

JMT NETWORK SERVICES
THAILAND / FINANCE & SECURITIES

JMT TB

BUY

ปีทองในการเลือกซื้อหนี้

- เรามั่นใจใน JMT ในฐานะที่เป็นผู้นำในธุรกิจบริหารสินทรัพย์โดยเฉพาะอย่างยิ่งสินเชื่อรายย่อยประเภทไม่มีหลักทรัพย์ค้ำประกัน
- เราคาดว่าแนวโน้มในช่วง 2H23 จะเป็นบวกต่อเนื่องพร้อมการติดตามหนี้และกำไรสุทธิที่ทำสถิติสูงสุดใหม่
- เราเริ่มบทวิเคราะห์ JMT ด้วยคำแนะนำซื้อและเลือกเป็นหุ้นเด่น

TARGET PRICE	THB60.00
CLOSE	THB47.75
UP/DOWNSIDE	+25.7%
TP vs CONSENSUS	+5.3%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	1,792	2,178	2,522	3,085
Net profit	1,746	2,227	2,716	3,330
EPS (THB)	1.20	1.53	1.86	2.28
vs Consensus (%)	-	3.3	1.9	5.2
Recurring net profit	1,746	2,227	2,716	3,330
Core EPS (THB)	1.20	1.53	1.86	2.28
EPS growth (%)	16.8	27.5	22.0	22.6
Core P/E (x)	39.9	31.3	25.7	20.9
Dividend yield (%)	2.3	2.6	3.1	3.8
Price/book (x)	3.0	2.7	2.6	2.5
ROE (%)	8.3	9.0	10.3	12.3
ROA (%)	5.4	5.7	5.8	6.5

โอกาสในการซื้อหนี้ในราคาที่เหมาะสมมากยิ่งขึ้น

2023 น่าจะเป็นปีที่ดีเลิศสำหรับ JMT ในธุรกิจบริหารหนี้ แม้ว่าบริษัทฯ จะลงทุนเพียง 4.13 พัน ลบ. ในการซื้อหนี้ในช่วง 1H23 ซึ่งต่ำกว่าเป้าที่ 10-15 พัน ลบ. เรื่องดังกล่าวไม่น่ากังวลเนื่องจากโดยปกติบริษัทฯ จะซื้อหนี้เมื่อได้ผลตอบแทนในรูป IRR ที่ต้องการ มีฉะนั้น JMT จะเลื่อนการซื้อออกไป เราเชื่อว่า JMT จะเร่งการซื้อในช่วง 2H23 จากอุปทานหนี้ด้วยคุณภาพ (NPL) ทั้งจากธนาคารและสถาบันการเงินที่ไม่ใช่ธนาคารที่คาดว่าจะเพิ่มขึ้นจากการปรับโครงสร้างหนี้เชิงรุกเพื่อลด NPL เราคาดการณ์การซื้อหนี้รวมในปี 2023 ไว้ที่ 11.6 พัน ลบ. (รวม JK AMC) โดยส่วนมากจะเป็นประเภทไม่มีหลักทรัพย์ค้ำประกัน

คาดการณ์ธุรกิจประกันวินาศภัยจะพลิกฟื้นตั้งแต่ปี 2024

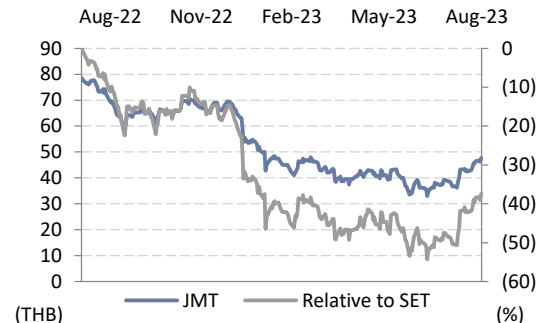
เราคาดว่า Jaymart Insurance (JI) จะรายงานกำไรที่ดีขึ้นตั้งแต่ปี 2024 เป็นต้นไปส่วนมากจากรายได้ในธุรกิจประกันภัยที่เพิ่มในระดับสูง ผู้บริหารมีมุมมองเชิงบวกเกี่ยวกับการปรับใช้เกณฑ์ TFRS 17 ซึ่งยังอยู่ระหว่างการพิจารณาและคาดว่าจะทำให้แผนธุรกิจประกันภัยของ JI มีกำไรมากยิ่งขึ้นกว่าเก่า JI ตั้งเป้าหมายธุรกิจประกันภัยโดยใช้เทคโนโลยีเพื่อเสริมบริการ เพิ่มแผนประกันภัยพร้อมอัตราความเสียหายที่เหมาะสมกับผลตอบแทนของผู้ถือหุ้นและเพิ่มสัดส่วนการรับประกันภัยในกลุ่มที่ไม่ใช่รถยนต์ในขณะที่ใช้ช่องทางการจัดจำหน่ายของกลุ่ม JMART เพิ่มขึ้น

แนวโน้มในช่วง 2H23 อยู่ในเกณฑ์ดี: กำไรสุทธิจะทำสถิติสูงสุดใหม่

เราคาดว่าแนวโน้มจะเป็นบวกต่อเนื่องในช่วง 2H23 พร้อมอัตราการเติบโตของกำไรสุทธิปี 2023 ที่คาดว่าจะอยู่ที่ 27.6% y-y โดยได้ปัจจัยหนุนจากธุรกิจซื้อหนี้จากปริมาณหนี้ที่เข้ามาเป็นจำนวนมากในช่วง 1H23 บริษัทฯ เริ่มติดตามหนี้ที่เข้ามาในช่วง 1H23 และบันทึกรายได้มาตั้งแต่ 2Q23 ซึ่งน่าจะให้ประโยชน์เพิ่มขึ้นในช่วง 2H23 เราคาดว่ากำไรสุทธิในปี 2024-25 จะโต 22.0% y-y และ 22.6% y-y ตามลำดับส่วนมากจากธุรกิจซื้อหนี้ นอกจากนี้ฐานะทางการเงินที่ดีและสัดส่วนหนี้ที่อยู่ในระดับต่ำของ JMT ยังสะท้อนศักยภาพในการซื้อหนี้ได้อีกเป็นจำนวนมาก

เริ่มบทวิเคราะห์ด้วยคำแนะนำซื้อและเลือกเป็นหุ้นเด่นจากการเป็นผู้นำในธุรกิจบริหารสินทรัพย์ในประเทศไทย

เราเริ่มบทวิเคราะห์ JMT ด้วยคำแนะนำซื้อและเลือกเป็นหุ้นเด่นในกลุ่มการเงินจากการเป็นผู้นำในธุรกิจบริหารสินทรัพย์โดยเฉพาะอย่างยิ่งสินเชื่อรายย่อยประเภทไม่มีหลักทรัพย์ค้ำประกัน ราคาเป้าหมายปี 2023 ของเราที่ 60 บาทคิดเป็นค่า P/BV ที่ 3.3x เท่ากับค่า P/BV เฉลี่ย 5 ปีย้อนหลังพร้อมผลตอบแทนที่คาดว่าจะอยู่ที่ 32.9% ต่อปี (Upside 29.7% พร้อมผลตอบแทนในรูปแบบเงินปันผลที่คาดว่าจะอยู่ที่ 3.2% ต่อปี)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	21.7	20.1	(38.2)
Relative to country (%)	19.1	16.9	(35.7)
Mkt cap (USD m)	1,986		
3m avg. daily turnover (USD m)	18.6		
Free float (%)	21		
Major shareholder	JMART Pcl. (54%)		
12m high/low (THB)	78.75/32.50		
Issued shares (m)	1,460		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 31 สิงหาคม 2023

Investment thesis

We initiate coverage of JMT with a top BUY call in the sector due to:

- 1) JMT's leadership in the asset management business, especially unsecured retail loans, has a proven record of collecting and investing in bad debts (81% collected from the accumulated investment as of 1H23) for more than 18 years.
- 2) Solid 2023-25E net profit growth at 24% p.a. (CAGR), mainly from JMT, J AMC, and JK AMC, while expecting Jaymart Insurance to turn a profit from 2024 onward (in the process of studying to adopt the TFRS 17 – Insurance Contract early).
- 3) Its strong financial position and meagre gearing ratio reflects its substantial leverage potential.
- 4) A potential return of 32.9% p.a. (29.7% potential upside plus an expected dividend yield of 3.2% p.a.).

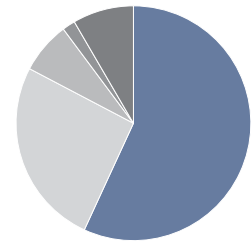
Company profile

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, 2022)

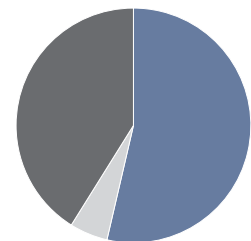
- Debt management - 59.0 %
- Gains from purchase of A/R - 26.8 %
- Debt collection - 7.4 %
- Net insurance income - (1.9) %
- Other income - 8.7 %



Source: JMT Network Services

Major shareholders

- JMART Pcl. - 53.6 %
- Thai NVDR - 5.3 %
- Others - 41.1 %



Source: JMT Network Services

Catalysts

- Higher-than-expected supply of bad debt;
- Lower-than-expected debt-purchasing price;
- Higher-than-expected cash collection from both debt management and debt tracking services;
- Faster-than-expected debt collection.

Risks to our call

Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses.

Event calendar

Date	Event
Mid-November 2023	3Q23 results announcement

Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Net profit	2,227	2,716	3,330
<i>Net profit growth (%)</i>	27.6	22.0	22.6
Cash collection	7,027	8,071	9,143
<i>Cash collection ratio (%)</i>	30	30	30
Purchase of A/R	23,422	26,903	30,477
<i>Growth (%)</i>	27.8	14.9	13.3
Cost to income (%)	17.0	17.0	17.0

Source: FSSIA estimates

Earnings sensitivity

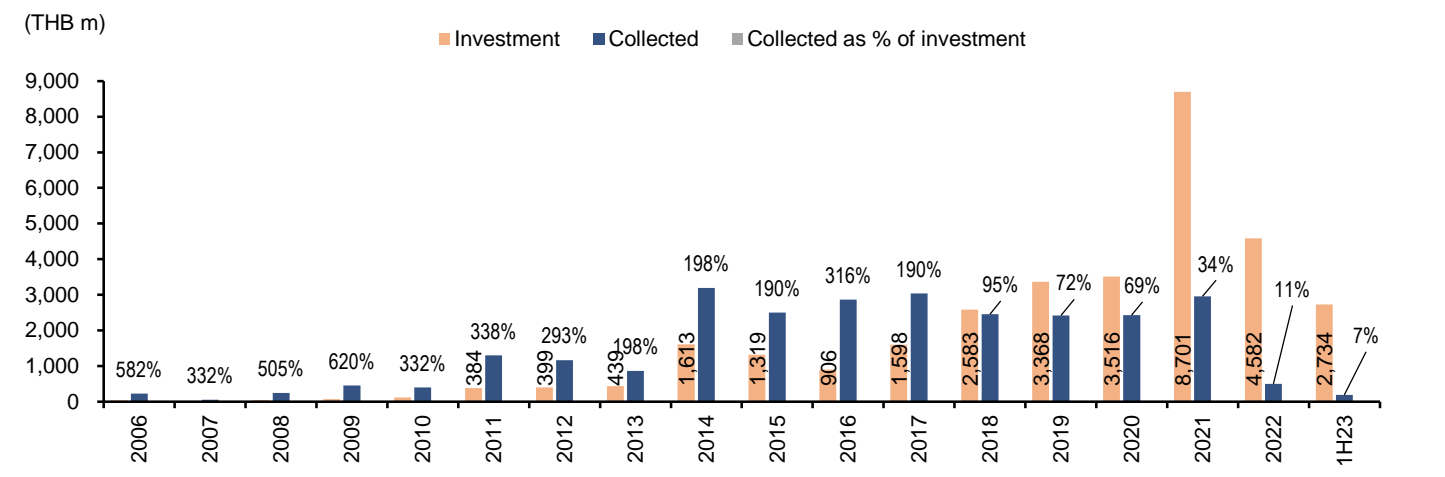
		----- 2023E -----		
Cash collection ratio	±1%	29.0	30.0	31.0
<i>% change in net profit</i>		(7.0)	-	+7.0
Cost to income	±1%	16.0	17.0	18.0
<i>% change in net profit</i>		+2.0	-	(2.0)

Source: FSSIA estimates

Debt-buying opportunities at a more reasonable price

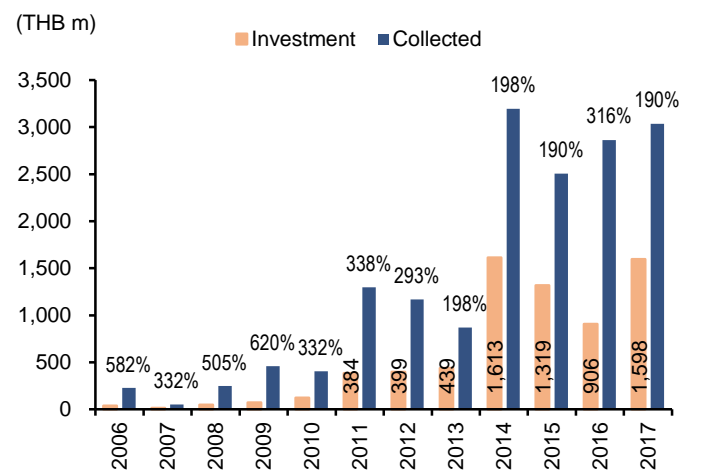
2023 is set to be an excellent year for JMT in the debt management business. Even though the company invested only THB4.13b in debts in 1H23, below its target of THB10b-15b, this is not a concern as the firm typically buys debt when it gets the desired return-IRR. If not, JMT will delay the purchase. We estimate total debt purchases in 2023 of THB11.6b (including JK Asset Management (JK AMC, not listed), the joint venture company between J Asset Management (J AMC, not listed; JMT's subsidiary; 49.99%) and Kasikorn Investure Co (KIV, not listed), Kasikornbank (KBANK TB, BUY)'s subsidiary (50.01%), most of which are unsecured).

Exhibit 1: Investment and collection since 2006 to 1H23



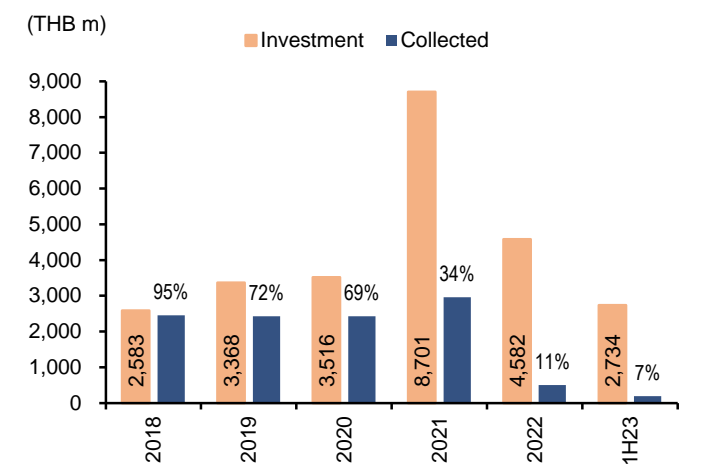
Sources: JMT; FSSIA's compilation

Exhibit 2: Investment with over 100% collection, 2006-2017



Sources: JMT; FSSIA's compilation

Exhibit 3: Investment with below 100% collection, 2018-1H23



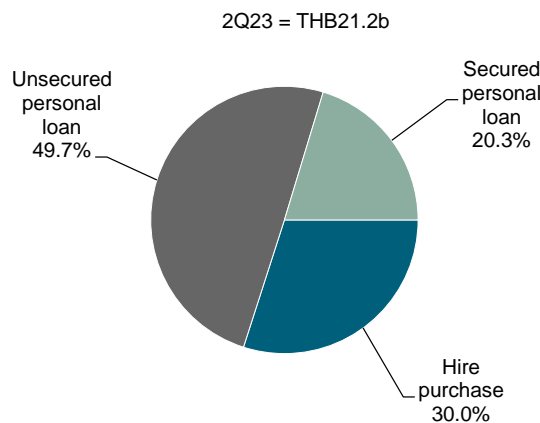
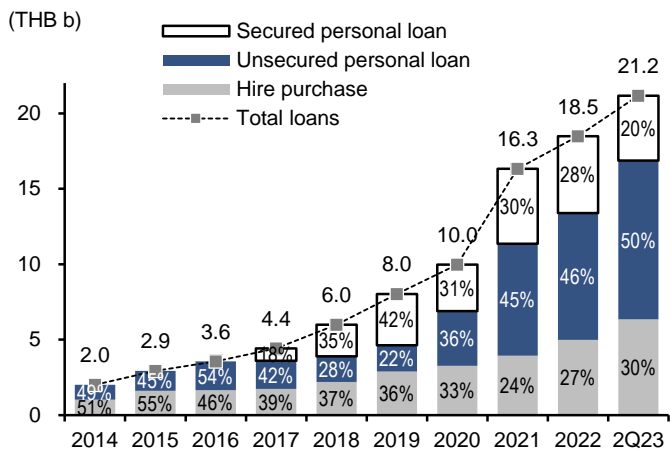
Sources: JMT; FSSIA's compilation

Investment

The average debt purchase value during 2018-22 ranged from 5-28% of the outstanding debt (face value). For 2021, the purchase value of around 28% was due to the Covid situation, causing the amount of debt sold by financial institutions to be low. When the situation returned to normal, there was a higher supply of debt in the market than usual (including the suspended volume during the Covid period), causing the purchase price to drop again. This was reflected in the 1H23 debt purchase value being as low as 3% of the outstanding debt purchase of THB137b (including JK AMC), most of which was 3-8 years overdue (consisting of litigation and unfiled debt). In 2Q23, JMT also purchased new debts with face values of cTHB60b, mostly unsecured loans.

Exhibit 4: Breakdown of loans receivable by collateral, 2014-1H23

Exhibit 5: Breakdown of loans receivable by collateral, 1H23



Sources: JMT; FSSIA's compilation

Sources: JMT; FSSIA's compilation

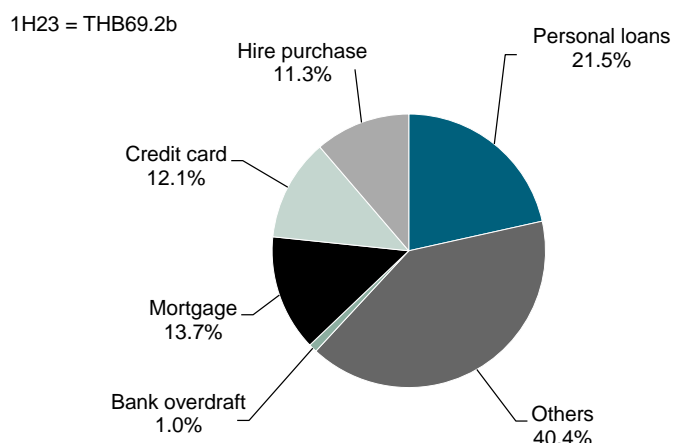
JK AMC, established in March 2022, has invested almost the entire amount of debt purchased of cTHB10b (funding from its capital) with debt under management equal to THB128b (equivalent to an average investment value of c8%), most of which was KBANK's debt. JK AMC's 3-year business plan (2023-25) projects a debt purchase amount of THB100b, but this was already achieved in 1H23. JK AMC can buy debt, both secured and unsecured loans. Moreover, there is a mutual agreement between JMT and JK AMC that they will not compete with each other in purchasing debt and separate the types of debt invested. KBANK will determine the debt purchase strategy and inform JMT to prepare the investment budget.

During 2022-1H23, JK AMC contributed a share of profit to JMT totalling THB361m, mainly weighted in 1H23, equal to THB264m (average of around THB130m/quarter), accounting for 36% of JMT's 1H23 net profit. JK AMC plans to buy more debts to manage in 2H23, but less than in 1H23. We expect debts under management to rise to THB140b by the end of 2023. The investments for debt purchases during 2H23 will mainly come from self-financing (the company also has credit lines from other financial institutions). Therefore, the 2H23E net profit should be relatively stable from 1H23.

Exhibit 6: Annual loans sold by banks and non-banks

Exhibit 7: 1H23 breakdown of loans sold by banks and non-banks

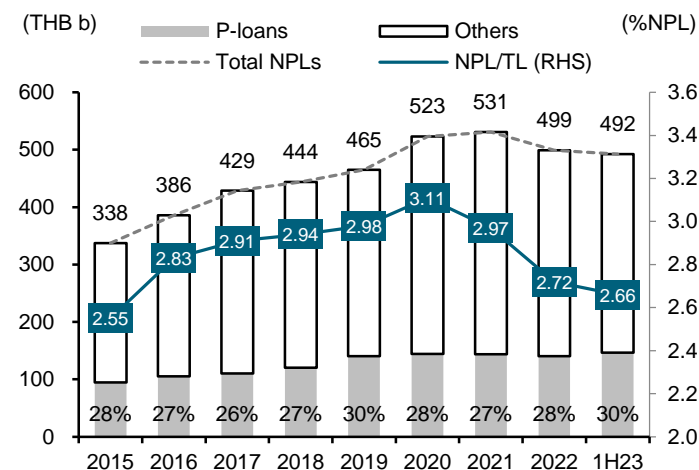
	2020 (THB m)	2021 (THB m)	2022 (THB m)	1H23 (THB m)	Total (THB m)
Personal loans	3,784	9,624	40,988	14,899	69,295
Others	11,970	18,498	26,799	27,946	85,213
Bank overdraft	5,379	3,970	1,628	693	11,670
Mortgage	8,277	6,244	21,146	9,510	45,177
Credit card	1,220	3,986	23,501	8,366	37,073
Hire purchase	9,462	14,473	7,182	7,806	38,923
Total	40,092	56,795	121,144	69,220	287,251



Source: National Credit Bureau

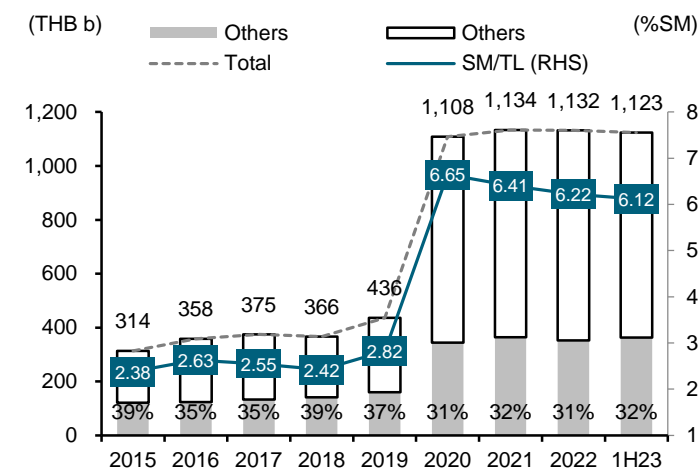
Source: National Credit Bureau

Exhibit 8: NPLs in Thailand's banking system



Sources: Bank of Thailand; FSSIA's compilation

Exhibit 9: Special mention loans in Thailand's banking system



Sources: Bank of Thailand; FSSIA's compilation

The Thai household debt figures were THB13.5t as of June 2023, stored in the National Credit Bureau (NCB) system, covering 32 million debtors who owe money to more than 135 Thai financial institutions, summarised as follows:

- 1) The non-performing loan (NPL) figures hit THB1t again in June 2023 at THB1.03t, representing 7.7% from 1Q23 at THB0.95t, which tends to increase continually, affected by the economic situation that has not yet fully recovered, including government aid measures that gradually expire by the end of 2023.

The NPLs comprise various segments such as car loans amounting to cTHB0.20t, housing loans worth cTHB0.18t, personal loans worth cTHB2.50b, credit card loans worth THB5.60b, and agricultural loans worth cTHB7.2b. Car loans have significantly increased by 18% y-y from June 2022.

- 2) Debt restructuring loans were at THB0.98t in June 2023 – an increase from THB0.80t at the end of 1Q23 from accelerating debt management according to the Bank of Thailand (BoT)'s measures.
- 3) Special mention loans (SM) – the debt that tends to become bad debt – declined to THB0.48t in June 2023 from THB0.60t at end-1Q23, with the key drag still being car loans totalling cTHB0.20t.

In addition, during 2020-1H23, financial institutions, including banks, state-owned specialised financial institutions, non-banks, hire-purchase businesses, and other institutions, gradually sold debts worth THB287b.

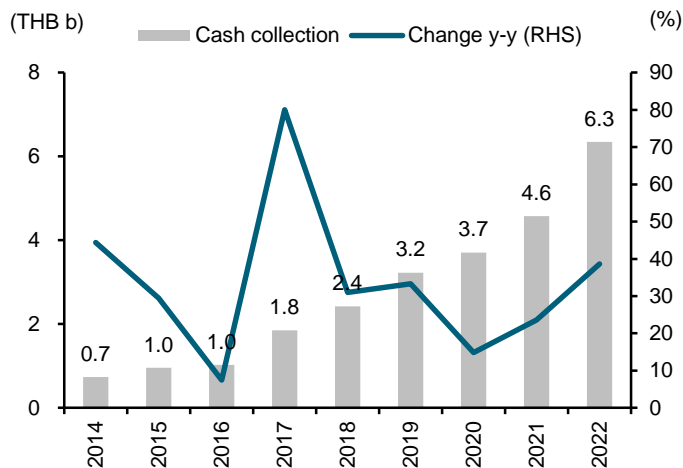
Specifically, in 1H23, financial institutions recorded more than THB69.2b in debt sales, with most transferred loans being other loans, followed by personal loans, housing loans, credit cards, and auto loans.

Referring to the NCB's data above, this should bode well for asset management companies (AMCs), especially JMT, which focuses on buying unsecured loans with good timing as financial institutions, both banks and non-banks, are accelerating their debt management. It is an excellent opportunity for the company to buy more debt at a reasonable price.

Cash collection

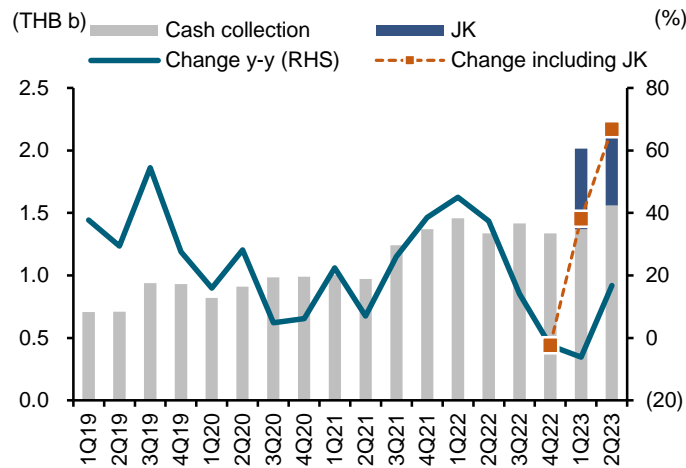
During 2014-1H23, JMT had an accumulated investment (debt purchases) of THB33.8b, 81% of which could be collected. Moreover, the company was able to entirely collect the debt purchased from 2014-17, with the amount collected exceeding the principal, ranging from 190-538%.

Exhibit 10: Annual cash collection



Source: JMT

Exhibit 11: Quarterly cash collection



Source: JMT

1H23 debt collection was well on track, with cash collected totalling THB4.24b – representing 47-53% of JMT’s 2023 target of THB8b-9b – despite being the low season for its business. 2Q23 cash collection hit a record high of THB1.56b. We expect 2023 cash collection equal to THB9.99b (including JK AMC), with 70% belonging to JMT.

The proportion of 1H23 cash collection (excluding JK AMC) transferred to revenue recognition was: 1) 46% of total collection recorded under the IRR method (revenue IRR – computed from the beginning of the accumulated investment multiplied with the expected IRR); and 2) gains on loans receivable from the purchase of account receivables (100% revenue), equivalent to 14% of the total collection; the remaining 40% was the amortisation from the beginning of the investment. However, it is worth noting that the more money the company collects, the more it will affect revenue recording in the "revenue IRR" portion in the next period.

The 1H23 cash collection was mainly from existing debts. The 2Q23 new debt acquisition with the face value of cTHB60b was mostly from the unsecured loans mentioned earlier, which JMT had partly collected in May-June 2023. Hence, we expect a solid 2H23 collection trend from existing and new debts acquired.

As for the debt collection business, at the end of 1H23, JMT recorded a sharp decrease in total debt collection outstanding at THB20.8b from THB37.7b at end-2022, partly due to a reduction in debt collection by KBANK, in our view. Since most contracted debt has a shorter maturity, this pushed the 1H23 success rate to a high of 26.2%, up from 12.2% in 2022, and resulted in a lower commission rate of 3.9% from 4.0% in 2022. We expect 2023 debt collection revenue of THB358m, increasing by 9.3% y-y, with expected debt tracking of THB32b.

Non-life insurance business expected to turn around from 2024

Jmart Insurance Plc (JI, not listed; JMT holds 72.96%), operated under JMT’s arm in 2018, has been operating at a net loss continuously. From the size of the business, it has yet to achieve economies of scale. Although JI has been trying to reduce insurance risk by taking out reinsurance at an average high of 38-62% of total premiums during 2018-22, it cannot cover the total underwriting expenses.

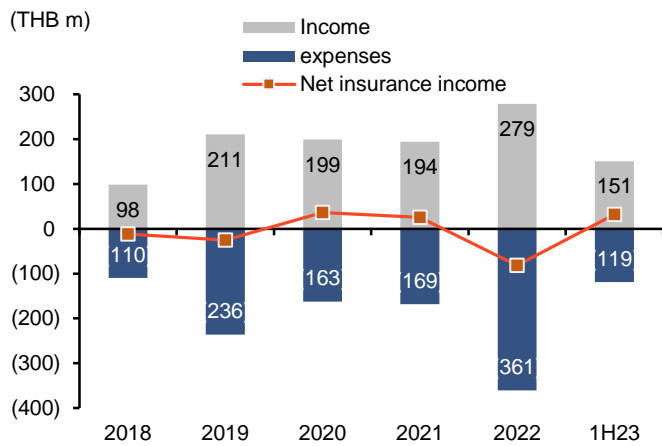
In addition, the disadvantage of the expense recording under the current accounting policy is that the company must entirely record costs incurred, especially commissions that vary in line with the insurance premiums sold. In contrast, JI must gradually recognise the underwriting income according to the criteria (1/24th system).

JI’s operations have had a brighter trend since 4Q22, as reflected by the performance of the insurance business shown as gains on the underwriting business. However, it still posted a modest net loss in 1H23 of THB4.20m (THB3.06m shared to JMT), with JMT expecting JI’s 2023 performance to just break even or be slightly positive.

JMT aims to expand the insurance business by using technology to enhance its services, increasing the number of customers, or adding an insurance plan with a damage rate that justifies shareholders' returns. Moreover, the company plans to increase the proportion of underwriting in the non-motor groups while utilising more of the group's distribution channels.

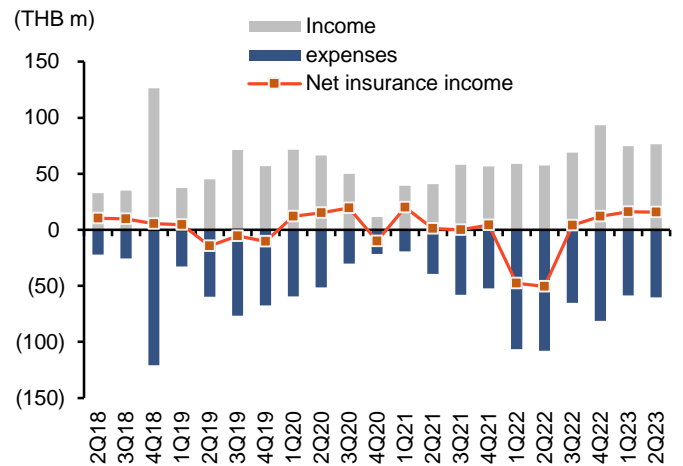
We expect JMT's net profit growth to be more solid from 2024 onward, mainly from the aggressive expansion of insurance revenue. Its management has an optimistic view for adopting TFRS 17, which is still under consideration and expected to make JMT's insurance plans more profitable than before.

Exhibit 12: Non-life insurance operating performance, 2018-1H23



Source: JMT

Exhibit 13: Non-life insurance operating performance, quarterly



Source: JMT

Strong financial position with substantial leverage potential

The debt-to-equity (D/E) ratio as of 1H23 was as low as 0.53x (interest-bearing debt-to-equity: IBD/E equals 0.44x), reflecting leverage to support substantial long-term growth. Based on our 2023-25 debt acquisition and cash collection projection, JMT's D/E ratio should rise to 0.94x, while its IBD/E should remain low at only 0.82x, far below the IBD/E debt covenants of not exceeding 3x, reducing concerns about the potential of a capital increase.

In addition, the company also issued warrants (JMT-W4) of 70.50m units (70.18m units currently outstanding) on 28 December 2021, with an exercise price of THB90 (THB89.76 after price adjusting) expiring on 27 December 2024 (3-year maturity). In the case that all of the rights are exercised, it could enhance JMT's equity of THB6.30b to support future expansion (not included in our forecast since the warrants are still out-of-the-money).

Exhibit 14: Financial position 2020-2025E

	2020	2021	2022	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Interest-bearing debt - short-term	50	300	0	0	0	0
Interest-bearing debt - long-term	7,250	7,206	9,368	16,662	19,431	22,500
Debt-to-equity (x)	1.49	0.47	0.47	0.71	0.82	0.94
Interest-bearing debt/equity (x)	1.28	0.39	0.41	0.64	0.73	0.82
Interest expenses	314	345	283	598	836	968
Average cost of funds (%)	4.80%	4.66%	3.35%	4.60%	4.63%	4.61%

Sources: JMT; FSSIA estimates

Solid 2H23 outlook; collection and earnings to hit a new high

2Q23 net profit hit a record high of THB551m, rising by 21.6% q-q and 27.2% y-y, mainly from the increase in debt collection revenue from the debt-buying business (revenue IRR: 68% of total revenue). In contrast, the 100% revenue group, or gains from debt collection that have been fully amortised (19% of total revenue), showed a q-q and y-y decrease in 2Q23. Income from the debt collection service business (7% of total revenue) also declined in line with the reduction in debt collection, but still delivered solid growth from 2Q22. 2Q23 insurance income slightly increased from 1Q23 but rose significantly from 2Q22, aligning with its strategy of adding an insurance plan with justified risk-reward products. However, the insurance operating performance still posted a minor net loss in the quarter due to the impact we mentioned earlier.

The 2Q23 gross margin rose to 70.29% (excluding the insurance business, the gross margin was 73.51%, the highest during the past 1.5 years). The 2Q23 cost-to-income ratio was 15.71%, lower than 1Q23's due to the low season effect. Hence, the 2Q23 net margin was also impressive at 44.10%, which rose from 39.40% in 1Q23 and 39.85% in 2Q22. 1H23 net profit was THB1b, significantly jumping by 25.5% y-y and accounting for 45% of our 2023 earnings forecast.

We expect the positive trend to continue in 2H23 with 2023E net profit growth of 27.6% y-y, supported by the debt-buying business from a large amount of purchased debt in 1H23. Collection has started for the 1H23 purchase and revenue has been recorded since 2Q23, which should yield greater benefits in 2H23. While debt purchases continue as planned, 1H23 debt buying was still below target. We expect an acceleration in 2H23 from a larger supply of bank and non-bank NPLs, expected due to aggressive debt restructuring to reduce NPLs.

We project 2024-25E net profit growth of 22.0% y-y and 22.6% y-y, mainly driven by the debt-buying business under the assumption of annual investment and collection, as shown in Exhibit 15.

Exhibit 15: Investment and cash collection, 2018-2025E

	2018	2019	2020	2021	2022	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Investment	2,583	3,368	3,516	8,701	4,582	6,000	6,000	6,000
Accumulated investment	6,055	8,125	10,383	17,390	19,912	23,422	26,903	30,477
Loan receivable from purchase of A/R	5,889	7,921	9,834	16,382	18,322	23,422	26,903	30,477
Cash collection	2,419	3,225	3,704	4,578	6,345	7,027	8,071	9,143
Outstanding debt under management, accumulated (including JK AMC)	145,558	174,490	207,051	238,212	331,410	491,410	571,410	646,410

Sources: JMT; FSSIA estimates

Exhibit 16: Summary of quarterly operations

	2Q22	3Q22	4Q22	1Q23	2Q23	---- Change ----		----- 1H23 -----			2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	%23E	(THB m)	(y-y%)
Total revenue	1,087	1,101	1,142	1,150	1,250	8.7	14.9	2,399	10.8	46.0	5,216	18.3
Cost of services	(375)	(336)	(401)	(370)	(371)	0.3	(1.1)	(741)	2.6	57.8	(1,281)	(12.2)
Gross profit	712	765	742	780	878	12.6	23.4	1,658	14.8	42.1	3,935	33.4
Other income	1	6	22	20	24	22.6	n.m.	44	42.6	52.9	83	40.5
Operating expenses	(196)	(175)	(242)	(187)	(196)	4.8	(0.0)	(384)	3.0	43.2	(887)	12.3
Share of profit from subsidiaries	(0)	35	63	134	130	(3.1)	n.m.	263	n.m.	52.6	500	411.4
Expected credit loss	1	(93)	59	(113)	(57)	(49.6)	n.m.	(170)	53.4	47.9	(355)	145.4
Financial cost	(66)	(51)	(94)	(95)	(109)	14.9	65.7	(204)	48.6	34.1	(598)	111.4
Profit before tax	451	486	550	538	670	24.5	48.4	1,207	41.3	45.1	2,678	41.7
Income tax	(48)	(35)	(63)	(81)	(95)	17.0	100.1	(177)	59.3	44.0	(402)	92.5
NCI	(30)	(4)	(3)	3	23	583.8	n.m.	27	n.m.	53.3	50	(178.2)
Net profit	433	456	490	453	551	21.6	27.2	1,004	25.5	45.1	2,227	27.6
EPS (THB)	0.30	0.31	0.34	0.31	0.38	21.6	27.1	0.69	25.4	45.1	1.53	27.5
Normalised profit	433	456	490	453	551	21.6	27.2	1,004	25.5		2,227	27.6
Norm EPS (THB)	0.30	0.31	0.34	0.31	0.38	21.6	27.1	0.69	25.4		1.53	27.5
Key ratios	(%)	(%)	(%)	(%)	(%)			(%)		(%)	(%)	
Cost-to-income ratio	18.05	15.89	21.20	16.28	15.71			15.98			17.00	
ECL/revenue from debt management	(0.13)	14.40	(8.71)	15.62	6.70			10.80			10.83	
Gross margin	65.47	69.46	64.93	67.82	70.29			69.11			75.44	
Gross margin (x insurance)	74.03	73.72	69.56	71.05	73.51			72.33			79.00	
Average cost of funds	4.68	4.03	5.11	4.41	4.44			4.90			4.60	
Net margin	39.85	41.38	42.87	39.40	44.10			41.85		3.06	38.39	
ROE	7.73	8.04	8.60	7.34	8.41			8.23			9.05	
ROA	5.97	6.37	6.26	5.12	5.69			5.82			0.06	
D/E (x)	0.25	0.27	0.47	0.38	0.53			0.53			0.71	
Interest bearing debt/equity (x)	0.21	0.24	0.41	0.29	0.44			0.44			0.64	

Sources: JMT; FSSIA estimates

Exhibit 17: Revenue breakdown

	2Q22	3Q22	4Q22	1Q23	2Q23	---- Change ----		----- 1H23 -----			2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	%23E	(THB m)	(y-y%)
Total revenue	1,087	1,101	1,142	1,150	1,250	8.7	14.9	2,399	10.8	46.0	5,216	18.3
<i>Debt collection</i>	75	82	102	94	84	(10.2)	12.3	178	23.7	49.7	358	9.5
<i>Debt management</i>	649	646	681	724	851	17.5	31.1	1,575	22.3	48.1	3,276	25.3
<i>Gain on loans receivable from purchase of A/R</i>	306	303	266	257	238	(7.5)	(22.2)	495	(19.9)	39.3	1,261	6.2
<i>Insurance income</i>	58	69	93	75	76	2.1	32.6	151	29.6	47.1	321	15.0
<i>Dividend income</i>	0	1	0	0	0	n.m.	n.m.	0	0		0	nm
Cost of services	(267)	(271)	(319)	(311)	(311)	(0.1)	16.2	(622)	22.6	60.5	(1,028)	(6.4)
Insurance expense	(108)	(65)	(81)	(59)	(60)	2.9	(44.1)	(119)	(44.5)	47.0	(253)	(29.8)
Gross profit	712	765	742	780	878	12.6	23.4	1,658	14.8	42.1	3,935	33.4

Sources: JMT; FSSIA estimates

Initiate with a top BUY call as an AMC leader in Thailand

We initiate coverage of JMT with a top BUY call in the finance sector from its leadership in the asset management business, especially unsecured retail loans, with a proven record of collecting and investing in bad debts (81% collected from the accumulated investment as of 1H23) for more than 18 years. We believe 2023-24 will be golden years for JMT to cherry-pick bad debts at more reasonable prices. Our 2023 TP of THB60 implies a P/BV of 3.3x, based on its five-year average P/BV.

Exhibit 18: Peers comparison as of 30 August 2023

Company name	BBG code	Price (THB)	Target (THB)	Upside (%)	Market Cap. (USD b)	PE		PBV		ROE		Div yld	
						23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
JMT Network Services*	JMT TB	47.75	60.00	25.7	1,986	31.3	25.7	2.7	2.6	9.0	10.3	2.6	3.1
Bangkok Commercial AM	BAM TB	12.10	n/a	n/a	1,117	16.1	14.6	0.9	0.9	5.4	5.8	4.1	4.4
Chayo Group	CHAYO TB	8.00	n/a	n/a	255	23.3	22.7	1.9	1.8	9.8	8.1	1.4	1.8
Knight Club Capital AM	KCC TB	6.15	n/a	n/a	109	34.2	23.7	3.2	2.8	9.6	12.4	n/a	n/a
Average					3,467	26.2	21.6	2.2	2.0	8.4	9.1	2.7	3.1

Sources: Bloomberg consensus; *FSSIA estimates

Corporate Governance and ESG – JMT

Board structure, 2022

Independent Directors (ID)	3/7 of board members, one female
Percentage of IDs on the board	42.9%
ID attendance at board meetings	100%

Audit Practices

Auditor	EY Office Limited
Fee track record	THB6.9m in 2022, and THB6.14m in 2021

ESG and sustainability management

Mission – leader in debt management, to provide the most satisfactory quality services to earn customer’s lifetime loyalty, mind good governance with responsibility towards shareholders, business partners, employees and society.

JMT was established in 1994 to provide services for tracking and collection of debts, sue to investigate property and execute court judgements across Thailand. Given its experience, expertise and business synergy with its parent JMART group, JMT has gradually expanded its businesses into distressed debt management, insurance business, and insurance brokerage.

E/S/G	Materiality matrix	Operations and practices
Economic & sustainable operation	Debt collection business	Key customers are employers, both financial institutions and entrepreneurs. Services in monitoring and expediting debt repayment are by both phone and field collectors and may extend to legal work on suing and investigating. JMT’s collection debts are mostly consumer finance, value worth THB37.7b at end of 2022. The collection period varied upon type of debt, ranging 6 to 9 months or when the hiring contract expires. The contract may be extended should the process be ongoing. Debt collection revenues are determined by the success rate, which will be based on the service rates. Success rates in collecting debt are varied but fairly earned; e.g. long overdue debts with a low success rate provides a high service charge rate. Currently, the success rate of c3-4% has a service fee of c15-24% of the amount collected.
	Debt management business	JMT purchases non-performing debt from financial institutions and other business operators. For debt auctions, the company will research information on non-performing debts, mostly involving debt type and overdue periods in order to propose bidding prices, which will be determined in terms of ratio to debt value or specific amount. After winning a bid, the company will firstly investigate debt details such as loan agreements, aging and debtor information to summarise the transferring list. The transferring debt is an asset item, booked as investment in loans receivable from purchase of accounts receivable. Debt will be managed and collected thereafter. JMT normally bids for the debt auction in which it specialises (determining by similar characteristics, success rate and expenses over the target collected period rate of investment return). The company will monitor debt management and collection on a quarterly basis. If the collection falls short of estimates; 1) appropriate measures will be in place to stimulate collection; 2) setting aside provisions; and 3) adjusting the collection to fit the current situation.
	Insurance brokerage	As a broker, the company earns commissions from selling different types of insurance, both life and non-life, with related operational expenses.
	Competition	JMT’s experience of more than 20 years in this industry is the key advantage to auction bidding, collection process improvement, and improving management for success rates and better fee rates. The company has well-managed and trained human resources and provides easy-to-access payment services. JMT is aware of the downside on increasing success rates and therefore considerably invests in efficient and reliable collection processes in accordance with the type of debt and regulation, on the contrary to many legal-service-based competitors that sue to collect debts. For the non-life insurance business, competition is intense from higher demand in relation to increasing car supplies and ease of entry. JMT differentiates itself from its peers by re-organising the firm to create synergy and an ecosystem within the JMART group and implements InsurTech - adopting AI, Blockchain, Data Analytics, Cloud Computing, AR/VR, and IoT - to collect and systematically analyse consumer behaviour to create products that meet real and current demand.
Cooperate Governance	IT security	JMT has an information security management system policy effective since 2022, established to align with the related standards, ISO/IEC 27001:2013. The system has been strategically designed 1) for flexibility to adapt with changes and practical use; 2) using the risk-based approach in order to protect from potential threats and possible impacts; and 3) to be user friendly to maximise the benefit of the system with appropriate trading to fit the level and responsibility of users. The key principles of the IT management include: - Confidential – no disclosure to non-related systems, humans, and/or departments - Integrity – to ensure correctness of information, no amendment and misuse, and ability to investigate information before use - Availability – ready-to-use information
	Fair and equitable treatment	JMT adopted the Stock Exchange of Thailand’s Good Corporate Governance guidance founded on the five key governance principles of integrity, fairness, transparency, responsibility, and accountability of management in order to protect the rights of shareholders, provide equitable treatment to all stakeholders, and disclose information for transparency.
Social	Human rights	JMT supports and follows the Universal Declaration of Human Rights - UDHR, (United Nations Global Compact - UNGC), United Nations Guiding Principles on Business and Human Rights - UNGP, and the international Labor Organization Declaration on Fundamental Principles and Rights at work – ILO. Operational framework applies not only to the company, but also related business parties, contractor, and suppliers.
	Jaii-Dee Application	The app is a communication medium with customers, not only for viewing customer’s own information and to be an online payment channel, it also acts as a debt consultant.
Environment	Adopt and communicate	JMT establishes policies inside-out by encouraging employees to conserve the environment and follow the company’s guidance to reduce activities that will cause adverse effects on the environment. The company sets strict measures to abide by law and related environmental standards in managing to reduce and utilise energy and manage utilities more efficiently.
Awards and recognitions	SET Awards 2021	Mr. Suthirak Traichiraporn, CEO of JMT, received the "Outstanding Young Rising Star CEO Award"
	Business Excellence	Mr. Suthirak Traichiraporn, CEO of JMT, received the "Outstanding Young Rising Star CEO Award 2020"

Sources: JMTnetwork.co.th; [JMT’s 2022 One report](#); FSSIA compilation

Financial Statements

JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	3,130	3,803	4,537	5,552	6,716
Interest expense	(345)	(283)	(598)	(836)	(968)
Net interest income	2,785	3,520	3,939	4,716	5,749
Net fees & commission	26	(82)	67	104	135
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	332	386	441	440	465
Non interest income	357	304	508	545	601
Total income	3,143	3,825	4,448	5,261	6,350
Staff costs	(865)	(1,098)	(1,028)	(1,238)	(1,484)
Other operating costs	(601)	(789)	(887)	(1,073)	(1,293)
Operating costs	(1,466)	(1,888)	(1,915)	(2,311)	(2,777)
Pre provision operating profit	1,676	1,937	2,533	2,950	3,572
Expected credit loss	(56)	(145)	(355)	(428)	(488)
Other provisions	-	-	-	-	-
Operating profit	1,620	1,792	2,178	2,522	3,085
Recurring non operating income	0	98	500	738	904
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	1,620	1,890	2,678	3,260	3,988
Tax	(241)	(209)	(402)	(489)	(598)
Profit after tax	1,379	1,682	2,277	2,771	3,390
Non-controlling interest	21	64	(50)	(55)	(61)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,400	1,746	2,227	2,716	3,330
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,400	1,746	2,227	2,716	3,330
Per share (THB)					
Recurring EPS *	1.02	1.20	1.53	1.86	2.28
Reported EPS	1.02	1.20	1.53	1.86	2.28
DPS	0.82	1.08	1.22	1.49	1.82
Growth					
Net interest income (%)	20.3	26.4	11.9	19.7	21.9
Non interest income (%)	(12.6)	(14.9)	67.1	7.1	10.3
Pre provision operating profit (%)	18.6	15.6	30.8	16.5	21.1
Operating profit (%)	33.9	10.6	21.5	15.8	22.3
Reported net profit (%)	33.7	24.7	27.6	22.0	22.6
Recurring EPS (%)	(4.5)	16.8	27.5	22.0	22.6
Reported EPS (%)	(4.5)	16.8	27.5	22.0	22.6
Income Breakdown					
Net interest income (%)	88.6	92.0	88.6	89.6	90.5
Net fees & commission (%)	0.8	(2.1)	1.5	2.0	2.1
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	10.6	10.1	9.9	8.4	7.3
Operating performance					
Gross interest yield (%)	23.88	21.92	21.74	22.06	23.41
Cost of funds (%)	4.66	3.35	4.60	4.63	4.61
Gross margin (%)	71.48	66.91	75.44	75.43	75.15
Gross margin (x insurance) (%)	74.78	73.42	79.00	79.00	79.00
Cost/income(%)	16.58	17.90	17.00	17.00	17.00
ECL to debt management revenue (%)	2.70	5.53	10.83	10.35	9.49
Effective tax rate (%)	14.9	11.0	15.0	15.0	15.0
Dividend payout on recurring profit (%)	80.1	90.3	80.0	80.0	80.0
ROE (%)	11.3	8.3	9.0	10.3	12.3
ROE - COE (%)	0.5	(2.5)	(1.8)	(0.5)	1.5
ROA (%)	6.5	5.4	5.7	5.8	6.5
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	2021	2022	2023E	2024E	2025E
Gross customer loans	16,382	18,322	23,422	26,903	30,477
Allowance for expected credit loss interest in suspense	-	-	-	-	-
Net customer loans	16,382	18,322	23,422	26,903	30,477
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	2,080	2,797	2,464	1,938	1,619
Other interesting assets	-	-	-	-	-
Tangible fixed assets	194	226	249	274	301
Associates	-	-	-	-	-
Goodwill	144	112	124	136	150
Other intangible assets	165	106	120	130	140
Other assets	9,071	12,299	19,386	20,206	21,283
Total assets	28,036	33,862	45,765	49,587	53,970
Customer deposits	-	-	-	-	-
Bank deposits	300	0	0	0	0
Other interest bearing liabilities	7,206	9,368	16,662	19,431	22,500
Non interest bearing liabilities	1,453	1,405	2,080	2,550	3,154
Hybrid Capital	-	-	-	-	-
Total liabilities	8,959	10,773	18,742	21,981	25,655
Share capital	684	730	730	730	730
Reserves	18,348	22,287	25,483	26,026	26,692
Total equity	19,032	23,016	26,213	26,756	27,422
Non-controlling interest	46	72	810	851	893
Total liabilities & equity	28,036	33,862	45,765	49,587	53,970
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	13,108	17,352	20,872	25,163	28,690
Average interest bearing liabilities	7,403	8,437	13,015	18,046	20,966
CET 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	13.92	15.77	17.96	18.33	18.79
Tangible book value per share	13.69	15.62	17.79	18.15	18.59
Growth					
Gross customer loans	66.6	11.8	27.8	14.9	13.3
Average interest earning assets	47.7	32.4	20.3	20.6	14.0
Total asset (%)	96.5	20.8	35.2	8.4	8.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	67.9	68.0	57.3	54.0	50.8
D/E (x)	0.47	0.47	0.71	0.82	0.94
IBD/E (x)	0.39	0.41	0.64	0.73	0.82
IBD / total debt (x)	0.84	0.87	0.89	0.88	0.88
S/T debt / IBD (%)	4.00	0.00	0.00	0.00	0.00
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	-	-	-	-	-
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	46.6	39.9	31.3	25.7	20.9
Recurring P/E @ target price (x) *	58.6	50.2	39.3	32.2	26.3
Reported P/E (x)	46.6	39.9	31.3	25.7	20.9
Dividend yield (%)	1.7	2.3	2.6	3.1	3.8
Price/book (x)	3.4	3.0	2.7	2.6	2.5
Price/tangible book (x)	3.5	3.1	2.7	2.6	2.6
Price/tangible book @ target price (x)	4.4	3.8	3.4	3.3	3.2

Sources: JMT Network Services; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

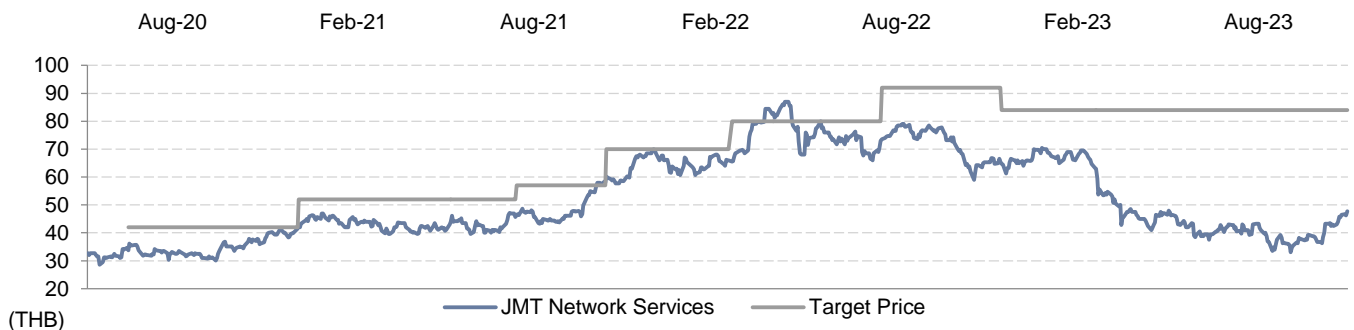
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

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History of change in investment rating and/or target price

JMT Network Services (JMT TB)



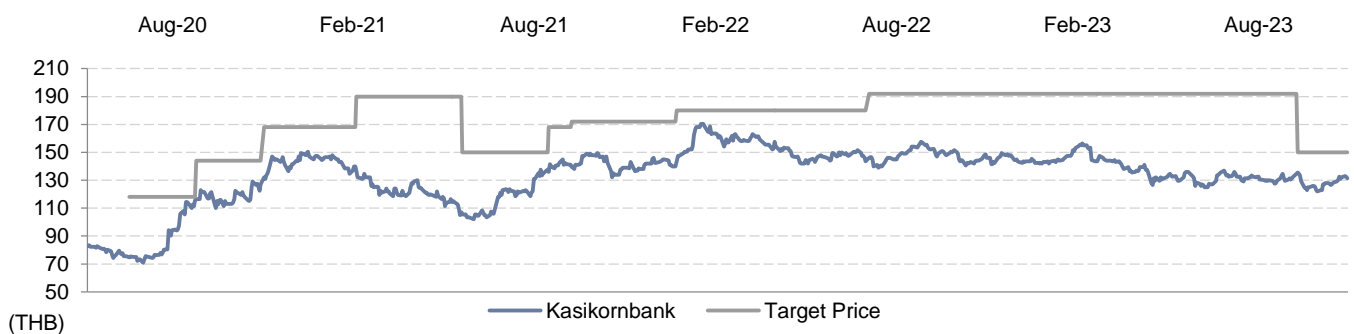
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	42.00	24-Nov-2021	BUY	70.00	02-Nov-2022	BUY	84.00
02-Mar-2021	BUY	52.00	11-Mar-2022	BUY	80.00			
07-Sep-2021	BUY	57.00	21-Jul-2022	BUY	92.00			

Usanee Liurut, CISA started covering this stock from 31-Aug-2023

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
06-Oct-2020	BUY	118.00	22-Jul-2021	BUY	150.00	08-Jul-2022	BUY	192.00
03-Dec-2020	BUY	144.00	05-Oct-2021	BUY	168.00	17-Jul-2023	BUY	150.00
29-Jan-2021	BUY	168.00	25-Oct-2021	BUY	172.00			
21-Apr-2021	BUY	190.00	24-Jan-2022	BUY	180.00			

Usanee Liurut, CISA started covering this stock from 17-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 47.75	BUY	Downside risks to our P/BV-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 131.50	BUY	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses.

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 30-Aug-2023 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.