

# JAY MART JMART TB

THAILAND / ICT

# BUY

UNCHANGED

TARGET PRICE	THB62.00
CLOSE	THB52.25
UP/DOWNSIDE	+18.7%
PRIOR TP	THB55.50
CHANGE IN TP	+11.7%
TP vs CONSENSUS	+12.9%

## A forest of new growth on the way

- JMART plans to invest in over 20 JV projects in the near future.
- We think JMART's investment and expansion plan will strengthen its diversified ecosystem in the long term.
- Maintain BUY with our new TP of THB62. The additional growth from its new businesses should be the key driver.

### JMART to launch over 20 more JVs/partnerships this year

JMART has announced plans to invest in over 20 joint venture (JV)s or partnership projects this year in diversified areas such as personal loans via human resources, restaurant chains, health and medical, and tech venture capital. The company targets at least one deal within 2Q22, while the rest should be finalised later this year. We like the company's new strategy, which we believe is like turning a group of random trees into a large, diversified forest ecosystem, where each tree supports the future growth of the ones nearby. More trees mean a bigger forest, and more growth via the power of synergy, in our view.

### Solid growth from its existing expansion efforts

We are confident that JMART's growth potential will be realised in 2022. JMT and SINGER – the key contributors to JMART – are targeting growth in 2022 of 45% and 75%, respectively. Jay Mobile (JMB), KB J Capital, and Jas Asset (J TB, NR) are also projected to double their growth rates, according to management, while Coffee Shop and J Ventures should also see a solid improvement. Moreover, the new businesses that JMART has initiated recently include JayDee (JD), with a 25% investment, and JGS Synergy Power (JGS) (JV with GUNKUL and SINGER), which should start to contribute some profits to the company this year.

### Earnings revisions

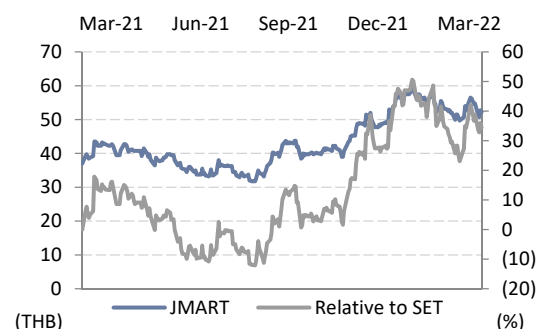
We factor in the earnings adjustments for JMT and SINGER. We also include the small earnings contributions expected from JD and JGS. Lastly, we upgrade our earnings estimates for JMB and KB J. As a result, we expect JMART's core profit in 2022 to reach an impressive THB1.98b (+79% y-y), which is an increase of 1% over our previous estimate.

### Maintain BUY with our new TP of THB62

We retain our positive view on JMART. Key potential catalysts for JMART include: 1) growth in its new businesses such as JD and JGS; 2) solid growth in its current businesses; 3) the new investment potential that the company could gain from over 20 new projects this year; and 4) the power of its synergies, especially with BTS. Therefore, we maintain BUY on JMART with our new SoTP-TP of THB62, pegged to 44x 2022E P/E (+2SD of its mean). JMART remains our top pick in the ICT sector.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	11,793	15,622	18,423	20,833
Net profit	2,468	1,983	2,649	3,265
EPS (THB)	1.77	1.41	1.85	2.26
vs Consensus (%)	-	8.0	7.2	11.3
EBITDA	3,047	4,443	5,772	6,806
Core net profit	1,108	1,983	2,649	3,265
Core EPS (THB)	0.79	1.41	1.85	2.26
Chg. In EPS est. (%)	nm	2.1	(0.8)	nm
EPS growth (%)	(18.7)	77.8	31.3	21.8
Core P/E (x)	65.8	37.0	28.2	23.1
Dividend yield (%)	2.8	2.2	2.8	3.5
EV/EBITDA (x)	26.4	19.8	16.8	15.3
Price/book (x)	4.2	4.1	4.0	3.8
Net debt/Equity (%)	(8.1)	8.0	22.6	28.3
ROE (%)	10.5	11.3	14.4	17.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.5	7.2	43.2
Relative to country (%)	3.9	5.3	36.7
Mkt cap (USD m)	2,202		
3m avg. daily turnover (USD m)	17.9		
Free float (%)	55		
Major shareholder	Sukhumvitaya family (28%)		
12m high/low (THB)	59.75/30.50		
Issued shares (m)	1,395.47		

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 16 years, with more than 28 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.

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 in 2022, backed by 1) remarkable 2022E 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.

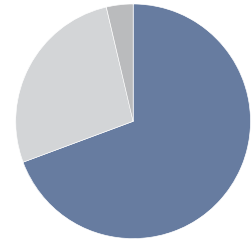
## Company profile

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 THB80), 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.

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

## Principal activities (revenue, 2021)

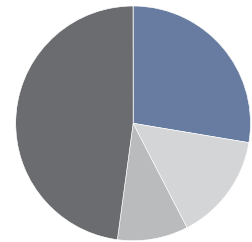
- Revenue from contract with customers - 69.3 %
- Loan - 27.0 %
- Others - 3.7 %



Source: Jay Mart

## Major shareholders

- Sukhumvitaya family - 27.6 %
- VGI - 14.8 %
- U City - 9.8 %
- Others - 47.9 %



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
May-22	1Q22 results announcement

## Key assumptions

	2021	2022E	2023E	2024E
	(%)	(%)	(%)	(%)
Mobile revenue growth	18	20	7	5
JMT net profit growth	34	68	49	23
SINGER net profit growth	58	78	37	24
JMART net profit growth	23	79	34	23

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in JMT's net profit, we project JMART's 2022 earnings to rise by 0.6%, and vice versa, all else being equal;
- For every 1% increase in SINGER's net profit, we project JMART's 2022 earnings to rise by 0.1%, and vice versa, all else being equal.

Source: FSSIA estimates

## Valuations and recommendation

### Bright outlook for every business leads to TP upgrade

We upgrade our TP on JMART from THB55.50 to THB62 based on the related TP upgrades for:

- 1) JMT Network Services (JMT TB, BUY) from THB70 to THB80;
- 2) Singer Thailand (SINGER TB, BUY) from THB51 to THB62;
- 3) The new fair value estimate for JMB from THB5.51 to THB7.90. After we saw impressive growth in JMB's net profit of over 138% y-y to THB200 in 2021, we have more confidence in its synergy and outlook. Hence, the new earnings estimate and P/E multiple uplift for JMB;
- 4) The new fair value estimate for KB J after our earnings upgrade;

#### Exhibit 1: KB J Capital's P/E multiple

Net profit (THB m)	PE				
	26 (x)	28 (x)	30 (x)	32 (x)	34 (x)
148	3,850	4,146	4,442	4,738	5,034
165	4,278	4,607	4,936	5,265	5,594
183	4,753	5,118	<b>5,484</b>	5,850	6,215
201	5,228	5,630	6,032	6,435	6,837
221	5,751	6,193	6,636	7,078	7,520

Source: FSSIA estimates

#### Exhibit 2: Jay Mobile's P/E multiple

Net profit (THB m)	PE				
	20 (x)	25 (x)	30 (x)	35 (x)	40 (x)
300	5,994	7,493	8,991	10,490	11,988
333	6,660	8,325	9,990	11,655	13,320
370	7,400	9,250	<b>11,100</b>	12,950	14,800
407	8,140	10,175	12,210	14,245	16,280
448	8,954	11,193	13,431	15,670	17,908

Source: FSSIA estimates

- 5) The higher market price of Jas Asset;
- 6) The inclusion of two new businesses, JD and JGS.

#### Exhibit 3: JD's P/E multiple

Net profit (THB m)	PE				
	20 (x)	25 (x)	30 (x)	35 (x)	40 (x)
32	648	810	972	1,134	1,296
36	720	900	1,080	1,260	1,440
40	800	1,000	<b>1,200</b>	1,400	1,600
44	880	1,100	1,320	1,540	1,760
48	968	1,210	1,452	1,694	1,936

Source: FSSIA estimates

#### Exhibit 4: JGS' P/E multiple

Net profit (THB m)	PE				
	20 (x)	25 (x)	30 (x)	35 (x)	40 (x)
16	324	405	486	567	648
18	356	446	535	624	713
18	360	450	<b>540</b>	630	720
20	400	500	600	700	800
22	440	550	660	770	880

Source: FSSIA estimates

Moreover, with JMART's more diversified investments, we include a 5% discount factor into our valuation. As a result, our new TP for JMART is THB62, with JMT remaining the biggest contributor to our TP. Our TP for JMART can be broken down into 67% from JMT, 14% from SINGER, and 13% from JMB.

**Exhibit 5: JMART's SoTP valuation**

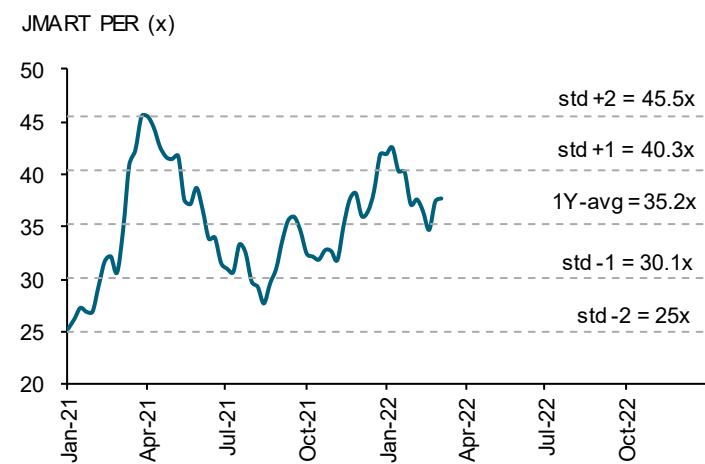
	% Holding (%)	Valuation methodology	Fair value (THB m)	Fair value per share (THB)	Contribution to TP (%)	Note
<b>Core business</b>						
J Mobile and others	100	P/E =30x (from 25x)	11,100	7.90	13	From THB5.51
<b>Holding company</b>						
JMT	54	GGM	61,117	43.52	67	FSSIA's TP of THB80 from THB70
SINGER	26	GGM	13,171	9.38	14	FSSIA's TP of THB62 from THB51
KB J Capital	50	P/E = 30x	2,737	1.95	3	From THB1.37
J	66	Market price at THB3.52	2,394	1.70	3	From market price at THB3.52
JayDee	25	P/E = 30x	299	0.21	0	
JGS	40	P/E = 30x	240	0.17	0	
Total investment value			79,957	56.55		
5% holding discount factor			75,959	54.09		
<b>TP for JMART</b>			<b>87,059</b>	<b>62</b>	<b>100</b>	

Note: Our 2022 TP at THB62 already includes the share dilution for JMART-W3 and W4, expected to be exercised in 2022  
 Sources: JMART; FSSIA estimates

JMART's 2022E P/E multiple at this moment may look extremely high, trading at 37x (+1.5SD above its three-year mean P/E), but we think it could reach +2SD at 44x if its share price hits our TP of THB62. JMART may look expensive and unattractive for investment if we look at it from a three-year perspective. However, if we narrow the timeframe to one year, we can see that JMART has been trading at above 30x P/E for a year already. Moreover, its one-year mean P/E is now at 35x compared to its three-year mean of 21x. We also note that its P/E level as well as its share price have increased significantly since mid-2020, after the company saw a solid improvement in its earnings outlook as the power of its synergies started blooming.

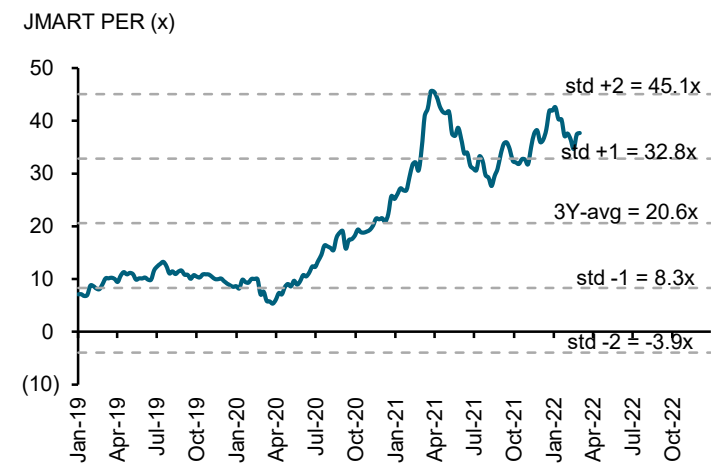
Therefore, we think JMART's P/E may remain at a high level given that the company still has various catalysts affecting both its core business and its future potential upside from new investments. Our confidence in JMART is based on the company's ability to prove that its synergies can deliver solid net profit growth during 2022. If it can achieve at least half of its over 20 new investment projects, JMART should continue trading at a high P/E level with a chance to reach over 40x, in our view.

**Exhibit 6: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Rolling three-year forward P/E band**

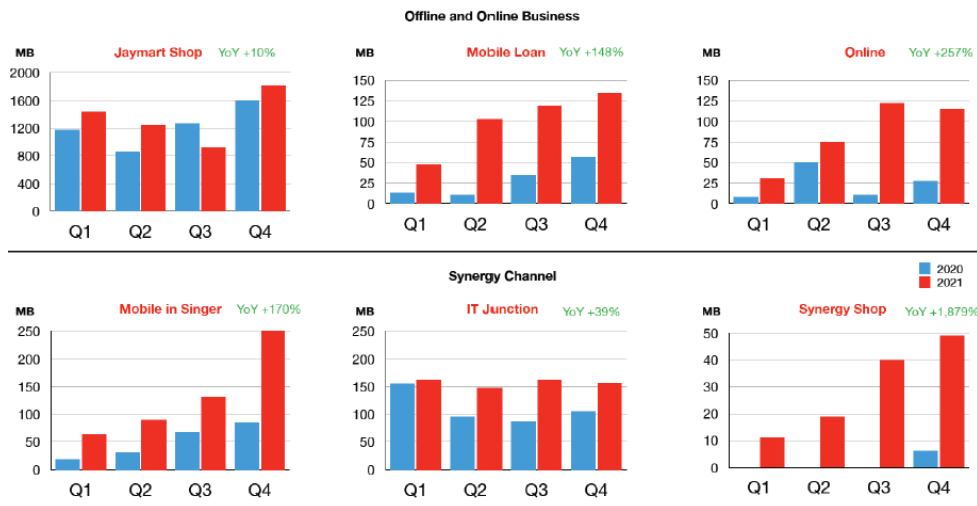


Sources: Bloomberg; FSSIA estimates

## Jay Mobile: entering the growth stage

In our view, JMB, the main business of JMART, is the company that best represents the power of synergy that could be a huge benefit to JMART. JMB's net profit in 2021 was its highest profit in the past four years, despite the huge impact from Covid-19. Its net profit grew by 138% y-y to THB200m. Almost THB1b in additional revenue came from its synergy channels, which include mobile loans from the company's partners KB J and SINGER, its distribution channel with SINGER, and its synergy shops.

### Exhibit 8: Jay Mobile's revenue projections from offline and online business



Source: JMART

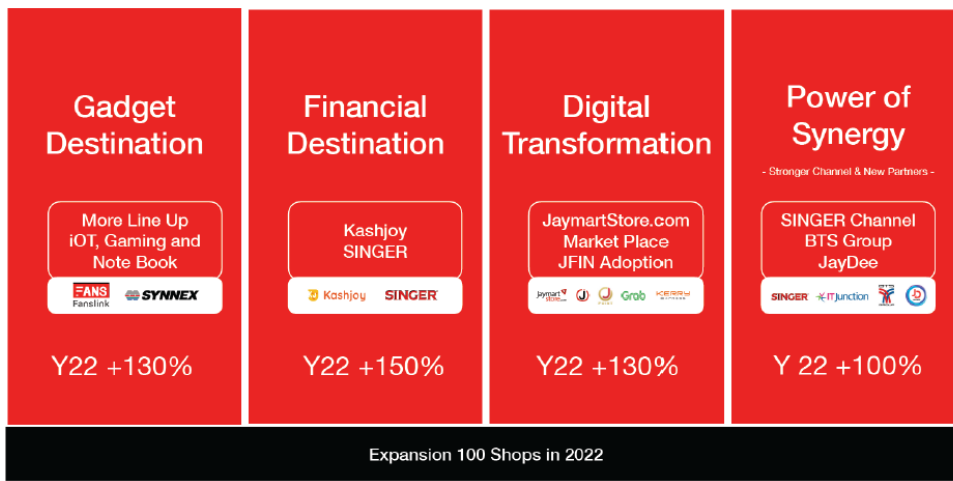
This year, we think the company will continue to grow by:

1. Focusing on the power of synergy by growing its revenue from mobile loans, SINGER and online channels;
2. Expanding its reach with about 100 more new shops this year, up from 289 shops last year. Although its shop expansion by 35% may appear overly aggressive, the company has proven that it can continuously expand its retail shop total since 2H21. Its number of retail shops at the end of 1H21 was only 237, with 52 more shops (+22%) added within just six months;
3. Expanding its lineup beyond mobile products. This was due to the synergy with VGI (VGI TB, BUY, TP THB6.10), which operates an e-commerce gadget business via Fanslink (JMB will exclude Fanslink products, which are mainly electronics and IoT devices). We think this should help it generate new sources of revenue. Moreover, the company also recently partnered with Synex (Thailand) (SYNEX TB, NR) to include PC laptops in their stores. We believe that in the future, JMB's shops will become a one-stop electronics source for consumers. The company expects the future product lineup in JMB's stores to consist of 90% mobile devices, 7% gadgets, and 3% PCs and laptops.

### Continuous growth in 1Q22 and an aggressive target in 2022

According to JMART, it still expects continuous growth both q-q and y-y during 1Q22. Mobile sales by SINGER as well as mobile loans are expected to be the key contributors for the company, despite the slowdown during the peak season in 4Q22 when most mobile phone manufacturers introduce new models ahead of the new year.

In 2022, thanks to its expansion plan and synergies, JMB's revenue is expected to grow by 50% to THB12.5b. Moreover, thanks to its cost optimisation and the economies of scale, JMART expects the SG&A expense-to-sales ratio for JMB to continue to decrease, which could double JMB's net profit growth from THB200m in 2021.

**Exhibit 9: Key strategies and growth targets for 2022**

Source: JMART

However, we have a more conservative view than JMART does. We expect only 85% y-y growth in JMB's net profit to THB370m thanks to the expectation of a strong recovery in the Thai economy in 2Q22 onward after the Covid-19 situation comes under control. We believe that expanding its product line should significantly boost its attractiveness for consumers, who may at least visit a Jay Mart shop, which could lead to potential revenue growth as well as a net profit gain.

**A big year for KB J**

KB J, the personal loan business partner behind KB Kookmin Card, a company operated by KB Financial Group, the biggest financial company in South Korea by market cap, had unattractive earnings growth of only 1% y-y to THB102m due to its organisational restructuring in preparation for future growth. However, we believe this year could be an impressive one for KB J now that the company is ready to invest and acquire more loans. Moreover, the company recently launched a new cash card which could be another new source of revenue.

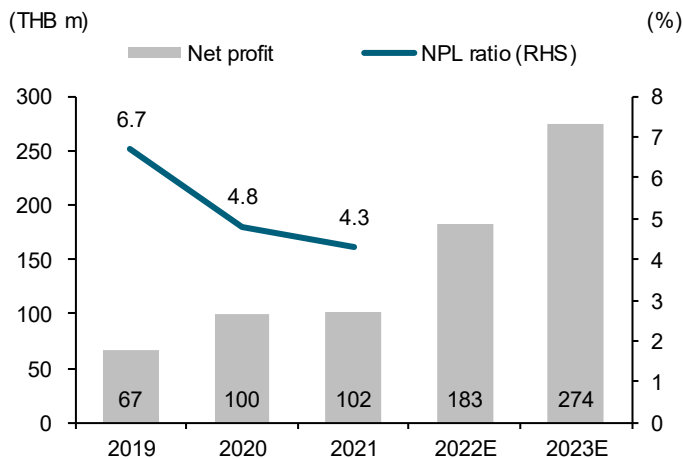
KB J has four key strategies for this year, which are:

1. Advancing its current business: the company targets aggressive expansion in the personal loan sector by introducing its cash card;
2. Expansion with synergy: the company expects to expand its mobile loan reach through the synergy with JMB, a company that achieved solid growth continuously in 2021. Moreover, KB J also has an opportunity to engage more synergy with BTS Group Holdings (BTS TB, BUY, TP THB11.80);
3. New business entries: KB J is now also focusing on digital lending and the credit card business by acquiring a digital lending license to enter the micro credit market and reach a broader customer base. Moreover, given that KB Financial Group is one of the biggest financial companies in Korea, the company is preparing to enter the credit card business in 2023;
4. Advancement of risk management: although we expect KB J's net profit in 2021 to stay flattish, the company could also improve its non-performing loan (NPL) level continuously. Its NPL level dropped steadily from 6.7% in 2019 to 4.3% in 2021. We expect to see KB J's NPLs continue to decline to c4% this year.

With these strategies, KB J targets doubling its new loan volume and net profit from THB3.8b and THB102m in 2021. However, we have a more conservative view than management. We project KB J to generate a 2022 net profit of about THB183m (+80% y-y).

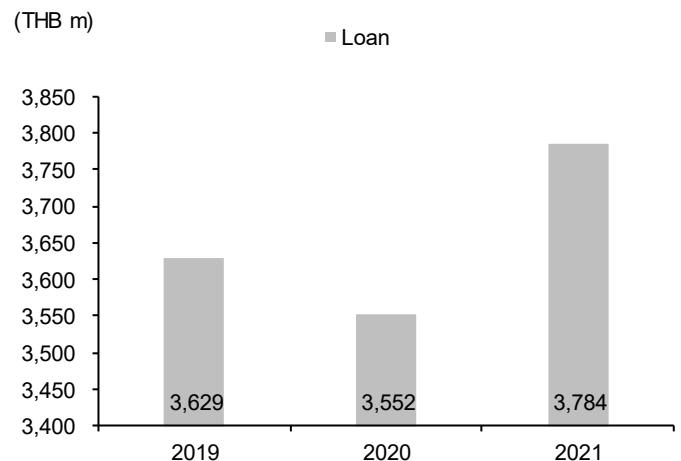


Exhibit 10: KB J's net profit and NPL ratio



Sources: JMART; FSSIA estimates

Exhibit 11: KB J's current loan portfolio



Source: JMART

## New source of profit from new businesses

JMART has invested in another two businesses recently, JayDee (JD) and JGS Synergy Power (JGS).

### JD will complete JMART's coverage of the retail shop landscape

JD is an electronics retailer with shops that are typically located outside shopping malls and hypermarkets. With eight current authorised dealers, JD expects to collaborate with more dealers in the future.

We like the new investment in JD because it will complete JMART's retail coverage landscape. JMART shops will be inside shopping malls, JD will cover the major provinces, and SINGER will take care of sub-district areas. Moreover, JD's business is already profitable. The strong partnership with JMART could help JD to utilise JMART's synergies and ecosystem and expand its revenue while minimising its costs.

JMART targets JD's revenue in 2022 at THB1b with a net profit of THB50m. Therefore, with its 24.9% holding in JD, we expect JMART to recognise a share of profit from JD in 2022 of THB12.5m. Although that number may look low compared to JMART's net profit, JD's business is still in a very early stage. More synergy with JMART should come this year and that could boost its revenue as well as net profit continuously. By 2023, we project JD's revenue to grow to THB3.5b and its net profit to THB245m.

### JGS will add more variety to JMART's product line

JGS is a JV company formed by Gunkul Engineering (GUNKUL TB, BUY THB8.10) (50%), JMART (40.1%), and SINGER (9.9%) to: 1) distribute electrical equipment and solar solutions through distribution networks; 2) develop hemp and cannabis product distribution networks; and 3) develop EV charging stations. The company has already launched a solar roof project, with the average selling price per installation expected at about THB90k-100k. The company expects to sell about 1,000 units this year which could lead to a small contribution to JMART's net profit.

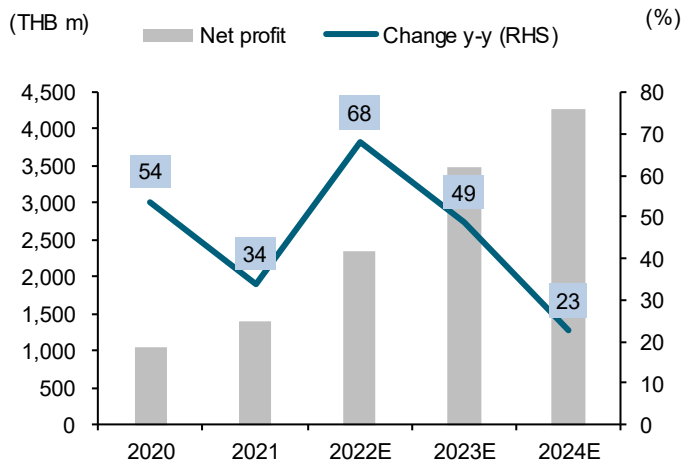
However, despite the tiny contribution from JGS, we have not yet included the potential upsides from its other businesses, including hemp and cannabis products and EV charging stations, into our forecast this year. We think there is still potentially more room to grow this year as well as in the next few years.

## JMT: impressive growth should continue

The following passages were excerpted from the report, “[JMT Network Services: Safe harbour in the perfect storm](#)”, dated 11 Mar-22.

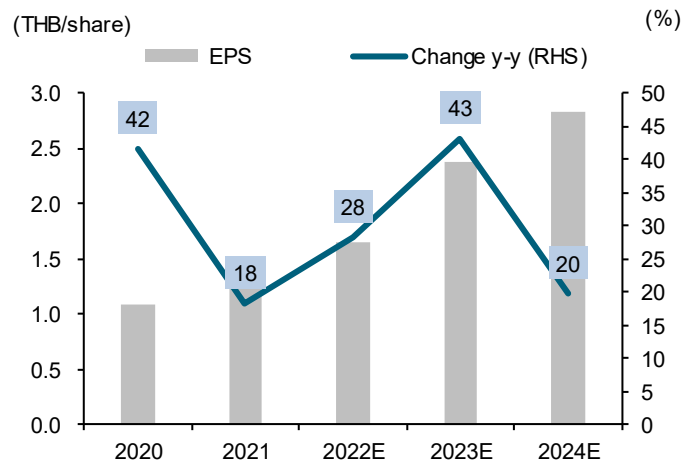
Despite severe geopolitical risk and ongoing uncertainty from Covid-19, we see a limited impact on JMT’s performance. We reiterate our positive view with the expectation that JMT should realise a 68% y-y net profit increase in 2022 and generate a 45% three-year CAGR during 2022-24 (its EPS will increase at a lower rate of 28% y-y in 2022 with a 30% CAGR during the same period due to the dilution impact from its RO and JMT-W3).

**Exhibit 12: JMT’s net profit growth**



Sources: JMT; FSSIA estimates

**Exhibit 13: JMT’s EPS growth**

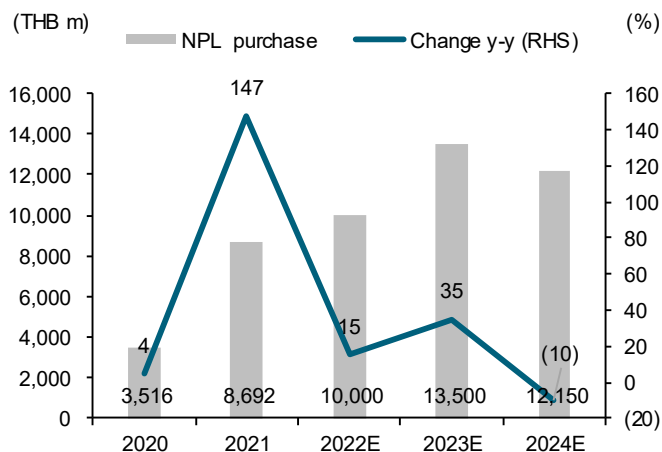


Sources: JMT; FSSIA estimates

We think JMT will maintain its strategy of aggressive NPL purchases during the next three years, with expected NPL purchases of THB10b/THB13.5b/THB12.15b from 2022-24. Most of its purchases will be secured NPLs, in our view.

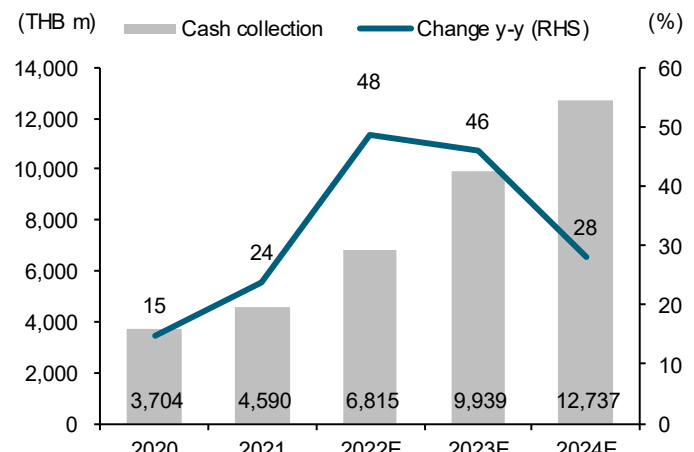
Regarding CC, we have no doubts about JMT’s performance. Despite the economic slowdown and Covid-19 in 2021, JMT was able to deliver record high CC in the last two quarters. We believe this came from its long experience in the industry, its strategy of providing troubled debt restructuring programs to its clients, and the implementation of an effective IT system. As a result, we expect its CC to reach THB6.8b in 2022, up 48% y-y, supported by faster CC from the recent portfolio additions in 2021 along with the continued rise in its CC from all existing portfolios. During the years 2022-24, we expect its CC to rise at a 41% CAGR. Although JMT acquires NPLs aggressively, we believe the company should be able to maintain its CC ratio at c33-35% during 2022-24 vs 33% in 2021.

**Exhibit 14: NPL acquisitions**



Sources: JMT; FSSIA estimates

**Exhibit 15: Cash collection and cash collection ratio**



Sources: JMT; FSSIA estimates



**Exhibit 16: Cash collection from each portfolio**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022E	Total cash collection
<b>Initial Investment (THB m)</b>	39	16	49	74	122	384	399	439	1,613	1,319	906	1,598	2,583	3,368	3,516	8,516	10,000	
<b>CC (THB m)</b>																		
In 2019	7	2	13	22	23	73	84	83	355	383	535	671	672	236	0	0	0	3,224
In 2020	6	3	8	16	17	58	68	66	306	317	444	623	517	674	457	0	0	3,704
In 2021	9	3	11	19	20	50	76	53	258	277	390	463	517	775	809	596	0	4,590
In 2022E	8	3	10	15	24	58	60	88	323	396	281	511	878	1,010	492	1,959	700	6,815
<b>CC to total investment (%)</b>																		
In 2019	492	259	417	519	279	287	218	149	137	115	162	100	36	7	0	0		
In 2020	507	275	434	541	293	302	235	164	156	139	211	139	56	27	13	0		
In 2021	530	295	457	567	309	315	254	176	172	160	254	168	76	50	36	7		
In 2022E	550	315	477	587	329	330	269	196	192	190	285	200	110	80	50	30	7	

Sources: JMT; FSSIA estimates

As for the two proposed JVs with Kasikornbank (KBANK TB, BUY, TP THB180) to run an asset management business (AMC) and a debt collection business (DCB), JMT expects this deal to be completed within 2Q22, but so far has provided few details. Based on our conservative assumptions\*, we project both JVs to share a loss of THB12m in 2022. As this is their first year of operations, we expect there should be OPEX, and that it would take a further two to three months after the JV deal is done to start debt collection. However, we expect both JVs to contribute to JMT's green bottom line in 2023-24 at THB71m and THB154m, respectively.

**Exhibit 17: Expected total share of profits from JVs with KBANK**

	2022E (THB m)	2023E (THB m)	2024E (THB m)
Benefit from AMC JV	(25)	33	92
Benefit from DCB JV	12	37	62
<b>Total</b>	<b>(12)</b>	<b>71</b>	<b>154</b>

Source: FSSIA estimates

**\*Assumptions for JV AMC:**

- 1) JMT and KBANK hold 49% each;
- 2) The NPL investment amount during 2022-24 is THB1b;
- 3) The cash collection ratios are 15%/40%/35% during 2022-24.

**Exhibit 18: Expected total benefits to JMT from asset management JV**

	2022E	2023E	2024E
<b>Assumption for AMC JV</b>			
NPL acquisitions at cost level (THB m)	1,000		
Cash collection (%)	15	40	35
Accumulated cash collection rate (%)	15	55	90
<b>Expected profit of AMB JV (THB m)</b>			
Interest income (net interest expense and ECL)	75	185	335
OPEX	125	100	100
Tax	-	17	47
Net profit	(50)	68	188
<b>Total benefit to JMT (THB m) (holding 49% in JV)</b>	<b>(25)</b>	<b>33</b>	<b>92</b>

Source: FSSIA estimates

**Assumptions for JV DCB:**

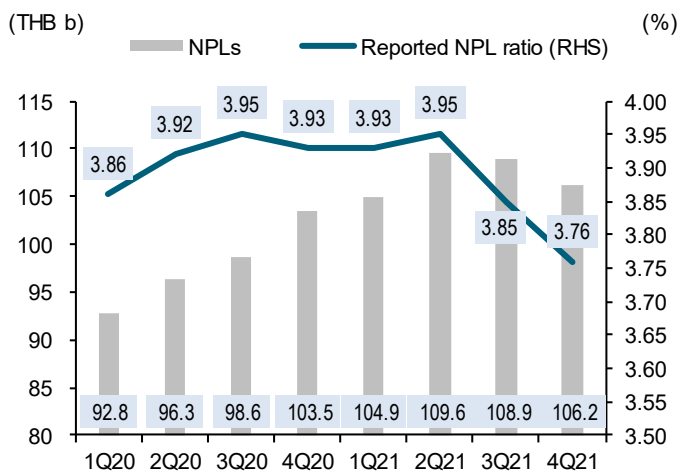
- 1) JMT holds 20%, while the remaining 80% will be KBANK's portion;
- 2) The new debt to be collected by the JV DCB during 2022-24 is THB2b each year. As of 4Q21, KBANK's NPLs and stage 2 loans totalled THB106b and THB202b, respectively. These could represent ballpark figures for the DCB JV;
- 3) The success rate of debt collection is 10% of the total debt to be collected and the commission rate is 8% of the amount collected during 2022-24.

**Exhibit 19: Expected total benefits to JMT from debt collection JV**

	2022E	2023E	2024E
<b>Assumption for DCB</b>			
Amount of debt to be collected (THB m)	2,000	2,000	2,000
Accumulated amount of debt to be collected (THB m)	2,000	4,000	6,000
Success rate (% of total debts to be collected)	10	10	10
Commission rate (% of success amount)	8	8	8
<b>Benefits to JMT (THB m)</b>			
Profit sharing from DCB's JV (holding 20% in JV)	16	24	40
Net management fee, received from JV	(3)	13	22
<b>Total benefits to JMT</b>	<b>12</b>	<b>37</b>	<b>62</b>

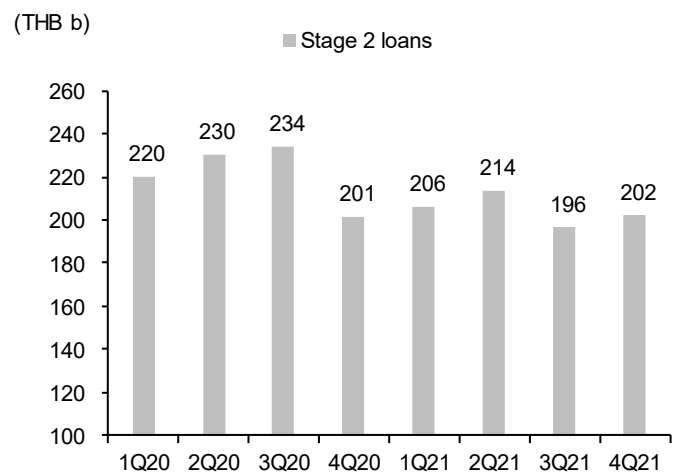
Source: FSSIA estimates

**Exhibit 20: KBANK's NPLs amounted to THB106b as of 4Q21**



Sources: KBANK; FSSIA's compilation

**Exhibit 21: KBANK's stage 2 loans amounted to THB202b as of 4Q21**



Sources: KBANK; FSSIA's compilation

## SINGER: to post robust growth

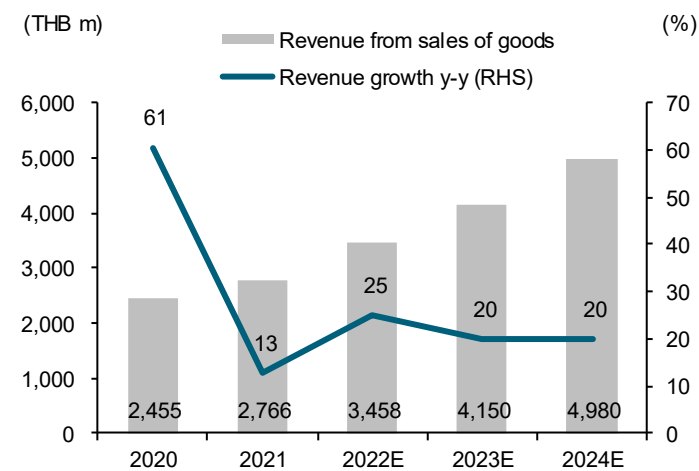
The following passages were excerpted from the report, “[Singer Thailand: Ride the rising sun](#)”, dated 11 Mar-22.

We like SINGER’s strategy of selling solar rooftops as it is a method that can leverage its existing customer base and employees to make the company more profitable. However, in our estimation, it could take at least three to five years before the new business contributes a significant profit. SINGER’s performance still relies on its current businesses, for which we expect both home appliance sales and auto title loans to continue to experience solid growth due to having different distribution channels, making the company stand out from its rivals.

### #1 Robust electrical and home appliance loan growth to continue

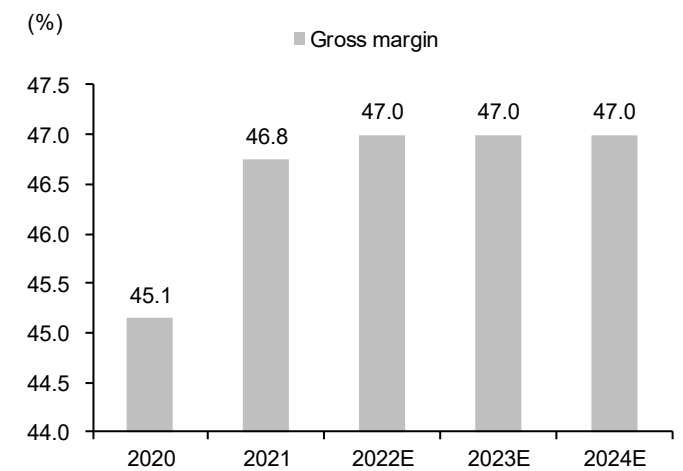
After seeing strong growth in its electrical appliance sales at a 14% three-year CAGR during 2019-21, we believe that sales should rise continuously by 25% y-y in 2022, backed up three factors. First and most importantly, we believe that its different distribution channels and door-knocking sales strategy differentiate the company from its competitors. Amid the increasing trend of Buy Now, Pay Later (BNPL) in Thailand, management affirms that SINGER will deliver solid home appliance sales. Second, the company plans to increase the number of its electrical appliance franchisees, more than doubling to 7,000 from 3,250 in 2021. Lastly, synergies between SINGER and BTS and its subsidiaries should manifest in terms of increasing its client base and sales channel. We think that partnering with the BTS group will allow SINGER to achieve its online sales target of 30% of total sales faster. With a gradual increase in online sales, we think its margin should improve.

**Exhibit 22: Revenue growth of electrical and home appliance sales**



Sources: SINGER; FSSIA's compilation

**Exhibit 23: Gross margin of electrical and home appliance sales**

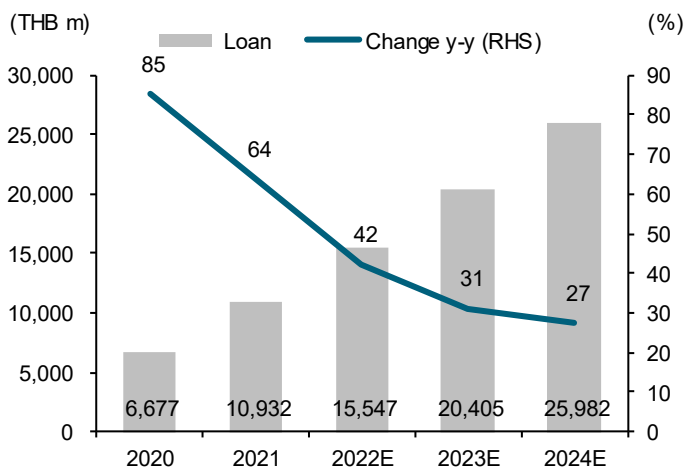


Sources: SINGER; FSSIA's compilation

## #2 Significant increase in auto title loans

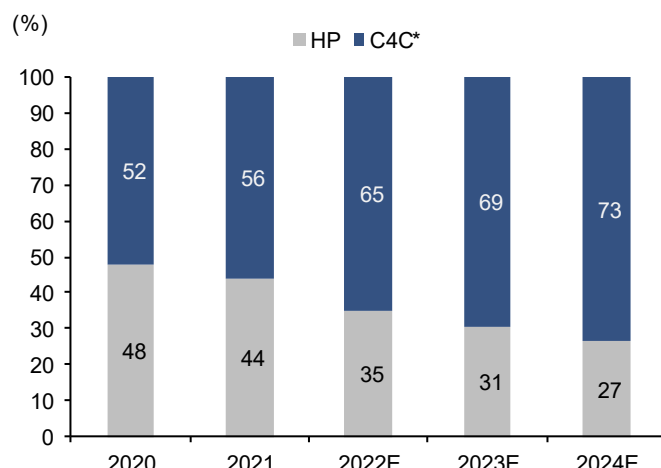
We project SINGER to experience remarkable total loan growth in 2022 at 42% y-y, reaching THB15.5b, due mainly to an aggressive truck title loan expansion. We have a strong conviction that SINGER should be able to continue increasing its truck title loan volume successfully as we think its unique marketing strategy, knocking on doors, to approach untapped clients differentiates the company from its competitors. In 2021, some major truck title loan players reduced their interest rate charges to increase their portfolios. SINGER was not affected by this. Its 2021 loan portfolio rose substantially by 64% y-y. Moreover, we think that truck-for-cash loans in Thailand are very demanding.

Exhibit 24: Total loan growth



Sources: SINGER; FSSIA estimates

Exhibit 25: Loan breakdown



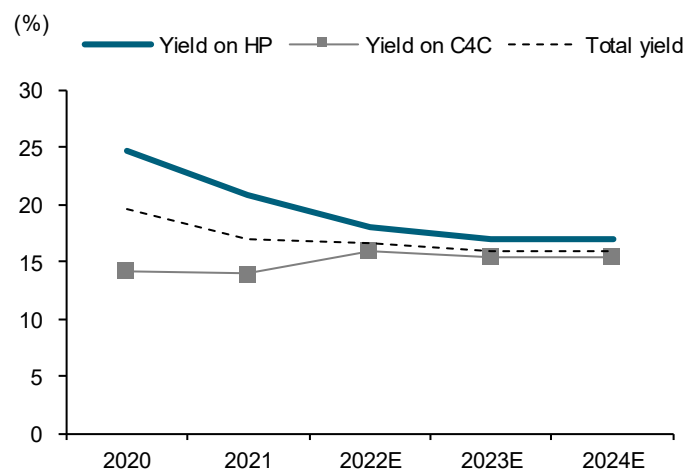
\*C4C = Car for cash  
Sources: SINGER; FSSIA estimates

Exhibit 26: Main characteristics of SINGER's loans

Characteristics	Value
<b>Electrical appliance portfolio</b>	
Average interest rate	20-22%
Instalment period	12-36 months
Loan-to-value (LTV)	90-95%
Average ticket size	THB20,000-50,000
<b>Auto title portfolio (C4C)</b>	
Average interest rate	14-16%
Instalment period	48-60 months
Loan-to-value (LTV)	60-80%
Lending range	
- Large and medium-size operators	THB3m-30m
- Retail	THB50k - THB3m

Source: SINGER

Exhibit 27: Loan yield by product



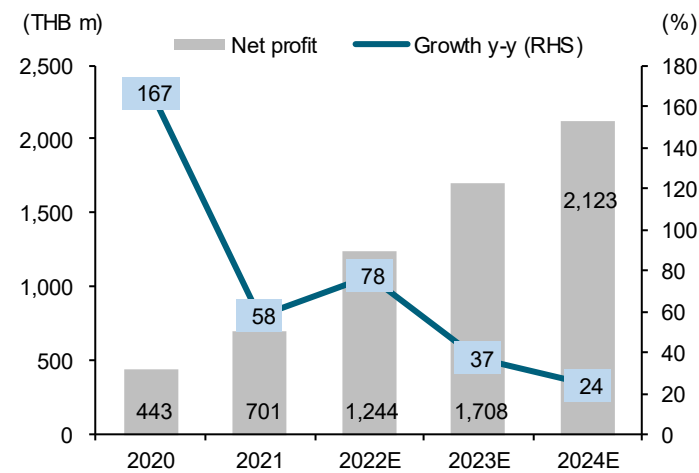
Sources: SINGER; FSSIA estimates

## Notable net profit growth

After experiencing the highest net profit in the last 132 years at THB701m in 2021, we reiterate our view that SINGER should, again, deliver a record high net profit at THB1,244m (+78% y-y) in 2022, backed by 1) remarkable 2022E total loan growth of 42% y-y thanks mainly to the solid growth of its auto title loans; 2) an increase in electrical and home appliance sales by 25% y-y; and 3) a stable gross profit margin for its electrical products and home appliances due to the economies of scale and different distribution channels. We are convinced that SINGER will deliver strong performance in every quarter in 2022, and expect its net profit to increase y-y in every quarter.

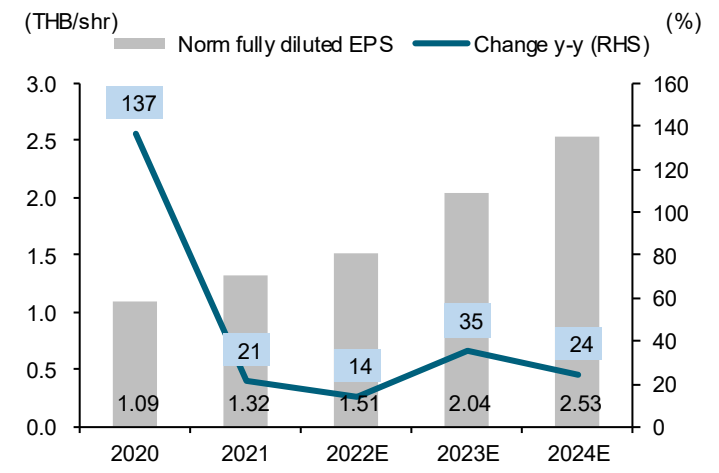
Note that SINGER's 2022 EPS could increase at a slower rate than its net profit, we estimate at 14% y-y, due to the dilution from its rights offering (RO) at the end of 2021 and the exercise of SINGER-W2.

**Exhibit 28: SINGER's net profit growth**



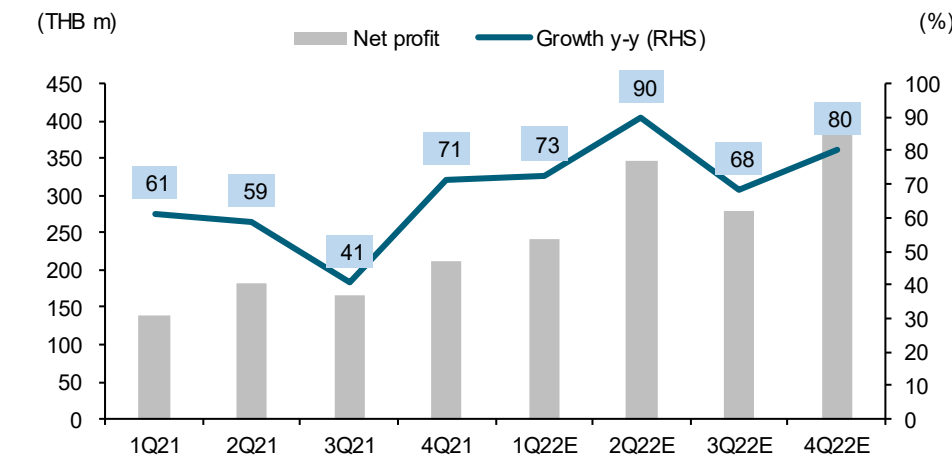
Source: FSSIA estimates

**Exhibit 29: SINGER's EPS growth**



Source: FSSIA estimates

**Exhibit 30: SINGER's quarterly earnings**



Source: FSSIA estimates

## Set to continue posting impressive growth

### Solid growth in revenue

Based on the growth outlook factors we mentioned above, we expect JMART’s revenue in 2022 to surge by 32% to THB15.6b from THB11.8b in 2021, mainly driven by: 1) solid growth from JMT; 2) continuous growth via JMB; and 3) the full-year recognition from J’s net community mall named Jas Kubon. Moreover, with the cost of services, as JMT’s business is mostly fixed, higher revenue from JMT should lead to a higher margin for JMART. We expect the company’s GPM to increase slightly from 31.3% to 34.07% in 2022.

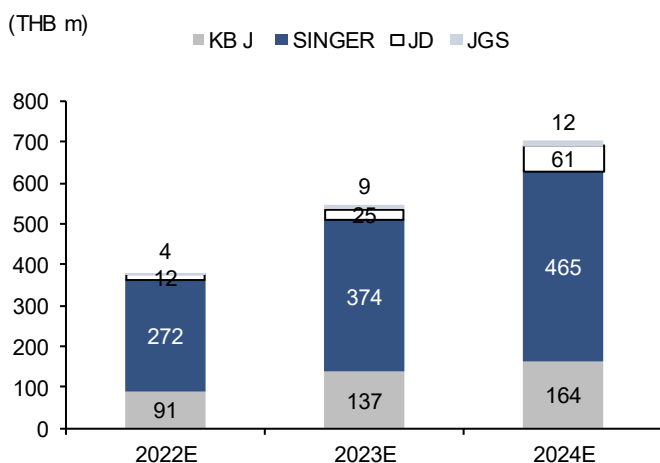
### More share of profits from associates

If we eliminate the extra gain from the recognition of SINGER’s roughly THB1.2b investment that was booked as a share of profit from associates in 2021, JMART’s share of profit would be THB301m (+126% y-y) thanks to the solid growth from SINGER. This year, we expect JMART’s share of profit to continue to improve. We project JMART’s share of profit from associates in 2022 to grow by 29% y-y to THB380m via:

- 1) KB J’s (49.9% share) net profit that we expect to grow significantly, after entering the growth stage, to THB91m;
- 2) The continuous growth in SINGER (27% share), despite JMART’s share dilution from SINGER’s capital increase, which brings its holding down from 35% to 27%. Therefore, JMART should recognise a cTHB272m profit from SINGER this year as we expect SINGER’s net profit to surge by 78% y-y to THB1.2b;
- 3) The profit contribution from JD (24.9% share) and JGS (40% share) of THB12m and THB4m, respectively.

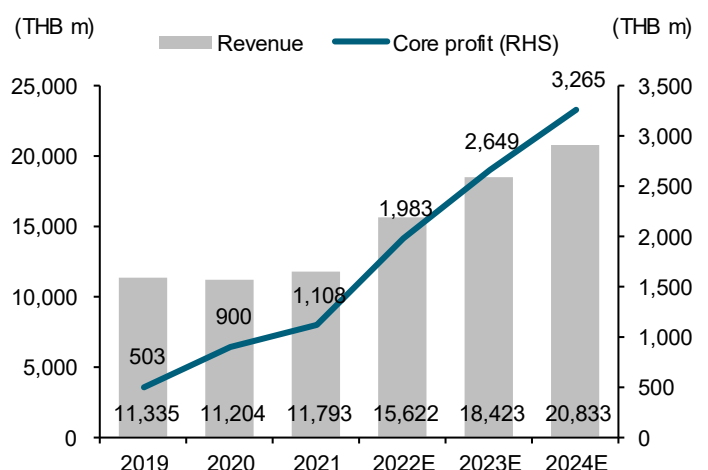
As a result, with the solid growth in the company’s revenue as well as its associate companies, we expect JMART’s net profit to continue to have strong momentum, growing by 79% y-y to THB1.98b in 2022. Note that our earnings estimates haven’t yet included the potential upside from its future investments or new partnerships that could boost its earnings even more.

**Exhibit 31: Share of profits from associates forecast breakdown**



Source: FSSIA estimates

**Exhibit 32: JMART’s revenue and net profit**



Sources: JMART; FSSIA estimates



**Exhibit 33: Changes in key assumptions**

	----- Current -----		----- Previous -----		----- Change -----	
	2022E (THB m)	2023E (THB m)	2022E (THB m)	2023E (THB m)	2022E (%)	2023E (%)
Revenue	15,622	18,423	14,721	17,376	6	6
Gross profit (includes depreciation and amortisation)	5,323	7,024	5,652	7,227	(6)	(3)
EBIT*	4,303	5,827	4,132	5,526	4	5
Net profit	1,983	2,649	1,957	2,643	1	0
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross profit margin	34.1	38.1	38.4	41.6	(4.3)	(3.5)
Net profit margin	12.7	14.4	13.3	15.2	(0.6)	(0.8)

Note: Includes share of profits from associates and other income  
Sources: FSSIA estimates

## Financial Statements

Jay Mart

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	11,204	11,793	15,622	18,423	20,833
Cost of goods sold	(6,946)	(7,515)	(9,780)	(10,911)	(12,057)
<b>Gross profit</b>	<b>4,258</b>	<b>4,278</b>	<b>5,842</b>	<b>7,513</b>	<b>8,776</b>
Other operating income	510	547	632	654	675
Operating costs	(2,131)	(1,778)	(2,031)	(2,395)	(2,646)
<b>Operating EBITDA</b>	<b>2,637</b>	<b>3,047</b>	<b>4,443</b>	<b>5,772</b>	<b>6,806</b>
Depreciation	(539)	(592)	(520)	(489)	(471)
Goodwill amortisation	0	0	0	0	-
<b>Operating EBIT</b>	<b>2,098</b>	<b>2,454</b>	<b>3,923</b>	<b>5,283</b>	<b>6,334</b>
Net financing costs	(635)	(696)	(765)	(759)	(744)
Associates	133	301	380	544	702
Recurring non-operating income	133	301	380	544	702
Non-recurring items	(102)	1,360	0	0	0
<b>Profit before tax</b>	<b>1,494</b>	<b>3,420</b>	<b>3,538</b>	<b>5,068</b>	<b>6,292</b>
Tax	(200)	(302)	(425)	(710)	(944)
<b>Profit after tax</b>	<b>1,294</b>	<b>3,118</b>	<b>3,113</b>	<b>4,358</b>	<b>5,348</b>
Minority interests	(496)	(650)	(1,130)	(1,710)	(2,083)
Preferred dividends	0	0	0	0	-
Other items	0	0	0	0	-
<b>Reported net profit</b>	<b>798</b>	<b>2,468</b>	<b>1,983</b>	<b>2,649</b>	<b>3,265</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>102</b>	<b>(1,360)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>900</b>	<b>1,108</b>	<b>1,983</b>	<b>2,649</b>	<b>3,265</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.98	0.79	1.41	1.85	2.26
Reported EPS	0.87	1.77	1.41	1.85	2.26
DPS	0.69	1.46	1.13	1.48	1.81
Diluted shares (used to calculate per share data)	921	1,395	1,404	1,429	1,446
<b>Growth</b>					
Revenue (%)	(1.2)	5.3	32.5	17.9	13.1
Operating EBITDA (%)	48.4	15.5	45.8	29.9	17.9
Operating EBIT (%)	47.2	17.0	59.8	34.7	19.9
Recurring EPS (%)	76.1	(18.7)	77.8	31.3	21.8
Reported EPS (%)	47.1	104.2	(20.2)	31.3	21.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	33.2	31.3	34.1	38.1	39.9
Gross margin of key business (%)	33.2	31.3	34.1	38.1	39.9
Operating EBITDA margin (%)	23.5	25.8	28.4	31.3	32.7
Operating EBIT margin (%)	18.7	20.8	25.1	28.7	30.4
Net margin (%)	8.0	9.4	12.7	14.4	15.7
Effective tax rate (%)	13.4	8.8	12.0	14.0	15.0
Dividend payout on recurring profit (%)	70.6	183.9	80.0	80.0	80.0
Interest cover (X)	3.5	4.0	5.6	7.7	9.5
Inventory days	52.2	52.6	48.5	49.9	50.4
Debtor days	12.7	23.6	27.4	26.7	25.4
Creditor days	26.7	26.8	28.2	28.3	27.9
Operating ROIC (%)	68.1	230.2	109.8	60.7	(14.3)
ROIC (%)	10.7	9.9	11.4	12.1	(3.0)
ROE (%)	25.3	10.5	11.3	14.4	17.0
ROA (%)	8.2	6.5	7.9	9.8	9.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Revenue from contract with customers	7,343	8,177	10,468	11,251	11,867
Loan	3,374	3,184	4,581	6,533	8,274
Others	487	432	573	639	692

Sources: Jay Mart; FSSIA estimates

## Financial Statements

Jay Mart

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	900	1,108	1,983	2,649	3,265
Depreciation	539	592	520	489	471
Associates & minorities	496	650	1,130	1,710	2,083
Other non-cash items	879	183	(29)	(32)	(37)
Change in working capital	(3,544)	(7,454)	(6,712)	(8,356)	(6,391)
<b>Cash flow from operations</b>	<b>(730)</b>	<b>(4,921)</b>	<b>(3,108)</b>	<b>(3,540)</b>	<b>(609)</b>
Capex - maintenance	(116)	(137)	(180)	(180)	(180)
Capex - new investment	(173)	(205)	(270)	(270)	(270)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	129	(8,136)	6,945	1,037	342
<b>Cash flow from investing</b>	<b>(160)</b>	<b>(8,478)</b>	<b>6,495</b>	<b>587</b>	<b>(108)</b>
Dividends paid	(626)	(812)	(1,586)	(2,119)	(2,612)
Equity finance	1,155	17,888	242	326	228
Debt finance	2,517	(1,156)	(331)	709	0
Other financing cash flows	(1,370)	(1,404)	1,519	1,020	1,021
<b>Cash flow from financing</b>	<b>1,676</b>	<b>14,515</b>	<b>(156)</b>	<b>(64)</b>	<b>(1,363)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	872	9,482	0	0	0
<b>Net other adjustments</b>	<b>872</b>	<b>9,482</b>	<b>(7,454)</b>	<b>(1,597)</b>	<b>(958)</b>
<b>Movement in cash</b>	<b>1,659</b>	<b>10,598</b>	<b>(4,224)</b>	<b>(4,614)</b>	<b>(3,038)</b>
Free cash flow to firm (FCFF)	(254.31)	(12,703.44)	4,151.79	(2,193.30)	27.61
Free cash flow to equity (FCFE)	1,129.97	(6,477.26)	(2,879.19)	(2,820.94)	(653.99)

### Per share (THB)

FCFF per share	(0.18)	(9.10)	2.98	(1.57)	0.02
FCFE per share	0.81	(4.64)	(2.06)	(2.02)	(0.47)
Recurring cash flow per share	3.05	1.82	2.57	3.37	4.00

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	1,780	1,938	2,091	2,241	2,391
Less: Accumulated depreciation	(987)	(1,060)	(1,225)	(1,383)	(1,536)
<b>Tangible fixed assets (net)</b>	<b>793</b>	<b>878</b>	<b>867</b>	<b>858</b>	<b>856</b>
<b>Intangible fixed assets (net)</b>	<b>1,400</b>	<b>1,165</b>	<b>1,110</b>	<b>1,080</b>	<b>1,061</b>
Long-term financial assets	9,716	16,187	17,463	23,455	28,121
Invest. in associates & subsidiaries	1,268	5,091	5,600	6,160	6,776
Cash & equivalents	2,547	13,145	8,921	4,307	1,270
A/C receivable	463	1,065	1,284	1,413	1,484
Inventories	979	1,186	1,411	1,574	1,759
Other current assets	4,831	2,578	7,812	9,900	11,553
<b>Current assets</b>	<b>8,821</b>	<b>17,974</b>	<b>19,428</b>	<b>17,194</b>	<b>16,066</b>
Other assets	3,902	3,984	4,112	4,244	4,381
<b>Total assets</b>	<b>25,901</b>	<b>45,278</b>	<b>48,580</b>	<b>52,991</b>	<b>57,260</b>
Common equity	3,739	17,264	17,903	18,758	19,640
Minorities etc.	3,027	9,558	12,189	14,898	17,982
<b>Total shareholders' equity</b>	<b>6,766</b>	<b>26,823</b>	<b>30,091</b>	<b>33,657</b>	<b>37,621</b>
Long term debt	8,038	8,765	7,513	7,888	7,888
Other long-term liabilities	1,550	1,602	1,669	1,716	1,763
<b>Long-term liabilities</b>	<b>9,588</b>	<b>10,367</b>	<b>9,182</b>	<b>9,604</b>	<b>9,652</b>
A/C payable	830	1,388	1,605	1,643	1,832
Short term debt	4,362	2,207	3,827	4,018	4,018
Other current liabilities	4,355	4,495	3,875	4,069	4,136
<b>Current liabilities</b>	<b>9,547</b>	<b>8,089</b>	<b>9,308</b>	<b>9,731</b>	<b>9,987</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,901</b>	<b>45,278</b>	<b>48,580</b>	<b>52,991</b>	<b>57,260</b>
Net working capital	1,088	(1,053)	5,027	7,175	8,828
Invested capital	18,169	26,251	34,179	42,972	50,022

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

### Per share (THB)

Book value per share	4.06	12.37	12.75	13.13	13.58
Tangible book value per share	2.54	11.54	11.96	12.37	12.85

### Financial strength

Net debt/equity (%)	145.6	(8.1)	8.0	22.6	28.3
Net debt/total assets (%)	38.0	(4.8)	5.0	14.3	18.6
Current ratio (x)	0.9	2.2	2.1	1.8	1.6
CF interest cover (x)	3.1	(8.0)	(2.4)	(2.4)	0.5

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>53.5</b>	<b>65.8</b>	<b>37.0</b>	<b>28.2</b>	<b>23.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>63.5</b>	<b>78.1</b>	<b>43.9</b>	<b>33.4</b>	<b>27.5</b>
Reported P/E (x)	60.3	29.5	37.0	28.2	23.1
Dividend yield (%)	1.3	2.8	2.2	2.8	3.5
Price/book (x)	12.9	4.2	4.1	4.0	3.8
Price/tangible book (x)	20.6	4.5	4.4	4.2	4.1
EV/EBITDA (x) **	23.1	26.4	19.8	16.8	15.3
EV/EBITDA @ target price (x) **	26.5	30.8	22.9	19.2	17.4
EV/invested capital (x)	3.4	3.1	2.6	2.3	2.1

\* 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)

**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 the 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

#### 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 52.25	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.
Singer Thailand	SINGER TB	THB 47.25	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.
JMT Network Services	JMT TB	THB 66.00	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.
Gunkul Engineering	GUNKUL TB	THB 6.00	BUY	The downside risks to our SoTP-based TP on GUNKUL include 1) lower-than-expected demand for electricity in Thailand, 2) declining EPC backlogs, and 3) lower-than-expected utilisation rates for solar and wind farms
VGI Pcl.	VGI TB	THB 5.25	BUY	The key downside risks to our SoTP-based TP are if the advertising expenditure recovery is slower than our expectation, and whether Rabbit Line Pay is successful or not.
BTS Group Holdings	BTS TB	THB 9.25	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.
Kasikornbank	KBANK TB	THB 157.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

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 10-Mar-2022 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.