

19 OCTOBER 2021

THAILAND / ICT

# TRUE CORPORATION TRUE TB

## HOLD

UNCHANGED

TARGET PRICE	THB4.20
CLOSE	THB4.18
UP/DOWNSIDE	+0.5%
PRIOR TP	THB3.30
CHANGE IN TP	+27.3%
TP vs CONSENSUS	+13.2%

## Continue to wait and watch

### Low possibility of a merger

We believe the strong rally in TRUE's share price of over 20% within just one month was due to the market's speculation on the expectation that TRUE and Total Access Communication (DTAC TB, HOLD, TP THB42) 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.

### 3Q21 results expectations

Similar to other MNOs, TRUE should be directly impacted by Covid in 3Q21. We expect its revenue to slightly decline by 2% q-q to THB33.1b. Mobile and TV revenue should slip q-q but fixed broadband should continue to grow. TRUE's bottom line should slightly improve thanks to its cost optimisation, as we expect it to continue to reduce its costs as it has since the end of last year, resulting in the company recognising a loss of THB484m in 3Q21 compared to the THB688m core loss in 2Q21.

### Cost optimisation is key

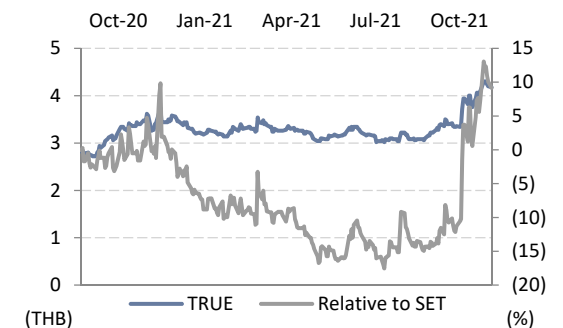
Although TRUE's SG&A to sales is the highest among MNOs in Thailand, we believe this is an opportunity for the company as it will have more room to minimise its costs. Moreover, TRUE aims to reduce the 850MHz spectrum rental cost from National Telecom (NT) by negotiating a new bandwidth rental amount. If these negotiations are completed, possibly within 1Q22, based on our expectation, TRUE should be able to reduce its spectrum rental cost by over THB1.3b from the current cost of over THB4b. This would be a key driver for TRUE that could help it finally turn around and recognise a profit in 2022.

### Maintain HOLD with new TP of THB4.20

When the speculation on the DTAC and TRUE merger disappears from the market, TRUE's outlook should return to its fundamentals, which remain loss-making. However, we see some positive signs from management with the intent to reduce costs more aggressively, as well as from the spectrum rental negotiations. Maintain HOLD with a revised 2022 TP of THB4.20. We recommend a wait-and-see approach for signs of a turnaround.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	138,212	139,936	144,212	148,210
Net profit	1,048	(2,068)	(448)	1,720
EPS (THB)	0.03	(0.06)	(0.01)	0.05
vs Consensus (%)	-	nm	nm	56.3
EBITDA	52,654	56,841	58,648	60,899
Core net profit	(2,961)	(2,068)	(448)	1,720
Core EPS (THB)	(0.09)	(0.06)	(0.01)	0.05
Chg. In EPS est. (%)	nm	nm	nm	(66.4)
EPS growth (%)	nm	nm	nm	nm
Core P/E (x)	(47.1)	(67.4)	(311.1)	81.1
Dividend yield (%)	1.7	-	-	-
EV/EBITDA (x)	6.4	6.2	6.0	5.7
Price/book (x)	1.6	1.7	1.7	1.7
Net debt/Equity (%)	232.0	264.5	267.1	253.7
ROE (%)	(2.8)	(2.5)	(0.6)	2.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	24.4	35.7	40.3
Relative to country (%)	23.0	28.5	3.1
Mkt cap (USD m)	4,165		
3m avg. daily turnover (USD m)	33.2		
Free float (%)	32		
Major shareholder	Charoen Pokphand Group (18%)		
12m high/low (THB)	4.42/2.66		
Issued shares (m)	33,344.20		

Sources: Bloomberg consensus; FSSIA estimates


**Naruedom Mujjalinkool**

 naruedom.muj@fssia.com  
 +66 2611 3566

The Chairman Of The Board of Finansia Syrus Securities PCL is also TRUE's Director.

### Investment thesis

TRUE is the largest fixed broadband (46.7% market share) and second largest mobile operator (33.5% market share) in Thailand. The company has the strongest acquisition performance among telecommunication companies.

However, in the past decade, TRUE has never shown sustainable operational performance. It has been a loss-making company on its core bottom line, but had extra transactions by either investing its assets to the Digital Telecommunications Infrastructure Fund (DIF TB, NR) or by selling its shares in DIF and recognising some profit. This might help its earnings in the short term but could harm it in the long term, in our view.

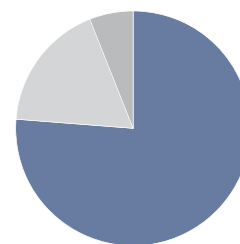
### Company profile

True Group's core business segments are: 1) TrueMove H - a cellular and wireless telecommunication business; 2) TrueOnline - a broadband internet and fixed-line phone business; 3) TrueVisions - a pay TV and Digital TV business, content production business, and an online game and influencer network; and 4) True Digital Group - digital media, O2O and privileges, data analytics, internet of things (IoT) and digital solutions, as well as True Digital Academy.

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

### Principal activities (revenue, 2020)

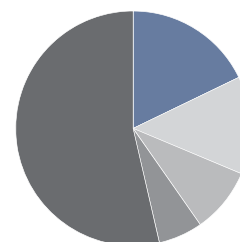
- True Move H - 76.2 %
- True Online - 17.8 %
- True Visions - 6.0 %



Source: True Corporation

### Major shareholders

- Charoen Pokphand Group - 17.8 %
- China Mobile International Holdings - 13.5 %
- UBS AG Hong Kong Branch - 9.0 %
- Thai NVDR - 6.1 %
- Others - 53.6 %



Source: True Corporation

### Catalysts

Potential catalysts for TRUE include:

- The upcoming 5G technology should be a key driver for TRUE, which aims to be the number one 5G operator;
- Cost reduction plans should help the company's bottom line improve continuously.

### Risks to our call

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.

### Event calendar

Date	Event
Nov 2021	3Q21 results announcement

### Key assumptions

Key assumption	2020	2021E	2022E	2023E
Total subscribers (m)	30.6	31.9	32.2	32.4
Blended ARPU (THB/sub/mth)	220	216	220	224
<b>Fixed broadband</b>				
FBB subscribers (m)	4.2	4.4	4.6	4.8
ARPU (THB/sub/mth)	533	525	520	517

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in mobile blended ARPU, we project 2021 earnings to rise by 1.8%, and vice versa, all else being equal.
- For every 1% increase in mobile subscribers, we project 2021 earnings to rise by 1.6%, and vice versa, all else being equal.

Source: FSSIA estimates

## Earnings downgrade

Due to its slower-than-expected cost optimisation during 1H21 and the impact of Covid-19, we revise down our bottom-line assumptions for TRUE in 2021 and 2022. We cut our 2021 revenue and operating expense assumptions by 3% and 4%, respectively. We also reduce our share of profits from associates assumption that TRUE should recognise this year from THB4.5b to THB3.7b, resulting in a higher 2021 core profit loss than our previous expectation at THB2.1b.

In 2022, due to the impact of Covid in Thailand that prompted the Thai government to shift the border reopening later, as well as the recovery momentum of the Thai economy still being sluggish, we change our view on TRUE's bottom line and expect it to remain loss-making for another year. However, the negotiations to reduce the 850MHz spectrum rental cost with NT could be a key upside risk for the company in 2022. If TRUE is able to reduce this cost, we believe it would help the company turn profitable in 2022 immediately.

### Exhibit 1: Key assumption changes

	----- New -----		----- Previous -----		----- Change-----	
	2021E (THB m)	2022E (THB m)	2021E (THB m)	2022E (THB m)	2021E (%)	2022E (%)
Total subscribers (m)	31.9	32.2	31.3	31.6	2	2
Blended ARPU (THB/sub/mth)	216	220	225	234	(4)	(6)
Revenue	139,936	144,212	143,754	149,830	(3)	(4)
Operating expense	(83,095)	(85,564)	(86,954)	(90,190)	(4)	(5)
EBITDA	56,841	58,648	56,801	59,640	0	(2)
EBIT	10,440	11,584	10,400	12,577	0	(8)
Core net profit	(2,068)	(448)	(1,293)	1,303	<i>n.a.</i>	<i>n.a.</i>
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
EBITDA margin	40.6	40.7	39.5	39.8	1.1	0.9
Net profit margin	(12.6)	(13.5)	(12.0)	(13.9)	(0.6)	0.4

Source: FSSIA estimates

### Exhibit 2: 3Q21E results preview

	3Q20	2Q21	3Q21E	----- Change -----		9M20	9M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
<b>Operating revenue</b>	<b>33,008</b>	<b>33,797</b>	<b>33,081</b>	<b>(2.1)</b>	<b>0.2</b>	<b>101,730</b>	<b>102,303</b>	<b>0.6</b>	<b>139,936</b>
Operating expense	(19,657)	(19,110)	(18,885)	(1.2)	(3.9)	(63,100)	(59,367)	(5.9)	(83,095)
<b>EBITDA</b>	<b>13,351</b>	<b>14,687</b>	<b>14,196</b>	<b>(3.3)</b>	<b>6.3</b>	<b>38,630</b>	<b>42,936</b>	<b>11.1</b>	<b>56,841</b>
EBITDA margin (%)	40	43	43	<i>nm</i>	<i>nm</i>	38	42	<i>nm</i>	41
Depreciation & amortisation	(10,800)	(11,066)	(11,109)	0.4	2.9	(31,079)	(32,940)	6.0	(46,401)
<b>EBIT</b>	<b>2,551</b>	<b>3,621</b>	<b>3,087</b>	<b>(14.7)</b>	<b>21.0</b>	<b>7,551</b>	<b>9,996</b>	<b>32.4</b>	<b>10,440</b>
Finance expenses	(4,626)	(4,324)	(4,401)	1.8	(4.9)	(13,422)	(13,459)	0.3	(17,920)
Other income	1,211	(397)	20	(105.0)	(98.3)	3,908	(335)	(108.6)	1,500
Associates	954	873	865	(0.9)	(9.3)	3,064	2,612	(14.8)	3,738
<b>Pretax profit</b>	<b>90</b>	<b>(227)</b>	<b>(429)</b>	<b>89.0</b>	<b>(576.7)</b>	<b>1,101</b>	<b>(1,186)</b>	<b>(207.7)</b>	<b>(2,242)</b>
Tax	(27)	(19)	(15)	(21.1)	<i>n.a.</i>	(14)	(79)	464.3	45
Tax rate (%)	(30)	8	3	<i>nm</i>	<i>nm</i>	(1)	7	<i>nm</i>	(2)
Minority interests	41	53	40	(24.5)	(2.4)	118	99	(16.1)	(130)
<b>Net profit</b>	<b>22</b>	<b>(299)</b>	<b>(484)</b>	<b>61.9</b>	<b>(2,300.0)</b>	<b>969</b>	<b>(1,364)</b>	<b>(240.8)</b>	<b>(2,068)</b>
Extra items	1,276	389	-	(100.0)	(100.0)	4,052	252	(93.8)	-
<b>Core net profit</b>	<b>(1,254)</b>	<b>(688)</b>	<b>(484)</b>	<b>(29.7)</b>	<b>(61.4)</b>	<b>(3,083)</b>	<b>(1,616)</b>	<b>(47.6)</b>	<b>(2,068)</b>
EPS (THB)	0.00	(0.01)	(0.01)	<i>n.a.</i>	<i>n.a.</i>	0.03	(0.04)	(240.8)	(0.06)
Core EPS (THB)	(0.04)	(0.02)	(0.01)	(29.7)	(61.4)	(0.09)	(0.05)	(47.6)	(0.06)

Sources: TRUE; FSSIA estimates

## Exhibit 3: DCF valuation

	2022E	2023E	2024E	2025E	2026E	2027E
(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA	58,648	60,899	64,082	66,807	68,779	69,264
(less) tax on EBIT	11	(410)	(1,224)	(1,921)	(2,392)	(2,550)
decrease in working cap	(267)	459	1,559	1,541	1,439	870
(less) capex & investments	(41,888)	(36,388)	(41,388)	(42,069)	(31,439)	(44,439)
Free Cash Flow	53,462	57,492	61,431	46,975	45,470	39,024
WACC (%)	7.2					
Terminal growth (%)	1					
PV of FCF	17,038	23,642	19,909	21,275	33,509	21,404
Enterprise value	360,476					
Net debt+cash	(220,123)					
Minority	(398)					
Equity value	139,955					
No. of shares (m)	33,344					
<b>Equity value / share (THB)</b>	<b>4.20</b>					

Sources: TRUE; FSSIA estimates

## Cost management is the key

TRUE's operating cost has always been the key factor pressuring its bottom line, causing the company to usually make a loss. Since 2020, during the Covid pandemic, TRUE has aimed to reduce its costs significantly, but we have not seen any evidence that it really has reduced its costs for almost a year. TRUE has the highest SG&A to sales in the mobile sector. Its SG&A to sales has been at 14.1% on average for the past three quarters. Conversely, ADVANC and DTAC were only at 12.4% and 9.1%, respectively.

Although its high costs have put negative pressure on TRUE for a long time, we believe it could now be an opportunity, as it has room to reduce its costs above and beyond its peers. If TRUE can significantly reduce its costs, for example SG&A expenses, and maintain its SG&A to sales level close to Advanced Info Service (ADVANC TB, BUY, TP THB220)'s at 12%, we estimate that the company could save costs of over THB600m per year. This could be a turning point for TRUE, allowing it to finally turn a profit.

Management expects that TRUE will reduce its costs even more intensively by reducing 1) the number of offices rented; 2) employee expenses; 3) content costs; and 4) selling and marketing expenses. TRUE also aims to increase 1) low-cost selling channels such as online; and 2) the efficiency of its operations and sales.

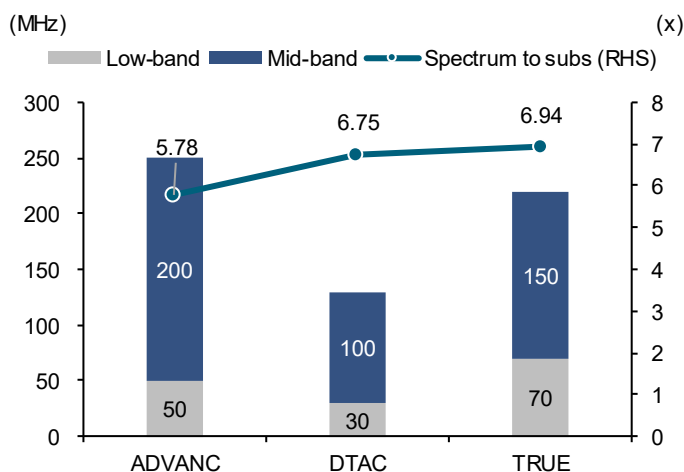
### Negotiations on low-band spectrum cost could be an upside risk

TRUE is the MNO with the highest bandwidth in the low-band spectrum in the market, totalling 70MHz. It also has the highest spectrum to subscriber ratio at 6.94. TRUE aims to reduce the amount of bandwidth in the low band in order to reduce its network costs. It anticipates that it will be able to negotiate with NT in order to reduce the rental cost for the 850MHz spectrum. At the moment, TRUE pays a rental cost of around THB4b per year for the 850MHz spectrum.

If the negotiation is approved, we expect that TRUE would be able to reduce its 850MHz spectrum rental cost by 33% or by THB1.3b per year. Our assumption is based on the spectrum to subscriber ratio. If the company reduces the bandwidth amount by 33% from 30MHz to 20MHz, we believe that the cost should reduce in line with the reduction in the bandwidth. 20MHz in the 850MHz spectrum should still be enough for TRUE to have good network quality, as the spectrum to subscriber ratio would reduce to 6.63, slightly lower than DTAC's at 6.75 but still higher than ADVANC's at 5.78.

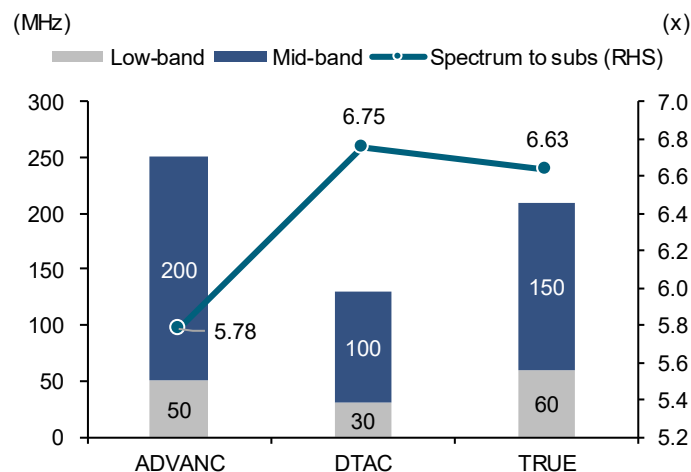
We have not yet included the potential cost savings from these negotiations into our forecast, and leave it as an upside risk. We expect that this deal should be done within this year, and TRUE should start recognising the new cost in the beginning of 2022. Our assumption of THB1.3b in cost savings would boost TRUE's net profit in 2022 significantly from our current expectation of a THB448m loss to a THB900m profit.

**Exhibit 4: Current spectrum and spectrum to subscription ratio**



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

**Exhibit 5: Post-negotiation spectrum and spectrum to subscription ratio**



Sources: ADVANC; DTAC; TRUE; FSSIA estimates

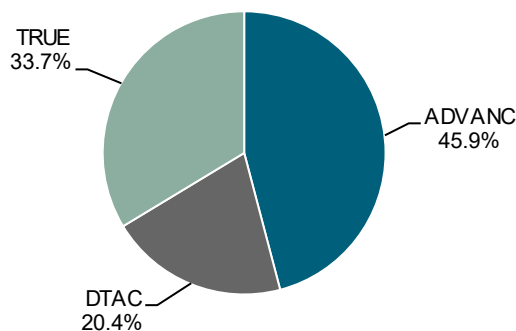
## Low probability of a merger between DTAC and TRUE

**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.

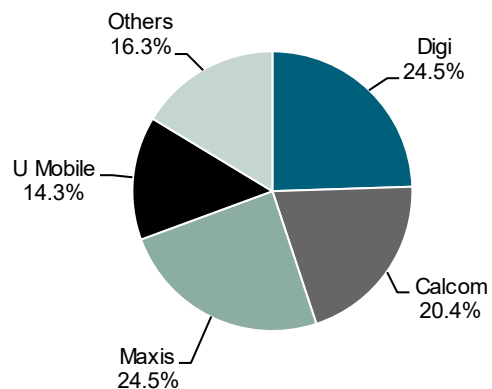
On the other hand, the Thai market only has three big operators. A merger between TRUE and DTAC would increase the new company’s market share to over 54% and it would become the biggest MNO in Thailand. Moreover, there would only be two MNOs in the Thai market, which is quite rare globally; only two 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.

**Exhibit 6: Mobile subscriber market share in Thailand**



Sources: ADVANC; DTAC; TRUE

**Exhibit 7: Mobile subscriber market share in Malaysia**



Sources: Digi; Calcom; Maxis; International Telecommunication Union

## Financial Statements

True Corporation

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	140,943	138,212	139,936	144,212	148,210
Cost of goods sold	(83,710)	(65,462)	(63,504)	(65,663)	(67,155)
<b>Gross profit</b>	<b>57,233</b>	<b>72,750</b>	<b>76,432</b>	<b>78,549</b>	<b>81,056</b>
Other operating income	-	-	-	-	-
Operating costs	(23,384)	(20,096)	(19,591)	(19,901)	(20,157)
<b>Operating EBITDA</b>	<b>33,849</b>	<b>52,654</b>	<b>56,841</b>	<b>58,648</b>	<b>60,899</b>
Depreciation	(26,745)	(42,008)	(46,401)	(47,063)	(47,276)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>7,104</b>	<b>10,646</b>	<b>10,440</b>	<b>11,584</b>	<b>13,623</b>
Net financing costs	(9,362)	(18,058)	(17,920)	(17,800)	(17,400)
Associates	5,134	4,153	3,738	4,111	4,235
Recurring non-operating income	3,211	4,347	5,238	5,656	5,826
Non-recurring items	6,792	4,009	0	0	0
<b>Profit before tax</b>	<b>7,745</b>	<b>944</b>	<b>(2,242)</b>	<b>(559)</b>	<b>2,050</b>
Tax	(2,172)	(19)	45	11	(410)
<b>Profit after tax</b>	<b>5,573</b>	<b>925</b>	<b>(2,198)</b>	<b>(548)</b>	<b>1,640</b>
Minority interests	64	123	130	100	80
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>5,637</b>	<b>1,048</b>	<b>(2,068)</b>	<b>(448)</b>	<b>1,720</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(6,792)</b>	<b>(4,009)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(1,155)</b>	<b>(2,961)</b>	<b>(2,068)</b>	<b>(448)</b>	<b>1,720</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.03)	(0.09)	(0.06)	(0.01)	0.05
Reported EPS	0.17	0.03	(0.06)	(0.01)	0.05
DPS	0.09	0.07	0.00	0.00	0.00
Diluted shares (used to calculate per share data)	33,344	33,344	33,344	33,344	33,344
<b>Growth</b>					
Revenue (%)	(13.4)	(1.9)	1.2	3.1	2.8
Operating EBITDA (%)	(39.6)	55.6	8.0	3.2	3.8
Operating EBIT (%)	(68.3)	49.9	(1.9)	11.0	17.6
Recurring EPS (%)	nm	nm	nm	nm	nm
Reported EPS (%)	(19.7)	(81.4)	nm	nm	nm
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	21.6	22.2	21.5	21.8	22.8
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	24.0	38.1	40.6	40.7	41.1
Operating EBIT margin (%)	5.0	7.7	7.5	8.0	9.2
Net margin (%)	(0.8)	(2.1)	(1.5)	(0.3)	1.2
Effective tax rate (%)	-	-	-	-	-
Dividend payout on recurring profit (%)	(259.9)	(78.8)	-	-	-
Interest cover (X)	1.1	0.8	0.9	1.0	1.1
Inventory days	32.1	32.8	26.1	25.8	25.9
Debtor days	145.1	122.2	120.6	122.3	122.4
Creditor days	482.1	556.6	522.1	513.3	509.7
Operating ROIC (%)	3.6	5.3	5.1	5.5	6.3
ROIC (%)	2.9	3.6	3.3	3.7	4.3
ROE (%)	(0.9)	(2.8)	(2.5)	(0.6)	2.1
ROA (%)	1.6	2.6	2.6	2.9	3.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
True Move H	107,615	105,381	107,004	110,609	113,868
True Online	23,673	24,533	24,815	25,566	26,184
True Visions	9,655	8,298	8,117	8,037	8,158

Sources: True Corporation; FSSIA estimates



## Financial Statements

True Corporation

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(1,155)	(2,961)	(2,068)	(448)	1,720
Depreciation	26,745	42,008	46,401	47,063	47,276
Associates & minorities	-	-	-	-	-
Other non-cash items	4,145	13,516	(6,178)	(1,645)	(1,671)
Change in working capital	(15,311)	(8,443)	(2,606)	382	(524)
<b>Cash flow from operations</b>	<b>14,424</b>	<b>44,119</b>	<b>35,550</b>	<b>45,352</b>	<b>46,799</b>
Capex - maintenance	(23,206)	(37,423)	(22,294)	(16,250)	(13,500)
Capex - new investment	(23,206)	(37,423)	(22,294)	(16,250)	(13,500)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	10,544	10,273	1,500	(7,843)	(7,797)
<b>Cash flow from investing</b>	<b>(35,868)</b>	<b>(64,572)</b>	<b>(43,087)</b>	<b>(40,343)</b>	<b>(34,797)</b>
Dividends paid	(3,003)	(3,003)	(2,334)	0	0
Equity finance	0	0	0	0	0
Debt finance	53,208	17,595	2,001	(5,000)	(5,000)
Other financing cash flows	-	(19,230)	(5,941)	(5,651)	(5,376)
<b>Cash flow from financing</b>	<b>50,205</b>	<b>(4,639)</b>	<b>(6,274)</b>	<b>(10,651)</b>	<b>(10,376)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	17	0	0	0
<b>Net other adjustments</b>	<b>(27)</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>28,733</b>	<b>(25,075)</b>	<b>(13,811)</b>	<b>(5,643)</b>	<b>1,626</b>
Free cash flow to firm (FCFF)	(12,082.88)	(2,395.31)	10,382.30	22,808.67	29,402.45
Free cash flow to equity (FCFE)	31,736.19	(22,071.81)	(11,477.29)	(5,642.52)	1,626.38

Per share (THB)					
FCFF per share	(0.36)	(0.07)	0.31	0.68	0.88
FCFE per share	0.95	(0.66)	(0.34)	(0.17)	0.05
Recurring cash flow per share	0.89	1.58	1.14	1.35	1.42

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	334,108	341,972	373,972	395,972	411,972
Less: Accumulated depreciation	(105,146)	(110,078)	(126,328)	(143,020)	(159,710)
<b>Tangible fixed assets (net)</b>	<b>228,962</b>	<b>231,894</b>	<b>247,644</b>	<b>252,952</b>	<b>252,262</b>
<b>Intangible fixed assets (net)</b>	<b>124,616</b>	<b>246,079</b>	<b>233,063</b>	<b>213,192</b>	<b>193,607</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	27,396	23,236	23,236	23,236	23,236
Cash & equivalents	49,405	24,330	10,520	4,877	6,503
A/C receivable	47,613	44,919	47,578	49,032	50,392
Inventories	7,274	4,508	4,564	4,704	4,834
Other current assets	30,158	30,649	30,836	31,300	31,734
<b>Current assets</b>	<b>134,449</b>	<b>104,406</b>	<b>93,498</b>	<b>89,913</b>	<b>93,463</b>
Other assets	8,569	11,933	12,006	12,187	12,356
<b>Total assets</b>	<b>523,992</b>	<b>617,548</b>	<b>609,447</b>	<b>591,480</b>	<b>574,924</b>
Common equity	125,368	85,090	80,688	80,240	81,960
Minorities etc.	651	528	398	298	218
<b>Total shareholders' equity</b>	<b>126,019</b>	<b>85,618</b>	<b>81,086</b>	<b>80,538</b>	<b>82,178</b>
Long term debt	178,030	158,491	190,000	190,000	190,000
Other long-term liabilities	68,794	197,653	182,055	167,787	153,636
<b>Long-term liabilities</b>	<b>246,824</b>	<b>356,144</b>	<b>372,055</b>	<b>357,787</b>	<b>343,636</b>
A/C payable	109,365	90,277	91,405	93,265	94,296
Short term debt	34,700	64,508	35,000	30,000	25,000
Other current liabilities	7,085	21,002	29,902	29,890	29,814
<b>Current liabilities</b>	<b>151,150</b>	<b>175,787</b>	<b>156,306</b>	<b>153,155</b>	<b>149,110</b>
<b>Total liabilities and shareholders' equity</b>	<b>523,993</b>	<b>617,549</b>	<b>609,447</b>	<b>591,480</b>	<b>574,924</b>
Net working capital	(31,406)	(31,203)	(38,328)	(38,119)	(37,151)
Invested capital	358,137	481,939	477,621	463,448	444,310

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

Per share (THB)					
Book value per share	3.76	2.55	2.42	2.41	2.46
Tangible book value per share	0.02	(4.83)	(4.57)	(3.99)	(3.35)

Financial strength					
Net debt/equity (%)	129.6	232.0	264.5	267.1	253.7
Net debt/total assets (%)	31.2	32.2	35.2	36.4	36.3
Current ratio (x)	0.9	0.6	0.6	0.6	0.6
CF interest cover (x)	6.9	1.9	1.6	1.6	1.9

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>(120.6)</b>	<b>(47.1)</b>	<b>(67.4)</b>	<b>(311.1)</b>	<b>81.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(121.2)</b>	<b>(47.3)</b>	<b>(67.7)</b>	<b>(312.6)</b>	<b>81.4</b>
Reported P/E (x)	24.7	133.0	(67.4)	(311.1)	81.1
Dividend yield (%)	2.2	1.7	-	-	-
Price/book (x)	1.1	1.6	1.7	1.7	1.7
Price/tangible book (x)	185.4	(0.9)	(0.9)	(1.0)	(1.2)
EV/EBITDA (x) **	9.0	6.4	6.2	6.0	5.7
EV/EBITDA @ target price (x) **	9.0	6.4	6.2	6.1	5.7
EV/invested capital (x)	0.8	0.7	0.7	0.8	0.8

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

Sources: True Corporation; 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	ICI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SCC	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	TRC	TSC	TSR	TSTE	TSTH
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	MITSIB	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	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	AMANAHA	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	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

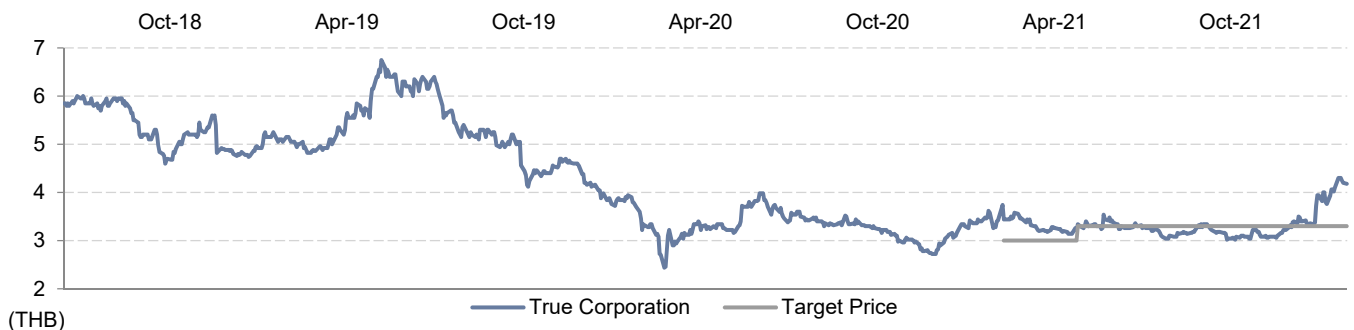
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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**

**True Corporation (TRUE TB)**



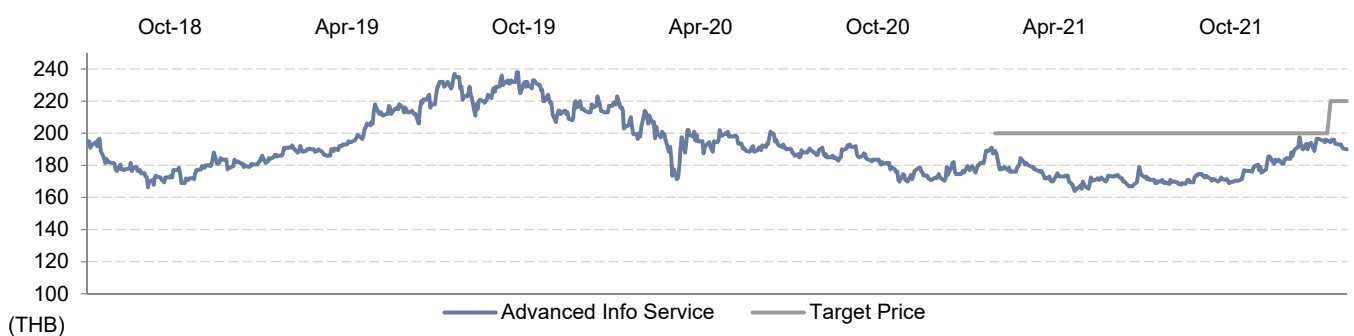
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	REDUCE	3.00	02-Mar-2021	HOLD	3.30	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

**Advanced Info Service (ADVANC TB)**



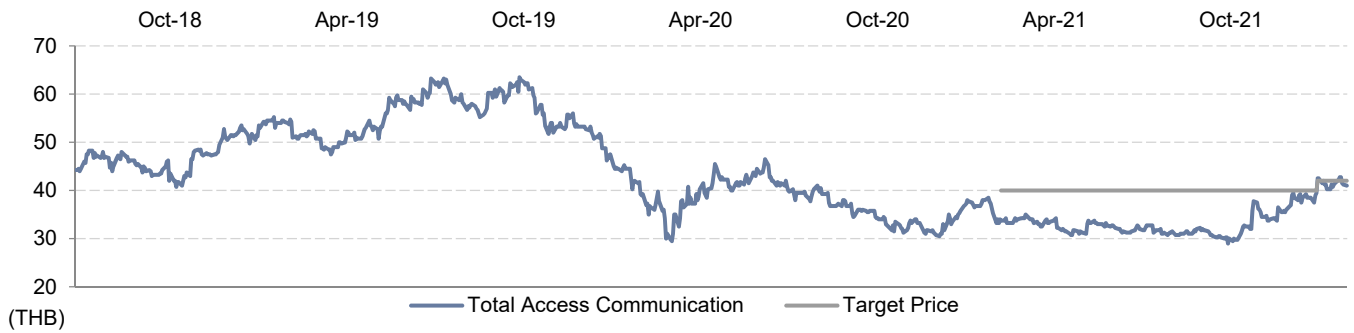
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Dec-2020	HOLD	200.00	09-Feb-2021	BUY	200.00	30-Jun-2021	BUY	200.00
05-Jan-2021	HOLD	200.00	06-May-2021	BUY	200.00	01-Oct-2021	BUY	220.00

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

Price and TP are in local currency

Source: FSSIA estimates

**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

Company	Ticker	Price	Rating	Valuation & Risks
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.
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.
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.

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.