

Telecom Sector – Overweight

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News update

Strong growth outlook continues

- Earnings momentum extends into 2026F
- Competition remains benign
- Full-year benefit from cost savings ahead
- More re-rating catalysts for TRUE

Following analyst meetings with Advanced Info Service Pcl (ADVANC TB, BUY, Bt313) and True Corporation Pcl (TRUE TB, BUY, Bt11.4), post their 3Q25 earnings release, yesterday, we maintain our positive view on the Thai telecom sector, in which we expect the sector's earnings growth momentum to extend into 2026F, driven by both continuing revenue growth and cost savings.

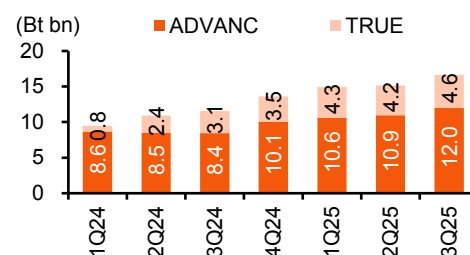
Industry landscape

- We feel key messages from both companies reaffirm their stances in committing to pricing discipline, with strong focus on ARPU enhancement through value-added service expansion to enjoy healthy industry's growth, rather than an aggressive fight for market share.
- Both operators expect rising 5G adoption (from below 35% of total mobile users now) to serve as the key ARPU growth driver for mobile service segment, alongside an organic driver of increasing data consumption.
- In the near-term, we foresee tailwinds from two supportive government policies, the Co-payment scheme and free internet subsidies for low-income segment, to boost consumer's spending on mobile services.
- On the cost side, while post-merger synergies have largely been realized, we still expect the full-year benefit of cost reductions, together with benefit from lower spectrum costs, to drive the sector's earnings growth further in 2026F. Increasing utilization of invested 5G network, which now covers over 95% of the population, is another uplift to the sector's profitability.

ADVANC

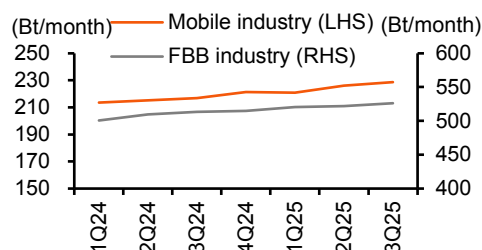
- ADVANC targets to continue growing its earnings via revenue expansion. The company aims to introduce more entertainment and other value-added services into both its mobile and fixed broadband (FBB) packages to boost ARPU, while gradually phasing out the legacy low-priced package offerings. On the volume side, increasing 5G adoption and rising FBB penetration remain the key growth drivers for its core revenue streams.
- ADVANC also highlights strong demand for digital transformation from both large enterprises and SMEs to accelerate the growth of its enterprise solutions business. Growing product sales, including its in-house brand, with higher margins, are also emerging as an additional earnings catalyst.
- Management expects further profitability improvement via efficiency gains and cost discipline, with the currently rational competitive environment in the market allows it to keep marketing and advertising costs low.
- While capex may edge higher to maintain service quality and to support new growth engines such as enterprise digital services, data centers, and

Ex 1: Strong Sector's Earnings Momentum



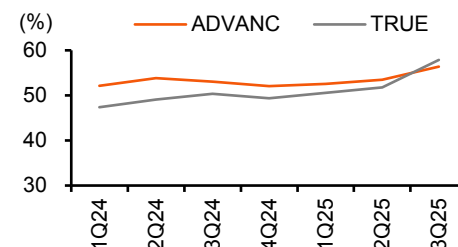
Source: Company data

Ex 2: Rising Mobile And FBB ARPUs



Source: Company data

Ex 3: Expanding EBITDA Margin Trend



Source: Company data, Thanachart estimates

Note: A major spike in 3Q25 was mainly from spectrum cost savings following the auction in June

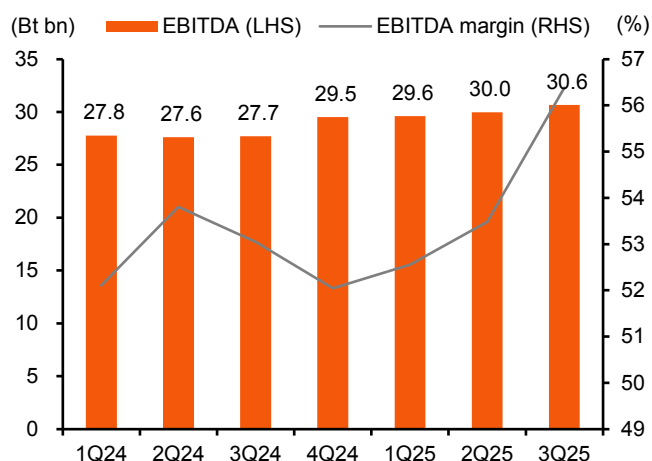
virtual banking, ADVANC expects to maintain its capex-to-core service revenue ratio at around 2025 levels of 13-15% by growing revenues.

TRUE

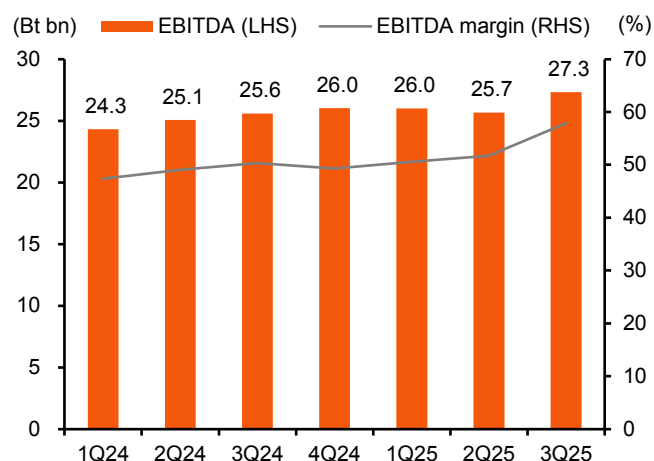
- TRUE admits on its struggle in growing revenue over the past year, but management believes momentum will turn positive from 4Q25F given 1) better network quality following the completion of post-merger network integration in 3Q25 and 2) diminishing impacts from earlier headwinds including the temporary customer churn spike after the network disruption in May, loss of sports broadcasting rights, and external drags from weak tourism and slower migrant inflows.
- Having completed major post-merger synergies, TRUE expects its cost base to have normalized in 3Q25. Management, however, still anticipates full-year synergy benefits and lower spectrum costs to remain key profitability drivers in 2026F, while aiming to grow revenues faster than operating costs beyond that period to further enhance margins.
- The company plans to reduce network capex from Bt30bn in 2025F following the completion of network integration, targeting a capex-to-core service revenue ratio of 13–14% by 2027F (vs. 18% in 2025F). Deleveraging is also another major priority, with a medium-term goal to lower net debt/EBITDA to 3.2x by 2027F from 4.2x currently.
- TRUE reaffirmed its commitment to semi-annual dividend payments with a minimum 50% payout ratio, aiming both to enhance shareholder returns and demonstrate its strengthened financial position post-merger.

Our view

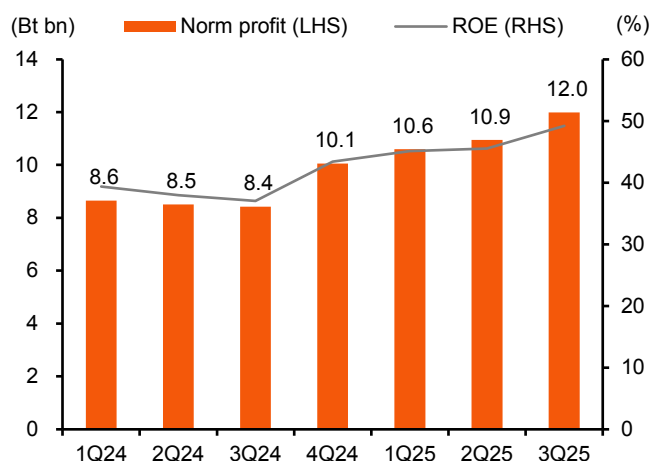
- With multiple supportive drivers for sector-wide revenue growth amid benign competition intensity, we maintain our positive view on the Thai telecom sector. We believe the high revenue season in 4Q25F should serve as a near-term catalyst for the sector, especially for TRUE. For medium-term, we still expect declining spectrum costs to become another major earnings driver for the sector, based on our expectations of lower spectrum license prices from the next major spectrum auction in 2027F.
- We still see **ADVANC** as the fundamentally stronger company, supported by its leading market share in both mobile and FBB segments with higher profitability. However, even its emerging enterprise solutions business and growing product sales are offering incremental growth, earnings growth may appear modest given its already large base while a trading valuation at 8.2x 2026F EV/EBITDA already reflects a premium multiple to peer.
- In contrast, we see **TRUE** offering compelling re-rating potential, trading at a discounted valuation of 6.2x 2026F EV/EBITDA. We foresee its key catalysts include 1) stronger earnings growth trajectory over 2025-27F, 2) the emergence of consistent dividend payments which add a yield angle amid a declining global interest rate environment, and 3) near-term share price catalyst from a resumption of core service revenue growth in 4Q25F.

Ex 4: ADVANC's Quarterly EBITDA

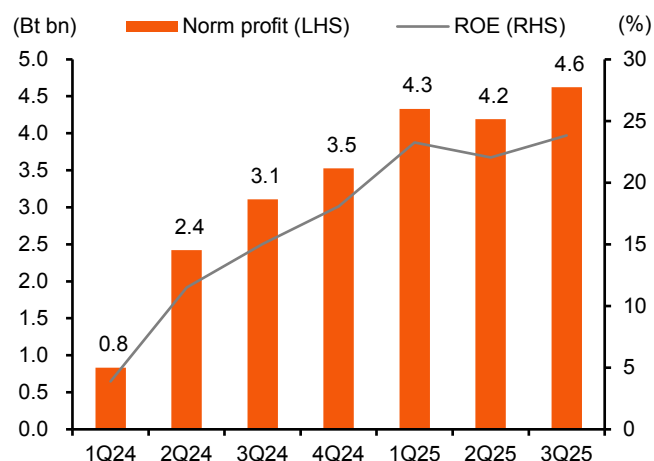
Source: Company data

Ex 5: TRUE's Quarterly EBITDA

Source: Company data

Ex 6: ADVANC's Quarterly Profit

Source: Company data

Ex 7: TRUE's Quarterly Profit

Source: Company data

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