

Thailand Asset Management Companies

Charting the direction in 2H24

- The three AMCs under coverage reported an aggregate 2Q24 net profit of THB900m, reflecting a 6.5% q-q increase but a 15.7% y-y contraction due to rising ECLs at JMT and CHAYO.
- In 2H24, we expect h-h net profit growth to be led by CHAYO, which should see an improvement without the extra ECLs, while we anticipate the highest earnings visibility for BAM.
- We pick BAM as our top BUY owing to its greater growth visibility and an attractive yield of 6-7%.

1H24 marks a trough

The three AMCs under coverage reported an aggregate 2Q24 net profit of THB900m, reflecting 6.5% q-q growth but a 15.7% y-y decline. Increased ECL expenses primarily drove the y-y declines for JMT and CHAYO. The aggregate cash collection amounted to THB5.4b, marking a 5.8% q-q increase but a 5.9% y-y decline. Despite seasonal pressures on cash collection in 2Q24, BAM's aggressive NPA sales were the key contributor to the sector's q-q improvement. Aggregate 2Q24 OPEX rose to THB1.5b, up 8.5% q-q and 8.8% y-y, mainly due to rising legal costs at JMT and CHAYO. The cost-to-income ratio increased to 34.9% in 2Q24 from 34.5% in 1Q24. The sector's 2Q24 investment in NPLs surged to THB5.1b, up from THB1.4b in 1Q24, as more supplies entered the market. However, this represents a 32.5% y-y contraction due to a high base in 2Q23 and challenges in the bond market, making securing funding for NPL purchases difficult.

Expect positive momentum in 2H24

In 2H24, we expect h-h net profit growth in the sector, led by CHAYO, which should see the most remarkable improvement due to the absence of the extra ECL incurred in 1H24. We also expect CHAYO's cash collection to maintain its solid momentum, supported by previous investments in short-overdue unsecured NPLs made in 2H23 and 2Q24. For JMT, early 3Q24 updates from management suggest that a decline in ECLs should offset rising legal expenses, leading to a h-h net profit improvement. Expected cash collection is THB1.4b-1.5b per quarter, though ECL pressure may increase due to 2H24 NPL investments. BAM's NPL segment should continue to see a gradual recovery coupled with the peak season in the second half. Meanwhile, it will likely see rising NPA sales with more aggressive pricing, supporting h-h growth. A reduced supply of secured NPLs should limit loan purchasing and alleviate the ECL burden, signaling a gradual recovery in net profit after a 1Q24 trough.

2024E aggregate profit to decline y-y, dragged by JMT and CHAYO

We expect the aggregate 2024 net profit of the three AMCs to decline by 4.7% y-y, primarily due to drags from JMT (-18.9% y-y), due to disappointing cash collection leading to higher ECLs, and CHAYO (-25.7% y-y) due to extra ECLs throughout 1H24. Meanwhile, we estimate BAM to post the most outstanding growth of 18.8% y-y, supported by the recovery of both of its engines – NPLs and NPAs. For 2025-26, we estimate the aggregate net profit to recover at an average rate of 14% CAGR, which is largely a strong recovery from the low base in 2023, with CHAYO outperforming at 35% CAGR, followed by JMT at 16% CAGR.

Cautious outlook with BAM as the most visible performer

The operating underperformance in 1H24 has already been reflected in the companies' share prices, which have declined YTD by 35% for JMT, 37% for CHAYO, and 8% for BAM, leading them to trade below or at their NAVs. Despite this, given our conservative view on the prospective uncertainty, we maintain our cautious outlook for the sector. BAM stands out as our top pick with the greatest earnings visibility, with a TP of THB9.00, implying a P/BV ratio of 0.64x and an attractive dividend yield estimated at 6-7% p.a.



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1H24 marks a trough

The three asset management companies (AMCs) under coverage reported an aggregate 2Q24 net profit of THB900m, reflecting 6.5% q-q growth but a 15.7% y-y decline. Increased expected credit loss (ECL) expenses primarily drove the y-y declines for JMT and CHAYO. The aggregate cash collection amounted to THB5.4b, marking a 5.8% q-q increase but a 5.9% y-y decline. Despite seasonal pressures on cash collection in 2Q24, BAM's aggressive non-performing asset (NPA) sales were the key contributor to the sector's q-q improvement.

The aggregate 2Q24 operating expenses (OPEX) rose to THB1.5b, up 8.5% q-q and 8.8% y-y, driven by rising legal expenses at JMT and CHAYO, as these companies intensified efforts to increase loan turnover and accelerate debt collection. The 2Q24 cost-to-income ratio (CIR) rose slightly q-q from 34.5% to 34.9%. Meanwhile, the 1H24 CIR of 34.7% remained below our full-year 2024 estimate of 36.8%.

The sector's investment in NPLs surged to THB5.1b in 2Q24 from THB1.4b in 1Q24 due to an increase in NPL supplies, mainly secured NPLs at BAM. However, this represents a 32.5% y-y contraction due to a high base in 2Q23 and challenges in the bond market, which created a complex environment for securing funds and purchasing NPLs. The aggregate 1H24 net profit accounts for 47% of our 2024 full-year net profit estimate.

We have observed contrasting trends among the players: unsecured NPL operators like JMT and CHAYO are still seeking opportunities to increase NPL supply, which has faced obstacles due to the Bank of Thailand (BoT)'s responsible lending policies. In contrast, the secured NPL player, BAM, expects a decline in secured NPL supplies in 2H24, driven by low auction prices, leading sellers to withdraw from auction activities.

Expect positive momentum in 2H24

With 1H24 aggregate net profit accounting for 47% of our full-year 2024 estimate, we anticipate q-q growth in the sector's net profit and a h-h improvement in 2H24.

- In 2H24, CHAYO should exhibit the most substantial h-h growth, having realized an extra ECL of cTHB148m in 1H24, which is not anticipated to recur going forward. Additionally, the company will likely record a gain from selling medium-sized NPAs, of which the estimated contribution is cTHB10m in gains in 3Q24. We expect CHAYO's cash collection to maintain solid growth momentum, supported by the unsecured and short-overdue NPLs acquired in 2H23 and 2Q24. On a y-y basis, net profit growth should align with the expansion of its portfolio.

So far in 1H24, CHAYO's investment in NPLs was THB 176m, representing just 18% of our full-year estimate. We anticipate accelerating purchasing activity in 2H24 as more supply enters the market following the stall caused by the BoT's responsible lending policy. CHAYO will continue acquiring receivables similar to those in 1H24, adhering to its strategy of quickly generating cash inflows.

- For JMT, we expect the decline in ECL to outpace the increase in legal expenses in 2H24, based on management's update on the downward ECL trend in June-July 2024. Consequently, we foresee a h-h improvement in JMT's 2H24 net profit. We also anticipate 2H24 cash collections to range between THB1.4b-1.5b per quarter. This trend suggests that JMT's net profit likely reached a trough in 2Q24. However, as most of its NPL investment will occur in 2H24, the anticipated additional ECL pressure from purchasing activity will happen in the second half.
- Finally, we expect BAM's NPL business to exhibit a gradual recovery in the remaining year with a seasonal tailwind in 2H24. As per our update meeting with management, it has a satisfying picture of strengthening debtors, especially for those in the tourism-related sectors, with several potential large-ticket collections – apart from the THB800m guided at the latest analyst meeting.

Moreover, NPA sales should continue rising in 2H24, further supporting its revenue performance. The company is considering a more aggressive pricing strategy, with the selling price relative to the appraisal value of assets expected to decline to 80-81% in 2H24, compared to 85% in 2Q24 and 90% in 1Q24. BAM is comfortable with low NPA pricings, as it sees them as being at more reasonable levels for market-making.

Additionally, as BAM has observed a decrease in the supply of secured NPLs in 2H24, we expect a lower volume of loan purchases, which should result in a reduced ECL burden on BAM's net profit in the future. Therefore, we remain confident that BAM's net profit has passed a trough in 1Q24 and is poised for a gradual recovery for the remainder of the year.

Exhibit 1: Aggregate 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 %)
Revenue												
Interest income	3,666	3,793	4,098	4,218	4,207	(0.3)	14.8	8,425	18.2	49	17,131	13.7
Non-interest income	1,207	1,119	1,073	827	1,163	40.5	(3.7)	1,990	(4.9)	50	3,966	(7.4)
Total operating income	4,873	4,912	5,171	5,045	5,369	6.4	10.2	10,415	12.9	49	21,096	9.0
Total operating expenses	1,398	1,479	1,583	1,402	1,521	8.5	8.8	2,923	7.6	47	6,262	8.4
Finance cost	896	930	963	985	1,008	2.4	12.5	1,993	15.0	49	4,084	12.6
PPOP	2,579	2,503	2,625	2,659	2,840	6.8	10.1	5,499	15.2	51	10,750	8.1
Expected credit loss	1,265	1,358	1,287	1,553	1,690	8.8	33.5	3,243	32.4	56	5,838	14.6
Pre-tax profit	1,314	1,145	1,338	1,106	1,150	4.0	(12.5)	2,256	(2.9)	46	4,911	1.3
Tax income	211	194	220	217	219	1.2	3.9	436	15.0	46	949	19.6
Net profit	1,067	926	1,120	845	900	6.5	(15.7)	1,745	(7.7)	47	3,751	(4.7)
Key B/S highlights												
Gross NPL	109,750	115,435	115,384	113,952	116,706	2.4	6.3	116,706	6.3		119,168	2.6
Gross NPA	46,335	47,248	48,328	49,584	49,866	0.6	7.6	49,866	7.6		49,495	7.4
Additional acquisitions	7,485	8,317	3,134	1,373	5,051	267.8	(32.5)	5,051	(56.4)		13,500	(41.4)
Cash collection												
NPL cash collection	3,666	3,582	3,975	3,766	3,442	(8.6)	(6.1)	7,208	1.3	46	15,657	6.7
NPA cash collection	2,104	1,716	1,593	1,364	1,985	45.5	(5.7)	3,349	(0.1)	45	7,375	10.7
Total cash collection	5,770	5,297	5,567	5,130	5,427	5.8	(5.9)	10,557	0.9	46	23,032	8.0
Key financial ratios												
D/E (x)	1.54	1.57	1.53	1.53	1.56			1.56			1.52	
IBD/E (x)	1.47	1.44	1.45	1.46	1.49			1.49			1.44	
Cost of funds (%)	3.57	3.64	3.67	3.68	3.74			3.75			3.75	
Cost-to-income (%)	35.15	37.13	37.61	34.52	34.88			34.71			36.81	
ROAA (%)	2.36	2.02	2.39	1.80	1.91			1.88			1.96	
ROAE (%)	6.02	5.26	6.17	4.60	4.93			4.86			4.97	

Sources: Company data; FSSIA estimates

Exhibit 2: Historical cash collection performance of AMCs under coverage, as of 2Q24

	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 %)
BAM	4,118	3,862	3,913	3,534	3,958	12.0	(3.9)	7,491	2.1	46	16,177	7.0
JMT	1,561	1,330	1,518	1,449	1,309	(9.7)	(16.1)	2,758	(5.9)	45	6,087	5.3
CHAYO	92	106	137	147	160	9.0	75.3	308	56.4	69	444	1.1
Coverage	5,770	5,297	5,567	5,130	5,427	5.8	(5.9)	10,557	0.9	46	22,708	6.5

Sources: Company data; FSSIA estimates

Exhibit 3: Historical investment in NPLs of AMCs under coverage, as of 2Q24

	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 %)
BAM	4,723	5,431	1,514	1,194	4,558	281.7	(3.5)	5,752	(22.0)	58	10,000	(30.2)
JMT	2,702	2,294	838	171	325	90.5	(88.0)	496	(87.9)	20	2,500	(65.4)
CHAYO	60	592	782	8	168	1,886.8	177.9	176	28.6	18	1,000	(33.8)
Coverage	7,485	8,317	3,134	1,373	5,051	267.8	(32.5)	6,424	(44.6)	48	13,500	(41.4)

Sources: Company data; FSSIA estimates

Manageable liquidity positioning across companies

Despite the currently unfavorable conditions in the Thai bond market, which might raise concerns among investors regarding aggregate debt repayment liabilities, we have no worries about the liquidity positioning of the companies under our coverage.

We particularly want to highlight BAM's strong reputation among institutional and high-net-worth bond investors. BAM's debenture offerings have consistently seen high demand, reflecting the market's confidence in the company's financial stability. The firm has had a sustained outstanding credit rating of "A-", the best in the class.

CHAYO faces the slightest pressure concerning debt repayment obligations within the next year, with only THB77m due. The company exercised a call option on its bonds in 1Q24, freeing it from any debenture repayment obligations for the remainder of 2024. This proactive management of its debt obligations further strengthens its liquidity position. The firm had a credit rating of stable "BB+".

Lastly, despite a meaningful portion of JMT's debentures slated for repayment in 2H24, we expect its financing conditions to be manageable with 1) 2Q24 cash on hand of THB507m; and 2) expected monthly cash collection of cTHB450m and an outstanding credit line from commercial banks at THB1.8b. The firm received a "BBB+" credit rating and ranked second among peers.

Exhibit 4: Outstanding amount and maturity of existing debentures, as of 2 September 2024

	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)
BAM									
2024	73,520	70,580	69,460	68,960	-	6,800	4,500	500	11,800
2025	67,115	66,745	63,545	55,841	1,845	370	3,200	7,704	13,119
2026	55,841	46,401	44,580	43,071	-	9,440	1,821	1,509	12,770
JMT									
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
CHAYO									
2024	3,974	3,940	3,940	3,940	-	34	-	-	34
2025	3,940	3,940	3,940	2,140	-	-	-	1,800	1,800
2026	1,140	1,140	1,140	622	1,000	-	-	518	1,518

Sources: ThaiBMA; FSSIA's compilation

Exhibit 5: Liquidity position of companies, as of 1H24

	BAM (THB m)	JMT (THB m)	CHAYO (THB m)
Cash and equivalents	1,084	507	520
Estimated cash collection per month	1,400	450	50
Credit line from FIs	c7,000	1,782	110
Interest bearing liabilities - due within 1 year	23,702	5,252	77
- Debentures	7,215	4,630	-
- Loan borrowings	16,487	621	77
Credit rating	A-(TRIS)	BBB+(TRIS)	BB+(TRIS)

Sources: Company data; FSSIA estimates

Cautious outlook with BAM as the most visible performer

The operational underperformance seen in 1H24 has been reflected in the share prices of the companies under our coverage, which have declined YTD by 35% for JMT, 37% for CHAYO, and 8% for BAM. This has led these companies to trade at or below their book values. Despite this, given our conservative outlook on the uncertainties ahead, we maintain a cautious stance on the sector.

Among these companies, we pick BAM as our top BUY, with a target price (TP) of THB9.00, implying a P/BV ratio of 0.64x, due to its strong earnings visibility from the recovery of both its NPL and NPA businesses, where the current share price exhibits a sufficient upside relative to our TP. Besides this, BAM has an attractive estimated dividend yield of 6-7% p.a. for 2024-26, based on an estimated payout ratio of 80%.

Exhibit 6: JMT – GGM-based 2024 TP

Gordon Growth Model	2024E
L-T ROE (%)	7.5
Terminal growth rate (%)	3.2
Risk-free rate (%)	3.0
Expected market return (%)	8.0
Market risk premium (%)	5.0
Beta	1.5
Cost of equity (%)	10.5
BVS (THB)	19.02
Target PBV ratio (x)	0.59

Source: FSSIA estimates

Exhibit 7: CHAYO – GGM-based 2024 TP

Gordon Growth Model	2024E (%)
LT-ROE (%)	9.6
Terminal growth rate (%)	8.0
Risk-free rate (%)	3.0
Expected market return (%)	8.0
Market risk premium (%)	5.0
Beta	1.4
Cost of equity (%)	9.9
Target PBV ratio (x)	0.87

Source: FSSIA estimates

Exhibit 8: BAM – NAV-based 2024 TP

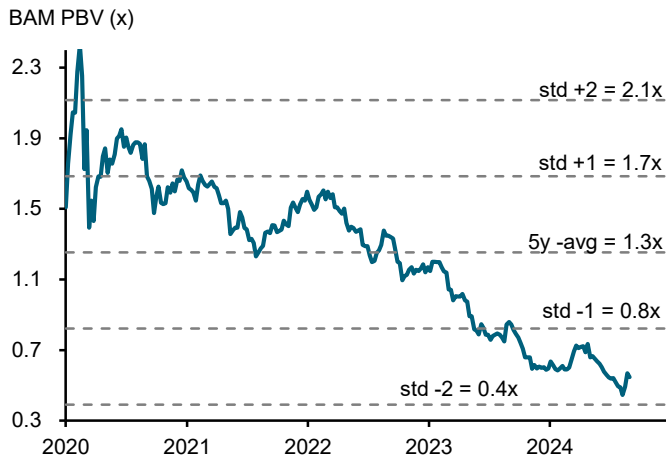
NAV Valuation	2024E (THB m)
Discounted value of NPL and NPAs	107,787
Discounted value of other assets	1,437
Liabilities	93,509
Net asset value	29,114
No. of shares (m shares)	3,232
BVS (THB)	14.02
Implied PBV (x)	0.64
NAV per share (THB)	9.00

Sources: BAM; FSSIA estimates

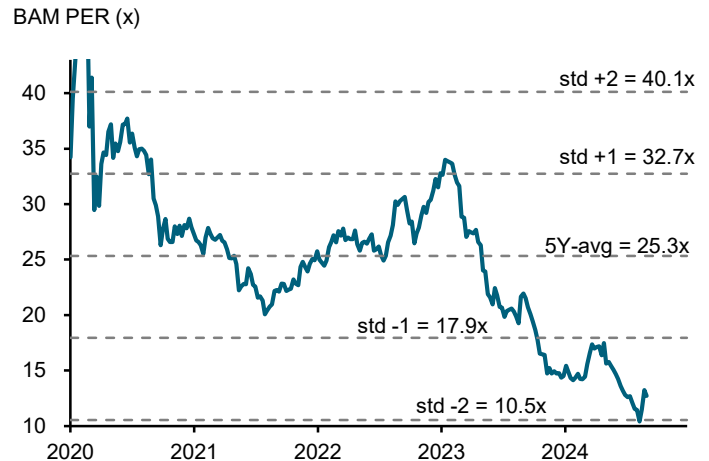
Exhibit 9: Share price performance of non-banks under coverage, as of 2 September 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	1.9	(20.1)	(25.7)	(29.2)	(26.7)
MTC TB	3.0	(2.2)	(4.9)	8.1	(3.3)
SAWAD TB	20.0	(9.6)	10.0	(17.5)	1.9
SAK TB	(4.6)	(14.5)	14.3	(10.6)	19.2
AEONTS TB	6.8	(15.8)	(15.8)	(28.0)	(21.9)
KTC TB	6.4	(8.7)	(4.6)	(13.5)	(4.0)
ASK TB	13.4	(14.8)	(27.8)	(49.7)	(36.2)
THANI TB	11.3	(19.9)	(3.4)	(35.5)	(16.7)
JMT TB	46.9	7.8	(25.2)	(64.1)	(34.9)
BAM TB	11.1	(12.3)	(9.1)	(35.9)	(8.0)
CHAYO TB	23.0	(10.0)	(36.7)	(55.0)	(37.2)
SETFIN	9.3	(10.6)	(12.9)	(29.5)	(16.3)
SET	3.1	0.6	(1.0)	(13.3)	(4.4)

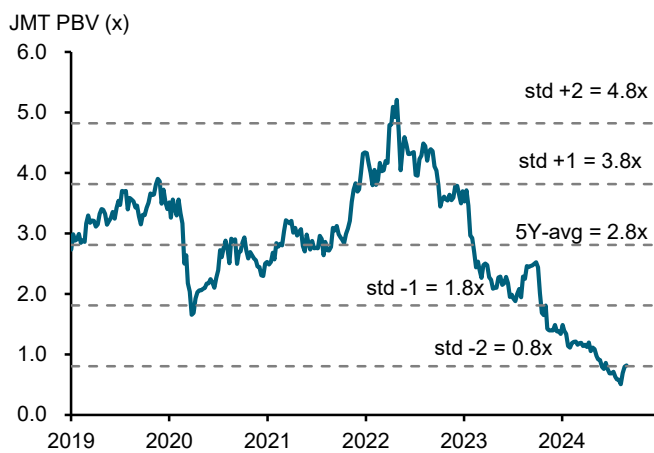
Source: Bloomberg

Exhibit 10: BAM – one-year prospective P/BV band

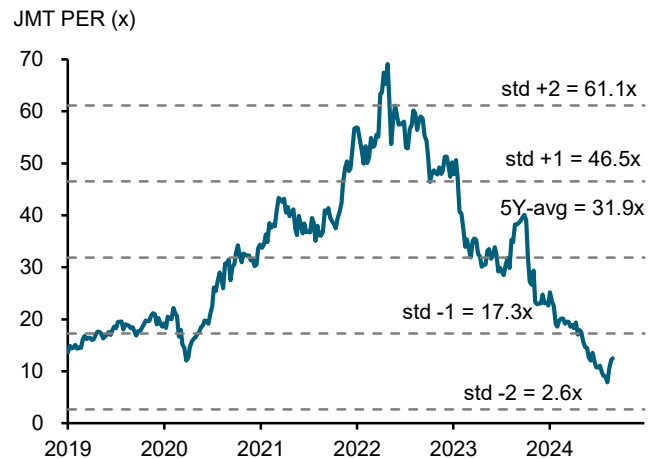
Sources: Bloomberg; FSSIA estimates

Exhibit 11: BAM – one-year prospective PER band

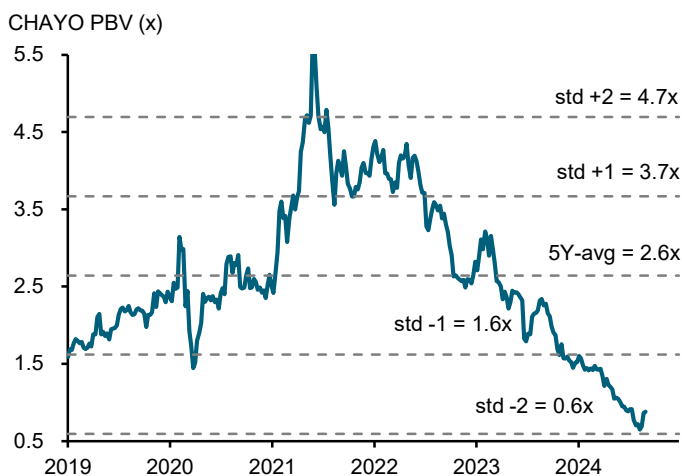
Sources: Bloomberg; FSSIA estimates

Exhibit 12: JMT – one-year prospective P/BV band

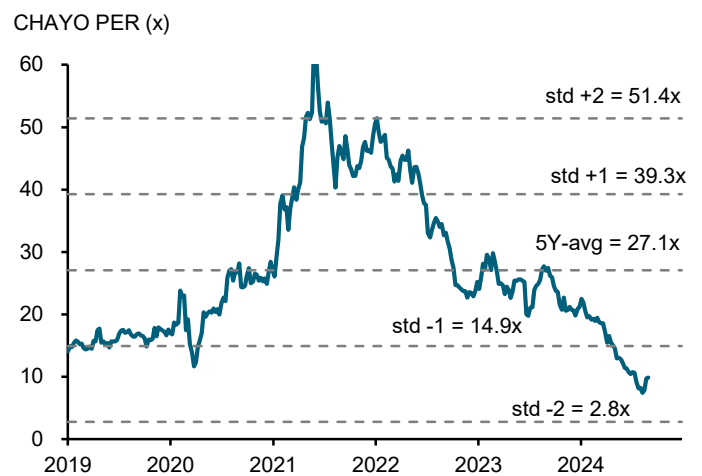
Sources: Bloomberg; FSSIA estimates

Exhibit 13: JMT – one-year prospective PER band

Sources: Bloomberg; FSSIA estimates

Exhibit 14: CHAYO – one-year prospective P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 15: CHAYO – one-year prospective PER band

Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peers comparison, as of 2 September 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	----- PE ----- 24E (x)	25E (x)	----- PBV ----- 24E (x)	25E (x)	----- ROE ----- 24E (%)	25E (%)	---- Div yld ---- 24E (x)	25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	43.50	50.00	14.9	14.7	11.7	2.4	2.1	18.1	19.0	0.6	0.8
Srisawad Corp	SAWAD TB	HOLD	37.50	37.00	(1.3)	10.8	9.7	1.7	1.5	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	HOLD	15.90	15.80	(0.6)	10.5	9.0	1.4	1.3	14.5	15.1	2.9	3.3
Saksiam Leasing	SAK TB	BUY	4.96	5.28	6.5	12.5	11.0	1.6	1.5	13.7	14.4	3.4	3.8
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	125.00	145.00	16.0	9.6	9.1	1.2	1.1	12.8	12.6	4.4	4.6
Krungthai Card	KTC TB	HOLD	41.75	40.00	(4.2)	14.0	13.5	2.7	2.4	20.3	19.0	3.2	3.3
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	12.70	9.60	(24.4)	15.1	11.9	0.6	0.6	4.2	5.3	3.3	4.2
Ratchthani Leasing	THANI TB	HOLD	1.97	1.88	(4.6)	10.7	9.9	0.9	0.9	8.5	8.9	5.2	5.6
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	BUY	7.50	9.00	20.0	13.3	12.3	0.5	0.5	4.1	4.4	6.0	6.5
JMT Network services	JMT TB	HOLD	16.60	11.00	(33.7)	14.8	12.2	0.9	0.9	6.1	7.2	4.1	4.9
Chayo Group	CHAYO TB	HOLD	3.42	3.00	(12.3)	13.4	8.6	1.0	0.9	8.1	11.1	1.9	1.7
Average						12.7	10.8	1.4	1.2	11.6	12.1	3.2	3.6

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

Sources: Bloomberg; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainability	The Sustainability's 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+										
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) **CG Score**; 2) **AGM Level**; 3) **Thai CAC**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 7.50	BUY	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.
JMT Network Services	JMT TB	THB 16.60	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.
Chayo Group	CHAYO TB	THB 3.42	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.
Srisawad Corp	SAWAD TB	THB 37.50	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
Ngern Tid Lor	TIDLOR TB	THB 15.90	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators. Upside risks are 1) lower-than-expected credit costs from better asset quality management; and 2) higher-than-expected loan and insurance premium growth from the positive effects of a more favorable economic situation.
Ratchthani Leasing	THANI TB	THB 1.97	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 43.50	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.
Saksiam Leasing	SAK TB	THB 4.96	BUY	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 125.00	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 41.75	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 12.70	HOLD	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.

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 2-Sep-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.