Muangthai Capital Pcl (MTC TB) - BUY

Analyst Meeting

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Slightly negative from meeting

- **Loan growth guidance cut to 8-10% y-y due to soft econ.**
- **Cost efficiency improves.**
- **Asset quality manageable; credit cost contained.**
- **Good funding cost control, with room for upside.**

We came away with a **slightly negative** takeaway from MTC's post-2Q26 meeting, driven mainly by **a cut to loan growth guidance**, though better-than-expected cost and funding trends offset earnings downside risk.

- **Management messages**
  - **1) More cautious loan growth.** MTC revised its 2026 loan growth target to **8–10% y-y from 10%**, reflecting elevated macro uncertainty and a more selective lending stance. However, management continues to believe that **>10% annual loan growth remains achievable over the longer term** once economic conditions improve.
  - **2) Further room for cost efficiency.** The cost-to-income ratio improved by **2ppts q-q to 47% in 2Q26**, supported by tighter cost control and efficiency initiatives. Management sees further room to reduce operating costs, but conservatively maintained its **2026 cost-to-income guidance at 47–48%**.
  - **3) Asset quality remains manageable despite NPL uptick.** NPLs increased **4% q-q in 2Q26**, mainly reflecting the softer macro environment. Given continued economic uncertainty, MTC maintained its full-year credit cost guidance at **below 260bps** vs 1H26 of 226bps.
  - **4) Funding cost should continue to decline.** MTC will continue to prioritize the cheapest available funding sources. Management expects funding costs to decline further in 2H26 as lower-cost funding gradually replaces maturing debt.

- **Our take**

  We have a slightly negative view on the meeting, mainly due to the lower 2026 loan growth target versus our 10% forecast, suggesting a more cautious growth outlook than we previously expected. However, we see limited downside risk to our earnings forecast, as slower loan growth should be partly offset by better-than-expected opex control and lower funding costs. We also do not expect MTC to issue US dollar-denominated debentures this year, which should help contain funding costs. With asset quality remaining manageable and credit cost tracking comfortably within guidance, we maintain BUY with a TP of Bt37.

Key Valuations

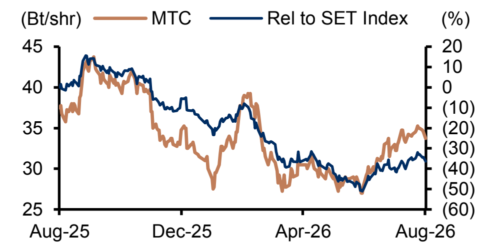
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Prov. Profit	12,813	14,201	15,735	17,307
Net profit	6,723	7,290	8,110	8,920
Norm net profit	6,723	7,290	8,110	8,920
Norm EPS (Bt)	3.2	3.4	3.8	4.2
Norm EPS gr (%)	14.6	8.4	11.3	10.0
Norm PE (x)	10.6	9.8	8.8	8.0
P/BV (x)	1.7	1.5	1.3	1.1
Div. yield (%)	0.9	1.5	1.7	1.9
ROE (%)	16.8	15.8	15.4	14.9
ROA (%)	3.7	3.6	3.7	3.8

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	33.75
Target price (Bt)	37.00
Market cap (US$ m)	2,159.3
Avg daily turnover (US$ m)	14.7
12M H/L price (Bt)	43.75/27.00

Price Performance



Source: Bloomberg

Ex 1: 2026 Financial Target

	2025 A	2026 MTC's target	ttb wealth
Loan growth	12%	8-10%	10%
NPL ratio	2.56%	2.55%	2.63%
Outstanding branches	8,673	9,000	9,073
Credit costs	2.6%	2.6%	2.7%
Funding costs	4.53%	4.45%	4.61%
Cost to income ratio	48%	47-48%	48%

Sources: Company data, Thanachart estimates

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