

JMT NETWORK SERVICES  
THAILAND / FINANCE & SECURITIES

## JMT TB

HOLD

FROM BUY

## ปรับลดประมาณการจากแนวโน้มที่ไม่สดใส

- เรามีมุมมองเชิงลบมากขึ้นเกี่ยวกับธุรกิจของ JMT ในช่วง 4Q23 จากแนวโน้มการเก็บเงินสดที่มีความเปราะบางอย่างต่อเนื่อง
- เราปรับลดประมาณการกำไรสุทธิปี 2023-2025 ลง 8.8-16.4% เพื่อสะท้อนการเก็บเงินสดที่แย่ลงซึ่งทำให้ได้การเติบโตของกำไรสุทธิเฉลี่ยที่ 16.8% ต่อปี
- เราปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมายปี 2024 ที่ 30.50 บาท

TARGET PRICE	THB30.50
CLOSE	THB27.00
UP/DOWNSIDE	+13.0%
PRIOR TP	THB60.00
CHANGE IN TP	-49.2%
TP vs CONSENSUS	-39.0%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	1,792	1,975	2,106	2,442
Net profit	1,746	2,054	2,362	2,783
EPS (THB)	1.20	1.41	1.62	1.91
vs Consensus (%)	-	(3.9)	(8.7)	(15.6)
Recurring net profit	1,746	2,054	2,362	2,783
Core EPS (THB)	1.20	1.41	1.62	1.91
Chg. In EPS est. (%)	-	(7.8)	(13.0)	(16.4)
EPS growth (%)	16.8	17.6	15.0	17.8
Core P/E (x)	22.6	19.2	16.7	14.2
Dividend yield (%)	4.0	4.2	4.8	5.6
Price/book (x)	1.7	1.5	1.5	1.4
ROE (%)	8.3	8.3	8.9	10.3
ROA (%)	5.4	5.6	5.6	6.0

## แนวโน้มการเก็บเงินสดได้รับผลกระทบจากเศรษฐกิจที่ไม่เอื้ออำนวย

ที่ประชุมนักวิเคราะห์ของ JMT มุ่งเน้นเกี่ยวกับการลดลงของการเก็บเงินสดใน 3Q23 บริษัทฯ อธิบายว่าปัจจัยดังกล่าวกระทบพอร์ตสินเชื่อประเภทมีหลักทรัพย์ค้ำประกันเนื่องจากธนาคารพาณิชย์เข้มงวดในการปล่อยสินเชื่อมากขึ้นซึ่งทำให้เป็นเรื่องยากที่ลูกค้าของบริษัทฯ โดยเฉพาะอย่างยิ่งกลุ่มเสี่ยง (ประมาณ 10% ของสินเชื่อประเภทมีหลักทรัพย์ค้ำประกันรวม) ในการปิดบัญชีหรือชำระหนี้ให้แก่บริษัทฯ ตามที่คาดการณ์ไว้ JMT คิดว่าสถานการณ์ดังกล่าวอาจยืดเยื้อไปจนกว่าสถานการณ์ทางเศรษฐกิจโดยรวมจะเปลี่ยนไปในทางที่เป็นบวกมากยิ่งขึ้น อย่างไรก็ตามแนวโน้มการเก็บเงินสดกำลังปรับขึ้นใน 4Q23 จากผลของปัจจัยด้านฤดูกาล JMT ยอมรับว่าอาจเป็นเรื่องยากที่บริษัทฯ จะบรรลุเป้าหมายการเก็บเงินสดในปี 2023 ที่ 8-9 พัน ลบ. ภายใต้สถานการณ์ในปัจจุบัน

## กำไร 3Q23 ต่ำกว่าที่ตลาดคาด 7%

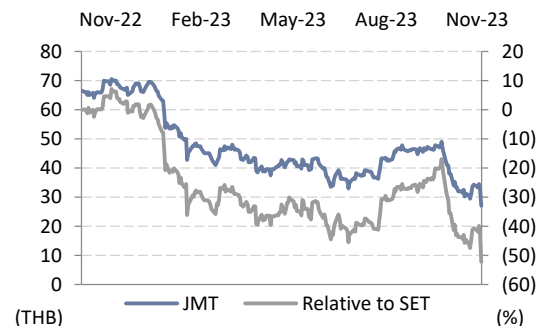
JMT รายงานกำไรสุทธิ 3Q23 อยู่ที่ 466 ลบ. ลดลง 15.4% q-q แต่เพิ่มเล็กน้อยที่ 2.4% y-y โดยมีปัจจัยสำคัญประกอบด้วย 1) การเพิ่มของผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) เป็น 167 ลบ. ส่วนมากจากส่วนต่างระหว่างตัวเลขเงินสดที่เก็บได้จริงกับประมาณการสำหรับสินเชื่อประเภทมีหลักทรัพย์ค้ำประกันที่ซื้อ (หมายเหตุ JMT มักจะกลับรายการ ECL ในไตรมาสที่ 2 และ 4 ของทุกปี) และ 2) การลดลงของกำไรจากเงินให้สินเชื่อจากการซื้อลูกหนี้ (16% ของรายได้รวม) อย่างไรก็ตามรายได้จากธุรกิจการซื้อหนี้ (IRR: 72% ของรายได้รวม) ยังโตที่ 10.2% q-q และ 45.2% y-y ในขณะที่รายได้จากธุรกิจให้บริการติดตามหนี้ (7% ของรายได้รวม) ก็รายงานการเติบโต q-q และ y-y

## ปรับลดประมาณการกำไรสุทธิปี 2023-25 เพื่อสะท้อนการเก็บเงินสดที่แย่ลง

เราปรับลดประมาณการกำไรสุทธิปี 2023-2025 ลง 8.8-16.4% เพื่อสะท้อนการเก็บเงินสดที่ลดลง (ดู Exhibit 1) ซึ่งทำให้การเติบโตของกำไรสุทธิลดลงเหลือ 16.8% CAGR จาก 24.0% ธุรกิจบริหารหนี้ยังคงเป็นปัจจัยหนุนการเติบโตในปี 2024 โดยมีหนึ่งค้ำกายใต้การบริหารหนี้ 9M23 (รวม JK AMC) อยู่ที่ 499 พัน ลบ.

## ปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมายปี 2024 ที่ 30.50 บาท

เราปรับลดคำแนะนำเป็นถือจากซื้อจากแนวโน้มที่ไม่สดใสและความชัดเจนในด้านกำไรที่ลดลง ราคาเป้าหมายปี 2024 ของเรา (-2SD ของค่า P/BV เฉลี่ย 5 ปี) อยู่ที่ 30.50 บาท (เทียบกับราคาเป้าหมายปี 2023 ที่ 60 บาท)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(34.1)	(32.5)	(58.6)
Relative to country (%)	(32.0)	(25.5)	(51.8)
Mkt cap (USD m)	1,098		
3m avg. daily turnover (USD m)	18.8		
Free float (%)	21		
Major shareholder	JMART Pcl. (54%)		
12m high/low (THB)	71.25/26.50		
Issued shares (m)	1,460		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928  
usanee.l@fssia.com, +66 2646 9967

Maeta Cherdasatirakul

Research Assistant  
maeta.c@fssia.com, +66 2646 9971

### Investment thesis

We have cut our 2023-25 net profit forecast and downgraded our recommendation to HOLD from BUY due to:

- 1) Disappointing 3Q23 net profit growth due mainly to less cash collection from the secured loan segment.
- 2) The vulnerability of the cash collection outlook could prolong until the economic recovery is prominent.
- 3) The 2023-25 net profit growth forecast decreases to 16.8% p.a. from 24.0% p.a.

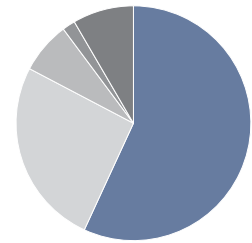
### Company profile

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

### Principal activities (revenue, 2022)

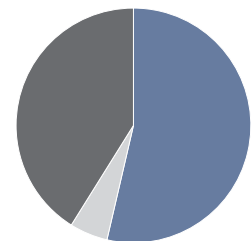
- Debt management - 59.0 %
- Gains from purchase of A/R - 26.8 %
- Debt collection - 7.4 %
- Net insurance income - (1.9) %
- Other income - 8.7 %



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. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense

### Event calendar

Date	Event
22-23 Feb 2024	2023 result announcement

### Key assumptions

	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)
Net profit	2,054	2,362	2,783
Growth (%)	18	15	18
Cash collection	7,564	9,351	10,993
Cash collection ratio (%)	29	29	29
Purchase of A/R	23,406	26,718	30,085
Growth (%)	28	14	13
Cost to income (%)	17	17	17

Source: FSSIA estimates

### Earnings sensitivity

		----- 2024E -----		
<b>Cash collection ratio</b>	<b>±1%</b>	<b>29.0</b>	<b>30.0</b>	<b>31.0</b>
% change in net profit		(7.0)	-	8.0
<b>Cost to income</b>	<b>±1%</b>	<b>16.0</b>	<b>17.0</b>	<b>18.0</b>
% change in net profit		2.0	-	(2.0)

Source: FSSIA estimates

### 3Q23 profit was 7% below BBG consensus

JMT reported a 3Q23 net profit of THB466m, dropping by 15.4% q-q but increasing slightly by 2.4% y-y. Key drags were from 1) an increase in ECL to THB167m due mainly to the difference between actual and expected cash collections for the secured loans purchased (Note: JMT tends to reverse its ECL in the second and fourth quarters of each year) and 2) a decrease in gains on loans receivable from the purchases of accounts receivable (16% of total revenue).

However, revenue from the debt-buying business (IRR: 72% of total revenues) still showed an impressive growth of 10.2% q-q and 45.2% y-y. Meanwhile, income from the debt collection service business (7% of total revenue) also delivered a q-q and y-y growth (details have not been disclosed).

#### Highlights

- (0) **Insurance business (JI – JMT holds 72.96%):** 3Q23 insurance income slightly increased q-q and jumped y-y. However, the unit still posted a minor net loss in the quarter due to an impact of the current accounting standard to book commission expenses in one go.
- (-) **Gross and net margins:** The 3Q23 gross margin eased to 70.06% from 70.29% in 2Q23 (excluding the insurance business, the gross margin was 73.70%, the highest in the past 1.75 years). Given economies of scale, the 3Q23 cost-to-income ratio was at its two-year trough at 15.64%. However, the 3Q23 net margin was disappointing at 35.61%, down from 44.10% in 2Q23 from the acceleration of ECL. 9M23 net profit was THB1.47b, jumping by 17.0% y-y, sharply below the 2023 guidance of 25-30% y-y and our forecast of 27.5% y-y, accounting for 72% of our full-year forecast.
- (-) **Cash collection:** 3Q23 cash collection was merely THB1.33b (-6.7% q-q, -6.1% y-y), sharply below market expectation. 9M23 cash collection was THB4.26b (-3.7% y-y), far below JMT's 2023 guidance of THB8-9b.
- (-) **Debt investment:** JMT purchased THB2.29b of accounts receivable in 3Q23, pushing 9M23 debt investment to THB6.38b. However, it is far below its 2023 guidance of THB10-15bn and our forecast of THB11b.

#### Exhibit 1: 2023-25E earnings revision

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Net profit	2,054	2,362	2,783	2,227	2,716	3,330	-7.8%	-13.0%	-16.4%
Growth (%)	17.6	15.0	17.8	27.5	22.0	22.6			
Cash collection	7,564	9,351	10,993	10,023	12,747	15,219	-24.5%	-26.6%	-27.8%
Cash collection ratio (%)	29	29	29	30	30	30			
Purchase of A/R	23,406	26,718	30,085	23,422	26,903	30,477	-0.1%	-0.7%	-1.3%
Growth (%)	27.8	14.1	12.6	27.8	14.9	13.3			
Revenues from debt management	3,476	4,135	4,766	3,276	4,135	5,140			
Gains on loans receivable from purchase of A/R	870	856	1,122	1,261	1,417	1,576			
Cost to income (%)	17.0	17.0	17.0	17.0	17.0	17.0			

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

## Exhibit 2: JMT – 3Q23 operations summary

	3Q22	4Q22	1Q23	2Q23	3Q23	---- Change ----		9M23	Change	% of 23E	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%)	(THB m)	(y-y%)
Total revenue	1,101	1,142	1,150	1,250	1,308	4.7	18.8	3,707	13.5	74	5,025	14.0
Cost of services	(336)	(401)	(370)	(371)	(392)	5.5	16.4	(1,133)	7.0	72	(1,582)	8.4
Gross profit	765	742	780	878	916	4.3	19.8	2,574	16.6	75	3,443	16.7
Other income	6	22	20	24	36	49.3	525.6	80	118.8	79	100	70.6
Operating expenses	(175)	(242)	(187)	(196)	(205)	4.2	16.9	(588)	7.5	69	(854)	8.2
Share of profit from subsidiaries	35	63	134	130	114	(12.1)	222.6	377	n/a	75	500	411.4
Expected credit loss	(93)	59	(113)	(57)	(167)	192.3	79.3	(337)	65.2	95	(355)	145.3
Financial cost	(51)	(94)	(95)	(109)	(130)	18.9	152.5	(334)	76.9	93	(359)	27.1
Profit before tax	486	550	538	670	565	(15.6)	16.2	1,773	32.2	72	2,475	30.9
Income tax	(35)	(63)	(81)	(95)	(86)	(10.2)	146.4	(262)	80.0	71	(371)	77.9
NCI	(4)	(3)	3	23	13	(42.5)	n/a	40	n/a	80	50	(178.2)
Net profit	456	490	453	551	466	(15.4)	2.4	1,470	17.1	72	2,054	17.6
EPS (THB)	0.31	0.34	0.31	0.38	0.32	(15.4)	2.4	1.01	17.0	72	1.41	17.6
Cash collection	1,416	1,337	1,369	1,561	1,330	(14.8)	(6.1)	4,260	1.2	(44)	7,564	2.2
Additional investment	536	2,903	1,384	2,702	2,294	(15.1)	328.4	6,380	289.5	6	6,000	30.9
Cost to income ratio	15.89	21.20	16.28	15.71	15.64			15.86			17.00	
ECL/ revenue from debt management	14.40	(8.71)	15.62	6.70	17.78			13.41			10.20	
Gross margin	69.46	64.93	67.82	70.29	70.06			69.44			68.51	
Gross margin (x insurance)	73.72	69.56	71.05	73.51	73.70			72.82			71.75	
Average cost of funds	4.03	5.11	4.41	4.44	4.52			5.40			3.37	
Net margin	41.38	42.87	39.40	44.10	35.65			39.66			36.51	
ROE	8.04	8.60	7.34	8.41	7.17			8.08			8.35	
ROA	6.37	6.26	5.12	5.69	4.61			5.67			0.05	
D/E (x)	0.27	0.47	0.38	0.53	0.52			0.52			0.54	
Interest bearing debt/equity (x)	0.24	0.41	0.30	0.45	0.42			0.42			0.46	

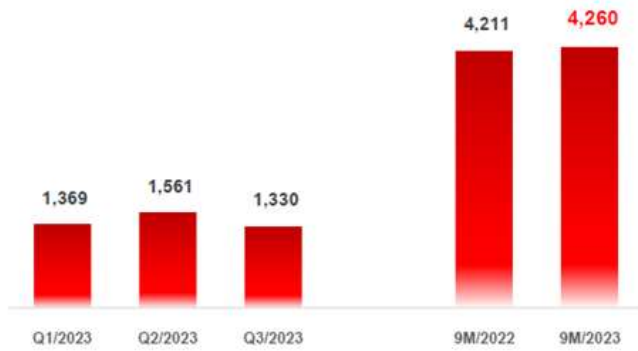
Sources: JMT; FSSIA estimates

## Exhibit 3: Revenue breakdown

	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		9M23	Change	% of 23E	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%)	(THB m)	(y-y%)
Total revenues	1,101	1,142	1,150	1,250	1,308	4.7	18.8	3,707	13.5	71	5,216	18.3
Debt collection	82	102	94	84	88	4.5	7.6	266	17.9	74	358	9.5
Debt management	646	681	724	851	938	10.2	45.2	2,513	29.9	77	3,276	25.3
Gain on loans receivable from purchase of A/R	303	266	257	238	204	(14.4)	(32.8)	699	(24.1)	55	1,261	6.2
Insurance income	69	93	75	76	78	2.7	13.5	229	23.6	71	321	15.0
Dividend income	1	0	0	0	0	n/a	n/a	0	(64)	n/a	0	n/a
Cost of services	(336)	(401)	(370)	(371)	(392)	5.5	16.4	(1,133)	7.0	88	(1,281)	(12.2)
Cost of services	(271)	(319)	(311)	(311)	(323)	4.0	19.2	(945)	21.4	92	(1,028)	(6.4)
Insurance expense	(65)	(81)	(59)	(60)	(68)	12.9	4.9	(187)	(33.0)	74	(253)	(29.8)
Gross profit	765	742	780	878	916	4.3	19.8	2,574	16.6	65	3,935	33.4

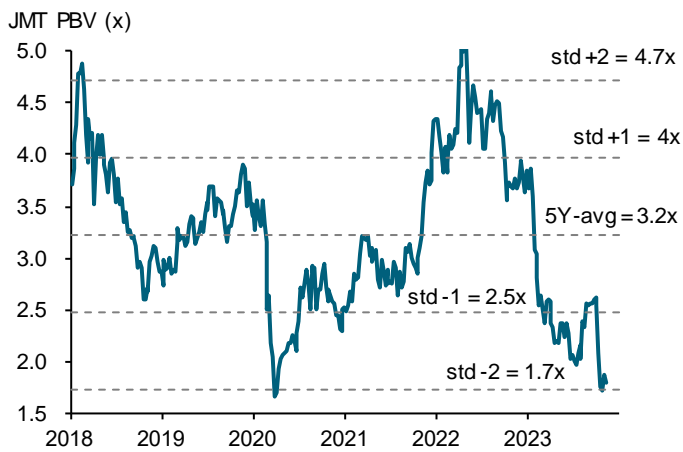
Sources: JMT; FSSIA's compilation

Exhibit 4: Cash collection overview (THB m)



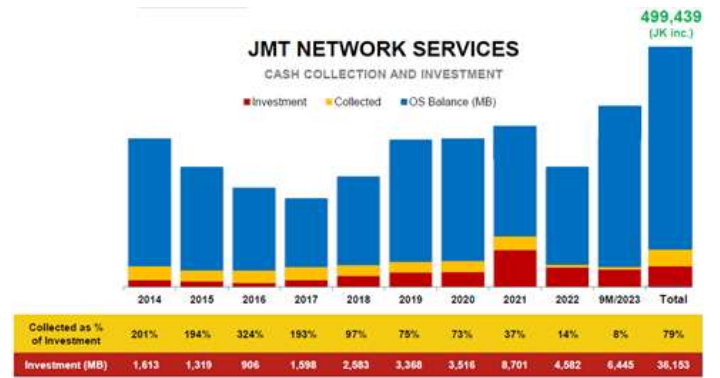
Source: JMT

Exhibit 6: JMT – one-year prospective P/BV band



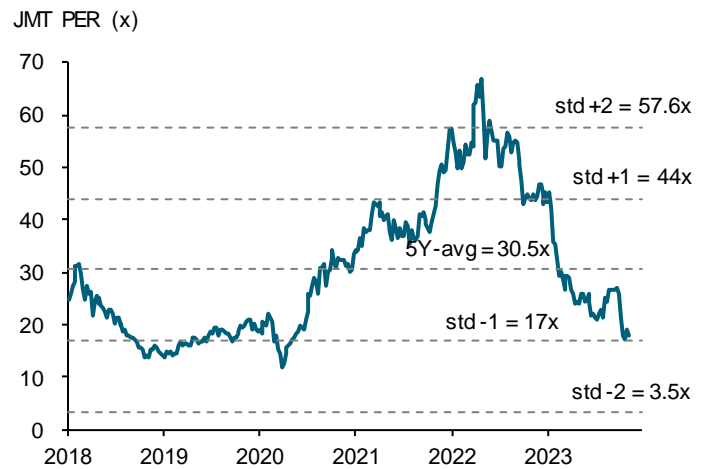
Sources: Bloomberg; FSSIA estimates

Exhibit 5: Cash collection and investment



Source: JMT

Exhibit 7: JMT – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	3,130	3,803	4,346	4,991	5,888
Interest expense	(345)	(283)	(359)	(509)	(638)
Net interest income	2,785	3,520	3,986	4,482	5,250
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	459	430	454
Non interest income	357	304	526	534	589
Total income	3,143	3,825	4,512	5,016	5,839
Staff costs	(865)	(1,098)	(1,329)	(1,507)	(1,762)
Other operating costs	(601)	(789)	(854)	(978)	(1,152)
Operating costs	(1,466)	(1,888)	(2,183)	(2,484)	(2,915)
Pre provision operating profit	1,676	1,937	2,329	2,532	2,924
Expected credit loss	(56)	(145)	(355)	(426)	(483)
Other provisions	-	-	-	-	-
Operating profit	1,620	1,792	1,975	2,106	2,442
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	2,475	2,844	3,345
Tax	(241)	(209)	(371)	(427)	(502)
Profit after tax	1,379	1,682	2,104	2,417	2,844
Non-controlling interest	21	64	(50)	(55)	(61)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,400	1,746	2,054	2,362	2,783
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,400	1,746	2,054	2,362	2,783
<b>Per share (THB)</b>					
Recurring EPS *	1.02	1.20	1.41	1.62	1.91
Reported EPS	1.02	1.20	1.41	1.62	1.91
DPS	0.82	1.08	1.13	1.29	1.53
<b>Growth</b>					
Net interest income (%)	20.3	26.4	13.2	12.4	17.1
Non interest income (%)	(12.6)	(14.9)	72.9	1.6	10.3
Pre provision operating profit (%)	18.6	15.6	20.3	8.7	15.5
Operating profit (%)	33.9	10.6	10.2	6.7	15.9
Reported net profit (%)	33.7	24.7	17.7	15.0	17.8
Recurring EPS (%)	(4.5)	16.8	17.6	15.0	17.8
Reported EPS (%)	(4.5)	16.8	17.6	15.0	17.8
<b>Income Breakdown</b>					
Net interest income (%)	88.6	92.0	88.3	89.3	89.9
Net fees & commission (%)	0.8	(2.1)	1.5	2.1	2.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	10.6	10.1	10.2	8.6	7.8
<b>Operating performance</b>					
Gross interest yield (%)	23.88	21.92	20.83	19.92	20.73
Cost of funds (%)	4.66	3.35	3.37	3.72	3.76
Net interest spread (%)	19.22	18.57	17.46	16.20	16.97
Net interest margin (%)	21.2	20.3	19.1	17.9	18.5
Cost/income(%)	46.7	49.4	48.4	49.5	49.9
Cost/assets(%)	6.9	6.1	5.8	5.7	6.1
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	8.3	8.9	10.3
ROE - COE (%)	0.5	(2.5)	(2.5)	(1.9)	(0.5)
ROA (%)	6.5	5.4	5.6	5.6	6.0
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	23,406	26,718	30,085
Allowance for expected credit loss interest in suspense	-	-	-	-	-
<b>Net customer loans</b>	<b>16,382</b>	<b>18,322</b>	<b>23,406</b>	<b>26,718</b>	<b>30,085</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	2,080	2,797	1,422	1,831	1,781
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	15,742	16,406	17,311
<b>Total assets</b>	<b>28,036</b>	<b>33,862</b>	<b>41,062</b>	<b>45,494</b>	<b>49,767</b>
Customer deposits	-	-	-	-	-
Bank deposits	300	0	1,000	0	0
Other interest bearing liabilities	7,206	9,368	10,982	15,431	18,500
Non interest bearing liabilities	1,453	1,405	2,080	2,550	3,154
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>8,959</b>	<b>10,773</b>	<b>14,062</b>	<b>17,981</b>	<b>21,655</b>
Share capital	684	730	730	730	730
Reserves	18,348	22,287	25,465	25,938	26,494
<b>Total equity</b>	<b>19,032</b>	<b>23,016</b>	<b>26,195</b>	<b>26,667</b>	<b>27,224</b>
Non-controlling interest	46	72	810	851	893
<b>Total liabilities &amp; equity</b>	<b>28,036</b>	<b>33,862</b>	<b>41,067</b>	<b>45,499</b>	<b>49,772</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	13,108	17,352	20,864	25,062	28,401
Average interest bearing liabilities	7,403	8,437	10,675	13,706	16,966
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
<b>Per share (THB)</b>					
Book value per share	13.92	15.77	17.95	18.27	18.65
Tangible book value per share	13.69	15.62	17.78	18.09	18.45
<b>Growth</b>					
Gross customer loans	66.6	11.8	27.8	14.1	12.6
Average interest earning assets	47.7	32.4	20.2	20.1	13.3
Total asset (%)	96.5	20.8	21.3	10.8	9.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	67.9	68.0	63.8	58.6	54.7
Tangible equity/assets (%)	66.8	67.3	63.2	58.0	54.1
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	-	-	-	-	-
Allowance for ECL/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	26.4	22.6	19.2	16.7	14.2
Recurring P/E @ target price (x) *	29.8	25.5	21.7	18.8	16.0
Reported P/E (x)	26.4	22.6	19.2	16.7	14.2
Dividend yield (%)	3.0	4.0	4.2	4.8	5.6
Price/book (x)	1.9	1.7	1.5	1.5	1.4
Price/tangible book (x)	2.0	1.7	1.5	1.5	1.5
Price/tangible book @ target price (x)	2.2	2.0	1.7	1.7	1.7

Sources: JMT Network Services; FSSIA estimates



# JMT Network Services PCL (JMT TB)

**FSSIA ESG rating**

★★

## Exhibit 8: FSSIA ESG score implication

**35.60 /100**

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	<b>&gt;19-39</b>	<b>Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.</b>
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 9: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	54.79
CHAYO	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation

## Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	—	—
BESG environmental pillar score	—	—	—	—
BESG social pillar score	—	—	—	—
BESG governance pillar score	—	—	3.47	3.38
<b>ESG disclosure score</b>	<b>26.04</b>	<b>26.04</b>	<b>38.38</b>	<b>39.90</b>
Environmental disclosure score	0.42	0.42	11.81	13.23
Social disclosure score	9.55	9.55	16.35	19.50
Governance disclosure score	68.00	68.00	86.79	86.79
<b>Environmental</b>				
Emissions reduction initiatives	No	No	No	No
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	—	—	0	0
GHG scope 2 location-based	—	—	0	0
GHG Scope 3	—	—	—	0
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	1	1
Renewable energy use	—	—	—	—
Electricity used	—	—	1	1
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



## Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	No	No	No
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	No
Water policy	No	No	No	No
Water consumption	—	—	6	9
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	—	4
Pct disabled in workforce	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	No
Lost time incident rate - employees	—	—	—	—
Total recordable incident rate - employees	—	—	—	—
Training policy	No	No	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	2,023	2,008	1,684	1,902
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	—	—	26,944	45,648
Social supply chain management	No	No	No	No
<b>Governance</b>				
<b>Board size</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of women on board	1	1	1	1
No. of non-executive directors on board	4	4	3	3
Company conducts board evaluations	No	No	No	No
No. of board meetings for the year	4	8	8	7
Board meeting attendance pct	100	100	100	100
Board duration (years)	—	—	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	42	43	46	47
Age of the oldest director	64	65	65	66
<b>No. of executives / company managers</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>
No. of female executives	2	2	2	1
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	1	1	1	1
No. of compensation committee meetings	2	3	2	2
Compensation meeting attendance %	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	3	2	2
Nomination meeting attendance %	100	100	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

### Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > 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.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. 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 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 scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including 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 document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																				
	<table border="1" style="width: 100%;"> <tr> <td style="width: 15%;"><b>AAA</b></td> <td style="width: 15%;">8.571-10.000</td> <td rowspan="3" style="width: 15%;"><b>Leader:</b></td> <td rowspan="3" style="width: 55%;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)																				
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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

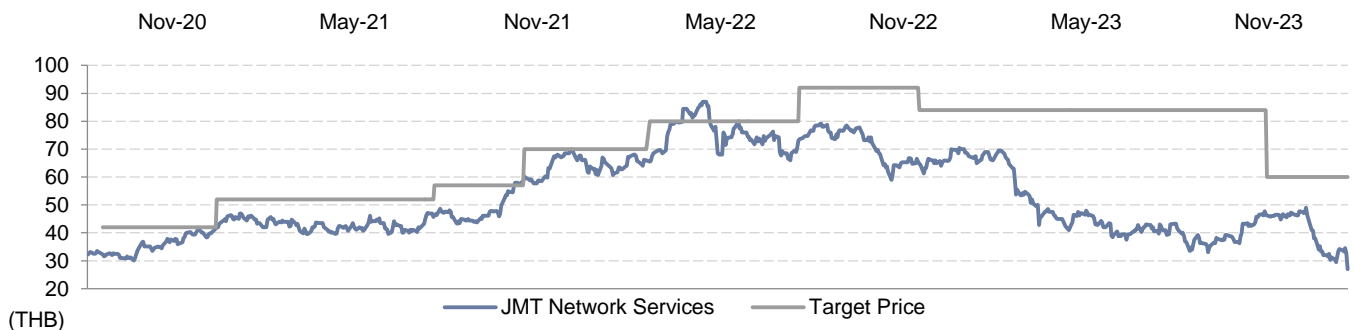
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**History of change in investment rating and/or target price**

**JMT Network Services (JMT TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Nov-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	31-Aug-2023	BUY	60.00
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

Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 27.00	HOLD	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. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense

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.

All share prices are as at market close on 10-Nov-2023 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.