Jasmine Broadband Internet Infrastructure Fund (JASIF TB) - HOLD

News update

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

Unitholders vote down a rental discount

- **Unitholders disapprove rental negotiation from ADVANC**
- **We believe the acquisition deal ends here**
- **Downsides to our valuation on JASIF …**
- **… and also earnings forecasts and valuation on ADVANC**

JASIF held an extraordinary general meeting (EGM) yesterday (18 October 2022) for their unitholders to vote on three major agendas related to an offer from Advanced Info Service Pcl (ADVANC) to acquire JASIF's major rental tenant, Triple T Broadband Pcl (TTTBB), and invest in JASIF. The results are as followed:

- **Agenda 1:** The unitholders *approve* for Jasmine International Pcl (JAS) to sell 100% of total shares in TTTBB and 19% of investment units in JASIF to ADVANC, and thus designate ADVANC as its new major rental tenant.
- **Agenda 2:** The unitholders *disapprove* an offer from ADVANC to terminate 'Rental Assurance Agreement' in existing rental contracts in compensation for a longer contract life and some other financial benefits to JASIF.
- **Agenda 3:** The unitholders *approve* an request from ADVANC to modify minor agreements in the existing rental contracts, mostly relate to 'undertaking' and 'non-competition' clauses.

Our view:

Since we believe ADVANC's major concern on its attempt to acquire TTTBB is its high rental payments to JASIF, we think it is likely for ADVANC to terminate the acquisition deal on TTTBB and JASIF after its proposal was voted down.

Impacts to our numbers:

- Given our base investment case assume the acquisition deal (which we believe will create high value to JASIF in long-term) to be approved by JASIF's unitholders, we see downside to our Bt8.5/unit TP for JASIF.
- We also have factored in Bt12/share in our valuation on ADVANC, the termination of this acquisition deal posts a downside risk to our Bt240 TP for ADVANC and around 5-10% to our earnings forecasts for 2023-25F.
- Having said that, we maintain our HOLD recommendation on JASIF (on limited valuation upside) and BUY recommendation on ADVANC (on earnings turnaround story).

Key valuation

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	10,144	10,235	8,317	8,536
Net profit	8,030	8,556	6,860	7,190
Norm profit	8,730	8,556	6,860	7,190
Norm EPU (Bt)	1.1	1.1	0.9	0.9
Norm EPU gw. (%)	1.5	(2.0)	(19.8)	4.8
Norm PE (x)	7.7	7.8	9.7	9.3
EV/EBITDA (x)	8.1	7.9	9.9	9.6
P/NAV (x)	0.8	0.7	0.7	0.7
Cash div yield (%)*	11.4	11.5	10.3	10.8
Effect. yield (%)**	11.4	11.5	10.3	10.8
ROE (%)	9.8	9.5	7.5	7.8
Net D/E (%)	11.2	7.5	7.8	7.6

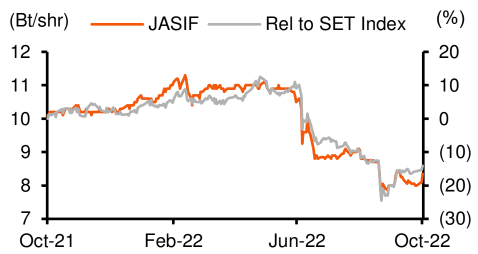
Source: Thanachart estimates

Note: * Dividend from operations and capital reduction
** Dividend from operations

Stock Data

Closing price (Bt)	8.35
Target price (Bt)	8.50
Market cap (US$ m)	1,754
Avg daily turnover (US$ m)	6.7
12M H/L price (Bt)	11.30/7.60

Price Performance



Source: Bloomberg

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