

## The light is turning green!

We had been concerned that business integration cost would pressure earnings growth in 2024F. However, cost synergy is coming in faster than expected and we now feel we were overly concerned on that issue. We have thus revised up our 2024F by 7% to Bt31.6bn, growth of 10.9% YoY. Given the stronger earnings outlook, decent dividend yield of 4.7% and lagging share price YTD, we believe ADVANC will start to outperform the SET and upgrade our rating to OUTPERFORM (from NEUTRAL), raising our DCF-based TP to Bt260 (6% WACC and 2% LTG) from Bt246 to reflect the earnings upgrade.

**Catalyst#1: 1Q24 earnings beat.** ADVANC reported 1Q24 net profit of Bt8.5bn, surging 20.7% QoQ and 25.1% YoY, with a FX loss of Bt198mn booked. Stripping this out shows a core profit of Bt8.6bn, up 22.8% QoQ and 29.2% YoY, a large 22.7% above INVX and 24% above consensus. The big surprise was lower SG&A than forecast resulting from more rapid cost synergy after the TTTBB acquisition. SG&A was Bt5.9bn (vs our forecast of Bt7bn), down 15.3% QoQ but up 5.7% YoY. Key operating items were also solid. Mobile revenue was Bt30.3bn, up 0.9% QoQ and 3.7% YoY, thanks to the recovery in tourism-related revenue and improving ARPU. In 1Q24, it achieved blended ARPU of Bt224, growing 0.2% QoQ and 6.5% YoY. FBB revenue was Bt7.1bn, jumping 41.4% QoQ and 162.7% YoY, largely off the full quarter contribution from TTTBB. FBB ARPU also saw strong growth of 1.3% QoQ and 22% YoY to Bt490. 1Q24 core profit is 29.3% of our previous full-year forecast.

**Catalyst#2: Expect earnings to continue growing in 2Q24F.** We expect earnings to continue to grow YoY in 2Q24F, supported by the ongoing improvement in tourism-related revenue and in mobile revenue. On the cost side, we expect SG&A (admin & marketing expenses) to be stable QoQ in 2Q24F. We do not expect a material increase in admin expense as cost synergy is already being seen and will continue to bear fruit. Normally, we also do not see a strong QoQ increase in marketing in 2Q.

**Catalyst#3: Raised our 2024F.** The strong 1Q24 results led us to lower our SG&A assumption by 10% to Bt25.4bn, which raises our 2024F earnings by 7% to Bt31.6bn (+10.9% YoY) reflecting the more rapid realization of cost synergy. We keep our core service revenue growth forecast at 14.2% vs 13-15% management guidance.

**Action & recommendation.** ADVANC share price has fallen 9% YTD, lagging the SET by 5.6% as all have been concerned that integration cost after the TTTBB purchase was going to dampen its 2024 earnings growth. We believe this concern has been relieved by the 1Q24 results, and expect share price to start to outperform the market.

**Risks and concerns.** Weak economic recovery would hamper ARPU uplift in the mobile and FBB businesses. Key ESG risk for the company is in the arena of cybersecurity and data privacy for subscribers.

### Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	185,485	188,873	209,040	213,781	218,668
EBITDA	(Btmn)	90,261	94,076	106,631	109,249	111,958
Core profit	(Btmn)	26,048	28,467	31,567	34,096	37,364
Reported profit	(Btmn)	26,011	29,086	31,567	34,096	37,364
Core EPS	(Bt)	8.76	9.57	10.61	11.46	12.56
DPS	(Bt)	7.69	8.61	9.34	10.09	11.06
P/E, core	(x)	22.6	20.6	18.6	17.2	15.7
EPS growth, core	(%)	(5.5)	9.3	10.9	8.0	9.6
P/BV, core	(x)	6.9	6.5	6.1	5.8	5.5
ROE	(%)	31.1	32.3	33.9	34.7	36.0
Dividend yield	(%)	3.9	4.4	4.7	5.1	5.6
EV/EBITDA	(x)	7.3	7.4	6.6	6.2	5.8
EBITDA growth	(%)	(2.4)	4.2	13.3	2.5	2.5

Source: InnovestX Research

## Tactical: OUTPERFORM (3-month)

### Stock data

Last close (Apr 30) (Bt)	197.50
Target price (Bt)	260.00
Mkt cap (Btmn)	587.41
Mkt cap (US\$m)	15,897

Beta	L
Mkt cap (%) SET	3.47
Sector % SET	8.46
Shares issued (mn)	2,974
Par value (Bt)	1.00
12-m high / low (Bt)	231 / 193
Avg. daily 6m (US\$m)	26.39
Foreign limit / actual (%)	48 / 37
Free float (%)	36.2
Dividend policy (%)	≥ 70

### Share performance

(%)	1M	3M	12M
Absolute	(3.7)	(9.8)	(7.7)
Relative to SET	(3.0)	(10.0)	3.2

Source: SET, InnovestX Research

### 2023 Sustainability/2022 ESG Score

SET ESG Ratings	AAA
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### ESG Bloomberg Rank in the sector

ESG Score Rank	1/35
Environmental Score Rank	1/35
Social Score Rank	1/35
Governance Score Rank	1/35

### ESG comment

ADVANC ranked no. 1 for ESG score in the sector and also in each category, implying good ESG.

Source: Bloomberg Finance L.P.

### Analyst

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### Value proposition

ADVANC has the highest market share in Thailand's mobile telecom space. It also has the highest spectrum holdings among other operators. The company currently has 700MHz (15MHz bandwidth capacity), 900MHz (10MHz), 1800MHz (20MHz), 2100MHz (30MHz), 2600MHz (100MHz) and 26GHz (1200MHz). This ensures it can provide good service quality to customers.

### Business outlook

Business is recovering as more tourists bring in more roaming revenue. However, the competitive situation is still fluid and will continue to pressure ARPU upside. The monetization of its 5G business is still a key focus in the long-term. However, we are starting to see ADVANC attempt to broaden its revenue stream from businesses such as enterprise non-mobile segment and financial services (MOU with KTB for a virtual bank). This could be a new long-term earnings growth driver, although the contribution would be small initially. The acquisition of TTTBB and 3BBIF also offers long-term benefit from cross-selling opportunities and cost synergy as well as increased network coverage.

Bullish views	Bearish views
1. Easing pricing competition in mobile and FBB businesses post market consolidation	1. Spectrum auction could create negative sentiment toward the stock
2. Cost synergy comes faster than expected	2. Business integration cost could spike again

### Key catalysts

Factor	Event	Impact	Comment
Latest development	Successfully acquired TTTBB and JASIF in 4Q23	Slightly positive	The acquisition cost is lower than expected. In our assumptions, we assume Bt2.7/sh from this deal and it is already in our TP.
Near-term earnings outlook	2Q24F earnings momentum	Lower QoQ, but higher YoY	We expect to see a small earnings drop QoQ due to lower handset margin with YoY growth from ongoing recovery in mobile and FBB.
Factors to watch in 2024	Spectrum auction	Neutral	We expect bidding competition to be mild as there are only two key operators in Thailand.

### Sensitivity analysis

Factor	Earnings impact	TP impact
1ppt change in mobile service revenue	3.0%	Bt5/sh.

### Our view on ESG

ADVANC is chiefly involved with the provision of mobile and FBB services which by nature do not have high emissions. It also has excellent CG scoring. Overall, we have no issues related to ESG for the company.

### ESG Disclosure Score

Bloomberg ESG Score	60.79 (2022)	CG Rating	DJSI	SETESG	SET ESG Ratings	
Rank in Sector	1/35	ADVANC	5	Yes	Yes	AAA

Source: Thai Institute of Directors (IOD), SET

### Environmental Issue (E)

- The company plans to reduce GHG emissions through high efficient business operations and utilization of renewable energy.
- ADVANC has been adopting multiple energy-efficient technologies in the management of base stations nationwide which helped save energy and reduced indirect GHG emissions from electricity consumption by 18,743 tCO<sub>2</sub>e in 2021.
- For the alternative energy use, the company continued to expand installation of solar panels, allowing for solar panel installation at 5,553 base stations and at another eight data centers and switching centers. This generated 16,282 MWh/year and cutting 8,139 tCo<sub>2</sub>e in GHG emissions.

### Social Issue (S)

- ADVANC has policies to uplifting community well-being and decreasing social inequality through digital infrastructure and solutions.
- The company implemented three strategies; 1) Expansion of digital infrastructure for maximum coverage in support of efficient communication and alignment with national economic development, 2) supporting public access to affordable digital communication devices and 3) developing digital platforms that enhance economic and social structures along with quality of life.

### Governance Issue (G)

- Corporate governance policy of ADVANC adheres fundamentally to laws and developed to be transparent, reliable, and acceptable in line with best practice of good corporate governance and sustainability growth, both domestic and international standard. This reflects in its achievement and recognition in 2021.
- ADVANC listed in Dow Jones Sustainability Indices, received excellent CG scoring from Corporate Governance Report of Thai listed companies, received "Best Investor Relation Awards", and many more.

### ESG Disclosure Score

	2021	2022
<b>ESG Disclosure Score</b>	<b>60.60</b>	<b>60.79</b>
<b>Environment</b>	<b>42.65</b>	<b>49.41</b>
Emissions Reduction Initiatives	Yes	Yes
GHG Scope 1	8.93	7.41
Energy Efficiency Policy	Yes	Yes
Total Energy Consumption	1,318.491	394.99
Renewable Energy Use	16.28	24.19
<b>Social</b>	<b>49.18</b>	<b>42.99</b>
Human Rights Policy	Yes	Yes
Equal Opportunity Policy	Yes	Yes
Pct Women in Management	36.26	37.71
Business Ethics Policy	Yes	Yes
Anti-Bribery Ethics Policy	Yes	Yes
<b>Governance</b>	<b>89.86</b>	<b>89.86</b>
Size of Audit Committee	3	3
Number of Independent Directors on Audit Committee	3	3
Company Conducts Board Evaluations	Yes	Yes
Number of Executives / Company Managers	11	12
Director Share Ownership Guidelines	No	No

Source: Bloomberg Finance L.P.

### Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

## Financial statement

### Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	180,894	172,890	181,333	185,485	188,873	209,040	213,781	218,668
Cost of goods sold	(Btmn)	(111,899)	(110,848)	(121,453)	(126,172)	(125,387)	(137,189)	(138,574)	(138,827)
<b>Gross profit</b>	(Btmn)	<b>68,994</b>	<b>62,042</b>	<b>59,880</b>	<b>59,313</b>	<b>63,486</b>	<b>71,851</b>	<b>75,207</b>	<b>79,841</b>
SG&A	(Btmn)	(27,885)	(24,499)	(21,846)	(22,486)	(22,978)	(25,352)	(26,113)	(26,896)
Other income	(Btmn)	846	969	1,273	658	847	842	862	857
Interest expense	(Btmn)	(4,777)	(5,917)	(5,626)	(5,230)	(6,145)	(9,269)	(8,750)	(8,540)
<b>Pre-tax profit</b>	(Btmn)	<b>37,179</b>	<b>32,595</b>	<b>33,680</b>	<b>32,255</b>	<b>35,210</b>	<b>38,071</b>	<b>41,205</b>	<b>45,262</b>
Corporate tax	(Btmn)	(6,209)	(5,089)	(5,970)	(6,168)	(6,909)	(7,614)	(8,241)	(9,052)
Equity a/c profits	(Btmn)	(86)	(70)	(141)	(36)	168	1,113	1,135	1,158
Minority interests	(Btmn)	(3)	(3)	(2)	(3)	(3)	(3)	(3)	(3)
<b>Core profit</b>	(Btmn)	<b>30,881</b>	<b>27,433</b>	<b>27,568</b>	<b>26,048</b>	<b>28,467</b>	<b>31,567</b>	<b>34,096</b>	<b>37,364</b>
Extra-ordinary items	(Btmn)	308	2	(646)	(37)	620	0	0	0
<b>Net Profit</b>	(Btmn)	<b>31,190</b>	<b>27,434</b>	<b>26,922</b>	<b>26,011</b>	<b>29,086</b>	<b>31,567</b>	<b>34,096</b>	<b>37,364</b>
EBITDA	(Btmn)	78,987	90,034	92,463	90,261	94,076	106,631	109,249	111,958
<b>Core EPS</b>	<b>(Bt)</b>	<b>10.39</b>	<b>9.23</b>	<b>9.27</b>	<b>8.76</b>	<b>9.57</b>	<b>10.61</b>	<b>11.46</b>	<b>12.56</b>
Net EPS	(Bt)	10.49	9.23	9.05	8.75	9.78	10.61	11.46	12.56
DPS	(Bt)	7.34	6.92	7.69	7.69	8.61	9.34	10.09	11.06

### Balance Sheet

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	47,142	42,155	35,566	34,338	41,838	48,736	66,912	103,258
Total fixed assets	(Btmn)	228,584	291,460	300,192	275,878	361,603	342,791	323,963	294,054
<b>Total assets</b>	(Btmn)	<b>289,669</b>	<b>350,171</b>	<b>356,222</b>	<b>337,044</b>	<b>454,439</b>	<b>475,209</b>	<b>474,824</b>	<b>481,530</b>
Total loans	(Btmn)	94,044	98,050	87,828	84,410	127,244	132,420	125,000	122,000
Total current liabilities	(Btmn)	105,255	95,039	92,590	96,504	133,685	130,319	125,449	126,494
Total long-term liabilities	(Btmn)	115,020	179,443	181,807	154,723	230,076	249,258	248,457	248,091
<b>Total liabilities</b>	(Btmn)	<b>220,275</b>	<b>274,481</b>	<b>274,397</b>	<b>251,227</b>	<b>363,761</b>	<b>379,578</b>	<b>373,906</b>	<b>374,585</b>
Paid-up capital	(Btmn)	2,973	2,974	2,974	2,974	2,974	2,974	2,974	2,974
<b>Total equity</b>	(Btmn)	<b>69,394</b>	<b>75,689</b>	<b>81,825</b>	<b>85,816</b>	<b>90,678</b>	<b>95,632</b>	<b>100,918</b>	<b>106,945</b>
<b>BVPS</b>	<b>(Bt)</b>	<b>23.30</b>	<b>25.41</b>	<b>27.47</b>	<b>28.81</b>	<b>30.45</b>	<b>32.12</b>	<b>33.90</b>	<b>35.92</b>

### Cash Flow Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	30,881	27,433	27,568	26,048	28,467	31,567	34,096	37,364
Depreciation and amortization	(Btmn)	37,229	51,842	53,374	52,902	52,880	59,438	59,454	58,306
Operating cash flow	(Btmn)	94,764	83,310	88,308	77,961	84,280	100,612	95,004	99,074
Investing cash flow	(Btmn)	(48,365)	(67,450)	(62,333)	(55,777)	(97,516)	(77,884)	(45,002)	(32,579)
Financing cash flow	(Btmn)	(35,829)	(17,076)	(31,657)	(25,909)	18,966	(21,441)	(36,233)	(34,341)
<b>Net cash flow</b>	(Btmn)	<b>10,570</b>	<b>(1,216)</b>	<b>(5,681)</b>	<b>(3,726)</b>	<b>5,730</b>	<b>1,286</b>	<b>13,769</b>	<b>32,154</b>

### Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	38.1	35.9	33.0	32.0	33.6	34.4	35.2	36.5
Operating margin	(%)	22.7	21.7	21.0	19.9	21.4	22.2	23.0	24.2
EBITDA margin	(%)	43.7	52.1	51.0	48.7	49.8	51.0	51.1	51.2
EBIT margin	(%)	37.6	45.7	44.6	42.5	42.9	42.9	43.2	43.2
Net profit margin	(%)	17.2	15.9	14.8	14.0	15.4	15.1	15.9	17.1
ROE	(%)	48.6	37.8	35.0	31.1	32.3	33.9	34.7	36.0
ROA	(%)	10.6	8.6	7.8	7.5	7.2	6.8	7.2	7.8
Net D/E	(x)	1.1	1.1	0.9	0.9	1.2	1.2	0.9	0.6
Interest coverage	(x)	16.5	15.2	16.4	17.3	15.3	11.5	12.5	13.1
Debt service coverage	(x)	2.7	3.7	4.7	3.5	1.5	2.0	2.2	2.4
Payout Ratio	(%)	70.0	75.0	84.9	87.9	88.0	88.0	88.0	88.0

### Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Service revenue ex. IC growth yoy	(%)	2.4	(5.1)	1.1	1.6	4.2	14.2	2.7	2.7
Mobile revenue	(Btmn)	126,341	118,082	117,244	116,695	118,129	120,492	122,901	125,359
FBB revenue	(Btmn)	5,656	6,960	8,436	10,063	13,621	30,647	32,180	33,789
SIM and Handset margin	(%)	1.1	0.9	0.9	1.0	1.8	1.0	1.0	1.0

## Financial statement

### Profit and Loss Statement

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Total revenue	(Btmn)	45,273	46,234	48,699	46,712	44,774	46,069	51,318	53,293
Cost of goods sold	(Btmn)	(30,399)	(31,696)	(33,399)	(31,702)	(29,704)	(30,306)	(33,674)	(34,875)
<b>Gross profit</b>	(Btmn)	<b>14,874</b>	<b>14,538</b>	<b>15,300</b>	<b>15,010</b>	<b>15,070</b>	<b>15,762</b>	<b>17,644</b>	<b>18,418</b>
SG&A	(Btmn)	(5,718)	(5,669)	(5,521)	(5,601)	(4,947)	(4,993)	(7,438)	(5,890)
Other income	(Btmn)	281	107	61	134	90	500	124	172
Interest expense	(Btmn)	(1,323)	(1,294)	(1,294)	(1,250)	(1,333)	(1,366)	(2,196)	(2,300)
<b>Pre-tax profit</b>	(Btmn)	<b>8,114</b>	<b>7,683</b>	<b>8,545</b>	<b>8,294</b>	<b>8,880</b>	<b>9,903</b>	<b>8,133</b>	<b>10,400</b>
Corporate tax	(Btmn)	(1,467)	(1,410)	(1,747)	(1,597)	(1,723)	(1,887)	(1,702)	(1,993)
Equity a/c profits	(Btmn)	(6)	(9)	(5)	(2)	2	9	159	242
Minority interests	(Btmn)	(1)	(1)	(1)	(1)	(1)	(1)	0	(0)
<b>Core profit</b>	(Btmn)	<b>6,640</b>	<b>6,263</b>	<b>6,792</b>	<b>6,694</b>	<b>7,158</b>	<b>8,024</b>	<b>6,590</b>	<b>8,649</b>
Extra-ordinary items	(Btmn)	(335)	(231)	572	62	22	123	412	(198)
<b>Net Profit</b>	(Btmn)	<b>6,305</b>	<b>6,032</b>	<b>7,363</b>	<b>6,757</b>	<b>7,180</b>	<b>8,146</b>	<b>7,003</b>	<b>8,451</b>
EBITDA	(Btmn)	22,629	22,199	29,509	22,699	23,349	24,113	24,074	27,940
<b>Core EPS (Bt)</b>	(Bt)	<b>2.23</b>	<b>2.11</b>	<b>2.28</b>	<b>2.25</b>	<b>2.41</b>	<b>2.70</b>	<b>2.22</b>	<b>2.91</b>
Net EPS (Bt)	(Bt)	2.12	2.03	2.48	2.27	2.41	2.74	2.35	2.84

### Balance Sheet

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Total current assets	(Btmn)	36,381	37,885	34,338	37,462	38,196	40,664	41,838	49,798
Total fixed assets	(Btmn)	288,951	281,541	275,878	265,985	260,731	254,418	361,603	353,954
<b>Total assets</b>	(Btmn)	<b>349,517</b>	<b>345,370</b>	<b>337,044</b>	<b>330,434</b>	<b>326,646</b>	<b>322,770</b>	<b>454,439</b>	<b>455,211</b>
Total loans	(Btmn)	87,191	95,192	84,410	80,790	90,882	99,802	127,244	120,458
Total current liabilities	(Btmn)	98,518	110,172	96,504	99,459	78,830	91,047	133,685	149,953
Total long-term liabilities	(Btmn)	168,598	156,984	154,723	151,008	160,633	148,237	230,076	219,870
<b>Total liabilities</b>	(Btmn)	<b>267,116</b>	<b>267,157</b>	<b>251,227</b>	<b>250,467</b>	<b>239,463</b>	<b>239,284</b>	<b>363,761</b>	<b>369,824</b>
Paid-up capital	(Btmn)	2,974	2,974	2,974	2,974	2,974	2,974	2,974	2,974
<b>Total equity</b>	(Btmn)	<b>82,402</b>	<b>78,214</b>	<b>85,816</b>	<b>79,967</b>	<b>87,183</b>	<b>83,486</b>	<b>90,678</b>	<b>85,388</b>
<b>BVPS (Bt)</b>	(Bt)	<b>27.66</b>	<b>26.25</b>	<b>28.81</b>	<b>26.84</b>	<b>29.29</b>	<b>28.04</b>	<b>30.45</b>	<b>28.68</b>

### Cash Flow Statement

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Core Profit	(Btmn)	6,640	6,263	6,792	6,694	7,158	8,024	6,590	8,649
Depreciation and amortization	(Btmn)	13,192	13,222	13,118	13,155	13,136	12,844	13,745	15,240
Operating cash flow	(Btmn)	7,999	19,199	37,992	27,235	3,731	21,298	32,016	44,924
Investing cash flow	(Btmn)	(15,042)	(26,700)	3,605	(20,273)	(12,323)	(28,021)	(36,898)	(29,107)
Financing cash flow	(Btmn)	803	6,710	(41,941)	(3,488)	9,688	8,951	3,815	(7,298)
<b>Net cash flow</b>	<b>(Btmn)</b>	<b>(6,240)</b>	<b>(790)</b>	<b>(344)</b>	<b>3,474</b>	<b>1,096</b>	<b>2,227</b>	<b>(1,068)</b>	<b>8,520</b>

### Key Financial Ratios

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Gross margin	(%)	32.9	31.4	31.4	32.1	33.7	34.2	34.4	34.6
Operating margin	(%)	20.2	19.2	20.1	20.1	22.6	23.4	19.9	23.5
EBITDA margin	(%)	50.0	48.0	60.6	48.6	52.1	52.3	46.9	52.4
EBIT margin	(%)	43.8	42.2	54.3	42.5	45.3	45.3	39.3	44.4
Net profit margin	(%)	13.9	13.0	15.1	14.5	16.0	17.7	13.6	15.9
ROE	(%)	33.0	32.7	32.4	34.4	33.8	39.7	29.9	41.8
ROA	(%)	7.4	7.1	7.8	7.8	8.5	9.6	6.7	8.8
Net D/E	(x)	0.9	1.1	0.9	0.9	0.9	1.0	1.2	1.1
Interest coverage	(x)	17.1	17.2	22.8	18.2	17.5	17.7	11.0	12.1

### Main Assumptions

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Service revenue ex. IC growth yoy	(%)	2.9	1.0	1.3	2.3	1.8	2.9	9.5	17.6
Mobile revenue	(Btmn)	29,217	29,107	29,524	29,258	29,495	29,311	30,065	30,339
FBB revenue	(Btmn)	2,487	2,541	2,598	2,710	2,857	3,021	5,033	7,118
SIM and Handset margin	(%)	0.2	1.0	1.1	1.8	1.2	1.8	2.3	4.7

**Figure 1: 1Q24 results review**

Unit: (Btmn)	1Q23	4Q23	1Q24	y-o-y	q-o-q
Service revenue ex. IC	33,532	37,055	39,437	17.6%	6.4%
- Mobile revenue	29,258	30,065	30,339	3.7%	0.9%
- FBB revenue	2,710	5,033	7,118	162.7%	41.4%
- Other service revenue	1,564	1,957	1,980	26.6%	1.2%
IC & Equipment rental revenue	3,255	3,371	3,366	3.4%	-0.1%
Handset & SIM revenue	9,926	10,892	10,490	5.7%	-3.7%
<b>Total revenue</b>	<b>46,713</b>	<b>51,318</b>	<b>53,293</b>	14.1%	3.8%
Cost of services	(9,162)	(9,688)	(10,065)	9.9%	3.9%
Depreciation & Amortisation	(12,789)	(13,349)	(14,816)	15.8%	11.0%
Handset & SIM cost	(9,752)	(10,638)	(9,993)	2.5%	-6.1%
<b>Total costs</b>	<b>(31,703)</b>	<b>(33,675)</b>	<b>(34,874)</b>	10.0%	3.6%
<b>Gross profit</b>	<b>15,010</b>	<b>17,643</b>	<b>18,419</b>	22.7%	4.4%
SG&A	(5,570)	(6,952)	(5,890)	5.7%	-15.3%
<b>Operating profit</b>	<b>9,440</b>	<b>10,691</b>	<b>12,529</b>	32.7%	17.2%
Other income	102	89	171	67.6%	92.1%
Equity income	0	159	242	na.	52.2%
<b>EBIT</b>	<b>9,542</b>	<b>10,939</b>	<b>12,942</b>	35.6%	18.3%
Interest expense	(1,250)	(2,196)	(2,300)	84.0%	4.7%
<b>EBT</b>	<b>8,292</b>	<b>8,743</b>	<b>10,642</b>	28.3%	21.7%
Income tax	(1,597)	(1,702)	(1,993)	24.8%	17.1%
Minority interests	(1)	0	(0)	na.	na.
<b>Core profit</b>	<b>6,694</b>	<b>7,041</b>	<b>8,649</b>	29.2%	22.8%
Extra items	62	(38)	(198)	na.	na.
<b>Net income</b>	<b>6,757</b>	<b>7,003</b>	<b>8,451</b>	25.1%	20.7%
<b>EPS (Bt)</b>	<b>2.27</b>	<b>2.35</b>	<b>2.84</b>	25.1%	20.7%

**Ratio analysis and Operating stats**

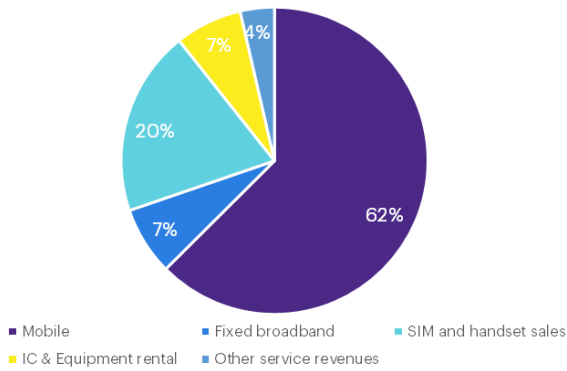
EBITDA margin (%)	47.8	47.3	52.1
SGA/Total revenue (%)	11.9	13.5	11.1
Reg. fee/service revenue (%)	4.2	4.2	4.2
Net profit margin (%)	14.5	13.6	15.9

Source: InnovestX Research, ADVANC



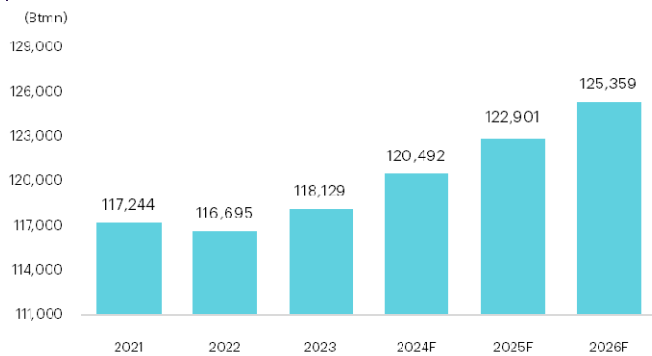
**Appendix**

**Figure 2: Revenue breakdown**



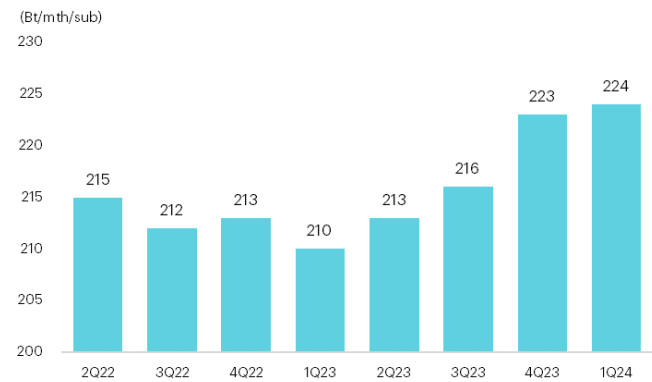
Source: ADVANC and InnovestX Research

**Figure 4: Mobile revenue**



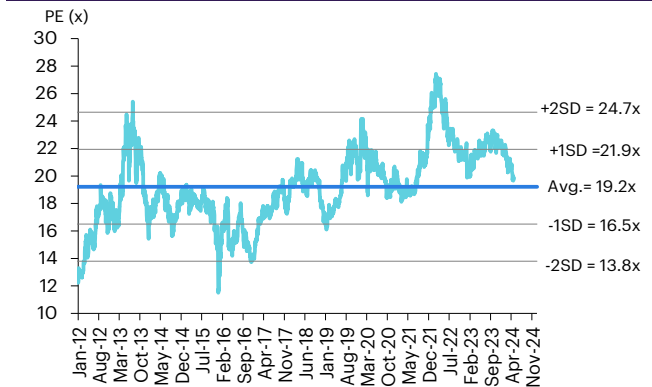
Source: ADVANC and InnovestX Research

**Figure 6: Mobile blended ARPU**



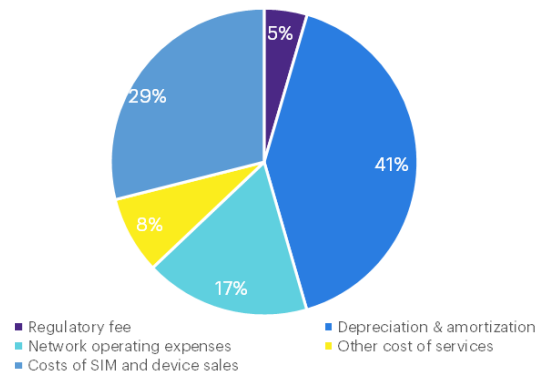
Source: ADVANC and InnovestX Research

**Figure 8: PE Band**



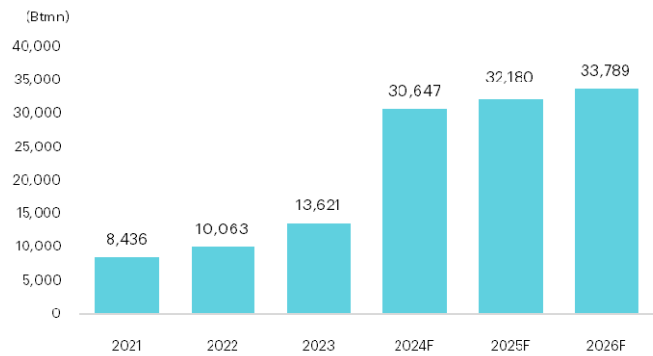
Source: InnovestX Research

**Figure 3: Cost breakdown**



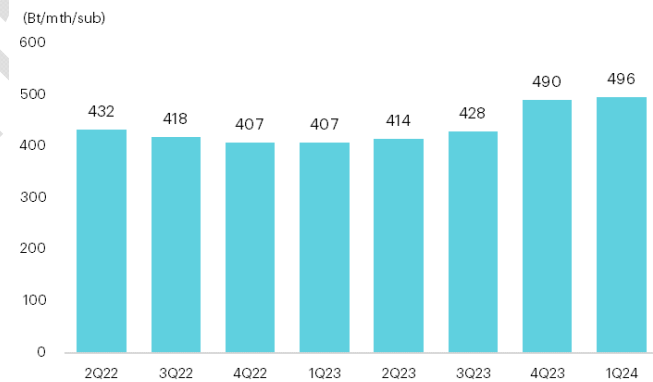
Source: ADVANC and InnovestX Research

**Figure 5: FBB revenue**



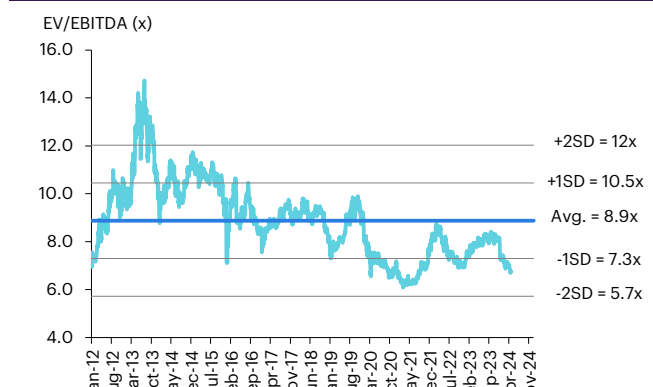
Source: ADVANC and InnovestX Research

**Figure 7: FBB ARPU**



Source: ADVANC and InnovestX Research

**Figure 9: EV/EBITDA Band**



Source: InnovestX Research

**Figure 10: Valuation summary** (Price as of Apr 30, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
ADVANC	Outperform	197.50	260.0	36.4	20.6	18.6	17.2	9	11	8	6.5	6.1	5.8	32	34	35	4.4	4.7	5.1	7.4	6.6	6.2
TRUE	Outperform	7.70	8.5	10.6	n.m.	237.1	65.0	0	n.m.	n.m.	3.1	3.1	3.0	(11)	1	5	0.0	0.2	0.7	7.0	6.6	6.1
<b>Average</b>					<b>20.6</b>	<b>127.9</b>	<b>41.1</b>	<b>5</b>	<b>11</b>	<b>8</b>	<b>4.8</b>	<b>4.6</b>	<b>4.4</b>	<b>11</b>	<b>18</b>	<b>20</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>7.2</b>	<b>6.6</b>	<b>6.2</b>

Source: Bloomberg Finance L.P., InnovestX Research

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