

Asia Sermkij Leasing Pcl (ASK TB) - BUY, Price Bt30.75, TP Bt47.00 | Results Comment

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Record profits but with higher NPLs

- ASK's profits hit new record of Bt411m, up 20% y-y and 5% q-q. 2022's profits were Bt1.5bn, growing 26% y-y, and accounted for 98% of our full-year forecast.

- The company announced to pay Bt1.44 dividends (50% payout). XD and payment dates are set on 28 February and 27 April 2023.

While profits were in line, NPLs were higher than expected. NPLs rose 26% q-q to 3.5% of total loans. We will re-visit our forecast to incorporate higher NPLs.

- Should ASK look to resume loan loss coverage ratio to previous level of over 90%, this might incur downside to our current forecast for 21% EPS growth in 2023.

- Net loans grew 4% q-q and 21% YTD. As it slowed the growth of high-yield to contain NPLs, yield contracted while cost of fund rose along with rising interest rate. NIM narrowed q-q to 5.45%.

- Along with higher loans, insurance sales grew 20% y-y and 5% q-q in 4Q22. The growth was also strong at 25% y-y on full-year basis.

- Opex was under good control with cost to income ratio falling to 24% in 4Q22.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Interest income	1,064	1,111	1,186	1,262	1,304	Interest & dividend income	3	23	101	4,863	5,702
Interest expense	277	296	322	343	375	Interest expense	9	35	103	1,336	1,603
Net interest income	787	815	864	919	929	Net interest income	1	18	100	3,527	4,099
Non-interest income	166	190	185	197	189	Non-interest income	(4)	14	100	761	895
Total income	952	1,005	1,049	1,116	1,118	Total income	0	17	100	4,288	4,993
Operating expense	253	275	290	292	269	Operating expense	(8)	6	97	1,127	1,273
Pre-provisioning profit	700	730	759	823	850	Pre-provisioning profit	3	21	101	3,161	3,720
Provision for bad&doubtful debt	269	291	309	332	333	Provision for bad&doubtful debt	0	24	104	1,265	1,390
Profit before tax	431	439	450	491	517	Profit before tax	5	20	99	1,896	2,330
Tax	88	88	91	99	106	Tax	7	21	100	384	466
Profit after tax	343	351	359	391	411	Profit after tax	5	20	98	1,512	1,864
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	343	351	359	391	411	Net profit	5	20	98	1,512	1,864
Normalized profit	343	351	359	391	411	Normalized profit	5	20	98	1,512	1,864
PPP/share (Bt)	1.3	1.4	1.4	1.6	1.6	PPP/share (Bt)	3	21	101	6.0	7.0
EPS (Bt)	0.7	0.7	0.7	0.7	0.8	EPS (Bt)	5	20	98	2.9	3.5
Norm EPS (Bt)	0.7	0.7	0.7	0.7	0.8	Norm EPS (Bt)	5	20	98	2.9	3.5
BV/share (Bt)	17.5	18.3	18.0	18.7	19.4	BV/share (Bt)	4	11	19	19.4	20.8

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(%)	4Q21	1Q22	2Q22	3Q22	4Q22
Cash and cash equivalent	471	452	364	472	601	Net loan grow th (YTD)		6.5	12.2	16.9	21.0
Other current assets	622	673	676	635	637	Net loan grow th (q-q)	6.3	(5.7)	19.5	4.3	3.6
Total current assets	1,093	1,125	1,040	1,107	1,238	Borrowing grow th (YTD)	19.7	6.9	15.3	22.1	25.1
Gross loans and accrued interest	55,729	59,398	62,609	65,243	67,605	Borrowing grow th (q-q)	6.5	0.1	0.1	5.9	2.5
Provisions	1,332	1,463	1,567	1,671	1,761	Non-interest income (y-y)	35.6	37.9	20.3	31.7	14.2
Net loans	54,396	57,935	61,042	63,572	65,844	Non-interest income (q-q)	10.8	14.6	(2.7)	6.7	(4.0)
Fixed assets	280	318	342	564	743	Cost-to-income	26.5	27.4	27.7	26.2	24.0
Other assets	899	941	1,557	2,107	1,323	Net interest margin	5.72	5.58	5.56	5.60	5.45
Total assets	56,669	60,318	63,980	67,349	69,149	Credit cost	1.71	1.96	1.74	1.80	1.74
Short term borrowing	9,467	7,280	12,199	13,891	11,000	ROE	15.1	14.9	15.0	16.2	16.3
Current portion of LT loans	11,672	13,412	10,928	8,934	11,735	ROA	2.5	2.4	2.3	2.4	2.4
Other current liabilities	1,129	1,225	1,162	1,188	1,265	Loan-to-borrowing	139	122	135	133	135
Total current liabilities	22,268	21,917	24,289	24,014	24,000	Loan-to-total equity	681	616	746	750	747
Borrowings	16,092	20,914	22,160	24,795	22,466	NPLs (Bt m)	1,508	1,523	1,679	1,868	2,347
Other liabilities	9,054	7,850	8,012	8,676	12,428	NPL increase	45	15	156	189	479
Minority interest	-	-	-	-	-	NPL ratio	2.71	2.56	2.68	2.86	3.47
Shareholders' equity	9,255	9,637	9,519	9,865	10,255	Loan-loss-coverage ratio	88	96	93	89	75
Total Liabilities & Equity	56,669	60,318	63,980	67,349	69,149						

Sources: Company data, Thanachart estimates

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