

# JAYMART GROUP HOLDINGS PLC

No. 47/2024  
10 June 2024

## CORPORATES

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

Last Review Date: 15/03/24

### Company Rating History:

Date	Rating	Outlook/Alert
15/03/24	BBB+	Negative
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



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating assigns a rating of “BBB” to Jaymart Group Holdings PLC’s (JMART) proposed issue of up to THB3 billion senior secured debentures maturing within three years. The proposed issue will be secured by shares of JMT Network Services (JMT), rated “BBB+/Negative”. The company intends to use the proceeds from the new debentures for debt refinancing and business expansion.

At the same time, TRIS Rating affirms the company rating on JMART at “BBB+”, and the ratings on its outstanding senior unsecured debentures at “BBB”. The rating outlook remains “negative”.

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 company rating continues to reflect JMART’s moderate business profile, anchored mainly by the revenue strength of its three main subsidiaries, comprising JMT, its core subsidiary operating distressed asset management business; Jaymart Mobile Co., Ltd. (JMB), a mobile handset trading business; and JAS Asset PLC (J-Asset), a property development company.

JMART’s operating results for the first quarter of 2024 (1Q24) was below our expectation. This was primarily due to JMT’s weakened cash collection from distressed debtors caused by weaker repayment ability of debtors on the back of a sluggish economic recovery. This resulted in an increase of provision for expected credit losses (ECL) for both JMT and JK Asset Management Co., Ltd. (JK AMC). In 1Q24, total cash collection was THB1.45 billion, up by 5.8% year-on-year (y-o-y) but down by 4.5% quarter-on-quarter (q-o-q). Net profit declined 7% y-o-y to THB423 million. JMT acquired distress assets at a cost of THB192 million compared to THB1.2 billion in 1Q23.

Meanwhile, in 1Q24 JMB sustained its business and revenue despite a slowdown in mobile sales from the SINGER channel. This was achieved through the growth of Samsung Finance Plus (SF+), a locked phone installment program, so far, the non-performing loan (NPL) of the program has been relatively low. JMB’s revenue increased to THB2.26 billion, up 2.7% y-o-y despite a decline in net profit to THB22 million compared to THB55 million in 1Q23. Looking forward, JMB also plans to implement a locked phone installment program for Chinese mobile brands, in collaboration with SG Capital PLC (SGC, rated “BB+/Stable”). This initiative is expected to boost JMB’s revenue in the second half of 2024.

In 1Q24, J-Asset’s net profit declined to THB6 million from THB23 million in 1Q23. The decline was the result of higher expenses such as marketing, rental, and interest expenses. In 2024, J-Asset plans to open three new community malls, consisting of “Jas Green Village Prawet”, “Jas Green Village Ram Khamhaeng”, and “Jas Green Village Khon Kaen”.

JMART’s financial leverage measured by adjusted net debt to EBITDA ratio was 3.64 times at the end of 1Q24 from 3.68 times at the end of 2023. The company’s financial leverage is likely to trend upward as we expect its future performance to remain similar to or weaker than 1Q24.

**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.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

At the end of 1Q24, the company's priority debt ratio was 64.4%, higher than TRIS Rating's 50% threshold which requires the issue rating to be notched down by one notch from the company rating.

---

**RATING OUTLOOK**

---

The "negative" outlook is based on our expectation that JMART's financial leverage, measured by net debt to adjusted EBITDA, is likely to remain high and trend upward in the next few years.

---

**RATING SENSITIVITIES**

---

A rating downgrade could arise following significant deterioration in JMART's operating performance and/or from aggressive debt-funded investments that lead to the net debt to adjusted EBITDA ratio rising significantly from its current level.

The outlook could be revised back to "stable" if JMART can improve its financial performance while maintaining its financial leverage at the current level.

---

**RELATED CRITERIA**

---

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

**Jaymart Group Holdings PLC (JMART)**

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
JMART249A: THB2,500 million senior unsecured debentures due 2024	BBB
JMART250A: THB2,387.2 million senior unsecured debentures due 2025	BBB
JMART265A: THB1,479.7 million senior unsecured debentures due 2026	BBB
JMART260A: THB1,612.8 million senior unsecured debentures due 2026	BBB
Up to THB3,000 million senior secured debentures due within 3 years	BBB
<b>Rating Outlook:</b>	Negative

**TRIS Rating Co., Ltd.**

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

© Copyright 2024, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [www.trisrating.com/rating-information/rating-criteria](http://www.trisrating.com/rating-information/rating-criteria)