Digital Telecom. Infra. Fund (DIF TB) - BUY, Price Bt10.2, TP Bt10.5

Results Comment

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2Q26 profit dropped slightly, in-line

- DIF reported normalized net investment income at Bt2.98bn in 2Q26. It dropped 3% q-q, mainly due to a chunky fiber optic removal cost recognized this quarter. The performance was flat y-y as the higher cost was offset by higher rental revenue.
- Total revenue increased 4% y-y as DIF exercised its call option to purchase network assets from TRUE in 3Q25. It was stable q-q backed by the fixed-price and fixed-volume nature of its rental contracts.
- Total fund operating cost increased 17% y-y and 3% q-q to Bt78m in 2Q26, mainly from higher maintenance costs as the fund now holds a larger network asset portfolio following the call option exercise.
- Other expense jumped to Bt171m this quarter, primarily driven by costs associated with undergrounding its fiber optic network in compliance with government policies to remove aerial cables from major urban areas.
- DIF earlier announced Bt0.2222/unit quarterly dividend from its 2Q26 performance. An indicated XD date is 13 August with a dividend payment date on 9 September 2026.
- We maintain our forecast but now see DIF as less attractive after its recent rally, which nearly reaches our TP, while the market concern on potential interest rate hikes is a negative sentiment to the unit price.

Income Statement					
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	3,529	3,633	3,693	3,680	3,680
Gross profit	**3,529**	**3,633**	**3,693**	**3,680**	**3,680**
SG&A	72	75	93	78	78
Operating profit	3,457	3,558	3,600	3,602	3,602
EBITDA	**3,457**	**3,558**	**3,600**	**3,602**	**3,602**
Other income	15	12	12	13	11
Other expense	4	3	53	71	171
Interest expense	480	506	518	468	459
Profit before tax	**2,988**	**3,061**	**3,041**	**3,076**	**2,984**
Income tax	1	1	1	1	0
Equity & invest. income					
Minority interests					
Extraordinary items	(222)	(291)	2,549	(308)	(308)
Net Investment Income	**2,765**	**2,769**	**5,589**	**2,767**	**2,676**
Norm Net Invest. Income	**2,987**	**3,060**	**3,040**	**3,076**	**2,984**
EPS (Bt)	0.26	0.26	0.53	0.26	0.25
Normalized EPS (Bt)	0.28	0.29	0.29	0.29	0.28
NAV (Bt)					

Income Statement					
(Bt m)	q-q%	y-y%	6M as % 2026F	2026F	2027F
Revenue	(0)	4	51	14,474	14,508
Gross profit	**(0)**	**4**	**51**	**14,474**	**14,508**
SG&A	1	9	49	317	319
Operating profit	(0)	4	51	14,157	14,189
EBITDA	**(0)**	**4**	**51**	**14,157**	**14,189**
Other income	(10)	(24)	50	48	58
Other expense	142	4,285	536	45	46
Interest expense	(2)	(5)	50	1,852	1,619
Profit before tax	**(3)**	**(0)**	**49**	**12,307**	**12,581**
Income tax	(29)	(31)	34	3	3
Equity & invest. income					
Minority interests					
Extraordinary items	na	na			
Net profit	**(3)**	**(3)**	44	**12,305**	**12,579**
Normalized profit	**(3)**	**(0)**	49	**12,305**	**12,579**
EPS (Bt)	(3)	(3)	44	1.16	1.18
Normalized EPS (Bt)	(3)	(0)	49	1.16	1.18

Balance Sheet					
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & equivalent	4,264	4,462	2,692	3,736	2,114
S-T investments					
A/C receivable	4,195	3,930	3,939	3,930	3,913
Other					
Investment & Loans	194,997	200,138	206,278	203,610	204,381
Fixed assets					
Other assets					
Total assets	**203,471**	**208,630**	**212,924**	**211,296**	**210,447**
S-T debt	9,289	13,406	13,057	12,688	12,319
A/C payable	331	659	691	252	577
Other current liabilities	3,637	3,606	5,983	4,478	4,346
L-T debt	24,079	24,097	23,373	23,390	22,666
Other liabilities					
Minority interest					
Net Assets	**162,257**	**162,665**	**165,892**	**166,297**	**166,611**
Net debt	29,105	33,041	33,739	32,342	32,870
Avg outstanding units (shrs)	10,632	10,632	10,632	10,632	10,632

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	0.1	3.0	4.8	4.3	4.3
EBITDA growth	0.1	3.0	4.3	4.3	4.2
Net income growth	3.3	2.7	na	1.3	(3.2)
Norm income growth	2.9	4.9	3.6	4.1	(0.1)
Norm EPS growth	2.9	4.9	3.6	4.1	(0.1)
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	98.0	97.9	97.5	97.9	97.9
EBITDA margin	98.0	97.9	97.5	97.9	97.9
Norm net margin	84.7	84.2	82.3	83.6	81.1
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	7.2	7.0	6.9	7.7	7.9
Effective tax rate	0.0	0.0	0.0	0.0	0.0
ROA	5.9	5.9	5.8	5.8	5.7
ROE	7.4	7.5	7.4	7.4	7.2

Sources: Company data, Thanachart estimates

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