



ALT Telecom Public Company Limited

Management Discussion and Analysis

For the operating results of the Quarter

ended 30 September 2019



*Moving forward
to create more opportunities*



ALT Telecom Public Company Limited

12 November 2019

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis for the quarter ended as of 30 September 2019

ALT Telecom Public Company Limited ("ALT")'s performance in 3Q/2019 in consolidated financial statements are summarized as follows:

- The Company had total revenues Baht 234.48 million, YoY decreased by Baht 12.52 million or 5.1% from the same period of previous year at Baht 247.00 million
- Revenue from network service increased by 227.6%, from the same period of previous year at Baht 12.17 million to be Baht 39.86 million and the growth still be going on steadily.
- Net result of operation loss Baht 30.43 million, decreased 55.7% from the same period of previous year at loss Baht 68.75 million.
- Net Debt to equity ratio was 1.12 times at the end 3Q/2019
- Backlog as at the end of 3Q/2019 was Baht 1,453 million.

Executive Summary

The Company's performance in 3Q/2019 compared to the same period of previous year, the Company had total revenue Baht 234.48 million, declined by Baht 12.52 million and net loss decreased to Baht 30.43 million from net loss of 3Q/2018 at Baht 68.75 million.

The Company had backlog on hand at end of 3Q/2019 amounting to Baht 1,453 million.

Revenue & Gross Margin – 3Q/2019 YoY Comparison

Income Statement	3Q/2019		3Q/2018		YoY Incr (Decr)	
	Value	%	Value	%	Value	%
Revenue	234.48	100.0%	247.00	100.0%	(12.52)	-5.1%
Sales	102.56	43.7%	55.47	22.5%	47.09	84.9%
Services - Construction	92.06	39.3%	179.37	72.6%	(87.31)	-48.7%
Services - OFC Network	39.86	17.0%	12.17	4.9%	27.69	227.6%
Cost	(227.35)	-97.0%	(233.23)	-94.4%	(5.88)	-2.5%
Cost of goods sold	(80.74)	-78.7%	(47.18)	-85.1%	33.56	71.1%
Cost of services -Construction	(61.55)	-66.9%	(128.01)	-71.4%	(66.46)	-51.9%
Cost of service - OFC network	(85.05)	-213.4%	(58.03)	-477.0%	27.02	46.6%
Gross profit (loss)	7.13	3.0%	13.77	5.6%	(6.64)	-48.2%
Sales	21.82	21.3%	8.28	14.9%	13.53	163.3%
Services - Construction	30.51	33.1%	51.35	28.6%	(20.84)	-40.6%
Services - OFC Network	(45.20)	-113.4%	(45.87)	-377.0%	0.67	1.5%

Sales Business

- Total sales of telecom products such as optical fiber cable and network equipment, totally Baht 102.56 million, YoY increased by Baht 47.09 million or 84.9% from 3Q/2018 at Baht 55.47 million.

- Gross profit was Baht 21.82 million, YoY increased by Baht 13.53 million or 163.3 % from 3Q/2018 at Baht 8.28 million.
- Gross Profit Margin was at 21.3 %, increased from 14.9% in 3Q/2018.

Construction Services Business

- Revenues from construction and installation services, such as construction of base stations, equipment and optical fiber cable installation, totally of Baht 92.06 million, YoY decreased by Baht 87.31 million or 48.7 % from 3Q/2018 at Baht 179.37 million.
- Gross profit was Baht 30.51 million, YoY decreased by Baht 20.84 million or 40.6 % from 3Q/2018 at Baht 51.35 million.
- Gross profit margin was at 31.1 %, up from 3Q/2018 at 28.6 %.

Network Service Business

- Recurring income in this period was Baht 39.86 million, mainly from the SRT project. The revenue increased by Baht 27.69 million or 227.6 %, compared with 3Q/2018 at Baht 12.17 million. The growth still be going on steadily.
- Gross profit of network service business was loss Baht 45.20 million, which slightly decreased from 3Q/2018 at Baht 45.87 million.
- Revenue growth in this business is greater than growth of cost by a few reasons, 1. major fixed cost is depreciation with average useful life in 20 years, 2. maintenance in the 2-past years was quite high, due to the re-location effect from mono rail to double track rail. After this point in time, the maintenance cost would be expected to decrease significantly, while the revenue side will have been growing continuously.
- In addition, the loss of the network service business has included depreciation of Hemaraj Project amounting to Baht 5.6 million per quarter. The revenue of this project was stop to recognize, because customer has defaulted the payment. But the depreciation is still perceived continuously. The Company filed a lawsuit against the Central Administrative Court and the Central Administrative Court announced a judgment on 30 September 2016, ordered the Counter Party to pay the indemnity to the Company. But the Counter Party appealed to the Supreme Administrative Court. Right now, the case is awaiting a decision of the Supreme Administrative Court. The Supreme Administrative Court has given the independent opinion on August 15, 2019.

Operating expense in 2Q/2019 comparison with 2Q/2018 (YoY)

Income Statement	3Q/2019		3Q/2018		YoY Incr (Decr)	
	Value	%	Value	%	Value	%
Other income	9.14	3.9%	9.12	3.7%	0.02	0.3%
Selling expense	(14.43)	-6.2%	(23.38)	-9.5%	(8.95)	-38.3%
Administrative expense	(28.06)	-12.0%	(43.78)	-17.7%	(15.71)	-35.9%
Gain (loss) from exchange rate	(0.06)	0.0%	0.88	0.4%	(0.94)	-106.8%
Share of loss from associate	(4.82)	-2.1%	(3.41)	-1.4%	(1.41)	-41.5%
Share of loss from joint venture	0.65	0.3%	(5.83)	-2.4%	6.48	111.1%
Finance costs	(10.25)	-4.4%	(11.36)	-4.6%	(1.11)	-9.8%
Profir (loss) before income tax	(40.71)	-17.4%	(63.99)	-25.9%	23.29	36.4%
income tax	10.27	4.4%	(4.76)	-1.9%	(15.03)	-315.9%
Profit (loss) for the year	(30.43)	-13.0%	(68.75)	-27.8%	38.32	55.7%

Selling & Administrative Expense

- Selling expenses was Baht 14.43 million decreased by Baht 8.95 million or 38.3%, while the administrative expenses was Baht 28.06 million decreased by Baht 15.71 million or 35.95 %, as a result of better management process.

Corporate income tax

- There is income tax revenue in this period amounting Baht to 10.27 million, as a result of deferred income tax asset, imposed by net loss carried forward of a subsidiary, which tends to make profit in the near future and then it will utilize this deferred income tax asset to deduct the payment of income tax at that time.

Net Loss for the period

- The operating result of the Company still be loss amounting to Baht 30.43 million, which most resulted of loss from network services. However, the performance has been continuously improving, which expected that the revenue will be growing up steadily and turnaround to profit soon.

For your information.

Yours faithfully,



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