



Please note that all financial figures and analyses are based on the previous accounting policy (IAS 18) for both 2018 and 2019, unless otherwise stated.

## Executive Summary

In Q319, dtac continued to focus on network improvement with the rollout of 2300 MHz network in order to provide a consistent customer experience. Network NPS and network complaints continued to improve in this quarter.

At the end of Q319, a total of approximately 16,400 nodes of 4G-2300 MHz network were installed, an additional of approximately 400 during the quarter.

dtac has not yet started swapping 850 MHz equipment with 900 MHz equipment in this quarter but expects to start implementing such network swap in Q419. Moreover, dtac conducted 5G test on 28 GHz with download speed clocked in at over 1.8Gbps.

Market remains competitive especially in prepaid segment but still growing overall driven by strong demand for data and shift towards postpaid. Prepaid acquisition packages with even more quota for data usage and also unlimited anynet voice were introduced by all operators nationwide in this quarter. In addition, unlimited prepaid acquisition data package was reintroduced in some regions.

At the end of Q319, total subscriber base stood at 20.4 million, approximately 31 percent of which were postpaid subscribers. Postpaid subscriber base continued to increase.

Our strong financials are a result of network improvement, personalized offers using analytics, as well as localized sales and marketing activities. Service revenues excluding IC in Q319 increased by 2.3% QoQ and 0.6% YoY. Blended ARPU improved QoQ and YoY, mainly driven by upsell and higher toppings. EBITDA (before other items) increased 2.9% QoQ due to higher core service revenue, but declined 5.4% YoY due mainly to higher network OPEX from expanded network, as well as CAT lease costs, partially offset by a reduction in regulatory costs. EBITDA margin for Q319 was 33.1%. However, excluding revenues from CAT lease agreements and TOT network rental, EBITDA margin stood at 37.9%, an improvement of 0.8 ppt

QoQ. Moreover, net profit for Q319 amounted to THB 1,834 million, increasing 6.2% QoQ.

In this quarter, dtac made payments of the remaining balance under the Disputes Settlement Agreement with CAT in full, subsequent to relevant court orders for cases withdrawal.

We maintain our guidance to deliver a low single-digit decline for service revenue (excluding IC), and EBITDA and CAPEX to be in the rage of THB 24 – 25 billion, and THB 13 – 15 billion, respectively, for 2019.



## Operational Summary

At the end of Q319, total subscriber base stood at 20.4 million, declining 217k from the end of Q219, due to seasonal and rotational churn in prepaid segment, which was partly offset by growth in postpaid segment. Prepaid subscriber base was 14.0 million, declining 295k from Q219 while postpaid subscriber base increased by 79k to 6.4 million.

Average Revenue per User excluding IC (ARPU) for Q319 was THB 261 per month, showing a growth of 3.5% QoQ and 7.0% YoY. At the end of Q319, postpaid subscriber base accounted for approximately 31% of total subscriber base. Postpaid ARPU for Q319 was THB 555 per month, increasing 1.7% QoQ and 4.3% YoY, while prepaid ARPU increased 3.7% QoQ but remained the same level YoY at THB 142 per month.

Traffics on TOT's 4G-2300MHz network continued to increase, driven by coverage expansion and higher number of users with 2300MHz-compatible device. No. of 4G-2300MHz installed base stations under the partnership with TOT reached approximately 16,400 at end of Q319, increasing by approximately 400 base stations from Q219. The number of 4G users was 11.0 million, representing approximately 54% of total subscriber base, while the number of 4G compatible device increased to 75% of total subs base. Smartphone penetration increased to 84%.

Active subscribers (in thousand)	Q318	Q219	Q319	%QoQ	%YoY
Postpaid (under concession from CAT)	152	-	-	n/a	n/a
Prepaid (under concession from CAT)	105	-	-	n/a	n/a
Postpaid (under licenses)	5,824	6,304	6,382	1.2%	9.6%
Prepaid (under licenses)	15,218	14,329	14,033	-2.1%	-7.8%
<b>Total active subscribers</b>	<b>21,299</b>	<b>20,632</b>	<b>20,416</b>	<b>-1.0%</b>	<b>-4.1%</b>
Net additional subscribers (in thousand)	Q318	Q219	Q319	%QoQ	%YoY
Postpaid	92	109	79	-28.0%	-14.1%
Prepaid	(404)	(204)	(295)	-45.1%	27.0%
<b>Total net additional subscribers</b>	<b>(313)</b>	<b>(94)</b>	<b>(217)</b>	<b>-130.3%</b>	<b>30.7%</b>
MoU (minutes/sub/month)	Q318	Q219	Q319	%QoQ	%YoY
Postpaid	239	223	225	0.7%	-5.9%
Prepaid	101	83	85	2.2%	-16.3%
<b>Blended MoU</b>	<b>137</b>	<b>123</b>	<b>125</b>	<b>2.1%</b>	<b>-8.8%</b>
Postpaid excluding Incoming minutes	169	157	158	0.6%	-6.9%
Prepaid excluding Incoming minutes	78	61	62	1.7%	-20.2%
<b>Blended MoU excluding Incoming minutes</b>	<b>102</b>	<b>88</b>	<b>90</b>	<b>1.8%</b>	<b>-11.8%</b>
ARPU (THB/sub/month)	Q318	Q219	Q319	%QoQ	%YoY
Postpaid	552	564	574	1.8%	4.0%
Prepaid	147	142	147	3.7%	-0.2%
<b>Blended ARPU</b>	<b>253</b>	<b>262</b>	<b>271</b>	<b>3.5%</b>	<b>6.8%</b>
Postpaid excluding IC	532	545	555	1.7%	4.3%
Prepaid excluding IC	142	137	142	3.7%	0.0%
<b>Blended ARPU excluding IC</b>	<b>244</b>	<b>253</b>	<b>261</b>	<b>3.5%</b>	<b>7.0%</b>

ARPU (THB/sub/month) - (Post-TFRS 15)	Q318	Q219	Q319	%QoQ	%YoY
Postpaid	552	551	562	2.0%	1.9%
Prepaid	147	142	147	3.7%	-0.1%
<b>Blended ARPU</b>	<b>253</b>	<b>258</b>	<b>267</b>	<b>3.6%</b>	<b>5.5%</b>
Postpaid excluding IC	532	532	543	1.9%	2.0%
Prepaid excluding IC	142	137	142	3.8%	0.0%
<b>Blended ARPU excluding IC</b>	<b>244</b>	<b>249</b>	<b>258</b>	<b>3.6%</b>	<b>5.6%</b>



## Financial Summary

### Revenues

**Total revenues** in Q319 amounted to THB 20,535 million, increasing 1.3% QoQ and 14.3% YoY, due to higher core service revenues and TOT 2300 MHz network rental. Service revenues excluding IC increased 2.3% QoQ and 0.6% YoY to THB 15,760 million.

**Core service revenues** (defined by bundle of voice and data service revenues) in Q319 amounted to THB 15,000 million, increasing 2.8 % QoQ and 2.3% YoY, driven by improved prepaid revenue development and continuous growth in postpaid.

**International Roaming (IR) revenues** in Q319 amounted to THB 161 million, decreasing 11.4% QoQ and 29.0% YoY. The decrease QoQ was mainly due to seasonality while the reduction YoY was mainly from the general trend, intense competition and lower traffic.

**Other service revenues** in Q319 amounted to THB 599 million, a reduction of 4.8% QoQ and 22.6% YoY, mainly due to continued declining trend in IDD revenues.

**Handset and starter kit sales** in Q319 amounted to THB 1,535 million, decreasing 15.9% QoQ but increasing 15.5% YoY. The QoQ reduction was mainly driven by lower iPhone sales owing to new model launch.

### Cost of Services

**Cost of services excluding IC** in Q319 amounted to THB 11,352 million, increasing 3.2% QoQ but decreasing 12.3% YoY. The movement of cost of services was largely driven by the change in cost structure after end of the concession. The QoQ increase was mainly driven by higher costs related to partnership with TOT on 2300 MHz wireless business. The YoY decline was mainly driven by lower regulatory and amortization expenses of assets under concession, which were partly offset by higher amortization expenses of 1800 MHz and 900 MHz spectrum licenses, lease expenses of assets under concession to

CAT, and costs related to partnership with TOT on 2300 MHz wireless business.

**Regulatory costs** in Q319 amounted to THB 681 million, increasing 5.5% QoQ but declining 54.2% YoY, after end of the concession and remedy period. As a result, regulatory costs currently account for 4.3% of service revenue (excluding IC), which decreased significantly from 9.5% in Q318.

**Network OPEX** in Q319 amounted to THB 3,041 million, increasing 2.3% QoQ and 72.4% YoY. The significant YoY increase was due to network expansion and lease expenses to CAT. Furthermore, net CAT payment in Q319 amounted to THB 669 million, declining 0.6% QoQ.

**Other operating costs of services** in Q319 amounted to THB 3,931 million, increasing 4.1% QoQ and 115.0% YoY, due to the 2300 MHz roaming cost paid to TOT. The sequential increase was mainly driven by higher number of 2300 MHz base stations being installed and was partly offset by higher 2300 MHz network rental revenue received from TOT. Net QoQ increase from TOT's 2300 MHz roaming cost, net of corresponding revenues, was approximately THB 7.1 million in Q319.

**Depreciation and Amortization (D&A)** of costs of services in Q319 amounted to THB 3,698 million, increasing 2.5% QoQ but declining 52.9% YoY. The QoQ increase was mainly from continuing network expansion, while the YoY decline was mainly a result of concessionary asset being fully amortized after expiry of the concession in September 2018, partly offset by amortization expenses of the 1800 MHz and 900 MHz spectrum licenses and continuing network expansion.

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

**SG&A expenses** in Q319 amounted to 3,655 million, increasing 3.9% QoQ and 0.3% YoY. The sequential increase was due to higher selling and marketing expenses and general administrative expenses

**Selling and Marketing (S&M) expenses** in Q319 amounted to THB 1,173 million, increasing 7.9% QoQ



but remained stable YoY. The increase QoQ was due to higher marketing and sales activities in Q319.

**General administrative expenses** in Q319 amounted to THB 1,981 million, increasing 5.2% QoQ and 4.1% YoY.

**Provision for bad debt** in Q319 amounted to THB 340 million, increasing 6.8% QoQ but decreasing 1.8% YoY.

**Depreciation and Amortization (D&A)** of SG&A in Q319 amounted to THB 229 million, decreasing 0.3% QoQ but increasing 4.5% YoY.

#### **EBITDA and Net Profit**

**EBITDA (before other items)** in Q319 amounted to THB 6,800 million, increasing 2.9% QoQ but declining 5.4% YoY. The sequential increase was mainly due to higher core service revenue, which were partly offset by higher roaming cost on TOT's 2300MHz network. The YoY decline was mainly driven by higher network OPEX from expanded network, as well as CAT lease costs, partially offset by a reduction in regulatory costs. As a result, EBITDA margin (excluding revenues from CAT lease agreements and TOT network rental) was 37.9% in Q319, increasing from 37.1% in Q219 but declining from 40.6% in Q318.

**Net profit** for Q319 amounted to THB 1,834 million, increasing 6.2% QoQ. The QoQ increase was mainly from higher EBITDA, partly offset by higher D&A charges and financial costs.

Statement of financial position (THB million)	Q418	Q319
Cash and cash equivalent	14,090	5,241
Other current assets	14,427	15,102
Non-current assets	122,441	120,236
<b>Total assets</b>	<b>150,958</b>	<b>140,579</b>
Current liabilities	53,208	44,921
Non-current liabilities	75,820	71,265
<b>Total liabilities</b>	<b>129,028</b>	<b>116,187</b>
<b>Total shareholders' equity</b>	<b>21,930</b>	<b>24,392</b>
<b>Total liabilities and equity</b>	<b>150,958</b>	<b>140,579</b>

#### **Balance Sheet and Key Financial Information**

At the end of Q319, total assets amounted to THB 140,579 million, decreasing from THB 150,958 million at the end of Q418. Cash and cash equivalent amounted to THB 5,241 million, decreasing from THB 14,090 million at the end of Q418 due mainly to one-off CAT settlement and network CAPEX. Interest-bearing debt increased from THB 47,000 million at the end of Q418 to THB 51,000 million. Net debt to EBITDA was 1.8x, increasing from 1.2x at the end of Q418.

CAPEX in Q319 amounted to THB 2,448 million which reflected continue network rollout. Operating cash flow (defined by EBITDA-CAPEX) amounted to THB 4,352 million.

#### **Outlook 2019**

Following the first nine months of 2019, we maintain our guidance for 2019.

2019 guidance:

- Service revenue excluding IC: Low single-digit decline
- EBITDA: THB 24 – 25 billion
- CAPEX: 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, depending on financial position and future business plans, and aim to pay dividend semi-annually.

Cash flows statement (THB million)	9M18	9M19
Cash flows from operating activities	18,144	8,010
Cash paid for interest expenses and tax	(2,241)	(2,707)
<b>Net cash flows from operating activities</b>	<b>15,903</b>	<b>5,303</b>
<b>Net cash flows from investing activities</b>	<b>(10,952)</b>	<b>(15,169)</b>
Net cash receipt/(Repayment)	(2,015)	4,000
Dividend paid	(2,960)	(2,983)
<b>Net cash flows from financing activities</b>	<b>(4,975)</b>	<b>1,017</b>
<b>Net change in cash</b>	<b>(23)</b>	<b>(8,849)</b>



Income statement (THB million) - (Pre-TFRS 15)	Q318	Q219	Q319	%QoQ	%YoY
Voice & Data	14,666	14,587	15,000	2.8%	2.3%
IR	227	182	161	-11.4%	-29.0%
Others	774	629	599	-4.8%	-22.6%
<b>Service revenues ex. IC</b>	<b>15,667</b>	<b>15,398</b>	<b>15,760</b>	<b>2.3%</b>	<b>0.6%</b>
IC revenue	543	514	530	3.1%	-2.5%
<b>Service revenues</b>	<b>16,210</b>	<b>15,912</b>	<b>16,290</b>	<b>2.4%</b>	<b>0.5%</b>
Handsets and starter kits sales	1,329	1,824	1,535	-15.9%	15.5%
Other operating income	424	2,543	2,710	6.6%	539.8%
<b>Total revenues from sales and services</b>	<b>17,963</b>	<b>20,279</b>	<b>20,535</b>	<b>1.3%</b>	<b>14.3%</b>
Cost of services	(13,495)	(11,593)	(11,893)	2.6%	-11.9%
Regulatory	(1,488)	(646)	(681)	5.5%	-54.2%
Network	(1,765)	(2,973)	(3,041)	2.3%	72.4%
IC	(559)	(589)	(541)	-8.0%	-3.1%
Others	(1,828)	(3,776)	(3,931)	4.1%	115.0%
Depreciation and Amortization	(7,856)	(3,609)	(3,698)	2.5%	-52.9%
Cost of handsets and starter kits	(1,780)	(2,420)	(2,130)	-12.0%	19.7%
<b>Total costs</b>	<b>(15,275)</b>	<b>(14,013)</b>	<b>(14,023)</b>	<b>0.1%</b>	<b>-8.2%</b>
<b>Gross profit</b>	<b>2,687</b>	<b>6,266</b>	<b>6,511</b>	<b>3.9%</b>	<b>142.3%</b>
SG&A	(3,643)	(3,519)	(3,655)	3.9%	0.3%
Selling & Marketing expenses	(1,173)	(1,088)	(1,173)	7.9%	0.0%
General administrative expenses	(1,903)	(1,883)	(1,981)	5.2%	4.1%
Provision for bad debt	(347)	(319)	(340)	6.8%	-1.8%
Depreciation and Amortization	(219)	(230)	(229)	-0.3%	4.5%
Loss from Asset Impairment	-	-	69	-100.0%	-100.0%
Gain/Loss on foreign exchange	(25)	(20)	(6)	-71.1%	-77.6%
Interest income	60	17	9	-47.8%	-84.9%
Other income & share of profit from investment in associated company	48	(4)	(0)	-98.7%	-100.1%
<b>EBIT</b>	<b>(873)</b>	<b>2,742</b>	<b>2,860</b>	<b>4.3%</b>	<b>-427.7%</b>
Financial cost	(380)	(663)	(670)	1.2%	76.5%
Corporate income tax	331	(351)	(355)	1.2%	-207.3%
Non-controlling interest	0	(0)	(0)	-99.8%	-106.6%
<b>Net profit attributable to equity holders</b>	<b>(921)</b>	<b>1,728</b>	<b>1,834</b>	<b>6.2%</b>	<b>-299.1%</b>

EBITDA (THB million)* - (Pre-TFRS 15)	Q318	Q219	Q319	%QoQ	%YoY
Net profit for the period	(921)	1,728	1,834	6.2%	-299.1%
Finance costs	380	663	670	1.2%	76.5%
Income tax expenses	(331)	351	355	1.2%	-207.3%
Depreciation & Amortization	8,075	3,838	3,927	2.3%	-51.4%
Other items	(11)	30	14	-54.6%	-230.0%
<b>EBITDA</b>	<b>7,192</b>	<b>6,610</b>	<b>6,800</b>	<b>2.9%</b>	<b>-5.4%</b>
EBITDA margin	40.0%	32.6%	33.1%		
EBITDA margin (based on total revenues excluding revenues from CAT lease agreement and TOT network rental in the denominator)	40.6%	37.1%	37.9%		

\* 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), as of Q319	Loan	Debenture	Key Financial Ratio (Pre-TFRS 15)	Q318	Q219	Q319
In 2019	12,000	-	Return on Equity (%)**	4.0%	-9.8%	0.1%
In 2020	6,000	4,000	Return on Asset (%)***	1.6%	-1.1%	1.9%
In 2021	-	2,500	Net debt to EBITDA (times)	0.7 x	1.8 x	1.8 x
From 2022	-	26,500	CAPEX to Total Revenue (%)	33.8%	11.4%	11.9%
<b>Total</b>	<b>18,000</b>	<b>33,000</b>	** Net profit attributable to equity holder (LTM) divided by average equity *** EBIT (LTM) divided by average assets			

#### 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.



## Appendix

Income statement (THB million) - (Post-TFRS 15)	Q219	Q319	%QoQ
Voice & Data	14,366	14,791	3.0%
IR	182	161	-11.4%
Others	629	599	-4.8%
<b>Service revenues ex. IC</b>	<b>15,177</b>	<b>15,551</b>	<b>2.5%</b>
IC revenue	514	530	3.1%
<b>Service revenues</b>	<b>15,691</b>	<b>16,081</b>	<b>2.5%</b>
Handsets and starter kits sales	2,021	1,737	-14.1%
Other operating income	2,543	2,710	6.6%
<b>Total revenues from sales and services</b>	<b>20,255</b>	<b>20,528</b>	<b>1.3%</b>
Cost of services	(11,593)	(11,893)	2.6%
<i>Regulatory</i>	(646)	(681)	5.5%
<i>Network</i>	(2,973)	(3,041)	2.3%
<i>IC</i>	(589)	(541)	-8.0%
<i>Others</i>	(3,776)	(3,931)	4.1%
<i>Depreciation and Amortization</i>	(3,609)	(3,698)	2.5%
Cost of handsets and starter kits	(2,420)	(2,130)	-12.0%
<b>Total costs</b>	<b>(14,013)</b>	<b>(14,023)</b>	<b>0.1%</b>
<b>Gross profit</b>	<b>6,242</b>	<b>6,505</b>	<b>4.2%</b>
SG&A	(3,537)	(3,669)	3.8%
<i>Selling &amp; Marketing expenses</i>	(1,105)	(1,188)	7.5%
<i>General administrative expenses</i>	(1,883)	(1,981)	5.2%
<i>Provision for bad debt</i>	(319)	(340)	6.8%
<i>Depreciation and Amortization</i>	(230)	(229)	-0.3%
<i>Loss from Asset Impairment</i>	-	69	-100.0%
Gain/Loss on foreign exchange	(20)	(6)	-71.1%
Interest income	17	9	-47.8%
Other income & share of profit from investment in associated company	(4)	(0)	-98.7%
<b>EBIT</b>	<b>2,700</b>	<b>2,838</b>	<b>5.1%</b>
Financial cost	(663)	(670)	1.2%
Corporate income tax	(343)	(351)	2.4%
Non-controlling interest	(0)	(0)	-99.8%
<b>Net profit attributable to equity holders</b>	<b>1,695</b>	<b>1,817</b>	<b>7.2%</b>

EBITDA (THB million)* - (Post-TFRS 15)	Q219	Q319	%QoQ
Net profit for the period	1,695	1,817	7.2%
Finance costs	663	670	1.2%
Income tax expenses	343	351	2.4%
Depreciation & Amortization	3,838	3,927	2.3%
Other items	30	14	-54.6%
<b>EBITDA</b>	<b>6,569</b>	<b>6,779</b>	<b>3.2%</b>
EBITDA margin	32.4%	33.0%	
EBITDA margin (based on total revenues excluding revenues from CAT lease agreement and TOT network rental in the denominator)	36.9%	37.8%	

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