

5 MAY 2021

THAILAND / ICT

JASMINE INTERNATIONAL

JAS TB

HOLD

TARGET PRICE  
CLOSE  
UP/DOWNSIDE  
TP vs CONSENSUS

THB2.70  
THB2.90  
-6.9%  
-0.4%

## กำลังรอการฟื้นตัว

### คาดว่าจะขาดทุนต่ออีก 2 ปี

เราคาดว่า JAS จะขาดทุนต่ออีก 2 ปีจาก 1) ต้นทุนค่าเช่าที่สูงขึ้นหลังขายสายใยแก้วนำแสง (FOCs) ให้แก่ JASIF เพื่อเข้ากลับเมื่อปลายปี 2019; และ 2) มาตรฐานบัญชี TFRS16 ซึ่งบังคับให้ JAS บันทึกค่าใช้จ่ายดอกเบี้ยเพิ่มขึ้น ปัจจัยทั้งสองดังกล่าวทำให้ JAS ขาดทุนเป็นจำนวนมากมาตั้งแต่ปีที่แล้ว แม้ว่ารายได้ของบริษัทจะโตต่อเนื่อง เนื่องจากธุรกิจบรอดแบนด์ (FBB) ยังอยู่ในช่วงของการเติบโต แต่ก็ไม่มากพอที่จะชดเชยกับต้นทุนที่เพิ่มขึ้นเป็นจำนวนมาก

### ไม่สามารถจ่ายเงินปันผล

แม้ว่า JAS จะมีประวัติจ่ายเงินปันผลที่ดี เราเชื่อว่าบริษัท จะไม่สามารถจ่ายเงินปันผลในอีก 2 ปีข้างหน้า ปัจจุบันบริษัท มีเงินสดในมือและหนี้สินมากกว่า 5 พัน ลบ. จากการคาดการณ์ที่ว่าบริษัท จะขาดทุนต่อเนื่องไปอีก 2 ปี ถ้าบริษัท ตัดสินใจจ่ายเงินปันผลในปีนี้ เราเชื่อว่าบริษัท อาจต้องกู้เพิ่ม ซึ่งอาจส่งผลกระทบต่อผลประโยชน์ของบริษัท ในอนาคต

### การลดต้นทุนจะเป็นกุญแจสำคัญ

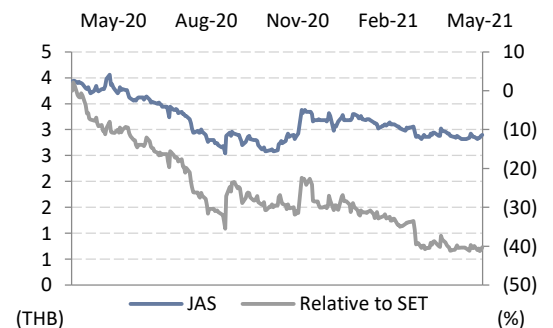
หลังรายงานผลขาดทุนจำนวนมากในปี 2020 บริษัท วางเป้าหมายลดต้นทุนให้มากยิ่งขึ้นในปี นี้ โดยบริษัท ตั้งใจลดต้นทุนอีก 350-750 ลบ. ในปี 2021 และอีก 200 ลบ. ในปี 2022 นอกจากนี้ยังมีผลกระทบของ TFRS16 ซึ่งควรช่วยประหยัดค่าใช้จ่ายได้ 386 ลบ. ประกอบด้วย 1) ค่าใช้จ่ายดอกเบี้ย 246 ลบ. จากสัญญาเช่ากับ JASIF; และ 2) ค่าประกันรายได้ที่จะลดลง 140 ลบ. รวมแล้วบริษัท มีแผนลดต้นทุน 1 พัน ลบ. ในปี 2021 ถ้า JAS ต้องการพลิกมารายงานกำไร เรามองว่าการลดต้นทุนเป็นเพียงวิธีเดียวที่จะทำให้สำเร็จ เนื่องจากการเติบโตจากภายในด้วย FBB มีจำกัดในตลาดที่มีการแข่งขันสูง

### เริ่มด้วยคำแนะนำที่ราคาเป้าหมาย 2.70 บาท

ความสามารถในการจ่ายเงินปันผลที่จำกัดและคาดการณ์ที่ว่าผลขาดทุนจะต่อเนื่องในปี 2021 เป็นเหตุผลว่าทำไมราคาหุ้นของ JAS จึงไม่น่าสนใจในขณะนี้ แม้ว่าราคาหุ้นอาจจะตกต่ำสุดไปแล้วที่ 2.50 บาทเมื่อตลาดสะท้อนผลกระทบ Covid และต้นทุนที่เพิ่มขึ้น แม้เราจะมองว่า JAS อาจตกต่ำสุดไปแล้ว ยังไม่แน่ว่าราคาหุ้นจะฟื้นตัวจริงหรือไม่ นอกจากนี้เรายังอยากจรรอการพลิกสถานการณ์ในอนาคต เราแนะนำถือสำหรับ JAS ที่ราคาเป้าหมาย 2.70 บาท (SOTP)

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	18,662	19,133	20,021	20,626
Net profit	(3,126)	(2,014)	(769)	31
EPS (THB)	(0.36)	(0.23)	(0.09)	0.00
vs Consensus (%)	-	nm	nm	nm
EBITDA	10,300	10,980	12,045	12,465
Core net profit	(3,033)	(2,014)	(769)	31
Core EPS (THB)	(0.35)	(0.23)	(0.09)	0.00
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	nm	nm	nm	nm
Core P/E (x)	(8.2)	(12.4)	(32.4)	803.2
Dividend yield (%)	8.6	-	-	-
EV/EBITDA (x)	2.9	3.1	2.7	2.6
Price/book (x)	6.4	13.1	22.0	21.4
Net debt/Equity (%)	85.6	258.3	314.3	281.8
ROE (%)	(25.2)	(69.3)	(50.8)	2.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.7)	(4.0)	(26.8)
Relative to country (%)	(0.4)	(11.0)	(39.8)
Mkt cap (USD m)	800		
3m avg. daily turnover (USD m)	3.6		
Free float (%)	45		
Major shareholder	Pete Bodharamik (53%)		
12m high/low (THB)	4.18/2.52		
Issued shares (m)	8,592.82		

Sources: Bloomberg consensus; FSSIA estimates



Naruedom Mujjalinkool

naruedom.muj@fssia.com  
+66 2611 3566

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 พฤษภาคม 2021

## Investment thesis

Jasmine International is the third largest fixed broadband operator in Thailand which owns around 38% of the market share (only listed company) and provides the fastest download/upload speed in the market.

However, the additional costs at the beginning of 2020 and its lack of a convergence business like ADVANC and TRUE, which also have mobile services, is the company's weakness that will likely put pressure on it in both the short and medium term.

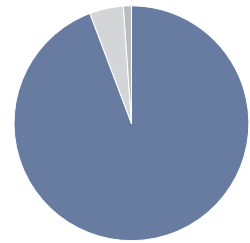
## Company profile

Jasmine International operates four main businesses, including 1) a broadband business; 2) a telecom network & service provider business; 3) a system integration business; and 4) other business..

[www.jasmine.com](http://www.jasmine.com)

## Principal activities (revenue, 2020)

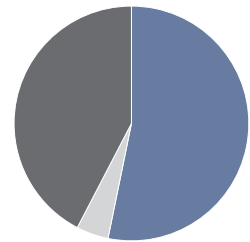
- FBB revenue - 94.2 %
- Service revenue - 4.7 %
- Others - 1.1 %



Source: Jasmine International

## Major shareholders

- Pete Bodharamik - 53.2 %
- Thai NVDR - 4.4 %
- Others - 42.4 %



Source: Jasmine International

## Catalysts

Potential catalysts for JAS include:

- Massive cost reduction in accordance with the company's target would improve its bottom line significantly;
- The continuous improvement of its revenue thanks to FBB subscriber growth in Thailand.

## Risks to our call

The key upside and downside risks to our SOTP-based TP include better or worse-than-expected growth in FBB and ARPU and better or worse-than-expected cost reduction.

## Event calendar

Date	Event
May 2021	1Q21 results announcement

## Key assumptions

Fixed broadband	2020	2021E	2022E	2023E
FBB subscribers (000)	3,415	3,620	3,819	4,010
Growth (%)		6.0	5.5	5.0
ARPU (THB/sub/mth)	442	430	420	413
Growth (%)		(2.6)	(2.3)	(1.7)

Source: FSSIA estimates

## Earnings sensitivity

- For every THB1 increase in ARPU, we project 2021 earnings to rise by 3.1%, and vice versa, all else being equal.
- For every 1% increase in FBB subscribers, we project 2021 earnings to rise by 6.7%, and vice versa, all else being equal.

Source: FSSIA estimates



## Valuation and recommendation

We employ a sum-of-the-parts (SOTP) valuation methodology for JAS as the company has its fixed broadband business and its investment in the Jasmine Broadband Internet Infrastructure Fund (JASIF TB, NR). We use a discounted cash flow (DCF) for both JAS and JASIF's valuations, considering that the company has a solid and consistent positive cash flow, despite being a loss-making company due to a huge depreciation and amortisation expense. Our SOTP variables consist of an 8.9% WACC and 0.5% terminal growth.

Although the company's bottom line may look bad, and we expect it to book a loss for at least two more years, most of its costs are in non-cash items, meaning its operating costs and free cash flow are fine.

### Exhibit 1: DCF valuation

		2021E	2022E	2023E	2024E	2025E	2026E	2027E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBIT		1,237	1,987	2,376	2,672	2,804	3,231	3,464
(less) tax		(94)	(33)	(6)	(27)	(38)	(67)	(84)
Depreciation & amortization		10,517	10,620	10,734	10,822	10,882	10,653	10,461
(less) capex		(3,350)	(4,350)	(4,850)	(4,850)	(4,850)	(4,850)	(9,500)
Change in net working capital		363	1	0	(17)	(52)	(54)	(80)
<b>Free Cash Flow</b>		<b>8,673</b>	<b>8,225</b>	<b>8,254</b>	<b>8,600</b>	<b>8,746</b>	<b>8,913</b>	<b>4,260</b>
WACC (%)	8.9							
Terminal growth (%)	0.5							
PV of FCF		8,673.40	7,553.10	6,960.30	6,658.90	6,218.64	5,819.29	2,554.30
Sum of FCF	44,438							
NPV of terminal value	28,063							
Net debt+cash	(59,785)							
Minority interest	(1,054)							
Equity value	11,195							
19% share in JASIF (75,736 with 20% discount)	11,512	Note: THB1.34 per share						
Total value of JAS	23,173							
No. of shares (m)	8,593							
<b>Equity value / share (THB)</b>	<b>2.70</b>							

Note: \*AIS Serenade member promotion

Sources: Company data as of 15 Dec 2020; FSSIA's compilation

### Exhibit 2: Peers comparison as of 30 Apr 2021

Company	BBG	Market	----- PE -----		----- ROE -----		----- PBV -----		--- EV/EBITDA ---		---- Dividend ----	
		Cap	21E	22E	21E	22E	21E	22E	21E	22E	21E	22E
		(USD m)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)	(x)	(x)
Mobile coverage	(avg ex TRUE)	18,809	19.6	18.9	25.0	24.9	4.9	4.5	5.3	5.0	3.5	3.5
Advanced Info Serv.	ADVANC TB	16,320	19.8	18.6	32.7	32.2	6.3	5.7	6.2	5.8	3.9	3.9
Total Access Comm.	DTAC TB	2,489	19.4	19.2	17.2	17.7	3.5	3.3	4.4	4.2	3.1	3.1
True Corp	TRUE TB	3,489	(84.1)	83.4	(1.6)	1.6	1.3	1.3	5.6	5.3	0.0	0.0
Other coverage		7,343	20.2	18.4	(33.8)	(73.5)	12.0	144.4	114.3	177.5	3.8	4.6
Intouch Holdings	INTUCH TB	6,561	20.2	18.4	25.8	26.8	5.1	4.8	220.8	347.8	3.8	4.3
Jasmine Intl	JAS TB	800	(12.4)	(32.4)	(69.3)	(50.8)	13.1	22.0	3.1	2.7	0.0	0.0
Mobile & others	(ex TRUE)	26,152	19.8	18.7	(4.4)	(24.3)	8.4	74.4	59.8	91.3	3.7	4.1
Regional		191,637	18.9	16.6	37.8	38.8	8.6	8.2	6.3	6.0	4.4	4.8
Digi.Com	DIGI MK	7,911	27.7	26.2	195.4	200.2	52.4	49.9	12.6	12.4	3.6	3.8
XI Axiata	EXCL IJ	1,523	23.4	14.9	4.5	6.5	1.1	1.0	3.8	3.6	1.3	2.8
Telkom Indonesia	TLKM IJ	21,890	14.2	12.8	20.1	21.5	2.8	2.6	5.1	4.8	5.5	6.1
Axiata Group	AXIATA MK	8,219	32.1	26.7	6.1	7.4	1.9	1.9	5.4	5.2	2.6	3.2
Maxis	MAXIS MK	8,663	24.6	22.7	20.3	22.1	5.0	4.8	11.6	11.1	3.9	4.0
PLDT	TEL PM	5,620	9.8	10.1	21.6	19.9	2.1	1.9	5.0	4.8	6.3	6.4
Globe Telecom	GLO PM	5,092	11.8	11.7	25.0	23.2	2.7	2.4	5.2	4.9	5.6	5.3
China Mobile	941 HK	132,718	7.7	7.5	9.5	9.4	0.7	0.7	1.6	1.6	6.9	7.0
Overall average	(ex TRUE)	217,789	19.2	17.2	23.7	17.8	8.5	30.3	24.1	34.5	4.2	4.6

Sources: Bloomberg consensus; FSSIA estimates

## Highlights

### Additional FOCs sold in 2019 will hurt the company in the long term

JAS sold its assets, including its FOCs, to JASIF, totalling 1.68m core kilometres, which can be divided into two groups:

1. Initial FOCs amounting to 980,500 core kilometres which were sold since the investment in 2015;
2. Additional FOCs amounting to 700,000 core kilometres which were sold in the additional investment no.1 in 2019.

The lease agreement can be divided into two parts:

**The main lease agreement** includes both 80% of initial FOCs up to 784,000 core kilometres and additional FOCs up to 560,000 core kilometres, totalling 1.34m core kilometres, which will be rented by JAS at the cost of THB433.21 per core kilometre per month until the end of 2019 and will be increased every year in line with the change in Thailand CPI with a cap of no more than 3% (but no less than 0%) per annum each year. The contract agreement will expire in Jan-32.

**The assurance agreement** includes both 20% of initial FOCs up to 196,100 core kilometres and additional FOCs up to 140,000 core kilometres, totalling 0.34m core kilometres, which can be leased by any third-party lessees, either in whole or in part. Nevertheless, insofar as there remains no significant third-party lessee yet, these FOCs will be fully guaranteed to be rented by the company at the cost of THB764.48 per core kilometre per month until the end of 2019 and will be increased every year in line with the change in Thailand CPI with a cap of no more than 3% (but no less than 0%) per annum each year. The term of this assurance agreement is three years and will be renewed for an additional three years at the fund's option until Feb-26 for the Initial FOCs and until Jan-32 for the additional FOCs.

### Exhibit 3: Summary of JASIF FOC rentals

	Amount	Lease period	Rental rate
Main lease agreement	1. 80% of initial FOCs up to 784,000 core kilometres	Until 29 Jan 2032	THB433.21 per core kilometre per month until the end of 2019 and will be increased each year in line with the change in Thailand CPI with a cap of no more than 3% (but no less than 0%) per annum each year
	2. 80% of additional FOCs up to 560,000 core kilometres	Until 29 Jan 2032	
The assurance agreement	1. 20% of initial FOCs up to 196,100 core kilometres	Until 22 Feb 2026	THB764.48 per core kilometre per month until the end of 2019 and will be increased each year in line with the change in Thailand CPI with a cap of no more than 3% (but no less than 0%) per annum each year
	2. 20% of Additional FOCs up to 140,000 core kilometres	Until 29 Jan 2032	

Source: JASIF

### The additional FOCs sold in 2019 will hurt the company in the long term

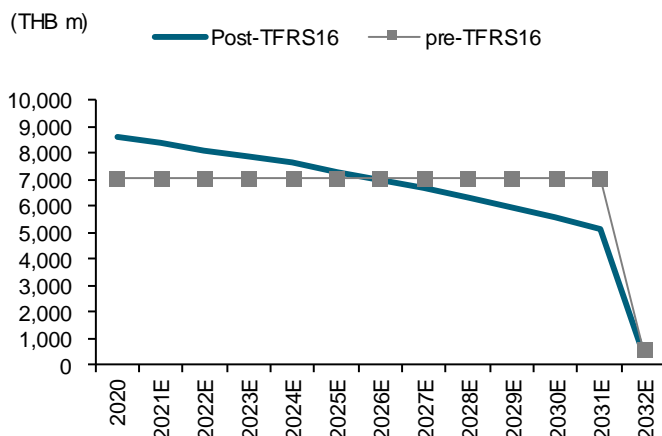
Although the additional sales of 700,000 core kilometres of FOCs during 2019 might have helped JAS recognise the THB7.2b (after-tax) profit that boosted its earnings in 2019 to THB7.3b and have over THB33.7b in cash (after the company bought the shares from the capital increase by JASIF at a rate of THB4.3b), JAS now has to pay a higher FOC rental expense to JASIF, starting from the beginning of 2020 going forward. While half of the THB33.7b was turned into dividends for shareholders during 2019-20, the rest was mostly used to pay for equipment rentals and repaying its loan. As a result, we can say that the additional FOC sales mostly benefited shareholders in terms of dividends rather than as a source of funds that helped the company have a significant business expansion in order to continue its growth or create new growth potential. The FOC sales have returned in terms of a significantly higher rental cost that has hurt the company's bottom line. Together with the TFRS16 accounting standard, the additional rental cost, and the higher interest expense, JAS turned from a profitable company into a loss-making company in 2020, and we expect the losses to continue until 2022.

## TFRS16 directly hurt JAS' financial performance

The TFRS16 accounting standard, that the company adopted in 2020, requires that the lease liabilities and the right-of-use assets for operating leases be recorded, and that interest expenses, as well as the depreciation of each period, be recognised in profit and loss (previously, lease payments under operating lease agreements were recorded as cost of sales and services or operating costs).

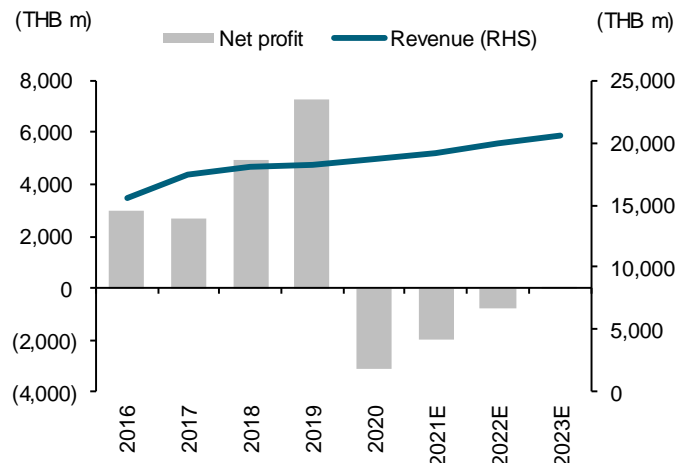
For JAS, the adoption of TFRS16 mainly affects the main lease agreement (80% of the FOCs) with JASIF. In 2020, the company recorded depreciation and interest expenses of approximately THB4.9b and THB3.7b, respectively. These items were previously recorded as FOC rental fees of approximately THB7b. Therefore, the new accounting standard, TFRS16, had a negative impact on JAS' bottom line of around THB1.6b in 2020 and THB1.3b in 2021E.

**Exhibit 4: Effect of TFRS16 on JASIF main lease rental cost**



Note: The assumption is based on the flat rental rate since 2020 until the end of the contract  
Source: JAS

**Exhibit 5: JAS' revenue and net profit forecast**



Sources: JAS, FSSIA estimates

## Remain in the red for at least two more years

Given the higher rental cost and TFRS16 impact since 2020, we expect JAS to remain loss-making until 2022. Its revenue growth of around THB600m per year will not be able to offset the losses that the company is now facing. We expect the company to book around a THB2b loss in 2021 and a THB769m loss in 2022 before turning a tiny profit in 2023 thanks to the continued decrease in interest expense related to the lease agreement with JASIF and the revenue that should grow by mid to low single-digits every year, in line with the growth in the FBB industry in Thailand.

## Cost reduction will be key

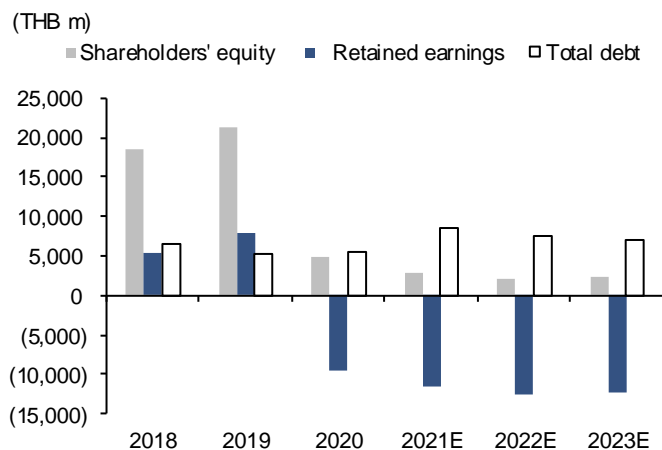
Given the expectation of mid to low single-digit growth in JAS' revenue, management aims to reduce its operating cost and SG&A expense by THB350m-THB750m in 2021, with another THB200m reduced in 2022. The cost reduction will include 1) staff benefits of THB350m-450m; 2) other costs of THB300m-400m; and 3) a reduction in the redundant National Broadcasting and Telecommunications Commission (NBTC) and Universal Service Obligation (USO) fees and tax savings of THB200m per year (starting from 2022). This is alongside the TFRS16 impact, that should save THB386m in expenses comprised of 1) a THB246m interest expense from the JASIF lease agreement; and 2) a smaller assurance write-off expense by THB140m. As a result, the company is aiming to reduce its costs by THB1,036m in 2021.

## Unable to pay a significant dividend

JAS used to be the company that paid an attractive and consistent dividend to shareholders, especially in 2019 when the company paid a dividend per share (DPS) totalling THB2.06, representing over 71% of its dividend yield. In addition, during 2020, the company paid another THB0.25 DPS, reflecting a rich 8.6% dividend yield.

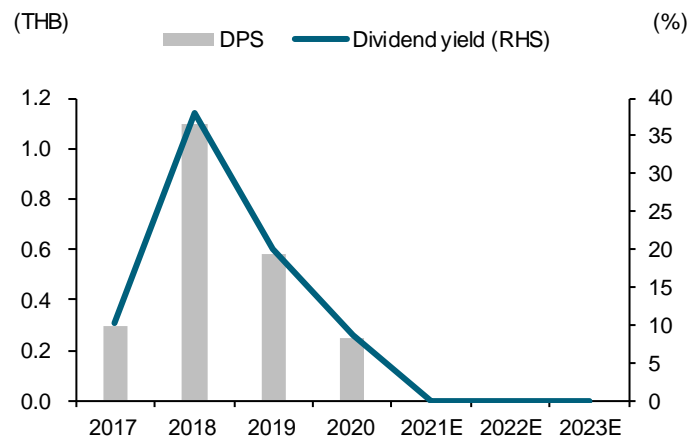
However, the attractive and consistent dividend era might have ended at the end of 2020 already. We believe that starting from 2021 onward, the company may be unable to pay a significant dividend to shareholders as it did in 2020, although the company still has a right to pay as its retained earnings in its separate financial statement remain positive. This is due to its tightening financial position where the retained earnings on JAS' consolidated financial statement were minus THB11.3b by the end of 2020, while its shareholders' equity was THB4.9b, respectively. Moreover, with the expectation of a net loss of around THB1.9b in 2021 with losses likely continuing until 2022, JAS' shareholders' equity position should continue to decrease for two more years. The company's cash on hand at the beginning of this year was only THB1.1b compared to THB24b in 2019. If the company decides to pay a dividend of just THB0.1, JAS won't have enough cash by the end of this year. The company may require another loan, which would hurt its bottom line even more.

**Exhibit 6: Retained earnings and shareholders' equity and debt**



Sources: JAS; FSSIA estimates

**Exhibit 7: DPS and dividend yield**

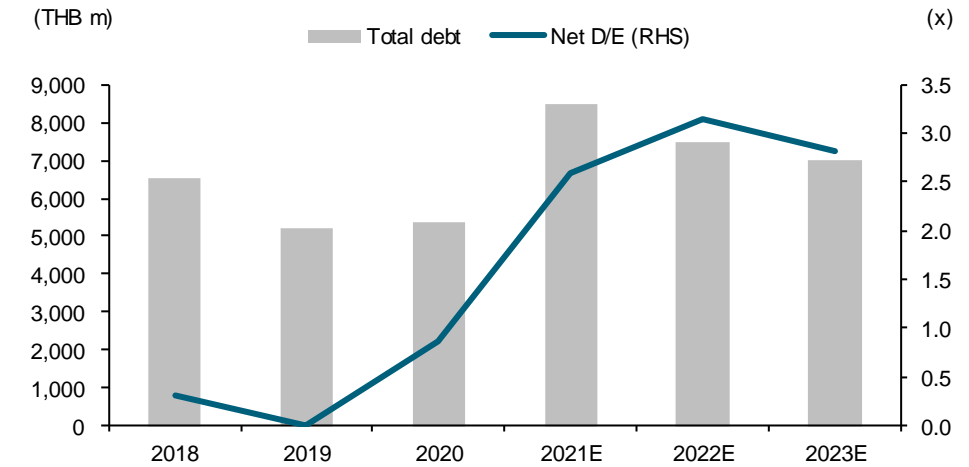


Note: Based on JAS' share price at THB2.90 on 30 Apr-21

Sources: JAS; FSSIA estimates

## High D/E

Although its net D/E ratio in 2020 was still low at 0.86x, due to our loss-making expectation, we project its net D/E to surge to 2.59x at the end of this year. As previously mentioned, the additional dividend of THB0.20 per share that the company just paid in 4Q20 and its net loss in 2020 has resulted in the company having very little cash on hand. Consequently, we expect JAS to borrow another loan in 2021. If it decides to pay a dividend once again this year, the company will need to borrow another, which would hurt its bottom line even more.

**Exhibit 8: D/E ratio and total debt**

Sources: JAS; FSSIA estimates

**Consistent growth in fixed broadband**

We believe the number of Thai consumers using FBB will grow continuously, given the expectation that future technologies will require internet connections, such as smart homes, the Internet of Things (IoT), and multimedia platforms. Moreover, given the affordable packages starting from THB299 and THB399 per month compared to the past at THB599 per month, consumers are able to experience high and stable speeds from FBB services at more affordable prices.

**1. The development of technologies that require FBB**

The number of broadband internet users continues to grow throughout the world, even if in developed countries. It shows that fixed broadband is truly essential to the daily life of consumers. As today's technologies are all about being connected to the internet, we believe that the future digital services that tend to improve the limits and the quality of services going forward, such as content with higher resolutions like 4K and 8K, will require higher internet speeds.

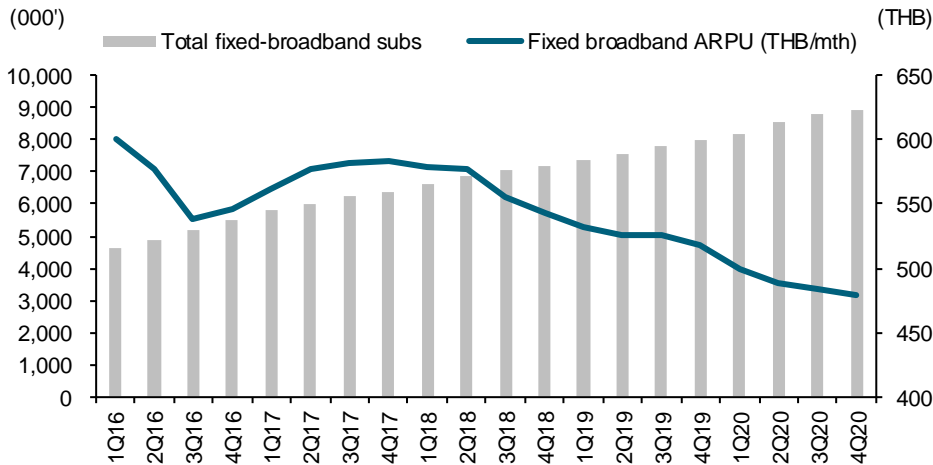
Moreover, with the evolution in technologies, including the development of residential facilities termed "smart homes", connectivity should play an active role in the daily life of consumers soon. Therefore, smart home technology that is part of IoT should play a greater role around the world as well as in Thailand. This would increase the demand for broadband internet as smart homes require FBB connections to various devices.

**2. Affordable price**

The starting price of FBB in the past decade was THB599 per month, but developments in technology, infrastructure expansions, market competition, and economies of scale have led to lower FBB package prices for consumers. Every mobile and FBB operator already has an optimal infrastructure cost, which is fixed. Therefore, additional revenues will expand their margins and net profit. This could lead to discounted prices for subscriber acquisition.

The average revenue per user (ARPU) from three listed FBB operators at the beginning of 2016 was THB600 per month but now, in 4Q20, ARPU was at THB479, and we expect that the decline should continue at least for the next two years.



**Exhibit 9: Total FBB subscribers vs ARPU**

Note: Only 3 listed companies  
Sources: ADVANC; TRUE; JAS

**3. Low penetration rate compared to other countries**

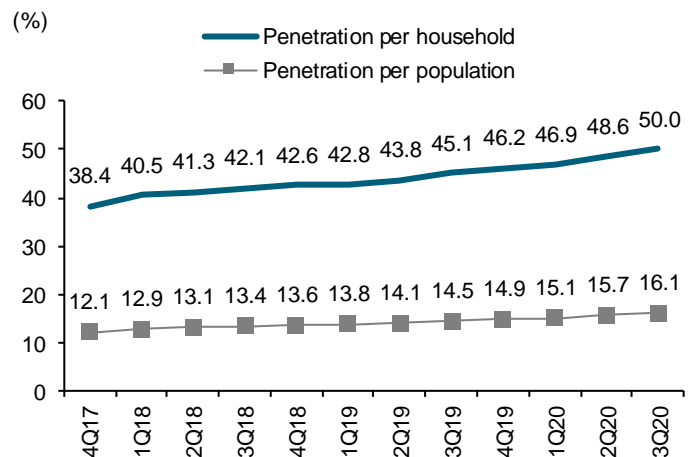
The data from the NBTC indicates that the total FBB subscribers in Thailand during 3Q20 amounted to 11.3m subs (including private operators). This represents a 50% and 16.1% broadband penetration per household and population, respectively, showing promising growth every quarter.

According to the 2019 data from the International Telecommunication Union (ITU), the number of FBB subscribers in Thailand ranked 15th place in terms of FBB subscribers, but the penetration rate was still low at 14.5% of the total population. Developed countries such as China, the United States, Germany, Russia, etc. already have over a 20% penetration rate, while France is the country with the highest penetration rate at 45.7%.

**Exhibit 10: Top FBB subscription by countries (2019)**

Rank	Country	Total subs		Subscriptions per 100 inhabitants
		(m)	(%)	
1	China	449.3	31.3	
2	United States	114.1	34.7	
3	Germany	35.1	42.0	
4	Russian Federation	33.0	22.6	
5	Brazil	32.6	15.4	
6	France	29.8	45.7	
7	Korea (Rep. of)	21.9	42.8	
8	India	19.7	1.4	
9	Mexico	19.2	15.0	
10	Italy	17.4	28.7	
11	Spain	15.6	33.4	
12	Canada	14.9	39.8	
13	Vietnam	14.8	15.3	
14	Turkey	14.2	17.1	
15	Thailand	10.1	14.5	

Source: ITU

**Exhibit 11: FBB subscribers per household and per population**

Source: NBTC

As a result, we can conclude that the FBB market in Thailand still has room to grow for at least 2-3 years, driven by 1) its low penetration rate compared to other countries; 2) price competitiveness starting at THB299 per month; and 3) the development of technologies that require FBB.

## Highly competitive industry

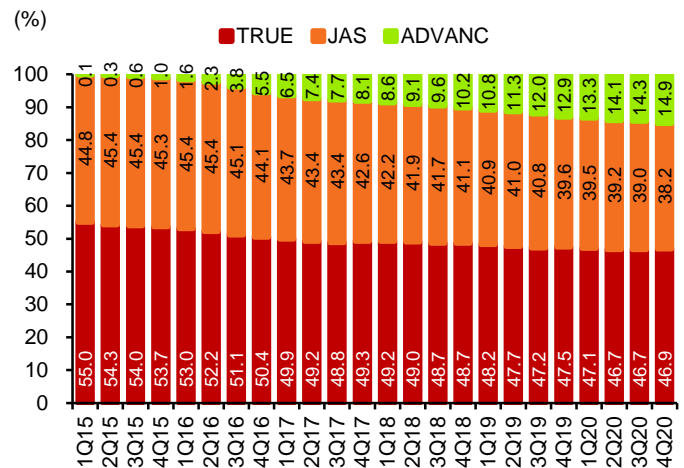
With the intense competition for both high-end (faster internet speed, additional content, mobile internet convergence, etc.) and low-end users (the lower price of THB299-399 with a slower internet speed), we expect that JAS will suffer the highest negative impact in the industry, as the company lacks various additional services compared to ADVANC and TRUE, which are also mobile operators. Although JAS has partnered with DTAC to provide additional service packages that include DTAC's mobile services with JAS' broadband, they received a poor response from consumers. We believe this was because the company didn't try hard enough to push these packages into the market.

**Exhibit 12: FBB statistics**

FBB subs ('000)	2018	2019	2020
ADVANC	731	1,038	1,235
TRUE	3,486	3,806	4,196
<b>JAS</b>	<b>2,942</b>	<b>3,177</b>	<b>3,415</b>
Net-adds ('000)	2018	2019	2020
ADVANC	209	307	197
TRUE	332	320	390
<b>JAS</b>	<b>216</b>	<b>235</b>	<b>238</b>
y-y (%)	2018	2019	2020
ADVANC	40.2	42.0	19.0
TRUE	10.5	9.2	10.2
<b>JAS</b>	<b>7.9</b>	<b>8.0</b>	<b>7.5</b>

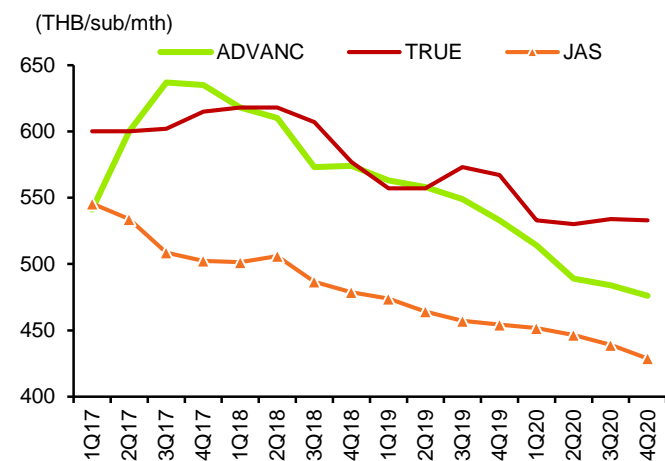
Note: Only 3 listed companies  
Sources: ADVANC; TRUE; JAS

**Exhibit 13: Three listed companies' FBB market shares**



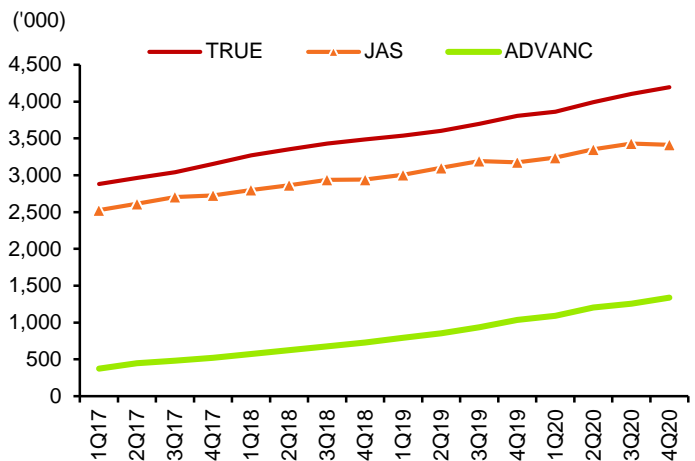
Note: Only 3 listed companies  
Sources: ADVANC; TRUE; JAS

**Exhibit 14: Three listed companies' FBB ARPU**



Note: Only 3 listed companies  
Sources: ADVANC; TRUE; JAS

**Exhibit 15: Three listed companies' FBB subscribers**



Note: Only 3 listed companies  
Sources: ADVANC; TRUE; JAS

## Exhibit 16: Fixed broadband package price comparison

Package price	TRUE			JAS			ADVANCE		
	FBB	MBB quota	Content	FBB	MBB quota	Content	FBB	MBB quota	Content
(THB/month)	(DL/UL Mbps)	(GB)		(DL/UL Mbps)	(GB)		(DL/UL Mbps)	(GB)	
590				1000/100	-	-			
599	200/200	5	-				500/500	-	-
690				1000/300	10	-			
				1000/300	-	3BB GIGA TV			
700				1000/500	-	-			
790							200/200	-	2 WiFi router
799	200/200	10	True ID TV, 85 ch.				200/200	10	AIS Play
800				1000/500	-	3BB GIGA TV			
890							300/300	-	2 WiFi router
899	1000/200	-	-				500/500	10	AIS Play
	500/500	10	True ID TV, 85 ch.				1000/500*	-	AIS Play, premium package
	200/200	10	-						
900				1000/700	-	-			
990							500/500	-	2 WiFi router
999	1000/200	10	True ID TV, 87 ch. 19 HD				1000/200	10	AIS Play
	300/300	10	-				1000/500	-	2 WiFi router
1,000				1000/700	-	3BB GIGA TV			
1,200				1000/1000	-	-			
1,299	1000/200	30	True ID TV, 87 ch. 19 HD						
1,300				1000/1000	-	3BB GIGA TV			
1,999	1000/200	-	True ID TV, 143 ch. 55 HD						
2,399	1000/200	-	True ID TV, 152 ch. 60 HD						

Note: \*AIS Serenade member promotion

Sources: Company data as of 15 Dec 2020; FSSIA's compilation

## Can GIGATV become a game changer?

3BB GIGATV is a home broadband package with a speed of 1 Gbps with premium entertainment channels such as HBO, 3BB Asian, Nickelodeon, Cartoon Network, 3BB Sports One, and Edge Sport. Equipped with streaming services from HBO GO, MONOMAX, and OKE, the 3BB GIGATV box is for watching TV and video on demand.

3BB GIGATV offers complete home internet with a TV box in four packages of speed preference starting from 1 Gbps/300 Mbps (download/upload) + TV box at a price of THB690 per month. Additional boxes are available for THB100 baht per box per month. The company also offers a value package of THB700 per month with a speed of 1Gbps/500Mbps with a contract of 24 months, higher than the normal contract of 12 months. This strategy should allow 3BB to add new services to increase ARPU, increase internet usage satisfaction, and lead to a lower churn rate (service termination percentage) while, on the other hand, maintaining its customer base to build lifetime value in the long term.

Exhibit 17: GIGATV package

3BB GIGATV		
Package 3BB GIGA TV		
Speed (Download/Upload)	Price*	Entertainment
1 Gbps /300 Mbps	690 Baht/Month	  TV Box and contents from HBO GO, MONOMAX, OKE and 3BB GIGATV
1 Gbps /500 Mbps	800 Baht/Month	
1 Gbps /700 Mbps	1,000 Baht/Month	
1 Gbps /1 Gbps	1,300 Baht/Month	

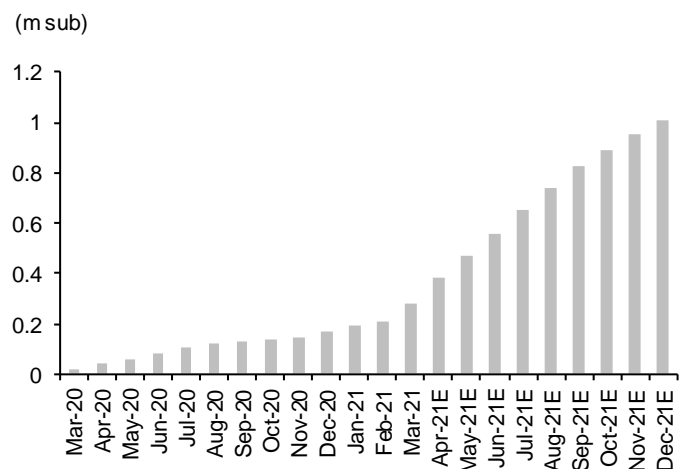
Source: JAS

According to the company, their best value package of THB700 per month received positive feedback from customers – over 85% of new customers who subscribed to GIGATV packages subscribed to the THB700 package, and it reduced the churn rate by 22% compared to last year. In Mar-21, GIGATV active members totalled 0.28m subs. The company expects to reach 1.01m subs at the end of this year.

### May help to decelerate the ARPU decline and minimise churn rate

In our view, we think the THB700 package may help the company slow down the decline in its ARPU, which continues to fall every year, because the THB700 package is higher than JAS' current ARPU of THB429 per month. However, we still believe JAS' ARPU, as well as that of the whole FBB industry is still in a downtrend due to the high competition. Almost every operator still offers a discount package at the starting price of THB299-399 per month. Most customers don't want super-fast speed but are willing to settle for a stable internet connection. Therefore, we think the speed of around 200/200 at the price of around THB299-399 per month is good enough for most customers. In addition, the current GIGATV subscriber numbers only amounted to 0.28m subs in Mar-21, contributing about 8% compared to JAS' FBB total subscribers at 3.4m at the end of 2020. By the end of 2021, the company expects GIGATV subscribers to hit 1.01m subs, 27.6% of its total subscribers.

Exhibit 18: GIGATV trend



Source: JAS

## Financial performance

### A tiny improvement expected in 1Q21

We expect JAS to have a slightly better bottom line at a THB585m loss in 1Q21 vs a THB689m loss in 4Q20 and a THB672m core loss in 1Q20. The company could acquire around 85,000 subs, bringing its total subs to 3.5m (+2.5% y-y), while we expect its ARPU to continue to decrease to THB422 (-1.6% y-y). The second wave of Covid-19 will doubtlessly impact consumer purchasing power, with customers tending to reduce their FBB packages in order to save money. We expect that the company's total costs will be maintained, while its interest expense should start to decline slightly due to the TFRS16 accounting policy.

### Exhibit 19: 1Q21 results preview

Year to 31 Dec	1Q20	4Q20	1Q21E	----- Change -----		2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)
<b>Revenue</b>	<b>4,615</b>	<b>4,669</b>	<b>4,705</b>	<b>0.8</b>	<b>2.0</b>	<b>19,133</b>
Operating costs	(3,231)	(3,378)	(3,327)	(1.5)	3.0	(13,300)
<b>Gross profit</b>	<b>1,384</b>	<b>1,291</b>	<b>1,378</b>	<b>6.8</b>	<b>(0.4)</b>	<b>5,833</b>
SG&A expenses	(1,379)	(1,295)	(1,299)	0.3	(5.8)	(5,369)
EBIT	5	(4)	79	(2,017.3)	1,486.0	463
Depn & amort.	2,881	2,654	2,645	(0.3)	(8.2)	10,517
<b>EBITDA</b>	<b>2,886</b>	<b>2,650</b>	<b>2,724</b>	<b>2.8</b>	<b>(5.6)</b>	<b>10,980</b>
<i>EBITDA margin (%)</i>	63	57	58	2.0	(7.4)	57
Interest expense	(1,060)	(1,055)	(1,040)	(1.4)	(1.9)	(4,060)
Other income	151	133	133	(0.0)	(11.8)	598
Associates	267	284	289	2.0	8.3	1,111
Extra items	(318)	0	0	<i>nm</i>	<i>nm</i>	0
<b>Pretax profit</b>	<b>(956)</b>	<b>(643)</b>	<b>(539)</b>	<b>(16.2)</b>	<b>(43.6)</b>	<b>(1,888)</b>
Tax	(30)	(40)	(39)	(2.5)	28.1	(113)
<i>Tax rate (%)</i>	3	6	7	16.3	127.4	6
Minority interests	4	7	7	2.0	73.5	13
<b>Net profit</b>	<b>(990)</b>	<b>(689)</b>	<b>(585)</b>	<b>(15.2)</b>	<b>(41.0)</b>	<b>(2,014)</b>
<b>Core net profit</b>	<b>(672)</b>	<b>(689)</b>	<b>(585)</b>	<b>(15.2)</b>	<b>(13.0)</b>	<b>(2,014)</b>
EPS (THB)	(0.12)	(0.08)	(0.07)	(15.2)	(41.0)	(0.23)
<b>Core EPS (THB)</b>	<b>(0.08)</b>	<b>(0.08)</b>	<b>(0.07)</b>	<b>(15.2)</b>	<b>(13.0)</b>	<b>(0.23)</b>

Sources: JAS; FSSIA estimates

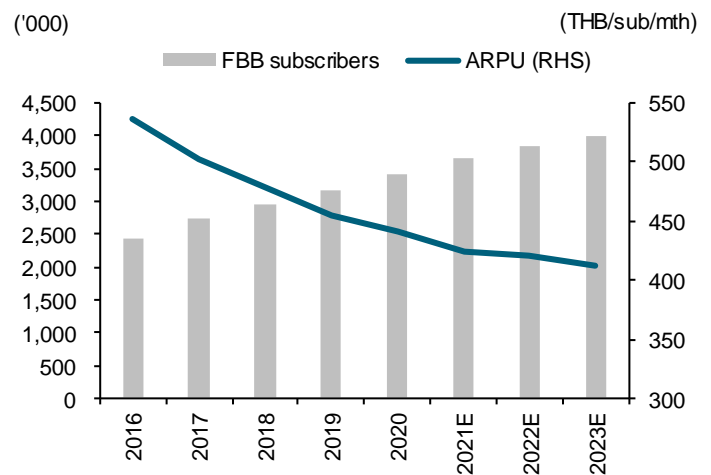
### Low single-digit growth trend should continue

JAS' total revenue has grown by only low single-digits (1-3%) since 2018, while in 2021 onward we expect the trend to continue, growing at a 3.4% CAGR for the next three years. We project its total subscribers to grow by around 5.5%, reflecting approximately 205k subscribers added every year. However, on the ARPU side, we forecast it to continue to fall by approximately around 2.2% on average for the next three years due to the competitiveness in the FBB business. We think the new GIGATV service won't be able to offset the highly competitive market.

**Exhibit 20: Key assumptions**

Fixed broadband	2020	2021E	2022E	2023E
FBB subscribers ('000)	3,415	3,654	3,837	4,009
Change y-y (%)	7.5	7.0	5.0	4.5
ARPU (THB/sub/month)	442	425	420	413
Change y-y (%)	(2.8)	(3.7)	(1.2)	(1.7)

Sources: JAS; FSSIA estimates

**Exhibit 21: FBB subscribers and ARPU**

Sources: JAS; FSSIA estimates

**2021 outlook remaining at a loss**

Given that the latest Covid outbreak may last in Thailand until at least Jun-21, we expect the growth of JAS' FBB subscribers in 2021 to remain strong at 7% y-y to 3.7m subs. Most Thai people are having to apply social distancing and implement work from home policies even more intensively compared with the first and second waves. However, with the intensely competitive market and Covid impact that should pressure the growth of ARPU continuously, we expect JAS' ARPU to drop by 7.3% to THB425 per month – the lowest FBB ARPU in the industry. As a result, we expect the company's revenue to grow by only 2.5% y-y to THB19.1b.

On the cost side, we believe that if JAS wants to improve its bottom line, the company should focus on reducing the cost of its operations, as well as its marketing expenses, as it is aiming to reduce costs by THB350m-750m this year. Together with a lower interest expense from the TFRS16 accounting policy, we think JAS might be able to reduce its total costs by THB600m-1,000m this year. As a result, we expect that the company's core bottom line should improve significantly in 2021 but remain at a loss of THB2b vs the THB3b loss last year.

## Corporate Governance - JAS

### Board structure

Number of Independent Directors (ID)	4 of 10 board members (The four IDs are in this role for more than 10 years i.e. 1999/2006/2010 and 2011)
Percentage of IDs on the board	40%
ID participation/attendance at board meetings	98%
ID participation in audit/remuneration committees	5 of 5 in audit committee and 4 of 4 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	At every AGM of Shareholders, one-third of the directors who have the longest terms in office shall retire. Nevertheless, provided that the number of the directors is not a multiple of three, then the number nearest to one-third shall retire from office. The retired directors are eligible for re-election. Whether a director can continuously remain in office without break for the longest period will be determined by the Company by taking into account his/her individual qualifications and appropriateness.

Source: JAS

**Additional comments:** As at 4 December 2020, Mr. Pete Bodharamik held 4,572,490,053 shares of JAS, equivalent to 53.21 percent of the entire paid-up shares of the Company. His shareholding proportion is significant to the resolutions made at a shareholders' meeting, except for the ones required by law or the Company's Articles of Association to be passed by the votes of not less than 3/4 of the total votes of the shareholders' meeting. As such, other shareholders may encounter risks arising from the number of votes collected for the check and balance in the event that a matter is proposed by the major shareholder. (2020 Annual Report). Independent directors are assigned by the Company to be responsible for looking after the minor shareholders.

### Audit Practices

Auditor	EY Office Limited
Length of service	More than five years
Reporting incidents	None
Fee track record	THB12.36m in 2020
Policy on change of audit firm	None

Source: JAS

**Additional comments:** None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2020, THB9.5m vs net loss of THB3,126m; In 2019, THB11.24 m vs net profit of THB7,265m
Changes/stability in senior management	CEO and Director role of Mr Pete Bodharamik
Incidents of termination of senior management	On 20 September 2019, Mr. Pete Bodharamik resigned as the Company's director and the CEO and had Ms. Saijai Kitsin as an acting CEO and she resigned from this position effective on 15 Jan 2021. On 15 Dec 2020, The Board appointed Mr Somboon Patcharasopak in place for Mr Pete's remaining term of director role. On 1 Mar 2021, JAS Board of Directors at the meeting No.1/2021 passed a resolution to appoint Mr. Subhoj Sunyabhisithkul, Director and Acting Chief Executive Officer, the President of JAS.
Track record on insider sales	None

Source: JAS

**Additional comments:** Compensation and remuneration include IPD /OPD medical treatment and other medical expenses, membership of sport clubs and hotel.

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually / EGM when deemed appropriate with complete minutes presented to shareholders
Related party transactions	The Company has the policy to disclose information on related party transactions, connected transactions and others as required by the regulations stipulated by the regulators of the listed companies.
Voting issues - policies, incidents of rejected proposals	None

Source: JAS

**Additional comments:** None

## Financial Statements

### Jasmine International

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	18,175	18,662	19,133	20,021	20,626
Cost of goods sold	(6,492)	(2,778)	(2,783)	(2,798)	(2,932)
<b>Gross profit</b>	<b>11,682</b>	<b>15,884</b>	<b>16,350</b>	<b>17,223</b>	<b>17,694</b>
Other operating income	-	-	-	-	-
Operating costs	(5,660)	(5,584)	(5,369)	(5,178)	(5,229)
<b>Operating EBITDA</b>	<b>6,022</b>	<b>10,300</b>	<b>10,980</b>	<b>12,045</b>	<b>12,465</b>
Depreciation	(5,213)	(10,658)	(10,517)	(10,620)	(10,734)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>809</b>	<b>(358)</b>	<b>463</b>	<b>1,425</b>	<b>1,730</b>
Net financing costs	(1,128)	(4,156)	(4,060)	(3,822)	(3,469)
Associates	772	1,100	1,111	1,133	1,150
Recurring non-operating income	1,198	1,675	1,709	1,755	1,797
Non-recurring items	15,407	(93)	0	0	0
<b>Profit before tax</b>	<b>16,286</b>	<b>(2,933)</b>	<b>(1,888)</b>	<b>(642)</b>	<b>58</b>
Tax	(9,013)	(181)	(113)	(113)	(12)
<b>Profit after tax</b>	<b>7,273</b>	<b>(3,114)</b>	<b>(2,001)</b>	<b>(755)</b>	<b>47</b>
Minority interests	(8)	(12)	(13)	(14)	(16)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,265</b>	<b>(3,126)</b>	<b>(2,014)</b>	<b>(769)</b>	<b>31</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(6,421)</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>844</b>	<b>(3,033)</b>	<b>(2,014)</b>	<b>(769)</b>	<b>31</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.10	(0.35)	(0.23)	(0.09)	0.00
Reported EPS	0.89	(0.36)	(0.23)	(0.09)	0.00
DPS	2.14	0.25	0.00	0.00	0.00
Diluted shares (used to calculate per share data)	8,165	8,593	8,593	8,593	8,593
<b>Growth</b>					
Revenue (%)	1.0	2.7	2.5	4.6	3.0
Operating EBITDA (%)	(2.8)	71.0	6.6	9.7	3.5
Operating EBIT (%)	(53.7)	nm	nm	207.7	21.4
Recurring EPS (%)	(45.6)	nm	nm	nm	nm
Reported EPS (%)	44.6	nm	nm	nm	nm
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	35.6	28.0	30.5	33.0	33.7
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	33.1	55.2	57.4	60.2	60.4
Operating EBIT margin (%)	4.4	(1.9)	2.4	7.1	8.4
Net margin (%)	4.6	(16.3)	(10.5)	(3.8)	0.2
Effective tax rate (%)	20.0	20.0	20.0	20.0	120.0
Dividend payout on recurring profit (%)	2,068.0	(70.8)	-	-	-
Interest cover (X)	1.8	0.3	0.5	0.8	1.0
Inventory days	-	-	-	-	-
Debtor days	75.8	63.8	62.5	62.1	61.6
Creditor days	167.3	380.3	417.8	408.0	397.2
Operating ROIC (%)	2.4	(0.5)	0.5	1.6	(0.5)
ROIC (%)	4.5	1.8	2.1	3.2	(1.0)
ROE (%)	4.5	(25.2)	(69.3)	(50.8)	2.7
ROA (%)	2.9	0.4	1.3	2.6	(0.8)
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
FBB revenue	17,139	17,587	18,026	18,877	19,442
Service revenue	850	871	897	924	952
Others	186	204	210	221	232

Sources: Jasmine International; FSSIA estimates



## Financial Statements

### Jasmine International

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	844	(3,033)	(2,014)	(769)	31
Depreciation	5,213	10,658	10,517	10,620	10,734
Associates & minorities	(764)	(1,088)	13	14	16
Other non-cash items	1,232	(862)	0	0	0
Change in working capital	(1,711)	(3,463)	(3,470)	(2,816)	(3,367)
<b>Cash flow from operations</b>	<b>4,814</b>	<b>2,212</b>	<b>5,046</b>	<b>7,049</b>	<b>7,414</b>
Capex - maintenance	(990)	(876)	(1,340)	(1,740)	(1,940)
Capex - new investment	(1,484)	(1,314)	(2,010)	(2,610)	(2,910)
Net acquisitions & disposals	52	1,208	0	0	0
Other investments (net)	34,569	566	214	19	19
<b>Cash flow from investing</b>	<b>32,147</b>	<b>(416)</b>	<b>(3,136)</b>	<b>(4,331)</b>	<b>(4,831)</b>
Dividends paid	(4,728)	(14,440)	0	0	0
Equity finance	258	1,320	0	0	0
Debt finance	(3,862)	(5,000)	3,114	(1,000)	(500)
Other financing cash flows	(5,521)	(5,556)	(5,298)	(2,000)	(2,000)
<b>Cash flow from financing</b>	<b>(13,853)</b>	<b>(23,676)</b>	<b>(2,185)</b>	<b>(3,000)</b>	<b>(2,500)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(9)</b>	<b>(1,010)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>23,100</b>	<b>(22,891)</b>	<b>(275)</b>	<b>(283)</b>	<b>83</b>
Free cash flow to firm (FCFF)	38,090.07	5,951.83	5,969.66	6,539.59	6,052.53
Free cash flow to equity (FCFE)	27,570.55	(9,770.18)	(275.09)	(282.62)	<b>83.32</b>
<b>Per share (THB)</b>					
FCFF per share	4.43	0.69	0.69	0.76	0.70
FCFE per share	3.21	(1.14)	(0.03)	(0.03)	0.01
Recurring cash flow per share	0.80	0.66	0.99	1.15	1.25
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	60,321	123,962	127,312	131,662	136,512
Less: Accumulated depreciation	(25,019)	(35,063)	(45,580)	(56,200)	(66,934)
<b>Tangible fixed assets (net)</b>	<b>35,302</b>	<b>88,899</b>	<b>81,732</b>	<b>75,462</b>	<b>69,578</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	874	549	353	353	353
Invest. in associates & subsidiaries	3,998	3,669	3,669	3,669	3,669
Cash & equivalents	24,035	1,144	868	586	669
A/C receivable	3,326	3,199	3,355	3,456	3,504
Inventories	0	0	0	0	0
Other current assets	588	917	935	953	972
<b>Current assets</b>	<b>27,949</b>	<b>5,260</b>	<b>5,158</b>	<b>4,995</b>	<b>5,145</b>
Other assets	1,751	1,371	1,412	1,454	1,498
<b>Total assets</b>	<b>69,874</b>	<b>99,747</b>	<b>92,324</b>	<b>85,933</b>	<b>80,242</b>
Common equity	20,152	3,915	1,900	1,131	1,162
Minorities etc.	1,032	1,041	1,054	1,069	1,084
<b>Total shareholders' equity</b>	<b>21,184</b>	<b>4,956</b>	<b>2,955</b>	<b>2,200</b>	<b>2,246</b>
Long term debt	2,780	0	5,500	5,500	5,000
Other long-term liabilities	28,569	76,425	71,284	66,521	61,201
<b>Long-term liabilities</b>	<b>31,350</b>	<b>76,425</b>	<b>76,784</b>	<b>72,021</b>	<b>66,201</b>
A/C payable	2,516	3,274	3,097	3,159	3,223
Short term debt	2,445	5,386	3,000	2,000	2,000
Other current liabilities	12,379	9,705	6,488	6,553	6,573
<b>Current liabilities</b>	<b>17,340</b>	<b>18,366</b>	<b>12,585</b>	<b>11,712</b>	<b>11,795</b>
<b>Total liabilities and shareholders' equity</b>	<b>69,874</b>	<b>99,747</b>	<b>92,324</b>	<b>85,933</b>	<b>80,242</b>
Net working capital	(10,981)	(8,863)	(5,296)	(5,303)	(5,319)
Invested capital	30,944	85,625	81,870	75,635	69,778
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	2.47	0.46	0.22	0.13	0.14
Tangible book value per share	2.47	0.46	0.22	0.13	0.14
<b>Financial strength</b>					
Net debt/equity (%)	(88.8)	85.6	258.3	314.3	281.8
Net debt/total assets (%)	(26.9)	4.3	8.3	8.0	7.9
Current ratio (x)	1.6	0.3	0.4	0.4	0.4
CF interest cover (x)	26.8	(1.0)	1.4	1.6	1.9
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>28.1</b>	<b>(8.2)</b>	<b>(12.4)</b>	<b>(32.4)</b>	<b>803.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>26.1</b>	<b>(7.7)</b>	<b>(11.5)</b>	<b>(30.2)</b>	<b>747.8</b>
Reported P/E (x)	3.3	(8.0)	(12.4)	(32.4)	803.2
Dividend yield (%)	73.7	8.6	-	-	-
Price/book (x)	1.2	6.4	13.1	22.0	21.4
Price/tangible book (x)	1.2	6.4	13.1	22.0	21.4
EV/EBITDA (x) **	1.0	2.9	3.1	2.7	2.6
EV/EBITDA @ target price (x) **	0.7	2.8	2.9	2.6	2.5
EV/invested capital (x)	0.2	0.4	0.4	0.4	0.5
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Jasmine International; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSI	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	HL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

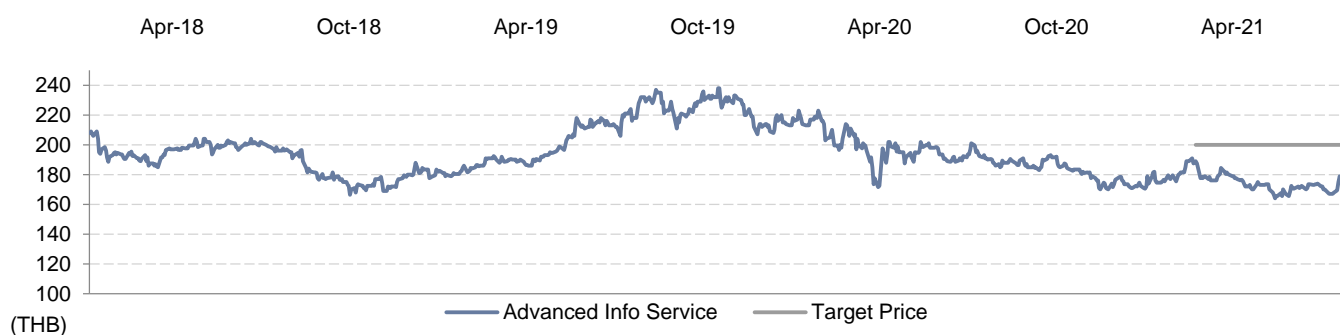
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

#### History of change in investment rating and/or target price

#### Advanced Info Service (ADVANC TB)



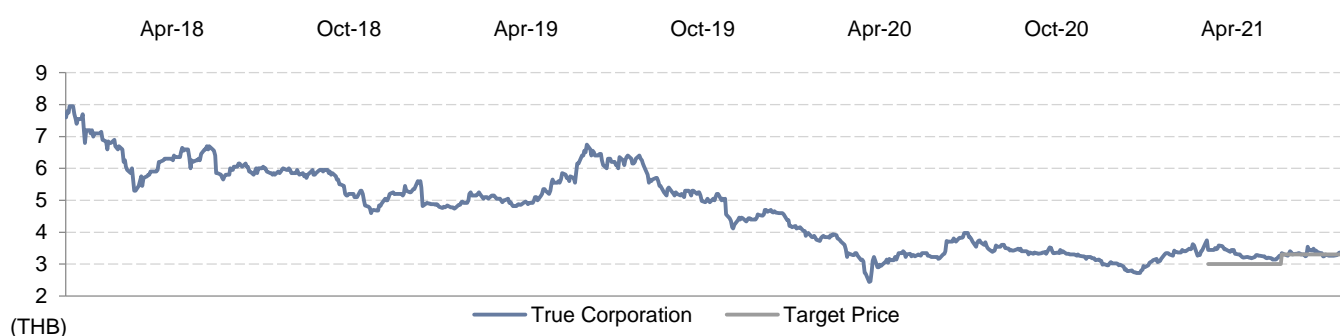
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Dec-2020	HOLD	200.00	05-Jan-2021	HOLD	200.00	09-Feb-2021	BUY	200.00

Naruedom Mujjalinkool started covering this stock from 16-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

#### True Corporation (TRUE TB)



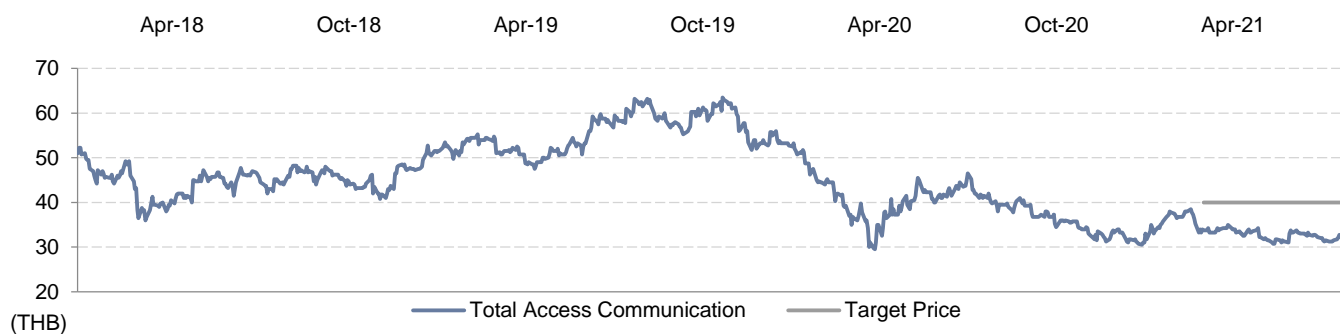
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	REDUCE	3.00	02-Mar-2021	HOLD	3.30	-	-	-

Naruedom Mujjalinkool started covering this stock from 29-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

## Total Access Communication (DTAC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Dec-2020	BUY	40.00	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 24-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

## Intouch Holdings (INTUCH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Mar-2021	BUY	65.00	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 24-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Jasmine International	JAS TB	THB 2.90	HOLD	The key upside and downside risks to our SOTP-based TP include better or worse-than-expected growth in FBB and ARPU and better or worse-than-expected cost reduction.
Advanced Info Service	ADVANC TB	THB 171.00	BUY	The key downside risks to our DCF-based TP are stronger-than-expected competition in the mobile market and the slower-than-expected adoption of 5G use cases.
True Corporation	TRUE TB	THB 3.26	HOLD	The key upside and downside risks to our DCF-based TP are if the 5G subscription gains and ARPU are better or worse than our expectation, if the company can reduce its costs better or worse than we expect, and if there is a faster or slower-than-expected adoption of 5G use cases.
Total Access Communication	DTAC TB	THB 32.75	BUY	The key downside risks to our DCF-based TP are if the 5G subscription losses are worse than our expectation, the cost of the 3500MHz band is higher than our expectation, if there is stronger-than-expected competition in the mobile market, and if there is a faster-than-expected adoption of 5G use cases.
Intouch Holdings	INTUCH TB	THB 63.75	HOLD	The key downside risks to our NAV-discounted TP are if the sluggish performance from the satellite business continues and if there is a slower-than-expected 5G adoption rate.

Source: FSSIA estimates

## Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 30-Apr-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.