FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

24 NOVEMBER 2021

THAILAND / ASSET MANAGEMENT COMPANIES

JMT NETWORK SERVICES   JMT TB

BUY
UNCHANGED

TARGET PRICE	THB70.00
CLOSE	THB58.25
UP/DOWNSIDE	+20.2%
PRIOR TP	THB57.00
CHANGE IN TP	+22.8%
TP vs CONSENSUS	+24.8%

J-curve episode getting underway

What has the market missed about JMT?

The two most common concerns we've been hearing from investors are, "Is JMT too expensive to invest in?" and "Will the company be able to manage the payback period and profitability margin of secured NPLs as efficiently as it manages unsecured NPLs?" We are convinced that the market is overly concerned regarding these issues. We think JMT is trading at a reasonable valuation and that there is more room for its share price to rerate. We also have little doubt regarding its ability to manage secured NPLs due to its different strategy and portfolio structure.

Deserves a premium valuation

Most investors think that JMT should be traded in the P/E range of c20-25x. We think it could trade at a higher premium supported by 1) its high 2022E net profit growth of 69% y-y (EPS of 30% y-y); 2) low earnings volatility – it is easy to predict its earnings pattern; and 3) efficient capital utilisation – after the ROE dilution from its huge capital increase, its ROE should return to the pre-capital level by 2024. We recommend investors look at its longer-term valuation as, due to the nature of the asset management business, it typically takes at least three years before the payback period is reached. JMT's current valuation is 36x 2022E P/E. Once the returns from new NPL acquisitions are gradually realised in 2023-24, its P/E could drop to only 25x 2023E P/E and 17x 2024E P/E.

## Significantly larger portfolio, efficient NPL management continues

We believe the concern over JMT's efficiency is a result of investors comparing JMT to BAM, whose secured NPL payback period is around 6-8 years. We think JMT's payback period could be shorter thanks to 1) its NPL management method with an emphasis on TDR; and 2) its portfolio structure, which mostly consists of residential NPLs. We have tracked the cash collection performance of its 2017-19 portfolios – the period in which JMT started to acquire secured NPLs aggressively. We found that the 2017 payback period was only two years. JMT has been able to collect 71% and 45% of the initial investments in its 2018 and 2019 portfolios, respectively. We expect its 2018 portfolio to reach the payback period in 2022. This means that with the surge in secured NPL acquisitions, JMT's payback periods of around 3-5 years are pretty much the same.

BUY with GGM-based TP of THB70 (implying 2022E P/E of 43x)

We increase our 2021-23 net profit forecasts by 5%/6%/6%, and revise up our 2022 GGM-based TP to THB70. We reiterate JMT as one of our top picks among diversified financial companies.

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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	1,210	1,662	2,814	4,109
Net profit	1,047	1,379	2,335	3,411
EPS (THB)	1.09	1.24	1.61	2.35
vs Consensus (%)	-	(0.8)	(1.9)	15.6
Core net profit	1,047	1,379	2,335	3,411
Core EPS (THB)	1.09	1.24	1.61	2.35
Chg. In EPS est. (%)	-	5.4	5.8	6.3
EPS growth (%)	42.0	13.6	29.5	46.0
Core P/E (x)	53.3	46.9	36.2	24.8
Dividend yield (%)	1.5	1.3	1.6	2.8
Price/book (x)	9.7	7.7	3.6	3.4
ROE (%)	23.0	19.5	14.5	14.1
ROA (%)	8.5	8.0	8.6	9.6
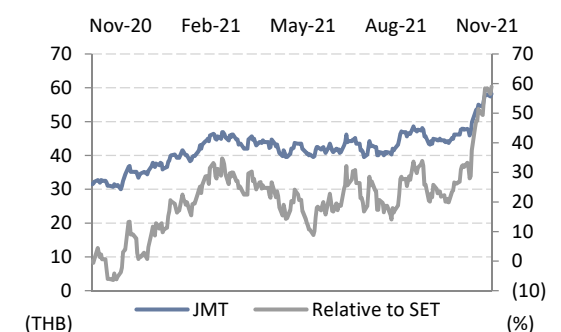
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	26.2	42.8	79.3
Relative to country (%)	26.0	37.2	54.7
Mkt cap (USD m)			2,103
3m avg. daily turnover (USD m)			16.2
Free float (%)			21
Major shareholder			JMART Pcl. (54%)
12m high/low (THB)			62.50/30.04
Issued shares (m)			0

Sources: Bloomberg consensus; FSSIA estimates

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 resilient growth due to its diversified portfolio and small non-performing loan (NPL) ticket sizes; and 2) we think it will be the beneficiary of an NPL rise that we expect to see in 2022-23. These factors should lead JMT to have remarkable core profit growth. We, therefore, reiterate our BUY call on JMT.

Company profile

JMT 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
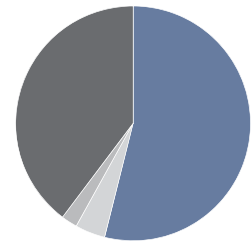
Principal activities (revenue, 2020)

- NPLs management - 87.6 %
- Debt collection - 12.1 %
- Other income - 0.4 %
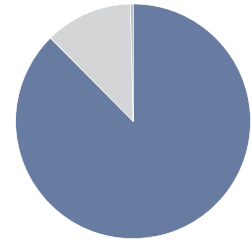
Source: JMT Network Services

Major shareholders

- JMART Pcl. - 53.9 %
- Sereewattana family - 4.1 %
- Pongsak Tammatatharee - 2.2 %
- Others - 39.7 %

Source: JMT Network Services

Catalysts

Potential catalysts to drive JMT's share price include 1) aggressive NPL acquisitions; 2) an increase in its fully amortised portfolio volume; 3) partnerships with other financial institutions.

Risks 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-Feb 2022	4Q21 results announcement

Key assumptions

	2021E (THB m)	2022E (THB m)	2023E (THB m)
Net profit	1,379	2,335	3,411
Net profit growth (%)	31.8	69.3	46.0
Cash collection	4,622	6,684	9,756
Cash collection ratio (%)	33.2	31.7	32.3
NPL + NPA purchases	9,000	10,000	15,000
NPL + NPA purchase growth (%)	156.0	11.1	50.0
Cost to income (%)	45.1	38.0	34.7

Source: FSSIA estimates

Earnings sensitivity

		---------------- 2021E ----------------		
Cash collection ratio	±50bp	32.7	33.2	33.7
% change in net profit		(3.5)	-	3.5
Cost to income	±1ppt	44.1	45.1	46.1
% change in net profit		(2.3)	-	2.3

Source: FSSIA estimates
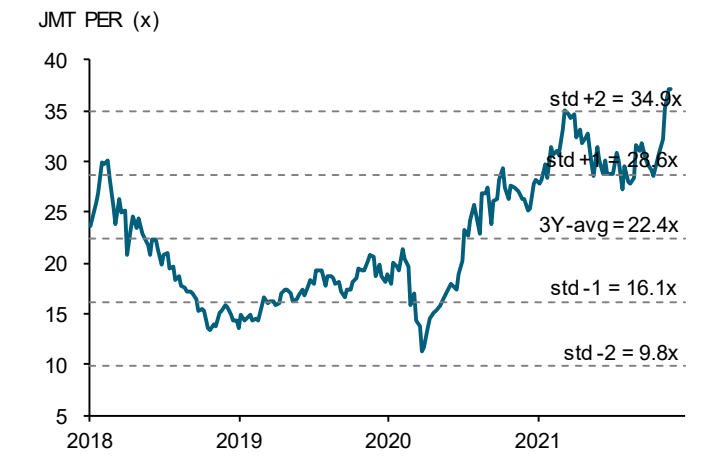
What has the market missed about JMT?

JMT's share price has increased by 17% in the last three weeks, with a current valuation of 36x 2022E P/E and 3.6x 2022E P/BV. Accordingly, the most common concern we've been hearing from investors is, "Is JMT too expensive to invest in?" Moreover, the market is also wondering if the company will be able to manage the payback period and profitability margin of secured non-performing loans (NPLs) as efficiently as it manages unsecured NPLs. We are convinced that the market is overly concerned regarding these issues.

Exhibit 1:   JMT – one-year prospective P/BV

JMT PBV (x)

std +2 = 4.9x
std +1 = 4.2x
3Y-avg = 3.6x
std -1 = 3x
std -2 = 2.4x
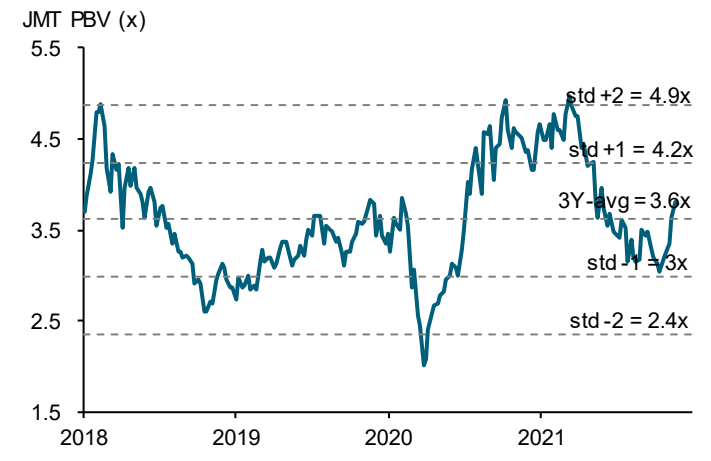
Sources: Bloomberg; FSSIA estimates

Exhibit 2:   JMT – one-year prospective P/E

JMT PER (x)

std +2 = 34.9x
std +1 = 28.6x
3Y-avg = 22.4x
std -1 = 16.1x
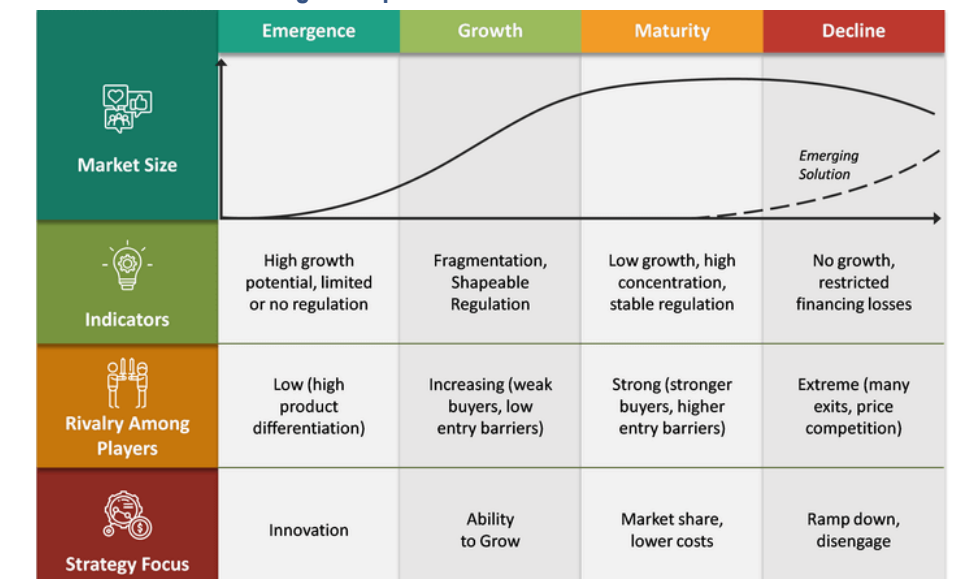std -2 = 9.8x

Sources: Bloomberg; FSSIA estimates

Deserves a premium valuation

Most investors think that JMT should be traded in the P/E range of c20-25x. We have a different opinion. We think the company could trade at a higher premium supported by 1) its high potential net profit growth; 2) low earnings volatility; and 3) efficient capital utilisation.

1) High potential net profit growth

We have used an industry lifecycle framework to analyse asset management companies' (AMCs) growth potential and have found that the industry is currently in a growth phase. We expect that all of the AMCs under our coverage could post solid net profit growth of 48% in 2022, with JMT likely delivering the highest growth.

Exhibit 3: AMCs are in a growth phase

|	Emergence	Growth	Maturity	Decline
Market Size				Emerging Solution
Indicators	High growth potential, limited or no regulation	Fragmentation, Shapeable Regulation	Low growth, high concentration, stable regulation	No growth, restricted financing losses
Rivalry Among Players	Low (high product differentiation)	Increasing (weak buyers, low entry barriers)	Strong (stronger buyers, higher entry barriers)	Extreme (many exits, price competition)
Strategy Focus	Innovation	Ability to Grow	Market share, lower costs	Ramp down, disengage

Source: SketchBubble

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Although JMT has delivered attractive net profit growth for more than five consecutive years, we think the company will climb a J-curve again from 2022 by benefiting from the potential influx of NPLs and its growth-seeker DNA, i.e. significantly increasing its NPL acquisitions. We expect JMT's 2022 net profit to grow by 69% y-y, with 30% y-y EPS growth due to the dilution from its huge capital increase and JMT-W3.

Exhibit 4: Acquisition plan

	2021E (THB m)	2022E (THB m)	2023E (THB m)
1) Distressed asset acquisition			
JMT	6,000-10,000	15,000	20,000
FSSIA	**9,000**	**10,000**	**15,000**
% diff	*n/a*	*(33)*	*(25)*
2) Cash collection	4,622	6,684	9,756
3) Cash collection ratio (%)	33.2	31.7	32.3
4) Cost to income (%)	45.1	38.0	34.7

Sources: Company data; FSSIA estimates

Exhibit 5: AMCs – net profit growth
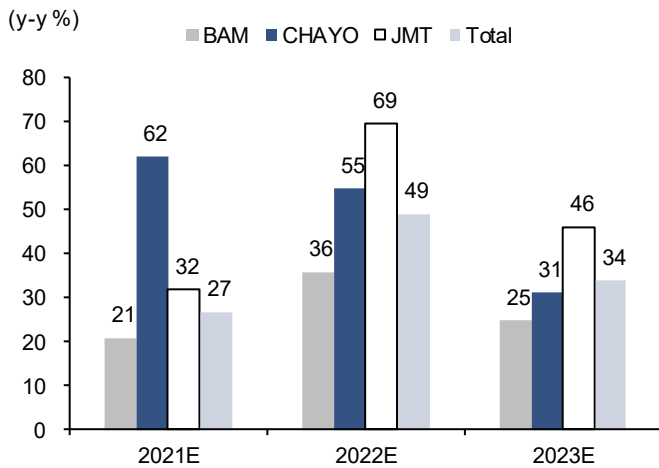
Exhibit 6: AMCs – EPS growth

Sources: Company data; FSSIA estimates
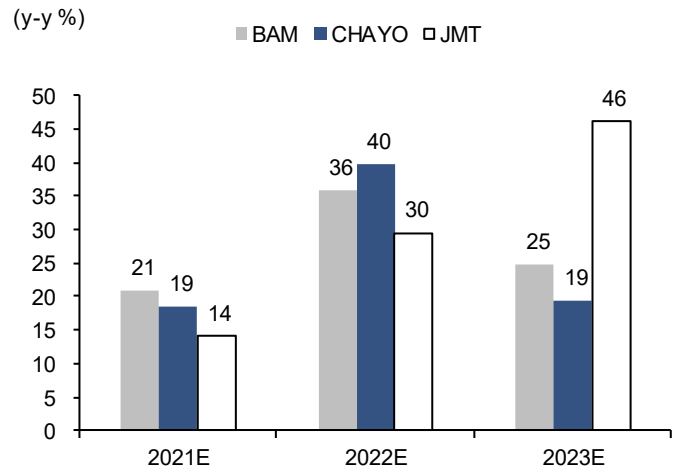
Sources: Company data; FSSIA estimates

2) Low earnings volatility

JMT is the only AMC under our coverage that was able to post a y-y increase in every quarterly net profit since 2019, vs the lower earnings stability for CHAYO and BAM. This came from its large unsecured NPL portfolio, which normally generates a recurring revenue stream. It is easier for investors to track and forecast JMT's performance vs its peers, in our view.

Exhibit 7: BAM – quarterly normalised profit
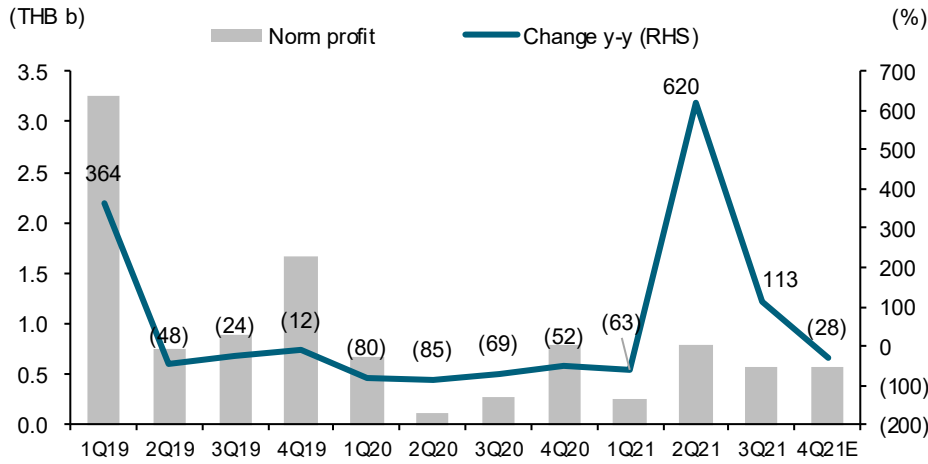
Sources: Company data; FSSIA's estimates

Exhibit 8:   CHAYO – quarterly normalised profit
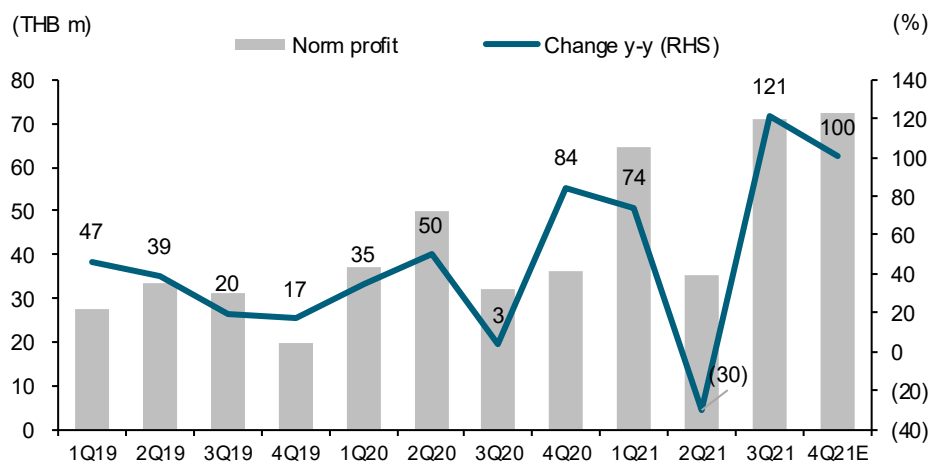
Sources: Company data; FSSIA's estimates

Exhibit 9: JMT– quarterly normalised profit
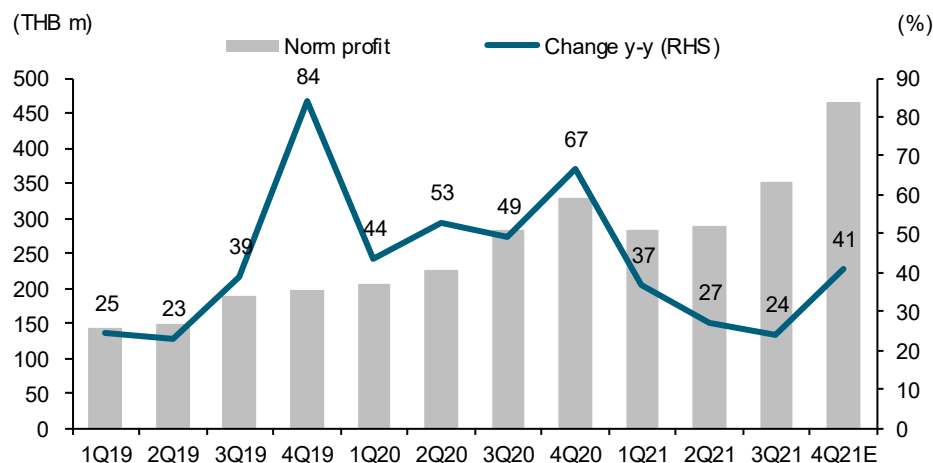

Sources: Company data; FSSIA's estimates

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3) Efficient capital utilisation

JMT's capital in 2022 is set to increase nearly threefold from 2021 due to its rights offering (cTHB10b) and JMT-W3 (cTHB3.8b). This would result in a material decline in its ROE from our estimated 19.5% in 2021 to an expected 14.5% and 14.1% in 2022-23, respectively.

We think JMT will be able to utilise the huge capital increase effectively on the back of its aggressive NPL acquisition plan during the expected NPL influx in 2022-23. With its efficient NPL management, we expect a payback period of only 3-5 years. Accordingly, we forecast its net profit to increase nearly three times by 2024, in the same direction as its capital increase. Accordingly, we estimate its ROE to return to 19.2% in 2024.

Exhibit 10: JMT's net profit could increase nearly three times by 2024
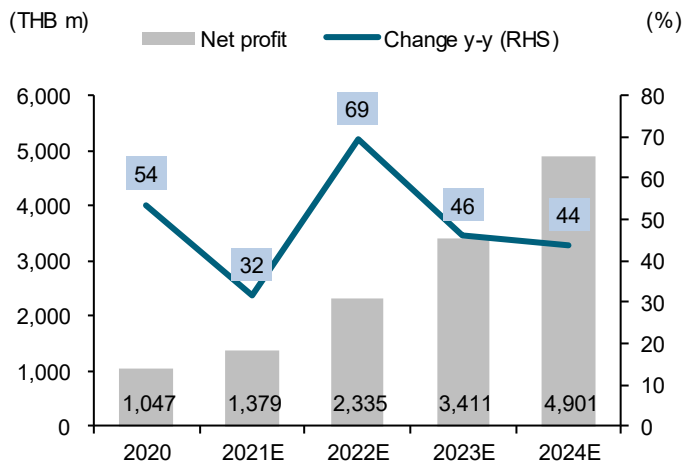
Sources: JMT; FSSIA estimates

Exhibit 11: JMT's ROE could increase to 19.2% in 2024
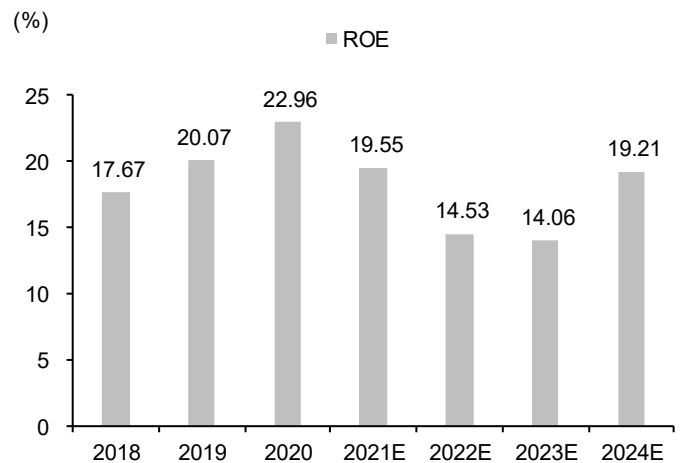
Sources: JMT; FSSIA estimates

We recommend investors look at its longer-term valuation as, due to the nature of the asset management business, it typically takes at least three years before the payback period is reached. JMT's current valuation is 36x 2022E P/E. Once the returns from new NPL acquisitions are gradually realised in 2023-24, its P/E could drop to only 25x 2023E P/E and 17x 2024E P/E.

Exhibit 12: JMT's P/E
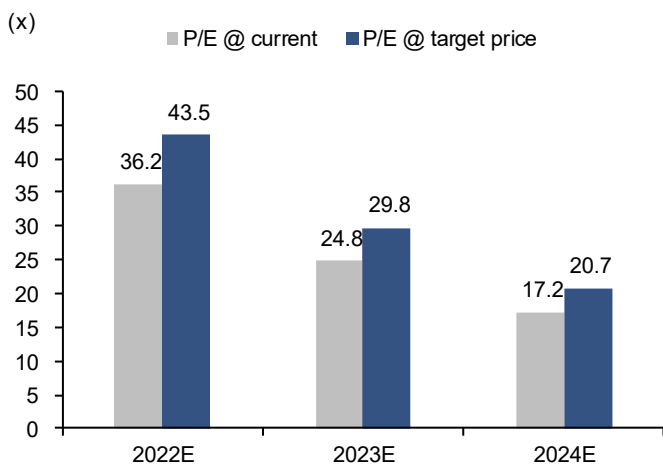
Sources: JMT; FSSIA estimates

Exhibit 13: JMT's P/BV
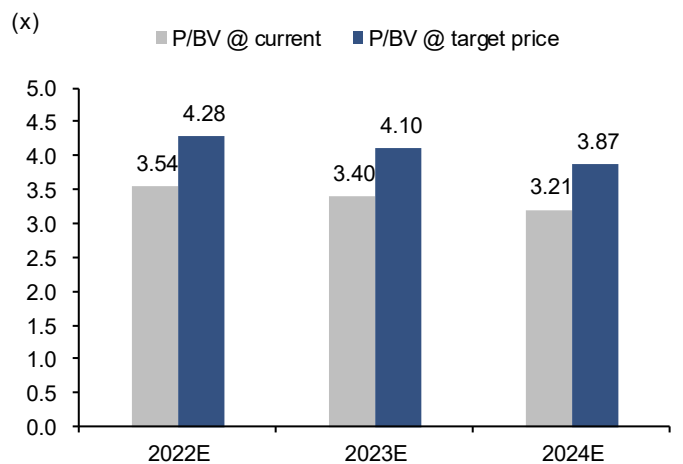
Sources: JMT; FSSIA estimates

Significantly larger portfolio, efficient NPL management continues

JMT has been acquiring secured NPLs since 2017, with a purchase budget of cTHB800m, based on our calculation. Since then, the company has enlarged this portfolio continuously.

In 9M21, JMT purchased NPLs amounting to THB7.1b. Based on our calculation, more than 80% of the acquisitions were secured NPLs. In 2022-23, its NPL acquisition budget is THB15b and THB20b, respectively. This would lead JMT to have the number one market share in NPL purchases.

Exhibit 14: NPLs outstanding by book value
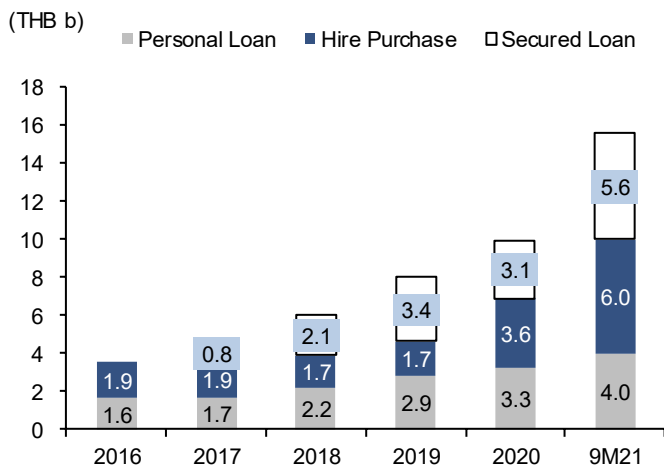
Sources: JMT; FSSIA's compilation

Exhibit 15: JMT has acquired secured NPLs since 2017
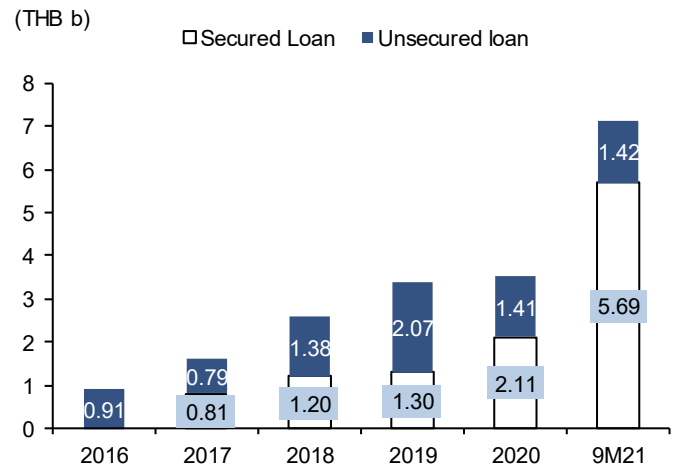
Sources: JMT; FSSIA estimates

Some investors are concerned that JMT might not be able to manage the material increase in its secured NPLs as effectively as it manages its unsecured portfolio, based on our survey. We think that this concern has arisen because the company has still not provided many details about its secured portfolio. Therefore, most investors believe that the payback period for secured NPLs is around 6-8 years, according to the payback period for BAM, which is currently the market leader in secured NPL management.

We think JMT's payback period could be shorter than that of BAM's thanks to 1) its NPL management method with an emphasis on troubled debt restructuring (TDR); and 2) its portfolio structure, which mostly consists of residential NPLs.

First, rather than offering a one-off payment, JMT will provide TDR, which allows its clients to easily repay their debts on a regular basis, according to management. Then, once the clients can consecutively service debts for 36 months, the company will help them to unlock their default profiles from the national credit bureau. Its clients might refinance with banks, which offer lower interest rates. Thus, JMT believes its secured payback period would be 3-5 years.

Second, most of its secured NPL portfolio consists of the residential segment vs 52% for BAM. Generally, homeowners tend to love their properties more than other types of real estate owners. Thus, homeowners would be inclined to service their debts as best as they can, in our view.

Exhibit 16: JMT's secured portfolio breakdown

Other secured NPLs
5.0%

Residential NPLs
95.0%
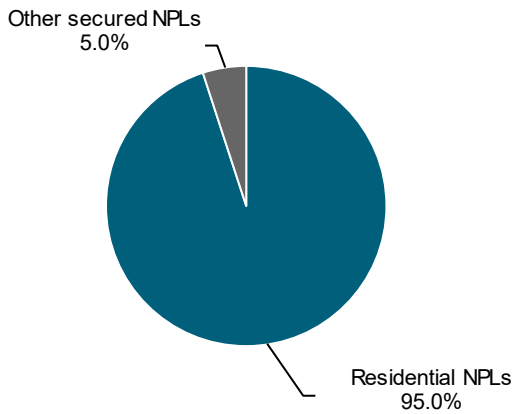
Source: JMT

Exhibit 17: BAM's secured portfolio breakdown

Hotel
2.4%

Other secured NPLs
0.7%

Vacant lands
19.2%

Residential NPLs
52.1%

Commercial
buildings
25.6%
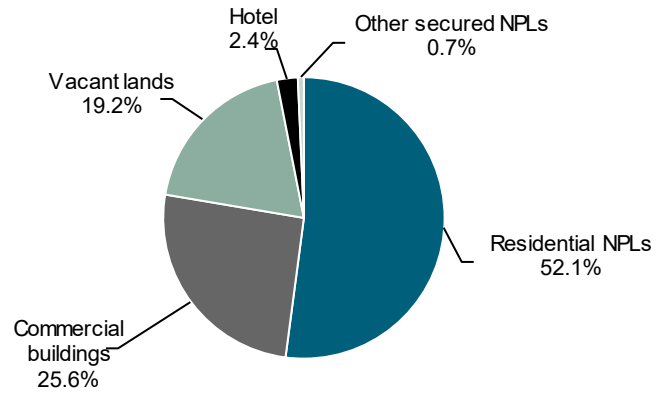
Source: BAM

Therefore, we believe JMT would have a shorter time to start collecting money from debtors and should be able to achieve shorter payback periods than its peers. According to management, it takes 6 months to start collecting cash from its customers after the acquisition vs 3-4 months for unsecured NPLs. The expected payback period for secured NPLs is 3-5 years. Regarding BAM, it takes around 8-10 months to start collecting money from residential NPLs and 1-3 years for other secured NPLs. The payback period for BAM is longer at around 6-8 years.

Exhibit 18: NPL management timeline for JMT vs BAM

JMT

Day 0 — 3 – 4 months — 5 – 6 months — 3 – 5 years

NPL Acquisition | Starting to collect money for unsecured NPLs | Starting to collect money for secured NPLs | Payback period for both secured and unsecured

BAM

Day 0 — 8 – 10 months — 1 – 3 years — 6 - 8 years

NPL Acquisition | Starting to collect money for residential NPLs | Starting to collect money for other secured NPLs | Payback period
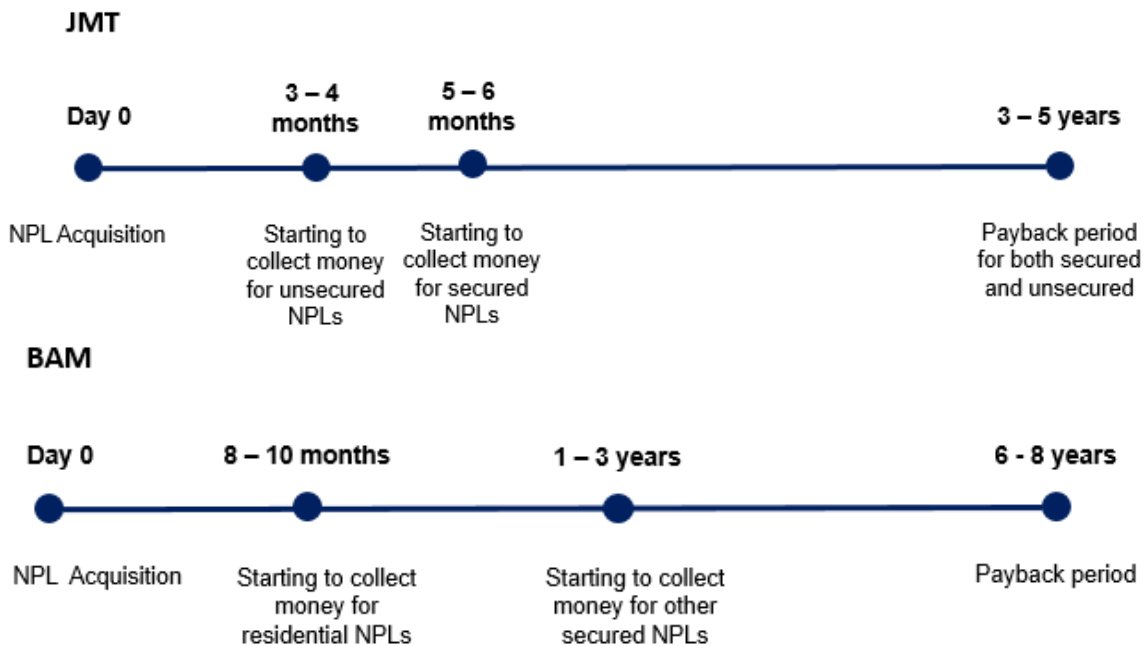
Source: Company data; FSSIA estimates

We have tracked the cash collection performance of its 2017-19 portfolios. We found that the 2017 payback period was only two years. JMT has been able to collect 71% and 45% of the initial investments in its 2018 and 2019 portfolios, respectively. We expect its 2018 portfolio to reach the payback period in 2022. This means that with the surge in secured NPL acquisitions, JMT's payback periods of around 3-5 years are pretty much the same.

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Exhibit 19: Payback period of each portfolio

% cash collection to NPLs purchased in each year

Legend: 2017 port | 2018 port | 2019 port | 2020 port | 2021 port
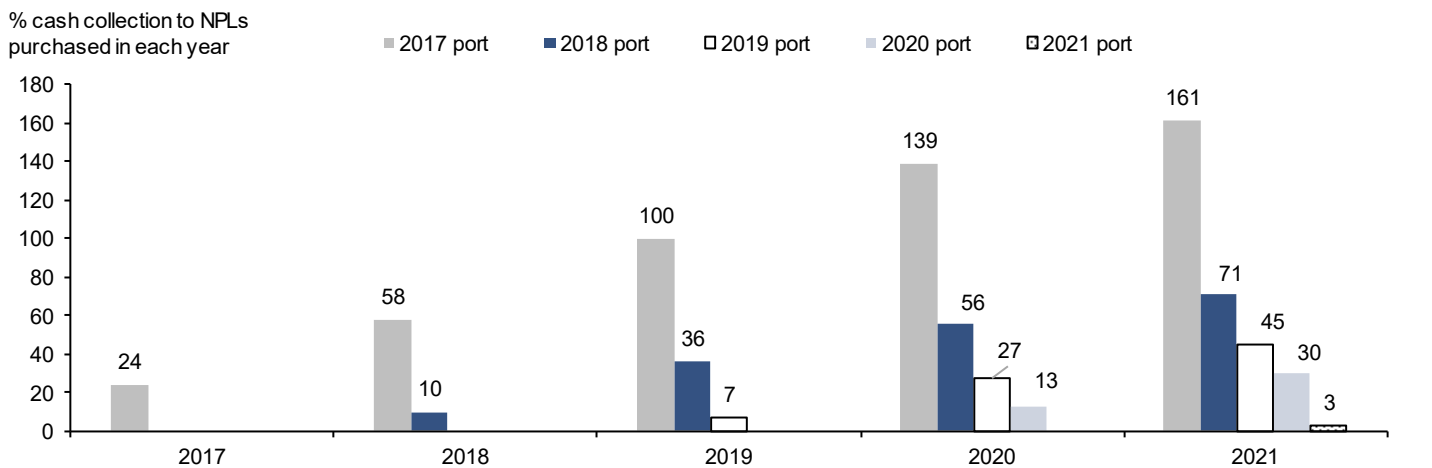
Note that if % cash collection to NPLs purchased reaches 100%, it means that the portfolio was able to achieve its payback period
Sources: JMT; FSSIA's compilation

Earnings revisions and valuation

We increase our 2021-23 net profit forecasts by 5%/6%/6%, mainly to reflect the higher-than-expected NPL acquisitions in 2021. We revise up our its 2021 NPL purchase assumption to THB9b from THB5.5b. The higher NPL acquisitions would lead to 1) an increase in its interest income in 2021-23; and 2) a rise in its cash collection in 2021-23.

Exhibit 20:   Change of key assumptions

| | -------2021E------- | | | -------2022E------- | | | -------2023E------- | | |
| | Old | New | Change | Old | New | Change | Old | New | Change |
	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Interest income	**3,200**	**3,320**	*3.8*	**4,596**	**4,792**	*4.3*	**6,255**	**6,612**	*5.7*
Interest expense	317	356	12.3	278	287	3.1	313	326	4.2
Net interest income	**2,883**	**2,964**	*2.8*	**4,318**	**4,506**	*4.3*	**5,942**	**6,286**	*5.8*
Non-interest income	**436**	**381**	*(12.7)*	**461**	**461**	*0.0*	**505**	**505**	*0.0*
Total operating income	3,319	3,345	0.8	4,779	4,967	3.9	6,448	6,791	5.3
Operating expense	**1,508**	**1,508**	*0.0*	**1,780**	**1,885**	*5.9*	**2,131**	**2,357**	*10.6*
Pre-operating profit before tax	**1,811**	**1,837**	*1.4*	**2,999**	**3,081**	*2.7*	**4,317**	**4,435**	*2.7*
Expected credit loss	176	175	(0.3)	240	268	11.6	304	325	7.1
Taxes expenses	327	283	(13.6)	552	478	(13.3)	803	699	(13.0)
Minority interest	0	0		0	0		0	0	
Norm. profit	**1,308**	**1,379**	*5.4*	**2,208**	**2,335**	*5.8*	**3,210**	**3,411**	*6.3*
Extraordinary items	0	0		0	0		0	0	
Net profit	**1,308**	**1,379**	*5.4*	**2,208**	**2,335**	*5.8*	**3,210**	**3,411**	*6.3*
EPS (THB)	1.18	1.24	5.4	1.52	1.61	5.8	2.21	2.35	6.3
Key statistic and ratio									
Leverage ratios (x)									
Liabilities / equity	1.17	1.43		0.28	0.42		0.42	0.52	
Interest-bearing debt / equity	1.00	1.07		0.20	0.26		0.33	0.33	
Profitability ratio (%)									
Cost of funds	4.10	4.50		4.30	3.50		4.30	4.10	
Cost to income	45.44	45.08		37.24	37.96		33.05	34.70	
Specific data for business									
NPL and NPA purchases (THB m)	5,449	9,000	*65.2*	10,000	10,000	*0.0*	15,000	15,000	*0.0*
NPL and NPA cash collection (THB m)	4,552	4,622	*1.5*	6,417	6,684	*4.2*	8,986	9,756	*8.6*
Cash collection to gross NPLs and NPAs (%)	38	33		36	32		33	32	
Change y-y (%)									
Core profit (y-y %)	25.0	31.8		68.7	69.3		45.4	46.0	
NPL and NPA purchases (y-y %)	55.0	156.0		83.5	11.1		50.0	50.0	
NPL and NPA cash collection (y-y %)	22.9	24.8		41.0	44.6		40.0	46.0	

Sources: JMT; FSSIA estimates

We revise up our 2022 GGM-based TP to THB70 from THB57, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2022E P/BV from 3.5x to 4.3x to reflect our ROE target increase to 14.5% from 14.0%.

Our TP of THB70 implies a 43.5x 2022E P/E, which is higher than the P/E of our previous target price at 37.5x.

Exhibit 21:   JMT – GGM-derived target price

Target price	THB 70 (from 57)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Terminal growth (%)	7.6 (from 7.4)
ROE target (%)	14.5 (from 14.0)
Target PBV (x)	4.3 (from 3.5)
Implied P/E (x)	43.5 (from 37.5)
Risk to TP	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.

Source: FSSIA estimates

Exhibit 22:   JMT's outstanding warrants

	JMT-W3	JMT-W4
Total warrants (m units)	100.0	70.5
Outstanding warrants (m units)	88.35	70.5
Last exercise date	16-May-22	3 years after the issuance
Exercise price (THB per share)	41.96	90
Exercise ratio (Warrant : Common stock)	1:1.00096	1:1
Cash from conversion (THB m)	3,707.1	6,345.0

Sources: JMT; FSSIA estimates

Record high in all main items in 3Q21

We have a slightly positive view of JMT's 3Q21 results. Although its record high 3Q21 net profit of THB352m (+24% y-y, +22 q-q) was in line with our expectation, JMT delivered great cash collection (CC) and NPL acquisitions. JMT purchased NPLs aggressively in 3Q21 for a total of THB3.8b, resulting in an all-time high NPL acquisition of THB7.1b in 9M21.

Its robust 3Q21 net profit was driven by solid CC and a higher profit margin. Amid the lockdown measures, JMT was able to achieve unprecedented CC of THB1,241m (+26% y-y, +28% q-q) from both its fully amortised and 'IRR' portfolios. Moreover, JMT was able to efficiently control its OPEX thanks to the implementation of its digital debt collection platform. Thus, its cost to income slightly declined to 44.8% in 3Q21 from 45.3% in 2Q21 and 46.1% in 3Q20.

Exhibit 23: JMT – 3Q21/ 9M21 results review

	3Q20	2Q21	------------- 3Q21 ------------			------------ 9M21 ------------			------ 2021E ------		3Q21 Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	%21E	(THB m)	(% y-y)	
Interest income											
- Interest income from NPLs	421	472	509	21	8	1,450	24	68	2,134	24	
- Gain on NPLs*	220	228	318	45	40	756	12	65	1,158	28	Fully amortised portfolio of THB49.5b
Total interest income	**641**	**701**	**828**	**29**	**18**	**2,207**	**20**	**66**	**3,320**	**26**	
Interest expense	79	82	85	7	4	245	9	69	356	13	
Net interest income	**562**	**619**	**742**	**32**	**20**	**1,962**	**22**	**66**	**2,964**	**28**	
Non-interest income						0	nm	nm		nm	
- Service income from debt collection services	93	75	64	(32)	(16)	230	(17)	72	321	(11)	
- Net insurance premium	20	1	(0)	nm	nm	21	(55)	44	48	32	
- Others	2	3	3	65	(4)	18	231	148	12	16	
Total non-interest income	**115**	**80**	**66**	**(42)**	**(17)**	**269**	**(18)**	**71**	**381**	**(7)**	
Total operating income	**676**	**699**	**809**	**20**	**16**	**2,231**	**15**	**67**	**3,345**	**23**	
Operating expenses	312	316	363	16	15	1,029	9	68	1,508	15	
Pre provision operating profit	**364**	**383**	**446**	**23**	**17**	**1,202**	**21**	**65**	**1,837**	**30**	
Expected credit loss	39	50	61	56	20	134	(10)	77	175	(14)	
Operating profit	**325**	**332**	**386**	**19**	**16**	**1,068**	**26**	**64**	**1,662**	**37**	
Income tax expenses	39	50	44	13	(10)	160	21	56	283	63	
Profit before minority interest	**286**	**283**	**341**	**19**	**21**	**908**	**27**	**66**	**1,379**	**33**	
Minority	3	(6)	(10)	nm	nm	(15)	nm	nm	0	nm	
Normalised profit	**283**	**289**	**352**	**24**	**22**	**923**	**29**	**67**	**1,379**	**32**	
Extra items	0	0	0	nm	nm	0	nm	nm	0	nm	
Net profit	**283**	**289**	**352**	**24**	**22**	**923**	**29**	**67**	**1,379**	**32**	
Key financial highlights	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	
Gross NPLs outstanding	9,395	12,253	15,543	65	27				16,991	71	
Gross NPAs outstanding	233	763	763	228	0				435	4	
NPL & NPA purchases	541	1,502	3,783	599	152	7,118	182	79	9,000	156	Mainly purchased secured NPLs
NPL & NPA cash collection	985	970	1,241	26	28	3,214	18	70	4,622	25	
Cash collection/NPL & NPA (%)	41.3	31.2	33.9						33.2	(7)	
Key financial ratio											
Liabilities/equity (x)	1.9	1.1	1.3						1.4		
Interest-bearing debt/equity (x)	1.7	0.9	1.2						1.1		
ROA (%)	8.2	7.1	7.8						8.0		
ROE (%)	26.4	14.8	17.3						19.5		
Cost of funds (%)	4.1	4.5	4.0						4.5		
Cost to income (%)	46.1	45.3	44.8						45.1		

*Fully amortised;
Sources: JMT; FSSIA estimates

Exhibit 24: Thailand diversified financials – peers comparison

	BBG code	Rec	Current (THB)	Target (THB)	Up side (%)	Market Cap (USD m)	EPS growth 21E (%)	EPS growth 22E (%)	P/E 21E (x)	P/E 22E (x)	DivYld 21E (x)	DivYld 22E (x)	ROE 21E (%)	ROE 22E (%)	PBV 21E (x)	PBV 22E (x)
Diversified financials						23,592	12.0	22.3	26.2	21.5	1.9	2.2	18.5	18.1	4.2	3.4
Unsecured-loan lender						5,952	14.3	13.1	21.3	18.9	1.9	2.1	24.0	23.4	4.8	4.2
Aeon Thana Sinsap (TH)	AEONTS TB	HOLD	190.50	204.00	7	1,438	7.5	13.9	12.0	10.5	2.6	2.8	21.5	21.1	2.4	2.1
Krungthai Card	KTC TB	HOLD	58.00	52.00	(10)	4,515	15.4	13.0	24.3	21.5	1.7	1.9	24.8	24.1	5.6	4.8
Auto-title lender						9,853	5.7	23.0	24.5	19.9	1.2	1.4	20.3	20.6	4.3	3.7
Muangthai Capital	MTC TB	BUY	59.50	69.00	16	3,808	(0.5)	24.6	24.3	19.5	0.6	0.8	22.7	23.4	5.0	4.2
Srisawad Corp	SAWAD TB	BUY	64.75	80.00	24	2,684	4.2	20.6	18.7	15.5	2.8	3.2	20.2	22.0	3.6	3.2
Saksiam Leasing	SAK TB	BUY	10.80	11.00	2	683	(19.5)	39.1	38.1	27.4	0.8	1.1	12.6	15.9	4.6	4.1
Ngern Tid Lor	TIDLOR TB	BUY	38.25	43.00	12	2,678	23.8	17.8	26.9	22.9	0.6	0.7	18.9	16.4	3.9	3.5
Truck lender						1,751	12.6	10.5	27.3	24.7	2.0	2.5	13.4	12.8	3.2	2.5
Micro Leasing	MICRO TB	BUY	8.45	10.70	27	239	23.1	33.5	38.8	29.1	0.8	0.7	10.8	13.2	4.0	3.6
Singer Thailand	SINGER TB	BUY	48.50	51.00	5	777	24.8	2.4	35.7	34.8	1.1	1.7	13.0	9.8	4.0	2.6
Ratchthani Leasing	THANI TB	BUY	4.30	4.80	12	735	(27.6)	17.0	14.8	12.6	3.4	4.0	14.7	15.9	2.1	1.9
Asset management						4,563	16.7	32.7	40.1	30.2	1.9	2.4	12.4	10.7	4.6	2.6
Bangkok Commercial AM.	BAM TB	BUY	21.20	22.00	4	2,069	20.9	35.8	30.8	22.7	2.8	3.7	5.1	6.5	1.5	1.5
Chayo Group	CHAYO TB	BUY	13.50	18.80	39	392	18.5	39.6	52.7	37.7	0.0	0.0	12.8	11.7	4.7	3.8
JMT Network Services	JMT TB	BUY	58.25	70.00	20	2,103	13.6	29.5	46.9	36.2	1.3	1.6	19.5	14.5	7.7	3.6
Other						1,179	8.1	11.6	9.5	8.5	8.1	8.1	6.4	6.8	0.6	0.6
Thanachart Capital	TCAP TB	HOLD	37.25	35.00	(6)	1,179	8.1	11.6	9.5	8.5	8.1	8.1	6.4	6.8	0.6	0.6
Hire purchase motorcycle						293	55.9	33.4	30.9	23.2	0.5	0.6	17.4	19.8	5.0	4.2
Next Capital	NCAP TB	BUY	10.80	16.80	56	293	55.9	33.4	30.9	23.2	0.5	0.6	17.4	19.8	5.0	4.2

Share prices as of 23 Nov 2021
Sources: Bloomberg; FSSIA estimates

Financial Statements
JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	1,965	2,629	3,320	4,792	6,612
Interest expense	(206)	(314)	(356)	(287)	(326)
Net interest income	1,758	2,315	2,964	4,506	6,286
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	350	409	381	461	505
Non interest income	350	409	381	461	505
Total income	2,108	2,724	3,345	4,967	6,791
Staff costs	-	-	-	-	-
Other operating costs	(1,258)	(1,311)	(1,508)	(1,885)	(2,357)
Operating costs	(1,258)	(1,311)	(1,508)	(1,885)	(2,357)
Pre provision operating profit	850	1,413	1,837	3,081	4,435
Provision for bad and doubtful debt	(12)	(203)	(175)	(268)	(325)
Other provisions	-	-	-	-	-
Operating profit	839	1,210	1,662	2,814	4,109
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	839	1,210	1,662	2,814	4,109
Tax	(189)	(174)	(283)	(478)	(699)
Profit after tax	649	1,036	1,379	2,335	3,411
Minority interests	32	11	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	681	1,047	1,379	2,335	3,411
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	681	1,047	1,379	2,335	3,411
Per share (THB)					
Recurring EPS *	0.77	1.09	1.24	1.61	2.35
Reported EPS	0.77	1.09	1.24	1.61	2.35
DPS	0.58	0.86	0.78	0.93	1.65
Growth					
Net interest income (%)	29.4	31.7	28.0	52.0	39.5
Non interest income (%)	24.3	16.8	(6.8)	21.0	9.6
Pre provision operating profit (%)	27.9	66.1	30.0	67.7	43.9
Operating profit (%)	26.1	44.2	37.4	69.3	46.0
Reported net profit (%)	34.8	53.6	31.8	69.3	46.0
Recurring EPS (%)	28.3	42.0	13.6	29.5	46.0
Reported EPS (%)	28.3	42.0	13.6	29.5	46.0
Income Breakdown					
Net interest income (%)	83.4	85.0	88.6	90.7	92.6
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	16.6	15.0	11.4	9.3	7.4
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	4.23	4.84	4.50	3.50	4.10
Net interest spread (%)	(4.23)	(4.84)	(4.50)	(3.50)	(4.10)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	59.7	48.1	45.1	38.0	34.7
Cost/assets(%)	13.6	10.7	8.7	7.0	6.6
Effective tax rate (%)	22.6	14.4	17.0	17.0	17.0
Dividend payout on recurring profit (%)	75.3	78.6	63.1	57.9	70.0
ROE (%)	20.1	23.0	19.5	14.5	14.1
ROE - COE (%)	9.3	12.2	8.7	3.7	3.3
ROA (%)	7.0	8.5	8.0	8.6	9.6
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	2019	2020	2021E	2022E	2023E
Gross customer loans	8,028	9,961	16,991	24,195	34,979
Total provisions	(107)	(287)	(428)	(648)	(903)
interest in suspense	0	160	340	484	700
Net customer loans	**7,921**	**9,834**	**16,902**	**24,031**	**34,775**
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	363	1,366	820	6,558	656
Cash & equivalents	317	967	298	965	83
Other interesting assets	101	412	432	513	648
Tangible fixed assets	163	411	269	282	296
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,277	1,281	1,628	1,348	1,128
Total assets	**10,142**	**14,270**	**20,349**	**33,697**	**37,586**
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	5,783	7,187	8,969	6,062	8,150
Non interest bearing liabilities	926	1,329	2,990	3,887	4,664
Hybrid Capital	-	-	-	-	-
Total liabilities	**6,708**	**8,516**	**11,959**	**9,949**	**12,814**
Share capital	444	488	545	891	891
Reserves	2,952	5,236	7,844	22,857	23,881
Total equity	**3,396**	**5,724**	**8,389**	**23,748**	**24,772**
Minority interests	38	30	0	0	0
Total liabilities & equity	**10,142**	**14,270**	**20,349**	**33,697**	**37,586**
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	4,874	6,485	7,906	8,193	7,956
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	3.82	5.98	7.56	16.37	17.07
Tangible book value per share	3.82	5.98	7.56	16.37	17.07
Growth					
Gross customer loans	34.2	24.1	70.6	42.4	44.6
Average interest earning assets	-	-	-	-	-
Total asset (%)	21.3	40.7	42.6	65.6	11.5
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	33.5	40.1	41.2	70.5	65.9
Tangible equity/assets (%)	33.5	40.1	41.2	70.5	65.9
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	1.3	2.9	2.5	1.9	2.6
Total provisions/NPL (%)	-	-	-	-	-

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	75.6	53.3	46.9	36.2	24.8
Recurring P/E @ target price (x) *	90.9	64.0	56.3	43.5	29.8
Reported P/E (x)	75.6	53.3	46.9	36.2	24.8
Dividend yield (%)	1.0	1.5	1.3	1.6	2.8
Price/book (x)	15.2	9.7	7.7	3.6	3.4
Price/tangible book (x)	15.2	9.7	7.7	3.6	3.4
Price/tangible book @ target price (x)	18.3	11.7	9.3	4.3	4.1
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: JMT Network Services; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL

AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL

2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAH	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL

7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TPIPP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description	Score Range
Excellent	90-100
Very Good	80-89
Good	70-79

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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of th e Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company . The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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 Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 58.25	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 190.50	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 58.00	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected growth for KTB Leasing; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 59.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 64.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 10.80	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (BoT); and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 38.25	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 8.45	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 48.50	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.30	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 21.20	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.
Chayo Group	CHAYO TB	THB 13.50	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 58.25	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.
Thanachart Capital	TCAP TB	THB 37.25	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Next Capital	NCAP TB	THB 10.80	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

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

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All share prices are as at market close on 23-Nov-2021 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.