

5 OCTOBER 2020

THAILAND / ASSET MANAGEMENT COMPANIES

JMT NETWORK SERVICES

JMT TB

BUY

TARGET PRICE	THB42.00
CLOSE	THB34.75
UP/DOWNSIDE	+20.9%
TP vs CONSENSUS	+10.9%

## การเติบโตแบบทวีคูณช่วงใหม่

### ทำไมเราเติบโตดี

เราเชื่อว่าราคาหุ้นของ JMT ยังมีโอกาสปรับขึ้นได้อีก เนื่องจากเราคาดว่าบริษัทฯ จะรายงานกำไรจากการดำเนินงานโตสูงถึง 37% CAGR จากปี 2020 ถึงปี 2022 โดยมีอัตราการเติบโตสูงเป็นพิเศษถึง 45% y-y ในปี 2021E ปัจจัยบวกสำคัญยังคงมาจากรายได้ ประการแรก เราคาดว่ารายได้จากธุรกิจบริหารหนี้ไม่ก่อให้เกิดรายได้ (80% ของรายได้รวม) จะเพิ่มขึ้นอย่างมีนัยสำคัญ โดยได้แรงผลักดันจาก 1) การเรียกเก็บหนี้ (cash collection) ได้เป็นจำนวนมาก; 2) การเพิ่มของปริมาณหนี้ที่ตัดจำหน่ายเพิ่มจำนวน; และ 3) แผนการซื้อหนี้ที่ไม่ก่อให้เกิดรายได้เชิงรุกในปี 2020-21E ประการที่สอง เราเชื่อว่าธุรกิจประกันภัย (9% ของรายได้รวม) จะกลับมาเริ่มกำไรตั้งแต่ปี 2020 เป็นต้นไป

### เก็บหนี้ (cash collection) ได้เป็นจำนวนมาก

เราคาดว่าการเรียกเก็บหนี้ของ JMT จะโตในระดับสูงเมื่อเทียบกับบริษัทอื่นในกลุ่มที่ 28% CAGR นับจากปี 2020 ถึงปี 2022 ภายใต้แนวโน้มเศรษฐกิจขาลง เราเชื่อว่า JMT มีความสามารถสูงกว่าในการเรียกเก็บหนี้เนื่องจาก 1) ฐานลูกค้าของบริษัทฯ มีการกระจายตัวสูงกว่า โดยประกอบด้วยลูกค้า 3.5 ล้านบัญชี เทียบกับ 300,000 บัญชีสำหรับ CHAYO และ 90,000 บัญชีสำหรับ BAM; 2) ขนาดของหนี้ไม่ก่อให้เกิดรายได้เล็กกว่า ทำให้ลูกค้าสามารถชำระหนี้ได้ง่ายกว่า; และ 3) การเพิ่มขึ้นของกองหนี้ที่ตัดจำหน่ายเพิ่มจำนวนในอัตรา 25% CAGR จากปี 2020 ถึงปี 2022 โดยปริมาณหนี้ที่ตัดจำหน่ายเพิ่มจำนวนที่เพิ่มขึ้นนอกจากจะทำให้รายได้เพิ่มอย่างมีนัยสำคัญแล้ว ยังส่งผลให้ความสามารถในการทำกำไรเพิ่มขึ้นด้วยเนื่องจากบริษัทฯ สามารถบันทึกเงินที่เรียกเก็บจากหนี้ดังกล่าวเป็นรายได้เพิ่มจำนวน

### แผนการซื้อหนี้ไม่ก่อให้เกิดรายได้เชิงรุก พร้อมความเป็นไปได้ในด้านการควบคุม

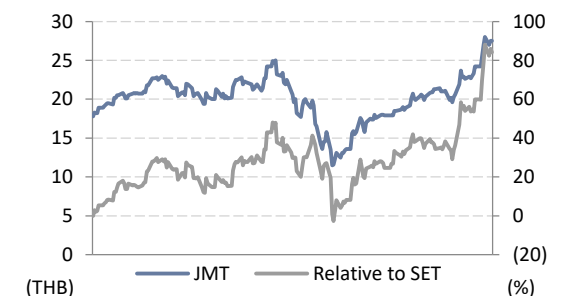
JMT มีแนวโน้มเพิ่มการซื้อหนี้ไม่ก่อให้เกิดรายได้ใหม่จำนวนมากถึง 6 พัน ลบ. และ 1 หมื่น ลบ. ในปี 2020-21E จาก 3.4 พัน ลบ. ในปี 2019 เราเห็นว่าบริษัทบริหารสินทรัพย์ด้วยคุณภาพที่ไม่มีหลักประกันจะได้ประโยชน์จากการซื้อหนี้ไม่ก่อให้เกิดรายได้ที่เพิ่มขึ้นอย่างมีนัยสำคัญมากกว่าบริษัทบริหารสินทรัพย์ที่มีหลักประกันเนื่องจากวงจรเงินสดสั้นกว่า โดยวงจรเงินสดที่สั้นกว่าย่อมหมายถึงการเพิ่มของรายได้อย่างมีนัยสำคัญและมีรอบการหมุนเวียนของการลงทุนในหนี้ไม่ก่อให้เกิดรายได้ที่เร็วขึ้น นอกจากนี้ JMT ยังมีแผนควบคุมกิจการผ่านการแลกหุ้นกับหุ้นส่วนทางยุทธศาสตร์ ซึ่งเรายังไม่ได้รวมไว้ในประมาณการ

### เลือก JMT เป็นหุ้นเด่นที่ราคาเป้าหมาย 42 บาท (GGM)

เราเริ่มศึกษา JMT ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 42 บาท (GGM, Cost of Equity 9.4%, LT growth 7.5%) ราคาเป้าหมายดังกล่าวคิดสามารถย้อนกลับเป็น FY21E P/E ที่ 34.75x เทียบเท่ากับ +0.5 STD ของค่าเฉลี่ยย้อนหลัง 5 ปี เราเชื่อว่า JMT ซื้อขายที่ Valuation ในระดับที่สูงกว่าปกติเนื่องจากแนวโน้มการเติบโตของกำไรที่โดดเด่นของบริษัทฯ

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	839	1,169	1,674	2,185
Net profit	681	924	1,339	1,748
EPS (THB)	0.77	0.89	1.21	1.45
vs Consensus (%)	-	(12.6)	1.7	(1.6)
Core net profit	681	924	1,339	1,748
Core EPS (THB)	0.77	0.89	1.21	1.45
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	28.3	15.9	35.4	19.7
Core P/E (x)	45.1	38.9	28.8	24.0
Dividend yield (%)	1.7	1.5	2.2	2.4
Price/book (x)	9.1	5.6	4.7	3.2
ROE (%)	20.1	18.8	18.2	16.3
ROA (%)	7.0	7.1	6.7	5.9



Share price performance	1 Month	3 Month	12 Month	
Absolute (%)		6.1	49.1	88.9
Relative to country (%)		12.8	65.6	146.3
Mkt cap (USD m)				980
3m avg. daily turnover (USD m)				13.4
Free float (%)				21
Major shareholder				JMART Pcl. (53%)
12m high/low (THB)				36.00/10.80
Issued shares (m)				0

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 ตุลาคม 2020

## Investment thesis

JMT has been in the distressed asset management business for more than 14 years, with more than 26 years in the debt collection business. Its longstanding experience and effective working processes have enabled it to maintain its position as the market leader in both businesses.

Under the economic downturn, we believe JMT is a good hedge against recession, as 1) we expect it to deliver stronger cash collection growth due to its diversified portfolio and small NPL ticket sizes; and 2) we think it will be the prime beneficiary of a an NPL surge in 2021E. These factors should lead JMT to have remarkable core profit growth of 37% CAGR from 2020 to 2022 – with an especially large increase of 45% y-y in 2021E. We, therefore, choose JMT as our top pick.

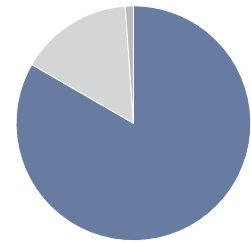
## Company profile

The company provides three main types of services: 1) bad debt collection; 2) bad debt management – the company manages and collects bad debt purchased from financial institutions and corporations; and 3) an insurance business – the company provides both insurance brokerage services and non-life insurance services.

[www.jmtnetwork.co.th](http://www.jmtnetwork.co.th)

## Principal activities (revenue, 2019)

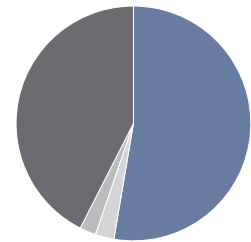
- NPL management - 83.3 %
- Debt collection - 15.5 %
- Other income - 1.1 %



Source: JMT Network Services

## Major shareholders

- JMART Pcl. - 52.7 %
- Piboon Sereewattana - 2.6 %
- Sompong Silsomboon - 2.2 %
- Others - 42.5 %



Source: JMT Network Services

## Catalyst

Potential catalysts to drive JMT's share price include 1) the announcement of M&A deals; and 2) an increase in its fully-amortised portfolio volume.

## Risk to our call

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.

## Event calendar

Date	Event
Mid-of Nov 2020	3Q20 results announcement

## Key assumptions

	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)
Norm profit	924	1,339	1,748
<i>Norm profit growth (%)</i>	35.6	45.0	30.5
Cash collection	3,872	5,176	6,743
<i>Cash collection ratio (%)</i>	36.8	30.8	26.7
NPL + NPA purchases	6,063	9,398	11,278
<i>NPL + NPA purchase growth (%)</i>	80.0	55.0	20.0

Source: FSSIA estimates

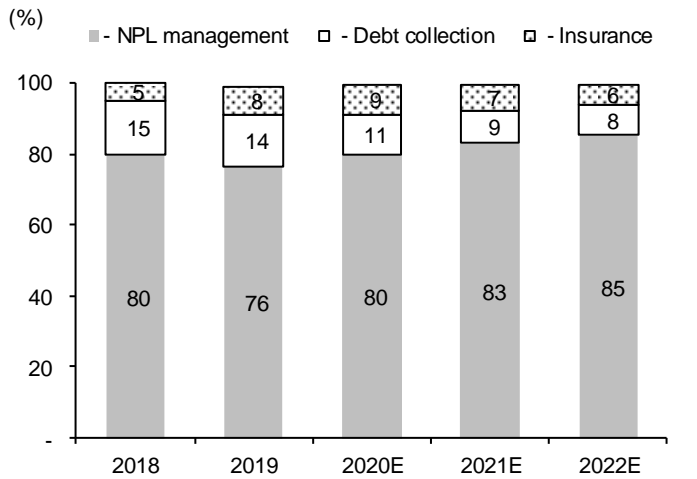
## Earnings sensitivity

		----- 2021E -----		
<b>Cash collection ratio</b>	<b>±50bp</b>	<b>30.3</b>	<b>30.8</b>	<b>31.3</b>
<i>% change in net profit</i>		(3.5)	-	3.5
<b>Cost to income</b>	<b>±1ppt</b>	<b>42.8</b>	<b>43.8</b>	<b>44.8</b>
<i>% change in net profit</i>		(2.3)	-	2.3

Source: FSSIA estimates

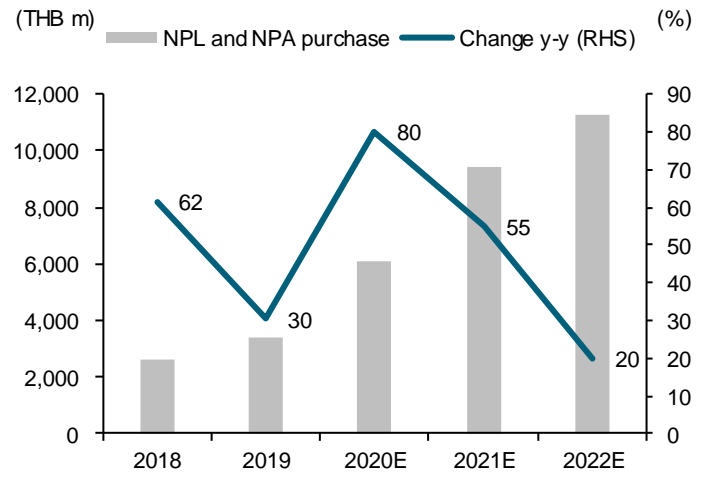


**Exhibit 1: Revenue breakdown**



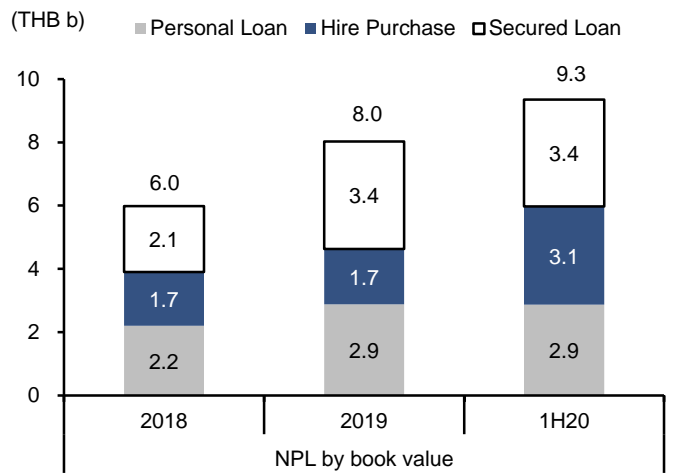
Sources: JMT; FSSIA estimates

**Exhibit 2: JMT could increase its NPL purchases noticeably**



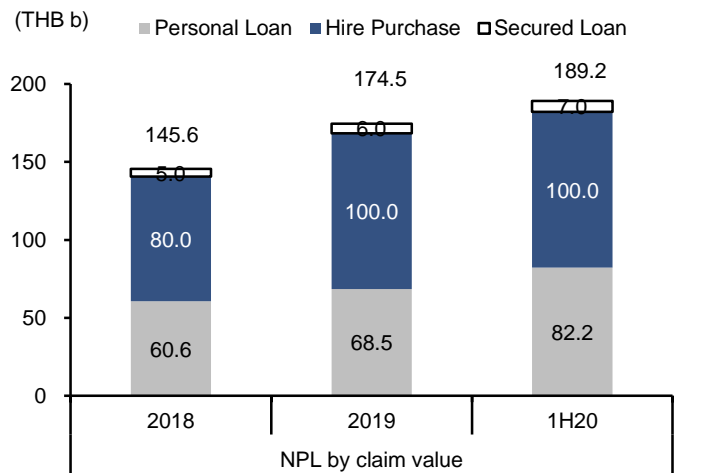
Sources: JMT; FSSIA estimates

**Exhibit 3: NPLs outstanding by book value**



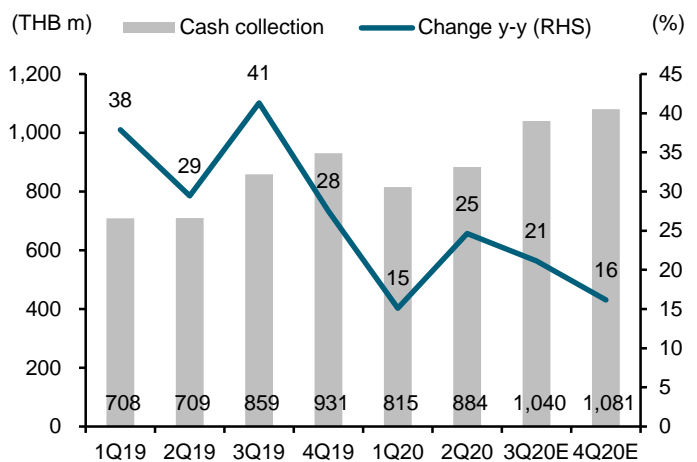
Sources: JMT; FSSIA's compilation

**Exhibit 4: NPLs outstanding by claim value**



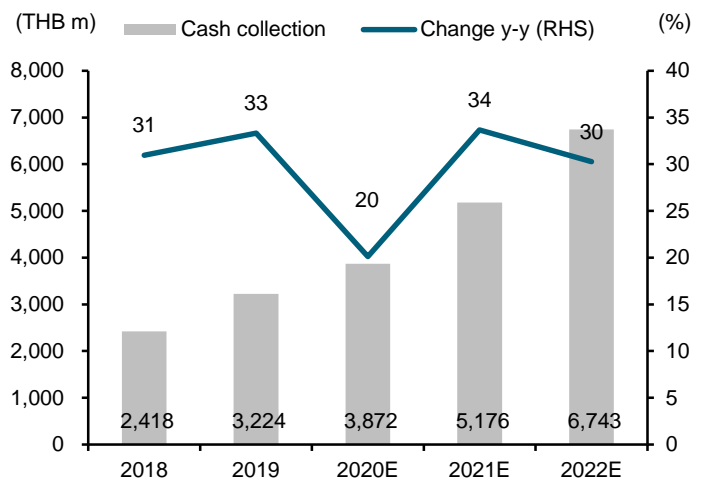
Sources: JMT; FSSIA's compilation

**Exhibit 5: Quarterly cash collection trend**



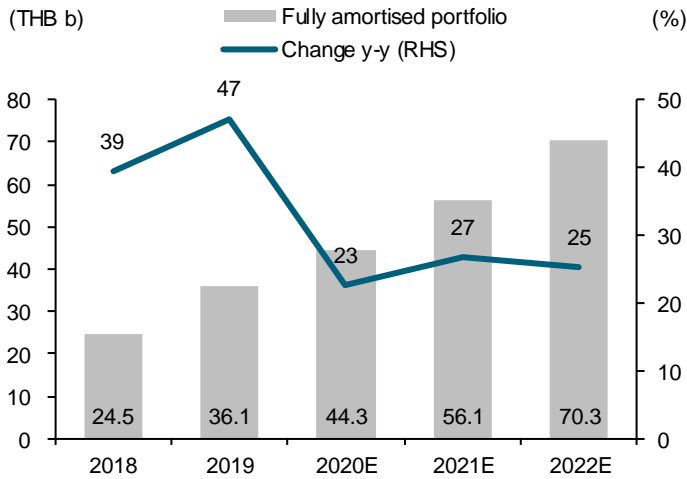
Sources: JMT; FSSIA estimates

**Exhibit 6: Yearly cash collection trend**



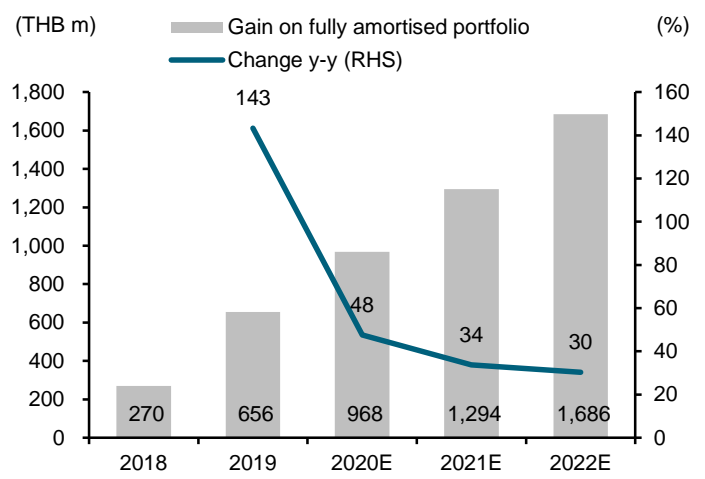
Sources: JMT; FSSIA estimates

**Exhibit 7: Fully amortised portfolio**



Sources: JMT; FSSIA estimates

**Exhibit 8: Gain on fully amortised portfolio**



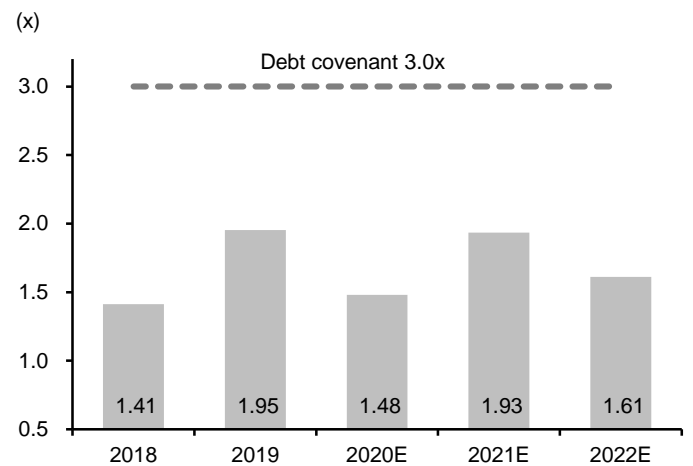
Sources: JMT; FSSIA estimates

**Exhibit 9: Outstanding warrants**

Warrant	Outstanding units (m)	Exercise price (THB)	Expiration Date	Cash proceeds from warrant (THB m)
JMT-W2	220	18.2	Aug-21	4,004
JMT-W3	100	42.0	2Q22	4,200
<b>Total</b>				<b>8,204</b>

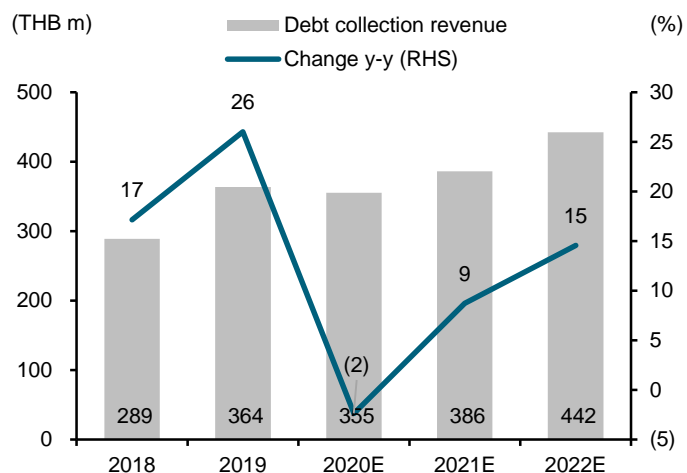
Source: JMT

**Exhibit 10: D/E ratio remains below its debt covenant**



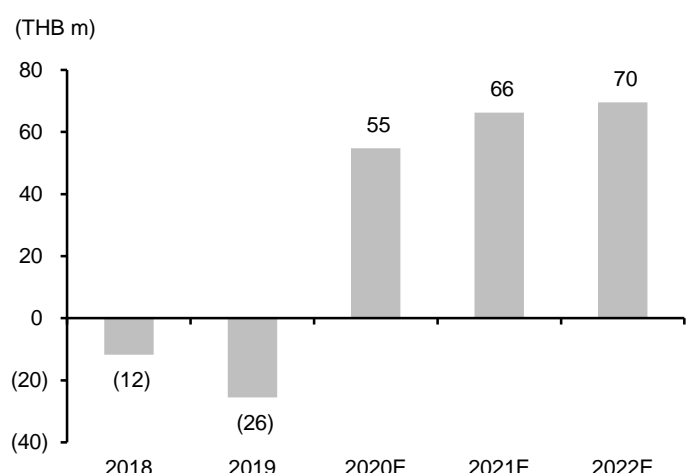
Sources: JMT; FSSIA estimates

**Exhibit 11: Debt collection revenue**



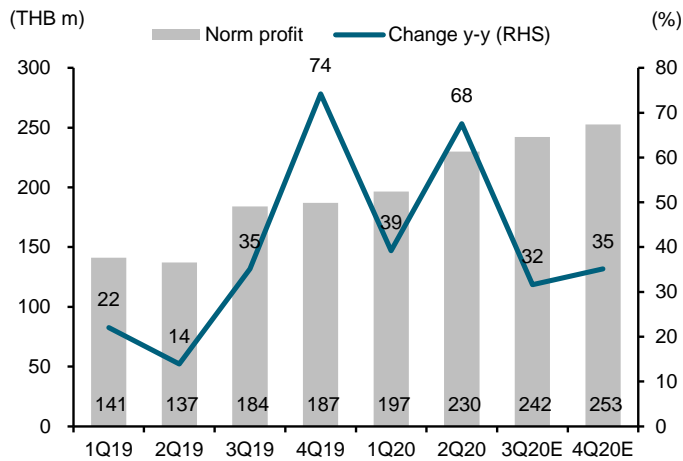
Sources: JMT; FSSIA estimates

**Exhibit 12: Net insurance premium turnaround from 2020E onward**



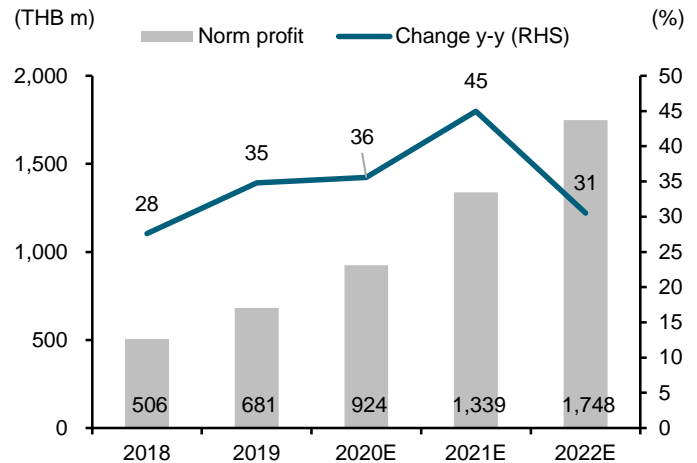
Sources: JMT; FSSIA estimates

**Exhibit 13: Quarterly norm profit**



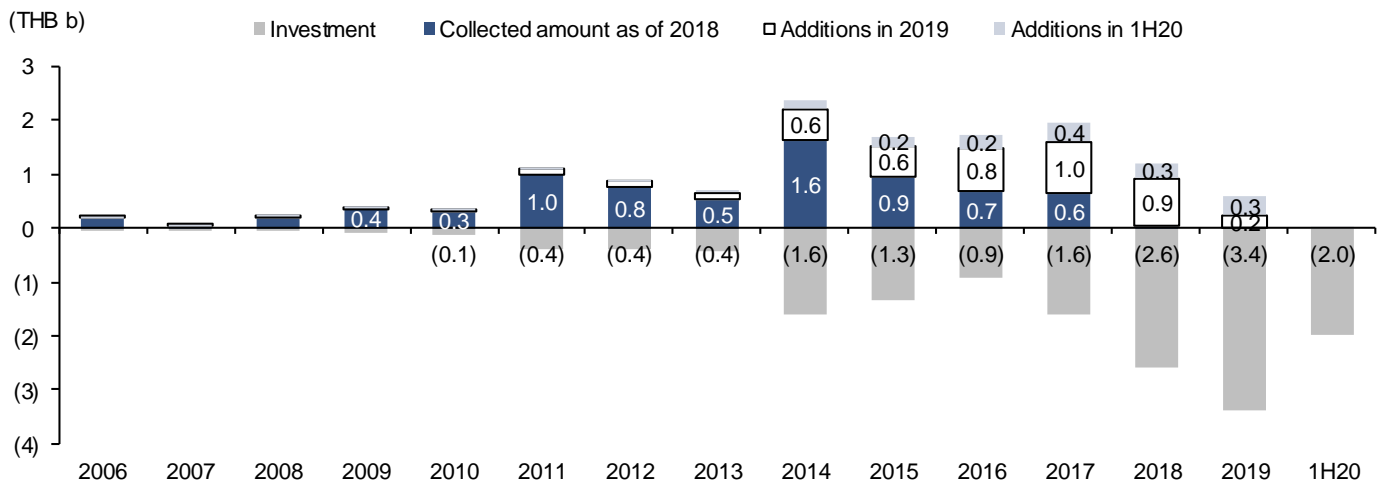
Sources: JMT, FSSIA estimates

**Exhibit 14: Yearly norm profit**



Sources: JMT, FSSIA estimates

**Exhibit 15: Comparing investment vs collected amount from 2006 to 1H20 for each annual investment**



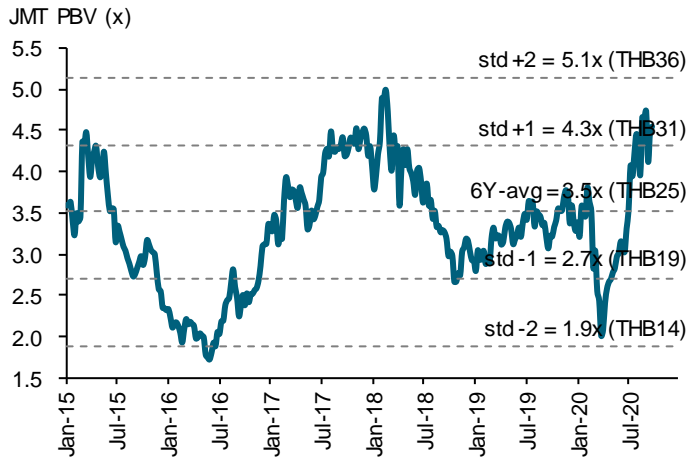
Source: JMT; FSSIA's compilation

**Exhibit 16: JMT – GGM-derived target price**

Target price	THB 42
Recommendation	BUY
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Cost to equity (%)	9.4
Terminal growth (%)	7.5
ROE target (%)	17.8
Target PBV (x)	5.6
Implied PE (x)	34.75
Implied PEG (x)	1.0
Risk to TP	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.

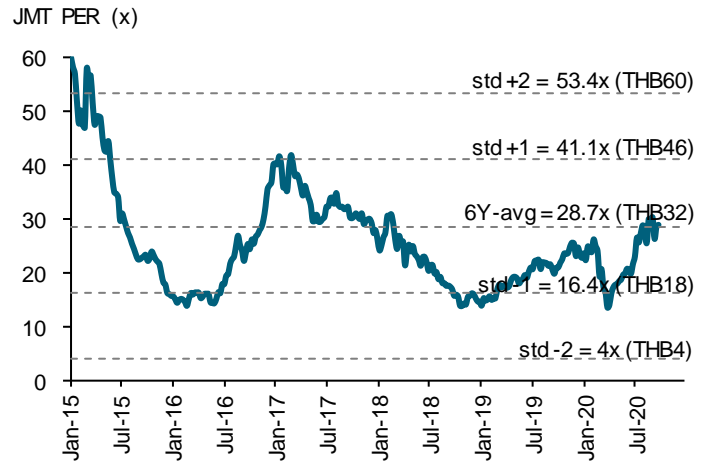
Source: FSSIA estimates

**Exhibit 17: JMT – one-year prospective P/BV**



Sources: Bloomberg; FSSIA estimates

**Exhibit 18: JMT – one-year prospective P/E**



Sources: Bloomberg; FSSIA estimates

## Exhibit 19: JMT's 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	1,228	1,295	1,597	2,135	2,782
- Gain on NPLs (fully amortized)	270	656	968	1,294	1,686
- Instalment sale	0	0	0	0	0
- Interest income from loan	0	0	0	0	0
- Other interest income	(5)	14	7	8	8
<b>Total interest income</b>	<b>1,492</b>	<b>1,965</b>	<b>2,573</b>	<b>3,437</b>	<b>4,476</b>
Interest expense	134	206	301	482	722
<b>Net interest income</b>	<b>1,359</b>	<b>1,758</b>	<b>2,272</b>	<b>2,955</b>	<b>3,754</b>
Non-interest income					
- Gain on sale of properties for sale	0	0	0	0	0
- Gain on instalment sale	0	0	0	0	0
- Service income from debt collection services	289	364	355	386	442
- Net insurance premium	(12)	(26)	55	66	70
- Others	5	12	13	14	16
<b>Total non-interest income</b>	<b>282</b>	<b>350</b>	<b>423</b>	<b>467</b>	<b>527</b>
Total operating income	1,640	2,108	2,694	3,421	4,282
Operating expenses	975	1,270	1,270	1,498	1,723
<b>Pre provision operating profit</b>	<b>665</b>	<b>839</b>	<b>1,425</b>	<b>1,923</b>	<b>2,559</b>
Expected credit loss	0	0	256	249	374
Operating profit	665	839	1,169	1,674	2,185
Income tax expenses	186	189	246	335	437
<b>Profit before minority interest</b>	<b>480</b>	<b>649</b>	<b>924</b>	<b>1,339</b>	<b>1,748</b>
Minority	(26)	(32)	0	0	0
<b>Normalised profit</b>	<b>506</b>	<b>681</b>	<b>924</b>	<b>1,339</b>	<b>1,748</b>
Extra items	0	0	0	0	0
<b>Net profit</b>	<b>506</b>	<b>681</b>	<b>924</b>	<b>1,339</b>	<b>1,748</b>
<b>Balance sheet</b>					
<b>Assets</b>					
Cash and cash equivalents	692	317	736	393	432
Gross NPLs	5,983	8,028	12,784	20,435	29,437
Add Accrued interest	0	0	0	0	0
Less Allowance for doubtful accounts	(94)	(107)	(337)	(546)	(861)
<b>NPLs, net</b>	<b>5,889</b>	<b>7,921</b>	<b>12,447</b>	<b>19,890</b>	<b>28,576</b>
Gross NPAs	74	99	160	256	409
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	(3)	(5)	(8)	(12)
<b>NPAs, net</b>	<b>75</b>	<b>97</b>	<b>155</b>	<b>248</b>	<b>397</b>
Gross loan	0	0	0	0	0
Add Accrued interest	0	0	0	0	0
Less Allowance for doubtful accounts	0	0	0	0	0
<b>Loan, net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Others	1,707	1,807	2,634	3,741	5,100
<b>Total assets</b>	<b>8,363</b>	<b>10,142</b>	<b>15,971</b>	<b>24,271</b>	<b>34,505</b>
<b>Liabilities and Equity</b>					
Interest bearing debt	3,966	5,783	8,558	14,977	20,219
Other	931	926	972	1,021	1,072
<b>Total liabilities</b>	<b>4,897</b>	<b>6,708</b>	<b>9,530</b>	<b>15,998</b>	<b>21,291</b>
Registered share	444	444	517	554	609
Share premium	2,334	2,335	4,938	6,240	10,390
Other	(13)	7	7	7	7
Retained earnings	630	610	979	1,473	2,209
Total shareholder equity	3,396	3,396	6,441	8,273	13,214
Minority	71	38	0	0	0
<b>Total equity</b>	<b>3,467</b>	<b>3,433</b>	<b>6,441</b>	<b>8,273</b>	<b>13,214</b>
<b>Total liabilities and equity</b>	<b>8,363</b>	<b>10,142</b>	<b>15,971</b>	<b>24,271</b>	<b>34,505</b>

Sources: JMT; FSSIA estimates



## Exhibit 20: Key financial highlights

Year to Dec	2018	2019	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
NPL and NPA purchase	2,583	3,368	6,063	9,398	11,278
NPL and NPA cash collection	2,418	3,224	3,872	5,176	6,743
Cash collection to gross NPLs and NPAs (%)	46	45	37	31	27
<b>Key financial ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Liabilities / equity (x)	1.4	2.0	1.5	1.9	1.6
Interest-bearing debt / equity (x)	1.1	1.7	1.3	1.8	1.5
ROA	7.4	7.4	7.1	6.7	5.9
ROE	17.7	20.1	18.8	18.2	16.3
Cost of funds	3.9	4.2	4.2	4.1	4.1
Cost to income	59.4	60.2	47.1	43.8	40.2
<b>Change y-y</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
NPL	35.6	34.2	59.2	59.8	44.1
NPA	n/a	34.2	61.3	60.2	59.9
Net profit	27.6	34.8	35.6	45.0	30.5
NPL and NPA purchase	61.6	30.4	80.0	55.0	20.0
NPL and NPA cash collection	31.0	33.3	20.1	33.7	30.3

Sources: JMT; FSSIA estimates

## Exhibit 21: Peers comparison as of 2 Oct 2020

Company	BBG	Rec	---Share price---		Up side	-EPS growth-		----- PE ----		-- DivYld --		---- ROE ----		---- PBV ---	
			Current (THB)	Target (THB)		20E (%)	21E (%)	20E (x)	21E (x)	20E (%)	21E (%)	20E (%)	21E (%)	20E (x)	21E (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
<b>Coverage of AMC</b>						<b>14.5</b>	<b>23.8</b>	<b>21.8</b>	<b>17.7</b>	<b>0.7</b>	<b>0.8</b>	<b>26.9</b>	<b>26.5</b>	<b>5.3</b>	<b>4.2</b>

Sources: Bloomberg; FSSIA estimates

## Corporate Governance

### Board structure

Number of Independent Directors (ID)	3/7
Percentage of IDs on the board	43%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	2 audits and 1 remuneration committees
ID terms (years of service, re-election/replacement procedures)	After every annual general meeting of the Board of Directors, one-third of the Board of Directors (1/3) must vacate their offices. Members who hold their offices for the longest must vacate their offices first. Members who already vacate their office can be re-nominated and re-elected.

Source: JMT

Additional comments: None

### Audit Practices

Auditor	EY Office Limited
Length of service	Since 2015
Reporting incidents	None
Fee track record	THB5.17m for 2019 and THB3m for 2018
Policy on change of audit firm	None

Source: JMT

Additional comments: None

### Compensation and remuneration

Directors' remuneration vs. earnings/ROE/share performance	THB7.59m for 2019 or 1.11% of net profits
Changes/stability in senior management	Stable
Incidents of termination of senior management	Most are in position for more than five years
Track record on insider sales	From 2019 to date, management traded 1.65m shares, 0.19% of outstanding shares (buy 1.0.8m shares and sell 0.575m shares)

Source: JMT

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: JMT

Additional comments: None

## Financial Statements

### JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	1,492	1,965	2,573	3,437	4,476
Interest expense	(134)	(206)	(301)	(482)	(722)
Net interest income	1,359	1,758	2,272	2,955	3,754
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	282	350	423	467	527
Non interest income	282	350	423	467	527
Total income	1,640	2,108	2,694	3,421	4,282
Staff costs	-	-	-	-	-
Other operating costs	(975)	(1,270)	(1,270)	(1,498)	(1,723)
Operating costs	(975)	(1,270)	(1,270)	(1,498)	(1,723)
Pre provision operating profit	665	839	1,425	1,923	2,559
Provision for bad and doubtful debt	0	0	(256)	(249)	(374)
Other provisions	-	-	-	-	-
Operating profit	665	839	1,169	1,674	2,185
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	665	839	1,169	1,674	2,185
Tax	(186)	(189)	(246)	(335)	(437)
Profit after tax	480	649	924	1,339	1,748
Minority interests	26	32	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	506	681	924	1,339	1,748
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	506	681	924	1,339	1,748
<b>Per share (THB)</b>					
Recurring EPS *	0.60	0.77	0.89	1.21	1.45
Reported EPS	0.60	0.77	0.89	1.21	1.45
DPS	0.74	0.58	0.54	0.76	0.84
<b>Growth</b>					
Net interest income (%)	31.5	29.4	29.2	30.1	27.1
Non interest income (%)	11.8	24.3	20.8	10.3	13.1
Pre provision operating profit (%)	33.2	26.1	69.9	35.0	33.1
Operating profit (%)	33.2	26.1	39.4	43.2	30.5
Reported net profit (%)	27.6	34.8	35.6	45.0	30.5
Recurring EPS (%)	13.2	28.3	15.9	35.4	19.7
Reported EPS (%)	13.2	28.3	15.9	35.4	19.7
<b>Income Breakdown</b>					
Net interest income (%)	82.8	83.4	84.3	86.4	87.7
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	17.2	16.6	15.7	13.6	12.3
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.94	4.23	4.20	4.10	4.10
Net interest spread (%)	(3.94)	(4.23)	(4.20)	(4.10)	(4.10)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	59.4	60.2	47.1	43.8	40.2
Cost/assets(%)	14.3	13.7	9.7	7.4	5.9
Effective tax rate (%)	27.9	22.6	21.0	20.0	20.0
Dividend payout on recurring profit (%)	123.3	75.3	60.1	63.1	57.9
ROE (%)	17.7	20.1	18.8	18.2	16.3
ROE - COE (%)	6.9	9.3	8.0	7.4	5.5
ROA (%)	7.0	7.0	7.1	6.7	5.9
RORWA (%)	-	-	-	-	-

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: JMT Network Services; FSSIA estimates

## Financial Statements

### JMT Network Services

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	5,983	8,028	12,784	20,435	29,437
Total provisions	(94)	(107)	(337)	(546)	(861)
interest in suspense	0	0	0	0	0
<b>Net customer loans</b>	<b>5,889</b>	<b>7,921</b>	<b>12,447</b>	<b>19,890</b>	<b>28,576</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	360	363	381	400	420
Cash & equivalents	692	317	736	393	432
Other interesting assets	79	101	160	254	403
Tangible fixed assets	147	163	171	180	189
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,196	1,277	2,076	3,155	4,486
<b>Total assets</b>	<b>8,363</b>	<b>10,142</b>	<b>15,971</b>	<b>24,271</b>	<b>34,505</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	3,966	5,783	8,558	14,977	20,219
Non interest bearing liabilities	931	926	972	1,021	1,072
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>4,897</b>	<b>6,708</b>	<b>9,530</b>	<b>15,998</b>	<b>21,291</b>
Share capital	444	444	517	554	609
Reserves	2,952	2,952	5,924	7,719	12,605
<b>Total equity</b>	<b>3,396</b>	<b>3,396</b>	<b>6,441</b>	<b>8,273</b>	<b>13,214</b>
Minority interests	71	38	0	0	0
<b>Total liabilities &amp; equity</b>	<b>8,363</b>	<b>10,142</b>	<b>15,971</b>	<b>24,271</b>	<b>34,505</b>
<b>Supplementary items</b>					
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	3,393	4,874	7,171	11,768	17,598
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
<b>Per share (THB)</b>					
Book value per share	3.82	3.82	6.23	7.47	10.94
Tangible book value per share	3.82	3.82	6.23	7.47	10.94
<b>Growth</b>					
Gross customer loans	35.6	34.2	59.2	59.8	44.1
Average interest earning assets	-	-	-	-	-
Total asset (%)	59.4	21.3	57.5	52.0	42.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	40.6	33.5	40.3	34.1	38.3
Tangible equity/assets (%)	40.6	33.5	40.3	34.1	38.3
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	1.6	1.3	2.6	1.9	2.9
Total provisions/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	57.9	45.1	38.9	28.8	24.0
Recurring P/E @ target price (x) *	70.0	54.5	47.0	34.7	29.0
Reported P/E (x)	57.9	45.1	38.9	28.8	24.0
Dividend yield (%)	123.3	75.3	60.1	63.1	57.9
Price/book (x)	9.1	9.1	5.6	4.7	3.2
Price/tangible book (x)	9.1	9.1	5.6	4.7	3.2
Price/tangible book @ target price (x)	11.0	11.0	6.7	5.6	3.8

Sources: JMT Network Services; 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	SEAOIL	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	KGI	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	PNR	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					-				

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\* 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	AMANAH	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

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#### Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 20.60	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Chayo Group	CHAYO TB	THB 8.15	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.

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  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

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.