

Asia Sermkij Leasing Pcl (ASK TB) - HOLD, Price Bt11.2, TP Bt16.0

Results Comment

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Very weak profits

- ASK reported very net profits of Bt59m, down 82% y-y and 29% q-q. Operational performance fell short of our expectations across nearly all metrics, leading us to anticipate significant downward adjustments to our forecast. We will revisit our HOLD recommendation.
- Although loan contractions were larger than anticipated, interest expenses were notably high. Coupled with weak loans, non-interest income also fell below our expectation.
- In spite of increased write-off, NPLs went up 4% q-q. Stage 2 still increased q-q from 10.6% in 2Q24 to 11% in the quarter. NPA increased 16% q-q to Bt2.26bn.
- Provisions increased 52% y-y but came down 3% q-q. The increased provisions were due to higher NPLs, impairment losses and losses on repossessed sales.
- The credit costs rose to 3.17% from 3.15% in 2Q24. Loan loss coverage ratio was down to just 56%.
- ASK's net D/E ratio stood at 6.2% as of 3Q24.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest income	1,436	1,485	1,474	1,464	1,424	Interest & dividend income	(3)	(1)	74	5,911	5,838
Interest expense	504	538	552	558	549	Interest expense	(1)	9	79	2,093	2,088
Net interest income	932	947	923	906	875	Net interest income	(3)	(6)	71	3,817	3,750
Non-interest income	210	185	189	171	152	Non-interest income	(11)	(28)	66	780	800
Total income	1,142	1,132	1,112	1,077	1,027	Total income	(5)	(10)	70	4,597	4,550
Operating expense	318	307	340	313	301	Operating expense	(4)	(5)	69	1,381	1,471
Pre-provisioning profit	824	825	772	764	726	Pre-provisioning profit	(5)	(12)	70	3,216	3,079
Provision for bad&doubtful debt	426	621	554	667	649	Provision for bad&doubtful debt	(3)	52	82	2,276	2,001
Profit before tax	399	204	218	97	77	Profit before tax	(21)	(81)	42	940	1,077
Tax	81	43	44	15	18	Tax	23	(78)	41	188	215
Profit after tax	318	161	174	82	59	Profit after tax	(29)	(82)	42	752	862
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	318	161	174	82	59	Net profit	(29)	(82)	42	752	862
Normalized profit	318	161	174	82	59	Normalized profit	(29)	(82)	42	752	862
PPP/share (Bt)	1.6	1.6	1.5	1.4	1.4	PPP/share (Bt)	(5)	(12)	70	6.1	5.8
EPS (Bt)	0.6	0.3	0.3	0.2	0.1	EPS (Bt)	(29)	(82)	42	1.4	1.6
Norm EPS (Bt)	0.6	0.3	0.3	0.2	0.1	Norm EPS (Bt)	(29)	(82)	42	1.4	1.6
BV/share (Bt)	20.0	20.2	20.5	19.5	19.6	BV/share (Bt)	0	(2)	20	20.9	21.7

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash and cash equivalent	475	551	477	545	525	Net loan grow th (YTD)	10.4	10.9	0.5	(1.4)	(4.6)
Other current assets	1,184	999	972	914	337	Net loan grow th (q-q)	2.2	0.5	0.5	(1.9)	(3.3)
Total current assets	1,659	1,550	1,449	1,459	862	Borrowing grow th (YTD)	13.7	13.6	1.1	0.4	(3.3)
Gross loans and accrued interest	74,640	75,257	75,811	74,614	72,338	Borrowing grow th (q-q)	2.9	(0.0)	0.0	(0.7)	(3.7)
Provisions	1,956	2,205	2,380	2,584	2,663	Non-interest income (y-y)	6.4	(2.2)	(11.3)	(26.8)	(27.7)
Net loans	72,683	73,052	73,432	72,029	69,675	Non-interest income (q-q)	(10.1)	(11.7)	2.0	(9.6)	(11.1)
Fixed assets	1,691	2,048	2,316	2,689	3,021	Cost-to-income	27.8	27.1	30.5	29.1	29.3
Other assets	1,101	879	1,211	1,188	1,247	Net interest margin	4.90	4.90	4.73	4.65	4.60
Total assets	77,134	77,529	78,407	77,365	74,805	Credit cost	2.00	2.90	2.57	3.15	3.17
Short term borrow ing	7,151	7,120	6,083	5,172	4,100	ROE	12.2	6.1	6.5	3.1	2.3
Current portion of LT loans	20,444	25,059	30,370	29,380	27,613	ROA	1.7	0.8	0.9	0.4	0.3
Other current liabilities	1,316	1,554	1,554	1,370	1,276	Loan-to-borrowing	131	133	132	131	131
Total current liabilities	28,912	33,733	38,007	35,922	32,988	Loan-to- total equity	806	804	796	822	792
Borrowings	17,132	15,355	12,063	12,568	12,323	NPLs (Bt m)	3,089	3,539	3,918	4,549	4,725
Other liabilities	20,544	17,783	17,503	18,570	19,155	NPL increase	172	450	380	631	175
Minority interest	-	-	-	-	-	NPL ratio	4.14	4.70	5.17	6.10	6.53
Shareholders' equity	10,545	10,659	10,833	10,305	10,339	Loan-loss-coverage ratio	63	62	61	57	56
Total Liabilities & Equity	77,134	77,529	78,407	77,365	74,805						

Sources: Company data, Thanachart estimates

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