

# JAYMART PLC

No. 15/2021  
16 February 2021

## CORPORATES

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

Last Review Date: 08/01/21

### Company Rating History:

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

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## RATIONALE

TRIS Rating affirms the company rating on Jaymart PLC (JMART) at “BBB” with a “stable” outlook. At the same time, TRIS Rating assigns a “BBB-” rating to JMART’s proposed issues of up to THB2.7 billion senior unsecured debentures with an over-allotment option of up to THB800 million. The new issue rating replaces the issue rating previously assigned on 8 January 2021, following JMART’s decision to increase the issue size in total to up to THB3.5 billion from THB2.7 billion. The issue rating is notched down from the company rating due to the structural subordination or the lower priority of claims of JMART’s debt obligations compared with claims against its operating subsidiaries. The company will use the proceeds from the proposed issue to refinance its existing debts and invest in subsidiaries.

The company rating continues to reflect JMART’s strong performance, driven by the acquisition and management of distressed debts and the competitive operations of its core subsidiary, JMT Network Services PLC (JMT), as well as JMART’s relatively strong position in the mobile phone handset trading business.

The ratings also take into consideration the intense competition in the mobile handset market, the company’s high leverage, and the risks associated with its retail lending and property business.

JMART’s operating results for the first nine months of 2020 (9M2020) remained solid and in line with our expectation even though part of its businesses were impacted by the Coronavirus Disease 2019 (COVID-19). The company reported net income of THB868 million for 9M2020, increasing by 55% from 9M2019. The strong performance was attributed mainly to the healthy operating performance of JMT which reported net income of THB713 million. The turnaround in an associate company, Singer Thailand PLC (SINGER), has also helped support JMART’s operating result. The share of profits from SINGER increased to THB93 million in 9M2020 from THB33 million in 9M2019.

## RATING OUTLOOK

The “stable” outlook is based on TRIS Rating’s expectation that the strong performance in the debt collection service will continue, and the company will maintain its competitive position in the mobile phone handset segment. We also expect the performances of other subsidiaries, J Fintech Co., Ltd. (J-Fintech) and JAS Asset PLC (J), will continue to improve.

## RATING SENSITIVITIES

The rating upside case is unlikely to arise in the near term, given JMART’s current business and financial position. The rating downside case could occur from significant deteriorations in both JMART’s or its subsidiaries’ operating performances or from aggressive investment which pushes the ratio of debt to adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) over 5 times on a sustained basis.

**RELATED CRITERIA**

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

**Jaymart PLC (JMART)**

<b>Company Rating:</b>	BBB
<b>Issue Rating:</b> Up to THB2,700 million senior unsecured debentures with over-allotment option of up to THB800 million due within 3.5 years	BBB-
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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