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KEY HIGHLIGHTS

Results

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4QFY20: Earnings better than our expectations. Upgrade to HOLD.

Update

Total Access Communication (DTAC TB/HOLD/Bt33.25/Target: Bt34.00) Page 5
4Q21 results preview: Expect qoq earnings pressure from higher cost. Downgrade to HOLD.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,449.35	(12.60)	(0.86)
SET50	910.45	(13.55)	(1.47)
Value (Btm) - SET	79,697		
Top 5 Sector			
BANK	337.31	(4.86)	(1.42)
PETRO	1,016.67	(16.44)	(1.59)
PROP	206.15	(5.47)	(2.58)
ENERG	22,794.90	(224.42)	(0.97)
ICT	136.29	(2.76)	(1.98)

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
DELTA	486.00	10.96	21,797.6
GPSC	73.75	(2.64)	44,685.0
STGT	76.00	4.11	40,329.0
PTT	42.50	0.00	67,293.3
AEONTS	203.00	2.01	13,500.5

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
JUTHA	0.61	29.09	1,423.9
CPH	3.74	19.11	0.8
J	1.66	18.57	70,320.0
BTNC	15.00	16.28	10.7
APP	2.26	13.00	15,648.0

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
AQ	0.01	(50.00)	7,486.2
UWC	0.04	(20.00)	4,970.4
STARK	4.26	(18.86)	523,821.2
ACAP	1.35	(18.67)	23,959.6
SRICHA	12.30	(15.75)	3,940.9

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	51.7	5.1	27.1	(0.2)
Dubai crude*	50.2	7.9	27.8	(23.2)
Baltic Dry Index	1,366.0	14.1	(18.1)	0.0
Gold Spot***	1,912.8	4.0	0.7	0.8

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(17.0)	81.5	(8,286.7)	(6,903.9)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 30.00

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 5.25

COMPANY RESULTS

Khon Kaen Sugar Industry (KSL TB)

4QFY20: Earnings Better Than Our Expectations

4QFY20 earnings came in at Bt45m, declining by 53% yoy and 77% qoq, owing to lower sales. However, earnings were better than our expectations due to a wider-than-expected gross margin. 4QFY20 sales tumbled 66% yoy and 20% qoq on lower sugar selling volumes. FY21 earnings should turn around, thanks to a very low base in FY20. Upgrade to HOLD. Target price: Bt2.33. Entry price: Bt1.98

4QFY20 RESULTS

Year to 31 Oct	4QFY19 (Btm)	3QFY20 (Btm)	4QFY20 (Btm)	yoy %chg	qoq %chg	Remarks
Sales	7,056	3,024	2,408	-66%	-20%	4QFY20 sales dropped yoy and qoq due to lower sugar selling volumes
Gross profit	869	475	296	-66%	-38%	
SG&A expense	1,013	227	287	-72%	27%	
Other income	383	54	-37	-110%	-167%	
EBIT	239	302	112	-53%	-63%	
EBT	141	247	89	-37%	-64%	
Net profit	96	196	45	-53%	-77%	
Ratio-%						
Gross margins	12%	16%	12%			
EBITDA margins	6%	15%	11%			
Net margins	1%	6%	2%			
DE-x	1.16	1.09	0.96			

Source: Khon Kaen Sugar Industry, UOB Kay Hian

RESULTS

- **4QFY20 earnings dropped yoy and qoq.** Khon Kaen Sugar Industry's (KSL) 4QFY20 earnings came in at Bt45m, declining by 53% yoy and 77% qoq, owing to lower sales. However, earnings were better than our expectation due to a wider-than-expected gross margin.

KEY FINANCIALS

Year to 31 Oct (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	17,855	11,853	9,442	11,682	12,061
EBITDA	1,791	1,486	1,592	1,782	1,815
Operating profit	587	406	486	664	684
Net profit (rep./act.)	822	(83)	735	1,004	1,168
Net profit (adj.)	822	(83)	735	1,004	1,168
EPS (Bt)	0.2	0.0	0.2	0.2	0.3
PE (x)	12.1	n.m.	13.6	9.9	8.5
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	14.2	17.1	15.9	14.2	14.0
Dividend yield (%)	3.3	0.0	2.9	4.0	4.7
Net margin (%)	4.6	(0.7)	7.8	8.6	9.7
Net debt/(cash) to equity (%)	74.7	78.8	62.2	68.9	66.3
Interest cover (x)	2.5	3.0	3.5	3.7	3.6
ROE (%)	4.4	n.a.	3.7	4.9	5.5
Consensus net profit	-	-	797	779	-
UOBKH/Consensus (x)	-	-	0.92	1.29	-

Source: KSL, Bloomberg, UOB Kay Hian

HOLD

(Upgraded)

Share Price	Bt2.26
Target Price	Bt2.33
Upside	+3.1%
(Previous TP)	Bt1.58)

COMPANY DESCRIPTION

KSL produces sugar and molasses, fertilisers, ethanol and electricity.

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	KSL TB
Shares issued (m):	4,410.2
Market cap (Btm):	9,967.1
Market cap (US\$m):	330.4
3-mth avg daily t'over (US\$m):	0.5

Price Performance (%)

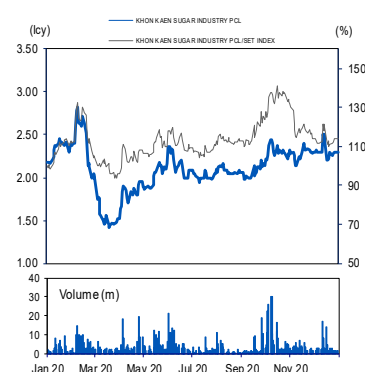
52-week high/low	Bt2.82/Bt1.42			
1mth	3mth	6mth	1yr	YTD
(3.4)	6.6	13.0	3.7	0.9

Major Shareholders

	%
KSL Sugar Holding Co., Ltd,	32.3
Chinthammit Family	8.8
Mr.Chanachai Chutimavoraphand	2.7

FY21 NAV/Share (Bt)	4.60
FY21 Net Debt/Share (Bt)	2.86

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- 4QFY20 sales dropped 66% yoy and 20% qoq due to lower sugar selling volumes. Note that Thailand's sugarcane output in FY20 declined by more than 40% yoy, impacted by the severe drought. ASP of raw sugar in 4QFY20 was at 14.90 US cents/lb, up 15% yoy and flat qoq. 4QFY20 gross margin was at 12%, unchanged yoy but down from 16% in 3QFY20 due to seasonality.

STOCK IMPACT

- **FY21 earnings should turn around yoy.** Key drivers would be the very low earnings base in FY20, impacted by: a) large one-off expense to the Cane and Sugar Fund at Bt330m; and b) loss from sugar hedging contract of Bt394m. Stripping out these one-off expenses in FY20, FY21 earnings should grow by 14% yoy thanks to a wider gross margin which would offset the impact of lower sugarcane input in FY21 due to the drought. 1QFY21 earnings should improve yoy, thanks to a slightly higher yoy ASP for raw sugar.

EARNINGS REVISION/RISK

- We revise up our FY21 earnings forecast by 37% as 4QFY20 earnings were higher than our expectation.

EARNINGS REVISION TABLE

	2018	2019	2020	----- 2021F -----	
				old	new
Net profit (Btm)	848	822	-83	537	735
%chg.				-14%	37%
%yoy	-57%	-3%	-110%	-308%	-989%
Core profit (Btm)	848	822	642	537	735
%chg.				-14%	37%
%yoy	1089%	-3%	-22%	-308%	14%
Assumptions					
raw sugar ASP (US\$cent/lb)	14.66	12.88	14.77	15.00	16.00
Gross margin	18%	20.3%	14.9%	18.2%	19.2%
sugarcane input (m tons)	11.02	10.32	5.81	5.28	5.28

Source: UOB Kay Hian

VALUATION/RECOMMENDATION

- We upgrade to HOLD with a new target price at Bt2.33, pegged to 14x FY21 PE or its 5-year mean. Entry price is Bt1.98. FY21 dividend yield at 2.9% is still interesting.

SHARE PRICE CATALYST

- Large global sugar balance deficit.
- Crude oil price increased as sugar prices have a 71% correlation to oil prices.

PROFIT & LOSS

Year to 31 Oct (Btm)	2020	2021F	2022F	2023F
Net turnover	11,853	9,442	11,682	12,061
EBITDA	1,486	1,592	1,782	1,815
Deprec. & amort.	1,080	1,106	1,119	1,131
EBIT	406	486	664	684
Total other non-operating income	(396)	503	555	572
Associate contributions	323	413	558	753
Net interest income/(expense)	(497)	(457)	(485)	(506)
Pre-tax profit	(164)	945	1,292	1,503
Tax	67	(189)	(258)	(301)
Minorities	15	(21)	(29)	(34)
Net profit	(83)	735	1,004	1,168
Net profit (adj.)	(83)	735	1,004	1,168

CASH FLOW

Year to 31 Oct (Btm)	2020	2021F	2022F	2023F
Operating	1,535	3,149	441	2,441
Pre-tax profit	(164)	945	1,292	1,503
Tax	(51)	(189)	(258)	(301)
Deprec. & amort.	1,080	1,106	1,119	1,131
Working capital changes	507	569	(2,656)	(908)
Other operating cashflows	164	718	945	1,016
Investing	(228)	(2,000)	(2,000)	(2,000)
Capex (growth)	(462)	(2,000)	(2,000)	(2,000)
Others	233	0	0	0
Financing	(3,599)	(736)	1,275	(345)
Dividend payments	(221)	0	(294)	(402)
Proceeds from borrowings	2,023	(6,732)	1,569	57
Others/interest paid	(5,402)	5,997	0	0
Net cash inflow (outflow)	(2,293)	414	(284)	97
Beginning cash & cash equivalent	2,431	138	551	267
Ending cash & cash equivalent	138	552	267	364

BALANCE SHEET

Year to 31 Oct (Btm)	2020	2021F	2022F	2023F
Fixed assets	25,891	26,191	26,491	26,791
Other LT assets	10,957	10,957	10,957	10,957
Cash/ST investment	138	551	267	364
Other current assets	4,136	2,589	5,246	5,699
Total assets	41,122	40,288	42,961	43,811
ST debt	6,913	180	1,749	1,806
Other current liabilities	4,475	5,286	5,680	5,706
LT debt	8,631	12,985	12,985	12,985
Other LT liabilities	1,557	1,557	1,557	1,557
Shareholders' equity	19,546	20,281	20,991	21,757
Total liabilities & equity	41,122	40,288	42,961	43,811

KEY METRICS

Year to 31 Oct (%)	2020	2021F	2022F	2023F
Profitability				
EBITDA margin	12.5	16.9	15.3	15.1
Pre-tax margin	(1.4)	10.0	11.1	12.5
Net margin	(0.7)	7.8	8.6	9.7
ROA	n.a.	1.8	2.4	2.7
ROE	n.a.	3.7	4.9	5.5
Growth				
Turnover	(33.6)	(20.3)	23.7	3.2
EBITDA	(17.0)	7.1	12.0	1.9
Pre-tax profit	(116.8)	n.a.	36.6	16.4
Net profit	(110.1)	n.a.	36.6	16.4
Net profit (adj.)	(110.1)	n.a.	36.6	16.4
EPS	(110.1)	n.a.	36.6	16.4
Leverage				
Debt to total capital	44.3	39.4	41.2	40.5
Debt to equity	79.5	64.9	70.2	68.0
Net debt/(cash) to equity	78.8	62.2	68.9	66.3
Interest cover (x)	3.0	3.5	3.7	3.6

COMPANY UPDATE

Total Access Communication (DTAC TB)

4Q20 Results Preview: Expect Qoq Earnings Pressure From Higher Cost

We expect DTAC's 4Q20 core profit to decline qoq, pressured by higher opex as a result of its network expansion plans, higher handset subsidy and a seasonal high in SG&A expenses. We revise down our 2021-22 earnings forecasts to reflect higher amortisation expenses for the new 700MHz spectrum licence. Downgrade to HOLD. Target price: Bt34.00. Entry price: Bt29.00.

WHAT'S NEW

- Expect 4Q20 net profit to decline qoq.** We expect Total Access Communication (DTAC) to post a net profit of Bt799m in 4Q20, down 44.3% qoq but up 65.1% yoy. The qoq decline in earnings would be mainly due to: a) higher opex as a result of its network expansion plans; b) higher qoq handset subsidies on the back of strong iPhone 12 sales in 4Q20; c) seasonal high in SG&A expenses; and d) an expected provision expense of Bt50m for compensation to subscribers who lost the chance to sign up for the government's 50-50 co-payment scheme due to technical glitches in DTAC's one-time password (OTP) system on 16 Dec 20. The yoy improvement in net profit would mainly be due to the absence of the one-off expense in 4Q19, which was for network operating model transition cost and loss from sales of assets expenses in 4Q19.
- Expect service revenue to decline slightly qoq.** We expect service revenue to decline 1.0% qoq and 9.9% yoy in 4Q20 as market competition remains intense, especially in the prepaid market, and the economic slowdown is still impacting some postpaid subscribers' purchasing power.
- Higher qoq handset subsidy.** We expect DTAC to record handset subsidies of Bt509m in 4Q20 (3Q20: -Bt238m, 4Q19: -Bt825m) on the back of strong iPhone 12 sales and DTAC offering higher handset discounts than other operators.

KEY FINANCIALS

Year to 31 Dec (Btm)	2018	2019	2020F	2021F	2022F
Net turnover	74,979	82,145	78,555	77,752	78,776
EBITDA	28,391	25,741	30,573	27,850	29,142
Operating profit	(5,009)	9,534	8,961	6,262	6,813
Net profit (rep./act.)	(4,362)	5,420	5,876	2,983	3,346
Net profit (adj.)	1,518	6,531	5,840	2,983	3,346
EPS (Bt)	0.6	2.8	2.5	1.3	1.4
PE (x)	51.9	12.1	13.5	26.4	23.6
P/B (x)	3.6	3.2	2.9	2.8	2.6
EV/EBITDA (x)	4.9	5.5	4.6	5.0	4.8
Dividend yield (%)	3.0	4.8	3.7	1.9	2.1
Net margin (%)	(5.8)	6.6	7.5	3.8	4.2
Net debt/(cash) to equity (%)	150.1	162.1	188.5	216.3	192.8
Interest cover (x)	25.6	10.2	11.6	9.6	9.6
ROE (%)	n.a.	23.1	22.6	10.7	11.4
Consensus net profit	-	-	5,541	4,507	4,297
UOBKH/Consensus (x)	-	-	1.05	0.66	0.78

Source: DTAC, Bloomberg, UOB Kay Hian

HOLD

(Downgraded)

Share Price	Bt33.25
Target Price	Bt34.00
Upside	+2.3%
(Previous TP)	Bt41.00

COMPANY DESCRIPTION

DTAC is Thailand's third-largest mobile operator with 700MHz, 900MHz, 1800MHz, 2100MHz, 26GHz NBTC licences and 2300MHz roaming agreement with TOT.

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	DTAC TB
Shares issued (m):	2,367.8
Market cap (Btm):	81,097.5
Market cap (US\$m):	2,699.9
3-mth avg daily t'over (US\$m):	9.9

Price Performance (%)

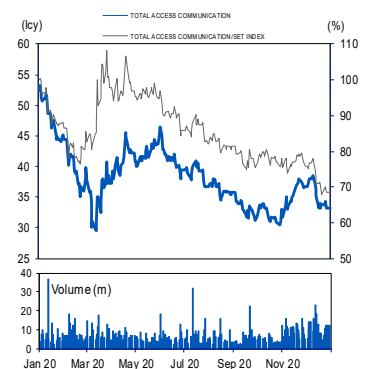
52-week high/low	Bt53.25/Bt29.50			
1mth	3mth	6mth	1yr	YTD
(9.3)	4.6	(14.9)	(35.7)	(35.7)

Major Shareholders

	%
Telenor Asia Pte	41.0
Thai Telco Holdings	23.5
NVDR	12.6

FY20 NAV/Share (Bt)	11.38
FY20 Net Cash/Share (Bt)	2.55

PRICE CHART



Source: Bloomberg

ANALYST(S)

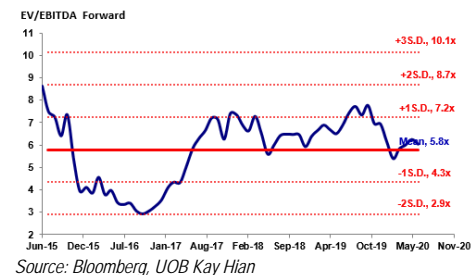
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4Q20 RESULTS PREVIEW

Year to 31 Dec (Btm)	4Q19	3Q20	4Q20F	yoy % chg	qoq % chg
Revenue	21,693	19,053	20,269	-6.6%	6.4%
- Service revenue	15,791	14,375	14,231	-9.9%	-1.0%
- Handset sale	2,544	1,249	2,544	0.0%	103.7%
COGS	15,578	13,225	15,026	-3.5%	13.6%
Handset subsidy	-825	-238	-509	38.3%	-113.8%
SG&A	4,425	3,443	3,546	-19.9%	3.0%
EBITDA	6,204	7,757	7,084	14.2%	-8.7%
Recurring income	1,411	1,463	849	-39.8%	-42.0%
Extraordinary items	-927	-28	-50	n.a.	n.a.
Net income	484	1,435	799	65.1%	-44.3%
EPS (Bt)	0.20	0.61	0.34	65.1%	-44.3%
SG&A/Sales (%)	28.0%	24.0%	24.9%		
EBITDA margin (%)	28.6%	40.7%	34.9%		
Net profit margin (%)	2.2%	7.5%	3.9%		

Source: DTAC, UOB Kay Hian

EV/EBITDA BAND



STOCK IMPACT

- Pays the first instalment for 700MHz spectrum licence in Dec 20.** On 21 Dec 20, Dtac Trinet, DTAC's subsidiary, paid the first instalment of Bt1.76b (from the total Bt17.584b) for the licence of the 700MHz spectrum it was allocated by the National Broadcasting and Telecommunications Commission (NBTC) on 19 Jun 19. DTAC also mentioned that it is starting deployment of its 700MHz network to expand coverage and capacity nationwide, as part of its strategy to bring high-speed internet to all customers. The spectrum will be turned on by region, as it gets freed up for use, and will start in and around Bangkok, and Northern and Southern Thailand. This 700MHz network should allow DTAC to launch 5G commercial service; its competitors (ADVANC TB and TRUE TB) had already launched 5G commercial service on 30 Sep 20. Moreover, DTAC is preparing to upgrade its 2300MHz spectrum for 5G service, but needs to obtain approval from NBTC. However, DTAC still holds less spectrum bandwidth than its major competitors (ADVANC and TRUE).
- 1Q21 net profit to be lower qoq.** We forecast 1Q21 net profit to be lower qoq as we expect service revenue to continue declining due to the customer churn effect after technical glitches in DTAC's OTP system in 16 Dec 20. Thus, DTAC could see a lower net decline in prepaid/postpaid subscribers in 1Q21. However, the negative factors should be partially offset by: a) the continued implementation of its cost savings programme; and b) selling & marketing expense is expected to decrease qoq in 1Q21.

EARNINGS REVISION/RISK

- We have revised down our 2021-22 earnings forecasts by 27.3% and 14.0% respectively to reflect higher amortisation expenses for the new 700MHz spectrum licence acquisition as well as higher equipment cost and network rollout expenses.**
- Risks:** A prolonged pandemic could cause economic destruction and will affect DTAC's service revenue and its subscriber base due to its lack of 5G spectrum among peers.

VALUATION/RECOMMENDATION

- Downgrade to HOLD** with a new target price of Bt34.00 (from Bt41.00 previously), based on DCF valuation. We expect DTAC's 2021 earnings to decline yoy on the impact of customers churning out and higher depreciation expenses. However, DTAC's share price has underperformed the ICT index by 22.3% and the SET index by 29.3% in 2020. We recommend HOLD as we expect the decline in share price to have already priced in most of the negatives.

PROFIT & LOSS

Year to 31 Dec (Btm)	2019	2020F	2021F	2022F
Net turnover	82,145	78,555	77,752	78,776
EBITDA	25,741	30,573	27,850	29,142
Deprec. & amort.	15,465	21,248	21,588	22,329
EBIT	9,534	8,961	6,262	6,813
Total other non-operating income	(6)	550	160	160
Associate contributions	0	0	0	0
Net interest income/(expense)	(2,527)	(2,633)	(2,912)	(3,038)
Pre-tax profit	6,508	6,913	3,510	3,936
Tax	(1,088)	(1,037)	(526)	(590)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
Net profit	5,420	5,876	2,983	3,346
Net profit (adj.)	6,531	5,840	2,983	3,346

CASH FLOW

Year to 31 Dec (Btm)	2019	2020F	2021F	2022F
Operating	20,992	18,744	18,562	25,425
Pre-tax profit	6,508	6,913	3,510	3,936
Tax	(1,088)	(1,037)	(526)	(590)
Deprec. & amort.	15,465	21,248	21,588	22,329
Associates	0	0	0	0
Working capital changes	707	(7,780)	(5,409)	351
Non-cash items	(600)	(600)	(600)	(600)
Other operating cashflows	0	0	0	0
Investing	(14,345)	(14,345)	(14,345)	(14,345)
Capex (growth)	0	0	0	0
Capex (maintenance)	(14,000)	(14,000)	(14,000)	(14,000)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(345)	(345)	(345)	(345)
Financing	(12,209)	(2,590)	(3,727)	(1,654)
Dividend payments	(3,814)	(2,924)	(1,492)	(1,673)
Issue of shares	(17,541)	0	0	277
Proceeds from borrowings	0	(3,493)	(1,553)	(1,552)
Loan repayment	(2,310)	1,220	(2,236)	(258)
Others/interest paid	11,456	2,606	1,553	1,552
Net cash inflow (outflow)	(5,562)	1,809	490	9,427
Beginning cash & cash equivalent	14,090	8,528	10,338	10,828
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	8,528	10,338	10,828	20,254

BALANCE SHEET

Year to 31 Dec (Btm)	2019	2020F	2021F	2022F
Fixed assets	104,129	118,182	126,622	126,732
Other LT assets	40,613	19,310	18,032	16,753
Cash/ST investment	8,528	10,338	10,828	20,254
Other current assets	14,068	15,118	16,398	16,298
Total assets	167,339	162,947	171,880	180,038
ST debt	12,000	19,439	29,440	34,064
Other current liabilities	44,181	37,451	33,322	33,572
LT debt	37,000	41,902	43,159	44,454
Other LT liabilities	49,192	37,095	37,406	37,722
Shareholders' equity	24,966	27,061	28,553	30,226
Minority interest	0	0	0	0
Total liabilities & equity	167,339	162,947	171,880	180,038

KEY METRICS

Year to 31 Dec (%)	2019	2020F	2021F	2022F
Profitability				
EBITDA margin	31.3	38.9	35.8	37.0
Pre-tax margin	7.9	8.8	4.5	5.0
Net margin	6.6	7.5	3.8	4.2
ROA	3.4	3.6	1.8	1.9
ROE	23.1	22.6	10.7	11.4
Growth				
Turnover	9.6	(4.4)	(1.0)	1.3
EBITDA	(9.3)	18.8	(8.9)	4.6
Pre-tax profit	n.a.	6.2	(49.2)	12.1
Net profit	n.a.	8.4	(49.2)	12.1
Net profit (adj.)	330.2	(10.6)	(48.9)	12.1
EPS	330.1	(10.6)	(48.9)	12.1
Leverage				
Debt to total capital	66.2	69.4	71.8	72.2
Debt to equity	196.3	226.7	254.3	259.8
Net debt/(cash) to equity	162.1	188.5	216.3	192.8
Interest cover (x)	10.2	11.6	9.6	9.6

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