

# TRUE MOVE H UNIVERSAL COMMUNICATION CO., LTD.

No. 78/2020

6 October 2020

## CORPORATES

<b>Company Rating:</b>	BBB+
<b>Issue Ratings:</b>	
Senior unsecured	BBB+
<b>Outlook:</b>	Stable

**Last Review Date:** 05/05/20

### Company Rating History:

Date	Rating	Outlook/Alert
15/06/15	BBB+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on True Move H Universal Communication Co., Ltd. (TUC) and the ratings on TUC's outstanding senior unsecured debentures at "BBB+", with a "stable" outlook. At the same time, TRIS Rating assigns the rating of "BBB+" to TUC's proposed issue of up to THB4 billion in senior unsecured debentures and the additional greenshoe portion of up to THB1 billion. The proceeds from the new debentures will be used for spectrum license payment and/or working capital needs.

The ratings reflect TUC's status as a core business unit of TRUE Corporation PLC (TRUE; rated "BBB+/Stable" by TRIS Rating). The ratings also take into consideration TUC's strong competitive position in the Thai wireless communications industry. However, the ratings are constrained by its high leverage and intense competition in the mobile service industry. The ratings take into account the capital expenditures required to roll out next-generation networks and for spectrum license payments.

In 2020, revenue from travel SIM and international roaming (IR) services have declined due to the travel bans and movement restrictions imposed to contain the spread of Coronavirus Disease 2019 (COVID-19). The expansion of the subscriber base has also been hindered by the soft domestic economy. Despite this effect, data usage has risen as a result of the work-from-home measures together with increased usage of online services and activities during this lockdown period.

The operating results for both TRUE and TUC in the first six months of 2020 were in line with our expectations. TRUE's total operating revenue for the first six months of 2020 was THB69.8 billion, of which about THB53.2 billion was service revenues excluding interconnection charges (IC). TRUE generated about THB28 billion in earnings before interest, tax, depreciation, and amortization (EBITDA).

As of June 2020, TUC had 30.16 million subscribers, down from 30.64 million at the end of 2019. For the first six months of 2020, TUC's service revenue, excluding the IC, was THB37.9 billion, up by 4.3% year-on-year (y-o-y), compared to a 1% contraction in the revenue of industry peers. TUC maintains its strong market position as the second largest wireless telecommunication provider in Thailand, holding a 31.4% service revenue market share.

TUC's revenue from voice and data services grew by nearly 6% y-o-y, driven by increased usage of data services. Average revenue per user (ARPU) rose to THB216 in the second quarter of 2020, up from THB212 in the same period of the previous year. However, revenue from travel SIM and IR services slipped 17% y-o-y. TUC's ability to generate earnings improved, with THB16 billion of EBITDA for the first six months of 2020, and nearly THB11 billion in funds from operations (FFO).

TUC's leverage remains high. At the end of June 2020, the adjusted net debt was THB252.4 billion. Adjusted ratio of debt to EBITDA was about 9.1 times and adjusted ratio of FFO to debt was 5.8%.

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**RATING OUTLOOK**

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The “stable” outlook is based on our expectation that TUC will maintain its strong market position and continue to deliver improved operating performance. We also expect TUC's status as a core subsidiary of TRUE to remain unchanged.

**RATING SENSITIVITIES**

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Based on TRIS Rating's “Group Rating Methodology”, the rating on TUC will move in tandem with the rating on TRUE. Any change in the rating on TRUE and/or outlook will affect the rating on TUC accordingly.

Several legacy legal uncertainties are unlikely to be resolved any time soon. The ratings could be under downward pressure if there is new development that suggests potential material adverse effect on TUC's financial profile.

**RELATED CRITERIA**

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- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015

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

<b>Company Rating:</b>	<b>BBB+</b>
<b>Issue Ratings:</b>	
TUC211A: THB2,809.60 million senior unsecured debentures due 2021	BBB+
TUC218A: THB11,998.40 million senior unsecured debentures due 2021	BBB+
TUC21NA: THB5,961.80 million senior unsecured debentures due 2021	BBB+
TUC21DA: THB10,974.70 million senior unsecured debentures due 2021	BBB+
TUC225A: THB6,258.30 million senior unsecured debentures due 2022	BBB+
TUC228A: THB1,500 million senior unsecured debentures due 2022	BBB+
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+
TUC246A: THB200 million senior unsecured debentures due 2024	BBB+
TUC24NA: THB1,200 million senior unsecured debentures due 2024	BBB+
TUC256A: THB18,544.20 million senior unsecured debentures due 2025	BBB+
TUC25NA: THB3,838.20 million senior unsecured debentures due 2025	BBB+
TUC26DA: THB7,480.20 million senior unsecured debentures due 2026	BBB+
TUC275A: THB1,376.40 million senior unsecured debentures due 2027	BBB+
TUC295A: THB2,575.80 million senior unsecured debentures due 2029	BBB+
Up to THB4,000 million senior unsecured debentures and additional greenshoe portion of up to THB1,000 million due within 7 years	BBB+
<b>Rating Outlook:</b>	<b>Stable</b>

**TRIS Rating Co., Ltd.**

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