

JMT NETWORK SERVICES PLC

No. 24/2025
19 March 2025

FINANCIAL INSTITUTIONS

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 06/02/25

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

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RATIONALE

TRIS Rating revises the rating outlook on JMT Network Services PLC (JMT) to “stable” from “negative”. TRIS Rating also affirms the company rating and the ratings on its senior unsecured debentures at “BBB+”. The ratings are equivalent to the company rating on Jaymart Group Holdings (JMART, rated “BBB+/Stable”), reflecting JMT’s status as a core subsidiary of JMART, according to TRIS Rating’s “Group Rating Methodology”.

KEY RATING CONSIDERATIONS

A core subsidiary of JMART Group

TRIS Rating views JMT as a core subsidiary of the JMART Group. We expect JMART to continue leveraging JMT’s expertise in distressed asset management and debt collection, which has supported group’s overall operating performance and finance businesses. At the end of 2024, JMART remained a largest shareholder of JMT with a 52.1% stake.

JMT’s business direction and financial targets are largely guided by company’s board of directors, with half of the members representing JMART Group. The board representation has helped foster strong ties between JMART and JMT’s management.

We believe that there is a significant reputational risk associated with JMART and JMT due to their shared brand name. Given JMT’s critical importance to the group, we assess JMT as a core subsidiary of the JMART group with a group credit profile of ‘bbb+’.

Significant net income and asset contribution to the group

TRIS Rating expects JMT to remain a key contributor to the group’s net income and assets over the next 12-24 months. As of 2024, JMT’s assets made up 67.6% of JMART’s total assets. In 2024, JMT reported a net profit of THB1.6 billion, accounting for 83% of JMART’s net profit, though this represented a 21.3% year-on-year (y-o-y) decline

In our view, the Thai economy’s persistent weakness that has negatively impacted JMT’s operating performance in recent years is likely to be temporary. In the longer term, we expect JMT to regain its strong performance and remain a key earnings contributor to the group.

Strong franchise in unsecured distressed asset management

JMT has a solid market position, ranking as the largest unsecured debt distressed asset management company (DAMC) in Thailand. The company also maintains a consistent record of operating performance. The company’s extensive experience and a database accumulated over 20 years are the key strengths that support business growth and operational efficiency. Currently, 78% of the THB24.8 billion of assets under management are unsecured non-performing loans (NPLs).

Notwithstanding previous efforts to diversify into secured assets, the company is now refocusing on unsecured assets, which should help sustain its business risk profile. In 2024, 99% of the assets acquired at a cost of THB1.1 billion were unsecured. The 2025 investment budget of THB2 billion will also primarily target unsecured NPLs.

We expect JMT's managed assets to be relatively stable in 2025 with modest growth of around 5%-10% in 2026-2027, given its prudent growth strategy.

Lower-than-expected cash collection

JMT's operating performance in 2024 did not meet our expectations due to a weaker-than-expected improvement in cash collection. In 2024, cash collection totaled THB5.6 billion, relatively stable y-o-y. The lack of improvement since 2023 has been largely due to weak economic conditions, rising inflation, high household debts, and rising interest rates. These factors weakened the debt serviceability of debtors. The economic uncertainty has also led to a slowdown in consumer spending, with individuals prioritizing liquidity for essential needs and delaying debt repayments.

Part of the cash collection is also derived from secured NPLs and NPAs, accounting for approximately 22% of JMT's managed assets. The stringent loan approval requirements of banks have adversely affected the company's ability to resolve these secured NPLs and divest NPAs, contributing to lower cash collections. Given the continuing difficulties in the property sector, cash collection from secured assets may remain under pressure. We expect JMT's total cash collection to be close to THB6 billion in 2025.

Lower leverage expected due to investment slowdown

TRIS Rating anticipates that JMT's total consolidated debt will decline in 2025, as the company maintains a similar investment budget to 2024. This view aligns with the company's strategic optimization of growth plans amid prolonged economic weakness and uncertain bond market conditions.

With EBITDA likely to remain stable in 2025 compared to 2024, coupled with a lower debt level, we estimate the adjusted net debt-to-EBITDA ratio will fall slightly to 2.0 times by the end of 2025, from 2.26 times at the end of 2024. Over the longer term, adjusted net debt-to-EBITDA is expected to slowly increase to around 2.2 times by 2027 based on our assumption that the company's investment budget is likely to rise in line with a gradual economic recovery.

Revenue from debt collection and insurance services

Apart from distressed asset management, JMT also operates debt collection and non-life insurance businesses. In 2024, JMT's debt collection and insurance businesses contributed around 7% and 5% to the company's total revenue. The debt collection service, in addition to being provided to other companies within JMART group, is also being offered to a diverse clientele, encompassing commercial banks, non-bank lenders, mobile phone operators, and other corporate entities. The company's insurance business consists of both insurance coverage and brokerage.

However, revenues from these two segments declined in 2024, following a similar trend to distressed asset management. Revenue from the debt collection business slipped by 11.4% y-o-y to THB315 million while that from the insurance business fell 18% y-o-y to THB259 million. We expect each business to provide stable recurring income in the range of THB300 million annually over the next two years.

BASE-CASE ASSUMPTIONS

TRIS Rating's base-case assumption is that JMT will remain a core subsidiary of the JMART Group.

RATING OUTLOOK

The "stable" outlook on JMT reflects our expectation that the company will remain a core subsidiary of JMART Group over the next 12-24 months.

RATING SENSITIVITIES

The ratings and/or outlook on JMT move in tandem with the ratings and/or outlook on JMART.

COMPANY OVERVIEW

JMT was established by JMART in 1994 with registered capital of THB5 million. In 2014, JMT was listed on the Stock Exchange of Thailand (SET). JMART is the major shareholder, holding 52.1% of the company's outstanding shares as of December 2024. The company was initially an outsourcing firm, tracking and collecting debts. Later, it expanded into the management of distressed debts. The company provides insurance brokerage through JAYMART Insurance Broker Co., Ltd. (JIB), a wholly owned subsidiary. Currently, JMT is Thailand's leading investor and manager of unsecured distressed loans disposed of by financial institutions (FIs). It is also a major provider of debt collection services for various corporates and FIs.

In the first quarter of 2018, JMT made an investment acquisition in Phoenix Insurance (Thailand) PLC (Phoenix), a company engaged in non-life insurance in Thailand. Phoenix registered with the Ministry of Commerce to change its name from

Phoenix Insurance (Thailand) PLC to JP Insurance PLC and finally to Jaymart Insurance PLC. The revenue contribution to JMT from premium income of the insurance business remains modest.

Following the Bank of Thailand's (BOT) granting of licenses for joint ventures between asset management companies (JV-AMC) and financial institutions to support the management of NPLs in the system, KBANK and JMT established JK AMC in 2022. JK AMC started operations in the middle of 2022 with total paid-up capital of THB10 billion, which was equally contributed by both parties. Since its inception, JK AMC has acquired over THB100 billion worth of NPLs from KBANK.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	5,312	5,157	4,453	3,650	3,206
Earnings before interest and taxes (EBIT)	2,926	3,411	2,257	1,959	1,530
Earnings before interest, taxes, depreciation, and amortization (EBITDA)**	4,750	5,128	4,373	3,585	2,838
Funds from operations (FFO)**	3,896	4,267	3,874	3,001	2,339
Adjusted interest expense	525	466	238	345	314
Capital expenditures	266	166	81	151	155
Total assets	40,552	42,444	33,862	28,036	14,270
Adjusted debt**	10,723	11,493	5,074	918	5,607
Adjusted equity	27,650	27,307	23,088	19,078	5,755
Adjusted Ratios					
EBITDA margin*** (%)	53.46	58.77	51.94	57.09	51.14
Pretax return on permanent capital (%)	7.02	9.07	7.53	9.76	13.52
EBITDA interest coverage (times)	9.05	10.99	15.45	10.39	9.04
Debt to EBITDA (times)	2.26	2.24	1.16	0.26	1.98
FFO to debt (%)	36.33	37.13	76.36	326.97	41.71
Debt to capitalization (%)	27.94	29.62	18.02	4.59	49.35

* Consolidated financial statements

** Including share profit and debts of JK AMC and investment portfolio amortization

*** Excluding investment portfolio amortization

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

JMT Network Services PLC (JMT)

Company Rating:	BBB+
Issue Ratings:	
JMT254A: THB3,000 million senior unsecured debentures due 2025	BBB+
JMT250A: THB3,375 million senior unsecured debentures due 2025	BBB+
JMT266A: THB1,146.5 million senior unsecured debentures due 2026	BBB+
JMT260A: THB823.3 million senior unsecured debentures due 2026	BBB+
JMT26NA: THB443.8 million senior unsecured debentures due 2026	BBB+
JMT273A: THB1,662.2 million senior unsecured debentures due 2027	BBB+
JMT280A: THB976.7 million senior unsecured debentures due 2028	BBB+
Rating Outlook:	Stable

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