

# TRUE MOVE H UNIVERSAL COMMUNICATION CO., LTD.

No. 8/2023  
20 January 2023

## CORPORATES

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

**Last Review Date:** 07/10/22

### 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 THB30 billion in senior unsecured debentures, with a tenor of up to seven years. The proceeds from the new debentures will be used for spectrum license payment, refinancing existing debt, the investments and business expansion, and/or for working capital needs. All our ratings on TUC remain on CreditAlert with a “positive” implication. These include the company rating on TUC and the ratings on its outstanding 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).

For the first nine months of 2022, TRUE’s operating revenue was THB101.8 billion and its earnings before interest, taxes, depreciation, and amortization (EBITDA) reached THB46.3 billion. Total revenue from TRUE’s mobile service business overseen by TUC was THB81.6 billion, relatively flat with the same period in the previous year. TUC’s EBITDA came in at THB29.6 billion, a 4.3% year-on-year (y-o-y) increase.

TUC was able to enlarge its customer base, both in the prepaid and postpaid segments. In the postpaid segment, the company’s fifth-generation mobile communications (5G) customers increased to 4.5 million and its total customers rose to 33.55 million as of September 2022. 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 nine months of 2022.

For the first nine months of 2022, the mobile service industry, particularly the prepaid segment, was held back by fragile economic recovery and inflationary pressure. Intense competition is another factor cutting average revenue per user (ARPU) across the industry, despite rising revenue from tourist customers. Total revenue in the industry dropped by about 1% y-o-y. TUC also experienced a marginal drop in service revenues by 0.4% y-o-y to THB59.6 billion.

As of September 2022, TUC’s adjusted debt was THB271.3 billion. Its debt to EBITDA ratio was 7.4 times (annualized and trailing 12 months). The funds from operations (FFO) to debt ratio was 8.6%. 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

**CreditUpdate**, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

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 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>	
TUC238A: THB8,001.60 million senior unsecured debentures due 2023	BBB+
TUC23NA: THB1,500 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+
TUC245C: THB1,460.3 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+
TUC262A: THB1,523.60 million senior unsecured debentures due 2026	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 THB30,000 million senior unsecured debentures due within 7 years	BBB+
<b>CreditAlert:</b>	Positive

**TRIS Rating Co., Ltd.**

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