

# JMT NETWORK SERVICES

## THAILAND / ASSET MANAGEMENT COMPANIES

# JMT TB

# BUY

**UNCHANGED**

## กลับมาเดินตามแผนเริ่มตั้งแต่ 2Q22

- กำไรสุทธิ 1Q22 อยู่ที่ 367 ลบ. ต่ำกว่าคาดจากการเรียกรอสินเชื่อใหม่ในธุรกิจประกันภัย อย่างไรก็ตามก็เกิดการเก็บเงินสดทำสถิติสูงเป็นประวัติการณ์
- กระแสการเก็บเงินสดที่ดีและการเรียกรอสินเชื่อใหม่ในธุรกิจประกันภัยที่ลดลงน่าจะช่วยให้ผลประกอบการดีขึ้นใน 2Q22 คงแนะนำซื้อ

### ผลประกอบการ 1Q22 พลิกเข้าจากการเรียกรอสินเชื่อใหม่ในธุรกิจประกันภัย แต่ธุรกิจบริหารสินทรัพย์ยังคงดี

JMT รายงานกำไรสุทธิ 1Q22 ที่ 367 ลบ. (+30% y-y, -23% q-q) ซึ่งต่ำกว่าที่ตลาดคาด 10% จากการเรียกรอสินเชื่อใหม่สำหรับประกันโควิดที่เพิ่มขึ้น อย่างไรก็ตามก็ธุรกิจบริหารสินทรัพย์ (AMC) ซึ่งคิดเป็น 87% ของรายได้รวมยังคงดี ด้วยการเก็บเงินสด (CC) ที่สูงเป็นประวัติการณ์ถึง 1.5 พัน ลบ. (+45% y-y, +6% q-q) ตามการค่อย ๆ ฟิ้นตัวทางเศรษฐกิจ

### การเก็บเงินสดน่าจะดีต่อเนื่องใน 2Q22

ในที่ประชุมหลังผลประกอบการ 1Q22 JMT ระบุว่ามูลค่าสะสมรวมของการลงทุนในหนี้โดยคุณภาพของบริษัท อยู่ที่ 26 พัน ลบ. ใน 1Q22 ซึ่ง 32% เป็นหนี้โดยคุณภาพประเภทมีหลักทรัพย์ค้ำประกันและอีก 68% เป็นประเภทไม่มีหลักทรัพย์ค้ำประกัน JMT ระบุว่า การเก็บเงินสดจากหนี้โดยคุณภาพรวมสะสมคิดเป็น 78% ของการลงทุนในหนี้โดยคุณภาพรวม ในขณะที่การเก็บเงินสดจากหนี้โดยคุณภาพประเภทมีหลักทรัพย์ค้ำประกันสะสมอยู่ที่ 38% ของยอดรวม เราคิดว่าตัวเลขดังกล่าวแสดงถึงความสามารถของ JMT ในการจัดการหนี้โดยคุณภาพประเภทมีหลักทรัพย์ค้ำประกัน นอกจากนี้ผู้บริหารยังคาดว่าจะการเก็บเงินสดรวมน่าจะดีต่อเนื่องใน 2Q22 และถ้าแนวโน้มดังกล่าวเกิดต่อเนื่อง บริษัทฯ อาจมีการกลับรายการผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้นใน 2Q22 หรือ 4Q22 ขึ้นอยู่กับ การปรับรายการของผู้ตรวจสอบบัญชี ในด้านธุรกิจประกันภัย บริษัทฯ ได้รับค่าเรียกรอสินเชื่อใหม่สำหรับประกันโควิดจำนวนหนึ่งในเดือน เม.ย. 22 ซึ่งน่าจะเป็นจุดสุดท้ายแล้ว บริษัทฯ เชื่อว่าค่าเรียกรอสินเชื่อ 2Q22 น่าจะลดลง q-q จากข้อมูลของบริษัทฯ กิจกรรมร่วมค้าในธุรกิจบริหารสินทรัพย์กับ KBANK จะเริ่มดำเนินงานใน 3Q22 โดยคาดว่า Gearing ratio ในขั้นต้นจะอยู่ที่ 3x เพราะฉะนั้นเราคำนวณว่าต้นทุนการลงทุนในขั้นต้นน่าจะอยู่ที่ประมาณ 0.8-1 พัน ลบ. ถ้ากิจกรรมร่วมค้าดังกล่าวสามารถรายงานผลประกอบการที่น่าพอใจ เราเชื่อว่า KBANK จะขายหนี้โดยคุณภาพให้เพิ่มขึ้นในอนาคต เราออกจากที่ประชุมด้วยมุมมองเชิงบวก

### ค่ากำไรสุทธิจะปรับขึ้นใน 2Q22

เราคาดว่ากำไรสุทธิของ JMT ใน 2Q22 จะปรับขึ้น y-y และ q-q และธุรกิจ AMC น่าจะมีผลประกอบการที่ดี นอกจากนี้เรายังคาดว่าจะการเรียกรอสินเชื่อใหม่ในธุรกิจประกันภัยจะลดลง เพราะฉะนั้นธุรกิจประกันภัยก็น่าจะปรับตัวดีขึ้นด้วย

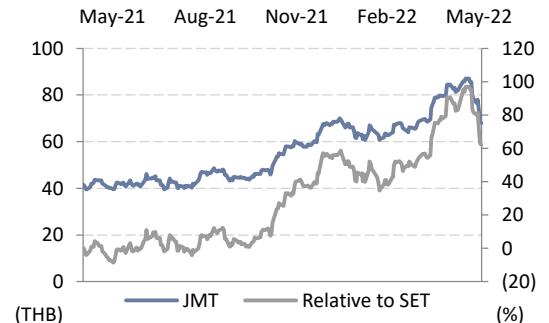
### คงเลือกเป็นหุ้นเด่นที่ราคาเป้าหมายปี 2022 ที่ 80 บาท (GGM)

เราคิดว่าราคาหุ้นที่ปรับตัวลดลงเมื่อไม่นานมานี้ได้สะท้อนผลประกอบการที่อ่อนแอใน 1Q22 ไปแล้วและเห็นว่าการปรับลดดังกล่าวเป็นโอกาสในการซื้อ JMT ก่อนการฟื้นตัวที่ดีในไตรมาสถัด ๆ ไป JMT ยังเป็นหุ้นเด่นของเราที่ราคาเป้าหมาย 80 บาท เนื่องจากเรามองว่า JMT เป็นหุ้นที่ใช้ป้องกันความเสี่ยงจากสภาวะเศรษฐกิจของจากพอร์ตหนี้โดยคุณภาพประเภทไม่มีหลักทรัพย์ค้ำประกันและเป็นหุ้นที่น่าจะโตตามการฟื้นตัวทางเศรษฐกิจผ่านพอร์ตประเภทมีหลักทรัพย์ค้ำประกัน

TARGET PRICE	THB80.00
CLOSE	THB68.00
UP/DOWNSIDE	+17.6%
PRIOR TP	THB80.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-5.5%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	1,620	2,846	4,119	4,967
Net profit	1,400	2,350	3,490	4,277
EPS (THB)	1.29	1.65	2.37	2.83
vs Consensus (%)	-	5.8	10.1	3.0
Core net profit	1,400	2,350	3,490	4,277
Core EPS (THB)	1.29	1.65	2.37	2.83
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	18.3	28.3	43.1	19.7
Core P/E (x)	52.7	41.1	28.7	24.0
Dividend yield (%)	1.2	1.4	2.4	2.9
Price/book (x)	4.0	4.2	3.6	3.2
ROE (%)	11.3	11.0	13.6	14.2
ROA (%)	6.5	7.9	10.4	10.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(19.5)	11.0	61.9
Relative to country (%)	(15.0)	19.2	58.3
Mkt cap (USD m)	2,806		
3m avg. daily turnover (USD m)	25.6		
Free float (%)	21		
Major shareholder	JMART Pcl. (54%)		
12m high/low (THB)	88.25/38.34		
Issued shares (m)	0		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

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.

We think the recent plunge in its share price has fully reflected the soft 1Q22 performance. We see this an opportunity to BUY JMT ahead of strong growth in the coming quarters. JMT remains our top pick at a TP of THB80, as we view it as a stock for hedging against the economic downturn based on its unsecured NPL portfolio, and one that should grow with the economic recovery via its secured portfolio.

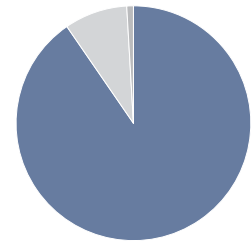
## Company profile

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

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

## Principal activities (revenue, 2021)

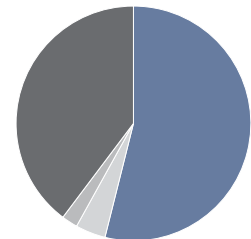
- NPLs management - 90.4 %
- Debt collection - 8.7 %
- Other income - 0.9 %



Source: JMT Network Services

## Major shareholders

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



Source: JMT Network Services

## Catalysts

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

## Risks to our call

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

## Event calendar

Date	Event
Mid-Aug 2022	2Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(THB m)	(THB m)	(THB m)
Net profit	2,350	3,490	4,277
<i>Net profit growth (%)</i>	67.8	48.5	22.6
Cash collection	6,815	9,939	12,737
<i>Cash collection ratio (%)</i>	32.7	34.5	34.7
NPL + NPA purchases	10,000	13,500	12,150
<i>NPL + NPA purchase growth (%)</i>	15.0	35.0	(10.0)
Cost to income (%)	37.7	34.3	35.4

Source: FSSIA estimates

## Earnings sensitivity

		----- 2022E -----		
<b>Cash collection ratio</b>	<b>±50bp</b>	<b>32.2</b>	<b>32.7</b>	<b>33.2</b>
<i>% change in net profit</i>		(3.5)	-	3.5
<b>Cost to income</b>	<b>±1ppt</b>	<b>36.7</b>	<b>37.7</b>	<b>38.7</b>
<i>% change in net profit</i>		2.3	-	(2.3)

Source: FSSIA estimates



## 1Q22 results miss due to insurance claims but AMC still strong

JMT reported a 1Q22 net profit of THB367m (+30% y-y, -23% q-q), which was lower than the Bloomberg consensus by 10% due to a rise in Covid insurance claims. Its 1Q22 net profit amounts to 16% of our 2022 net profit forecast.

### 1Q22 key highlights

- Revenue from AMC remained strong at THB951m, up 40% y-y and 2% q-q. Also, CC hit a record high at THB1.5b, up 45% y-y and 6% q-q, in line with the gradual economic recovery. AMC's performance was partly undercut by a higher credit cost y-y and q-q to 275 bps from the rise in its secured portfolio.
- Its insurance business posted a weak performance from a one-time surge in Covid insurance claims.
- Revenue from debt collection (6% of total revenue) also dropped y-y and q-q due to relaxed debt collection by banks following the forbearance measure.
- JMT acquired NPLs valued at THB728m, which was lower than its 2022 target of THB10b.

### Exhibit 1: JMT – summary of 1Q22 operations

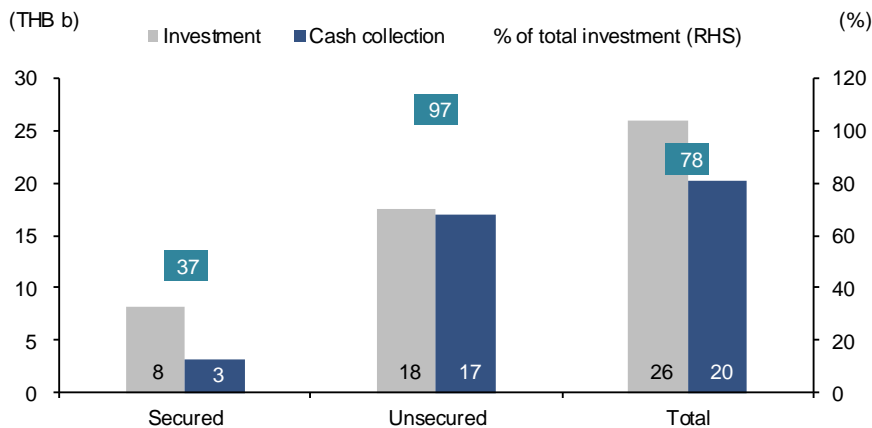
Year to Dec	1Q21	4Q21	1Q22	----- 1Q22 -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	%22E	(THB m)	(y-y %)	
<b>Interest income</b>									
- Interest income from NPLs	469	623	639	36	3	21	3,070	48	
- Gain on NPLs (fully amortized)	210	300	312	49	4	22	1,440	36	
<b>Total interest income</b>	<b>679</b>	<b>929</b>	<b>951</b>	<b>40</b>	<b>2</b>	<b>20</b>	<b>4,705</b>	<b>50</b>	
Interest expense	79	100	71	(9)	(28)	27	265	(23)	
<b>Net interest income</b>	<b>600</b>	<b>830</b>	<b>879</b>	<b>47</b>	<b>6</b>	<b>20</b>	<b>4,440</b>	<b>59</b>	
<b>Non-interest income</b>									
- Debt collection services	91	71	69	(24)	(3)	20	345	15	
- Net insurance premium	20	4	(48)	nm	nm	(106)	45	76	Covid claim
- Others	11	7	30	162	304	109	27	10	
<b>Total non-interest income</b>	<b>123</b>	<b>82</b>	<b>51</b>	<b>(58)</b>	<b>(38)</b>	<b>12</b>	<b>417</b>	<b>19</b>	
<b>Total operating income</b>	<b>723</b>	<b>912</b>	<b>931</b>	<b>29</b>	<b>2</b>	<b>19</b>	<b>4,857</b>	<b>55</b>	
Operating expenses	350	438	416	19	(5)	23	1,833	25	
<b>Pre provision operating profit</b>	<b>373</b>	<b>474</b>	<b>515</b>	<b>38</b>	<b>9</b>	<b>17</b>	<b>3,024</b>	<b>80</b>	
Expected credit loss	23	(78)	112	381	nm	63	178	218	
<b>Operating profit</b>	<b>350</b>	<b>553</b>	<b>403</b>	<b>15</b>	<b>(27)</b>	<b>14</b>	<b>2,846</b>	<b>76</b>	
Income tax expenses	66	81	63	(3)	(22)	13	484	101	
Profit before minority interest	284	471	340	20	(28)	14	2,362	71	
Share of profit	0	0	0	-	-	-	(12)	nm	
Minority	1	(6)	(27)	nm	nm	n/a	0	nm	
<b>Normalised profit</b>	<b>283</b>	<b>477</b>	<b>367</b>	<b>30</b>	<b>(23)</b>	<b>16</b>	<b>2,350</b>	<b>68</b>	
Extra items	0	0	0	nm	nm	n/a	0	nm	
<b>Net profit</b>	<b>283</b>	<b>477</b>	<b>367</b>	<b>30</b>	<b>(23)</b>	<b>16</b>	<b>2,350</b>	<b>68</b>	<b>10% below the BBG consensus</b>
<b>Key financial highlights</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>	<b>(q-q %)</b>	<b>%22E</b>	<b>(THB m)</b>	<b>(y-y %)</b>	
Gross NPL	11,252	16,334	16,215	44	(1)		23,264	42	
Gross NPA	599	1,036	1,036	73	0		992	(4)	
NPL & NPA purchase	1,833	1,574	728	(60)	(54)	7	10,000	15	
NPL & NPA cash collection	1,003	1,370	1,458	45	6	21	6,815	48	
Cash collection/NPL&NPA (%)	36.1	32.5	33.7				32.7	(0)	
<b>Key financial ratio</b>									
Liabilities / equity (x)	1.1	0.5	0.3				0.3		
Interest-bearing debt/equity (x)	0.9	0.4	0.3				0.3		
ROA (%)	7.4	8.0	5.1				7.9		
ROE (%)	16.7	13.9	7.1				11.0		
Cost of fund (%)	4.4	4.6	4.2				3.5		
Cost to income (%)	48.4	48.0	44.7				37.7		

Sources: JMT; FSSIA estimates

## Strong cash collection should continue in 2Q22

At its 1Q22 post-results meeting, JMT stated that the total accumulated value of its NPL investments since its first acquisition in 2006 was THB26b as of 1Q22, of which 32% was secured NPLs and 68% was unsecured NPLs. JMT's accumulated total NPL cash collection was 78% of its total NPL investment and its accumulated secured NPL CC was at 38% of the total secured investment value, according to JMT. We think this should allay investors' concerns over JMT's ability to manage secured NPLs. Regarding its accumulated cash collection from unsecured NPLs, it was excellent at nearly 100% of its total investment, based on our calculation.

### Exhibit 2: Comparing the accumulated cash collection of each NPL portfolio with the total investment



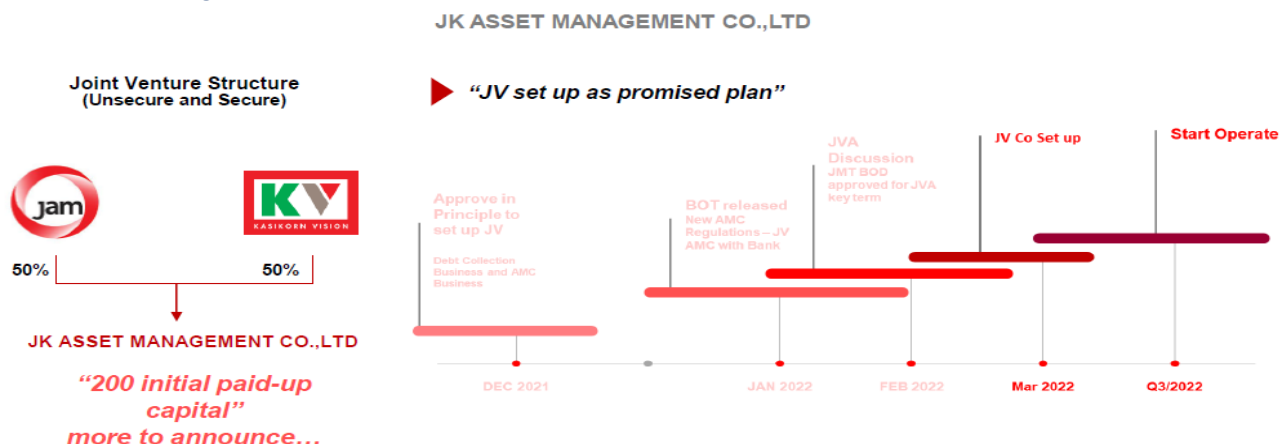
Sources: JMT; FSSIA estimates

Management has a strong conviction that its cash collection from both secured and unsecured NPLs should continue to be strong in 2Q22 in line with the economic recovery and thanks to its highly experienced NPL management. Given the strong trend in cash collection, there could be an expected credit loss reversal in 2Q22 or 4Q22 depending on the auditor's adjustment, according to management.

Regarding its insurance business, there were some Covid claims in Apr-22, which should be the last, as JMT stopped selling Covid insurance in 2Q21. JMT believes claims in 2Q22 will be lower than in 1Q22.

As for its AMC JV with Kasikornbank (KBANK, BUY, TP THB180), JMT announced that it would be setting up a JV AMC with KBANK named "JK Asset Management" (JK) with registered capital of THB200m. JK will start operations in 3Q22. The expected initial gearing ratio would be 3x, according to JMT. Thus, the initial investment cost for JK would be cTHB0.8b-1b, based on our calculation. If JK can deliver satisfactory performance, we believe KBANK will sell more NPLs to JK in the future. As we have already added the THB1b cost of JK's NPL management to our assumptions, it does not affect our estimates.

### Exhibit 3: JK Asset Management's timeline



Source: JMT

**Exhibit 4: Expected total share of profits from JVs with KBANK**

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

Source: FSSIA estimates

**\*Assumptions for JK:**

- 1) JMT and KBANK hold 50% each;
- 2) The NPL investment amount during 2022-24 is THB1b;
- 3) The cash collection ratios are 15%/40%/35% during 2022-24.

**Exhibit 5: Expected total benefit to JMT from asset management JV**

	2022E	2023E	2024E
<b>Assumption for JK</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 JK (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 debt collection JV:**

- 1) JMT holds 20%, while the remaining 80% will be KBANK's portion;
- 2) The new debt to be collected by the debt collection JV 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 debt collection JV;
- 3) The success rate of debt collection is estimated at 10% of the total debt to be collected and the commission rate is 8% of the amount collected during 2022-24.

**Exhibit 6: Expected total benefits to JMT from debt collection JV**

	2022E	2023E	2024E
<b>Assumption for debt collection</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 debt collection 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

## Financial Statements

### JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	2,629	3,136	4,705	6,517	8,207
Interest expense	(314)	(345)	(265)	(310)	(347)
Net interest income	2,315	2,791	4,440	6,207	7,860
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	409	351	417	481	549
Non interest income	409	351	417	481	549
Total income	2,724	3,143	4,857	6,689	8,408
Staff costs	-	-	-	-	-
Other operating costs	(1,311)	(1,466)	(1,833)	(2,291)	(2,979)
Operating costs	(1,311)	(1,466)	(1,833)	(2,291)	(2,979)
Pre provision operating profit	1,413	1,676	3,024	4,397	5,430
Provision for bad and doubtful debt	(203)	(56)	(178)	(278)	(463)
Other provisions	-	-	-	-	-
Operating profit	1,210	1,620	2,846	4,119	4,967
Recurring non operating income	0	0	(12)	71	154
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	1,210	1,620	2,833	4,190	5,121
Tax	(174)	(241)	(484)	(700)	(844)
Profit after tax	1,036	1,379	2,350	3,490	4,277
Minority interests	11	21	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,047	1,400	2,350	3,490	4,277
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,047	1,400	2,350	3,490	4,277
<b>Per share (THB)</b>					
Recurring EPS *	1.09	1.29	1.65	2.37	2.83
Reported EPS	1.09	1.29	1.65	2.37	2.83
DPS	0.73	0.80	0.96	1.66	1.98
<b>Growth</b>					
Net interest income (%)	31.7	20.6	59.1	39.8	26.6
Non interest income (%)	16.8	(14.1)	18.7	15.5	14.0
Pre provision operating profit (%)	66.1	18.6	80.4	45.4	23.5
Operating profit (%)	44.2	34.0	75.6	44.8	20.6
Reported net profit (%)	53.6	33.8	67.8	48.5	22.6
Recurring EPS (%)	41.6	18.3	28.3	43.1	19.7
Reported EPS (%)	41.6	18.3	28.3	43.1	19.7
<b>Income Breakdown</b>					
Net interest income (%)	85.0	88.8	91.4	92.8	93.5
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	15.0	11.2	8.6	7.2	6.5
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	4.84	4.73	3.50	4.10	4.10
Net interest spread (%)	(4.84)	(4.73)	(3.50)	(4.10)	(4.10)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	48.1	46.7	37.7	34.3	35.4
Cost/assets(%)	10.7	6.9	6.1	6.8	7.5
Effective tax rate (%)	14.4	14.9	17.1	16.7	16.5
Dividend payout on recurring profit (%)	66.6	61.7	57.9	70.0	70.0
ROE (%)	23.0	11.3	11.0	13.6	14.2
ROE - COE (%)	12.2	0.5	0.2	2.8	3.4
ROA (%)	8.5	6.5	7.9	10.4	10.7
RORWA (%)	-	-	-	-	-

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

Sources: JMT Network Services; FSSIA estimates

## Financial Statements

### JMT Network Services

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	9,961	16,334	23,264	32,337	38,868
Total provisions	(287)	(269)	(401)	(614)	(999)
interest in suspense	160	317	465	647	777
<b>Net customer loans</b>	<b>9,834</b>	<b>16,382</b>	<b>23,328</b>	<b>32,369</b>	<b>38,646</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	1,366	6,631	5,305	530	557
Cash & equivalents	967	2,076	468	133	129
Other interesting assets	412	986	970	1,003	1,118
Tangible fixed assets	411	504	355	373	391
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,281	1,458	1,268	1,064	3,551
<b>Total assets</b>	<b>14,270</b>	<b>28,036</b>	<b>31,693</b>	<b>35,473</b>	<b>44,394</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	7,187	7,385	6,054	5,216	9,576
Non interest bearing liabilities	1,329	1,574	2,046	2,455	2,578
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>8,516</b>	<b>8,959</b>	<b>8,100</b>	<b>7,672</b>	<b>12,154</b>
Share capital	488	684	727	762	797
Reserves	5,236	18,348	22,867	27,039	31,443
<b>Total equity</b>	<b>5,724</b>	<b>19,032</b>	<b>23,593</b>	<b>27,801</b>	<b>32,240</b>
Minority interests	30	46	0	0	0
<b>Total liabilities &amp; equity</b>	<b>14,270</b>	<b>28,036</b>	<b>31,693</b>	<b>35,473</b>	<b>44,395</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	6,485	7,286	7,569	7,560	8,471
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
<b>Per share (THB)</b>					
Book value per share	5.98	17.08	16.20	18.64	21.12
Tangible book value per share	5.98	17.08	16.20	18.64	21.12
<b>Growth</b>					
Gross customer loans	24.1	64.0	42.4	39.0	20.2
Average interest earning assets	-	-	-	-	-
Total asset (%)	40.7	96.5	13.0	11.9	25.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	40.1	67.9	74.4	78.4	72.6
Tangible equity/assets (%)	40.1	67.9	74.4	78.4	72.6
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	2.9	1.6	1.7	1.6	2.6
Total provisions/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	62.4	52.7	41.1	28.7	24.0
Recurring P/E @ target price (x) *	73.4	62.0	48.4	33.8	28.2
Reported P/E (x)	62.4	52.7	41.1	28.7	24.0
Dividend yield (%)	1.1	1.2	1.4	2.4	2.9
Price/book (x)	11.4	4.0	4.2	3.6	3.2
Price/tangible book (x)	11.4	4.0	4.2	3.6	3.2
Price/tangible book @ target price (x)	13.4	4.7	4.9	4.3	3.8

Sources: JMT Network Services; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

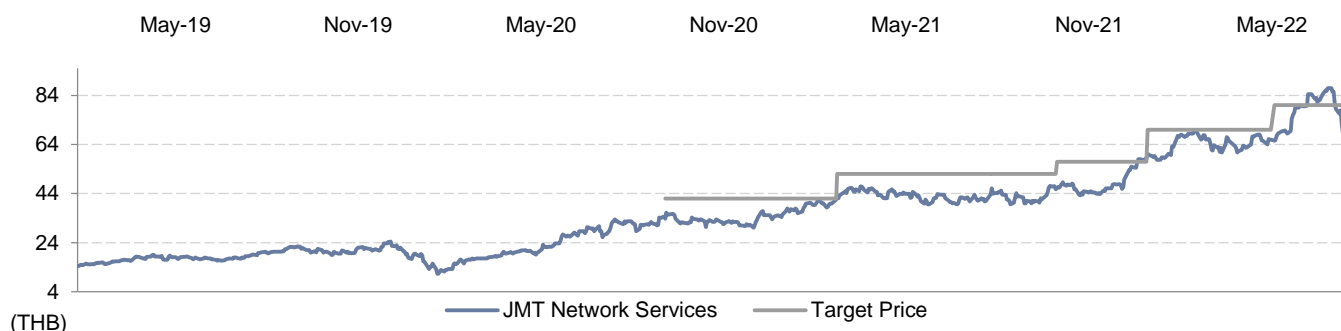
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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**History of change in investment rating and/or target price**

**JMT Network Services (JMT TB)**



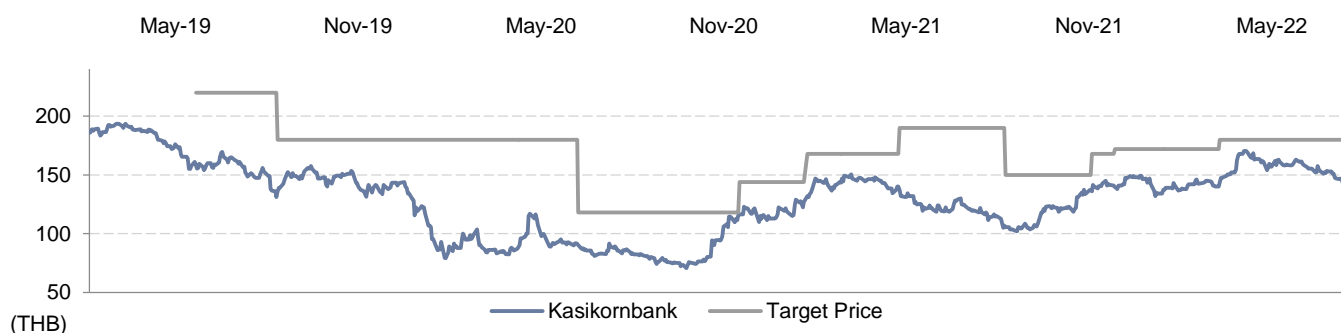
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	42.00	07-Sep-2021	BUY	57.00	11-Mar-2022	BUY	80.00
02-Mar-2021	BUY	52.00	24-Nov-2021	BUY	70.00			

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

**Kasikornbank (KBANK TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Aug-2019	BUY	220.00	29-Jan-2021	BUY	168.00	25-Oct-2021	BUY	172.00
30-Oct-2019	BUY	180.00	21-Apr-2021	BUY	190.00	24-Jan-2022	BUY	180.00
16-Jul-2020	BUY	118.00	22-Jul-2021	BUY	150.00			
03-Dec-2020	BUY	144.00	05-Oct-2021	BUY	168.00			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 68.00	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.
Kasikornbank	KBANK TB	THB 142.00	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 13-May-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

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

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

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

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

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

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

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

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

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