



# ALT Telecom Public Company Limited

## Management Discussion and Analysis for the year ended 31 December 2020

### EXECUTIVE SUMMARY

The performance of ALT Telecom Public Company Limited ("ALT") for the year ended 31 December 2020 compared to the prior year are summarized as follows:

Income Statement	3Q/2020		3Q/2020		Up (Down)	
			Restated		Million THB	
<b>Revenues</b>						
Sales	171.87	11.0%	354.77	35.4%	(182.90)	-51.6%
Services- constuction	1,151.26	73.9%	491.72	49.1%	659.54	134.1%
Services - network	234.42	15.1%	154.69	15.5%	79.72	51.5%
<b>Total revenues</b>	<b>1,557.54</b>	<b>100.0%</b>	<b>1,001.18</b>	<b>100.0%</b>	<b>556.36</b>	<b>55.6%</b>
<b>Cost</b>						
Cost of sales	(140.26)	-81.6%	(285.42)	-80.5%	(145.16)	-50.9%
Cost of services - construction	(1,042.07)	-90.5%	(323.11)	-65.7%	718.96	222.5%
Cost of service - network	(276.95)	-118.1%	(299.80)	-193.8%	(22.85)	-7.6%
<b>Total cost</b>	<b>(1,459.27)</b>	<b>-93.7%</b>	<b>(908.32)</b>	<b>-90.7%</b>	<b>550.95</b>	<b>60.7%</b>
<b>Gross (loss) profit</b>	<b>98.27</b>	<b>6.3%</b>	<b>92.86</b>	<b>9.3%</b>	<b>5.41</b>	<b>5.8%</b>
Other income	535.41	34.4%	52.37	5.2%	483.03	922.3%
Selling expenses	(83.74)	-5.4%	(76.83)	-7.7%	6.91	9.0%
Administrative expenses	(158.71)	-10.2%	(136.66)	-13.6%	22.05	16.1%
Loss from exchange rate	3.31	0.2%	3.33	0.3%	(0.02)	-0.6%
Share of loss of associate	(12.98)	-0.8%	(12.64)	-1.3%	(0.34)	-2.7%
Share of gain of JV	13.97	0.9%	(6.47)	-0.6%	20.44	316.1%
Finance costs	(31.66)	-2.0%	(41.43)	-4.1%	(9.77)	-23.6%
<b>Profit (loss) before income tax</b>	<b>363.88</b>	<b>23.4%</b>	<b>(125.47)</b>	<b>-12.5%</b>	<b>489.34</b>	<b>390.0%</b>
Income tax	(94.19)	-6.0%	0.17	0.0%	94.36	57059.9%
<b>Profit (loss) for the period</b>	<b>269.69</b>	<b>17.3%</b>	<b>(125.30)</b>	<b>-12.5%</b>	<b>394.99</b>	<b>315.2%</b>
<b>Profit (Loss) attributable to:</b>						Million THB
Owners of the parent	267.43	17.2%	(132.88)	-13.3%	400.30	301.3%
Non-controlling interests	2.26	0.1%	7.57	0.8%	(5.31)	-70.2%
<b>Earnings (loss) per share</b>	<b>0.26</b>		<b>(0.13)</b>		<b>0.39</b>	<b>300.0%</b>

#### Consolidated financial Statement 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.



# ALT Telecom Public Company Limited

## Management Discussion and Analysis for the year ended 31 December 2020

**Consolidated Financial Statement** for year ended 31 December 2020 compared to the prior year;

- Total revenue increased by THB 556.36 million or 55.6% from THB 1,001.18 million to THB 1,557.54 million.
- Revenue from services with an increase of THB 659.54 million or 134.1% from THB 491.72 million to THB 1,151.26 million. The major portion of change resulted from revenue from Smart Grid Project.
- Revenue from product sales decreased by THB 182.90 million or 51.6% from THB 354.77 million to THB 171.87 million.
- Revenue from network service increased by THB 79.72 million or 51.5% from THB 154.69 million to THB 234.42 million.
- Gross profit increased by THB 5.41 million or 5.8% from THB 92.86 million to THB 98.27 million.
- Other income of THB 535.41 million, mainly items were revenue from recovery claim on legal dispute case THB 412.53 million and the profit from asset sale THB 89.28 million.
- Selling expenses increased by THB 6.91 million or 9.0%, which increased as the growth of revenue. Anyhow if it be compared to the revenue size, the expense ratio decreased from 7.7% to 5.4%.
- Administrative expenses increased by THB 22.05 million, mainly incurred from the writing off defected network equipment in Hemaraj Project amounting to THB 15.69 million and provision of impairment on account receivable as new accounting standard TFRS 9.
- The finance cost decreased by THB 9.77 million or 23.6% from THB 41.43 million to THB 31.66 million, as a result of decreasing of loan balance and interest rate.
- Overall performance of the Company for the year 2020 was net profit of THB 269.69 million, compared to net loss of THB 125.30 million in 2019, the Company had growth of net profit about 315.2%
- As at the end of the year 2020, the Company has backlog on hand about THB 1,184 million.

Financial Position	Sep 30, 20	Dec 31, 19	Million THB	
			Up	(Down)
<b>Assets</b>				
Current assets	1,405.04	1,083.28	321.76	29.7%
Non-current assets	1,796.56	1,791.30	5.25	0.3%
<b>Total assets</b>	<b>3,201.60</b>	<b>2,874.58</b>	<b>327.01</b>	<b>11.4%</b>
<b>Liabilities &amp; equity</b>				
Current liabilities	961.04	1,351.16	(390.12)	-28.9%
Non-current liabilities	409.54	115.07	294.47	255.9%
<b>Total liabilities</b>	<b>1,370.57</b>	<b>1,466.22</b>	<b>(95.65)</b>	<b>-6.5%</b>
Paid-up capital	566.11	509.50	56.61	11.1%
Share premium	1,341.06	1,058.00	283.06	26.8%
Other component	33.17	49.52	(16.35)	-33.0%
Retained earning	(110.01)	(202.42)	92.40	-45.6%
<i>Legal reserve</i>	<i>62.50</i>	<i>55.00</i>	<i>7.50</i>	<i>13.6%</i>
<i>Unappropriated</i>	<i>(172.51)</i>	<i>(257.42)</i>	<i>84.90</i>	<i>-33.0%</i>
Non-controlling interests	0.69	(6.25)	6.95	-111.0%
<b>Total equity</b>	<b>1,831.02</b>	<b>1,408.36</b>	<b>422.67</b>	<b>30.0%</b>
<b>Total liabilities &amp; equity</b>	<b>3,201.60</b>	<b>2,874.58</b>	<b>327.01</b>	<b>11.4%</b>



# ALT Telecom Public Company Limited

## Management Discussion and Analysis for the year ended 31 December 2020

### Statement of Financial Position

- Total assets increased by THB 327.01 million, total liabilities decreased by THB 95.65 million and equity increased by THB 422.67 million.
- Increase of assets most of it was an increase in current assets, by THB 321.76 million, the main items were an increase of cash and trade accounts receivable of THB 459.96 million and THB 288.60 million, respectively. Such account receivable was receivable on short term project, which it has already been paid in January 2021. The main items that decreased were inventories and loans to related parties in the amount of THB 212.60 million and THB 142.40 million, respectively.
- The current liabilities decreased by THB 390.12 million, the main items were the repayment of loans from financial institutions THB 415.03 million.
- Non-current liabilities increased THB by 294.47 million. The main item was the outstanding of unearned revenue from IRU contracts (Indefeasible rights of use) amounting to THB 240.23 million
- The increase of THB 422.67 million, main items consisted of annual profit THB 269.69 million, capital increase from the exercise of ALT-W1 THB 336.67 million and payment of interim dividend THB 101.88 million.

### Financial Ratio

	2020	2019
<b>Debt to equity</b>	<b>0.75</b>	<b>1.04</b>
<b>Net interest bearing debt to Equity</b>	<b>-0.06</b>	<b>0.61</b>
<b>Current Ratio</b>	<b>1.46</b>	<b>0.80</b>

The leverage ratio of the Company was quite low; Debt to Equity ratio was only at 0.75 time and Net Interest-bearing Debt was negative due to the summary of cash short term investment and Restricted Cash was higher than interest-bearing debt.

	Million THB	
<b>Cash Flow</b>	<b>2020</b>	<b>2019</b>
Net cash generated from operation	716.94	(35.58)
Net cash generated from investment	34.15	70.20
Net cash generated from finance	(291.14)	(221.92)
<b>Net cash flow</b>	<b>459.96</b>	<b>(187.29)</b>
Beginning cash	37.48	224.77
Ending cash	497.44	37.48

### Cash flow statement

In 2020, the Company's net operating cash flow amounted to THB 716.94 million, which most of it was made repayment to banks loan, provided interim dividend to shareholders and used for projects investment and working capital for normal operation.



# ALT Telecom Public Company Limited

## Management Discussion and Analysis for the year ended 31 December 2020

### Direction for development and enhancing resources value

2020 was the year of restructuring organization, the Company rearranged the investment portfolio in accordance with the business environment and capital 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.
  - Add up the value of Smart Grid project by acquiring the common shares of Energy Max Co., Ltd. "EMAX"), at the price THB 25,554,962 for the portion 97.82% of its paid-up capital. Total capital of EMAX was THB 1,187,500 divided into ordinary shares 687,500 shares, at THB 25 par.

For the readiness of future growth, EMAX increased its capital by THB 275,000,000, divided into 11,000,000 shares at THB 25 par, which resulted in the capital of EMAX increased from THB 17,187,500 to be THB 292,187,500. After increased capital, the shareholding portion of ALT up from 97.82% to be 99.97%.

EMAX called for capital injection 25% of par or THB 6.25 per share. The payment of such injection was done and complete registered on 8 February 2021.

- 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 cooperate to promote 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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