Ngern Tid Lor Pcl (TIDLOR TB) - BUY, Price Bt29.75, TP Bt45.00

Results Comment

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Strong profits, beat expectation

- TIDLOR reported strong profits of Bt981m in 2Q22. Despite putting aside extra provisions of Bt70m, profits still grew 26% y-y and 4% q-q and accounted for 51% of our full year forecast. We re-iterate BUY to a Bt45 TP.
- Loans grew 28% y-y and 7% q-q thanks to success of "TIDLOR" cash card that can service customers 24/7 and number of card rose 400,000 cards as of June 2022.
- TIDLOR opened 96 new branches in the quarter. With end of promotions of truck HP, yield improved q-q and it can manage cost of fund down on refinancing benefits. NIM; hence, improved from 14.4% in 1Q22 to 14.7%.
- Led by growing insurance sales, non-interest income expanded 24% y-y and 6% q-q.
- Opex increased but at a slower pace of income so cost to income came down to 55% from 57.5% in 1Q22.
- Despite higher write-offs, NPL rose 20% q-q to 1.4% of loans. The company expects to keep NPL ratio at below 1.5% so this is still within target.
- Aiming to beef up cushion amid rising inflationary pressure, TIDLOR put aside extra provision of Bt70bn. This along with bad debt expenses from write-off, credit costs rose to 1.57% from 0.83% in 1Q22.
- With rising NPLs, LLR was down to 270%, still the highest in the microfinance sector.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Interest income	2,412	2,455	2,626	2,765	2,987
Interest expense	299	268	264	269	286
Net interest income	**2,113**	**2,187**	**2,362**	**2,496**	**2,701**
Non-interest income	506	467	698	596	629
Total income	2,619	2,654	3,061	3,092	3,330
Operating expense	1,519	1,490	1,958	1,779	1,823
Pre-provisioning profit	**1,100**	**1,163**	**1,102**	**1,313**	**1,507**
Provision for bad&doubtful debt	130	151	110	140	284
Profit before tax	970	1,012	992	1,173	1,223
Tax	192	199	197	233	242
Profit after tax	777	813	795	940	981
Equity income	-	-	-	-	-
Minority interests	-	-	-	-	-
Extra items	-	-	-	-	-
Net profit	**777**	**813**	**795**	**940**	**981**
Normalized profit	**777**	**813**	**795**	**940**	**981**
PPP/share (Bt)	0.5	0.5	0.5	0.6	0.6
EPS (Bt)	0.3	0.4	0.3	0.4	0.39
Norm EPS (Bt)	0.3	0.4	0.3	0.4	0.4
BV/share (Bt)	9.0	9.3	9.7	10.1	9.5

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest & dividend income	8	24	49	11,690	13,763
Interest expense	7	(4)	47	1,180	1,367
Net interest income	**8**	**28**	**49**	**10,510**	**12,396**
Non-interest income	6	24	46	2,652	3,200
Total income	8	27	49	13,162	15,596
Operating expense	2	20	47	7,608	8,597
Pre-provisioning profit	**15**	**37**	**51**	**5,553**	**6,998**
Provision for bad&doubtful debt	103	118	53	803	943
Profit before tax	4	26	50	4,751	6,056
Tax	4	26	50	950	1,211
Profit after tax	4	26	51	3,801	4,845
Equity income				-	-
Minority interests				-	-
Extra items				-	-
Net profit	**4**	**26**	**51**	**3,801**	**4,845**
Normalized profit	**4**	**26**	**51**	**3,801**	**4,845**
PPP/share (Bt)	7	27	53	2.8	3.5
EPS (Bt)	(3)	17	52	1.9	2.4
Norm EPS (Bt)	(3)	17	52	1.9	2.4
BV/share (Bt)	(6)	6	9	11.8	13.8

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash and cash equivalent	7,618	4,119	3,995	4,575	2,652
Other current assets	564	626	886	1,473	871
Total current assets	8,182	4,746	4,880	6,048	3,523
Gross loans and accrued interest	54,857	56,611	61,458	65,699	70,659
Provisions	2,611	2,611	2,611	2,612	2,655
Net loans	52,246	54,000	58,847	63,086	68,004
Fixed assets	73	94	59	77	96
Other assets	2,828	2,807	2,739	2,784	2,811
Total assets	**63,328**	**61,646**	**66,525**	**71,995**	**74,434**
Short term borrowing	-	-	4,299	9,515	13,741
Current portion of LT loans	23,449	16,774	15,877	14,729	9,098
Other current liabilities	1,802	2,860	2,327	2,265	2,112
Total current liabilities	25,251	19,634	22,503	26,508	24,951
Borrowings	12,500	11,620	13,220	13,720	15,762
Other liabilities	4,772	8,775	8,397	8,422	10,009
Minority interest	-	-	-	-	-
Shareholders' equity	**20,805**	**21,618**	**22,405**	**23,345**	**23,712**
Total Liabilities & Equity	**63,328**	**61,646**	**66,525**	**71,995**	**74,434**

Financial Ratios					
(%)	2Q21	3Q21	4Q21	1Q22	2Q22
Gross loan growth (YTD)	6.7	9.4	18.8	7.1	15.1
Gross loan growth (q-q)	2.6	2.5	8.6	7.1	7.5
Borrowing growth (YTD)	2.3	(3.7)	6.1	10.3	15.0
Borrowing growth (q-q)	(1.8)	(5.9)	10.2	10.3	4.3
Non-interest income (y-y)	na	na	20.0	7.9	24.5
Non-interest income (q-q)	(8.4)	(7.7)	49.7	(14.7)	5.7
Cost-to-income	58.0	56.2	64.0	57.5	54.7
Net interest margin	14.19	14.00	14.74	14.42	14.76
Credit cost	0.92	1.05	0.70	0.83	1.57
ROE	18.7	15.3	14.5	16.4	16.7
ROA	5.2	5.2	5.0	5.4	5.4
Loan-to-borrowing	129.0	141.4	139.3	135.0	139.3
Loan-to- total equity	251.1	249.8	262.7	270.2	286.8
NPLs (Btm)	853.4	800.8	732.2	823.1	984.0
NPL increase	53.5	(52.6)	(68.6)	90.9	160.9
NPL ratio (%)	1.56	1.41	1.19	1.25	1.39
Loan loss coverage ratio (%)	305.9	326.0	356.6	317.4	269.9

Sources: Company data, Thanachart estimates

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