

# Aeon Thana Sinsap (Thailand) (AEONTS TB)

Preventing Three Consecutive Years Of Loan Contraction By Setting Double-Digit Loan Growth Target In FY27

## Highlights

- Neutral tone during the analyst meeting.
- AEONTS has set some buffers for the uncertainties from Middle East tensions.
- Maintain HOLD with an unchanged target price of Bt100.00.

## Analysis

- **Neutral tone during the analyst meeting.** We came away from Aeon Thana Sinsap (Thailand)'s (AEONTS) analyst meeting with a neutral view. Management intends to tighten credit policy to preserve good asset quality.
- **Guidance for a double-digit loan growth target in FY27.** Management guided for a loan growth target of double-digits in FY27, driven by 4-5% loan growth in the credit card business and double-digit loan growth in the personal loan business. Management admits that the company has continued tightening the loan portfolio to prioritise quality, and meeting the loan growth target is quite challenging. However, management continues to see an opportunity in loan expansion as there is still demand.
- **Setting buffers for the uncertainties from Middle East tensions.** AEONTS guided that we might see an increase yoy in credit cost in FY27 due to Middle East tensions. AEONTS has set a management overlay of Bt350m in FY26, provisioning for: a) Bt140m to prepare for the increase in the minimum payment for credit cards from 8% to 10%, b) Bt150m to manage the flooding in Hatyai during Nov-Dec 25, and c) Bt100m for provisioning for Middle East tensions. Moreover, management guided that we might see a slight increase in provisioning for the Middle East due to the ongoing situation.
- **Non-payroll clients are the main impacted segment.** The company revealed that its customers are 80% payroll staff and 20% non-payroll. Therefore, it expects that independent occupations (7% contribution) will face some impact from the tension in the Middle East, but the company has already set aside Bt100m to provision for this. In addition, tourism-related clients contribute 3% to the loan portfolio.
- **A decent debt collection as of Mar 26.** Management stated that debt collection performed well as of Mar 26 with a 98% collection success rate. However, the company is closely monitoring debt collection and trying to maintain good asset quality.

## 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** (Maintained)

Share Price	Bt89.00
Target Price	Bt100.00
Upside	12.4%

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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 (%)

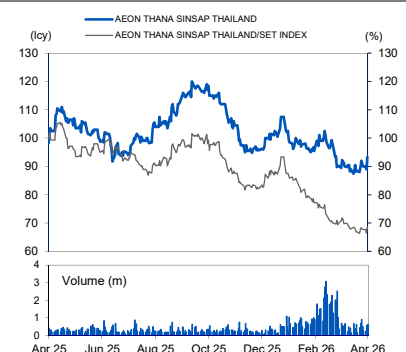
52-week high/low Bt122.50/Bt86.50

1mth	3mth	6mth	1yr	YTD
(1.4)	(13.2)	(23.3)	(14.0)	(17.2)

## Major Shareholders

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

## 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.

- **We can expect at least a stable dividend payment looking forward.** Management is trying to maintain the dividend payout ratio at around 42-45%. In our view, we can at least expect a stable dividend per share (DPS) based on the historical dividend payment.
- **4QFY26 results review.** 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.

### 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
<b>Ratio (%)</b>					
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

- **Maintain HOLD with an unchanged target price of Bt100.00.** 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

- No earnings revision.

## 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.

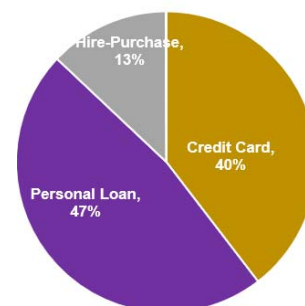
### Social

- **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

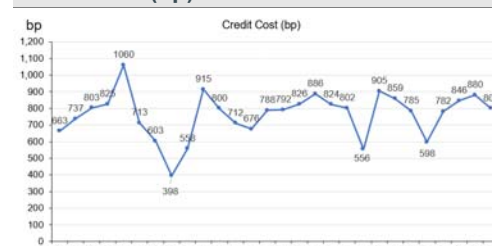
- The number of complaints regarding violations of the company's ethics and policies and incidents of corporate corruption should be less than five in the next 2-3 years.

### Loan Portfolio (4QFY26)



Source: AEONTS, UOB Kay Hian

### Credit Cost (bp)



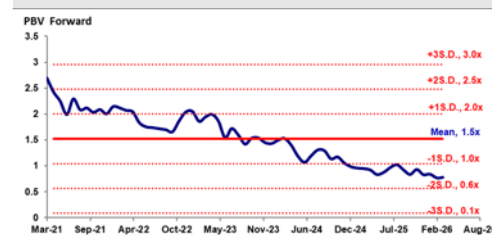
Source: AEONTS, UOB Kay Hian

### PE Band



Source: AEONTS, UOB Kay Hian

### P/B Band



Source: AEONTS, UOB Kay Hian

### Profit & Loss

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Interest income	18,370	17,749	17,730	18,175
Interest expense	(2,245)	(2,029)	(1,639)	(1,601)
Net interest income	16,125	15,720	16,091	16,575
Fees & commissions	829	862	818	828
Other income	2,902	2,859	2,804	3,030
Non-interest income	3,732	3,721	3,622	3,858
<b>Total income</b>	<b>19,856</b>	<b>19,441</b>	<b>19,713</b>	<b>20,433</b>
Staff costs	(8,585)	(8,202)	(8,325)	(8,676)
Other operating expense	(191)	(144)	(151)	(159)
Pre-provision profit	11,081	11,095	11,236	11,598
Loan loss provision	(7,233)	(7,445)	(7,344)	(7,623)
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	3,650	3,893	3,975
Tax	(897)	(735)	(779)	(795)
Minorities	(90)	(80)	(117)	(120)
<b>Net profit</b>	<b>2,860</b>	<b>2,835</b>	<b>2,997</b>	<b>3,060</b>
Net profit (adj.)	2,860	2,835	2,997	3,060

### Operating Ratio

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
<b>Capital Adequacy</b>				
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
<b>Asset Quality</b>				
NPL ratio	5.1	5.6	5.5	5.3
Loan loss coverage	153.8	165.0	167.0	169.0
Loan loss reserve/gross loans	8.0	8.3	8.3	8.3
Increase in NPLs	2.4	7.5	(2.5)	(0.1)
Credit cost (bp)	793	826	824	847
<b>Liquidity</b>				
Loan/deposit ratio	151.6	160.0	167.0	168.1
Liquid assets/short-term liabilities	6.7	6.8	7.1	7.2
Liquid assets/total assets	3.9	3.8	3.8	3.8

### 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	78,485	81,638
Investment securities	0	0	0	0
Derivative receivables	0	0	0	0
Associates & JVs	0	0	0	0
Fixed assets (incl. prop.)	610	656	511	466
Other assets	5,475	5,643	5,578	5,711
<b>Total assets</b>	<b>91,464</b>	<b>89,689</b>	<b>87,952</b>	<b>91,317</b>
Interbank deposits	0	0	0	0
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	58,844	55,393	52,201	53,743
Other liabilities	5,566	6,270	6,208	6,456
<b>Total liabilities</b>	<b>64,410</b>	<b>61,663</b>	<b>58,409</b>	<b>60,199</b>
Shareholders' funds	26,051	27,052	28,686	30,380
Minority interest - accumulated	636	974	857	737
<b>Total equity &amp; liabilities</b>	<b>91,097</b>	<b>89,689</b>	<b>87,952</b>	<b>91,317</b>

### Key Metrics

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
<b>Growth</b>				
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)	0.1	1.3	3.2
Net profit, yoy chg	(12.2)	(0.9)	5.7	2.1
Net profit (adj.), yoy chg	(12.2)	(0.9)	5.7	2.1
Customer loans, yoy chg	(1.5)	(2.3)	(1.8)	4.0
<b>Profitability</b>				
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	3.1	3.4	3.4
Reported ROE	11.3	10.7	10.8	10.7
Adjusted ROE	11.3	10.7	10.8	10.7
<b>Valuation</b>				
P/BV (x)	1.0	0.9	0.9	0.8
P/NTA (x)	101.5	96.7	91.0	85.8
Adjusted P/E (x)	9.0	9.0	8.5	8.3
Dividend Yield	5.4	5.4	5.4	5.4
Payout ratio	48.1	48.1	45.5	44.6

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