

Company Update

Thursday, April 04, 2024



I V Global Securities Public Company Limited

Intouch Holdings Plc (INTUCH)

Rating: BUY

Fair price: Bt81.6

Close price: Bt68.0

Cashing out investment in media business

- A recent final court ruling rendered a judgment to uphold the Central Administrative Court's dismissal of the Prime Minister's Office's (PMO) petition involving the lawfulness of ITV's termination of the operating agreement back in March 2007, citing the legitimacy of the arbitral award as the rationale. There would no longer be a need for ITV to reserve outstanding cash on hand of Bt1.25bn in its statement, based on the assumption of it not continuing in the media business.
- Therefore, we expect a likelihood that ITV will return this outstanding cash to all shareholders, including INTUCH (which currently holds a 52.92% equity stake in ITV). On a separate note, back in the FY23 financial statement, INTUCH booked a one-time non-cash gain of Bt2.89bn from a reversal of provisions after ITV won the court case related to the previous concession issue. The investment cost related to ITV in the financial statement was about Bt640m as of December 2023.
- In a bid to return cash to ITV shareholders, several steps have been taken, including writing down outstanding retained losses of Bt4.59bn (as of 30 Dec 2023) by reducing their par value from Bt5 each for a total of 1.207bn shares. The estimate is that cash of about Bt640-650m may be returned to INTUCH by 2Q24, which is about close to outstanding investment value. Therefore, we don't expect any material gain to be realized on the P&L statement.
- For 1Q24F, we estimate INTUCH to report an 8% YoY rise (but declining by 32% QoQ) in net profit to Bt2.9bn. The majority of income will be contributed from ADVANC, in which INTUCH holds a 40.44% equity stake. We previously estimated ADVANC's 1Q24F net profit at Bt7.32bn (+8.3% YoY and +4.5% QoQ).
- Maintain BUY.** We prefer to maintain our BUY call on INTUCH with a price target of Bt81.6, based on our price target for ADVANC of Bt255 and a 15% discount to our NAV estimate. The stock currently trades at a P/E multiple of 18.2x our 2024F earnings estimate. The upside risk will come from a potential diversifying business plan of INTUCH in the future.

Company Information

Ticker:	INTUCH TB
Sector:	ICT
Shares outstanding (m):	3,206.69
Market capitalization (Btm):	218,054.76
Trading vol/day (Btm):	220.40
Free float (%):	27.64
Beta:	0.35

Major Shareholders

Gulf Energy Plc	47.37%
SingTel Global Investments Pte	24.99%
Thai NVDR Co	5.40%

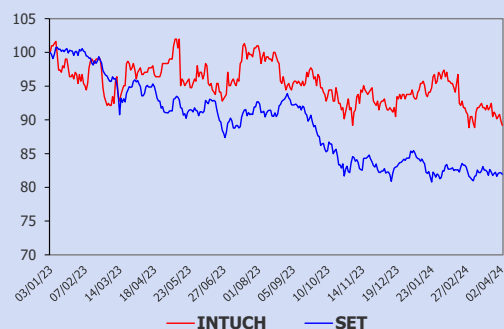
Consensus Bloomberg

2024F EPS (Bt):	3.83
Target price (Bt):	82.46

Price Performance

52 Wk high/low: 78.00 / 67.75

	1M	3M	1Y	YTD
Absolute (%)	-1.4	-5.6	-8.4	-4.9
Relative (%)	-2.1	-1.8	5.6	-2.1



Rating	CGR	Thai CAC	SET ESG
INTUCH		Certified	AA

Analyst

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Investment summary

FY Dec 31	2021	2022	2023	2024F	2025F	2026F
Revenue (Btm)	14,357	10,580	11,794	12,140	13,272	13,985
Growth (%)	(8.4)	(26.3)	11.5	2.9	9.3	5.4
Net profit (Btm)	10,748	10,533	13,139	11,977	13,129	13,842
Growth (%)	(2.7)	(2.0)	24.7	(8.8)	9.6	5.4
EPS (Bt)	3.35	3.28	4.10	3.73	4.09	4.32
Growth (%)	(2.7)	(2.0)	24.7	(8.8)	9.6	5.4
P/E (x)	20.3	20.7	16.6	18.2	16.6	15.8
EV/EBITDA (x)	19.8	20.3	18.5	17.9	16.3	15.4
DPS (Bt)	2.83	4.72	3.17	3.39	3.79	4.00
Yield (%)	4.2	6.9	4.7	5.0	5.6	5.9
BVPS (Bt)	12.69	11.33	12.42	12.95	13.66	14.18
P/BV (x)	5.4	6.0	5.5	5.3	5.0	4.8
ROE (%)	27.3	27.4	34.5	29.4	30.8	31.0
ROA (%)	20.2	21.7	31.5	29.0	30.3	30.6
Net /DE ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

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Results

<i>(Btm)</i>	4Q23	4Q22	% YoY	3Q23	% QoQ	2023	2022	% YoY
Total revenues	2,835	2,965	-4.4	3,302	-14.1	11,794	10,580	11.5
SG&A	(54)	(27)	102.5	(27)	102.4	(142)	(130)	9.8
EBIT	2,771	2,939	-5.7	3,266	-15.2	11,614	10,399	11.7
Net profit	4,303	2,881	49.3	3,263	31.9	13,139	10,533	24.7
EPS (Bt)	1.34	0.90	49.3	1.02	31.9	4.10	3.28	24.7

Source: Company and IVG estimates

Track record

<i>(Btm)</i>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total revenues	2,580	2,558	2,464	2,965	2,740	2,917	3,302	2,835
SG&A	(25)	(39)	(39)	(27)	(38)	(24)	(27)	(54)
EBIT	2,533	2,510	2,416	2,939	2,693	2,884	3,266	2,771
Net profit	2,552	2,636	2,464	2,881	2,690	2,882	3,263	4,303
EPS (Bt)	0.80	0.82	0.77	0.90	0.84	0.90	1.02	1.34

Source: Company and IVG estimates

Performance breakdown

<i>Btm</i>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
ADVANC	2,552	2,550	2,439	2,978	2,732	2,904	3,294	2,832
THCOM	21	127	50	(56)	0	0	0	0
Others	(21)	(41)	(25)	(41)	(42)	(22)	(31)	1,471
Net profits	2,552	2,636	2,464	2,881	2,690	2,882	3,263	4,303

Source: Company

INTUCH IVG ESG Rating: GOOD	75%
E: Environmental	17%
Energy Efficiency Management	50%
Climate-Related Management	50%
Sustainable Water Management	50%
Sustainable Waste Management	50%
S: Social	25%
Human Rights Management	50%
Education and Training Policy	50%
Occupational Health and Safety Policy	100%
Corporate Social Responsibility Policy	100%
G: Governance	33%
Corporate Governance Rating (CGR)	100%
Employees Trained on Anti-Corruption	100%
Risk and Crisis Management	100%
Cybersecurity and Customer Data Privacy Protection	100%
Digitalization and Innovation	100%
Customer Relationship Management	100%

TELECOM sector	Scores	Weights	INTUCH
E: Environmental	8	33%	17%
S: Social	8	33%	25%
G: Governance	10	33%	33%
Total	26	100%	75%

Company ESG Policy Priorities		
POOR	MEDIUM	GOOD
1-50%	>50 - 70%	>70 - 100%

Source: Sustainability report from company 2022 and Criteria by IVG

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.

HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of the operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



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