

Finance

4Q25 Results Preview: Companies Prepare For Uncertainties As The General Election Draws Closer

Highlights

- We expect the finance sector to report a net profit of Bt6.1b for 4Q25 (+8% yoy, -5% qoq).
- We anticipate the sector performing well after the general election on 8 Feb 26.
- Upgrade to OVERWEIGHT on the sector. Our top picks are MTC and KTC.

Analysis

- **Expect 4Q25 earnings to grow yoy but decline qoq.** We expect finance companies under our coverage to report a net profit of Bt6.1b for 4Q25, up 8% yoy but down 5% qoq. We foresee the sector's pre-provision operating profit coming in at Bt11.3b in 4Q25, up 5% yoy and 1% qoq.
- **Loan growth remains intact in 4Q25.** We forecast the sector's loan portfolio to grow 4% qoq in 4Q25, supported by the seasonal high. Meanwhile, we expect the sector's loan portfolio to grow 9% yoy in 4Q25 due to the better asset quality control, comparing to 4Q24. In 2025, we forecast the sector's loan portfolio to grow 7% yoy, mainly driven by the more optimistic lending in 2025.
- **Credit cost to increase qoq in 4Q25 due to cautious provisioning.** While we still project a yoy decrease in credit costs in 4Q25, we expect credit costs to jump 37bp qoq to 346bp in 4Q25 from 309bp in 3Q25. Finance companies under our coverage will add provision expenses in 4Q25, creating a buffer for potential future uncertainties while waiting for the general election and the results of the government budget disbursement.
- **We anticipate the sector performing well after the general election.** The general election is scheduled for 8 Feb 26. According to our study, we found that Muangthai Capital (MTC)'s share price gained 5.8% and 10.3% after 20 trading days after the election in 2023 and 2019, respectively. Moreover, the finance sector outperformed the SET Index with a return of 7.4% after 20 trading days after the election in 2019. We reckon the sector would outperform the market after the election and show a post-election rally in 1Q26.
- **The government stimulus and disbursement should support the sector in 2H26.** According to the Bank of Thailand (BOT), many market participants are concerned about the delayed budget disbursement after the election in Feb 26. However, we expect the new government will set up the new cabinet and commence the budget disbursement in early-2H26. We expect the government's various stimulus packages and budget disbursement to result in better debt collection and improved asset quality for the sector in 2H26.

OVERWEIGHT
(Upgraded)

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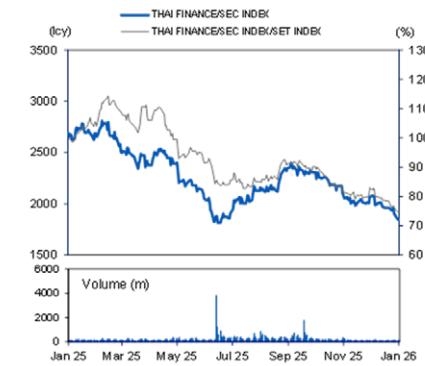
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Sector Picks

Company	Ticker	Rec	Share Price 12 Jan	Target Price (Bt)
Muangthai Capital	MTC TB	BUY	28.75	52.00
Krungthai Card	KTC TB	BUY	25.25	45.00

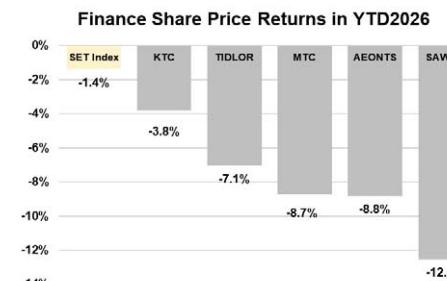
Source: Bloomberg, UOB Kay Hian

Returns: Finance VS The SET Index



Source: Bloomberg, UOB Kay Hian

Returns: Finance VS The SET Index



Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price	Target	Upside	Market	Net Profit		PE		Net EPS	P/B	Yield	ROE
		12 Jan 26 (Bt)	Price (Bt)	Downside (%)	Cap (US\$m)	2025F (Btm)	2026F (Btm)	2025F (x)	2026F (x)	Growth 2025F(%)	2025F (x)	2025F (%)	2025F (%)
KTC TB	BUY	25.25	45.00	78.2	2,003	7,601	8,055	8.6	8.1	2.2	1.5	5.3	18.1
MTC TB	BUY	28.75	52.00	80.9	1,875	6,591	7,715	9.2	7.9	12.3	1.4	1.0	16.5
SAWAD TB	BUY	22.30	28.00	25.6	1,140	4,903	5,287	7.5	7.0	(8.0)	1.0	1.7	14.0
	(Prev HOLD 28.00)												
TIDLOR TB	BUY	15.80	22.00	39.2	1,408	5,248	5,723	8.7	8.0	24.5	1.3	3.4	16.2
Avg					6,426	24,343	26,781	8.6	7.8	7.8	1.3	3.0	16.5

Source: UOB Kay Hian

- MTC: To raise provisions ahead of the general election.** We anticipate MTC reporting a net profit of Bt1.65b in 4Q25, marking an increase of 7% yoy but a drop of 4% qoq. We project credit costs to rise 88bp qoq to 354bp in 4Q25. We expect MTC to add more provisions in 4Q25 ahead of the general election and the setting up of a new cabinet. We also expect that the waiting period for the election and new round of government disbursement will prompt MTC to remain cautious and add provisions. However, we are positive about MTC's capability to internally control asset quality and its asset quality outlook. MTC's share price has trended down to an attractive valuation level of P/B 1.3x, implying -1.5SD to its five-year mean, making it a good entry point. MTC remains our top pick in the finance sector.

- SAWAD: More positive on asset quality outlook but remain cautious.** We expect SAWAD to report a net profit of Bt1.2b for 4Q25, down 1% yoy and 9% qoq. We project its NPL ratio to stabilise at 3.9% in 4Q25. We expect credit costs to slightly decrease 3bp qoq to 205bp in 4Q25 from 208bp in 3Q25. Although management guides for a significant improvement in asset quality due to the clean-up of the loan portfolio and strict lending policy, we remain cautious on SAWAD's asset quality outlook. In addition, we reckon the consolidation of the share price to the current level has opened the door for a share price reversal. The current share price is trading at P/B 1.0x, which is -1.5SD to its five-year mean. We upgrade to BUY, as we expect the share price to rebound. Nevertheless, fundamentally, we remain cautious as we monitor SAWAD's efforts to improve asset quality.

- TIDLOR: Resilient top-line with cautious loan portfolio growth.** We expect TIDLOR to post 4Q25 net profit of Bt1.33b +27% yoy, -6% qoq. TIDLOR's loan portfolio is expected to grow 2% yoy and 6% qoq in 4Q25 supported by non-truck loans. Asset quality is still intact despite a slight pickup in credit cost of 13bp qoq to 233bp. The insurance brokerage business continues to grow, resulting in non-II reaching Bt1.06b (-1% yoy, +4% qoq). TIDLOR's share price has trended down amid market economic concerns, which we view as manageable. The current share price offers an attractive entry point, and we expect it to rebound. We upgraded TIDLOR to BUY in recent 4Q25 result preview piece published on 12 Jan 26.

- KTC: Expect to see a qoq drop in earnings.** We expect KTC to report a 4Q25 net profit of Bt1.9b, flat yoy but down 3% qoq. We anticipate KTC increasing its loan portfolio by 2% yoy and 6% qoq in 4Q25 due to the seasonal high. KTC is expected to report a 51bp qoq increase in credit cost to 595bp in 4Q25 as we reckon the company will increase provision expenses to cushion against future uncertainties. BOT announced that it would maintain the credit card minimum payment at 8% until 31 Dec 26. This announcement helped to relieve overhang for credit card operators.

Valuation/Recommendation

- Upgrade to OVERWEIGHT.** The sector is currently trading at 1.2x 2026F P/B, which implies a valuation of nearly -1SD to its five-year mean. It seems the market is more concerned about the sector's asset quality outlook due to the waiting period for the general election and government disbursement. The share prices have consolidated considerably. However, we remain positive on sector's asset quality outlook. We reckon that the share prices have already priced in the market's concerns and are attractive due to the undemanding valuation. We upgrade to OVERWEIGHT on the sector. Our top picks are MTC and KTC.

Sector Catalyst/Risk

- Government stimulus packages.

Earnings Revision

- No earnings revision.

9M25 Actual Results

	MTC	SAWAD	TIDLOR	KTC
Loan Growth	9.9% ytd	-2.4% ytd	3.3% ytd	0.7% ytd
Cost to Income	48.1%	48.7%	54.8%	37.7%
Cost of fund	4.49%	4.53%	2.43%	2.93%
NPL Ratio	2.66%	3.9%	1.66%	1.85%
Credit Cost	2.52%	2.1%	2.60%	5.7%

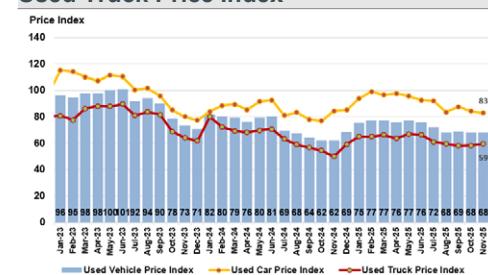
Source: Respective companies, UOB Kay Hian

2025 Financial Targets

	MTC	SAWAD	TIDLOR	KTC
Loan Growth	10-15%	5-10%	> 6.6%	4-5%
Cost to Income	47 - 48%	N/A	N/A	N/A
Cost of fund	Max 4.6% in 1H25	N/A	N/A	N/A
NPL Ratio	< 2.7%	3-4%	< 2.0%	< 2.00%
Credit Cost	< 2.7%	1.8-2.0%	< 3.0%	5-6%

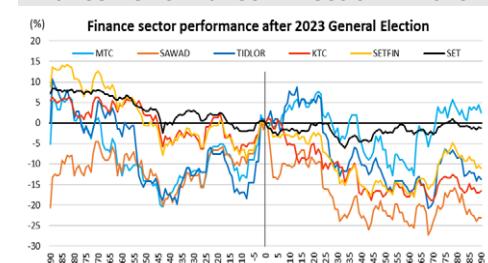
Source: Respective companies, UOB Kay Hian

Used Truck Price Index



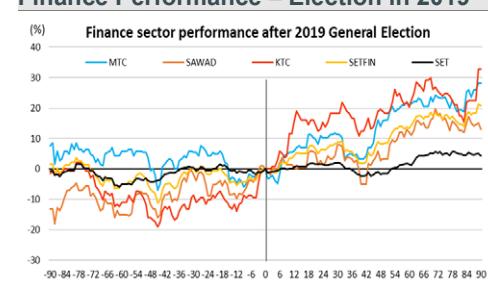
Source: BOT, UOB Kay Hian

Finance Performance – Election in 2023



Source: Bloomberg, UOB Kay Hian

Finance Performance – Election in 2019



Source: UOB Kay Hian

4Q25 Earnings Preview

	4Q25F	3Q25	4Q24	qoq (%)	yoY (%)	2025F	2024	yoY (%)
Net profit (Btm)								
MTC	1,648	1,724	1,543	(4.4)	6.9	6,591	5,867	12.3
SAWAD	1,211	1,323	1,225	(8.5)	(1.2)	4,903	5,052	(2.9)
TIDLOR	1,328	1,406	1,044	(5.6)	27.1	5,248	4,217	24.5
KTC	1,895	1,951	1,889	(2.9)	0.3	7,601	7,437	2.2
Total	6,082	6,405	5,701	(5.0)	6.7	24,344	22,573	7.8
Pre-provision operating profit (Btm)								
MTC	3,290	2,905	2,679	13.3	22.8	11,473	10,509	9.2
SAWAD	2,075	2,240	2,022	(7.4)	2.6	8,392	8,544	(1.8)
TIDLOR	1,959	1,993	1,746	(1.7)	12.2	7,931	7,637	3.8
KTC	3,947	4,008	4,133	(1.5)	(4.5)	15,942	16,027	(0.5)
Total	11,272	11,147	10,580	1.1	6.5	43,737	42,718	2.4
Total loans (Btm)								
MTC	190,195	180,453	164,242	5.4	15.8	190,195	164,242	15.8
SAWAD	94,849	93,831	96,103	1.1	(1.3)	94,849	96,103	(1.3)
TIDLOR	109,841	107,324	103,929	2.3	5.7	109,841	103,929	5.7
KTC	112,123	106,206	110,434	5.6	1.5	112,123	110,434	1.5
Total	507,008	487,814	474,708	3.9	6.8	507,008	474,708	6.8
NIM (%)								
MTC	14.3	13.8	14.0	49bp	30bp	13.8	14.4	-54bp
SAWAD	15.1	14.7	14.5	39bp	63bp	14.3	15.1	-77bp
TIDLOR	16.0	16.0	15.7	0bp	34bp	15.7	15.8	-16bp
KTC	14.1	13.8	13.5	23bp	56bp	13.2	13.0	22bp
Average	14.9	14.6	14.4	28bp	45bp	14.3	14.6	-31bp
Credit cost (bp)								
MTC	354	266	281	88bp	73bp	275	302	-26bp
SAWAD	205	208	170	-3bp	34bp	200	196	4bp
TIDLOR	233	220	272	12bp	-39bp	251	340	-89bp
KTC	595	544	658	52bp	-63bp	556	609	-53bp
Average	347	309	345	37bp	2bp	321	362	-41bp
NPL ratio (%)								
MTC	2.6	2.6	2.8	0bp	-15bp	2.6	2.8	-15bp
SAWAD	3.9	3.9	3.6	-5bp	26bp	3.9	3.6	26bp
TIDLOR	1.7	1.7	1.8	4bp	-11bp	1.7	1.8	-11bp
KTC	1.5	1.5	2.0	-5bp	-45bp	1.5	2.0	-45bp
Average	2.41	2.43	2.5	-2bp	-11bp	2.4	2.5	-11bp

Source: Respective companies, UOB Kay Hian

Sector P/B Band



Source: UOB Kay Hian

MTC'S P/B Band



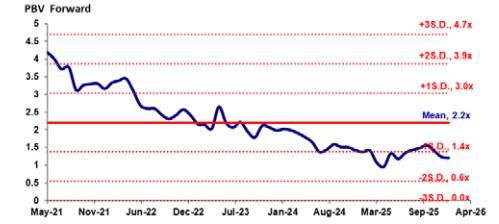
Source: UOB Kay Hian

SAWAD'S P/B Band



Source: UOB Kay Hian

TIDLOR'S P/B Band



Source: UOB Kay Hian

KTC'S P/B Band



Source: UOB Kay Hian

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