



Please note that all financial figures and analyses are based on the applicable accounting policy for 2019 and 2020, unless otherwise stated

Executive Summary

While the pandemic peak impact resulting in strict lockdown and shop closure was observed in Q220, this quarter displayed a continuation of its prolonged impact on the economy. Despite countrywide well-controlled spread measures and businesses resuming their normal operations, the absence of tourists and lack of activities in the tourism industry pose an immediate concern to the business and other underlying industries, leading to challenging economic development. We had observed yet another quarter-long of zero tourists, loss of revenues from some migrants and international roaming, and clearer indication of spending optimization across customer segments.

In Q320, dtac continued customer-centric approach through delivering relevant products and services to promptly alleviate customer concern from the uncertain market conditions and extended economic pressure. We introduced packages with adjacent services, many that are specifically tailored to the varying demand of customer occupation group (i.e. students, motorcycle rider, etc.) and seasonality (i.e. Covid-19, and rainy season insurance). Through strategic partnership across business sectors, we made sure that relevant products and services have greater accessibility to the mass Thai market for full redemption of additional benefits and offers. In the B2B space, we launched dtac Business consisting of worry-free sims, IoT solutions, and SmartConnect, all of which are simplified solutions developed to solve customer pain-points in a worry-free manner along with offerings of digital service channels.

Market competition, particularly in the prepaid segment, was further intensified in Q320. Although maintained at slightly higher price points, the unlimited data allowance at a fixed speed remained in the main acquisition portfolio offered by all operators. On top of this, all operators re-introduced lower-speed unlimited pack with very competitive pricing.

Adapting to the evolving market landscape, dtac took priority in digital transformation journey. The

pandemic aftermath included spike in digital usage, engagement, and adoption. Similar to how businesses appeared to reshape their way of work on a long-term basis, dtac observed many digital adoption trends that persisted even after ease of lockdown and social distance measures. dtac is working to continuously enhance online experience and engagement. Meanwhile internally, we had progressed with initiatives to digitalize, from pushing for digital customer interaction, to digitalizing our distribution channels and operations.

Following last quarter submission of request for 700 MHz early award by region, dtac is currently waiting on official confirmation from NBTC. In Q320, dtac also rolled out and launched showcase on the 26 GHz mmWave band in selected locations. A number of mmWave band use case trials through industry partnership are also ongoing. At the end of Q320, dtac had a total of approximately 18,917 nodes of 4G-2300 MHz network installed.

At the end of Q320, total active subscriber base stood at 18.7 million, a decline of 107k from the end of Q220 as a result of gradual recovery in acquisition and better churn management. The subscriber base decline consisted of prepaid at 73k and postpaid at 34k. Approximately 32.3% of total subscriber base were postpaid subscribers.

Service revenues excluding IC in Q320 dropped 1.7% QoQ and 7.6% YoY. Core service revenues (defined by bundle of voice and data service revenues) in Q320 declined 1.4% QoQ and 5.3% YoY as a result of prolonged economic impact from COVID-19. Blended ARPU went up slightly 0.8% QoQ and declined at 2.1% YoY in Q320. In Q320, EBITDA (before other items) declined 4.3% QoQ and 3.0% YoY from slow recovery in revenue, increase in SG&A items from pickup in sales and marketing activities and general administrative items from their previous low level. EBITDA margin for Q320 was 40.7%. However, excluding revenues from CAT lease agreements and TOT network rental, EBITDA



margin stood at 47.7%. Net profit for Q320 amounted to THB 1,436 million.

We revised guidance for 2020 on service revenue excluding IC from low-single digit decline to mid-single digit decline, while maintaining the rest which are EBITDA at 2019 level and capital expenditure of THB 8-10 billion.



Operational Summary

In Q320, total subscriber base stood at 18.7 million, declining 107k from Q220. The decline was accounted by mostly prepaid due to slow recovery from the prolonged COVID-19 impact and aggressive competition. Prepaid subscriber dropped 73k to 12.6 million. Postpaid subscriber base stood at 6.0 million.

Average Revenue per User excluding IC (ARPU) for Q320 was THB 255 per month, which was a slight increase of 0.8% QoQ and decline of 1.3% YoY. At the end of Q320, postpaid subscriber base accounted for approximately 32.3% of total subscriber base. Postpaid ARPU for Q320 was THB 517 per month, showing a decline of 1.4% QoQ and 4.7% YoY, while prepaid ARPU was THB 129 per month, showing an increase of 3.2% QoQ but a drop of 9.0% YoY, driven by overall spending prioritization across customer segment and intense competition.

Traffics on TOT's 4G-2300MHz network continued to stay at the high level, driven by change in customer behavior as part of the new normal adaptation after the lockdown. No. of 4G-2300MHz installed base stations under the partnership with TOT reached approximately 18,917 at end of Q320. The number of 4G users was 11.6 million, representing approximately 62% of total subscriber base. The number of 4G compatible device increased to 82% of total subs base. Smartphone penetration is now at 87%.

Active subscribers (in thousand)	Q319	Q220	Q320	%QoQ	%YoY
Postpaid	6,382	6,076	6,043	-0.6%	-5.3%
Prepaid	14,033	12,713	12,641	-0.6%	-9.9%
Total active subscribers	20,416	18,790	18,683	-0.6%	-8.5%
Net additional subscribers (in thousand)	Q319	Q220	Q320	%QoQ	%YoY
Postpaid	79	(78)	(34)	-57.0%	-142.8%
Prepaid	(295)	(757)	(73)	-90.4%	75.3%
Total net additional subscribers	(217)	(835)	(107)	-87.2%	50.8%
MoU (minutes/sub/month)	Q319	Q220	Q320	%QoQ	%YoY
Postpaid	225	196	199	1.4%	-11.7%
Prepaid	85	79	78	-1.5%	-7.7%
Blended MoU	125	116	117	0.5%	-6.5%
Postpaid excluding Incoming minutes	158	135	136	1.1%	-13.7%
Prepaid excluding Incoming minutes	62	55	54	-1.2%	-12.0%
Blended MoU excluding Incoming minutes	90	80	81	0.5%	-9.8%
ARPU (THB/sub/month) - (Post-TFRS 15)	Q319	Q220	Q320	%QoQ	%YoY
Postpaid	562	539	531	-1.4%	-5.5%
Prepaid	147	129	133	3.0%	-9.8%
Blended ARPU	267	260	262	0.8%	-2.1%
Postpaid excluding IC	543	525	517	-1.4%	-4.7%
Prepaid excluding IC	142	125	129	3.2%	-9.0%
Blended ARPU excluding IC	258	253	255	0.8%	-1.3%



Financial Summary

Revenues

Total revenues in Q320 amounted to THB 19,053 million, decreased slightly at 0.6% QoQ and 6.1% YoY from decline in service revenue and handsets and starter kits sales. The decrease was slightly offset by higher other operating income from TOT 2300 MHz network rental. Service revenues excluding IC decreased 1.7% QoQ and 7.6% YoY down to THB 14,375 million.

Core service revenues (defined by bundle of voice and data service revenues) in Q320 amounted to THB 14,003 million, reducing 1.4% QoQ and 5.3% YoY from the prolonged economic impact from the pandemic along with competition, which began to intensify once again. Competition in prepaid remain relatively more intense than postpaid.

International Roaming (IR) revenues in Q320 amounted to THB 46 million, decreasing at 41.1% QoQ and 71.3% YoY. The significant reduction is a continued result of COVID-19 impact causing Thailand borders to remain close for international travels.

Other service revenues in Q320 amounted to THB 326 million, a reduction of 7.0% QoQ and 45.6% YoY from declining trend in IDD revenues.

Handset and starter kit sales in Q320 amounted to THB 1,249 million, decreasing 9.4% QoQ and 28.1% YoY. The current decline is slightly lower than the Q220 shop closure sales decline. Nevertheless, the reduction reflected customer spending optimization as a result of prolonged economic impact.

Cost of Services

Cost of services excluding IC in Q320 amounted to THB 11,309 million, increasing slightly 1.1% QoQ from regulatory fee, and increasing 2.5% YoY driven by costs related to partnership with TOT on 2300 MHz wireless business. The overall increase is slightly offset by reduction in network cost from optimization effort.

Regulatory costs in Q320 amounted to THB 603 million, increasing 13.4% QoQ but declining 11.4% YoY. The quarterly increase reflected one-off reduction in Q220. Regulatory costs in Q320 accounted for 4.2% of

service revenue (excluding IC), which increased from 3.6% in Q220 and decreased from 4.4% in Q319.

Network OPEX in Q320 amounted to THB 1,466 million, reducing 9.7% QoQ and 16.8% YoY primarily from network and IT ongoing cost optimization initiatives,

Other operating costs of services in Q320 amounted to THB 4,391 million, increasing 6.3% QoQ and 11.7% YoY, driven by roaming cost on 2300 MHz paid to TOT. TOT's 2300 MHz roaming cost, net of corresponding revenues, was approximately THB 1,241 million in Q320, a small 0.5% QoQ increase.

Depreciation and Amortization (D&A) of costs of services in Q320 amounted to THB 4,849 million, decreasing 1.0% QoQ and increasing 4.1% YoY, driven by continuing network expansion.

Selling, General and Administrative Expenses (SG&A)

SG&A expenses in Q320 amounted to 3,443 million, increasing 9.8% QoQ but decreasing 6.0% YoY. The increase QoQ reflected pickup in selling and marketing activities and general administrative expense, and slightly offset by small decline in provision for bad debt.

Selling and Marketing (S&M) expenses in Q320 amounted to THB 1,031 million, increasing 23.0% QoQ but decreasing 12.7% YoY from pickup in commercial activities after the peak of COVID-19 lockdown in Q220. The YoY reduction is a result of continued spending prioritization effort.

General administrative expenses in Q320 amounted to THB 1,631 million, increasing 11.4% QoQ from pickup in overall activities compared to Q220 lockdown but declining 6.5% YoY from ongoing cost optimization.

Provision for bad debt in Q320 amounted to THB 351 million, decreasing 15.1% QoQ and increasing slightly 3.1% YoY. Postpaid bad debt, which contributed to almost all of bad debt, was 3.5% of postpaid revenues in Q320. The current level reflected decline from 4.1% of postpaid revenues in Q220 or a slight increase from 3.4% of postpaid revenues in Q319.



Depreciation and Amortization (D&A) of SG&A in Q320 amounted to THB 431 million, increasing 2.1% QoQ and 7.9% YoY.

EBITDA and Net Profit

EBITDA (before other items) in Q320 amounted to THB 7,757 million, decreasing 4.3% QoQ and 3.0% YoY. The sequential decline was due to prolonged revenue impact, higher SG&A from overall pickup of sales and marketing activities and general administrative items after their previous low-level. The YoY reduction was driven by negative revenue growth from lower spending level across customer segments. As a result, EBITDA margin (excluding revenues from CAT lease agreements and TOT network rental) was 47.7% in Q320, decreasing from 49.1% in Q220 and increasing from 44.6% in Q319.

Net profit for Q320 amounted to THB 1,436 million, decreasing 24.0% fell QoQ from higher gain in fair value hedges and measurement in Q220, and fell 18.3% YoY primarily from higher depreciation and amortization and loss in fair value hedge.

Balance Sheet and Key Financial Information

At the end of Q320, total assets amounted to THB 160,609 million, decreasing from THB 167,258 million at the end of Q419. Cash and cash equivalent amounted to THB 9,922 million, increasing from THB 8,528 million at the end of Q419 due to positive cash flow from operating activities, primarily from better operating income and working capital management. Interest-bearing debt including lease liabilities decreased from THB 64,948 million at the end of Q419 to THB 62,579 million. Net debt to EBITDA (including

lease liabilities) was 2.0x, decreasing slightly from 2.1x the end of Q220.

CAPEX in Q320 amounted to THB 2,104 million. Operating cash flow (defined by EBITDA-CAPEX) amounted to THB 5,653 million.

Outlook 2020

Following the first nine months of 2020 results, we revised guidance on service revenue excluding IC from low-single digit decline to mid-single digit decline, while maintaining EBITDA and Capex guidance the same:

- Service revenue excluding IC: mid-single digit decline
- EBITDA at 2019 level
- Capital expenditure: THB 8-10 billion

We maintain our dividend policy which is to pay out dividend not less than 50% of the Company's net profits based on the separate financial statements, depending on financial position and future business plans, and aim to pay dividend semi-annually.

Statement of financial position (THB million) (Post-TFRS 15 & 16)	Q419	Q320
Cash and cash equivalent	8,528	9,922
Other current assets	14,068	13,788
Non-current assets	144,662	136,899
Total assets	167,258	160,609
Current liabilities	60,149	46,286
Non-current liabilities	82,143	90,274
Total liabilities	142,292	136,560
Total shareholders' equity	24,966	24,049
Total liabilities and equity	167,258	160,609

Cash flows statement (THB million) (Post-TFRS 15 & 16)	9M19	9M20
Cash flows from operating activities	12,127	22,172
Cash paid for interest expenses and tax	(3,391)	(1,676)
Net cash flows from operating activities	8,736	20,497
Net cash flows from investing activities	(15,169)	(8,417)
Net cash receipt/(Repayment)	567	(4,814)
Dividend paid	(2,983)	(5,872)
Net cash flows from financing activities	(2,416)	(10,686)
Net change in cash	(8,849)	1,394



Income statement (THB million) - (Post-TFRS 15&16)	Q319	Q220	Q320	%QoQ	%YoY
Core service revenues (Voice & Data)	14,791	14,202	14,003	-1.4%	-5.3%
IR revenues	161	79	46	-41.1%	-71.3%
Other service revenues	599	350	326	-7.0%	-45.6%
Service revenues ex. IC	15,551	14,630	14,375	-1.7%	-7.6%
IC revenue	530	403	386	-4.2%	-27.1%
Service revenues	16,081	15,033	14,761	-1.8%	-8.2%
Handsets and starter kits sales	1,737	1,378	1,249	-9.4%	-28.1%
Other operating income	2,478	2,748	3,043	10.7%	22.8%
Total revenues from sales and services	20,296	19,160	19,053	-0.6%	-6.1%
Cost of services	(11,575)	(11,588)	(11,738)	1.3%	1.4%
Regulatory	(681)	(532)	(603)	13.4%	-11.4%
Network	(1,761)	(1,623)	(1,466)	-9.7%	-16.8%
IC	(541)	(401)	(429)	6.9%	-20.8%
Others	(3,931)	(4,131)	(4,391)	6.3%	11.7%
Depreciation and Amortization	(4,660)	(4,901)	(4,849)	-1.0%	4.1%
Cost of handsets and starter kits	(2,130)	(1,698)	(1,487)	-12.4%	-30.2%
Total costs	(13,706)	(13,287)	(13,226)	-0.5%	-3.5%
Gross profit	6,590	5,874	5,827	-0.8%	-11.6%
SG&A	(3,664)	(3,137)	(3,443)	9.8%	-6.0%
Selling & Marketing expenses	(1,180)	(838)	(1,031)	23.0%	-12.7%
General administrative expenses	(1,743)	(1,463)	(1,631)	11.4%	-6.5%
Provision for bad debt	(340)	(413)	(351)	-15.1%	3.1%
Depreciation and Amortization	(400)	(422)	(431)	2.1%	7.9%
Loss from Asset Impairment	-	-	-	N/A	N/A
Gain (loss) on fair value hedge	-	181	(30)	-116.5%	N/A
Gain (loss) from fair value measurement of derivative assets	-	51	-	-100.0%	N/A
Gain/Loss on foreign exchange	(6)	4	5	46.5%	-194.6%
Interest income	9	6	3	-43.0%	-62.3%
Other income & share of profit from investment in associated company	(0)	(4)	33	-995.2%	-68798.3%
EBIT	2,930	2,974	2,395	-19.5%	-18.2%
Financial cost	(837)	(731)	(689)	-5.8%	-17.7%
Corporate income tax	(336)	(354)	(270)	-23.6%	-19.5%
Non-controlling interest	(0)	-	-	n.m.	n.m.
Net profit attributable to equity holders	1,757	1,889	1,436	-24.0%	-18.3%

EBITDA (THB million)* - (Post-TFRS 15&16)	Q319	Q220	Q320	%QoQ	%YoY
Net profit for the period	1,757	1,889	1,436	-24.0%	-18.3%
Finance costs	837	731	689	-5.8%	-17.7%
Income tax expenses	336	354	270	-23.6%	-19.5%
Depreciation & Amortization	5,060	5,323	5,281	-0.8%	4.4%
Other items	7	(191)	81	-142.2%	1074.8%
EBITDA	7,997	8,106	7,757	-4.3%	-3.0%
EBITDA margin	39.4%	42.3%	40.7%		
EBITDA margin (based on total revenues excluding revenues from LAI lease agreement and TOT network rental in the denominator)	44.6%	49.1%	47.7%		

* EBITDA herein is EBITDA before other incomes and other expenses. Please see more details in the note of the financial statement.

Debt repayment schedule (THB million), end of Q320**	Loan	Debenture	Key Financial Ratio (Post-TFRS 15&16)	Q319	Q220	Q320
In 2020	5,000	-	Return on Equity (%)***	-1.2%	23.7%	23.2%
In 2021	-	2,500	Return on Asset (%)****	1.7%	6.7%	6.4%
In 2022	1,333	3,000	Net debt to EBITDA (times)	1.6 x	2.1 x	2.0 x
From 2023	2,667	33,500	CAPEX to Total Revenue (%)	12.1%	7.2%	11.0%
Total	9,000	39,000	*** Net profit attributable to equity holder (LTM) divided by average equity **** EBIT (LTM) divided by average assets			



Spectrum payment schedule as of Q320

Frequency band	Winning price (THB mm)	Payment term (THB mm)										
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
900MHz	38,064	7,399	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	-	-
1800MHz	12,511	3,128	3,128	-	-	-	-	-	-	-	-	-
700MHz	17,584	1,758*	1,758	1,758	1,758	1,758	1,758	1,758	1,758	1,758	1,758	1,758
Total spectrum payment	68,159	12,285	8,693	5,565	1,758	1,758						

* Subject to NBTC approval

Disclaimer: Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue" "plan" or other similar words.

The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.