

AEON THANA SINSAP (THAILAND)

THAILAND / FINANCE & SECURITIES

AEONTS TB

HOLD

UNCHANGED

TARGET PRICE	THB145.00
CLOSE	THB130.00
UP/DOWNSIDE	+11.5%
PRIOR TP	THB145.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-17.7%

Disappointing 1QFY24 profit

- 1QFY24 profit nosedived, dragged by a rise in ECLs; asset quality turned negative.
- 2QFY24E net profit to rebound depending on its asset quality improvement.
- Maintain our HOLD call with FY24 TP of THB145.

A sharp rise in ECLs with flat loans dragged 1QFY24 profit

AEONTS surprised the market with a disappointing 1QFY24 net profit of THB524m, 30% below our estimate and the BBG consensus, marking a plunge of 52.1% q-q and 15.1% y-y; accounting for 16% of our full-year net profit forecast. A sharp increase in ECLs and credit costs aligning with our estimate were the critical factors that worsened its business recovery. The PPOP increase was lower than expected at 2.9% q-q, but declined by 4.8% y-y, amounting to THB2.76b. The main growth contributor q-q was the non-NII, particularly the bad debt recovery following the aggressive write-offs in FY23. The loan spread was lower than expected at 16.90% despite an increase of 33bp from 4QFY23, due mainly to the higher-than-expected cost of funds at 3.50% (we expected 3.25%). The cost-to-income ratio narrowed to 39.70% on relatively flat q-q operating expenses with a slight increase in operating income.

Deteriorated asset quality: rising NPLs, declining coverage ratio

The 1QFY24 NPL ratio jumped higher than expected to 5.39% from 4.97% in 4QFY23, particularly in the credit card segment, mainly due to the increase in the minimum payment for credit cards to 8%. Credit costs also rose sharply to 9.15% from the abnormal low of 5.61% in 4QFY23, dropping the coverage ratio to 168%.

Maintain forecast; recovery on asset quality improvement

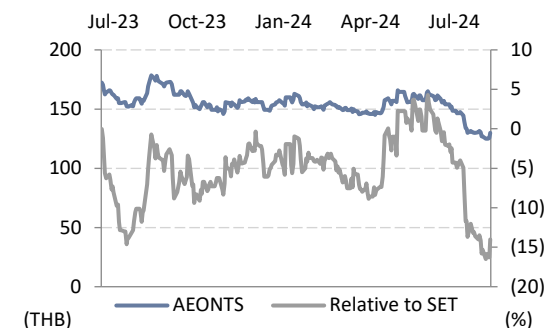
We maintain our FY24-26 net profit forecast, expecting the FY24 net profit to contract by 0.4% y-y, followed by an increase of 6.0% y-y in FY25 and 8.2% y-y in FY26. Regarding the FY24 guidance, the driver should come from recovering loan growth, particularly in the credit card cashing segment and HP lending. The 2QFY24 net profit could recover depending on the asset quality improvement, for which we expect the ECLs to reduce at an average of THB1.7-1.8b a quarter.

Reiterate our HOLD call with FY24 TP of THB145

We reiterate our HOLD call and FY24 GGM-TP of THB145. We maintain our unfavorable view on the unsecured loan segment with the anticipated headwinds continuing in FY24-25, which could limit business growth to protect the asset quality, and stricter credit card business regulations (minimum payment raised to 10%).

KEY STOCK DATA

YE Feb (THB m)	2023	2024E	2025E	2026E
Operating profit	4,161	4,150	4,398	4,753
Net profit	3,259	3,245	3,440	3,721
EPS (THB)	13.04	12.98	13.76	14.88
vs Consensus (%)	-	(9.3)	(11.4)	4.0
Recurring net profit	3,259	3,245	3,440	3,721
Core EPS (THB)	13.04	12.98	13.76	14.88
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(14.6)	(0.4)	6.0	8.2
Core P/E (x)	10.0	10.0	9.4	8.7
Dividend yield (%)	4.2	4.2	4.5	4.8
Price/book (x)	1.3	1.2	1.1	1.1
ROE (%)	13.8	12.8	12.6	12.7
ROA (%)	3.6	3.5	3.5	3.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.6)	(17.2)	(29.2)
Relative to country (%)	(9.8)	(13.2)	(18.5)
Mkt cap (USD m)	889		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	41		
Major shareholder	AEON Financial Service Co Ltd (32%)		
12m high/low (THB)	187.50/122.50		
Issued shares (m)	250		

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman of The Board of
 Directors of Finansia Syrus Securities
 PCL is also AEONTS's Director.

Investment thesis

We maintain our unfavourable view on AEONTS's business and reiterate our HOLD call at the current price due to:

- 1) The credit card and personal loan segments should continue to experience headwinds in FY24, particularly the credit card segment, which should persist until FY25 on the lifting of the minimum payment to 10% from 8% in FY24.
- 2) Despite its effort to reduce NPLs and credit costs with a less stringent policy, we view this as neutral since it could lead to higher expected credit losses (ECLs) and NPL migration afterward amid the sluggish economic outlook.
- 3) We expect FY24-26 net profit to grow by just c4.5% p.a. CAGR.

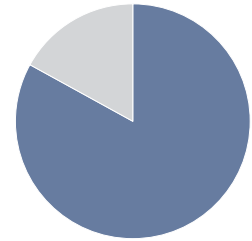
Company profile

AEONTS's main business activity is providing a variety of retail finance services, including credit cards, personal loans, hire purchase, a life-insurance broker business, non-life insurance broker business, debt collection and others. As of 28 Feb 2023, AEONTS had a total of 104 branches. 31 branches are in Bangkok and the vicinity while the remaining are distributed nationwide. As of 31 Aug 2023, the company had 3.33m ready-to-use credit cards and 6.61m membership cards for personal loans.

www.aeon.co.th

Principal activities (revenue, 1QFY24)

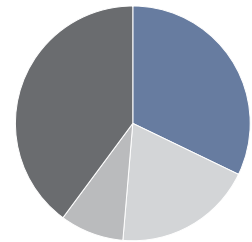
- Net interest income - 82.8 %
- Non-interest income - 17.2 %



Source: Aeon Thana Sinsap (Thailand)

Major shareholders

- AEON Financial Service Co Ltd - 32.2 %
- ACS Capital Corp Co Ltd - 19.2 %
- Aeon Holding Thailand Co Ltd - 8.8 %
- Others - 39.9 %



Source: Aeon Thana Sinsap (Thailand)

Catalysts

- 1) Better-than-expected loan growth.
- 2) Better-than-expected spread.
- 3) Lower-than-expected NPLs and credit cost.
- 4) Lower-than-expected operating expenses.

Risks to our call

Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.

Event calendar

Date	Event
Oct 2024	2QFY24 results announcement

Key assumptions

	2024E	2025E	2026E
Loan growth	7.01%	8.82%	8.90%
Interest spread	16.66	16.76	16.74
Net fee income growth	3.00%	3.00%	3.00%
Cost to income	38.25%	38.24%	38.21%
Credit cost (bp)	776	782	772
NPL ratio	5.20%	5.50%	5.50%
ROE	12.78%	12.59%	12.66%
ROA	3.43%	3.42%	3.43%

Source: FSSIA estimates

Earnings sensitivity

		FY2024		
Loan growth	±2ppt	5.01	7.01	9.01
% change in net profit		(1.1)		1.1
Spread (%)	±10bp	16.56	16.66	16.76
% change in net profit		(0.7)		0.7
Credit cost (bp)	±10bp	766	776	786
% change in net profit		2.4		(2.4)

Source: FSSIA estimates

A sharp rise in ECLs and flat loans dragged 1QFY24 profit

AEONTS surprised the market with a disappointing 1QFY24 net profit of merely THB524m, 30% below our estimate and the Bloomberg consensus, marking a sharp drop of 52.1% q-q and 15.1% y-y; accounting for 16% of our full-year net profit forecast. A sharp increase in ECLs and credit costs aligning with our estimate were the critical factors that worsened its business recovery. The PPOP increase was lower than expected at 2.9% q-q, but declined by 4.8% y-y, amounting to THB2.76b. The main growth contributor q-q was the non-NII, particularly the bad debt recovery following the aggressive write-offs during FY22-23, totaling THB18.2b.

The overseas subsidiaries in Cambodia, Myanmar (already suspended loan disbursement to new customers from 24 Feb 2024), and Laos generated revenue and a net profit in 1QFY24, totaling THB396m (8% of the group's operating income) and THB26m (5% of total), respectively.

Loan growth was flat q-q as expected, but a decline of 2.5% y-y followed its significant bad debt write-offs, particularly in the personal and credit card segments. Consequently, personal loans (48%) reported flat growth q-q, whereas credit card receivables (44%) contracted for three consecutive quarters. In contrast, the motorcycle and used car hire-purchase (HP) segment (8% of total) grew aggressively for five straight quarters, following their attractive loan yields.

The loan spread was lower than expected at 16.90% despite an increase of 33bp from 4QFY23, due mainly to the higher-than-expected cost of funds at 3.50% (we expected 3.25%). The cost-to-income ratio narrowed to 39.70% following its relatively flat q-q operating expenses with a slight increase in operating income.

Exhibit 1: Quarterly loan growth, 1QFY22-24

	1QFY22 (THB m)	2QFY22 (THB m)	3QFY22 (THB m)	4QFY22 (THB m)	1QFY23 (THB m)	2QFY23 (THB m)	3QFY23 (THB m)	4QFY23 (THB m)	1QFY24 (THB m)
Hire purchase receivables	5,641	5,495	5,645	5,511	5,712	6,009	6,343	6,647	7,567
q-q %	-4.3%	-2.6%	2.7%	-2.4%	3.6%	5.2%	5.6%	4.8%	13.8%
y-y %	-8.0%	-7.6%	-6.9%	-6.5%	1.3%	9.4%	12.4%	20.6%	32.5%
YTD %	-4.3%	-6.7%	-4.2%	-6.5%	3.6%	9.0%	15.1%	20.6%	13.8%
Personal loans	46,194	46,218	45,982	44,878	44,361	43,999	43,975	43,421	43,639
q-q %	1.1%	0.1%	-0.5%	-2.4%	-1.2%	-0.8%	-0.1%	-1.3%	0.5%
y-y %	3.0%	2.8%	0.8%	-1.8%	-4.0%	-4.8%	-4.4%	-3.2%	-1.6%
YTD %	1.1%	1.1%	0.6%	-1.8%	-1.2%	-2.0%	-2.0%	-3.2%	0.5%
Credit card receivables	40,807	42,181	43,399	43,474	43,649	43,879	43,496	41,162	40,177
q-q %	3.8%	3.4%	2.9%	0.2%	0.4%	0.5%	-0.9%	-5.4%	-2.4%
y-y %	14.7%	16.9%	14.9%	10.6%	7.0%	4.0%	0.2%	-5.3%	-8.0%
YTD %	3.8%	7.3%	10.4%	10.6%	0.4%	0.9%	0.0%	-5.3%	-2.4%
Total loans	92,641	93,894	95,026	93,864	93,721	93,886	93,814	91,231	91,382
q-q %	1.9%	1.3%	1.2%	-1.2%	-0.2%	0.2%	-0.1%	-2.8%	0.2%
y-y %	7.0%	7.9%	6.2%	3.2%	1.2%	0.0%	-1.3%	-2.8%	-2.5%
YTD %	1.9%	3.2%	4.5%	3.2%	-0.2%	0.0%	-0.1%	-2.8%	0.2%

Sources: AEONTS; FSSIA's compilation

Deteriorated asset quality: rising NPLs, declining coverage ratio

The 1QFY24 NPL ratio jumped higher than expected to 5.39% from 4.97% in 4QFY23, particularly in the credit card segment, mainly due to the increase in the minimum payment for credit cards to 8%. Credit costs also rose sharply to 9.15% from the abnormal low of 5.61% in 4QFY23, dropping the coverage ratio to 168%.

Maintain forecast; recovery on asset quality improvement

We maintain our FY24-26 net profit forecast, expecting the FY24 net profit to contract by 0.4% y-y, followed by an increase of 6.0% y-y in FY25 and 8.2% y-y in FY26. Regarding the FY24 guidance, the driver should come from recovering loan growth, particularly in the credit card cashing segment and HP lending. The 2QFY24 net profit could recover depending on the asset quality improvement, for which we expect the ECLs to reduce at an average of THB1.7-1.8b a quarter.

Key takeaways from the 1QFY24 analyst meeting

AEONTS's analyst meeting today (July 8) with the management team, led by the new MD Mr. Toshiya Shimakata, focused mainly on the 1QFY24 net profit hiccup, asset quality development, the outlook for the rest of FY24, and the new business that will drive its future growth.

AEONTS emphasized that the disappointing 1QFY24 net profit was partly due to the seasonal impact from fewer working days. The critical drag was a rise in ECLs following the new credit card NPL formation, which aligned with the minimum payment raise to 8% from 5%. However, the company has already projected the impact in advance by setting up a management overlay (MO) of THB120m, resulting in the remaining MO at the end of 1QFY24 totaling cTHB329m (THB200m supports the increase in the minimum payment in 2025 to 10% and the rest is for the suspension of business operations in Myanmar).

Regarding asset quality, AEONTS stated that NPLs would trend down in 2QFY24 due mainly to the planned aggressive write-offs and sales (scheduled in 2Q and 4Q), despite expecting continued credit card loan slippages to stage 3, but not as much as in 1QFY24. In addition, stage 2 loans have declined for three consecutive quarters to 3.06%, the lowest among our diversified finance coverage. Meanwhile, improving debt collection, particularly with stage 1 loans, could help offset the expected increase in credit card ECLs in 2QFY24. AEONTS reiterated its FY24 NPL ratio guidance of 5-5.50% and ECL lower than FY23. However, we maintain our conservative ECL forecast of a slight increase in FY24, with an expected decline in ECLs to a quarterly average of THB1.7-1.8b, compared to THB2.09b in 1QFY24.

For the outlook for the rest of FY24, AEONTS expects operations to recover in 2HFY24, aligning with our forecast, due mainly to the high season and the lower expected ECL, as mentioned above. However, it plans to review the loan growth guidance of 7% y-y after the 1HFY24 results announcement, following the relatively flat growth in 1QFY24. Credit cards and HP loans remain the crucial drivers for FY24. AEONTS reaffirmed the HP asset quality – domestic used cars with its selectively solid dealers and close-monitoring strategy.

AEONTS mentioned potential new businesses in three loan segments: auto quick cash (to drive loan growth), AMC (to enhance fee base income), and PICO finance (to increase the amount of new customers and support the group's ESG policy). Given that there is no guidance on FY24-25, we have not factored these businesses in and expect no significant impacts on our forecast.

Exhibit 2: AEONTS – 1QFY24 operations summary

AEONTS	1QFY23 (THB m)	2QFY23 (THB m)	3QFY23 (THB m)	4QFY23 (THB m)	1QFY24 (THB m)	----- Change ----- (q-q%) (y-y%)		% of FY24E	FY23 (THB m)	FY24E (THB m)	Change (y-y%)
Interest income	4,726	4,770	4,650	4,622	4,657	0.8	(1.5)	25	18,767	18,802	0.2
Interest expense	527	574	511	550	558	1.6	6.0	27	2,162	2,084	(3.6)
Net interest income	4,199	4,196	4,139	4,072	4,098	0.6	(2.4)	25	16,605	16,717	0.7
Non-interest income	734	907	755	793	851	7.2	16.0	27	3,189	3,174	(0.5)
Operating income	4,932	5,102	4,894	4,866	4,949	1.7	0.3	25	19,794	19,891	0.5
Operating expenses	2,033	2,071	2,114	2,183	2,188	0.2	7.6	26	8,394	8,407	0.2
PPOP	2,899	3,031	2,780	2,682	2,760	2.9	(4.8)	24	11,400	11,484	0.7
Expected credit loss	2,094	1,949	1,899	1,298	2,089	60.9	(0.2)	29	7,240	7,327	1.2
Profit before tax	805	1,082	881	1,394	672	(51.8)	(16.6)	16	4,161	4,150	(0.3)
Income tax expense	161	218	171	273	132	(51.6)	(17.7)	16	824	821	(0.3)
Net profit	617	842	706	1,093	524	(52.1)	(15.1)	16	3,259	3,245	(0.4)
EPS (THB)	2.47	3.37	2.82	4.37	2.10	(52.1)	(15.1)	16	13.04	12.98	(0.4)
Key balance sheet highlights	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)		(THB m)	(THB m)	(y-y%)
Loan - gross	93,721	93,886	93,814	91,231	91,382	0.2	(2.5)		91,231	97,630	7.0
Interest bearing debt	64,701	65,621	65,624	63,204	64,322	1.8	(0.6)		63,204	65,063	2.9
Leverage ratio	(x)	(x)	(x)	(x)	(x)				(x)	(x)	
IBD/E (x)	2.77	2.78	2.77	2.58	2.55				2.58	2.47	
D/E (x)	3.02	2.99	2.95	2.76	2.73				2.76	2.65	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)				(%)	(%)	
Gross NPLs (THB m)	5,541	5,810	5,854	4,534	4,931	8.8	(11.0)		4,534	5,080	12.0
NPL ratio	5.91	6.18	6.23	4.97	5.39				4.97	5.20	
Coverage ratio - LLR/ NPLs	184	174	162	183	168				183	163	
Credit cost	8.93	8.31	8.10	5.61	9.15				7.82	7.76	
LLR/TL	10.87	10.74	10.11	9.08	9.07				9.08	8.46	
Profitability ratios	(%)	(%)	(%)	(%)	(%)				(%)	(%)	
Cost-to-income ratio	37.16	36.46	39.11	40.21	39.70				38.21	38.25	
Yield on loans	20.15	20.34	19.82	19.98	20.40				20.28	19.91	
Cost of funds	3.20	3.52	3.12	3.41	3.50				3.32	3.25	
Spreads	16.95	16.82	16.70	16.57	16.90				16.96	16.66	
Net interest margin (NIM)	17.91	17.89	17.64	17.61	17.95				17.94	17.70	
ROE	10.70	14.34	11.93	18.16	8.44				13.78	12.78	
ROA	2.61	3.56	2.98	4.68	2.24				3.47	3.43	
Loan growth	(%)	(%)	(%)	(%)	(%)				(%)	(%)	
Loan growth q-q	(0.2)	0.2	(0.1)	(2.8)	0.2						
y-y	1.2	(0.0)	(1.3)	(2.8)	(2.5)				(2.8)	7.0	
YTD	(0.2)	0.0	(0.1)	(2.8)	0.2						

Sources: AEONTS; FSSIA estimates

Exhibit 3: AEONTS – Staged loans and ECL

	FY2021 (THB m)	FY2022 (THB m)	FY2023 (THB m)	1QFY24 (THB m)	FY2021 (%)	FY2022 (%)	FY2023 (%)	1QFY24 (%)
Loans and accrued interest	% Staged loans							
Stage 1	82,899	85,032	83,792	83,726	91.1	90.5	91.8	91.6
Stage 2	3,702	3,565	2,979	2,796	4.1	3.8	3.3	3.1
Stage 3	4,427	5,340	4,534	4,931	4.9	5.7	5.0	5.4
Total	91,028	93,937	91,305	91,453	100.0	100.0	100.0	100.0
Expect credit loss (ECL)	% ECL to staged loans							
Stage 1	5,564	4,398	3,748	3,532	6.7	5.2	4.5	4.2
Stage 2	1,917	1,658	1,301	1,248	51.8	46.5	43.7	44.6
Stage 3	3,470	4,069	3,239	3,509	78.4	76.2	71.4	71.2
Total	10,951	10,125	8,288	8,289	12.0	10.8	9.1	9.1
LLR / Loans								
Stage 1	6.71	5.17	4.47	4.22				
Stage 2	51.80	46.51	43.67	44.63				
Stage 3	78.38	76.20	71.43	71.17				
Total	12.03	10.78	9.08	9.06				
NPL / TL	4.86	5.69	4.97	5.39				
LLR / NPL	247	190	183	168				
NPLs + stage 2 loans / total loans	8.93	9.48	8.23	8.45				
LLR / (NPLs + stage 2 loans)	135	114	110	107				

Sources: AEONTS; FSSIA's compilation

Exhibit 4: GGM-based 2024 TP

Gordon Growth Model	2024E
Sustainable ROE	12.7%
g	3.0%
ROE-g	9.7%
Beta	1.2
Risk free rate	3.0%
Risk premium	6.0%
COE	10.0%
COE-g	7.0%
ROE-g/COE-g	1.38

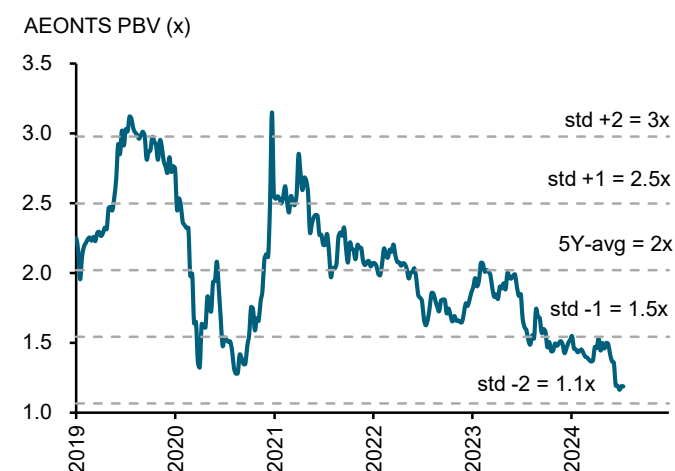
Source: FSSIA estimates

Exhibit 5: Share price performance of non-banks under coverage, as of 5 July 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(8.0)	(12.5)	(18.9)	(17.1)	(15.7)
MTC TB	(1.1)	(4.4)	(2.8)	17.6	(3.3)
SAWAD TB	(10.1)	(8.0)	(5.2)	(15.4)	(2.9)
AEONTS TB	(17.3)	(22.3)	(24.5)	(28.2)	(23.8)
KTC TB	(16.5)	(16.0)	(13.6)	(17.4)	(12.6)
SAK TB	(3.7)	4.0	17.6	4.0	25.0
ASK TB	(7.5)	(20.5)	(34.3)	(45.6)	(31.7)
THANI TB	(0.9)	0.0	(10.7)	(24.0)	(5.2)
JMT TB	(9.5)	(38.4)	(52.1)	(63.3)	(47.8)
BAM TB	(11.4)	(25.4)	(14.0)	(28.6)	(9.8)
CHAYO TB	(1.7)	(21.3)	(37.3)	(42.7)	(35.0)
SETFIN	(8.9)	(15.7)	(19.6)	(23.6)	(17.3)
SET	(1.2)	(4.2)	(7.1)	(11.6)	(7.0)

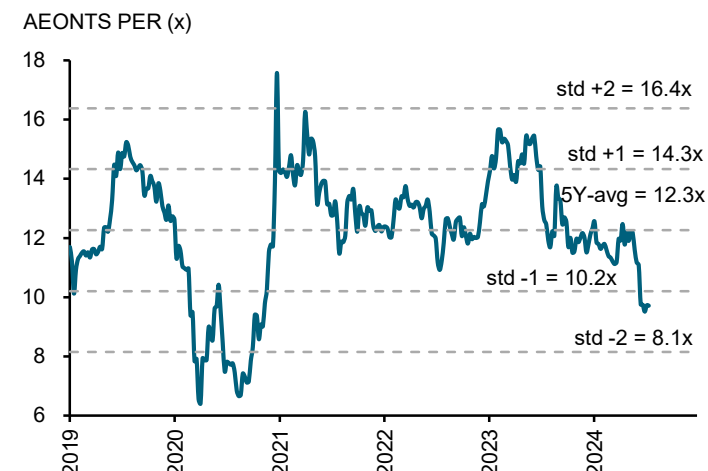
Source: Bloomberg

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



Sources: Bloomberg; FSSIA estimates

Exhibit 7: AEONTS – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peers comparison as of 5 July 2024

Company name	BBG	Rec	Share	Target	Up	----- PE -----		----- PBV -----		----- ROE -----		----- Div yld -----	
	code		price	price	side	24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Auto title													
Muangthai Capital	MTC TB	BUY	43.75	50.00	14.3	14.7	11.8	2.5	2.1	18.1	19.0	0.6	0.8
Srisawad Corp	SAWAD TB	HOLD	34.50	40.00	15.9	9.6	8.4	1.7	1.4	18.4	18.2	1.1	1.2
Ngern Tid Lor	TIDLOR TB	BUY	18.50	27.00	45.9	11.5	9.7	1.7	1.5	15.4	16.2	2.6	3.1
Saksiam Leasing	SAK TB	HOLD	5.25	5.28	0.6	13.2	11.6	1.7	1.6	13.7	14.4	3.2	3.6
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	130.00	145.00	11.5	10.0	9.4	1.2	1.1	12.8	12.6	4.2	4.5
Krungthai Card	KTC TB	HOLD	38.50	46.00	19.5	12.9	12.4	2.5	2.2	20.3	19.0	3.5	3.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	13.60	18.00	32.4	8.2	7.1	0.7	0.6	8.1	9.1	7.3	7.1
Ratchthani Leasing	THANI TB	HOLD	2.26	2.28	0.9	10.2	9.9	1.0	1.0	10.1	10.0	5.4	5.6
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	7.40	8.75	18.2	13.4	12.6	0.5	0.5	4.1	4.3	5.1	5.2
JMT Network services	JMT TB	HOLD	13.30	17.00	27.8	11.9	9.8	0.7	0.7	6.1	7.2	5.1	6.1
Chayo Group	CHAYO TB	HOLD	3.50	4.20	20.0	13.7	8.8	1.0	0.9	8.1	11.1	1.9	1.7
Average						11.8	10.1	1.4	1.2	12.3	12.8	4.0	3.9

Sources: Bloomberg; FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2022	2023	2024E	2025E	2026E
Interest Income	19,055	18,767	18,802	20,382	22,160
Interest expense	(1,904)	(2,162)	(2,084)	(2,192)	(2,369)
Net interest income	17,151	16,605	16,717	18,190	19,791
Net fees & commission	3,015	2,880	2,862	2,893	2,926
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	261	318	312	315	318
Non interest income	3,277	3,198	3,174	3,208	3,244
Total income	20,428	19,803	19,891	21,398	23,035
Staff costs	(7,962)	(8,211)	(8,214)	(8,818)	(9,496)
Other operating costs	(253)	(191)	(200)	(210)	(220)
Operating costs	(8,215)	(8,402)	(8,415)	(9,028)	(9,716)
Pre provision operating profit	12,213	11,402	11,476	12,370	13,319
Expected credit loss	(7,263)	(7,240)	(7,327)	(7,973)	(8,566)
Other provisions	-	-	-	-	-
Operating profit	4,950	4,161	4,150	4,398	4,753
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	4,950	4,161	4,150	4,398	4,753
Tax	(996)	(824)	(821)	(870)	(941)
Profit after tax	3,954	3,338	3,328	3,527	3,813
Non-controlling interest	(139)	(79)	(83)	(87)	(92)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,815	3,259	3,245	3,440	3,721
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,815	3,259	3,245	3,440	3,721
Per share (THB)					
Recurring EPS *	15.26	13.04	12.98	13.76	14.88
Reported EPS	15.26	13.04	12.98	13.76	14.88
DPS	5.50	5.50	5.48	5.81	6.28
Growth					
Net interest income (%)	6.1	(3.2)	0.7	8.8	8.8
Non interest income (%)	13.4	(2.4)	(0.8)	1.1	1.1
Pre provision operating profit (%)	9.0	(6.6)	0.7	7.8	7.7
Operating profit (%)	8.2	(15.9)	(0.3)	6.0	8.1
Reported net profit (%)	7.4	(14.6)	(0.4)	6.0	8.2
Recurring EPS (%)	7.4	(14.6)	(0.4)	6.0	8.2
Reported EPS (%)	7.4	(14.6)	(0.4)	6.0	8.2
Income Breakdown					
Net interest income (%)	84.0	83.9	84.0	85.0	85.9
Net fees & commission (%)	14.8	14.5	14.4	13.5	12.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	1.3	1.6	1.6	1.5	1.4
Operating performance					
Gross interest yield (%)	22.02	21.38	20.87	21.01	21.14
Cost of funds (%)	2.86	3.32	3.25	3.24	3.23
Net interest spread (%)	19.16	18.06	17.62	17.77	17.91
Net interest margin (%)	19.8	18.9	18.6	18.8	18.9
Cost/income(%)	40.2	42.4	42.3	42.2	42.2
Cost/assets(%)	8.8	9.0	8.9	9.0	9.0
Effective tax rate (%)	20.1	19.8	19.8	19.8	19.8
Dividend payout on recurring profit (%)	36.0	42.2	42.2	42.2	42.2
ROE (%)	17.9	13.8	12.8	12.6	12.7
ROE - COE (%)	7.8	3.8	2.8	2.6	2.6
ROA (%)	4.3	3.6	3.5	3.5	3.5
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2022	2023	2024E	2025E	2026E
Gross customer loans	94,462	92,132	98,567	107,348	117,000
Allowance for expected credit loss	(10,125)	(8,288)	(8,268)	(9,136)	(9,939)
interest in suspense	(598)	(901)	(937)	(1,107)	(1,308)
Net customer loans	83,739	82,943	89,362	97,105	105,754
Bank loans	218	63	46	55	66
Government securities	0	0	0	0	0
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	3,816	2,797	2,847	2,488	2,132
Other interesting assets	73	75	73	73	74
Tangible fixed assets	-	-	-	-	-
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	1,816	1,482	1,481	1,346	1,238
Other assets	3,054	2,820	2,997	3,199	3,429
Total assets	95,207	92,499	96,806	104,267	112,694
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	67,057	63,204	65,063	70,262	76,246
Non interest bearing liabilities	4,718	4,230	4,761	4,968	5,189
Hybrid Capital	-	-	-	-	-
Total liabilities	71,859	67,437	69,823	75,230	81,435
Share capital	-	-	-	-	-
Reserves	22,093	23,744	25,607	27,595	29,746
Total equity	22,821	24,472	26,335	28,323	30,474
Non-controlling interest	527	589	648	713	785
Total liabilities & equity	95,207	92,499	96,806	104,267	112,694
Supplementary items					
Risk weighted assets (RWA)	-	-	-	-	-
Average interest earning assets	86,535	87,758	90,075	97,001	104,841
Average interest bearing liabilities	66,592	65,131	64,133	67,662	73,254
CET 1 capital	-	-	-	-	-
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	5,340	4,534	5,080	5,847	6,366
Per share (THB)					
Book value per share	91.29	97.89	105.34	113.29	121.90
Tangible book value per share	-	-	-	-	-
Growth					
Gross customer loans	3.2	(2.5)	7.0	8.9	9.0
Average interest earning assets	4.7	1.4	2.6	7.7	8.1
Total asset (%)	5.2	(2.8)	4.7	7.7	8.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	24.0	26.5	27.2	27.2	27.0
Tangible equity/assets (%)	22.1	24.9	25.7	25.9	25.9
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	20.6	(15.1)	12.0	15.1	8.9
NPL/gross loans (%)	5.7	4.9	5.2	5.4	5.4
Allowance for ECL/gross loans (%)	10.7	9.0	8.4	8.5	8.5
Allowance for ECL/NPL (%)	189.6	182.8	162.8	156.3	156.1
Valuation					
Recurring P/E (x) *	8.5	10.0	10.0	9.4	8.7
Recurring P/E @ target price (x) *	9.5	11.1	11.2	10.5	9.7
Reported P/E (x)	8.5	10.0	10.0	9.4	8.7
Dividend yield (%)	4.2	4.2	4.2	4.5	4.8
Price/book (x)	1.4	1.3	1.2	1.1	1.1
Price/tangible book (x)	-	-	-	-	-
Price/tangible book @ target price (x)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

AEON Thana Sinsap (Thailand) (AEONTS TB)

FSSIA ESG rating

★ ★

Exhibit 9: FSSIA ESG score implication

33.86 /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.
★★	>19-39	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.
★	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.

Source: FSSIA estimates

Exhibit 10: 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
AEONTS	33.86	--	--	--	4.00	3.00	--	Medium	40.10	BBB	--	27.64	17.00	--	--
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	51.77
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90
KTC	71.80	--	Y	Y	5.00	5.00	Certified	Low	57.22	A	--	64.48	59.00	4.96	57.09
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 11: ESG disclosure from the company's one report

FY ending Feb 28		FY 2022	FY ending Feb 28		FY 2022
Environmental			Governance		
Climate change policy		--	Board size / Independent directors (ID) / Female		12 / 4 / 2
Climate change opportunities discussed		--	No. of board meetings for the year / % attendance		12 / 98.61%
GHG scope 2 location-based policy		Yes	Company conducts board evaluations		Yes
Biodiversity policy		--	Number of non-executive directors on board		2
Energy efficiency policy		Yes	Director share ownership guidelines		No
Electricity used		Yes	Board age limit		No
Fuel used - crude oil/diesel		--	Age of the youngest / oldest director		61 / 75
Waste reduction policy		Yes	Number of executives / female		11 / 3
Water policy		Yes	Executive share ownership guidelines		No
Water consumption		1,133.13	Size of audit committee / ID		3 / 3
Social			Audit committee meetings		10
Human rights policy		Yes	Audit committee meeting attendance (%)		100
Policy against child labor		--	Size of compensation committee		--
Quality assurance and recall policy		Yes	Number of compensation committee meetings		--
Consumer data protection policy		Yes	Compensation committee meeting attendance (%)		--
Equal opportunity policy		Yes	Size of nomination committee / ID		--
Gender pay gap breakout		--	Number of nomination committee meetings		--
Pct women in workforce		Yes	Nomination committee meeting attendance (%)		--
Business ethics policy		Yes	Board compensation (THB m)		24.21
Anti-bribery ethics policy		Yes	Auditor fee (THB m)		7.59
Health and safety policy		Yes	(Deloitte Touche Tohmatsu Jaiyos Audit Company Limited)		
Lost time incident rate - employees		--			
Training policy		Yes			
Fair remuneration policy		Yes			
Number of employees - CSR		--			
Total hours spent by firm - employee training		324			
Social supply chain management		--			

Source: 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 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. <i>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.</i>	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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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></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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CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 130.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Ngern Tid Lor	TIDLOR TB	THB 18.50	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Muangthai Capital	MTC TB	THB 43.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 34.50	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
Krungthai Card	KTC TB	THB 38.50	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Saksiam Leasing	SAK TB	THB 5.25	HOLD	Upside risks to our GGM-derived TP include 1) loan expansion following the broad-based economic recovery 2) a reduction in cost of funds due mainly to the downward interest rate trend and 3) an accelerated decrease in credit costs owing to the rise in consumers purchasing power. Downside risks include 1) competition from existing and new players 2) regulatory changes by the Bank of Thailand (BoT) and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Asia Sermkij Leasing PCL	ASK TB	THB 13.60	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Ratchthani Leasing	THANI TB	THB 2.26	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) a downtrend in the policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
JMT Network Services	JMT TB	THB 13.30	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 include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Bangkok Commercial Asset Mngt.	BAM TB	THB 7.40	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.
Chayo Group	CHAYO TB	THB 3.50	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 5-Jul-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.