

# Thailand Asset Management Companies

## แนวโน้มการฟื้นตัวใน 2H24

- บริษัทบริหารสินทรัพย์ (AMC) 3 แห่งที่เราทำการศึกษารายงานกำไรสุทธิ 2Q24 รวม 900 ลบ. (+6.5% q-q, -15.7% y-y) จากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่สูงขึ้นของ JMT และ CHAYO
- ใน 2H24 เราคาดว่ากำไรสุทธิจะโต h-h นำโดย CHAYO ซึ่งน่าจะรายงานผลประกอบการที่ดีขึ้นโดยไม่มี ECL พิเศษ ในขณะที่เราคาดว่ากำไรของ BAM จะมีความโดดเด่นที่สุด
- เราเลือก BAM เป็นหุ้นเด่นจากการเติบโตของกำไรที่มีความโดดเด่นมากที่สุดและผลตอบแทนที่น่าสนใจที่ 6-7%

### 1H24 เป็นจุดต่ำสุด

AMC 3 แห่งที่เราทำการศึกษารายงานกำไรสุทธิ 2Q24 รวม 900 ลบ. (+6.5% q-q, -15.7% y-y) ค่าใช้จ่าย ECL ที่เพิ่มขึ้นทำให้กำไรของ JMT และ CHAYO ลดลง y-y ตัวเลขการเก็บเงินสดรวมอยู่ที่ 5.4 พัน ลบ. (+5.8% q-q, -5.9% y-y) แม้ว่าการเก็บเงินสดจะมีปัจจัยกดดันตามฤดูกาลใน 2Q24 แต่การขายสินทรัพย์ด้อยคุณภาพ (NPA) เชิงรุกของ BAM เป็นปัจจัยหลักที่ทำให้กำไรของกลุ่มฯ ปรับตัวดีขึ้น q-q ค่าใช้จ่ายดำเนินงานใน 2Q24 รวมเพิ่มเป็น 1.5 พัน ลบ. (+8.5% q-q, +8.8% y-y) ส่วนมากจากต้นทุนในด้านกฎหมายที่สูงขึ้นของ JMT และ CHAYO สัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้เพิ่มเป็น 34.9% ใน 2Q24 จาก 34.5% ใน 1Q24 เงินลงทุนของกลุ่มฯ ในหนี้ด้อยคุณภาพใน 2Q24 เพิ่มขึ้น 5.1 พัน ลบ. จาก 1.4 พัน ลบ. ใน 1Q24 เนื่องจากอุปทานเข้าสู่ตลาดเพิ่มขึ้น อย่างไรก็ตามตัวเลขดังกล่าวลดลง 32.5% y-y จากฐานที่สูงใน 2Q23 และได้รับผลกระทบจากความท้าทายในตลาดตราสารหนี้เป็นปัจจัยชะลอการซื้อหนี้ของกลุ่มในช่วงครึ่งแรกของปี

### คาดแนวโน้มเชิงบวกในช่วง 2H24

ใน 2H24 เราคาดว่ากำไรสุทธิของกลุ่มฯ จะโต h-h นำโดย CHAYO ซึ่งน่าจะรายงานผลประกอบการดีขึ้นอย่างเห็นได้ชัดที่สุดจากการหายไปของ ECL พิเศษที่บันทึกใน 1H24 นอกจากนี้เรายังคาดว่าจะเห็นแนวโน้มการเก็บเงินสดของ CHAYO จะดีขึ้นเนื่องจากปัจจัยหนุนจากการลงทุนก่อนหน้าในหนี้ด้อยคุณภาพประเภทไม่มีหลักทรัพย์ค้ำประกันที่เกินกำหนดไม่นานนักในช่วง 2H23 และ 2Q24 สำหรับ JMT ความคืบหน้าในช่วงต้นไตรมาส 3Q24 ของผู้บริหารชี้ให้เห็นว่า ECL ที่คาดว่าจะลดลงจะช่วยชดเชยกับค่าใช้จ่ายด้านกฎหมายที่คาดว่าจะสูงขึ้นซึ่งจะทำให้กำไรสุทธิดีขึ้น h-h โดยคาดว่าตัวเลขการเก็บเงินสดจะอยู่ที่ 1.4-1.5 พัน ลบ. ต่อไตรมาสแม้ว่าอาจมีแรงกดดันจาก ECL เพิ่มจากการเร่งลงทุนในหนี้ด้อยคุณภาพในช่วง 2H24 ขณะที่ ลูกหนี้ด้อยคุณภาพของ BAM น่าจะค่อย ๆ ฟื้นตัวต่อเนื่องพร้อมกับ Peak season ในช่วงครึ่งปีหลัง ในขณะที่เดียวกัน BAM มีแนวโน้มรายงานการขายสินทรัพย์ด้อยคุณภาพที่ขยายตัวขึ้น จากการยกเลิกยุทธศาสตร์ราคา ซึ่งจะช่วยให้ยอดขายและกำไรเติบโต h-h และจากอุปทานหนี้ด้อยคุณภาพที่มีหลักทรัพย์ค้ำประกันที่ลดลงจะจำกัดการซื้อหนี้ของ BAM และลดภาระในด้าน ECL ในช่วงครึ่งหลัง ซึ่งหมายความว่ากำไรสุทธิน่าจะค่อย ๆ ฟื้นตัวหลังทำจุดต่ำสุดแล้วใน 1Q24

### คาดการณ์กำไร 2024 รวมจะลดลง y-y โดยมีปัจจัยถ่วงจาก JMT และ CHAYO

เราคาดว่ากำไรสุทธิปี 2024 รวมของ AMC ทั้ง 3 แห่งจะลดลง 4.7% y-y ส่วนมากจาก JMT (-18.9% y-y) จากการเก็บเงินสดที่นำผิดหวังซึ่งจะทำให้ ECL เพิ่มขึ้นและ CHAYO (-25.7% y-y) จาก ECL พิเศษตลอด 1H24 ในขณะเดียวกันเราคาดว่า BAM จะรายงานกำไรโตโดดเด่นที่สุดที่ 18.8% y-y โดยได้ปัจจัยหนุนจากการฟื้นตัวของทั้งธุรกิจ NPL และ NPA สำหรับในปี 2025-26 เราคาดว่ากำไรสุทธิรวมจะฟื้นตัวเฉลี่ย 14% CAGR ฟื้นตัวแรงส่วนมากจากฐานที่ต่ำในปี 2023 โดยคาดว่า CHAYO จะโตดีกว่ากลุ่มที่ 35% CAGR ตามด้วย JMT ที่ 16% CAGR

### แนวโน้มระยะยาวโดย BAM น่าจะมีผลประกอบการโดดเด่นที่สุด

ผลการดำเนินงานที่ต่ำกว่าคาดในช่วง 1H24 ได้สะท้อนให้เห็นในราคาหุ้นของบริษัทในกลุ่มที่ลดลง YTD ที่ 35% สำหรับ JMT, 37% สำหรับ CHAYO, และ 8% สำหรับ BAM ทำให้หุ้นทั้งหมดมีการซื้อขายต่ำกว่าหรือเท่ากับ NAV แม้กระนั้นก็ตาม เรายังคงมุมมองที่ระยะยาวสำหรับกลุ่มฯ และคาดว่า BAM ยังโดดเด่นในฐานะหุ้นเด่นของกลุ่ม โดยเราให้ราคาเป้าหมายที่ 9.00 บาทคิดเป็นค่า P/BV ratio อยู่ที่ 0.64x และผลตอบแทนในรูปเงินปันผลจะอยู่ที่ 6-7% ต่อปี



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 3 กันยายน 2024

## 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 %)
<b>Revenue</b>												
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
<b>Net profit</b>	<b>1,067</b>	<b>926</b>	<b>1,120</b>	<b>845</b>	<b>900</b>	<b>6.5</b>	<b>(15.7)</b>	<b>1,745</b>	<b>(7.7)</b>	<b>47</b>	<b>3,751</b>	<b>(4.7)</b>
<b>Key B/S highlights</b>												
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)
<b>Cash collection</b>												
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
<b>Key financial ratios</b>												
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
<b>Coverage</b>	<b>5,770</b>	<b>5,297</b>	<b>5,567</b>	<b>5,130</b>	<b>5,427</b>	<b>5.8</b>	<b>(5.9)</b>	<b>10,557</b>	<b>0.9</b>	<b>46</b>	<b>22,708</b>	<b>6.5</b>

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)
<b>Coverage</b>	<b>7,485</b>	<b>8,317</b>	<b>3,134</b>	<b>1,373</b>	<b>5,051</b>	<b>267.8</b>	<b>(32.5)</b>	<b>6,424</b>	<b>(44.6)</b>	<b>48</b>	<b>13,500</b>	<b>(41.4)</b>

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
<b>Target PBV ratio (x)</b>	<b>0.59</b>

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
<b>Target PBV ratio (x)</b>	<b>0.87</b>

Source: FSSIA estimates

### Exhibit 8: BAM – NAV-based 2024 TP

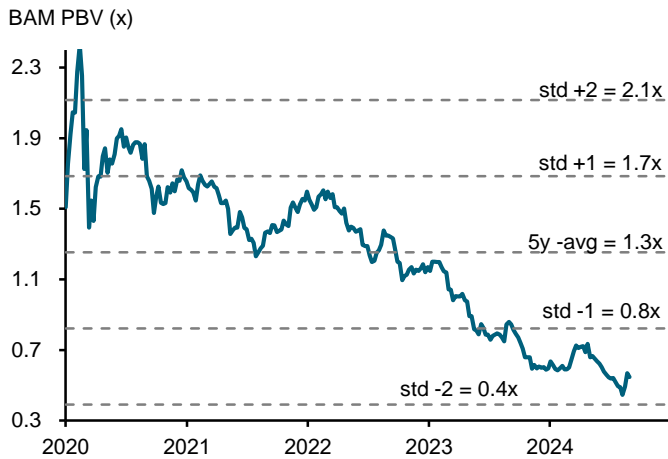
NAV Valuation	2024E (THB m)
Discounted value of NPL and NPAs	107,787
Discounted value of other assets	1,437
Liabilities	93,509
Net asset value	29,114
No. of shares (m shares)	3,232
BVS (THB)	14.02
<b>Implied PBV (x)</b>	<b>0.64</b>
<b>NAV per share (THB)</b>	<b>9.00</b>

Sources: BAM; FSSIA estimates

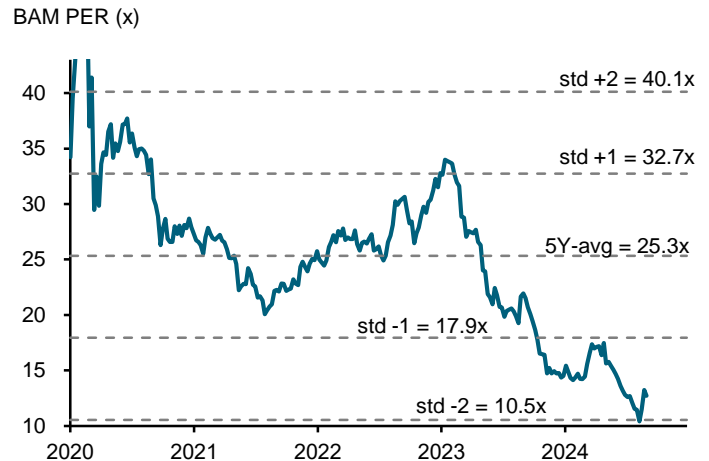
### Exhibit 9: Share price performance of non-banks under coverage, as of 2 September 2024

	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)
<b>SETFIN</b>	<b>9.3</b>	<b>(10.6)</b>	<b>(12.9)</b>	<b>(29.5)</b>	<b>(16.3)</b>
<b>SET</b>	<b>3.1</b>	<b>0.6</b>	<b>(1.0)</b>	<b>(13.3)</b>	<b>(4.4)</b>

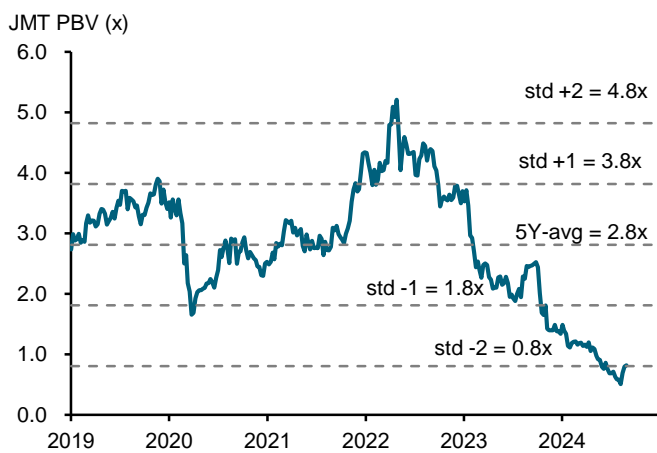
Source: Bloomberg

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

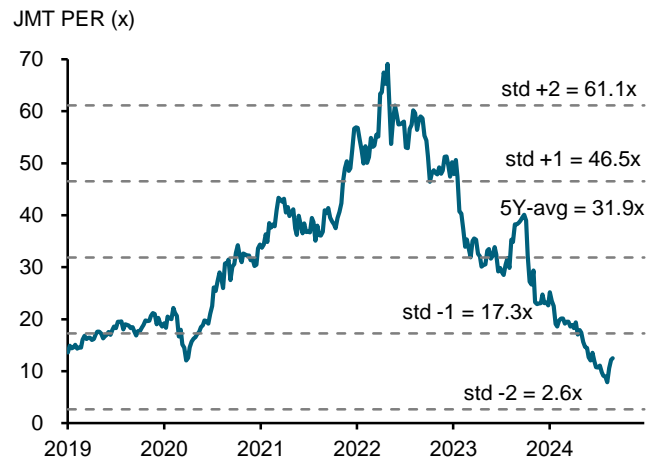
Sources: Bloomberg; FSSIA estimates

**Exhibit 11: BAM – one-year prospective PER band**

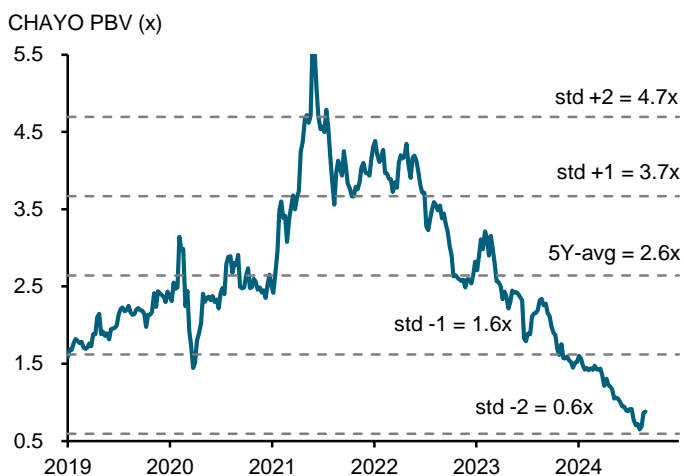
Sources: Bloomberg; FSSIA estimates

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

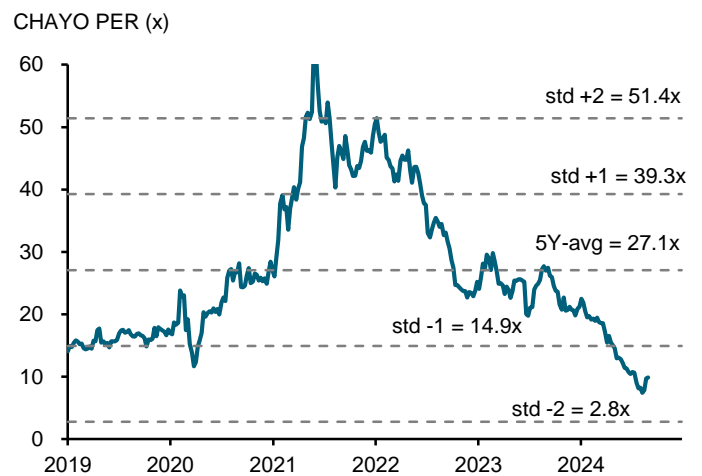
Sources: Bloomberg; FSSIA estimates

**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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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&amp;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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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 &amp; 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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="2"><b>Average:</b></td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td><td rowspan="2"><b>Laggard:</b></td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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.