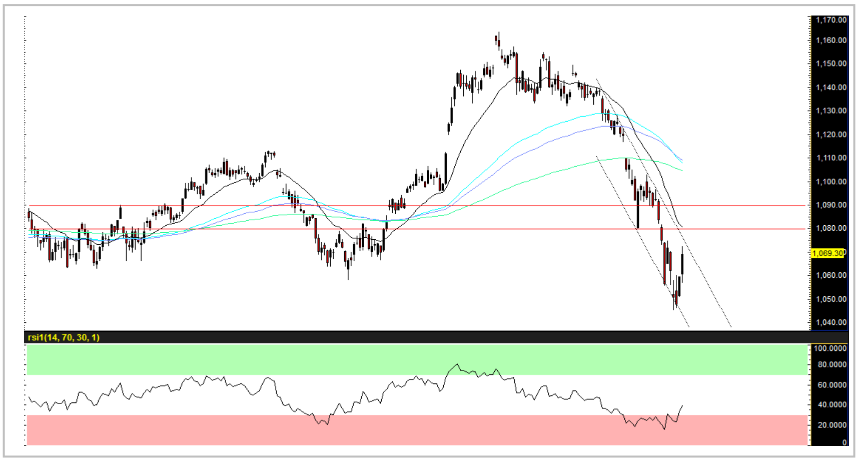
SET 50 Index Future (Morning)



Source: Bisnews

Recommendation	
WAIT & SEE	
Open	-
Stop loss	-
Target	-
TRADING RANGE	
Support	1065 / 1060
Resistance	1075 / 1080

การรีบาวน์อาจไปได้ต่อ แต่ระวังแรงทำกำไรที่บริเวณแนวต้าน

ดัชนีรีบาวน์ตอบรับมาตรการกระตุ้นเศรษฐกิจภาครัฐฯ และ แรงกดดันจากสงครามการค้าที่ผ่อนคลายลงในระยะสั้นหลังทรัมป์เลื่อนการจัดเก็บภาษีสินค้าจีนออกไปเป็นเดือน ธ.ค. + โอกาสที่ทรัมป์จะประกาศเลื่อน deadline การแบนด์ Huawei ออกไปอีก 90 วัน... อย่างไรก็ตาม กราฟเทคนิค+อินดิเคเตอร์สำคัญ ยังคงบ่งชี้โมเมนตัมขาลง (S50U19 แกว่งในกรอบ downtrend channel + EMA ชันลง) โดยเราแนะนำให้ระมัดระวังแรงขายทำกำไรบริเวณแนวต้านระยะสั้นที่ 1075-1080 จุด ตามลำดับ จากการที่แรงซื้ออาจยังไม่หมุนเข้ามาในตลาดมากก่อนทราบผลการประชุมธนาคารกลางที่ Jackson Hole ช่วงปลายสัปดาห์นี้

กลยุทธ์: ระยะสั้นเราแนะนำเพียง Wait&See... การเปิด Long เพื่อเก็งกำไรตามโมเมนตัมควรรอให้ดัชนีสามารถยืน 1080 จุด ขึ้นไป

นักวิเคราะห์สัญญาซื้อขายล่วงหน้า
ชัยวัฒน์ อาศิระวิชัย
02-659-8301

นักวิเคราะห์หลักทรัพย์, ผู้ช่วยนักวิเคราะห์สัญญาซื้อขายล่วงหน้า
ทรรศิน กลิ่นถนอม
02-659-8025

Recommend Portfolio

Date	Symbol	Order	Price	Point change	Status
19 August 19	S50U19	-	-	-	-

UOBKayHian

Thailand Daily

Monday, 19 August 2019

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

KEY HIGHLIGHTS

Update

MCOT (MCOT TB/HOLD/Bt10.00/Target: Bt10.90) Page 2
Organisational restructuring.

PTT Global Chemical (PTTGC TB/BUY/Bt52.25/Target: Bt75.00) Page 5
Share price entering oversold zone; core earnings to bottom out in 2Q19.

True Corporation (TRUE TB/BUY/Bt6.35/Target: Bt6.70) Page 8
Reaffirms positive view on its operational outlook; share price still lags peers.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,631.40	27.37	1.71
SET50	1,075.84	19.52	1.85
Value (Btm) - SET	54,616		
Top 5 Sector			
BANK	463.60	11.77	2.60
PETRO	979.43	10.40	1.07
PROP	285.45	5.22	1.86
ENERG	24,007.38	350.81	1.48
ICT	178.77	4.00	2.29

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
CPALL	84.50	2.42	36,312
KBANK	157.50	1.61	15,121
SCB	124.00	2.90	17,647
INTUCH	62.25	1.63	34,180
SCC	412.00	1.48	5,048

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
DIMET	0.81	28.57	19,408
PPPM	0.99	25.32	50,907
T	0.05	25.00	1,201
EIC	0.05	25.00	693
MORE	0.17	21.43	106,078

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
MAX	0.01	(50.00)	2,897.2
EFORL	0.04	(20.00)	91,849.1
TIW	192.00	(12.73)	0.5
PE	0.07	(12.50)	18.7
OCEAN	1.15	(8.00)	9,477

KEY STATISTICS

Commodity	Current Price	-------------%Chg------------- 1m	3M	YTD
Brent crude*	59.2	(4.9)	(15.2)	7.7
Dubai crude*	57.9	(10.5)	(18.7)	10.7
Baltic Dry Index	2,088.0	(3.8)	100.8	64.3
Gold Spot***	1,506.5	5.7	17.9	17.5

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

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US$)	MTD Net (Mil US$)	YTD Net (Mil US$)	YTD Net YoY%
(164.0)	(1,314.1)	657.0	4,461.3

Source: Bloomberg

Foreign Exchange Rate - THB/US$ (onshore) = 30.86
Interest Rate (%) - TH 1-day RP = 1.50
Thai Lending Rate (%)* - MLR = 6.25

** Based on Bangkok Bank's rate*

COMPANY UPDATE

MCOT (MCOT TB)

Organisational Restructuring

Management targets to turn the company around in the near future via cost tightening and creating more income streams. 2Q19 net profit improved to Bt288m (1Q19: Bt32m loss, 2Q18: Bt198m loss), mainly due to gains of Bt428m from reversal of losses on impairment. We believe its core financial performance would gradually recover in 2020. Maintain HOLD. Target price: Bt10.90. Entry price: Bt9.00.

WHAT'S NEW

- **Management targeted to turn company around in the near future.** Accordinig to the fact that MCOT has incurred loss for 3 years and the outlook for traditional media industry is relatively dim. Management sees the need to restructure the company. It aims to turn the company around in the near future via cost tightening and creating more income.
- For cost tigtening, MCOT plans to reduce the number of employees from existing 1,000 people to be about 800-900 people. It is because MCOT has returned its license to operate the family channel and will now operate only the MCOT HD channel now.
- To create more income, MCOT targets to restore its TV ratings to 0.2% or within the top 10 ratings from 0.15% in Jul 19 or the 13th ranking) of a total of 25 channels. It is because managment believes the higher TV ratings would result in higher advertising income. Key highlighted TV programs would be news and sport programmes. In addiiton, MCOT would focus on digital data and information as it could be a high revenue stream in the future. Many new programmes include WHAM (music and pop culture platform), Fungplern (Thailand's largest radio Ad Network) and several podcasts. Moreover, MCOT plans to generate new income from its undeveloped land parcels in Bangkok, which are: a) 70 rai on Ratchada road, b) 59 rai on Phutthamonthon sai 2 road, and c) 40 rai on Petchkasem road. MCOT is seeking property partners to develop these land who would share the project's income with MCOT without any need of capital investment from MCOT. Note that all these incomes are also expected to offset the impact from the loss of income from: a) the return of MCOT family channel in 2019 (Bt60m per year); b) expiry of terrestial broadcasting concession of Channel 3 (BEC) in 2020, Bt200m per year; c) loss of two customers in the digital TV networking provider business on they returning their digital TV licences in 2019, Bt86m per year.

KEY FINANCIALS

Year to 31 Dec (Btm)	2017	2018	2019F	2020F	2021F
Net turnover	2,676	2,484	2,323	2,467	2,334
EBITDA	(1,774)	282	625	762	741
Operating profit	(2,833)	(380)	(275)	(138)	(159)
Net profit (rep./act.)	(2,543)	(376)	165	(92)	(26)
Net profit (adj.)	(2,543)	(376)	165	(92)	(26)
EPS (Bt)	(3.7)	(0.5)	0.2	(0.1)	(0.0)
PE (x)	n.m.	n.m.	41.6	n.m.	n.m.
P/B (x)	1.7	1.9	1.8	1.8	1.8
EV/EBITDA (x)	n.m.	22.1	9.9	8.2	8.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	(95.0)	(15.1)	7.1	(3.7)	(1.1)
Net debt/(cash) to equity (%)	(14.1)	(6.8)	(16.5)	(9.7)	(13.0)
Interest cover (x)	(44.5)	9.7	23.2	23.6	22.2
ROE (%)	n.a.	n.a.	4.4	n.a.	n.a.
Consensus net profit	-	-	(1,109)	(1,188)	50
UOBKH/Consensus (x)	-	-	n.m.	0.08	n.m.

Source: MCOT, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt10.00
Target Price	Bt10.90
Upside	+9.0%
(Previous TP	*Bt10.60)*

COMPANY DESCRIPTION

Free TV Operator

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	MCOT TB
Shares issued (m):	687.1
Market cap (Btm):	6,871.0
Market cap (US$m):	222.4
3-mth avg daily t'over (US$m):	0.0

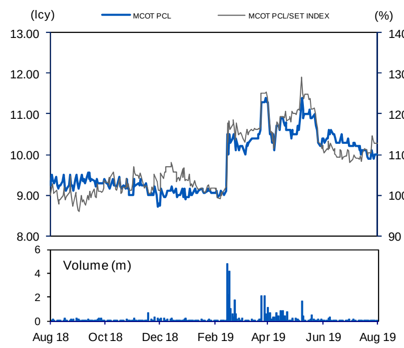
Price Performance (%)

52-week high/low Bt11.40/Bt8.70

1mth	3mth	6mth	1yr	YTD
(2.9)	(5.7)	10.5	8.1	9.9

Major Shareholders	%
Ministry of Finance	65.8
Government Saving Bank	11.5
Thai NVDR	2.2
FY19 NAV/Share (Bt)	5.66
FY19 Solvency Ratio (%)	

PRICE CHART



Source: Bloomberg

ANALYST(S)

Thunya Sutavepramochanon

+662 659 8031

thunya@uobkayhian.co.th

STOCK IMPACT

- **2Q19 was profitable, thanks mainly to one-off gains.** MCOT posted 2Q19 net profit of Bt288m, a turnaround from losses of Bt198m in 2Q18 and Bt32m in 1Q19. This was mainly due to gains of Bt428m on reversal of loss on impairment. Stripping the gains, MCOT would have reported 2Q19 loss of Bt102m. Results were poorer than our estimate. 2Q19 sales dropped 9% yoy and 3% qoq on lower advertising income as advertising spending decelerated during the formation of the new government. Stripping the gains, 2Q19 gross margin was 20%, increased yoy and qoq.

2Q19 RESULTS

Year to 31 Dec (Btm)	2Q18	1Q19	2Q19	yoy % chg	qoq % chg	Remarks
Sales	614	578	558	(9)	(3)	Sales dropped yoy and qoq on lower advertising income
Gross profit	47	88	535	n.a.	512	
SG&A expense	196	144	172	(12)	19	
Other income	8	16	450	n.a.	n.a.	
EBIT	(149)	(56)	364	n.a.	n.a.	
EBT	(156)	(63)	359	n.a.	n.a.	
Net profit	(198)	(32)	288	n.a.	n.a.	
Ratio (%)						
Gross margin	8	15	53			
EBITDA margin	9	15	50			
Net margin	-32	-5	29			

Source: UOB Kay Hian

EARNINGS REVISION/RISK

- We revise our 2019-20 net profit forecasts because 2Q19 results were below our projection.

EARNINGS REVISION

	2018	2019F		2020F	
		Old	New	Old	New
Net profit (Btm)	(376)	(61)	165	(31)	(92)

Source: UOB Kay Hian

VALUATION/RECOMMENDATION

- **Maintain HOLD with a new target price at Bt10.90,** pegged at 2.0x 2020F P/B, or +0.5 to its 5-year mean. We think the company's outlook is improving gradually, especially as the company would be receiving a large compensation as the owner of 2600 MHz in a few years' time (see our report dated 8 Mar 19). Note that we have not included this compensation income into our earnings projections as the accounting methodology and compensation amount are still not clear. Entry price is Bt9.00.

SHARE PRICE CATALYST

- New sources of revenue.

MCOT: P/B BAND

Source: UOB Kay Hian

PROFIT & LOSS

BALANCE SHEET

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Net turnover	2,484	2,323	2,467	2,334
EBITDA	282	625	762	741
Deprec. & amort.	661	900	900	900
EBIT	(380)	(275)	(138)	(159)
Total other non-operating income	78	498	80	185
Net interest income/(expense)	(29)	(27)	(32)	(33)
Pre-tax profit	(330)	196	(91)	(7.5)
Tax	(47)	(21)	18	1.5
Minorities	2.3	(9)	(20)	(20)
Net profit	(376)	165	(92)	(26)
Net profit (adj.)	(376)	165	(92)	(26)

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Fixed assets	2,978	2,668	2,668	2,268
Other LT assets	2,515	1,602	1,507	1,408
Cash/ST investment	248	941	1,019	1,191
Other current assets	926	376	567	783
Total assets	6,667	5,587	5,762	5,651
ST debt	0.0	300	650	700
Other current liabilities	1,070	1,060	960	822
LT debt	n.a.	n.a.	n.a.	n.a.
Other LT liabilities	1,961	359	375	379
Shareholders' equity	3,655	3,888	3,795	3,770
Minority interest	(19)	(20)	(20)	(20)
Total liabilities & equity	6,667	5,587	5,762	5,651

CASH FLOW

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Operating	(151)	740	141	535
Pre-tax profit	(330)	196	(91)	(7.5)
Tax	(47)	(21)	18	1.5
Deprec. & amort.	661	900	900	900
Working capital changes	(310)	(362)	(718)	(393)
Other operating cashflows	(125)	27	32	33
Investing	(150)	(347)	(413)	(413)
Capex (growth)	(11)	(413)	(413)	(413)
Others	(139)	66	0.0	0.0
Financing	(18)	300	350	50
Dividend payments	0.0	0.0	0.0	0.0
Issue of shares	n.a.	n.a.	n.a.	n.a.
Others/interest paid	(18)	300	350	50
Net cash inflow (outflow)	(319)	693	79	172
Beginning cash & cash equivalent	567	248	941	1,019
Changes due to forex impact	n.a.	n.a.	n.a.	n.a.
Ending cash & cash equivalent	248	941	1,019	1,191

KEY METRICS

Year to 31 Dec (%)	2018	2019F	2020F	2021F
Profitability				
EBITDA margin	11.3	26.9	30.9	31.7
Pre-tax margin	(13.3)	8.4	(3.7)	(0.3)
Net margin	(15.1)	7.1	(3.7)	(1.1)
ROA	n.a.	2.7	n.a.	n.a.
ROE	n.a.	4.4	n.a.	n.a.
Growth				
Turnover	(7.2)	(6.5)	6.2	(5.4)
EBITDA	n.a.	122.0	21.9	(2.7)
Pre-tax profit	n.a.	n.a.	(146.2)	n.a.
Net profit	n.a.	n.a.	(155.9)	n.a.
Net profit (adj.)	n.a.	n.a.	(155.9)	n.a.
EPS	n.a.	n.a.	(155.9)	n.a.
Leverage				
Debt to total capital	0.0	7.2	14.7	15.7
Debt to equity	0.0	7.7	17.1	18.6
Net debt/(cash) to equity	(6.8)	(16.5)	(9.7)	(13.0)
Interest cover (x)	9.7	23.2	23.6	22.2

COMPANY UPDATE

PTT Global Chemical (PTTGC TB)

Share Price Entering Oversold Zone; Core Earnings To Bottom Out In 2Q19

We expect PTTGC's earnings to bottom out in 2Q19, backed by a stronger refinery business and more contribution from its productivity improvement programme. PTTGC expects its refinery margin to improve significantly in 2H19 on the IMO regulation to drive diesel demand while PE and aromatic businesses are expected to see some softening hoh. PTTGC is currently trading at an undemanding 10.4x 2019F core PE or 0.7x 2019F P/B. Maintain BUY. Target price: Bt75.00.

WHAT'S NEW

Key takeaways from PTT Global Chemical's (PTTGC) analyst meeting.

- **Oil prices expected at US$59-63/bbl.** PTTGC expects Dubai oil prices at US$59-63/bbl in 2H19 and US$60-65/bbl in 2019 (1H19: US$65.50/bbl). The negative factors are: a) lower oil demand as the International Energy Agency (IEA) has cut oil demand growth outlook for 2019 to 1.1m bpd (from 1.4m bpd); and b) the US pipeline expansion will increase US crude exports from 4Q19. These negatives are expected to be offest by positive factors, including a) geopolitical tension around the Strait of Hormuz between Iran and the West raising concerns of a supply shortage; and b) the OPEC cutting oil production to an 8-year low in Jul 19 (oil producers' compliance to a supply-reduction agreement reached 163%).
- **Slight softening in PE prices in 2H19.** Management expects prices of high density polyethylene (HDPE) at US$1,000-1,030/tonne in 2H19, down 7% hoh. The key negatives are new polyethylene (PE) capacity of 1.6m tonnes per annum (tpa) from China and Malaysia will come on stream in 2H19 and prolonged trade tension between the US and China pressuring demand. But a positive is the capacity loss of around 500,000tpa from upcoming planned maintenance shutdown in Southeast Asia and China in 2H19. For the long term, the polyolefins market will still see challenges from new capacity and a slowdown in economic growth.
- **Refinery business to improve significantly in 2H19.** The new International Marine Orgaization (IMO) regulation will control the maximum sulfur content in marine fuel at 0.50% (from 3.50%) starting 1 Jan 20. Management expects this regulation to be positive for diesel demand for shippers to blend with high sulphur fuel oil (HSFO), aiming to meet this new requirement in 2H19 (3-6 months ahead of the IMO implementation). As a result, we may see a hike in diesel prices and a decline in HSFO prices in 2H19, implying a stronger gross refining margin (GRM).

KEY FINANCIALS

Year to 31 Dec (Btm)	2017	2018	2019F	2020F	2021F
Net turnover	439,921	518,655	391,682	437,573	437,792
EBITDA	65,267	56,829	45,568	47,958	48,201
Operating profit	45,817	37,775	23,752	25,652	27,030
Net profit (rep./act.)	39,298	40,069	23,639	25,228	26,486
Net profit (adj.)	37,911	42,850	22,565	25,228	26,486
EPS (Bt)	8.4	9.5	5.0	5.6	5.9
PE (x)	6.2	5.5	10.4	9.3	8.9
P/B (x)	0.9	0.8	0.7	0.7	0.7
EV/EBITDA (x)	4.5	5.2	6.5	6.2	6.1
Dividend yield (%)	8.1	7.7	4.5	4.8	5.1
Net margin (%)	8.9	7.7	6.0	5.8	6.0
Net debt/(cash) to equity (%)	15.5	14.6	16.8	20.1	22.2
Interest cover (x)	16.6	15.8	13.3	14.6	15.3
ROE (%)	15.1	14.0	7.8	8.0	8.1
Consensus net profit	-	-	24,305	29,011	32,507
UOBKH/Consensus (x)	-	-	0.93	0.87	0.81

Source: PTTGC, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt52.25
Target Price	Bt75.00
Upside	+43.5%

COMPANY DESCRIPTION

PTT Global Chemical is a fully integrated petrochemical and chemical company. The company's products are derived from its main product, olefins, namely ethylene and propylene.

STOCK DATA

GICS sector	Materials
Bloomberg ticker:	PTTGC TB
Shares issued (m):	4,508.8
Market cap (Btm):	235,587.4
Market cap (US$m):	7,631.3
3-mth avg daily t'over (US$m):	45.9

Price Performance (%)

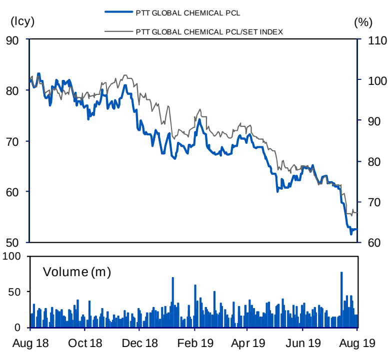
52-week high/low Bt83.25/Bt51.50

1mth	3mth	6mth	1yr	YTD
(17.1)	(19.0)	(24.0)	(35.9)	(26.7)

Major Shareholders	%
PTT	48.9
NDVR	6.1
-	-

FY19 NAV/Share (Bt)	69.98
FY19 Net Debt/Share (Bt)	11.48

PRICE CHART



Source: Bloomberg

ANALYST(S)

Tanaporn Visaruthaphong
+662 659 8305
tanaporn@uobkayhian.co.th

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

- **Aromatics spread headwind from higher supply in 2H19.** PTTGC expects paraxylene (PX)- naphtha spread to soften hoh to US$320-350/tonne in 2H19 (1H19: US$465/tonne) due to new capacity in China, including Hainan (PX capacity of 0.8m tpa and BZ capacity of 0.16m tpa in 3Q19) and Hengli #2 (PX capacity of 2.25m tpa and BZ capacity of 0.65m tpa in 4Q19). However, BZ spread is expected to be stable due to more demand from new styrene monomer capacity, which uses BZ as feedstock.

STOCK IMPACT

- **Expect core earnings to bottom out in 2Q19.** We expect the refinery business to improve along with a significant improvement in Singapore's GRM of US$6.50/bbl in 3Q qtd (1H19: US$3.40) due to better spreads for all refined products. In addition, it expects higher contribution of Bt5.7b (vs our assumption of Bt4.5b) for 2019 from its cost savings programme and improved efficiency. These positive factors are expected to be partially offset by the weak olefins and derivatives businesses due to declining HDPE prices and spreads in 2H19.

- **Three major projects to start commercial operations in 2020.** These include the: a) olefin reconfiguration project worth Bt36b to build a naphtha cracker with ethylene capacity of 500,000tpa and propylene capacity of 250,000 tpa; b) propylene oxide project with a capacity of 200,000tpa; and c) polyols project with polyester polyol capacity of 130,000tpa. These projects should provide some buffer to PTTGC's earnings next year.

EARNINGS REVISION/RISK

- None.

- **HDPE price sensitivity.** Our sensitivity analysis indicates that every US$100/tonne increase from our HDPE price assumption of US$1,050/tonne (the same as PTTGC's assumption) will raise our 2019 core profit forecast by Bt2.5b or 11% of our earnings forecast.

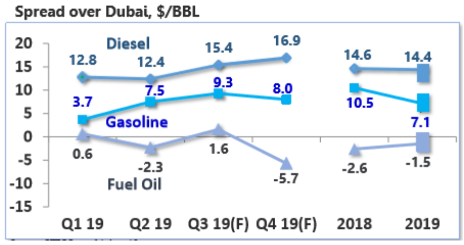
VALUATION/RECOMMENDATION

- **Maintain BUY and target price of Bt75.00,** based on regional PE mean of 15x. PTTGC is currently trading at an undemanding 10.4x 2019F core PE or 0.7x 2019F P/B (BVPS in 2Q19: Bt64.00), with an attractive dividend yield of 4.5%. Moreover, we expect share price to see support from PTTGC's share buyback programme of 50m shares with a budget of Bt3.0b from 11 Jun 19 to 9 Dec 19.

SHARE PRICE CATALYST

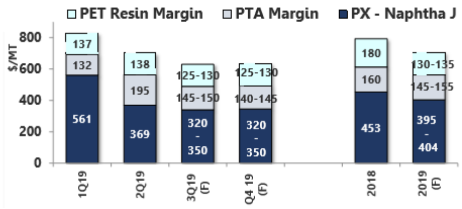
- Recovery in HDPE prices.

REFINERY PRODUCTS



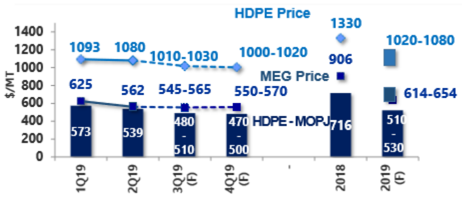
Source: PTTGC

PARAXYLENE VALUE CHAIN



Source: PTTGC

ETHYLENE PRICE AND DERIVATIVE PRICE & SPREAD



Source: PTTGC

PRICES AND SPREADS DATA AND ASSUMPTIONS

	1Q19	2Q19	3Q19 (qtd)	UOBKH 2019F
Brent price (US$/bbl)	63.1	68.5	63.6	69.3
Dubai price (US$/bbl)	63.5	67.4	62.7	65.0
Refinery (US$/bbl)				
Gasoline spread	3.7	7.5	9.9	8.0
Jet spread	13.0	12.2	15.2	15.7
Diesel spread	12.8	12.4	15.0	16.0
Fuel oil spread	0.5	-2.3	2.5	0.0
Aromatic (US$/tonne)				
PX - ULG95 Spread	508	273	223	310
BZ - ULG95 Spread	18	-21	50	20
PX - Condensate Spread	520	341	323	360
BZ - Condensate Spread	55	52	133	75
Olefins (US$/tonne)				
HDPE Price	1,093	1,080	998	1,050
HDPE Spread	573	539	498	517
PP Price	1,127	1,143	1,098	1,108
PP Spread	608	602	590	588

Source: Bloomberg, UOB Kay Hian

PTTGC: FORWARD CORE PE BAND

Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Net turnover	518,655	391,682	437,573	437,792
EBITDA	56,829	45,568	47,958	48,201
Deprec. & amort.	19,055	21,817	22,306	21,171
EBIT	37,775	23,752	25,652	27,030
Associate contributions	6,895	6,191	6,101	6,001
Net interest income/(expense)	(3,593)	(3,437)	(3,288)	(3,146)
Pre-tax profit	42,666	26,654	28,465	29,885
Tax	(2,986)	(2,651)	(2,847)	(2,988)
Minorities	(201)	(364)	(391)	(410)
Net profit	40,069	23,639	25,228	26,486
Net profit (adj.)	42,850	22,565	25,228	26,486

BALANCE SHEET

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Fixed assets	62,428	68,619	74,721	80,721
Other LT assets	262,517	278,775	296,094	314,632
Cash/ST investment	53,562	84,906	56,623	42,151
Other current assets	90,748	71,530	80,270	80,289
Total assets	469,255	503,830	507,708	517,793
ST debt	13,260	13,260	13,260	13,260
Other current liabilities	60,599	43,392	48,906	48,904
LT debt	83,648	123,395	107,877	103,389
Other LT liabilities	8,267	8,267	8,267	8,267
Shareholders' equity	296,046	307,785	321,327	335,544
Minority interest	7,436	7,731	8,071	8,429
Total liabilities & equity	469,255	503,830	507,708	517,793

CASH FLOW

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Operating	58,908	75,690	27,178	41,640
Pre-tax profit	42,666	26,654	28,465	29,885
Tax	(2,986)	(2,651)	(2,847)	(2,988)
Deprec. & amort.	19,055	21,817	22,306	21,171
Associates	6,895	6,191	6,101	6,001
Working capital changes	(773)	36,425	(14,255)	(17)
Non-cash items	0	0	0	0
Other operating cashflows	(5,949)	(12,746)	(12,594)	(12,412)
Investing	(32,842)	(38,074)	(39,625)	(39,710)
Capex (growth)	(32,842)	(38,074)	(39,625)	(39,710)
Financing	(21,321)	(6,271)	(15,836)	(16,402)
Dividend payments	(19,739)	(10,638)	(11,353)	(11,919)
Loan repayment	(4,483)	4,367	(4,483)	(4,483)
Others/interest paid	2,902	0	0	0
Net cash inflow (outflow)	4,746	31,344	(28,283)	(14,472)
Beginning cash & cash equivalent	43,429	53,562	84,906	56,623
Changes due to forex impact	5,387	n.a.	n.a.	n.a.
Ending cash & cash equivalent	53,562	84,906	56,623	42,151

KEY METRICS

Year to 31 Dec (%)	2018	2019F	2020F	2021F
Profitability				
EBITDA margin	11.0	11.6	11.0	11.0
Pre-tax margin	8.2	6.8	6.5	6.8
Net margin	7.7	6.0	5.8	6.0
ROA	8.9	4.9	5.0	5.2
ROE	14.0	7.8	8.0	8.1
Growth				
Turnover	17.9	(24.5)	11.7	0.1
EBITDA	(12.9)	(19.8)	5.2	0.5
Pre-tax profit	(11.6)	(37.5)	6.8	5.0
Net profit	2.0	(41.0)	6.7	5.0
Net profit (adj.)	13.0	(47.3)	11.8	5.0
EPS	13.0	(47.3)	11.8	5.0
Leverage				
Debt to total capital	24.2	30.2	26.9	25.3
Debt to equity	32.7	44.4	37.7	34.8
Net debt/(cash) to equity	14.6	16.8	20.1	22.2
Interest cover (x)	15.8	13.3	14.6	15.3

COMPANY UPDATE

True Corporation (TRUE TB)

Reaffirms Positive View On Operational Outlook; Still Laggard Among Peers

TRUE's management reaffirmed its positive view on the strong service revenue growth and its positive core profit level for 2019 guidance. The key drivers will be better market competition that will result in higher ARPU and lower handset subsidy. We expect 2H19 earnings to improve on the asset sale gain, higher ARPU, and lower handset subsidy expense. Maintain BUY. Target price: Bt6.70.

WHAT'S NEW

Key takeaway from analyst meeting,

- **Maintain its service revenue growth target.** TRUE's management has reaffirmed its service revenue growth guidance of mid- to high-single digit for 2019 despite TRUE reporting service revenue growth of 4.1% yoy in 1H19. This is because TRUE believes market competition will improve in 2H19, which will lead to a continued improvement in its mobile ARPU. It has also been awarded the exclusive broadcast rights for all English Premier League matches for three seasons over 2019-22 in Thailand, Laos, and Cambodia, and this will result in more contribution to its service revenue from 3Q19 onwards. TRUE is maintaining its positive core profit for 2019.
- **More relief in mobile price competition.** Management expects mobile competition in Thailand to stabilise, as no aggressive price plan have been launched after the end of the unlimited fixed speed price plan since mid-May 19. TRUE also expects all mobile operators to sustain their mobile revenue market shares at current level and all mobile operators' service revenue growth to grow at market growth rate, which is usually around 1-2% discount to GDP growth. We expect TRUE's group earnings and outlook to improve as market competition eases on the back of: a) a gradual increase in mobile ARPU due to a reduction in the number of unlimited fixed speed users (who account for around one-third of postpaid subscribers), and b) lower handset subsidy costs as the company is now employing a selective strategy by focusing on high-value customers instead of low-value customers. Management also mentioned that cash capex is likely to have passed the peak cycle, which eases pressure on its free cash flow.

KEY FINANCIALS

Year to 31 Dec (Btm)	2017	2018	2019F	2020F	2021F
Net turnover	141,290	161,820	144,272	149,341	154,368
EBITDA	39,361	53,998	39,445	38,231	36,465
Operating profit	5,889	20,406	3,748	5,537	7,330
Net profit (rep./act.)	2,323	7,035	784	2,725	4,428
Net profit (adj.)	(4,210)	(3,499)	784	2,725	4,428
EPS (Bt)	(0.1)	(0.1)	0.0	0.1	0.1
PE (x)	n.m.	n.m.	320.8	92.3	56.8
P/B (x)	2.0	2.0	1.9	1.8	1.8
EV/EBITDA (x)	6.9	5.0	6.9	7.1	7.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	1.6	4.3	0.5	1.8	2.9
Net debt/(cash) to equity (%)	81.7	101.0	42.5	40.4	36.6
Interest cover (x)	4.7	7.2	5.9	5.7	5.4
ROE (%)	1.8	5.3	0.6	1.9	3.0
Consensus net profit	-	-	2,990	4,201	5,315
UOBKH/Consensus (x)	-	-	0.26	0.65	0.83

Source: True Corporation, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt6.35
Target Price	Bt6.70
Upside	+5.5%

COMPANY DESCRIPTION

Integrated holding company with businesses in mobile, fixed lines, Internet, and pay-TV.

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	TRUE TB
Shares issued (m):	33,368.2
Market cap (Btm):	211,888.0
Market cap (US$m):	6,857.7
3-mth avg daily t'over (US$m):	30.2

Price Performance (%)

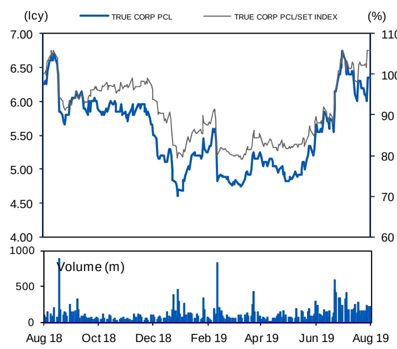
52-week high/low Bt6.75/Bt4.60

1mth	3mth	6mth	1yr	YTD
(0.8)	30.1	19.8	1.6	22.1

Major Shareholders	%
CP Group	64.7
Uniq Network	9.6
Wide Broadcast	7.6

FY19 NAV/Share (Bt)	3.39
FY19 Net Debt/Share (Bt)	1.52

PRICE CHART



Source: Bloomberg

ANALYST(S)

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

- **Fixed broadband business (FBB) still challenging** as FBB market competition is still high, especially after AIS Fibre attempted to gain FBB market share. Advanced Info Service (ADVANC) has set a goal to become the no.1 player in the segment within three years - it is currently ranked fourth in the market. However, TRUE expects the fixed broadband internet market for Thailand to reach maturity within the next few years, with around 80% of 21m households in Thailand having wired internet connections. Moreover, TRUE intends to sustain its market leadership with 3.5m FBB subscribers. It has launched a new package (named Gigatex) with 1Gbps at Bt899/month/sub. Customers will be provided with True's Gigatex Fiber Router, valued at Bt3,900, for free. TRUE has also has cut the price of its 1Gbps high-speed internet package by nearly half to encourage existing customers to upgrade their packages. These should help TRUE to maintain its FBB ARPU and subscriber base and capture more high-value customers going forward.

STOCK IMPACT

- **Expect TRUE's net profit to further improve in 2H19.** We expect TRUE's net profit to continue to improve, supported by: a) an expected huge gain from asset sale to Digital Infrastructure Fund (DIF) in 3Q19, b) the absence of one-time provision on employee benefit of Bt748m that was recorded in 2Q19, c) easing market competition that will lead to higher mobile ARPU, subscriber base and lower handset subsidy expense, and d) TRUE will continue with the implementation of its cost savings programme and will see lower network opex after the 2G shutdown, scheduled from 31 Oct 19 onwards, in Thailand. These positive factors may partially offset the higher rental expenses of DIF.

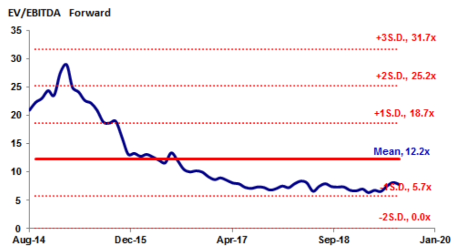
EARNINGS REVISION/RISK

- **None**.

VALUATION/RECOMMENDATION

- **Maintain BUY and SOTP-based target price of Bt6.70.** We expect better earnings momentum to provide a positive sentiment on the stock. We expect TRUE's share price to still lag its peers as DTAC's and ADVANC's share prices have increased 41% and 23.2% respectively compared with TRUE's share price increase of 24.5%.

EV/EBITDA BAND



Source: Bloomberg, UOB Kay Hian

SOTP VALUATION

	Bt m	Bt/sh	Comment
Mobile business	173,206	5.2	Target EV/EBITDA of 6x
(+) True Online	66,686	2.0	WACC of 7.8%
(+) True Vision	8,500	0.3	Target EV/EBITDA of 8.5x
(+) value of fund retained	36,120	1.1	Market value
EV	284,512	8.5	
(-) Net debts	(60,056)	(1.8)	
Equity value	**224,456**	**6.70**	

Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Net turnover	161,820	144,272	149,341	154,368
EBITDA	53,998	39,445	38,231	36,465
Deprec. & amort.	33,592	35,697	32,694	29,136
EBIT	20,406	3,748	5,537	7,330
Total other non-operating income	(3,751)	450	405	365
Associate contributions	3,789	3,827	3,865	3,904
Net interest income/(expense)	(7,477)	(6,715)	(6,721)	(6,721)
Pre-tax profit	12,967	1,310	3,086	4,877
Tax	(6,010)	(526)	(361)	(449)
Minorities	77	0	0	0
Preferred dividends	0	0	0	0
Net profit	7,035	784	2,725	4,428
Net profit (adj.)	(3,499)	784	2,725	4,428

BALANCE SHEET

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Fixed assets	205,812	159,495	161,090	162,701
Other LT assets	165,064	164,914	164,388	163,863
Cash/ST investment	20,718	46,679	57,954	68,345
Other current assets	103,974	94,601	97,662	100,703
Total assets	495,569	465,689	481,094	495,612
ST debt	84,909	38,000	46,693	52,567
Other current liabilities	116,990	118,160	119,342	120,535
LT debt	70,416	68,735	69,422	70,116
Other LT liabilities	89,370	98,844	100,955	103,277
Shareholders' equity	133,291	141,352	144,077	148,505
Minority interest	593	599	605	611
Total liabilities & equity	495,569	465,689	481,094	495,611

CASH FLOW

Year to 31 Dec (Btm)	2018	2019F	2020F	2021F
Operating	28,839	46,185	30,474	28,613
Pre-tax profit	9,178	(2,517)	(779)	973
Tax	(6,010)	(526)	(361)	(449)
Deprec. & amort.	33,592	35,697	32,694	29,136
Associates	3,789	3,827	3,865	3,904
Working capital changes	0	10,543	(1,879)	(1,847)
Non-cash items	(11,711)	(3,827)	(3,865)	(3,904)
Other operating cashflows	0	2,989	800	800
Investing	(60,817)	(20,228)	(19,200)	(18,573)
Capex (growth)	(59,169)	(18,579)	(17,550)	(16,573)
Capex (maintenance)	(2,000)	(2,000)	(2,000)	(2,000)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	352	351	350	0
Financing	34,398	3	1	350
Dividend payments	(1,034)	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	35,432	3	1	350
Net cash inflow (outflow)	2,419	25,960	11,275	10,391
Beginning cash & cash equivalent	18,299	20,718	46,679	57,954
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	20,718	46,679	57,954	68,345

KEY METRICS

Year to 31 Dec (%)	2018	2019F	2020F	2021F
Profitability				
EBITDA margin	33.4	27.3	25.6	23.6
Pre-tax margin	8.0	0.9	2.1	3.2
Net margin	4.3	0.5	1.8	2.9
ROA	1.5	0.2	0.6	0.9
ROE	5.3	0.6	1.9	3.0
Growth				
Turnover	14.5	(10.8)	3.5	3.4
EBITDA	37.2	(27.0)	(3.1)	(4.6)
Pre-tax profit	257.0	(89.9)	135.6	58.0
Net profit	202.9	(88.9)	247.6	62.5
Net profit (adj.)	n.a.	n.a.	247.6	62.5
EPS	n.a.	n.a.	247.6	62.5
Leverage				
Debt to total capital	53.7	42.9	44.5	45.1
Debt to equity	116.5	75.5	80.6	82.6
Net debt/(cash) to equity	101.0	42.5	40.4	36.6
Interest cover (x)	7.2	5.9	5.7	5.4

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