

Aeon Thana Sinsap (Thailand) (AEONTS TB)

4QFY26 Results Preview: Gains From Sale Of Written-Off Receivables To Boost Earnings

Highlights

- AEONTS will announce its 4QFY26 earnings results on 7 Apr 26.
- We expect 4QFY26 net profit of Bt706m (-3% yoy, +14% qoq).
- We are expecting gains from the sale of written-off receivables to boost the bottom line in 4QFY26 according to the company's guidance.

Analysis

- **Expect 4QFY26 earnings to increase yoy and qoq.** We expect Aeon Thana Sinsap (Thailand) (AEONTS) to report a 4QFY26 net profit of Bt706m, down 3% yoy but up 14% qoq. AEONTS guides that the company will sell its written-off receivables in 4QFY26. We foresee the company's pre-provision operating profit increasing 6% yoy but decreasing 2% qoq in 4QFY26.
- **Gains from the sale of written-off receivables would be a catalyst for 4QFY26 earnings.** AEONTS expects to sell its written-off receivables in 4QFY26. According to our channel checks, the company said the gains from selling off the written-off receivables is expected to be higher than 2QFY26's gain of Bt102m and could exceed Bt150m. However, we estimate a conservative gain of Bt120m from the sale of written-off receivables in 4QFY26. We expect this gain to boost its bottom line in 4QFY26.
- **Expect credit cost to decrease qoq in 4QFY26.** Although we see the economic outlook worsening, we reckon the company will decrease its credit costs qoq in 4QFY26 from the reversal of special provisions. We expect AEONTS' credit cost to decrease slightly from 880bp in 3QFY26 to 796bp in 4QFY26. Meanwhile, we expect a slight increase in NPL ratio from 5.5% in 3QFY26 to 5.6% in 4QFY26.
- **The announcement of a second share repurchase programme.** AEONTS has announced a second share repurchase programme not exceeding Bt300m (accounting for 1% of total issued shares). The programme will run for six months from 20 Apr 26 to 19 Oct 26. We expect this to help support the share price amid many uncertainties.

Key Financials

Year to 28 Feb (Btm)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	16,605	16,125	15,720	16,094	16,579
Non-interest income	3,198	3,732	3,841	3,662	3,911
Net profit (rep./act.)	3,259	2,860	2,887	2,866	2,957
Net profit (adj.)	3,259	2,860	2,887	2,866	2,957
EPS (Bt)	13.0	11.4	11.6	11.5	11.9
PE (x)	6.9	7.9	7.8	7.8	7.6
P/B (x)	0.9	0.9	0.8	0.8	0.7
Dividend yield (%)	6.1	6.1	6.1	6.0	6.1
Net Interest Margin (%)	17.9	17.9	17.6	18.1	18.4
Cost/income (%)	42.4	44.2	42.9	43.0	43.2
Loan loss cover (%)	182.8	153.8	165.0	171.0	170.0
Consensus net profit	-	-	2,959	3,169	3,350
UOBKH/Consensus (x)	-	-	0.98	0.90	0.88

Source: AEONTS, Bloomberg, UOB Kay Hian

SELL (Maintained)

Share Price	Bt90.50
Target Price	Bt92.00
Upside	+1.7%

Analyst(s)

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Stock Data

GICS sector	Financials
Bloomberg ticker:	AEONTS TB
Shares issued (m):	24.75
Market cap (Bt\$m):	22,398.8
Market cap (US\$m):	684.0
3-mth avg daily t'over (US\$m):	2.9

Price Performance (%)

52-week high/low	Bt22.50 /Bt86.50			
1mth	3mth	6mth	1yr	YTD
(6.2)	(11.3)	(23.0)	(19.2)	(15.8)

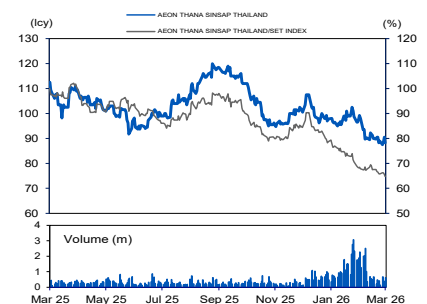
Major Shareholders

	%
AEON Financial Service Co., Ltd. / Japan	35.12
ACS Capital Corporation Limited	19.20
AEON Holdings (Thailand) Co., Ltd	8.80

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	109.20
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

AEONTS is a non-bank consumer finance operator that mainly provides personal loans and credit cards to customers. The company principally focuses on the middle- to lower-income groups.

4QFY26 Results Preview (Dec 25-Feb 26)

Year to 28 Feb (Btm)	4QFY26F	3QFY26	4QFY25	qoq chg (%)	yoy chg (%)
Total gross loans	88,185	88,008	88,948	0.2	(0.9)
Net interest income	4,006	3,884	3,930	3.1	1.9
Non-interest income	915	964	896	(5.1)	2.1
Loan loss provision	(1,789)	(1,981)	(1,356)	(9.7)	31.9
Non-Interest Expenses	(2,214)	(2,081)	(2,266)	6.4	(2.3)
Pre-provision operating profit	2,706	2,767	2,559	(2.2)	5.7
Net income	706	618	725	14.1	(2.7)
EPS (Bt)	2.84	2.49	2.90	14.1	(2.0)
Ratio (%)					
NPL Ratio	5.6%	5.5%	5.2%		
Loan loss coverage ratio (%)	165%	165%	154%		
Net interest margin (NIM %)	18.0%	17.6%	17.6%		
Credit cost (bp)	796	880	598		
Cost to income (%)	45%	43%	47%		

Source: AEONTS, UOB Kay Hian

Valuation/Recommendation

- **Maintain SELL with a target price of Bt92.00.** We use the Gordon Growth Model with cost of equity at 13.0% and a long-term growth rate of 3.0. Our target price implies 0.8x FY27F P/B, which is -1.5SD to its five-year average.

Earnings Revision/Risk

- We revise our FY26 earnings forecast up by 1.8% according to the guidance of the sale of written-off receivables in 4QFY26. Meanwhile, we revise our FY27 and FY28 earnings forecasts down by 4.4% and 3.4%, respectively, due to the higher oil price impacted by the unrest in the Middle East, inflating the cost of living. Therefore, we expect some deterioration in asset quality and a credit cost increase.

Share Price Catalyst

- Stimulus package from the government to improve domestic spending and repayment.

Environment, Social, Governance (ESG)

CG Report: 5

SET ESG Rating: A

Environmental

- **Reducing paper and plastic usage.** The company plans to convince 100% of customers to switch to e-statements in the next 3-5 years.
- **Electrical energy, water, and fuel energy management.** The company is focusing on clean energy consumption.

Social

- **Number of complaints and disputes with the community.** The company plans to handle complaints and disputes with a satisfaction rate of 85% within the next few years.

Governance

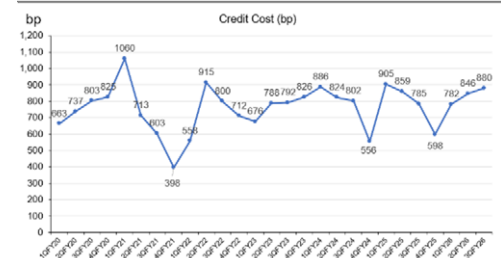
- The number of complaints regarding violations of the company's ethics and policies and incidents of corporate corruption should be less than five in the next 2-3 years.

Loan Portfolio (3QFY26)



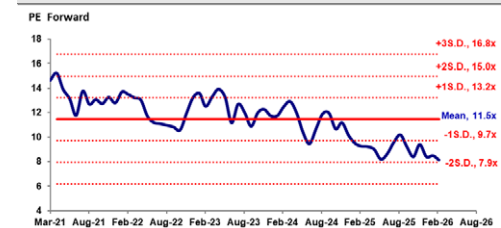
Source: AEONTS, UOB Kay Hian

Credit Cost (BP)



Source: AEONTS, UOB Kay Hian

PE Band



Source: AEONTS, UOB Kay Hian

P/B Band



Source: AEONTS, UOB Kay Hian

Profit & Loss

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Interest income	18,370	17,749	17,730	18,175
Interest expense	(2,245)	(2,029)	(1,637)	(1,597)
Net interest income	16,125	15,720	16,094	16,579
Fees & commissions	829	862	818	828
Other income	2,902	2,979	2,844	3,083
Non-interest income	3,732	3,841	3,662	3,911
Total income	19,856	19,561	19,755	20,490
Staff costs	(8,585)	(8,254)	(8,344)	(8,701)
Other operating expense	(191)	(144)	(151)	(159)
Pre-provision profit	11,081	11,162	11,260	11,630
Loan loss provision	(7,233)	(7,445)	(7,538)	(7,789)
Other provisions	0	0	0	0
Associated companies	0	0	0	0
Other non-operating income	0	0	0	0
Pre-tax profit	3,848	3,718	3,722	3,841
Tax	(897)	(749)	(744)	(768)
Minorities	(90)	(82)	(112)	(115)
Net profit	2,860	2,887	2,866	2,957
Net profit (adj.)	2,860	2,887	2,866	2,957

Balance Sheet

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Cash with central bank	3,571	3,434	3,377	3,502
Govt treasury bills & securities	0	0	0	0
Interbank loans	0	0	0	0
Customer loans	81,808	79,956	78,291	81,278
Investment securities	0	0	0	0
Derivative receivables	0	0	0	0
Associates & JVs	0	0	0	0
Fixed assets (incl. prop.)	610	658	513	467
Other assets	5,475	5,645	5,580	5,713
Total assets	91,464	89,693	87,760	90,960
Interbank deposits	0	0	0	0
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	58,844	55,346	52,072	53,541
Other liabilities	5,566	6,270	6,208	6,456
Total liabilities	64,410	61,617	58,280	59,998
Shareholders' funds	26,051	27,104	28,620	30,218
Minority interest - accumulated	636	972	860	744
Total equity & liabilities	91,097	89,693	87,760	90,960

Operating Ratio

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Capital Adequacy				
Total assets/equity (x)	3.5	3.3	3.1	3.0
Tangible assets/tangible common equity (x)	3.6	3.4	3.1	3.1
Asset Quality				
NPL ratio	5.1	5.6	5.5	5.5
Loan loss coverage	153.8	165.0	171.0	170.0
Loan loss reserve/gross loans	8.0	8.3	8.5	8.5
Increase in NPLs	2.4	7.5	(2.5)	3.7
Credit cost (bp)	775	793	809	770
Liquidity				
Loan/deposit ratio	n.a.	n.a.	n.a.	n.a.
Liquid assets/short-term liabilities	6.7	6.8	7.1	7.2
Liquid assets/total assets	3.9	3.8	3.8	3.9

Key Metrics

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Growth				
Net interest income, yoy chg	(2.9)	(2.5)	2.4	3.0
Fees & commissions, yoy chg	(4.1)	3.9	(5.1)	1.3
Pre-provision profit, yoy chg	(2.8)	0.7	0.9	3.3
Net profit, yoy chg	(12.2)	0.9	(0.7)	3.2
Net profit (adj.), yoy chg	(12.2)	0.9	(0.7)	3.2
Customer loans, yoy chg	(1.5)	(2.3)	(2.1)	3.8
Profitability				
Net interest margin	17.9	17.6	18.1	18.4
Cost/income ratio	44.2	42.9	43.0	43.2
Adjusted ROA	3.1	3.2	3.2	3.3
Reported ROE	11.3	10.9	10.3	10.3
Adjusted ROE	11.3	10.9	10.3	10.3
Valuation				
P/BV (x)	0.9	0.8	0.8	0.7
P/NTA (x)	89.6	85.2	80.5	76.2
Adjusted P/E (x)	7.9	7.8	7.8	7.6
Dividend Yield	6.1	6.1	6.0	6.1
Payout ratio	48.1	47.7	47.2	46.0

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