

CHAYO GROUP CHAYO TB

THAILAND / FINANCIALS - MAI

HOLD

UNCHANGED

Surprising 4Q23 profit from NPA sales

- CHAYO reported a 4Q23 net profit of THB120m, increasing 58.6% q-q and 41.1% y-y, surpassing our and the consensus estimate by 25%.
- We expect a q-q drop in 1Q24 from the absence of large NPA sales.
- We maintain our HOLD call on CHAYO with 2024 TP at THB5.7.

TARGET PRICE	THB5.70
CLOSE	THB5.20
UP/DOWNSIDE	+9.6%
PRIOR TP	THB5.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-10.5%

4Q23 profit meaningfully beat our and BBG's consensus estimate

CHAYO surprised the market with a 4Q23 net profit of THB120m, up 58.6% q-q and 41.1% y-y. The figure surpassed our forecast and BBG's consensus estimate by 25%. Critical support was from a gain on NPA sales worth THB56m (up 373% q-q and 101% y-y), partially due to the collection of a large-ticket NPA, which contributed cTHB30m to the amount. Meanwhile, 4Q23 NPL cash collection was higher than expected at THB137m, boosting the revenue from the debt management business. The upbeat performance was partially offset by a rising ECL expense of THB133m (up 24% q-q, 85% y-y), which we expect was due to the firm's accelerating acquisition of bad debt during 2H23 (CHAYO's cash collection and ECL projection on loans starts around two quarters after debt acquisition).

2H23 investment to accelerate contributions from 1Q24 onwards

The company's receivable investment in 4Q23 was THB782m, pushing the whole-year figure to finish at THB1.5b, which consisted mainly of unsecured NPLs, in line with our estimate. We expect new acquisitions of unsecured loans to benefit the firm's cash collection performance as soon as in 1Q24 (two quarters after acquisition), but should also result in higher ECL expenses, especially during the low season in the first half of the year.

Expect a q-q drop in 1Q24 results; maintain outlook in 2024-25

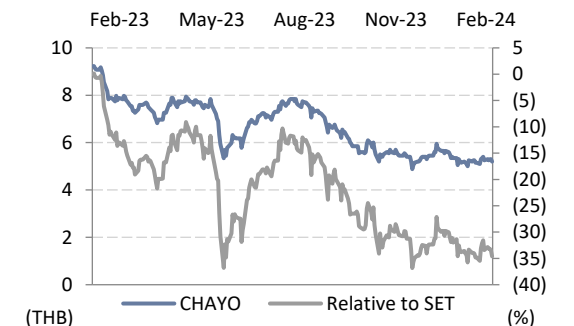
We expect a q-q drop in CHAYO's 1Q24 net profit from the absence of large NPA sales vs 4Q23. However, on a y-y basis, the company should be able to yield growth from portfolio expansion in the AMC business. Moreover, we estimate its corporate loan business (CCAP) to contribute more profit for a more extensive portfolio (CCAP loans grew 62% y-y in 2023). As the gain on NPA sales was a significant surprise for its 4Q23 results, the highly volatile nature of the item leads us to maintain our 2024-25 estimates.

Maintain HOLD call at 2024 TP of THB5.70

The stronger-than-expected 4Q23 results from the NPA gain should provide some upbeat movement for the share price in the near term. However, as we view the gain on NPA sales as possessing a high degree of volatility, we put more weight on the company's 2024 performance, in which we have a less favorable view on the industry's outlook following the slowing economy. This justifies our HOLD call on CHAYO with our GGM-based 2024 TP at THB5.7, implying a P/BV ratio of 1.63x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	570	568	668	786
Net profit	391	382	439	510
EPS (THB)	0.34	0.34	0.39	0.46
vs Consensus (%)	-	9.7	10.5	29.6
Recurring net profit	391	382	439	510
Core EPS (THB)	0.34	0.34	0.39	0.46
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	45.5	(0.4)	15.0	16.2
Core P/E (x)	15.1	15.2	13.2	11.4
Dividend yield (%)	0.6	1.0	1.1	1.3
Price/book (x)	1.8	1.5	1.4	1.2
ROE (%)	12.4	10.7	10.9	11.3
ROA (%)	5.4	4.6	4.9	5.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.0	(8.8)	(45.9)
Relative to country (%)	0.9	(7.7)	(35.8)
Mkt cap (USD m)	164		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	21		
Major shareholder	Yasasin Family (33%)		
12m high/low (THB)	9.80/4.78		
Issued shares (m)	979		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We have a HOLD call for CHAYO over factors including:

- 1) CHAYO's AMC and corporate lending businesses should be two major growth engines in 2023-25. Meanwhile, credit cost in the AMC segment should exert pressure well into 2024.
- 2) We expect the lending business to achieve a high rate of expansion due to its small-size advantage, with most underwritings as secured loans issued at low LTVs.
- 3) Therefore, we expect CHAYO to have 10% CAGR growth in net profit in the next three years, while 2024 should encounter some high-base effect from a large-ticket NPA sale in 4Q23.

We maintain our HOLD rating on CHAYO, in line with our industry view where low earnings visibility serves as a source of pressure along with the slowing economy. Our GGM-based valuation model yields a 2024 TP of THB5.70, implying a P/BV ratio of 1.63x.

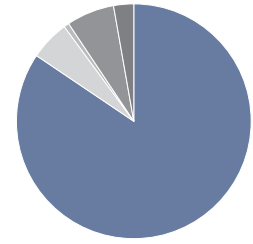
Company profile

CHAYO provides services relating to debt collection, managing non-performing assets from purchases, transferring secured and non-secured non-performing assets from financial institutions and credit facility companies, providing call centre services, loans, and selling goods and/or providing services.

www.chayo555.com

Principal activities (revenue, 2023)

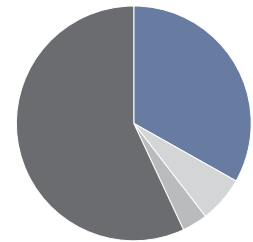
- NPLs management - 84.4 %
- NPAs management - 5.5 %
- Debt collection - 0.7 %
- Loan business - 6.6 %
- Other income - 2.8 %



Source: Chayo Group

Major shareholders

- Yasasin Family - 33.2 %
- Sereewattana Family - 6.4 %
- Boonmeechot Family - 3.5 %
- Others - 57.0 %



Source: Chayo Group

Catalysts

- Higher-than-expected cash collection from invested NPLs;
- Higher-than-expected growth in loan underwritings;
- Lower-than-expected operating expenses;
- Lower-than-expected cost of funds.

Risks to our call

Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. Upside risks include 1) better-than-expected cash collection performance and lower pressure from ECL; 2) stronger-than-expected loan growth; and 3) better cost control than expected.

Event calendar

Date	Event
29 Feb 2024	Company's opportunity day

Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	382	439	510
Net profit growth (%)	(2.38)	14.96	16.17
Cash collection	459	520	583
Cash collection growth (%)	4.49	13.29	12.08
Credit cost (bp)	554	548	532
Receivable investment	1,000	1,050	1,103
Cost to income	35.25	34.95	34.92

Source: FSSIA estimates

Earnings sensitivity

		----- 2024E -----		
Cash collection ratio	±10bp	5.67	5.77	5.87
<i>% change in net profit</i>		(1)		1
Cost to income	±1ppt	34.25	35.25	36.25
<i>% change in net profit</i>		3		(3)

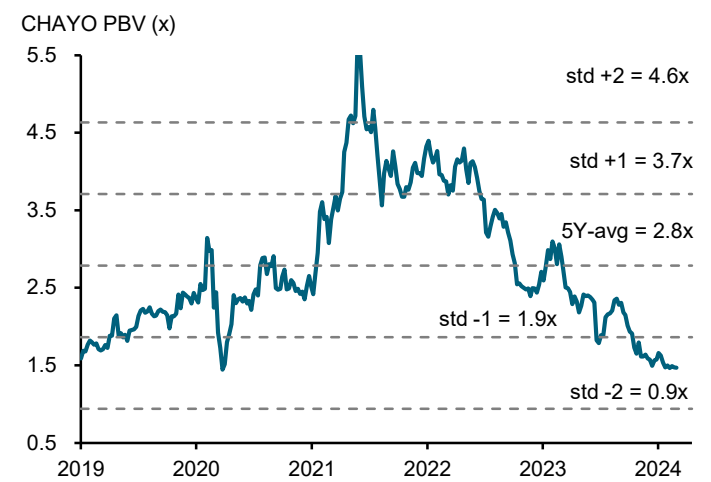
Source: FSSIA estimates

Exhibit 1: CHAYO – 4Q23 operating results

	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Interest income									
Interest income from debt management	264	317	311	335	405	20.9	53.8	1,369	54.0
Interest income from loans	24	21	26	28	31	11.2	27.9	107	43.4
Total interest income	288	338	338	363	436	20.2	51.6	1,476	53.2
Interest expense	48	49	65	65	75	15.2	56.2	254	59.0
Net interest income	240	289	273	298	361	21.3	50.7	1,222	52.0
Non- interest income	40	20	28	26	71	174.9	75.6	145	55.0
Gain on disposal of foreclosed assets	28	9	11	12	56	372.8	101.3	89	79.1
Service income from debt collection services	8	9	10	9	6	(26.1)	(25.0)	34	-3.8
Recruitment service income - net	-	1	3	3	3	(1.6)	n/a	10	n/a
Other income	4	1	4	3	6	114.3	43.8	13	42.6
Total operating income	280	310	302	324	432	33.5	54.3	1,367	52.3
Operating expenses	89	78	87	105	119	13.5	34.1	390	18.9
Pre-provision operating profit	191	231	214	219	313	43.1	63.6	977	71.6
Expected credit loss	72	83	84	107	133	24.4	85.2	407	85.9
Operating profit	119	148	130	112	180	61.0	50.7	570	62.7
Income tax expenses	26	30	28	25	39	58.9	48.4	121	61.5
Net profit	85	104	92	76	120	58.6	41.1	391	55.2
EPS (THB)	0.08	0.10	0.08	0.07	0.11	55.5	30.4	0.34	46.0
Key financial highlights									
Acquisition of loans to NPA	1,351	77	60	592	782	32.2	(42.1)	1,510	(15.7)
Cash collection	106	105	92	106	137	29.1	28.8	439	29.0
Accumulated cash collection to investment (%)	40	41	43	40	37			37	
Key financial ratios									
Liabilities / Equity (x)	0.87	1.11	1.07	1.07	1.17			1.17	
Interest-bearing liabilities / equity (x)	0.81	1.04	1.00	1.00	1.09			1.09	
Net liabilities / Equity	0.55	0.55	0.58	0.76	0.94			0.94	
ROAA (%)	4.77	5.34	4.37	3.54	5.34			4.73	
ROAE (%)	8.92	10.62	9.11	7.32	11.33			9.33	
Cost of funds (%)	6.24	5.39	6.30	6.32	6.81			6.52	
Cost to income (%)	31.75	25.34	28.86	32.46	27.60			28.52	
Credit cost (%)	616	598	577	673	733			617	

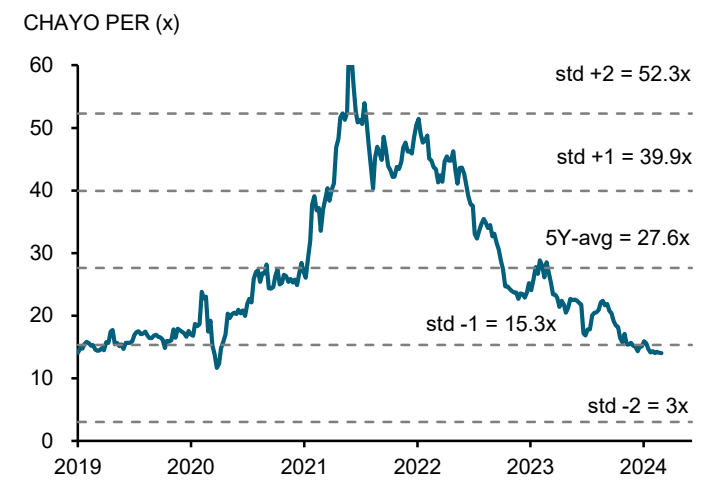
Sources: CHAYO; FSSIA's compilation

Exhibit 2: CHAYO – one-year prospective P/BV band



Sources: FSSIA estimates, Bloomberg

Exhibit 3: CHAYO – one-year prospective PER band



Sources: FSSIA estimates, Bloomberg

Financial Statements

Chayo Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	963	1,476	1,681	1,912	2,155
Interest expense	(160)	(254)	(332)	(359)	(389)
Net interest income	804	1,222	1,349	1,552	1,766
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	94	145	227	270	320
Non interest income	94	145	227	270	320
Total income	897	1,367	1,575	1,822	2,087
Staff costs	-	-	-	-	-
Other operating costs	(328)	(390)	(555)	(637)	(729)
Operating costs	(328)	(390)	(555)	(637)	(729)
Pre provision operating profit	569	977	1,020	1,185	1,358
Expected credit loss	(219)	(407)	(452)	(518)	(572)
Other provisions	-	-	-	-	-
Operating profit	350	570	568	668	786
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	350	570	568	668	786
Tax	(75)	(121)	(114)	(134)	(157)
Profit after tax	275	449	454	534	629
Non-controlling interest	(23)	(58)	(72)	(95)	(119)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	252	391	382	439	510
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	252	391	382	439	510
Per share (THB)					
Recurring EPS *	0.24	0.34	0.34	0.39	0.46
Reported EPS	0.24	0.34	0.34	0.39	0.46
DPS	0.04	0.03	0.05	0.06	0.07
Growth					
Net interest income (%)	48.1	52.0	10.4	15.1	13.8
Non interest income (%)	(37.7)	55.0	56.2	19.1	18.5
Pre provision operating profit (%)	22.0	71.6	4.4	16.2	14.6
Operating profit (%)	21.3	62.7	(0.4)	17.7	17.7
Reported net profit (%)	5.0	55.2	(2.4)	15.0	16.2
Recurring EPS (%)	(5.3)	45.5	(0.4)	15.0	16.2
Reported EPS (%)	(5.3)	45.5	(0.4)	15.0	16.2
Income Breakdown					
Net interest income (%)	89.6	89.4	85.6	85.2	84.7
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	10.4	10.6	14.4	14.8	15.3
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	7.00	10.16	12.47	9.87	-
Net interest spread (%)	(7.00)	(10.16)	(12.47)	(9.87)	0.00
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	36.5	28.5	35.2	34.9	34.9
Cost/assets(%)	5.3	4.7	5.6	5.9	6.1
Effective tax rate (%)	21.4	21.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	16.7	8.6	15.0	15.0	15.0
ROE (%)	9.1	12.4	10.7	10.9	11.3
ROE - COE (%)	(0.1)	3.2	1.5	1.7	2.1
ROA (%)	4.5	5.4	4.6	4.9	5.2
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	4,264	5,640	6,452	7,293	8,158
Allowance for expected credit loss	(485)	(878)	(1,297)	(1,800)	(2,357)
interest in suspense	1,149	2,127	2,094	2,512	2,973
Net customer loans	4,928	6,889	7,249	8,005	8,775
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,021	623	1,038	405	272
Other interesting assets	24	39	38	40	42
Tangible fixed assets	78	70	87	91	95
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,152	1,704	2,078	2,687	3,552
Total assets	7,203	9,331	10,490	11,227	12,736
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	3,122	4,669	5,414	5,575	6,399
Non interest bearing liabilities	231	367	259	272	284
Hybrid Capital	-	-	-	-	-
Total liabilities	3,353	5,036	5,673	5,846	6,684
Share capital	533	569	569	569	569
Reserves	2,424	2,778	3,208	3,676	4,228
Total equity	2,958	3,347	3,776	4,245	4,797
Non-controlling interest	893	949	1,041	1,136	1,255
Total liabilities & equity	7,203	9,331	10,490	11,227	12,736
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	2,285	2,503	2,664	3,641	0
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	2.77	2.94	3.39	3.81	4.30
Tangible book value per share	2.77	2.94	3.39	3.81	4.30
Growth					
Gross customer loans	65.9	32.3	14.4	13.0	11.9
Average interest earning assets	-	-	-	-	-
Total asset (%)	41.5	29.5	12.4	7.0	13.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	41.1	35.9	36.0	37.8	37.7
Tangible equity/assets (%)	41.1	35.9	36.0	37.8	37.7
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	11.4	15.6	20.1	24.7	28.9
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	22.0	15.1	15.2	13.2	11.4
Recurring P/E @ target price (x) *	24.1	16.6	16.6	14.5	12.5
Reported P/E (x)	22.0	15.1	15.2	13.2	11.4
Dividend yield (%)	0.8	0.6	1.0	1.1	1.3
Price/book (x)	1.9	1.8	1.5	1.4	1.2
Price/tangible book (x)	1.9	1.8	1.5	1.4	1.2
Price/tangible book @ target price (x)	2.1	1.9	1.7	1.5	1.3

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

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 THSI inclusion , 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. SETTHSI Index 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.																			
CG Score 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%).																			
AGM level 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%). <i>(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.)</i>	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.																			
Thai CAC 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. <i>(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.)</i>	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.																			
Morningstar Sustainalytics	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+																	
ESG Book	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.																			
MSCI	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="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</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>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	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.																				
Refinitiv ESG rating	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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	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.																				
Bloomberg	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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

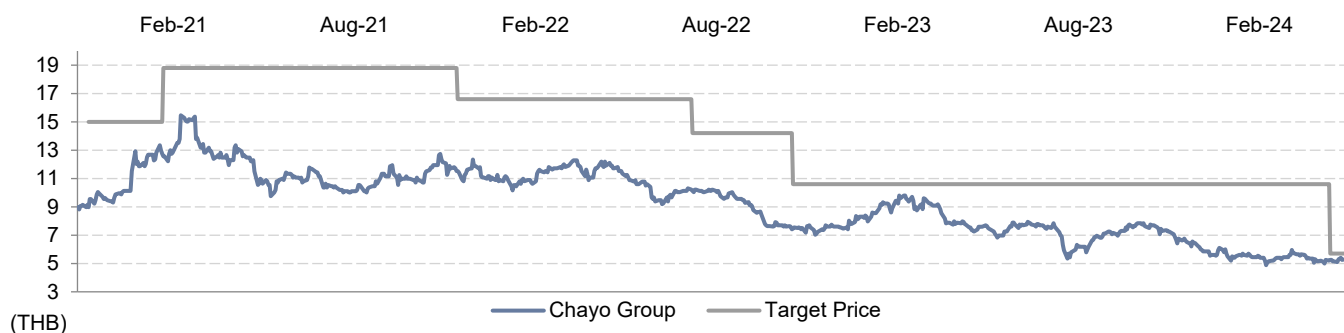
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History of change in investment rating and/or target price

Chayo Group (CHAYO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2021	BUY	15.00	19-Jan-2022	BUY	16.60	02-Nov-2022	BUY	10.60
12-May-2021	BUY	18.80	08-Aug-2022	BUY	14.20	05-Feb-2024	HOLD	5.70

Usanee Liurut, CISA started covering this stock from 05-Feb-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 5.20	HOLD	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. Upside risks include 1) better-than-expected cash collection performance and lower pressure from ECL, 2) stronger-than-expected loan growth, and 3) better cost control than expected.

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 23-Feb-2024 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.