

Advanced Info Service

(ADVANC.BK/ADVANC TB)*

Outperform • Maintained

Price as of Nov 6, 2020	174.00
12M target price (Bt/shr)	219.00
Unchanged/Revised up(down)(%)	(9.1)
Upside/downside (%)	25.9

Key messages

เพื่อสะท้อนถึงผลประกอบการงวด 9M63 และเป้าหมายของบริษัท เราจึงปรับลดประมาณการกำไรสุทธิปี 2563-64 ลงจากเดิม 0.7% - 5.3% เหลือ 2.72 หมื่นล้านบาท (-12% YoY) ในปี 2563 และเหลือ 2.62 หมื่นล้านบาทในปี 2564 (-4% YoY) เราปรับลดราคาเป้าหมายปี 25464 ลงจากเดิมที่ 241.00 บาท เหลือ 219.00 บาท (ใช้ DCF WACC 7.6%) เรายังคงคำแนะนำซื้อ ADVANC เนื่องจาก i) ผลประกอบการแข็งแกร่งกว่าหุ้นอื่นในกลุ่ม และ ii) คาดว่าอัตราผลตอบแทนจากเงินปันผลปี 2563-64 จะอยู่ที่ 3.6% และ 3.5% ตามลำดับ

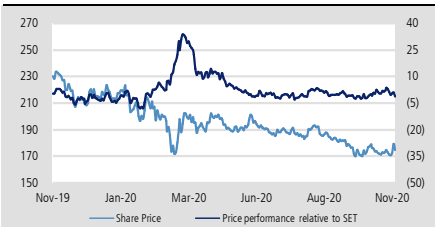
Trading data

Mkt cap (Btbn/US\$m)	518.9/12,972		
Outstanding shares (mn)	2,973		
Foreign ownership (mn)	1,051		
3M avg. daily trading (mn)	5		
52-week trading range (Bt)	156.50 – 236.00		
Performance (%)	3M	6M	12M
Absolute	-7.9	-9.8	-24.8
Relative	-3.2	-9.3	-2.1

Quarterly EPS

	Bt	1Q	2Q	3Q	4Q
2018	2.70	2.69	2.29	2.35	
2019	2.55	2.61	2.96	2.38	
2020	2.27	2.35	2.19	NA	

Share price chart



Source: SET

Piyathida Sonthisombat
66.2658.8888 Ext.8852
piyathidas@kgi.co.th

คาดการณ์การเติบโตของกำไรใน 4Q63

Event

ประชุมออนไลน์สำหรับผลประกอบการงวด 3Q63 และการปรับประมาณการกำไรปี 2563-64 ลง

Impact

บริษัทปรับลดเป้าหมายได้ค่าบริการปี 2563 ลงจากเดิม

ถึงแม้ ADVANC จะเชื่อว่ารายได้จากธุรกิจมือถือ (ธุรกิจหลัก) จะดีขึ้นใน 4Q63 จากแรงหนุนของปัจจัยฤดูกาล แต่บริษัทก็ต้องปรับลดเป้าหมายรายได้จากธุรกิจบริการหลักในปีนี้ลงจากเดิมที่คาดว่าจะลดลงได้ในระดับเลขตัวเดียวตัว ๆ มาเป็นลดลงในระดับเลขตัวเดียวตัวกลาง เป็นเพราะรายได้ของ ADVANC ใน 9M63 ลดลงมาอยู่ที่ 9.75 หมื่นล้านบาท (-4% YoY) ตามรายได้จากบริการมือถือลดลง 6% YoY เหลือ 8.91 หมื่นล้านบาท ตามฐานลูกค้าที่ลดลง และ ARPU ที่หดตัวลง ในขณะที่รายได้จากบริการบรอดแบนด์เพิ่มขึ้นถึง 25% YoY เป็น 5.1 พันล้านบาท

ต้นทุนเพิ่มขึ้นจะกดดันกำไรปี 2564 ในขณะที่คาดว่ารายได้จะโตเล็กน้อย

เราเชื่อว่าปัจจัยฤดูกาล และการเปิดตัวไอโฟน 12 จะช่วยหนุนให้กำไรโต QoQ ใน 4Q63 อย่างไรก็ตามเรากังวลต่อแนวโน้ม ARPU ของธุรกิจมือถือที่ยังชะลอตัวลง โดยเฉพาะ ARPU ของบริการแบบรายเดือนที่ชะลอตัวเกินคาดใน 3Q63 ถึงแม้ว่า ADVANC จะปรับขึ้นราคาขึ้นสำหรับบริการเน็ตไม่โอเคความเร็วคงที่ แต่เชื่อว่าแพคเกจราคาต่ำก็ยังคงมีอยู่ต่อเนื่องและจะกด ARPU ของบริการแบบรายเดือนต่อไปอีกในปีหน้า ยิ่งไปกว่านั้นรายได้จากบริการ 5จี ที่เปิดตัวมาตั้งแต่เดือนตุลาคม 2563 ก็ยังไม่มากเพราะยังอยู่ในช่วงเริ่มต้น และยังไม่พอที่จะชดเชยต้นทุนคลื่นใหม่ที่เพิ่มขึ้นซึ่งจะเริ่มรับรู้ในปี 2564 (700 MHz และ 26GHz)

ปรับลดประมาณการกำไรลงเพื่อสะท้อนถึงผลประกอบการงวด 9M63 และเป้าหมายของบริษัท

เพื่อสะท้อนถึงผลประกอบการงวด 9M63 และเป้าหมายของบริษัท เราจึงปรับลดประมาณการกำไรสุทธิปี 2563-64 ลง โดย i) ปรับลดประมาณการรายได้ปี 2563-64 ลง 0.1% และ 1.5% ตามลำดับ พร้อมทั้งปรับลดประมาณการรายได้จากบริการมือถือลง แต่ปรับเพิ่มประมาณการรายได้ขึ้นขึ้น ii) ปรับลดประมาณการต้นทุนปี 2563-64 ลงปีละ 0.7% จากการปรับลดประมาณการต้นทุนค่าบริการ และ iii) ปรับลดประมาณการ CAPEX ปี 2563 ลงจากเดิม 4 หมื่นล้านบาท เหลือ 3.5 หมื่นล้านบาท แต่คงประมาณการของปี 2564 เอาไว้เท่าเดิมที่ 3 หมื่นล้านบาท ทั้งนี้หลังจากปรับสมมติฐานข้างต้นแล้ว ทำให้ประมาณการกำไรหลักปี 2563-64 ของเราลดลงจากเดิม 0.7% - 6.6% เหลือ 2.72 หมื่นล้านบาทในปี 2563 และ 2.62 หมื่นล้านบาทในปี 2564

Valuation & Action

เมื่ออิงตามประมาณการใหม่ เราปรับลดราคาเป้าหมาย DCF ปี 25464 ลงจากเดิมที่ 241.00 บาท เหลือ 219.00 บาท (ใช้ WACC ที่ 7.6%) เรายังคงคำแนะนำซื้อ ADVANC เนื่องจากผลประกอบการแข็งแกร่งกว่าหุ้นอื่นในกลุ่ม และคาดว่าอัตราผลตอบแทนจากเงินปันผลปี 2563-64 จะอยู่ที่ 3.6% และ 3.5% ตามลำดับ

Risks

รายได้ต่ำเกินคาด และการแข่งขันรุนแรงมากขึ้น

Key financials and valuations

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (Btmn)	169,856	180,894	171,640	174,249	179,311
Gross Profit (Btmn)	66,400	68,994	61,801	58,356	60,916
EBIT (Btmn)	40,784	42,178	37,507	34,033	34,946
Net Profit (Btmn)	29,682	31,190	26,969	26,225	26,962
Normalized Profit (Btmn)	29,564	31,064	27,230	26,225	26,962
EPS (Bt)	9.98	10.49	9.07	8.82	9.07
DPS (Bt)	7.08	7.34	6.35	6.17	6.35
EPS growth (%)	(1.3)	5.1	(13.5)	(2.8)	2.8
P/E (x)	17.3	20.3	19.2	19.7	19.2
P/B (x)	8.9	9.1	6.8	6.2	5.6
EV/EBITDA (x)	8.4	9.1	6.8	6.5	6.2
Net debt/Equity (x)	1.7	1.1	1.0	0.6	0.4
Dividend yield (%)	4.1	3.4	3.6	3.5	3.6
Return on Average Equity (%)	54.9	49.1	37.1	32.8	30.6

Source: Company data, KGI Research

Figure 1: ADVANC's quarterly earnings

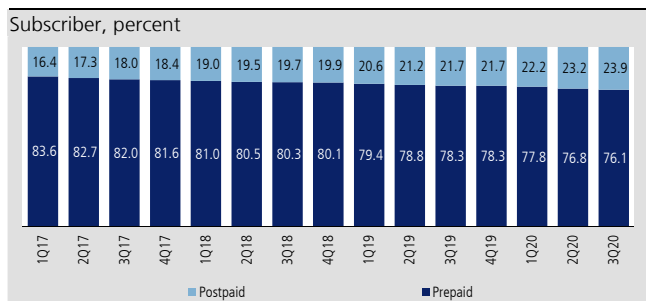
Bt mn	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	Change		9M20	9M19	Change
								% QoQ	% YoY			
Revenue	43,261	44,082	44,733	48,818	42,845	42,256	41,715	(1.3)	(6.7)	126,817	132,076	(4.0)
1.Service revenue	33,044	34,505	34,461	34,562	33,090	32,285	32,130	(0.5)	(6.8)	97,505	102,010	(4.4)
-Mobile services	30,678	32,042	31,851	31,770	30,334	29,536	29,197	(1.1)	(8.3)	89,067	94,571	(5.8)
-Fixed broadband services	1,288	1,380	1,409	1,579	1,640	1,683	1,785	6.1	26.7	5,108	4,077	25.3
-Other services	1,078	1,083	1,201	1,213	1,116	1,066	1,148	7.7	(4.4)	3,330	3,362	(1.0)
2.IC and rental revenue	2,995	2,841	4,278	3,443	3,290	3,439	3,494	1.6	(18.3)	10,223	10,114	1.1
3.Handset sales	7,222	6,736	5,994	10,813	6,465	6,532	6,091	(6.7)	1.6	19,089	19,952	(4.3)
Cost of sales and service	(26,976)	(26,879)	(26,637)	(31,409)	(26,757)	(26,768)	(26,528)	(0.9)	(0.4)	(80,052)	(80,491)	(0.5)
Cost of services	(19,817)	(20,170)	(20,748)	(20,753)	(20,338)	(20,396)	(20,364)	(0.2)	(1.9)	(61,098)	(60,735)	0.6
-Regulatory costs	(1,403)	(1,462)	(1,467)	(1,459)	(1,409)	(1,281)	(1,355)	5.8	(7.6)	(4,045)	(4,332)	(6.6)
-D&A	(8,691)	(8,896)	(9,410)	(9,600)	(12,586)	(12,484)	(12,545)	0.5	33.3	(37,615)	(26,997)	39.3
-Network OPEX	(7,371)	(7,320)	(7,416)	(7,293)	(4,253)	(4,683)	(4,551)	(2.8)	(38.6)	(13,487)	(22,107)	(39.0)
-Other costs of services	(2,352)	(2,492)	(2,455)	(2,401)	(2,090)	(1,948)	(1,913)	(1.8)	(22.1)	(5,951)	(7,299)	(18.5)
Cost of sales	(7,159)	(6,709)	(5,889)	(10,656)	(6,419)	(6,372)	(6,164)	(3.3)	4.7	(18,954)	(19,756)	(4.1)
Gross Profit	16,286	17,203	18,096	17,409	16,089	15,489	15,188	(1.9)	(16.1)	46,765	51,585	(9.3)
SG&A	(6,262)	(7,048)	(6,331)	(8,100)	(6,273)	(6,026)	(6,006)	(0.3)	(5.1)	(18,305)	(19,641)	(6.8)
Net profit	7,570	7,754	8,800	7,065	6,756	7,001	6,513	(7.0)	(26.0)	20,270	24,125	(16.0)
Core profit	7,570	8,263	8,417	7,396	7,251	6,721	6,693	(0.4)	(20.5)	20,666	24,251	(14.8)

Source: Company data, KGI Research

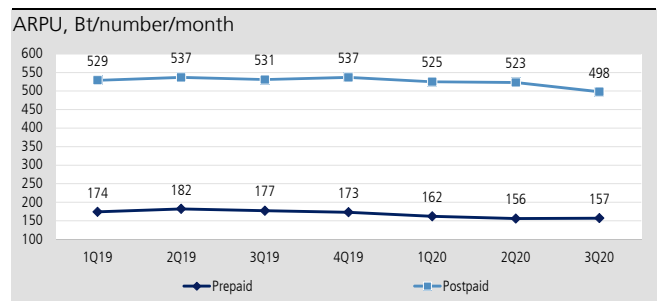
Figure 2: Operational statistics

Bt mn	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	Change	
								% QoQ	% YoY
Mobile									
Subscriber (Mn)	41.5	41.5	41.6	42.0	41.2	41.0	40.9	(0.2)	(1.5)
-Postpaid	8.5	8.8	9.0	9.1	9.1	9.5	9.8	2.5	8.6
-Prepaid	32.9	32.7	32.6	32.9	32.0	31.5	31.2	(1.0)	(4.3)
Net additional subscriber (Mn)	0.32	(0.03)	0.09	0.46	(0.86)	(0.14)	(0.08)	NM	NM
-Postpaid	0.35	0.25	0.21	0.11	0.03	0.40	0.24	(40.6)	12.9
-Prepaid	(0.03)	(0.28)	(0.11)	0.35	(0.89)	(0.53)	(0.31)	NM	NM
Blended ARPU (Bt)	246	256	254	252	242	239	237	(0.8)	(6.7)
-Postpaid	529	537	531	537	525	523	498	(4.8)	(6.2)
-Prepaid	174	182	179	173	162	156	157	0.6	(12.3)
Broadband									
Subscriber (Mn)	0.8	0.9	0.9	1.0	1.1	1.2	1.3	4.4	34.0
Net additional subscriber (Mn)	0.06	0.06	0.08	0.10	0.05	0.11	0.05	(52.9)	(35.2)
ARPU (Bt/subscriber/month)	563	558	549	533	514	489	484	(1.0)	(11.8)

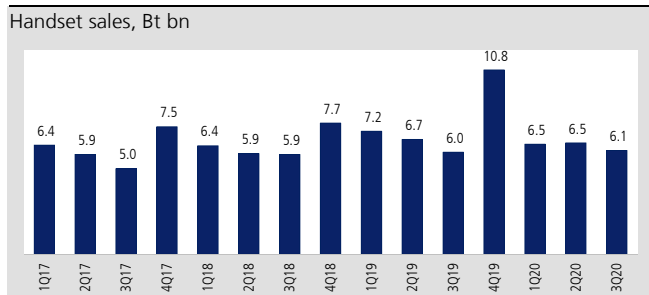
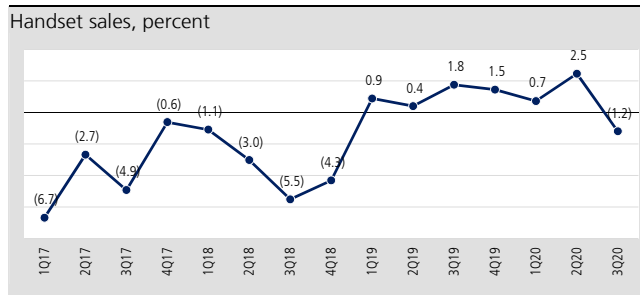
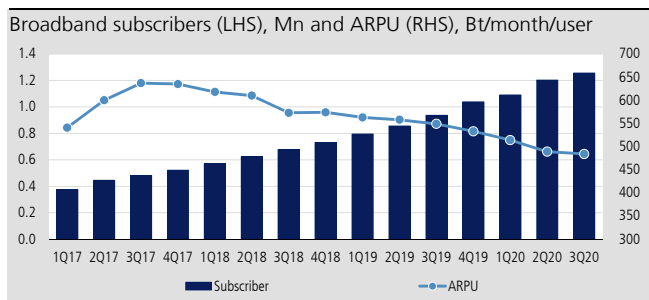
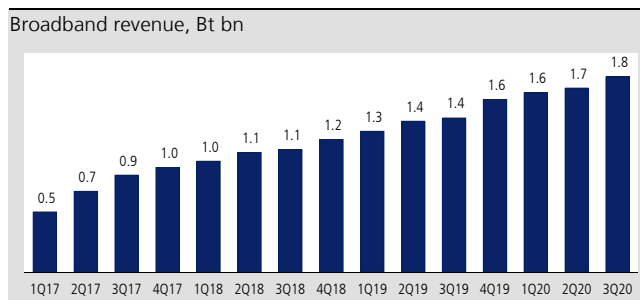
Source: Company data, KGI Research

Figure 3: Breakdown of mobile subscribers


Source: Company data

Figure 4: ARPU


Source: Company data

Figure 5: Handset sales

Source: Company data
Figure 6: Handset sales margin

Source: Company data
Figure 7: Broadband subscribers and ARPU

Source: Company data
Figure 8: Broadband revenue

Source: Company data
Figure 9: Expected service revenue in 4Q20

	Subscriber	ARPU	Revenue	
			QoQ	YoY
Mobile services	↓	↓	↑	↓
Fixed broadband services	↑	↓	↑	↑
Other services			○	○

Source: Company data, KGI Research
Figure 10: Financial highlights

Bt mn	2017A	2018A	2019A	2020F	2021F
Revenue					
Previous	157.7	169.9	180.9	171.8	176.9
Revised	157.7	169.9	180.9	171.6	174.2
Change (%)	-	-	-	(0.1)	(1.5)
Costs					
Previous	(92.3)	(103.5)	(111.9)	(110.6)	(116.8)
Revised	(92.3)	(103.5)	(111.9)	(109.8)	(115.9)
Change (%)	-	-	-	(0.7)	(0.7)
SG&A/Sales (%)					
Previous	(15.9)	(15.5)	(15.3)	(14.6)	(14.4)
Revised	(15.9)	(15.5)	(15.3)	(14.4)	(14.4)
Change (%)	-	-	-	0.1	0.0
Core profit					
Previous	29.9	29.6	31.1	27.4	27.7
Revised	29.9	29.6	31.1	27.2	26.2
Change (%)	-	-	-	(0.7)	(5.3)
Net profit					
Previous	30.1	29.7	31.2	26.9	27.7
Revised	30.1	29.7	31.2	27.0	26.2
Change (%)	-	-	-	0.1	(5.3)

Source: Company data, KGI Research
Figure 11: Key assumptions

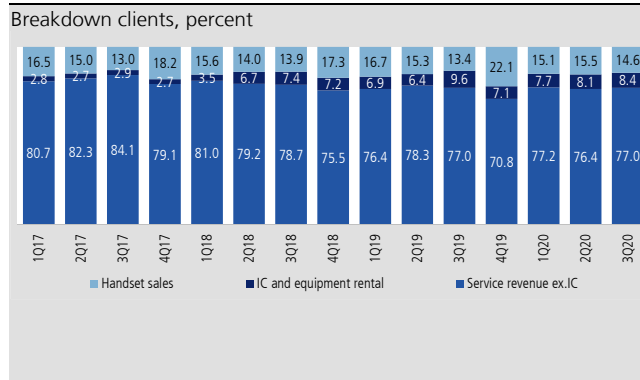
Bt mn	2020F		Changed %	2021F		Changed %
	Previous	Revised		Previous	Revised	
Revenue	171.8	171.6	(0.1)	176.9	174.2	(1.5)
Service revenue	145.7	143.5	(1.5)	149.8	145.0	(3.2)
-Mobile	121.5	118.4	(2.5)	124.6	118.6	(4.8)
-Broadband	6.7	6.9	3.4	7.5	7.9	4.9
-Other revenues	4.4	4.4	1.0	4.2	4.5	6.2
IC rental revenue	13.2	13.8	4.6	13.4	14.0	4.6
Handset sales	26.2	28.1	7.6	27.2	29.3	7.6
Costs	(110.6)	(109.8)	(0.7)	(116.8)	(115.9)	(0.7)
Costs of service	(84.7)	(82.0)	(3.3)	(89.8)	(86.9)	(3.3)
Costs of handset	(25.9)	(27.9)	7.6	(26.9)	(29.0)	7.6
SG&A (Btbn)	(25.0)	(24.8)	(1.1)	(25.5)	(25.1)	(1.8)
Clients (Mn.)	41.1	41.0	(0.4)	42.0	40.5	(3.7)
-Prepaid	31.6	31.0	(1.9)	31.5	29.5	(6.4)
-Postpaid	9.3	9.9	5.7	10.1	10.2	0.4
-Postpaid 5G	0.2	0.1	(50.2)	0.4	0.8	92.5
ARPU (Bt)	243	237	(2.5)	250	243	(2.8)
-Prepaid	161	158	(2.2)	158	154	(2.2)
-Postpaid	528	509	(3.5)	533	489	(8.3)
-Postpaid 5G	683	664	(2.7)	688	644	(6.4)
CAPEX	40,000	35,000	(12.5)	30,000	30,000	-

Source: KGI Research

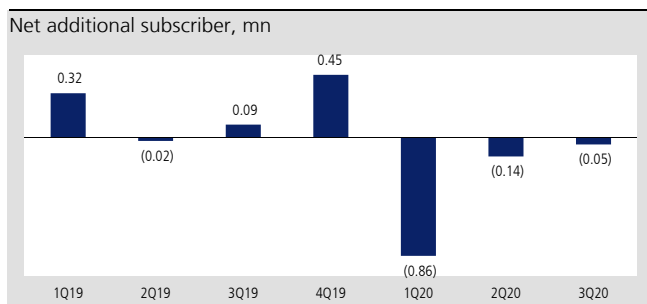
Figure 12: Company profile

Advanced Info Service (ADVANC) was founded in 1990. The company operated its mobile services under TOT Plc.'s concession that terminated in September 2015. Currently the company's subsidiary (AWN) provides both mobile services and fixed broadband services under the National Broadcasting and Telecommunication Commission (NBTC)'s licenses. By the end of 2019, the company had total customers of 42mn and 78% of them were prepaid subscribers. The company's core revenue in 2019 comes from service revenue, which represents 83% of total sales and services revenue. The major part of the service revenue came from mobile business at 84% while fixed broadband accounted for 4%.

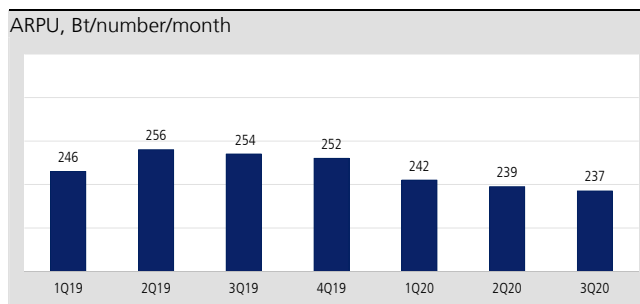
Source: Company data

Figure 13: Breakdown clients by type of payment


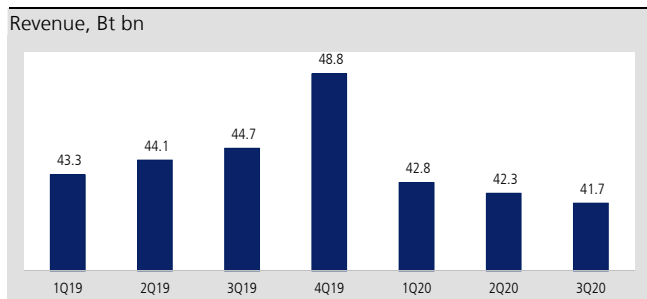
Source: Company data

Figure 14: Net additional subscribers


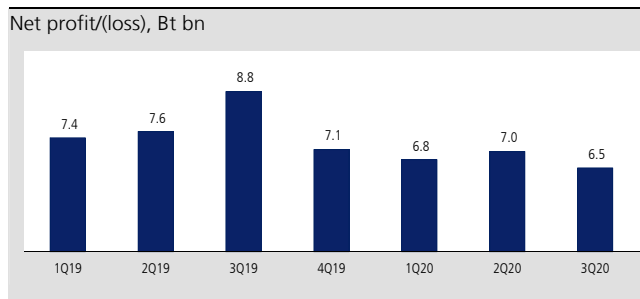
Source: Company data

Figure 15: Average Revenue Per User


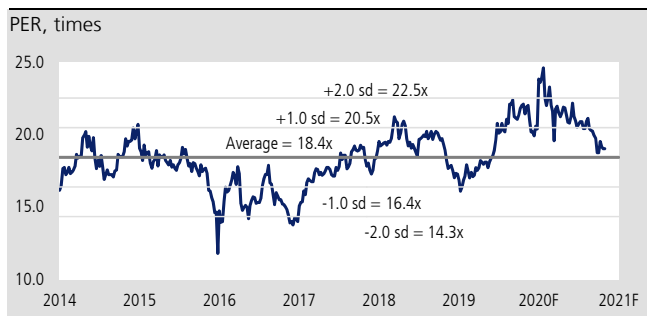
Source: Company data

Figure 16: Sales and service revenue


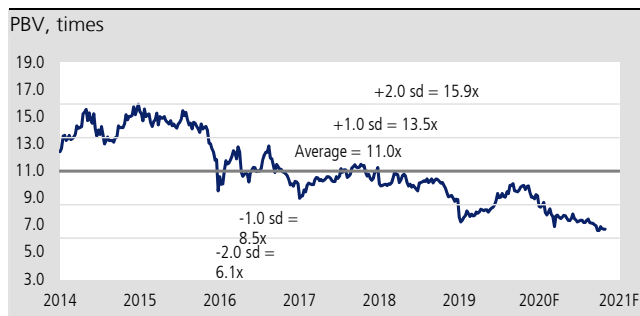
Source: Company data

Figure 17: Net profit/(loss)


Source: Company data

Figure 18: PER band


Source: KGI Research

Figure 19: PBV band


Source: KGI Research

Quarterly Income Statement

	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A
Income Statement (Bt mn)											
Revenue	40,933	42,228	42,110	44,584	43,262	44,081	44,733	48,818	42,845	42,256	41,715
Cost of Goods Sold	(23,718)	(25,299)	(26,023)	(28,414)	(26,976)	(26,879)	(26,637)	(31,408)	(26,757)	(26,767)	(26,528)
Gross Profit	17,215	16,929	16,087	16,170	16,286	17,202	18,096	17,410	16,088	15,489	15,187
Operating Expenses	(6,384)	(6,253)	(6,835)	(6,866)	(6,297)	(7,094)	(6,361)	(8,132)	(6,313)	(6,066)	(6,050)
Other incomes											
Operating Profit	10,831	10,675	9,251	9,304	9,989	10,108	11,735	9,277	9,775	9,423	9,138
Depreciation of fixed assets	(8,079)	(8,325)	(8,556)	(8,919)	(8,847)	(9,052)	(9,410)	(9,600)	(12,586)	(12,484)	(12,545)
Operating EBITDA	18,910	19,000	17,807	18,223	18,836	19,160	21,145	18,877	22,361	21,907	21,683
Non-Operating Income	308	262	205	333	339	414	163	283	319	534	220
Interest Income	48	42	36	38	45	42	49	62	92	103	72
Other Non-op Income	260	220	169	295	294	372	114	221	227	431	147
Non-Operating Expenses	(1,421)	(1,290)	(1,277)	(1,288)	(1,217)	(1,194)	(1,238)	(1,171)	(1,995)	(1,546)	(1,630)
Interest Expense	(1,292)	(1,290)	(1,277)	(1,288)	(1,217)	(1,194)	(1,195)	(1,171)	(1,564)	(1,546)	(1,449)
Other Non-op Expenses	(129)	-	-	-	-	-	(44)	-	(430)	-	(181)
Net investment Income/(Loss)	(13)	(24)	(33)	(54)	(17)	(24)	(25)	(20)	(7)	0	3
Pre-tax Profit	9,706	9,623	8,147	8,295	9,094	9,304	10,634	8,369	8,092	8,411	7,730
Current taxation	(1,658)	(1,599)	(1,345)	(1,320)	(1,523)	(1,550)	(1,833)	(1,303)	(1,335)	(1,411)	(1,215)
Minorities	(11)	(19)	(1)	(1)	(1)	(0)	(1)	(1)	(1)	1	(2)
Extraordinary items	-	-	(134)	-	-	(509)	383	(331)	(495)	280	(181)
Net Profit	8,037	8,005	6,800	6,973	7,570	7,754	8,800	7,065	6,756	7,001	6,513
EPS (Bt)	2.70	2.69	2.29	2.35	2.55	2.61	2.96	2.38	2.27	2.35	2.19
Margins (%)											
Gross profit margin	42.1	40.1	38.2	36.3	37.6	39.0	40.5	35.7	37.5	36.7	36.4
Operating margin	26.5	25.3	22.0	20.9	23.1	22.9	26.2	19.0	22.8	22.3	21.9
Operating EBITDA margin	46.2	45.0	42.3	40.9	43.5	43.5	47.3	38.7	52.2	51.8	52.0
Net profit margin	19.6	19.0	16.1	15.6	17.5	17.6	19.7	14.5	15.8	16.6	15.6
Growth (%)											
Revenue growth	5.3	8.1	9.2	8.2	5.7	4.4	6.2	9.5	(1.0)	(4.1)	(6.7)
Operating growth	5.2	9.0	(6.2)	(7.8)	(7.8)	(5.3)	26.8	(0.3)	(2.1)	(6.8)	(22.1)
Operating EBITDA growth	9.9	10.9	1.2	(0.2)	(0.4)	0.8	18.7	3.6	18.7	14.3	2.5
Net profit growth	4.5	10.9	(9.0)	(9.4)	(5.8)	(3.1)	29.4	1.3	(10.8)	(9.7)	(26.0)

Source: KGI Research

Peer comparison – Key valuation stats

	Rating	Target price (Bt)	Current price (Bt)	Upside (%)	19 EPS (Bt)	20F EPS (Bt)	21F EPS (Bt)	20F EPS growth (%)	21F EPS growth (%)	20F PER (x)	21F PER (x)	20F PBV (X)	21F PBV (X)	20F Div Yield (%)	20F ROAE (%)
ADVANC*	OP	219.00	174.00	25.9	10.5	9.1	8.8	(13.5)	(2.8)	19.2	19.7	6.8	6.2	3.6	37.1
DTAC*	OP	41.00	31.75	29.1	2.3	2.5	1.3	9.3	(48.4)	12.7	24.6	2.9	2.8	3.9	23.4
TRUE*	U	3.60	2.90	24.1	0.2	(0.1)	(0.0)	NM	NM	NM	NM	1.2	1.2	0.0	(2.3)
THCOM	N	4.94	5.70	(13.3)	(2.1)	0.7	0.0	NM	(95.0)	8.7	174.1	0.5	0.5	0.0	6.4
INTUCH*	OP	65.00	53.75	20.9	3.5	3.4	3.2	(2.0)	(5.4)	15.9	16.8	4.0	3.7	4.3	25.9
Sector	Neutral				14.4	15.5	13.3	8.3	(14.3)	20.8	22.2	3.1	2.9	2.4	18.1

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Total Assets	290,505	289,669	322,093	328,398	308,831
Current Assets	34,905	47,142	36,620	40,779	40,947
Cash & ST Investments	11,287	21,626	10,300	15,743	16,017
Inventories	3,823	4,828	3,433	3,485	3,586
Accounts Receivable	19,242	20,167	22,313	20,910	20,621
Others	553	521	575	641	723
Non-current Assets	255,600	242,527	285,473	287,619	267,884
LT Investments	814	727	694	663	633
Net fixed Assets	130,212	125,510	134,010	125,364	119,748
Others	124,575	116,290	150,769	161,593	147,503
Total Liabilities	232,836	220,275	245,945	244,446	216,529
Current Liabilities	72,764	105,115	91,961	79,885	78,082
Accounts Payable	37,680	41,377	42,910	40,077	35,862
ST Borrowings	17,104	24,872	14,021	12,958	14,553
Others	17,981	38,866	35,030	26,850	27,667
Long-term Liabilities	160,072	115,160	153,984	164,561	138,447
Long-term Debts	92,030	69,172	66,829	53,871	39,318
Others	68,042	45,988	87,155	110,690	99,129
Shareholders' Equity	57,669	69,394	76,148	83,952	92,302
Common Stock	2,973	2,973	2,973	2,973	2,973
Capital Surplus	21,704	21,716	21,716	21,716	21,716
Retained Earnings	32,505	44,226	50,977	58,778	67,124
Others	487	479	482	485	488

Source: KGI Research
Key Ratios

Year to 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Forecast Drivers					
Subscribers (Mn)	41.2	42.0	41.0	40.5	40.5
Growth (% YoY)					
Sales	7.7	6.5	(5.1)	1.5	2.9
EBIT	(0.8)	3.0	(10.3)	(10.1)	2.8
EBITDA	4.7	6.1	12.3	(0.2)	3.2
NP	(1.3)	5.1	(13.5)	(2.8)	2.8
EPS	(1.3)	5.1	(13.5)	(2.8)	2.8
Profitability (%)					
Gross Margin	39.1	38.1	36.0	33.5	34.0
Operating Margin	23.5	22.7	21.5	19.0	19.0
EBITDA Margin	43.1	43.0	50.9	50.0	50.1
Net Profit Margin	17.5	17.2	15.7	15.1	15.0
ROAA	10.3	10.8	8.8	8.1	8.5
ROAE	54.9	49.1	37.1	32.8	30.6
Stability					
Gross Debt/Equity (%)	189.2	135.5	106.2	79.6	58.4
Net Debt/Equity (%)	173.5	107.2	95.3	63.2	43.2
Interest Coverage (x)	7.8	8.6	6.1	7.2	7.7
Interest & ST Debt Coverage (x)	1.8	1.4	1.8	1.9	1.8
Cash Flow Interest Coverage (x)	(13.4)	(16.0)	(11.4)	(15.1)	(15.9)
Cash Flow/Interest & ST Debt (x)	5.8	3.8	8.6	8.3	7.0
Current Ratio (x)	0.5	0.4	0.4	0.5	0.5
Quick Ratio (x)	0.4	0.4	0.4	0.5	0.5
Net Debt (Bt mn)	100,066	74,407	72,539	53,075	39,844
Per Share Data (Bt)					
EPS	10.0	10.5	9.1	8.8	9.1
CFPS	(0.5)	3.6	(7.0)	3.8	0.1
BVPS	19.4	23.3	25.6	28.2	31.0
SPS	57.1	60.8	57.7	58.6	60.3
EBITDA/Share	24.6	26.1	29.4	29.3	30.2
DPS	7.1	7.3	6.3	6.2	6.3
Activity					
Asset Turnover (x)	0.6	0.6	0.6	0.5	0.6
Days Receivables	39.0	39.8	45.2	45.3	42.3
Days Inventory	13.7	14.1	13.7	10.9	10.9
Days Payable	123.2	128.9	140.0	130.7	117.1
Cash Cycle	(70.4)	(75.1)	(81.2)	(74.5)	(63.9)

Source: KGI Research
Profit & Loss

Year to 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Revenue	169,856	180,894	171,640	174,249	179,311
Cost of Goods Sold	(103,456)	(111,899)	(109,839)	(115,893)	(118,395)
Gross Profit	66,400	68,994	61,801	58,356	60,916
Operating Expenses	(26,472)	(27,885)	(24,933)	(25,223)	(26,870)
Other incomes	-	-	-	-	-
Operating Profit	39,928	41,109	36,868	33,133	34,046
Depreciation of fixed assets	33,282	36,598	50,423	53,980	55,812
Operating EBITDA	73,210	77,707	87,291	87,112	89,858
Non-Operating Income	979	1,155	900	900	900
Interest Income	165	198	200	200	200
Other Non-op Income	815	957	700	700	700
Non-Operating Expenses	(5,148)	(4,777)	(6,278)	(4,595)	(4,449)
Interest Expense	(5,148)	(4,777)	(6,017)	(4,595)	(4,449)
Other Non-op Expenses	-	-	(261)	-	-
Equity Income/(Loss)	(123)	(86)	0	-	-
Pre-tax Profit	35,637	37,402	31,490	29,438	30,497
Current taxation	(5,923)	(6,209)	(4,518)	(3,210)	(3,532)
Minorities	(32)	(3)	(3)	(3)	(3)
Extraordinary items	-	-	-	-	-
Net Profit	29,682	31,190	26,969	26,225	26,962
EPS (Bt)	9.98	10.49	9.07	8.82	9.07

Source: KGI Research
Cash Flow

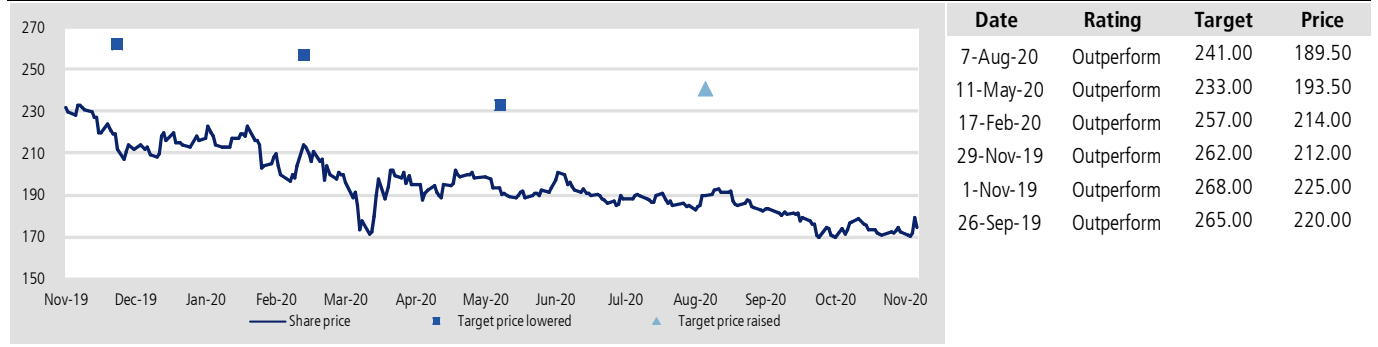
Year to 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Operating Cash Flow	69,132	76,627	68,657	69,246	70,784
Net Profit	29,714	31,193	26,972	26,228	26,965
Depreciation & Amortization	33,879	37,229	38,896	42,221	45,222
Change in Working Capital	(1,816)	(784)	2,790	797	(1,403)
Others	7,355	8,989	-	-	-
Investment Cash Flow	(43,877)	(26,784)	(56,002)	(25,644)	(38,938)
Net CAPEX	(20,198)	(23,029)	(37,260)	(21,113)	(26,227)
Change in LT Investment	(3,990)	180	451	428	407
Change in Other Assets	(19,689)	(3,936)	(19,193)	(4,958)	(13,118)
Free Cash Flow	25,255	49,843	12,655	43,602	31,846
Financing Cash Flow	(26,838)	(39,273)	(33,412)	(32,444)	(31,573)
Change in Share Capital	-	-	-	-	-
Net Change in Debt	(1,690)	(15,132)	(13,194)	(14,021)	(12,958)
Change in Other LT Liab.	(25,149)	(24,141)	(20,218)	(18,424)	(18,615)
Net Cash Flow	(1,584)	10,570	(20,757)	11,158	273

Source: KGI Research
Rates of Return on Invested Capital

Year	1- COGS Revenue	+ Depreciation Revenue	+ Operating Exp. Revenue	= Operating Margin
Dec-18A	60.9%	19.6%	15.6%	3.9%
Dec-19A	61.9%	20.2%	15.4%	2.5%
Dec-20F	64.0%	29.4%	14.5%	-7.9%
Dec-21F	66.5%	31.0%	14.5%	-12.0%
Dec-22F	66.0%	31.1%	15.0%	-12.1%
Year	1/ Working Capital Revenue	+ Net PPE Revenue	+ Other Assets Revenue	= Capital Turnover
Dec-18A	-0.11	0.77	0.74	0.72
Dec-19A	-0.12	0.69	0.65	0.82
Dec-20F	-0.12	0.78	0.88	0.65
Dec-21F	-0.11	0.72	0.93	0.65
Dec-22F	-0.09	0.67	0.83	0.71
Year	Operating Margin	x Capital Turnover	x Cash Tax Rate	= After-tax Return on Inv. Capital
Dec-18A	3.9%	0.7	83.4	2.3
Dec-19A	2.5%	0.8	83.4	1.7
Dec-20F	-7.9%	0.6	85.7	-4.4
Dec-21F	-12.0%	0.6	89.1	-6.9
Dec-22F	-12.1%	0.7	89.1	-7.7

Source: KGI Research

Advanced Info Service – Recommendation & target price history



Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	HMPRO	HOME PRODUCT CENTER	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	INTUCH	SHIN CORPORATION	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	IRPC	IRPC	ROBINS	ROBINSON DEPARTMENT STORE
AP	ASIAN PROPERTY DEVELOPMENT	IVL	INDORAMA VENTURES	SAMART	SAMART CORPORATION
BANPU	BANPU	KBANK	KASIKORN BANK	SAMTEL	SAMART TELCOMS
BCP	THE BANGCHAK PETROLEUM	KCE	KCE ELECTRONICS	SCB	THE SIAM COMMERCIAL BANK
BTS	BTS GROUP HOLDINGS	KKP	KIATNAKIN BANK	SCC	THE SIAM CEMENT
CK	CH. KARNCHANG	KTB	KRUNG THAI BANK	SCCC	SIAM CITY CEMENT
CPF	CHAROEN POKPHAND FOODS	KTC	KRUNGTHAI CARD	SPALI	SUPALAI
CPN	CENTRAL PATTANA	LPN	L.P.N. DEVELOPMENT	SPRC	STAR PETROLEUM REFINING
DELTA	DELTA ELECTRONICS (THAILAND)	MINT	MINOR INTERNATIONAL	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DTAC	TOTAL ACCESS COMMUNICATION	MONO	MONO TECHNOLOGY	SVI	SVI
EASTW	EASTERN WATER RESOURCES DEVELOPMENT AND MANAGE	PLANB	PLAN B MEDIA	TCAP	THANACHART CAPITAL
EGCO	ELECTRICITY GENERATING	PSH	PRUKSA HOLDING	THCOM	THAICOM
GFPT	GFPT	PTT	PTT	TISCO	TISCO FINANCIAL GROUP
GPSC	GLOBAL POWER SYNERGY	PTTEP	PTT EXPLORATION AND PRODUCTION	TMB	TMB BANK
GUNKUL	GUNKUL ENGINEERING	PTTGC	PTT GLOBAL CHEMICAL	TOP	THAI OIL
HANA	HANA MICROELECTRONICS	PYLON	PYLON	TRUE	TRUE CORPORATION



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAWAD	SRISAWAD POWER 1979
AMATA	AMATA CORPORATION	GLOBAL	SIAM GLOBAL HOUSE	SCI	SCI ELECTRIC
BBL	BANGKOK BANK	GLOW	GLOW ENERGY	SCN	SCAN INTER
BCPG	BCPG	LH	LAND AND HOUSES	SEAFKO	SEAFKO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	MAJOR	MAJOR CINEPLEX GROUP	SIRI	SANSIRI
BEM	BANGKOK EXPRESSWAY AND METRO	MAKRO	SIAM MAKRO	SMT	STARS MICROELECTRONICS (THAILAND)
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MTLS	MUANGTHAI LEASING	TKN	TAOKAENOI FOOD & MARKETING
CKP	CK POWER	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
DCC	DYNASTY CERAMIC	RS	RS	TWPC	THAI WAH



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AMA	AMA MARINE	BPP	BANPU POWER	SQ	SAHAKOL EQUIPMENT
BA	BANGKOK AIRWAYS	CBG	CARABAO GROUP	TPCH	TPC POWER HOLDING
BCH	BANGKOK CHAIN HOSPITAL	LPH	LADPRAO GENERAL HOSPITAL		
BH	BUMRUNGRAD HOSPITAL	SAPPE	SAPPE		

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
BGRIM	B.GRIMM POWER	TOA	TOA PAINT (THAILAND)	WHAUP	WHA UTILITIES AND POWER
CPALL	CP ALL	UNIQ	UNIQUE ENGINEERING AND CONSTRUCTION	WORK	WORKPOINT ENTERTAINMENT
THAI	THAI AIRWAYS INTERNATIONAL	WHA	WHA CORPORATION		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERAWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENDEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SRI SAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

Disclaimer

KGI Securities (Thailand) Plc. ("The Company") disclaims all warranties with regards to all information contained herein. In no event shall the Company be liable for any direct, indirect or any damages whatsoever resulting from loss of income or profits, arising by utilization and reliance on the information herein. All information hereunder does not constitute a solicitation to buy or sell any securities but constitutes our sole judgment as of this date and are subject to change without notice.