

TRUE Corp (TRUE TB)

Record 3Q22E loss, merger to complete in 1Q23E

HOLD: Expect record 3Q loss, and we prefer DTAC

We forecast a record 3Q22 core net loss of THB3.1b (vs THB2.4b loss in 2Q22) due to lower revenue (high inflation and fierce competition) and higher expenses. If TRUE and DTAC cannot merge by 1Q23, high debt and negative free cash flow could force TRUE to sell DIF shares to raise cash again. Reiterate HOLD on TRUE with the same post-merger TP of THB5.40. We prefer DTAC over TRUE thanks to higher upside to the target price and relatively healthy 3Q22E core net profit (+3.0% YoY, +4.0% QoQ).

Expect record THB3.1b core loss in 3Q22

We forecast 3Q22 core net loss of THB3.1b (vs losses of THB821m in 3Q21 and THB2.4b in 2Q22) due to lower core service revenue (-1.4% YoY, -0.7% QoQ) and higher opex (+11.9% YoY, +2.9% QoQ). We forecast mobile revenue, 68% of 3Q22E core service revenue, to be dragged (-0.2% YoY, -1.0% QoQ) by high inflation and fierce price competition. TRUE is due to report 3Q results on 15 November.

Merger delays may lead TRUE to sell more DIF shares

TRUE has raised THB13.9b in cash from selling DIF shares four times since 4Q19. We believe TRUE could decide to sell some of the remaining 20.6% stake in DIF if the TRUE-DTAC merger is delayed beyond 1Q23 due to: i) high net-debt-to-EBITDA ratio of 4.4x at end-FY22E; and ii) negative FCFF of THB3.5b in FY23E if TRUE remains a standalone company. TRUE has in the past sold DIF shares at certain discounts to the market prices, resulting in negative sentiment towards DIF.

Reiterate HOLD; still prefer DTAC over TRUE

We prefer DTAC (BUY, THB55.20 TP) over TRUE (HOLD, THB5.40 TP) thanks to: i) 22% upside to the TP (vs 6% upside for TRUE); and ii) 6% upside to the VTO price (vs 0% for TRUE). A recent study by SCF Associates showed that TRUE-DTAC merger would make a hike in service fees more likely. This would force the NBTC board to announce harsh measures on the merger on 20 Oct, in our view. TRUE and DTAC would then have to negotiate with the NBTC to settle their differences on such measures, making merger completion more likely to occur in 1Q23 than 4Q22.

FYE Dec (THB m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	138,213	143,655	143,948	147,617	150,389
EBITDA	52,654	57,760	58,516	60,755	62,570
Core net profit	(3,132)	(2,967)	(7,611)	(5,942)	(4,225)
Core EPS (THB)	(0.09)	(0.09)	(0.23)	(0.18)	(0.13)
Core EPS growth (%)	nm	nm	nm	nm	nm
Net DPS (THB)	0.07	0.07	0.07	0.07	0.07
Core P/E (x)	nm	nm	nm	nm	nm
P/BV (x)	1.3	2.0	2.3	2.6	2.9
Net dividend yield (%)	2.0	1.5	1.4	1.4	1.4
ROAE (%)	1.0	(1.7)	(7.9)	(8.6)	(6.9)
ROAA (%)	(0.5)	(0.5)	(1.2)	(1.0)	(0.7)
EV/EBITDA (x)	7.9	8.5	8.8	8.7	8.6
Net gearing (%) (incl perps)	232.0	287.9	349.0	429.5	506.8
Consensus net profit	-	-	(2,871)	(938)	384
MKE vs. Consensus (%)	-	-	(112.3)	(533.4)	(1,200.3)

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HOLD

Share Price THB 5.10
12m Price Target THB 5.40 (+7%)
Previous Price Target THB 5.40

Company Description

TRUE is Thailand's No.2 mobile operator (32.2m subscribers) with 31.5% mobile revenue market share in 2021. It also runs FBB and pay-TV businesses.

Statistics

52w high/low (THB)	5.70/3.70
3m avg turnover (USDm)	20.3
Free float (%)	73.6
Issued shares (m)	33,368
Market capitalisation	THB170.2B USD4.5B

Major shareholders:

China Mobile International Holdings	13.5%
CP Group	13.3%
UBS AG Hong Kong branch	9.0%

Price Performance



	-1M	-3M	-12M
Absolute (%)	2	9	20
Relative to index (%)	8	7	26

Source: FactSet

Terms defined

NBTC - National Broadcasting and Telecommunications Commission.

New Co - merged company of TRUE and DTAC.

FCFF - free cash flow to firm

VTO - voluntary tender offer

Other listed stocks mentioned

DTAC - Total Access Communication (DTAC TB, CP THB45.25, BUY, TP THB55.20)

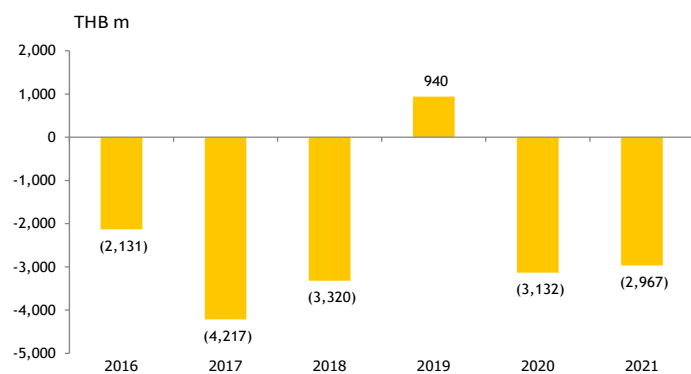
DIF - Digital Telecommunications Infrastructure Fund (DIF TB, CP THB13.50, BUY, TP THB14.80)

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Tear Sheet Insert

Value Proposition

- From fixed-line operator under BTO to cable-TV, 2G under concession, then 3G/4G under licensing, TRUE now offers an array of telecom services. 5G service was launched in Oct 2020 and hoped to help push postpaid ARPU.
- Like other operators, TRUE is trying to move subscribers to smartphones & higher spectrums and offer bundled services.
- No. 2 mobile operator, with 31.5% mobile revenue market share.
- Having generated core net losses in five out of the past six years (FY16-21), TRUE hopes that merging with DTAC (pending regulatory approvals) could help it return to the black.

Core net profit/(loss)

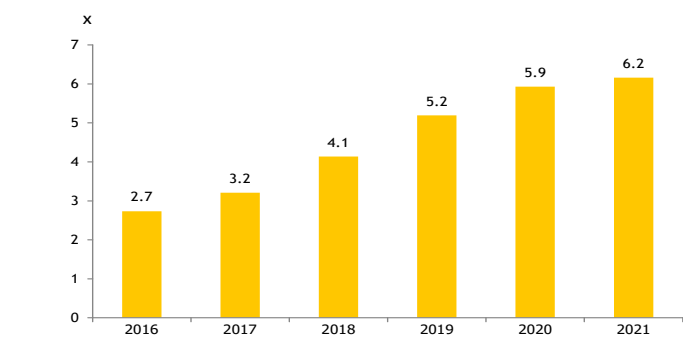


Source: Company

Financial Metrics

- After raising THB65b in 2014, it again raised THB60b in 2015 to lighten the B/S as it assumed obligations of THB110b for the 4G licences payable during FY15-2019.
- Overhead costs, content costs and heavy network capex still weigh on profitability and its balance sheet.
- Failure to accumulate cash means elevated debt or risk of cash call. Negative FCF is still an issue for TRUE, although it is an annual objective to turn this to positive.

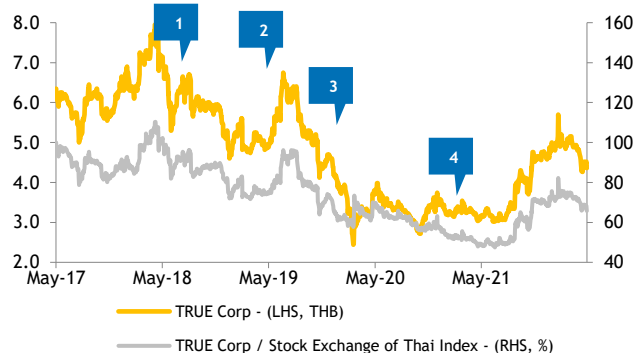
Net-debt-to-EBITDA ratio (pre-TFRS16 accounting)



Source: Company

Price Drivers

Historical share price trend



Source: Company, MST

- TRUE's gains in mobile revenue market share began to stall as the company started reducing its handset subsidies.
- 1H19 was a period of easing mobile competition and healthy QoQ mobile revenue growth for the industry.
- Low-end fixed-speed unlimited data plans in the prepaid market started emerging in 3Q-4Q19 causing ARPU and revenue to suffer.
- Covid-19 outbreak and intense competition kept share price low.
- In Nov 2021, TRUE and DTAC officially announced that they were planning to merge.

Swing Factors

Upside

- Sooner-than-expected synergies from merging with DTAC.
- Easing mobile competition.

Downside

- Recession.
- Slower-than-expected recovery in tourist arrivals in 2H22.
- Merger delays or cancellation.

Risk Rating & Score ¹	26.6 Medium Risk
Score Momentum ²	0.0
Last Updated	15 Aug 2022
Controversy Score ³ (Updated: 15 Aug 2022)	Category 1 - Low

Business Model & Industry Issues

- TRUE's main performance goal is to start generating annual core net profit sustainably, and some of its cost-cutting initiatives are aligned with ESG goals (i.e. reduction in electricity consumption electricity).
- TRUE is internationally recognised as an environmentally friendly company thanks to its inclusion in several indices, including FTSE4Good Index and Emerging Market Index under Dow Jones Sustainability Indices (DJSI).
- In order to control costs, the company is also putting more pressure on employees to raise productivity. Employee satisfaction rating fell from 76% in 2017 to 64% in 2018. The company stopped reporting employee satisfaction rating in 2019.
- TRUE's key strengths lie in solving environmental issues while there could be some risks on the employee and litigation fronts.

Material E issues

- TRUE was a member of sustainability index FTSE4Good Index for five years in a row from 2017 to 2021. It is also the first and only Thai telecom company in the Emerging Market Index of Dow Jones Sustainability Indices.
- TRUE has won Sustainability Investment award from the Stock Exchange of Thailand for four consecutive years from 2018 to 2021.
- TRUE's GHG emission intensity had FY17-20 CAGR of 10%, but the annual emission intensity had remained below its targeted ceiling of 3.5-3.7 tonCO₂e per THB1m of service revenue. Then, the GHG emission intensity dropped from 3.44 tonCO₂e per THB1m of revenue in 2020 to 2.8 tonCO₂e per THB1m of revenue in 2021 thanks to work-from-home policy (lower office leases) and installations of solar panels on more base station sites.

Material S issues

- TRUE has strong network quality with 98% population coverage for its 4G network and average Internet download speed of 15.6mbps (vs ADVANC's 18.1mbps and DTAC's 10.2mbps), according to Opensignal's survey in Nov 2021.
- TRUE's 5G network covered 60% of Thai population at end-2021. It is targeting 80-90% population coverage by end-2022.
- In 2018, TRUE's employee satisfaction rating fell to 64% from 76% in 2017. The lower score was likely due to the company's recurring net losses, which could have forced the operator to push its employees harder to raise productivity.
- In 2019, TRUE stopped reporting employee engagement and employee satisfaction ratings separately and bundled the two into "overall employee satisfaction and engagement score", which has stayed around 70% over the past four years.

Key G metrics and issues

- The 15-member board of directors in 2021 had only one woman. Of its 19 executive committee members two women.
- TRUE has Employee Joint Investment Programme (EJIP) and phase one was rolled out 1 January 2017-31 December 2020. For executives to be eligible to the programme they must be working with TRUE for no less than three years. Maximum employee contribution is 3-5% on a monthly basis and TRUE will match the amount equivalent to 3-10% of monthly salary depending on the rank. In 2019, 11 executives joined the programme and TRUE made an aggregate contribution of THB13.76m. EJIP phase 2 has been launched covering three years 2020-2022. The terms are similar to EJIP Phase 1.
- Pricewaterhouse Coopers ABAS has been the company's auditor for the past five years. In 2021 the audit fee was THB28.33m.
- Like other operators, TRUE has several legal disputes pending from the concessionary era covering 1990-2018. Losing any of the cases could have a negative impact on the enterprise.
- All electronic devices (mobile phones and tablets covering leading & house brands) sold at True Shops are certified for their quality and safety according to standards set by the NBTC.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

1. Expect record loss in 3Q22

1.1 Declining revenue and rising expenses

We forecast 3Q22 core net loss of THB3.1b (vs losses of THB821m in 3Q21 and THB2.4b in 2Q22) due to lower service revenue (-1.4% YoY, -0.7% QoQ) and higher opex (+11.9% YoY, +2.9% QoQ). The QoQ revenue decline was from the mobile business (68% of 3Q22E core service revenue) while the QoQ rise in expenses stemmed from marketing campaigns (promotion of bundled packages, including those with the iPhone 14), electricity bills, and network expansion (i.e. network opex and depreciation expenses).

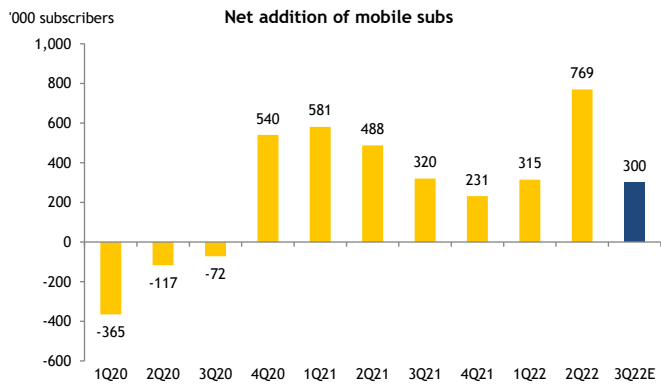
We forecast 3Q22 mobile revenue at THB19.7b (-0.2% YoY, -1.0% QoQ). The QoQ decline stemmed from: i) high inflation rates of 6-8% during the quarter (weak purchasing power likely led to lower prepaid top-ups); and ii) fierce price competition. We forecast TRUE added only 300k mobile subscribers in 3Q22, down from net additions of 320k sub in 3Q21 and THB769k subs in 2Q22, due to the weak economy and lower number of outbound tourists. We forecast mobile ARPU of THB187/month (-9.0% YoY, -2.3% QoQ).

Fig 1: We expect record loss of THB3.1b in 3Q22E

THB m	3Q21	4Q21	1Q22	2Q22	3Q22E	YoY	QoQ
Revenue from mobile unit	19,759	19,888	19,676	19,927	19,728	-0.2%	-1.0%
Revenue from broadband Internet	7,479	7,517	7,318	7,254	7,254	-3.0%	0.0%
Revenue from pay-TV unit	2,406	2,464	2,378	2,231	2,231	-7.3%	0.0%
Intersegment elimination and other revenue	(3,457)	(3,316)	(3,469)	(3,421)	(3,398)	-1.7%	-0.7%
Service revenue ex. IC	26,187	26,553	25,903	25,991	25,815	-1.4%	-0.7%
IC revenue	404	397	321	326	326	-19.3%	0.0%
Service revenue	26,591	26,950	26,224	26,317	26,141	-1.7%	-0.7%
Product sale	3,234	11,374	5,772	4,594	5,145	59.1%	12.0%
Network rental income	3,141	3,142	3,142	3,143	3,143	0.1%	0.0%
Total revenue	32,966	41,466	35,138	34,054	34,429	4.4%	1.1%
Regulatory cost	(771)	(741)	(625)	(659)	(639)	-17.2%	-3.1%
Cost of providing services ex. IC	(9,444)	(9,571)	(9,919)	(9,831)	(10,047)	6.4%	2.2%
IC cost	(448)	(412)	(332)	(340)	(340)	-24.1%	0.0%
Cost of sales	(3,491)	(11,228)	(5,714)	(4,583)	(5,145)	47.4%	12.3%
SG&A exp	(4,446)	(4,859)	(4,474)	(4,722)	(4,816)	8.3%	2.0%
EBITDA	14,366	14,655	14,074	13,919	13,441	-6.4%	-3.4%
<i>EBITDA margin</i>	<i>43.6%</i>	<i>35.3%</i>	<i>40.1%</i>	<i>40.9%</i>	<i>39.0%</i>	<i>-10.4%</i>	<i>-4.5%</i>
D&A exp	(11,428)	(12,088)	(12,117)	(12,496)	(12,600)	10.3%	0.8%
Operating profit	2,938	2,567	1,957	1,423	841	-71.4%	-40.9%
Interest exp	(4,791)	(4,859)	(4,740)	(4,781)	(4,881)	1.9%	2.1%
Tax charge	(47)	(44)	(225)	(50)	(50)	6.4%	0.0%
Share of profit from associates	888	1,041	818	1,140	808	-9.0%	-29.1%
Other income (exp)	163	1,442	995	1,415	150	-8.0%	-89.4%
MI	-28	-7	-30	-17	0	-100.0%	na
FX gain loss	218	-99	-452	75	-200	-191.7%	-366.7%
Core net profit	(821)	(1,288)	(1,875)	(2,351)	(3,132)	281.4%	33.2%
Non-recurring item	190	1,343	258	1,590	(200)	-205.3%	-112.6%
Net profit to shareholders of the company	(631)	55	(1,617)	(761)	(3,332)	428.0%	337.8%
Profitability ratios							
Gross margin - service revenue ex. IC	61.0%	61.2%	59.3%	59.6%	58.6%		
SG&A to revenue	-13.5%	-11.7%	-12.7%	-13.9%	-14.0%		
Core net margin	-2.5%	-3.1%	-5.3%	-6.9%	-9.1%		
Net margin	-2.4%	0.2%	-6.2%	-2.9%	-12.7%		

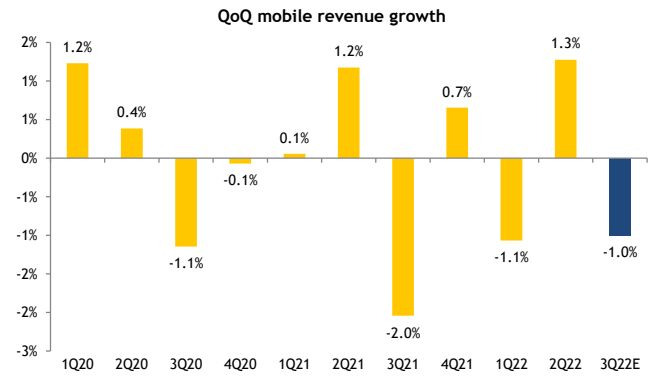
Source: Company, MST

Fig 2: Expect net addition of mobile subscribers to ease QoQ to 300k in 3Q22E



Source: Company, MST

Fig 3: Expect mobile revenue fell 1% QoQ in 3Q22E

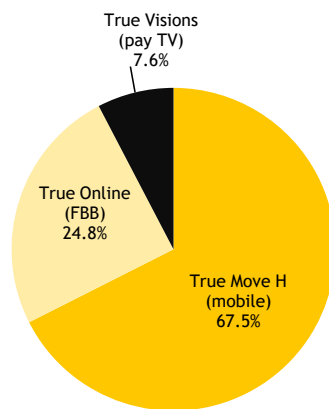


Source: Company, MST

1.1 Flat revenue for FBB and pay-TV businesses

We forecast 3Q22 fixed-broadband (FBB) revenue at THB7.2b (-3.0% YoY, +0.0% QoQ) or 24.8% of 3Q22E core service revenue. We expect the negative impact of FBB ARPU decline to offset the positive impact of 10k subscriber increase, resulting in flat FBB revenue QoQ. The pay-TV unit (7.6% of 3Q22E core service revenue) should also show flat revenue QoQ in 3Q22E as lower revenue from pay-TV subscription was offset by higher revenue from organising entertainment events.

Fig 4: Mobile was still the biggest revenue contributor in 3Q22E



Source: Company, MST

1.2 Market competition began to stabilise in 3Q22

Telecom operators stopped cutting prices of low-end prepaid plans in Jun 2022. One of the most popular prepaid packages has been 4mbps-speed unlimited data plan with free voice calls; this plan costs only THB150 for 30-day usage. In a bid to improve monetisation, ADVANC removed free voice call from the prepaid plan in most of the provinces in Aug, and DTAC followed suit. TRUE later removed free calls on the prepaid plans in Oct.

2. Still prefer DTAC (BUY, THB55.20 TP) over TRUE (HOLD, THB5.40 TP)

2.1 More price upside for DTAC

We expect merger approval by the NBTC board in Oct 2022; then, TRUE and DTAC could finally merge in 4Q22 or 1Q23. We prefer DTAC over TRUE thanks to: i) 22% upside to the TP (vs 6% for TRUE); and ii) 6% upside to the VTO price (vs 0% upside for TRUE). If the merger is approved, and TRUE and DTAC are willing to comply with the measures, the VTO should occur within the following 3-4 weeks. After the VTO, the final stages of amalgamation include joint shareholder meeting, registration of the New Co at the Ministry of Commerce, and SET listing.

Fig 5: Target prices of TRUE and DTAC are based on THB9.0/sh fair value of the New Co

	Number of New Co's shares received from swapping 1 existing share	Fair value of New Co (THB/sh)	Fair values of 1 existing share, based on fair value of New Co (THB/sh)	Probability of merger completion	TP (THB/sh)
DTAC	6.13444	9.00	55.20	100%	55.20
TRUE	0.60018	9.00	5.40	100%	5.40
			(1)	(2)	(1) x (2)

Source: Company, MST

Fig 6: DTAC offers higher upside to both the VTO price (5.5% upside) and post-merger fair value (22.0%)

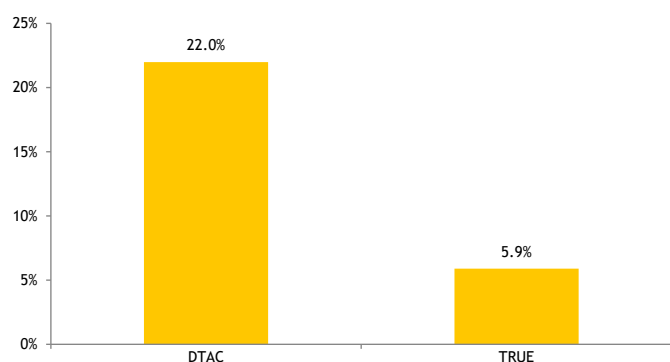
Unit: THB/sh	VTO price	Upside from mkt price	Post-merger fair value	Upside from mkt price	Mkt price
TRUE	5.09	-0.2%	5.40	5.9%	5.10
DTAC	47.76	5.5%	55.20	22.0%	45.25

Source: Company, MST

2.2 Buying DTAC shares is a cheaper way of owning New Co

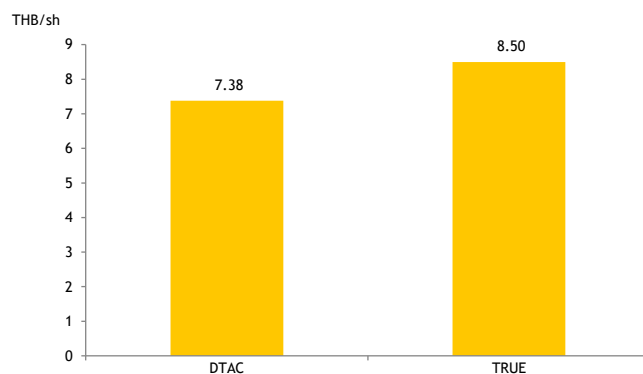
For shareholders of TRUE/DTAC who want to convert their shares into New Co's shares after the amalgamation receives regulatory approval, the swap ratios are 1 existing share of TRUE/DTAC can be swapped for 0.60/6.13 shares of the New Co. The swap ratios imply that buying DTAC at the market price of THB45.25/sh is equivalent to buying the New Co at THB7.38/sh while buying TRUE at the market price of THB5.10/sh is equivalent to buying the New Co at THB8.50/sh. This means DTAC is 13% cheaper than TRUE from the post-merger perspective.

Fig 7: DTAC offers more upside to target price than TRUE



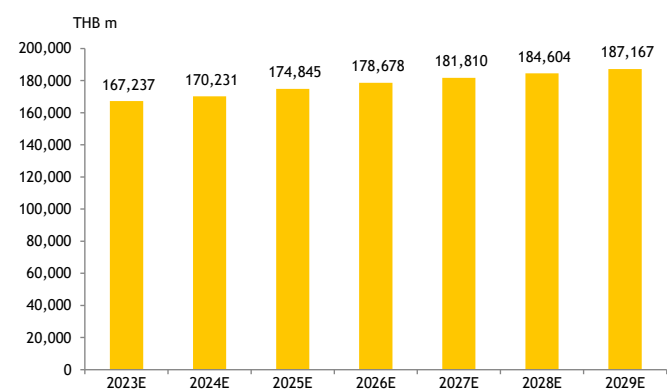
Source: Company, MST

Fig 8: The cost of owning the New Co shares via the purchases of DTAC is only THB7.38 per 1 New Co share, 13% cheaper than the TRUE option



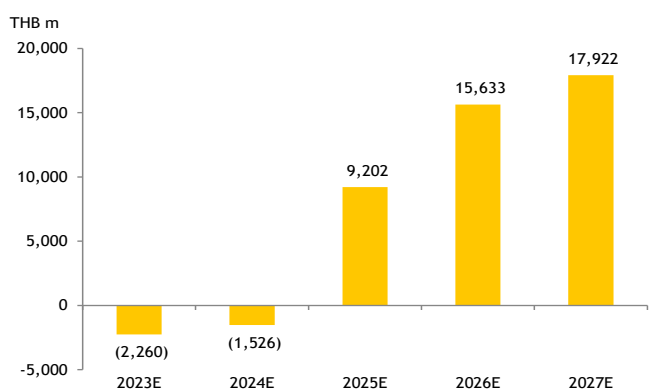
Source: Company, MST

Fig 9: New Co's core service revenue



Source: Company, MST

Fig 10: We expect New Co to turn profitable in FY25E



Source: Company, MST

2.3 New study shed another negative light on the merger

According to Bangkok Post (15 Oct), a recent study by SCF Associates, an international independent advisor, showed that TRUE-DTAC merger would make a hike in service fee more likely. The report, commissioned by the NBTC, also indicated that the Thai market could resemble the Philippines and Mexican markets, which suffered from “the lack of competition” and “high prices”.

Another negative view on the merger could lead the NBTC board to announce a series of harsh measures on the New Co on 20 Oct when the board will convene specifically for the consideration of TRUE-DTAC merger. TRUE and DTAC would then have to negotiate with the NBTC to settle their differences on such measures, making merger completion more likely to occur in 1Q23 than 4Q22. In the worst-case scenario, the NBTC board rejects the merger; in this case, we estimate standalone for DTAC and TRUE at THB34.10/sh and THB4.0/sh, respectively.

Fig 11: Based on our synergy forecasts, we estimate fair value of New Co at THB9.0/sh, which translates to THB55.20 TP for DTAC and THB5.40 TP for TRUE

Period	1	2	3	4	5	6	6
VALUATION OF NEW CO (Unit: THB m)	2024E	2025E	2026E	2027E	2028E	2029E	
Combined FCFF	4,190	15,311	20,366	23,166	22,604	24,905	
DTAC	906	361	2,545	2,884	4,564	4,966	
TRUE	3,284	14,949	17,821	20,283	18,040	19,939	
Opex saving (excluding D&A expenses) - after tax	-	4,914	9,829	9,829	9,829	9,829	
Network capex saving - after tax	-	8,041	7,890	7,745	7,620	7,601	
Revenue synergies from cross selling - after tax	-	349	356	363	368	373	
Integration costs - after tax	(2,724)	-	-	-	-	-	
Combined FCFF after cost synergies	1,466	28,615	38,441	41,103	40,421	42,709	Terminal value
Present value of FCFF	1,364	24,752	30,926	30,755	28,129	27,643	510,789
Sum of PV of FCFF	654,358						
Net debt at end-FY23E	343,487						
Equity value	310,871						
# of shares (million shares)	34,552						
Valuation for the merged co (THB/share)	9.00						
Swap ratio for DTAC shares	1 DTAC share for	6.13	shares of merged co				
TP for DTAC (THB/share)	55.20						
DTAC's market price	45.25						
Upside/(downside) to target price	22.0%						
Swap ratio for TRUE shares	1 TRUE share for	0.60	shares of merged co				
TP for TRUE (THB/share)	5.40						
TRUE's market price	5.10						
Upside/(downside) to target price	5.9%						
WACC	7.5%						
Terminal growth rate	2.0%						

Source: Company, MST

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
P/E (reported) (x)	108.0	nm	nm	nm	nm
Core P/E (x)	nm	nm	nm	nm	nm
P/BV (x)	1.3	2.0	2.3	2.6	2.9
P/NTA (x)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net dividend yield (%)	2.0	1.5	1.4	1.4	1.4
FCF yield (%)	10.3	6.4	11.4	12.4	18.0
EV/EBITDA (x)	7.9	8.5	8.8	8.7	8.6
EV/EBIT (x)	39.2	39.5	61.1	50.9	45.2
INCOME STATEMENT (THB m)					
Revenue	138,213.0	143,655.0	143,948.0	147,617.0	150,389.0
EBITDA	52,654.0	57,760.0	58,515.7	60,754.6	62,569.6
Depreciation	(42,008.0)	(45,347.0)	(50,114.1)	(50,359.1)	(50,632.5)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	10,646.0	12,413.0	8,401.6	10,395.4	11,937.0
Net interest income / (exp)	(18,058.0)	(19,200.0)	(19,992.9)	(20,114.6)	(19,972.4)
Associates & JV	4,153.0	3,676.0	3,810.9	3,297.6	3,330.6
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	4,203.0	1,743.0	1,683.7	480.0	480.0
Pretax profit	944.0	(1,368.0)	(6,096.7)	(5,941.6)	(4,224.8)
Income tax	(19.0)	(154.0)	0.0	0.0	0.0
Minorities	123.0	94.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	1,048.0	(1,428.0)	(6,096.7)	(5,941.6)	(4,224.8)
Core net profit	(3,132.2)	(2,967.0)	(7,611.3)	(5,941.6)	(4,224.8)
BALANCE SHEET (THB m)					
Cash & Short Term Investments	24,330.3	21,963.5	24,209.5	20,647.8	13,581.5
Accounts receivable	44,918.6	51,797.2	51,902.8	53,225.7	54,225.2
Inventory	4,508.2	1,373.7	1,310.4	1,369.7	1,403.7
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	231,894.1	245,337.1	240,563.7	241,607.7	242,789.2
Intangible assets	142,742.6	138,485.0	153,320.2	149,483.3	141,612.3
Investment in Associates & JVs	23,213.3	24,493.8	16,924.1	17,030.3	17,154.2
Other assets	145,940.7	141,464.2	135,317.5	133,630.0	128,524.9
Total assets	617,547.9	624,914.6	623,548.2	616,994.5	599,291.0
ST interest bearing debt	64,507.7	65,312.0	65,312.0	65,312.0	65,312.0
Accounts payable	90,276.6	92,665.6	89,096.2	92,131.3	91,674.5
LT interest bearing debt	158,491.5	192,196.1	215,000.0	235,000.0	245,000.0
Other liabilities	218,655.0	192,923.0	180,754.0	159,443.0	138,757.0
Total Liabilities	531,930.8	543,096.5	550,162.6	551,886.3	540,743.3
Shareholders Equity	85,089.1	81,361.9	72,929.5	64,652.1	58,091.6
Minority Interest	528.0	456.1	456.1	456.1	456.1
Total shareholder equity	85,617.1	81,818.0	73,385.6	65,108.2	58,547.7
Total liabilities and equity	617,547.9	624,914.6	623,548.2	616,994.5	599,291.0
CASH FLOW (THB m)					
Pretax profit	944.0	(1,368.0)	(6,096.7)	(5,941.6)	(4,224.8)
Depreciation & amortisation	42,008.0	45,347.0	50,114.1	50,359.1	50,632.5
Adj net interest (income)/exp	15,366.0	15,953.3	16,895.2	17,395.3	17,685.5
Change in working capital	(8,443.5)	(10,636.7)	(2,823.2)	(8,293.7)	(4,502.8)
Cash taxes paid	(1,993.6)	(2,590.5)	0.0	0.0	0.0
Other operating cash flow	4,514.2	2,184.3	0.0	0.0	0.0
Cash flow from operations	52,656.0	51,009.8	55,340.6	52,097.9	57,703.7
Capex	(40,821.0)	(40,821.0)	(36,000.0)	(31,000.0)	(27,000.0)
Free cash flow	11,835.0	10,188.8	19,340.6	21,097.9	30,703.7
Dividends paid	(3,003.1)	(2,333.9)	(2,335.8)	(2,335.8)	(2,335.8)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	17,522.2	34,050.7	22,803.9	20,000.0	10,000.0
Other invest/financing cash flow	(51,446.0)	(44,286.4)	(37,562.8)	(42,323.7)	(45,434.3)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	(25,092.0)	(2,380.8)	2,246.0	(3,561.6)	(7,066.3)

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth ratios (%)					
Revenue growth	(1.9)	3.9	0.2	2.5	1.9
EBITDA growth	55.6	9.7	1.3	3.8	3.0
EBIT growth	49.9	16.6	(32.3)	23.7	14.8
Pretax growth	(87.9)	nm	nm	nm	nm
Reported net profit growth	(81.4)	nm	nm	nm	nm
Core net profit growth	nm	nm	nm	nm	nm
Profitability ratios (%)					
EBITDA margin	38.1	40.2	40.7	41.2	41.6
EBIT margin	7.7	8.6	5.8	7.0	7.9
Pretax profit margin	0.7	nm	nm	nm	nm
Payout ratio	222.9	nm	nm	nm	nm
DuPont analysis					
Net profit margin (%)	0.8	nm	nm	nm	nm
Revenue/Assets (x)	0.2	0.2	0.2	0.2	0.3
Assets/Equity (x)	7.3	7.7	8.6	9.5	10.3
ROAE (%)	1.0	(1.7)	(7.9)	(8.6)	(6.9)
ROAA (%)	(0.5)	(0.5)	(1.2)	(1.0)	(0.7)
Liquidity & Efficiency					
Cash conversion cycle	(173.9)	(181.0)	(167.5)	(164.0)	(165.3)
Days receivable outstanding	120.5	121.2	129.7	128.2	128.6
Days inventory outstanding	21.1	10.0	4.5	4.4	4.5
Days payables outstanding	315.5	312.2	301.6	296.6	298.4
Dividend cover (x)	0.4	(0.6)	(2.6)	(2.5)	(1.8)
Current ratio (x)	0.6	0.6	0.6	0.6	0.6
Leverage & Expense Analysis					
Asset/Liability (x)	1.2	1.2	1.1	1.1	1.1
Net gearing (%) (incl perps)	232.0	287.9	349.0	429.5	506.8
Net gearing (%) (excl. perps)	232.0	287.9	349.0	429.5	506.8
Net interest cover (x)	0.6	0.6	0.4	0.5	0.6
Debt/EBITDA (x)	4.2	4.5	4.8	4.9	5.0
Capex/revenue (%)	29.5	28.4	25.0	21.0	18.0
Net debt/ (net cash)	198,668.8	235,544.6	256,102.6	279,664.2	296,730.5

Source: Company; Maybank IBG Research

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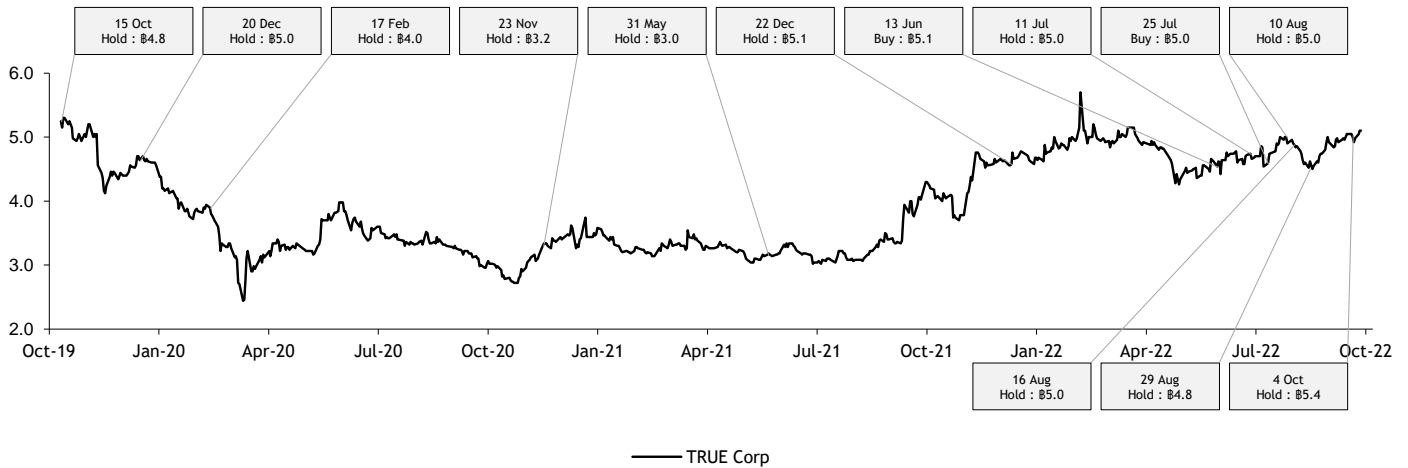
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Historical recommendations and target price: TRUE Corp (TRUE TB)



Definition of Ratings

Maybank IBG Research uses the following rating system

BUY	Return is expected to be above 10% in the next 12 months (including dividends)
HOLD	Return is expected to be between 0% to 10% in the next 12 months (including dividends)
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Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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