CASE STUDY 1: True Corporation PCL

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true
Annual Report 2015

NATURE OF BUSINESS

True Group is Thailand's only fully-integrated telecommunications provider and convergence leader. The Group differentiates itself and facilitates subscribers' various lifestyles through the convergence of its products within True Group comprising voice (fixed-line and mobile), wired and wireless broadband Internet, pay TV, data and content. By offering a comprehensive selection of networks, services and content, True Group is well placed to accelerate growth alongside Thailand's transition into the digital economy while supporting the development of the country's telecommunications industry to reach global standards.

True Group's convergence lifestyle strategy is unique within the Thai market. It focuses on providing customers with their preferred combinations of content and services from its integrated platform. This helps the Group differentiate itself from the competition, drive subscriber growth and customer loyalty as well as maximize the full potential of its services.

True Group believes convergence delivers significant benefits while enhancing value for its customers. True Group's core businesses have been organized into the three following categories:

- Online business under TrueOnline, comprising fixed-line phone and value-added services, business data services, Internet and broadband Internet services and WiFi;
- Cellular business under True Mobile Group, offerring a full range of mobile services through 4G, 3G and 2G networks nationwide under the brand TrueMove H and TrueMove;
- Pay TV and Digital TV businesses under TrueVisions

Business Group	Full year of 2015		Full year of 2014		Full year of 2013	
	Baht Million	%	Baht Million	%	Baht Million	%
1. TrueOnline	27,734	23.3%	26,640	24.5%	23,086	24.0%
2. TrueMobile	81,553	68.7%	73,581	67.3%	63,073	65.5%
3. TrueVisions	9,494	8.0%	8,995	8.2%	10,055	10.5%
Total Revenues	118,781	100.0%	109,216	100.0%	96,214	100.0%

RISK FACTORS

True Group sees significant growth opportunities in year 2015 for all core business segments after achieving key milestones particularly in mobile service business. The foregoing notwithstanding, True Group and/or its subsidiaries could possibly face a variety of risks that may impact on operations as follows:

1. **Risks related to business operations**
   1.1. Risks related to market competition
   1.2. Risks unique to TrueVisions
   1.3. Risks of TrueVisions relating to the potential collection of royalty fees for copyrighted content
   1.4. Risks from technological change

2. **Risks related to the regulatory environment**
    - 2.1. Mobile Number Portability risks and limitation
    - 2.2. Risks from changes in the regulatory environment which will create risks for operators
    - 2.3. Risks from the allocation of frequencies for operating mobile businesses
    - 2.4. Risks related to the expiry of TrueMove's Agreement to Operate with CAT and the Joint Operation Agreement to operate a fixed-line service with TOT, which may result in an increase in ongoing operating expenses for the business
    - 2.5. Risks from the dispute with TOT regarding TOT's call for TrueMove and CAT to pay access charges, which may result in an increase in future expenses
    - 2.6. TrueMove may have risks from a CAT's dispute requesting TrueMove to hand over and transfer the ownership of 4,546 towers, tower equipment and 59 stations of generator and equipment to CAT
    - 2.7. Risks from disputes over excise tax
    - 2.8. Risks from disputes over revenue sharing
    - 2.9. Risks related to ongoing disputes between CAT and an acquired subsidiary from Hutchison Group
    - 2.10. Risks from the dispute on collection of customer identification and records
    - 2.11. Risks from disputes on mobile prepaid services
    - 2.12. Risks from interconnection charges for the fixed-line business
    - 2.13. Risks from a possible investigation into contracts related to the purchase of shares in Hutchison Group companies and the 3G HSPA agreements between CAT and True Group
    - 2.14. Risks of additional expenses from the delay in True-CAT's 3G HSPA project
    - 2.15. Risks related to the fact that True Group compete with TOT and CAT who are the grantors of the Joint Operation Agreement and the Agreement to Operate, respectively, a factor which has led to and could continue to lead to disputes with the grantors, which could affect True Group's operations
    - 2.16. Risks from licensing the operations of the television and/or telecommunications businesses

3. **Risks relating to the financial situation**
    - 3.1. Risks related to True Group's leveraged position
    - 3.2. Risks from foreign exchange rate and interest rate movements
    - 3.3. Risks from impairment of investments/ assets
    - 3.4. Risks from having majority shareholders holding more than a 50-percent stake in the Company

ACTIVITIES:

In your group, based on members' subjective judgement, identify 1) frequency or likelihood of occurrence and 2) impact or severity of the aforementioned risk factors reported by the company.

a) Assess and develop risk map to prioritize risk factors to establish a most-to-least-critical importance ranking.
b) Form appropriate risk management strategies for the **TOP FIVE** most important risk factors.