



## 2019 Management Outlook and Guidance

Revenue from satellite and international businesses	➤ Softened from 2018
Share of profit of associates	➤ 40.45% of AIS's operational results
Share of profit of joint ventures	➤ Investment portion in LTC and High Shopping
CAPEX for Venture Capital investments	➤ Up to 200 million baht per year
Dividend payout policy	➤ Pass-through dividends received from associates and subsidiaries after the deduction of operating expenses

INTOUCH reported a net profit of 9,193 million baht at 9M19, a decrease of 4.7% YoY mainly due to the gain on sale of CSL recorded in 1Q18. Excluding that gain, the normalized net profit was stable YoY. Although AIS's profit contribution of 9,548 million baht at 9M19 had increased by 3% YoY, this was partially offset by a loss contribution of 112 million baht from THAICOM compared to a profit contribution last year. The financial results of AIS and THAICOM are described below.

AIS reported a net profit of 24,019 million baht at 9M19 (excluding the impact of TFRS15), a rise of 5.1% YoY. The core service revenue grew by 5.2% YoY, after the sale of fixed-speed unlimited plans was discontinued and the price plans were upgraded to match them with customer usage, particularly postpaid subscribers. The market competition to retain customers remained intense, while pre- to post-paid migration continued so the 3Q19 ARPU remained stable at 263/sub/month. In addition, FBB revenue showed an accelerate growth of 29% YoY at 9M19, following an increase in the number of subscribers to 937,000, which has nearly reached the year-end target of one million. However, FBB ARPU has been declining due to a price cut of 50% to retain customers. Other service revenues continued to grow, driven by improving sales in the corporate segment and the consolidation of CSL's revenue since February 2018. However, costs continued to rise from 4G network and marketing expenses, along with the provision for past service costs of employee who have worked for more than 20 consecutive years, although this was offset by the proceeds from the settlement of a dispute with TOT. AIS contributes net profit to INTOUCH pro rata to the current shareholding of 40.45%.

THAICOM reported a core loss of 49 million baht at 9M19, compared to a profit of 323 million baht last year. This was mainly due to the expected decline in revenue from the conventional satellites, which dropped 18%, as a result of lower pricing for local transponder leasing, loss of customers arising from uncertainty over satellite services under operating agreement, and a big drop in the number of foreign customers. Moreover, a loss from the sale of investment in Cambodian DTV Network Limited (CDN) was recorded, along with a foreign exchange loss, a DTA write-off, and the provision for past service costs of employee.

The Company's guidance in 2019 is unchanged as described below.

**Share of profit of associates:** The major contribution of the share of net profit is currently from AIS Group. AIS's guidance in 2019 is as follows:

- **Core service revenue to increase by a mid-single digit from 2018.** AIS will continue to strengthen its mobile business, as well as enhance its fixed-broadband and enterprise businesses with new digital services. AIS reported a growth of 5.2% in core service revenue at 9M19, in-line with the full-year target. This was mainly due to discontinuing the sale of fixed-speed unlimited plans, upgrading price plans to match them with postpaid customer usage, modifying the marketing strategy, and leveraging distribution channels.
- **CAPEX is expected to be 20-25 billion baht (excluding spectrum payments).** Nearly all of this will be spent on improving 4G network quality, with 4 to 5 billion baht on expanding the fixed-broadband network. CAPEX at 9M19 was 15,818 million baht.



- **EBITDA margin is expected to remain stable at 43.4%.** EBITDA margin at 9M19 improved to 44.2%, following an increase in total revenue and a decrease in network expense after the dispute with TOT was settled.
- **The dividend policy will remain at a minimum of 70% of net profit** to preserve cash flow and ensure financial flexibility in order to pursue future growth prospects. Two dividends are expected for 2019, paid from the operating results in 1H19 and 2H19.

**Revenue from satellite and international businesses**, operated by THAICOM, is expected to soften from the previous year as the market becomes more competitive due to the continuing slowdown in the transponder leasing and TV broadcasting industries. Moreover, there has been a slowdown in new sales, arising from uncertainty over the future operation of satellites under operating agreement that expire in 2021. THAICOM is now focused on offering competitive prices in order to retain its existing customers as well as attract new ones. THAICOM has been seeking new business opportunities, such as satellite consultancy and maritime internet connectivity, to make up the shortfall in revenue.

- **Conventional satellites:** the utilization rate is expected to remain stable from 2018. THAICOM continues to seek new customers in Africa, the Greater Mekong sub-region and South Asia. The utilization rate at the end of 3Q19 was 54%, a slight increase from the previous quarter.
- **Broadband satellite:** the utilization rate is expected to increase as THAICOM is planning to find additional customers in Australia, New Zealand and China. Due to uncertainty over the future operation of satellites under operating agreement that expire in two years, the broadband satellite utilization rate decreased to 23% at the end of 3Q19.

The operational results of the other companies are described below.

**Share of profit of joint ventures:** This contribution is from LTC and High Shopping pro rata to the Company's investment proportion.

- **LTC**, an indirect joint venture of THAICOM, reported mobile subscriber market share of 56.3% at the end of 3Q19, maintaining its leading position in the market.
- **High Shopping** reported total revenue of 747 million baht at 9M19, or average daily sales of 2.7 million baht, an increase of 30% YoY, and expect to achieve the full year target of 1 billion baht. During the rest of the year, High Shopping will strengthen its sales channels, collaborate with its partners to enhance these, and improve operational efficiency to order to become more competitive in the current economic slowdown.

#### **InVent Project:**

Since the beginning of the year, INTOUCH has made more venture capital investments, while the value of the InVent portfolio has continued to grow. In addition to the investment in Peer Power Co., Ltd. in 1H19, INTOUCH has invested in two more companies, namely Doctor A to Z Co., Ltd., which operates a medical tourism and healthcare management platform to provide the better healthcare in Thailand, and Ninja Logistics Pte. Ltd., a technology-driven logistics company that serves the e-Commerce business in South East Asia. The total amount of investment year to date is 111 million baht, while the value of the InVent portfolio has risen to 1,011 million baht (excluding investments that were monetized or write-off) from 728 million baht at the end of 2018.

The Company will continue to explore emerging technologies and the deep tech sector, as well as look for new businesses that can support 5G services in the future, such as Artificial Intelligence (AI), Internet of Things (IoT), Blockchain and Data Analytics, with an investment budget of up to 200 million baht a year. The Company will also continue to consider exit strategies that can reap profit from its VC investments.



**The Company's standalone performance:** INTOUCH had a share of the net result from subsidiaries and associates of 9,398 million baht at 9M19, a decrease of 5% YoY due to a net loss contribution from THAICOM. Total administrative expenses were 253 million baht, 2% lower than 9M18. The budget for administrative expenses in 2019 remains at 400 million baht, part of which will be spent on staff costs and exploring new investment opportunities.

**Dividend payout:** INTOUCH has a policy of paying dividends based on the separate financial statements. These are mainly dividends passed through from associates and subsidiaries after the deduction of operating expenses, assuming there are no extraordinary circumstances or items of concern in which the payment of a dividend would have a material impact on the Company's operations.

#### **Possible key and influential factors affecting the Company's future operations or financial position**

INTOUCH conducts its business as a holding company that has investments in other companies. Therefore, the financial position or operational results of these companies could have a material impact on INTOUCH.

The performance of these investments has been disclosed in the Management Discussion & Analysis of Financial Results for AIS (ADVANC) and THAICOM (THCOM).

#### **Significant events**

##### ***Change in accounting policy***

On 1 January 2019, INTOUCH Group adopted TFRS 15: *Revenue from Contracts with Customers*. This has had an impact on the accounting policy applied to the financial statements for the year ended 31 December 2018. INTOUCH Group chose to recognize the cumulative effect of initially applying this standard as an adjustment to the balance of retained earnings at the beginning of the reporting period. This change had an impact on the Company's consolidated and separate financial statements due to a change in accounting policy at AIS. (For more details, please see Note 3 to the financial statements for 3Q19.)

##### ***Local wireless telecommunication business***

**In the mobile business,** in 3Q19, AIS entered into a dispute resolution agreement with TOT, while AIS Group entered into an agreement to rent telecom towers from TOT, which will rent the space and use maintenance services from AIS Group for 10 years, effective 1 January 2019. The agreement effectively reduced the net cost to approximately 200 million baht a month from the 300 million baht. AIS had been paying TOT from July 2016 to June 2019 that was recorded under network OPEX. Based on the agreement, AIS Group recorded space rental and maintenance service fees received from TOT under "IC and TOT partnership revenue", and the tower rental under "Network OPEX and TOT partnership cost". As the agreement is effective from January 2019, the revenue received and cost of rent incurred in the first nine months of 2019 was recorded in 3Q19, offsetting the actual cost already paid to TOT in 1H19.

In September 2019, AIS entered into a dispute resolution agreement with TOT regarding the 2G equipment, in which AIS Group agreed to pay TOT a total of 680 million baht including interest. AIS had already made a total provision of 559 million baht for this claim during the period October 2015 to June 2016. Hence, AIS incurred a one-time expense of 121 million baht under the administration expenses in 3Q19. AIS Group also agreed to purchase 2G equipment from TOT for 244 million baht, effectively discontinuing the rental fees from September 2019 onwards. (AIS Group had paid 167 million baht per month for the use of 2G equipment since July 2015.)

In 3Q19, the competition in the postpaid segment remained fairly stable and no new fixed-speed unlimited data plans were offered, which resulted in an improvement in data monetization. In the prepaid segment, the market became very aggressive when all operators offered highly competitive data packages in July, such as 200 baht a month for a daily quota of 100-200GB. In addition, the fixed-speed prepaid unlimited plan has been re-launched in some key cities, although they are only offered for new subscriptions and limited to certain sales channels.

In 3Q19, the total number of mobile subscribers was 41.6 million, growing 2.2% YoY, and flat QoQ. The growth mainly came from an increasing in the number of postpaid subscribers, which accounted for 22% of the total, with a corresponding decrease in the number of prepaid subscribers who had moved to postpaid. Blended ARPU increased 3.5% YoY but remained flat QoQ.

**In the fixed-broadband and digital service businesses**, the competition has heightened and operators continued to offer half-price discounts in order to reduce churn and acquire new subscriptions. Although the average industry price remained in the range of 500-600 baht with a typical speed of 100Mbps, plans offering 1Gbps are currently affordable at between 800-1,000 baht.

The FBB subscriber base grew 38% YoY and 9.5% QoQ, with 28% of these using fixed-mobile convergence packages (FMC), in which part of the revenue is allocated to the mobile segment so there was a slight drop in ARPU from the previous periods.

### Satellite business

On 20 September 2019, THAICOM announced that it had signed a letter of intent with Russian Satellite Communications Company (RSCC), a leading satellite operator in Russia, to develop a joint service offering maritime broadband connectivity. THAICOM and RSCC will initially study roaming options on their proprietary maritime VSAT networks. Roaming on THAICOM's network will be provided by Nava Roaming Solutions. This collaboration will help THAICOM to expand its Nava service further.

At the end of 3Q19, the overall utilization rate of THAICOM's conventional satellites (Thaicom 5, 6, 7 & 8), was 54%, a slight increase of 1% QoQ. The utilization rate of the broadband satellite (Thaicom 4) was 23%, a slight drop from 24% at the end of 2Q19, mainly due to lower utilization rate and the churn of customers.

### Telecom services in Lao PDR

Lao Telecommunications Co., Ltd. (LTC) became the first telecom operator in Lao PDR to demonstrate the potential of 5G services in an event held at LTC's headquarters in Vientiane on 16 October 2019. LTC plans to expand its 5G services over the next few years, and is working with partners across the region to introduce IoT solutions to the country. As at the end of 3Q19, LTC had a total of 1.43 million mobile subscribers (excluding fixed-wireless), and was still ranked No.1 in the country with approximately 56.3% of the market share, a slight decrease from 56.5% in the previous quarter.

## Overview of consolidated operational results

Share of profit (loss) by business segment (in million baht)	For the nine-month period ended 30 September												
	3Q18		2Q19		3Q19		%YoY		2018		2019		%YoY
The Company	(64)	-2%	(86)	-3%	(55)	-2%	-14%	-36%	(214)	-2%	(211)	-2%	-1%
Local Wireless Telecommunication													
Business	2,738	101%	3,088	105%	3,465	103%	27%	12%	9,304	96%	9,548	104%	3%
Satellite & International Businesses	44	2%	(54)	-2%	(46)	-1%	-205%	-15%	599	6%	(112)	-1%	-119%
Other Businesses	(13)	0%	(6)	0%	(15)	0%	15%	150%	(44)	0%	(32)	0%	-27%
Elimination	-	0%	(1)	0%	(1)	0%	100%	0%	(1)	0%	-	0%	-100%
<b>Net Profit</b>	<b>2,705</b>	<b>100%</b>	<b>2,941</b>	<b>100%</b>	<b>3,348</b>	<b>100%</b>	<b>24%</b>	<b>14%</b>	<b>9,644</b>	<b>100%</b>	<b>9,193</b>	<b>100%</b>	<b>-5%</b>
<b>Normalised Net Profit *</b>	<b>2,705</b>	<b>100%</b>	<b>2,941</b>	<b>100%</b>	<b>3,348</b>	<b>100%</b>	<b>24%</b>	<b>14%</b>	<b>9,181</b>	<b>95%</b>	<b>9,193</b>	<b>100%</b>	<b>0%</b>

\* Excluded gain on sale of investment in CSL after tax (INTOUCH's portion) in 1Q18.

**The consolidated financial statements** for 3Q19 showed a net profit of 3,348 million baht, an increase of 14% from 2Q19 and 24% from 3Q18, mainly due to higher contributions from the local wireless telecommunications business, operated by AIS Group.



The net profit in 9M19 dropped 5% from 9M18, even though there was a higher profit contribution from the local wireless telecommunications business. This was because the contribution from the satellite & international businesses was lower due to the gain recorded on the divestment of CSL in 1Q18. However, if this gain were excluded, the normalized net profit would have increased slightly.

### Key operational results

The Company (in million baht)	3Q18	2Q19	3Q19	%YoY	%QoQ	For the nine-month period ended 30 September		
						2018	2019	%YoY
Expenses	(87)	(97)	(75)	-14%	-23%	(258)	(253)	-2%
Others	23	11	20	-13%	82%	44	42	-5%
<b>Net expenses</b>	<b>(64)</b>	<b>(86)</b>	<b>(55)</b>	<b>-14%</b>	<b>-36%</b>	<b>(214)</b>	<b>(211)</b>	<b>-1%</b>

**Net expenses** decreased 14% and 36% from 3Q18 and 2Q19, respectively, mainly due to the recognition of the additional provision for past service costs of employees who have worked with the company for more than 20 consecutive years, which was recorded in 2Q19. Under the new Labor Protection Act, employees must receive at least 400 days' compensation at their current pay rate. This law became effective in May 2019.

Local wireless telecommunications (in million baht)	3Q18	2Q19	3Q19	%YoY	%QoQ	For the nine-month period ended 30 September		
						2018	2019	%YoY
Share of net result from investment in AIS Group using equity method	2,738	3,088	3,465	27%	12%	9,304	9,548	3%

**The share of the net results from AIS Group**, in 3Q19 and at 9M19, increased from the same periods of last year, mainly due to higher *sales and service revenue* from an increase in the number of mobile subscribers and postpaid ARPU after the fixed-speed unlimited data plans were discontinued. Fixed-broadband revenue rose, due to a growing subscriber base, even though ARPU dropped from the highly competitive environment. However, there was an increase in *sales and service costs* in network OPEX from higher 4G network expenses and a rise in depreciation & amortization, following the expansion of both the mobile and fixed-broadband networks, and amortization recorded on the 1800MHz spectrum license, although there was a drop in the cost of the partnership with TOT after the settlement of disputes in this quarter. *Distribution costs & administrative expenses* rose, mainly from the one-time recognition of past service costs under the new Labor Protection Act in 2Q19.

**QoQ, the share of the net results from AIS Group** rose 12%, mainly due to higher *sales and service revenue* as a result of the agreement with TOT, for which AIS Group recognized revenue from space rental and maintenance fees, retrospectively from 1 January 2019. In addition, *distribution costs & administrative expenses* dropped, due to the end of market campaigns and lower staff costs after the one-time recognition of additional provision recorded in 2Q19. However, there was a one-time payment in 2Q19 to settle a legal dispute with TOT regarding 2G telecom equipment, although this was partially offset by the higher *sales and service costs* as mentioned above.

Satellite & International Businesses (in million baht)	3Q18	2Q19	3Q19	%YoY	%QoQ	For the nine-month period ended 30 September		
						2018	2019	%YoY
Sales and service revenue	1,504	1,217	1,189	-21%	-2%	4,727	3,708	-22%
Sales and service costs	(802)	(750)	(743)	-7%	-1%	(2,523)	(2,266)	-10%
Operating agreement fees	(226)	(175)	(182)	-19%	4%	(688)	(545)	-21%
Distribution costs & administrative expenses	(274)	(298)	(309)	13%	4%	(1,080)	(851)	-21%
Gain on sale of investment in CSL	-	-	-	n/a	n/a	1,950	-	-100%
Share of profit (loss) of investments in joint ventures	28	(13)	1	-96%	-108%	113	(17)	-115%
Other income	45	110	98	118%	-11%	138	261	89%
Net foreign exchange gain (loss)	(36)	(55)	(18)	-50%	67%	14	(89)	-736%
Finance cost and tax	(134)	(170)	(148)	10%	-13%	(413)	(478)	16%
<b>Net Profit (Loss)</b>	<b>105</b>	<b>(134)</b>	<b>(112)</b>	<b>-207%</b>	<b>16%</b>	<b>2,238</b>	<b>(277)</b>	<b>-112%</b>
<b>Contributed to INTOUCH Group</b>	<b>44</b>	<b>(54)</b>	<b>(46)</b>	<b>-205%</b>	<b>15%</b>	<b>599</b>	<b>(112)</b>	<b>-119%</b>
<b>Normalized contributed to INTOUCH Group *</b>	<b>44</b>	<b>(54)</b>	<b>(46)</b>	<b>-205%</b>	<b>15%</b>	<b>136</b>	<b>(112)</b>	<b>-182%</b>

\* Excluded gain on sale of investment in CSL after tax (INTOUCH's portion) in Q1'2018.

**THAICOM's net losses** in 3Q19 and at 9M19 were 112 million baht and 277 million baht, respectively, but 16% lower than the loss in 2Q19, compared to net profits of 105 million baht in 3Q18 and 2,238 million baht at 9M18.

The operational results at 9M19 were lower than 9M18 (excluding the gain of 1,950 million baht on sale of investment in CSL that was recorded in 1Q18), and the operational results in 3Q19 were lower than 3Q18. This was mainly due to a drop in *sales and service revenue* from the conventional satellites, after THAICOM had provided a discount on an existing contract to a major customer in Thailand that had signed another long-term contract, along with a lower utilization rate of Thaicom 4. *The share of profit (loss) of investment in joint ventures* decreased from the appreciation of the Thai baht, coupled with high competition in Lao PDR's communication businesses. However, *sales and service costs* of the conventional satellites dropped, following a decline in revenue and amortization. *Distribution costs & administrative expenses* at 9M19 dropped from 9M18, mainly due to lower provision for doubtful debts in the satellite business, along with lower staff costs and marketing expenses as a result of effective cost management. Furthermore, in 1Q18, compensation was paid for providing damaged satellite equipment in Australia after the court ruling.

The net loss dropped 16% QoQ, mainly due to a decrease in *distribution costs & administrative expenses* after the one-time recognition in 2Q19 of past service costs under the new Labor Protection Act, along with a foreign exchange loss and corporate income tax from deferred tax assets that were written off.

Consequently, the share of the net result from THAICOM was a loss contribution of 46 million baht in 3Q19, compared to the loss contribution of 54 million baht in 2Q19 and the profit contribution of 44 million baht in 3Q18. The loss contribution at 9M19 was 112 million baht, compared to the profit contribution of 599 million baht at 9M18. However, if the gain on sale of investment in CSL in 1Q18 were excluded, the normalized contribution at 9M18 would have been 136 million baht.

Other Businesses (in million baht)	3Q18	2Q19	3Q19	%YoY	%QoQ	For the nine-month period ended 30 September		
						2018	2019	%YoY
Service revenue	35	38	35	0%	-8%	110	107	-3%
Service costs	(31)	(37)	(29)	-6%	-22%	(93)	(97)	4%
Distribution costs & administrative expenses	(7)	(6)	(5)	-29%	-17%	(16)	(16)	0%
Share of loss of investments	(14)	(5)	(20)	43%	300%	(58)	(37)	-36%
Other income	7	7	8	14%	14%	24	21	-13%
Finance cost and income tax expense	(1)	(1)	(2)	100%	100%	(5)	(5)	0%
<b>Net Loss</b>	<b>(11)</b>	<b>(4)</b>	<b>(13)</b>	<b>18%</b>	<b>225%</b>	<b>(38)</b>	<b>(27)</b>	<b>-29%</b>
<b>Contributed to INTOUCH Group</b>	<b>(13)</b>	<b>(6)</b>	<b>(15)</b>	<b>15%</b>	<b>150%</b>	<b>(44)</b>	<b>(32)</b>	<b>-27%</b>

**Other businesses** include information technology, a home shopping business, and investments under the InVent Project. The net loss contributed to INTOUCH Group in 3Q19 was mainly from operational results of High Shopping and businesses under InVent Project, although the operation of High Shopping had improved since last year.

### Summary of Financial Position

#### Key financial position data

Consolidated Financial Position	As at 31 December 2018		As at 30 September 2019		Change	
	million baht	%	million baht	%	million baht	%
<b>Assets</b>						
Cash & cash equivalents	3,072	6%	5,521	11%	2,449	80%
Current investments	7,141	14%	5,710	11%	(1,431)	-20%
Trade receivables	1,556	3%	1,682	3%	126	8%
Current portion of long-term loans to related parties	486	1%	671	1%	185	38%
Inventories	122	0%	127	0%	5	4%
Other current assets	524	1%	747	1%	223	43%
Long-term loans to related parties	1,457	3%	1,144	2%	(313)	-21%
Investment in associates and joint ventures	25,761	52%	27,201	53%	1,440	6%
Property, plant & equipment	4,876	10%	4,496	9%	(380)	-8%
Intangible assets under operating agreements	3,007	6%	2,098	4%	(909)	-30%
Other non-current assets	1,954	4%	1,620	3%	(334)	-17%
Non-current assets or disposal groups classified as held for sale	53	0%	-	0%	(53)	-100%
<b>Total Assets</b>	<b>50,009</b>	<b>100%</b>	<b>51,017</b>	<b>100%</b>	<b>1,008</b>	<b>2%</b>
<b>Liabilities and Equity</b>						
Current portion of long-term borrowings	2,652	5%	2,616	5%	(36)	-1%
Provision for unpaid operating fees and interest	2,890	6%	2,890	6%	-	0%
Other current liabilities	1,463	3%	1,484	3%	21	1%
Long-term borrowings	4,306	9%	3,791	7%	(515)	-12%
Other liabilities	757	2%	799	2%	42	6%
<b>Total Liabilities</b>	<b>12,068</b>	<b>24%</b>	<b>11,580</b>	<b>23%</b>	<b>(488)</b>	<b>-4%</b>
<b>Total Equity</b>	<b>37,941</b>	<b>76%</b>	<b>39,437</b>	<b>77%</b>	<b>1,496</b>	<b>4%</b>
<b>Total Liabilities and Equity</b>	<b>50,009</b>	<b>100%</b>	<b>51,017</b>	<b>100%</b>	<b>1,008</b>	<b>2%</b>

**Total consolidated assets** rose 2% from the end of 2018, mainly from the operational results of associates and joint ventures at 9M19, and the reserved cash for payment of the first tranche of a long-term debenture in October 2019. However, this was partially offset by a decrease in property, plant & equipment and intangible assets under operating agreements due to the depreciation & amortization at 9M19.

**Total consolidated liabilities and equity:** Total liabilities decreased 4% from the end of 2018, due to the repayment of loans in the satellite business. Equity increased 4% from the end of 2018, as a result of better operational results in the group at 9M19.

**Liquidity and cash flow:** At the end of 3Q19, the current ratio was 2.1, compared to 2.7 at the end of 3Q18, mainly due to an increase in current liabilities from the first tranche of a long-term debenture issued by the satellite business that will mature in 4Q19. INTOUCH Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations as well as secure short-term credit facilities from various banks as financial backup.

The consolidated cash rose by 2,396 million baht from the end of 2018 (excluding the impact from foreign currency fluctuations and the reclassification of cash and cash equivalents of a liquidated subsidiary), mainly due to an increase in cash inflow from operating activities, dividends received and a decrease in current investments. However, this was partially offset by the repayment of long-term loans plus interest in the satellite business along with dividend payments.

**Accounts receivable:** At the end of 3Q19, INTOUCH Group had accounts receivable equivalent to 3% of total assets, the same percentage as year-end 2018. The group has reserved an appropriate allowance for bad debt.

**Inventory:** At the end of 3Q19, INTOUCH Group's inventory had risen slightly from year-end 2018. The group assesses the allowance for obsolete inventories on a regular basis to ensure that it is appropriate. Inventories are reported at cost or their net realizable value, whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete the sale.

**Profitability ratio and return on equity:** INTOUCH Group's net profit margin at 9M19 was 67.5%, higher than 9M18, while the return on equity was 29.1%, a decrease from last year due to recording the gain from the divestment of CSL in 1Q18.

**Debt-to-equity ratio:** At the end of 3Q19, the group had a debt-to-equity ratio of 0.4 times, the same as 3Q18. INTOUCH Group has the ability to repay both short- and long-term loans without violating the conditions of its loan agreements with respect to maintaining stipulated financial ratios.

The group's commitments, including those off the balance sheet, have been disclosed in the notes to the interim financial statements, namely *Commitments*, *Bank Guarantees*, *Significant Events*, and *Disputes & Litigation*.

### The external auditor's report

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The external auditor's report contained the following conclusion:

"Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*."





## Additional Financial Data and Key Ratios

Separated Financial Position	As at 31 December 2018		As at 30 September 2019		Change	
	million baht	%	million baht	%	million baht	%
<b>Assets</b>						
Cash & cash equivalents and current investments	1,913	6%	2,512	7%	599	31%
Investment in subsidiaries and associates	29,764	94%	31,121	92%	1,357	5%
Other assets	103	0%	112	0%	9	9%
<b>Total Assets</b>	<b>31,780</b>	<b>100%</b>	<b>33,745</b>	<b>100%</b>	<b>1,965</b>	<b>6%</b>
<b>Liabilities and Equity</b>						
Other liabilities	131	0%	415	1%	284	217%
<b>Total Equity</b>	<b>31,649</b>	<b>100%</b>	<b>33,330</b>	<b>99%</b>	<b>1,681</b>	<b>5%</b>
<b>Total Liabilities and Equity</b>	<b>31,780</b>	<b>100%</b>	<b>33,745</b>	<b>100%</b>	<b>1,965</b>	<b>6%</b>

Separate Statements of Income (in million baht)						For the nine-month period ended 30 September		
	3Q18	2Q19	3Q19	%YoY	%QoQ	2018	2019	%YoY
Share of net results from investments in:-								
Subsidiaries	35	(65)	(55)	-257%	-15%	571	(136)	-124%
Associates	2,733	3,090	3,456	26%	12%	9,280	9,534	3%
Other income	24	12	21	-13%	75%	46	45	-2%
<b>Total revenue</b>	<b>2,792</b>	<b>3,037</b>	<b>3,422</b>	<b>23%</b>	<b>13%</b>	<b>9,897</b>	<b>9,443</b>	<b>-5%</b>
Administrative expenses	(72)	(81)	(59)	-18%	-27%	(213)	(203)	-5%
Management benefit expenses	(15)	(16)	(16)	7%	0%	(45)	(50)	11%
<b>Total expenses</b>	<b>(87)</b>	<b>(97)</b>	<b>(75)</b>	<b>-14%</b>	<b>-23%</b>	<b>(258)</b>	<b>(253)</b>	<b>-2%</b>
<b>Profit before finance costs</b>	<b>2,705</b>	<b>2,940</b>	<b>3,347</b>	<b>24%</b>	<b>14%</b>	<b>9,639</b>	<b>9,190</b>	<b>-5%</b>
Finance costs	(1)	(1)	(1)	0%	0%	(2)	(3)	50%
<b>Net Profit</b>	<b>2,704</b>	<b>2,939</b>	<b>3,346</b>	<b>24%</b>	<b>14%</b>	<b>9,637</b>	<b>9,187</b>	<b>-5%</b>

Consolidated Statements of Income (in million baht)	3Q18	2Q19	3Q19	%YoY	%QoQ	For the nine-month period ended 30 September		
						2018	2019	%YoY
Sales and service revenue	1,537	1,253	1,222	-20%	-2%	4,831	3,810	-21%
Share of profit (loss) of investments in joint ventures	19	(20)	(10)	-153%	-50%	79	(40)	-151%
Share of profit of investments in associates	2,733	3,090	3,456	26%	12%	9,280	9,534	3%
Gain on sale of an investment	-	-	-	n/a	n/a	1,635	-	-100%
Net foreign exchange gain	-	-	-	n/a	n/a	14	-	-100%
Other income	72	128	114	58%	-11%	203	312	54%
<b>Total revenue</b>	<b>4,361</b>	<b>4,451</b>	<b>4,782</b>	<b>10%</b>	<b>7%</b>	<b>16,042</b>	<b>13,616</b>	<b>-15%</b>
Sales and service costs	(833)	(787)	(772)	-7%	-2%	(2,616)	(2,363)	-10%
Operating agreement fee	(226)	(175)	(182)	-19%	4%	(688)	(545)	-21%
Distribution costs	(17)	(15)	(10)	-41%	-33%	(94)	(40)	-57%
Administrative expenses	(318)	(354)	(336)	6%	-5%	(1,163)	(969)	-17%
Net foreign exchange loss	(36)	(55)	(18)	-50%	-67%	-	(89)	100%
Management benefit expenses	(30)	(30)	(33)	10%	10%	(91)	(96)	5%
<b>Total expenses</b>	<b>(1,460)</b>	<b>(1,416)</b>	<b>(1,351)</b>	<b>-7%</b>	<b>-5%</b>	<b>(4,652)</b>	<b>(4,102)</b>	<b>-12%</b>
<b>Profit before finance costs &amp; income tax expense</b>	<b>2,901</b>	<b>3,035</b>	<b>3,431</b>	<b>18%</b>	<b>13%</b>	<b>11,390</b>	<b>9,514</b>	<b>-16%</b>
Finance costs	(82)	(83)	(78)	-5%	-6%	(251)	(245)	-2%
<b>Profit before income tax expenses</b>	<b>2,819</b>	<b>2,952</b>	<b>3,353</b>	<b>19%</b>	<b>14%</b>	<b>11,139</b>	<b>9,269</b>	<b>-17%</b>
Tax income	(51)	(89)	(69)	35%	-22%	(165)	(236)	43%
<b>Net profit</b>	<b>2,768</b>	<b>2,863</b>	<b>3,284</b>	<b>19%</b>	<b>15%</b>	<b>10,974</b>	<b>9,033</b>	<b>-18%</b>
<b>Attributable to:</b>								
Owners of the Parent	2,705	2,941	3,348	24%	14%	9,644	9,193	-5%
Non-controlling interests	63	(78)	(64)	-202%	-18%	1,330	(160)	-112%
<b>Net profit</b>	<b>2,768</b>	<b>2,863</b>	<b>3,284</b>	<b>19%</b>	<b>15%</b>	<b>10,974</b>	<b>9,033</b>	<b>-18%</b>

Consolidated source and use of Cash Flows *		For the nine-month period ended 30 September 2019		million baht
<b>Source of funds</b>			<b>Use of funds</b>	
Dividends received	8,515		Dividend paid	8,080
Operating Cash Flow	1,239		Loan repayments	536
Decrease in current investments	1,449		Invested in associate and long-term investment	22
Decrease in loans and advances to related parties	26		Purchase of CAPEX & Fixed assets	40
Cash proceed from disposal of an investment	64		Interest paid	223
Disposal of Fixed assets	4			
			<b>Cash increased</b>	<b>2,396</b>
<b>Total</b>	<b>11,297</b>			<b>11,297</b>

\* Consolidated cash flows consisted of cash and cash equivalents before effects of exchange rate and reclassification on cash and cash equivalents.



Material financial ratios (based on consolidated financial statements)	For the nine-month period ended 30 September		
	2018	2019	Changed
Net profit margin (%)	60.1	<b>67.5</b>	7.4
Current ratio (times)	2.7	<b>2.1</b>	(0.6)
Return on equity attributed to owners of the parent (%)	33.4	<b>29.1</b>	(4.3)
Return on assets (%)	19.3	<b>18.2</b>	(1.1)
Debt to equity attributed to owners of the parent (times)	0.4	<b>0.4</b>	(0.1)
Interest bearing debt to equity attributed to owners of the parent (times)	0.2	<b>0.2</b>	(0.0)
Basic earnings per share (baht)	3.01	<b>2.87</b>	(0.14)
Book value per share (baht)	9.02	<b>10.12</b>	1.10

**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.