

February 14, 2023

### GROWING IN LONG TERM

4Q22 net profit made a new high at B490m (15% below our forecast and market projection), growing 8%qoq and 3%yoy. Growth in shared profit from JK AMC and reversal of expected credit loss (ECL) compensated for a decrease in profit margin, which was caused by expense from employment and IT development for long-term business expansion).

We revise down 2023-2024 forecast by 15% and 20% as inflation hurts debt management business. Net profit is estimated to grow 23%yoy in 2023 and 19%yoy in 2024 and make new highs, driven by a growth in debt management business. 2023 fair value is B65. JMT already fell 28%ytd and absorbed inflation and recession concern. BUY for medium- and long-term investment.

### KEY FINANCIAL FORECAST

Ending Dec 31	2021	2022	2023F	2024F	2025F
Net Profit	1,400	1,746	2,146	2,556	2,954
EPS (B)	1.02	1.20	1.47	1.75	2.02
EPS Growth (yoy)	-4.5%	16.8%	22.9%	19.1%	15.6%
PER (x)	48.3	41.4	33.7	28.3	24.5
PBV (x)	3.5	3.1	2.7	2.6	2.6
Dividend Yield	1.7%	2.2%	2.6%	3.0%	3.5%
ROE	11.3%	8.3%	9.3%	10.9%	12.4%

Source: ASPS Research

### TECHNICAL CHART



Source: ASPS Research

### TECHNICAL COMMENT

JMT Price Trend: Downtrend

Supportive: 42.50 / 48.75

Resistance: 58.75

# JMT

**REC.**

**BUY**

Current Price (B)	49.50
Target Price (B)	65.00
Upside (%)	31.3
Dividend yield (%)	2.6

### ESG RATING

Arabesque S-Ray	37.09
Moody's	-
MSCI	BBB
Refinitiv	12.82
S&P	8.48
Source: Settrade	

CG Score	Very Good
Anti-corruption	Declared

### CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2023F	1.47	1.62	-9%
2024F	1.75	1.98	-12%

Source: ASPS Research / IAA consensus

### RESEARCH DIVISION

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## EARNINGS RESULTS BY QUARTER

Million B	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY	2022	2021	%YoY
Total Revenue	784	880	809	816	949	1,051	1,079	1,087	1,101	1,142	3.8%	8.7%	4,410	3,625	21.6%
Total Cost	(237)	(259)	(230)	(226)	(274)	(303)	(347)	(375)	(336)	(401)	19.1%	32.1%	(1,459)	(1,034)	41.1%
Gross Profit	547	622	579	590	675	747	732	712	765	742	-3.0%	-0.7%	2,951	2,591	13.9%
Other Income	2	11	6	8	6	12	20	3	7	28	328.8%	138.3%	59	31	88.4%
Shared Profit from Associates	-	-	-	-	-	-	-	(0)	35	63	77.1%	n.m.	98	-	n.m.
SG&A	(105)	(129)	(139)	(129)	(146)	(187)	(176)	(196)	(175)	(242)	38.4%	29.8%	(789)	(601)	31.3%
Expected Credit Loss (ECL)	(39)	(54)	(23)	(55)	(63)	85	(112)	1	(93)	59	-163.8%	-30.0%	(145)	(56)	158.4%
Financial Cost	(79)	(90)	(79)	(82)	(85)	(100)	(71)	(66)	(51)	(94)	83.3%	-5.4%	(283)	(345)	-18.0%
Earnings before Tax	325	364	350	332	386	553	403	451	486	550	13.0%	-0.5%	1,890	1,620	16.7%
Income Tax	(39)	(41)	(66)	(50)	(44)	(81)	(63)	(48)	(35)	(63)	81.4%	-22.6%	(209)	(241)	-13.4%
Net Profit	283	330	283	289	352	477	367	433	456	490	7.5%	2.7%	1,746	1,400	24.7%
EPS (B)	0.32	0.34	0.21	0.21	0.26	0.35	0.27	0.30	0.31	0.34	7.5%	-3.8%	1.21	1.02	18.4%
Gross Margin	69.8%	70.6%	71.6%	72.3%	71.1%	71.1%	67.9%	65.5%	69.5%	64.9%			66.9%	71.5%	
SG&A/Sales	13.4%	14.6%	17.1%	15.9%	15.4%	17.8%	16.3%	18.1%	15.9%	21.2%			17.9%	16.6%	

Source : Financial Statement / ASPS Research

## HISTORICAL PBV BAND



Source : ASPS Research

## KEY RISK

1. Economic deceleration may affect debt collection and cash flow
2. Laws and government regulation

Source : ASPS Research



## 2022-2024F EARNINGS FORECAST

## Income Statement (Million B)

Ended 31 Dec.	2022	2023F	2024F	2025F
Income from debt collection service	327	350	380	400
Income from collection of purchased debt	3,802	4,508	5,409	6,491
<b>Total income</b>	<b>4,410</b>	<b>5,178</b>	<b>6,149</b>	<b>7,291</b>
Cost of service	(1,098)	(1,263)	(1,505)	(1,792)
Cost of insurance service	(361)	(256)	(288)	(320)
<b>Gross profit</b>	<b>2,951</b>	<b>3,659</b>	<b>4,356</b>	<b>5,179</b>
Other income	45	40	45	50
SG&A	(789)	(906)	(1,045)	(1,203)
<b>EBIT</b>	<b>2,173</b>	<b>2,887</b>	<b>3,489</b>	<b>4,217</b>
Interest expense	(283)	(304)	(400)	(636)
<b>Earnings before tax</b>	<b>1,890</b>	<b>2,583</b>	<b>3,089</b>	<b>3,581</b>
Income tax	(209)	(388)	(463)	(537)
Minority interest	(64)	50	70	90
<b>Net profit</b>	<b>1,746</b>	<b>2,146</b>	<b>2,556</b>	<b>2,954</b>
<b>EPS (B)</b>	<b>1.20</b>	<b>1.47</b>	<b>1.75</b>	<b>2.02</b>
<b>Normalized profit</b>	<b>1,746</b>	<b>2,146</b>	<b>2,556</b>	<b>2,954</b>
<b>Normalized EPS (B)</b>	<b>1.20</b>	<b>1.47</b>	<b>1.75</b>	<b>2.02</b>

## Quarterly Income Statement

Ended 31 Dec.	1Q22	2Q22	3Q22	4Q22
Income from debt collection service	69	75	82	102
Income from collection of purchased debt	951	955	949	947
Income from insurance service	59	58	70	93
<b>Total income</b>	<b>1,079</b>	<b>1,087</b>	<b>1,101</b>	<b>1,142</b>
Cost of service	(240)	(267)	(271)	(319)
Cost of insurance service	(107)	(108)	(65)	(81)
<b>Gross profit</b>	<b>732</b>	<b>712</b>	<b>765</b>	<b>742</b>
Other income	20	3	7	28
SG&A	(176)	(196)	(175)	(242)
<b>EBIT</b>	<b>577</b>	<b>519</b>	<b>596</b>	<b>528</b>
Interest expense	(71)	(66)	(51)	(94)
<b>Earnings before tax</b>	<b>505</b>	<b>453</b>	<b>545</b>	<b>434</b>
Income tax	(63)	(48)	(35)	(63)
<b>Net profit</b>	<b>367</b>	<b>433</b>	<b>456</b>	<b>490</b>
<b>EPS (B)</b>	<b>0.27</b>	<b>0.30</b>	<b>0.31</b>	<b>0.34</b>
<b>Normalized profit</b>	<b>367</b>	<b>433</b>	<b>456</b>	<b>490</b>
<b>Normalized EPS (B)</b>	<b>0.27</b>	<b>0.30</b>	<b>0.31</b>	<b>0.34</b>

## Financial Ratio

Ended 31 Dec.	2022	2023F	2024F	2025F
Gross margin	66.9%	70.7%	70.8%	71.0%
Funding cost	3.4%	3.4%	3.5%	3.7%
Debt to equity	0.4	0.3	0.5	0.7
Cost to income ratio	17.9%	17.5%	17.0%	16.5%
ROA	5.6%	6.0%	6.3%	6.2%
ROE	8.3%	9.3%	10.9%	12.4%

Source : ASPS Research



## 2022-2024F EARNINGS FORECAST (CONT.)

## Balance Sheet (Million B)

Ended 31 Dec.	2022	2023F	2024F	2025F
Cash & bank deposits	2,799	944	834	704
Trade receivables	804	884	928	975
Premium receivables	103	123	148	177
Assets from reinsurance	201	221	243	267
Accrued income	32	35	38	42
PP&E	226	249	274	301
Loans to customers	18,322	24,255	30,896	36,887
Other assets	11,376	10,488	10,824	11,136
<b>Total assets</b>	<b>33,862</b>	<b>37,199</b>	<b>44,186</b>	<b>50,490</b>
Short-term liabilities	4,233	6,516	8,633	10,823
Long-term liabilities	<b>6,540</b>	<b>3,843</b>	<b>8,166</b>	<b>11,691</b>
<b>Total liabilities</b>	<b>10,773</b>	<b>10,359</b>	<b>16,799</b>	<b>22,515</b>
Paid-up share capital	<b>730</b>	<b>730</b>	<b>730</b>	<b>730</b>
Other reserves	20,584	24,087	24,266	24,454
Retained earnings	1,775	2,024	2,391	2,792
<b>Shareholders' equity</b>	<b>23,088</b>	<b>26,841</b>	<b>27,387</b>	<b>27,975</b>
<b>Total liabilities and shareholders' equity</b>	<b>33,862</b>	<b>37,199</b>	<b>44,186</b>	<b>50,490</b>

## Quarterly Balance Statement

Ended 31 Dec.	1Q22	2Q22	3Q22	4Q22
Cash & bank deposits	3,118	547	1,294	2,799
Trade receivables	792	1,022	857	804
Premium receivables	41	55	77	103
Assets from reinsurance	124	132	165	201
Accrued income	32	37	39	32
PP&E	196	203	208	226
Loans to customers	16,240	15,899	15,792	18,322
Other assets	9,025	10,607	10,294	11,376
<b>Total assets</b>	<b>29,568</b>	<b>28,500</b>	<b>28,725</b>	<b>33,862</b>
Short-term liabilities	4,899	3,038	3,454	4,233
Long-term liabilities	<b>2,597</b>	<b>2,605</b>	<b>2,675</b>	<b>6,540</b>
<b>Total liabilities</b>	<b>7,496</b>	<b>5,643</b>	<b>6,129</b>	<b>10,773</b>
Paid-up share capital	685	730	730	730
Other reserves	19,672	20,582	20,581	20,584
Retained earnings	1,715	1,546	1,286	1,775
<b>Shareholders' equity</b>	<b>22,072</b>	<b>22,857</b>	<b>22,597</b>	<b>23,088</b>
<b>Total liabilities and shareholders' equity</b>	<b>29,568</b>	<b>28,500</b>	<b>28,725</b>	<b>33,862</b>

## Financial Assumption

Ended 31 Dec.	2022	2023F	2024F	2025F
Cash from collected debt	4,590	6,830	8,196	9,835
Income to collected cash	5,548	66.00%	66.00%	66.00%
New purchased debt	4,582	8,000	10,000	10,000
Insurance premium income	279	320	360	400
Interst bearing debt	9,368	8,450	14,400	19,500
Effective tax rate	11.04%	15.00%	15.00%	15.00%

Source : ASPS Research