

# EQUITY TALK

## 1Q22 Result Note

BY RESEARCH DIVISION

May 11, 2022



### 1Q22 net profit grows. Upgrade to BUY

1Q22 net profit grew 25%qoq and exceeded forecast by 18%. Loans continued to grow while credit cost temporarily decreased, totally offsetting a drop in spreads. 2Q22 net profit is expected to stay flat qoq. Although loans will grow further, credit cost is expected to increase because rising inflation hurts customers' ability to repay debt.

2022 net profit is estimated to grow 4%yoy, driven by net loan growth of 25%yoy. MTC already fell 22%ytd, so it currently has PBV of only 3.3x (2.6SD below the five-year average) and 14% upside. We upgrade MTC from Switch to BUY.

# MTC

Rec. : **BUY**

Current Price (B) 45.75

Target Price (B) 52.00

Upside (%) 13.7

Dividend Yield (%) 0.8

### 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)             | 18.6  | 19.6  | 18.8  | 16.2  | 13.8  |
| PBV (x)             | 4.7   | 3.9   | 3.3   | 2.8   | 2.4   |
| Dividend Yields (%) | 0.8%  | 0.8%  | 0.8%  | 0.9%  | 1.1%  |
| ROE (%)             | 28.4% | 21.7% | 19.1% | 18.8% | 18.7% |

Source: ASPS Research

### Technical Chart



Source: ASPS Research

### Technical Comment

MTC Price Trend: Downtrend

Supportive: 42.25 / 48.25

Resistance : 54.50

### RESEARCH DIVISION

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### Consensus Analysis

#### ASPS vs IAA Consensus

| EPS (B) | ASPS | IAA Cons | % diff |
|---------|------|----------|--------|
| 2022F   | 2.43 | 2.63     | -8%    |
| 2023F   | 2.82 | 3.24     | -13%   |

Source: ASPS and IAA consensus

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

Source: SETTRADE / ASPS Research

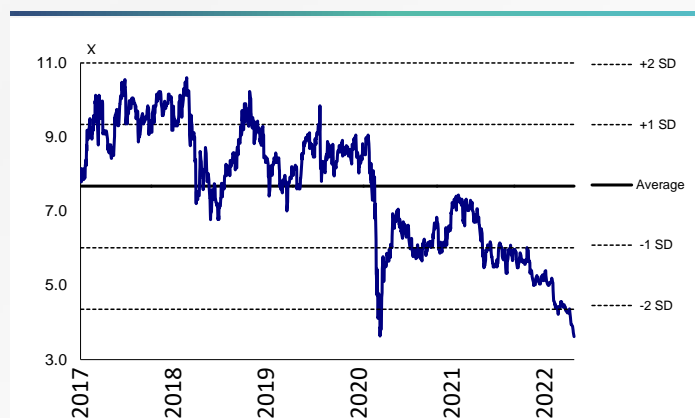


### Earnings Results by Quarter

| Million B                                 | 2Q20         | 3Q20         | 4Q20         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | 1Q22         | %QoQ         | %YoY         | 2021          | 2020          | %YoY         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Interest Income                           | 3,385        | 3,555        | 3,690        | 3,585        | 3,684        | 3,844        | 4,082        | 4,285        | 5.0%         | 19.5%        | 15,195        | 13,962        | 8.8%         |
| Interest Expense                          | (447)        | (467)        | (470)        | (477)        | (507)        | (557)        | (587)        | (604)        | 2.9%         | 26.7%        | (2,127)       | (1,817)       | 17.1%        |
| <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>3,495</b> | <b>3,682</b> | <b>5.3%</b>  | <b>18.4%</b> | <b>13,068</b> | <b>12,145</b> | <b>7.6%</b>  |
| Bad Debt & Doubtful Account               | (25)         | (52)         | (152)        | (156)        | (138)        | (189)        | (265)        | (169)        | -36.2%       | 8.7%         | (748)         | (291)         | 156.9%       |
| <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>3,230</b> | <b>3,512</b> | <b>8.7%</b>  | <b>19.0%</b> | <b>12,320</b> | <b>11,853</b> | <b>3.9%</b>  |
| Other Income                              | 180          | 182          | 237          | 282          | 213          | 188          | 160          | 183          | 14.2%        | -35.2%       | 843           | 807           | 4.4%         |
| SG&A                                      | (1,520)      | (1,533)      | (1,599)      | (1,502)      | (1,657)      | (1,780)      | (2,023)      | (1,963)      | -3.0%        | 30.7%        | (6,961)       | (6,144)       | 13.3%        |
| <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>1,368</b> | <b>1,732</b> | <b>26.7%</b> | <b>-0.1%</b> | <b>6,201</b>  | <b>6,516</b>  | <b>-4.8%</b> |
| Income Tax                                | (307)        | (344)        | (335)        | (360)        | (325)        | (304)        | (268)        | (357)        | 33.3%        | -0.9%        | (1,257)       | (1,303)       | -3.5%        |
| <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>1,100</b> | <b>1,376</b> | <b>25.0%</b> | <b>0.1%</b>  | <b>4,945</b>  | <b>5,214</b>  | <b>-5.2%</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>0.52</b>  | <b>0.65</b>  | <b>25.0%</b> | <b>0.1%</b>  | <b>2.33</b>   | <b>2.46</b>   | <b>-5.2%</b> |
| Loan Growth                               | 1.1%         | 6.1%         | 5.6%         | 3.6%         | 8.5%         | 6.4%         | 8.1%         | 7.4%         |              |              | 29.3%         | 17.6%         |              |
| Yields                                    | 21.46%       | 21.76%       | 21.33%       | 19.82%       | 19.20%       | 18.64%       | 18.46%       | 17.99%       |              |              | 18.65%        | 21.24%        |              |
| Funding Cost                              | 3.60%        | 3.65%        | 3.53%        | 3.46%        | 3.44%        | 3.46%        | 3.40%        | 3.25%        |              |              | 3.38%         | 3.68%         |              |
| Spread                                    | 17.86%       | 18.11%       | 17.80%       | 16.37%       | 15.76%       | 15.19%       | 15.05%       | 14.74%       |              |              | 15.27%        | 17.56%        |              |
| Cost to Income Ratio                      | 48.7%        | 46.9%        | 46.3%        | 44.3%        | 48.9%        | 51.2%        | 55.3%        | 50.8%        |              |              | 50.0%         | 47.4%         |              |
| NPL/TL                                    | 1.04%        | 1.00%        | 1.05%        | 0.96%        | 1.10%        | 1.17%        | 1.39%        | 1.65%        |              |              | 1.39%         | 1.05%         |              |
| Credit Cost                               | 0.16%        | 0.32%        | 0.88%        | 0.86%        | 0.72%        | 0.92%        | 1.20%        | 0.71%        |              |              | 0.92%         | 0.43%         |              |
| LLR/NPL                                   | 211.7%       | 199.4%       | 177.7%       | 185.4%       | 162.8%       | 160.2%       | 143.6%       | 112.9%       |              |              | 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

# EQUITY TALK

## Company Update

BY RESEARCH DIVISION



### 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)      |
| <b>Net profit</b>                  | <b>4,945</b> | <b>5,154</b> | <b>5,980</b> | <b>7,025</b> |
| <b>EPS (B)</b>                     | <b>2.33</b>  | <b>2.43</b>  | <b>2.82</b>  | <b>3.31</b>  |
| 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.                      | 2Q21         | 3Q21         | 4Q21         | 1Q22         |
| Interest income                    | 3,684        | 3,844        | 4,082        | 4,285        |
| Interest expenses                  | (507)        | (557)        | (587)        | (604)        |
| Net interest income                | 3,177        | 3,287        | 3,495        | 3,682        |
| Bad debt & doubtful account        | (138)        | (189)        | (265)        | (169)        |
| Net interest income after bad debt | 3,039        | 3,098        | 3,230        | 3,512        |
| Other income                       | 213          | 188          | 160          | 183          |
| SG&A                               | (1,657)      | (1,780)      | (2,023)      | (1,963)      |
| Earnings before taxes              | 1,595        | 1,505        | 1,368        | 1,732        |
| Income taxes                       | (325)        | (304)        | (268)        | (357)        |
| <b>Net profit</b>                  | <b>1,270</b> | <b>1,201</b> | <b>1,100</b> | <b>1,376</b> |
| <b>EPS (B)</b>                     | <b>0.60</b>  | <b>0.57</b>  | <b>0.52</b>  | <b>0.65</b>  |
| <b>Normalized profit</b>           | 1,270        | 1,201        | 1,100        | 1,376        |
| <b>Normalized EPS (B)</b>          | 0.60         | 0.57         | 0.52         | 0.65         |
| Credit cost                        | 0.72%        | 0.92%        | 1.20%        | 0.71%        |
| 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%        |
| ROE                                | 21.7%        | 19.1%        | 18.8%        | 18.7%        |
| ROA                                | 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          |
| <b>Total assets</b>                               | <b>98,390</b> | <b>119,519</b> | <b>142,162</b> | <b>169,563</b> |
| 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         |
| <b>Shareholders' equity</b>                       | <b>24,869</b> | <b>29,238</b>  | <b>34,445</b>  | <b>40,572</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>98,390</b> | <b>119,519</b> | <b>142,162</b> | <b>169,563</b> |

#### Quarterly Balance Statement

| Ended 31 Dec.                                     | 2Q21          | 3Q21          | 4Q21          | 1Q22           |
|---|---------------|---------------|---------------|----------------|
| Cash & bank deposits                              | 1,327         | 1,521         | 1,306         | 1,652          |
| Loans   | 80,104        | 85,285        | 92,442        | 99,637         |
| Less Deferred interest income                     | (195)         | (251)         | (541)         | (944)          |
| Less Allowance for doubtful accounts              | (1,436)       | (1,597)       | (1,832)       | (1,840)        |
| Net loans   | 78,472        | 83,436        | 90,069        | 96,853         |
| Other assets                                      | 6,772         | 6,941         | 7,015         | 7,306          |
| <b>Total assets</b>                               | <b>86,570</b> | <b>91,898</b> | <b>98,390</b> | <b>105,811</b> |
| Borrowings  | 62,361        | 66,602        | 71,325        | 77,335         |
| Other liabilities                                 | 1,665         | 1,550         | 2,197         | 2,232          |
| Total liabilities                                 | 64,025        | 68,152        | 73,521        | 79,567         |
| Paid-up share capital                             | 2,120         | 2,120         | 2,120         | 2,120          |
| Other reserves                                    | 2,590         | 2,591         | 2,592         | 2,592          |
| Retained earnings                                 | 17,835        | 19,036        | 20,157        | 21,532         |
| <b>Shareholders' equity</b>                       | <b>22,545</b> | <b>23,747</b> | <b>24,869</b> | <b>26,244</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>86,570</b> | <b>91,898</b> | <b>98,390</b> | <b>105,811</b> |

#### 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