

Aeon Thana Sinsap (Thailand) (AEONTS TB)

4QFY26: Results Beat; Gain From Sale Boosts Bottom Line, Coupled With The Reduction In Credit Cost qoq

Highlights

- AEONTS posted a 4QFY26 net profit of Bt912m, up 26% yoy and 48% qoq.
- The second round of share buyback programme will limit downside risks.
- Upgrade to HOLD with a higher target price of Bt100.00 (Previous: Bt92.00).

Analysis

- **4QFY26 results beat.** Aeon Thana Sinsap (Thailand) (AEONTS) posted a 4QFY26 net profit of Bt912m, up 26% yoy and 48% qoq, beating our and consensus expectations by 29% and 16%, respectively. The higher-than-expected gain from sales of written-off receivables boosted the bottom line, along with the reduction in credit cost qoq. Excluding provisioning, the company's pre-provision operating profit rose 13% yoy and 5% qoq in 4QFY26. The net profit for FY26 was Bt3.09b, rising by 8.2% yoy.
- **A higher-than-expected gain from the sale of written-off receivables.** In 4QFY26, AEONTS reported a gain from the sale of written-off receivables of Bt193m, beating our estimates of Bt120m, by 61%. That being said, the actual reporting was aligned with the company's guidance that the gains were expected to be at least Bt150m in 4QFY26. However, we saw this was not the core operation item and the company guided that it would sell written-off receivables annually since FY27. We do not expect this gain from the sale of written-off receivables to contribute significantly to the bottom line and will not be a key supporter for the net profit going forward.
- **Loan portfolio contracted yoy and qoq in 4QFY26.** AEONTS reported loans outstanding of Bt86.2b in 4QFY26, down 3% yoy and 2% qoq. Gross loans in the credit card portfolio declined 3.9% qoq in 4QFY26, while gross loans in the personal loan portfolio dropped 2.4% qoq. However, the hire-purchase portfolio increased 5.7% qoq during the period. Overall, the loan portfolio contracted by 3% yoy in FY26, continuing to contract from FY25 (-2% yoy). We expect AEONTS to maintain a cautious lending policy in FY27 and we forecast a flat loan growth in FY27 to preserve a good asset quality.
- **Credit costs down qoq.** The NPL ratio increased from 5.5% in 3QFY26 to 5.6% in 4QFY26 due to the loan contraction. However, the gross NPL amount has decreased qoq in 4QFY26. Meanwhile, it reported a 10% qoq fall to Bt1.78b in provision expenses in 4QFY26. Credit costs dropped 80bp qoq to 800bp in 4QFY26. The credit cost for FY26 was 833bp, up 40bp yoy.

Key Financials

Year to 28 Feb (Btm)	FY25	FY26	FY27F	FY28F	FY29F
Net interest income	16,125	15,533	15,911	16,316	16,631
Non-interest income	3,732	4,188	4,050	4,300	4,500
Net profit (rep./act.)	2,860	3,094	3,000	3,114	3,177
Net profit (adj.)	2,860	3,094	3,000	3,114	3,177
EPS (Bt)	11.4	12.5	12.1	12.6	12.9
PE (x)	7.8	7.1	7.3	7.1	6.9
P/B (x)	0.9	0.8	0.8	0.7	0.7
Dividend yield (%)	6.2	6.5	6.5	7.1	7.1
Net Interest Margin (%)	17.9	17.7	18.2	18.1	17.8
Cost/income (%)	44.2	42.4	42.7	42.9	42.6
Loan loss cover (%)	153.8	169.1	172.0	174.0	171.0
Consensus net profit	-	-	3,074	3,267	-
UOBKH/Consensus (x)	-	-	0.98	0.95	-

Source: AEONTS, Bloomberg, UOB Kay Hian

	HOLD (Upgraded)
Share Price	Bt89.00
Target Price	Bt100.00
Upside	12.4%
Previous TP	Bt92.00

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Stock Data

GICS Sector	Financials
Bloomberg ticker	AEONTS TB
Shares issued (m)	247.5
Market cap (Btm)	22,027.5
Market cap (US\$m)	675.7
3-mth avg daily t'over (US\$m)	2.8

Price Performance (%)

52-week high/low	Bt122.50/Bt86.50			
1mth	3mth	6mth	1yr	YTD
(1.4)	(13.2)	(23.3)	(14.0)	(17.2)

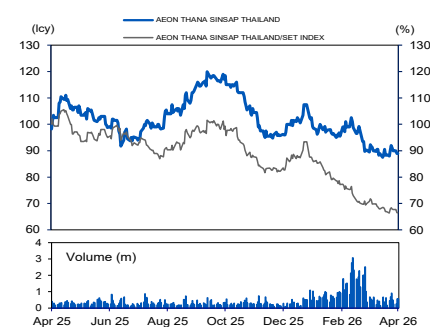
Major Shareholders

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

Balance Sheet Metrics

FY27 NAV/Share (Bt)	116.45
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.

- **The second share buyback programme will kick off soon.** 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 in FY27.

4QFY26 Results (Dec 25-Feb 26)

Year to 28 Feb (Btm)	4QFY26	3QFY26	4QFY25	qoq chg (%)	yoy chg (%)
Total gross loans	86,176	88,008	88,948	(2.1)	(3.1)
Net interest income	3,819	3,884	3,930	(1.7)	(2.8)
Non-interest income	1,262	964	896	30.9	40.9
Loan loss provision	(1,784)	(1,981)	(1,356)	(10.0)	31.5
Non-Interest Expenses	(2,178)	(2,081)	(2,266)	4.7	(3.9)
Pre-provision operating profit	2,903	2,767	2,559	4.9	13.4
Net income	912	618	725	47.6	25.8
EPS (Bt)	3.69	2.49	2.90	48.3	27.3
Ratio (%)					
NPL Ratio	5.6%	5.5%	5.2%		
Loan loss coverage ratio (%)	169%	165%	154%		
Net interest margin (NIM %)	17.5%	17.6%	17.6%		
Credit cost (bp)	800	880	598		
Cost to income (%)	43%	43%	47%		

Source: AEONTS, UOB Kay Hian

Valuation/Recommendation

- **Upgrade to HOLD with a higher target price of Bt100.00 (Previous: Bt92.00).** We use the Gordon Growth Model with cost of equity of 13.0% and a long-term growth rate of 3.0%. Our target price implies 0.8x FY27F P/B, which is around -1.5SD to its five-year average.

Earnings Revision/Risk

- We revise our FY27-28 earnings forecasts by 4.7% and 5.3%, respectively. The upward earnings adjustment is due to the improvement in credit cost and a positive surprise in earning results in 4QFY26.

Share Price Catalyst

- Stimulus package(s) to improve domestic spending and repayment.
- Recovery in asset quality.

Environment, Social, Governance (ESG) Updates

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

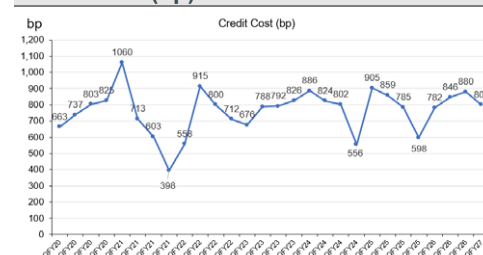
- The number of complaints regarding violations of the company's ethics and policies and incidents of corporate corruption should be less than five in the next 2-3 years.

Loan Portfolio (4QFY26)



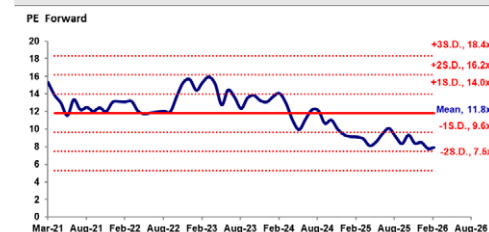
Source: AEONTS, UOB Kay Hian

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)	FY26	FY27F	FY28F	FY29F
Interest income	17,587	17,533	17,859	18,177
Interest expense	(2,054)	(1,622)	(1,543)	(1,546)
Net interest income	15,533	15,911	16,316	16,631
Fees & commissions	857	813	821	828
Other income	3,331	3,237	3,480	3,672
Non-interest income	4,188	4,050	4,300	4,500
Total income	19,721	19,962	20,616	21,132
Staff costs	(8,249)	(8,408)	(8,723)	(8,875)
Other operating expense	(113)	(119)	(125)	(131)
Pre-provision profit	11,359	11,435	11,768	12,126
Loan loss provision	(7,439)	(7,759)	(7,952)	(8,232)
Other provisions	0	0	0	0
Associated companies	0	0	0	0
Other non-operating income	0	0	0	0
Pre-tax profit	3,920	3,676	3,816	3,894
Tax	(790)	(735)	(763)	(779)
Minorities	(36)	59	61	63
Net profit	3,094	3,000	3,114	3,177
Net profit (adj.)	3,094	3,000	3,114	3,177

Balance Sheet

Year to 28 Feb (Btm)	FY26	FY27F	FY28F	FY29F
Cash with central bank	3,682	3,388	3,514	3,632
Govt treasury bills & securities	0	0	0	0
Interbank loans	0	0	0	0
Customer loans	78,088	78,250	81,070	84,100
Investment securities	0	0	0	0
Derivative receivables	0	0	0	0
Associates & JVs	0	0	0	0
Fixed assets (incl. prop.)	779	666	629	623
Other assets	5,758	5,608	5,651	5,730
Total assets	88,307	87,911	90,864	94,085
Interbank deposits	0	0	0	0
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	53,676	51,675	52,661	53,987
Other liabilities	6,502	6,480	6,691	6,906
Total liabilities	60,178	58,155	59,353	60,893
Shareholders' funds	27,195	28,763	30,456	32,074
Minority interest - accumulated	934	993	1,055	1,117
Total equity & liabilities	88,307	87,911	90,864	94,085

Operating Ratio

Year to 28 Feb (Btm)	FY26	FY27F	FY28F	FY29F
Capital Adequacy				
Total assets/equity (x)	3.2	3.1	3.0	2.9
Tangible assets/tangible common equity (x)	3.3	3.1	3.0	3.0
Asset Quality				
NPL ratio	5.4	5.5	5.6	5.5
Loan loss coverage	169.1	172.0	174.0	171.0
Loan loss reserve/gross loans	8.4	8.8	8.6	8.7
Increase in NPLs	3.1	1.9	4.7	2.4
Credit cost (bp)	793	833	877	881
Liquidity				
Loan/deposit ratio	n.a.	n.a.	n.a.	n.a.
Liquid assets/short-term liabilities	7.0	7.0	7.1	7.2
Liquid assets/total assets	4.2	3.9	3.9	3.9

Key Metrics

Year to 28 Feb (Btm)	FY26	FY27F	FY28F	FY29F
Growth				
Net interest income, yoy chg	(3.7)	2.4	2.5	1.9
Fees & commissions, yoy chg	3.4	(5.1)	0.9	0.9
Pre-provision profit, yoy chg	2.5	0.7	2.9	3.0
Net profit, yoy chg	8.2	(3.0)	3.8	2.0
Net profit (adj.), yoy chg	8.2	(3.0)	3.8	2.0
Customer loans, yoy chg	(4.5)	0.2	3.6	3.7
Profitability				
Net interest margin	17.7	18.2	18.1	17.8
Cost/income ratio	42.4	42.7	42.9	42.6
Adjusted ROA	3.4	3.4	3.5	3.5
Reported ROE	11.6	10.7	10.8	10.7
Adjusted ROE	11.6	10.7	10.8	10.7
Valuation				
P/BV (x)	0.8	0.8	0.7	0.7
P/NTA (x)	83.2	78.2	73.6	69.7
Adjusted P/E (x)	7.1	7.3	7.1	6.9
Dividend Yield	6.5	6.5	7.1	7.1
Payout ratio	46.2	47.7	50.2	49.1

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