Aeon Thana Sinsap (Thailand) (AEONTS TB)

2QFY26 Results Preview: Gain From Sale Of Written-Off Receivables To Boost Earnings

Highlights

- AEONTS will announce its 2QFY26 earnings results on 8 Oct 25.
- We expect the company to post a 2QFY26 net profit of Bt836m (+2% yoy, +8% qoq), and foresee a gain from the sale of written-off receivables to boost the bottom line in 2QFY26.
- AEONTS has already bought back shares amounting to 53.7% of its total budget; its share price has rallied 13% since the start of the programme and recovered 28% from the bottom.

Analysis

- **Expect 2QFY26 earnings to increase yoy and qoq.** We expect Aeon Thana Sinsap (Thailand) (AEONTS) to report a 2QFY26 net profit of Bt836m, up 2% yoy and 8% qoq. AEONTS guides that it typically sells written-off receivables twice a year. We foresee the company's pre-provision operating profit decreasing 3% yoy but increasing 6% qoq in 2QFY26.
- **A gain from the sale of written-off receivables would be a catalyst for 2QFY26 earnings.** AEONTS guides that it typically sells written-off receivables twice a year (1H and 2H). We expect a gain from the sale of written-off receivables in 2QFY26 to boost its bottom line, as this often occurs in the second quarter of each financial year. The company has also guided for this to occur in 2QFY26.
- **Expect credit cost to increase qoq in 2QFY26.** Given the worsening economic outlook, we reckon the company to increase its credit costs qoq in 2QFY26 to buffer against future uncertainties. We expect AEONTS's credit cost to increase slightly from 782bp in 1QFY26 to 798bp in 2QFY26. However, we expect an improvement in asset quality, caused by the reduction in NPL ratio from 5.1% in 1QFY26 to 5.0% in 2QFY26.

Key Financials

Year to 28 Feb (Btm)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	16,605	16,125	16,303	16,967	17,395
Non-interest income	3,198	3,732	3,511	3,491	3,515
Net profit (rep./act.)	3,259	2,860	3,031	3,296	3,380
Net profit (adj.)	3,259	2,860	3,031	3,296	3,380
EPS (Bt)	13.0	11.4	12.1	13.2	13.5
PE (x)	8.9	10.1	9.5	8.8	8.5
P/B (x)	1.2	1.1	1.0	1.0	0.9
Dividend yield (%)	4.8	4.5	4.8	5.0	5.2
Net Interest Margin (%)	17.9	17.9	17.9	17.8	17.4
Cost/income (%)	42.4	44.2	42.6	43.0	43.2
Loan loss cover (%)	182.8	153.8	154.5	151.0	150.0
Consensus net profit	-	-	3,100	3,318	3,475
UOBKH/Consensus (x)	-	-	0.98	0.99	0.97

Source: AEONTS, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	Bt115.50
Target Price	Bt140.00
Upside	21.2%

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Stock Data

GICS Sector	Financials
Bloomberg ticker	AEONTS TB
Shares issued (m)	248.7
Market cap (Btm)	28,720.1
Market cap (US$m)	904.2
3-mth avg daily t'over (US$m)	0.9

Price Performance (%)

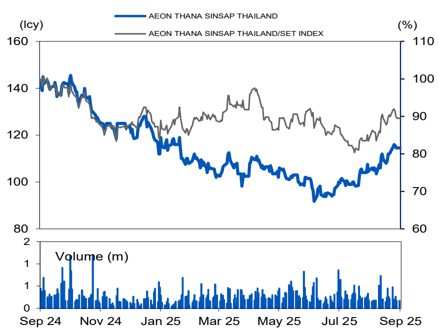
52-week high/low: Bt148.00/Bt90.50

1mth	3mth	6mth	1yr	YTD
11.1	17.3	9.5	(14.8)	(9.8)

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
FY26 NAV/Share (Bt)	110.48

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.

- **Share repurchase programme has boosted share price sentiment since programme inception.** AEONTS previously announced a share repurchase programme not exceeding Bt390m (accounting for 1% of total issued shares or 2.5m shares). Since then, AEONTS has repurchased shares amounting to 53.7% of its total budget. The programme will run for six months from 22 May 25 to 21 Nov 25. AEONTS' share price has rallied 13% since the start of the share repurchase, and recovered 28% from the bottom (23 Jun 25). We expect this repurchase to continue to be a catalyst for AEONTS' share price.

2QFY26 Results Preview (Jun-Aug 25)

Year to 28 Feb (Btm)	2QFY26F	1QFY26	2QFY25	qoq chg (%)	yoy chg (%)
Total gross loans	93,023	88,870	91,388	4.7	1.8
Net interest income	4,037	3,925	4,126	2.9	(2.2)
Non-interest income	901	931	1,030	(3.2)	(12.5)
Loan loss provision	(1,842)	(1,766)	(1,986)	4.3	(7.3)
Non-Interest Expenses	(2,002)	(2,078)	(2,132)	(3.6)	(6.1)
Pre-provision operating profit	2,936	2,778	3,024	5.7	(2.9)
Net income	836	772	822	8.3	1.7
EPS (Bt)	3.35	3.09	3.29	8.3	1.7
Ratio (%)					
NPL Ratio	5.0%	5.1%	5.8%		
Loan loss coverage ratio (%)	154%	162%	159%		
Net interest margin (NIM %)	17.6%	17.7%	18.1%		
Credit cost (bp)	798	782	859		
Cost to income (%)	41%	43%	41%		

Source: AEONTS, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a 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.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

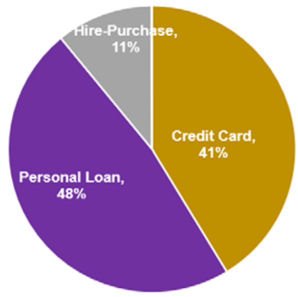
- Stimulus package from the government to improve domestic spending and repayment.
- The share repurchase programme.

Environmental, Social, Governance (ESG)

CG Report: 5
SET ESG Rating: N/A

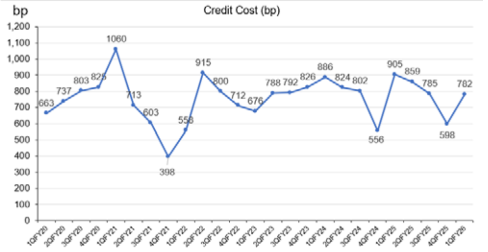
- **Environmental**
  - **Reducing paper and plastic usage.** The company plans to convince 100% of customers to switch to e-statements in the next 3-5 years.
  - **Electrical energy, water, and fuel energy management**. The company is focusing on clean energy consumption.
- **Social**
  - **Number of 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 (1QFY26)



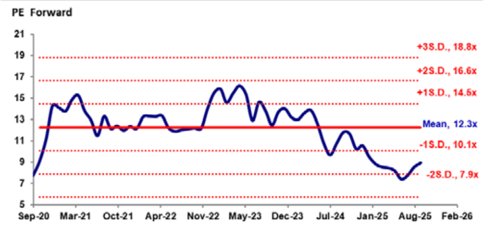
Source: AEONTS, UOB Kay Hian

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	18,389	18,818	19,194
Interest expense	(2,245)	(2,086)	(1,851)	(1,798)
Net interest income	16,125	16,303	16,967	17,395
Fees & commissions	829	838	827	843
Other income	2,902	2,673	2,663	2,672
Non-interest income	3,732	3,511	3,491	3,515
Total income	19,856	19,814	20,457	20,910
Staff costs	(8,585)	(8,254)	(8,607)	(8,831)
Other operating expense	(191)	(178)	(187)	(196)
Pre-provision profit	11,081	11,382	11,664	11,884
Loan loss provision	(7,233)	(7,413)	(7,350)	(7,460)
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	3,969	4,314	4,423
Tax	(897)	(795)	(863)	(885)
Minorities	(90)	(142)	(155)	(159)
Net profit	2,860	3,031	3,296	3,380
Net profit (adj.)	2,860	3,031	3,296	3,380

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	84,752	89,862	93,670
Investment securities	0	0	0	0
Derivative receivables	0	0	0	0
Associates & JVs	0	0	0	0
Fixed assets (incl. prop.)	610	514	445	426
Other assets	5,475	5,862	6,134	6,321
Total assets	91,464	94,684	100,182	104,299
Interbank deposits	0	0	0	0
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	58,844	59,853	63,309	65,436
Other liabilities	5,566	6,285	6,624	6,895
Total liabilities	64,410	66,138	69,933	72,331
Shareholders' funds	26,051	27,615	29,472	31,349
Minority interest - accumulated	636	931	777	618
Total equity & liabilities	91,097	94,684	100,182	104,299

Operating Ratio

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Capital Adequacy				
Total assets/equity (x)	3.5	3.4	3.4	3.3
Tangible assets/tangible common equity (x)	3.6	3.5	3.5	3.4
Asset Quality				
NPL ratio	5.1	4.8	4.5	4.3
Loan loss coverage	153.8	154.5	151.0	150.0
Loan loss reserve/gross loans	8.0	8.0	7.5	7.3
Increase in NPLs	2.4	(3.8)	(1.4)	(0.8)
Credit cost (bp)	775	793	809	770
Liquidity				
Loan/deposit ratio	151.6	153.4	152.7	153.3
Liquid assets/short-term liabilities	6.7	6.6	6.6	6.6
Liquid assets/total assets	3.9	3.8	3.7	3.7

Key Metrics

Year to 28 Feb (Btm)	FY25	FY26F	FY27F	FY28F
Growth				
Net interest income, yoy chg	(2.9)	1.1	4.1	2.5
Fees & commissions, yoy chg	(4.1)	1.1	(1.3)	1.9
Pre-provision profit, yoy chg	(2.8)	2.7	2.5	1.9
Net profit, yoy chg	(12.2)	6.0	8.7	2.5
Net profit (adj.), yoy chg	(12.2)	6.0	8.7	2.5
Customer loans, yoy chg	(1.5)	3.6	6.0	4.2
Profitability				
Net interest margin	17.9	17.9	17.8	17.4
Cost/income ratio	44.2	42.6	43.0	43.2
Adjusted ROA	3.1	3.3	3.4	3.4
Reported ROE	11.3	11.3	11.5	11.5
Adjusted ROE	11.3	11.3	11.5	11.5
Valuation				
P/BV (x)	1.1	1.0	1.0	0.9
P/NTA (x)	114.4	107.8	100.8	94.7
Adjusted P/E (x)	10.1	9.5	8.8	8.5
Dividend Yield	4.5	4.8	5.0	5.2
Payout ratio	45.3	45.5	43.5	44.5

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