

# JAYMART PLC

No. 98/2022  
7 September 2022

## CORPORATES

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

**Last Review Date:** 18/03/22

### Company Rating History:

Date	Rating	Outlook/Alert
18/03/22	BBB+	Stable
22/09/21	BBB	Positive
18/03/16	BBB	Stable

### Contacts:

Sithakarn Tongphiphat, CFA, FRM  
sithakarn@trisrating.com

Siriwan Weeramethachai  
siriwan@trisrating.com

Jittrapan Pantaleard  
jittrapan@trisrating.com

Taweechok Jiamsakunthum  
taweechok@trisrating.com

Narumol Charnchanavivat  
narumol@trisrating.com



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## RATIONALE

TRIS Rating affirms the company rating on Jaymart PLC (JMART) at “BBB+” and the ratings on its senior unsecured debentures at “BBB”. At the same time, we assign the rating of “BBB” to JMART’s proposed issue of up to THB4 billion senior unsecured debentures with a tenor of up to four years inclusive of an over-allotment option of up to THB1.5 billion. The rating outlook remains “stable”. The issue ratings are notched down from the company rating due to the structural subordination of JMART’s senior unsecured debt obligations to the debt obligations of its operating subsidiaries, in terms of priority of claims against operating assets. The proceeds from the new debentures will be used for debt refinancing and working capital management.

The company rating reflects JMART’s improved leverage position from stronger capital, sound performance driven by the strength of its distressed debt management business operated by its core subsidiary, JMT Network Services PLC (JMT, rated “BBB+/Stable” by TRIS Rating), as well as its stable position in the mobile phone handset trading business. The ratings, however, are constrained by the intense competition in the mobile handset market, revenue concentration, and the uncertain cash generation of its property business.

JMART’s operating results for the first half of 2022 (1H22) is in line with our expectation. The company reported net income of THB1.05 billion for 1H22, increasing by 30% year-on-year (y-o-y). The strong performance was attributed to the healthy operating performance of JMT which reported net income of THB800 million in 1H22, up 39.9% y-o-y. The associate company, Singer Thailand PLC (SINGER, rated “BBB/Stable” by TRIS Rating), also performed well, thanks to the lower funding cost following the recent capital injection. In 1H22, SINGER’s net income was THB481 million. JMART received THB115 million dividend payment from SINGER in the 1H22.

Jaymart mobile’s (J-mobile) performance continued to improve given the synergy attained through SINGER’s distribution channel and mobile phones financing. J-mobile plans to open additional 61 branches in 2H22, totaling 370 branches by the end of 2022. Jas Asset’s (J) revenues in 1H22 started to recover due to the closure of loss-making branches of IT Junctions and the recognition of revenue from its largest community mall, JAS Green Village Kubon, which has commenced operation since mid-2021. With the plan to launch the Senera Senior Living project in 4Q22 and two new community malls in 2023, we expect the improvement in revenues to continue.

JMART itself continues to invest in several other companies in the past few years to expand its synergy network. These include an investment for a 24.99% interest in Jaydee Group Co., Ltd. (Jaydee) that sells electrical appliances in major provincial cities. Another investment is a 40.1% shareholding in GS Synergy Power Co., Ltd. (JGS), which provides renewable energy related products such as solar rooftop and electric vehicle (EV) chargers. Other investments recently announced include a minority stake in Buriram Sugar PCL and PRTR Co., Ltd. We expect these investments to take time before they can provide meaningful earning contributions to JMART.

In 1H22, the company’s priority debt ratio was 51.3%, dropping from 64.0% at the end of 2021 but still higher than TRIS Rating’s 50% threshold for the issue

**CreditUpdate**, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

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rating to be notched down the company rating, due to structural subordination of JMART's senior unsecured debt obligations to the debt obligations of its operating subsidiaries.

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**RATING OUTLOOK**

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The "stable" outlook is based on TRIS Rating's expectation that JMT's strong performance in the distressed debt business will continue, and that JMART can maintain its competitive position in the mobile phone handset business while maintaining leverage at an appropriate level. We also expect that the performances of other subsidiaries will continue to improve.

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**RATING SENSITIVITIES**

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The outlook and rating could be revised upward should there be significant enhancement of JMART's business risk profile resulting from the steady expansion of business and improved profitability of its subsidiaries, while financial leverage is managed at acceptable levels. A rating downside case could occur from significant deteriorations in both JMART's or its subsidiaries' operating performance or from aggressive debt-funded investments that raise the debt to adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio above 3.5 times on a sustained basis.

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**RELATED CRITERIA**

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- Corporate Rating Methodology , 15 July 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

**Jaymart PLC (JMART)**

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
JMART239A: THB1,000 million senior unsecured debentures due 2023	BBB
JMART249A: THB2,500 million senior unsecured debentures due 2024	BBB
Up to THB4,000 million senior unsecured debentures due within 4 years	BBB
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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