

Saksiam Leasing Pcl (SAK TB) - BUY, Price Bt8.90, TP Bt10.00

Results Comment

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All time high profits, as expected.

- SAK's 3Q21 profits came in strong as expected at Bt166m, up 7% y-y and 21% q-q. With robust loan growth and stabilizing yield, we expect even stronger profits in 4Q21 and re-iterate BUY.
- SAK released excess provisions of Bt21m in 3Q20. Despite a set aside of 1.2% credit costs along with growing new loans in the quarter, net profits were still a new record in 3Q21.
- Pre-provisioning profits grew 34% y-y and 27% q-q in light of loan growth of 32% y-y and 7% q-q, improving yield q-q and operating leverage effect.
- SAK's motorcycle HP loans grew over 200% y-y and 11% q-q to account for 4.4% of total loans.
- With lesser degree of contract rollover effect and growing portion of higher yield personal and HP loans, yield improved 35bps q-q.
- As it completed the new branch opening of 200 in 2Q21, opex started to come down while revenues are catching up. Cost to income ratio was then down to 50% from 56.5% in 2Q21 and 53% in 3Q20.
- NPLs increased 10% q-q to 2.2% of total loans. Along with growing new loans, provisions rose 110% q-q.
- SAK's loan loss coverage ratio ended the quarter at 107%.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Interest income	397	396	394	440	489	Interest & dividend income	11	23	75	1,766	2,327
Interest expense	28	31	25	21	27	Interest expense	27	(4)	79	94	154
Net interest income	369	365	369	418	462	Net interest income	10	25	75	1,672	2,173
Non-interest income	1	1	2	2	2	Non-interest income	(0)	44	98	6	11
Total income	370	366	371	420	464	Total income	10	25	75	1,678	2,184
Operating expense	197	188	218	238	232	Operating expense	(2)	18	79	867	1,034
Pre-provisioning profit	173	179	153	183	232	Pre-provisioning profit	27	34	70	811	1,150
Provision for bad&doubtful debt	(21)	(13)	5	12	25	Provision for bad&doubtful debt	110	neg	88	47	63
Profit before tax	194	192	148	171	208	Profit before tax	21	7	69	764	1,087
Tax	38	38	29	34	41	Tax	22	8	68	153	217
Profit after tax	156	153	119	137	166	Profit after tax	21	7	69	612	869
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	156	153	119	137	166	Net profit	21	7	69	612	869
Normalized profit	156	153	119	137	166	Normalized profit	21	7	69	612	869
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1	PPP/share (Bt)	27	(1)	70	0.5	0.7
EPS (Bt)	0.1	0.1	0.1	0.1	0.1	EPS (Bt)	21	(21)	69	0.4	0.5
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1	Norm EPS (Bt)	21	(21)	69	0.4	0.5
BV/share (Bt)	1.5	2.2	2.2	2.2	2.2	BV/share (Bt)	4	45	2	2.6	2.9

Balance Sheet						Financial Ratios					
(consolidated)											
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash and cash equivalent	193	307	215	230	293	Gross loan growth (YTD)	(5.1)	(3.0)	6.6	19.6	28.3
Other current assets	15	10	27	36	28	Gross loan growth (q-q)	2.5	2.2	6.6	12.2	7.3
Total current assets	209	317	242	266	321	Borrowing growth (YTD)	2.1	(2.6)	(31.6)	(9.1)	1.6
Gross loans and accrued interest	6,427	6,568	6,976	7,822	8,417	Borrowing growth (q-q)	18.1	(4.5)	(31.6)	32.8	11.7
Provisions	180	162	165	173	195	Non-interest income (y-y)	34.9	(20.4)	42.1	158.6	43.7
Net loans	6,247	6,406	6,811	7,649	8,222	Non-interest income (q-q)	79.5	6.3	62.5	(16.6)	(0.2)
Fixed assets	114	109	114	129	125	Cost-to-income	53.2	51.2	58.8	56.5	49.9
Other assets	294	1,945	382	375	372	Net interest margin	21.6	18.7	18.1	21.0	21.2
Total assets	6,864	8,778	7,549	8,419	9,040	Credit cost	(1.34)	(0.79)	0.28	0.60	1.18
Short term borrowing	3,124	2,866	2,000	2,706	2,720	ROE	23.2	17.8	10.4	12.0	14.4
Current portion of LT loans	294	371	-	87	633	ROA	9.2	7.8	5.8	6.9	7.6
Other current liabilities	246	207	215	219	211	Loan-to-borrowing	143.7	153.8	238.7	201.5	194.1
Total current liabilities	3,664	3,444	2,215	3,012	3,564	Loan-to-total equity	261.1	142.1	147.2	168.6	174.8
Borrowings	617	593	448	615	531	NPLs (Btm)	168.2	143.3	149.4	166.6	182.8
Other liabilities	191	233	259	255	242	NPL increase	(39.8)	(24.9)	6.1	17.2	16.3
Minority interest	-	-	-	-	-	NPL ratio (%)	2.62	2.18	2.14	2.13	2.17
Shareholders' equity	2,392	4,508	4,627	4,538	4,704	Loan loss coverage ratio (%)	106.9	113.3	110.2	103.8	106.7
Total Liabilities & Equity	6,864	8,778	7,549	8,419	9,040						

Sources: Company data, Thanachart estimates

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