

25 NOVEMBER 2021

THAILAND / ICT

# JAY MART JMART TB

## BUY

UNCHANGED

TARGET PRICE	THB55.50
CLOSE	THB48.25
UP/DOWNSIDE	+15.0%
PRIOR TP	THB48.00
CHANGE IN TP	+15.6%
TP vs CONSENSUS	+18.1%

## Like father, like son

### JMT is JMART's key driver

Based on FSSIA's forecast, JMT Network Services (JMT TB, BUY, TP THB70) is the biggest contributor to JMART's earnings and valuation. JMT contributes 65% of our THB1,957m net profit forecast for JMART in 2022. It also contributes a THB39.1 value or 71% of our TP of THB55.50. Following FSSIA's earnings forecast upgrade on JMT for 2021-23 by 5%/6%/6%, we are likewise revising up our 2021-23 net profit forecasts for JMART by 5%/4%/3%.

### JMT deserves a premium valuation

According to FSSIA's latest report on [JMT Network Services \(JMT TB\) – "J-curve episode getting underway", dated 24 Nov-21](#), we believe JMT still has solid fundamentals and catalysts, including 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. These factors should catalyse JMT's earnings to reach an all-time high in 2022.

### Solid catalysts ahead

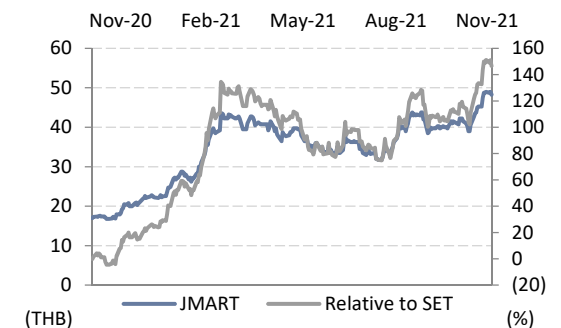
Besides JMT's solid growth outlook, JMART has various catalysts in the next six months: 1) opening a new community mall called Jas Green Village Kubon on 2 Dec-21 – this community mall has about a 95% occupation rate, according to Jas Asset (J TB, NR); 2) solid growth in J Mobile's revenue thanks to the power of synergy; 3) the announcement of its business plan for 2022, including the synergy outlook with BTS Group Holdings (BTS TB, BUY, TP THB11); and 4) the skyrocketing value of J Fincoin, the utility token under JMART's ecosystem.

### Maintain BUY with a new TP of THB55.50

JMART remains our top pick in the ICT sector. It has various positive catalysts ahead, while its fundamental outlook remains strong. We expect over 60% y-y net profit growth in 2022, higher than management's target at above 50%. We increase our SOTP-based TP on JMART to THB55.50 from THB48 to account for JMT's TP increase to THB70, and maintain BUY. Although JMART's share price is currently trading at a much higher P/E multiple compared to the past three years, we believe the change in its fundamentals, including new partnerships and the potential growth of its subsidiary after the new fund raising, makes JMART attractive.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	11,204	12,499	14,721	17,376
Net profit	798	1,221	1,957	2,643
EPS (THB)	0.87	1.16	1.38	1.87
vs Consensus (%)	-	15.7	20.3	12.7
EBITDA	2,637	3,219	4,320	5,589
Core net profit	900	1,221	1,957	2,643
Core EPS (THB)	0.98	1.16	1.38	1.87
Chg. In EPS est. (%)	-	5.2	4.2	2.6
EPS growth (%)	76.1	18.9	19.1	35.1
Core P/E (x)	49.4	41.5	34.9	25.8
Dividend yield (%)	1.4	1.8	2.2	3.1
EV/EBITDA (x)	21.7	20.9	19.1	15.1
Price/book (x)	11.9	8.9	4.1	3.9
Net debt/Equity (%)	145.6	136.3	43.9	41.4
ROE (%)	25.3	25.9	17.4	15.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	17.0	45.1	178.9
Relative to country (%)	16.5	39.6	136.9
Mkt cap (USD m)	1,505		
3m avg. daily turnover (USD m)	17.7		
Free float (%)	55		
Major shareholder	Sukhumvitaya family (38%)		
12m high/low (THB)	50.50/16.70		
Issued shares (m)	1,051.09		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

JMART is a holding company with investments in six subsidiaries and one associated company, focusing on retailing and retail finance via synergies and technology.

JMT has been in the distressed asset management business for more than 14 years, with more than 26 years in the debt collection business. We expect the company to deliver remarkable core profit growth at a 33% 3-yr 2021-23 CAGR – with an especially large increase of 69% y-y in 2022.

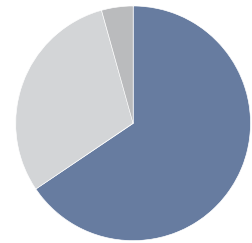
SINGER is one of the major players in electrical and home appliance sales and providing instalment loans. We expect SINGER to deliver a record high net profit of THB659m (+55% y-y) in 2021, backed by 1) remarkable 2021E loan growth; 2) an increase in electrical and home appliance sales; and 3) a stable gross profit margin for its electrical products and home appliances.

## Company profile

JMART is a holding company and operates a retail and wholesale business for mobile phones. The company holds JMT Network Services (JMT TB, BUY, TP THB57), which operates bad debt collection, bad debt management, and an insurance business. It also holds Jas Asset (J TB, NR), a retail space rental business.

## Principal activities (revenue, 2020)

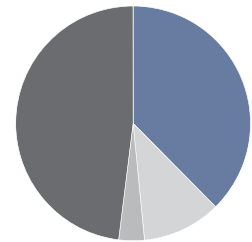
- Revenue from contract with customers - 65.5 %
- Loan - 30.1 %
- Others - 4.3 %



Source: Jay Mart

## Major shareholders

- Sukhumvitaya family - 37.6 %
- Yuvadee Pong-acha - 10.9 %
- Thai NVDR - 3.5 %
- Others - 48.0 %



Source: Jay Mart

## Catalysts

- The synergy between JMART and BTS should strengthen every business unit;
- JMT: the announcement of M&A deals and an increase in its fully amortised portfolio volume;
- SINGER: the spin-off of its lending business and stronger-than-expected loan growth.

## Risks to our call

Downside risks to our SOTP-based TP include 1) lower-than-expected mobile revenue; 2) lower cash collection from its fully amortised portfolio; and 3) the lower-than-expected acquisition of new bad debt.

## Event calendar

Date	Event
Jan-22	2022 business plan announcement
Feb-22	2021 results announcement

## Key assumptions

	2020	2021E	2022E	2023E
	(%)	(%)	(%)	(%)
Mobile revenue growth	(5)	9	7	7
JMT net profit growth	54	32	69	46
SINGER net profit growth	167	55	67	34
JMART net profit growth	49	36	60	35

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in JMT's net profit, we project JMART's 2021 earnings to rise by 0.7%, and vice versa, all else being equal;
- For every 1% increase in SINGER's net profit, we project JMART's 2021 earnings to rise by 0.2%, and vice versa, all else being equal.

Source: FSSIA estimates

## Valuation and recommendation

### JMT's solid growth outlook boosts JMART's valuation

We upgrade our TP on JMART from THB48 to THB55.50 thanks to the TP upgrade for JMT from THB57 to THB70, while the rest of its business contributions to our TP remain the same. JMT has now become the biggest contributor to our JMART TP. Our TP for JMART can be broken down into 70% from JMT, 14% from Singer Thailand (SINGER TB, BUY, TP THB51), and 5% from KB J Capital (NR) and J, while the rest of its businesses include J Mobile, J Ventures, and Bean & Brown with a 10% contribution.

#### Exhibit 1: SOTP valuation

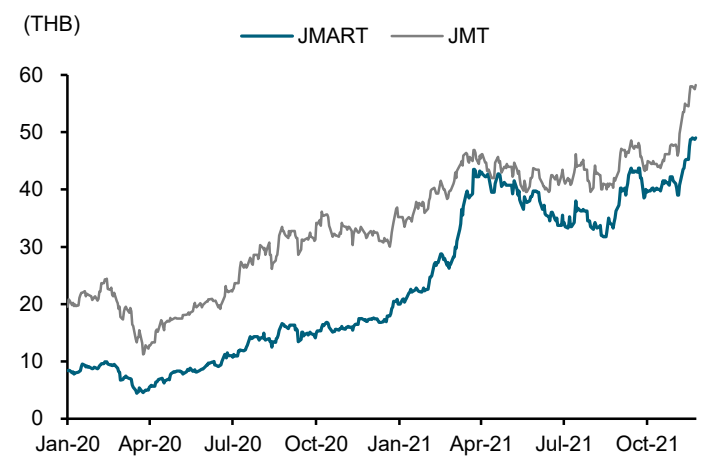
	% Holding (%)	Valuation methodology	Fair value (THB m)	Fair value per share (THB)	Contribution to TP (%)
<b>Core business</b>					
J Mobile and others	100	P/E =25x	7,794	5.51	10
<b>Holding company</b>					
JMT	54	GGM	55,286	39.09	70
SINGER	27	GGM	11,326	8.01	14
KB J Capital	50	P/E = 30x	1,933	1.37	2
J	66	Market price at THB3.52	2,161	1.53	3
<b>TP for JMART</b>			<b>78,499</b>	<b>55.50</b>	<b>100</b>

Source: FSSIA estimates

### JMART looks more attractive than JMT

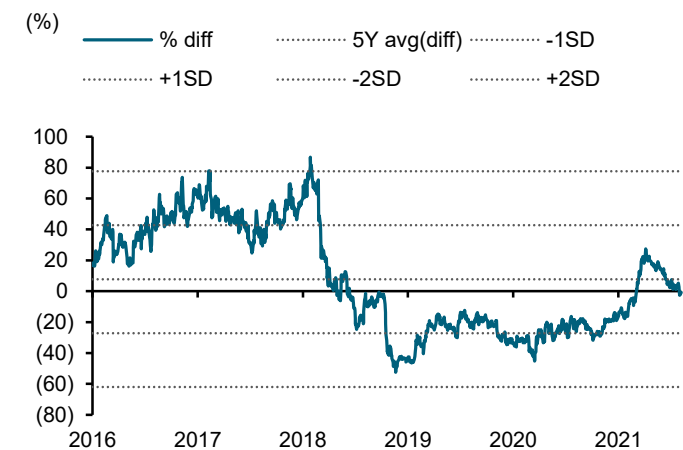
Comparing the share price spread, JMART has traded below JMT with a share price spread of around THB3-5 over the past two months. Now that JMT is trading higher, the share price spread has increased to THB9. Therefore, we believe this is a good time to invest in JMART.

#### Exhibit 2: JMART vs JMT – share price



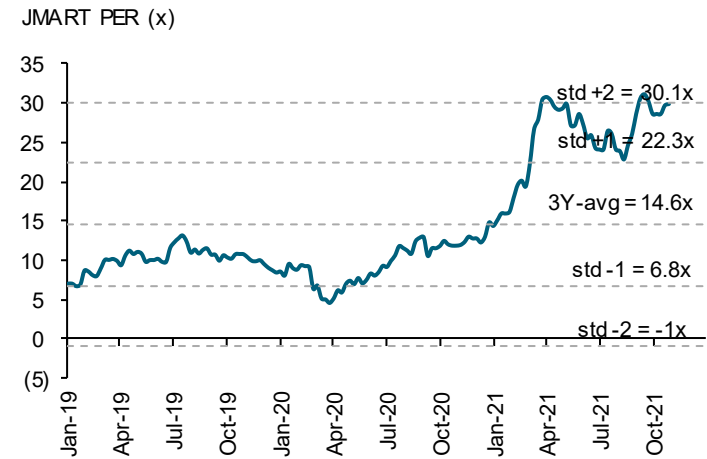
Sources: Bloomberg; FSSIA's compilation

#### Exhibit 3: JMART's NAV



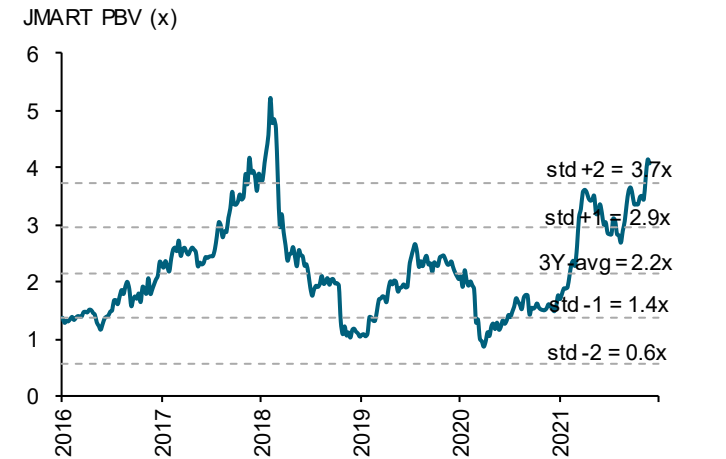
Sources: Bloomberg; FSSIA's compilation

**Exhibit 4: One-year prospective P/E**



Sources: Bloomberg; FSSIA estimates

**Exhibit 5: One-year prospective P/BV**



Sources: Bloomberg; FSSIA estimates

**Exhibit 6: Changes in key assumptions**

	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Revenue	12,499	14,721	17,376	12,434	14,525	17,019	1	1	2
Gross profit	4,359	5,652	7,227	4,248	5,538	7,046	3	2	3
EBIT	2,945	4,132	5,526	2,837	4,027	5,398	4	3	2
Net profit	1,221	1,957	2,643	1,161	1,878	2,576	5	4	3
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
GPM	34.9	38.4	41.6	38.1	38.1	41.4	(3.2)	0.3	0.2
NPM	9.8	13.3	15.2	12.9	12.9	15.1	(3.1)	0.4	0.1

Source: FSSIA estimates

## Solid catalysts ahead

Besides JMT's solid growth outlook, JMART has various catalysts in the next six months, including:

- 1) **Opening a new community mall called Jas Green Village.** This is the second largest community mall project under J. Jas Green Village has a leasable area of 15,000 sqm, compared to J's biggest project, Jas Urban Srinakarin at 17,000 sqm. We believe Jas Green Village could be another key driver for J thanks to the occupation rate which has now reached 95%. Given that Jas Urban Srinakarin generates about THB60m-70m in revenue per year, we expect that Jas Green Village should generate revenue of around THB60m per year, which could boost J's revenue by about 8-10% in 2022.

Although the revenue from this new project may provide a tiny contribution to JMART's revenue, the solid growth of J's financial performance could drive the company's P/BV to grow slightly higher from 1.47x to close to the biggest retail property developer in Thailand, Central Pattana (CPN TB, BUY, TP THB68) which is currently trading at 3.5x 2021E P/BV.

### Exhibit 7: Master plan for Jas Green Village Kubon



Source: J

## Exhibit 8: Opening timeline for shops in Jas Green Village



Source: Jas Green Village

## 2) Solid growth in J Mobile's revenue thanks to the power of synergy.

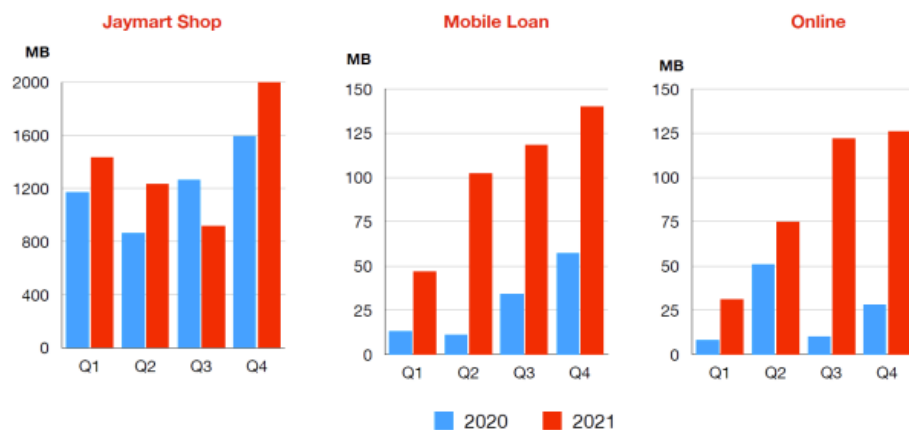
Although J Mobile's revenue and net profit in 9M21 have shown a solid recovery compared to last year, growing by 14% and 330% to THB5.5b and THB138m, respectively, we believe that J Mobile's growth potential in 2022 should be even stronger than this year thanks to:

- **A full recovery in consumer purchasing power** after the Covid situation in Thailand is under control. Consumers who have delayed changing their mobile phones for the last two years due to Covid could be considering changing their mobile phones next year, as the typical mobile phone cycle is about 2-4 years.
- **The expectation that iPhone 14 could have the biggest changes in years.** According to [Tom's Guide](#), speculation about iPhone 14 has already begun, and Apple's next flagship phone is tipped to get some pretty big changes. While the new iPhone 13 models offer mostly iterative upgrades, the iPhone 14 could bring some of the biggest upgrades in years. It is expected to be launched in Sep-22, according to Tom's Guide.

Apple phones rank among the top three mobile phones sold in Thailand, according to International Data Corporation. Therefore, we believe this could be another key driver to boost J Mobile's revenue in 2022.

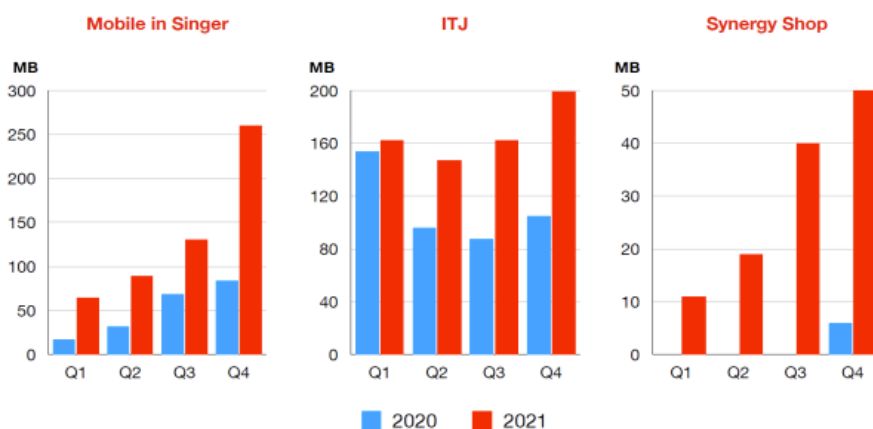
- **The power of synergy.** In 2022, we believe J Mobile should receive significant benefits from its synergy channel. According to the revenue projection in 4Q21 by the company, we can see that the mobile revenue from SINGER, the synergy shops and mobile loans could perform very well, and we believe this trend should continue in 2022. At this moment, Thai consumers can access mobile phones more easily since most mobile retailers, especially J Mobile, have mobile loan services that allow them to easily purchase mobile phones.

## Exhibit 9: J mobile's revenue projection from offline and online business



Source: JMART

## Exhibit 10: J mobile's revenue projection from synergy channel



Source: JMART

- **The aggressive expansion plan** in 2H21 to increase the number of J Mobile stores from 237 in 1H21 to 300 by the end of 2021 should create another opportunity for J mobile to expand its growth potential by capturing more customers in the future.

## Exhibit 11: J Mobile store expansion plan

Store type	1H21	Open in 2H21	End 2021
Jaymart	167	17	184
Brand shop	30	4	34
AIS shop	10	3	13
Outside shopping mall	29	16	45
Mobile truck	1	3	4
In SINGER	0	20	20
<b>Total</b>	<b>237</b>	<b>63</b>	<b>300</b>

Source: JMART

- 3) **The announcement of its business plan for 2022**, including the synergy outlook with BTS. Although this catalyst has not yet had a direct effect on JMART's financial performance, we believe this will be a key support catalyst for the company. In our view, the market still does not see the growth potential from this partnership, but after there is a clearer update, possibly early next year, we believe the market will factor in JMART's new growth potential. We maintain our positive view on the JMART+BTS synergy. For more details, please see our latest report, [Jay Mart \(JMART TB\) – "Entering an exponential growth phase", dated 16 Sep-21](#).

- 4) **The skyrocketing value of J Fincoin.** Although the change in J Fincoin's price has no impact on JMART's net profit, the 6x change in J Fincoin from THB13 in Oct-21 to THB60 currently has shown the amount of confidence held in J Fincoin. The first utility token in Thailand, J Fincoin should play an even more important role in the future. The adoption of J Fincoin is growing and more partners are now accepting J Fincoin as a currency to purchase products or services.

The announcement to utilise J Fincoin in BTS' network, especially for mass transit, would be the first big step for the token, as J Fincoin is now mostly used to purchase mobile phones under JMART's ecosystem.

J Fincoin currently has about 100m tokens in circulation. JMART has been granted approval from the SEC for 200m tokens in preparation to increase the market circulation. Hence, this is another source of funds for J Venture to expand its blockchain business in the future.

## JMT deserves a premium valuation

The following paragraphs have been excerpted from [JMT Network Services \(JMT TB\) – "J-curve episode getting underway", dated 24 Nov-21](#).

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.

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 non-performing loans (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.

### 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.

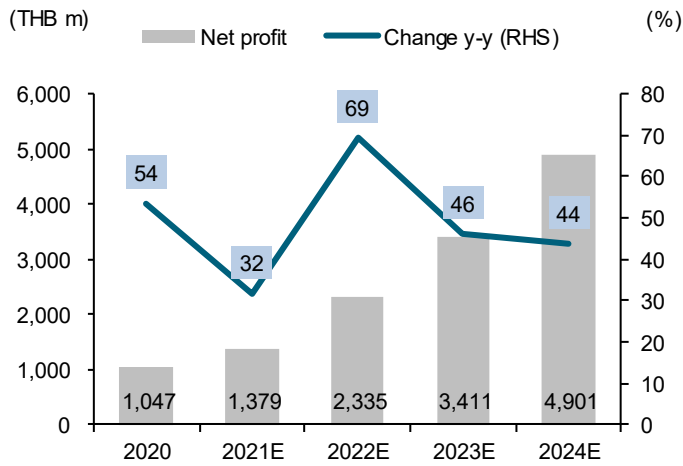
### 3) Efficient capital utilisation

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.

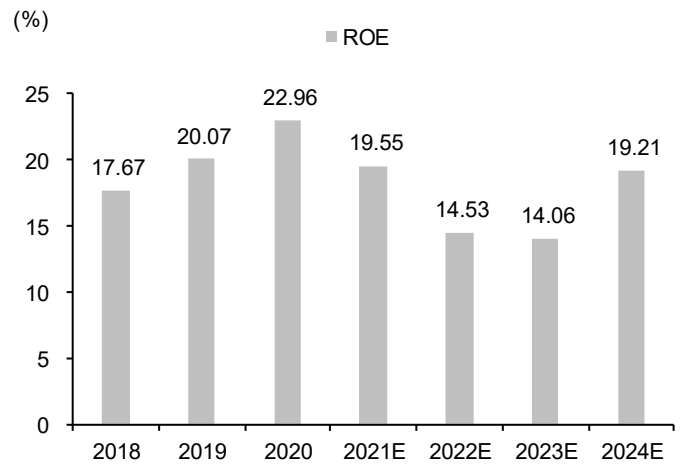


**Exhibit 12: JMT's net profit could increase nearly three times by 2024**



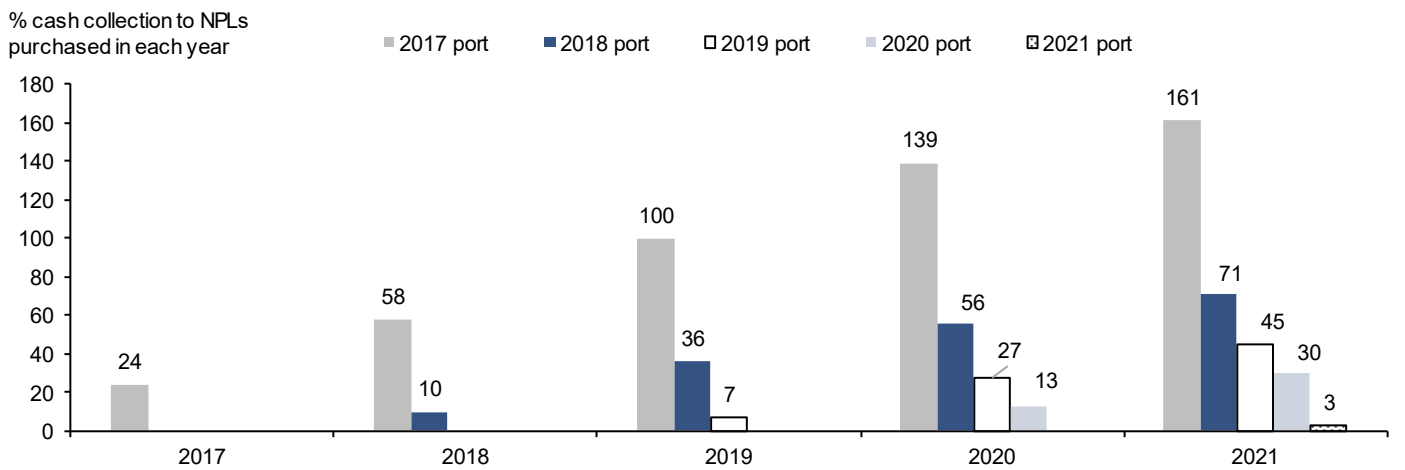
Sources: JMT; FSSIA estimates

**Exhibit 13: JMT's ROE could increase to 19.2% in 2024**



Sources: JMT; FSSIA estimates

**Exhibit 14: Payback period of each portfolio**



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

## Financial Statements

Jay Mart

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	11,335	11,204	12,499	14,721	17,376
Cost of goods sold	(7,741)	(6,946)	(7,596)	(8,546)	(9,656)
<b>Gross profit</b>	<b>3,594</b>	<b>4,258</b>	<b>4,903</b>	<b>6,175</b>	<b>7,720</b>
Other operating income	516	510	590	654	727
Operating costs	(2,334)	(2,131)	(2,274)	(2,509)	(2,858)
<b>Operating EBITDA</b>	<b>1,777</b>	<b>2,637</b>	<b>3,219</b>	<b>4,320</b>	<b>5,589</b>
Depreciation	(352)	(539)	(544)	(522)	(494)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,425</b>	<b>2,098</b>	<b>2,675</b>	<b>3,798</b>	<b>5,095</b>
Net financing costs	(530)	(635)	(790)	(612)	(636)
Associates	45	133	270	335	431
Recurring non-operating income	45	133	270	335	431
Non-recurring items	31	(102)	0	0	0
<b>Profit before tax</b>	<b>971</b>	<b>1,494</b>	<b>2,155</b>	<b>3,520</b>	<b>4,891</b>
Tax	(178)	(200)	(302)	(493)	(685)
<b>Profit after tax</b>	<b>793</b>	<b>1,294</b>	<b>1,853</b>	<b>3,027</b>	<b>4,206</b>
Minority interests	(259)	(496)	(632)	(1,070)	(1,563)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>534</b>	<b>798</b>	<b>1,221</b>	<b>1,957</b>	<b>2,643</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(31)</b>	<b>102</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>503</b>	<b>900</b>	<b>1,221</b>	<b>1,957</b>	<b>2,643</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.55	0.98	1.16	1.38	1.87
Reported EPS	0.59	0.87	1.16	1.38	1.87
DPS	0.02	0.68	0.88	1.07	1.49
Diluted shares (used to calculate per share data)	907	921	1,051	1,414	1,414
<b>Growth</b>					
Revenue (%)	(9.8)	(1.2)	11.6	17.8	18.0
Operating EBITDA (%)	122.2	48.4	22.0	34.2	29.4
Operating EBIT (%)	215.1	47.2	27.5	42.0	34.2
Recurring EPS (%)	nm	76.1	18.9	19.1	35.1
Reported EPS (%)	nm	47.1	34.1	19.1	35.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	28.6	33.2	34.9	38.4	41.6
Gross margin of key business (%)	28.6	33.2	34.9	38.4	41.6
Operating EBITDA margin (%)	15.7	23.5	25.8	29.3	32.2
Operating EBIT margin (%)	12.6	18.7	21.4	25.8	29.3
Net margin (%)	4.4	8.0	9.8	13.3	15.2
Effective tax rate (%)	18.3	13.4	14.0	14.0	14.0
Dividend payout on recurring profit (%)	3.8	69.5	75.9	77.3	79.6
Interest cover (X)	2.8	3.5	3.7	6.7	8.7
Inventory days	55.1	52.2	49.1	47.7	47.0
Debtor days	10.8	12.7	14.3	13.9	13.9
Creditor days	36.7	26.7	29.3	31.3	27.6
Operating ROIC (%)	29.7	68.1	231.6	106.2	66.9
ROIC (%)	7.9	10.7	11.3	11.7	13.0
ROE (%)	16.1	25.3	25.9	17.4	15.4
ROA (%)	6.0	8.2	8.7	10.0	11.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Revenue from contract with customers	7,895	7,343	7,887	8,559	9,216
Loan	2,773	3,374	4,105	5,543	7,472
Others	667	487	507	618	688

Sources: Jay Mart; FSSIA estimates

## Financial Statements

Jay Mart

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	503	900	1,221	1,957	2,643
Depreciation	352	539	544	522	494
Associates & minorities	259	496	632	1,070	1,563
Other non-cash items	1,124	879	(38)	(47)	(57)
Change in working capital	(2,183)	(3,544)	(5,656)	(7,920)	(2,729)
<b>Cash flow from operations</b>	<b>55</b>	<b>(730)</b>	<b>(3,298)</b>	<b>(4,417)</b>	<b>1,913</b>
Capex - maintenance	(92)	(116)	(180)	(180)	(180)
Capex - new investment	(138)	(173)	(270)	(270)	(270)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(406)	129	(312)	(213)	(399)
<b>Cash flow from investing</b>	<b>(636)</b>	<b>(160)</b>	<b>(762)</b>	<b>(663)</b>	<b>(849)</b>
Dividends paid	(19)	(626)	(926)	(1,514)	(2,103)
Equity finance	55	1,155	1,654	10,643	339
Debt finance	617	2,517	2,343	(4,207)	688
Other financing cash flows	(809)	(1,370)	20	21	22
<b>Cash flow from financing</b>	<b>(156)</b>	<b>1,676</b>	<b>3,090</b>	<b>4,942</b>	<b>(1,055)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	58	872	58	61	64
<b>Net other adjustments</b>	<b>58</b>	<b>872</b>	<b>58</b>	<b>61</b>	<b>64</b>
<b>Movement in cash</b>	<b>(679)</b>	<b>1,659</b>	<b>(912)</b>	<b>(77)</b>	<b>74</b>
Free cash flow to firm (FCFF)	(50.29)	(254.31)	(3,269.55)	(4,468.67)	1,699.88
Free cash flow to equity (FCFE)	(714.21)	1,129.97	(1,638.68)	(9,206.34)	1,838.22

### Per share (THB)

FCFF per share	(0.05)	(0.24)	(3.11)	(4.25)	1.62
FCFE per share	(0.68)	1.08	(1.56)	(8.76)	1.75
Recurring cash flow per share	2.47	3.05	2.24	2.48	3.28

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	1,792	1,780	1,930	2,080	2,230
Less: Accumulated depreciation	(947)	(987)	(1,156)	(1,319)	(1,478)
<b>Tangible fixed assets (net)</b>	<b>845</b>	<b>793</b>	<b>774</b>	<b>760</b>	<b>752</b>
<b>Intangible fixed assets (net)</b>	<b>2,226</b>	<b>1,400</b>	<b>1,326</b>	<b>1,267</b>	<b>1,231</b>
Long-term financial assets	7,451	9,716	16,826	19,717	21,576
Invest. in associates & subsidiaries	1,357	1,268	1,522	1,674	2,009
Cash & equivalents	888	2,547	1,635	1,558	1,632
A/C receivable	318	463	514	605	714
Inventories	1,006	979	1,065	1,167	1,321
Other current assets	5,059	4,831	3,602	8,354	9,077
<b>Current assets</b>	<b>7,271</b>	<b>8,821</b>	<b>6,817</b>	<b>11,684</b>	<b>12,744</b>
Other assets	1,223	3,902	4,037	4,177	4,322
<b>Total assets</b>	<b>20,373</b>	<b>25,901</b>	<b>31,302</b>	<b>39,280</b>	<b>42,635</b>
Common equity	3,385	3,739	5,687	16,773	17,651
Minorities etc.	1,847	3,027	3,659	4,729	6,293
<b>Total shareholders' equity</b>	<b>5,232</b>	<b>6,766</b>	<b>9,346</b>	<b>21,502</b>	<b>23,944</b>
Long term debt	7,069	8,038	9,521	7,292	7,656
Other long-term liabilities	613	1,550	1,595	1,642	1,692
<b>Long-term liabilities</b>	<b>7,682</b>	<b>9,588</b>	<b>11,117</b>	<b>8,934</b>	<b>9,348</b>
A/C payable	700	830	1,192	1,115	1,231
Short term debt	3,278	4,362	4,851	3,715	3,900
Other current liabilities	3,480	4,355	4,797	4,014	4,212
<b>Current liabilities</b>	<b>7,458</b>	<b>9,547</b>	<b>10,840</b>	<b>8,844</b>	<b>9,343</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,373</b>	<b>25,901</b>	<b>31,302</b>	<b>39,280</b>	<b>42,635</b>
Net working capital	2,203	1,088	(808)	4,996	5,669
Invested capital	15,304	18,169	23,678	32,592	35,560

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	3.73	4.06	5.41	11.86	12.48
Tangible book value per share	1.28	2.54	4.15	10.96	11.61

### Financial strength

Net debt/equity (%)	180.8	145.6	136.3	43.9	41.4
Net debt/total assets (%)	46.4	38.0	40.7	24.1	23.3
Current ratio (x)	1.0	0.9	0.6	1.3	1.4
CF interest cover (x)	(0.1)	3.1	(0.7)	(13.6)	4.3

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>87.0</b>	<b>49.4</b>	<b>41.5</b>	<b>34.9</b>	<b>25.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>100.1</b>	<b>56.8</b>	<b>47.8</b>	<b>40.1</b>	<b>29.7</b>
Reported P/E (x)	81.9	55.7	41.5	34.9	25.8
Dividend yield (%)	0.0	1.4	1.8	2.2	3.1
Price/book (x)	12.9	11.9	8.9	4.1	3.9
Price/tangible book (x)	37.7	19.0	11.6	4.4	4.2
EV/EBITDA (x) **	31.0	21.7	20.9	19.1	15.1
EV/EBITDA @ target price (x) **	34.7	24.3	23.2	21.5	16.9
EV/invested capital (x)	3.6	3.2	2.8	2.5	2.4

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Jay Mart; 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	ICI	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	TRC	TSC	TSR	TSTE	TSTH
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	AMANAHA	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	WIJK	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	TIPIP	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	AMANAHA	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	WIJK	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)

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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

#### Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Jay Mart	JMART TB	THB 48.25	BUY	Downside risks to our SOTP-based TP include 1) lower-than-expected mobile revenue; 2) lower cash collection from its fully amortised portfolio; and 3) the lower-than-expected acquisition of new bad debt.
JMT Network Services	JMT TB	THB 58.00	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.
BTS Group Holdings	BTS TB	THB 9.60	BUY	The key downside risks to our SOTP-based TP include a slower-than-expected recovery of the Thai economic outlook and the company not being able to win new mass transit projects.
Singer Thailand	SINGER TB	THB 47.50	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.
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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 21.30	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.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 24-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.