

## Ratchthani Leasing Pcl (THANI TB) - BUY, Price Bt4.48, TP Bt4.80

## Results Comment

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## Higher profits on lower provisions

- THANI reported 4Q21 profits of Bt454m, up 13% q-q but down 5% y-y. 2021's profits were Bt1.7bn, 4% ahead of our projection due to much lower provisions.
- The company announced to pay dividend of Bt0.17. XD and payment dates are set on 2 March and 27 April respectively.
- PPOP was Bt680m in 4Q21, down 5% q-q and 1% y-y on lower interest income and higher expenses.
- Loans grew 0.8% q-q and 2.8% YTD. Yield fell both y-y and q-q on new truck focus.
- In light of write-off and speeding of repossessed process, NPLs fell 12% q-q to 3.8% of total loans.
- This resulted in lower provisions of 53% from 3Q21. Though provisions still grew 14% y-y in 4Q21. Credit costs were down to 0.8% in 4Q21 and 1.1% on full-year basis. THANI's LLR increased to 80% from 70% in 3Q21.
- We see need to fine-tune up our forecast but still prefer ASK to THANI on ASK's greater growth outlook and more diversified business.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Interest income	884	843	843	923	821	Interest & dividend income	(11)	(7)	99	3,430	3,567
Interest expense	254	229	228	231	225	Interest expense	(2)	(11)	101	913	922
<b>Net interest income</b>	<b>629</b>	<b>613</b>	<b>616</b>	<b>692</b>	<b>596</b>	<b>Net interest income</b>	<b>(14)</b>	<b>(5)</b>	<b>98</b>	<b>2,517</b>	<b>2,645</b>
Non-interest income	186	189	190	177	240	Non-interest income	35	29	106	796	838
Total income	816	803	806	870	835	Total income	(4)	2	99	3,313	3,483
Operating expense	130	141	137	151	156	Operating expense	3	20	106	585	565
<b>Pre-provisioning profit</b>	<b>685</b>	<b>661</b>	<b>669</b>	<b>719</b>	<b>680</b>	<b>Pre-provisioning profit</b>	<b>(5)</b>	<b>(1)</b>	<b>98</b>	<b>2,729</b>	<b>2,918</b>
Provision for bad&doubtful debt	96	106	140	231	109	Provision for bad&doubtful debt	(53)	14	81	586	530
Profit before tax	590	555	529	488	571	Profit before tax	17	(3)	104	2,143	2,388
Tax	110	128	101	87	117	Tax	35	7	106	434	478
Profit after tax	480	427	428	401	454	Profit after tax	13	(5)	104	1,709	1,911
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	0	(0)	(0)	(0)	0	Minority interests	neg	107	-	(0)	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>480</b>	<b>427</b>	<b>428</b>	<b>401</b>	<b>454</b>	<b>Net profit</b>	<b>13</b>	<b>(5)</b>	<b>104</b>	<b>1,709</b>	<b>1,911</b>
<b>Normalized profit</b>	<b>480</b>	<b>427</b>	<b>428</b>	<b>401</b>	<b>454</b>	<b>Normalized profit</b>	<b>13</b>	<b>(5)</b>	<b>104</b>	<b>1,709</b>	<b>1,911</b>
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1	PPP/share (Bt)	(5)	(1)	98	0.5	0.5
EPS (Bt)	0.1	0.1	0.1	0.1	0.1	EPS (Bt)	13	(5)	104	0.3	0.3
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1	Norm EPS (Bt)	13	(5)	104	0.3	0.3
BV/share (Bt)	1.9	2.0	1.9	2.0	2.0	BV/share (Bt)	4	7	2	2.0	2.2

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash and cash equivalent	1,044	975	1,144	829	476	Gross loan growth (YTD)	(8.1)	1.0	2.2	2.0	2.8
Other current assets	137	176	202	192	182	Gross loan growth (q-q)	(2.9)	1.0	1.2	(0.2)	0.8
Total current assets	1,181	1,151	1,346	1,021	658	Borrowing growth (YTD)	(12.9)	(0.7)	3.1	(6.3)	(7.2)
Gross loans and accrued interest	47,976	48,469	49,098	49,099	49,396	Borrowing growth (q-q)	(6.6)	(0.0)	0.0	(9.1)	(1.0)
Provisions	1,228	1,240	1,321	1,482	1,485	Non-interest income (y-y)	4.7	0.5	(2.2)	(0.5)	28.7
Net loans	46,748	47,229	47,777	47,617	47,911	Non-interest income (q-q)	4.6	1.6	0.5	(6.9)	35.3
Fixed assets	147	151	156	165	165	Cost-to-income	16.0	17.6	17.0	17.3	18.6
Other assets	442	435	439	482	489	Net interest margin	5.17	5.03	4.99	5.60	4.84
<b>Total assets</b>	<b>48,518</b>	<b>48,966</b>	<b>49,717</b>	<b>49,285</b>	<b>49,223</b>	Credit cost	0.72	0.79	1.03	1.70	0.79
Short term borrowing	5,372	9,185	8,589	9,720	9,403	ROE	19.9	15.5	15.6	14.7	16.0
Current portion of LT loans	5,619	3,749	7,911	4,624	5,809	ROA	3.9	3.5	3.5	3.2	3.7
Other current liabilities	966	1,262	1,135	3,741	3,567	Loan-to-borrowing	145	148	144	158	161
Total current liabilities	11,958	14,196	17,634	18,085	18,778	Loan-to-total equity	493	478	508	489	474
Borrowings	7,590	7,595	2,645	2,044	2,045	NPLs (Bt m)	1,500	1,563	1,714	2,109	1,863
Other liabilities	18,152	15,929	18,728	18,045	16,834	NPL increase	(1,169)	63	151	395	(246)
Minority interest	0	0	0	0	0	NPL ratio	3.1	3.2	3.5	4.3	3.8
<b>Shareholders' equity</b>	<b>10,819</b>	<b>11,246</b>	<b>10,710</b>	<b>11,111</b>	<b>11,567</b>	Loan-loss-coverage ratio	82	79	77	70	80
<b>Total Liabilities &amp; Equity</b>	<b>48,518</b>	<b>48,966</b>	<b>49,717</b>	<b>49,285</b>	<b>49,223</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).**

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