

Saksiam Leasing Pcl (SAK TB) - BUY, Price Bt6.65, TP Bt8.00**Results Comment**

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

Profits were in line

- SAK reported in-line 3Q22 profits of Bt171m, up 3% y-y and q-q. 9M22 profits made up 71% of our forecast. With SAK's manageable NPLs and leverage effect, we expect higher profits in 4Q22. Re-iterate BUY.
- Loans grew 25% y-y and 5% q-q. Yield has risen along with funding costs so NIM held up.
- Opex rose slowly q-q but was rising 31% y-y along with business expansion.
- SAK opened 38 new branches in the quarter, bringing total number of branches to 929.
- NPLs rose in a much slower pace than they were in 2Q22. The NPL ratio was 2.6% versus 2.5% in 2Q22.
- With higher write-off, provisions were up 78% y-y and 18% q-q to 1.7% of loans.
- LLR stayed unchanged at 105%.

Income Statement (consolidated)						Income Statement 9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest income	489	517	525	565	606	Interest & dividend income	7	24	73	2,316	2,890
Interest expense	27	30	33	40	46	Interest expense	16	70	69	172	287
Net interest income	462	487	492	526	560	Net interest income	7	21	74	2,143	2,603
Non-interest income	2	3	2	1	1	Non-interest income	(20)	(38)	23	20	39
Total income	464	489	494	527	561	Total income	7	21	73	2,163	2,643
Operating expense	232	235	259	282	303	Operating expense	8	31	76	1,111	1,347
Pre-provisioning profit	232	254	235	245	258	Pre-provisioning profit	5	11	70	1,052	1,296
Provision for bad&doubtful debt	25	22	29	37	44	Provision for bad&doubtful debt	18	78	64	172	218
Profit before tax	208	232	206	208	214	Profit before tax	3	3	71	881	1,077
Tax	41	47	42	42	43	Tax	3	5	72	176	215
Profit after tax	166	185	164	166	171	Profit after tax	3	3	71	704	862
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	0	1	0	0	Minority interests	16	neg	(239)	(1)	(2)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	166	185	165	166	171	Net profit	3	3	71	704	860
Normalized profit	166	185	165	166	171	Normalized profit	3	3	71	704	860
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1	PPP/share (Bt)	5	11	70	0.6	0.8
EPS (Bt)	0.1	0.1	0.1	0.1	0.1	EPS (Bt)	3	3	71	0.4	0.5
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1	Norm EPS (Bt)	3	3	71	0.4	0.5
BV/share (Bt)	2.2	2.3	2.4	2.4	2.5	BV/share (Bt)	3	10	2	2.8	3.1

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash and cash equivalent	293	307	312	284	293	Gross loan grow th (YTD)	28.3	35.6	4.5	12.9	18.4
Other current assets	28	30	56	72	57	Gross loan grow th (q-q)	7.3	5.7	4.5	8.0	4.9
Total current assets	321	338	368	355	351	Borrowing grow th (YTD)	1.6	8.3	6.6	25.0	32.0
Gross loans and accrued interest	8,417	8,893	9,281	10,038	10,548	Borrowing grow th (q-q)	11.7	6.6	6.6	17.2	5.6
Provisions	195	208	234	266	289	Non-interest income (y-y)	43.7	85.5	(5.2)	(22.7)	(38.1)
Net loans	8,222	8,685	9,047	9,773	10,259	Non-interest income (q-q)	(0.2)	37.2	(17.0)	(32.0)	(20.1)
Fixed assets	125	126	139	153	170	Cost-to-income	49.9	48.0	52.4	53.5	54.0
Other assets	372	380	446	491	488	Net interest margin	21.2	21.0	20.1	20.2	20.3
Total assets	9,040	9,530	10,000	10,771	11,268	Credit cost	1.18	1.01	1.27	1.49	1.68
Short term borrowing	2,720	3,047	3,657	2,955	3,343	ROE	14.4	15.4	13.3	13.3	13.5
Current portion of LT loans	633	610	598	1,295	1,181	ROA	7.6	8.0	6.8	6.4	6.2
Other current liabilities	211	273	281	270	240	Loan-to-borrowing	194.1	192.4	188.3	173.7	172.8
Total current liabilities	3,564	3,931	4,536	4,520	4,764	Loan-to-total equity	174.8	177.6	178.9	196.2	199.2
Borrowings	531	452	113	956	1,042	NPLs (Btm)	182.8	190.8	210.8	253.1	274.8
Other liabilities	242	241	281	302	297	NPL increase	16.3	8.0	20.0	42.3	21.7
Minority interest	-	15	14	14	14	NPL ratio (%)	2.17	2.15	2.27	2.52	2.61
Shareholders' equity	4,704	4,892	5,057	4,980	5,151	Loan loss coverage ratio (%)	106.7	108.9	111.1	105.0	105.0
Total Liabilities & Equity	9,040	9,530	10,000	10,771	11,268						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

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 111 Derivative Warrants which are ADVANC16C2302A, ADVANC16C2301A, ADVANC16C2211A, AMATA16C2212A, AMAT16C2209A, AOT16C2302A, AOT16C2212A, AOT16C2209A, BANPU16C2302A, BANPU16C2212A, BBL16C2212A, BCH16C2211A, BH16C2212B, BH16C2212A, BGRIM16C2302A, BGRIM16C2301A, BGRIM16C2212A, BGRI16C2209A, BLA16C2302A, BLA16C2212A, BLA16C2209A, BTS16C2301A, CBG16C2302A, CBG16C2301B, CBG16C2301A, CENTEL16C2209A, COM716C2302A, COM716C2209A, COM716C2211A, COM716C2211B, COM716C2211C, CPALL16C2211A, CPN16C2301A, DTAC16C2212A, DOHOME16C2301A, EA16C2303A, EA16C2209A, EA16C2211A, ESSO16C2302A, ESSO16C2209A, ESSO16C2209B, FORTH16C2211A, GPSC16C2302A, GPSC16C2301A, GPSC16C2209A, GULF16C2302B, GULF16C2302A, GULF16C2301A, GUNKUL16C2302A, GUNKUL16C2301A, GUNK16C2209A, HANA16C2301A, HANA16C2209A, HANA16C2211A, IVL16C2301A, IVL16C2212A, IVL16C2209A, IVL16C2211A, JMART16C2211A, JMT16C2302A, JMT16C2211A, KBANK16C2302A, KBANK16C2301A, KBAN16C2209A, KBANK16C2211A, KCE16C2302A, KCE16C2301B, KCE16C2301A, KCE16C2209A, KCE16C2211A, KTC16C2211A, KTC16C2209A, MINT16C2302A, MINT16C2301A, MINT16C2211A, MTC16C2301A, MTC16C2212A, MTC16C2209A, PSL16C2212A, PTG16C2211A, PTG16C2209A, PTTEP16C2303A, PTTEP16C2212A, PTTE16C2209A, RBF16C2209A, SAWAD16C2211A, S5016C2209A, S5016P2209A, SAWAD16C2302A, SAWA16C2209A, SCB16C2301A, SCB16C2211A, SCGP16C2303A, SCGP16C2212A, SET5016P2212B, SET5016C2212C, SET5016C2212B, SET5016P2212A, SET5016C2209B, SET5016C2212A, SET5016P2209B, SINGER16C2212A, SPRC16C2212A, SPRC16C2209A, STEC16C2209A, TIDLOR16C2212A, TOP16C2211A, TRUE16C2212A, TTA16C2211A, VGI16C2301A, WHA16C2209A (underlying securities are (ADVANC, AMATA, AOT, BANPU, BBL, BCH, BGRIM, BH, BLA, BTS, CBG, CENTEL, COM7, CPALL, CPN, DOHOME, DTAC, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, PSL, PTG, PTTEP, RBF, SAWAD, SCB, SET50, SCGP, SINGER, SPRC, STEC, TIDLOR, TOP, TRUE, TTA, VGI, WHA) before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of 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 24.33% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (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: The One Enterprise Pcl. (ONEE TB)