

True Corporation Pcl (TRUE TB) - BUY

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Earnings Preview**Earnings hiccup in 2Q25F**

- **Network disruption causes a revenue fall q-q**
- **Synergy benefits continue despite a smaller magnitude**
- **Expecting Bt4.2bn 2Q25F norm profit, +73% y-y but -3% q-q**
- **Likely just a hiccup, so maintain BUY**

We expect TRUE's 2Q25F normalized profit to decline 3% q-q to Bt4.2bn. Having said that, the profit still implies a strong growth of 73% y-y. We see the q-q weakness was mainly due to a temporary dip in core service revenue following customer compensations for the nationwide network disruption in May.

- We estimate TRUE's core service revenue to be at Bt40.6bn in 2Q25F, falling 2% y-y and 2% q-q.
- We project its mobile service revenue to decline by 2% y-y and 2% q-q to Bt32.0bn this quarter. This is mainly since TRUE had to offer free voice and data usage and some package price discounts to compensate its customers for its network outage on 22 May 2025.
- Fixed broadband revenue is likely to maintain its recovery trend and we project it rising 1.4% y-y and 0.3% q-q to Bt6.3bn, backed by two ongoing drivers of net subscriber additions and increasing ARPU.
- Cost of services is projected to fall 5% y-y and 2% q-q to Bt29.9bn, benefiting from its continuous network cost optimization efforts and a windfall from national electricity price reduction, starting in May.
- We estimate SG&A expenses to be at Bt7.2bn, down 11% y-y from the post-merger cost cuts. Having said that, it likely flats q-q as the pace of shop closures and staff reductions eases.
- We forecast EBITDA to come in at Bt25.8bn in 2Q25F, down by 0.6% q-q as the negative from compensation-related revenue losses outweighs the cost saving benefits. The EBITDA still grows 3% on a y-y basis.
- With no major changes below the EBITDA line, we estimate normalized profit to grow 73% y-y but drop 3% q-q, in-line with the EBITDA's trend. Having said that, reported profit is likely higher due to less network impairment.
- Looking forward, since we estimate TRUE's service revenue to drop 1% y-y and EBITDA to grow only 5% y-y, both tracking below TRUE's full-year guidance of 2-3% and 8-10% respectively, we believe TRUE would need to revise down its guidance post 2Q25 results, which likely becomes a near-term negative sentiment on the stock.
- However, we expect TRUE's earnings growth story remains intact, backed by ongoing post-merger cost cuts and a potential windfall from lower spectrum costs following the upcoming auction later this month. We thus maintain our BUY rating on TRUE despite some downsides to our earnings forecasts and valuation.

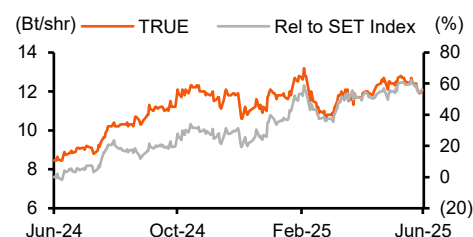
Key Valuations

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	206,020	199,954	188,724	190,979
Net profit	(10,966)	6,010	22,268	24,899
Norm net profit	9,885	15,010	22,268	24,899
Norm EPS (Bt)	0.3	0.4	0.6	0.7
Norm EPS gr (%)	na	51.8	48.4	11.8
Norm PE (x)	41.9	27.6	18.6	16.7
EV/EBITDA (x)	7.2	6.7	6.1	5.7
P/BV (x)	5.6	5.2	4.3	3.7
Div. yield (%)	0.0	0.4	1.6	3.0
ROE (%)	12.4	19.6	25.2	23.7
Net D/E (%)	421.7	355.4	266.7	197.7

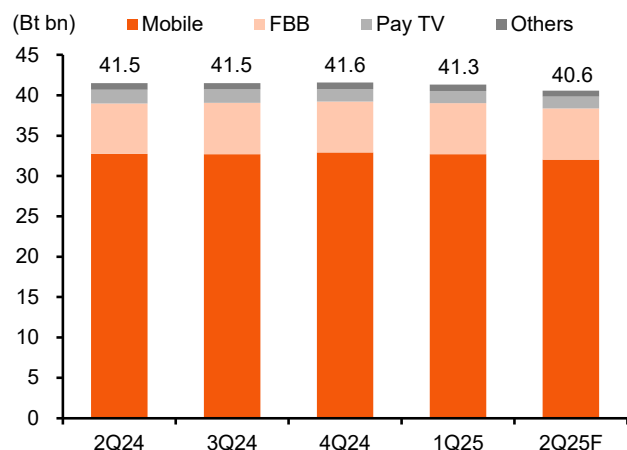
Source: Thanachart estimates

Stock Data

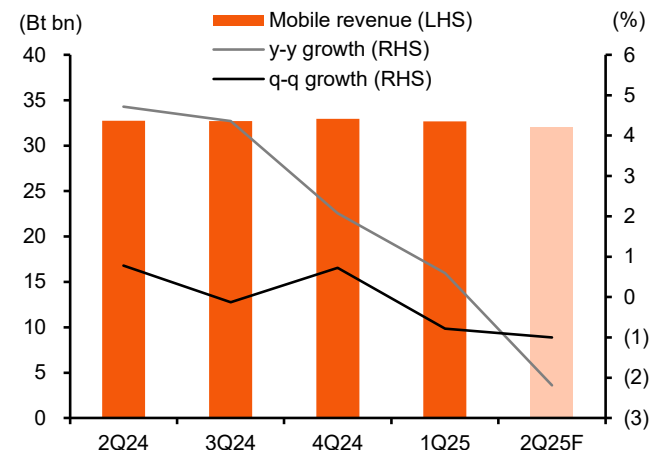
Closing price (Bt)	12.0
Target price (Bt)	14.0
Market cap (US\$ m)	12,765.6
Avg daily turnover (US\$ m)	29.0
12M H/L price (Bt)	13.20/8.45

Price Performance

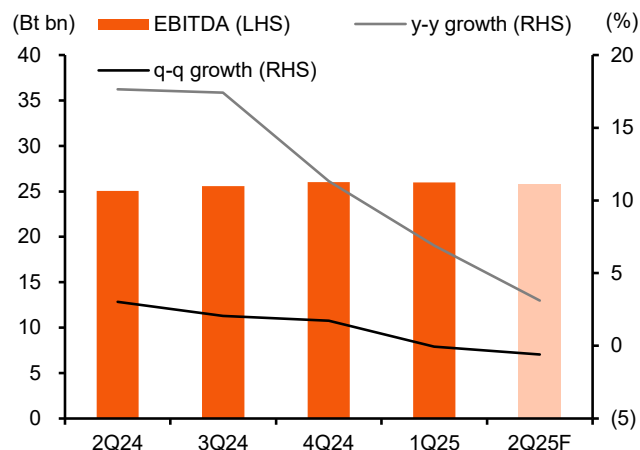
Source: Bloomberg

Ex 1: A Dip In Services Revenue In 2Q25F

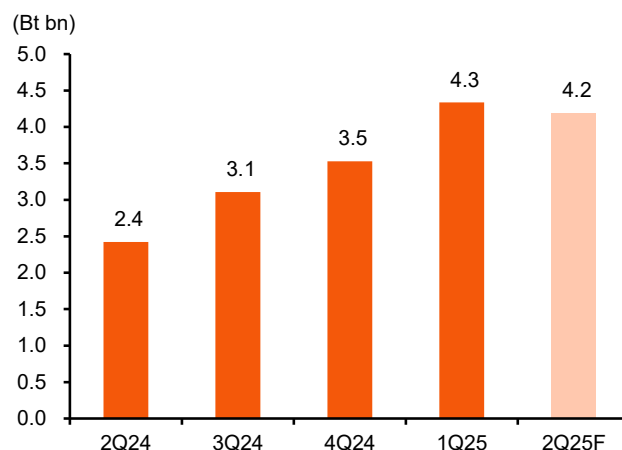
Sources: Company data Thanachart estimates

Ex 2: Mobile Revenue Hit By Network Disruption

Sources: Company data Thanachart estimates

Ex 3: EBITDA Thus Falls Q-Q Despite Cost Savings

Sources: Company data Thanachart estimates

Ex 4: Y-Y Norm Profit Growth Remains Strong

Sources: Company data Thanachart estimates

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