Ngern Tid Lor Pcl (TIDLOR TB) - BUY, Price Bt35.25, TP Bt45.00

Results Comment

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Better-than-expected profits

- TIDLOR reported all-time-high profits of Bt940m, up 20% y-y and 18% q-q. The results beat our expectation on lower expenses despite having advertisement expenses in the quarter. 1Q22 made up 25% of our full-year forecast. We re-iterate BUY and TIDLOR is our top micro finance play.
- Loans grew 7% YTD and 22% y-y backed by success of TIDLOR cards (341k as of March 2021) and growing truck titled loans.
- It opened 102 branches this quarter, bringing total number of branches to 1,388.
- Yield dipped q-q due to promotion rates of truck titled loans and TIDLOR cards for car titled loans. Reflecting it higher rating and diversified funding sources, cost of funds came down 19bps to 2.32%.
- Boosted by insurance sales, non-interest income grew 8% y-y but dropped 15% q-q on seasonality effect.
- NPLs increased 12% q-q to 1.25% of total loans. Provisions jumped y-y on smaller write-back. Losses from repossessed sales came down 17% y-y but went up q-q.
- TIDLOR's loan loss coverage was down q-q but still very high at 317%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Interest income	2,331	2,412	2,455	2,626	2,765
Interest expense	290	299	268	264	269
Net interest income	**2,041**	**2,113**	**2,187**	**2,362**	**2,496**
Non-interest income	552	506	467	698	596
Total income	2,593	2,619	2,654	3,061	3,092
Operating expense	1,592	1,519	1,490	1,958	1,779
Pre-provisioning profit	**1,001**	**1,100**	**1,163**	**1,102**	**1,313**
Provision for bad&doubtful debt	22	130	151	110	140
Profit before tax	979	970	1,012	992	1,173
Tax	195	192	199	197	233
Profit after tax	783	777	813	795	940
Equity income	-	-	-	-	-
Minority interests	-	-	-	-	-
Extra items	-	-	-	-	-
Net profit	**783**	**777**	**813**	**795**	**940**
Normalized profit	**783**	**777**	**813**	**795**	**940**
PPP/share (Bt)	0.5	0.5	0.5	0.5	0.6
EPS (Bt)	0.4	0.3	0.4	0.3	0.41
Norm EPS (Bt)	0.4	0.3	0.4	0.3	0.4
BV/share (Bt)	5.9	9.0	9.3	9.7	10.1

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest & dividend income	5	19	24	11,690	13,763
Interest expense	2	(7)	23	1,180	1,367
Net interest income	**6**	**22**	**24**	**10,510**	**12,396**
Non-interest income	(15)	8	22	2,652	3,200
Total income	1	19	23	13,162	15,596
Operating expense	(9)	12	23	7,608	8,597
Pre-provisioning profit	**19**	**31**	**24**	**5,553**	**6,998**
Provision for bad&doubtful debt	27	528	17	803	943
Profit before tax	18	20	25	4,751	6,056
Tax	18	19	24	950	1,211
Profit after tax	18	20	25	3,801	4,845
Equity income				-	-
Minority interests				-	-
Extra items				-	-
Net profit	**18**	**20**	**25**	**3,801**	**4,845**
Normalized profit	**18**	**20**	**25**	**3,801**	**4,845**
PPP/share (Bt)	19	19	25	2.8	3.5
EPS (Bt)	18	9	27	1.9	2.4
Norm EPS (Bt)	18	9	27	1.9	2.4
BV/share (Bt)	4	69	10	11.8	13.8

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash and cash equivalent	1,527	7,618	4,119	3,995	4,575
Other current assets	694	564	626	886	1,473
Total current assets	2,221	8,182	4,746	4,880	6,048
Gross loans and accrued interest	53,323	54,857	56,611	61,458	65,699
Provisions	2,631	2,611	2,611	2,611	2,612
Net loans	50,692	52,246	54,000	58,847	63,086
Fixed assets	79	73	94	59	77
Other assets	2,846	2,828	2,807	2,739	2,784
Total assets	**55,839**	**63,328**	**61,646**	**66,525**	**71,995**
Short term borrowing	-	-	-	4,299	9,515
Current portion of LT loans	13,742	23,449	16,774	15,877	14,729
Other current liabilities	1,915	1,802	2,860	2,327	2,265
Total current liabilities	15,657	25,251	19,634	22,503	26,508
Borrowings	23,370	12,500	11,620	13,220	13,720
Other liabilities	4,280	4,772	8,775	8,397	8,422
Minority interest	-	-	-	-	-
Shareholders' equity	**12,532**	**20,805**	**21,618**	**22,405**	**23,345**
Total Liabilities & Equity	**55,839**	**63,328**	**61,646**	**66,525**	**71,995**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Gross loan growth (YTD)	4.0	6.7	9.4	18.8	7.1
Gross loan growth (q-q)	4.0	2.6	2.5	8.6	7.1
Borrowing growth (YTD)	4.1	2.3	(3.7)	6.1	10.3
Borrowing growth (q-q)	4.1	(1.8)	(5.9)	10.2	10.3
Non-interest income (y-y)	na	na	0.8	20.0	7.9
Non-interest income (q-q)	(5.2)	(8.4)	(7.7)	49.7	(14.7)
Cost-to-income	61.4	58.0	56.2	64.0	57.5
Net interest margin	14.96	14.19	14.00	14.74	14.42
Credit cost	0.16	0.92	1.05	0.70	0.83
ROE	25.8	18.7	15.3	14.5	16.4
ROA	5.7	5.2	5.2	5.0	5.4
Loan-to-borrowing	123.1	129.0	141.4	139.3	135.0
Loan-to- total equity	404.5	251.1	249.8	262.7	270.2
NPLs (Btm)	800.0	853.4	800.8	732.2	823.1
NPL increase	(50.0)	53.5	(52.6)	(68.6)	90.9
NPL ratio (%)	1.50	1.56	1.41	1.19	1.25
Loan loss coverage ratio (%)	328.9	305.9	326.0	356.6	317.4

Sources: Company data, Thanachart estimates

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