

# Muang Thai Capital

(MTC.BK/MTC TB)\*

## Neutral Maintained

Price as of 22 Jun 2021	57.50
12M target price (Bt/shr)	69.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	20.0

### Key messages

Though MTC will have limited impact from regulatory changes on the title loan ceiling rate set by the regulator and is expected to see accelerated loan growth, there is still overhang from further regulator risk pressuring the company in the short to medium until there is a clear decision. MTC is trading at a demanding valuation to peers, given the unclear outlook, regulatory concerns, and pressure from competition which would mean more downside to a PE at <20x.

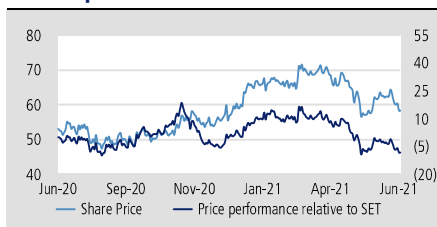
### Trading data

Mkt cap (Btmn/US\$m)	121.9/3,920		
Outstanding shares (mn)	2,120		
Foreign ownership (mn)	336.4		
3M avg. daily trading (mn)	12.1		
52-week trading range (Bt)	47.25/70.5		
Performance (%)	3M	6M	12M
Absolute	-17.4	0.4	10.4
Relative	-18.9	-8.9	-6.4

### Quarterly EPS

	1Q	2Q	3Q	4Q
2019	0.47	0.48	0.51	0.53
2020	0.58	0.60	0.63	0.65
2021	0.65			

### Share price chart



Source: SET

Chalie Kueyen  
66.2658.8888 Ext. 8851  
chaliek@kgi.co.th

## Regulatory overhang

### Event

Event summary and outlook update.

### Impact

#### Regulatory overhang

We hosted an online conference to discuss the recent regulatory concerns that may take some time to conclude. MTC and other title loan players (around 10 companies with combined loans accounting for 75-80% of the title loan industry) are working together to reach a consensus opinion for discussing with regulators the upcoming regulations that may be implemented and issue new measures to assist troubled borrowers. The company guided that the preliminary opinions vary; i) potential cut to ceiling rate on title loans permanently or for a specific period of time, ii) applying special lending rates to special borrowers, and iii) flexibility to adjust lending rates up if interest rates begin to rise. The timeline depends on the hearing process and could take up to 3-4 months.

#### Lower lending ceiling rate is likely

Regarding the several options discussed among non-bank players, MTC guided that a lower ceiling rate on lending is likely for unsecured personal loans/title loans/nano loans, down from the current ceilings of 24%/25%/33%. As the actual lending rate on title loans has already fallen well below the current ceiling rate (15% for motorcycles, 18% for cars), a lower ceiling rate would not hurt big players like MTC, but it would adversely hurt small players. However, regulatory risk to MTC would be seen in the nano segment (20% of its total loans, charging a rate of 27%) and in our view every 1ppts change in lending rate would reduce the company's earnings by 2%.

#### Solid loan growth of up to 25%

To counter Government Savings Bank (GSB) dropping the lending rates on title loans to 11-15%, MTC cut its lending rates on title loans to 15% for motorcycles and 18% for cars (from 21% before GSB stepped in) and diversified its lending into new segments (H/P loans that yield 24%) while it has maintained its nano loan growth (charges rate of 27%, or 6ppts below the ceiling). So far, H/P loans have grown robustly and will become 8-10% of the company's total loans by the end of the year, which would boost loan growth to around 25%. Assuming the high yield loans contribute a yield of 24% and title loans are at 16.5%, all-in loan yield could end up at around 19.5% (vs. 20% in 1Q21 and 21.3% in 2020) versus our forecasts for loan yield at 19.6% in 2021F and 20% in 2022F.

#### Maintain Neutral rating with 2022 target price of Bt69.00 (PE 20x)

Although MTC's operation will not be hurt much by regulatory changes, changes in the competitive landscape from banks and within non-banks will create valuation risk to MTC. We believe it is trading at a demanding valuation and rate the counter Neutral with a target price of Bt69.00 (PE 20x).

### Risks

NPLs rising more than estimated, loss on FVTPL, and fee income growth.

### Key financials and valuations

	Dec-17A	Dec-18A	Dec-19A	Dec-20A	Dec-21F	Dec-22F
Pre-pro. profit (Bt mn)	3,785	5,213	5,847	6,808	8,008	9,978
Pretax profit (Bt mn)	3,106	4,627	5,293	6,516	7,332	9,025
Net income (Bt mn)	2,501	3,713	4,237	5,214	5,866	7,220
EPS (Bt)	1.18	1.75	2.00	2.46	2.77	3.41
DPS	0.18	0.26	0.30	0.37	0.50	0.60
EPS Growth (%)	70.8	48.5	14.1	23.0	12.5	23.1
Dividend Yield (%)	0.4	0.5	0.5	0.6	0.9	1.0
P/E (x)	37.3	27.7	30.1	27.2	20.8	16.9
P/BV (x)	10.4	8.4	8.0	6.9	4.8	4.0
ROAA (%)	8.1	8.6	7.6	7.5	7.0	7.3
ROAE (%)	32.0	35.0	30.0	28.4	25.4	25.7

Source: Company data, KGI Research

**2Q21 earnings preview – loan growth acceleration**
**Loan acceleration in all loan segment**

Though GSB reduced lending rates on title loans in 2Q21, MTC guided that it did not impact loan demand in 2Q21. Its loan growth accelerated around 4-5% QoQ and 20% YoY (vs. +15% YoY in 1Q21). On top of that, H/P loans contributed new lending at around 30% of new lending in the quarter. With loan yields of 15% for motorcycles, 18% for cars, 24% for H/P loans, we think all-in loan yield will be around 19-19.3%, falling around 60bps QoQ and 220bps YoY.

**Squeezed operating expense, and normalized credit cost with NPL ratio maintained at a low 1%**

Despite the intensifying competition, the company maintained NPLs at a low level and there was less pressure on credit cost. In our view, cutting the lending rate encourages borrowers to renew lending contacts and change terms and conditions to repay their loans. As a result, this helps the company to maintain the low NPLs. Meanwhile, yield pressure encourages the company to keep operating costs low.

**Figure 1: MTC's quarterly earnings**

Bt mn	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21F	% chg		1H20	1H21F	% chg
											QoQ	YoY			
<b>Income Statement (Bt mn)</b>															
Interest income	2,665	2,862	3,105	3,248	3,332	3,385	3,555	3,690	3,585	3,679	2.6	8.7	6,717	7,264	8.1
Interest expense	331	363	408	425	433	447	467	470	477	495	3.9	10.8	880	972	10.5
<b>Interest income - net</b>	<b>2,334</b>	<b>2,500</b>	<b>2,697</b>	<b>2,822</b>	<b>2,900</b>	<b>2,938</b>	<b>3,088</b>	<b>3,219</b>	<b>3,108</b>	<b>3,183</b>	<b>2.4</b>	<b>8.4</b>	<b>5,838</b>	<b>6,292</b>	<b>7.8</b>
Operating expense	1,154	1,232	1,428	1,500	1,491	1,520	1,533	1,599	1,502	1,510	0.6	(0.7)	3,012	3,012	0.0
<b>Operating profit</b>	<b>1,180</b>	<b>1,267</b>	<b>1,269</b>	<b>1,322</b>	<b>1,408</b>	<b>1,418</b>	<b>1,555</b>	<b>1,620</b>	<b>1,607</b>	<b>1,673</b>	<b>4.1</b>	<b>18.0</b>	<b>2,826</b>	<b>3,280</b>	<b>16.1</b>
Provisioning expense	117	189	116	132	62.3	24.7	52.0	116.0	166.0	180.0	8.4	629.6	87	346	297.8
Loss on selling asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	193	209	200	207	208	180	182	201	272	260	(4.5)	44.2	388	532	37.1
<b>Pre-tax profit</b>	<b>1,256</b>	<b>1,287</b>	<b>1,352</b>	<b>1,398</b>	<b>1,554</b>	<b>1,573</b>	<b>1,684</b>	<b>1,705</b>	<b>1,713</b>	<b>1,753</b>	<b>2.4</b>	<b>11.4</b>	<b>3,127</b>	<b>3,466</b>	<b>10.8</b>
Income tax	251	266	272	267	316	307	344	335	360	351	(2.6)	14.3	623	711	14.0
<b>Net profit</b>	<b>1,005</b>	<b>1,021</b>	<b>1,080</b>	<b>1,131</b>	<b>1,237</b>	<b>1,267</b>	<b>1,340</b>	<b>1,370</b>	<b>1,373</b>	<b>1,403</b>	<b>2.2</b>	<b>10.8</b>	<b>2,504</b>	<b>2,775</b>	<b>10.8</b>
<b>EPS (Bt)</b>	<b>0.47</b>	<b>0.48</b>	<b>0.51</b>	<b>0.53</b>	<b>0.58</b>	<b>0.60</b>	<b>0.63</b>	<b>0.65</b>	<b>0.65</b>	<b>0.66</b>	<b>2.2</b>	<b>10.8</b>	<b>1.18</b>	<b>1.31</b>	<b>10.8</b>
<b>Profitability (%)</b>															
Loan yield	21.1%	21.1%	21.5%	21.6%	21.3%	21.4%	21.2%	20.9%	19.8%	19.2%					
Loan yield + fee	22.5%	22.4%	22.8%	22.8%	22.5%	22.5%	22.3%	22.0%	21.3%	20.7%					
Cost of funds	4.1%	4.0%	4.3%	4.3%	4.2%	4.0%	4.0%	3.8%	3.8%	3.7%					
<b>Growth (% YoY)</b>															
Loan growth	33.1%	31.0%	28.7%	25.4%	23.6%	16.3%	16.2%	17.2%	15.6%	21.4%					
Operating income growth	19%	18%	13%	15%	19%	12%	23%	22%	14%	19%					
Net profit growth	21%	12%	12%	13%	23%	24%	24%	21%	11%	13%					
Branch	3,444	3,739	3,961	4,107	4,294	4,568	4,798	4,884	5,000	n.a.					
New branch	165	295	222	146	187	274	230	86	116	n.a.					
Loan (Bt bn)	50.59	54.32	57.65	60.25	62.54	63.17	66.99	70.61	72.30	75.92	5.0	20.2			
Loan growth (yoy %)	33.1	31.0	28.7	25.4	23.6	16.3	16.2	17.2	15.6	21.4					
<b>Asset quality</b>															
NPL (Bt mn)	527	595	565	621	738	686	699	747	708	797	12.6	16.3			
NPL ratio (%)	1.04	1.10	0.98	1.03	1.18	1.09	1.04	1.06	0.98	1.05					
LLR/Loan (%)	3.06	3.02	2.90	2.84	2.37	2.21	2.01	1.88	1.81	1.72					
Credit cost (bps)	92	139	83	90	39.9	15.6	31.1	65.7	91.8	94.8					
NPL coverage (%)	294	276	296	276	201	204	192	177	185	191					
<b>Loan by type of collateral (Bt bn)</b>															
<b>Total loan (Bt bn)</b>	<b>50.6</b>	<b>54.3</b>	<b>57.6</b>	<b>60.3</b>	<b>62.5</b>	<b>63.2</b>	<b>67.0</b>	<b>70.6</b>	<b>72.3</b>	<b>n.a.</b>					
<b>Loan by type of collateral (%)</b>															
Motorcycle	33.9	33.7	33.9	34.2	34.1	33.8	34.3	n.a.	n.a.	n.a.					
Car	31.8	32.0	32.3	32.7	32.9	33.3	33.1	n.a.	n.a.	n.a.					
Land	6.3	9.5	9.2	8.9	8.7	8.3	7.4	n.a.	n.a.	n.a.					
Tractor	4.3	4.4	4.5	4.4	4.4	4.5	4.4	n.a.	n.a.	n.a.					
P-Loan	10.5	10.6	10.4	10.1	9.9	9.9	9.9	n.a.	n.a.	n.a.					
Nano	13.2	9.8	9.8	9.7	10.0	10.2	10.2	n.a.	n.a.	n.a.					
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>					

Source: KGI Research

**Figure 2: Key assumptions**

	2017	2018	2019	2020	2021F	2022F
No. of branch	2,424	3,279	4,107	4,884	5,500	6,100
New branch	760	855	828	777	600	600
Loan growth (%)	51.3	34.9	25.4	17.2	25.0	20.0
Loan outstanding (Bt mn)	35,623	48,047	60,253	70,607	88,259	105,911
Loan overdue >3M	441	540	621	747	1,059	1,589
% to total loan	1.2	1.1	1.0	1.1	1.2	1.5
Credit cost (bps)	191	122	92	40	85	90
NPL coverage	263	275	276	177	135	105
LLR/Loan	3.29	3.12	2.84	1.88	2.00	2.00
Loan yield (%)	23.0	22.8	21.9	21.3	19.6	20.0
Loan yield (+ other incomes) (%)	25.1	24.7	23.3	22.4	20.9	21.1
Cost of fund (%)	3.15	3.58	3.83	3.82	3.35	3.40
Loan spread (%)	19.8	19.2	18.1	17.5	16.3	16.6
Loan spread (+fee income) (%)	22.0	21.1	19.4	18.6	17.6	17.7
Other income/rev (%)	0.5	0.7	0.7	0.3	0.5	0.4
Cost/income ratio	40.2	39.7	42.2	41.8	39.0	39.0
D/E (x)	2.90	2.81	2.76	2.46	2.39	2.38
Leverage ratio (asset/equity) (X)	4.13	4.00	3.87	3.73	3.57	3.51
Cost to income ratio (%)	40.2	39.7	42.2	41.8	39.0	39.0
Effective tax rate (%)	19.5	19.7	19.9	20.0	20.0	20.0
ROA (%)	8.1	8.6	7.6	7.5	7.0	7.3
ROE (%)	32.0	35.0	30.0	28.4	25.4	25.7

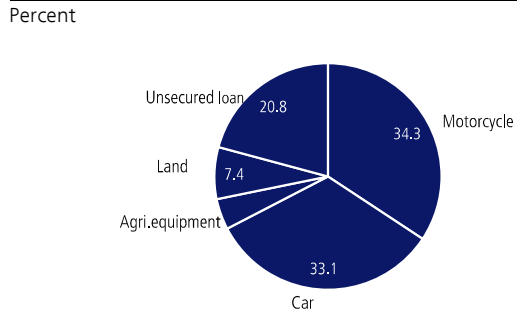
Source: KGI Research

**Figure 3: Company profile**

Muang Thai Capital (MTC) has been providing lending services since 1992 with a focus on motorcycle title loans, which it leads the market in. In addition, to meet customer needs, the company has expanded to other loans such as car title loans, personal loans, agricultural vehicle title loans, nano-finance and land title loans. Moreover, the company provides the act to facilitate for its customers.

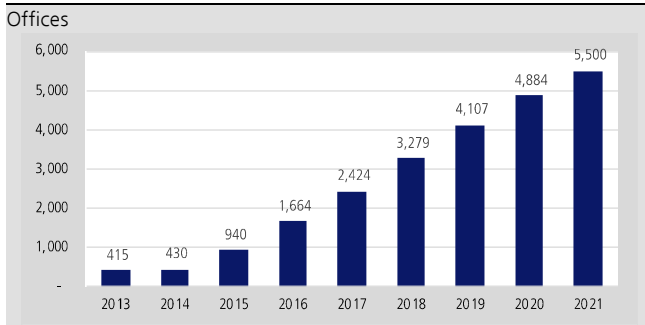
Source: Company data

**Figure 4: Loan breakdown**



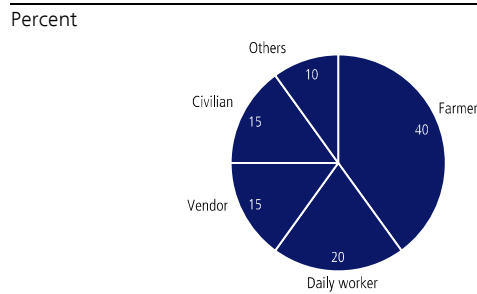
Source: Company data

**Figure 5: Branch network**



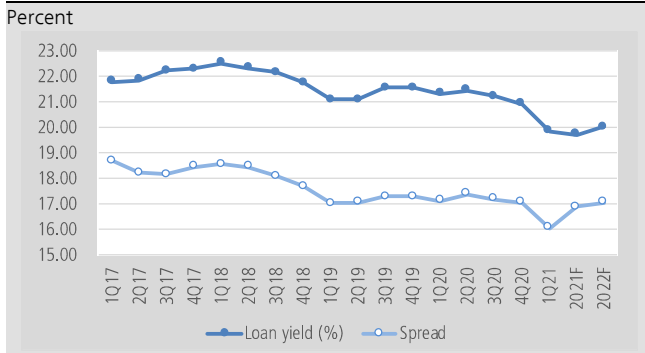
Source: Company data

**Figure 6: Customer profile**



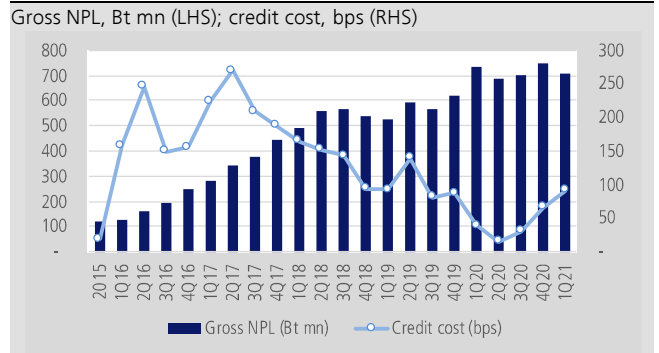
Source: Company data, KGI Research

**Figure 7: Loan yield and margin**



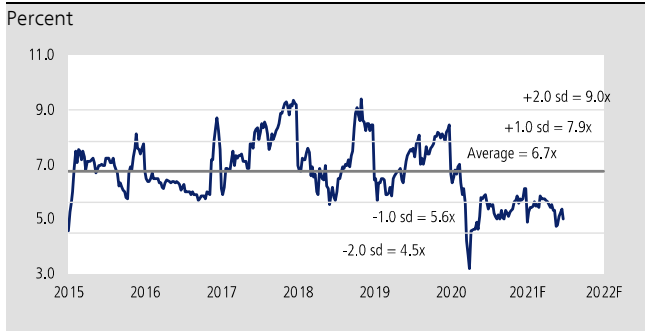
Source: Company data, KGI Research

**Figure 8: Asset quality**



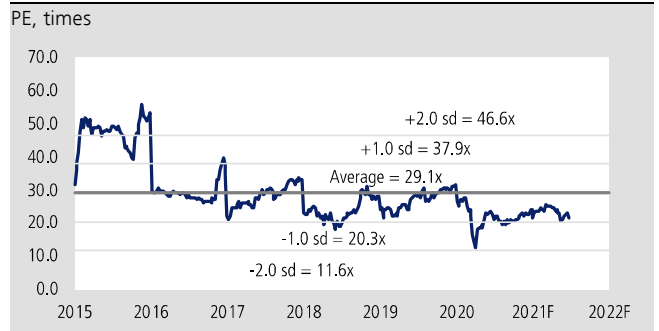
Source: Company data, KGI Research

**Figure 9: PBV**



Source: KGI Research

**Figure 10: PE band**



Source: KGI Research

**Balance Sheet**

As of 31 Dec (Bt mn)	2018	2019	2020	2021F	2022F
<b>Total Assets</b>	<b>49,146</b>	<b>61,872</b>	<b>77,222</b>	<b>91,127</b>	<b>107,714</b>
Cash	880	783	1,378	300	300
Loans & Acc. Int - net	28,605	34,929	39,346	60,354	72,472
Total current asset	29,677	35,922	41,075	61,234	73,499
Loan -net (>1yr)	17,943	23,693	29,936	27,905	32,239
PP&E	1,269	1,778	1,928	2,128	2,478
Others	258	478	4,283	- 140	- 501
<b>Total Liabilities</b>	<b>36,847</b>	<b>45,900</b>	<b>56,540</b>	<b>65,628</b>	<b>78,207</b>
S-T loan	7,625	5,955	6,356	15,217	18,260
L-T loans	24,438	29,467	34,457	45,084	53,379
Others	4,785	10,478	15,727	5,327	6,567
<b>Shareholders' Equity</b>	<b>12,299</b>	<b>15,972</b>	<b>20,682</b>	<b>25,500</b>	<b>30,690</b>
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
<b>Supplementary</b>					
NPLs	540	621	747	1,059	1,589
% to loan	1.1%	1.0%	1.1%	1.2%	1.5%
NPL coverage	275	276	177	135	105

Source: KGI Research

**Profit & Loss**

Year to 31 Dec (Bt mn)	2018	2019	2020	2021F	2022F
Interest income	9,544	11,880	13,962	15,569	19,417
Interest expense	1,100	1,527	1,817	1,873	2,276
Operating expense	4,100	5,314	6,144	6,817	8,297
<b>Operating profit</b>	<b>4,344</b>	<b>5,039</b>	<b>6,000</b>	<b>6,878</b>	<b>8,844</b>
Other income	872	808	771	1,134	1,149
LLP	586	554	255	675	953
<b>Pre-tax profit</b>	<b>4,627</b>	<b>5,293</b>	<b>6,516</b>	<b>7,332</b>	<b>9,025</b>
Income tax	913	1,056	1,303	1,466	1,805
<b>Net profit</b>	<b>3,713</b>	<b>4,237</b>	<b>5,214</b>	<b>5,866</b>	<b>7,220</b>
<b>EPS (Bt)</b>	<b>1.75</b>	<b>2.00</b>	<b>2.46</b>	<b>2.77</b>	<b>3.41</b>

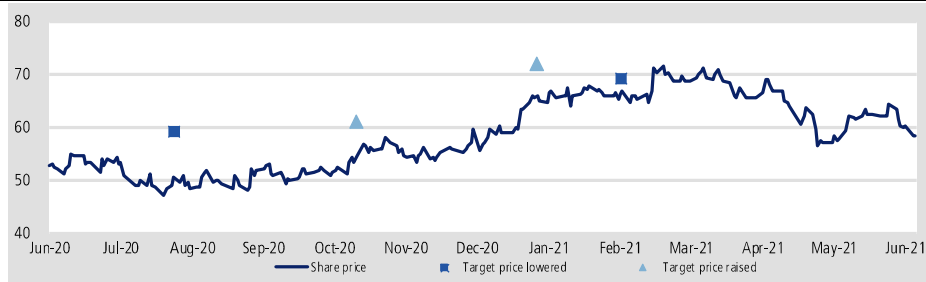
Source: KGI Research

**Key Ratios**

Year to 31 Dec	2018	2019	2020	2021F	2022F
<b>Growth (YoY %)</b>					
Loans and Accrued In	35.1	25.9	18.2	27.4	18.6
Borrowing fund	23.3	10.5	15.2	47.8	18.8
Total Assets	33.0	25.9	24.8	18.0	18.2
Total Equity	37.5	29.9	29.5	23.3	20.4
<b>Growth (YoY %)</b>					
Net Interest Income	37.9	22.6	17.3	12.8	25.2
Total revenue	39.4	21.8	16.1	13.4	23.1
Loan Loss Provision -	13.7	- 5.5	- 54.0	164.8	41.2
Operating expense	37.2	29.6	15.6	10.9	21.7
Operating profit	38.6	16.0	19.1	14.6	28.6
Net Profit	48.5	14.1	23.0	12.5	23.1
EPS	48.5	14.1	23.0	12.5	23.1
<b>Profitability (%)</b>					
Yield on loans	22.81	21.94	21.34	19.70	20.00
Cost of Funds	3.58	3.83	3.82	3.35	3.40
Net Interest Margin	21.14	19.44	18.63	17.58	17.69
Cost/OP Income Ratic	39.7	42.2	41.8	39.0	39.0
ROAA	8.6	7.6	7.5	7.0	7.3
ROAE	35.0	30.0	28.4	25.4	25.7
<b>Capital Adequacy</b>					
Asset/equity (x)	4.0	3.9	3.7	3.6	3.5
D/E (x)	2.5	2.2	1.9	2.4	2.3
<b>Asset Quality (%)</b>					
NPL Coverage Ratio	275	276	177	135	105
LLR/Loans Ratio	5.65	6.65	7.65	8.65	9.65
EPS (fully diluted)	1.75	2.00	2.46	2.77	3.41
DPS	0.26	0.30	0.37	0.50	0.60
BVPS	5.8	7.5	9.8	12.0	14.5

Source: KGI Research

**Muang Thai Capital - Recommendation & target price history**



Date	Rating	Target	Price
14-May-21	Neutral	69.00	57.00
18-Feb-21	Underperform	69.00	66.25
14-Jan-21	Neutral	72.00	65.75
30-Oct-20	Outperform	61.00	54.75
14-Aug-20	Outperform	59.00	50.50

Source: KGI Research



## Anti-corruption Progress Indicator

### Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORNBANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFCO	SEAFCO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: [www.cgthailand.org](http://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.



**KGI Locations**

<b>China</b>	Shanghai	Room 2703B-2704, Tower A , Shanghai Dawning Centre,500 Hongbaoshi Road Shanghai, PRC 201103
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
<b>Taiwan</b>	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
<b>Hong Kong</b>		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
<b>Thailand</b>	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
<b>Singapore</b>		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

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<b>Rating</b>	<b>Definition</b>
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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