

# Thailand Asset Management Companies

## AMC day: จิวแต่แจ้ว

- เราจัดประชุมการลงทุนในบริษัทบริหารสินทรัพย์ขนาดเล็กร่วมกับ CHAYO, KCC, และ TH เรามีมุมมองเชิงบวกเล็กน้อยจากแนวโน้มการเติบโตของกำไรที่สดใสของบริษัทดังกล่าว
- บริษัทบริหารสินทรัพย์ขนาดเล็กทั้งหมดยืนยันแผนการซื้อหนี้โดยคุณภาพเชิงรุกในปี 2022 โดยคาดว่าธนาคารจะขายหนี้โดยคุณภาพเพิ่มขึ้นในอีกหลายไตรมาสที่จะมาถึง ในขณะที่ค่าครองชีพที่ปรับขึ้นน่าจะมีผลกระทบจำกัดต่อการรับชำระเงินสด
- คงให้น้ำหนักมากกว่าตลาดโดยมี JMT เป็นหุ้นเด่น

### มุมมองเชิงบวกเล็กน้อยจากการประชุมการลงทุนในบริษัทบริหารสินทรัพย์

เราจัดประชุมการลงทุนในบริษัทบริหารสินทรัพย์สำหรับนักลงทุนสถาบันเมื่อวันที่ 25 พ.ค. 22 ในหัวข้อเรื่องบริษัทบริหารสินทรัพย์ที่มีสินทรัพย์ขนาดเล็กแต่มีศักยภาพการเติบโตสูง โดยมีผู้เข้าร่วมประชุมประกอบด้วยคณะผู้บริหารของ Chayo Group (CHAYO TB, BUY, TP THB16.6), Knight Club Capital (KCC TB, BUY, TP THB5.1), และ Tong Hua Holding (TH, not rated) เรามีมุมมองเชิงบวกเล็กน้อยต่อการเติบโตของกำไรที่น่าจะอยู่ในระดับสูงจาก 1) แผนการขยายหนี้โดยคุณภาพเชิงรุก; และ 2) ประสิทธิภาพการดำเนินงานที่อยู่ในระดับสูงในแง่ของการรับชำระเงินสดและการบริหารต้นทุน

### อุปทานหนี้โดยคุณภาพมีมากพอสำหรับทุกบริษัท

บริษัทบริหารสินทรัพย์ขนาดเล็กทั้งหมดยืนยันแผนการซื้อหนี้โดยคุณภาพเชิงรุกในปี 2022 โดย CHAYO, KCC, และ TH มีงบต้นทุนการลงทุนอยู่ที่ 3 พัน ลบ., 0.8 พัน ลบ., และ 0.6 พัน ลบ. (จากการคำนวณของเรา) ตามลำดับ ทั้งหมดคาดว่าธนาคารน่าจะเร่งขายหนี้โดยคุณภาพในอีกหลายไตรมาสที่กำลังจะมาถึงโดยเฉพาะอย่างยิ่งในช่วง 2H22 จากการเก็บข้อมูลของ KCC การขายหนี้โดยคุณภาพของธนาคารในช่วง 5M22 อยู่ที่ประมาณ 45 พัน ลบ. เทียบกับ 30 พัน ลบ. ในปี 2021 และ 60 พัน ลบ. ในปี 2020 จากอุปทานหนี้โดยคุณภาพที่อาจสูงขึ้น ผู้บริหารบริษัทบริหารสินทรัพย์เชื่อว่าอุปทานมีมากพอสำหรับทุกบริษัท อย่างไรก็ตามก็ตีราคาขายหนี้โดยคุณภาพอาจไม่ลดลงจากระดับในปัจจุบันจากความต้องการที่อยู่ในระดับสูง เพราะฉะนั้นบริษัทบริหารสินทรัพย์ที่มีความสามารถในการติดตามหนี้และการควบคุมต้นทุนการดำเนินงานที่ดีน่าจะมีข้อได้เปรียบเหนือบริษัทบริหารสินทรัพย์อื่นในการประมูลหนี้โดยคุณภาพ

### ผลกระทบจากค่าครองชีพที่ปรับขึ้นอยู่ในระดับที่จัดการได้

ผู้บริหารของ AMC เชื่อว่าค่าครองชีพที่ปรับขึ้นมีผลกระทบต่อชำระหนี้ของบริษัท นอกจากนี้ผู้บริหารยังเห็นแนวโน้มการเก็บเงินสดที่ดี ความสามารถในการชำระหนี้ของลูกค้าในช่วงนี้สูงกว่าในปี 2020-21 ซึ่งเป็นช่วงที่ Covid แพร่ระบาดและมีการปิดเมือง

### คงให้น้ำหนักมากกว่าตลาดโดยมี JMT เป็นหุ้นเด่น

เราคงให้น้ำหนักกลุ่มการเงินมากกว่าตลาด เราชอบบริษัทบริหารสินทรัพย์และบริษัทสินเชื่อครบรูปมากที่สุดตามลำดับเนื่องจากทั้งสองได้รับผลกระทบจากภาวะเบียดเบียนน้อยและมีการแข่งขันต่ำกว่ากลุ่มอื่น ซึ่งทำให้คาดว่ากำไรสุทธิจะโตในปี 2022 JMT Network Services (JMT TB, BUY, TP THB80) ยังเป็นหุ้นเด่นของเรา เนื่องจากเราเชื่อว่าบริษัทจะรายงานกำไรสุทธิรอบ 3 ปี (2021-24) โตได้ถึง 45% CAGR จากการรับชำระหนี้ที่มีประสิทธิภาพและแผนการขยายเชิงรุก นอกจากนี้เรายังชอบ Bangkok Commercial Asset Management (BAM TB, BUY, TP THB25.5) เราเชื่อว่า BAM กำลังฟื้นตัวในปัจจุบันและคิดว่าการประเมินมูลค่าอยู่ในระดับที่น่าสนใจ



**Yuvanart Suwanumphai**

yuvanart.suw@fssia.com  
+66 2611 3554

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 พฤษภาคม 2022

## CHAYO – Expect stronger net profit growth in the coming quarters

In attendance at our investment conference were three of CHAYO’s top executives: Mr. Suksan Yasasin, CEO; Mr.Kitti Tungswong, deputy CEO; and Mr. Nottapol Thipchatchawanwong, CFO.

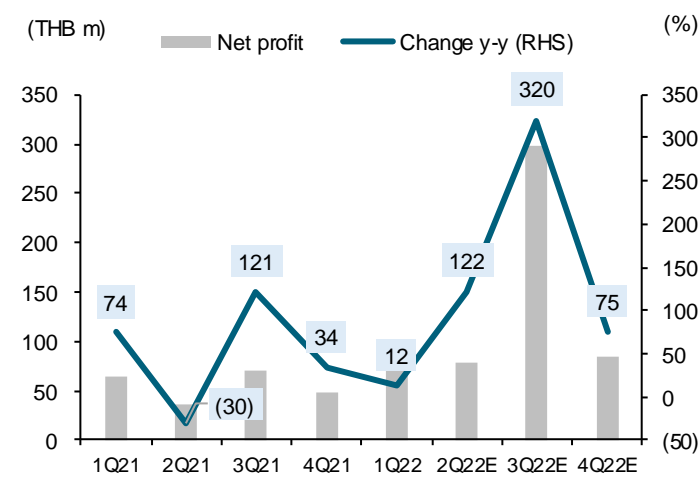
CHAYO will focus on three main businesses: AMC, lending, and debt collection. In the next three years, it expects that 80% of its revenue will come from AMC and 20% from lending and debt collection.

As for the AMC business, management maintains its 2022 NPL acquisition target of THB3b. In 1Q22, it purchased THB29m worth of NPLs. It plans to accelerate NPL acquisitions in the coming quarters, especially in 2H22. CHAYO believes the rising living expenses should have a limited impact on the debt repayment capability of its clients, and sees a rising trend in cash collection. According to management, CHAYO is experimenting with debt collection for a bank(s), and there is a good chance that one or more banks will sign a JV AMC agreement with CHAYO to manage unsecured NPLs. The company expects the deal(s) to be completed within 2H22. Based on our assumptions, we expect that for every THB500m invested in unsecured NPL purchases, there should be a minor reduction in CHAYO’s 2022 net profit. Therefore, we see a 2-10% upside to our forecasts for 2023-24.

Regarding its lending business, management reaffirms its loan portfolio target of THB1b in 2022. Its 1Q22 loan portfolio was at THB0.39b. Its portfolio comprises both secured and unsecured lending. Management aims to spin-off this business in 2023-24. Our loan expansion assumption is more conservative than the company’s, with an expected loan volume of THB602m in 2022. We expect revenue from the lending business to gradually become more important to the company. Based on our sensitivity analysis, for every THB100m increase in its loan volume, all else being equal, there would be a c2% upside to our current 2022 net profit forecast.

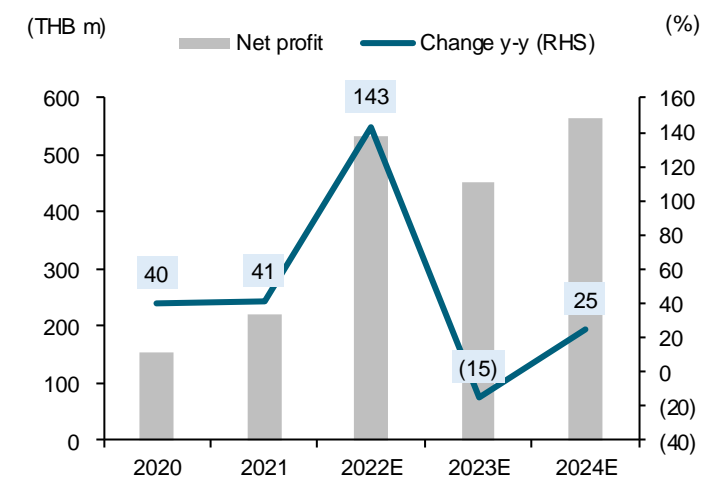
We expect CHAYO to deliver stronger earnings growth in the coming quarters on the back of stronger cash collection. In 2Q22, we expect CHAYO’s net profit (excluding gains from the settlement of big-plot NPLs) to increase y-y and q-q. According to CHAYO, the company sees a limited impact from high inflation on the debt repayment ability of its clients and expects cash collection to continue to increase. Regarding the THB900m NPL settlement, CHAYO might book the profit in 2Q or 3Q22 depending on the cash settlement date. We expect a net-of-tax profit from this deal of cTHB200m.

**Exhibit 1: Quarterly net profit growth**



Sources: CHAYO; FSSIA estimates

**Exhibit 2: Yearly net profit growth**



Sources: CHAYO; FSSIA estimates

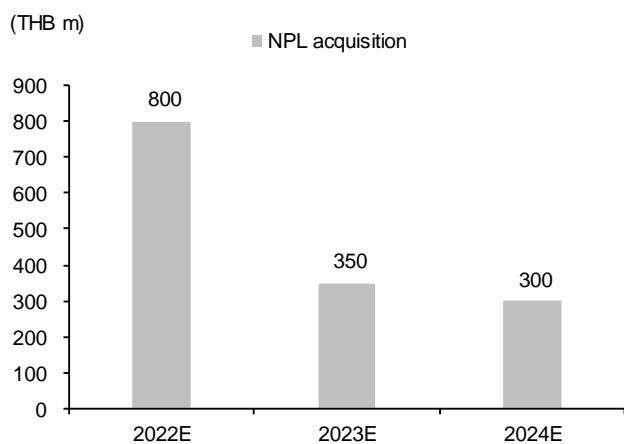
### KCC – Entering into a new S-curve

In attendance for KCC were two of its top executives: Mr. Suchat Boonbanjerd Sri, Executive Chairman and President of the AMC Association and Mr. Tawee Kullertprasert, CEO.

Management has seen tighter competition among AMCs during this period compared with the pre-Covid period due to the stronger capital base of existing players and newcomers. However, management believes there is a sufficient NPL supply for every AMC as they expect a higher volume of NPL sales from banks.

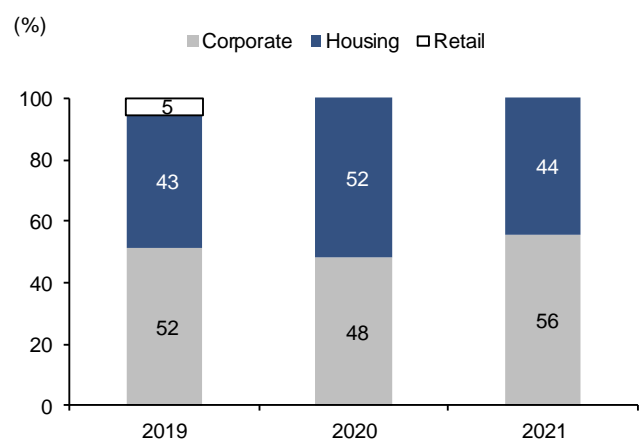
KCC maintains its 2022 NPL acquisition target of THB0.8b. The company reaffirmed that its main focus is on corporate and housing NPLs. We see two advantages for its corporate NPL management. First, the need for considerable expertise and skill creates a high barrier to entry for newcomers, and for this reason, we think competition in this segment should stay at a low level in the future. Second, due to the high concentration risk, AMCs with the ability to manage this niche will be compensated by high margins.

**Exhibit 3: KCC's NPL acquisitions**



Sources: KCC; FSSIA estimates

**Exhibit 4: KCC's gross outstanding NPL management portfolio breakdown in 2018-21**

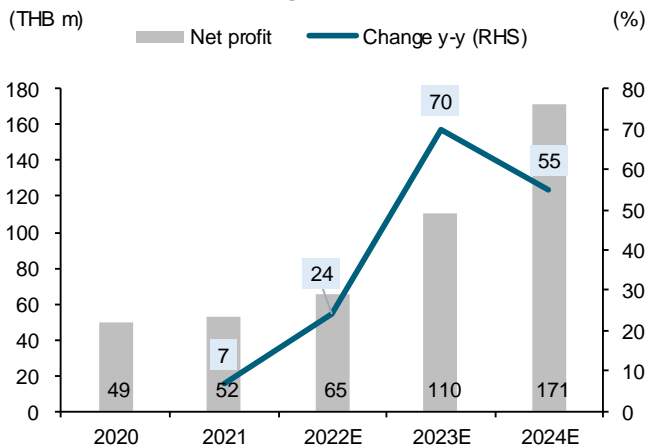


Source: KCC

We maintain our positive view on KCC. We believe KCC will enter into a new S-curve from the utilisation of the new funds from its IPO. We expect the company to deliver outstanding net profit growth of 48% at a three-year CAGR from 2021-24, driven by 1) its aggressive NPL purchases after unlocking a source of funds from its IPO; 2) a substantial rise in its revenue following its NPL portfolio expansion; 3) an increase in its cash collection supported by both new and existing NPL portfolios; and 4) a lower cost to income ratio due to efficient OPEX control.

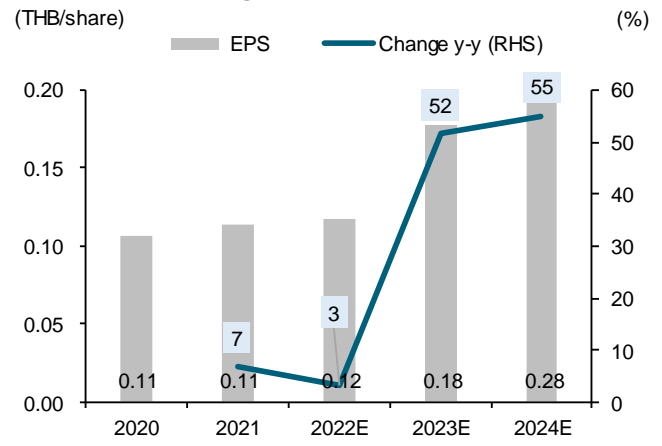
Meanwhile, we think its EPS will increase at a slower rate of 34% at a three-year CAGR from 2021-24 due to the dilution impact from its IPO.

**Exhibit 5: KCC's net profit growth**



Sources: KCC; FSSIA estimates

**Exhibit 6: KCC's EPS growth**



Sources: KCC; FSSIA estimates

## TH – Aggressive expansion plan maintained

In attendance for TH were two of its top executives: Mr. Somnuk Kyavatanakij, chairman and; Mr. Tayathorn Kyavatanak, assistant chairman.

Management maintains its aggressive NPL acquisition target at the claim value of THB6b per year, implying an investment cost of cTHB0.6b, based on our calculation, during 2022-24. However, in 2022, TH might buy NPLs at an amount slightly lower than its budget depending on the NPL sales of its current partner, Aeon Thana Sinsap (AEONTS TB, HOLD, TP THB204) and its potential partners, e.g. SCB X (SCB TB, BUY, TP THB160), TMBThanachart Bank (TTB TB, BUY, TP THB1.8), Kiatnakin Bank (KKP TB, BUY, TP THB86), and the Government Saving Bank (GSB TB, not listed). TH believes it can still acquire NPLs from AEONTS.

Its cash collection from the first NPL purchase last year, claim value of cTHB3b, was around THB15-20m per month. The high inflation rate might have a negative impact on the debt repayment ability of its clients, but management reaffirmed that the impact should be at a manageable level.

The company does not yet have its own debt collection team. Currently, it has hired four debt collection outsourcing companies. It might consider setting up its own team in the next three to four years.

## 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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Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 12.60	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Knight Club Capital Asset Management	KCC TB	THB 6.95	BUY	Downside risks to our GGM-based TP include 1) lower cash collection due to the slow economic recovery; and 2) lower-than-expected bad debt acquisition.
JMT Network Services	JMT TB	THB 75.50	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Bangkok Commercial Asset Mngt.	BAM TB	THB 18.50	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 189.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
SCB X	SCB TB	THB 108.50	BUY	Downside risks to our SOTP-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 its NIM.
TMBThanachart Bank	TTB TB	THB 1.23	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.
Kiatnakin Bank	KKP TB	THB 70.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.

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 25-May-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.