Bankok Commercial Asset Mgt. Pcl (BAM TB) - BUY

Earnings Preview

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Warning of weaker-than-expected 1Q22F profits

- **A 16% short of collection targets in 1Q22F.**
- **Collection momentum of NPAs has been better than NPLs.**
- **1Q is seasonally low so expecting improvements thereafter.**
- **Despite expecting weak 1Q22 profits, we still like BAM.**

- BAM's share prices have weakened 4% from its recent high of Bt22 in early March. We believe the pull back is due to slower cash collection than what we'd assume.
- Total cash collection for 1Q22F should be above Bt3bn but still fall short of its target of Bt3.68bn. NPA collection is close to achieve the target but NPL is facing collection delays.
- That being said, 1Q is normally slow quarter. There is still no change to BAM's improving cash collection trend.
- This is while NPL supply is higher than 2H21 and we expect the acquisition of new NPLs of around Bt1.5bn in the quarter. And BAM is still positive that it should be able to reach conclusion of JVAMC in 2H22.
- We then forecast 1Q22 profits of Bt322m, still growing 30% y-y. But this is below what we had previously assumed of Bt550m. Based on the preview, 1Q22F profits will make up 10% of our full-year forecast. Since we expect improving collections in the coming quarters, we prefer to leave our forecast as is. Expecting share price weakness going to the result announcement, we still like BAM as we expect better earnings thereafter and JVAMC good news.

Key Valuations

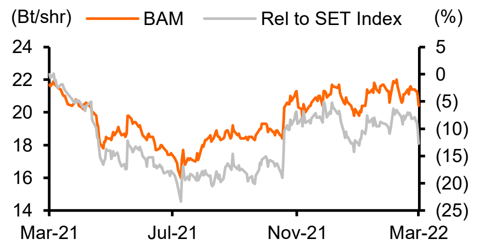
Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Pre Prov. Profit	8,021	8,757	9,322	10,013
Net profit	2,600	3,259	3,832	4,626
Norm net profit	2,600	3,259	3,832	4,626
Norm EPS (Bt)	0.8	1.0	1.2	1.4
Norm EPS gr (%)	41.3	25.3	17.6	20.7
Norm PE (x)	25.4	20.2	17.2	14.3
P/BV (x)	1.5	1.5	1.5	1.4
Div. yield (%)	2.7	3.5	4.1	4.9
ROE (%)	6.2	7.5	8.6	10.0
ROA (%)	2.0	2.5	2.7	3.1

Source: Thanachart estimates

Stock Data

Closing price (Bt)	20.40
Target price (Bt)	27.00
Market cap (US$ m)	1,964
Avg daily turnover (US$ m)	17.25
12M H/L price (Bt)	22.00/16.00

Price Performance



Source: Bloomberg

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