# JMT Network Services Pcl (JMT TB) - BUY

**Analyst Meeting**

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## Positive message after meetings

- **Record cash collection to continue**
- **Stronger earnings momentum**
- **JV with KBANK to start operation in 3Q22**
- **Maintain BUY to a Bt100 TP.**

- Cash collection was new high in 1Q22 but the company still targets to do better and better in coming quarters. So, our full-year forecast of Bt6bn looks set to be achievable.
- JMT is expecting to acquire more NPLs in 2H22. The investments were Bt737m and JMT maintains its initial investments of Bt10bn for 2022. Acquisition prices were 14% in 1Q22, falling from an average of 28% in 2021 due to lower portion of secured NPLs.
- 2H earnings are around 59% of full-year over past four year. So, we expect much stronger profits in 2H22 ie. at profits growth rate of over 40% h-h in 2H22.
- Since 2017 when it has entered secured AMC, JMT spent total of Bt8.3bn to acquire around Bt14-16bn secured NPLs going to 1Q22. The company successfully collected cash totaling of Bt3.1bn or 37% of accumulated investments in 5 years.
- JMT sees payback period of secured NPLs of around 5-7 years. The payback is much shorter than BAM's 7-8 years because of younger vintage of secured loans.
- JMT completed the set-up of JV with KBANK. Under 3x gearing ratio, JV can invest up to Bt600m. Assuming 50:50 investment in secured and unsecured, we estimate the JV to acquire up to Bt2bn (at 29% acquisition px). The JV contribution will be via equity income and we have yet factored this to our numbers.
- Lastly, most JMT's covid 19 insurance is going to expire on 12 April 2022 so we expect much lower claim expenses in 2Q22. The extra claims were around Bt40m in 1Q22.

## Key Valuations

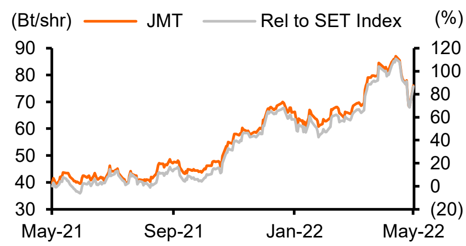
| Y/E Dec (Bt m) | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|
| Total Income | 3,625 | 4,520 | 6,046 | 7,983 |
| Net profit | 1,400 | 2,059 | 3,081 | 4,196 |
| Norm profit | 1,400 | 2,059 | 3,081 | 4,196 |
| Norm EPS (Bt) | 1.1 | 1.4 | 2.1 | 2.9 |
| Norm EPS grw (%) | 33.7 | 24.6 | 49.6 | 36.2 |
| Norm PE (x) | 67.5 | 54.1 | 36.2 | 26.6 |
| EV/Net cash collection (x) | 27.6 | 24.2 | 17.7 | 13.6 |
| P/BV (x) | 5.9 | 4.7 | 4.5 | 4.2 |
| Div yield (%) | 1.0 | 1.5 | 2.2 | 3.0 |
| ROE (%) | 11.3 | 9.6 | 12.6 | 16.4 |
| Net D/E (%) | (5.5) | 7.8 | 33.2 | 52.2 |

Source: Thanachart estimates

## Stock Data

| | |
|---|---|
| Closing price (Bt) | 76.00 |
| Target price (Bt) | 100.00 |
| Market cap (US$ m) | 3,232.00 |
| Avg daily turnover (US$ m) | 23.20 |
| 12M H/L price (Bt) | 87.00/39.56 |

## Price Performance




Source: Bloomberg

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