

July 18, 2022

2Q22 PROFIT TO GROW

2Q22 net profit is estimated at B1.4bn, growing 1%qoq and 9%yoy. Continuous loans growth and expense control will outweigh higher credit cost. NPL/loan is expected to rise to 1.8%. End-2Q22 coverage ratio is expected to stay high at 106%.

2022 net profit is estimated to grow 4%yoy thanks to loan growth. 3Q22 net profit is projected to grow further yoy as loan growth will totally negate a rise in credit cost. 2022 fair value is B52. MTC already fell 28%ytd. PBV is 3.1x now, 2.6SD down from the five-year average. Interest rate hike and inflation are already priced in. BUY.

MTC

REC. BUY

Current Price (B)	42.25
Target Price (B)	52.00
Upside (%)	23.1
Dividend yield (%)	0.9

ESG RATING

Arabesque S-Ray	44.75
Moody's	-
MSCI	A
Refinitiv	58.81
S&P	42.82
Source: Settrade	

CG Score	Excellent
Anti-corruption	Certified

CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2022F	2.43	2.71	-10%
2023F	2.82	3.31	-15%

Source: ASPS Research / IAA consensus

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)	17.2	18.1	17.4	15.0	12.8
PBV (x)	4.3	3.6	3.1	2.6	2.2
Dividend Yields (%)	0.9%	0.9%	0.9%	1.0%	1.2%
ROE (%)	28.4%	21.7%	19.1%	18.8%	18.7%

Source: ASPS Research

TECHNICAL CHART



Source: ASPS Research

TECHNICAL COMMENT

MTC Price Trend: Sideways

Supportive: 40.50

Resistance: 44.50 / 50.50

RESEARCH DIVISION

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EARNINGS RESULTS BY QUARTER

Muangthai Leasing

Million B	3Q63	4Q63	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22F	%QoQ	%YoY	1H22F	1H21	%YoY
Interest Income	3,555	3,690	3,585	3,684	3,844	4,082	4,285	4,574	6.8%	24.2%	8,860	7,269	21.9%
Interest Expense	(467)	(470)	(477)	(507)	(557)	(587)	(604)	(660)	9.4%	30.2%	(1,264)	(984)	28.5%
Net Interest Income	3,088	3,219	3,108	3,177	3,287	3,495	3,682	3,914	6.3%	23.2%	7,596	6,286	20.8%
Bad Debt & Doubtful Account	(52)	(152)	(156)	(138)	(189)	(265)	(169)	(305)	80.2%	121.2%	(474)	(294)	61.5%
Net Interest Income after Bad Debt	3,036	3,067	2,953	3,039	3,098	3,230	3,512	3,609	2.8%	18.7%	7,121	5,992	18.8%
Other Income	182	237	282	213	188	160	183	170	-7.1%	-20.0%	353	495	-28.7%
SG&A	(1,533)	(1,599)	(1,502)	(1,657)	(1,780)	(2,023)	(1,963)	(2,042)	4.0%	23.3%	(4,005)	(3,158)	26.8%
Earnings before Tax	1,684	1,705	1,734	1,595	1,505	1,368	1,732	1,737	0.3%	8.9%	3,469	3,329	4.2%
Income Tax	(344)	(335)	(360)	(325)	(304)	(268)	(357)	(347)	-2.6%	6.9%	(704)	(685)	2.8%
Net Profit	1,340	1,370	1,374	1,270	1,201	1,100	1,376	1,390	1.0%	9.4%	2,765	2,644	4.6%
EPS (B)	0.63	0.65	0.65	0.60	0.57	0.52	0.65	0.66	1.0%	9.4%	1.30	1.25	4.6%
Loan Growth	6.1%	5.6%	3.6%	8.5%	6.4%	8.1%	7.4%	6.0%			13.8%	12.5%	
Yields	21.76%	21.33%	19.82%	19.20%	18.64%	18.46%	17.99%	18.00%			18.03%	19.26%	
Funding Cost	3.65%	3.53%	3.46%	3.44%	3.46%	3.40%	3.25%	3.30%			3.28%	3.37%	
Spread	18.11%	17.80%	16.37%	15.76%	15.19%	15.05%	14.74%	14.70%			14.75%	15.90%	
Cost to Income Ratio	46.9%	46.3%	44.3%	48.9%	51.2%	55.3%	50.8%	50.0%			50.4%	46.6%	
NPL/TL	1.00%	1.05%	0.96%	1.10%	1.17%	1.39%	1.65%	1.80%			1.80%	1.10%	
Credit Cost	0.32%	0.88%	0.86%	0.72%	0.92%	1.20%	0.71%	1.20%			0.97%	0.78%	
LLR/NPL	199.4%	177.7%	185.4%	162.8%	160.2%	143.6%	112.9%	105.8%			105.8%	162.8%	

Source : Financial Statement / 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.	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)
Net profit	1,270	1,201	1,100	1,376
EPS (B)	0.60	0.57	0.52	0.65
Normalized profit	1,270	1,201	1,100	1,376
Normalized EPS (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
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.	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
Total assets	86,570	91,898	98,390	105,811
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
Shareholders' equity	22,545	23,747	24,869	26,244
Total liabilities and shareholders' equity	86,570	91,898	98,390	105,811

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