

Telecom Sector – Overweight

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Earnings Preview

Solid earnings growth outlook intact

- **Double-digit y-y earnings growth for the sector**
- **Small revenue divergence between the two operators**
- **Still higher EPS growth from TRUE on larger cost benefits**
- **But we prefer ADVANC amid rising economic uncertainties**

The Thai telecom sector's earnings look set to remain solid in 1Q26F, supported by ongoing package price improvements and structurally lower spectrum costs. We see the key story this quarter being a divergence in revenue momentum between the two operators. TRUE likely sees sequential improvement in mobile service revenue, while ADVANC faces greater seasonal headwinds, resulting in a slight q-q decline. However, on a y-y basis, ADVANC's stronger momentum throughout 2025 still translates into higher revenue growth. Looking into 2Q26F, we believe a softening consumer spending, due to potential inflationary pressures from the Middle East situation, needs to be closely monitored, though it could be partly offset by the market-wide package price increases implemented from mid-March.

- **Service revenue:** We project sector's core service revenue to grow 2.4% y-y, driven by ongoing benefits from package price improvements that more than offset macroeconomic headwinds. We see the 0.9% q-q decline is mainly due to the seasonality. ADVANC still delivers a better y-y growth of 4.9%, thanks to its stronger momentum from last year, while TRUE's y-y growth remains flattish as mobile segment gains are weighed down by falling TV subscription revenue, following the loss of key live sports contents. That said, the picture reverses on a q-q basis. We project TRUE to post a mild q-q growth of 0.2% against a 1.9% contraction for ADVANC, as we believe TRUE is benefitting more from the resumption of Chinese tourist flows and easing cross-border pressures, while ADVANC faces stiffer seasonal outbound tourism headwinds with a high base of an exceptionally strong fourth quarter.
- **EBITDA:** We expect sector's EBITDA to grow 5.8% y-y, outpacing the revenue, as ongoing benefits from post-merger cost optimization and structurally lower spectrum costs more than offset the softer top line. The 1.2% q-q contraction mirrors the revenue seasonality. Despite its weaker revenue growth, we project TRUE to deliver higher y-y EBITDA growth of 8.0%, vs. 3.8% for ADVANC, as it gains more from cost synergies and the lower spectrum costs that took effect from August 2025.
- **Normalized profit:** We forecast sector normalized profit to grow in both y-y and q-q comparisons. The growth is outpacing EBITDA due to two tailwinds. First, depreciation eases as fully depreciated assets outpace new additions following the completion of mass 5G rollout. Second, interest costs edge lower, backed by gradual debt refinancing as operating cash flows improve and the global rate environment remains accommodative. We expect TRUE to deliver stronger growth of 28.5% y-y and 16.0% q-q, given it benefits more from cost reductions, while ADVANC posts a 14.3% y-y increase, with a modest 2.8% q-q decline reflecting its softer seasonal revenue base.
- We maintain our bullish stance on the Thai telecom sector and our BUY ratings on both ADVANC and TRUE. We expect the sector to be relatively more insulated from near-term macroeconomic headwinds, as mobile services have become increasingly essential in daily life, underpinning demand resilience despite likely weakening consumer spending. The market-wide package price adjustments implemented in March should provide a further ARPU tailwind, while operators are likely to intensify cost discipline to protect margins. In this environment, we prefer ADVANC for its stronger operational momentum, more robust balance sheet, and higher dividend yield.

Ex 1: Telecom Sector's 1Q26F Earnings Preview

	1Q26F	4Q25	1Q25	y-y (%)	q-q (%)
Core service revenue (Bt bn)					
ADVANC	44.0	44.8	41.9	4.9	(1.9)
TRUE	41.3	41.2	41.3	(0.0)	0.2
Sector	85.3	86.0	83.2	2.4	(0.9)
EBITDA (Bt bn)					
ADVANC	30.7	31.3	29.6	3.8	(1.7)
TRUE	28.1	28.3	26.0	8.0	(0.7)
Sector	58.8	59.6	55.6	5.8	(1.2)
Norm profit (Bt bn)					
ADVANC	12.1	12.5	10.6	14.3	(2.8)
TRUE	5.8	5.0	4.5	28.5	16.0
Sector	17.9	17.4	15.1	18.5	2.6

Sources: Company data, ttb wealth estimates

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