

EQUITY TALK

4Q21 Result Notes

BY RESEARCH DIVISION

February 15, 2022



Higher cost

4Q21 net profit was B1.1bn (12% below forecast), falling 8%qoq and 20%yoy. Cost to income ratio and credit cost increased, totally negating net loan growth in 4Q21.

We revise down 2022-2023 forecast by 15% to reflect higher cost to income ratio and lower and lower fee income at present. We estimate 2022 net profit to grow 4%yoy, driven by net loan growth of 25%yoy. New 2022 fair value is B52. We downgrade MTC from BUY to Switch as core businesses recover less than expected.

MTC

Rec. : Switch

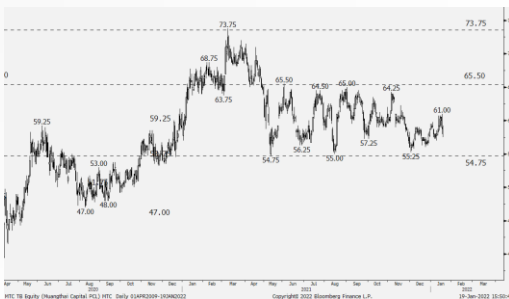
Current Price (B)	56.75
Target Price (B)	52.00
Upside (%)	-8.4
Dividend Yield (%)	0.6

Key Financial Forecast

Ending Dec 31	2020	2021	2022F	2023F	2024F
Net Profit	5,214	4,945	5,154	5,980	7,025
EPS (B)	2.46	2.33	2.43	2.82	3.31
EPS Growth (%)	23.0%	-5.2%	4.2%	16.0%	17.5%
PER (x)	23.1	24.3	23.3	20.1	17.1
PBV (x)	5.8	4.8	4.1	3.5	3.0
Dividend Yields (%)	0.7%	0.7%	0.6%	0.7%	0.9%
ROE (%)	28.4%	21.7%	19.1%	18.8%	18.7%

Source: ASPS Research

Technical Chart



Source: ASPS Research

Technical Comment

MTC Price Trend: Sideway

Supportive: 55.00

Resistance : 61.00

RESEARCH DIVISION

Asia Plus Securities

Anakepong Putthapibal

Fundamental Investment Analyst on Securities

License No.: 063609

Consensus Analysis

ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2022F	2.43	2.90	-16%
2023F	2.82	3.52	-20%

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	4Q21	%QoQ	%YoY	2021	2020	%YoY
Interest Income	3,385	3,555	3,690	3,585	3,684	3,844	4,082	6.2%	10.6%	15,195	13,962	8.8%
Interest Expense	(447)	(467)	(470)	(477)	(507)	(557)	(587)	5.3%	24.7%	(2,127)	(1,817)	17.1%
Net Interest Income	2,938	3,088	3,219	3,108	3,177	3,287	3,495	6.3%	8.6%	13,068	12,145	7.6%
Bad Debt & Doubtful Account	(25)	(52)	(152)	(156)	(138)	(189)	(265)	40.1%	74.3%	(748)	(291)	156.9%
Net Interest Income after Bad Debt	2,913	3,036	3,067	2,953	3,039	3,098	3,230	4.3%	5.3%	12,320	11,853	3.9%
Other Income	180	182	237	282	213	188	160	-14.7%	-32.5%	843	807	4.4%
SG&A	(1,520)	(1,533)	(1,599)	(1,502)	(1,657)	(1,780)	(2,023)	13.6%	26.5%	(6,961)	(6,144)	13.3%
Earnings before Tax	1,573	1,684	1,705	1,734	1,595	1,505	1,368	-9.1%	-19.8%	6,201	6,516	-4.8%
Income Tax	(307)	(344)	(335)	(360)	(325)	(304)	(268)	-12.1%	-20.1%	(1,257)	(1,303)	-3.5%
Net Profit	1,267	1,340	1,370	1,374	1,270	1,201	1,100	-8.4%	-19.7%	4,945	5,214	-5.2%
EPS (B)	0.60	0.63	0.65	0.65	0.60	0.57	0.52	-8.4%	-19.7%	2.33	2.46	-5.2%
Loan Growth	1.1%	6.1%	5.6%	3.6%	8.5%	6.4%	8.1%			29.3%	17.6%	
Yields	21.46%	21.76%	21.33%	19.82%	19.20%	18.64%	18.46%			18.65%	21.24%	
Funding Cost	3.60%	3.65%	3.53%	3.46%	3.44%	3.46%	3.40%			3.38%	3.68%	
Spread	17.86%	18.11%	17.80%	16.37%	15.76%	15.19%	15.05%			15.27%	17.56%	
Cost to Income Ratio	48.7%	46.9%	46.3%	44.3%	48.9%	51.2%	55.3%			50.0%	47.4%	
NPL/TL	1.04%	1.00%	1.05%	0.96%	1.10%	1.17%	1.39%			1.39%	1.05%	
Credit Cost	0.16%	0.32%	0.88%	0.86%	0.72%	0.92%	1.20%			0.92%	0.43%	
LLR/NPL	211.7%	199.4%	177.7%	185.4%	162.8%	160.2%	143.6%			143.6%	177.7%	

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



2022-2024F Earnings Forecast

Income Statement (Million B)				
Ended 31 Dec.	2021	2022F	2023F	2024F
Interest income	15,195	18,254	22,814	27,376
Interest expenses	(2,127)	(2,779)	(3,456)	(4,195)
Net interest income	13,068	15,475	19,357	23,182
Bad debt & doubtful account	(748)	(922)	(1,106)	(1,327)
Net interest income after bad debt	12,320	14,553	18,251	21,854
Other income	843	860	885	920
SG&A	(6,961)	(8,970)	(11,661)	(13,993)
Earnings before taxes	6,201	6,443	7,475	8,781
Income taxes	(1,257)	(1,289)	(1,495)	(1,756)
Net profit	4,945	5,154	5,980	7,025
EPS (B)	2.33	2.43	2.82	3.31
Normalized profit	5,693	6,076	7,086	8,352
Normalized EPS (B)	2.69	2.87	3.34	3.94

Quarterly Income Statement				
Ended 31 Dec.	1Q21	2Q21	3Q21	4Q21
Interest income	3,585	3,684	3,844	4,082
Interest expenses	(477)	(507)	(557)	(587)
Net interest income	3,108	3,177	3,287	3,495
Bad debt & doubtful account	(156)	(138)	(189)	(265)
Net interest income after bad debt	2,953	3,039	3,098	3,230
Other income	282	213	188	160
SG&A	(1,502)	(1,657)	(1,780)	(2,023)
Earnings before taxes	1,734	1,595	1,505	1,368
Income taxes	(360)	(325)	(304)	(268)
Net profit	1,374	1,270	1,201	1,100
EPS (B)	0.65	0.60	0.57	0.52
Normalized profit	1,374	1,270	1,201	1,100
Normalized EPS (B)	0.65	0.60	0.57	0.52
Credit cost	0.86%	0.72%	0.92%	1.20%

Financial Ratio				
Ended 31 Dec.	2021	2022F	2023F	2024F
Yield	18.65%	17.63%	18.00%	18.00%
Funding cost	3.38%	3.50%	3.60%	3.65%
Spread	15.27%	14.13%	14.40%	14.35%
NIM	16.04%	14.94%	15.27%	15.24%
Debt / Equity	2.87	2.99	3.03	3.09
Cost to income ratio	50.0%	54.9%	57.6%	58.1%
ROAA	21.7%	19.1%	18.8%	18.7%
ROAE	5.6%	4.7%	4.6%	4.5%

Source : ASPS Research



2022-2024F Earnings Forecast (Cont.)

Balance Sheet (Million B)

Ended 31 Dec.	2021	2022F	2023F	2024F
Cash & bank deposits	1,306	581	366	434
Loans	92,442	113,185	135,822	162,986
Less Deferred interest income	(541)	2,036	2,443	2,931
Less Allowance for doubtful accounts	(1,832)	(2,923)	(3,508)	(4,209)
Net loans	90,069	112,298	134,756	161,708
Other assets	7,015	6,639	7,040	7,422
Total assets	98,390	119,519	142,162	169,563
Borrowings	71,325	87,499	104,525	125,320
Other liabilities	2,197	2,781	3,192	3,671
Total liabilities	73,521	90,280	107,717	128,991
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,592	2,592	2,592	2,592
Retained earnings	20,157	24,527	29,733	35,860
Shareholders' equity	24,869	29,238	34,445	40,572
Total liabilities and shareholders' equity	98,390	119,519	142,162	169,563

Quarterly Balance Statement

Ended 31 Dec.	1Q21	2Q21	3Q21	4Q21
Cash & bank deposits	984	1,327	1,521	1,306
Loans	73,286	80,104	85,285	92,442
Less Deferred interest income	339	(195)	(251)	(541)
Less Allowance for doubtful accounts	(1,314)	(1,436)	(1,597)	(1,832)
Net loans	72,311	78,472	83,436	90,069
Other assets	6,448	6,772	6,941	7,015
Total assets	79,742	86,570	91,898	98,390
Borrowings	55,727	62,361	66,602	71,325
Other liabilities	1,958	1,665	1,550	2,197
Total liabilities	57,685	64,025	68,152	73,521
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,589	2,590	2,591	2,592
Retained earnings	17,349	17,835	19,036	20,157
Shareholders' equity	22,058	22,545	23,747	24,869
Total liabilities and shareholders' equity	79,742	86,570	91,898	98,390

Financial Assumption

Ended 31 Dec.	2021	2022F	2023F	2024F
Loans growth	29.3%	25.4%	20.0%	20.0%
Net interest income growth	7.6%	18.4%	25.1%	19.8%
Other income growth	4.4%	2.0%	2.9%	4.0%
Credit cost	20.3%	20.0%	20.0%	20.0%
NPL/TL	1.39%	1.15%	1.15%	1.15%
LLR/NPL	143.6%	220.6%	220.6%	220.6%
LLR/TL	1.99%	2.54%	2.54%	2.54%
STL/TL	5.9%	6.9%	6.2%	5.6%

Source : ASPS Research