

Finance Sector – Overweight

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Earnings Preview

Expecting strong 3Q24F profits

- Profits growth of 12% y-y and 1% q-q.
 - Cautious but still healthy loan growth.
 - Manageable asset quality.
 - Maintain OW, MTC is top pick.
- SAWAD will be ready for earnings preview next week. Below are our preliminary estimates for 3Q24F for MTC, SAK, and TIDLOR.

Ex 1: Earnings Preview For 3Q24F

	Net Profit (Bt m)			Change (%)	
	3Q24F	2Q24	3Q23	Y-Y	Q-Q
MTC	1,516.99	1,444.24	1,285.14	18.04	5.04
SAK	218.00	199.69	186.58	16.84	9.17
TIDLOR	1,033.82	1,091.40	1,006.84	2.68	(5.28)
Total	2,768.81	2,735.32	2,478.56	11.71	1.22

Sources: Company data, Thanachart estimates

- We anticipate net profit growth of 12% y-y and 1% q-q in 3Q24, largely driven by loan volume growth of approximately 2-4% q-q and lower provisions. Among these three stocks, MTC and SAK are expected to achieve solid growth both y-y and q-q, while TIDLOR is likely to see modest y-y and q-q contractions in profit growth.
- Loan demand remains strong, but operators are exercising caution. The focus is on secured loans, with loan-to-value ratios being adjusted downward to minimize potential losses from repossessions.
- MTC's healthy loan growth (16% y-y in 9M24) and lower provisions are expected to be partially offset by rising funding costs.
- NPLs remain under control for MTC and SAK. In contrast, TIDLOR is experiencing increased lending yields and NIM, but provisions remain high as NPLs continue to rise, albeit at a slower pace than seen in 2Q24. TIDLOR believes that NPL formation peaked in 2Q24.
- Looking ahead, an interest rate cut should benefit all companies. However, aside from SAK, whose funding costs are linked to MLR, MTC and TIDLOR will likely see an increase in funding costs going into 1H25 as the benefits from repricing will take time to materialize. In response to the falling interest rates, MTC plans to extend its liability duration from the current 2 years.
- We maintain OVERWEIGHT and re-iterate BUYs for all three. MTC remains our top sector pick and we like SAK on bottom-up.

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