

## COMPANY UPDATE

### Aeon Thana Sinsap (Thailand) (AEONTS TB)

1QFY26 Results Preview: Share Repurchasing Should Help To Limit Downside

**AEONTS will announce its 1QFY26 earnings results on 9 Jul 25. We expect the company to post a 1QFY26 net profit of Bt751m (+43% yoy, +4% qoq). AEONTS guides that it typically sells written-off receivables twice a year. Meanwhile, the share repurchase programme should help to limit share price downside. Currently, AEONTS has already bought back 1.12m shares, accounting for 44.6% of the total budget. Maintain BUY. Target price: Bt140.00.**

#### 1QFY26 RESULTS PREVIEW (MAR-MAY 25)

Year to 28 Feb (Btm)	1QFY26F	4QFY25	1QFY25	qoq chg (%)	yoy chg (%)
Total gross loans	93,143	88,948	91,453	4.7	1.8
Net interest income	4,016	3,930	4,098	2.2	(2.0)
Non-interest income	814	896	851	(9.1)	(4.3)
Loan loss provision	(1,822)	(1,356)	(2,089)	34.3	(12.8)
Non-Interest Expenses	(2,027)	(2,266)	(2,188)	(10.5)	(7.4)
Pre-provision operating profit	2,803	2,559	2,760	9.5	1.6
Net income	751	725	524	3.5	43.2
EPS (Bt)	3.00	2.90	2.10	3.5	43.2
Ratio (%)					
NPL Ratio	5.0%	5.2%	5.4%		
Loan loss coverage ratio (%)	150%	154%	168%		
Net interest margin (NIM %)	17.5%	17.6%	17.9%		
Credit cost (bp)	789	598	905		
Cost to income (%)	42%	47%	44%		

Source: AEONTS, UOB Kay Hian

#### WHAT'S NEW

- **Expect 1QFY26 earnings to increase qoq.** We expect Aeon Thana Sinsap (Thailand) (AEONTS) to report a 1QFY26 net profit of Bt751m, up 43% yoy and 4% qoq. AEONTS guides that it typically sells written-off receivables twice a year. We expect a gain from the sale of written-off receivables in 2QFY26, as this often occurs in the second quarter of each financial year. We foresee the company's pre-provision operating profit increasing 2% yoy and 10% qoq in 1QFY26.
- **Translate guidance into FY26 financial year targets.** Management guides for loan growth in FY26 to be around twice the GDP, implying loan growth of 5-6% yoy. Meanwhile, AEONTS expects a reduction in credit cost yoy in FY26 with funding costs in the range of 3.00-3.25%. We reckon there are still many uncertainties ahead, which is why AEONTS has not provided clear financial targets for FY26. Additionally, AEONTS noted that it typically sells written-off receivables twice a year (in 1H and 2H). However, the timing of such sales depends on internal policy and market conditions, so there is no confirmed timeline.

#### KEY FINANCIALS

Year to 28 Feb (Btm)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	16,605	16,125	16,482	17,133	17,561
Non-interest income	3,198	3,732	3,367	3,380	3,420
Net profit (rep./act.)	3,259	2,860	3,015	3,286	3,363
Net profit (adj.)	3,259	2,860	3,015	3,286	3,363
EPS (Bt)	13.0	11.4	12.1	13.1	13.5
PE (x)	7.6	8.7	8.2	7.6	7.4
P/B (x)	1.0	1.0	0.9	0.8	0.8
Dividend yield (%)	5.5	5.2	5.5	6.2	6.3
Cost/income (%)	17.9	17.9	18.1	17.9	17.6
Loan loss cover (%)	42.4	44.2	42.3	43.0	43.2
Consensus net profit	182.8	153.8	150.0	145.0	143.0
UOBKH/Consensus (x)	-	-	3,140	3,524	3,493

Source: AEONTS, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt99.25
Target Price	Bt140.00
Upside	+41.1%
(Previous TP)	Bt152.00)

#### 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.

#### STOCK DATA

GICS sector	Financials
Bloomberg ticker:	AEONTS TB
Shares issued (m):	248.9
Market cap (Btm):	24,701.7
Market cap (US\$m):	755.9
3-mth avg daily t'over (US\$m):	0.9

#### Price Performance (%)

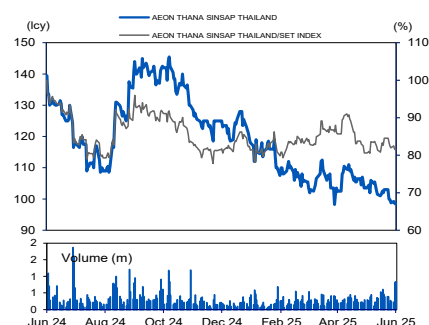
52-week high/low			Bt148.00/Bt97.75	
1mth	3mth	6mth	1yr	YTD
(4.1)	(6.4)	(20.6)	(32.7)	(22.5)

#### Major Shareholders

AEON Financial Service Co., Ltd. / Japan	35.1
ACS Capital Corporation Limited	19.2
AEON Holdings (Thailand) Co., Ltd	8.8

FY25 NAV/Share (Bt)	110.92
FY25 Solvency Ratio (%)	

#### PRICE CHART



Source: Bloomberg

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## STOCK IMPACT

- **Expect a rise in credit cost qoq in 1QFY26.** In light of the risks from the earthquake and US tariffs, management indicated that the earthquake had an insignificant impact, as there were few requests for assistance from debtors. Meanwhile, exposure to the manufacturing sector - affected by US tariff concerns - is minimal. AEONTS reported healthy debt collection and positive asset quality trends from Jan-Mar 25, and it expects a favourable asset quality outlook for FY26. However, given the worsening economic outlook, we believe the company will need to increase credit costs qoq in 1QFY26 as a precaution. That said, we expect the NPL ratio to improve qoq to 5.0% in 1QFY26.
- **Share repurchase programme should help to limit share price downside.** AEONTS announced a share repurchase programme for financial management purposes, with a maximum amount not exceeding Bt390m. The number of shares to be repurchased is approximately 1% of total issued shares (2.5m shares). The programme will run for six months, from 22 May 25 to 21 Nov 25. We view this action positively, as it should support ROE and help limit downside risk to the share price. As of 30 May 25, AEONTS had already repurchased 1.12m shares, representing 44.6% of the total budgeted amount.

## EARNINGS REVISION/RISK

- **We revised our FY26-28 earnings forecasts downward** by 2.6%, 2.2%, and 2.3% respectively. We have revised down our earnings forecasts, as we believe the company will need to build a cushion by increasing credit costs from previous assumptions.

## NET PROFIT FORECASTS

(Btm)	FY26F	FY27F	FY28F
Old	3,096	3,361	3,442
New	3,015	3,286	3,363
% chg	-2.6%	-2.2%	-2.3%

Source: UOB Kay Hian

## VALUATION/RECOMMENDATION

- **Maintain BUY with a lower target price of Bt140.00.** 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 1.3x FY26F P/B, which is slightly above -1SD to its five-year average.

## SHARE PRICE CATALYST

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

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

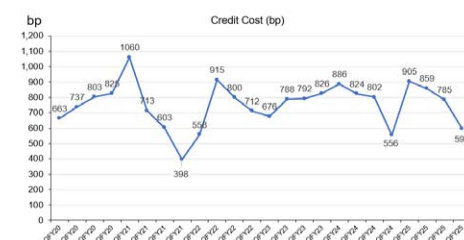
<b>CG Report: 5</b>
<b>SET ESG Rating: N/A</b>
<ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- <b>Reducing paper and plastic usage.</b> The company plans to convince 100% of customers to switch to e-statements in the next 3-5 years.</li> <li>- <b>Electrical energy, water, and fuel energy management.</b> The company is focusing on clean energy consumption.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- <b>Number of complaints and disputes from the community.</b> The company plans to handle complaints and disputes with a satisfaction rate of 85% within the next few years.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- 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.</li> </ul> </li> </ul>

## LOAN PORTFOLIO (4QFY25)



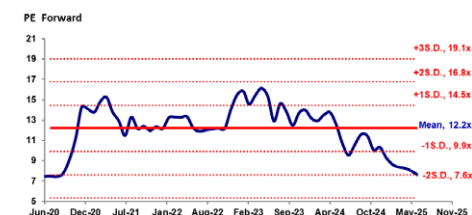
Source: AEONTS, UOB Kay Hian

## CREDIT COST (BP)



Source: AEONTS, UOB Kay Hian

## PE BAND



## PROFIT & LOSS

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Interest income	18,370	18,609	19,055	19,437
Interest expense	(2,245)	(2,128)	(1,922)	(1,876)
Net interest income	16,125	16,482	17,133	17,561
Fees & commissions	829	826	853	882
Other income	2,902	2,542	2,527	2,538
Non-interest income	3,732	3,367	3,380	3,420
<b>Total income</b>	<b>19,856</b>	<b>19,849</b>	<b>20,513</b>	<b>20,981</b>
Staff costs	(8,585)	(8,203)	(8,606)	(8,834)
Other operating expense	(191)	(200)	(210)	(221)
Pre-provision profit	11,081	11,445	11,697	11,926
Loan loss provision	(7,233)	(7,500)	(7,398)	(7,526)
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	3,945	4,299	4,400
Tax	(897)	(789)	(860)	(880)
Minorities	(90)	(141)	(153)	(157)
<b>Net profit</b>	<b>2,860</b>	<b>3,015</b>	<b>3,286</b>	<b>3,363</b>
Net profit (adj.)	2,860	3,015	3,286	3,363

## BALANCE SHEET

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Cash with central bank	3,571	3,555	3,741	3,883
Govt treasury bills & securities	0	0	0	0
Interbank loans	0	0	0	0
Customer loans	81,808	85,063	90,241	94,089
Investment securities	0	0	0	0
Derivative receivables	0	0	0	0
Associates & JVs	0	0	0	0
Fixed assets (incl. prop.)	610	433	384	374
Other assets	5,475	6,274	6,727	7,036
<b>Total assets</b>	<b>91,464</b>	<b>95,325</b>	<b>101,093</b>	<b>105,381</b>
Interbank deposits	0	0	0	0
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	58,844	60,648	64,396	66,766
Other liabilities	5,566	6,084	6,404	6,669
<b>Total liabilities</b>	<b>64,410</b>	<b>66,733</b>	<b>70,801</b>	<b>73,436</b>
Shareholders' funds	26,051	27,730	29,583	31,393
Minority interest - accumulated	636	496	343	186
<b>Total equity &amp; liabilities</b>	<b>91,097</b>	<b>94,958</b>	<b>100,726</b>	<b>105,014</b>

## OPERATING RATIOS

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
<b>Capital Adequacy</b>				
Total assets/equity (x)	3.5	3.4	3.4	3.4
Tangible assets/tangible common equity (x)	3.6	3.5	3.5	3.5
<b>Asset Quality</b>				
NPL ratio	5.1	4.8	4.5	4.3
Loan loss coverage	153.8	150.0	145.0	143.0
Loan loss reserve/gross loans	8.0	8.1	7.6	7.4
Increase in NPLs	2.4	(3.8)	(1.4)	(0.8)
Credit cost (bp)	792.6	818.2	775.1	754.6
<b>Liquidity</b>				
Loan/deposit ratio	151.6	151.4	150.2	150.3
Liquid assets/short-term liabilities	6.7	6.6	6.6	6.6
Liquid assets/total assets	3.9	3.7	3.7	3.7

## KEY METRICS

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
<b>Growth</b>				
Net interest income, yoy chg	(2.9)	2.2	4.0	2.5
Fees & commissions, yoy chg	(4.1)	(0.4)	3.4	3.4
Pre-provision profit, yoy chg	(2.8)	3.3	2.2	2.0
Net profit, yoy chg	(12.2)	5.4	9.0	2.4
Net profit (adj.), yoy chg	(12.2)	5.4	9.0	2.4
Customer loans, yoy chg	(1.5)	4.0	6.1	4.3
<b>Profitability</b>				
Net interest margin	17.9	18.1	17.9	17.6
Cost/income ratio	44.2	42.3	43.0	43.2
Adjusted ROA	3.1	3.2	3.3	3.4
Reported ROE	11.3	11.2	11.5	11.4
Adjusted ROE	11.3	11.2	11.5	11.4
<b>Valuation</b>				
P/BV (x)	1.0	0.9	0.8	0.8
P/NTA (x)	98.3	92.9	87.4	82.5
Adjusted P/E (x)	8.7	8.2	7.6	7.4
Dividend Yield	5.2	5.5	6.2	6.3
Payout ratio	45.3	45.5	46.6	46.2

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