

**Srisawad Corporation (SAWAD TB) - HOLD, Price Bt38.5, TP Bt43****Results Comment**

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

**Weak profits, in line**

- SAWAD reported net profits of Bt1.3bn, down 6% y-y but up 3% q-q. 9M24 profits were 74% of our full-year forecast. We maintain our projection and re-iterate HOLD.
- Loans contracted by 3% q-q and 2% YTD due to slower new loan issuances in title loans and new motorcycle HP loans. NIM declined by 40bps q-q to 13.1% due to a contraction of lending yield and rising funding costs.
- NPLs stabilized q-q, with NPL formation dropping to 1.7% from 2% in 2Q24. Provisions rose 55% y-y but fell 9% q-q, with credit costs at 1.98%, down from 2.2% in 2Q24.
- The NPL ratio increased from 3.37% in 2Q24 to 3.46%, primarily due to loan contraction.
- Losses on sales held steady from 2Q24 at Bt413m, while opex declined by 2% q-q and 7% y-y. The cost-to-income ratio improved to 51.1%, down from 54% in 3Q23 and 51.3% in 2Q24.
- Non-interest income, driven by strong insurance sales, rose 31% y-y and 20% q-q, surpassing our expectations.

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	4,647	4,546	4,595	4,662	4,478	Interest & dividend income	(4)	(4)	76	18,171	18,723
Interest expense	690	749	789	793	813	Interest expense	2	18	77	3,094	2,911
<b>Net interest income</b>	<b>3,956</b>	<b>3,797</b>	<b>3,806</b>	<b>3,869</b>	<b>3,665</b>	<b>Net interest income</b>	<b>(5)</b>	<b>(7)</b>	<b>75</b>	<b>15,077</b>	<b>15,811</b>
Non-interest income	605	767	818	665	796	Non-interest income	20	31	79	2,890	3,035
Total income	4,562	4,564	4,623	4,535	4,461	Total income	(2)	(2)	76	17,967	18,846
Operating expense	2,447	2,281	2,492	2,325	2,280	Operating expense	(2)	(7)	76	9,400	9,619
<b>Pre-provisioning profit</b>	<b>2,115</b>	<b>2,283</b>	<b>2,131</b>	<b>2,210</b>	<b>2,181</b>	<b>Pre-provisioning profit</b>	<b>(1)</b>	<b>3</b>	<b>76</b>	<b>8,567</b>	<b>9,227</b>
Provision for bad&doubtful debt	316	664	486	537	488	Provision for bad&doubtful debt	(9)	55	81	1,863	1,753
Profit before tax	1,800	1,619	1,645	1,673	1,693	Profit before tax	1	(6)	75	6,704	7,474
Tax	375	333	367	352	328	Tax	(7)	(13)	78	1,341	1,495
Profit after tax	1,424	1,286	1,278	1,321	1,366	Profit after tax	3	(4)	74	5,363	5,979
Equity income	-	-	-	-	-	Equity income	-	-	-	-	-
Minority interests	(37)	(19)	(17)	(56)	(65)	Minority interests	-	-	69	(200)	(210)
Extra items	-	-	-	-	-	Extra items	-	-	-	-	-
<b>Net profit</b>	<b>1,387</b>	<b>1,267</b>	<b>1,261</b>	<b>1,265</b>	<b>1,301</b>	<b>Net profit</b>	<b>3</b>	<b>(6)</b>	<b>74</b>	<b>5,163</b>	<b>5,769</b>
<b>Normalized profit</b>	<b>1,387</b>	<b>1,267</b>	<b>1,261</b>	<b>1,265</b>	<b>1,301</b>	<b>Normalized profit</b>	<b>3</b>	<b>(6)</b>	<b>74</b>	<b>5,163</b>	<b>5,769</b>
PPP/share (Bt)	1.5	1.7	1.6	1.5	1.4	PPP/share (Bt)	(1)	(6)	81	5.5	5.9
EPS (Bt)	1.0	0.9	0.9	0.8	0.9	EPS (Bt)	3	(15)	79	3.3	3.7
Norm EPS (Bt)	1.0	0.9	0.9	0.8	0.9	Norm EPS (Bt)	3	(15)	79	3.3	3.7
BV/share (Bt)	19.6	20.5	21.5	20.3	21.1	BV/share (Bt)	4	8	21	21.3	24.9

Balance Sheet						Financial Ratios					
(consolidated)											
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash and cash equivalent	7,183	3,963	5,463	5,257	3,558	Gross loan growth (YTD)	64.6	72.4	1.0	0.6	(2.3)
Other current assets	3,554	3,310	3,503	3,412	3,346	Gross loan growth (q-q)	5.9	4.7	1.0	(0.5)	(2.8)
Total current assets	10,737	7,273	8,965	8,668	6,904	Borrowing growth (YTD)	111.9	110.0	2.0	0.6	(6.0)
Gross loans and accrued interest	93,244	97,826	99,397	99,669	96,929	Borrowing growth (q-q)	11.0	(0.9)	2.0	(1.3)	(6.6)
Provisions	1,477	1,830	2,012	2,218	2,281	Non-interest income (y-y)	(23.0)	(14.9)	(4.0)	(29.7)	31.5
Net loans	91,767	95,996	97,384	97,451	94,648	Non-interest income (q-q)	(36.0)	26.8	6.6	(18.6)	19.6
Fixed assets	2,331	2,415	2,606	2,666	2,675	Cost-to-income	53.6	50.0	53.9	51.3	51.1
Other assets	5,971	5,782	5,658	5,503	5,378	Net interest margin	14.9	13.7	13.5	13.5	13.1
<b>Total assets</b>	<b>110,806</b>	<b>111,465</b>	<b>114,613</b>	<b>114,288</b>	<b>109,604</b>	Credit cost	1.39	2.78	1.97	2.16	1.98
Short term borrowing	12,295	13,085	14,130	10,528	8,145	ROE	21.1	18.4	17.5	16.8	16.6
Current portion of LT loans	19,818	23,140	23,297	28,625	27,521	ROA	5.2	4.6	4.5	4.4	4.6
Other current liabilities	4,156	4,379	4,770	4,133	3,171	Loan-to-borrowing	144.5	152.7	151.3	152.6	158.9
Total current liabilities	36,269	40,603	42,197	43,285	38,838	Loan-to-total equity	407.4	408.1	394.3	376.6	352.5
Borrowings	7,074	4,475	2,658	1,803	2,276	NPLs (Bt m)	2,527	2,998	3,192	3,360	3,357
Other liabilities	37,417	35,189	37,268	35,415	33,516	NPL increase	224.1	470.4	194.0	168.2	(3.0)
Minority interest	3,099	3,020	3,022	3,072	3,093	NPL ratio	2.71	3.06	3.21	3.37	3.46
<b>Shareholders' equity</b>	<b>26,947</b>	<b>28,177</b>	<b>29,468</b>	<b>30,713</b>	<b>31,882</b>	Loan-loss-coverage ratio	58.5	61.0	63.1	66.0	68.0
<b>Total Liabilities &amp; Equity</b>	<b>110,806</b>	<b>111,465</b>	<b>114,613</b>	<b>114,288</b>	<b>109,604</b>						

Sources: Company data, Thanachart estimates

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