

19 OCTOBER 2021

THAILAND / ICT

## TOTAL ACCESS COMMUNICATION

**HOLD**

UNCHANGED

## DTAC TB

TARGET PRICE	THB42.00
CLOSE	THB41.00
UP/DOWNSIDE	+2.4%
PRIOR TP	THB42.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.2%

## Low possibility of a merger

## Merger with TRUE is unlikely to occur

We believe the strong rally in DTAC's share price by over 20% since Aug-21 was due to the market's speculation on the expectation that True Corporation (TRUE TB, HOLD, TP THB4.20) and DTAC might merge and set up a new mobile network operator (MNO). We think this has a very limited chance to occur, as it is very hard to find a country with a population of over 50m with only two MNOs. We believe the Office of Trade Competition Commission would not allow this transaction to occur, as mobile services are essential. If the industry were to be dominated by only two operators, it could directly hurt Thai customers.

## Cost management is the key driver

DTAC has had impressive cost savings during the Covid pandemic. The company has been able to minimise its costs quite well, especially on network OPEX and SG&A. Management has stated that the company still has room to improve its costs. We expect that this will be the key success factor for DTAC when revenue starts to pick up, likely in 2022.

## 5G spectrum auction should be DTAC's turning point

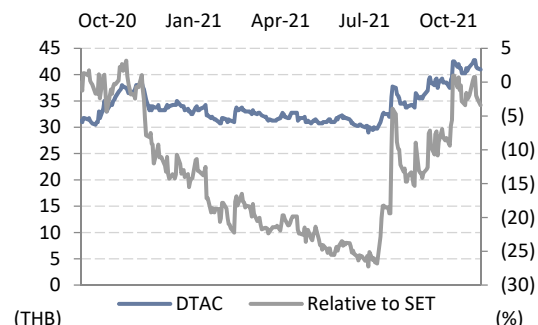
Another key advantage for DTAC's network OPEX minimisation vs its peers is that it does not have a 5G mid-band spectrum. Conversely, Advanced Info Service (ADVANC TB, BUY, TP THB220) and TRUE have already rolled out their cell tower sites on the 2600Mhz spectrum and invested heavily in network infrastructure. However, this would only be a short-term advantage for DTAC until 2022, in our estimation. Looking forward to 2022, being conservative with 5G may no longer be a key advantage for DTAC. It could be the key pressure point for DTAC's outlook as the company might not be able to compete with its peers which already have 5G customers as well as the required infrastructure. DTAC's competitiveness may dwindle when 5G adoption starts to grow significantly, possibly in mid-2022.

## Maintain HOLD with TP of THB42

DTAC's share price remains strong despite its unattractive outlook. We believe this is due to the market's speculation on the potential merger. We maintain our HOLD recommendation on DTAC with the same DCF-TP of THB42. We believe investors should be cautious regarding the merger news, particularly if there are no other updates or indications of progress from management. The market may be disappointed about the outcome, which could directly impact its share price.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	78,818	79,237	80,548	83,796
Net profit	5,107	4,206	4,540	4,233
EPS (THB)	2.16	1.78	1.92	1.79
vs Consensus (%)	-	1.2	4.9	(10.7)
EBITDA	30,193	30,296	30,682	31,269
Core net profit	5,451	4,206	4,540	4,233
Core EPS (THB)	2.30	1.78	1.92	1.79
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(10.2)	(22.8)	8.0	(6.8)
Core P/E (x)	17.8	23.1	21.4	22.9
Dividend yield (%)	7.3	4.8	4.7	2.6
EV/EBITDA (x)	4.8	5.0	4.8	4.8
Price/book (x)	4.0	4.6	4.6	4.4
Net debt/Equity (%)	195.3	255.8	237.8	243.5
ROE (%)	22.1	18.5	21.4	19.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.5	37.8	23.3
Relative to country (%)	5.3	30.4	(9.3)
Mkt cap (USD m)	2,901		
3m avg. daily turnover (USD m)	23.3		
Free float (%)	29		
Major shareholder	Telenor Asia PTE LTD (46%)		
12m high/low (THB)	43.50/28.75		
Issued shares (m)	2,367.81		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

DTAC is the third largest mobile service provider in Thailand with a market share of around 20%. It is the only company that did not participate in the mid-band 5G auction (2600MHz) in early 2020. The company plans to wait for the 3500MHz auction that should start bidding within 2022. According to the company, this is because the 3500MHz range is the most appropriate for the 5G ecosystem.

This would allow the company to have the slowest 5G spectrum amortisation expense to be recognised, and the lowest 5G spectrum cost compared with its peers. On the other hand, we expect any potential 5G subscription losses to be minimal, as 5G will still be in its very early stages in 2021 in Thailand.

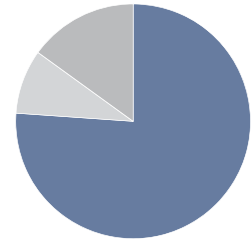
## Company profile

DTAC operates telecommunication and other related businesses. The company is the third-largest mobile service provider in Thailand after AIS and True. DTAC is owned by Telenor, a multinational telecommunications company.

[www.dtac.co.th](http://www.dtac.co.th)

## Principal activities (revenue, 2020)

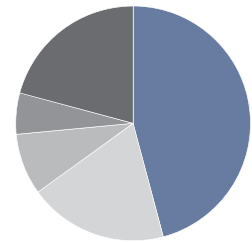
- Mobile service revenue - 76.1 %
- Handsets and starter kits sales - 8.9 %
- Other operating income - 15.0 %



Source: Total Access Communication

## Major shareholders

- Telenor Asia PTE LTD - 45.9 %
- Thai Telco Holding - 19.2 %
- Thai NVDR - 8.5 %
- TOT - 5.7 %
- Others - 20.8 %



Source: Total Access Communication

## Catalysts

- Aggressive cost minimisation should help limit the risk of a decrease in the company's net profits;
- The company is expected to have the lowest 5G expenses in the sector;
- Positive operating cash flow and fair dividend payments;

## Risks to our call

The key downside and upside 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 or weaker-than-expected competition in the mobile market, and if there is a faster or slower-than-expected adoption of 5G use cases.

## Event calendar

Date	Event
Late Oct 2021	3Q21 results announcement

## Key assumptions

Key assumption	2020	2021E	2022E	2023E
Total subscribers (m)	18.9	19.5	19.9	20.7
Postpaid (m)	6.1	6.3	6.4	6.5
Prepaid (m)	12.8	13.2	13.5	14.2
Blended ARPU (THB/sub/mth)	255	247	242	240
Postpaid APRU (THB/sub/mth)	520	498	490	488
Prepaid APRU (THB/sub/mth)	128	128	126	126

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in mobile blended ARPU, we project 2021 earnings to rise by 5.6%, and vice versa, all else being equal.
- For every 1% increase in mobile subscribers, we project 2021 earnings to rise by 3.9%, and vice versa, all else being equal.

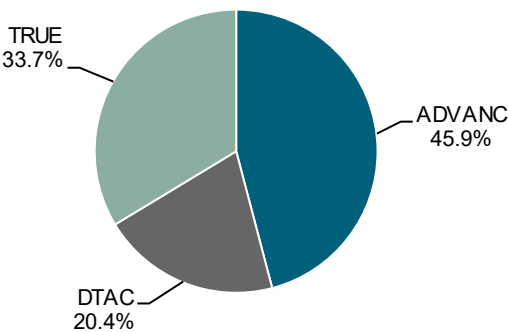
Source: FSSIA estimates

Low probability of a merger between DTAC and TRUE

Thailand’s subscription landscape is different from Malaysia’s. There is an argument in the market that the merger transaction between Digi, Telenor’s subsidiary, and Calcom, Axiata’s subsidiary, could demonstrate that there is a possibility for a similar deal between DTAC and TRUE, as DTAC’s major shareholder is Telenor.

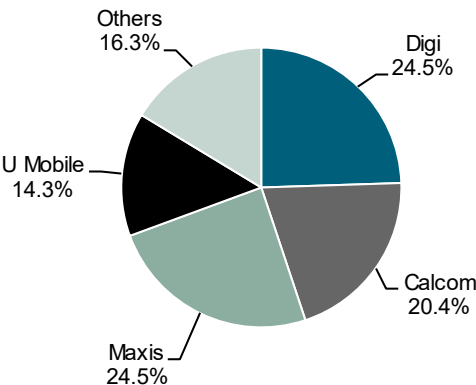
However, we have a different view. There is a big difference in the subscriber market share in the mobile market between Thailand and Malaysia. In Malaysia, there are four big MNOs in the industry, including Maxis, Digi, Calcom, and U Mobile. There are also small MNOs with a market share of over 16%. Therefore, the merger between Digi and Calcom will give the new MNO only 45% of the subscriber market share. Although the merger will make the new company the biggest mobile operator in terms of market share in Malaysia, it will still have to compete with two big operators and others who still own over 55% of the market share.

Exhibit 1: Mobile subscriber market share in Thailand



Sources: ADVANC; DTAC; TRUE

Exhibit 2: Mobile subscriber market share in Malaysia



Sources: Digi; Calcom; Maxis; International Telecommunication Union

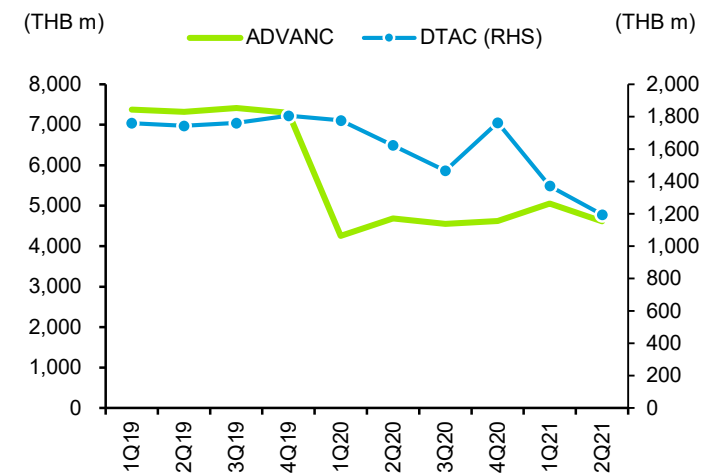
On the other hand, the Thai market only has three big operators. A merger between TRUE and DTAC would increase the new company’s market share to over 54% and it would become the biggest MNO in Thailand. Moreover, there would only be two MNOs in the Thai market, which is quite rare globally; only two MNOs in one country. We believe the Office of Trade Competition Commission would not allow a merger like that to occur. It could be unfair to customers, as the two MNOs might dominate the market by making agreements to increase mobile package prices, which would directly hurt customers.

## Cost management is the key driver

DTAC has had impressive cost savings during the Covid pandemic. The company has been able to minimise its costs quite well, especially on network OPEX and SG&A. As we can see in the table below, DTAC was able to reduce its network OPEX from an average of THB1.8b in 2019 to THB1.3b as of 1H21 thanks to its cost optimisation program. SG&A to sales has also continued to decline. Now, DTAC is the mobile operator with the lowest SG&A at only 8% compared with other companies in the sector which still have SG&A above 12%.

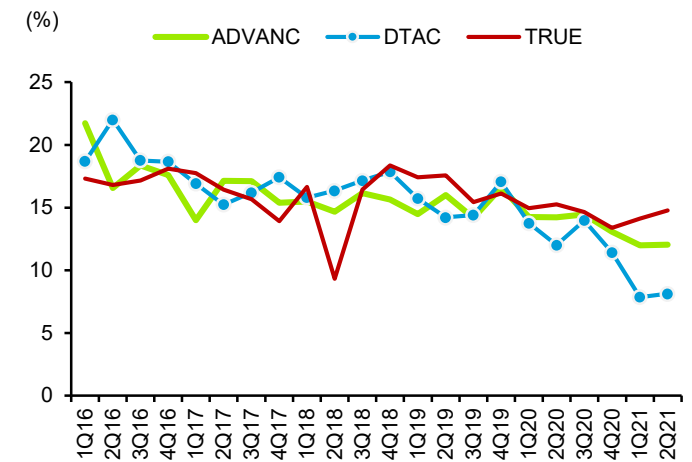
Management has stated that the company still has room to improve its costs. We expect that this will be the key success factor for DTAC when revenue starts to pick up, likely in 2022.

**Exhibit 3: Network operating expenses**



Note: TRUE does not disclose network operating expenses  
Sources: ADVANC; DTAC

**Exhibit 4: SG&A expenses to sales**



Sources: ADVANC; DTAC; TRUE

### 5G spectrum auction should be DTAC's turning point

Another key advantage for DTAC's network OPEX minimisation vs its peers is that it does not have a 5G mid-band spectrum. Conversely, ADVANC and TRUE have already rolled out their cell tower sites on the 2600Mhz spectrum and invested heavily in network infrastructure. However, this would only be a short-term advantage for DTAC until 2022, in our estimation. We believe DTAC will participate in the future 5G spectrum auction, especially for the 3500Mhz band, which we expect to open for bidding in 2022.

As mentioned in our initiation report on DTAC, "[Total Access Communication \(DTAC TB\) - Be conservative, be the winner](#)", dated 24 Dec-20, we think that DTAC's conservative stance on 5G technology has been the key success factor for the company in 2020 and 2021. It has been able to enjoy lower costs and maintain its net profit level vs its peers. 5G adoption in Thailand is sluggish, with the total number of 5G subscriptions still lower than 5% of the total subscriptions.

However, looking forward to 2022, being conservative with 5G may no longer be a key advantage for DTAC. It could be the key pressure point for DTAC's outlook as the company might not be able to compete with its peers which already have 5G customers as well as the required infrastructure. DTAC's competitiveness may dwindle when 5G adoption starts to grow significantly, possibly in mid-2022. Given that there is no timeline for the future spectrum auction, it may be delayed to 2022 and there might not be an indication when it would start. There is the possibility that it could start in mid-2022 or late 2022, in the worst-case scenario.

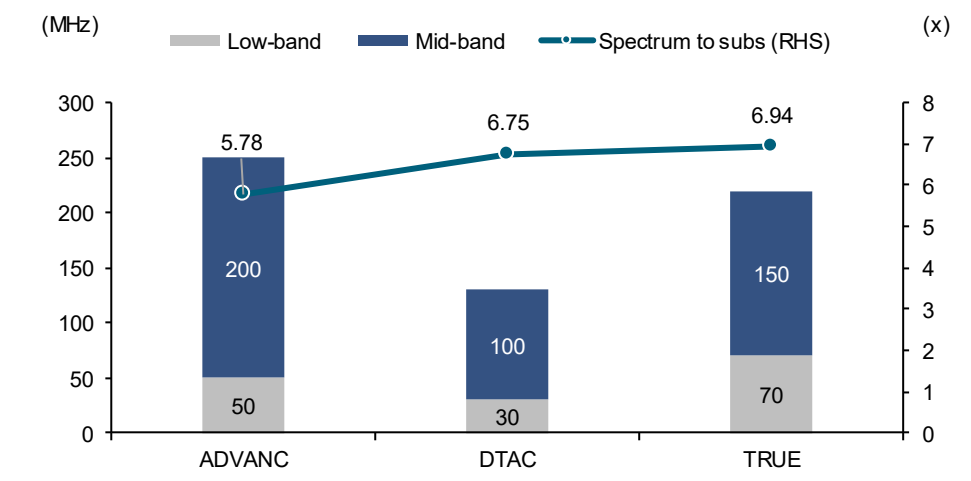
If the 3500MHz spectrum auction is held in late 2022, it would likely create significant customer concern over its network quality outlook and the company's direction. This issue is important because it has been a key pressure point on DTAC's subscription numbers in the past. It caused DTAC to lose many subscribers to its competitors, as consumers were worried about its network quality during the spectrum concession expiry.

### Exhibit 5: Spectrum summary

	----- Low-band -----				----- Mid-band -----					High-band	Spectrum			
	700 (MHz)	850 (MHz)	900 (MHz)	Subtotal (MHz)	1800 (MHz)	2100 (MHz)	2300 (MHz)	2600 (MHz)	Subtotal (MHz)	26000 (MHz)	Grand total (MHz)	Ex-26GHz (MHz)	Subs (m)	to subs (x)
ADVANC	30	0	20	50	40	60	0	100	200	1200	1450	250	43	5.78
DTAC	20	0	10	30	10	30	60	0	100	200	330	130	19	6.75
TRUE	20	30	20	70	30	30	0	90	150	800	1020	220	32	6.94
<b>Total</b>	<b>70</b>	<b>30</b>	<b>50</b>	<b>150</b>	<b>80</b>	<b>120</b>	<b>60</b>	<b>190</b>	<b>450</b>	<b>2200</b>	<b>2800</b>	<b>600</b>	<b>94</b>	<b>6.37</b>

Sources: ADVANC; DTAC; TRUE; FSSIA's compilation

### Exhibit 6: 5G spectrum comparison



Sources: ADVANC; DTAC; TRUE; FSSIA's compilation

Nevertheless, comparing the spectrum to subscriber ratio, we can see that DTAC is the second best in terms of spectrum amount compared to the number of subscribers. Surprisingly, ADVANC has the weakest spectrum to subscriber ratio, despite it having the highest spectrum total in the industry. This is because ADVANC has the highest number of subscribers in the market at 43m subscriptions. Its large subscription base is also why it has to have the highest number of cell towers: to ensure that its network quality is comparable to its competitors.

### Low probability of Telenor's exit

We believe the 24% increase in DTAC's share price since June was mainly due to [media reports](#) about its major shareholder, Telenor, planning to exit the Thai market soon after leaving the Myanmar market.

It is not the first time that the rumour about Telenor planning to sell DTAC has made the rounds in the market. In the past five years, there have been three rumours about Telenor aiming to exit the Thai market: in 2016, 2018, and this time in 2021. We see this as only a rumour with a small likelihood of occurring, given that the mobile market in Thailand remains strong and DTAC is one of the key sources of income for Telenor, unlike Myanmar with its political uncertainty.

## Financial Statements

### Total Access Communication

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	81,167	78,818	79,237	80,548	83,796
Cost of goods sold	(38,270)	(37,454)	(37,927)	(38,831)	(40,879)
<b>Gross profit</b>	<b>42,897</b>	<b>41,364</b>	<b>41,310</b>	<b>41,718</b>	<b>42,917</b>
Other operating income	-	-	-	-	-
Operating costs	(12,480)	(11,171)	(11,014)	(11,035)	(11,648)
<b>Operating EBITDA</b>	<b>30,417</b>	<b>30,193</b>	<b>30,296</b>	<b>30,682</b>	<b>31,269</b>
Depreciation	(19,997)	(20,951)	(21,998)	(21,924)	(22,964)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>10,420</b>	<b>9,242</b>	<b>8,297</b>	<b>8,758</b>	<b>8,305</b>
Net financing costs	(3,269)	(2,859)	(2,971)	(3,095)	(3,058)
Associates	(9)	(12)	(10)	(8)	(8)
Recurring non-operating income	(113)	(79)	(320)	(258)	(208)
Non-recurring items	(648)	(344)	0	0	0
<b>Profit before tax</b>	<b>6,391</b>	<b>5,960</b>	<b>5,007</b>	<b>5,405</b>	<b>5,039</b>
Tax	(969)	(853)	(801)	(865)	(806)
<b>Profit after tax</b>	<b>5,422</b>	<b>5,107</b>	<b>4,206</b>	<b>4,540</b>	<b>4,233</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>5,422</b>	<b>5,107</b>	<b>4,206</b>	<b>4,540</b>	<b>4,233</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>648</b>	<b>344</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,069</b>	<b>5,451</b>	<b>4,206</b>	<b>4,540</b>	<b>4,233</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.56	2.30	1.78	1.92	1.79
Reported EPS	2.29	2.16	1.78	1.92	1.79
DPS	2.87	2.99	1.95	1.92	1.07
Diluted shares (used to calculate per share data)	2,368	2,368	2,368	2,368	2,368
<b>Growth</b>					
Revenue (%)	7.8	(2.9)	0.5	1.7	4.0
Operating EBITDA (%)	7.1	(0.7)	0.3	1.3	1.9
Operating EBIT (%)	213.0	(11.3)	(10.2)	5.6	(5.2)
Recurring EPS (%)	72.7	(10.2)	(22.8)	8.0	(6.8)
Reported EPS (%)	nm	(5.8)	(17.7)	8.0	(6.8)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	28.2	25.9	24.4	24.6	23.8
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	37.5	38.3	38.2	38.1	37.3
Operating EBIT margin (%)	12.8	11.7	10.5	10.9	9.9
Net margin (%)	7.5	6.9	5.3	5.6	5.1
Effective tax rate (%)	-	-	-	-	-
Dividend payout on recurring profit (%)	112.0	129.9	110.0	100.0	60.0
Interest cover (X)	3.2	3.2	2.7	2.7	2.6
Inventory days	15.3	8.4	8.2	10.1	9.8
Debtor days	39.6	45.6	44.8	43.7	43.2
Creditor days	367.8	349.7	310.8	290.3	283.7
Operating ROIC (%)	29.0	19.8	21.2	28.4	25.8
ROIC (%)	9.9	7.6	6.4	7.1	6.8
ROE (%)	25.9	22.1	18.5	21.4	19.7
ROA (%)	5.9	4.9	4.2	4.7	4.4

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Mobile service revenue	63,333	59,993	59,861	60,302	62,580
Handsets and starter kits sales	8,629	6,980	7,294	7,742	8,274
Other operating income	9,206	11,845	12,082	12,505	12,942

Sources: Total Access Communication; FSSIA estimates

## Financial Statements

### Total Access Communication

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	6,069	5,451	4,206	4,540	4,233
Depreciation	19,997	20,951	21,998	21,924	22,964
Associates & minorities	-	-	-	-	-
Other non-cash items	874	(1,129)	584	62	178
Change in working capital	(9,343)	668	(2,529)	282	901
<b>Cash flow from operations</b>	<b>17,597</b>	<b>25,942</b>	<b>24,259</b>	<b>26,809</b>	<b>28,276</b>
Capex - maintenance	(7,225)	(3,932)	(7,240)	(5,080)	(8,280)
Capex - new investment	(10,838)	(16,815)	(18,468)	(13,184)	(19,216)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	269	(38)	2,064	(52)	(130)
<b>Cash flow from investing</b>	<b>(17,794)</b>	<b>(20,786)</b>	<b>(23,643)</b>	<b>(18,316)</b>	<b>(27,626)</b>
Dividends paid	(2,983)	(5,872)	(7,333)	(4,583)	(3,540)
Equity finance	0	0	0	0	0
Debt finance	2,000	4,000	3,000	2,400	(720)
Other financing cash flows	(4,382)	(5,165)	0	0	0
<b>Cash flow from financing</b>	<b>(5,365)</b>	<b>(7,037)</b>	<b>(4,333)</b>	<b>(2,183)</b>	<b>(4,260)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(5,562)</b>	<b>(1,881)</b>	<b>(3,717)</b>	<b>6,309</b>	<b>(3,609)</b>
Free cash flow to firm (FCFF)	3,072.56	8,014.88	3,586.28	11,587.44	3,708.45
Free cash flow to equity (FCFE)	(2,578.36)	3,990.80	3,615.72	10,892.08	(69.46)

#### Per share (THB)

FCFF per share	1.30	3.38	1.51	4.89	1.57
FCFE per share	(1.09)	1.69	1.53	4.60	(0.03)
Recurring cash flow per share	11.38	10.67	11.31	11.20	11.56

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	130,170	138,226	123,228	133,228	151,228
Less: Accumulated depreciation	(52,613)	(65,422)	(68,465)	(80,262)	(92,494)
<b>Tangible fixed assets (net)</b>	<b>77,558</b>	<b>72,804</b>	<b>54,763</b>	<b>52,966</b>	<b>58,734</b>
<b>Intangible fixed assets (net)</b>	<b>51,899</b>	<b>63,877</b>	<b>78,124</b>	<b>70,697</b>	<b>74,984</b>
Long-term financial assets	5,596	4,819	4,819	4,819	4,819
Invest. in associates & subsidiaries	294	233	233	233	233
Cash & equivalents	8,528	6,647	2,930	9,239	5,630
A/C receivable	9,791	9,889	9,558	9,716	10,108
Inventories	1,088	634	1,062	1,080	1,123
Other current assets	3,189	4,553	3,986	4,032	4,146
<b>Current assets</b>	<b>22,596</b>	<b>21,722</b>	<b>17,537</b>	<b>24,067</b>	<b>21,007</b>
Other assets	9,395	10,825	8,761	8,813	8,943
<b>Total assets</b>	<b>167,339</b>	<b>174,280</b>	<b>164,236</b>	<b>161,595</b>	<b>168,721</b>
Common equity	24,966	24,315	21,188	21,145	21,838
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>24,966</b>	<b>24,315</b>	<b>21,188</b>	<b>21,145</b>	<b>21,838</b>
Long term debt	33,000	47,641	42,541	38,461	38,101
Other long-term liabilities	49,192	53,898	49,022	42,288	49,222
<b>Long-term liabilities</b>	<b>82,192</b>	<b>101,539</b>	<b>91,563</b>	<b>80,749</b>	<b>87,323</b>
A/C payable	37,217	34,551	30,035	31,729	31,827
Short term debt	16,000	6,485	14,585	21,065	20,705
Other current liabilities	6,964	7,390	6,866	6,907	7,027
<b>Current liabilities</b>	<b>60,181</b>	<b>48,426</b>	<b>51,485</b>	<b>59,701</b>	<b>59,559</b>
<b>Total liabilities and shareholders' equity</b>	<b>167,339</b>	<b>174,281</b>	<b>164,236</b>	<b>161,595</b>	<b>168,721</b>
Net working capital	(30,113)	(26,866)	(22,294)	(23,808)	(23,477)
Invested capital	114,630	125,692	124,406	113,720	124,237

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	10.54	10.27	8.95	8.93	9.22
Tangible book value per share	(11.37)	(16.71)	(24.05)	(20.93)	(22.45)

#### Financial strength

Net debt/equity (%)	162.1	195.3	255.8	237.8	243.5
Net debt/total assets (%)	24.2	27.2	33.0	31.1	31.5
Current ratio (x)	0.4	0.4	0.3	0.4	0.4
CF interest cover (x)	3.5	8.3	8.4	8.8	7.3

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>16.0</b>	<b>17.8</b>	<b>23.1</b>	<b>21.4</b>	<b>22.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>16.4</b>	<b>18.2</b>	<b>23.6</b>	<b>21.9</b>	<b>23.5</b>
Reported P/E (x)	17.9	19.0	23.1	21.4	22.9
Dividend yield (%)	7.0	7.3	4.8	4.7	2.6
Price/book (x)	3.9	4.0	4.6	4.6	4.4
Price/tangible book (x)	(3.6)	(2.5)	(1.7)	(2.0)	(1.8)
EV/EBITDA (x) **	4.5	4.8	5.0	4.8	4.8
EV/EBITDA @ target price (x) **	4.6	4.9	5.1	4.9	4.9
EV/invested capital (x)	1.2	1.2	1.2	1.3	1.2

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Total Access Communication; 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	TTB	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	WIJK	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	IHL	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	TPIPP	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	AMANAH	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	SEAOIL	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	TTB	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	WIIK	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

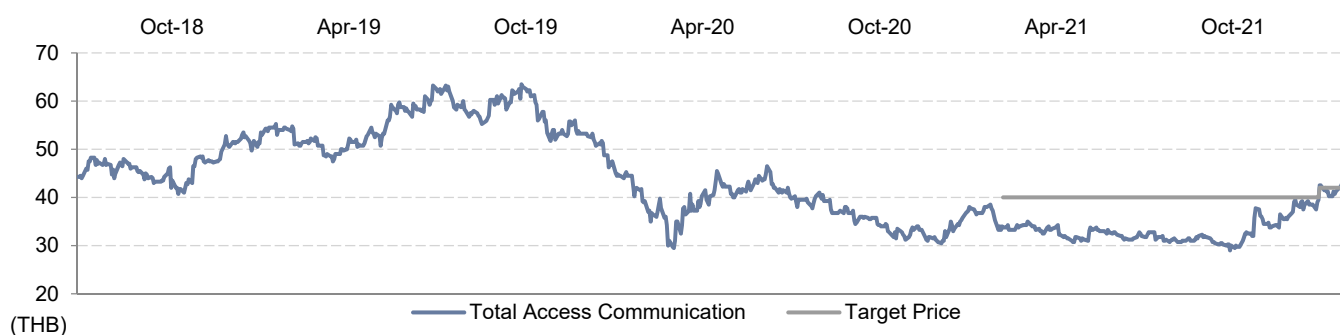
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### Total Access Communication (DTAC TB)



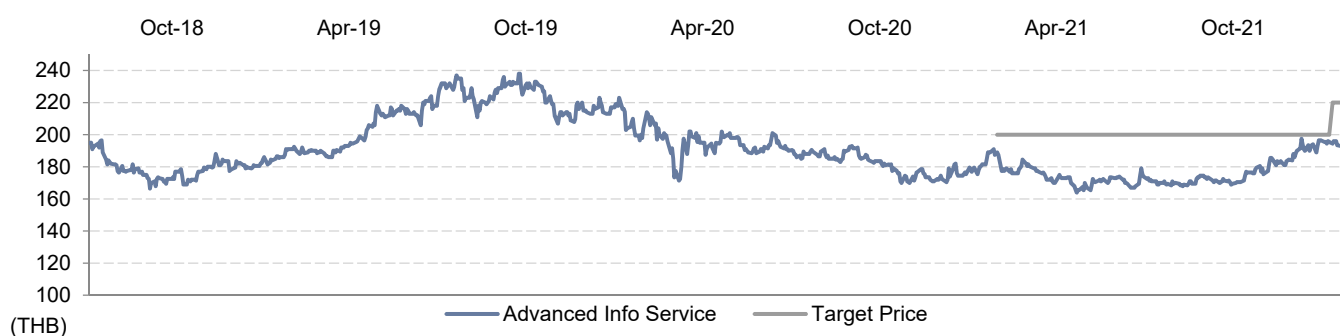
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Dec-2020	BUY	40.00	05-May-2021	BUY	40.00	22-Sep-2021	HOLD	42.00
01-Feb-2021	BUY	40.00	22-Jun-2021	BUY	40.00			

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

Price and TP are in local currency

Source: FSSIA estimates

#### Advanced Info Service (ADVANC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Dec-2020	HOLD	200.00	09-Feb-2021	BUY	200.00	30-Jun-2021	BUY	200.00
05-Jan-2021	HOLD	200.00	06-May-2021	BUY	200.00	01-Oct-2021	BUY	220.00

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

Company	Ticker	Price	Rating	Valuation & Risks
Total Access Communication	DTAC TB	THB 41.00	HOLD	The key downside and upside 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 or weaker-than-expected competition in the mobile market, and if there is a faster or slower-than-expected adoption of 5G use cases.
Advanced Info Service	ADVANC TB	THB 190.00	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 4.18	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.

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 18-Oct-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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