

# TRUE MOVE H UNIVERSAL COMMUNICATION CO., LTD.

No. 111/2022  
7 October 2022

## CORPORATES

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
Senior unsecured	BBB+
<b>CreditAlert:</b>	Positive

**Last Review Date:** 24/05/22

### Company Rating History:

Date	Rating	Outlook/Alert
24/05/22	BBB+	Alert Positive
15/06/15	BBB+	Stable

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## RATIONALE

TRIS Rating assigns a “BBB+” rating to True Move H Universal Communication Co., Ltd. (TUC)’s proposed issue of up to THB13 billion senior unsecured debentures, with a tenor of up to four years. TUC will use the proceeds from the new debentures to refinance existing debt and to fund its working capital. All our ratings on TUC remain on CreditAlert with a “positive” implication. These include the company rating on TUC and the ratings on its senior unsecured debentures of “BBB+”.

The ratings reflect TUC’s status as a core subsidiary of TRUE Corporation PLC (TRUE). The company rating on TUC is equivalent to the company rating on TRUE (rated “BBB+” with a “positive” CreditAlert, by TRIS Rating).

The operating results for both TRUE and TUC in the first half of 2022 were in line with our expectations. TRUE’s total operating revenue was THB71.8 billion and its earnings before interest, taxes, depreciation, and amortization (EBITDA) was THB31.5 billion. In the same period, TUC’s total revenue was about THB56 billion. TUC’s EBITDA came in at THB18.9 billion, a 10% year-on-year (y-o-y) increase. Its funds from operations (FFO) reached THB12.4 billion.

As of June 2022, TUC’s wireless communication network had 33.3 million subscribers, up from 32.2 million at the end of 2021. TUC gained additional subscribers both in the prepaid and postpaid segments. In terms of service revenue, TUC maintained its competitive position as the second largest wireless communications provider in Thailand, with a 31.6% market share in the first half of 2022.

Total service revenues of the mobile operators in the industry in the first half of 2022 slightly declined by 1.3% y-o-y. This was due to the drop of average revenue per user (ARPU) across the industry following lower consumer spending. TUC also experienced a marginal drop in service revenues by 1.3% to THB39.6 billion. Going forward, we expect the numbers of tourists and foreign workers to gradually rebound following the broad easing of the Coronavirus Disease 2019 (COVID-19) restrictions worldwide and the Thai government’s tourism stimulus measures. We expect TUC’s service revenue from the mobile business to revive its growth trajectory over the next three years.

TUC’s leverage remains high, with adjusted debt of THB278 billion at the end of June 2022. For the first six months of 2022, its debt to EBITDA ratio was 7.5 times, while its FFO to debt ratio was 9.1%. Going forward, we expect TUC’s debt to remain high, with its debt to EBITDA ratio to stay at around 8 times, and FFO to debt ratio at about 8% over the next three years.

## CREDIT ALERT

On 24 May 2022, we placed all our ratings on TRUE and TUC on CreditAlert as the planned merger between TRUE and Total Access Communication PLC (DTAC) had made significant progress. On completion of the merger, we expect TUC to become a core subsidiary of a combined entity (NEWCO). Thus, the rating on TUC would be equal to that assigned to NEWCO.

The “positive” implication reflects our view that NEWCO will have a stronger credit profile relative to TRUE. We expect the merger will bring about synergies, significantly enlarge business scale, enhance competitiveness, and improve cost

efficiency. Numerically, the merger will result in NEWCO commanding the largest market share in mobile phone service revenue. The financial profile of NEWCO could also be significantly stronger than TRUE's existing financial position. Following the merger, we estimate the debt to EBITDA ratio of NEWCO to be 5-5.5 times, significantly lower than that of TRUE at about 7 times.

We hold the view that challenges remain for the prospective merger to obtain the required regulatory approvals. We will remove the CreditAlert once the merger closes and its impacts on creditworthiness of TRUE and TUC have been thoroughly analyzed. We will closely monitor developments related to the merger and take appropriate rating actions accordingly.

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**NOTE ON CREDIT ALERT**

CreditAlert is part of TRIS Rating's rating monitoring process as a public warning when there is insufficient information to fully assess, and review ratings assigned to a rated entity or when significant events have occurred that may affect the ratings assigned to a rated entity. A CreditAlert may be designated as "positive", "negative", or "developing", depending on the likely impact of a particular situation. The ratings remain unchanged when they are placed on a CreditAlert. A CreditAlert will be resolved once there is sufficient information to fully assess the rating impact.

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**RELATED CRITERIA**

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

True Move H Universal Communication Co., Ltd. (TUC)

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
TUC22DA: THB6,772.90 million senior unsecured debentures due 2022	BBB+
TUC238A: THB8,001.60 million senior unsecured debentures due 2023	BBB+
TUC23DA: THB4,545.10 million senior unsecured debentures due 2023	BBB+
TUC241A: THB11,190.40 million senior unsecured debentures due 2024	BBB+
TUC243A: THB4,182.90 million senior unsecured debentures due 2024	BBB+
TUC245A: THB2,789.50 million senior unsecured debentures due 2024	BBB+
TUC245B: THB2,888.80 million senior unsecured debentures due 2024	BBB+
TUC246A: THB200 million senior unsecured debentures due 2024	BBB+
TUC24NA: THB1,200 million senior unsecured debentures due 2024	BBB+
TUC255A: THB2,306.10 million senior unsecured debentures due 2025	BBB+
TUC256A: THB18,544.20 million senior unsecured debentures due 2025	BBB+
TUC25NA: THB3,838.20 million senior unsecured debentures due 2025	BBB+
TUC265A: THB2,653.30 million senior unsecured debentures due 2026	BBB+
TUC26DA: THB7,480.20 million senior unsecured debentures due 2026	BBB+
TUC275A: THB1,376.40 million senior unsecured debentures due 2027	BBB+
TUC27NA: THB3,643.50 million senior unsecured debentures due 2027	BBB+
TUC295A: THB2,575.80 million senior unsecured debentures due 2029	BBB+
Up to THB13,000 million senior unsecured debentures due within 4 years	BBB+
<b>CreditAlert:</b>	Positive

**TRIS Rating Co., Ltd.**

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