

## Telecom Sector – Underweight

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

## News update

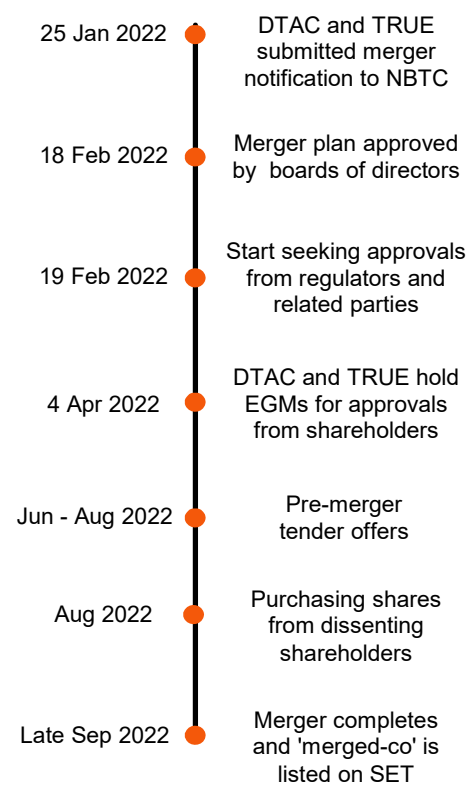
## DTAC and TRUE proceed on their merger plan

- Both parties have completed their due diligence steps
- EGMs for shareholder approvals are on 4 April
- No changes to details on the transaction earlier announced
- We still see tender prices attractive to existing shareholders

DTAC and TRUE announced to SET last Friday (18 February) that they have completed and satisfied with results from due diligence process on their counterparties and will proceed on their merger plan.

- DTAC and TRUE are to merge into the new 'merged-co', in which 1 existing DTAC's share will be converted into 6.13444 shares of 'merged-co' and 1 TRUE's share in 0.60018 of 'merged-co'. Based on current shareholding structure in both companies, major shareholders in the new 'merged-co' would be 29% CP Group, 19% Telenor Asia, 10% China Mobile, and 8% Thai Telco Holdings, with 33% free float among minorities.
- In parallel with processes to seek for approvals from related regulators, government agencies, and financial institutions, both DTAC and TRUE will hold extraordinary general meeting (EGM) to get approvals for this merger plan from their shareholders on 4 April 2022.
- Note that their debtors can post their objections against this merger plan within two months after they are notified by DTAC and TRUE on the plan. Given any objections, DTAC and/or TRUE needs to settle their debts with those debtors before the merger can proceed further.
- After all approvals are granted, likely in late June 2022, Citrine Global Company Limited (a joint-ventured entity between CP Group and Telenor Asia) will launch its pre-merger tender offer at the price of Bt47.75 for DTAC's share and Bt5.09 for TRUE's share.
- Per Public Limited Companies Act (PLCA) in Thailand, Citrine Global must also purchase shares of DTAC and TRUE from the shareholders who attend the EGM but vote against the merger plan (dissenting shareholders). By rule, the purchase price will be at the last traded price of both stocks on the SET prior the date of EGM, which is 1 April 2022.
- The merger processes are expected to complete, and the shares of new 'merged-co' to be accepted for listing on SET by September 2022.
- We maintain our recommendation for existing shareholders of DTAC and TRUE to sell their shares into the pre-merger tender offer since we see the tender prices as attractive and has significantly priced in potential synergy benefits from the merger. Weaker-than-expected 2021 results reported by DTAC and TRUE recently also posts a downside to our estimated value of the 'merged-co' at Bt260bn.

## Ex 1: DTAC-TRUE Merger Timeline



Source: Company data

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