True Corporation (TRUE TB)

Earnings Remain Positive For Seventh Consecutive Quarter While Deleveraging Continues

Highlights

- TRUE reported a 3Q26 net profit of Bt6.64b (+322% yoy, +1% qoq), below expectations by 4%, due to a slightly lower gross margin than expected.
- The tone was neutral, as there is no significant change in terms of guidance. Core service sales and EBITDA growth remain on track.
- Flood impact on 4Q26 operations is limited, as only 1m households were affected. 4Q26 is expected to be the strongest quarter.
- Maintain BUY with a target price of Bt16.50.

Analysis

- **3Q26 earnings remained healthy for the seventh consecutive quarter, driven by healthy core operations and lower finance costs.** True Corporation (TRUE) reported a 3Q26 net profit of Bt6.64b (+322% yoy, +1% qoq), below our and consensus forecasts by 4% due to a slightly lower gross margin than expected during low season. Excluding a one-time write-off expense, core net profit came in higher at Bt6.96b (+51% yoy, +3% qoq), driven by a resilient mobile and broadband business and lower finance costs qoq. Overall, TRUE's earnings remained positive for a seventh consecutive quarter and total subscriber additions continued to grow for the fourth consecutive quarter. The slower pace of net additions in 3Q26 reflects normalisation as last quarter's prepaid net additions were partly inflated by a National Broadcasting and Telecommunication Commission rule allowing a Bt3 charge to extend certain inactive subscribers' validity by another 30 days and Thai Help Thai Plus scheme, which boosted active users.
- **3Q26 mobile and broadband operations remain resilient, while EBITDA growth remains on track at 7-9%.** Core service revenue remained healthy both yoy and qoq at Bt41.6b (+0.9% yoy, +0.6% qoq), broadly in line with our forecast, marking the first qoq revenue recovery in 2026. Mobile and broadband revenue continued to grow in 3Q26, supported by higher ARPU qoq and positive net subscriber additions. Handset sales also improved significantly qoq, driven by the iPhone launch in Sep 26. EBITDA continued to rise to Bt29.04b (+6.3% yoy, +0.8% qoq), benefitting from spectrum-related cost savings and operational efficiencies (EBITDA expanded 9% yoy in 9M26, in line with 2026 growth guidance of 7-9%).
- **Tone was neutral: Management maintains its 2026 core service sales growth forecast of 1-2%, while flood impact on 4Q26 operations is limited.** Overall, the tone at the meeting was neutral, as there are no significant changes in terms of guidance. Management maintains its 2026 core services sales growth forecast of 1-2% yoy in 2026 (vs +0.3% in 9M26), implying that 4Q26 sales should significantly improve from 3Q26. 4Q typically benefits from festive-season spending. Management said the flood affected 3Q26 results, but the impact on 4Q26 earnings is limited as only 1m households were affected.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	206,020.3	195,668.6	187,685.6	188,479.2	192,041.9
EBITDA	98,142.7	107,266.4	117,346.6	124,085.1	131,364.4
Operating profit	28,950.4	36,419.5	44,576.4	48,281.3	51,291.8
Net profit (rep./act.)	(10,965.9)	9,240.5	27,743.9	29,888.1	31,007.0
Net profit (adj.)	9,864.8	19,217.5	27,863.2	29,888.1	31,007.0
EPS	0.3	0.6	0.8	0.9	0.9
PE (x)	45.2	23.2	16.0	14.9	14.4
P/B (x)	6.0	5.9	5.4	5.0	4.8
EV/EBITDA (x)	8.7	8.0	7.2	6.8	6.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.1
Net margin (%)	(5.3)	4.7	14.8	15.9	16.2
Net debt/(cash) to equity (%)	553.7	550.7	483.9	447.7	424.8
Interest cover (x)	2.3	3.1	5.8	6.3	6.8
ROE (%)	(14.8)	12.4	35.5	36.7	37.0
Consensus net profit	n.a	n.a	26,904.9	29,726.4	32,242.1
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: True Corporation, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt12.80
Target Price	Bt16.50
Upside	28.9%

Stock Data

Sector	Communication Services
Bloomberg ticker	TRUE TB
Shares issued (m)	34,552.1
Market cap (Btm)	442,266.9
Market cap (US$m)	13,102.6
3-mth avg daily t'over (US$m)	54.2

Price Performance (%)

52-week high/low				Bt14.8/Bt10.6
1mth	3mth	6mth	1yr	YTD
(0.8)	(11.1)	(6.6)	13.3	17.4

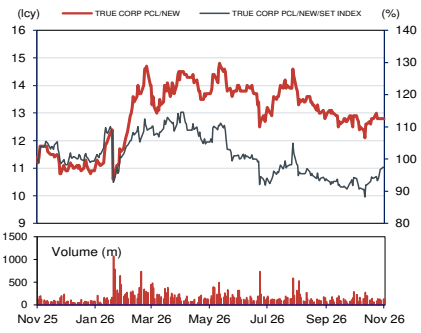
Major Shareholders (%)

Arise Digital Technology Company Limited	24.95
Thai NVDR Company Limited	11.48

Balance Sheet Metrics

FY26 NAV/Share (Bt)	2.6
FY26 Net Debt/Share (Bt)	11.5

Price Chart



Source: Bloomberg

Company Description

TRUE was established from an amalgamation between True Corporation and Total Access Communication (DTAC) as a telecommunication services provider..

- **B2B will shift from price competition towards broader service offerings, but the transition will take time.** Enterprise and SME businesses remain soft, with a relatively small revenue contribution, due to intense price competition among providers in basic data services. Management expects the business to return to growth in 2027 as TRUE develops more advanced services and expands its partnerships. Currently, B2B contributes around 8% of total sales, compared with 10-15% for regional peers. However, management indicated that the transition would take time, as the company needs to upgrade its workforce skills and establish new partnerships.
- **TRUE announced a quarterly interim dividend of Bt0.16 per share, in line with its regular payment.** The dividend represents an 83% payout ratio (79% ytd). Looking ahead, TRUE reiterated its payout ratio of 80%.
- **Deleveraging trends will continue.** We expect finance cost and net debt/EBITDA ratio to continue to decline over the medium term. Lower finance costs mainly came from the early repayment of Bt10b in bank borrowings on top of Bt23b debenture buyback completed in 1H26, to optimise funding costs. In 3Q26, TRUE issued Bt8.0b in debentures at an average interest rate of 2.67% during Oct 26 compared with the effective interest rate of 3.4% in 3Q26 (-0.5ppt yoy, -0.2ppt). Looking ahead, TRUE plans to refinance Bt70b through bond issuance, with interest rates based on government bond yields at the time of issuance.
- **D2D satellite services are unlikely to disrupt traditional telecom operators in the next several years.** Management believes direct-to-device (D2D) satellite services will face regulatory and commercial barriers to compete with existing telecom networks. First, satellite operators require landing rights, which remain subject to government authorisation. Second, satellite services are unlikely to compete effectively with existing mobile networks in areas with established infrastructure, particularly in markets where mobile ARPU is around Bt300/month or lower. We therefore expect limited competitive disruption from D2D satellite services over the medium term.

Valuation/Recommendation

- **We maintain BUY with a target price of Bt16.50.** Our target price is based on a DDM, assuming a cost of equity of 8.5%, a risk-free rate of 2.3%, and an equity risk premium of 6.4%, which lies between our base-case and bull-case assumptions, together with an 85-90% dividend payout ratio. Our valuation also implies 7.8x EV/EBITDA, or around +1.0SD above TRUE's two-year mean.
- While investors may require a larger valuation cushion amid higher US bond yields and oil prices, as well as the potential overhang from selling by China Mobile, which plans to sell less than 1.00% of its existing 7.81% stake, we believe the Thai telecommunications sector can trade within a 7-10x EV/EBITDA range depending on the moat and sentiment, supported by relatively lower 10-year Thai bond yields of 2.2-2.3% compared with regional peers with duopoly positions (similar market shares, currently).
- **Our +1.0SD valuation multiple reflects TRUE's improving fundamentals.** We believe TRUE can trade above its historical mean, supported by: a) continued EBITDA growth relative to peers; b) an ongoing deleveraging trend as earnings become more consistent following network and asset write-offs related to the 2023 amalgamation; c) healthier and more stable subscriber trends; and d) the transition towards quarterly dividend payments, which should improve earnings visibility and shareholder returns.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- Higher EBITDA growth and margin; continued deleveraging trend.

Environment, Social, Governance (ESG) Updates

Environmental

- TRUE targets carbon neutrality by 2030 and net-zero emissions by 2050.

Social

- TRUE is committed to human rights, employee welfare, customer rights and non-discrimination

Governance

- TRUE maintains corporate governance practices covering shareholder rights, transparency and board responsibilities.

Earnings Results

(Bt)	3Q26	3Q25	2Q26	yoy (%)	qoq (%)
Revenue	46,847	47,230	45,901	(0.8)	2.1
Gross profit	18,078	16,529	18,045	9.4	0.2
Operating profit	10,711	9,101	10,882	17.7	(1.6)
Operating EBITDA	29,043	27,329	28,805	6.3	0.8
Non core income	(3,883)	(7,370)	(4,318)	47.3	10.1
Net profit	6,642	1,573	6,554	322.3	1.3
Core profit	6,964	4,622	6,735	50.7	3.4
EPS	0.20	0.13	0.19	50.7	3.4
%				ppts	ppts
Gross margin	38.6	35.0	39.3	3.6	(0.7)
SG&A to sales	(15.7)	(15.7)	(15.6)	0.0	(0.1)
Operating margin	22.9	19.3	23.7	3.6	(0.8)
EBITDA margin	62.0	57.9	62.8	4.1	(0.8)
Net profit margin	14.2	3.3	14.3	10.8	(0.1)
Core profit margin	14.9	9.8	14.7	5.1	0.2

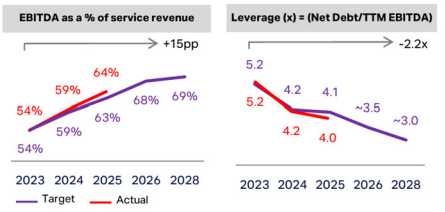
Source: UOB Kay Hian

Operation Statistics

1) Mobile Business	2024	2025	2026F	1Q26	2Q26	3Q26	4Q26F
ARPU (Bt/month/subscriber)							
ARPU - Postpaid	426	423	414	416	414	413	414
yoy	#DIV/0!	-0.7%	-2.1%	-1.9%	-2.4%	-1.9%	-1.8%
qoq				-1.4%	-0.5%	-0.2%	0.3%
ARPU - Prepaid	114	127	133	133	130	134	136
yoy	#DIV/0!	11.4%	5.0%	10.8%	4.8%	3.1%	2.4%
qoq				0.0%	-2.3%	3.1%	1.6%
ARPU - Blend	209	220	222	224	220	222	226
yoy	#DIV/0!	5.3%	0.9%	4.7%	0.5%	-0.5%	0.6%
qoq				-0.4%	-1.8%	0.8%	2.1%
Total subscriber ('000 subscriber)							
Postpaid	60,970	60,642	61,089	15,414	15,485	15,532	15,612
yoy	-2.8%	-0.5%	0.7%	1.1%	2.1%	3.1%	2.9%
qoq				1.6%	0.5%	0.3%	0.5%
Prepaid	139,291	130,146	131,364	32,717	33,125	33,220	33,570
yoy	-2.0%	-6.6%	0.9%	-2.4%	2.3%	4.2%	3.8%
qoq				1.1%	1.2%	0.3%	1.1%
Total subscriber	200,261	190,788	192,453	48,131	48,610	48,752	49,182
yoy	-2.2%	-4.7%	0.9%	-1.3%	2.2%	3.9%	3.5%
Annual subscriber is the sum of quarter subscriber (for comparison)				1.3%	1.0%	0.3%	0.9%
Net additions ('000 subscriber)							
Postpaid	(355)	(51)	447	249	71	47	80
Prepaid	(2,105)	(1,858)	1,218	365	408	95	350
Total net additions	(2,460)	(1,909)	1,665	614	479	142	430
Annual net addition subscriber is the sum of quarter subscriber (for comparison)							
2) Fixed broadband business (FBB)							
FBB ARPU (Bt/subscriber/month)							
ARPU	495	500	505	498	504	508	512
yoy	4%	1%	1%	-1%	0.2%	2%	3%
				0%	1.2%	1%	1%
Total subscribers ('000)							
Total subscribers ('000) - EOY	12,484	12,868	13,335	3,291	3,318	3,348	3,378
	18%	3%	4%	3%	3.5%	4%	4%
Annual subscriber is the sum of quarter subscriber (for comparison)				7%	0.8%	1%	1%
Net additions ('000)							
Net addition (subscriber increase)	(626)	103	123	36	27	30	30
Annual net addition subscriber is the sum of quarter subscriber (for comparison)							

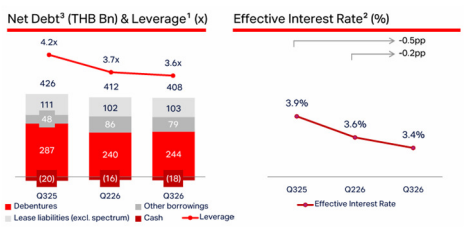
Source: UOB Kay Hian

Management Guidance On EBITDA Margin And Debt Ratio (2026-28)



Source: UOB Kay Hian

Net Debt-to-EBITDA Ratio And Effective Interest Rate In 3Q26



Source: UOB Kay Hian

Five-Year EV/EBITDA



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**195,669**	**187,686**	**188,479**	**192,042**
EBITDA	107,266	117,347	124,085	131,364
Deprec. & amort.	70,847	72,770	75,804	80,073
EBIT	36,420	44,576	48,281	51,292
Total other non-operating income	1,396	1,558	1,564	1,594
Associate contributions	3,407	3,000	3,000	3,000
Net interest income/(expense)	(34,271)	(20,271)	(19,681)	(19,454)
Pre-tax profit	**6,951**	**28,863**	**33,165**	**36,432**
Tax	2,160	(1,155)	(3,316)	(5,465)
Minorities	129	35	40	40
Net profit	**9,240**	**27,744**	**29,888**	**31,007**
Net profit (adj.)	19,217	27,863	29,888	31,007

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	550,530	536,044	537,849	543,393
Other LT assets	41,760	42,613	43,578	44,856
Cash/ST investment	17,928	19,345	22,598	27,929
Other current assets	54,013	55,088	60,114	61,222
Total assets	**664,230**	**653,090**	**664,139**	**677,400**
ST debt	84,547	94,897	106,736	107,291
Other current liabilities	85,816	83,520	83,873	85,459
LT debt	349,104	323,199	314,243	318,417
Other LT liabilities	69,615	69,444	70,680	72,976
Shareholders' equity	75,488	82,407	88,982	93,633
Minority interest	(341)	(376)	(376)	(376)
Total liabilities & equity	**664,230**	**653,090**	**664,139**	**677,400**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**82,090**	**96,686**	**100,310**	**110,848**
Pre-tax profit	6,951	28,863	33,165	36,432
Tax	(2,160)	1,155	3,316	5,465
Deprec. & amort.	70,847	72,770	75,804	80,073
Working capital changes	(8,385)	(3,310)	91	798
Non-cash items	3,071	(61)	(4,764)	(321)
Other operating cashflows	11,766	(2,730)	(7,302)	(11,599)
Investing	**(58,172)**	**(58,600)**	**(76,629)**	**(83,889)**
Capex (maintenance)	(61,652)	(58,284)	(77,609)	(85,617)
Investments	(367)	84	(886)	(921)
Others	3,847	(400)	1,866	2,649
Financing	**(32,865)**	**(36,632)**	**(20,429)**	**(21,627)**
Dividend payments	(6,564)	(21,077)	(23,313)	(26,356)
Proceeds from borrowings	(2,314)	(15,555)	2,884	4,729
Others/interest paid	(23,987)	0	0	0
Net cash inflow (outflow)	**(8,947)**	**1,454**	**3,253**	**5,332**
Beginning cash & cash equivalent	**26,832**	**17,891**	**19,345**	**22,598**
Changes due to forex impact	6	0	0	0
Ending cash & cash equivalent	**17,891**	**19,345**	**22,598**	**27,929**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	54.8	62.5	65.8	68.4
Pre-tax margin	3.6	15.4	17.6	19.0
Net margin	4.7	14.8	15.9	16.2
ROA	1.4	4.2	4.5	4.6
ROE	12.4	35.5	36.7	37.0
Growth				
Turnover	(5.0)	(8.9)	(8.5)	(6.8)
EBITDA	9.3	19.6	26.4	33.8
Pre-tax profit	(164.5)	(367.9)	(407.9)	(438.2)
Net profit	(184.3)	(353.0)	(372.6)	(382.8)
Net profit (adj.)	94.8	45.0	7.3	3.7
EPS	94.8	182.4	203.0	214.3
Leverage				
Debt to total capital	577.1	509.7	475.1	456.5
Debt to equity	574.5	507.4	473.1	454.6
Net debt/(cash) to equity	550.7	483.9	447.7	424.8
Interest cover	3.1	5.8	6.3	6.8

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