

TRUE MOVE H UNIVERSAL COMMUNICATION CO., LTD.

No. 31/2025
21 March 2025

CORPORATES

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

Last Review Date: 29/03/24

Company Rating History:

Date	Rating	Outlook/Alert
01/03/23	A+	Stable
24/05/22	BBB+	Alert Positive
15/06/15	BBB+	Stable

Contacts:

Sarinthorn Sosukpaibul
sarinthorn@trisrating.com

Chanaporn Pinphithak
chanaporn@trisrating.com

Wajee Pitakpaibulkij
wajee@trisrating.com

Monthian Chantarklam
monthian@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on True Move H Universal Communication Co., Ltd. (TUC) and the ratings on its senior unsecured debentures at “A+”, with a “stable” outlook.

The ratings on TUC are equal to the rating on its parent company, TRUE Corporation PLC (TRUE, rated “A+/Stable”), reflecting its status as a core subsidiary. TUC plays a critical role as TRUE Group’s primary revenue and earnings generator, while also holding key spectrum licenses and operating assets. Given the strong strategic and operational ties, we expect TRUE to provide extraordinary support to TUC in times of stress.

KEY RATING CONSIDERATIONS

Ratings reflect TUC as “core” subsidiary of TRUE

We continue to assess TUC as a “core subsidiary” of TRUE, given their strong linkages in terms of operational integration, reputation alignment, as well as strategy and finance. TUC is entirely owned by TRUE, with integrated management and strategies. TUC leverages the TRUE brand through the TRUE Move H mobile service brand.

As the TRUE Group’s flagship entity, TUC carries out mobile communications, operating license-based wireless communication services and holding TRUE’s key operational assets. In 2024, TUC achieved THB176.4 billion in total operating revenue and THB78 billion in EBITDA, representing the majority of the group’s earnings.

We anticipate TUC to continue as the primary revenue and EBITDA generator of the TRUE Group. We also believe TUC will remain the critical component of TRUE’s integrated telecom service strategy over the long term. TRUE’s ongoing support has significantly enhanced TUC’s competitive position, serving as a supporting factor in our assessment of TUC’s credit profile. Given the important role of TUC within the group and the linkages, we believe TRUE remains highly committed to supporting TUC in times of stress.

Strong position in wireless telecommunications industry

TUC maintains its leading position in the wireless communications service market, both in subscriber numbers and service revenue. The domestic mobile services market is largely dominated by two key players. TUC and its main competitor Advanced Info service PLC (AIS) hold the majority market shares. Meanwhile, other service providers such as National Telecom PLC (NT) and small mobile virtual network operators (MVNO) have tiny shares.

As of December 2024, the major service providers’ total subscriber base was 95.2 million, a 1% year-on-year (y-o-y) decline. The company’s subscriber base represented 52% of the total, compared with AIS’s 48%.

The total market value of wireless communications services, excluding interconnection charges (IC), grew by 4.4% in 2024 to THB255 billion, driven by an increase in average revenue per user (ARPU). The industry-wide ARPU continued its positive trend, fueled by increased data consumption and the expansion of the fifth-generation wireless technology (5G) services. The company generated THB130.9 billion in mobile services revenue, with 51.4% market share. AIS held a 48.6% portion.

ARPU growth supporting service revenue

Industry-wide ARPU increased across both prepaid and postpaid segments, with a significant 10% y-o-y rise, particularly in the prepaid segment, in the last quarter of 2024. This growth, fueled by increased mobile internet demand, tourist arrivals, and market rationalization, mitigated the impact of subscriber decline in 2024.

TUC experienced a similar subscriber decline in 2024, given its strategic move to focus more on quality of subscriber acquisitions. However, we have seen an uptick in new subscriber additions in the last quarter of 2024. We anticipate ongoing 5G adoption and growing data consumption will continue to propel ARPU growth, thereby boosting future service revenue. The company now serves over 13.8 million 5G subscribers and is actively expanding its 5G network while enhancing network performance and optimizing frequency utilization.

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 TUC will 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 major telecom operators primarily focusing on retaining their existing spectrum holdings to ensure continued quality of service delivery. However, we incorporate conservative levels of spectrum expenditures into our base-case forecast.

Declining leverage ratio due to enhanced profitability

TUC's balance sheet continues to reflect a high level of leverage, with an adjusted debt of THB311.5 billion at the end of 2024 despite declining from THB348 billion as of 2023. However, its leverage ratios showed significant declines, due to a notable increase in EBITDA. In 2024, the debt to EBITDA ratio lowered considerably to 4 times, from 6 times in the prior year. Similarly, the ratio of funds from operation (FFO) to debt rose to 20%, compared with 12% in the previous year.

Looking ahead, we anticipate TUC's leverage to remain high but gradually decrease over the next three years, factoring in the post-merger capital expenditures required for network integrations, scheduled license fee payments, investment in new licenses, and enhanced operating performance. We forecast an annual EBITDA of THB80-THB85 billion and FFO of THB64-THB70 billion per year for 2025-2027. We assume annual capital investments of THB20-THB25 billion and scheduled license fee obligations of THB10-THB18 billion per year over the forecast period. Also, we assume TUC to spend a total of THB30 billion for new spectrum licenses. With that, we expect the debt to EBITDA ratio to be 3-4 times. The FFO to debt ratio is projected to be 20%-28%. The debt to capitalization ratio is forecast to stay above 65%.

Manageable liquidity

We assess TUC's liquidity to be tight but manageable. In total, TUC had debt and lease obligations coming due over the next 12 months from December 2024 of THB46.5 billion. Sources of funds include cash on hand of THB13.3 billion as of December 2024 and expected FFO of around THB64 billion. However, we expect TUC will still need to refinance a large portion of its maturing debt obligations, taking into account the expected capital spending. We assess the refinancing risk as manageable, considering the company's improving financial profile and track record of successful fund raising in the domestic debt capital market.

Debt structure

As of December 2024, TUC's total debt, excluding lease and license liabilities, amounted to THB210.5 billion, comprising debentures of THB89.4 billion and long-term loans from its parent company of THB121.1 billion. TUC had no priority debt.

BASE-CASE ASSUMPTIONS

- TRIS Rating's base-case assumption is that TUC will remain a core subsidiary of TRUE.

RATING OUTLOOK

The "stable" outlook on TUC mirrors that on TRUE. This reflects our expectation that TUC will maintain its status as a core subsidiary of TRUE. We believe TUC will continue to represent a core component of TRUE's revenue and business profile.

RATING SENSITIVITIES

Based on our “Group Rating Methodology”, the rating on TUC will mirror that on TRUE. Therefore, any change in the rating on TRUE will result in the same change to that on TUC. Also, we could lower the rating on TUC if we view the company’s group status within the TRUE Group as materially weakening.

COMPANY OVERVIEW

Incorporated in 2010, TUC was initially owned by the former TRUE Corporation PLC (TRUEE), a leading integrated telecom company in Thailand providing mobile phone services, fixed-line broadband internet, and pay-television (TV) services. TRUEE completed its merger with Total Access Communication PLC (DTAC), the third-largest wireless communication service company in Thailand, on 1 March 2023. Subsequently, the new entity TRUE Corporation PLC (TRUE) was established, marking the cessation of both DTAC and TRUEE. TUC has become a subsidiary of TRUE following the merger.

TUC offers wireless telecommunication services with spectrum licenses granted by the NBTC, along with wholesale agreements and partnerships with NT, formerly known as CAT Telecom PLC and TOT PLC.

TUC completed the merger with Dtac Trinet Co., Ltd. (DTN), its subsidiary under the TRUE Group, on 3 August 2023. DTN ceased to exist.

In 2024, TUC generated about THB176.4 billion in total operating revenue, with service revenue accounting for 77.4% of total. The company maintained a strong position in the wireless communications service market, capturing around 52% revenue market share.

KEY OPERATING PERFORMANCE

Chart 1: Mobile Phone Service Market Share by Subscribers

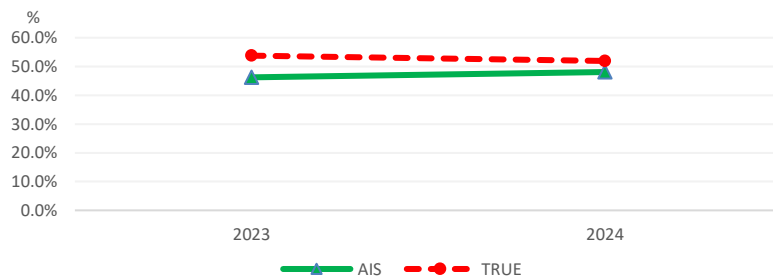
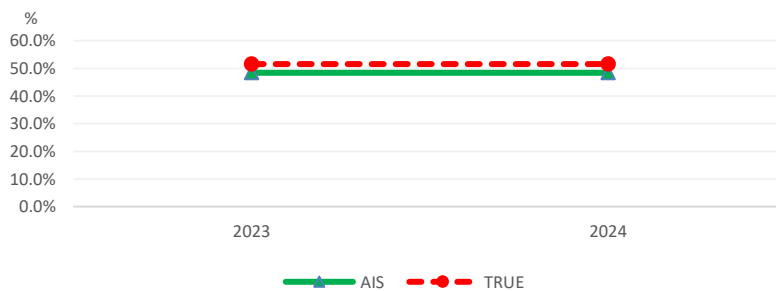


Chart 2: Mobile Phone Service Revenue Market Share, Excluding IC



Sources: 1) TRUE
2) AIS

Table 1: TUC's Spectrum Bandwidth

Unit: MHz

Frequency Band	Frequency	TUC (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	2022	2021	2020
Total operating revenues	176,416	159,512	108,231	116,441	112,604
Earnings before interest and taxes (EBIT)	21,436	1,847	(5,166)	3,027	2,511
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	77,949	57,250	32,810	36,824	33,631
Funds from operations (FFO)	63,156	42,185	19,620	23,453	20,991
Adjusted interest expense	14,676	15,018	13,190	13,229	12,434
Capital expenditures	38,623	51,223	39,811	39,502	57,498
Total assets	519,511	581,713	450,490	452,714	450,355
Adjusted debt	311,493	347,795	291,979	275,214	270,914
Adjusted equity	118,087	122,928	51,514	69,532	79,893
Adjusted Ratios					
EBITDA margin (%)	44.2	35.9	30.3	31.6	29.9
Pretax return on permanent capital (%)	4.6	0.4	(1.4)	0.8	0.7
EBITDA interest coverage (times)	5.3	3.8	2.5	2.8	2.7
Debt to EBITDA (times)	4.0	6.1	8.9	7.5	8.1
FFO to debt (%)	20.3	12.1	6.7	8.5	7.7
Debt to capitalization (%)	72.5	73.9	85.0	79.8	77.2

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

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

Company Rating:	A+
Issue Ratings:	
TUC255A: THB2,306.10 million senior unsecured debentures due 2025	A+
TUC256A: THB18,476.80 million senior unsecured debentures due 2025	A+
TUC25NA: THB3,820.20 million senior unsecured debentures due 2025	A+
TUC262A: THB1,523.60 million senior unsecured debentures due 2026	A+
TUC262B: THB5,362.80 million senior unsecured debentures due 2026	A+
TUC262C: THB1,820 million senior unsecured debentures due 2026	A+
TUC265A: THB2,652.20 million senior unsecured debentures due 2026	A+
TUC26DA: THB7,477.20 million senior unsecured debentures due 2026	A+
TUC275A: THB1,376.40 million senior unsecured debentures due 2027	A+
TUC27NA: THB3,643.50 million senior unsecured debentures due 2027	A+
TUC282A: THB3,456.10 million senior unsecured debentures due 2028	A+
TUC28NA: THB6,419 million senior unsecured debentures due 2028	A+
TUC295A: THB2,575.80 million senior unsecured debentures due 2029	A+
DTN257A: THB4,755 million senior unsecured debentures due 2025	A+
DTN257B: THB1,979 million senior unsecured debentures due 2025	A+
DTN259A: THB479.90 million senior unsecured debentures due 2025	A+
DTN267A: THB560 million senior unsecured debentures due 2026	A+
DTN267B: THB113 million senior unsecured debentures due 2026	A+
DTN269A: THB96.90 million senior unsecured debentures due 2026	A+
DTN274A: THB3,936 million senior unsecured debentures due 2027	A+
DTN277A: THB1,554.80 million senior unsecured debentures due 2027	A+
DTN279A: THB1,370 million senior unsecured debentures due 2027	A+
DTN279B: THB215 million senior unsecured debentures due 2027	A+
DTN289A: THB265.80 million senior unsecured debentures due 2028	A+
DTN28DA: THB2,110.20 million senior unsecured debentures due 2028	A+
DTN297A: THB908.50 million senior unsecured debentures due 2029	A+
DTN299A: THB1,796 million senior unsecured debentures due 2029	A+
DTN309A: THB2,126.20 million senior unsecured debentures due 2030	A+
DTN317A: THB1,171.30 million senior unsecured debentures due 2031	A+
DTN319A: THB1,485 million senior unsecured debentures due 2031	A+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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