

Saksiam Leasing Pcl (SAK TB) - BUY, Price Bt6.75, TP Bt8.00**Results Comment**

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Record profits with good NPL control

- SAK reported record profits of Bt209m, up 13% y-y and 22% q-q. 2022's profits grew 17% y-y and were in line with our forecast.
- Using funding from bank loans, SAK would see rising funding cost pressure but we expect the rise to be offset by higher loan volume and improving cost efficiency. We look for 20% earnings growth this year and re-iterate BUY.
- SAK announced DPS of Bt0.137. XD and payment dates are set on 27 April and 18 May 2023.
- Loans grew 3% q-q and 22% YTD. NIM has maintained as improving yield was offset rising cost of fund.
- NPLs was under good control, almost flat q-q and NPL ratio was falling from 2.6% in 3Q22 to 2.5% in the quarter.
- Opex fell q-q but was still higher y-y on rising number of branches. SAK will slow new branch opening this year as it looks to reap return from its past investment.
- Provisions fell 52% q-q and 6% y-y along with good NPL control. Loan loss coverage ratio stood healthy at 105%.

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	517	525	565	606	633	Interest & dividend income	4	23	101	2,330	2,890
Interest expense	30	33	40	46	54	Interest expense	17	80	100	173	287
Net interest income	487	492	526	560	580	Net interest income	3	19	101	2,157	2,603
Non-interest income	3	2	1	1	1	Non-interest income	32	(41)	31	6	39
Total income	489	494	527	561	581	Total income	3	19	100	2,163	2,643
Operating expense	235	259	282	303	300	Operating expense	(1)	28	103	1,144	1,347
Pre-provisioning profit	254	235	245	258	281	Pre-provisioning profit	9	10	97	1,019	1,296
Provision for bad&doubtful debt	22	29	37	44	21	Provision for bad&doubtful debt	(52)	(6)	76	131	218
Profit before tax	232	206	208	214	260	Profit before tax	21	12	101	888	1,077
Tax	47	42	42	43	51	Tax	19	9	101	178	215
Profit after tax	185	164	166	171	209	Profit after tax	22	13	101	710	862
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	0	1	0	0	1	Minority interests	67	2,402	(357)	2	(2)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	185	165	166	171	209	Net profit	22	13	101	712	860
Normalized profit	185	165	166	171	209	Normalized profit	22	13	101	712	860
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1	PPP/share (Bt)	9	10	97	0.5	0.6
EPS (Bt)	0.1	0.1	0.1	0.1	0.1	EPS (Bt)	22	13	101	0.3	0.4
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1	Norm EPS (Bt)	22	13	101	0.3	0.4
BV/share (Bt)	2.3	2.4	2.4	2.5	2.6	BV/share (Bt)	4	10	3	2.6	2.8

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	307	312	284	293	268	Gross loan grow th (YTD)	35.6	4.5	12.9	18.4	21.9
Other current assets	30	56	72	57	52	Gross loan grow th (q-q)	5.7	4.5	8.0	4.9	3.0
Total current assets	338	368	355	351	321	Borrowing grow th (YTD)	8.3	6.6	25.0	32.0	35.1
Gross loans and accrued interest	8,893	9,281	10,038	10,548	10,867	Borrowing grow th (q-q)	6.6	6.6	17.2	5.6	2.4
Provisions	208	234	266	289	290	Non-interest income (y-y)	85.5	(5.2)	(22.7)	(38.1)	(40.6)
Net loans	8,685	9,047	9,773	10,259	10,576	Non-interest income (q-q)	37.2	(17.0)	(32.0)	(20.1)	31.7
Fixed assets	126	139	153	170	168	Cost-to-income	48.0	52.4	53.5	54.0	51.7
Other assets	380	446	491	488	558	Net interest margin	21.0	20.1	20.2	20.3	20.3
Total assets	9,530	10,000	10,771	11,268	11,624	Credit cost	1.01	1.27	1.49	1.68	0.78
Short term borrowing	3,047	3,657	2,955	3,343	2,860	ROE	15.4	13.3	13.3	13.5	15.9
Current portion of LT loans	610	598	1,295	1,181	1,447	ROA	8.0	6.8	6.4	6.2	7.3
Other current liabilities	273	281	270	240	304	Loan-to-borrowing	192.4	188.3	173.7	172.8	173.9
Total current liabilities	3,931	4,536	4,520	4,764	4,611	Loan-to- total equity	177.6	178.9	196.2	199.2	197.2
Borrowings	452	113	956	1,042	1,295	NPLs (Btm)	190.8	210.8	253.1	274.8	276.4
Other liabilities	241	281	302	297	342	NPL increase	8.0	20.0	42.3	21.7	1.6
Minority interest	15	14	14	14	13	NPL ratio (%)	2.15	2.27	2.52	2.61	2.54
Shareholders' equity	4,892	5,057	4,980	5,151	5,363	Loan loss coverage ratio (%)	108.9	111.1	105.0	105.0	105.0
Total Liabilities & Equity	9,530	10,000	10,771	11,268	11,624						

Sources: Company data, Thanachart estimates

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