



# ALT Telecom Public Company Limited

## Management Discussion and Analysis for the 3<sup>rd</sup> Quarter ended September 30, 2020

### EXECUTIVE SUMMARY

ALT Telecom Public Company Limited ("ALT")'s performance for the 3<sup>rd</sup> quarter ended September 30, 2020 compared to same period of previous year are summarized as follows:

Unit : Million THB

	Consolidated FS for 3 months			Consolidated FS for 9 months		
	Q3/2020	Q3/2019 Restated	Up (Down)	9M/2020	9M/2019	Up (Down)
Total revenue	501.59	246.51	255.08	1,067.45	653.16	414.29
Total cost	(423.21)	(237.73)	185.48	(1,040.35)	(616.06)	424.29
Gross profit (loss)	78.38	8.78	69.60	27.09	37.10	(10.01)
Other income	59.67	9.17	50.50	482.63	26.41	456.22
Selling expenses	(25.02)	(15.64)	9.39	(62.42)	(50.24)	12.18
Admin expenses	(32.18)	(31.30)	0.88	(97.63)	(101.43)	(3.80)
Finance cost	(6.22)	(10.29)	(4.07)	(26.72)	(31.07)	(4.35)
Net profit (loss)	67.25	(33.50)	100.75	298.29	(129.61)	427.90

#### FS 2019 Restated

As a result of shares acquisition of Energy Max Co., Ltd. (EMAX) dated August 19, 2020 at the portion of 97.82% from previous shareholder – ALT Holding Co., Ltd, who has control over the Company and EMAX. This transaction is determined as business combination under common control. The Company therefore reflected this transaction in the consolidated financial statements as if the transaction incurred since 1 January 2019. This follows the guideline for business combination under common control as issued by the Federal of Accounting Professions. The purpose of this restatement is for comparison and analysis on financial report.

**Consolidated Financial Statement** for 3 months period ended September 30, 2020 compared to the same period of previous year.

- Total revenue increased by THB 255.08 million or 103% from THB 246.51 million to THB 501.99 million.
- Revenue from services with an increase of THB 230.82 million or 250.7% from THB 92.06 million to THB 322.88 million. The major portion of change resulted from revenue from Smart Grid Project.
- Revenue from product sales decreased by THB 8.79 million or 7.7% from THB 114.60 million to THB 105.80 million.
- Revenue from network service increased by THB 33.05 million or 82.9% from THB 39.86 million to THB 72.91 million.
- Other income of THB 59.67 million, mainly item was the profit from sale of assets.
- Selling expenses increased from THB 15.64 million to THB 25.02 million, which increase as the growth of revenue. Anyhow if it be compared to the revenue the expense ratio decreased from 6.3% to 5.0%.
- The finance cost decreased by THB 4.07 million or 39.5% from THB 10.29 million to THB 6.22 million, as a result of decreasing of loan outstanding and interest rate.
- Overall performance of the Company had a net profit of THB 67.25 million in 3Q/2020, compared to net loss of THB 33.50 million in 3Q/2019 or growth of profit about 300.8%.



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- As at the end of the 3Q/20, the company has backlog in the number of THB 1,359 million. It is expected to recognize revenue in 4Q/20 about 30%.

**Consolidated financial statements** for the 9-month period ended 30 September 2020 compared to the same period of the previous year

- Total revenue increased by THB 414.29 million or 63.4% from THB 653.16 million to THB 1,067.45 million.
- Gross profit decreased by THB 10.01 million or 27.0% from THB 37.10 million to THB 27.09 million, due to the budget cost adjustment of some projects, resulting in higher cost than general period, but it was not a recurring cost. The reduction of profits, the company expects to receive compensation when the project recognizes the incremental revenue from future expansion.
- Other income of THB 482.63 million, mainly were the compensation for damages by the order of Supreme Administrative Court in the number of THB 369.62 million and income from the sale of assets THB 68.92 million.
- Selling expenses increased by THB 12.18 million from THB 50.24 million to THB 62.42 million, which increased in line with the income growth. But if considered in proportion to income, the expense rate will be reduced from 7.7% to 5.9%.
- Financial costs decreased by THB 4.35 million or 14.0% from THB 31.07 million to THB 26.72 million due to the decreasing of loan outstanding balance and interest rates.
- The Company had a net profit of THB 298.29 million for 9 months of 2020, compared with a net loss of THB 129.61 million in the same period of the previous year, accounted for 330.2% profit growth.

### Direction for development and enhancing resources value

2020 is the year of organizational restructuring, the Company rearranged the investment portfolio in accordance with the business environment and investment structure of the Company, to suit with the future growth, along with strengthening the business status by synergy with strategic partners. The alliances will assist the Company to enhance its assets utilization and expand the business opportunity in line with the direction of development of the country such as change of technology, cities and social development as well as consumer behaviours. The framework for developing and adding value of the Company's resources are as follows;

- ✓ Accelerate the utilization of the Company's network.
  - Expand domestic customer base to link to the electricity business by joint venture with RATCH to establish a joint venture company Smart Infranet Co., Ltd.
  - Adding up the value of Smart Grid project by acquiring the shares of Energy Max Co., Ltd.
  - Enhance network value with technology Link services with vehicle use, such as paying tolls, traffic discipline detection, auto insurance business.
- ✓ Add network value with Platform in Fiber Space project, which providing the integration picture of the Company's every network. The platform will be the management tool to assist the Company well manages its assets efficiently. Furthermore, it expanded the opportunities to the network of the partners such as the Electricity Generating Authority of Thailand.
- ✓ Complement and expand the revenue base of existing telecommunication assets and licenses with Multinational Operators. To make Thailand, developing to ASEAN DIGITAL HUB.
- ✓ Seek alliances to strengthen business opportunities and financial status to be able to reach the future opportunities.

Contact Investor Relations

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