Jasmine Broadband Int. (JASIF TB) - SELL, Price Bt8.9, TP Bt7.9

Results Comment

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Stable profit in 2Q22, in-line

- JASIF reported net investment income at Bt2.2bn in 2Q22, increased slightly 2% y-y due to adjusted up rental rates with inflation rate. It was flat q-q on an unchanged rental volume.
- Total income was 1% higher y-y to Bt2.6bn from higher rental rate, but stable q-q on fixed rental volume in its contracts.
- Total operating cost (including management fee and interest expenses) was at Bt343m in 2Q22, down 4% y-y and 1% q-q, mainly from lower interest expenses as JASIF gradually repay debts.
- JASIF announces Bt0.23/unit dividend payment with an XD date on 19 August and a payment date on 6 September 2022. The dividend is slightly below our expectation, due to a lower-than-expected payout ratio.
- We maintain SELL on JASIF, seeing too many uncertainties ahead, regarding the deal from ADVANC to acquire TTTBB and JASIF, while we believe the unit price is already higher than our best-case scenario valuation.

Income Statement					
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
NET SALES	2,536	2,536	2,536	2,567	2,567
GROSS PROFIT	**2,536**	**2,536**	**2,536**	**2,567**	**2,567**
SG&A	162	163	141	165	165
Operating profit	2,374	2,373	2,395	2,402	2,402
EBITDA	**2,374**	**2,373**	**2,395**	**2,402**	**2,402**
Other income	4	5	5	5	5
Other expense	2	4	1	3	6
Interest expense	200	200	197	190	189
Profit before tax	**2,175**	**2,174**	**2,203**	**2,215**	**2,212**
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items	(100)	(500)	300	(600)	(800)
Net Investment Income	**2,075**	**1,674**	**2,503**	**1,614**	**1,412**
Norm Net Invest. Income	**2,175**	**2,174**	**2,203**	**2,215**	**2,212**
EPS (Bt)	0.26	0.21	0.31	0.20	0.18
Normalized EPS (Bt)	0.27	0.27	0.28	0.28	0.28

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2021F	2022F	2023F
Revenue	-	1	50	10,235	8,123
Gross profit	**-**	**1**	50	**10,235**	**8,123**
SG&A	0	2	35	948	987
Operating profit	(0)	1	52	9,286	7,136
EBITDA	**(0)**	**1**	52	**9,286**	**7,136**
Other income	(4)	40	59	17	17
Other expense	134	198	94	9	7
Interest expense	(1)	(6)	55	687	439
Profit before tax	**(0)**	**2**	51	**8,608**	**6,706**
Income tax					
Equity & invest. income					
Minority interests					
Extraordinary items					
Net profit	**(13)**	**(32)**	35	**8,608**	**6,706**
Normalized profit	**(0)**	**2**	51	**8,608**	**6,706**
EPS (Bt)	(13)	(32)	35	1.08	0.84
Normalized EPS (Bt)	(0)	2	51	1.08	0.84

Balance Sheet					
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash & equivalent	9	55	202	84	118
S-T investments					
A/C receivable	0	0	0	0	0
Other					
Investment & Loans	104,228	103,773	104,178	103,583	102,893
Fixed assets					
Other assets					
Total assets	**104,251**	**103,840**	**104,397**	**103,683**	**103,023**
S-T debt					
A/C payable	206	236	247	178	204
Other current liabilities	817	817	817	817	817
L-T debt	14,709	14,513	14,317	14,058	13,800
Other liabilities					
Minority interest					
Net Assets	**88,519**	**88,274**	**89,016**	**88,631**	**88,203**
Net debt	14,700	14,458	14,115	13,974	13,682
Avg outstanding units (shrs)	8,000	8,000	8,000	8,000	8,000

Financial Ratios					
(%)	2Q21	3Q21	4Q21	1Q22	2Q22
Sales growth	-	-	-	1.2	1.2
EBITDA growth	(0.0)	(0.0)	(0.4)	1.1	1.2
Net income growth	7.5	(32.2)	(3.8)	(9.1)	(32.0)
Norm income growth	2.4	0.2	0.0	1.7	1.7
Norm EPS growth	2.4	0.2	0.0	1.7	1.7
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	93.6	93.6	94.5	93.6	93.6
EBITDA margin	93.6	93.6	94.5	93.6	93.6
Norm net margin	85.8	85.7	86.9	86.3	86.2
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	11.9	11.9	12.2	12.6	12.7
Effective tax rate	-	-	-	-	-
ROA	8.3	8.4	8.5	8.5	8.6
ROE	9.8	9.8	9.9	10.0	10.0

Sources: Company data, Thanachart estimates

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