



The Synergy between CHAYO and AUCT

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The partnership between Chayo Group Public Company Limited (**CHAYO**) and Union Auction Public Company Limited (**AUCT**) has captured stock markets' attention as investors believe the synergy could bring the best of both businesses, a win-win for **CHAYO** and **AUCT**.

This joint investment primarily aimed to focus on purchasing non-performing assets, particularly automobiles and managing them after that.

CHAYO provides debt collection service and manages non-performing assets (NPA) and non-performing loans (NPL), the business that has a growing trend due to a continued increased debt volumes.

In 2018, **CHAYO** reported a total revenue of 264 million baht and a net profit of 85 million baht (NPM was 32.30%). In 2019, revenue increased to 317 million baht, as well as net profit that rose to 111 million baht (NPM was 35.05%). Meanwhile a total revenue for the nine-month period of last year stood at 378 million baht, reflecting an outstanding performance compared to 2019, and a net profit was 119 million baht (NPM was 31.42%).

Nowadays financial institutions and nonbanks have sold more automobile loans, creating advantages to debt purchasers as there is a collateral for those loans and debts, and mostly are short-term debts, providing an opportunity for **CHAYO**. But **CHAYO** still lacks expertise in the area of conducting an auction.

Therefore, teaming up with **AUCT** could fill the needs of **CHAYO**, enabling **CHAYO** to have more distribution channels and to gain a benefit from car sales.

AUCT is an expert in organizing a variety of auctions as well as providing services that are related to auction. At the same time this partnership would bring more assets to the auction, offering a great opportunity for **AUCT** to get more fees.

In 2017, **AUCT**'s total revenue was 564 million baht and net profit was 103 million baht (NPM was 18.42%). In 2018, a total revenue was 698 million baht and a net profit was 170 million baht (NPM was 24.42%). In 2019, **AUCT** reported a total income of 812 million baht, along with a net profit of 234 million baht (NPM was 28.83%). Meanwhile the first nine months of 2020 income was 654 million baht and earnings was 162 million baht (NPM 24.84%).

So, the synergy between **CHAYO** and **AUCT** is expected to provide access to greater profit and revenues of both companies, and will complement each other by sharing talent, know-how and expertise.

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