

## Total Access Comm. (DTAC TB) - SELL, Price Bt47.75, TP Bt n.m.

## Results Comment

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## Weak 4Q21 profit, in-line

- DTAC reported norm profit, excluding Bt430m impairment loss, at Bt496m in 4Q21. It dropped 44% y-y on higher operating costs and network expansion, and 33% q-q due to seasonally high expenses on marketing activities and handset subsidy. The profit hit our forecast, but fell short of market's estimates.
- Total service revenue was flat, both y-y and q-q, at Bt14.0bn in 4Q21. A slight fall in mobile revenue was offset by recovering income from roaming service.
- DTAC reported 286k (+281k prepaid and +5k postpaid) net subscriber adds in 4Q21. ARPU fell 4% y-y to Bt239/month, but it looks stabilized in a q-q basis (-1% q-q).
- DTAC continued to well manage costs. Cost of service rose by only 5% y-y (flat q-q) despite a fast-paced network roll out. SG&A expenses decline 6% from the same period last year, while a 3% increase q-q was from seasonality.
- DTAC announces Bt1.05/share final dividend, with an XD date on 11 February and a payment date on 20 April 2022.
- DTAC guides for 1) flat to low single-digit revenue growth in 2022F, a turnaround from -3% in 2021, 2) flat to low single-digit EBITDA growth, in-line with revenue trend, and 3) Bt12-14bn capex budget, slightly less than Bt14.3bn its spending in 2021.
- We still suggest investors to Sell DTAC into an upcoming tender offer, likely 2Q22F, seeing the tender price as attractive.

Income Statement (consolidated)						Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	20,531	20,516	19,804	19,232	21,587	Revenue	12	5	102	81,320	82,321
<b>Gross profit</b>	<b>5,256</b>	<b>5,206</b>	<b>5,347</b>	<b>4,882</b>	<b>4,648</b>	<b>Gross profit</b>	<b>(5)</b>	<b>(12)</b>	<b>101</b>	<b>20,533</b>	<b>20,154</b>
SG&A	3,600	3,347	3,306	3,274	3,387	SG&A	3	(6)	100	13,745	13,362
Operating profit	1,656	1,859	2,041	1,608	1,261	Operating profit	(22)	(24)	102	6,788	6,792
<b>EBITDA</b>	<b>6,747</b>	<b>7,359</b>	<b>7,630</b>	<b>7,257</b>	<b>7,001</b>	<b>EBITDA</b>	<b>(4)</b>	<b>4</b>	<b>98</b>	<b>29,267</b>	<b>30,489</b>
Other income	10	19	100	4	16	Other income	320	59	202	138	84
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	664	687	699	729	714	Interest expense	(2)	8	106	2,830	2,473
<b>Profit before tax</b>	<b>1,003</b>	<b>1,190</b>	<b>1,442</b>	<b>882</b>	<b>562</b>	<b>Profit before tax</b>	<b>(36)</b>	<b>(44)</b>	<b>100</b>	<b>4,097</b>	<b>4,403</b>
Income tax	114	135	249	139	65	Income tax	(53)	(43)	121	592	661
Equity & invest. income	(2)	(2)	(1)	(1)	(1)	Equity & invest. income	na	na	44	(5)	(12)
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	(605)	(231)	338	90	(325)	Extraordinary items	na	na	na	(143)	0
<b>Net profit</b>	<b>281</b>	<b>822</b>	<b>1,531</b>	<b>832</b>	<b>171</b>	<b>Net profit</b>	<b>(79)</b>	<b>(39)</b>	<b>94</b>	<b>3,356</b>	<b>3,731</b>
<b>Normalized profit</b>	<b>886</b>	<b>1,053</b>	<b>1,192</b>	<b>742</b>	<b>496</b>	<b>Normalized profit</b>	<b>(33)</b>	<b>(44)</b>	<b>98</b>	<b>3,499</b>	<b>3,731</b>
EPS (Bt)	0.12	0.35	0.65	0.35	0.07	EPS (Bt)	(79)	(39)	94	1.42	1.58
Normalized EPS (Bt)	0.37	0.44	0.50	0.31	0.21	Normalized EPS (Bt)	(33)	(44)	98	1.48	1.58

  

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	6,647	6,920	7,134	5,827	3,575	Sales grow th	(8.2)	2.2	3.4	0.9	5.1
A/C receivable	9,889	9,781	9,976	9,827	10,250	Operating profit grow th	(14.6)	(22.8)	(23.2)	(32.5)	(23.9)
Inventory	634	1,330	775	591	1,307	EBITDA grow th	(4.2)	(4.0)	(4.4)	(5.3)	3.8
Other current assets	4,553	4,298	4,597	4,197	4,595	Norm profit grow th	(41.5)	(23.5)	(24.2)	(49.2)	(44.1)
Investment	233	231	231	229	228	Norm EPS grow th	(41.5)	(23.5)	(24.2)	(49.2)	(44.1)
Fixed assets	113,452	112,830	112,388	111,680	110,808	Gross margin	25.6	25.4	27.0	25.4	21.5
Other assets	38,873	39,166	37,902	36,846	33,552	Operating margin	8.1	9.1	10.3	8.4	5.8
<b>Total assets</b>	<b>174,280</b>	<b>174,557</b>	<b>173,003</b>	<b>169,196</b>	<b>164,315</b>	EBITDA margin	32.9	35.9	38.5	37.7	32.4
S-T debt	14,215	14,957	20,383	15,671	12,979	Norm net margin	4.3	5.1	6.0	3.9	2.3
A/C payable	26,944	25,059	24,549	23,971	25,966	D/E (x)	2.5	3.1	3.1	3.3	3.2
Other current liabilities	7,267	13,200	7,891	8,138	8,151	Net D/E (x)	2.3	2.7	2.7	3.0	3.0
L-T debt	47,641	47,251	45,673	49,544	51,078	Interest coverage (x)	10.2	10.7	10.9	10.0	9.8
Other liabilities	53,898	53,974	52,859	51,877	45,973	Interest rate	4.4	4.4	4.4	4.4	4.4
Minority interest	0	0	0	0	0	Effective tax rate	11.4	11.3	17.2	15.8	11.6
<b>Shareholders' equity</b>	<b>24,315</b>	<b>20,118</b>	<b>21,649</b>	<b>19,995</b>	<b>20,167</b>	ROA	2.1	2.4	2.7	1.7	1.2
Working capital	(16,421)	(13,947)	(13,798)	(13,554)	(14,409)	ROE	14.7	19.0	22.8	14.2	9.9
Total debt	61,856	62,207	66,056	65,215	64,058						
<b>Net debt</b>	<b>55,209</b>	<b>55,288</b>	<b>58,922</b>	<b>59,388</b>	<b>60,482</b>						

Sources: Company data, Thanachart estimates

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Quarterly results (Bt bn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
<b>Service Revenue excl. IC</b>	<b>14.93</b>	<b>15.18</b>	<b>15.55</b>	<b>15.57</b>	<b>15.33</b>	<b>14.63</b>	<b>14.37</b>	<b>14.08</b>	<b>14.15</b>	<b>14.10</b>	<b>13.98</b>	<b>13.99</b>
- Core mobile revenues	14.01	14.37	14.79	14.81	14.68	14.20	14.00	13.83	13.73	13.68	13.61	13.62
- Others	0.65	0.63	0.60	0.55	0.46	0.35	0.33	0.30	0.39	0.39	0.33	0.32
<b>Cost of services excl. IC</b>	<b>10.21</b>	<b>10.72</b>	<b>11.03</b>	<b>11.41</b>	<b>11.29</b>	<b>11.19</b>	<b>11.31</b>	<b>11.72</b>	<b>12.06</b>	<b>12.03</b>	<b>12.31</b>	<b>12.38</b>
- Regulatory costs	0.67	0.65	0.68	0.64	0.64	0.53	0.60	0.57	0.58	0.58	0.42	0.55
- Amortization costs	4.47	4.55	4.66	4.70	4.84	4.90	4.85	4.69	5.12	5.13	5.26	5.35
- Network OPEX	1.76	1.74	1.76	1.81	1.78	1.62	1.47	1.76	1.37	1.35	1.46	1.30
- Others	3.31	3.78	3.93	4.26	4.03	4.13	4.39	4.69	0.34	5.13	5.17	5.18
<b>SG&amp;A expenses</b>	<b>3.77</b>	<b>3.57</b>	<b>3.66</b>	<b>4.43</b>	<b>3.66</b>	<b>3.14</b>	<b>3.44</b>	<b>3.62</b>	<b>3.35</b>	<b>3.31</b>	<b>3.27</b>	<b>3.39</b>
- Selling and marketing expenses	1.17	1.10	1.18	1.27	1.14	0.84	1.03	1.10	1.03	0.95	1.00	1.20
- Others	2.60	2.47	2.48	3.15	2.52	2.30	2.41	2.52	2.32	2.36	2.27	2.18
<b>Service Revenue ex. IC (% growth y-y)</b>	<b>(6.9)</b>	<b>(5.3)</b>	<b>(0.7)</b>	<b>1.9</b>	<b>2.6</b>	<b>(3.6)</b>	<b>(7.6)</b>	<b>(9.6)</b>	<b>(7.7)</b>	<b>(3.6)</b>	<b>(2.8)</b>	<b>(0.6)</b>
- Core mobile revenues	(5.8)	(3.2)	0.9	3.5	4.8	(1.1)	(5.3)	(6.7)	(6.5)	(3.7)	(2.8)	(1.5)
- Others	(25.1)	(25.9)	(22.6)	(22.7)	(29.5)	(44.4)	(45.6)	(46.3)	(14.4)	10.9	0.6	7.1
<b>Service Revenue ex. IC (% growth q-q)</b>	<b>(2.2)</b>	<b>1.6</b>	<b>2.5</b>	<b>0.1</b>	<b>(1.6)</b>	<b>(4.5)</b>	<b>(1.7)</b>	<b>(2.0)</b>	<b>0.5</b>	<b>(0.4)</b>	<b>(0.9)</b>	<b>0.1</b>
- Core mobile revenues	(2.1)	2.6	3.0	0.1	(0.9)	(3.3)	(1.4)	(1.3)	(0.7)	(0.3)	(0.5)	0.0
- Others	(8.7)	(2.9)	(4.8)	(8.3)	(16.8)	(23.4)	(6.9)	(9.5)	32.5	(0.8)	(15.5)	(3.7)
- Regulatory costs to service revenues	4.5	4.3	4.4	4.1	4.2	3.6	4.2	4.1	4.1	4.1	3.0	4.0
- Network costs to sales	40.4	40.1	39.9	40.4	42.0	43.4	42.8	44.7	44.8	44.2	46.9	46.4
- Marketing expenses to sales	7.6	7.0	7.3	7.9	7.2	5.6	7.0	7.6	7.1	6.5	7.0	8.4
- EBITDA margin	36.9	38.7	39.4	31.5	38.2	41.6	40.2	32.9	35.9	38.5	37.7	32.4
<b>Total subscriber (m sub)</b>	<b>20.73</b>	<b>20.63</b>	<b>20.42</b>	<b>20.64</b>	<b>19.63</b>	<b>18.79</b>	<b>18.68</b>	<b>18.86</b>	<b>19.09</b>	<b>19.25</b>	<b>19.27</b>	<b>19.56</b>
Net add (m sub)	(0.5)	(0.1)	(0.2)	0.2	(1.0)	(0.8)	(0.1)	0.2	0.2	0.2	0.0	0.3
Prepaid subs (m sub)	14.5	14.3	14.0	14.2	13.5	12.7	12.6	12.8	12.9	13.1	13.1	13.4
Postpaid subs (m sub)	6.2	6.3	6.4	6.4	6.2	6.1	6.0	6.1	6.1	6.2	6.2	6.2
<b>Blended ARPU (Bt/month)</b>	<b>238</b>	<b>249</b>	<b>258</b>	<b>258</b>	<b>251</b>	<b>253</b>	<b>255</b>	<b>250</b>	<b>248</b>	<b>247</b>	<b>241</b>	<b>239</b>
Pre-paid ARPU (Bt/month)	130	137	142	138	130	125	129	128	127	128	120	120
Postpaid ARPU (Bt/month)	522	532	543	546	529	525	517	505	501	498	496	494

Source: Company data