

EQUITY TALK

2Q21 Earning Preview

BY RESEARCH DIVISION

July 30, 2021



2Q21 profit to make new high

2Q21 net profit is expected to make another new high thanks to branch expansion and high season (planting season and school opening). Loans are projected to grow greatly, offsetting fierce competition in auto title loan business. 2H21 net profit is expected to grow further.

MTC's net profit is expected to grow 15%yoy in 2021 and 17%yoy in 2022, driven by strong loan growth. Meanwhile, the Bank of Thailand (BOT) might lower interest rates for retail loans, which will have limited impact on MTC. The share price fell more than 15% in four months, already absorbing lower auto title loan rate ceiling and economic deceleration. BUY.

MTC

Rec. : **BUY**

Current Price (B) 60.25

Target Price (B) 80.00

Upside (%) 32.8

Dividend Yield (%) 0.7

Key Financial Forecast

Ending Dec 31	2019	2020	2021F	2022F	2023F
Net Profit	4,237	5,214	6,007	7,028	8,238
EPS (B)	2.00	2.46	2.83	3.32	3.89
EPS Growth (%)	14.1%	23.0%	15.2%	17.0%	17.2%
PER (x)	30.1	24.5	21.3	18.2	15.5
PBV (x)	8.0	6.2	4.9	4.0	3.3
Dividend Yield (%)	0.5%	0.6%	0.7%	0.8%	1.0%
ROE (%)	30.0%	28.4%	25.8%	24.3%	23.1%

Source: ASPS Research

RESEARCH DIVISION

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Technical Chart



Source: ASPS Research

Technical Comment

MTC Price Trend: Sideway

Supportive: 54.75

Resistance : 65.50 / 73.75

Consensus Analysis

ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2021F	2.83	2.68	6%
2022F	3.32	3.17	5%

Source: ASPS and IAA consensus

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

Source: SETTRADE / ASPS Research

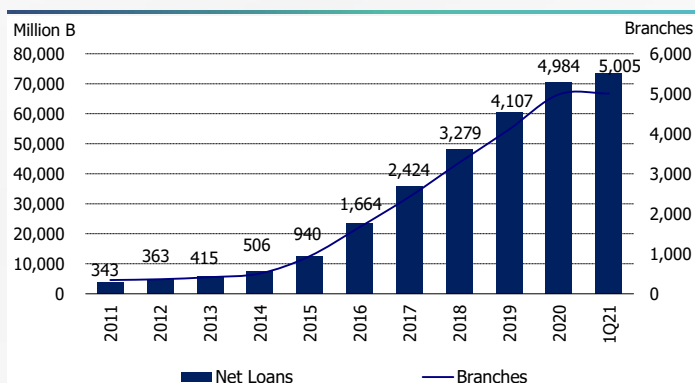


Earnings Results by Quarter

Million B	3Q62	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21F	%QoQ	%YoY	1H21F	1H20	%YoY
Interest Income	3,105	3,248	3,332	3,385	3,555	3,690	3,585	3,658	2.0%	8.1%	7,243	6,717	7.8%
Interest Expense	(408)	(425)	(433)	(447)	(467)	(470)	(477)	(483)	1.4%	8.1%	(960)	(880)	9.1%
Net Interest Income	2,697	2,822	2,900	2,938	3,088	3,219	3,108	3,175	2.1%	8.1%	6,283	5,838	7.6%
Bad Debt & Doubtful Account	(116)	(132)	(62)	(25)	(52)	(152)	(156)	(171)	10.1%	595.0%	(327)	(87)	276.1%
Net Interest Income after Bad Debt	2,581	2,690	2,837	2,913	3,036	3,067	2,953	3,003	1.7%	3.1%	5,956	5,751	3.6%
Other Income	200	207	208	180	182	237	282	296	4.8%	64.1%	578	388	49.0%
SG&A	(1,428)	(1,500)	(1,491)	(1,520)	(1,533)	(1,599)	(1,502)	(1,562)	4.0%	2.7%	(3,063)	(3,012)	1.7%
Earnings before Tax	1,352	1,398	1,554	1,573	1,684	1,705	1,734	1,737	0.2%	10.4%	3,471	3,127	11.0%
Income Tax	(272)	(267)	(316)	(307)	(344)	(335)	(360)	(347)	-3.5%	13.2%	(707)	(623)	13.5%
Net Profit	1,080	1,131	1,237	1,267	1,340	1,370	1,374	1,390	1.2%	9.7%	2,764	2,504	10.4%
EPS (B)	0.51	0.53	0.58	0.60	0.63	0.65	0.65	0.66	1.2%	9.7%	1.30	1.18	10.4%
Loan Growth	6.0%	4.6%	3.9%	1.1%	6.1%	5.6%	4.5%	7.0%			10.9%	5.0%	
Yields	22.13%	21.99%	21.64%	21.46%	21.76%	21.33%	19.82%	19.20%			19.34%	21.70%	
Funding Cost	3.88%	3.89%	3.72%	3.60%	3.65%	3.53%	3.46%	3.40%			3.41%	3.72%	
Spread	18.25%	18.09%	17.93%	17.86%	18.11%	17.80%	16.37%	15.80%			15.92%	17.98%	
Cost to Income Ratio	49.3%	49.5%	48.0%	48.7%	46.9%	46.3%	44.3%	45.0%			44.6%	48.4%	
NPL/TL	0.98%	1.03%	1.18%	1.04%	1.00%	1.09%	0.96%	1.00%			1.00%	1.04%	
Credit Cost	0.83%	0.89%	0.40%	0.16%	0.32%	0.88%	0.86%	0.90%			0.87%	0.28%	
LLR/NPL	295.8%	275.9%	201.0%	211.7%	199.4%	170.7%	185.4%	188.6%			188.6%	211.7%	

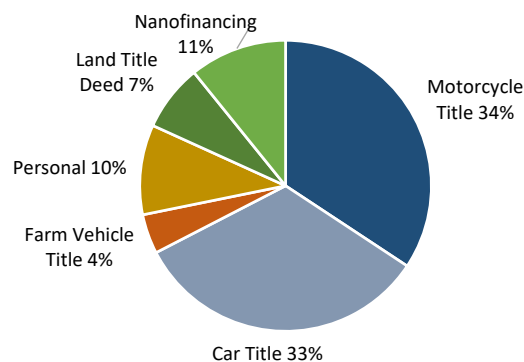
Source : ASPS Research

End-1Q21 Net Loans & Branches



Source : ASPS Research

End-1Q21 Loans Breakdown



Source : MTC / ASPS Research

Historical PBV Band



Source : ASPS Research

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



2021-2023F Earnings Forecast

Income Statement (Million B)				
Ended 31 Dec.	2020	2021F	2022F	2023F
Interest income	13,962	16,757	19,789	22,880
Interest expenses	(1,817)	(1,889)	(2,174)	(2,425)
Net interest income	12,145	14,868	17,615	20,454
Bad debt & doubtful account	(291)	(669)	(786)	(919)
Net interest income after bad debt	11,853	14,199	16,829	19,535
Other income	807	960	1,136	1,320
SG&A	(6,144)	(7,650)	(9,180)	(10,557)
Earnings before taxes	6,516	7,509	8,786	10,298
Income taxes	(1,303)	(1,502)	(1,757)	(2,060)
Net profit	5,214	6,007	7,028	8,238
EPS (B)	2.46	2.83	3.32	3.89
Normalized profit	5,505	6,676	7,814	9,158
Normalized EPS (B)	2.60	3.15	3.69	4.32

Quarterly Income Statement				
Ended 31 Dec.	2Q20	3Q20	4Q20	1Q21
Interest income	3,385	3,555	3,690	3,585
Interest expenses	(447)	(467)	(470)	(477)
Net interest income	2,938	3,088	3,219	3,108
Bad debt & doubtful account	(25)	(52)	(152)	(156)
Net interest income after bad debt	2,913	3,036	3,067	2,953
Other income	180	182	237	282
SG&A	(1,520)	(1,533)	(1,599)	(1,502)
Earnings before taxes	1,573	1,684	1,705	1,734
Income taxes	(307)	(344)	(335)	(360)
Net profit	1,267	1,340	1,370	1,374
EPS (B)	0.60	0.63	0.65	0.65
Normalized profit	1,267	1,340	1,370	1,374
Normalized EPS (B)	0.60	0.63	0.65	0.65
Credit cost	0.16%	0.32%	0.88%	0.86%

Financial Ratio				
Ended 31 Dec.	2020	2021F	2022F	2023F
Yield	21.24%	21.75%	21.80%	21.50%
Funding cost	3.68%	3.37%	3.50%	3.40%
Spread	17.56%	18.38%	18.30%	18.10%
NIM	18.48%	19.23%	19.38%	19.20%
Debt / Equity	2.64	2.23	2.08	1.94
Cost to income ratio	47.4%	48.3%	49.0%	48.5%
ROAE	28.4%	25.8%	24.3%	23.1%
ROAA	7.5%	7.4%	7.5%	7.5%

Source : ASPS Research



2021-2023F Earnings Forecast (Cont.)

Balance Sheet (Million B)

Ended 31 Dec.	2020	2021F	2022F	2023F
Cash & bank deposits	1,378	1,402	1,911	2,131
Loans	70,237	82,005	96,356	112,736
Less Deferred interest income	816	1,570	1,846	2,159
Less Allowance for doubtful accounts	(1,326)	(2,223)	(2,611)	(3,055)
Net loans	69,727	81,352	95,590	111,839
Other assets	6,117	3,035	3,661	4,265
Total assets	77,222	85,789	101,162	118,236
Borrowings	54,537	57,658	66,578	76,090
Other liabilities	2,002	2,226	2,552	2,931
Total liabilities	56,540	59,884	69,130	79,021
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,587	2,587	2,587	2,587
Retained earnings	15,975	21,198	27,325	34,509
Shareholders' equity	20,682	25,905	32,032	39,215
Total liabilities and shareholders' equity	77,222	85,789	101,162	118,236

Quarterly Balance Statement

Ended 31 Dec.	2Q20	3Q20	4Q20	1Q21
Cash & bank deposits	1,964	794	1,378	984
Loans	62,505	66,437	70,237	73,286
Less Deferred interest income	906	858	816	339
Less Allowance for doubtful accounts	(1,399)	(1,345)	(1,326)	(1,314)
Net loans	62,012	65,950	69,727	72,311
Other assets	6,107	6,157	6,117	6,448
Total assets	70,083	72,902	77,222	79,742
Borrowings	50,456	52,024	54,537	55,727
Other liabilities	1,656	1,564	2,002	1,958
Total liabilities	52,112	53,588	56,540	57,685
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,582	2,584	2,587	2,589
Retained earnings	13,269	14,609	15,975	17,349
Shareholders' equity	17,971	19,314	20,682	22,058
Total liabilities and shareholders' equity	70,083	72,902	77,222	79,742

Financial Assumption

Ended 31 Dec.	2020	2021F	2022F	2023F
Loans growth	17.6%	17.6%	17.5%	17.0%
Net interest income growth	17.3%	22.4%	18.5%	16.1%
Other income growth	-0.1%	19.0%	18.3%	16.2%
Effective tax rate	20.0%	20.0%	20.0%	20.0%
NPL/TL	1.09%	1.15%	1.15%	1.15%
LLR/NPL	170.7%	231.5%	231.5%	231.5%
LLR/TL	1.87%	2.66%	2.66%	2.66%
STL/TL	4.4%	9.5%	9.0%	8.5%

Source : ASPS Research