

JMT Network Services Pcl (JMT TB) - BUY, Price Bt40, TP Bt50**Results Comment**

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All-time high profits, beat our estimates

- JMT's 2Q23 profits were stronger than expected at Bt551m, growing 27% y-y and 22%. Strong results were supported by all-time high cash collection and decent equity income contribution from JK.
- The company also announced to pay interim dividends of Bt0.34 per share, implying annualized yield of close to 2%. XD and payment dates are set on 24 August and 8 September 2023.
- Total cash collection hit all-time high at Bt1.56bn, growing 17% y-y and 23% q-q. The cash collection was also over Bt2bn if including JK, JMT's 45% JV with KBANK. With total cash collection of Bt4.2bn, JMT and JK look on track to achieve its target of Bt9bn for this year.
- In addition to strong cash collection, JMT grew unsecured debt backlog to over 15% q-q. Based on our estimates, acquisition costs were very bargained at less than 5% of the FV.
- Despite lower economic interest in JK by 5%, equity income of JK was still robust at Bt130m versus slight loss in 2Q22 and Bt134m in 1Q23.
- Cost of services were under good control so gross margin expanded to 70% in 2Q23 from 68% in 1Q23.
- 1H23 profits made up 48% of our full-year forecast. 2H is higher season and we re-iterate BUY on JMT to a Bt50 TP.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Total Income	1,087	1,101	1,142	1,150	1,250	Total Income	9	15	47	5,084	5,924
Gross profit	712	765	742	780	878	Gross profit	13	23	46	3,596	4,410
SG&A	199	267	180	300	253	SG&A	(16)	28	57	970	1,041
Operating profit	513	497	561	480	625	Operating profit	30	22	42	2,626	3,369
Cash collection	1,337	1,416	1,337	1,369	1,561	Cash collection	14	17	53	5,548	6,268
Non-operating income	4	6	15	14	18	Non-operating income	26	375	62	52	60
Gain (loss) on financial assets	0	(1)	5	5	6	Gain (loss) on financial assets	14		81	14	19
Interest expense	(66)	(51)	(94)	(95)	(109)	Interest expense	na	na	51	(401)	(466)
Profit before tax	451	451	487	404	540	Profit before tax	34	20	41	2,291	2,982
Income tax	48	35	63	81	95	Income tax	17	100	39	458	596
Equity & invest. income	(0)	35	63	134	130	Equity & invest. income	(3)	na	98	270	269
Minority interests	30	4	3	(3)	(23)	Minority interests	na	na	222	(12)	(13)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	433	456	490	453	551	Net profit	22	27	48	2,091	2,642
Normalized profit	433	456	490	453	551	Normalized profit	22	27	48	2,091	2,642
EPS (Bt)	0.30	0.31	0.34	0.31	0.38	EPS (Bt)	22	27	48	1.42	1.80
Normalized EPS (Bt)	0.30	0.31	0.34	0.31	0.38	Normalized EPS (Bt)	22	27	48	1.42	1.80

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	3,315	3,356	5,497	4,507	4,397	Total Income grow th	33.2	16.0	8.7	6.6	14.9
A/C receivable	1,022	857	804	835	812	Operating profit grow th	25.2	6.3	(12.2)	7.9	21.7
Properties foreclosed	1,559	1,648	1,686	1,837	2,010	Cash collection grow th	37.84	14.10	(2.41)	(6.10)	16.75
Other current assets	1,159	1,399	1,785	1,429	1,773	Norm profit grow th	50.0	29.5	2.7	23.5	27.2
Investment	15,220	15,010	17,581	18,251	20,038	Norm EPS grow th	12.3	(0.9)	(3.8)	15.7	27.1
Fixed assets	331	328	310	299	301	Gross margin	65.5	69.5	64.9	67.8	70.3
Other assets	5,896	6,128	6,199	9,829	11,179	Operating margin	47.2	45.2	49.1	41.7	50.0
Total assets	28,500	28,725	33,862	36,987	40,509	Norm net margin	39.8	41.4	42.9	39.4	44.1
S-T debt	2,253	2,702	2,837	2,934	2,870	D/E (x)	0.2	0.2	0.4	0.3	0.4
A/C payable	211	161	652	1,236	1,029	Net D/E (x)	0.1	0.1	0.2	0.1	0.3
Other current liabilities	574	590	745	825	856	Interest coverage (x)	8.4	10.4	6.4	5.4	6.1
L-T debt	2,493	2,564	6,413	4,802	8,839	Interest rate	4.8	4.1	5.2	4.5	4.5
Other liabilities	112	111	127	134	143	Effective tax rate	10.6	7.7	12.9	20.1	17.6
Minority interest	77	73	72	708	731	ROA	6.0	6.4	6.3	5.1	5.7
Shareholders' equity	22,780	22,523	23,016	26,349	26,041	ROE	7.7	8.0	8.6	7.3	8.4
Working capital	2,369	2,343	1,838	1,437	1,794						
Total debt	4,745	5,266	9,250	7,736	11,710						
Net debt	1,431	1,910	3,752	3,229	7,313						

Sources: Company data, Thanachart estimates

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