

JMT NETWORK SERVICES
THAILAND / FINANCE & SECURITIES

JMT TB

HOLD

UNCHANGED

อ่อนแอตามคาด

- กำไรสุทธิ 2Q24 ยังคงได้รับแรงกดดันจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่อยู่ในระดับสูงอย่างต่อเนื่อง ในขณะที่ค่าใช้จ่ายในการดำเนินงาน (OPEX) ปรับตัวสูงขึ้นซึ่งทำให้กำไรสุทธิไตรมาสดังกล่าวลดลงอย่างมีนัยสำคัญทั้ง q-q และ y-y
- แม้ว่าการลงทุนในหนี้โดยคุณภาพ (NPL) ในช่วง 1H24 จะยังต่ำ เราคาดว่าตัวเลขดังกล่าวจะเร่งตัวขึ้น h-h ในช่วง 2H24 จากอุปทานที่เพิ่มขึ้น
- คงคำแนะนำถือหลังลดราคาเป้าหมายลงเหลือ 11.00 บาท

ECL สร้างแรงกดดันอย่างต่อเนื่องใน 2Q24 และอาจต่อเนื่องไปในอนาคต

JMT รายงานกำไรสุทธิ 2Q24 อยู่ที่ 367 ลบ. ลดลง 12.3% q-q และ 33.4% y-y ต่ำกว่าที่เราคาด 4% แต่สูงกว่าที่ตลาดคาด 4% ไตรมาสดังกล่าวไม่เพียงแต่เป็น Low season ของธุรกิจแต่ JMT ยังเผชิญแรงกดดันทางเศรษฐกิจที่สูงขึ้นอย่างต่อเนื่องจากหนี้ครัวเรือนที่อยู่ในระดับสูงและอำนาจการซื้อของลูกค้าที่อ่อนแออันนำมาซึ่งการเก็บเงินสดที่ลดลงและ ECL ที่สูงขึ้น เมื่อรวมกับส่วนแบ่งจาก JK AMC การเก็บเงินสดรวมใน 2Q24 อยู่ที่ 2.11 พัน ลบ. ทรงตัว q-q แต่ลดลง 8.2% y-y ถ้านับจาก JMT เพียงรายเดียวตัวเลขดังกล่าวอยู่ที่ 1.31 พัน ลบ. ลดลง 9.7% q-q และ 16.1% y-y นอกจากนี้แรงกดดันจาก OPEX ยังเพิ่มขึ้นเนื่องจากบริษัท พยายามเร่งรัดดำเนินคดีกับลูกหนี้ซึ่งทำให้อัตรากำไรขั้นต้นอยู่ที่ 65.2% ลดลงจาก 69.5% ใน 1Q24 อย่างไรก็ดีอัตรากำไรขั้นต้นในช่วง 1H24 เพิ่มขึ้นเป็น 67.4% ใกล้เคียงกับเป้าปี 2024 ของเรา ทั้งนี้กำไรสุทธิในช่วง 1H24 คิดเป็น 48% ของประมาณการของเรา

คาดการณ์ซื้อหนี้โดยคุณภาพจะเร่งตัวขึ้น h-h ในช่วง 2H24

ใน 2Q24 เงินลงทุนในบัญชีลูกหนี้ใกล้เคียงกับที่เราคาดโดยอยู่ที่ 325 ลบ. เร่งตัวขึ้น q-q จาก 171 ลบ. ใน 1Q24 ตัวเลขเงินลงทุนรวมคิดเป็น 20% ของประมาณการในปี 2024 ของเรา แม้ว่าจะเพิ่มขึ้นอย่างช้า ๆ ในช่วง 1H24 ตัวเลขดังกล่าวสอดคล้องกับเป้าหมายการของบริษัทฯ ที่ให้งบประมาณสำหรับเงินลงทุนใน NPL ในช่วง 2H24 อยู่ที่ 2.0 พัน ลบ. เทียบกับประมาณการของเราที่ 2.5 พัน ลบ. โดยคาดว่าอุปทานจะเข้าสู่ตลาดเพิ่มขึ้นในช่วงดังกล่าว

คงแนวโน้มและประมาณการกำไรสุทธิที่อ่อนแอในปี 2024

จากกำไรสุทธิ 1H24 ที่คิดเป็น 48% ของประมาณการทั้งปีของเรา เราคงประมาณการกำไรสุทธิในปี 2024-26 ของเรา แม้ว่า 2H24 น่าจะเป็น High season โดยคาดว่าจะการเก็บเงินสดจะเร่งตัวขึ้น h-h เรายังคงมองปัจจัยด้วยความระมัดระวังจากความเสี่ยงมหภาคที่เพิ่มขึ้นตลอดช่วง 1H24

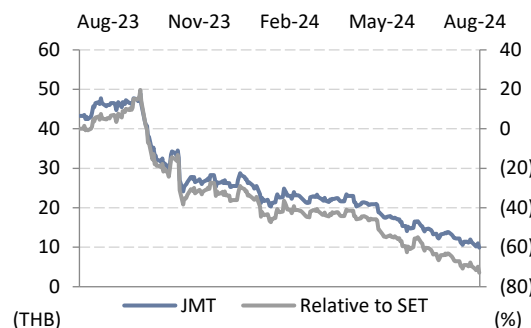
คงคำแนะนำถือหลังลดราคาเป้าหมายลงเหลือ 11.00 บาท

จากราคาหุ้นที่ลดลงกว่า 60% YTD เราเชื่อว่าราคาที่ลดลงดังกล่าวได้สะท้อนผลประกอบการและแนวโน้มที่ลดลงของ JMT ไปแล้วเป็นส่วนมากโดยเฉพาะอย่างยิ่งในปี 2024 อย่างไรก็ตามเมื่อเศรษฐกิจในภาพรวมไม่ได้ปรับตัวอย่างมีนัยสำคัญ เราจึงยังไม่เห็นปัจจัยบวกที่จะช่วยผลักดันให้หุ้นมีการซื้อขายในราคาที่สูงขึ้นในขณะนี้ ดังนั้นเราจึงยังคงคำแนะนำถือ JMT หลังลดราคาเป้าหมายปี 2024 ของเราลงเหลือ 11.00 (จาก 17.00) บาท (GGM) โดยมีสมมติฐานจากค่า P/BV ที่ 0.59x (ลดลงจาก 0.89x), ค่า COE ที่สูงขึ้นเป็น 10.5% (จาก 8.5%) และ LT ROE ที่ 7.5% จากแนวโน้มที่เป็นลบของ JMT และของกลุ่มฯ

| | |
|-----------------|----------|
| 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% |

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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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 13 สิงหาคม 2024

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%).

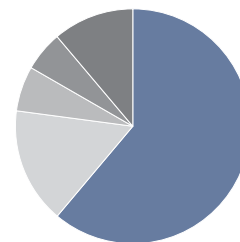
Company profile

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.jmntnetwork.co.th

Principal activities (revenue, 1H24)

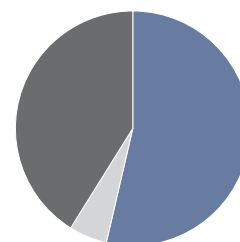
- Debt management - 61.1 %
- Gains from purchase of A/R - 16.0 %
- Debt collection - 6.2 %
- Net insurance income - 5.5 %
- Other income - 11.2 %



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 (THB m) | 2025E (THB m) | 2026E (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

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 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | ---- Change ---- | | 1H24 | Change | % of | 2024E | Change |
|-----------------------------------|------------|------------|------------|------------|------------|------------------|---------------|------------|---------------|-----------|--------------|---------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (y-y %) | 24E | (THB m) | (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 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | ---- Change ---- | | 1H24 | Change | % of | 2024E | Change |
|---------------------------|------------|------------|------------|------------|------------|------------------|--------------|--------------|------------|-----------|--------------|------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (y-y %) | 24E | (THB m) | (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 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | ----- Change ----- | | 1H24 | % of | 2023 | 2024E | Change |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------|--------------|-----------|--------------|--------------|------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | 24E | (THB m) | (THB m) | (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) | 2,758 | 45 | 5,778 | 6,087 | 5.3 |
| Cash collection (JK AMC) | 738 | 651 | 968 | 657 | 802 | 22.1 | 8.7 | 1,459 | 53 | 2,932 | 2,757 | (6.0) |
| Total cash collection | 2,299 | 1,981 | 2,486 | 2,106 | 2,111 | 0.2 | (8.2) | 4,217 | 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 | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | Total |
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (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 |

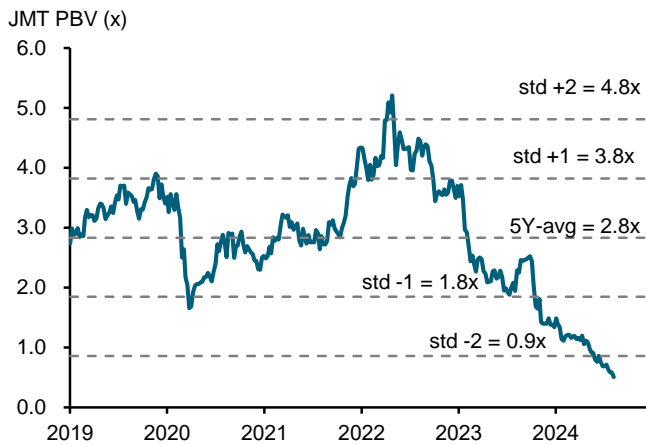
Source: FSSIA estimates

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

| | Price performance | | | | |
|---------------|-------------------|---------------|---------------|---------------|---------------|
| | 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) |

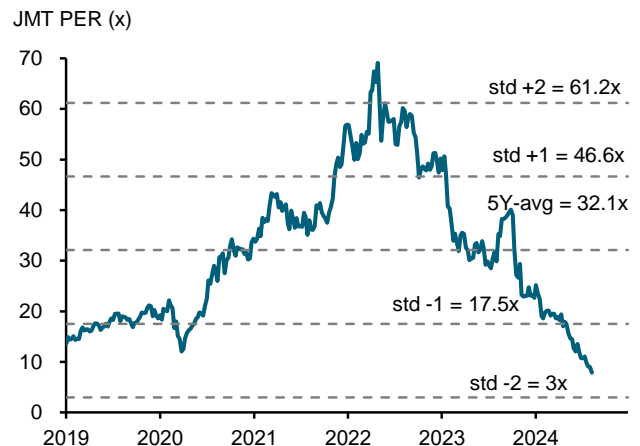
Source: Bloomberg

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 | | PBV | | ROE | | Div yld | |
|--------------------------------|---------------|-------------|-------------------|--------------------|-------------|-------------|------------|------------|------------|-------------|-------------|------------|------------|
| | | | | | | 24E | 25E | 24E | 25E | 24E | 25E | 24E | 25E |
| | | | | | | (x) | (x) | (x) | (x) | (%) | (%) | (x) | (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 | | | | | |
| 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](https://www.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 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 |
| 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 | | | | | | | | | | | | | | | | | | | |
| 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 |
|--------------------------------|-----------|------------|--------|--|
| 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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.