

ADVANCED INFO SERVICE

THAILAND / ICT

ADVANC TB

BUY

UNCHANGED

Entering the best quarter

- We continue to have a positive view on ADVANC as 1Q has typically been a good quarter for its share price.
- 4Q22 core earnings are expected to improve by 4.2% q-q to THB6.5b (-8% y-y) thanks to the company's cost control.
- Maintain BUY with a new TP of THB240.

1Q is the best quarter

Similar to our investment idea from last year, we believe that ADVANC's share price should provide a positive return during 1Q thanks to the dividend season. From 2011 to 2022, ADVANC, which has always paid a solid dividend yield, has seen its share price post positive returns nine years out of 10 (excluding the Covid years in 2020 and 2021), as well as in 2022. We believe this is because 1Q is the quarter when the company pays its final dividend. Therefore, we believe history will repeat itself in 2023.

Positive outlook for 4Q22

We expect ADVANC's core earnings in 4Q22 to be the company's best earnings by quarter for 2022. We expect ADVANC's 4Q core profit to be at THB6.5b (+4.2% q-q, -8% y-y), driven by 1) slightly higher service revenue q-q, driven by all businesses including mobile, fixed broadband, and the enterprise business; and 2) the cost control program that should allow the company to maintain its SG&A costs, despite facing higher network OPEX due to the rising electricity costs.

2022 earnings forecast trimmed; 2023 outlook is solid

Though we expect ADVANC's core earnings to improve to THB6.5b in 4Q22, we lower our 2022 earnings forecast by 3.2% to THB25.6b. Similarly, we cut our earnings estimates for 2023/24 by 2.7%/2.4% mainly due to higher operational costs. However, we still have a positive view on ADVANC as well as the outlook for mobile network operators for 2023 after tourism recovers and competition becomes more stable as a result of the amalgamation between the company's main competitors. Average revenue per user may decline at a slower pace than last year and help the company to post an earnings improvement for 2023.

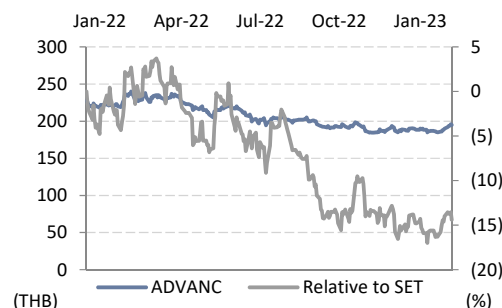
Maintain BUY with a new TP of THB240

A solid earnings improvement in 4Q22 could provide momentum for ADVANC's 1Q23 earnings outlook. Based on the investment idea that ADVANC should provide a positive return during 1Q23 – the dividend season – we believe it still has a positive catalyst during the beginning of this year. We maintain BUY with a new DCF-based TP of THB240, with an upside risk from the fixed broadband business acquisition.

| | |
|-----------------|-----------|
| TARGET PRICE | THB240.00 |
| CLOSE | THB195.00 |
| UP/DOWNSIDE | +23.1% |
| PRIOR TP | THB242.00 |
| CHANGE IN TP | -0.8% |
| TP vs CONSENSUS | +1.8% |

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|----------------------|---------|---------|---------|---------|
| Revenue | 181,333 | 184,125 | 187,397 | 189,138 |
| Net profit | 26,922 | 25,181 | 26,651 | 28,253 |
| EPS (THB) | 9.05 | 8.47 | 8.96 | 9.50 |
| vs Consensus (%) | - | (4.0) | (8.3) | (11.9) |
| EBITDA | 91,408 | 88,888 | 92,093 | 93,281 |
| Core net profit | 27,068 | 25,550 | 26,651 | 28,253 |
| Core EPS (THB) | 9.10 | 8.59 | 8.96 | 9.50 |
| Chg. In EPS est. (%) | - | (3.2) | (2.7) | (2.4) |
| EPS growth (%) | (0.4) | (5.6) | 4.3 | 6.0 |
| Core P/E (x) | 21.4 | 22.7 | 21.8 | 20.5 |
| Dividend yield (%) | 3.9 | 3.7 | 4.1 | 4.6 |
| EV/EBITDA (x) | 7.1 | 7.2 | 6.8 | 6.6 |
| Price/book (x) | 7.1 | 7.0 | 6.6 | 6.4 |
| Net debt/Equity (%) | 89.8 | 76.1 | 56.1 | 38.6 |
| ROE (%) | 34.4 | 30.9 | 31.2 | 31.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|------------------------|---------|----------|
| Absolute (%) | 3.2 | 0.0 | (15.2) |
| Relative to country (%) | 1.1 | (4.7) | (15.8) |
| Mkt cap (USD m) | 16,748 | | |
| 3m avg. daily turnover (USD m) | 32.6 | | |
| Free float (%) | 36 | | |
| Major shareholder | Intouch Holdings (40%) | | |
| 12m high/low (THB) | 242.00/181.50 | | |
| 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 a greater than 45% market share. The company, which aims to be the number one 5G service provider, has the healthiest financial position in the sector and a fair and consistent dividend yield at around 3.9% p.a.

We think the company has various future catalysts on deck, including 1) the potential to pay a higher dividend; 2) the benefits of lower competition in the mobile market after the potential amalgamation of True Corporation (TRUE TB, BUY, TP THB5.40) and Total Access Communication (DTAC TB, BUY, TP THB55.50); 3) likely new projects with Gulf Energy Development (GULF TB, BUY, TP THB58); 4) growth in the enterprise sector; and 5) growth in its digital services business.

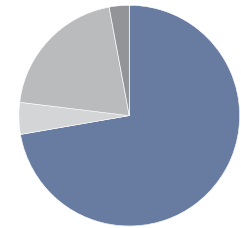
Company profile

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

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Principal activities (revenue, 2021)

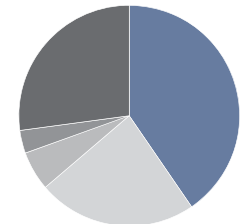
- Mobile - 72.3 %
- Fixed broadband - 4.7 %
- Sale of goods - 20.2 %
- Others - 2.9 %



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 annual dividend yield at around 3.5-4%;
- Potentially less competition in the mobile market after the amalgamation of 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-23 | 2022 results announcement |

Key assumptions

| Key assumption | 2021 | 2022E | 2023E | 2024E |
|----------------------------|------|-------|-------|-------|
| Total subscribers (m) | 44.1 | 45.6 | 45.9 | 46.0 |
| Blended ARPU (THB/sub/mth) | 228 | 218 | 222 | 226 |
| Fixed broadband | | | | |
| FBB subscribers (m) | 1.8 | 2.1 | 2.4 | 2.6 |
| ARPU (THB/sub/mth) | 444 | 435 | 429 | 422 |

Source: FSSIA estimates

Earnings sensitivity

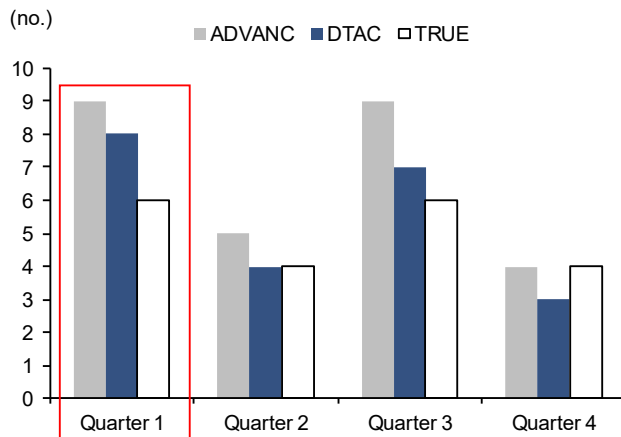
- For every 1% increase in mobile blended ARPU, we project 2023 earnings to rise by 2.4%, and vice versa, all else being equal.
- For every 1% increase in mobile subscribers, we project 2023 earnings to rise by 1.9%, and vice versa, all else being equal.

Source: FSSIA estimates

Dividend play

Since 2011 (12 years), ADVANC has had a sustainable net profit and its share price has provided positive returns nine times in 1Q. Moreover, if we exclude the impact of Covid in 1Q20 and 1Q21, which pressured the SET Index and most companies, ADVANC would have offered positive returns nine times out of 10 (90%) in 1Q during 2010-19. Moreover, in 2022, ADVANC also provided a positive return of 1.3% in 1Q22, excluding dividend. Therefore, we believe that there is a high chance that investing in ADVANC during 1Q can provide positive returns.

Exhibit 1: No. of positive returns, quarterly



Sources: Bloomberg; FSSIA's compilation

Exhibit 2: No. of positive returns, quarterly

| | Quarter 1 (time/12 yrs) | Quarter 2 (time/12 yrs) | Quarter 3 (time/12 yrs) | Quarter 4 (time/12 yrs) |
|--------|----------------------------|----------------------------|----------------------------|----------------------------|
| ADVANC | 9/12 | 5/12 | 9/12 | 4/12 |
| DTAC | 8/12 | 4/12 | 7/12 | 3/12 |
| TRUE | 6/12 | 4/12 | 6/12 | 4/12 |

Sources: Bloomberg; FSSIA's compilation

We believe the reason why ADVANC has had mostly positive returns in 1Q is because it announces its payment of the final dividend and investors receive dividends during February. This motivates many investors to put more weight on companies with good dividend payouts. In addition, 3Q has been the second highest quarter for ADVANC to offer positive returns. This is the quarter when the company typically announces the payment of an interim dividend.

For 1Q23, we expect that the company will announce a payout of at least THB3.84/share for its final dividend. This would mean that ADVANC would pay a dividend for 2022 of THB7.23, reflecting an 85% payout ratio and a 3.7% dividend yield.

Exhibit 3: Key assumption changes

| | Current | | | Previous | | | Change | | |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|--------------|
| | 2022E (THB m) | 2023E (THB m) | 2024E (THB m) | 2022E (THB m) | 2023E (THB m) | 2024E (THB m) | 2022E (%) | 2023E (%) | 2024E (%) |
| Total subscribers (m) | 45.6 | 45.9 | 46.0 | 45.6 | 45.9 | 46.0 | 0.0 | 0.0 | 0.0 |
| Blended ARPU (THB) | 218 | 222 | 226 | 218 | 222 | 226 | 0.0 | 0.0 | 0.0 |
| Revenue | 184,125 | 187,397 | 189,138 | 182,872 | 187,397 | 189,138 | 0.7 | 0.0 | (0.0) |
| Operating expense | (95,237) | (95,305) | (95,857) | (92,219) | (94,742) | (95,274) | 3.3 | 0.6 | 0.6 |
| EBITDA | 88,888 | 92,093 | 93,281 | 90,653 | 92,655 | 93,864 | (1.9) | (0.6) | (0.6) |
| Core net profit | 25,550 | 26,651 | 28,253 | 26,391.0 | 27,381.0 | 28,959.0 | (3.2) | (2.7) | (2.4) |
| Margin | (%) | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | (ppt) |
| EBITDA margin | 48.3 | 49.1 | 49.3 | 49.6 | 49.4 | 49.6 | (1.3) | (0.3) | (0.3) |
| Net profit margin | 13.9 | 14.2 | 14.9 | 14.4 | 14.6 | 15.3 | (0.6) | (0.4) | (0.4) |

Source: FSSIA estimates

Exhibit 4: DCF valuation

| | 2023E | 2024E | 2025E | 2026E | 2027E |
|-----------------------------------|------------|----------|----------|----------|----------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) |
| EBITDA | 92,093 | 93,281 | 95,382 | 96,995 | 98,177 |
| (less) tax on EBIT | (6,056) | (6,499) | (7,186) | (7,872) | (8,542) |
| (less) capex & investments | (29,500) | (28,500) | (41,500) | (41,500) | (45,500) |
| decrease in working cap | (2,584) | 103 | (173) | (180) | 177 |
| Free Cash Flow | 59,120 | 58,179 | 46,868 | 47,803 | 43,958 |
| WACC (%) | 7.95 | | | | |
| Terminal growth (%) | 2 | | | | |
| PV of FCF | 59,120 | 53,895 | 40,220 | 38,002 | 32,372 |
| Enterprise value | 778,752 | | | | |
| Net debt + cash | (63,558) | | | | |
| Minority | (128) | | | | |
| Equity value | 715,065 | | | | |
| No. of shares (m) | 2,974 | | | | |
| Equity value / share (THB) | 240 | | | | |

Sources: ADVANC; FSSIA estimates

Exhibit 5: 4Q22 results preview

| | 4Q21 | 3Q22 | 4Q22E | Change | | 2021 | 2022E | Change |
|-----------------------------|---------------|---------------|---------------|--------------|--------------|----------------|----------------|--------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) |
| Operating revenue | 50,338 | 46,234 | 47,339 | 2.4 | (6.0) | 181,333 | 184,125 | 1.5 |
| Operating expense | (27,404) | (24,143) | (25,299) | 4.8 | (7.7) | (89,925) | (95,237) | 5.9 |
| EBITDA | 22,934 | 22,091 | 22,040 | (0.2) | (3.9) | 91,408 | 88,888 | (2.8) |
| EBITDA margin (%) | 46 | 48 | 47 | nm | nm | 50 | 48 | nm |
| Depreciation & amortisation | (13,546) | (12,822) | (12,795) | (0.2) | (5.5) | (53,446) | (51,769) | (3.1) |
| EBIT | 9,388 | 9,269 | 9,245 | (0.3) | (1.5) | 37,962 | 37,119 | (2.2) |
| Interest expense | (1,366) | (1,294) | (1,304) | 0.8 | (4.5) | (5,626) | (5,241) | (6.8) |
| Other income | 616 | (296) | 120 | n/a | (80.5) | 844 | (342) | (140.5) |
| Associates | (21) | (5) | (5) | (10.0) | (78.7) | (141) | (31) | (77.8) |
| Extra items | (231) | (231) | 0 | n/a | n/a | (146) | (368) | 152.9 |
| Pretax profit | 8,386 | 7,443 | 8,057 | 8.2 | (3.9) | 32,894 | 31,137 | (5.3) |
| Tax | (1,522) | (1,410) | (1,531) | 8.6 | 0.6 | (5,970) | (5,953) | (0.3) |
| Tax rate (%) | (18) | (19) | (19) | nm | nm | (18) | (19) | nm |
| Minority interests | (1) | (1) | (1) | (28.6) | (50.0) | (2) | (3) | 25.0 |
| Net profit | 6,863 | 6,032 | 6,525 | 8.2 | (4.9) | 26,922 | 25,181 | (6.5) |
| Core net profit | 7,094 | 6,263 | 6,525 | 4.2 | (8.0) | 27,068 | 25,550 | (5.6) |
| EPS (THB) | 2.31 | 2.03 | 2.19 | 8.2 | (4.9) | 9.05 | 8.47 | (6.5) |
| Core EPS (THB) | 2.39 | 2.11 | 2.19 | 4.2 | (8.0) | 9.10 | 8.59 | (5.6) |

Sources: ADVANC, FSSIA estimates

Financial Statements

Advanced Info Service

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 172,890 | 181,333 | 184,125 | 187,397 | 189,138 |
| Cost of goods sold | (59,112) | (68,225) | (71,130) | (70,010) | (69,322) |
| Gross profit | 113,778 | 113,108 | 112,995 | 117,387 | 119,816 |
| Other operating income | - | - | - | - | - |
| Operating costs | (24,380) | (21,700) | (24,107) | (25,294) | (26,535) |
| Operating EBITDA | 89,398 | 91,408 | 88,888 | 92,093 | 93,281 |
| Depreciation | (51,923) | (53,446) | (51,769) | (54,130) | (53,295) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | 37,475 | 37,962 | 37,119 | 37,963 | 39,986 |
| Net financing costs | (5,917) | (5,626) | (5,241) | (5,370) | (5,370) |
| Associates | (70) | (141) | (31) | 20 | 40 |
| Recurring non-operating income | 720 | 704 | (373) | 118 | 139 |
| Non-recurring items | 247 | (146) | (368) | 0 | 0 |
| Profit before tax | 32,525 | 32,894 | 31,137 | 32,710 | 34,755 |
| Tax | (5,089) | (5,970) | (5,953) | (6,056) | (6,499) |
| Profit after tax | 27,437 | 26,924 | 25,184 | 26,654 | 28,256 |
| Minority interests | (3) | (2) | (3) | (3) | (3) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 27,434 | 26,922 | 25,181 | 26,651 | 28,253 |
| Non-recurring items & goodwill (net) | (247) | 146 | 368 | 0 | 0 |
| Recurring net profit | 27,187 | 27,068 | 25,550 | 26,651 | 28,253 |
| Per share (THB) | | | | | |
| Recurring EPS * | 9.14 | 9.10 | 8.59 | 8.96 | 9.50 |
| Reported EPS | 9.23 | 9.05 | 8.47 | 8.96 | 9.50 |
| DPS | 6.92 | 7.69 | 7.30 | 8.07 | 9.03 |
| Diluted shares (used to calculate per share data) | 2,973 | 2,973 | 2,973 | 2,973 | 2,973 |
| Growth | | | | | |
| Revenue (%) | (4.4) | 4.9 | 1.5 | 1.8 | 0.9 |
| Operating EBITDA (%) | 13.6 | 2.2 | (2.8) | 3.6 | 1.3 |
| Operating EBIT (%) | (9.2) | 1.3 | (2.2) | 2.3 | 5.3 |
| Recurring EPS (%) | (14.9) | (0.4) | (5.6) | 4.3 | 6.0 |
| Reported EPS (%) | (12.0) | (1.9) | (6.5) | 5.8 | 6.0 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 35.8 | 32.9 | 33.3 | 33.8 | 35.2 |
| Gross margin of key business (%) | - | - | - | - | - |
| Operating EBITDA margin (%) | 51.7 | 50.4 | 48.3 | 49.1 | 49.3 |
| Operating EBIT margin (%) | 21.7 | 20.9 | 20.2 | 20.3 | 21.1 |
| Net margin (%) | 15.7 | 14.9 | 13.9 | 14.2 | 14.9 |
| Effective tax rate (%) | - | - | - | - | - |
| Dividend payout on recurring profit (%) | 75.7 | 84.5 | 85.0 | 90.0 | 95.0 |
| Interest cover (X) | 6.5 | 6.9 | 7.0 | 7.1 | 7.5 |
| Inventory days | 22.2 | 12.0 | 10.9 | 11.2 | 11.5 |
| Debtor days | 38.1 | 34.6 | 33.1 | 33.0 | 33.2 |
| Creditor days | 253.0 | 229.0 | 238.0 | 248.9 | 252.2 |
| Operating ROIC (%) | 37.7 | 31.6 | 34.8 | 39.6 | 48.3 |
| ROIC (%) | 17.3 | 14.9 | 14.5 | 16.5 | 19.5 |
| ROE (%) | 37.5 | 34.4 | 30.9 | 31.2 | 31.9 |
| ROA (%) | 10.3 | 9.3 | 8.9 | 9.6 | 10.4 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Mobile | 131,804 | 131,064 | 130,885 | 133,963 | 136,078 |
| Fixed broadband | 6,959 | 8,436 | 10,903 | 12,049 | 13,071 |
| Sale of goods | 29,574 | 36,542 | 35,258 | 35,236 | 33,599 |
| Others | 4,553 | 5,291 | 7,079 | 6,150 | 6,389 |

Sources: Advanced Info Service; FSSIA estimates

Financial Statements

Advanced Info Service

| Cash Flow (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit | 27,187 | 27,068 | 25,550 | 26,651 | 28,253 |
| Depreciation | 51,923 | 53,446 | 51,769 | 54,130 | 53,295 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | 8,561 | 8,824 | 7,731 | 6,023 | 5,991 |
| Change in working capital | (2,041) | (2,704) | 2,385 | (832) | (401) |
| Cash flow from operations | 85,629 | 86,634 | 87,434 | 85,972 | 87,138 |
| Capex - maintenance | (16,834) | (15,472) | (20,700) | (17,700) | (17,100) |
| Capex - new investment | (38,058) | (29,826) | (24,703) | (22,839) | (22,439) |
| Net acquisitions & disposals | 326 | 220 | (1,272) | (650) | (618) |
| Other investments (net) | (129) | (274) | (98) | (108) | (119) |
| Cash flow from investing | (54,694) | (45,352) | (46,773) | (41,297) | (40,275) |
| Dividends paid | (20,219) | (21,203) | (23,465) | (22,852) | (25,413) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 4,071 | (10,185) | (10,000) | 0 | 0 |
| Other financing cash flows | (15,977) | (15,575) | (7,271) | (7,299) | (7,202) |
| Cash flow from financing | (32,124) | (46,963) | (40,736) | (30,150) | (32,615) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | (95) | (316) | 0 | 0 | 0 |
| Movement in cash | (1,284) | (5,997) | (75) | 14,525 | 14,247 |
| Free cash flow to firm (FCFF) | 36,851.58 | 46,907.64 | 45,902.04 | 50,045.71 | 52,232.89 |
| Free cash flow to equity (FCFE) | 18,934.34 | 15,205.98 | 23,390.17 | 37,377.04 | 39,660.64 |

Per share (THB)

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| FCFF per share | 12.39 | 15.77 | 15.44 | 16.83 | 17.57 |
| FCFE per share | 6.37 | 5.11 | 7.87 | 12.57 | 13.34 |
| Recurring cash flow per share | 29.49 | 30.05 | 28.61 | 29.20 | 29.44 |

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|----------------|----------------|----------------|----------------|----------------|
| Tangible fixed assets (gross) | 337,010 | 359,999 | 390,499 | 417,999 | 444,499 |
| Less: Accumulated depreciation | (155,769) | (191,581) | (229,892) | (269,028) | (307,360) |
| Tangible fixed assets (net) | 181,241 | 168,418 | 160,607 | 148,971 | 137,139 |
| Intangible fixed assets (net) | 120,224 | 145,521 | 134,478 | 121,484 | 108,522 |
| Long-term financial assets | 110 | 210 | 210 | 210 | 210 |
| Invest. in associates & subsidiaries | 831 | 983 | 1,081 | 1,189 | 1,308 |
| Cash & equivalents | 20,342 | 14,345 | 14,270 | 28,795 | 43,043 |
| A/C receivable | 17,781 | 16,552 | 16,807 | 17,106 | 17,265 |
| Inventories | 2,372 | 2,104 | 2,137 | 2,175 | 2,195 |
| Other current assets | 1,660 | 2,565 | 2,604 | 2,651 | 2,675 |
| Current assets | 42,155 | 35,566 | 35,818 | 50,726 | 65,177 |
| Other assets | 5,610 | 5,524 | 5,967 | 6,457 | 6,981 |
| Total assets | 350,171 | 356,222 | 338,162 | 329,038 | 319,338 |
| Common equity | 75,564 | 81,699 | 83,415 | 87,215 | 90,055 |
| Minorities etc. | 125 | 126 | 128 | 131 | 134 |
| Total shareholders' equity | 75,689 | 81,825 | 83,544 | 87,346 | 90,189 |
| Long term debt | 79,301 | 73,697 | 65,697 | 65,697 | 65,697 |
| Other long-term liabilities | 101,367 | 108,832 | 96,167 | 83,205 | 67,442 |
| Long-term liabilities | 180,668 | 182,529 | 161,863 | 148,901 | 133,138 |
| A/C payable | 40,571 | 45,055 | 47,717 | 47,751 | 48,028 |
| Short term debt | 18,748 | 14,132 | 12,132 | 12,132 | 12,132 |
| Other current liabilities | 34,494 | 32,681 | 32,907 | 32,908 | 35,852 |
| Current liabilities | 93,813 | 91,868 | 92,756 | 92,791 | 96,011 |
| Total liabilities and shareholders' equity | 350,171 | 356,222 | 338,162 | 329,038 | 319,338 |
| Net working capital | (53,251) | (56,515) | (59,076) | (58,728) | (61,745) |
| Invested capital | 254,765 | 264,141 | 243,269 | 219,584 | 192,416 |

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

Per share (THB)

| | | | | | |
|-------------------------------|---------|---------|---------|---------|--------|
| Book value per share | 25.42 | 27.48 | 28.06 | 29.33 | 30.29 |
| Tangible book value per share | (15.02) | (21.47) | (17.17) | (11.53) | (6.21) |

Financial strength

| | | | | | |
|---------------------------|-------|------|------|------|------|
| Net debt/equity (%) | 102.7 | 89.8 | 76.1 | 56.1 | 38.6 |
| Net debt/total assets (%) | 22.2 | 20.6 | 18.8 | 14.9 | 10.9 |
| Current ratio (x) | 0.4 | 0.4 | 0.4 | 0.5 | 0.7 |
| CF interest cover (x) | 10.6 | 9.0 | 10.2 | 12.2 | 12.6 |

| Valuation | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 21.3 | 21.4 | 22.7 | 21.8 | 20.5 |
| Recurring P/E @ target price (x) * | 26.2 | 26.4 | 27.9 | 26.8 | 25.3 |
| Reported P/E (x) | 21.1 | 21.5 | 23.0 | 21.8 | 20.5 |
| Dividend yield (%) | 3.5 | 3.9 | 3.7 | 4.1 | 4.6 |
| Price/book (x) | 7.7 | 7.1 | 7.0 | 6.6 | 6.4 |
| Price/tangible book (x) | (13.0) | (9.1) | (11.4) | (16.9) | (31.4) |
| EV/EBITDA (x) ** | 7.4 | 7.1 | 7.2 | 6.8 | 6.6 |
| EV/EBITDA @ target price (x) ** | 8.9 | 8.6 | 8.7 | 8.3 | 8.0 |
| EV/invested capital (x) | 2.6 | 2.5 | 2.6 | 2.9 | 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 2021

| EXCELLENT LEVEL – Score range 90-100 | | | | | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|---------|--------|-------|--------|
| AAV | BPCG | 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 | SEAFECO | SVI | TPBI | WAVE |
| AOT | BWG | EA | HMPRO | LPN | NYT | PTT | SEAOIL | 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 | MITSIB | 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 | WIIK |
| 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 | UNIQU | |
| 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 | SEAOIL | 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

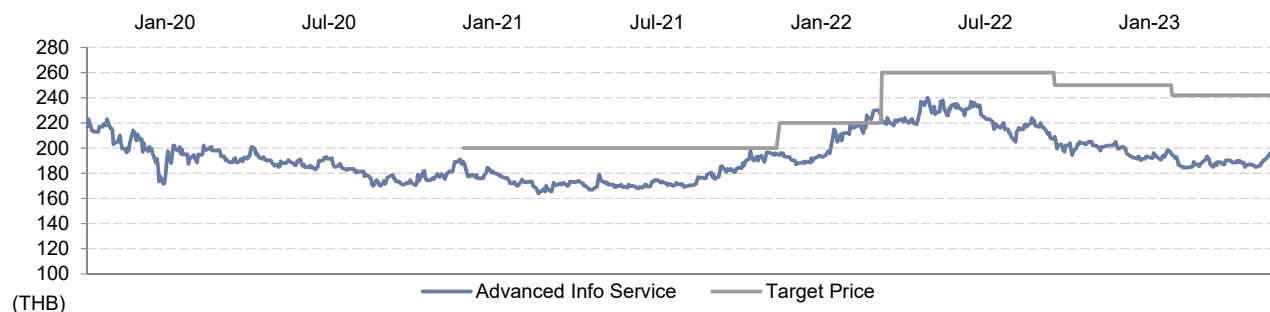
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Advanced Info Service (ADVANC TB)



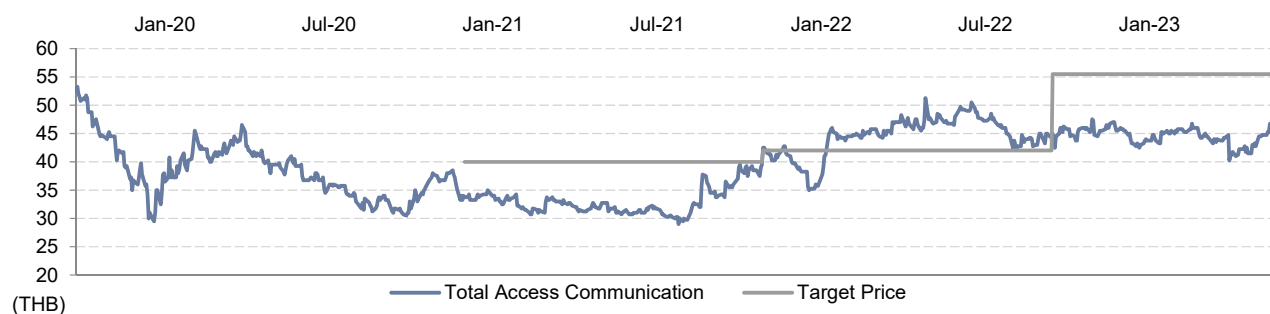
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 16-Dec-2020 | HOLD | 200.00 | 01-Oct-2021 | BUY | 220.00 | 13-Jun-2022 | BUY | 250.00 |
| 09-Feb-2021 | BUY | 200.00 | 05-Jan-2022 | BUY | 260.00 | 29-Sep-2022 | BUY | 242.00 |

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

Price and TP are in local currency

Source: FSSIA estimates

Total Access Communication (DTAC TB)



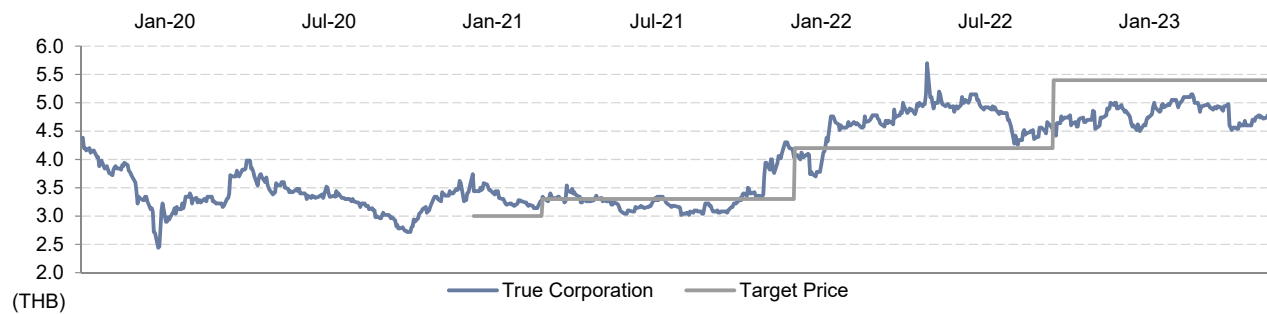
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 24-Dec-2020 | BUY | 40.00 | 22-Sep-2021 | HOLD | 42.00 | 13-Jun-2022 | BUY | 55.50 |

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

Price and TP are in local currency

Source: FSSIA estimates

True Corporation (TRUE TB)



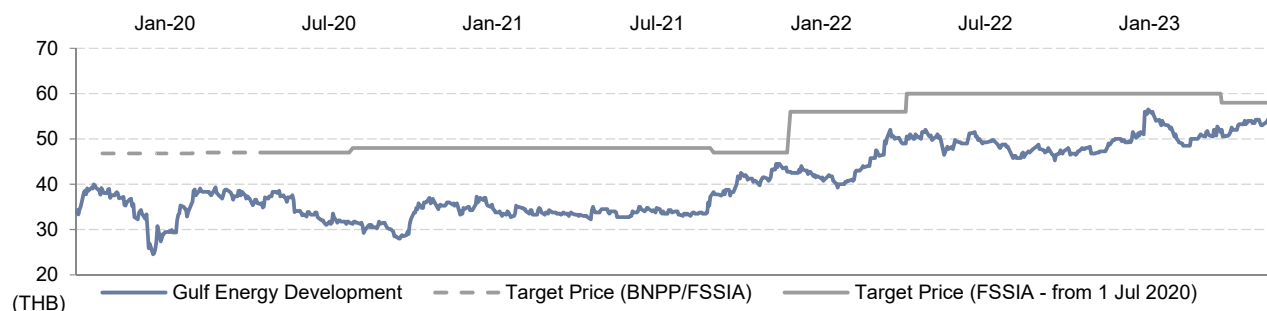
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 29-Dec-2020 | REDUCE | 3.00 | 19-Oct-2021 | HOLD | 4.20 | - | - | - |
| 02-Mar-2021 | HOLD | 3.30 | 13-Jun-2022 | BUY | 5.40 | - | - | - |

Naruedom Mujjalinkool started covering this stock from 29-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 |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 30-Jan-2020 | BUY | 46.80 | 06-Aug-2021 | BUY | 47.00 | 14-Nov-2022 | BUY | 58.00 |
| 22-Apr-2020 | BUY | 47.00 | 15-Oct-2021 | BUY | 56.00 | - | - | - |
| 11-Sep-2020 | BUY | 48.00 | 31-Jan-2022 | BUY | 60.00 | - | - | - |

Siriluck Pinthusoonthorn started covering this stock from 14-Nov-2022

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------------------|-----------|------------|--------|---|
| Advanced Info Service | ADVANC TB | THB 195.00 | BUY | The key downside risks to our DCF-based TP are stronger-than-expected competition in the mobile market and the slower-than-expected adoption of 5G use cases. |
| Total Access Communication | DTAC TB | THB 46.75 | 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 4.84 | 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. |
| Gulf Energy Development | GULF TB | THB 55.25 | 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 Finansia Syrus Securities Public Company Limited

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

All share prices are as at market close on 30-Dec-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.