

Srisawad Corporation Pcl (SAWAD TB) - BUY, Price Bt43.75, TP Bt65

Results Comment

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Weak norm profits

- SAWAD reported norm profits of Bt1bn, declining 10% y-y and 4% q-q. A decline in profits despite provision write-back in the quarter was due to higher expenses which we believe it was related to robust growth HP loans.
- Including one-off reclassification gains of Bt184m, net profits were Bt1.19bn, rising 7% y-y and 14% q-q.
- Loans grew 19% q-q and 48% YTD. This led mainly by HP loans that surged 220% from end of last year.
- Yield improved slightly with manageable cost of funds. NIM improved from 12.4% in 3Q21 and 12.8% in 2Q22 to 13.7% in the quarter.
- Opex rose 90% y-y and 47% q-q and we believe this was mainly from rising commission to motorcycle dealers.
- NPLs rose 9% q-q but with much stronger loans growth, NPL ratio contracted to 2.6% from 2.8% in 2Q22.
- With provision write-back, loan loss coverage ratio dropped to 51%.

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	1,625	1,706	1,725	1,917	2,307	Interest & dividend income	20	42	74	8,015	10,745
Interest expense	189	174	166	183	235	Interest expense	28	25	72	813	1,138
Net interest income	1,436	1,532	1,560	1,734	2,072	Net interest income	19	44	74	7,202	9,607
Non-interest income	841	798	794	829	786	Non-interest income	(5)	(7)	71	3,400	3,638
Total income	2,277	2,330	2,354	2,564	2,858	Total income	11	26	73	10,602	13,245
Operating expense	863	904	991	1,118	1,642	Operating expense	47	90	83	4,500	5,400
Pre-provisioning profit	1,414	1,427	1,363	1,446	1,216	Pre-provisioning profit	(16)	(14)	66	6,102	7,845
Provision for bad&doubtful debt	(101)	(132)	20	31	(121)	Provision for bad&doubtful debt	neg	neg	(47)	148	654
Profit before tax	1,515	1,559	1,343	1,415	1,337	Profit before tax	(6)	(12)	69	5,954	7,191
Tax	307	308	219	291	295	Tax	1	(4)	68	1,191	1,438
Profit after tax	1,208	1,251	1,123	1,124	1,042	Profit after tax	(7)	(14)	69	4,763	5,753
Equity income	(10)	(23)	(6)	15	24	Equity income			84	40	60
Minority interests	(86)	(84)	(82)	(97)	(66)	Minority interests			64	(380)	(460)
Extra items	-	-	-	-	184	Extra items				-	-
Net profit	1,112	1,144	1,036	1,042	1,186	Net profit	14	7	74	4,423	5,353
Normalized profit	1,112	1,144	1,036	1,042	1,001	Normalized profit	(4)	(10)	70	4,423	5,353
PPP/share (Bt)	1.0	1.0	1.0	1.1	0.9	PPP/share (Bt)	(16)	(14)	64	4.6	5.9
EPS (Bt)	0.8	0.8	0.8	0.8	0.9	EPS (Bt)	14	7	71	3.3	4.0
Norm EPS (Bt)	0.8	0.8	0.8	0.8	0.7	Norm EPS (Bt)	(4)	(10)	67	3.3	4.0
BV/share (Bt)	17.2	18.0	18.6	17.6	17.8	BV/share (Bt)	1	4	18	19.9	22.1

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash and cash equivalent	2,150	2,689	1,708	3,084	3,502	Gross loan growth (YTD)	(12.7)	(11.7)	7.5	24.4	47.7
Other current assets	5,623	4,003	4,305	3,610	2,646	Gross loan growth (q-q)	3.2	1.2	7.5	15.7	18.7
Total current assets	7,773	6,692	6,013	6,695	6,149	Borrowing growth (YTD)	(23.8)	(27.4)	1.1	47.3	72.0
Gross loans and accrued interest	33,979	34,054	36,320	41,266	48,280	Borrowing growth (q-q)	(14.8)	(4.7)	1.1	45.8	16.8
Provisions	947	736	704	705	647	Non-interest income (y-y)	14.7	(3.9)	16.4	(0.1)	(6.5)
Net loans	33,032	33,318	35,616	40,561	47,632	Non-interest income (q-q)	1.3	(5.1)	(0.6)	4.5	(5.2)
Fixed assets	1,436	1,334	1,279	1,267	1,339	Cost-to-income	37.9	38.8	42.1	43.6	57.5
Other assets	6,958	8,623	8,506	8,674	8,891	Net interest margin	11.5	12.4	12.3	12.8	13.7
Total assets	49,200	49,967	51,413	57,196	64,011	Credit cost	(1.03)	(1.34)	0.19	0.25	(0.83)
Short term borrowing	500	500	1,000	6,838	6,735	ROE	19.3	19.0	16.5	16.7	16.5
Current portion of LT loans	8,760	8,593	9,974	8,868	8,725	ROA	8.9	9.2	8.2	7.7	6.6
Other current liabilities	4,076	4,159	4,778	3,325	4,170	Loan-to-borrowing	205.0	213.5	228.7	180.7	183.3
Total current liabilities	13,336	13,252	15,753	19,032	19,630	Loan-to-total equity	165.4	159.6	165.5	202.8	237.8
Borrowings	645	456	1,139	2,861	3,474	NPLs (Bt m)	1,480	1,249	1,207	1,155	1,264
Other liabilities	9,473	9,284	6,733	8,928	13,187	NPL increase	(52.0)	(231.2)	(41.8)	(51.9)	109.4
Minority interest	2,193	2,277	2,186	2,200	3,246	NPL ratio	4.4	3.7	3.3	2.8	2.6
Shareholders' equity	23,553	24,698	25,603	24,175	24,473	Loan-loss-coverage ratio	64.0	58.9	58.3	61.0	51.2
Total Liabilities & Equity	49,200	49,967	51,413	57,196	64,011						

Sources: Company data, Thanachart estimates

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