

JMT NETWORK SERVICES

THAILAND / ASSET MANAGEMENT COMPANIES

JMT TB

BUY

UNCHANGED

TARGET PRICE	THB92.00
CLOSE	THB70.25
UP/DOWNSIDE	+31.0%
PRIOR TP	THB80.00
CHANGE IN TP	+15.0%
TP vs CONSENSUS	+8.6%

Inflation and rate hike winner

- Expect a decent 2Q22 NP of THB425m from solid cash collection.
- Expect higher NPL purchases in 2H22.
- Roll forward our TP to 2023 at THB92; maintain as top pick.

Net profit profile back on track in 2Q22

We expect JMT to report a decent 2Q22 net profit of THB425m (+47% y-y, +16% q-q). We see three positives in its performance. First, amid high inflation, we believe JMT's cash collection (CC) should rise 50% y-y to THB1.5b (but stay relatively stable q-q). Second, the solid CC should result in an expected credit loss (ECL) reversal of THB8m in 2Q22 from 1Q22's ECL of THB112m. Third, despite of the setting up of JK AMC, we believe JMT was able to control its OPEX effectively with an expected stable q-q cost to income ratio of 46%. These positives should totally offset the weak result in its insurance business (5% of total revenue) from the rise in Covid insurance claims.

Significantly higher NPL acquisitions in 2H22

As its recent meeting, JMT stated that its NPL purchases would remain at a conservative THB0.8b in 2Q22, with accumulated YTD NPL purchases of cTHB1.5b. This is significantly lower than its 2022 target of THB10b, as most banks still prefer to manage NPLs themselves, resulting in a low NPL supply in 1H22. Management, however, has limited concern about the NPL supply and foresees a potentially higher NPL outflow from banks in 2H22. Although JMT's NPL acquisitions are likely to fall short of its target, JK has purchased its first NPLs from KBANK worth THB30b (face value) – which is in line with its target. JK should start to recognise revenue from this tranche in 4Q22, according to management.

Earnings revision

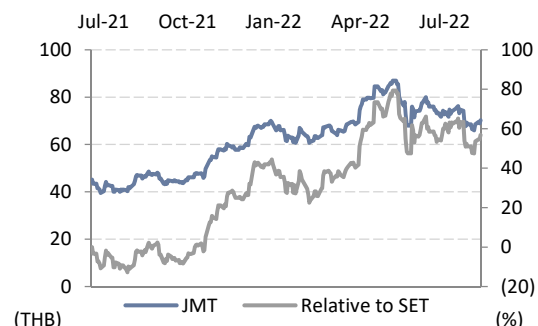
We incorporate the net benefits from JK into our forecasts for 2022/23/24 of THB19m/THB241m/THB368m. However, we lower our NPL purchase and CC assumptions. All in all, we lower our 2022/23/24 net profit forecasts by 9%/10%/11%.

Maintain as top pick with a 2023 GGM-based TP of THB92

We roll forward our valuation to 2023 and derive a new GGM-based TP of THB92 (implying a 2023 PEG of 1.0x), up from our 2022 TP of THB80. We maintain JMT as one of our top picks for three reasons. First, we think JMT's limited exposure to high inflation should result in resilient CC. Second, rate hikes should not affect JMT's cost of funds as it still has sufficient funding to run its business next year without increasing its debt, in our view. Lastly, we believe JMT will deliver solid net profit growth in the coming quarters, with 42% EPS growth expected in 2023.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	1,620	2,486	3,400	4,162
Net profit	1,400	2,132	3,131	3,823
EPS (THB)	1.29	1.50	2.12	2.53
vs Consensus (%)	-	1.4	0.7	(1.2)
Core net profit	1,400	2,132	3,131	3,823
Core EPS (THB)	1.29	1.50	2.12	2.53
Chg. In EPS est. (%)	-	(9.2)	(10.3)	(10.6)
EPS growth (%)	18.3	16.4	41.5	19.2
Core P/E (x)	54.5	46.8	33.1	27.7
Dividend yield (%)	1.1	1.2	2.1	2.5
Price/book (x)	4.1	4.4	3.8	3.4
ROE (%)	11.3	10.0	12.3	12.8
ROA (%)	6.5	7.2	9.6	10.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.1)	(13.5)	57.2
Relative to country (%)	0.1	(5.0)	57.3
Mkt cap (USD m)	2,795		
3m avg. daily turnover (USD m)	31.9		
Free float (%)	21		
Major shareholder	JMART Pcl. (53%)		
12m high/low (THB)	88.25/39.32		
Issued shares (m)	0		

Sources: Bloomberg consensus; FSSIA estimates



Yuvarart Suwanumchai

yuvarart.suw@fssia.com
+66 2611 3554

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 roll forward our valuation to 2023 and derive a new GGM-based TP of THB92 (implying a 2023 PEG of 1.0x), up from our 2022 TP of THB80. We maintain JMT as one of our top picks due to three reasons. First, we think JMT's limited exposure to high inflation should result in resilient CC. Also, rate hikes should not affect JMT's cost of funds as it still has sufficient funding to run its business next year without increasing its debt, in our view. Lastly, we believe JMT will deliver solid net profit growth in the coming quarters, with 42% EPS growth in 2023.

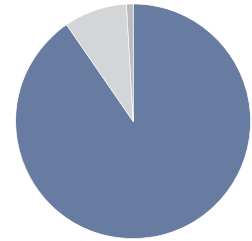
Company profile

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

www.jmtnetwork.co.th

Principal activities (revenue, 2021)

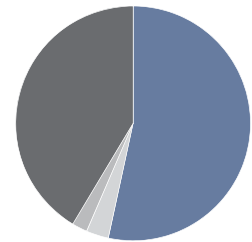
- NPLs management - 90.4 %
- Debt collection - 8.7 %
- Other income - 0.9 %



Source: JMT Network Services

Major shareholders

- JMART Pcl. - 53.4 %
- Sereewattana family - 3.1 %
- Pongsak Tammatatharee - 2.1 %
- Others - 41.4 %



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
11 August 2022	2Q22 results announcement

Key assumptions

	2022E (THB m)	2023E (THB m)	2024E (THB m)
Net profit	2,132	3,131	3,823
<i>Net profit growth (%)</i>	52.3	46.8	22.1
Cash collection	6,239	7,530	9,736
<i>Cash collection ratio (%)</i>	31.0	28.8	30.1
NPL + NPA purchases	8,500	9,775	10,264
<i>NPL + NPA purchase growth (%)</i>	(2.2)	15.0	5.0
Cost to income (%)	39.5	37.4	38.5

Source: FSSIA estimates

Earnings sensitivity

		----- 2022E -----		
Cash collection ratio	±50bp	30.5	31.0	31.5
% change in net profit		(3.5)	-	3.5
Cost to income	±1ppt	38.5	39.5	40.5
% change in net profit		(2.3)	-	2.3

Source: FSSIA estimates

Net profit profile back on track in 2Q22

We expect JMT to report a decent 2Q22 net profit of THB425m (+47% y-y, +16% q-q). We see three positives in its performance. First, despite high inflation, we believe JMT's CC should rise 50% y-y (but stay relatively stable q-q) to THB1.5b. Second, the solid CC should result in an ECL reversal of THB8m in 2Q22 from 1Q22's ECL of THB112m. Third, despite of the setting up of JK AMC, we believe JMT was able to control its OPEX effectively with an expected stable q-q cost to income ratio of 46%. These positives should totally offset the weakness in its insurance business (5% of total revenue) from a rise in Covid insurance claims.

2Q22E key highlights

- Despite high inflation, we think JMT should deliver strong CC of THB1.5b due to 1) the small ticket sizes, which should be easier for its clients to repay amid the weak economy; and 2) its large portfolio, which allows the company to better manage its CC than its peers.
- Its fully amortised revenue should remain stable q-q at THB307m, in our view.
- We expect a loss of THB49m in its net insurance premiums, which were relatively stable q-q due to the rise in Covid claims.
- We expect JMT to purchase NPLs at a slower pace in 2Q22 at THB0.8b, with YTD accumulated NPL purchases of cTHB1.5b. This is significantly lower than its 2022 target of THB10b, as most banks still prefer to manage NPLs themselves, resulting in a low NPL supply in 1H22.

Exhibit 1: JMT – 2Q22 results preview

	2Q21	1Q22	2Q22E			1H22E			2022E	Change	2Q22E comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	%22E	(THB m)	(y-y %)	
Interest income											
- Interest income from NPLs	472	639	644	36	1	1,283	36	43	2,960	43	
- Gain on NPLs (fully amortised)	228	312	307	35	(2)	619	41	49	1,256	19	
Total interest income	701	951	951	36	(0)	1,902	38	43	4,410	41	
Interest expense	82	71	68	(17)	(5)	139	(13)	53	265	(23)	
Net interest income	619	879	883	43	0	1,762	45	43	4,145	48	
Non-interest income				<i>nm</i>							
- Service income from debt collection services	75	69	65	(14)	(6)	134	(20)	39	345	15	
- Net insurance premium	1	(48)	(49)	<i>nm</i>	<i>nm</i>	(97)	<i>nm</i>	<i>nm</i>	(61)	<i>nm</i>	More claims from Covid outbreak
- Others	3	30	3	10	(89)	33	129	122	27	10	
Total non-interest income	80	51	19	(76)	(63)	70	(65)	23	311	(11)	
Total operating income	699	931	902	29	(3)	1,833	29	41	4,456	42	
Operating expenses	316	416	411	30	(1)	827	24	47	1,760	20	
Pre provision operating profit	383	515	491	28	(5)	1,006	33	37	2,696	61	
Expected credit loss	50	112	(8)	<i>nm</i>	<i>nm</i>	104	41	49	210	276	
Operating profit	332	403	499	50	24	902	32	36	2,486	53	
Income tax expenses	50	63	79	59	24	142	23	38	373	55	
Profit before minority interest	283	340	420	49	24	760	34	36	2,113	53	
Share of profit		0	0	<i>nm</i>		0			19		
Minority	(6)	(27)	(5)	<i>nm</i>	<i>nm</i>	(32)	<i>nm</i>	<i>nm</i>	0	<i>nm</i>	
Normalised profit	289	367	425	47	16	792	39	37	2,132	52	
Extra items	0	0	0	<i>nm</i>	<i>nm</i>	0	<i>nm</i>	<i>nm</i>	0	<i>nm</i>	
Net profit	289	367	425	47	16	792	39	37	2,132	52	
Key financial highlights	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)		(THB m)	(y-y%)	
Gross NPLs outstanding	12,253	16,215	16,125	32	(1)				21,874	34	
Gross NPAs outstanding	763	1,303	1,606	111	23				992	(4)	
NPL & NPA purchases	1,502	728	764	(49)	5	1,491	(55)		8,500	(2)	
NPL & NPA cash collection	970	1,458	1,450	50	(1)	2,909	47		6,239	36	
Cash collection/NPL & NPA (%)	31.2	33.4	32.9						31.0	(2)	
Key financial ratios											
Liabilities/equity (x)	1.1	0.3	0.3						0.3		
Interest-bearing debt/equity (x)	0.9	0.3	0.3						0.3		
ROA (%)	7.1	5.1	5.7						7.2		
ROE (%)	14.8	7.1	7.6						10.0		
Cost of funds (%)	4.5	4.2	4.3						3.5		
Cost to income (%)	45.3	44.7	45.6						39.5		

Sources: JMT; FSSIA estimates

JK AMC has started operations

At JMT's meeting on 20 Jul-22, management stated that JK has started operations, making its first NPL purchase from Kasikornbank (KBANK TB, BUY, TP THB192) of THB30b. JK should start to recognise revenue from this tranche in 4Q22, which is in line with JK's target.

To recap, on 29 Jun-22, JMT and KBANK officially announced the establishment of their partnership, called JK. KVision (KBANK's 100%-owned subsidiary) and J Asset Management (JAM; JMT's 100%-owned subsidiary) will hold 50% each in JK, with total registered capital of THB10b. The preferred D/E ratio is not over 3x.

JK will acquire impaired assets, including secured and unsecured NPLs and non-performing assets (NPAs). Its targets for impaired assets under management (based on face value) are THB50b in 2022 (THB30b purchased from KBANK in Jun-22 and THB20b more in 2H22 from KBANK) and THB100b in 2025. Most of JK's asset acquisitions will come from KBANK. JK has indicated it will also purchase impaired assets from other financial institutions. We think the impaired asset ratio (based on face value) would be roughly 70% unsecured and 30% secured.

Exhibit 2: Details of JK Asset Management's business

Items	Details
1. Shareholding structure	50% JAM and 50% KVision
2. Registered capital	THB10b
3. Preferred D/E	Not over 3x
4. Impaired assets under management (based on face value)	2022; THB50b from KBANK (THB30b in Jun-22 and THB20b in 2H22) 2025; THB100b (majority from KBANK and some from other financial institutions)
5. Impaired asset type	NPLs, both secured and unsecured NPAs
6. Management structure	1. Mr. Sutthirak Trichira-aporn (CEO of JMT) will be CEO of JK 2. Expects to be a lean company with low fixed costs 3. Pay management fees to JMT as a variable cost

Sources: Company data; FSSIA's compilation

We see JK as JMT's new impaired asset acquisition arm. Based on JK's initial impaired asset value of THB50b; JMT's cash collection profile; and JK's net margin guidance from JMT at around 20-30%, we expect the total benefit to JMT from this deal in 2023-24 – including profit sharing and management fees from JK – to be THB241m and THB368m, respectively. When JK acquires more impaired assets going forward, there should be more upside risks to our forecasts.

Exhibit 3: Expected total benefits to JMT from JK

	2022E	2023E	2024E
Assumptions for JK			
Investment cost (THB m)	9,950		
- Unsecured (7% of face value)	2,450		
- Secured (50% of face value)	7,500		
Initial impaired asset face value (THB m)	50,000		
- % Unsecured	70		
- % Secured	30		
Cash collection (%)	2	18	25
Accumulated cash collection (%)	2	20	45
Expected profit of JK (THB m)			
Interest income (net interest expense and ECL)	36	469	980
OPEX	14	178	372
Tax	4	58	122
Net profit of JK	17	232	486
Total benefit to JMT (THB m)			
Profit sharing from JK	8	116	243
Management fees from JK – 0.25% of face value	11	125	125
Total benefit to JMT	19	241	368

Source: FSSIA estimates

Earnings revisions and valuation

We lower our 2022/23/24 net profit forecasts by 9%/10%/11%. On the positive side, we incorporate the share of profits from JK as aforementioned into our forecast. Nevertheless, this cannot offset the negative impact from lower NPL purchases, lower cash collection, and the higher loss from its insurance business. Details are listed below.

- 1) We lower our NPL purchase assumptions in 2022/23/24 from THB10b/THB13.5b/THB12.15b to THB8.5b/THB9.8b/THB10.3b.
- 2) We lower our cash collection assumptions in 2022/23/24 by 9%/24%/24% due to the lower NPL purchases.
- 3) We increase the estimated loss from its insurance business in 2022 due to the unexpected rise in Covid claims.

Exhibit 4: Changes in key assumptions

	-----2022E-----			-----2023E-----			-----2024E-----		
	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Interest income	4,705	4,410	(6.3)	6,517	5,673	(13.0)	8,207	7,072	(13.8)
Interest expense	265	265	0.0	310	270	(12.8)	347	211	(39.1)
Net interest income	4,440	4,145	(6.6)	6,207	5,403	(13.0)	7,860	6,861	(12.7)
Non-interest income	417	311	(25.4)	481	486	0.9	549	559	1.8
Total operating income	4,857	4,456	(8.3)	6,689	5,888	(12.0)	8,408	7,419	(11.8)
Operating expense	1,833	1,760	(4.0)	2,291	2,200	(4.0)	2,979	2,859	(4.0)
Pre-operating profit before tax	3,024	2,696	(10.8)	4,397	3,689	(16.1)	5,430	4,560	(16.0)
Expected credit loss	178	210	17.9	278	289	3.9	463	398	(14.1)
Taxes expenses	484	373	(22.9)	700	510	(27.2)	844	708	(16.2)
Minority interest	(12)	19		71	241	242.0	154	368	138.8
Share of profit	0	0							
Norm. profit	2,350	2,132	(9.2)	3,490	3,131	(10.3)	4,277	3,823	(10.6)
Extraordinary items	0	0		0	0		0	0	
Net profit	2,350	2,132	(9.2)	3,490	3,131	(10.3)	4,277	3,823	(10.6)
Key statistic and ratio									
Leverage ratios (x)									
Liabilities / equity	0.34	0.34		0.28	0.21		0.38	0.23	
Interest-bearing debt / equity	0.26	0.26		0.19	0.12		0.30	0.15	
Profitability ratio (%)									
Cost of funds	3.50	3.50		4.10	4.10		4.10	4.10	
Cost to income	37.74	39.49		34.26	37.35		35.42	38.54	
Specific data for business									
NPL and NPA purchases (THB m)	10,000	8,500	(15.0)	13,500	9,775	(27.6)	12,150	10,264	(15.5)
NPL and NPA cash collection (THB m)	6,815	6,239	(8.5)	9,939	7,530	(24.2)	12,737	9,736	(23.6)
Cash collection to gross NPLs and NPAs (%)	33	31		34	29		35	30	
Change y-y (%)									
Core profit (y-y %)	67.8	52.3		48.5	46.8		22.6	22.1	
NPL and NPA purchases (y-y %)	15.0	(2.2)		35.0	15.0		(10.0)	5.0	
NPL and NPA cash collection (y-y %)	48.5	35.9		45.8	20.7		28.1	29.3	

Sources: JMT; FSSIA estimates

Exhibit 5: Summary of JMT's net profit forecasts from both positive and negative factors

	2022E (THB m)	2023E (THB m)	2024E (THB m)
Previous forecasts	2,350	3,490	4,277
Less lower NPL purchases, lower cash collection, and higher losses from insurance business	(236)	(600)	(822)
Add benefits from JK AMC	19	241	368
Current forecasts	2,132	3,131	3,823
% change in current vs previous forecasts	(9.2)	(10.3)	(10.6)

Sources: JMT; FSSIA estimates

Although we lower our net profit forecasts, we roll forward our valuation to 2023 and derive a new GGM-based TP of THB92.

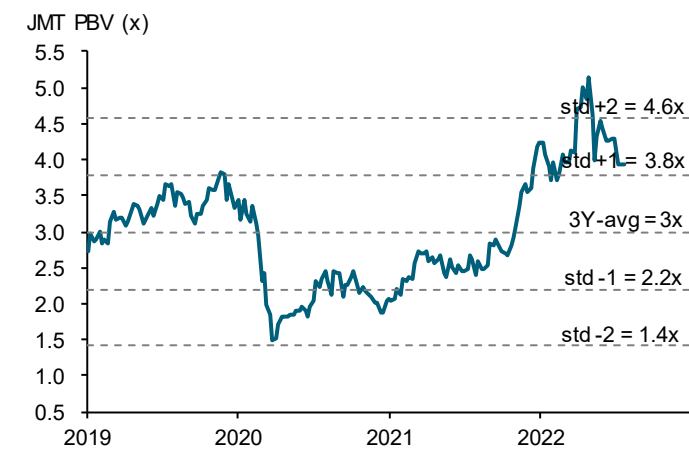
Our TP of THB92 implies 43.3x 2023E P/E and 5.0x 2023E P/BV, which is lower than the P/E and P/BV of our previous target price at 48.4x and 5.1x, respectively.

Exhibit 6: JMT – GGM-derived target price

Target price	THB 92 (from 80)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Terminal growth (%)	7.4 (from 7.6)
ROE target (%)	14.2 (from 14.4)
Target PBV (x)	5.0 (from 5.1)
Implied P/E (x)	43.3 (from 48.4)

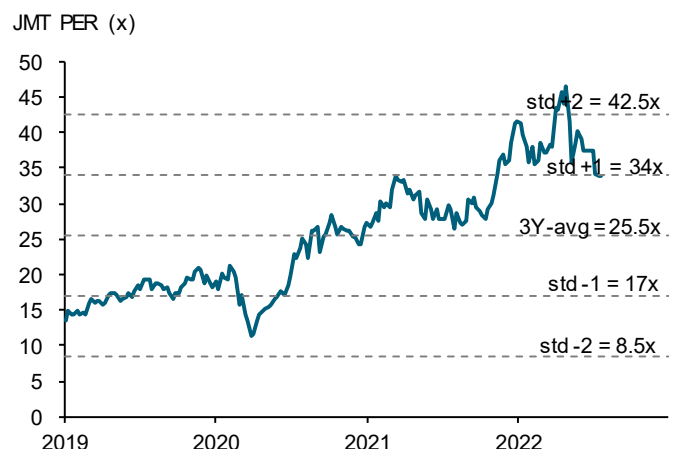
Source: FSSIA estimates

Exhibit 7: JMT – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 8: JMT – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Thailand diversified financials – peers comparison

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		P/E		ROE		PBV	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)
Diversified financials						18,918	13.9	20.7	21.3	17.2	16.2	16.7	3.0	2.6
Unsecured-loan lender						4,852	12.9	7.3	17.6	16.4	23.1	21.6	3.9	3.4
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	157.50	188.00	19	1,074	19.0	7.0	9.3	8.7	19.8	18.5	1.7	1.5
Krungthai Card	KTC TB	HOLD	53.75	60.00	12	3,778	11.2	7.4	19.9	18.6	24.1	22.5	4.5	3.9
Auto-title lender						6,664	11.5	22.7	16.4	13.3	18.4	19.6	2.8	2.4
Muangthai Capital	MTC TB	BUY	45.00	55.00	22	2,601	9.3	25.5	17.7	14.1	19.9	21.0	3.2	2.7
Srisawad Corp	SAWAD TB	BUY	48.50	68.00	40	1,816	10.0	20.5	13.2	10.9	19.3	21.1	2.4	2.2
Saksiam Leasing	SAK TB	BUY	7.15	12.00	68	409	38.5	25.9	17.8	14.1	16.2	18.1	2.7	2.4
Ngern Tid Lor	TIDLOR TB	BUY	27.00	43.00	59	1,838	10.1	20.3	17.4	14.4	15.9	16.5	2.6	2.2
Truck lender						1,581	7.4	26.0	20.1	15.6	11.0	12.7	1.9	1.8
Micro Leasing	MICRO TB	HOLD	4.98	5.50	10	127	0.4	39.0	24.7	17.8	9.3	11.9	2.2	2.0
Singer Thailand	SINGER TB	BUY	38.00	74.00	95	849	7.7	35.1	25.2	18.7	8.1	10.5	2.0	1.9
Ratchthani Leasing	THANI TB	BUY	3.92	4.80	22	605	8.6	10.6	12.0	10.8	15.5	16.0	1.8	1.7
Asset management						4,621	23.4	33.5	36.0	26.5	9.5	10.8	3.3	2.8
Bangkok Commercial Asset Mngt.	BAM TB	BUY	16.10	25.50	58	1,419	23.2	26.6	16.2	12.8	7.5	8.6	1.2	1.0
Chayo Group	CHAYO TB	BUY	10.40	16.60	60	302	96.6	(14.9)	23.2	27.3	15.5	8.9	2.9	2.1
JMT Network Services	JMT TB	BUY	70.25	92.00	31	2,795	16.4	41.5	46.8	33.1	10.0	12.3	4.4	3.8
Knight Club Capital Asset Mngt.	KCC TB	BUY	6.20	5.10	(18)	105	3.0	51.5	52.8	34.8	7.9	8.6	3.2	2.8
Other						1,036	4.1	8.5	6.9	6.4	8.0	8.2	0.5	0.5
Thanachart Capital	TCAP TB	HOLD	36.25	42.00	16	1,036	4.1	8.5	6.9	6.4	8.0	8.2	0.5	0.5
Hire purchase motorcycle						164	(9.5)	(4.0)	14.3	14.9	10.1	7.6	1.2	1.1
Next Capital	NCAP TB	HOLD	4.46	7.60	70	164	(9.5)	(4.0)	14.3	14.9	10.1	7.6	1.2	1.1

Share prices as of 20 Jul 2022

Sources: Bloomberg; 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	4,410	5,673	7,072
Interest expense	(314)	(345)	(265)	(270)	(211)
Net interest income	2,315	2,791	4,145	5,403	6,861
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	409	351	311	486	559
Non interest income	409	351	311	486	559
Total income	2,724	3,143	4,456	5,888	7,419
Staff costs	-	-	-	-	-
Other operating costs	(1,311)	(1,466)	(1,760)	(2,200)	(2,859)
Operating costs	(1,311)	(1,466)	(1,760)	(2,200)	(2,859)
Pre provision operating profit	1,413	1,676	2,696	3,689	4,560
Provision for bad and doubtful debt	(203)	(56)	(210)	(289)	(398)
Other provisions	-	-	-	-	-
Operating profit	1,210	1,620	2,486	3,400	4,162
Recurring non operating income	0	0	19	241	368
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	1,210	1,620	2,505	3,641	4,530
Tax	(174)	(241)	(373)	(510)	(708)
Profit after tax	1,036	1,379	2,132	3,131	3,823
Minority interests	11	21	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,047	1,400	2,132	3,131	3,823
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,047	1,400	2,132	3,131	3,823
Per share (THB)					
Recurring EPS *	1.09	1.29	1.50	2.12	2.53
Reported EPS	1.09	1.29	1.50	2.12	2.53
DPS	0.73	0.80	0.87	1.49	1.77
Growth					
Net interest income (%)	31.7	20.6	48.5	30.3	27.0
Non interest income (%)	16.8	(14.1)	(11.5)	56.3	15.0
Pre provision operating profit (%)	66.1	18.6	60.9	36.8	23.6
Operating profit (%)	44.2	34.0	53.4	36.8	22.4
Reported net profit (%)	53.6	33.8	52.3	46.8	22.1
Recurring EPS (%)	41.6	18.3	16.4	41.5	19.2
Reported EPS (%)	41.6	18.3	16.4	41.5	19.2
Income Breakdown					
Net interest income (%)	85.0	88.8	93.0	91.7	92.5
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	15.0	11.2	7.0	8.3	7.5
Operating performance					
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	39.5	37.4	38.5
Cost/assets(%)	10.7	6.9	5.9	6.8	7.9
Effective tax rate (%)	14.4	14.9	14.9	14.0	15.6
Dividend payout on recurring profit (%)	66.6	61.7	57.9	70.0	70.0
ROE (%)	23.0	11.3	10.0	12.3	12.8
ROE - COE (%)	12.2	0.5	(0.8)	1.5	2.0
ROA (%)	8.5	6.5	7.2	9.6	10.5
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	21,874	28,366	34,269
Total provisions	(287)	(269)	(436)	(668)	(997)
interest in suspense	160	317	437	567	685
Net customer loans	9,834	16,382	21,876	28,265	33,957
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	1,366	6,631	5,305	530	557
Cash & equivalents	967	2,076	1,836	2,183	252
Other interesting assets	412	986	970	990	1,069
Tangible fixed assets	411	504	355	373	391
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,281	1,458	1,264	1,000	3,150
Total assets	14,270	28,036	31,605	33,341	39,377
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	7,187	7,385	6,054	3,278	4,885
Non interest bearing liabilities	1,329	1,574	2,046	2,455	2,578
Hybrid Capital	-	-	-	-	-
Total liabilities	8,516	8,959	8,100	5,733	7,463
Share capital	488	684	727	762	797
Reserves	5,236	18,348	22,778	26,846	31,118
Total equity	5,724	19,032	23,505	27,608	31,915
Minority interests	30	46	0	0	0
Total liabilities & equity	14,270	28,036	31,605	33,341	39,378
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	6,485	7,286	7,569	6,591	5,156
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	5.98	17.08	16.14	18.51	20.91
Tangible book value per share	5.98	17.08	16.14	18.51	20.91
Growth					
Gross customer loans	24.1	64.0	33.9	29.7	20.8
Average interest earning assets	-	-	-	-	-
Total asset (%)	40.7	96.5	12.7	5.5	18.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	40.1	67.9	74.4	82.8	81.0
Tangible equity/assets (%)	40.1	67.9	74.4	82.8	81.0
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	2.9	1.6	2.0	1.9	2.9
Total provisions/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	64.4	54.5	46.8	33.1	27.7
Recurring P/E @ target price (x) *	84.4	71.3	61.3	43.3	36.3
Reported P/E (x)	64.4	54.5	46.8	33.1	27.7
Dividend yield (%)	1.0	1.1	1.2	2.1	2.5
Price/book (x)	11.7	4.1	4.4	3.8	3.4
Price/tangible book (x)	11.7	4.1	4.4	3.8	3.4
Price/tangible book @ target price (x)	15.4	5.4	5.7	5.0	4.4

* Pre-exceptional, pre-goodwill and fully diluted

Sources: JMT Network Services; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEOIL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

Disclaimer:

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* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEA OIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 70.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Kasikornbank	KBANK TB	THB 139.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 157.50	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 53.75	HOLD	Upside risks to our GGM-derived TP include: 1) stronger-than-expected cost of funds controlling; and 2) better-than-expected bad debt recovery. Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 45.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 48.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 7.15	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (BoT); and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 27.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 4.98	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) higher-than-expected policy rate hikes. Upside risks include 1) efficient asset quality control; and 2) the faster ramping up of its new businesses, including new motorcycle hire purchase loans, truck title loans, and insurance brokerage
Singer Thailand	SINGER TB	THB 38.00	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 3.92	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 16.10	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 10.40	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 70.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 36.25	HOLD	Upside risks to our GGM-based target price are the faster-than-expected net profit contribution from Thanachart Plus. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TTB and THANI.
Next Capital	NCAP TB	THB 4.46	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown; 2) deteriorating asset quality; and 3) tighter competition from new players. Upside risks to our TP include 1) strong demand for motorcycles; and 2) a higher rate cap than our base-case assumption of 28% p.a.

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 20-Jul-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.