

5 OCTOBER 2020

THAILAND / ASSET MANAGEMENT COMPANIES

CHAYO GROUP CHAYO TB

BUY

TARGET PRICE	THB9.70
CLOSE	THB8.15
UP/DOWNSIDE	+19.0%
TP vs CONSENSUS	+8.1%

ที่จุดเริ่มของ S-curve

จุดแข็งเฉพาะตัวช่วยผลักดันให้เกิดการเติบโตได้ในระดับที่น่าสนใจ

เราเลือก CHAYO เป็นหุ้นบริหารสินทรัพย์ที่น่าสนใจในลำดับที่สองในการศึกษาวิเคราะห์ของเรา เนื่องจากเราเชื่อว่าบริษัท มีข้อได้เปรียบที่โดดเด่นเหนือคู่แข่ง ประกอบด้วย 1) การมีพอร์ตหนี้ด้วยคุณภาพสูง คือกึ่งแบบที่มีและไม่มีหลักทรัพย์ค้ำประกัน ซึ่งเรามองว่าจะช่วยให้มีการเติบโตที่ยั่งยืนทั้งในระยะสั้นและระยะยาว; และ 2) ขนาดสินทรัพย์ที่เล็กกว่าบริษัทอื่น ทำให้มีความยืดหยุ่นในการดำเนินงานสูงกว่า เราคาดว่า CHAYO จะเข้าสู่ช่วงการเติบโตที่มีความสำคัญ เริ่มจากอัตราการเติบโตของกำไรจากการดำเนินงานที่สูงเป็นอันดับสองของบริษัทบริหารสินทรัพย์ที่เราศึกษาวิเคราะห์ที่ 36% CAGR จากปี 2020 ถึงปี 2022 โดยเพิ่มขึ้นถึง 42% y-y ในปี 2021E.

ความงดงามของลูกผสม

ตราสารหนี้ด้วยคุณภาพสูงทำให้ CHAYO แตกต่างจากคู่แข่ง สินทรัพย์ด้วยคุณภาพที่ไม่มีหลักประกันของ CHAYO สามารถสร้างกระแสเงินสดต่อเนื่องสำหรับการดำเนินงานของบริษัท โดยเฉพาะอย่างยิ่งในช่วงเศรษฐกิจซบเซา เราเชื่อว่าสินทรัพย์ที่ไม่มีหลักประกันจะให้ผลตอบแทนที่ดีกว่าพวกที่มีหลักประกัน เนื่องจากค่าเฉลี่ยของสินทรัพย์ด้วยคุณภาพต่อลูกหนี้ (average ticket size) ที่ต่ำกว่าจะทำให้ลูกหนี้ชำระหนี้ได้ง่ายกว่า ดังนั้นเราจึงคาดว่า การเรียกเก็บหนี้ของ CHAYO จะเพิ่มขึ้น 24% CAGR จากปี 2020 ถึงปี 2022 ในขณะที่คาดสินทรัพย์ที่มีหลักประกันจะผลตอบแทนที่สูงเมื่อสภาวะตลาดสำหรับหลักทรัพย์กลับมาเติบโต ดังนั้นตราสารหนี้ลูกผสมของ CHAYO ควรให้การเติบโตที่ยั่งยืนในระยะยาวได้กับบริษัท

ขนาดเล็ก แต่แข็งแกร่ง

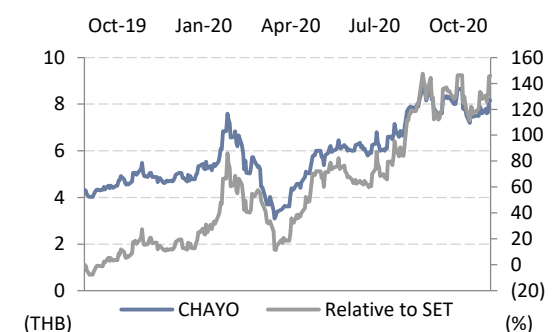
ขนาดสินทรัพย์ที่เล็กทำให้ CHAYO มีความคล่องตัวในการดำเนินงานที่สูงกว่า เราเชื่อว่าในช่วงการขยายธุรกิจเชิงรุกเช่นในขณะนี้ CHAYO ยังสามารถเลือกซื้อหนี้ไม่ก่อให้เกิดรายได้ในส่วนที่บริษัท มีความมั่นใจ ในขณะที่บริษัทที่มีขนาดใหญ่ ต้องซื้อสินทรัพย์จำนวนมาก โอกาสในการเลือกสินทรัพย์ที่ตัวเองถนัดก็จะน้อยกว่า นอกจากนี้เนื่องจาก CHAYO กำลังโตอย่างรวดเร็ว เราคาดต้นทุนต่อรายรับ (Cost-to-income ratio) ของบริษัท จะลดลงเมื่อสามารถขยายขนาดการดำเนินงานที่ถึงระดับครอบคลุมต้นทุนคงที่ ดังนั้นเราคาดว่าต้นทุนต่อรายรับของบริษัท จะลดลงต่อเนื่องเป็น 39%/34%/30% ในปี 2020-22E จาก 55% ในปี 2019

Valuation ในระดับที่สูงกว่าปกติเหมาะสมจากการเติบโตที่โดดเด่น

เราเริ่มศึกษา CHAYO ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 9.7 บาท (GGM, Cost of Equity 8.9%, LT growth 7.9%) ราคาเป้าหมายของเราสามารถคิดเป็น P/E ที่ 35.8x คิดเป็น +2.5 STD ของค่าเฉลี่ย 2 ปีในอดีต ค่า P/E ที่อยู่ในระดับสูงดังกล่าวมีความเหมาะสมเนื่องจากเราคาดว่ากำไรจากการดำเนินงานของบริษัท จะโตในอัตราสูงเริ่มจากสิ้นปี 2020E ทำให้ค่า FY21E PEG อยู่ในระดับที่สมเหตุสมผลที่ 1.1x

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	140	196	277	353
Net profit	111	156	221	282
EPS (THB)	0.18	0.21	0.27	0.30
vs Consensus (%)	-	(8.7)	(11.5)	(3.2)
Core net profit	111	156	221	282
Core EPS (THB)	0.18	0.21	0.27	0.30
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	15.5	16.7	31.9	12.3
Core P/E (x)	46.2	39.6	30.0	26.7
Dividend yield (%)	0.5	0.0	0.0	0.0
Price/book (x)	5.2	3.9	3.1	2.4
ROE (%)	12.8	12.0	11.7	10.6
ROA (%)	8.4	6.8	6.7	6.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.6)	33.6	85.5
Relative to country (%)	5.7	48.4	141.9
Mkt cap (USD m)			173
3m avg. daily turnover (USD m)			3.5
Free float (%)			21
Major shareholder		Yasasin Family (57%)	
12m high/low (THB)		9.00/2.94	
Issued shares (m)		0	

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 ตุลาคม 2020

Investment thesis

CHAYO is the smallest AMC, in terms of assets, among the AMCs under our coverage. However, the small asset size doesn't diminish the attractiveness of the company. In contrast, we believe its small asset size allows CHAYO greater operational agility. Furthermore, its unique and well-balanced hybrid portfolio that includes unsecured and secured distressed assets, should provide sustainable growth for CHAYO in both the short and long terms.

We expect CHAYO to enter a substantial growth phase, beginning with the second highest core profit growth out of the AMCs under coverage of 36% CAGR from 2020 to 2022, with a large increase of 42% y-y in 2021E. We, therefore, rank CHAYO as our second preferred stock in the AMC sector.

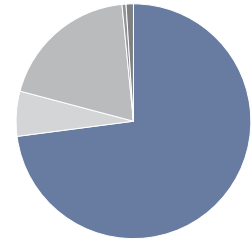
Company profile

CHAYO provide services relating to debt collection, managing non-performing assets from purchases, transferring secured and non-secured non-performing assets from the financial institutions and credit facility companies, providing call centre services, loans, and selling goods and/or providing services.

www.chayo555.com

Principal activities (revenue, 2019)

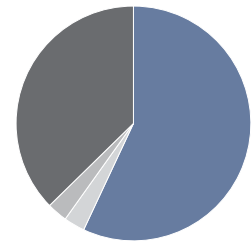
- NPLs management - 72.9 %
- NPAs management - 6.2 %
- Debt collection - 19.3 %
- Loan business - 0.6 %
- Other income - 1.0 %



Source: Chayo Group

Major shareholders

- Yasasin Family - 57.0 %
- Piboon Sereeviwattana - 2.9 %
- Ritthirong Boonmechai - 2.8 %
- Others - 37.3 %



Source: Chayo Group

Catalyst

Potential catalysts to drive CHAYO's share price include 1) obtaining permission from the Thailand Stock Exchange to move its trading to the SET from the MAI; 2) being rated by TRIS Rating (not listed); and 3) a sale of big value assets in the range of THB100-150m.

Risk to our call

Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

Event calendar

Date	Event
Mid-of Nov 2020	3Q20 results announcement

Key assumptions

	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)
Norm profit	156	221	282
<i>Norm profit growth (%)</i>	40.9	41.5	27.5
Cash collection	347	453	547
<i>Cash collection ratio (%)</i>	21.3	17.6	14.7
NPL + NPA purchases	917	1,188	1,422
<i>NPL + NPA purchase growth (%)</i>	39.0	29.5	19.7

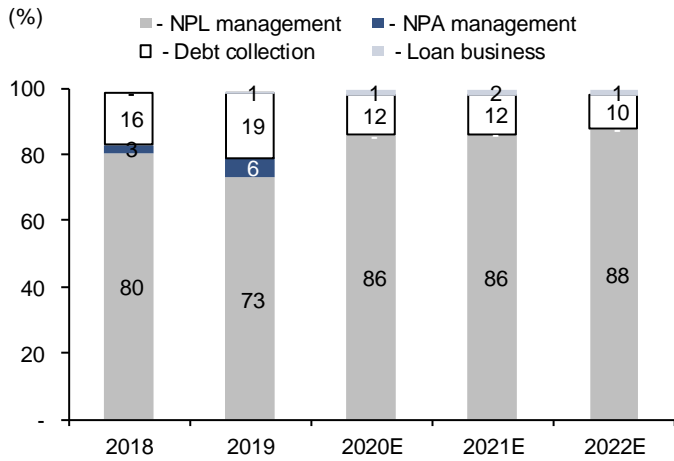
Source: FSSIA estimates

Earnings sensitivity

		----- 2021E -----		
Cash collection ratio	±50bp	17.1	17.57	18.1
<i>% change in net profit</i>		(3.9)	-	3.9
Cost to income	±1ppt	33.2	34.2	35.2
<i>% change in net profit</i>		(3.0)	-	3.0

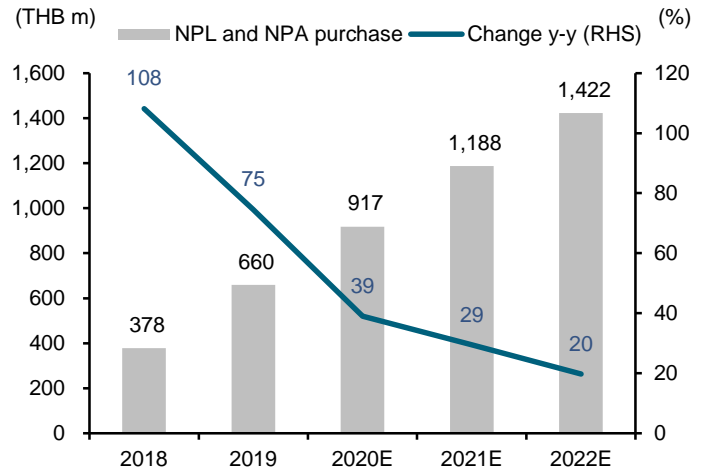
Source: FSSIA estimates

Exhibit 1: Revenue breakdown



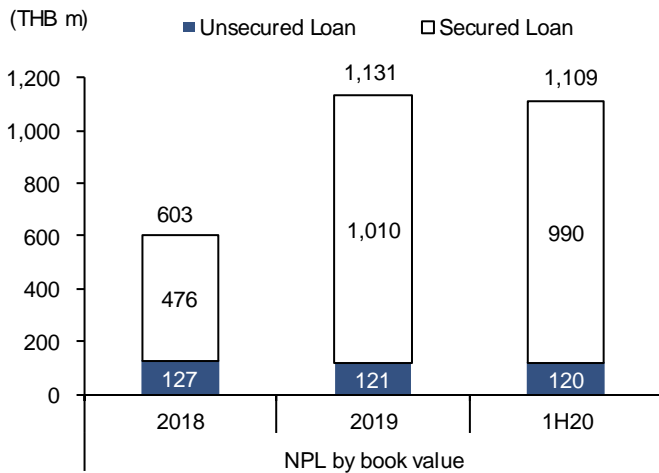
Sources: CHAYO; FSSIA estimates

Exhibit 2: NPL purchases



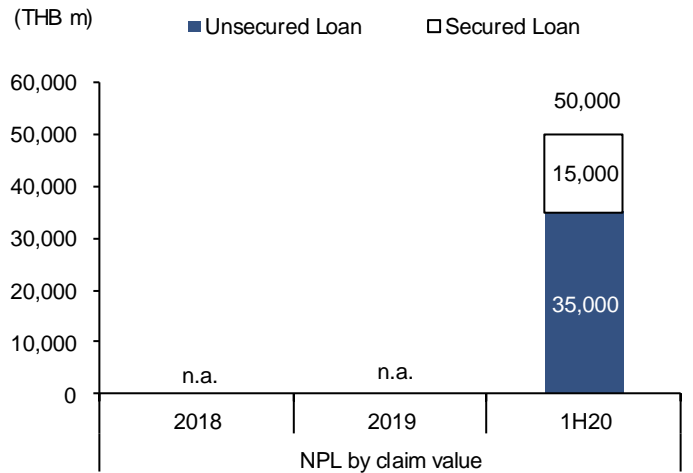
Sources: CHAYO; FSSIA estimates

Exhibit 3: NPLs outstanding by book value



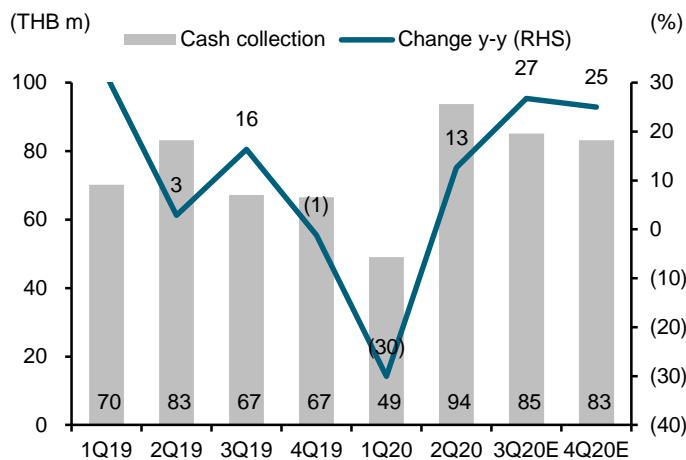
Sources: CHAYO; FSSIA's compilation

Exhibit 4: Yearly cash collection trend



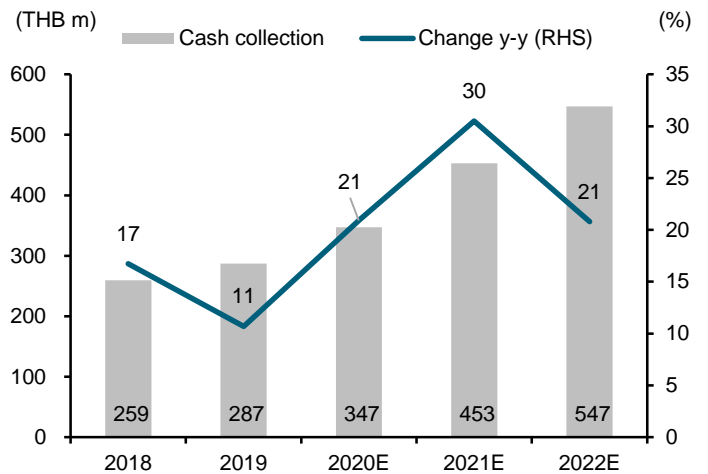
Sources: CHAYO; FSSIA's compilation

Exhibit 5: Quarterly cash collection trend



Sources: CHAYO; FSSIA estimates

Exhibit 6: Yearly cash collection trend



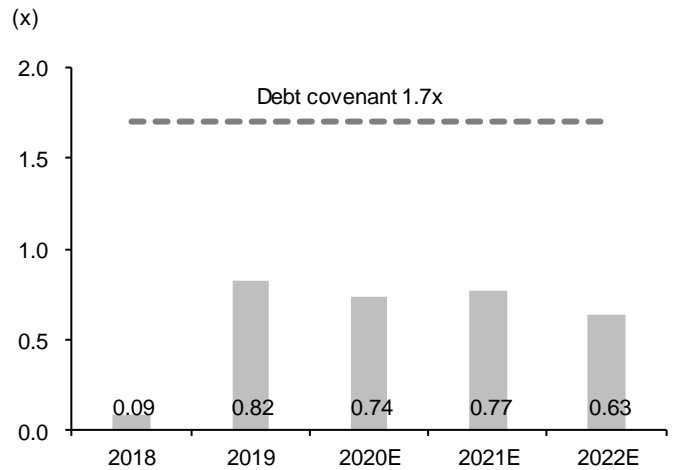
Sources: CHAYO; FSSIA estimates

Exhibit 7: Outstanding warrant

Warrant	Outstanding units	Exercise price	Expiration	Cash proceeds from warrant
	(m)	(THB)	Date	(THB m)
CHAYO-W1	210	6.2	May-22	1,300
Total				1,300

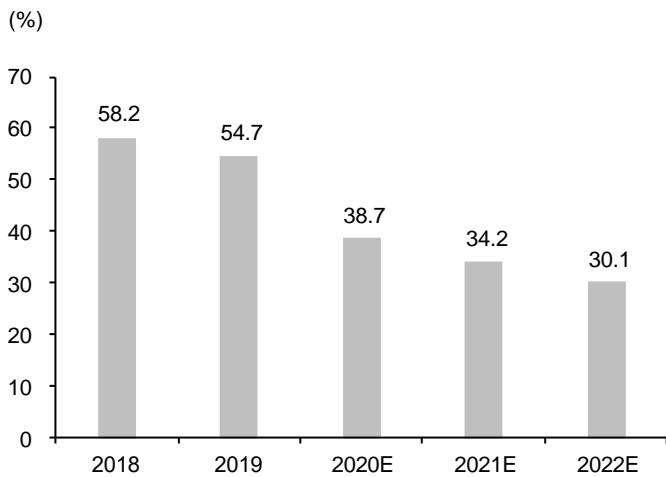
Source: CHAYO

Exhibit 8: D/E ratio remains below its debt covenant



Sources: CHAYO; FSSIA estimates

Exhibit 9: A significant cost to income ratio decline



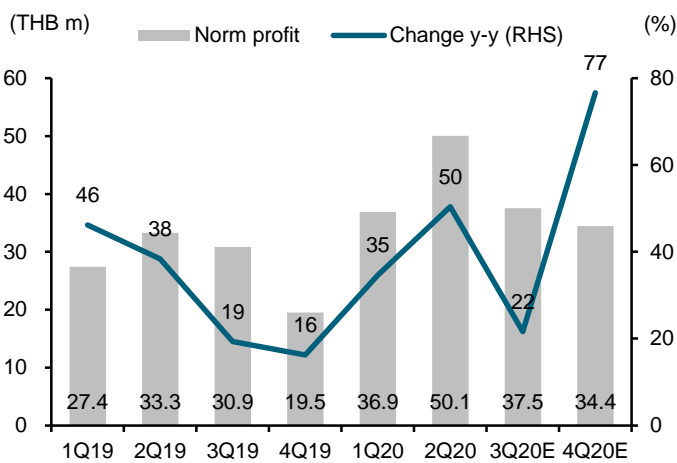
Sources: CHAYO; FSSIA estimates

Exhibit 10: CHAYO – GGM-derived target price

Target price	THB 9.7
Recommendation	BUY
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Cost to equity (%)	8.9
Terminal growth (%)	7.9
ROE target (%)	11.6
Target PBV (x)	3.7
Implied PE (x)	35.8
Implied PEG (x)	1.1
Risk to TP	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

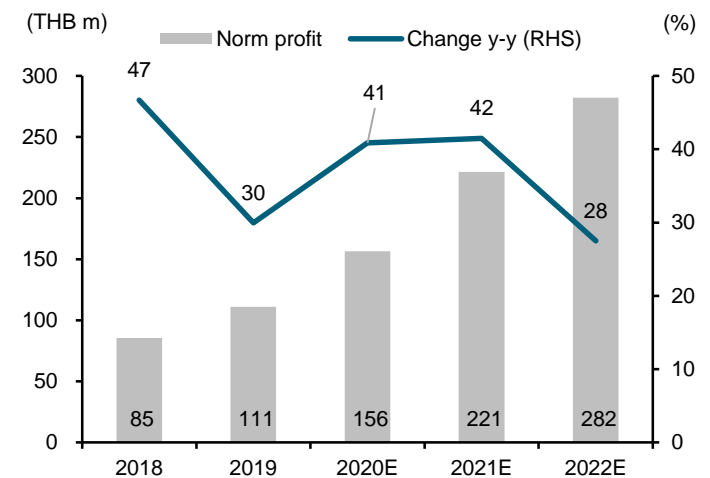
Source: FSSIA estimates

Exhibit 11: Quarterly norm profit



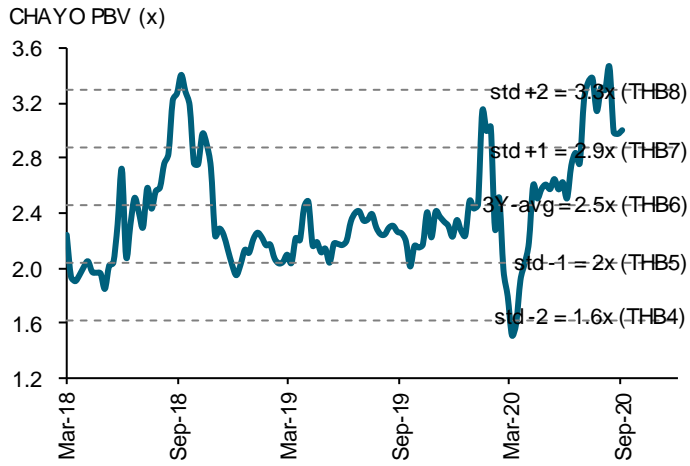
Sources: CHAYO; FSSIA estimates

Exhibit 12: Yearly norm profit



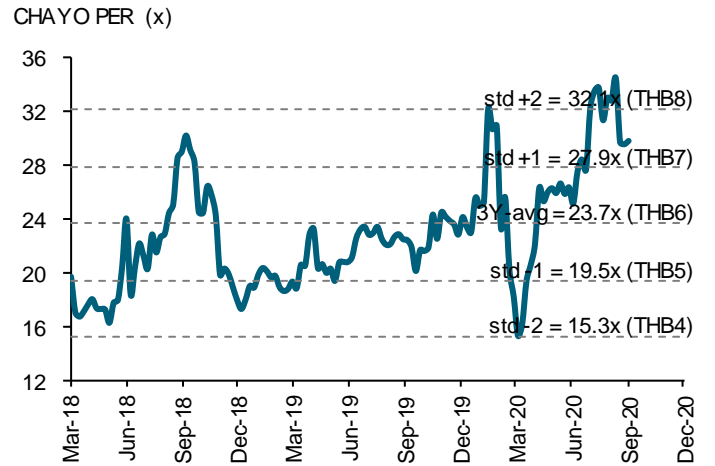
Sources: CHAYO; FSSIA estimates

Exhibit 13: CHAYO – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 14: CHAYO – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 15: CHAYO - financial statement

Year to Dec	2018	2019	2020E	2021E	2022E
Profit and loss statement	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Interest income					
- Interest income from NPLs	213	232	434	554	708
- Gain on NPLs (fully amortized)	0	0	0	0	0
- Instalment sale	0	0	0	0	0
- Interest income from loan	0	2	8	10	12
- Other interest income	0	0	0	0	0
Total interest income	213	234	441	564	720
Interest expense	3	9	47	72	95
Net interest income	210	225	394	492	625
Non-interest income					
- Gain on sale of properties for sale	7	20	0	0	0
- Gain on instalment sale	0	0	0	0	0
- Service income from debt collection services	41	61	61	75	83
- Net insurance premium	0	0	0	0	0
- Others	4	3	4	4	4
Total non-interest income	52	84	64	79	87
Total operating income	262	309	458	571	712
Operating expenses	152	169	177	195	214
Pre provision operating profit	109	140	281	376	497
Expected credit loss	0	0	85	99	144
Operating profit	109	140	196	277	353
Income tax expenses	24	29	39	55	71
Profit before minority interest	85	111	156	221	282
Minority	0	0	0	0	0
Normalised profit	85	111	156	221	282
Extra items	0	0	0	0	0
Net profit	85	111	156	221	282
Balance sheet					
Assets					
Cash and cash equivalents	149	360	368	334	344
Gross NPLs	603	1,131	1,962	2,996	4,225
Add Accrued interest	0	0	157	240	338
Less Allowance for doubtful accounts	(9)	(9)	(95)	(194)	(338)
NPLs, net	594	1,122	2,025	3,042	4,225
Gross NPAs	5	75	91	107	122
Less/add revaluation of properties for sale/ Deferred gross profit of instalment sale receivables/ accrued interest	0	0	0	0	0
Less Allowance for doubtful accounts	0	0	0	0	0
NPAs, net	6	77	91	107	122
Gross loan	0	42	58	70	84
Add Accrued interest	0	0	0	0	0
Less Allowance for doubtful accounts	0	0	0	0	0
Loan, net	0	42	59	70	84
Others	81	226	260	298	344
Total assets	830	1,826	2,802	3,851	5,120
Liabilities and Equity					
Interest bearing debt	31	575	921	1,381	1,657
Other	34	247	272	299	329
Total liabilities	66	823	1,193	1,680	1,986
Registered share	280	315	469	496	551
Share premium	321	454	768	1,081	1,709
Other	(10)	(10)	(10)	(10)	(10)
Retained earnings	157	228	382	602	883
Total shareholder equity	748	987	1,609	2,170	3,133
Minority	15	15	0	0	0
Total equity	763	1,002	1,609	2,170	3,133
Total liabilities and equity	830	1,826	2,802	3,851	5,120

Sources: CHAYO; FSSIA estimates

Exhibit 16: Key financial highlights

Year to Dec	2018	2019	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
NPL and NPA purchases	378	660	917	1,188	1,422
NPL and NPA cash collection	259	287	347	453	547
Cash collection to gross NPL and NPA (%)	58	32	21	18	15
Key financial ratio	(%)	(%)	(%)	(%)	(%)
Liabilities / equity (x)	0.1	0.8	0.7	0.8	0.6
Interest-bearing debt / equity (x)	0.0	0.6	0.6	0.6	0.5
ROA	13.7	8.4	6.8	6.7	6.3
ROE	15.8	12.8	12.0	11.7	10.6
Cost of fund	7.0	3.0	6.3	6.3	6.3
Cost to income	58.2	54.7	38.7	34.2	30.1
Change y-y	(%)	(%)	(%)	(%)	(%)
NPL	114.0	87.5	73.5	52.7	41.0
NPA	n/a	1,334.6	20.9	17.3	14.7
Net profit	46.7	30.0	40.9	41.5	27.5
NPL and NPA purchase	108.2	74.6	39.0	29.5	19.7
NPL and NPA cash collection	16.7	10.7	20.9	30.5	20.8

Sources: CHAYO; FSSIA estimates

Exhibit 17: Peers comparison as of 2 Oct 2020

Company	BBG	Rec	---Share price---		Up side	-EPS growth-		----- PE ----		-- DivYld --		---- ROE ----		---- PBV ----	
			Current	Target		20E	21E	20E	21E	20E	21E	20E	21E	20E	21E
			(THB)	(THB)	(%)	(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Bangkok Commercial AM.	BAM TB	BUY	20.60	24.00	17	(66.6)	30.7	28.4	21.7	4.9	4.8	6.4	8.1	1.8	1.7
Chayo Group	CHAYO TB	BUY	8.15	9.70	19	16.7	31.9	39.6	30.0	0.0	0.0	12.0	11.7	3.9	3.1
JMT Network Services	JMT TB	BUY	34.75	42.00	21	15.9	35.4	38.9	28.8	1.5	2.2	18.8	18.2	5.6	4.7
Coverage of AMC						14.5	23.8	21.8	17.7	0.7	0.8	26.9	26.5	5.3	4.2

Sources: Bloomberg; FSSIA estimates

Corporate Governance

Board structure

Number of Independent Directors (ID)	4/10
Percentage of IDs on the board	40%
ID participation/attendance at board meetings	86%
ID participation in audit/remuneration committees	3 in audit and 3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Three years

Source: CHAYO

Additional comments: One independent director is a chairman of the board.

Audit Practices

Auditor	PricewaterhouseCoopers ABAS Co.,Ltd
Length of service	Unchanged since 2014
Reporting incidents	None
Fee track record	THB3.5m in 2019, and THB4.5m in 2018 (The higher in 2018 was related to listing on the Stock Exchange of Thailand)
Policy on change of Audit firm	None

Source: CHAYO

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2019, THB1.62m vs net profit of THB111.05m, or 1.46% of net profit
Changes/stability in senior management	Stable, most have been in their positions for more than five years
Incidents of termination of senior management	None
Track record on Insider sales	From 2019 to date, management trade 0.97% of outstanding shares, buy 2.4m share and sell 7.8m shares

Source: CHAYO

Additional comments: None

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM once yearly
Related party transactions	None
Voting issues - policies, incidents of rejected proposals	None

Source: CHAYO

Additional comments: None

Financial Statements

Chayo Group

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	213	234	441	564	720
Interest expense	(3)	(9)	(47)	(72)	(95)
Net interest income	210	225	394	492	625
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	52	84	64	79	87
Non interest income	52	84	64	79	87
Total income	262	309	458	571	712
Staff costs	-	-	-	-	-
Other operating costs	(152)	(169)	(177)	(195)	(214)
Operating costs	(152)	(169)	(177)	(195)	(214)
Pre provision operating profit	109	140	281	376	497
Provision for bad and doubtful debt	0	0	(85)	(99)	(144)
Other provisions	-	-	-	-	-
Operating profit	109	140	196	277	353
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	109	140	196	277	353
Tax	(24)	(29)	(39)	(55)	(71)
Profit after tax	85	111	156	221	282
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	85	111	156	221	282
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	85	111	156	221	282
Per share (THB)					
Recurring EPS *	0.15	0.18	0.21	0.27	0.30
Reported EPS	0.15	0.18	0.21	0.27	0.30
DPS	0.11	0.04	0.00	0.00	0.00
Growth					
Net interest income (%)	30.6	6.9	75.5	24.9	27.0
Non interest income (%)	16.1	62.9	(23.9)	23.0	10.0
Pre provision operating profit (%)	25.9	28.1	100.6	33.8	32.3
Operating profit (%)	25.9	28.1	39.7	41.5	27.5
Reported net profit (%)	46.7	30.0	40.9	41.5	27.5
Recurring EPS (%)	10.0	15.5	16.7	31.9	12.3
Reported EPS (%)	10.0	15.5	16.7	31.9	12.3
Income Breakdown					
Net interest income (%)	80.2	72.7	86.0	86.2	87.8
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	19.8	27.3	14.0	13.8	12.2
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	6.97	3.01	6.30	6.25	6.25
Net interest spread (%)	(6.97)	(3.01)	(6.30)	(6.25)	(6.25)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	58.2	54.7	38.7	34.2	30.1
Cost/assets(%)	24.5	12.7	7.7	5.9	4.8
Effective tax rate (%)	21.8	20.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	72.1	21.6	1.1	0.7	0.6
ROE (%)	15.8	12.8	12.0	11.7	10.6
ROE - COE (%)	5.0	2.0	1.2	0.9	(0.2)
ROA (%)	13.7	8.4	6.8	6.7	6.3
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	603	1,131	1,962	2,996	4,225
Total provisions	(9)	(9)	(95)	(194)	(338)
interest in suspense	0	0	157	240	338
Net customer loans	594	1,122	2,025	3,042	4,225
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	101	101	101	101
Cash & equivalents	149	360	368	334	344
Other interesting assets	14	145	178	205	235
Tangible fixed assets	34	31	32	34	36
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	38	66	98	135	179
Total assets	829	1,825	2,802	3,851	5,120
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	31	575	921	1,381	1,657
Non interest bearing liabilities	34	247	272	299	329
Hybrid Capital	-	-	-	-	-
Total liabilities	66	823	1,193	1,680	1,986
Share capital	280	315	469	496	551
Reserves	468	672	1,141	1,674	2,582
Total equity	748	987	1,609	2,170	3,133
Minority interests	15	15	0	0	0
Total liabilities & equity	829	1,825	2,802	3,851	5,120
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	41	303	748	1,151	1,519
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	1.34	1.57	2.12	2.66	3.38
Tangible book value per share	1.34	1.57	2.12	2.66	3.38
Growth					
Gross customer loans	114.0	87.5	73.5	52.7	41.0
Average interest earning assets	-	-	-	-	-
Total asset (%)	99.4	120.2	53.6	37.4	33.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	90.3	54.1	57.4	56.4	61.2
Tangible equity/assets (%)	90.3	54.1	57.4	56.4	61.2
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	1.5	0.8	4.8	4.6	8.0
Total provisions/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	53.4	46.2	39.6	30.0	26.7
Recurring P/E @ target price (x) *	63.6	55.0	47.2	35.8	31.8
Reported P/E (x)	53.4	46.2	39.6	30.0	26.7
Dividend yield (%)	72.1	21.6	1.1	0.7	0.6
Price/book (x)	6.1	5.2	3.9	3.1	2.4
Price/tangible book (x)	6.1	5.2	3.9	3.1	2.4
Price/tangible book @ target price (x)	7.3	6.2	4.6	3.6	2.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KBS	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 8.15	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Bangkok Commercial Asset Mngt.	BAM TB	THB 20.60	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
JMT Network Services	JMT TB	THB 34.75	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 2 Oct 2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.