

# EQUITY TALK

## 4Q21 Earning Preview

BY RESEARCH DIVISION

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### Business to rebound in 2022

4Q21 net profit is estimated at B1.25bn, growing 4%qoq but falling 9%yoy. Loans are expected to grow further thanks to branch expansion and lockdown easing. 1Q22 net profit is projected to grow further from 4Q21.

2022 net profit is projected to grow 17%yoy, driven by expected loan growth of 25%yoy. New 2022 fair value is B66. MTC already fell 10% in two months, so PBV dropped to 4.1x (S.5SD down from the five-year average). BUY for a potential business rebound in 2022.

# MTC

Rec. :	<b>BUY</b>
Current Price (B)	58.00
Target Price (B)	66.00
Upside (%)	13.8
Dividend Yield (%)	0.7

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### Key Financial Forecast

Ending Dec 31	2019	2020	2021F	2022F	2023F
Net Profit	4,237	5,214	5,184	6,049	7,134
EPS (B)	2.00	2.46	2.45	2.85	3.37
EPS Growth (%)	14.1%	23.0%	-0.6%	16.7%	17.9%
PER (x)	29.0	23.6	23.7	20.3	17.2
PBV (x)	7.7	5.9	4.9	4.1	3.4
Dividend Yields (%)	0.5%	0.6%	0.6%	0.7%	0.9%
ROE (%)	30.0%	28.4%	22.7%	21.8%	21.3%

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
2022F	2.85	2.71	5%
2023F	3.37	3.02	11%

Source: ASPS and IAA consensus

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

Source: SETTRADE / ASPS Research



### Earnings Results by Quarter

Million B	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21F	%QoQ	%YoY	2021F	2020	%YoY
Interest Income	3,385	3,555	3,690	3,585	3,684	3,844	4,046	5.3%	9.7%	15,159	13,962	8.6%
Interest Expense	(447)	(467)	(470)	(477)	(507)	(557)	(599)	7.6%	27.4%	(2,140)	(1,817)	17.8%
<b>Net Interest Income</b>	<b>2,938</b>	<b>3,088</b>	<b>3,219</b>	<b>3,108</b>	<b>3,177</b>	<b>3,287</b>	<b>3,447</b>	<b>4.9%</b>	<b>7.1%</b>	<b>13,019</b>	<b>12,145</b>	<b>7.2%</b>
Bad Debt & Doubtful Account	(25)	(52)	(152)	(156)	(138)	(189)	(221)	16.8%	45.4%	(704)	(291)	141.8%
<b>Net Interest Income after Bad Debt</b>	<b>2,913</b>	<b>3,036</b>	<b>3,067</b>	<b>2,953</b>	<b>3,039</b>	<b>3,098</b>	<b>3,226</b>	<b>4.1%</b>	<b>5.2%</b>	<b>12,315</b>	<b>11,853</b>	<b>3.9%</b>
Other Income	180	182	237	282	213	188	200	6.4%	-15.7%	883	807	9.4%
SG&A	(1,520)	(1,533)	(1,599)	(1,502)	(1,657)	(1,780)	(1,867)	4.9%	16.7%	(6,806)	(6,144)	10.8%
<b>Earnings before Tax</b>	<b>1,573</b>	<b>1,684</b>	<b>1,705</b>	<b>1,734</b>	<b>1,595</b>	<b>1,505</b>	<b>1,559</b>	<b>3.5%</b>	<b>-8.6%</b>	<b>6,392</b>	<b>6,516</b>	<b>-1.9%</b>
Income Tax	(307)	(344)	(335)	(360)	(325)	(304)	(312)	2.4%	-6.9%	(1,301)	(1,303)	-0.1%
<b>Net Profit</b>	<b>1,267</b>	<b>1,340</b>	<b>1,370</b>	<b>1,374</b>	<b>1,270</b>	<b>1,201</b>	<b>1,247</b>	<b>3.8%</b>	<b>-9.0%</b>	<b>5,091</b>	<b>5,214</b>	<b>-2.4%</b>
<b>EPS (B)</b>	<b>0.60</b>	<b>0.63</b>	<b>0.65</b>	<b>0.65</b>	<b>0.60</b>	<b>0.57</b>	<b>0.59</b>	<b>3.8%</b>	<b>-9.0%</b>	<b>2.40</b>	<b>2.46</b>	<b>-2.4%</b>
Loan Growth	1.1%	6.1%	5.6%	3.6%	8.5%	6.4%	8.0%			29.3%	17.6%	
Yields	21.46%	21.76%	21.33%	19.82%	19.20%	18.64%	18.30%			18.61%	21.24%	
Funding Cost	3.60%	3.65%	3.53%	3.46%	3.44%	3.46%	3.46%			3.38%	3.68%	
Spread	17.86%	18.11%	17.80%	16.37%	15.76%	15.19%	14.84%			15.23%	17.56%	
Cost to Income Ratio	48.7%	46.9%	46.3%	44.3%	48.9%	51.2%	51.2%			49.0%	47.4%	
ROE	28.7%	28.8%	27.4%	25.7%	22.8%	20.8%	0.0%			30.0%	35.0%	
NPL/TL	1.04%	1.00%	1.09%	0.96%	1.10%	1.17%	1.30%			1.30%	1.09%	
Credit Cost	0.16%	0.32%	0.88%	0.86%	0.72%	0.92%	1.00%			0.87%	0.43%	
LLR/NPL	211.7%	199.4%	170.7%	185.4%	162.8%	160.2%	152.3%			152.3%	170.7%	

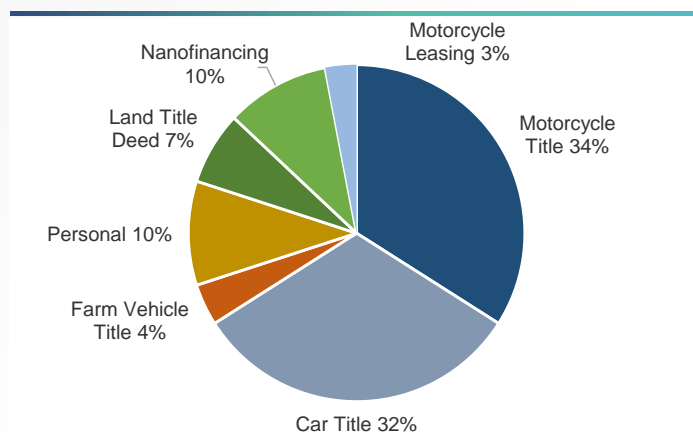
Source : ASPS Research

### End-1Q21 Net Loans & Branches



Source : ASPS Research

### MTC's Loan Structure



Source : 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	15,302	18,666	22,814
Interest expenses	(1,817)	(2,071)	(2,636)	(3,324)
Net interest income	12,145	13,231	16,030	19,490
Bad debt & doubtful account	(291)	(738)	(923)	(1,107)
Net interest income after bad debt	11,853	12,492	15,107	18,382
Other income	807	888	1,080	1,317
SG&A	(6,144)	(6,900)	(8,625)	(10,781)
Earnings before taxes	6,516	6,480	7,562	8,918
Income taxes	(1,303)	(1,296)	(1,512)	(1,784)
<b>Net profit</b>	<b>5,214</b>	<b>5,184</b>	<b>6,049</b>	<b>7,134</b>
<b>EPS (B)</b>	<b>2.46</b>	<b>2.45</b>	<b>2.85</b>	<b>3.37</b>
Normalized profit	5,505	5,922	6,972	8,242
Normalized EPS (B)	2.60	2.79	3.29	3.89
Quarterly Income Statement				
Ended 31 Dec.	4Q20	1Q21	2Q21	3Q21
Interest income	3,690	3,585	3,684	3,844
Interest expenses	(470)	(477)	(507)	(557)
Net interest income	3,219	3,108	3,177	3,287
Bad debt & doubtful account	(152)	(156)	(138)	(189)
Net interest income after bad debt	3,067	2,953	3,039	3,098
Other income	237	282	213	188
SG&A	(1,599)	(1,502)	(1,657)	(1,780)
Earnings before taxes	1,705	1,734	1,595	1,505
Income taxes	(335)	(360)	(325)	(304)
<b>Net profit</b>	<b>1,370</b>	<b>1,374</b>	<b>1,270</b>	<b>1,201</b>
<b>EPS (B)</b>	<b>0.65</b>	<b>0.65</b>	<b>0.60</b>	<b>0.57</b>
<b>Normalized profit</b>	<b>1,370</b>	<b>1,374</b>	<b>1,270</b>	<b>1,201</b>
<b>Normalized EPS (B)</b>	<b>0.65</b>	<b>0.65</b>	<b>0.60</b>	<b>0.57</b>
Credit cost	0.88%	0.86%	0.72%	0.92%
Financial Ratio				
Ended 31 Dec.	2020	2021F	2022F	2023F
Yield	21.24%	18.74%	17.98%	17.98%
Funding cost	3.68%	3.42%	3.50%	3.60%
Spread	17.56%	15.32%	14.48%	14.38%
NIM	18.48%	16.20%	15.44%	15.36%
Interest-bearing debt / Equity	2.64	2.65	2.77	2.75
Cost to income ratio	47.4%	48.9%	50.4%	51.8%
ROAA	28.4%	22.7%	21.8%	21.3%
ROAE	7.5%	6.1%	5.7%	5.6%

Source : ASPS Research



### 2021-2023F Earnings Forecast (Cont.)

Balance Sheet (Million B)				
Ended 31 Dec.	2020	2021F	2022F	2023F
Cash & bank deposits	1,378	890	886	913
Loans	70,237	90,658	113,323	135,988
Less Deferred interest income	816	1,628	2,036	2,443
Less Allowance for doubtful accounts	(1,326)	(2,339)	(2,923)	(3,508)
Net loans	69,727	89,948	112,436	134,922
Other assets	6,117	3,035	3,661	4,265
<b>Total assets</b>	<b>77,222</b>	<b>93,873</b>	<b>116,983</b>	<b>140,100</b>
Borrowings	54,537	66,565	84,078	100,590
Other liabilities	2,002	2,226	2,552	2,931
Total liabilities	56,540	68,791	86,630	103,521
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	20,375	25,646	31,873
<b>Shareholders' equity</b>	<b>20,682</b>	<b>25,082</b>	<b>30,353</b>	<b>36,580</b>
<b>Total liabilities and shareholders' equity</b>	<b>77,222</b>	<b>93,873</b>	<b>116,983</b>	<b>140,100</b>

Quarterly Balance Statement				
Ended 31 Dec.	4Q20	1Q21	2Q21	3Q21
Cash & bank deposits	1,378	984	1,327	1,521
Loans	70,237	73,286	80,104	85,285
Less Deferred interest income	816	339	(195)	(251)
Less Allowance for doubtful accounts	(1,326)	(1,314)	(1,436)	(1,597)
Net loans	69,727	72,311	78,472	83,436
Other assets	6,117	6,448	6,772	6,941
<b>Total assets</b>	<b>77,222</b>	<b>79,742</b>	<b>86,570</b>	<b>91,898</b>
Borrowings	54,537	55,727	62,361	66,602
Other liabilities	2,002	1,958	1,665	1,550
Total liabilities	56,540	57,685	64,025	68,152
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,587	2,589	2,590	2,591
Retained earnings	15,975	17,349	17,835	19,036
<b>Shareholders' equity</b>	<b>20,682</b>	<b>22,058</b>	<b>22,545</b>	<b>23,747</b>
<b>Total liabilities and shareholders' equity</b>	<b>77,222</b>	<b>79,742</b>	<b>86,570</b>	<b>91,898</b>

Financial Assumption				
Ended 31 Dec.	2020	2021F	2022F	2023F
Loans growth	17.6%	29.9%	25.0%	20.0%
Net interest income growth	17.3%	8.9%	21.2%	21.6%
Other income growth	-0.1%	9.9%	21.7%	21.9%
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%	8.3%	7.1%	6.5%

Source : ASPS Research