

ADVANCED INFO SERVICE

ADVANC TB

THAILAND / ICT

BUY

UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB260.00 |
| CLOSE | THB228.00 |
| UP/DOWNSIDE | +14.0% |
| PRIOR TP | THB220.00 |
| CHANGE IN TP | +18.2% |
| TP vs CONSENSUS | +8.8% |

Shifting landscape brings benefits

- Expect a small decline in 4Q21 core net profit to THB6.4b (-5.3% q-q).
- Efficient market competition should be a key benefit for ADVANC in the future; 2022 earnings estimate revised by +2.9% to THB29.1b.
- DCF-based TP raised to THB260 from THB220, maintain BUY.

4Q21 results expectations

We expect ADVANC's 4Q21 core net profit to decrease by 5.3% q-q to THB6.4b, mainly due to higher operating expenses from 1) network OPEX on the 5G infrastructure rollout; 2) higher content costs from Disney+; and 3) higher marketing expenses following the reopening of mobile shops in 4Q21. The company's 4Q21 service revenue should be flat q-q at THB36b (+0.5% q-q) thanks to the continually improving fixed broadband and enterprise businesses. Mobile service revenue should be flat due to competition, despite a slight net-add in subscribers and a revenue gain from the tourism sector.

Efficient market competition

We and the market have a similar view on the mergeco between True Corporation (TRUE TB, HOLD, TP THB4.20) and Total Access Communication (DTAC TB, HOLD, TP THB42), expecting mobile competition post due diligence to soften. Dual operators would have no reason to start a huge price war in the market. Thus, we revise our ARPU forecast, expecting an improvement starting from 2022 onward. Pre- and post-paid ARPU is likely to be flat from now on, compared to our previous assumption where we projected pre- and post-paid ARPU to decline by 0.9% and 1.1%, respectively, and to continue to slide going forward.

Earnings revision

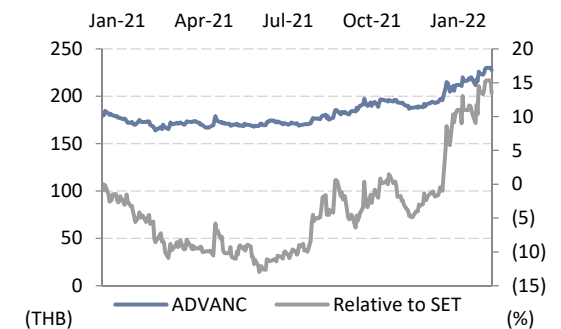
As a result of our ARPU assumption revision, we revise up our 2022E core net profit by 2.9% to THB29.1b (+10.5% y-y). We project ADVANC's revenue to grow to THB180b in 2022, 0.6% higher than our previous expectation. The recovery from Covid in 2021 and the expectation of less competition should be the key drivers for ADVANC's revenue.

Maintain BUY with a revised TP of THB260

The amalgamation between TRUE and DTAC could entirely change Thailand's mobile industry. We believe it should benefit the whole sector. Although ADVANC will drop to second place in the market as a result, it should also benefit in some way thanks to the more limited competitive field. We revise up our DCF-based TP on ADVANC from THB220 to THB260. Maintain BUY; ADVANC continues to be our top pick.

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|---------|---------|---------|---------|
| Revenue | 172,890 | 174,298 | 180,292 | 186,295 |
| Net profit | 27,352 | 26,312 | 29,066 | 32,129 |
| EPS (THB) | 9.20 | 8.85 | 9.78 | 10.81 |
| vs Consensus (%) | - | (1.7) | 1.3 | 0.8 |
| EBITDA | 89,398 | 90,277 | 93,278 | 97,013 |
| Core net profit | 27,105 | 26,312 | 29,066 | 32,129 |
| Core EPS (THB) | 9.12 | 8.85 | 9.78 | 10.81 |
| Chg. In EPS est. (%) | - | - | 2.9 | 5.0 |
| EPS growth (%) | (15.1) | (2.9) | 10.5 | 10.5 |
| Core P/E (x) | 25.0 | 25.8 | 23.3 | 21.1 |
| Dividend yield (%) | 3.0 | 3.1 | 3.1 | 3.7 |
| EV/EBITDA (x) | 8.5 | 8.2 | 7.7 | 7.3 |
| Price/book (x) | 9.0 | 8.4 | 7.6 | 7.1 |
| Net debt/Equity (%) | 102.7 | 77.1 | 49.8 | 29.2 |
| ROE (%) | 37.4 | 33.6 | 34.1 | 34.6 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|------------------------|---------|----------|
| Absolute (%) | 7.5 | 17.2 | 29.5 |
| Relative to country (%) | 1.0 | 12.7 | 12.4 |
| Mkt cap (USD m) | 20,371 | | |
| 3m avg. daily turnover (USD m) | 40.5 | | |
| Free float (%) | 36 | | |
| Major shareholder | Intouch Holdings (40%) | | |
| 12m high/low (THB) | 232.00/164.00 | | |
| Issued shares (m) | 2,973.55 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

ADVANC is the biggest mobile operator in Thailand with more than 45% of the market share. The company aims to be the number one 5G service provider. It also has the healthiest financial position in the sector, as well as a fair and consistent dividend yield at around 3.9% p.a.

We think the company has various catalysts waiting in the future, including 1) the potential to pay a higher dividend; 2) the benefit of lower competition in the mobile market after the amalgamation between TRUE and DTAC in 2022; 3) likely new projects with Gulf Energy Development (GULF TB, BUY, TP THB56); 4) growth in the enterprise sector; and 5) growth in its digital services business.

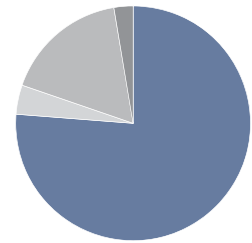
Company profile

ADVANC operates a telecommunications business, including mobile network services, fixed broadband services, and digital services.

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Principal activities (revenue, 2020)

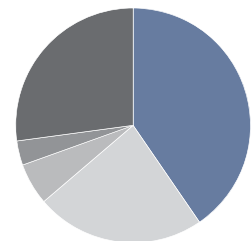
- Mobile - 76.2 %
- Fixed broadband - 4.0 %
- Sale of goods - 17.1 %
- Others - 2.6 %



Source: Advanced Info Service

Major shareholders

- Intouch Holdings - 40.4 %
- Singtel Strategic Investment PTE - 23.3 %
- Thai NVDR - 5.8 %
- Social Security Office - 3.4 %
- Others - 27.1 %



Source: Advanced Info Service

Catalysts

- Upcoming 5G technology should be a key driver for ADVANC, which aims to be the number one 5G operator;
- Consistent earnings which could lead to a consistent dividend yield at around 3.9% p.a.;
- The expectation of less competition in the mobile market after the amalgamation between TRUE and DTAC.

Risks to our call

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.

Event calendar

| Date | Event |
|----------|---------------------------|
| Feb 2022 | 2021 results announcement |

Key assumptions

| Key assumption | 2020 | 2021E | 2022E | 2023E |
|----------------------------|------|-------|-------|-------|
| Total subscribers (m) | 41.4 | 43.9 | 45.0 | 45.5 |
| Blended ARPU (THB/sub/mth) | 245 | 228 | 232 | 236 |
| Fixed broadband | | | | |
| FBB subscribers (m) | 1.2 | 1.6 | 2.0 | 2.3 |
| ARPU (THB/sub/mth) | 489 | 456 | 447 | 447 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in mobile blended ARPU, we project 2022 earnings to rise by 2.2%, and vice versa, all else being equal.
- For every 1% increase in mobile subscribers, we project 2022 earnings to rise by 2.1%, and vice versa, all else being equal.

Source: FSSIA estimates

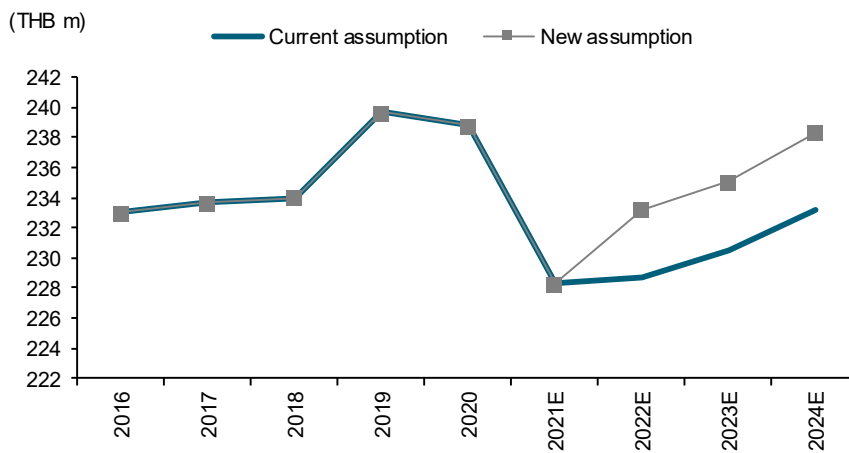
Less competition would benefit every company

We believe the merger between TRUE and DTAC would directly impact the mobile competition situation in Thailand, given that mobile average revenue per user (ARPU) for both pre- and post-paid customers has been in a declining trend for many years. The optimal market share of the new company at 54% vs 46% for ADVANC would strike a balance. We expect only a tiny change in market share of around 50-60% for the biggest operator and 40-50% for the second operator. Therefore, this would entirely remove the intense competition, in our view.

Based on our assumption, we revise our industry ARPU forecast to start improving from 2022 onward. Pre- and post-paid ARPU is likely to be flat and slightly decrease in 2023, compared to our previous assumption where pre-paid ARPU would decline by 0.9% in 2022 and post-paid would decline by 1.1% and continue to slide going forward.

When pre- and post-paid ARPU become more stable, we project 2023 blended ARPU to increase significantly by 2%, thanks to the pre-to-post transition that should continue in the future.

Exhibit 1: New blended ARPU assumption based on zero competition in the mobile market



Source: FSSIA estimates

Earnings forecast upgrade

For ADVANC, we adjust our ARPU forecast for both pre- and post-paid starting from 2022 onward. The impact of the lower competition should start in 2H22. The increase in our 2022 ARPU forecast to THB232 vs our previous expectation of THB230 boosts our revenue estimate by 0.6% to THB180b. In addition, while most of ADVANC's costs should be maintained, as its cost structure is mostly fixed, the 0.6% increase in its revenue should boost its 2022 net profit to grow by 2.9% to THB29.1b, compared to our previous expectation of THB28.2b.

Exhibit 2: Key assumption changes

| | New | | Previous | | Change | |
|----------------------------|------------------|------------------|------------------|------------------|--------------|--------------|
| | 2021E (THB m) | 2022E (THB m) | 2021E (THB m) | 2022E (THB m) | 2021E (%) | 2022E (%) |
| Total subscribers (m) | 43.9 | 45.0 | 43.9 | 45.0 | 0.0 | 0.0 |
| Blended ARPU (THB/sub/mth) | 228 | 232 | 228.2 | 230 | 0.0 | 0.8 |
| Revenue | 174,298 | 180,292 | 174,297.5 | 179,257 | 0.0 | 0.6 |
| Operating expense | (84,021) | (87,014) | (84,020.5) | (86,984) | 0.0 | 0.0 |
| EBITDA | 90,277 | 93,278 | 90,277.0 | 92,273 | 0.0 | 1.1 |
| EBIT | 37,106 | 39,980 | 37,105.8 | 38,975 | 0.0 | 2.6 |
| Core net profit | 26,312 | 29,066 | 26,312.3 | 28,240 | 0.0 | 2.9 |
| Margin | (%) | (%) | (%) | (%) | (ppt) | (ppt) |
| Gross profit margin | 51.8 | 51.7 | 51.8 | 51.5 | 0.0 | 0.3 |
| Net profit margin | 15.1 | 16.1 | 15.1 | 15.8 | 0.0 | 0.4 |

Source: FSSIA estimates

New TP of THB260

We have factored in the merger between TRUE and DTAC into our forecast, which should directly benefit ADVANC. Less competition would not only affect mobile network operators' (MNOs) revenues, but costs and future investments should also be less intense compared to the current situation. We believe that 1) the future spectrum auction will have less competition as the future spectrum bandwidth should be suitable for two operators; 2) there should be greater cost efficiency given that MNOs should face less competition, which could imply lower marketing expenses; and 3) there should be less pressure to make huge investments in 5G services, given that the two operators would have a similar service quality.

Therefore, we revise our DCF valuation on ADVANC from 2022 to 2027, our terminal year. The key assumption change comes mainly from the significant increase in blended ARPU for the next six years that we had previously expected to be flat or slightly increase, while most of the other factors remain the same. As a result, we revise our 2022 TP for ADVANC to THB260 from THB220.

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 | 81,765 | 85,638 | 89,854 | 93,811 | 96,748 | 99,198 |
| (less) tax on EBIT | (6,446) | (7,300) | (8,699) | (9,467) | (10,627) | (11,460) |
| decrease in working cap | 1,669 | (352) | (371) | (275) | (474) | (40) |
| (less) capex & investments | (26,500) | (26,500) | (21,500) | (34,500) | (34,500) | (39,000) |
| Free Cash Flow | 53,462 | 57,492 | 61,431 | 46,975 | 45,470 | 39,024 |
| WACC (%) | 7.9 | | | | | |
| Terminal growth (%) | 2 | | | | | |
| PV of FCF | 47,149 | 52,190 | 60,026 | 50,119 | 52,095 | 48,779 |
| Enterprise value | 835,356 | | | | | |
| Net debt+cash | (62,631) | | | | | |
| Minority | (154) | | | | | |
| Equity value | 772,572 | | | | | |
| No. of shares (m) | 2,974 | | | | | |
| Equity value / share (THB) | 260 | | | | | |

Sources: ADVANC; FSSIA estimates

4Q21E results preview

We expect ADVANC's service revenue, excluding interconnection revenue, in 4Q21 to amount to THB33b (+0.5% q-q, +2.8% y-y) thanks to fixed broadband (FBB) and enterprise revenues that should grow continuously from the previous quarter. We expect the growth momentum for FBB subscribers to look similar to 3Q21, while FBB ARPU should continue to decline given that the starting price for FBB services is now THB400 per month, compared to the current ARPU of THB455.

Mobile service revenue, however, should be flat at THB2.9b (-0.1% q-q, +0.5% y-y) in 4Q21. Although there are some signs of recovery in the Thai economy and from the border reopening, the growth in mobile subscribers cannot yet offset the continuous decline in mobile ARPU as the competitive situation remains intact, according to ADVANC. Meanwhile, we expect revenue from handset sales to surge by 74.9% q-q to THB10.8b on the high season for new mobile phones, especially iPhone 13. As a result, we expect ADVANC's total revenue from handset sales to grow significantly THB47b (11.3% q-q, +2.4% y-y).

However, we expect a 1) tiny margin on handset sales; 2) higher network OPEX on the 5G infrastructure rollout – the new network devices for 5G require more electricity; 3) higher content costs from Disney+; and 4) higher marketing expenses after ADVANC's mobile shops started to reopen in 4Q21, which should pressure ADVANC's cost. We expect ADVANC's EBITDA in 4Q21 to dip by 1.5% q-q to THB22.6b. As a result, we expect that the company's core net profit in 4Q21 should drop by 5.3% q-q to THB6.4b.

Exhibit 4: 4Q21E results preview

| | 4Q20 | 3Q21 | 4Q21E | Change | | 2020 | 2021E | Chg. | 2022E |
|-----------------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|--------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) | (THB m) |
| Operating revenue | 46,074 | 42,377 | 47,178 | 11.3 | 2.4 | 172,890 | 174,298 | 0.8 | 180,292 |
| Operating expense | (23,840) | (19,489) | (24,628) | 26.4 | 3.3 | (83,492) | (84,021) | 0.6 | (87,014) |
| EBITDA | 22,234 | 22,888 | 22,550 | (1.5) | 1.4 | 89,398 | 90,277 | 1.0 | 93,278 |
| EBITDA margin (%) | 48 | 54 | 48 | nm | nm | 52 | 52 | nm | 52 |
| Depreciation & amortisation | (13,106) | (13,442) | (13,507) | 0.5 | 3.1 | (51,923) | (53,171) | 2.4 | (53,298) |
| EBIT | 9,128 | 9,446 | 9,043 | (4.3) | (0.9) | 37,475 | 37,106 | (1.0) | 39,980 |
| Interest expense | (1,358) | (1,414) | (1,370) | (3.1) | 0.9 | (5,917) | (6,377) | 7.8 | (5,815) |
| Other income | 80 | 196 | 200 | 1.9 | 150.7 | 709 | 1,307 | 84.4 | 1,359 |
| Associates | (66) | (26) | (20) | (23.8) | (69.4) | (70) | 1 | n.a. | 20 |
| Extra items | 509 | (428) | - | n.a. | n.a. | 247 | - | n.a. | - |
| Pretax profit | 8,293 | 7,774 | 7,853 | 1.0 | (5.3) | 32,444 | 32,037 | (1.3) | 35,544 |
| Tax | (1,128) | (1,399) | (1,413) | 1.0 | 25.3 | (5,089) | (5,696) | 11.9 | (6,446) |
| Tax rate (%) | (14) | (18) | (18) | nm | nm | (16) | (18) | nm | (18) |
| Minority interests | (1) | (1) | (1) | 33.3 | (20.0) | (3) | (28) | 878.5 | (31) |
| Net profit | 7,164 | 6,374 | 6,438 | 1.0 | (10.1) | 27,352 | 26,312 | (3.8) | 29,066 |
| Core net profit | 6,655 | 6,802 | 6,438 | (5.3) | (3.3) | 27,105 | 26,312 | (2.9) | 29,066 |
| EPS (THB) | 2.41 | 2.14 | 2.17 | 1.0 | (10.1) | 9.20 | 8.85 | (3.8) | 9.77 |
| Core EPS (THB) | 2.24 | 2.29 | 2.17 | (5.3) | (3.3) | 9.12 | 8.85 | (2.9) | 9.77 |

Sources: ADVANC; FSSIA estimates

Financial Statements

Advanced Info Service

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 180,894 | 172,890 | 174,298 | 180,292 | 186,295 |
| Cost of goods sold | (74,444) | (59,112) | (57,760) | (59,631) | (60,884) |
| Gross profit | 106,449 | 113,778 | 116,538 | 120,660 | 125,410 |
| Other operating income | - | - | - | - | - |
| Operating costs | (27,740) | (24,380) | (26,261) | (27,383) | (28,397) |
| Operating EBITDA | 78,709 | 89,398 | 90,277 | 93,278 | 97,013 |
| Depreciation | (37,456) | (51,923) | (53,171) | (53,298) | (53,768) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | 41,254 | 37,475 | 37,106 | 39,980 | 43,245 |
| Net financing costs | (4,777) | (5,917) | (6,377) | (5,815) | (5,233) |
| Associates | (86) | (70) | 1 | 20 | 40 |
| Recurring non-operating income | 1,672 | 638 | 1,308 | 1,379 | 1,451 |
| Non-recurring items | (747) | 247 | 0 | 0 | 0 |
| Profit before tax | 37,402 | 32,444 | 32,037 | 35,544 | 39,463 |
| Tax | (6,209) | (5,089) | (5,696) | (6,446) | (7,300) |
| Profit after tax | 31,193 | 27,355 | 26,341 | 29,097 | 32,163 |
| Minority interests | (3) | (3) | (28) | (31) | (35) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 31,190 | 27,352 | 26,312 | 29,066 | 32,129 |
| Non-recurring items & goodwill (net) | 747 | (247) | 0 | 0 | 0 |
| Recurring net profit | 31,937 | 27,105 | 26,312 | 29,066 | 32,129 |
| Per share (THB) | | | | | |
| Recurring EPS * | 10.74 | 9.12 | 8.85 | 9.78 | 10.81 |
| Reported EPS | 10.49 | 9.20 | 8.85 | 9.78 | 10.81 |
| DPS | 7.08 | 6.80 | 7.00 | 6.98 | 8.53 |
| Diluted shares (used to calculate per share data) | 2,973 | 2,973 | 2,973 | 2,973 | 2,973 |
| Growth | | | | | |
| Revenue (%) | 6.5 | (4.4) | 0.8 | 3.4 | 3.3 |
| Operating EBITDA (%) | 6.7 | 13.6 | 1.0 | 3.3 | 4.0 |
| Operating EBIT (%) | 3.4 | (9.2) | (1.0) | 7.7 | 8.2 |
| Recurring EPS (%) | 7.7 | (15.1) | (2.9) | 10.5 | 10.5 |
| Reported EPS (%) | 5.1 | (12.3) | (3.8) | 10.5 | 10.5 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 38.1 | 35.8 | 36.4 | 37.4 | 38.5 |
| Gross margin of key business (%) | - | - | - | - | - |
| Operating EBITDA margin (%) | 43.5 | 51.7 | 51.8 | 51.7 | 52.1 |
| Operating EBIT margin (%) | 22.8 | 21.7 | 21.3 | 22.2 | 23.2 |
| Net margin (%) | 17.7 | 15.7 | 15.1 | 16.1 | 17.2 |
| Effective tax rate (%) | - | - | - | - | - |
| Dividend payout on recurring profit (%) | 65.9 | 74.6 | 79.1 | 71.4 | 78.9 |
| Interest cover (X) | 9.0 | 6.4 | 6.0 | 7.1 | 8.5 |
| Inventory days | 21.2 | 22.2 | 15.1 | 14.9 | 15.1 |
| Debtor days | 37.9 | 38.1 | 37.4 | 36.9 | 36.9 |
| Creditor days | 193.8 | 253.0 | 257.2 | 254.4 | 256.8 |
| Operating ROIC (%) | 48.9 | 37.7 | 30.2 | 35.4 | 42.1 |
| ROIC (%) | 20.9 | 17.2 | 14.7 | 16.2 | 19.2 |
| ROE (%) | 50.4 | 37.4 | 33.6 | 34.1 | 34.6 |
| ROA (%) | 12.7 | 10.3 | 9.0 | 9.4 | 10.5 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Mobile | 139,898 | 131,804 | 133,282 | 136,550 | 140,524 |
| Fixed broadband | 5,722 | 6,959 | 8,786 | 10,368 | 11,953 |
| Sale of goods | 30,765 | 29,574 | 26,538 | 27,296 | 27,415 |
| Others | 4,509 | 4,553 | 5,692 | 6,079 | 6,402 |

Sources: Advanced Info Service; FSSIA estimates

Financial Statements

Advanced Info Service

| Cash Flow (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit | 31,937 | 27,105 | 26,312 | 29,066 | 32,129 |
| Depreciation | 37,456 | 51,923 | 53,171 | 53,298 | 53,768 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | 7,973 | 8,643 | 7,405 | 5,389 | 4,788 |
| Change in working capital | (738) | (2,041) | (277) | 576 | 84 |
| Cash flow from operations | 76,627 | 85,630 | 86,611 | 88,329 | 90,769 |
| Capex - maintenance | (13,817) | (16,834) | (18,300) | (18,600) | (18,600) |
| Capex - new investment | (13,232) | (38,058) | (22,738) | (23,439) | (23,439) |
| Net acquisitions & disposals | 188 | 326 | 435 | 457 | 480 |
| Other investments (net) | 76 | (129) | (383) | (121) | (134) |
| Cash flow from investing | (26,784) | (54,694) | (40,986) | (41,703) | (41,692) |
| Dividends paid | (21,050) | (20,219) | (20,808) | (20,767) | (25,358) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | (15,110) | 4,071 | 55 | (10,000) | (10,000) |
| Other financing cash flows | (3,128) | (15,977) | (9,740) | (7,815) | (7,233) |
| Cash flow from financing | (39,288) | (32,124) | (30,494) | (38,582) | (42,591) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | (216) | (95) | 0 | 0 | 0 |
| Movement in cash | 10,338 | (1,284) | 15,132 | 8,044 | 6,486 |
| Free cash flow to firm (FCFF) | 54,619.51 | 36,852.20 | 52,001.96 | 52,441.11 | 54,309.35 |
| Free cash flow to equity (FCFE) | 31,388.54 | 18,934.97 | 35,940.05 | 28,811.31 | 31,843.34 |

| Per share (THB) | 2019 | 2020 | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|-------|
| FCFF per share | 18.37 | 12.39 | 17.49 | 17.64 | 18.26 |
| FCFE per share | 10.56 | 6.37 | 12.09 | 9.69 | 10.71 |
| Recurring cash flow per share | 26.02 | 29.49 | 29.22 | 29.51 | 30.50 |

| Balance Sheet (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|----------------|----------------|----------------|----------------|----------------|
| Tangible fixed assets (gross) | 241,913 | 337,010 | 364,890 | 394,390 | 423,890 |
| Less: Accumulated depreciation | (116,403) | (155,769) | (194,433) | (233,206) | (272,452) |
| Tangible fixed assets (net) | 125,510 | 181,241 | 170,457 | 161,184 | 151,438 |
| Intangible fixed assets (net) | 111,424 | 120,224 | 141,639 | 128,613 | 115,591 |
| Long-term financial assets | 67 | 110 | 110 | 110 | 110 |
| Invest. in associates & subsidiaries | 660 | 831 | 1,214 | 1,335 | 1,469 |
| Cash & equivalents | 21,626 | 20,342 | 35,474 | 43,518 | 50,004 |
| A/C receivable | 18,298 | 17,781 | 17,926 | 18,542 | 19,160 |
| Inventories | 4,828 | 2,372 | 2,391 | 2,474 | 2,556 |
| Other current assets | 2,390 | 1,660 | 1,674 | 1,732 | 1,789 |
| Current assets | 47,142 | 42,155 | 57,465 | 66,266 | 73,509 |
| Other assets | 4,865 | 5,610 | 6,035 | 6,539 | 7,090 |
| Total assets | 289,669 | 350,171 | 376,919 | 364,048 | 349,206 |
| Common equity | 69,266 | 75,564 | 81,068 | 89,367 | 96,138 |
| Minorities etc. | 128 | 125 | 154 | 185 | 220 |
| Total shareholders' equity | 69,394 | 75,689 | 81,222 | 89,552 | 96,358 |
| Long term debt | 69,172 | 79,301 | 79,345 | 71,345 | 63,345 |
| Other long-term liabilities | 45,848 | 101,367 | 122,981 | 110,311 | 97,552 |
| Long-term liabilities | 115,020 | 180,668 | 202,326 | 181,656 | 160,897 |
| A/C payable | 41,377 | 40,571 | 40,828 | 42,282 | 43,384 |
| Short term debt | 24,872 | 18,748 | 18,759 | 16,759 | 14,759 |
| Other current liabilities | 39,007 | 34,494 | 33,785 | 33,798 | 33,808 |
| Current liabilities | 105,255 | 93,813 | 93,372 | 92,839 | 91,951 |
| Total liabilities and shareholders' equity | 289,669 | 350,171 | 376,919 | 364,048 | 349,206 |
| Net working capital | (54,867) | (53,251) | (52,621) | (53,332) | (53,687) |
| Invested capital | 187,660 | 254,765 | 266,833 | 244,450 | 222,011 |

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

| Per share (THB) | 2019 | 2020 | 2021E | 2022E | 2023E |
|-------------------------------|---------|---------|---------|---------|--------|
| Book value per share | 23.30 | 25.42 | 27.27 | 30.06 | 32.34 |
| Tangible book value per share | (14.18) | (15.02) | (20.37) | (13.20) | (6.54) |

| Financial strength | 2019 | 2020 | 2021E | 2022E | 2023E |
|---------------------------|-------|-------|-------|-------|-------|
| Net debt/equity (%) | 104.4 | 102.7 | 77.1 | 49.8 | 29.2 |
| Net debt/total assets (%) | 25.0 | 22.2 | 16.6 | 12.2 | 8.0 |
| Current ratio (x) | 0.4 | 0.4 | 0.6 | 0.7 | 0.8 |
| CF interest cover (x) | 10.3 | 10.6 | 10.2 | 10.0 | 11.6 |

| Valuation | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|-------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 21.2 | 25.0 | 25.8 | 23.3 | 21.1 |
| Recurring P/E @ target price (x) * | 24.2 | 28.5 | 29.4 | 26.6 | 24.1 |
| Reported P/E (x) | 21.7 | 24.8 | 25.8 | 23.3 | 21.1 |
| Dividend yield (%) | 3.1 | 3.0 | 3.1 | 3.1 | 3.7 |
| Price/book (x) | 9.8 | 9.0 | 8.4 | 7.6 | 7.1 |
| Price/tangible book (x) | (16.1) | (15.2) | (11.2) | (17.3) | (34.8) |
| EV/EBITDA (x) ** | 9.5 | 8.5 | 8.2 | 7.7 | 7.3 |
| EV/EBITDA @ target price (x) ** | 10.7 | 9.5 | 9.3 | 8.8 | 8.3 |
| EV/invested capital (x) | 4.0 | 3.0 | 2.8 | 3.0 | 3.2 |

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

Sources: Advanced Info Service; 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 | 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 | 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 | MITISB | 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

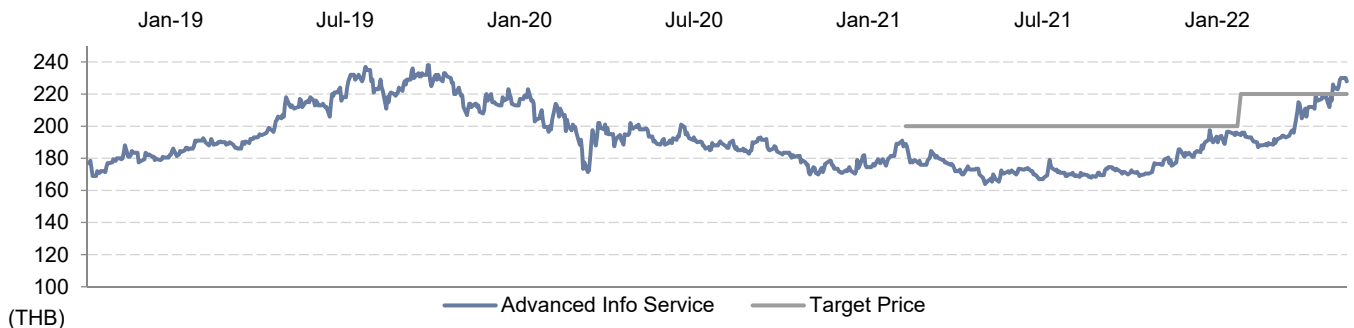
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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 | 09-Feb-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 | 19-Oct-2021 | HOLD | 4.20 |

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)



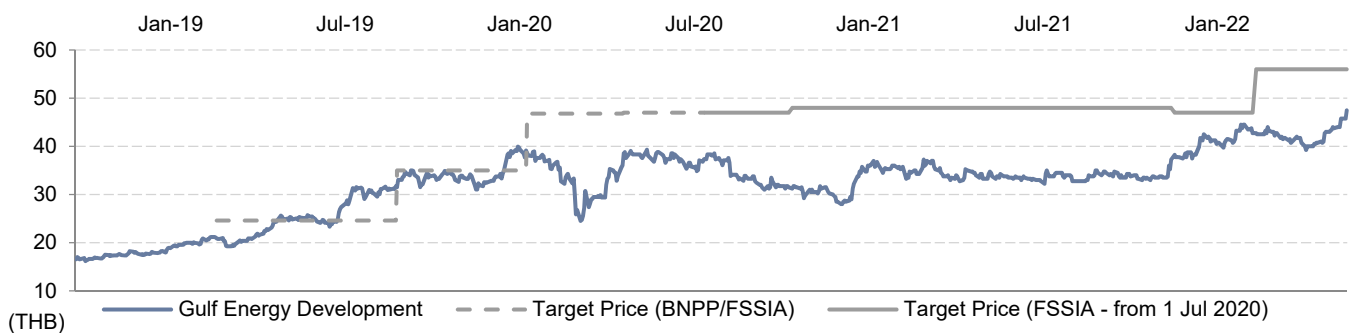
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 24-Dec-2020 | BUY | 40.00 | 22-Sep-2021 | HOLD | 42.00 | - | - | - |

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

Price and TP are in local currency

Source: FSSIA estimates

Gulf Energy Development (GULF TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 08-May-2019 | BUY | 24.60 | 22-Apr-2020 | BUY | 47.00 | 15-Oct-2021 | BUY | 56.00 |
| 10-Oct-2019 | BUY | 35.00 | 11-Sep-2020 | BUY | 48.00 | | | |
| 30-Jan-2020 | BUY | 46.80 | 06-Aug-2021 | BUY | 47.00 | | | |

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------------------|-----------|------------|--------|--|
| Advanced Info Service | ADVANC TB | THB 228.00 | 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 4.72 | 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 45.75 | 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. |
| Gulf Energy Development | GULF TB | THB 47.50 | BUY | The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project commercial operation dates. |

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 04-Jan-2022 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.