Muangthai Capital (MTC TB)

2Q26: Results In Line With Consensus; Loans Continue To Grow qoq

Highlights

- MTC reported a 2Q26 net profit of Bt1.9b, up 16% yoy and 5% qoq.
- Loan portfolio expanded by 8% yoy in 2Q26.
- Maintain BUY with an unchanged target price of Bt50.00.

2Q26 Results

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	188,699	183,986	174,807	2.6	7.9
Net interest income	6,394	6,168	5,885	3.7	8.6
Non-interest income	184	181	188	1.9	(2.1)
Loan loss provision	(1,091)	(971)	(1,061)	12.4	2.8
Non-Interest Expenses	(3,095)	(3,099)	(2,953)	(0.1)	4.8
Pre-provision operating profit	2,996	2,794	2,708	7.2	10.6
Net income	1,905	1,823	1,647	4.5	15.7
EPS (Bt)	0.90	0.86	0.78	4.5	15.7
Ratio (%)					
NPL ratio (%)	2.61	2.57	2.6		
Loan loss coverage ratio (%)	132	144	139		
Net interest margin (NIM %)	13.8	13.5	13.8		
Credit cost (bp)	234	211	248		
Cost to income (%)	47.1	48.8	48.6		
Number of network store	8,906	8,754	8,433		
Baseline Total Loans/Store	20.9	20.7	20.5		

Source: MTC, UOB Kay Hian

Analysis

- **2Q26: Results in line with consensus.** Muangthai Capital (MTC) reported a 2Q26 net profit of Bt1.9b, in line with market expectations but beating our forecast by 8%. The company's net profit jumped 16% yoy and 5% qoq, and credit costs increased qoq. The NPL ratio increased slightly qoq in 2Q26. Excluding provision expenses, the company's pre-provision operating profit rose 11% yoy and 7% qoq in 2Q26.
- **Loan portfolio grew yoy.** MTC posted a loan growth of 8% yoy and 3% qoq in 2Q26. The company opened 152 new network stores in 2Q26, bringing the total to 8,906 branches as at end-2Q26. MTC intends to open a new network of stores toward 9,000 branches in 2026. MTC set a loan growth target of 10-15% for 2026. Meanwhile, the loan portfolio grew 3% yoy in 1H26. We foresee a 2026 loan growth of 10% yoy. We reckon MTC will continue to maintain a cautious lending to preserve good asset quality.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	21,814.4	23,842.9	26,816.4	30,416.8	32,795.1
Non-Interest Income	946.1	729.4	752.7	804.2	846.1
Net profit (rep./act.)	5,867.3	6,723.3	7,569.5	8,440.1	9,304.7
Net profit (adj.)	5,867.3	6,723.3	7,569.5	8,440.1	9,304.7
EPS (Bt)	2.8	3.2	3.6	4.0	4.4
PE (x)	12.7	11.1	9.9	8.8	8.0
P/B (x)	2.0	1.7	1.5	1.3	1.1
Dividend yield (%)	0.5	0.9	0.9	1.1	1.2
Net int margin (%)	14.4	13.9	14.1	14.8	15.0
Cost/income Ratio (%)	47.4	47.9	46.9	46.9	46.8
Loan loss cover (%)	135.3	143.0	136.0	140.0	144.0
Consensus net profit	n.a	n.a	7,390.2	8,266.8	8,968.6
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Muangthai Capital, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt35.25
Target Price	Bt50.00
Upside	41.8%

Stock Data

Sector	Financials
Bloomberg ticker	MTC TB
Shares issued (m)	2,120.0
Market cap (Btm)	73,140.0
Market cap (US$m)	2,206.8
3-mth avg daily t'over (US$m)	14.5

Price Performance (%)

52-week high/low: Bt44.00/Bt26.75

1mth	3mth	6mth	1yr	YTD
0.2	17.9	0.0	(7.4)	9.5

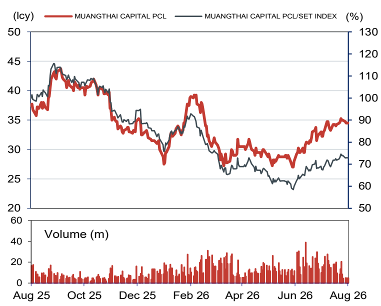
Major Shareholders (%)

Daonapa Petampai	33.96
Parithad Petampai	14.34
Suksit Patcharachai	14.15

Balance Sheet Metrics

FY26 NAV/Share (Bt)	23.5
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

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

- **NII grew yoy and qoq.** MTC reported a net-interest income (NII) of Bt6.39b in 2Q26, increasing by 9% yoy and 4% qoq. The stronger NII was backed by the lower funding cost which resulted in a widened NIM from 13.5% in 1Q26 to 13.8% in 2Q26.
- **Credit cost increased and NPL showed a slight pickup.** The NPL ratio increased qoq from 2.57% in 1Q26 to 2.61% in 2Q26. Meanwhile, the NPL amount went up by Bt199m qoq in 2Q26. The LLC ratio declined from 144% in 1Q26 to 132% in 2Q26. The company's credit costs decreased 14bp yoy but increased 23bp qoq to 234bp in 2Q26. Management set a 2026 NPL ratio target not exceeding 2.55%. We believe MTC could maintain good asset quality through the ongoing concern about the Middle East conflict.
- **The debtor condition needs to be cautiously monitored.** Government relief programmes, low interest rates, and tech exports continue to support the economy. However, household purchasing power remains under pressure, and many debtor groups face slow income recovery that impairs their debt repayment ability. Consequently, MTC maintains a cautious lending strategy to manage asset quality risks. While short-term stability persists, ongoing monitoring is essential for risks stemming from weak debtor recovery, inflation, energy costs, and global volatility. With a good track record on controlling asset quality, we believe MTC will be capable of maintaining a decent portfolio quality during the economic recovery period.

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%). Our target price implies 2.1x 2026F 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 +0.2%, +0.1%, and +1.0%, respectively reflecting the latest earnings results in 2Q26.

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.

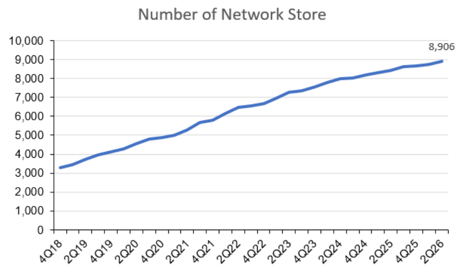
Social

- 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.

Number Of Network Stores (2Q26)



Source: MTC, UOB Kay Hian

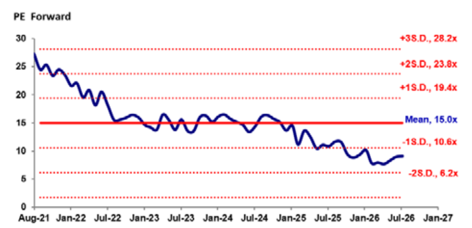
Loan Growth (% yoy)

Source: MTC, UOB Kay Hian

Credit Cost (bp)

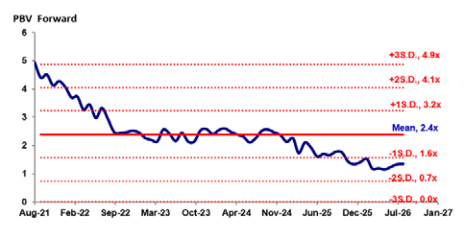
Source: MTC, UOB Kay Hian

PE Band



Source: 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	33,029	36,740	39,272
Interest expense	(6,167)	(6,213)	(6,323)	(6,477)
Net interest income/(expense)	23,843	26,816	30,417	32,795
Fees & Commissions	572	615	666	707
Income From Insurance	0	0	0	0
Net Trading Income	0	0	0	0
Other Income	157	138	138	139
Non-Interest Income	729	753	804	846
Total Income	24,572	27,569	31,221	33,641
Staff Costs	(11,759)	(12,939)	(14,648)	(15,729)
Other Operating Expense	0	0	0	0
Pre-Provision Profit	12,813	14,631	16,574	17,912
Loan Loss Provision	(4,404)	(5,158)	(6,023)	(6,281)
Pre-tax profit	8,409	9,472	10,550	11,631
Tax	(1,685)	(1,903)	(2,110)	(2,326)
Minorities	0	0	0	0
Net profit	6,723	7,569	8,440	9,305
Net profit (adj.)	6,723	7,569	8,440	9,305

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	4,995	5,827	12,712	17,083
Customer Loans	176,605	194,606	206,798	219,392
Properties & Other Fixed Assets	2,115	2,083	2,111	2,167
Goodwill & Intangible Assets	5,473	6,853	7,289	7,740
Other Assets	3,194	3,230	3,317	3,406
Total assets	192,382	212,599	232,226	249,788
Customer Deposits	36,991	47,930	50,549	50,834
Debts Securities Issued	105,890	109,832	118,800	127,296
Other Liabilities	6,583	4,467	4,754	5,050
Total liabilities	149,464	162,230	174,103	183,181
Shareholders' funds	42,919	49,858	57,612	66,095
Minority interest	0	0	0	0
Total Equity & Liabilities	192,382	212,087	231,714	249,276

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	136	140	144
Loan Loss Reserve/Gross Loans	4	3	4	4
Credit Cost (bp)	254	268	290	284
Liquidity				
Liquid Assets/Short-Term Liabilities	14	12	25	34
Liquid Assets/Total Assets	3	3	5	7

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	9	12	13	8
Fees & Commissions, yoy Chg	(27)	8	8	6
Pre-Provision Profit, yoy Chg	7	14	13	8
Net Profit, yoy Chg	15	13	12	10
Customer Loans, yoy Chg	12	10	6	6
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	2	1	1
P/NTA	2	2	1	1
Adjusted P/E	11	10	9	8
Dividend Yield	1	1	1	1