253.1%	231.5%	231.5%
LLR/TL	2.84%	2.78%	2.66%	2.66%
STL/TL	4.3%	10.3%	9.5%	9.0%

Source: ASPS Research