

True Corporation Pcl (TRUE TB) - BUY, Price Bt12.8, TP Bt15.0**Results Comment**

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Slight beat in 4Q24 on cost cuts

- TRUE reported Bt11.0bn net loss in 4Q24. However, stripping off impacts from impairments on network assets and goodwill and asset devaluation in DIF, we estimate normalized profit was at Bt3.5bn, up 13% q-q in a like-for-like basis. The result slightly beat our expectation as its aggressive cost cuts could more than offset a slower-than-expected revenue growth.
- Core service revenue grew 2% y-y (but flat q-q) to Bt41.6bn in 4Q24 from higher revenue two major business segments.
- Mobile revenue rose 2% y-y and 1% q-q to Bt32.9bn in 4Q24, supported by 5% y-y and 2% q-q ARPU growth to Bt215/month despite subscriber base declined to 49.4m, vs. 51.9m in 4Q23. However, the growth was weaker-than-expected and its mobile revenue share dropped slightly to 51%, from 52% last year.
- Fixed broadband revenue increased 4% y-y to Bt6.3bn as its 6% ARPU rise to Bt522/month could more than offset a slight subscriber decline to 3.75m subs, from 3.78m subs last year.
- TV subscription and entertainment revenues rose 8% y-y but fell 9% q-q to Bt1.5bn on shrinking subscriber base and less number of concert events this year.
- Aggressive cost cuts were still the major earnings drivers. Total cost of services fell 2% y-y (up 1% q-q) from lower network opex and depreciation costs after its aggressive impairment on redundant network assets over the past year.
- SG&A expense also declined 24% y-y and 4% q-q backed by its commission cost savings, lower discount and marketing costs, and staff layoffs.
- EBITDA thus grew 11% y-y and 2% q-q to Bt26.0bn in 4Q24, following aggressive cost cuts and higher revenues. EBITDA margin rose to 49.3% this quarter, from 44.6% last year.
- We see some upside to our forecasts as TRUE's norm profit in 2024 slightly beat our expectation on faster-than-expected cost cut. We maintain BUY.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	
Revenue	52,348	51,347	51,091	50,840	52,742	
Gross profit	14,049	14,558	15,276	15,675	15,442	
SG&A	9,529	8,597	8,077	7,883	7,444	
Operating profit	4,520	5,961	7,199	7,793	7,998	
EBITDA	23,369	24,323	25,059	25,575	26,018	
Other income	553	539	769	647	(169)	
Other expense	337	371	492	122	(337)	
Interest expense	6,360	5,916	5,683	5,930	5,296	
Profit before tax	(1,624)	213	1,793	2,387	2,870	
Income tax	(229)	69	54	30	29	
Equity & invest. income	554	690	708	734	683	
Minority interests	12	(4)	(25)	16	2	
Extraordinary items	(8,549)	(1,600)	(4,300)	(3,917)	(11,034)	
Net profit	(9,379)	(769)	(1,879)	(810)	(7,508)	
Normalized profit	(830)	831	2,421	3,107	3,526	
EPS (Bt)	(0.27)	(0.02)	(0.05)	(0.02)	(0.22)	
Normalized EPS (Bt)	(0.02)	0.02	0.07	0.09	0.10	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	
Cash & ST investment	33,594	29,102	20,733	16,954	26,854	
A/C receivable	51,794	47,967	49,447	47,606	46,189	
Inventory	2,281	1,977	1,338	1,696	2,585	
Other current assets	21,295	21,791	20,866	18,411	18,381	
Investment	22,899	23,061	23,245	23,477	21,726	
Fixed assets	222,628	216,391	211,581	209,433	208,701	
Other assets	390,231	383,746	373,710	365,721	351,047	
Total assets	744,722	724,034	700,921	683,298	675,484	
S-T debt	79,721	83,638	114,491	95,824	89,055	
A/C payable	101,387	96,991	94,736	97,419	101,100	
Other current liabilities	22,023	21,469	20,667	20,018	19,256	
L-T debt	285,501	283,046	237,008	239,982	250,603	
Other liabilities	169,949	153,432	150,424	147,566	141,284	
Minority interest	361	364	317	297	295	
Shareholders' equity	85,779	85,094	83,279	82,192	73,890	
Working capital	(47,312)	(47,047)	(43,951)	(48,117)	(52,327)	
Total debt	365,222	366,683	351,499	335,807	339,658	
Net debt	331,629	337,582	330,766	318,852	312,803	

Income Statement		12M as				
(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F	
Revenue	4	1	99	206,020	205,931	
Gross profit	(1)	10	99	60,951	69,160	
SG&A	(6)	(22)	98	32,001	32,000	
Operating profit	3	77	99	28,950	37,160	
EBITDA	2	11	103	100,975	106,130	
Other income	na	na	157	1,785	1,030	
Other expense	na	na		647	0	
Interest expense	(11)	(17)	98	22,825	19,886	
Profit before tax	20	na	103	7,263	18,303	
Income tax	(3)	na	86	182	2,745	
Equity & invest. income	(7)	23	97	2,816	2,909	
Minority interests	(90)	(87)	na	(12)	(91)	
Extraordinary items	na	na	na	(20,851)	(8,000)	
Net profit	na	na	na	(10,966)	10,375	
Normalized profit	13	na	102	9,885	18,375	
EPS (Bt)	na	na	na	(0.32)	0.30	
Normalized EPS (Bt)	13	na	102	0.29	0.53	

Financial Ratios						
(%)	4Q23	1Q24	2Q24	3Q24	4Q24	
Sales grow th	na	190.4	4.0	1.8	0.8	
Operating profit grow th	na	293.6	164.7	117.4	77.0	
EBITDA grow th	na	224.2	17.6	17.4	11.3	
Norm profit grow th	na	na	na	na	na	
Norm EPS grow th	na	na	na	na	na	
Gross margin	26.8	28.4	29.9	30.8	29.3	
Operating margin	8.6	11.6	14.1	15.3	15.2	
EBITDA margin	44.6	47.4	49.0	50.3	49.3	
Norm net margin	(1.6)	1.6	4.7	6.1	6.7	
D/E (x)	4.2	4.3	4.2	4.1	4.6	
Net D/E (x)	3.8	4.0	4.0	3.9	4.2	
Interest coverage (x)	3.7	4.1	4.4	4.3	4.9	
Interest rate	7.0	6.5	6.3	6.9	6.3	
Effective tax rate	14.1	32.3	3.0	1.2	1.0	
ROA	(0.4)	0.5	1.4	1.8	2.1	
ROE	(3.6)	3.9	11.5	15.0	18.1	

Sources: Company data, Thanachart estimates

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