

Advanced Info Service (ADVANC TB)

Healthy revenue and profit growth in 4Q22E

Robust revenue and cost controls to support 4Q

We forecast 4Q22 core net profit of THB6.5b, up 4.2% QoQ thanks to 2.0% revenue growth and a 1.1% drop in SG&A. Mobile revenue, 87.5% of 4Q22E core service revenue, should rise by 1.5% QoQ on healthy postpaid revenue growth. ADVANC is due to report its 4Q22 results on 9 Feb 2023. Reiterate BUY with an unchanged TP of THB240 (7.6% WACC, 2.0% LTG); ADVANC remains our Top Pick for the sector.

Expect 4Q22E core net profit of THB6.5b (+4.2% QoQ)

We forecast 4Q22 core net profit of THB6.5b (-3.8% YoY, +4.2% QoQ) on the back of THB33.8b core service revenue (+1.1% YoY, +2.0% QoQ). We expect a 4.2% QoQ increase in 4Q22E core profit to be supported by 2.0% revenue growth and 1.1% decrease in SG&A (a drop in admin expenses outweighing an increase in marketing expenses). We forecast mobile/FBB/other revenue to rise by 1.5%/2.0%/11.0% QoQ.

Healthy postpaid revenue to support mobile business

We forecast 4Q22 mobile revenue of THB29.5b (-0.2% YoY, +1.5% QoQ); the QoQ growth should stem from an increase in postpaid revenue (rising 5G adoption) and the deceleration of prepaid revenue decrease (more migrant workers and tourists coming to Thailand). There has also been an upselling effort in the prepaid segment where ADVANC has cut the benefits of low-end plans (<THB150 for 30-day usage) and increased the attractiveness of more expensive data plans (>THB200 for 30-day usage).

Raise FY22E core profit by 1.8%; reiterate BUY

Taking into account the 4Q22E preview, we raise FY22E core net profit by 1.8%, thanks to a 1.5% drop in SG&A, while maintaining FY23E core net profit at THB27.8b (+9.5% YoY). We maintain BUY on ADVANC with an unchanged DCF-based TP of THB240. Potential re-rating catalyst is easing mobile competition (likely in late-2Q22E or 3Q22E). Key risk is higher-than-expected inflation rate (vs our house view of 3.0% inflation in FY23E).

FYE Dec (THB m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	172,889	181,333	184,265	211,590	217,682
EBITDA	89,553	91,554	87,875	98,709	101,052
Core net profit	27,432	27,038	25,419	27,829	28,692
Core EPS (THB)	9.23	9.09	8.55	9.36	9.65
Core EPS growth (%)	(14.8)	(1.4)	(6.0)	9.5	3.1
Net DPS (THB)	6.92	7.69	6.93	7.49	7.72
Core P/E (x)	19.1	25.3	22.5	20.5	19.9
P/BV (x)	6.9	8.4	6.6	6.2	5.8
Net dividend yield (%)	3.9	3.3	3.6	3.9	4.0
ROAE (%)	37.9	34.2	30.3	31.1	30.2
ROAA (%)	8.6	7.7	7.1	7.5	7.8
EV/EBITDA (x)	7.4	8.8	7.7	6.8	6.3
Net gearing (%) (incl perps)	105.2	91.8	68.9	72.0	47.1
Consensus net profit	-	-	26,299	29,611	32,569
MKE vs. Consensus (%)	-	-	(2.9)	(6.0)	(11.9)

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BUY

Share Price THB 192.00
12m Price Target THB 240.00 (+29%)
Previous Price Target THB 240.00

Company Description

ADVANC is No.1 mobile operator with 46.3% mobile revenue market share in 2021. Its 5G network had 76% population coverage at end-4Q21.

Statistics

52w high/low (THB)	240.00/184.50
3m avg turnover (USDm)	32.7
Free float (%)	34.1
Issued shares (m)	2,974
Market capitalisation	THB571.0B USD16.4B

Major shareholders:

Intouch Holdings	40.4%
Singtel Strategic Investments	23.3%
Thai NVDR	8.2%

Price Performance



	-1M	-3M	-12M
Absolute (%)	2	(3)	(14)
Relative to index (%)	1	(4)	(14)

Source: FactSet

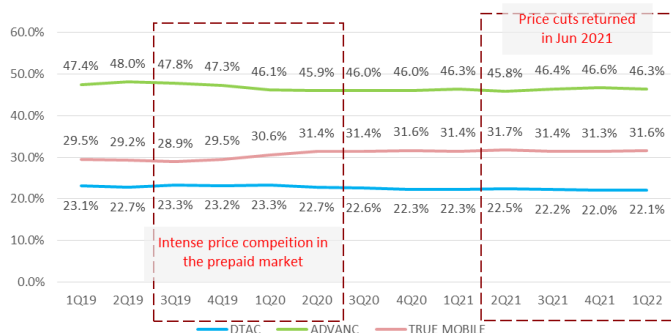
Terms defined

FBB - fixed broadband

Value Proposition

- ADVANC was the first provider of mobile phone services in Thailand. Two players joined the market, but ADVANC has maintained its lead in the market. It is the largest player in terms of subscriber base and for now it's leading in the introduction of 5G services.
- ADVANC has been moving to diversify its revenue by growing fixed broadband (FBB) & Enterprise Business/Other services. By FY23E, it aims to reduce mobile revenue contribution to 60-70% of total from over 90%.
- Cost of services is gradually falling, but declining ARPU is dragging down ROIC.

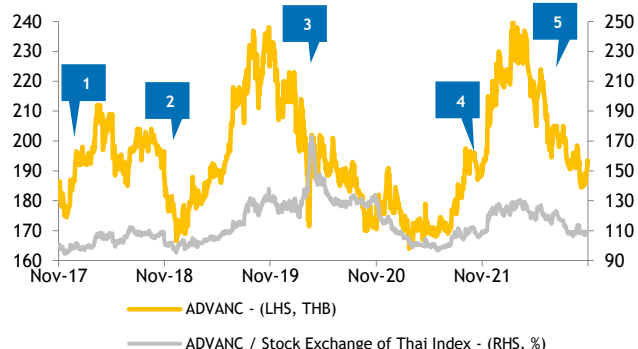
Quarterly mobile revenue market share



Source: Company

Price Drivers

Historical share price trend



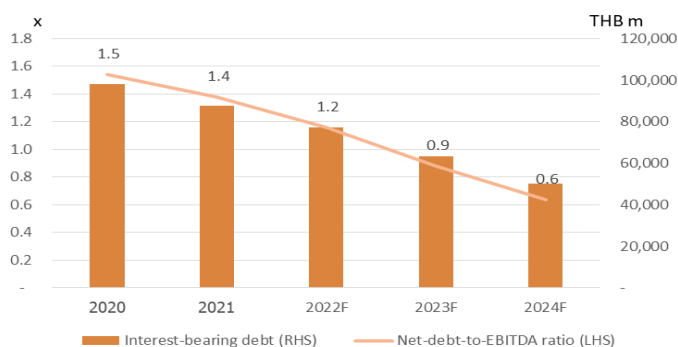
Source: Company, MST

- Share price started to recover from disappointment of high 4G spectrum costs.
- The share price still tanked due to weak market sentiment amid rising interest rates.
- Low-end fixed-speed unlimited data plans in the prepaid market started emerging causing ARPU and revenue to suffer.
- In Nov 2021, TRUE and DTAC announced their plan to merge. Investors expected ADVANC to benefit from easing competition.
- Inflation rates soared after the Russia-Ukraine war had broken out in Feb 2022, leading the consensus to downgrade earnings forecasts.

Financial Metrics

- ADVANC has the cleanest balance sheet among the three telcos with only 1.5x net-debt-to-EBITDA ratio (TFRS16 accounting) at end-FY21 (vs TRUE's 6.4x and DTAC's 2.6x).
- Barring substantial investment projects, we forecast ADVANC to be free of interest-bearing debt by FY27E.
- The clean balance sheet has allowed the company to raise its DPR from 75.0% in FY20 to 84.9% in FY21.
- It also had the highest EBITDA margin of 49.2% in FY21 (vs TRUE's 40.2% and DTAC's 36.0%).
- The company also had the highest ROE of 34.2% in FY21 (vs TRUE's -1.7% and DTAC's 15.1%).

ADVANC's interest-bearing debt is declining



Source: Company

Swing Factors

Upside

- Easing mobile competition (i.e. increases in price of fixed-speed unlimited data plans).
- Inflation recedes and consumer purchasing power improves as the Russia-Ukraine war ends.
- Joint ventures in data centre and digital lending businesses.
- Stronger-than-expected non-mobile enterprise revenue.

Downside

- Recession.
- Slower-than-expected recovery in tourist arrivals in 2H22.

Risk Rating & Score ¹	20.3 Medium Risk
Score Momentum ²	0.0
Last Updated	1 Jul 2022
Controversy Score ³ (Updated: 8 Aug 2022)	None - no evidence of controversies

Business Model & Industry Issues

- Mobile service is an enabler of many economic activities, including e-commerce, mobile banking, mobile money, cloud services, IoT solutions and more. Digital innovations have high priority in its materiality matrix. However, mobile service is also an enabler of activities that can cause social problems and social ills, such as gambling, pornography and cyberbullying. Data privacy and cyber security is the second highest priority in its materiality matrix.
- The entry of 5G services promises new revenue streams if scalable user cases are found. But it can also scale up potential social risk, especially on vice. Social responsibility will take on more meaning beyond CSR projects such as donations and freebies etc. As the industry leader, ADVANC must take a lead in setting the best practice in cyber wellness and online safety.
- Mobile phone service providers are neither direct major polluters nor highly extractive on natural resources. The important environmental issues to address are the indirect consequence of mounting e-waste as well as the health hazard posed by the EMS, especially amid increasing density of telco towers and base stations. However, as these all involve equipment manufacturers and vendors, these matters are ranked low in its materiality matrix.

Material E issues

- By adopting multiple energy-efficient technologies in the management of base stations nationwide, ADVANC reduced indirect GHG emissions from electricity consumption by 18,743 tCO₂e in 2021. This was partly supported by the installation of additional solar panels at 2,744 base stations.
- By 2023, ADVANC aims to have reduced GHG emissions intensity, as calculated by the ratio of direct and indirect emissions to data traffic by 90% compared to the baseline in 2015. It also aims to increase renewable energy usage to 5% of total energy consumption.
- In 2021, waste from ADVANC's operation dropped by 67%. In addition, the operator collected 160k pieces of e-waste and reduced paper usage thanks to 8.4m e-bill accounts. In 2023, ADVANC aims to collect 360k units of obsolete mobile and related electronic waster from proper recycling and reduce non-recyclable e-waste from ADVANC to 5% of total waste from 35 in 2018.

Material S issues

- ADVANC retained 85% of the talent pool and had 85% of the staff in critical roles to undergo new ability training in digital technology in 2021.
- As of end-2021, ADVANC's 5G network covered 76% of Thailand's population. The operator aims to raise the population coverage to 85% by the end of 2022.
- ADVANC's key strength lies in its innovative digital-inclusion projects, including: i) AIS Academy; ii) Aor Sor Mor Online application; and iii) AIS 5G Battling Covid-19. The HR department launched AIS Academy as internal training platform in 2015 before extending the offering to all Thai citizens from 2018 onwards. In 2020, AIS Academy launched an online learning platform called "LearnDi anywhere", which offered free courses in business, technology and finance, among other topics.

Key G metrics and issues

- The 11-member board has two women. Of all board members, 36% were non-executive directors, and 91% were independent directors. Total monetary remuneration for the chairman of the board, independent directors, and non-executive directors totalling 6 people was THB26.8m.
- ADVANC's auditor for the past five years has been Deloitte Touche Tohmatsu Jaiyos Audit.
- For data security ADVANC has received certifications from: 1) ISO27001 Information Security Mgt Systems since 2015; 2) CSA STAR (Cloud Security Alliance) Self-Assessment since 2016; and 3) PCI DSS (Payment Card Industry Data Security Standard) since 2017.
- In May 2020, ADVANC's 8.3b records related to customers' internet usage were leaked. After a week of data leakage, ADVANC confirmed that it owned the data and apologised for the security lapse. We believe the data breach could be related to the rise in complaints regarding loss of customer data from 171-178 complaints in FY18-19 to 583 complaints in FY20.
- In 2019, the Digital Quotient Promotion programme was rolled out. This measures the digital proficiency of 8-12 years old using metrics recommended by WEF, OECD and IEEE and applied in 110 countries. In 2019 the first year of the rollout the programme was implemented in 24 schools with 3,100 students participating.
- The AIS Secure Net (network protector programme), which was launched in 2019, assists customers at risk of cyber threats. In 2021, there were 131,195 users of the service. Like other operators, ADVANC has several disputes pending from the concessionary era covering 1990-2018. Losing any of the cases could have a negative impact on the enterprise.

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).

Quantitative Parameters (Score: 31)						
	Particulars	Unit	2019	2020	2021	TRUE TB (2021)
E	Scope 1	tCO2e	11,177	11,196	8,931	10,566
	Scope 2	tCO2e	604,230	685,687	636,390	326,623
	Total	tCO2e	615,407	696,883	645,321	337,189
	Scope 3	tCO2e	NA	NA	NA	370
	Total	tCO2e	NA	NA	NA	337,559
	Scope 1 & 2 emission intensity	tCO2e/TB	0.020	0.015	0.010	2.80
	Green energy share of usage	%	0.9%	1.0%	1.6%	2.8%
	Power usage effectiveness (PUE) at data centres	%	1.61	1.56	1.510	NA
	% of waste reused, recycled, or sold	%	14.1%	65.0%	80.3%	13%
	Green building certified	m sqft	0.23	0.23	0.23	NA
S	% of women in workforce	%	60.0%	60.0%	60.5%	60%
	% of women in management roles	%	52.7%	50.4%	50.1%	46.8%
	Average training hours per employee	number	48.0	37.0	32.0	37.7
	Number of data breach, leak, theft	number	-	1	-	-
G	Top 4 employees' payout as % of net profit	%	0.2%	0.3%	0.4%	NA
	Directors' payout as % of net profit	%	0.1%	0.1%	0.1%	0.2%
	Independent directors on board	%	36%	36%	36%	31%
	Women directors on board	%	9%	9%	18%	6%
	Shareholder payouts (dividend payout ratio)	%	70.0%	75.0%	84.9%	NA

Qualitative Parameters (Score: 67)						
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee? <i>Yes, ADVANC has a Sustainable Development Committee (SDC) that defines policy and strategy and ensures that the implementation of sustainability development policy and strategy meets the target.</i>						
b) Is the senior management salary linked to fulfilling ESG targets? <i>No.</i>						
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting? <i>Yes</i>						
e) Has the company been involved in controversies which have impacted their management/stock price performance <i>Yes, there were two incidents of data leaks in 2018 (1-day share price decrease of 1.8%) and 2022 (1-day share price decrease of 4.2%). Also, ADVANC share price dropped by 5.1% on 30 Jan 2020 after the company lost a lawsuit case against National Telecom (THB31.1b claim against ADVANC) at Arbitration Institute; ADVANC appealed the order at the Central Admin Court in Apr 2020, and the case is still active.</i>						
f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company? <i>1. increase network's energy efficiency through the analysis of data usage, 2. increase utilization of renewable energy (i.e. solar panels at base stations), and 3. reduce non-recyclable E-waste from AIS services and operations.</i>						
g) Does carbon offset form part of the net zero/carbon neutrality target of the company? <i>Yes</i>						

Target (Score: 100)		
Particulars	Target	Achieved
Generate THB150m revenue from digital innovations by 2024	150	102
Reduce GHG emissions intensity (tCO2e/TB) by 90% in 2023 compared to the baseline in 2015	90%	89%
Increase renewable energy usage to 5% of total energy consumption by 2023	5.0%	1.2%
Collect 360,00 units of obsolete mobile and related electronic waste for recycling in 2023	360,000	160,924
Reduce non-recyclable E-waste from services and operations to 3% in 2023	3%	0.0%
Improve the wellbeing of 700,000 people through digital platform and collaboration by 2023	700,000	459,950
Protect 290,000 Thai users from cyber threats in 2023 (users of AIS Secure Net and AIS Fibre Secure)	290,000	142,016
Impact		
NA		
Overall Score: 57		
As per our ESG matrix, Advanced Info Service (ADVANC TB) has overall score of 57.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	31	16
Qualitative	25%	67	17
Target	25%	100	25
Total			57

As per our ESG assessment, ADVANC has an established framework, internal policies, and tangible mid/long-term targets, but it has some challenges on the controversies (litigations and data leaks). ADVANC's overall ESG score is 57, which makes its ESG rating above average in our view (average ESG rating = 50).

1. Expect healthy QoQ core profit growth

1.1 We forecast THB6.5b core profit (+4.2% QoQ)

We forecast 4Q22 net profit of THB6.9b (+0.2% YoY, +14.0% QoQ). Excluding FX gain, 4Q22E core net profit should be THB6.5b (-3.8% YoY, +4.2% QoQ) on the back of THB33.8b core service revenue (+1.1% YoY, +2.0% QoQ). We expect a 4.2% QoQ increase in 4Q22E core profit, highest core profit growth since 4Q20, to be supported by 2.0% revenue growth and 1.1% decrease in SG&A expenses (a decrease in admin expenses outweighing an increase in marketing expenses). We forecast mobile/FBB/other revenue to rise by 1.5%/2.0%/11.0% QoQ.

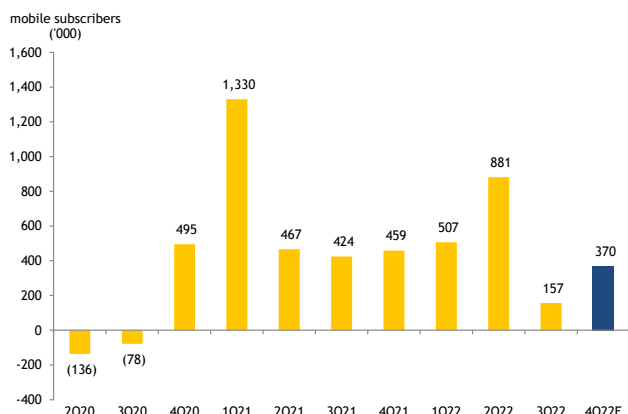
On the YoY basis, we expect 4Q22E core net profit (-3.8% YoY) to be hurt by 11.0% increase in network opex (network expansion and higher electricity costs).

Fig 1: We forecast ADVANC to generate 4Q22E core net profit of THB6.5b (-3.8% YoY, +4.2% QoQ) on the back of THB29.5b core service revenue (-0.2% YoY, +1.5% QoQ)

Unit: THB m	4Q21	3Q22	4Q22E	% YoY	% QoQ	2021	2022E	% YoY	9M22 as % of FY22E
MBB revenue	29,591	29,107	29,544	-0.2%	1.5%	117,244	116,715	-0.5%	74.7%
FBB revenue	2,290	2,541	2,592	13.2%	2.0%	8,436	10,057	19.2%	74.2%
Others	1,515	1,481	1,644	8.5%	11.0%	5,291	6,199	17.2%	73.5%
Service revenue ex. IC	33,396	33,129	33,779	1.1%	2.0%	130,971	132,970	1.5%	74.6%
IC and equipment rental revenue	3,374	3,171	3,171	-6.0%	0.0%	13,820	12,775	-7.6%	75.2%
Service revenue	36,770	36,300	36,950	0.5%	1.8%	144,791	145,745	0.7%	74.6%
Handset sale	13,568	9,934	10,530	-22.4%	6.0%	36,542	38,520	5.4%	72.7%
Total revenue	50,338	46,234	47,480	-5.7%	2.7%	181,333	184,265	1.6%	74.2%
Regulatory cost	-1,258	-1,380	-1,396	11.0%	1.2%	-5,320	-5,507	3.5%	74.7%
Network opex	-4,808	-5,156	-5,336	11.0%	3.5%	-19,128	-20,133	5.3%	73.5%
Cost of sale	-35,123	-31,696	-32,646	-7.1%	3.0%	-121,453	-125,419	3.3%	74.0%
SG&A	-5,821	-5,633	-5,572	-4.3%	-1.1%	-21,700	-22,432	3.4%	75.2%
S&M exp	-1,725	-1,821	-1,912	10.8%	5.0%	-6,035	-7,064	17.1%	72.9%
GA exp	-4,096	-3,812	-3,660	-10.7%	-4.0%	-15,665	-15,368	-1.9%	76.2%
EBITDA	22,934	21,958	23,085	0.7%	5.1%	78,710	89,398	13.6%	74.6%
Normalised EBITDA margin	45.6%	47.5%	48.6%	6.7%	2.4%	50.4%	47.6%	-5.6%	102.4%
D&A exp	13,546	13,222	13,222	-2.4%	0.0%	37,229	51,842	39.3%	76.7%
Operating profit	9,394	8,905	9,263	-1.4%	4.0%	38,180	36,415	-4.6%	74.6%
Other income (exp)	195	62	100	-48.7%	61.3%	986	562	-43.0%	82.2%
Interest exp	-1,366	-1,294	-1,268	-7.2%	-2.0%	-5,626	-5,205	-7.5%	75.6%
Tax charge	-1,522	-1,410	-1,719	12.9%	21.9%	-5,970	-6,139	2.8%	72.0%
Core net profit	6,733	6,217	6,476	-3.8%	4.2%	27,038	25,419	-6.0%	74.5%
Net profit	6,863	6,032	6,876	0.2%	14.0%	26,922	25,525	-5.2%	73.1%
Profitability ratios									
Handset margin	0.8%	1.0%	0.8%			0.9%	0.8%		
EBITDA margin	45.6%	47.5%	48.6%			50.4%	47.6%		
SG&A to revenue	-17.4%	-17.0%	-16.5%			-16.6%	-16.9%		
Effective tax rate	-18.1%	-18.9%	-20.0%			-18.1%	-19.4%		
NPM	13.6%	13.0%	14.5%			14.8%	13.9%		
Core net margin (% of total revenue)	13.4%	13.4%	13.6%			14.9%	13.8%		

Source: Company, MST

Fig 2: We expect net additions of 370k mobile subscribers in 4Q22E (vs 459k in 4Q21 and 157k in 3Q22)



Source: Company, MST

Fig 3: We expect QoQ mobile revenue growth of 1.5% in 4Q22E



Source: Company, MST

1.2 Healthy postpaid revenue to support mobile business

We forecast 4Q22 mobile revenue of THB29.5b (-0.2% YoY, +1.5% QoQ); the QoQ growth should stem from an increase in postpaid revenue (strong 5G adoption in 3Q-4Q22E) and the deceleration of prepaid revenue decrease (increases in migrant and tourist SIM cards). We expect ADVANC to add 370k mobile subscribers in 4Q22E (vs 459k in 4Q21 and 157k in 3Q22).

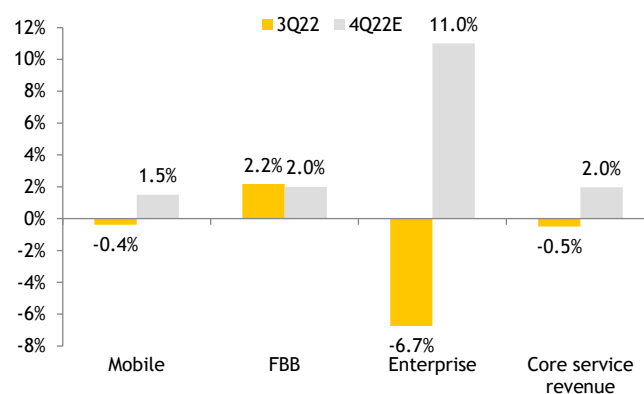
There has also been upselling effort in the prepaid segment where ADVANC has cut the benefits of low-end plans (<THB150 for 30-day usage) and increased the attractiveness of more expensive data plans (>THB200 for 30-day usage). For example, THB150 unlimited data plans with 4mbps internet speed no longer have free voice calls since Oct 2022; if a prepaid customer is willing to pay THB200 for an unlimited data plan, the customer can obtain 15mbps download speed and free voice calls to ADVANC’s customers.

Fig 4: For prepaid unlimited data plans (30-day usage), a 33.3% increase in price (from THB150 to THB200) leads to an 2.8x increase in internet speed (from 4mbps to 15mbps)

Price of prepaid unlimited data plans	Fixed internet speed	Free voice calls
THB150	4mbps	NO
THB200	15mbps	YES

Source: Company, MST

Fig 5: 4Q22E revenue growth of 2.0% QoQ should be supported by all three business segments

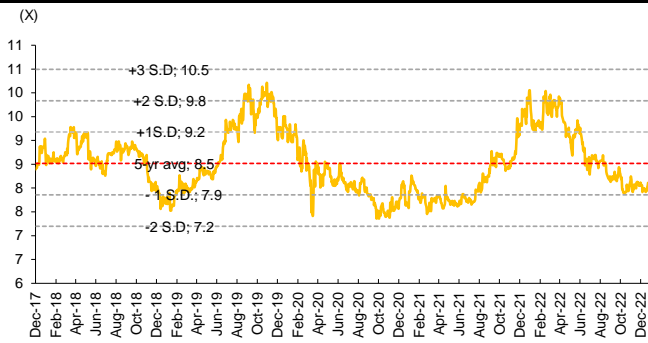


Source: Company, MST

1.3 Leading the way in easing FBB competition

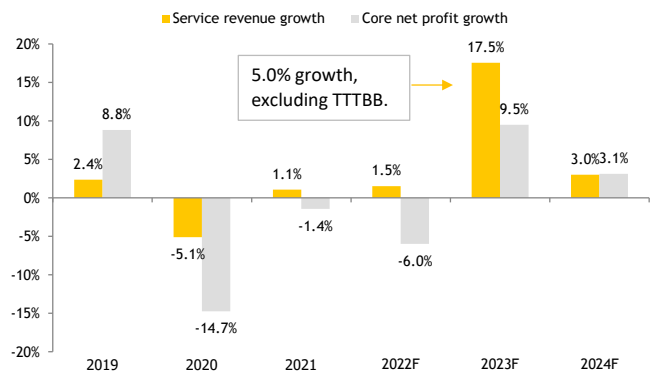
We forecast 4Q22E FBB revenue of THB2.6b (+13.2% YoY, +2.0% QoQ); FBB revenue should be 7.7% of 4Q22E core service revenue. In 4Q22E, ADVANC became the first operator to start phasing out low-end FBB offerings (THB249-299/month) as it tries to stabilise FBB ARPU; the entry-level FBB packages on ADVANC’s website is THB599/month with 500mbps/500mbps of download/upload speeds.

Fig 6: ADVANC is trading at 8.1x FY23E EV/EBITDA, 4.9% below 5-year mean of 8.5x



Source: Company, MST

Fig 7: We forecast FY23E core net profit growth of 9.5%



Source: Company, MST

Fig 8: We raise FY22E core net profit by 1.8% thanks to i) 0.3% increase in core service revenue and ii) 1.5% decrease in SG&A expenses

Unit: THB m	Actual	New			Previous			% change		
	2021A	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Mobile subscriber (m)	44.1	46.0	46.5	46.7	46.1	46.5	46.7	-0.1%	0.0%	0.0%
Mobile ARPU (THB/sub/month)	226	216	218	223	215	218	223	0.3%	0.0%	0.0%
FBB subscriber (m)	1.8	2.2	4.7	4.8	2.2	4.7	4.8	0.0%	0.0%	0.0%
FBB ARPU (THB/sub/month)	454	423	511	511	423	511	511	0.0%	0.0%	0.0%
Service revenue ex. IC (THB m)	130,971	132,970	156,305	161,000	132,594	156,375	161,000	0.3%	0.0%	0.0%
% y-o-y	1.1%	101.1%	201.1%	301.1%	1.2%	17.9%	3.0%	8055.5%	1021.1%	10079.4%
Mobile revenue	117,244	116,715	120,881	124,612	116,482	120,952	124,612	0.2%	-0.1%	0.0%
FBB revenue	8,436	10,057	28,763	29,194	10,057	28,763	29,194	0.0%	0.0%	0.0%
Other revenue	5,291	6,199	6,661	7,193	6,055	6,661	7,193	2.4%	0.0%	0.0%
Total revenue	181,333	184,265	211,590	217,682	185,594	211,662	217,682	-0.7%	0.0%	0.0%
EBITDA (THB m)	91,410	87,732	98,566	100,909	88,872	98,621	100,909	-1.3%	-0.1%	0.0%
EBITDA margin %	50.4%	47.6%	46.6%	46.4%	47.9%	46.6%	46.4%	-0.6%	0.0%	0.0%
Core net profit (THB m)	27,038	25,419	27,829	28,692	24,971	27,873	28,692	1.8%	-0.2%	0.0%
Net profit (THB m)	26,922	25,525	27,829	28,692	24,677	27,873	28,692	3.4%	-0.2%	0.0%
Core EPS (THB)	9.09	8.55	9.36	9.65	8.40	9.37	9.65	1.8%	-0.2%	0.0%
EPS (THB)	9.05	8.58	9.36	9.65	8.30	9.37	9.65	3.4%	-0.2%	0.0%
DPS (THB)	7.69	6.93	7.49	7.72	6.81	7.50	7.72	1.7%	-0.2%	0.0%
Network capex (cash, THB m)	25,786	30,000	29,000	29,000	30,000	29,000	29,000	0.0%	0.0%	0.0%
Licence capex (THB m)	19,509	11,039	14,528	15,689	11,039	14,528	15,689	0.0%	0.0%	0.0%
Net debt to EBITDA (x)	0.82	0.68	0.67	0.46	0.68	0.68	0.46	0.6%	-0.6%	-0.9%
ROIC (%)	17.2%	17.3%	17.5%	19.9%	17.1%	17.6%	19.9%	1.7%	-0.2%	-0.1%

Source: Company, MST

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
P/E (reported) (x)	20.6	20.2	22.4	20.5	19.9
Core P/E (x)	19.1	25.3	22.5	20.5	19.9
P/BV (x)	6.9	8.4	6.6	6.2	5.8
P/NTA (x)	6.9	8.4	6.6	6.2	5.8
Net dividend yield (%)	3.9	3.3	3.6	3.9	4.0
FCF yield (%)	5.9	5.9	8.3	9.7	9.0
EV/EBITDA (x)	7.4	8.8	7.7	6.8	6.3
EV/EBIT (x)	17.5	21.2	18.5	17.7	16.5
INCOME STATEMENT (THB m)					
Revenue	172,889.0	181,332.9	184,265.4	211,589.8	217,681.8
EBITDA	89,553.0	91,554.0	87,875.0	98,709.5	101,052.1
Depreciation	(51,842.0)	(53,374.0)	(51,460.1)	(60,950.5)	(62,381.4)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	37,711.0	38,180.0	36,414.9	37,759.0	38,670.8
Net interest income / (exp)	(5,917.0)	(5,626.0)	(5,205.1)	(5,558.7)	(5,457.8)
Associates & JV	10.0	0.0	10.0	1,718.5	1,785.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	722.0	340.0	444.0	560.0	560.0
Pretax profit	32,526.0	32,894.0	31,663.8	34,478.8	35,557.9
Income tax	(5,089.0)	(5,970.0)	(6,139.0)	(6,649.8)	(6,865.6)
Minorities	(3.0)	(2.0)	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	27,434.0	26,922.0	25,524.8	27,829.0	28,692.3
Core net profit	27,432.0	27,038.1	25,419.2	27,829.0	28,692.3
BALANCE SHEET (THB m)					
Cash & Short Term Investments	18,420.8	12,739.3	12,358.1	14,053.0	14,929.3
Accounts receivable	17,781.2	16,552.3	16,820.0	19,314.2	19,870.2
Inventory	2,372.1	2,104.3	2,220.8	2,408.6	2,509.1
Property, Plant & Equip (net)	122,518.0	117,844.0	121,339.0	149,353.7	144,555.9
Intangible assets	120,223.8	142,639.0	152,384.5	138,705.9	125,027.4
Investment in Associates & JVs	830.6	982.9	982.9	14,177.8	14,463.4
Other assets	68,024.8	63,360.0	52,518.9	44,490.8	34,829.8
Total assets	350,171.2	356,221.7	358,624.0	382,504.0	356,185.2
ST interest bearing debt	18,748.4	14,131.7	24,131.7	23,131.7	20,131.7
Accounts payable	40,570.7	45,055.4	46,268.8	54,864.6	56,503.6
LT interest bearing debt	79,301.2	73,696.6	48,000.0	57,420.0	41,000.0
Other liabilities	135,862.0	141,514.0	153,472.0	154,788.0	140,494.0
Total Liabilities	274,481.9	274,397.2	271,872.3	290,203.9	258,129.2
Shareholders Equity	75,564.0	81,698.8	86,626.0	92,191.8	97,930.2
Minority Interest	125.4	125.8	125.8	125.8	125.8
Total shareholder equity	75,689.3	81,824.5	86,751.7	92,317.5	98,056.0
Total liabilities and equity	350,171.2	356,221.7	358,624.0	382,521.5	356,185.2
CASH FLOW (THB m)					
Pretax profit	32,526.0	32,894.0	31,663.8	34,478.8	35,557.9
Depreciation & amortisation	51,842.0	53,374.0	51,460.1	60,950.5	62,381.4
Adj net interest (income)/exp	5,917.0	5,626.0	5,205.1	5,558.7	5,457.8
Change in working capital	(88.1)	(1,034.3)	3,340.6	5,983.7	953.5
Cash taxes paid	(5,089.0)	(5,970.0)	(6,139.0)	(6,649.8)	(6,865.6)
Other operating cash flow	421.8	441.5	2,931.3	(1,177.8)	(1,211.0)
Cash flow from operations	85,529.8	85,331.2	88,462.0	99,144.1	96,274.0
Capex	(27,947.8)	(25,786.1)	(30,000.0)	(29,000.0)	(29,000.0)
Free cash flow	30,746.9	40,035.9	47,422.8	55,616.4	51,585.4
Dividends paid	(20,218.8)	(21,204.1)	(22,869.5)	(21,469.2)	(22,608.6)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	(8,781.2)	(22,103.3)	(27,935.0)	(4,185.6)	(32,403.8)
Other invest/financing cash flow	(29,797.9)	(21,919.2)	(8,038.7)	(29,874.4)	(11,385.4)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	(1,215.9)	(5,681.5)	(381.2)	14,614.9	876.3

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth ratios (%)					
Revenue growth	(4.4)	4.9	1.6	14.8	2.9
EBITDA growth	14.3	2.2	(4.0)	12.3	2.4
EBIT growth	(8.3)	1.2	(4.6)	3.7	2.4
Pretax growth	(13.0)	1.1	(3.7)	8.9	3.1
Reported net profit growth	(12.0)	(1.9)	(5.2)	9.0	3.1
Core net profit growth	(14.8)	(1.4)	(6.0)	9.5	3.1
Profitability ratios (%)					
EBITDA margin	51.8	50.5	47.7	46.7	46.4
EBIT margin	21.8	21.1	19.8	17.8	17.8
Pretax profit margin	18.8	18.1	17.2	16.3	16.3
Payout ratio	75.0	84.9	80.7	80.0	80.0
DuPont analysis					
Net profit margin (%)	15.9	14.8	13.9	13.2	13.2
Revenue/Assets (x)	0.5	0.5	0.5	0.6	0.6
Assets/Equity (x)	4.6	4.4	4.1	4.1	3.6
ROAE (%)	37.9	34.2	30.3	31.1	30.2
ROAA (%)	8.6	7.7	7.1	7.5	7.8
Liquidity & Efficiency					
Cash conversion cycle	(83.8)	(86.2)	(92.3)	(86.1)	(92.7)
Days receivable outstanding	37.6	34.1	32.6	30.7	32.4
Days inventory outstanding	11.7	6.6	6.2	5.6	5.8
Days payables outstanding	133.1	126.9	131.1	122.4	130.9
Dividend cover (x)	1.3	1.2	1.2	1.2	1.3
Current ratio (x)	0.4	0.4	0.3	0.3	0.3
Leverage & Expense Analysis					
Asset/Liability (x)	1.3	1.3	1.3	1.3	1.4
Net gearing (%) (incl perps)	105.2	91.8	68.9	72.0	47.1
Net gearing (%) (excl. perps)	105.2	91.8	68.9	72.0	47.1
Net interest cover (x)	6.4	6.8	7.0	6.8	7.1
Debt/EBITDA (x)	1.1	1.0	0.8	0.8	0.6
Capex/revenue (%)	16.2	14.2	16.3	13.7	13.3
Net debt/ (net cash)	79,628.8	75,089.0	59,773.6	66,498.7	46,202.4

Source: Company; Maybank IBG Research

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Malaysia

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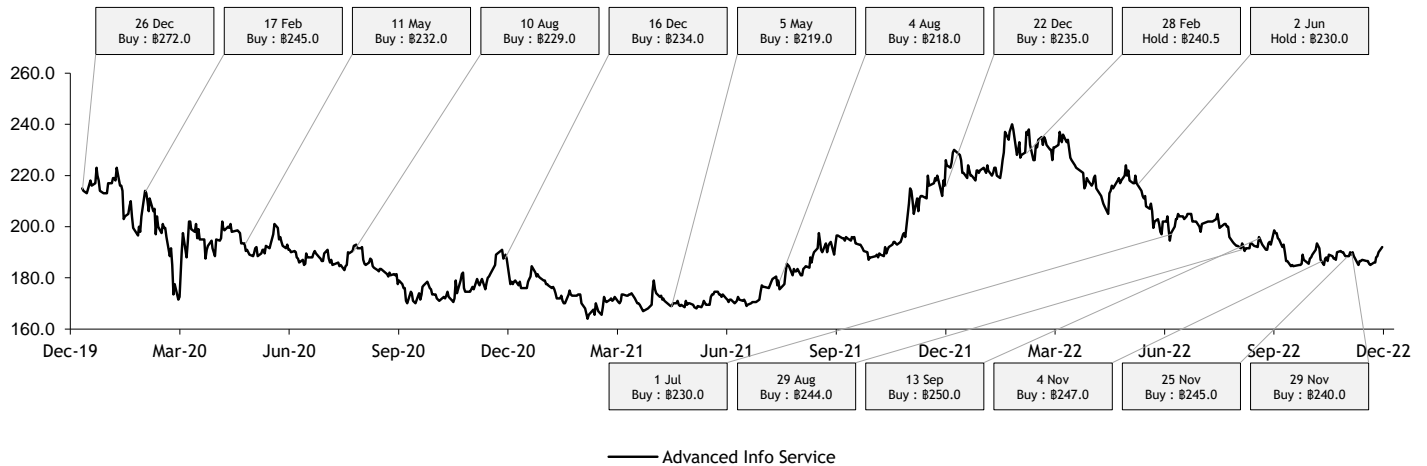
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