



Please note that all financial figures and analyses are based on the applicable accounting policy for 2021 and 2022, unless otherwise stated

## Executive Summary

The second quarter of 2022 brought slow recovery to the macroeconomic situation of Thailand. As the government continued to ease restrictions on international travel, the country witnessed growing tourists and migrants. However, the country continues to face challenges from the lingering effects of the pandemic and higher inflation rates, which ultimately adversely impacts customers' spending capability. The competition continued to intensify in the second quarter. Despite such external challenges, dtac remained focused on its strategic priorities and continued to deliver value for customers.

Focusing on enhancing customer experience, dtac fulfilled its target of expanding 5G to all 77 provinces of the country by the first half of 2022. Accelerated deployment on low-band continued, adding 4.6K sites in the first half, ending with approximately 17,800 base stations on the 700 MHz. Network complaints continued to decline with each quarter, while 4G usage increased by 4.4pp and 5G usage increased by 39pp from the same period last year. Net Promoter Score continued to be high for dtac.

dtac's strategic priority as a customer-centric challenger continues with B2B and dtac beyond as key value drivers. For FE 2022, dtac aims to deliver ~15% growth in revenue from its B2B business by focusing on SME, solutions and connectivity propositions to business customers, and forming value-driven partnerships. As of the first half of 2022, service revenue from B2B has achieved a 16% growth YoY.

dtac beyond continued on its growth momentum, with 15% QoQ revenue growth, driven by a combination of growth in users and transactions. Efforts on achieving efficiency continued with structural savings initiatives delivering 11% YoY OPEX reduction in the first half of 2022. In addition to savings of ~THB 470 Mn from ongoing structural efficiency initiatives, there were quantifiable savings in the quarter below EBITDA amounting to ~THB 70 Mn.

Subscriber growth continued its positive momentum with 412K increase QoQ, resulting in 20.3 million

subscribers at the end of 1H22, a 5.3% increase YoY. Prepaid users grew by 413k from the end of Q122 while postpaid users decreased by 0.7k due to one-time cleanup. At the end of 1H22, approximately 31% of the total subscriber base were postpaid subscribers.

In this quarter, service revenue excluding IC declined by 2.5% from the previous year mainly driven by lower IDD revenue and macroeconomic situation. Core service revenue (voice and data) declined by 0.9% YoY due to prolonged impact from the pandemic and competition aggression. Handset sales improved YoY due to adverse impact from pandemic related lockdown in Q221. Blended ARPU declined by 7.6% YoY and 0.8% QoQ.

EBITDA (before other items) increased by 2.8% YoY driven by strategic focus on efficiency. EBITDA improved by 15.4% QoQ, positively impacted by ~THB 1 Bn due to filter costs that are deductible from USO fees in accordance with NBTC notification for interference prevention of 900 MHz spectrum, partly offset by amalgamation related costs of ~THB 140 Mn. Excluding revenues from CAT lease agreements, TOT network rental and one-offs in Q222, dtac registered a normalized healthy EBITDA margin of 44% in Q222. Net profit improved QoQ to THB 1,004 million in Q222. Net profit was adversely impacted YoY due to provision of ~THB 560 Mn related to the fire incident



## Operational Summary

At the end of Q222, total subscriber base stood at 20.3 million, an increase of 412k from the end of last quarter. The increase mainly came from prepaid segment. Prepaid subscriber increased 413k QoQ to 14.1 million, while postpaid subscriber base registered a decline of 0.7k due to a one-time clean up.

Average Revenue Per User excluding IC (ARPU) for Q222 was THB 230 per month, declining by 7.1% YoY and 0.7% QoQ, driven by macroeconomic situation. At the end of Q222, postpaid subscriber base remained at 31% of total subscriber base. Postpaid ARPU excluding IC for Q222 was THB 489 per month, a decrease of 1.7% YoY while marginally increasing by 0.4% QoQ. Prepaid ARPU excluding IC was THB 114 per month, declining by 11.5% YoY and 0.6% QoQ.

Traffic on TOT's 4G-2300MHz network remained at the high levels, driven by changing customer behavior. Number of 4G-2300MHz installed base stations under the partnership with TOT reached approximately 21,700 at the end of Q222. The number of 4G users reached 16.3 million, representing approximately 81% of total subscriber base. The number of 4G compatible devices reached 88% of total subscriber base. Smartphone penetration reached 89.7%.

| Active subscribers (in thousand)              | Q221          | Q122          | Q222          | %QoQ         | %YoY          |
|---|---------------|---------------|---------------|--------------|---------------|
| Postpaid                                      | 6,185         | 6,198         | 6,197         | 0.0%         | 0.2%          |
| Prepaid                                       | 13,064        | 13,668        | 14,080        | 3.0%         | 7.8%          |
| <b>Total active subscribers</b>               | <b>19,249</b> | <b>19,865</b> | <b>20,278</b> | <b>2.1%</b>  | <b>5.3%</b>   |
| Net additional subscribers (in thousand)      | Q221          | Q122          | Q222          | %QoQ         | %YoY          |
| Postpaid                                      | 39            | 12            | (1)           | 106.0%       | -101.9%       |
| Prepaid                                       | 125           | 292           | 413           | 41.2%        | 231.1%        |
| <b>Total net additional subscribers</b>       | <b>164</b>    | <b>305</b>    | <b>412</b>    | <b>35.3%</b> | <b>151.9%</b> |
| MoU (minutes/sub/month)                       | Q221          | Q122          | Q222          | %QoQ         | %YoY          |
| Postpaid                                      | 187           | 173           | 166           | -3.7%        | -11.0%        |
| Prepaid                                       | 73            | 63            | 59            | -5.5%        | -19.4%        |
| <b>Blended MoU</b>                            | <b>110</b>    | <b>97</b>     | <b>92</b>     | <b>-5.0%</b> | <b>-16.0%</b> |
| Postpaid excluding Incoming minutes           | 128           | 117           | 112           | -4.2%        | -12.7%        |
| Prepaid excluding Incoming minutes            | 52            | 42            | 40            | -6.8%        | -23.5%        |
| <b>Blended MoU excluding Incoming minutes</b> | <b>76</b>     | <b>66</b>     | <b>62</b>     | <b>-5.9%</b> | <b>-18.9%</b> |
| ARPU (THB/sub/month) - (Post-TFRS 15)         | Q221          | Q122          | Q222          | %QoQ         | %YoY          |
| Postpaid                                      | 510           | 497           | 499           | 0.4%         | -2.2%         |
| Prepaid                                       | 132           | 117           | 116           | -0.8%        | -11.9%        |
| <b>Blended ARPU</b>                           | <b>254</b>    | <b>236</b>    | <b>235</b>    | <b>-0.8%</b> | <b>-7.6%</b>  |
| Postpaid excluding IC                         | 498           | 487           | 489           | 0.4%         | -1.7%         |
| Prepaid excluding IC                          | 128           | 114           | 114           | -0.6%        | -11.5%        |
| <b>Blended ARPU excluding IC</b>              | <b>247</b>    | <b>231</b>    | <b>230</b>    | <b>-0.7%</b> | <b>-7.1%</b>  |



## Financial Summary

### Revenues

**Total revenues** in Q222 amounted to THB 19,960 million, declining by 0.1% YoY and 0.8% QoQ due to intensifying competition, partly offset by higher handset sales. Service revenue excluding IC amounted to 13,921 million for Q222, declining by 2.5% YoY due to lower IDD revenue and higher inflation, while increasing by 0.9% QoQ due to slowly improving macroeconomic situation.

**Core service revenues** (defined by bundle of voice and data service revenues) in Q222 amounted to THB 13,549 million, decreasing 0.9% YoY due to aggressive competition while increasing 0.9% QoQ from growing contribution from tourists and migrants.

**International Roaming (IR) revenues** in Q222 amounted to THB 65 million, increasing by 96.7% YoY and 0.8% QoQ, due to ease of restriction on international travel.

**Other service revenues** in Q222 amounted to THB 308 million, declining by 45.8% YoY impacted by lower IDD revenue compared to Q221. Other service revenues declined by 2.1% QoQ.

**Handset and starter kit sales** in Q222 amounted to THB 2,072 million, increasing 21.6% YoY due to adverse impact from pandemic related lockdown in Q221. Handset and starter kit sales declined 9.9% QoQ due to higher handset sales related to the iPhone launch in Q421.

### Cost of Services (CoS)

**Cost of services excluding IC** in Q222 amounted to THB 11,312 million, declining 5.94% YoY as a result of higher network roaming cost on the TOT 2300 MHz. CoS excluding IC declined by 7.75% QoQ driven by structural initiatives.

**Regulatory costs** in Q222 amounted to THB -462 million, decreasing 180.2% YoY and 189.8% QoQ positively impacted by ~THB 1 Bn due to filter costs that are deductible from USO fees in accordance with NBTC notification for interference prevention of 900MHz spectrum.

**Network OPEX** in Q222 amounted to THB 1,153 million, declining 3.5% YoY and 14.7% QoQ as a result of structural optimization initiatives. QoQ decrease was also positively impacted by one-time effect of THB 150 million.

**Other operating costs of services** in Q222 amounted to THB 5,285 million, increasing 3.0% YoY, and 1.1% QoQ mainly driven by higher roaming cost on 2300 MHz paid to TOT. TOT's 2300 MHz roaming cost, net of corresponding revenues, was approximately THB 1,276 million in Q222, reflecting a 0.4% YoY increase.

**Depreciation and Amortization (D&A) of CoS** in Q222 amounted to THB 5,336 million, increasing by 4.1% YoY and 3.2% QoQ from ongoing network expansion.

### Selling, General and Administrative Expenses (SG&A)

**SG&A reported expenses** in Q222 amounted to 3,899 million, increasing 17.9% YoY and 22.5% QoQ due to one-time negative impact of ~THB 140 million from amalgamation related costs.

**Selling and Marketing (S&M) expenses** in Q222 amounted to THB 987 million, increasing 4.3% YoY while declining 6.2% QoQ due to optimized spending.

**General administrative expenses** in Q222 amounted to THB 1,575 million, decreasing by 3.1% YoY due to well managed efficiency programs. General administrative expenses increased by 6.3% QoQ due to one-time negative impact from amalgamation related costs in Q222.

**Provision for bad debt** in Q222 amounted to THB 430 million, increasing 57.5% YoY and 43.9% QoQ driven by reduced spending capability of customers due to higher inflation.

**Depreciation and Amortization (D&A) of SG&A** in Q222 amounted to THB 351 million, decreasing 24.1% YoY and increasing marginally at 0.6% QoQ.



## EBITDA and Net Profit

**EBITDA (before other items)** in Q222 amounted to THB 8,289 million, increasing by 2.8% YoY and 15.4% QoQ positively impacted by deductible filter costs of ~THB 1 billion, partially offset by amalgamation related costs of ~THB 140 million. EBITDA margin (excluding revenues from CAT lease agreements and TOT network rental) was 50.8% in Q222, increasing from 43.5% in Q122. Including normalization for one-time effects, EBITDA margin remained healthy at 44%.

**Net profit** for Q222 amounted to THB 1,004 million, decreasing by 34.4% YoY and improving by 38.2% QoQ. Net Profit was driven by higher EBITDA in Q222, offset by a provision of ~THB 560 Mn related to the fire incident.

## Balance Sheet and Key Financial Information

At the end of Q222, total assets amounted to THB 159,760 million, decreasing from THB 164,315 million at the end of Q421. Cash and cash equivalent amounted to THB 4,065 million, increasing from THB 3,575 million at the end of Q421. Interest-bearing debt including lease liabilities decreased from THB 74,611 million at the end of Q421 to THB 74,298 million in Q222. Net debt to EBITDA (including lease liabilities) was 2.5x, remaining stable QoQ.

CAPEX in Q222 amounted to THB 3,343 million with focus on the accelerated low-band rollout and capacity expansion. Operating cash flow (defined by EBITDA minus CAPEX) amounted to THB 4,947 million for the quarter.

| Statement of financial position<br>(THB million) (Post-TFRS 15 & 16) | Q421           | Q222           |
|--|----------------|----------------|
| Cash and cash equivalent   | 3,575          | 4,065          |
| Other current assets   | 16,152         | 16,451         |
| Non-current assets   | 144,587        | 139,244        |
| <b>Total assets</b>  | <b>164,315</b> | <b>159,760</b> |
| Current liabilities  | 47,096         | 47,190         |
| Non-current liabilities  | 97,051         | 93,159         |
| <b>Total liabilities</b>   | <b>144,147</b> | <b>140,348</b> |
| <b>Total shareholders' equity</b>                                    | <b>20,167</b>  | <b>19,412</b>  |
| <b>Total liabilities and equity</b>                                  | <b>164,315</b> | <b>159,760</b> |

## Outlook 2022

Due to the prolonged impact from the pandemic and intensifying competition, dtac revised its guidance on service revenue (excluding IC) to flat to low single digit decline for FY2022, however expects to maintain EBITDA guidance as previously communicated. Capital expenditure levels are revised to THB 11-13 billion.

2022 guidance:

- Service revenue excluding IC: flat to low single-digit decline
- EBITDA: flat to low single-digit growth (excluding amalgamation related costs)
- Capital expenditure: THB 11-13 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.

| Cash flows statement<br>(THB million) (Post-TFRS 15 & 16) | 6M21           | 6M22           |
|---|----------------|----------------|
| Cash flows from operating activities                      | 14,654         | 12,935         |
| Cash paid for interest expenses and tax                   | (1,713)        | (1,234)        |
| <b>Net cash flows from operating activities</b>           | <b>12,942</b>  | <b>11,700</b>  |
| <b>Net cash flows from investing activities</b>           | <b>(8,406)</b> | <b>(9,198)</b> |
| Net cash receipt/(Repayment)                              | 970            | 474            |
| Dividend paid   | (5,019)        | (2,486)        |
| <b>Net cash flows from financing activities</b>           | <b>(4,049)</b> | <b>(2,012)</b> |
| <b>Net change in cash</b>                                 | <b>487</b>     | <b>490</b>     |



| Income statement (THB million) - (Post-TFRS 15&16)                   | Q221            | Q122            | Q222            | %QoQ         | %YoY          |
|--|-----------------|-----------------|-----------------|--------------|---------------|
| Core service revenues (Voice & Data)                                 | 13,679          | 13,430          | 13,549          | 0.9%         | -0.9%         |
| IR revenues  | 33              | 64              | 65              | 0.8%         | 96.7%         |
| Other service revenues   | 568             | 301             | 308             | 2.1%         | -45.8%        |
| <b>Service revenues ex. IC</b>                                       | <b>14,279</b>   | <b>13,796</b>   | <b>13,921</b>   | <b>0.9%</b>  | <b>-2.5%</b>  |
| IC revenue   | 368             | 289             | 282             | -2.6%        | -23.4%        |
| <b>Service revenues</b>  | <b>14,647</b>   | <b>14,085</b>   | <b>14,203</b>   | <b>0.8%</b>  | <b>-3.0%</b>  |
| Handsets and starter kits sales                                      | 1,703           | 2,299           | 2,072           | -9.9%        | 21.6%         |
| Other operating income   | 3,633           | 3,746           | 3,685           | -1.6%        | 1.4%          |
| <b>Total revenues from sales and services</b>                        | <b>19,984</b>   | <b>20,131</b>   | <b>19,960</b>   | <b>-0.8%</b> | <b>-0.1%</b>  |
| Cost of services   | (12,377)        | (12,522)        | (11,618)        | -7.2%        | -6.1%         |
| Regulatory   | (576)           | (514)           | 462             | -189.8%      | -180.2%       |
| Network  | (1,195)         | (1,352)         | (1,153)         | -14.7%       | -3.5%         |
| IC   | (350)           | (258)           | (305)           | 18.4%        | -12.8%        |
| Others   | (5,130)         | (5,227)         | (5,285)         | 1.1%         | 3.0%          |
| Depreciation and Amortization  | (5,127)         | (5,171)         | (5,336)         | 3.2%         | 4.1%          |
| Cost of handsets and starter kits                                    | (1,929)         | (2,856)         | (2,513)         | -12.0%       | 30.3%         |
| <b>Total costs</b>   | <b>(14,307)</b> | <b>(15,378)</b> | <b>(14,131)</b> | <b>-8.1%</b> | <b>-1.2%</b>  |
| <b>Gross profit</b>  | <b>5,677</b>    | <b>4,752</b>    | <b>5,829</b>    | <b>22.7%</b> | <b>2.7%</b>   |
| SG&A   | (3,306)         | (3,182)         | (3,899)         | 22.5%        | 17.9%         |
| Selling & Marketing expenses   | (947)           | (1,053)         | (987)           | -6.2%        | 4.3%          |
| General administrative expenses                                      | (1,624)         | (1,481)         | (1,575)         | 6.3%         | -3.1%         |
| Provision for bad debt   | (273)           | (299)           | (430)           | 43.9%        | 57.5%         |
| Depreciation and Amortization  | (462)           | (349)           | (351)           | 0.6%         | -24.1%        |
| Loss from Asset Impairment   | (0)             | 0               | (556)           | -1895269.9%  | 1309509.1%    |
| Gain (loss) on fair value hedge                                      | 83              | (2)             | 4               | -364.5%      | -94.9%        |
| Gain (loss) from fair value measurement of derivative assets         | -               | -               | -               | N/A          | N/A           |
| Gain/Loss on foreign exchange  | (8)             | (10)            | (0)             | -95.3%       | -94.5%        |
| Interest income  | 4               | 5               | 1               | -88.0%       | -85.0%        |
| Other income & share of profit from investment in associated company | 95              | (1)             | 5               | -791.7%      | -94.6%        |
| <b>EBIT</b>  | <b>2,545</b>    | <b>1,563</b>    | <b>1,940</b>    | <b>24.1%</b> | <b>-23.8%</b> |
| Financial cost   | (699)           | (663)           | (687)           | 3.6%         | -1.8%         |
| Corporate income tax   | (315)           | (174)           | (250)           | 43.8%        | -20.7%        |
| Non-controlling interest   | -               | -               | -               | N/A          | N/A           |
| <b>Net profit attributable to equity holders</b>                     | <b>1,531</b>    | <b>726</b>      | <b>1,004</b>    | <b>38.2%</b> | <b>-34.4%</b> |

| EBITDA (THB million)* - (Post-TFRS 15&16)   | Q221         | Q122         | Q222         | %QoQ         | %YoY        |
|---|--------------|--------------|--------------|--------------|-------------|
| Net profit for the period   | 1,531        | 726          | 1,004        | 38.2%        | -34.4%      |
| Finance costs   | 699          | 663          | 687          | 3.6%         | -1.8%       |
| Income tax expenses   | 315          | 174          | 250          | 43.8%        | -20.7%      |
| Depreciation & Amortization   | 5,589        | 5,520        | 5,687        | 3.0%         | 1.8%        |
| Other items   | (69)         | 101          | 662          | 554.7%       | -1063.5%    |
| <b>EBITDA</b>   | <b>8,065</b> | <b>7,184</b> | <b>8,290</b> | <b>15.4%</b> | <b>2.8%</b> |
| EBITDA margin   | 40.4%        | 35.7%        | 41.5%        |              |             |
| EBITDA margin (based on total revenues excluding revenues from CAT lease agreement and TOT network rental in the denominator) | 49.0%        | 43.5%        | 50.8%        |              |             |

\*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 Q222 | Loan          | Debenture     | Key Financial Ratio (Post-TFRS 15&16) | Q221  | Q122  | Q222  |
|--|---------------|---------------|---------------------------------------|-------|-------|-------|
| In 2022  | 6,001         | 3,000         | Return on Equity (%)***               | 2.4%  | 1.9%  | 1.6%  |
| In 2023  | 5,001         | 6,000         | Return on Asset (%)****               | 34.0% | 23.3% | 31.8% |
| In 2024  | 5,598         | 3,000         | Net debt to EBITDA (times)            | 2.4 x | 2.5 x | 2.5 x |
| From 2025  | 1,900         | 31,500        | CAPEX to Total Revenue (%)            | 18.3% | 20.2% | 16.7% |
| <b>Total</b>                                       | <b>18,500</b> | <b>43,500</b> |                                       |       |       |       |

\*\*Excluding impact from TFRS 9

\*\*\* 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 Q222)

| Frequency band                | Winning price (THB mm) | Payment term (THB mm) |              |              |              |              |              |              |              |              | Total (THB mm) |
|-------------------------------|------------------------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|                               |                        | 2022                  | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         | 2029         | 2030         |                |
| 900MHz                        | 38,064                 | 3,806                 | 3,806        | 3,806        | 3,806        | 3,806        | 3,806        | -            | -            | -            | 38,064         |
| 1800MHz                       | 12,511                 | -                     | -            | -            | -            | -            | -            | -            | -            | -            | 12,511         |
| 700MHz                        | 17,584                 | 1,758                 | 1,758        | 1,758        | 1,758        | 1,758        | 1,758        | 1,758        | 1,758        | 1,758        | 19,342         |
| <b>Total spectrum payment</b> | <b>68,159</b>          | <b>5,565</b>          | <b>5,565</b> | <b>5,565</b> | <b>5,565</b> | <b>5,565</b> | <b>5,565</b> | <b>1,758</b> | <b>1,758</b> | <b>1,758</b> | <b>69,917</b>  |

*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.*