

## Muangthai Capital Pci (MTC TB) - BUY, Price Bt56.75, TP Bt70.00

## Results Comment

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## Profits missed expectation

- MTC reported weaker-than-expected profits of Bt1.1bn, down 20% y-y and 8% q-q in 4Q21. 2021's profits checked in at Bt4.9bn, down 5% y-y, and accounted for 95% of our full-year projection.
- Part of its weak profits was due to higher credit costs in the quarter of 1.1% due to a rise of NPLs by 28% q-q to 1.4% of total loans. MTC explained the rise was because borrowers were unable to resume repayments after 2-mth forbearance end in October 2021. The increase in NPL ratio of new motorcycle HP was higher from 0.5% in 3Q21 to 2% in 4Q21.
- Provisions rose 121% y-y and 36% q-q in 4Q21. LLR dropped to 144% from 160% in 3Q21.
- Loans grew as targeted at 30% with yield contracting further to 18.5% from 18.7% in 3Q21.
- Non-interest income came down on full impact of lower collection fees.
- Opex increased 14% q-q in 4Q21 and 13% y-y in 2021 in light of new hirings along with 19% branch expansion to 5,799 branches by end of 4Q21.
- We see downsides to our forecast though MTC still maintain 30% loans growth target for this year. Yield looks to be bottomed in 4Q21 while credit costs could be rising from 0.9% last year to 1% this year.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Interest income	3,690	3,585	3,684	3,844	4,082	Interest & dividend income	6	11	100	15,195	19,719
Interest expense	470	477	507	557	587	Interest expense	5	25	102	2,127	2,884
<b>Net interest income</b>	<b>3,219</b>	<b>3,108</b>	<b>3,177</b>	<b>3,287</b>	<b>3,495</b>	<b>Net interest income</b>	<b>6</b>	<b>9</b>	<b>100</b>	<b>13,068</b>	<b>16,836</b>
Non-interest income	201	272	212	188	151	Non-interest income	(19)	(25)	98	824	747
Total income	3,420	3,381	3,389	3,475	3,647	Total income	5	7	100	13,891	17,583
Operating expense	1,599	1,502	1,657	1,780	2,023	Operating expense	14	26	102	6,961	8,593
<b>Pre-provisioning profit</b>	<b>1,821</b>	<b>1,879</b>	<b>1,732</b>	<b>1,694</b>	<b>1,624</b>	<b>Pre-provisioning profit</b>	<b>(4)</b>	<b>(11)</b>	<b>97</b>	<b>6,930</b>	<b>8,990</b>
Provision for bad&doubtful debt	116	145	137	189	256	Provision for bad&doubtful debt	36	121	111	748	1,076
Profit before tax	1,705	1,734	1,595	1,505	1,368	Profit before tax	(9)	(20)	96	6,201	7,914
Tax	335	360	325	304	268	Tax	(12)	(20)	97	1,257	1,583
Profit after tax	1,370	1,374	1,270	1,201	1,100	Profit after tax	(8)	(20)	95	4,945	6,331
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>1,370</b>	<b>1,374</b>	<b>1,270</b>	<b>1,201</b>	<b>1,100</b>	<b>Net profit</b>	<b>(8)</b>	<b>(20)</b>	<b>95</b>	<b>4,945</b>	<b>6,331</b>
<b>Normalized profit</b>	<b>1,370</b>	<b>1,374</b>	<b>1,270</b>	<b>1,201</b>	<b>1,100</b>	<b>Normalized profit</b>	<b>(8)</b>	<b>(20)</b>	<b>95</b>	<b>4,945</b>	<b>6,331</b>
PPP/share (Bt)	0.9	0.9	0.8	0.8	0.8	PPP/share (Bt)	(4)	(11)	97	3.3	5.3
EPS (Bt)	0.6	0.6	0.6	0.6	0.5	EPS (Bt)	(8)	(20)	95	2.3	3.8
Norm EPS (Bt)	0.6	0.6	0.6	0.6	0.5	Norm EPS (Bt)	(8)	(20)	95	2.3	3.8
BV/share (Bt)	9.8	10.4	10.6	11.2	11.7	BV/share (Bt)	5	20	12	11.7	17.8
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash and cash equivalent	1,378	984	1,327	1,521	1,306	Gross loan growth (YTD)	18.0	4.4	14.1	21.5	31.6
Other current assets	225	414	487	431	397	Gross loan growth (q-q)	5.7	4.4	9.3	6.5	8.4
Total current assets	1,603	1,398	1,813	1,952	1,703	Borrowing growth (YTD)	23.2	2.0	13.2	20.5	30.0
Gross loans and accrued interest	70,968	73,546	79,831	84,952	91,812	Borrowing growth (q-q)	5.5	2.0	11.0	6.4	7.9
Provisions	1,328	1,314	1,436	1,597	1,832	Non-interest income (y-y)	(3.1)	35.7	13.0	3.3	(24.7)
Net loans	69,640	72,232	78,394	83,354	89,981	Non-interest income (q-q)	10.6	35.4	(22.1)	(11.4)	(19.4)
Fixed assets	1,928	1,951	1,979	2,021	2,054	Cost-to-income	46.8	44.4	48.9	51.2	55.5
Other assets	4,050	4,162	4,384	4,571	4,652	Net interest margin	17.2	15.8	15.3	14.73	14.69
<b>Total assets</b>	<b>77,222</b>	<b>79,742</b>	<b>86,570</b>	<b>91,898</b>	<b>98,390</b>	Credit cost	0.66	0.79	0.69	0.89	1.11
Short term borrowing	2,397	1,100	4,177	1,999	4,235	ROE	27.4	25.7	22.8	20.8	18.1
Current portion of LT loans	16,846	16,737	16,886	24,138	24,558	ROA	7.3	7.0	6.1	5.4	4.6
Other current liabilities	2,707	2,600	2,309	2,189	2,908	Loan-to-borrowing	125.5	127.5	124.7	124.7	124.9
Total current liabilities	21,950	20,437	23,372	28,326	31,702	Loan-to-total equity	336.7	327.5	347.7	351.0	361.8
Borrowings	6,166	6,824	7,515	4,348	5,930	NPLs (Btm)	747.4	708.9	882.4	997.0	1,275.9
Other liabilities	28,424	30,423	33,139	35,478	35,890	NPL increase	72.9	(38.5)	173.5	114.6	278.9
Minority interest	-	-	-	-	-	NPL ratio (%)	1.05	0.96	1.11	1.17	1.39
<b>Shareholders' equity</b>	<b>20,682</b>	<b>22,058</b>	<b>22,545</b>	<b>23,747</b>	<b>24,869</b>	Loan loss coverage ratio (%)	177.6	185.4	162.8	160.2	143.6
<b>Total Liabilities &amp; Equity</b>	<b>77,222</b>	<b>79,742</b>	<b>86,570</b>	<b>91,898</b>	<b>98,390</b>						

Sources: Company data, Thanachart estimates

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