

Malaysia

ADD (no change)

Consensus ratings*: Buy 20 Hold 2 Sell 3

Current price:	RM4.71
Target price:	RM6.75
Previous target:	RM7.50
Up/downside:	43.3%
CGS-CIMB / Consensus:	1.7%
Reuters:	TLMM.KL
Bloomberg:	T MK
Market cap:	US\$4,045m
	RM17,774m
Average daily turnover:	US\$2.53m
	RM10.76m
Current shares o/s:	3,774m
Free float:	42.1%

*Source: Bloomberg

Key changes in this note

► FY22-24F core EPS cut by 0.8-5.5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.7	-12	-20.3
Relative (%)	1.7	-8.5	-17.6

Major shareholders	% held
Khazanah Nasional	21.5
Employees Provident Fund	17.2
Amanah Saham Bumi	10.1

Analyst(s)



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Telekom Malaysia

Off to a strong start in 1Q22

- 1Q22 results were in line; core EPS was up 3.3% yoy (ex-VSS: +19%).
- Decent revenue growth and good execution on cost-saving initiatives.
- Reiterate Add on TM (our top Malaysian telco pick). DCF-based TP cut 10% to RM6.75 due to higher risk-free rate.

Strong 1Q22 results; on track to meet/exceed our FY22F forecast

1Q22 EBITDA rose 2.0% yoy on higher revenue, partly offset by lower margin due to lumpy voluntary separation scheme (VSS) cost. Despite higher effective tax rate (Makmur Tax) and depreciation, core EPS grew 3.3% yoy, boosted by lower interest cost (after early redemption of sukuk in Mar 21). Qoq, EBITDA/core net profit eased 9.3%/0.7% due to weaker seasonality, VSS cost and Makmur Tax. Ex-VSS, core net profit rose 19% yoy and 23% qoq. 1Q22 core net profit of RM342m slightly exceeded our estimated range of RM325m-335m. At 29% of our FY22F forecast (31% of Bloomberg consensus), we deem this largely in line as it is still early in the year and opex/effective tax rate may be higher in 2Q-4Q22F. Nonetheless, this is a strong set of results that puts TM well on track to meet, if not exceed, our FY22F estimate.

Decent revenue growth led by Internet, voice & domestic wholesale

Total revenue was in line, up 2.9% yoy, led by Internet (+10.6%), voice (+5.0%) and domestic wholesale (+14.7%), partly offset by lower Indefeasible Right of Use (IRU) sales (lumpy bookings in 1Q21) and still soft customer projects. Qoq, it was down 8.3% due to weaker seasonality, though Internet revenue continued to grow 2.6%. Unifi net adds softened further qoq to 134k (3Q21/4Q21: +208k/+154k) on slower fibre rollout and workers' return to offices, though this is still robust vs. pre-pandemic levels (1Q-4Q19: 16k-71k) and our estimated c.100k. Unifi's ARPU also expectedly slid 3.5% qoq (-5.6% yoy) on weaker seasonality and take-up of lower-priced plans by new subs.

Executing VSS as planned & greater direct cost efficiencies

Despite incurring VSS cost of RM105m (1Q21: RM30m, 4Q21: nil), EBITDA margin was just 0.4% pt lower yoy and qoq, buffered by greater direct cost efficiencies. The bigger VSS cost is due to TM completing its annual exercise earlier this year in Mar. Ex-VSS, margin would have risen 3.2% pts qoq (+2.2% pts yoy) to 43.4%, its highest level ever.

Reiterate Add with lower DCF-based TP of RM6.75 (WACC: 7.9%)

We trimmed FY22-24F EBITDA by 1.0-1.2% and core EPS by 0.8-5.5% after updating for data points from TM's FY21 annual report. We also cut our TP by 10% after baking in a higher risk-free rate of 4.5% (previous: 3.5%; amid the recent rise in government bond yields), partly offset by a rollover of the DCF base year. TM remains our top Malaysian telco pick due to its healthy 12.1% FY21-24F core EPS CAGR, which is a key re-rating catalyst. Its FY22F EV/OpFCF of 7.9x is 37% below mobile players' average, with decent FY22-24F yields of 4.0-5.9% p.a. Downside risks: adverse regulatory developments.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	10,840	11,529	11,959	12,215	12,355
Operating EBITDA (RMm)	3,896	4,470	4,559	4,698	4,849
Operating EBITDA Margin	35.9%	38.8%	38.1%	38.5%	39.3%
Net Profit (RMm)	1,016	895	1,184	1,629	1,741
Core EPS (RM)	0.26	0.33	0.31	0.43	0.46
Core EPS Growth	(1.1%)	24.4%	(4.1%)	37.6%	6.8%
FD Core P/E (x)	17.90	14.39	15.01	10.91	10.21
DPS (RM)	0.14	0.13	0.19	0.26	0.28
Dividend Yield	3.04%	2.76%	4.00%	5.50%	5.88%
EV/EBITDA (x)	5.84	5.01	4.77	4.51	4.29
P/FCFE (x)	26.44	NA	11.96	12.30	10.49
Net Gearing	47.6%	40.8%	30.3%	21.9%	16.3%
ROE	13.7%	16.9%	15.3%	19.6%	19.4%
% Change In Core EPS Estimates			(0.77%)	(3.37%)	(5.50%)
CGS-CIMB/Consensus EPS (x)			1.07	1.27	1.27

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Off to a strong start in 1Q22

Figure 1: Results comparison

FYE 31 Dec (RM m)	1Q22	1Q21	yoy % chg	4Q21	qoq % chg	Prev. FY22F
Revenue	2,892	2,810	2.9	3,153	(8.3)	12,009
Operating costs	(1,744)	(1,684)	3.6	(1,887)	(7.6)	(7,399)
EBITDA	1,149	1,126	2.0	1,266	(9.3)	4,611
EBITDA margin (%)	39.7	40.1	(0.4)	40.2	(0.4)	38.4
Depn & amort.	(604)	(576)	4.9	(647)	(6.7)	(2,493)
EBIT	545	551	(0.9)	619	(11.9)	2,117
Interest expense	(96)	(172)	(44.4)	(124)	(22.9)	(452)
Interest & invt inc	17	27	(35.6)	20	(14.4)	68
Associate	4	3	29.6	3	40.0	12
Forex	6	(36)	nm	(46)	nm	-
Exceptionals	(9)	35	nm	(278)	(96.6)	-
Pretax profit	467	407	14.8	194	140.8	1,745
Tax	(128)	(84)	52.5	(127)	0.5	(559)
Tax rate (%)	27.3	20.5		65.4		32.1
Minority interests	0	2	(90.5)	13	(98.4)	8
Net profit	340	326	4.4	80	325.4	1,193
Core net profit	342	332	3.3	345	(0.7)	1,193
EPS (sen)	9.0	8.6	4.4	2.1	325.4	31.6
Core EPS (sen)	9.1	8.8	3.3	9.1	(0.7)	31.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Key financial & operational indicators

FYE 31 Dec	1Q22	1Q21	yoy % chg	4Q21	qoq % chg
Revenue breakdown (RM m)					
Total	2,892	2,810	2.9	3,153	(8.3)
Voice	584	556	5.0	596	(2.0)
Data	795	800	(0.6)	891	(10.8)
Internet & Multimedia	1,077	974	10.6	1,050	2.6
Other telco related servs	436	480	(9.2)	616	(29.2)
Opex breakdown (% of revenue)					
Direct cost	23.6	24.5	(0.8)	26.1	(2.5)
Manpower	24.8	23.6	1.2	18.9	5.9
Other operating cost	12.0	11.1	0.9	19.3	(7.3)
Total opex/revenue	60.4	59.2	1.2	64.3	(3.9)
Balance sheet items (RM m)					
Cash	2,498	1,989	25.6	2,734	(8.6)
Debt	5,713	5,670	0.8	5,720	(0.1)
Net cash/(debt)	(3,215)	(3,681)	(12.7)	(2,986)	7.7
Net debt/EBITDA (x)	0.70	0.82		0.59	
Operational indicators					
Streamyx subs ('000)	214	492	(56.5)	278	(23.0)
Streamyx net adds/qtr ('000)	(64)	(65)	(1.5)	(64)	-
Streamyx ARPU (RM/mth)	95	91	4.4	93	2.2
unifi subs ('000)	2,635	1,951	35.1	2,501	5.4
unifi net adds/qtr ('000)	134	175	(23.4)	154	(13.0)
unifi ARPU (RM/mth)	136	144	(5.6)	141	(3.5)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revisions

FYE 31 Dec (RM m)	New				Old			% change		
	FY21	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Total revenue	11,529	11,959	12,215	12,355	12,009	12,261	12,411	(0.4)	(0.4)	(0.5)
- Voice	2,372	2,254	2,073	1,866	2,253	2,073	1,866	0.0	0.0	0.0
<i>change yoy (%)</i>	0.2	(5.0)	(8.0)	(10.0)	(5.0)	(8.0)	(10.0)			
- Data	3,155	3,345	3,531	3,679	3,345	3,531	3,680	(0.0)	(0.0)	(0.0)
<i>change yoy (%)</i>	11.0	6.0	5.6	4.2	6.0	5.6	4.2			
- Internet & Multimedia	4,036	4,345	4,509	4,654	4,395	4,556	4,710	(1.1)	(1.0)	(1.2)
<i>change yoy (%)</i>	7.8	7.7	3.8	3.2	8.90	3.65	3.39			
- Other telco related servs	1,966	2,016	2,101	2,155	2,016	2,102	2,155	(0.0)	(0.0)	(0.0)
<i>change yoy (%)</i>	4.2	2.5	4.2	2.6	2.5	4.2	2.6			
Other income	158	158	158	158	158	158	158	0.0	0.0	0.0
Opex	-7,217	-7,558	-7,675	-7,663	-7,556	-7,672	-7,663	0.0	0.0	0.0
EBITDA	4,470	4,559	4,698	4,849	4,611	4,747	4,906	(1.1)	(1.0)	(1.2)
<i>change yoy (%)</i>	14.7	2.0	3.1	3.2	3.1	3.0	3.4			
<i>margin (%)</i>	38.8	38.1	38.5	39.3	38.4	38.7	39.5			
Depreciation	-2,413	-2,472	-2,288	-2,328	-2,493	-2,241	-2,228	(0.8)	2.1	4.5
Net interest expense	-411	-366	-339	-309	-384	-363	-339	(4.6)	(6.5)	(8.8)
Others	-400	12	12	12	12	12	12	0.0	0.0	0.0
Pretax profit	1,247	1,732	2,083	2,224	1,745	2,154	2,351	(0.7)	(3.3)	(5.4)
Taxation	-369	-556	-463	-494	-559	-477	-519	(0.7)	(3.0)	(4.9)
Minority interest	17	8	9	10	8	9	10	0.0	0.0	0.0
Net Profit	895	1,184	1,629	1,741	1,193	1,686	1,842	(0.8)	(3.4)	(5.5)
<i>change yoy (%)</i>	(11.9)	32.3	37.6	6.8	33.3	41.3	9.2			
Core Net Profit	1,235	1,184	1,629	1,741	1,193	1,686	1,842	(0.8)	(3.4)	(5.5)
<i>change yoy (%)</i>	24.6	(4.1)	37.6	6.8	(3.4)	41.3	9.2			
Core EPS	32.7	31.4	43.2	46.1	31.6	44.7	48.8	(0.8)	(3.4)	(5.5)
<i>change yoy (%)</i>	24.4	(4.1)	37.6	6.8	(3.4)	41.3	9.2			
Net debt/EBITDA (x)	0.8	0.6	0.4	0.3	0.6	0.4	0.3			
Key assumptions										
Fixed lines ('000)	1,844	1,664	1,484	1,304	1,664	1,484	1,304	0.0	0.0	0.0
<i>change yoy (%)</i>	(8.9)	(9.8)	(10.8)	(12.1)	(9.8)	(10.8)	(12.1)			
Fx Line call usage ARPU (RM)	17	12	9	6	12	9	6	0.0	0.0	0.0
<i>change yoy (%)</i>	(17.1)	(25.1)	(30.1)	(35.1)	(25.1)	(30.1)	(35.1)			
Broadband subs ('000)	2,779	2,919	3,045	3,185	2,919	3,045	3,185	0.0	0.0	0.0
- Streamyx	278	78	0	0	78	0	0	0.0	nm	nm
- unifi	2,501	2,841	3,045	3,185	2,841	3,045	3,185	0.0	0.0	0.0
Streamyx ARPU (RM/mth)	92	92	92	92	92	92	92	0.0	0.0	0.0
<i>change yoy (%)</i>	0.5	0.0	0.0	0.0	0.0	0.0	0.0			
unifi ARPU (RM/mth)	141	132	129	127	132	129	128	0.1	0.1	(0.2)
<i>change yoy (%)</i>	(4.4)	(6.4)	(2.3)	(1.3)	(6.5)	(2.3)	(1.0)			
Capex	1,701	1,801	1,851	1,851	1,801	1,851	1,851	0.0	0.0	0.0
<i>as % of revenue</i>	(14.8)	(15.1)	(15.2)	(15.0)	(15.0)	(15.1)	(14.9)			

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Our revised DCF-based target price for TM is RM6.75 (WACC: 7.9%, terminal growth: 1.0%)

FYE 31 Dec (RM m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
EBIT (1-T)	1,830	1,910	2,048	2,030	1,996	1,984	1,968	1,962	1,964	1,975
Depreciation & Amortisation	1,928	1,932	1,936	1,939	1,941	1,944	1,946	1,947	1,949	1,950
Capex	-1,851	-1,851	-1,851	-1,851	-1,851	-1,851	-1,851	-1,851	-1,851	-1,851
Annual FCF	1,907	1,992	2,133	2,118	2,086	2,077	2,063	2,058	2,062	2,075
Terminal value										30,182
Present value of cash flows	1,767	1,709	1,696	1,560	1,424	1,313	1,208	1,117	1,037	15,022
Value of firm	27,852									
Net cash/(debt) at end-2022F	-2,358									
Value of equity	25,494									
No of shares (m)	3,774									
Value of equity/share (RM)	6.75									

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Sensitivity of TM's TP to changes in WACC and terminal growth rate


WACC	Terminal growth rate				
	0.0%	0.5%	1.0%	1.5%	2.0%
7.0%	7.19	7.51	7.90	8.35	8.89
7.5%	6.66	6.94	7.25	7.62	8.05
7.9%	6.25	6.49	6.75	7.06	7.43
8.5%	5.80	5.99	6.21	6.47	6.76
9.0%	5.44	5.61	5.79	6.00	6.24

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: ASEAN telco sector comparison

Company	Bloomberg Ticker	Recom.	Current share price (local curr.)	Target price (local curr.)	Market cap (US\$ m)	Core P/E (x)		EV/EBITDA (x)		EV/OpFCF (x)		3-year CAGR (%)		Dvd Yield (%)	
						2022F	2023F	2022F	2023F	2022F	2023F	EPS	EBITDA	2022F	2023F
Maxis	MAXIS MK	HOLD	3.59	3.90	6,394	22.3	18.8	9.1	8.7	13.3	12.2	7.9	4.0	5.6	5.6
TM	T MK	ADD	4.71	6.75	4,045	15.0	10.9	4.8	4.6	7.9	7.6	12.1	2.8	4.0	5.5
MY telcos average (ex-outliers)						20.5	17.7	7.2	6.8	11.4	10.5	10.3	3.5	4.5	5.2
SingTel	ST SP	ADD	2.64	3.30	31,642	17.0	14.5	7.5	13.4	17.6	16.7	21.4	2.1	4.4	5.2
Starhub	STH SP	HOLD	1.23	1.40	1,546	26.8	21.7	7.8	6.6	20.5	11.9	(9.9)	1.6	4.1	4.1
SG telcos average (ex-outliers)						21.9	18.1	7.6	10.0	19.0	14.3	5.8	1.8	4.2	4.6
TLKM	TLKM IJ	ADD	4,200	5,000	28,462	15.0	14.0	6.9	6.5	11.5	10.7	10.6	4.6	4.8	5.4
XL Axiata	EXCL IJ	ADD	2,570	3,650	1,886	18.5	13.4	4.3	4.0	10.6	8.9	36.5	7.3	3.2	5.2
Indosat	ISAT IJ	HOLD	5,250	7,100	2,896	82.8	26.5	4.8	4.3	nm	70.7	44.1	19.9	0.6	1.9
Link Net	LINK IJ	ADD	4,590	5,200	899	13.8	12.6	5.2	4.6	14.2	13.6	5.8	8.6	2.2	4.0
Indo telcos average (ex-outliers)						15.8	16.6	5.3	4.9	12.1	11.1	24.2	10.1	2.7	4.1
AIS	ADVANC TB	ADD	220.00	254.00	19,063	24.1	23.6	7.6	7.2	11.1	10.3	3.8	3.5	3.7	3.8
DTAC	DTAC TB	ADD	44.25	53.60	3,053	37.1	53.4	5.5	5.6	11.2	12.1	(24.2)	2.0	3.3	3.0
True	TRUE TB	HOLD	4.50	5.24	4,375	nm	nm	6.7	6.7	12.8	11.6	28.1	3.1	1.6	1.6
Jasmine	JASIF TB	REDUCE	10.90	10.00	2,541	9.8	9.6	10.0	9.6	10.0	9.6	1.9	1.3	8.5	8.7
DIF	DIF TB	ADD	13.90	17.20	4,306	11.9	11.8	12.0	11.8	12.0	11.8	0.2	0.2	7.5	7.6
Intouch	INTUCH TB	HOLD	72.75	73.00	6,797	21.6	21.4	21.7	21.5	21.8	21.5	2.0	1.9	4.1	4.2
Thai telcos average (ex-outliers)						20.9	24.0	10.6	10.4	13.1	12.8	1.9	2.0	4.8	4.8
ASEAN Telcos average (ex-outliers)						19.8	19.1	8.0	8.1	13.2	15.7	7.8	4.4	4.1	4.7

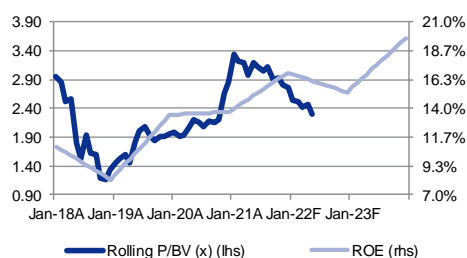
Note: Share prices as of 25 May 2022. Operating FCF is calculated as EBITDA minus average 3-year forward capex
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Refinitiv ESG Scores	
 <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center;">B ESG Score</div> <div style="background-color: #2e8b57; color: white; padding: 5px; text-align: center;">A+ ESG Controversies Score</div> <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center;">B ESG Combined Score</div> <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center;">B+ ESG Environment Pillar Score</div> <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center;">B ESG Social Pillar Score</div> <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center;">B- ESG Government Pillar Score</div> </div>	
<p>ESG in a nutshell</p> <p>We rank TM as the second-best in sustainability among the four Malaysian telcos under our coverage, for: i) consistently meeting the regulator’s quality of service (QoS) KPIs and having relatively lower regulatory risks vs. mobile players, ii) efforts to implement a robust cybersecurity framework and to position itself to capitalise on the growth in the demand for cybersecurity services, iii) ensuring that none of its independent directors exceed the 9-year tenure limit (as recommended in the Malaysian Code on Corporate Governance 2017) and carrying out stringent measures to reduce corruption cases, as well as iv) posting carbon emissions reductions every year since 2017.</p>	
<p>Keep your eye on</p> <p>A key regulatory development to watch is the review of the Mandatory Standard on Access Pricing (MSAP) for 2022-24. The Malaysian Communications and Multimedia Commission (MCMC) in its 4Q21 National Digital Infrastructure Plan (JENDELA) briefing said it has already engaged a third party to re-assess the telco market and will launch a public inquiry in due course. The MSAP review will be guided by industry players’ needs/requests to address any issues.</p>	<p>Implications</p> <p>While Malaysia’s fibre broadband prices are still higher than Singapore and Thailand, we think Malaysia faces a fairly low risk of regulatory pressure to reduce prices significantly going forward, as: i) the regulator appears to be satisfied with the affordability of entry-level fibre broadband plans, ii) access seekers have fewer complaints over wholesale prices/access issues vs. previously, and iii) consumers now have more choices of service providers. In principle, MCMC has also stressed the importance of maintaining policy certainty as this provides the incentives/business case for telcos to make infrastructure investments; this leads us to believe that MCMC is unlikely to impose any drastic measures in the MSAP review. Hence, we have not factored in any upside/downside risks from MSAP into our valuation/forecasts for TM.</p>
<p>ESG highlights</p> <p>TM is our top-ranked telco for: i) network QoS, reliability and affordability, as it has consistently met the regulator’s QoS KPIs and has relatively lower regulatory risks vs. mobile operators, and ii) data privacy/security, as it has the lowest risk of reputational damage from data breaches among the telcos and is best placed to capitalise on future growth in the demand for cybersecurity services, in our view.</p>	<p>Implications</p> <p>This leads us to rank TM as the second-best Malaysian telco from an ESG perspective. On an absolute basis, we do not expect TM’s good ESG performance to have a material positive impact on its revenue or earnings, as we believe the latter is more likely to be impacted by issues such as competition, mergers and acquisitions, and regulatory developments.</p>
<p>Trends</p> <p>According to the MCMC, the industry rolled out 180k new fibre premises passed in 1Q22 under the JENDELA programme, bringing the total to 7.0m, and is well on track to meet JENDELA’s target of 7.5m/9.0m premises passed by end-2022/25. The premises passed for the industry in 1Q22 exceeded JENDELA’s target by 6%, mainly attributed to TM (36% above target), which accelerated its network in response to strong demand for fibre broadband amid the Covid-19-led lockdowns.</p>	<p>Implications</p> <p>While we expect TM’s capex to rise to RM1.8bn-1.9bn p.a. in FY22-24F (FY21: RM1.7bn), we believe much of its fibre rollout will be commercially-driven, and that rollouts into less economically-viable areas would be funded by the Universal Service Provision (USP) fund or using alternative, more cost-efficient technologies.</p>

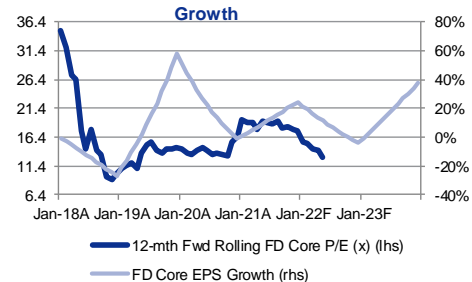
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, MCMC, REFINITIV

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	10,946	11,687	12,117	12,373	12,512
Gross Profit	10,946	11,687	12,117	12,373	12,512
Operating EBITDA	3,896	4,470	4,559	4,698	4,849
Depreciation And Amortisation	-2,284	-2,413	-2,472	-2,288	-2,328
Operating EBIT	1,612	2,057	2,087	2,411	2,522
Financial Income/(Expense)	-372	-411	-366	-339	-309
Pretax Income/(Loss) from Assoc.	12	12	12	12	12
Non-Operating Income/(Expense)	-21	-90	0	0	0
Profit Before Tax (pre-EI)	1,231	1,569	1,732	2,083	2,224
Exceptional Items	48	-322	0	0	0
Pre-tax Profit	1,279	1,247	1,732	2,083	2,224
Taxation	-283	-369	-556	-463	-494
Exceptional Income - post-tax					
Profit After Tax	996	878	1,177	1,620	1,731
Minority Interests	20	17	8	9	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,016	895	1,184	1,629	1,741
Recurring Net Profit	991	1,235	1,184	1,629	1,741
Fully Diluted Recurring Net Profit	991	1,235	1,184	1,629	1,741

Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	3,896	4,470	4,559	4,698	4,849
Cash Flow from Inv. & Assoc.					
Change In Working Capital	90	-112	0	0	0
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	-223	-276	0	0	0
Net Interest (Paid)/Received	-392	-376	-433	-414	-381
Tax Paid	-418	-343	-556	-463	-494
Cashflow From Operations	2,953	3,364	3,570	3,821	3,975
Capex	-1,138	-1,778	-1,651	-1,851	-1,851
Disposals Of FAs/subsidiaries	6	5	0	0	0
Acq. Of Subsidiaries/investments	-253	45	0	0	0
Other Investing Cashflow	137	-592	67	75	72
Cash Flow From Investing	-1,247	-2,320	-1,584	-1,776	-1,779
Debt Raised/(repaid)	-1,035	-1,953	-500	-600	-500
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	-633	-547	-509	-729	-996
Preferred Dividends					
Other Financing Cashflow	-403	-446	-446	-446	-446
Cash Flow From Financing	-2,071	-2,946	-1,455	-1,775	-1,942
Total Cash Generated	-365	-1,903	531	269	253
Free Cashflow To Equity	671	-909	1,486	1,445	1,695
Free Cashflow To Firm	2,099	1,420	2,419	2,459	2,576

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	4,304	2,734	2,862	2,772	2,629
Total Debtors	1,952	2,051	2,175	2,219	2,306
Inventories	99	177	112	181	112
Total Other Current Assets	1,085	1,212	1,212	1,212	1,212
Total Current Assets	7,441	6,173	6,361	6,384	6,259
Fixed Assets	13,545	13,356	13,196	13,227	13,254
Total Investments	524	538	550	562	574
Intangible Assets	701	665	665	665	665
Total Other Non-Current Assets	2,069	2,099	2,099	2,099	2,099
Total Non-current Assets	16,838	16,658	16,509	16,553	16,592
Short-term Debt	831	382	382	382	382
Current Portion of Long-Term Debt					
Total Creditors	3,494	3,634	3,651	3,572	3,475
Other Current Liabilities	1,483	1,418	1,418	1,418	1,418
Total Current Liabilities	5,808	5,434	5,451	5,372	5,275
Total Long-term Debt	6,796	5,338	4,838	4,238	3,738
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,700	4,731	4,786	4,889	4,715
Total Non-current Liabilities	11,496	10,070	9,625	9,128	8,453
Total Provisions	0	0	0	0	0
Total Liabilities	17,303	15,503	15,076	14,500	13,728
Shareholders' Equity	7,125	7,503	7,976	8,628	9,324
Minority Interests	-149	-175	-182	-191	-201
Total Equity	6,975	7,328	7,794	8,437	9,123

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(5.19%)	6.35%	3.73%	2.14%	1.14%
Operating EBITDA Growth	(3.3%)	14.7%	2.0%	3.1%	3.2%
Operating EBITDA Margin	35.9%	38.8%	38.1%	38.5%	39.3%
Net Cash Per Share (RM)	-0.88	-0.79	-0.62	-0.49	-0.40
BVPS (RM)	1.89	1.99	2.11	2.29	2.47
Gross Interest Cover	3.08	4.23	4.81	5.82	6.62
Effective Tax Rate	22.1%	29.6%	32.1%	22.2%	22.2%
Net Dividend Payout Ratio	55.6%	40.3%	60.0%	60.0%	60.0%
Accounts Receivables Days	74.05	63.36	64.48	65.64	67.03
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	8.3%	11.0%	9.7%	13.0%	13.4%
ROCE (%)	11.8%	15.4%	16.5%	19.1%	19.7%
Return On Average Assets	4.96%	6.45%	6.23%	8.22%	8.61%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total fixed broadband subs ('000)	2,333.0	2,779.0	2,919.0	3,045.4	3,185.4
Unifi subs ('000)	1,776.0	2,501.0	2,841.0	3,045.4	3,185.4
Streamyx subs ('000)	557.0	278.0	78.0	-	-
Unifi ARPU (RM/mth/sub)	147.7	141.2	132.2	129.1	127.5
Streamyx ARPU (RM/mth/sub)	91.3	91.8	91.8	91.8	91.8

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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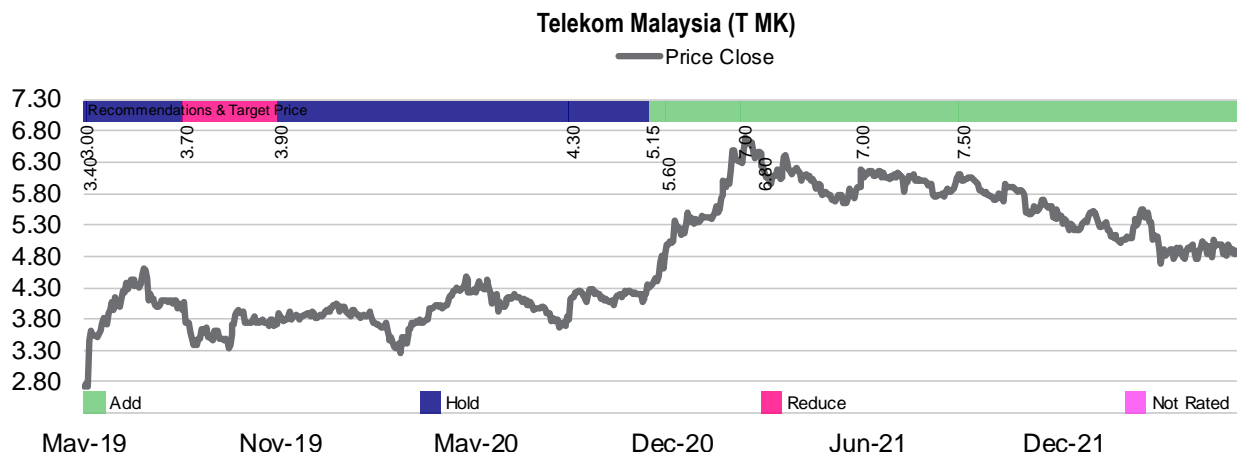
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.