

Aeon Thana Sinsap (Thailand) (AEONTS TB)

3QFY26: Results Miss; QOQ Rise In Credit Costs Reflecting Asset Quality Deterioration

Highlights

- AEONTS posted a 3QFY26 net profit of Bt618m, down 22% yoy and 22% qoq,
- The completion of the share buyback programme will uncover downside risk.
- Downgrade to HOLD with a lower target price of Bt110.00 (from Bt140.00).

Analysis

- **3QFY26 results missed market estimates.** Aeon Thana Sinsap (Thailand) (AEONTS) posted a 3QFY26 net profit of Bt618m, down 22% yoy and 22% qoq, missing consensus expectations by 14%. Excluding provisioning, the company's pre-provision operating profit rose 1% yoy but dropped 5% qoq.
- **Absence of gain from sale of written-off receivables.** In 2QFY26, AEONTS reported a gain from the sale of written-off receivables of Bt102m. However, AEONTS did not report this gain during the quarter. Therefore, there was no key item to help boost the bottom line in 3QFY26.
- **Loan portfolio contracted yoy and qoq in 3QFY26.** AEONTS reported loans outstanding of Bt88b in 3QFY26, down 2% yoy and 0.3% qoq. Gross loans in the credit card portfolio declined 2% qoq in 3QFY26, while gross loans in the personal loan portfolio dropped 0.4% qoq. However, the hire-purchase portfolio increased 6.6% qoq during the period.
- **Credit costs up qoq, reflecting a deterioration in asset quality.** The NPL ratio increased from 5.2% in 2QFY26 to 5.5% in 3QFY26. Meanwhile, it reported a 10% yoy and 4% qoq increase to Bt1.98b in provision expenses in 3QFY26. Credit costs rose 34bp qoq to 880bp.
- AEONTS foresees economic volatility and potential future uncertainties. The company is setting aside provisions to accommodate the volatility of economic conditions and potential uncertainty in the future. We reiterate our cautious view on AEONTS' credit cost outlook, similar to the previous quarter's view. Although we expect its overall asset quality to benefit from government stimulus measures, we do not expect a significant improvement in AEONTS' credit cost in 4QFY26 due to the gloomy economic outlook and fragile mid-to-low income segment in terms of softer spending power.

Key Financials

Year to 28 Feb (Btm)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	16,605	16,125	15,720	16,091	16,575
Non-interest income	3,198	3,732	3,721	3,622	3,858
Net profit (rep./act.)	3,259	2,860	2,835	2,997	3,060
Net profit (adj.)	3,259	2,860	2,835	2,997	3,060
EPS (Bt)	13.0	11.4	11.4	12.1	12.3
PE (x)	7.9	9.0	9.0	8.5	8.3
P/B (x)	1.0	1.0	0.9	0.9	0.8
Dividend yield (%)	5.4	5.4	5.4	5.4	5.4
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	167.0	169.0
Consensus net profit	-	-	3,086	3,314	3,501
UOBKH/Consensus (x)	-	-	0.92	0.90	0.87

Source: AEONTS, Bloomberg, UOB Kay Hian

HOLD (Downgraded)

Share Price	Bt102.50
Target Price	Bt110.00
Upside	7.3%
Previous TP	Bt140.00

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Stock Data

GICS Sector	Financials
Bloomberg ticker	AEONTS TB
Shares issued (m)	247.5
Market cap (Btm)	25,368.8
Market cap (US\$m)	810.1
3-mth avg daily t'over (US\$m)	0.9

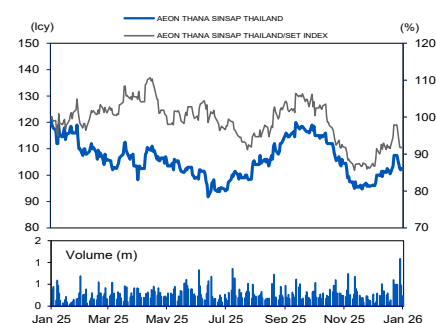
Price Performance (%)

52-week high/low		Bt125.00/Bt90.50		
1mth	3mth	6mth	1yr	YTD
7.0	(12.4)	8.2	(16.7)	(4.7)

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.

- **Completion of share buyback programme.** AEONTS had repurchased 2.5m shares with a budget of Bt264m (vs maximum budget of Bt390m). The last day of the share repurchase programme was on 19 Nov 25. The highest repurchased price was Bt116 on 17 and 20 Oct 25. Meanwhile, the lowest repurchased price was Bt94.00 on 19 Nov 25, which was the final day of the programme. The 2.5m repurchased shares accounted for 1% of total outstanding shares.

3QFY26 Results (Sep-Nov 25)

Year to 28 Feb (Btm)	3QFY26	2QFY26	1QFY25	qoq chg (%)	yoy chg (%)
Total gross loans	88,008	88,279	89,771	(0.3)	(2.0)
Net interest income	3,884	3,905	3,971	(0.5)	(2.2)
Non-interest income	964	1,031	955	(6.5)	0.9
Loan loss provision	(1,981)	(1,908)	(1,802)	3.8	9.9
Non-Interest Expenses	(2,081)	(2,025)	(2,189)	2.8	(5.0)
Pre-provision operating profit	2,767	2,911	2,736	(5.0)	1.1
Net income	618	792	789	(21.9)	(21.6)
EPS (Bt)	2.49	3.17	3.15	(21.3)	(21.0)
Ratio (%)					
NPL Ratio	5.5%	5.2%	5.9%		
Loan loss coverage ratio (%)	165%	167%	152%		
Net interest margin (NIM %)	17.6%	17.6%	17.5%		
Credit cost (bp)	880	846	785		
Cost to income (%)	43%	41%	44%		

Source: AEONTS, UOB Kay Hian

Valuation/Recommendation

- **Downgrade to HOLD with a lower target price of Bt110.00 (from Bt140.00).** 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 1.0x FY26F P/B, which is around -1SD to its five-year average.

Earnings Revision/Risk

- We cut our FY26-28 earnings forecasts by 6.5%, 9.1%, and 9.5%, respectively. The downward earnings adjustment is due to concerns over the asset quality outlook arising from the deterioration in asset quality in 3QFY26 and qoq higher credit costs.

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: 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

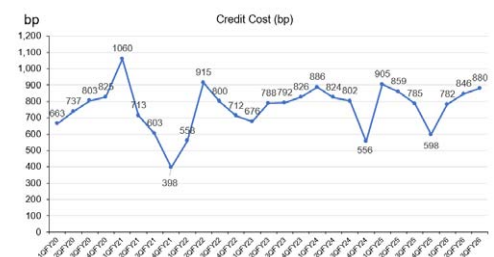
- The number of complaints regarding violations of the company's ethics and policies and incidents of corporate corruption should be less than five in the next 2-3 years.

Loan Portfolio (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)	(1,639)	(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
Total income	19,856	19,441	19,713	20,433
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)
Net profit	2,860	2,835	2,997	3,060
Net profit (adj.)	2,860	2,835	2,997	3,060

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	5.3
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
Liquidity				
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
Total assets	91,464	89,689	87,952	91,317
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
Total liabilities	64,410	61,663	58,409	60,199
Shareholders' funds	26,051	27,052	28,686	30,380
Minority interest - accumulated	636	974	857	737
Total equity & liabilities	91,097	89,689	87,952	91,317

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)	0.1	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
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	3.1	3.4	3.4
Reported ROE	11.3	10.7	10.8	10.7
Adjusted ROE	11.3	10.7	10.8	10.7
Valuation				
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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