Saksiam Leasing Pcl (SAK TB) - HOLD, Price Bt8.85, TP Bt10.00

Results Comment

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

Strong profits, in-line

- SAK reported all-time-high profits of Bt185m, up 21% y-y and 11% q-q. 2021's profits were Bt607m, 8% y-y, and made up 99% of our full-year projection.
- SAK declared DPS of Bt0.116, implying 40% payout. XD and payment dates are set on 27 April and 18 May 2022. SAK share prices have come down and there is 14% upside to our TP while we also like its expansion to the new drone business.
- Driven by all products, loans grew 6% q-q and 36% YTD. Yield has normalized at 24% and with manageable cost of funds, NIM held up at 21%
- Opex grew along with branch and business expansions. Cost to income fell to 48% in 4Q21 and 53% on average in 2021.
- NPLs were under good control. In light of write-off and improving collection, NPL ratio fell from 2.18% in 4Q20 to 2.15% in 4Q21.
- Zooming into new product, motorcycle HP, loans grew 183% y-y to account for 5% of SAK's total loans. NPL of new motorcycle HP loans improved slightly from 1.9% in 2020 to 1.8% in 2021. NPLs of titled and unsecured personal loans were also improving to 2.2% from 2.5% in 2020.
- Provisions were down 10% q-q. Average credit costs were 0.77% in 2021. SAK's LLR stood at 109%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Interest income	396	394	440	489	517
Interest expense	31	25	21	27	30
Net interest income	**365**	**369**	**418**	**462**	**487**
Non-interest income	1	2	2	2	3
Total income	366	371	420	464	489
Operating expense	188	218	238	232	235
Pre-provisioning profit	**179**	**153**	**183**	**232**	**254**
Provision for bad&doubtful debt	(13)	5	12	25	22
Profit before tax	192	148	171	208	232
Tax	38	29	34	41	47
Profit after tax	153	119	137	166	185
Equity income	-	-	-	-	-
Minority interests	-	-	-	-	0
Extra items	-	-	-	-	-
Net profit	**153**	**119**	**137**	**166**	**185**
Normalized profit	**153**	**119**	**137**	**166**	**185**
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1
EPS (Bt)	0.1	0.1	0.1	0.1	0.1
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1
BV/share (Bt)	2.2	2.2	2.2	2.2	2.3

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Interest & dividend income	6	30	104	1,839	2,327
Interest expense	11	(4)	111	104	154
Net interest income	**5**	**33**	**104**	**1,735**	**2,173**
Non-interest income	37	86	140	8	11
Total income	5	34	104	1,744	2,184
Operating expense	1	25	106	922	1,034
Pre-provisioning profit	**10**	**42**	**101**	**822**	**1,150**
Provision for bad&doubtful debt	(10)	neg	135	64	63
Profit before tax	12	21	99	758	1,087
Tax	14	22	99	151	217
Profit after tax	11	21	99	607	869
Equity income	neg	neg		-	-
Minority interests	neg	neg		0	-
Extra items	neg	neg		-	-
Net profit	**11**	**21**	**99**	**607**	**869**
Normalized profit	**11**	**21**	**99**	**607**	**869**
PPP/share (Bt)	10	42	82	0.4	0.7
EPS (Bt)	11	21	80	0.3	0.5
Norm EPS (Bt)	11	21	80	0.3	0.5
BV/share (Bt)	4	9	2	2.3	2.9

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash and cash equivalent	307	215	230	293	307
Other current assets	10	27	36	28	30
Total current assets	317	242	266	321	338
Gross loans and accrued interest	6,568	6,976	7,822	8,417	8,893
Provisions	162	165	173	195	208
Net loans	6,406	6,811	7,649	8,222	8,685
Fixed assets	109	114	129	125	126
Other assets	1,945	382	375	372	380
Total assets	**8,778**	**7,549**	**8,419**	**9,040**	**9,530**
Short term borrowing	2,866	2,000	2,706	2,720	3,047
Current portion of LT loans	371	-	87	633	610
Other current liabilities	207	215	219	211	273
Total current liabilities	3,444	2,215	3,012	3,564	3,931
Borrowings	593	448	615	531	452
Other liabilities	233	259	255	242	241
Minority interest	-	-	-	-	15
Shareholders' equity	**4,508**	**4,627**	**4,538**	**4,704**	**4,892**
Total Liabilities & Equity	**8,778**	**7,549**	**8,419**	**9,040**	**9,530**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Gross loan growth (YTD)	(3.0)	6.6	19.6	28.3	35.6
Gross loan growth (q-q)	2.2	6.6	12.2	7.3	5.7
Borrowing growth (YTD)	(2.6)	(31.6)	(9.1)	1.6	8.3
Borrowing growth (q-q)	(4.5)	(31.6)	32.8	11.7	6.6
Non-interest income (y-y)	(20.4)	42.1	158.6	43.7	85.5
Non-interest income (q-q)	6.3	62.5	(16.6)	(0.2)	37.2
Cost-to-income	51.2	58.8	56.5	49.9	48.0
Net interest margin	18.7	18.1	21.0	21.2	21.0
Credit cost	(0.79)	0.28	0.60	1.18	1.01
ROE	17.8	10.4	12.0	14.4	15.4
ROA	7.8	5.8	6.9	7.6	8.0
Loan-to-borrowing	153.8	238.7	201.5	194.1	192.4
Loan-to- total equity	142.1	147.2	168.6	174.8	177.6
NPLs (Btm)	143.3	149.4	166.6	182.8	190.8
NPL increase	(24.9)	6.1	17.2	16.3	8.0
NPL ratio (%)	2.18	2.14	2.13	2.17	2.15
Loan loss coverage ratio (%)	113.3	110.2	103.8	106.7	108.9

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

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 117 Derivative Warrants which are ACE16C2202A, ADVA16C2202A, ADVA16C2203A, AMAT16C2206A, AOT16C2202A, AOT16C2204A, BAM16C2206A, BAM16C2204A, BANP16C2205A, BANP16C2202A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2202A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2202A, CBG16C2204A, CBG16C2205A, CHG16C2202A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CPN16C2202A, CRC16C2204A, DELT16C2202A, DELT16C2203A, DOHO16C2202A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, ESSO16C2202A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2202A, GULF16C2203A, GULF16C2205A, GUNK16C2206A, GUNK16C2203A, GUNK16C2205A, HANA16C2202A, HANA16C2204A, HANA16C2205A, HMPR16C2202A, INTU16C2202A, INTU16C2205A, IRPC16C2205A, IVL16C2202A, IVL16C2203A, JAS16C2202A, JMAR16C2206A, JMAR16C2202A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2206A, KBAN16C2202A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, KTC16C2202A, LH16C2202A, MINT16C2203A, MINT16C2204A, MTC16C2202A, MTC16C2204A, OR16C2202A, OR16C2203A, OR16C2205A, PTG16C2202A, PTG16C2203A, PTL16C2202A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RBF16C2202A, RCL16C2205A, RS16C2205A, S5016P2206B, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2202A, SAWA16C2204A, SAWA16C2205A, SCB16C2202A, SCC16C2204A, SCGP16C2202A, SPAL16C2202A, STA16C2203A, STEC16C2204A, STGT16C2202A, SYNE16C2202A, TOP16C2206A, TOP16C2202A, TRUE16C2205B, TRUE16C2205A, TRUE16C2202A, TRUE16C2203A, TRUE16C2203B, TU16C2202A, TU16C2204A, WHA16C2202A, WHA16C2204A (underlying securities are ACE, ADVANC, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RBF, RCL, RS, SAWAD, SCB, SCC, SCGP, SET50, SPALI, STA, STEC, STGT, SYNEX, TOP, TU, WHA, TRUE). 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 21.2% 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 LIMTED (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), SCG Packaging Pcl (SCGP TB)