Please note that all financial figures and analyses are based on the applicable accounting policy for 2020 and 2021, unless otherwise stated

Executive Summary

The re-emergence of COVID-19 since end of Q2 carried weight into this quarter. With softer consumer spending power and imposed mobility restriction that featured closure of telco shops for over one month, the Company's service revenue momentum was adversely affected after its previous strong quarters of operating results. Service revenue ex. IC contracted at 2.1% QoQ and 2.8% YoY. Despite the visible impact, the Company was able to carry out its operations efficiently during the challenging time.

dtac remains committed to delivering the key strategic priorities, from providing value-focused network, operating as a customer-centric challenger, and rigorously carrying out its efficiency programs. The Company's latest network investment on the 700 MHz not only provided consistent customer experience improvement but has also driven percentage of 4G usage up by 4pp while showing signs of ARPU improvement when compared between the 700 MHz user vs. non-users. Meanwhile, positioning itself as a customer-centric challenger means enabling digitization, continuing accelerating B2B growth and strengthening adjacent service offerings. By addressing adjacent offerings beyond core connectivity, the Company has been able to capture the latest market trends along with visible results. Revenue from these adjacent services have grown approximately 20% YoY. In addition, dtac's efficiency programs, with focus on network structural transformation and IT/network operational efficiency, are progressing on track to support core growth.

At the end of Q321, approximately 11,800 nodes of 700 MHz network were installed. Offering 4G experience nationwide and 5G experience in selected locations, the spectrum continued to yield positive results on the customer front and operating results, leading to sustained momentum in network NPS. With the accelerated network deployment, the Company is on track to reach 93% population coverage by the end of the year. As of Q321, a total of approximately 21,200 nodes of 4G-2300 MHz network were installed, further supporting network capacity expansion.

The competitive intensity in prepaid acquisition remained intense during the quarter as the unlimited data allowance at a fixed speed with free anynet voice was offered throughout most of the quarter from all operators at lower pricing nationwide.

At the end of Q321, total active subscriber base stood at 19.3 million, an increase of 26k from the end of Q221. The subscriber base increase consisted of prepaid at 31k with a slight decline of 5k postpaid customers. Approximately 32% of total subscriber base were postpaid subscribers.

Service revenues excluding IC in Q321 declined at 2.1% QoQ due to shop closure related to COVID-19 restrictions and lower other service revenues, and declined 2.8% YoY from prolonged macroeconomic pressure. Core service revenues (defined by bundle of voice and data service revenues) declined at 0.5% QoQ and 2.8% YoY. Blended ARPU declined 2.6% QoQ and 5.5% YoY from the escalated COVID-19 situation. EBITDA (before other items) declined 7.7% QoQ due to one-time gain in previous quarter coupled with softer revenue development, partially offset by one-time effect in regulatory cost. The 4.9% YoY decline was due to the soft top-line development from the ongoing impact of the pandemic, partially offset by cost efficiencies. EBITDA margin for Q321 was 38.7%. However, excluding revenues from CAT lease agreements and TOT network rental, EBITDA margin stood at 47.5%. Net profit for Q321 amounted to THB 832 million.

dtac maintains guidance for 2021 but expects to deliver the lower end of the guidance on service revenue and EBITDA: service revenue excluding IC at low single-digit decline, EBITDA at flat, and capital expenditure of THB 13-15 billion.

Operational Summary

At the end of Q321, total subscriber base stood at 19.3 million, increased from 19.2 million to 19.3 million from the end of last quarter. The increase mainly came from prepaid. Prepaid subscriber increased 31k QoQ to 13.09 million, while postpaid declined 5k QoQ to 6.18 million.

Average Revenue per User excluding IC (ARPU) for Q321 was THB 241 per month, declining by 2.7% QoQ and 5.5% YoY from the escalated COVID-19 situation. At the end of Q321, postpaid subscriber base accounted for approximately 32.1% of total subscriber base. Postpaid ARPU for Q321 was THB 496 per month, a small decline of 0.4% QoQ and 4.2% YoY, while prepaid ARPU was THB 120 per month, declining by 6.5% QoQ and 7.0% YoY.

Traffic on TOT's 4G-2300MHz network continued to stay at the high levels, driven by changing customer behavior as part of the new normal adaptation. Number of 4G-2300MHz installed base stations under the partnership with TOT reached approximately 21,200 at the end of Q321. The number of 4G users reached 12.9 million, representing approximately 67% of total subscriber base. The number of 4G compatible device increased to 87% of total subscriber base. Smartphone penetration reached 89%.

Active subscribers (in thousand)	Q320	Q221	Q321	%QoQ	%YoY
Postpaid	6,043	6,185	6,180	-0.1%	2.3%
Prepaid	12,641	13,064	13,094	0.2%	3.6%
Total active subscribers	**18,683**	**19,249**	**19,274**	**0.1%**	**3.2%**
Net additional subscribers (in thousand)	**Q320**	**Q221**	**Q321**	**%QoQ**	**%YoY**
Postpaid	(34)	39	(5)	-112.6%	-85.5%
Prepaid	(73)	125	31	-75.4%	142.2%
Total net additional subscribers	**(107)**	**164**	**26**	**-84.2%**	**124.2%**
MoU (minutes/sub/month)	**Q320**	**Q221**	**Q321**	**%QoQ**	**%YoY**
Postpaid	199	187	193	3.2%	-2.8%
Prepaid	78	73	72	-1.6%	-7.6%
Blended MoU	**117**	**110**	**111**	**0.9%**	**-5.2%**
Postpaid excluding Incoming minutes	136	128	132	2.9%	-2.8%
Prepaid excluding Incoming minutes	54	52	50	-3.8%	-8.8%
Blended MoU excluding Incoming minutes	**81**	**76**	**76**	**-0.3%**	**-5.8%**
ARPU (THB/sub/month) - (Post-TFRS 15)	**Q320**	**Q221**	**Q321**	**%QoQ**	**%YoY**
Postpaid	531	510	509	-0.3%	-4.2%
Prepaid	133	132	123	-6.4%	-7.0%
Blended ARPU	**262**	**254**	**247**	**-2.6%**	**-5.5%**
Postpaid excluding IC	517	498	496	-0.4%	-4.2%
Prepaid excluding IC	129	128	120	-6.5%	-7.0%
Blended ARPU excluding IC	**255**	**247**	**241**	**-2.7%**	**-5.5%**

Financial Summary

Revenues

Total revenues in Q321 amounted to THB 19,232 million, declining 3.8% QoQ due shop closure related to COVID-19 restrictions, and increased 0.9% YoY due to increase in other operating incomes from TOT 2300 MHz network rental. Service revenues excluding IC amounted to 13,978 million, declined by 2.1% QoQ and 2.8% YoY from the prolonged macroeconomic pressure.

Core service revenues (defined by bundle of voice and data service revenues) in Q321 amounted to THB 13,612 million, reducing slightly at 0.5% QoQ and 2.8% YoY from the COVID-19 restrictions.

International Roaming (IR) revenues in Q321 amounted to THB 38 million, increasing 14.6% QoQ from increase in outbound roaming, but decreasing 18.3% YoY primarily from lower accrual of inbound roaming.

Other service revenues in Q321 amounted to THB 328 million, a decrease of 42.2% QoQ and increase of 0.8% YoY. The QoQ change was primarily from IDD revenue normalizing from previous surge.

Handset and starter kit sales in Q321 amounted to THB 1,177 million, decreasing 30.9% QoQ and 5.8% YoY due to shop closure related to COVID-19 restrictions.

Cost of Services

Cost of services excluding IC in Q321 amounted to THB 12,309 million, increasing at 2.3% QoQ and 8.8% YoY. The YoY increase is mainly due to higher TOT 2300 MHz network roaming cost, partially offset by lower network and regulatory costs.

Regulatory costs in Q321 amounted to THB 416 million, decreasing 27.8% QoQ and 31.0% YoY due to one-time adjustment of approximately 170 million. Regulatory costs in Q321 accounted for 3.0% of service revenue (excluding IC), which declined from 4.0% in Q221.

Network OPEX in Q321 amounted to THB 1,459 million, increasing 22.2% QoQ but declining 0.8% YoY. Despite ongoing network expansion, the YoY reduction was due to ongoing efficiency programs that cover network structural transformations to IT/network operational efficiency.

Other operating costs of services in Q321 amounted to THB 5,171 million, increasing 0.8% QoQ and 17.8% YoY, driven by roaming cost on 2300 MHz paid to TOT. TOT's 2300 MHz roaming cost, net of corresponding revenues, was approximately THB 1,273 million in Q321, reflecting a 2.1% YoY increase.

Depreciation and Amortization (D&A) of costs of services in Q321 amounted to THB 5,263 million, increasing at 2.7% QoQ and 8.5% YoY from amortization of 700 MHz licenses, depreciation of assets from IFRS16 capitalization, and continuing network expansion.

Selling, General and Administrative Expenses (SG&A)

SG&A expenses in Q321 amounted to 3,274 million, decreasing 1.0% QoQ and 4.8% YoY due to limited activities from COVID-19 restrictions.

Selling and Marketing (S&M) expenses in Q321 amounted to THB 1,002 million, increasing 5.8% QoQ from seasonality, partially offset with lower spending due to limited activities from COVID-19 related restrictions, and decreasing 2.8% YoY.

General administrative expenses in Q321 amounted to THB 1,535 million, decreasing at 5.5% QoQ and 5.6% YoY due to limited activities.

Provision for bad debt in Q321 amounted to THB 364 million, increasing 33.3% QoQ and 3.7% YoY. Postpaid bad debt climbed to 3.2% of postpaid revenue in Q321 from 2.7% in Q221 due to shop closure. However, this level improved from 3.5% of postpaid revenue in Q320.

Depreciation and Amortization (D&A) of SG&A in Q321 amounted to THB 386 million, decreasing 16.6% QoQ and 10.6% YoY.

EBITDA and Net Profit

EBITDA (before other items) in Q321 amounted to THB 7,443 million. The figure showed a decrease of 7.7% QoQ due one-time gain in the previous quarter coupled with soft revenue development, partially offset by one-time effect in regulatory cost of approximately 170 million. The decrease of 4.0% YoY was a result of soft-top line development from the ongoing pandemic impact, partially offset by cost efficiencies. EBITDA margin (excluding revenues from CAT lease agreements and TOT network rental) was 47.5% in Q321, decreasing from 49.0% in Q221.

Net profit for Q321 amounted to THB 832 million, decreasing 45.6% QoQ and 42.0% YoY from EBITDA decline.

Balance Sheet and Key Financial Information

At the end of Q321, total assets amounted to THB 169,196 million, decreasing from THB 174,280 million at the end of Q420. Cash and cash equivalent amounted to THB 5,827 million, decreasing from THB 6,647 million at the end of Q420. Interest-bearing debt including lease liabilities increased from THB 76,609 million at the end of Q420 to THB 78,079 million. Net debt to EBITDA (including lease liabilities) was 2.4x, increasing slightly from 2.3x the end of Q420.

CAPEX in Q321 amounted to THB 3,488 million with focus on the accelerated low-band rollout and capacity expansion. Operating cash flow (defined by EBITDA minus CAPEX) amounted to THB 3,955 million.

Outlook 2021

Following the first nine months of 2021 results, we are expecting to deliver the lower end of the guidance on service revenue and EBITDA.

2021 guidance:

- Service revenue excluding IC: flat to low single-digit decline
- EBITDA: flat to low single-digit growth
- Capital expenditure: THB 13-15 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)	Q420	Q321
Cash and cash equivalent	6,647	5,827
Other current assets	15,075	14,614
Non-current assets	152,558	148,755
Total assets	**174,280**	**169,196**
Current liabilities	48,426	47,780
Non-current liabilities	101,539	101,421
Total liabilities	**149,965**	**149,201**
Total shareholders' equity	**24,315**	**19,995**
Total liabilities and equity	**174,280**	**169,196**

Cash flows statement (THB million) (Post-TFRS 15 & 16)	9M20	9M21
Cash flows from operating activities	22,173	23,082
Cash paid for interest expenses and tax	(1,676)	(2,744)
Net cash flows from operating activities	**20,497**	**20,338**
Net cash flows from investing activities	**(8,417)**	**(12,505)**
Net cash receipt/(Repayment)	(4,814)	(1,148)
Dividend paid	(5,872)	(7,506)
Net cash flows from financing activities	**(10,686)**	**(8,654)**
Net change in cash	**1,394**	**(821)**

Income statement (THB million) - (Post-TFRS 15&16)	Q320	Q221	Q321	%QoQ	%YoY
Core service revenues (Voice & Data)	14,003	13,679	13,612	-0.5%	-2.8%
IR revenues	46	33	38	14.6%	-18.3%
Other service revenues	326	568	328	-42.2%	0.8%
Service revenues ex. IC	**14,375**	**14,279**	**13,978**	**-2.1%**	**-2.8%**
IC revenue	386	368	367	-0.1%	-4.8%
Service revenues	**14,761**	**14,647**	**14,345**	**-2.1%**	**-2.8%**
Handsets and starter kits sales	1,249	1,703	1,177	-30.9%	-5.8%
Other operating income	3,043	3,633	3,710	2.1%	21.9%
Total revenues from sales and services	**19,053**	**19,984**	**19,232**	**-3.8%**	**0.9%**
Cost of services	(11,743)	(12,377)	(12,671)	2.4%	7.9%
Regulatory	*(603)*	*(576)*	*(416)*	*-27.8%*	*-31.0%*
Network	*(1,470)*	*(1,195)*	*(1,459)*	*22.2%*	*-0.8%*
IC	*(429)*	*(350)*	*(362)*	*3.3%*	*-15.7%*
Others	*(4,391)*	*(5,130)*	*(5,171)*	*0.8%*	*17.8%*
Depreciation and Amortization	*(4,849)*	*(5,127)*	*(5,263)*	*2.7%*	*8.5%*
Cost of handsets and starter kits	(1,487)	(1,929)	(1,560)	-19.1%	4.9%
Total costs	**(13,230)**	**(14,307)**	**(14,231)**	**-0.5%**	**7.6%**
Gross profit	**5,823**	**5,677**	**5,002**	**-11.9%**	-14.1%
SG&A	(3,439)	(3,306)	(3,274)	-1.0%	-4.8%
Selling & Marketing expenses	*(1,031)*	*(947)*	*(1,002)*	*5.8%*	*-2.8%*
General administrative expenses	*(1,626)*	*(1,624)*	*(1,535)*	*-5.5%*	*-5.6%*
Provision for bad debt	*(351)*	*(273)*	*(364)*	*33.3%*	*3.7%*
Depreciation and Amortization	*(431)*	*(462)*	*(386)*	*-16.6%*	*-10.6%*
Loss from Asset Impairment	*-*	*(0)*	*12*	*n.m.*	*N/A*
Gain (loss) on fair value hedge	(30)	83	(0)	-100.6%	n.m.
Gain (loss) from fair value measurement of derivative assets	-	-	-	N/A	N/A
Gain/Loss on foreign exchange	5	(8)	(5)	-38.2%	-196.5%
Interest income	3	4	3	-37.8%	-24.4%
Other income & share of profit from investment in associated company	33	95	(0)	-100.4%	-101.1%
EBIT	**2,395**	**2,545**	**1,725**	**-32.2%**	**-28.0%**
Financial cost	(689)	(699)	(729)	4.3%	5.8%
Corporate income tax	(270)	(315)	(163)	-48.1%	-39.6%
Non-controlling interest	-	-	-	N/A	N/A
Net profit attributable to equity holders	**1,436**	**1,531**	**832**	**-45.6%**	**-42.0%**

EBITDA (THB million)* - (Post-TFRS 15&16)	Q320	Q221	Q321	%QoQ	%YoY
Net profit for the period	1,436	1,531	832	-45.6%	-42.0%
Finance costs	689	699	729	4.3%	5.8%
Income tax expenses	270	315	163	-48.1%	-39.6%
Depreciation & Amortization	5,281	5,589	5,649	1.1%	7.0%
Other items	81	(69)	70	-201.5%	-13.6%
EBITDA	7,757	8,065	7,443	-7.7%	-4.0%
EBITDA margin	40.7%	40.4%	38.7%		
EBITDA margin (based on total revenues excluding revenues from CAT lease agreement and TOT network rental in the denominator)	48.1%	49.0%	47.5%		

** 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 Q321	Loan	Debenture
In 2021	2,500	-
In 2022	3,333	3,000
In 2023	3,333	6,000
From 2024	3,333	34,500
Total	**12,500**	**43,500**

Key Financial Ratio (Post-TFRS 15&16)	Q320	Q221	Q321
Return on Equity (%)***	23.2%	17.6%	15.7%
Return on Asset (%)****	6.4%	4.5%	4.1%
Net debt to EBITDA (times)	2.0 x	2.4 x	2.4 x
CAPEX to Total Revenue (%)	11.0%	18.3%	18.1%

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

***** EBIT (LTM) divided by average assets*

Spectrum payment schedule (as of the end of Q321)

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