

Thailand Telecom Sector

Growth and a re-rating

Sector Valuation			Current	Target	Norm EPS grw		Norm PE		P/BV		Div yield	
Company	BBG Code	Rec.	price (Bt)	price (Bt)	2024F (%)	2025F (%)	2024F (x)	2025F (x)	2024F (x)	2025F (x)	2024F (%)	2025F (%)
3BB Internet Infra. Fund	3BBIF TB	BUY	6.30	7.30	(23.7)	3.2	8.3	8.0	0.7	0.8	12.1	12.1
Advanced Info Service	ADVANC TB	BUY	272.00	300.00	18.0	12.1	24.1	21.5	8.4	7.9	3.7	4.2
Digital Telecom Int.	DIF TB	BUY	9.30	10.50	(1.9)	0.8	8.5	8.4	0.6	0.6	9.6	9.7
True Corp	TRUE TB	BUY	11.50	13.50	na	109.7	47.3	22.5	4.7	4.1	0.0	0.5

Source: Thanachart estimates, Based on 10 October 2024 closing prices

We continue to **OVERWEIGHT** the telecom sector, expecting share price drivers from earnings growth with re-rating factors. The growth is from both a normalization of business resiliency and extra drivers into 2027F. We **BUY** two operators and their REIT vehicles.

Growing earnings with re-rating factors

We maintain our **OVERWEIGHT** stance on the telecom sector, expecting share price drivers from both earnings growth and a re-rating. **First**, the sector is enjoying organic drivers amid an economic turnaround, and extra drivers from easing competition, cost savings from synergies, and likely lower spectrum costs from upcoming bids. **Second**, in the process, the sector's ROE is set to rise to 29% in 2027F from 11% in 2023, and we see this leading to a re-rating in sector valuation. **Lastly**, we expect an interest rate cycle reversal from December into next year, reducing interest expenses and improving REITs' attractiveness. Among our **BUY** ratings, we prefer **TRUE** for the operator and **3BBIF** for the telco REIT.

Both organic and extra drivers working

The Thai telecom sector should enjoy organic growth and extra drivers into at least 2027F. Organic growth is via a cyclical recovery of the Thai economy and a turnaround in tourism. Extra growth is from the benefits of industry consolidation in the areas of 1) unlocking ARPU from fierce competition in the past, 2) falling marketing expenses, also from easing competition, and 3) synergy benefits. Another extra growth is likely from spectrum auction next year, which should result in lower spectrum costs. We project **TRUE**'s EBITDA to grow from Bt89bn in 2023 to Bt110bn in 2027F and **ADVANC**'s from Bt94bn to Bt122bn over the same period.

Higher ROE base justifies a re-rating

We project the end product of the processes above to be a higher ROE base for both **ADVANC** and **TRUE**. We expect **ADVANC**'s ROE to rise to 41% in 2027F from 32% in 2023. **TRUE** is just turning a profit this year, and we project its ROE to surge to 21% in 2027F from 10% this year. We believe **ADVANC** deserves a re-rating from its current 2025F EV/EBITDA of 8x, despite already being in the high range of its post-COVID trading range (2021-23), from this rising ROE. **TRUE** has already been re-rated from that period when it still made losses, but we expect a further re-rating from a narrower EV/EBITDA gap to **ADVANC**, now at 1.6x.

2027 spectrum bidding left as an upside

We factor in cost savings from the 1H25F spectrum auction for 2100MHz and 2300MHz licenses as we expect the amortization to be far lower than the current rental costs operators pay for those spectrums. We have yet to factor in potential savings from the re-auction in 2027 for 2100MHz licenses, which we believe will likely end at lower prices than in the past.

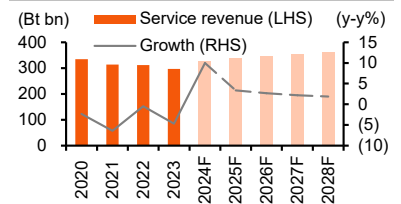


NUTTAPOP PRASITSUKSANT

662-779-9119

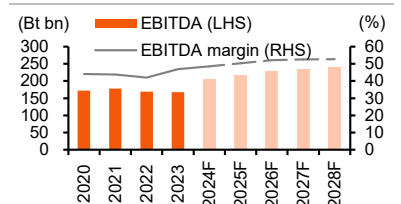
nuttapol.pra@thanachartsec.co.th

Service Revenue Recovery



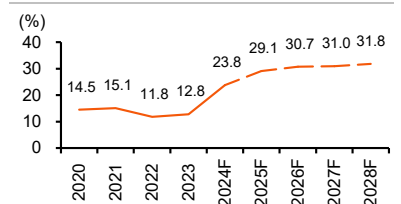
Sources: Company data; Thanachart estimates

EBITDA Grows With Higher Margin



Sources: Company data; Thanachart estimates

ROE Rise A Likely Re-Rating Factor



Sources: Company data; Thanachart estimates

Growth and a re-rating

Organic growth drivers are still working

We estimate the Thai telecom sector's EBITDA to grow by 13/6/5% in 2024-26F. Organic growth drivers look to remain intact. The recovering economy, backed by government stimulus schemes to boost consumption and the rising number of tourist arrivals, is enhancing spending power on mobile services, especially in the prepaid segment. Data consumption growth and a continuation of working from home as the new normal for major corporates in Thailand are boosting demand for postpaid mobile subscriptions and fixed broadband services. The increasing number of tourist arrivals to Thailand is also leading to higher sales of tourist SIMs.

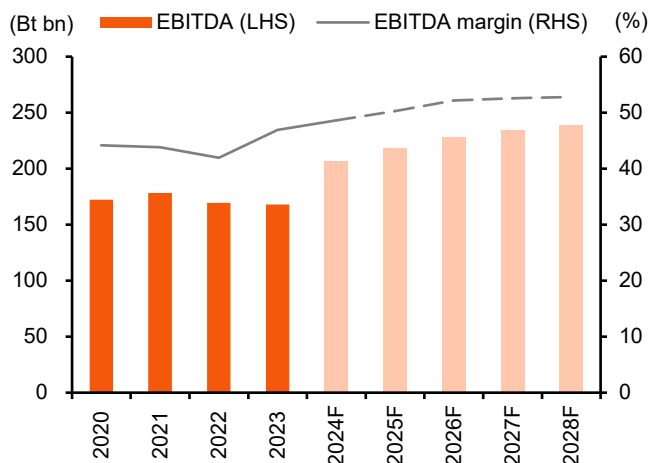
Extra growth catalysts continue into 2027F

We foresee extra growth drivers for the sector persisting over the next three years. *First*, easing price competition in fighting for market share and a change of business strategy by both operators toward package price hikes through more add-on services and exclusive privileges bundled into service packages, post-industry consolidation, are raising both mobile and fixed broadband (FBB) ARPUs back to rational levels. *Second*, both ADVANC and TRUE expect to continue recognizing their post-merger synergy savings over 2024-26F. *Third*, we believe the two upcoming spectrum auctions scheduled for 2025 and 2027 will result in lower spectrum costs for both operators.

Bottom-line benefits from lower non-cash costs and falling cost of debt

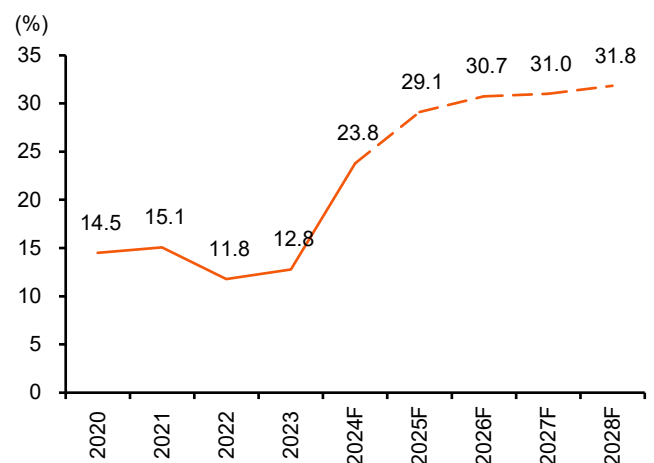
We foresee stronger momentum at the bottom-line profit level, expecting 98/32/18% growth over 2024-26F due to non-cash benefits from the impairment of redundant network assets after consolidation, decreasing cost of funds amid the falling interest rate trend, and lower investment requirements for network assets, also due to synergy benefits.

Ex 1: Sector's Growing EBITDA With Improving Margin



Sources: Company data, Thanachart estimates

Ex 2: We See Rising ROE As A Sector's Re-Rating Factor



Sources: Company data, Thanachart estimates

Those lead to rising ROE, which we see as a sector re-rating factor

On top of the growing EBITDA outlook from higher selling prices and leaner cost bases, the sector's network capex, including the burden of bidding for more spectrum licenses, is also declining as the core 5G coverage rollouts have been completed. We expect the operators to reap benefits from their heavy 5G network investments made in recent years for a longer period than previous technology generations. 5G has already lasted four years as the dominant mobile service technology in Thailand (from 2020), compared to the shorter 3G and 4G cycles of three and five years, respectively, while we have yet to see significant progress for 6G technology to be commercialized anytime soon. Hence, the sector's next major investment round looks still miles away. This combination of expanding operating cash flow and lower investment outflows should clearly lead to a rising ROE trend for the sector, which we project to grow to 32% in 2028F, from 24% in 2024F, serving as another re-rating factor alongside its robust earnings growth.

Organic drivers intact...

We see three mobile ARPU drivers remaining intact

As mobile penetration in Thailand has been saturated at 130% of the population since 2021, ARPU is now the only revenue driver for the segment. Having said that, we still expect the three major ARPU drivers of 1) package price hikes after the easing of competition, 2) improving local consumption from government stimulus and the recovering economy, and 3) the growing number of tourist arrivals to remain intact over 2024-26F, supporting our forecasts of mobile service revenue growth for the sector of 4/3/2% over the period.

1) Gradual package price hikes after easing competition

The key driver for our assumptions of sector’s mobile ARPU rising to Bt217/223/225/month in 2024-26F, from Bt209 in 2023, is a reduction of low-priced packages offered in the market. As the two operators hold similar market shares post-industry consolidation, we see a significant change in their business strategies. Rather than aggressive price cuts or subsidies to gain market share in the past, more value-added services, i.e., video streaming subscriptions, unlimited social network surfing, and gaming are bundled into the packages to raise pricing. We have also noticed an indirect price uplift through lower data quotas for the same package prices. Given the usual 12- to 24-month availability for the low-priced packages issued over the past few years, we foresee the expiry of those legacy plans gradually improving the sector’s revenue into 2025F.

2) Government stimulus to consumption and

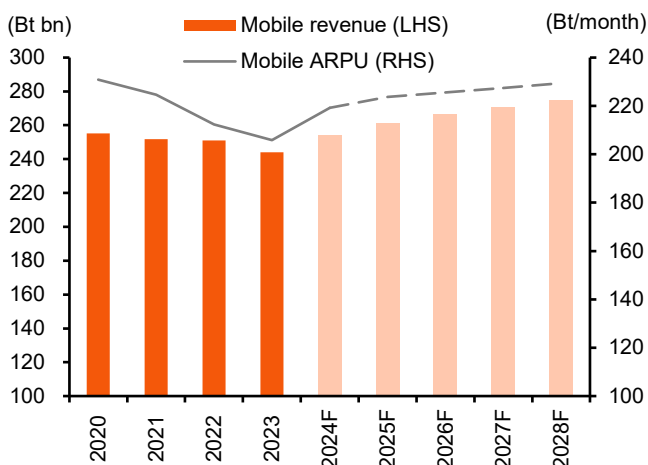
We also expect the government’s stimulus policies, whether the “digital wallet” initiative or other cash giveaway schemes for low-income people, to boost domestic consumption. This stronger spending power from locals and increasing inbound tourists are accelerating a turnaround of prepaid ARPU from the low of Bt115/month in 2023 after four consecutive contraction years from Bt149 in 2019. This improving prepaid segment has been the major driver for the mobile service industry over the past few years.

3) Growing tourist arrivals

FBB growing from both a rising penetration rate and improving pricing

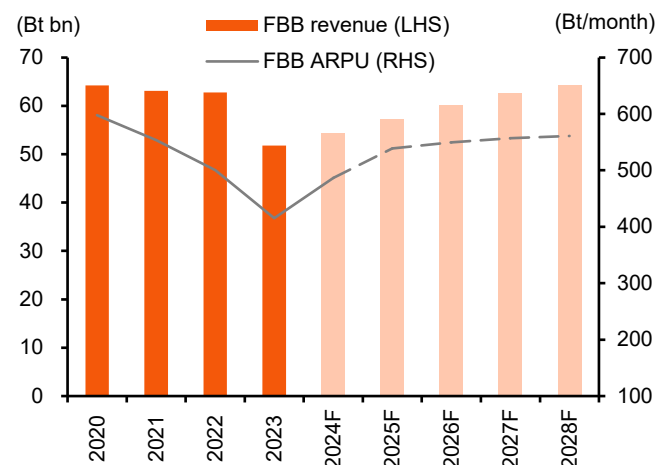
For the fixed broadband (FBB) industry, we project its penetration rate to rise to 52% of households in Thailand in 2027F, from 47% in 2023, driven by increasingly heavy data consumption for working and studying at home, booming online entertainment services (i.e., gaming and video content subscription), and Thai people’s addiction to social networking. The FBB segment has also been experiencing a rising ARPU trend due to the easing of competition and the increased demand for high-end FBB services. Starting package prices in the segment have also risen to Bt500/month from Bt400 last year. The growing number of subscribers and increasing ARPU lead us to estimate the sector’s FBB revenue to grow by 5% p.a. over 2024-26F.

Ex 3: Recovering ARPU A Key Driver For Mobile Segment



Sources: Company data, Thanachart estimates

Ex 4: FBB Grows From Both Pricing And Volume



Sources: Company data, Thanachart estimates

...plus some extras

Post-merger cost savings are the key growth driver for the sector

Higher cost-cutting potential for TRUE due to its larger merger scale

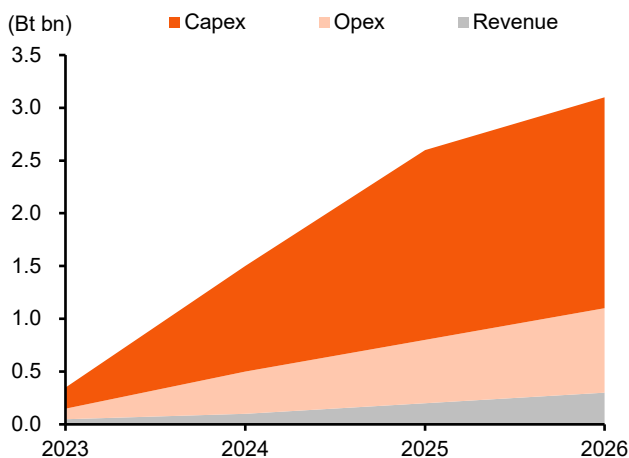
ADVANC expects smaller cost savings, but more cross-selling potentials

Following their mergers in 2023 – TRUE’s amalgamation with Total Access Communication (DTAC) in March, positioning it as the largest mobile service operator in Thailand with a 52% market share, and ADVANC acquiring the fixed broadband business of Triple T Broadband (TTTBB) to become the largest fixed broadband market player in November – both operators plan to gradually recognize their post-merger synergy benefits over 2023-26.

Given its larger merger scale, TRUE looks set to achieve more substantial cost reductions. The company targets the synergy benefits to boost its EBITDA up to Bt28bn during these four years (2023-26F), mainly from the impairment of redundant network assets and the elimination of duplicate staff, shops, and back-office systems. Note that network asset impairment not only reduces non-cash depreciation expenses, but also cash cost items such as electricity, maintenance, rent, staff, etc. TRUE guides for its network asset impairment to be completed within 1H25; thus, cost savings look set to be backloaded into 2025-26F, although impairment losses would continue to hurt its bottom line over the next few quarters. We treat the network impairment losses as a non-core item.

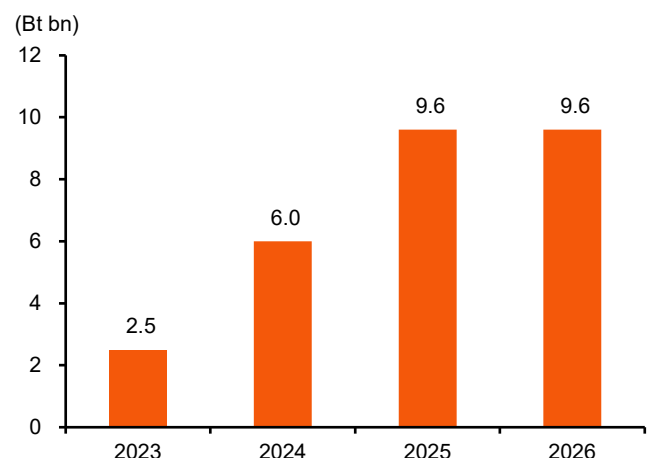
ADVANC aims for up to Bt3bn in total benefits through capex savings and operating cost reduction after consolidating its sales and maintenance workforces with TTTBB. The company also expects a revenue uplift to be realized over 2024-26F. Despite the lower cost-saving potential than its peer, we see the acquisition complements ADVANC’s FBB infrastructure, concentrated in urban areas, with strong network coverage in provincial areas from TTTBB. This will likely pave the way for ADVANC to cross-sell and upsell mobile and digital content services to TTTBB’s clients.

Ex 5: ADVANC’s Targeted Synergy Recognition



Source: Company data

Ex 6: TRUE’s Expected EBITDA Synergy Benefits



Source: Company data

We expect lower spectrum costs from the two upcoming auctions

Unlike previous auctions, which were perceived as a financial risk for telecom operators due to the potential for excessively high bids, we see the two upcoming rounds of spectrum auction as a positive factor. The first auction is expected in early 2025 for the 2100MHz and 2300MHz bands. Operating rights for those bands now belong to National Telecom (NT, a state-owned telecom company). The two spectrums are being rented out to ADVANC (15MHz of bandwidth in the 2100MHz band) and TRUE (60MHz bandwidth in the 2300MHz band) at what we see as very high rates, given heavy spectrum scarcity when the contracts were signed in 2018. The regulator, the National Broadcasting and Telecommunication Commission (NBTC), aims to hold the bid in 1Q25, ahead of the expiry of those rights in September 2025. We expect this to result as significant cost savings for both operators, estimating final bidding prices at Bt25bn for each license. This would reduce the annual spectrum cost for operators by Bt2bn-3bn as the rental expense would change into lower

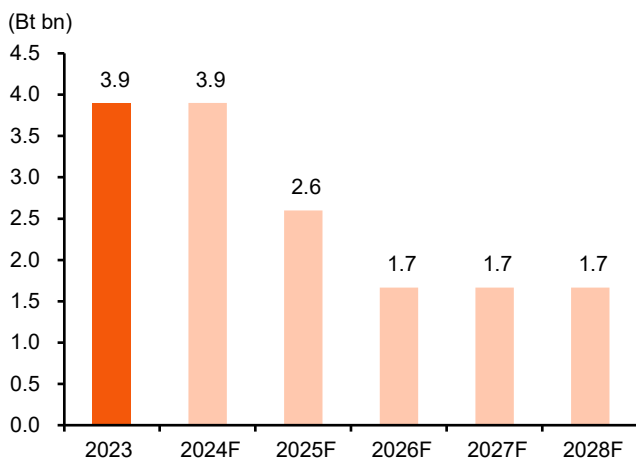
amortization costs each year. We believe the license payment terms will continue to be in 10-year installment plans as they have been in recent bids, and thus, there should be no chunky cash outflow burden for the operators.

The second auction is likely in early 2027 for another set of the 2100MHz licenses. This set of spectrum bandwidth was bid out to operators in the first spectrum auction round in Thailand in 2012. As the licenses last 15 years, they are set to expire in late 2027, so we believe the re-auction should be held earlier in the year to ensure smooth services. We expect the bid to end at lower prices than the original ones in the last decade due to 1) the industry consolidating from five bidders back then to likely only three participants now (i.e., ADVANC, TRUE, and NT) and 2) the economic value of the bands should be lower given technology advancements to utilize higher-frequency bands. Having said that, we still leave potential cost savings from this second bid as an upside since the bid is still years away.

Also much larger cost reductions for TRUE

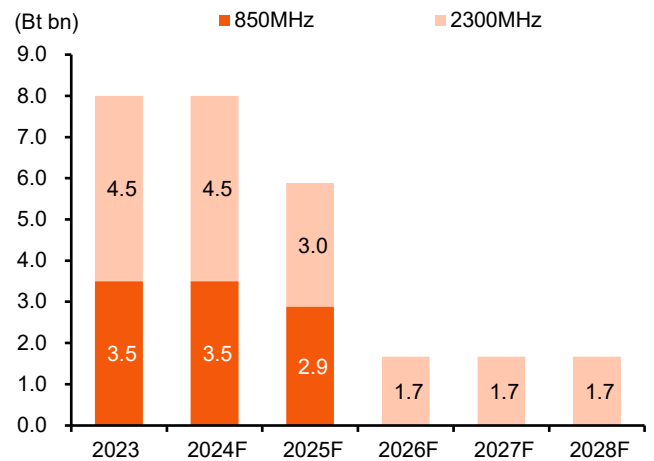
We also see larger potential cost cuts for TRUE related to these spectrum licenses. *First*, the company has recently communicated that it will opt out of the bid for the 850MHz band that it currently rents from NT, given that it already has sufficient low-frequency bandwidth after the consolidation. *Second*, also due to business consolidation, TRUE now holds licenses for 30MHz of bandwidth of the 2100MHz band, so the company may decide not to fully bid back the licenses in 2027.

Ex 7: Lower 2100MHz Cost For ADVANC After 2025 Bid



Sources: Company data, Thanachart estimates

Ex 8: TRUE Will Likely Forgo The 850MHz Bandwidth



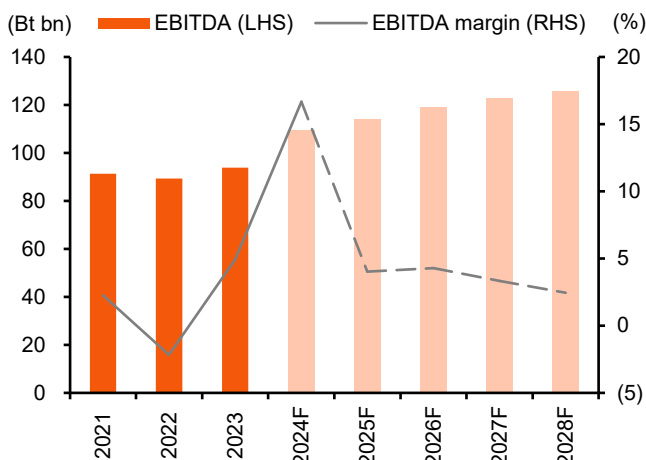
Sources: Company data, Thanachart estimates

TRUE remains our top pick

TRUE's valuation gap discount is too wide in our view

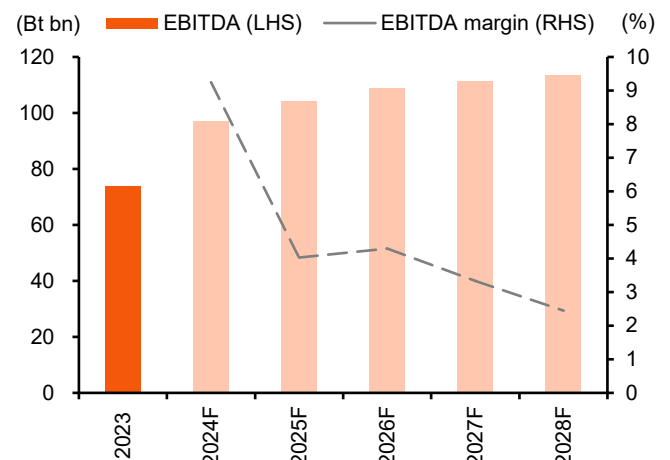
With our OVERWEIGHT stance on the Thai telecom sector and BUY ratings across all telecom operators and infrastructure funds, TRUE stands out as our top pick. While we agree that ADVANC has a stronger balance sheet and superior profitability, we see the current 1.6x EV/EBITDA valuation gap between the two as unjustified. This is especially true since TRUE offers a much higher earnings growth outlook, set to triple over the next three years, compared to the mid-teens growth trajectory for ADVANC, according to our estimates. Moreover, given the improving free cash flow generation and, thus also, a falling gearing trend, we expect TRUE to resume paying dividends soon. Our DCF-based TP of Bt13.5/share for TRUE implies 7.1x EV/EBITDA in 2025F, while our Bt300 TP for ADVANC, also based on a DCF approach, implies an 8.8x multiple.

Ex 9: Our Forecasts For ADVANC's EBITDA



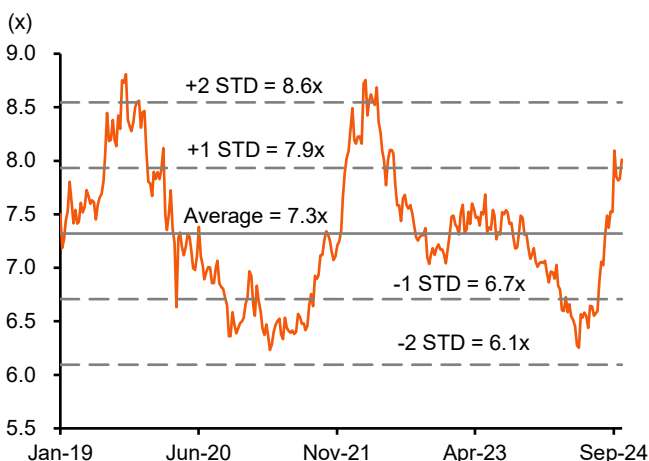
Sources: Company data, Thanachart estimates

Ex 10: Our Forecasts For TRUE's EBITDA



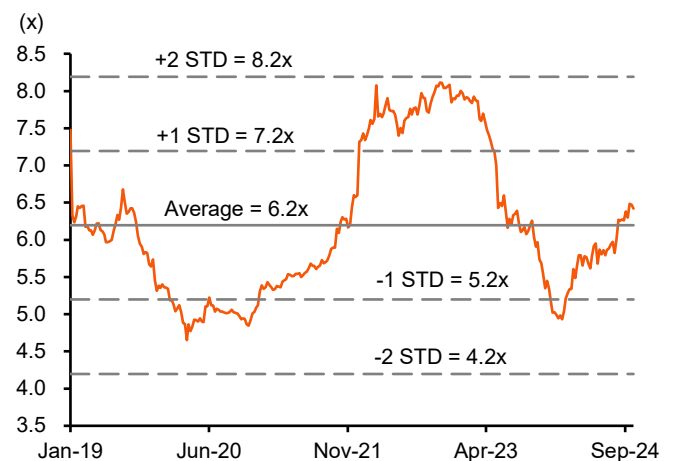
Sources: Company data, Thanachart estimates

Ex 11: ADVANC's EV/EBITDA



Sources: Bloomberg, Thanachart estimates

Ex 12: TRUE's EV/EBITDA

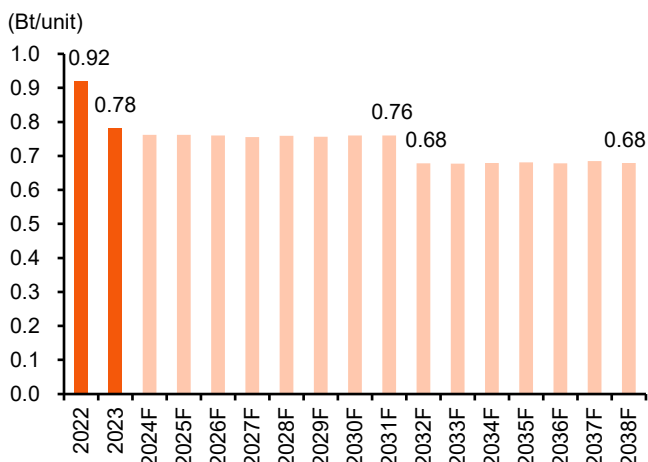


Sources: Bloomberg, Thanachart estimates

We prefer 3BBIF when comparing telco REITs

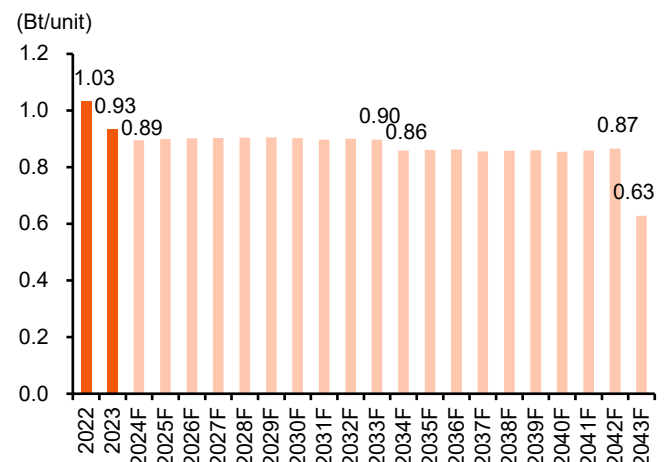
To invest in telecom infrastructure funds, which we believe are more attractive amid the reversal of global interest rates to a falling trend, we prefer 3BBIF as an investment choice as we see it having a higher holding-to-maturity IRR and lower counterparty risk. We estimate a 8.7% IRR for a 14-year holding period until 3BBIF's fixed-price, fixed-volume rental contracts on its nationwide fiber-optic cable system with ADVANC expire in 2038, compared to our estimate of 7.6% IRR for DIF with a longer holding period of 19 years, assuming its rental contracts for telecom towers and fiber optic cable network with TRUE are renewed until 2043. Given ADVANC's stronger financial health and the fact that there is no risk regarding whether the contract extension clause will be exercised, we see the counterparty risk as lower for 3BBIF.

Ex 13: Our Projections For 3BBIF's Dividend Payments



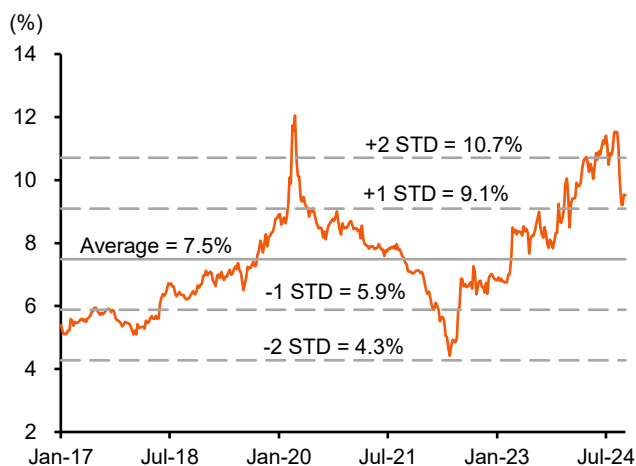
Sources: Company data, Thanachart estimates

Ex 14: Our Projections For DIF's Dividend Payments



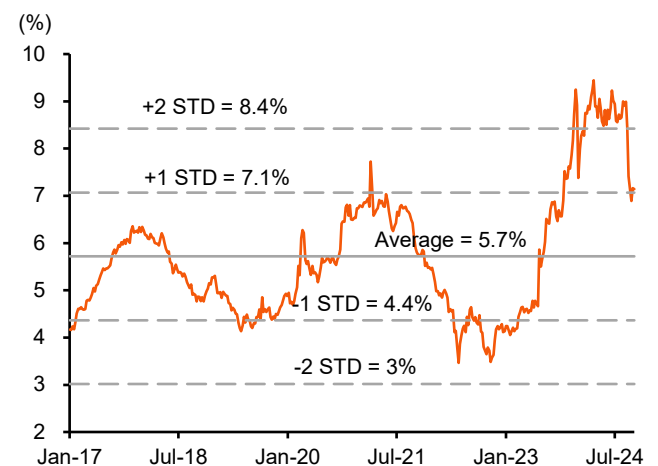
Sources: Company data, Thanachart estimates

Ex 15: 3BBIF's Dividend Yield Gap Vs. TH 10Yr Gov Bond



Sources: Bloomberg, Thanachart estimates

Ex 16: DIF's Dividend Yield Gap Vs. TH 10Yr Gov Bond



Sources: Bloomberg, Thanachart estimates

Ex 17: Our Key Assumptions

		ADVANC	TRUE	Telecom operators		3BBIF	DIF	Telecom infra funds	
Rating		BUY	BUY	Overweight	Rating	BUY	BUY	Overweight	
Share price	(Bt)	272.00	11.50		Share price	6.30	9.30		
Target price	(Bt)	300.00	13.50		Target price	7.30	10.50		
Upside	(%)	10.29	17.39		Upside	15.87	12.90		
Consensus TP	(Bt)	283.61	12.27		Consensus TP	6.63	10.62		
Differ from consensus	(%)	5.78	10.02		Differ from consensus	10.11	(1.13)		
Mobile subscribers (m)	2023	44.6	51.9	96.5	Total rental income (Bt bn)	2023	9.4	14.3	23.7
	2024F	46.3	50.3	96.6		2024F	7.5	14.1	21.6
	2025F	47.2	50.7	97.9		2025F	7.6	14.1	21.7
	2026F	47.9	51.0	98.9		2026F	7.7	14.1	21.8
FBB subscribers (m)	2023	2.4	3.8	6.2	Net investment income (Bt bn)	2023	8.0	11.9	19.8
	2024F	5.0	3.7	8.7		2024F	6.1	11.6	17.7
	2025F	5.2	3.8	9.0		2025F	6.3	11.7	18.0
	2026F	5.4	3.8	9.3		2026F	6.4	11.8	18.2
EBITDA (Bt bn)	2023	93.8	74.0	167.8	Net investment margin (%)	2023	84.4	83.2	83.6
	2024F	109.5	97.0	206.4		2024F	80.9	82.7	82.1
	2025F	113.9	104.0	217.9		2025F	82.3	83.4	83.0
	2026F	118.8	108.9	227.7		2026F	82.9	84.1	83.7
Total capex (Bt bn)	2023	64.3	32.6	96.9	Cash dividend yield (%)	2023	12.4	10.1	10.8
	2024F	38.0	46.1	84.1		2024F	12.1	9.6	10.5
	2025F	41.1	51.5	92.6		2025F	12.1	9.7	10.5
	2026F	35.6	43.2	78.8		2026F	12.1	9.7	10.5
Normalized profits (Bt bn)	2023	28.5	(7.2)	21.2	Effective dividend yield (%)	2023	7.3	10.1	9.1
	2024F	33.6	8.4	42.0		2024F	0.0	9.6	6.4
	2025F	37.7	17.6	55.3		2025F	0.0	9.7	6.4
	2026F	42.3	22.8	65.1		2026F	0.0	9.7	6.4
EBITDA margin (%)	2023	49.7	43.7	46.9	Holding-to-maturity IRR (%)	8.7	7.6		
	2024F	51.6	45.6	48.6	Contract life (years)	14.0	19.0		
	2025F	52.8	47.8	50.3					
	2026F	55.2	49.1	52.1					
Net margin (%)	2023	14.9	(5.6)	5.9					
	2024F	15.2	2.7	9.9					
	2025F	16.8	6.9	12.8					
	2026F	19.0	9.1	14.9					
ROE (%)	2023	32.3	na	11.8					
	2024F	36.0	9.9	23.6					
	2025F	38.0	19.6	29.3					
	2026F	40.3	21.7	31.0					

Sources: Company data, Thanachart estimates

Based on 10 October 2024 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET Index	2.8	11.0	2.4	3.7	—	—	—	—
Telecom	7.3	23.5	27.3	34.0	4.5	12.6	24.9	30.3
3BBIF	1.6	16.7	(5.3)	0.8	(1.2)	5.7	(7.6)	(2.9)
ADVANC	5.0	23.1	22.5	25.3	2.2	12.1	20.1	21.6
DIF	1.1	18.5	2.8	20.0	(1.7)	7.5	0.4	16.3
TRUE	11.7	26.4	67.9	127.7	8.8	15.4	65.5	124.0

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Duopoly market, in which two major players hold relatively equal market shares.
- High barriers to entry as there are limited spectrum capacities, and the current players enjoy economies of scale.

O — Opportunity

- Data monetization.
- Low penetration rate of the fixed-broadband service in Thailand.

W — Weakness

- Highly regulated telecom industry in Thailand.
- Requires continuous investment to serve increasing data usage and demand for the latest technology applications.

T — Threat

- There are still some ongoing lawsuits between three private operators and operators against the regulator, mostly involving past concession amendments.

REGIONAL COMPARISON

Name	EPS growth		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Hong Kong	7.7	6.9	11.6	10.9	0.9	0.9	3.0	2.9	5.8	6.5
India	37.7	46.1	65.0	43.9	19.4	14.9	16.0	14.0	0.4	0.5
Indonesia	10.4	15.4	13.5	11.7	2.2	2.1	4.8	4.5	4.6	5.3
Malaysia	40.9	21.1	25.5	20.8	3.0	2.8	7.4	7.2	4.4	4.5
Singapore	94.2	17.1	18.4	15.5	1.0	1.1	11.2	10.9	5.0	5.9
S. Korea	12.3	na	na	9.6	na	1.0	3.8	3.8	6.4	6.6
Taiwan	(3.5)	9.0	27.0	24.8	4.0	4.0	12.2	11.7	3.8	4.0
Thailand	14.0	18.4	38.8	50.0	3.8	3.5	10.0	10.4	3.5	3.7
Average	23.5	18.0	27.7	25.5	4.4	3.6	8.8	8.5	4.4	4.7
3BBIF	(23.7)	3.2	8.3	8.0	0.7	0.8	8.0	8.1	12.1	12.1
ADVANC	18.0	12.1	24.1	21.5	8.4	7.9	8.5	8.1	3.7	4.2
DIF	(1.9)	0.8	8.5	8.4	0.6	0.6	8.7	8.6	9.6	9.7
TRUE	na	109.7	47.3	22.5	4.7	4.1	7.3	6.5	0.0	0.5
Average * Thailand	14.0	18.4	38.8	50.0	3.8	3.5	10.0	10.4	3.5	3.7

Source: Bloomberg Consensus

Note: * Thanachart estimates – using normalized EPS

Based on 10 October 2024 closing prices

BUY (Unchanged)

TP: Bt 7.30

(From: Bt7.50)

Change in Numbers

Upside : 15.9%

14 OCTOBER 2024

3BB Internet Infra. Fund (3BBIF TB)

Attractive yield play

We maintain our BUY on 3BBIF for its attractive 8.7% holding-to-maturity IRR, which is supported by resilient cashflow streams from its fixed-term rental contracts with low counterparty risk. We see the upcoming interest rate reversal trend as the key unit price catalyst.



NUTTAPOP PRASITSUKSANT

662-779-9119

nuttapop.pra@thanachartsec.co.th

High IRR with low risks

This report is a part of *Telecom Sector – Growth and a re-rating*, dated 14 October 2024. Note that 3BBIF is the new ticker for JASIF as of February 2024. We reaffirm BUY on 3BBIF. **First**, its 8.7% holding-to-maturity IRR looks attractive to us. 3BBIF earns income from rental contracts on its nationwide fiber-optic cable system with 14 years of remaining life until 2038. **Second**, we like its resilient cash flow stream, backed by fixed-rate and fixed-volume terms in the contracts with low counterparty risk. **Lastly**, we expect the falling interest rate trend, which makes 3BBIF's yield more attractive, to become its unit price catalyst. Our DDM-based 12-month TP drops slightly to Bt7.3/unit after a roll-over to a 2025F base year.

Resilient rental contracts

3BBIF's cash flows are secured by fixed-price (annually adjusted with inflation) and fixed-volume terms in rental contracts on its nationwide fiber-optic cable network until 2038. Counterparty risk looks low as its sole customer is now Advanced Info Service Pcl (ADVANC TB, BUY, Bt272.0) which is the leading telecom operator with robust financial health. We estimate EBITDA of Bt110bn for ADVANC in 2024F with no major investments in sight vs. Bt7.5bn in rental payments to 3BBIF. Also, since the rental contracts were revised in 3Q23 to reflect new market conditions, we don't foresee further contract renegotiations in the near future.

Some benefits from falling interest rates

3BBIF had Bt11.5bn in outstanding floating rate debt as of 2Q24. We thus expect 3BBIF to benefit immediately from the falling interest rate trend. We estimate that each 1% interest rate fall would increase its annual dividend by Bt0.014/unit or lift yield by 0.2%. The fund is also negotiating with banks for a lower borrowing rate due to its improved counterparty risk now that ADVANC has become its major tenant.

Far above-average yield gap

We estimate 3BBIF's holding-to-maturity IRR is now 8.7%. As for shorter-term yield, we estimate a cash dividend yield of 12% for 2025-26F. Note that 3BBIF needs to pass on rental income to its unitholders through a capital reduction during 2024-26F as its retained earnings turned negative after it booked an impairment loss from the change of rental contract terms in 3Q23. Having said that, the yield is now at a 9.5% premium to the 10-year Thai government bond yield, which is 1STD above its 7.5% historical trading average from 2017 to the present. Therefore, 3BBIF looks attractive to us for its high dividend yield, backed by resilient income with low counterparty risk.

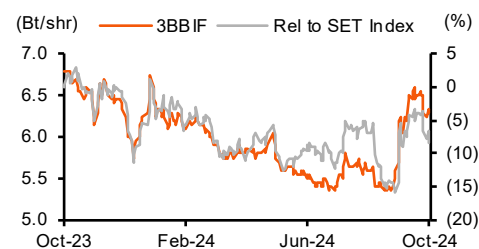
COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	9,437	7,508	7,621	7,735
Net profit	(11,139)	3,876	6,798	5,883
Consensus NP	—	4,414	4,923	na
Diff frm cons (%)	—	(12.2)	38.1	na
Norm profit	7,961	6,076	6,273	6,412
Prev. Norm profit	—	6,224	6,461	6,592
Chg frm prev (%)	—	(2.4)	(2.9)	(2.7)
Norm EPS (Bt)	1.0	0.8	0.8	0.8
Norm EPS grw (%)	(10.0)	(23.7)	3.2	2.2
Norm PE (x)	6.3	8.3	8.0	7.9
EV/EBITDA (x)	6.6	8.0	8.1	7.9
P/NAV (x)	0.7	0.7	0.8	0.8
Cash div yield (%)*	12.4	12.1	12.1	12.1
Effective yield (%)**	7.3	0.0	0.0	0.0
ROE (%)	10.5	9.0	9.3	9.6
Net D/E (%)	11.9	6.6	8.7	8.2

Note: * Dividend from operations and capital reduction

** Dividend from operations

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 10-Oct-24 (Bt)	6.30
Market Cap (US\$ m)	1,500.9
Listed Shares (m shares)	8,000.0
Free Float (%)	79.4
Avg Daily Turnover (US\$ m)	1.4
12M Price H/L (Bt)	6.80/5.35
Sector	Telecom
Major Shareholder	JAS 19%

Sources: Bloomberg, Company data, Thanachart estimates



Ex 1: 12-month DDM-based Valuation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036-38F
Dividend of common stock	6,093	6,080	6,043	6,067	6,055	6,074	6,081	5,587	5,420	5,428	5,445	44,714
Dividend payment	6,093	6,080	6,043	6,067	6,055	6,074	6,081	5,587	5,420	5,428	5,445	44,714
Cost of equity (%)	7.0											
Terminal growth (%)	0.0											
PV of dividend	5,707	5,334	4,965	4,668	4,363	4,099	3,756	3,221	2,917	2,727	2,553	14,172
Equity value (m)	58,482											
No. of units (m)	8,000											
Equity value / unit (Bt)	7.3											

Sources: Company data, Thanachart estimates

Note: Our DDM calculation continues into 2048F, when we assume 3BBIF's asset life expires and thus there is no more income generation.

Valuation Comparison

Ex 2: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPU growth		PE		P/NAV		EV/EBITDA		Div yield	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
Link REIT/The	823 HK	Hong Kong	na	1.4	15.0	14.8	0.5	0.6	15.6	15.3	6.7	6.8
Yuexiu Real Estate	405 HK	Hong Kong	na	0.0	14.3	14.3	0.3	0.3	16.1	16.2	8.3	8.3
Fortune Real Estate	778 HK	Hong Kong	na	0.0	13.3	13.3	0.3	0.3	19.6	19.5	7.7	7.9
CapitaLand Mall Trust	CT SP	Singapore	na	5.4	na	na	na	na	na	na	na	na
Frasers Centrepoint Trust	FCT SP	Singapore	(13.8)	5.6	21.2	20.1	1.0	1.0	26.1	25.3	5.3	5.3
Mapletree Commercial	MCT SP	Singapore	na	(5.9)	na	na	na	na	na	na	na	na
Suntec Real Estate	SUN SP	Singapore	(5.5)	10.7	22.9	20.6	0.6	0.6	31.4	30.5	4.8	5.3
Starhill Global REIT	SGREIT SP	Singapore	58.8	(15.9)	11.9	14.2	0.7	0.7	16.6	16.5	7.4	7.2
CapitaLand Commercial	CCT SP	Singapore	na	na	na	na	na	na	na	na	na	na
Keppel REIT	KREIT SP	Singapore	2.7	2.2	20.8	20.3	0.7	0.7	37.0	34.2	6.2	6.3
CapitaLand Retail China	CRCT SP	Singapore	na	6.3	na	na	na	na	15.5	15.2	na	na
Ascendas Real Estate	AREIT SP	Singapore	na	5.6	na	na	na	na	na	na	na	na
Mapletree Industrial Trust	MINT SP	Singapore	232.5	2.3	18.9	18.4	1.3	1.4	21.4	21.2	5.3	5.4
Mapletree Logistics Trust	MLT SP	Singapore	17.8	(11.1)	19.7	22.2	1.0	1.0	23.2	23.8	6.3	5.7
Ascott Residence Trust	ART SP	Singapore	na	4.1	na	na	na	na	na	na	na	na
CDL Hospitality Trusts	CDREIT SP	Singapore	(60.6)	7.7	25.4	23.6	0.7	0.7	19.7	18.5	5.8	6.2
Axis Real Estate	AXRB MK	Malaysia	(23.2)	11.5	19.1	17.1	1.1	1.2	20.6	17.8	5.0	5.4
Sunway Real Estate	SREIT MK	Malaysia	10.8	5.8	17.0	16.1	1.1	1.1	20.3	19.3	5.5	5.7
KLCCP Stapled Group	KLCCSS MK	Malaysia	101.6	10.4	17.9	16.3	1.2	1.2	22.6	21.6	5.2	5.6
IGB Real Estate	IGBREIT MK	Malaysia	(26.4)	4.7	20.8	19.9	2.0	2.0	21.0	20.0	4.9	5.2
Pavilion Real Estate	PREIT MK	Malaysia	(30.6)	1.1	17.2	17.0	1.1	1.1	17.6	16.9	6.1	6.4
3BB Internet Infra. Fund *	3BBIF TB	Thailand	(23.7)	3.2	8.3	8.0	0.7	0.8	8.0	8.1	12.1	12.1
BTS Rail Mass Transit **	BTSGIF TB	Thailand	(9.8)	5.5	4.4	4.2	0.8	1.2	4.4	4.2	22.5	23.7
CPN Retail Growth *	CPNREIT TB	Thailand	(11.9)	(18.2)	9.3	11.4	1.0	1.1	13.6	17.4	8.1	8.4
Digital Telecom. Infra. Fund *	DIF TB	Thailand	(1.9)	0.8	8.5	8.4	0.6	0.6	8.7	8.6	9.6	9.7
Average			13.5	1.8	16.1	15.8	0.9	0.9	18.9	18.5	7.5	7.7

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS,

** Fiscal year ends in March, and we use one-year forward numbers for 25-26F.

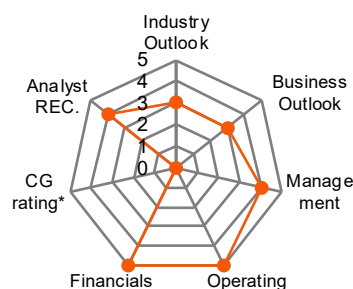
Based on 10 October 2024 closing prices

FUND DETAILS

Name	: 3BB Internet Infrastructure Fund
Ticker	: 3BBIF TB
Listed date	: 16 February 2015
Fund size	: Bt55bn (55,000 units @ par Bt9.8516/unit)
Type	: Closed-end retail infrastructure fund
Investment A/S	: Optical fiber cable
Project life	: Ends 22 February 2026 with extension period
Sponsor	: Jasmine International (JAS TB)
Fund manager	: BBL Asset Management
Dividend policy	: No less than 90% of adjusted net profit
Payment date	: No less than two times per year
Foreign limit	: No more than 49% of total units

Source: SET

COMPANY RATING



Source: Thanachart; * No CG Rating

Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

THANACHART'S SWOT ANALYSIS

S — Strength

- One of the top two telecom infrastructure funds.
- Sustainable cash inflows from long-term rental contracts.
- Nationwide fiber-optic network coverage.

O — Opportunity

- Fixed-broadband penetration rate in Thailand is still low.
- Rising incomes and changes in consumer lifestyles toward more digitalization, particularly in the provinces.
- Greater demand for high-speed internet due to multimedia, content, and applications requiring heavier bandwidth.

W — Weakness

- Leases only one underlying asset type (fiber-optic network for fixed-broadband services) to just one tenant.

T — Threat

- Ability to renew its rental contracts beyond 2038F.
- More new infrastructure funds potentially getting listed in the future.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	6.63	7.30	10%
Norm profit 24F (Bt m)	5,942	6,076	2%
Norm profit 25F (Bt m)	5,683	6,273	10%
Consensus REC	BUY: 6	HOLD: 2	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2024-25F earnings estimates are 2% and 10% higher than the Bloomberg consensus numbers, likely because we project larger benefits from falling interest rates.
- Our TP is also 10% higher than the Street's, which we believe is due to our use of a lower discount rate to reflect 3BBIF's lower counterparty risk.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Lower-than-expected annual rental price hikes going forward are a downside risk to our numbers.
- A slower-than-expected fall in market interest rates represents another downside risk to our numbers.
- Change or advancement of telecommunication technology, which gears toward lower demand for fiber-optic networks, would be a downside risk to our valuation.
- More asset injections into the fund, either from its current or the new major sponsor, would be a risk to our numbers.

Source: Thanachart

INCOME STATEMENT

Stable income from fixed-price, fixed-volume rental contracts

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Revenue	10,269	9,437	7,508	7,621	7,735
Selling & administration expenses	651	649	684	689	694
Operating profit	9,618	8,787	6,824	6,932	7,041
% operating margin	93.7%	93.1%	90.9%	91.0%	91.0%
Depreciation & amortization	0	0	0	0	0
EBITDA	9,618	8,787	6,824	6,932	7,041
% EBITDA margin	93.7%	93.1%	90.9%	91.0%	91.0%
Non-operating income	25	78	133	105	60
Non-operating expenses	(26)	(17)	(13)	(13)	(14)
Interest expense	(765)	(888)	(869)	(750)	(675)
Pre-tax profit	8,851	7,961	6,076	6,273	6,412
Income tax	0	0	0	0	0
After-tax profit	8,851	7,961	6,076	6,273	6,412
% net margin	86.2%	84.4%	80.9%	82.3%	82.9%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	(5,200)	(19,101)	(2,200)	524	(529)
NET INVESTMENT INCOME	3,650	(11,139)	3,876	6,798	5,883
Normalized Net Invest. Income	8,851	7,961	6,076	6,273	6,412
EPS (Bt)	0.5	(1.4)	0.5	0.8	0.7
Normalized EPS (Bt)	1.1	1.0	0.8	0.8	0.8

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	4,693	4,708	6,516	4,016	4,016
Cash & cash equivalent	4,681	4,179	6,500	4,000	4,000
Account receivables	0	515	2	2	2
Inventories	0	0	0	0	0
Others	12	14	14	14	14
Investments & loans	94,800	75,700	73,500	74,024	73,495
Net fixed assets	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	99,493	80,408	80,016	78,040	77,512
LIABILITIES:					
Current liabilities:	1,064	1,019	1,002	1,029	1,058
Account payables	0	0	0	0	0
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	0	0	0	0
Others current liabilities	1,064	1,019	1,002	1,029	1,058
Total LT debt	13,282	12,148	11,014	9,826	9,466
Others LT liabilities	0	34	27	27	27
Total liabilities	14,346	13,200	12,043	10,883	10,551
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	76,684	75,404	73,213	65,600	59,520
Share premium	0	0	0	0	0
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	8,463	(8,196)	(5,240)	1,557	7,441
Net Assets	85,147	67,208	67,973	67,158	66,961

Temporary negative retained earnings due to impairment loss in 2023

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	8,851	7,961	6,076	6,273	6,412
Tax paid	0	0	0	0	0
Depreciation & amortization	0	0	0	0	0
Chg In working capital	(0)	(515)	513	(0)	(0)
Chg In other CA & CL / minorities	6	(50)	(17)	27	28
Cash flow from operations	8,856	7,396	6,572	6,301	6,440
Capex	0	0	0	0	0
Right of use	0	0	(0)	(0)	(0)
ST loans & investments	0	0	0	0	0
LT loans & investments	5,200	19,100	2,200	(524)	529
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(5,200)	(19,065)	(2,207)	525	(528)
Cash flow from investments	(0)	35	(7)	0	0
Debt financing	(1,035)	(1,134)	(1,134)	(1,188)	(360)
Capital increase	0	(1,280)	(2,191)	(7,613)	(6,080)
Dividends paid	(7,520)	(5,520)	(920)	0	0
Warrants & other surplus	0	0	0	0	0
Cash flow from financing	(8,555)	(7,934)	(4,244)	(8,801)	(6,441)
Free cash flow	8,856	7,396	6,572	6,301	6,440

Resilient cash flow streams with low counterparty risk

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	5.7	6.3	8.3	8.0	7.9
Normalized PE - at target price (x)	6.6	7.3	9.6	9.3	9.1
PE (x)	13.8	na	13.0	7.4	8.6
PE - at target price (x)	16.0	na	15.1	8.6	9.9
EV/EBITDA (x)	6.1	6.6	8.0	8.1	7.9
EV/EBITDA - at target price (x)	7.0	7.6	9.2	9.3	9.1
P/NAV (x)	0.6	0.7	0.7	0.8	0.8
P/NAV - at target price (x)	0.7	0.9	0.9	0.9	0.9
P/CFO (x)	5.7	6.8	7.7	8.0	7.8
Price/sales (x)	4.9	5.3	6.7	6.6	6.5
Effective dividend yield (%)	14.6	7.3	0.0	0.0	0.0
Capital reduction yield (%)	0.0	5.1	12.1	12.1	12.1
Cash dividend yield (%)	14.6	12.4	12.1	12.1	12.1
FCF Yield (%)	17.6	14.7	13.0	12.5	12.8
(Bt)					
Normalized EPS	1.1	1.0	0.8	0.8	0.8
EPS	0.5	(1.4)	0.5	0.8	0.7
Effective dividend *	0.9	0.5	0.0	0.0	0.0
Capital reduction dividend	0.0	0.3	0.8	0.8	0.8
Cash dividend **	0.9	0.8	0.8	0.8	0.8
NAV/unit	10.6	8.4	8.5	8.4	8.4
CFO/unit	1.1	0.9	0.8	0.8	0.8
FCF/unit	1.1	0.9	0.8	0.8	0.8

Sources: Company data, Thanachart estimates

Yield looks highly attractive against falling interest rate trend

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	1.2	(8.1)	(20.4)	1.5	1.5
Net profit (%)	(54.5)	na	na	75.4	(13.4)
EPS (%)	(54.5)	na	na	75.4	(13.4)
Normalized profit (%)	1.4	(10.0)	(23.7)	3.2	2.2
Normalized EPS (%)	1.4	(10.0)	(23.7)	3.2	2.2
Dividend payout ratio (%)***	201.6	(33.0)	0.0	0.0	0.0
Operating performance					
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
Operating margin (%)	93.7	93.1	90.9	91.0	91.0
EBITDA margin (%)	93.7	93.1	90.9	91.0	91.0
Net margin (%)	86.2	84.4	80.9	82.3	82.9
Interest bearing debt to NAV (%)	15.6	18.1	16.2	14.6	14.1
D/E (incl. minor) (x)	0.2	0.2	0.2	0.1	0.1
Net D/E (incl. minor) (x)	0.1	0.1	0.1	0.1	0.1
Interest coverage - EBIT (x)	12.6	9.9	7.9	9.2	10.4
Interest coverage - EBITDA (x)	12.6	9.9	7.9	9.2	10.4
Interest bearing debt to total asset (13.3	15.1	13.8	12.6	12.2
ROA - using norm profit (%)	8.7	8.9	7.6	7.9	8.2
ROE - using norm profit (%)	10.2	10.5	9.0	9.3	9.6
DuPont					
ROE - using after tax profit (%)	10.2	10.5	9.0	9.3	9.6
- asset turnover (x)	0.1	0.1	0.1	0.1	0.1
- operating margin (%)	93.6	93.8	92.5	92.2	91.6
- leverage (x)	1.2	1.2	1.2	1.2	1.2
- interest burden (%)	92.0	90.0	87.5	89.3	90.5
- tax burden (%)	100.0	100.0	100.0	100.0	100.0
Cost of equity (%)	6.4	6.4	6.4	6.4	6.4
ROIC (%)	9.7	9.4	9.1	9.6	9.6
NOPAT (Bt m)	9,618	8,787	6,824	6,932	7,041

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 300.00 (From: Bt 276.00)

Upside: 10.3%

14 OCTOBER 2024

Advanced Info Service (ADVANC TB)

Extended growth cycle

Aside from a cyclical business turnaround and industry consolidation benefits leading to above-average earnings growth for the next few years, ADVANC also benefits from the emerging data center industry. We estimate a 12% EPS CAGR in 2024-28F and maintain BUY.



NUTTAPOP PRASITSUKSANT

662-779-9119

nuttapop.pra@thanachartsec.co.th

A recovery and more; reaffirming BUY

This report is a part of *Telecom Sector – Growth and a re-rating*, dated 14 October 2024. We maintain our BUY on ADVANC. **First**, we believe it is in an above-organic growth cycle with a 12% EPS CAGR during 2024-28F driven by 1) a cyclical economic recovery and tourism growth, 2) extra growth from cost-saving synergies, and 3) additional income from the emerging data center industry. **Second**, on top of resilient earnings growth, we project a 4% dividend yield in 2025F. **Third**, we believe ADVANC deserves to trade at a higher valuation than before due to its ROE rising from a low of 35% in 2021, during the fierce market share battle between three operators, to 38% in 2025F and 43% in 2028F after the significant industry consolidation. We lift our DCF-based 12-month TP (2025F base year) to Bt300 (from Bt276), after factoring in growth potential from the emerging data center industry, and this implies 9x 2025F EV/EBITDA.

The core drivers

We expect the cyclical economic recovery and industry consolidation to result in several positive factors for ADVANC. The first is less intense competition. The second is a change of business strategy to provide add-on services to both mobile and fixed broadband (FBB) packages while customer spending power is improving. The first two factors lead our mobile ARPU estimates to rebound from a low of Bt216/month in 2022 to Bt222/223/225 in 2024-26F and from a low of Bt407/month in 2022 to Bt488/513/528 in 2024-26F for FBB. The third factor is post-merger synergy cost savings. The fourth driver should be lower spectrum costs at spectrum bids in 2025-27. We estimate EBITDA margin to expand from 48% in 2022 to 55% in 2026F.

A beneficiary of data center investment

We see ADVANC benefiting from the emerging Thailand data center market. 1) From its 25% stake in a JV in which its parents, Gulf Energy Dev Pcl (GULF TB, BUY, Bt62.75) and SingTel hold 40% and 35%, to invest in a 25MW data center for rent. 2) Extra revenue from providing connectivity services to data center operators. 3) Growing ICT solutions services for corporates. As the data center sector will benefit from FDI, with several global providers announcing sizable investments in Thailand, we factor the growth prospects for ADVANC into our numbers.

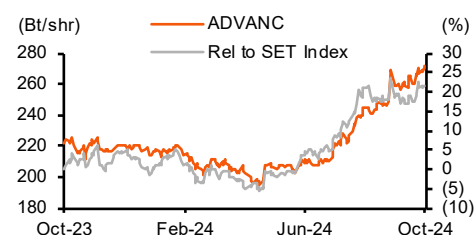
Sustainable dividend yields

ADVANC's 7% FCF yields support our 4/5% dividend yield estimates in 2025-26F. Its financial health remains very solid, with Bt110bn in EBITDA vs. Bt9.4bn in interest expenses and Bt41bn of total capex in 2025F. Cash outflows from the spectrum auction are not a concern since we believe the estimated Bt25bn spectrum price will be paid in installments over 10 years.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	188,873	212,267	215,871	215,194
Net profit	29,086	33,617	37,693	42,343
Consensus NP	—	34,143	37,385	40,278
Diff frm cons (%)	—	(1.5)	0.8	5.1
Norm profit	28,483	33,617	37,693	42,343
Prev. Norm profit	—	33,308	37,318	41,821
Chg frm prev (%)	—	0.9	1.0	1.2
Norm EPS (Bt)	9.6	11.3	12.7	14.2
Norm EPS grw (%)	10.4	18.0	12.1	12.3
Norm PE (x)	28.4	24.1	21.5	19.1
EV/EBITDA (x)	9.8	8.5	8.1	7.6
P/BV (x)	8.9	8.4	7.9	7.5
Div yield (%)	3.2	3.7	4.2	4.7
ROE (%)	32.3	36.0	38.0	40.3
Net D/E (%)	124.0	122.3	109.0	91.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 10-Oct-24 (Bt)	272.00
Market Cap (US\$ m)	24,091.3
Listed Shares (m shares)	2,974.2
Free Float (%)	36.2
Avg Daily Turnover (US\$ m)	39.9
12M Price H/L (Bt)	270.00/195.00
Sector	Telecom
Major Shareholder	INTUCH 40.44%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P21



Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA (excl. depre from right of use)	97,262	103,898	109,197	113,205	116,487	119,441	122,495	125,493	128,468	131,461	134,488	—
Free cash flow	45,260	55,474	61,130	62,553	65,068	67,398	77,095	79,408	82,263	83,483	86,070	1,326,886
PV of free cash flow	41,911	47,557	48,517	45,953	44,254	42,437	43,228	40,983	39,089	36,522	34,666	534,427
Risk-free rate (%)	3.0											
Market risk premium (%)	8.0											
Beta	0.9											
WACC (%)	8.0											
Terminal growth (%)	2.0											
Enterprise value - add investments	999,544											
Net debt (2024F)	117,829											
Minority interest	—											
Equity value	881,715											
# of shares	2,974											
Equity value/share (Bt)	296.45											
Plus associates	Value per share											
- JASIF	3.8											
Grand total	300.0											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 2: Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div Yield	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
China Mobile	941 HK	HK	5.0	4.9	11.5	11.0	1.2	1.1	3.7	3.6	6.0	6.7
China Unicom Hon	762 HK	HK	8.5	7.7	10.5	9.7	0.6	0.6	1.6	1.5	5.7	6.7
China Telecom Corp Ltd	728 HK	HK	9.7	8.0	12.8	11.9	0.9	0.9	3.8	3.6	5.6	6.2
Bharti Airtel	BHARTI IN	India	58.3	60.5	81.0	50.5	11.1	9.5	15.4	13.8	0.3	0.7
Idea Cellular	IDEA IN	India	na	na	na	na	na	na	17.3	14.8	0.0	0.0
Tata Communication	TCOM IN	India	17.1	31.6	49.1	37.3	27.7	20.3	15.2	13.5	0.9	0.9
Indosat	ISAT IJ	Indonesia	19.8	23.0	15.2	12.4	2.4	2.2	5.0	4.6	3.0	3.9
Telekomunikasi Indonesia	TLKM IJ	Indonesia	0.9	7.8	11.8	10.9	2.0	1.9	4.6	4.4	6.2	6.6
Axiata Group Bhd	AXIATA MK	Malaysia	na	35.4	30.4	22.4	1.0	1.0	5.7	5.5	4.2	4.4
Maxis Bhd	MAXIS MK	Malaysia	40.9	6.7	20.6	19.3	5.0	4.7	9.1	9.0	4.5	4.7
Singapore Telecom	ST SP	Singapore	173.9	20.5	23.9	19.9	2.0	2.1	16.0	15.6	3.9	5.1
StarHub	STH SP	Singapore	14.6	13.8	12.8	11.2	0.0	0.0	6.5	6.2	6.2	6.8
SK Telecom	017670 KS	S. Korea	12.3	na	na	9.6	na	1.0	3.8	3.8	6.4	6.6
Taiwan Mobile	3045 TT	Taiwan	(3.5)	9.0	27.0	24.8	4.0	4.0	12.2	11.7	3.8	4.0
Advanced Info Service *	ADVANC TB	Thailand	18.0	12.1	24.1	21.5	8.4	7.9	8.5	8.1	3.7	4.2
Thaicom *	THCOM TB	Thailand	26.0	(48.8)	75.5	147.5	1.6	1.5	15.4	18.4	0.7	0.3
True Corporation *	TRUE TB	Thailand	na	109.7	47.3	22.5	4.7	4.1	7.3	6.5	0.0	0.5
Average			28.7	20.1	30.2	27.6	4.8	3.9	8.9	8.5	3.6	4.0

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using Thanachart normalized EPS

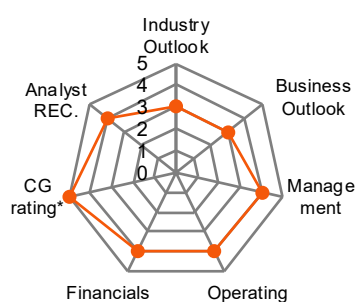
Based on 10 October 2024 closing prices

COMPANY DESCRIPTION

Advanced Info Service Pcl (ADVANC) is the largest telecom services operator in Thailand, with 46m mobile and 4.8m fixed broadband subscribers as of 2Q24, the licenses held by its subsidiary, Advanced Wireless Network (AWN). ADVANC targets to leverage its digital infrastructure service to capture the increasing demand for digital services solutions from corporates amid the global digitalization trend, i.e., cloud, data center, data analytics, and cybersecurity systems.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Market leader in a duopoly market.
- Economies of scale.
- Strong financial position.

O — Opportunity

- Rising demand for digital-related services, both for individual and corporate usage, amid digitalization trends.
- Emerging data center industry in Thailand and ASEAN.

W — Weakness

- Operating in a highly capital-intensive industry.
- Low pricing power amid intense competitive environment and commoditization of telecom services.

T — Threat

- Abrupt changes of technology.
- Imposition of taxes and new regulatory measures.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	283.61	300.00	6%
Net profit 24F (Bt m)	34,143	33,617	-2%
Net profit 25F (Bt m)	37,385	37,693	1%
Consensus REC	BUY: 22	HOLD: 3	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2024-25F earnings estimates are relatively in line with the Bloomberg consensus numbers.
- However, our TP is 6% higher, which we believe is due to us being early in factoring in the growth prospects from the emerging data center industry in our valuation.

Sources: Bloomberg consensus, Thanachart estimates

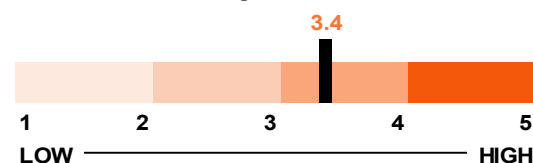
RISKS TO OUR INVESTMENT CASE

- A slower-than-expected recovery of service revenue, either from weaker-than-expected local consumption or an abrupt resumption of competition intensity in the industry, is the key downside risk to our earnings forecasts.
- Lower-than-expected synergy benefits from its fixed broadband business acquired from TTTBB represent a secondary downside risk to our numbers.
- Slower-than-expected or smaller-than-expected development of the data center industry in Thailand is another downside risk to our long-term projections.

Source: Thanachart

ADVANC is one of the two major telecom services operators in Thailand, with a 49% share of the mobile service market and a 22% share of the fixed-broadband segment. Its business consumes a significant amount of electricity. However, we rate its ESG score relatively highly at 3.4, reflecting its strong commitment and responsibility to ESG aspects overall.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
ADVANC	YES	YES	YES	AA	59.80	75.22	78.00	42.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> ADVANC had installed compact solar panels at 8,835 of its base station sites in 2023 (from 8,739 sites in 2022) to reduce its total GHG emissions. It surpassed its target of a 90% lower GHG emission intensity from its baseline (2015) in 2023 but failed to achieve the target of having 5% of total electricity consumption from renewables. ADVANC invests significantly in automated network optimization technology to lower energy consumption from its mobile service infrastructure to both reduce its operating costs and improve energy savings for society. ADVANC heavily promotes its "E-Waste" campaign to help Thais manage their electronic waste properly, including recycling electronic devices. ADVANC targeted to recycle over 360,000 pieces of e-waste via this campaign in 2023. The company strongly urges its customers to subscribe for its E-Bill and E-Receipt system to reduce paper usage in its businesses.
<p>SOCIAL</p> <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> We are impressed with ADVANC's human resources programs for its 12,909 staff (61% are female and 30% aged below 30), i.e., proper workplace management, talent retention program, self-learning platform (LearnDi), and health insurance and protection packages. ADVANC shows strong responsibility as the major telecommunication and digital service provider in educating local people about internet security to protect them from information fraud and other cybercrimes. ADVANC provides digital innovation, automated systems, and online applications together with its connection network infrastructure for public use, i.e., COVID-19 vaccine registration, local transportation management, and hospital system.
<p>GOVERNANCE & SUSTAINABILITY</p> <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> ADVANC's 11-member board of directors (BOD) is relatively compact in size compared to its business scale in our view. The number of independent directors at four with only two female members is slightly low in our view. ADVANC has been ahead of national policy in protecting the personal sensitive data of its huge pool of customers, even before the Personal Data Protection Act (PDPA) became law. Fewer than five incidents of potential data leaks were reported over the past decade. ADVANC spends a Bt400m-500m budget annually (0.5% of revenue) to invest and support the development of digital innovation through small companies and startups. This also helps it catch up with new technology and digital applications for long-term sustainability.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	185,485	188,873	212,267	215,871	215,194
Cost of sales	126,172	125,387	136,437	134,857	128,458
Gross profit	59,313	63,486	75,830	81,014	86,737
% gross margin	32.0%	33.6%	35.7%	37.5%	40.3%
Selling & administration expenses	22,786	22,528	26,621	27,186	27,728
Operating profit	36,527	40,958	49,208	53,828	59,008
% operating margin	19.7%	21.7%	23.2%	24.9%	27.4%
Depreciation & amortization	52,902	52,880	60,268	60,062	59,775
EBITDA	89,429	93,838	109,477	113,890	118,783
% EBITDA margin	48.2%	49.7%	51.6%	52.8%	55.2%
Non-operating income	532	254	425	432	430
Non-operating expenses	0	0	0	0	0
Interest expense	(5,230)	(6,145)	(9,430)	(9,136)	(8,550)
Pre-tax profit	31,828	35,066	40,203	45,124	50,889
Income tax	6,108	6,909	7,840	8,799	9,923
After-tax profit	25,720	28,157	32,363	36,325	40,965
% net margin	13.9%	14.9%	15.2%	16.8%	19.0%
Shares in affiliates' Earnings	90	328	1,259	1,373	1,382
Minority interests	(3)	(3)	(5)	(5)	(5)
Extraordinary items	203	604	0	0	0
NET PROFIT	26,011	29,086	33,617	37,693	42,343
Normalized profit	25,808	28,483	33,617	37,693	42,343
EPS (Bt)	8.7	9.8	11.3	12.7	14.2
Normalized EPS (Bt)	8.7	9.6	11.3	12.7	14.2

Continuous cost savings drive near-term revenue growth

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	34,338	41,838	42,745	53,056	62,722
Cash & cash equivalent	9,061	14,760	15,000	25,000	35,000
Account receivables	17,902	21,343	20,354	20,700	20,635
Inventories	3,839	4,147	5,607	5,542	5,279
Others	3,535	1,587	1,783	1,814	1,808
Investments & loans	994	12,450	12,450	12,450	12,450
Net fixed assets	113,252	139,224	137,753	135,919	133,519
Other assets	188,461	260,928	288,249	284,125	261,231
Total assets	337,044	454,440	481,197	485,551	469,923
LIABILITIES:					
Current liabilities:	96,341	133,647	142,615	135,764	116,596
Account payables	42,457	37,674	44,856	44,336	42,233
Bank overdraft & ST loans	5,000	41,976	33,207	20,418	6,706
Current LT debt	15,496	15,428	19,924	23,141	25,482
Others current liabilities	33,388	38,568	44,627	47,869	42,175
Total LT debt	63,914	69,840	79,697	92,562	101,929
Others LT liabilities	90,972	160,275	162,516	155,253	143,094
Total liabilities	251,228	363,762	384,829	383,579	361,619
Minority interest	128	101	106	106	111
Preferreds shares	0	0	0	0	0
Paid-up capital	2,974	2,974	2,974	2,974	2,974
Share premium	22,552	22,552	22,552	22,552	22,552
Warrants	0	0	0	0	0
Surplus	(513)	(464)	(464)	(464)	(464)
Retained earnings	60,675	65,515	71,200	76,804	83,130
Shareholders' equity	85,689	90,577	96,263	101,866	108,193
Liabilities & equity	337,044	454,440	481,197	485,551	469,923

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Strong operating cash flow with declining capex trend

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	31,828	35,066	40,203	45,124	50,889
Tax paid	(5,694)	(6,140)	(7,816)	(8,534)	(10,038)
Depreciation & amortization	39,871	39,499	60,268	60,062	59,775
Chg In working capital	(5,683)	(8,533)	6,711	(800)	(1,776)
Chg In other CA & CL / minorities	790	6,684	7,098	4,314	(4,191)
Cash flow from operations	61,112	66,576	106,465	100,166	94,659
Capex	(20,799)	(50,165)	(25,000)	(25,000)	(25,000)
Right of use	7,713	(58,364)	(45,640)	(7,000)	(7,500)
ST loans & investments	0	0	0	0	0
LT loans & investments	(11)	(11,457)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(26,123)	40,145	(13,237)	(29,368)	(14,139)
Cash flow from investments	(39,220)	(79,841)	(83,877)	(61,368)	(46,639)
Debt financing	(3,762)	43,161	5,585	3,292	(2,004)
Capital increase	46	0	0	0	0
Dividends paid	(22,871)	(24,507)	(27,932)	(32,090)	(36,016)
Warrants & other surplus	804	310	0	0	0
Cash flow from financing	(25,783)	18,964	(22,347)	(28,798)	(38,019)
Free cash flow	19,513	(33,753)	56,465	50,166	44,659

VALUATION

We expect a re-rating from its improving profitability outlook

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	31.3	28.4	24.1	21.5	19.1
Normalized PE - at target price (x)	34.6	31.3	26.5	23.7	21.1
PE (x)	31.1	27.8	24.1	21.5	19.1
PE - at target price (x)	34.3	30.7	26.5	23.7	21.1
EV/EBITDA (x)	9.9	9.8	8.5	8.1	7.6
EV/EBITDA - at target price (x)	10.8	10.7	9.2	8.8	8.3
P/BV (x)	9.4	8.9	8.4	7.9	7.5
P/BV - at target price (x)	10.4	9.9	9.3	8.8	8.2
P/CFO (x)	13.2	12.2	7.6	8.1	8.5
Price/sales (x)	4.4	4.3	3.8	3.7	3.8
Dividend yield (%)	2.8	3.2	3.7	4.2	4.7
FCF Yield (%)	2.4	(4.2)	7.0	6.2	5.5
(Bt)					
Normalized EPS	8.7	9.6	11.3	12.7	14.2
EPS	8.7	9.8	11.3	12.7	14.2
DPS	7.7	8.6	10.2	11.4	12.8
BV/share	28.8	30.5	32.4	34.2	36.4
CFO/share	20.5	22.4	35.8	33.7	31.8
FCF/share	6.6	(11.3)	19.0	16.9	15.0

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	2.3	1.8	12.4	1.7	(0.3)
Net profit (%)	(3.4)	11.8	15.6	12.1	12.3
EPS (%)	(3.4)	11.8	15.6	12.1	12.3
Normalized profit (%)	(5.0)	10.4	18.0	12.1	12.3
Normalized EPS (%)	(5.0)	10.4	18.0	12.1	12.3
Dividend payout ratio (%)	87.9	88.0	90.0	90.0	90.0
Operating performance					
Gross margin (%)	32.0	33.6	35.7	37.5	40.3
Operating margin (%)	19.7	21.7	23.2	24.9	27.4
EBITDA margin (%)	48.2	49.7	51.6	52.8	55.2
Net margin (%)	13.9	14.9	15.2	16.8	19.0
D/E (incl. minor) (x)	1.0	1.4	1.4	1.3	1.2
Net D/E (incl. minor) (x)	0.9	1.2	1.2	1.1	0.9
Interest coverage - EBIT (x)	7.0	6.7	5.2	5.9	6.9
Interest coverage - EBITDA (x)	17.1	15.3	11.6	12.5	13.9
ROA - using norm profit (%)	7.4	7.2	7.2	7.8	8.9
ROE - using norm profit (%)	30.8	32.3	36.0	38.0	40.3
DuPont					
ROE - using after tax profit (%)	30.7	31.9	34.6	36.7	39.0
- asset turnover (x)	0.5	0.5	0.5	0.4	0.5
- operating margin (%)	20.0	21.8	23.4	25.1	27.6
- leverage (x)	4.1	4.5	5.0	4.9	4.5
- interest burden (%)	85.9	85.1	81.0	83.2	85.6
- tax burden (%)	80.8	80.3	80.5	80.5	80.5
WACC (%)	7.9	7.9	7.9	8.0	8.0
ROIC (%)	18.9	20.4	19.5	20.2	22.3
NOPAT (Bt m)	29,517	32,888	39,613	43,332	47,502
invested capital (Bt m)	161,037	203,061	214,092	212,986	207,310

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 10.50

(From: Bt 9.00)

14 OCTOBER 2024**Upside : 12.9%**

Digital Telecom. Infra. Fund (DIF TB)

Easing of concerns

We raise our DDM-based TP for DIF to Bt10.5/unit to reflect easing concerns over counterparty risk and contract extensions due to a much stronger business and the financial health of its main customer. We maintain our BUY on DIF for its 7.6% hold-to-maturity IRR.

**NUTTAPOP PRASITSUKSANT**

662-779-9119

nuttapol.pra@thanachartsec.co.th

Maintaining BUY

This report is a part of *Telecom Sector – Growth and a re-rating, dated 14 October 2024*. We maintain our BUY rating on DIF with a DDM-based 12-month TP (rolled over to a 2025F base year) to Bt10.5/unit (from Bt9.0). **First**, we are less concerned about counterparty risk as the financial performance of its major tenant (True Corporation Pcl, TRUE TB, BUY, Bt11.5) has improved significantly after the merger with Total Access Communication (DTAC) in 2023. **Second**, TRUE's fixed broadband revenue has been recovering since 2023, increasing the probability that the obligation clause for TRUE to extend the rental contracts for another 10 years (from 2034-43) will be triggered.

Lower counterparty risk

TRUE is DIF's key customer, accounting for over 90% of DIF's revenue. After the TRUE-DTAC merger in 2023, TRUE has made profits since 1Q24 with a strongly improved financial status. We expect TRUE's free cash flow to rise to Bt23bn in 2024F and Bt33bn in 2027F from -Bt33bn before the merger in 2022. The stronger cash flow is driven by improved pricing power, lower marketing costs, and lower network capex, including spectrum license payments. We also project TRUE's net D/E to fall to 3.7x in 2024F and 1.7x in 2027F from 4.0x in 2022. This reduces the risk for TRUE in negotiating for lower rental rates to pay to DIF.

Likely contract extensions

We expect six of DIF's existing eight rental contracts to be renewed for another 10 years until 2043F. This is based on the clause in the contracts that obligates TRUE to renew them on the same terms if, in 2032, either 1) TRUE's fixed broadband (FBB) revenue exceeds Bt16.5bn, or 2) TRUE's FBB industry market share stays above 33%. We project TRUE's FBB service revenue to reach Bt25.1bn in 2024F, with steady growth after that. For the other two contracts for telecom tower assets, we also assume an extension to 2043F but at half of the current rental rates.

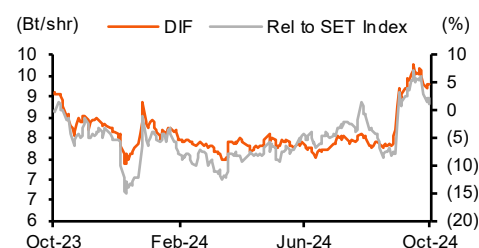
Reversing interest rates a catalyst

We estimate DIF's holding-to-maturity (19 years until 2043) IRR at 7.6%. As for shorter-term yield, we project a dividend yield of 9.6% for 2025-26F. Amid falling interest rates, which we see as its key unit price catalyst, DIF is now trading at a 7.1% higher yield than the Thai 10-year government bond yield. This is 1STD higher than the 5.7% average of its historical trading range from 2017 to the present. Therefore, we see DIF as attractive to investors searching for a resilient yield play.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	14,252	14,053	14,054	14,056
Net profit	7,932	11,626	11,716	11,821
Consensus NP	—	11,529	11,823	12,174
Diff frm cons (%)	—	0.8	(0.9)	(2.9)
Norm profit	11,850	11,626	11,716	11,821
Prev. Norm profit	—	11,623	11,706	11,804
Chg frm prev (%)	—	0.0	0.1	0.1
Norm EPS (Bt)	1.1	1.1	1.1	1.1
Norm EPS grw (%)	(3.9)	(1.9)	0.8	0.9
Norm PE (x)	8.3	8.5	8.4	8.4
EV/EBITDA (x)	8.7	8.7	8.6	8.5
P/NAV (x)	0.6	0.6	0.6	0.6
Cash div yield (%)*	10.1	9.6	9.7	9.7
Effective yield (%)**	10.1	9.6	9.7	9.7
ROE (%)	6.9	6.8	6.8	6.7
Net D/E (%)	13.4	12.4	11.3	10.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 10-Oct-24 (Bt)	9.30
Market Cap (US\$ m)	2,944.4
Listed Shares (m shares)	10,631.7
Free Float (%)	79.3
Avg Daily Turnover (US\$ m)	3.2
12M Price H/L (Bt)	9.80/7.40
Sector	Telecom
Major Shareholder	TRUE Corporation 20.56%

Sources: Bloomberg, Company data, Thanachart estimates



Thanachart Securities

Ex 1: 12-month DDM-based Valuation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036-43F
Dividend of common stock	9,551	9,580	9,592	9,609	9,620	9,601	9,549	9,567	9,552	9,236	9,146	70,615
Dividend from capital reduction	—	—	—	—	—	—	—	—	—	—	—	—
Dividend payment	9,551	9,580	9,592	9,609	9,620	9,601	9,549	9,567	9,552	9,236	9,146	70,615
Cost of equity (%)	7.4											
Terminal growth (%)	0.0											
PV of dividend	8,918	8,349	7,804	7,296	6,818	6,353	5,782	5,391	5,011	4,510	4,157	41,053
Equity value (m)	111,443											
No. of units (m)	10,632											
Equity value / unit (Bt)	10.5											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 2: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPU growth		— PE —		— P/NAV —		EV/EBITDA		Div yield	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
Link REIT/The	823 HK	Hong Kong	na	1.4	15.0	14.8	0.5	0.6	15.6	15.3	6.7	6.8
Yuexiu Real Estate	405 HK	Hong Kong	na	0.0	14.3	14.3	0.3	0.3	16.1	16.2	8.3	8.3
Fortune Real Estate	778 HK	Hong Kong	na	0.0	13.3	13.3	0.3	0.3	19.6	19.5	7.7	7.9
CapitaLand Mall Trust	CT SP	Singapore	na	5.4	na	na	na	na	na	na	na	na
Frasers Centrepoint Trust	FCT SP	Singapore	(13.8)	5.6	21.2	20.1	1.0	1.0	26.1	25.3	5.3	5.3
Mapletree Commercial	MCT SP	Singapore	na	(5.9)	na	na	na	na	na	na	na	na
Suntec Real Estate	SUN SP	Singapore	(5.5)	10.7	22.9	20.6	0.6	0.6	31.4	30.5	4.8	5.3
Starhill Global REIT	SGREIT SP	Singapore	58.8	(15.9)	11.9	14.2	0.7	0.7	16.6	16.5	7.4	7.2
CapitaLand Commercial	CCT SP	Singapore	na	na	na	na	na	na	na	na	na	na
Keppel REIT	KREIT SP	Singapore	2.7	2.2	20.8	20.3	0.7	0.7	37.0	34.2	6.2	6.3
CapitaLand Retail China	CRCT SP	Singapore	na	6.3	na	na	na	na	15.5	15.2	na	na
Ascendas Real Estate	AREIT SP	Singapore	na	5.6	na	na	na	na	na	na	na	na
Mapletree Industrial Trust	MINT SP	Singapore	232.5	2.3	18.9	18.4	1.3	1.4	21.4	21.2	5.3	5.4
Mapletree Logistics Trust	MLT SP	Singapore	17.8	(11.1)	19.7	22.2	1.0	1.0	23.2	23.8	6.3	5.7
Ascott Residence Trust	ART SP	Singapore	na	4.1	na	na	na	na	na	na	na	na
CDL Hospitality Trusts	CDREIT SP	Singapore	(60.6)	7.7	25.4	23.6	0.7	0.7	19.7	18.5	5.8	6.2
Axis Real Estate	AXRB MK	Malaysia	(23.2)	11.5	19.1	17.1	1.1	1.2	20.6	17.8	5.0	5.4
Sunway Real Estate	SREIT MK	Malaysia	10.8	5.8	17.0	16.1	1.1	1.1	20.3	19.3	5.5	5.7
KLCCP Stapled Group	KLCCSS MK	Malaysia	101.6	10.4	17.9	16.3	1.2	1.2	22.6	21.6	5.2	5.6
IGB Real Estate	IGBREIT MK	Malaysia	(26.4)	4.7	20.8	19.9	2.0	2.0	21.0	20.0	4.9	5.2
Pavilion Real Estate	PREIT MK	Malaysia	(30.6)	1.1	17.2	17.0	1.1	1.1	17.6	16.9	6.1	6.4
3BB Internet Infra. Fund *	3BBIF TB	Thailand	(23.7)	3.2	8.3	8.0	0.7	0.8	8.0	8.1	12.1	12.1
BTS Rail Mass Transit **	BTSGIF TB	Thailand	(9.8)	5.5	4.4	4.2	0.8	1.2	4.4	4.2	22.5	23.7
CPN Retail Growth *	CPNREIT TB	Thailand	(11.9)	(18.2)	9.3	11.4	1.0	1.1	13.6	17.4	8.1	8.4
Digital Telecom. Infra. Fund *	DIF TB	Thailand	(1.9)	0.8	8.5	8.4	0.6	0.6	8.7	8.6	9.6	9.7
Average			13.5	1.8	16.1	15.8	0.9	0.9	18.9	18.5	7.5	7.7

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS,

** Fiscal year ends in March, and we use one-year forward numbers for 25-26F.

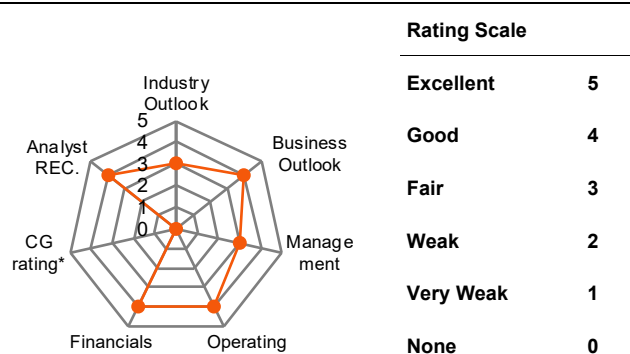
Based on 10 October 2024 closing prices

FUND DETAILS

Name	: Digital Telecommunication Infrastructure Fund
Ticker	: DIF TB
Listed date	: 27 December 2013
Fund size	: Bt58bn (58,000 units @ par Bt10/unit)
Type	: Closed-end retail infrastructure fund
Investment A/S	: Telecom towers and optical fiber cable
Project life	: No specific term
Sponsor	: True Corporation (TRUE TB)
Fund manager	: SCB Asset Management
Dividend policy	: No less than 90% of adjusted net profit
Payment date	: Quarterly basis
Foreign limit	: No more than 49% of total units

Source: SET

COMPANY RATING



Source: Thanachart; * No CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Top infrastructure fund with a solid portfolio of network assets.
- Stronger financial position of its main sponsor, TRUE, after the amalgamation.

O — Opportunity

- Accelerating 5G network rollout increases demand for telecom equipment and infrastructure.
- DIF can purchase more assets from TRUE (or other telecom operators) to boost its revenues or extend contract life.

W — Weakness

- Income from rental contracts is guaranteed for only a certain period, until 2033 (and some can be extended into 2043), while we believe it is difficult for DIF to find new tenants.

T — Threat

- Regulatory changes.
- The imposition of any taxes on infrastructure funds.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	10.62	10.50	-1%
Net profit 24F (Bt m)	11,529	11,626	1%
Net profit 25F (Bt m)	11,823	11,716	-1%
Consensus REC	BUY: 7	HOLD: 0	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings estimates and TP are in line with the Bloomberg consensus numbers.

RISKS TO OUR INVESTMENT CASE

- A stronger-than-expected rise and a longer-than-expected period of high global interest rates represent the two major downside risks to DIF's ability to pay dividends and, therefore, our DDM-based valuation.
- If, for whatever reason, TRUE fails to deliver recurring rental payments or terminates the rental contracts, these represent the key counterparty risks to DIF and, therefore, its ability to pass on cash flow from asset rental as dividends to its unitholders.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

INCOME STATEMENT

*Stable rental income
backed by fixed-price and
fixed-volume contracts*

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Revenue	14,404	14,252	14,053	14,054	14,056
Selling & administration expenses	306	296	301	301	301
Operating profit	14,098	13,956	13,751	13,753	13,755
% operating margin	97.9%	97.9%	97.9%	97.9%	97.9%
Depreciation & amortization	0	0	0	0	0
EBITDA	14,098	13,956	13,751	13,753	13,755
% EBITDA margin	97.9%	97.9%	97.9%	97.9%	97.9%
Non-operating income	21	49	34	28	33
Non-operating expenses	(47)	(67)	(45)	(46)	(47)
Interest expense	(1,734)	(2,084)	(2,111)	(2,016)	(1,917)
Pre-tax profit	12,338	11,854	11,630	11,719	11,825
Income tax	3	4	4	4	4
After-tax profit	12,335	11,850	11,626	11,716	11,821
% net margin	85.6%	83.2%	82.7%	83.4%	84.1%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	(4,873)	(3,918)	0	0	0
NET INVESTMENT INCOME	7,462	7,932	11,626	11,716	11,821
Normalized Net Invest. Income	12,335	11,850	11,626	11,716	11,821
EPS (Bt)	0.7	0.7	1.1	1.1	1.1
Normalized EPS (Bt)	1.2	1.1	1.1	1.1	1.1

BALANCE SHEET

*Gradually paying down
debts with some benefits
from falling interest rates*

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	8,265	7,185	7,614	8,614	9,615
Cash & cash equivalent	4,409	3,131	4,131	5,131	6,131
Account receivables	3,815	4,036	3,465	3,465	3,466
Inventories	0	0	0	0	0
Others	40	18	18	18	18
Investments & loans	209,238	206,731	206,731	206,731	206,731
Net fixed assets	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	217,502	213,916	214,344	215,345	216,345
LIABILITIES:					
Current liabilities:	6,466	6,986	6,496	6,522	6,548
Account payables	663	662	300	300	300
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	0	0	0	0
Others current liabilities	5,803	6,324	6,196	6,222	6,248
Total LT debt	27,004	25,987	25,496	24,907	24,240
Others LT liabilities	0	0	0	0	0
Total liabilities	44,891	43,596	42,015	40,852	39,611
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	106,317	106,317	106,317	106,317	106,317
Share premium	20,800	20,800	20,800	20,800	20,800
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	45,495	43,204	45,213	47,377	49,618
Net Assets	172,611	170,320	172,329	174,493	176,734

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	12,338	11,854	11,630	11,719	11,825
Tax paid	44	32	(69)	(3)	(3)
Depreciation & amortization	0	0	0	0	0
Chg In working capital	(316)	(223)	210	(0)	(0)
Chg In other CA & CL / minorities	(1,795)	876	(62)	25	25
Cash flow from operations	10,272	12,540	11,708	11,741	11,847
Capex	0	0	0	0	0
ST loans & investments	23	23	0	0	0
LT loans & investments	6,689	2,507	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(5,640)	(5,108)	(600)	(600)	(600)
Cash flow from investments	1,072	(2,578)	(600)	(600)	(600)
Debt financing	(263)	(1,017)	(491)	(589)	(667)
Capital increase	0	0	0	0	0
Dividends paid	(11,067)	(10,223)	(9,617)	(9,551)	(9,580)
Warrants & other surplus	0	0	0	0	0
Cash flow from financing	(11,331)	(11,241)	(10,108)	(10,141)	(10,247)
Free cash flow	10,272	12,540	11,708	11,741	11,847

Rental income is fully passed on to unitholders

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	8.0	8.3	8.5	8.4	8.4
Normalized PE - at target price (x)	9.1	9.4	9.6	9.5	9.4
PE (x)	13.3	12.5	8.5	8.4	8.4
PE - at target price (x)	15.0	14.1	9.6	9.5	9.4
EV/EBITDA (x)	8.6	8.7	8.7	8.6	8.5
EV/EBITDA - at target price (x)	9.5	9.6	9.7	9.6	9.4
P/NAV (x)	0.6	0.6	0.6	0.6	0.6
P/NAV - at target price (x)	0.6	0.7	0.6	0.6	0.6
P/CFO (x)	9.6	7.9	8.4	8.4	8.3
Price/sales (x)	6.9	6.9	7.0	7.0	7.0
Effective dividend yield (%)	11.1	10.1	9.6	9.7	9.7
Capital reduction yield (%)	0.0	0.0	0.0	0.0	0.0
Cash dividend yield (%)	11.1	10.1	9.6	9.7	9.7
FCF Yield (%)	10.4	12.7	11.8	11.9	12.0
(Bt)					
Normalized EPS	1.2	1.1	1.1	1.1	1.1
EPS	0.7	0.7	1.1	1.1	1.1
Effective dividend *	1.0	0.9	0.9	0.9	0.9
Capital reduction dividend	-	-	-	-	-
Cash dividend **	1.0	0.9	0.9	0.9	0.9
NAV/unit	16.2	16.0	16.2	16.4	16.6
CFO/unit	1.0	1.2	1.1	1.1	1.1
FCF/unit	1.0	1.2	1.1	1.1	1.1

Trading yield implies sizable gap above 10-year government bond yield

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	(2.2)	(1.1)	(1.4)	0.0	0.0
Net profit (%)	(42.1)	6.3	46.6	0.8	0.9
EPS (%)	(42.1)	6.3	46.6	0.8	0.9
Normalized profit (%)	(2.6)	(3.9)	(1.9)	0.8	0.9
Normalized EPS (%)	(2.6)	(3.9)	(1.9)	0.8	0.9
Dividend payout ratio (%)***	147.2	125.3	81.8	81.6	81.1
Operating performance					
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
Operating margin (%)	97.9	97.9	97.9	97.9	97.9
EBITDA margin (%)	97.9	97.9	97.9	97.9	97.9
Net margin (%)	85.6	83.2	82.7	83.4	84.1
D/E (incl. minor) (x)	0.2	0.2	0.1	0.1	0.1
Net D/E (incl. minor) (x)	0.1	0.1	0.1	0.1	0.1
Interest coverage - EBIT (x)	8.1	6.7	6.5	6.8	7.2
Interest coverage - EBITDA (x)	8.1	6.7	6.5	6.8	7.2
ROA - using norm profit (%)	5.6	5.5	5.4	5.5	5.5
ROE - using norm profit (%)	7.1	6.9	6.8	6.8	6.7
DuPont					
ROE - using after tax profit (%)	7.1	6.9	6.8	6.8	6.7
- asset turnover (x)	0.1	0.1	0.1	0.1	0.1
- operating margin (%)	97.7	97.8	97.8	97.7	97.8
- leverage (x)	1.3	1.3	1.2	1.2	1.2
- interest burden (%)	87.7	85.0	84.6	85.3	86.1
- tax burden (%)	100.0	100.0	100.0	100.0	100.0
Cost of equity (%)	6.7	6.7	6.7	6.7	6.7
ROIC (%)	7.1	7.1	7.1	7.1	7.1
NOPAT (Bt m)	14,094	13,951	13,747	13,749	13,751

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 13.50 (From: Bt 12.50)

Upside : 17.4%

14 OCTOBER 2024

True Corporation Pcl (TRUE TB)

Reaping synergies

We raise TRUE's earnings further by 3-11% in 2024-26F on faster-than-expected synergy benefits and an ARPU recovery. We expect post-merger cost cuts and asset impairments to triple its earnings over the next three years. We reaffirm our BUY as our top sector pick.



NUTTAPOP PRASITSUKSANT

662-779-9119

nuttapol.pra@thanachartsec.co.th

Boosting our earnings

This report is a part of *Telecom Sector – Growth and a re-rating*, dated 14 October 2024. We lift our earnings estimates for TRUE by 3/8/11% over 2024-26F due to three reasons. **First**, TRUE's post-merger cost synergies are being recognized faster than we'd expected due to accelerated asset impairments. **Second**, we raise our mobile and fixed broadband ARPU assumptions by 2-3% to reflect easing competition post-industry consolidation and a change of strategy by leading players toward hiking package prices. **Third**, TRUE benefits from an improved credit rating and cross-currency debt refinancing, thus lowering funding costs. We reaffirm BUY as our top pick for the sector, with a higher DCF-based 12-month TP (2025F base year) of Bt13.5 (from Bt12.5).

Synergy recognitions less than halfway

Aside from easing competition and improving pricing power after industry consolidation, post-merger synergies are TRUE's key earnings driver. TRUE aims for synergies of Bt28bn in EBITDA during 2023-26F. We expect Bt10bn of that to be recognized in 2023-24F and Bt18bn in 2025-26F and estimate EBITDA growth of 13/7/5% with EBITDA margin rising to 46/48/49% in 2024-26F (44% in 2023). The growth is stronger at the profit level due to asset impairments, which reduce depreciation, and lower interest costs. We project its normalized profit to rise to Bt23bn in 2026F from a Bt7.2bn loss in 2023. As for bottom-line, TRUE expects its network impairments to be completed by 1H25, implying some impairment losses in the next few quarters.

Industry environment remains healthy

Competition intensity in the Thai telecom industry has been healthy since the TRUE-DTAC merger in 1Q23 and ADVANC acquiring TTTBB in 4Q23. It led to both a rising ARPU trend and lower marketing costs. We project TRUE's service revenue to grow by 5/3/2% in 2024-26F from both the mobile and fixed broadband segments. As the market shares are now evenly split, the two operators are focused on raising package prices to enhance profitability by bundling value-added services and privileges rather than relying on aggressive price cuts in growing revenue via market share gains, as seen in 2021-22. Easing competition also lowers its advertising and promotional expenses.

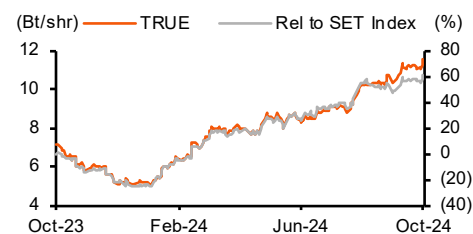
Room for a re-rating

TRUE trades at only 6.5x EV/EBITDA in 2025F vs. 8.1x for ADVANC. Despite ADVANC's stronger financial health and profitability, we believe TRUE's far stronger earnings growth outlook should offset this. This is especially true since TRUE's debt amount is much larger while interest rates are expected to fall. Our Bt13.5 TP for TRUE implies 7x EV/EBITDA in 2025-26F, vs. our TP for ADVANC of Bt300, which implies 9/8x EV/EBITDA.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	169,074	212,557	217,777	221,689
Net profit	(12,681)	(1,594)	12,628	22,778
Consensus NP	—	1,174	10,015	14,991
Diff frm cons (%)	—	na	26.1	51.9
Norm profit	(7,242)	8,406	17,628	22,778
Prev. Norm profit	—	8,174	16,362	20,623
Chg frm prev (%)	—	2.8	7.7	10.5
Norm EPS (Bt)	(0.2)	0.2	0.5	0.7
Norm EPS grw (%)	na	na	109.7	29.2
Norm PE (x)	na	47.3	22.5	17.4
EV/EBITDA (x)	9.9	7.3	6.5	5.9
P/BV (x)	4.6	4.7	4.1	3.5
Div yield (%)	0.0	0.0	0.5	1.7
ROE (%)	na	9.9	19.6	21.7
Net D/E (%)	385.0	365.1	284.4	215.9

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 10-Oct-24 (Bt)	11.50
Market Cap (US\$ m)	11,832.9
Listed Shares (m shares)	34,552.1
Free Float (%)	31.5
Avg Daily Turnover (US\$ m)	23.0
12M Price H/L (Bt)	11.30/5.05
Sector	Telecom
Major Shareholder	CP Group 30.3%, Telenor Asia 30.3%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P36



Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA excl. depre from right of use	88,025	93,381	96,376	98,715	101,064	103,423	105,794	108,177	110,572	112,981	115,403	—
Free cash flow	31,386	43,320	43,710	48,306	51,665	57,016	54,363	61,068	63,699	61,991	67,514	1,043,414
PV of free cash flow	29,032	37,057	34,579	35,334	34,949	35,668	30,514	31,556	30,309	27,160	27,238	420,953
Risk-free rate (%)	3.0											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	8.1											
Terminal growth (%)	2.0											
Enterprise value - add investments	774,348											
Net debt (2024F)	308,820											
Minority interest	395											
Equity value	465,133											
# of shares	34,552											
Equity value/share (Bt)	13.50											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 2: Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div Yield	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
China Mobile	941 HK	HK	5.0	4.9	11.5	11.0	1.2	1.1	3.7	3.6	6.0	6.7
China Unicom Hon	762 HK	HK	8.5	7.7	10.5	9.7	0.6	0.6	1.6	1.5	5.7	6.7
China Telecom Corp Ltd	728 HK	HK	9.7	8.0	12.8	11.9	0.9	0.9	3.8	3.6	5.6	6.2
Bharti Airtel	BHARTI IN	India	58.3	60.5	81.0	50.5	11.1	9.5	15.4	13.8	0.3	0.7
Idea Cellular	IDEA IN	India	na	na	na	na	na	na	17.3	14.8	0.0	0.0
Tata Communication	TCOM IN	India	17.1	31.6	49.1	37.3	27.7	20.3	15.2	13.5	0.9	0.9
Indosat	ISAT IJ	Indonesia	19.8	23.0	15.2	12.4	2.4	2.2	5.0	4.6	3.0	3.9
Telekomunikasi Indonesia	TLKM IJ	Indonesia	0.9	7.8	11.8	10.9	2.0	1.9	4.6	4.4	6.2	6.6
Axiata Group Bhd	AXIATA MK	Malaysia	na	35.4	30.4	22.4	1.0	1.0	5.7	5.5	4.2	4.4
Maxis Bhd	MAXIS MK	Malaysia	40.9	6.7	20.6	19.3	5.0	4.7	9.1	9.0	4.5	4.7
Singapore Telecom	ST SP	Singapore	173.9	20.5	23.9	19.9	2.0	2.1	16.0	15.6	3.9	5.1
StarHub	STH SP	Singapore	14.6	13.8	12.8	11.2	0.0	0.0	6.5	6.2	6.2	6.8
SK Telecom	017670 KS	S. Korea	12.3	na	na	9.6	na	1.0	3.8	3.8	6.4	6.6
Taiwan Mobile	3045 TT	Taiwan	(3.5)	9.0	27.0	24.8	4.0	4.0	12.2	11.7	3.8	4.0
Advanced Info Service *	ADVANC TB	Thailand	18.0	12.1	24.1	21.5	8.4	7.9	8.5	8.1	3.7	4.2
Thaicom *	THCOM TB	Thailand	26.0	(48.8)	75.5	147.5	1.6	1.5	15.4	18.4	0.7	0.3
True Corporation *	TRUE TB	Thailand	na	109.7	47.3	22.5	4.7	4.1	7.3	6.5	0.0	0.5
Average			28.7	20.1	30.2	27.6	4.8	3.9	8.9	8.5	3.6	4.0

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using Thanachart normalized EPS

Based on 10 October 2024 closing prices

COMPANY DESCRIPTION

True Corporation Plc (TRUE) is the holding company of the two leading telecom service providers in Thailand (TRUE and DTAC), with their original founders, CP Group and Telenor Asia, as the major shareholders. TRUE holds the largest share in the mobile service segment (54%) and the second-largest share in fixed broadband (37%). TRUE offers a full range of voice and data services for mobile, fixed-broadband internet service, digital video content, and live streaming on a subscription basis. Digital solutions and data-related services are new markets that TRUE is trying to penetrate.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- A fully integrated telecommunication service provider with the largest share in the mobile service market and the second-largest share in the fixed-broadband segment.
- A subsidiary of CP Group, one of the largest conglomerates in Thailand with a strong regional business footprint.
- Strong strategic partners, China Mobile and Telenor Group, which are major telecom providers on a global scale.

O — Opportunity

- Higher data consumption with a rising number of connected devices in all consumer, commercial, and industrial segments.
- Increasing demand for data analytics, in which TRUE has significant behavioral data on the population in the country.
- Emerging of data center investments in Thailand.

W — Weakness

- The company operates with high financial gearing and still generates slim amounts of free cash flow and is thus prone to economic or financial shocks in the macro picture.
- Its key rival commands much stronger profitability and a much healthier balance sheet.

T — Threat

- Telecommunication services are commoditizing, while value creation from new technology advancements seems to be more for content creators and platform providers rather than network infrastructure operators.
- Telecoms is a highly regulated industry in Thailand.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	12.27	13.50	10%
Norm profit 24F (Bt m)	6,834	8,406	23%
Norm profit 25F (Bt m)	11,261	17,628	57%
Consensus REC	BUY: 14	HOLD: 4	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe our earnings estimates are 23/57% higher than the Bloomberg consensus numbers due to us being more confident about TRUE's post-merger potential cost cuts.
- Our TP is, therefore, 10% higher than the Street's.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A more aggressive price war and increased competition in the mobile and fixed broadband service markets are the key downside risks to our call.
- Any economic shock or disruption in the financial markets, which may cause TRUE to be unable to refinance its debts smoothly, is a downside risk to our investment case.
- Slower-than-expected recognition or a lower-than-expected magnitude of its post-merger synergy benefits is a downside risk to our earnings forecasts and valuation.

Source: Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	215,070	169,074	212,557	217,777	221,689
Cost of sales	154,079	123,829	151,570	150,504	149,879
Gross profit	60,991	45,245	60,987	67,273	71,810
% gross margin	28.4%	26.8%	28.7%	30.9%	32.4%
Selling & administration expenses	42,587	32,908	33,050	31,863	31,380
Operating profit	18,404	12,337	27,937	35,411	40,429
% operating margin	8.6%	7.3%	13.1%	16.3%	18.2%
Depreciation & amortization	0	61,617	69,021	68,619	68,476
EBITDA	18,404	73,954	96,958	104,030	108,905
% EBITDA margin	8.6%	43.7%	45.6%	47.8%	49.1%
Non-operating income	3,136	1,480	957	980	998
Non-operating expenses	(5,587)	(1,211)	0	0	0
Interest expense	(23,002)	(20,526)	(22,895)	(19,692)	(17,676)
Pre-tax profit	(7,049)	(7,920)	5,999	16,699	23,751
Income tax	1,399	1,556	300	1,670	3,563
After-tax profit	(8,448)	(9,476)	5,699	15,029	20,188
% net margin	-3.9%	-5.6%	2.7%	6.9%	9.1%
Shares in affiliates' Earnings	2,426	2,179	2,740	2,687	2,708
Minority interests	109	56	(33)	(88)	(118)
Extraordinary items	0	(5,439)	(10,000)	(5,000)	0
NET PROFIT	(5,914)	(12,681)	(1,594)	12,628	22,778
Normalized profit	(5,914)	(7,242)	8,406	17,628	22,778
EPS (Bt)	(0.2)	(0.4)	(0.0)	0.4	0.7
Normalized EPS (Bt)	(0.2)	(0.2)	0.2	0.5	0.7

Strong earnings surge from large room for post-merger cost cuts

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	119,070	108,963	113,893	120,807	127,300
Cash & cash equivalent	32,672	33,580	20,000	25,000	30,000
Account receivables	59,422	51,794	69,882	71,598	72,884
Inventories	2,324	2,281	2,492	2,474	2,464
Others	24,653	21,309	21,520	21,735	21,952
Investments & loans	23,542	22,899	22,899	22,899	22,899
Net fixed assets	235,444	222,628	219,328	216,768	214,705
Other assets	415,636	390,231	353,068	319,199	285,979
Total assets	793,692	744,722	709,188	679,673	650,882
LIABILITIES:					
Current liabilities:	234,419	203,131	214,174	206,336	201,530
Account payables	116,582	101,387	124,578	123,702	123,188
Bank overdraft & ST loans	22,174	14,589	6,576	2,990	2,780
Current LT debt	70,831	65,132	64,449	62,158	60,546
Others current liabilities	24,832	22,023	18,571	17,486	15,016
Total LT debt	261,913	285,501	257,795	233,833	214,662
Others LT liabilities	198,418	169,949	152,640	143,155	119,809
Total liabilities	694,750	658,581	624,608	583,325	536,001
Minority interest	425	361	395	483	601
Preferreds shares	0	0	0	0	0
Paid-up capital	138,208	138,208	138,208	138,208	138,208
Share premium	145,127	145,076	145,076	145,076	145,076
Warrants	0	0	0	0	0
Surplus	(2,194)	(2,390)	(2,390)	(2,390)	(2,390)
Retained earnings	(182,624)	(195,115)	(196,709)	(185,029)	(166,614)
Shareholders' equity	98,517	85,779	84,185	95,865	114,280
Liabilities & equity	793,692	744,722	709,188	679,673	650,882

Improving gearing trend as free cash flow has turned positive

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	(7,049)	(7,920)	5,999	16,699	23,751
Tax paid	(165)	(3,705)	(296)	(1,666)	(3,559)
Depreciation & amortization	0	61,617	69,021	68,619	68,476
Chg In working capital	(4,918)	(7,524)	4,892	(2,574)	(1,789)
Chg In other CA & CL / minorities	(17,371)	4,856	(929)	1,383	16
Cash flow from operations	(29,503)	47,325	78,687	82,460	86,895
Capex	(235,444)	(15,666)	(30,000)	(30,000)	(30,000)
Right of use	(114,549)	100	(1,000)	(2,000)	(3,000)
ST loans & investments	0	0	2	0	0
LT loans & investments	2,320	643	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	31,908	(43,887)	(24,867)	(14,675)	(23,538)
Cash flow from investments	(315,764)	(58,810)	(55,865)	(46,675)	(56,538)
Debt financing	38,266	12,451	(36,402)	(29,839)	(20,993)
Capital increase	51	(51)	0	0	0
Dividends paid	0	0	0	(947)	(4,364)
Warrants & other surplus	(6,608)	(6)	0	0	0
Cash flow from financing	31,708	12,393	(36,402)	(30,786)	(25,357)
Free cash flow	(264,947)	31,659	48,687	52,460	56,895

FCF strongly improves from both higher EBITDA and lower capex trends

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	na	na	47.3	22.5	17.4
Normalized PE - at target price (x)	na	na	55.5	26.5	20.5
PE (x)	na	na	na	31.5	17.4
PE - at target price (x)	na	na	na	36.9	20.5
EV/EBITDA (x)	39.1	9.9	7.3	6.5	5.9
EV/EBITDA - at target price (x)	42.9	10.8	8.0	7.1	6.6
P/BV (x)	4.0	4.6	4.7	4.1	3.5
P/BV - at target price (x)	4.7	5.4	5.5	4.9	4.1
P/CFO (x)	(13.5)	8.4	5.0	4.8	4.6
Price/sales (x)	1.8	2.4	1.9	1.8	1.8
Dividend yield (%)	0.0	0.0	0.0	0.5	1.7
FCF Yield (%)	(66.7)	8.0	12.3	13.2	14.3
(Bt)					
Normalized EPS	(0.2)	(0.2)	0.2	0.5	0.7
EPS	(0.2)	(0.4)	(0.0)	0.4	0.7
DPS	0.0	0.0	0.0	0.1	0.2
BV/share	2.9	2.5	2.4	2.8	3.3
CFO/share	(0.9)	1.4	2.3	2.4	2.5
FCF/share	(7.7)	0.9	1.4	1.5	1.6

Sources: Company data, Thanachart estimates

We see the potential for its valuation gap with peers to narrow

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	(4.0)	(21.4)	25.7	2.5	1.8
Net profit (%)	na	na	na	na	80.4
EPS (%)	na	na	na	na	80.4
Normalized profit (%)	na	na	na	109.7	29.2
Normalized EPS (%)	na	na	na	109.7	29.2
Dividend payout ratio (%)	0.0	0.0	0.0	15.0	30.0
Operating performance					
Gross margin (%)	28.4	26.8	28.7	30.9	32.4
Operating margin (%)	8.6	7.3	13.1	16.3	18.2
EBITDA margin (%)	8.6	43.7	45.6	47.8	49.1
Net margin (%)	(3.9)	(5.6)	2.7	6.9	9.1
D/E (incl. minor) (x)	3.6	4.2	3.9	3.1	2.4
Net D/E (incl. minor) (x)	3.3	3.9	3.7	2.8	2.2
Interest coverage - EBIT (x)	0.8	0.6	1.2	1.8	2.3
Interest coverage - EBITDA (x)	0.8	3.6	4.2	5.3	6.2
ROA - using norm profit (%)	na	na	1.2	2.5	3.4
ROE - using norm profit (%)	na	na	9.9	19.6	21.7
DuPont					
ROE - using after tax profit (%)	na	na	6.7	16.7	19.2
- asset turnover (x)	0.3	0.2	0.3	0.3	0.3
- operating margin (%)	na	na	13.6	16.7	18.7
- leverage (x)	6.1	8.3	8.6	7.7	6.3
- interest burden (%)	(44.2)	(62.8)	20.8	45.9	57.3
- tax burden (%)	na	na	95.0	90.0	85.0
WACC (%)	7.7	7.7	7.7	8.1	8.1
ROIC (%)	4.6	2.9	6.4	8.1	9.3
NOPAT (Bt m)	18,404	12,337	26,541	31,870	34,365
invested capital (Bt m)	420,764	417,421	393,005	369,847	362,268

Sources: Company data, Thanachart estimates

ESG Information - Third Party Terms

www.Settrade.com

SETTRADE: You acknowledge that the use of data, information or service displayed and/or contained in this website may require third party's data, content or software which is subject to the terms of third party provider. By accessing and/or using of such certain data, you acknowledge and agree to comply with and be bound by the applicable third party terms specified below.

ESG Scores by Third Party data from www.SETTRADE.com

1. MSCI (CCC- AAA)
2. ESG Book (0-100)
3. Refinitiv (0-100)
4. S&P Global (0-100)
5. Moody's ESG Solutions (0-100)
6. SET ESG Rating (BBB-AAA)

SETESG Index (SETESG)

The SETESG Index reflects the price movement of stock of companies that have sustainable business practices which consider environmental, social and governance (ESG) aspect.

SET Index, SET50 Index, SET100 Index and all indices calculated by the Stock Exchange of Thailand ("SET") (collectively called "SET Index Series") are the registered trademarks/service marks solely owned by, and proprietary to SET. Any unauthorized use of SET Index Series is strictly prohibited. All information provided is for information purposes only and no warranty is made as to its fitness for purpose, satisfactory quality or otherwise. Every effort has been made to ensure that all information given is accurate, but no responsibility or liability (including in negligence) can be accepted by SET for errors or omissions or for any losses arising from the use of this information.

SET ESG Index (SET ESG)

Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

ESG Book's Disclaimer

Arabesque S-Ray GmbH, also trading as "ESG Book", is a limited liability company (Gesellschaft mit beschränkter Haftung) incorporated in Frankfurt am Main and organised under the laws of Germany with registered number HRB 113087 in the commercial register of the local court with its seat and business address at Zeppelinallee 15, 60325 Frankfurt am Main, Germany (hereinafter "ESG Book"). ESG Book, with its UK branch and local subsidiaries, is a provider of sustainability data and advisory services and operates the sustainability data platform ESG Book. ESG Book does not offer any regulated financial services nor products. This document is provided on a confidential basis by ESG Book and is for information purposes only; accordingly, it is not a solicitation or an offer to buy any security or instrument or to participate in any trading activities nor should it be construed as a recommendation or advice on the merits of investing in any financial product. THIRD PARTY INFORMATION. Certain information contained in this document has been obtained from sources outside ESG Book. While such information is believed to be reliable for the purposes used herein, no representations are made as to the accuracy or completeness thereof and neither ESG Book nor its affiliates take any responsibility for such information. To the extent this document contains any links to third party websites, such links are provided as a convenience and for informational purposes only; they do not constitute an endorsement or an approval by ESG Book of any of the products, services or opinions of the corporations or organization or individual operating such third party websites. ESG Book bears no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. RELIANCE – ESG Book makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and accepts no liability for any loss, of whatever kind, howsoever arising, in relation thereto, and nothing contained herein should be relied upon. CONFIDENTIALITY. This document contains highly confidential information regarding ESG Book's strategy and organization. Your acceptance of this document constitutes your agreement to keep confidential all the information contained in this document, as well as any information derived by you from the information contained in this document and not disclose any such information to any other person. This document may not be copied, reproduced, in any way used or disclosed or transmitted, in whole or in part, to any other person.

MSCI ESG Research LLC

"Certain information @2021 MSCI ESG Research LLC. Reproduced by permission"

"Although [User ENTITY NAME's] information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, non of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages."

Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

The Dow Jones Sustainability Indices (DJSI)

The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

S&P Global Market Intelligence

Copyright © 2021, S&P Global Market Intelligence (and its affiliates as applicable). Reproduction of any information, opinions, views, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

© 2022 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS,

ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

Additional terms for Hong Kong only: Any Second Party Opinion or other opinion that falls within the definition of "advising on securities" under the Hong Kong Securities and Futures Ordinance ("SFO") is issued by Vigeo Eiris Hong Kong Limited, a company licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities in Hong Kong. This Second Party Opinion or other opinion that falls within the definition of "advising on securities" under the SFO is intended for distribution only to "professional investors" as defined in the SFO and the Hong Kong Securities and Futures (Professional Investors) Rules. This Second Party Opinion or other opinion must not be distributed to or used by persons who are not professional investors.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Refinitiv ESG

These Terms of Use govern your access or use of the ESG information and materials on the Refinitiv website and any AI powered voice assistance software ("Refinitiv ESG Information"). 2020© Refinitiv. All rights reserved. Refinitiv ESG Information is proprietary to Refinitiv Limited and/or its affiliates ("Refinitiv").

The Refinitiv ESG Information is for general informational and non-commercial purposes only. Reproduction, redistribution or any other form of copying or transmission of the Refinitiv ESG Information is prohibited without Refinitiv's prior written consent.

All warranties, conditions and other terms implied by statute or common law including, without limitation, warranties or other terms as to suitability, merchantability, satisfactory quality and fitness for a particular purpose, are excluded to the maximum extent permitted by applicable laws. The Refinitiv ESG Information is provided "as is" and Refinitiv makes no express or implied warranties, representations or guarantees concerning the accuracy, completeness or currency of the information in this service or the underlying Third Party Sources (as defined below). You assume sole responsibility and entire risk as to the suitability and results obtained from your use of the Refinitiv ESG Information.

The Refinitiv ESG Information does not amount to financial, legal or other professional advice, nor does it constitute: (a) an offer to purchase shares in the funds referred to; or (b) a recommendation relating to the sale and purchase of instruments; or (c) a recommendation to take any particular legal, compliance and/or risk management decision. Investors should remember that past performance is not a guarantee of future results.

The Refinitiv ESG Information will not be used to construct or calculate and index or a benchmark, used to create any derivative works or used for commercial purposes. Refinitiv's disclaimer in respect of Benchmark Regulations applies to the Refinitiv ESG Information.

No responsibility or liability is accepted by Refinitiv its affiliates, officers, employees or agents (whether for negligence or otherwise) in respect of the Refinitiv ESG Information, or for any inaccuracies, omissions, mistakes, delays or errors in the computation and compilation of the Refinitiv ESG Information (and Refinitiv shall not be obliged to advise any person of any error therein). For the avoidance of doubt, in no event will Refinitiv have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of the Refinitiv ESG Information.

You agree to indemnify, defend and hold harmless Refinitiv from and against any claims, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable legal and experts' fees and costs, as incurred, arising in any manner out of your use of, or inability to use, any Information contained on the Refinitiv web site or obtained via any AI powered voice assistance software.

You represent to us that you are lawfully able to enter into these Terms of Use. If you are accepting these Terms of Use for and on behalf of an entity such as the company you work for, you represent to us that you have legal authority to bind that entity.

By accepting these Terms of Use you are also expressly agreeing to the following Refinitiv's website Terms of Use.

Refinitiv ESG scores are derived from third party publicly available sources ("Third Party Sources") and are formulated on the basis of Refinitiv own transparent and objectively applied methodology. Refinitiv's ESG Information methodology can be accessed here.

Score range	Description	
0 to 25	First Quartile	Scores within this range indicates poor relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly.
> 25 to 50	Second Quartile	Scores within this range indicates satisfactory relative ESG performance and moderate degree of transparency in reporting material ESG data publicly.
> 50 to 75	Third Quartile	Scores within this range indicates good relative ESG performance and above average degree of transparency in reporting material ESG data publicly.
> 75 to 100	Fourth Quartile	Score within this range indicates excellent relative ESG performance and high degree of transparency in reporting material ESG data publicly.

CG Report : by Thai Institute of Directors Association (Thai IOD), Established in December 1999, the Thai IOD is a membership organization that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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 Derivative Warrants underlying securities before making investment decisions.

Note: Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in 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 24.35% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), 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.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Srisawad Corporation Public Company Limited (SAWAD) No. 4/2024 (B.E. 2567) tranche 1-3 which its maturity at 2027-29 (B.E. 2570-72), therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 7/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

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: Euroasia Total Logistics Pcl (ETL 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.

Thanachart Securities Pcl.

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA

Head of Research, Strategy
pimpaka.nic@thanachartsec.co.th

Nuttapop Prasitsuksant

Telecom, Utilities
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanoom

Auto, Industrial Estate, Media, Prop. Fund
rata.lim@thanachartsec.co.th

Siriporn Arunothai

Small Cap, Healthcare, Hotel
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat

Analyst, Retail Market Strategy
sittichet.run@thanachartsec.co.th

Adisak Phupiphathirungul, CFA

Retail Market Strategy
adisak.phu@thanachartsec.co.th

Pattadol Bunnak

Electronics, Food & Beverage, Shipping
pattadol.bun@thanachartsec.co.th

Saksid Phadthananarak

Construction, Transportation
saksid.pha@thanachartsec.co.th

Yupapan Polpornprasert

Energy, Petrochemical
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market Strategy
thaloengsak.kuc@thanachartsec.co.th

Pattarawan Wangmingmat

Senior Technical Analyst
pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut

Property, Retail
phannarai.von@thanachartsec.co.th

Sarachada Sornsong

Bank, Finance
sarachada.sor@thanachartsec.co.th

Witchanan Tambamroong

Technical Analyst
witchanan.tam@thanachartsec.co.th

Nariporn Klangpremsitt, CISA

Analyst, Retail Market Strategy
nariporn.kla@thanachartsec.co.th