BUY	(Unchanged)	TP: Bt 90.00	(From: Bt 100.00)	22 NOVEMBER 2022
Change in Numbers		Upside : 40.6%		

JMT Network Services (JMT TB)

Thanachart Securities

It's time

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JMT is entering the highest season while its recently set-up JVAMC has a promising outlook. We incorporate profit contributions from the JV but lower our earnings to reflect JMT's higher expenses. On track for a three-year EPS CAGR of 35%, JMT looks attractive on a PEG of <1x and EV to net cash collection ratio of 18x. BUY with a TP of Bt90.

Record profits in 4Q22F on the cards

With the country reopening and business activities getting back close to normal, JMT grew cash collection by 31% y-y in 9M22. As 4Q is the highest season, JMT looks set to beat its full-year target of Bt5bn (Bt4.2bn in 9M22) and we expect cash collection of Bt1.5bn in 4Q22, bringing total cash collection to Bt5.7bn in 2022. As fully amortized NPLs are now at over Bt50bn or 20% of total NPLs in hand, the cash collection conversion-to-profits ratio is up from an average of 23.7% in 2020-21 to 25%-plus now. Including a Bt36m equity income contribution from JVAMC, we estimate 4Q22F profits of Bt688m, up by 44% y-y and 51% q-q.

Good progress of JK

JK is JMT's 50:50 JVAMC with Kasikornbank Pcl (KBANK TB, Bt143.50, BUY). JK spent less than Bt10bn to acquire unsecured and secured NPLs from KBANK with a Bt50bn face value during 2Q-3Q22. JV successfully collected cash of Bt380m and made net profits of Bt71m in 3Q22. Under our IRR assumption of 17% and a four-year breakeven period at cash collection level, we estimate equity income contributions of Bt71m this year, Bt209m in 2023F and Bt152m in 2024F. JK is looking to acquire another Bt50bn of NPLs to reach Bt100bn by 2025. We leave this as a potential upside to our earnings projections.

3-year earnings CAGR of 35% over 2022-25F

We incorporate JK's profits as mentioned above. However, we lower our earnings estimates for JMT by an average of 8% over 2022-25F to reflect its insurance business making a loss in 1H22 and higher staff expenses for JMT than we had assumed earlier. Despite our earnings cuts, we still estimate very strong EPS growth of 18/43/37/26% over 2022-25F. Key drivers are 1) average cash collection growth of 28% p.a.; 2) lower financial leverage due to higher cash collection and our lower NPL purchase assumptions of Bt2.6bn this year, and Bt6bn and Bt10bn in 2023-24F; and 3) the operating leverage effect.

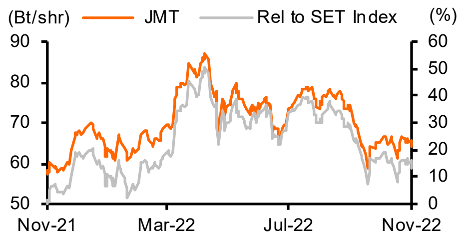
Reaffirming BUY with a new TP of Bt90

We roll over our base year to 2023F but our earnings cuts lead us to trim our DDM-based 12-month TP to Bt90 (from Bt100). With JMT's slower earnings take-off in 9M22 given the insurance business loss dragger and higher staff expenses, its share price has fallen 27% from May's peak of Bt87.5. Although PEs are not a relevant valuation indicator, in our view, as they don't reflect its real cashflow streams at a 37%-plus cash collection yield rate, JMT's PE doesn't look rich to us at 34x in 2023F, falling to 25x in 2024F. We prefer to look at the EV-to-net-cash-collection ratio, which is compelling at 18/13x in 2023-24F. With 41% potential upside to our TP and a 2-3% yield, we reaffirm our BUY call.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Total Income	3,625	4,517	5,713	7,660
Net profit	1,400	1,944	2,786	3,822
Consensus NP	—	1,886	2,636	3,208
Diff frm cons (%)	—	*3.1*	*5.7*	*19.1*
Norm profit	1,400	1,944	2,786	3,822
Prev. Norm profit	—	2,059	3,081	4,196
Chg frm prev (%)	—	*(5.6)*	*(9.6)*	*(8.9)*
Norm EPS (Bt)	1.1	1.3	1.9	2.6
Norm EPS grw (%)	33.7	17.6	43.3	37.2
Norm PE (x)	56.8	48.3	33.7	24.6
EV/Net cash collection (x)	23.2	23.3	18.1	13.4
P/BV (x)	4.9	3.9	3.8	3.6
Div yield (%)	1.2	1.7	2.4	3.3
ROE (%)	11.3	9.1	11.5	15.1
Net D/E (%)	(5.5)	2.9	15.2	37.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price: (Bt) *as of* 22-Nov-22	64.00
Market Cap (US$ m)	2,599.8
Listed Shares (m shares)	1,467.3
Free Float (%)	45.9
Avg. Daily Turnover (US$ m)	20.4
12M Price H/L (Bt)	87.00/57.50
Sector	Finance
Major Shareholder	JMART 53.80%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P8

Incorporating JK's profits

Good progression of JK

To recap, Kasikornbank Pcl (KBANK TB, Bt143.50, BUY) and JMT Network Services (JMT) successfully set up a 50:50 JVAMC called JK with an initial capital injection of Bt10bn. Given RO and warrant proceeds of around Bt14bn, JMT financed the Bt5bn investment using internal cashflow. JK already acquired Bt50bn worth of NPLs from KBANK in 2Q-3Q22. Over the next three years, ie by 2025, JK aims to have NPLs under management of up to Bt100bn.

JMT mentioned that JK purchased the Bt50bn of NPLs without having to raise either debt or equity. This implies a purchase price of less than 20%. It did not disclose the secured and unsecured portions. But at this acquisition price, we expect a higher unsecured portion.

In just one quarter, JK successfully collected cash of Bt380m out of total NPL's FV of Bt30bn, implying cash collection to investment costs of 19% on an annualized basis. This is better than what JMT had been achieving and we believe that synergistic benefits between the two entities were the main reasons for this impressive performance. We expect JK to utilize KBANK's information as well as the bank's branch network and manpower to shorten its reach to debtors. This could speed up the restructuring process, consequently leading to faster debt collection. With a low portion of fixed costs, the JV made a profit of Bt71m in 3Q22. JMT looks set to grow the JV's profits threefold in 2023F.

Given the decent progress of JK, we have incorporated its performance into our earnings estimates. Based on our IRR assumption of 17% and a four-year breakeven period at the cash collection level, we estimate an equity income contribution of Bt71m this year, Bt185m in 2023F, and Bt145m in 2024F. We provide our estimates in Exhibit 1 below.

Ex 1: Our Estimates Of JK's Performance

NPLs' face value (Bt m)	50,000
Investment costs (Bt m)	10,000
% acquisition price	20%
Estimated IRR	17.3%
ROI	19.8%

Bt m		2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Net cash collection	(10,000)	980.00	3,000.00	4,500.00	3,000.00	1,800.00	1,500.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Total revenues		**866.45**	**1,622.64**	**1,268.65**	**772.94**	**452.25**	**271.83**	**131.45**	**276.73**	**1,000.00**	**1,000.00**	**1,000.00**
- IRR revenue		866.45	1,622.64	1,268.65	772.94	452.25	271.83	131.45	26.73	—	—	—
- Fully amortized		—	—	—	—	—	—	—	250.00	1,000.00	1,000.00	1,000.00
EBT		177.50	522.64	380.59	231.88	135.67	81.55	39.43	83.02	300.00	300.00	300.00
Net profits		142.00	418.11	304.48	185.51	108.54	65.24	31.55	66.42	240.00	240.00	240.00

Sources: Company data, Thanachart estimates

Visibility looks clear for JK to acquire more NPLs in the future. That said, JK would need to increase borrowing to achieve this. This should not be a problem as KBANK will likely be willing to offer support. Assuming 3x gearing, JK could raise its borrowing capacity to Bt30bn, more than sufficient to reach its target. Given limited information at this stage regarding the purchase of another Bt50bn worth of NPLs, we leave this as a potential upside to our earnings projections.

3-year earnings CAGR of 35% over 2022-25F

On track to post record-high earnings in 4Q22F

Despite factoring in JK's profits as mentioned above, we are forced to lower our earnings estimates for JMT by an average of 8% over 2022-25F to reflect its insurance business making a loss in 1H22 along with higher staff expenses than we had assumed earlier.

Ex 2: Earnings Revisions

	2019	2020	2021	2022F	2023F	2024F	2025F
Net profits (Bt bn)							
- New	0.68	1.05	1.40	1.94	2.79	3.82	4.82
- Old				2.06	3.08	4.20	5.22
- Change (%)				*(5.61)*	*(9.57)*	*(8.91)*	*(7.74)*
Cash collection (Bt bn)							
- New	3.23	3.70	4.58	5.73	7.34	10.02	12.08
- Old				6.12	8.44	11.16	13.85
- Change (%)				*(6.42)*	*(13.06)*	*(10.24)*	*(12.73)*
NPL purchases (Bt bn)							
- New	3.37	3.52	8.70	2.80	6.00	10.00	5.00
- Old				10.00	10.00	10.00	10.00
- Change (%)				*(72.00)*	*(40.00)*	*0.00*	*(50.00)*
Net insurance premiums (Bt m)							
- New	(23.84)	36.52	25.38	(91.00)	16.00	16.80	17.64
- Old				26.92	29.91	32.90	39.81
- Change (%)				*na*	*(46.49)*	*(48.92)*	*(55.68)*
Cost of services - excl insurance (Bt bn)							
- New	0.88	0.87	0.87	1.00	1.20	1.38	1.56
- Old				0.93	1.04	1.18	1.31
- Change (%)				*7.93*	*15.89*	*17.24*	*19.23*
Equity income (Bt m)							
- New				71.00	209.06	152.24	92.75
- Old				0.00	0.00	0.00	0.00
- Change (%)				*na*	*na*	*na*	*na*

Sources: Company data, Thanachart estimates

Despite our earnings cuts, we still estimate very strong earnings growth of 39% this year. We see JMT as being right on track to post record-high earnings of Bt688m in 4Q22, representing strong earnings growth of 44% y-y and 51% q-q. We expect the robust growth to be backed by cash collection rising by 11% y-y and 7% q-q to Bt1.5bn and an improving margin thanks to no insurance business loss dragger, profit contribution from JK, and a higher margin since 20% of JMT's NPLs in hand have already been fully amortized.

We expect NPL purchases to rise from Bt2.8bn to Bt6bn in 2023F and Bt10bn in 2024F. The amount of NPLs auction being cancelled has been extraordinarily high this year as banks have required higher pricing as they are still able to utilize the Bank of Thailand's (BoT) special aging classification until next year. Given that the special treatment is coming to an end, we foresee increased NPL supply from next year onwards. That being said, we lower our NPL purchase assumption to Bt5bn (from Bt10bn) from 2024F onwards.

Thanks to the country reopening and business activities getting back to normal, we estimate cash collection growth of 28% in 2023F, 36% in 2024F and 21% in 2025F. With growing cash inflows and smaller investments, we expect JMT to enjoy financial leverage benefits and for interest expenses to fall by 9% in 2023F. Given that JMT already increased its staff level to around 3,000 last year, we expect a smaller rise in opex and for it to enjoy the operating leverage effect. Putting all of this into perspective, we estimate higher earnings growth of 43% in 2023F and 37% in 2024F.

Ex 3: 12-month DCF-based TP Calculation Using A Base Year Of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal Value
EBITDA	3,268	4,888	6,461	7,825	9,276	10,241	10,980	11,488	11,931	12,303	—
Free cash flow	283	(1,449)	5,105	6,476	7,829	8,866	9,641	10,202	10,651	11,020	200,427
PV of free cash flow	306	(1,252)	4,109	4,858	5,356	5,628	5,680	5,577	5,404	5,188	87,568

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.0
WACC (%)	7.3
Terminal growth (%)	2.0
Enterprise value, incl. investments	**133,360**
Net debt (2022F)	704
Minority Interest	18
Equity value (Bt m)	132,638
No .of shares (m)	1,467
Equity value/ share (Bt)	**90.00**

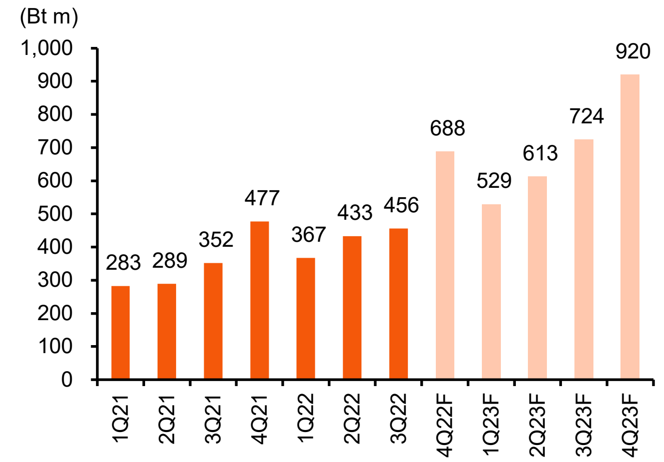
Sources: Company data, Thanachart estimates

We roll over our base year to 2023F but with the impact of our earnings cuts, we trim our DDM-based 12-month TP to Bt90 (from Bt100). With JMT's slower earnings take-off in 9M22 given the loss dragger of its insurance business and higher staff expenses, JMT's share price has fallen by 27% from its May peak of Bt87.5. Although PEs are not a relevant valuation indicator in our view as they don't reflect its real cashflow streams at a 37%-plus cash collection yield rate, JMT's PE does not look rich to us at 34x in 2023F, before falling to 25x in 2024F. However, we still prefer to look at the EV to net cash collection ratio, which we see as compelling at 18/13x in 2023-24F. With 41% potential upside to our TP along with a 2-3% yield, we reaffirm our BUY rating on shares of JMT.

Ex 4: Share Price Performance

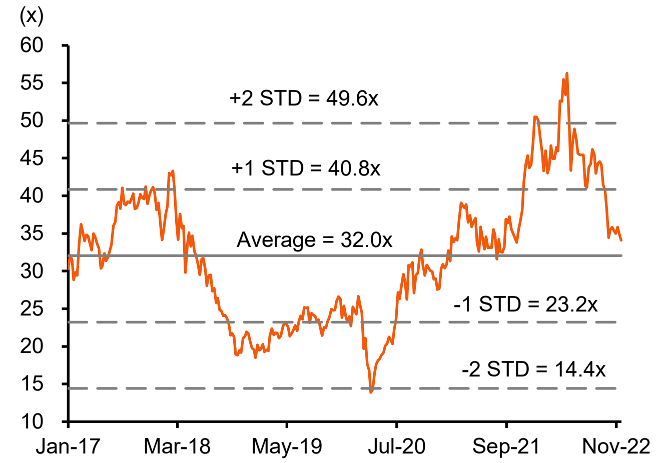
Source: Bloomberg

Ex 5: Quarterly Earnings



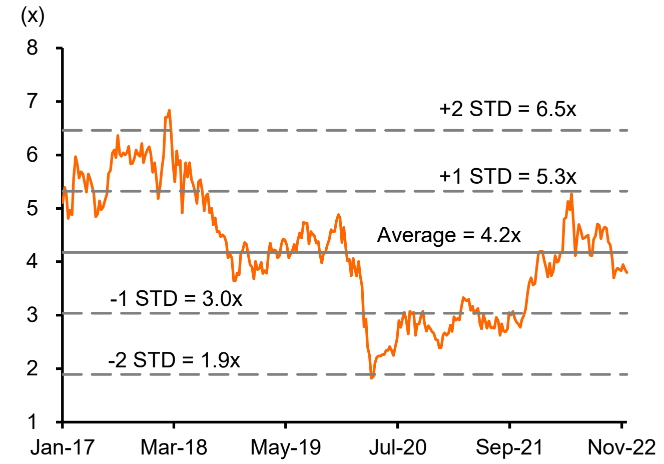
Sources: Company data, Thanachart estimates

Ex 6: PE STD



Sources: Bloomberg, Thanachart estimates

Ex 7: P/BV STD



Sources: Bloomberg, Thanachart estimates

Valuation Comparison

Ex 8: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F	EPS growth 23F	PE 22F	PE 23F	P/BV 22F	P/BV 23F	ROE 22F	ROE 23F	Div. yield 22F	Div. yield 23F
Afterpay Ltd	APT AU	Australia	na	na	na	na	na	na	(0.4)	6.6	na	na
Finvolution Group	FINV US	China	357.9	16.7	0.6	0.5	0.1	0.1	20.0	19.0	28.3	33.1
Mahindra & Mahindra Fin Secs	MMFS IN	India	(28.5)	106.4	31.0	15.0	1.6	1.4	5.7	10.1	0.7	1.7
Bajaj Finance Ltd	BAF IN	India	(0.5)	57.6	57.6	36.5	9.4	7.6	17.4	22.6	0.2	0.3
Manappuram Finance Ltd	MGFL IN	India	1.2	9.1	7.0	6.4	1.1	1.0	17.2	17.1	2.6	2.7
GMO Payment Gateway Inc.	3769 JP	Japan	(7.1)	(40.6)	42.2	71.1	12.0	10.8	34.7	15.9	0.5	0.7
Infomart Corp.	2492 JP	Japan	(27.7)	132.5	267.3	115.0	9.0	8.5	3.6	8.1	0.1	0.4
Ally Financial Inc	ALLY US	US	(29.0)	(26.4)	4.3	5.9	0.7	0.6	13.6	11.2	4.6	4.9
World Acceptance Corp	WRLD US	US	30.8	na	6.0	26.1	1.0	1.1	17.3	6.0	na	na
Navient Corp	NAVI US	US	(20.2)	(15.1)	4.7	5.6	0.7	0.6	17.0	11.8	4.0	4.0
SLM Corp	SLM US	US	(31.9)	3.9	6.7	6.4	2.4	2.2	35.1	34.1	2.7	2.9
Amanah Leasing	AMANAH TB	Thailand	0.0	28.3	12.5	9.8	2.1	1.9	17.3	20.2	3.9	4.7
Asia Sermkij Leasing *	ASK TB	Thailand	15.7	21.1	11.7	9.6	1.8	1.6	16.0	17.8	4.3	5.2
Bangkok Commercial Asset Mgt.*	BAM TB	Thailand	25.3	17.6	15.3	13.0	1.1	1.1	7.5	8.6	4.6	5.4
Chayo Group	CHAYO TB	Thailand	24.4	25.7	26.8	21.3	2.2	1.7	9.8	9.9	1.0	1.2
JMT Network Services *	JMT TB	Thailand	17.6	43.3	48.3	33.7	3.9	3.8	9.1	11.5	1.7	2.4
Krungthai Card *	KTC TB	Thailand	7.2	16.0	23.8	20.5	4.9	4.3	22.0	22.3	1.9	2.2
Muangthai Capital *	MTC TB	Thailand	2.4	12.0	15.2	13.6	2.6	2.3	18.7	18.0	1.1	1.2
Saksiam Leasing *	SAK TB	Thailand	15.9	22.2	18.8	15.4	2.5	2.3	13.8	15.4	2.1	2.6
Srisawad Corporation *	SAWAD TB	Thailand	(2.6)	21.0	13.0	10.7	2.2	2.0	17.3	19.2	4.2	4.7
Ratchthani Leasing *	THANI TB	Thailand	14.4	15.2	11.9	10.3	1.9	1.8	16.4	17.6	5.1	5.8
Ngern Tid Lor *	TIDLOR TB	Thailand	14.8	27.8	17.4	13.6	2.6	2.2	15.7	17.5	1.1	1.5
Average			**18.1**	**24.7**	**30.6**	**21.9**	**3.1**	**2.8**	**15.7**	**15.5**	**3.7**	**4.4**

Source: Bloomberg
Note: * Thanachart estimates using normalized EPS growth
Based on 22 Nov 2022 closing price

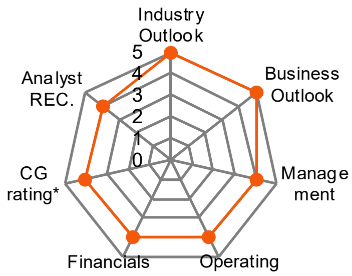
Our major shareholder TCAP (Thanachart Capital Pcl) holds 89.96% of Thanachart Securities. TCAP also holds 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd holds 60% stake in THANI and is the major shareholder of THANI.

COMPANY DESCRIPTION

JMT Network Services (JMT) provides three services. 1) Bad debt collection: the company provides bad debt collection services to financial institutions and corporations. The scope of services includes both collection and legal services such as preparing and filing lawsuits. 2) Bad debt management: the company manages and collects bad debt, which it buys from financial institutions and corporations. 3) Insurance broker and non-life insurance business.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; * No CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Highly experienced in debt collection and bad debt management
- Large data and business scale

W — Weakness

- In a capital-intensive business with cash inflows not fully reflected in the bottom line.
- Lumpy earnings booking as gains from purchased NPLs are higher.

O — Opportunity

- Increasing penetration to secure NPLs
- JVAMC with commercial banks

T — Threat

- Lower asset sales as banks are doing management in-house.
- Changes in accounting treatment.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	81.25	90.00	11%
Net profit 22F (Bt m)	1,886	1,944	3%
Net profit 23F (Bt m)	2,636	2,786	6%
Consensus REC	**BUY: 10**	**HOLD: 1**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts and TP are above the Bloomberg consensus numbers, which we attribute to us factoring in higher profit contributions from JK.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

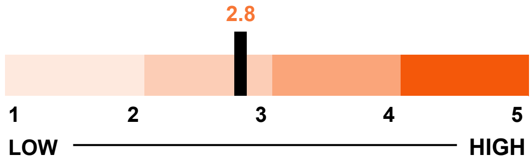
- If JMT were to collect cash at lesser amounts than we currently assume, this would represent the key downside risk to our earnings and TP.
- Higher-than-expected operating costs are a secondary downside risk to our call.
- Downside risks to our future earnings forecasts would persist if JMT were to purchase NPLs at lesser amounts than we have baked into our forecasts.

Source: Thanachart

ESG & Sustainability Report

JMT is Thailand's largest unsecured debt-management company with around 3,000 staff. JMT's environmental impact is quite small though we believe the company realizes the importance of sustainable development. However, given JMT's unclear ESG targets, we assign an ESG score of 2.8.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
JMT	-	-	-	-	37.17	12.67	8.48	-	4.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ JMT realizes the importance of environmental changes and their impact on society and communities. It has prepared measures to reduce its environmental impact from within. ▪ JMT's policy is to reduce the consumption of energy, water, and waste. ▪ The company has reduced paper use by using e-slips and e-documents. ▪ Staff must bring their own cups to the office so this helps cut the use of paper cups.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ JMT believes it provides fair compensation and ensures that its staff have decent welfare benefits and ample medical help. ▪ All employees have passed ethics training. ▪ JMT has launched many CSR projects and had its staff participate in the programs.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ JMT's board of directors (BOD) comprises six directors, which we regard as acceptable for its business size and scope. Three are on its management team and the other three are independent directors. ▪ All of the audit committee members are independent directors. ▪ A whistle-blowing process has been established to ensure the transparency of JMT's corporate environment.

Source: Thanachart

Growing cash collection with JV profits kicking in

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Total income	3,190	3,625	4,517	5,713	7,660
Cost of sales	1,033	1,034	1,345	1,451	1,643
Gross profit	**2,157**	**2,591**	**3,172**	**4,262**	**6,016**
% gross margin	67.6%	71.5%	70.2%	74.6%	78.5%
Selling & administration expenses	644	657	890	1,081	1,225
Operating profit	**1,513**	**1,934**	**2,282**	**3,181**	**4,792**
% operating margin	47.4%	53.3%	50.5%	55.7%	62.6%
Amortization of investment	1,257	1,690	2,080	2,573	3,381
Cash collection	**3,704**	**4,578**	**5,728**	**7,340**	**10,015**
% cash collection yield	39.0%	28.9%	37.0%	40.6%	42.3%
Non-operating income	17	25	20	26	34
Non-operating expenses	(6)	6	10	10	10
Interest expense	(314)	(345)	(239)	(219)	(398)
Pre-tax profit	**1,210**	**1,620**	**2,073**	**2,998**	**4,439**
Income tax	174	241	228	450	799
After-tax profit	**1,036**	**1,379**	**1,845**	**2,548**	**3,640**
% net margin	32.5%	38.1%	40.9%	44.6%	47.5%
Shares in affiliates' Earnings	0	0	71	209	152
Minority interests	11	21	28	29	30
Extraordinary items	0	0	0	0	0
NET PROFIT	**1,047**	**1,400**	**1,944**	**2,786**	**3,822**
Normalized profit	**1,047**	**1,400**	**1,944**	**2,786**	**3,822**
EPS (Bt)	0.8	1.1	1.3	1.9	2.6
Normalized EPS (Bt)	0.8	1.1	1.3	1.9	2.6

We expect higher NPL purchases in 2023F

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	3,834	11,085	7,088	8,229	9,725
Cash & cash equivalent	2,136	8,438	3,300	3,300	3,300
Account receivables	251	725	866	1,096	1,469
Properties foreclosed	402	979	1,746	2,347	2,963
Others	1,045	943	1,175	1,486	1,993
Investments & loans	9,495	15,829	20,558	23,382	29,127
Net fixed assets	256	338	362	376	379
Other assets	685	784	845	931	1,021
Total assets	**14,270**	**28,036**	**28,853**	**32,917**	**40,251**
LIABILITIES:					
Current liabilities:	2,578	3,931	2,890	4,813	7,842
Account payables	508	885	129	139	158
Bank overdraft & ST loans	50	300	0	0	0
Current LT debt	1,303	2,166	2,080	3,902	6,825
Others current liabilities	716	580	681	772	860
Total LT debt	**5,834**	**4,919**	**1,924**	**3,154**	**6,256**
Others LT liabilities	104	109	155	201	256
Total liabilities	**8,516**	**8,959**	**4,970**	**8,168**	**14,354**
Minority interest	30	46	18	(11)	(41)
Preferreds shares	0	0	0	0	0
Paid-up capital	488	684	734	734	734
Share premium	3,930	16,810	20,988	20,988	20,988
Warrants	0	0	0	0	0
Surplus	346	66	66	66	66
Retained earnings	**959**	**1,472**	**2,078**	**2,972**	**4,151**
Shareholders' equity	5,724	19,032	23,866	24,760	25,939
Liabilities & equity	**14,270**	**28,036**	**28,853**	**32,917**	**40,251**

Sources: Company data, Thanachart estimates

Lower debts due to higher cash inflows

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	1,210	1,620	2,073	2,998	4,439
Tax paid	(207)	(204)	(181)	(400)	(749)
Depreciation & amortization	110	125	120	123	129
Chg In working capital	(101)	(675)	(1,664)	(820)	(971)
Chg In other CA & CL / minorities	132	(320)	(56)	(5)	(253)
Cash flow from operations	**1,144**	**546**	**292**	**1,897**	**2,594**
Capex	(155)	(158)	(100)	(100)	(100)
Right of use	(202)	(59)	(3)	(20)	(20)
ST loans & investments	13	282	0	0	0
LT loans & investments	(1,962)	(6,334)	(4,729)	(2,824)	(5,745)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	66	(80)	(107)	(113)	(110)
Cash flow from investments	**(2,241)**	**(6,349)**	**(4,939)**	**(3,057)**	**(5,975)**
Debt financing	1,404	198	(3,381)	3,052	6,024
Capital increase	1,641	13,075	4,228	0	0
Dividends paid	(694)	(887)	(1,338)	(1,892)	(2,644)
Warrants & other surplus	335	(281)	0	0	0
Cash flow from financing	**2,686**	**12,105**	**(491)**	**1,160**	**3,381**
Free cash flow	**988**	**387**	**192**	**1,797**	**2,494**

Looking more attractive even on a PE basis

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	76.0	56.8	48.3	33.7	24.6
Normalized PE - at target price (x)	106.8	79.9	67.9	47.4	34.5
PE (x)	76.0	56.8	48.3	33.7	24.6
PE - at target price (x)	106.8	79.9	67.9	47.4	34.5
EV/Net cash collection (x)	32.7	23.2	23.3	18.1	13.4
EV/Net cash collection - at target price (x)	45.2	32.8	32.7	25.2	18.3
P/BV (x)	13.9	4.9	3.9	3.8	3.6
P/BV - at target price (x)	19.5	6.9	5.5	5.3	5.1
P/CFO (x)	69.5	145.8	321.8	49.5	36.2
Price/sales (x)	29.4	25.9	20.8	16.4	12.3
Dividend yield (%)	1.1	1.2	1.7	2.4	3.3
FCF Yield (%)	1.2	0.5	0.2	1.9	2.7
(Bt)					
Normalized EPS	0.8	1.1	1.3	1.9	2.6
EPS	0.8	1.1	1.3	1.9	2.6
DPS	0.7	0.8	1.1	1.5	2.1
BV/share	4.6	13.0	16.3	16.9	17.7
CFO/share	0.9	0.4	0.2	1.3	1.8
FCF/share	0.8	0.3	0.1	1.2	1.7

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Total Income (%)	26.4	13.6	24.6	26.5	34.1
Net profit (%)	53.7	33.7	38.8	43.3	37.2
EPS (%)	53.7	33.7	17.6	43.3	37.2
Normalized profit (%)	53.7	33.7	38.8	43.3	37.2
Normalized EPS (%)	53.7	33.7	17.6	43.3	37.2
Dividend payout ratio (%)	80.2	80.1	80.0	80.0	80.0
Operating performance					
Cash collection yield (%)	39.0	28.9	37.0	40.6	42.3
Implied NPLs acquisition costs (%)	10.8	27.9	14.0	15.0	16.5
Cost of fund (%)	4.8	4.7	4.1	3.9	3.9
Gross margin (%)	67.6	71.5	70.2	74.6	78.5
Operating margin (%)	47.4	53.3	50.5	55.7	62.6
Net margin (%)	32.5	38.1	40.9	44.6	47.5
D/E (incl. minor) (x)	1.2	0.4	0.2	0.3	0.5
Net D/E (incl. minor) (x)	0.9	(0.1)	0.0	0.2	0.4
ROA - using norm profit (%)	8.6	6.6	6.8	9.0	10.4
ROE - using norm profit (%)	23.0	11.3	9.1	11.5	15.1
DuPont					
ROE - using after tax profit (%)	22.7	11.1	8.6	10.5	14.4
- asset turnover (x)	0.3	0.2	0.2	0.2	0.2
- operating margin (%)	47.8	54.2	51.2	56.3	63.1
- leverage (x)	2.7	1.7	1.3	1.3	1.4
- interest burden (%)	79.4	82.4	89.7	93.2	91.8
- tax burden (%)	85.6	85.1	89.0	85.0	82.0
WACC (%)	7.3	7.3	7.3	7.3	7.3
ROIC (%)	15.0	15.3	11.3	11.0	13.8
NOPAT (Bt m)	1,296	1,646	2,031	2,704	3,929

Sources: Company data, Thanachart estimates

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Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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