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### KEY HIGHLIGHTS

*Update*

**Total Access Communication (DTAC TB/BUY/Bt44.25/Target: Bt52.00)** Page 2  
Expect 2Q22 earnings to soften qoq with improving risk/reward ratio. Upgrade to BUY.

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,559.39	(1.71)	(0.11)
SET50	945.05	0.15	0.02
Value (Btm) - SET	93,801		
<b>Top 5 Sector</b>			
BANK	372.67	3.19	0.86
PETRO	1,041.84	(41.64)	(3.84)
PROP	231.34	1.65	0.72
ENERG	23,811.83	(267.17)	(1.11)
ICT	178.57	(0.39)	(0.22)

Source: Bloomberg

### TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PTT	33.50	(3.60)	252,882.7
KBANK	150.00	1.35	26,742.4
PTTEP	162.50	(2.11)	20,370.1
TOP	49.50	(7.04)	64,250.6
SCB	106.00	0.00	29,346.6

### TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NEWS	0.04	33.33	579,557.2
STOWER	0.05	25.00	13,471.2
RP	2.88	15.20	17,936.5
TWZ	0.08	14.29	34,093.1
JAS	3.70	13.50	290,844.5

### TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
JTS	148.50	(23.85)	2,600.4
TCOAT	25.50	(13.56)	0.1
SPRC	11.30	(9.60)	98,645.0
TRC	0.29	(9.38)	118,181.1
ESSO	10.70	(9.32)	79,168.7

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	113.8	3.5	13.3	51.1
Dubai crude*	119.3	6.8	14.8	56.0
Baltic Dry Index	2,578.0	(22.9)	(1.0)	16.3
Gold Spot***	1,837.7	(0.5)	(4.4)	0.5

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

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(45.7)	(621.4)	3,661.0	8,225.3

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.27

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

Thai Lending Rate (%)\* - MLR = 5.25

### COMPANY UPDATE

## Total Access Communication (DTAC TB)

Expect 2Q22 Earnings To Soften With Improving Risk/Reward Ratio

We expect 2Q22 net profit to soften qoq on the back of the economic slowdown hurting consumer spending and pressuring DTAC's service revenue trend. The key date to watch is 10 Jul 22, with NBTC's board expected to make a decision on the TRUE/DTAC merger deal. DTAC's share price has mostly priced in the negatives and provides an 8% upside to the tender offer price. Upgrade to BUY. Target price: Bt52.00.

### WHAT'S NEW

- **2Q22 net profit expected to soften qoq.** We expect Total Access Communication (DTAC) to post a net profit of Bt659m in 2Q22, down 9.2% qoq and 56.9% yoy. The qoq decline in net profit would be mainly due to weaker service revenue from the slower pace of economic recovery and a highly competitive environment after launching more aggressive mobile packages in both the prepaid and postpaid markets. The yoy decline in core earnings was mainly due to higher network and depreciation expense on the new 700MHz spectrum licence.
- **Service revenue expected to decline slightly qoq.** We expect service revenue to decline by 2.0% qoq in 2Q22, mainly from the continued decrease in Average Revenue Per User (ARPU) in 2Q22, impacted by the weak economic condition amid higher food inflation and higher transportation cost pressuring consumer spending.
- **Expect handset subsidies to remain high in 2Q22.** We expect DTAC to record handset subsidies of Bt511m in 2Q22 (1Q22: Bt557m) on the back of a better chip shortage issue and pent-up demand for handset promotions.
- **Higher qoq SG&A expenses in 2Q22.** We estimate that DTAC will report higher qoq SG&A expenses of Bt3.2b in 2Q22, up 2.0% qoq on more marketing activities such as the launch of the new marketing campaign during the quarter.

### KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	78,817	81,319	81,858	82,934	84,031
EBITDA	30,193	29,989	31,471	32,826	34,192
Operating profit	8,436	6,787	7,648	8,249	8,862
Net profit (rep./act.)	5,107	3,356	4,151	4,637	5,133
Net profit (adj.)	4,840	3,510	4,151	4,637	5,133
EPS (Bt)	2.0	1.5	1.8	2.0	2.2
PE (x)	21.6	29.9	25.2	22.6	20.4
P/B (x)	4.3	5.2	5.6	5.6	5.6
EV/EBITDA (x)	4.9	4.9	4.7	4.5	4.3
Dividend yield (%)	6.8	3.6	4.0	4.4	4.9
Net margin (%)	6.5	4.1	5.1	5.6	6.1
Net debt/(cash) to equity (%)	195.3	260.3	226.7	179.0	123.1
Interest cover (x)	10.7	10.6	10.8	11.1	11.5
ROE (%)	20.7	15.1	21.3	24.7	27.3
Consensus net profit	-	-	3,812	4,196	4,951
UOBKH/Consensus (x)	-	-	1.09	1.11	1.04

Source: Total Access Communication, Bloomberg, UOB Kay Hian

## BUY

(Upgraded)

Share Price	Bt44.25
Target Price	Bt52.00
Upside	+17.5%

### 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):	104,775.6
Market cap (US\$m):	2,990.3
3-mth avg daily t'over (US\$m):	9.9

### Price Performance (%)

52-week high/low	Bt51.25/Bt29.00			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
3.5	(5.3)	(1.1)	39.4	(3.3)

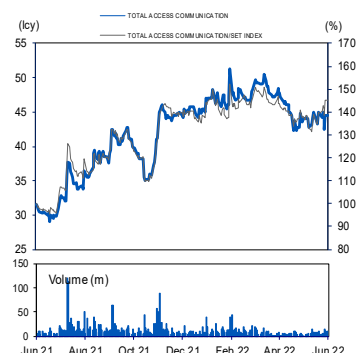
### Major Shareholders

Telenor Asia Pte	41.0
Thai Telco Holdings	23.5
NVDR	12.6

FY22 NAV/Share (Bt) 7.94

FY22 Net Debt/Share (Bt) 18.01

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

**Chaiwat Arsirawichai**  
 +662 659 8301  
 chaiwat@uobkayhian.co.th

### 2022 RESULTS PREVIEWS

Year to 31 Dec (Btm)	2021	1Q22	2022F	yoy % chg	qoq % chg
Revenue	19,983	20,130	19,375	-3.0%	-3.8%
- Service revenue	14,279	13,796	13,520	-5.3%	-2.0%
- Handset sale	1,703	2,299	1,703	0.0%	-25.9%
COGS	14,306	15,378	14,611	2.1%	-5.0%
Handset subsidy	-226	-557	-511	-126.1%	8.3%
SG&A	3,306	3,182	3,245	-1.9%	2.0%
EBITDA	8,065	7,184	7,108	-11.9%	-1.1%
Recurring income	1,197	848	669	-44.1%	-21.1%
Extraordinary items	334	-122	-10	-103.0%	-91.8%
Net income	1,531	726	659	-56.9%	-9.2%
EPS (Bt)	0.65	0.31	0.28	-56.9%	-9.2%
SG&A/Sales (%)	23.2%	23.1%	24.0%		
EBITDA margin (%)	40.4%	35.7%	36.7%		
Net profit margin (%)	7.7%	3.6%	3.4%		

Source: Total Access Communication, UOB Kay Hian

### STOCK IMPACT

- NBTC has full power to approve or disapprove the TRUE/DTAC merger deal.** According to Bangkok Post, a subcommittee of National Broadcasting & Telecommunication Commission (NBTC) panel determined the NBTC has authority to approve or disapprove the planned merger of True Corporation (TRUE) and DTAC. The subcommittee of NBTC will propose this conclusion to the NBTC board for get approval. This conclusion differs from a previous mention that the telecom regulator has no legal power to prohibit mergers and acquisitions, but can only enact measures to prevent acts that could cause higher selling prices and reduce market competition. The NBTC board will decide whether it will follow the subcommittee's recommendation. We expect NBTC's broad to make a decision by 10 Jul 22.

- Scenario analysis for synergistic benefit of MergeCo.** Our scenario analysis suggests a base case synergistic benefit of Bt100b from the merger between TRUE and DTAC, implying TRUE and DTAC target prices to be around Bt5.39/share and Bt52.0/share respectively. The tender offer price for TRUE and DTAC represents a Bt70b synergistic benefit for MergeCo. For the best scenario, we assume synergistic benefit of 2.5x, in line with what Telenor's CFO mentioned, that the TRUE/DTAC deal's synergistic benefit should be 2-3x that of the Celcom/Digi deal of US\$2.0b in Malaysia or around Bt175b for the TRUE/DTAC merger deal.

### SCENARIO ANALYSIS ON THE POTENTIAL SYNERGY BENEFIT OF TRUE/DTAC

Market cap (Btm)	TRUE	DTAC	Synergy value	MergeCo
Worst case (no synergy benefit)	130,007	73,100		203,107
- Share price (Bt/sh)	3.9	30.9		5.88
(At tender offer)	167,507	110,600	75,000	278,107
- Share price (Bt/sh)	5.02	46.7		8.05
Base case	180,007	123,100	100,000	303,107
- Share price (Bt/sh)	5.39	52.0		8.77
Base case	215,007	158,100	170,000	373,107
- Share price (Bt/sh)	6.44	66.8		10.80

Source: UOB Kay Hian

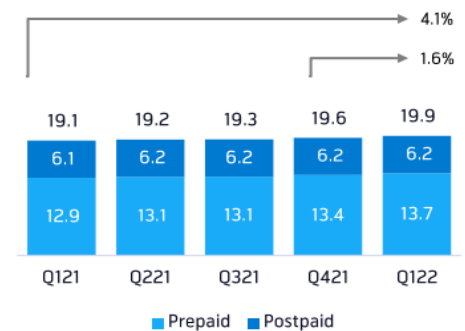
### EARNINGS REVISION/RISK

- None.

### VALUATION/RECOMMENDATION

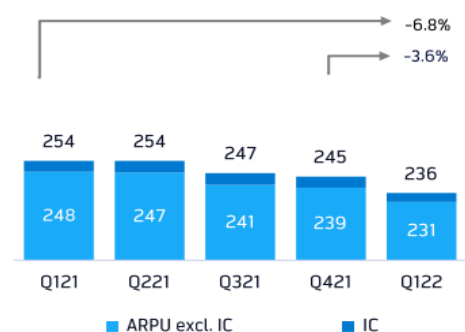
- Upgrade to BUY from HOLD with a target price of Bt52.00,** based on DCF valuation. DTAC's share price declined by 13.6% in the past 2-3 months and should have priced in most of the concerns on the delay of the merger deal. The current share price provides upside to the tender offer price of 8%. Our sector top pick is ADVANC on the laggard and contributions from potential business opportunities in the next 1-2 years.

### DTAC SUBSCRIBER BASE



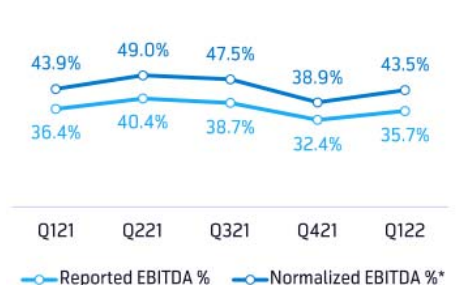
Source: DTAC

### DTAC ARPU (BT/SUB/MONTH)



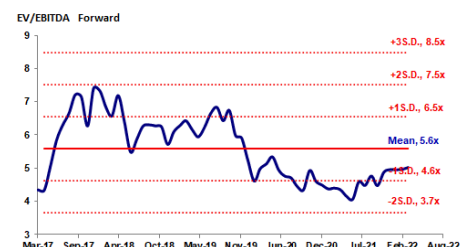
Source: DTAC

### EBITDA MARGIN TREND



Source: DTAC

### EV/EBITDA BAND



Source: Bloomberg, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
<b>Net turnover</b>	<b>81,319</b>	<b>81,858</b>	<b>82,934</b>	<b>84,031</b>
EBITDA	29,989	31,471	32,826	34,192
Deprec. & amort.	21,710	22,823	23,576	24,330
EBIT	6,787	7,648	8,249	8,862
Total other non-operating income	107	160	160	160
Associate contributions	177	0	0	0
Net interest income/(expense)	(2,816)	(2,925)	(2,954)	(2,983)
<b>Pre-tax profit</b>	<b>3,948</b>	<b>4,884</b>	<b>5,456</b>	<b>6,039</b>
Tax	(592)	(733)	(818)	(906)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
<b>Net profit</b>	<b>3,356</b>	<b>4,151</b>	<b>4,637</b>	<b>5,133</b>
Net profit (adj.)	3,510	4,151	4,637	5,133

### CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
<b>Operating</b>	<b>24,779</b>	<b>19,217</b>	<b>27,965</b>	<b>29,216</b>
Pre-tax profit	3,771	4,884	5,456	6,039
Tax	(592)	(733)	(818)	(906)
Deprec. & amort.	21,710	22,823	23,576	24,330
Associates	(177)	0	0	0
Working capital changes	(3,179)	(7,157)	351	353
Non-cash items	3,247	(600)	(600)	(600)
Other operating cashflows	0	0	0	0
<b>Investing</b>	<b>(27,560)</b>	<b>(14,345)</b>	<b>(14,345)</b>	<b>(14,345)</b>
Capex (growth)	0	0	0	0
Capex (maintenance)	(21,914)	(14,000)	(14,000)	(14,000)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(5,646)	(345)	(345)	(345)
<b>Financing</b>	<b>(291)</b>	<b>(6,644)</b>	<b>(3,304)</b>	<b>(3,760)</b>
Dividend payments	(7,506)	(4,151)	(4,637)	(5,133)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	5,500	1,295	1,334	1,374
Others/interest paid	1,715	(3,788)	0	0
<b>Net cash inflow (outflow)</b>	<b>(3,072)</b>	<b>(1,772)</b>	<b>10,317</b>	<b>11,112</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>6,647</b>	<b>3,575</b>	<b>1,803</b>	<b>12,120</b>
Changes due to forex impact	0	0	0	0
<b>Ending cash &amp; cash equivalent</b>	<b>3,575</b>	<b>1,803</b>	<b>12,120</b>	<b>23,232</b>

### BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
<b>Fixed assets</b>	<b>132,941</b>	<b>116,612</b>	<b>109,580</b>	<b>101,029</b>
Other LT assets	11,646	16,753	15,475	14,197
Cash/ST investment	3,575	1,803	12,120	23,232
Other current assets	16,152	16,708	16,619	16,541
<b>Total assets</b>	<b>164,315</b>	<b>151,878</b>	<b>153,794</b>	<b>154,999</b>
ST debt	0	0	0	(769)
Other current liabilities	42,101	35,501	35,763	36,038
LT debt	56,073	44,454	45,787	47,161
Other LT liabilities	45,973	53,113	53,434	53,760
Shareholders' equity	20,167	18,810	18,810	18,810
Minority interest	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>164,315</b>	<b>151,878</b>	<b>153,794</b>	<b>154,999</b>

### KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
<b>Profitability</b>				
EBITDA margin	36.9	38.4	39.6	40.7
Pre-tax margin	4.9	6.0	6.6	7.2
Net margin	4.1	5.1	5.6	6.1
ROA	2.0	2.6	3.0	3.3
ROE	15.1	21.3	24.7	27.3
<b>Growth</b>				
Turnover	3.2	0.7	1.3	1.3
EBITDA	(0.7)	4.9	4.3	4.2
Pre-tax profit	(33.8)	23.7	11.7	10.7
Net profit	(34.3)	23.7	11.7	10.7
Net profit (adj.)	(27.5)	18.3	11.7	10.7
EPS	(27.5)	18.3	11.7	10.7
<b>Leverage</b>				
Debt to total capital	73.5	70.3	70.9	71.2
Debt to equity	278.0	236.3	243.4	246.6
Net debt/(cash) to equity	260.3	226.7	179.0	123.1
Interest cover (x)	10.6	10.8	11.1	11.5

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