

# TRUE CORPORATION PLC

No. 102/2024  
13 December 2024

## CORPORATES

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

**Last Review Date:** 04/10/24

### Company Rating History:

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

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## RATIONALE

TRIS Rating assigns a rating of "A+" to True Corporation PLC's (TRUE) 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 proposed debenture issue for debt repayment. At the same time, TRIS Rating affirms the company rating on TRUE and the ratings on its outstanding senior unsecured debentures at "A+". The rating outlook remains "stable".

The ratings reflect TRUE's strong market position in the wireless telecommunications services, extensive cellular network infrastructure, wide range of frequency spectrum holdings, and brand recognition. The ratings also consider the potential advantages from post-merger synergies, a more rationalized competitive landscape, and abated integration risk. However, the ratings are tempered by TRUE's highly leveraged balance sheet.

TRUE's recent operating results aligned with our expectations. For the first nine months of 2024, the company reported a total operating revenue of THB154.2 billion. The company's ongoing integration plans, with network modernization efforts, continue to drive synergy benefits and enhance profitability. As a result, EBITDA came in at THB76.3 billion, with a strong margin of 49.5%. Funds from operations (FFO) amounted to THB58.6 billion. However, a one-time extraordinary expense from asset impairments and losses from the termination of related lease agreements resulted in a net loss of THB3.4 billion.

TRUE's service revenue continued to grow across its key lines of business during the first nine months of 2024. This was primarily driven by increased blended average revenue per user (ARPU). In the mobile phone service business, TRUE maintained its leading position with a substantial customer base of 49.3 million as of September 2024. Industry-wide ARPU continued to rise, supported by growing demand for data services, increase in tourist numbers, and more rationalized competition. In the high-speed broadband business, the company reported 3.73 million customers as of September 2024, with broadband ARPU increasing further to THB524 in the third quarter of 2024. The pay-TV segment experienced decline in TV subscription revenue. Nevertheless, increased revenue from music and entertainment services helped contribute to overall revenue growth in this business.

We maintain our outlook on TRUE's operating performance, anticipating continued strengthening over the next three years, driven by growth in service revenues in its core businesses. Also, we expect materialized synergies to drive cost optimization and enhance operational efficiencies. Our forecast projects TRUE's annual total operating revenues to range between THB203-THB205 billion during 2024-2026, and EBITDA to reach THB90-THB97 billion per year. We project EBITDA margin to remain robust at 45%-47%. As a result, we expect improved cash generation, with forecast FFO of THB67-THB73 billion annually.

The ratings remain constrained by TRUE's high financial leverage. As of September 2024, adjusted debt stood at THB485 billion, reducing from THB501.3 billion at the end of June 2024. The debt to capitalization ratio was still high at 85.5%. Over the next three years, we anticipate TRUE's leverage to remain elevated but gradually decline, considering the necessary capital expenditures for network integration, scheduled license fee obligations, and improved profitability. Capital expenditures are expected to decrease compared with pre-

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merger levels. Consequently, we forecast the debt to EBITDA ratio to range between 4.5-6.0 times during 2024-2026, with the FFO to debt ratio at 13%-16%. The debt to capitalization ratio is projected to remain high at 83%-85% throughout the forecast period.

As of September 2024, TRUE's total debt, excluding lease and license liabilities, was THB335.8 billion. TRUE continues to rely heavily on issuances of debentures as its key financing source, representing about 90% of total debt. TRUE had a priority debt to total debt ratio of about 28%.

## RATING OUTLOOK

The "stable" outlook embeds our expectation that TRUE will maintain its market-leading position in the telecommunications market in Thailand. We also expect TRUE's financial profile to steadily improve over the next three years, with EBITDA and financial leverage levels aligning with our forecast.

## RATING SENSITIVITIES

A rating upgrade is unlikely in the near term. However, we could consider raising the ratings upon TRUE's successful demonstration of integration, resulting in EBITDA surpassing our forecast, significant leverage reduction, or a notably strengthened market position. Conversely, we could consider a downgrade if TRUE's operating performance and financial profile deteriorate considerably, pushing the FFO to debt ratio below 10% on a sustained basis.

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

## RELATED CRITERIA

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

## True Corporation PLC (TRUE)

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
TRUE251A: THB3,994.20 million senior unsecured debentures due 2025	A+
TRUE251B: THB4,971.30 million senior unsecured debentures due 2025	A+
TRUE251C: THB1,411 million senior unsecured debentures due 2025	A+
TRUE252A: THB4,207.20 million senior unsecured debentures due 2025	A+
TRUE253A: THB5,575.40 million senior unsecured debentures due 2025	A+
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+
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+
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+
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+
Up to THB18,000 million senior unsecured debentures due within 10 years	A+
<b>Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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