

TOTAL ACCESS COMMUNICATION
THAILAND / ICT

DTAC TB

BUY

FROM HOLD

ผู้ชนะที่แท้จริงจากการควบรวม

- ไม่มีปัจจัยบวกเฉพาะตัวในระยะสั้น; ปัจจัยบวกในอีก 6 เดือนข้างหน้าจะมาจาก การควบรวมกิจการ
- คาดมีความเป็นไปได้ 80% ที่การควบรวมจะประสบความสำเร็จ
- ปรับเพิ่มคำแนะนำเป็นซื้อที่ราคาเป้าหมายปี 2023 ที่ 55.50 บาทโดยคาดว่าจะการควบรวมกิจการจะประสบความสำเร็จ

TARGET PRICE	THB55.50
CLOSE	THB44.75
UP/DOWNSIDE	+24.0%
PRIOR TP	THB42.00
CHANGE IN TP	+32.1%
TP vs CONSENSUS	+2.2%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	81,321	81,388	83,772	84,615
Net profit	3,356	3,551	3,253	4,074
EPS (THB)	1.42	1.50	1.37	1.72
vs Consensus (%)	-	(8.0)	(28.0)	(24.7)
EBITDA	29,989	30,005	31,272	32,331
Core net profit	3,422	3,551	3,253	4,074
Core EPS (THB)	1.45	1.50	1.37	1.72
Chg. In EPS est. (%)	nm	(21.8)	(23.1)	nm
EPS growth (%)	(37.2)	3.8	(8.4)	25.2
Core P/E (x)	31.0	29.8	32.6	26.0
Dividend yield (%)	4.7	4.0	3.1	3.8
EV/EBITDA (x)	5.4	5.4	5.1	5.0
Price/book (x)	5.3	5.5	5.7	5.6
Net debt/Equity (%)	275.3	289.6	294.9	285.7
ROE (%)	15.4	18.1	17.3	21.7

การแข่งขันอาจกดดันอุตสาหกรรมอย่างต่อเนื่อง

เราเชื่อว่าอุตสาหกรรมบริการโทรศัพท์เคลื่อนที่ที่ยังมีการแข่งขันอย่างรุนแรงตลอดปี เราเห็นว่าความเร็วคงที่แบบไม่จำกัดพร้อมความเร็วอินเทอร์เน็ตที่สูงถึง 15Mbps ในราคา 200 บาทต่อเดือนจะเป็นปัจจัยกดดันสำคัญที่ลดรายได้เฉลี่ยต่อผู้ใช้ (ARPU) ให้ลดลง แม้ว่าการฟื้นตัวของเศรษฐกิจไทยและตัวเลขนักท่องเที่ยวขาเข้าอาจเพิ่มรายได้ของอุตสาหกรรม การแข่งขันที่อยู่ในระดับสูงอาจหักล้างประโยชน์ดังกล่าว ซึ่งจะทำให้รายได้โทรศัพท์เคลื่อนที่อ่อนแออย่างต่อเนื่อง ด้วยเหตุดังกล่าวเราคาดว่ารายได้ของ DTAC จะทรงตัวในปี 2022 ในขณะที่กำไรสุทธิน่าจะโตเพียง 4% เป็น 3.5 พัน ลบ.

กสทช. เป็นด่านสุดท้าย

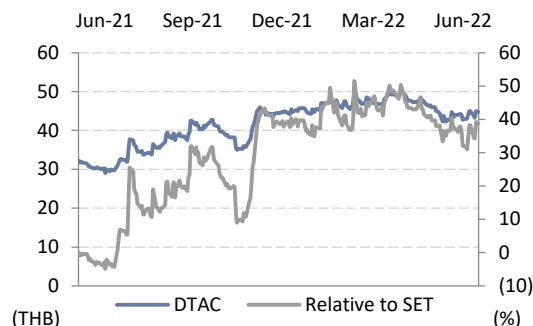
แม้ว่าแนวโน้มกำไรของ DTAC จะไม่น่าตื่นเต้น เราเห็นว่าตลาดกลับมองข้ามปัจจัยดังกล่าว การเคลื่อนไหวของราคาหุ้นของ DTAC ในปัจจุบันทั้งหมดขึ้นอยู่กับการควบรวมกิจการกับ True Corporation (TRUE TB, BUY, TP THB5.40) การควบรวมยังอยู่ระหว่างการพิจารณาของ กสทช. เราคาดว่า กสทช. จะออกคำวินิจฉัยในเดือน ก.ค. 2022 ซึ่งช้ากว่ากำหนดเดิมประมาณ 1 เดือน

มีความเป็นไปได้ 80% ที่การควบรวมจะประสบความสำเร็จ

เราเชื่อว่ามีความเป็นไปได้ 80% ที่การควบรวมจะประสบความสำเร็จ กสทช. น่าจะยอมให้การควบรวมเกิดขึ้นแต่จะจับตาดูการแข่งขันอย่างใกล้ชิด นอกจากนี้เราคาดว่าการแข่งขันจะกดดัน ARPU ของอุตสาหกรรมอย่างต่อเนื่องจนถึงปี 2023 ด้วยเหตุดังกล่าวเราจึงยังไม่ปรับเพิ่มประมาณการรายได้ของบริษัทที่จะเกิดจากการควบรวมจากผลหักล้างของการแข่งขัน ปัจจัยบวกสำคัญของการควบรวมน่าจะมาจากการประหยัดต้นทุนและค่าใช้จ่ายในการลงทุนที่เราคาดว่าจะอยู่ที่ประมาณ 9 พัน ลบ. ตั้งแต่ปี 2023 เป็นต้นไป

ปรับเพิ่มคำแนะนำเป็นซื้อหลังปรับราคาเป้าหมายปี 2023 เป็น 55.50 บาท

เราปรับเพิ่มราคาเป้าหมายปี 2023 เป็น 55.50 บาท (DCF) จากประเด็นการควบรวมกิจการโดยรวมประโยชน์ที่คาดว่าจะได้ การประหยัดต้นทุนและค่าใช้จ่ายในการลงทุนจากการควบรวมไว้ในราคาเป้าหมายของเรา เราชอบ DTAC มากกว่า TRUE ถ้าการควบรวมประสบความสำเร็จเนื่องจาก 1) DTAC มีศักยภาพในการจ่ายเงินปันผลระหว่างกาลในปีนี้อย่างน้อยก่อนการควบรวม; 2) อัตราการแปลงหุ้นของ DTAC เป็นบริษัทที่จะเกิดจากการควบรวมดีกว่า TRUE อยู่เล็กน้อย; และ 3) มี Downside น้อยกว่าถ้าการควบรวมไม่ประสบความสำเร็จ โดยเราคาดว่า Downside สำหรับราคาเป้าหมายของ DTAC จะอยู่ที่ 39 บาท.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.3	(4.3)	42.1
Relative to country (%)	1.7	(3.4)	41.4
Mkt cap (USD m)	3,047		
3m avg. daily turnover (USD m)	10.2		
Free float (%)	29		
Major shareholder	Telenor Asia PTE LTD (46%)		
12m high/low (THB)	51.50/28.75		
Issued shares (m)	2,367.81		

Sources: Bloomberg consensus; FSSIA estimates



Naruedom Mujjalinkool

naruedom.muj@fssia.com
+66 2611 3566

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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 13 มิถุนายน 2022

Investment thesis

DTAC is the third largest mobile service provider in Thailand with a market share of around 20%, operated by Telenor, the mobile operator across the Nordics and Asia.

DTAC and True Corporation (TRUE TB, BUY, TP THB5.40) agreed to amalgamate, thus becoming the biggest mobile operator in Thailand, in terms of mobile subscribers. The amalgamation should create a huge synergy value, CAPEX and cost savings that should make the Megerco grow significantly in the future.

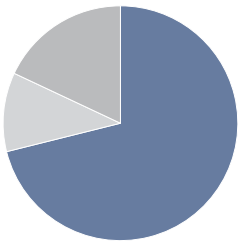
Company profile

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

Principal activities (revenue, 2021)

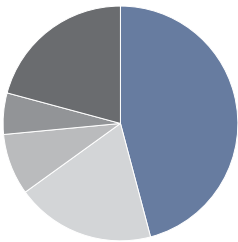
- Mobile service revenue - 71.1 %
- Handsets and starter kits sales - 10.9 %
- Other operating income - 18.0 %



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;
- Cost and CAPEX savings from the amalgamation.

Risks to our call

The key downside risks to our DCF-based TP are if the amalgamation between DTAC and TRUE is unable to proceed, if there is stronger-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 Jul-22	2Q22 results announcement

Key assumptions

Key assumption	2021	2022E	2023E	2024E
Total subscribers (m)	19.56	20.11	20.76	20.79
Postpaid (m)	6.19	6.25	6.28	6.38
Prepaid (m)	13.38	13.86	14.48	14.41
Blended ARPU (THB/sub/mth)	242	228	225	226
Postpaid APRU (THB/sub/mth)	497	485	485	485
Prepaid APRU (THB/sub/mth)	124	112	112	112

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in mobile blended ARPU, we project 2022 earnings to rise by 5.7%, and vice versa, all else being equal.
- For every 1% increase in mobile subscribers, we project 2022 earnings to rise by 4.1%, and vice versa, all else being equal.

Source: FSSIA estimates

DTAC is the real winner from the merger

If the amalgamation between DTAC and TRUE gets approval from the NBTC, we believe that investing in DTAC over TRUE would be the better choice as:

1) DTAC offers more upside to shareholders if converting DTAC's shares to the Mergerco

According to the swap ratio for 1 existing share in DTAC to 6.13444 shares in the Mergerco compared to TRUE for 0.60018 share in Mergerco, the current share price of DTAC will offer more shares for the Mergerco over TRUE. For example, investing in DTAC at the current share price of THB44.75 will net 6.13444 shares in the Mergerco. Investing ten shares in TRUE at the current share price of THB4.62 will convert to only 6.0018 Mergerco shares, which is 4% less than DTAC.

Exhibit 1: Mergerco swap ratio

	Swap ratio (1)	Current outstanding shares (2) (m)	No. of new share in Mergerco (1)x(2)=(3) (THB m)	% contribution in Mergerco (3)x(4)=(5) (%)	Current share price (THB)	Mergerco price (4)x(5)=(6) (THB)
TRUE	0.60018	33,368	20,027	58.0	4.62	7.70
DTAC	6.13444	2,368	14,525	42.0	44.75	7.29
		Total Mergerco shares (4)	34,552			Discount = 5.23%

Sources: DTAC; TRUE; FSSIA compilation

2) DTAC could offer one last dividend before merging

Despite the delay in the consideration from the NBTC that has delayed the amalgamation between DTAC and TRUE and shifted the tender offer date for one month, which may occur in Sep-22, we believe this would be an opportunity for DTAC to pay its interim dividend for one last time in 2022 before merging with TRUE. DTAC typically pays an interim dividend around late July to early Aug. Therefore, thanks to the delay, we have more confidence that DTAC will be able to pay a THB0.9 dividend per share to its shareholders (120% payout ratio) after 2Q22 results are announced.

In comparison, TRUE always pays a dividend once a year after the end of the year. Therefore, DTAC's shareholders would get about a 2% dividend yield before the merger.

3) DTAC has a smaller downside if the deal is rejected by the NBTC

If the amalgamation cannot proceed because the NBTC does not approve the merger, DTAC's and TRUE's share prices would fall significantly. We believe the current share prices of both companies have already priced in the expectation of the merger. DTAC's and TRUE's current share prices are higher than the pre-merger announcement by over 7%.

Based on our DCF-valuation, if the DTAC and TRUE merger cannot proceed, the TPs of both companies would fall to THB39 and THB3.8, respectively. In this case, DTAC would have a smaller downside compared to TRUE. The company's current share price would have only a 13% downside, while TRUE would have an 18% downside.

This is due to the expectation that the Mergerco would be able to reduce its cost of operations significantly, which mainly come from the cost of TRUE. If the merger cannot proceed, the potential for TRUE to reduce its costs may be small and slow, which may cause TRUE to continue to make a loss until 2023. For DTAC, on the other hand, the company has already minimised its losses, so it would likely be able to enjoy a profit in the future.

Exhibit 2: DTAC and TRUE – upside and downside based on the amalgamation

	TP if unable to merger (THB)	Downside (%)	Current share price (THB)	Mergerco TP (THB)	Upside (%)	Tender offer price (THB)	Upside (%)
DTAC	39	(13)	44.75	55.50	24	47.76	7
TRUE	3.8	(18)	4.62	5.40	17	5.09	10

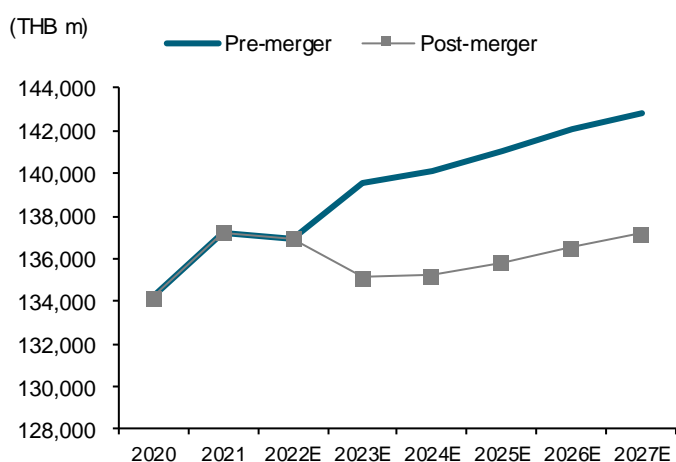
Sources: DTAC; TRUE; FSSIA estimates

Mergerco would have strong earnings growth

Based on our assumption of the Mergerco's financial performance, we conservatively maintain our revenue forecast on the Mergerco going forward. We believe the key driver will come from the cost savings as we estimate that the operating costs of DTAC and TRUE are a lot higher than for Advanced Info Service (ADVANC TB, BUY, TP THB250) by over 70%, based on the separate financial performance forecasts for each company in 2023. Therefore, the first task of the Mergerco would be to minimise its costs starting from 2023 onward, in our view. We can break down the two main benefits from the cost savings as follows:

1) Operating cost savings

For the cost side, we reduce our operating expense estimate for 2023 mainly from network OPEX, cost of services, and SG&A expenses by 3.6%. We believe the Mergerco would minimise its operating costs starting from 2023 for a total amount of THB4.4b, with savings increasing in the following years.

Exhibit 3: Operating cost savings from merger

Sources: DTAC; TRUE; FSSIA estimates

Exhibit 4: Summary of cost and CAPEX savings from merger

	2023E	2024E	2025E	2026E	2027E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Operating cost savings	4,418	4,911	5,268	5,516	5,620
CAPEX savings	3,977	3,777	3,977	4,027	2,447
Total savings	8,395	8,688	9,245	9,543	8,067

Source: FSSIA estimates

2) CAPEX savings

DTAC and TRUE have to invest in their networks separately before the amalgamation announcement. Their total CAPEX per year is around THB40b combined, which is higher than ADVANC which invests around THB30-35b per year. We believe that after the merger, in 2023, the Mergerco would need to spend around THB32b per year, which is still higher than ADVANC but would be lower than their investments separately by about THB4b. Therefore, we believe the Mergerco would save about THB4b per year from the decrease in CAPEX required.

As a result, we expect the Mergerco's earnings in 2023 to hit THB8.6b, higher than the separate net profits of DTAC and TRUE by 153%. Note that our assumption is based on the expectation that the amalgamation would be done at the end of this year. If it is delayed longer than our expectation, the cost and CAPEX savings in 2023 would be lower than our current projection.

Exhibit 5: Assumption of financial performance of Mergerco

	--- DTAC+TRUE financial statement ---			----- Mergerco financial statement -----			----- Change -----		
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Operating revenue	231,385	235,238	238,970	231,385	235,238	238,970	0.0	0.0	0.0
Operating expense	(139,529)	(140,128)	(141,083)	(135,111)	(135,217)	(135,815)	(3.2)	(3.5)	(3.7)
EBITDA	91,856	95,109	97,887	96,274	100,021	103,156	4.8	5.2	5.4
Depreciation & amortisation	(72,859)	(73,442)	(73,689)	(70,825)	(70,423)	(69,672)	(2.8)	(4.1)	(5.5)
EBIT	18,997	21,667	24,198	25,449	29,598	33,484	34.0	36.6	38.4
Finance expenses	(22,194)	(22,184)	(22,019)	(22,194)	(22,184)	(22,019)	0.0	0.0	0.0
Other IS Items	3,090	3,239	3,390	3,090	3,239	3,390	0.0	0.0	0.0
Associates	4,017	4,136	4,259	4,017	4,136	4,259	0.0	0.0	0.0
Profit before tax	3,910	6,858	9,829	10,362	14,789	19,115	165.0	115.6	94.5
Tax	(603)	(1,168)	(1,732)	(1,865)	(2,662)	(3,441)	209.4	127.8	98.7
Profit after tax	3,307	5,690	8,098	8,497	12,127	15,674	156.9	113.1	93.6
MI	(80)	(80)	(80)	(80)	(80)	(80)	0.0	0.0	0.0
Net profit	3,387	5,770	8,178	8,577	12,207	15,754	153.2	111.6	92.6

Source: FSSIA estimates

Fair value for Mergerco is THB9

With the expectation that the Mergerco's earnings should grow significantly from 2023 onward and that the cost and CAPEX savings would be around THB9b per year, our 2023 DCF-based fair value for the Mergerco would be THB9, based on the total shares numbering 34.6b. We apply WACC = 7.5% and terminal growth of 1.5%.

Exhibit 6: Mergerco DCF valuation

		2023E	2024E	2025E	2026E	2027E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA		96,274	100,021	103,156	105,887	107,258
(less) tax on EBIT		(1,865)	(2,662)	(3,441)	(4,010)	(4,634)
(less) capex & investments		(63,107)	(61,923)	(63,723)	(66,854)	(66,004)
decrease in working cap		(478)	2,566	1,072	1,414	1,142
Free Cash Flow		31,779	32,869	34,919	33,608	35,477
WACC (%)	7.5					
Terminal growth (%)	1.5					
PV of FCF		31,779	30,576	30,217	27,053	26,565
Enterprise value	600,156					
Net debt+cash	(283,804)					
Equity value	311,784					
No. of shares (m)	34,552					
Equity value / share (THB)	9.0					

Source: FSSIA estimates

Exhibit 7: Mergerco fair value to DTAC's and TRUE's TPs

	Swap ratio	Current outstanding shares	No. of new shares in Mergerco	% contribution in Mergerco	Mergerco fair value	Mergerco market cap	% market cap	TP
	(1)	(2)	(1)x(2)=(3)	(3)x(4)=(5)	(6)	(4)x(6)=(7)	(5)x(7)=(8)	(8)/(2)=(9)
		(m)	(THB m)	(%)	(THB)	(THB m)	(%)	(THB)
TRUE	0.60018	33,368	20,027	58.0	9.00	311,784	180,715	5.42
DTAC	6.13444	2,368	14,525	42.0	9.00	311,784	131,069	55.35
		Total (4)	34,552					

Note: Rounded up DTAC's TP from THB55.35 to THB55.50 and rounded down TRUE's TP from THB5.42 to THB5.40

Source: FSSIA estimates

The competition remains intense

In Apr-22, all three mobile operators announced new mobile packages for pre-paid subscribers. The new starting price plan was only THB100 per month and offered unlimited data at the fixed speed of 15Mbps, together with a huge amount of data available for the voice package. The starting price dropped from the minimum price of THB150 that all three operators had always offered.

We see this as a high competition risk for the mobile operator industry. The new unlimited data package at THB100 is the lowest package that we have ever seen. It is lower than the current pre-paid ARPU that had already declined to THB117 in 4Q21. Moreover, the internet speed of 15Mbps is fast enough for consumers who need data for use in daily life. According to the [Droidsans website](#), the 15Mbps speed could have a download speed of 1400-1800KB/s, which enables watching streaming content at a resolution of 2K. For the speed of 20Mbps, the download speed of 1700-2400KB/s enables content streaming at a resolution of 4K.

Although this package may no longer be available at the moment – the current promotion is back to the normal level of THB200 for unlimited data with a fixed speed of 15Mbps – the current promotion is still attractive. We see this as a sign that all mobile operators can still offer this attractive price package if they want to. The current package of THB200 for 15Mbps is still more attractive than the post-paid package. We think this could be the key pressure point to slow down the movement from pre- to post-paid packages.

Exhibit 8: Unlimited fixed speeds on pre-paid packages

	AIS	dtac	True Move H
Internet promotion: Unlimited, max speed 15 Mbps/month	THB100	THB100	THB100
Internet promotion: Unlimited, max speed 20 Mbps/month	-	THB150	THB150
Free calls to all networks	15 mins/time*	Depends on subscription channel	1,000 mins/month
Free SMS	-	-	-
Free WiFi	Applicable*	-	Applicable
Extra charges	Charge THB0.99/min when exceed 15 mins/time	Exceed call charge depends on package	Charge THB0.50/min when exceeding 1,000 mins/month
Other privileges	-	-	Free TrueID Plus account 30 days
Terms and conditions	Mobile number portability / Call centre	Mobile number portability / Call centre	Mobile number portability
Channels for subscription	- Call centre 1175 - Website	- Call centre 1678 - 15 Mbps: call *104*132# - 20 Mbps: call *104*134#	- 15 Mbps: call *900*9726# - 20 Mbps: call *900*9727#
Eligibility period	6 months	6 months	6 months
Application period	No deadline	No deadline	31 Dec 2022

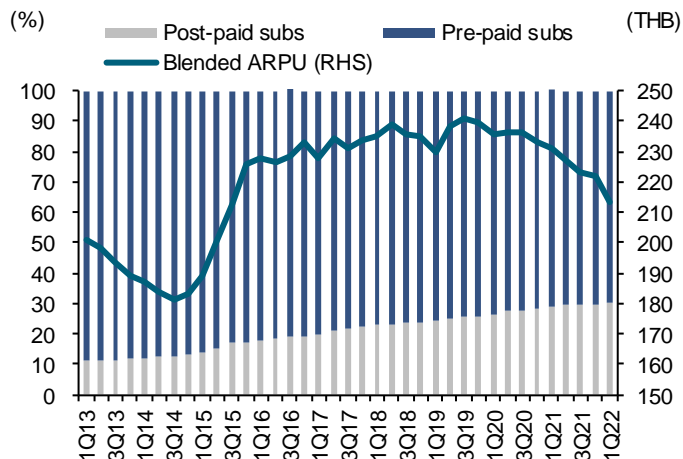
*Must choose either free call 15 mins/time or free WiFi

Source: [Droidsans website](#)

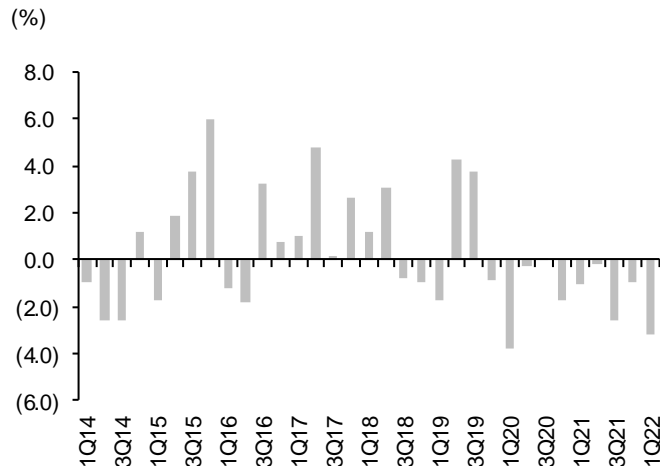
Attractive pre-paid package hurts post-paid package

Although both pre- and post-paid ARPU have been in a downtrend for quite a long time, blended ARPU in Thailand remained unchanged from 2015 to 2020. This is thanks to the switch in many customer's packages from pre- to post-paid packages – post-paid packages normally have a higher ARPU than pre-paid – making blended ARPU stable. The number of post-paid customers in Thailand had previously grown every quarter. The proportion increased from 17.5% in 1Q16 to 29.8% in 3Q21 (5 years).

However, there is the potential that pre- to post-paid will grow in the future. The proportion of post-paid subscribers grew from 29.8% in 3Q21 to just 30% in 1Q22, representing the slowest growth rate in the past five years.

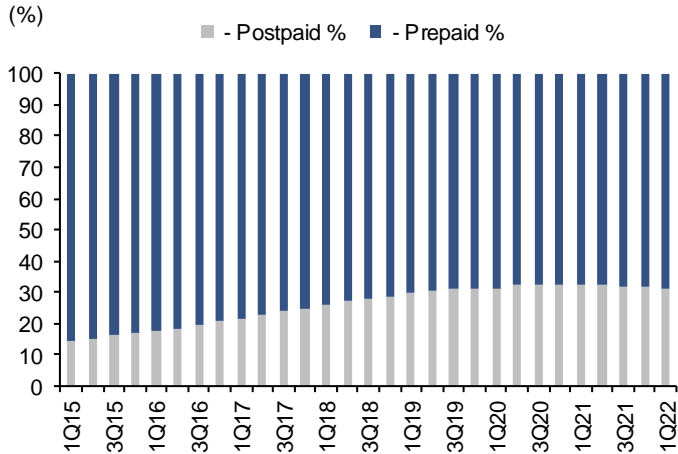
Exhibit 9: Industry pre- and post-paid subscribers and blended ARPU

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

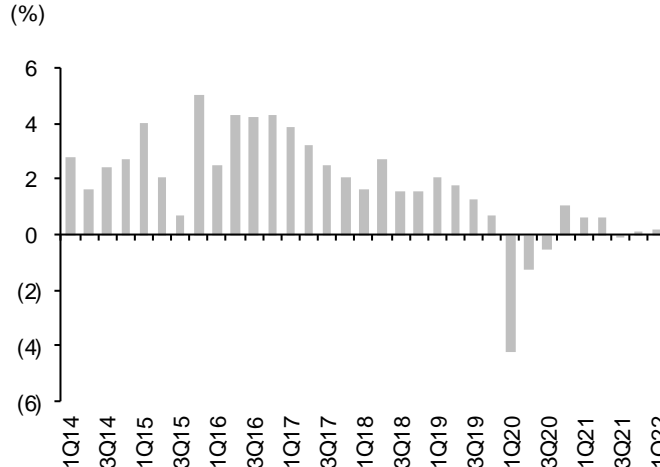
Exhibit 10: DTAC's blended ARPU q-q growth

Source: DTAC

We believe this was due to the intense competition in pre-paid services, with every mobile operator offering an attractive price plan with an unlimited fixed speed, as mentioned above. The price of THB200 per month is very attractive. Post-paid customers would have to spend about THB400 per month in order to use the same amount of data as pre-paid. This will likely hurt and slow down the transition of pre- to post-paid subscribers. If the competition remains intense in pre-paid, we believe the growth of the post-paid proportion would be limited. As a result, it would hurt blended ARPU, forcing a continued decline.

Exhibit 11: DTAC's subscriber proportion by package

Source: DTAC

Exhibit 12: Change in post-paid contributions to total subscribers

Source: DTAC

DTAC has the weakest pre- to post-paid growth in the industry

Compared to the industry, DTAC is the only company that had a declining pre-to-post transition. The company's post-paid subscriber proportion was at 31.2% in 1Q22, declining from its peak in 4Q20 at 32.4%, while other operators' pre-to-post figures still had a tiny amount of growth. We believe this is because DTAC doesn't have full 5G services, as the company lacks a 5G mid-band spectrum, unlike ADVANC and TRUE. This is the key weakness for DTAC in the future, in our opinion.

Competition should continue in 2022 and 2023

Because of the intense competition, unlimited data fixed speeds, and slower-than-expected 5G subscriber growth, we have changed our view toward the competition in the mobile market. We expect the industry's mobile ARPU to continue to decline until 2023, which differs from our previous expectation in our earlier report, "[Thailand ICT - The big turning point](#)", on 23 Nov-21, when we expected that mobile ARPU should start to stabilise in 2022 as well as 2023 thanks to lower competition from the amalgamation.

Better outlook in 2H22

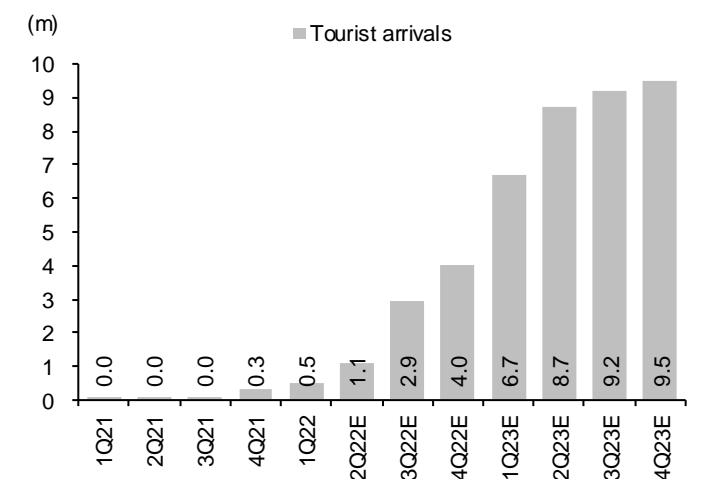
With Thailand's border re-opening, FSSIA expects 8.5m tourist arrivals to Thailand this year. We believe the recovery in tourist sims should be a key support catalyst for mobile service revenue in 2H22 onward. On top of that, the Thai economy should also start to recover at the same time. Consumers should consume more mobile data after they have more purchasing power. Hence, we expect that mobile service revenue and earnings for DTAC should start to recover from 2H22 onward. Moreover, DTAC has the biggest tourist sim contribution to its mobile service revenue out of the covered operators. We believe DTAC will be the largest beneficiary of the tourist arrival recovery.

Exhibit 13: Tourist arrivals forecast



Source: FSSIA estimates

Exhibit 14: Tourist arrivals forecast, quarterly



Source: FSSIA estimates

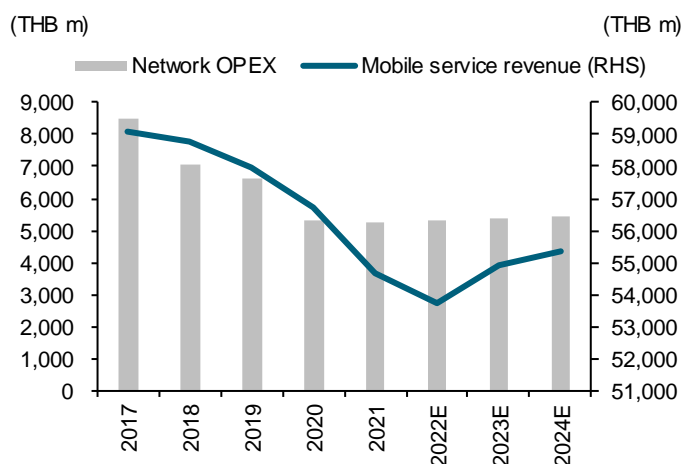
ARPU slowdown

With all of the downsides we've mentioned above, we revise down our ARPU assumption on DTAC from THB255 in 2022 to THB228, but increase the number of subscribers slightly to 20.1m thanks to the better-than-expected subscriber growth in 1Q22 that should continue for the rest of the year, driven by the tourist arrival recovery. These factors prompt us to cut our 2022 revenue estimate by 2% to THB81b, flattish from last year and in line with management's expectation for operating revenue to be flat or experience low single-digit growth.

Higher operating cost

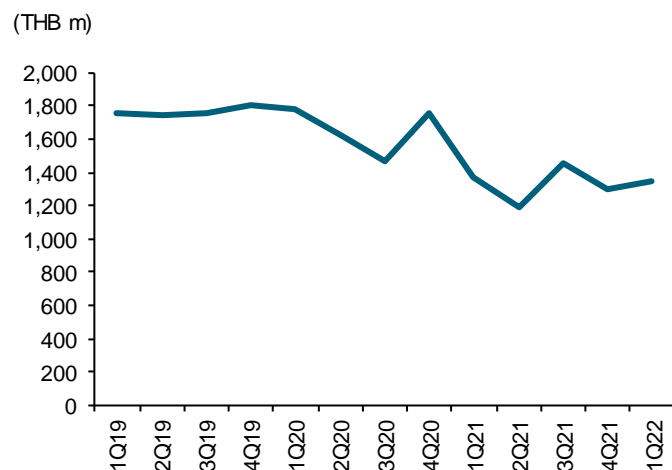
On the cost side, DTAC has shown solid cost efficiency management that has led its network OPEX to drop continually since 2017, especially in 2020 on the back of Covid. The company was able to minimise its costs by 20% y-y in 2020 to THB5.3b, compared to THB6.6b in 2019. However, after DTAC started to roll out its 700MHz network in late 2020 until 2021, its network OPEX started to pick up in 2H21 from its bottom in 2Q21. Its network OPEX in 2021 fell only 2% y-y to THB5.2b. This indicates that the cost optimisation that DTAC has aggressively implemented since 2020 may reach its saturation point. It would be a very challenging task for the company to continue to reduce its network OPEX in 2022, in our view, as its cost may have already reached the bottom, and it still has to continue its network rollout.

Exhibit 15: Yearly network OPEX vs mobile service revenue



Sources: DTAC; FSSIA estimates

Exhibit 16: Quarterly network OPEX



Source: DTAC

For this reason, we increase our operating cost assumption in 2022. DTAC may face a higher utility expense as Thailand has increased utility costs due to the rising oil price. On top of that, we believe other operating and SG&A expenses may start to be more stable as the company has tried to reduce its costs for almost two years. As a result, we expect DTAC's net profit in 2022 to be at THB3.55b (+4% y-y), lower than our previous expectation by 20%.

Exhibit 17: Key assumption changes

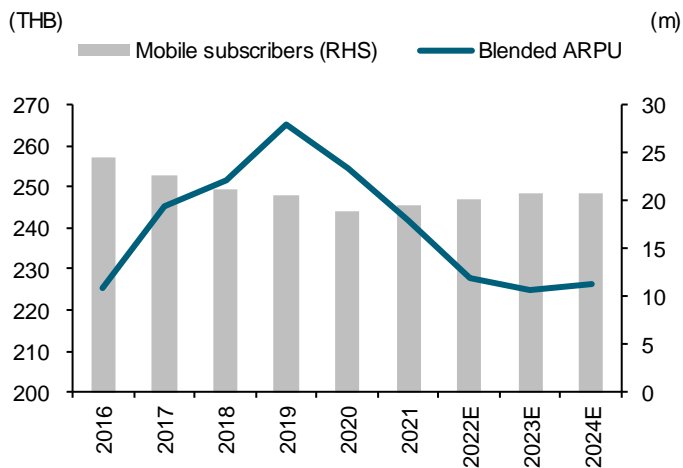
	Current		Previous		Change	
	2022E (THB m)	2023E (THB m)	2022E (THB m)	2023E (THB m)	2022E (THB m)	2023E (THB m)
Total subscribers (m)	20.1	20.8	19.7	19.7	2.3	5.7
Blended ARPU (THB/sub/mth)	228	225	255	258	(10.6)	(12.9)
Revenue	81,388	83,772	82,987	84,362	(1.9)	(0.7)
EBITDA	30,005	31,272	31,190	31,577	(3.8)	(1.0)
Core profit	3,551	3,253	4,441	4,498	(20.0)	(27.7)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
EBITDA margin	36.9	37.3	37.6	37.4	(0.7)	(0.1)
NPM	4.4	3.9	5.4	5.3	(1.0)	(1.4)

Source: FSSIA estimates

Slowdown to continue in 2023 if the amalgamation cannot proceed

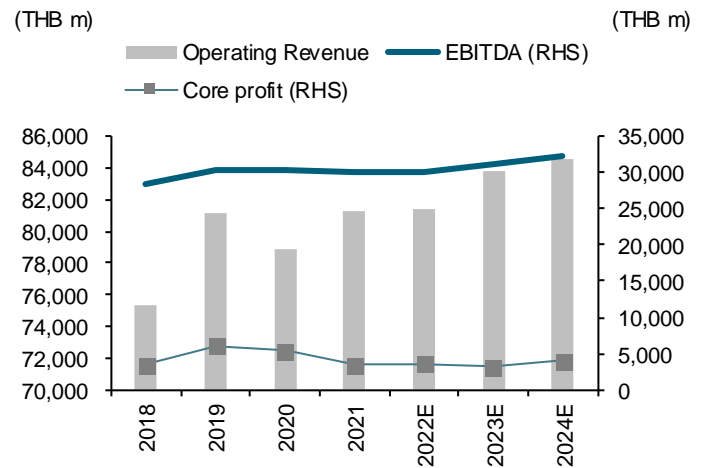
If the amalgamation is unable to proceed (we expect only a 20% possibility that this deal may not be approved by the NBTC), DTAC may face higher costs in 2023 as it may have to participate the 3500Mhz spectrum auction that is expected to be held in early 2023. The higher amortisation cost from new spectrum is already projected in DTAC's financial performance. Therefore, we expect that the company's earnings in 2023 would decline due to the higher network OPEX and higher amortisation expense. DTAC's 2023 net profit (not including the expectation of cost savings from amalgamation) should fall from 2022 by 8% y-y to THB3.25b.

Exhibit 18: DTAC's mobile subs and ARPU



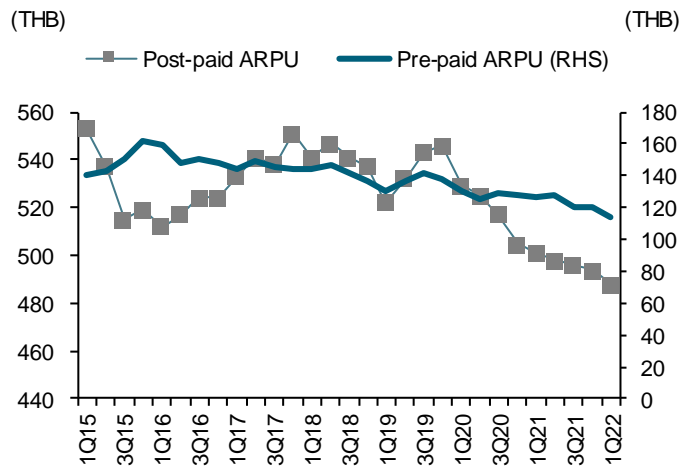
Sources: DTAC; FSSIA estimates

Exhibit 19: Operating revenue, EBITDA, and core profit



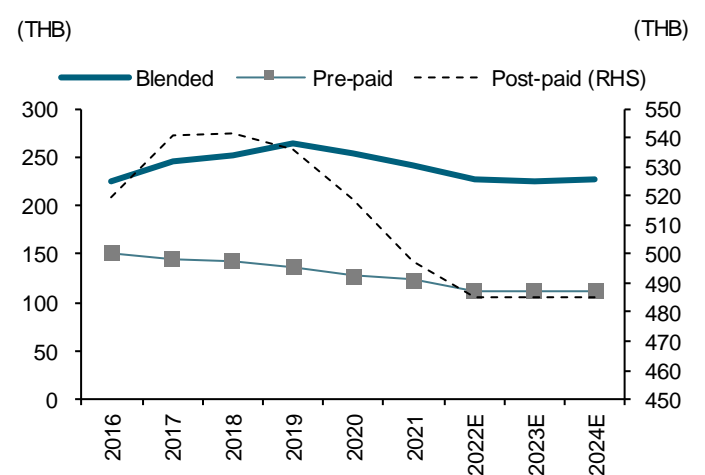
Sources: DTAC; FSSIA estimates

Exhibit 20: Post-paid and pre-paid ARPU trend



Source: DTAC

Exhibit 21: ARPU forecasts



Sources: DTAC; FSSIA estimates

Financial Statements

Total Access Communication

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	78,818	81,321	81,388	83,772	84,615
Cost of goods sold	(35,878)	(39,191)	(39,338)	(40,210)	(39,938)
Gross profit	42,940	42,130	42,050	43,562	44,677
Other operating income	-	-	-	-	-
Operating costs	(12,747)	(12,141)	(12,045)	(12,289)	(12,345)
Operating EBITDA	30,193	29,989	30,005	31,272	32,331
Depreciation	(20,951)	(22,478)	(22,871)	(24,597)	(24,775)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	9,242	7,511	7,134	6,675	7,557
Net financing costs	(2,859)	(2,830)	(2,736)	(2,665)	(2,608)
Associates	(12)	121	40	40	40
Recurring non-operating income	(79)	(667)	(210)	(160)	(110)
Non-recurring items	(344)	(66)	0	0	0
Profit before tax	5,960	3,948	4,188	3,850	4,838
Tax	(853)	(592)	(637)	(597)	(764)
Profit after tax	5,107	3,356	3,551	3,253	4,074
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,107	3,356	3,551	3,253	4,074
Non-recurring items & goodwill (net)	344	66	0	0	0
Recurring net profit	5,451	3,422	3,551	3,253	4,074
Per share (THB)					
Recurring EPS *	2.30	1.45	1.50	1.37	1.72
Reported EPS	2.16	1.42	1.50	1.37	1.72
DPS	2.99	2.10	1.80	1.37	1.72
Diluted shares (used to calculate per share data)	2,368	2,368	2,368	2,368	2,368
Growth					
Revenue (%)	(2.9)	3.2	0.1	2.9	1.0
Operating EBITDA (%)	(0.7)	(0.7)	0.1	4.2	3.4
Operating EBIT (%)	(11.3)	(18.7)	(5.0)	(6.4)	13.2
Recurring EPS (%)	(10.2)	(37.2)	3.8	(8.4)	25.2
Reported EPS (%)	(5.8)	(34.3)	5.8	(8.4)	25.2
Operating performance					
Gross margin inc. depreciation (%)	27.9	24.2	23.6	22.6	23.5
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	38.3	36.9	36.9	37.3	38.2
Operating EBIT margin (%)	11.7	9.2	8.8	8.0	8.9
Net margin (%)	6.9	4.2	4.4	3.9	4.8
Effective tax rate (%)	-	-	-	-	-
Dividend payout on recurring profit (%)	129.9	145.3	120.0	100.0	100.0
Interest cover (X)	3.2	2.4	2.5	2.4	2.9
Inventory days	8.8	9.0	12.1	12.0	12.4
Debtor days	45.6	45.2	46.0	45.4	45.8
Creditor days	365.1	304.7	294.0	300.2	307.1
Operating ROIC (%)	19.8	19.6	23.4	22.5	25.9
ROIC (%)	7.6	5.5	5.9	5.6	6.5
ROE (%)	22.1	15.4	18.1	17.3	21.7
ROA (%)	4.9	3.7	3.9	3.7	4.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Mobile service revenue	59,993	57,825	57,204	59,075	59,772
Handsets and starter kits sales	6,980	8,847	8,949	8,929	8,523
Other operating income	11,845	14,649	15,235	15,768	16,320

Sources: Total Access Communication; FSSIA estimates

Financial Statements

Total Access Communication

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	5,451	3,422	3,551	3,253	4,074
Depreciation	20,951	22,478	22,871	24,597	24,775
Associates & minorities	-	-	-	-	-
Other non-cash items	(1,129)	(295)	514	58	(11)
Change in working capital	668	889	(465)	174	(271)
Cash flow from operations	25,942	26,494	26,471	28,083	28,566
Capex - maintenance	(3,932)	(6,408)	(6,760)	(6,760)	(6,760)
Capex - new investment	(16,815)	(15,720)	(15,054)	(16,936)	(17,552)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(38)	214	257	(143)	(50)
Cash flow from investing	(20,786)	(21,914)	(21,557)	(23,839)	(24,362)
Dividends paid	(5,872)	(7,506)	(4,617)	(3,757)	(3,664)
Equity finance	0	342	(93)	0	0
Debt finance	4,000	5,500	(2,100)	(1,480)	(1,184)
Other financing cash flows	(5,165)	(5,988)	0	0	0
Cash flow from financing	(7,037)	(7,651)	(6,810)	(5,237)	(4,848)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,881)	(3,072)	(1,896)	(993)	(644)
Free cash flow to firm (FCFF)	8,014.84	7,409.66	7,650.12	6,909.15	6,812.01
Free cash flow to equity (FCFE)	3,990.76	4,092.00	2,813.94	2,764.01	3,019.70
Per share (THB)					
FCFF per share	3.38	3.13	3.23	2.92	2.88
FCFE per share	1.69	1.73	1.19	1.17	1.28
Recurring cash flow per share	10.67	10.81	11.38	11.79	12.18
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	138,226	119,550	131,550	143,550	155,550
Less: Accumulated depreciation	(65,422)	(65,779)	(77,111)	(89,215)	(101,479)
Tangible fixed assets (net)	72,804	53,772	54,439	54,335	54,072
Intangible fixed assets (net)	63,877	76,517	69,971	74,698	67,087
Long-term financial assets	4,819	4,395	4,395	4,395	4,395
Invest. in associates & subsidiaries	233	228	228	228	228
Cash & equivalents	6,647	3,575	1,680	686	42
A/C receivable	9,889	10,250	10,258	10,559	10,665
Inventories	634	1,307	1,308	1,346	1,360
Other current assets	4,553	4,595	4,496	4,592	4,625
Current assets	21,722	19,727	17,742	17,183	16,692
Other assets	10,825	9,676	9,420	9,563	9,613
Total assets	174,280	164,315	156,195	160,402	152,086
Common equity	24,315	20,167	19,102	18,598	19,008
Minorities etc.	0	0	0	0	0
Total shareholders' equity	24,315	20,167	19,102	18,598	19,008
Long term debt	47,641	51,078	45,328	44,588	43,996
Other long-term liabilities	53,898	45,973	39,690	44,656	37,233
Long-term liabilities	101,539	97,051	85,019	89,245	81,229
A/C payable	34,551	30,879	32,488	33,662	33,554
Short term debt	6,485	8,025	11,675	10,935	10,343
Other current liabilities	7,390	8,191	7,912	7,962	7,952
Current liabilities	48,426	47,096	52,075	52,559	51,849
Total liabilities and shareholders' equity	174,281	164,315	156,195	160,402	152,086
Net working capital	(26,866)	(22,919)	(24,337)	(25,127)	(24,856)
Invested capital	125,692	121,668	114,116	118,092	110,539
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	10.27	8.52	8.07	7.85	8.03
Tangible book value per share	(16.71)	(23.80)	(21.48)	(23.69)	(20.31)
Financial strength					
Net debt/equity (%)	195.3	275.3	289.6	294.9	285.7
Net debt/total assets (%)	27.2	33.8	35.4	34.2	35.7
Current ratio (x)	0.4	0.4	0.3	0.3	0.3
CF interest cover (x)	8.3	8.0	7.5	8.4	8.9
Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	19.4	31.0	29.8	32.6	26.0
Recurring P/E @ target price (x) *	24.1	38.4	37.0	40.4	32.3
Reported P/E (x)	20.7	31.6	29.8	32.6	26.0
Dividend yield (%)	6.7	4.7	4.0	3.1	3.8
Price/book (x)	4.4	5.3	5.5	5.7	5.6
Price/tangible book (x)	(2.7)	(1.9)	(2.1)	(1.9)	(2.2)
EV/EBITDA (x) **	5.1	5.4	5.4	5.1	5.0
EV/EBITDA @ target price (x) **	5.9	6.2	6.2	6.0	5.7
EV/invested capital (x)	1.2	1.3	1.4	1.4	1.4
* 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 2021

EXCELLENT LEVEL – Score range 90-100											
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD	
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI	
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO	
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC	
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U	
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC	
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS	
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV	
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI	
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH	
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL	
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE	
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA	
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP	
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE	
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER	
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN	
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR		
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE		
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH		
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA		
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB		
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL		
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW		
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU		
VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT	
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP	
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC	
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI	
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH	
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP	
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF	
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC	
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP	
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM	
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL	
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO	
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA	
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE	
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK	
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP	
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO	
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG	
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA	
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS		
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS		
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN		
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT		
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE		
GOOD LEVEL – Score range 70-79											
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG	
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA	
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN		
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM		
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS		
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ		
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA		
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA		
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA		
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W		
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TPIPP	WIN		
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK		
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH		

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

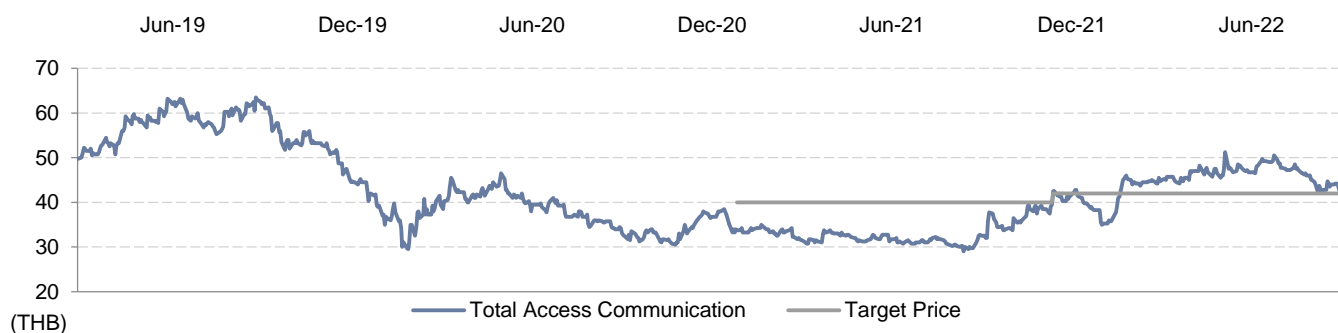
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Total Access Communication (DTAC TB)



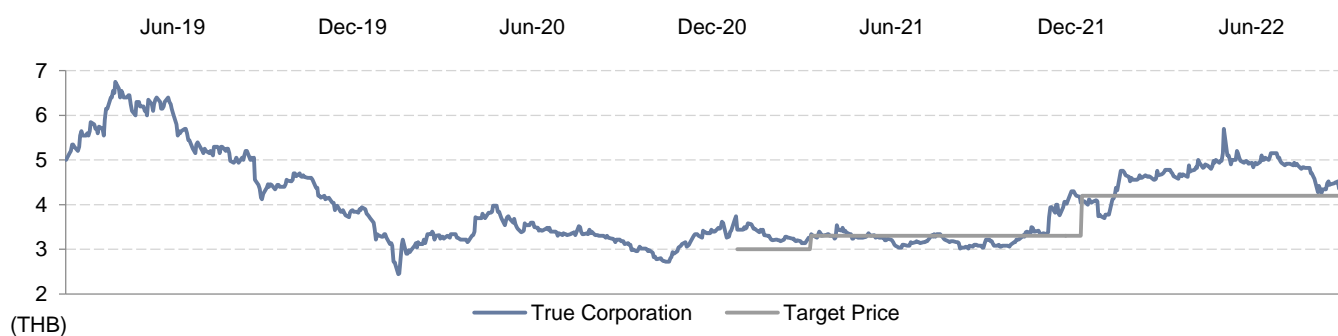
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Dec-2020	BUY	40.00	22-Sep-2021	HOLD	42.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

True Corporation (TRUE TB)



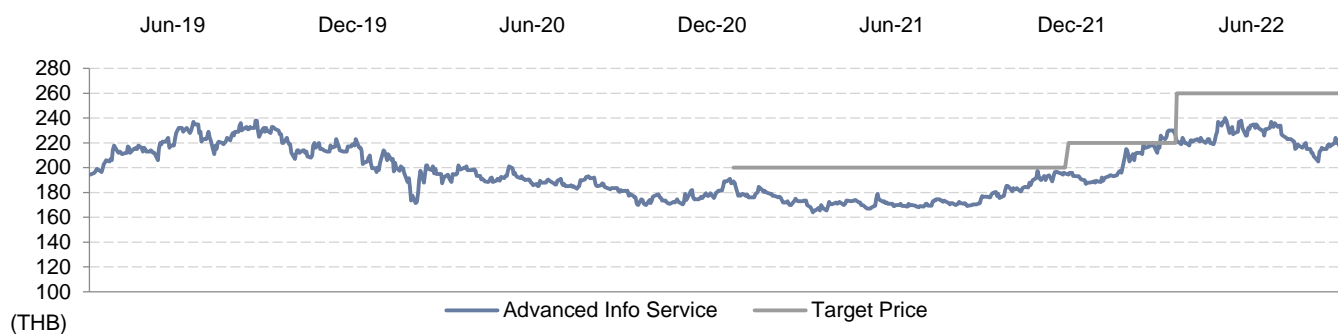
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	REDUCE	3.00	02-Mar-2021	HOLD	3.30	19-Oct-2021	HOLD	4.20

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

Price and TP are in local currency

Source: FSSIA estimates

Advanced Info Service (ADVANC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Dec-2020	HOLD	200.00	01-Oct-2021	BUY	220.00	-	-	-
09-Feb-2021	BUY	200.00	05-Jan-2022	BUY	260.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Total Access Communication	DTAC TB	THB 44.75	BUY	The key downside risks to our DCF-based TP are if the amalgamation between DTAC and TRUE is unable to proceed, if there is stronger-than-expected competition in the mobile market, and if there is a faster or slower-than-expected adoption of 5G use cases.
True Corporation	TRUE TB	THB 4.62	BUY	The key downside risks to our DCF-based TP are if the 5G subscription gains and ARPU are worse than our expectation, if the company can reduce its costs worse than we expect, and if there is a slower-than-expected adoption of 5G use cases.
Advanced Info Service	ADVANC TB	THB 208.00	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.

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 10-Jun-2022 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.