

CHAYO GROUP CHAYO TB

THAILAND / FINANCE & SECURITIES

BUY
UNCHANGED

3Q24 results at first glance

CHAYO surprised the market with a 3Q24 net profit of THB100m, representing an increase of 30.9% q-q and 32.9% y-y. This result exceeded our estimate and the Bloomberg consensus by 17%, largely due to lower-than-expected OPEX. The 3Q24 CIR improved to 24.6%, down from 30.5% in 2Q24 and 32.5% in 3Q23. For 9M24, net profit totaled THB180m, reflecting a 33.5% y-y decline due to additional ECLs in 1H24 and accounting for 64% of our full-year estimate.

We maintain our 2024-26E net profit forecasts, which now present an upside of c6% due to overestimated OPEX in 9M24. We expect 4Q24 net profit to be this year's peak, rising on both a q-q and y-y basis due to 1) expansion of the NPL portfolio and associated revenue; and 2) potential gains from the sale of a medium-sized NPA, valued at cTHB20m, expected during the quarter.

We reiterate our BUY recommendation for CHAYO with a GGM-based TP of THB4.00, implying a P/BV ratio of 0.99x (LT ROE 9.9%, COE 9.9), offering a 28% upside.

Highlights

(+) AMC segment: Revenue in the AMC segment rose by 10.4% q-q and 41.6% y-y in 3Q24, primarily driven by higher EIR income from new unsecured NPLs purchased in 1H24. Meanwhile, costs in this segment declined q-q, as litigation expenses were front-loaded in 2Q24, allowing the GPM to normalize to 84% from 79% in the previous quarter. Gains on NPA sales in 3Q24 totaled THB4m, aligning with expectations, as there were no significant asset sales during the period.

(+) Cash collection: CHAYO reported 3Q24 cash collection from NPLs at THB264m, up significantly by 64.7% q-q and 150% y-y, far surpassing our estimate. Collections from unsecured loans rose to THB154m from THB130m in 2Q24, aligning with our forecast, while contributions from secured loans were boosted by certain large portfolios, reaching THB110m, up from THB31m in 2Q24.

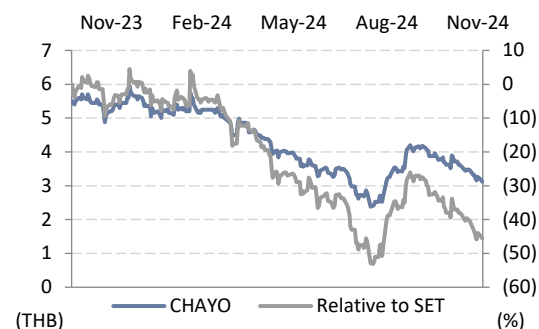
(0) Investment: NPL acquisitions in 3Q24 totaled THB109m (equivalent to cTHB1.1b in OS amount), in line with our expectation, down 31.8% q-q and 81.6% y-y. Most acquisitions consisted of short-overdue unsecured NPLs, such as credit card and personal loans. 9M24 acquisitions amounted to THB276m (down 62.1% y-y), accounting for 65% of our full-year forecast.

(0) CCAP: CCAP loans in 3Q24 remained subdued as expected (down 1.5% q-q, up 17.5% y-y, and down 3.8% YTD). Management remains cautious on credit quality, with the NPL ratio further rising to 44.5% from 41.0% in 2Q24. However, c95% of total loans are secured loans, lent at an LTV of c40%, providing sufficient cushion to mitigate credit costs amid weakening loan quality.

TARGET PRICE THB4.00
CLOSE THB3.12
UP/DOWNSIDE +28.2%
TP vs CONSENSUS +4.8%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	570	535	802	926
Net profit	391	281	480	564
EPS (THB)	0.34	0.25	0.42	0.50
vs Consensus (%)	-	(21.9)	-	11.1
Recurring net profit	391	281	480	564
Core EPS (THB)	0.34	0.25	0.42	0.50
EPS growth (%)	45.5	(28.1)	70.7	17.4
Core P/E (x)	9.1	12.6	7.4	6.3
Dividend yield (%)	-	2.1	2.0	2.4
Price/book (x)	1.1	0.9	0.8	0.7
ROE (%)	12.4	7.9	11.8	12.1
ROA (%)	5.4	4.4	6.1	6.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.8)	23.8	(43.3)
Relative to country (%)	(12.3)	11.1	(45.5)
Mkt cap (USD m)	102		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	21		
Major shareholder	Yasasin Family (33%)		
12m high/low (THB)	6.25/2.30		
Issued shares (m)	1,137		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: CHAYO – 3Q24 operating 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 %)
Interest income												
Interest income from debt management	335	405	444	430	475	10.4	41.6	1,349	40.0	73	1,838	34.3
Interest income from loans	28	31	37	38	38	0.8	37.0	114	50.2	74	153	43.1
Total interest income	363	436	482	468	513	9.6	41.2	1,463	40.7	73	1,991	34.9
Interest expense	65	75	76	81	78	(3.6)	19.3	235	31.1	75	312	22.6
Net interest income	298	361	406	387	435	12.3	46.0	1,228	42.7	73	1,679	37.5
Non- interest income	26	71	22	33	16	(50.5)	(36.7)	71	(4.0)	63	114	(21.6)
Gain on disposal of NPAs	12	56	11	19	4	(79.5)	(67.2)	34	5.2	52	65	(26.4)
Service income from debt collection services	9	6	7	7	7	5.4	(15.1)	21	(22.8)	70	30	(9.8)
Recruitment service income	3	3	2	3	4	50.7	47.0	9	22.1	95	9	(5.7)
Other income	3	6	1	4	1	(71.3)	(52.6)	7	(0.1)	80	9	(30.9)
Total operating income	324	432	428	420	451	7.4	39.4	1,299	39.0	72	1,793	31.2
Operating expenses	105	119	104	128	111	(13.4)	5.6	343	26.8	67	514	32.0
Pre-provision operating profit	219	313	324	292	340	16.5	55.7	956	44.0	75	1,279	30.9
Expected credit loss	107	133	265	158	161	1.8	50.4	584	113.1	78	744	82.8
Operating profit	112	180	59	134	180	33.8	60.8	373	(4.5)	70	535	(6.2)
Income tax expenses	25	39	16	29	41	43.2	66.3	86	4.7	80	107	(11.8)
Minority interest	11	21	39	29	38	32.4	232.4	106	187.9	73	147	154.2
Net profit	76	120	3	77	100	30.9	32.9	180	(33.5)	64	281	(28.1)
EPS (THB)	0.07	0.11	0.00	0.07	0.09	30.9	32.9	0.16	(33.5)	64	0.25	(28.1)
Key financial highlights												
Acquisition of loans to NPA	592	782	8	159	109	(31.8)	(81.6)	276	(62.1)	65	425	(71.9)
Cash collection	106	137	147	160	264	64.7	149.8	572	89.1	88	651	48.3
Accumulated cash collection to investment (%)	40	37	40	41	44			37			45	
Key financial ratios												
D/E (x)	1.07	1.17	1.28	1.18	1.17			1.17			1.39	
IBD/E (x)	1.00	1.09	1.19	1.09	1.07			1.09			1.29	
ROAA (%)	3.54	5.34	0.13	3.16	4.16			2.68			2.89	
ROAE (%)	7.32	11.33	0.30	7.03	9.03			5.06			5.46	
Cost of funds (%)	6.32	6.81	6.18	6.51	6.50			7.08			6.53	
Cost to income (%)	32.46	27.60	24.28	30.48	24.58			26.39			28.68	
Credit cost (bp)	673	733	1339	766	753			1071			931	

Sources: CHAYO; FSSIA estimates

Exhibit 2: CHAYO – GGM-based 2025 TP

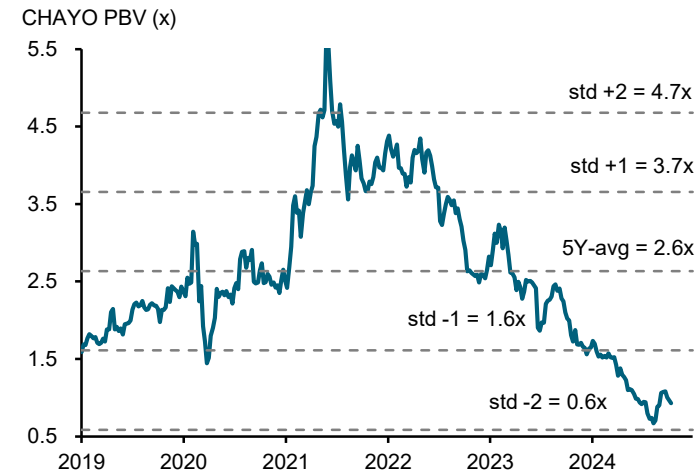
GGM	2025E
	(%)
LT-ROE	9.9
Terminal growth rate	8.0
Risk-free rate	3.0
Expected market return	8.0
Market risk premium	5.0
Beta	1.4
COE	9.9
PBV (x)	0.99

Source: FSSIA estimates

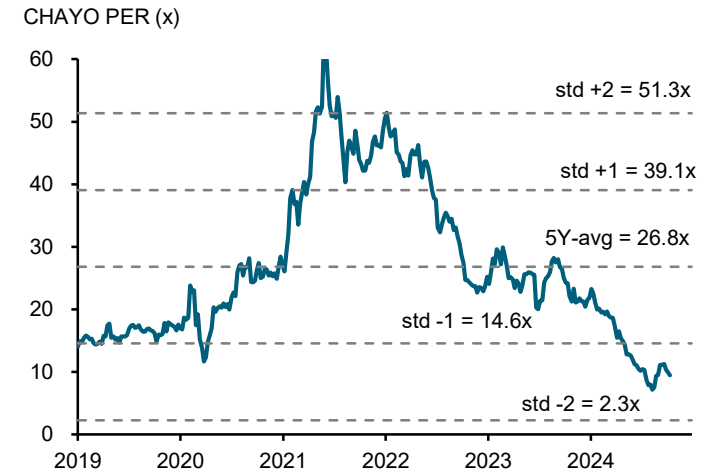
Exhibit 3: Share price performance of non-banks under coverage, as of 12 November 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(12.2)	16.9	(26.0)	(21.9)	(26.7)
MTC TB	(8.3)	15.4	(1.1)	12.0	3.9
SAWAD TB	(8.3)	33.9	0.7	(5.9)	4.6
SAK TB	3.0	12.0	2.0	26.8	23.8
AEONTS TB	(10.9)	15.0	(21.4)	(16.2)	(20.9)
KTC TB	(3.6)	17.7	6.3	0.5	6.9
ASK TB	(19.5)	4.9	(31.0)	(46.2)	(46.2)
THANI TB	(18.2)	(0.6)	(25.2)	(29.7)	(26.0)
JMT TB	2.8	42.6	2.2	(23.7)	(27.8)
BAM TB	(24.6)	9.5	(22.9)	(14.8)	(15.3)
CHAYO TB	(13.8)	15.6	(22.8)	(40.0)	(42.8)
SETFIN	(8.5)	18.2	(9.6)	(12.1)	(13.3)
SET	(1.7)	11.3	5.3	4.2	2.1

Source: Bloomberg

Exhibit 4: CHAYO – one-year prospective P/BV band


Sources: Bloomberg; FSSIA estimates

Exhibit 5: CHAYO – one-year prospective PER band


Sources: Bloomberg; FSSIA estimates

Exhibit 6: Peers comparisons, as of 12 November 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE 24E (x)	PE 25E (x)	PBV 24E (x)	PBV 25E (x)	ROE 24E (%)	ROE 25E (%)	Div yld 24E (x)	Div yld 25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	46.75	62.00	32.6	15.8	12.2	2.6	2.2	18.1	19.7	0.6	0.7
Srisawad Corp	SAWAD TB	HOLD	38.50	37.00	(3.9)	11.1	10.0	1.7	1.5	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	HOLD	15.90	17.64	10.9	10.5	9.0	1.4	1.3	14.5	15.1	2.9	3.3
Saksiam Leasing	SAK TB	BUY	5.15	5.28	2.5	13.0	11.4	1.7	1.6	13.7	14.4	3.2	3.7
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	126.50	142.00	12.3	10.7	9.8	1.2	1.1	11.7	11.9	4.0	4.3
Krungthai Card	KTC TB	HOLD	46.50	44.00	(5.4)	16.1	15.1	3.0	2.7	19.8	18.9	2.8	3.0
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	10.70	11.00	2.8	12.7	10.0	0.5	0.5	4.2	5.3	3.9	5.0
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	6.90	9.00	30.4	16.6	13.9	0.5	0.5	3.1	3.6	4.8	5.8
JMT Network services	JMT TB	HOLD	18.40	17.00	(7.6)	16.2	13.3	1.0	1.0	6.2	7.4	3.7	4.5
Chayo Group	CHAYO TB	BUY	3.12	4.00	28.2	12.6	7.4	0.9	0.8	7.9	11.8	2.1	2.0
Average						13.3	11.1	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

Chayo Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	963	1,476	1,991	2,225	2,405
Interest expense	(160)	(254)	(312)	(311)	(280)
Net interest income	804	1,222	1,679	1,915	2,126
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	94	145	114	138	160
Non interest income	94	145	114	138	160
Total income	897	1,367	1,793	2,052	2,286
Staff costs	-	-	-	-	-
Other operating costs	(328)	(390)	(514)	(578)	(641)
Operating costs	(328)	(390)	(514)	(578)	(641)
Pre provision operating profit	569	977	1,279	1,474	1,645
Expected credit loss	(219)	(407)	(744)	(673)	(719)
Other provisions	-	-	-	-	-
Operating profit	350	570	535	802	926
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	350	570	535	802	926
Tax	(75)	(121)	(107)	(160)	(185)
Profit after tax	275	449	428	641	741
Non-controlling interest	(23)	(58)	(147)	(161)	(177)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	252	391	281	480	564
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	252	391	281	480	564
Per share (THB)					
Recurring EPS *	0.24	0.34	0.25	0.42	0.50
Reported EPS	0.24	0.34	0.25	0.42	0.50
DPS	0.04	0.00	0.07	0.06	0.07
Growth					
Net interest income (%)	48.1	52.0	37.5	14.0	11.0
Non interest income (%)	(37.7)	55.0	(21.6)	20.8	16.5
Pre provision operating profit (%)	22.0	71.6	30.9	15.3	11.6
Operating profit (%)	21.3	62.7	(6.2)	49.8	15.6
Reported net profit (%)	5.0	55.2	(28.1)	70.7	17.4
Recurring EPS (%)	(5.3)	45.5	(28.1)	70.7	17.4
Reported EPS (%)	(5.3)	45.5	(28.1)	70.7	17.4
Income Breakdown					
Net interest income (%)	89.6	89.4	93.6	93.3	93.0
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	10.4	10.6	6.4	6.7	7.0
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	6.96	6.52	6.53	6.59	6.47
Net interest spread (%)	(6.96)	(6.52)	(6.53)	(6.59)	(6.47)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	36.5	28.5	28.7	28.2	28.0
Cost/assets(%)	5.3	4.7	5.3	5.5	5.8
Effective tax rate (%)	21.4	21.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	16.7	-	26.7	15.0	15.0
ROE (%)	9.1	12.4	7.9	11.8	12.1
ROE - COE (%)	(0.8)	2.5	(2.0)	1.9	2.2
ROA (%)	4.5	5.4	4.4	6.1	6.7
RORWA (%)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	4,264	5,640	5,882	6,191	6,489
Allowance for expected credit loss	(485)	(878)	(1,609)	(2,266)	(2,969)
interest in suspense	1,149	2,127	2,336	2,582	2,837
Net customer loans	4,928	6,889	6,609	6,507	6,357
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,021	623	1,391	1,749	1,665
Other interesting assets	24	39	41	43	45
Tangible fixed assets	78	70	73	77	80
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,152	1,704	2,021	2,462	3,103
Total assets	7,203	9,331	10,135	10,838	11,250
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	3,122	4,669	4,880	4,544	4,104
Non interest bearing liabilities	231	367	384	403	422
Hybrid Capital	-	-	-	-	-
Total liabilities	3,353	5,036	5,265	4,947	4,526
Share capital	533	569	569	569	569
Reserves	2,424	2,778	3,206	3,775	4,432
Total equity	2,958	3,347	3,775	4,344	5,000
Non-controlling interest	893	949	1,095	1,256	1,434
Total liabilities & equity	7,203	9,331	10,135	10,838	11,250
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	2,298	3,896	4,775	4,712	4,324
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	2.77	2.94	3.32	3.82	4.40
Tangible book value per share	2.77	2.94	3.32	3.82	4.40
Growth					
Gross customer loans	65.9	32.3	4.3	5.3	4.8
Average interest earning assets	-	-	-	-	-
Total asset (%)	41.5	29.5	8.6	6.9	3.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	41.1	35.9	37.2	40.1	44.4
Tangible equity/assets (%)	41.1	35.9	37.2	40.1	44.4
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	11.4	15.6	27.4	36.6	45.8
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	13.2	9.1	12.6	7.4	6.3
Recurring P/E @ target price (x) *	16.9	11.6	16.2	9.5	8.1
Reported P/E (x)	13.2	9.1	12.6	7.4	6.3
Dividend yield (%)	1.3	-	2.1	2.0	2.4
Price/book (x)	1.1	1.1	0.9	0.8	0.7
Price/tangible book (x)	1.1	1.1	0.9	0.8	0.7
Price/tangible book @ target price (x)	1.4	1.4	1.2	1.0	0.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar 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+										
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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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Chayo Group	CHAYO TB	THB 3.12	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 18.40	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 10.70	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 46.75	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 15.90	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 46.50	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 126.50	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 38.50	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.
Saksiam Leasing	SAK TB	THB 5.15	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 6.90	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.

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 12-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.