

## Ratchthani Leasing Pcl (THANI TB) - BUY, Price Bt4.12, TP Bt5.00

## Results Comment

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

## Weak profits as expected

- Hit by lockdown and rising provisions, THANI profits came in weak as expected at Bt401m, down 15% y-y and 6% q-q. The results were in line as we expect business momentum to recover post-reopening, we re-iterate BUY.
- With slower new loans, loans contracted 2% q-q, bringing YTD growth to just 2%.
- But yield picked up very good along with lower cost of funds. As a result, NIM was higher than 5%.
- Opex rose 7% y-y and 10% q-q. This was partly due to impairment losses on repossessed inventories. This would come down once THANI liquidate them.
- NPLs rose 23% q-q to 4% of total loans. We believe this was due to lockdown impact and THANI put aside higher provisions of 519% y-y and 66% q-q.
- Loan loss coverage was 70% by end of 3Q21.

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	859	884	843	843	923	Interest & dividend income	9	7	76	3,442	3,654
Interest expense	273	254	229	228	231	Interest expense	1	(15)	77	899	937
<b>Net interest income</b>	<b>586</b>	<b>629</b>	<b>613</b>	<b>616</b>	<b>692</b>	<b>Net interest income</b>	<b>12</b>	<b>18</b>	<b>76</b>	<b>2,542</b>	<b>2,717</b>
Non-interest income	178	186	189	190	177	Non-interest income	(7)	(0)	73	762	876
Total income	764	816	803	806	870	Total income	8	14	75	3,304	3,593
Operating expense	140	130	141	137	151	Operating expense	10	7	79	543	548
<b>Pre-provisioning profit</b>	<b>624</b>	<b>685</b>	<b>661</b>	<b>669</b>	<b>719</b>	<b>Pre-provisioning profit</b>	<b>8</b>	<b>15</b>	<b>74</b>	<b>2,761</b>	<b>3,045</b>
Provision for bad&doubtful debt	37	96	106	140	231	Provision for bad&doubtful debt	66	519	74	649	571
Profit before tax	587	590	555	529	488	Profit before tax	(8)	(17)	74	2,113	2,473
Tax	114	110	128	101	87	Tax	(14)	(24)	75	423	495
Profit after tax	472	480	427	428	401	Profit after tax	(6)	(15)	74	1,690	1,979
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	(0)	0	(0)	(0)	(0)	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>472</b>	<b>480</b>	<b>427</b>	<b>428</b>	<b>401</b>	<b>Net profit</b>	<b>(6)</b>	<b>(15)</b>	<b>74</b>	<b>1,690</b>	<b>1,979</b>
<b>Normalized profit</b>	<b>472</b>	<b>480</b>	<b>427</b>	<b>428</b>	<b>401</b>	<b>Normalized profit</b>	<b>(6)</b>	<b>(15)</b>	<b>74</b>	<b>1,690</b>	<b>1,979</b>
PPP/share (Bt)	0.2	0.1	0.1	0.1	0.1	PPP/share (Bt)	8	(23)	74	0.5	0.5
EPS (Bt)	0.1	0.1	0.1	0.1	0.1	EPS (Bt)	(6)	(43)	74	0.3	0.3
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1	Norm EPS (Bt)	(6)	(43)	74	0.3	0.3
BV/share (Bt)	2.2	1.9	2.0	1.9	2.0	BV/share (Bt)	4	(12)	2	2.0	2.2

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash and cash equivalent	1,118	1,044	975	1,144	829	Gross loan growth (YTD)	(5.4)	(8.1)	1.0	2.2	2.0
Other current assets	126	137	176	202	192	Gross loan growth (q-q)	(1.5)	(2.9)	1.0	1.2	(0.2)
Total current assets	1,244	1,181	1,151	1,346	1,021	Borrowing growth (YTD)	(6.7)	(12.9)	(0.7)	3.1	(6.3)
Gross loans and accrued interest	49,421	47,976	48,469	49,098	49,099	Borrowing growth (q-q)	(9.5)	(0.1)	(0.0)	3.9	(9.1)
Provisions	2,413	1,228	1,240	1,321	1,482	Non-interest income (y-y)	2.1	4.7	0.5	(2.2)	(0.5)
Net loans	47,008	46,748	47,229	47,777	47,617	Non-interest income (q-q)	(8.5)	4.6	1.6	0.5	(6.9)
Fixed assets	167	147	151	156	165	Cost-to-income	18.4	16.0	17.6	17.0	17.3
Other assets	411	442	435	439	482	Net interest margin	4.63	5.17	5.03	4.99	5.60
<b>Total assets</b>	<b>48,830</b>	<b>48,518</b>	<b>48,966</b>	<b>49,717</b>	<b>49,285</b>	Credit cost	0.27	0.72	0.79	1.03	1.70
Short term borrowing	4,535	5,372	9,185	8,589	9,720	ROE	23.0	19.9	15.5	15.6	14.7
Current portion of LT loans	11,313	5,619	3,749	7,911	4,624	ROA	3.7	3.9	3.5	3.5	3.2
Other current liabilities	1,048	966	1,262	1,135	3,741	Loan-to-borrowing	140	145	148	144	158
Total current liabilities	16,897	11,958	14,196	17,634	18,085	Loan-to-total equity	650	493	478	508	489
Borrowings	5,179	7,590	7,595	2,645	2,044	NPLs (Bt m)	2,669	1,500	1,563	1,714	2,109
Other liabilities	18,308	18,152	15,929	18,728	18,045	NPL increase	114	(1,169)	63	151	395
Minority interest	0	0	0	0	0	NPL ratio	5.4	3.1	3.2	3.5	4.3
<b>Shareholders' equity</b>	<b>8,447</b>	<b>10,819</b>	<b>11,246</b>	<b>10,710</b>	<b>11,111</b>	Loan-loss-coverage ratio	90	82	79	77	70
<b>Total Liabilities &amp; Equity</b>	<b>48,830</b>	<b>48,518</b>	<b>48,966</b>	<b>49,717</b>	<b>49,285</b>						

Sources: Company data, Thanachart estimates

**Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).**

---

## General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 149 Derivative Warrants which are ACE16C2111A, ACE16C2201A, ACE16C2202A, ADVA16C2110A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AMAT16C2112A, AOT16C2112A, AOT16C2202A, BAM16C2110A, BAM16C2112A, BANP16C2110A, BANP16C2112A, BANP16C2201A, BANP16C2202A, BBL16C2201A, BCH16C2111A, BCH16C2111B, BCH16C2201A, BCH16C2203A, BCPG16C2111A, BEC16C2202A, BGRI16C2110A, BGRI16C2112A, CBG16C2201A, CBG16C2202A, CHG16C2111A, CHG16C2112A, CHG16C2202A, COM716C2110A, COM716C2112A, CPAL16C2111A, CPAL16C2112A, CPF16C2112A, CPN16C2202A, DELT16C2112A, DELT16C2202A, DELT16C2203A, DOHO16C2111A, DOHO16C2112A, DOHO16C2202A, DTAC16C2112A, EA16C2110A, EA16C2201A, EGCO16C2110A, ESSO16C2202A, GLOB16C2201A, GLOB16C2203A, GPSC16C2110A, GPSC16C2201A, GPSC16C2201B, GPSC16C2203A, GULF16C2112A, GULF16C2202A, GUNK16C2110A, GUNK16C2112A, GUNK16C2201A, GUNK16C2203A, HANA16C2112A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IRPC16C2110A, IRPC16C2112A, IVL16C2110A, IVL16C2111A, IVL16C2202A, JAS16C2202A, JMAR16C2111A, JMAR16C2201A, JMAR16C2202A, JMT16C2110A, JMT16C2201A, JMT16C2203A, KBAN16C2111A, KBAN16C2111B, KBAN16C2201A, KBAN16C2202A, KCE16C2110A, KCE16C2201A, KTC16C2110A, KTC16C2110B, KTC16C2112A, KTC16C2202A, LH16C2202A, MAJO16C2201A, MEGA16C2112A, MINT16C2112A, MTC16C2112A, MTC16C2202A, OR16C2112A, OR16C2202A, OR16C2203A, PTG16C2201A, PTG16C2202A, PTG16C2203A, PTL16C2201A, PTL16C2202A, PTL16C2202B, PTT16C2112A, PTT16C2201A, PTTE16C2112A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RBF16C2112A, RBF16C2202A, RS16C2112A, RS16C2201A, S5016C2112A, S5016C2112A, S5016C2112B, S5016C2112C, S5016P2112C, S5016P2112A, S5016P2112B, S5016C2203A, S5016P2203A, S5016C2112D, S5016P2112D, SAWA16C2112A, SAWA16C2202A, SCB16C2111A, SCB16C2112A, SCB16C2201A, SCB16C2202A, SCC16C2112A, SCGP16C2202A, SCGP16C2201A, SPAL16C2202A, SPRC16C2201A, STA16C2112A, STA16C2201A, STEC16C2110A, STEC16C2201A, STGT16C2111A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2112A, TOP16C2202A, TRUE16C2202A, TRUE16C2203A, TU16C2110A, TU16C2111A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BCPG, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SPALI, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASC, TOP, TRUE, TU, WHA). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)