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

Executive Summary

Following the onset of COVID-19 pandemic that surfaced in Thailand since January, dtac came to observe the full impact during this quarter. Our Q220 results reflected the adverse effects from absence of tourist arrival, migrant leaving the country, and over month-long of shop closure affecting acquisition. The impact from nationwide lockdown and business disruption was observed alongside with overall optimized consumer spending triggered by the economic decline.

Continuation of social distancing measures and adoption of work-from-home policy has resulted in a change in consumer behavior. We continued to observe a surge in data usage and shift in network traffic pattern from urban to suburban and rural area as a result of people working from home during the lockdown period. Despite the change in network usage and pattern, dtac managed a stable network NPS and network complaints. On the commercial front, we focused on accommodating the changing demand with relevant offers for B2C and B2B along with sustaining momentum on digital engagement through enhanced features and personalized content. While keeping our core focus on value-driven offers and customer network experience, we worked to support society transition to a new normal in the healthiest way possible through a number of initiatives and programs.

Market competition remained stable in the postpaid segment. In the prepaid segment, the competition remained intense with unlimited data allowance at a fixed speed offered by all operators in the acquisition pack. In Q220, dtac collaborated with NBTC to offer subsidized 10-gigabyes of mobile data and free 100 minutes of voice calls to our customers. Approximately 2.6 million and 1.8 million customers claimed for these data and voice offers, respectively.

At the end of Q220, dtac has a total of approximately 18,000 nodes of 4G-2300 MHz network installed.

dtac has clarified with regulator on the funding cost obligation for filter installation on 900 MHz, and as pre-caution, obtained extension on 850 MHz for another 6 months after CAT completes the filter installation or by the end of 2021 as the latest date.

In June 2019, dtac participated in the spectrum allocation for the 700 MHz and was allocated 2 x 10 MHz with validity of 15 years from the scheduled award date in October 2020. However, COVID-19 impact has caused disruption in the spectrum re-farming process. NBTC officially communicated to dtac that the new date of spectrum award will be set for 15th January 2021. Nevertheless, dtac submitted request for an early award option by region given the nature of re-farming process which is set to be completed regionally. We expect that the award by region could be feasible as soon as November 2020. The official confirmation from NBTC is currently pending.

As indicated in Q120, we have been working on rollout of the 26 GHz mmWave band in selected locations for showcase purpose, which will be available in Q320.

At the end of Q220, total active subscriber base stood at 18.8 million, a decline of 835k from the end of Q120 due to full impact from COVID-19 affecting new customer acquisition. The majority of subscriber base decline was prepaid at 757k while postpaid showed a decline at 78k. Approximately 32.3% of total subscriber base were postpaid subscribers.

Service revenues excluding IC in Q220 dropped 4.5% QoQ and 3.6% YoY. Core service revenues (defined by bundle of voice and data service revenues) in Q220 reduced 3.3% QoQ and 1.1% YoY from full COVID-19. Blended ARPU stayed relatively flat at 0.5% QoQ and 0.7% YoY in Q220. In Q220, EBITDA (before other items) improved 5.1% QoQ and 4.2% YoY despite revenue decline, overall reflecting our ability to continue managing cost optimization during the difficult time. EBITDA margin for Q220 was 42.1%. However, excluding revenues from CAT lease agreements and TOT network rental, EBITDA margin stood at 48.8%. Net profit for Q220 amounted to THB 1,889 million.

Based on H120 development and outlook for the rest of the year, dtac revised guidance is as follow: service revenue excluding IC at a low single-digit decline, EBITDA at approximately FY19 level, and capital expenditure of THB 8 to 10 billion.

Operational Summary

In Q220, total subscriber base stood at 18.8 million, declining 835k from Q120. The decline was accounted by mostly prepaid due to full impact from COVID-19 affecting new customer acquisition. Prepaid subscriber dropped 757k to 12.7 million. Postpaid subscriber base stood at 6.1 million.

Average Revenue per User excluding IC (ARPU) for Q220 was THB 253 per month, which was relatively flat QoQ and a slight growth of 1.5% YoY. At the end of Q220, postpaid subscriber base accounted for approximately 32.3% of total subscriber base. Postpaid ARPU for Q220 was THB 525 per month, reducing 0.7% QoQ and 1.4% YoY, while prepaid ARPU was THB 125 per month, showing a drop of 4.1% QoQ and 8.5% YoY, driven by overall optimized customer spending which affected prepaid more than postpaid.

Traffics on TOT's 4G-2300MHz network continued to increase, driven mainly by people working from home during COVID-19 crisis. No. of 4G-2300MHz installed base stations under the partnership with TOT reached approximately 18,000 at end of Q220. The number of 4G users was 11.4 million, representing approximately 61% of total subscriber base. The number of 4G compatible device increased to 81% of total subs base. Smartphone penetration is now at 87%.

Active subscribers (in thousand)	Q219	Q120	Q220	%QoQ	%YoY
Postpaid	6,304	6,155	6,076	-1.3%	-3.6%
Prepaid	14,329	13,470	12,713	-5.6%	-11.3%
Total active subscribers	**20,632**	**19,625**	**18,790**	**-4.3%**	**-8.9%**
Net additional subscribers (in thousand)	**Q219**	**Q120**	**Q220**	**%QoQ**	**%YoY**
Postpaid	109	(272)	(78)	-71.2%	-171.6%
Prepaid	(204)	(744)	(757)	-1.7%	271.8%
Total net additional subscribers	**(94)**	**(1,017)**	**(835)**	**-17.9%**	**788.0%**
MoU (minutes/sub/month)	**Q219**	**Q120**	**Q220**	**%QoQ**	**%YoY**
Postpaid	223	209	196	-6.5%	-12.3%
Prepaid	83	83	79	-4.1%	-4.3%
Blended MoU	**123**	**121**	**116**	**-3.9%**	**-5.0%**
Postpaid excluding Incoming minutes	157	144	135	-6.3%	-14.1%
Prepaid excluding Incoming minutes	61	59	55	-5.8%	-9.4%
Blended MoU excluding Incoming minutes	**88**	**84**	**80**	**-4.6%**	**-8.6%**
ARPU (THB/sub/month) - (Post-TFRS 15)	**Q219**	**Q120**	**Q220**	**%QoQ**	**%YoY**
Postpaid	551	543	539	-0.8%	-2.2%
Prepaid	142	134	129	-4.0%	-9.1%
Blended ARPU	**258**	**258**	**260**	**0.5%**	**0.7%**
Postpaid excluding IC	532	529	525	-0.7%	-1.4%
Prepaid excluding IC	137	130	125	-4.1%	-8.5%
Blended ARPU excluding IC	**249**	**251**	**253**	**0.5%**	**1.5%**

Financial Summary

Revenues

Total revenues in Q220 amounted to THB 19,160 million, reducing 4.6% QoQ and 4.3% YoY from a drop in service revenue as well as handsets and starter kits sales. The reduction was slightly offset by higher other operating income from TOT 2300 MHz network rental. Service revenues excluding IC decreased 4.5% QoQ and 3.6% YoY down to THB 14,630 million.

Core service revenues (defined by bundle of voice and data service revenues) in Q220 amounted to THB 14,202 million, reducing 3.3% QoQ and 1.1% YoY from the peak COVID-19 impact coupled with competition in prepaid that remained intense; postpaid figures remained relatively stable.

International Roaming (IR) revenues in Q220 amounted to THB 79 million, decreasing 58.4% QoQ and 56.9% YoY mainly from COVID-19 impact and government measures of countrywide lockdown and close of border.

Other service revenues in Q220 amounted to THB 350 million, a reduction of 23.4% QoQ and 44.3% YoY, mainly due to continued declining trend in IDD revenues.

Handset and starter kit sales in Q220 amounted to THB 1,378 million, decreasing 18.8% QoQ and 31.8% YoY mainly from lower units sold from lower transaction activities because of shop closure that went from the full month of April through mid-May.

Cost of Services

Cost of services excluding IC in Q220 amounted to THB 11,187 million, slightly decreasing 0.9% QoQ from lower international roaming and IDD costs, regulatory fee, and lease expense of transmission and equipment assets under concession to CAT, but increasing 4.4% YoY mainly driven by costs related to partnership with TOT on 2300 MHz wireless business.

Regulatory costs in Q220 amounted to THB 532 million, declining 17.1% QoQ and 17.7% YoY as a result of one-time gain. Regulatory costs in Q220 accounted for 3.6% of service revenue (excluding IC), which decreased from 4.2% in Q120 and 4.3% in Q219.

Network OPEX in Q220 amounted to THB 1,623 million, reducing 8.6% QoQ and 6.9% YoY from network and IT cost optimization initiatives, capitalization of some lease contracts, and reduction in CAT lease expense

Other operating costs of services in Q220 amounted to THB 4,131 million, increasing 2.5% QoQ and 9.4% YoY, driven by roaming cost on 2300 MHz paid to TOT. TOT's 2300 MHz roaming cost, net of corresponding revenues, was approximately THB 1,235 million in Q220, a small 0.4% QoQ increase.

Depreciation and Amortization (D&A) of costs of services in Q220 amounted to THB 4,901 million, increasing 1.2% QoQ and 7.6% YoY, driven by continuing network expansion.

Selling, General and Administrative Expenses (SG&A)

SG&A expenses in Q220 amounted to 3,137 million, decreasing 14.2% QoQ and 12.2% YoY. The reduction QoQ is largely accounted by lower selling and marking, general administrative expense, and provision for bad debt.

Selling and Marketing (S&M) expenses in Q220 amounted to THB 838 million, decreasing 26.3% QoQ and 23.6% YoY from COVID-19 impact affecting shop closure and significantly lower activities, as well as spending prioritization effort.

General administrative expenses in Q220 amounted to THB 1,463 million, reducing 9.9% QoQ and 16.3% YoY from ongoing cost optimization as well as lower rental as a result of successful effort to re-negotiate some of the contracts during lockdown period.

Provision for bad debt in Q220 amounted to THB 413 million, decreasing 14.7% QoQ. Postpaid bad debt, which contributed to almost all of bad debt, was 4.1% of postpaid revenues in Q220. The current level reflects a decrease from 4.7% of postpaid revenues in Q120.

Depreciation and Amortization (D&A) of SG&A in Q220 amounted to THB 422 million, increasing 2.4% QoQ and 3.9% YoY.

EBITDA and Net Profit

EBITDA (before other items) in Q220 amounted to THB 8,063 million, increasing 5.1% QoQ and 4.2% YoY. The sequential increase despite total revenue decline was mainly due to capitalization of some lease contracts, lower marketing activities and better general administrative expense control. The YoY increase was mainly driven by overall better cost management. As a result, EBITDA margin (excluding revenues from CAT lease agreements and TOT network rental) was 48.8% in Q220, increasing from 43.7% in Q120 and 43.5% in Q219.

Net profit for Q220 amounted to THB 1,889 million, increasing 25.8% QoQ and 20.0% YoY.

Balance Sheet and Key Financial Information

At the end of Q220, total assets amounted to THB 162,890 million, decreasing from THB 167,258 million at the end of Q419. Cash and cash equivalent amounted to THB 7,605 million, decreasing from THB 8,528 million at the end of Q419 due to CAPEX, spectrum license, net loan repayment, and dividend payment. Interest-bearing debt including lease liabilities increased from THB 64,948 million at the end of Q419 to THB 65,958 million. Net debt to EBITDA (including lease liabilities) was 2.1x, flattish from the end of Q120.

CAPEX in Q220 amounted to THB 1,387 million. Operating cash flow (defined by EBITDA-CAPEX) amounted to THB 6,676 million.

Outlook 2020

Impact from the outbreak continued to be seen in the overall economy. Although we observed some early signs of recovery in acquisition, our revenue growth prospect for H220 remains uncertain. Looking ahead, we maintain our momentum on cost optimization for efficiency improvement. With growing usage and increase in digital engagement as part of the new normal, we are continuing to expedite digital transformation while protecting our base through quality acquisition with relevant products and service. We also see opportunity in rationalizing device subsidy, driving data monetization, and improving bad debt. Meanwhile, we continue to follow our core approach to provide value-driven offerings and best network experience to our customers.

2020 guidance (revised in Q220):

- Service revenue excluding IC at a low single-digit decline due to uncertainty from COVID-19 impact
- EBITDA at FY19 level driven by cost optimization
- Capital expenditure of THB 8 to 10 billion due to optimization and delay of 850/900 MHz swap

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. Based on net profits of the Company for H120, the Board has approved an interim dividend of THB 0.87 per share.

Statement of financial position (THB million) (Post-TFRS 15 & 16)	Q419	Q220
Cash and cash equivalent	8,528	7,605
Other current assets	14,068	14,055
Non-current assets	144,662	141,230
Total assets	**167,258**	**162,890**
Current liabilities	60,149	56,214
Non-current liabilities	82,143	82,003
Total liabilities	**142,292**	**138,217**
Total shareholders' equity	**24,966**	**24,673**
Total liabilities and equity	**167,258**	**162,890**

Cash flows statement (THB million) (Post-TFRS 15 & 16)	6M19	6M20
Cash flows from operating activities	4,271	14,450
Cash paid for interest expenses and tax	(2,256)	(1,670)
Net cash flows from operating activities	**2,014**	**12,780**
Net cash flows from investing activities	**(12,028)**	**(6,220)**
Net cash receipt/(Repayment)	654	(3,672)
Dividend paid	-	(3,812)
Net cash flows from financing activities	**654**	**(7,484)**
Net change in cash	**(9,360)**	**(924)**

Income statement (THB million) - (Post-TFRS 15&16)	Q219	Q120	Q220	%QoQ	%YoY
Core service revenues (Voice & Data)	14,366	14,680	14,202	-3.3%	-1.1%
IR revenues	182	188	79	-58.4%	-56.9%
Other service revenues	629	457	350	-23.4%	-44.3%
Service revenues ex. IC	**15,177**	**15,326**	**14,630**	**-4.5%**	**-3.6%**
IC revenue	514	424	403	-5.0%	-21.5%
Service revenues	**15,691**	**15,750**	**15,033**	**-4.6%**	**-4.2%**
Handsets and starter kits sales	2,021	1,697	1,378	-18.8%	-31.8%
Other operating income	2,311	2,627	2,748	4.6%	18.9%
Total revenues from sales and services	**20,023**	**20,075**	**19,160**	**-4.6%**	**-4.3%**
Cost of services	(11,307)	(11,694)	(11,588)	-0.9%	2.5%
Regulatory	*(646)*	*(641)*	*(532)*	*-17.1%*	*-17.7%*
Network	*(1,743)*	*(1,777)*	*(1,623)*	*-8.6%*	*-6.9%*
IC	*(589)*	*(402)*	*(401)*	*-0.1%*	*-31.9%*
Others	*(3,776)*	*(4,030)*	*(4,131)*	*2.5%*	*9.4%*
Depreciation and Amortization	*(4,553)*	*(4,844)*	*(4,901)*	*1.2%*	*7.6%*
Cost of handsets and starter kits	(2,420)	(2,315)	(1,698)	-26.6%	-29.8%
Total costs	**(13,727)**	**(14,009)**	**(13,287)**	**-5.2%**	**-3.2%**
Gross profit	**6,296**	**6,065**	**5,874**	**-3.2%**	**-6.7%**
SG&A	(3,571)	(3,657)	(3,137)	-14.2%	-12.2%
Selling & Marketing expenses	*(1,097)*	*(1,137)*	*(838)*	*-26.3%*	*-23.6%*
General administrative expenses	*(1,749)*	*(1,623)*	*(1,463)*	*-9.9%*	*-16.3%*
Provision for bad debt	*(319)*	*(485)*	*(413)*	*-14.7%*	*29.7%*
Depreciation and Amortization	*(406)*	*(413)*	*(422)*	*2.4%*	*3.9%*
Loss from Asset Impairment	-	-	-	N/A	*N/A*
Gain (loss) on fair value hedge	-	(16)	181	*-1229.9%*	*-106.8%*
Gain (loss) from fair value measurement of derivative assets	-	114	51	*-55.2%*	*-101.1%*
Gain/Loss on foreign exchange	(20)	27	4	-86.4%	-118.6%
Interest income	17	10	6	-40.2%	-65.5%
Other income & share of profit from investment in associated company	(4)	(2)	(4)	52.4%	-4.9%
EBIT	**2,719**	**2,540**	**2,974**	**17.1%**	**9.4%**
Financial cost	(833)	(775)	(731)	-5.6%	-12.2%
Corporate income tax	(313)	(264)	(354)	34.1%	13.3%
Non-controlling interest	(0)	-	-	n.m.	n.m.
Net profit attributable to equity holders	**1,574**	**1,501**	**1,889**	**25.8%**	**20.0%**

EBITDA (THB million)* - (Post-TFRS 15&16)	Q219	Q120	Q220	%QoQ	%YoY
Net profit for the period	1,574	1,501	1,889	25.8%	20.0%
Finance costs	833	775	731	-5.6%	-12.2%
Income tax expenses	313	264	354	34.1%	13.3%
Depreciation & Amortization	4,960	5,257	5,323	1.3%	7.3%
Other items	61	(129)	(234)	81.9%	-481.0%
EBITDA	7,740	7,669	8,063	5.1%	4.2%
EBITDA margin	38.7%	38.2%	42.1%		
EBITDA margin (based on total revenues excluding revenues from CAT lease agreement and TOT network rental in the denominator)	43.5%	43.7%	48.8%		

** 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 Q220**	Loan	Debenture
In 2020	11,000	4,000
In 2021	-	2,500
In 2022	1,333	3,000
From 2023	2,667	23,500
Total	**15,000**	**33,000**

*** Excluding impact from TFRS 9*

Key Financial Ratio (Post-TFRS 15&16)	Q219	Q120	Q220
Return on Equity (%)***	-10.7%	24.1%	23.7%
Return on Asset (%)****	-1.4%	6.2%	6.7%
Net debt to EBITDA (times)	1.6 x	2.1 x	2.1 x
CAPEX to Total Revenue (%)	11.6%	4.3%	7.2%

**** Net profit attributable to equity holder (LTM) divided by average equity*
***** EBIT (LTM) divided by average assets*

Disclaimer

Spectrum payment schedule as of Q220 (excl. VAT)

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	-	-
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
Total spectrum payment	**68,159**	**12,285**	**8,693**	**5,565**	**5,565**	**5,565**	**5,565**	**5,565**	**5,565**	**1,758**	**1,758**

***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.