FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

JMT NETWORK SERVICES   JMT TB

THAILAND / FINANCE & SECURITIES

HOLD
UNCHANGED

TARGET PRICE	**THB11.00**
CLOSE	**THB9.90**
UP/DOWNSIDE	**+11.1%**
PRIOR TP	**THB17.00**
CHANGE IN TP	**-35.3%**
TP vs CONSENSUS	**-33.7%**

As weak as expected

- 2Q24 net profit continued to bear high ECL pressure, while OPEX rose, leading to a meaningful drop on both a q-q and y-y basis.
- 1H24 NPL investment was muted, but we expect a h-h acceleration in 2H24 due to a greater pool of supplies.
- Maintain HOLD call with a lower TP of THB11.00.

ECL pressure persists in 2Q24 and beyond

JMT reported a 2Q24 net profit of THB367m, marking a decline of 12.3% q-q and 33.4% y-y. The figure missed our forecast by 4% but beat the BBG consensus by 4%. Not only was it the low season of the business, but JMT also continued to experience rising economic pressure from high household debt and the impaired purchasing power of debtors that led to weaker cash collection and a higher ECL. Including the contribution from JK AMC, 2Q24 total cash collection was THB2.11b, flat q-q but declining 8.2% y-y. From JMT alone, the amount was THB1.31b dropping by 9.7% q-q and 16.1% y-y. Furthermore, OPEX pressure increased as the company put more effort into litigation against debtors. Hence, the 2Q24 gross profit margin was 65.2%, down from 69.5% in 1Q24. The 1H24 gross margin rose to 67.4%, in line with our 2024 target. 1H24 net profit accounted for 48% of our 2024 forecast.

Expect acquisitions to accelerate h-h in 2H24

JMT's 2Q24 investment in receivables was in line with our expectation at THB325m, accelerating q-q from THB171m in 1Q24. The total investment amount accounted for 20% of our 2024 forecast. Despite the slow progress in 1H24, this aligns with management's guidance which provides a budget for NPL investment in 2H24 at THB2.0b vs our 2024 forecast at THB2.5b, with more supplies expected to enter the market.

## Maintain a meager outlook for 2024 and net profit forecasts

With 1H24 net profit accounting for 48% of our full-year forecast, we maintain our 2024-26 net profit projections. Although 2H24 is likely to represent a high season, with cash collection expected to accelerate h-h, we remain cautious due to the mounting macro risks observed throughout 1H24.

Retain HOLD call with a lower TP of THB11.00

With the share price having plummeted over 60% YTD, we believe it has largely reflected the decline in JMT's performance and outlook, particularly for 2024. However, without a significant improvement in the broader economy, we see no immediate catalyst to drive the trading multiple higher. Therefore, we retain our HOLD call for JMT with a lower 2024 GGM-based TP of THB11.00 (from THB17.00), referencing a P/BV ratio of 0.59x (previously 0.89x), a higher COE of 10.5% (up from 8.5%), and a LT ROE of 7.5% due to our bearish outlook on JMT and the sector.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,899	1,778	2,112	2,329
Net profit	2,011	1,638	1,980	2,209
EPS (THB)	1.38	1.12	1.36	1.51
vs Consensus (%)	-	(1.1)	(0.6)	(1.6)
Recurring net profit	2,011	1,638	1,980	2,209
Core EPS (THB)	1.38	1.12	1.36	1.51
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	15.2	(18.6)	20.9	11.5
Core P/E (x)	7.2	8.8	7.3	6.5
Dividend yield (%)	8.4	6.8	8.2	9.2
Price/book (x)	0.5	0.5	0.5	0.5
ROE (%)	8.1	6.1	7.2	7.8
ROA (%)	5.4	4.0	4.7	5.1
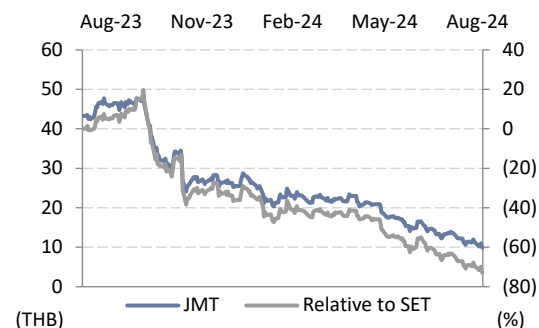
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(27.7)	(47.6)	(74.3)
Relative to country (%)	(26.5)	(44.7)	(69.7)
Mkt cap (USD m)			410
3m avg. daily turnover (USD m)			10.0
Free float (%)			21
Major shareholder			JMART Pcl. (54%)
12m high/low (THB)			50.00/9.90
Issued shares (m)			1,460

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

We maintain our HOLD call on JMT for:

1. **Economic environment:** We expect JMT in 2024 to face an economic backdrop similar to 2023, with little sign of significant improvement. We also anticipate higher legal expenses as it seeks to boost cash collection through legal processes.

2. **Earnings outlook:** We project a contraction of 18.6% y-y in 2024 due to mounting risks in the broader economy. However, we expect a recovery at a CAGR of 16.1% during 2025-26.

3. **Valuation adjustment:** We have lowered our 2024 GGM-based TP to THB11.00 (down from THB17.00). This revision reflects a target P/BV ratio of 0.59x (down from 0.89x), a long-term ROE of 7.5%, and a higher cost of equity (COE) of 10.5% (up from 8.0%).

Company profile

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

www.jmtnetwork.co.th

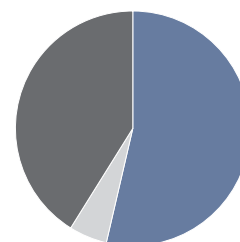## Principal activities (revenue, 1H24)

- Debt management - 61.1 %
- Gains from purchase of A/R - 16.0 %
- Debt collection - 6.2 %
- Net insurance income - 5.5 %
- Other income - 11.2 %
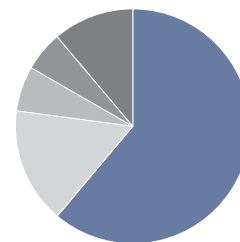
Source: JMT Network Services

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 purchase price of debt;
- 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 include 1) better-than-expected purchasing power and cash collection; and 2) lower-than-expected operating and financing expenses.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)
Net profit	1,638	1,980	2,209
Growth (y-y %)	(18.6)	20.9	11.5
Cash collection	8,845	9,414	10,331
Growth (y-y %)	1.5	6.4	9.7
Purchase of receivables	23,769	25,054	26,686
Growth (y-y %)	(0.9)	5.4	6.5
Cost to income ratio (%)	15.6	15.6	15.6
Cost of funds (%)	4.31	4.31	4.30

Source: FSSIA estimates

Earnings sensitivity

		---------------------- 2024E ----------------------		
Cash collection ratio	±1ppt	24.5	25.5	26.5
% change in net profit		(7.4)	-	7.4
Cost to income	±1ppt	14.6	15.6	16.6
% change in net profit		2.7	-	(2.7)

Source: FSSIA estimates

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Highlights

(-) Cash collection: Including the contribution from JK AMC, the firm reported a total 2Q24 cash collection amount of THB2.11b, flat q-q but declining by 8.2% y-y. From JMT alone, the amount was THB1.31b, dropping by 9.7% q-q and 16.1% y-y. Not only was 2Q24 the low season of the business, JMT continued to witness rising economic pressure from high household debt and the impaired purchasing power of debtors.

(-) ECL: The ECL was moderately higher than expected at THB236m (up 24.6% q-q, 324% y-y), because of the underperforming cash collection in 2Q24. However, it was partially offset by a higher-than-anticipated share of profit from JK AMC totaling THB146m, which marked a rise of 78.7% q-q and 12.9% y-y.

(-) OPEX: The 2Q24 cost of services was THB454m, exhibiting an increase of 9.7% q-q and 22.4% y-y due to rising legal expenses, which aligned with management's strategy to push the cash collection figure by exercising legal actions against debtors. Therefore, going forward, we expect the firm to encounter rising expenses in 2H24. However, due to the lagging nature of the litigation cost-benefit for asset management companies, we think any pickup in collection would support JMT's performance as late as 4Q24.

(0) Investment: JMT's 2Q24 investment in receivables was in line with our expectation at THB325m, accelerating q-q from THB171m in 1Q24. The total amount of investment accounts for 20% of our full-year forecast. Despite the slow progress in the first half, it still aligns with management's guidance to provide a budget for NPL investment in 2H24 at THB2.0b, and we expect to see more acquisitions in the rest of the year, finishing 2024 at THB2.5b. The 2Q24 profit from J Asset Management (JMT owns 90%) was THB45m, falling 36.6% q-q and 79.0% y-y, with performance continuing to deteriorate in secured loan management, while Jaymart Insurance (JMT owns 73%) made a deeper loss y-y at THB11m compared to a loss of THB4m in 2Q23.

(0) Financial position: The 2Q24 D/E ratio was at a comfortable level of 0.57x, well below the covenant limit of 3.0x, with most of JMT's liabilities in debentures. JMT is obligated to repay THB625m in September 2024 and THB1.0b in November 2024. We estimate its monthly cash collection at THB450m-500m, and at the end of 2Q24, JMT reported an undrawn credit facility of THB1.8b and cash on hand of THB507m. Therefore, we currently have no concerns regarding its debt repayment capabilities.

(+) Interim dividend: JMT announced an interim dividend payment on its 1H24 performance in the amount of THB0.38/share, implying a dividend yield of 3.8%. For 2024, we expect the firm's total dividend payment to amount to THB0.67/share, assuming a 60% payout ratio.

Exhibit 1: JMT – 2Q24 operating summary

	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	----- Change ----- (q-q %)	(y-y %)	1H24 (THB m)	Change (y-y %)	% of 24E	2024E (THB m)	Change (y-y %)
Total revenue	1,249	1,308	1,379	1,356	1,306	(3.7)	4.6	2,662	11.0	47	5,640	10.9
Cost of services	371	392	434	414	454	9.7	22.4	869	17.2	47	1,841	17.5
Gross profit	878	916	945	942	852	(9.6)	(3.0)	1,794	8.2	47	3,799	7.9
Other income	23	36	22	34	23	(31.7)	2.2	57	32.9	42	135	33.5
Operating expenses	196	205	205	203	209	3.2	6.6	412	7.4	47	880	10.8
Share of profit from subsidiaries	130	114	161	82	146	78.7	12.9	228	(13.4)	68	336	(37.6)
Expected credit loss	56	167	126	189	236	24.6	324.1	425	151.1	58	728	57.4
Financial cost	109	130	132	138	126	(8.8)	15.0	263	28.9	48	548	17.5
Profit before tax	669	565	664	528	451	(14.7)	(32.7)	979	(18.9)	46	2,114	(13.2)
Income tax	95	86	101	105	82	(22.1)	(14.0)	187	5.9	44	423	16.4
Net profit	**551**	**466**	**540**	**418**	**367**	**(12.3)**	**(33.4)**	**785**	**(21.8)**	**48**	**1,638**	**(18.6)**
EPS (THB)	0.38	0.32	0.37	0.29	0.25	(12.3)	(33.4)	0.54	(21.8)	48	1.12	(18.6)
Key balance sheet items												
Gross NPL receivable	21,820	23,696	23,973	23,712	22,583	(4.8)	3.5	22,583	3.5		23,769	(0.9)
Additional investment	2,702	2,294	838	171	325	90.5	(88.0)	496	(81.6)	20	2,500	(65.4)
Cash collection	1,561	1,330	1,518	1,449	1,309	(9.7)	(16.1)	2,758	(5.9)	45	6,087	5.3
Leverage ratios	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
D/E	0.6	0.6	0.6	0.5	0.5			0.5			0.5	
IBD/E	0.5	0.5	0.5	0.5	0.4			0.4			0.5	
Interest bearing debt (THB m)	11,823	11,141	12,997	11,288	11,143			11,143			12,390	
Profitability ratios	(%)	(%)	(%)	(%)	(%)						(%)	
Cost-to-income ratio	15.7	15.6	14.9	14.9	16.0			15.5			15.6	
ECL / AMC revenue	5.1	14.6	10.5	15.5	20.3			17.9			14.7	
Gross margin	70.3	70.1	68.5	69.5	65.2			67.4			67.4	
Gross margin (x insurance)	73.5	73.7	72.0	72.0	68.3			70.2			70.0	
Average cost of funds	4.44	4.52	4.38	4.53	4.48			4.58			4.31	
Net margin	44.1	35.6	39.2	30.8	28.1			29.5			29.0	
ROE	9.4	8.0	8.7	6.6	5.8			6.3			6.1	
ROA	5.7	4.6	5.2	4.0	3.6			3.9			3.9	

Sources: JMT; FSSIA estimates

Exhibit 2: Operating performance by segment

	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	----- Change ----- (q-q %)	(y-y %)	1H24 (THB m)	Change (y-y %)	% of 24E	2024E (THB m)	Change (y-y %)
Total revenue	1,249	1,308	1,379	1,356	1,306	(3.7)	4.6	2,662	11.0	47	5,640	10.9
Debt collection	84	88	89	82	78	(3.9)	(6.8)	160	(10.0)	47	343	(3.5)
Debt management	851	938	987	1,020	1,003	(1.7)	17.8	2,022	28.4	50	4,058	15.9
Gain on loans receivables	238	204	216	198	159	(19.6)	(33.1)	357	(27.8)	39	907	(0.8)
Insurance income	76	78	87	57	66	16.3	(13.4)	123	(18.6)	37	332	5.0
Operating expenses	371	392	434	414	454	9.7	22.4	869	17.2	47	1,841	17.5
Cost of services	311	323	362	364	394	8.2	26.6	757	21.7	48	1,592	21.8
Insurance expenses	60	68	72	50	61	20.6	0.6	111	(6.7)	45	249	(4.1)
Gross profit	**878**	**916**	**945**	**942**	**852**	**(9.6)**	**(3.0)**	**1,794**	**8.2**	**47**	**3,799**	**7.9**

Sources: JMT; FSSIA estimates

Exhibit 3: Historical investment and cash collection in NPLs

	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	------- Change ------- (q-q %)	(y-y %)	1H24 (THB m)	% of 24E	2023 (THB m)	2024E (THB m)	Change (y-y %)
Investment	2,702	2,294	838	171	325	90.5	(88.0)	496	20	7,218	2,500	(65.4)
Cash collection	1,561	1,330	1,518	1,449	1,309	(9.7)	(16.1)	2758	45	5,778	6,087	5.3
Cash collection (JK AMC)	738	651	968	657	802	22.1	8.7	1459	53	2,932	2,757	(6.0)
Total cash collection	**2,299**	**1,981**	**2,486**	**2,106**	**2,111**	**0.2**	**(8.2)**	**4217**	**48**	**8,710**	**8,845**	**1.5**

Sources: JMT; FSSIA estimates

Exhibit 4: Outstanding amount and maturity of existing debentures, as of 9 August 2024

JMT	------------------------ Outstanding debenture ------------------------				------------------------------------ Maturity during quarter ------------------------------------				
	1Q (THB m)	2Q (THB m)	3Q (THB m)	4Q (THB m)	1Q (THB m)	2Q (THB m)	3Q (THB m)	4Q (THB m)	Total (THB m)
2024	9,603	9,603	8,978	7,965	1,849	-	625	1,013	3,486
2025	7,965	4,965	4,965	1,590	-	3,000	-	3,375	6,375
2026	1,590	444	444	-	-	1,147	-	444	1,590

Sources: ThaiBMA; FSSIA's compilation

Exhibit 5: JMT – GGM-based 2024 TP

Gordon growth	New	Previous
Sustainable ROE (%)	7.5	7.5
Terminal growth rate (%)	3.2	3.2
Risk-free rate (%)	3.0	3.0
Expected market return (%)	8.0	8.0
Market risk premium (%)	5.0	5.0
Beta	1.5	1.0
Cost of equity (%)	10.5	8.0
BVS (THB)	19.02	19.02
Target PBV ratio (x)	0.59	0.89
Fair value (THB)	11.00	17.00

Source: FSSIA estimates

Exhibit 6: Share price performance of non-banks under coverage, as of 9 August 2024

|	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(23.8)	(35.8)	(37.0)	(35.5)	(36.4)
MTC TB	(5.3)	(15.6)	(10.0)	4.5	(10.0)
SAWAD TB	(18.8)	(23.5)	(19.1)	(33.7)	(20.6)
AEONTS TB	(8.0)	(32.7)	(29.2)	(31.0)	(31.9)
KTC TB	1.3	(10.3)	(11.4)	(18.8)	(10.3)
SAK TB	(12.6)	(10.1)	8.8	(0.8)	13.5
ASK TB	(22.6)	(33.8)	(46.5)	(56.6)	(46.7)
THANI TB	(22.1)	(26.1)	(23.2)	(39.5)	(25.5)
JMT TB	(26.7)	(47.3)	(56.2)	(75.3)	(61.2)
BAM TB	(16.9)	(32.8)	(26.3)	(42.0)	(24.5)
CHAYO TB	(27.6)	(36.0)	(51.1)	(65.3)	(53.8)
SETFIN	(12.2)	(25.1)	(26.5)	(34.5)	(27.5)
SET	(2.6)	(5.5)	(6.6)	(15.5)	(8.4)

Source: Bloomberg

Exhibit 7: JMT – one-year prospective P/BV band
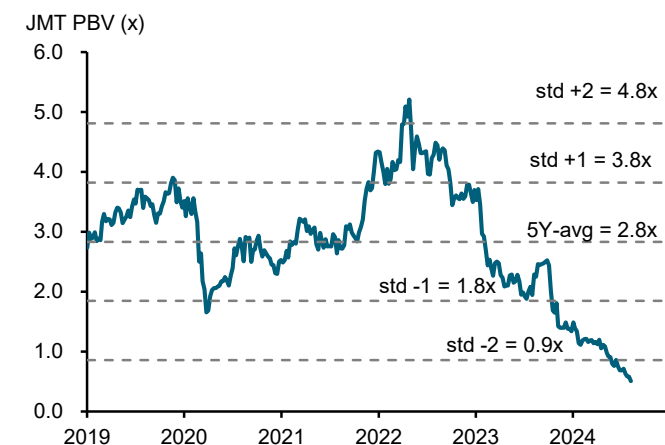
Sources: Bloomberg; FSSIA estimates

Exhibit 8: JMT – one-year prospective PER band
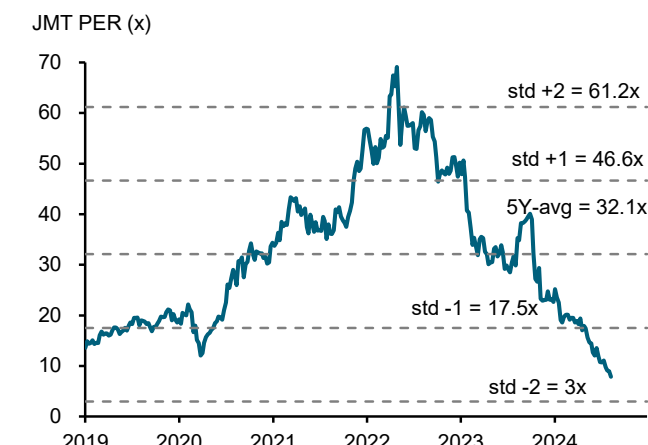
Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peer comparisons, as of 9 August 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE 24E (x)	PE 25E (x)	PBV 24E (x)	PBV 25E (x)	ROE 24E (%)	ROE 25E (%)	Div yld 24E (x)	Div yld 25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	40.50	50.00	23.5	13.6	10.9	2.3	1.9	18.1	19.0	0.7	0.8
Srisawad Corp	SAWAD TB	HOLD	29.25	40.00	36.8	8.1	7.2	1.4	1.2	18.4	18.2	1.3	1.4
Ngern Tid Lor	TIDLOR TB	BUY	13.80	15.80	14.5	9.2	7.9	1.3	1.1	14.5	15.1	3.3	3.8
Saksiam Leasing	SAK TB	HOLD	4.72	5.28	11.9	11.9	10.4	1.6	1.4	13.7	14.4	3.5	4.0
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	109.00	145.00	33.0	8.4	7.9	1.0	1.0	12.8	12.6	5.0	5.3
Krungthai Card	KTC TB	HOLD	39.00	40.00	2.6	13.1	12.6	2.5	2.3	20.3	19.0	3.4	3.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	REDUCE	10.60	10.70	0.9	9.5	7.5	0.5	0.5	5.5	6.9	5.3	6.7
Ratchthani Leasing	THANI TB	HOLD	1.76	2.28	29.5	7.9	7.7	0.8	0.8	10.1	10.0	6.9	7.1
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.15	7.50	22.0	11.2	10.5	0.5	0.4	4.1	4.3	6.1	6.2
JMT Network services	JMT TB	HOLD	9.90	11.00	11.1	8.8	7.3	0.5	0.5	6.1	7.2	6.8	8.2
Chayo Group	CHAYO TB	HOLD	2.52	3.00	19.0	9.9	6.4	0.8	0.7	8.1	11.1	2.6	2.4
Average						10.1	8.7	1.2	1.1	12.0	12.5	4.5	4.5

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

Sources: Bloomberg; FSSIA estimates

Financial Statements
JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	2,615	3,500	4,058	4,150	4,398
Interest expense	(283)	(466)	(548)	(530)	(529)
Net interest income	2,332	3,034	3,510	3,620	3,869
Net fees & commission	279	316	332	399	518
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	1,575	1,371	1,385	1,477	1,620
Non interest income	1,853	1,688	1,717	1,876	2,138
Total income	4,185	4,722	5,227	5,496	6,007
Staff costs	(1,459)	(1,567)	(1,841)	(1,934)	(2,125)
Other operating costs	(789)	(793)	(880)	(912)	(984)
Operating costs	(2,248)	(2,360)	(2,721)	(2,847)	(3,109)
Pre provision operating profit	1,937	2,362	2,507	2,649	2,898
Expected credit loss	(144)	(462)	(728)	(537)	(569)
Other provisions	-	-	-	-	-
Operating profit	1,793	1,899	1,778	2,112	2,329
Recurring non operating income	98	538	336	437	513
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	1,891	2,437	2,114	2,549	2,842
Tax	(209)	(363)	(423)	(510)	(568)
Profit after tax	1,682	2,074	1,691	2,039	2,273
Non-controlling interest	62	(63)	(54)	(59)	(65)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,744	2,011	1,638	1,980	2,209
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,744	2,011	1,638	1,980	2,209
Per share (THB)					
Recurring EPS *	1.20	1.38	1.12	1.36	1.51
Reported EPS	1.21	1.38	1.12	1.36	1.51
DPS	0.91	0.83	0.67	0.81	0.91
Growth					
Net interest income (%)	34.9	30.1	15.7	3.1	6.9
Non interest income (%)	17.1	(8.9)	1.7	9.2	14.0
Pre provision operating profit (%)	15.6	21.9	6.1	5.7	9.4
Operating profit (%)	11.1	5.9	(6.4)	18.7	10.3
Reported net profit (%)	25.1	15.3	(18.6)	20.9	11.5
Recurring EPS (%)	17.2	15.2	(18.6)	20.9	11.5
Reported EPS (%)	(3.5)	14.1	(18.6)	20.9	11.5
Income Breakdown					
Net interest income (%)	55.7	64.3	67.2	65.9	64.4
Net fees & commission (%)	6.7	6.7	6.4	7.3	8.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	37.6	29.0	26.5	26.9	27.0
Operating performance					
Gross interest yield (%)	12.90	13.50	13.67	14.00	14.58
Cost of funds (%)	3.35	4.17	4.31	4.31	4.30
Net interest spread (%)	9.55	9.33	9.36	9.69	10.28
Net interest margin (%)	11.5	11.7	11.8	12.2	12.8
Cost/income(%)	53.7	50.0	52.1	51.8	51.8
Cost/assets(%)	7.3	6.2	6.4	6.6	7.0
Effective tax rate (%)	11.0	14.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	76.1	60.2	60.0	60.0	60.0
ROE (%)	8.3	8.1	6.1	7.2	7.8
ROE - COE (%)	(2.2)	(2.4)	(4.4)	(3.3)	(2.7)
ROA (%)	5.4	5.4	4.0	4.7	5.1
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	2022	2023	2024E	2025E	2026E
Gross customer loans	18,490	23,161	22,964	24,205	25,782
Allowance for expected credit loss	490	812	805	849	904
interest in suspense	(658)	(1,074)	(1,802)	(2,339)	(2,908)
Net customer loans	**18,322**	**22,899**	**21,967**	**22,715**	**23,778**
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	2,797	1,786	2,839	2,998	3,034
Other interesting assets	-	-	-	-	-
Tangible fixed assets	198	281	295	309	325
Associates	-	-	-	-	-
Goodwill	112	119	125	132	138
Other intangible assets	106	108	113	119	125
Other assets	12,327	17,251	17,172	17,347	17,699
Total assets	**33,862**	**42,444**	**42,512**	**43,619**	**45,099**
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	9,368	12,997	12,390	12,228	12,391
Non interest bearing liabilities	1,405	2,140	2,351	2,582	2,837
Hybrid Capital	-	-	-	-	-
Total liabilities	**10,773**	**15,137**	**14,741**	**14,810**	**15,228**
Share capital	730	730	730	730	730
Reserves	22,286	25,813	26,239	27,237	28,257
Total equity	**23,015**	**26,543**	**26,969**	**27,967**	**28,987**
Non-controlling interest	72	764	802	842	884
Total liabilities & equity	**33,862**	**42,444**	**42,512**	**43,619**	**45,099**
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	20,276	25,922	29,697	29,642	30,174
Average interest bearing liabilities	8,437	11,183	12,694	12,309	12,310
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	15.77	18.18	18.48	19.16	19.86
Tangible book value per share	15.62	18.03	18.31	18.99	19.68
Growth					
Gross customer loans	13.2	25.3	(0.9)	5.4	6.5
Average interest earning assets	34.9	27.8	14.6	(0.2)	1.8
Total asset (%)	20.8	25.3	0.2	2.6	3.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	68.0	62.5	63.4	64.1	64.3
Tangible equity/assets (%)	67.3	62.0	62.9	63.5	63.7
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	(2.6)	(3.5)	(3.5)	(3.5)	(3.5)
Allowance for ECL/NPL (%)	-	-	-	-	-

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	8.3	7.2	8.8	7.3	6.5
Recurring P/E @ target price (x) *	9.2	8.0	9.8	8.1	7.3
Reported P/E (x)	8.2	7.2	8.8	7.3	6.5
Dividend yield (%)	9.2	8.4	6.8	8.2	9.2
Price/book (x)	0.6	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.5	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.7	0.6	0.6	0.6	0.6
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: JMT Network Services; FSSIA estimates

JMT Network Services PCL (JMT TB)

FSSIA ESG rating

★ ★

35.60 /100

Exhibit 10: FSSIA ESG score implication

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.

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA ESG score	------------------ Domestic ratings -----------------------						------------------------------- Global ratings -------------------------						--- Bloomberg ---	
		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; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**—**	**—**	**—**	**—**
BESG environmental pillar score	—	—	—	—
BESG social pillar score	—	—	—	—
BESG governance pillar score	—	—	3.47	3.38
ESG disclosure score	**26.04**	**26.04**	**38.38**	**39.90**
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
Environmental				
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 13: 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
Social				
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
Governance				
Board size	**7**	**7**	**7**	**7**
No. of independent directors (ID)	**3**	**3**	**3**	**3**
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
No. of executives / company managers	**5**	**5**	**5**	**4**
No. of female executives	2	2	2	1
Executive share ownership guidelines	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	100	100	100
Size of compensation committee	**3**	**3**	**3**	**3**
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
Size of nomination committee	**3**	**3**	**3**	**3**
No. of nomination committee meetings	2	3	2	2
Nomination meeting attendance %	100	100	100	100
Sustainability governance				
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 **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 the 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%). *(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.
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. *(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.
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.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

ESG score	Methodology	Rating
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.	

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	

ESG score	Methodology	Rating
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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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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Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 9.90	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
Ratchthani Leasing	THANI TB	THB 1.76	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.
Muangthai Capital	MTC TB	THB 40.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 29.25	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.
Ngern Tid Lor	TIDLOR TB	THB 13.80	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.
Saksiam Leasing	SAK TB	THB 4.72	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 109.00	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.
Krungthai Card	KTC TB	THB 39.00	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.
Asia Sermkij Leasing PCL	ASK TB	THB 10.60	REDUCE	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 6.15	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 2.52	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 09-Aug-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.