9 OCTOBER 2024

EQUITY RESEARCH - ANALYST MEETING

AEON THANA SINSAP (THAILAND) AEONTS TB

THAILAND / FINANCE & SECURITIES

HOLD

UNCHANGED

TARGET PRICE	THB142.00
CLOSE	THB141.00
UP/DOWNSIDE	+0.7%
TP vs CONSENSUS	-5.8%

Key takeaways from analyst meeting

ประเด็นสำคัญในที่ประชุมนักวิเคราะห์ของ AEONTS ในวันนี้อยู่ที่ 1) กลยุทธ์การบริหารคุณภาพสินทรัพย์ในช่วงที่เหลือของปีนี้และ 2) ข้อมูลเชิงลึกเกี่ยวกับแนวโน้มธุรกิจในช่วง 2HFY24 และประมาณการคร่าว ๆ สำหรับกลยุทธ์ในระยะกลาง

เราคงประมาณการปี FY24-26 ของเราซึ่งคิดเป็นอัตราการเติบโตอยู่ที่ 2.5% CAGR และคำแนะนำถือ ราคาหุ้นในปัจจุบันมี Upside จำกัดเมื่อเทียบกับราคาเป้าหมายปี FY24 ของเราที่ 142 บาท (GGM) คิดเป็นค่า P/BV อยู่ที่ 1.35x ภายใต้สมมติฐานค่า L-T ROE ที่ 12.5% และ COE ที่ 10%

Highlights

- คาดว่าคุณภาพสินทรัพย์จะฟื้นตัวในช่วง 2HFY24: สัดส่วนหนี้ด้อยคุณภาพเพิ่มเป็น 5.80% ณ สิ้นไตรมาส 2QFY24 สูงกว่าเป้าประมาณการของบริษัทฯ ในปี 2024 ซึ่งมีเพดานอยู่ที่ <5.00% AEONTS ให้เหตุผลว่าตัวเลขเพิ่มขึ้นจากการตัดสินใจให้ความช่วยเหลือในการปรับโครงสร้างหนี้เพิ่มขึ้นแก่ลูกค้าโดยมีเงื่อนไขให้ลูกค้าสมัครใจเข้าร่วมโครงการดังกล่าว บริษัทฯ คาดว่าเศรษฐกิจจะค่อย ๆ ฟื้นตัวในช่วง 2HFY24 โดยได้ปัจจัยหนุนจากมาตรการกระตุ้นเศรษฐกิจที่รัฐบาลใหม่ออกใช้ การฟื้นตัวดังกล่าวน่าจะช่วยให้ความสามารถในการชำระหนี้ของลูกค้าดีขึ้นเมื่อเทียบกับการปล่อยให้หนี้ดังกล่าวเป็นสินเชื่อขั้นที่ 3 โดยไม่ให้ความช่วยเหลือและตัดจำหน่ายหนี้ในที่สุด

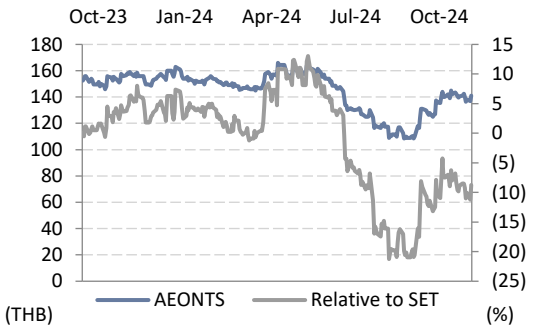
  นอกจากนี้บริษัทฯ ทิศทางบริหารจัดการหนี้เสียยังสอดคล้องกับนโยบายของ ธปท. ซึ่งส่งเสริมให้บริษัทฯ ให้การสนับสนุนกับลูกหนี้ ณ สิ้นไตรมาส 2QFY24 AEONTS เปิดเผยยอดสินเชื่อคงค้างที่เข้าปรับโครงสร้างที่ 1.67พัน ลบ. จากตัวเลขลูกหนี้รวม 32,565 รายคิดเป็นประมาณ 32% ของสินเชื่อขั้นที่ 3 นอกจากนี้อัตราการเก็บเงินสดสำหรับลูกหนี้ปรับโครงสร้างยังสูงถึง 80% หลังจาก 3 เดือนลูกหนี้ดังกล่าวสามารถปรับระดับเป็นสินเชื่อขั้นที่ 2 ได้และหลังจากนั้นอีก 3 เดือนเป็นสินเชื่อขั้นที่ 1

  นอกจากนี้ AEONTS ยังวางแผนตัดจำหน่ายหนี้บัตรเครดิตที่ได้รับผลกระทบจากการปรับอัตราการชำระเงินขั้นต่ำจาก 5% เป็น 8% ใน 3QFY24 คิดเป็นมูลค่าประมาณ 350-400 ลบ. ซึ่งจะส่งผลกระทบเชิงบวกต่อสัดส่วนหนี้ด้อยคุณภาพโดยจะทำให้ตัวเลขลดลงเหลือประมาณ 5.25-5.31% อย่างไรก็ดีบริษัทฯ จำเป็นต้องจับตาดูว่าสินเชื่อปรับโครงสร้างจะเพิ่มขึ้นหรือไม่ จากประมาณการของบริษัทฯ สัดส่วนหนี้ด้อยคุณภาพ ณ สิ้นไตรมาส 3QFY24 น่าจะทรงตัว q-q ที่ประมาณ 5.80% ก่อนลดลงใน 4QFY24 ตามประมาณการใหม่ซึ่งทำให้คาดว่าสัดส่วนหนี้ด้อยคุณภาพ ณ ตอนสิ้นปีจะอยู่ต่ำกว่า 5.50%

- แนวโน้มธุรกิจในช่วง 2HFY24 และเป้าประมาณการสำหรับกลยุทธ์ในระยะกลาง: AEONTS คาดว่าพอร์ตสินเชื่อจะกลับมาโตในช่วงที่เหลือของปีนี้ นอกจากผลบวกของการตัดจำหน่ายที่ค่อย ๆ ลดลงแล้ว บริษัทฯ ยังวางแผนผลักดันการเติบโตของสินเชื่อบุคคลเพื่อเพิ่มอัตราผลตอบแทนของสินเชื่อ ในขณะเดียวกันกลุ่มสินเชื่อเช่าซื้อ (รถยนต์และจักรยานยนต์มือสอง) ยังโตต่อเนื่องในไทยและกัมพูชา กลยุทธ์ดังกล่าวมุ่งเน้นไปที่การคัดสรรลูกค้าผ่านผู้จัดจำหน่ายที่มีคุณภาพดี เป้าประมาณการสินเชื่อสำหรับในปี FY24 ของบริษัทฯ ยังต่ำกว่า 2% y-y สอดคล้องกับสมมติฐานของเราที่ 1.2% y-y (สินเชื่อในช่วง 1HFY24 หดตัว 1.7% YTD)

KEY STOCK DATA

YE Feb (THB m)	2023	2024E	2025E	2026E
Operating profit	4,161	3,796	4,128	4,496
Net profit	3,259	2,962	3,224	3,514
EPS (THB)	13.04	11.85	12.89	14.06
vs Consensus (%)	-	(0.3)	(4.7)	18.3
Recurring net profit	3,259	2,962	3,224	3,514
Core EPS (THB)	13.04	11.85	12.89	14.06
EPS growth (%)	(14.6)	(9.1)	8.8	9.0
Core P/E (x)	10.8	11.9	10.9	10.0
Dividend yield (%)	3.9	3.5	3.9	4.2
Price/book (x)	1.4	1.3	1.3	1.2
ROE (%)	13.8	11.7	11.9	12.1
ROA (%)	3.6	3.3	3.5	3.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.7	13.3	(7.2)
Relative to country (%)	1.9	3.1	(8.2)

Mkt cap (USD m)	1,053
3m avg. daily turnover (USD m)	1.5
Free float (%)	41
Major shareholder	AEON Financial Service Co Ltd (32%)
12m high/low (THB)	168.50/107.00
Issued shares (m)	250

Sources: Bloomberg consensus; FSSIA estimates

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

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 9 ตุลาคม 2024

ในส่วนของการบริหารค่าใช้จ่ายในการดำเนินงาน AEONTS ยังมีการควบคุมต้นทุนอย่างเข้มงวดต่อเนื่อง แม้ว่าจะมีการลงทุนเพิ่มในด้านการตลาดเพื่อส่งเสริมผลิตภัณฑ์ทางการเงินของบริษัทฯ แต่จะเน้นการลงทุนในช่องทางดิจิตอลซึ่งให้ประสิทธิผลในด้านต้นทุนมากกว่าช่องทาง Offline อีกทั้งยังให้ผลลัพธ์ที่ดีกว่า นอกจากนี้ บริษัทฯ ยังวางแผนลดจำนวนพนักงานโดยจะค่อย ๆ ทดแทนตำแหน่งงานด้วยระบบอัตโนมัติ อีกทั้งแผนการขยายสาขาที่ยังมีต่อเนื่อง แต่สาขาจะมีขนาดเล็กลงเพื่อให้เข้าถึงลูกค้าได้ดียิ่งขึ้น โดยมีเป้าหมายระยะกาลเพื่อลดสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้เป็น 36% ใน 2 ปีข้างหน้าจาก 38% ในปัจจุบัน การบรรลุเป้าหมายดังกล่าวซึ่งอยู่ในระดับที่ต่ำกว่าสมมติฐานของเราอาจให้ Upside ต่อกำไร ทั้งนี้สัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ที่ลดลงทุก ๆ 1% อาจทำให้กำไรสุทธิเพิ่มได้ 5.2-5.5% ในปี 2025-26

นอกจากการบริหารค่าใช้จ่ายแล้ว AEONTS ยังตั้งเป้าเพิ่มสัดส่วนของรายได้อื่นเป็น 30% ในช่วง 5 ปีข้างหน้าจาก 17% ในช่วง 1HFY24 การเติบโตดังกล่าวจะเกิดจาก 1) การเพิ่มรายได้ค่าธรรมเนียมจากค่าธรรมเนียมนายหน้าประกันภัย (ปัจจุบันอยู่ที่ 3%) โดยเน้นการเพิ่มพันธมิตรใหม่ๆ และ 2) การเพิ่มรายได้จากธุรกิจบริษัทบริหารสินทรัพย์ (AMC) ผ่านบริษัทย่อยซึ่งปัจจุบันมีสัดส่วนเพียงเล็กน้อย ในขณะเดียวกันเราคาดว่ารายได้จากหนี้เสียรับคืน (ปัจจุบันอยู่ที่ 9%) จะมีแนวโน้มสูงขึ้นอย่างต่อเนื่องจากการตัดจำหน่ายเชิงรุกในอดีต แม้ว่ากำไรจากการขายหนี้ (ปัจจุบันอยู่ที่ 2%) จะยังผันผวนและยากจะคาดเดา AEONTS คาดว่าตัวเลขในช่วง 2HFY24 จะใกล้เคียงกับในช่วง 1HFY24 ที่ประมาณ 170 ลบ. (ปกติบริษัทฯ จะขายหนี้ 2 ครั้งต่อปี).

Exhibit 1: GGM-based FY2024 TP

Gordon Growth Model	FY2024E
Sustainable ROE	12.5%
g	3.0%
ROE-g	9.5%
Beta	1.17
Risk free rate	3.0%
Risk premium	6.0%
COE	10.0%
COE-g	7.0%
ROE-g/COE-g	**1.35**

Source: FSSIA estimates

Exhibit 2: Share price performance of non-banks under coverage, as of 8 October 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	(2.7)	(2.7)	(16.4)	(4.8)	(17.5)
MTC TB	3.6	14.9	9.2	46.7	11.7
SAWAD TB	1.8	15.8	7.5	10.7	14.8
SAK TB	(9.6)	(9.6)	(3.4)	12.4	17.3
AEONTS TB	5.2	22.3	(8.7)	(5.0)	(10.9)
KTC TB	8.3	27.5	5.4	8.3	12.1
ASK TB	(9.4)	(1.5)	(21.5)	(33.5)	(32.2)
THANI TB	0.0	(3.6)	(7.0)	(17.7)	(9.5)
JMT TB	0.0	33.6	(19.4)	(56.4)	(28.2)
BAM TB	(2.1)	24.8	(7.0)	(3.6)	14.1
CHAYO TB	(9.5)	8.6	(21.5)	(40.6)	(30.3)
SETFIN	**1.8**	**13.8**	**(5.2)**	**(7.6)**	**(5.3)**
SET	**1.8**	**10.4**	**4.0**	**1.8**	**2.9**

Source: Bloomberg

Exhibit 3: AEONTS – 2QFY24 operations summary

AEONTS	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	----- Change -----		1HFY24	Change	% of	FY24E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	FY24E	(THB m)	(y-y%)
Interest income	4,770	4,650	4,622	4,657	4,684	0.6	(1.8)	9,420	(0.8)	50	18,904	0.7
Interest expense	574	511	550	558	558	(0.1)	(2.8)	1,085	(1.4)	50	2,182	0.9
Net interest income	4,196	4,139	4,072	4,098	4,126	0.7	(1.7)	8,334	(0.7)	50	16,722	0.7
Non-interest income	907	755	793	851	1,030	21.1	13.6	1,662	1.3	45	3,657	14.7
Operating income	5,102	4,894	4,866	4,949	5,156	4.2	1.1	9,996	(0.4)	49	20,378	3.0
Operating expenses	2,071	2,114	2,183	2,188	2,132	(2.6)	2.9	4,185	2.0	49	8,625	2.8
PPOP	3,031	2,780	2,682	2,760	3,024	9.6	(0.2)	5,811	(2.0)	49	11,753	3.1
Expected credit loss	1,949	1,899	1,298	2,089	1,986	(4.9)	1.9	3,848	(4.8)	48	7,949	9.8
Profit before tax	1,082	881	1,394	672	1,039	54.7	(4.0)	1,963	4.0	52	3,796	(8.8)
Income tax expense	218	171	273	132	207	56.6	(5.1)	389	2.6	52	751	(8.8)
Net profit	**842**	**706**	**1,093**	**524**	**822**	**56.8**	**(2.4)**	**1,548**	**6.1**	**52**	**2,962**	**(9.1)**
EPS (THB)	3.37	2.82	4.37	2.10	3.29	56.8	(2.4)	6.19	6.1	52	11.85	(9.1)
Key balance sheet highlights	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)		(THB m)	(y-y%)
Loan - gross	93,886	93,814	91,231	91,382	91,320	(0.1)	(2.7)	91,320	(2.7)		92,368	1.2
Interest bearing debt	65,621	65,624	63,204	64,322	62,121	(3.4)	(5.3)	62,121	(5.3)		60,175	(4.8)
Leverage ratio	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
IBD/E (x)	2.78	2.77	2.58	2.55	2.48			2.48			2.30	
D/E (x)	2.99	2.95	2.76	2.73	2.71			2.71			2.48	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Gross NPLs (THB m)	5,810	5,854	4,534	4,931	5,296	7.4	(8.9)	5,296	(8.9)		5,361	18.2
NPL ratio	6.18	6.23	4.97	5.39	5.80			5.80			5.80	
Coverage ratio - LLR/ NPLs	174	162	183	168	159			159			154	
Credit cost	8.31	8.10	5.61	9.15	8.70			8.92			8.66	
LLR/TL	10.74	10.11	9.08	9.07	9.20			9.20			8.92	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	36.46	39.11	40.21	39.70	37.31			38.49			38.23	
Yield on loans	20.34	19.82	19.98	20.40	20.51			20.17			20.59	
Cost of funds	3.52	3.12	3.41	3.50	3.53			3.50			3.54	
Spreads	16.82	16.70	16.57	16.90	16.98			16.68			17.06	
Net interest margin (NIM)	17.89	17.64	17.61	17.95	18.07			21.59			18.22	
ROE	14.34	11.93	18.16	8.44	13.07			12.06			11.70	
ROA	3.56	2.98	4.68	2.24	3.48			2.87			3.21	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Loan growth q-q	0.2	(0.1)	(2.8)	0.2	(0.1)							
y-y	(0.0)	(1.3)	(2.8)	(2.5)	(2.7)			(2.7)			1.2	
YTD	0.0	(0.1)	(2.8)	0.2	(1.7)			(1.7)				

Sources: AEONTS; FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2022	2023	2024E	2025E	2026E
Interest Income	19,055	18,767	18,904	19,070	19,939
Interest expense	(1,904)	(2,162)	(2,182)	(2,130)	(2,211)
Net interest income	17,151	16,605	16,722	16,939	17,728
Net fees & commission	3,015	2,880	3,345	3,326	3,159
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	261	318	312	315	318
Non interest income	3,277	3,198	3,657	3,641	3,477
Total income	20,428	19,803	20,378	20,581	21,205
Staff costs	(7,962)	(8,211)	(8,433)	(8,489)	(8,753)
Other operating costs	(253)	(191)	(200)	(210)	(220)
Operating costs	(8,215)	(8,402)	(8,633)	(8,699)	(8,973)
Pre provision operating profit	12,213	11,402	11,745	11,881	12,232
Expected credit loss	(7,263)	(7,240)	(7,949)	(7,754)	(7,736)
Other provisions	-	-	-	-	-
Operating profit	4,950	4,161	3,796	4,128	4,496
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	4,950	4,161	3,796	4,128	4,496
Tax	(996)	(824)	(751)	(817)	(890)
Profit after tax	3,954	3,338	3,045	3,311	3,606
Non-controlling interest	(139)	(79)	(83)	(87)	(92)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,815	3,259	2,962	3,224	3,514
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,815	3,259	2,962	3,224	3,514
Per share (THB)					
Recurring EPS *	15.26	13.04	11.85	12.89	14.06
Reported EPS	15.26	13.04	11.85	12.89	14.06
DPS	5.50	5.50	5.00	5.44	5.93
Growth					
Net interest income (%)	6.1	(3.2)	0.7	1.3	4.7
Non interest income (%)	13.4	(2.4)	14.3	(0.4)	(4.5)
Pre provision operating profit (%)	9.0	(6.6)	3.0	1.2	2.9
Operating profit (%)	8.2	(15.9)	(8.8)	8.7	8.9
Reported net profit (%)	7.4	(14.6)	(9.1)	8.8	9.0
Recurring EPS (%)	7.4	(14.6)	(9.1)	8.8	9.0
Reported EPS (%)	7.4	(14.6)	(9.1)	8.8	9.0
Income Breakdown					
Net interest income (%)	84.0	83.9	82.1	82.3	83.6
Net fees & commission (%)	14.8	14.5	16.4	16.2	14.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	1.3	1.6	1.5	1.5	1.5
Operating performance					
Gross interest yield (%)	22.02	21.38	21.59	21.21	21.12
Cost of funds (%)	2.86	3.32	3.54	3.50	3.50
Net interest spread (%)	19.16	18.06	18.05	17.71	17.62
Net interest margin (%)	19.8	18.9	19.1	18.8	18.8
Cost/income(%)	40.2	42.4	42.4	42.3	42.3
Cost/assets(%)	8.8	9.0	9.4	9.3	9.2
Effective tax rate (%)	20.1	19.8	19.8	19.8	19.8
Dividend payout on recurring profit (%)	36.0	42.2	42.2	42.2	42.2
ROE (%)	17.9	13.8	11.7	11.9	12.1
ROE - COE (%)	7.8	3.8	1.7	1.9	2.1
ROA (%)	4.3	3.6	3.3	3.5	3.7
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2022	2023	2024E	2025E	2026E
Gross customer loans	94,462	92,132	93,678	97,171	103,462
Allowance for expected credit loss	(10,125)	(8,288)	(8,242)	(8,216)	(8,720)
interest in suspense	(598)	(901)	(1,310)	(1,507)	(1,733)
Net customer loans	**83,739**	**82,943**	**84,126**	**87,449**	**93,009**
Bank loans	218	63	46	55	66
Government securities	0	0	0	0	0
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	3,816	2,797	3,031	2,984	3,144
Other interesting assets	73	75	73	73	74
Tangible fixed assets	-	-	-	-	-
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	1,816	1,482	1,481	1,346	1,238
Other assets	3,054	2,820	2,997	3,199	3,429
Total assets	**95,207**	**92,499**	**91,755**	**95,107**	**100,961**
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	67,057	63,204	60,175	61,391	64,921
Non interest bearing liabilities	4,718	4,230	4,761	4,968	5,189
Hybrid Capital	-	-	-	-	-
Total liabilities	**71,859**	**67,437**	**64,936**	**66,359**	**70,111**
Share capital	-	-	-	-	-
Reserves	22,093	23,744	25,443	27,306	29,338
Total equity	**22,821**	**24,472**	**26,171**	**28,034**	**30,066**
Non-controlling interest	527	589	648	713	785
Total liabilities & equity	**95,207**	**92,499**	**91,755**	**95,107**	**100,961**
Supplementary items					
Risk weighted assets (RWA)	-	-	-	-	-
Average interest earning assets	86,535	87,758	87,549	89,896	94,394
Average interest bearing liabilities	66,592	65,131	61,690	60,783	63,156
CET 1 capital	-	-	-	-	-
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	5,340	4,534	5,361	5,265	5,598
Per share (THB)					
Book value per share	91.29	97.89	104.68	112.14	120.26
Tangible book value per share	-	-	-	-	-
Growth					
Gross customer loans	3.2	(2.5)	1.7	3.7	6.5
Average interest earning assets	4.7	1.4	(0.2)	2.7	5.0
Total asset (%)	5.2	(2.8)	(0.8)	3.7	6.2
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	24.0	26.5	28.5	29.5	29.8
Tangible equity/assets (%)	22.1	24.9	26.9	28.1	28.6
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	20.6	(15.1)	18.2	(1.8)	6.3
NPL/gross loans (%)	5.7	4.9	5.7	5.4	5.4
Allowance for ECL/gross loans (%)	10.7	9.0	8.8	8.5	8.4
Allowance for ECL/NPL (%)	189.6	182.8	153.7	156.0	155.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	9.2	10.8	11.9	10.9	10.0
Recurring P/E @ target price (x) *	9.3	10.9	12.0	11.0	10.1
Reported P/E (x)	9.2	10.8	11.9	10.9	10.0
Dividend yield (%)	3.9	3.9	3.5	3.9	4.2
Price/book (x)	1.5	1.4	1.3	1.3	1.2
Price/tangible book (x)	-	-	-	-	-
Price/tangible book @ target price (x)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

AEON Thana Sinsap (Thailand) (AEONTS TB)

FSSIA ESG rating

★★

Exhibit 4: FSSIA ESG score implication

33.86 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	**>19-39**	**Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.**
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 5: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AEONTS	33.86	--	--	--	4.00	3.00	--	Medium	40.10	BBB	--	27.64	17.00	--	--
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	51.77
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90
KTC	71.80	--	Y	Y	5.00	5.00	Certified	Low	57.22	A	--	64.48	59.00	4.96	57.09
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 6: ESG disclosure from the company's one report

FY ending Feb 28	FY 2022
Environmental	
Climate change policy	--
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	Yes
Water consumption	1,133.13
Social	
Human rights policy	Yes
Policy against child labor	--
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	Yes
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	--
Total hours spent by firm - employee training	324
Social supply chain management	--

FY ending Feb 28	FY 2022
Governance	
Board size / Independent directors (ID) / Female	**12 / 4 / 2**
No. of board meetings for the year / % attendance	12 / 98.61%
Company conducts board evaluations	Yes
Number of non-executive directors on board	2
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	61 / 75
Number of executives / female	11 / 3
Executive share ownership guidelines	No
Size of audit committee / ID	**3 / 3**
Audit committee meetings	10
Audit committee meeting attendance (%)	100
Size of compensation committee	**--**
Number of compensation committee meetings	**--**
Compensation committee meeting attendance (%)	**--**
Size of nomination committee / ID	**--**
Number of nomination committee meetings	**--**
Nomination committee meeting attendance (%)	**--**
Board compensation (THB m)	24.21
Auditor fee (THB m)	7.59
(Deloitte Touche Tohmatsu Jaiyos Audit Company Limited)	

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL: 0-10 / Low: 10-20 / Medium: 20-30 / High: 30-40 / Severe: 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. AAA 8.571-10.000 / AA 7.143-8.570 / A 5.714-7.142 / BBB 4.286-5.713 / BB 2.857-4.285 / B 1.429-2.856 / CCC 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 141.00	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.
Muangthai Capital	MTC TB	THB 49.50	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 41.75	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 17.90	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) the lower-than-expected credit costs from better asset quality management and 2) the higher-than-expected loan and insurance premium growth from the positive effects of the more favorable economic situations.
Saksiam Leasing	SAK TB	THB 4.84	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.
Krungthai Card	KTC TB	THB 48.25	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 13.30	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Ratchthani Leasing	THANI TB	THB 2.14	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 9.45	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 17.90	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
Chayo Group	CHAYO TB	THB 3.84	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 08-Oct-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

Industry Recommendations

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

Country (Strategy) Recommendations

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

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

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