

EQUITY TALK

2Q21 Result Notes

BY RESEARCH DIVISION

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2Q21 profit below forecast. 3Q21 profit may rebound

2Q21 net profit fell 8%qoq (9% below forecast) mainly from cost of opening of 279 new branches, negating strong loan growth in 2Q21. 3Q21 net profit is expected to rebound from 2Q21 from high season for loans and new stores opened in 2Q21.

We revise down 2021-2022 earnings forecast by 8% to reflect fiercer competition, estimating MTC's net profit to grow 5% in 2021 and 18% in 2022, driven by loan growth of 26%yoy and 20%yoy, respectively. We use new 2022 fair value of B72. BUY.

MTC

Rec. :	BUY
Current Price (B)	60.00
Target Price (B)	72.00
Upside (%)	20.0
Dividend Yield (%)	0.8

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Key Financial Forecast

Ending Dec 31	2019	2020	2021F	2022F	2023F
Net Profit	4,237	5,214	5,473	6,456	7,770
EPS (B)	2.00	2.46	2.58	3.05	3.67
EPS Growth (%)	14.1%	23.0%	5.0%	18.0%	20.4%
PER (x)	30.0	24.4	23.2	19.7	16.4
PBV (x)	8.0	6.2	5.0	4.1	3.4
Dividend Yield (%)	0.5%	0.6%	0.6%	0.8%	0.9%
ROE (%)	30.0%	28.4%	23.8%	22.9%	22.6%

Source: ASPS Research

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	2.58	2.73	-5%
2022F	3.05	3.25	-6%

Source: ASPS and IAA consensus

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

Source: SETTRADE / ASPS Research

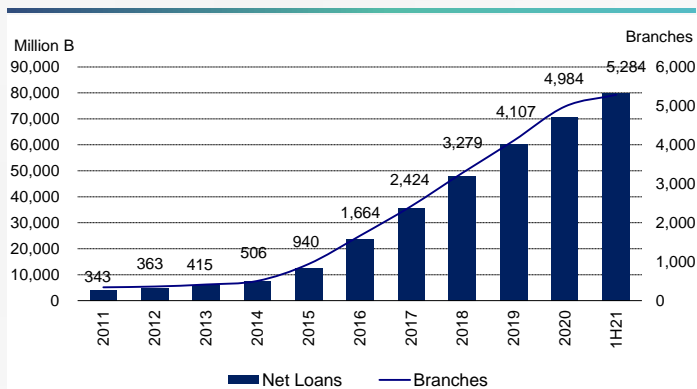


Earnings Results by Quarter

Million B	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	%QoQ	%YoY	1H21	1H20	%YoY
Interest Income	3,248	3,332	3,385	3,555	3,690	3,585	3,684	2.8%	8.8%	7,269	6,717	8.2%
Interest Expense	(425)	(433)	(447)	(467)	(470)	(477)	(507)	6.4%	13.5%	(984)	(880)	11.8%
Net Interest Income	2,822	2,900	2,938	3,088	3,219	3,108	3,177	2.2%	8.1%	6,286	5,838	7.7%
Bad Debt & Doubtful Account	(132)	(62)	(25)	(52)	(152)	(156)	(138)	-11.5%	458.8%	(294)	(87)	237.5%
Net Interest Income after Bad Debt	2,690	2,837	2,913	3,036	3,067	2,953	3,039	2.9%	4.3%	5,992	5,751	4.2%
Other Income	207	208	180	182	237	282	213	-24.8%	17.8%	495	388	27.5%
SG&A	(1,500)	(1,491)	(1,520)	(1,533)	(1,599)	(1,502)	(1,657)	10.3%	9.0%	(3,158)	(3,012)	4.9%
Earnings before Tax	1,398	1,554	1,573	1,684	1,705	1,734	1,595	-8.0%	1.4%	3,329	3,127	6.4%
Income Tax	(267)	(316)	(307)	(344)	(335)	(360)	(325)	-9.7%	5.9%	(685)	(623)	9.9%
Net Profit	1,131	1,237	1,267	1,340	1,370	1,374	1,270	-7.5%	0.3%	2,644	2,504	5.6%
EPS (B)	0.53	0.58	0.60	0.63	0.65	0.65	0.60	-7.5%	0.3%	1.25	1.18	5.6%
Loan Growth	4.6%	3.9%	1.1%	6.1%	5.6%	3.6%	8.5%			12.5%	5.0%	
Yields	21.99%	21.64%	21.46%	21.76%	21.33%	19.82%	19.20%			19.26%	21.70%	
Funding Cost	3.89%	3.72%	3.60%	3.65%	3.53%	3.46%	3.44%			3.37%	3.72%	
Spread	18.09%	17.93%	17.86%	18.11%	17.80%	16.37%	15.76%			15.90%	17.98%	
Cost to Income Ratio	49.5%	48.0%	48.7%	46.9%	46.3%	44.3%	48.9%			46.6%	48.4%	
NPL/TL	1.03%	1.18%	1.04%	1.00%	1.09%	0.96%	1.10%			1.10%	1.04%	
Credit Cost	0.89%	0.40%	0.16%	0.32%	0.88%	0.86%	0.72%			0.78%	0.28%	
LLR/NPL	275.9%	201.0%	211.7%	199.4%	170.7%	185.4%	162.8%			162.8%	211.7%	

Source : ASPS Research

End-1Q21 Net Loans & Branches



Source : ASPS Research

2021-2022 Forecast Revision

Million B	New		Old		Change	
	2021F	2022F	2021F	2022F	2021F	2022F
Net Profit	5,473	6,456	6,007	7,028	-8.9%	-8.1%
EPS (B)	2.58	3.05	2.83	3.32	-8.9%	-8.1%
Fair Value (B)		72.00		80.00		
Target PBV (x)		5.0		6.5		
Expected long term ROE		23.0%		28.0%		
Expected long term Growth		7.5%		7.5%		
Assumption						
Net Loans	88,808	106,571	83,575	98,202	6.3%	8.5%
Yields	19.2%	19.0%	21.8%	21.8%		
Cost of Funds	3.4%	3.4%	3.4%	3.5%		
Spread	15.8%	15.6%	18.4%	18.3%		

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	15,334	18,539	22,247
Interest expenses	(1,817)	(1,971)	(2,315)	(2,750)
Net interest income	12,145	13,362	16,223	19,497
Bad debt & doubtful account	(291)	(710)	(853)	(1,023)
Net interest income after bad debt	11,853	12,652	15,371	18,474
Other income	807	889	1,074	1,289
SG&A	(6,144)	(6,700)	(8,375)	(10,050)
Earnings before taxes	6,516	6,841	8,070	9,712
Income taxes	(1,303)	(1,368)	(1,614)	(1,942)
Net profit	5,214	5,473	6,456	7,770
EPS (B)	2.46	2.58	3.05	3.67
Normalized profit	5,505	6,183	7,308	8,793
Normalized EPS (B)	2.60	2.92	3.45	4.15

Quarterly Income Statement				
Ended 31 Dec.	3Q20	4Q20	1Q21	2Q21
Interest income	3,555	3,690	3,585	3,684
Interest expenses	(467)	(470)	(477)	(507)
Net interest income	3,088	3,219	3,108	3,177
Bad debt & doubtful account	(52)	(152)	(156)	(138)
Net interest income after bad debt	3,036	3,067	2,953	3,039
Other income	182	237	282	213
SG&A	(1,533)	(1,599)	(1,502)	(1,657)
Earnings before taxes	1,684	1,705	1,734	1,595
Income taxes	(344)	(335)	(360)	(325)
Net profit	1,340	1,370	1,374	1,270
EPS (B)	0.63	0.65	0.65	0.60
Normalized profit	1,340	1,370	1,374	1,270
Normalized EPS (B)	0.63	0.65	0.65	0.60
Credit cost	0.32%	0.88%	0.86%	0.72%

Financial Ratio				
Ended 31 Dec.	2020	2021F	2022F	2023F
Yield	21.24%	19.18%	18.98%	18.98%
Funding cost	3.68%	3.35%	3.35%	3.35%
Spread	17.56%	15.83%	15.63%	15.63%
NIM	18.48%	16.72%	16.61%	16.63%
Interest-bearing debt / Equity	2.64	2.49	2.42	2.36
Cost to income ratio	47.4%	47.0%	48.4%	48.4%
ROAA	28.4%	23.8%	22.9%	22.6%
ROAE	7.5%	6.5%	6.5%	6.5%

Source : ASPS Research



2021-2023F Earnings Forecast (Cont.)

Balance Sheet (Million B)

Ended 31 Dec.	2020	2021F	2022F	2023F
Cash & bank deposits	1,378	1,162	1,104	918
Loans	70,237	87,241	104,689	125,627
Less Deferred interest income	816	1,567	1,881	2,256
Less Allowance for doubtful accounts	(1,326)	(2,250)	(2,701)	(3,241)
Net loans	69,727	86,558	103,870	124,643
Other assets	6,117	3,035	3,661	4,265
Total assets	77,222	90,754	108,635	129,826
Borrowings	54,537	63,158	75,078	89,090
Other liabilities	2,002	2,226	2,552	2,931
Total liabilities	56,540	65,384	77,630	92,021
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	20,664	26,298	33,099
Shareholders' equity	20,682	25,370	31,005	37,806
Total liabilities and shareholders' equity	77,222	90,754	108,635	129,826

Quarterly Balance Statement

Ended 31 Dec.	3Q20	4Q20	1Q21	2Q21
Cash & bank deposits	794	1,378	984	1,327
Loans	66,437	70,237	73,286	80,104
Less Deferred interest income	858	816	339	(195)
Less Allowance for doubtful accounts	(1,345)	(1,326)	(1,314)	(1,436)
Net loans	65,950	69,727	72,311	78,472
Other assets	6,157	6,117	6,448	6,772
Total assets	72,902	77,222	79,742	86,570
Borrowings	52,024	54,537	55,727	62,361
Other liabilities	1,564	2,002	1,958	1,665
Total liabilities	53,588	56,540	57,685	64,025
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,584	2,587	2,589	2,590
Retained earnings	14,609	15,975	17,349	17,835
Shareholders' equity	19,314	20,682	22,058	22,545
Total liabilities and shareholders' equity	72,902	77,222	79,742	86,570

Financial Assumption

Ended 31 Dec.	2020	2021F	2022F	2023F
Loans growth	17.6%	25.0%	20.0%	20.0%
Net interest income growth	17.3%	10.0%	21.4%	20.2%
Other income growth	-0.1%	10.1%	20.8%	20.0%
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%	220.6%	220.6%	220.6%
LLR/TL	1.87%	2.53%	2.53%	2.53%
STL/TL	4.4%	8.7%	8.0%	7.3%

Source : ASPS Research