

JMT NETWORK SERVICES

THAILAND / FINANCE & SECURITIES

JMT TB

HOLD

UNCHANGED

TARGET PRICE	THB17.00
CLOSE	THB18.80
UP/DOWNSIDE	-9.6%
PRIOR TP	THB11.00
CHANGE IN TP	+54.5%
TP vs CONSENSUS	-6.4%

3Q24 improved on lower ECL

- JMT reported an improving 3Q24 net profit from a noticeable decline in ECL over a rise in collections, and the trend should extend into 4Q24.
- We revise our estimates to reflect the previously underestimated equity income from JK AMC, but offset by lower margins and investment.
- We maintain our HOLD call with a 2025 TP of THB17.

3Q24 surprised on a vast decline in ECL

JMT reported a promising 3Q24 net profit of THB430m, up 17.2% q-q but down 7.8% y-y. 3Q24 cash collection amounted to THB1.4b, up 6.6% q-q and 5.0% y-y, leading to a significant reduction in ECL to THB127m (down 46.2% q-q and 23.8% y-y). The 9M24 cash collection totaled THB4.2b (down 2.5% y-y), achieving 74% of our full-year estimate. For JK AMC (JMT holds 50%), cash collection reached THB867m, marking an 8.1% increase q-q and 33.2% y-y. Meanwhile, the 3Q24 share of profit from the JV came in at THB127m, down 13.1% q-q but up 11.5% y-y. 3Q24 servicing costs rose to THB473m, up 4.1% q-q and 20.8% y-y, primarily due to higher legal expenses given management's strategy to improve collections along with rising employee costs. This led to a decline in the gross profit margin to 63.2% from 65.2% in 2Q24 and 70.1% in 3Q23. 9M24 net profit reached THB1.22b, representing a 17.3% y-y decline due to higher ECL, meeting 73% of our full-year forecast.

4Q24 to represent the year's peak

Management disclosed that it has terminated plans for the second JV AMC. For 2025, the firm is expecting a conservative level of NPL investment at THB2.0b, given the delay in the supply due to the BoT's RL policies. Early signs in 4Q24 indicate a further decline in ECL and improvements in cash collection. Coupled with the seasonal tailwinds, the 4Q24 net profit should represent the year's peak. JMT intends to adopt the TFRS17 standard early, and expects to benefit from a better cost-income alignment, leading to the expectation of a net profit for JMT against its current net loss-making.

Minor revisions on 2024-26E net profit

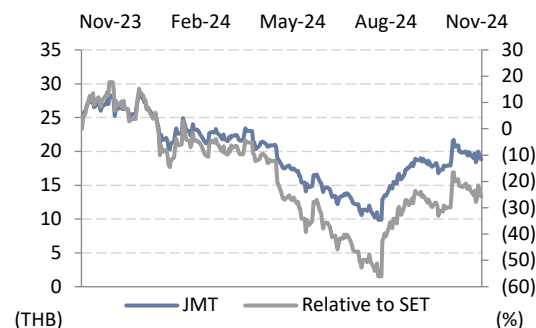
We have revised our 2024-26E net profit to account for the underestimated equity income from JK AMC, but this is offset by a lower NPL investment and gross margin assumptions, leading to a 1-2% change from the previous estimates. We expect 2024 net profit to decline by 17.4% y-y on the back of rising ECL and OPEX before recovering at an average pace of 15% CAGR in 2025-26 on cash collection that we project to improve at an 8.5% CAGR.

Reiterate our HOLD call given no upside

We reiterate our HOLD call for JMT with a GGM-based 2025 TP of THB17, implying a P/BV ratio of 0.84x (LT ROE 8.1% and COE 9.0%). Our TP offers no upside compared to the current share price that has recently exhibited a strong bullish trend ahead of the expectation of improved 3Q24 performance.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,899	1,533	1,835	1,975
Net profit	2,011	1,660	2,022	2,221
EPS (THB)	1.38	1.14	1.39	1.52
vs Consensus (%)	-	2.7	4.0	(0.2)
Recurring net profit	2,011	1,660	2,022	2,221
Core EPS (THB)	1.38	1.14	1.39	1.52
Chg. In EPS est. (%)	-	1.4	2.1	0.6
EPS growth (%)	15.2	(17.5)	21.8	9.8
Core P/E (x)	13.6	16.5	13.6	12.4
Dividend yield (%)	4.4	3.6	4.4	4.9
Price/book (x)	1.0	1.0	1.0	0.9
ROE (%)	8.1	6.2	7.4	7.8
ROA (%)	5.4	4.0	5.1	5.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.0	89.9	(30.4)
Relative to country (%)	6.0	69.1	(33.6)
Mkt cap (USD m)	799		
3m avg. daily turnover (USD m)	19.2		
Free float (%)	21		
Major shareholder	JMART Pcl. (54%)		
12m high/low (THB)	29.25/9.90		
Issued shares (m)	1,460		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We maintain our HOLD call on JMT for:

1. **Economic environment:** We expect JMT in 2024 to face an economic backdrop similar to 2023, with little sign of significant improvement. We also anticipate higher legal expenses as it seeks to boost cash collection through legal processes.
2. **Earnings outlook:** We project a contraction of 17.4% y-y in 2024 due to mounting risks in the broader economy. However, we expect a recovery at a CAGR of 15% during 2025-26.
3. **Valuations:** We have a 2025 GGM-based TP of THB17.00, implying a P/BV ratio of 0.84x (LT ROE 8.1% and COE 9.0%), where our TP offers no upside compared to the current share price.

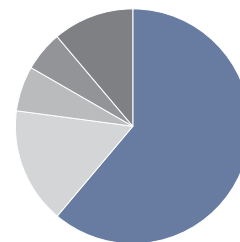
Company profile

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

www.jmntnetwork.co.th

Principal activities (revenue, 2023)

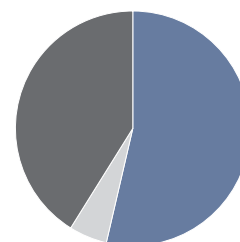
- Debt management - 61.1 %
- Gains from purchase of A/R - 16.0 %
- Debt collection - 6.2 %
- Net insurance income - 5.5 %
- Other income - 11.2 %



Source: JMT Network Services

Major shareholders

- JMART Pcl. - 53.6 %
- Thai NVDR - 5.3 %
- Others - 41.1 %



Source: JMT Network Services

Catalysts

- Higher-than-expected supply of bad debt;
- Lower-than-expected purchase price of debt;
- Higher-than-expected cash collection from both debt management and debt tracking services;
- Faster-than-expected debt collection.

Risks to our call

Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks include 1) better-than-expected purchasing power and cash collection; and 2) lower-than-expected operating and financing expenses.

Event calendar

Date	Event
11 Feb 2025	4Q24 results announcement

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Net profit	1,660	2,022	2,221
Growth (y-y %)	(17.4)	21.8	9.8
Cash collection	8,752	9,378	10,296
Growth (y-y %)	0.5	7.2	9.8
Purchase of receivables	22,484	22,130	22,303
Growth (y-y %)	(6.2)	(1.6)	0.8
Cost to income ratio (%)	15.80	15.80	15.80
Cost of funds (%)	4.39	4.62	4.71

Source: FSSIA estimates

Earnings sensitivity

		----- 2025E -----		
Cash collection ratio	±25bp	26.8	27.0	27.3
% change in net profit		(2.5)	-	2.5
Cost to income	±1ppt	14.8	15.8	16.8
% change in net profit		3.4	-	(3.4)
Cost of funds	±10bp	4.5	4.6	4.7
% change in net profit		(0.5)	-	0.5

Source: FSSIA estimates

3Q24 net profit boosted by declining ECL trend

JMT reported a promising 3Q24 net profit of THB430m, up 17.2% q-q but down 7.8% y-y. The quarterly growth was driven by a notable reduction in the ECL expense, reflecting a moderate improvement in cash collection – a result of the company's proactive litigation efforts starting in 2Q24. The 9M24 net profit reached THB1.22b, representing a 17.3% y-y decline due to higher ECL, meeting 73% of our full-year forecast.

(+) Cash collection and ECL: 3Q24 cash collection for JMT amounted to THB1.4b, up 6.6% q-q and 5.0% y-y, leading to a significant reduction in ECL to THB127m (down 46.2% q-q and 23.8% y-y). The 9M24 cash collection totaled THB4.2b (down 2.5% y-y), achieving 74% of our full-year estimate. Revenue from AMC operations remained stable q-q and y-y, as gross NPL receivables declined by 1.1% q-q and 1.3% y-y. Gains on NPLs (collections from amortized portfolios), however, continued to drop, down 20.4% y-y due to economic pressures.

For JK AMC (JMT holds 50%), cash collection reached THB867m, marking an 8.1% increase q-q and 33.2% y-y. Meanwhile, the 3Q24 share of profit from the JV came in at THB127m, down 13.1% q-q but up 11.5% y-y.

(-) Costs and margin: 3Q24 servicing costs rose to THB473m, increasing by 4.1% q-q and 20.8% y-y, primarily due to higher legal expenses given management's strategy to improve collections along with rising employee costs. This trend led to a decline in the gross profit margin to 63.2% from 65.2% in 2Q24 and 70.1% in 3Q23. We anticipate a further margin contraction in 4Q24 as the proportion of loans managed through litigation continues to rise.

Key takeaways from 3Q24 opportunity day and analyst meeting

From JMT's opportunity day and analyst meeting on 11 Nov 2024, the attention was on 1) the termination of the plan for the second JV AMC; 2) the cash collection and ECL trend in 4Q24; and 3) the outlook for 2025.

(-) JV AMC: Management disclosed that the plan for its second JV AMC with a commercial bank has been terminated due to misalignments in due diligence between the two parties. However, management remains unconcerned, as the capital will instead be allocated to JMT's purchase of new NPLs.

(+) Cash collection: The firm clarified that the improvement in 3Q24 cash collection was due to increased efforts in exercising legal actions on debtors, particularly within unsecured portfolios, while repayments from secured portfolios remained stable. Meanwhile, JK AMC's q-q decline in net profit was attributed to a rise in legal expenses in 3Q24.

With the boost in cash collection, there was a vast decline in ECL expenses. Furthermore, early indications for 4Q24 suggest a continued q-q drop in ECL, supported by seasonal factors for both JMT and JK AMC. Consequently, 4Q24 net profit is expected to mark the highest quarterly level of the year. However, further declines in ECL will likely occur at a relatively slower pace than in 3Q24, as reversals of ECL had already taken place in the prior period.

(0) 2025 outlook: In 2025, with further benefits from accelerating cash collection streams and declines in ECLs, the firm expects net profit to exceed the THB2.0b level seen in 2023. Meanwhile, management plans to raise cTHB4.5b from the bond market. By contrast, JMT is obligated to repay a total of THB6.4b in debentures over the year (THB3.0b in 2Q25 and THB3.4b in 4Q24). The firm has also set a conservative target for NPL investment at cTHB2.0b, as management remains cautious about the inflow of NPL supplies from financial institutions, delayed by the Bank of Thailand's responsible lending policy through 9M24. The firm will continue focusing on acquiring unsecured NPLs.

(+) Insurance business: As of 9M24, Jaymart Insurance PCL (JMI; JMT holds 73%) – a subsidiary in the insurance business – incurred a loss of THB17.1m, contributing a THB12.5m loss to JMT. This was due to the TFRS4 accounting standard, which requires companies to recognize a substantial amount of expenses for new contracts upfront, while revenue from insurance premiums is spread over 13 months.

In 2025, management plans to adopt the TFRS17 standard early, allowing for better cost-income alignment. Management anticipates a net profit margin of c5-15% from this segment. Consequently, we expect JMI to contribute positively to net returns for the year, with revenue from the business likely to grow by 30% y-y (compared to an expected -23% y-y in 2024), as the elimination of this drag would improve the group's bottom-line performance.

Exhibit 1: JMT – 3Q24 operations summary

	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	24E	(THB m)	(y-y %)
Total revenue	1,308	1,379	1,356	1,306	1,285	(1.6)	(1.7)	3,948	6.5	75	5,280	3.8
Cost of services	392	434	414	454	473	4.1	20.8	1,342	18.4	74	1,818	16.0
Gross profit	916	945	942	852	812	(4.7)	(11.4)	2,606	1.2	75	3,462	(1.6)
Other income	36	22	34	23	20	(13.6)	(44.3)	77	(2.2)	75	103	1.5
Operating expenses	205	205	203	209	215	2.6	4.9	626	6.5	75	834	5.1
Share of profit from JK AMC	114	161	82	146	127	(13.1)	11.5	355	(5.8)	73	485	(9.7)
Expected credit loss	167	126	189	236	127	(46.2)	(23.8)	552	64.3	81	678	46.7
Financial cost	130	132	138	126	126	0.4	(2.9)	389	16.6	75	520	11.5
Profit before tax	565	664	528	451	492	9.1	(13.0)	1,471	(17.0)	73	2,018	(17.2)
Income tax	86	101	105	82	55	(33.0)	(35.9)	242	(7.7)	73	333	(8.3)
Net profit	466	540	418	367	430	17.2	(7.8)	1,215	(17.3)	73	1,660	(17.4)
EPS (THB)	0.32	0.37	0.29	0.25	0.29	17.2	(7.8)	0.83	(17.3)	73	1.14	(17.4)
Key balance sheet items												
Gross NPL receivable	23,696	23,973	23,712	23,663	23,397	(1.1)	(1.3)	23,973	1.2		22,484	(6.2)
Additional investment	2,294	838	171	325	253	(22.3)	(89.0)	749	(67.4)	75	1,000	(86.1)
Cash collection	1,330	1,518	1,449	1,309	1,396	6.6	5.0	4,154	(2.5)	74	5,621	(2.7)
Leverage ratios	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
D/E	0.6	0.6	0.5	0.5	0.5			0.5			0.5	
IBD/E	0.5	0.5	0.5	0.4	0.4			0.4			0.4	
Interest bearing debt (THB m)	11,141	12,997	11,288	11,143	10,747			10,747			10,678	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	15.6	14.9	14.9	16.0	16.7			15.9			15.8	
ECL / AMC revenue	14.6	10.5	15.5	20.3	11.1			15.7			14.4	
Gross margin	70.1	68.5	69.5	65.2	63.2			66.0			65.6	
Gross margin (x insurance)	73.7	72.0	72.0	68.3	65.9			68.8			68.3	
Average cost of funds	4.52	4.38	4.53	4.48	4.61			7.11			4.39	
ROE	8.0	8.7	6.6	5.8	6.5			6.5			6.1	
ROA	4.6	5.2	4.0	3.6	4.3			4.1			3.9	

Sources: JMT; FSSIA estimates

Exhibit 2: Revenue breakdown

	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	24E	(THB m)	(y-y %)
Total revenue	1,308	1,379	1,356	1,306	1,285	(1.6)	(1.7)	3,948	6.5	74.8	5,280	3.8
Debt collection	88	89	82	78	76	(2.8)	(13.4)	236	(11.1)	74.1	319	(10.2)
Debt management	938	987	1,020	1,003	987	(1.5)	5.3	3,009	19.8	74.9	4,019	14.8
Gain on loans receivables	204	216	198	159	162	1.8	(20.4)	520	(25.6)	74.3	699	(23.5)
Insurance income	78	87	57	66	60	(9.6)	(23.8)	182	(20.4)	74.9	244	(23.0)
Operating expenses	392	434	414	454	473	4.1	20.8	1,342	18.4	73.8	1,818	16.0
Cost of services	323	362	364	394	418	6.2	29.3	1,176	24.3	73.6	1,597	22.1
Insurance expenses	68	72	50	61	55	(9.7)	(19.6)	166	(11.4)	74.9	222	(14.7)
Gross profit	916	945	942	852	812	(4.7)	(11.4)	2,606	1.2	75.3	3,462	(1.6)

Sources: JMT; FSSIA estimates

Exhibit 3: 2024-26E earnings revisions

	New			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Net profit	1,660	2,022	2,221	1,638	1,980	2,209	1.4	2.1	0.6
EPS (THB)	1.14	1.39	1.52	1.12	1.36	1.51	1.4	2.1	0.6
Growth (y-y %)	(17.4)	21.8	9.8	(18.6)	20.9	11.5			
Additional acquisition (JMT only)	1,000	2,000	2,500	2,500	4,000	4,500	(60.0)	(50.0)	(44.4)
Cash collection	8,752	9,378	10,296	8,845	9,414	10,331	(1.0)	(0.4)	(0.3)
- part of JMT	5,621	6,023	6,665	6,087	6,347	6,856	(7.7)	(5.1)	(2.8)
- part of JK AMC	3,130	3,355	3,631	2,757	3,067	3,475	13.5	9.4	4.5
Growth (y-y %)	0.5	7.2	9.8	1.5	6.4	9.7			
Share from JK AMC	485	619	721	336	437	513	44.7	41.7	40.7
Key financial ratios	(%)	(%)	(%)	(%)	(%)	(%)			
ECL / AVG. NPL	2.92	2.20	2.20	3.05	2.20	2.20			
Cost-to-income	15.80	15.80	15.80	15.59	15.59	15.59			
Cost of service / Revenue	29.12	28.62	28.02	27.96	27.54	27.23			
Cost of funds	4.39	4.62	4.71	4.31	4.31	4.30			
ROAA	4.0	5.0	5.5	3.9	4.6	5.0			
ROAE	6.2	7.4	7.8	6.1	7.2	7.8			
GPM	65.6	66.3	65.6	67.4	66.9	66.3			

Source: FSSIA estimates

Exhibit 4: JMT – GGM-based 2025 TP

GGM	2025E
Sustainable ROE (%)	8.1
Terminal growth rate (%)	3.2
Risk-free rate (%)	3.0
Expected market return (%)	8.0
Market risk premium (%)	5.0
Beta	1.2
Cost of equity (%)	9.0
BVS (THB)	19.74
Target PBV ratio (x)	0.84
Fair value (THB)	17.00

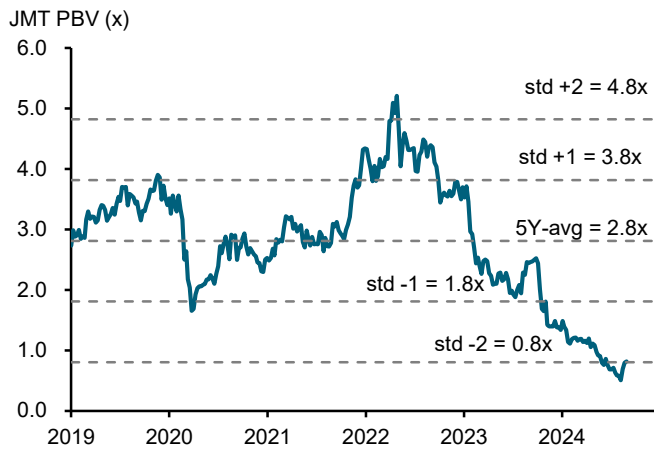
Source: FSSIA estimates

Exhibit 5: Share price performance of non-banks under coverage, as of 9 November 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(12.2)	15.2	(26.0)	(22.2)	(26.7)
MTC TB	(8.3)	15.4	(2.6)	12.7	3.9
SAWAD TB	(6.5)	34.2	2.6	(4.1)	6.6
SAK TB	2.0	8.1	(2.9)	21.4	22.6
AEONTS TB	(11.3)	15.6	(22.2)	(18.2)	(21.3)
KTC TB	(4.1)	18.6	6.3	1.1	6.3
ASK TB	(18.8)	1.9	(32.5)	(46.3)	(45.7)
THANI TB	(19.6)	(2.3)	(27.7)	(31.9)	(27.2)
JMT TB	5.0	89.9	0.0	(30.4)	(26.3)
BAM TB	(23.0)	14.6	(23.0)	(13.0)	(13.5)
CHAYO TB	(12.7)	25.4	(19.8)	(42.5)	(42.0)
SETFIN	(7.9)	20.3	(9.9)	(12.5)	(12.8)
SET	(1.4)	11.7	5.6	4.3	2.4

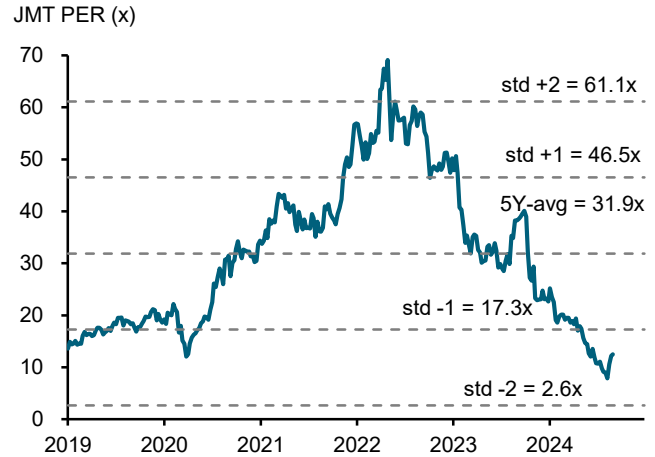
Source: Bloomberg

Exhibit 6: JMT – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: JMT – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peer comparisons, as of 11 November 2024

Company name	BBG code	Rec	Share	Target	Up	---- PE ----		---- PBV ----		---- ROE ----		---- Div yld ----	
			price	price	side	24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Auto title													
Muangthai Capital	MTC TB	BUY	47.25	62.00	31.2	15.9	12.3	2.7	2.2	18.1	19.7	0.6	0.7
Srisawad Corp	SAWAD TB	HOLD	40.25	37.00	(8.1)	11.6	10.4	1.8	1.6	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	HOLD	15.80	17.64	11.6	10.5	9.0	1.4	1.3	14.5	15.1	2.9	3.4
Saksiam Leasing	SAK TB	BUY	5.20	5.28	1.6	13.1	11.5	1.7	1.6	13.7	14.4	3.2	3.7
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	128.50	142.00	10.5	10.8	10.0	1.2	1.1	11.7	11.9	3.9	4.2
Krungthai Card	KTC TB	HOLD	46.75	44.00	(5.9)	16.1	15.2	3.0	2.7	19.8	18.9	2.8	3.0
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	11.00	11.00	0.0	13.1	10.3	0.6	0.5	4.2	5.3	3.8	4.9
Ratchthani Leasing	THANI TB	HOLD	1.75	1.78	1.7	11.2	9.8	0.8	0.8	7.2	8.0	4.9	5.6
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	7.10	9.00	26.8	17.1	14.3	0.5	0.5	3.1	3.6	4.7	5.6
JMT Network services	JMT TB	HOLD	18.80	17.00	(9.6)	16.5	13.6	1.0	1.0	6.2	7.4	3.6	4.4
Chayo Group	CHAYO TB	BUY	3.18	4.00	25.8	12.9	7.5	1.0	0.8	7.9	11.8	2.1	2.0
Average						13.5	11.3	1.4	1.3	11.2	12.0	3.0	3.5

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

Sources: Bloomberg; FSSIA estimates

Financial Statements

JMT Network Services

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	2,615	3,500	4,019	3,859	3,843
Interest expense	(283)	(466)	(520)	(444)	(383)
Net interest income	2,332	3,034	3,499	3,415	3,460
Net fees & commission	279	316	244	317	412
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	1,575	1,371	1,121	1,175	1,283
Non interest income	1,853	1,688	1,365	1,492	1,695
Total income	4,185	4,722	4,864	4,907	5,155
Staff costs	(1,459)	(1,567)	(1,818)	(1,757)	(1,844)
Other operating costs	(789)	(793)	(834)	(824)	(848)
Operating costs	(2,248)	(2,360)	(2,653)	(2,581)	(2,692)
Pre provision operating profit	1,937	2,362	2,211	2,326	2,463
Expected credit loss	(144)	(462)	(678)	(491)	(489)
Other provisions	-	-	-	-	-
Operating profit	1,793	1,899	1,533	1,835	1,975
Recurring non operating income	98	538	485	619	721
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	1,891	2,437	2,018	2,455	2,696
Tax	(209)	(363)	(333)	(405)	(445)
Profit after tax	1,682	2,074	1,685	2,050	2,251
Non-controlling interest	62	(63)	(25)	(28)	(30)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,744	2,011	1,660	2,022	2,221
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,744	2,011	1,660	2,022	2,221
Per share (THB)					
Recurring EPS *	1.20	1.38	1.14	1.39	1.52
Reported EPS	1.21	1.38	1.14	1.39	1.52
DPS	0.91	0.83	0.68	0.83	0.91
Growth					
Net interest income (%)	34.9	30.1	15.3	(2.4)	1.3
Non interest income (%)	17.1	(8.9)	(19.1)	9.3	13.6
Pre provision operating profit (%)	15.6	21.9	(6.4)	5.2	5.9
Operating profit (%)	11.1	5.9	(19.3)	19.7	7.6
Reported net profit (%)	25.1	15.3	(17.5)	21.8	9.8
Recurring EPS (%)	17.2	15.2	(17.5)	21.8	9.8
Reported EPS (%)	(3.5)	14.1	(17.5)	21.8	9.8
Income Breakdown					
Net interest income (%)	55.7	64.3	71.9	69.6	67.1
Net fees & commission (%)	6.7	6.7	5.0	6.5	8.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	37.6	29.0	23.1	23.9	24.9
Operating performance					
Gross interest yield (%)	12.90	13.50	13.96	14.44	15.01
Cost of funds (%)	3.35	4.17	4.39	4.62	4.71
Net interest spread (%)	9.55	9.33	9.57	9.82	10.30
Net interest margin (%)	11.5	11.7	12.2	12.8	13.5
Cost/income(%)	53.7	50.0	54.5	52.6	52.2
Cost/assets(%)	7.3	6.2	6.4	6.4	6.7
Effective tax rate (%)	11.0	14.9	16.5	16.5	16.5
Dividend payout on recurring profit (%)	76.1	60.2	60.0	60.0	60.0
ROE (%)	8.3	8.1	6.2	7.4	7.8
ROE - COE (%)	(0.7)	(0.9)	(2.8)	(1.6)	(1.2)
ROA (%)	5.4	5.4	4.0	5.1	5.6
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: JMT Network Services; FSSIA estimates

Financial Statements

JMT Network Services

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	18,490	23,161	21,722	21,380	21,547
Allowance for expected credit loss	490	812	762	750	755
interest in suspense	(658)	(1,074)	(1,752)	(2,243)	(2,732)
Net customer loans	18,322	22,899	20,732	19,887	19,571
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	2,797	1,786	2,235	1,848	2,085
Other interesting assets	-	-	-	-	-
Tangible fixed assets	198	281	295	309	325
Associates	-	-	-	-	-
Goodwill	112	119	125	132	138
Other intangible assets	106	108	113	119	125
Other assets	12,327	17,251	17,322	17,679	18,240
Total assets	33,862	42,444	40,821	39,974	40,484
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	9,368	12,997	10,678	8,532	7,739
Non interest bearing liabilities	1,405	2,140	2,351	2,582	2,837
Hybrid Capital	-	-	-	-	-
Total liabilities	10,773	15,137	13,028	11,114	10,575
Share capital	730	730	730	730	730
Reserves	22,286	25,813	26,262	27,288	28,295
Total equity	23,015	26,543	26,992	28,017	29,025
Non-controlling interest	72	764	802	842	884
Total liabilities & equity	33,862	42,444	40,821	39,974	40,484
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	20,276	25,922	28,776	26,733	25,608
Average interest bearing liabilities	8,437	11,183	11,837	9,605	8,135
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	15.77	18.18	18.49	19.19	19.88
Tangible book value per share	15.62	18.03	18.33	19.02	19.70
Growth					
Gross customer loans	13.2	25.3	(6.2)	(1.6)	0.8
Average interest earning assets	34.9	27.8	11.0	(7.1)	(4.2)
Total asset (%)	20.8	25.3	(3.8)	(2.1)	1.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	68.0	62.5	66.1	70.1	71.7
Tangible equity/assets (%)	67.3	62.0	65.5	69.5	71.0
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	(2.6)	(3.5)	(3.5)	(3.5)	(3.5)
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	15.7	13.6	16.5	13.6	12.4
Recurring P/E @ target price (x) *	14.2	12.3	14.9	12.3	11.2
Reported P/E (x)	15.6	13.6	16.5	13.6	12.4
Dividend yield (%)	4.8	4.4	3.6	4.4	4.9
Price/book (x)	1.2	1.0	1.0	1.0	0.9
Price/tangible book (x)	1.2	1.0	1.0	1.0	1.0
Price/tangible book @ target price (x)	1.1	0.9	0.9	0.9	0.9
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: JMT Network Services; FSSIA estimates

JMT Network Services PCL (JMT TB)

FSSIA ESG rating


35.60 /100

Exhibit 9: FSSIA ESG score implication

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

Sources: FSSIA estimates

Exhibit 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	54.79
CHAYO	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 11: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	—	—
BESG environmental pillar score	—	—	—	—
BESG social pillar score	—	—	—	—
BESG governance pillar score	—	—	3.47	3.38
ESG disclosure score	26.04	26.04	38.38	39.90
Environmental disclosure score	0.42	0.42	11.81	13.23
Social disclosure score	9.55	9.55	16.35	19.50
Governance disclosure score	68.00	68.00	86.79	86.79
Environmental				
Emissions reduction initiatives	No	No	No	No
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	—	—	0	0
GHG scope 2 location-based	—	—	0	0
GHG Scope 3	—	—	—	0
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	1	1
Renewable energy use	—	—	—	—
Electricity used	—	—	1	1
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	No	No	No
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	No
Water policy	No	No	No	No
Water consumption	—	—	6	9
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	—	4
Pct disabled in workforce	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	No
Lost time incident rate - employees	—	—	—	—
Total recordable incident rate - employees	—	—	—	—
Training policy	No	No	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	2,023	2,008	1,684	1,902
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	—	—	26,944	45,648
Social supply chain management	No	No	No	No
Governance				
Board size	7	7	7	7
No. of independent directors (ID)	3	3	3	3
No. of women on board	1	1	1	1
No. of non-executive directors on board	4	4	3	3
Company conducts board evaluations	No	No	No	No
No. of board meetings for the year	4	8	8	7
Board meeting attendance pct	100	100	100	100
Board duration (years)	—	—	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	42	43	46	47
Age of the oldest director	64	65	65	66
No. of executives / company managers	5	5	5	4
No. of female executives	2	2	2	1
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	100	100	100
Size of compensation committee	3	3	3	3
No. of ID on compensation committee	1	1	1	1
No. of compensation committee meetings	2	3	2	2
Compensation meeting attendance %	100	100	100	100
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	2	3	2	2
Nomination meeting attendance %	100	100	100	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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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

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Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
JMT Network Services	JMT TB	THB 18.80	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; and 2) lower-than-expected operating and financing expenses.
Asia Sermkij Leasing PCL	ASK TB	THB 11.00	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 1.75	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 47.25	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.
Ngern Tid Lor	TIDLOR TB	THB 15.80	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yields and credit costs; 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 more favorable economic situations.
Krungthai Card	KTC TB	THB 46.75	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 128.50	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.
Srisawad Corp	SAWAD TB	THB 40.25	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
Saksiam Leasing	SAK TB	THB 5.20	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 7.10	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. 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.
Chayo Group	CHAYO TB	THB 3.18	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

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 11-Nov-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.