

Intouch Holdings Pcl (INTUCH TB) - BUY

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

News update

Change of major shareholder

- **GULF is now the biggest shareholder at 42.25% stakes in INTUCH**
 - **Singtel becomes the second largest at 21.0%**
 - **We yet expect any changes to INTUCH's business in near-term**
 - **Most earnings contribution continues to be from ADVANC**
- GULF Energy Development Pcl (GULF, HOLD, Bt35.25) announced to SET yesterday the result of its tender offer on INTUCH. GULF got a total of 747.8m INTUCH's share (23.32% of INTUCH's total shares) tendered by the sellers over the 25-days period of the tender offer.
 - GULF thus now becomes the largest shareholder for INTUCH, holding a total of 1,354.8m shares or 42.25% stakes. The second largest shareholder is Singtel Global Investment Pte. Ltd. At 21.0% stakes (673.3m shares) as it did not sell any of its holding shares to the tender offer.
 - Both GULF and INTUCH have yet declared any synergies between the two companies. Note that GULF's statement at the time it announced the tender offer was that it would like to invest in INTUCH since it sees INTUCH as a strong company with stable cashflow generations and has strong growth potential as the world is transitioning from traditional to digital infrastructure.
 - We thus do not expect any significant changes to INTUCH in near-term and still expect its major associate, Advanced Info Service Pcl (ADVANC, BUY, Bt175.5) to be the key contributor to the company's profits.
 - According to the rules of the Securities and Exchange Commission (SEC) of Thailand, GULF can immediately buy more INTUCH's shares in the market but at the price not exceeding the tender price (Bt65.0/share).
 - However, it cannot buy more than 7.75% of INTUCH's shares since it will trigger a 50%-holding threshold that would force GULF to do the tender offer, in which it could not do within another one-year period.

Key Valuations

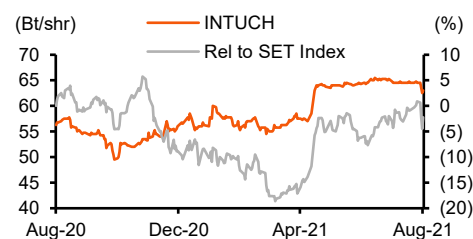
Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	3,668	3,360	3,094	2,939
Net profit	11,048	10,430	11,687	13,155
Norm net profit	10,641	10,430	11,687	13,155
Norm EPS (Bt)	3.3	3.3	3.6	4.1
Norm EPS gr (%)	(17.4)	(2.0)	12.1	12.6
Norm PE (x)	19.0	19.4	17.3	15.4
EV/EBITDA (x)	183.0	179.7	191.0	178.3
P/BV (x)	5.3	5.0	4.7	4.3
Div. yield (%)	4.0	4.1	4.6	5.2
ROE (%)	29.3	26.6	27.9	29.3
Net D/E (%)	(14.0)	(16.3)	(13.2)	(10.0)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	63.00
Target price (Bt)	66.00
Market cap (US\$ m)	6,075.7
Avg daily turnover (US\$ m)	23.0
12M H/L price (Bt)	65.50/49.50

Price Performance



Source: Bloomberg

Ex 1: Results Of The Tender Offer By GULF For INTUCH's Shares

	No. of shares (m)	% of total INTUCH's shares
GULF's holding in INTUCH before the tender offer	606.88	18.93
Number of shares tendered	747.87	23.32
GULF's holding in INTUCH after the tender offer	1354.75	42.25

Source: SET

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 82 Derivative Warrants which are ACE16C2111A, ADVA16C2110A, AEON16C2108A, AOT16C2109A, BAM16C2110A, BANP16C2109A, BANP16C2110A, BCH16C2111B, BCH16C2111A, BCH16C2109A, BCPG16C2111A, BDMS16C2109A, BGRI16C2110A, BH16C2109A, CBG16C2108A, CBG16C2109A, CBG16C2109B, CHG16C2111A, COM716C2110A, CPAL16C2111A, CPAL16C2109A, CPF16C2108A, CPN16C2109A, DELT16C2108A, DELT16C2109A, DOHO16C2111A, DTAC16C2112A, EA16C2108A, EA16C2110A, EGCO16C2110A, EPG16C2109A, GPSC16C2109A, GPSC16C2110A, GUNK16C2108A, GUNK16C2110A, IRPC16C2108A, IRPC16C2110A, IVL16C2111A, IVL16C2109A, IVL16C2110A, JMAR16C2111A, JMT16C2110A, KBAN16C2111B, KBAN16C2111A, KBAN16C2108A, KBAN16C2109A, KCE16C2109A, KCE16C2110A, KTC16C2110A, KTC16C2110B, MINT16C2109A, MTC16C2108A, MTC16C2109A, OR16C2108A, OR16C2109A, PRM16C2109A, PTG16C2109A, PTT16C2109A, PTTG16C2111A, PTTG16C2108A, PTTG16C2110A, RBF16C2110A, RS16C2108A, RS16C2109A, S5016P2109B, S5016C2109D, S5016C2112A, S5016P2112A, S5016C2109C, S5016C2109A, S5016C2109B, S5016P2109A, S5016P2109B, SAWA16C2112A, SCB16C2111A, SCGP16C2109A, STEC16C2110A, STGT16C2111A, TASC16C2109A, TQM16C2108A, TU16C2111A, TU16C2110A (underlying securities are ACE, ADVANC, AEONTS, AOT, BAM, BANPU, BCH, BCPG, BDMS, BGRIM, BH, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, EA, EGCO, EPG, GPSC, GUNKUL, IRPC, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, OR, PRM, PTG, PTT, PTTGC, RBF, RS, SET50, SCGP, STEC, STGT, TASC, TQM, TU). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.