Muangthai Capital (MTC TB)

Guiding For Single-Digit Loan Growth In 2027

Highlights

- Neutral tone during the meeting.
- Credit cost should be within the 2026 target level.
- Maintain BUY with an unchanged target price of Bt50.00.

Analysis

- **Neutral tone during meeting.** We attended Muangthai Capital's (MTC) analyst meeting and earnings call (OPPDAY) on 12 Nov 26 and came away with a neutral view. MTC remains cautious about its lending policy to preserve good asset quality.
- **Guiding for single-digit loan growth in 2026 and 2027.** MTC posted loan growth of 6% yoy and 3% qoq in 3Q26. Meanwhile, the loan portfolio grew 5% yoy in 9M26. The CEO guided that loan growth should be around 7% yoy in 2026, compared with the company's target of 8-10% in 2026. Moreover, the company expects the loan portfolio to grow around 8% yoy in 2027 due to its strict lending policy amid the ongoing sluggish economic conditions.
- **Credit cost should be within the 2026 target level.** The NPL ratio increased qoq from 2.61% in 2Q26 to 2.63% in 3Q26. Meanwhile, the NPL amount increased by Bt132m qoq in 3Q26. The coverage ratio improved to 143% in 3Q26 from 132% in 2Q26. The company's credit cost decreased 12bp yoy but increased 20bp qoq to 254bp in 3Q26. However, credit costs were reported at 233bp in 9M26, below the 2026 target of 260bp. MTC expects the company to achieve its 2026 credit cost target of 260bp. Meanwhile, the CEO guided that the 2027 credit cost should be around 260bp due to the slow economic recovery outlook. Looking ahead to 4Q26, asset quality is expected to remain stable due to strong agricultural prices and good collections in Oct 26. We expect to see impressive asset quality improvement in 4Q26.
- **Room to decrease funding costs in 4Q26.** MTC set its cost of funds (COF) target at below 4.45% in 2026. Meanwhile, the COF in 9M26 was 4.3%. The company guided that debentures amounting to Bt4.8b matured in 4Q26, with an average cost of 3.9%, and were refinanced at a cost of 3.3% (60bp lower). This would lower finance costs in 4Q26. In 2027, debentures amounting to Bt30b are due for refinancing. If there is no change in the policy rate, we expect funding costs to decrease by 60bp for refinanced debentures.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	21,814.4	23,842.9	26,385.9	29,787.3	30,876.5
Non-Interest Income	946.1	729.4	740.8	779.8	793.0
Net profit (rep./act.)	5,867.3	6,723.3	7,608.1	8,397.6	9,172.0
Net profit (adj.)	5,867.3	6,723.3	7,608.1	8,397.6	9,172.0
EPS (Bt)	2.8	3.2	3.6	4.0	4.3
PE (x)	11.0	9.6	8.5	7.7	7.0
P/B (x)	1.8	1.5	1.3	1.1	1.0
Dividend yield (%)	0.5	0.9	1.1	1.2	1.4
Net int margin (%)	14.4	13.9	13.9	14.8	15.0
Cost/income Ratio (%)	47.4	47.9	47.3	47.0	46.9
Loan loss cover (%)	135.3	143.0	140.0	145.0	146.0
Consensus net profit	n.a	n.a	7,466.5	8,230.4	9,048.6
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Muangthai Capital, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt30.50
Target Price	Bt50.00
Upside	63.9%

Stock Data

Sector	Financials
Bloomberg ticker	MTC TB
Shares issued (m)	2,120.0
Market cap (Btm)	73,140.0
Market cap (US$m)	2,213.1
3-mth avg daily t'over (US$m)	14.5

Price Performance (%)

52-week high/low				Bt43.8/Bt27.0
1mth	3mth	6mth	1yr	YTD
6.2	19.0	(11.0)	(7.4)	9.5

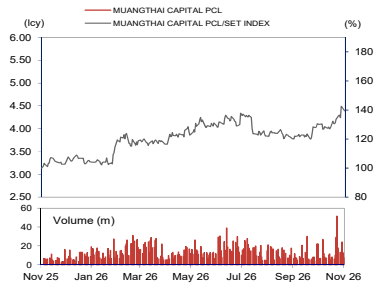
Major Shareholders (%)

Daonapa Petampai	33.96
Parithad Petampai	14.34
Suksit Patcharachai	14.15

Balance Sheet Metrics

FY26 NAV/Share (Bt)	23.4
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

The company provides motorcycle, commercial/passenger cars, agriculture cars, and title deed, personal, and nano loan to individuals.

- **Maintaining dividend payout ratio.** MTC has a dividend payout ratio of less than 10%, compared with other finance companies that have already increased their dividend payout ratios. However, the CEO reiterated that the company would maintain its dividend payout ratio at the current level, as it prefers to retain capital in preparation for future loan portfolio growth.
- **3Q26 results recap.** MTC reported a 3Q26 net profit of Bt1.94b, in line with our and market expectations. The company's net profit jumped 13% yoy and 2% qoq, and credit costs increased qoq. The NPL ratio increased slightly qoq in 3Q26. Excluding provision expenses, the company's pre-provision operating profit rose 9% yoy and 5% qoq in 3Q26.

3Q26 Results Recap

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq chg (%)	yoy chg (%)
Total gross loans	192,420	188,699	180,453	2.0	6.6
Net interest income	6,696	6,394	6,109	4.7	9.6
Non-interest income	182	184	173	(1.5)	4.8
Loan loss provision	(1,211)	(1,091)	(1,181)	11.0	2.5
Non-Interest Expenses	(3,241)	(3,095)	(2,945)	4.7	10.0
Pre-provision operating profit	3,152	2,996	2,905	5.2	8.5
Net income	1,941	1,905	1,724	1.9	12.6
EPS (Bt)	0.92	0.90	0.81	1.9	12.6
Ratio (%)					
NPL ratio (%)	2.63	2.61	2.6		
Loan loss coverage ratio (%)	143	132	140		
Net interest margin (NIM %)	14.2	13.8	13.8		
Credit cost (bp)	254	234	266		
Cost to income (%)	47.1	47.1	46.9		
Number of network store	8,964	8,906	8,609		
Baseline Total Loans/Store	21.1	20.9	20.7		

Source: MTC, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt50.00** based on the Gordon Growth Model (cost of equity: 13%, long-term growth: 4%). We roll over our target price to 2027. Our target price implies 1.8x 2027F P/B, which is nearly -0.5SD to its five-year average.

Earnings Revision/Risk

- We fine-tune MTC's earnings forecasts for 2026-28 by +0.7%, +0.9%, and +1.4%, respectively, reflecting the slightly negative tone and guidance from the meeting.

Share Price Catalyst

- Government stimulus packages.
- Higher dividend payout ratio.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

Environmental

- Climate change. Creating a TCFD-aligned information disclosure guide.
- Net-zero emissions. Planning for net-zero emissions

Social

- Prioritise customers. Feedback forms for better efficiency and satisfaction.
- Protect human rights. Implementing policies to protect human rights.
- Health and safety. Embracing a culture of safety and health in the workplace

Governance

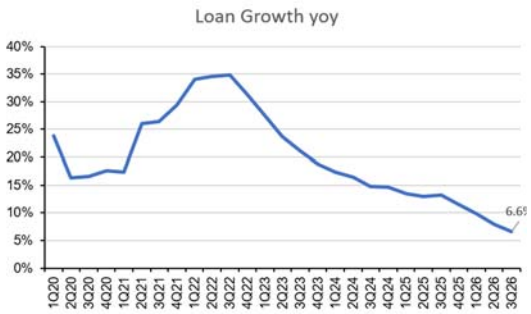
- Good corporate governance. Building investor confidence and competitiveness

2026 Financial Targets

	9M26 Actual	Revised 2026 Targets	2026 Targets
Loan Growth	5%	8-10%	10-15%
Cost to Income	47.7%	47-48%	47-48%
Cost of Fund	4.3%	4.45%	4.45%
Coverage Ratio	142.6%	140%	140%
NPL Ratio	2.63%	<2.55%	<2.55%
Credit Cost	2.33%	< 2.6%	< 2.6%

Source: MTC, UOB Kay Hian

Loan Growth (% yoy)



Source: MTC, UOB Kay Hian

Credit Cost (bp)



Source: MTC, UOB Kay Hian

P/B Band



Source: MTC, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	30,010	32,533	35,957	36,942
Interest expense	(6,167)	(6,147)	(6,169)	(6,065)
Net interest income/(expense)	23,843	26,386	29,787	30,876
Fees & Commissions	572	606	645	658
Income From Insurance	0	0	0	0
Net Trading Income	0	0	0	0
Other Income	157	135	135	135
Non-Interest Income	729	741	780	793
Total Income	24,572	27,127	30,567	31,669
Staff Costs	(11,759)	(12,825)	(14,376)	(14,856)
Other Operating Expense	0	0	0	0
Pre-Provision Profit	12,813	14,302	16,191	16,813
Loan Loss Provision	(4,404)	(4,781)	(5,694)	(5,349)
Pre-tax profit	8,409	9,521	10,497	11,465
Tax	(1,685)	(1,913)	(2,099)	(2,293)
Minorities	0	0	0	0
Net profit	6,723	7,608	8,398	9,172
Net profit (adj.)	6,723	7,608	8,398	9,172

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	4,995	5,814	13,311	19,530
Customer Loans	176,605	193,860	198,654	202,018
Properties & Other Fixed Assets	2,115	2,034	2,062	2,100
Goodwill & Intangible Assets	5,473	6,832	7,009	7,125
Other Assets	3,194	3,332	3,367	3,390
Total assets	192,382	211,871	224,402	234,164
Customer Deposits	36,991	48,205	48,225	46,620
Debts Securities Issued	105,890	109,584	114,284	117,203
Other Liabilities	6,583	4,457	4,573	4,650
Total liabilities	149,464	162,246	167,082	168,473
Shareholders' funds	42,919	49,625	57,320	65,691
Minority interest	0	0	0	0
Total Equity & Liabilities	192,382	211,871	224,402	234,164

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Total Assets/Equity	4	4	4	4
Tangible Assets/Tangible Common Equity	5	5	4	4
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	143	140	145	146
Loan Loss Reserve/Gross Loans	4	4	4	4
Credit Cost (bp)	254	249	279	257
Liquidity				
Liquid Assets/Short-Term Liabilities	14	12	28	42
Liquid Assets/Total Assets	3	3	6	8

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	9	11	13	4
Fees & Commissions, yoy Chg	(27)	6	6	2
Pre-Provision Profit, yoy Chg	7	12	13	4
Net Profit, yoy Chg	15	13	10	9
Customer Loans, yoy Chg	12	10	2	2
Profitability				
Net Interest Margin	14	14	15	15
Cost/Income Ratio	48	47	47	47
Adjusted ROA	4	4	4	4
Reported ROE	17	16	16	15
Adjusted ROE	17	16	16	16
Valuation				
P/BV	2	1	1	1
P/NTA	2	2	1	1
Adjusted P/E	10	8	8	7
Dividend Yield	1	1	1	1

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