

# JMT NETWORK SERVICES PLC

No. 77/2021

22 September 2021

## FINANCIAL INSTITUTIONS

<b>Company Rating:</b>	BBB
<b>Issue Rating:</b>	
Senior unsecured	BBB
<b>Outlook:</b>	Positive

**Last Review Date:** 25/08/21

### Company Rating History:

Date	Rating	Outlook/Alert
18/03/16	BBB	Stable

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## RATIONALE

TRIS Rating affirms the company and issue ratings on senior unsecured debentures on JMT Network Services PLC (JMT) at “BBB”. The rating outlook is revised to “positive” from “stable” following the rating action on Jaymart PLC (JMART) (rated “BBB/Positive” by TRIS Rating). The ratings reflect JMT’s status as a core subsidiary of JMART. The ratings assigned to JMT are equivalent to those assigned to JMART according to TRIS Rating’s “Group Rating Methodology”.

The rating action follows the rating action on JMART from the announcement on 27 August 2021 regarding the intention of VGI PLC (VGI) and U City PLC (U City) to invest in JMART and its associate company, Singer Thailand PLC (SINGER). The transactions, if approved by JMART’s shareholders in November 2021, would subsequently lead to capital injections into JMART and SINGER by end of 2021. JMT is expected to receive fresh capital of THB10 billion, of which THB5.4 billion will come from JMART and THB4.6 billion will come from existing shareholders (assuming full subscription), which will substantially strengthen the capital position of JMT.

We expect to upgrade JMT’s company and issue ratings in tandem with the upgrades on JMART’s ratings.

The company plays a vital role in the group’s financial business, which has been the backbone of the group’s diversified operations. The company has been the largest profit contributor among entities within the JMART group. In the first half of 2021 (1H2021), the company’s total revenue and net income accounted for 28% and 70% of JMART’s consolidated total revenue and net income, respectively.

In 1H2021, JMT’s revenue was THB1.6 billion, up 7% year-on-year (y-o-y). The revenue mix includes 84% from distressed debt acquisition and management business, 10% from debt collection business, and 6% from insurance business. The growth was driven mainly by its distressed debt acquisition and management business. For 1H2021, JMT’s cash collection was approximately THB2 billion, a 14% y-o-y increase. The company acquired non-performing loans (NPL) worth THB3.3 billion in 1H2021 compared with THB3.5 billion acquired in 2020. The company plans to use the fresh capital to acquire distressed loan assets worth about THB7.3 billion and debt repayment of about THB2.7 billion in 2022-2023.

The company’s distressed loan assets had outstanding claim balance of THB215.6 billion as of 1H2021 from THB207.1 billion at the end of 2020, of which THB49.5 billion were fully amortized, an increase of THB6.3 billion from the end of 2020. The company’s earnings before interest, taxes, depreciation, and amortization (EBITDA) margin rose to 50.4% in 1H2021 from 44.7% in 1H2020.

## RATING OUTLOOK

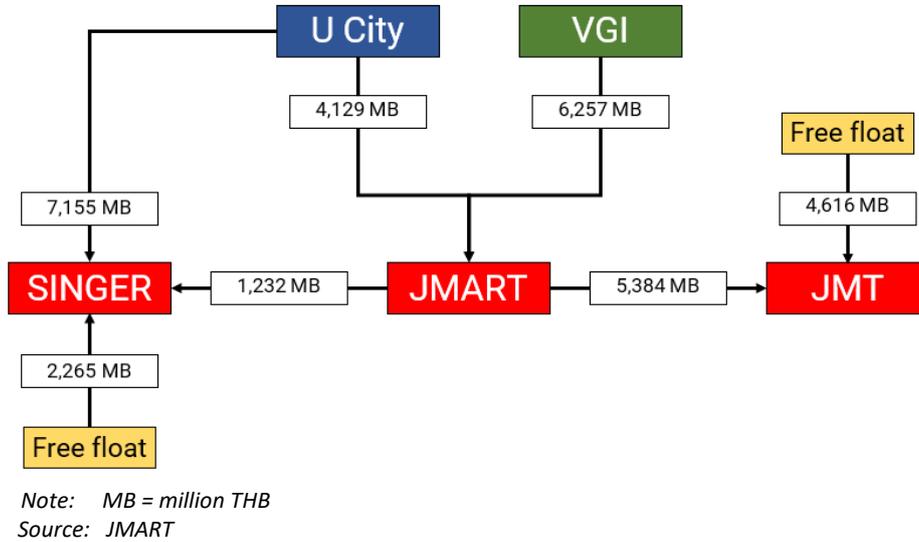
The “positive” outlook follows that of JMART.

## RATING SENSITIVITIES

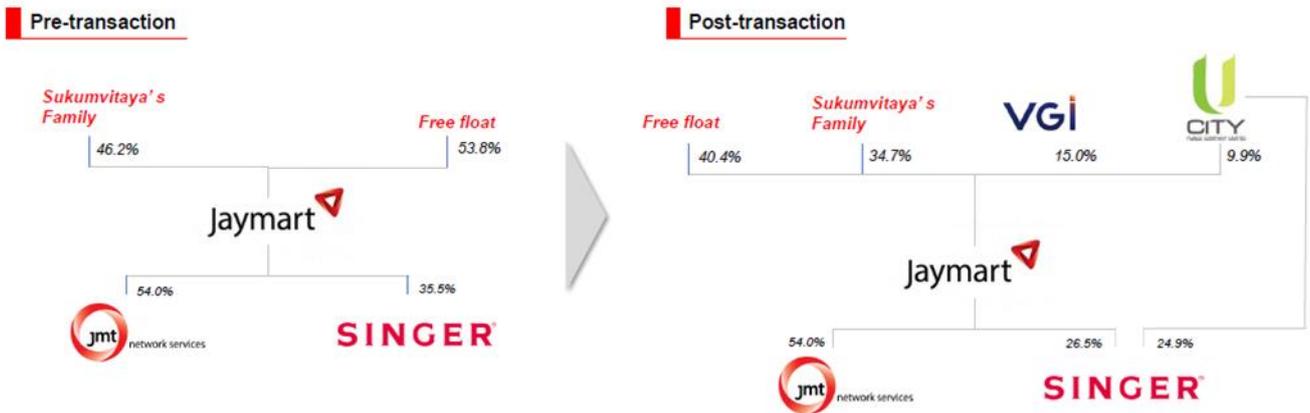
The ratings and/or outlook on JMT move(s) in tandem with the ratings and/or outlook on JMART. A significant weakening of JMT’s group status to JMART could also result in a downward rating change.

**SUMMARY OF DEAL TRANSACTIONS**

**Chart 1: JMART group and BTS group Transactions**



**Chart 2: Shareholding Structure**



The transaction is subject to shareholders approval

Source: JMART

**RELATED CRITERIA**

- Issue Rating Criteria, 15 June 2021
- Group Rating Methodology, 13 January 2021
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

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**JMT Network Services PLC (JMT)**

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<b>Company Rating:</b>	BBB
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**Issue Rating:**

Up to THB500 million senior unsecured debentures due within 2 years	BBB
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<b>Outlook:</b>	Positive
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**TRIS Rating Co., Ltd.**

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