

# JMT NETWORK SERVICES PLC

No. 64/2021

25 August 2021

## FINANCIAL INSTITUTIONS

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

**Last Review Date:** 30/06/21

### Company Rating History:

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

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## RATIONALE

TRIS Rating affirms the company rating on JMT Network Services PLC (JMT) at “BBB” with a “stable” rating outlook. At the same time, TRIS Rating assigns a “BBB” rating to JMT’s proposed issue of up to THB500 million senior unsecured debentures due within two years. The company intends to use the proceeds from the proposed debentures issue to fund its operation and refinance its existing debt.

The ratings mainly reflect JMT’s status as a core subsidiary of Jaymart PLC (JMART) (rated “BBB/Stable” by TRIS Rating). The rating assigned to JMT is equivalent to that assigned to JMART according to TRIS Rating’s “Group Rating Methodology”. 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, the company’s total revenue and net income accounted for 28% and 70% of JMART’s consolidated total revenue and net income, respectively.

In the first half of 2021 (1H21), JMT’s revenue was THB1.6 billion, up 7% year-on-year (y-o-y). The revenue mix includes 84% from debt acquisition and management business, 10% from debt collection business, and 6% from insurance business. The growth was driven mainly by its debt acquisition and management business. For the first half of 2021, cash collection was THB1,979 million, a 14% YoY increase. The company acquired NPLs worth THB3.3 billion in 1H21 compared to THB 3.5 billion acquired in 2020. The company’s distressed assets had outstanding claim balance of THB215.6 billion 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 1H21 from 44.7% in 1H20.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that JMT will maintain its status as a core subsidiary of JMART and its distressed debt business continues as a crucial part of the overall group strategy.

## RATING SENSITIVITIES

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

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**RELATED CRITERIA**

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- 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
<b>Issue Rating:</b>	
Up to THB500 million senior unsecured debentures due within 2 years	BBB
<b>Outlook:</b>	Stable

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**TRIS Rating Co., Ltd.**

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