

TRUE CORPORATION PLC

No. 30/2025
20 March 2025

CORPORATES

Company Rating: A+
Issue Ratings:
 Senior unsecured A+
Outlook: Stable

Last Review Date: 13/12/24

Company Rating History:

Date	Rating	Outlook/Alert
01/03/23	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on True Corporation PLC (TRUE) and the ratings on its outstanding senior unsecured debentures at “A+”, with a “stable” outlook. At the same time, we assign a rating of “A+” to TRUE’s proposed issue of up to THB18 billion senior unsecured debentures, with a tenor of up to 10 years. The company intends to use the proceeds from the debenture issuance to refinance existing debts.

The ratings reflect TRUE’s leading market position in the telecommunication and digital service markets in Thailand, its nationwide cellular networks, diverse frequency spectrum, and well-recognized brand. The ratings also factor in continued improving operating performance underpinned by post-merger synergies and operating efficiencies. However, the ratings remain constrained by TRUE’s high financial leverage.

KEY RATING CONSIDERATIONS

Strong business profile

TRUE’s strong business profile is underpinned by its leading market position in telecommunications and digital services, economies of scale, as well as its complementary services offered. In 2024, TRUE generated THB206.6 billion in total revenues across its mobile services, fixed broadband, pay-television (TV), and digital services.

Its competitive edge is rooted in a nationwide mobile network and extensive internet coverage, diverse spectrum holdings, ongoing technological investment, and strong brand recognition.

TRUE benefits from its strong major shareholders, including Charoen Pokphand Group, Telenor ASA, and China Mobile International Holdings Ltd., in view of expansive business network, technological support, and expertise in the telecom and wireless communication businesses.

Leading wireless communication service provider

TRUE maintains its market leading position in the wireless communications service market, in both subscriber base and service revenue. The domestic mobile services market is largely dominated by two key players: TRUE and its main competitor Advanced Info service PLC (AIS), along with other operators such as National Telecom PLC (NT) and small mobile virtual network operators (MVNO).

As of December 2024, TRUE had 49.4 million subscribers, representing about 52% of the market, whereas AIS had 48%. The company experienced a subscriber decline in 2024 due to a strategic focus on quality of subscriber acquisitions. However, we have seen signs of recovering numbers of subscribers from the last quarter of 2024.

The total market value of wireless communication services, excluding interconnection charges (IC), grew by 4.4% in 2024 to THB255 billion. The rise was driven by an increase in average revenue per user (ARPU). The industry-wide ARPU continued its positive trend, supported by increased data consumption and the expansion of fifth-generation wireless technology (5G) services. TRUE held a 51.4% revenue market share, while AIS held 48.6%.

We anticipate TRUE to maintain its strong competitive edge through continued service expansion and technological advancement. The company is actively

pursuing expansion of its 5G penetration, currently serving more than 13.8 million subscribers, while enhancing network performance and optimizing frequency utilization. We expect the increasing demand for data consumption together with rising 5G subscribers will continue to support ARPU growth, thereby boosting future service revenue.

Expected growth in broadband services

TRUE also maintains its position as a leading high-speed internet service provider, with 3.75 million subscribers as of December 2024. The company's subscriber numbers rebounded in 2024 following a mid-2023 to early 2024 decline influenced by the merger of two major market players. In 2024, TRUE's fixed broadband internet service revenue reached THB25.1 billion, marking about a 6% year-on-year (y-o-y) growth. The growth was driven by increased ARPU through a strategic focus on quality of customers, reduced discounting, and a more rationalized competitive landscape.

Looking ahead, we expect TRUE's broadband revenue to continue to grow, propelled by increasing internet demand, a moderate market penetration rate, and its strategic expansion into unserved areas. We expect price-based competition to moderate.

Challenges persist in pay-TV business

The pay-TV market remains challenging due to a declining viewer base, following the shift of consumer preferences toward streaming services. TRUE's customer base was 1.23 million as of December 2024, down by 10% y-o-y. However, improved ARPU resulted in a 7% increase in total revenue compared with 2023.

Going forward, we expect the pay-TV business to remain under pressure, due to the disruptive shift in consumer preferences and the impending expiration of Premier League broadcasting rights, which is likely to result in additional subscriber attrition. To address these challenges, TRUE is implementing strategies including new content sourcing, expansion of streaming platforms, content aggregation across multiple platform services, and the utilization of bundled offerings.

Sound operating performance anticipated

We expect TRUE's performance to continue improving. Since its establishment through the merger, the company has demonstrated operational improvements, benefiting from business integration and synergies. As a result, its financial performance has strengthened sequentially.

In 2024, EBITDA improved significantly, reaching about THB102.6 billion, compared with THB87.8 billion in 2023, driven by strong synergy realization and a material reduction in operating expenses. However, one-time expenses related to asset and goodwill impairments from network modernization, and other non-cash items resulted in a net loss of THB11 billion in 2024.

Looking ahead, we forecast its service revenues to grow by low-single digit rates annually during 2025-2027, with the wireless communication services remaining the primary revenue contributor. ARPUs in the mobile services and the broadband services are expected to increase, supported by increased demand for internet, cross-selling, upselling, strategic package bundling, and a moderated competitive landscape.

We expect TRUE's efforts in cost reduction to continue through strategic consolidation of service shops and sales channels, coupled with optimized workforce management and streamlined operational processes to enhance efficiency. The company remains committed to network modernization by reducing redundant towers, optimizing spectrum management, and efficiency improvements.

Capital expenditures for network expansion are projected to be more moderate compared with pre-merger periods. Under our base-case projections for 2025-2027, we expect EBITDA to range between THB104-THB107 billion per year, with an EBITDA margin of 50%-51%. TRUE's cash flow is also anticipated to improve, with funds from operations (FFO) estimated between THB79-THB84 billion annually.

Upcoming spectrum auctions to stimulate new investments

The upcoming spectrum auction and corresponding network rollouts are poised to stimulate a new investment phase for all wireless service providers. The auction, as announced by the National Broadcasting and Telecommunications Commission (NBTC), featuring a broad-spectrum offering, is expected to take place in mid-2025.

We believe TRUE to prioritize bidding for 2100 megahertz (MHz) and 2300 MHz frequencies, while likely abstaining from the 850 MHz auction. The new licenses will ensure long-term spectrum stability, enhance network capabilities, and reduce network rental costs. We expect the intensity of bidding competition to be moderate, with the major telecom operators primarily focusing on retaining their existing spectrum holdings to ensure continued quality of service delivery. That said, we incorporate conservative levels of spectrum expenditures into our base-case forecast.

High leverage but trending downwards

TRUE's financial leverage remains high, with the adjusted debt of THB474 billion at the end of 2024, despite declining from THB522 billion as end of 2023. Improved profitability has resulted in improved cash flow protection and more moderate financial leverage ratios, with the debt to EBITDA ratio of about 4.6 times and FFO to debt ratio at 16.7%.

We expect TRUE's leverage to remain high but gradually decline over the next few years, factoring in the necessary capital expenditures for network integration, scheduled license fee payments, investment in new licenses, and ongoing profitability improvement. Over the forecast period of 2025-2027, we expect annual capital expenditures for network integration to be around THB30-THB35 billion. The scheduled annual license fee obligations for existing licenses are expected to be around THB10-THB18 billion per annum. We assume TRUE to spend a total of THB30 billion for new spectrum licenses over the forecast period.

With that, we forecast the debt to EBITDA ratio to range between 4.0-5.0 times while the FFO to debt ratio should range between 16%-20%. That said, we project the debt to capitalization ratio to remain high at 85%-87%.

Manageable liquidity

We assess TRUE's liquidity to remain manageable over the next 12 months, with a reliance on refinancing. As of December 2024, TRUE had cash of THB26.9 billion while it had total debt and lease obligations coming due in the next 12 months of THB105 billion, most of which were maturing debentures. Considering the estimated capital spending and forecast FFO, we expect a large part of the debt coming due to be refinanced. Given TRUE's strengthening market position and expected improvement in operating performance, we view the refinancing risk as manageable.

Debt structure

As of December 2024, total debt, excluding lease and license liabilities, was THB339.7 billion. TRUE remains heavily reliant on debentures issuance, which represented about 87% of total debt as of 2024. TRUE had a priority debt to total debt ratio of about 26%.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for TRUE's operations during 2025-2027:

- Service revenues in mobile and broadband internet to grow by low-single digits.
- Service revenues in pay-TV to decline by 2%-5% per year.
- EBITDA margin to be at 50%-51%.
- Capital expenditures to amount to THB30-THB35 billion per annum for the network integration.
- Scheduled license fee payments for existing spectrum to be about THB37.6 billion.
- Total spending for new spectrum licenses to be THB30 billion.

RATING OUTLOOK

The "stable" outlook reflects our view of TRUE's ability to maintain its market-leading position in the telecommunications and digital services markets in Thailand. We also expect TRUE's financial profile to steadily strengthen, with EBITDA and financial leverage levels aligning with our forecast.

RATING SENSITIVITIES

We are unlikely to raise the ratings in the near term. However, an upgrade scenario could emerge from forecast-beating performances, significant leverage reduction, strengthened market position, and more diversified sources of funding. At the same time, we could take a negative action on the ratings if TRUE's operating performance and financial status deteriorate significantly, resulting in a sustained FFO to debt ratio of below 10%.

TRUE still has several lawsuits that will likely take time to resolve. We could take negative actions on the ratings if any new developments on these pending legal issues suggest potential material adverse effects on TRUE's financial profile.

COMPANY OVERVIEW

TRUE was established on 1 March 2023 following the merger of the former TRUE Corporation PLC (TRUEE), a leading integrated telecom company in Thailand, and Total Access Communication PLC (DTAC), the third-largest wireless communication service company. The CP Group and Telenor coupled with its related companies, hold about one-third of TRUE's shares. China Mobile, a long-strategic partner, holds an 8% stake.

The company is engaged in multiple business platforms, including mobile service business, broadband internet, as well as pay-TV services, digital TV channels, content provision, and digital services.

In 2024, the company generated a total operating revenue of THB206.6 billion, with 80% of its revenue from the wireless telecom business.

KEY OPERATING PERFORMANCE

Chart 1: Mobile Phone Service Market Share by Subscribers

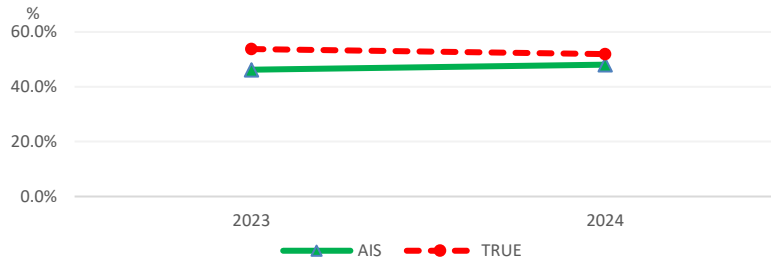
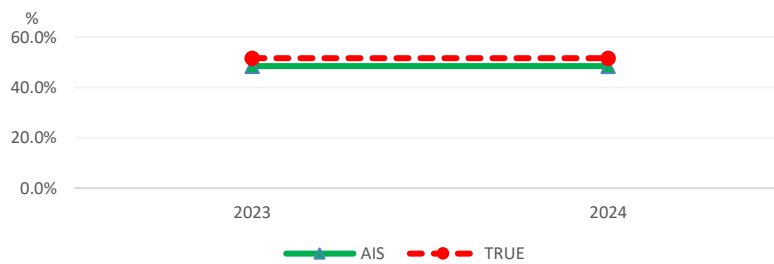
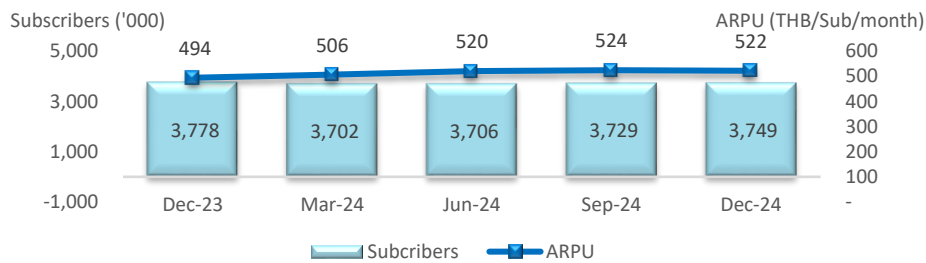


Chart 2: Mobile Phone Service Revenue Market Share, Excluding IC



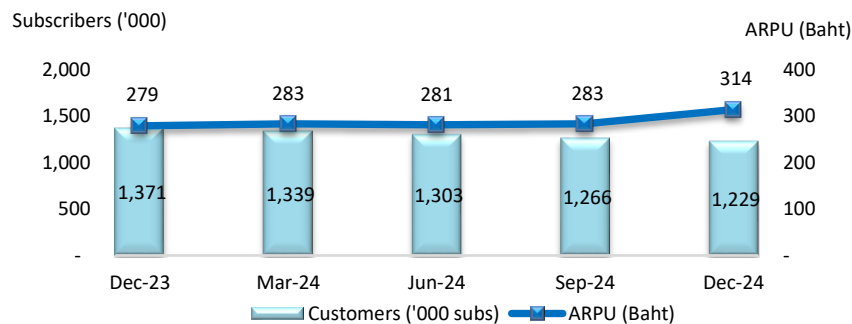
Sources: 1) TRUE
2) AIS

Chart 3: TRUE's Broadband Internet Subscribers and ARPU



Source: TRUE

Chart 4: TRUE's Pay-TV Subscribers and ARPU



Source: TRUE

Table 1: TRUE's Wireless Communications Spectrum Bandwidth

Unit: MHz

Frequency Band	Frequency	Bandwidth/ Until Year
Low-band	700 megahertz (MHz)	2 x 20 MHz 2035
	850 MHz	2 x 15 MHz 2025**
	900 MHz	2 x 10 MHz 2031 2 x 5 MHz 2033
Mid-band	1800 MHz	2 x 20 MHz 2033
	2100 MHz	2 x 30 MHz 2027
	2300 MHz	60 MHz 2025***
	2600 MHz	90 MHz 2035
High-band	26 gigahertz (GHz)	200 MHz 2035 800 MHz 2036

** Wholesale agreement with NT

*** Partnership with NT

Source: TRUE

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----	
	2024	2023*
Total operating revenues	206,645	202,856
Earnings before interest and taxes (EBIT)	29,650	17,650
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	102,628	87,771
Funds from operations (FFO)	79,220	63,710
Adjusted interest expense	22,912	23,300
Capital expenditures	45,330	44,325
Total assets	675,484	744,722
Adjusted debt	474,361	522,132
Adjusted equity	74,185	86,140
Adjusted Ratios		
EBITDA margin (%)	49.7	43.3
Pretax return on permanent capital (%)	4.9	2.7
EBITDA interest coverage (times)	4.5	3.8
Debt to EBITDA (times)	4.6	5.9
FFO to debt (%)	16.7	12.2
Debt to capitalization (%)	86.5	85.8

* Pro forma consolidated financial statements

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

True Corporation PLC (TRUE)

Company Rating: A+

Issue Ratings:

TRUE254A: THB1,790.80 million senior unsecured debentures due 2025	A+
TRUE257A: THB6,327.30 million senior unsecured debentures due 2025	A+
TRUE258A: THB650 million senior unsecured debentures due 2025	A+
TRUE258B: THB993 million senior unsecured debentures due 2025	A+
TRUE250A: THB4,247.90 million senior unsecured debentures due 2025	A+
TRUE25NA: THB2,486.60 million senior unsecured debentures due 2025	A+
TRUE25NB: THB3,998.90 million senior unsecured debentures due 2025	A+
TRUE25NC: THB919.20 million senior unsecured debentures due 2025	A+
TRUE261A: THB7,130.30 million senior unsecured debentures due 2026	A+
TRUE261B: THB2,912.10 million senior unsecured debentures due 2026	A+
TRUE262A: THB3,864.90 million senior unsecured debentures due 2026	A+
TRUE263A: THB2,412.10 million senior unsecured debentures due 2026	A+
TRUE265A: THB3,234 million senior unsecured debentures due 2026	A+
TRUE266A: THB2,658 million senior unsecured debentures due 2026	A+
TRUE267A: THB7,779.10 million senior unsecured debentures due 2026	A+
TRUE267B: THB2,844.30 million senior unsecured debentures due 2026	A+
TRUE268A: THB1,689.40 million senior unsecured debentures due 2026	A+
TRUE260A: THB4,854.70 million senior unsecured debentures due 2026	A+
TRUE26NA: THB5,805.80 million senior unsecured debentures due 2026	A+
TRUE26NB: THB2,142.50 million senior unsecured debentures due 2026	A+
TRUE26NC: THB3,456.40 million senior unsecured debentures due 2026	A+
TRUE26ND: THB2,286.70 million senior unsecured debentures due 2026	A+
TRUE272A: THB6,636.60 million senior unsecured debentures due 2027	A+
TRUE272B: THB2,421.80 million senior unsecured debentures due 2027	A+
TRUE272C: THB3,922.80 million senior unsecured debentures due 2027	A+
TRUE273A: THB3,656.90 million senior unsecured debentures due 2027	A+
TRUE274A: THB1,511.20 million senior unsecured debentures due 2027	A+
TRUE278A: THB6,958.60 million senior unsecured debentures due 2027	A+
TRUE278B: THB3,352.20 million senior unsecured debentures due 2027	A+
TRUE270A: THB5,116.60 million senior unsecured debentures due 2027	A+
TRUE27NA: THB3,062.80 million senior unsecured debentures due 2027	A+
TRUE27NB: THB3,524.30 million senior unsecured debentures due 2027	A+
TRUE27NC: THB5,982.60 million senior unsecured debentures due 2027	A+
TRUE27DA: THB5,855.10 million senior unsecured debentures due 2027	A+
TRUE282A: THB7,422.70 million senior unsecured debentures due 2028	A+
TRUE287A: THB7,060.20 million senior unsecured debentures due 2028	A+
TRUE288A: THB6,459.10 million senior unsecured debentures due 2028	A+
TRUE280A: THB7,184.50 million senior unsecured debentures due 2028	A+
TRUE28NA: THB1,736.30 million senior unsecured debentures due 2028	A+
TRUE294A: THB2,809.60 million senior unsecured debentures due 2029	A+
TRUE298A: THB4,493.20 million senior unsecured debentures due 2029	A+
TRUE29NA: THB6,073.80 million senior unsecured debentures due 2029	A+
TRUE29NB: THB3,549.60 million senior unsecured debentures due 2029	A+
TRUE302A: THB2,974.40 million senior unsecured debentures due 2030	A+
TRUE309A: THB1,741 million senior unsecured debentures due 2030	A+

TRUE30NA: THB450.90 million senior unsecured debentures due 2030	A+
TRUE31NA: THB1,466.70 million senior unsecured debentures due 2031	A+
TRUE322A: THB889.90 million senior unsecured debentures due 2032	A+
TRUE329A: THB888 million senior unsecured debentures due 2032	A+
TRUE337A: THB3,833.40 million senior unsecured debentures due 2033	A+
TRUE33NA: THB948.40 million senior unsecured debentures due 2033	A+
TRUE341A: THB1,544.10 million senior unsecured debentures due 2034	A+
TRUE345A: THB2,705.20 million senior unsecured debentures due 2034	A+
TRUE348A: THB3,559.90 million senior unsecured debentures due 2034	A+
TRUE34NA: THB3,214.40 million senior unsecured debentures due 2034	A+
TRUE352A: THB1,713 million senior unsecured debentures due 2035	A+
Up to THB18,000 million senior unsecured debentures due within 10 years	A+
Outlook:	Stable

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